



City of Merced Budget 2026-27

FY 2026/27 Budget

- ▶ City Budget Overview
- ▶ Internal Services
- ▶ General Fund
- ▶ Measure C
- ▶ Measure Y
- ▶ Other Departments
- ▶ Options/Discussion



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:

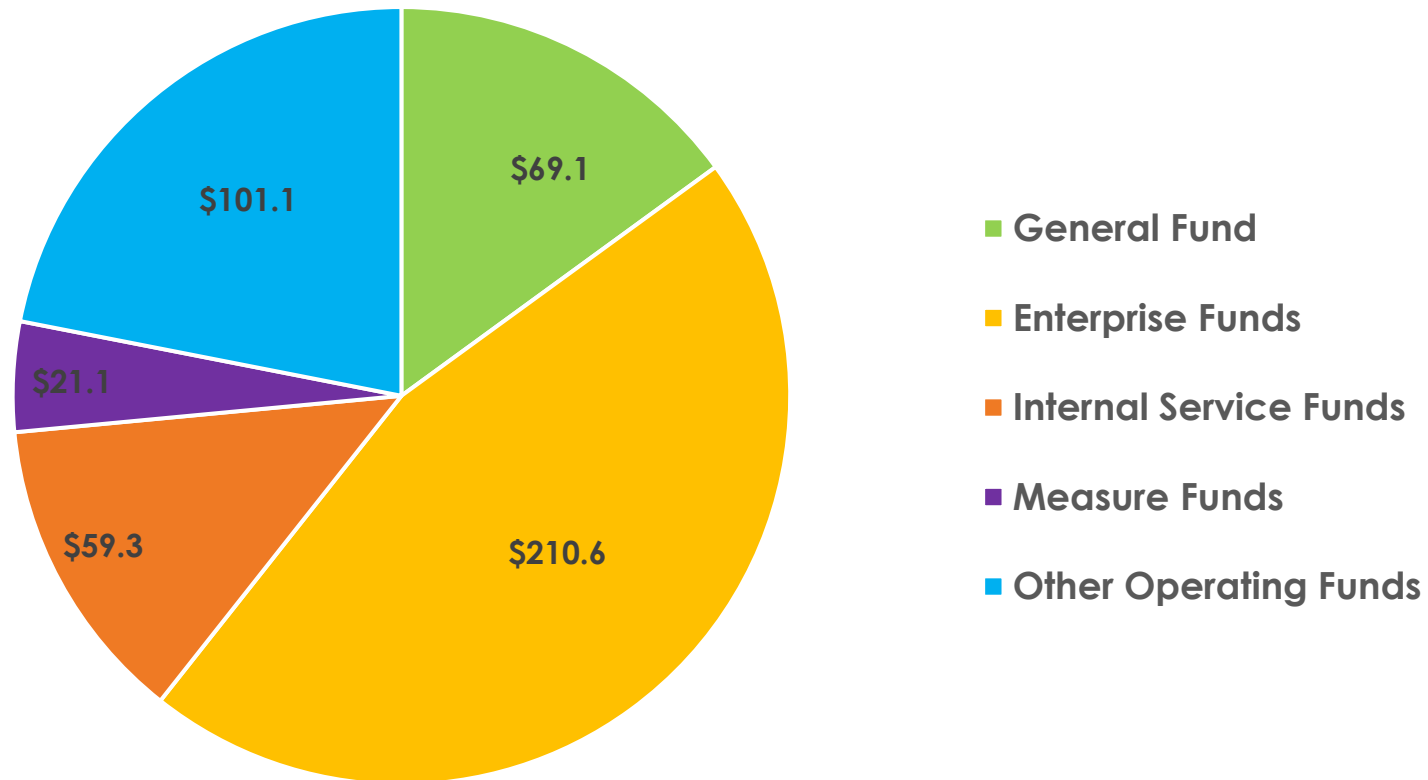
- Community Funding

Overview: Challenges Ahead

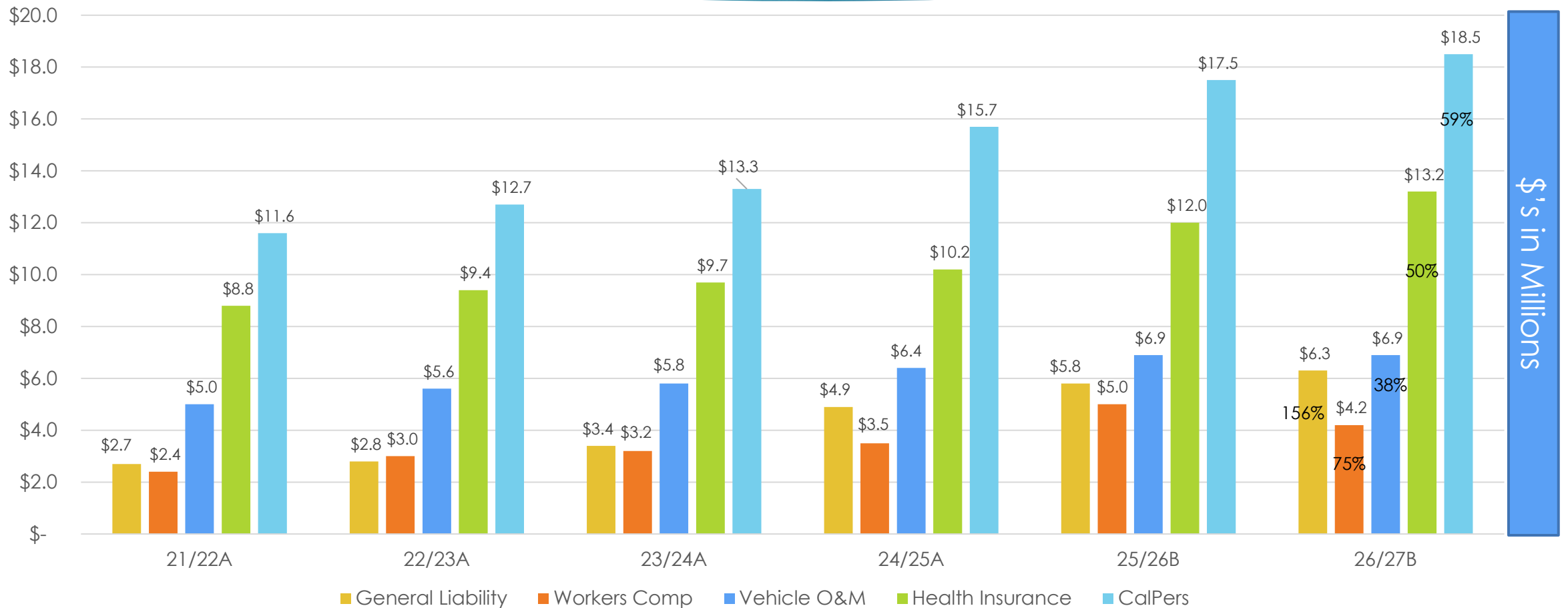
- ▶ Budget options to balance will be provided, however, challenges remain:
- ▶ Increases in need for fire support as federal grant funds expire
 - ▶ Loss of annual \$3.5M Grant Revenue
 - ▶ 24 Merced firefighters/paramedics at risk
- ▶ Park safety and homelessness are a community priority, yet ongoing funding could be at risk
- ▶ Streets deteriorating, deferred maintenance remains an issue

FY 2026-27 Budget Overview

Total City Budget \$461.2 million



Citywide-Largest Cost Drivers



Recommended Staffing

Functional Area	Add	Delete	Total	Unfunded
FY 25-26 Staffing			562	
City Manager	-	(2)	(2)	
Fire	2	(2)	-	
Human Resources	1	-	1	
Information Technology	1	-	1	
PW-Fleet	1	-	1	
Subtotal General Fund Impacts	5	(4)	1	
PW-Streets	1	-	1	
PW-Water	1	(1)	-	
PW-Refuse	2	-	2	
FY 26-27 Total Staffing	9	(5)	566	

Internal Services Allocation



Liability Insurance

No. of Positions
No. of Vehicles
Sq. Ft of Property
Experience of claims & losses

\$6.3M Allocation
•GF 36.5%
•Others 63.5%



Workers Compensation

No. of Positions and Type
35%
Open Claims 65%

\$4.2M Allocation
•GF 59%
•Others 41%



Employee Benefits

No. of Positions
Healthcare Election

\$11.5M Allocation
•GF 41%
•Others 59%



Fleet Management

Division Vehicles cost to maintain labor and supplies

\$6.9M Allocation
•GF 31%
•Others 69%



Facilities

Sq Ft of Property
Labor hours
Direct Charges

\$2.6M Allocation
•GF 45%
•Others 55%

Internal Services Allocation

Support Services

Personnel/Risk Management

- No. of Positions

Information Technology

- Direct Charges
- Weighted Average
- Budget Amount
- Level of Effort

- \$5.7M Allocation
- GF 45%
- Others 55%

Direct Service Charges

Direct Service provided based on hourly rate

\$6.2M Charges

- GF 1%
- Others 99%

GF receives \$2.4M Revenue

Administration

City Council, City Manager, City Clerk, City Attorney, Finance Purchasing

- Weighted Average
- No. of Employees
- Budget Amount
- Level of Effort

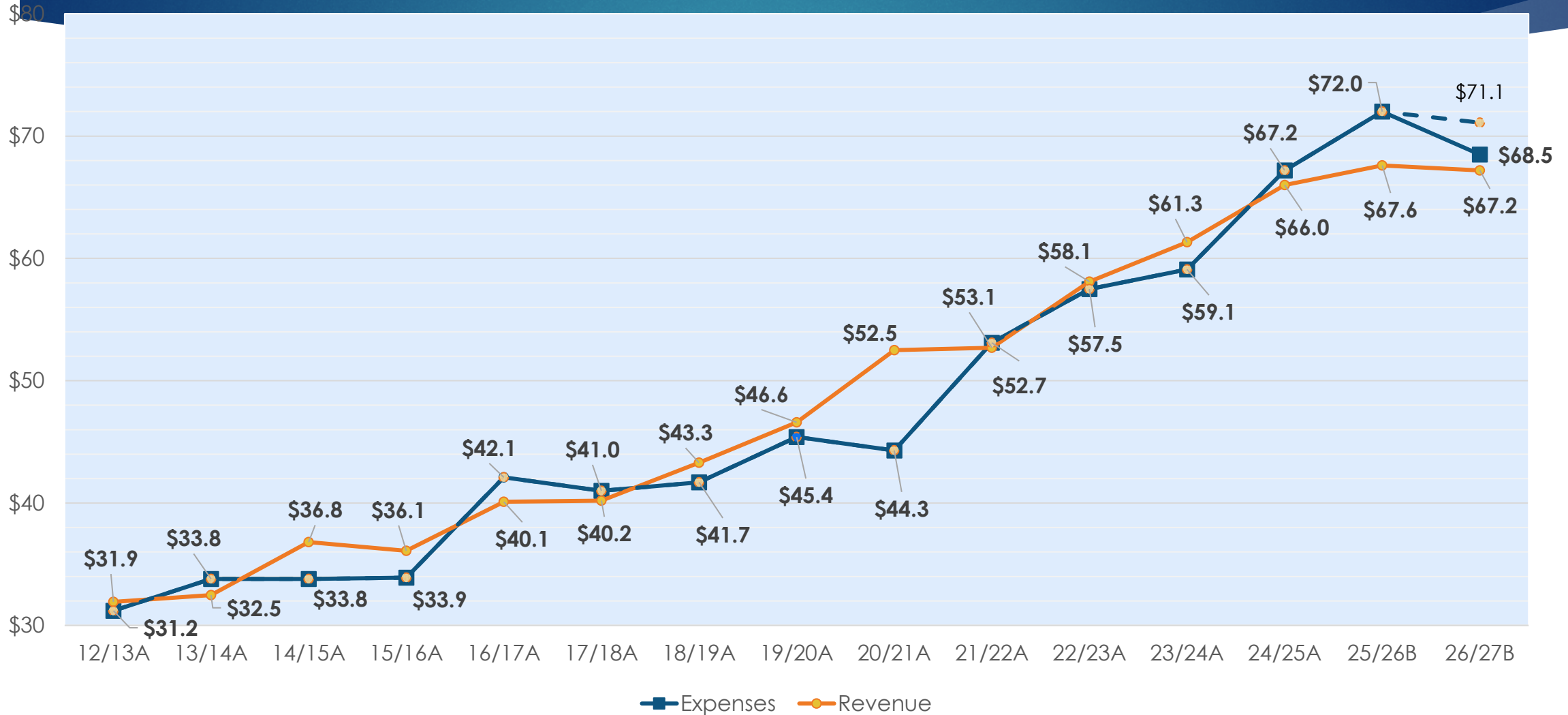
\$10M GF Operating Costs

- \$1.3M Direct Service Charges
- \$336k Misc Revenues
- 6.2M Admin Chgs other Funds
- \$2.2M (22%) GF Absorbed

FY 2026/27 General Fund

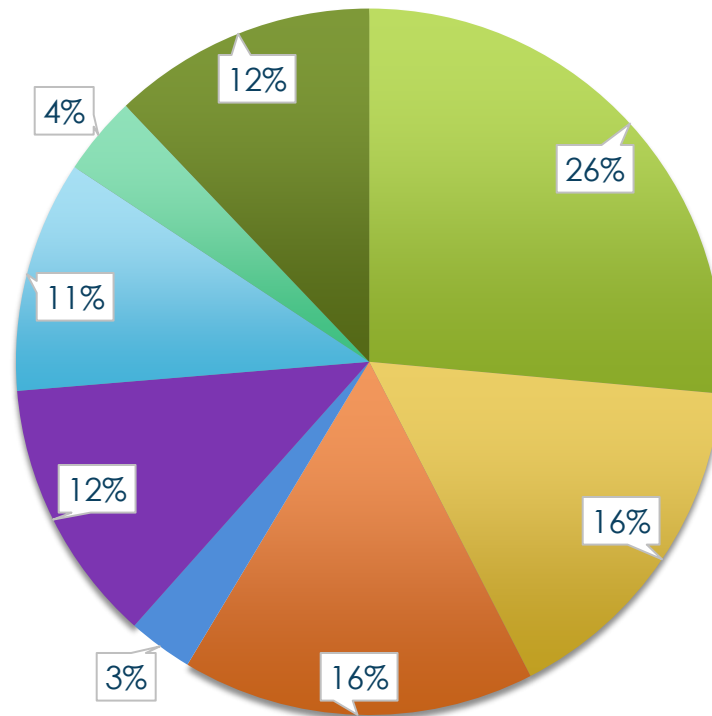
Estimated Beginning Balance – July 1, 2026	\$11,813,391
Budgeted Revenue	\$67,230,559
Operating Expenses	\$66,222,614
Operating Transfers	\$2,300,660
Total Operating Expenditures	\$68,523,274
Revenue over/under Expense	(\$1,292,715)
Below the Line (Non-operating)	\$401,123
Future Planning	\$2,025,000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

General Fund Summary



General Fund Revenues

Total Revenues of \$67.1 million

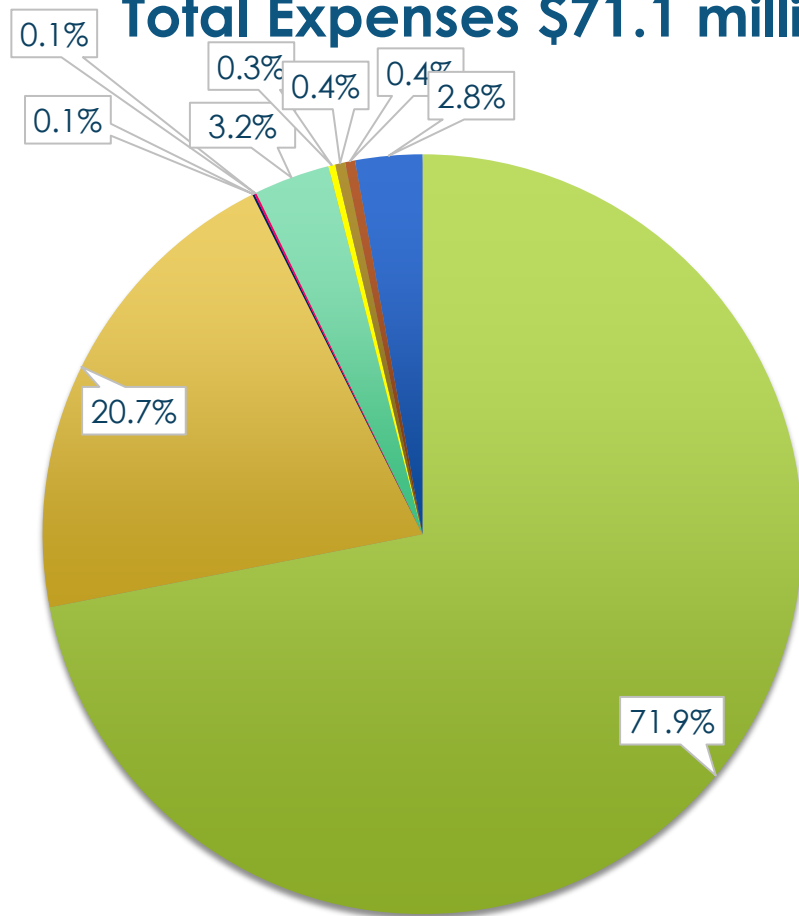


- Sales Tax
- Property Tax
- Vehicle in Lieu
- RDA Residual
- Other Taxes
- Administration
- Direct Svc Chgs
- Other



General Fund Expenses

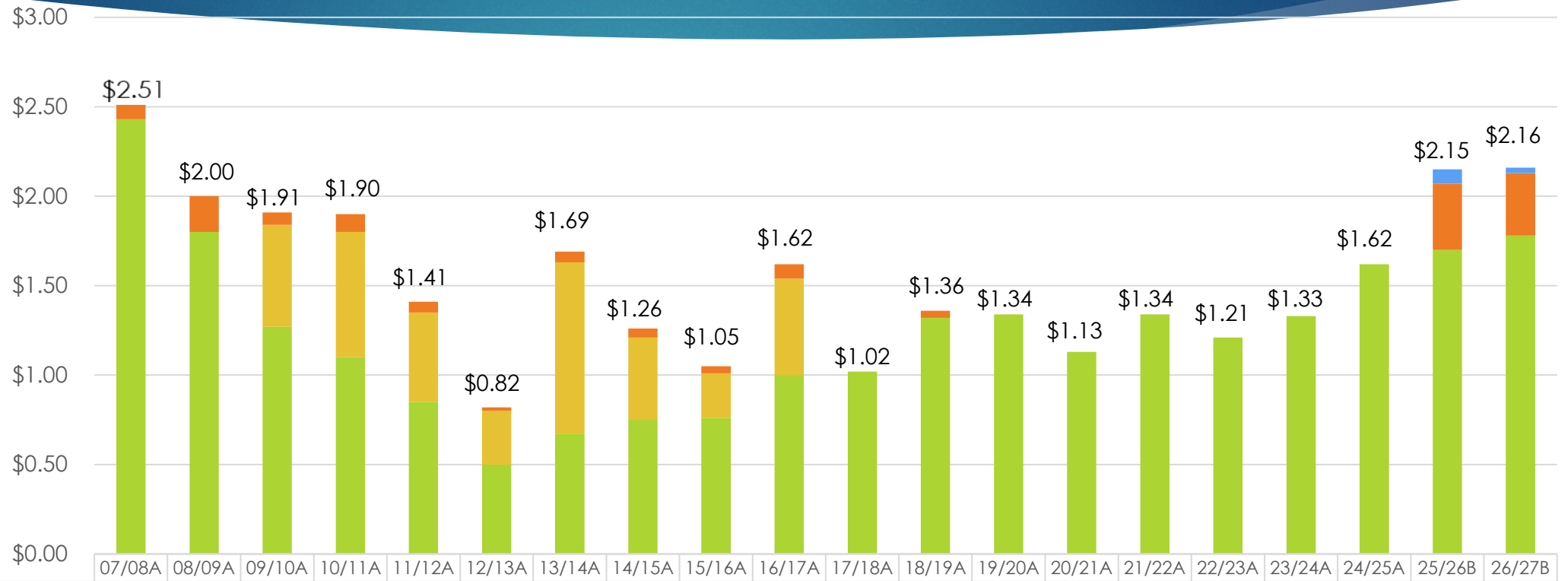
Total Expenses \$71.1 million



- Personnel
- M.S. & S.
- Property
- Administration
- Direct Svc Chgs
- Transfers
- Debt
- Other Non-Op
- Capital
- Future Planning

Operating
up 1.35%

General Fund Transfers



	07/08A	08/09A	09/10A	10/11A	11/12A	12/13A	13/14A	14/15A	15/16A	16/17A	17/18A	18/19A	19/20A	20/21A	21/22A	22/23A	23/24A	24/25A	25/26B	26/27B
Housing Admin	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.08	\$0.03
Airport	\$0.08	\$0.20	\$0.07	\$0.10	\$0.06	\$0.02	\$0.06	\$0.05	\$0.04	\$0.08	\$0.00	\$0.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.37	\$0.35
Development Services	\$0.00	\$0.00	\$0.57	\$0.70	\$0.50	\$0.30	\$0.96	\$0.46	\$0.25	\$0.54	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Parks and Recreation	\$2.43	\$1.80	\$1.27	\$1.10	\$0.85	\$0.50	\$0.67	\$0.75	\$0.76	\$1.00	\$1.02	\$1.32	\$1.34	\$1.13	\$1.34	\$1.21	\$1.33	\$1.62	\$1.70	\$1.78

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

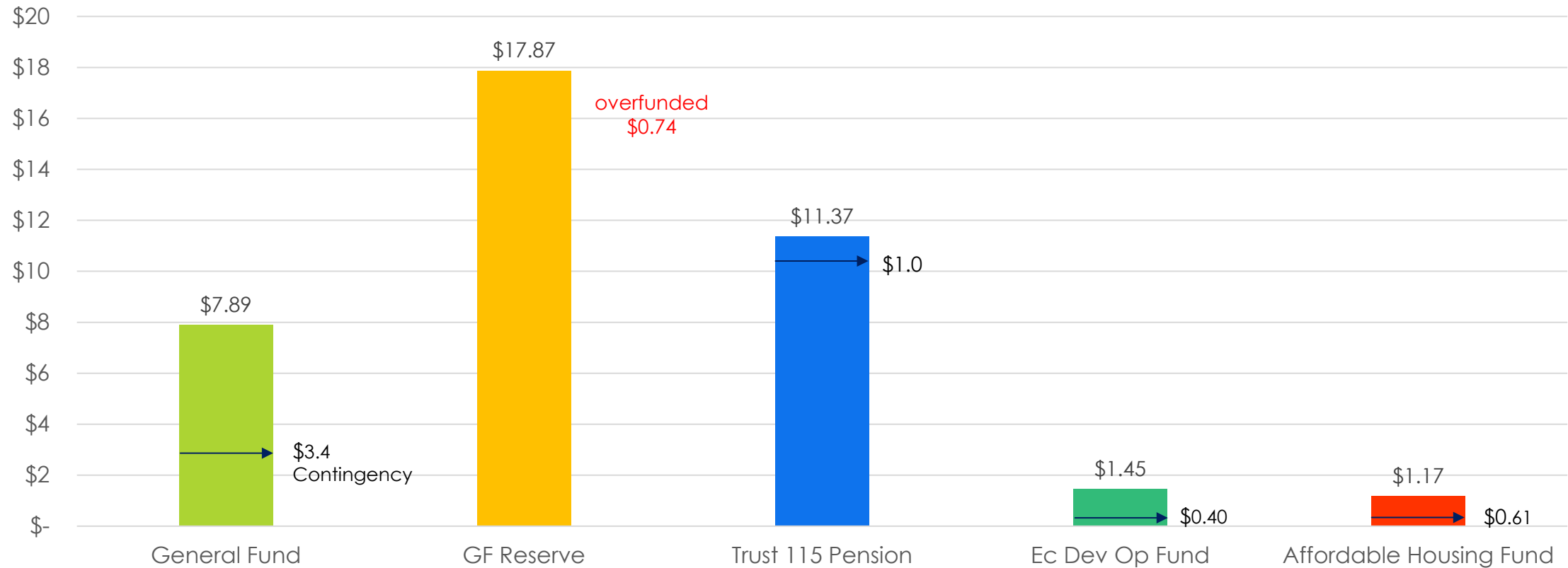
\$'s in Millions

Below the Line Expenses (Non-Operating)

Enterprise Resource Planning (ERP)	\$ 60,623
Election Cost	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>
Subtotal	\$401,123
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	\$2,426,123

Set-Aside Balances

FY 26/27 Balance



\$'s in Millions

Measure C

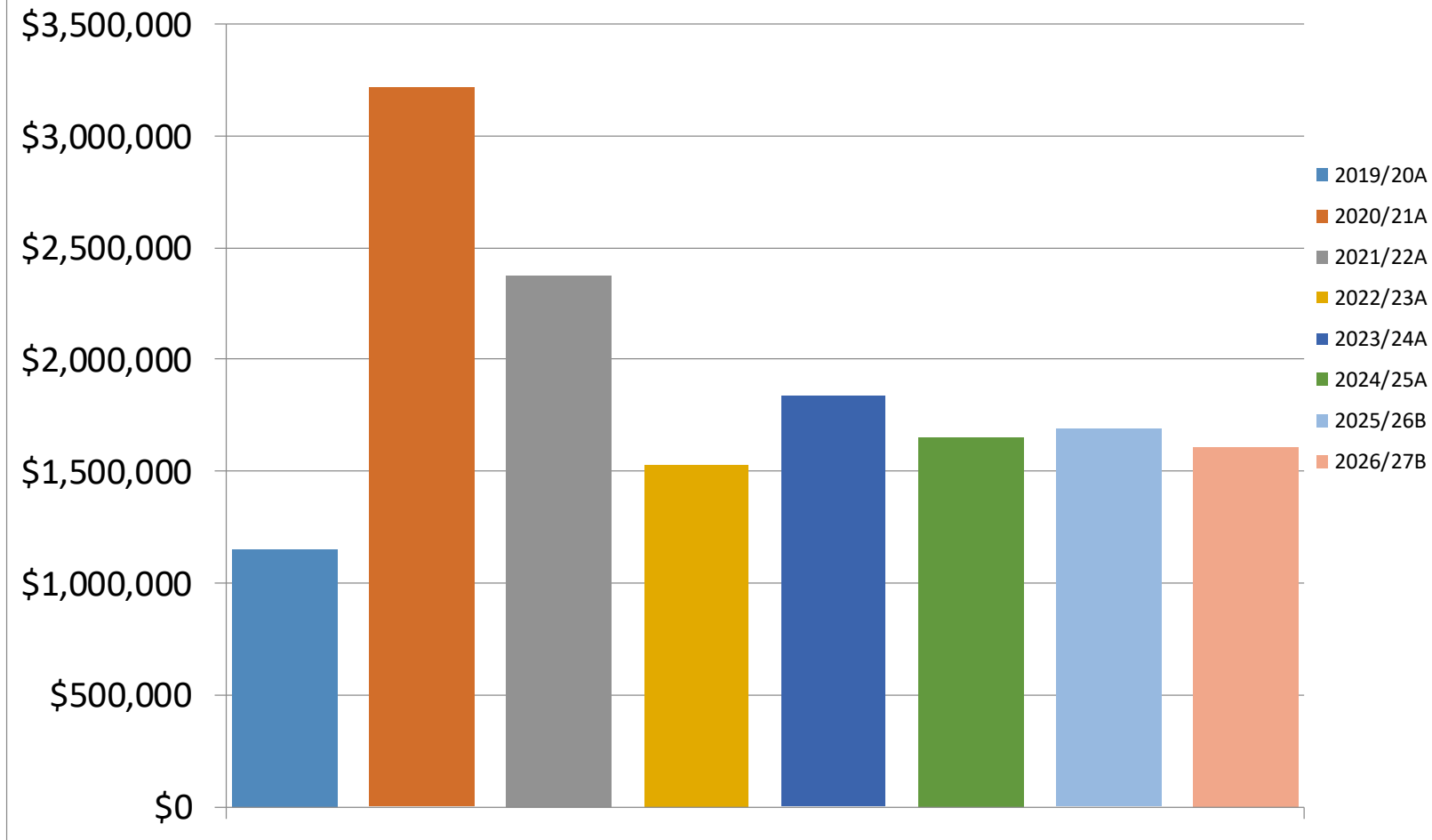
	Fund 2001-Old Measure C	Fund 2030-Public Safety	Fund 2031-Roads	Total
Beginning Balance 7/1/26	\$3,890,521	\$1,862,885	\$643,266	\$6,396,672
Sales and Use Tax	0	8,852,100	465,900	9,318,000
Other Revenue	158,500	0	7,420	165,920
Total Budgeted Revenue	158,500	8,852,100	473,320	9,483,920
Transfers	145,000	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 C Ballot Requirement

Police and Fire Levels of Spending FY 2021-22						
Fund	1000	4502/4503	2002/2003	2010 Abandoned Vehicle Abatement	Total Public Safety	2001
Description	General Fund	CFD	Measure Y			Measure C
Fire	\$ 11,654,420	\$ 703,512	\$ 600,209		\$ 12,958,141	\$ 3,122,742
Police	22,167,181	1,378,206	343,524	51,578	23,940,489	4,166,379
Total Public Safety Expense	\$ 33,821,601	\$ 2,081,718	\$ 943,733	\$ 51,578	\$ 36,898,630 *	\$ 7,289,121
Total Fund Expenses	\$ 53,133,114	\$ 2,081,718	\$ 943,733	\$ 51,578	\$ 56,210,143	\$ 7,515,982
Percentage of Expense	64%	100%	100%	100%	66%	97%
FY 2026-27 CM Recommended Budget						
Fund	1000	4502/4503	2002/2003	2010 Abandoned Vehicle Abatement	Total Public Safety	2001/2030
Description	General Fund	CFD	Measure Y			Measure C
Fire	\$ 16,662,198	\$ 1,444,659	\$ 378,441	\$ -	\$ 18,485,298	\$ 4,007,149
Police	30,887,693	2,846,475	483,111	25,556	34,242,835	6,632,220
Total Public Safety Expense	\$ 47,549,891	\$ 4,291,134	\$ 861,552	\$ 25,556	\$ 52,782,133 *	\$ 10,639,369
Total Fund Expenses	\$ 71,150,221	\$ 4,291,134	\$ 861,552	\$ 25,556	\$ 76,328,463	\$ 12,240,791
Percentage of Expense	67%	100%	100%	100%	69%	87%
		Meet or Exceeds by Dollar			\$ 15,829,503	
		Meet or Exceeds by Percentage			3%	

Measure Y-Cannabis Tax by Fiscal Year



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

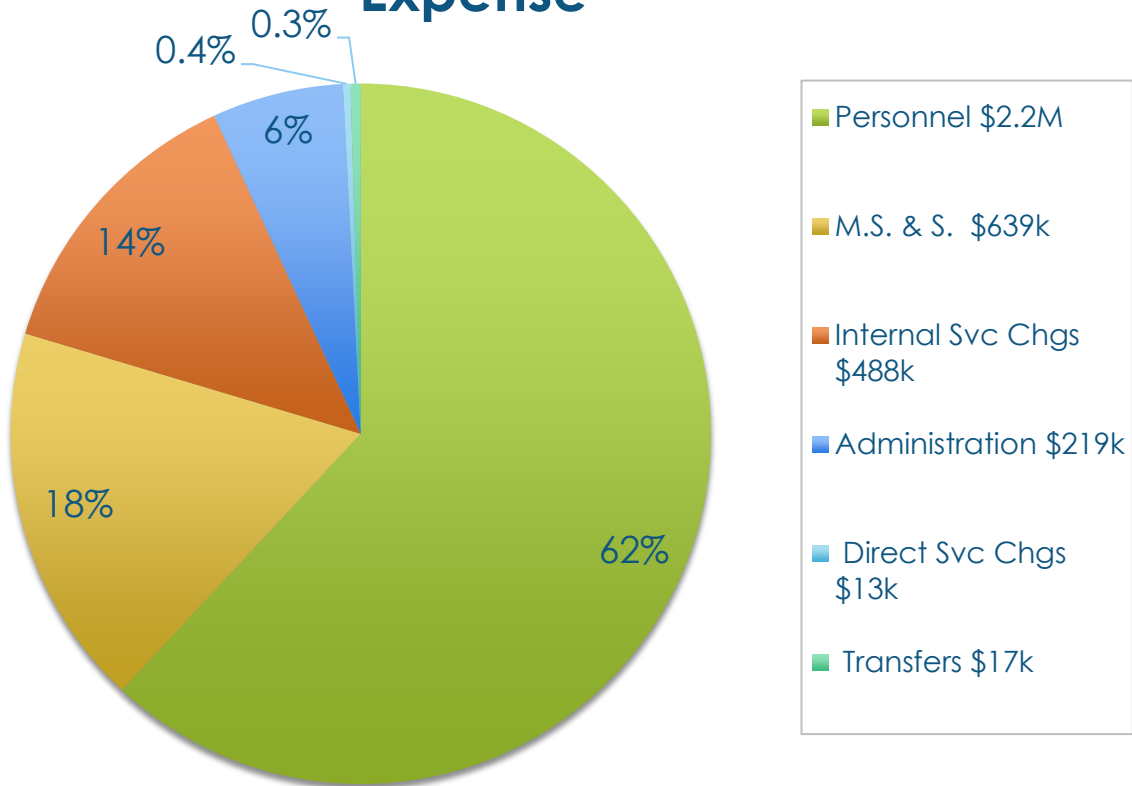
► Additional Revenues

- 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

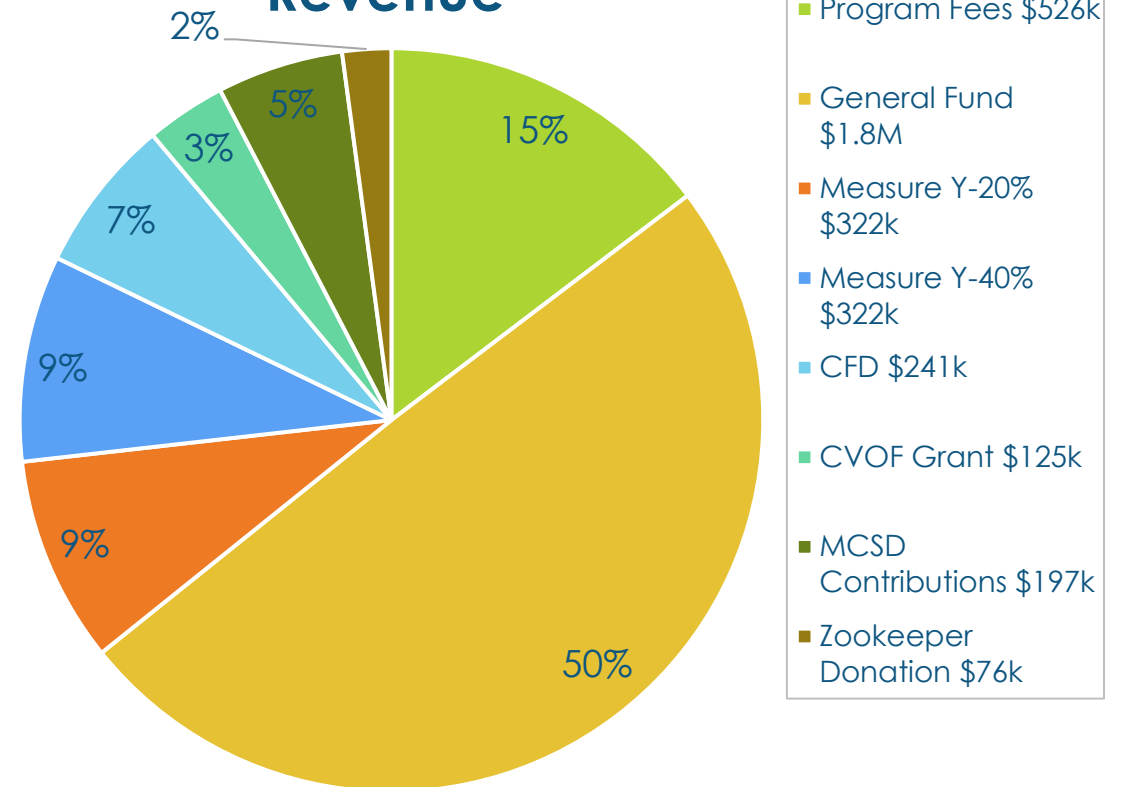
Parks & Community Services

Total Expenses \$3.6 million

Expense



Revenue



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

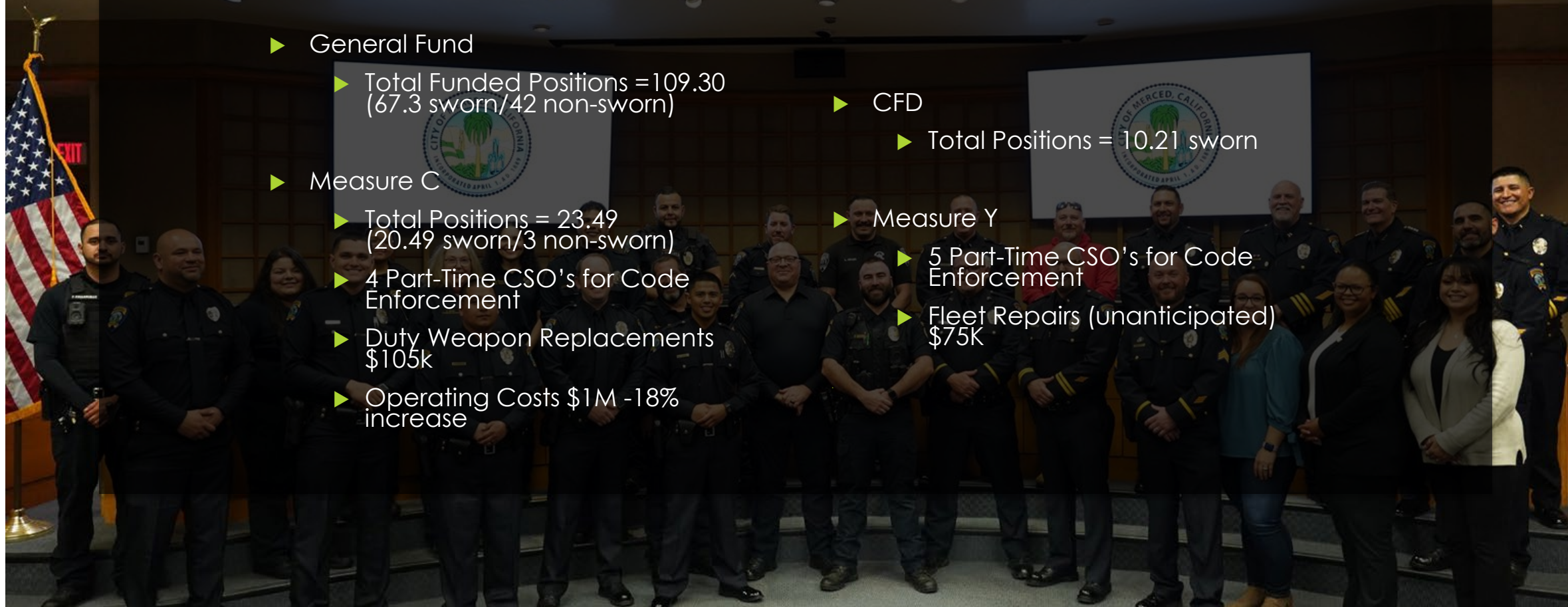
- ▶ 5 Part-Time CSO's for Code Enforcement

- ▶ 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

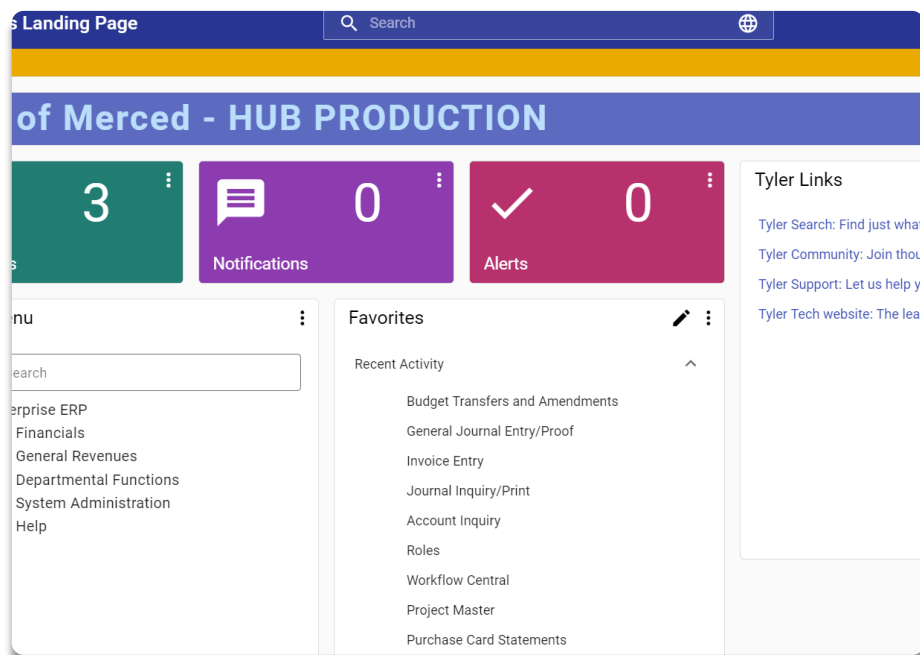
- ▶ 2 Cardiac Monitors \$120k
- ▶ Weed Abatement \$80k
- ▶ Narcotics Safe \$11k

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

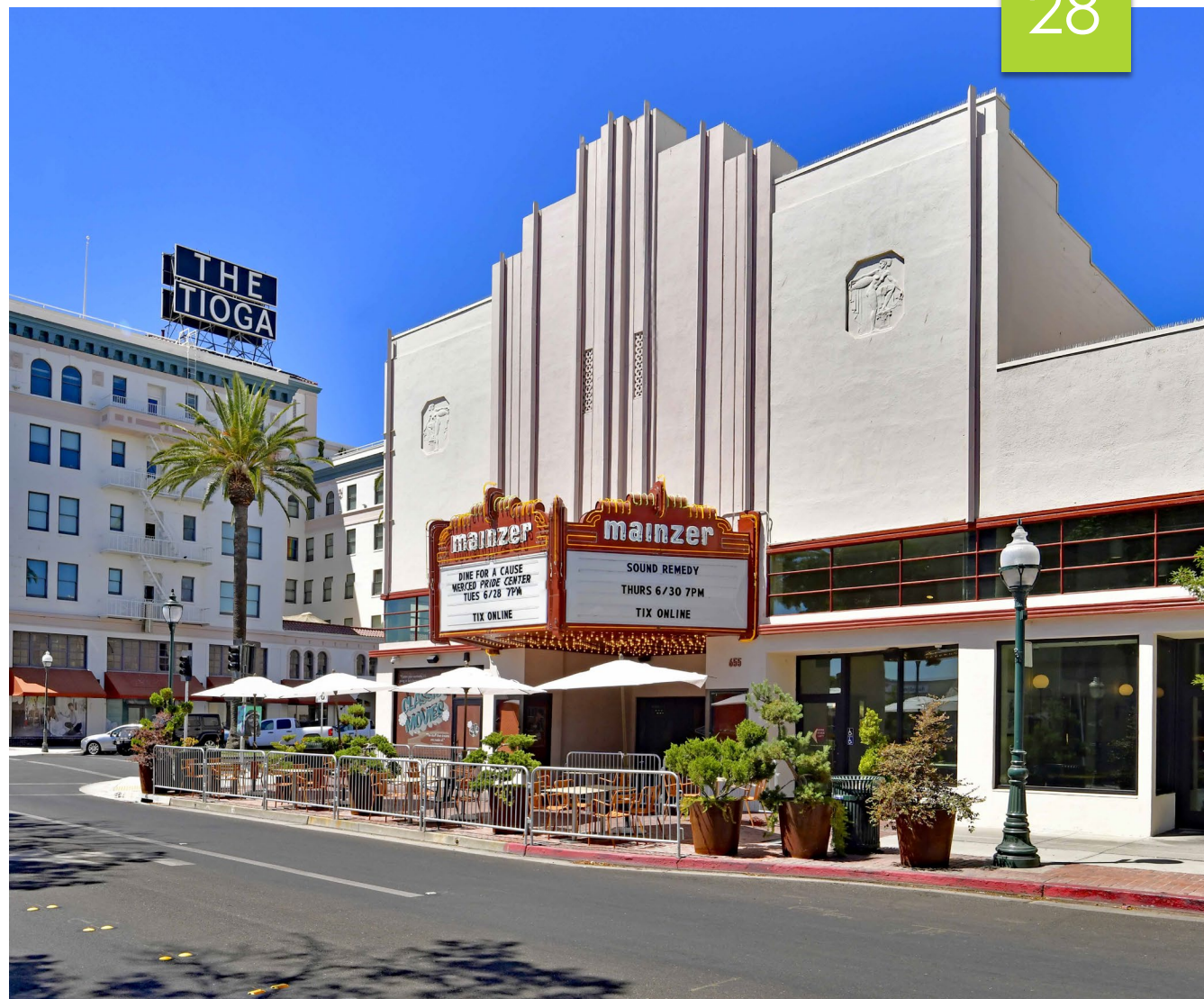
Development Services/Housing

- ▶ 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

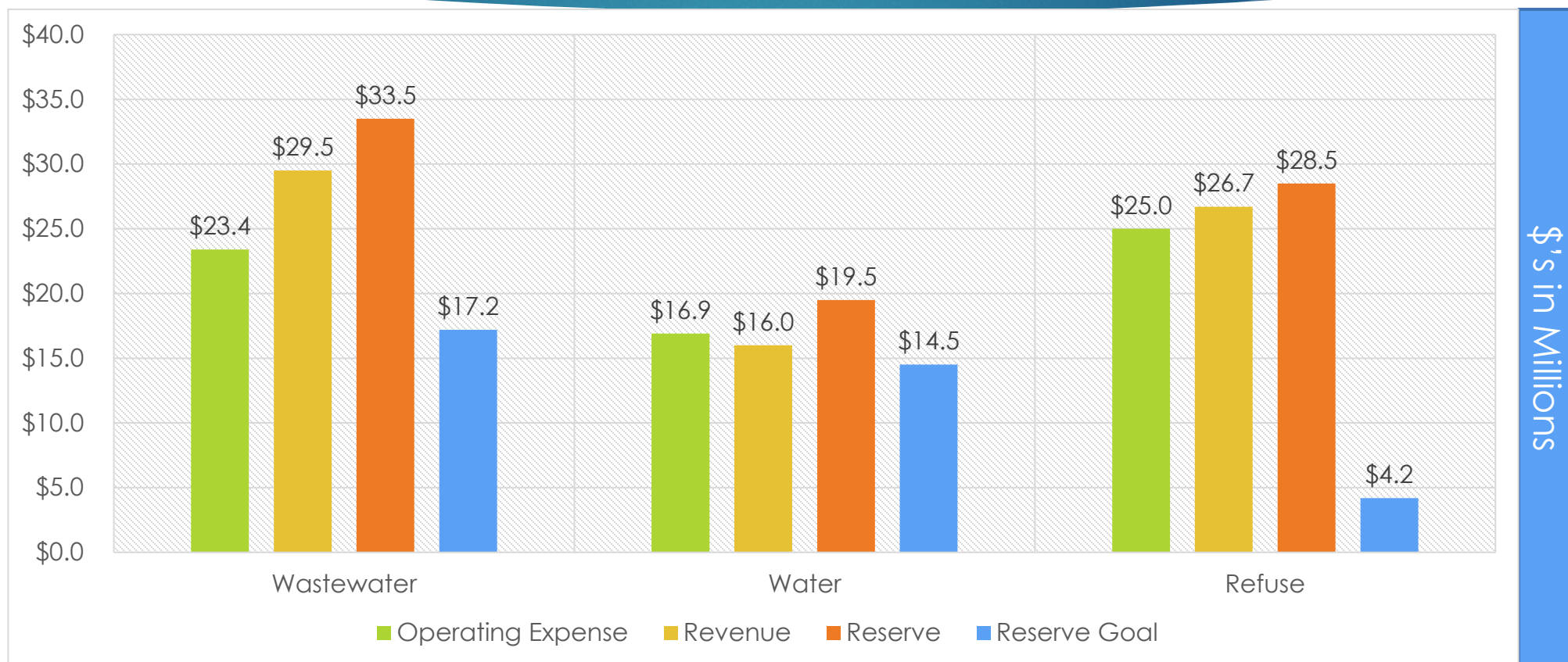


Public Works-Staffing



- ▶ 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

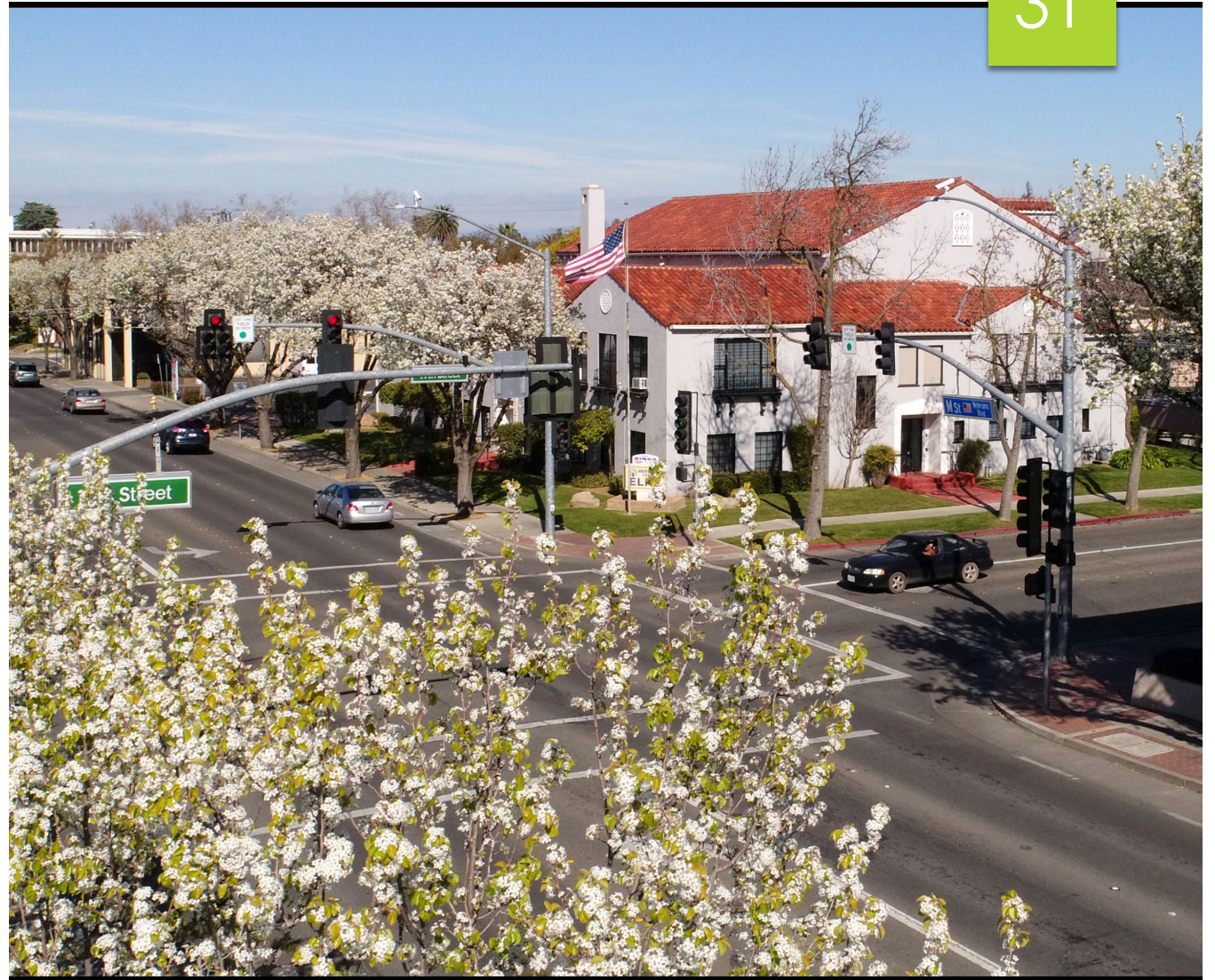
PW-Enterprise Fund Summary



Rate Studies in progress for all utilities.

Public Works

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

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

Fiscal Stability-Revenues

- 
- ▶ Adopt new CFD for Services
 - ▶ Adopt new Development Services Fee Study
 - ▶ Business License/TOT/Cannabis Audits
 - ▶ Identify Other Potential Cost Recovery Areas
 - ▶ New citywide CFD- Services pending formation
 - ▶ Completed-Effective 7/1/26 and included in budget estimates
 - ▶ In progress
 - ▶ Council Approved January 2026
 - ▶ Go Live May 2026
 - ▶ In Progress
 - ▶ P&CS Fee increases approved
 - ▶ Airport

Budget Options-\$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

Questions?

Council Budget
Discussion

