

CITY COUNCIL
FUND NO. 1000
DIVISION NO. 0500

MISSION

The Mayor and Council Members will continue to work collaboratively as a team to represent all Merced residents, and their respective Districts, to create an atmosphere which:

- ◇ Encourages and fosters public input and involvement in the decision making process;
- ◇ Embraces diversity in the community;
- ◇ Exhibits tolerance of different opinions;
- ◇ Displays respect and concern on all issues;
- ◇ Demonstrates leadership by its actions;
- ◇ Pledges support or disagreement respectfully, striving to keep Merced a city where good things happen;
- ◇ Ensures that all persons appearing before the City Council are treated fairly and equally;
- ◇ Complies with both the letter and spirit of the laws and policies affecting the operations of government;
- ◇ Are independent, impartial, and fair in their judgment and actions;
- ◇ Uses their public office for the public good, not for personal gain;
- ◇ Conducts public deliberations and processes openly, unless required by law to be confidential, in an atmosphere of respect and civility.

GUIDING PRINCIPLES

In addition to the adopted Mission, the City Council also adopted Guiding Principles for Fiscal Year 2026-27:

- Building community is essential in supporting the health and wellness of residents within the City of Merced – an effort that the City Council is committed to across all service areas.

CITY COUNCIL

- In every way possible, the City of Merced strives to provide equal access to all its residents and supports services and programs that promote inclusivity.
- Serving the residents of the City of Merced is paramount, with a goal of providing excellent customer service across all functions.
- Maintaining City property enhances the quality of life for all residents, the City will elevate the standard of maintenance across all public resources.

2026-2027 BUDGET HIGHLIGHTS

Approved budget highlights include continued public outreach for various campaigns and events utilizing a social media professional firm, MCAG annual membership dues, LAFCo review fees for annexations, League of California Cities annual membership dues, advertisements for project-specific community meetings and City Council Town Hall meetings, as well as travel and training allocations for the Mayor and each Council Member.

CITY MANAGER
FUND NO. 1000
DIVISION NO. 1000

DESCRIPTION

The City Manager serves as the Chief Administrative Officer of the City of Merced. The City Manager's Office is responsible for coordinating and allocating public resources through all City departments, carrying out programs, implementing policies established by the City Council, and ensuring that City Council's goals and priorities are met. The City Manager also serves as the City Clerk. Under the City Manager's umbrella is the City Clerk's office, Human Resources & Risk Management, Economic Development, and Parking Authority; thereby, overseeing the goals and projects of these entities.

MISSION

The City Manager ensures that the organizational values of the City are the foundation in which City business is conducted and how the budget is formulated. These values include an outlook directed to the future; an entrepreneurial, competitive approach to city services; recognition of the value of public investment and the importance of maintaining City assets; decision-making at the most appropriate level; and a system of accountability and efficiency through service delivery.

GOALS

- Serve the residents of Merced by delivering core services, which exceeds expectations in efficiency, quality, and safety.
- Assist the City Council in their role as policymakers by providing clear, concise, accurate, and unbiased professional staff work.
- Lead the organization by establishing goals, objectives, and measurable standards for performance, and compensate employees accordingly.

OBJECTIVES

1. Continue to provide leadership to City staff.

***PERFORMANCE
MEASUREMENTS/INDICATORS***

Encourage departments to effectively use public resources of the organization to meet Council's goals and priorities.

CITY MANAGER

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| 2. Develop and maintain positive labor relations, including the implementation of retention, recruitment, and succession plans to provide future opportunities for the City's labor force. | Provide ongoing training opportunities and seek out additional online training options for staff to ensure the growth of employee skills to meet the future demands for quality City services. Work in partnership with Human Resources and other departments to develop a positive working relationship with all bargaining units, and negotiations for new compensation plans. Update the Personnel Rules and Regulations to reflect current federal and state employment laws. |
| 3. Continue in a leadership role with the Merced County Association of Governments' Technical Review Board and serve as a resource for the One Voice Program. | Continue to provide leadership to address regional issues related to transportation, transit, and solid waste planning. Serve as a resource for the One Voice Program to develop a shared platform of projects and issues of regional significance, and advocate for legislation or policy changes that will benefit the region. |
| 4. Continue public information functions as part of the City Manager's Office | <p>Ongoing program of public information activities/releases regarding City activities and issues; includes developing newsletters for dissemination and continued public outreach.</p> <p>Strengthen the City's social media presence and community engagement through the aid of a professional firm.</p> |
| 5. Continue legislative advocacy functions as part of the City Manager's Office | Update and maintain a legislative platform to advocate for resources to support City functions and operations. |
| 6. Continue grant functions as part of the City Manager's Office | Continue ongoing efforts to research and apply for grants to help offset operational expenses. |

CITY MANAGER

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| 7. Contribute to Government operational and infrastructure investments. | Provide continued leadership and coordination in the ongoing development of the Enterprise Resource System project and the development of the reinstatement of a vehicle and computer replacement program. |
| 8. Natural Disaster / Flood Response | <ul style="list-style-type: none">a. Plan, organize, and execute a tabletop and hands-on emergency incident exercise that includes FEMA training.b. Create pathway for coordinated services to residents.c. Evaluate regional prevention efforts with federal, state, and local partners.d. Evaluate local issues and system capacity enhancements. |

2026-2027 BUDGET HIGHLIGHTS

The City Council's goals and priorities are the foundation for the direction of the City Manager's Office for fiscal year 2026-2027. The Deputy City Manager will provide direct support to the City Manager to further the City Council's goals and objectives, and is involved in the management of City operations and City Council priority project. Also supporting the City Manager's Office are a Senior Management Analyst whose primary function is to serve as the Public Information Officer, a Management Analyst, and an Administrative Assistant II. These positions will focus on legislative advocacy, grant coordination, and responding to citizen inquiries.

AIRPORT
FUND NOS. 6003 & 5006
DIVISION NO. 6500

DESCRIPTION

The Merced Yosemite Regional Airport supports the economic development of the City of Merced by offering commercial, corporate, and general aviation operations and related services; air ambulance services; flight training; aircraft maintenance and repair; and fuel sales. Commercial airline service is provided through the federally subsidized Essential Air Service (EAS) program of the U.S. Department of Transportation. The airport activities are conducted in accordance with federal and state laws and regulations, and the City's Municipal Code and local ordinances. The airport's runway, taxiways, terminal building, aircraft parking and hangar areas are managed by the city to ensure the safe and efficient movement of aircraft and airport customers.

The airport strives to operate in a safe and secure manner, adhering to applicable federal and state laws and regulations, as well as the City Municipal code and local ordinances.

MISSION

The Merced Yosemite Regional Airport supports the economic and physical development of the City of Merced by providing resources for commercial airline service, corporate and general aviation, air ambulance services, flight training, aircraft maintenance and repair, and fuel sales.

GOALS

- Provide sustained high quality aviation services and facilities by maintaining and operating the Merced Yosemite Regional Airport in a safe, secure, cost-effective, and financially self-sufficient manner.
- Increase the utilization of Airport assets by expanding passenger enplanement numbers and providing improved passenger experience.
- Expand awareness of the airport through marketing and events open to the public to build interest in aviation, working with the airport based general aviation and business community.
- Enter into new leases and agreements for provision of aviation related services to generate additional operating revenues.

AIRPORT

OBJECTIVES

1. Contribute to economic development efforts of the city.
2. Enhance airport revenues and reduce operational costs at the Merced Yosemite Regional Airport. Review shared service cost allocation per capita. Adding sponsorship marketing to the new terminal.
3. Maintain and grow scheduled airline service at Merced Yosemite Regional Airport.
4. Maintain safe operation of the Merced Airport.
5. Continuous Improvement of Airport facilities.

PERFORMANCE MEASUREMENTS/INDICATORS

Effectively work with the federal government, businesses, tenants, and customers to increase activities and revenues at the airport.

Sustain and operate the airport, reducing reliance on the City General Fund.

Airline service continues and expands; EAS program participation continues with no interruption to service, while requiring advertising efforts to be employed in a broader geographic region.

Achieve "Excellent" results on all annual inspection/performance reports provided by the State of California. Work with tenants of airport to ensure satisfactory performance to avoid inspection violations due to tenant action or inaction.

Proactive efforts to achieve no lost time or employee reportable medical injuries, aircraft incursions or accidents.

Pavement Rehabilitation Design, and capital improvement items as described in the Merced Airport Master Plan and as updated in the Airport Capital Improvement Plan on an annual basis.

AIRPORT

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| 6. Maintain excellent Tenant and City relationships. | Create transparency of airport operations and policies through the Regional Airport Authority monthly meetings, and rollout of the new Airport website. |
| 7. Enhance Fixed Base Operator Service to cater to corporate and general aviation clients expanding the clientele to the Airport. | Develop and issue a Request for Proposal selecting a Fixed Base Operator through the competitive bid process. |

2026-2027 BUDGET HIGHLIGHTS

The primary highlights will continue to ongoing Airport financial sustainability, as well as increasing passenger enplanements to ensure that the passenger experience is one that travelers will wish to repeat. Necessary updates to facilities and airport operating areas will be accomplished as private, local, City, State, and Federal funding sources allow. The Airport and the EAS carrier will strive to achieve the 10,000-passenger enplanement target which would result in eligibility for \$1 million in FAA Airport Capital Improvement Funding, payable in two to three years following attainment of the 10,000-enplanement goal. New Terminal to help increase revenues through sponsorship opportunities, leasing new counter space to a car rental agency or aviation related business, vending and increased passenger capacity. Existing terminal to be leased out to an aviation related business will also generate additional revenue for the Airport.

CITY CLERK
FUND NO. 1000
DIVISION NO. 1010

DESCRIPTION

The City Clerk's Office promotes open government by managing and storing official records and providing citizens with easy access to the City Council decision-making process. In addition to maintaining accurate and complete data of all matters and business pertaining to the City. The Division is responsible for staff support to the City Council, including the preparation and posting of agendas, clerking of all City Council meetings, indexing actions and documents, and preparing a detailed and accurate record of proceedings. The Division also coordinates City boards and commissions, providing consultation to support staff, noticing vacancies, managing citizen appointments, coordinating ethics training and administering oaths. The City Clerk's Office supports all departments with overseeing the processing of contracts, agreements and deeds by ensuring they are complete, executed, certified, distributed and properly maintained. The Division processes legal summons and subpoenas, and provides election services including election initiation, responding to candidates, citizen and media inquiries, mandatory campaign statement filing, and follow-up activities. The Clerk's Office receives, tracks, and appropriately responds to Public Records Act requests and maintains all compliance with the act as required by statute.

MISSION

To build trust and confidence in local government, foster civic education and participation through effective facilitation of the legislative process, and transparent, accountable stewardship of public information and official records.

GOALS

- ◇ Enhance and Promote Openness, Accessibility and Transparency
- ◇ Promote Civic Education and Participation
- ◇ Encourage and Support Studious Management of Records and Archives
- ◇ Maintain Compliance with Legal Mandates
- ◇ Foster Leadership and Professionalism

OBJECTIVES

1. Continue to work with Departments on responding to PRA's in a timely manner

***PERFORMANCE
MEASUREMENTS/INDICATORS***

- Open Communication and follow up and educating on the PRA Laws

CITY CLERK

2. Develop and mentor Boards and Commission Clerks on the proper way to finalizing agendas and to clerk meetings
 - Continue training with each Board and Commission Clerk
3. Develop a PRA Policy
 - Work with the CA's Office to establish a solid PRA Policy
4. Managing and Storing Board and Commission Minutes
 - Ensuring Board and Commission Clerks provides the Clerk's Office with original B&C minutes
5. Retention Schedule
 - Work with the CA's Office to update the retention schedule

2026-2027 BUDGET HIGHLIGHTS

The continued training focus for 2026-27 will be on the Assistant City Clerk achieving the designation of Certified Municipal Clerk (1 point away) and the Deputy City Clerk to start training to work towards the designation of Certified Municipal Clerk. The budget also allows for training and travel to various City Clerk's Association of California meetings and conferences to continually expand the knowledge of the office.

Working with the Boards and Commission's Clerks to elevate their abilities to perform Clerk duties for their assigned Boards and Commission. Provide extensive training and documentation to help them be more successful. Work with the City Attorney's Office to provide Brown Act Training for each Clerk and to also provide Brown Act Training for each Commission.

Providing staff with Administrative Report writing training opportunities to help elevate the quality of the administrative reports that each department produces for agendas. The Clerk's Office will work in coordination with the Deputy City Manager and provide two training modules including presenting to the City Council.

With the passing of SB 707, the Clerk's Office will need to look into expanding our personnel to accommodate the new changes. This may look like a part time position that would help facilitate the live call ins during Council meetings, translating the agenda into a different language, writing minutes, and other duties that may arise. SB 707 will be a heavy load that the City Clerk's and IT Office will take on. It will be the responsibility of the City Clerk's Office to train the Board and Commission Clerks on all things SB 707. There will be a lot of time spent working with the City Attorney and IT Departments to develop and implement a

CITY CLERK

plan for all the changes that are required. There will also be trainings that the Assistant City Clerk will more than likely need to attend, which will be time away from the office.

CITY ATTORNEY
FUND NO. 1000
DIVISION NO. 1500

DESCRIPTION

The City Attorney is appointed by the City Council and acts as legal advisor and counsel for legal issues involving the City, the Public Financing and Economic Development Authority (PFEDA), the Parking Authority, the Successor Agency to the Redevelopment Agency (Successor Agency), and their committees and commissions. The City Attorney represents the City Council, City Manager, City administrative staff, PFEDA, the Parking Authority, the Successor Agency, and others as required to represent the City in litigation and to direct the City's legal service so that policies are established, and programs are maintained within the guidelines established by city, state, and federal laws.

MISSION

The City Attorney's office is committed to providing excellent legal services consistent with the highest professional and ethical standards, with the goal of protecting and advancing the City's interests in serving the people of Merced.

GOALS

- A. Focus on enforcement of the municipal code to improve the public health, safety, and welfare in the City with a specific focus on substandard/dangerous buildings and abandoned properties utilizing the various administrative enforcement tools available.
- B. Focus on providing legal support regarding ballot measure(s), proposed revenue measures, and economic development.
- C. Focus on the criminal citations process to reduce prosecution through the court system.
- D. Focus on review of organization policies and procedures to ensure internal consistency and compliance with city, state, and federal laws.
- E. Provide Boards and Commissions and assigned City staff with support and training on public meeting procedures and conduct.
- F. Provide all City departments with the necessary legal support to accomplish the Mayor and City Council's FY 26/27 goals and priorities.
- G. Assist with organizational development and promote professional development to serve the City's needs.

OBJECTIVES

- A. Support Code Enforcement and the Code Enforcement Task Force in bringing substandard/dangerous and vacant buildings and dwellings into compliance thus eliminating hazardous conditions, improving the housing stock, and reducing blight within the City.

CITY ATTORNEY

- B. Support the City Council, the City Manager's Office, and the Finance Officer in developing and enhancing revenue; prepare necessary documents for any proposed ballot measure(s) or revenue measures.
- C. Support the Police Department through the Administrative Citations process to encourage code compliance, reduce criminal prosecution through the court system, and to generate revenue from collection of fines.
- D. Provide legal support and services to all City departments necessary to assist in achieving the City Council's policy goals and priorities for FY 26/27.
- E. Provide ongoing training for all Boards and Commissions and assigned City staff on public hearing procedures and conduct.
- F. Assist with Personnel Rules and personnel related administrative policies update and revision.
- G. Encourage attorney and support staff participation in professional and education programs and organizations.

2026-2027 BUDGET HIGHLIGHTS

- Preserve core staffing.
- Maintain the ability to provide core, critical services.
- Professional staff taking on responsibilities to preserve critical support staffing.
- Supporting key City Council and organizational priorities.

FINANCE
FUND NO. 1000
DIVISION NO. 2000 & 2050

DESCRIPTION

The Finance Department collects and disburses all funds, performs all treasury functions, maintains the general and subsidiary accounting systems, prepares financial and management reports, provides centralized purchasing and central stores, maintains, and reviews all internal control policies, and compiles budget revenue and expense estimates.

MISSION

The Finance Department executes the responsibilities and obligations of fiscal administration for the City in the capacity granted in the City Charter. Those essential duties require all departmental staff to serve the public interest with professional standards, which promotes and affirms the public's trust in the performance of the financial affairs of the City and related Agencies.

GOAL

- ◇ Effectively and efficiently administer the financial affairs of the City and related Agencies.

OBJECTIVES

***PERFORMANCE
MEASUREMENTS/INDICATORS***

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| 1. Provide support for fulfilling the City Council Policy Priorities. | On going |
| 2. Update and implement the necessary financial policies to insure fiduciary soundness and transparency. | On going |
| 3. Assist in the implementation of a citywide Enterprise Resource Planning system. | Finance will continue to work in partnership with the Information Technology Department to complete implementation of the approved Tyler Technology citywide Enterprise Resource Planning system over the next year. |
| 4. Assist in the administration of the American Rescue Plan Act based on the plan approved by City Council in | Finance will work with the City Manager's office and all Departments to administer, track, and complete final reports on funding provided to the City |

FINANCE

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| correlation with COVID-19 impacts. | from the American Rescue Plan Act. |
| 5. Explore an Enhanced Infrastructure Financing District (EIFD). | Finance will work with the City Manager's office, Economic Development Department, outside consultants to explore and/or implement a plan to establish these districts. |
| 6. Assist in developing a process and strategy for funding facility needs, including Fire Station, Police Headquarters, Public Works Expansion. | Finance will work with the City Manager's office and the City Council to coordinate a funding strategy. |
| 7. Assist in completing and implementing the formation of a new Community Facilities District for Services. | Finance will work with Planning, Outside Consultants, and City Council to provide financial data to form a new Community Facilities District for Service. |
| 8. Implementation of Fiscal Sustainability Plan | Finance will continue to work in coordination with the City Manager's office to implement the long-term plan. |

2026-2027 BUDGET HIGHLIGHTS

The Finance Department began the implementation of the new Tyler Technology software in November of 2020. To date we have gone live with Financials, Open Finance (online transparency tool) EAM (public works facilities, fleet and work order modules), Inventory, VSS (vendor access and EPL (building and permitting). In the second half of Fiscal Year 25-26, we are scheduled to go live with HRM (human resources and payroll), UB (utility billing), and Bids as the final modules for completion. The project continues to require a significant amount of resources. During the next fiscal year due to finalizing implementation, working on custom reports, and additional time it will take to navigate the new programs, Finance has determined it needs two extra help (960hr) positions to assist in backfilling. The costs are included in the Finance budget.

Although, there continues to be additional work required by the Finance to complete in assisting other departments and for citywide operations and limited resources, we are not making any personnel requests for Fiscal Year 2026-27. We are requesting additional overtime and CTO pay out for staff to be able to complete assignments.

PERSONNEL
FUND NO. 7008
DIVISION NO. 4500

DESCRIPTION

The Personnel Department is responsible for ensuring that the City's system of recruitment, selection, hiring, labor negotiations, and employee relations is kept up-to-date and relevant to the organizational structure and purposes, and that it operates in compliance with personnel rules, regulations, and procedures. This involves studies and analysis of occupational data, job observation and employee and supervisor interviews to determine physical, mental, and training requirements of jobs. This information assists the Department to develop and maintain job descriptions and specifications, and lines of career movement. Department staff processes employment applications, payroll status changes, administers Federal and State Leave Laws, oversees selection procedures and monitors oral interview boards to ensure compliance with applicable laws and regulations.

MISSION

The mission of the Personnel Department is to ensure fair and impartial professional and technical support services in the overall administration of the City's personnel program.

GOALS

- Establish a culture and reputation of superior customer service
- Develop and maintain a program that affords staff development and retention
- Disseminate information to all City departments relating to statewide litigation, federal litigation, and legislation concerning personnel administration in the City of Merced
- Fill position vacancies created through various forms of turnover
- Conduct a review of current City policies and update as needed
- Evaluate City employee retention statistics and review options for potential compensation
- HR staff will attend trainings whenever available to learn the latest tools in recruitment to foster an environment that promotes diversity and inclusion

PERSONNEL

- Begin labor negotiations with the various labor groups.

OBJECTIVES

1. Monitor all state and federal case law and legislation that could impact personnel administration in the City of Merced.
2. Update Policies and Personnel Rules and Procedures
3. Employee Recognition
4. Work closely with departments to fill the position vacancies created through turnover and new positions added in the midyear budget.

PERFORMANCE MEASUREMENTS/INDICATORS

Distribution of Annual Labor Law Posters, legislative reports and new state and federal laws to appropriate departments.

Complete the update to the City policies to ensure they incorporate all labor law updates and continuing to update the Personnel Rules and Procedures.

Continue to provide employee recognition with the annual Employee Service Awards and to seek opportunities for additional employee appreciation.

Continue to fill vacancies as they open up. Meet with departments to plan for any upcoming retirements.

2026/2027 Budget Highlights

Recruitments are expected to remain steady during the 2026-27 fiscal year. The use of Neogov is continuing to provide benefits in terms of saving staff time, decreased postage costs, etc. Staff will continue to receive training that will ensure the City is complying with the changes in laws and regulations. Labor negotiations will begin in the summer of 2026. This will include all 5 labor groups. As time allow, the department will continue to update City-wide policies. A large portion of the year will be dedicated to updating the Personnel Rules and Regulations. The City will finalize the draft in the early part of the year and meet and confer with the various union groups in the latter part of the year.

INFORMATION TECHNOLOGY
FUND NO. 7008
DIVISION NO. 4700-4740

DESCRIPTION

The Information Technology Department provides enterprise technology leadership, governance, and operational support to all City departments. The department enables the delivery of public services by implementing secure, reliable, and modern technology solutions that support the City's strategic goals, regulatory obligations, and service expectations.

The department focuses on improving operational efficiency, strengthening cybersecurity, expanding digital services for residents, and ensuring that City staff have the tools they need to deliver high-quality services to the community.

MISSION

To serve the community by planning, implementing, and supporting innovative, secure, and sustainable technology solutions. The department fosters collaboration, transparency, and accountability, ensuring that technology investments enhance government operations and contribute to an improved quality of life for the residents of Merced.

Our service delivery objective is to provide the strategic leadership, technical expertise, and project management discipline necessary to maintain and modernize the City's enterprise systems, infrastructure, and digital services.

GOALS

- Expand digital government services to improve community access through online platforms, mobile applications, GIS-enabled tools, and field-based technologies.
- Deliver technology projects using enterprise project management practices ensuring alignment with Citywide priorities, fiscal responsibility, risk management, and long-term sustainability.
- Maintain a secure, resilient, and scalable technology environment, ensuring that infrastructure, networks, and business systems meet performance standards and regulatory requirements.
- Strengthen vendor and interagency partnerships to maintain stable, secure, supported, and cost-effective business systems.
- Support City departments in delivering public services by providing reliable technology tools and responsive technical support.

Enterprise Systems and GIS Division

OBJECTIVES

PERFORMANCE MEASUREMENTS/INDICATORS

E1: Decommissioning Legacy ERP system Preserve required historical records from the legacy AS/400 ERP environment to meet all compliance, audit, retention obligations, and fully decommission the legacy system to eliminate operational risk and reduce long-term maintenance costs.

This project is not anticipated to be completed in Fiscal year FY26/27 and will carry over to FY27/28

E2: ERP Advanced Time and Attendance Enhance the City's payroll processes by implementing advanced time and attendance capabilities that support shift swaps, call-backs, and automated time entry for designated departments

This project is anticipated to be completed in Q2 of FY26/27

E3: Completion of Outstanding ERP Project Items Finalize remaining ERP modules and functions, including animal licensing, inventory management, loan tracking, and CAFR-related reporting.

This project is anticipated to be completed in Q4 of FY26/27

E4: Contracts Online Implement an online platform to make City contracts publicly accessible, increasing transparency and ease of access. A proof of concept will be conducted first to identify and properly safeguard any private or sensitive information prior to publication.

This project is anticipated to be completed in Q3 of FY26/27

E5: Countywide GIS Partnership MOU Establish a shared-governance data agreement with Merced County to support regional GIS modernization,

This project is anticipated to complete in Q4 of FY26/27

data-sharing, and digital mapping.

E6: Data Classification Framework

Implement a standardized data classification model to support cybersecurity controls, retention practices, maintain regulatory compliance, and position the City to responsibly leverage its data for future AI initiatives.

This project is anticipated to complete in Q3 of FY26/27

E7: Artificial Intelligence: Internal Administrative & Records Support Tool

Implement an internal AI tool to assist staff in accessing historical records and preparing action timelines, board briefings, staff reports, policy analyses, budget narratives, and drafting meeting minutes.

This project is anticipated to complete in Q2 of FY26/27

E8: Artificial Intelligence: Website Chatbot – Resident-Facing Virtual Assistant

Implement a public-facing chatbot on the City's website and Merced Connect to provide residents with self-service access to information, answer common questions, assist with navigation to online services and forms, and route more complex inquiries to appropriate City departments

This project is anticipated to complete in Q2 of FY26/27

E9: Microsoft Co-Pilot AI – Licensing and Adoption

Implement Microsoft Co-Pilot AI, pending contractual approval through the State CDT program and confirmation that licensing is bundled for free as part of the State contract. If approved, support departmental adoption to improve productivity, streamline workflows, and enhance day-to-day operations across the organization.

This project is anticipated to complete in Q1 of FY26/27

E10: AI and Automation Training Program for City Staff Procure and deliver training to equip staff with the knowledge and skills needed to effectively use AI tools and automation technologies in support of daily operations and service delivery.

This project is anticipated to complete in Q2 of FY26/27

Network Services and Service Desk Division

N1: Data Center Flooring and Generator Replacement Replace the aging raised floor and end-of-life backup generator in the City's primary data center to improve stability, support modern equipment needs, and ensure reliable continuity of critical City operations.

This project is anticipated to complete in Q4 of FY26/27

N2: Fire Suppression system Replacement – Halon Replacement Program Transition legacy Halon system to a modern, NFPA-compliant fire suppression solution.

This project is anticipated to complete in Q4 of FY26/27

N3: POTS Line Replacement Program Replace remaining copper telephone with IP-based alternatives for alarms, elevators, gates.

This project is anticipated to complete in Q3 of FY26/27

N4: End-of-Life Technology Replacement (Servers, Wireless, Network, etc.) Replace aging and unsupported equipment to reduce service disruptions and maintain a secure, reliable technology environment.

This project is anticipated to complete in Q3 of FY26/27

N5: Backup & Recovery Enhancements (City Partnership MOU evaluation)

Strengthen backup infrastructure, cloud integration, and interagency disaster recovery options.

This project is anticipated to complete in Q2 of FY26/27

N6: Endpoint Device Enhancements

Improve device management and security through modern endpoint tools that standardize configurations, automate compliance.

This project is anticipated to complete in Q3 of FY26/27

N7: Cybersecurity Vulnerability Management Platform Creation

Continuously identifies and prioritizes technology weaknesses across City systems and enables timely remediation, reducing the risk of data breaches and compliance findings.

This project is anticipated to complete in Q4 of FY26/27

N8: Operational Technology Network Platform Modernization

Transitions the City's OT network environment to a modern platform, resilience, and long-term operational sustainability.

This project is not anticipated to be completed in Fiscal year FY26/27 and will carry over to FY27/28

N9: Upgrade Computer Aided Dispatching system

This project is anticipated to complete in Q4 of FY26/27

PEG ACCESS FEE
FUND NO. 3004
ACCOUNT NO. 4730

PROGRAM

This fund accounts for Public, Education, and Government (PEG) access fees received under state cable franchise agreements. These revenues support capital equipment purchases, A/V modernization, and video production systems used to broadcast City Council meetings, public hearings, and community programming on the City's PEG channels.

RISK MANAGEMENT AND SAFETY
FUND NOS. 7002, 7001, 7003 & 7008
DIVISION NOS. 4520, 4520, 4520, & 4500

DESCRIPTION

The City of Merced Risk Management and Safety program encompasses two operational divisions.

The Workers' Compensation Division administers the self-insured workers' compensation program, including preparation of reports for management, benefit approval and payment authorization, coordination with a third-party workers' compensation administrator, and coordination with the City Attorney's office in litigated claims. The workers' compensation self-insurance retention is \$350,000.

The Liability Insurance Division provides a mechanism through which the City purchases general liability, property and fire, boiler and machinery, fidelity, Public Official bonds, and airport liability. Expenses are allocated to departmental operating accounts and transferred into the liability insurance fund from which the expenses are paid. The general liability insurance is funded through the Central San Joaquin Valley Risk Management Authority (CSJVRMA). This is a risk sharing pool with a self-insurance retention of \$100,000 for general liability. City staff coordinates efforts with a third-party administrator. Employment practices coverage is also available under the CSJVRMA through the Employment Risk Management Authority (ERMA) with a self-insurance retention of \$100,000. The commercial property, fire, and boiler and machinery coverage is purchased through the Alliant Property Insurance Program. The commercial property and fire carry a \$25,000 deductible, and the boiler and machinery have a \$25,000 deductible. The fidelity coverage (crime/dishonesty employee bond) has a \$1 million limit per loss with a \$20,000 deductible. The City's airport is fully insured for \$25 million combined single limit per aircraft/per occurrence, with no deductible.

RISK MANAGEMENT AND SAFETY

INSURANCE ADMINISTRATION

The City of Merced Insurance Administration Division includes all personnel with assignments in the risk management area, as well as accompanying operational expenses.

MISSION

The mission of the Insurance Administration Division is to provide technical support for the administration of the insurance function.

GOALS

- ◇ Review and evaluate alternate methods of providing adequate insurance coverage in all areas of City needs.
- ◇ Administer a citywide wellness program.

OBJECTIVES

PERFORMANCE MEASUREMENTS/INDICATORS

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| 1. Review insurance coverage obtained in all areas of City needs. | Meet with Broker of Record annually in month of May for all lines of coverage to ensure premium are cost effective in the insurance marketplace. |
| 2. Provide health education to all City employees. | Conduct a Health Fair each Fall in conjunction with annual open enrollment of employee benefits in October. |
| 3. Citywide Wellness Program. | Improve overall employee participation to at least 15% in various wellness and fitness related programs with the use of the Corporate Wellness Strategic Plan. |

RISK MANAGEMENT AND SAFETY

WORKERS' COMPENSATION

MISSION

The mission of the Workers' Compensation Division is to provide professional and technical support for the administration of the self-insured workers' compensation program.

GOALS

- ◇ Ensure employees receive the best medical care and treatment while working to get the employee back to work and released to fully duty as soon as possible.
- ◇ Ensure that the City is receiving the most competitive workers' compensation excess insurance coverage and premium levels that can be obtained in the open market.
- ◇ Maintain a high quality of service to employees and ensure that price and service levels are competitive for third party administration.
- ◇ Process all claims in a timely manner. Provide aid and support to City Employees throughout the Workers Compensation process.
- ◇ Prevent accidents/reduce personal injury/occupational injury by maintaining an Injury and Illness Prevention Program.

OBJECTIVES

1. In-house administration of claims and employee training.
2. Review the work product of the third-party claim's administrator.

PERFORMANCE MEASUREMENTS/INDICATORS

Reduction in the number of active files by effective claims administration and supervision/manager training.

Meet quarterly with the third-party administrator to monitor litigated and non-litigated claims and insure there are no violations of regulations.

RISK MANAGEMENT AND SAFETY

LIABILITY

MISSION

The mission of the Liability Insurance Division is to provide adequate insurance coverage and establish risk management practices to reduce liability exposure where possible.

GOALS

- ◇ Improve risk management practices to reduce liability exposure when possible.
- ◇ Ensure that the services of the third-party claim's administrator meet the City's needs and the needs and requirements of the liability excess insurance carrier.

OBJECTIVES

PERFORMANCE MEASUREMENTS/INDICATORS

- | | |
|---|---|
| 1. Review work product of the third-party claim's administrator for efficiency and reliable claims administration. | Meet and review claims on a quarterly basis with the third-party administrator to monitor effectiveness, and reduction in litigation. |
| 2. Review effectiveness and cost-savings for liability claims filed against the City of Merced and improve efforts of cost recovery for property damages and workers' compensation claims, when applicable. | 10% reduction in liability claims and increase in cost savings through training provided by continued membership and coverage through the Central San Joaquin Valley Risk Management Authority. Quarterly review with Insurance Department staff to monitor efficiency and effectiveness of in-house subrogation demands. |
| 3. Review effectiveness and cost-reduction efforts for employment practices claims. | Elimination or reduction in claims for unlawful employment practices through training provided by continued membership and coverage through the Employment Risk Management Authority (ERMA) offered through the CSJVRMA. |
| 4. Review effectiveness and cost savings for property insurance and boiler and machinery coverage. | Monitor current and new City acquisitions annually in March to insure proper coverage. |

RISK MANAGEMENT AND SAFETY

UNEMPLOYMENT INSURANCE

MISSION

The mission of the Unemployment Insurance Division is to provide benefits to employees who have left the City services and qualify for unemployment compensation.

GOALS

- ◇ Maintain adequate financial reserves to protect the City against any unknown and unpredictable monetary demands on this fund in any given fiscal year.
- ◇ Ensure that former employees are qualified to receive benefits.

OBJECTIVES

PERFORMANCE MEASUREMENTS/INDICATORS

- | | |
|---|---|
| 1. Monitor all unemployment claim pay-outs to ensure the accuracy of charges being made against the City's self-funded account by the State of California EDD office. | Payments only made to approved claims. |
| 2. Investigate and challenge unauthorized filings. | No payments to unauthorized past-employees. |

2026-2027 BUDGET HIGHLIGHTS

The Insurance Division continues to review safety and workers' compensation programs as outlined in the Injury and Illness Prevention Program (IIPP) to ensure the organization is in compliance with state and federal regulations.

The Insurance Division will continue to work with our group health insurance carrier (Anthem) to increase employee awareness and participation in the corporate wellness program.

**EMPLOYEE BENEFITS
FUND NO. 7004
DIVISION NO. 4500**

DESCRIPTION

The Employee Benefits budget provides the mechanism through which the City pays the cost of health, long-term disability, life, dental and vision insurance for all eligible employees. Monies are budgeted in departmental operating accounts and then transferred during the year into the Employee Benefit fund from which benefit payments are actually made.

The City Council has established an Employee Benefits Committee. The Committee is advisory to the City Council on health and welfare issues and is comprised of representatives from each of the City's bargaining units and unrepresented management.

MISSION

The mission of the Employee Benefits Division is to provide negotiated benefits to City employees while recognizing cost containment needs.

GOAL

- ◇ Review and evaluate employee benefit cafeteria plan and Section 125 tax deferred plan and make changes/enhancements as needed going forward.

OBJECTIVES

***PERFORMANCE
MEASUREMENTS/INDICATORS***

- | | |
|---|--|
| 1. Continue to provide city-wide cafeteria and Section 125 tax deferred plan for employee benefits. | Re-evaluate on an ongoing basis the employee benefit cafeteria plan and Section 125 tax deferred plan and make changes/enhancements when indicated. |
| 2. Establish and maintain an adequate reserve fund. | At the end of the fiscal year, June 30, 2026, an adequate reserve fund will be available for year-to-year stability within the self-insured employee benefits program. |

EMPLOYEE BENEFITS

2026-2027 BUDGET HIGHLIGHTS

There are no anticipated significant changes in program direction, expenditures, or revenues contingent upon fiscal stability. Group medical benefits for active, temporary, and retired employee will meet Affordable Care Act requirements.

ENGINEERING DEPARTMENT
FUND NO. 3000
DIVISION NO. 5000

DESCRIPTION

The Engineering Department is responsible for the development, implementation, and management of the Capital Improvement Program (CIP). The Engineering Department undertakes design, construction, and contract/project management of CIP-related projects and professional services in conformance with the City of Merced (City) Charter and Municipal Code.

The CIP is a multiyear forecast to rehabilitate, restore, improve, and add to the City's capital facilities. Such improvements include water and sewer facilities and pipelines, storm drainage and flood control facilities, streets, lights, traffic signals, sidewalks, bikeways, bridges, park and recreation facilities, police and fire facilities, and airport facilities.

Additionally, the Engineering Department provides the following services: encroachment, transportation, and grading permit issuance; pre-development and engineering review of infrastructure improvement plans within the public right-of-way; chair and administer Traffic Committee; Member of the Site Plan Review Committee; Member of the Minor Subdivision Committee; maintain records and archives of maps, streets, benchmarks, certificates of compliance, easements, and deeds; prepare and review subdivision maps, deeds, legal descriptions, and records of survey; maintain, preserve, and replace monuments; and conduct environmental assessments, real estate acquisitions, investigations, and research in support of City operations.

MISSION

The Engineering Department strives to provide engineering services including technical and operational support, design, and construction for the development of public infrastructure and facilities while maintaining the safety, health, and welfare of the public.

GOALS

- * Provide quality, safe, reliable infrastructure, and related services;
- * Provide timely and efficient delivery of projects;
- * Effect change and promote innovation; and
- * Increase departmental effectiveness, resiliency, and expand individual employee expertise.

ENGINEERING DEPARTMENT

OBJECTIVES

1. Manage the development of infrastructure through the Capital Improvement Program and Pavement Management System
2. Assist with the Wastewater Collection System (Sewer) Master Plan
3. Promote teamwork and innovation
4. Continue to identify and implement sources of funding for the CIP
5. Ensure compliance with the Local Business Enterprise (LBE) Outreach and Disadvantaged Business Enterprise (DBE) Programs
6. Monitor AB1600, Chapter 927 Statute of 1987 Impact Fees.

PERFORMANCE MEASUREMENTS/INDICATORS

- Coordinate with other Departments to develop the Capital Improvement Program Projects
- Create opportunities for more City Council and public involvement with projects
- Administer the Pavement Management System to select street maintenance treatments and locations objectively and optimally.
- Deliver high quality projects in the most cost effective and efficient manner to serve the public.
- Manage and coordinate design and construction for the Wastewater Collection System Master Plan.
- Collaborate with City Departments in a team environment to improve overall effectiveness, efficiencies, and establish common goals for the public good.
- Partner with outside industry to utilize new technology and information systems in support of the City's infrastructure.
- Work with local, regional, state, and federal agencies to identify funding and grants:
 - Local;
 - Measure V;
 - SB1;
 - Community Development Block Grant (CDBG);
 - Congestion Mitigation and Air Quality (CMAQ); and
 - Local Transportation Funding (LTF)
 - Active Transportation Program (ATP).
- Set project LBE and DBE goals;
- Post goals in the Notice Inviting Bids;
- Discuss goals with interested contractors; during the pre-bid meeting; and
- Ensure compliance with LBE and DBE requirements.
- Review the estimated cost of public improvements identified in the CIP budget and the Public Facilities Financing Plan.

ENGINEERING DEPARTMENT

- Conduct an annual Public Hearing to present the updated resolution to the City Council.
- 7. Increase overall efficiency and effectiveness of the Department
 - Actively recruit and retain staff.
 - Provide training opportunities for staff
 - Create a positive and supportive environment that encourages professional growth for all employees.

2026-2027 BUDGET HIGHLIGHTS

As part of the FY 2026-2027 Proposed Budget, Engineering will work with appropriate agencies in managing water, wastewater, and storm drainage master planned activities: keeping apprised of regional, state, and federal requirements regarding regulation and permitting of water, wastewater, and storm drainage facilities. Engineering will participate with the continued implementation of the Storm Water Management Programs as dictated by new State mandates and NPDES Permit.

Engineering will coordinate with other departments to develop the Capital Improvement Program Projects identified in the annual budget, and to carefully plan for future projects in the 5-year plan. Engineering will also work with regional agencies to plan and develop projects that will provide regional infrastructure and financing thereof.

Infrastructure projects planned for construction in FY 2026-2027 include:

- * Sidewalk Infill at Various Locations;
- * Street Maintenance (Slurry Seals, Chip Seals) Various Locations;
- * R Street (16th to 18th St) Roadway Rehabilitation;
- * R Street – Olive Ave. to Northwood Dr.;
- * E 20th Street Mainline Replacement
- * Canal/Childs Sidewalk Improvements;
- * Cherokee & Black Rascal Culvert Replacement;
- * Sewer Main Replacement;
- * Water Main Replacement;
- * Well Site Modifications;
- * Bear Creek Slide Embankment Repair;
- * MCE Pavement Rehabilitation;
- * Hawk Training Center;
- * M Street Sidewalk Replacement;
- * Collins Drive Rehabilitation

It should be noted that sidewalks and access ramps are upgraded to comply with current ADA requirements on most roadway rehabilitation projects.

In addition to these projects, other projects will continue to be developed and prioritized with the use of the completed Pavement Management System (PMS). The PMS is providing vital

ENGINEERING DEPARTMENT

pavement condition data to support current and future decision-making regarding roadway improvements, including selection of Measure V and SB1 funded projects.

PLANNING
FUND NO. 3000
DIVISION NO. 5020

DESCRIPTION

The Planning Division of the City's Development Services Department is primarily responsible for developing and maintaining the City's General Plan (the City's long-term vision for growth and development), processing applications for new development, and ensuring compliance with the City's zoning code and other state and federal regulations. In addition, the Division provides customer assistance, maintains a "one-stop" permit process for new commercial, industrial, and residential projects, assists new businesses in meeting City regulations and State environmental requirements, and prepares neighborhood plans and other special projects. The Division provides a professional level of development services support to the general public, applicants for new development projects, new and current business owners, City departments, Bicycle and Pedestrian Advisory Commission, Planning Commission, Citizen Advisory Focus Group, Historic Preservation Commission, Design Review Commission, and the City Council.

MISSION

The Planning Division guides the community as it grows in meeting its long-range vision, land use, circulation, public facilities and infrastructure needs, and maintaining its high quality of life.

GOALS

- ◇ Continue work on Comprehensive General Plan Update.
- ◇ Implementation of the current General Plan that is used by citizens, local officials, and agencies as the primary policy framework for City growth and development.
- ◇ Facilitate and continue processing Annexation Applications to LAFCO for UC Villages, Branford Point, Baxter Ranches, CP 42 North, University Vista, Ardison, Old Dominion, Yosemite Lakes Estates, M Street, and The Reserve.
- ◇ Completion of Zoning Ordinance revisions to address changes to State law, implement Housing Element programs, to streamline affordable housing and support mixed use development.
- ◇ Continued Implementation/Monitoring of Commercial Cannabis Business Ordinance/Permits, Inspections, and Ordinance Updates.
- ◇ Process development applications through the new Tyler system for online submittals with a commitment to efficiency, problem solving, and flexibility.

PLANNING

- ◇ Efficiently manage the City's development review process and ministerial projects.

OBJECTIVES

1. Annexation Applications and Preapplications
2. Comprehensive General Plan Update
3. Zoning Ordinance revisions to address changes in State law, Housing Element programs, affordable housing and mixed-use development streamlining efforts.
4. Housing Element Update and Implementation

PERFORMANCE MEASUREMENTS/INDICATORS

Facilitation and completion of the Applications to the Local Agency Formation Commission (LAFCO) for Annexation of UC Villages, Branford Point, Baxter Ranches, CP-42 North, University Vista, Ardison, Old Dominion, Yosemite Lakes Estates, M Street, and The Reserve. Ongoing work on other annexations and annexation pre-applications as submitted.

Continue working actively on the General Plan Update which is expected to take 2-3 years to complete. Continue working with the contractor, facilitating the Citizen Advisory Focus Group, and increasing public outreach and participation of all residents from all demographics and neighborhoods.

Various amendments to the Zoning Code will be required to implement program and address issues identified in the Housing Element as well as changes in State law and updates to streamline affordable housing and mixed-use development. These changes should be adopted during the fiscal year.

A revised draft of the Multi-Jurisdictional Housing Element is currently under State review. It is anticipated that the Housing Element will be adopted by Summer 2026. In order to meet the City's Regional Housing Needs Allocation (RHNA), the City rezoned multiple properties. These rezones needed to be completed prior to the Housing Element Adoption per State law. Once certified, additional zoning code changes will need to be made to implement the programs.

PLANNING

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|---|--|
| 5. Annual inspections of Cannabis facilities. | Continue contracting with a consultant to perform the required inspections of Cannabis facilities. |
| 6. Continue perfecting the daily implementation of the Tyler Online Planning Permit Application Process | Work on designing a method of gaining public feedback on the portal use. |
| 7. Complete improvements to the Subdivision Map Process | Extend the approval time for Tentative Maps to the maximum allowed under State law. This change will require a revision to the Subdivision Ordinance and should be completed by Winter 2026. |
| 8. Continue to process major development applications (such as general plan amendments, zone changes, subdivision maps, conditional use permits, annexations, environmental reviews, CFD annexations, etc.) | Ongoing. Continue to bring the projects before the decision-makers (City Council, Planning Commission, etc.) in a timely manner. Use consultants to support staff as needed, via the RFQ applicants' skill sets. |
| 9. Continue to process minor development applications, such as Site Plan Approval applications, Minor Subdivisions, etc., as well as building permits and new business licenses. | Ongoing. Continue to process applications expeditiously. Continue to explore streamlining opportunities to make all processes more efficient. |
| 10. Continue to provide staff support to the City Council, Planning Commission, the Bicycle and Pedestrian Advisory Commission (BPAC), the Building & Housing Board of Appeals (BAHBA), Citizen Advisory Focus Group, Historic Preservation Commission, and Design Review Commission. | Agenda packets for meetings are made available at least 3 days prior to meetings. City Council and Planning Commission meet twice a month. BPAC meets 6 times per year. Other commissions and groups meet as needed throughout the year. |
| 11. Update website pages for Planning and General Plan to provide increased customer engagement and an improved user experience. | Regularly schedule website review, maintenance, improvements, and updates. |
| 12. Continue to seek opportunities for grant funding for Planning, Housing, and supporting City-wide efforts. | Continue to meet regularly with City grant team. Submit and follow through with applications when grant funding opportunities are found. |

PLANNING

13. Improving Division efficiencies and effectiveness by participating in trainings and enhancing coordination with development-related internal and external agencies.

Continue with implementation and project tracking. Seek training opportunities as warranted and time allows.

PLANNING

2026-2027 BUDGET HIGHLIGHTS

- ◆ Complete LAFCO Applications for various annexations (UC Villages, Branford Point, Baxter Ranches, CP 42 North, University Vista, Ardison, Old Dominion, Yosemite Lakes Estates, M Street, The Reserve, and others).
- ◆ Continue work on the comprehensive General Plan Update.
- ◆ Adoption of Multi-Jurisdictional Housing Element, Associated Rezones, Zoning Ordinance Revisions and begin program implementation.
- ◆ Streamlined development process and improvements to procedures, including subdivision maps, on-line Planning applications, counter public processes, website improvements, and user interactions.

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FUND NOS. 1020, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2512, 2513, 2514, 2515, 5009, & 8008

DIVISION NOS. 5500, 5510, & 8000

DESCRIPTION

The City of Merced Housing Division receives yearly allocations of federal Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds from the U.S. Department of Housing and Urban Development (HUD) on a formula basis, as well as infrequent special funding allocations to formula grantees (such as 2020 CARES Act and 2021 American Rescue Plan Act distributions). The amount is dependent upon the appropriation level established by the U.S. Congress and the allocation formula HUD uses to calculate distributions to agencies and jurisdictions nationwide.

The use of CDBG and HOME funds must be managed within the parameters of HUD's established guidelines and statutory regulations, which include the requirement that funds address the highest prioritized needs of low- to moderate-income (LMI) individuals and households within the City of Merced. Through the assurance of compliant use of funding sources, the Housing Division ensures that the use of federal funds (and also state and local funds, if combined) towards housing, service, infrastructure, and other eligible project activities will not have a harmful effect on the community, neighborhoods, the natural and existing man-made environment, and on project occupants, existing land uses, and service program beneficiaries and participants.

Every five years, through a comprehensive needs assessment process that involves residents, community stakeholders, census and other statistical data, and local, county, and state agency input, the Housing Division determines a final set of overarching five-year goals and priorities to address during the implementation of the five-year Consolidated Plan (Con Plan), which includes a "first-year" Action Plan that sets these goals and priorities into motion during the first of the five years the Con Plan spans. Each successive year, with preparation of an Annual Action Plan, a similar needs assessment process is carried out that essentially updates the Con Plan's needs data and continues carrying out the goals and project priorities strategized under the Con Plan's umbrella.

The Con Plan lays broad expenditure and outcome goals over a specific five-year period based on the assessed community needs. Each Annual Action Plan lists the available funding resources, identifies specific projects within the established ConPlan priority goal areas, seeks partnership with local non-profit organizations to carry out projects, and estimates the anticipated outcomes from each of the projects upon completion.

Though the long-standing goal is one hundred percent, HUD requires that a minimum of 70 percent of the annual CDBG fund allocation be directed to LMI and special needs populations and low-income geographic/census tract areas within the city limits, through

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meeting specific “National Objectives” for the various eligible project types carried out by the City under the plans. Comparatively, one hundred percent of the City’s allocated HOME funds are *required* to be directed to LMI households for eligible housing-related activities.

HUD regulations place a strict limit on the amount of funds that can be spent on these specific expenditure types each year:

- CDBG Public Service partnership projects with non-profit organizations: annual programming and expenditures are limited to 15% of the total of HUD allocation plus the prior year’s CDBG program income (“PI”) received. PI is typically received from monthly payments or complete payoff of CDBG-assisted housing loans in the City’s loan receivables portfolio. HOME funds do not allow public service programs but do allow the City to partner with non-profit entities to generate LMI housing units.
- CDBG/HOME Administration and Planning projects: both grant types limit the amount of funds that can be spent on administration and planning activities, which normally includes Housing Division staffing, indirect costs, consultant services, and strategic planning and data collection (such as homelessness data collected during the annual “Point-in-Time” count conducted by the Merced City and County Continuum of Care). CDBG is capped at 20% and HOME is capped at 10% of each of the respective annual allocations.

Per HUD’s requirements, both the five-year and annual plans attempt to effectively address the community’s housing, public service, economic development, and public facility and infrastructure needs. Examples of eligible activities are sewer, water, and sidewalk/street infrastructure improvement projects, public park or neighborhood facility construction and accessibility improvements, homelessness prevention, youth and elderly public services programs, and the financing of multi-family affordable housing developments and single- or multi-family rehabilitation projects.

The Housing Division also looks for State of California Housing and Community Development (CA HCD) grant funding opportunities to further address the housing and service needs of the community, often in combination with yearly federal funding distributions.

The Housing Division also manages a first-time homebuyer (FTHB) and rehabilitation loan portfolio, generated from Federal and State funds and programs for residents who were able to take advantage of the funding when it was available.

MISSION

The City of Merced Housing Division strives to provide and maintain affordable housing, public services, infrastructure and park improvements, and public facilities for LMI residents by using federal, state, and local funding resources and strategies, as well as ensuring that Merced residents have equitable and fair housing opportunities.

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GOALS

- Through CDBG funding, provide public service/supportive service grants to local agencies and non-profit organizations towards programs and activities that address the community's greatest and most urgent needs, including but not limited to programs and planning to prevent homelessness, improve the affordability and accessibility of housing and vital services, and to prevent and address housing discrimination.
- Continue to seek funding opportunities, supportive programs, and establish deeper partnerships with local agencies and organizations to help respond to the community's housing or service needs, including any unexpected or urgent needs that occur as a result of natural, manmade, or public health emergencies.
- Partner with public housing agencies, affordable housing developers, and non-profit organizations to subsidize, construct, and manage permanent affordable housing and the 'wrap-around' permanent supportive services necessary to serve special needs populations where they are housed.
- Continue to look for new funding resources and streamlining mechanisms to help increase the number of safe, rentable housing units in the City.
- Explore options to continue to provide first time homebuyer funding assistance and education to qualified low-income households using on-hand funding that has been generated by repayment of existing housing loans over time.
- Strive to preserve and maintain our current housing stock by the creation of successful partnerships with State agencies and community-based organizations to provide owner-occupied rehabilitation grants or loans for low-income homeowners.
- Improve the current delivery of fair housing services information, resources, and education to area residents, and look for ways to increase the accessibility and effectiveness of tenant and/or landlord education and housing stabilization data and resources to Merced area residents and housing providers.
- Continue to set aside HUD and State funding for public facilities and infrastructure improvement projects that will enable parks and recreation facilities, streets, sidewalks, and other public infrastructure to become more energy efficient, safe, and accessible to all residents, especially to those in lower income and older areas and neighborhoods within the City.

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OBJECTIVES

PERFORMANCE MEASUREMENTS/INDICATORS

- | | |
|--|---|
| 1. Grant Opportunities | Continually seek State, Federal, and other grant opportunities, and partnerships with local organizations for the increased development, preservation, and maintenance of the City's housing inventory. |
| 2. Rehabilitation of properties either vacant or occupied by Low to Moderate Income households | Partner with community based organizations and homeowners to rehabilitate properties needing health and safety repairs. |
| 3. Provide First Time Homebuyer Loans to Low and Moderate Income Households | Partner with community based organizations to provide new loans to qualified first time homebuyers using existing or new funding sources. |
| 4. NSP3 Program (HUD) | Work with HUD to close out the NSP3 Grant and transfer residual income to Community Development Block Grant program. |
| 5. Long Term Housing Compliance | Continue to establish a largely in-house annually reoccurring, consultant-informed long-term rental housing monitoring program of all the City's federal, state, and locally funded rental housing projects, which ensures continual compliance with funding source, income limit, and regulatory/loan agreement requirements, as well as ensuring that all rental housing properties are maintained in a safe and habitable state. |
| 6. Subrecipient Project Monitoring | Renew efforts to conduct performance monitoring of public service projects to ensure that all HUD regulations and agreement conditions are being complied with in carrying out Con Plan and Annual Action Plan goals, objectives, and expected outcomes, and that federal financial management standards are being adhered to in the responsible use of federal assistance. When needed, provide more frequent |

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guidance to subrecipient organizations implementing the projects to ensure the required compliance.

7. Fair Housing

Continue our partnership with a qualified vendor to provide fair housing services and look for ways to educate property managers and renters regarding Fair Housing Act anti-discrimination rights, best practices, and related regulations.

8. Grant Administration

Continue to administer each federal and state grant or federal Section 108 loan received based on each grant's specific policies, procedures, guidelines, and regulations, including closeout of grants once all related expenditures and required actions have been completed for each grant/loan.

9. Housing Assets (Fund 2513/5009)

Continue to facilitate partnerships with local non-profit and affordable housing organizations to develop affordable housing.

2026-2027 BUDGET HIGHLIGHTS

- CDBG, HOME

Non-profit community-based housing developers and other qualified organizations

Work with non-profit community-based housing developers and organizations to acquire existing residential properties or vacant land for rehabilitation or construction of low-moderate income rental housing.

Low-income/affordable housing projects

Assist developers with obtaining federal, state, local, and privately funded grants and establishing partnerships with community service providers.

Update and repost the existing Continuous Request for Qualifications (RFQ) to enable a source of pre-qualified housing developers and CEQA/NEPA environmental consultants from which to partner on affordable housing projects.

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- CDBG, HOME & California HCD
Rehabilitation and/or reconstruction of owner-occupied housing units
Rehabilitate and/or reconstruct low-moderate income units, including ADU units. Continue partnership with Habitat for Humanity and/or other qualified nonprofit organizations for owner-occupied rehabilitation projects and preservation of housing.
- HCD/CalHome 06, 12
First Time Homebuyer Assistance (FTHB)
Explore options to continue partnering with a qualified organization, such as Self-Help Enterprises, to provide downpayment assistance or gap financing and closing costs to qualified FTHB applicants with the program income that has been received from existing and paid off loans.
- HOME, HOME-ARP, ARPA, California HCD/Homekey
Multi-Family Development Projects
Work with development partners and other City departments and Divisions to ensure these projects are moving forward.
- CDBG
Public Service Programs
Use funds for eligible HUD allowable public service programs to help address the greatest community needs, identified through community surveys, meetings, and other public input.
- CDBG, HOME
Permanent Supportive Housing
When feasible and when appropriate funding is available, partner with community non-profit organization(s) with the acquisition, rehabilitation and/or construction of affordable and/or permanent supportive housing units (1- to 4-unit projects).
- CDBG
Public Facilities, Parks, and Infrastructure Improvement projects.
Continue to work with other City Departments to design, fund, install, and improve sewer and water mains, storm water systems, sidewalks, parks and recreation, and other City public facilities in order to provide and improve place, safety, and accessibility in neighborhoods and public areas.

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CA HCD Grants

- Permanent Local Housing Allocation (PLHA) funds
- Regional Early Action Planning (REAP)
- Homekey/Homekey+
- General Plan – Multijurisdictional Housing Element
- Other not listed/tbd

Coordinate with other Development Services Department staff and developers to continue implementing all State housing grant awards and required planning documents (i.e. Housing Element), to encourage and enable the production of affordable housing units. This includes continued/future monitoring by Department and Housing Division staff of all housing projects built and/or rehabilitated with these awards to ensure project goals continue to be carried out and maintained properly.

Affordable Housing Fund Policy (Fund 1020)

Activities supporting the development of affordable housing:

- CEQA/NEPA environmental
- Non-HUD project costs
- First time homebuyer admin
- CalHome rehabilitation project admin
- Request For Qualification update
- Rental housing long-term monitoring

The Housing Division will utilize Fund 1020 for the tracked project-based hours spent on conceptual, preliminary, currently active, and/or completed projects relating to the types of activities approved and listed in the current policy, and only when these tracked hours cannot be charged to another funding type as Activity Delivery (federal, state, etc.).

FUNDS AND ACCOUNTS

The various program-funding sources described above are handled through the following funds and accounts in the City's financial system:

FUND	ACCOUNT	PROGRAM
1020	5500	Affordable Housing Fund
2500	5500	Housing Admin
2501	5500	CDBG Program
2502	5500	HOME Program
2503	5500	Unrestricted Program Income
2504	5500	BEGIN 94 Program
2505	5500	State HOME Funds, 1992
2506	5500	State HOME Funds, 1993
2507	5500	CalHome-06 Program
2508	5500	BEGIN 06 Program
2509	5500	Neighborhood Stabilization (NSP1)
2510	5500	Neighborhood Stabilization (NSP3)

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2512	5500	CalHome-12 Program
2513	5510	LMI Housing
2514	5500	Affordable Housing Sustainable Communities
2515	5500	CalHome-21 Program
5009	5510	LMI Housing Capital Improvement Projects
8008	8000	Housing Debt Service (HUD 108 Loan)

INSPECTION SERVICES

Budget Org. 30005010

DESCRIPTION

The Inspection Services Division is responsible for the review of plans, issuance of building permits, and inspection of all private/public building construction projects, for new construction, additions and alterations within the City of Merced. The Inspection Services Division ensures compliance with federal, state, and local laws, as well as the municipal codes regulating the design, construction, material standards, intended use and occupancy, locations, and maintenance of structures. The objective is to provide our citizens with standards to safeguard life, health, property, and the public welfare, while providing the highest level of customer service possible. The Division investigates violations of these laws and codes as requested by other agencies, other City departments, or the general public through an inquiry. Inspection Services is also responsible for compliance with special architectural, landscaping, capital improvement plan review and inspection, or sign conditions required by the City Council, state, local law or various City Commissions. Inspection Services is a member of the Development Services One-Stop Shop Permit Processing Center enhancing the City's ability to provide customer service.

MISSION

Inspection Services is responsible for the administration and enforcement of the California Building Standards Codes and related federal, state, and City adopted laws and ordinances. This responsibility is for the purpose of life safety as it relates to building construction, fire sprinkler and alarm design and specialized systems, thereby assuring all structures meet or exceed the minimum life safety standards of the aforementioned codes, laws, and ordinances. This Division assures these standards by providing organized procedures for the review of plans and specifications and field inspections of construction projects.

GOALS

- ◇ Strive for a higher level of customer service which meets or exceeds expectations without compromising public safety.
- ◇ Perfecting the use of electronic capabilities, including A.I. tools to assist and aid in information exchange, plan reviews, building permits, and inspections, incorporating GIS tools.
- ◇ Maintain active involvement in technical and interpersonal training that will enhance Inspection Services staff's expertise. This improves the City-Wide ISO (Insurance Services Office) rating.

INSPECTION SERVICES

- ◇ Continued support to Housing Division with programs needing Plan Review and Inspections. Affordable Housing being the focus.
- ◇ Continued support to the Engineering Department for projects that have structures in need alterations, repairs or new structures, that are required to have Plan Review and Inspections

OBJECTIVES	PERFORMANCE MEASUREMENTS/INDICATORS
1. Engage in processes and procedures that will sustain level of service to our applicants and community.	Implement fees, with City Council approval, associated with the fee study for Inspection Services, Planning and Engineering. A fee study for which has not been done in 15 years. Our goal is to capture the revenue that was not included in the previous fee study, thereby, maintaining service levels to our applicants and community.
2. Continued active involvement with the Code Enforcement Task Force.	The Code Enforcement Task Force is a cross-departmental effort. There have been several successful abatements, greatly benefiting the citizens and the City as a whole.
3. Supporting the Housing Division, with the focus being on Affordable Housing.	Projects throughout the City, that are rehab projects and new projects with the focus being affordable housing, Inspection Services ensures these projects are safe and comply with all local, state and federal requirements through plan review and inspections.
4. Supporting the Engineering Department when needed for projects involving structures.	Provide plan review and inspections for Projects that involve City-Owned structures, ensuring the safety to the public through plan review and inspections.

INSPECTION SERVICES

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| 5. Continue to perfect the electronic permitting, plan review, and permit issuance process with the City-wide system Tyler EPL. Introduced A.I. tool for plan review, counter assistance and inspectors. | Inspection Services has been using the Tyler EPL Permitting system and we are actively engaging with all users, both in house and our customers (Applicants, Designers, Homeowners, and Contractors) to enhance the experience for ease of use. We are using A.I. for plan review, to answer technical questions and help communicate code requirements in the field during inspections. |
| 6. Maintain active involvement in technical training to enhance Inspection Services staff's expertise. | Continue to evaluate employee certifications yearly. Provide access to all staff, for at least one CALBO, ICC, or CBOAC event per year, for each employee, to ensure state mandated, continuing education requirements are met. 100% of Inspection Services Staff currently have active certifications. Keeping current, and active improves the City's ISO rating. |
| 7. Perform the highest level of customer service, permitting, consistent building plan review and inspections. | With the implementation of the City-wide system, it has brought transparency to the forefront, having greater interaction for customers, being able to track project process from beginning to end. Inspection Services continues to actively train new customers with the electronic tools available. The retention of full-time staff to meet demands, has also helped in foster relationships with inspection services customers. |

INSPECTION SERVICES

8. Maintain 2 to 3 week plan review turnaround times for first check and 1 to 2 weeks for back check.

Continue to monitor, prioritize, and coordinate plan reviews. Inspection Services also continues to coordinate certain projects with Development Services and those members involved from other Departments. Adding (1) Development Services Technician will be to the advantage of plan review times, taking some of the administrative burden off plan review staff so they can concentrate on plan review.

BUDGET HIGHLIGHTS AND LOOKING FORWARD TO 2026-2027

Inspection Services is looking forward to keeping up with the demand of increased residential multi-family and commercial construction as the City of Merced continues to grow towards the future. Given the continued growth in multi-family units, affordable housing units, and commercial, this year and beyond, the Inspection Services Division is engaging in a fee study and has hired permanent staff to provide more plan review in house, both of which, will increase revenue.

Multi-family units

This past calendar year we have experienced growth in the construction of Privately and Publicly funded multi-family units, The privately funded project known as the HUB on E. Yosemite has seen Occupancy granted for 200 housing units and mixed-use commercial. Compass Pointe II, another privately funded project has added 218 new housing units. 200 housing units for Gateway Commons resuming construction after the occupancy of Compass Pointe was granted. Publicly funded projects such as S. R Street, providing 22 housing units and services for veterans was granted occupancy. Another publicly funded project granted occupancy was Devonwood, providing 156 housing units. Publicly funded projects having permits issued and under construction include, 66 housing units and services Mercy Village (3015 Park) and 108 housing units (Bella Vista on Parsons). Those on the horizon include; Linc Housing, Housing successor Land, 54 Units; Emerald Village, 228 Units.

New Single-family dwelling units

Highlights include permits issued for this 1st half of fiscal year total 270, these numbers are double last year during the same period, for the Calendar year total is 459, the highest since 2022, this leads to the request for (1) new staff member (Development Services Technician) to assist with processing these types of permits and carrying out administrative functions for plan review staff.

INSPECTION SERVICES

In the passing of SB 130, the State provided for the continued use of existing Master plans for all residential units. What this means? The City preapproved ADU, Duplex's and Triplex's may continue to be used until the year 2031. This also applies to current subdivisions under construction, making it easier for all to use existing Master plans under the 2022 codes, thereby creating the need for additional staff for processing, freeing up Plan review Staff time to perform plan review.

Since July 2025 through November 2025, the Inspection Services Division saw commercial growth

New Commercial Structure permits

- (2) Industrial permits:
8 silos at existing Pistachio plant
11,478 Square Foot Frito Lay Distribution Center
- (3) Office permits:
2980 SF Show room
1224 SF New Office and mixed use at existing Apartment complex
8000 SF Offices and community building for New Bella Vista Affordable Housing
- (1) Shell permit:
3484 SF for future tenant space

23 Tenant Improvement permits

- 6 for various Office uses
- 5 for Restaurant uses
- 2 Vanilla shell, future uses to be determined
- 6 Retail spaces
- 2 Gym uses
- 1 Cannabis grow facility
- 1 Laundromat

This fiscal year will continue to be balanced for the Inspection Services Division, with slightly higher than average permits issued for Single-family dwellings and the continued growth with Multi-family and Commercial permits being issued. The Division's plan review team continues to provide a 2 to 3 week turnaround time on average for the first review. Due to current work-load, and with current staffing levels, the Inspection Services Division has supplemental contracts in place to assist with plan review and is asking for an additional Development Services Technician, which will allow for more plan review to be performed in-house rather than using consultants.

FIRE DEPARTMENT
FUND NOS. 1000, 2030, 2003 & 4502
DIVISION NOS. 3000/3010

DESCRIPTION

The City of Merced Fire Department (MFD) provides essential public safety services focused on protecting life and property. The department has strengthened its emergency medical response capabilities through the implementation of new Advanced Life Support (ALS) services, allowing for faster, higher-level medical care in the field. MFD also delivers fire suppression and all-hazard emergency response, while supporting community risk reduction through fire prevention, code enforcement, investigations, and public education programs. In addition, the department is actively planning for a new fire station in North Merced to improve service coverage and meet the needs of the community's growth.

VISION

The Merced Fire Department is a progressive organization unified in creating a safe and secure community.

MISSION

The Merced Fire Department's members will prevent, prepare for, and mitigate emergencies to protect the citizens of the City of Merced through exceptional service and visionary leadership.

GOALS & OBJECTIVES

Protect Lives and Property (General Fund)

- *The MFD's primary mission is to protect the lives and property of City of Merced residents and visitors.*

Create the appropriate staffing model to fulfill the needs of the Merced Fire Department and best serve the community.

- *Evaluate historical data compared to staffing, especially in light of the new advanced life support delivery model*
 - *Analyze historical data compared to staffing*
 - *Identify issues and gaps in present staffing model*
 - *Compare analysis to industry standards and similar-structured organizations*
- *Identify Recruitment and Retention Challenges*
 - *Engage employees on current recruitment and retention programs*

- *Analyze staffing to determine trends around retention*
- *Evaluate effectiveness of current recruitment*
- *Propose recruitment and retention improvement Plan*
- ***Develop an Appropriate Staffing Model***
 - *Evaluate workload across the MFD*
 - *Develop an implementation plan for an increase in paramedics*
 - *Ensure proposed staffing plan is designed for longevity to continue to meet the needs of the community*
 - *Present proposed staffing model to MFD*

Respond to Emergencies:

- *The MFD responds to a wide range of emergencies, including fires, medical emergencies, hazardous events, and natural disasters.*

Advance Fire Safety:

- *The MFD promotes fire safety through fire prevention, investigation, and education programs.*

Minimize Damage:

- *The MFD strives to minimize damage to persons and property during emergencies.*

Reduce the Risk of Fire Incidents:

- *The MFD strives to reduce the risk associated with fire incidents.*

Promptly Respond to Emergencies:

- *The MFD aims to respond promptly to fires and other emergencies.*

Provide High-Quality Emergency Medical Service to Include Advanced Life Support Services:

- *The MFD strives to provide high-quality emergency and advanced life support services.*

Public Education:

- *The MFD continually educates the public on fire safety, life safety, and disaster preparedness.*

Enforce Fire Safety Codes:

- *The MFD enforces fire safety codes.*

Fire Prevention:

- *The MFD is committed to fire prevention, investigation of fire causes, and the elimination of fire and life safety hazards.*

Focus on Vulnerable Populations:

- *The MFD focuses on educating the City's most vulnerable populations about fire prevention and disaster response.*

Training and Equipment:

- *The MFD continuously updates its training and equipment to meet the demands of a changing environment.*

Partnerships / Collaboration:

- *The MFD collaborates with organizations such as: Mercy Hospital, UC Merced, Merced City School District, Merced Union High School District, Merced County Fire, Merced County EMS Agency, PG&E, Merced Irrigation District, American Medical Response (AMR), and many other vital community partners.*

Staffing (General Fund)

- *Invest in Employee Development and Organizational Excellence. Recognize employees as the department's most valuable asset and provide continuous opportunities for professional growth and advancement. Regularly reevaluate and update job descriptions to ensure roles, duties, and expectations align with current industry standards and departmental needs. Strengthen workforce development by revising training schedules, promoting career progression through the ranks, and preparing members for future administrative and leadership roles. Implement paramedic-trained Firefighter II, Fire Engineer II, and Fire Captain II positions to expand advanced life support capabilities throughout the community. Ensure comprehensive development that begins with new recruits and extends through senior personnel, fostering a consistence culture of excellence across all levels of the department. Maintain proper staffing and training levels to deliver the highest standard of service and remain aligned with current best practices in the fire and emergency services profession.*

- *Ensure Adequate Staffing to Meet Community Needs. Maintain sufficient staffing levels to provide effect emergency response and ensure the safety of both the community and department personnel. Successfully implement the \$8.9 million Federal Emergency Management Agency (FEMA) grant awarded in 2024 to support the hiring of 24 additional Firefighter I/II positions. Continually evaluate and refine staffing models to enhancing operational effectiveness and improve firefighting response across the city. Strengthen fireground performance by increasing staffing and ensuring an “Effective Fire Force,” resulting in improved fire outcomes, reduced property damage, and measure savings in community insurance costs.*
- *Strengthening EMS Service Delivery. Maintain EMS as a cornerstone of emergency response by ensuring high-quality, timely service throughout the city. Build on the successful implementation of Advanced Life Support services in by expanding ALS coverage to east and south Merced in 2026. Improve community outcomes by increasing access to advanced pre-hospital care across all service areas.*

Strengthen Youth Outreach and Community Engagement (General Fund)

- *Continue providing Merced’s youth with high-quality programs and services that promote safety, education, and positive community relationships. Maintain and expand the fire department’s role as a strong community partner by enhancing outreach efforts and education initiatives that support youth development and prepare them to become future community leaders. Increase participation in high school programs to support local recruitment efforts, promote career pathways with the fire service, and build a strong connection with Merced’s youth.*

Future Planning for Infrastructure & Resources

- *Improve delivery service by continued planning for the adding/relocating fire station(s), which will require a capital plan for rebuild/replacement, or addition of fire stations.*
- *Exercise the diversity of the fleet of apparatus to include equipment that can ably respond to difficult to access areas within the city and immediate surroundings which include the miles of strip parks, bike paths, and the UC Merced campus.*
- *Expand advanced life support EMS care to the southern and eastern areas of the community.*
- *Continue the development and formalize partnerships for the Hawk Regional Training Center to serve the needs of the public safety community, the City of Merced workforce, and the community at-large. The Hawk Regional Training Center is a community project with participation and support from our partners at Merced College, Merced Unified High School District, and Merced City School District.*

Downtown

- *Provide efficient permitting, inspection, and public education to ensure a safe-built environment, promote fire prevention, and support emergency response to protect the citizens and visitors of our downtown district.*

Regional Transportation

- *The fire department will continue to partner with regional transportation providers in developing improved responses and a better understanding of transit-specific concerns as well as resources that transit might provide in the case of a community emergency.*

Sustainability

- *Fire department will continue to promote public awareness regarding flood prevention readiness, emergency alerts and preparedness; the importance of family disaster plans for floods; awareness of streams and drainage channels in nearby neighborhoods, locations of sandbags, and to provide timely information on road closures.*
- *Leverage available grant funding to support the growing needs of the community. The Department was awarded an \$8.9 million grant to fund 24 Firefighter I/II positions to be better able to respond to requests for emergency assistance. These Firefighter I/II positions will be the future leaders of the agency and will staff Fire Station 56 once built.*

Housing and the Unhoused

- *Fire department will continue to deliver medical service to the unhoused and ensure that unhoused facilities meet fire and life safety standards for the safety of its residents.*

Quality of Life

- *Continue to promote fire and safety education and awareness programs in neighborhood watch programs.*
- *Continue to provide comprehensive emergency and non-emergency services to its citizens.*
- *Fire department will more effectively educate the public about fire and life safety by creating opportunities for fire stations to open their doors to the community and attend events with the greatest proven impact.*
- *To continue to foster community involvement, understanding, and education of the department, the department will strive to increase departmental positive awareness about its Ride Along program.*

Agency Partnerships

- *Continue to partner with neighboring fire and EMS agencies to improve services and the level of service in a cost-efficient manner.*
- *Fire department will continue its collaborative efforts with UC Merced, Merced College and Merced Union High School District to provide opportunities leading to invaluable job skills for its students.*
- *Continue the cooperative relationship with Merced College's Fire Technology Program and Emergency Medical Care Program to provide an educated recruit base for the fire department.*
- *Strengthen community relationships to improve infrastructure and enhance resiliency during emergency events.*
- *Continue to partner with neighboring fire agency to ensure automatic aid and mutual aid services are refined to ensure all community members have access to adequate emergency services while ensuring agreements are fair and equitable.*

OBJECTIVES

1. Promote an environment of respect, trust, professionalism, and integrity.
2. Promote succession planning to ensure the sustainability of the organization with qualified internal candidates.
3. Aggressively research and identify alternative and stable funding models to diversify funding sources.

PERFORMANCE MEASUREMENT/INDICATORS

This will be accomplished through developing peer-to-peer relationships, professional development, and team building exercises. Ongoing

This will be accomplished through developing, training and mentoring personnel for the next level of succession. We will partner Firefighter I/II and Fire Engineer I/II with Fire Captain I/II (program coordinators) to have multiple members trained and knowledgeable in the programs we administer for seamless transitions when a member retires, promotes, or is injured. Fire Administration will work with all employees to reach this objective. Ongoing

We will continue to submit applications to secure grant funding for programs and equipment to meet the needs of the department and community. Ongoing

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| <p>4. Understand the gaps in operations and resources as identified in the Standards of Cover (SOC) and determine how best to proceed to improve the departments operations and services in the future.</p> | <p><i>Full implementation of the recommendations contained in the SOC would involve a substantial investment in capital and operating costs. Therefore, to move towards this objective, the department will keep city council apprised of the fire department's performance and if funding becomes available, we will prioritize which recommendations should be acted upon first. Ongoing</i></p> |
| <p>5. Provide training to City of Merced personnel consistent with National Incident Management System standards. Conduct training and simulations for City Staff on the Operations in the City Emergency Operations Center (EOC)</p> | <p><i>This will be accomplished through simulated tabletop and functional emergency exercises in the EOC. Ongoing</i></p> |
| <p>6. Amend the Disaster Council Ordinance to formalize interagency coordination protocols with adjacent cities and Merced County, ensuring that administrative structures, communication channels, and operational procedures are aligned to support timely, efficient, and effective City staff response to emergencies and critical incidents.</p> | <p><i>Collaborating with the County and adjacent cities to develop organized coordination protocols and then amending the Disaster Council Ordinance. Complete by 2027</i></p> |
| <p>7. Develop and maintain an adequate and appropriately trained support staff for non-emergency programs, including prevention, training, and administration.</p> | <p><i>Evaluate potential department efficiencies to meet future and existing need. Ongoing</i></p> <p><i>Ensure operations are in alignment with best practices and partner jurisdictions. Ongoing</i></p> <p><i>Establish favorable policies and environment for retention and hiring of staff. Ongoing</i></p> <p><i>Obtain financial resources to meet needs. Ongoing</i></p> |

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| 8. Collaborate with the new ambulance provider, AMR to ensure that the closest and most appropriate medical responder provides immediate service to the customer. | <i>Monitor average response time to medical emergencies after implementation of coordinated dispatch with AMR. Ongoing</i> |
| 9. Formalize mutually beneficial partnerships with AMR to ensure a high level of emergency care is provided to the citizens of Merced. | <i>Establish mutually beneficial agreements with AMR to utilize MFD Firefighter Paramedics to support EMS response in the community while ensuring cost for services are recovered at a fair and equitable manner.</i> |
| 10. Develop programs to acquire, maintain and replace equipment, facilities and vehicles. | <p><i>Reduce repair costs and preserve the service life of apparatus through a program of regularly scheduled preventative maintenance service of all pumping and aerial apparatus performed by an ASE Level 3 certified mechanic in accordance with NFPA to reduce repair costs and preserve the service life of apparatus through a program of regularly scheduled preventive maintenance. Ongoing</i></p> <p><i>Identify external funding opportunities and pursue budgetary efficiencies through public/private and non-profit partnerships. Ongoing</i></p> <p><i>Collaborate with Fleet to develop an effective maintenance and repair program and a planned apparatus replacement program. Ongoing</i></p> |
| 11. Implement sustainability programs for the acquisition, maintenance and replacement of equipment, facilities, and vehicles. | <i>Identify a projected Vehicle Replacement program. Ongoing</i> |

12. Recruit, develop and retain a Professional and Diverse Workforce.

Design preparatory programs to assist recruit candidates throughout the hiring process. Ongoing

Create a formalized employee development program to guide, counsel, and mentor members seeking professional development and growth. Ongoing.

Develop minimum skill requirements and knowledge for acting positions. Ongoing

Identify the core competencies of all department positions to optimize skill sets. Ongoing

Identify and further enhance training collaboration opportunities with community and regional partners like US Fish & Wildlife, CAL FIRE, Merced County Sheriff's, Merced College, etc. Ongoing

13. Maintain or improve upon the Class 2 rating through the Insurance Service Office (ISO).

Ensure resources are strategically placed to minimize response times. Ongoing

Increase the effective firefighting force to incidents. Ongoing

Ensure records and resources meet the requirements. Ongoing

*Improve firefighting training. Ongoing
Support call center handling. Ongoing*

Test and support maintenance of water distribution. Ongoing

Increase number of fire stations. Ongoing

2026-2027 BUDGET HIGHLIGHTS

Our continued success is contingent upon our ability to anticipate and respond to shifting operational and fiscal conditions. A key factor is the scheduled expiration of the \$8.9 million SAFER grant in March 2027. In preparation, we are working closely with the City management team to identify sustainable funding strategies and service deliver options that will maintain performance amid rising call volumes. This planning is especially critical as we expand ALS capabilities to all five fire stations further elevating service expectations and resource needs across the department.

Due to age of equipment and facilities, from fire hose to Firehouse, a continued emphasis on an equipment and facility replacement plans must be implemented to ensure that the department has the necessary resources to meet the City Council's priority of Public Safety.

During this fiscal year, the Department will continue to promote professionalism, efficiency, integrity, and safety to its members while providing excellent service to the citizens of Merced while being mindful of public health restrictions. Our primary focus was to promoting safety through prevention efforts. We worked with businesses during inspections and the permitting process to ensure a safe work environment for those working and shopping in our community. We will continue to work in conjunction with the school districts, educating the children in fire prevention measures through creative and interactive lesson plans. The Department will continue to reach out to the citizens of Merced by partnering with Red Cross and our CERT team to install smoke alarms and carbon monoxide alarms in residences. We will provide emergency services efficiently and effectively. The Department will work diligently to provide the highest level of service while remaining fiscally responsible. The Department will continue to promote education and training to ensure its members are highly trained and in a state of readiness to meet the needs of the community.

MEASURE “C” FUND-PUBLIC SAFETY, FIRE
FUND NOS. 2001 & 2030
DIVISION NO. 3000

PROGRAM

Measure C Fund accounts for one-half cent new transactions and use taxes effective July 1, 2024. The Measure was approved by area voters. Division 3000 is used for the Fire Department related expenditures from the revenues.

**MEASURE “Y” 20% FUND-PUBLIC SAFETY, FIRE
FUND NO. 2003
DIVISION NO. 3000**

PROGRAM

Measure Y Fire 20% Fund accounts for taxes associated with commercial cannabis business within the City limits. Measure Y was approved by area voters on June 5, 2018. This fund is used for the Fire Department related expenditures from 20% revenues plus any amount of the 40% discretionary revenues as directed by City Council. Related expenditures consist of equipment and supplies to support fire department.

MERCED POLICE DEPARTMENT

FUND NOS. 1000, 2700-2704, 1019, 2002, 2030, 4503, 5004

DIVISION NOS. 3500-3570

DESCRIPTION

The Merced Police Department provides public safety services to the residents of, and visitors to, our community.

Our VALUES: To be a caring, compassionate, dedicated, professional, courageous, ethical and community-focused agency.

Our MISSION: To improve the quality of life for all citizens of Merced.

Our GOALS:

1. To reduce crime and improve the quality of life in Merced.
2. To develop a high performing organization through succession planning and leadership development.
3. To continually invest in our community relationships.

Our VISION: In partnership with the community, we will be a leader in intelligence policing, providing exceptional police service to our citizens.

OUR FOUNDATION FOR SUCCESS:

We will work hand-in-hand to develop public and private partnerships to better serve our community through:

- Building trust
- Developing community relationships
- Listening to concerns
- Working towards a safer community

How we will succeed:

The Merced Police Department will be a leader in intelligence-led policing, using data-driven real time crime statistics to best utilize our resources. We will continue our efforts to become more efficient in our deployment, understanding the needs of our community. The Merced Police Department will remain steadfast in its commitment to professionalism and compassion in serving our great community.

POLICE DEPARTMENT

Goal #1: Reduce Crime and Improve the Quality of Life in Merced

Objective:

- Proactive deployment of resources
- Utilize technology to maximize efficiency
- Utilize education to assist in crime reduction
- Relentless pursuit of criminal activity

Goal #2: Develop a High Performing Organization through Succession Planning and Leadership Development

Objective:

- Develop future leaders in the organization
- Enhance organizational health and wellness
- Hire the right people
- Strive to be trusted, and accountable

Goal #3: Continually Invest in Our Community Relationships.

Objective:

- Increase community trust
- Increase public and private partnerships
- Invest in our youth and the next generation
- Work collaboratively with our community to provide for a safer Merced

Our EXPECTATIONS:

TO BE:

- An example of professionalism
- Safe, always remembering our training and best practices
- Part of the team no matter where you sit in the organization
- Invested in our community and its youth
- Willing to treat everyone like a member of your own family

TO SEE:

- The vision of where we want to go as an agency
- How we can best forward our mission together
- How we can always be looking to improve
- How we can continually look for opportunities to engage with our community

TO SHOW:

- Others respect and kindness, treating every encounter as an opportunity.
- Service over self
- Courage in action
- Our citizens, our full potential

POLICE DEPARTMENT

GOALS

Goal #1: Reduce Crime and Improve the Quality of Life in Merced

- Reduce property crimes by 10%
- Install Cameras in 2 more parks to include CP42.
- Purchase two Camera Trailer one to each area command.
- Conduct 5 ABC/Tobacco compliance checks.
- Expand our Red-Light Camera Program
- Reduce traffic accidents by 5%
- Reduce gang related crime by 10%

Goal #2: Develop a High-Performing Organization Through Succession Planning and Leadership Development

- Bring at least two training opportunities to Merced.
- Redesign our testing and hiring process.
- Have our SWAT/ BOMB teams train with neighboring agency with new Vehicle.
- Expand our K9 Team.
- Send at least 3 Sergeants to SLI.
- Bring an Interview and Interrogation School to Merced
- Send two supervisors to HNT command School.
- Conduct one Full Uniform Department Inspection.

Goal #3: Continually Invest in Our Community Relationships

- Conduct one Police Town Hall
- Conduct two Community Academies and two Spanish Academy plus Hmong.
- Expand our RTIC video program.
- Conduct 4 Mobile PD report/communication events (1 in each area)
- Conduct two MPD Employee appreciation events.
- Quarterly Breakfast/Lunch with the Police.
- Partner with our PAL for a youth activities event.
- Have officers do walk to school with kid's events quarterly.

POLICE DEPARTMENT

2026-2027 BUDGET HIGHLIGHTS

For fiscal year 2026-2027 the Merced Police Department will further its commitment to quality policing through the recruitment of the very best candidates available, creating a work environment that supports retention of a well-qualified workforce, and conducting ongoing, quality training that reflects superior policy, practices and philosophies that develop employees throughout their careers.

The men and women of the police department will continue to welcome opportunities to participate in appropriate community outreach activities and events, using those opportunities to engage with community members and visitors in a positive way building trust and fostering an environment of collaboration. The Merced Police Department will strive to be PART of the community they serve and foster relationships through that process.

With any police agency there comes a time when equipment becomes obsolete and needs to be replaced. During the 26/27 budget timeframe the police department handgun platform will reach its ten-year mark which is typically the end of life for a department issued handgun. This budget year the police department is requesting to update our handgun system by making a one-time purchase to replace outdated handguns with updated equipment. Since we still have some value in our current equipment, part of the cost of the upgrade would be offset by participating in a buy-back program where the vendor issues partial credit for old weapons. Acting now to make this essential upgrade to our weapons allows us to take advantage of available credits and will update the department for another ten years.

The Merced Police Department desires to be a leader in intelligence led policing by utilizing state of the art police technology to best maximize our efficiency. In our 26/27 budget we would like to purchase two additional blue light camera trailers. This purchase would allow us to deploy four workable cameras units one for each area of command.

We are requesting to purchase up to ten new police vehicles which will replace old, marked and unmarked police units which have exceeded recommended end of life. We propose replacing five unmarked units, three marked units and two motorcycles.

For the 26/27 fiscal year, the police department is asking to increase our temporary help staff by (3) three Community Service Officers. These CSO's will be assigned to work Code Enforcement and Community Outreach. Funding these positions will provide a stable level of support for these units and a higher level of service to the community.

This year we are also requesting to add a new budget line that will allow us to address long neglected building maintenance and ADA issues at the Central Police Headquarters. Since a new police headquarters will not be built for several years, it has become increasingly urgent to update paint, carpet, and lighting and to make restrooms

POLICE DEPARTMENT

ADA compliant. We are asking for a reasonable budget to begin making these overdue repairs and upgrades not only for the safety and well-being of our employees, but also for the public who visit our facility.

POLICE DEPARTMENT

**MEASURE “C” FUND-PUBLIC SAFETY, POLICE
FUND NOs. 2001 & 2030
DIVISION NO. 3510**

PROGRAM

Measure C Fund accounts for one-half cent new transactions and use taxes effective July 1, 2024. The Measure was approved by area voters. Division 3510 is used for the Police Department related expenditures from the revenues. Related expenditures consist of salary, benefits, equipment and supplies to support police officers, sergeants, lieutenants, and clerks.

POLICE DEPARTMENT

**MEASURE “Y” 20% FUND-PUBLIC SAFETY, POLICE
FUND NO. 2002
DIVISION NO. 3510**

PROGRAM

Measure Y Police 20% Fund accounts for taxes associated with commercial cannabis business within the City limits. Measure Y was approved by area voters on June 5, 2018. This fund is used for the Police Department related expenditures from 20% revenues plus any amount of the 40% discretionary revenues as directed by City Council. Related expenditures consist of equipment and supplies to support police department.

PUBLIC WORKS DEPARTMENT

“CUSTOMER SERVICE WITH QUALITY CARE”

DESCRIPTION

Through a continuing process of employee involvement, the Public Works Department has adopted the following mission and value statements as a foundation for all of the Department's activities.

OUR VISION

To be known as an exceptional organization providing a wide variety of essential services to the Merced Community and one another, with the highest level of safety, integrity, selflessness, professionalism, and efficiency.

MISSION

In order to accomplish our vision we are committed to:

- ◇ Provide exceptional customer service through a unified team of dedicated, professional and selfless employees.
- ◇ Enhance our quality workforce through training, development and advancement opportunities.
- ◇ Provide a safe and healthy working, living and growing environment for all.
- ◇ Build collaborative partnerships with those we serve.
- ◇ Partner with and support other first responder organizations to address emergency needs (floods, storm and wind damage, major incident traffic control) within the community when they occur.
- ◇ The Department strives to protect the City's investment in its infrastructure and public facilities, plan for future improvements to address changing needs, and ensure the health and safety of the community in the most efficient and cost effective manner.
- ◇ Finally, but not least, working in close concert with achieving the goals and priorities set forth in the City Manager's fiscal year budget and as well as those set by the Council.

PUBLIC WORKS - ADMINISTRATION
FUND NO. 7000
DIVISION NO. 6000

DESCRIPTION

The Public Works Administration Division provides administrative support to the Fleet, Facilities, Refuse, Streets, Parks, Trees, Water, Storm Drains, Sewer, Water Quality Control, and the Wastewater Treatment Divisions, while providing responsive quality service to the general public.

MISSION

Provide and maintain excellent customer service through strategic planning, budgeting, administrative management, and service support for the Public Works Department. Ensure employee health and safety is maintained, while providing quality customer service to both internal and external customers.

GOALS

- ◇ Establish a culture and reputation of providing superior customer service to both internal and external customers.
- ◇ Continue to promote and conduct trainings for a safe working environment for Public Works employees.
- ◇ Pursue grant opportunities and improve cost efficiency to ensure customers receive the highest level of energy-efficient, environmentally friendly service at the lowest cost when compared to other agencies, both public and private.

OBJECTIVES

***PERFORMANCE
MEASUREMENTS/INDICATORS***

1. Enhance customer relations.

Continue to upgrade and utilize the Public Works web pages, Merced Connect application, and Subscribe Merced feature; providing up-to-date information regarding operations, services, and activities. Monitor and post useful Public Works information on the City of Merced Public Works Facebook page.

PUBLIC WORKS - ADMINISTRATION

2. Promote safety in the workplace.

Conduct general and OSHA required safety training programs for new hires and annually for all Public Works personnel, including annual refresher course of the Injury and Illness Prevention Program.

Monitor and review both vehicle and personnel accidents with the Public Works Safety Committee monthly to identify causes and implement loss prevention methods.

Hold "All-Hands" safety training meetings once quarterly.

Promote workplace safety through coordination with the Risk Management Authority by hosting and/or attending risk management training events. Host one RMA event per year.

3. Provide appropriate training opportunities consistent with the needs of the Administration staff.

Maintain Standard Operating Procedures Manual to aid in training Administrative staff. Revise and add procedures as needed.

4. Collaborate with Engineering to identify areas where Public Works Standards need revision.

Review standards, which apply to Public Works, annually and coordinate needed revisions with Engineering Department.

5. Utilize Tyler Software for financials and Public Works asset maintenance/work order system.

Continue to utilize the Tyler software for entry of contracts, requisitions, processing of invoices and inventory items, as well as for entering work orders for Public Works staff and tracking of assets maintained by all Public Works departments.

PUBLIC WORKS - ADMINISTRATION

2026/2027 BUDGET HIGHLIGHTS

Customer service is a high priority of the Public Works Administrative staff. The Merced Connect application, which offers residents a means to report potholes, illegal dumping, and other related Public Works concerns, has been replaced with an application in the newly implemented Tyler software. Administrative staff will continue to utilize the Subscribe Merced notification system to keep the public informed of street closures and water line breaks, as well as useful information related to Public Works programs and goals. Through the use of our Facebook page, Merced Connect, and Subscribe Merced, Public Works Administrative staff will continue to provide prompt and courteous customer service for the increased service demand throughout the upcoming 2026/2027 year.

STREET AND STREETLIGHT MAINTENANCE
FUND NO. 3001
ACCOUNT NO. 6015

DESCRIPTION

The Street and Streetlight Maintenance Division performs all necessary maintenance and repairs to all City infrastructure located within the City's public right-of-ways, to include City streets, alleys, sidewalks, curb and gutters, street lights, traffic signals, signs, and pavement markings.

MISSION

Perform all maintenance with a high level of professionalism and quality, ensuring the City's infrastructure is maintained in a safe, reliable, and consistent manner.

GOALS

- ◇ Ensure our street and sidewalk work orders are inspected, repaired, or preventive maintenance is performed in accordance with best management practices, as revenue and staffing are available.
- ◇ Continue to implement new procedures, private contracts, and technologies to enhance the efficiency and productivity of the division that will provide the highest level of customer service and minimize costs.
- ◇ Continue management and assist Street Sweeping Division with the annual leaf collection program.

OBJECTIVES

1. Continue ongoing Street Maintenance Program to maintain street integrity through an aggressive inspection and replacement program.

PERFORMANCE

MEASUREMENTS/INDICATORS

Replace 10,000-sq. ft. of asphalt, utilizing City forces, weather permitting and staff availability, by June 2027. Contingent on availability of funding.

Fill potholes within two working days of being reported or work order creation. Aggressively inspect streets weekly for potholes on major streets.

Work closely with the Engineering Division on capital improvement projects to ensure all aspects of plans are addressed prior to construction.

STREET AND STREETLIGHT MAINTENANCE

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| 2. Continue Sidewalk Maintenance Program to remove tripping hazards, using City forces and private contractors. | <p>Grind 500 trip hazards by June 2027.</p> <p>Remove and replace trip hazards utilizing the SB1 Sidewalk Replacement Program.</p> <p>Replace temporary patches due to utility cuts in streets, asphalt repairs as weather conditions permit.</p> |
| 3. Continue Traffic Signal and Streetlight Maintenance Program. | <p>Continue 2-hour maximum response to reported traffic signal problems and 48-hour maximum response time to reported streetlight outages. Tracking of completed tasks through current work order system and ESRI Enterprise GIS.</p> <p>Continue to research technological improvements to determine how they may benefit the City's Traffic Signal and Streetlight Maintenance Program.</p> |
| 4. Continue Street Signs and Traffic Pavement Markings Maintenance Program and MUTCD regulatory retro-reflectivity standards. | <p>Complete annual repainting of all stop, centerline, bike lane, and fog line striping and markings by June 2027.</p> <p>Conduct annual sign survey and reflectivity testing to identify necessary repairs or replacements.</p> <p>Coordinate with Traffic Committee and Engineering Division to ensure completion of all new sign ordinance changes and requests within one month of allowed installation date.</p> |
| 5. Coordinate and implement the Pavement Management System, as well as continue coordination of Measure V activities. | <p>Coordinate with Merced County Association of Governments (MCAG) and the City Engineering Division to oversee the Pavement Management System (PMS) for prioritization of roadway rehabilitation projects.</p> |

STREET AND STREETLIGHT MAINTENANCE

Continue with coordination of Measure V activities, including roadway repairs, filling potholes, replacing or ramping sidewalks, sign repair or replacement, and signal repair.

2026/2027 BUDGET HIGHLIGHTS

SB1, Measure C, and Measure V add much needed funding to the Street Division, the addition of two maintenance worker positions will allow the Street Division and Engineering Division to address some of the road maintenance/repairs that have been deferred due to lack of funding. The Polara Audible Pedestrian crossing project is to replace 12 signalized intersections with audible pedestrian buttons in order to become ADA compliant.

STREET AND STREETLIGHT MAINTENANCE

MEASURE “C” FUND-PUBLIC WORKS

FUND NO. 2001

ACCOUNT NO. 6015

PROGRAM

Measure C Fund accounts for one-half cent new transactions and use taxes effective April 1, 2006. The Measure was approved by area voters. Account 2001-6015 is used for the public works related expenditures from the collected tax revenues.

STREET AND STREETLIGHT MAINTENANCE

MEASURE “V” FUND-PUBLIC WORKS

FUND NO’s. 2008-2009

ACCOUNT NO. 6015

PROGRAM

Measure V Fund accounts for one-half cent new transactions and use taxes effective April 1, 2017. The Measure was approved by area voters. Accounts 2008-6015 and 2009-6015 are used for the public works related expenditures from the revenues.

STREET AND STREETLIGHT MAINTENANCE

CAPITAL IMPROVEMENT PROJECT FUND

FUND NO. 5005

ACCOUNT NO. 6015

PROGRAM

Funds received from State and Federal services are held in separate fund accounts until projects are awarded, necessitating their expenditure. Project funds are then transferred to the Streets and Signals CIP Fund for project tracking and expenditure.

The revenues are accounted for in separate fund accounts to meet the subventing agencies' auditing and accounting requirements.

PARKS MAINTENANCE
FUND NO. 1001, 2004, 4504
ACCOUNT NO. 6010 & 4000

DESCRIPTION

The Parks division is responsible for the landscape maintenance of approximately 342 acres of municipal parks, landscaped areas, street medians, athletic fields, and open land areas, while maintaining approximately 19 miles of associated Class I bike paths.

MISSION

Parks Maintenance mission is to enrich the quality of life for Merced citizens and Merced communities. This will be achieved by providing exceptional parks and diverse recreational experiences for all patrons, building community image and sense of place, while preserving and protecting the City's natural resources.

GOALS

- ◇ Continue providing support to the Parks and Community Services Department and to the public for recreational needs. Improve the health and condition of all public landscape areas throughout the City.
- ◇ Continue to maintain a comprehensive herbicide and pesticide application program to sustain the health and condition of landscape areas, parks, and urban forest, while enhancing the usefulness of public facilities and open space.
- ◇ Collaborate with UC Merced, Merced College, and Community Service groups on beautification projects and public outreach events throughout the community.
- ◇ Promote health and encourage exercise among residents and visitors by maintaining and upgrading the bicycle and footpath system throughout the City.
- ◇ Ensure Maintenance Districts and Community Facility Districts (CFD) are maintained by private landscape contractor(s) as specified by their contract.

PARKS MAINTENANCE

OBJECTIVES

PERFORMANCE MEASUREMENTS/INDICATORS

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| 1. Irrigation repairs and upgrades of irrigation controllers, booster pumps and systems as needed. | Inspect all parks, adhere to maintenance schedule for clocks, sprinklers, and pumps. |
| 2. Vegetation and fire reduction management within the City utility right-of-ways. | Apply herbicide applications annually, in response to a customer service request, or as needed. Work in conjunction with California Department of Forestry to manage large vegetation and landscape areas. |
| 3. Ensure Maintenance District and CFD landscape areas are maintained by private landscape contractors as specified by contract language. | Inspect Maintenance District and CFD landscaping bimonthly to monthly. Document findings in monthly reports to contractor and Department Head, as well as ensuring deficiencies are corrected within an acceptable period. |
| 4. Continue Maintenance District and CFD tree trimming areas by private contractors. | Inspect Maintenance Districts and CFD tree trimming weekly to ensure work is per contract and follows ISA best management practices. |

2026/2027 BUDGET HIGHLIGHTS

The replacement of service truck will assist with facilitating timely repairs and upgrades of irrigation systems in parks, street medians, maintenance districts, community facility districts, city facilities, and various projects. Having additional Park workers, would permit the Parks division the ability to have different crews perform more preventive maintenance tasks that are deferred in the CFD's and MD's

STREET AND SUBDIVISION TREES

FUND NO. 6002

ACCOUNT NO. 6050

DESCRIPTION

The Street Tree Division is responsible for the maintenance of over 44,000 public trees. The Tree division provides a full range of tree care services throughout the City, including scheduled tree pruning, dead wood removal, mistletoe abatement, stump removal, reforestation, hazard elimination, chemical treatments, and corrective measures, as identified by our tree program, 8 year management plan objectives or by customer requests.

MISSION

To maintain the health and vitality of the urban forest through a comprehensive inspection, maintenance, and reforestation program that is designed to ensure public safety, and provide excellent customer service, while beautifying the City of Merced.

GOALS

- ◇ Implement new area pruning, continue mistletoe removal, and tree plant/removal programs to maintain the City's urban forest.
- ◇ Identify and replant trees that succumbed to the statewide drought.
- ◇ Respond to emergency tree/limb incidents in a timely manner while maintaining the health and condition of our urban forest.
- ◇ Coordinate with developers, PG&E, and MID for proper species and placement of street trees throughout the City.
- ◇ Promote participation in the Arbor Day events involving more schools and public agencies through education and promotion of a healthy urban forest and maintain the Tree City USA designation.

OBJECTIVES

PERFORMANCE MEASUREMENTS/INDICATORS

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| 1. With the addition of the Urban Forestry Inventory and Management Plan, the City will be able to build a strategy for managing and maintain the health and condition of the urban forest. | Monitor tree trimming (8 year trimming cycle), mistletoe abatement (ongoing), stump removal and reforestation (ongoing), and emergency tree/limb removal throughout the City, and provide monthly maintenance reports to the department. |
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STREET AND SUBDIVISION TREES

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| 2. Continue responding to emergency tree/limb incidents in a timely manner. | Staff assigned to standby duty will arrive to emergencies within 30 minutes. Inspect trees for health and condition when they are pruned, and immediately correct all tree hazards when found.

When notified of hazards by citizens, perform inspection within one business day. When hazard is verified, take corrective action immediately. |
| 3. Continue Mistletoe Abatement Program in conjunction with implementing new Area Prune Program and 8 Year Management Plan priorities. | Continue aggressive preventive maintenance work on eradicating mistletoe on all City trees, to be ongoing. |
| 4. Continue the 8-year Area Prune Program cycle. | Continue area-pruning program of approximately 5,500 trees per year utilizing City forces. |
| 5. Promote the benefits of a healthy urban forest, and maintain Tree City USA designation. | Continue participation in the Arbor Day event by involving UC Merced, Merced College, public schools, community organizations, and public agencies. |
| 6. Continue to divert woodchips at disposal sites that will accept them at no charge, with all weather disposal capabilities. | Continue to identify strategically located sites that accept woodchips at no charge. |

2026/2027 BUDGET HIGHLIGHTS

With the addition of Measure Y funds, Priority 1 tree trimming, and removal identified by the Urban Forestry Inventory and Management Plan, the Trees Division will be able to continue phase three and expand the needed City tree maintenance.

PCE CLEAN UP WATER CIPS
FUND NO. 5007
DIVISION NO. 6000

PROGRAM

Accounts for capital projects related to tetrachloroethylene (PCE) remediation.

MTBE Settlement
FUND NO. 5008
DIVISION NO. 6000

PROGRAM

Accounts for costs and capital projects related to methyl tert-butyl ether (MTBE) remediation.

RESTRICTED WATER SYSTEM

FUND NO. 6007

DIVISION NO. 6055

PROGRAM

The Restricted Water System Fund is used to finance all growth-related system improvements funded through water facility charges.

RESTRICTED WATER MAINS

FUND NO. 6008

DIVISION NO. 6055

PROGRAM

The Restricted Water Mains Fund is used for collection of over sizing components of Water Facility Charges. Refunds are made to the original contributor at such time additional development occurs.

WATER SYSTEM
FUND NO. 6001
DIVISION NO. 6060

DESCRIPTION

The Water Division is responsible for the operation and maintenance of the City's drinking water production and distribution systems. Each member of the Water Division is an integral part of a professional-grade team that strives to diligently, safely, and efficiently maintain the water system well above the standards set by the State Water Resource Control Board (SWRCB). Every aspect of the system's quality and reliability is maintained to the highest of standards by well trained, well equipped, highly motivated Water professionals that are ready to respond at a moment's notice, 24-hours a day – every day of the year.

The production system consists of 21 ground water pumping sites. Each site can produce over 1,500 gallons per minute. The system regularly pumps 35 million gallons per summer day, dropping to about 12 million gallons per winter day. The City of Merced's population of nearly 100,000 has an annual average demand of almost 7 billion gallons, meeting the residential, commercial, industrial, and irrigation needs of Merced.

The distribution system consists of nearly 500 miles of water mains that range in size from 6" to 16" in diameter. The distribution system includes over 3,000 fire hydrants, 7,000 main line valves, over 2,500 backflow devices, and over 25,000 metered service connections. Each meter has a Badger "Beacon" register that is monitored through a cellular transmission to a CLOUD based system known as Eye On Water. This system allows the customers and City staff to monitor flow data automatically.

The Water Division must also meet the State's compliance requirements concerning water quality and supply assurance. A heavy regiment of source sampling and reporting coupled with active cross-connection protection and a robust conservation program are used to ensure the continued quality and availability of drinking water for the City of Merced. Sampling and reporting are performed 100% "in house" by specially trained and certified professional Water Staff. In compliance with the State's Cross Connection Control Policy Handbook, City water has developed a Cross Connection Control Plan that is administered by the Cross Connection Control Specialist and the dedicated 2-man Backflow Technician team. Conservation is promoted, monitored, and enforced by the Conservation Specialist. Each of these dedicated professionals do their part to keep the City of Merced Water System compliant with all applicable Federal, State, and Local regulations.

WATER SYSTEM

MISSION

To provide the City of Merced with a continuous supply of safe and aesthetically pleasing drinking water, as efficiently as possible, while promoting conservation.

GOALS

- ◇ Monitor the drinking water system through a comprehensive sampling, testing, and reporting program to meet Federal, State, and Local regulatory requirements.
- ◇ Explore the feasibility of implementing new procedures and technologies to enhance the efficiency and productivity of the division, while providing the highest level of customer service and water system security.
- ◇ Promote and ensure water conservation measures through projects, public education, notifications, and water metering advantages.
- ◇ Continue the successful crew rotation system that has greatly increased Water Technician skills and understanding of the entire water system, as well as a noticeable improvement in morale.
- ◇ Look for tools and opportunities to reduce unmetered water loss.
- ◇ Continue to collaborate with the Merced Irrigation-Urban Groundwater Sustainability Agency (MIUGSA) and Integrated Regional Water Management Plan (IRWMP) to prepare and facilitate compliance with the Sustainable Groundwater Management Act (SGMA).

OBJECTIVES

PERFORMANCE MEASUREMENT/INDICATORS

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| 1. Valve exercising and water main flushing program. | Maintain water quality, improve mapping, and improve well balance. |
| 2. Cross connection control. | Comply with the State of California Cross Connection Control Policy Handbook. |

WATER SYSTEM

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| 3. Source water protection / contingencies. | Acquire land for surface water treatment plant and future well sites in strategic locations, as set forth in the Water Master Plan. Working through the SGMA framework. |
| 4. Conservation. | Comply with State mandates concerning water use and conservation. Continue to aggressively engage in public outreach and education. |
| 5. Customer Service. | The Public Works/Finance Liaison and dedicated Public Works Admin greatly enhance the Water Division's primary focus on customer service. |

2026/2027 BUDGET HIGHLIGHTS

Production: Continue the Well Assurity Program to maintain optimal performance of existing Wells. Prepare for system expansion into areas of growth.

Distribution: Continue main line replacement program. Develop NO DES mainline flushing route. Prepare for system expansion into areas of growth.

Water Supply Assurance: Monitor and plan for extreme drought conditions by actively participating in applicable basin programs. Participate in Integrated Regional Water Management and Sustainable Groundwater Management Act compliance. Work with Merced Irrigation District (MID) to change some parks to surface water irrigation. Continue to foster a citywide culture of conservation.

WASTEWATER/SEWER SYSTEM

FUND NO. 6000

ACCOUNT NO. 6065

DESCRIPTION

The Wastewater Sewer Division's Mission, Goals, and Objectives described below, covers the period from Fiscal Year 2026-27. The document will ensure the Division is working toward the cost-effective collection and maintenance of the infrastructure consisting of 21 Sewer Lift Stations and over 287 miles of pipe ranging from 4 inch to 48 inches. The Wastewater Sewer system conveys an average dry weather flow of approximately 7.12 million gallons a day (MGD) from homes, businesses, institutions, and industry to the City of Merced Wastewater Treatment Facility.

MISSION

To protect public health and the environment through the safe, reliable, and cost-effective collection and conveyance of wastewater for treatment at the Wastewater Treatment Plant.

GOALS

The City Goals supports its Mission and establishes a foundation for achieving its vision.

- ◇ Maintain our infrastructure by completing our annual comprehensive sewer line inspection, repair, and preventive maintenance program elements.
- ◇ Continue to explore the feasibility of implementing new procedures and technologies that will foster the efficiency and productivity of the division.
- ◇ Comply with the Sewer System Management Plan (SSMP) to reduce back-ups and have zero reportable overflows, as required by the State of California.
- ◇ Enhancing safety and development of team members' skills that will provide exceptional customer service.
- ◇ Continue GIS integration of sewer assets with the use of iPhones, iPads, and GIS Trimble unit for live real time updates.
- ◇ Meet all five goals while remaining within the budget.

WASTEWATER/SEWER SYSTEM

OBJECTIVES

1. Continue Sewer Trunk and Main line Inspection program to identify, and repair deteriorating conditions.
2. Ensure new sewer line construction meets City design standards and provide a benchmark for future line condition comparison.
3. Continue to be environmentally conscious protecting the public against sewage backups/overflows.
4. Support Sewer System Management Plan (SSMP) implementation to meet General Waste Discharge Requirements (GWDR).
5. Continue sewer line flushing, root cutting, foaming and grease removal; flush all restaurant trunk lines on a regular scheduled monthly maintenance rotation.

PERFORMANCE MEASUREMENTS/INDICATORS

Hydro Flush and Closed-circuit video inspect 14 miles of Sewer main lines.

Contractor will video all new sewer line construction. All new construction is video inspected and evaluated for compliance with the city standards by a city employee before any sub-division roads are paved. All inspection logs are recorded, and a video log printout is submitted to Engineering/Inspection Services. Inspections will be performed within one week of notification from Inspection Services.

City to foster the State mandated Sewer System Management Plan (SSMP). Continue training in rapid response program with 24-hour response availability, as per the Emergency Spill Response Plan. In-house training to be conducted twice a year. Throughout the year, the crew will be sent to an outside vendor for training.

Preserve and monitor appropriate SSMP maintenance and operation program and reporting procedures. Reportable sanitary sewer spills (SSSs) are reported monthly, or as required. Continue to keep reportable SSSs to zero.

Hydro-flush 300 miles of city mains biennially. Hydro-flush 32 sewer enhanced areas (restaurants/apartment complexes) monthly, 7 every other month, and 1 SEA quarterly. Grease and root buildup will be kept at a minimum resulting in maximum capacities to be always maintained.

WASTEWATER/SEWER SYSTEM

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| 6. Identify Capital Improvement Projects necessary to upgrade the City's aging sewer infrastructure. | Continue routine sewer pipe main line assessment including video and visual inspection. Observations and documentation to catalog the sewer infrastructure and prioritize areas needing improvement. Observations would include offset joints, cracks, chips, wall scaling, deterioration, and overall condition. |
| 7. Remove and replace West Avenue sewer main south of Heritage Drive. | Remove and replace 7,200 feet of sewer main. Project to be completed by June 2027. |
| 8. Remove and replace 12 th / 13 th alley sewer main between MLK and Canal Street. | Line 225 feet of sewer main. Remove and replace 700 feet of sewer main. Project to be completed by June 2027. |
| 9. Remove and replace Kibby Road sewer main between Gerard Avenue and Childs Avenue. | Remove and replace 2,700 feet of sewer main. Project to be completed by June 2027. |
| 10. Build geo database of assets to include attribute information for continued routine inspections and State reporting. | Sewer GIS data to be checked for accuracy. Current data is about 92% and planned inspections to improve accuracy by 3% in FY 2026/2027. |
| 11. Replace pumps at R street lift station. | Remove and replace pumps and valves at the San Francisco ave lift station. Put in new chopper style pumps. Project to be completed by June 2027. |

2026/2027 BUDGET HIGHLIGHTS

Sewer System Management Plan (SSMP) adopted by Council requires more stringent legal authority, design provisions, operations and maintenance practices, and emergency overflow response and spill reporting procedures.

Maintain Sewer Lift station pumps, valves and SCADA system ensuring reliability. Scrutinize preventative maintenance efforts of 21 sewer pump stations weekly to ensure reliable operation.

STORM DRAINS
FUND NO. 6000
ACCOUNT NO. 6080

DESCRIPTION

The Wastewater Sewer/Storm Division operates and maintains the City's storm drainage conveyance system. The storm drainage system consists of 148 miles of underground storm drain lines, 58 storm drain pump stations and 52 detention ponds totaling 143 acres. The crew maintains 3,684 storm drain catch basins, and 130 Storm drain pumps. The system is designed to reduce flooding in the community.

MISSION

The City's strategic plan to protect public health and the environment for the community it serves through, scheduling, maintenance, and repair, as required by Federal and State laws through City Ordinance, Municipal Separate Storm Sewer Systems (MS4), and the National Pollutant Discharge Elimination System (NPDES) requirements.

GOALS

- ◇ Ensure an uninterrupted storm drain inspection, repair, and preventative maintenance program in accordance with NPDES and MS4 storm water permit objectives.
- ◇ Continuously improve the implementing of new procedures and technologies to enhance the efficiency and productivity of the division that will provide the highest level of customer service and efficient operation.
- ◇ Continue storm drain main line closed-circuit television (CCTV) inspection program to identify deteriorating conditions, including storm drain mains, laterals, and culverts using CCTV and hydro-flush television equipment.
- ◇ Continued GIS integration of storm assets with the use of iPads and Trimble data collecting for live real time update.
- ◇ Preserve collected data of installed storm drain catch basin markers.

STORM DRAINS

OBJECTIVES

1. Hydro-flush and clean storm drain system, as identified by the inspection program.
2. Maintain storm drain catch basins and continue to collect data to update our records.
3. Maintain weeds around all storm drain sites, including retention basins, drainage ditches, roads, and pump sites. Ensure 18 miles of creeks continue to flow without any blockages.

PERFORMANCE MEASUREMENTS/INDICATORS

Hydro-flush 10 miles of City mains annually and 45 enhanced areas as needed. Grit, debris, and root buildup will be kept to a minimum, resulting in maximum flow capacities to be always maintained.

Prepare for any storm event by cleaning a minimum of 1000 storm drain catch basins annually including 46 storm catch basins in enhanced areas.

Monitor storm water basins, being extra vigilant through leaf collection season (November through January) to ensure leaves and debris will not be allowed to accumulate at storm drain catch basins, which would result in water backing up in City streets or private property.

Herbicide applied as needed (3" maximum growth); thereby, mitigating weed growth. Excessive growth is removed before becoming a fire hazard and inhibiting free flow of storm water.

Staying within MS4 guidelines, preventing application of chemicals during irrigation or within 48 hours of predicted rainfall with greater than 50% probability, as predicted by NOAA.

Develop and implement a program to prevent or reduce the amount of pollutant runoff from storm drain operations through implementation of best management practices (BMPs).

STORM DRAINS

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| 4. Optimize the efficiency of storm water system pumps and valves. | Monitor preventative maintenance and operation of 130 storm pumps and valves thereby, alleviating pump and valve malfunctions. |
| 5. Implement control program for West Nile Virus. | <p>46 storm ponds shall be pumped down immediately following a storm event, not allowing for any standing water to settle into storm pond basins. Standing water and/or debris is removed from the storm drain catch basins and bubble-ups. Potential breeding sites are removed, which in turn will control the outbreak of West Nile Virus.</p> <p>Coordinate mosquito control and West Nile Virus efforts with Merced County Mosquito Abatement District. Mosquito Abatement District shall implement their annual altosid and vecto-lex monthly pellet applications from May through October. Applications are scheduled to avoid overlap with the City's 21 storm drain catch basin cleaning areas.</p> |
| 6. Support City Engineer in the implementation of Storm Water Management Program (SWMP) to meet Phase II NPDES permit requirements. | Track program success using performance indicators such as: public education and outreach, public involvement, Illicit Discharge Detection and Eliminations (IDDE); construction site run off control; post-construction run off control; and pollution prevention/good housekeeping contained within the SWMP. |

STORM DRAINS

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| 7. Ensure new storm drain line construction meets City design standards and provide a benchmark for future line condition comparison. | Contractor will video all new storm drain line construction. All new construction is video inspected and evaluated for compliance with City standards by a City employee immediately after completion of the project. All inspection logs are recorded, and a video log printout is submitted to Engineering/Inspection Services. Inspections will be performed within one week of notification from Inspection Services. |
| 8. Optimize accuracy, scope, and data utilized to maintain storm drain infrastructure. | Continue routine pipe assessment, including video and visual inspection observations and documentation to catalog the storm drain infrastructure and prioritize areas needing improvements. Observations will include offset joints, cracks, chips, root intrusion, and overall condition. |
| 9. Service for Community Facility Districts (CFD) and Maintenance Districts (MD). | Service for CFD's and MD's that are not fully developed or funded continues to be a challenge. Storm drain basin weed control and storm drainage cleaning will not be as frequent in these areas. Pumps will be maintained with available funding. Only excessive growth will be removed as needed to reduce fire hazard and allow free flow of storm water. Herbicide will be applied before excessive weed growth occurs, and storm drainage cleaning will be done while rotating through the City's designated areas 1 through 21. Maintain spraying events within MS4 guidelines. |

STORM DRAINS

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| 10. Ensure effective BMPs for preventing or reducing the amount of storm water pollution generated. | Track BMP success using performance indicators such as: evaluation of pesticides, herbicides, and fertilizers use; rodent and subsequent erosion control; installation of trash racks and filtration separation drainage systems. |
| 11. Remove and replace Black Rascal Creek culvert at Cherokee Avenue. | Remove and replace 225 feet of creek culvert. Project to be completed by June 2027. |
| 12. Build geodatabase of assets to include attribute information for continued routine inspections and state reporting. | Storm Drain GIS data to be checked for accuracy. Current data is approximately 70% and planned inspections improve accuracy by 5% in FY 2026/2027. |
| 13. Reinforce the perimeter of pond basins to eliminate bank erosion. | Continue to purchase 4-8" drain rock and Waddles to protect the pond embankments. |

2026/2027 BUDGET HIGHLIGHTS

Critical maintenance for storm drainage facilities, implementation of the Storm Water Management Plan (SWMP), and compliance with the MS4 National Pollutant Discharge Elimination System (NPDES) Phase II Permit. The Municipal Separate Storm Sewer Systems (MS4) permit and requirements will have significant impact on expenditures.

Update deteriorating infrastructure to current engineering standards and meet MS4 goals.

Continue to record the maintenance and historical data of the storm drain system through the GIS online database.

WASTEWATER TREATMENT FACILITY
FUND NO. 6000
DIVISION NO. 6070

DESCRIPTION

The Wastewater Treatment Facility (WWTF) is recognized as the City of Merced's largest capital asset. Investment in this facility resulted in a treatment process that meets Title 22 drinking water quality standards for effluent and recycled water. As of November 31, 2025, the WWTF treated 2.31 billion gallons of water, removed 6.11 million pounds of Biochemical Oxygen Demand (BOD) material, and 5.92 million pounds of Total Suspended Solids (TSS), while achieving 100% National Pollutant Discharge Elimination System (NPDES) permit compliance. This superior level of treatment prevents pollution of our community's waterways and benefits downstream users.

MISSION

Our mission is to protect public health, the environment, and Merced's vital water resources by delivering the highest achievable level of wastewater treatment. We are committed to using advanced instrumentation, data-driven analysis, and optimized process control to ensure exceptional water quality and operational efficiency. With a team of qualified and well-trained professionals, we strive to preserve, enhance, and restore our community's water resources while maintaining full compliance with all State and Federal regulations.

GOALS

- Maintain compliance with the National Pollutant Discharge Elimination System (NPDES) permit and Waste Discharge Requirements (WDR).
- Operate and maintain facilities in a safe, efficient, and professional environment.
- Research new technologies to improve efficiency to maintain compliance.
- Provide and promote employee training to increase staff knowledge and maintain required certifications.
- Provide comprehensive support to the wastewater treatment process through high-quality mechanical, electrical, instrumentation maintenance and repair services.

WASTEWATER TREATMENT FACILITY

- Ensure all plant and lift station equipment is routinely inspected, serviced, and maintained to promote safe, efficient, and reliable operation.
- Perform timely replacement of hydraulic rams, UV lamps, and other components of the UV disinfection system, as well as conduct all associated preventive maintenance to ensure optimal system performance.
- Replace outdated variable frequency drive (VFD's). Update the dissolved oxygen probes and aeration basin monitoring to the newest technology.
- Provide certified laboratory results for operational control and monthly compliance with the State under Title 22, 40 CFR, and NPDES requirements.

OBJECTIVES

PERFORMANCE MEASUREMENT/INDICATORS

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| 1. Execute process control benchmarks to maintain compliance. | Produce exceptional water quality that results in 100% effluent compliance with National Pollutant Discharge Elimination System (NPDES) discharge limitations. |
| 2. NPDES Permit Special Studies | Coordinate studies for CV-SALTS salinity minimization and nitrate control programs. |
| 3. Identify potential impacts to treatment processes during Phase VI construction and determine solutions to minimize impacts. | Coordinate with engineers to determine the most critical path for sustaining wastewater treatment compliance. Work with contractors to prevent interruptions to plant processes during construction. |
| 4. Provide in-house and external training opportunities. | Seek out private consultants and manufacturers to provide ongoing technical training, and encourage participation in professional organizations to expand educational opportunities. |
| 5. Support current sewer lift station operation and oversee construction of new sites. | Continue to support collections in maintaining sewer lift station operation. Replace aging dry well/wet well stations with safer submersible pump stations. |

WASTEWATER TREATMENT FACILITY

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| 6. Provide Laboratory support to Water and Wastewater Divisions. | Maintain all necessary elements to satisfy Environmental Laboratory Accreditations Program (ELAP/TNI) and certifications. This includes four fields of testing for inorganic chemicals and microbiology for both drinking water and wastewater.

Maintain annual equipment calibration services including the DI water system service contract and upgrades to comply with new regulations and improve efficiency. |
| 7. Participate in proficiency testing annually. | Perform the annual water supply and water pollution studies as required for ELAP certification renewal. Add new blind study using certified materials to document staff initial and annual training IDOC/ initial demonstration of capabilities. |
| 8. Continue improving methods to comply with the National Environmental Laboratory Accreditation Conference (NELAC). | Use a laboratory information management system (LIMS) to manage and track lab results for compliance audits and monthly reporting. Invest in staff training to ensure they can effectively use the new system.

Contract an Onsite Assessment (OSA) per a new NELAC requirement. |
| 9. Develop and support reduce, recycled, and reuse efforts. | Provide recycled water for land-application irrigation and for use in the wildlife management area. |
| 10. Update PLC legacy equipment. | Install the latest PLC hardware and operating software for all processes across the plant. Provide training for personnel so they can access and modify the new software associated with the updated PLC controllers. |

WASTEWATER TREATMENT FACILITY

2026/2027 BUDGET HIGHLIGHTS

Continue design efforts for the future Phase VI plant expansion, along with replacing failing lift stations and upgrading them to wet-well style pump stations. Perform maintenance on critical process equipment, including preventative maintenance on centrifuges and required servicing of blowers. Replace deteriorating Ferric Chloride and Sodium Hypochlorite chemical tanks to ensure safe and reliable operations. Upgrade laboratory equipment to support increased capacity and meet enhanced regulatory requirements, including acquiring a new furnace for total solids testing and percent removal, installing a new rotary evaporator to improve volatile acid analysis for monitoring the two-digester system, and replacing outdated instruments with a new VIS spectrophotometer for Nitrite and COD analysis.

WATER QUALITY CONTROL
FUND NO. 6000
DIVISION NO. 6075

DESCRIPTION

The Water Quality Control Division (WQCD) provides the programs necessary to adequately protect the Publicly Owned Treatment Works (POTW), the City of Merced employees, the community, and the surrounding environment through monitoring and regulation of discharges to the sanitary sewer and storm drain systems.

MISSION

To protect the POTW, employees, the public, and the environment through coordinating and implementing wastewater and storm water pollution control programs, as required by Federal and State laws through City ordinance. To ensure compliance of these laws by the City of Merced, its residents, and dischargers regulated by the City.

GOALS

- Ensure compliance with the National Pollutant Discharge Elimination System (NPDES) permit requirements for the Wastewater Treatment Plant (WWTP) through a monitoring and reporting program.
- Monitoring the quality of industrial discharges to the POTW by the implementation of the Industrial Pretreatment (IPT) program which includes permitting, monitoring, inspecting, and reporting.
- Work with the Merced County Division of Environmental Health (MCDEH) to ensure compliance of septic waste haulers through permitting and monitoring of discharges to the WWTP.
- Maintain the Fats, Oils and Grease General Wastewater Discharge permit program through monitoring, inspecting, and reporting Food Service Establishments (FSEs). Educating FSEs on how to handle kitchen cleanups and spills while executing Best Management Practices (BMPs), training staff, and reporting.
- Maintain the Municipal Separate Storm Sewer System (MS4) Phase II permit program through interdepartmental coordination, implementation of storm water Best Management Practices (BMPs), training, monitoring, and reporting.
- Provide public education and outreach of pollution prevention programs to promote the local FOG ordinance and fulfill MS4 requirements.

WATER QUALITY CONTROL

- Work with Water Department staff to ensure compliance with the State of California's Drinking Water Program through sampling and reporting.

OBJECTIVES

PERFORMANCE MEASUREMENTS/INDICATORS

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|---|---|
| 1. WWTP compliance monitoring and reporting per the NPDES permit requirements. | Implement NPDES Monitoring and Reporting Program. Complete sample and meter monitoring of various monitoring points throughout the WWTP and submit monthly, quarterly, semi-annual, and annual discharge monitoring reports to the Regional Water Quality Control Board (RWQCB) and the Environmental Protection Agency (EPA) via the California Integrated Water Quality System (CIWQS). A new permit will be issued in 2026 with updated monitoring and reporting requirements. |
| 2. Operate EPA approved IPT Program per the Merced Municipal Code (MMC) 15.24 and Federal Regulations 40 CFR 403. | Annually review EPA pretreatment program regulations and apply any changes or corrections to the program. Regularly review incoming businesses/industries for potential discharges to the POTW. Permit, inspect, monitor, and report on new and existing industrial dischargers. Complete and submit annual IPT reports to the EPA and RWQCB via CIWQS. |
| 3. Enforce the FOG Program General Wastewater Discharge permit requirements per Merced Municipal Code 15.30. | Permit new and existing Food Service Establishment (FSE) wastewater dischargers. Enforce FOG ordinance, kitchen Best Management Practices (BMPs) requirements, and grease interceptor maintenance to minimize the introduction of fats, oils, and grease into the sanitary sewer system. |

WATER QUALITY CONTROL

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| 4. Continue State Water Resource Control Board (SWRCB) MS4 Phase II permit requirements. | Coordinate with all City of Merced departments to assure proper monitoring, BMP implementation, and documentation for storm water pollution prevention measures. Continue to investigate illicit discharges. Complete and submit annual reports and other required submittals to the Water Board via the Storm Water Multiple Applications and Report Tracking System (SMARTS). Continue subsequent On-Land Visual Trash Assessments for Priority Land Use areas. Implement the Central Valley Water Board approved Pyrethroid Management Plan for control of pyrethroid discharges to local receiving waters per the San Joaquin River Basin Plan Amendment. Continue education and outreach requirements. |
| 5. Support Collections Division in meeting General Waste Discharge requirements (WDR) regulated by the SWRCB. | Enforcement of the FOG and IPT program requirements, investigation of incidents that affect the sewer and storm drain systems, and public outreach campaigns (i.e. Don't flush "flushable wipes", "Can it, Cool it, Bag it, Trash it" and "Only Rain Down the Storm Drain") |
| 6. Continue groundwater monitoring program through well application, permitting, and inspection processes per CA State Standards and the MMC on well installations and destructions. | Review and process well permit applications for well installations, destructions, and soil borings. Perform grout inspections and obtain reports from remediation sites for historical archives. |
| 7. Ensure septic hauler business operational compliance with MCDEH requirements and the Merced Municipal Code. | Work with MCDEH in the septic hauler waste discharge permit process and monitor waste discharges through periodic sampling events. |

WATER QUALITY CONTROL

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| 8. Assist Airport staff with managing the City of Merced Industrial Storm Water Permit. | Coordinate with Airport staff to monitor for Qualified Storm Events and, in turn, collect storm water samples when required. Once construction of new terminal is complete, work with hired consultant to develop a new Storm Water Pollution Prevention Plan (SWPPP) and Monitoring Plan. Keep up to date with permit requirements and submit sample and monitoring reports to the California Stormwater Multiple Application and Report Tracking System (SMARTS). |
| 9. Contract with Laboratory Services to analyze samples taken for the NPDES, IPT, MS4, PCE Groundwater Project and Municipal Drinking Water Programs for FY 24/25 through 26/27. | Coordinate with the WWTP, WWTP Lab, the Water Division, and the Environmental Project Manager for sampling needs to prepare an RFP for Contracted Laboratory Services. |
| 10. Maintain the City of Merced Drinking Water Monitoring program | Coordinate with the Water Division staff to organize sample events at all drinking water wells that service the City, as well as, at the Wastewater Treatment Plant per the State Water Board's drinking water monitoring schedule. Keep up to date with new regulations and constituents of concern. Annually, sample and gather drinking water data for the Consumer Confidence Report (CCR) which informs residents of the quality of their drinking water. |

2026/2027 BUDGET HIGHLIGHTS

The NPDES permit requires personnel to continue weekly, monthly, quarterly, semi-annual, and annual sampling, monitoring, and reporting. The current permit expired May 31, 2025, but continues to be the current regulations until the Regional Water Board issues the new permit, expected in February 2026 with revised requirements. Staff will review those requirements and make adjustments necessary to the monitoring program for continued compliance.

The IPT Program is sustained by current rates and WQCD staff annually updates industrial sewer rates for permitted industries that operate and discharge within City limits.

WATER QUALITY CONTROL

The FOG Program requires personnel to monitor, enforce, permit, and inspect new and existing Food Service Establishments for proper handling and disposal of cooking waste. The WQCD is implementing a cloud-based software application to execute the program efficiently.

WQCD personnel will continue to endeavor and meet the requirements of the State unfunded mandates regarding the Municipal Separate Storm Sewer System (MS4) Phase II Permit. These requirements include the Trash Provision with semi-annual On-Land Visual Trash Assessments (OVTAs), the Pyrethroid Control Program, and other multi-departmental required monitoring and reporting.

Pollution Prevention Programs that fall under the Water Quality Control Division, such as the Fats, Oils, and Grease (FOG) Program and MS4 Storm Water Phase II permit, require public outreach and education to the citizens and businesses of Merced. Staff will continue efforts to provide effective Public Outreach as per the program requirements. The MS4 permit with programs such as the trash provision and the pyrethroid management plan through an Integrated Pest Management (IPM) Advocacy require increased outreach and education which will impact personnel and budget. Staff will utilize media most effective in reaching the City of Merced businesses and citizens, for example, staff will use digital marketing, radio commercials, billboards, in-person outreach events like the Merced County Fair and downtown events, and mailers.

The State Water Board's drinking water monitoring program requirements will continue to be met with staff and resources provided to collect samples throughout the year on a monthly, quarterly, semiannual, annual, or triennial, sexennial, or novennial basis in conformity with the State's monitoring schedule.

**LAND APPLICATION
FUND NO. 6000
DIVISION NO. 6085**

DESCRIPTION

The 580-acre Land Application site provides on-site disposal of biosolids. The sale of crops grown from biosolids disposal offsets most operating costs of the land application operation.

MISSION

The Land Application program employs an environmentally acceptable means of recycling biosolids as fertilizer.

GOALS

- Identify crops that are compatible with biosolids application that will produce the highest yield of tonnage to offset operating costs.
- Ensure biosolids are properly disposed of in accordance with all applicable federal and state requirements.
- Irrigate 580 acres in the Land Application Area (LAA) and 100 acres of additional Wastewater Treatment Facility property using tertiary treated wastewater. Maintain year-round crop production that will successfully utilize the available nitrogen in the soil from biosolids application.
- Perform weed abatement activities throughout the year in the LAA and assist other City departments with weed control via lot discing. Report pesticide and herbicide spraying to the Merced County Department of Agriculture.
- Maintain accurate records and procedures to monitor and report biosolids loadings. Track nitrogen uptake rates by sampling and testing nitrogen content within the soil and plant tissue.
- Develop and implement an integrated pest management system for the LAA operation

LAND APPLICATION

OBJECTIVES	PERFORMANCE MEASUREMENT/INDICATORS
1. Offset the cost of operating the land application program.	Produce fodder crops to generate revenue that meets or exceed budget expenditures for fiscal year 2026/2027.
2. Dispose of biosolids in compliance with NDPES requirements and EPA title 40 [CFR], Part 503.	Verify through plant and soil sampling throughout the year. Utilize biosolids for fertilization needs twice a year.
3. Increase the support for reduce, recycle, and reuse efforts.	Continue to use recycled water to irrigate the 695 acres of farmland and provide water to the Wildlife Management Area.
4. Improve the Wildlife Management Area and habitat for native wildlife species.	Invasive weed eradication; reduce vegetation overgrowth. Identify hot spot areas and target pest species, spray, and flood continuously. Continue adding wood duck boxes (Every year the wood duck population is increasing significantly).
5. Remove residual nitrogen in former drying bed area.	Plant winter crops that will utilize soil bound nitrogen. Collect soil samples and compare results to previous years. Continue groundwork to aerate the soil and mix various layers.
7. Reduce pesticide/herbicide usage on land application fields.	Evaluate alternative methods of pest control such as early crop harvest, organic options, and adopt a more ecological approach.

2026/2027 BUDGET HIGHLIGHTS

Benefit from the reuse of biosolids through management of solids loadings, metals, salts, and nitrogen in accordance with Federal regulations. Continue to offset biosolids disposal costs through the sale of fodder crops. Maintain all equipment used for farming to reduce time and maintain high yield returns on all crops.

**WASTEWATER TREATMENT LINES COMPONENT
IMPROVEMENT FUND
FUND NO. 6004
DIVISION NO. 6090**

PROGRAM

The Wastewater Treatment Lines Component Fund is used to collect fees from new growth. Funds will be used in the future to expand lines, pumps, and force mains required due to growth. Fees to support the system for new growth were adjusted in FY 2010.

**WASTEWATER TREATMENT PLANT COMPONENT
IMPROVEMENT FUND**

FUND NO. 6005

DIVISION NO. 6095

PROGRAM

The Wastewater Treatment Plant Component Fund is used to collect fees from new growth. Funds will be used in the future to expand the capacity of the Wastewater Treatment Plant that will be required due to growth. Fees to support expansion of the plant, as a result of new growth, were adjusted in FY 2015.

WASTEWATER REVOLVING FUND

FUND NO. 6006

DIVISION NO. 6000

PROGRAM

The Wastewater Revolving Fund was established for the purpose of providing financing for owners of single-family residences to connect property to the sewer line. Loans will be made available to owners based upon income limits established by the U.S. Department of Housing and will be repaid over ten annual installments plus interest at a rate equal to the average rate earned on the City's investments.

REFUSE COLLECTION
FUND NO. 6002
DIVISION NO. 6025

DESCRIPTION

The Refuse Division is responsible for all solid waste collection within the City limits. This includes scheduled and unscheduled service for both residential and commercial customers, as well as programs for Assisted Refuse Pack-Out Service, Illegal Dumping Cleanup, and Drop-Off Site Disposal.

MISSION

To provide the citizens of Merced excellent solid waste services, which protect public health, enhance the City's general appearance, preserve quality of life, and meet State mandates.

GOALS

- Provide regular collection of residential and commercial solid waste in the most efficient and cost-effective manner.
- Continue to audit service routes for appropriate service levels, as well as productivity.
- Continue to audit refuse customer accounts for appropriate service levels.
- Continue to partner with Merced Police Department for encampment cleanups.
- Continue to educate and service the community regarding illegal dumping.
- Continue to partner with 3rd party litter abatement services for small rubbish removal.
- Prepare and adjust for current and future growth of our customer base to keep appropriate service levels.

OBJECTIVES

1. To monitor and adjust service routes to accommodate growth, customer needs, and improve productivity.

***PERFORMANCE
MEASUREMENTS/INDICATORS***

All routes/services will be continually audited and adjusted for appropriate service during the fiscal year.

REFUSE COLLECTION

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| 2. Monitor illegal dumping activities and homeless encampment cleanups. | Report to Council tonnages/level of activity to address community needs/costs of service. |
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2026/2027 BUDGET HIGHLIGHTS

Total tonnage generated by the City has decreased slightly by 477 tons as compared to the previous fiscal year. This decrease is mainly contributed to the diversion of food waste out of the general waste stream. With continued diversion and an increase of participation of recycling, food, and green waste, the general waste stream tonnage will hopefully continue to decrease.

Staff remains diligent in searching for ways to reduce internal costs; however, unfunded legislative and regulatory mandates to the landfill, to the City, and to businesses will continue to negatively impact costs. Proactively, staff has been working with a consultant to optimize the inspection process due to the increased workload from SB1383 requirements.

Other items expected to continue to negatively impact Refuse costs include illegal dumping/homeless encampment cleanups, additional personnel to accommodate growth, and compliance with Assembly Bills AB341 (the mandatory commercial recycling law), AB1826 (the commercial organics law), and Senate Bill SB1383 (the mandatory organics diversion law), which has affected both commercial and residential customers. The Regional Waste Authority (RWA) will be conducting its own rate study and potentially increasing its fees in the coming years as well as the potential for increase from the third-party vendor (Agromin) managing the organics diversion program to meet AB1826 and SB1383 requirements. To maintain adequate funding for these increases, the Refuse division has conducted a rate study to accommodate the next five years and these impending increases.

The year-round Bulky Item Drop-off site (corner of N. Hwy 59 and Yosemite Ave where residential customers can bring bulky items, tires, and e-waste to be disposed of) has proven to be a successful program with 12,665 vehicles serviced in the last calendar year, an increase from the previous year. The site is open for 12-hours a week and 2 Saturdays a month. This site, as well as the community clean up events, has allowed us to eliminate our traditional Spring Clean-up event that was extremely taxing on staff and equipment. The site has moved 597 tons of general waste and recycled 34 tons of comingled recycling, 84 tons of wood waste, 196 tons of metal, 2,572 appliances, 3,203 mattresses and 2,109 tires. Staff is working on adding to the list of acceptable items for diversion to further grow the program. In January 2025 staff was able to add small battery drop off recycling through a Department of Energy grant inclusively with RWA. Even though participation for the drop site was opened up to City residents that reside in multi-unit complexes, the tonnage amounts only increased slightly. This aids in our efforts to decrease illegal dumping.

GREEN WASTE COLLECTION
FUND NO. 6002
DIVISION NO. 6035

DESCRIPTION

The Green Waste Division is responsible for all green and organic waste collection within City limits. This includes scheduled and unscheduled service for residential and commercial customers, Christmas Tree Removal program and an organic waste reduction program per State mandates for Assembly Bill (AB)1826 and Senate Bill (SB)1383.

MISSION

To provide the citizens of Merced excellent green waste collection service, which helps to meet waste diversion goals in regard to State mandates, in addition to enhancing the City's general appearance and preserving quality of life.

GOALS

- Provide regular collection of residential and commercial green and organic waste in the most efficient and cost-effective manner.
- Partner with businesses to promote commercial organic recycling that meets the requirements of California Assembly Bill (AB)1826 – Mandatory Commercial Organic Recycling.
- Progressing with program to meet compliance requirements with California Senate Bill (SB)1383 Short-Lived Climate Pollutants (SLCP): Organic Waste Methane Emissions Reductions.

OBJECTIVES

***PERFORMANCE
MEASUREMENTS/INDICATORS***

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| 1. To monitor and adjust service routes to accommodate growth and improve productivity. | All routes/services will be continually audited and adjusted for appropriate route service during the fiscal year. |
| 2. Track diversion of material from the landfill and businesses meeting standards, as mandated by the State of California. | Track tonnage of green waste and organic waste collected, contamination percentage and audit businesses. |

GREEN WASTE COLLECTION

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| 3. Promote waste diversion in both the residential and commercial sector and increase participation. | Educating residents on good waste diversion practices and businesses on AB1826 and SB1383 requirements, the City's organic program and conducting the waste diversion survey with an annual report to our jurisdiction representative. |
| 4. Maintaining SB1383 inspection and record keeping requirements. | Perform required inspections, documentation, outreach, and record keeping for annual reporting to our jurisdiction representative and CalRecycle. |
| 5. Contamination Notices. | Review contamination reports from route inspections/driver logs and generate notices. |

2026/2027 BUDGET HIGHLIGHTS

To be in compliance with SB 1383, our green waste programs has been converted to our Organic Waste program effective January 1st, 2024. SB1383 requires organic waste material be diverted from the general waste stream to meet statewide mandated goals.

As it pertains to CalRecycle, SB1383 establishes targets to achieve a 75 percent reduction in the level of the statewide disposal of organic waste from the 2014 level by 2025. Staff is continuing to work with the Regional Waste Management Authority (RWA) to increase food waste disposal in the green waste/organic services available at the landfill. As a temporary fix and to be in compliance with State regulations, food waste and soiled paper products are bagged and placed in the green waste can. At the landfill, the food waste bags will be removed and transported to another facility for processing until such time that it can be processed at RWA landfill. We are anticipating that this change will be in effect in the next twelve to eighteen months. Once processing services are in place, a proactive outreach/education program will be enacted to aid in participation and contamination awareness. As part of SB1383 requirements, staff has developed a food recovery program with continued education and outreach.

Our Recycling Coordinator, along with the Solid Waste staff, are aiding businesses in meeting state mandates related to AB1826 and SB1383. The Solid Waste division is auditing the commercial accounts to meet reporting needs and educate businesses on organic waste diversion requirements. In conjunction with meeting SB1383 requirements Refuse staff will increase State required in field container inspections and tracking for both residential and commercial customers to monitor contaminations

GREEN WASTE COLLECTION

and customer participation; City staff had to go in a new direction for tracking and utilizes the GPSTrackit application already in use for our route documentation. The use of the GPSTrackit forms allows City staff to log and photo document the inspection. The report created from this inspection is reviewed and when needed, generates contamination notices.

With any new drastic change comes an influx of contaminations. With the changes to organic service the tonnage has continued to increase by 1,022 tons from the previous fiscal year along with the tonnage rate increasing for disposal/processing. To maintain adequate funding for these increases, the Refuse division has conducted a rate study to accommodate the next five years and these impending increases.

City staff has resumed sending contamination notices, beginning with an oops postcard notice. Contamination fines will resume January 1st, 2026.

Staff remains diligent in searching for ways to reduce internal costs. However, unfunded legislative and regulatory mandates affecting the County landfill, the City, and businesses are expected to adversely impact rates and operations.

RECYCLING PROGRAM
FUND NO. 6002
DIVISION NO. 6030

DESCRIPTION

The Recycling Division is responsible for collection of all recyclable material within City limits. This includes scheduled and unscheduled service for residential and commercial customers.

MISSION

To provide the citizens of Merced excellent recycling services, which help meet waste diversion goals in regard to State mandates, in addition to, enhancing the City's general appearance and preserving quality of life.

GOALS

- Provide regular collection of residential and commercial businesses co-mingled recyclables in the most efficient and cost-effective manner.
- Partner with businesses to promote commercial recycling that meets the requirements of California Assembly Bill (AB)341 - Mandatory Commercial Recycling.
- Progressing with program to meet compliance requirements with California Senate Bill (SB)1383 Short-Lived Climate Pollutants (SLCP): Organic Waste Methane Emissions Reductions.

OBJECTIVES

***PERFORMANCE
MEASUREMENTS/INDICATORS***

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| 1. To monitor and adjust service routes to accommodate growth and improve productivity. | All routes/services will be continually audited and adjusted for appropriate route service during the fiscal year. |
| 2. Track diversion of material from the landfill and businesses meeting standards, as mandated by the State of California. | Track tonnage of recyclables collected, contamination percentage, and audit businesses. |

RECYCLING PROGRAM

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| 3. Promote waste diversion in both the residential and commercial sector and increase participation. | Educating residents on good waste diversion practices, and businesses on AB341, AB1826, and SB1383 requirements, the City's waste diversion programs, and conducting the waste diversion survey with an annual report to our jurisdiction representative. |
| 4. Maintaining SB1383 inspection and record keeping requirements. | Perform required inspections, documentation, outreach, and record keeping for annual reporting to our jurisdiction representative and CalRecycle. |
| 5. Contamination Notices. | Review contamination reports from route inspections/driver logs and generate notices. |

2026/2027 BUDGET HIGHLIGHTS

Our Recycling Coordinator, along with the Solid Waste staff, will continue to add new businesses to recycling service, and aid them in meeting state mandates related to AB341 Mandatory Commercial Recycling, AB1826 - Mandatory Organic Recycling, and SB1383 - Short-Lived Climate Pollutants (SLCP) organic waste methane emissions reductions.

The Solid Waste division is continuing the audit of commercial accounts to meet reporting needs and educate businesses on recycling requirements. In conjunction with meeting SB1383 requirements Refuse staff will increase state required in field container inspections and tracking for both residential and commercial customers to monitor contaminations and customer participation. City staff had to go in a new direction for tracking and utilizes the GPSTrackit application already in use for our route documentation. The use of the GPSTrackit forms allows City staff to log and photo document the inspection. The report created from this inspection is reviewed and when needed, generates contamination notices.

City staff has resumed sending contamination notices, beginning with an oops postcard notice. Contamination fines will resume January 1st, 2026.

Staff remains diligent in searching for ways to reduce internal costs. However, unfunded legislative and regulatory mandates affecting the landfill, the City, and businesses will likely continue to negatively impact the waste diversion programs.

STREET SWEEPING
FUND NO. 6002
ACCOUNT NO. 6045

DESCRIPTION

The Street Sweeping Division is responsible for the removal of dirt and debris from city streets. This includes the annual leaf collection program. The program helps the City meet air pollution and storm water pollution requirements.

MISSION

To preserve the quality of life in Merced by providing street sweeping services that meet the Clean Air Act mandates and Phase II NPDES requirements.

GOALS

- ◇ Continue providing a well-developed systematic street sweeping schedule in residential areas (twice per month) and business districts (3 times weekly) in the most cost effective and efficient manner possible.
- ◇ Continue the collection of leaves from city streets during the annual leaf collection program.
- ◇ Continue Best Management Practices diverting sediment, trash, debris, and pollutants from the storm drainage system and improving the water quality.

OBJECTIVES

***PERFORMANCE
MEASUREMENTS/INDICATORS***

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| 1. Continue to dispose of leaves at disposal sites that will accept leaves at no charge, with all-weather disposal capabilities. | Continue to identify strategically located sites that accept leaves at no charge or consider creating compost for future uses throughout city facilities. |
| 2. Seek methods to improve the quality of street sweeping and right-sizing of routes to improve productivity. | Maintain contact with sweeper manufacturers to remain familiar with current technology, as well as machine capability, and arrange for on-site demonstrations of such machines when available. |

STREET SWEEPING

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| 3. To significantly divert sediment, trash debris and other pollutants from the storm drainage system and improve storm water quality. | Implement Best Management Practices and measurable goals to improve pollutant removal from streets and gutters. Provide report to Public Works Administration on quarterly basis. |
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2026/2027 BUDGET HIGHLIGHTS

The replacement of tractor loader will assist with facilitating Leaf Collection Program, removing debris from streets and various projects.

REFUSE CAPITAL EQUIPMENT FUND

FUND NO. 6009

DIVISION NO. 6000

PROGRAM

The Refuse Capital Equipment Fund is used for the accumulation of refuse charges on new residential (MMC 8.04.235) and new industrial/commercial (MMC 8.04.265) growth for the purchase of refuse containers and equipment to meet the needs generated by new growth which is financed through fees collected from new customers.

FLEET MANAGEMENT
FUND NO. 7005
DIVISION NO. 6020

DESCRIPTION

The Fleet Maintenance Division is responsible for the maintenance, repair, and replacement of more than 600 vehicles and equipment utilized by all City departments with a staff of 13. This includes police vehicles, fire apparatus, public works equipment, and other specialized vehicles. The Fleet Division ensures the safe, reliable, and cost-effective operation of the City's fleet.

MISSION

Fleet Services is committed to maintaining an exceptional level of operational readiness. We strive to provide the best services possible within our fiscal constraints by providing safe, reliable, and cost-effective fleet services to all city departments, ensuring optimal vehicle and equipment performance to support the delivery of essential services to our community.

GOALS

- **Maximize Vehicle Uptime:** Minimize vehicle downtime through proactive maintenance and efficient repairs.
- **Control Fleet Operating Cost:** Manage and reduce overall fleet expenses.
- **Ensure Fleet Safety and Compliance:** Maintain vehicles in safe operating condition and comply with regulations.

OBJECTIVES

1. **Optimize Maintenance Scheduling:** Implement a data-driven approach to minimize disruptions and maximize vehicle uptime.
2. **Improve Repair Turnaround Time:** Reduce the time it takes to complete repairs while maintaining quality.

***PERFORMANCE
MEASUREMENTS/INDICATORS***

- Average vehicle downtime
- Total fleet operating costs
- Percentage of PMs completed on schedule
- Number of regulatory compliance violations
- Fuel consumption

2026/2027 BUDGET HIGHLIGHTS

Fuel

In the last calendar year, City vehicles consumed 261,455 gallons of diesel (3,225 less gallons than 2023), 187,990 gallons of unleaded (6,831 more gallons than 2023, and 2,019 Gas to Gallon Equivalent (GGE) of compressed natural gas (1,469 gallons less than 2023). With the growth of all City departments, the City fleet continues to grow and fuel consumption increased by 2,137 gallons across all three commodities. With increased fuel prices our costs will continue to grow.

Vehicle Replacement & ZEV Transition

Replacement charges for departments funded by discretionary funds have ceased or reduced for the past eighteen budget years. Meeting California Air Resource Board (CARB) compliance for Zero Emission Vehicles (ZEVs) present a significant challenge. The transition to ZEVs will increase vehicle replacement costs exponentially compared to traditional combustion engine vehicles. The current budget allocation for vehicle replacement is insufficient to accommodate this mandated shift. Furthermore, the availability of ZEV infrastructure (charging stations, maintenance facilities) and trained technicians is limited, requiring substantial investment.

Fleet Cost Reduction Practices

- **Preventative Maintenance Program Enhancement:** Implement a more robust preventative maintenance program to expand the lifespan of existing vehicles and reduce costly emergency repairs.
- **Strategic Sourcing and Procurement:** Explore cooperative purchasing agreements to leverage buying power and negotiate better prices for parts and supplies.
- **Lifecycle Cost Analysis:** Conduct thorough lifecycle analyses before vehicle purchases to ensure the most cost-effective options are selected, considering not just purchase price, but also maintenance, fuel, and resale value.
- **Technology Implementation:** Implement fleet management software to optimize vehicle utilization, track maintenance schedules, and monitor fuel consumption.

Budget Challenges

- **Rising Costs:** The costs of parts, equipment, and labor has been steadily increasing, putting pressure on the existing budget.
- **ZEV Transition Cost:** As mentioned above, the transition to ZEVs will dramatically increase vehicle replacement expenses.
- **Aging Facility:** The current shop, built in 1959, is outdated and cannot accommodate the growing fleet, particularly larger modern vehicles and the specialized equipment needed for ZEV maintenance. It also lacks adequate space for parts storage and staff.

FLEET MANAGEMENT

- **Staffing Needs:** As the fleet grows and becomes more complex (including ZEVs), additional trained technicians and Parts Specialist staff will be required. The current budget does not adequately address these staffing needs.

***“State and local agencies.** State and local government fleets, including city, county, special district, and State agency fleets, are required to ensure 50 percent of vehicle purchases are zero-emission beginning in 2024 and 100 percent of vehicle purchases are zero-emission by 2027. Small government fleets (those with 10 or fewer vehicles) and those in designated counties must start their ZEV purchases beginning in 2027. Alternately, State and local government fleet owners may elect to meet ZEV targets using the ZEV Milestones Option as shown in Table 1. State and local government fleets may purchase either ZEVs or near-ZEVs, or a combination of ZEVs and near-ZEVs, until 2035. Starting in 2035, only ZEVs will meet the requirements.”*

- Need for Additional Parts Specialist:
 - Current parts workflow causes delays in technician productivity
 - Increased complexity of sourcing ZEV components and specialty items
 - Inventory volume at 2 separate locations has exceeded efficiency of one Parts Specialist
 - A dedicated second Parts Specialist will improve repair turnaround time and reduce fleet downtime
- Need for Mechanic III Position:
 - Modern fleet assets require advanced diagnostic and repair skills that a Mechanic III will provide
 - Provides assistants to lead in diagnostics of fire apparatus, heavy equipment, and ZEV technologies
 - Established upward mobility for existing mechanics, improving retention
 - Reduces reliance on costly outsourced repairs for specialized work

FLEET MANAGEMENT

FLEET REPLACEMENT FUND

FUND NO. 7006

ACCOUNT NO. 6020

PROGRAM

This fund was created to accumulate money to replace City vehicles. Fleet operation and maintenance activities are accounted for in Fund 7005.

FACILITIES MAINTENANCE

FUND NO. 7007

DIVISION NO. 6005

DESCRIPTION

The Facilities Maintenance Division – currently comprised of eight (8) Custodians and four (4) Building Maintenance Workers – is responsible for the maintenance, repair, and sanitation of 75 City facilities, totaling 194,448 square feet of building and structures. This includes, City Hall, public safety facilities, community center, park restrooms, recreational buildings, and other municipal properties.

As facility systems have become more complex – particularly HVAC, electrical, plumbing, and digital controls systems – the division's generalist staffing model is no longer sufficient. Many routine and critical repairs now require licensed or certified specialists. The addition of an HVAC Technician, Plumber, and Electrician is essential to maintaining operational reliability, meeting safety and code requirements, reducing contractor dependence, and managing aging City infrastructure.

MISSION

To provide safe, well-maintained, and functional facilities that support essential city services and enhance community quality of life.

GOALS

- **Maintain Safe and Functional Facilities:** Ensure all City facilities meet safety standards, remain accessible, and operate reliably.
- **Optimize Facility Operations:** Increase efficiency and reduce downtime by expanding in-house technical expertise and reducing reliance on contracted repairs.
- **Extend the Lifespan of City Assets:** Improve preventative maintenance and system diagnostics through specialized personnel to reduce long-term capital expenditures.

OBJECTIVES

1. Provide high-quality custodial and Facility maintenance services:

PERFORMANCE MEASUREMENTS/INDICATORS

Completion of all priority work order requests within 3 business days.
Monthly review of open work orders and audit of closed work orders.

FACILITIES MAINTENANCE

- | | |
|---|---|
| 2. Ensure facilities under the care of the division are properly cleaned and safely maintained for all clients. | Facilities are regularly inspected by the supervisor and annually inspected by the Fire Department. |
| 3. Provide direction and assistance for approved construction projects. | Monitor and report total construction progress to the Public Works Director, document as-built changes to City facilities and report them to the Engineering Division within 30 days of completion. |

2026/2027 BUDGET CHALLENGES

- **Aging Facilities:** Many building require advanced repairs beyond current staffing capabilities.
- **Vandalism:** Vandalism to City facilities results in unexpected expenses for repairs and replacements, diverting funds from planned maintenance activities.
- **Increased Maintenance Costs:** Outsourcing HVAC, plumbing, and electrical repairs significantly increase costs.
- **Low Staff Levels & Lack of Specialized Trades:** The absence of dedicated trades professionals leads to increased downtime, safety risks, and delays.
- **Major Upgrades and Repairs:** HVAC, electrical, and plumbing system upgrades remain major cost drivers.

Strategies for Addressing Budget Challenges:

- Add specialized trades personnel (HVAC, Plumbing, Electrical)
- Prioritize maintenance based on risk and lifecycle costs
- Perform regular facility condition assessments
- Increase energy efficiency through optimized building systems
-

By implementing these strategies, the Facilities Maintenance Division can address its budget challenges and ensure the city facilities are well-maintained and support the needs of the community.

STAFFING & VEHICLE REQUEST JUSTIFICATION

The Facilities Maintenance Division requests the addition of three specialized positions – HVAC Technician, Plumber, and Electrician – based on:

- Increasing reliance on contractors
- Growing complexity of building systems
- Regulatory and code compliance needs
- Operational efficiency and reduced downtime

FACILITIES MAINTENANCE

- Long-term cost reduction
- Replace aging vehicles and equipment and add for new positions

PARKS & COMMUNITY SERVICES

FUND NOS. 1018, 2004 & 5000

DIVISION NOS. 4000-4060

P&CS MISSION

***To plan, facilitate, promote, maintain, and develop activities and facilities
that enhance the quality of life in Merced.***

GOAL 1: Leadership

Increase youth & adult leadership in the field of Parks & Community Services

Objective	Performance Indicators
Strengthen leadership opportunities for Parks & Recreation Commission members through revised recruitment, training, and participation practices	The department will work with Clerks and Attorney office to create training to help Recreation Commission understand role and opportunities to drive Commission discussions
Send Recreation Commissioner with staff to attend California Parks & Recreation Society Conference	Training will need to be prioritized for next year if Department Staff and Commission capacity are to grow
Build capacity of Youth Council to lead and advise Parks & Community Services	Youth Council have begun to hone focus on Parks & Community Services initiatives which will better align with Dept. ability to support them.
Recruit and hire Youth Advisor to coordinate Youth Council participation with graduation requirements or HS ASB membership	Dept will dedicate a part time position to the recruitment of a youth advisor for the Youth Council to ensure recruitment, retention and activities are providing the intended impact.

GOAL 2: Field & Facility Management

Increase utility, reduce cost, and maintain the highest value of services offered through facilities

Facility Contracts

Objective	Performance Indicators
Assist youth-serving organizations with marketing opportunities and programs through City platforms	The department is recruiting part time staff with video editing experience to bolster the capability to advertise its own services and also those of facility users (youth service orgs)
Reduce expenses and increase revenues by eliminating co-sponsored mandates and instituting new fee schedule	The department will focus on reducing costs affiliated with co-sponsored and non-profit facility use and instituting new fee schedule and naming rights for recreation facilities
Carry out capital improvements or necessary repairs at rentable facilities to ensure utility for community.	Roofing repairs at Senior Community Center. Major renovation of Joe Herb softball fields, maintenance yard and lower park restroom
Continue investments in staffing, coordination and equipment dedicated to Recreation Field and Facilities to keep sports venues in desirable condition and limit liability.	Reclassify Rec Leader positions dedicated to Groundskeeping to Rec. Field and Facility Workers to specific roles and expectations within the division. Purchase ABI Force infield machine for infield maintenance and outfield annual repairs. Create Annual Field/ Facility Maintenance schedule for Public Works Parks & Facilities Division to better inform seasonal support of sports facilities in parks.

Safety at Facilities and Fields

Objective	Performance Indicators
Coordinate with MCPD to install cameras and ensure monitoring of existing systems	MCPD has installed cameras at several parks with others in the work for the remainder of 2026
Coordinate with Public Works to create field and facility maintenance plan.	For recreational fields and facilities to be sought after community amenities weekly, monthly and yearly maintenance schedules are required. P&CS will create an annual maintenance plan to guide the efforts of Public Works to ensure fields and facilities are safe and sought after.
Continue coordination with DART to ensure field/facility availability and positive user experience.	Field/facility reservations continue to be difficult to handle without appropriate fencing or patrols. Need to study feasibility of hiring security company or creating a Park Ranger program to patrol park assets to reduce repair/ replacement costs.

GOAL 3: Recreational Opportunities

Offer youth & adult sports and outdoor recreation programs that meet community needs

Objective	Performance Indicators
Onboard Recreation Trac software	Allow for Point of Sale at satellite locations such as Zoo and online payments and reservations to be made online.
Ensure affordability by offering scholarships for recreation programs	Maintain contracts with MCSD to cover cost of program participation for students K-6 th grades and maintains a scholarship for all other youth. Continue to explore potential services for Weaver School District.
Analyze Aquatic Programs viability (rec swim and swim lessons) and determine if alternative water based activities meet more of community need	Price of pool operation maintenance and staffing have increased significantly while community use has dwindled. Increasing cases of trespassing make pool security difficult to keep up and has become an ongoing community concern the last several years.
Coordinate with CBOs, government, and private organizations to reinstate the outdoor recreation program	The department is continuing to search for collaborative partners to support its outdoor recreation
Ensure Leisure classes are meeting community needs	Create Leisure Class Monitoring Tool to assess viability of continued use of space, development marketing template for all leisure classes to advertise openings

GOAL 4: Cost Reductions or Revenue Increases

Increase sustainability of summer programs, leisure classes, and the Zoo through partnerships

Objective	Performance Indicators
Contract with school districts for sports and outdoor recreation at school sites	Work on Summer camp options as well as outdoor recreation workshops
Optimize staffing models to ensure each division maintains the same support and roles among staffing levels across divisions	Shift appropriate tasks from full time to part time. Train part time staff more routinely to carry roles
Increase amount of sponsorships brought in through use of Sponsorship Catalogue by 50%	Market more banner sponsors to local business and development facility naming opportunity with terms (5 year/10 year options) instead of forever options. Add facility naming to Sponsorship Catalogue

GOAL 5: Quality of Life

Increase the utility of parks, open space, and playgrounds through coordinated improvements

Objective	Performance Indicators
Complete the PROS (Parks, Recreation & Open Space) Master Plan Update	The department hired 110% to carry out the PROS plan development. Hosted 5 community focus groups across various sectors of the community, conducted park/field/facility assessment, and is reviewing cost recovery models to provide draft master plan by end of winter. Will look to adopt new PROS plan by Council in March 2026
Coordinate community support for Fahrens Basin Nature Trail installation	Council has approved the designation of Fahrens basin to house a nature trail for active recreation use but the Department needs to build capacity and acquire resources to construct the new amenity. This has not been pursued heavily this year
Acquire funding for McNamara Turf replacement	The Turf at McNamara Park is on year 13 of a 10 year lifespan. The Department is working with CPPG to acquire a grant to renovate both the turf and the grass at McNamara sports fields. The funding request will be upwards of \$5 million
Complete Merced Regional Sports Complex (CP42 South), General Vang Pao Park, and Applegate Zoo	CP42 South is expanding its scope to include JPA funding of a 5 th soccer field, more pathway lighting, auxiliary parking, and potentially a second restroom. GVP Park was awarded a CA Arts in Parks Grant and is in 85% design review. Plan to complete phase 1 by Summer 2026. Applegate Zoo Design Build contract was awarded and plans are in review by City Building Department. Goal is to be done by Summer 2026

Major Projects and Priorities for 26-27

- Adopt and Implement Parks, Rec. & Open Space Master Plan
- Acquire Funding to Renovate McNamara Turf- Looking for minimum of \$1.3 Million in Grants
- Complete CP42 South, Phase 2- form Joint Power Authority
- Complete General Vang Pao Park, Phase 1- Aletha June Playground
- Complete Roof Restoration at Merced Senior Community Center- \$100,000
- Break ground on HUD CDBG renovation of Joe Herb Sports Fields
- Replace Fencing for Security of City Facilities and Amenities- Ada Givens & McNamara Pools, Joe Herb Sports Field Maintenance Yard- \$150,000 (\$50,000 each facility)
- Replace lower Joe Herb Park Restroom with new unit- \$150,000

2026-2027 BUDGET HIGHLIGHTS

In order to inform investment across programs, projects, and facilities P&CS acquired funding to update the Parks, Recreation & Open Space Master Plan. This document will be a comprehensive tool to guide the departments Mission Goals and Objectives for the next 10 years. The PROS Plan will be complete in the Spring of 2026 and will be reviewed regularly to help evaluate our progress and the plans relevance as it relates to changing community priorities, community conditions, and funding realities.

The past several years have been focused on building or renovating facilities which will help drive use. To capitalize on these investments this years budget requests reflects the required staffing, partnerships, equipment, and continued enhancements to protect those investments. Department staffing and training will be a significant focus over the next fiscal year to ensure the successful implementation of the PROS Master Plan.

PARK RESERVE FUND
FUND NO. 5001
DIVISION NO. 4020

PROGRAM

In accordance with the Merced Municipal Code, as a condition of approval of a final subdivision map or parcel map, a developer must dedicate land; pay a fee in lieu thereof, or both, at the option of the City, for neighborhood and Community Park or recreational purposes.

All in-lieu fees collected are deposited into this fund and may only be used for the purpose of acquiring necessary land and developing new or rehabilitating existing park or recreational facilities reasonably related to serving the subdivision.

The Development Services Department has completed an update to the Open Space Master Plan. This Plan is a significant tool in making decisions regarding when and where facilities are constructed.

DOWNTOWN FUND
FUND NO. 2000
DIVISION NO. 2540

DESCRIPTION

In the past, the Downtown Fund provided financial support under California law for the promotion, capital improvements, and administration of the downtown area. Funds from the double-license fee were passed through to the Merced Main Street Association. With the successful formation of the Property Based Improvement District, the Business Improvement Area fee is suspended.

MISSION

Make Downtown Merced the vibrant urban center for the city and the region, a friendly place to live, work, shop, dine, and celebrate.

GOALS

- ◇ Support the delivery of Downtown Services through the newly formed Property Based Improvement District (PBID).

OBJECTIVES

***PERFORMANCE
MEASUREMENTS/INDICATORS***

- | | |
|--|--|
| 1. Serve as a point of contact and support the efforts of the PBID to provide security, cleanliness, and market Downtown Merced. | Share resources that will assist the PBID with completing tasks in the adopted Management Plan. |
| 2. Promote investment in Downtown Merced focusing on housing, entertainment, and nightlife. | Center on development and investment opportunities based upon the California Arts and Culture designation and completing of placemaking project such as the Bob Hart Square Expansion. |
| 3. Evaluate the possibility timed parking in the Downtown Core. | Coordinate with the Merced Main Street Association and Property Based Improvement District to determine where timed parking is needed in the Downtown Core. |

DOWNTOWN FUND

2026-2027 BUDGET HIGHLIGHTS

The newly formed Property Based Improvement District (PBID) will be managed by downtown property owners. Efforts will continue to center on cleanliness, safety, Main Street certification, and the promotion of Downtown Merced. Existing police patrols and calls to service, along with services for tree trimming, refuse pickup, street sweeping, and lighting will be maintained by the City.

BUSINESS IMPROVEMENT DISTRICTS
FUND NOS. 4950 & 4951
DIVISION NO. 2500

DESCRIPTION

Annual assessments to business property owners within commercial areas designed to pay for public safety enhancement, maintenance services, property beautification programs, and tourism activities.

Property Based Improvement District (Fund 4950) was formed by Resolution No. 2023-53 to fund activities to enhance public safety, maintenance services, and beautification programs for properties within Downtown Merced above and beyond services already provided by the City of Merced. Assessments are based upon an allocation of program costs and a calculation of lot square footage, first floor building square footage plus upper floor building square footage and linear footage for each of the respective three benefit zones. The first year of the PBID assessment was from January 1, 2024 to December 31, 2024. The annual assessment for subsequent years may be adjusted by a percentage rate not to exceed a maximum of five (5%) percent per year.

Tourism Based Improvement District (Fund 4951) was formed by Resolution No. 2024-112 to fund activities that vitalize the hospitality industry and promote tourism and destination activities. Assessment is 2% of the gross receipts reported on the lodging properties' transient occupancy tax schedule.

MISSION

PBID - Enhance Downtown Merced's vitality by supporting PBID's efforts to provide marketing, sanitation, beautification, and security services.

TBID – Reinvest tourism revenue locally for marketing, economic growth, drawing more visitors to Merced and increasing spending.

GOALS

OBJECTIVES

***PERFORMANCE
MEASUREMENTS/INDICATORS***

- | | |
|--|---|
| 1. Support activities as detailed in the PBID Management Plan. | Provide the resources and cooperation as needed for the PBID board to successfully execute their annual plan. |
| 2. Support activities as detailed in | Provide the resources and cooperation |

PBID & TBID DISTRICTS

- | | |
|---|---|
| the TBID Management Plan | as needed for the TBID board to successfully execute their annual plan. |
| 3. Continue providing representation on the respective PBID and TBID boards. | The Public Works Director will serve as the City representative to the PBID board and Airport Manager will serve as the representative to the TBID board. |
| 4. Finance Department remains the pass-through department for PBID assessment received from the County and TBID assessment as paid by the hotels. | Provide the contracted services to the PBID and TBID Boards. |

2026-2027 BUDGET HIGHLIGHTS

The Finance Department is paid \$2,000 by the PBID and \$2,000 by the TBID for passing through the collected assessments. Economic Development continues to serve as the point department for PBID and TBID inquiries.

MAINTENANCE DISTRICTS
FUND NOS. 4000-4039 & 4499
ACCOUNT NO. 6100

DESCRIPTION

Annual assessments within each district are to pay for maintaining and operating public improvements, including landscape, irrigation and/or storm drainage. Assessments are calculated and levied on parcels, units, acreage or other basis depending on the nature and configuration of the district. Annual assessments are reviewed and approved by the City Council.

Campus North Maintenance District (Fund 4024) was formed by Resolution No. 92-116 to maintain storm drainage, landscaping, street trees, and irrigation in a subdivision located on the west side of G Street, north of Black Rascal Creek.

Cypress Terrace Maintenance District (Fund 4028) was formed by Resolution No. 2003-13 to pay for the maintenance of storm drainage, street trees, landscaping, irrigation, and parks and open space systems in an area located north of Gerard Avenue, east of South "N" Street and west of South Highway 59.

Davenport Ranch Maintenance District (Fund 4034) was formed by Resolution No. 2002-94 to maintain street lights, storm drainage, landscaping, street trees, and irrigation in an area located on the north side of Cottonwood Creek.

Deer Park Storm Drainage Maintenance District (Fund 4015) was formed by Resolution No. 90-4 to maintain the storm drainage system and other public improvements located south of Yosemite Avenue and north of Donna Drive and adjacent to the Paulson Road frontage.

Downtown Maintenance District (Fund 4019) was formed by Resolution No. 81-148 in which annual assessments are made by square footage to pay for maintaining public improvements within the City's downtown commercial area. The area is westerly from G Street to V Street, bounded on the north from 18th Street and on the south from 16th Street. Downtown General Maintenance Service was formed to track the costs to maintain public improvements to downtown parking lots, Bob Hart Square, and the Arbor Walkways. This function is funded from the General Fund. Downtown Maintenance District will have some financial changes due to newly form PBID District.

East College Homes Subdivision Storm Drainage Maintenance District (Fund 4007) was formed by Resolution No. 86-122 for maintenance of storm drain systems installed as part of the East College Homes Subdivision which is located on the westerly branch of Queens Circle along East Olive Avenue.

MAINTENANCE DISTRICTS

Fahrens Park Maintenance District (Fund 4021) was formed by Resolution No. 90-99 to pay for the maintenance of storm drainage, street trees, landscaping, irrigation, and parks and open space systems installed as part of the Fahrens Park Subdivision, located west of R Street and north of Buena Vista Drive.

Fahrens Park #2 Maintenance District (Fund 4032) was formed by Resolution No. 2000-99 to pay for the maintenance of storm drainage, landscaping, irrigation, walls, flood channels, street trees, and parks and open space systems installed as part of the Fahrens Park Subdivision, located east of Highway 59 and south of Yosemite Avenue.

Glenhaven Park Subdivision No. 1 and 2 Maintenance District (Fund 4009) was formed by Resolution No. 85-86 to pay for maintenance of storm drain systems and all other public improvements on the extension of G Street south from Childs Avenue to Cone Avenue.

Hansen Park Maintenance District (Fund 4026) was formed by Resolution No. 93-111 to maintain storm drainage, landscaping, street trees, irrigation, park and open space along Hansen Avenue west of Nottingham Avenue. In 1996-97, Lot 49A was annexed to the District by Resolution No. 96-58.

La Bella Vista Maintenance District (Fund 4033) was formed by Resolution No. 2002-78 to maintain street lights, storm drainage, landscaping, street trees, and irrigation in an area located on the south side of Gerard Avenue, east of State Highway 59.

Landscape Maintenance District No. 1 (Fund 4018) was formed by Resolution No. 76-98 as part of the Southern Industrial Park along Cooper Avenue.

Las Brisas Maintenance District (Fund 4029) was formed by Resolution No. 98-90 to maintain storm drainage, street lights, landscaping, park and open space in the Las Brisas Subdivision between Cone Avenue and Gerard Avenue.

Lowe's Maintenance District (Fund 4037) was formed by Resolution 2004-116 to maintain storm drainage, landscaping, street trees, irrigation, parks and open space in the Lowe's shopping area between Olive Avenue, Austin, Devonwood, and Loughborough.

Mansionette Maintenance District (Fund 4025) was formed by Resolution No. 94-13 to maintain storm drainage, park and open space and landscaping along Mansionette Drive south of Mercy Ave.

MAINTENANCE DISTRICTS

Merced Auto Center Landscape and Storm Drain Maintenance District (Fund 4016) was formed by Resolution No. 89-3 to maintain landscaping and the storm drainage system located north of Highway 99, south of Southern Pacific Railroad, and bounded on the west by Bear Creek and on the east by V Street.

Moss Landing Storm Drainage Maintenance District (Fund 4011) was formed by Resolution No. 88-24 to pay for maintenance of storm drainage systems and landscaping included in the Moss Landing Subdivision located south of Highway 140.

Northwood Village Unit 1, Phase 2, Subdivision Landscape Maintenance District (Fund 4004) was formed by Resolution No. 86-19 to pay for public improvements, maintenance and operations at the southwest corner of Yosemite Avenue and G Street.

Oakbrook Subdivision Storm Drainage Maintenance District (Fund 4010) was formed by Resolution 86-20 for maintenance of all public improvements north of Yosemite Avenue and east of Fahrens Creek.

Oakmont Village No. 3 Landscape Maintenance District (Fund 4003) was formed by Resolution No. 90-98 to pay for the maintenance of storm drainage system, street trees, parks, and public landscaping included in the Oakmont Village No. 3 Subdivision.

Oakmont Village Storm Drainage Maintenance District (Fund 4013) was formed by Resolution No. 87-88 to pay for maintenance of storm drainage system included in the Oakmont Village Subdivision.

Olivewood Maintenance District (Fund 4023) was formed by Resolution No. 93-5 to maintain storm drainage, park and open space, and landscaping along Loughborough Drive and Olivewood Drive. Two commercial parcels were annexed to the district in 1994-95.

Paulson Place Maintenance District (Fund 4030) was formed by Resolution No. 2000-72 to maintain storm drainage, park and open space, and landscaping in Paulson Place Subdivision along the south side of Yosemite Avenue and along the east side of Paulson Road.

Pleasanton Park Landscape Maintenance District (Fund 4014) was formed by Resolution No. 83-61 to provide landscape and irrigation improvements installed along the south side of Childs Avenue from Canal Street to N Street and along M Street, south of Childs Avenue.

MAINTENANCE DISTRICTS

Quail Creek Landscape Maintenance District (Fund 4000) was formed by Resolution No. 92-53 to maintain parks, open space, landscaping, wall, irrigation and street trees north of Yosemite Avenue between Mansionette & Gardner. In 1995-96, the Cottonwood Unit #1 Subdivision was annexed to Quail Creek by Resolution No. 96-20.

Quail Run Storm Drainage Maintenance District (Fund 4017) was formed by Resolution No. 89-14 to maintain the storm drainage system and other public improvements located north of Yosemite Avenue, west of Gardner Avenue, and east of Mansionette Drive. In 1995-96, the Cottonwood Unit #1 Subdivision was annexed to Quail Run by Resolution No. 96-19.

Ridgeview Meadows Maintenance District (Fund 4020) was formed by Resolution No. 83-81 to maintain the storm drainage, landscaping and irrigation along the south side of Childs Avenue and east of Parsons Avenue. In 1994, Starlight Estates was annexed to the district.

Ronnie Maintenance District (Fund 4031) was formed by Resolution No. 2001-09 to maintain the storm drainage, landscaping, walls, streetlights, and street trees within the Ronnie Subdivision south of Merced Avenue between Carol Avenue and Highway 99.

Sequoia Hill Maintenance District (Fund 4035) was formed by Resolution No. 2003-17 to maintain street lights, storm drainage, landscaping, street trees, and irrigation in a subdivision located on the north side of Childs Avenue, east of Parsons Avenue.

Silverado Maintenance District (Fund 4002) was formed by Resolution 91-69 to maintain storm drainage, landscaping, street trees, irrigation, parks and open space in subdivision located south of Yosemite Avenue, between Parsons and McKee.

Skymoss Maintenance District (Fund 4036) was formed by Resolution 2004-25 to maintain storm drainage, landscaping, street trees, irrigation, parks and open space in subdivision located on Lopes Avenue east and west of Massasso Court.

Sunset West Storm Drainage Maintenance District (Fund 4008) was formed by Resolution No. 84-30 for storm collection, pumping and discharge station location south and west of Bear Creek Drive, near the Santa Fe Railroad.

Villa Santa Fe Maintenance District (Fund 4022) was formed by Resolution No. 90-88 to maintain landscaping and storm drainage system bounded by G Street on the west, Santa Fe Drive on the north and east, and by the Atchison, Topeka and Santa Fe Railroad on the south.

MAINTENANCE DISTRICTS

Village Landing Subdivision Landscape Maintenance District (Fund 4005) was formed by Resolution No. 86-100 to pay for maintenance of landscaped areas at the northeast corner of Yosemite Avenue and San Jose Avenue.

Village West Subdivision Storm Drainage Maintenance District (Fund 4006) was formed by Resolution No. 86-3 to maintain the storm drainage systems and other public improvements west of West Avenue, south of Heritage Drive, and north of Lopes Avenue.

Vista Del Sol Maintenance District (Fund 4039) was formed by Resolution 2004-81 to maintain storm drainage, landscaping, street trees, irrigation, parks and open space in a subdivision on the south side of Gerard and east of South M Street.

West Creek Homes Maintenance District (Fund 4001) was formed by Resolution No. 91-58 to maintain storm drainage, parks and open space and landscaping north of Highway 140 and east of Massasso.

Yosemite Gateway Maintenance District (Fund 4038) was formed by Resolution No. 2004-80 to pay for maintenance of storm drainage, parks and open space and landscaping in an area between Pacifica Drive, El Redondo and San Augustine.

Yosemite Village Storm Drainage Maintenance District (Fund 4012) was formed by Resolution No. 87-47 to pay for maintenance of storm drainage system included in Yosemite Village Subdivision.

COMMUNITY FACILITIES DISTRICT
FUND NOS. 4500-4504, 4510-4553
ACCOUNT NOS. 3000, 5020, 3510, 6010, 6105

PROGRAM

In January 2004, the City Council adopted Resolution No. 2004-3, establishing Community Facilities District (CFD) 2003-2 (Services) and authorized levy of a Special Tax.

Fund 4500 is used to account for the cost of annexing developments into the CFD, and Fund 4501 is used to account for the costs to administer the districts. Funding comes from developers upon request to annex.

Funds 4502, 4503, 4504 and 4510-4558 are used to account for certain authorized public services, including fire and police protection, parks maintenance, landscaping, storm drain, and flood control, that are likely to benefit the property. Funding comes from the annual special tax apportioned among the lots or parcels within the district.

Staffing details directly associated with Funds 4502, 4503 and 4504 are displayed with Fire, Police and Parks Maintenance--the primary funding sources for those departments.

NORTH MERCED SEWER REFUNDING
FUND NO. 8000
DIVISION NO. 6000

PROGRAM

Fund used for collection of assessments on parcel holders in the North Merced Sewer Improvement area and for disbursement of monies to trustee for payment of debt service to bond holders.

LIBERTY PARK
FUND NO. 8099
DIVISION NO. 8000

PROGRAM

This is the debt service fund for the Liberty Park subdivision. Assessments collected are for the payment of scheduled debt service.

16TH STREET ASSESSMENT DISTRICT FUND
FUND NO. 8098
DIVISION NO. 8000

PROGRAM

This is the debt service fund for the 16th Street Assessment District.
Assessments collected are for the payment of scheduled debt service.

FAHRENS PARK
FUND NOS. 8003
DIVISION NO. 6000

PROGRAM

Fund 342 is the debt service fund for the Fahrens Park Assessment District.
Assessments collected are for the payment of scheduled debt service.

COMMUNITY FACILITIES DISTRICT
FUND NOS. 4500-4504, 4510-4559
DIVISION NOS. 3000, 5020, 3510, 6010, 6105

PROGRAM

In January 2004, the City Council adopted Resolution No. 2004-3, establishing Community Facilities District (CFD) 2003-2 (Services) and authorized levy of a Special Tax.

Fund 150 is used to account for the cost of annexing developments into the CFD, and Fund 155 is used to account for the costs to administer the districts. Funding comes from developers upon request to annex.

Funds 156, 157, 158 and 164-194 are used to account for certain authorized public services, including fire and police protection, parks maintenance, and landscape, storm drain, and flood control, that are likely to benefit the property. Funding comes from the annual special tax apportioned among the lots or parcels within the district.

Staffing details directly associated with Funds 156, 157 and 158 are displayed with Fire, Police and Parks Maintenance--the primary funding sources for those departments--elsewhere in the budget document.

BELLEVUE RANCH EAST DEVELOPMENT CFD
FUND NOS. 8004
DIVISION NOS. 6115

PROGRAM

Fund 8004 is the debt service fund for the Bellevue Ranch East Development Assessment District. Assessments collected are for the payment of scheduled debt service.

BELLEVUE RANCH WEST DEVELOPMENT CFD
FUND NO. 8006
DIVISION NO. 6120

PROGRAM

Fund 8006 is the debt service fund for the Bellevue Ranch West Development Assessment District. Assessments collected are for the payment of scheduled debt service.

MORAGA DEVELOPMENT CFD
FUND NO. 8007
DIVISION NO. 6110

PROGRAM

Fund 8007 is the debt service fund for the Moraga Development Assessment District. Assessments collected are for the payment of scheduled debt service.

WAHNETA HALL TRUST FUND
FUND NO. 8504
DIVISION NO. 4000

PROGRAM

The City Council was named trustee for funds bequeathed by Wahneta Hall for two specific purposes:

1. The operation of a train in Applegate Park; or
2. Public concerts in Applegate Park.

An administrative policy has been established regulating the annual disbursement of trust income to qualified applicants. The amount of the annual distribution is all interest earnings in excess of the original principal amount of \$167,278.

ECONOMIC DEVELOPMENT

FUND NO. 1000

DIVISION NO. 2500

DESCRIPTION

The Economic Development Department oversees the following divisions: Office of Economic Development, Downtown Fund, Bell Station, Merced Regional Airport, Airport Industrial Park, and the Parking Authority.

The Office of Economic Development stimulates and enhances the community's economic base. Business development and job creation programs include recruitment of new businesses, expansion of existing businesses, and retention of existing businesses by maintaining a mutually beneficial relationship between the client company and local government.

The department coordinates economic development, business development, and marketing activities with local, regional, and state economic development organizations. By participating in trade shows, conducting missions, attending conferences, and hosting promotional events, the office fosters relationships with site location consultants, brokers, and corporation real estate officers. The Office of Economic Development also serves as the City's lead agency for the High Speed Rail Station Planning.

The City's partnership with the University of California Merced, Small Business Development Center, WorkNet of Merced County is focused on retaining UC Merced graduates, clustering innovative business start-ups, job creation, and fostering local small business development.

MISSION

Keep Merced as the Center. Implement strategic actions that will have the most direct impact on improving the City of Merced's economic growth and which continues to build Merced's role as the region's center for education, medical services, industry and professional/commercial services.

GOALS

- ◇ Facilitate business development (job creation and investment) and catalyst projects in Merced's economic centers.
- ◇ Market Merced advantages to key markets, businesses, developers and site selectors to attract new investment and jobs.
- ◇ Collaborate with partners to create a positive business image and provide exceptional business support.
- ◇ Coordinate real estate and infrastructure development that will assist in expanding and attracting new business investment and jobs.

ECONOMIC DEVELOPMENT

OBJECTIVES

PERFORMANCE MEASUREMENTS/INDICATORS

- | | |
|--|--|
| 1. Center on a business-friendly culture branding Merced as a go to City for business investment. | Continue working with staff, stakeholders, and partners making enhancements to the entitlement and permitting processes. |
| 2. Engage the community with regular updates on new projects, happenings, and events related to local economic development. | Provide information to the public regarding economic development efforts, projects, and programs on a quarterly or more frequent basis using social media and other forms of online and personal outreach. |
| 3. Coordinate High Speed Rail | Continue to be the clearinghouse for High-Speed Rail and assist in station planning as well as community impact. |
| 4. Re-evaluate sites for future industrial/business park development potential. | Engage with local economic development agencies about strategic industrial/business park locations including opportunities to form regional facilities. |
| 5. Participate in WorkNet of Merced County and other job training agencies to ensure the local workforce is trained and available for new jobs. | Advance ongoing job development and attraction efforts between the Department of Workforce Investment, WorkNet of Merced County, Merced County, and the California Jobs First Fund program. |
| 6. Partner with North Valley Thrive and Merced County groups | Meet quarterly with all countywide Economic Development professionals for strategizing alignment of studies. |
| 7. Developing an inventory of available sites to support opportunities within the community. | Update local inventory opportunities and creating a centralized source of information for staff, leadership, and external partners. |
| 8. Continue working with a retail consultant to conduct market analyses, identify retail opportunities, and assist in conversations with developers and retailers. | Meet monthly to review and exchange information and needs of clients, partnering at tradeshow, and updating Merced demographics and analyses. |

ECONOMIC DEVELOPMENT

2026-2027 BUDGET HIGHLIGHTS

The Office of Economic Development budget is transitioning to a staff level consisting of one Economic Development Associate and an Economic Development Administrator. The Division will be overseen by the Deputy City Manager but will rely on the Administrator for the day to day activities. The core program of the Office of Economic Development emphasizes job creation through attraction, expansion, and competitive readiness. Resources will be committed to future economic development planning efforts such as focus studies for a new industrial/technology park, California High Speed Rail, and working with consultants to strengthen partnerships and Merced's overall outreach. Completing identified goals and objectives relies upon support from economic development and site consultants.

AIRPORT INDUSTRIAL PARK
FUND NO. 5003
DIVISION NO. 6510

DESCRIPTION

The Economic Development Department promotes economic development activity in the Airport Industrial Park consisting of land sales and expansions of existing businesses. Installation, improvement, and maintenance of infrastructure are programs undertaken to assure existing, expanding and future industrial tenants will be well served in the Airport Industrial Park.

MISSION

The Airport Industrial Park provides opportunities for economic growth in Merced through sale of land to job generating industries that will benefit the community.

GOALS

- ◇ Encourage new job generating industry to locate at the Airport Industrial Park.
- ◇ Accommodate the expansions or necessary relocations of local industries.

OBJECTIVES

***PERFORMANCE
MEASUREMENTS/INDICATORS***

- | | |
|---|---|
| 1. Identify land in the Airport Industrial Park owned by the City requiring Surplus Land Act clearance. | Prepare land for sales via clearance through the California Surplus Land Act. |
| 2. Focus on investment opportunities in the Airport Industrial Park. | Continue marketing the Airport Industrial Park and work with businesses in the AIP for expansion opportunities. |
| 3. Re-evaluate the value of the properties owned by the City of Merced in the Airport Industrial Park. | Contract for an Opinion of Value and once completed, approach Council to set new pricing at market rate levels. |
| 4. Evaluate the environmental condition of property located on Hawk Drive. | Contract with a consultant to evaluate the level of lead and mitigation on the sites. |

AIRPORT INDUSTRIAL PARK

2026-2027 BUDGET HIGHLIGHTS

The proposed budget for fiscal year 2026-2027 is substantially like that of the previous year. Professional services will include an environmental investigation and possible remediation of properties along the north side of Hawk Drive.

PARKING AUTHORITY
FUND NO. 9100
DIVISION NO. 2505

DESCRIPTION

The Economic Development Department oversees City owned parking facilities.

MISSION

The first priority in parking is to welcome customers and visitors with abundant, convenient parking; and secondly, to strive to meet the parking needs of employers and employees.

GOALS

- ◇ Provide abundant, convenient, and safe parking.
- ◇ Accommodate ever changing parking needs by adjusting and refining various designations of the existing parking supply to better serve the public.

OBJECTIVES

***PERFORMANCE
MEASUREMENTS/INDICATORS***

- | | |
|---|--|
| 1. Cater to customer and visitor parking needs by evaluating time limit parking in high demand and impacted lots, and update the Municipal Code where parking is concerned. | Establishing and implementing parking time limits in heavily used areas. |
| 2. Update signage in City-owned parking lots complimenting the new welcome signage. | Identify signage in City-owned parking lots and parking garages that will need to be replaced. |
| 3. Reallocate parking inventory to ensure sufficient public access and improve overall utilization | Evaluate parking agreements and negotiate the number of spaces as well as space location in downtown parking structures. |

PARKING AUTHORITY

2026-2027 BUDGET HIGHLIGHTS

This budget is substantially similar to previous. As projects come to completion, new construction starts, and land uses intensify, demand for parking in the Downtown Core will continue to increase. Staff will consider the potential reallocation of parking in parking structures to accommodate the growing demand with an emphasis on serving customers and visitors.

TECHNOLOGY REPLACEMENT AND MAINTENANCE
FUND NO. 7009
DIVISION NO. 4700

PROGRAM

The Technology Replacement and Maintenance Fund is designed to support the upgrade of obsolete, malfunctioning, or outdated technology. Over time, as technology has become more integral to operations, the range of devices eligible for replacement through this fund has expanded. Items that qualify for replacement include PCs, large-scale printers, servers, storage devices, networking infrastructure, telephone systems, and more.

In 2008, The Technology Replacement and Maintenance Fund, was frozen to general fund departments due to austerity measures. Enterprise fund departments continued to contribute to the fund.

PUBLIC SAFETY CAPITAL IMPROVEMENT FUNDS
FUND NO. 5004
DIVISION NO. 3000

PROGRAM

Construction funding for new fire stations.

PUBLIC SAFETY CAPITAL IMPROVEMENT FUNDS
FUND NO. 5004
DIVISION NO. 3500

PROGRAM

Construction funding for new police stations.

REDEVELOPMENT AREA SUCCESSOR AGENCY
FUND NO. 8100
DIVISION NO. 2500

PROGRAM

City Council approved the City of Merced to be acting on behalf of the Successor Agency to the Redevelopment Agency for the City of Merced September 17, 2023. On behalf of the Successor Agency, the City now takes over the duties of preparing a "Recognized Obligation Payment Schedule (ROPS)" for the remediation of the former Redevelopment Property on R Street and provide administrative overview. After submission and approval of the ROPS, the City will receive funds from the State of CA Department of Finance to continue the R Street remediation project and the annual debt service payment of the Gateways 2015 Tax Allocation Refunding bond that is set to conclude in fiscal year 2038-2039.

These funds shall be used for the following:

1. Remediation Project; and
2. Administrative Charges; and
3. Bond Payments

UNIVERSITY CAPITAL CHARGE

FUND NO. 8005

DIVISION NO. 6000

PROGRAM

University Capital charges are paid by UC Merced to amortize the loan from the Infrastructure Bank for installation of water and sewer lines to the campus.