



CITY COUNCIL STAFF REPORT



December 2, 2025

ITEM TITLE

Financial Report and Appropriation: Accept the Quarterly Financial Report for the Quarter Ending September 30, 2025 (First Quarter Report) and Appropriate Funds to Implement Required Budget Adjustments

Report Number: 25-0264

Location: No specific geographic location

Department: Finance

G.C. § 84308 Regulations Apply: No

Environmental Notice: The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Accept the quarterly financial report for the quarter ended September 30, 2025 (the “First Quarter Report”) and adopt a resolution making various amendments to the fiscal year 2025-26 budget and the fiscal year 2025-26 Capital Improvement Program budget to adjust for variances and appropriating funds for that purpose. **(4/5 Vote Required)**

SUMMARY

The Finance Department, in collaboration with other City departments, prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or budgetary changes to the Amended Budget. This First Quarter Report is as of September 30, 2025 and is in compliance with Section 505(F) of the City Charter, which requires that quarterly financial reports be filed by the Director of Finance through the City Manager.

In preparing the First Quarter Report, staff identified various budgetary changes that are needed to accurately reflect actual revenues and expenditures or address changes in budgetary needs. For government entities, a budget creates a legal framework for spending during the fiscal year. After the budget is approved by the City Council, there are circumstances which arise that could require adjustments to the approved

budget. Council Policy 220-02 “Financial Reporting and Transfer Authority” was established in January of 1996 and amended October of 2023, and allows for budget transfers across budget categories and other adjustments to be completed. Budget transfers and adjustments processed pursuant to this authority are provided as Attachments 2 and 3 to this report. This First Quarter Report discusses budget adjustments that staff recommend in the General Fund as well as various other funds to address identified fiscal issues.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because the proposed activity consists of a governmental fiscal/administrative activity which does not result in a physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Measure A

On October 9, 2025, the Measure A Citizen’s Oversight Committee voted to recommend approval of the purchase of two crew carriers and two crew cab utility vehicles and found the purchase complies with the Measure A expenditure plan. Budget adjustments associated with the purchase of these vehicles are recommended in this item.

Measure P

The Measure P Citizen’s Oversight Committee (COC) approves funding for Capital Improvement Projects (CIPs) at the category level. In contrast, the City Council reviews CIPs at both the category and individual project level.

As projects are completed, any remaining project funds are routinely reallocated to other CIPs within the same category, without returning to the Measure P COC. Likewise, funds may be shifted between general CIPs and more specific CIPs within a category without requiring additional COC review.

For this reason, this report describes the reallocation of Measure P CIP funds between projects within the same category, which have not explicitly been reviewed by the Measure P COC.

DISCUSSION

The Finance Department, in collaboration with other City departments, prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or changes to the Amended Budget. The First Quarter Financial Report is in compliance with Section 505 (f) of the City Charter, which requires that quarterly financial reports be filed by the Director of Finance through the City Manager.

The First Quarter Report is developed using three months of actual activity for fiscal year 2025-26 as of September 30, 2025. The data in this report is the most current data available; however, due to the limited data available, in-depth year-end projections for departmental revenues and expenditures are not included in this report but will be provided in future quarterly financial reports. The focus instead is on the General Fund’s major revenues, as well as any known significant expenditure budget adjustments. As a result of the

limited information, the projections are likely to change as the year progresses.

The First Quarter Financial Report provides summary information for the following areas:

- Current economic environment
- Overview of the General Fund
- Details on General Fund revenues and expenditures
- Discussion on significant General Fund revenue and expenditure variances
- Recommended budget adjustments to General Fund, Other Funds and Capital Improvement Project expenditures budgets

The following information provides an overview of the General Fund and recommended budget adjustments, included in the attached First Quarter Report.

General Fund Overview

General Fund revenues are projected to be lower than the Amended Budget by \$0.6 million, and expenditures are projected to exceed the Amended Budget by \$1.1 million. Staff anticipate major revenues to come in lower than budget by \$1.6 million and other revenues to exceed the Amended Budget by \$1.0 million, detailed in the General Fund Revenues section. As stated earlier, the First Quarter report is limited to projections of the General Fund’s Major Revenues, as well as any known significant expenditure budget adjustments. In-depth projections for departmental revenues and expenditures will be included in future quarterly financial reports as additional financial data becomes available. The First Quarter Report (Attachment 1) provides a comprehensive financial overview for the quarter.

Fiscal Year 2025-26 General Fund Overview				
<i>Table 1</i>	<i>in millions</i>			
	Adopted Budget	Amended Budget	Year-end Projection	Variance¹
Revenue Source				
<i>Major Revenues</i>				
Property Tax	\$ 58.4	\$ 58.4	\$ 58.0	\$ (0.5)
Property Tax in lieu of VLF	33.5	33.5	33.6	0.1
Sales Tax	51.2	51.2	51.2	-
Measure P Sales Tax	30.8	30.8	30.8	-
Measure A Sales Tax	30.8	30.8	30.8	-
Franchise Fees	15.4	15.4	15.7	0.3
Transient Occupancy Tax	21.7	21.7	20.1	(1.6)
Utility Users Tax	3.7	3.7	3.7	0.1
Major Revenues Subtotal	245.6	245.6	244.0	(1.6)
<i>Other General Fund Revenues</i>				
Other Revenues	60.0	60.0	61.0	1.0
Other General Fund Revenues Subtotal	60.0	60.0	61.0	1.0
Total Revenues/Sources	\$ 305.6	\$ 305.6	\$ 305.0	\$ (0.6)

Fiscal Year 2025-26 General Fund Overview				
<i>Table 1</i>	<i>in millions</i>			
	Adopted Budget	Amended Budget	Year-end Projection	Variance¹
Expenditures				
Personnel Services	\$ 161.8	\$ 162.0	\$ 161.9	\$ 0.1
<i>Non-Personnel</i>				
Supplies and Services	28.6	32.3	33.4	(1.1)
Other Expenses	2.7	6.3	3.3	3.0
Transfers Out	100.0	100.0	103.0	(3.0)
Internal Services	4.6	4.6	4.6	-
Utilities	7.7	7.7	7.7	-
Other Expenditures Category ²	0.2	0.4	0.4	-
<i>Total Non-Personnel</i>	143.8	151.3	152.5	(1.1)
Total Expenditures	\$ 305.6	\$ 313.3	\$ 314.4	\$ (1.1)
Use of Prior Year Fund Balance	\$ -	\$ (7.7)	\$ (7.7)	\$ -
Total General Fund Surplus/(Deficit)	\$ -	\$ -	\$ (1.6)	\$ 1.6

¹ Variance compares the Amended Budget and the Year-End Projection.

² Other Expenditures Category includes: Other Capital, Non-CIP Projects Expenditures and CIP Project Expenditures.

*Tables may not tie due to rounding

General Fund Revenues

The City's General Fund revenues are projected to be approximately \$0.6 million lower than the Amended Budget. This variance is primarily due to a shortfall in Transient Occupancy Tax (TOT) of \$1.6 million, reflecting a delay in the anticipated opening of two new hotels, now expected to begin operations next fiscal year instead of fiscal year 2026, along with updated revenue assumptions informed by actual receipts in fiscal year 2024–25. Franchise Fees, Property Tax in Lieu of VLF, Utility Users' Tax and Other Revenues are projected to exceed the Amended Budget by approximately \$1.5 million combined.

General Fund Expenditures

The City's General Fund expenditures are projected to exceed the Amended Budget by \$1.1 million. As stated earlier, the First Quarter Report projections only reflect known significant expenditure budget adjustments. More comprehensive year-end projections for departmental revenues and expenditures will be presented in subsequent quarterly reports as additional financial data becomes available.

Fiscal Year 2025-26 Budget Adjustments

Staff are recommending various budget adjustments, appropriations, and transfers to City Departmental and Fund budgets that require City Council authorization. Amendments with a net financial impact of \$75,000 or greater are detailed in this report. For a comprehensive list of all other amendments, please refer to the First Quarter Report (Attachment 1).

General Fund Adjustments

In the General Fund, some of the transfers are between expense categories within the same Department and some transfers are between Departments. There are also proposed budget adjustments reflecting increased

revenues and increased expenditures where needed to address unanticipated expenditure category overages and ensure accurate year-end reporting. The recommended budget adjustments are shown in Table 2 below. Additional details by budget category can be found in Exhibit 1 to the Resolution.

Department	Personnel Services	Non-Personnel Expenses	Total Expense	Total Revenue	Net Impact
City Council	\$ 14,640	\$ -	\$ 14,640	\$ -	\$ 14,640
Information Technology	(94,380)	121,094	26,714	-	26,714
Non-Departmental	-	(41,354)	(41,354)	-	(41,354)
Economic Development	-	1,070,160	1,070,160	(1,070,160)	1,070,160
Total General Fund	\$ (79,740)	\$ 1,149,900	\$ 1,070,160	\$ (1,070,160)	\$ -

Below are additional details of recommended expenditure budget adjustments exceeding \$75,000:
Economic Development: Increase to Non-Personnel Expenditures of \$1,070,160 fully offset with revenues from Metropolitan Transit System (MTS) for Bayfront Shuttle Program that were not included in the Adopted Budget due to timing of the contract.

Other Fund Adjustments

The recommended adjustments in Table 3 below are for funds other than the General Fund that result in a fiscal impact at the revenue and expenditure level. Additional details by budget category can be found in Exhibit 1 to the Resolution.

The recommended adjustments are offset by additional current year revenues or the available fund balance of the respective funds.

Other Funds	Personnel Services	Non-Personnel Expenses	Total Expense	Total Revenue	Net Impact
Capital Improvement Projects	\$ -	\$ 780,266	\$ 780,266	\$ -	\$ 780,266
2018 Measure A Sales Tax	-	400,000	400,000	-	400,000
Equipment Vehicle Replacement	-	335,000	335,000	-	335,000
Parking Meter	-	100,000	100,000	-	100,000
CFD 97-1 Otay Ranch	-	60,262	60,262	-	60,262
CFD 98-3 Sunbow 2	-	34,350	34,350	-	34,350
Other Grants	25,000	125,000	150,000	(125,000)	25,000
CFD 13-M Otay Ranch Village 2	-	17,745	17,745	-	17,745
CFD 08M Vlg 6 McMillin & OR	-	15,678	15,678	-	15,678
Sewer Facility Replacement	-	14,585	14,585	-	14,585
CFD 99-2 Otay Ranch Vlg 1 West	-	13,002	13,002	-	13,002
CFD 09M ORV II Brookfield-Shea	-	11,195	11,195	-	11,195
CFD 18M Village 3 Otay Ranch	-	9,062	9,062	-	9,062
CFD 07M Eastlake Woods & Vista	-	8,686	8,686	-	8,686
CFD 12-M Otay Ranch Village 7	-	6,724	6,724	-	6,724
CFD 12M Village 7 Otay Ranch	-	5,369	5,369	-	5,369
Open Space District #14	-	4,482	4,482	-	4,482
Open Space District #31	-	4,261	4,261	-	4,261
Eastlake Maintenance Dist I	-	3,654	3,654	-	3,654
Chula Vista Muni Golf Course	-	3,246	3,246	-	3,246

Table 3					
Other Funds	Personnel Services	Non-Personnel Expenses	Total Expense	Total Revenue	Net Impact
Open Space District #18	-	3,053	3,053	-	3,053
Open Space District #10	-	2,397	2,397	-	2,397
CFD 11-M Rolling Hills McM	-	1,847	1,847	-	1,847
Open Space District #05	-	1,437	1,437	-	1,437
CFD 14M-A-EUC Millenia	-	838	838	-	838
CFD 14M-2-EUC Millenia	-	805	805	-	805
Open Space District #06	-	756	756	-	756
Permanent Endowments	-	500	500	-	500
CFD 19M Freeway Commercial 2	-	427	427	-	427
2017 CREBs LRBs	-	-	-	(780,266)	(780,266)
Federal Grants	69,726	165,655	235,381	(549,411)	(314,030)
Public Liability Trust	-	2,827,387	2,827,387	(2,827,387)	-
State Grants	245,262	667,429	912,691	(912,691)	-
Donations	-	27,000	27,000	(27,000)	-
Local Grants	(18,100)	-	(18,100)	18,100	-
Total Other Funds	\$ 321,888	\$ 5,652,098	\$ 5,973,986	\$ (5,203,655)	\$ 770,331

Below are additional details of recommended expenditure budget adjustments exceeding \$75,000:

Capital Improvement Projects: Increase to Non-Personnel Expenditures in the Transfers Out category from excess bond proceeds that need to be returned to the 2017 CREBs LRBs Fund of \$780,266.

2018 Measure A Sales Tax: Increase to Non-Personnel Expenditures of \$400,000 in the Capital category from fund balance for the purchase of vehicles. This item was presented to the Measure A Citizen's Oversight committee on October 9, 2025, and was found to be in compliance with the Measure A Expenditure Plan.

Equipment Vehicle Replacement: Increase to Non-Personnel Expenditures of \$335,000 in the Capital category from fund balance for the purchase of replacement vehicles.

Parking Meter Fund: Increase to Non-Personnel Expenditures of \$100,000 from fund balance for CIP STL0480 for additional Americans with Disabilities Act (ADA) compliant parking on Third Avenue.

2017 CREBs LRBs: Increase to estimated revenues of \$780,266 in the Transfers In category for a transfer from the Capital Improvement Projects Fund returning bond proceeds to the bond fund.

Federal Grants: Increase to Personnel and Non-Personnel Expenditures for a total of \$235,381, offset with estimated revenues of \$549,411 for various grants in the Police Department. Increased revenues include the USDA grant match in Public Works.

Public Liability Trust: Increase to Non-Personnel Expenditures fully offset with an increase of revenues of \$2,827,387 for anticipated legal expenses.

State Grants: Increase to Personnel and Non-Personnel Expenditures fully offset with an increase of revenues of \$912,691 for various grants in the Police and Library departments.

Capital Improvement Project Budget Amendments:

Staff are recommending several adjustments to the Capital Improvement Project Budget, which include transfer of expenditures and increases to various projects. Details of these amendments are provided in Table 4 below.

Table 4			
Fund	Project	CIP Project Expenditures	Total Expenditures
2016 Measure P Sales Tax	GGV0231 – Civic Center & South Libraries	\$ (500,000)	\$ (500,000)
2016 Measure P Sales Tax	GGV0271 – Civic Ctr Library Infra Renovation	250,000	250,000
2016 Measure P Sales Tax	GGV0272 – South Library Infra Renovation	250,000	250,000
2016 Measure P Sales Tax	GGV0242 – Fire St 2 Fueling Tank Replace	(321,343)	(321,343)
2016 Measure P Sales Tax	GGV0339 - Fire Facility Repairs	321,343	321,343
Transportation Sales Tax	STM0414 – Pavement Major Rehab FY23/24	(200,000)	(200,000)
Transportation Sales Tax	STL0454 – ADA Pedestr Curb Ramps Program FY22	200,000	200,000
Parking Meter	STL0480 – Third Ave ADA Parking Stalls	100,000	100,000
Sewer Facility Replacement	SWR0308 – Sewer Access Rd Rehab Prog FY18/19	14,585	14,585
Total Other Funds		\$ 114,585	\$ 114,585

DECISION-MAKER CONFLICT

Staff have reviewed the decision contemplated by this action and have determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff are not independently aware and have not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

The First Quarter Report presents projected revenue and expenditure amounts as of September 30, 2025, with updates through October 30, 2025, as the most current information available. Approval of the resolution amending the fiscal year 2025-26 budget and the fiscal year 2025-26 Capital Improvement Program budget will result in the following impacts:

General Fund – The proposed adjustments result in no net impact to the fiscal year 2025-26 budget. This includes an increase in General Fund appropriations of approximately \$1,070,160 offset by an increase in estimated revenues of \$1,070,160.

Other Funds – The proposed adjustments result in a negative net impact to the fiscal year 2025-26 budget of the Other (non-General Fund) Funds of \$770,331. This includes an increase in appropriations of approximately \$5,973,986 and an increase in estimated revenues of \$5,203,655.

ONGOING FISCAL IMPACT

Staff will review the impacted budgets to identify potential ongoing impacts and may recommend budgetary adjustments to Council during fiscal year 2025-26.

ATTACHMENTS

1. Fiscal Year 2026 First Quarter Report
2. General Fund Budget Transfers
3. General Fund Budget Amendments

*Staff Contact: Ed Prendell, Budget and Analysis Manager
Maritza Vargas, Fiscal and Management Analyst
Sarah Schoen, Director of Finance/Treasurer*



First Quarter Report

Quarter Ending September 30, 2025

INTRODUCTION

Chula Vista City Council adopted the fiscal year 2025-26 budget on May 20, 2025. The Finance Department, in collaboration with other City departments, prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or changes to the Amended Budget. Per Section 505 (f) of the City Charter, the Director of Finance has prepared and submitted the quarterly financial report for the quarter ended September 30, 2025 (First Quarter Report) through the City Manager.

The First Quarter Report is developed using three months of actual financial activity for fiscal year 2025-26 as of September 30, 2025. The data in this report is the most current data available; however, due to the limited data available, in-depth year-end projections for departmental revenues and expenditures are not included in this report but will be provided in future quarterly financial reports. The focus instead is on the General Fund's major revenues, as well as any known significant expenditure budget adjustments. As a result of the limited information, the projections are likely to change as the year progresses.

The First Quarter Report provides summary information for the following areas:

- Current economic environment
- Overview of the General Fund
- Details on major General Fund revenues and expenditure categories
- Discussion on significant General Fund revenue and expenditure variances
- Recommended budget adjustments to General Fund, Other Funds, and Capital Improvement Project expenditure budgets

The Finance Department will continue to monitor the City's actual revenues and expenditures and will provide updated projections in subsequent quarterly financial reports.

ECONOMIC OVERVIEW

City staff reviewed information from federal data (U.S. Bureaus of Economic Analysis, Labor Statistics; Federal Reserve; U.S. Treasury), the quarterly UCLA Anderson Economic Outlooks, HdL (City sales tax consultant), the San Diego Tourism Authority, and other sources to develop the economic assumptions and growth rates included in the First Quarter Report.

Highlights – National

The UCLA Anderson Forecast for Fall 2025 reports persistent weakness in the U.S. economy in the

near-term based on declines in employment, increases in inflation, and slowing GDP growth.¹ The unprecedented uncertainty surrounding trade policies, new technology investments, and political pressures pose significant risks to their Forecast and its conclusion for a gradual economic recovery starting in mid-2026.¹

Unemployment

While the labor market remains strong with a relatively low national unemployment rate of 4.3%, signs of weakness are becoming more apparent in the decline in labor supply affected by restrictive immigration policies and more baby boomers reaching retirement age.² Additionally, jobs gains in recent months have slowed and concentrated to just a few sectors.² The Forecast expects the labor market to mildly weaken through 2025 through mid-year 2026, recovering through the end of 2026 and in 2027 as tariff effects are normalized and stimulus actions are enacted.¹

Inflation

Despite periods of trending downward in 2025, inflation began rising since May and continues to be elevated.³ The seasonally adjusted annual rate of Consumer Price Index was 3.0% in September, the highest since January.⁴ The Forecast predicts inflation will continue to rise through 2025 as tariff impacts further hit durable goods and services, peak at 3.6% in early 2026, and then begin to moderate.¹

Interest Rates

The Federal Open Market Committee (FOMC), part of the Federal Reserve, is committed to Congress's mandate to promote maximum employment, stable prices (i.e., limited inflation), and moderate long-term interest rates. Reporting that job gains have slowed this year and unemployment remaining low but rising, in its latest meeting in October 2025, the Federal Reserve lowered the federal funds target range by one-quarter (1/4) of a percentage point to 3-3/4 to 4 percent.⁵ This change in the rate is aimed to shift stimulate the economy by reducing unemployment levels by lowering the cost of borrowing for consumers and businesses.

The “federal funds rate” established by the FOMC sets the interest rate at which banks lend money to other banks to maintain overnight reserves of funds. When the federal funds rate increases, the cost to banks for lending increases and passed on to businesses and consumers on other borrowing, such as for business investments, credit cards, cars, mortgages and other bank loans. Interest rate fluctuations impact the City's finances by affecting borrowing costs for capital projects and long-term investments; private investments growth; and investment returns on its cash balances.

Real Gross Domestic Product (GDP)

¹ UCLA Anderson School of Management. Weakness Persists in U.S. and California Economies, with Recovery Not Expected Until 2026. 1 Oct. 2025. [UCLA Anderson Forecast](#).

² U.S. Bureau of Labor Statistics. Economic News Release: Employment Situation Summary. Aug. 2025. [U.S. Bureau of Labor Statistics](#).

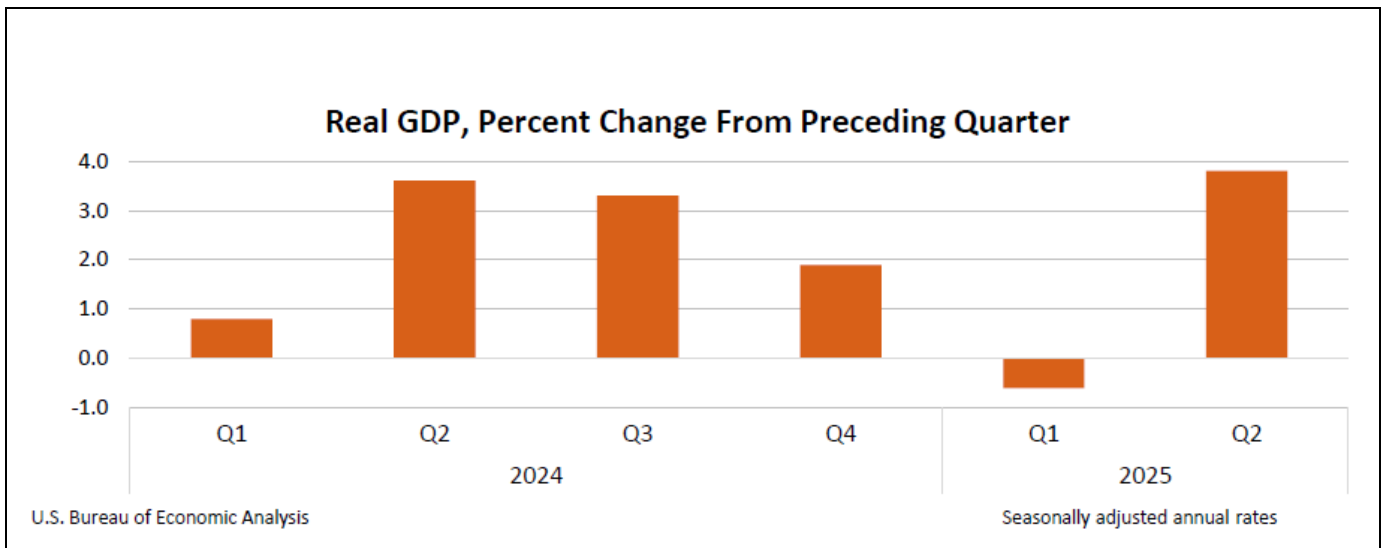
³ U.S. Bureau of Labor Statistics. 12-month percentage change, Consumer Price Index, selected categories. [U.S. Bureau of Labor Statistics](#).

⁴ U.S. Bureau of Labor Statistics. Consumer Price Index – September 2025. 24 Oct. 2025. [U.S. Bureau of Labor Statistics](#).

⁵ Federal Open Market Committee. Press Release: Federal Reserve issues FOMC statement. 29 Oct. 2025. [Federal Open Market Committee](#).

The chart below from the U.S. Bureau of Economic Analysis displays recent quarterly results of real GDP, a measure of the value of all goods and services produced in a country over a period of time (adjusted for inflation), which is an economic indicator of growth. In the second quarter (Q2) of 2025, real GDP grew at an annualized rate of 3.8%, rebounding from a 0.6% decline in the first quarter (Q1).⁶ Continued positive growth each quarter generally allays economists' concerns that a recession is forthcoming. The Q2 results reflect strong business investment and consumer spending despite persistent inflationary pressures and labor market softness.⁷ The Federal Reserve will be closely monitoring this relatively positive economic growth in its policy decisions to reduce inflation.

GDP: Percent Change from Preceding Quarter⁶



The UCLA Anderson Fall 2025 Forecast predicts GDP growth to slow in 2025 to below 1% by the end of 2025 because of the impacts from tariffs, immigration policy and economic uncertainty, followed by a recovery to 2% by the end of 2026 as the fiscal and monetary stimulus kick in.⁸

Highlights – California


The UCLA Anderson Fall 2025 Forecast for California highlighted the economic implications of state bills, including: redistricting, emissions cap and trade bills, CEQA streamlining development, and film and TV tax credits all affecting business decisions in hiring and investments.⁸ However, the California spending reductions outlined by the Legislative Analyst Office indicate future budget problems will offset some of the expansionary effects of these bills.⁹

⁶ U.S. Bureau of Economic Analysis. Gross Domestic Product, 2nd Quarter 2025 (Third Estimate), GDP by Industry, Corporate Profits (Revised), and Annual Update. [U.S. Bureau of Economic Analysis](#).

⁷ Reuters. US economy notches fastest growth pace in nearly two years in second quarter. 25 Sept. 2025. [Reuters](#).

⁸ UCLA Anderson. A Summer of Inflection Points: Fall 2025 U.S. Economic Outlook. [Webinar]. 1 Oct. 2025. [UCLA Anderson](#).

⁹ California Legislative Analyst's Office. The 2025-26 Multiyear Budget Outlook. 24 May 2025. [California Legislative Analyst's Office](#).



The latest state employment reports, showing a 5.5% unemployment rate demonstrate a shrinking of the labor force and contraction in the California economy, particularly in the once-strong technology sector, durable goods manufacturing, entertainment and logistics sectors.¹⁰ Some factors impacting California labor include changes in H-1B visas and artificial intelligence (AI) development in the technology sector and a general decline in manufacturing. National immigration policies also exhibiting impacts on the non-durable goods (food) and agriculture sectors.

Overall, California’s economic growth is projected to remain slower than that of the United States as a whole through 2025 and 2026, with potential improvement beginning in 2027 as conditions in the technology sector strengthen. The outlook for the state’s economy remains subject to several uncertainties, including federal immigration policies and associated deportations, the scope and impact of tariffs and related trade responses and the pace and practical application of artificial intelligence technologies.⁸

This space is intentionally left blank.

¹⁰ California Employment Development Department. Unemployment Rate Remains Steady at 5.5 Percent. 19 Sept. 2025. [California Employment Development Department](#).

GENERAL FUND OVERVIEW

General Fund revenues are projected to be lower than the Amended Budget by \$0.6 million, and expenditures are projected to exceed the Amended Budget by \$1.1 million. Staff anticipates major revenues to come in lower than budget by \$1.6 million and other revenues to exceed the Amended Budget by \$1.0 million, detailed in the General Fund Revenues section. As stated earlier, the First Quarter report only includes projections resulting from General Fund’s Major Revenues, as well as any known significant expenditure budget adjustments. In-depth year-end projections for departmental revenues and expenditures will be included in future quarterly financial reports as additional financial data becomes available.

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<i>Table 1</i>	<i>in millions</i>			
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Measure P Sales Tax	30.8	30.8	30.8	-
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Transient Occupancy Tax	21.7	21.7	20.1	(1.6)
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Use of Prior Year Fund Balance	\$ -	\$ (7.7)	\$ (7.7)	\$ -
Total General Fund Surplus/(Deficit)	\$ -	\$ -	\$ (1.6)	\$ 1.6

¹ Variance compares the Amended Budget and the Year-End Projection.

² Other Expenditures Category includes: Other Capital, Non-CIP Projects Expenditures and CIP Project Expenditures.

*Tables may not tie due to rounding

GENERAL FUND REVENUES

As identified in Table 1 above, the City’s General Fund revenues are projected to be lower than the Amended Budget by approximately \$0.6 million. This is primarily due to a shortfall in Transient Occupancy Tax (TOT) of \$1.6 million reflecting a delay in the anticipated opening of two hotels, now expected to begin operations next fiscal year instead of fiscal year 2026, along with updated revenue assumptions informed by actual receipts in fiscal year 2024–25. Franchise Fees, Property Tax in Lieu of VLF, Utility Users’ Tax and Other Revenues are projected to exceed the Amended Budget by approximately \$1.5 million combined.

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Transient Occupancy Tax	21.7	21.7	20.1	(1.6)
Utility Users’ Tax	3.7	3.7	3.7	0.1
Major Revenues Subtotal	245.6	245.6	244.0	(1.6)
Other General Fund Revenues				
Other Revenues	60.0	60.0	61.0	1.0
Other General Fund Revenues Subtotal	60.0	60.0	61.0	1.0
Total General Fund Revenues Surplus/(Deficit)	\$ 305.6	\$ 305.6	\$ 305.0	\$ (0.6)



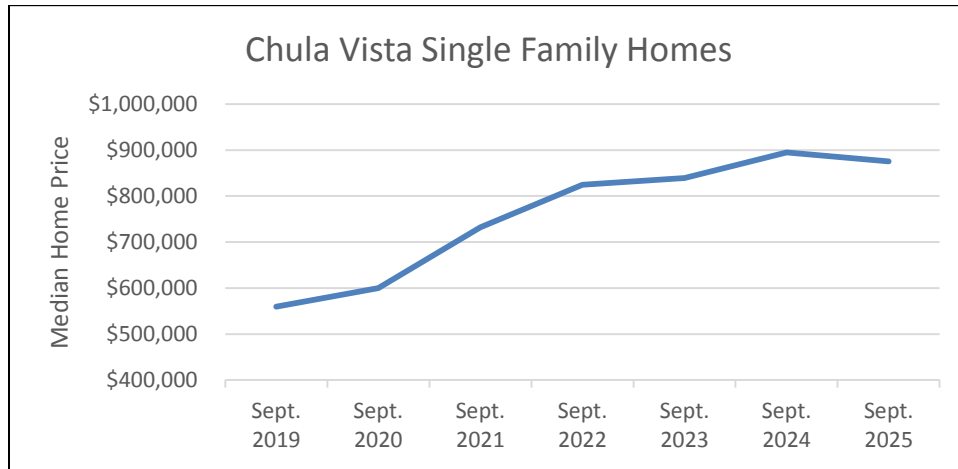
Property Tax

Property tax revenue derived from ad valorem taxes on real property and tangible personal property within the City boundaries. Property tax is administered by the County of San Diego and is limited by Proposition 13 to a general rate of 1% of assessed value. Currently, the City receives approximately 12.4% of property taxes revenues assessed for Chula Vista properties.

Property tax is the City’s largest revenue source, representing 19.1% of General Fund revenues in the Adopted Budget. Property tax is projected to be \$58.0 million, a \$0.5 million decrease compared to the Adopted Budget. Projected property tax revenues include adjustments for the major property addition of the Gaylord Pacific Resort and Convention Center, however, are slightly decreased based on final updates to the assessed value from the County Assessor.

Based on the Zillow Home Value Index - September 2025, Chula Vista’s median home price for a single-family home was \$875,384, a 2% year-over-year decline. A cooling trend in the housing market is apparent, with declines in sales across the San Diego region. Buyer enthusiasm has waned due to affordability constraints and mortgage rates remaining high despite recent Federal Reserve interest cuts. A slowdown in home sales will have some degree of impact on the growth of property

taxes in the City as homes are typically reassessed at higher values upon major construction/improvements or sale, with home prices generally increasing over time. Property tax growth is otherwise limited by the cap on Proposition 13 on assessed value growth to the lesser of the California Consumer Price Index (CPI) or 2%.



Source: Chula Vista Zillow Home Values Index (<https://www.zillow.com/home-values/51405/chula-vista-ca/>)

Property Tax in Lieu of VLF

Vehicle License Fees (VLF) revenues are generated from vehicle license fees paid with vehicle registrations with the State of California and then allocated to cities and counties. VLF fluctuate with changes in assessed values within the City.

Property tax in lieu of VLF is projected to be \$33.6 million, a \$0.1 million increase compared to the Adopted Budget. Projections for fiscal year 2026 are based on updated information from the County, a 6.5% increase compared to fiscal year 2025 actual revenues.



Sales Tax

The Bradley-Burns Uniform Local Sales and Use Tax (Sales Tax) tax revenue is generated from a percentage tax imposed on the sale of retail goods and services that occur within the City of Chula Vista. Sales tax revenue is highly sensitive to economic conditions and reflects the factors that drive taxable sales, including levels of unemployment, consumer confidence, per-capita income, and business investment. The total citywide sales tax rate is 8.75%, of which the City’s General Fund receives 1.0% of all taxable sales transactions within the City, not including the additional voter-approved sales taxes for Measure P and A.

Sales tax revenue represents the second largest General Fund revenue source, representing 16.8% of the General Fund revenues in the Adopted Budget. Sales tax is projected to be \$51.2 million, resulting in no change when compared to the Adopted Budget.

Chula Vista’s largest economic segments include general consumer goods, state & county pools (sales tax revenues from transaction with no specific place of sale, allocated to local jurisdictions on a proportional basis), restaurants & hotels and autos & transportation. Combined, these categories account for approximately 76% of total sales tax revenues. Recent data for the first fiscal year quarter of 2026 indicate a 2.9% increase in taxable sales compared to the same quarter of 2025. As

a result, fiscal year 2026 sales tax revenue is expected to remain consistent with the Adopted Budget projection of \$51.2 million. The opening of the Gaylord Pacific Resort and Convention Center on May 15, 2025, is anticipated to generate a boost in sales tax revenue from visitor spending beyond the Gaylord property, as guests venture into surrounding areas and contribute to broader local retail and dining activity.

While the development of the Adopted Budget assumed continued stable employment rates and consumer confidence indicators, it did not anticipate the continuing fluctuations in consumer behavior and general economic uncertainty. The City's largest sector, general consumer goods, showed a slight increase in sales tax revenue compared to the first quarter in 2025; however, the City remains mindful of recent decreases in consumer confidence. Primary economic indicators that drive consumer spending and growth in sales tax receipts include the unemployment rate and consumer confidence. Despite these headwinds, solid activity from local restaurants, including quick-service and fast-causal establishments has remained resilient.

Sales tax revenue will continue to be closely monitored and updated in the Second Quarter Report to account for any changes in spending trends or other economic indicators impacting sales tax receipts.

- **Measure P Sales Tax** - Voters approved Measure P in November 2016 as a temporary, ten-year, half-cent sales tax dedicated to addressing high-priority deferred maintenance needs. In 2024, voters approved the continuation of Measure P through 2037. While the revenue generated from the Measure P sales tax is collected in the General Fund, the General Fund transfers this revenue to the Measure P Sales Tax Fund for accountability and transparency in the usage of these funds. These actions result in an overall net zero impact to the General Fund. Measure P sales tax is projected to be \$30.8 million, resulting in no change when compared to the Adopted Budget.
- **Measure A Sales Tax** - Voters approved Measure A in June 2018, established as a permanent half-cent sales tax to fund critical public safety needs and enhance staffing levels. Similar to Measure P sales tax, revenue is collected and tracked within the General Fund, and transfer to the Measure A Sales Tax Fund for accountability and transparency in the usage of these funds. Separate accounts (one for the Fire department and one for the Police department) were established to support the monitoring and allocation of these funds. These actions result in an overall net zero impact to the General Fund. Measure A sales tax is projected to be \$30.8 million, resulting in no change when compared to the Adopted Budget.



Franchise Fees

Franchise fee revenues are generated from agreements with private utility companies in exchange for use of the City's rights-of-way. The fee compensates the City for the use of its property, such as its streets. Franchise fees are collected from three primary sources: San Diego Gas & Electric (SDG&E) (2% on gas and 1.25% on electricity), Republic Services trash collection franchises (20% fee), and AT&T and Cox Communications cable franchises (5% fee).

Franchise fee revenue is projected to be \$15.4 million, a \$0.3 million increase compared to the Adopted Budget. The change is largely due to an increase in trash collection revenue from Republic

Services, the city's waste services provider. SDG&E franchise revenues remain static, while cable franchise revenues are down. The decrease represents the number of subscription service subscribers for cable television providers (premium video, equipment rental, on-demand, and programming services) as more customers continue to move to streaming services.



Transient Occupancy Tax

Transient Occupancy Tax (TOT) is a tax imposed on occupants of hotel and motel rooms, short-term rentals, and RV parks within the City. The current TOT tax rate in the City is 10%. Major economic drivers for TOT revenue include room rates, average occupancy rates, and seasonal and non-seasonal tourism. The City of Chula Vista has experienced strong growth in TOT in recent years with a number of new hotel developments on both the west and eastern portions of the City as well as an expansion of the short-term rentals compliance program. Additionally, it is important to note that the TOT revenue generated from the RV Park and the Gaylord Pacific Resort & Convention Center in the Bayfront area is transferred out from the General Fund to a separate fund as part of the contractual requirements for the Gaylord Pacific Resort & Convention Center project.

TOT revenue is projected to be \$21.7 million, a decrease of \$1.6 million compared to the Adopted Budget. The projection reflects a delay in the anticipated opening of two hotels, now expected to begin operations next fiscal year instead of fiscal year 2025-26, along with updated revenue assumptions informed by actual receipts in fiscal year 2024-25. Together, these changes result in a lower estimated growth rate compared to the Adopted Budget assumptions.



Utility Users' Tax

Utility User's Tax (UUT) is a local excise tax imposed on the consumption of utility services by residents and businesses. Specifically, the City imposes a UUT on the use of telecommunications (cable, telephone) at the rate of 4.75% of gross receipts and UUT on natural gas services of \$0.00919 per therm and \$0.00250 per kilowatt on electricity services, which equates to approximately a 1% tax. UUT is collected by utility companies as part of its regular billing and then remit to the City.

UUT is projected to be \$3.7 million, a \$0.1 million increase compared to the Adopted Budget. While some modest growth is anticipated in revenues from the natural gas and electricity utilities based upon population growth and the increases in utility prices, adoption of solar energy and conservations efforts suggest a decline in consumption of those utilities which reduce revenues. Additionally, consumption of telecommunications utilities is also expected to continue to decline due to changes in technology and consumer preferences.

Other Revenues

Other Revenues include the following revenue categories: Charges for Services, Federal Revenue, Fines and Penalties, Licenses & Permits, Other Revenue, State Revenue, Transfers In and Use of Money/Property. As stated earlier, Other Revenues category is anticipated to exceed the Adopted Budget by \$1.0 million. The increase is primarily due to new program revenue in the Economic Development Department for the Bayfront Shuttle Program that was not included in the Adopted Budget due to the timing of the contract occurring after the release of the Adopted Budget (this is offset by an increase in expenditures, resulting in no net fiscal impact). State Revenues category reflects a variance of \$0.1 million attributed to actuals received for VLF in excess from the State

Controller’s Office. The Transfers In category reflects a decrease of \$0.1 million in the Information Technology department for staff time reimbursements due to the expiration of a grant. Detailed departmental revenue projections will be provided for the Second Quarter Financial Report.

Fiscal Year 2025-26 General Fund Overview				
Table 3	<i>in millions</i>			
Revenue Source	Adopted Budget	Amended Budget	Year-end Projection	Variance
<i>Other Revenues</i>				
Charges for Services	\$ 13.6	\$ 13.6	\$ 13.6	\$ -
Federal Revenue	0.5	0.5	0.5	-
Fines and Penalties	1.1	1.1	1.1	-
Licenses & Permits	2.0	2.0	2.0	-
Other Revenue	20.7	20.7	21.8	1.0
State Revenue	1.4	1.4	1.4	0.1
Transfers In	15.0	15.0	14.9	(0.1)
Use Money/Property	5.6	5.6	5.6	-
Total Other Revenues	\$ 60.0	\$ 60.0	\$ 61.0	\$ 1.0

Departmental Revenues

Table 4 below provides the Amended General Fund revenues budget, projected year-end revenues, and the variance (difference) between both at the department level.

Fiscal Year 2025-26 General Fund Departmental Revenues			
Table 4	<i>in thousands</i>		
Department	Amended Budget	Year-end Projection	Variance
City Clerk	\$ 65.6	\$ 67.5	\$ 1.9
City Attorney	439.0	440.8	1.8
Administration	167.7	168.8	1.1
Information Technology	336.0	249.6	(86.4)
Human Resources	1,595.4	1,595.4	-
Finance	1,203.3	1,211.7	8.4
Non-Departmental	17,860.4	17,940.2	79.8
Animal Care Facility	1,090.3	1,091.8	1.5
Economic Development	573.0	1,587.8	1,014.8
Development Services	2,264.9	2,251.3	(13.6)
Engineering/Capital Projects	8,579.3	8,579.3	-
Police	6,318.5	6,318.5	-
Fire	5,553.4	5,553.4	-
Public Works	9,097.9	9,101.2	3.3
Parks and Recreation	4,272.4	4,272.4	-
Library	585.2	585.2	-
Total Departmental Revenue	\$ 60,002.4	\$ 61,014.9	\$ 1,012.6

This section documents the justifications for significant budget variances with an anticipated impact greater than \$250,000. The largest variance is in the Economic Development Department.

Economic Development – Increase of \$1.0 million due to additional program revenue from the Metropolitan Transit System (MTS) for the Bayfront Shuttle Program. These revenues were not included in the Adopted Budget due to timing of the contract and are offset by expenditures in Supplies and Services.

GENERAL FUND EXPENDITURES

General Fund expenditures are projected to exceed the Amended Budget by \$1.1 million. As stated earlier, the First Quarter Report projections only reflect known significant expenditure budget adjustments. More comprehensive year-end projections for departmental revenues and expenditures will be presented in subsequent quarterly reports as additional financial data becomes available.

Fiscal Year 2025-26 General Fund Overview				
<i>Table 5</i>				
<i>in millions</i>				
Expenditures	Adopted Budget	Amended Budget	Year-end Projection	Variance
Personnel Services	\$ 161.8	\$ 162.0	\$ 161.9	\$ 0.1
Non-Personnel				
Supplies and Services	28.6	32.3	33.4	(1.1)
Other Expenses	2.7	6.3	3.3	3.0
Transfers Out	100.0	100.0	103.0	(3.0)
Internal Services	4.6	4.6	4.6	-
Utilities	7.7	7.7	7.7	-
Other Expenditures Category	0.2	0.4	0.4	-
Non-Personnel Subtotal	143.8	151.3	152.5	(1.1)
Total Expenditures	\$ 305.6	\$ 313.3	\$ 314.4	\$ (1.1)

Personnel Services

Preliminary projections for Personnel Services are anticipated to be lower than the Amended Budget by \$0.1 million. Projections include anticipated savings in the Information Technology Department offset by an expected overage Supplies & Services category for contractual services.

Fiscal Year 2025-26 General Fund Overview				
<i>Table 6</i>				
<i>in millions</i>				
Expenditure Category	Adopted Budget	Amended Budget	Year-end Projection	Variance
Personnel Services				
Salary	\$ 103.7	\$ 104.0	\$ 103.9	(0.1)
Hourly	4.5	4.5	4.5	-
Overtime	10.9	10.9	10.9	-
PERS	16.3	16.3	16.3	-
FLEX	15.9	15.9	15.9	-
Other Personnel	10.5	10.5	10.5	-
Total Personnel Services	\$ 161.8	\$ 162.0	\$ 161.9	\$ (0.1)

Supplies and Services

The Supplies and Services category is anticipated to exceed the Amended Budget by \$1.1, primarily

due to a budget adjustment for the Bayfront Shuttle Program, discussed earlier in the report.

Fiscal Year 2025-26 General Fund Overview				
Table 7	<i>in millions</i>			
Expenditure Category	Adopted Budget	Amended Budget	Year-end Projection	Variance
Supplies and Services	\$ 28.6	\$ 32.3	\$ 33.4	\$ 1.1
Total Supplies and Services	\$ 28.6	\$ 32.3	\$ 33.4	\$ 1.1

Other Expenses

The Other Expenses category includes a wide variety of relatively minor costs of the General Fund, such as sales tax administration costs, small tools, credit card transaction fees and bank charges, and reimbursements to other agencies. The Other Expenses category is projected to be \$3.0 million below the Amended Budget. This variance is primarily due to an anticipated public liability expenditure that was originally anticipated to occur within the Other Expenses category but is now expected to be recorded as a Transfer Out from the General Fund to the Public Liability Fund.

Fiscal Year 2025-26 General Fund Overview				
Table 8	<i>in millions</i>			
Expenditure Category	Adopted Budget	Amended Budget	Year-end Projection	Variance
Other Expenses	\$ 2.7	\$ 6.3	\$ 3.3	\$ (3.0)
Total Other Expenses	\$ 2.7	\$ 6.3	\$ 3.3	\$ (3.0)

Transfers Out

The Transfers Out category represents authorized transfers of cash between City funds and is projected to exceed the Amended Budget by \$3.0 million. As noted above, this variance corresponds to the reclassification of the anticipated public liability payment from the Other Expenses category to the Transfers Out category, aligning the expenditure with its proper accounting treatment.

Fiscal Year 2025-26 General Fund Overview				
Table 9	<i>in millions</i>			
Expenditure Category	Adopted Budget	Amended Budget	Year-end Projection	Variance
Transfers Out	\$ 100.0	\$ 100.0	\$ 103.0	\$ 3.0
Total Transfers Out	\$ 100.0	\$ 100.0	\$ 103.0	\$ 3.0

Internal Services

Expenditures in this category are for vehicle maintenance charges associated with the use of City vehicles and equipment. These charges are based on the actual vehicles that reside within a department and include costs ranging from routine maintenance (oil changes, preventive maintenance) to major repairs (transmission repair, accident repair), as well as fuel costs. Internal services are projected to remain at budget through fiscal year end.

Fiscal Year 2025-26 General Fund Overview

Table 10 *in millions*

Expenditure Category	Adopted Budget	Amended Budget	Year-end Projection	Variance
Internal Services	\$ 4.6	\$ 4.6	\$ 4.6	\$ -
Total Internal Services	\$ 4.6	\$ 4.6	\$ 4.6	\$ -

Utilities

The Utilities category is currently projected to be at budget. Detailed projections will be provided in subsequent quarterly financial reports.

Fiscal Year 2025-26 General Fund Overview

Table 11 *in millions*

Expenditure Category	Adopted Budget	Amended Budget	Year-end Projection	Variance
Utilities	\$ 7.7	\$ 7.7	\$ 7.7	\$ -
Total Utilities	\$ 7.7	\$ 7.7	\$ 7.7	\$ -

Other Expenditures Category

The Other Expenditures Category is comprised of Other Capital, Non-CIP Projects Expenditures and CIP Project Expenditures budget categories. The Other Expenditures Category is currently projected consistent with the Amended Budget.

Fiscal Year 2025-26 General Fund Overview

Table 12 *in millions*

Expenditure Category	Adopted Budget	Amended Budget	Year-end Projection	Variance
Other Expenditures Category	\$ 0.2	\$ 0.4	\$ 0.4	\$ -
Total Other Expenditures	\$ 0.2	\$ 0.4	\$ 0.4	\$ -

Departmental Expenditures

Table 13 below provides the Amended General Fund expenditure budget, projected year-end expenditures, and the variance (difference) between both at the department level.

Fiscal Year 2025-26 General Fund Departmental Expenditures

Table 13 *in thousands*

Department	Amended Budget	Year-end Projection	Variance
City Council	\$ 1,873.4	\$ 1,873.4	\$ -
Boards & Commissions	2.1	2.1	-
City Clerk	2,273.9	2,273.9	-
City Attorney	4,111.4	4,111.4	-
Administration	3,284.6	3,284.6	-
Information Technology	5,211.9	5,238.6	(26.7)
Human Resources	4,181.6	4,181.6	-
Finance	5,785.7	5,785.7	-
Non-Departmental	119,421.4	119,380.1	41.4
Animal Care Facility	4,022.9	4,022.9	-
Economic Development	764.6	1,834.7	(1,070.2)

Department	Amended Budget	Year-end Projection	Variance
Development Services	3,333.4	3,333.4	-
Engineering/Capital Projects	11,815.4	11,815.4	-
Police	66,284.0	66,284.0	-
Fire	41,467.0	41,467.0	-
Public Works	28,230.6	28,230.6	-
Parks and Recreation	6,636.9	6,636.9	-
Library	4,627.0	4,627.0	-
Total Expenditure Budget	\$ 313,327.7	\$ 314,383.2	\$ (1,055.5)

This section documents the justifications for significant budget variances with an anticipated impact greater than \$250,000. The largest variance is in the Economic Development Department.

Economic Development – Increase of \$1.1 million due to additional program expenses for the Bayfront Shuttle Program offset by an increase of \$1.0 million of program revenue from the Metropolitan Transit System (MTS). These expenditures were not included in the Adopted Budget due to timing of the contract.

FISCAL YEAR 2025-26 BUDGET ADJUSTMENTS

General Fund Budget Adjustments

In the General Fund, some of the transfers are between expense categories within the same Department and some transfers are between Departments. There are also proposed budget adjustments reflecting increased revenues and increased expenditures where needed to address unanticipated expenditure category overages and ensure accurate year-end reporting. The recommended budget adjustments are shown in the table below.

Table 14					
Department	Personnel Services	Non-Personnel Expenditures	Total Expenditures	Total Revenue	Net Impact
City Council	\$ 14,640	\$ -	\$ 14,640	\$ -	\$ 14,640
Information Technology	(94,380)	121,094	26,714	-	26,714
Non-Departmental	-	(41,354)	(41,354)	-	(41,354)
Economic Development	-	1,070,160	1,070,160	(1,070,160)	1,070,160
Total General Fund	\$ (79,740)	\$ 1,149,900	\$ 1,070,160	\$ (1,070,160)	\$ -

City Council: Increase to Personnel Services appropriations of \$14,640 for anticipated expenditures omitted from the Adopted Budget.

Information Technology: Transfer of appropriations from Personnel to Non-Personnel Expenditures for contractual services of \$94,380 and an additional increase in Non-Personnel Expenditures appropriations of \$26,714 for Canva graphic design licenses.

Non-Departmental: Reduction to appropriations of \$41,354 from savings in Supplies & Services.

Economic Development: Increase to Non-Personnel Expenditures of \$1,070,160 fully offset with revenues from the Metropolitan Transit System (MTS) for the Bayfront Shuttle Program that were not included in the Adopted Budget due to timing of the contract.

Other Fund Budget Adjustments

The recommended adjustments for funds outside of the General Fund are included in the table below. The adjustments are offset by additional revenues or the available fund balance of the respective funds.

Other Funds	Personnel Services	Non-Personnel Expenditures	Total Expenditures	Total Revenue	Net Impact
Capital Improvement Projects	\$ -	\$ 780,266	\$ 780,266	\$ -	\$ 780,266
2018 Measure A Sales Tax	-	400,000	400,000	-	400,000
Equipment Vehicle Replacement	-	335,000	335,000	-	335,000
Parking Meter	-	100,000	100,000	-	100,000
CFD 97-1 Otay Ranch*	-	60,262	60,262	-	60,262
CFD 98-3 Sunbow 2*	-	34,350	34,350	-	34,350
Other Grants	25,000	125,000	150,000	(125,000)	25,000
CFD 13-M Otay Ranch Village 2*	-	17,745	17,745	-	17,745
CFD 08M Vlg 6 McMillin & OR*	-	15,678	15,678	-	15,678
Sewer Facility Replacement	-	14,585	14,585	-	14,585
CFD 99-2 Otay Ranch Vlg 1 West*	-	13,002	13,002	-	13,002
CFD 09M ORV II Brookfield-Shea*	-	11,195	11,195	-	11,195
CFD 18M Village 3 Otay Ranch*	-	9,062	9,062	-	9,062
CFD 07M Eastlake Woods & Vista*	-	8,686	8,686	-	8,686
CFD 12-M Otay Ranch Village 7*	-	6,724	6,724	-	6,724
CFD 12M Village 7 Otay Ranch*	-	5,369	5,369	-	5,369
Open Space District #14*	-	4,482	4,482	-	4,482
Open Space District #31*	-	4,261	4,261	-	4,261
Eastlake Maintenance Dist I*	-	3,654	3,654	-	3,654
Chula Vista Muni Golf Course	-	3,246	3,246	-	3,246
Open Space District #18*	-	3,053	3,053	-	3,053
Open Space District #10*	-	2,397	2,397	-	2,397
CFD 11-M Rolling Hills McM*	-	1,847	1,847	-	1,847
Open Space District #05*	-	1,437	1,437	-	1,437
CFD 14M-A-EUC Millenia*	-	838	838	-	838
CFD 14M-2-EUC Millenia*	-	805	805	-	805
Open Space District #06*	-	756	756	-	756
Permanent Endowments	-	500	500	-	500
CFD 19M Freeway Commercial 2*	-	427	427	-	427
2017 CREBs LRBs	-	-	-	(780,266)	(780,266)
Federal Grants	69,726	165,655	235,381	(549,411)	(314,030)
Public Liability Trust	-	2,827,387	2,827,387	(2,827,387)	-
State Grants	245,262	667,429	912,691	(912,691)	-
Donations	-	27,000	27,000	(27,000)	-
Local Grants	(18,100)	-	(18,100)	18,100	-
Total Other Funds	\$ 321,888	\$ 5,652,098	\$ 5,973,986	\$(5,203,655)	\$ 770,331

Below are additional details of recommended expenditure budget adjustments exceeding \$75,000:

Capital Improvement Projects: Increase to Non-Personnel Expenditures in the Transfers Out category from excess bond proceeds needed to be allocated to the 2017 CREBs LRBs Fund of \$780,266.

2018 Measure A Sales Tax: Increase to Non-Personnel Expenditures of \$400,000 in the Capital category from available fund balance for the purchase of vehicles. This item was presented to the Measure A Citizen's Oversight Committee and was found to be in compliance with the Measure A Expenditure Plan on October 9, 2025.

Equipment Vehicle Replacement: Increase to Non-Personnel Expenditures of \$335,000 in the Capital category from available fund balance for the purchase of replacement vehicles.

Parking Meter Fund: Increase to Non-Personnel Expenditures of \$100,000 from available fund balance for CIP Project # STL0480 "Third Ave ADA Parking Stalls" for additional Americans with Disabilities Act (ADA) compliant parking on Third Avenue.

Other Grants – Increase to Personnel and Non-Personnel Expenditures of \$150,000 partially funded by increased revenues of \$125,000 and from available fund balance for various grants in Animal Services, Library, Public Works and Fire Departments.

2017 CREBs LRBs: Increase to estimated revenues of \$780,266 in the Transfers In category for a transfer from the Capital Improvement Projects Fund returning bond proceeds to the bond fund.

Federal Grants: Increase to Personnel and Non-Personnel Expenditures for a total of \$235,381, offset with estimated revenues of \$549,411 for various grants in the Police Department. Increased revenues include the USDA grant match in the Public Works Department.

Public Liability Trust: Increase to Non-Personnel Expenditures fully offset with an increase of revenues of \$2,827,387 resulting from General Fund transfer.

State Grants: Increase to Personnel and Non-Personnel Expenditures fully offset with an increase of revenues of \$912,691 for various grants in the Police and Library departments.

Local Grants: Transfer of Non-Personnel Expenditures from the Other Capital category to Supplies and Services of \$200,000; and a decrease to Personnel expenditures and estimated revenues of \$18,100 to align budget to grant award.

Various Community Facilities Districts (CFD) and Open Space Districts (OSD) – Funds listed with an asterisk (*) include an increase in Non-Personnel Expenditures in the Transfers Out Category for a combined total of \$206,030 for the USDA grant match in Public Works.

Capital Improvement Project Adjustments

The recommended adjustments for the Capital Improvement Project expenditure budgets are included in the table below. The adjustments are offset by additional revenues or the available fund balance of the respective funds.

Table 16			
Fund	Project	CIP Project Expenditures	Total Expenditures
2016 Measure P Sales Tax	GGV0231 – Civic Center & South Libraries	\$ (500,000)	\$ (500,000)
2016 Measure P Sales Tax	GGV0271 – Civic Ctr Library Infra Renovation	250,000	250,000
2016 Measure P Sales Tax	GGV0272 – South Library Infra Renovation	250,000	250,000
2016 Measure P Sales Tax	GGV0242 – Fire St 2 Fueling Tank Replace	(321,343)	(321,343)
2016 Measure P Sales Tax	GGV0339 - Fire Facility Repairs	321,343	321,343
Transportation Sales Tax	STM0414 – Pavement Major Rehab FY23/24	(200,000)	(200,000)
Transportation Sales Tax	STL0454 – ADA Pedestr Curb Ramps Program FY22	200,000	200,000
Parking Meter	STL0480 – Third Ave ADA Parking Stalls	100,000	100,000
Sewer Facility Replacement	SWR0308 – Sewer Access Rd Rehab Prog FY18/19	14,585	14,585
Total Amendments		\$ 114,585	\$ 114,585

GENERAL FUND BUDGET TRANSFERS
Approved by Administration
Fiscal Year 2025-26 (as of September 30, 2025)

Attachment 2

Department	From	To	Reason	Amount
Engineering	Supplies & Services	Supplies & Services	S&S Object Code Transfers	\$ 19,100
IT	Other Capital	Supplies & Services	S&S Capacities	75,000
Library	Supplies & Services	Utilities	Utilities overages	39,904
Library	Supplies & Services	Other Expenses	Credit card transfer	1,400
Public Works	Personnel	Other Expenses	Transfer for monument wall repair	70,000
Public Works	Personnel	Other Expenses	Transfer to repair 3rd Ave Bollards	12,460
Total General Fund Budget Transfers				\$ 217,864

General Fund Budget Amendments
Fiscal Year 2025-26 (as of September 30, 2025)

Attachment 3

Resolution	Date	Budget Amendments	Department	Revenue	Expenditure	Net Impact
2025-114	7/8/2025	Position Restructure - Classification and Comp Schedule Updates	Engineering	-	\$ 189,737	\$ (189,737)
			Public Works	-	(189,737)	189,737
2025-146	9/9/2025	Position Restructure - Classification and Comp Schedule Updates	Engineering	614,284	(266,308)	880,592
			Public Works	(614,284)	266,308	(880,592)
			Non Departmental	-	(75,651)	75,651
			Economic Development	-	75,651	(75,651)
Total General Fund Budget Amendments				\$ -	\$ -	\$ -

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE
FISCAL YEAR 2025-26 BUDGET TO ADJUST FOR
VARIANCES AND APPROPRIATING FUNDS THEREFOR (4/5
VOTE REQUIRED)

WHEREAS, the Charter of the City of Chula Vista states that at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by a motion adopted by the affirmative votes of at least four members; and

WHEREAS, staff has completed the budget review for the quarter ending September 30, 2025 and recommends a number of budget amendments in the General Fund and various other funds to align the budget with anticipated year-end actuals where the actuals are expected to exceed the budget; and

WHEREAS, staff has prepared a comprehensive list of all amendments, which are identified as Exhibit 1, attached hereto and incorporated herein by reference; and

WHEREAS, staff recommends increasing estimated revenue by \$1,070,160 and expense appropriations by \$1,070,160 to various departments in the General Fund, resulting in no net fiscal impact to the General Fund; and

WHEREAS, the Capital Improvement Projects Fund, 2018 Measure A Sales Tax Fund, Equipment Vehicle Replacement Fund, Parking Meter Fund, CFD 97-1 Otay Ranch Fund, CFD 98-3 Sunbow 2 Fund, Other Grants Fund, CFD 13-M Otay Ranch Village 2 Fund, CFD 08M Vlg 6 McMillin & OR Fund, Sewer Facility Replacement Fund, CFD 99-2 Otay Ranch Vlg 1 West Fund, CFD 09M ORV II Brookfield-Shea Fund, CFD 18M Village 3 Otay Ranch Fund, CFD 07M Eastlake Woods & Vista Fund, CFD 12-M Otay Ranch Village 7 Fund, CFD 12M Village 7 Otay Ranch Fund, Open Space District #14 Fund, Open Space District #31 Fund, Eastlake Maintenance District I Fund, Chula Vista Muni Golf Course Fund, Open Space District #18 Fund, Open Space District #10 Fund, CFD 11-M Rolling Hills McM Fund, Open Space District #05 Fund, CFD 14M-A-EUC Millenia Fund, CFD 14M-2-EUC Millenia Fund, Open Space District #06 Fund, Permanent Endowments Fund, and the CFD 19M Freeway Commercial 2 Fund will be negatively impacted due to adjustments that will add appropriations that will be made from the available balances of these funds or partially offset by increased estimated revenues; and

WHEREAS, the 2017 CREBs LRBs Fund and Federal Grants Fund are positively impacted as a result of increased appropriations and increased estimated revenue resulting from the recommended changes; and

WHEREAS, the recommended adjustments to the Public Liability Trust Fund, State Grants Fund, Donations Fund, and Local Grants Fund will result in no fiscal impact; and

WHEREAS, staff recommends amending the fiscal year 2025-26 Capital Improvement Program budget by increasing expense appropriations by \$114,584.97 resulting in a negative impact to the fiscal year 2025-26 Capital Improvement Program budget.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that it does hereby amend the fiscal year 2026-26 budget and approves the following appropriations and transfers:

Summary of General Fund Appropriations and/or Transfers

General Fund Budget Amendments Summary – 1st Quarter Fiscal Year 2025-26

Department	Personnel Services	Non-Personnel Expenses	Total Expense	Total Revenue	Net Impact
City Council	\$ 14,640	\$ -	\$ 14,640	\$ -	\$ 14,640
Information Technology	(94,380)	121,094	26,714	-	26,714
Non-Departmental	-	(41,354)	(41,354)	-	(41,354)
Economic Development	-	1,070,160	1,070,160	(1,070,160)	1,070,160
Total General Fund	\$ (79,740)	\$ 1,149,900	\$ 1,070,160	\$(1,070,160)	\$ -

Summary of Appropriations and/or Transfers for Other Funds

Other Funds Budget Amendments Summary – 1st Quarter Fiscal Year 2025-26

Other Funds	Personnel Services	Non-Personnel Expenses	Total Expense	Total Revenue	Net Impact
Capital Improvement Projects	\$ -	\$ 780,266	\$ 780,266	\$ -	\$ 780,266
2018 Measure A Sales Tax	-	400,000	400,000	-	400,000
Equipment Vehicle Replacement	-	335,000	335,000	-	335,000
Parking Meter	-	100,000	100,000	-	100,000
CFD 97-1 Otay Ranch	-	60,262	60,262	-	60,262
CFD 98-3 Sunbow 2	-	34,350	34,350	-	34,350
Other Grants	25,000	125,000	150,000	(125,000)	25,000
CFD 13-M Otay Ranch Village 2	-	17,745	17,745	-	17,745
CFD 08M Vlg 6 McMillin & OR	-	15,678	15,678	-	15,678
Sewer Facility Replacement	-	14,585	14,585	-	14,585
CFD 99-2 Otay Ranch Vlg 1 West	-	13,002	13,002	-	13,002
CFD 09M ORV II Brookfield-Shea	-	11,195	11,195	-	11,195
CFD 18M Village 3 Otay Ranch	-	9,062	9,062	-	9,062
CFD 07M Eastlake Woods & Vista	-	8,686	8,686	-	8,686
CFD 12-M Otay Ranch Village 7	-	6,724	6,724	-	6,724
CFD 12M Village 7 Otay Ranch	-	5,369	5,369	-	5,369
Open Space District #14	-	4,482	4,482	-	4,482
Open Space District #31	-	4,261	4,261	-	4,261
Eastlake Maintenance Dist I	-	3,654	3,654	-	3,654
Chula Vista Muni Golf Course	-	3,246	3,246	-	3,246

Other Funds	Personnel Services	Non- Personnel Expenses	Total Expense	Total Revenue	Net Impact
Open Space District #18	-	3,053	3,053	-	3,053
Open Space District #10	-	2,397	2,397	-	2,397
CFD 11-M Rolling Hills McM	-	1,847	1,847	-	1,847
Open Space District #05	-	1,437	1,437	-	1,437
CFD 14M-A-EUC Millenia	-	838	838	-	838
CFD 14M-2-EUC Millenia	-	805	805	-	805
Open Space District #06	-	756	756	-	756
Permanent Endowments	-	500	500	-	500
CFD 19M Freeway Commercial 2	-	427	427	-	427
2017 CREBs LRBs	-	-	-	(780,266)	(780,266)
Federal Grants	69,726	165,655	235,381	(549,411)	(314,030)
Public Liability Trust	-	2,827,387	2,827,387	(2,827,387)	-
State Grants	245,262	667,429	912,691	(912,691)	-
Donations	-	27,000	27,000	(27,000)	-
Local Grants	(18,100)	-	(18,100)	18,100	-
Total Other Funds	\$ 321,888	\$ 5,652,098	\$5,973,986	\$(5,203,655)	\$ 770,331

*Table is shown in summary, funds with transfers within Non-Personnel Expenditures categories are detailed in Exhibit 1

**Summary of Appropriations and/or Transfers for Capital Improvement Program Budget
Capital Improvement Program Budget Amendments Summary – 1st Quarter Fiscal Year 2025-26**

Fund	Project	CIP Project Expenditures	Total Expenditures
2016 Measure P Sales Tax	GGV0231 – Civic Center & South Libraries	\$ (500,000.00)	\$ (500,000.00)
2016 Measure P Sales Tax	GGV0271 – Civic Ctr Library Infra Renovation	250,000.00	250,000.00
2016 Measure P Sales Tax	GGV0272 – South Library Infra Renovation	250,000.00	250,000.00
2016 Measure P Sales Tax	GGV0242 – Fire St 2 Fueling Tank Replace	(321,343.41)	(321,343.41)
2016 Measure P Sales Tax	GGV0339 - Fire Facility Repairs	321,343.41	321,343.41
Transportation Sales Tax	STL0454 – ADA Pedestr Curb Ramps Program FY22	200,000.00	200,000.00
Transportation Sales Tax	STM0414 – Pavement Major Rehab FY23/24	(200,000.00)	(200,000.00)
Parking Meter	STL0480 – Third Ave ADA Parking Stalls	100,000.00	100,000.00
Sewer Facility Replacement	SWR0308 – Sewer Access Rd Rehab Prog FY18/19	14,584.97	14,584.97
Total Other Funds		\$ 114,584.97	\$ 114,584.97

Resolution No. _____

Page 4

Presented by

Approved as to form

Sarah Schoen
Director of Finance/Treasurer

Marco Verdugo
City Attorney

EXHIBIT 1

GENERAL FUND BUDGET AMENDMENTS SUMMARY – 1st QUARTER FISCAL YEAR 2025-26

DEPARTMENT	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET IMPACT
GENERAL FUND							
Boards & Commissions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Council	14,640	-	-	-	14,640	-	14,640
City Clerk	-	-	-	-	-	-	-
City Attorney	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-
Information Technology	(94,380)	121,094	-	-	26,714	-	26,714
Human Resources	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-
Non-Departmental	-	(41,354)	(2,995,387)	2,995,387	(41,354)	-	(41,354)
Economic Development	-	1,070,160	-	-	1,070,160	(1,070,160)	-
Police	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-
TOTAL GENERAL FUND	\$ (79,740)	\$ 1,149,900	\$ (2,995,387)	\$ 2,995,387	\$ 1,070,160	\$ (1,070,160)	\$ -

OTHER FUNDS BUDGET AMENDMENTS SUMMARY – 1st QUARTER FISCAL YEAR 2025-26

	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	CIP BUDGET	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET IMPACT
OTHER FUNDS									
Capital Improvement Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 780,266	\$ 780,266	\$ -	\$ 780,266
2018 Measure A Sales Tax	-	-	-	400,000	-	-	400,000	-	400,000
Equipment Vehicle Replacement	-	-	-	335,000	-	-	335,000	-	335,000
Parking Meter	-	-	-	-	100,000	-	100,000	-	100,000
CFD 97-1 Otay Ranch	-	-	-	-	-	60,262	60,262	-	60,262
CFD 98-3 Sunbow 2	-	-	-	-	-	34,350	34,350	-	34,350
Other Grants	25,000	25,000	25,000	75,000	-	-	150,000	(125,000)	25,000

	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	CIP BUDGET	TRANSFERS OUT	TOTAL EXPENSE	TOTAL REVENUE	NET IMPACT
CFD 13-M Otay Ranch Village 2	-	-	-	-	-	17,745	17,745	-	17,745
CFD 08M Vlg 6 McMillin & OR	-	-	-	-	-	15,678	15,678	-	15,678
Sewer Facility Replacement	-	-	-	-	14,585	-	14,585	-	14,585
CFD 99-2 Otay Ranch Vlg 1 West	-	-	-	-	-	13,002	13,002	-	13,002
CFD 09M ORV II Brookfield-Shea	-	-	-	-	-	11,195	11,195	-	11,195
CFD 18M Village 3 Otay Ranch	-	-	-	-	-	9,062	9,062	-	9,062
CFD 07M Eastlake Woods & Vista	-	-	-	-	-	8,686	8,686	-	8,686
CFD 12-M Otay Ranch Village 7	-	-	-	-	-	6,724	6,724	-	6,724
CFD 12M Village 7 Otay Ranch	-	-	-	-	-	5,369	5,369	-	5,369
Open Space District #14	-	-	-	-	-	4,482	4,482	-	4,482
Open Space District #31	-	-	-	-	-	4,261	4,261	-	4,261
Eastlake Maintenance Dist I	-	-	-	-	-	3,654	3,654	-	3,654
Chula Vista Muni Golf Course	-	-	-	3,246	-	-	3,246	-	3,246
Open Space District #18	-	-	-	-	-	3,053	3,053	-	3,053
Open Space District #10	-	-	-	-	-	2,397	2,397	-	2,397
CFD 11-M Rolling Hills McM	-	-	-	-	-	1,847	1,847	-	1,847
Open Space District #05	-	-	-	-	-	1,437	1,437	-	1,437
CFD 14M-A-EUC Millenia	-	-	-	-	-	838	838	-	838
CFD 14M-2-EUC Millenia	-	-	-	-	-	805	805	-	805
Open Space District #06	-	-	-	-	-	756	756	-	756
Permanent Endowments	-	-	500	-	-	-	500	-	500
CFD 19M Freeway Commercial 2	-	-	-	-	-	427	427	-	427
2017 CREBs LRBs	-	-	-	-	-	-	-	(780,266)	(780,266)
Federal Grants	69,726	89,945	75,710	-	-	-	235,381	(549,411)	(314,030)
Public Liability Trust	-	-	2,827,387	-	-	-	2,827,387	(2,827,387)	-
State Grants	245,262	312,647	310,992	43,790	-	-	912,691	(912,691)	-
Donations	-	-	27,000	-	-	-	27,000	(27,000)	-
Local Grants	(18,100)	200,000	-	(200,000)	-	-	(18,100)	18,100	-
TOTAL OTHER FUNDS	\$321,888	\$ 627,592	\$3,266,589	\$657,036	\$ 114,585	\$986,296	\$5,973,986	\$(5,203,655)	\$ 770,331