



CITY OF HUNTINGTON BEACH

To: Honorable Mayor and City Council

From: Travis Hopkins, City Manager

Date: June 2, 2026

Subject: Supplemental Communication for Item 16. 26-477 Study Session: Fiscal Year 2026-27
Proposed Budget Review

Revisions to the original submittal of the Study Session: Fiscal Year 2026-27 Proposed Budget Review includes:

- FY 2026/27 Proposed Budget - Presentation

SUPPLEMENTAL COMMUNICATION

Meeting Date: 6/2/2026

Agenda Item No. 16 (26-477)



City of Huntington Beach FY 2026/27 Proposed Budget Study Session

FY 2026/27 Proposed Budget Agenda

- 1 | All Funds Summary
- 2 | General Fund Summary
- 3 | General Fund Revenue Variances
- 4 | General Fund Expenditures Variances
- 5 | Reserves
- 6 | FTEs by Department
- 7 | Change in Personnel
- 8 | Capital Improvements Program (CIP) by Fund
- 9 | CIP by Category
- 10 | Proposed Fund Balance Policy Change



FY 2026/27 Proposed Budget All Funds Summary

Category	Amount
Resources	
On-Going Revenue	\$487,867,962
One-Time Revenue	6,000,000
Transfers-In	56,995,777
Fund Balance	39,120,569
Total Resources	\$589,984,308
Expenditures	
Personnel	\$239,675,246
Operating	177,443,653
Capital	76,046,464
Principal/Interest	33,823,168
Transfers-Out	62,995,777
Total Expenditures	\$589,984,308

Department Expenditures	Amount
City Council	\$486,432
City Attorney	4,161,567
City Clerk	1,575,546
City Treasurer	3,842,330
City Manager	4,153,522
Community Development	25,458,400
Community & Library Services	22,202,473
Finance	13,545,645
Fire	76,026,832
Human Resources	26,890,074
Information Technology Services	9,993,077
Police	98,897,649
Public Works	186,583,903
Non-Departmental	116,166,858
Grand Total	\$589,984,308

FY 2026/27 Proposed Budget General Fund Summary

Category	Amount
Resources	
On-Going Revenue	\$305,054,612
One-Time Revenue	6,000,000
Transfers-In	612,840
Fund Balance	15,626,267
Total Resources	\$327,293,719
Expenditures	
Personnel	\$210,665,040
Operating	61,298,122
Principal/Interest	3,201,950
Transfers-Out	52,128,607
Total Expenditures	\$327,293,719

Department Expenditures	Amount
City Council	\$486,432
City Attorney	4,161,567
City Clerk	1,575,546
City Treasurer	3,842,330
City Manager	4,050,522
Community Development	10,936,055
Community & Library Services	17,128,434
Finance	5,468,786
Fire	74,619,688
Human Resources	2,615,171
Information Technology Services	8,948,759
Police	97,901,679
Public Works	26,220,224
Non-Departmental	69,338,526
Grand Total	\$327,293,719

FY 2026/27 Proposed Budget

General Fund Revenue Variances

Category	FY 2025/26 Adopted Budget	FY 2026/27 Proposed Budget	Variance Amount	Variance Percent
Operating Revenue				
Property Tax	\$113,851,018	\$116,953,606	\$3,102,588	2.73%
Other Local Tax	102,661,968	103,318,084	656,116	0.64%
License & Permits	9,974,645	10,855,976	881,331	8.84%
Fines & Forfeitures	5,332,980	4,180,756	(1,152,224)	(21.61%)
Use of Money & Property	23,654,565	27,273,165	3,618,600	15.30%
Revenue from Other Agencies	3,912,305	5,873,710	1,961,405	50.13%
Charges for Current Services	34,004,992	34,935,402	930,410	2.74%
Other Revenue	1,696,244	1,663,913	(32,331)	(1.91%)
Total Operating Revenue	\$295,088,717	\$305,054,612	\$9,965,895	3.38%
Non-Operating Revenue				
Non-Operating Revenue	\$5,013,151	\$22,239,107	\$17,225,956	343.62%
Total Non-Operating Revenue	\$5,013,151	\$22,239,107	\$17,225,956	343.62%
Total Revenue	\$300,101,868	\$327,293,719	\$27,191,851	9.06%

FY 2026/27 Proposed Budget General Fund Expenditure Variances

	FY 2025/26 Adopted Budget	FY 2026/27 Proposed Budget	Variance Amount	Variance Percent		FY 2025/26 Adopted Budget	FY 2026/27 Proposed Budget	Variance Amount	Variance Percent
Personnel					Operating				
Salaries	\$106,943,094	\$113,832,970	\$6,889,876	6.44%	Utilities	\$7,415,188	\$8,172,755	\$757,567	10.22%
Temporary	5,861,604	6,330,635	469,031	8.00%	Equipment & Supplies	6,821,358	8,959,758	2,138,400	31.35%
Overtime	15,336,417	18,281,603	2,945,186	19.20%	Repairs & Maintenance	15,772,380	15,811,131	38,751	0.25%
Pay Outs	4,592,108	4,867,634	275,526	6.00%	Conferences & Training	658,648	747,180	88,532	13.44%
Benefits	57,365,422	67,352,198	9,986,776	17.41%	Professional Services	6,785,226	7,633,099	847,873	12.50%
Total Personnel	\$190,098,645	\$210,665,040	\$20,566,395	10.82%	Other Contract Services	8,137,672	9,376,233	1,238,561	15.22%
					Rental Expense	296,782	432,665	135,883	45.79%
Non-Operating					Claims Expense	150,000	154,500	4,500	3.00%
Debt Service	3,202,711	3,201,950	(761)	(0.02%)	Contributions to Private Agency	200,000	206,000	6,000	3.00%
Transfers-Out	51,626,687	52,128,607	501,920	0.97%	Payments to Other Governments	5,107,860	6,499,335	1,391,475	27.24%
Total Non-Operating	\$54,829,398	\$55,330,557	\$501,159	0.91%	Expense Allowance	729,812	778,986	49,174	6.74%
					Other Expenses	2,442,703	2,526,480	83,777	3.43%
					Total Operating	\$54,517,629	\$61,298,122	\$6,780,493	12.44%
Grand Total					\$299,445,672	\$327,293,719	\$27,848,047	9.30%	

FY 2026/27 RESERVES

- The Government Finance Officers Association (GFOA) recommends Minimum of 2 months of general fund expenditures.
- Reserve data is based on Audited FY2024/25 Annual Comprehensive Report.



**General Fund Annual
Expenditure Budget**

327,293,719.00



**General Fund Monthly
Expenditure Budget**

27,274,476.58



Available Reserves

99,162,000.00



Reserve Ratio

3.64

FY 2026/27 Proposed Budget FTEs by Department

Department		FTE Count
 City Attorney		13.00
 City Clerk		6.00
 City Council		8.00
 City Manager		15.00
 City Treasurer		17.50
 Community Development		60.00
 Community & Library Services		59.75
 Finance		20.50
 Fire		207.00
 Human Resources		14.00
 Information Technology Services		25.00
 Police		341.00
 Public Works		204.00
Grand Total		990.75

HUNTINGTON BEACH
CIVIC CENTER

FY 2026/27 Proposed Budget Changes in Personnel



Eliminate Vacant Positions

- 1 Senior Fire Prevention Inspector
- 1 Deputy Community Prosecutor
- 1 Public Affairs Officer
- 1 Senior Code Enforcement Officer
- 1 Senior GIS Analyst
- 0.5 Senior Administrative Assistant
- 1 Information Technology Manager
- 1 Principal Librarian
- 1 Community & Library Services Coordinator
- 1.5 Library Services Assistants
- 1 Senior Public Works Maintenance Worker
- 1 Senior Mechanic
- 1 Lead Fleet Maintenance Mechanic



Unfunded Vacant Positions

- 15 Police Officers



Positions Added

- 1 Lieutenant



Other changes

- Position reclassifications
- Reassignment of personnel between departments
- Adoption of a new budgeting methodology driven by actual payroll data

FY 2026/27 Capital Improvement Program (CIP) by Fund

Funding Source	Amount	Funding Source	Amount
 Capital Projects Funds		 Special Revenue Funds	
Infrastructure / General Fund	\$8,801,000	Arterial Rehab Fund	\$5,500,000
HCPSC Capital Improvement Fund	\$335,000	Gas Tax Fund	\$3,510,000
Capital Projects Funds Total	\$9,136,000	Quimby Fund	\$1,860,000
		Traffic Impact Fund	\$1,850,000
		OCTA/CIP Grant Fund	\$1,062,000
 Enterprise Funds		Traffic Congestion Relief 42 Fund	\$650,000
Water Master Plan Fund	\$19,001,641	Park Dev Impact – Rec Fund	\$435,000
Sewer Service Fund	\$2,700,000	CDBG Fund	\$140,000
Enterprise Funds Total	\$21,701,641	Drainage Fund	\$85,000
		Special Revenue Funds Total	\$15,092,000
 CIP Grand Total		\$45,929,641	

FY 2026/27 CIP by Category

Category	Amount
 Water Improvements	
Well 14 Drilling and Casing Project	\$10,674,500
Well 3A Manganese and PFAS Treatment	\$2,619,762
Well 14 Water Main Improvements	\$2,070,000
Annual Water Main Replacement	\$1,500,000
Well 14 Storm Drain	\$1,437,379
OC-35 Water Main Loan Repayment	\$500,000
Water Improvements Total	\$18,801,641
 Neighborhood	
Residential Overlay/Slurry	\$3,900,000
Residential Alley Rehabilitation	\$750,000
Residential Curb Ramps	\$300,000
Neighborhood Total	\$4,950,000
 Sewer Improvements	
Sewer Lining – Various Locations	\$2,500,000
Sewer Improvements Total	\$2,500,000

Category	Amount
 Streets & Transportation	
Arterial Rehabilitation	\$6,000,000
High Pedestrian Traffic Bollard Protection Areas	\$1,156,000
Bushard Fire Station Signal and Fiber Optics	\$725,000
Bridge Preventive Maintenance Program	\$700,000
Garfield Avenue and Goldenwest Street Improvements	\$661,000
Goldenwest Street Improvements	\$661,000
Traffic Signal Goldenwest and Norma/Lydia	\$412,500
Traffic Signal Modification Bolsa at Amazon	\$362,500
Citywide ADA Improvement Program	\$250,000
Traffic Signal Goldenwest and Rio Vista	\$200,000
Citywide Mobility and Corridor Improvements	\$150,000
Atlanta Avenue and First Street Fiber Optic	\$105,000
Streets & Transportation Total	\$11,383,000



CIP Grand Total

\$45,929,641

FY 2026/27 CIP by Category

Category	Amount	Category	Amount
 Parks & Beaches		 Facilities	
Edison Park Reconfiguration	\$1,000,000	Central Library Switchgear Replacement	\$1,040,000
Perry Park Playground	\$860,000	Warner Fire Station Design	\$400,000
Lake View Park Playground	\$435,000	Sports Complex LED Lighting	\$335,000
Huntington Harbor Dock Demolition and Replacement	\$400,000	Newland Barn Venue Improvements	\$310,000
Beach Restroom Renovations	\$300,000	Roof Replacement at Zacks Too	\$280,000
Irrigation Booster Pump Replacement – Multiple Parks	\$180,000	Pony Chiller Replacement at Civic Center	\$265,000
Sunset Beach Restroom Restoration	\$100,000	Roof Replacement at Edwards Fire Station	\$220,000
Sully Miller Lake Access Road Improvements	\$80,000	Jail Workstation Remodel at City Hall	\$160,000
Park Master Plan for Old Navy Right of Way	\$50,000	Replace R22 Air Conditioning Citywide	\$150,000
Parks & Beaches Total	\$3,405,000	City Clerk Records Vault Remodel	\$110,000
		Fire Department Remodel at City Hall	\$100,000
 Drainage		Roof Replacement at Lake Fire Station	\$100,000
Local Storm Channel Repair C6-SC1	\$600,000	Roof Replacement at Shipley Nature Center	\$100,000
Greer Park Improvements	\$550,000	Termite Fumigation at 8 Fire Stations	\$90,000
Drainage Total	\$1,150,000	Central Library Restroom Restoration	\$80,000
		Facilities Total	\$3,740,000



CIP Grand Total

\$45,929,641

FY 2026/27 Proposed Fund Balance Policy Change

- ☐ The initial allocation of audited available unassigned fund balance will go towards reducing the City's unfunded liabilities (per the Unfunded Accrued Liability Pension Funding Policy), long-term debt obligations and improving City infrastructure. The allocation of the remaining audited General Fund unassigned fund balance, if any, (or increases in the Economic Uncertainties Reserve) will be done as follows if, and until, the Economic Uncertainties Reserve commitment is fully funded (i.e., two months of General Fund expenditures):
 - 50% to Economic Uncertainties Reserve commitment
 - 25% for Infrastructure Fund
 - 25% to Capital Improvement Reserve (CIR) commitment
- ☐ Once the Economic Uncertainties Reserve commitment attains full funding, unassigned fund balance will be divided as follows:
 - 50% for Infrastructure Fund
 - 25% to Capital Improvement Reserve (CIR) commitment
 - 25% to Equipment Replacement commitment
- ☐ Any unassigned revenues received during the fiscal year will be added to the fund balance of the General Fund.
- ☐ A minimum of 25% of unrestricted one-time General Fund revenues will be transferred to the City's Section 115 Trust.



FY 2026/27 Proposed Fund Balance Policy Change



General Fund Surplus Utilization



Temporary use of unassigned fund balance may be considered during structural budget imbalance periods



Evaluated annually through the budget development process



Considerations include:

- ✓ Fiscal condition
- ✓ Reserve levels
- ✓ Infrastructure needs
- ✓ Long-term liabilities
- ✓ Other financial obligations



Questions?

