

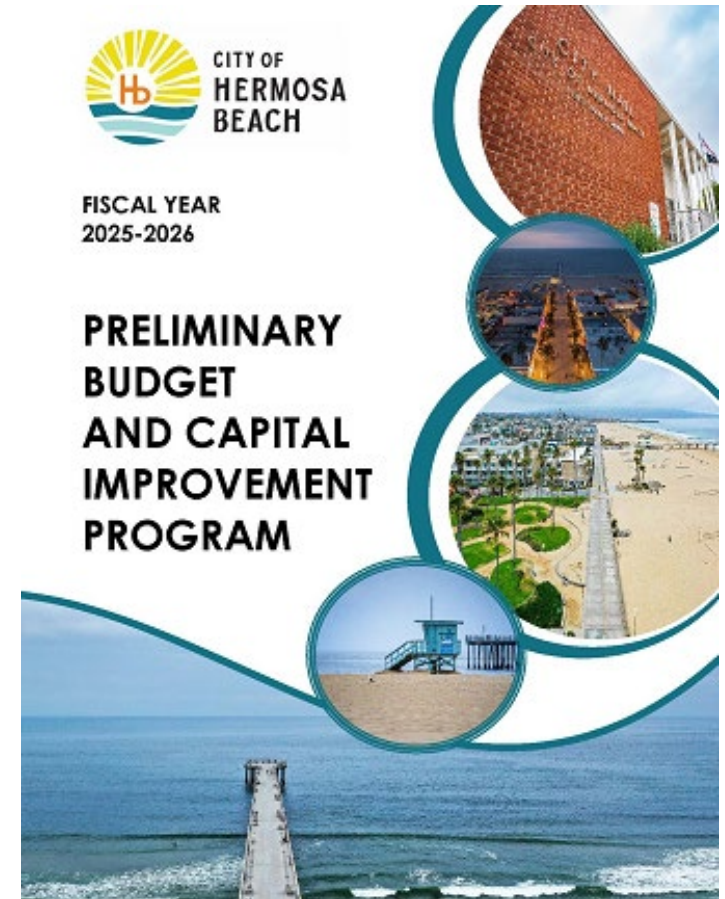
FY 26 BUDGET ADOPTION



June 24, 2025

FY 26 Budget Summary

- Stable Revenue
- Balanced Budget
- Continued CIP investment
- Maintaining Healthy Reserves
- Improving Revenue Collection
- Focus on Efficiency Efforts



FY 26 Budget Highlights



\$33.9m in CIP Projects



\$100k Earmark for Citywide Beautification



\$75k for 14th St Beach Restroom Maintenance and Rehab



Maintaining 20% General Fund Reserve

Fiscal Outlook-Headwinds



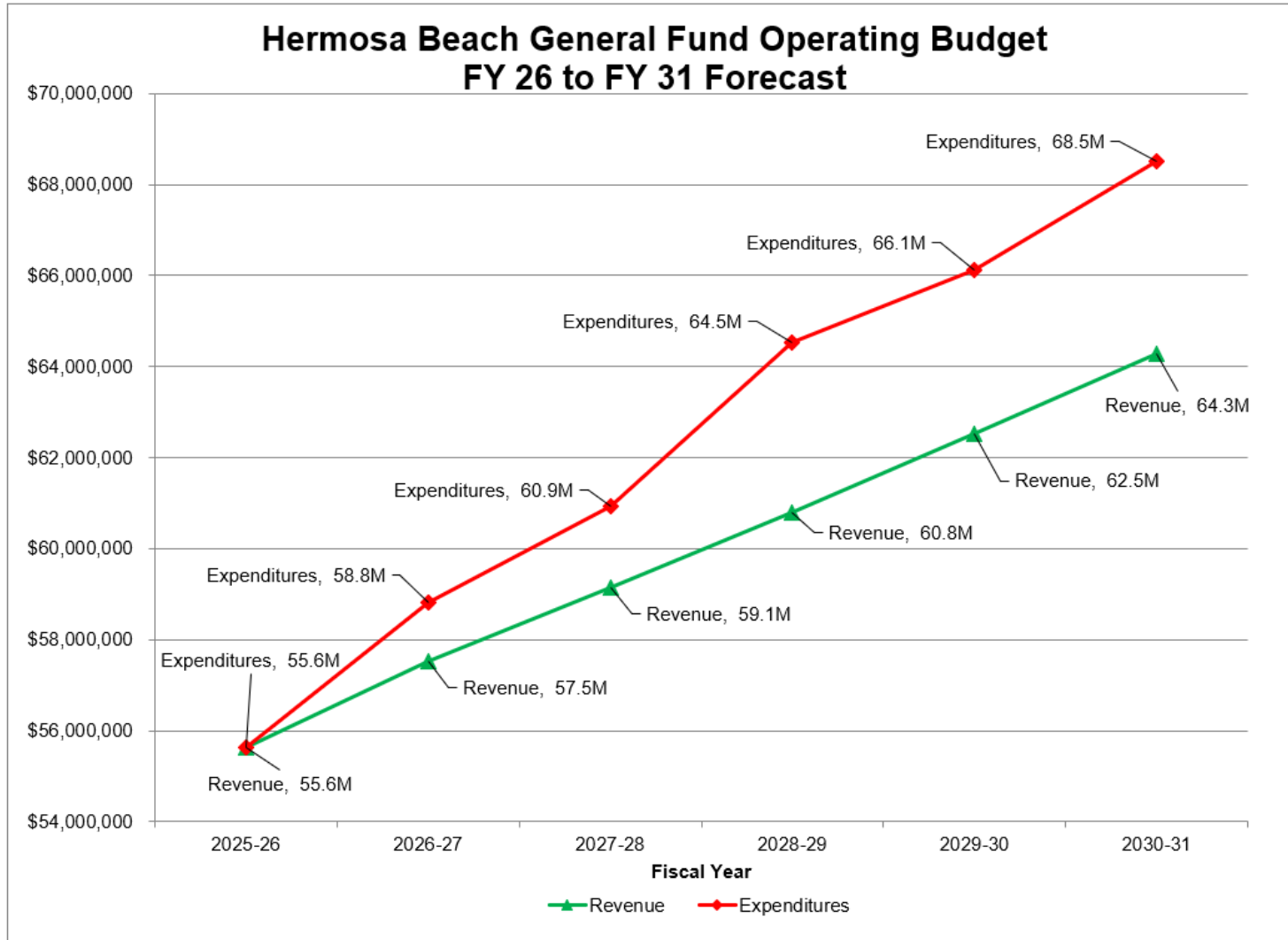
- Looming Deficits
 - LA County Contracts (Fire, Lifeguard, Beach Maintenance) expire in 2027 and 2028
 - Inflation
- Potential Economic Downturn
- ~\$160m Unfunded CIP Needs
- CalPERS Performance and Pension Liabilities
- Insurance Fund-Rising Cost of Premiums, Claims/Litigation

Fiscal Outlook-Tailwinds



- Council Fiscal Restraint
- Maintaining Healthy Balances and Reserves
 - 20% General Fund Reserve (GFOA recommends 16%)
 - Insurance Fund Balance >\$3m
 - OPEB 150% funded
- Continued CIP investment
- Continued Focus on Efficiencies

Five-Year Forecast



Next Steps

- Tonight – Adopt FY 26 Budget
- Post-Budget Adoption:
 - ✓ Reconvene Finance Sub-Committee
 - ✓ Discuss Revenue Opportunities
 - Fees and Charges
 - Parking Citations
 - Meter Rates
 - Stormwater and Lighting District Subsidies
 - Other



Recommendation

- Receive public testimony regarding the Fiscal Year 2025–26 Budget
- Approve contracts for services;
- Approve the revisions to the Preliminary Budget as shown in the Staff Report;
- Approve transfer of \$90,000 from the General Fund to the Capital Improvement Fund for future Capital Improvement Project (CIP) needs; and
- Adopt a Resolution approving the 2025–26 Budget as presented in Exhibit A



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