



CITY OF EASTVALE

AGENDA STAFF REPORT

City Council Meeting

CONSENT CALENDAR

Agenda Item No. 11.5

June 24, 2026

Adoption of Fiscal Year 2026-27 Annual Operating and Capital Improvement Budget Review

Prepared By:

Mark Orme, City Manager & Amanda Wells, Finance Director/City Treasurer

Recommended Action(s)

Staff recommends that the City Council approve and adopt the following:

1. Fiscal Year 2026-2027 Annual Operating and Capital Improvement Budget; and
2. A Resolution of the City Council of the City of Eastvale, California, Approving and Adopting the Annual Appropriations Limit Pursuant to Article XIII (B) of the California Constitution for Fiscal Year 2026-2027; and
3. A Resolution of the City Council of the City of Eastvale, California, Adopting An Operating Budget and Capital Improvement Budget for the Fiscal Year Commencing July 1, 2026 and Ending June 30, 2027, and Appropriating Funds for Purposes Therein Set Forth; and
4. A Resolution of the City Council of the City of Eastvale, California, Approving the Commitment of Fund Balance Pursuant to GASB 54; and
5. A Resolution of the City Council of the City of Eastvale, California, Establishing Revised Salary Schedule Effective July 1, 2026; and
6. A Resolution of the City of Council of the City of Eastvale, California, Establishing the Authorized Positions for the Fiscal Year 2026-2027, Effective July 1, 2026 and;
7. Approve and Adopt the revised Fund Balance Policy.

Summary

[Proposed Fiscal Year 2026-27 Operating and Capital Improvement Budget Book Link](#)

The goal of the Annual Operating and Capital Improvement Budget serves to establish both long-term and short-term financial planning for the City while adhering to regulations set by the Governmental Accounting Standards Board (GASB) and criteria for the Government Finance Officers Association (GFOA) budget award. The comprehensive budget illustrates City Council's commitment to providing cost effective municipal services. City Council adopts an operating and capital improvement budget every year, which commits resources for the accomplishment of the City's Strategic Plan, provision of services to the public, regulatory and statutory requirements, and adherence to policies. The budget report identifies target areas while measuring achievements to ensure departments remain effective, efficient, and perform. An abundant amount of time, analysis, and data from various resources helps establish projections to forecast proper revenue and expenditure budgets. Early financial planning by the City Manager's Office and the Finance Department is followed with the identification of key goals identified by City Council, City departments, stakeholders, and members of the community supporting the determination of how the City should manage its assets and liabilities. The city's budget development timeline can be found at [this link](#).

The budget is a dynamic document that is amended throughout the year for various reasons, including City Council actions on department requests, actions by third parties which impact the budget plan, or changes in the economy.

This proposed Fiscal-Year 2026-27 Annual Operating and Capital Improvement Budget document represents the City of Eastvale's conservative estimate of the City's financial performance in the coming year. The proposed budget plan includes \$111,724,350 in total revenues and \$182,761,784 in total expenditures (excludes transfers of \$93,866,510). The proposed budget projects General Fund revenues at \$79,433,460, excluding transfers-in of \$812,590, and expenditures at \$48,111,924, excluding transfers-out of \$93,053,920. Net of transfers the total General Fund annual budget surplus is \$31,321,536, operating surplus is \$14,338,866. After compiling budget projections and presenting a budget workshop to City Council in April, the proposed fiscal-year budget is brought to the full City Council for consideration and adoption. Although the primary emphasis is on the General Fund, the comprehensive budget document includes special revenue funds, capital improvement projects, capital reserves, underlying rationale, long-term forecasts, and investment strategy necessary to meet the projects and policies set forth by the City Council.

Citywide Total Budget			
Category	FY 2025-26 Amended Budget	FY 2026-27 Proposed Budget	Change
Revenues	\$ 159,606,688	\$ 111,724,350	\$ (47,882,338)
Expenditures	233,457,974	182,761,784	(50,696,190)
<i>Transfers In</i>	<i>52,170,269</i>	<i>93,866,510</i>	<i>304,779</i>
<i>Transfers Out (Appropriation from Reserve)</i>	<i>52,170,269</i>	<i>93,866,510</i>	<i>41,405,212</i>

The city's Proposed Fiscal Year 2026-27 Operating and Capital Improvement Budget Book can be found at [this link](#). The City Manager's Budget Message can be found at [this link](#).

Background

FISCAL YEAR 2026-27 BUDGET ANALYSIS

The city's Proposed Fiscal Year 2026-27 Operating and Capital Improvement Budget Book can be found at [this link](#).

GENERAL FUND – REVENUES, EXPENDITURES & AVAILABLE RESOURCES: [General Fund Overview Link](#)

Overall, General Fund revenue projections are \$79,433,460 and expenditures are \$48,111,924 (excluding transfers). General fund revenues exceed expenditures by \$31,321,536, creating a budget surplus. Of the \$79,433,460 in revenues, \$61,533,460 are attributable to operating revenues and \$17,900,000 are non-operating revenues. Of the \$48,111,924 in expenditures, \$47,985,924 are attributable to operating expenditures and \$126,000 are non-operating expenditures. As a result, the city is expected to end the 2026-27 fiscal year with a \$14,338,866 operating surplus. Staff utilized a 40/60 ratio of non-operating versus operating sales tax as a conservative approach to ensure stable revenue sources are identified, considering the risks to the city's largest single source of revenue. The fiscal year 2026-27 budget includes \$93,032,660 in transfers out to the General Capital Projects Fund and Capital Replacement Funds and a general contribution for special assessment districts.

General Fund Budget				
Category	FY 2025-26 Amended Budget	FY 2026-27 Proposed Budget	Change	Change %
Total Revenues	80,186,160	\$79,433,460	(752,700)	99%
Transfers In	507,811	812,590	304,779	160%
Total Resources	80,693,971	80,246,050	680,955	99%
Expenditures	44,909,283	48,111,924	3,202,641	160%
Transfers Out (Appropriation from Reserve)	84,125,335	93,053,920	8,928,585	111%
Total Appropriations	129,034,618	141,165,844	44,602,824	109%
Total Surplus	(48,340,647)	(60,919,794)		
Surplus net of Transfers	35,276,877	31,321,536		

General Fund Revenue Forecast: [General Fund Revenue Summary Link](#)

All General Fund revenues total \$80,246,050; operating revenues total \$62,346,050 and non-operating revenues total \$17,900,000 for the fiscal year 2026-27. Net of transfers, revenues total \$79,433,460.

General Fund Revenue highlights include the following:

- *Sales and Use Tax* – Staff recommends budget for sales tax revenues for fiscal year 2026-27 at \$50,640,000, based on HdL's projections (City's vendor for sales tax projections). Of the sales tax revenues, \$37,140,000 is considered operating revenue and \$13,500,000 is considered non-operating revenue. Staff continues to utilize the non-operating sales tax for one-time non-operating expenditures, such as funding future capital maintenance and replacement projects, future capital projects, and current capital projects. It is unknown how long the non-operating sales tax revenues will last, point of sale location for any business could change at any time for a multitude of reasons, as such it is a conservative approach to only use these revenues sparingly for operating costs and utilize a majority of the funding for non-operating capital equipment and infrastructure projects. It is likely that at least a portion of the revenues will become a long term revenue source.
- *Property Tax* – A wave of commercial parcel assessment valuation appeals has been occurring throughout the county for several years and still continues. Although home prices have remained steady and the city experienced development of new commercial property, the influx of assessment appeals will keep the city's overall assessed property valuation from growing at the same pace as the housing market. However, staff expects property tax revenues to still increase, 2% over the prior year based on projections provided by HdL Coren and Cone.
- *Franchise Fees* – The city expects to see an \$195,000 increase in franchise fees. Although the trend for natural gas and electricity franchise fees has increased, fees for cable has slowly declined over the last several years. Electricity fees have increased mainly due to the price of natural gas, which drives the rates charged for electricity. Refuse fees are expected to increase \$200,000 and electric fees are expected to increase \$5,000, however a reduction of \$10,000 is expected in the natural gas category.
- *Licenses, Fees, and Permits* - Permitting activity remained steady over the past few fiscal years and saw a heavy increase in permits during the pandemic. However, normal development activity has slowed in the past two fiscal years and is expected to increase only due to large developments in the city. Staff recommends budgeting building permits, development revenue, and encroachment fees with a 19 % increase over the 2025-26 fiscal year projections at \$4,312,900.
- *Fines, Penalties, and Forfeitures* - Staff recommends decreasing this revenue category to \$995,000 for fiscal year 2026-27, a decrease of 2% from the previous year based on trend. This category is dependent upon Riverside Sheriff and Code Enforcement activity and fluctuates with staffing levels and programming priorities.
- *Vehicle License Fees*– Vehicle License Fee Adjustment Account (VLFAA) revenue, resulted from the passing of SB130 in April 2017. VLFAA revenues are based on property valuations, which have continued to steadily increase in the city over the last few years. This revenue is expected to increase from \$7,075,000 in fiscal year 2025-26 to \$7,540,500 in fiscal year 2026-27, an increase of 7%.

General Fund Expenditures

Overall, the total expenditures for the General Fund total \$141,165,844 in fiscal year 2026-27; operating expenditures total \$48,007,184 and non-operating expenditures total \$93,158,660.

Personnel Highlights: [General Fund Personnel Summary Link](#)

- *Salaries and Benefits* costs are projected at \$14,303,809 for fiscal year 2026-27. The personnel projections were prepared based on current pay rates plus 5% merit for all current employees and a 3.5% cost of living adjustment effective July 1, 2026. Budget estimates include full benefits, including health and retirement contributions. Vacant positions are budgeted at top step with full benefits. The proposed full-time equivalent (FTE) of City employees is 85.25 for fiscal year 2026-27, an increase of 2.5 positions over the amended 2025-26 fiscal year budget. In total, personnel costs increased \$1,399,312 over the prior year. Total proposed staffing includes 75 full-time staff, 4.75 part-time staff equivalents, 0.5 part-time temporary, and 5 elected positions.
 - *Position Changes* for the 2026-27 fiscal year budget plan include adding two new full-time positions, one part time position, nine promotions, and three title changes. In total the changes will equate to a \$718,134 impact to the personnel category, which is a portion of the total \$1,399,312 personnel category increase.

Operations Highlights: [General Fund Department Summary Link](#)

- *Law Enforcement* updated costs are \$18,316,155 as compared to \$17,153,750 for fiscal year 2026-27. The Riverside Sheriff Office announced a 7.0% contract increase for the new fiscal year plus an additional 1.85% increase over fiscal year 2025-26 projected rates; the proposed budget for law enforcement is increasing based on these new rates. Additionally, the city continues to fund a \$136,000 line item for special overtime operations within the city.
- *Non Departmental* includes city wide costs such as copier maintenance, revenue neutrality with Riverside County, transfers out to other funds, and building leases. Riverside County revenue neutrality will continue until 2040; budget projections are \$300,000 for the new year. Total expenditures for the non departmental category are \$95,620,660 for fiscal year 2026-27, an increase of \$41,353,490 from the prior fiscal year. Transfers-out to other funds represent the largest expenditure in this category at \$93,053,920. Transfers-out include funding the five capital replacement and maintenance funds for information technology, vehicles, street maintenance, facility maintenance, and storm drain maintenance for a total of \$1,140,000. Capital projects transfers total \$91,807,660 and include the City Hall, Library, and Police Station. A total of \$85,000 is budgeted for vehicle purchases. Finally, \$21,260 of transfers are for general benefit contribution to four special assessment districts.
- *Community Development* expenditures are forecasted at \$3,686,418, a decrease of 0.12% or \$4,332 from the prior fiscal year. The decrease is mainly due to two reasons. The Building Safety division lowered budget for private development contracts. Secondly, the Building Safety division and Administration division both housed Administrative Specialists and those divisions now share one position and as a result, the department saw a decrease in expenditure budget.
- *Community Safety and Technology* expenditures are forecasted at \$3,042,744 an increase of 16% or \$408,373 over the prior year. The IT and Administration divisions are investing heavily in artificial intelligence software, and as a result budget increased by \$310,385. The Code Enforcement Division is adding one vehicle purchase for a total of \$40,000.
- *Public Works* expenditures are forecasted at \$8,511,204, an increase of \$765,655 or 10% over the 2025-26 fiscal year. The increase is caused by several budget proposals, including the addition of an Assistant City Engineer and Public Works Superintendent positions, and additional contracts related to citywide private land development, and citywide maintenance.

- *Finance* expenditures are proposed at \$2,280,504, a 3% increase of \$56,377 over the prior fiscal year. The increase is mainly caused by CPI on service contracts.

General Fund Available Resources: [Fund Balance Link](#)

The beginning balance for the fiscal year 2026-27 budget reflects the projected General Fund audited ending balances for fiscal year 2025-26. The General Fund is anticipated to end the 2025-26 fiscal year with an estimated total fund balance of \$206,042,596 and the proposed fiscal year 2026-27 budget includes anticipated fund balance of \$90,948,059, as of June 30, 2027.

- Assigned reserves: \$47,450,493
 - The General Fund Emergency Contingency (based upon 50% of operating expenditure appropriations) is fully funded at \$24,003,592 and is classified as an assigned reserve.
 - The Fire Fund Emergency Contingency (based upon 50% of operating expenditure appropriations) is fully funded at \$4,989,225 and is classified as an assigned reserve. This reserve was moved from the Fire Fund to the General Fund for the 2026-27 fiscal year budget in order to free up Fire Fund reserves for the city's future third fire station.
 - Additionally, \$4,727,676 is held in assigned reserve to cover known and expected negative cash flow. A total of 4,269,774 is held to cover reimbursable grants until specific projects are complete and the granting agency has reimbursed the city for expenditures. A total of \$457,902 is required to cover negative cash flow in 13 special assessment districts.
 - Staff has also set aside \$11.6 million for possible land purchases related to the Civic Center project and other City Council strategic initiatives. Finally, \$130,000 for the city's Business Incentive Loan Program and \$2.0 million for a future financial system implementation is held as assigned reserves.
- Committed reserves: \$35,149,457
 - The City continues to also hold a committed reserve of \$17,949,457 million for Civic Center Parking Structure construction, \$6,000,000 for Public Works Yard construction, \$2,500,000 committed reserve for pension liabilities, and \$3,000,000 for public safety rate increase stabilization.
 - The city is also holding a \$5,700,000 debt service reserve for the anticipated Civic Center lease revenue bonds. Staff expects the maximum annual debt service payment to be \$3,800,000 million; a specific reserve for the bond issuance should help the city obtain better bond ratings and possibly lower interest rates. Once debt is issued and the city owes an annual debt service payment, 50% of this reserve will be moved into the city's operating reserve and should only hold \$3.5 million in this reserve.
- Unassigned reserves:
 - Total projected unassigned general fund reserves are projected at approximately \$2.5 million.

Changes Since Budget Workshop: [Budget Development Link](#)

Only a handful of changes that total to a savings of \$43,830 to the operating budget have occurred since the Budget Workshop on April 22, 2026. Revenues increased slightly in the General Fund for the Cost Allocation Plan (CAP). The CAP increased \$304,779, from \$507,811 to \$812,590. No other changes to revenues occurred. Expenditures decreased \$250,614 in several categories. Personnel decreased \$218,075, from \$14,521,884 to \$14,303,809; Maintenance decreased \$40,000 from \$687,460 to \$647,460; and Operations increased \$25,750 from \$5,936,745 to \$5,962,495. Transfers out increased \$13,892,010 from \$79,161,910 to \$93,053,920 to recognize a development impact fee loan from General Fund reserves for the Police Station that was approved by City Council last fall. An

accounting entry was finalized for a Development Impact Fee loan that was approved by City Council last fall, funds previously held in committed and assigned reserves specifically for the entry were moved from the General Fund into the Development Impact Fee funds. As a result, final fund balance changed; committed reserves increased from \$23,685,036 to \$35,149,457. Assigned reserves decreased from \$91,386,512 to \$47,450,493.

SUMMARY OF OTHER GENERAL PURPOSE FUNDS: FIRE FUND

[Fire Fund Link](#)

The *Fire Fund* houses general purpose property taxes levied specifically for the purpose of fire protection services. Although a General Fund revenue source, these funds are restricted through the City's incorporation procedures and revenue neutrality agreement by the County of Riverside for fire protection services and operations. For audit purposes this fund is collapsed into the General Fund. Revenues are projected at \$11,100,000 million and expenditures total \$9,978,450 million; the fund is projected to end the fiscal year with a \$1,121,550 budget surplus, which will go towards the future third fire station construction. The main revenue source for the fund is property tax, which makes up \$10.0 million or 90% of the fund's revenue. Main expenditures in the fund are contract fire services at \$9,155,250 , building maintenance and operations for the two City owned fire stations at \$523,200, and revenue neutrality with Riverside County at \$300,000. Contract fire services is increasing by 5% over the prior year due to an estimated 2% increase to contract rates and a return to the contract stipulated Advanced Life Support staffing as of January 2027. The City contracts for two medic engines and one medic squad at the two fire stations and dedicated fire marshal support including business inspection services.

Fire Fund Budget				
Category	FY 2025-26 Amended Budget	FY 2026-27 Proposed Budget	Change	Change %
Total Revenues	\$ 10,759,000	\$ 11,100,000	\$ 341,000	101%
<i>Transfers In</i>	0	0	0	0%
Total Resources	10,759,000	11,100,000	341,000	101%
Expenditures	13,193,360	9,978,450	(3,214,910)	76%
<i>Transfers Out</i>	0	0	0	0%
Total Appropriations	13,193,360	9,978,450	(3,214,910)	106%
Total Surplus	(2,434,360)	1,121,550		
<i>Surplus net of Transfers</i>	<i>(2,434,360)</i>	<i>1,121,550</i>		

Fire Fund Available Resources

The Fire Fund is anticipated to end the 2026-27 fiscal year with an estimated total fund balance of \$21,576,199. Fire Fund fund-balance is restricted by the County of Riverside, however City Council has assigned and committed the following fund balances in order to ensure the ability to continue

operations in down economic situations and ensure resources are available to purchase apparatus and build vital infrastructure, such as the City's third fire station:

- Assigned reserves:
 - The Fire Fund Emergency Contingency was moved to the General Fund for the new 2026-27 fiscal year.
- Committed reserves:
 - The City will increase a committed reserve of \$20,476,199 for a third fire station construction, and \$600,000 for apparatus replacement.
- Restricted fund balance:
 - Total projected remaining restricted Fire Fund fund-balance are approximately \$500,000.

SUMMARY OF SPECIAL REVENUE FUNDS

- *Gas Tax Fund* revenues are forecasted at \$2,178,500 and expenditures are projected at \$2,874,570. Although expenditures exceed revenues, the Gas Tax fund has available fund balance and is projected to end the fiscal year with \$584,166 in available fund balance. Gas tax revenues are lower than originally anticipated; the Governor's final budget included less Gas Tax allocations for local agencies. The gas tax revenues in this fund are solely utilized to fund vital street infrastructure and maintenance projects.
- *Measure A Fund* revenues are projected at \$3,501,000 and expenditures are projected at \$5,040,580. The fund is projected to complete fiscal year 2026-27 with \$82,780 in total fund balance. Similar to Gas Tax, these funds are solely utilized for street related projects. Riverside County allocates the funding from a 1/2 cent sales tax measure to local agencies.
- *Miscellaneous Grant Fund* revenues are projected at \$1,164,845 and expenditures are projected at \$2,273,290. The Grants Fund does not have available fund balance and is projected to end the fiscal year at negative \$682,404. This is primarily due to the reimbursement nature of the fund and the Limonite Gap Bridge Pedestrian Bridge and Traffic Signal Improvement at Sumner and 68th projects which will likely be reimbursed in the next fiscal year.

Special Revenue Funds Available Resources

A large majority of the special revenue funds are forecasted to finish the 2026-27 fiscal year with a positive fund balance. Funds with an expected negative fund balance are the TDA fund, miscellaneous grants fund, the TUMF reimbursement fund, a few of the City's landscape and lighting maintenance districts (LLMD), several of the JCSD transferred lighting maintenance districts (LMD), and one community facility district (CFD). The TDA fund, miscellaneous grants fund, and TUMF fund are reimbursed after projects are completed. The special districts (LLMD, LMD, and CFD) do not generate adequate revenues to offset district expenditures. Any funds with negative fund balances will utilize General Fund assigned fund balances to bring the funds to zero on the city's Annual Comprehensive Financial Report. As a result, staff maintains an assigned reserve totaling \$12,017,495 to cover these negative balances within the General Fund.

SUMMARY OF CAPITAL PROJECT FUND

[General Capital Project Fund Link](#)

The *Capital Project Fund* is used to track capital projects funded solely by the General Fund. Funds are transferred into the Capital Projects Fund from the General Fund. For the fiscal year 2026-27 budget, revenues are projected at \$91,892,660 and expenditures are projected at the same amount, \$91,892,660. The fund is expected to end the 2026-27 fiscal year with \$0 in fund balance.

Expenditures for fiscal year 2026-27 include the Hellman Avenue Widening, City hall, Library, Police Station, Civic Center Site Improvement, Public Works Yard, Civic Center Surface Parking Lot, and Civic Center Phase 2 Parking Structure.

SUMMARY OF DEVELOPMENT IMPACT FEE FUNDS

[Development Impact Fee Funds Link](#)

The *Development Impact Fee Funds* are used to track development impact fees assessed on development projects throughout the city. These funds must be utilized on projects identified within nexus studies. The city adopted a new nexus study in late June 2025 for Park Improvements, Community and Recreation Centers, Fire Facilities, Public Facilities, and Police Facilities. Per the nexus study the fees collected for Public Facilities and Police Facilities may be used towards Civic Center buildings including City Hall, Library, and Police Station. As a result, significant budget in these funds for the Civic Center Project has been appropriated as a General Fund loan these DIF funds to fund portions of the project with future DIF receivables. As revenues trickle into these funds, the General Fund will be reimbursed for the Civic Center loan in accordance with a City Council adopted resolution and loan agreement. Available fund balance may not reflect funds fully available for projects until the loan repayments are processed.

SUMMARY OF CAPITAL REPLACEMENT FUNDS

[Capital Replacement Funds Link](#)

Staff established five capital replacement and maintenance funds in the prior fiscal year. Each was seeded by the General Fund with an estimated amount of fund balance to start fund balance accumulation in the funds. Finance staff is creating replacement schedules and will calculate annual contribution amounts for each of the funds, depending on the type of future maintenance and replacement the fund will supply. The expectation is to build adequate fund balance to prepare the city to replace and maintain public equipment and infrastructure as a means to support the General Fund during lean economic periods.

CAPITAL IMPROVEMENT BUDGET

[Capital Improvement Budget Link](#)

The five-year capital improvement budget identifies the highest priority capital needs that can be addressed with available and forecasted revenues. These capital needs are matched with the previous year's continuing appropriations and five-year revenue projections identified by the Finance department. Additionally, capital needs are delineated to eligible funding sources and programs available to the City's capital improvements. Over the next five-years of this capital improvement budget, Eastvale will program over \$227.7 million in funding for City Street Improvements, Maintenance, Roadway and Traffic Safety Improvements, and future Civic Center plans. For the fiscal year 2026-27 the City will commit \$121.6 million to fund projects within the categories listed above.

Major capital projects for fiscal year 2026-27 include the Annual Overlay and Slurry Seal (\$4.7 million) , Civic Center Project Phase 1 and Phase 2 (City Hall, Library, Police Station, Plaza, Public Park, Parking Structure, Surface Lot \$101.7 million), Limonite Gap Pedestrian Bridge (\$5.5 million), and Hellman Avenue Widening (\$1.2 million).

APPROPRIATIONS LIMIT

The Gann Appropriations Limit for Fiscal Year 2026-27 was calculated at \$37,380,249 using the \$35,320,505 limit approved from the prior year multiplied by the (1.0495) increase in per capita income multiplied by the (1.0084) increase in population growth for the City of Eastvale. The city's proceeds of taxes total \$75,619,329. The city's appropriations that are subject to the limit are \$37,380,249 as a result of qualified exemptions from the limit, which consist of appropriations for the Civic Center project, capital outlay reserve commitments, and the city's annual CalPERS unfunded liability payment. As a result, the city does not need to utilize provisions under AB137 for the 2026-27 fiscal year.

GFOA AWARD

The city has been awarded the Government Finance Officer's Association (GFOA) Distinguished Budget Award for three consecutive years. Over the past several years GFOA has made changes to the award criteria. As a result, the city's budget document continues to be adjusted. Long range operational financial plans must now incorporate all appropriated funds, of which the city has 137 budgeted funds. In an effort to expand long-range planning, staff will prepare plans for all of the city's funds, but provide narrative for the city's two major funds and several additional funds. At the time of the publication of this agenda, staff is still drafting narrative for the long range planning section of the budget document. Staff will submit the fiscal year 2026-27 budget document for the GFOA distinguished budget award.

BUDGET DOCUMENT

Since 2022, staff has been utilizing OpenGov for budget management. The software provides a budgeting platform for departments to submit budget proposals, personnel budgeting tools, reporting, and online portals. Staff has utilized the online portal to create an online budget book, which appears similar to a website. The online budget book allows for a more interactive experience for the public, as reports and graphics can be drilled down to line item detail. This is the third online budget book for the city. As of the date of the agenda posting, staff has not yet updated all sections of the book, however those sections are marked in red text. The landing page for the book can be found here: [Online Budget Book](#).

Analysis

FUND BALANCE POLICY

At the preliminary budget presentation on April 22, several Council members mentioned the city's fund balance policy and asked how funds are designated for reserve. The current adopted policy was approved on January 22, 2025 ahead of bond financing for the Civic Center project.

The current policy includes a summary statement of all reserves and a priority order in which they should be filled and/or replenished. An excerpt from the policy is included below:

- At the end of the fiscal year end close, the annual surplus fund balance, as defined above, in the General Fund will be automatically allocated as listed below. City Council may take action to override the priority list or change amounts. The list is in order of highest priority to lowest priority:

- 50% Assigned General Fund Operating Reserve;
- A cap of 50% of Debt service operating costs in a specific Debt Service reserve;
- A cap of \$2,500,000 for Pension Obligation;
- A cap of \$3,000,000 for Public Safety Rate Increase Stabilization;
- 5% retained in General Fund Balance unassigned reserves;
- \$500,000 to General Street Maintenance;
- \$250,000 to General Facility Maintenance;
- \$120,000 to General Fleet Capital Replacement;
- \$50,000 to General Information Capital Replacement;
- \$100,000 to General Catch Basin and Storm Drain Maintenance
- Annual budget surplus for the Fire Fund will automatically be allocated as follows, unless City Council takes action to override the list or change amounts:
 - 75% Assigned Fire Fund Operating Reserve

Staff recommends the following changes as highlighted in *italics*:

- At the end of the fiscal year end close, the annual surplus fund balance, as defined above, in the General Fund will be automatically allocated as listed below. City Council may take action to override the priority list or change amounts. The list is in order of highest priority to lowest priority:
 - 50% Assigned General Fund Operating Reserve;
 - 50% Assigned Fire Fund Operating Reserve, unless funded by the Fire Fund fund-balances;
 - A cap of 50% of Debt service operating costs in a specific Debt Service reserve;
 - A cap of \$2,500,000 for Pension Obligation;
 - A cap of \$3,000,000 for Public Safety Rate Increase Stabilization;
 - 5% retained in General Fund Balance unassigned reserves;
 - \$500,000 to General Street Maintenance;
 - \$250,000 to General Facility Maintenance;
 - \$120,000 to General Fleet Capital Replacement;
 - \$50,000 to General Information Capital Replacement;
 - \$100,000 to General Catch Basin and Storm Drain Maintenance
- Annual budget surplus for the Fire Fund will automatically be allocated as follows, unless City Council takes action to override the list or change amounts:
 - 50% Assigned Fire Fund Operating Reserve unless funded by the General Fund fund-balances

Funds in excess of the amounts listed above are not memorialized within the fund balance policy. In practice, the remainder of available fund balances in excess of the annual Gann Appropriations Limit have been set aside for capital improvement projects that exceed \$100,000 in cost and will have 10 plus years of useful life, in accordance with provisions within the State Constitution. Over the last six or seven years, excess fund balance has been set aside for the Civic Center project, which meets the Gann Appropriations Limit provisions. However, as that project nears completion The City Council can direct how those project reserves are funded annually during the budget process or memorialize the funding priorities within the fund balance policy.

Environmental

Government fiscal activities and budget adoption are not considered a Project as defined by the California Environmental Quality Act (CEQA) and no environmental review is required.

Strategic Plan Action - Priority Level: 3 | Target #: C | Goal #: H

Target: Financial Planning; Goal: Ensure that city revenues align with expenditures.

Fiscal Impact

Overall, the proposed resolutions and reports are technical in nature and will enable the City Council to direct staff in making necessary budget adjustments to the accounts to reflect the adopted City of Eastvale Fiscal Year 2026-27.

Prior City Council/Commission Action

City Council conducted a budget workshop on April 22, 2026 and capital improvement plan workshop on May 27, 2026. Since the preliminary budget workshop, no major program changes have been incorporated into the budget plan. All changes between the workshop and the proposed budget are listed above in the background section.

Attachment(s)

[Attachment 1 - Resolution: Appropriations Limit](#)

[Attachment 2 - Resolution: Operating Budget](#)

[Attachment 3 - Resolution: Commitment of Fund Balance](#)

[Attachment 4 - Resolution: Salary Schedule](#)

[Attachment 4.1 Exhibit A - Salary Schedule effective 07.01.2026.pdf](#)

[Attachment 5 - Resolution: Authorized Positions](#)

[Attachment 5.1 - Exhibit B: Authorized Position List](#)

[Attachment 6 - Policy A-23: Fund Balance Reserve Final](#)

[Attachment 7 - Policy A-23: Fund Balance Reserve Redlined](#)