



# 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
<b>Estimated Beginning Fund Balance</b>		<b>\$ 32,238,791</b>	
Total Revenues	\$ 23,745,483	\$ 24,304,363	2.35%
Total Expenditures	23,494,989	24,113,520	2.63%
Surplus/(Deficit)	<u>\$ 250,494</u>	<u>\$ 190,843</u>	
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	<u>\$ (3,284,856)</u>	<u>\$ (4,371,474)</u>	
<b>Estimated Ending Fund Balance</b>		<b>\$ 27,867,317</b>	

# 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

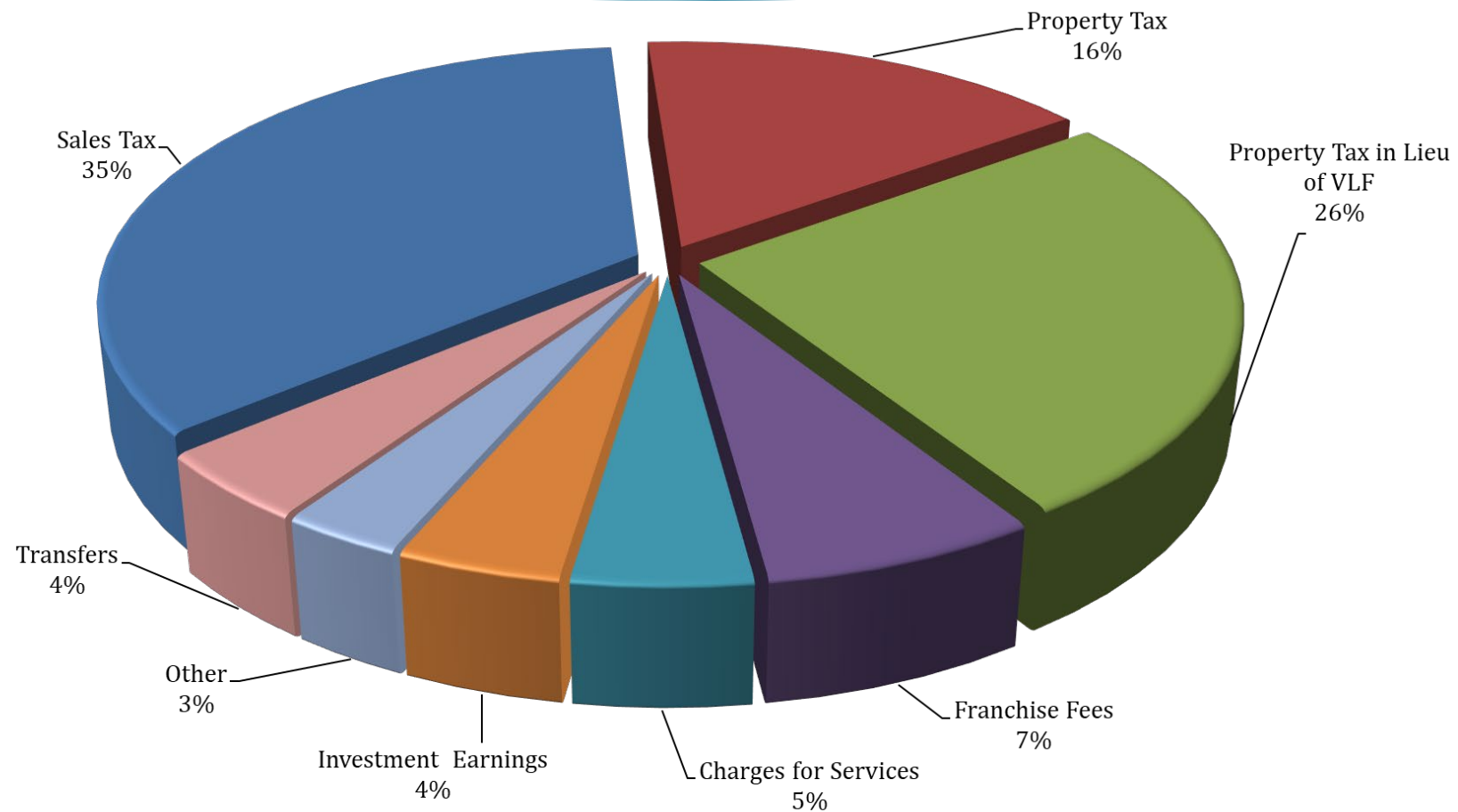


# General Fund Revenues

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

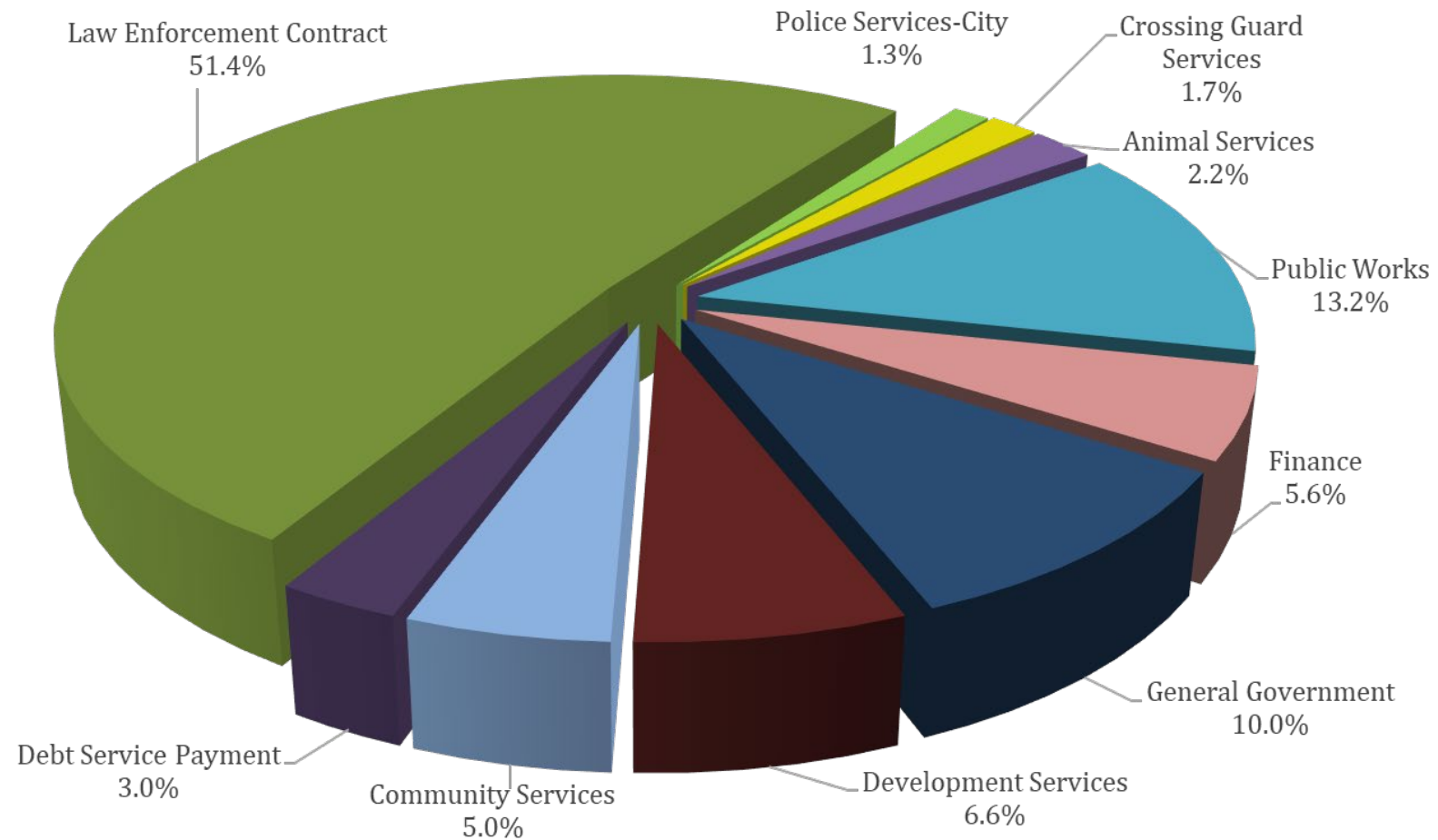


# General Fund Expenditures

<b>Expenditures</b>	<b>FY 24/25 Budget</b>	<b>FY 24/25 YE Est.</b>	<b>FY 25/26 Budget</b>	<b>Bud to Bud Change</b>	<b>Bud to YE Change</b>
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

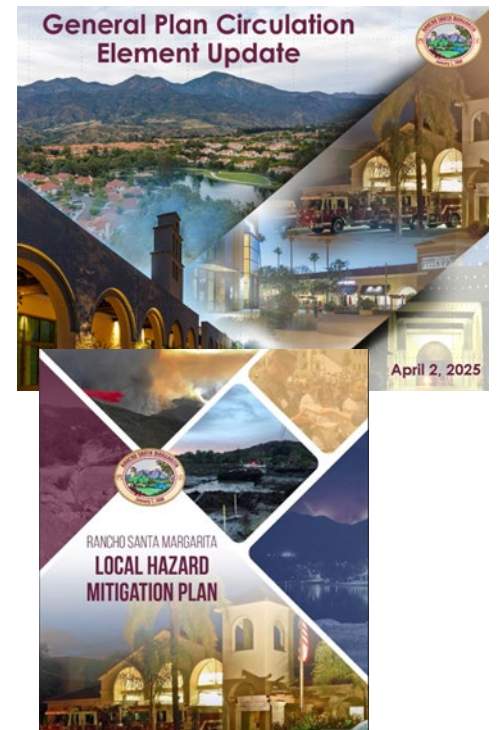
# General Fund Expenditures



- ▶ 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 25<sup>th</sup> 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

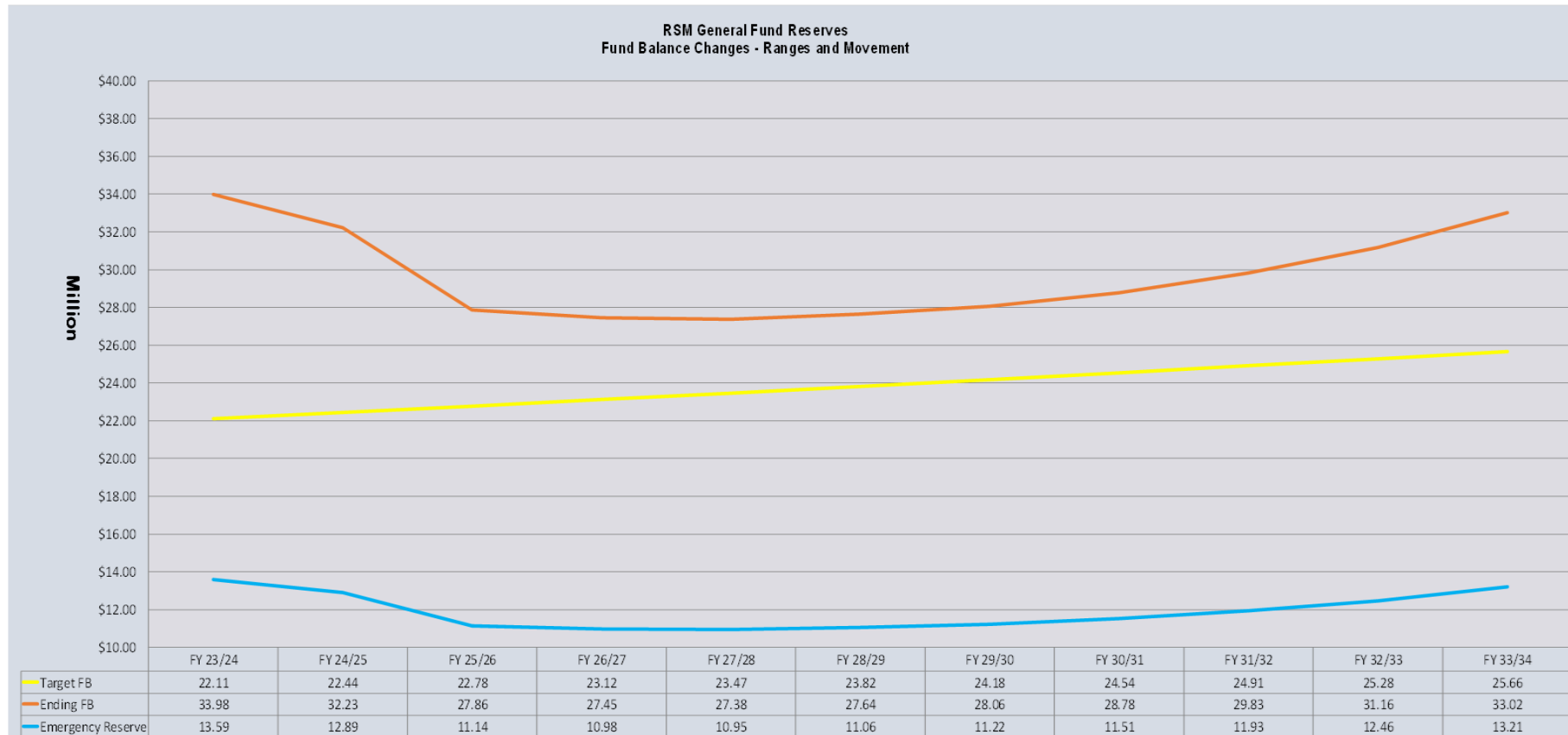


# Reserve Funds FY 25/26

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\*

	<b>FY 25/26 Estimated Beginning Balance</b>	<b>FY 25/26 Surplus (Deficit)</b>	<b>FY 25/26 Uses</b>	<b>FY 25/26 Estimated Year End Balance</b>
<b>Emergency</b>	\$ 12,895,516	\$ (1,748,589)	\$ -	\$ <b>11,146,927</b>
<b>Council Strategic (a,c,e,f,g,h,i,n,o,p)</b>	\$ 14,239,149	\$ 15,470	(2,395,317)	<b>11,859,301</b>
<b>CalPERS UAL (j)</b>	\$ 790,000	\$ -	(105,000)	<b>685,000</b>
<b>Technology (k,l,m)</b>	\$ 2,093,393	\$ 240,506	(402,124)	<b>1,931,776</b>
<b>Facilities (b,d)</b>	\$ 1,515,488	\$ 1,852,000	(1,852,000)	<b>1,515,488</b>
<b>Vehicles</b>	\$ 205,245	\$ 23,580	-	<b>228,826</b>
<b>Infrastructure</b>	\$ 500,000	\$ (0)	-	<b>500,000</b>
<b>Totals</b>	\$ <b>32,238,791</b>	\$ 382,967	\$ (4,754,441)	\$ <b>27,867,317</b>

<b>10 Year Target (a)</b>	<b>% of 10 Year Target</b>	<b>Over/ (Under) Target Balance</b>
\$ 9,909,357	112%	\$ 1,237,570
11,512,283	103%	347,018
-	na	685,000
1,709,087	113%	222,689
1,515,488	100%	(0)
127,178	180%	101,648
500,000	100%	(0)
\$ 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

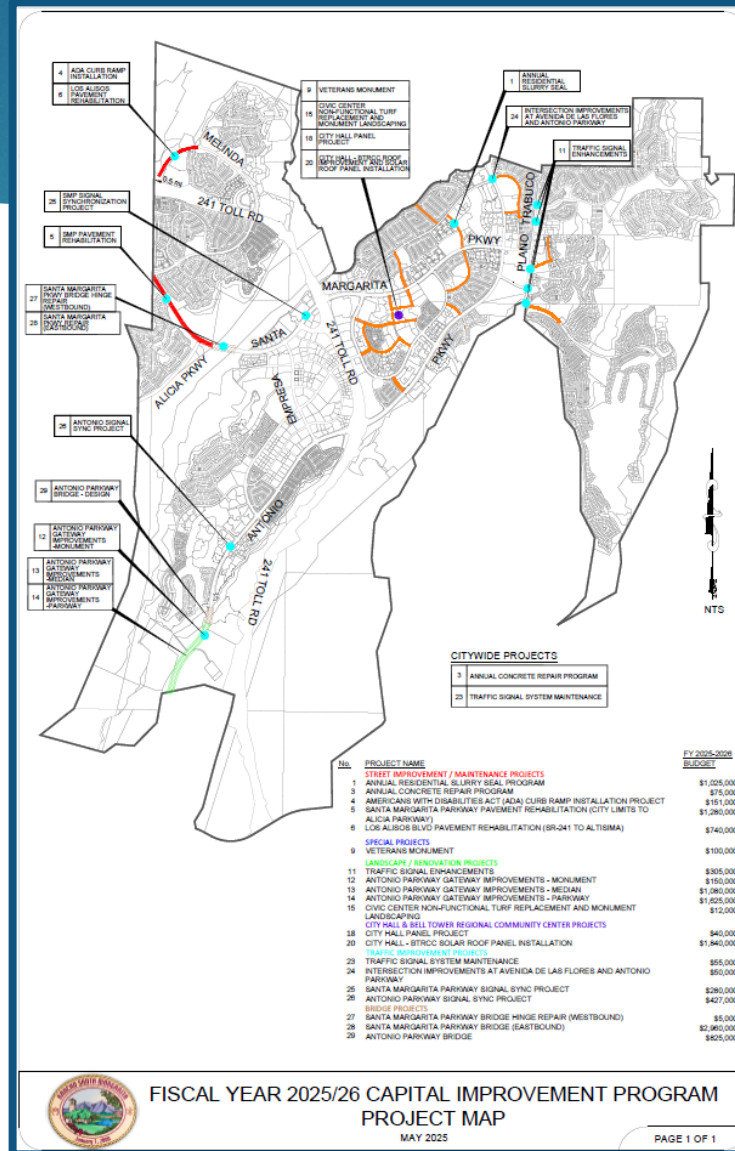
(m) use of reserves for Audio-Visual BTRCC \$60,000  
 (n) use of reserves for SB 1383 \$104,967  
 (o) use of reserves for Zoning Codes \$8,000  
 (p) use of reserves for Antonio Pkwy (Parkways) \$1,625,000

\* Based on current Reserve Policy

# Capital Improvement Plan



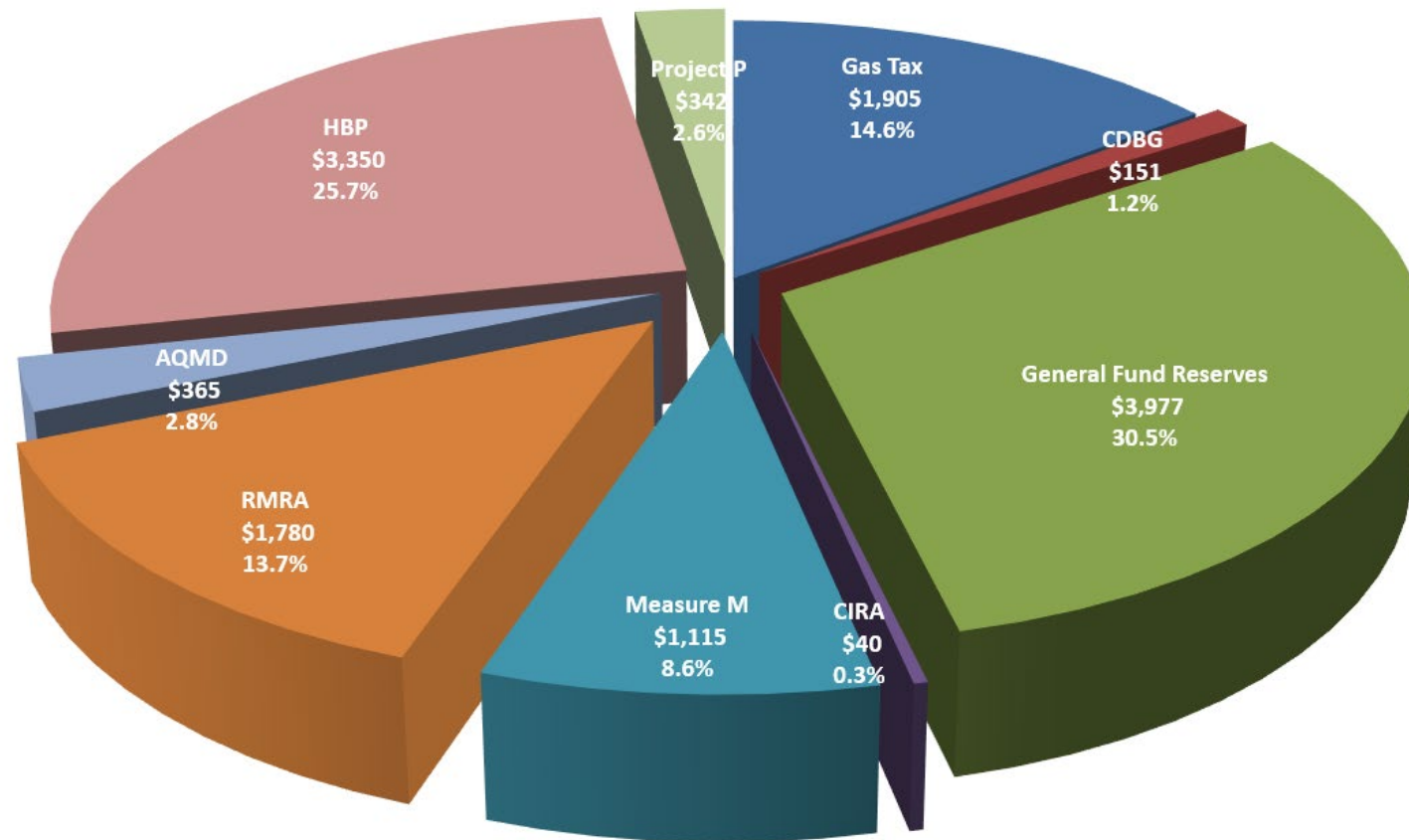
# Year 1: FY 2025/26 CIP Map



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

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

# 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
<b>TOTALS</b>	<b>\$2,202,000</b>	<b>\$ 1,775,000</b>	<b>\$3,977,000</b>

# 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

