



FY 2025/26 Budget Adoption

JUNE 11, 2025

Presentation Overview

- ▶ General Fund
 - ▶ Revenues
 - ▶ Expenditures
 - ▶ Reserves
- ▶ Capital Improvement Program
- ▶ Public Hearing and Adoption

Budget Calendar

- ▶ FY 24/25 Mid-Year Budget Update – March 2025
- ▶ FY 25/26 Budget Development – March / April 2025
- ▶ Budget Workshop May 8, 2025:
 - ▶ General Fund budget
 - ▶ Capital Improvement Plan
- ▶ **Budget Adoption – June 11, 2025**

General Fund Overview

General Fund Summary Comparison

	FY 2024/25 Amended Budget	FY 2025/26 Proposed Budget	Percent Change
Estimated Beginning Fund Balance		\$ 32,238,791	
Total Revenues	\$ 23,745,483	\$ 24,304,363	2.35%
Total Expenditures	23,494,989	24,113,520	2.63%
Surplus/(Deficit)	\$ 250,494	\$ 190,843	
Use of Reserves Specific One-time Expenses:			
Capital Improvement Projects	3,336,000	3,977,000	
Financial Software	-	150,000	
AV System Upgrade - BTRCC	-	60,000	
EOC Plan & Training	-	48,350	
User Fee Study	-	45,000	
Legal Services - Special Counsel	-	64,000	
Unfunded Accrued Liability Pay-down	105,000	105,000	
General Plan & Housing Elements	94,350	-	
Zoning Code Updates	-	8,000	
SB 1383 State Recycling Grant	-	104,967	
Use of reserves net budgeted surplus	\$ (3,284,856)	\$ (4,371,474)	
Estimated Ending Fund Balance		\$ 27,867,317	

Budget Workshop Adjustments

General Fund FY 2025/26 Proposed Budget Adjustments

Revenues:

CDBG Grant Revenue	\$ 14,795
Total Revenue - Increase / (Decrease)	<u>\$ 14,795</u>

Expenditures:

General Government-City Clerk	\$ 3,000
MV-Animal Services	6,733
CDBG Grant Expenditures	4,795
Public Works- Building Maintenance	<u>20,000</u>
Total Expenditure - Increase / (Decrease)	<u>\$ 34,528</u>
Change in Surplus - Increase / (Decrease)	<u>\$ (19,733)</u>

Adjustment also includes a reduction in General Fund Reserves of \$100,000

General Fund Revenues

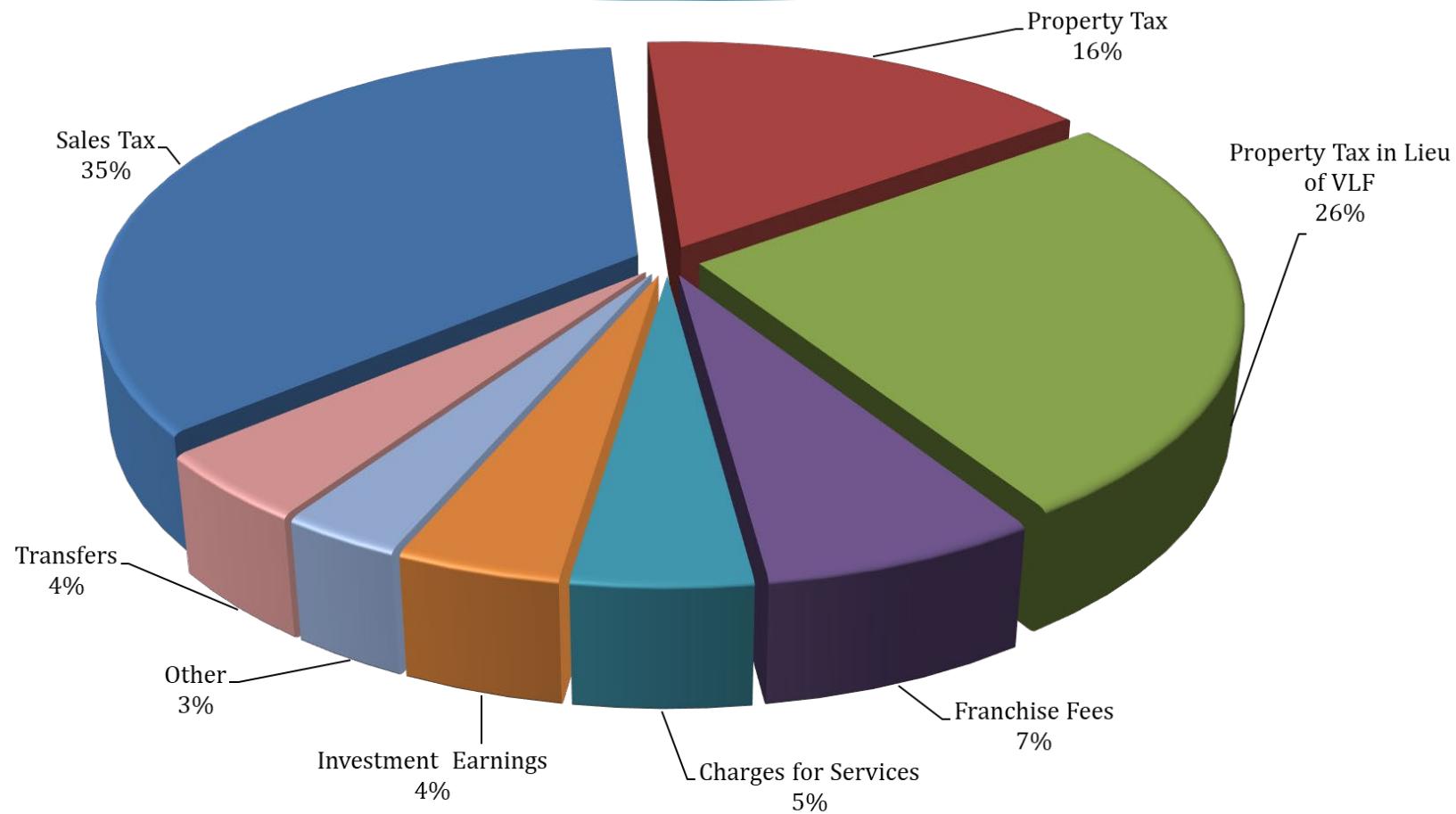


General Fund Revenues

Revenue	FY 24/25		FY 24/25		Bud to YE % Change	FY 25/26		Bud to Bud % Change
	Budget	YE Est				Budget	YE Est	
Sales Tax	\$ 8,579,086	\$ 8,342,419			-2.8% 	\$ 8,590,538	\$ 8,590,538	0.1% 
Prop Tax - VLF	\$ 6,021,699	\$ 6,088,838			1.1% 	\$ 6,341,525	\$ 6,341,525	5.3% 
Prop Tax	\$ 3,275,382	\$ 3,300,195			0.8% 	\$ 3,451,335	\$ 3,451,335	5.4% 
Prop Transfer Tax	\$ 250,000	\$ 273,513			9.4% 	\$ 275,000	\$ 275,000	10.0% 
Franchise Fees	\$ 1,775,818	\$ 1,757,765			-1.0% 	\$ 1,713,409	\$ 1,713,409	-3.5% 
Other	\$ 955,605	\$ 843,336			-11.7% 	\$ 748,854	\$ 748,854	-21.6% 
Charges for Services	\$ 1,101,100	\$ 1,105,307			0.4% 	\$ 1,108,826	\$ 1,108,826	0.7% 
Investment Earnings	\$ 801,576	\$ 1,280,238			59.7% 	\$ 1,017,022	\$ 1,017,022	26.9% 
Operational Revenue	\$ 22,760,266	\$ 22,991,611			1.0%	\$ 23,246,509	\$ 23,246,509	2.1%
Transfers	\$ 985,217	\$ 917,957			-6.8% 	\$ 1,057,854	\$ 1,057,854	7.4% 
Total Revenue	\$ 23,745,483	\$ 23,909,568			0.7%	\$ 24,304,363	\$ 24,304,363	2.4%

Operational Revenue reflects modest, yet positive growth

General Fund Revenue Sources



Sales Tax Revenues

Sales tax revenues are estimated to be relatively flat for FY 25/26

- ▶ Minor growth compared to prior year budget estimates; due to economic uncertainty; however modest growth compared to year-end estimates \$248,119 (2.97%)
- ▶ Concerns pertaining to tariffs, inflation, and consumer spending habits
 - ▶ Consumers reflect a prudent and cautious mindset
- ▶ Changes in sales tax revenue from Countywide Pools have stabilized
- ▶ Lower sales tax receipts also reflective of significant gains in comparable prior quarters
- ▶ Steady growth in sales tax revenue projected in future years
- ▶ On-going monitoring of missing and late payments to ensure revenue collection ,

General Fund Expenditures

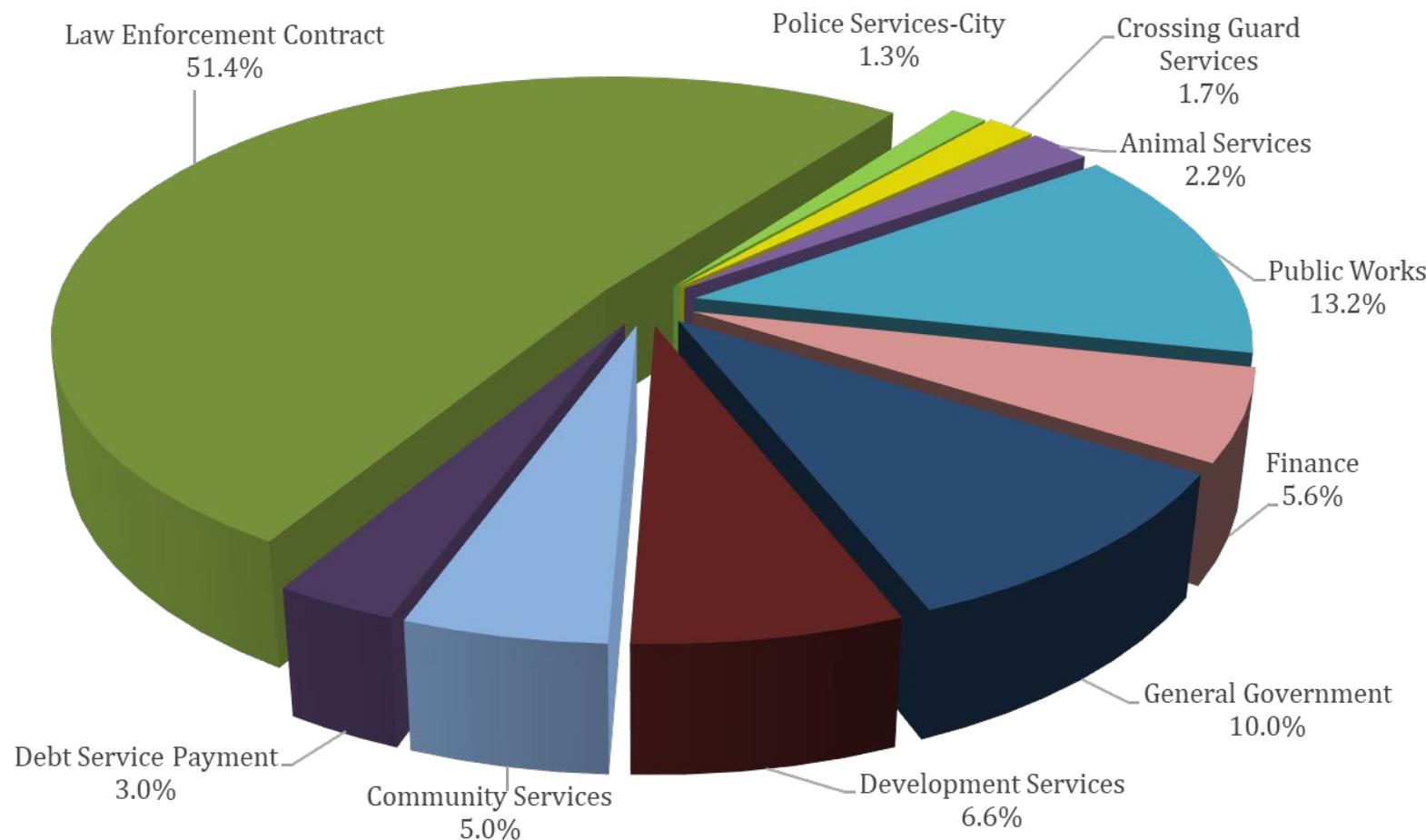


General Fund Expenditures

Expenditures	FY 24/25		FY 24/25		FY 25/26		Bud to Bud		Bud to YE	
	Budget	YE Est.	Budget	Change	Budget	Change	Change			
General Government	\$ 2,378,502	\$ 2,454,602	\$ 2,431,985	\$ 53,483	\$ (22,617)					
Finance / Non-Dept.	\$ 2,115,896	\$ 2,055,945	\$ 2,094,868	\$ (21,028)	\$ 38,923					
Police	\$ 12,348,859	\$ 12,378,399	\$ 13,039,944	\$ 691,085	\$ 661,545					
Animal Control	\$ 471,483	\$ 484,256	\$ 527,157	\$ 55,674	\$ 42,901					
Development Services	\$ 1,592,688	\$ 1,581,466	\$ 1,608,743	\$ 16,055	\$ 27,277					
Public Works	\$ 3,335,281	\$ 3,088,253	\$ 3,201,265	\$ (134,016)	\$ 113,012					
Community Services	\$ 1,252,280	\$ 1,139,902	\$ 1,209,558	\$ (42,722)	\$ 69,656					
Total	\$ 23,494,989	\$ 23,182,823	\$ 24,113,520	\$ 618,531	\$ 930,697					

Increase of \$618,531 includes an increase in the OCSD offset by lower costs throughout the department budgets

Expenditure Allocation



Law Enforcement

Total Police Services increased by 5.98%

- ▶ OCSD Law Enforcement Contract = \$12,486,050
 - ▶ Contract reflects an increase; last year of labor agreement costs
 - ▶ General Fund - \$12,326,302; SLESF funds \$159,748
 - ▶ LEC increase of \$632,943 (5.34%)
 - ▶ Additional use of SLESF funds:
 - ▶ Special Event Overtime - \$15,000
 - ▶ Purchase of E-Bikes & other equipment (\$18,100), E-Citation support (\$1,000)
 - ▶ Automated License Plate Readers lease; proposes additional 10 cameras - \$113,800
 - ▶ Other Police Services costs includes supplies, radio & motorcycle maintenance, fuel, & parking citation processing



General Fund Expenditures

- ▶ Personnel Costs:
 - ▶ Includes proposed performance-based increases, range adjustments, with a total cost up to \$190,628; No cost-of-living adjustment proposed.
 - ▶ No proposed increase in medical insurance cafeteria allowance.
 - ▶ Year 3 of UAL Pay-down Plan - \$105,000 (Use of Reserves)
 - ▶ Includes staff training & development
- ▶ General Government:
 - ▶ Increase in Non-Departmental mostly due to use of Reserves for CIP projects and Technology expenditures
 - ▶ Increases in City General Liability, Property, and Worker Compensation Insurances
 - ▶ No General Municipal Election costs in FY 25/26

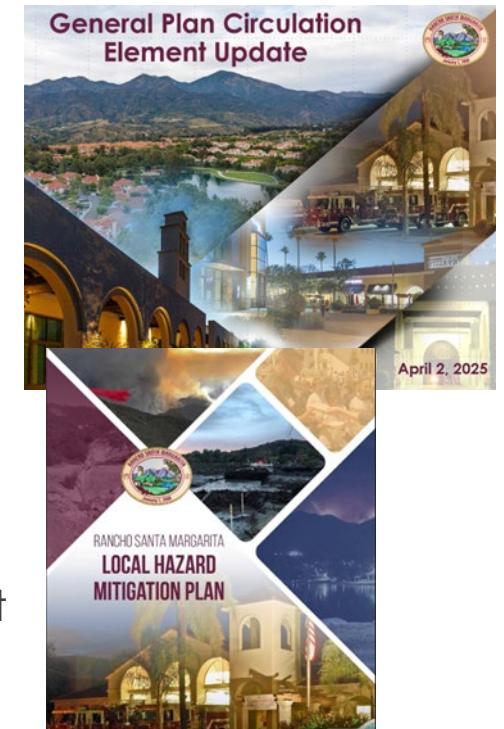
General Fund Expenditures

- ▶ Mission Viejo Animal Services (MVAS) increased \$55,674 (12%)
 - ▶ Increases attributed to personnel costs including PERS UAL costs
 - ▶ Maintenance, equipment replacement, and capital outlay shelter project costs:
 - ▶ Shelter surveillance system
 - ▶ Improvements to the sewer lift system that cleans the kennels
 - ▶ Assumes a true-up credit, the City has historically received a true-up credit each fiscal year
- ▶ Crossing Guard Services
 - ▶ Crossing Guard contract (Year 2 of 3) – \$403,152
 - ▶ Provides services at approximately 19 designated locations



General Fund Expenditures

- ▶ Development Services - Planning decrease of 6% (\$77,854)/Building & Safety up \$7,559 (2%)
 - ▶ Standard CDBG funding allocations based on current estimates
 - ▶ Building & Safety budget kept flat
 - ▶ Steady general economic development activities with the following:
 - ▶ ICSC Business attraction conference
 - ▶ RSM Chamber of Commerce support
 - ▶ CoStar and Placer.ai services
 - ▶ Advanced Planning Projects:
 - ▶ Completed updates to the Local Hazard Mitigation Plan and Circulation Element
 - ▶ Minor Zoning code updates - GF Reserves
 - ▶ Anti-camping ordinance



General Fund Expenditures

- ▶ Public Works decrease of \$104,221 (7%):
 - ▶ Personnel costs allocated to CIP projects are based on proposed projects
 - ▶ Includes cost for SB 1383 State requirements; offset by 2nd CalRecycle grant
 - ▶ Lower NPDES permit costs based on County of Orange & State estimates
 - ▶ One-time expenditures completed in FY 24/25; purchase of EV Truck and Speed Study
- ▶ Street Maintenance increase of \$46,437 (4%):
 - ▶ Street maintenance contract budget held relatively flat
 - ▶ Estimates include striping of the streets for routine and deferred annual striping
 - ▶ Special Repairs held flat; incident costs recouped through insurance claims
 - ▶ Increase in Street Sweeping contract for additional seasonal sweeping from Oct. through April; estimated cost \$36,474 (Street Sweeping is funded with Gas Tax special revenues)



General Fund Expenditures

- ▶ Building Maintenance increase of \$28,735 (6%):
 - ▶ Continued maintenance and addition of holiday decorations
 - ▶ Utility costs held relatively flat due to projected savings:
 - ▶ Newly HVAC units at both buildings
 - ▶ City Hall & BTRCC Interior LED lighting Conversion Project
 - ▶ City is experiencing lower energy usage, which keeps overall costs down, even with annual increases in utility rates



General Fund Expenditures

- ▶ Community Services decrease of \$42,772 (3%)
 - ▶ The BTRCC serves as the center for a variety of community needs:
 - ▶ Enrichment Programming
 - ▶ Community Wellness and Education
 - ▶ Youth Activities
 - ▶ Intergenerational Initiatives
 - ▶ Civic Engagement
 - ▶ Seasonal or Pop-Up Events
 - ▶ Programs offer a full range of class options with year-over-year increased enrollment
 - ▶ Facility rentals are in high demand and thriving; regular use by approximately 25 user groups; additional HOAs, High School and Corporate events
 - ▶ Former Youth Lounge – expansion and diversification of City-operated programs; allows flexibility and multi-use options
 - ▶ Robust number of Senior Activities offered



General Fund Expenditures

- ▶ Senior Mobility program (SMP) – providing essential transportation to RSM Seniors
- ▶ New format of the Community Living Magazine proposes a slight decrease in production cost
- ▶ Funding for community events and activities:
 - ▶ Six Summer Concerts
 - ▶ Patriot Day Commemoration
 - ▶ Veterans Day Reception
 - ▶ New Year's Eve Event
- ▶ Continued celebration of the City's 25th Anniversary



Community Support Requests

- ▶ RSM Chamber of Commerce Rancho Family Fest Support
 - ▶ \$32,899.75 – cost of stage, sound and lighting (reimbursement basis)
 - ▶ \$2,404.52 – in kind support (facility staffing and facility use fees/permits)
 - ▶ \$12,000 – in kind support for law enforcement
 - ▶ Funding resolution included for City Council approval

General Fund Reserves

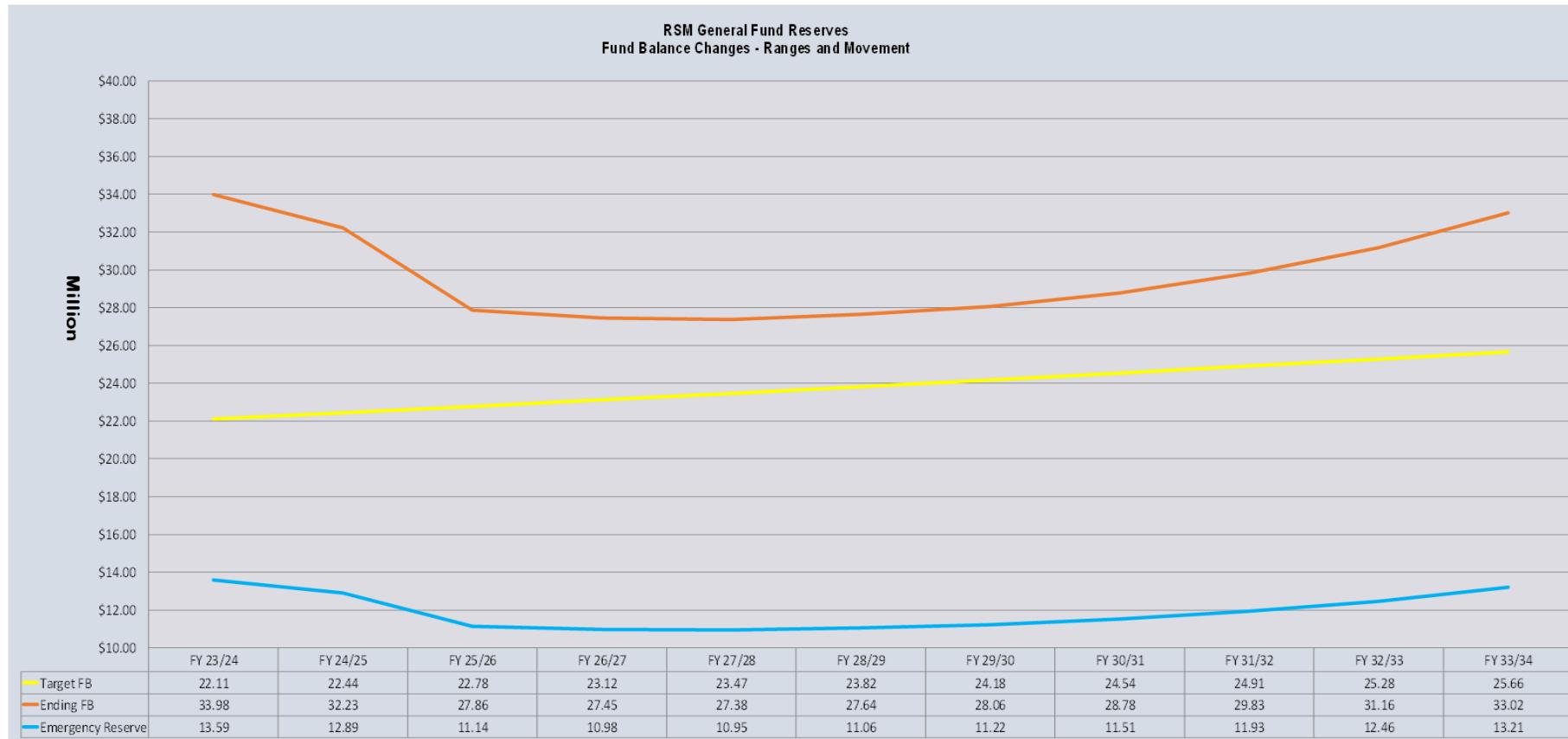


Reserve Funds FY 25/26

General Fund Reserves as of FY 24/25 is projected to be approximately \$32.2 M

- ▶ Reserve Model
 - ▶ Reflects a modest increase in GF revenues in FY 25/26
 - ▶ Largely due to growth in all areas of Property Tax revenues
 - ▶ Incorporates a conservative increase in Investment Earnings
 - ▶ Expenditures maintain services and accomplish required goals and priorities
 - ▶ Proposed Reserve expenditures total \$4.5M (CIP of \$3.9M)
- ▶ GF balance expected to fluctuate between \$27M & \$28M over the next 6 years; growth resumes in FY 31/32

Reserve Funds



General Fund Reserve Balances*

	FY 25/26 Estimated Beginning Balance	FY 25/26 Surplus (Deficit)	FY 25/26 Uses	FY 25/26 Estimated Year End Balance	10 Year Target (a)	% of 10 Year Target	Over/ (Under) Target Balance
Emergency	\$ 12,895,516	\$ (1,748,589)	\$ -	\$ 11,146,927	\$ 9,909,357	112%	\$ 1,237,570
Council Strategic (a,c,e,f,g,h,i,n,o,p)	\$ 14,239,149	\$ 15,470	\$ (2,395,317)	\$ 11,859,301	11,512,283	103%	347,018
CalPERS UAL (j)	\$ 790,000	\$ -	\$ (105,000)	\$ 685,000	-	na	685,000
Technology (k,l,m)	\$ 2,093,393	\$ 240,506	\$ (402,124)	\$ 1,931,776	1,709,087	113%	222,689
Facilities (b,d)	\$ 1,515,488	\$ 1,852,000	\$ (1,852,000)	\$ 1,515,488	1,515,488	100%	(0)
Vehicles	\$ 205,245	\$ 23,580	\$ -	\$ 228,826	127,178	180%	101,648
Infrastructure	\$ 500,000	\$ (0)	\$ -	\$ 500,000	500,000	100%	(0)
Totals	\$ 32,238,791	\$ 382,967	\$ (4,754,441)	\$ 27,867,317	\$ 25,273,393	110%	\$ 2,593,924

(a) use of reserves for Traffic Signal Enhancements \$200,000

(b) use of reserves for Civic Center Turf Replacement \$12,000

(c) use of reserves for Antonio Pkwy Gateway Improv. \$150,000

(d) use of reserves for Solar Roof Panel Install \$1,840,000

(e) use of reserves for Ave de las Flores intersection Improv. \$50,000

(f) use of reserves for Veterans Monument \$100,000

(g) use of reserves for Emergency Operations Plan \$48,350

(h) use of reserves for User Fee Study \$45,000

(i) use of reserves for Legal Services-Litigation \$64,000

(j) use of reserves for UAL \$105,000

(k) use of reserves for IT \$192,124

(l) use of reserves for Financial Software System \$150,000

(m) use of reserves for Audio-Visual BTRCC \$60,000

(n) use of reserves for SB 1383 \$104,967

(o) use of reserves for Zoning Codes \$8,000

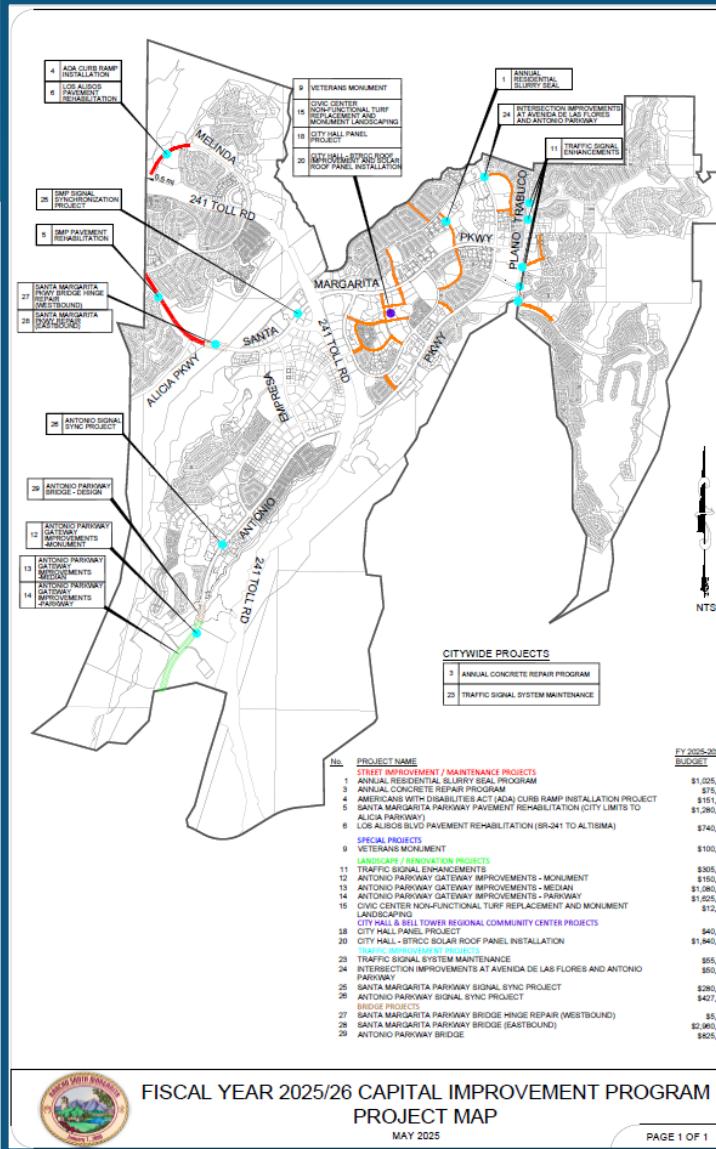
(p) use of reserves for Antonio Pkwy (Parkways) \$1,625,000

* Based on current Reserve Policy

Capital Improvement Plan



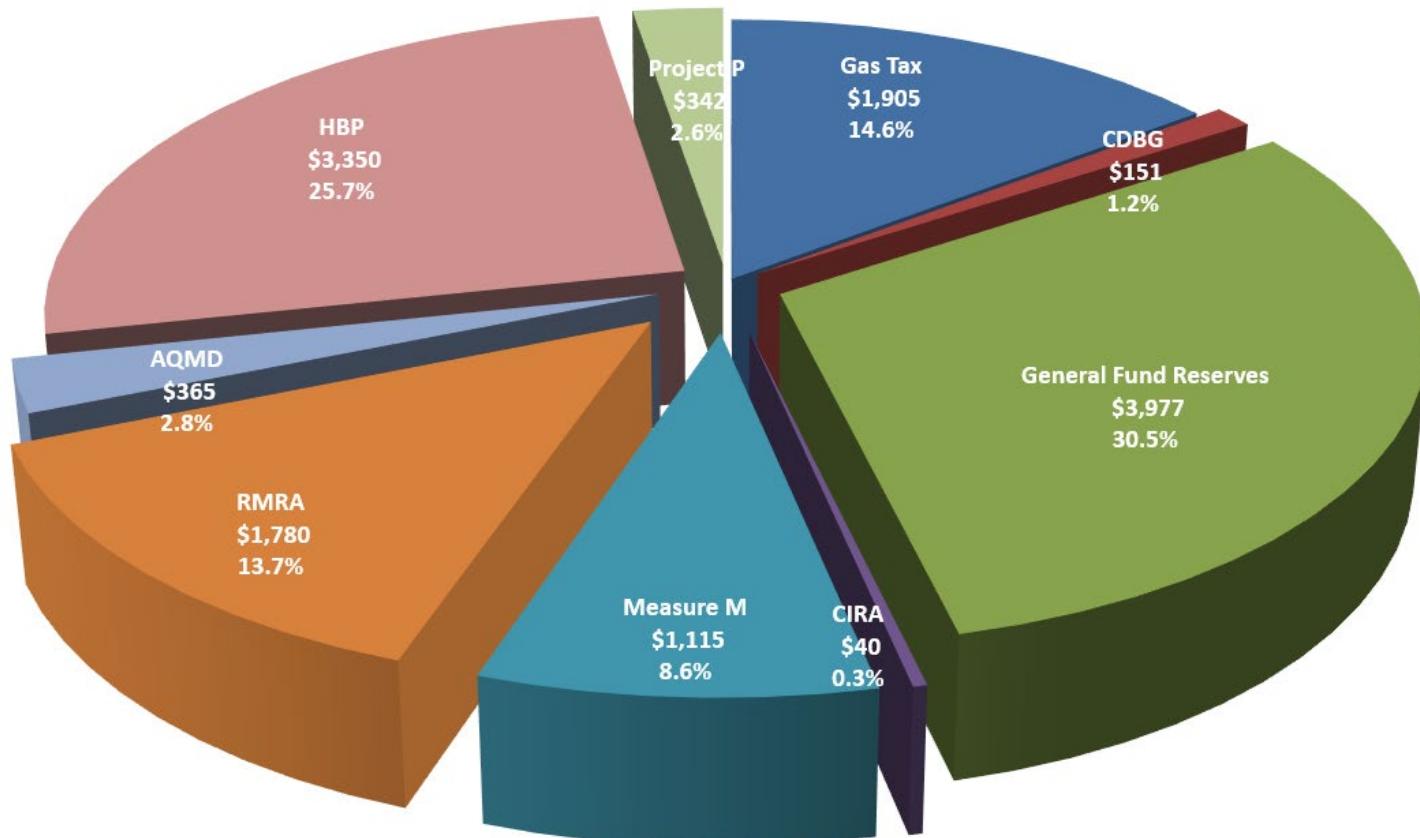
Year 1: FY 2025/26 CIP Map



FY 2025/26 Budget Breakdown - Fund Sources & Project Categories

CIP Fund Expenditures Summary		FY 25/26		
		# Projects	Budget	Percent
<i>(in thousands)</i>				
STREET IMPROVEMENT/MAINTENANCE PROJECTS	- Overlays, Slurry Seals, ADA Improvements, Concrete Repairs	5	\$ 3,271	25%
SPECIAL PROJECTS	- Veterans Monument	1	\$ 100	1%
LANDSCAPE/RENOVATION PROJECTS	- Signal Enhancements, Antonio Gateway Improvements	5	\$ 3,172	24%
CITY HALL & BELL TOWER REGIONAL COMMUNITY CENTER PROJECTS	- Roof Improvements, Rooftop Solar, City Council Panels	2	\$ 1,880	14%
TRAFFIC IMPROVEMENT PROJECTS	- Signal and Equipment Maintenance, Signal Synchronization	4	\$ 812	6%
BRIDGE PROJECTS	- WB SMP Bridge Hinge Habitat, EB SMP Bridge, Antonio Bridge	3	\$ 3,790	30%
CIP Fund Expenditures Total		20	\$ 13,025	100%

FY 2025/26 Budget Breakdown – Fund Sources



Street Improvement / Maintenance Projects

Annual Slurry Seal

Annual Concrete Repair

ADA Curb Ramp Installation

Santa Margarita Pkwy Pavement Rehabilitation
(City Limits to SMP Bridge)

Los Alisos Pavement Rehabilitation
(City Limits to Altisima)

Landscape / Beautification Projects

Traffic Signal Enhancements

Antonio Parkway Gateway Improvements – Monument

Antonio Parkway Gateway Improvements – Median

Antonio Parkway Gateway Improvements – Parkway

Civic Center Non-Functional Turf Replacement &
Monument Landscaping

City Hall & Bell Tower Regional Community Center and Special Projects

City Hall Panel Project

City Hall – BTRCC Roof Improvements and Solar
Panel Installation

Veterans Monument at Central Park

Traffic Improvement Projects

Traffic Signal System Maintenance

Intersection Improvements at Las Flores & Antonio Parkway

SMP Signal Synchronization

Antonio Pkwy Signal Synchronization

Bridge Projects

Westbound Santa Margarita Parkway Bridge
Hinge Repair Project – Habitat Restoration

Eastbound Santa Margarita Parkway Bridge
Maintenance

Antonio Parkway Bridge Maintenance

FY 2025/26 Funding Breakdown – Proposed General Fund Expenditures

- ▶ Seven projects proposed utilizing General Fund

Project Name	Priority		Estimated Total Cost
	Essential/Committed	Desirable/Discretionary	
9. Veterans Monument at Central Park	-	\$100,000	\$100,000
11. Traffic Signal Enhancements	\$200,000	-	\$200,000
12. Antonio Parkway Gateway Monument	\$150,000	-	\$150,000
14. Antonio Parkway Gateway - Parkway	-	\$1,625,000	\$1,625,000
15. Civic Center Non-Functional Turf Replacement & Monument Landscaping	\$12,000	-	\$12,000
20. City Hall – BTRCC Roof Improvements and Solar Roof Panel Installation	\$1,840,000	-	\$1,840,000
24. Intersection Improvements at Avenida de las Flores and Antonio Pkwy		\$50,000	\$50,000
TOTALS	\$2,202,000	\$ 1,775,000	\$3,977,000

Recommendations

- ▶ Adoption of the FY 25/26 Operating Budget and CIP Budget Plan, staff recommends approval of the following:
 - ▶ A Resolution adopting the Operating Budget and CIP Budget Plan for FY 25/26
 - ▶ A Resolution adopting a 7-Year Capital Improvement Program in conformance with Renewed Measure M2 requirements
 - ▶ A Resolution establishing the City's Appropriations Limit for FY 25/26
 - ▶ Community Support Resolution – RSM Chamber of Commerce

Conclusion

Council Questions and Discussion

