



CITY OF HUNTINGTON BEACH

TO: Lisa Lane Barnes, City Clerk
FROM: Robert S. Torrez, Interim Chief Financial Officer
DATE: June 3, 2025
**SUBJECT: SUPPLEMENTAL COMMUNICATION - AGENDA ITEM 22: ATTACHMENT
10: UPDATED POWERPOINT**

Attached is an updated version of the Power Point presentation for Agenda Item 22 for the FY 2025–26 Proposed Budget Public Hearing. This version includes a technical correction to the amount of FY 2025/26 All Funds Proposed Revenues on Slide 5 and the addition of Slide 12 which provides further details on the Personnel Services expenditure variances in the General Fund.



City of Huntington Beach FY 2025/26 Budget Adoption

City Council Public Hearing
June 3, 2025

Presentation Overview

- **Proposed FY 2025/26 All Funds and General Fund Budget Review**
- **FY 2025/26 Capital Improvement Program**
- **Revised Master Fee and Charges Schedule and Proposed Revenue Adjustments**
- **Requested Revisions to Proposed Budget**
- **FY 2025/26 Budget Approval and Related Actions Requested**



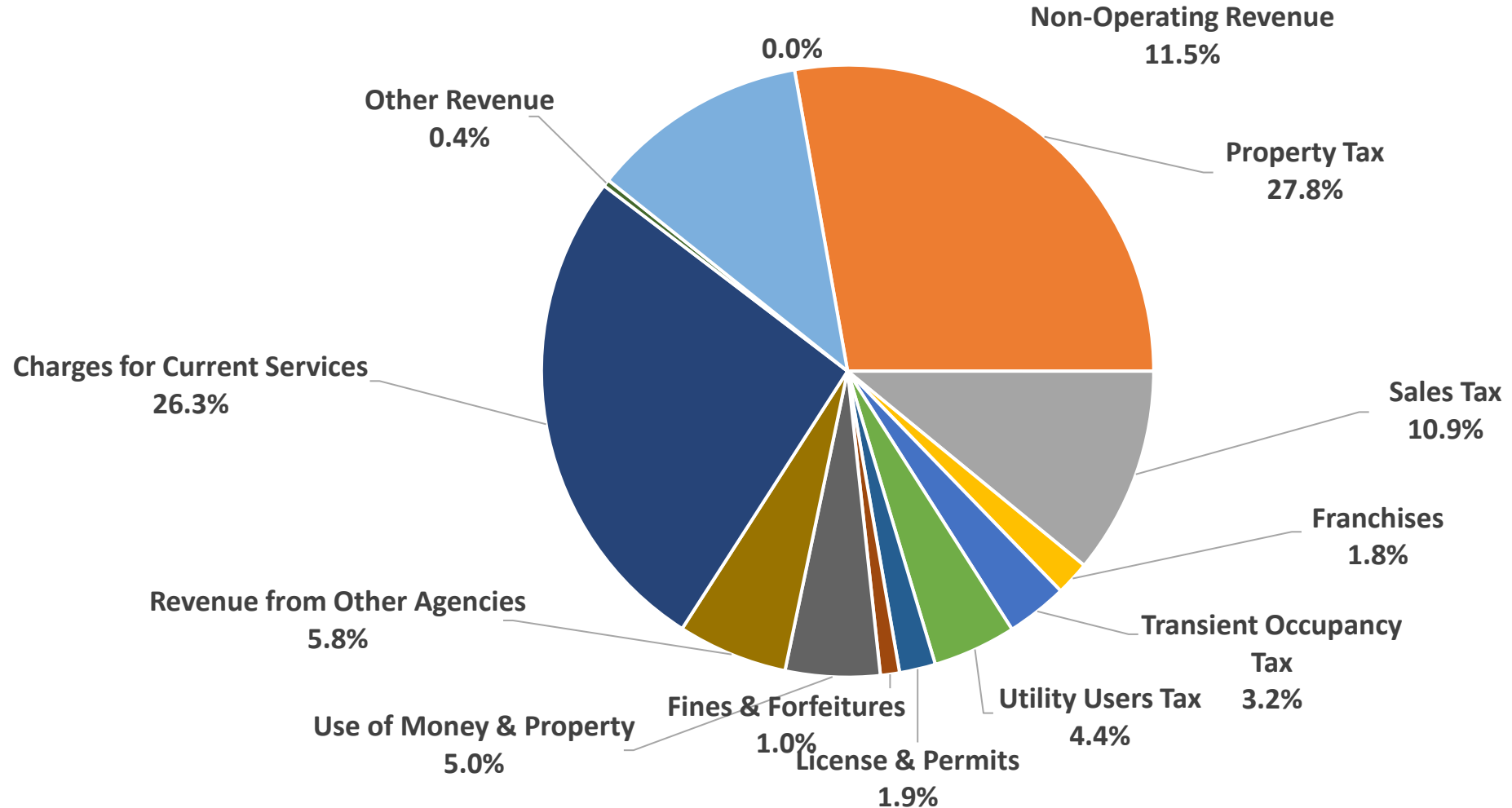


Proposed FY 2025/26 All Funds Budget Review

FY 2025/26 All Funds Proposed Budget Review \$554.9M

Department / Fund	General Fund	Capital Projects Funds	Debt Service Funds	Enterprise Funds	Special Revenue Funds	Internal Service Fund	Trust and Agency Funds	Other Funds	TOTAL
City Council	468,951								468,951
City Manager	3,101,687				100,000			35,000	3,236,687
City Attorney	4,223,414								4,223,414
City Clerk	1,196,874								1,196,874
City Treasurer	2,194,073								2,194,073
Community Development	10,618,628				2,334,861			129,000	13,082,489
Community & Library Services	16,663,318				2,615,383			1,334,000	20,612,701
Finance	5,870,337				110,000	7,677,672			13,658,009
Fire	64,520,419			332,916	893,400		466,315		66,213,050
Human Resources	2,516,074					26,955,484			29,471,558
Information Services	8,546,183				549,044				9,095,227
Non-Departmental	58,485,785	8,200,000	25,541,969		104,000		25,916,664		118,248,418
Police	96,249,310				2,304,000			50,000	98,603,310
Public Works	24,339,119	12,249,413		100,508,770	35,862,266		1,644,300		174,603,868
Grand Total	298,994,172	20,449,413	25,541,969	100,841,686	44,872,954	34,633,156	28,027,279	1,548,000	554,908,629

FY 2025/26 All Funds Proposed Revenues - \$529.6M





Proposed FY 2025/26 General Fund Budget Review

Proposed FY 2025/26 General Fund Budget Review

- **Proposed FY 2025/26 General Fund Budget is structurally balanced, with a projected \$1.1M surplus**

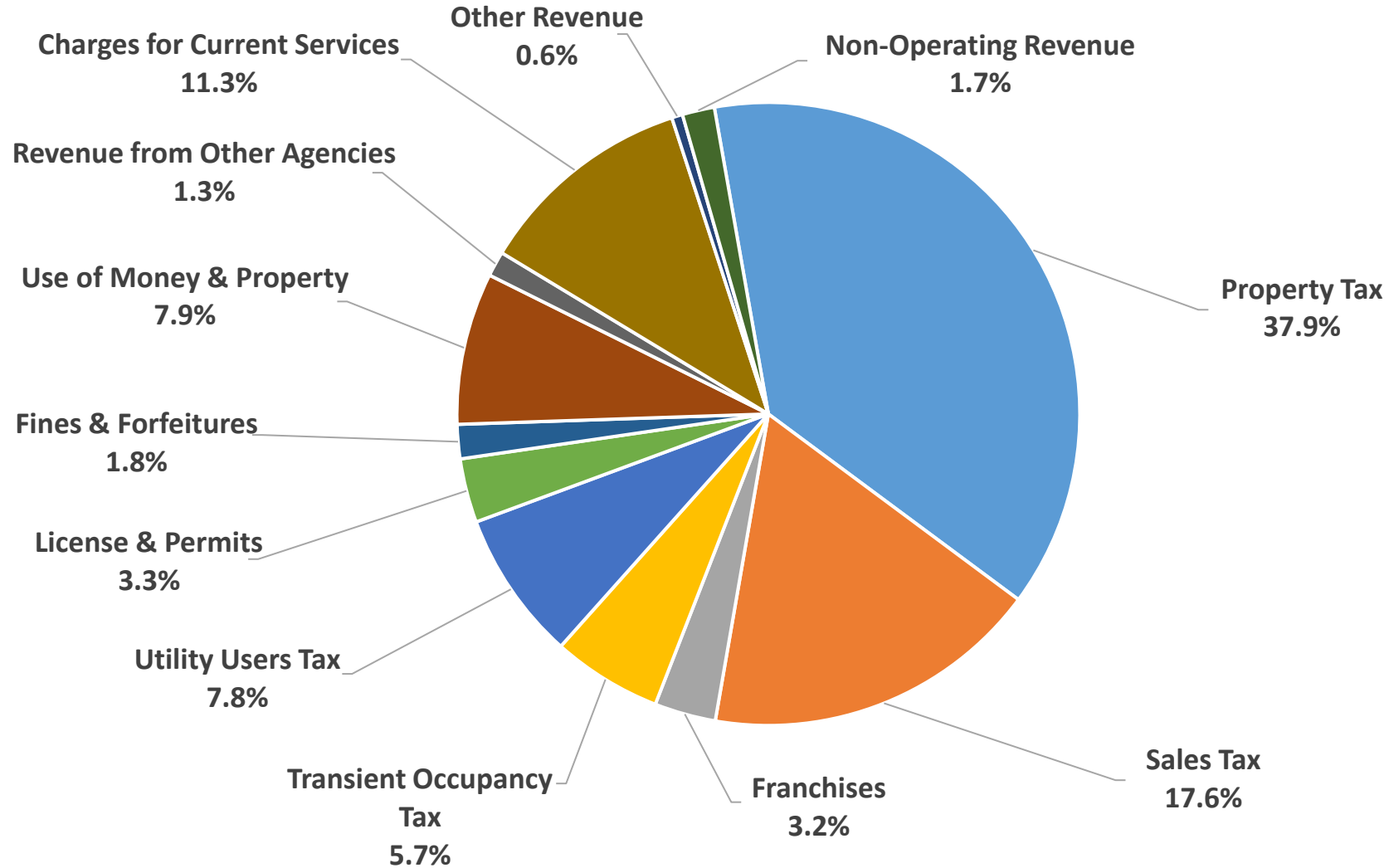
General Fund (Fund 100) (in thousands)	Proposed FY 25/26
Revenues (recurring)	\$295,089
Revenues (one-time) *	5,013
Total Revenues	300,102
Personnel Costs	189,647
Operating Costs	54,518
Non-Operating Costs **	54,829
Total Expenditures	298,994
Surplus / (Deficit)	\$1,108

- Portion of Waterfront allocation with the remaining \$4.3M set side in reserves.

** Includes Debt Service, Capital Expenditures, and Transfers

- **Continued Infrastructure Investments in FY 2025/26**
 - General Fund transfer to the Infrastructure Fund totals \$14.5M
 - CIP budget totals \$63.6M (increase from prior year of \$28.3M) includes \$7.9M in General Funds

Proposed FY 2025/26 General Fund Revenues - \$300.1M



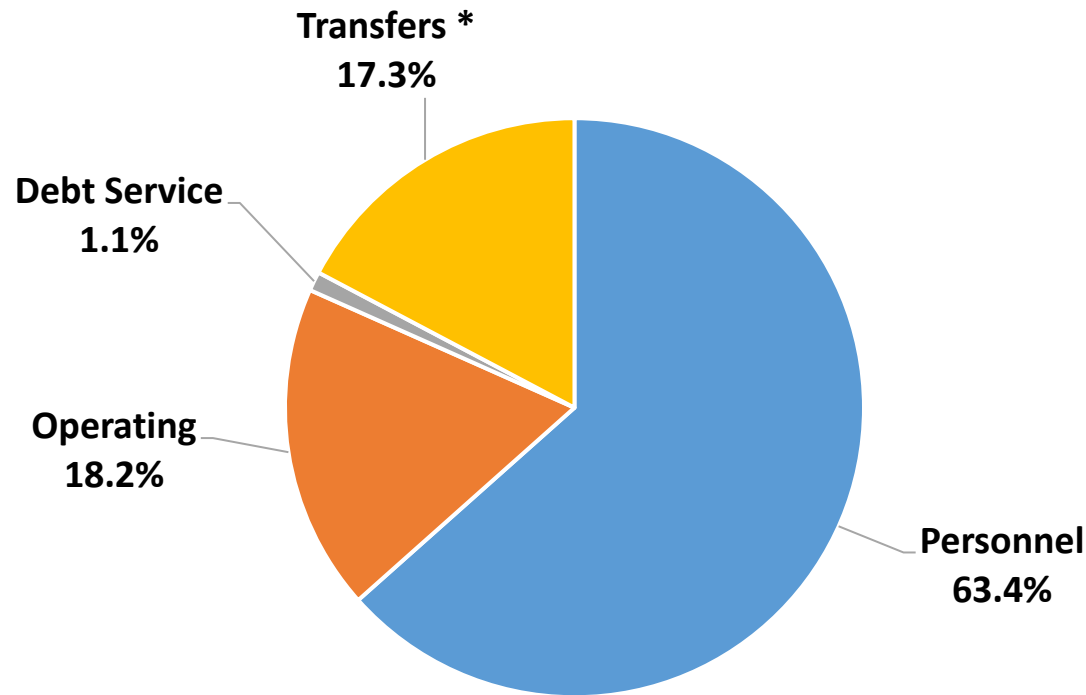
Proposed FY 2025/26 General Fund Revenues - \$300.1M

- **Major revenue variances include:**

- **Property Tax:** \$113.9M (5.0% or \$5.7M increase)
 - Higher assessed valuations as of January 1, 2025 versus prior fiscal year
- **Other Local Taxes:** \$102.7M (1.19% or \$1.2M net decrease)
 - Sales Taxes: \$49.6M (1.4% or \$0.7M decrease)
 - Prop 172: \$3.1M (0.7% or 22k decrease)
 - Utility Users Tax (UUT): \$23.3M (1.27% or \$0.3M increase)
 - Franchises: \$9.5M (11% or \$1.1M decrease)
 - Others: \$17.1M (1.80% or \$0.3M increase)
- **Revenue from other Agencies:** \$1.7M (16.1% or \$4.5M decrease)
 - Expected reimbursement of \$1.7M from participation in the Voluntary Rate Range Intergovernmental Transfer (VRRP IGT) Program. These revenues are partially offset by \$0.7M of expenditures related to program participation, for anticipated net revenues of approximately \$1.0M.

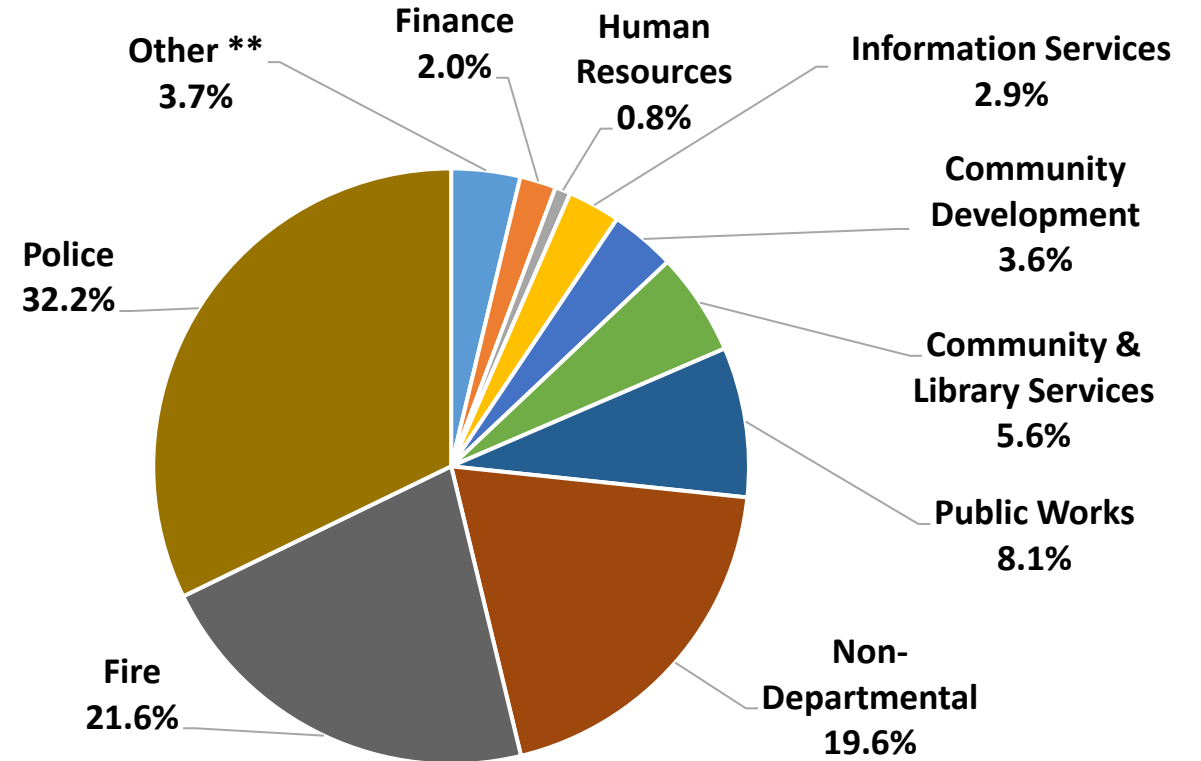
Proposed FY 2025/26 General Fund Expenditures - \$299.0M

BY CATEGORY



* Transfers include Infrastructure, Equipment, General Liability & Section 115 Trust Transfers

BY DEPARTMENT



** Other includes City Council, City Manager, City Attorney, City Clerk, and City Treasurer

Proposed FY 2025/26 General Fund Expenditures - \$299.0M

Historical By Department

Department	FY 2021/22 Actual	FY 2022/23 Actual	FY 2023/24 Actual	FY 2024/25 Adopted	FY 2024/25 Revised	FY 2025/26 Proposed	%
City Council	364,612	380,181	400,038	494,879	494,879	468,951	0.16%
City Manager	2,108,671	3,317,116	4,156,512	3,585,283	3,795,253	3,101,687	1.04%
City Attorney	2,563,047	2,854,183	3,441,947	4,252,769	4,253,369	4,223,414	1.41%
City Clerk	1,107,974	1,208,249	1,424,496	1,438,904	1,559,904	1,196,874	0.40%
City Treasurer	278,783	349,464	1,772,274	1,892,847	1,923,122	2,194,073	0.73%
Community Development	9,139,699	10,524,519	9,957,008	10,252,741	11,434,893	9,148,910	3.06%
Community & Library Services	13,463,539	14,717,805	15,261,534	16,239,674	16,440,317	16,663,318	5.57%
Finance	5,811,690	6,106,334	5,054,749	5,609,226	5,851,624	5,870,337	1.96%
Fire	51,915,169	55,142,255	61,750,103	62,525,176	64,859,456	64,520,419	21.58%
Human Resources	1,838,765	2,092,107	2,272,260	2,864,232	3,047,678	2,516,074	0.84%
Information Services	6,324,097	6,934,385	6,805,293	8,450,864	8,779,838	8,546,183	2.86%
Non-Departmental	57,448,450	86,383,591	69,352,039	66,107,308	72,822,592	59,955,503	20.05%
Police	78,596,824	78,635,698	85,265,514	91,846,590	92,667,249	96,249,310	32.19%
Public Works	20,835,966	23,349,353	23,716,058	24,434,788	25,652,409	24,339,119	8.14%
TOTAL	251,797,286	291,995,240	285,189,308	299,995,281	313,582,585	298,994,172	100.0%

Proposed FY 2025/26 General Fund Expenditures - \$299.0M

- **Major expenditure variances include:**

- **Personnel Services:** \$189.7M (6.88% or \$13.1M increase)
 - Renegotiated Memoranda of Understanding (MOU) during FY 24/25 including Minimum Wage, Base Salaries, Public Safety Overtime and Leave Buyout: \$9.0M increase
 - CalPERS UAL Safety Contribution: \$3.5M increase
 - CalPERS UAL Misc Contribution: \$1.6M increase
 - Increase Vacancy Attrition: \$1.0M net expense decrease

Proposed FY 2025/26 General Fund Expenditures - \$299.0M

- **Major expenditure variances include:**

- **Operating Expenses:** \$54.5M (\$2.9M net decrease)
 - Voluntary Rate Range Intergovernmental Transfer (VRRP IGT) Program: (\$2.6M decrease) expenditures related to program participation.
 - Metro Cities JPA: (\$0.6M increase)
 - Water Purchases: (\$0.2M increase)
 - Contracts for Repairs and Maintenance: (\$0.3M decrease)
 - Other Professional Services: (\$0.4M decrease)
 - Equipment and Supplies: (\$0.4M increase)

FY 2025/26 Budget Balancing Strategy

1. Operating Reductions - Personnel

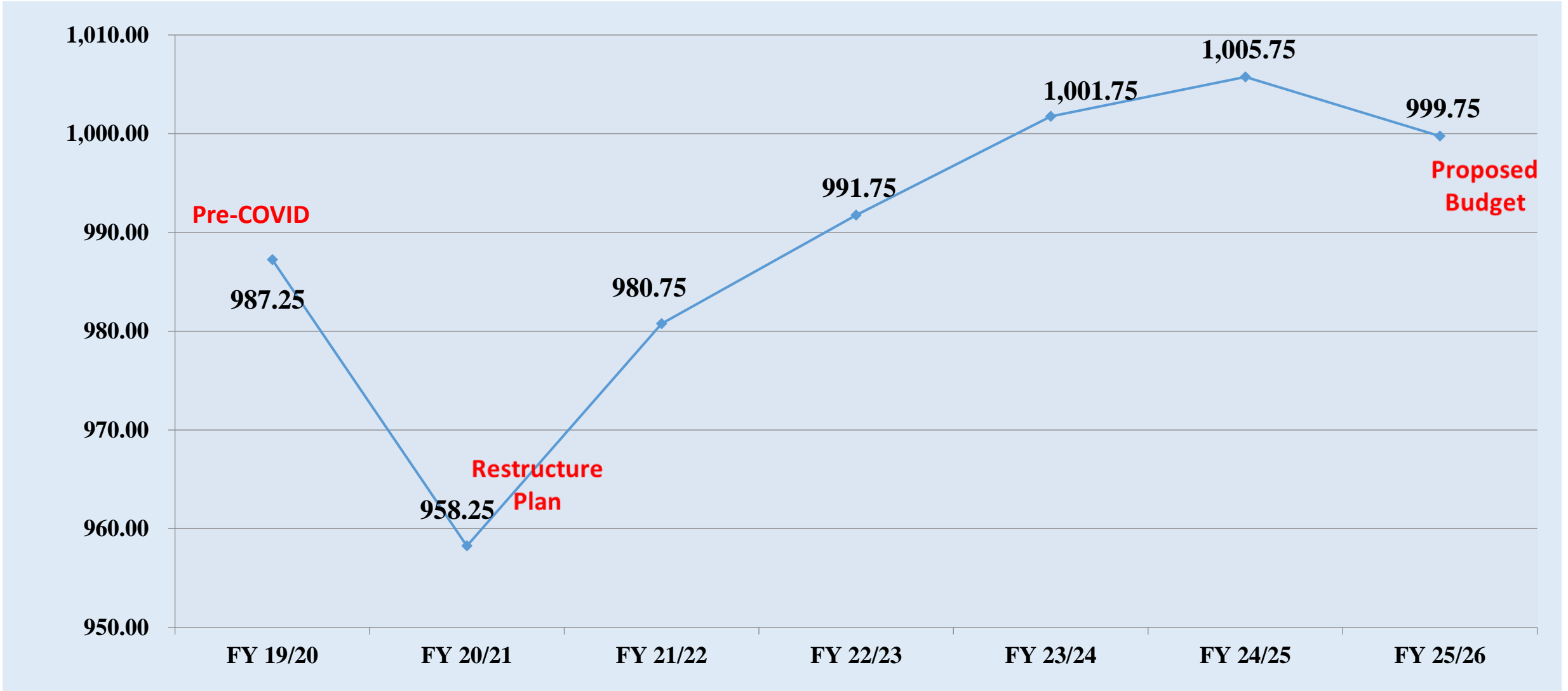
➤ Personnel: \$1.98M

- Eliminate 6 positions - \$0.96M
 - Deputy City Manager
 - Senior Deputy City Attorney
 - Human Resources Manager
 - Principal Management Analyst (Fire)
 - Office Assistant II – Permit Center (Community Development)
 - Office Assistant II – Maintenance Administration (Public Works)
- Downgrade 1 position - \$13K
 - Public Affairs Manager to Public Affairs Officer (City Manager's Office)
- Increase Vacancy Attrition by \$1.0M

FY 2025/26 FTEs by Department

Department	2024/25	2025/26	Variance	Description
City Council	1.00	1.00		
City Attorney	15.00	14.00	(1.00)	Eliminate 1.00 Senior Deputy City Attorney
City Clerk	6.00	6.00		
City Treasurer	9.50	9.50		
City Manager	16.00	15.00	(1.00)	Eliminate 1.00 Deputy City Manager
Community Development	61.50	62.00	.50	Eliminate 1.00 Office Asst II (Permit Center), Transfer 1.50 FTE from Public Works (Real Estate Services)
Comm & Library Services	62.25	63.25	1.00	Transfer 1.00 Capital Projects Admin from Public Works
Finance	28.50	28.50		
Fire	202.00	202.00		Eliminate 1.00 Principal Management Analyst, Upgrade 3.00 PT to 4.00 FTE Marine Safety Specialists: 1.00 FTE, Exchange 12.00 Firefighters for 12 Fire Paramedics
Human Resources	15.00	14.00	(1.00)	Eliminate 1.00 Human Resources Manager
Information Services	26.00	26.00		
Police	351.00	350.00	(1.00)	2.00 Police Officers exchanged for 1.0 Police Sergeant
Public Works	212.00	208.50	(3.50)	Eliminate 1.00 Office Asst II (Maint), Transfer 1.50 to Community Development & 1.00 to Comm & Library Srvs
	1005.75	999.75	(6.00)	

FY 2025/26 Full-Time Equivalent – All Funds



FY 2025/26 Budget Balancing Strategy

2. Operating Reductions – Non-Personnel \$2.9M

Object Account	Amount
Professional and Contract Services (includes \$1.5M for Mind OC – Be Well)	\$2,010,000
Conference and Training	\$201,000
Equipment Repairs	\$150,000
Liability Reserves	\$150,000
General Supplies	\$125,000
Clothing/Uniforms	\$90,000
Sales Tax Rebate	\$50,000
Cellular Wireless Data	\$46,000
Overtime	\$20,000
Miscellaneous	\$9,000
Total	\$2,851,000

FY 2025/26 Budget Balancing Strategy

3. Interfund Transfers

- Withdrawal from Section 115 Trust for FY2025-26 UAL Expense: \$1.5M
- Reduce General Fund transfer to Self Insurance Workers' Compensation Fund: \$2.0M
- Reduce General Fund transfer to Self Insurance General Liability Fund: \$2.5M
- Transfer of \$2.4M to the General Fund for second repayment related to the Waterfront Loan Superior Court Judgement

4. Use of Reserves

- Equipment Replacement Reserves - \$3.3 M

5. Revenue Increases

- Community and Library Services - \$0.5 M
- Fire Department - \$0.5 M

General Fund Reserves

Type	Description	Amount Thousands	Sub Total
GF Fund Reserves	As of 6/30/2024	(Thousands)	Sub Total

Nonspendable			
	Prepays	\$148	\$148
Restricted			
	Underground	\$364	
	Restitution	\$317	
	Donations	\$777	
	Section 115 Trust Funded	\$20,212	\$21,670
Committed			
	Economic Uncertainties	\$49,090	
	Other Capital Projects	\$1,379	
	Other Purposes	\$1,554	\$52,023

Type	Description	Amount Thousands	Sub Total
GF Fund Reserves	As of 6/30/2024	(Thousands)	Sub Total
Assigned			
	Litigation Reserves	\$3,650	
	Capital Improvement Reserve	\$9,425	
	Equipment Replacement	\$8,295	
	General Plan Maintenance	\$1,651	
	HB Recovery Fund	\$10,886	
	Oceanview Estates	\$641	
	General Liability Plan Migration	\$2,801	
	Pension Rate Stabilization	\$5,517	
	Section 115 Trust Reserves	\$4,211	
	Year-end Fair Value	\$3,025	
	Other Purposes	\$8,376	\$58,478
	Total		\$132,319
FY 2025/26:	Waterfront Settlement	\$4,370	
	Revised Total		\$136,689



FY 2025/2026 Capital Improvement Program (CIP)



FY 2025/26 CIP BUDGET

➤ Budget

➤ New Appropriations:	\$ 63.6 Million
➤ Continuing Appropriations:	<u>\$ 7.3 Million</u>
Total	\$ 70.9 Million

➤ Funding sources proposed:

- General/Infrastructure Fund (\$38M requested - \$7.9M recommended)
- Enterprise Funds (*Water and Sewer*)
- Special Revenue Funds (*Measure M, Gas Tax, Prop 42, RMRA, Park/PD DIF, Quimby, TIF*)
- Grants/Other (*CDBG, OCTA*)

2025/26 PROJECT SUMMARY

• Drainage and Stormwater	1 projects	\$600K
• Facilities	10 projects	\$3.6M
• Neighborhood	3 projects	\$6.8M
• Parks and Beaches	10 projects	\$3.3M
• Sewer	3 projects	\$7M
• Streets and Transportation	17 projects	\$28.6M
• Water	6 projects	\$13.7M

CIP 25/26 PROJECTS TOTAL \$63.6M



Revised Master Fee and Charges Schedule and Proposed Revenue Adjustments

Master Fee and Charges Schedule Adjustments

- The City maintains a Master Fee and Charges Schedule identifying applicable fees and charges for various City services.
- The Master Fee and Charges Schedule approved in 2024 incorporates a full cost of service study based on FY 2023/24 budget data.
- A comprehensive study is conducted every three to five years, with interim updates in between to maintain alignment with actual service costs. These interim adjustments are essential to prevent erosion of cost recovery as operational costs increase. When a fee is set below full cost recovery, the General Fund typically provides a subsidy to cover the shortfall.
- If adopted as proposed, the updated schedule is expected to generate up to \$810,000 in additional annual revenue which all of which will benefit the General Fund.
- In the years between full cost of service studies, it is recommended that the City Council authorize annual inflationary adjustments to fees. These adjustments are based on the prior year's percentage change in the CPI for All Urban Consumers in the Los Angeles-Long Beach-Anaheim area and are capped at a maximum of 5% per year.

Master Fee and Charges Schedule Adjustments (con't)

- The proposed update represents an interim adjustment of 3% based on CPI along with a proposed new fee for most development and operational permit fees.
 - Building Fees – permits for new construction or modifications to existing structures
 - Planning Fees – entitlement review and zoning compliance
 - Land Development Engineering Fees – public improvement plan review
 - Encroachment Permit Fees – activities conducted in the public right-of-way
 - Fire Prevention Fees – compliance reviews related to new and existing developments
- This adjustment is estimated to reduce the General Fund by approximately \$130K annually.
- If the Master Fee and Charges Schedule is amended as proposed, the General Fund subsidization of these fees would decrease thereby increasing available discretionary General Fund revenue to be used for capital projects, equipment and other City Council providing a broad public benefit.

Community and Library Services Fees

- Adopt 12 new fees along with adjustments to existing fees for programs.
- New program fees projected to generate approximately \$140K annually.
- New programs include:
 - Alternative Camp HB offerings
 - Peak season beach fire pit reservation program
 - Adventure Playground After-Hours program
 - Artist Council membership fee
 - Senior Fitness Center daily, weekly, and monthly pass options
 - Pickleball and volleyball court hourly rental fees
 - Library Subscription Materials Deactivation Fee

Community and Library Services Fees (con't)

- Restructure specific events into three tiers based on the number of attendees and the level of City support services required by the event organizer.
- Charges include
 - Application processing
 - Daily permit and venue fees
 - Late application submittal fees
 - Event set-up and takedown charges
- Ticketed event fees ranging from \$2 to \$20 per ticket will be assessed based on ticket price set by the event organizer. A non-refundable deposit of \$50K is also proposed for Tier 3 events, which would be credited toward the final balance due at even closeout. Estimated annual revenue from these changes is approximately \$220K.

Community and Library Services Fees (con't)

- Increase peak season parking rates in the South Beach Attended Lots. Rates would rise from \$15 to \$20 on weekdays, from \$30 to \$40 on the 4th of July and from \$25 to \$30 on additional high-demand days associated with the holiday.
- These adjustments are projected to generate an additional \$320K annually.
- In total, the proposed changes to Community and Library Services fees are anticipated to generated \$ 680K in new annual revenue.

Fire Department Fee – AB38 Defensible Space Inspections

- In accordance with California Civil Code Section 1102.19 (enacted through AB 38), the Fire Department implements a new fee of \$203 for Defensible Space Inspections.
- These inspections are required to real estate transactions involving properties located within designated Fire Hazard Severity Zones, as identified in recently updated State fire maps.
- The inspection ensures compliances with state-mandated defensible space standards prior to the close of escrow.
- The fees supports the cost of providing these inspection services as required by law.



Requested Revisions to the Proposed Budget

Requested Expenditure Appropriation Revisions

General Fund	Amount	
FY 2025/26 Proposed Expenditures presented on May 20, 2025	\$298,994,172	Citywide
2.0 FTE Administrative Fire Captains	579,000	Fire Department
Upgrade Ambulance Operations Model from 14 hr to 24 hr	162,000	Fire Department
Total Revised Proposed General Fund Expenditures	\$299,735,172	

All Funds	Amount	
FY 2025/26 Proposed Budget presented on May 20, 2025	\$554,908,629	Citywide
2.0 FTE Administrative Fire Captains	579,000	Fire Department
Upgrade Ambulance Operations Model from 14 hr to 24 hr	162,000	Fire Department
Community Development Block Grant	(43,943)	Community Development
HOME Program	(35,790)	Community Development
Equipment Replacement	(100,000)	Citywide
Technical Correction to Fund 716	1,465,716	Non-Departmental
Total Revised Proposed All Funds Expenditures	\$556,935,612	

Requested Fire Department Revisions

1 - Upgrade Ambulance Operations Model from 14 hr to 24 hr for total increase of \$162K.

- Revised model will reduce response times and increase ambulance availability. Change will include an upgrade of six (6) ambulance operators from part-time to full-time, increasing the department's FTE.
- Reduction of \$100K in Equipment Replacement due to better pricing for Rosenbauer Commander Pumper Engine Quote.

2 - Fund 2.0 Administrative Fire Captain positions at \$579K with no change to the department's FTE.

- Assigned to Fire Operations Section and Professional Standards Division, respectively.
- These positions will enhance oversight of administrative functions, coordinate specialty units, manage station facilities and apparatus, and serve as liaisons to various County groups and committees.

REQUESTED FY 2025/26 FTEs – All Funds

	2024/25	2025/26	Variance	Description
FTE All Funds Presented on May 20, 2025	1005.75	999.75	(6.00)	
Subsequent Changes for Fire Department		6.00	6.00	Fund 2.00 Admin Fire Captains; 6.00 FTE Ambulance Operators
Total Revised FTE All Funds	1005.75	1005.75	0.00	

Requested Revenue Appropriation Revisions

General Fund	Amount	
FY 2025/26 Proposed Budget presented on May 20, 2025	\$300,101,868	Citywide
Total Revised Proposed General Fund Revenue	\$300,101,868	

All Funds	Amount	
FY 2025/26 Proposed Budget presented on May 20, 2025	\$529,593,686	Citywide
Data Entry Correction	526,614	
Technical Correction to Fund 716	1,465,716	Non-Departmental
Used Oil OPP 10/11	26,614	Public Works
Safe Route to School	500,000	Public Works
Community Development Block Grant	(43,943)	Community Development
HOME Program	502,538	Community Development
National Opioid Settlement	730,000	Fire Department
Total Revised Proposed All Funds Revenue	\$533,301,225	



FY 2025/26 Budget Approval and Related Actions Requested

City Council Approval Requested

- 1) Adopt a budget for Fiscal Year 2025/26.
- 2) Authorize the Professional Services Listing included in the FY 2025/26 Budget.
- 3) Adopt Resolution No. 2025-39 Establishing the Gann Appropriation Limit for Fiscal Year 2025/2026 in the amount of \$1,298,500,903.
- 4) Adopt Resolution No. 2025-40 Levying a Retirement Property Tax for Fiscal Year 2025/2026 to Pay for Pre-1978 Employee Retirement Benefits.
- 5) Adopt Resolution No. 2025-46, “A Resolution of the City Council of the City of Huntington Beach Adopting an Updated Master Fee and Charges Schedule.
- 6) Adopt Resolution No. 2024-26, “A Resolution of the Huntington Beach City Council of the City of Huntington Beach, California Acknowledging Receipt of a Report Made by the Fire Chief of the Huntington Beach Fire Department Regarding the Inspection of Certain Occupancies Required to Perform Annual Inspections in such Occupancies Pursuant to Sections 13146.2 and 13146.3 of the California Health and Safety Code.
- 7) Authorize the City Manager or designee to purchase one Triple Combination Pumper Engine in the amount of \$1,500,000.
- 8) Adopt Ordinance to change department name from the Information Services to Information Technology Services.

Questions?

