



CITY OF SALINAS FINANCE COMMITTEE

DATE: JUNE 10, 2025

DEPARTMENT: FINANCE DEPARTMENT

FROM: SELINA ANDREWS, FINANCE DIRECTOR

TITLE: FY 2025-26 OPERATING AND CAPITAL IMPROVEMENT PROGRAM
BUDGET UPDATE

RECOMMENDED MOTION:

It is recommended that the Finance Committee receive an update on the Proposed Fiscal Year 2025-26 Operating and Capital Improvement Program Budget.

EXECUTIVE SUMMARY:

This update on the Fiscal Year 2025-26 Proposed Operating and CIP Budget is being provided to the Finance Committee members. While not final, the Proposed City Budget increased to approximately \$285 million due to additional operating and capital investments.

This report includes updates to the Proposed budget presented on May 27, 2025. It includes Council priorities on allocation of resources for incorporation in the Adopted Budget. Such updates include public safety, permit services, code enforcement, current planning, and additional CIP investments. The Proposed Budget will be further discussed by the City Council on June 17, 2025.

BACKGROUND

The Fiscal Year 2025-26 Operating and Capital Improvement Program Budgets are projected to be balanced and continue to allocate resources to core Citywide functions, long-term service delivery, Council Strategic Priority areas, continuous organizational improvement efforts, and programs important to the Salinas community.

BUDGET HIGHLIGHTS

The FY 2025-26 Proposed Budget addresses City Council Priorities by including the below additional investments.

Operating Budget Investments

- Adds a Deputy Fire Marshal (1.0 FTE) to the Fire workforce
- Adds a Management Analyst (1.0 FTE) to the Police workforce

- Adds an Administrative Analyst (1.0 FTE) to the Police workforce
- Adds a Community Outreach Specialist (1.0 FTE) to the Police workforce
- Adds a Senior Planner (0.5 FTE) to the Community Development workforce
- Adds an Associate Planner (1.0 FTE) to the Community Development workforce
- Adds a Permit Clerk (1.0 FTE) to the Community Development workforce
- Adds a Supervising Plan Checker (1.0 FTE) to the Community Development workforce
- Adds a Permit Technician (1.0 FTE) to the Community Development workforce
- Adds a Plan Checker (1.0 FTE) to the Community Development workforce
- Adds a Business Navigator (1.0 FTE) to the Community Development workforce
- Adds an Urban Forestry Crew Supervisor (1.0 FTE) to the Public Works workforce
- Adds two Division Managers (2.0 FTE) to the Public Works workforce
- Adds an Assistant Engineer (1.0 FTE) to the Public Works workforce
- Adds a Senior Airport Technician (1.0 FTE) to the Administration workforce
- Adds an Office Technician (0.5 FTE) to the Administration workforce
- Adds a Customer Experience Manager (1.0 FTE) to the Library & Community Services workforce
- Adds a Senior Accounting Technician (1.0 FTE) to the Finance workforce
- Increases capacity for Code Enforcement by \$50,000 for a total of \$335,000
- Increases the rental assistance budget by \$300,000 for a total of \$500,000

Additional staffing and budget for certain programs recommended will support City Council priorities to increase the quality of services across the City, expand programs such as Permit Services to increase its effectiveness and restructure the Airport and Economic Development Divisions to advance programming needs while preparing for future growth. Some of these positions are a result of reclassifications which is common practice during the budget development process as departments have an opportunity to reprogram operations based on Council priorities.

Additional FY 2025-26 CIP Investments

- Increases the streets and sidewalk repair budget by \$2,000,000 for a total of \$11,345,000
- Increases the traffic calming budget by \$300,000 for a total of \$500,000
- Increases the Boronda Road Congestion Relief budget by \$2,000,000 for a total of \$2,900,000
- Adds \$4,000,000 to the Abbot Street Project

This increase in capital spending advances continued investment in the City's infrastructure specifically in Safe Routes to Schools Improvements, Street Preventative Maintenance, and Sidewalk Improvements. The total investment in FY 2025-26 for the Capital Budget is \$29.4 million. Carryover budget for ongoing programs is \$117.1 million.

FY 2024-25 Budget Carryover

Unexpended appropriations to Capital Projects and grant funding will carry over to FY 2025-26.

Staff will be recommending limited carryover from the Operating Budget that was unexpended in Fiscal Year 2024-25. Staff is currently reviewing the need to continue the funding for those programs or services.

CONCLUSION

Stable revenues with slower or flat growth are projected in the future. Even though the General Fund budget is currently in a stable financial position, the amount by which revenues exceed expenditures has declined considerably relative to prior years. The General Fund is projected to have an operating fund balance of \$2.8 million at the end of Fiscal Year 2025-26.

While there are other areas where additional resources could be allocated, no further increases are recommended at this time in order to maintain a balanced budget, exercise financial prudence, and to be able to weather the expected increase in ongoing expenditures. Staff will continue to evaluate enhancements to current programs through redirection or reallocation of existing resources and exploring one-time funding. Should staff identify revenue producing programs to offset ongoing expenditures, they will be brought forward at mid-year or another appropriate time for City Council consideration.

NEXT STEPS

The FY 2025-26 Proposed Budget is scheduled for final adoption at the June 17, 2025 City Council Meeting.

ATTACHMENTS:

None.