



City Council Staff Report

Subject: Fiscal Year 2025/26 Second Quarter Reports: Financial, Building, Capital Improvement Program, and Strategic Plan Update

Date: March 24, 2026

Submitted By: Zonousia Lee, Budget Officer
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Department: Administrative Services - Finance

Recommendation:

- A. Adopt a Resolution of the City Council of the City of Rocklin Accepting the Quarterly Financial Report for the Quarter Ended December 31, 2025, Amending the Fiscal Year 2025/26 Operating Budget.
- B. Receive the Quarterly Building Report and the Capital Improvement Program Progress Report for the Quarter Ended December 31, 2025.
- C. Receive an Update on the 2025-2027 Strategic Plan.

Background:

Fiscal Year (FY) 2025/26 Second Quarter Financial Report

The quarterly financial report (Attachment 2) provides an overview of the City's current financial position. The City's departments and the Finance Division evaluate budget-to actual performance to ensure fiscal stability, identify potential concerns, recommend necessary adjustments, and implement operational changes as required. This process ensures that the City remains financially sound while proactively addressing any emerging issues.

Other FY 2025/26 Second Quarter Adjustments

During the quarterly financial review, staff identified necessary adjustments to the FY 2025/26 Operating Budget to ensure alignment with staffing needs and budgetary requirements. The budget amendments are detailed in Exhibit B to the Resolution (Attachment 3) and further explained in Attachment 4.

Other Quarterly Reports

The Quarterly Building Report is included as Attachment 6, aligning building activity data with related revenue trends and financial performance indicators. For the second quarter, from October through December of 2025, 596 permits were issued, and \$2.4 million in fees were charged.

The Capital Improvement Program (CIP) Progress Report is included as Attachment 7 and provides a quarterly status update on CIP projects.

FY 2024/25 General Fund Excess Resources

Following the completion of the annual financial audit, staff identified a one-time General Fund year-end surplus of approximately \$1.9 million for FY 2024/25. The surplus is primarily attributable to higher-than-budgeted revenues, including sales tax and interest earnings, along with operational savings resulting largely from vacant positions.

As part of the budget adoption process, the City Council affirms the Key Management Practices (KMP), which outline the reserve policy and provide guidance on the allocation of surplus fund. Consistent with the KMP and after careful consideration, staff recommends allocating the \$1.9 million to support City Council priorities and enhance core City services. The proposed allocations, detailed in Attachment 4, are identified as follows:

- Public Safety Communications Upgrade: \$700,000
- Sunset Whitney Recreation Area: \$640,407
- Staffing for Adequate Fire Emergency Response Grant Recruitment and Training: \$365,000
- Professional Development: \$100,000
- Office 365: \$50,000
- Civic Celebration: \$45,000

The proposed allocations and commitments align with the City's 2025-2027 Strategic Plan priorities and staff recommends that the City Council approve the proposed allocation as outlined in this report and budget amendments reflected in Attachment 3.

Strategic Plan Program Update – Quarter Ending December 31, 2025

On August 12, 2025, the City Council affirmed the 2025-2027 Strategic Plan including the City's five foundational Strategic Pillars—Resilient, Vibrant, Livable, Sustainable, and Safe and accompanying Work Plan. The updated Work Plan framework is designed to guide the strategic use of City resources and ensure alignment between Council priorities and the City's two-year budget cycle.

The quarterly update (Attachment 8) highlights activities during the October 1, 2025 to December 31, 2025 period. Key efforts during this quarter included conducting the October 2 Business Walk to engage directly with local businesses, submitting construction plans to the Building Division for Fire Station 22, and launching the application period for the Build Up Rocklin small business support program. Staff also initiated a community survey, began community meetings for the Northwest Rocklin Community Parks Master Plan and supported the adoption of the 2026 Fire Code, advancing critical priorities related to economic vitality, public safety, and long-term planning.

As the City progresses through the first year of the 2025–2027 Strategic Plan cycle, quarterly updates will continue to provide progress reports on both new and ongoing initiatives. City staff remain committed to carrying out the City Council's strategic vision and ensuring Rocklin continues to build upon its foundation as a resilient, vibrant, livable, sustainable, and safe community.

Fiscal Impact:

Sufficient funds are available in their respective funds in FY 2025/26 Operating Budget to support the staff recommendations.

ATTACHMENTS:

1. Resolution
2. Resolution Exhibit A - FY 2025/26 Second Quarter Financial Report
3. Resolution Exhibit B - Budget Amendments
4. Budget Adjustment Details
5. Rocklin FD Funding Approval Letter
6. Quarterly Building Report - September through December 2025
7. Capital Improvement Program Progress Report
8. Q2 2025/26 Strategic Plan Update