

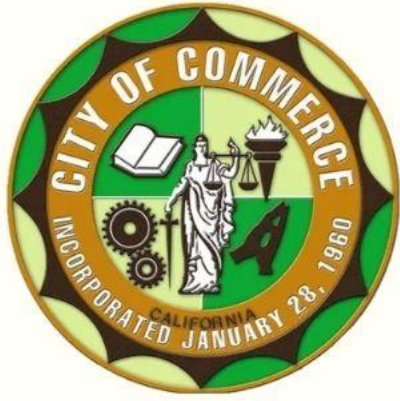
FY 2026-28 BUDGET WORK- STUDY SESSION

June 16, 2026



TABLE OF CONTENTS

1	AB 2561 - Public Hearing	5	Other Funds
2	FY 2026-28 General Fund Budget	6	January 2027 Budget Reassessment
3	Proposed Personnel Changes	7	Recommendation/ Next Steps
4	Capital Improvement Program		



AB 2561 - PUBLIC HEARING





AB 2561

Overview



Assembly Bill 2561 (AB 2561)

Assembly Bill 2561 amended the Meyers-Milias-Brown Act and requires local public agencies to conduct an annual public hearing regarding workforce vacancies prior to adoption of the final budget.

Annual Reporting Requirements

- Status of authorized and vacant positions
- Recruitment efforts
- Retention efforts
- Hiring challenges and workforce trends
- Potential changes to policies, procedures, or recruitment activities that may impact hiring

Additional Reporting Requirement

If vacancies within a bargaining unit reach or exceed 20% of authorized full-time positions, additional information may be required upon request of the recognized employee organization.



Workforce Overview



The Human Resources Department continuously monitors workforce needs to support the effective delivery of City services through:

- Workforce vacancies and vacancy management
- Recruitment and retention initiatives
- Employee development and succession planning
- Changes to hiring practices, policies, or procedures
- Labor market trends workforce conditions



This presentation fulfills the annual reporting requirements of AB 2561 while providing an overview of the City's workforce management efforts.



Current Workforce Status

Employee Group	Authorized Positions	Vacancies	Vacancy Rate
Part-Time Employees	293	44	15.0%
Mid-Management & Non-Management FT	165	16	9.7%
Unrepresented/Confidential	5	1	20%
Executive	10	1	10%
City Totals	473	62	13.1%



Recruitment and Retention Efforts

Recruitment Efforts

- Recruited & filled over 135 vacancies including our YES summer hires
- Processed approximately 2,500 employment applications
- Advertised vacancies through the City's website, GovernmentJobs.com, and other professional recruitment platforms
- Maintained eligibility lists to support both immediate and future hiring needs

Retention Efforts

- Provided competitive salaries and a comprehensive benefits package
- Supported ongoing employee training, professional development, and leadership growth opportunities
- Recognized employee contributions through service awards and employee appreciation programs
- Promoted career advancement pathways and succession planning initiatives
- Invested in wellness programs, employee engagement efforts, and work-life balance strategies



Challenges & Workforce Trends



Challenges and Workforce Trends

1

Continue to fill vacancies in 90 days or less.

2

Continue to support employee development and retention.

3

Strengthen succession planning initiatives.

4

Monitor staffing needs across the organization.

5

Maintain a stable workforce to provide quality services to community.



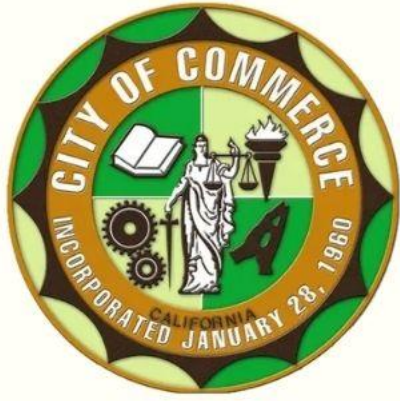
Key Priorities & Takeaways

Key Priorities

- Fill vacancies within 90 days or less
- Strengthen employee retention and professional development
- Enhance succession planning and workforce readiness
- Promote employee wellness, engagement, and workplace culture
- Conduct regular policy and procedure reviews to ensure compliance and operational effectiveness

Key Takeaways

- The City remains compliant with AB 2561 requirements.
- The City is committed to attracting, developing, and retaining a high performing workforce while supporting compliance, employee success, and ensuring exceptional public service.



FY 2026-28 GENERAL FUND BUDGET



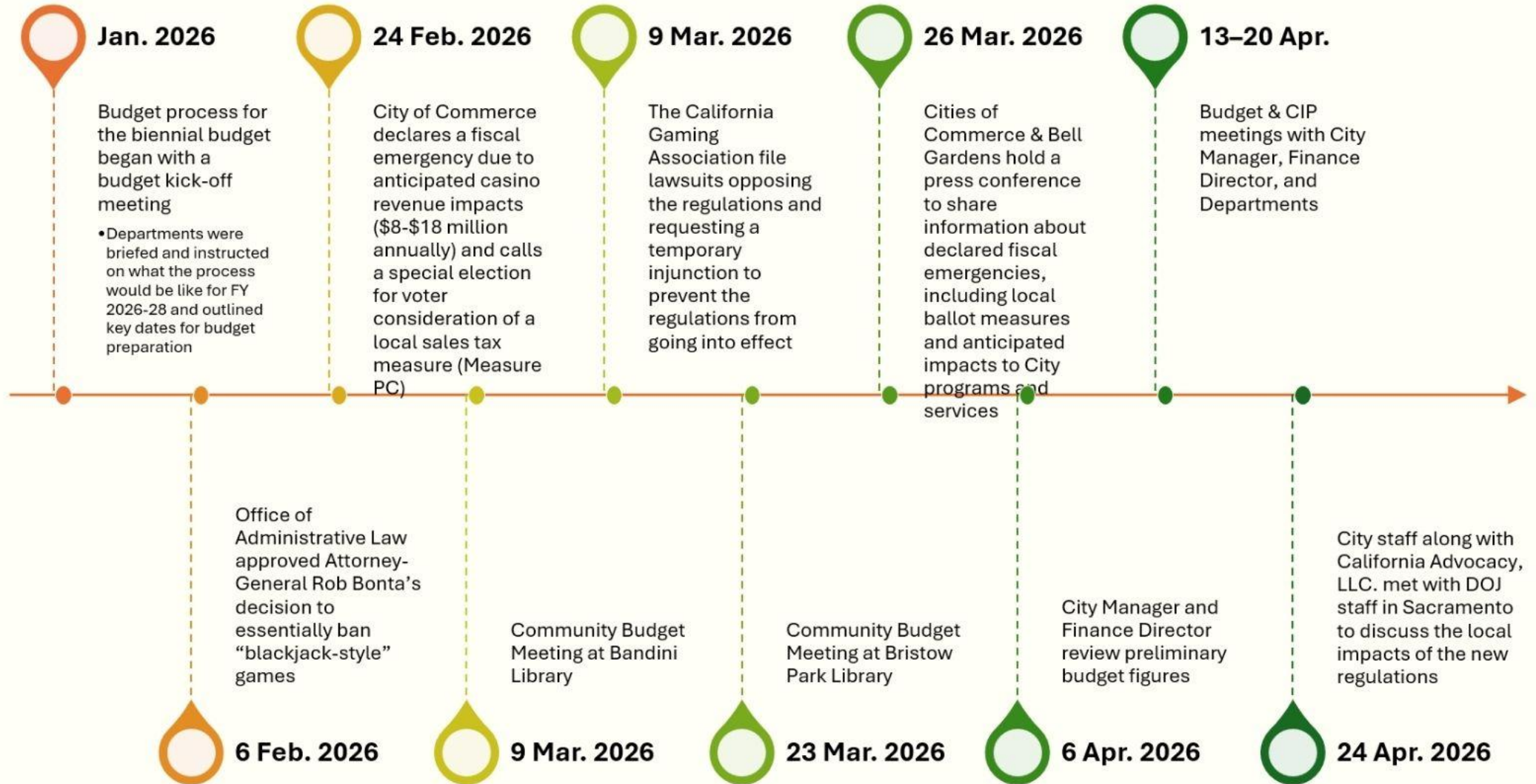
FY 2026-28 Budget Overview

Proposed Budget:

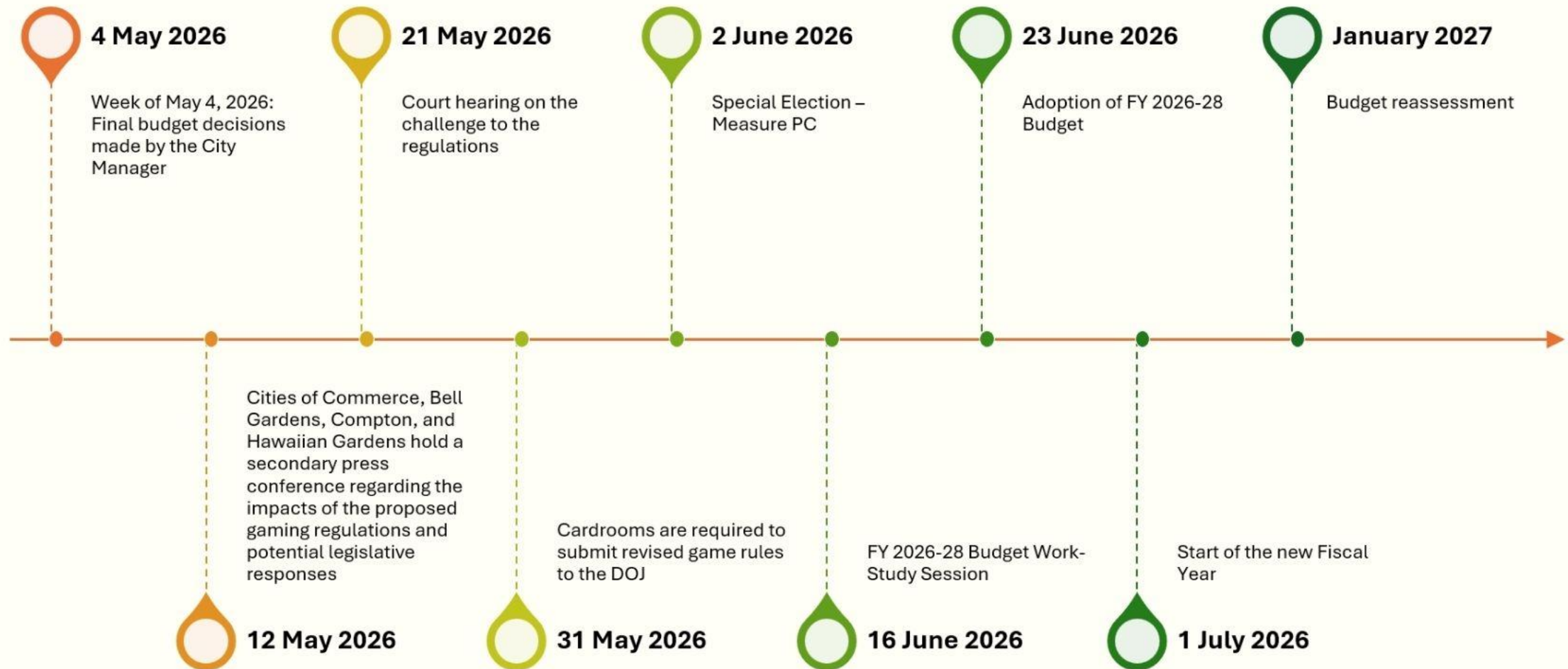
- Maintains fiscal stability during a period of significant revenue uncertainty
- Addresses the anticipated impact of Attorney General regulations affecting card club revenues
- Continues funding core City services while minimizing impacts to residents
- Includes targeted expenditure reductions and vacancy eliminations
- Preserves flexibility to adjust the budget once revenue conditions become clearer

Measure PC Impact


FY 2026-28 Budget Timeline – How We Got Here







FY 2026-28 Budget Timeline – How We Got Here



FY 2026-28 Budget at a Glance

 BUDGET CHALLENGES	 ACTIONS TAKEN	 LOOKING AHEAD
 <p>Card Club Revenue Risk</p> <ul style="list-style-type: none"> • FY 26-27: \$6.5M reduction • FY 27-28: \$13.0M reduction 	 <p>Department expenditure reductions</p>	 <p>Measure PC approved</p>
 <p>Sales Tax Decline</p> <ul style="list-style-type: none"> • FY 26-27: \$2.3M reduction • FY 27-28: \$1.3M reduction 	 <p>Elimination of vacant positions</p>	 <p>Positive developments regarding card club operations</p>
 <p>Transportation Fund Support</p> <ul style="list-style-type: none"> • Over \$3.0M annually 	 <p>Conservative Revenue Assumptions</p>	 <p>January 2027 budget reassessment</p>
 <p>Community Benefits Programs</p> <ul style="list-style-type: none"> • \$250K annually 	 <p>No new ongoing programs</p>	 <p>New Development (economic development in the City)</p>

Major Fiscal Challenges

Fiscal Challenge	FY 26–27	FY 27–28
 Card Club Revenue Reduction	(\$6.5M)	(\$13.0M)
 Sales Tax Reduction	(\$2.3M)	(\$1.3M)
 Transportation Fund Deficit Transfer	(\$3.1M)	(\$3.3M)
 Community Benefits Programs	(\$250K)	(\$250K)

Preliminary Budget Deficit

Before Budget Reductions

	FY 26-27	FY 27-28
Preliminary Deficit	\$7.0M	\$14.4M



Preliminary deficit total \$7.0 million in FY 2026-27 and \$14.4 million in FY 2027-28 before implementation of proposed budget reductions

Actions Taken

Budget Reduction Strategy

- Operating Reductions
 - FY 26-27: \$0.6M
 - FY 27-28: \$1.4M
- Labor Savings: \$400K annually
- Actions Taken
 - Eliminated vacant positions
 - Reduced departmental budgets
 - No new ongoing programs

FY 2026-28

Budget Reduction - Community Development

	FY 2026-27	FY 2027-28
Contractual Services Budget	\$1,420,000	\$1,420,000
Proposed Reduction	(125,000)	(250,000)
Revised Budget	\$1,295,000	\$1,170,000

IMPACT OF REDUCING CONTRACTUAL SERVICES:

- **Delays in New Business Openings** - New business approvals are expected to increase, delaying business openings.
- **Delays in Development Projects** - Project review and entitlement timelines could increase.
- **Reduced Responsiveness** - Response times for inquiries may increase, affecting service levels for residents, businesses, and developers.
- **Risk of Insufficient Consultant Funding** - Reduced budget flexibility may limit the Department's ability to pay consultant invoices during periods of higher-than-anticipated development activity.

FY 2026-28

Budget Reduction - Library

	FY 2026-27	FY 2027-28
Part-Time Hours	\$1,205,500	\$1,318,400
Proposed Reduction	(125,000)	(205,000)
Book Collection	162,200	162,200
Proposed Reduction	-	(45,000)
Revised Budget	\$1,242,700	\$1,230,600

IMPACT OF REDUCING BUDGET:

- **Part-Time Hours Reduction (approx. 84 hours per week in FY 26-27 & approx. 140 hours per week in FY 27-28)**
 - Reduces staffing support for daily library operations, including circulation, shelving, and program support.
 - May impact service levels, program availability, and response times for residents.
- **Library Book Collection**
 - Reduces the Library's ability to purchase new books, materials, and updated resources.

FY 2026-28

Budget Reduction - Parks & Rec

Event Category	Events	2026-27	2027-28	Program Changes/Reductions
Summer Events	<ul style="list-style-type: none"> Independence Day Celebration Movie Nights Concert in the Park Back to School Bash/Movie Night Summer Kickoff/Abilities 	20,000	51,000	<ul style="list-style-type: none"> Independence Day scaled back by eliminating the carnival, laser show, and live bands; additional attractions eliminated in Year 2. Summer Kick-off reduced in Year 2. Concerts in the park available in Year 1 only.
Cultural & Community Events	<ul style="list-style-type: none"> Las Vegas Excursion Fiestas Patrias Dia de Los Muertos Las Posadas Spring Festival Dance Recital Cultural Excursion 	63,000	122,000	<ul style="list-style-type: none"> Fiestas Patrias and Las Posadas budget reduced further in Year 2. Spring Festival Budget reduced budget in Year 2 by eliminating live band, stage, and electrical equipment. Las Vegas Excursion offered in Year 1, and Cultural Excursion offered in Year 2.
Family & Holiday Events	<ul style="list-style-type: none"> Halloween Festival Turkey Trot Tree Lighting Other Holiday Park Activities Snow Day 	67,000	77,000	<ul style="list-style-type: none"> Turkey Trot scaled back by eliminating tent rental; additional reduction Year 2 by eliminating t-shirt giveaway. Halloween Trunk-or-Treat and Snow Day will be discontinued.
Community Recognition & Partnerships	<ul style="list-style-type: none"> Veterans Day Ceremony Service Awards Student Leadership Day Memorial Day Leadership/Professional Development 	0	0	<ul style="list-style-type: none"> No significant changes between Year 1 and Year 2
	Total	\$150,000	\$250,000	

FY 2026-28

Budget Reduction - Public Works

Service Area	FY 2026-27	FY 2027-28	Operational Impact
Street, Traffic & Infrastructure Maintenance	\$61,275	\$122,550	Delays in street, sidewalk, storm drain, traffic safety, and infrastructure repairs and maintenance
Parks Maintenance & Operations	36,800	73,600	Reduced park maintenance, delayed repairs, reduced vehicle and equipment usage
Environmental Programs & Compliance	11,250	22,500	Delays in environmental compliance, mitigation efforts, and consultant services
Facilities & Equipment Operations	11,000	22,000	Reduced equipment rentals, maintenance responsiveness, and facility operations
Community Outreach & Administrative Support	4,675	9,350	Reduced printed outreach materials and community event supplies
Total Proposed Reductions	\$125,000	\$250,000	

Budget Outcome

	FY 26-27	FY 27-28
Preliminary Deficit	\$7.0M	\$14.4M
Budget Reductions	(0.9M)	(1.8M)
Remaining Deficit	\$6.1M	\$12.6M
Transportation Transfer	\$3.1M	\$3.3M
Community Benefits Program	250K	250K
Adjusted Deficit	\$9.5M	\$16.2M

FY 2026-28

Economic Environment

- Recession fears have eased; the economy remains in a relatively uncertain environment
 - Inflation continues to remain elevated (CPI – US: 3.8%, LA-Long Beach-Anaheim Metropolitan area: 3.7%)
 - Consumer spending has softened in certain sectors
 - Interest rates remain high (3.50% to 3.75%)
 - Ongoing concerns surrounding supply chain issues & labor market conditions (unemployment rate: US: 4.3%, California: 5.2%, Commerce: 2.7%)
 - Broader geopolitical instability
- Market Volatility – uneven performance across industries

FY 2026-28

Revenue Assumptions

- Major decreases to the two largest revenue source:
 - Card Club License Fee
 - Year 1: decrease of \$6.5M or 21% (compared to FY 25-26)
 - Year 2: decrease of \$13.0M or 43% (compared to FY 25-26)
 - Sales Tax Revenue
 - Year 1: decrease of \$2.3M or 8% (compared to FY 25-26)
 - Year 2: decrease of \$1.3M or 4.5% (compared to FY 25-26)
 - Measure PC revenue not included in the budget; will be recognized in January 2027
- Modest increases to other revenue sources:
 - Other taxes (property taxes, hotel visitors tax, franchise fees): increase of \$1.1M (year 1) and \$1.3M (year 2)
 - Licenses & Permits (building permit fees, plan check fees, other planning fees, business licenses): increase of \$1.0M (year 1) and \$1.2M (year 2)
 - Use of Money (interest earnings & property leases): increase of \$0.5M (year 1) and \$0.6M (year 2)

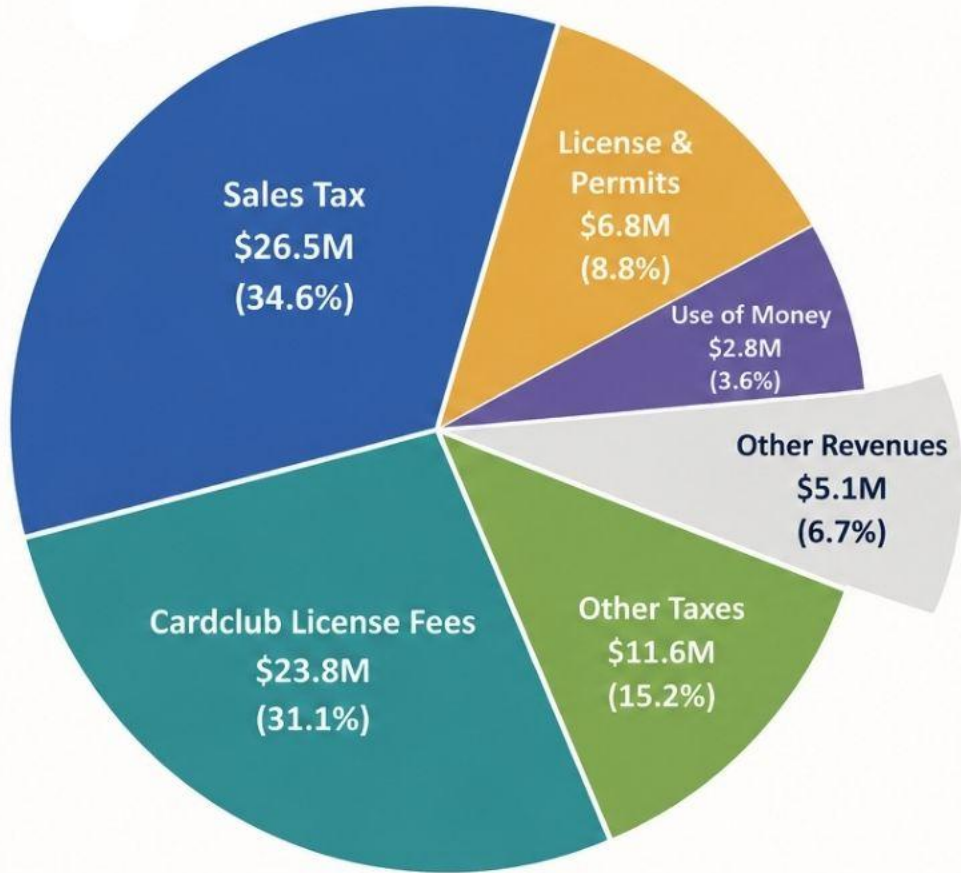
FY 2026-28

General Fund Revenue

Revenue Source	FY 2025-26 Adopted	FY 2026-27 Proposed	FY 2027-28 Proposed	Difference between FY 2027 and FY 2026	Difference between FY 2028 and FY 2026
Cardclub License Fees	\$30,320,000	\$23,820,000	\$17,320,000	\$ (6,500,000)	\$ (13,000,000)
Sales Tax	28,793,200	26,450,700	27,508,700	(2,342,500)	(1,284,500)
Other Revenue	22,602,500	26,369,800	27,250,700	3,767,300	4,648,200
Total	\$81,715,700	\$76,640,500	\$72,079,400	\$ (5,075,200)	\$ (9,636,300)

PROPOSED FY 2026-27 GENERAL FUND REVENUE

Total Revenue: \$76.6 Million

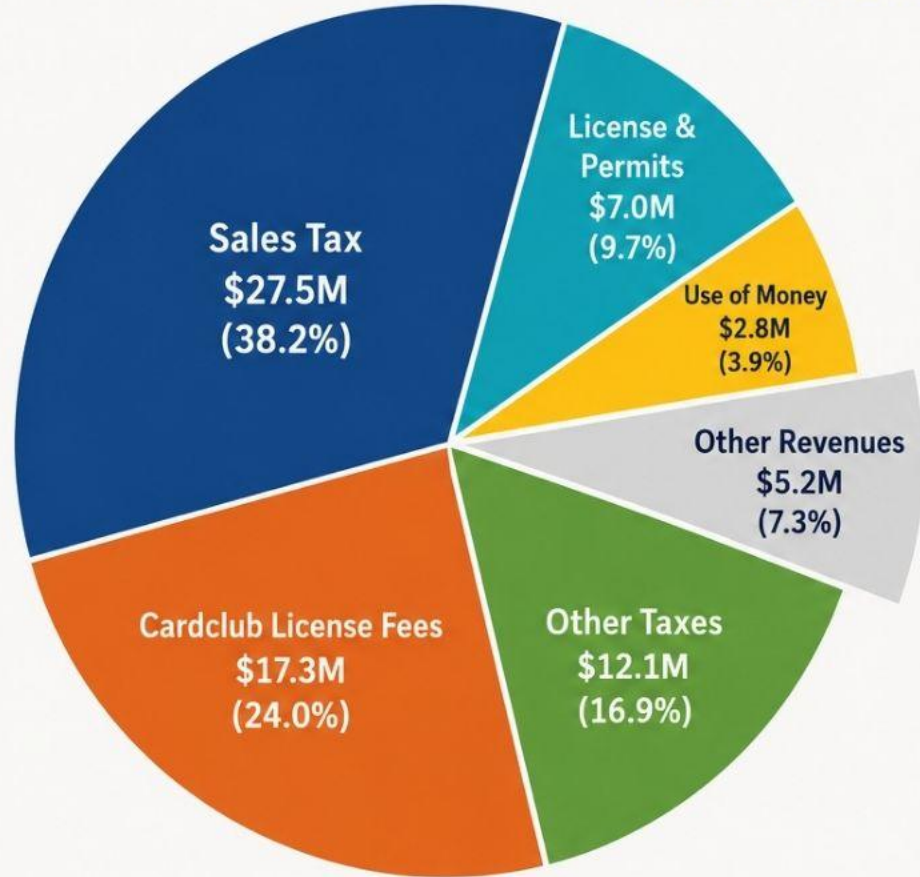


Sales Tax and Cardclub License Fees together account for \$50.3 million, or 65.7% of total General Fund revenue.

Note: Amounts may not total due to rounding.

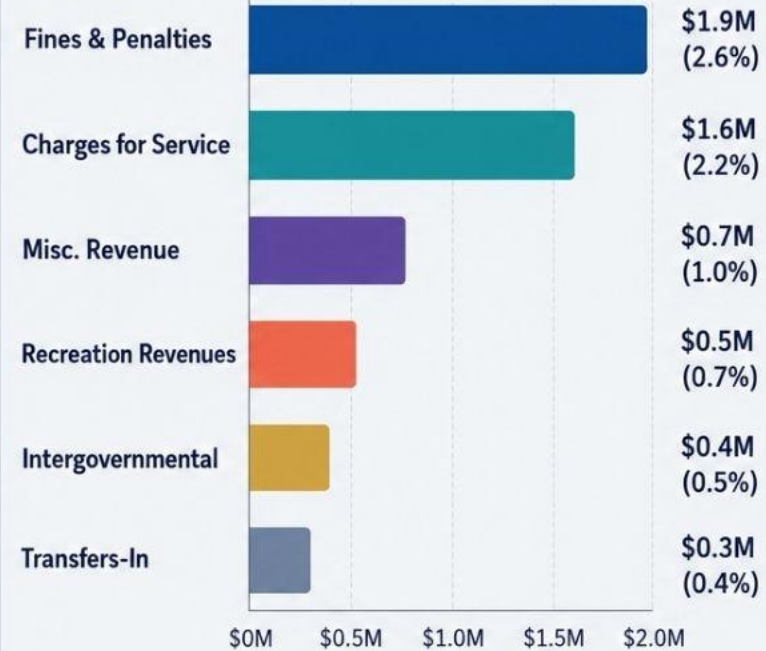
PROPOSED FY 2027-28 GENERAL FUND REVENUE

Total Revenue: \$72.0 Million



OTHER REVENUES BREAKDOWN

Total: \$5.2 Million (7.3%)



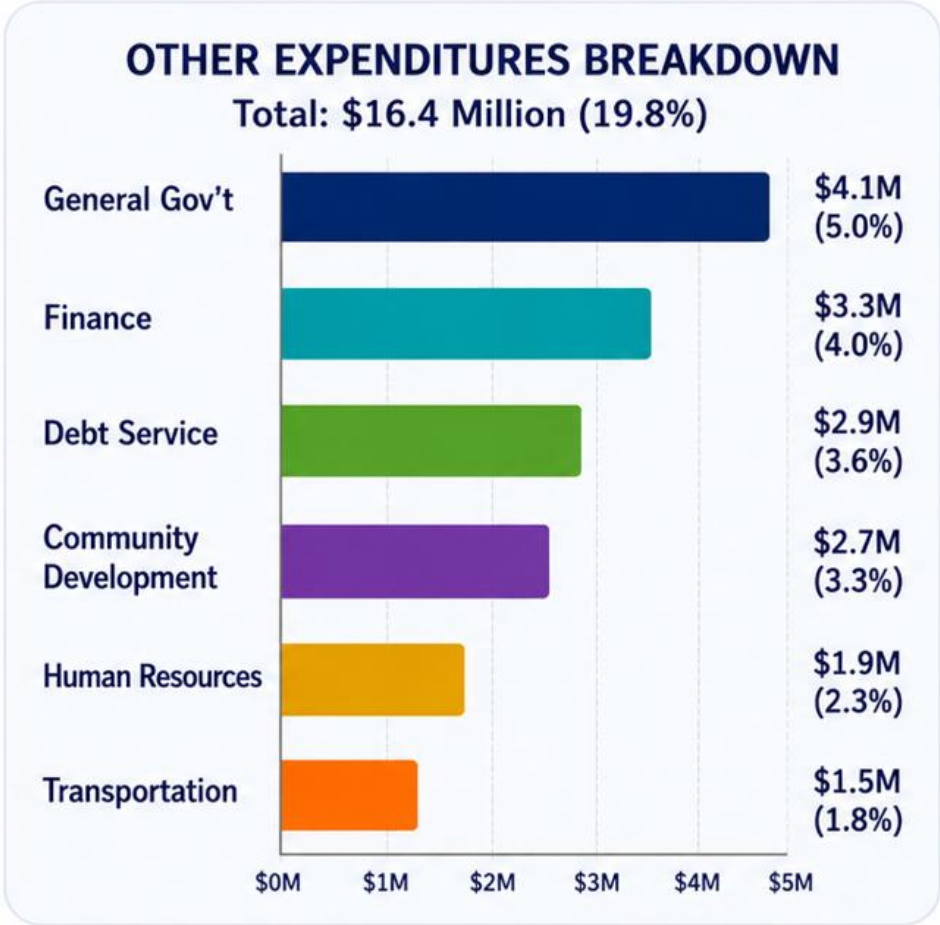
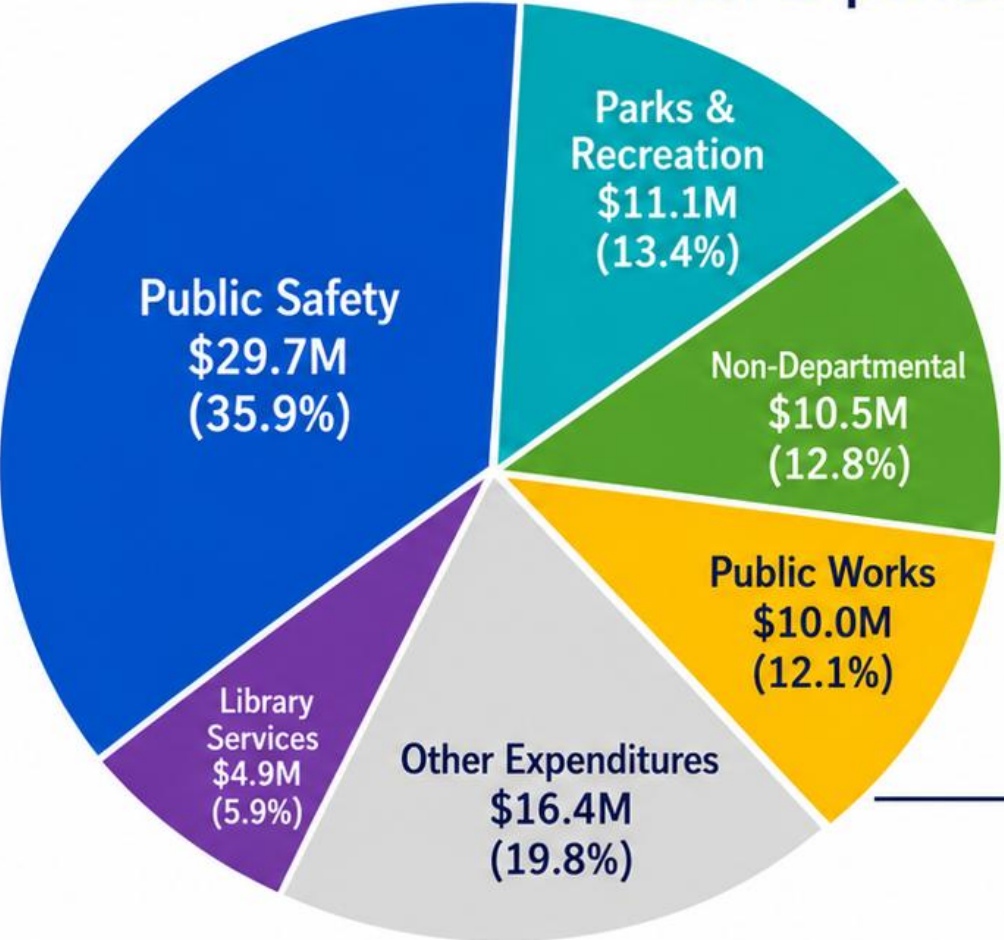
Sales Tax and Cardclub License Fees together account for **\$44.8 million**, or **62.2%** of total General Fund revenue.


Note: Amounts may not total due to rounding.

FY 2026-28 Labor Cost Drivers

- General Fund Labor (40% of total Expenditures)
 - FY 2026-27: \$32.9 million, \$2.0 million increase (6%) - 176 FT & 285 PT positions
 - FY 2027-28: \$34.5 million, \$1.6 million increase (5%) - 176 FT & 285 PT positions
- MOU-driven increases incorporated into the FY 2026-28 Budget:
 - Cost of Living Adjustment (COLA) - incorporates negotiated amounts with all three bargaining units
 - 9% Health Insurance increase
 - Step Increases
 - Other employee benefits
- CalPERS:
 - FY 2026-27: 11.07% Normal Cost (approx. \$1.9 million) & FY 2027-28: 11.37% est. Normal Cost (approx. \$2.1 million)
 - FY 2026-27 Unfunded Actuarial Liability (UAL) - approx. \$1.3M (\$600k increase from previous year) & FY 2027-28 UAL approx. \$1.6M (\$300k increase from FY 26-27)

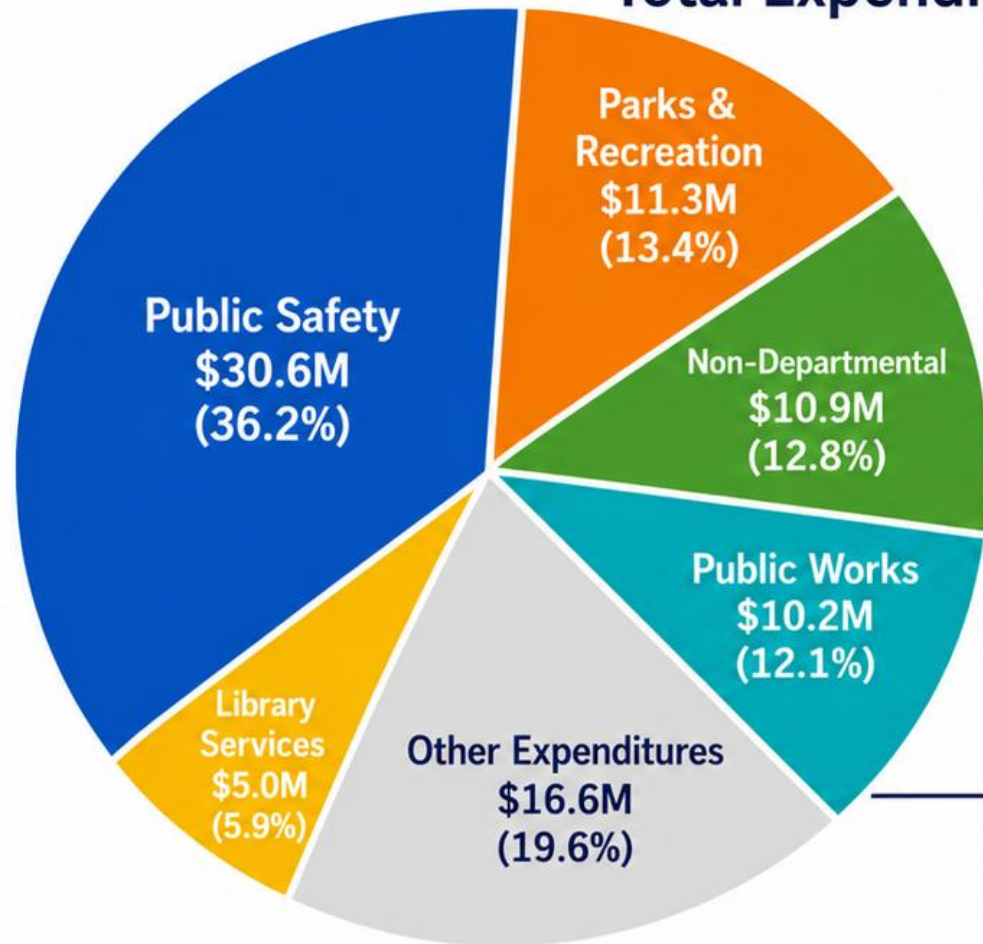
Total Expenditures: \$82.7 Million



 **Public Safety, Parks & Recreation, Non-Departmental, and Public Works together account for \$61.3 million, or 74.1% of total General Fund expenditures.**

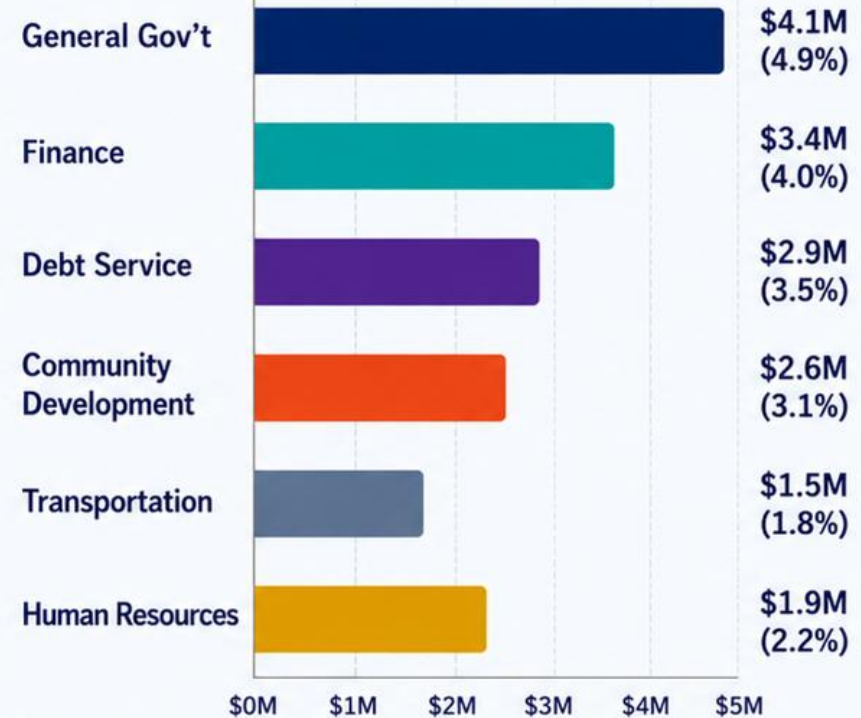
Note: Amounts may not total due to rounding.

Total Expenditures: \$84.6 Million



OTHER EXPENDITURES BREAKDOWN

Total: \$16.6 Million (19.6%)

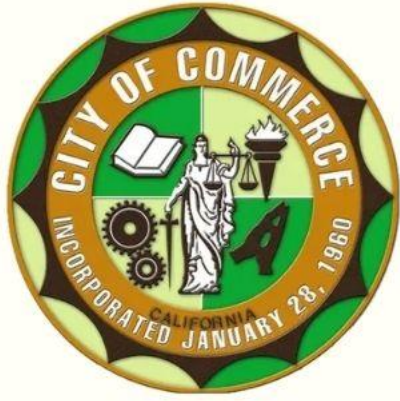


Public Safety, Parks & Recreation, Non-Departmental, and Public Works together account for \$63.1 million, or 74.5% of total General Fund expenditures.

Note: Amounts may not total due to rounding.

FY 2026-28 Budget Summary

GENERAL FUND SUMMARY (\$ MILLIONS)	FY 2026-27	FY 2027-28
Total Revenues	\$76.6	\$72.0
Total Expenditures	82.7	84.6
Operating Deficit	\$(6.1)	\$(12.6)
Key Revenue Drivers	FY 2026-27	FY 2027-28
Sales Tax & Cardclub License Fees	50.3	44.8
% of Total Revenue	65.7%	62.2%
Major Expenditure Categories	FY 2026-27	FY 2027-28
Public Safety, Parks & Recreation, Non- Departmental & Public Works	61.3	63.1
% of Total Expenditures	74.1%	74.5%



FY 2026-28 PERSONNEL CHANGES



Personnel Changes

- Personnel changes are primarily comprised of vacant position eliminations and reclassifications.
- Recommendations were developed to improve organizational effectiveness while minimizing impacts to employees and service delivery
- Changes support long-term operational needs and succession planning efforts.
- Net fiscal impact: approximately \$400K in annual savings

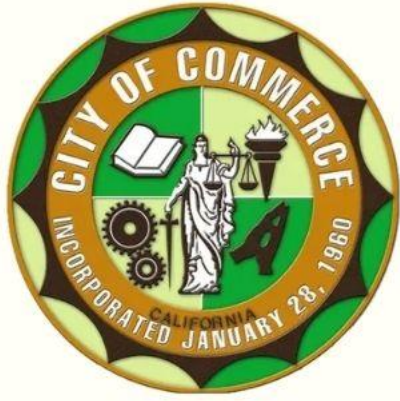
Personnel Changes

FY 2026–28 Personnel Changes

Department	Position Changes / Adjustments	Department	Position Changes / Adjustments
Administration	<ul style="list-style-type: none"> Reclassification of Administrative Tech to Executive Assistant (at scale 35) Increased Deputy City Clerk to scale 35 Transferred vacant FT Office Specialist II to Public Safety 	Public Safety	<ul style="list-style-type: none"> Added FT Office Specialist II from Admin (will be under filled by PTer) Reclassification of Office Specialist III to Public Safety Admin Tech (scale 32)
Community Development	<ul style="list-style-type: none"> Eliminate vacant Office Specialist II position Eliminate vacant Permit Tech position Reclassification of Associate Planner to Sr. Planner PT Associate Planner (funded by reduction to CD Manager funding) 	Public Works	<ul style="list-style-type: none"> Increased Facilities Maintenance Specialists from Scale 27 to Scale 29
		Transportation	<ul style="list-style-type: none"> Increased Fleet Maintenance Manager from Scale 49 to Scale 55
Finance Department	<ul style="list-style-type: none"> Reclassify Purchasing Specialist to Warehouse Supervisor 	Parks & Recreation	<ul style="list-style-type: none"> Reclassification of vacant Assistant Director to Recreation Manager Eliminate Aquatics Program Manager position Reclassify Water Polo Coach to Recreation Supervisor (Aquatic Supervisor) scale code 38 Increase scale of Arts & Craft Supervisor from 29 to 38 Reclassify PT Recreation Leader to FT Recreation Coordinator I (scale code 27) Eliminate six (6) PT vacant positions from Parks & Recreation: <ul style="list-style-type: none"> Three (3) Instructor Guards Three (3) Lifeguards No budget impact, but title change: Recreation Coordinator Classification will now be Recreation Coordinator II
Human Resources	<ul style="list-style-type: none"> Eliminate vacant HR Director position Reclassification of Admin Tech to Benefits Analyst Reclassification of Office Specialist II to Administrative Tech 		
Library	<ul style="list-style-type: none"> Reclassification of 1 Sr. Library Assistant to Database Specialist 		

Summary of Impact

Net fiscal impact: savings of approximately \$400K.



**PROPOSED
FY 2026-28
CAPITAL
IMPROVEMENT
PROGRAM (CIP)**



FY 2026-28 CIP

FY 26-27 PROJECT LIST

No.	Project Name	Total Budget	Grant Amount	Other	Measure AA Request
1	Fire Station Roof Repair	\$300,000	-	-	\$300,000
2	Bandini Park Playground Equipment and Flooring	\$400,000	-	-	\$400,000
3	Mural Lighting Installation	-	-	\$356,714	-
4	FY 26-27 Pavement Rehab Project	\$6,000,000	-	\$1,000,000	\$5,000,000
5	Pocket Park at Gage Ave and Zindell Ave	\$2,220,000	-	\$220,000	\$2,000,000
6	Commerce Safety Action and Vision Zero Plan	\$798,465	\$638,772	-	\$159,693
7	Commerce Cleanup with B2W	-	\$195,645	-	-
8	Bristow Park Community Center Roofing	\$800,000	-	-	\$800,000
9	Railroad Bridge Crossings Beautification	-	-	\$1,000,000	-
10	LA County TSSP (Slauson Ave)	\$100,000	-	-	\$100,000
11	Soundwall Study	\$200,000	-	-	\$200,000
12	City Hall Color Lights	\$100,000	-	-	\$100,000
13	Rosewood Park Extension	\$2,000,000	-	-	\$2,000,000
14	Cal OES EOC Grant Project	\$2,471,500	\$1,482,900	\$494,300	-
15	Citywide Traffic Signal Interconnect Project	\$5,263,526	\$3,743,585	-	\$429,389
16	Military Monument	\$150,000	-	-	\$150,000
TOTAL		\$22,312,791	\$5,865,902	\$4,129,714	\$12,982,082

Note: Totals may not add due to rounding.

FY 2026-28 CIP

FY 27-28 PROJECT LIST

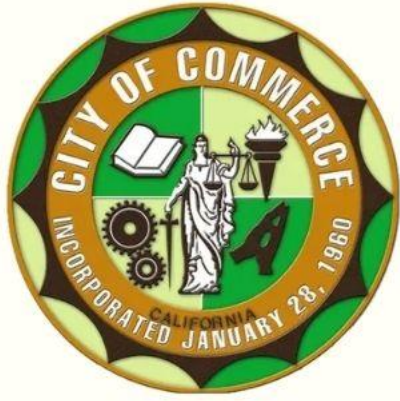
No.	Project Name	Total Budget	Grant Amount	Other	Measure AA Request
1	New Transit Maintenance Facility	\$60,922,860	\$30,922,860	\$30,000,000	–
2	Battery Electric Bus and Infrastructure Deployment	\$22,312,983	\$20,955,475	–	\$1,357,508
3	Rosewood Library Furniture	\$45,000	–	–	\$45,000
4	Rosewood Library Carpet Replacement	\$100,000	–	–	\$100,000
5	BVAC Pool Replaster Resurfacing Project	\$150,000	–	–	\$150,000
6	Bristow Park New Playground Equipment	\$500,000	–	–	\$500,000
7	FY 27–28 Pavement Rehab Project	\$6,000,000	–	–	\$6,000,000
8	Camp Commerce Deck Replacement	\$1,480,000	–	–	\$1,000,000
9	Citywide Facility Assessment Report	\$500,000	–	–	\$500,000
10	Council Chambers A/V	\$300,000	–	–	\$300,000
TOTAL		\$92,310,843	\$51,878,335	\$30,000,000	\$11,295,508

Note: Totals may not add due to rounding.

MEASURE AA REQUEST SUMMARY (TWO YEARS)

Fiscal Year	Projects (One-Time)	Support Services (Annual)	Total Budget	Grant Amount	Other	Measure AA Request
FY 26–27	16	\$1,343,000	\$22,312,791	\$5,865,902	\$4,129,714	\$12,982,082
FY 27–28	10	\$1,343,000	\$92,310,843	\$51,878,335	\$30,000,000	\$11,295,508
TOTAL (TWO YEARS)	26	\$2,686,000	\$114,623,634	\$57,744,237	\$34,129,714	\$24,277,590

Note: Totals may not add due to rounding.



OTHER FUNDS



FY 2026-27 Other Funds

Funds	Beginning Fund Balance	FY 2026-27 Proposed Revenue	FY 2026-27 Proposed Expenditure	Ending Fund Balance
Special Revenue	\$3,271,133	\$2,014,800	(\$3,014,800)	\$2,271,133
Art in Public Places	1,974,109	400,000	(1,756,800)	617,309
Community Benefit Fund	60,011	–	(250,000)	(189,989) *
Capital Improvement Fund	1,152,266	4,578,100	(4,578,100)	1,152,266
Measure AA Fund	12,796,957	9,064,000	(13,312,900)	8,548,057 **
Debt Service Fund	2,201	2,940,800	(2,940,800)	2,201
Water Fund	3,952,216	845,000	(104,500)	4,692,716
Transportation Fund	(26,981,863)	7,058,900	(10,192,900)	(30,115,863) *
CNG Fund	1,143,608	2,500,000	(2,500,000)	1,143,608
Successor Agency	11,106,192	7,300,200	(\$6,779,900)	11,626,492
Total	\$8,476,830	\$36,701,800	(\$45,430,700)	\$(252,070)

**Proposed transfers from the General Fund will reduce the negative ending fund balances*

***Does not include \$24.0 million in reimbursable costs from capital projects*

FY 2027-28 Other Funds

Funds	Beginning Fund Balance	FY 2027-28 Proposed Revenue	FY 2027-28 Proposed Expenditure	Ending Fund Balance
Special Revenue	\$2,271,133	\$2,081,400	\$(2,081,400)	\$2,271,133
Art in Public Places	617,309	400,000	(400,000)	617,309
Community Benefit Fund	(189,989)	–	(250,000)	(439,989) *
Capital Improvement Fund	1,152,266	–	–	1,152,266
Measure AA Fund	8,548,057	9,335,900	(11,626,300)	6,257,657 **
Debt Service Fund	2,201	2,945,900	(2,945,900)	2,201
Water Fund	4,692,716	845,000	(104,500)	5,433,216
Transportation Fund	(30,115,863)	7,192,600	(10,444,700)	(33,367,963) *
CNG Fund	1,143,608	2,500,000	(2,500,000)	1,143,608
Successor Agency	11,626,492	7,300,200	(6,779,900)	12,146,792
Total	\$(252,070)	\$32,601,000	\$(37,132,700)	\$(4,783,770)

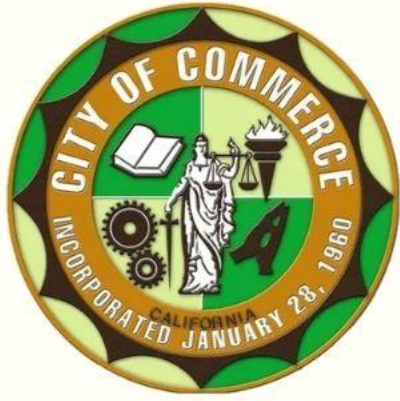
**Proposed transfers from the General Fund will reduce the negative ending fund balances*

***Does not include \$24.0 million in reimbursable costs from capital projects*

Other Funds

Fiscal Year	Transit Deficit
FY 2018-19	(12,567,224)
FY 2019-20	(14,341,156)
FY 2020-21	(15,409,198)
FY 2021-22	(19,656,177)
FY 2022-23	(22,063,411)
FY 2023-24	(24,786,713)
FY 2024-25	(26,981,863)

Additional Items to Consider	FY 2026-27	FY 2027-28
Dial-A-Ride	\$777,500	\$792,600
Transit - Recreation	364,500	367,700
Fund 57 Operating Deficit Transfer	1,992,300	2,091,800
Fund 33 Programs	250,000	250,000
Total	\$3,384,300	\$3,502,100

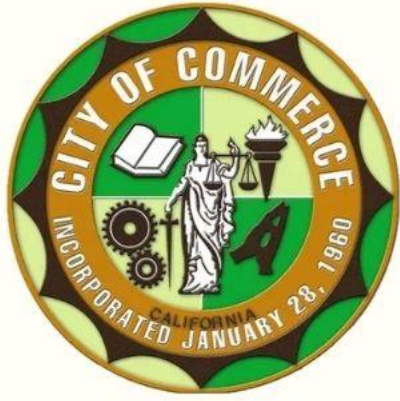


JANUARY 2027 BUDGET REASSESSMENT



January 2027 Budget Reassessment

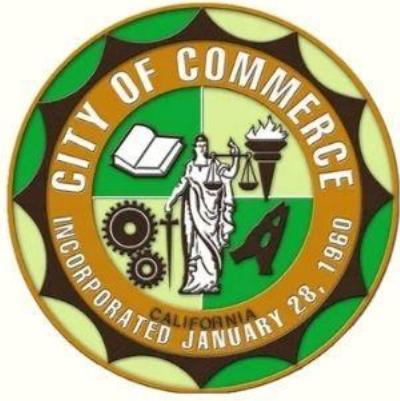
- The proposed FY 2026-28 Budget is intended to be a temporary and conservative spending plan due to ongoing uncertainty surrounding card room litigation and the regulatory matters.
- Measure PC revenues are not included in the proposed budget. Staff estimates approx. \$3.4M in Measure PC revenues will be generated during FY 2026-27 based on nine months of collections.
- Staff will return to the City Council in January 2027 with updated revenue projections and budget recommendations.
- Depending on actual revenue performance and developments related to card room operations, staff may recommend restoration of budget reductions or additional expenditure adjustments.



RECOMMENDATION/ NEXT STEPS

Recommendation/Next Steps

- Receive and discuss the proposed FY 2026-28 Biennial Budget during today's session.
- Provide staff direction regarding any desired modifications to the proposed budget.
- Incorporate Council direction into the final budget resolution, as appropriate.
- Adopt the FY 2026-28 Biennial Budget at the June 23, 2026 City Council meeting.



QUESTIONS?

