

# FY 2025-26 Proposed Budget

## Presentation to Council

Karen Chang, *Director of Finance*  
Greg Henry, *Financial Services Manager*

June 11, 2025



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## AGENDA

- 1 FY 2024-25 Financial Update  
(Year End Update)
- 2 FY 2025-26 Proposed Budget
- 3 5-Year Projection
- 4 Q&A

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## GF Available Fund Balance Update

	Mid-Year Projected FY 2024-25 Year End	Updated Projected FY 2024-25 Year End
<b>Year Start Available Fund Balance</b>	<b>\$34.8</b>	<b>\$34.8</b>
Adjustments to Fund Balance <sup>1</sup>	7.8	7.8
Revenues (inflows)	145.3	144.1
Expenditures	(159.9)	(157.6)
<b>Change in Available Fund Balance</b>	<b>(6.9)</b>	<b>(5.8)</b>
<b>Projected Year-End Fund Balance</b>	<b>\$27.9</b>	<b>\$29.0</b>

1. Adjustment to fund balance is the release of encumbered funds back into the available reserve.

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## 2025-26 Proposed Budget

Citywide Impacts



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## Citywide Expense Assumptions

Salaries	• 3% COLA
Healthcare	• 4% Blue Shield, Flat Others
UAL	• \$3.7 million increase
Utilities	• \$2.2 million increase
General Inflation	• 2.7%

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## Fiscal Challenge

- Revenues are not keeping up with Expenditure growth



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# 2025-26 Proposed Budget

General Fund



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FY 2025-26 Proposed Budget 2

## FY 2025-26 Proposed Budget Summary

	FY 2025-26 Proposed Budget
Revenues	<b>\$140.5M</b>
Expenses	<b>152.5M</b>
Net Surplus/(Deficit)	<b>(\$12.0M)</b>

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## FY 2025-26 General Fund Proposed Budget - Revenues

- FY 2025-26 Budgeted Revenues = \$140.5 million

REVENUES	FY 2023-24	FY 2024-25		FY 2025-26		
(in millions)	Actuals as of 6/30/2024	Adopted Budget	Adjusted Budget	Proposed		
Property Tax	\$56.4	\$50.2	\$57.1	↑	\$6.7M →	\$56.9M
Sales Tax	23.2	23.2	21.2	↓	(2.0M) →	21.2M
TOT	14.9	14.5	14.8	↑	0.8M →	15.3M
Other Taxes	7.1	6.7	7.7	↑	2.3M →	9.0M
Franchise Fees	5.3	6.2	6.2	=	0.0M →	6.2M
<b>Sub-Total</b>	<b>\$106.9</b>	<b>\$100.8</b>	<b>\$107.0</b>			

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## FY 2025-26 General Fund Adjusted Budget - Revenues

- FY 2025-26 Budgeted Revenues = \$140.5 million

REVENUES	FY 2023-24	FY 2024-25		FY 2025-26		
(in millions)	Actuals as of 6/30/2024	Adopted Budget	Adjusted Budget	Proposed		
License and Permits	\$14.0	\$13.2	\$13.6	↓	-\$2.4M →	\$10.7M
Intergovernmental	6.5	2.7	4.9	↑	\$0.3M →	2.9M
Service Charges	11.0	8.5	8.7	=	\$0.0M →	8.5M
All Other Revenues*	9.9	7.6	8.9	↑	\$0.6M →	8.2M
Transfers In	6.3	4.7	2.3	↓	-\$3.2M →	1.5M
PO/CIP Rollover	0.0	0.0	10.5	=	\$0.0M →	0.0M
<b>TOTAL REVENUES</b>	<b>\$154.6</b>	<b>\$137.4</b>	<b>\$156.0</b>	↑	\$3.1M →	\$140.5M

\* Includes Fines & Forfeitures, Inter-Fund Admin Charge, Use of Money & Property, and Other Revenues.

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## FY 2025-26 General Fund Adjusted Budget - Expenditures

- FY 2025-26 Budgeted Expenditures = \$152.5 million**

Expenditures	FY 2023-24	FY 2024-25		FY 2025-26		
(in millions)	Actuals as of 6/30/2024	Adopted Budget	Adjusted Budget	Proposed		
Salary and Benefits	\$106.1	\$113.4	\$114.4	↑	\$3.5M →	<b>\$116.9M*</b>
Supplies and Services	23.0	22.1	34.3	↑	2.9M →	<b>25.0M</b>
Capital Outlay	0.2	0.0	0.7	=	0.0M →	<b>0.0M</b>
Interdepartmental Charges	10.2	9.5	9.5	=	0.7M →	<b>10.2M</b>
Transfers - Operation	0.5	0.5	0.5	=	0.0M →	<b>0.5M</b>
Transfers - Capital Transfers	0.7	0.0	3.4	=	0.0M →	<b>0.0M</b>
<b>TOTAL EXPENDITURE</b>	<b>\$140.8</b>	<b>\$145.4</b>	<b>\$162.8</b>	↑	\$7.1M →	<b>\$152.5M</b>

\* Includes 7% vacancy savings, \$8.0M

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## Department Requests

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## FY 2025-26 GF Proposed Dept Budget – Expenditures

EXPENDITURES	FY 2023-24	FY 2024-25		FY 2025-26	
(in millions)	Actuals as of 6/30/2024	Adopted Budget	Adjusted Budget	Proposed Budget	% Change from FY 2024-25 Adopted
City Council	\$0.3	\$0.3	\$0.3	\$0.3	-14.5%
City Clerk	1.0	1.3	1.4	1.4	6.6%
City Treasurer	0.2	0.2	0.2	0.2	26.7%
City Attorney	1.7	1.5	2.3	1.5	4.0%
City Manager	3.4	3.9	4.3	4.8	24.3%
Finance	3.3	3.9	4.2	4.3	11.1%
Human Resources	2.6	2.7	3.0	3.0	12.2%
Econ & Comm Develop	11.1	8.9	12.0	9.6	8.1%
Fire	36.7	36.4	38.1	40.2	10.4%
Police	37.1	38.2	38.4	42.3	10.8%

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## FY 2025-26 GF Proposed Dept Budget – Supplies & Services

EXPENDITURES	FY 2023-24	FY 2024-25		FY 2025-26	
(in millions)	Actuals as of 6/30/2024	Adopted Budget	Adjusted Budget	Proposed Budget	% Change from FY 2024-25 Adopted
Public Works	10.1	11.1	14.4	12.6	13.1%
Library	7.7	8.9	9.1	9.3	4.7%
Parks and Recreation	22.9	26.3	29.6	29.1	10.4%
CIP	2.0	1.9	2.2	1.9	0.0%
Non-Dept Expense	0.0	0.0	0.0	(8.0)	-
Salary Savings	0.7	0.0	3.4	0.0	0.0%
<b>TOTAL EXPENDITURES</b>	<b>\$140.8</b>	<b>\$145.4</b>	<b>\$162.8</b>	<b>\$152.5</b>	<b>4.9%</b>
Information Technology*	4.2	4.3	4.6	4.7	10.2%

\*Non-General Fund: budgeted as internal service fund in Fund 785

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FY 2025-26 Proposed Budget

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## GF – City Attorney

➤ <b>Expense – Services &amp; Supplies</b>		<b>\$65,000</b>
– Contract Increase	\$65,000	
<b>Net</b>		<b>(\$65,000)</b>

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FY 2025-26 Proposed Budget

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## GF – City Manager's Office

➤ <b>Expense – Services &amp; Supplies</b>		<b>\$300,000</b>
– Abandoned/Derelict Vessel Removal/Destruction	\$200,000	
– Biennial Community Survey	\$100,000	
➤ <b>Expense – Personnel</b>		<b>\$0</b>
– Upgrade position from AAI to AAll	\$7,576*	
<b>Net</b>		<b>(\$300,000)</b>

\*Salary savings will cover the cost in the first year.

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## GF – Economic & Community Development

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➤ <b>Revenue</b>		<b>(\$2,966,152)</b>
– Building Permit Fees	(\$3,316,152)	
– Planning Fees	350,000	

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## GF – Economic & Community Development

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➤ <b>Expense – Services &amp; Supplies</b>		<b>\$58,172</b>
– Construction Coordination Committee	\$75,000	
– TDM & Trip Cap Monitoring and Compliance	40,000	
– Retail Strategies for ECR & Commercial Centers	30,000	
– Building Permit Plan Check	(136,828)	
– JP Morgan Investment Conference	50,000	

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## GF – Economic & Community Development

➤ <b>Expense – Personnel</b>	<b>(\$91,520)</b>
– Switch PT Hourly position to a Contract model-Promotores	(\$91,520)
<b>Net</b>	<b>(\$2,932,804)</b>

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## GF – Finance

➤ <b>Expense – Services &amp; Supplies</b>	<b>\$20,000</b>
– Property Tax Consultant	\$20,000
<b>Net</b>	<b>(\$20,000)</b>

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## GF – Fire

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➤ <b>Revenue</b>		<b>\$410,000</b>
– Fire Permits	\$360,000	
– Ambulance Transport	(350,000)	
– Program Reimbursement for Mutual Aid	400,000	

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## GF – Fire

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➤ <b>Expense – Services &amp; Supplies</b>		<b>\$550,098</b>
– Plan Review Contract Services	\$400,000	
– Replace Aging Vehicle Extrication Equipment	41,287	
– Equipment & Supplies	58,811	
– Equipment & Lodging for Mutual Aid	50,000	

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## GF – Fire

➤ <b>Expense – Personnel</b>		<b>\$500,000</b>
– Reclass Hourly Safety Inspector to FT Position	\$11,555*	
– Overtime Mutual Aid	500,000	
<b>Net</b>		<b>(\$640,098)</b>

\*Salary savings will cover the cost in the first year.

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## GF – Human Resources

➤ <b>Expense – Services &amp; Supplies</b>		<b>\$100,000</b>
– Contract for HR Investigation & Compensation	\$50,000	
– Recruitment Costs	50,000	
➤ <b>Expense – Personnel</b>		<b>\$7,200</b>
– Annual Hourly Summer Interns	\$7,200	
<b>Net</b>		<b>(\$107,200)</b>

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## GF – Library

➤ <b>Revenue</b>		<b>\$232,172</b>
– ESL Grant	\$132,822	
– ASES Grant	99,350	

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## GF – Library

➤ <b>Expense – Services &amp; Supplies</b>		<b>\$44,754</b>
– PLAN Network Service Increases	\$10,000	
– Youth Library Program Support	5,000	
– Children's Books	5,000	
– ESL Grant Expenses	24,754	
➤ <b>Expense – Personnel</b>		<b>\$0</b>
– Reclass Hourly Library Page to Library Assistant	\$42,271*	
<b>Net</b>		<b>\$187,418</b>

\*Salary savings will cover the cost in the first year.

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## GF – Parks and Recreation

### ➤ Revenue

**\$140,822**

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|--|-----------|
| – Expanded Aquatics Program                              | \$163,000 |
| – Program Revenue Adjustments to Match Historical Trends | 600,000   |
| – ELOP Program <sup>1</sup>                              | (622,178) |

### ➤ Expense – Services & Supplies

**\$229,249**

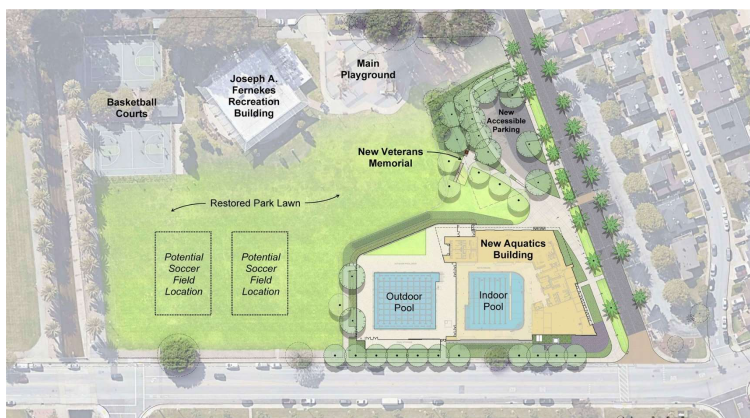
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|--|-----------|
| – Aquatic Center Supplies & Services <sup>1</sup>                    | \$192,149 |
| – Building Maint. (Fire/Life Safety, Access Controls, Rain Gear)     | 14,500    |
| – Vehicular Gates & Rollup Door Maintenance (Police & Fire Stations) | 20,000    |
| – Caltrans Plaza Airspace Lease                                      | 2,600     |

1. The annual Expanded Learning Opportunities Program (ELOP) revenue, has been removed from the current budget. This item will be presented separately to City Council for consideration, and is expected to be significantly higher. Expected revenues will be adjusted at that time.

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## GF – Parks and Recreation



**Orange Memorial Park Aquatics Center**  
Completed Site Plan



- New facility, anticipated opening in early 2026
- Replaces existing single-pool facility with a heated two-pool facility
- Expanded learn-to-swim programs
- More health and wellness opportunities
- Modern community space

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## GF – Parks and Recreation

### ➤ Expense – Personnel **\$530,098**

– Aquatics Positions <sup>1</sup>	
– Rec & Comm Svcs Prog Coord	25,989
– Rec Leader II – Hourly	41,931
– Rec Leader III – Hourly	291,192
– Rec Leader IV – Hourly	100,726
– Bdlg Maint Custodian	59,566
– Full of Fun Program	
– Rec & Comm Svcs Prog Coord - Hourly	23,256
– Parks Program	
– Miscellaneous Hourly	29,801
– Park Maint Worker – Hourly	(42,363)

**Net (\$618,525)**

1. Expenses are for a half year of operations at the new pool.

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## GF – Police

### ➤ Revenue **(\$23,408)**

– Dispatch Services for Other Cities	\$22,722
– Alarm Registration Fee and Fines	70,500
– County Task Force Program Ended	(114,630)
– OTS Grant	(2,000)

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## GF – Police

➤ <b>Expense – Services &amp; Supplies</b>		<b>\$110,000</b>
– Increased Recruitment Support	\$60,000	
– <i>Mental Health Services</i>	50,000	
➤ <b>Expense – Personnel</b>		<b>\$155,630</b>
– Crisis Intervention Specialist	\$227,630*	
<b>Net</b>		<b>(\$289,038)</b>

\*This position is proposed to be funded with \$72,000 in Opioid Settlement funds for FY2025-26.  
PD will bring Drone contract to Council in July/Aug 2025 for separate appropriation

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## GF – Public Works

➤ <b>Revenue</b>		<b>\$194,000</b>
– Traffic Signal Maintenance Fee	(\$275,000)	
– Grading and Other PW Permits	469,000	
➤ <b>Expense – Services &amp; Supplies</b>		<b>\$20,000</b>
– Thermoplastic Machine	\$20,000	
➤ <b>Expense – Personnel<sup>1</sup></b>		<b>(\$25,979)</b>
– Upgrade MAII to Program Manager	\$1,373	
– Upgrade MAI to MAII	(27,352)	
<b>Net</b>		<b>\$148,021</b>

1. Additional adjustments for these positions in Non-CF

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## GF – IT

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➤ <b>Revenue</b>	<b>\$100,000</b>
– Cellular/Antennae Rental Revenue (Miller Garage)	\$100,000
<b>Net</b>	<b>\$100,000</b>

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## Non-GF

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➤ <b>Revenue</b>	<b>\$5,759,695</b>
– ECD – General Plan <i>Maintenance Fee</i>	\$2,500,000
– ECD – Commercial <i>Linkage Impact Fee</i>	1,500,000
– ECD – <i>Housing Trust Fund</i>	17,700
– PW – <i>Sewer Operational</i> Revenue	1,741,995

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## Non-GF

➤ <b>Expense – Services &amp; Supplies</b>	<b>\$2,266,500</b>
– Parks & Rec – Sculpture for OP IIC Location ( <i>Art In Lieu</i> )	\$75,000
– PW – Anaerobic Digester Cleaning ( <i>Sewer</i> )	750,000
– PW – Uniform Rental Agreement ( <i>Sewer, Stormwater, Garage</i> )	81,500
– PW – Essential Tools (compressor, welder, etc.) ( <i>Garage</i> )	45,000
– PW – Power-Washing Contract ( <i>Parking</i> )	75,000
– PW – License Plate Readers ( <i>Parking</i> )	140,000
– PW – Vehicles ( <i>Sewer</i> )	1,100,000

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## Non-GF

➤ <b>Expense – Personnel</b>	<b>\$121,353</b>
– Parks & Rec – <i>Cultural Arts Positions</i>	
– Recreation Leader II – Hourly	12,677
– Recreation Leader III – Hourly	8,253
– Public Works	
– Upgrade MAII to Program Manager	50,454
– Upgrade MAI to MAII	49,969

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<b>Net</b>	<b>\$3,371,842</b>
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## Non-GF – IT

➤ <b>Expense – Services &amp; Supplies</b>		<b>\$960,434</b>
– IT – Computer Purchase ( <i>Equipment Replacement</i> )	\$100,000	
– IT – EOC Video Wall Update ( <i>PEG Funds</i> )	300,000	
– IT – Software	436,100	
– IT – Phone Service Update	124,334	
➤ <b>Expense – Personnel</b>		<b>\$40,000</b>
– IT – Overtime & Standby Pay	\$40,000	
<b>Net</b>		<b>(\$1,000,434)</b>

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## Storm Water Ongoing Operational Subsidy

➤ <b>Transfers to Storm Water Fund</b>		
– General Fund	(\$250,000)	
– Gas Tax Fund	(670,000)	
<b>Net</b>		<b>(\$920,000)</b>

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## Discussion

<b>➤ Expense – Services &amp; Supplies</b>		<b>\$435,000</b>
– ECD – BIO Conference	\$100,000	
– ECD – Citywide Holiday Decorations	170,000	
– ECD – Promotores Social Services System Navigators	165,000	
<b>Net</b>		<b>(\$435,000)</b>

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## Projected GF Available F/B (As of June 30, 2026)

Available GF Fund Balance (FY 25)	<b>\$29.0</b>
<b>FY 2025-26 Projected Deficit</b>	<b>(12.0)</b>
Available GF Ending Fund Balance (FY 26)	<b>\$17.0</b>

41% Reduction

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## General Fund Reserves

### Estimated Ending Financial Reserve for FY 2025-26 (in millions)

General Reserve	\$27.8
Infrastructure Reserve*	5.4
CalPERS Stabilization Reserve	6.2
Available GF Balance*	17.0
<b>Total</b>	<b>\$56.4</b>

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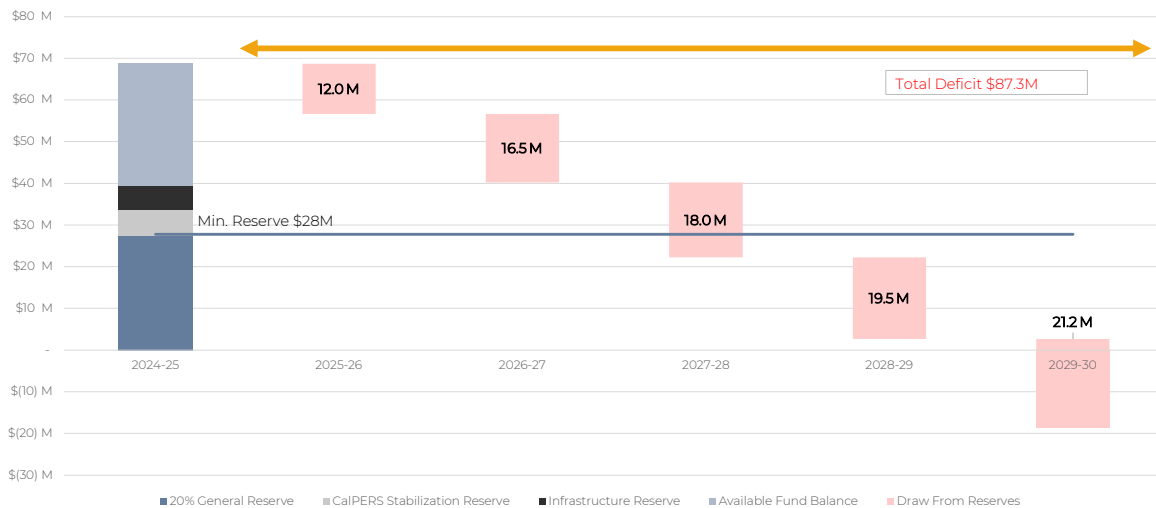
## Financial Analysis – 5 Year Projection

Revenues & Expenditures (in thousands)	2025 Mid Year Budget	2025 YE Projected	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast	2030 Forecast
Total Revenue	\$152,267	\$151,814	\$140,488	\$143,492	\$146,720	\$149,974	\$153,246
Total Expenditures	159,255	157,565	152,532	159,986	164,678	169,508	174,480
Surplus/(Deficit)	\$ (6,988)	\$ (5,751)	\$(12,044)	\$(16,494)	\$(17,958)	\$(19,533)	\$(21,234)

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## Projected Reserves & Undesigned F/B - 5 years



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## Staff Recommendation



USE \$12.0M TO BALANCE GF  
BUDGET



EVALUATE REVENUE  
ENHANCEMENT OPTIONS



EXPLORE LONG-TERM  
COST CONTAINMENT  
MEASURES

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Q&amp;A 4

## QUESTIONS?

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