



**CITY OF  
CHULA VISTA**

**Fiscal Year 2025-2026**

**Proposed Budget Overview**

**Presented to City Council**

**May 6, 2025**



# Agenda



BUDGET PROCESS  
OVERVIEW



GENERAL FUND AND  
OTHER FUNDS OVERVIEW



CAPITAL IMPROVEMENT  
PROJECTS OVERVIEW



BUDGET PROCESS NEXT  
STEPS

# Why is the City budget important?

Central policy document

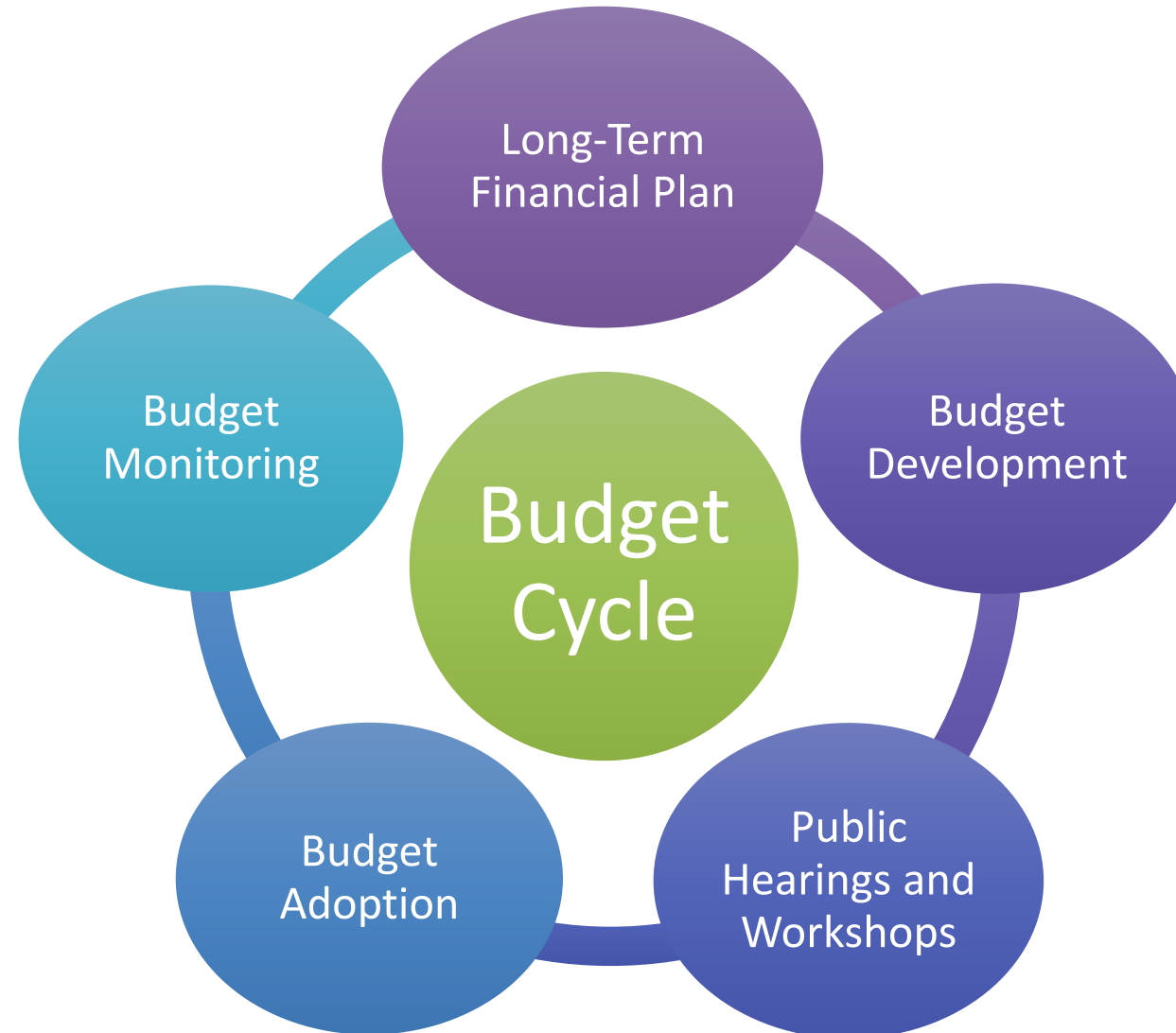
Debt Compliance

Spending plan

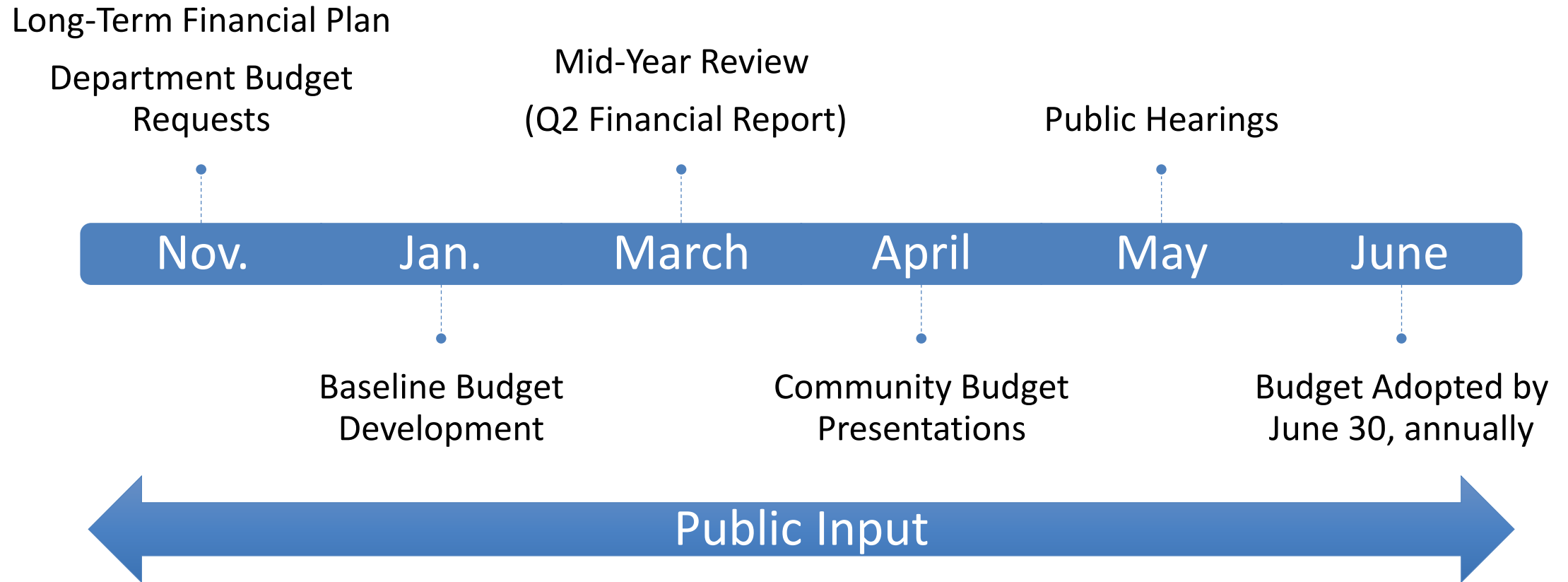
Management and evaluation tool

Communication tool

# Annual Budget Cycle



# Budget Development Timeline

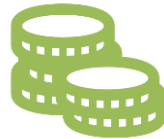


# Fund Restrictions



## General Fund

Discretionary use of funds



## Special Revenue Funds

Funds legally restricted for a specific purpose



## Enterprise Funds

Operating and reporting similarly to a private business perspective (profit-loss)  
Sewer funds can only be used for sewer related projects



## Trust/Fiduciary funds

City acts as trustee/agent for parties outside of the City; other agencies approve budget  
Funds are restricted

# Operating Budget vs. Capital Budget

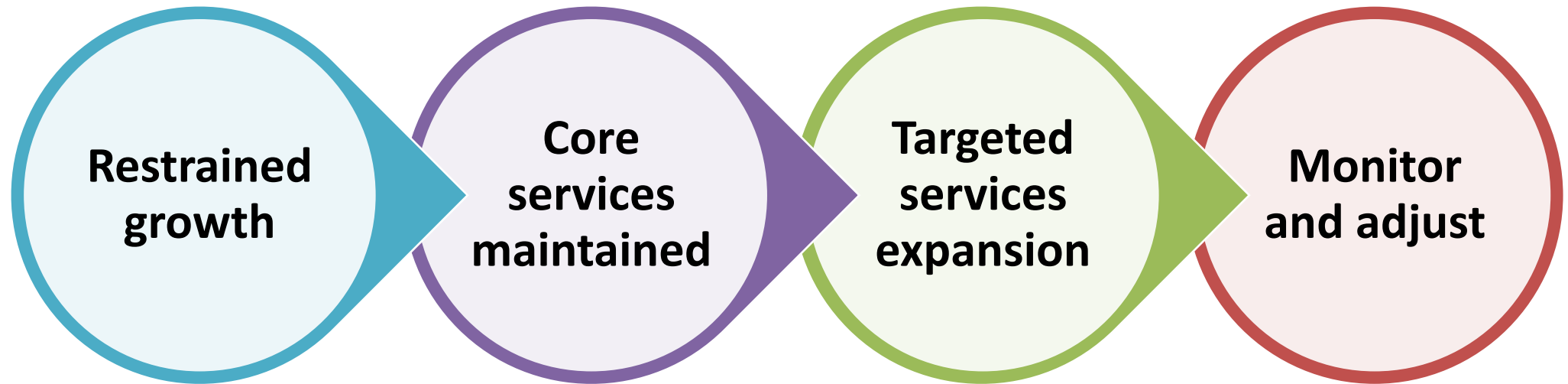
## Operating Budget

- Ongoing expenditures = ongoing revenues
- One-time revenues fund one-time expenditures

## Capital Improvement Projects (CIP) Budget

- The capital budget is for long-term capital improvements, facilities, and equipment where revenues are collected over time. Capital programs often extend beyond a single fiscal year and because of this capital budgets often include expenditures funded by both current year revenues and funds previously collected.
- Procurement, construction or installation of facilities or related equipment which improves, preserves, enhances or modernizes the City's provision of municipal services
- Useful life of at least 5 years, costs in excess of \$50K

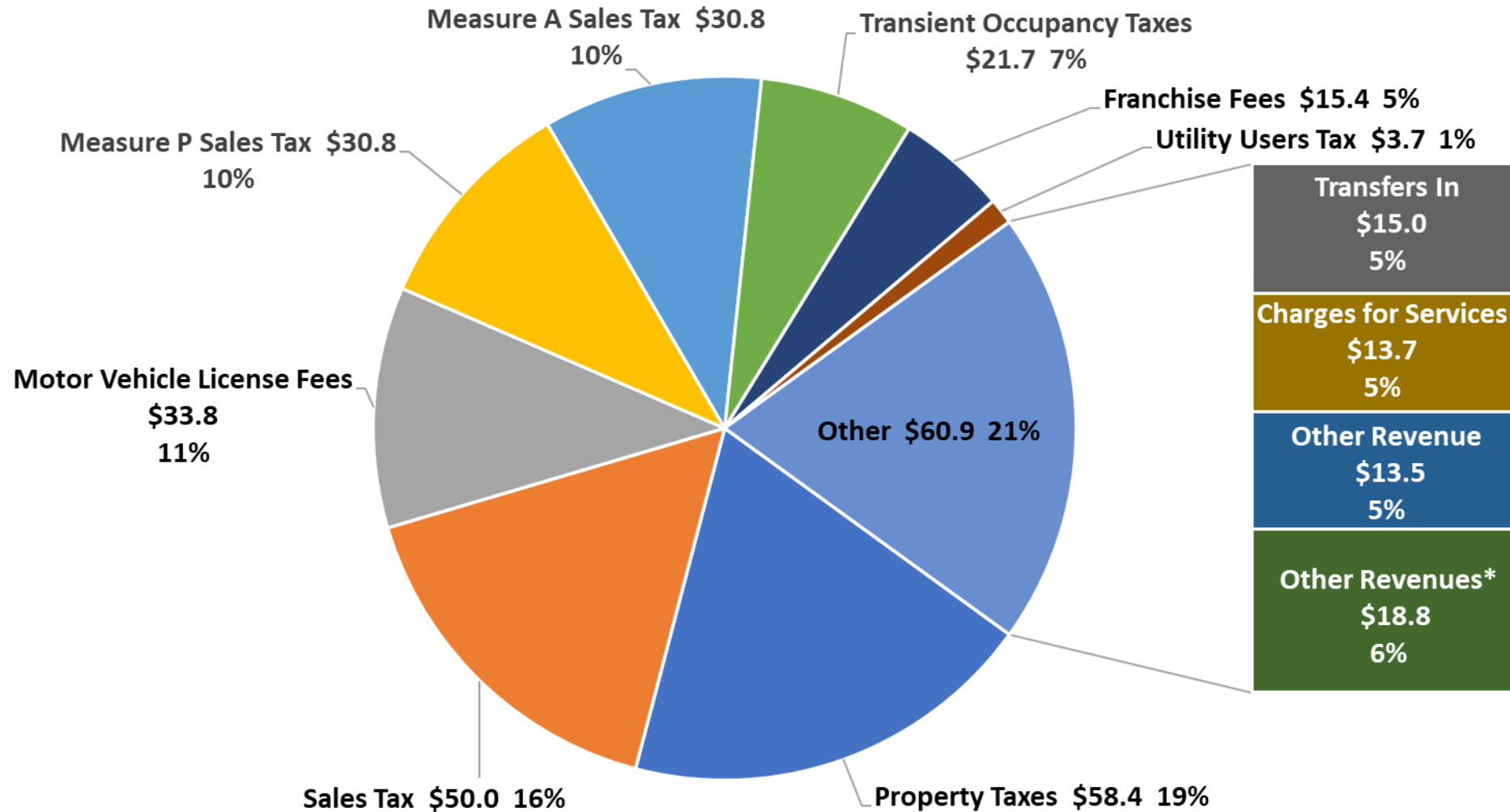
# Fiscal Year 2025-2026 Outlook



# General Fund Revenues (in millions)

Category	FY2025 Adopted	FY2026 Proposed	Change
Revenues	\$ 274.1	\$ 305.6	\$ 31.5
Expenditures	274.1	305.6	31.5
<b>Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# General Fund Revenues (in millions)



# General Fund Revenues (in millions)

Category	FY2025 Adopted	FY2026 Proposed	Change
<b>Major Revenues</b>			
Property Taxes	\$ 52.0	\$ 58.4	\$ 6.5
Sales Tax	48.0	50.0	2.0
Measure P Sales Tax	29.3	30.8	1.5
Measure A Sales Tax	29.3	30.8	1.5
Franchise Fees	15.1	15.4	0.3
Utility Users Tax	3.9	3.7	(0.2)
Motor Vehicle License Fees	31.4	33.8	2.4
Transient Occupancy Taxes	10.0	21.7	11.7
<b>Major Revenues Total</b>	<b>\$ 219.0</b>	<b>\$ 244.7</b>	<b>\$ 25.8</b>
Other Revenues	55.2	60.9	5.7
<b>General Fund Revenues Total</b>	<b>\$ 274.1</b>	<b>\$ 305.6</b>	<b>\$ 31.5</b>

# General Fund Revenues

Property Taxes  
\$6.4M

- Increase projected Assessed Valuations (\$3.9M)
- Bayfront Hotel and Convention Center tax increment (\$2.5M)

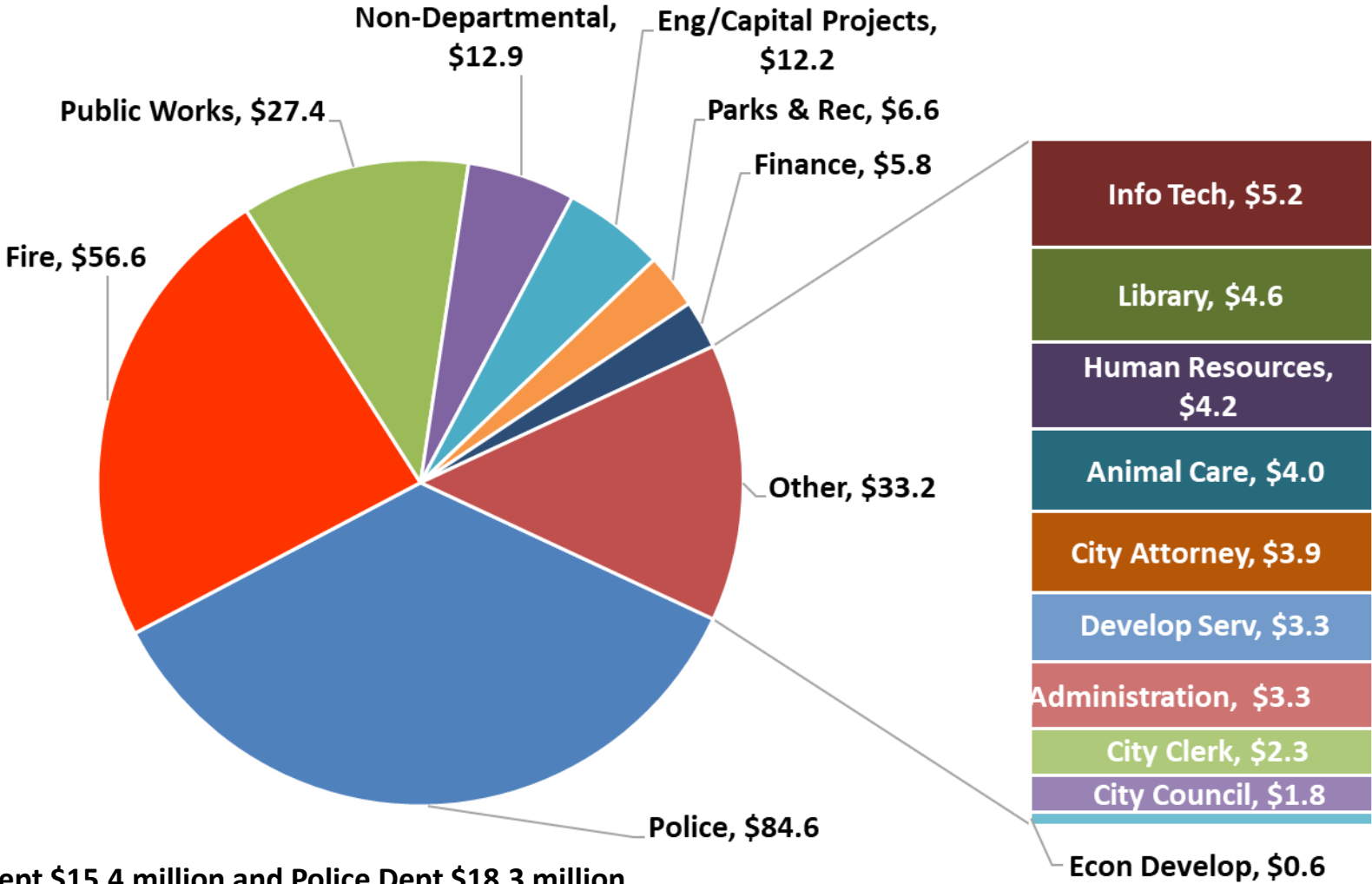
Transient Occupancy  
Taxes \$11.7M

- Bayfront Hotel and Convention Center Transient Occupancy Taxes (\$11.1M)

Other Revenues  
\$6.1M

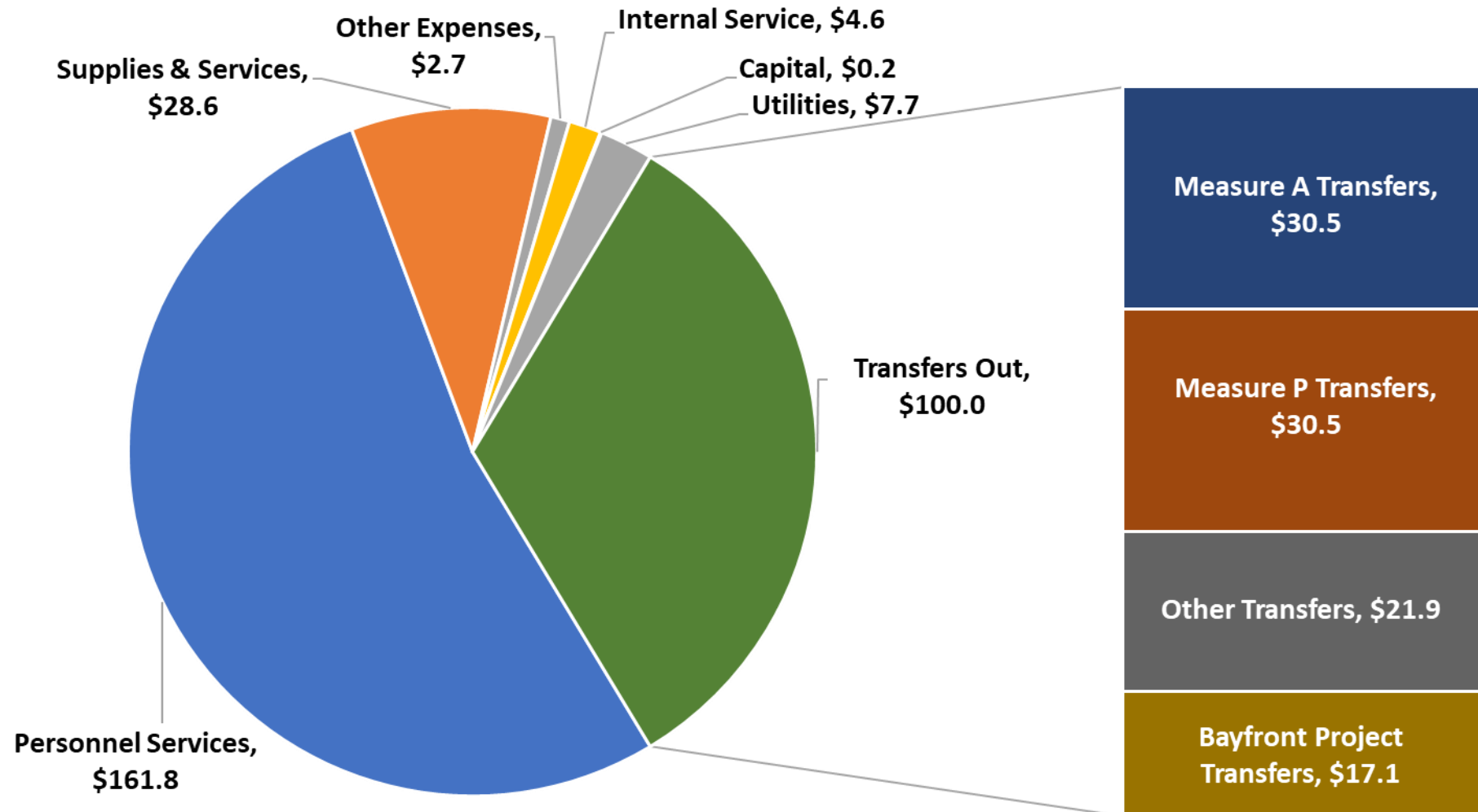
- Charges for Services (\$2.2M)
- Other Local Taxes (\$1.6M)
- Transfers In (\$1.1M)

# General Fund Expenditures Transfers removed (in millions)



Includes Measure A: Fire Dept \$15.4 million and Police Dept \$18.3 million

# General Fund Expenditures (in millions)



# General Fund Expenditures (in millions)

Category	FY2025 Adopted	FY2026 Proposed	Change
<b>Personnel Services</b>			
Personnel Services	\$ 118.0	\$ 128.4	\$ 10.4
Salary Savings	(3.8)	(3.5)	0.3
Retirement Benefits	17.6	21.0	3.4
Health Insurance	15.0	15.9	0.9
<b>Personnel Services Total</b>	<b>\$ 146.9</b>	<b>\$ 161.8</b>	<b>\$ 14.9</b>
Supplies and Services	25.7	28.6	3.0
Other Expenses	2.2	2.7	0.5
Internal Service	4.7	4.6	-
Capital	0.2	0.2	-
Utilities	6.8	7.7	0.9
Transfers Out	87.7	100.0	12.3
<b>Total General Fund Budget</b>	<b>\$ 274.1</b>	<b>\$ 305.6</b>	<b>\$ 31.5</b>

# General Fund Expenditures

Personnel \$14.9M

- Labor costs tied to MOU agreements (\$10.6M)
- Pension cost increases (\$3.4M)
- Health Insurance cost increases (\$0.9M)

Supplies & Services  
\$3.0M

- Increase to insurance premiums (\$1.7M)
- Estimated election costs in June 2026 (\$0.7M)
- Increase to software and supplies costs (\$0.6M)

Utilities \$0.9M

- Rising gas, electric, and water costs (\$0.9M)

Transfers \$12.3M

- Measure A and Measure P Sales Tax transfers (\$3M)
- Bayfront contractual transfers (\$14.9M)
- Debt Service & other funds transfers (-\$5.8M) decrease

# City Pension Costs



In recent years, large Unfunded Accrued Liability to CalPERS retirement system



Feb. 2021, City issued \$355 million in Pension Obligation Bonds (POBs) at an interest rate of 2.54%, to pay off UAL\*

\*as of June 30, 2019 CalPERS valuation report



Policy to set aside 75% of any surpluses generated into the Pension Reserve Fund (Section 115 Trust) to fund future liabilities/UAL that may arise



CalPERS investment returns since the POB was issued have ranged from a high of 22.4% to a low of negative 7.5%. The net result is a new UAL

Unfunded Accrued Liability (UAL)

# General Fund Expenditures by Department (in millions)

Department	FY2025		FY2026		Change
	Adopted		Proposed		
City Council	\$	1.7	\$	1.8	\$ 0.1
City Clerk		1.6		2.3	0.7
City Attorney		3.8		3.9	0.2
Administration		3.2		3.3	0.1
Information Technology		4.7		5.2	0.5
Human Resources		4.0		4.2	0.2
Finance		5.1		5.8	0.7
Non-Departmental		98.8		112.8	14.0
Animal Care Services		3.6		4.0	0.4
Economic Development		1.3		0.6	(0.7)
Development Services		3.3		3.3	0.0
Engineering/Capital Projects		12.0		12.2	0.2
Police		59.5		66.3	6.9
Fire		37.2		41.3	4.1
Public Works		24.3		27.4	3.2
Parks and Recreation		5.9		6.6	0.7
Library		4.2		4.6	0.4
<b>Total General Fund Budget</b>	<b>\$</b>	<b>274.1</b>	<b>\$</b>	<b>305.6</b>	<b>\$ 31.5</b>

# General Fund Staffing

Staffing by Department	FY 2025	FY 2026	Change
	Adopted	Proposed	
Administration	13.00	11.00	(2.00)
Animal Care Services	29.30	29.30	-
City Attorney	17.00	17.00	-
City Clerk	10.00	10.00	-
City Council	14.00	14.00	-
Development Services	22.00	21.00	(1.00)
Economic Development	8.00	3.00	(5.00)
Engineering/Capital Projects	60.00	60.00	-
Finance	35.00	35.00	-
Fire	165.00	165.00	-
Human Resources	22.00	22.00	-
Information Technology Services	21.00	21.00	-
Library	22.50	23.50	1.00
Parks and Recreation	20.00	20.00	-
Police	328.00	330.00	2.00
Public Works	128.00	135.00	7.00
<b>General Fund Total</b>	<b>914.80</b>	<b>916.80</b>	<b>2.00</b>

FTE - Full Time Equivalent

# General Fund Highlights

## *Improved community services*

- Casa Casillas art center full-year operations
- Expanded Parks & Recreation programming
- Parks maintenance and Open space upkeep

## *Expanded public safety*

- Fire
- Bayfront Fire Station services expansion
- Police
- Enhanced training and development

## *Bayfront Hotel and Convention Center*

- Transfer of revenues obligated to the Bayfront project

# Other Funds



**PROPOSED  
BUDGET  
2025-26**



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# Other Funds Expenditures by Fund Category (in millions)

Fund Category	FY2025 Adopted	FY2026 Proposed	Change
Capital Funds	\$ 0.9	\$ 3.1	\$ 2.2
Debt Funds	33.8	33.9	0.1
Development Funds	44.7	11.0	(33.7)
Enterprise Funds	35.4	40.8	5.4
Gas Tax Fund	14.6	15.6	1.0
Grant Funds	12.2	13.5	1.3
Internal Service Funds	15.3	16.2	1.0
Measure A Sales Tax Fund	43.5	33.7	(9.8)
Measure P Sales Tax Fund	18.8	17.0	(1.8)
Open Space Funds	23.5	31.7	8.2
Other Funds	18.5	34.4	15.9
Pension/Debt Reserve	-	0.2	0.2
Sewer Funds	52.2	52.3	0.1
Successor Agency Funds	8.1	8.1	-
<b>Other Funds Expenditures Total</b>	<b>\$ 321.2</b>	<b>\$ 311.3</b>	<b>\$ (9.9)</b>

# Other Funds Staffing

<b>Staffing by Fund</b>	<b>FY 2025 Adopted</b>	<b>FY 2026 Proposed</b>	<b>Change</b>
Advanced Life Support Fund	5.00	5.00	-
CV Housing Authority Fund	11.00	12.00	1.00
Development Services Fund	63.00	65.00	2.00
Environmental Services Fund	9.00	9.00	-
Federal Grants Fund	44.00	42.00	(2.00)
Fleet Management Funds	13.00	13.00	-
Gas Tax Fund	2.00	2.00	-
Measure A Fund	120.00	140.00	20.00
Sewer Fund	50.00	51.00	1.00
Transportation Fund	70.00	70.00	-
<b>Other Funds Total</b>	<b>387.00</b>	<b>409.00</b>	<b>22.00</b>

FTE - Full Time Equivalent

# Other Funds Highlights

## Other Transportation Fund

- Reduction for Heritage Road Bridge Replacement CIP project

## Measure P Sales Tax

- Scheduled projects based on Measure P spending plan categories for Public Safety equipment, debt, and infrastructure.

## Measure A Sales Tax

- 20 additional positions (8 Police, 12 Fire)
- Reduction of CIP budget for Training facility

## Other Funds

- Increase transfer for the Bayfront Lease Revenue Fund.






# Fiscal Year 2026 Capital Improvement Program Summary


Department of Engineering & Capital Projects



FISCAL YEAR  
**2025-26**



**PROPOSED  
CIP BUDGET**



City of Chula Vista Proposed Capital Improvement Program



# FY 2026 CIP FUNDING

	Funding Description	Approved Uses
Gas Tax	<p><b>Highway User’s Tax</b> Gas tax revenues for roadway projects and maintenance</p> <p><b>Road Maintenance and Rehab Account (RMRA/SB-1)</b> Funded by gas tax with focus on repairing and preserving state roads and bridges</p>	<p><b>Roadway Maintenance</b></p> <ul style="list-style-type: none"> <li>• Streets • Signals • Signs • Guardrails • Drainage • Traffic control devices • Lighting • Non-motorized traffic facilities • Sidewalks • Transportation-related projects</li> </ul> <p><b>RMRA must be used for road maintenance and critical safety</b></p>
TransNet	<p><b>Voter approved, ½ cent sales tax measure for Transportation Projects in San Diego County</b> Administered by SANDAG</p> <p>Compliance oversight by TransNet Independent Taxpayer Oversight Committee (ITOC)</p>	<p><b>Congestion Relief (Minimum 70%)</b></p> <ul style="list-style-type: none"> <li>• Construct new or expanded facilities • Major roadway rehab</li> <li>• Traffic signal coordination • Traffic improvements</li> </ul> <p><b>Maintenance (Maximum 30%)</b></p> <ul style="list-style-type: none"> <li>• Pothole repairs • Crack sealing • Resurfacing • Striping • Signage</li> <li>• Bridge maintenance • Routine inspections</li> </ul>
Storm Drain Fund	<p><b>Storm Drain Fee Revenue</b> Funded by monthly service fees charged to property owners Dedicated exclusively to stormwater-related purposes in compliance with the Federal Clean Water Act and local NPDES permit requirements.</p>	<p><b>Storm Drain System</b></p> <ul style="list-style-type: none"> <li>• Clean inspect, and maintain storm drain inlets, underground systems, channels, and ditches • Activities for compliance with National Pollutant Discharge Elimination System (NPDES) Permit • Activities required for Clean Water Act compliance • Storm Drain and BMP Inspection and compliance programs</li> </ul>

# FY 2026 CIP FUNDING

## Funding Description

## Approved Uses

### Highway Bridge Program (HBP)

**Federal Grant**  
First award for Heritage Road Bridge was FY 2016  
Covers 88.53% of participating grant expenses  
Matching funds (11.47%) funded by Transportation DIF

**Highway Bridges**  
Program provides funding for states to improve the condition of highway bridges through replacement, rehabilitation, and systematic preventive maintenance.

### Measure P

**Voter approved, 10-year, ½ cent sales tax increase to fund high priority infrastructure needs**  
  
Collection began in 2017  
Voter-approved extension through March 31, 2037  
Compliance oversight by Citizens' Oversight Committee

**Expenditure Plan Priorities**  
• Pavement/repair streets, • Upgrade aging public safety facilities & equipment • Replace storm drains • Repair older libraries, senior center, recreation centers • Improve traffic signal system

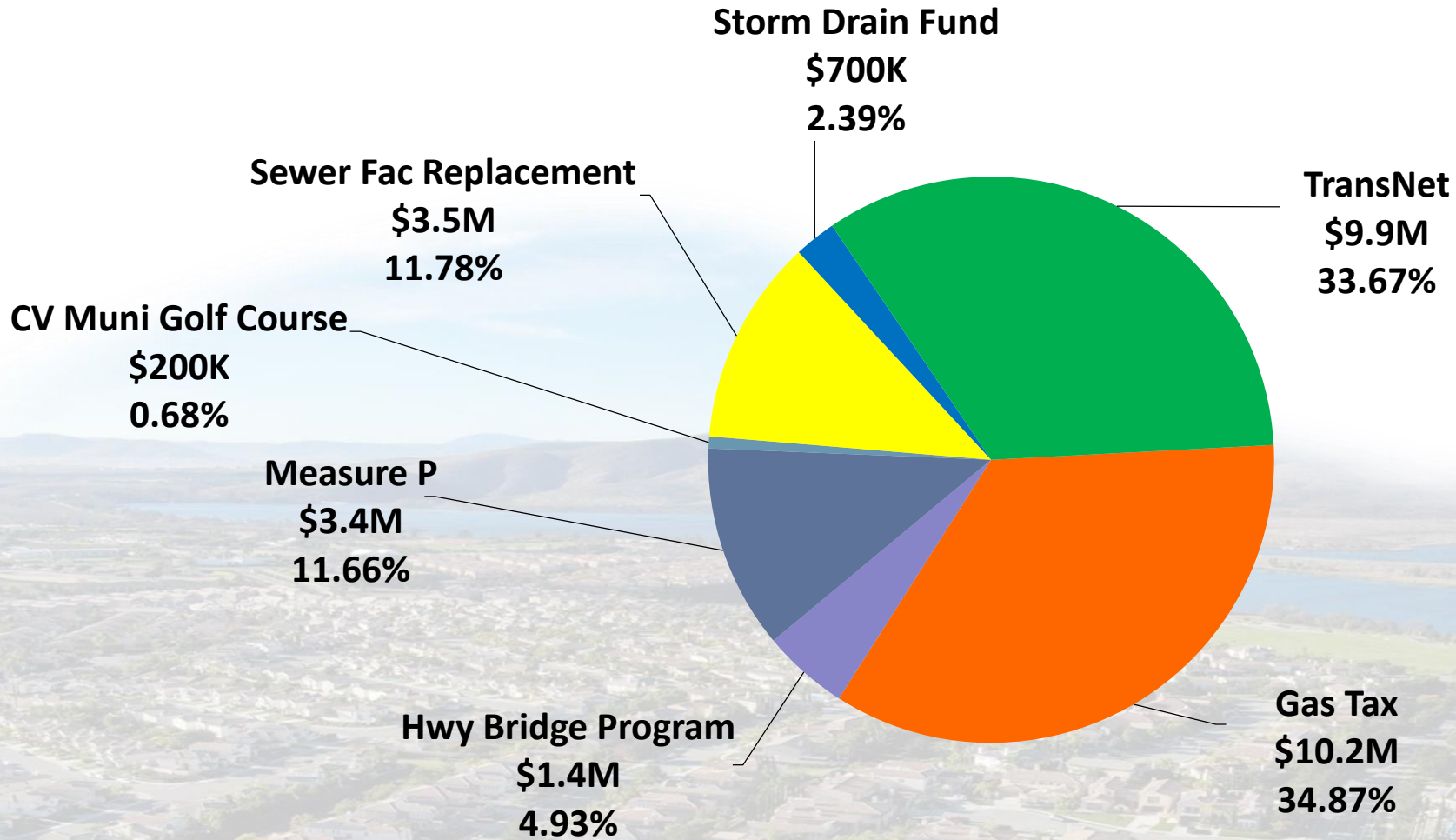
### Sewer Enterprise Funds

**Funded by monthly service fees, permit and system connection fees, and sewer development impact fees**  
Sub Funds:  
• Sewer Income Fund • Trunk Sewer Capital Reserve  
• Sewer Service Revenue Fund • Sewer DIFs

**Citywide Sewer Facilities Replacement/Rehabilitation**  
• Pipe /manhole rehabilitation • Pipeline upsize • Sewer Access Road rehabilitation • Pump/Lift station upgrades • Sewer structure improvements • Maintenance/expansion of conveyance system • Sewer related street repairs

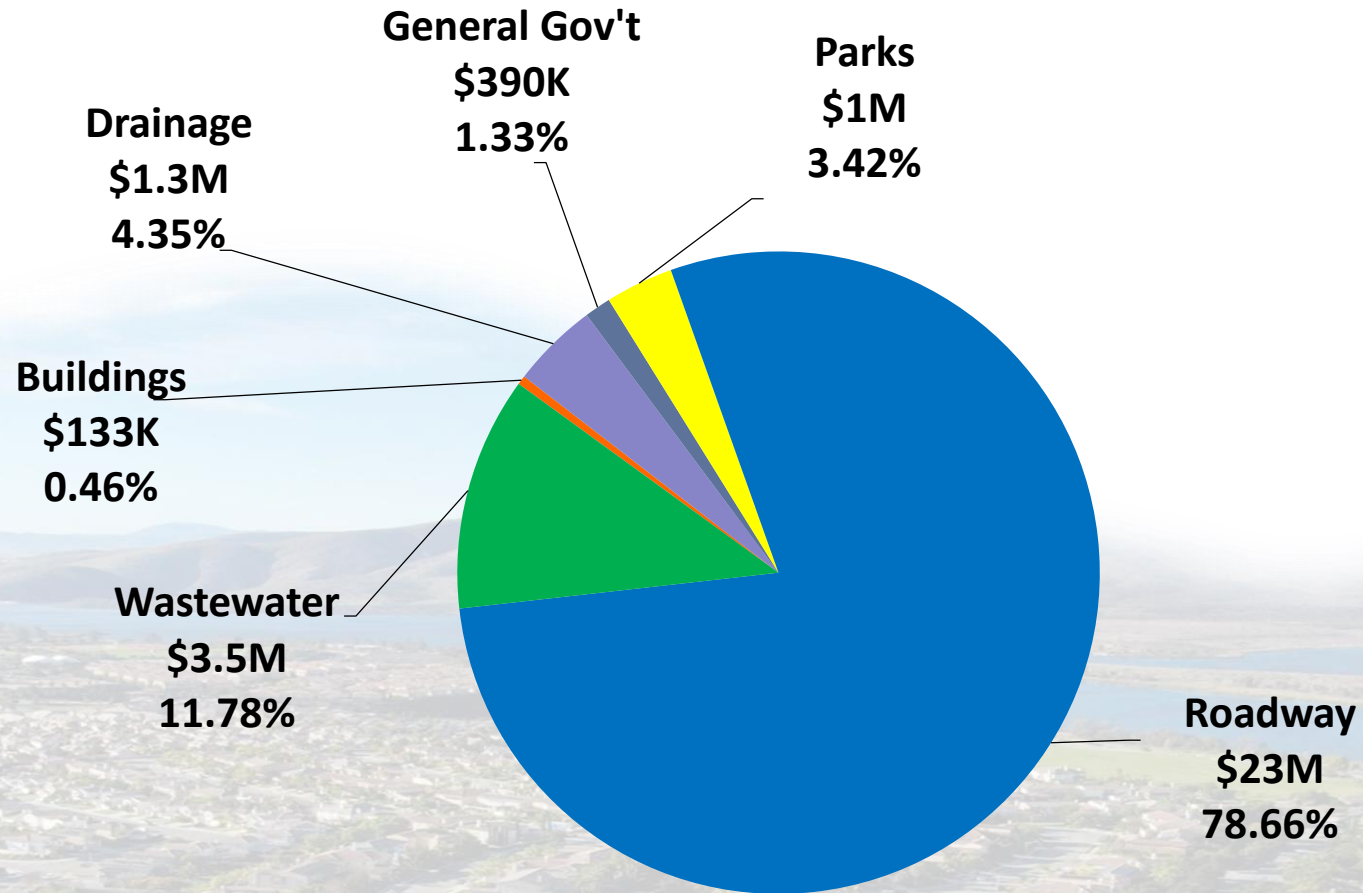
# Capital Improvement Program: \$29.3 Million

## BY FUNDING SOURCE



# Capital Improvement Program: \$29.3 Million

## BY ASSET MANAGEMENT SYSTEM



## PUBLIC BUILDINGS

- **Citywide Public Building Repairs**
  - Roof Replacement
  - HVAC
  - General Building Repairs

**FY2026 Proposed:**

\$ 133k Citywide Building Repairs (Measure P)

Building Projects



**Citywide Building Repair Efforts to Continue in FY 26**



**Measure P Expenditure Plan**



## PARK IMPROVEMENTS

- Playgrounds
- Sports Courts and Fields
- Irrigation / Plumbing
- Park Lighting
- Park Amenities:
  - BBQ Grills
  - Benches / Picnic Tables
  - Drinking Fountains
  - Pathways / Jogging Trails

### FY2026 Proposed:

- \$1M Park Infrastructure (Measure P)

Park Projects



Locate City Parks and Amenities



## DRAINAGE

- Inspect, Clean and Repair:
  - Storm drain inlets
  - Underground pipes
  - Channels
  - Grates and manholes
- Flood Prevention Measures
- Activities to ensure compliance with regional stormwater regulations

### FY2026 Proposed:

- \$ 1.3M (Storm Drain Fund)

Drainage



Drainage Master Plan



## STREET PAVEMENT & REHAB

- Resurfacing
- Pavement Overlays
- Slurry Seals

### FY2026 Proposed:

- \$ 15.7M (Gas Tax , TransNet)

Roadway Projects  
Pavement



Pavement Management System



# TRAFFIC SIGNAL REPAIR AND UPGRADE

- Upgrades
- Modifications
- Traffic Signal System Optimization Program
- Pedestrian Improvements

## FY2026 Proposed:

- \$ 3.1M (Gas Tax, TransNet, Measure P)



Roadway Projects  
Traffic Signals

## Traffic Engineering

- Pedestrian & Bicycle Safety Plan
- Local Road Safety Plan



# SIDEWALK REPLACEMENT

- Citywide Panel Replacement
- Sidewalk Replacement Program
- Replaces damaged curb, gutter, sidewalk, and driveway aprons in public right-of-way
- Pedestrian Curb Ramp Program

## FY2026 Proposed:

- \$ 2.7M (Measure P, TransNet)



Roadway Projects  
Sidewalks



# HERITAGE ROAD BRIDGE REPLACEMENT

- **Widen Heritage Road**
  - Main Street to Entertainment Circle
  - Heritage Road Bridge Replacement
  - 4 Lanes to 6 Lanes
  - Sidewalk
  - Bike Lanes
- **Widen Main Street**
  - Nirvana Avenue to Heritage Road
  - 6-Lane Major

## FY2025 Proposed:

- \$ 1.4M (Highway Bridge Program (HBP) Grant)

Major Projects  
Roadway



**Main Street – Nirvana Ave to Heritage Rd**



**Heritage Road Bridge Replacement  
Construction Began December 2024  
Completion Anticipated Summer 2027**



# SEWER FACILITY REPLACEMENT

- Rehabilitation and Upsizing
- Access Road Rehabilitation
- Manhole Inspections
- CCTV Inspection of Sewer Main

## FY2026 Proposed:

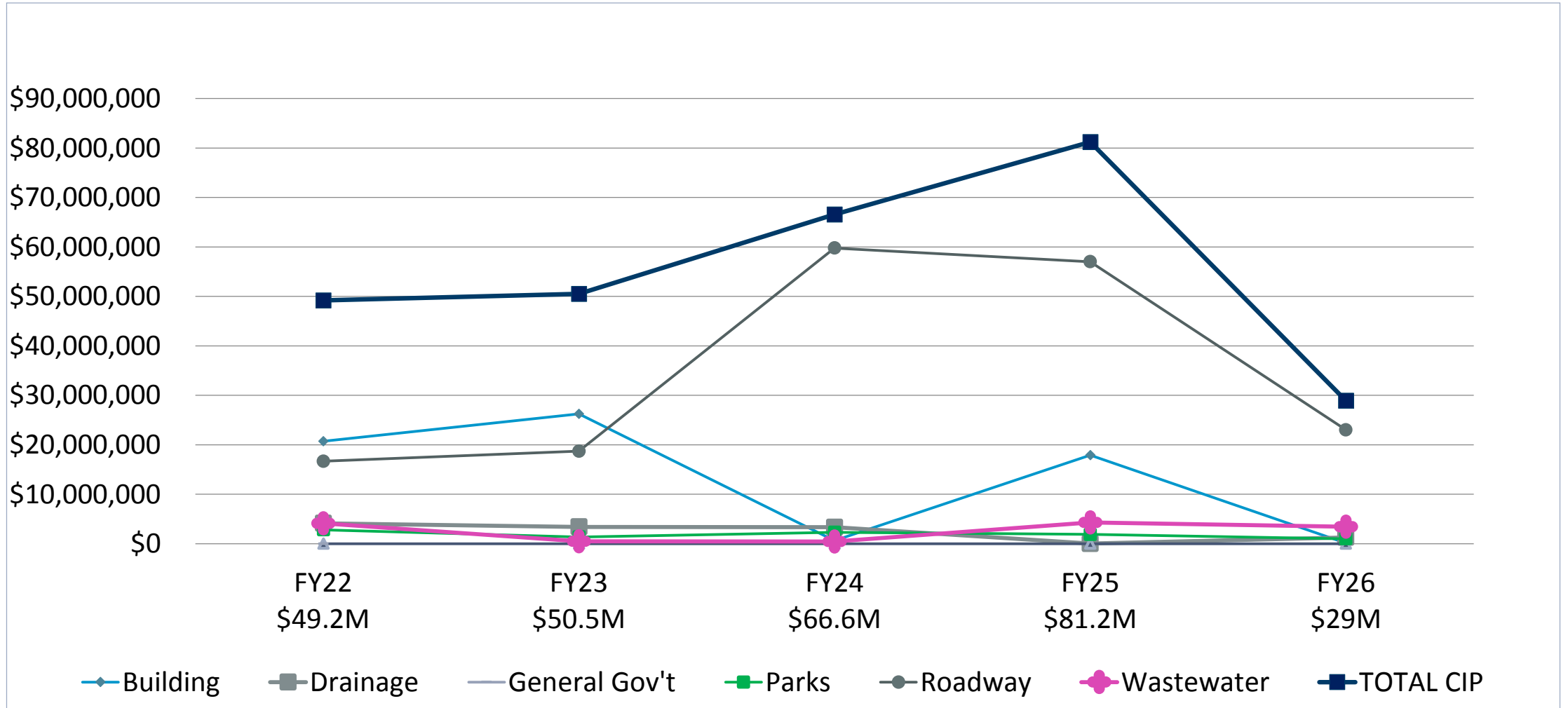
- \$ 3.5M (Sewer Facility Replacement Fund)

Major Projects  
Wastewater



# 5-Year Capital Improvement Program

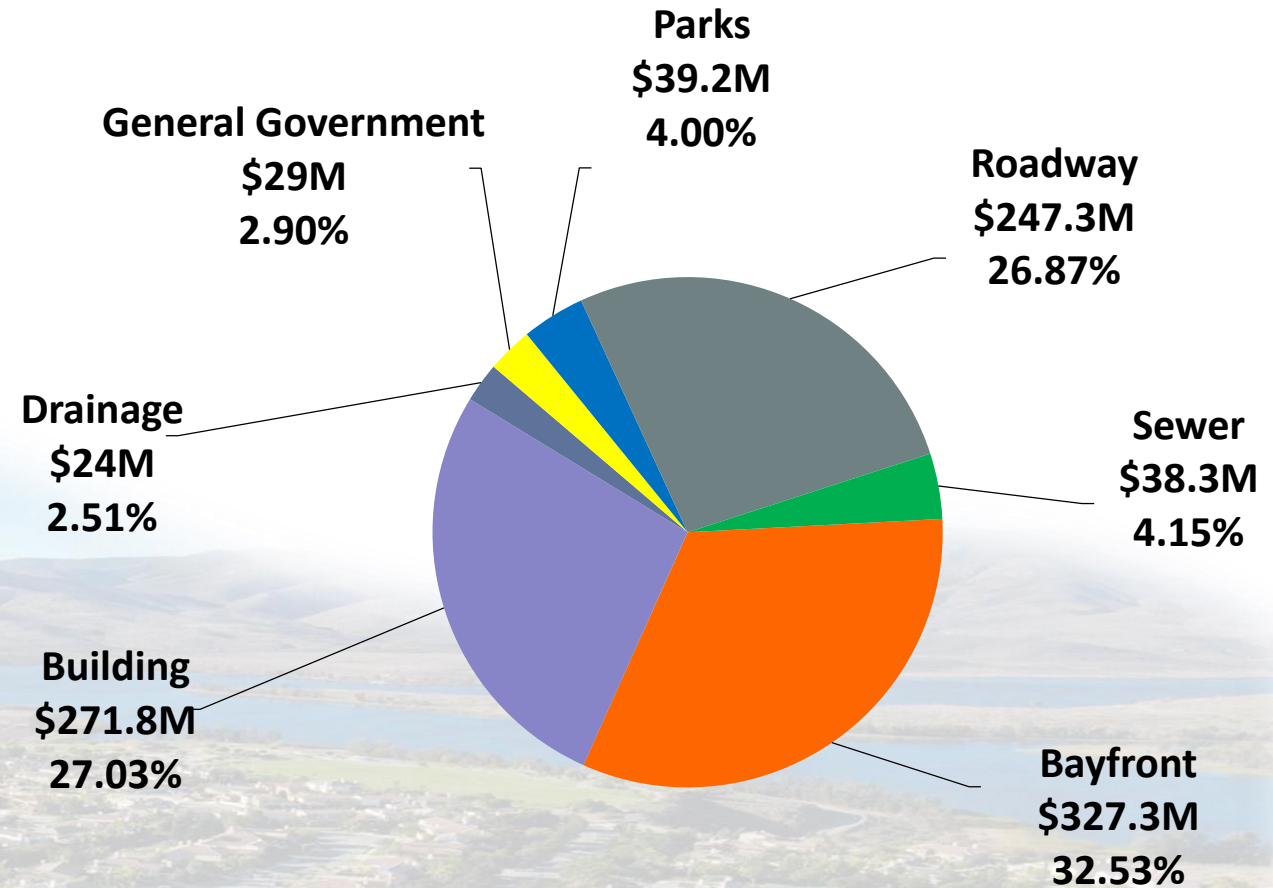
## CIP Appropriations by Fiscal Year and Asset Type



# Capital Improvement Program

## MULTI-YEAR CAPITAL BUDGET SUMMARY: FY 2018 – FY 2026

CIP Program Summary	Total CIP Budget	% of Budget Used to Date
CIP Program FY2018-FY2025	\$977.1M	65%
CIP Program FY2026	\$29.3M	-
<b>Total FY2026 CIP Program</b>	<b>\$1.01B</b>	<b>63%</b>



## Challenges to Maintaining a Balanced Budget

- Impacts from economic slowdown/inflation
  - Increase costs for labor, goods and services, utilities, and insurance premiums
- CalPERS investment losses
  - Unfunded Actuarial Liabilities – growing from an annual contribution of \$6M to approximately \$12.8M citywide in 5 years
- Deferred and ongoing maintenance of City's infrastructure



# Updates to the City Manager's Proposed Budget

- **Public Facilities DIF Fund**

Include the Feasibility Study for the Police Department substation based on a Council referral received in March 2025

- Increase the CIP budget by \$300,000 utilizing available fund balance

- **General Fund**

Unfreeze 1.0 Administrative Secretary position in the City Council Department to provide administrative support

- |                         |                    |
|-------------------------|--------------------|
| • Personnel Services    | \$ 107,927         |
| • <u>Salary Savings</u> | <u>\$(107,927)</u> |
| • Total Costs           | \$ -               |

# Next Steps

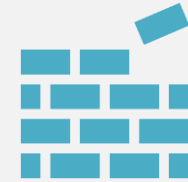


**MAY 20**

City Council public hearing and adoption of FY 2025-26 Proposed Budget and Capital Improvement Program Budget



Additional comments can be submitted on the City's website ([Chulavistaca.gov/budget](https://Chulavistaca.gov/budget))



**Fiscal Year 2025-26**

Priorities from Strategic Plan Planning for Measure P 2.0

# Recommended Action

Approve the “Resolution of the City Council/Successor Agency to the Redevelopment Agency /Housing Authority of the City of Chula Vista accepting the City Manager’s Proposed Operating and Capital Improvement Budgets for Fiscal Year 2025-26 for each agency as their Proposed Budgets, respectively, and setting the time and place for a public hearing for final consideration and adoption of the same” on May 20, 2025.