



City of Merced Budget 2025-26

FY 2025/26 Budget

- ▶ City Budget Overview
- ▶ General Fund
- ▶ Measure C
- ▶ Measure Y
- ▶ Other Departments
- ▶ Finishing Up
- ▶ Options/Discussion



Overview

Labor Negotiation Increases
included 4%

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

Maintenance and One-
Time Acquisitions included
in General Fund, Measure Y,
Measure C, and CFD

Parks and Community
Services – Sustainable
Budget an ongoing
challenge

PC and Fleet Replacement

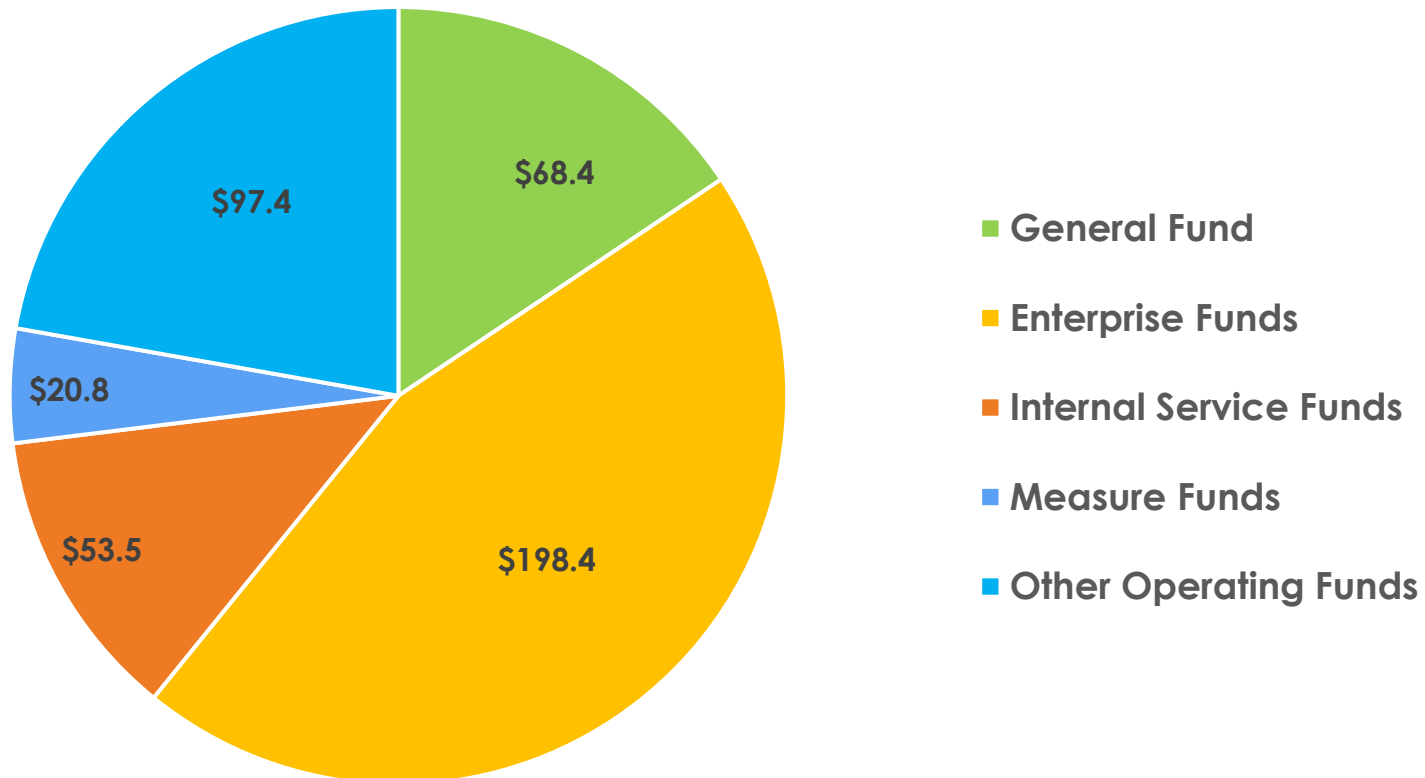
- Not included in the General Fund
- Included in Enterprise Funds and other Special Revenue Funds

No Funding Allocation:

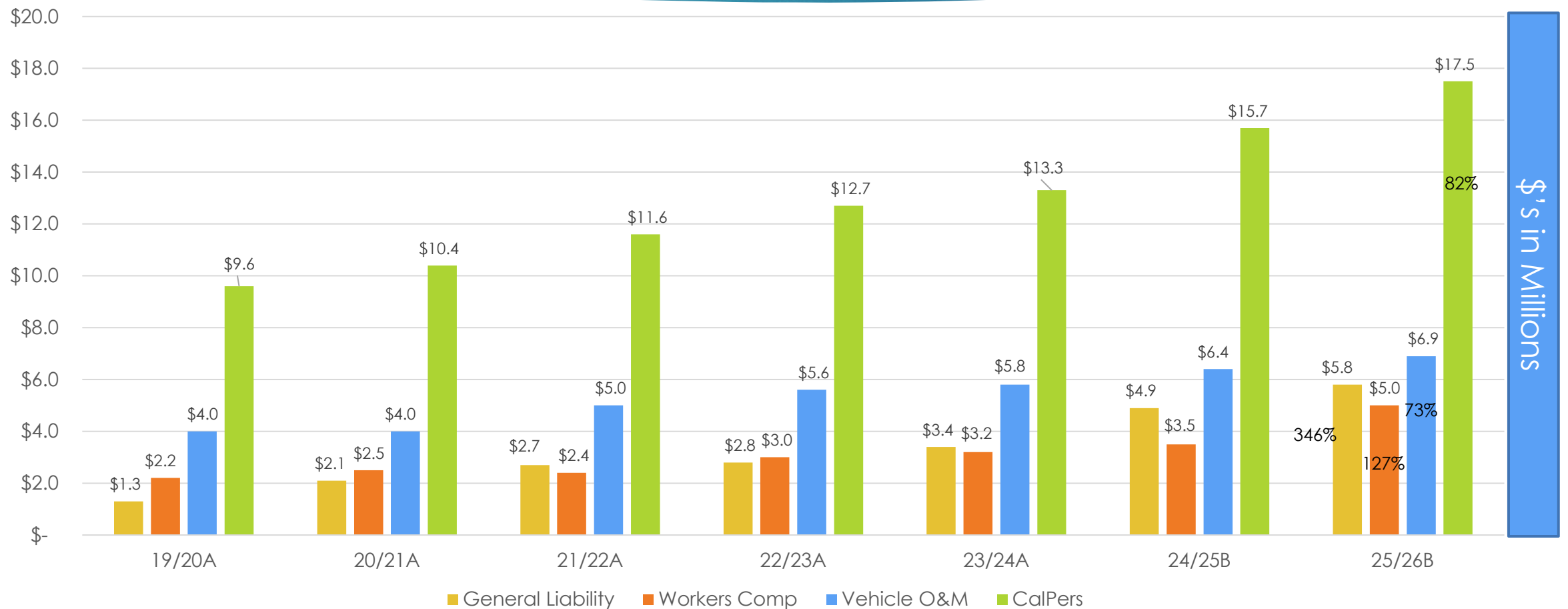
- Community Funding
- Arts Funding

FY 2025-26 Budget Overview

Total City Budget \$438.5 million



Citywide-Largest Cost Drivers



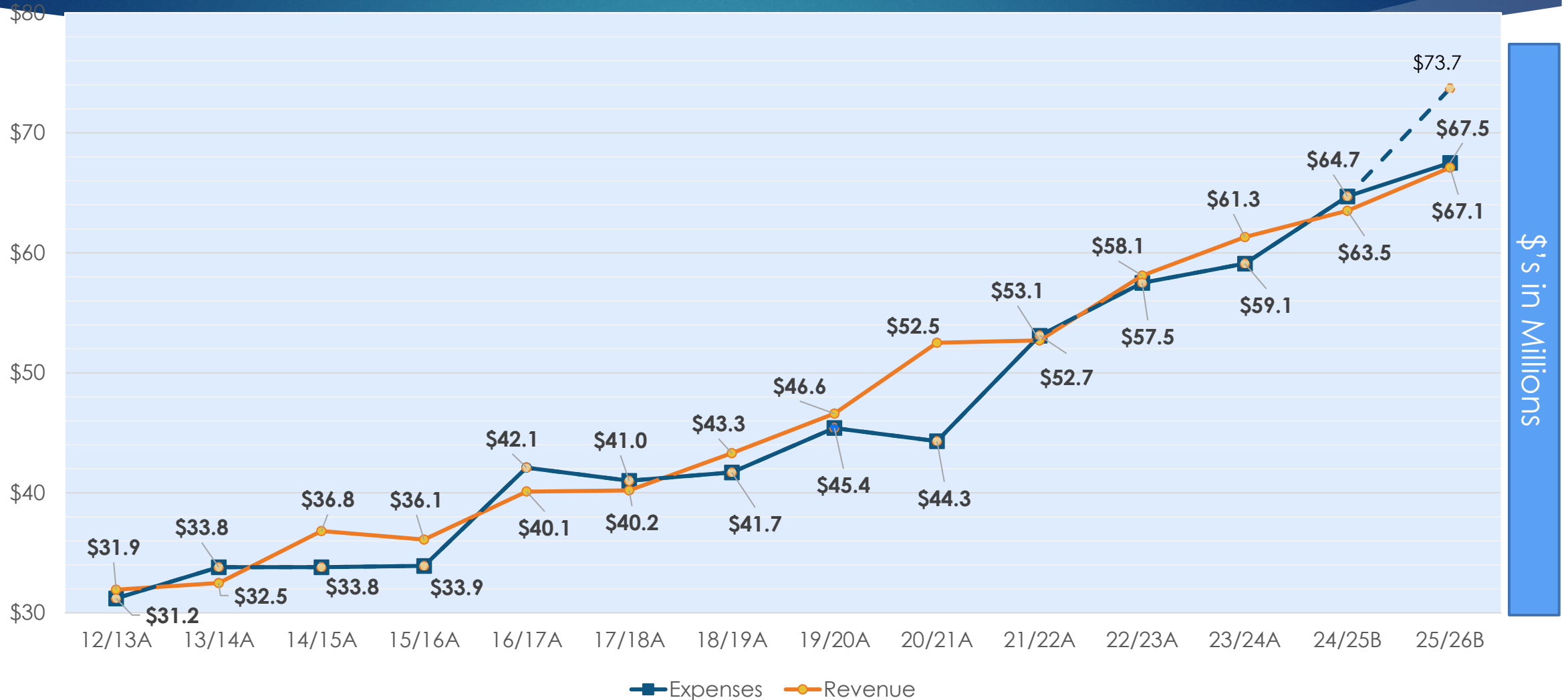
Recommended Staffing

Functional Area	Add	Delete	Total	Unfunded
FY 24-25 Staffing			559	
City Manager		(2)	(2)	(1)
Finance	1		1	
Fire			-	(1)
Police	1	(2)	(1)	(5)
Development Services	1	(1)	-	
Parks & Community Services		(1)	(1)	
PW-Parks		(1)	(1)	
PW-Facilities	1		1	
Human Resources		(1)	(1)	
Information Technology	2	(2)	-	
Subtotal	6	(10)	(4)	(7)
PW-Streets	1		1	
PW-Enterprise	6	(2)	4	
FY 25-26 Staffing			560	553

FY 2025/26 General Fund

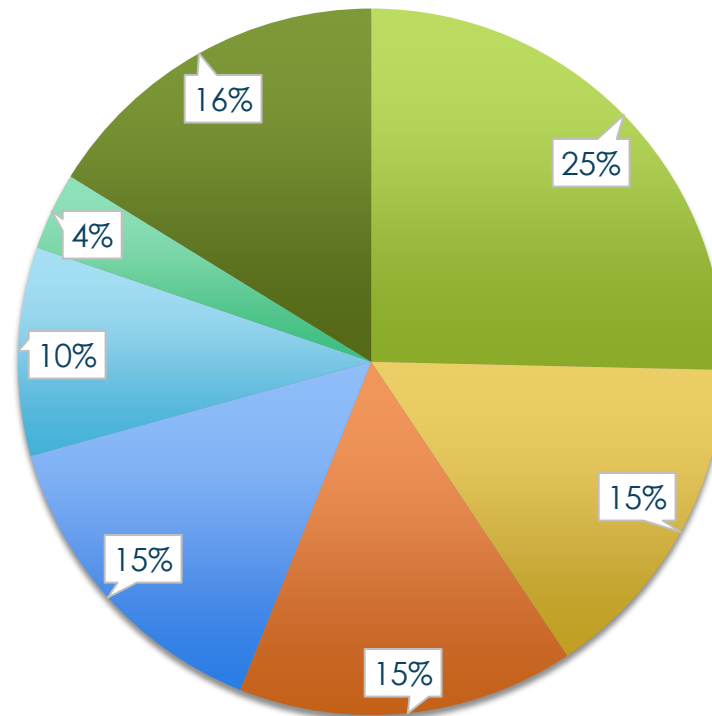
Estimated Beginning Balance – July 1, 2025	\$11,776,222
Budgeted Revenue	\$67,117,736
Operating Expenses	\$65,464,947
Operating Transfers	\$2,082,164
Total Operating Expenditures	\$67,547,111
Revenue over/under Expense	(\$429,375)
Below the Line (Non-operating)	\$442,313
Future Planning	\$5,274,280
Prior Year Projects	\$476,409
Recommended Ending Balance – June 30, 2026	\$5,153,845
Less Committed Funds-5% Contingency Reserve	\$3,377,356
Total Available Funds – June 30, 2026	\$1,776,489

General Fund Summary



General Fund Revenues

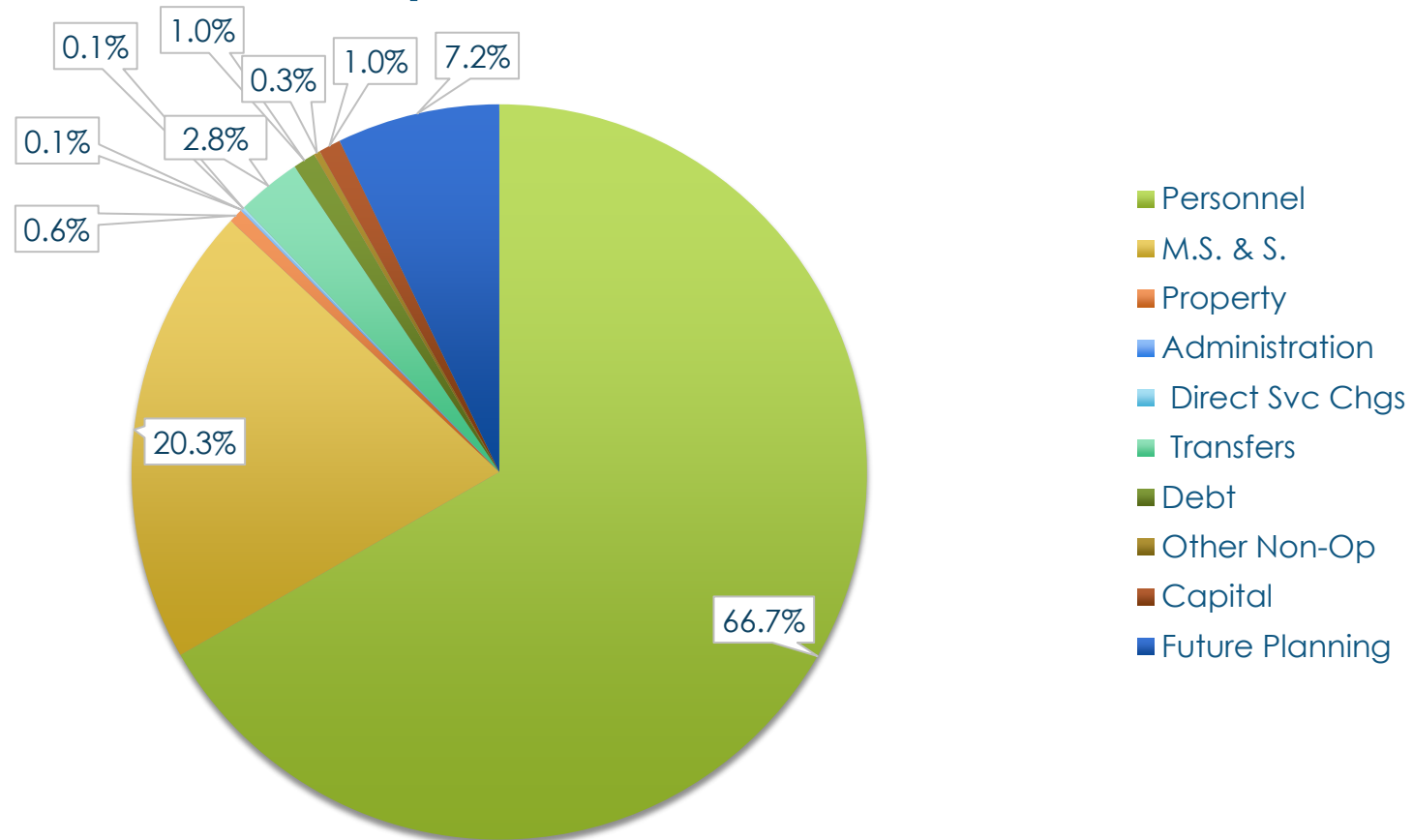
Total Revenues of \$67.1 million



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

General Fund Expenses

Total Expenses \$73.7 million



Operating
up 10.3%

General Fund Transfers



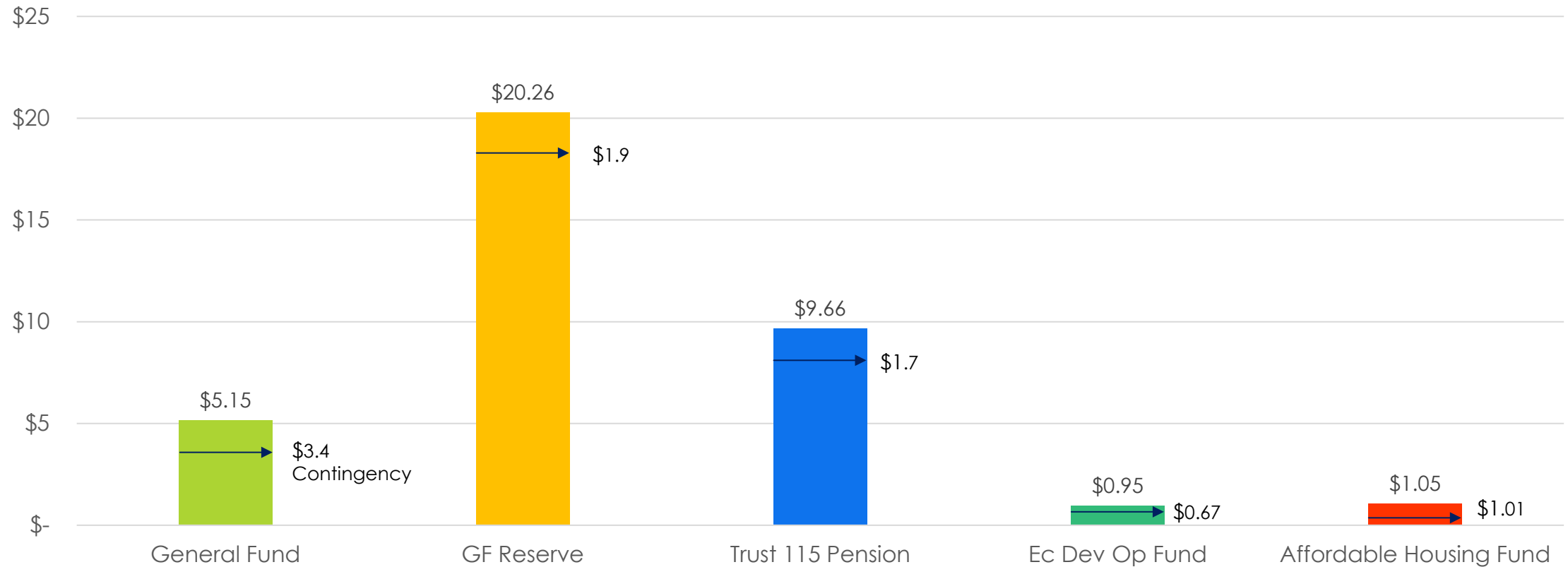
\$'s in Millions

Below the Line Expenses (Non-Operating)

Enterprise Resource Planning (ERP) System	\$ 147,352
City Clerk Remodel	\$ 100,000
Community Park 42 Maintenance	\$ 129,961
Civic Center Skylight Replacement	\$ 15,000
Civic Center Exhaust Replacement	<u>\$ 50,000</u>
Subtotal	\$442,313
Economic Development Opportunity Fund	\$ 675,000
Affordable Housing Fund	\$1,012,500
Trust 115-Pension	\$1,687,500
General Fund Reserve – 30% set aside	<u>\$1,899,280</u>
Total	\$5,716,593

Set-Aside Balances

FY 25/26 Balance



\$'s in Millions

Measure C

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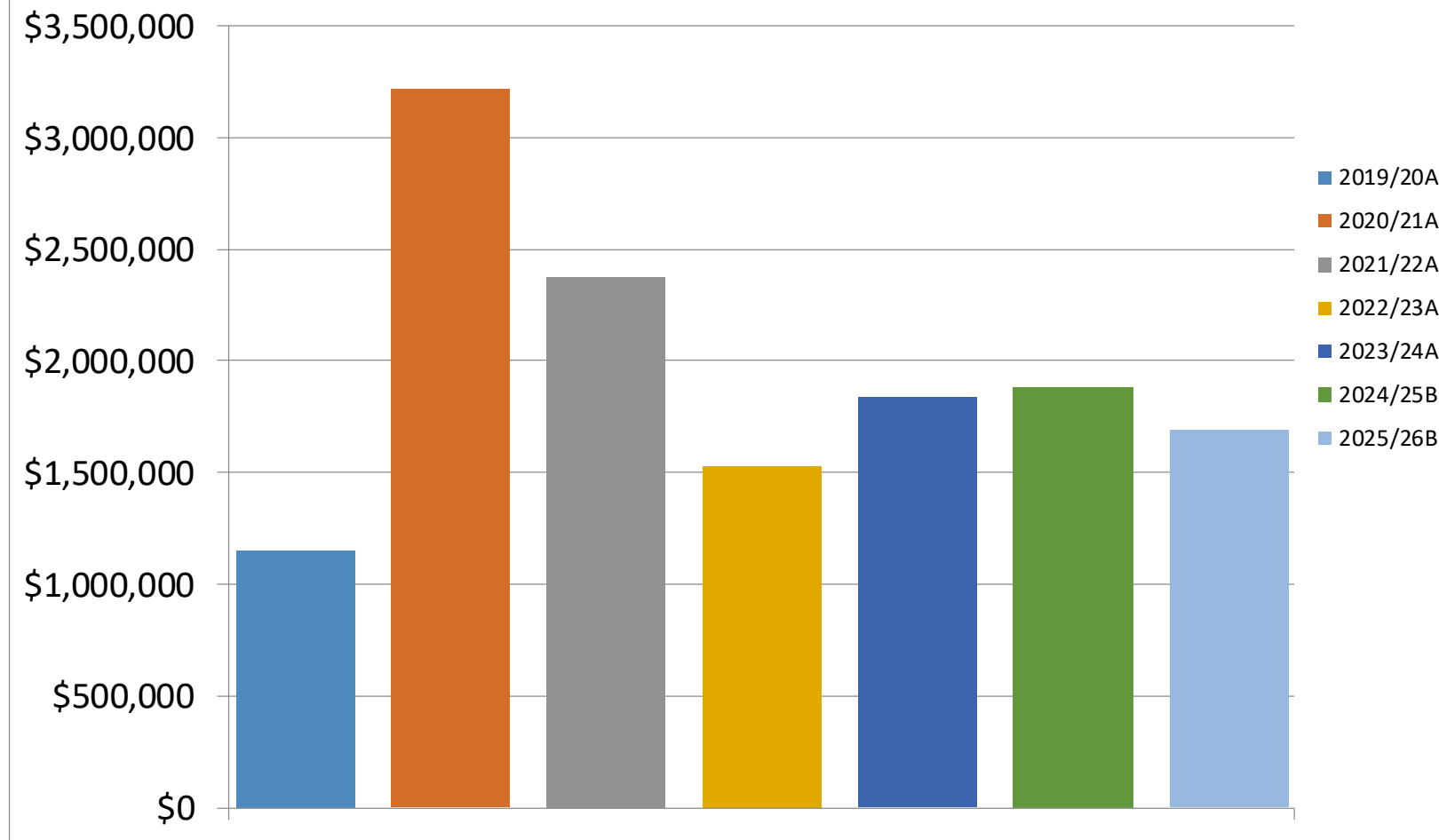
	Fund 2001-Old Measure C	Fund 2030-Public Safety	Fund 2031- Roads	Total
Beginning Balance 7/1/25	\$4,070,539	\$1,090,852	\$445,666	\$5,607,057
Sales and Use Tax	0	8,678,000	457,000	9,135,000
Other Revenue	214,840	104,898	1,070	320,808
Total Budgeted Revenue	214,840	8,782,898	458,070	9,455,808
Transfers	157,652	577	0	158,229
Operating Expenses	0	8,412,005	32,102	8,444,107
Acquisitions	200,000	412,933	300,000	912,933
Capital Improvements	1,812,386	0	0	1,812,386
Total Budgeted Expense	2,170,038	8,825,515	332,102	11,327,655
Ending Balance 6/30/26	\$2,115,341	\$1,048,235	\$571,634	\$3,735,210

*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 2025-26 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	\$ 16,092,907	\$ 1,379,930	\$ 698,067	\$ -	\$ 18,170,904		\$ 4,048,680
Police	30,649,798	3,320,796	440,844	50,000	34,461,438		5,223,473
Total Public Safety Expense	\$ 46,742,705	\$ 4,700,726	\$ 1,138,911	\$ 50,000	\$ 52,632,342	*	\$ 9,272,153
Total Fund Expenses	\$ 73,740,113	\$ 4,700,726	\$ 1,138,911	\$ 50,000	\$ 79,629,750		\$ 10,995,553
Percentage of Expense	63%	100%	100%	100%	66%		84%
		Meet or Exceeds by Dollar			\$ 15,733,712		
		Meet or Exceeds by Percentage			0%		

Measure Y-Cannabis Tax by Fiscal Year



Measure Y

	Police-20%	Fire-20%	Parks & Rec-20%	Discretionary-40%	Total
Beginning Balance 7/1/25	\$140,496	\$449,693	\$66,890	\$0	\$657,079
Estimated Tax Revenue	337,300	337,300	337,300	674,600	1,686,500
Estimated Other Revenue	6,510	16,220	440	12,950	36,120
Estimated Transfers-In			311,155	(311,155)	0
Estimated Transfers-Out			385,646	337,300	722,946
Estimated Expenses	440,844	698,067	310,972	0	1,449,883
Ending Balance 6/30/26	\$43,462	\$105,146	\$19,167	\$39,095	\$206,870

Parks & Community Services

► Balancing the Operating Budget

- Measure Y 20% Parks and Recreation \$337,300
- Measure Y 50% of 40% Discretionary \$337,300
- General Fund Transfer
 - \$22,650 1.4% annual increase
 - \$1,642,003 Total GF Transfer
- New CP42 Maintenance \$83,440
 - Extra Help \$15,840
 - Utilities \$47,000
 - Paint, tools, etc. \$9,600
 - Turf Tank \$11,000

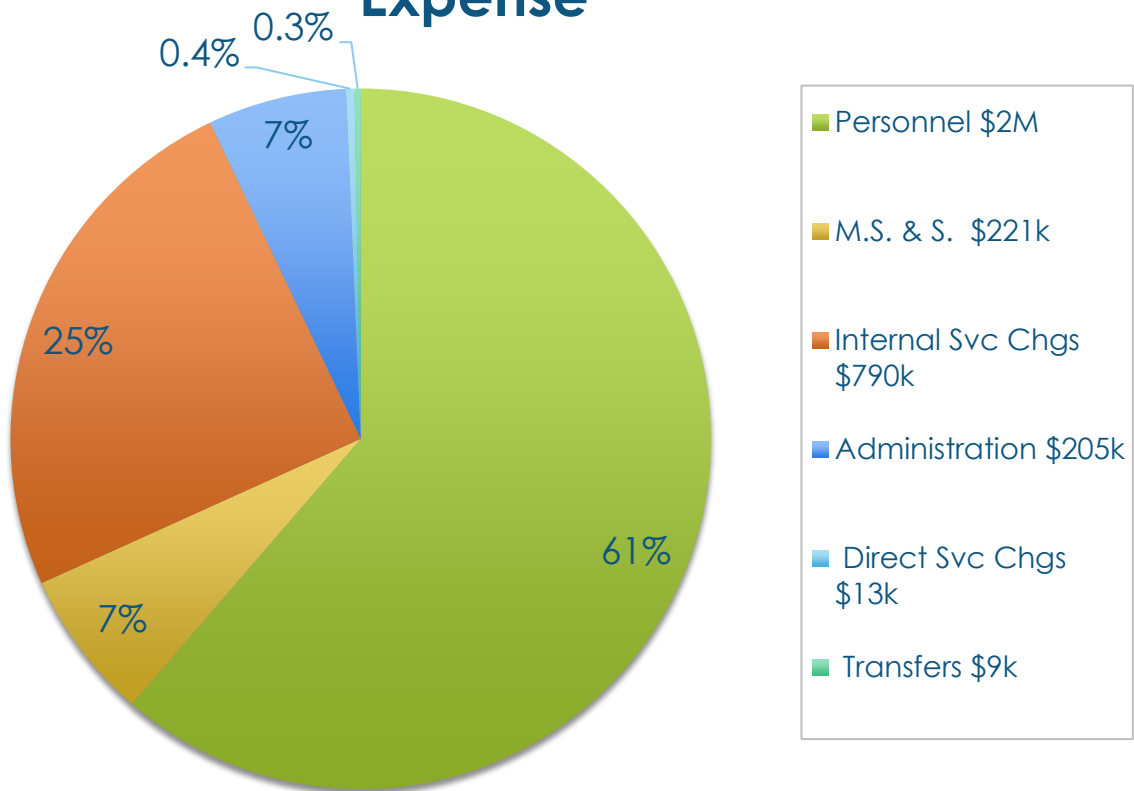
► Program Impacts

- Boys & Girls Club Lease-reduce \$25k
- Other Community Center leases-reduce \$5k
- Delete Full Time Zookeeper
- Eliminated Summer Camp
- Eliminated Stick to Fitness Sports Clinics
- Eliminated Block Party Trailer for Community Reservations
- MCSD Contributions for Youth Sports \$80k

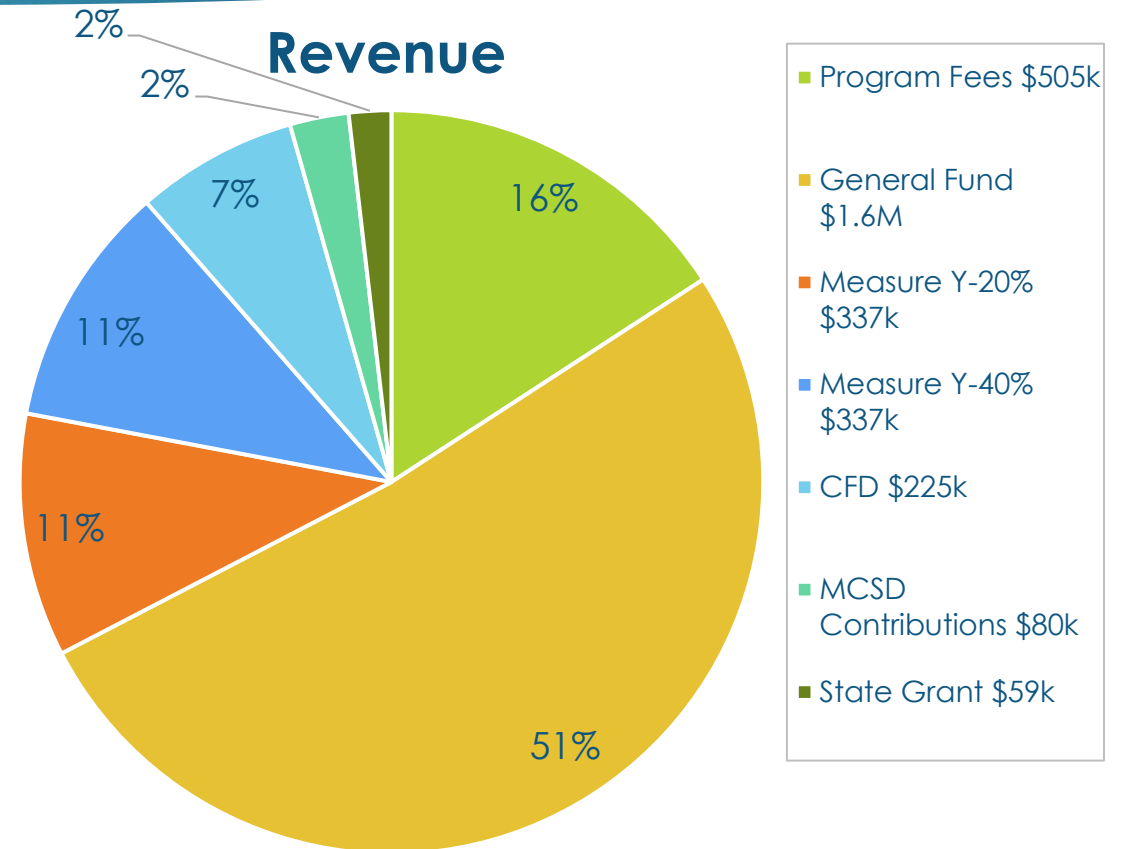
Parks & Community Services

Total Expenses \$3.2 million

Expense



Revenue



Police

► General Fund

- Deleting Lead Dispatcher
- Deleting Parking Enforcement Officer/Adding CSO
- Unfunded additional Police Officer (total of 4)
- Unfunded one Dispatcher
- Total Funded Positions = 109.30 (67.3 sworn/42 non-sworn)

► Measure C

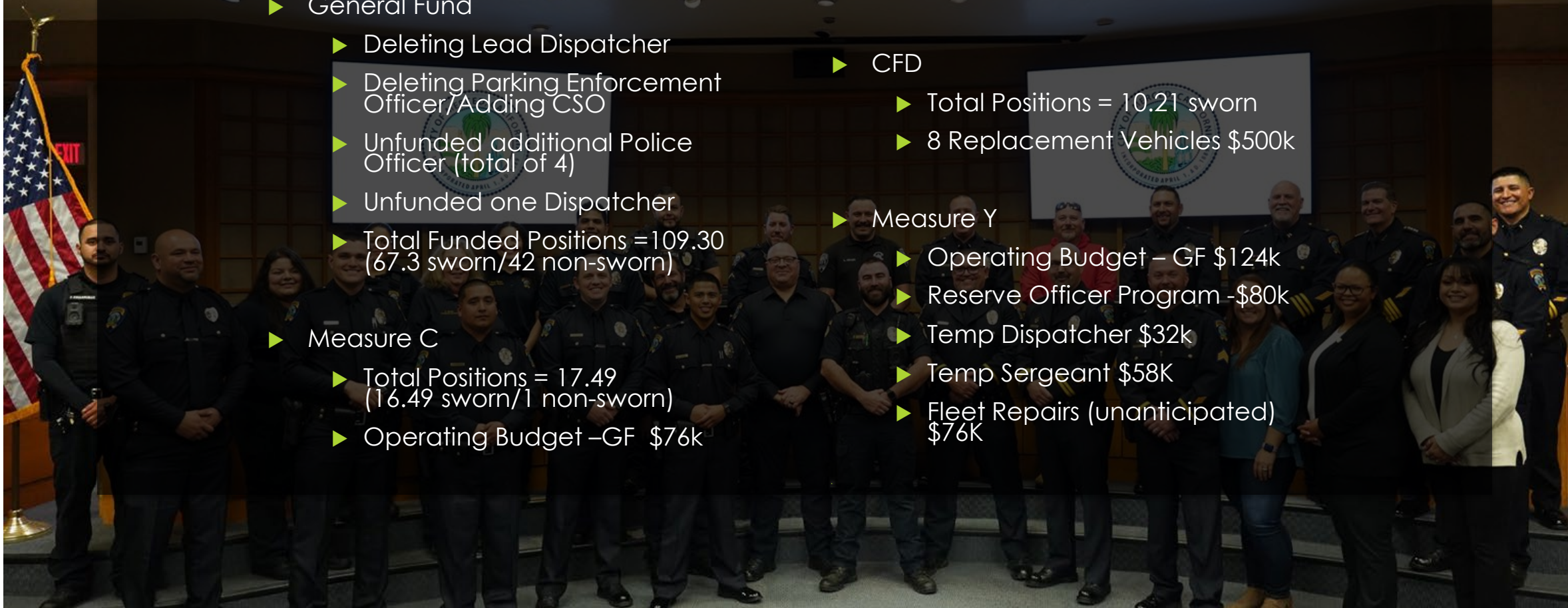
- Total Positions = 17.49 (16.49 sworn/1 non-sworn)
- Operating Budget –GF \$76k

► CFD

- Total Positions = 10.21 sworn
- 8 Replacement Vehicles \$500k

► Measure Y

- Operating Budget – GF \$124k
- Reserve Officer Program -\$80k
- Temp Dispatcher \$32k
- Temp Sergeant \$58K
- Fleet Repairs (unanticipated) \$76K



Fire

- ▶ General Fund

- ▶ Unfunded 1 Firefighter
- ▶ SAFER Grant Positions -24
 - ▶ FEMA Waiver
- ▶ Total Non-SAFER Funded Positions = 52.18 (47.18 sworn/5 non-sworn)

- ▶ Measure C

- ▶ Total Positions = 10.3 sworn
- ▶ Type 6 Engine 50%-\$200k
- ▶ Operating Budget –GF \$75k

- ▶ CFD

- ▶ Total Positions = 5.52 sworn

- ▶ Measure Y

- ▶ Operating Budget – GF \$50k
- ▶ Thermal Imaging Cameras - \$21k
- ▶ Self-Contained Breathing Apparatus Bottles-\$18k
- ▶ Type 6 Engine 50%-\$200k

Parks & CS

- ▶ Public Facilities Financing Plan (impact fees)
 - ▶ Community Park 42 \$200k
 - ▶ Fence and Water Infrastructure
 - ▶ Move Parks and Community Service Administration to Senior Center \$114k
 - ▶ \$28K (24.6%) PFFP
 - ▶ \$86k CY Operating Savings

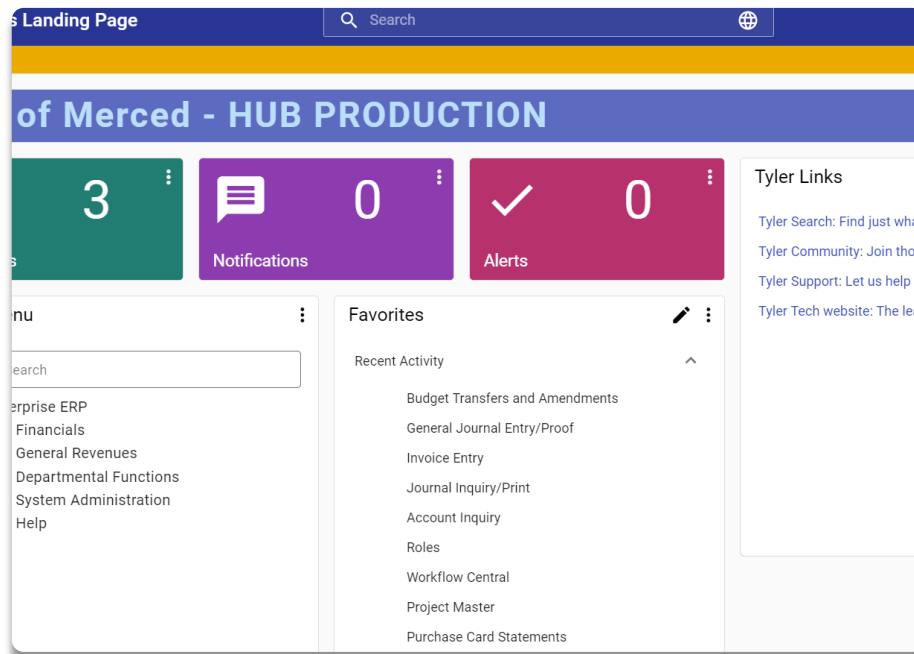


Administration



- ▶ City Manager
 - ▶ Unfund 2 (.5) Peer Support Specialists
 - ▶ Delete 2 Peer Support Specialist
 - ▶ Recreation Coordinator (Prop64)
 - ▶ CalVIP Grant Expires 06/30/25
- ▶ City Clerk
 - ▶ City Clerk Safety Improvements \$100k
- ▶ Finance
 - ▶ Add Assistant Buyer
 - ▶ 80% Admin Cost Recovery
 - ▶ Reduce Extra Help
 - ▶ Net \$6,000 additional GF costs

Administration



- ▶ Human Resources
 - ▶ Delete HR Technician-vacant
- ▶ Info Technology
 - ▶ Delete GIS Coordinator/Add IT Manager
 - ▶ Net increase \$9,000
 - ▶ Delete GIS Technician/Add Systems Technician I/II/III
 - ▶ No cost difference
 - ▶ Data Center Floor Replacement \$135k
 - ▶ Microsoft Software Licenses \$461k (15% increase)
 - ▶ ERP Allocation \$272k
 - ▶ GF Allocation \$147k
- ▶ Other
 - ▶ \$1 million RDA Residual revenue
 - ▶ No allocation of Community Funding
 - ▶ No allocation for Arts Projects

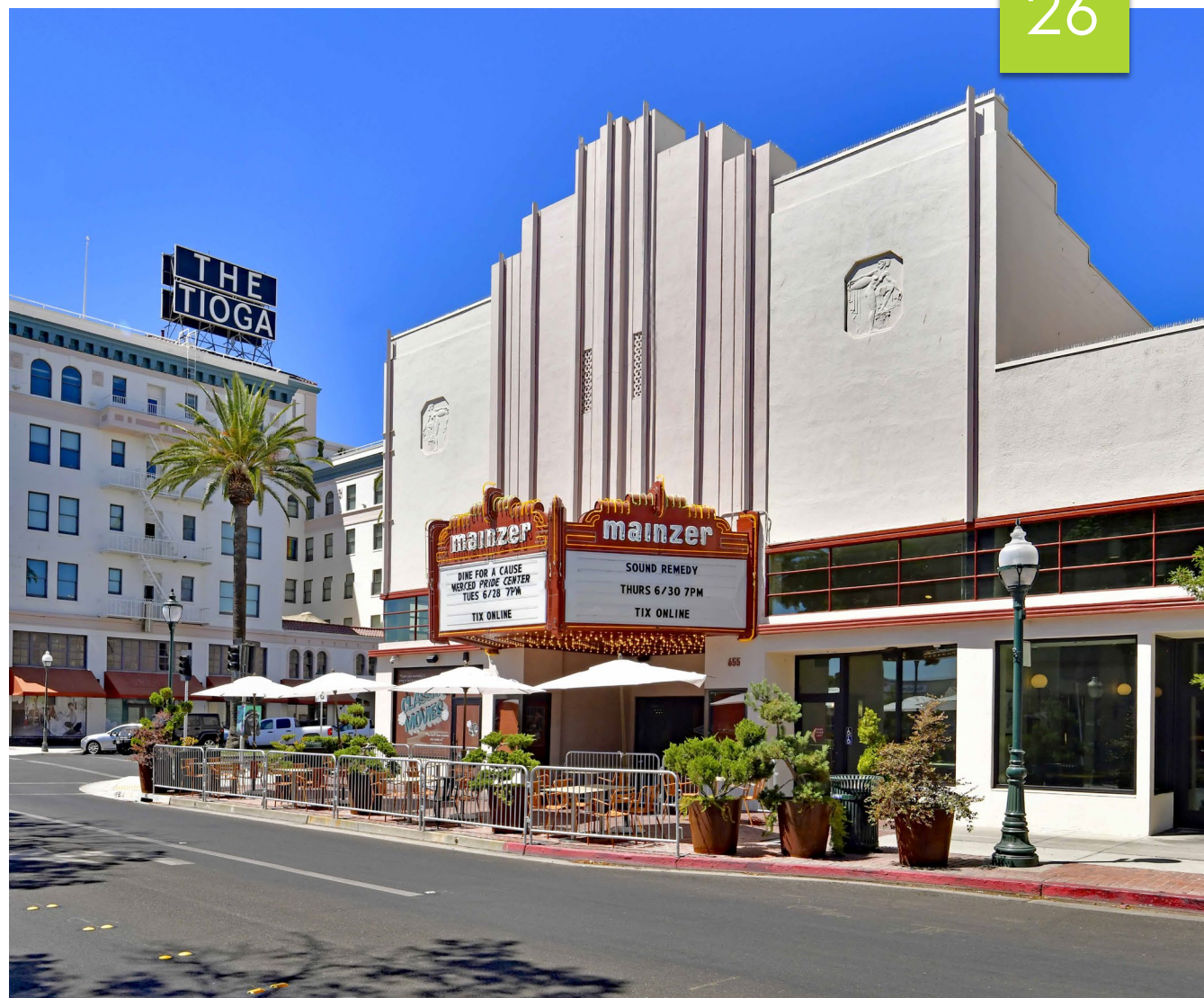
Development Services/Housing

- ▶ Remove Deputy Development Services Director for Planning Manager
- ▶ Use of Fund Balance \$1.3 million
 - ▶ Fee Study in progress
- ▶ Housing Deficit
 - ▶ Current Year FY 24/25 **(\$292,000)**
 - ▶ Revise Affordable Housing Policy
- ▶ Federal Budget Proposed Cuts
 - ▶ CDBG \$1-\$2.6M
 - ▶ HOME \$447k-\$2.8M



Downtown/Economic Dev/Airport

- ▶ Property Based Improvement District (PBID)
- ▶ Tourism Based Improvement District (TBID)
- ▶ Small Business Grant
- ▶ Airport Deficit
 - ▶ FAA-Cares Act Grant Expired
 - ▶ Landing Fees increase \$60k
 - ▶ GF Transfer \$367k
 - ▶ Other Opportunities to increase revenue

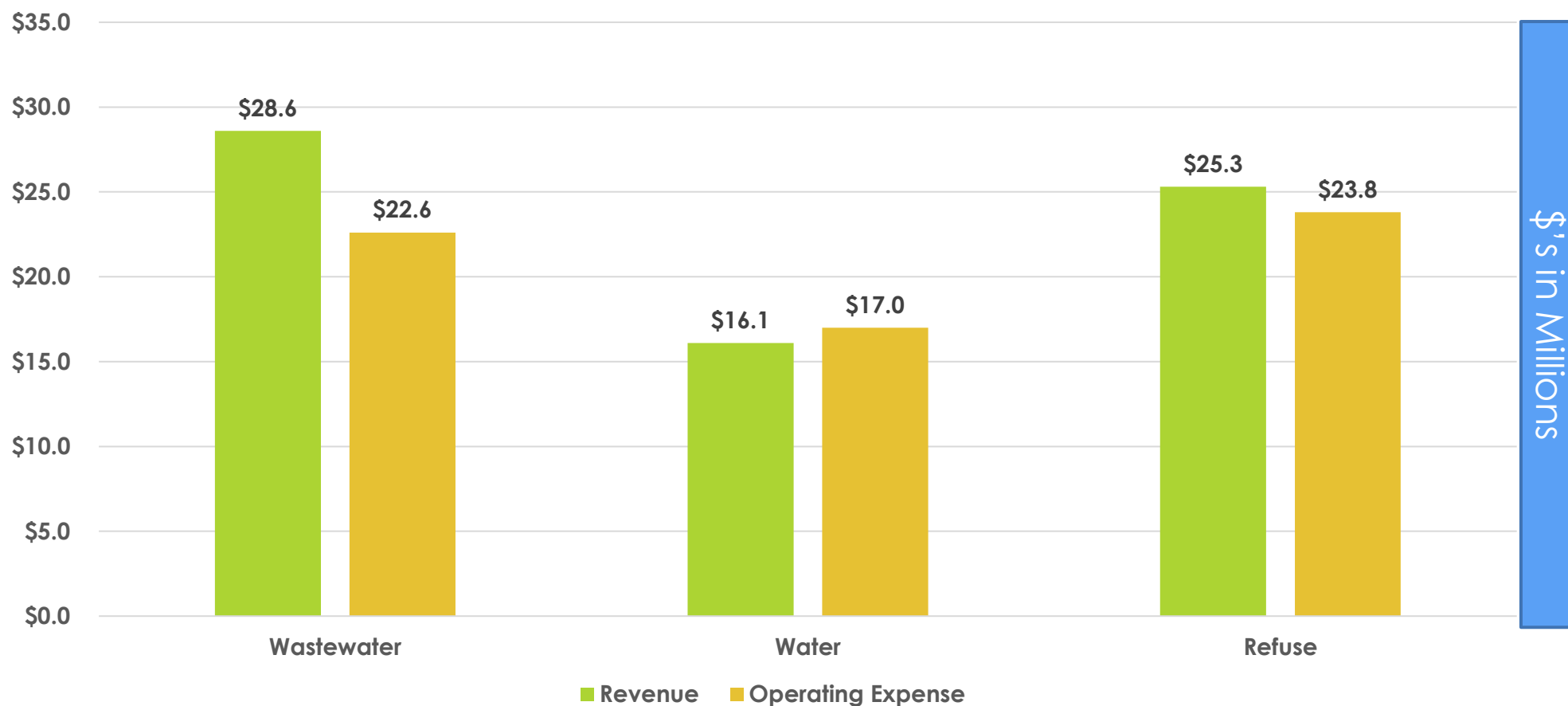


Public Works-Staffing



- ▶ Delete 1 Park Worker
- ▶ Add 2 Maintenance Worker I/II-Streets and Refuse
- ▶ Delete Sewer/Storm Drain Worker and add Lead-Sewer/Storm Drain
- ▶ Delete Instrumentation Control/Electrician Tech and add Lead-WWTP Maintenance
- ▶ Add 1 Lead Instrumentation Control/Electrician Tech (water)
- ▶ Add 1 Water Distribution Quality Assurance Tech
- ▶ Add 1 Tree Trimmer
- ▶ Add 1 Custodian I/II

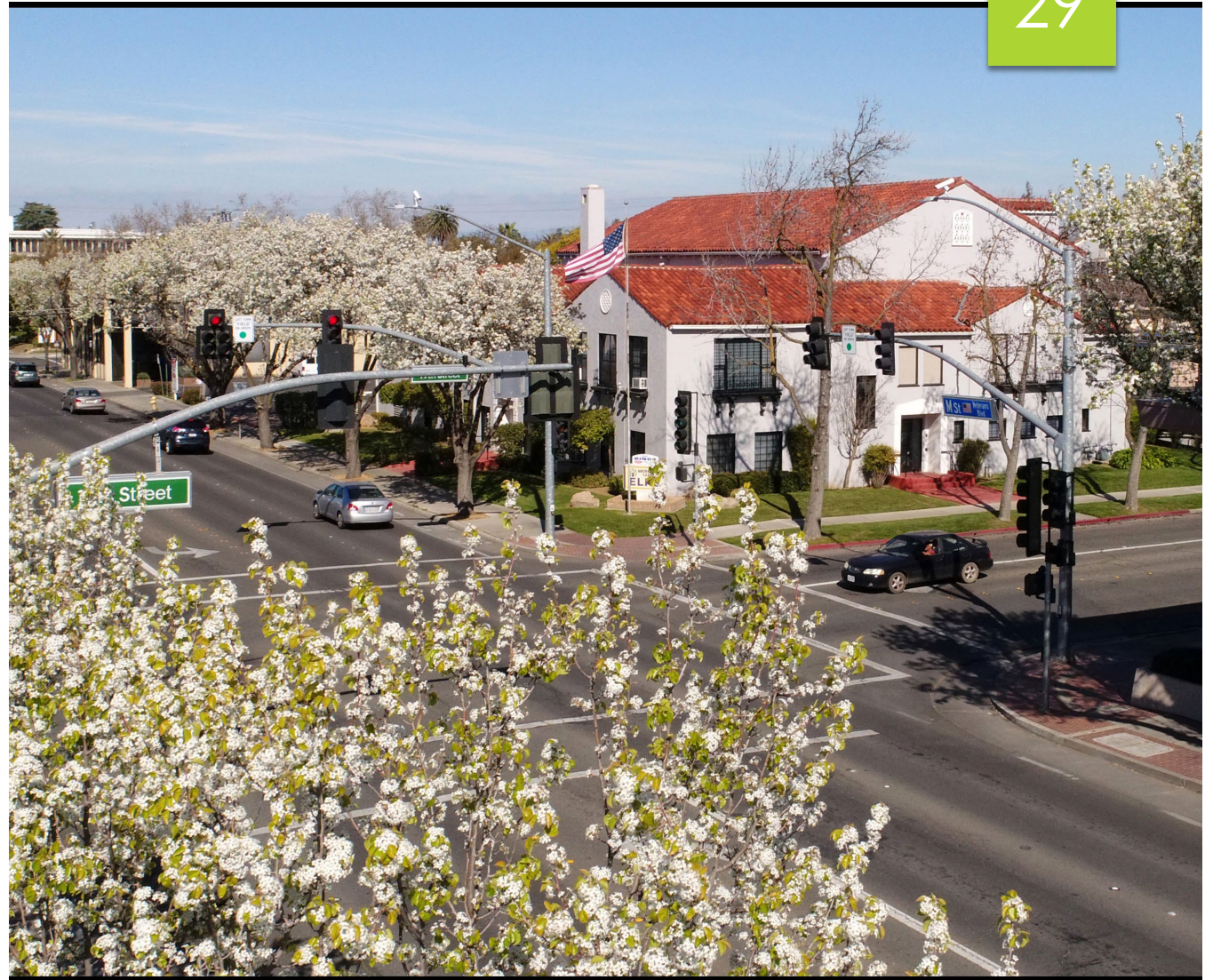
PW-Enterprise Fund Summary



Rate Studies in progress for all utilities.

Public Works

- ▶ Admin & Corp Yard Building Repairs \$166k
- ▶ Fleet Building Improvements \$80k
- ▶ Civic Center Skylight Replacement \$15k
- ▶ Civic Center Exhaust Replacement \$50k



Public Works

- ▶ Road Grinder \$300k (M.C.)
- ▶ Vehicle Acquisitions
 - ▶ Streets-1 Truck \$75k
 - ▶ Facilities-1 Van \$43k
 - ▶ Water-3 Trucks \$270k
 - ▶ Refuse-1 Rear Loader for Organics \$225k



PW Parks-Measure Y Discretionary

- ▶ Tree Trimming \$100,000
- ▶ Bike Path Maintenance \$60,000
- ▶ Park Improvements
 - ▶ Park Maintenance \$50,000
 - ▶ Zoo Roof Repair \$6,000
 - ▶ Joe Herb Upper \$25,000
 - ▶ Park Restroom partitions, security latches, and handle replacements city-wide \$69,000



Capital Projects



► Streets

- Replace School Flashing Beacons-add \$120k
- APS Polara-Push Buttons @ Schools-add \$100k
- Controllers 2070 Replacement-add \$48k
- Downtown Concrete Light Poles-new \$40k

► Engineering

- McKee Road Rehabilitation \$1.2 million

Finishing Up...

Fire

- Type 1 Engine Delivery July 2025 (FY22/23)
- Type 1 Stock Engine Delivery July 2025 (FY24/25)
- Hawk Fire Training Center Construction Fall 2025 (FY22/23)
- Station 51 Kitchen Remodel complete July 2025 (FY24/25)
- Station 52/53 Bathroom/Kitchen Remodel complete Fall 2025 (FY24/25)
- Addition of Paramedic (ALS) on Engine 51 August 2025 (FY21/22)

Police

- Armored Vehicle put in service December 2025 (FY22/23)
- Red Light Camera revenue recognition (FY24/25)
- 10 Replacement Vehicles will be put in service (FY24/25)

Admin

- Tyler Implementation (FY20/21)
 - HR/Payroll October 2025
 - Utility Billing March 2026
- Launch New Website September 2025 (FY24/25)

Finishing Up...

- ▶ Parks and Community Services
 - ▶ Rec Trac Online Recreation Registration/Reservation System Fall 2025 (FY20/21)
 - ▶ Merced Regional Sports Complex (CP42) Summer 2025 (FY21/22)
 - ▶ Merced Applegate Zoo construction Spring 2026 (FY21/22)
 - ▶ Kiddieland Winter 2025 (FY22/23)
 - ▶ PROS Parks, Rec, Open Space Master Plan complete Feb 2026 (FY24/25)
 - ▶ General Van Pao Park Phase 1 open Spring 2026 (FY23/24)
 - ▶ Fahren's Park Nature Trail complete Summer 2026
- ▶ Economic Development
 - ▶ Merced Airport Terminal Completion Fall 2025 (FY21/22)
 - ▶ Completion of Sears Renovation December 2025

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Finishing Up...



► Engineering

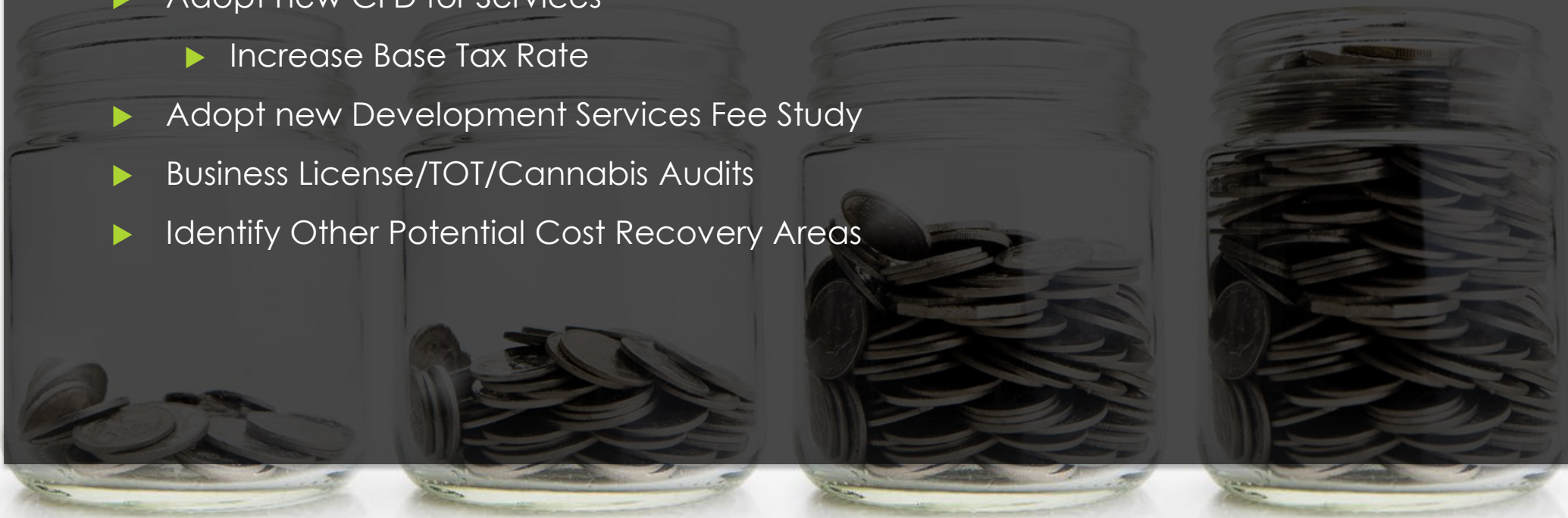
- Yosemite Ave Reconstruction (FY19/20)
- Mainstreet Direction Project (FY22/23)
- Bob Hart Square Expansion (FY21/22)
- Childs Multi-Use Path (FY21/22)
- Santa Fe Strip Park (FY21/22)
- Traffic Sync (FY 21/22)
- Safe Streets Light Retrofit (FY22/23)
- Stowell School Pedestrian Improvements (FY24/25)
- IT Generator project (FY23/24)

► Public Works

- Dennis Chavez Park Improvements (FY24/25)
- Diego Rivera Park Improvements (FY24/25)
- Utility Rate Studies (FY23/24)

Fiscal Stability-Revenues

- ▶ Adopt new CFD for Services
 - ▶ Increase Base Tax Rate
- ▶ Adopt new Development Services Fee Study
- ▶ Business License/TOT/Cannabis Audits
- ▶ Identify Other Potential Cost Recovery Areas



Budget Options

Leave As Is

- \$429k out of balance
- Credit rating impact

Add Trust 115 Transfer In Revenue to fill the Gap

- A few years fix
NOT a forever fix

Add back certain positions

- Leave out of balance
- Add Trust 115
- Other identified expense reductions

Questions?

Council Budget Discussion