

CITY COUNCIL STAFF REPORT

CITY OF CHULA VISTA

March 17, 2026

ITEM TITLE

Financial Report and Appropriations: Quarterly Financial Report and Budget Appropriations for the Quarter Ending December 31, 2025 (Second Quarter Report) and Acceptance of Police Foundation Donations

Report Number: 26-0069

Location: No specific geographic location

Department: Finance

G.C. § 84308 Regulations Apply: No

Environmental Notice: The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Accept the quarterly financial report for the quarter ended December 31, 2025 and adopt resolutions: A) making various amendments to the fiscal year 2025-26 budget and the fiscal year 2025-26 Capital Improvement Program budget to adjust for variances and appropriating funds for that purpose **(4/5 Vote Required)**; and B) accepting donations in the amount of $182,953.90 from the Chula Vista Police Foundation in support of Police Department operations.

SUMMARY

The Finance Department, in collaboration with other City departments, prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or budgetary changes to the Amended Budget. This Second Quarter Report is as of December 31, 2025 and is submitted in accordance with Section 505(F) of the City Charter, which requires that quarterly financial reports be filed by the Director of Finance through the City Manager.

In preparing the Second Quarter Report, staff identified various budgetary changes that are needed to accurately reflect actual revenues and expenditures or address changes in budgetary needs. For government entities, a budget creates a legal framework for spending during the fiscal year. After the budget is approved by the City Council, there are circumstances which arise that could require adjustments to the approved

budget. Council Policy 220-02 "Financial Reporting and Transfer Authority" was established in January of 1996 and amended October of 2023 and allows for budget transfers across budget categories and other adjustments to be completed. Budget transfers and adjustments processed pursuant to this authority are provided as Attachments 2 and 3 to this report. This Second Quarter Report identifies recommended budget adjustments in the General Fund and other funds to address identified fiscal needs.

This item also includes a request that the City Council accept donations in support of Police Department operations.

ENVIRONMENTAL REVIEW

The proposed activity has been reviewed for compliance with the California Environmental Quality Act (CEQA), and it has been determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines, because the proposed activity consists of a governmental fiscal/administrative activity which does not result in a physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Measure A
On July 10, 2025, the Measure A Citizens' Oversight Committee voted to recommend approval of the use of Measure A available fund balance for the City's required grant match to acquire equipment in compliance with the Measure A Expenditure Plan. Budget adjustments associated with these acquisitions are recommended in this item.

Measure P
The Measure P Citizen's Oversight Committee (COC) approves funding for Capital Improvement Projects (CIPs) at the category level, while City Council reviews CIPs at both the category and individual project level.

As projects are completed, any remaining project funds are routinely reallocated to other CIPs within the same category without returning to the Measure P COC. Likewise, funds may be shifted between general CIPs and more specific CIPs within a category without requiring additional COC review. Accordingly, this report describes the reallocation of Measure P CIP funds between projects within the same category that have not been individually reviewed by the Measure P COC.

DISCUSSION

The Finance Department, in collaboration with other City departments, prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or changes to the Amended Budget. The Second Quarter Financial Report is in compliance with Section 505(F) of the City Charter, which requires that quarterly financial reports be filed by the Director of Finance through the City Manager.

The Second Quarter Report is developed using six months of actual financial activity for fiscal year 2025-26 as of December 31, 2025. The data in this report represents the most current data available; however, the projections are likely to change.

The Second Quarter Financial Report provides summary information for the following areas:

- Current economic environment
- Overview of the General Fund
- Details of General Fund revenues and expenditures
- Discussion on significant General Fund revenue and expenditure variances
- Overview of Non-General Operating Funds
- Recommended budget adjustments to General Fund, Other Funds and Capital Improvement Project expenditures budgets

The following information provides an overview of the General Fund and recommended budget adjustments included in the attached Second Quarter Report.

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General Fund Overview

General Fund revenues are projected to be lower than the Amended Budget by approximately $3.9 million, and expenditures are projected to align with the Amended Budget. Staff anticipates major revenues to come in lower than budget by $5.7 million and other revenues to exceed the Amended Budget by $1.8 million, detailed in the General Fund Revenues section. The Second Quarter Report (Attachment 1) provides a comprehensive financial overview for the quarter.

Fiscal Year 2025-26 General Fund Overview

Table 1 *in millions*

	Adopted Budget	Amended Budget	Year-end Projection	Variance[1]
Revenue Source				
Major Discretionary Revenues				
Property Tax	$ 58.4	$ 58.4	$ 55.3	$ (3.1)
Property Tax in lieu of VLF	33.8	33.8	34.0	0.2
Sales Tax	51.2	51.2	51.2	-
Measure P Sales Tax	30.8	30.8	30.8	-
Measure A Sales Tax	30.8	30.8	30.8	-
Franchise Fees	15.4	15.4	16.0	0.6
Transient Occupancy Tax	21.7	21.7	18.4	(3.4)
Utility Users Tax	3.7	3.7	3.7	-
Major Discretionary Revenues Subtotal	246.0	246.0	240.3	(5.7)
Other General Fund Revenues				
Other Revenues	59.6	60.7	62.5	1.8
Other General Fund Revenues Subtotal	59.6	60.7	62.5	1.8
Total Revenues/Sources	**$ 305.6**	**$ 306.7**	**$ 302.8**	**$ (3.9)**
Expenditures				
Personnel Services	$ 161.8	$ 161.7	$ 162.6	$ (0.9)
Non-Personnel				
Supplies and Services	28.6	33.5	33.8	(0.3)
Other Expenses	2.7	3.3	3.6	(0.2)
Transfers Out	100.0	103.1	100.7	2.4
Internal Services	4.6	4.6	4.6	-
Utilities	7.7	7.7	8.7	(1.0)
Other Expenditures Category[2]	0.2	0.4	0.4	-
Total Non-Personnel	143.8	152.7	151.8	0.9
Total Expenditures	**$ 305.6**	**$ 314.4**	**$ 314.4**	**$ -**
Use of Prior Year Fund Balance	**$ -**	**$ (7.7)**	**$ (7.7)**	**$ -**
Total General Fund Surplus/(Deficit)	**$ -**	**$ -**	**$ (3.9)**	**$ 3.9**

[1] Variance compares the Amended Budget and the Year-End Projection.

[2] Other Expenditures Category includes: Other Capital, Non-CIP Projects Expenditures and CIP Project Expenditures.

*Tables may not tie due to rounding

General Fund Revenues

The City's General Fund revenues are projected to be approximately $3.9 million lower than the Amended Budget. This variance is primarily driven by lower-than-anticipated Property Tax and Transient Occupancy Tax (TOT) revenues. Property Tax revenues are projected to be $3.1 million below the Adopted Budget, which was developed based on the assessed valuation report provided by the County. While we are seeing growth in property tax over the prior fiscal year's actuals of 6.6%, this growth is lower than anticipated in the budget. TOT revenues are projected to be $3.4 million below budget, reflecting the delayed opening of two new hotels and revised revenue assumptions informed by actual receipts in the current fiscal year. Franchise Fees, Property Tax in Lieu of VLF, and Other Revenues are projected to exceed the Amended Budget by approximately $2.6 million combined.

General Fund Expenditures

The City's General Fund expenditures are projected to align with the Amended Budget. The projected overage in Personnel Services, Supplies and Services, Other Expenses, and Utilities totaling $2.4 million combined are expected to be offset with a decrease in Transfers Out of $2.4 million, resulting in no net fiscal impact. The reduction in Transfers Out is primarily attributable to Bayfront-related revenue shortfalls in Property Tax and Transient Occupancy Tax (TOT), which correspond with lower transfers from the General Fund to the City's Lease Revenue Fund.

Fiscal Year 2025-26 Budget Adjustments

Staff is recommending various budget adjustments, appropriations, and transfers to City Departmental and Fund budgets that require City Council authorization. Amendments with a net financial impact of $75,000 or greater are detailed in this report. For a comprehensive list of all other amendments, please refer to the Second Quarter Report (Attachment 1).

General Fund Adjustments

In the General Fund, some of the budget transfers are between expenditure categories within the same Department and some transfers are between Departments. There are also proposed budget adjustments reflecting increased revenues and increased expenditures where needed to address unanticipated expenditure category overages and ensure accurate year-end reporting. The recommended budget adjustments are shown in Table 2 below. Additional details by budget category can be found in Exhibit 1 to the Resolution.

General Fund Budget Adjustments Summary

Table 2

Department	Personnel Services	Non-Personnel Expenditures	Total Expenditures	Total Revenue	Net Impact
Public Works	$ 113,000	$ 268,701	$ 381,701	$ (113,000)	$ 268,701
Information Technology	-	231,220	231,220	-	231,220
Development Services	-	142,633	142,633	-	142,633
Library	-	80,000	80,000	-	80,000
City Clerk	-	17,885	17,885	-	17,885
Boards & Commissions	-	5,000	5,000	-	5,000
Non-Departmental	-	(495,439)	(495,439)	(250,000)	(745,439)
Fire	1,264,073	33,623	1,297,696	(1,297,696)	-

General Fund Budget Adjustments Summary *Table 2*					
Parks and Recreation	210,000	115,000	325,000	(325,000)	-
Police	(161,367)	279,367	118,000	(118,000)	-
Total General Fund	**$ 1,425,706**	**$ 677,990**	**$ 2,103,696**	**$ (2,103,696)**	**$ -**

Below are additional details of recommended expenditure budget adjustments exceeding $75,000:

Public Works: Increase to Non-Personnel Expenditures of $268,701 in the Utilities and Non-CIP Project Expenditures categories for increased water expenses and a correction to a prior year budget amendment. Increase to Personnel Expenditures of $113,000 which is fully offset by an increase to estimated revenues for staff time reimbursements.

Information Technology: Increase to Non-Personnel Expenditures of $231,220 to pay for software contract cost increases and equipment.

Development Services: Increase to Non-Personnel Expenditures of $142,633 in the Supplies & Services and Other Expenses categories for unanticipated expenses related to mobile home park fees, recruitment, and abatement.

Library: Increase to Non-Personnel Expenditures in the Supplies & Services category of $80,000 for security services contract.

Non-Departmental: Net decrease to Non-Personnel Expenditures of $495,439 comprised of a decrease of $745,439 from a reduction in general liability insurance cost and a reallocation of existing encumbrance partially offset by an increase of $250,000 due to expenditures for the Higher Education grant. The expenditures of the Higher education grant are fully offset by an increase to estimated grant revenues of $250,000.

Fire: Increase to Personnel Expenditures of $1,264,073 and Non-Personnel Expenditures of $33,623 offset with an increase to estimated revenues of $1,297,696 for reimbursed overtime costs associated with strike team activities.

Parks & Recreation: Increase to Personnel Services of $210,000 and Non-Personnel Expenditures of $115,000 fully offset with an increase of estimated revenues from recreational and class registration fees.

Police: Increase to Non-Personnel Expenditures of $279,367 offset by a combination of a decrease in Personnel Expenditures of $161,367 and an increase to estimated revenues of $118,000 for software costs and mandated handguns replacement.

Other Fund Adjustments

The recommended adjustments in Table 3 below are for funds other than the General Fund that result in a fiscal impact at the revenue and expenditure level. Additional details by budget category can be found in Exhibit 1 to the Resolution.

The recommended adjustments are offset by additional current year revenues or the available fund balance of the respective funds.

Other Fund Budget Adjustments Summary
Table 3

Other Funds	Personnel Services	Non-Personnel Expenditures	Total Expenditures	Total Revenue	Net Impact
Park Benefit Fees	$ -	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000
Public Liability Trust	-	(1,651,481)	(1,651,481)	2,501,481	850,000
Public Facilities DIF	-	269,188	269,188	-	269,188
Otay Ranch Village 1,2,6,7,12	-	176,349	176,349	-	176,349
CFD 14M-B-EUC Millenia	-	15,000	15,000	-	15,000
Other Grants	-	15,000	15,000	-	15,000
Federal Grants	-	558,321	558,321	(554,590)	3,731
CFD 13-M Otay Ranch Village 2	-	-	-	(93,115)	(93,115)
CFD 99-2 Otay Ranch Vlg 1 West	-	-	-	(39,774)	(39,774)
CFD 08M Vlg 6 McMillin & OR	-	-	-	(23,080)	(23,080)
CFD 12M Village 7 Otay Ranch	-	-	-	(11,874)	(11,874)
CFD 19M Freeway Commercial 2	-	-	-	(5,555)	(5,555)
State Grants	(27,501)	25,527	(1,974)	(1,757)	(3,731)
CFD 98-3 Sunbow 2	-	-	-	(2,952)	(2,952)
Capital Improvement Projects	-	2,584,894	2,584,894	(2,584,894)	-
Donations	-	83,464	83,464	(83,464)	-
Total Other Funds	**$ (27,501)**	**$ 3,076,262**	**$ 3,048,761**	**$ (899,574)**	**$2,149,187**

Below are additional details of recommended expenditure budget adjustments exceeding $75,000:

Park Benefit Fees: Increase to Non-Personnel Expenditures from available fund balance of $1,000,000 for CIP Project# PRK0340 (Eucalyptus Park Improv FY22).

Public Liability Trust: Decrease Non-Personnel Expenditures by $2,501,481 in the Transfers Out category and decrease estimated revenues by $2,501,481 to eliminate a transfer that is no longer required because the expense will be incurred in the Capital Projects Fund. Increase Non-Personnel Expenditures by $850,000 from available fund balance for anticipated legal costs.

Public Facilities DIF: Increase to Non-Personnel Expenditures of $269,188 from fund balance for Bayfront Fire Station costs.

Otay Ranch Village 1,2,6,7,12: Increase to Non-Personnel Expenditures of $176,349 in the Transfers Out category to distribute residual balances following fund closure.

CFD 13-M Otay Ranch Village 2: Increase to estimated revenues in the Transfers In category of $93,115 from residual balances following a fund closure.

Capital Improvement Projects: Increase to Non-Personnel Expenditures of $2,584,894 fully offset by an

increase to estimated revenues for CIP Projects # GV0278 (224 Third Avenue Improvements), CTY0242 (Water Damage at CC Library) and CTY0244 (Sewer Damage and CC Library).

Donations: Increase to Non-Personnel Expenditures and estimated revenues of $83,464 for donations received for El Grito, Beautify Chula Vista and Starlite Parade special events.

Capital Improvement Project Budget Amendments:

Staff are recommending several adjustments to the Capital Improvement Project Budget, which include transfer of expenditures and increases to various projects. Details of these amendments are provided in Table 4 below.

Capital Improvement Project Fund Budget Adjustments
Table 4

Fund	Project	CIP Project Expenditures	Total Expenditures
Capital Improvement Projects	GGV0278 – 224 Third Avenue Improvements	$ 2,501,481	$ 2,501,481
Capital Improvement Projects	CTY0242 – Water Damage at CC Library	51,833	51,833
Capital Improvement Projects	CTY0244 – Sewer Damage at CC Library	31,580	31,580
2016 Measure P Sales Tax	DRN0216 – CMP Emergency Repair	300,000	300,000
2016 Measure P Sales Tax	DRN0219 – CMP Rehab Outside ROW Ph3 Measure P	(300,000)	(300,000)
Transportation Sales Tax	STM0416 – Pavement Major Rehabilitation FY26	(175,000)	(175,000)
Transportation Sales Tax	TRF0332 – Signing and Striping Program	100,000	100,000
Transportation Sales Tax	CTY0242 – Water Damage at CC Library	75,000	75,000
Park Benefit Fees	PRK0340 – Eucalyptus Park Improv FY22	1,000,000	1,000,000
Total Other Funds		**$ 3,584,894**	**$ 3,584,894**

Donations Acceptance

In accordance with Donations Policy 270-01, the Police Department is requesting City Council approval for the acceptance of donations received between July 15, 2020 and April 4, 2025, with a cumulative value of $182,953.90. Council approval is required to ensure compliance with the Donations Policy governing the acceptance of donated goods and services. Acceptance of these donations will have no fiscal impact on the fiscal year 2025–26 budget. The donated items consist of operational and technological resources that support public safety functions, including unmanned aerial systems (drones), iPads, batteries, receivers, and docking stations for drone use, as well as subscriptions for public safety related software. These resources enhance the Police Department's operational capabilities and investigative effectiveness while aligning with established City policies and procedures.

DECISION-MAKER CONFLICT

Staff have reviewed the decision contemplated by this action and have determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff are not independently aware and have not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

The Second Quarter Report presents projected revenue and expenditure amounts as of December 31, 2025, with updates through February 17, 2026, reflecting the most current information available. Approval of the resolution amending the fiscal year 2025-26 budget and the fiscal year 2025-26 Capital Improvement Program budget will result in the following fiscal impacts:

General Fund – The proposed adjustments result in no net impact to the fiscal year 2025-26 General Fund budget. This includes an increase in General Fund appropriations of approximately $2,103,696 offset by an increase in estimated revenues of $2,103,696.

Other Funds – The proposed adjustments result in a negative net impact to the fiscal year 2025-26 budgets of the Other (non-General Fund) Funds of $2,149,187. This includes an increase in appropriations of approximately $3,048,761 and an increase in estimated revenues of $899,574.

ONGOING FISCAL IMPACT

Staff will review the impacted budgets to identify potential ongoing fiscal impacts and may recommend budgetary adjustments to City Council during fiscal year 2026-27 budget development process.

ATTACHMENTS

1. Fiscal Year 2025-26 Second Quarter Report
2. General Fund Budget Transfers
3. General Fund Budget Amendments
4. Police Department Donations

Staff Contact: *Ed Prendell, Budget and Analysis Manager*
Maritza Vargas, Fiscal and Management Analyst
Sarah Schoen, Director of Finance/Treasurer

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2025-26 BUDGET TO ADJUST FOR VARIANCES AND APPROPRIATING FUNDS THEREFOR

WHEREAS, the Charter of the City of Chula Vista states that at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by a motion adopted by the affirmative votes of at least four Councilmembers; and

WHEREAS, staff has completed the budget review for the quarter ending December 31, 2025, and recommends a number of budget amendments in the General Fund and various other funds to align the budget with anticipated year-end actuals where the expenditures are expected to exceed the budget; and

WHEREAS, staff has prepared a comprehensive list of all amendments, which are identified as Exhibit 1, attached hereto and incorporated herein by reference; and

WHEREAS, the proposed adjustments increase estimated revenues by $2,103,696 and appropriations by $2,103,696 to various departments in the General Fund, resulting in no net fiscal impact to the General Fund; and

WHEREAS, the Park Benefit Fees, Public Liability Trust Fund, Public Facilities DIF Fund, Otay Ranch Village 1, 2, 6, 7, 12 Fund, CFD 14M-B-EUC Millenia Fund, Other Grants Fund and Federal Grants Fund will experience a negative fiscal impact due to adjustments increasing appropriations funded from available fund balances or partially offset by increased estimated revenues; and

WHEREAS, the CFD 13-M Otay Ranch Village 2 Fund, CFD 99-2 Otay Ranch Vlg 1 West Fund, CFD 08M Vlg 6 McMillin & OR Fund, CFD 12M Village 7 Otay Ranch Fund, CFD 19M Freeway Commercial 2 Fund, State Grants Fund and CFD 98-3 Sunbow 2 Fund are positively impacted as a result of increased appropriations and increased estimated revenue resulting from the recommended changes; and

WHEREAS, the recommended adjustments to Capital Improvement Projects Fund and Donations Fund will result in no fiscal impact; and

WHEREAS, staff recommends amending the fiscal year 2025-26 Capital Improvement Program budget by increasing expense appropriations by $3,584,894.30 offset by increased estimated revenues resulting in no fiscal impact to the fiscal year 2025-26 Capital Improvement Program budget.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista, that it does hereby amend the fiscal year 2025-26 budget and approves the following appropriations and transfers:

Summary of General Fund Appropriations and/or Transfers
General Fund Budget Amendments Summary – 2nd Quarter Fiscal Year 2025-26

Department	Personnel Services	Non-Personnel Expenditures	Total Expenditures	Total Revenue	Net Impact
Public Works	$ 113,000	$ 268,701	$ 381,701	$ (113,000)	$ 268,701
Information Technology	-	231,220	231,220	-	231,220
Development Services	-	142,633	142,633	-	142,633
Library	-	80,000	80,000	-	80,000
City Clerk	-	17,885	17,885	-	17,885
Boards & Commissions	-	5,000	5,000	-	5,000
Non-Departmental	-	(495,439)	(495,439)	(250,000)	(745,439)
Fire	1,264,073	33,623	1,297,696	(1,297,696)	-
Parks and Recreation	210,000	115,000	325,000	(325,000)	-
Police	(161,367)	279,367	118,000	(118,000)	-
Total General Fund	**$ 1,425,706**	**$ 677,990**	**$ 2,103,696**	**$ (2,103,696)**	**$ -**

Summary of Appropriations and/or Transfers for Other Funds
Other Funds Budget Amendments Summary – 2nd Quarter Fiscal Year 2025-26

	Personnel Services	Non-Personnel Expenditures	Total Expenditures	Total Revenue	Net Impact
OTHER FUNDS					
Park Benefit Fees	$ -	$ 1,000,000	$ 1,000,000	$ -	$1,000,000
Public Liability Trust	-	(1,651,481)	(1,651,481)	2,501,481	850,000
Public Facilities DIF	-	269,188	269,188	-	269,188
Otay Ranch Village 1,2,6,7,12	-	176,349	176,349	-	176,349
CFD 14M-B-EUC Millenia	-	15,000	15,000	-	15,000
Other Grants	-	15,000	15,000	-	15,000
Federal Grants	-	558,321	558,321	(554,590)	3,731
CFD 13-M Otay Ranch Village 2	-	-	-	(93,115)	(93,115)
CFD 99-2 Otay Ranch Vlg 1 West	-	-	-	(39,774)	(39,774)
CFD 08M Vlg 6 McMillin & OR	-	-	-	(23,080)	(23,080)
CFD 12M Village 7 Otay Ranch	-	-	-	(11,874)	(11,874)
CFD 19M Freeway Commercial 2	-	-	-	(5,555)	(5,555)
State Grants	(27,501)	25,527	(1,974)	(1,757)	(3,731)
CFD 98-3 Sunbow 2	-	-	-	(2,952)	(2,952)
Capital Improvement Projects	-	2,584,894	2,584,894	(2,584,894)	-
Donations	-	83,464	83,464	(83,464)	-
TOTAL OTHER FUNDS	**$ (27,501)**	**$ 3,076,262**	**$ 3,048,761**	**$ (899,574)**	**$2,149,187**

*Table is shown in summary, funds with transfers within Non-Personnel Expenditures categories are detailed in Exhibit 1

Summary of Appropriations and/or Transfers for Capital Improvement Program Budget
Capital Improvement Program Budget Amendments Summary – 2nd Quarter Fiscal Year 2025-26

Fund	Project	CIP Project Expenditures	Total Expenditures
Capital Improvement Projects	GGV0278 – 224 Third Avenue Improvements	$ 2,501,481.30	$ 2,501,481.30
Capital Improvement Projects	CTY0242 – Water Damage at CC Library	51,833.00	51,833.00
Capital Improvement Projects	CTY0244 – Sewer Damage at CC Library	31,580.00	31,580.00
2016 Measure P Sales Tax	DRN0216 – CMP Emergency Repair	300,000.00	300,000.00
2016 Measure P Sales Tax	DRN0219 – CMP Rehab Outside ROW Ph3 Measure P	(300,000.00)	(300,000.00)
Transportation Sales Tax	STM0416 – Pavement Major Rehabilitation FY26	(175,000.00)	(175,000.00)
Transportation Sales Tax	TRF0332 – Signing and Striping Program	100,000.00	100,000.00
Transportation Sales Tax	CTY0242 – Water Damage at CC Library	75,000.00	75,000.00
Park Benefit Fees	PRK0340 – Eucalyptus Park Improv FY22	1,000,000.00	1,000,000.00
Total Other Funds		**$ 3,584,894.30**	**$ 3,584,894.30**

Presented by

Sarah Schoen
Director of Finance/Treasurer

Approved as to form

Marco A. Verdugo
City Attorney

EXHIBIT 1

GENERAL FUND BUDGET AMENDMENTS SUMMARY – 2nd QUARTER FISCAL YEAR 2025-26

DEPARTMENT	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	TRANSFERS OUT	OTHER CAPITAL	UTILITIES	NON-CIP EXPENDITURES	TOTAL EXPENDITURES	TOTAL REVENUE	NET IMPACT
GENERAL FUND										
Public Works	$ 113,000	$ -	$ -	$ -	$ -	$ 250,000	$ 18,701	$ 381,701	$ (113,000)	$ 268,701
Information Technology	-	160,635	-	-	55,585	15,000	-	231,220	-	231,220
Development Services	-	53,500	89,133	-	-	-	-	142,633	-	142,633
Library	-	80,000	-	-	-	-	-	80,000	-	80,000
City Clerk	-	17,885	-	-	-	-	-	17,885	-	17,885
Boards & Commissions	-	5,000	-	-	-	-	-	5,000	-	5,000
Non-Departmental	-	(415,439)	-	(80,000)	-	-	-	(495,439)	(250,000)	(745,439)
Fire	1,264,073	33,623	-	-	-	-	-	1,297,696	(1,297,696)	-
Parks and Recreation	210,000	-	115,000	-	-	-	-	325,000	(325,000)	-
Police	(161,367)	279,367	-	-	-	-	-	118,000	(118,000)	-
TOTAL GENERAL FUND	**$1,425,706**	**$ 214,571**	**$ 204,133**	**$ (80,000)**	**$55,585**	**$ 265,000**	**$ 18,701**	**$ 2,103,696**	**$ (2,103,696)**	**$ -**

OTHER FUNDS BUDGET AMENDMENTS SUMMARY – 2nd QUARTER FISCAL YEAR 2025-26

	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	CIP BUDGET	TRANSFERS OUT	NON-CIP BUDGET	TOTAL EXPENDITURES	TOTAL REVENUE	NET IMPACT
OTHER FUNDS										
Park Benefit Fees	$ -	$ -	$ -	$ -	$ 1,000,000	$ -	$ -	$ 1,000,000	$ -	$ 1,000,000
Public Liability Trust	-	850,000	(2,501,481)	-	-	-	-	(1,651,481)	2,501,481	850,000
Public Facilities DIF	-	137,346	-	131,842	-	-	-	269,188	-	269,188
Otay Ranch Village 1,2,6,7,12	-	-	-	-	-	176,349	-	176,349	-	176,349
CFD 14M-B-EUC Millenia	-	-	15,000	-	-	-	-	15,000	-	15,000
Other Grants	-	15,000	-	-	-	-	-	15,000	-	15,000
Federal Grants	-	353,904	3,731	200,686	-	-	-	558,321	(554,590)	3,731
CFD 13-M Otay Ranch Village 2	-	-	-	-	-	-	-	-	(93,115)	(93,115)

	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	CIP BUDGET	TRANSFERS OUT	NON-CIP BUDGET	TOTAL EXPENDITURES	TOTAL REVENUE	NET IMPACT
CFD 99-2 Otay Ranch Vlg 1 West	-	-	-	-	-	-	-	-	(39,774)	(39,774)
CFD 08M Vlg 6 McMillin & OR	-	-	-	-	-	-	-	-	(23,080)	(23,080)
CFD 12M Village 7 Otay Ranch	-	-	-	-	-	-	-	-	(11,874)	(11,874)
CFD 19M Freeway Commercial 2	-	-	-	-	-	-	-	-	(5,555)	(5,555)
State Grants	(27,501)	(10,178)	35,705	-	-	-	-	(1,974)	(1,757)	(3,731)
CFD 98-3 Sunbow 2	-	-	-	-	-	-	-	-	(2,952)	(2,952)
Capital Improvement Projects	-	-	-	-	2,501,481	-	83,413	2,584,894	(2,584,894)	-
Donations	-	-	83,464	-	-	-	-	83,464	(83,464)	-
TOTAL OTHER FUNDS	**$ (27,501)**	**$ 1,346,072**	**$ (2,363,581)**	**$ 332,528**	**$ 3,501,481**	**$ 176,349**	**$83,413**	**$ 3,048,761**	**$ (899,574)**	**$2,149,187**

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA ACCEPTING DONATIONS FROM THE CHULA VISTA POLICE FOUNDATION

WHEREAS, in accordance with City Council Donation Policy 270-01, the Police Department requests that the City Council accept certain donations received from the Chula Vista Police Foundation between July 15, 2020, and April 4, 2025 (the "Donations"); and

WHEREAS, the Donations consist of operational and technological resources that support public safety functions and enhance Police Department operational capabilities and investigative effectiveness while aligning with established City policies and procedures; and

WHEREAS, the Donations have a cumulative value of $182,954 and were provided by the Chula Vista Police Foundation in support of the Chula Vista Police Department; and

WHEREAS, the City Council finds that, consistent with Policy 270-01, the Donations serve a purpose consistent with the City's goals and objectives and that acceptance of the Donations is in the best interests of the City and the Police Department.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista that it accepts the Donations totaling $182,954 from the Chula Vista Police Foundation.

BE IT FURTHER RESOLVED that the City Manager is authorized to enter into and execute any and all agreements or documents necessary and appropriate to accept the Donations and implement this resolution.

Presented by

Sarah Schoen
Director of Finance/Treasurer

Approved as to form by

Marco A. Verdugo
City Attorney

Quarterly Financial Report

Period Ending December 31, 2025

INTRODUCTION

Chula Vista City Council adopted the fiscal year 2025-26 budget on May 20, 2025. The Finance Department, in collaboration with other City departments, prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or changes to the Amended Budget. Per Section 505 (f) of the City Charter, the Director of Finance has prepared and submitted the quarterly financial report for the quarter ended December 31, 2025 (Second Quarter Report) through the City Manager.

The Second Quarter Report is developed using six months of actual financial activity for fiscal year 2025-26 as of December 31, 2025. The data in this report is the most current data available; however, due to the limited data available, projections are likely to change as the year progresses.

The Second Quarter Report provides summary information for the following areas:

- Current economic environment
- Overview of the General Fund
- Details on major General Fund revenues and expenditure categories
- Discussion on significant General Fund revenue and expenditure variances
- Overview of Non-General Operating Funds
- Recommended budget adjustments to General Fund, Other Funds, and Capital Improvement Project expenditure budgets

The Finance Department will continue to monitor the City's actual revenues and expenditures and will provide updated projections in subsequent quarterly financial reports.

ECONOMIC OVERVIEW

City staff reviewed information from federal data (U.S. Bureaus of Economic Analysis, Labor Statistics; Federal Reserve; U.S. Treasury), the quarterly UCLA Anderson Economic Outlooks, HdL (City sales tax consultant), the San Diego Tourism Authority, and other sources to develop the economic assumptions and growth rates included in the Second Quarter Report.

Highlights – National

The UCLA Anderson Forecast for Winter 2025 reports a slowing but resilient U.S. economy based on declines in employment, increases in inflation, and slowing GDP growth.[1] The unprecedented

[1] UCLA Anderson School of Management. U.S. Economy to Slow Through Early 2026, While California Navigates a Two-Speed Recovery. 3 Dec. 2025. UCLA Anderson Forecast.

uncertainty surrounding trade policies, new technology investments, and political pressures pose significant risks to their Forecast and its conclusion for a gradual economic recovery later in 2026.[1]

Unemployment

The labor market remains strong with a relatively low national unemployment rate of 4.3%, with notable gains in health care, social assistance, and construction, though, federal government and financial activities sectors experienced declines.**Error! Bookmark not defined.** The Forecast expects the labor market to gradually improve beginning late 2026.[1]

Inflation

Despite periods of trending downward in 2025, inflation began rising since May and continues to be elevated.[2] The seasonally adjusted annual rate of Consumer Price Index was 2.7% in December, matching the previous month's rate.[3] The Forecast predicts inflation will peak at 3.5% in early 2026, and then begin to gradually decline but remain above target.[1]

Interest Rates

The Federal Open Market Committee (FOMC), part of the Federal Reserve, is committed to Congress's mandate to promote maximum employment, stable prices (i.e., limited inflation), and moderate long-term interest rates. Reporting that job gains have remained low this year and unemployment remaining stabilized, in its latest meeting in January 2026 the Federal Reserve maintained the federal funds target at 3-1/2 to 3-3/4 percent.[4]

The "federal funds rate" established by the FOMC sets the interest rate at which banks lend money to other banks to maintain overnight reserves of funds. When the federal funds rate increases, the cost to banks for lending increases and passed on to businesses and consumers on other borrowing, such as for business investments, credit cards, cars, mortgages and other bank loans. Interest rate fluctuations impact the City's finances by affecting borrowing costs for capital projects and long-term investments; private investments growth; and investment returns on its cash balances.

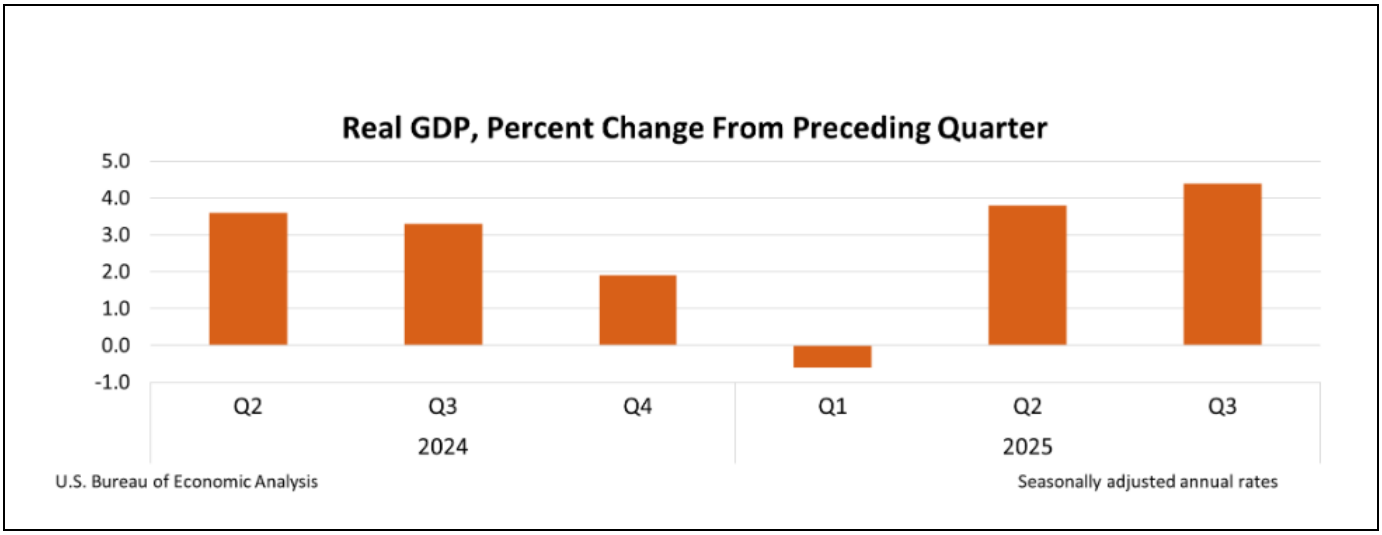
Real Gross Domestic Product (GDP)

The chart below from the U.S. Bureau of Economic Analysis displays recent quarterly results of real GDP, a measure of the value of all goods and services produced in a country over a period of time (adjusted for inflation), which is an economic indicator of growth. In the third quarter (Q3) of 2025, real GDP grew at an annualized rate of 4.4%, continuing to rebound from a 0.6% decline in the first quarter (Q1).[5] Continued positive growth each quarter generally allays economists' concerns that a recession is forthcoming. The Q4 results reflects a slowing in consumer spending and inventories subtracting from GDP for two consecutive quarters.[6] The Federal Reserve will be closely monitoring

[2] U.S. Bureau of Labor Statistics. 12-month percentage change, Consumer Price Index, selected categories. U.S. Bureau of Labor Statistics.
[3] U.S. Bureau of Labor Statistics. Consumer Price Index – December 2025. 13 Jan. 2026. U.S. Bureau of Labor Statistics.
[4] Federal Open Market Committee. Press Release: Federal Reserve issues FMOC statement. 28 Jan. 2026. Federal Open Market Committee.
[5] U.S. Bureau of Economic Analysis. Gross Domestic Product, 3rd Quarter 2025 (Third Estimate), GDP by Industry, Corporate Profits (Revised), and Annual Update. U.S. Bureau of Economic Analysis.
[6] Reuters. US economic growth likely slowed to a still-brisk pace in fourth quarter. 19 Feb. 2026. Reuters.

this relatively positive economic growth in its policy decisions to reduce inflation.

GDP: Percent Change from Preceding Quarter



The UCLA Anderson Winter 2025 Forecast predicts GDP growth to slow in early 2026 from temporary effects from the federal government shutdown, followed by a recovery by the end of 2026 as the fiscal and monetary stimulus take hold.[7]

Highlights – California

The UCLA Anderson Winter 2025 Forecast for California highlighted opposing economic trends driven by artificial intelligence (AI) investment and high-wealth incomes, yet hindered by tariff-induced inflation and a weakening labor market.[7] The Legislative Analyst Office indicates, despite improvements in revenues, the California budget problem is larger than anticipated. The strong income tax collections driven by enthusiasm around AI, have driven the stock market to be overheated and possibly not sustainable.[8]

The latest state employment reports, showing a 5.5% unemployment rate, demonstrate a shrinking of the labor force and contraction in the California economy, particularly in the construction sector.[9] Some factors impacting California labor include changes in H-1B visas and artificial intelligence (AI) development in the technology sector and a general decline in manufacturing. National immigration policies are also exhibiting impacts on the non-durable goods (food) and agriculture sectors.

Overall, both the nation and the state economies are expected to see sluggish growth in early 2026, with potential improvement beginning in late 2026 and into 2027. The outlook for the state's

[7] UCLA Anderson. Financial Stability Amid AI & Crypto Exuberance: Winter 2025 U.S. Economic Outlook. [Webinar]. 3 Dec. 2025. UCLA Anderson.
[8] California Legislative Analyst's Office. The 2026-27 California's Fiscal Outlook. 19 Nov. 2025. California Legislative Analyst's Office.
[9] California Employment Development Department. Employers Shed 1,700 Jobs. 23 Jan. 2026. California Employment Development Department.

economy remains subject to several uncertainties, including federal immigration policies and associated deportations, the scope and impact of tariffs and related trade responses and the pace and practical application of artificial intelligence technologies.[7]

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GENERAL FUND OVERVIEW

General Fund revenues are projected to be lower than the Amended Budget by $3.9 million, and expenditures are projected to align with the Amended Budget. Staff anticipates major revenues to come in lower than budget by $5.7 million and other revenues to exceed the Amended Budget by $1.8 million, detailed in the General Fund Revenues section. Second quarter projections for expenditures, as well as any known significant expenditure budget adjustments are detailed in the General Fund Expenditures section.

Fiscal Year 2025-26 General Fund Overview

Table 1 *in millions*

	Adopted Budget	Amended Budget	Year-end Projection	Variance[1]
Revenue Source				
Major Discretionary Revenues				
Property Tax	$ 58.4	$ 58.4	$ 55.3	$ (3.1)
Property Tax in lieu of VLF	33.8	33.8	34.0	0.2
Sales Tax	51.2	51.2	51.2	-
Measure P Sales Tax	30.8	30.8	30.8	-
Measure A Sales Tax	30.8	30.8	30.8	-
Franchise Fees	15.4	15.4	16.0	0.6
Transient Occupancy Tax	21.7	21.7	18.4	(3.4)
Utility Users Tax	3.7	3.7	3.7	-
Major Discretionary Revenues Subtotal	246.0	246.0	240.3	(5.7)
Other General Fund Revenues				
Other Revenues	59.6	60.7	62.5	1.8
Other General Fund Revenues Subtotal	59.6	60.7	62.5	1.8
Total Revenues/Sources	**$ 305.6**	**$ 306.7**	**$ 302.8**	**$ (3.9)**
Expenditures				
Personnel Services	$ 161.8	$ 161.7	$ 162.6	$ (0.9)
Non-Personnel				
Supplies and Services	28.6	33.5	33.8	(0.3)
Other Expenses	2.7	3.3	3.6	(0.2)
Transfers Out	100.0	103.1	100.7	2.4
Internal Services	4.6	4.6	4.6	-
Utilities	7.7	7.7	8.7	(1.0)
Other Expenditures Category[2]	0.2	0.4	0.4	0.0
Total Non-Personnel	143.8	52.7	151.8	0.9
Total Expenditures	**$ 305.6**	**$ 314.4**	**$ 314.4**	**$ -**
Use of Prior Year Fund Balance	**$ -**	**$ (7.7)**	**$ (7.7)**	**$ -**
Total General Fund Surplus/(Deficit)	**$ -**	**$ -**	**$ (3.9)**	**$ 3.9**

[1] Variance compares the Amended Budget and the Year-End Projection.
[2] Other Expenditures Category includes: Other Capital, Non-CIP Projects Expenditures and CIP Project Expenditures.
*Tables may not tie due to rounding

GENERAL FUND REVENUES

As identified in Table 1 above, the City's General Fund revenues are projected to be lower than the Amended Budget by approximately $3.9 million. The shortfall in Property Tax of $3.1 million and Transient Occupancy Tax (TOT) of $3.4 million is anticipated to be partially offset by the projected increase in Property Tax in Lieu of VLF, Franchise Fees and Other Revenues of approximately $2.6 million combined.

Fiscal Year 2025-26 General Fund Overview

Table 2 *in millions*

Revenue Source	Adopted Budget	Amended Budget	Year-end Projection	Variance[1]
Major Discretionary Revenues				
Property Tax	$ 58.4	$ 58.4	$ 55.3	$ (3.1)
Property Tax in lieu of VLF	33.8	33.8	34.0	0.2
Sales Tax	51.2	51.2	51.2	-
Measure P Sales Tax	30.8	30.8	30.8	-
Measure A Sales Tax	30.8	30.8	30.8	-
Franchise Fees	15.4	15.4	16.0	0.6
Transient Occupancy Tax	21.7	21.7	18.4	(3.4)
Utility Users' Tax	3.7	3.7	3.7	-
Major Discretionary Revenues Subtotal	246.0	246.0	240.3	(5.7)
Other General Fund Revenues				
Other Revenues	59.6	60.7	62.5	1.8
Other General Fund Revenues Subtotal	59.6	60.7	62.5	1.8
Total General Fund Revenues Surplus/(Deficit)	**$ 305.6**	**$ 306.7**	**$ 302.8**	**$ (3.9)**



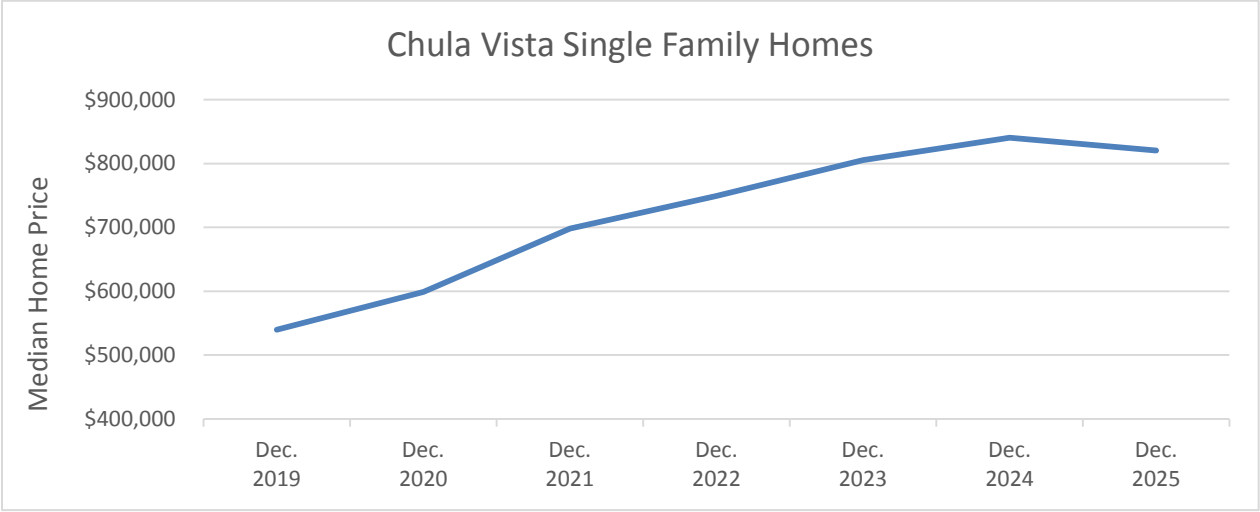
Property Tax

Property tax revenue derived from ad valorem taxes on real property and tangible personal property within the City boundaries. Property tax is administered by the County of San Diego and is limited by Proposition 13 to a general rate of 1% of assessed value. Currently, the City receives approximately 12.4% of property taxes revenues assessed for Chula Vista properties.

Property tax is the City's largest revenue source, representing 19.1% of General Fund revenues in the Adopted Budget. Property tax is projected to be $55.3 million; a $3.1 million decrease compared to the Adopted Budget. Approximately $1.3 million of the shortfall is attributable to the Bayfront. This is due to the timing of the supplemental property tax assessments for the Gaylord Pacific Resort and Convention Center. The reduction in projected revenues results in a corresponding decrease to expenditures in the Transfers Out category.

In addition, final updates to receivables from the County Assessor, combined with a decline in home sales, contributed to property tax growth that was lower than originally assumed in the budget. Based on trends observed in the current and prior fiscal years, staff revised the forecasting methodology to a more conservative approach to better reflect current market conditions.

Based on the Zillow Home Value Index – December 2025, Chula Vista's median home price for a single-family home was $825,818, a 2.4% year-over-year decline. A cooling trend in the housing market is apparent, with declines in sales across the San Diego region. Buyer enthusiasm has waned due to affordability constraints and mortgage rates remaining high despite recent Federal Reserve interest cuts. A slowdown in home sales will have some degree of impact on the growth of property taxes in the City as homes are typically reassessed at higher values upon major construction/improvements or sale, with home prices generally increasing over time. Property tax growth is otherwise limited by the cap on Proposition 13 on assessed value growth to the lesser of the California Consumer Price Index (CPI) or 2%.



Source: Chula Vista Zillow Home Values Index (https://www.zillow.com/home-values/51405/chula-vista-ca/)

Property Tax in Lieu of VLF

Vehicle License Fees (VLF) revenues are generated from vehicle license fees paid with vehicle registrations with the State of California and then allocated to cities and counties. VLF fluctuate with changes in assessed values within the City.

Property tax in lieu of VLF is projected to be $34.0 million, a $0.2 million increase compared to the Adopted Budget. Projections for fiscal year 2026 are based on updated information from the County.



Sales Tax

The Bradley-Burns Uniform Local Sales and Use Tax (Sales Tax) tax revenue is generated from a percentage tax imposed on the sale of retail goods and services that occur within the City of Chula Vista. Sales tax revenue is highly sensitive to economic conditions and reflects the factors that drive taxable sales, including levels of unemployment, consumer confidence, per-capita income, and business investment. The total citywide sales tax rate is 8.75%, of which the City's General Fund receives 1.0% of all taxable sales transactions within the City, not including the additional voter-approved sales taxes for Measure P and A.

Sales tax revenue represents the second largest General Fund revenue source, representing 16.8% of the General Fund revenues in the Adopted Budget. Sales tax is projected to be $51.2 million, resulting in no change when compared to the Adopted Budget.

Chula Vista's largest economic segments include general consumer goods, state & county pools (sales tax revenues from transaction with no specific place of sale, allocated to local jurisdictions on a proportional basis), restaurants & hotels and autos & transportation. Combined, these categories account for approximately 76% of total sales tax revenues. Recent data for the second quarter of fiscal year 2026 indicate a 4.1% increase in taxable sales compared to the same quarter of 2025. As a result, fiscal year 2026 sales tax revenue is expected to remain consistent with the Adopted Budget projection of $51.2 million. The opening of the Gaylord Pacific Resort and Convention Center on May 15, 2025, is anticipated to generate a boost in sales tax revenue from visitor spending beyond the Gaylord property, as guests venture into surrounding areas and contribute to broader local retail and dining activity.

While the development of the Adopted Budget assumed continued stable employment rates and consumer confidence indicators, it did not anticipate the continuing fluctuations in consumer behavior and general economic uncertainty. The City's largest sectors, State & County Pools and Restaurants & Hotels resulted in an increase of sales tax revenue compared to the second quarter in 2025; however, the City remains mindful of recent decreases in consumer confidence. Primary economic indicators that drive consumer spending and growth in sales tax receipts include the unemployment rate and consumer confidence. Despite these headwinds, solid activity from local restaurants, including quick-service and fast-causal establishments has remained resilient.

Sales tax revenue will continue to be closely monitored and updated in the Third Quarter Report to account for any changes in spending trends or other economic indicators impacting sales tax receipts.

- **Measure P Sales Tax -** Voters approved Measure P in November 2016 as a temporary, ten-year, half-cent sales tax dedicated to addressing high-priority deferred maintenance needs. In 2024, voters approved the continuation of Measure P through 2037. While the revenue generated from the Measure P sales tax is collected in the General Fund, the General Fund transfers this revenue to the Measure P Sales Tax Fund for accountability and transparency in the usage of these funds. These actions result in an overall net zero fiscal impact to the General Fund. Measure P sales tax is projected to be $30.8 million, resulting in no change when compared to the Adopted Budget.

- **Measure A Sales Tax -** Voters approved Measure A in June 2018, established as a permanent half-cent sales tax to fund critical public safety needs and enhance staffing levels. Similar to Measure P sales tax, revenue is collected and tracked within the General Fund, and transfer to the Measure A Sales Tax Fund for accountability and transparency in the usage of these funds. Separate accounts (one for the Fire department and one for the Police department) were established to support the monitoring and allocation of these funds. These actions result in an overall net zero fiscal impact to the General Fund. Measure A sales tax is projected to be $30.8 million, resulting in no change when compared to the Adopted Budget.



Franchise Fees

Franchise fee revenues are generated from agreements with private utility companies in exchange for use of the City's rights-of-way. The fee compensates the

City for the use of its property, such as its streets. Franchise fees are collected from three primary sources: San Diego Gas & Electric (SDG&E) (2% on gas and 1.25% on electricity), Republic Services trash collection franchises (20% fee), and AT&T and Cox Communications cable franchises (5% fee).

Franchise fee revenue is projected to be $16.0 million, a $0.6 million increase compared to the Adopted Budget. The change is largely due to an increase in trash collection revenue from Republic Services, the city's solid waste services provider. SDG&E franchise revenues remain static, while cable franchise revenues are down. The decrease represents the number of subscription service subscribers for cable television providers (premium video, equipment rental, on-demand, and programming services) as more customers continue to move to streaming services.



Transient Occupancy Tax

Transient Occupancy Tax (TOT) is a tax imposed on occupants of hotel and motel rooms, short-term rentals, and RV parks within the City. The current TOT tax rate in the City is 10%. Major economic drivers for TOT revenue include room rates, average occupancy rates, and seasonal and non-seasonal tourism. The City of Chula Vista has experienced strong growth in TOT in recent years with a number of new hotel developments on both the west and eastern portions of the City as well as an expansion of the short-term rentals compliance program. Additionally, it is important to note that the TOT revenue generated from the RV Park and the Gaylord Pacific Resort & Convention Center in the Bayfront area is transferred out from the General Fund to a separate fund as part of the contractual requirements for the Gaylord Pacific Resort & Convention Center project.

TOT revenue is projected to be $18.4 million, a decrease of $3.4 million compared to the Adopted Budget. Approximately $1.0 million of the shortfall is attributable to the Bayfront resulting from lower receipts than consultant-projected figures. Certain Bayfront TOT revenues function similarly to Measure A and Measure P revenues in that all monies received by the General Fund are transferred to the City's Lease Revenue Fund, therefore any increase or decrease is fully offset by an increase or reduction to the transfer out, resulting in no fiscal impact to the General Fund. The remaining $2.4 million shortfall reflects a delay in the anticipated opening of two hotels, expected to begin operations in future fiscal years instead of fiscal year 2025-26, along with updated revenue assumptions informed by actual receipts in the current fiscal year. Together, these changes result in a lower estimated growth rate compared to the Adopted Budget assumptions.



Utility Users' Tax

Utility User's Tax (UUT) is a local excise tax imposed on the consumption of utility services by residents and businesses. Specifically, the City imposes a UUT on the use of telecommunications (cable, telephone) at the rate of 4.75% of gross receipts and UUT on natural gas services of $0.00919 per therm and $0.00250 per kilowatt on electricity services, which equates to approximately a 1% tax. UUT is collected by utility companies as part of its regular billing and then remit to the City.

UUT is projected to align with the Adopted Budget at $3.7 million. While some modest growth is anticipated in revenues from the natural gas and electricity utilities based upon population growth and the increases in utility prices, adoption of solar energy and conservations efforts suggest a decline in consumption of those utilities which reduce revenues. Additionally, consumption of

telecommunications utilities is also expected to continue to decline due to changes in technology and consumer preferences.

Other Revenues

Other Revenues include the following revenue categories: Charges for Services, Federal Revenue, Fines and Penalties, Licenses & Permits, Other Revenue, State Revenue, Transfers In and Use of Money/Property. As stated earlier, Other Revenues category is anticipated to exceed the Adopted Budget by $1.8 million. The increase is primarily due to departmental revenue received in the Fire Department for strike team activities of approximately $1.3 million (this is offset by an increase in expenditures, resulting in no fiscal impact). Charges for Services and Use of Money/Property reflect a positive variance of $0.2 million each from increased recreation program revenues and investment earnings, respectively. Other Agency Revenue and Federal Revenue reflect a $0.4 million positive variance combined related to anticipated grant reimbursements. Fines and Penalties reflect a $0.2 million negative variance due to a change in proactive City actions to reduce community violations resulting in decreased revenues. State Revenue category also reflects a negative variance of $0.1 million driven by a reduction in state grant funding for the Police Department.

Fiscal Year 2025-26 General Fund Overview

Table 3 *in millions*

Revenue Source	Adopted Budget	Amended Budget	Year-end Projection	Variance[1]
Other Revenues				
Charges for Services	$ 13.6	$ 13.6	$ 13.8	$ 0.2
Federal Revenue	0.5	0.5	0.6	0.1
Fines and Penalties	1.1	1.1	0.9	(0.2)
Licenses & Permits	2.0	2.0	2.0	-
Other Revenue	20.7	21.8	23.1	1.3
State Revenue	1.0	1.0	0.9	(0.1)
Transfers In	15.0	15.0	15.0	-
Use Money/Property	5.6	5.6	5.9	0.2
Other Agency Revenue	-	-	0.3	0.3
Total Other Revenues	**$ 59.6**	**$ 60.7**	**$ 62.5**	**$ 1.8**

Departmental Revenues

Table 4 below provides the Amended General Fund revenues budget, projected year-end revenues, and the variance (difference) between both at the department level. Additionally, Appendix A contains a net impact summary of each department within the General Fund.

Fiscal Year 2025-26 General Fund Departmental Revenues *Table 4*			*in thousands*
Department	**Amended Budget**	**Year-end Projection**	**Variance**
City Clerk	$ 65.6	$ 82.0	$ 16.4
City Attorney	439.0	301.6	(137.4)
Administration	167.7	168.8	1.0
Information Technology	336.0	247.1	(89.0)
Human Resources	1,595.4	1,543.2	(52.3)
Finance	1,203.3	1,329.2	125.9
Non-Departmental	17,489.4	17,354.0	(135.4)
Animal Care Facility	1,090.3	1,349.0	258.8
Economic Development	1,643.2	1,242.6	(400.6)
Development Services	2,264.9	1,993.7	(271.2)
Engineering/Capital Projects	8,579.3	8,579.7	0.5
Police	6,318.5	6,683.0	364.5
Fire	5,553.4	6,923.3	1,369.9
Public Works	9,097.9	9,262.7	164.8
Parks and Recreation	4,272.4	4,812.4	539.9
Library	585.2	606.2	21.0
Total Departmental Revenue	**$ 60,701.5**	**$ 62,478.5**	**$ 1,776.9**

This section documents the justifications for significant budget variances with an anticipated impact greater than $250,000.

Animal Care Facility – Increase of $0.3 million in Other Revenue due to a six-month contract extension with a contract city resulting in additional generated revenue.

Economic Development – Decrease of $0.4 million mainly in Use of Money/Property from land space rentals that were utilized by Palm Engineering and American Scaffold LLC as a staging area during the construction of the Bayfront as well as decreased staff time reimbursements following department restructuring.

Development Services – Decrease of $0.3 million in Fines and Penalties due to proactive City actions to reduce community violations resulting in decreased code enforcement violation revenues.

Police – Increase of $0.4 million in Charges for Services from special events reimbursements and an increase to the tow referral contract fee, which is partially offset by an increase in contractual expenditures.

Fire – Increase of $1.4 million in Other Revenue due from reimbursements related to strike team activity, which is offset by increased expenditures.

Parks – Increase of $0.5 million in Charges for Services resulting from increased recreation program and class fees.

GENERAL FUND EXPENDITURES

General Fund expenditures are projected to align with the Amended Budget at $314.4 million, including second quarter amendments. The projected overage in Personnel Services, Supplies and Services, Other Expenses and Utilities of $2.4 million combined are expected to be offset with a decrease in Transfers Out of $2.4 million, resulting in net zero fiscal impact.

Fiscal Year 2025-26 General Fund Overview

Table 5 *in millions*

Expenditures	Adopted Budget	Amended Budget	Year-end Projection	Variance[1]
Personnel Services	$ 161.8	$ 161.7	$ 162.6	$ (0.9)
Non-Personnel				
Supplies and Services	28.6	33.5	33.8	(0.3)
Other Expenses	2.7	3.3	3.6	(0.2)
Transfers Out	100.0	103.1	100.7	2.4
Internal Services	4.6	4.6	4.6	-
Utilities	7.7	7.7	8.7	(1.0)
Other Expenditures Category	0.2	0.4	0.4	-
Total Non-Personnel	143.8	152.7	151.8	0.9
Total Expenditures	**$ 305.6**	**$ 314.4**	**$ 314.4**	**$ -**

Personnel Services

Updated projections for Personnel Services are expected to exceed the Amended Budget by $0.9 million. The overage is primarily driven by reimbursed overtime in the Fire Department related to strike team activities. Offsetting revenues associated with strike team activities are included in the projections and second quarter amendments.

Fiscal Year 2025-26 General Fund Overview

Table 6 *in millions*

Expenditure Category	Adopted Budget	Amended Budget	Year-end Projection	Variance[1]
Personnel Services				
Salary	$ 103.7	$ 103.6	$ 98.8	4.8
Hourly	4.5	4.5	4.9	(0.4)
Overtime	10.9	10.9	14.0	(3.2)
PERS	20.9	20.9	20.4	0.4
FLEX	15.9	15.9	14.3	1.5
Other Personnel	6.0	6.0	10.1	(4.1)
Total Personnel Services	**$ 161.8**	**$ 161.7**	**$ 162.6**	**$ (0.9)**

Supplies and Services

The Supplies and Services category is anticipated to exceed the Amended Budget by $0.3 million, primarily due to several budget adjustments for contract cost increases discussed later in the report.

Fiscal Year 2025-26 General Fund Overview *Table 7*					*in millions*
Expenditure Category	**Adopted Budget**	**Amended Budget**	**Year-end Projection**	**Variance[1]**	
Supplies and Services	$ 28.6	$ 33.5	$ 33.8	$ (0.3)	
Total Supplies and Services	**$ 28.6**	**$ 33.5**	**$ 33.8**	**$ (0.3)**	

Other Expenses

The Other Expenses category includes a wide variety of relatively minor costs of the General Fund, such as sales tax administration costs, small tools, credit card transaction fees and bank charges, and reimbursements to other agencies. The Other Expenses category is projected to exceed the Amended Budget by $0.2 million. This variance is primarily due to increased credit card transaction fees in the Parks and Recreation department and anticipated payments for the mobile home park program fees in the Development Services Department.

Fiscal Year 2025-26 General Fund Overview *Table 8*					*in millions*
Expenditure Category	**Adopted Budget**	**Amended Budget**	**Year-end Projection**	**Variance[1]**	
Other Expenses	$ 2.7	$ 3.3	$ 3.6	$ (0.2)	
Total Other Expenses	**$ 2.7**	**$ 3.3**	**$ 3.6**	**$ (0.2)**	

Transfers Out

The Transfers Out category represents authorized transfers of cash between City funds and is projected to be below the Amended Budget by $2.4 million. This variance is primarily driven by Bayfront revenue shortfalls that correspond with decreased Transfers Out from the General Fund. As previously mentioned, certain Bayfront revenues received by the General Fund are transferred to the City's Lease Revenue Fund, therefore any increase or decrease in these revenues is fully offset by an increase or reduction to the transfer out, resulting in no fiscal impact to the General Fund.

Fiscal Year 2025-26 General Fund Overview *Table 9*					*in millions*
Expenditure Category	**Adopted Budget**	**Amended Budget**	**Year-end Projection**	**Variance[1]**	
Transfers Out	$ 100.0	$ 103.1	$ 100.7	$ 2.4	
Total Transfers Out	**$ 100.0**	**$ 103.1**	**$ 100.7**	**$ 2.4**	

Internal Services

Expenditures in this category are for vehicle maintenance charges associated with the use of City vehicles and equipment. These charges are based on the actual vehicles that reside within a department and include costs ranging from routine maintenance (oil changes, preventive maintenance) to major repairs (transmission repair, accident repair), as well as fuel costs. Internal services are projected to remain at budget through fiscal year end.

Fiscal Year 2025-26 General Fund Overview *Table 10*					*in millions*
Expenditure Category	**Adopted Budget**	**Amended Budget**	**Year-end Projection**	**Variance[1]**	
Internal Services	$ 4.6	$ 4.6	$ 4.6	$ -	
Total Internal Services	**$ 4.6**	**$ 4.6**	**$ 4.6**	**$ -**	

Utilities

The Utilities category is currently projected to exceed the Amended Budget by $1.0 million. Projections account for an 8% rate increase in water effective January 2026 and current consumption in both San Diego Gas & Electric (SDGE) and water. Based on a review of actual expenditures through December 31, 2025, and historical trends indicating higher costs in the latter half of the fiscal year, the projected utility expenditures have been adjusted upward. Overall utility costs are influenced by a combination of supply-side factors such as infrastructure modernization, fuel price volatility, climate change and extreme weather impacts, increased demand and overall inflation; as well as heating and cooling needs, water heating, appliance usage, energy efficiency and changing usage patterns.

Fiscal Year 2025-26 General Fund Overview *Table 11*					*in millions*
Expenditure Category	**Adopted Budget**	**Amended Budget**	**Year-end Projection**	**Variance[1]**	
Utilities	$ 7.7	$ 7.7	$ 8.7	$ (1.0)	
Total Utilities	**$ 7.7**	**$ 7.7**	**$ 8.7**	**$ (1.0)**	

Other Expenditures Category

The Other Expenditures Category includes Other Capital, Non-CIP Projects Expenditures and CIP Project Expenditures budget categories. The Amended Budget includes a total of $0.2 million in prior year encumbrances which are projected to be fully spent for their intended purpose.

Fiscal Year 2025-26 General Fund Overview *Table 12*					*in millions*
Expenditure Category	**Adopted Budget**	**Amended Budget**	**Year-end Projection**	**Variance[1]**	
Other Expenditures Category	$ 0.2	$ 0.4	$ 0.4	$ -	
Total Other Expenditures	**$ 0.2**	**$ 0.4**	**$ 0.4**	**$ -**	

Departmental Expenditures

Table 13 below provides the Amended General Fund expenditure budget, projected year-end expenditures, and the variance (difference) between both at the department level. Additionally, Appendix A contains a net impact summary of each department within the General Fund.

Fiscal Year 2025-26 General Fund Departmental Expenditures

Table 13 *in thousands*

Department	Amended Budget	Year-end Projection	Variance
City Council	$ 1,888.0	$ 1,888.0	$ -
Boards & Commissions	2.1	7.1	(5.0)
City Clerk	2,338.3	2,396.3	(58.0)
City Attorney	4,111.4	3,894.3	217.0
Administration	3,284.6	2,816.7	467.9
Information Technology	5,238.6	5,388.8	(150.2)
Human Resources	4,181.6	4,193.6	(12.0)
Finance	5,785.7	5,950.5	(164.8)
Non-Departmental	119,296.9	116,970.3	2,326.6
Animal Care Facility	4,022.9	3,952.0	70.9
Economic Development	1,834.7	1,834.7	0.0
Development Services	3,333.4	3,489.4	(155.9)
Engineering/Capital Projects	11,815.4	11,843.1	(27.7)
Police	66,284.0	66,430.9	(146.9)
Fire	41,467.0	42,037.9	(570.9)
Public Works	28,249.3	29,607.9	(1,358.6)
Parks and Recreation	6,636.9	6,910.0	(273.1)
Library	4,627.0	4,805.8	(178.8)
Total Expenditure Budget	**$ 314,397.8**	**$ 314,417.2**	**$ (19.4)**

This section documents the justifications for significant budget variances with an anticipated impact greater than $250,000.

Administration– Decrease of $0.5 million in the Personnel Services from department vacancies.

Non-Departmental – Decrease of $2.3 million in the Transfers Out category from Bayfront revenue that correspond with decreased Bayfront Revenue discussed earlier in the report.

Fire – Increase of $0.6 million due to reimbursed overtime from strike team activities, partially offset with personnel savings from current vacancies.

Public Works – Increase of $1.4 million in Personnel Services of $0.8 million and Utilities of $0.6 million. The overage in Personnel Services is mostly attributable to an increase in overtime and hourly costs related to Capital Improvement Projects. Increase in Utilities reflects SDGE and Water costs exceeding budget by $0.3 million each.

Parks and Recreation – Increase of $0.3 million, primarily in Personnel Services of $0.2 million and Other Expenses of $0.1 million. Both categories are expected to exceed budget due to increased recreation program activities and are anticipated to be offset with increased revenues.

OTHER FUNDS

The following section includes projections for other funds that provide support for significant operating activities throughout the City. These funds have an operating budget of over $15.0 million, with all fund projections available in Appendix B.

2018 Measure A Sales Tax

This fund accounts for the permanent half-cent sales tax voters approved to fund critical public safety needs and enhance public safety staffing levels.

2018 Measure A Sales Tax revenues are projected to exceed the Amended Budget by $0.5 million due to strike team reimbursements in the Fire Department. Expenditures are projected to align with the Amended Budget at $49.9 million. The overage in Personnel Services is anticipated to be offset by savings in Non-Personnel expenditures.

Fiscal Year 2025-26 Measure A Fund Overview

Table 14 *in millions*

	Adopted Budget	Amended Budget	Year-End Projection	Variance
Revenue	**$ 30.9**	**$ 30.9**	**$ 31.4**	**$ 0.5**
Expenditures				
Personnel Services	26.7	26.7	27.2	(0.4)
Non-Personnel	6.9	23.1	22.7	0.4
Expenditure Subtotal	**33.7**	**49.9**	**49.9**	**-**
Total Fund Surplus/(Deficit)	**$ (2.7)**	**$ (18.9)**	**$ (18.5)**	**$ 0.5**

Development Services

This fund accounts for revenues and expenses related to the processing of development plans and permits.

Development Services revenues are projected to be lower than the Amended Budget by $3.8 million by year-end, largely based on timing of receipts for building permits and developer fees and deposits. Expenditures projections are expected to be lower than the Amended Budget by $1.7 million, primarily in the Personnel Services category due to vacancies.

Fiscal Year 2025-26 Development Services Fund Overview

Table 15 *in millions*

	Adopted Budget	Amended Budget	Year-End Projection	Variance
Revenue	**$ 13.2**	**$ 13.2**	**$ 9.4**	**$ (3.8)**
Expenditures				
Personnel Services	10.1	10.1	8.8	1.3
Non-Personnel	5.3	5.4	4.9	0.4
Expenditure Subtotal	**15.4**	**15.5**	**13.8**	**1.7**
Total Fund Surplus/(Deficit)	**$ (2.2)**	**$ (2.3)**	**$ (4.4)**	**$ (2.1)**

Transport Enterprise

This fund was established to account for all activities related to providing Ambulance Transport Services to the residents of Chula Vista, Bonita, and Imperial Beach.

Transport Enterprise revenues are expected to exceed the Amended Budget by $1.9 million based on current trend of ambulance transports. Expenditure projections are expected exceed the Amended Budget by $1.8 million, primarily in the Other Expenses and Supplies and Services categories largely due to debt service payments and contract cost increases.

Fiscal Year 2025-26 Transport Enterprise Fund Overview

Table 16 *in millions*

	Adopted Budget	Amended Budget	Year-End Projection	Variance
Revenue	**$ 21.3**	**$ 21.3**	**$ 23.2**	**$ 1.9**
Expenditures				
Personnel Services	9.3	9.3	9.2	0.1
Non-Personnel	12.0	13.9	15.8	(1.9)
Expenditure Subtotal	**21.3**	**23.3**	**25.0**	**(1.8)**
Total Fund Surplus/(Deficit)	**$ -**	**$ (2.0)**	**$ (1.8)**	**$ 0.2**

Sewer Service Revenue Fund

This fund is used to account for all activities related to providing sewer services to the residents of Chula Vista.

Sewer Service revenues are projected to exceed the Amended Budget by $0.1 million by year-end. Expenditure projections are expected to be lower than the Amended Budget by $0.7 million, mainly in the Transfers Out category attributable to projected staff time reimbursements on Sewer related projects.

Fiscal Year 2025-26 Sewer Fund Overview

Table 17 *in millions*

	Adopted Budget	Amended Budget	Year-End Projection	Variance
Revenue Subtotal	**$ 47.6**	**$ 47.6**	**$ 47.7**	**$ 0.1**
Expenditures				
Personnel Services	5.9	5.9	5.7	0.2
Non-Personnel	41.7	44.6	44.1	0.5
Expenditure Subtotal	**47.6**	**50.5**	**49.8**	**0.7**
Total Fund Surplus/(Deficit)	**$ -**	**$ (2.9)**	**$ (2.1)**	**$ 0.8**

FISCAL YEAR 2025-26 BUDGET ADJUSTMENTS

General Fund Adjustments

In the General Fund, some of the transfers are between expense categories within the same Department and some transfers are between Departments. There are also proposed budget adjustments reflecting increased revenues and increased expenditures where needed to address unanticipated expenditure category overages and ensure accurate year-end reporting. The recommended budget adjustments are shown in the table below.

Table 18

Department	Personnel Services	Non-Personnel Expenditures	Total Expenditures	Total Revenue	Net Impact
Public Works	$ 113,000	$ 268,701	$ 381,701	$ (113,000)	$ 268,701
Information Technology	-	231,220	231,220	-	231,220
Development Services	-	142,633	142,633	-	142,633
Library	-	80,000	80,000	-	80,000
City Clerk	-	17,885	17,885	-	17,885
Boards & Commissions	-	5,000	5,000	-	5,000
Non-Departmental	-	(495,439)	(495,439)	(250,000)	(745,439)
Fire	1,264,073	33,623	1,297,696	(1,297,696)	-
Parks and Recreation	210,000	115,000	325,000	(325,000)	-
Police	(161,367)	279,367	118,000	(118,000)	-
Total General Fund	**$ 1,425,706**	**$ 677,990**	**$ 2,103,696**	**$ (2,103,696)**	**$ -**

Public Works: Increase to Non-Personnel Expenditures of $268,701 in the Utilities and Non-CIP Project Expenditures categories for increased water expenses and a correction to a prior year budget amendment. Increase to Personnel Expenditures of $113,000 which is fully offset by an increase to estimated revenues for staff time reimbursements.

Information Technology: Increase to Non-Personnel Expenditures of $231,220 to pay for software contract cost increases and equipment.

Development Services: Increase to Non-Personnel Expenditures of $142,633 in the Supplies & Services and Other Expenses categories for unanticipated expenses related to mobile home park fees, recruitment and abatement.

Library: Increase to Non-Personnel Expenditures in the Supplies & Services category of $80,000 for security services contract.

City Clerk: Increase to Non-Personnel Expenditures in the Supplies & Services category of $17,885 for software upgrades.

Boards & Commissions: Increase to Non-Personnel Expenditures in the Supplies & Services category of $5,000 for Human Relations Committee Awards and activities.

Non-Departmental: Net decrease to Non-Personnel Expenditures of $495,439 comprised of a decrease of $745,439 from a reduction in general liability insurance cost and a reallocation of existing encumbrance partially offset by an increase of $250,000 due to expenditures for the Higher Education grant. The expenditures of the Higher education grant are fully offset by an increase to estimated grant revenues of $250,000.

Fire: Increase to Personnel Expenditures of $1,264,073 and Non-Personnel Expenditures of $33,623 offset with an increase to estimated revenues of $1,297,696 for reimbursed overtime costs associated with strike team activities.

Parks & Recreation: Increase to Personnel Services of $210,000 and Non-Personnel Expenditures of $115,000 fully offset with an increase of estimated revenues from recreational and class registration fees.

Police: Increase to Non-Personnel Expenditures of $279,367 offset by a combination of decrease in Personnel Expenditures of $161,367 and an increase to estimated revenues of $118,000 for software costs and mandated handguns replacement.

Other Funds Adjustments

The recommended adjustments in Table 15 are for funds outside of the General Fund. The adjustments are offset by additional revenues or the available fund balance of the respective funds.

Table 19

Other Funds	Personnel Services	Non-Personnel Expenditures	Total Expenditures	Total Revenue	Net Impact
Park Benefit Fees	$ -	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000
Public Liability Trust	-	(1,651,481)	(1,651,481)	2,501,481	850,000
Public Facilities DIF	-	269,188	269,188	-	269,188
Otay Ranch Village 1,2,6,7,12	-	176,349	176,349	-	176,349
CFD 14M-B-EUC Millenia	-	15,000	15,000	-	15,000
Other Grants	-	15,000	15,000	-	15,000
Federal Grants	-	558,321	558,321	(554,590)	3,731
CFD 13-M Otay Ranch Village 2	-	-	-	(93,115)	(93,115)
CFD 99-2 Otay Ranch Vlg 1 West	-	-	-	(39,774)	(39,774)
CFD 08M Vlg 6 McMillin & OR	-	-	-	(23,080)	(23,080)
CFD 12M Village 7 Otay Ranch	-	-	-	(11,874)	(11,874)
CFD 19M Freeway Commercial 2	-	-	-	(5,555)	(5,555)
State Grants	(27,501)	25,527	(1,974)	(1,757)	(3,731)
CFD 98-3 Sunbow 2	-	-	-	(2,952)	(2,952)
Capital Improvement Projects	-	2,584,894	2,584,894	(2,584,894)	-
Donations	-	83,464	83,464	(83,464)	-
Total Other Funds	**$(27,501)**	**$ 3,076,262**	**$ 3,048,761**	**$(899,574)**	**$ 2,149,187**

Park Benefit Fees: Increase to Non-Personnel Expenditures and increase to estimated revenues of $1,000,000 for CIP Project# PRK0340 (Eucalyptus Park Improv FY22).

Public Liability Trust: Decrease of Non-Personnel Expenditures of $2,501,481 in the Transfers Out category, and decrease in the estimated revenues of $2,501,481 to eliminate a transfer in that is no

longer required since the expense will be incurred in the Capital Projects Fund. Increase to Non-Personnel Expenditures from available fund balance by $850,000 for anticipated legal costs.

Public Facilities DIF: Increase to Non-Personnel Expenditures of $269,188 from fund balance for Bayfront Fire Station costs.

Otay Ranch Village 1,2,6,7,12: Increase to Non-Personnel Expenditures of $176,349 in the Transfers Out category to distribute residual balances following fund closure.

CFD 14M-B-EUC Millenia: Increase to Non-Personnel Expenditures of $15,000 from fund balance in the Supplies and Services category for training supplies.

Other Grants: Increase to Non-Personnel Expenditures of $15,000 from fund balance in the Other Expenses category for mulching and tree maintenance.

Federal Grants: Increase to Non-Personnel Expenditures of $558,321 partially offset with increased estimated revenues of $554,590.

CFD 13-M Otay Ranch Village 2: Increase to estimated revenues in the Transfers In category of $93,115 from residual balances following a fund closure.

CFD 99-2 Otay Ranch Vlg 1 West: Increase to estimated revenues in the Transfers In category of $39,774 from residual balances following a fund closure.

CFD 08M Vlg 6 McMillin & OR: Increase to estimated revenues in the Transfers In category of $23,080 from residual balances following a fund closure.

CFD 12M Village 7 Otay Ranch: Increase to estimated revenues in the Transfers In category of $11,874 from residual balances following a fund closure.

CFD 19M Freeway Commercial 2: Increase to estimated revenues in the Transfers In category of $5,555 from residual balances following a fund closure.

State Grants: Decrease to Personnel and Non-Personnel Expenditures of $1,974. Increase to estimated revenues of $1,757 to match grant award received.

Capital Improvement Projects: Increase to Non-Personnel Expenditures of $2,584,894 fully offset by an increase to estimated revenues for CIP Projects # GV0278 (224 Third Avenue Improvements), CTY0242 (Water Damage at CC Library) and CTY0244 (Sewer Damage and CC Library).

Donations: Increase to Non-Personnel Expenditures and estimated revenues of $83,464 for donations received for El Grito, Beautify Chula Vista and Starlite Parade special events.

Capital Improvement Project Adjustments

The recommended adjustments for the Capital Improvement Project expenditure budgets are included in the table below. The adjustments are offset by additional revenues or the available fund balance of the respective funds.

Table 20

Fund	Project	CIP Project Expenditures	Total Expenditures
Capital Improvement Projects	GGV0278 – 224 Third Avenue Improvements	$ 2,501,481	$ 2,501,481
Capital Improvement Projects	CTY0242 – Water Damage at CC Library	51,833	51,833
Capital Improvement Projects	CTY0244 – Sewer Damage at CC Library	31,580	31,580
2016 Measure P Sales Tax	DRN0216 – CMP Emergency Repair	300,000	300,000
2016 Measure P Sales Tax	DRN0219 – CMP Rehab Outside ROW Ph3 Measure P	(300,000)	(300,000)
Transportation Sales Tax	STM0416 – Pavement Major Rehabilitation FY26	(175,000)	(175,000)
Transportation Sales Tax	TRF0332 – Signing and Striping Program	100,000	100,000
Transportation Sales Tax	CTY0242 – Water Damage at CC Library	75,000	75,000
Park Benefit Fees	PRK0340 – Eucalyptus Park Improv FY22	1,000,000	1,000,000
Total Amendments		**$ 3,584,894**	**$ 3,584,894**

CONCLUSION

The City of Chula Vista takes great pride in being good stewards of taxpayer funds and providing transparent financial reporting. The Second Quarter Financial Report updates the preliminary fiscal year 2025-26 trajectory with mid-year results. The financial outlook continues to remain cautious but stable, further details will be provided in subsequent quarterly reports.

APPENDICES

A. General Fund Net Impact
B. Other Funds Year-End Projections

APPENDIX A

General Fund Net Impact

The following table outlines the net impact of each department within the General Fund. Department generated revenues are broadly defined as those revenues generated by a given activity (e.g., grant revenues, charges for services, licenses, permits). General revenues, or "discretionary revenues," are broadly defined as those revenues that are generated not by any given activity, but by general or specific taxing authority such as property taxes and sales tax that are included in Non-Departmental and not assigned to a specific department.

Fiscal Year 2025-26 General Fund Net Impact

in thousands

Department	Year-end Expenditures Projection	Year-end Revenue Projection	Net Impact
City Council	$ 1,888.0	$ -	$ 1,888.0
Boards & Commissions	7.1	-	7.1
City Clerk	2,396.3	82.0	2,314.3
City Attorney	3,894.3	301.6	3,592.7
Administration	2,816.7	168.8	2,647.9
Information Technology	5,388.8	247.1	5,141.7
Human Resources	4,193.6	1,543.2	2,650.4
Finance	5,950.5	1,329.2	4,621.3
Animal Care Facility	3,952.0	1,349.0	2,602.9
Economic Development	1,834.7	1,242.6	592.2
Development Services	3,489.4	1,993.7	1,495.7
Engineering/Capital Projects	11,843.1	8,579.7	3,263.4
Police	66,430.9	6,683.0	59,747.8
Fire	42,037.9	6,923.3	35,114.6
Public Works	29,607.9	9,262.7	20,345.1
Parks and Recreation	6,910.0	4,812.4	2,097.6
Library	4,805.8	606.2	4,199.6
Total General Fund[1]	**$ 197,446.9**	**$ 45,124.5**	**$ 152,322.3**

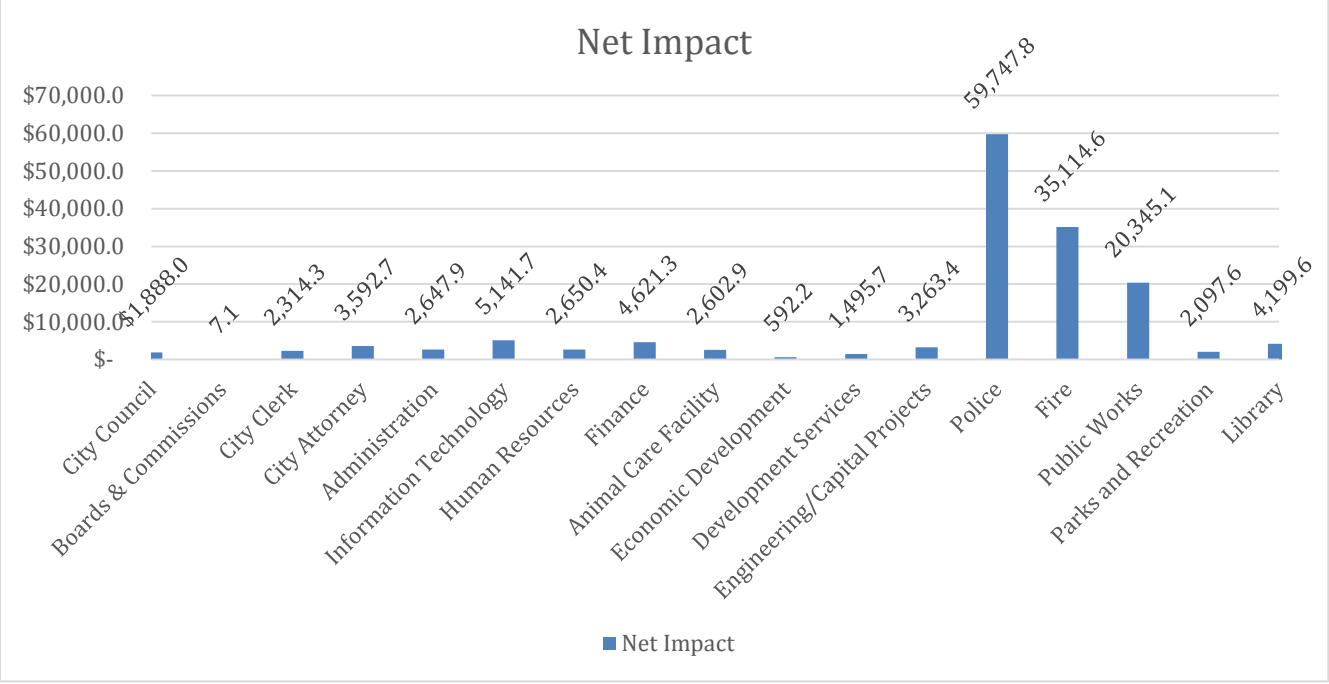
[1] Excludes Non-Departmental Department since activity is not directly related to any single department.

The chart below compares the projections as detailed in the report above to the net impact that was anticipated in the Adopted Budget.

Fiscal Year 2025-26 General Fund Net Impact			*in thousands*
Department	**Adopted Budget Net Impact**	**Year-end Projection Net Impact**	**Net Impact Variance**
City Council	$1,862.2	$1,888.0	$25.8
Boards & Commissions	2.1	7.1	5.0
City Clerk	2,208.1	2,314.3	106.2
City Attorney	3,490.8	3,592.7	101.9
Administration	3,079.8	2,647.9	(431.9)
Information Technology	4,874.9	5,141.7	266.8
Human Resources	2,586.0	2,650.4	64.4
Finance	4,579.3	4,621.3	42.0
Animal Care Facility	2,917.2	2,602.9	(314.3)
Economic Development	67.9	592.2	524.3
Development Services	1,065.7	1,495.7	430.0
Engineering/Capital Projects	2,967.7	3,263.4	295.7
Police	59,963.9	59,747.8	(216.1)
Fire	35,720.6	35,114.6	(606.0)
Public Works	18,923.0	20,345.1	1,422.1
Parks and Recreation	2,358.4	2,097.6	(260.8)
Library	3,996.7	4,199.6	202.9
Total General Fund[1]	**$ 150,664.1**	**$ 152,322.3**	**$ 1,658.2**

[1] Excludes Non-Departmental Department since activity is not directly related to any single department.

As you can see from the chart below, the majority of discretionary revenue is allocated to public safety services, with the Police Department expenditure at $59.7 million followed by the Fire Department at $35.1 million. The next highest portion is allocated to Public Works at $20.3 million.



APPENDIX B

Other Funds Year-End Projections

The following table outlines the year-end projection for other funds that provide support for significant operating activities throughout the City.

Fiscal Year 2025-26 Other Funds Year-End Projections

in millions

Other Funds	Revenue/ Expenditure	Adopted Budget	Amended Budget	Year-end Projection	Variance
2018 Measure A Sales Tax	Revenue	30.9	30.9	31.4	0.5
	Expenditure	33.7	49.9	49.9	-
	Net Year-end Projection	**(2.7)**	**(18.9)**	**(18.5)**	**0.5**
Advanced Life Support Program	Revenue	3.0	3.0	3.1	0.1
	Expenditure	3.2	3.2	3.3	(0.1)
	Net Year-end Projection	**(0.1)**	**(0.1)**	**(0.1)**	**-**
Parking Meter	Revenue	1.1	1.1	1.1	-
	Expenditure	1.0	1.2	1.2	-
	Net Year-end Projection	**0.1**	**(0.1)**	**(0.1)**	**-**
Local Grants	Revenue	-	-	0.1	0.1
	Expenditure	2.5	2.7	2.7	-
	Net Year-end Projection	**(2.5)**	**(2.7)**	**(2.6)**	**0.1**
Federal Grants	Revenue	0.2	0.2	0.3	0.1
	Expenditure	0.2	0.3	0.3	-
	Net Year-end Projection	**-**	**(0.1)**	**-**	**0.1**
State Grants	Revenue	0.7	0.7	0.9	0.2
	Expenditure	0.7	0.8	0.7	0.1
	Net Year-end Projection	**-**	**0.1**	**0.2**	**0.3**
Environmental Services	Revenue	2.0	2.0	2.4	0.4
	Expenditure	3.1	3.1	3.0	0.1
	Net Year-end Projection	**(1.1)**	**(1.1)**	**(0.6)**	**0.5**
Chula Vista Housing Authority	Revenue	2.7	2.7	2.2	(0.5)
	Expenditure	2.6	8.2	3.4	4.9
	Net Year-end Projection	**0.2**	**(5.5)**	**(1.2)**	**4.4**
Central Garage Fund	Revenue	6.3	6.3	6.7	0.3
	Expenditure	6.3	6.4	6.6	(0.2)
	Net Year-end Projection	**-**	**(0.1)**	**-**	**0.1**
Development Services Fund	Revenue	13.2	13.2	9.4	(3.8)
	Expenditure	15.4	15.5	13.8	1.7
	Net Year-end Projection	**(2.2)**	**(2.3)**	**(4.4)**	**(2.1)**
Transport Enterprise	Revenue	21.3	21.3	23.2	1.9
	Expenditure	21.2	23.3	25.0	(1.8)
	Net Year-end Projection	**-**	**(2.0)**	**(1.8)**	**0.1**
Sewer Service	Revenue	47.6	47.6	47.7	0.1
	Expenditure	47.6	50.5	49.8	0.7
	Net Year-end Projection	**-**	**(2.9)**	**(2.1)**	**0.8**

GENERAL FUND BUDGET TRANSFERS
Approved by Administration
Fiscal Year 2025-26 (as of December 31, 2025)

Attachment 2

Department	From	To	Reason	Amount
Administration	Personnel	Supplies & Services	Large Cities Executive Forum	20,000
Administration	Personnel	Supplies & Services	Contracted Services	50,000
Engineering	Supplies & Services	Supplies & Services	Supplies & Services object code transfers	19,100
Engineering	Personnel	Supplies & Services	Supplies & Services overages	74,762
Information Technology	Other Capital	Supplies & Services	Supplies & Services overages	75,000
Information Technology	Other Capital/Personnel	Supplies & Services	Supplies & Services overages	42,890
Library	Supplies & Services	Utilities	Utilities overages	39,904
Library	Supplies & Services	Other Expenses	Credit card expenses	1,400
Library	Personnel	Supplies & Services	Security services contract	75,000
Library	Personnel	Supplies & Services	Supplies & Services overages	50,000
Public Works	Personnel	Other Expenses	Emergency repairs for monument wall	70,000
Public Works	Personnel	Other Expenses	Emergency repairs to 3rd Ave Bollards	12,460
Public Works	Supplies & Services	Other Capital	Bobcat equipment	24,528
			Total General Fund Budget Transfers	**$ 555,044**

General Fund Budget Amendments
Fiscal Year 2025-26 (as of December 31, 2025)

Attachment 3

Resolution	Date	Budget Amendments	Department	Revenue	Expenditure
2025-114	7/8/2025	Position Restructure - Classification and Comp Schedule Updates	Engineering	$ -	$ 189,737
			Public Works	-	(189,737)
2025-146	9/9/2025	Position Restructure - Classification and Comp Schedule Updates	Engineering	(614,284)	(266,308)
			Public Works	614,284	266,308
			Non Departmental	-	(75,651)
			Economic Development	-	75,651
2025-205	12/2/2025	Position Restructure - Classification and Comp Schedule Updates	City Council		(94,728)
			City Council		94,728
			City Clerk		64,459
			Non-Departmental		(64,459)
2025-206	12/2/2025	First Quarter Amendments	City Council		14,640
			Information Technology		(94,380)
			Information Technology		121,094
			Non Departmental		(3,036,741)
			Non Departmental		2,995,387
			Economic Development	(1,070,160)	1,070,160
			Total General Fund Budget Amendments	**$ (1,070,160)**	**$ 1,070,160**

Police Department Donations Received 01/01/2020 to 9/25/2025				
Donor	**Date**	**Vendors**	**Description**	**Amount**
Chula Vista Police Foundation	7/15/2020	Drones Made Easy	DJI M300 drone with H20T camera, 10 drone batteries, 3 iPads	35,240.44
	10/21/2021	BRINC Drones	Brinc Lemur S drones (2), receiver/repeater box, accessory kit, 3-day training	27,725.81
	12/22/2021	Forensic Technology Inc.	Access to National Integrated Ballistic Information Network (NIBIN) - Year 1 cost (2/28/2023 to 2/27/2024)	49,000.00
	4/4/2025	Drones Made Easy	DJI Dock 3 drone docking stations (4) and DJI Matrice drone batteries (4)	70,987.65
			Total Donation Acceptance	**182,953.90**

CITY OF CHULA VISTA
DONATION ACCEPTANCE FORM

Name of donor: Chula Vista Police Foundation

Address: 315 4th Avenue City: Chula Vista State: CA Zip: 91910

Description of donation: DJI M300 drone with H20T camera, 10 drone batteries, 3 iPads

Donor estimate of current value: $35,240.44 Purchase Date: 7/15/2020

Potential immediate or initial acquisition or installation cost, any on-going maintenance or replacement cost: Ongoing maintenance costs include battery replacements (every 12-36 months depending on drone usage). Full drone replacement every 3-5 years depending on drone usage.

Intended use: The Chula Vista Police Department will use these items for its Drone as First Responder (DFR) Program.

Conditions of acceptance or donor designation: No conditions of acceptance.

Remarks: Incorporated in 2003, the Chula Vista Police Foundation is a 501(c)(3) nonprofit organization (Tax ID #30-0281686) with a mission to fund vital programs, community engagement initiatives, and critical police equipment that strengthen the public safety goals of the Chula Vista Police Department (CVPD).

City department receiving donation: Police

APPROVED / DISAPPROVED

10/01/25
Date

[redacted]
Department Head's Signature

Date

City Manager's Signature

Date Submitted to Council

Date Approved by Council

Date

Mayor's Signature

Note: The City of Chula Vista cannot guarantee future funding for repair, maintenance, use or replacement of donated items.

CC: City Council, Finance Department, City Manager's Office

CITY OF CHULA VISTA
DONATION ACCEPTANCE FORM

Name of donor: Chula Vista Police Foundation

Address: 315 4th Avenue City: Chula Vista State: CA Zip: 91910

Description of donation: Brinc Lemur S drones (2), receiver/repeater box, accessory kit, 3-day training

Donor estimate of current value: $27,725.81 Purchase Date: 10/21/2021

Potential immediate or initial acquisition or installation cost, any on-going maintenance or replacement cost: Ongoing maintenance costs include battery replacements (every 12-36 months depending on drone usage). Full drone replacement every 3-5 years depending on drone usage.

Intended use: The Chula Vista Police Department (CVPD) will use these items for its Unmanned Aerial Systems (UAS) Program. CVPD uses UAS in a variety of circumstances such as documenting crime and accident scenes, searching for missing or wanted persons, fires, and evaluating damage after a major incident or natural disasters.

Conditions of acceptance or donor designation: No conditions of acceptance.

Remarks: Incorporated in 2003, the Chula Vista Police Foundation is a 501(c)(3) nonprofit organization (Tax ID #30-0281686) with a mission to fund vital programs, community engagement initiatives, and critical police equipment that strengthen the public safety goals of the Chula Vista Police Department (CVPD).

City department receiving donation: Police

APPROVED / DISAPPROVED

10/01/25
Date

[redacted]
Department Head' s Signature

Date

City Manager' s Signature

Date Submitted to Council

Date Approved by Council

Date

Mayor' s Signature

Note: The City of Chula Vista cannot guarantee future funding for repair, maintenance, use or replacement of donated items.

CC: City Council, Finance Department, City Manager's Office

CITY OF CHULA VISTA
DONATION ACCEPTANCE FORM

Name of donor: Chula Vista Police Foundation

Address: 315 4th Avenue City: Chula Vista State: CA Zip: 91910

Description of donation: Access to National Integrated Ballistic Information Network (NIBIN) - Year 1 cost (2/28/2023 to 2/27/2024)

Donor estimate of current value: $49,000.00 Purchase Date: 12/22/2021

Potential immediate or initial acquisition or installation cost, any on-going maintenance or replacement cost: Year 1 cost of a 7-year subscription. Year 2 cost: $43,775. Year 3 cost: $45,088. Year 4 cost: $46,441. Year 5 cost: $47,834. Year 6 cost: $49,269. Year 7 cost: $50,747.

Intended use: The Integrated Ballistics Identification System (IBIS) enables the Police Department's Crime Laboratory to identify local, national, and international linkages that may exist amongst firearms cases submitted for examination. Forensic Technology Inc. pioneered automated ballistics identification and analysis and is the exclusive manufacturer of the Integrated Ballistics Identification System. The acquisition of the Integrated Ballistics Identification System will enhance the ability of investigators to solve crimes.

Conditions of acceptance or donor designation: Chula Vista Police Foundation has offered to pay Year 1 costs of the seven-year subscription. The Police Foundation is requesting the City of Chula Vista to pick up the costs for Years 2-7 of the subscription.

Remarks: Incorporated in 2003, the Chula Vista Police Foundation is a 501(c)(3) nonprofit organization (Tax ID #30-0281686) with a mission to fund vital programs, community engagement initiatives, and critical police equipment that strengthen the public safety goals of the Chula Vista Police Department (CVPD).

City department receiving donation: Police

APPROVED

12/7/2021
Date Submitted to Council

12/7/2021 via Resolution 2021-229
Date Approved by Council

_____
Date

_____
Mayor's Signature

Note: The City of Chula Vista cannot guarantee future funding for repair, maintenance, use or replacement of donated items.

CC: City Council, Finance Department, City Manager's Office

CITY OF CHULA VISTA
DONATION ACCEPTANCE FORM

Name of donor: Chula Vista Police Foundation

Address: 315 4th Avenue City: Chula Vista State: CA Zip: 91910

Description of donation: DJI Dock 3 drone docking stations (4) and DJI Matrice drone batteries (4)

Donor estimate of current value: $70,987.65 Purchase Date: 4/4/2025

Potential immediate or initial acquisition or installation cost, any on-going maintenance or replacement cost: Ongoing maintenance costs include battery replacements (every 12-36 months depending on drone usage). Full docking station replacement every 5-7 years.

Intended use: The Chula Vista Police Department will use these items for its Drone as First Responder (DFR) Program.

Conditions of acceptance or donor designation: No conditions of acceptance.

Remarks: Incorporated in 2003, the Chula Vista Police Foundation is a 501(c)(3) nonprofit organization (Tax ID #30-0281686) with a mission to fund vital programs, community engagement initiatives, and critical police equipment that strengthen the public safety goals of the Chula Vista Police Department (CVPD).

City department receiving donation: Police

APPROVED / DISAPPROVED

10/01/25
Date

[redacted]
Department Head's Signature

Date

City Manager's Signature

Date Submitted to Council

Date Approved by Council

Date

Mayor's Signature

Note: The City of Chula Vista cannot guarantee future funding for repair, maintenance, use or replacement of donated items.

CC: City Council, Finance Department, City Manager's Office