



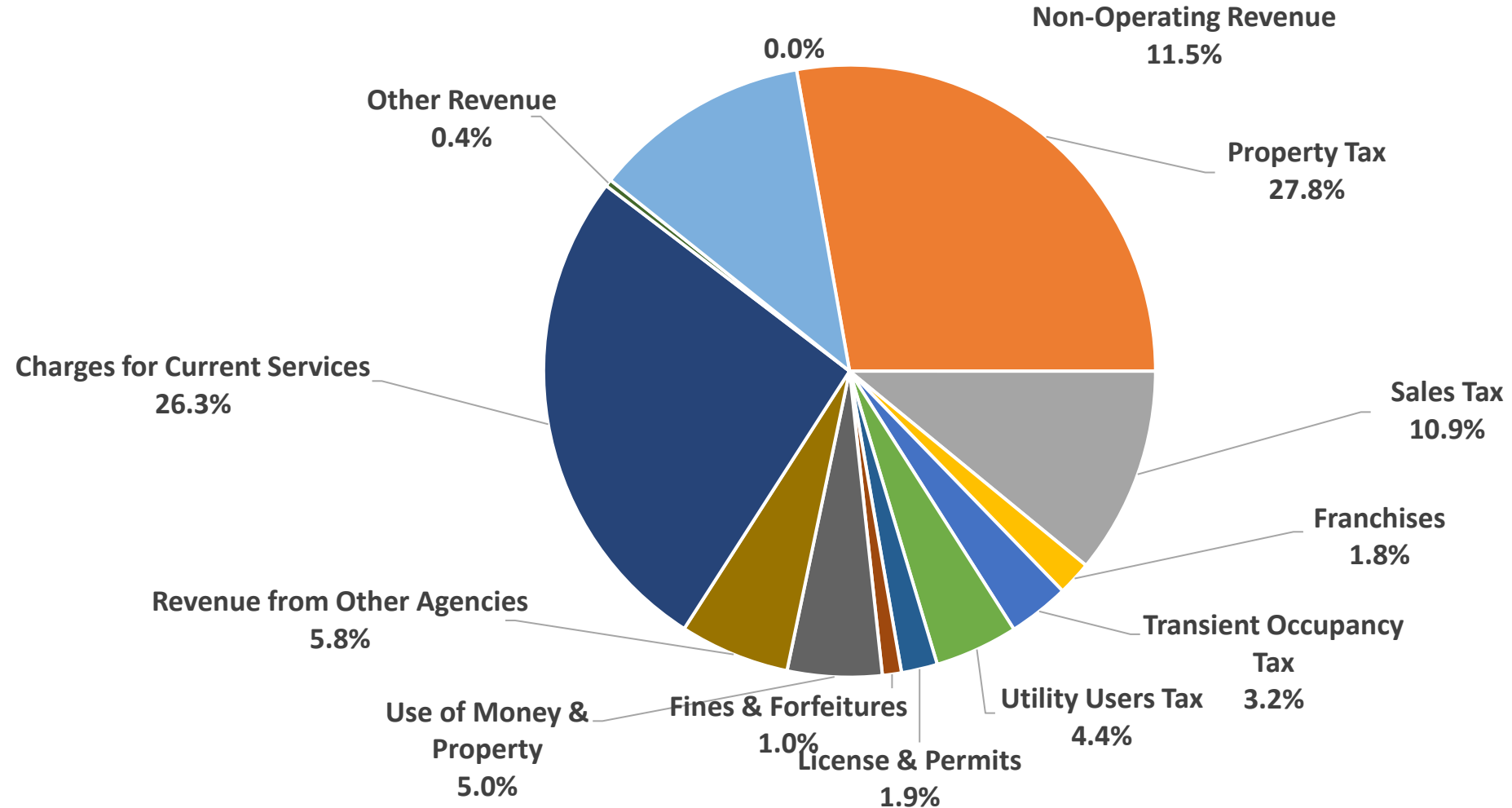
# **City of Huntington Beach FY 2025/26 Adopted Budget Review**

Finance Commission  
July 23, 2025

# FY 2025/26 All Funds Adopted Expenditure Budget \$556.6M

Department	General Fund	Capital Projects Funds	Debt Services Funs	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	129,900			2,255,424				13,003,952
Community & Library Services	16,663,318	484,838			2,129,349			1,334,000	20,611,505
Finance	5,870,337				1,575,716	7,677,672			15,123,725
Fire	64,971,919			332,916	893,400		466,315		66,664,550
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	8,100,000	25,541,969		104,000		25,916,664		118,148,418
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
<b>TOTAL</b>	<b>\$ 299,445,672</b>	<b>\$ 20,964,151</b>	<b>\$ 25,541,969</b>	<b>\$ 100,841,686</b>	<b>\$ 45,773,199</b>	<b>\$ 34,633,156</b>	<b>\$ 28,027,279</b>	<b>\$ 1,419,000</b>	<b>\$ 556,646,112</b>

# FY 2025/26 All Funds Adopted Revenues - \$533.3M



# Adopted FY 2025/26 General Fund Budget Summary

- Adopted FY 2025/26 General Fund Budget is structurally balanced, with a projected \$0.7M surplus

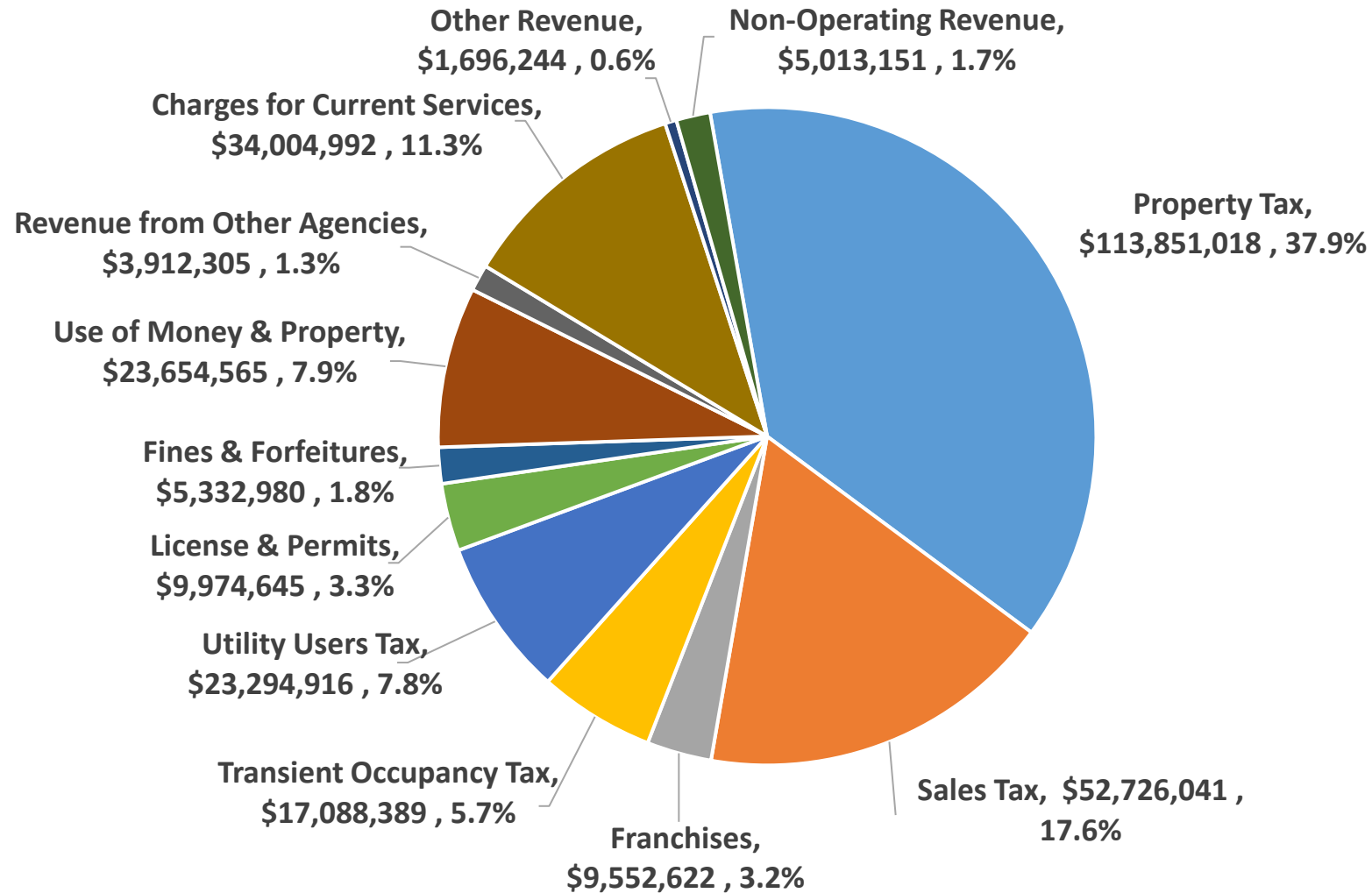
General Fund (Fund 100) (in thousands)	Proposed FY 25/26
Revenues (recurring)	\$295,089
Revenues (one-time) *	5,013
<b>Total Revenues</b>	<b>300,102</b>
Personnel Costs	190,099
Operating Costs	54,518
Non-Operating Costs **	54,829
<b>Total Expenditures</b>	<b>299,446</b>
<b>Surplus / (Deficit)</b>	<b>\$656</b>

- 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

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



# Adopted 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)

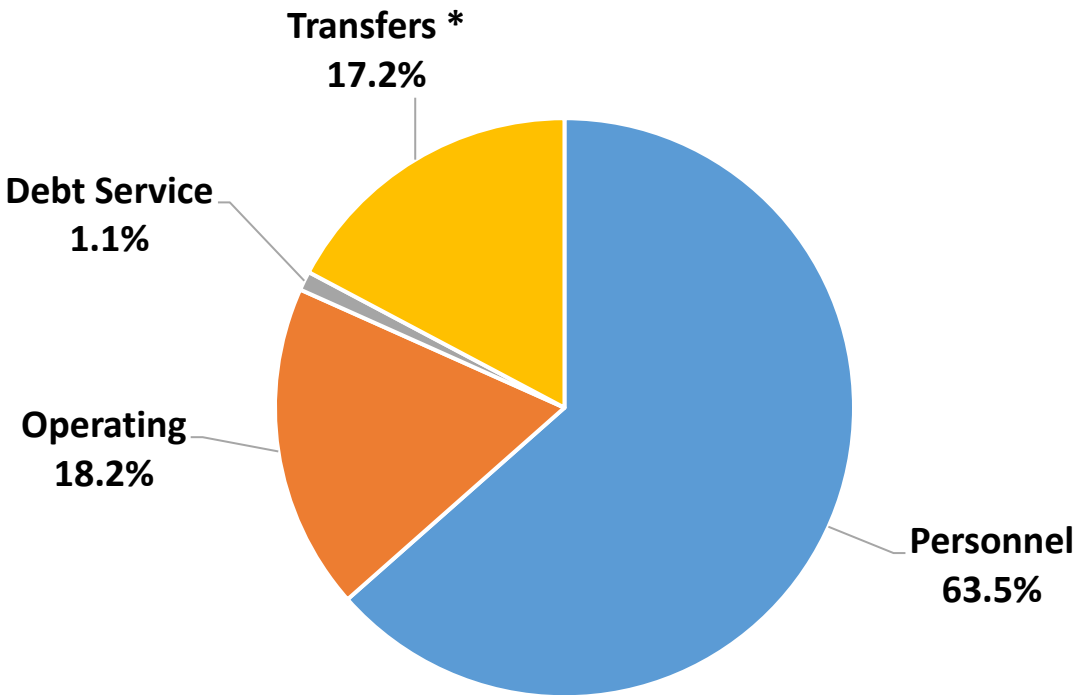
- Others: \$17.1M (1.80% or \$0.3M increase)

- **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.

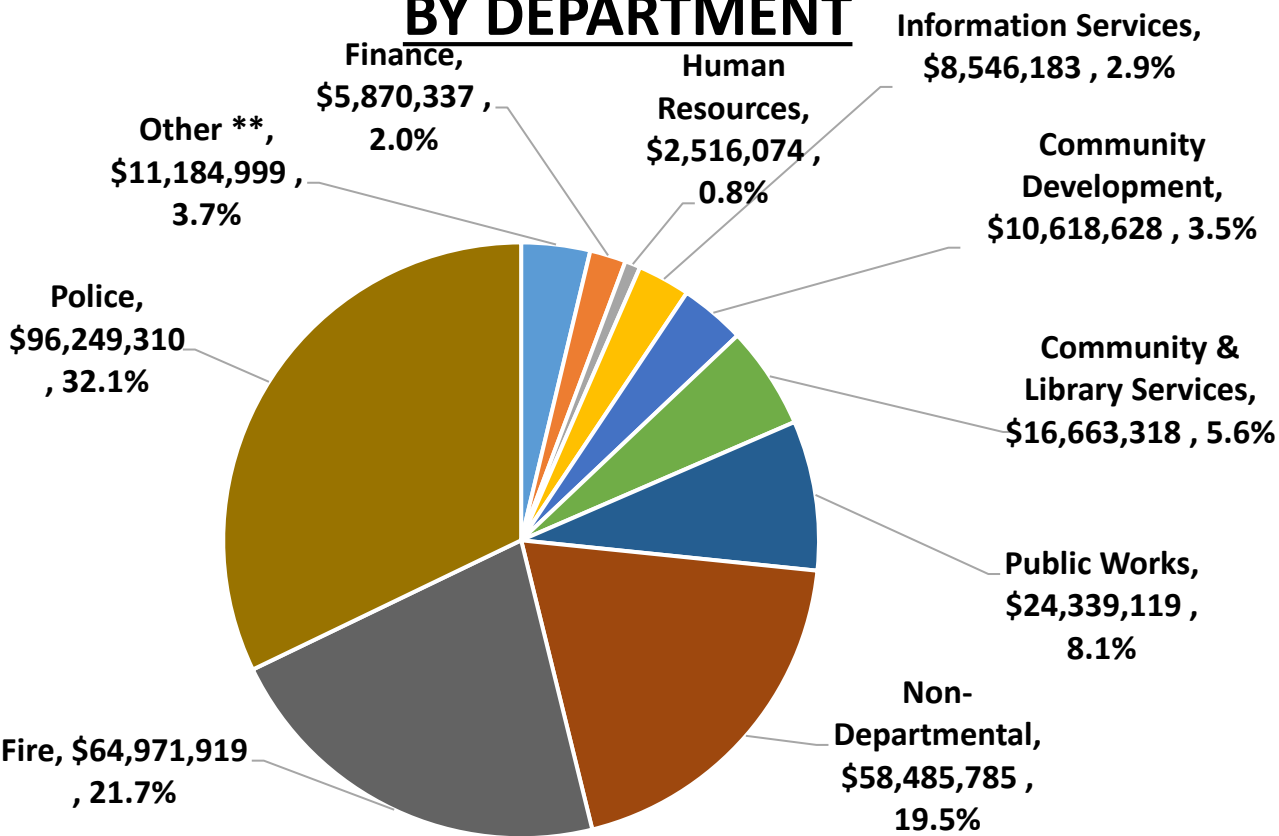
# Adopted FY 2025/26 General Fund Expenditures - \$299.5M

**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

# Adopted FY 2025/26 General Fund Expenditures - \$299.5M

- **Major expenditure variances include:**

- **Personnel Services:** \$190.1M (7% or \$13.5M 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



# Adopted FY 2025/26 General Fund Expenditures - \$299.5M

- **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: \$1.7M

- 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
- Add 1 position - \$280K
  - Administrative Fire Captain

## 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	6.00	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, Fund 1.00 Admin Fire Captain; Upgrade 6.00 FTE Ambulance Operators
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
	<b>1005.75</b>	<b>1005.75</b>	-	

Fire includes requested revisions to the Proposed Budget.

# FY 2025/26 Budget Balancing Strategy

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

Object Account	Amount
Professional and Contract Services (includes \$1.5M reduction for 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
<b>Total</b>	<b>\$2,851,000</b>

# FY 2025/26 Budget Balancing Strategy

## 3. Interfund Transfers

- Withdrawal from Section 115 Trust for FY2025-26 UAL Expense: \$1.5M as required by Pension Policy
- 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 - \$3.3M to be used for equipment purchases

## 5. Revenue Increases

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

# General Fund Reserves as of 6/30/24

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

<b>Nonspendable</b>			
	Prepays	\$148	\$148
<b>Restricted</b>			
	Underground	\$364	
	Restitution	\$317	
	Donations	\$777	
	Section 115 Trust Funded	\$20,212	\$21,670
<b>Committed</b>			
	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
<b>Assigned</b>			
	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
	<b>Total</b>		<b>\$132,319</b>
<b>FY 2025/26:</b>	<b>Waterfront Settlement</b>	<b>\$4,370</b>	
	<b>Revised Total</b>		<b>\$136,689</b>

# 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**

# 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.
- Updated schedule is expected to generate up to \$810,000 in additional General Fund revenue.
- In the years between full cost of service studies, City Council may authorize annual inflationary adjustments to fees. These adjustments are capped at a maximum of 5% per year.

# Community Development & Fire Fees

- 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 subsidy by approximately \$130K annually.

# Community & 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 & Library Services Fees

- 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 & Library Services Fees

- 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 4<sup>th</sup> 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.

# City Council Actions

- 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?

