



Item 11.3

**Proposed Citywide Budget
Fiscal Year 2025/2026**

June 17, 2025

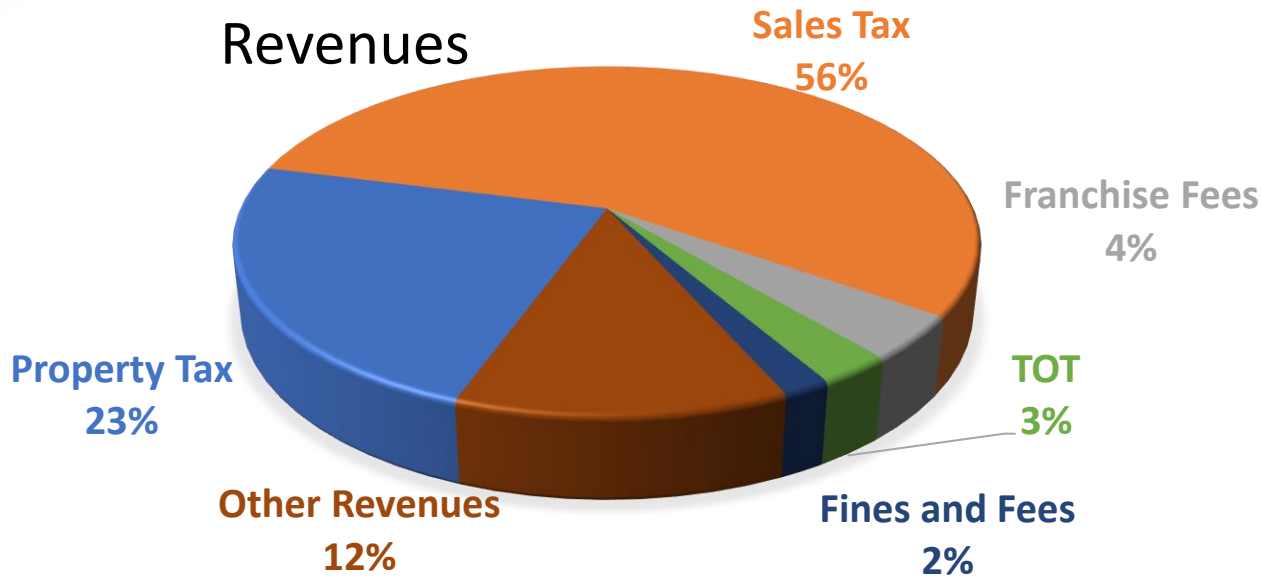


Budget Highlights

- \$3.0 Million payment for the CalPERS Unfunded Actuarial Liability
- \$1.0 Million Increase in General Liability Insurance Premiums
- \$1.0 Million transfer to new CIP Fund
- \$100,000 budget allocation for each City Council District
- Increase in Sales Tax \$518,000
- Increase in Franchise Fee \$321,000
- Increase in Operating Expenses \$1.9 Million as directed by City Council June 12, 2025
- \$1.0 Million earmarked for Economic Development/City Revitalization Projects
- Increased of 12.5 FTE as directed by City Council on June 12, 2025
- Propose Use of \$8.3 Million of Unassigned Fund Balance & \$1.0 Million of Economic Contingency Reserve

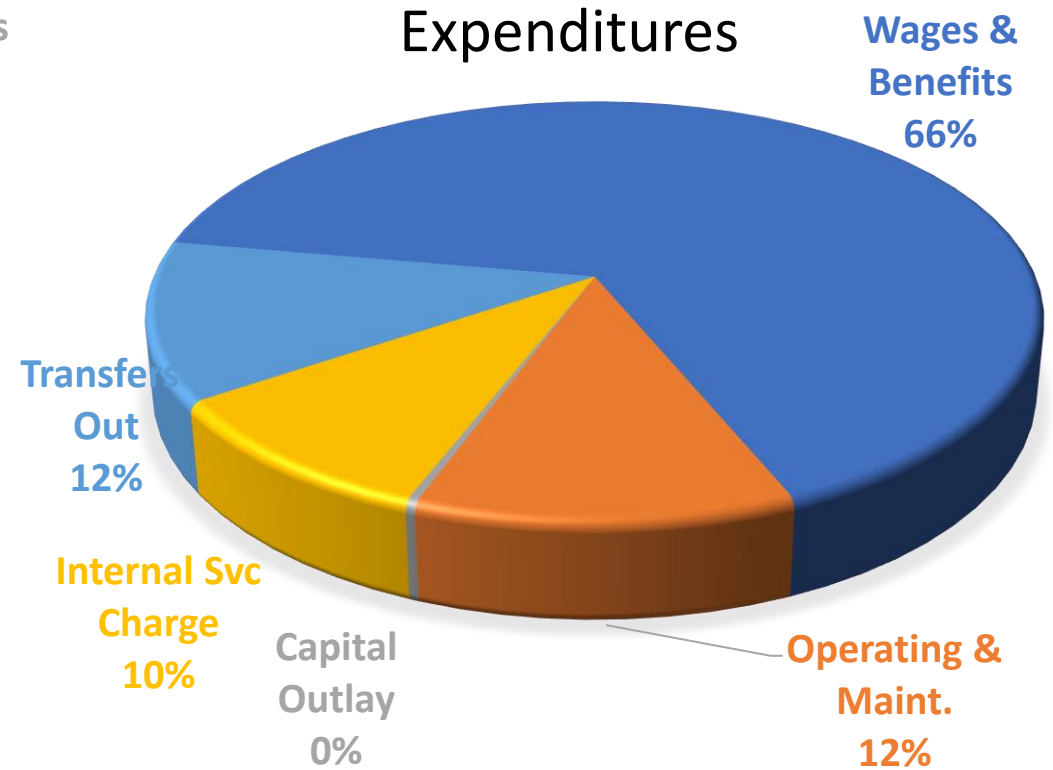
Proposed General Fund FY 2026 Budget

Revenues



Total Revenue	73,703,497
Total Expenditures	(82,973,283)
Proposed Deficit	(9,269,786)

Expenditures



General Fund Revenues

	FY 2023 Actual	FY 2024 Actual	FY 2025 Budget	FY 2026 Proposed Budget	FY 2025 Budget to FY 2026 Propose Budget	FY 2025 Budget to FY 2026 Propose Budget
Property Tax	14,721,570	15,834,107	16,141,534	17,087,988	946,454	6%
Sales Tax	38,450,228	40,095,816	39,403,153	41,129,000	1,725,847	4%
Franchise Fees	2,490,692	3,082,215	2,974,138	3,297,000	322,862	11%
Business License	656,191	652,987	736,500	750,000	13,500	2%
Development Fees	1,693,419	1,304,978	1,247,850	1,279,000	31,150	2%
TOT	2,488,614	2,042,380	2,000,000	2,000,000	-	0%
Fines and Fees	1,684,058	1,646,809	1,231,136	1,301,500	70,364	6%
Other Revenues	7,331,000	8,632,820	7,399,387	6,853,509	(545,878)	-7%
Transfers-in	2,005,500	2,005,500	5,500	5,500	-	0%
Total	71,521,271	75,297,613	71,139,198	73,703,497	2,564,299	4%

General Fund Expenditures

<u>By Category</u>	<u>FY 2023 Actual</u>	<u>FY 2024 Actual</u>	<u>FY 2025 Budget</u>	<u>FY 2026 Proposed Budget</u>	<u>FY 2025 Budget to FY 2026 Propose Budget</u>	<u>FY 2025 Budget to FY 2026 Propose Budget</u>
Wages & Benefits	44,550,675	46,302,076	51,265,557	54,165,443	2,899,886	6%
Operating & Maint.	7,945,210	9,393,189	9,067,957	10,445,078	1,377,121	15%
Capital Outlay	2,726,671	1,939,246	1,216,000	255,773	(960,227)	-79%
Internal Svc Charge	8,381,822	9,455,299	10,180,890	8,113,198	(2,067,692)	-20%
Transfers-Out	2,567,210	3,019,586	2,772,765	9,993,791	7,221,026	260%
Total	66,171,587	70,109,397	74,503,169	82,973,283	8,506,883	11%
Net Surplus/Deficit	5,349,684	5,188,216	(3,363,971)	(9,269,786)		

Special Revenue Funds

	<u>Beginning Fund Balance</u>	<u>FY 2026 Revenues</u>	<u>FY 2027 Expenditures</u>	<u>Ending Fund Balance</u>
Library Fund	456,957	3,286,298	3,324,144	419,111
Park Maintenance	691,240	2,264,885	2,340,461	615,664
Nutrition Fund	105,254	1,559,116	1,536,142	128,228
Sewer Service Fund	26,922,983	12,835,365	12,115,291	27,643,057
HUD Grants	691,502	20,915,547	21,026,550	580,499
Internal Service Funds	12,744,760	17,731,833	20,286,810	10,189,783
Other Special Revenue Funds	68,077,209	15,441,163	13,287,813	70,230,559
Total All Special Revenue Funds	109,689,905	74,034,207	73,917,211	109,806,901

Fund Balance

Economic Contingency Reserve 7/1/2025	\$	12,800,000
Less City Revitalization Project		(1,000,000)
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Economic Contingency Reserve 6/30/2026	\$	11,800,000
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(\$2.7 Million below the 20% the General Fund Operating Expensed Policy)		

Unassigned Fund Balance

Projected Ending Unassigned Fund Balance FY 2024	\$	24,539,891
Less Projected Deficit FY 2025		(3,363,971)
Less Projected Deficit FY 2026		(8,269,786) *
Less 10% Reserve Policy Balance		(8,100,000)
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Projected Excess in Unassigned Fund Balance 6/30/2026	\$	4,806,134

* The Current Proposed Deficit Excludes future cost of Labor Negotiations

Staff Recommendation

Staff recommends the adoption of a resolution of the City Council of the City of National City approving the proposed FY 2025/2026 Operating and Capital budget for a total citywide appropriations of \$156,890,494 and the use of \$1.0 Million of Economic Contingency Reserve for City Revitalization Projects



Discussion and Questions

