

HANFORD PROJECTS \$2 MILLION BUDGET SHORTFALL BY 2026



HANFORD — Despite a year of financial recovery and improving reserves, Hanford is now staring down a projected \$2 million deficit in its general fund by fiscal year 2026.

At the March 18 City Council meeting, Finance Director Chris Tavares outlined the city's fiscal outlook for the 2026–2028 cycle. While the 2024 audit (ACFR) showed positive trends, including an upgraded financial health rating and steady general fund reserves, Tavares warned of tough years ahead.

"Costs are going up, and revenues are starting to flatten," he said. "If we do nothing, we're facing about a \$2 million shortfall."

The looming deficit stems from <u>rising expenses across core services</u> such as police, fire, and infrastructure maintenance — as well as inflation and state mandates that require cities to adopt new standards, including transitioning garbage fleets to electric vehicles.

Tavares emphasized the importance of taking action now, rather than waiting until the deficit becomes a crisis.

Can Measure H Save the Day?

Voters approved Measure H in 2024, which provides a significant new revenue stream to support <u>public safety</u> and parks. However, Tavares noted that Measure H funds are

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restricted and cannot be used to backfill shortfalls in other departments.

Measure H will be great for <u>public safety and the new police</u> station project," he said. "But it won't help if the general fund can't cover the day-to-day operations of the city."

Calls for Fiscal Discipline and Creativity

<u>City Manager</u> Mario Cifuentez echoed the concern, adding that Hanford will need to be strategic in the years ahead:

"We need to look at cost containment, continue smart hiring practices, and go after grants. But we also need to look at long-term revenue enhancement."

Hanford's financial team also pointed to the city's recovery from the Helena settlement — a multi-million-dollar legal payout that had previously drained reserves and threatened core services. Since then, the city has made steady progress rebuilding its general fund, but the upcoming shortfall could undo some of that momentum if not addressed early.

Cifuentez pointed to the city's past success in recovering from the Helena lawsuit and rebuilding reserves as proof that <u>Hanford</u> can weather difficult financial seasons — but only with proactive planning.

Councilmembers did not propose any specific cuts or revenue strategies at this meeting, but multiple members acknowledged the need to start preparing now.

As the next budget cycle approaches, the <u>city will begin holding workshops and public</u> <u>meetings</u> to review options.