



# City of Merced Budget 2026-27

# FY 2026/27 Budget

- ▶ New State Challenges
- ▶ City Budget Overview
- ▶ General Fund
- ▶ Measure C
- ▶ Measure Y
- ▶ Other Departments
- ▶ Options/Discussion



# Overview: New State Challenges

- ▶ AB1383 effective 1/1/27 for Pension
  - ▶ Rollback on Public Employee Pension Reform Act (PEPRA) will create significant pension cost increases
    - ▶ Increases pensionable limits
    - ▶ Creates New Tiers (lower)
    - ▶ Increases unfunded accrual liability (UAL)
- ▶ Governor's May Revise
  - ▶ Sales Tax on Software
    - ▶ Revenue increase to General Fund and Measure C
    - ▶ Operating Expense increases to all departments citywide
      - ▶ IT Dept approximately \$125,000 increase (not in the budget)

# 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

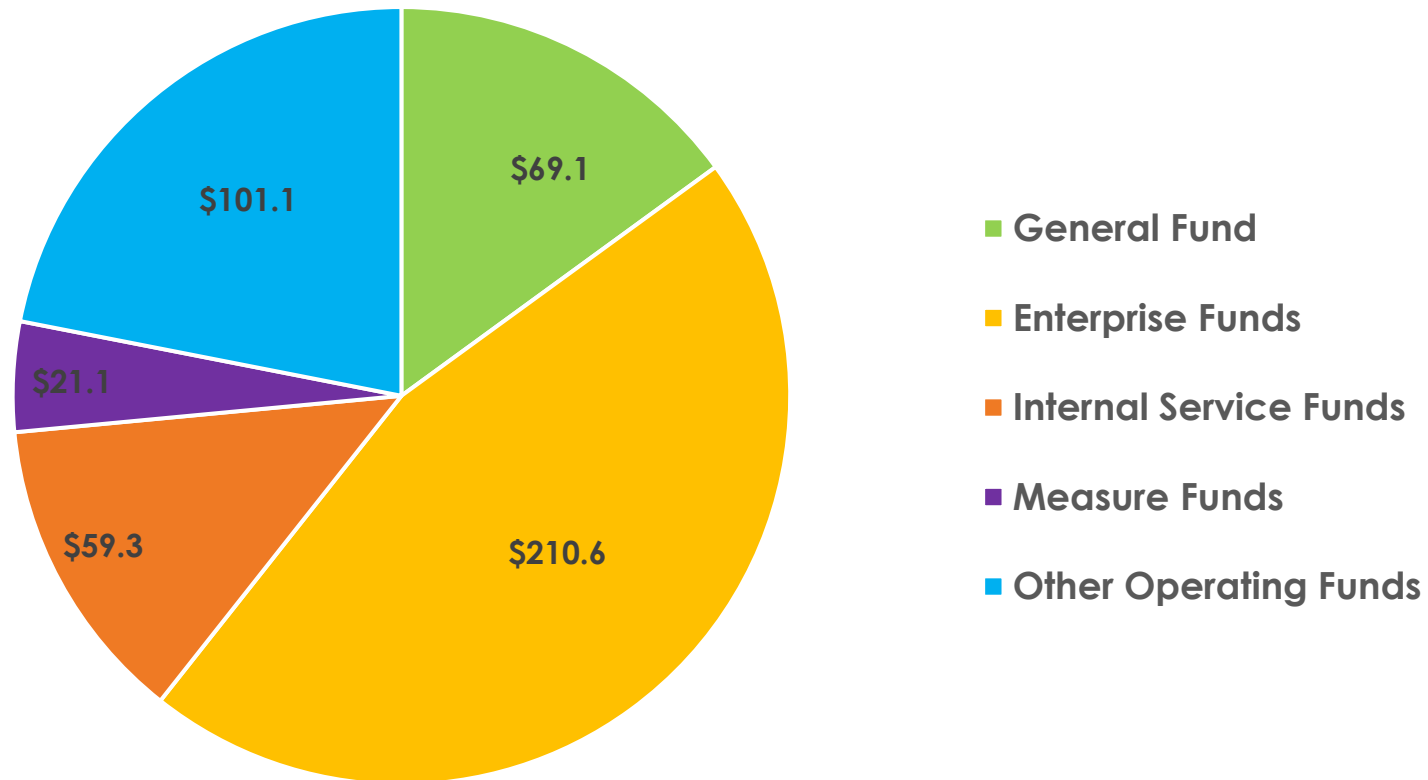
- Not included in the General Fund
- Included in Enterprise Funds and other Special Revenue Funds

No Funding Allocation:

- Community Funding

# FY 2026-27 Budget Overview

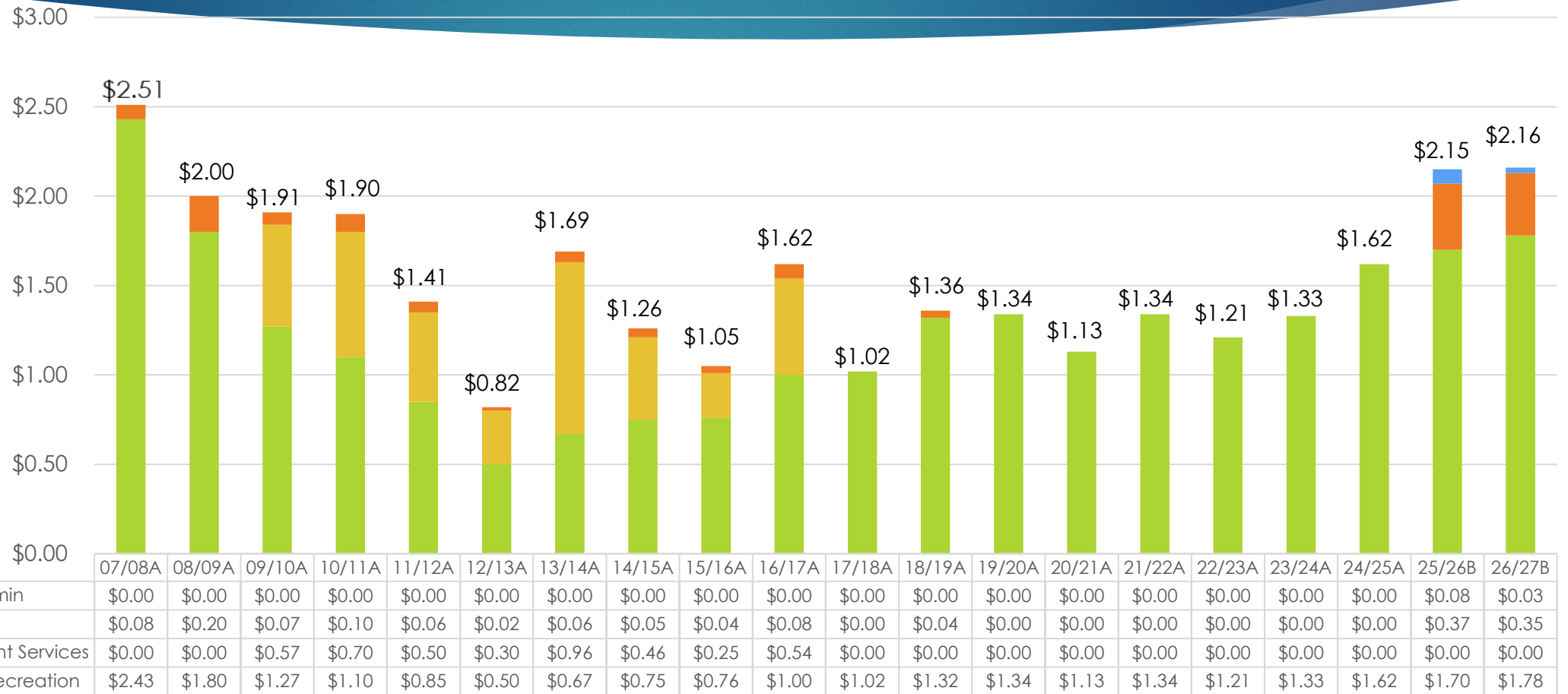
**Total City Budget \$461.2 million**



# FY 2026/27 General Fund

<b>Estimated Beginning Balance – July 1, 2026</b>	<b>\$11,813,391</b>
<b>Budgeted Revenue</b>	<b>\$67,230,559</b>
Operating Expenses	\$66,222,614
Operating Transfers	\$2,300,660
<b>Total Operating Expenditures</b>	<b>\$68,523,274</b>
<b>Revenue over/under Expense</b>	<b>(\$1,292,715)</b>
Below the Line (Non-operating)	\$401,123
Future Planning	\$2,025,000
Prior Year Projects	\$200,824
<b>Recommended Ending Balance – June 30, 2027</b>	<b>\$7,893,729</b>
Less Committed Funds-5% Contingency Reserve	\$3,426,164
<b>Total Available Funds – June 30, 2027</b>	<b>\$4,467,565</b>

# General Fund Transfers



\$'s in Millions

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

## Below the Line Expenses (Non-Operating)

Enterprise Resource Planning (ERP)	\$ 60,623
Election Cost	80,000
Compensation Study	150,000
Arts Projects (carryover)	70,500
Bob Hart Fountain Repairs	20,000
Park Maintenance $\frac{3}{4}$ Ton Truck	<u>80,000</u>
<b>Subtotal</b>	<b>\$401,123</b>
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>
<b>Total</b>	<b>\$2,426,123</b>

# 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
<b>Total Budgeted Revenue</b>	<b>158,500</b>	<b>8,852,100</b>	<b>473,320</b>	<b>9,483,920</b>
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
<b>Total Budgeted Expense</b>	<b>3,103,100</b>	<b>9,137,691</b>	<b>533,765</b>	<b>12,774,556</b>
<b>Ending Balance 6/30/27</b>	<b>\$945,921</b>	<b>\$1,577,294</b>	<b>\$582,821</b>	<b>\$3,106,036</b>

\*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

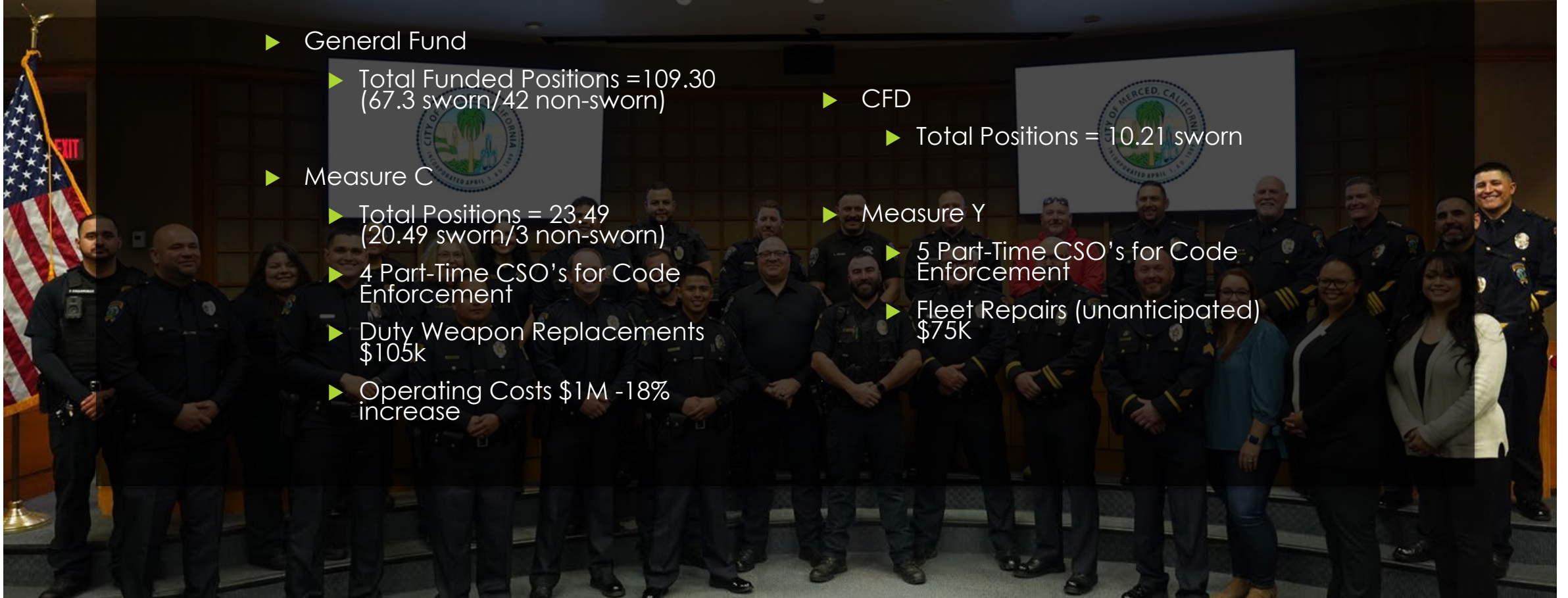
- ▶ 5 Part-Time CSO's for Code Enforcement

- ▶ 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

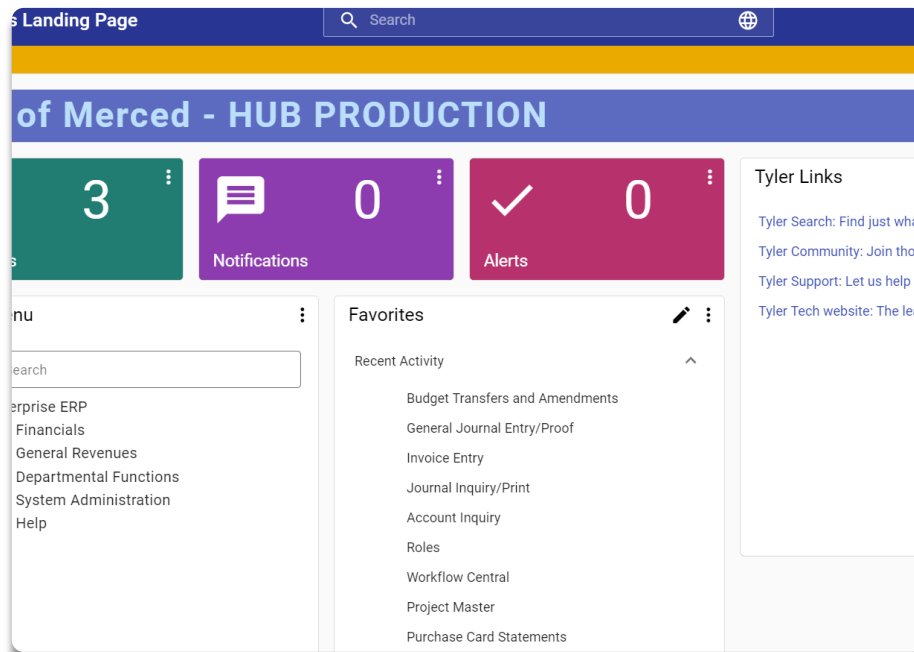
- ▶ 2 Cardiac Monitors \$120k
- ▶ Weed Abatement \$80k
- ▶ Narcotics Safe \$11k

# Administration



- ▶ City Council
  - ▶ Recommended Stipend \$1000/\$1,250 month
    - ▶ Add \$23,575 to Shortfall
- ▶ 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

# Development Services/Housing

- ▶ Fee Increases Effective 7/1/26-  
Balanced Budget
  - ▶ Fee Study approved April 2026
  - ▶ New Fund 3008 General Plan Update Fee
    - ▶ 5% of certain BP types
    - ▶ Future costs of General Plan updates, housing elements, and zoning code
- ▶ Housing Deficit
  - ▶ FY 26/27 **(\$159,000)**
    - ▶ Affordable Housing Fund (80%) \$127k
    - ▶ General Fund (20%) \$32k



## Downtown/Economic Dev/Airport

- ▶ Property Based Improvement District (PBID)-2% increase
- ▶ Tourism Based Improvement District (TBID)-3% increase
- ▶ Sale of Bell Station
- ▶ Airport Deficit
  - ▶ Completion of new Terminal
  - ▶ New carrier-Contour Air
  - ▶ GF Transfer \$354k
  - ▶ Other Opportunities to increase revenue



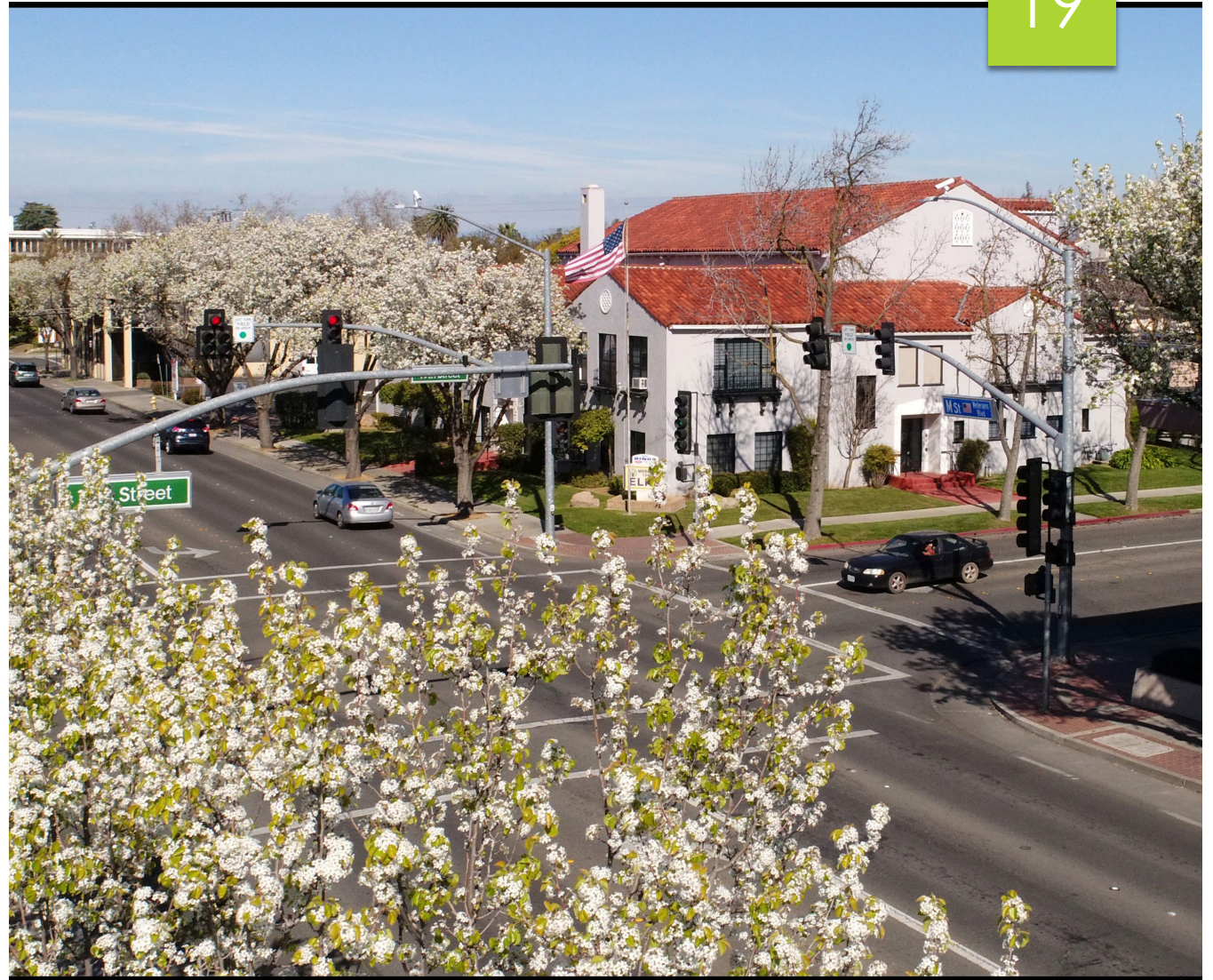
# Public Works-Staffing



- ▶ 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

# Public Works

- ▶ Admin
  - ▶ SCADA Room Roof Reseal \$17k
  - ▶ Service Center Partitions \$17k
- ▶ Fleet
  - ▶ Oil Containment Tanks \$30k
  - ▶ Hwy 59 Shop Carport \$50k
- ▶ Civic Center
  - ▶ 3<sup>rd</sup> Floor Fire Alarm \$13k
  - ▶ Replace restroom partitions (1<sup>st</sup>&2<sup>nd</sup> floor) \$28k



# Public Works

- ▶ Measure C-Roads 5%
  - ▶  $\frac{3}{4}$  Ton Truck \$80k
  - ▶ 10-wheel dump truck \$250k
  - ▶ Boom Truck (25% shared) \$200k
- ▶ Enterprise Capital Projects
  - ▶ WW-Programmable Logic Controller \$3.4M
  - ▶ Water/Refuse-Corp Yard Asphalt Repairs \$350k



# 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

<b>Fund</b>	<b>Funding Source</b>	<b>PTBD</b>	<b>Unappropriated</b>	<b>Total</b>
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
	<b>Total</b>	<b>\$11,320,926</b>	<b>\$582,822</b>	<b>\$11,903,748</b>

# Council Direction-\$1.3 M Shortfall

## Leave As Is

- \$1.3M out of balance
- 1-2 year fix
- Credit rating impact

## Clear the Shortfall #1 (staff recommended)

- T'fer \$740k from Reserve (one-time emergency funding)
- T'fer Op PD Costs to CFD \$150k
- T'fer Op PD/Fire Costs to Measure C \$250k
- T'fer from Trust 115 \$153k
- 1 year fix

## Clear the Shortfall #2

- T'fer \$740k from Reserve (one-time emergency funding)
- Other identified expense reductions
- T'fer from Trust 115
- 1 Year fix

\*No option is sustainable long term

# Council Direction

Community  
Funding

- Historically \$28k-\$50k
- Non-operating/does not impact deficit or General Fund Reserve Requirement

Council  
Request

- Any additional request

Questions?

Council Budget  
Discussion

