

Budget Overview

Proposed FY 2026-27 Budget and 2027-2031 Five-Year CIP

Financial Services Department
May 26, 2026



Overview

- Budget Themes
- General Fund Summaries
- Capital
- Budget Calendar
- Recommendations

Budget Themes

Immediate Impact

- Revenue/ Fee updates
- Near-term cost management
- Limited priority program changes

Looking Forward

- Revenue modernization
- Longer term cost management
 - Insurance
 - CalPERS

GF Summary with Recommendations

Estimated Beginning Fund Balance	\$1,385,358
---	--------------------

Operating Budget

Proposed Revenues & Transfers In	125,358,157
Proposed Expenditures & Transfers Out	(127,929,960)
	(2,571,803)

Decision Packages (net)

Recommended Decision Packages Ongoing	2,162,633
Recommended Decision Packages One-Time	(421,300)
	1,741,333
Structural Operating Budget Excess/(Deficit)	(830,470)

Additional Payments & Sources of Funds

Vacancies	2,941,535
Unfunded Accrued Liability	(3,496,423)
Additional Payments Excess/(Deficit)	(554,888)

Estimated Year-End General Fund Balance with Recommendations	\$0
---	------------

General Fund Revenues

Revenue Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Property Tax	39,787,247	1,164,706	3%
Sales and Use Tax	11,200,000	200,000	2%
Transient Occupancy Tax	8,213,000	(353,274)	(4%)
Property Tax in Lieu of LVF	11,005,773	392,270	4%
Utility Users Tax	9,468,938	435,312	5%
Property Transfer Tax	2,678,731	-	0%
Other Taxes	4,098,930	(67,190)	(2%)
Total Tax Revenue	\$86,452,619	\$1,771,824	2%
Non-Tax Revenue	42,437,217	339,321	1%
Transfers In	681,229	(6,721,899)	(91%)
Total General Fund Revenue	\$129,571,065	(\$4,610,754)	(3%)

General Fund Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	69,849,856	1,583,077	2%
Maintenance & Operations	12,932,148	(1,951,259)	(13%)
Internal Services	35,056,395	(9)	0%
Capital Outlay	40,000	(164,037)	(80%)
Subtotal Expenditures	117,878,399	(2,115,305)	(2%)
Transfers Out	12,523,137	(5,114,205)	(29%)
Structural Expenditures & Transfers Out	130,401,535	(5,646,434)	(4%)
Vacancies (One-Time)	(2,941,535)	-	-
Unfunded Accrued Liability (UAL)	3,496,423	(106,513)	(3%)
Total General Fund Expenditure	130,956,423	(8,694,482)	(6%)

Decision Packages

- Total 32 Decision Packages, 21 directly impacting the General Fund
- Proposed Fee updates/Vacancies generate net benefit
- Operational changes to support organizational goals
 - CS/WED Director Merge
 - Community Services Analyst
 - Special Event Fees
- Essential Services Funded
 - Police Technology and training
 - Crossing Guards

Proposed Decision Packages	Net Amount
Proposed Decision Packages Ongoing (net)	2,162,633
Proposed Decision Packages One-Time (net, excluding Vacancies)	(421,300)
Proposed Vacancies	2,941,535
Net General Fund Impact	\$4,682,868

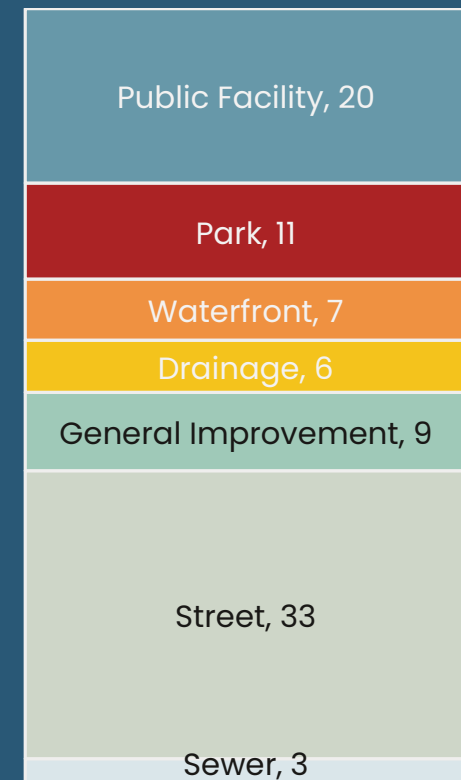
Capital Projects Summary

Type	Amount (\$ millions)
FY 2026-27	
New	130.3
Carryover	69.1
Total	\$199.4
Total # of Projects	89

FY 2025-26 Projections	
Amount Spent	\$16.5

Project Progress	
Completed	28
Designed/ Awarded	25

FY 2026-27
Capital Projects by Category



Budget Calendar

City Council

- **May 19** – Budget & CIP Introduction
- **June 2** – Operations Focus
- **June 9** – CIP Focus
- **June 16** – Budget & CIP Adoption

Other Meetings

- Budget and Finance Commission (May 26, June 11)

Recommended Actions

1. Receive and File the Presentation on the Proposed Operating Budget and Five-year Capital Improvement Program Documents
2. Discuss input to provide to City Council regarding Operating and CIP Budgets

Proposed Budget Book: Department Section Contents

- Mission Statement
- Organizational Chart
- Summary of Personnel
- Performance Measures
- Financial Summaries*
 - Historical Bar Chart by Spending Categories
 - Expenditure Table by Expense Category and Type
 - Expenditure Table by Fund

*If a Department has more than one Division, the book also contains subsections with Financial Summaries for each Division

Mayor and City Council Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	558,901	45,103	9%
Materials and Supplies	111,874	(10,000)	(8%)
Contracts and Services	30,173	–	0%
Internal Service All	226,714	1	0%
Total Mayor and City Council Expenditure	\$927,662	\$35,103	4%

City Clerk Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	807,880	75,064	10%
Materials and Supplies	18,575	-	0%
Equipment M&O	77,776	(28,000)	(26%)
Contracts and Services	221,418	(280,000)	(56%)
Internal Service All	264,035	(1)	0%
Total City Clerk Expenditure	\$1,389,684	(\$232,937)	(14%)

City Treasurer Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	248,864	15,257	7%
Materials and Supplies	10,100	-	0%
Contracts and Services	127,451	-	0%
Internal Service All	48,609	-	0%
Total City Treasurer Expenditure	\$435,024	\$15,256	4%

City Attorney Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	3,651,426	311,881	9%
Materials and Supplies	140,357	-	0%
Contracts and Services	848,814	(1,886,916)	(69%)
Internal Service All	413,457	1	0%
Total City Attorney Expenditure	\$5,054,054	(\$1,575,035)	(24%)

City Manager Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	1,019,282	(88,265)	(8%)
Materials and Supplies	93,712	(15,000)	(14%)
Equipment M&O	2,500	-	0%
Contracts and Services	302,110	(439,750)	(59%)
Internal Service All	88,094	-	0%
Transfers	1,206,687	366,766	44%
Total City Manager Expenditure	\$2,712,385	(\$176,249)	(6%)

Information Technology Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	1,380,358	(138,146)	(9%)
Materials and Supplies	345,000	(217,151)	(39%)
Equipment M&O	193,769	(33,331)	(15%)
Contracts and Services	2,074,005	268,610	15%
Internal Service All	940,664	(2)	0%
Capital Outlay	-	(643,685)	(100%)
Transfers	150,666	(19)	0%
Total Information Technology Expenditure	\$5,084,462	(\$763,724)	(13%)

Human Resources Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	954,151	(156,893)	(14%)
Materials and Supplies	147,129	-	0%
Contracts and Services	10,892,284	-	0%
Internal Service All	166,903	(1)	0%
Transfers	10,481	10,481	-
Total Human Resources Expenditure	\$12,170,948	(\$146,412)	(1%)

Financial Services Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	2,595,108	(3,048,686)	(54%)
Materials and Supplies	29,582	-	0%
Equipment M&O	5,600	-	0%
Contracts and Services	472,130	-	0%
Internal Service All	251,391	(1)	0%
Transfers	-	(2,300,000)	(100%)
Total Financial Services Expenditure	\$3,353,811	(\$5,348,687)	(61%)

Police Department Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	33,772,303	221,573	1%
Materials and Supplies	581,629	(229,989)	(28%)
Equipment M&O	265,087	(218,354)	(45%)
Contracts and Services	1,613,393	(533,419)	(25%)
Internal Service All	19,298,604	1	0%
Capital Outlay	250,000	(334,326)	(57%)
POB Debt	-	(71,737)	(100%)
Total Police Department Expenditure	\$55,781,016	(\$1,166,251)	-2%

Fire Department Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	20,144,970	1,154,626	6%
Materials and Supplies	562,108	(32,913)	(6%)
Equipment M&O	184,376	(13,776)	(7%)
Contracts and Services	277,310	(134,900)	(33%)
Internal Service All	6,053,789	1	0%
Capital Outlay	-	(26,311)	(100%)
POB Debt	-	(145,777)	(100%)
Total Fire Department Expenditure	\$27,222,553	\$800,950	3%

Public Library Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	2,175,455	306,140	16%
Materials and Supplies	338,207	-	0%
Equipment M&O	129,079	-	0%
Contracts and Services	19,880	-	0%
Internal Service All	2,595,356	(2)	0%
Total Public Library Expenditure	\$5,257,977	\$306,138	6%

Community Services Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	5,752,759	2,229	0%
Materials and Supplies	1,052,976	(100,493)	(9%)
Equipment M&O	556,119	18,048	3%
Contracts and Services	13,821,234	(677,102)	(5%)
Internal Service All	4,391,921	(2)	0%
Capital Outlay	40,000	(54,838)	(58%)
Transfers	4,710,850	2,966,832	170%
Total Community Services Expenditure	\$30,325,859	\$2,154,674	8%

Community Development Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	3,209,006	440,844	16%
Materials and Supplies	55,851	(13,810)	(20%)
Equipment M&O	60,000	-	0%
Contracts and Services	746,255	(1,684,594)	(69%)
Internal Service All	603,287	-	0%
Total Community Development Expenditure	\$4,674,399	(\$1,257,560)	(21%)

Waterfront & Economic Development Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	714,307	(163,066)	(19%)
Materials and Supplies	149,573	(150,597)	(50%)
Equipment M&O	67,000	(10,000)	(13%)
Contracts and Services	15,224,895	(455,340)	(3%)
Internal Service All	3,288,826	-	0%
Capital Outlay	-	(26,399)	(100%)
Transfers	93,900	(2,866)	(3%)
Total Waterfront & Econ Dev Expenditure	\$19,538,501	(\$808,268)	(4%)

Public Works Expenditures

Expenditure Type	Proposed FY 2026-27	Increase / (Decrease) over Midyear FY 2025-26	
		\$	%
Personnel	16,107,432	383,019	2%
Materials and Supplies	5,264,524	(127,333)	(2%)
Equipment M&O	6,604,726	-	0%
Contracts and Services	3,373,408	(425,998)	(11%)
Internal Service All	6,483,725	(3)	0%
Capital Outlay	-	(2,235,821)	(100%)
Transfers	225,344	(162,728)	(42%)
Total Public Works Expenditure	\$38,059,159	(\$2,568,865)	(6%)

Decision Packages

Decision Package Highlights

- Standard Annual Items
 - IT Annual Purchases
 - Vehicle Annual Purchases
- Required Costs
 - March 2027 Election
 - Pallet Shelter utilities
 - Fire Medical Director
 - Crossing Guards
- Programs/ Staff Support
 - Fire Dept coaching
 - Police tech and training
 - Waterfront reorganization
 - Events & programs admin support
- Revenue Support
 - Parking meter & citation
 - Recreation/ services fees
 - Development fees
- Cost containment
 - Vacancies 5%