



## **STAFF REPORT**

**7/30/2025**

**TO:** Honorable Mayor and City Council Members

**FROM:** Lincoln Bogard, Finance Director  
Ruben Ramirez, Controller

**SUBJECT:** Review and Provide Feedback on the Proposed Annual Budget And Organizational Structure for Fiscal Year 2025-26 and its Component Units

---

### **STAFF RECOMMENDATION:**

Review and provide feedback for the annual budget, organizational structure, and policy changes for fiscal year 2025-26 for the City of Coachella and its component units.

### **BACKGROUND:**

I am pleased to submit for your review the proposed budget for the City of Coachella for all funds and departments and its component units for the fiscal year beginning July 1, 2025 and ending June 30, 2026.

In the proposed budget for Fiscal Year 2025-2026, the City of Coachella and all its component units have budgeted revenues of \$144.24 million and appropriations of \$159.51 million. \$117.95 million of these appropriations are for non-general fund capital expenditures. The City's General Fund has budgeted revenues of \$39.13 million and expenditure appropriations of \$41.56 million resulting in a \$2.43 million budgeted deficit. The General Fund is projected to have unrestricted reserves of \$13.37 million at June 30, 2026. Details are provided in the general fund schedules and tables that follow

### **HISTORY:**

During the fiscal years 2022-2023 and 2023-2024 the City of Coachella saw a steady recovery for our community. The prolonged slow recovery from the 2008 recession and the pandemic continue to affect our local economy. The voters passed Measure U, a sales tax rate increase of 1% in November of 2014. These funds were critical in allowing us to finish fiscal year 2023-2024 within budget. However, during these three fiscal years the City incurred steep increases in our contracts with Riverside County Sheriff and Riverside County/Cal Fire for Police and Fire services. The Police Department expenditures budget increased by \$1,583,537 or 14.05% and the Fire Department Expenditures increased by \$426,405 (7.39%) for a combined total of \$2,009,942 or a 11.80% increase in Public Safety expenditures budget over the last year. Management has identified cuts for Council consideration that would bring the General Fund budget deficit down to \$605,567 for fiscal year 2025-2026.

## **CHALLENGES AND PRIORITIES:**

### **Public Safety Cost Increase**

Increases in public safety costs continue to be a challenge for the City. The County of Riverside's continuous increase to public safety services is limiting the amounts available to address capital needs, maintenance and operations in existing and future facilities. In Fiscal Year 2024-25, there was a total increase over the previous Fiscal Year to Police and Fire of \$1,300,743, which represents slightly over 12.2%. For the 2025-26 Fiscal Year, the total amount is expected to increase another \$890,605 or approximately 7.45%. For actual expenditures The City anticipates the increases to continue as Riverside County shifts more cost recovery of police services on to its contract cities.

## **ECONOMIC FORECASTS:**

The City of Coachella will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations. All estimates are conservative. General fund revenues are categorized into seven broad categories taxes, licenses and permits, charges for services, intergovernmental, fines and forfeitures, interest and other revenues and transfers in from other funds.

<b>Major Revenue Sources General Fund Fiscal Year 2025-26</b>						
	<b>FY 2021-22 Actual</b>	<b>FY 2022-23 Actual</b>	<b>FY 2023-24 Actual</b>	<b>FY 2024-25 Final Budget</b>	<b>FY 2024-25 Estimated Year End</b>	<b>FY 2025-26 Budget</b>
Taxes	\$ 25,890,695	\$ 27,540,901	\$ 28,623,833	\$ 28,609,932	\$ 28,609,932	\$ 29,261,000
Licenses and Permits	738,102	910,130	508,714	518,195	518,195	665,000
Charges for Services	1,281,533	978,465	767,553	697,752	697,752	795,000
Intergovernmental	1,366,494	1,473,217	1,095,594	814,890	814,890	872,000
Fines and Forfeitures	261,806	350,103	294,906	250,000	250,000	305,000
Interest and Other Revenue	3,090,273	813,992	1,820,293	566,750	566,750	996,000
Transfers	4,135,764	4,332,090	5,071,453	5,891,519	5,891,519	6,235,420
<b>Total</b>	<b>\$ 36,764,667</b>	<b>\$ 36,398,897</b>	<b>\$ 38,182,346</b>	<b>\$ 37,349,038</b>	<b>\$ 37,349,038</b>	<b>\$ 39,129,420</b>

The vast majority of general fund revenues are from taxes and are discretionary in nature. The general fund's position as the originating fund for all service components, i.e., Water, Sanitary, Fire, Police, Streets, and Redevelopment efforts has resulted in the general fund now receiving service charges from all funds. The process of ending Redevelopment has resulted in a significant loss of administrative funds. Redevelopment tax increment funds are still available to perform administrative and legal activities required to dispose of assets and restructure financing but they are limited and do not cover the full cost of the redevelopment agency dissolution. The City's 102 employees' salary costs are disbursed among 16 different departments and funds to be able to ascertain both direct and indirect costs from the family of employees for City services rendered

## General Fund Expenditures by Department

The general fund is the main operating fund of the City of Coachella. It is used to account for all financial resources except where legal, administrative or Generally Accepted Accounting Principles (GAAP) requirements cause them to be accounted for in another fund. The City's general fund activity includes departments that serve the general public as well as functions that provide administrative support to the various departments within the government and its agencies. The table shown below provides a summary list of the general fund Departments and their respective budgets.

### City of Coachella General Fund Historical and Projected Expenditures by Department Fiscal Years 2025-2026

City of Coachella General Fund Historical and Projected Expenditures By Department Fiscal Year 2024-25					
Department Name	FY 2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Budget	FY 2024-25 Estimated Year End	FY 2025-26 Initial Budget
City Council	\$ 187,292	\$ 206,905	\$ 267,195	\$ 278,495	\$ 315,364
City Clerk	186,571	176,177	167,548	182,548	219,300
Admin - City Attorney	987,642	874,282	810,600	810,600	864,930
Admin - City Manager	422,186	319,412	305,999	444,982	336,420
Admin - Public Information Officer	-	132,365	363,761	363,761	305,277
Admin - Human Resources	217,420	401,159	399,094	399,094	382,603
Admin - General Government	3,461,586	6,216,040	4,411,341	8,789,587	4,756,367
Economic Development Department	201,764	366,622	375,215	375,215	375,631
Economic Development - Grant Administration	141,619	72,893	100,613	100,613	56,149
Finance Department	943,290	742,614	1,405,070	1,405,070	1,436,355
Information Technology	932,130	1,107,342	1,040,051	1,180,761	1,208,635
Development Services - Administration	54	292,266	338,254	338,254	263,875
Development Services - Planning	905,524	557,280	1,121,026	1,128,226	873,147
Development Services - Building	383,620	649,219	625,866	625,866	621,493
Development Services - Code Enforcement	414,849	595,399	1,060,173	1,100,562	965,463
Development Services - AVA	323,735	361,295	264,265	264,265	274,831
Development Services - Graffiti	85,648	103,767	183,544	183,544	231,747
Development Services - Cannabis Compliance	30,277	103,576	186,956	186,956	186,117
Engineering Department	656,415	869,786	1,138,400	1,138,400	1,403,086
Engineering - Storm Drain	14,970	52,942	50,000	50,000	50,000
Public Works - Administration	344,615	360,579	458,150	458,150	674,966
Public Works - Streets Maintenance	1,834,758	1,391,567	2,044,029	2,068,029	1,905,710
Public Works - Parks Maintenance	2,032,834	2,562,915	2,437,824	2,437,824	2,533,755
Public Works - Building Maintenance	1,194,523	1,227,502	1,197,890	1,241,265	1,201,519
Public Works - Fleet Maintenance	642,633	701,115	813,745	813,745	913,596
Public Works - Recreation Programs	314,459	215,669	225,507	231,507	331,003
Public Works - Seniors Program	413,968	533,767	450,787	450,787	495,113
Public Safety - Police Services	10,409,530	10,660,268	11,268,079	11,331,079	12,851,616
Public Safety - Animal Control	474,040	453,106	514,500	514,500	675,000
Public Safety - Emergency Services	(14,589)	84,165	80,000	80,000	149,400
Public Safety - Fire Services	1,751,018	1,450,526	3,242,928	3,242,928	4,700,916
<b>Total</b>	<b>\$ 29,894,382</b>	<b>\$ 33,842,522</b>	<b>\$ 37,348,410</b>	<b>\$ 42,216,613</b>	<b>\$ 41,559,383</b>

### Other Funds

The City has various funds and special districts which are designated subdivisions of the general fund or are classified as component units. These other funds all have the Coachella City Council as the governing body and have their respective budgets approved by the Council for the fiscal year ended June 30, 2026.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes. Special Revenue funds include State and Federal grants, funds to be used solely for capital projects, and the property taxes and charges collected by the County Tax-Collector's Office for the Successor Agency of the Former Coachella Redevelopment Agency and the Coachella Fire Protection District.

Capital Improvement Funds are used to account for project costs for the building of infrastructure to attract business and expand capacities. The Capital Improvement Program found in the last budget section is a listing of proposed and existing projects for the acquisition and construction of capital assets. These programs are outlined in the proposed five-year capital budget and existing capital projects. The five-year Capital Improvement Plan includes proposed financing for the 2025-26 fiscal year with projected revenue sources and project costs for the next four fiscal years. The Engineering Department has provided a comprehensive capital improvements plan that utilizes developer impact fees, grants and self-generated funds from the City's enterprise operations. Although the funds required for the proposed fiscal year projects are available, future year's projects may have a "To Be Determined" footnote if funds have not yet been identified.

### Budget Preparation and Presentation

Individual general fund departments have included their accomplishments for the current fiscal year, their goals for the 2025-26 budget year and are presenting budget issues to the Council for your review and approval that will allow the Council to standardize future budget matters and keep the Council's policies in line with the City's priorities.

I would like to thank Public Works Director and City Engineer Andrew Simmons, Utilities Manager Castulo Estrada, Finance Director Lincoln Bogard, Controller Ruben Ramirez, the Finance Department staff, Economic Development Director Celina Jimenez, Development Services Director Kendra Reif, and all the City personnel who contributed to the entire budget process.

### ATTACHMENTS:

Fiscal year 2025-26 Proposed Budget