



AGENDA REPORT

Department: Finance
Prepared by: Paul Valadez, Budget Manager
Meeting Date: Tuesday, June 17, 2025
Approved by: Scott W. Huth, Interim City Manager

SUBJECT:

Consideration of a Resolution Adopting a Budget for Fiscal Year 2025-2026

RECOMMENDATION:

Adopt a Resolution Entitled, "Resolution of the City Council of the City of National City, California, Adopting a Budget for Fiscal Year 2025-2026."

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

After a series of internal staff meetings and City Council workshops, staff presents for adoption the Fiscal Year 2025-2026 Proposed Budget for the City of National City. Preparation of the City's budget is a multi-step process occurring over several months. Development of the City's fiscal year 2025-2026 budget began in January 2025 with direction to City departments to detail and submit their baseline budget revenues and expenditures by March 2025. Finance staff met with representatives from each department along with the City Manager, Deputy City Manager, and Director of Finance throughout April to finalize the preliminary budget.

Budget workshops to review the City's fiscal health, present the preliminary budget, and receive Council direction were held on May 8 and June 4, 2025. The preliminary budget presented at the June 4 workshop estimated General Fund revenues and transfers-in totaling \$72.9 million and General Fund expenditures and transfers-out totaling \$81.1 million, with a use of unassigned fund balance of \$8.2 million. The presentation to Council also included an overview of each department's operations, as well as additional funding requests for critical enhancements.

A third budget workshop was held on June 12, 2025 where Council provided final direction on the enhancement items brought forward during June 4 workshop. As a result, an additional **\$0.8 million** in General Fund revenues and transfers-in and **\$1.9** in General Fund expenditures and transfers-out have been added to the preliminary budget.

Staff now presents the City of National City's Fiscal Year 2025-2026 Proposed Budget for adoption. The proposed budget, which now includes the preliminary budget, Council authorized enhancement items, and miscellaneous Finance adjustments, estimates General Fund revenues and transfers-in totaling **\$73.7 million** and recommends General Fund expenditures and transfers-out totaling **\$83.0 million** with a use of unassigned fund balance of **\$8.3 million**. **The budget also includes the use of \$1.0 million of Economic Contingency Reserve fund balance for the City Revitalization Project.** The proposed budget estimates all funds revenues and transfers-in totaling **\$147.7 million** and recommends all funds expenditures and transfers-out totaling **\$156.9 million**.

FINANCIAL STATEMENT:

See Exhibits listed below

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Balanced Budget and Economic Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA, and is therefore, not subject to environmental review. CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act

ORDINANCE:

Not Applicable

EXHIBITS:

Exhibit A – FY26 Proposed Budget by Fund

Exhibit B – Resolution

FY2025-2026 preliminary budget is available for review at
<https://www.nationalcityca.gov/government/finance/budgets>

**CITY OF NATIONAL CITY
BUDGET ANALYSIS BY FUND
FISCAL YEAR 2026
PROPOSED**

Fund	Fund Name	Estimated Revenues	Transfers In	Transfers Out	Proposed Expenditures
100	General Fund	\$ 73,697,997	\$ 5,500	\$ 9,993,791	\$ 72,979,492
104	Library Fund	1,060,824	2,225,474	151,744	3,172,400
105	Parks Maintenance Fund	1,236,126	1,028,759	139,233	2,201,228
108	Library Capital Outlay Fund	182,000	-	-	60,500
109	Gas Taxes Fund	3,207,313	-	-	1,856,343
125	Sewer Service Fund	12,835,365	-	206,164	11,909,127
130	EMT-D Revolving Fund	337,080	-	-	337,080
131	Asset Forfeiture Fund	-	-	-	50,000
166	Nutrition Fund	451,387	1,107,729	76,520	1,459,622
172	Trash Rate Stabilization Fund	225,000	-	22,195	431,259
195	Mile of Cars Landscape Maint. Dist. Fund	165,083	18,369	5,500	183,205
208	Supp Law Enforcement Svc Fnd	166,117	-	-	166,117
211	Security & Alarm Regulation Fund	62,000	-	-	11,000
212	Post-Employment Benefits Fund	-	400,000	-	400,000
258	Pension Obligation Bonds	-	5,750,779	-	5,750,778
259	Library Bonds Debt Service Fund	402,056	-	-	402,056
282	Reimbursable Grants City-Wide Fund	-	-	-	8,320
301	Community Development Block Grant Fund	182,000	-	-	207,343
307	TransNet	1,934,000	-	-	-
320	Library Grants Fund	-	-	-	15,000
325	Development Impact Fees Fund	31,000	-	-	-
399	CIP Fund	-	1,000,000	-	1,000,000
420	Parking Authority	360,000	-	32,758	552,203
501	Housing Authority Fund	951,333	-	624,829	1,076,306
502	Housing Choice Voucher Fund	20,035,794	-	-	20,106,357
505	HOME Fund	697,753	-	-	712,850
532	Low & Moderate Income Housing Asset Fund	249,033	-	13,114	289,250
626	Facilities Maintenance Fund	4,081,694	-	116,939	4,256,575
627	Liability Insurance Fund	4,323,512	-	-	4,440,150
629	Information Systems Maintenance Fund	2,792,265	-	75,643	3,271,766
630	Office Equipment Depreciation Fund	-	-	-	100,000
633	Workers' Compensation Fund	2,429,661	-	12,907	3,137,658
643	Motor Vehicle Service Fund	1,700,275	-	65,273	1,818,899
644	Vehicle Replacement Fund	2,404,426	-	-	2,991,000
Other Funds Total		\$ 62,503,098	\$ 11,531,110	\$ 1,542,819	\$ 72,374,392
Total, All Funds		\$ 136,201,095	\$ 11,536,610	\$ 11,536,610	\$ 145,353,884

RESOLUTION NO. 2025 –

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, ADOPTING A BUDGET FOR THE FISCAL YEAR 2025-2026.

WHEREAS, on June 4, 2025, in accordance with National City Municipal Code section 2.55.030, the City Manager submitted a preliminary budget for the 2026 Fiscal Year to the City Council and said budget was discussed and deliberated in public session; and

WHEREAS, on June 12, 2025, the City Council received and considered proposed modifications to the preliminary budget, including additional staffing requests, and provided final direction on budget enhancement items to be included in the budget; and

WHEREAS, additionally, on June 12, 2025, the City Council authorized the use of \$1.0 million of the Committed Economic Contingency Reserve Funds for fiscal year 2025/2026 to be used solely for economic development through the City Manager's City Revitalization Project; with the Economic Constancy Reserves Funds to be reduced periodically throughout fiscal year 2025/2026 by eligible expenditures for the advancement and promotion of sustainable economic growth projects within the City; and

WHEREAS, on June 17, 2025, the City Council received a modified proposed budget for the 2026 Fiscal Year, the "Fiscal Year 2026 Proposed Budget," that incorporated the enhancement items authorized by the City Council on June 12, 2025.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1: The all-funds budget for the Fiscal Year beginning July 1, 2025, with City expenditures totaling \$156,890,494 is hereby approved, adopted, and appropriated.

Section 2: The amounts by fund outlined in the "Transfers Out" and "Proposed Expenditures" column of "Exhibit 1" attached hereto and incorporated herein by this reference shall be the maximum expenditures authorized for those funds for the Fiscal Year 2026.

Section 3: The City Manager is hereby authorized to make budgetary revisions between budget units within a fund after the adoption of this budget.

Section 4: The City Manager is hereby authorized to transfer monies between funds up to the maximum outlined in the "Transfers" column in "Exhibit 1" attached hereto and incorporated herein by this reference.

Section 5: The estimated financing sources by fund available to meet the authorized expenditures and transfers are approved and adopted as detailed in the Fiscal Year 2026 Proposed Budget, as modified by direction of the City Council at the June 12, 2025 workshop, incorporated herein by this reference.

Section 6: The City Manager is authorized to adjust amounts of said financing sources subsequent to budget adoption if any appropriation balances carried forward from

prior fiscal years had an associated revenue source at the time the appropriation was established.

Section 7: The City Council of the City of National City hereby authorizes and approves the number and classification of employees in the respective functions, departments, and activities outlined in the Fiscal Year 2026 Proposed Budget, as modified by direction of the City Council at the June 12, 2025 workshop, and incorporated herein by this reference.

Section 8: The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED and ADOPTED this 17th day of June, 2025.

Ron Morrison, Mayor

ATTEST:

Shelley Chapel, City Clerk

APPROVED AS TO FORM:

Barry J. Schultz, City Attorney