

FY 2026/27 Appropriations Limit and Mid-Cycle Budget

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Overview

- **All Funds Summary**
- **General Fund Summary**
- **General Fund Long-Term Forecast**
- **Capital Projects and Urban Forestry**
- **Fiscal Commission Input**
- **Appropriations Limit**

All Funds Summary

Table 1: All Funds Summary by Category, Original vs. Revised Budget

(in millions)

	Revenue		Expenditures		Net Activity	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget
General Fund	\$ 95.2	\$ 95.1	\$ 97.8	\$ 97.1	\$ (2.6)	\$ (2.0)
Special Revenue Funds	\$ 14.5	\$ 14.6	\$ 15.2	\$ 16.2	\$ (0.7)	\$ (1.6)
Debt Service Funds	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9	\$ (0.0)	\$ (0.0)
Capital Projects Funds	\$ 8.7	\$ 8.7	\$ 7.5	\$ 7.5	\$ 1.2	\$ 1.2
Internal Service Funds	\$ 43.2	\$ 43.1	\$ 41.8	\$ 41.9	\$ 1.3	\$ 1.2
Enterprise Funds	\$ 87.1	\$ 91.9	\$ 86.7	\$ 92.1	\$ 0.4	\$ (0.2)
Custodial Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Successor Agency Funds	\$ 2.0	\$ 2.0	\$ 1.9	\$ 1.9	\$ 0.1	\$ 0.1
Total	\$ 252.5	\$ 257.4	\$ 252.9	\$ 258.6	\$ (0.3)	\$ (1.3)

Changes from Introduction

- **Wastewater Treatment Plan: \$4.5 million**
- **Other project transfers, zero new funding requested:**
 - **ET8277 City Hall Generators**
 - **ET8310 SCADA Master Plan Implementation**

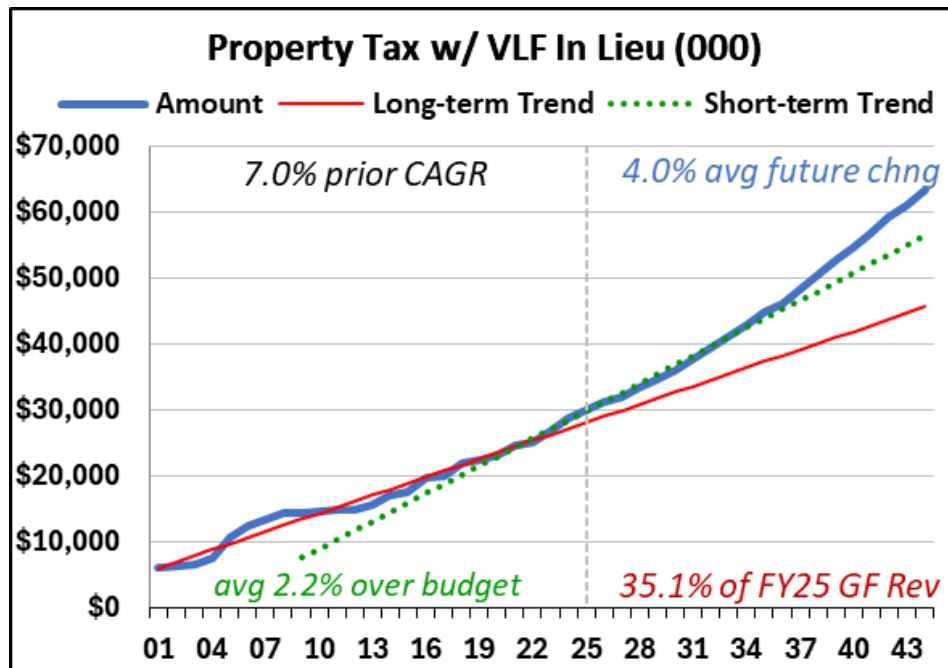
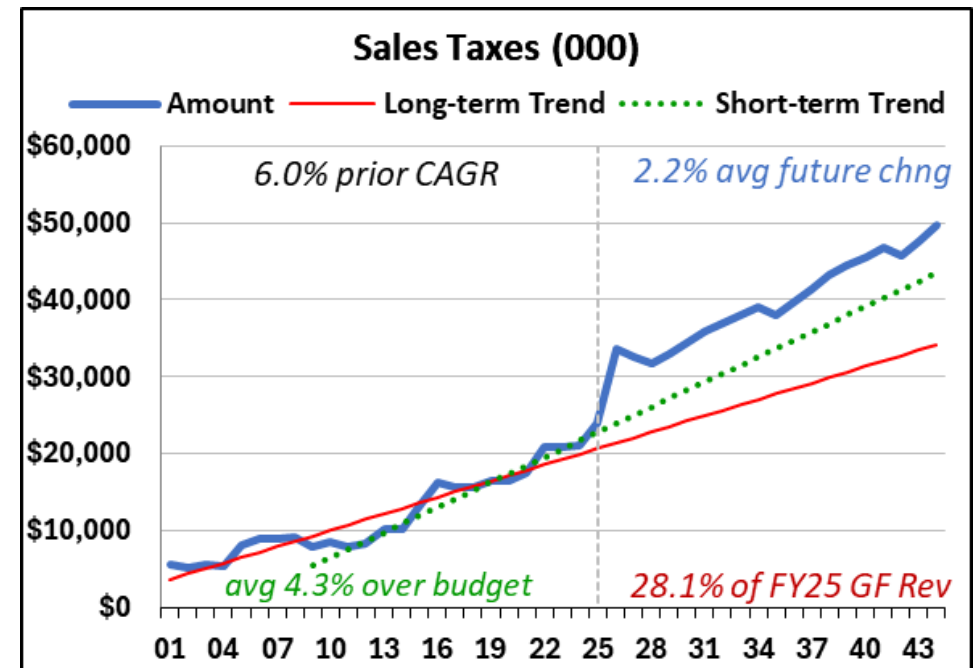
General Fund Summary

Table 2: General Fund Summary, Adopted vs Revised Budget

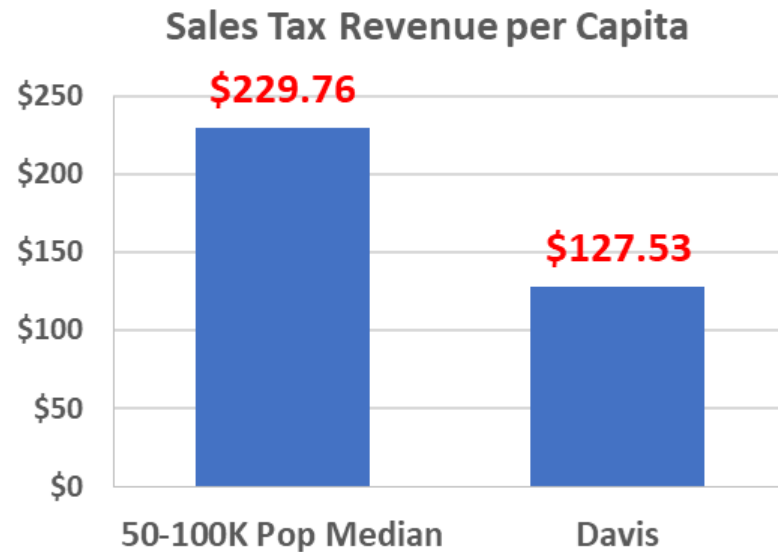
	(in millions)		
	Adopted Budget	Change	Revised Budget
Beginning Fund Balance	\$ 11.2	\$ 3.6	\$ 14.8
Tax Revenues	78.4	(0.9)	77.5
Other Revenues & Transfers In	16.8	0.8	17.6
Expenditures & Transfers Out	(97.8)	0.7	(97.1)
Annual Operating Results Before Reserves	(2.6)	0.6	(2.0)
Release / (Use) of Fund Balance	2.2	(1.7)	0.5
Annual Operating Results	(0.4)	(1.1)	(1.5)
Ending Fund Balance	\$ 10.9	\$ 2.5	\$ 13.4
% of annual expenditures and transfers out	11.1%		13.7%

General Fund Long-Term Forecast

- Revenue Trends: Property Tax vs Sales Tax



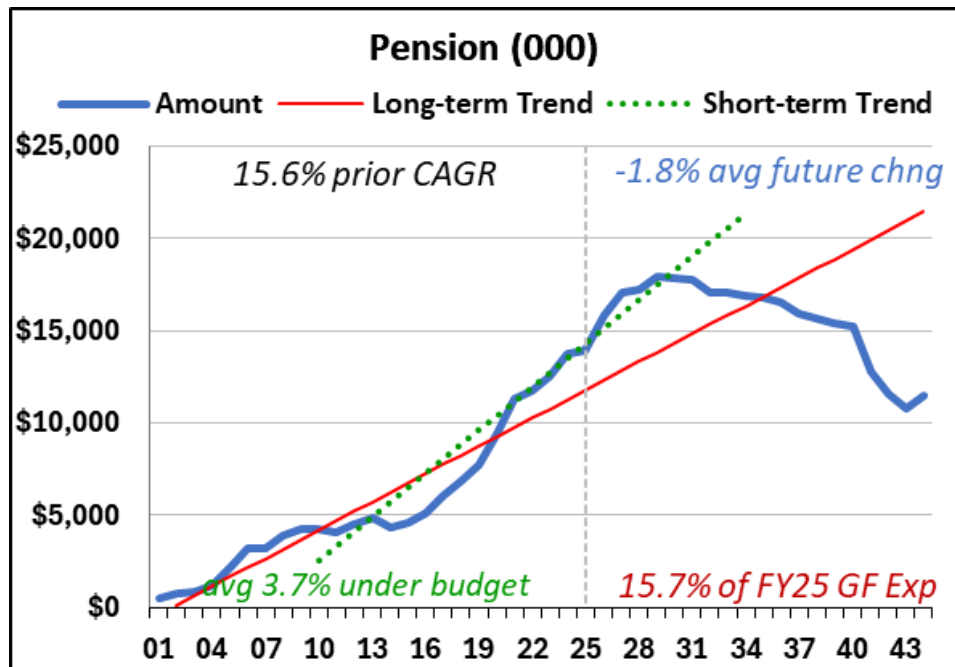
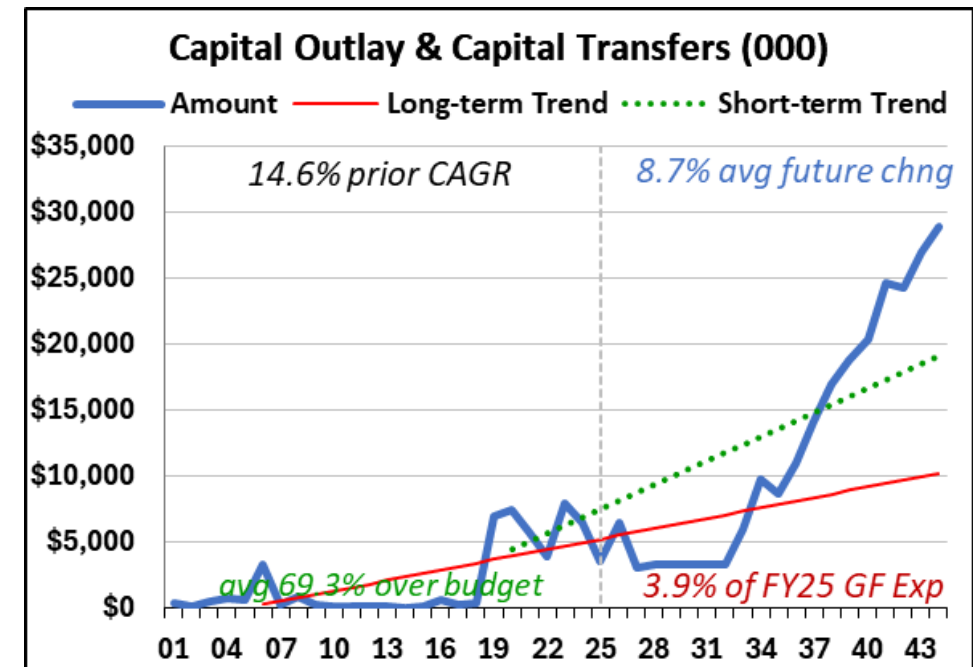
General Fund Long-Term Forecast



- In 2024 Davis ranked **368 out of 483** CA cities in sales tax per capital (23rd percentile)
- At median, we would receive **\$6.7M/year** more in base sales tax revenue (Bradley-Burns)

General Fund Long-Term Forecast

- Expense Trends: Pension and Capital Outlay



General Fund Long-Term Forecast

Potential Favorable Impacts

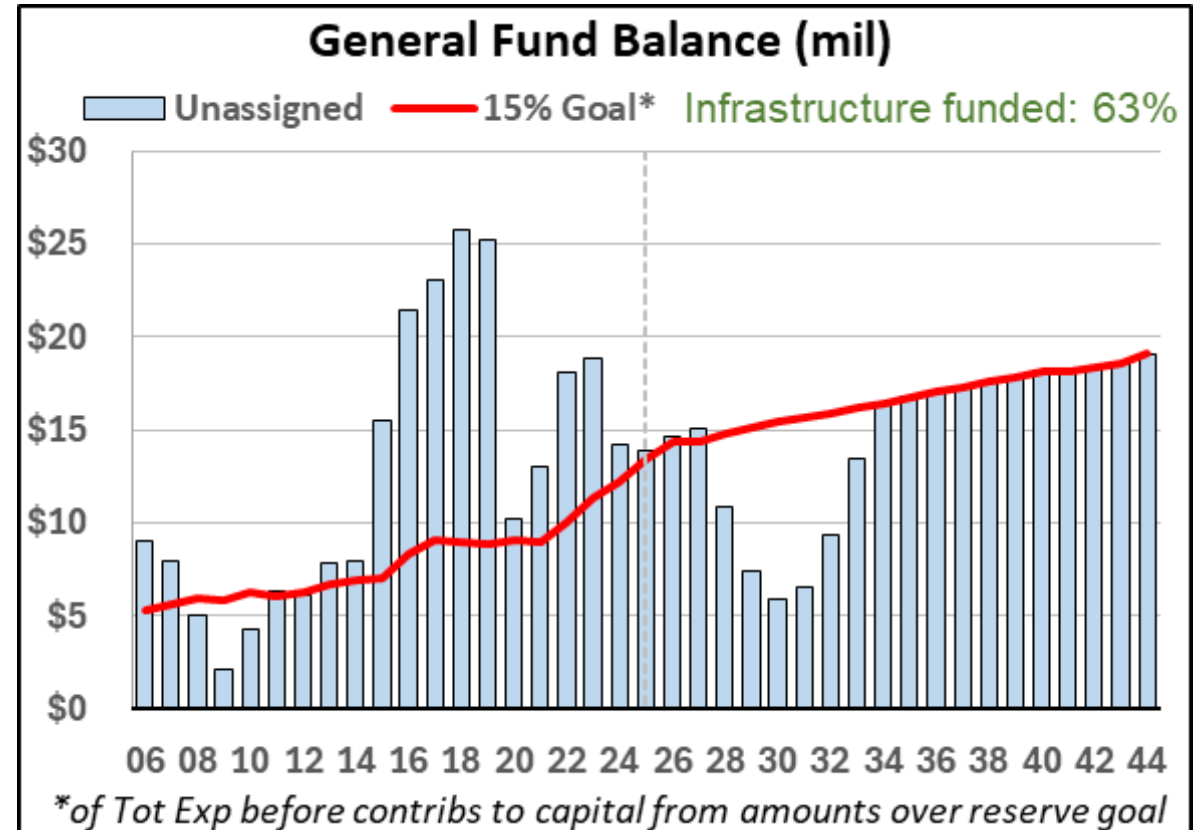
- Higher vacancy rates could reduce personnel costs
- Higher CalPERS investment returns

Potential Unfavorable Impacts

- Emergency Costs or other unforeseen costs
- Lower CalPERS investment returns

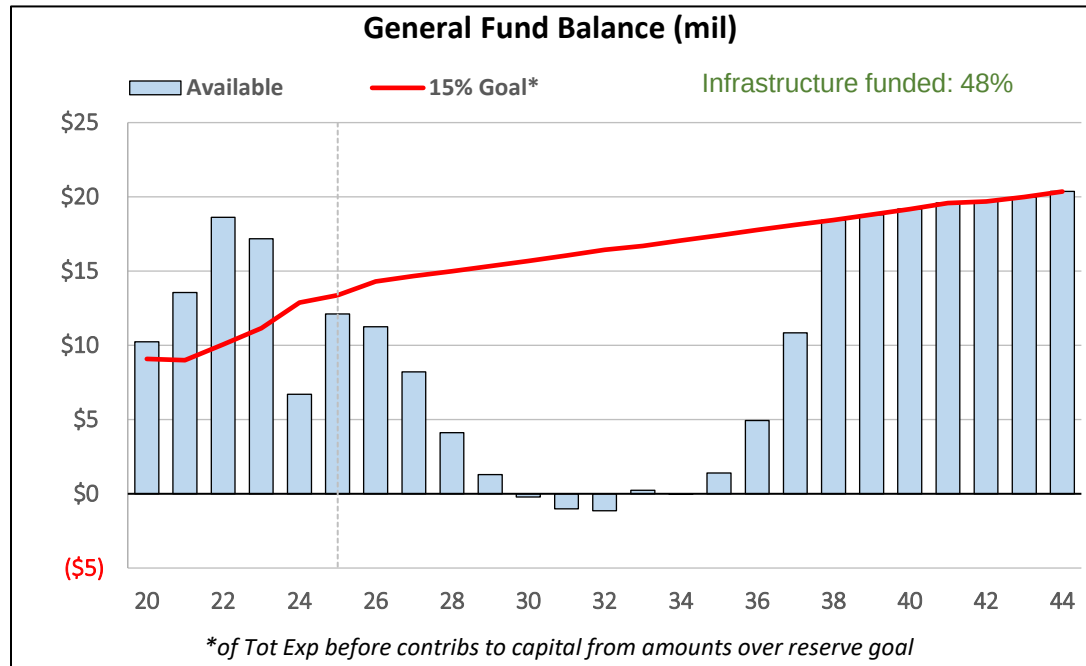
General Fund Long-Term Forecast

- **LT Forecast Conclusions**
 - **Financial Position: Weak, but not critical**
 - Better than other cities facing deficits
 - **Forecast includes conservative assumptions**
 - Recession, higher pension costs, FY26 expenses total budget

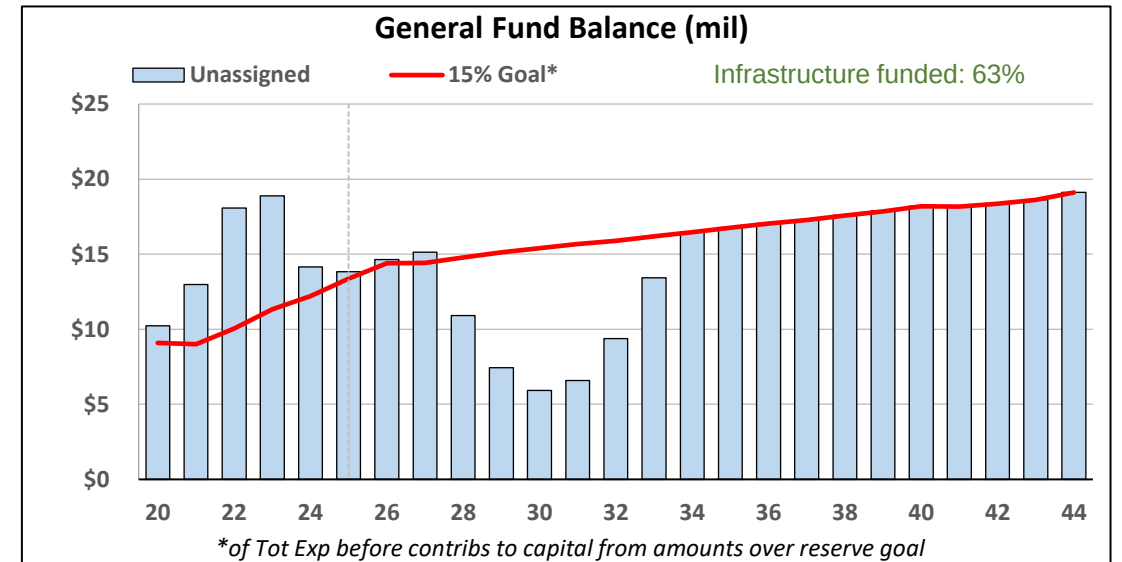


General Fund Long-Term Forecast

- Forecast at June 2025



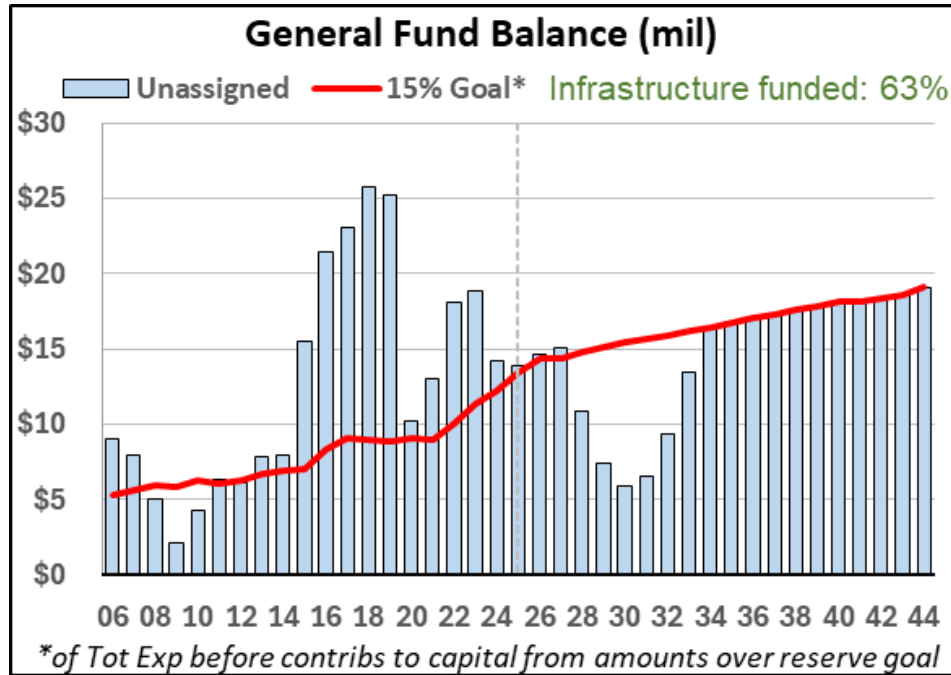
- Updated Forecast



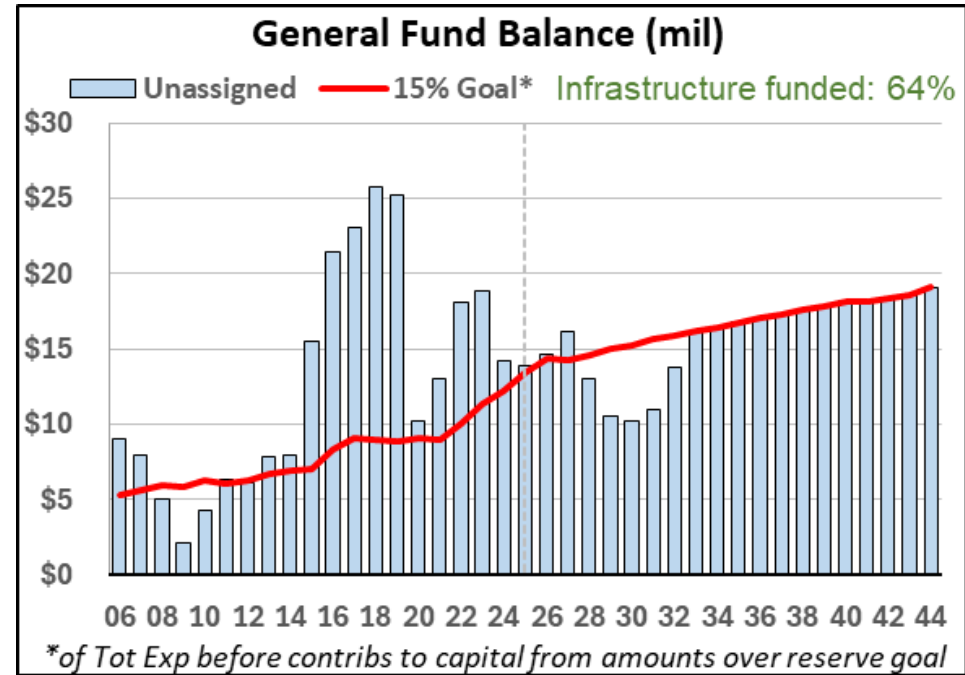
General Fund Long-Term Forecast

- Effect of short-term budget reductions (reduce \$1 million in spending from FY 2027 to FY 2031)

Current Forecast



With Reductions



Capital Projects

- **Pavement Maintenance needs \$6 million/year**
- **Street Projects**
 - **Funding Gap: \$15.1 million**
 - **Anderson Road, Amtrak ADA/ Olive Drive Access, I-80/Richards**

Capital Projects

- **Annual CIP's**

- **Funding Gap: \$9.7 million**

- **ADA Parking/Facilities Compliance**
 - **Aquatics Repair**
 - **Citywide Signals Upgrade**
 - **Signal Coordination/ Bus Priority**
 - **Facilities Roof Replacement**
 - **Fire Station Improvements**

- **Playground Replacements**
 - **Playfields Inclusive Playground**
 - **Streetlight Improvements**
 - **Sewer Rehabilitation**
 - **Traffic Calming Project**
 - **Shade Structures Project**
 - **1717 Building A Modifications**
 - **EV Fleet Charging**
 - **VMT Renovations**

Maintenance Needs

- **Urban Forest Management and Sidewalks**
 - **Initial Discussion with Council: August 2025**
 - **Policy Discussions to resume following Council recess**
 - **Urban Forestry**
 - **Sidewalks**
 - **Policy will inform funding gap**

Fiscal Commission Input

- **Special Meeting May 20th**
- **Focus on long-term financial health (citywide)**
 - **More discussion over next few months**
 - **Commission questions included as Attachment 3**
 - **Structural deficit, reserves, fiscal sustainability, revenues**
 - **Personnel costs and employee liabilities**
 - **Capital projects and deferred maintenance**
 - **Non-general funds, cost allocation**

Appropriation (Gann) Limit

- **Limit on revenue that can be spent**
- **Prior-year limit adjusted by population and growth factors**
 - **Change in City population: 0.44%**
 - **Change in non-residential new construction: 10.06%**
- **FY 2026/27 Limit: \$143,779,181**
 - **Appropriations subject to limit: \$83.5 million, 58.1% of limit**

Recommendations

- **Adopt Resolution establishing FY 2026/27 Appropriations Limit**
- **Approve Resolution adopting the City of Davis Operating and Capital Budget for FY 2026/27**
- **Approve Resolution adopting the Davis Redevelopment Successor Agency Budget for FY 2026/27**