



City of Merced Budget 2026-27

FY 2026/27 Budget

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Overview

Labor Negotiation Increases included 4%

Maintenance, Supplies, and Services <0%-2% increase

Methodology changes:

- New Grants
- Opioid Carryover

Parks and Community Services – Balanced but could have future challenges

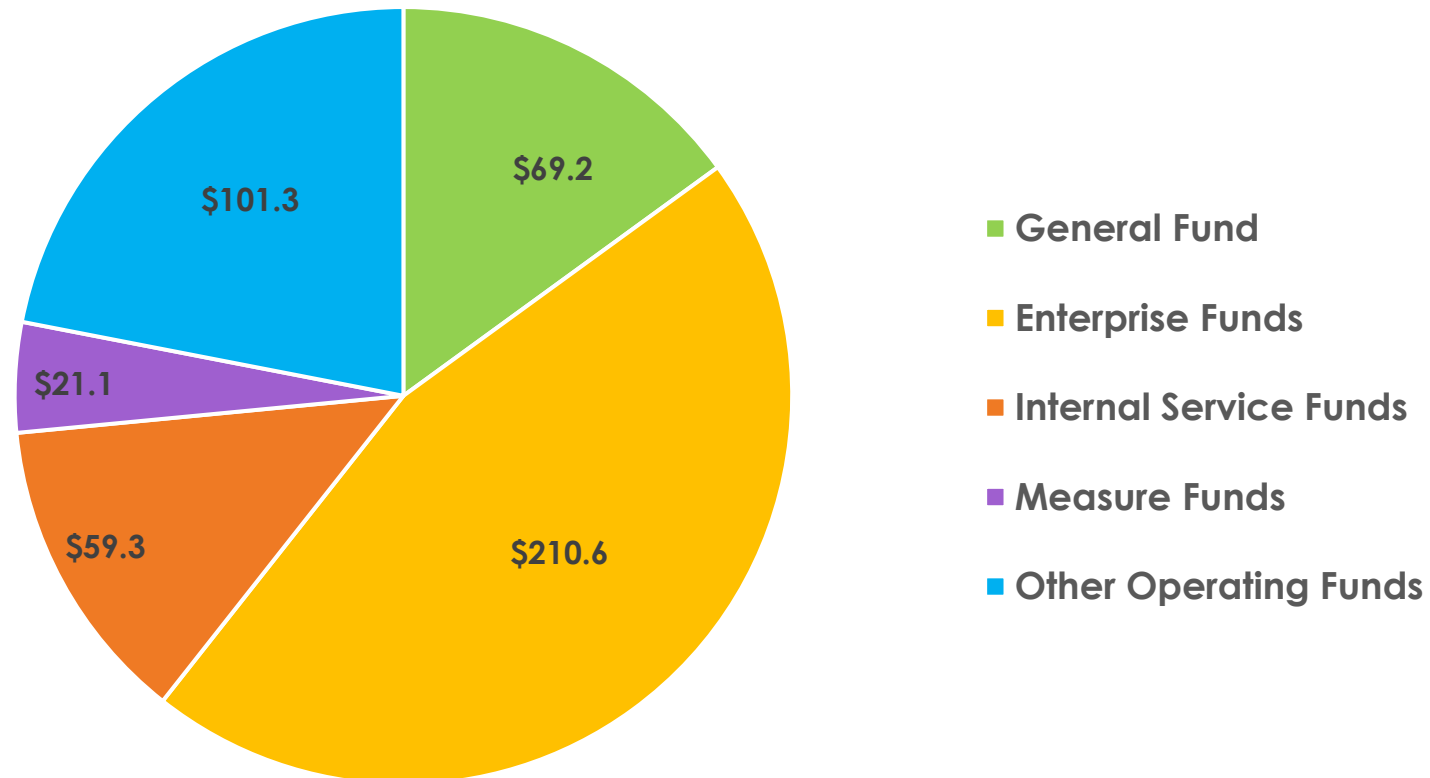
PC and Fleet Replacement

- Not included in the General Fund
- Included in Enterprise Funds and other Special Revenue Funds

Includes Council Direction from 6/1/26 Public Hearing

FY 2026-27 Budget Overview

Total City Budget \$461.5 million



FY 2026/27 General Fund

	Council Direction	City Manager Recommended	Difference
Estimated Beginning Balance – July 1, 2026	\$11,813,391	\$11,813,391	\$0
Budgeted Revenue	\$68,546,849	\$67,230,559	\$1,316,290
Operating Expenses	\$66,246,189	\$66,222,614	\$23,575
Operating Transfers	\$2,300,660	\$2,300,660	\$0
Total Operating Expenditures	\$68,546,849	\$68,523,274	\$23,575
Revenue over/under Expense	\$0	(\$1,292,715)	\$1,292,715
Below the Line (Non-operating)	\$431,123	\$401,123	\$30,000
Future Planning	\$2,025,000	\$2,025,000	\$0
Prior Year Projects	\$200,824	\$200,824	\$0
Recommended Ending Balance – June 30, 2027	\$9,156,444	\$7,893,729	\$1,262,715
Less Committed Funds-5% Contingency Reserve	\$3,427,342	\$3,426,164	\$1,178
Total Available Funds – June 30, 2027	\$5,729,102	\$4,467,565	\$1,261,537

General Fund Transfers



■ Parks and Recreation ■ Development Services ■ Airport ■ Housing Admin

\$'s in Millions

Below the Line Expenses (Non-Operating)

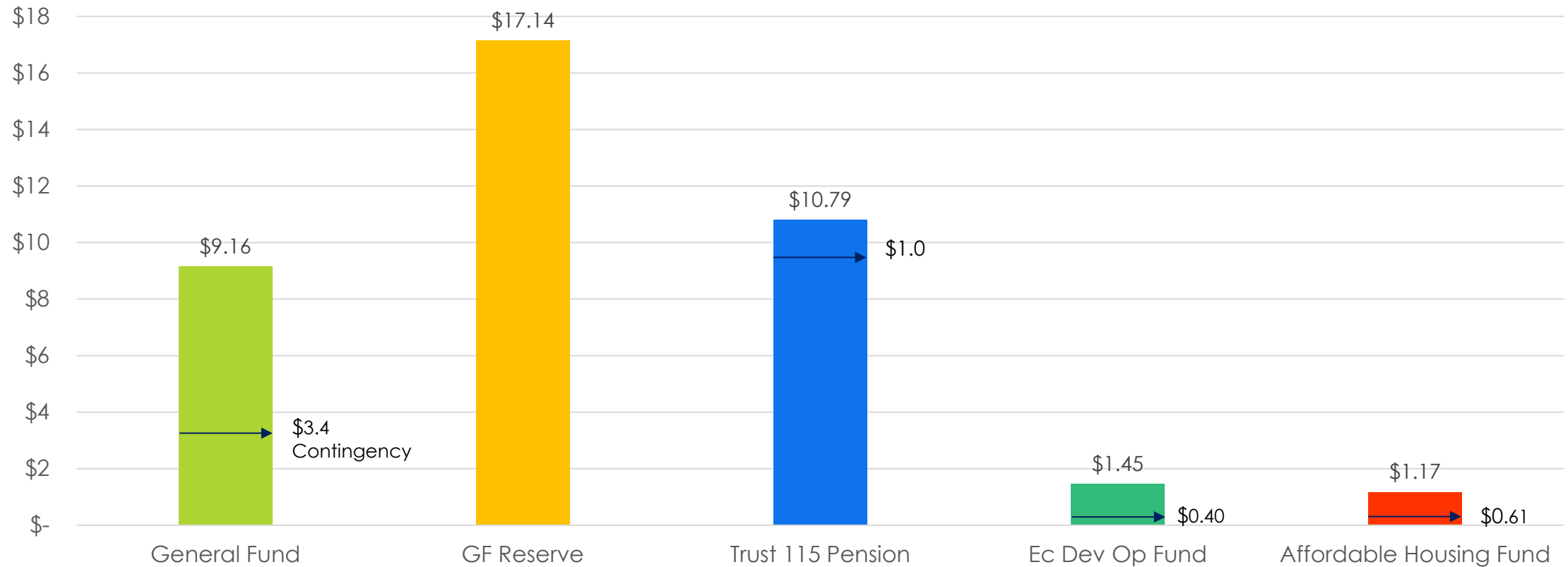
Enterprise Resource Planning (ERP)	\$ 60,623
Election Cost	20,000
Compensation Study	150,000
Community Funding	30,000
Arts Projects (carryover)	70,500
Bob Hart Fountain Repairs	20,000
Park Maintenance $\frac{3}{4}$ Ton Truck	<u>80,000</u>
Subtotal	\$431,123
Economic Development Opportunity Fund	405,000
Affordable Housing Fund	607,500
Trust 115-Pension	1,012,500
General Fund Reserve – 25% set aside	<u>0</u>
Total	\$2,456,123

Funding Financial Resources

Fiscal Year 24-25 (audited) unreserved fund balance at June 30	\$ 7,939,657
Fund 1001 GF Reserve additional for FY 26-27 budget	0
5% GF Contingency Reserve for FY 26-27 budget	<u>3,427,342</u>
Excess over General Fund Balance	\$ 4,512,315
Amount Rounded	\$ 4,500,000
	45%
45% Excess	\$ 2,025,000
50% of 45% excess to Trust 115 for Pension Liability	\$ 1,012,500
30% of 45% excess to Affordable Housing	607,500
20% of 45% excess to Economic Development Opportunity	<u>405,000</u>
Total	\$ 2,025,000

Set-Aside Balances

FY 26/27 Balance



\$'s in Millions

Measure C

	Fund 2001-Old Measure C	Fund 2030-Public Safety	Fund 2031-Roads	Total
Beginning Balance 7/1/26	\$3,890,521	\$1,862,885	\$643,266	\$6,396,672
Sales and Use Tax	0	8,852,100	465,900	9,318,000
Other Revenue	158,500	0	7,420	165,920
Total Budgeted Revenue	158,500	8,852,100	473,320	9,483,920
Transfers	145,000	597	0	145,597
Operating Expenses	1,287,712	9,137,094	3,765	10,428,571
Acquisitions	0	0	530,000	530,000
Capital Improvements	1,670,388	0	0	1,670,388
Total Budgeted Expense	3,103,100	9,137,691	533,765	12,774,556
Ending Balance 6/30/27	\$945,921	\$1,577,294	\$582,821	\$3,106,036

*Meets GFOA Recommended Minimum

Measure Y

	Police-20%	Fire-20%	Parks & Rec-20%	Discretionary-40%	Total
Beginning Balance 7/1/26	\$73,014	\$351,201	\$179,855	\$109,781	\$713,851
Estimated Tax Revenue	321,590	321,590	321,590	643,180	1,607,950
Estimated Other Revenue	5,050	16,470	2,000	8,500	32,020
Estimated Transfers-In			348,101	(348,101)	0
Estimated Transfers-Out			321,590	321,590	643,180
Estimated Expenses	378,441	483,111	442,101	0	1,303,653
Ending Balance 6/30/27	\$21,213	\$206,150	\$87,855	\$91,770	\$406,988

Parks & Community Services

► Balancing the Operating Budget

- Measure Y 20% Parks and Recreation \$321,590
- Measure Y 50% of 40% Discretionary \$321,590
- General Fund Transfer
 - \$68,284 4% annual increase
 - \$1,775,372 Total GF Transfer
- Field Equipment
 - Mule Gator \$20,000
 - Tractor \$30,000
 - Lawn Mower (16ft wide) \$20,000
 - Turf Tank Lease \$15,000
 - Storage Container \$5,000
 - Trailer \$2,500

► Additional Revenues

- Council Approved Rate Increases
 - CP42 Field Rentals \$60,000
- Zookeeper 3 yr Donation
 - Yr 2 cost of zookeeper \$76,200
- MCSD Contribution
 - Youth Sports \$196,850
- CVOF Grant
 - Outdoor Recreation Program \$124,725
- CFD Special Tax
 - 6,423 Parcels to be Levied \$240,640

Police – 143 Positions (98 sworn officers)

- ▶ General Fund

- ▶ Total Funded Positions = 109.30
(67.3 sworn/42 non-sworn)

- ▶ CFD

- ▶ Total Positions = 10.21 sworn

- ▶ Measure C

- ▶ Total Positions = 23.49
(20.49 sworn/3 non-sworn)

- ▶ Measure Y

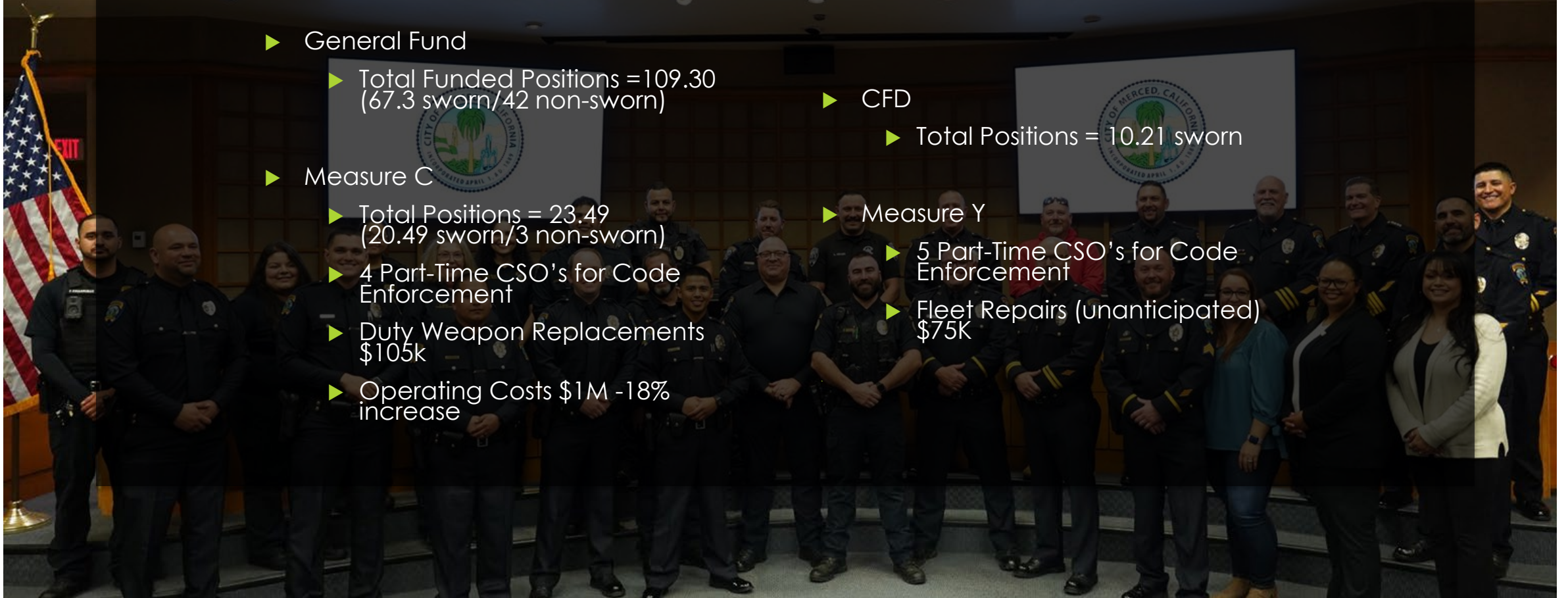
- ▶ 5 Part-Time CSO's for Code Enforcement

- ▶ 4 Part-Time CSO's for Code Enforcement

- ▶ Fleet Repairs (unanticipated)
\$75K

- ▶ Duty Weapon Replacements
\$105k

- ▶ Operating Costs \$1M -18% increase



Fire – 93 Positions (88 sworn officers)

▶ General Fund

- ▶ Delete 2 Battalion Chiefs (40 hr)
- ▶ Add 2 Division Chiefs
- ▶ Fire Chief Equity Salary Adjustment (9%)
- ▶ SAFER Grant Positions -24
 - ▶ Grant Expire March 2027
- ▶ Total Non-SAFER Funded Positions = 52.18 (47.18 sworn/5 non-sworn)

▶ Measure C

- ▶ Total Positions 11.3 sworn
- ▶ Operating Costs \$1.1M-8% increase

▶ CFD

- ▶ Total Positions = 5.52 sworn

▶ Measure Y

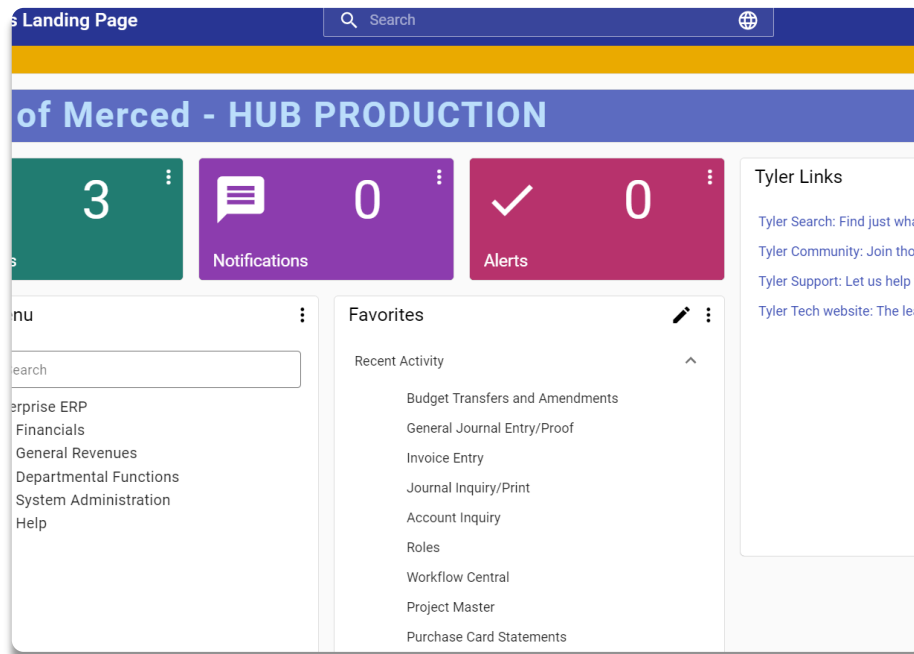
- ▶ 2 Cardiac Monitors \$120k
- ▶ Weed Abatement \$80k
- ▶ Narcotics Safe \$11k

Administration



- ▶ City Council
 - ▶ Recommended Stipend \$1000/\$1,250 month
 - ▶ Added \$23,575 for increase
- ▶ City Manager
 - ▶ 2 Part-Time Interns
 - ▶ Delete 2 Peer Support Specialist
 - ▶ CalVIP Grant Expired 12/31/25
 - ▶ Compensation Study \$150k
- ▶ City Clerk
 - ▶ 1 Part-Time Deputy City Clerk
 - ▶ SB707 and Public Records Requests

Administration



- ▶ Human Resources
 - ▶ Add HR Director \$217K
 - ▶ GF (44%) 95K
 - ▶ Other Funds (56%) \$122K
- ▶ Info Technology
 - ▶ Add Cyber Security Specialist II \$154k
 - ▶ GF (45%) \$69k
 - ▶ Other Funds (55%) \$85k
 - ▶ End of Life Server Replacements \$80k
 - ▶ End of Life Wireless Access Point Replacements \$30k
 - ▶ ERP Allocation \$0
- ▶ Other
 - ▶ \$2 million RDA Residual revenue
 - ▶ Arts funding carryover \$70,500
 - ▶ No allocation for Community Funding (Added \$30k per Council Direction)

Downtown/Economic Dev/Airport

- ▶ Property Based Improvement District (PBID)-2% increase
- ▶ Tourism Based Improvement District (TBID)-3% increase
- ▶ Sale of Bell Station
(added 3-month budget \$28k)

- ▶ Airport Deficit
 - ▶ Completion of new Terminal
 - ▶ New carrier-Contour Air
 - ▶ GF Transfer \$354k
 - ▶ Other Opportunities to increase revenue
 - ▶ \$20k Contingency



Public Works-Staffing



- ▶ Add 3 Maintenance Worker I/II-Streets (1) and Refuse (2)
- ▶ Delete Water Distribution Quality Assurance Tech and add Water Distribution Operator III
- ▶ Add Storekeeper-Fleet Maintenance \$94k
 - ▶ GF (17%) \$17k
 - ▶ All other funds (77%) \$77k

Parks

- ▶ Measure Y -40%
 - ▶ Bike Path Maintenance \$53K
 - ▶ Tree Trimming \$100k
 - ▶ Park Maintenance \$75k
 - ▶ McNamara Pool Fence \$35k
 - ▶ Ada Givens Pool Fence \$35k
 - ▶ Playground Deductibles
 - ▶ Frederick Douglas \$25k
 - ▶ Kingsland \$25k
- ▶ Cellular Tower Agreement
 - ▶ Rahilly Park \$30,000



Capital Projects



► Streets

- Bellevue Road Bike Path-New \$300k (UCM)
- APS Polara-Push Buttons @ Schools-add \$100k
- Downtown Concrete Light Poles-add \$40k
- Craig Drive Rehab-New \$200k

Roads Projects Available Funding

Fund	Funding Source	PTBD	Unappropriated	Total
2007	Gas Tax-SB1	\$ 3,315,841		\$3,315,841
2008	Measure V-Alternative Modes	759,145		759,145
2009	Measure V-Local Transportation	3,794,680		3,794,680
2031	Measure C-Roads		582,822	582,822
3006	Surface Transportation Program (STP)	3,241,991		3,241,991
3007	Local Transportation	209,269		209,269
	Total	\$11,320,926	\$582,822	\$11,903,748

Errata List

Description	Amount
Add Increase to Council Stipend	\$23,575
Add Community Funding	\$30,000
General Fund Reserve-5% Contingency increases based on increasing operating expenses	\$1,178
Add Transfer from General Fund Reserve to General Fund to cover part of the deficit.	\$733,682
Add Transfer from Trust 115 for Pension to General Fund to cover balance of the deficit.	\$582,608
Add Bell Station budget	\$27,690
Revise CDBG HUD Allocation	\$145,361
Revise HOME HUD Allocation	\$102,366

Next Steps



Re-open the Public Hearing



Take Public Comment



Adopt a Motion Approving
the FY 2026/27 Budget

Questions