

Fiscal Years 2025-26 and 2026-27

June 10, 2025





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City Council Visioning:

Mission:

To provide responsible leadership and quality services while promoting safety, cultural harmony, and life enrichment.

Vision:

To be a safe, attractive, and economically vibrant city with an informed and involved public, celebrating diversity and preserving residential character.



City Council Priorities:





Financial Health & Sustainability



GENERAL FUND

- Baseline Approach
- Conservative Revenue Estimates
- Additional funding needs subject to Budget Committee review and recommendation (Supplemental Requests)

OTHER FUNDS

- Government-Type Funds uses limit to sources;
- Business-Type Funds subject to rate covenant, external service charge driven, working capital enabled;
- ► Internal Service Funds finance operational needs for key services and assets Fleet, Building & Facilities, IT, Insurance etc.; internal service charge funded.

Budget Principle – ongoing expenditures <= ongoing revenues – <u>Structurally Balanced</u>

Highlights of the FY2025-26 & FY2026-27 Biennial Budget

Successes -

- Balanced budget through collaboration
- Funded 26 supplemental requests
- Leveraged one-time resource to address strategic priorities

Challenges -

- Economic and fiscal uncertainties
- Aging infrastructure
- Rising pension obligations





\$408,842,806

Overall recommended spending plan for FY2025-26

\$399,433,693

Overall recommended spending plan for FY2026-27

FY2025-26 & FY2026-27 Biennial Budget

		FY2026	FY2027			
	\$ 328.6 \$ norit 51.3 rict 20.9			millions)		
City of Garden Grove	\$	328.6	\$	317.1		
Garden Grove Housing Authorit		51.3		51.5		
Garden Grove Sanitary District		20.9		22.9		
Successor Agency		8.0		7.9		
	\$	408.8	\$	399.4		

Housing Authority -

- Section 8 administration -\$4.5M/year
- Housing Assistance Payment program \$47.0M/year

Sanitary District -

- Operating budget -\$10.3M/year
- Capital improvement program \$9.0M/year

Successor Agency -

► DOF approved Recognized
Obligation Payment
Schedule (ROPS) \$7.6M/year

FY2025-26 & FY2026-27 Biennial Budget

Citywide Revenue Estimates									
		2025-26 n \$000)		' 2026-27 in \$000)					
Sales Tax	\$	59,943	\$	61,649					
Property Tax		70,055		72,629					
Hotel Visitors Tax		28,000		28,560					
Other GF Fees and Taxes ¹		29,586		30,790					
Other Govt Revenues ²		31,953		31,990					
Internal Service Revenues ³		21,074		21,285					
Water Utility		51,703		56,061					
Housing Authority		51,039		51,039					
Sanitary District		16,803		16,803					
Other Enterprise ⁴		2,436		2,436					
Successor Agency		7,816		7,929					
TOTAL	Ś	370.408	Ś	381.171					

Citywide Proposed Spending									
	FY 2025-26 (in \$000)	FY 2026-27 (in \$000)							
Fire	\$ 35,236	\$ 36,797							
Police	91,577	94,891							
Public Safety Subtotal	126,813	131,688							
Public Works Non-Utility	64,928	53,813							
Public Works Utilities ¹	70,944	70,465							
Community Services	12,584	10,693							
Community Development	8,585	8,541							
Economic Development	79,821	77,995							
Municipal Support:									
City Administration	5,338	5,411							
City Attorney	1,188	1,188							
Finance	13,302	14,142							
Human Resources	9,614	9,719							
Information Technology	5,716	5,665							
Non-Departmental:									
Debt Service	8,753	8,756							
Utilities	1,257	1,357							
Other Departmental Subtotal	282,030	267,745							
TOTAL ²	\$ 408,843	\$ 399,433							

¹ Includes Water, Sewer, and Refuse funds

¹ Includes business license tax, building/planning fees and permits, and sports and recreation fees.

² Includes federal, state and county grants, TID, gas tax, Measure M, and Accessiblity funds.

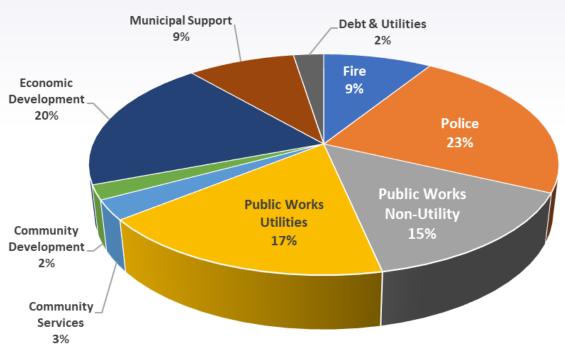
³ Includes charges for Worker's Compensation, Fleet, Information Technology, Risk Management, Warehouse, Telecommunication, Communication Replacement, Building Rehabilitation internal service funds.

⁴ Includes Golf Course funds.

² Total includes capital improvement projects and transfer out.

USES – ALL FUNDS – CITYWIDE

Proposed Spending by Municipal Functions



FY2025-26 & FY2026-27 Biennial Budget – Water Utility Proposed

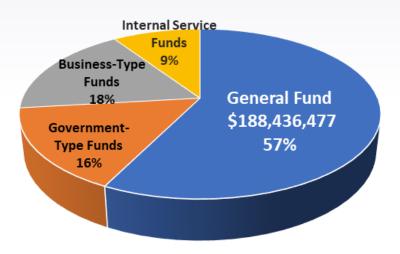
Business Principles:

- 1. Comply fully with all debt covenant requirements.
- 2. Operate without operating deficit.
- 3. Maintain a cash flow reserve equivalent to two months of operating expenses, with an additional \$500,00 for contingencies.
- 4. Fund a replacement sinking fund equal to 5% of the total system replacement value.
- **5. Benchmark with industry standards.**
- 6. Prioritize capital projects via Water Master Plan.

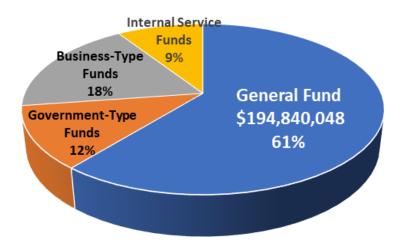
SOURCES	F	roposed FY2026 in \$000)	F	roposed FY2027 in \$000)
Beginning Working Capital	\$	32,027	\$	28,699
Revenues		51,703		56,061
TOTAL SOURCES		83,730		84,760
USES				
Operating Expenses				
Operations & Maintenance		21,134		21,592
Purchased Water Supply		18,764		19,008
Debt Service		2,901		2,902
Street Repair Charge		, 877		899
Toal Operating Expenses		43,676		44,401
Capital Expenses				
Capital Replacement		3,500		3,500
Capital Improvements		7,855		4,800
Total Capital Expenses		11,355		8,300
TOTAL USES		55,031		52,701
Ending Working Capital	\$	28,699	\$	32,059

SOURCES – ALL FUNDS – CITYWIDE

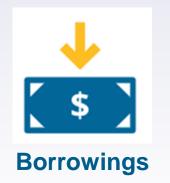
FY2026 Recommended Spending



FY2027 Recommended Spending











General Fund

As "City's Checkbook," the General Fund consists of assets and liabilities used to finance the daily and long-term operations of the city government as a whole.

FY2025-26 & FY2026-27 Biennial Budget - <u>CITY</u>



100% - General Fund



Police Service: 96% - General Fund



Public Works (non-utility) 36% - General Fund



Community Services: 79% - General Fund



Community Development: 94% - General Fund

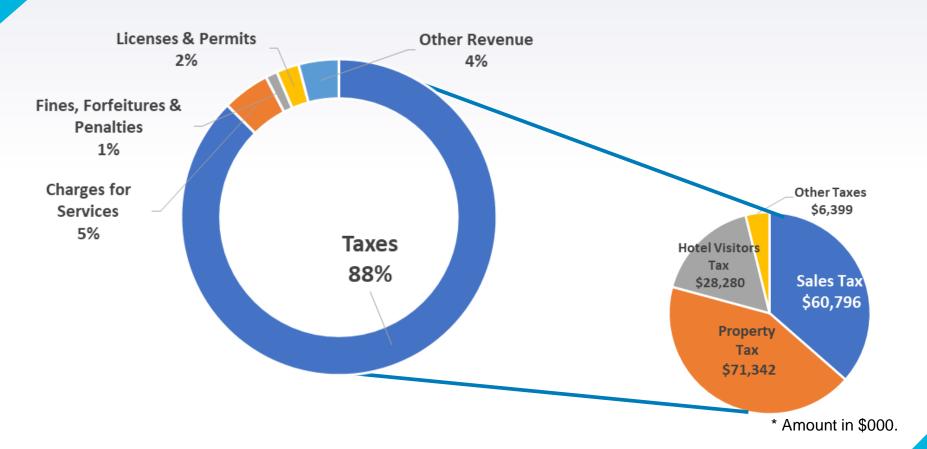


Economic Development: 31% - General Fund



Municipal Support: 36% - General Fund

General Fund Revenue Categories

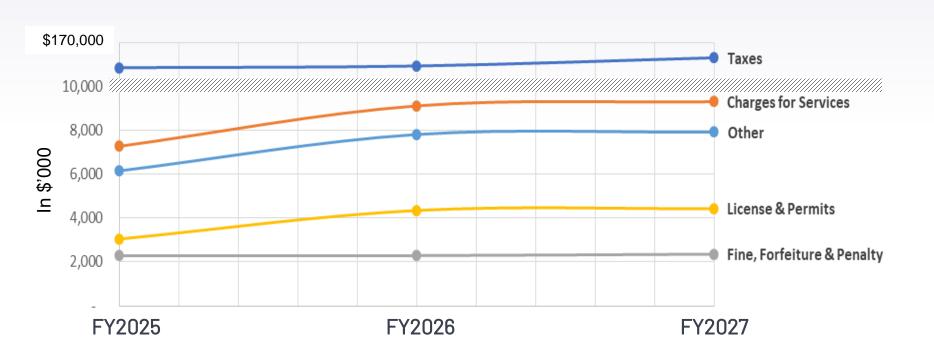


FY2025-26 & FY2026-27 General Fund REVENUE

	Aı	mended	Pı	rojected	Pr	ojected	
	ı	Y2025		FY2026	ı	FY2027	
	(i	n \$000)	(in \$000)	(i	n \$000)	Change ¹
Sales Tax	\$	31,408	\$	29,992	\$	30,846	-3.1%
Measure O		30,415		29,951		30,803	-0.1%
Property Tax		67,134		70,055		72,628	6.3%
Hotel Visitors Tax		28,000		28,000		28,560	1.0%
Other Taxes		5,900		6,018		6,779	8.4%
Charges for Services		7,272		9,117		9,306	26.7%
Fines, Forfeitures & Penaltie		2,285		2,290		2,354	1.6%
Licenses & Permits		3,045		4,349		4,433	44.2%
Other Revenue:							
Investment Income		1,855		1,969		2,232	13.2%
Rental Income		1,177		1,685		1,692	43.5%
Expense Reimbursement		1,437		1,390		1,449	-1.2%
Other		1,685		2,768		2,546	57.7%
	\$	181,613	\$	187,584	\$	193,628	5.0%

¹ Compares the average of FY2026 and FY2027 to FY2025.

General Fund Revenue Growth Trend



General Fund Budget Development Process

Baseline Budget

Year 1 - \$187,009,877

Year 2 - \$193,653,178

Supplemental Funding

Year 1 - \$1,426,600

Year 2 - \$1,186,870

Total Proposed Appropriation

Year 1 - \$188,436,477

Year 2 - \$194,840,048

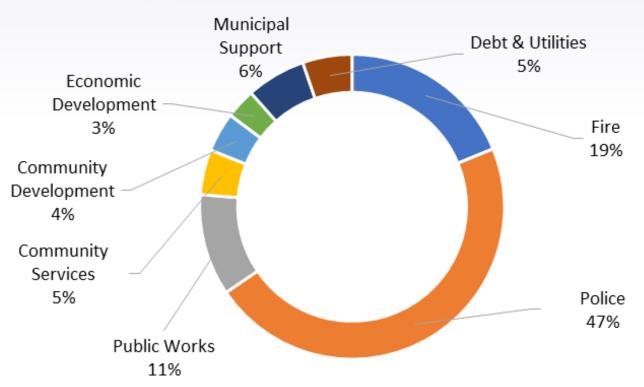
FY2025-26 & FY2026-27 General Fund EXPENDITURE

	Αı	mended	Pı	oposed	Pı	roposed	
	ı	Y2025	ı	Y2026	ı	FY2027	
	(i	n \$000)	(i	n \$000)	(1	in \$000)	Change ¹
Fire	\$	33,668	\$	35,236	\$	36,797	7.0%
Police		85,738		87,861		91,156	4.4%
Public Works		21,038		20,273		21,040	-1.8%
Community Services		7,217		9,104		9,269	27.3%
Community Development		7,065		7,939		8,121	13.7%
Economic Development		9,038		6,058		6,123	-32.6%
Municipal Support:							
City Administration		4,794		4,052		4,081	-15.2%
City Attorney		1,161		1,161		1,161	0.0%
Finance		4,524		3,936		4,072	-11.5%
Human Resources		2,229		2,109		2,184	-3.7%
Information Technolog		854		697		723	-16.9%
Non-Departmental:							
Debt Service		7,172		8,753		8,756	22.1%
Utilities		857		1,257		1,357	52.5%
	\$	185,355	\$	188,436	\$	194,840	3.4%

¹ Compares the average of FY2026 and FY2027 to FY2025.

General Fund Expenditure Categories

Municipal Functions Supported by General Fund



FY2025-26 & FY2026-27 General Fund Budget

	Proposed		P	roposed	
	I	FY2026	1	FY2027	
	(in \$000)	(in \$000)	
Salaries & Benefits	\$	108,456	\$	113,260	57.8%
Contractual		52,943		54,144	27.9%
Commodities		2,411		2,411	1.3%
Internal Service Charges		12,497		12,497	6.5%
Tax Rebate		1,834		1,834	1.0%
Debt Service		8,753		8,756	4.6%
Utilities		1,257		1,357	0.7%
Other		274		281	0.1%
Capital Expenditure		11		300	0.1%
	\$	188,436	\$	194,840	100.0%





\$381,211,910

Two-year combined revenue

\$381,193,225

<u>Two-year</u> total ongoing expenditures (without One-time or Capital spending)

Balanced Budget!



General Fund Sources vs. Uses

		2025-26 in \$000)	FY 2026-27 (in \$000)		
TOTAL SOURCES		\$ 187,584		\$ 193,628	
TOTAL USES		188,436		194,840	
Less:					
One-time Contractual \$	760		\$ 912		
Capital Spending	111	(871)	300	(1,212)	
TOTAL ONGOING USES		 187,565		 193,628	
BUDGET SURPLUS/(DEFICIT)		\$ 19		\$ -	

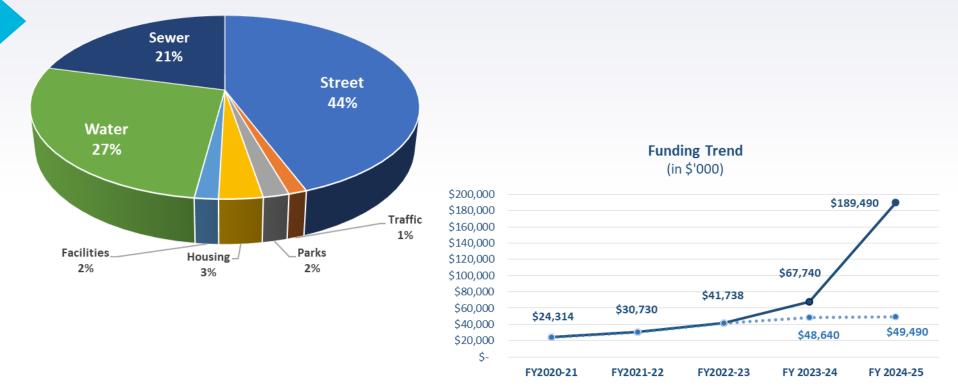
EXPENDITURES

REVENUE

Five-Year Capital Improvement Plan

	 2025-26 (\$000)	 2026-27 \$000)	FY 2027-28 (\$000)		FY 2028-29 (\$000)			
STREET IMPROVEMENTS								
Arterial	\$ 22,500	\$ 10,600	\$	8,296	\$	7,684	\$	7,914
Residential	1,700	3,300		2,264		2,295		2,327
TRAFFIC IMPROVEMENTS								
Citywide Intersection	-	500		500		500		500
PARK IMPROVEMENTS								
Woodbury Park Expansion	500	-		-		-		-
Garden Grove Park Pickleball Courts	950	-		-		-		-
Park Master Plan Improvements	925	300		600		-		-
Citywide Park Light Pole Replacement	50	50		50		50		50
Park Irrigation System Replacement	120	120		-		-		-
HOUSING PROJECTS								
St. Anselm Affordable Housing	2,000	-		-		-		-
HOME Projects	550	550		550		550		550
Purcell Building Rehabilitation	11	-		-		-		-
FACILITY IMPROVEMENTS								
Citywide Facility Replacement	1,479	1,200		-		-		-
WATER IMPROVEMENTS								
Water Master Plan Improvements	11,355	8,300		14,500		4,500		3,500
SEWER IMPROVEMENTS								
Sewer Master Plan Improvements	6,762	8,500		7,100		8,500		1,500
TOTAL	\$ 48,902	\$ 33,420	\$	33,860	\$	24,079	\$	16,341

Next Five Years CIP Spending Categories

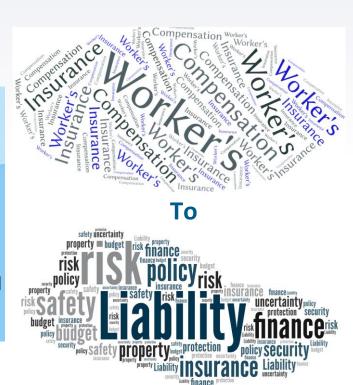


Previous Five Years CIP Funding Trend

•• • • Adjusted to Exclude One-Time

Proposed One-time Transfers

From General Fund \$4M to Worker's Comp Fund **\$3M to General Liability Fund**



THANKS!

Any questions?

- https://ggcity.org/finance
- finance@ggcity.org



