



**CITY OF COSTA MESA  
POLICE DEPARTMENT  
SUPPLEMENTAL MEMORANDUM**

**TO:** THE HONORABLE CITY COUNCIL

**FROM:** JASON CHAMNESS, POLICE CAPTAIN

**DATE:** MAY 30, 2025

**SUBJECT:** AGENDA ITEM NO. NB-4: FISCAL YEAR 2025-26 PROPOSED OPERATING AND CAPITAL IMPROVEMENT PROGRAM AND HOUSING AUTHORITY BUDGET INCLUDING ANNUAL REPORTING FOR EQUIPMENT USE POLICY PER AB 481 AND VACANCY STATUS AND RECRUITMENT STRATEGIES PER AB 2561

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For Agenda Item No. NB-4, the Annual Reporting for Equipment Use Policy per AB-481, Less Lethal Devices 40mm launchers and Munitions the total times the 40mm device was used was (1) instead of (0) as initially reported. The corrected attachment is attached for your reference.

If you have any questions, please let me know.

- c. Cecilia Gallardo-Daly, Acting City Manager  
Alma Reyes, Deputy City Manager  
Carol Molina, Finance Director  
Kimberly Hall-Barlow, City Attorney  
Brenda Green, City Clerk

Costa Mesa  
Police Department  
Annual AB 481 Report

FY 2024/2025

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On August 2, 2022, military equipment, as defined under Government Code 7070, was approved for police use by the Costa Mesa City Council, consistent with Assembly Bill (AB) 481. The policy regarding use of such equipment is documented under Costa Mesa Police Department (CMPD) Policy Manual section 706 and is publicly available on the Costa Mesa Police Department website. Types, quantities, descriptions, and costs of equipment are contained in section 706.5 of the Policy Manual. As of this report, the items, uses, their quantities, their costs, and their purposes have not changed. The Department does not currently to acquire equipment beyond what is already authorized in Policy 706.

From April 17, 2024 to April 17, 2025, the CMPD has received zero (0) complaints about any of the items outlined in Policy Section 706.5. During the same period, there were zero **(0)** internal audits and zero **(0)** violations of the AB 481 Equipment Use Policy.

The CMPD recognizes critical incidents can be unpredictable and rapidly evolving. The equipment listed in the AB 481 Equipment Use Policy greatly assists law enforcement in bringing those incidents to a safe and swift resolution. The use of AB 481 equipment is continuously evaluated by department personnel to ensure compliance with State law and Department policy/procedure.

The following section outlines the AB 481 equipment used by members of the CMPD from April 17, 2024 to April 17, 2025. Certain items of AB 481 equipment, particularly consumables (ammunition, diversionary devices, pepper balls, chemical agents, etc.) are used throughout the year on a regular basis for training and maintaining operational proficiency. Training usage is not captured in this section. This section only provides data for the operational use of AB 481 equipment listed within this annual AB 481 Use Summary Report.

The CMPD utilizes or displays certain pieces of AB 481 equipment during outreach and community engagement events as a means of raising awareness, transparency, and education. Such events include but are not limited to, the CMPD Citizens Academy, National Night Out, the Lion's Club Fish Fry, and Imaginology events. The usage of the equipment in these events is not reflected in this report.

Other items listed in the CMPD Policy Manual section 706.5 that are not specifically mentioned in the summary above were not used during the time frame of this report. Specifics regarding the purpose of each item, the associated costs and the quantity possessed is outlined under CMPD Policy Manual Section 706 and 706.5 (Attached).

**The following is data for AB 481 use by category:**

## **VEHICLES**

### **Mobile Command Vehicle (MCV)**

The MCV was used a total of **(8)** times from April 17, 2024 to April 17, 2025, during official law enforcement activities in accordance with CMPD policy.

Authorized Usages:

Only officers trained in the use and deployment of the MCV shall drive the vehicle under the direction of the Chief of Police, Field Operations Captain, Support Services Captain, SWAT Commander, Watch Commander, or their designee. Situations where the MCV may be deployed include but are not limited to:

- Critical incidents
- Natural disasters
- Special events
- Training
- Emergencies

### **Armored Rescue Vehicles (ARVs)**

The CMPD ARV was used **(4)** times from April 17, 2024 to April 17, 2025

Authorized Use:

The ARVs use shall be authorized by the Chief of Police, Division Commander, Watch Commander, or SWAT Commander based on the specific circumstances of a given critical incident. ARVs shall only be used by personnel trained in their deployment and in a manner consistent with Department policies/procedures. Situations, where the ARVs may be deployed, include but are not limited to:

- Critical incidents
- Natural disasters
- Special events
- Training
- Emergencies

## **SPECIALIZED TACTICAL EQUIPMENT**

### **Unmanned Aerial Systems (UAS)**

UASs were utilized at total of **(137)** times from April 17, 2024 to April 17, 2025, during official law enforcement activities in accordance with CMPD policy.

Authorized usages:

Only assigned operators who have completed the required training shall be permitted to operate any UAS during approved missions. The UAS is to be deployed when its capabilities would assist officers or incident commanders with the following situations, which include but are not limited to:

- Major collision investigations
- Search for missing persons
- Natural disaster management
- Crime scene photography
- SWAT, tactical, or other public safety and life preservation missions.
- In response to specific requests from local, State, or Federal fire authorities for fire response and/or prevention.

### **Tactical Robot**

The Tactical Robot was **not** used from April 17, 2024 to April 17, 2025.

Authorized usages:

The tactical robot shall only be deployed by Department personnel trained in its use, and with the approval of the SWAT Commander, Watch Commander, or their designee. Situations, where the robots may be deployed, include but are not limited to:

- Critical incidents
- Natural disasters
- Special events

## **LESS- LETHAL DEVICES**

### **40mm Launchers and Munitions**

A 40mm launcher was used **(1)** time from April 17, 2024 to April 17, 2025.

Authorized usages:

Situations where the deployment of less-lethal impact or chemical munitions are authorized include but are not limited to:

- Self-destructive, dangerous, and/or combative individuals.
- Riot/crowd control and civil unrest incidents where the criminal behavior involved exceeds a failure to disburse or curfew violation.
- Circumstances where a tactical advantage can be obtained.
- Vicious animals
- Training exercises or approved demonstrations
- Tactical situations involving the deployment of the Department's SWAT Team including but not limited to, barricaded subjects.

### **PepperBall Launcher and Munitions**

PepperBall launcher and munitions were used **(4)** times from April 17, 2024 to April 17, 2025

Authorized usages:

Only officers who have received certification in the use of PepperBall are authorized to use PepperBall. Situations where the Pepperball may be deployed include, but are not limited to:

- Tactical situations involving the deployment of the Department's SWAT Team
- Training exercises or approved demonstrations
- Potentially vicious animals
- Circumstances where a tactical advantage can be obtained
- Riot/crowd control and civil unrest incidents
- Self-destructive, dangerous, and/or combative individuals

### **Chemical and Smoke Canisters**

Chemical and smoke canisters were not used from April 17, 2024 to April 17, 2025

Authorized usages:

Only SWAT officers who have received POST certification in the use of chemical agents are authorized to use chemical agents. Situations where the chemical agents may be deployed include, but are not limited to:

- Self-destructive, dangerous, and/or combative individuals
- Riot/crowd control and civil unrest incidents
- Circumstances where a tactical advantage can be obtained.
- Potentially vicious animals
- Training exercises or approved demonstrations
- Tactical situations involving the deployment of the Department's SWAT Team.

## **FIREARMS AND AMMUNITION**

### **Rifles and Ammunition**

Rifles and associated ammunition were deployed, but never fired, various times during official law enforcement activities in accordance with CMPD policy.

Authorized usages:

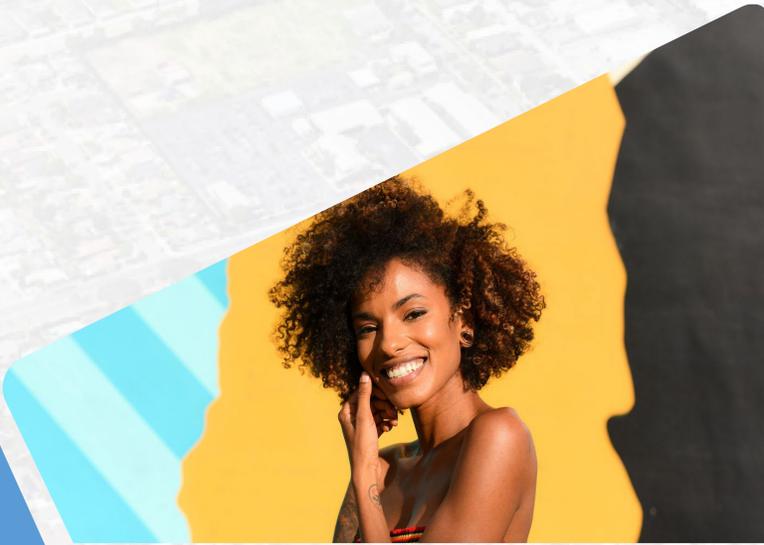
Only officers POST certified in the use of the rifle are authorized to deploy them in the field. Situations where rifles may be used include, to prevent serious bodily injury or death to self or others and during training.

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# Business Improvement Area Reauthorization and Levy Annual Assessment

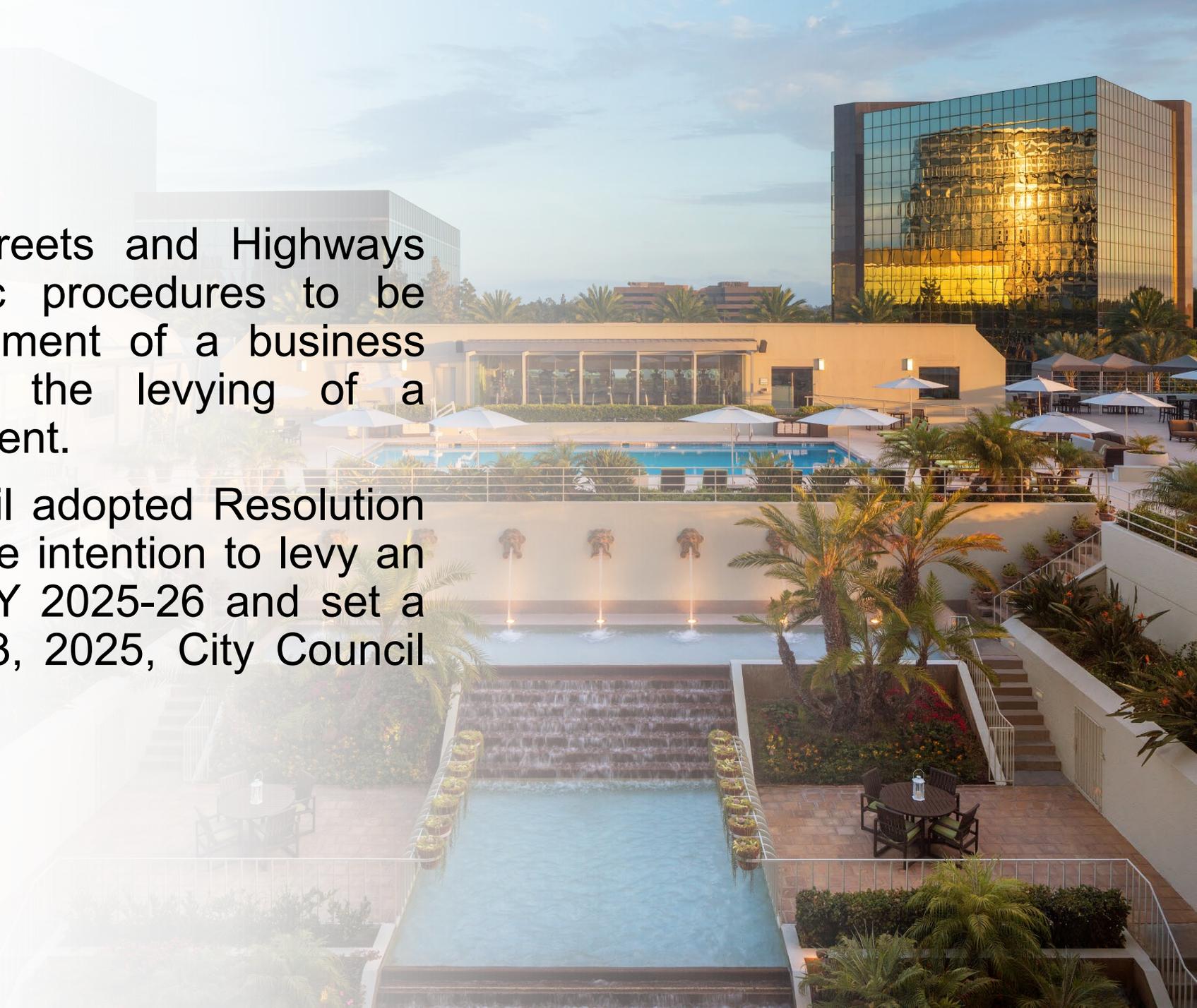
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June 3, 2025



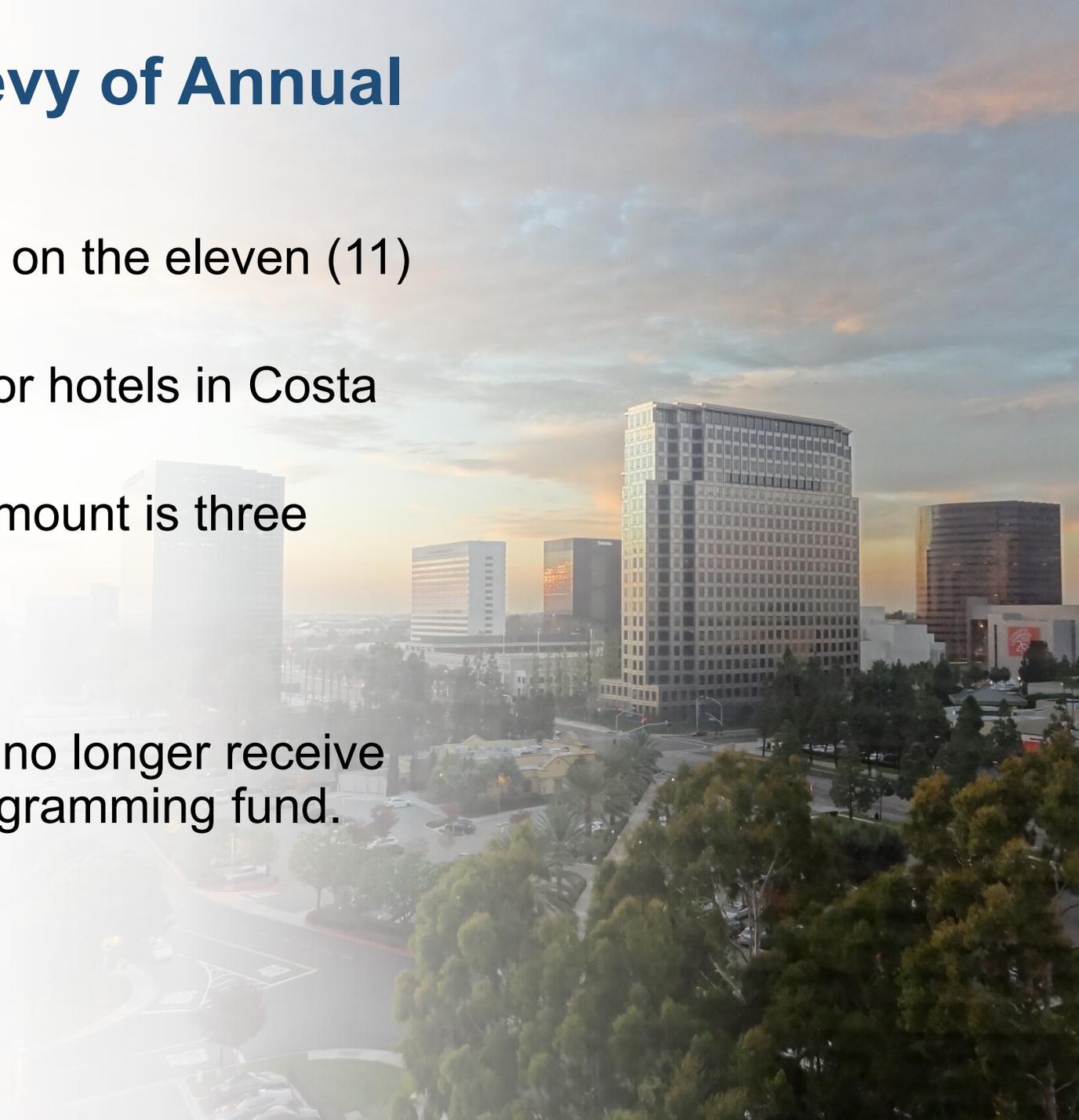
# Background

- State law mandates (Streets and Highways Code § 36533) specific procedures to be followed in the establishment of a business improvement area and the levying of a voluntary annual assessment.
- **May 6, 2025:** City Council adopted Resolution No. 2025-07, declaring the intention to levy an annual assessment for FY 2025-26 and set a Public Hearing on June 3, 2025, City Council meeting.



# BIA Reauthorization and Levy of Annual Assessment

- The City levies a special assessment on the eleven (11) participating hotels.
- Participation in the BIA is voluntary for hotels in Costa Mesa.
- For FY 2025-26, the proposed levy amount is three percent (3%).
  - TCM receives 99%.
  - City receives 1%.
- Starting the FY 2025-26, the City will no longer receive the \$164,000 Community Events Programming fund.





# Recommendations

Staff recommends the City Council:

1. Conduct a public hearing regarding the Business Improvement Area (BIA) reauthorization and levy of the annual assessment for Fiscal Year 2025-2026.
2. Adopt Resolution 2025-xx, confirming the annual report filed by Travel Costa Mesa and levying an annual assessment for Fiscal Year 2025-26 for the Business Improvement Area covering certain Costa Mesa hotels and motels.





**Appeal Application PAPL-25-0001  
for expiration of CUP PA-21-23**

**1687 Orange Avenue**

**City Council Meeting**

**May 6, 2025**



# Conditional Use Permit PA-21-23

- Conditional Use Permit
  - Retail cannabis storefront to be located at 1687 Orange Avenue
- Project Details
  - 2,278-square-foot commercial building
  - Provide additional landscaping
  - Restriping parking lot to comply with City standards
  - Construct new driveway and public sidewalk per City standards
  - Construct new trash enclosure
  - Off-site parking spaces in adjacent shopping center



# Project Background

- Conditional Use Permit (CUP) was approved by the Planning Commission on September 12, 2022 with an effective approval date of September 19, 2022 and official expiration date of September 19, 2024
- Building Permit application BC23-00238 was applied for on May 1, 2023
- Building division notified the applicant to provide a final set of plans for approval in May and July of 2024
- On September 19, 2024, the CUP application officially expired
- On December 2, 2024, Planning staff issued a notice of expiration that included an option to appeal the determination
- On December 9, 2024, the applicants submitted their appeal request
- On February 24, 2025, the appeal application was denied by the Planning Commission

# Entitlement Expiration

- Pursuant to CMMC Section 13-29(k)(2), unless otherwise specified by condition of approval, any permit or approval not exercised within 24 months from the actual date of review authority approval shall expire and become void, unless an extension of time is approved.
- The permit shall not be deemed “exercised” until at least one of the following has first occurred:
  - A building permit has been issued and construction has commenced and has continued to maintain a valid building permit by making satisfactory progress as determined by the building official.
  - A certificate of occupancy has been issued.
  - The use is established and a business license has been issued.
  - A time extension has been granted.

# Appeal Application PAPL-25-0001

- Requesting an appeal of the determination that CUP PA-21-23 has expired pursuant to the CMMC and COAs
- Request for appeal is due in part to project development issues
- Review of this matter is limited to whether staff determination is consistent with the applicable CMMC sections and project conditions of approval
- Pursuant to CMMC Section 2-309, the decision of the development services director on planning matters shall be made to the Planning Commission

# Planning Commission Hearing

- On February 24, 2025, PAPL-25-0001 reviewed by the Planning Commission
- Planning staff recommended denial of application
- None of the required actions were taken prior to expiration date
- Planning Commission upheld staff's determination



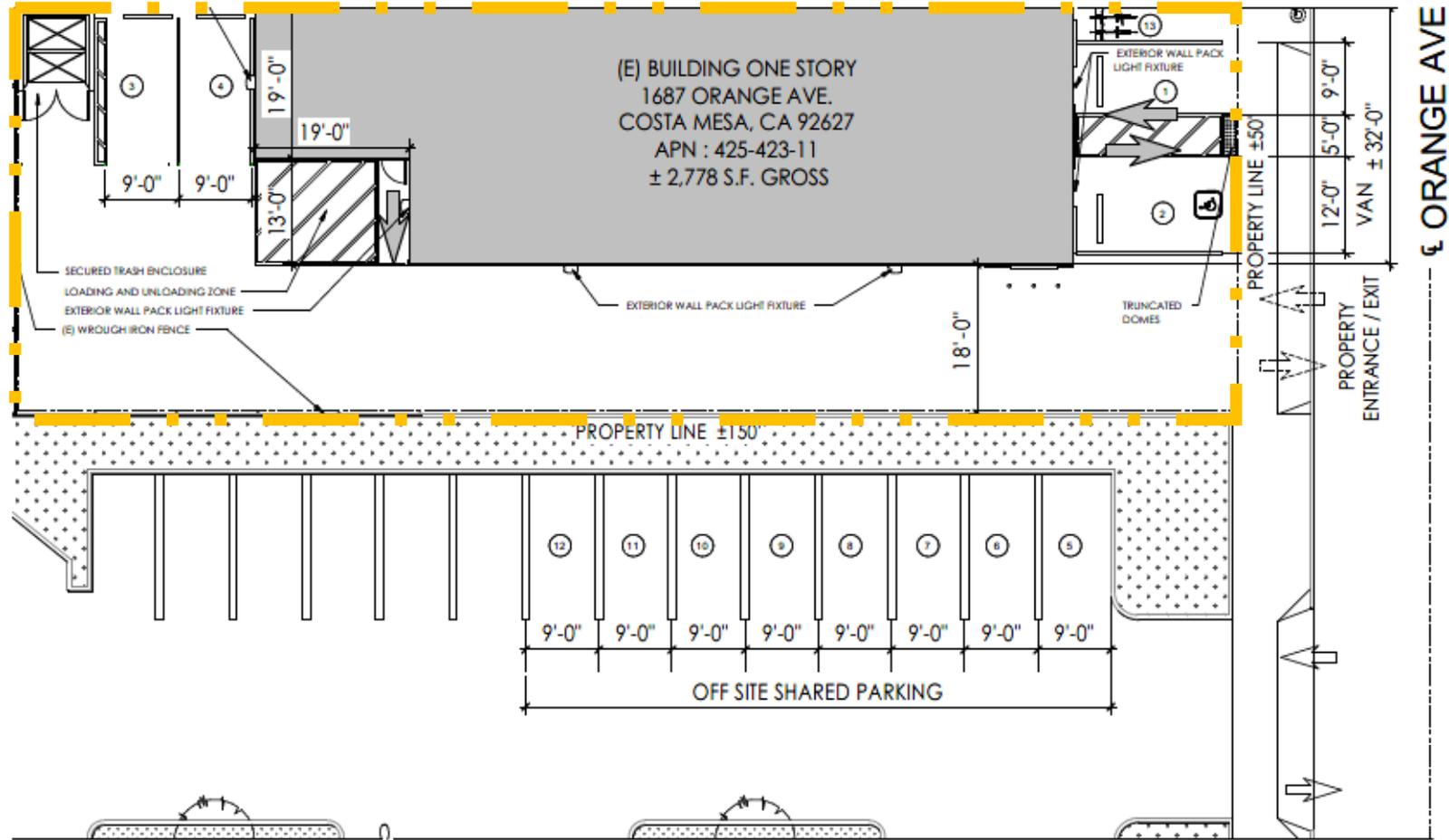
## Recommendation

Staff recommends that the City Council adopt a Resolution to:

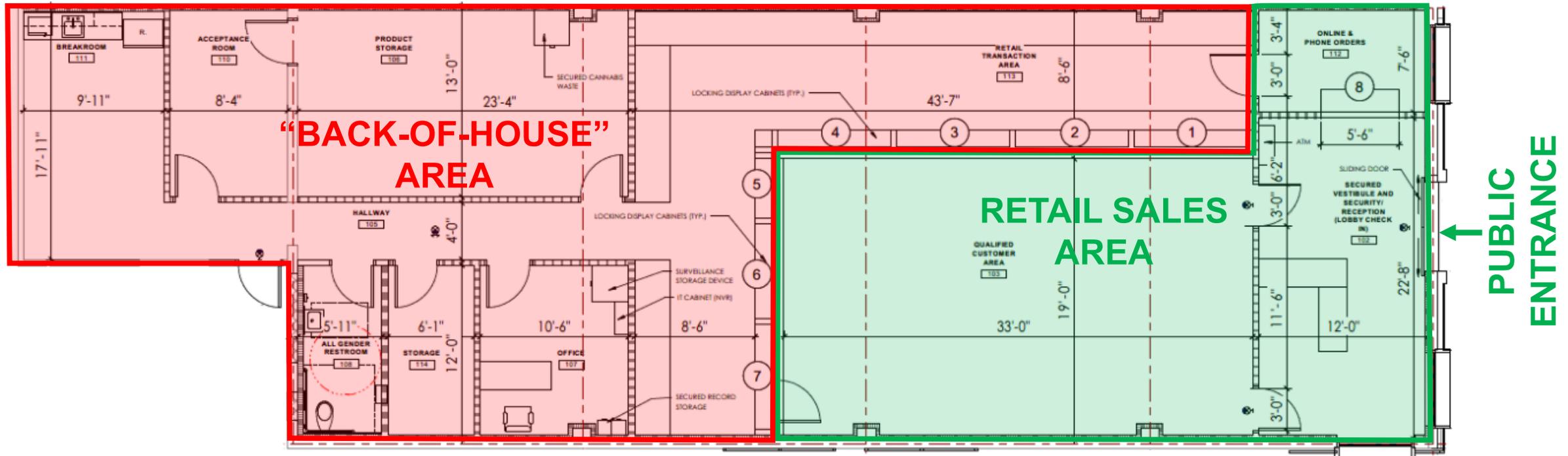
1. Find that the appeal is not subject to CEQA
2. Uphold the Director of Development Services determination that CUP PA-21-23 has expired



# Site Plan



# Floor Plan



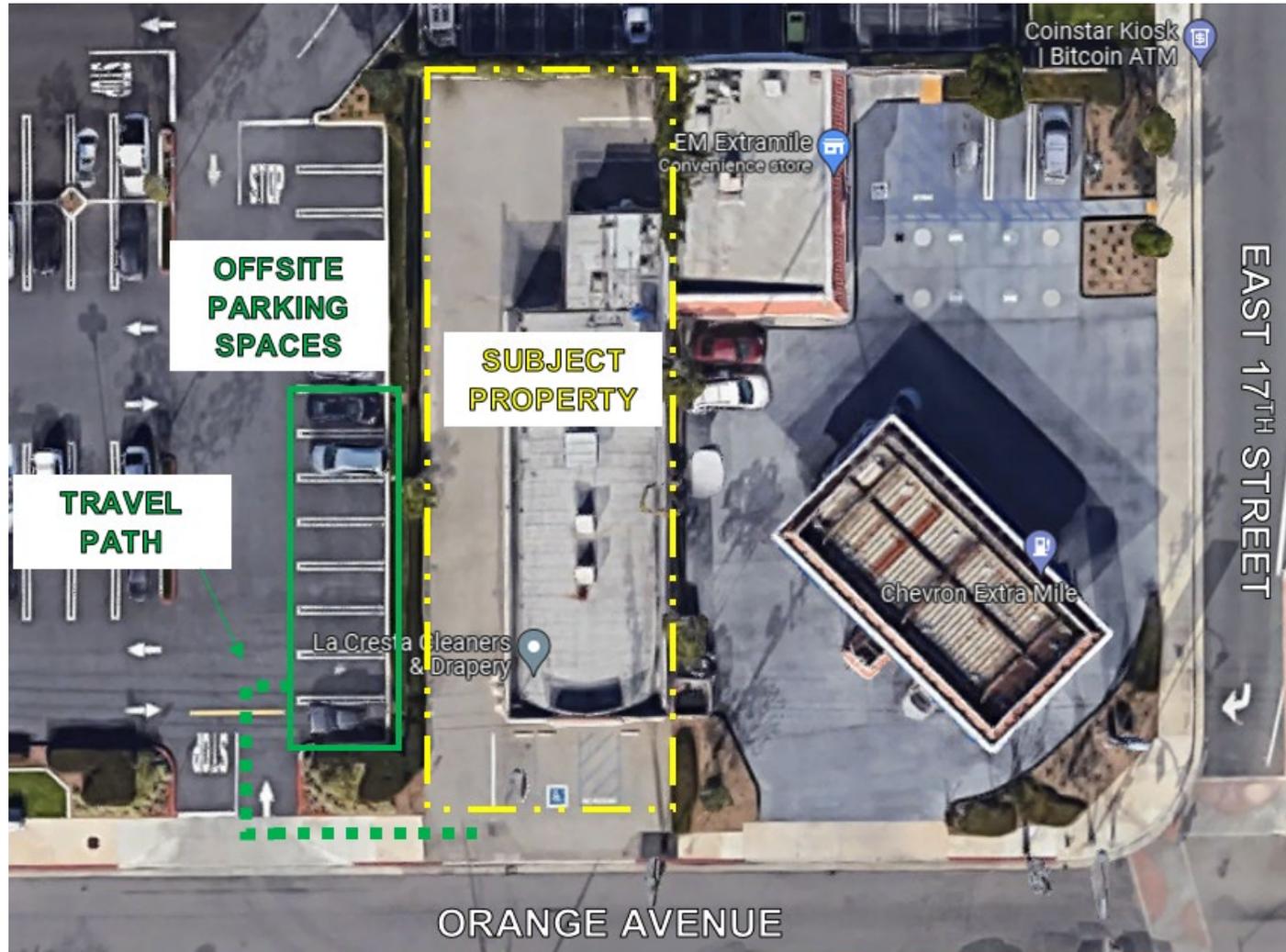
# Existing Conditions



# Proposed Exterior Improvements



# Offsite Parking Path of Travel





Bringing High-End Retail and Wellness to Costa Mesa



GOLD FLORA PARTNERS, LLC  
June 3, 2025

## City of Costa Mesa City Council Request

We are committed to creating a welcoming space where wellness and community come together. With **King's Crew Costa Mesa**, our goal is to establish a dispensary that feels both inviting and inclusive – a place that becomes a natural part of Costa Mesa, serving the community with accessible care and purpose.

Every step we've taken has been thoughtful and intentional, from securing the right location to navigating the necessary approvals, all with the goal of bringing this vision to life.

# Current Location vs. Future Rendering

  
GOLD FLORA  
CALIFORNIA GROWN®

  
KING'S CREW  
COSTA MESA



# Key Milestones & Challenges



## Financial Investment to Date

- Gold Flora has invested **over \$300,000** in this project to date.

## Regulatory Approvals & Compliance

- Gold Flora **secured CUP approval on September 2, 2022**, following all necessary procedures
- We proactively submitted multiple building plans to both City and Water District to ensure full regulatory compliance.

## External Delays & Unexpected Challenges

- **October 23, 2023:** Water District mandated corrections that **forced a complete redesign of offsite plans**, an unforeseen but necessary adjustment beyond our control.
- **April 2024:** Despite these challenges, we **achieved preliminary approval** from City Building and Public Works, showing steady progress.
- Shortly after, the City **unexpectedly required an Encroachment Permit**, adding another unanticipated step.
- Due to the “Class A” General Contractor requirement, our General Contractor was **barred from pulling the permit** — a regulatory obstacle outside of our control.
- **May 5, 2024:** Prime Construction contract issued.
- Southern California Edison (SCE) site walk resulted in a **last-minute issuance of new design parameters**, requiring major modifications to previously approved building plans.

# Key Milestones & Challenges (Cont.)



## Procedural Barriers

- **June 19, 2024:** We **proactively contacted City Building & Safety** to verify project expiration dates, demonstrating our diligence.
- The assigned **City Planner left the department**, and **no new planner was assigned** to our project. In addition, no response received from status requests – which led to communication breakdowns and delays.
- Despite these challenges, **Gold Flora continued revising building plans** in good faith to comply with SCE's new requirements.

## CUP Expiration

- Gold Flora takes responsibility for missing the 180-day CUP extension deadline, in part due to unforeseen circumstances.
- **September 20, 2024:** Gold Flora's CUP unknowingly expired – at no point were we contacted by any department or official regarding the required 180-day extension.
- **December 2, 2024:** The City belatedly notified us of the expiration, long after the opportunity to extend had passed.

# Request to City Council



**1687 Orange Avenue,  
Costa Mesa, CA 92627**

*\*17<sup>th</sup> Street and Orange Avenue*

**2,778 Total Sq. Ft.**

## Request for CUP Extension & Plan Check Extension

- Gold Flora has **acted in good faith**, overcoming numerous **unexpected regulatory hurdles** and making **significant financial commitments** to this project.
- The delays were largely due to **external circumstances**, including last-minute regulatory changes and internal city staff transitions that were beyond our control.
- Given our **proactive efforts, substantial investment, and commitment to compliance**, we respectfully request the City Council to grant a 180-day CUP extension and uphold the current building plan checks.



# City of COSTA MESA

FY 25/26 User and Regulatory Fee Update

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City Council | June 3, 2025

clear  source  
FINANCIAL CONSULTING

# MEETING AGENDA

- Background
- Recommendations
- Fiscal Impact
- Procedures for Adoption



Background

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FINANCIAL CONSULTING

# BACKGROUND

- Cities collect fees and charges for government services performed at the request of, or specifically for, a particular individual, business, or group... as opposed to services performed for the community as a whole

# BACKGROUND

- Communities generally use tax revenues to fund services that provide general (community-wide) benefit
  - Public works
  - Public safety
  - Park maintenance
- Communities generally use fees and charges (direct recovery) to fund services that provide direct benefit
  - Plan Review
  - Permitting
  - Inspection

# TYPES OF USER AND REGULATORY FEES

- This update DOES NOT examine taxes, assessments, utility rates, or development impact fees

- **Building Fees** - construction permit processing, plan check, and inspection
- **Engineering and Public Works Fees** - engineering review of development-related grading and public improvements; review of temporary encroachments in the City right-of-way
- **Planning Fees** – Zoning and entitlement review and use permitting
- **Non-Development Related Fees** - administrative fees, parks and recreation fees, police fees

# BACKGROUND

- Staff reviews fees each year as part of normal operations.
  - Periodically, full cost of service studies are undertaken
  - To keep pace with changes in costs, in years between fee studies, (“interim years”), the City Council has authorized the annual adjustment of existing user and regulatory fees.
  - The adjustment is based on the prior year annual change in the all-urban Consumer Price Index for Los Angeles-Long Beach-Anaheim, CA (CPI), not to exceed five percent (5%) per year.



## Recommendations

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## RECOMMENDATION – ANNUAL INFLATIONARY ADJUSTMENT

- Since this is an interim year update, this report is intended to primarily reflect a **CPI adjustment** to the fees until the next full cost of service study is completed.
- **Some fees are proposed to be adjusted by 3.3%**

# RECOMMENDATION – ANNUAL INFLATIONARY ADJUSTMENT

- Not all fees are proposed for annual adjustment
  - Fees proposed for Annual Adjustment are marked as “Y” (Yes) in the fee schedule.
    - Typically development related fees such as entitlement review, land development engineering, and construction review and permitting.
  - Fees NOT proposed for adjustment without Council direction are marked as “N” (No) in the fee schedule.
    - Primarily Recreation and Facility Rental Fees
    - Fees limited by State Law
  - No fee adjustments or increases are proposed for youth or senior services.

## RECOMMENDATION – NEW FEES

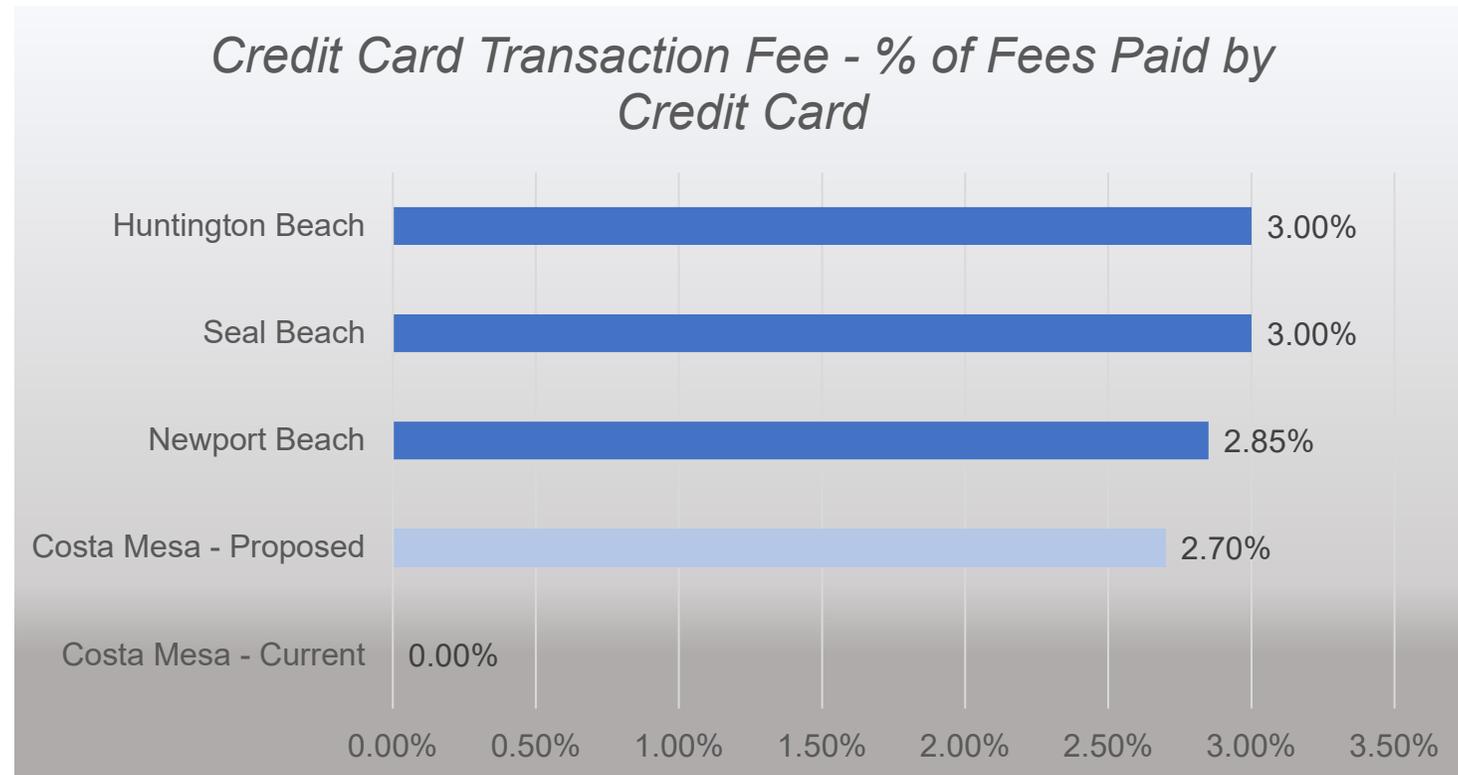
- In addition to the routine inflationary adjustments, three new fees are proposed for City Council consideration:
  - Credit Card Transaction Processing Fee
  - General Plan Update Fee
  - Technology Enhancement Fee
- Similar fees are collected by communities throughout the region and the State. The proposed fee amounts do not exceed the City's cost of service and are in-range of amounts charged by other jurisdictions.

## RECOMMENDATION – NEW FEES

- Credit Card Transaction Processing Fee:
  - The proposed fee is 2.7% of the amount paid by credit card.
  - The fee is not intended to generate any new revenue for the City. It is simply intended to function as a pass-through collection of amounts directly payable to the City's credit card transaction processing vendor.

# RECOMMENDATION – NEW FEES

- Credit Card Transaction Processing Fee:

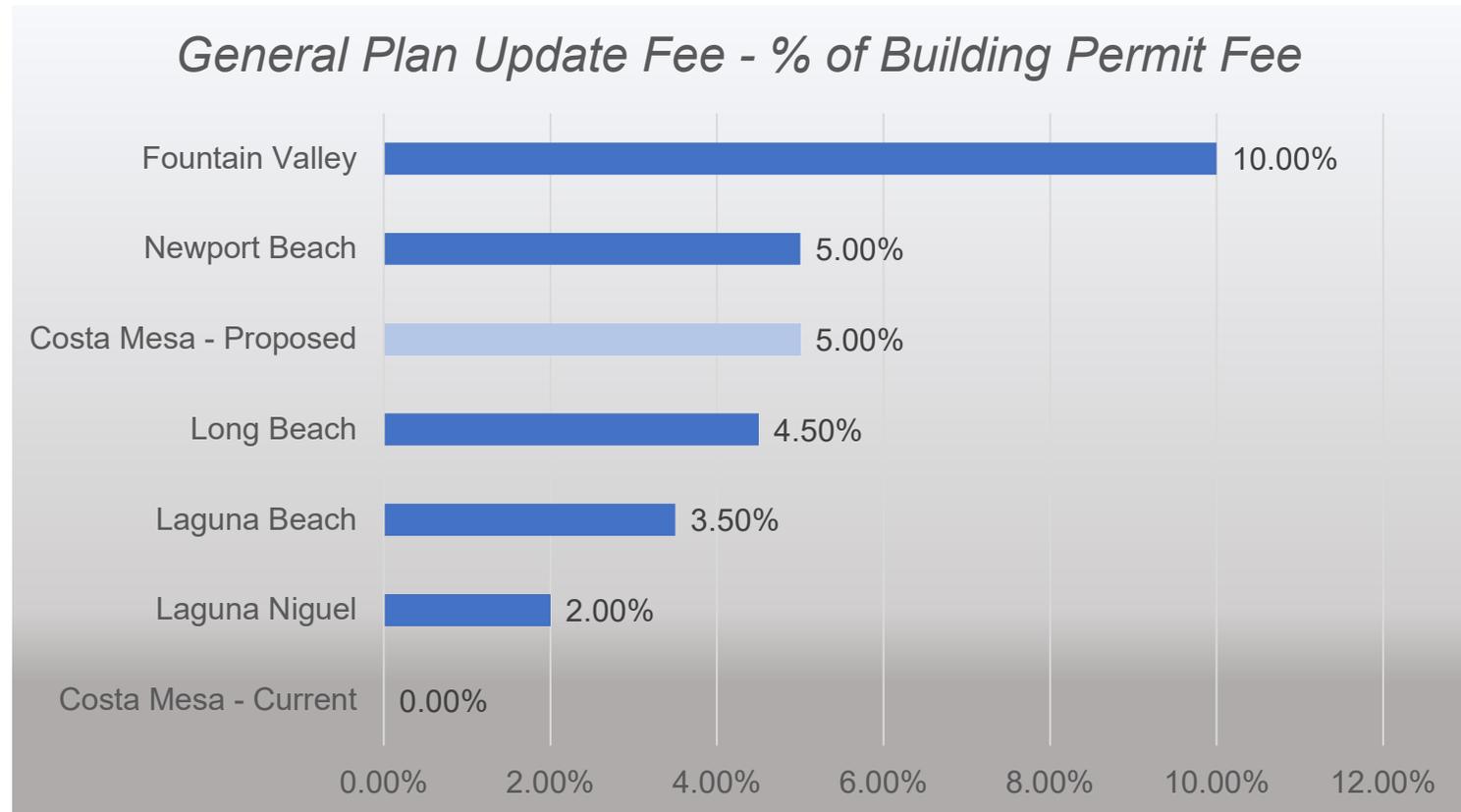


## RECOMMENDATION – NEW FEES

- **General Plan Update Fee:**
  - This fee is proposed to offset a portion of the costs associated with General Plan updates, most of which are state mandated.
  - Allows staff to reserve amounts collected and use them to offset costs that may incur from time to time.
  - To maintain alignment to the region, staff proposed less than full cost recovery for this fee.
  - The proposed fee will be collected as 5% of applicable building permit fees (e.g., new construction projects).
  - The fee will only be paid by development projects that rely on the City's General Plan for consistency, and which change the built environment (new or added construction).

# RECOMMENDATION – NEW FEES

- General Plan Update Fee:



# GENERAL PLAN UPDATE FEE

## Orange County Examples

Fountain Valley

Fullerton

Huntington Beach

Laguna Beach

Laguna Niguel

Newport Beach

Orange

Placentia

Santa Ana

Seal Beach

## California Metro Examples

Los Angeles

San Diego

San Jose

## California High Growth Area Examples

Elk Grove

Folsom

Lincoln

Rancho Cordova

Roseville

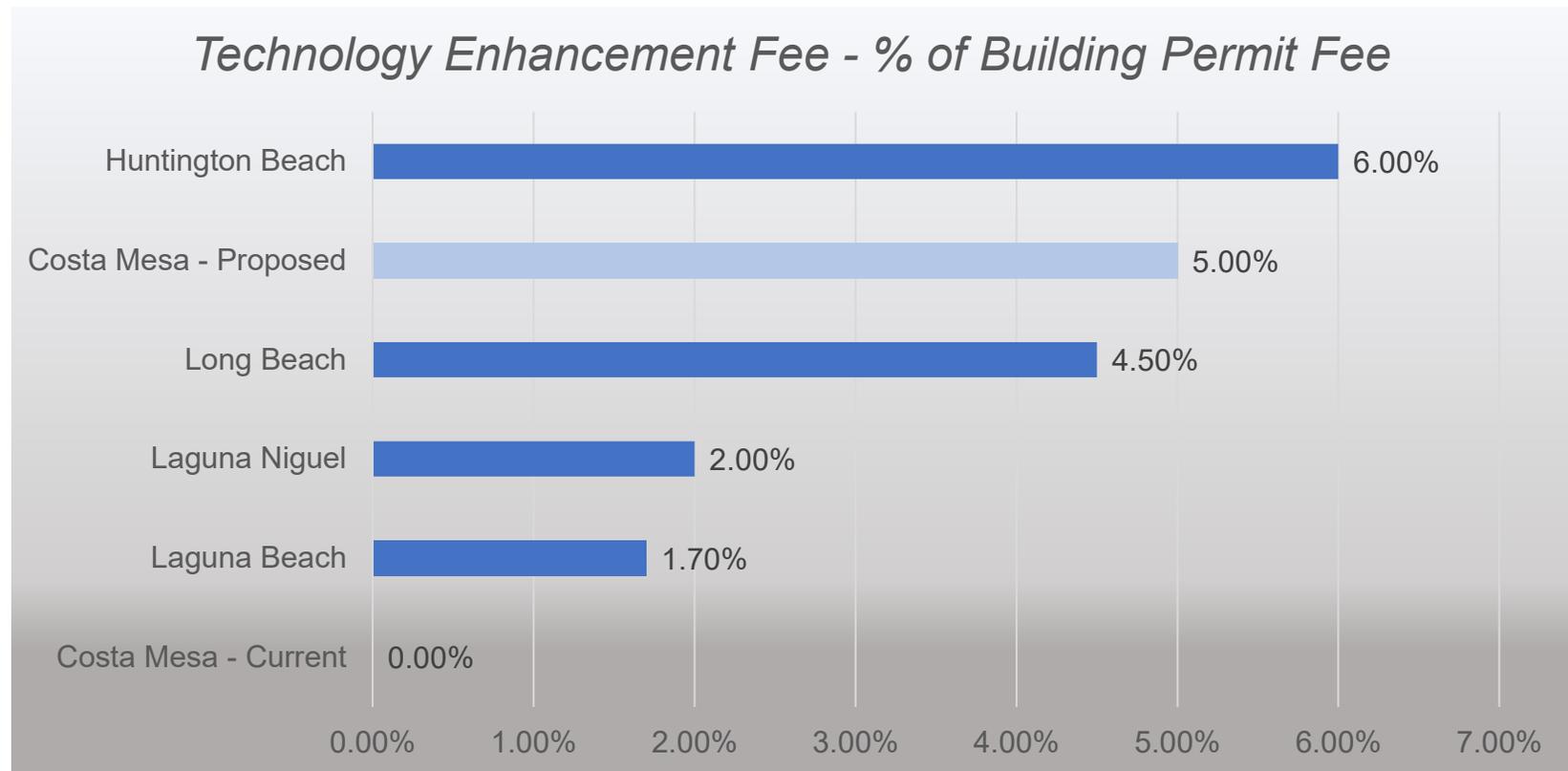
Sacramento

## RECOMMENDATION – NEW FEES

- **Technology Enhancement Fee:**
  - This fee is proposed to recover costs for current and future technology platforms utilized for development and permitting processes (e.g, TESSA).
  - Allows staff to reserve amounts collected and use them to offset costs that the City incurs for current system maintenance or future system development.
  - In order to maintain alignment to the region, staff proposed less than full cost recovery for this fee. The proposed fee will be collected as 5% of applicable permit fees.
  - The fee will only be paid by projects which require Building/Electrical/Mechanical/Plumbing permits.

# RECOMMENDATION – NEW FEES

- Technology Enhancement Fee:



# TECHNOLOGY ENHANCEMENT FEE

## Orange County Examples

Fullerton

Huntington Beach

Irvine

Laguna Beach

Laguna Niguel

Mission Viejo

Orange

Placentia

Seal Beach

## California Metro Examples

Los Angeles

San Jose

## California High Growth Area Examples

Elk Grove

Lincoln

Rancho Cordova

Roseville

Sacramento

# FEE IMPACT EXAMPLE #1

- **For a \$50,000 Construction Valuation Project:**

| Description      | Current Fees | Impact       |
|------------------|--------------|--------------|
| General Plan Fee | \$0          | \$57         |
| Technology Fee   | \$0          | \$57         |
| <b>Total</b>     | <b>\$0</b>   | <b>\$114</b> |

## FEE IMPACT EXAMPLE #2

- **For a \$100,000 Construction Valuation Project:**

| Description      | Current Fees | Impact       |
|------------------|--------------|--------------|
| General Plan Fee | \$0          | \$88         |
| Technology Fee   | \$0          | \$88         |
| <b>Total</b>     | <b>\$0</b>   | <b>\$176</b> |

## FEE IMPACT EXAMPLE #3

- **For a \$500,000 Construction Valuation Project:**

| Description      | Current Fees | Impact       |
|------------------|--------------|--------------|
| General Plan Fee | \$0          | \$292        |
| Technology Fee   | \$0          | \$292        |
| <b>Total</b>     | <b>\$0</b>   | <b>\$584</b> |

## FEE IMPACT EXAMPLE #4

- **For a \$1,000,000 Construction Valuation Project:**

| Description      | Current Fees | Impact         |
|------------------|--------------|----------------|
| General Plan Fee | \$0          | \$501          |
| Technology Fee   | \$0          | \$501          |
| <b>Total</b>     | <b>\$0</b>   | <b>\$1,002</b> |

# FEE IMPACT

- **Fees as Percent of Project Valuation**

| Description         | Current Fees | After CPI Adjustment and Addition of GP Update Fee and Tech Fee |
|---------------------|--------------|-----------------------------------------------------------------|
| \$50,000 Project    | 3.62%        | 3.97%                                                           |
| \$100,000 Project   | 2.80%        | 3.06%                                                           |
| \$500,000 Project   | 1.86%        | 2.04%                                                           |
| \$1,000,000 Project | 1.60%        | 1.75%                                                           |



## Fiscal Impact

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## FISCAL IMPACT

- The anticipated fiscal impact of the proposed fee changes is estimated at \$750,000, of which \$380,000 is comprised of the 3.3% CPI Adjustment and Credit Card Transaction Fee.
- It is important to note that while adjusting fees and billing rates will provide a fiscal impact in the form of additional revenue; the revenue is not intended to be used to fund new services, rather the revenue is intended to offset the costs of providing existing services that are recoverable from fees.



## FiPAC Recommendations

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## FiPAC Recommendations

- Support the CPI increase to applicable fees of 3.3%
- Support the Credit Card fee of 2.7%
- Did NOT support the General Plan Fee of 5%
- Did NOT support the Technology Enhancement Fee of 5%



# Staff Recommendations

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# Staff Recommendations

Staff recommends the City Council

- 1. Open a Public Hearing and take testimony.
- 2. Adopt a Resolution of the City Council of the City of Costa Mesa, California, Updating and Establishing User and Regulatory Fees for Various City Services.



## Next Steps

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## NEXT STEPS

- If adopted, effective dates will be:
  - July 1, 2025 for 3.3% CPI Adjustments and Credit Card Transaction Processing Fee
  - September 1, 2025 for General Plan Update Fee and Technology Fee



Questions or Feedback

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**FY 2025-26**  
**PROPOSED OPERATING AND  
CAPITAL IMPROVEMENT BUDGET**

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**City Council Public Hearing**  
**June 3, 2025**



**“Focused. Efficient.  
Resilient.”**



**PROPOSED  
OPERATING &  
CAPITAL  
IMPROVEMENT  
BUDGET**

**FISCAL YEAR**

2025 - 2026



# FY 2025-26 PROPOSED BUDGET OVERVIEW

- FY 2025-26 Proposed Budget Guiding Principles
- FY 2025-26 Estimated Revenue Highlights
- FY 2025-26 Proposed Expenditures Overview
- Capital Projects Overview
- Status of General Fund Reserves
- FY 2025-26 GANN Appropriations Limit
- City Council Requests

# GUIDING PRINCIPLES

## **FY 2025-26 Proposed Budget was inspired by the Five Strategic Plan Goals:**

- Strengthen Public Safety And Improve The Quality Of Life
- Diversify, Stabilize, and Increase Housing To Reflect Community Needs
- Advance Environmental Sustainability And Climate Resiliency
- Recruit And Retain High Quality Staff
- Achieve Long-Term Fiscal Sustainability

The background features a blurred city skyline at sunset on the left and a colorful, abstract mural on the right. The mural includes geometric shapes in yellow, blue, purple, green, and red. A large blue triangle is positioned in the bottom right corner.

**FY 2025-26**  
**PROPOSED OPERATING AND**  
**CAPITAL IMPROVEMENT**  
**BUDGET OVERVIEW**

# FISCAL YEAR 2025-26 PROPOSED BUDGET ALL FUNDS OVERVIEW

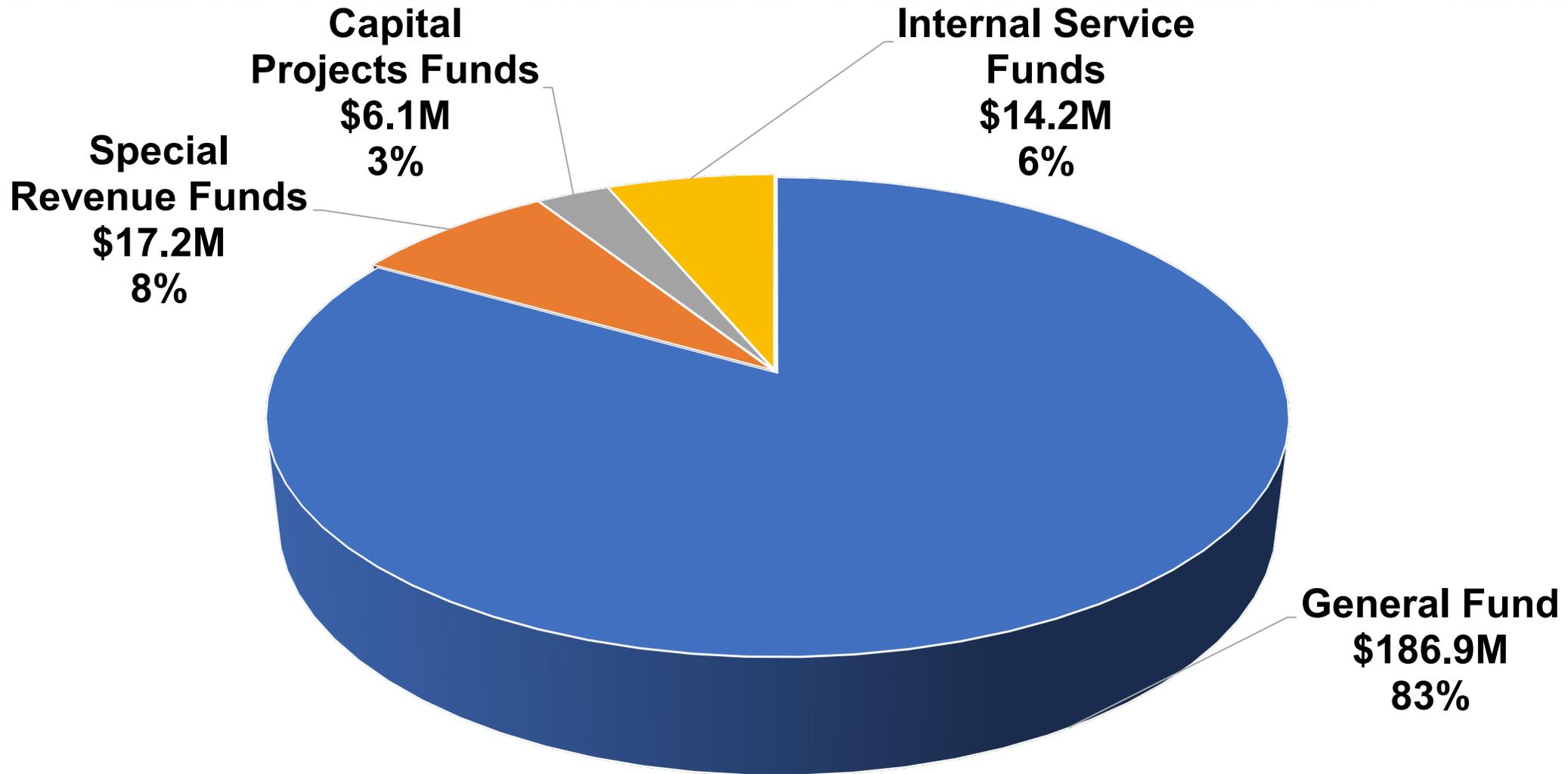
## Highlights:

- The Proposed Budget for FY 2025-26 All Funds is \$224.4M, a \$15.4M or 6% decrease from the current fiscal year;
- Designating \$101.7M, or 54%, in General Fund resources to public safety;
- Investing \$16.7M into the City's parks, streets, active transportation network, facilities, and other infrastructure;
- Increase of \$1.8M to the annual required CalPERS contributions;
- Fully annualizes labor contracts;
- Includes funding for current labor negotiations; and
- Funds \$1.3M to the Housing Authority Fund.

# ALL FUNDS DESCRIPTION

- General Fund – general operating fund of the City, unrestricted;
- Special Revenue Funds – grants (Federal, State and/or County), restricted funding sources
  - E.g. American Rescue Plan Fund, Measure M, Gas Tax, RMRA, etc.;
- Internal Service Funds – used to finance and account for activities involved in rendering equipment replacement, self-insurance services, and information technology replacement to departments within the City. Costs of materials, equipment, and services used are accumulated in these funds and charged to the user departments.
  - Equipment Replacement Fund
  - Self-Insurance Fund
  - Information Technology Replacement Fund
- Capital Improvement Fund – used to finance and track financial activities that are designated as capital projects (\$30K and above including staff time). Large capital projects normally span over multiple fiscal years.

# FISCAL YEAR 2025-26 ALL FUNDS \$224.4 MILLION

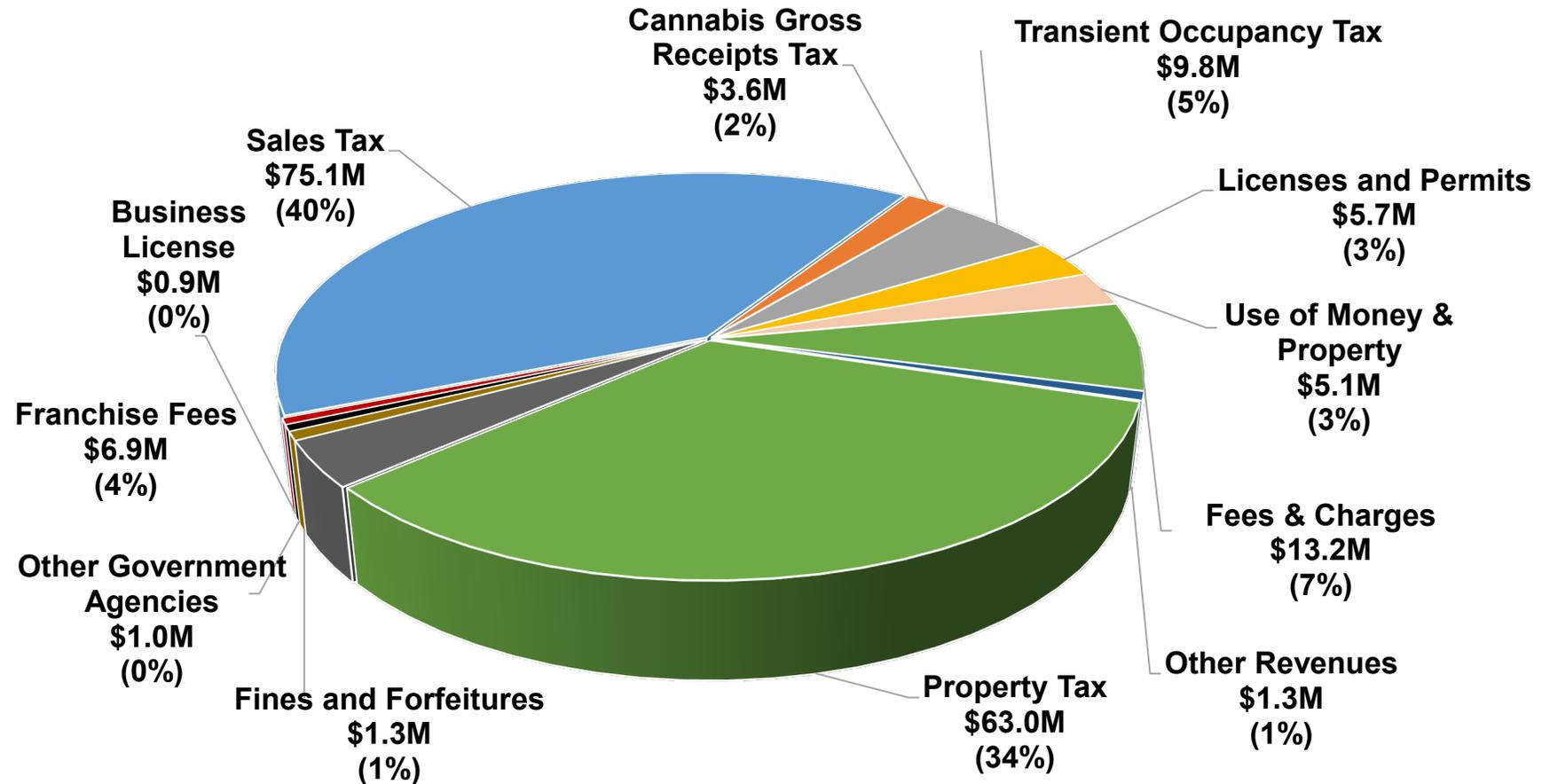


The background features a blurred city skyline at sunset with a white semi-transparent overlay. On the right side, there is a colorful mural with abstract shapes in yellow, blue, red, and green. A blue triangle is positioned at the bottom right corner.

# **FY 2025-26 PROPOSED GENERAL FUND BUDGET OVERVIEW**

# FY 2025-26 PROPOSED GENERAL FUND REVENUE

**Total Revenues – General Fund by Category \$186,855,606**

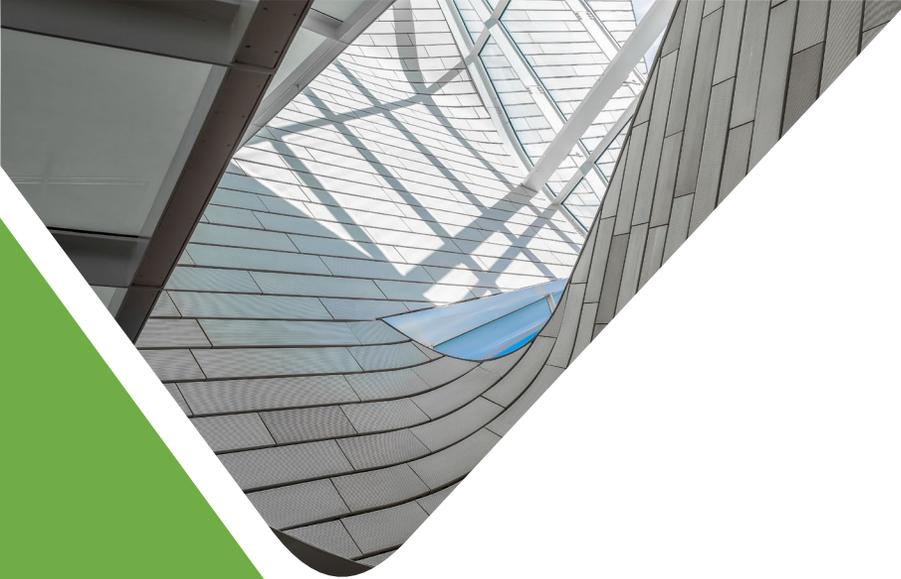


# GENERAL FUND REVENUE HIGHLIGHTS

- General Fund revenue is projected at \$186.9M, reflecting a decrease of \$3.0M, or 2% from the FY 2024-25 Adopted Budget;
- Sales Tax is estimated at \$75.1M, a decrease of \$6.4M, or 8% from FY 2024-25 Adopted Budget;
- Property Taxes are estimated at \$63.0M, reflecting a 4% growth over the current fiscal year;
- Transient Occupancy Tax are estimated at \$9.8M, reflecting a 3% decrease from FY 2024-25 Adopted Budget of \$10.1M;
- Fees and Charges are estimated at \$13.2M reflecting a decrease \$84K from the FY 2024-25 Adopted Budget; the proposed budget includes some proposed targeted increases based on a User and Regulatory Fee Study; and
- Cannabis taxes are estimated at \$3.6M, an increased by \$196K, or 6% from the current year budget.

# FY 2025-26 PROPOSED GENERAL FUND HIGHLIGHTS

- Structurally balanced budget with no use of General Fund Reserves or ARPA Funds;
- Includes 54% commitment to Public Safety;
- Funds 1.0 new Custody Officer position in the General Fund, while reducing 3 positions for a net decrease of 2 FTEs in the General Fund;
- Staff is requesting to enact the “Emergency Exception” clause of the 5% General Fund revenue contribution towards the Capital Assets Needs (CAN);
- City staff is recommending to utilize available fund balance in the Capital Improvement Program (Fund 401) to fund \$2.2M in projects. The total proposed CIP is \$28.7M, which includes \$12.0M of a future bond for the Fire Station #2 Reconstruction Project;
- Includes \$1.8M in CalPERS year-over-year increase as per CalPERS regulations;
- Continues the \$4.3M vacancy factor (negative appropriation) in the budget, of which \$3.7M is in the Police Department; and
- Allocate \$2.8 million to ensure compliance with the Information Technology Needs Municipal Code requirement of 1.5% of General Fund revenue.



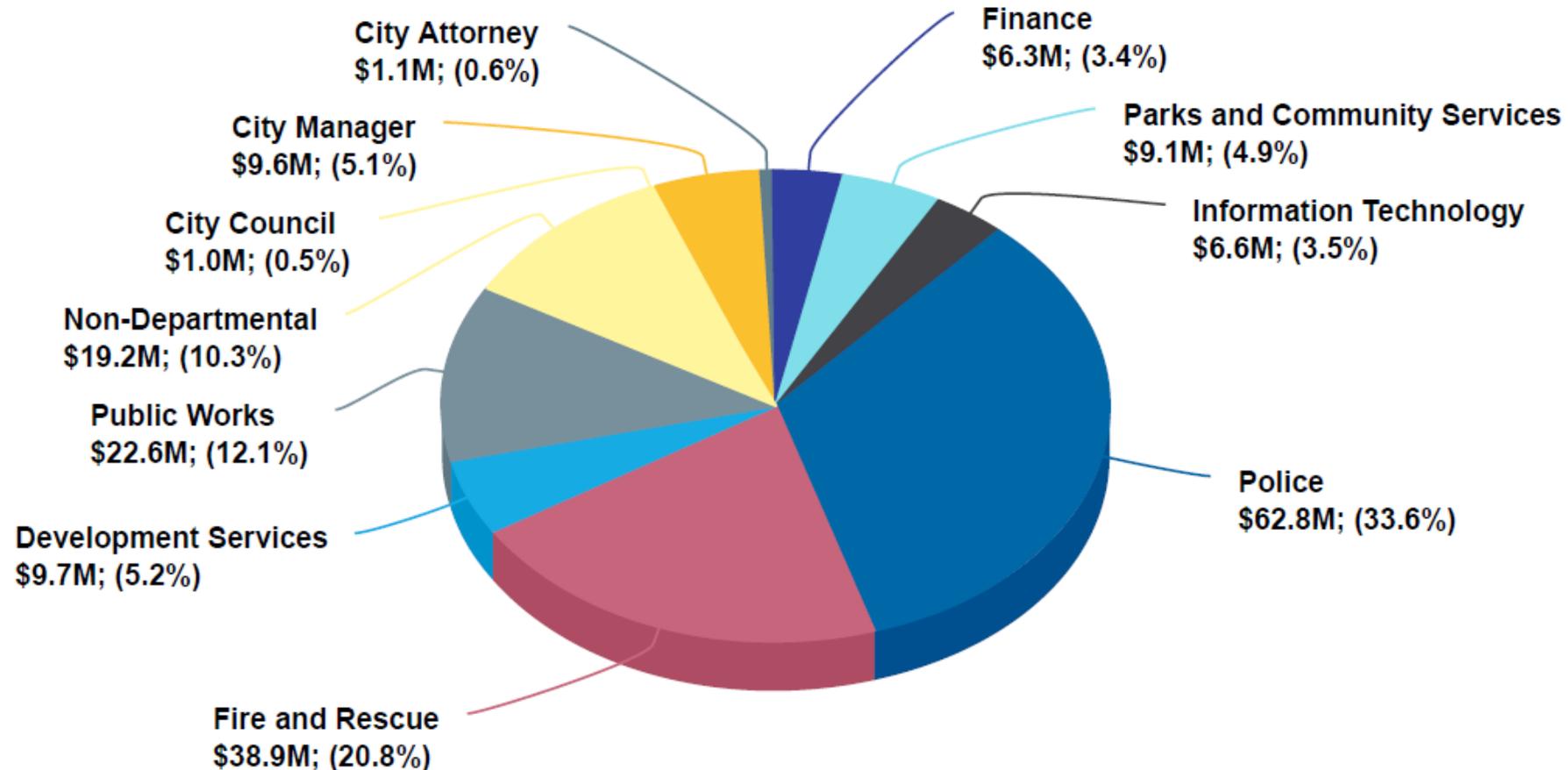
# STRENGTHEN THE PUBLIC'S SAFETY



# STRENGTHEN THE PUBLIC'S SAFETY

Public Safety Represents 55% of General Fund

Total Appropriations – General Fund by Department \$186.9 Million (Includes CIP)



# STRENGTHEN THE PUBLIC'S SAFETY

## Police Department:

- Sworn staffing levels at 142 positions;
- Highest level of Police sworn staffing since the Great Recession;
- Other annualized enhancements include:
  - One Custody Officer (Non-Sworn);
  - Salaries and benefits budget increased by a net of \$1.0M to fully fund contractual obligations;
  - \$1.0M in funding for new vehicles; and
  - \$59,915 increase for gun range maintenance, mobile data connection services for first responders, and public safety health counseling services.

# STRENGTHEN THE PUBLIC'S SAFETY

## Police Department: AB 481 Overview

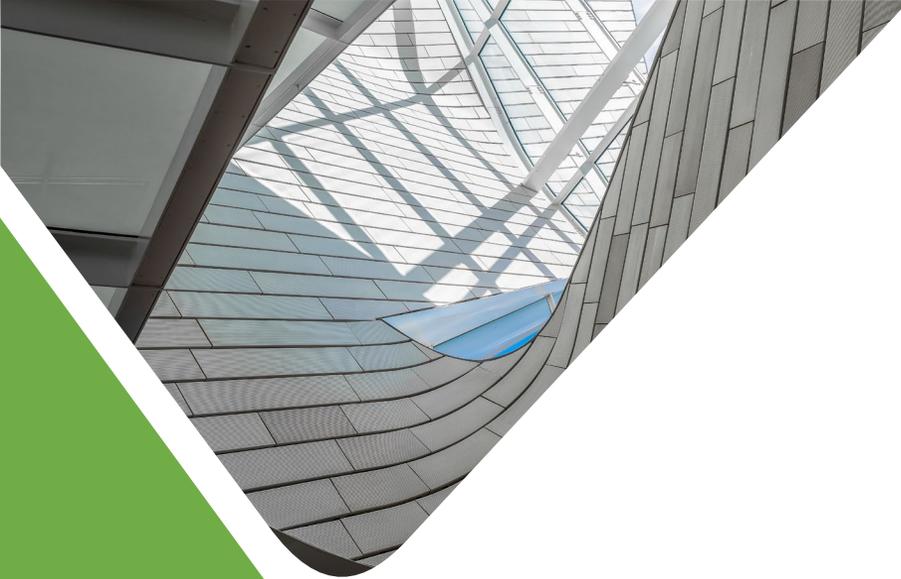
- Effective January 1, 2022, AB 481 mandates all California law enforcement agencies must:
  - Write an AB 481 equipment policy;
  - Compile an inventory list;
  - Ensure both are available to public on local webpage;
  - Notify local governing body 30-days prior to approval;
  - Obtain formal approval by governing body through ordinance of both the policy and equipment list; and
  - Review and approve annually by local governing body (approval more often if changes are made).
- City of Costa Mesa Annual AB481 Report posted on the Costa Mesa Police Department's website.

[Policies | City of Costa Mesa \(costamesaca.gov\)](https://www.costamesaca.gov/policies)

# STRENGTHEN THE PUBLIC'S SAFETY

## Fire and Rescue Department

- Sworn staffing levels at 85 positions;
- Salaries and benefits budget increased by a net of \$1.1 million to fund contractual obligations;
- Increase \$30,000 for firefighters' personal protective equipment;
- Increase \$20,000 for training for Emergency Operations Center, and Telecommunications Staff; and
- Allocate \$99,000 for a light truck for the Community Risk Reduction program.



# RECRUIT AND RETAIN HIGH QUALITY STAFF



# ALL FUNDS

# REQUESTED CHANGE IN POSITIONS

| Department                                 | Job Title                    | FTE           |
|--------------------------------------------|------------------------------|---------------|
| <b>Other Funds: Housing Authority Fund</b> |                              |               |
| City Manager's Office                      | Community Outreach Worker    | (1.00)        |
| <b>Other Funds Total</b>                   |                              | <b>(1.00)</b> |
| <b>General Fund</b>                        |                              |               |
| City Manager's Office                      | Human Resources Analyst      | (1.00)        |
| City Manager's Office                      | Programmer Analyst I         | (1.00)        |
| City Manager's Office                      | Sr. Management Analyst (CON) | (1.00)        |
| Police Department                          | Custody Officer              | 1.00          |
| <b>General Fund Total</b>                  |                              | <b>(2.00)</b> |
| <b>Grand Total All Funds Impact</b>        |                              | <b>(3.00)</b> |

# ALL FUNDS

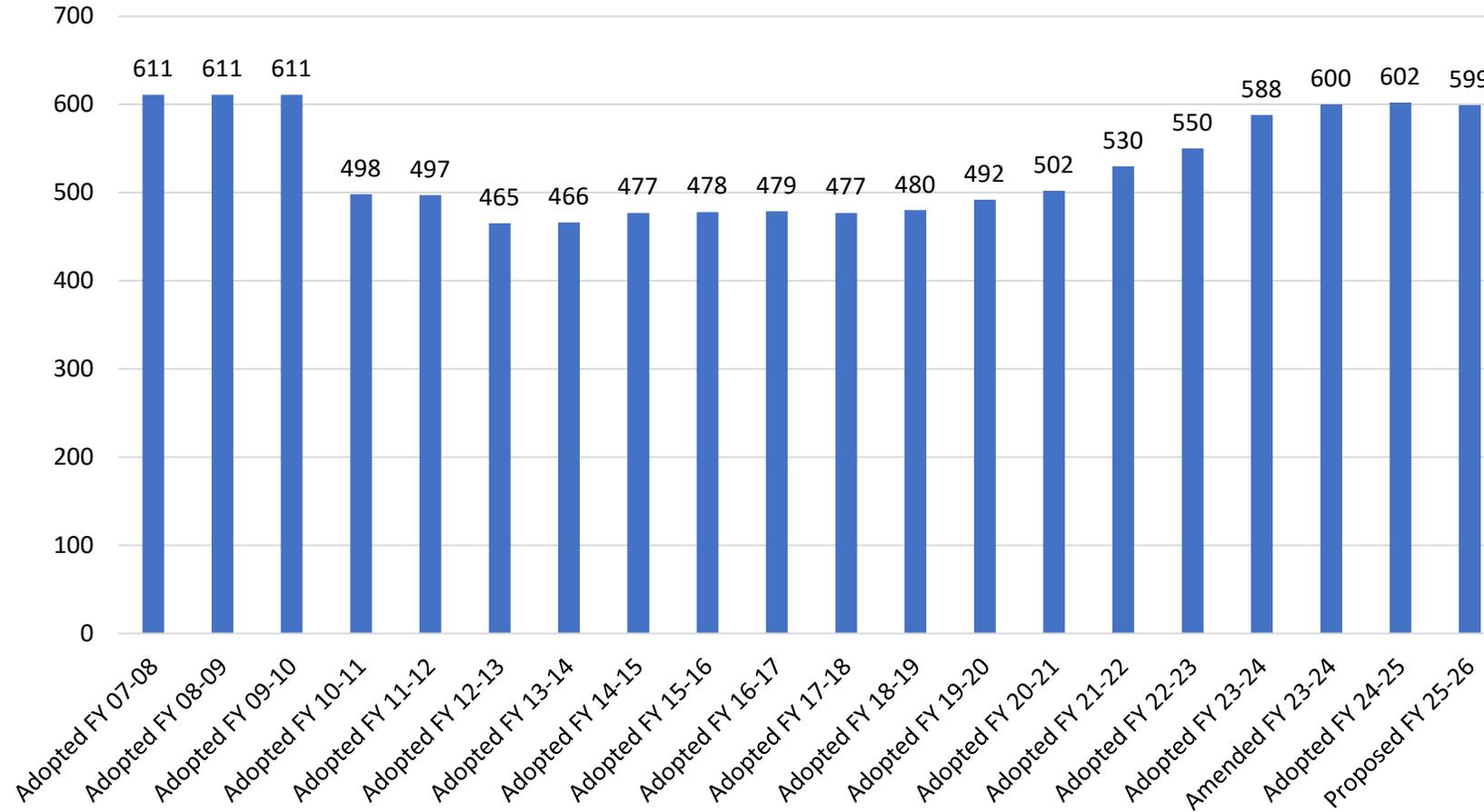
# RECOMMENDED FROZEN POSITIONS

| Department                          | Job Title                         | FTE            |
|-------------------------------------|-----------------------------------|----------------|
| <b>Other Funds: CDBG Fund</b>       |                                   |                |
| Development Services                | Office Specialist II              | (1.00)         |
| <b>Other Funds Total</b>            |                                   | <b>(1.00)</b>  |
| <b>General Fund</b>                 |                                   |                |
| Development Services                | Chief of Code Enforcement         | (1.00)         |
| Development Services                | Code Enforcement Officer II       | (1.00)         |
| Parks and Community Services        | Office Specialist II              | (1.00)         |
| Public Works                        | Engineering Technician III        | (1.00)         |
| Public Works                        | Facilities Maintenance Technician | (1.00)         |
| Public Works                        | Maintenance Supervisor            | (1.00)         |
| Public Works                        | Senior Engineer                   | (1.00)         |
| <b>General Fund Total</b>           |                                   | <b>(7.00)</b>  |
| <b>Grand Total All Funds Impact</b> |                                   | <b>(8.00)*</b> |

\*FTE will not be eliminated; however, funding will be adjusted to account for the frozen positions.

# Citywide Staffing Levels

Table of Organization  
(Full-Time Employees)  
FY 07-08 to FY 25-26





# 2025 ANNUAL AB 2561 VACANCY REPORT

- Effective January 1, 2025, Assembly Bill 2561 modified the Meyers-Millias-Brown Act to update Government Code section 3502.3 to require public agencies to annually report on vacant positions and recruitment and retention efforts.
- The public agency must also identify any necessary changes to policies, procedures and recruitment activities that may lead to obstacles in the hiring process and allow bargaining units to also make a presentation.
- The annual report must occur during a public hearing before the governing board once per year and must be done prior to the adoption of the agency's final budget.
- If vacancies within a single bargaining unit meet or exceed 20% of authorized positions in that bargaining unit, the City must provide additional information regarding vacancies and recruitments if requested by that bargaining unit.

# Vacancies - Overall

- For FY 2024-25, the City is authorized for 595 full-time employees and the City's overall vacancy rate as of May 3, 2025 is currently 8.7%

| Employee Group                                   | FT Employees Budgeted | Vacancies | Vacancy Rate |
|--------------------------------------------------|-----------------------|-----------|--------------|
| Costa Mesa City Employees Association (CMCEA)    | 298                   | 25        | 8.4%         |
| Costa Mesa Fire Association (CMFA)               | 80                    | 0         | 0.0%         |
| Costa Mesa Fire Management Association (CMFMA)   | 3                     | 0         | 0.0%         |
| Costa Mesa Police Association (CMPA)             | 130                   | 20        | 15.4%        |
| Costa Mesa Police Management Association (CMPMA) | 9                     | 0         | 0.0%         |
| Costa Mesa Division Managers Association (CMDMA) | 19                    | 2         | 10.5%        |
| Confidential Unit                                | 35                    | 4         | 11.4%        |
| Confidential Management Unit                     | 8                     | 1         | 12.5%        |
| Executive Employees                              | 13                    | 0         | 0.0%         |
| <b>Total</b>                                     | <b>595</b>            | <b>52</b> | <b>8.7%</b>  |

\*Does not include 7 council members.



# Vacancies by Unit

CMCEA: 8.74% vacancy rate (25 of 298 positions vacant)

| Department                      | Position                               | Vacancies |
|---------------------------------|----------------------------------------|-----------|
| City Manager                    | Community Outreach Worker*             | 1         |
| City Manager                    | Programmer Analyst I*                  | 1         |
| Economic & Development Services | Associate Planner                      | 1         |
| Economic & Development Services | Office Specialist II**                 | 1         |
| Economic & Development Services | Principal Planner                      | 1         |
| Economic & Development Services | Sr Code Enforcement Officer**          | 2         |
| Fire                            | Assistant Fire Marshal                 | 1         |
| Fire                            | Emergency Medical Services Coordinator | 1         |
| Parks & Community Services      | Office Specialist II**                 | 1         |
| Police                          | Accounting Specialist II               | 1         |
| Police                          | Crime Scene Investigator               | 1         |
| Police                          | Public Safety Dispatcher               | 5         |
| Public Works                    | Associate Engineer                     | 1         |
| Public Works                    | Engineering Technician**               | 1         |
| Public Works                    | Equipment Mechanic III                 | 1         |
| Public Works                    | Facilities Maintenance Technician**    | 1         |
| Public Works                    | Lead Facilities Maintenance Technician | 1         |
| Public Works                    | Maintenance Superintendent             | 1         |
| Public Works                    | Maintenance Supervisor**               | 1         |
| Public Works                    | Senior Engineer**                      | 1         |
| <b>Total</b>                    |                                        | <b>25</b> |

\*Positions proposed for elimination in FY 25/26

\*\*Position (or backfill position) proposed to be defunded in FY 25/26

# Vacancies by Unit

## CMPA: 15.38% vacancy rate (20 of 130 positions vacant)

| Department | Position        | Vacancies |
|------------|-----------------|-----------|
| Police     | Police Sergeant | 3         |
| Police     | Police Officer  | 17        |

## CMDMA: 10.53% vacancy rate (2 of 19 positions vacant)

| Department                      | Position                                   | Vacancies |
|---------------------------------|--------------------------------------------|-----------|
| Economic & Development Services | Community Improvement Manager              | 1         |
| Economic & Development Services | Planning & Sustainable Development Manager | 1         |

## Confidential: 11.43% vacancy rate (4 of 35 positions vacant)

| Department   | Position                          | Vacancies |
|--------------|-----------------------------------|-----------|
| City Manager | Administrative Assistant (Conf)   | 1         |
| City Manager | Human Resources Admin             | 1         |
| City Manager | Human Resources Analyst*          | 1         |
| City Manager | Senior Management Analyst (Conf)* | 1         |

\*Positions proposed for elimination in FY 25/26

## Confidential Mgt Unit: 12.50% vacancy rate (1 of 8 positions vacant)

| Department | Position                   | Vacancies |
|------------|----------------------------|-----------|
| Finance    | Assistant Finance Director | 1         |



# CITY OF COSTA MESA VACANCY REPORT

## Full-Time Positions as of May 31, 2025

| DEPARTMENT/DIVISION                        | FTE TOTAL  | CLASSIFICATION                             | FUND | Cand in Process | Open      | Total     |    |
|--------------------------------------------|------------|--------------------------------------------|------|-----------------|-----------|-----------|----|
| <b>CITY COUNCIL</b>                        | <b>8</b>   | N/A                                        |      |                 |           | <b>0</b>  |    |
| <b>CITY MANAGER</b>                        | <b>45</b>  | City Manager                               | GF   |                 | 1         | 1         |    |
| <b>ECONOMIC &amp; DEVELOPMENT SERVICES</b> | <b>53</b>  | Assistant Development Services Director    | GF   |                 | 1         | 1         |    |
|                                            |            | Associate Planner                          | GF   |                 | 1         | 1         |    |
|                                            |            | Planning & Sustainable Development Manager | GF   | 1               |           |           | 1  |
|                                            |            | Principal Planner                          | GF   |                 | 2         |           | 2  |
|                                            |            | Senior Code Enforcement Officer            | GF   |                 | 1         |           | 1  |
| <b>FINANCE</b>                             | <b>26</b>  | Assistant Finance Director                 | GF   |                 | 1         | 1         |    |
| <b>FIRE &amp; RESCUE</b>                   | <b>97</b>  | <b>Sworn</b>                               |      |                 |           | 0         |    |
|                                            |            | Battalion Chief                            | GF   | 1               |           | 1         |    |
|                                            |            | <b>Non-Sworn</b>                           |      |                 |           |           | 0  |
|                                            |            | Assistant Fire Marshal                     | GF   |                 | 1         |           | 1  |
|                                            |            | Emergency Medical Services Coordinator     | GF   |                 | 1         | 1         |    |
| <b>INFORMATION TECHNOLOGY</b>              | <b>22</b>  | N/A                                        |      |                 |           | <b>0</b>  |    |
| <b>PARKS &amp; COMMUNITY SERVICES</b>      | <b>26</b>  | N/A                                        |      |                 |           | <b>0</b>  |    |
| <b>POLICE</b>                              | <b>243</b> | Sworn                                      |      |                 |           | 0         |    |
|                                            |            | Police Sergeant                            | GF   | 3               |           | 3         |    |
|                                            |            | Police Officer                             | GF   | 12              |           |           | 12 |
|                                            |            | <b>Non-Sworn</b>                           |      |                 |           |           | 0  |
|                                            |            | Accounting Specialist II                   | GF   | 1               |           |           | 1  |
|                                            |            | Animal Control Officer                     | GF   |                 | 1         |           | 1  |
|                                            |            | Crime Scene Investigator                   | GF   | 1               |           |           | 1  |
|                                            |            | Custody Officer*                           | GF   |                 | 1         |           | 1  |
| Public Safety Dispatcher                   | GF         | 2                                          |      | 3               | 5         |           |    |
| <b>PUBLIC WORKS</b>                        | <b>79</b>  | Associate Engineer                         | GF   |                 | 1         | 1         |    |
|                                            |            | Equipment Mechanic III                     | ISF  | 1               |           | 1         |    |
|                                            |            | Lead Facilities Maintenance Technician     | GF   |                 | 1         |           | 1  |
|                                            |            | Maintenance Supervisor                     | GF   |                 | 1         |           | 1  |
| <b>599</b>                                 |            |                                            |      | <b>22</b>       | <b>17</b> | <b>39</b> |    |

\*Proposed New Position

Note: Vacancy report does not include the total 12 FTE that are recommended for removal or freeze.

|                  |           |            |
|------------------|-----------|------------|
| <b>Sworn</b>     | <b>16</b> | <b>41%</b> |
| <b>Non-Sworn</b> | <b>23</b> | <b>59%</b> |

# Recruitment & Retention Challenges and Efforts

## Challenges

- Maintaining competitive compensation package

## Recruitment & Retention Efforts

- ✓ Negotiating competitive agreements with bargaining units
- ✓ Conducting market studies
- ✓ Implementing hiring and referral incentives
- ✓ Developing a new internship program and partnering with local educational institutions
- ✓ Attending job fairs

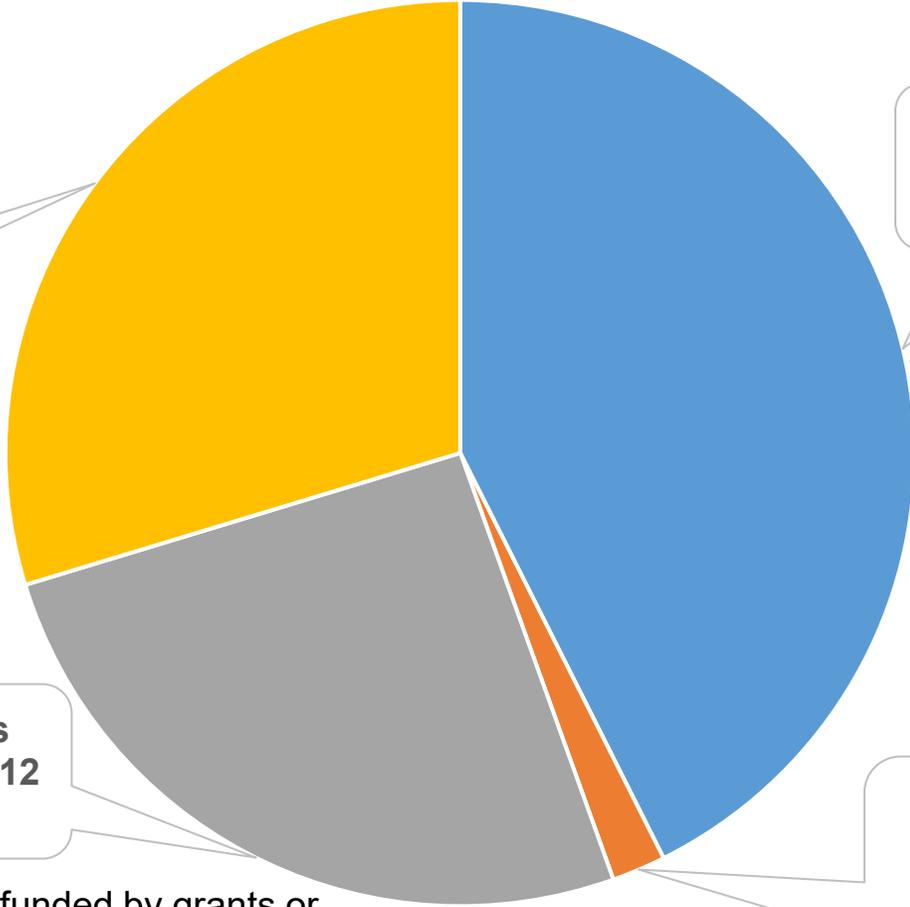
## Retention & Retention Efforts

- ✓ Enhancing employee's onboarding experience
- ✓ Encouraging professional development
- ✓ Exploring new advertising methods and enhancing social media presence
- ✓ Continuing to enhance City's branding as an employer of choice



# FY 2025-26 CAPITAL IMPROVEMENT PROJECTS

# CIP CATEGORIES



**Facilities**  
**\$12,250,000**  
**42.6%**

Significant portion of this is \$12 million bond financing for the Fire Station 2 reconstruction

**Transportation**  
**\$8,537,000**  
**29.7%**

Primarily funded by grants or restricted funds

**Streets**  
**\$7,406,612**  
**25.8%**

Primarily funded by grants or restricted funds

**Parks**  
**\$550,000**  
**1.9%**

Approximately \$18 million in ongoing Parks projects



# FISCAL YEAR 2025-26 PROPOSED CIP PROJECTS

| <b>FACILITIES</b>                                                             |                     |
|-------------------------------------------------------------------------------|---------------------|
| Building Modification Projects                                                | \$150,000           |
| Civic Center - Miscellaneous Repairs                                          | 50,000              |
| Fire Stations - Minor Projects at Various Fire Stations                       | 50,000              |
| Fire Station 2 Reconstruction                                                 | 12,000,000          |
| <b>Total Facilities</b>                                                       | <b>\$12,250,000</b> |
| <b>PARKS</b>                                                                  |                     |
| Citywide Tree Maintenance (in Public Right-of-Way)                            | \$200,000           |
| Jack Hammett Sports Complex - Field Restoration                               | 100,000             |
| Park Parking Lot and Playground Rehabilitation                                | 100,000             |
| Park Security Lighting Replacement                                            | 75,000              |
| Park Sidewalk Replacement                                                     | 75,000              |
| <b>Total Parks</b>                                                            | <b>\$550,000</b>    |
| <b>STREETS</b>                                                                |                     |
| Citywide Street Improvements                                                  | \$4,100,000         |
| Harbor Boulevard Rehabilitation Project (RMRA)                                | 2,951,612           |
| Parkway & Medians Improvement Program                                         | 125,000             |
| Westside Street Improvements - Wilson Street                                  | 230,000             |
| <b>Total Streets</b>                                                          | <b>\$7,406,612</b>  |
| <b>TRANSPORTATION</b>                                                         |                     |
| Adams Avenue Active Transportation Improvements - Multipurpose Trails         | \$4,223,000         |
| Adams Avenue Bicycle Facility Project from Fairview to Harbor                 | 850,000             |
| Bicycle and Pedestrian Infrastructure Improvements                            | 250,000             |
| Center Street Pedestrian Crossing and Circulation Improvements                | 50,000              |
| Citywide Neighborhood Traffic Improvements                                    | 100,000             |
| Clean Mobility Options Program - On-Demand Transit Services                   | 500,000             |
| Fairview Road Active Transportation Improvements - Fair Drive to Adams Avenue | 1,999,000           |
| New Sidewalk/Missing Link Program                                             | 100,000             |
| Pedestrian Safety Festival                                                    | 400,000             |
| Priority Sidewalk Repair                                                      | 65,000              |
| <b>Total Transportation</b>                                                   | <b>\$8,537,000</b>  |
| <b>TOTAL CAPITAL IMPROVEMENT PROJECTS</b>                                     | <b>\$28,743,612</b> |



# ALL FUNDS

# CIP FUNDING SOURCES

| FUND                         | AMOUNT               |
|------------------------------|----------------------|
| Gas Tax (HUTA)               | \$ 1,040,000         |
| CDBG                         | 230,000              |
| Traffic Impact Fee           | 420,000              |
| Cannabis Traffic Impact Fees | 150,000              |
| Gas Tax (RMRA)               | 2,951,612            |
| Capital Improvement Program  | 2,150,000            |
| Measure M2 Fairshare         | 2,820,000            |
| Jack Hammett Improvement     | 100,000              |
| Grant Funds*                 | 6,882,000            |
| <b>All Funds Subtotal</b>    | <b>\$ 16,743,612</b> |
| Future Bond/ Financing       | 12,000,000           |
| <b>All Funds Grand Total</b> | <b>\$ 28,743,612</b> |

\* Projects funded by grants: Adams Avenue Active Transportation Improvements – Multipurpose Trails (\$4,223,000); Clean Mobility Options Program (\$500,000); Fairview Road Active Transportation Improvements – Fair Dr. to Adams Ave. (\$1,759,000); and Pedestrian Safety Festival (\$400,000).

# ACTIVE MAJOR CAPITAL IMPROVEMENT PROJECTS

- Active Transportation Improvement Bicycle Racks Citywide
- Adams Ave. Active Transportation and Multi-Purpose Trails Project (Santa Ana River to Royal Palm Dr.)
- Adams Avenue Utilities Undergrounding Construction
- Adams Bicycle Facility (Harbor Blvd. to Fairview Rd.)
- Bicycle Safety Education
- Brentwood Park Improvements
- City Hall, Communications- Emergency Generator
- City Hall Training Room
- Citywide Alley Reconstruction
- Citywide Parkway, Street Rehabilitation, and Slurry Seal Project
- Citywide Storm Drain Improvement
- Clean Mobility-On Demand Transportation
- Costa Mesa Skate Park Expansion
- Fairview Park Stabilize/Restore Fairview Pk
- Fairview Park Bluffs Restoration
- Fairview Park Master Plan Update
- Fairview Park Mesa Restoration/Cultural Resources
- Fairview Park Pump Station
- Fairview Rd. Improvement Project (Fair Dr. to Newport Blvd).
- Fairview Rd. Improvement Project (Adams Ave. to Fair Dr.)
- Finance Security/Efficiency Remodel
- Fire Station 2 Reconstruction
- Fire Station 3 Fuel Tank
- Fire Station 4 Training Tower
- Greenville-Banning Channel Hydrodynamic Separator Installation Project
- HVAC Replacement Various Facilities
- Ketchum-Libolt Park Expansion
- Lions Park Cafe
- Newport Blvd. Rehabilitation (Bristol St. to W. 19th St.)
- Norma Hertzog Roof Replacement
- Parkway Maintenance Program Citywide
- Police Department Paint and Carpet Replacement
- Police Department Emergency Communication Facilities
- Police Department Parking Lot Reconfiguration Project
- Safe Route to School Grant Project
- Shalimar Park Improvements
- Signal Modernization for Systemic Multi-Modal Improvements
- South Coast Drive Wall Reconstruction
- TeWinkle Batting Cages and Other Improvements
- TeWinkle Park Lakes Repairs
- Tree Planting & Small Tree Care
- Traffic Signal at Fairview Rd. and Belfast Ave.



# GENERAL SERVICES DIVISION MAJOR PROJECTS

- City Hall and Communication Generators Replacement
- City Hall Training Room
- Facilities Needs & Assessment Study
- Fire Station 2 Reconstruction
- Fire Station 4 Training Tower & Grounds Reconstruction
- HVAC Replacement at Various Facilities
- Police Department Paint and Carpet Replacement
- Police Department Communications Facilities Remodel



## ENGINEERING DIVISION MAJOR PROJECTS

- Citywide Alley Improvements
- Citywide Street Improvements
- Fairview Park West Bluff Stabilize & Restoration
- Newport Blvd Rehabilitation – Bristol St. to 19<sup>th</sup> St.
- Placentia Ave. Stormwater Quality Trash Full-Capture System
- Police Department Parking Lot Improvements
- South Coast Drive Wall Repairs





# TRANSPORTATION SERVICES DIVISION MAJOR PROJECTS

- Adams Ave. Active Transportation Project
- Clean Mobility - On Demand Transit Services
- Fairview Road Improvement (Fair Dr. to Adams Ave.)
- Fairview Road Improvement (Newport Blvd. to Fair Dr.)
- Safe Route to School Grant Project
- Signal Modernization for Systemic Multi-Modal Improvements
- Traffic Signal at Fairview Rd. and Belfast Ave.





# MAINTENANCE SERVICES DIVISION MAJOR PROJECTS

- Brentwood Park Improvements
- Costa Mesa Skate Park Expansion
- Ketchum-Libolt Park Expansion
- Shalimar Park Improvements
- TeWinkle Batting Cage Structure & Other Improvements
- TeWinkle Park Lakes Repairs
- Tree Planting & Small Care Program



An aerial photograph of Costa Mesa, California, featuring a modern white building with a grid-like facade and a vibrant, colorful mural in the foreground. The text "Focused. Efficient. Resilient." is overlaid in large, bold, black font.

**“Focused. Efficient. Resilient.”**

**Appropriations Limit**

# FY 2025-26 APPROPRIATIONS LIMIT CALCULATION

- Article XIII B of the Constitution of the State of California provides a formula that places annual limits (or ceilings) on the appropriation of tax proceeds that can be made by the state, school districts, and local governments in California;
- Article XIII B requires state and local governments to return any funds to taxpayers in excess of the amount (appropriation limit) for a given fiscal year;
- Multiplies the following data points:
  - California Per Capital Income Percentage Change of 6.44%;
  - Orange County Population Growth of 0.25%;
  - City of Costa Mesa Population Growth of 0.17%
- Fiscal Year 2024-25 Appropriations Limit of \$310,115,684;
- Fiscal Year 2025-26 Appropriations Limit of \$330,924,446; and
- Estimated FY 2025-26 general tax proceeds revenues is \$159.3 million, which is \$171.6 million or 52% below the Appropriations Limit.

|                                   |         |
|-----------------------------------|---------|
| ▪ Sales Tax:                      | \$75.1M |
| ▪ Property Tax:                   | \$45.8M |
| ▪ Motor Vehicle In Lieu Tax:      | \$17.2M |
| ▪ Transient Occupancy Tax (TOT):  | \$9.8M  |
| ▪ Other Taxes (Franchise Fees):   | \$6.9M  |
| ▪ Cannabis Tax (Measure Q and X): | \$3.6M  |
| ▪ Business License:               | \$0.9M  |

An aerial photograph of Costa Mesa, California, showing a mix of urban buildings and green spaces. In the upper right, a modern white building with a grid-like facade is visible. Below it, a vibrant, colorful mural with abstract patterns in yellow, blue, red, and green is partially shown. The sky is a soft, hazy blue with light clouds. The overall scene is bright and clear.

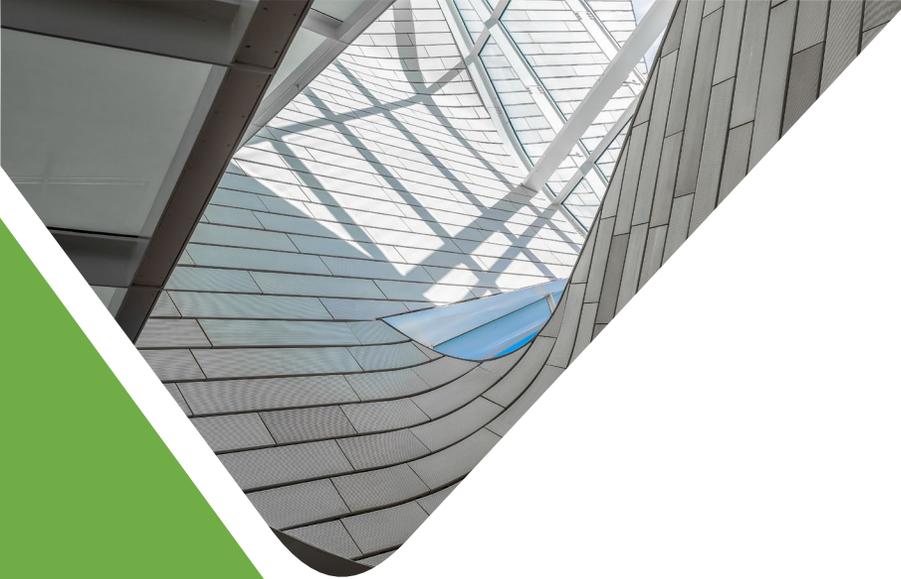
# **“Focused. Efficient. Resilient.”**

## **Achieve Long-Term Fiscal Sustainability**

# FUND BALANCE - GENERAL FUND

(IN THOUSANDS)

| Fund Balance Category             | FY 2020-21 Audited | FY 2021-22 Audited | FY 2022-23 Audited | FY 2023-24 Audited | FY 2024-25 Estimate |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| <b>Committed</b>                  |                    |                    |                    |                    |                     |
| Declared Disasters                | \$14,125           | \$14,125           | \$14,125           | \$14,125           | \$14,125            |
| Self-Insurance                    | 2,000              | 2,000              | 2,000              | 2,000              | 2,000               |
| Economic Reserves                 | 9,000              | 9,000              | 9,000              | 9,000              | 9,000               |
| <b>Assigned</b>                   |                    |                    |                    |                    |                     |
| Compensated Absences              | 5,920              | 5,584              | 6,210              | 5,982              | 5,982               |
| Police Retirement 1% Supplemental | 2,275              | 1,885              | 1,737              | 1,572              | 1,572               |
| Workers Compensation              |                    | 1,000              | 2,000              | 2,000              | 2,000               |
| Facilities Reserve                |                    | 2,000              | 2,000              | 2,000              | 2,000               |
| Strategic Plan Project            |                    | 2,000              | 2,000              | 2,000              | 2,000               |
| <b>Restricted</b>                 |                    |                    |                    |                    |                     |
| Pension and OPEB                  | 1,778              | 3,061              | 3,178              | 3,367              | 3,367               |
| Non-spendable                     | 965                | 604                | 459                | 631                | 631                 |
| <b>Unassigned</b>                 | <b>17,429</b>      | <b>16,517</b>      | <b>16,328</b>      | <b>17,686</b>      | <b>17,686</b>       |
| <b>Total Fund Balance</b>         | <b>\$53,492</b>    | <b>\$57,776</b>    | <b>\$59,037</b>    | <b>\$60,363</b>    | <b>\$60,363</b>     |



# FiPAC

## Finance and Pension Advisory Committee



# FIPAC RECOMMENDATIONS

1. Do not fully waive the Capital Asset Needs (CAN);
2. Prioritize achievable infrastructure projects with funding supplemented by additional resources identified by staff;
3. Request that staff identify project management constraints;
4. Request staff to identify Full-Time Employee (FTE) cuts and their potential impacts; and
5. Request City Council to re-evaluate capital project priorities at a later date.



# CITY COUNCIL'S REQUESTS



# CITY COUNCIL'S REQUESTS

- Provide current full-time employee vacancy report;
- Highlight Departments' Metrics;
- Review consultant contracts by Department; and
- Present alternative options to fully fund the 5% of General Fund revenues as per the Capital Asset Needs (CAN).

# CONSULTING CONTRACTS – CITY MANAGER GENERAL FUND

| VENDOR                                  | DESCRIPTIONS                                                                                                                                    | IMPACT IF REMOVED OR REDUCED                                                                                                                                                                                                                                                                                                                                                                                                          | CONTRACT COMPENSATION |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| SUNSET DETECTIVES                       | Primary vendor for background investigations for Police Department candidates.                                                                  | Background investigations are an essential component of the pre-employment process for Firefighter/Paramedic candidates. Reducing our contract would greatly limit the number of candidates we could process.                                                                                                                                                                                                                         | 100,000               |
| RCS INVESTIGATIONS AND CONSULTING, LLC. | Background investigations for Fire Department personnel. Used as a secondary vendor for background investigations outside of Sunset Detectives. | Background investigations are an essential component of the pre-employment process for all sworn and Police Department candidates. Police Officer candidates are required by law to go through a background investigation via POST. The City does not have staff authorized/certified to conduct background investigations per POST regulations. Reducing our contract would greatly limit the number of candidates we could process. | 100,000               |
| DUDEK                                   | Climate Action & Adaptation Plan (CAAP)                                                                                                         | No imminent impact / potential long-term impacts                                                                                                                                                                                                                                                                                                                                                                                      | 150,000               |
| <b>TOTAL</b>                            |                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>350,000</b>        |

# CONSULTING CONTRACTS – CITY MANAGER OTHER FUNDS

| VENDOR                            | DESCRIPTIONS                                                                                             | IMPACT IF REMOVED OR REDUCED                                                                                                                                                                                                                                                                                                                                      | CONTRACT COMPENSATION |
|-----------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| MERCY HOUSE LIVING CENTERS        | Limited term rental assistance for eligible Costa Mesa individuals and families.                         | This is a contract that spanned multiple years. Without any rental assistance, we would have more individuals and families becoming homeless, straining their other resources. This agreement is set to expire and funds are almost all expended. This program has been funded by several one-time grants, including ARPA, CDBG-CV, and FEMA funds.               | 2,442,633             |
| MERCY HOUSE LIVING CENTERS        | Operation for Costa Mesa Bridge Shelter to ensure appropriate staffing for 100 guests.                   | Mercy House operates the day-to-day at the Bridge Shelter. If this agreement were cut, the City would have to hire additional city staff to run the operations of the shelter or another contractor for the 24/7 service Mercy House currently provides. If completely removed, the shelter would be unable to operate for the 100 beds served.                   | 2,383,180             |
| BRACKEN'S KITCHEN, INC.           | Costa Mesa Bridge Shelter meal preparation (3 times a day) for 100 shelter guests.                       | Bracken's cooks meals for the homeless shelter and provides hands-on training for guests to gain real-world work experience. If this agreement were reduced, the City would have to hire additional city staff to cook meals, purchase meals from eateries, or another contractor would need to be procured. If completely removed, shelter guests would not eat. | 492,750               |
| KINGDOM CAUSES, INC DBA CITY NET  | After hours homeless outreach / rental assistance for Costa Mesa residents.                              | No impact, agreement is expired. Agreement was funded by one-time CDBG-CV funds.                                                                                                                                                                                                                                                                                  | 381,000               |
| TRITON TECHNOLOGY SOLUTIONS, INC. | Council Chambers A/V equipment - Critical Crestron system replacement for end-of-life hardware.          | No impact, contract already fully executed and paid out.                                                                                                                                                                                                                                                                                                          | 238,250               |
| FAMILIES FORWARD, INC.            | Just cause residential tenant protection services - providing rental assistance to Costa Mesa residents. | One of three current rental assistance providers in the City. Without any rental assistance, there would be more individuals and families becoming homeless. However, these agreements are set to expire and no further funds will be added. This program has served all 11 referred households and is funded by one-time grant money through ARPA.               | 185,000               |
| SERVING PEOPLE IN NEED (SPIN)     | Just cause residential tenant protection services - providing rental assistance to Costa Mesa residents. | One of three current rental assistance providers in the City. Without any rental assistance, there would be more individuals and families becoming homeless. However, these agreements are set to expire and no further funds will be added. This program has served all 5 referred households and is funded by one-time grant money through ARPA.                | 110,000               |
| <b>TOTAL</b>                      |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                   | <b>6,232,813</b>      |

# CONSULTING CONTRACTS – DEVELOPMENT SERVICES GENERAL FUND

| <i>GENERAL FUND</i>                                                                                                                                                |                                                                                                                                                                                                                                                                                       |                                                   |                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------|
| VENDOR                                                                                                                                                             | DESCRIPTIONS                                                                                                                                                                                                                                                                          | IMPACT IF REMOVED OR REDUCED                      | CONTRACT COMPENSATION |
| VARIOUS CONSULTING VENDORS<br>(City Advisors, Community Catalyst, Dudek, Interwest Consulting Group Inc., Kimley Horn, MIG, PlaceWorks, TCCG, The Code Group Inc.) | On call staffing services for general planning services for a variety of professional and technical expertise as needed. Temporary staffing for Planning Manager and Assistant Director positions.                                                                                    | Delays in general planning services.              | 275,000               |
| TCCG                                                                                                                                                               | Economic Strategic Plan to implement the City's strategic vision and the action plan. Establish an economic baseline, market context and clear vision including overarching economic goals and objectives, outline the immediate actions necessary to implement the strategic vision. | No imminent impact / potential long-term impacts. | 275,000               |
| HINDERLITER DE LLAMAS & ASSOCIATES                                                                                                                                 | Cannabis consulting services to include pre-permitting site visits, regulatory compliance review inspections, supplemental background checks, and other subject matter expertise.                                                                                                     | Hinders cannabis business processing.             | 100,000               |
| <b>TOTAL</b>                                                                                                                                                       |                                                                                                                                                                                                                                                                                       |                                                   | <b>650,000</b>        |

# CONSULTING CONTRACTS – DEVELOPMENT SERVICES OTHER FUNDS

| <b>OTHER FUNDS</b>            |                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                       |                              |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>VENDOR</b>                 | <b>DESCRIPTIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                    | <b>IMPACT IF REMOVED OR REDUCED</b>                                                                                                                   | <b>CONTRACT COMPENSATION</b> |
| PLACE WORKS INC               | Prepare the Fairview Development Center Specific Plan and EIR. The final plan is to ensure financial feasibility, desirability to build, and address the concerns of the community. The site is expected to satisfy a large portion of the City's RHNA requirements.                                                                                                                                                   | Delays a grant-funded planning effort.                                                                                                                | 2,236,253                    |
| DUDEK                         | 2021-2029 Housing Element Rezoning portions of the city, update, create new policies, procedures, and development standards to encourage and facilitate housing development.                                                                                                                                                                                                                                           | Staff would not be able to either complete the rezone program, as proposed, or within the timeframe identified in the scope and supported by Council. | 1,850,611                    |
| TYLER TECHNOLOGIES INC        | Land Management System                                                                                                                                                                                                                                                                                                                                                                                                 | Limits ability to address permitting system issues.                                                                                                   | 1,060,856                    |
| COMMUNITY LEGAL AID SOCAL     | HOME-ARP legal services for low-income/homeless residents.                                                                                                                                                                                                                                                                                                                                                             | Limits administration of grant-funded housing programs.                                                                                               | 250,000                      |
| DUDEK                         | Climate Action & Adaptation Plan (CAAP)                                                                                                                                                                                                                                                                                                                                                                                | No imminent impact / potential long-term impacts.                                                                                                     | 268,625                      |
| KEYSER MARSTON ASSOCIATES INC | CDBG Public Services, affordable housing services.                                                                                                                                                                                                                                                                                                                                                                     | Limits administration of grant-funded housing programs.                                                                                               | 155,300                      |
| FAMILIES FORWARD INC          | Financial analysis for affordable housing projects.                                                                                                                                                                                                                                                                                                                                                                    | Potentially delays review of affordable housing projects.                                                                                             | 150,000                      |
| PROJECT HOPE ALLIANCE         | HOME-ARP Public Services, housing supportive services.                                                                                                                                                                                                                                                                                                                                                                 | Limits administration of grant-funded housing programs.                                                                                               | 120,000                      |
| BARR & CLARK ENVIRONMENTAL    | Consulting services HOME Rehab program Lead Based Paint Inspections.                                                                                                                                                                                                                                                                                                                                                   | Limits administration of grant-funded housing programs.                                                                                               | 100,000                      |
| ORIGIN GOLF DESIGN            | Fairview Dev Center, assembly of a new base map and aerial image for CAD use, process a schematic re-routing of the affected holes on the Mesa Linda golf course to allow access to proposed residential development, schematic design to include points for tee, turn point, green and fairway boundaries, and use final schematic design to provide "ballpark" cost estimate based on recent comparative bid values. | Delays a grant-funded planning effort.                                                                                                                | 100,000                      |
| <b>TOTAL</b>                  |                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                       | <b>6,291,645</b>             |

# CONSULTING CONTRACTS – FINANCE

| <b>GENERAL FUND</b>                 |                                                                                                                                          |                                                                                                                                                                               |                              |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>VENDOR</b>                       | <b>DESCRIPTIONS</b>                                                                                                                      | <b>IMPACT IF REMOVED OR REDUCED</b>                                                                                                                                           | <b>CONTRACT COMPENSATION</b> |
| FIELDMAN, ROLAPP & ASSOCIATES, INC. | Municipal advisory services are a specialized financial advisory and consulting service aimed at assisting state and local governments . | There is a statutory obligation in place, and failure to fulfill this requirement could result in adverse consequences, including potential legal or financial repercussions. | 100,000                      |
| CLIFTON LARSON ALLEN LLP            | Financial Audit Services for City's annual financial statements; compensation goes up 3% every year                                      | There is a statutory obligation in place, and failure to fulfill this requirement could result in adverse consequences, including potential legal or financial repercussions. | 78,900                       |
| COST RECOVERY SYSTEMS, INC.         | State Mandated Claim Reimbursement Preparation Services                                                                                  | There is a statutory obligation in place, and failure to fulfill this requirement could result in adverse consequences, including potential legal or financial repercussions. | 25,000                       |
| HDL COMPANIES - HDL COREN & CONE    | Property tax management, Audit, and Information Services                                                                                 | There is a statutory obligation in place, and failure to fulfill this requirement could result in adverse consequences, including potential legal or financial repercussions. | 25,000                       |
| HDL COMPANIES NC                    | Cannabis Audit Services- conducts audits to ensure businesses comply with local regulations and safety and quality standards.            | There is a statutory obligation in place, and failure to fulfill this requirement could result in adverse consequences, including potential legal or financial repercussions. | 25,000                       |
| <b>TOTAL</b>                        |                                                                                                                                          |                                                                                                                                                                               | <b>253,900</b>               |

# CONSULTING CONTRACTS – FIRE AND RESCUE

| GENERAL FUND                                             |                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                       |
|----------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| VENDOR                                                   | DESCRIPTIONS                                   | IMPACT IF REMOVED OR REDUCED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | CONTRACT COMPENSATION |
| FALCK MOBILE HEALTH CORP DBA CARE AMBULANCE SERVICE      | Ambulance staffing services                    | This Contract is the public private partnership that was implemented in 2018 for the staffing of the Costa Mesa Fire & Rescue Ambulances. The annual cost recovery revenue generated now exceeds \$7,500,000. Alternatives to the Falck contract are; (1) Bring the staffing in house increasing the FTE's by approximately 18-21 and part-time by 9-12. ( 2) An alternative public private partnership - solicit a new RFP for contract services. (3) Elimination of the CMFR Ambulance Transportation Model to the City and the related cost recovery revenues. | 2,410,000             |
| WITTMAN ENTERPRISES, LLC.                                | Ambulance billing                              | Third Party Billing Company for all ambulance billing. Cost is – price per processed call, not to exceed \$240,000. Elimination of the Contract would result in the following alternatives. 1) Bring all billing and specialty (Insurance, Medicare, Medicaid processing) in house and processed by Fire non-sworn staff. 2) No TPB and removal of the Ambulance Service Model resulting in loss of the related cost recovery.                                                                                                                                    | 240,000               |
| WILLDAN ENGINEERING DBA DENNIS GRUBB AND ASSOCIATES, LLC | Overflow fire plan review consulting services. | Cost neutral due to offset from permit fees. If not approved cost recovery revenue will also be lost. Construction projects could be impacted by longer review times, which would result in lost tax revenue from business.                                                                                                                                                                                                                                                                                                                                       | 15,000                |
| <b>TOTAL</b>                                             |                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>2,665,000</b>      |

# CONSULTING CONTRACTS – INFORMATION TECHNOLOGY

| <i>GENERAL FUND</i>                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                    |                       |
|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| VENDOR                                                                                    | DESCRIPTIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | IMPACT IF REMOVED OR REDUCED                                                                                                                                                                                                                                                                                                                       | CONTRACT COMPENSATION |
| ECKERSALL, INC.                                                                           | The scope of services includes migrating Geocortex Essentials to ESRI Web AppBuilder, along with configuring, updating, and troubleshooting ESRI Desktop, Server, and ArcGIS environments (Server, Portal, and Online). Tasks also cover database design and migration, Python/SQL automation, and performance tuning. Additional responsibilities include map service setup, GIS and tabular data updates, web and desktop application development, and documentation. The consultant will update ArcGIS Desktop maps (Parcels, Addresses, Public Safety, and Planning), perform GIS data conflation, and support the City's LMS implementation through data updates and configuration. | Currently, there is no backup for our GIS Programming Analyst. Without consultant support, critical services and tasks—particularly those supporting Public Safety departments and Land Management functions—may be delayed or go undelivered.                                                                                                     | 49,950                |
| <p>MITSUBISHI ELECTRIC POWER PRODUCTS, INC.</p> <p>DBA COMPUTER PROTECTION TECHNOLOGY</p> | Uninterruptable Power Supply (UPS) back-up battery support and maintenance provider. They provide the expertise, testing and preventative maintenance for all four (4) enterprise site UPS systems at City Hall, PD, EOC & Dispatch. They test and verify the UPS are running properly and perform annual maintenance programs for each UPS. They also recommend parts & unit replacements when the gear is at the end of its life expectancy.                                                                                                                                                                                                                                           | Without the Mitsubishi Electric Power Products, Inc. Service Contract, our UPS would be unsupported by the manufacturer. In addition, we would not have reliable battery power backup during a power outage and we would be unable to maintain electricity to our network, servers, public and public safety services that are dependent on power. | 25,000                |
| <b>TOTAL</b>                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                    | <b>74,950</b>         |

| <i>OTHER FUNDS</i> |                                                                                                                                                                                                                                                                                                                                                |                                                                                                    |                       |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------|
| VENDOR             | DESCRIPTIONS                                                                                                                                                                                                                                                                                                                                   | IMPACT IF REMOVED OR REDUCED                                                                       | CONTRACT COMPENSATION |
| Thirdwave          | Information Technology Strategic Plan Consulting Services. They have been contracted to conduct a comprehensive review and post implementation assessment of the City's Information Technology Strategic Plan(ITSP). The engagement includes delivering a refreshed ITSP and providing project management services to support its development. | City Council approved the vendor and the services. This contract should not be removed or reduced. | 125,000               |
| <b>TOTAL</b>       |                                                                                                                                                                                                                                                                                                                                                |                                                                                                    | <b>125,000</b>        |

# CONSULTING CONTRACTS – PARKS & COMMUNITY SERVICES

| GENERAL FUND                                |                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                          |                       |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| VENDOR                                      | DESCRIPTIONS                                                                                                                                                                                                                                                                                                                  | IMPACT IF REMOVED OR REDUCED                                                                                                                                                                                                                                                                                                             | CONTRACT COMPENSATION |
| LYONS SECURITY SERVICES, INC.               | 24/7 security service at Lions Park and the Costa Mesa Senior Center during operational hours to provide a welcoming and safe environment for patrons utilizing the facilities and amenities. This includes security at Rea, Wilson and Whittier Elementary Schools to increase green space access to the Westside community. | Diminished safety to the general public and City staff. Increased transient related issues at both Lions Park and Senior Center. Open access to Westside school campuses would no longer be authorized.                                                                                                                                  | 490,000               |
| GLENN LUKOS & ASSOCIATES, INC.              | Vernal pool consultant for vernal pools 5/6/7 restoration project. Glenn Lukos provides maintenance, monitoring and required reporting to the U.S. Fish and Wildlife Service as part of mandatory mitigation project for prior unauthorized impacts to vernal pools occupied by federally endangered species.                 | Failure to implement USFWS-required mitigation plan; violations from USFWS with penalties; wasted investment from 3 years of staff/consultant/volunteer effort and significant resources put into the project to fulfill success criteria through restoration establishment. Increased public complaints to City staff and City Council. | 369,067               |
| CABCO YELLOW, INC DBA CALIFORNIA YELLOW CAB | Provides all transportation services for the Senior Mobility Program that is operated from the Senior Center. It's a on-demand taxi service provided to all residents 60 years and older.                                                                                                                                     | If discontinued, there would be no transportation services for Costa Mesa seniors aged 60 and older for medical and/or general mobility services; if reduced, minimal essential transportation services can be maintained.                                                                                                               | 300,000               |
| <b>TOTAL</b>                                |                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                          | <b>1,159,067</b>      |

| OTHER FUNDS                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                       |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| VENDOR                               | DESCRIPTIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | IMPACT IF REMOVED OR REDUCED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | CONTRACT COMPENSATION |
| ENDEMIC ENVIRONMENTAL SERVICES, INC. | P.S.A. for management and maintenance of the constructed wetlands system. Vendor performs vegetation removal and habitat management to ensure the functionality of the wetlands system, and compliance with vector control district and public health code requirements to minimize mosquito outbreaks. Implements required biological monitoring, water quality monitoring, and nesting bird surveys, reporting, and habitat drone reconnaissance for illegal encampment mitigation. Prepares technical support and environmental regulatory compliance support for park-wide activities, including trail maintenance, fuel modification for wildfire risk mitigation. | Inability to implement required mitigation and habitat management measures for wetlands mitigation area; increased growth of emergent vegetation resulting in mosquito breeding and public health threats; major complaints and potential litigation from neighboring residences due to City's failure to meet requirements of the Fairview Park Vector Reduction Plan and allow significant mosquito breeding outbreak; water stagnation and reduced water quality, fish kills; incomplete mitigation and reporting, and breach of contract for OCTA wetlands and riparian habitat mitigation grant agreement. | 342,240               |
| MOORE, IACOFANO, GOLTSMAN, INC.      | Consultant and organizer of the Fairview Park Master Plan Update. Conducts biological investigations, prepares and completes the required CEQA environmental documentation, presentations to City council for adoption of the updated Master Plan, prepares technical reports and develops a park operations and maintenance manual. Manages outreach meetings and gather community input.                                                                                                                                                                                                                                                                              | Incomplete Master Plan Update draft, significant public complaints, wasted investment from 2+ years of effort, time, resources and extensive public outreach process; outdated technical report information and non-defensible environmental documentation for projects/activities taking place in Fairview Park.                                                                                                                                                                                                                                                                                               | 314,565               |
| <b>TOTAL</b>                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>656,805</b>        |

# CONSULTING CONTRACTS – POLICE GENERAL FUND

| VENDOR                    | DESCRIPTIONS                                                                                                                                                                                                                                                                                                                                                                                                              | IMPACT IF REMOVED OR REDUCED                                                                                                                                                                                                                                                                                                                                                                                               | CONTRACT COMPENSATION |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| AXON ENTERPRISE INC       | Mobile Video System (MVS) is an in-vehicle camera solution designed to enhance officer safety, accountability, and evidence collection. The system includes dashboard cameras, body-worn camera integration, audio recording, and real-time video transmission. It records traffic stops, pursuits, and other field interactions, providing critical documentation for investigations, training, and public transparency. | Important evidence could be lost, public transparency would decrease, and criminal investigations could be affected since the District Attorney's office only accepts evidence through Axon's platform. BWCs also help reduce legal risks. Using BWCs is the industry standard and something the public expects from Police Departments.                                                                                   | 766,300               |
| PRICELESS PET RESCUE      | Provides for shelter, medical treatment and adoptions services for all city pets that are impounded or surrendered                                                                                                                                                                                                                                                                                                        | Hinder the Police Department's ability to care for and adopt out stray or injured animals. This service is provided by the city to help manage animal-related issues.                                                                                                                                                                                                                                                      | 480,000               |
| CITY OF HUNTINGTON BEACH  | A helicopter/air patrol provides aerial support for law enforcement operations, offering a strategic advantage in surveillance, pursuit, and search and rescue missions. Air patrols increase operational efficiency, extend visibility, and improve public and officer safety from above.                                                                                                                                | Required for critical incidents such as vehicle pursuits and missing person searches. It enhances officer safety, improves response times, and increases overall safety for both the public and law enforcement. Reducing or removing this support would significantly limit these capabilities.                                                                                                                           | 300,000               |
| NORWOOD MANAGEMENT LLC    | Property & Evidence Warehouse Rental - Contract ending on 6/30/2025.                                                                                                                                                                                                                                                                                                                                                      | Contract ending on 6/30/2025 - moving to Airway location. The FY 25/26 Proposed Budget already reduces this budget appropriation.                                                                                                                                                                                                                                                                                          | 163,908               |
| GALLS LLC                 | Leading vendor that supplies law enforcement uniforms, gear, and equipment along with customization and fitting services to meet agency needs.                                                                                                                                                                                                                                                                            | Essential for officer protection and for effectively performing their duties. Without uniforms and equipment, officer safety would be at risk, and job performance could be compromised.                                                                                                                                                                                                                                   | 140,000               |
| DATA TICKET INC           | Provides comprehensive citation processing and management services for the PD. They handle the end-to-end processing of parking and administrative citations, including data entry, notice generation, online payment portals, customer service, and collections. With this service, PD is able to streamline enforcement workflows, ensure timely revenue collection, and reduce administrative burdens.                 | Lower revenue and make the process less efficient. Police staff would have to handle tickets manually instead of using field systems, taking time away from other duties.                                                                                                                                                                                                                                                  | 135,000               |
| INSIGHT PUBLIC SECTOR INC | License Plate Reader (LPR) is a technology used to automatically capture and analyze vehicle license plates. LPRs help identify stolen vehicles, wanted suspects, or expired registrations in real time, enhancing patrol efficiency and investigative capabilities.                                                                                                                                                      | LPRs enhance investigative capabilities and support efforts to reduce crime. They assist in identifying and locating suspects, leading to more efficient case resolution and arrests. The visible presence of LPRs serves as a deterrent to individuals considering criminal activity within the city. Reducing or removing this technology would hinder the department's ability to effectively prevent and solve crimes. | 102,300               |
| <b>TOTAL</b>              |                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>2,087,508</b>      |

# CONSULTING CONTRACTS – POLICE OTHER FUNDS

| VENDOR                     | DESCRIPTIONS                                                                                                                                                                                                                                                                                                                                                                       | IMPACT IF REMOVED OR REDUCED                                                                                                                                                                                                                                                                                                                                                                                                                                               | CONTRACT COMPENSATION |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| PEREGRINE TECHNOLOGIES INC | ORT Grant funded Public Safety Management Platform Software designed for law enforcement agencies. It integrates data from various sources into a unified interface, enabling officers and analysts to access critical information quickly and efficiently. This streamlined access supports faster, more informed decision-making and enhances overall operational effectiveness. | By eliminating this grant funded software it would increase the workload for investigations and crime analysis personnel by requiring more manual data processing. It would hinder the ability to link related crimes, potentially leaving cases unsolved. The software is also a key tool in the Real-Time Crime Center; without it, access to timely and actionable information would be reduced, negatively affecting situational awareness and response effectiveness. | 315,000               |
| INSIGHT PUBLIC SECTOR INC  | ORT Grant funded additional LPR cameras - License Plate Reader (LPR) is a technology used to automatically capture and analyze vehicle license plates. LPRs help identify stolen vehicles, wanted suspects, or expired registrations in real time, enhancing patrol efficiency and investigative capabilities.                                                                     | LPRs enhance investigative capabilities and support efforts to reduce crime. They assist in identifying and locating suspects, leading to more efficient case resolution and arrests. The visible presence of LPRs serves as a deterrent to individuals considering criminal activity within the city. Reducing or removing this technology would hinder the department's ability to effectively prevent and solve crimes.                                                 | 153,750               |
| <b>TOTAL</b>               |                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>468,750</b>        |

# CONSULTING CONTRACTS – PUBLIC WORKS GENERAL FUND

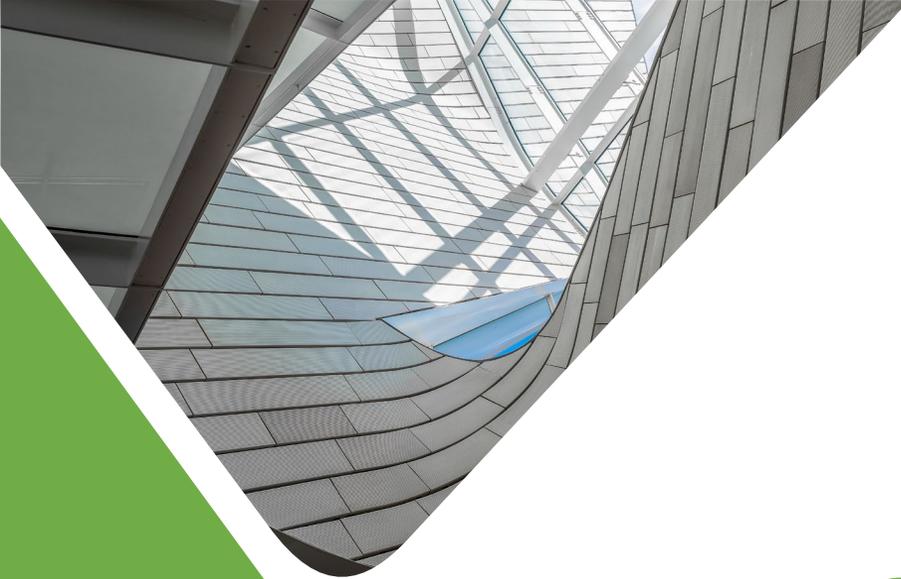
| VENDOR                           | DESCRIPTIONS                                                                                                                                | IMPACT IF REMOVED OR REDUCED                                                                                                            | CONTRACT COMPENSATION |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Brightview                       | Citywide comprehensive park, parkway, median, and facility landscape maintenance services.                                                  | Removal or reduction of this contract will lead to no or less maintenance of City parks, sports fields, parkways, and other facilities. | 2,456,259             |
| West Coast Arborists             | Citywide tree trimming and tree-related emergency response.                                                                                 | Removal or reduction of City tree maintenance or tree-related emergency responses would increase liability.                             | 700,000               |
| Executive Facilities             | Janitorial services for all City facilities.                                                                                                | Without Executive Facilities there will be no janitorial services for City facilities.                                                  | 626,115               |
| Yunex                            | Traffic signal maintenance services and traffic system related emergency response.                                                          | No maintenance of City traffic signals and traffic-related emergency responses; increased liability.                                    | 550,000               |
| ALL CITY MANAGEMENT SERVICES INC | School crossing guard services.                                                                                                             | Suspension of crossing guard program; increased liability.                                                                              | 334,596               |
| Siemens                          | Management of HVAC system maintenance and repair for Civic Center.                                                                          | No climate control for the Civic Center.                                                                                                | 249,168               |
| Superior Pavement Markings       | Citywide maintenance and re-striping of roadway traffic safety markings.                                                                    | Deteriorated roadway striping and markings; increased liability.                                                                        | 193,786               |
| WSP USA                          | Stormwater quality support, administration, and enforcement (MS4 permit). Activities to ensure compliance with the Federal Clean Water Act. | Violation of water quality (NPDES) permit. Potential audits and fines.                                                                  | 164,800               |
| WARE Disposal                    | City facility trash services (new contract starting August 1, 2025), existing contract expiring July 31, 2025.                              | No trash services to City facilities.                                                                                                   | 145,667               |
| WARE DISPOSAL INC                | City facility trash services - current contract ends 7/31/25, to be replaced with new contract starting August 1, 2025.                     | No trash services to City facilities.                                                                                                   | 137,622               |
| WARE DISPOSAL INC                | Citywide bulky item trash service - current contract ends 6/30/25.                                                                          | Contract ending June 30, 2025.                                                                                                          | 117,312               |
| Transtech Engineers              | As-needed traffic engineering on-call services (with 3 others).                                                                             | Delays to project delivery.                                                                                                             | 100,000               |
| Johnson Controls                 | Fire alarm test and inspection including maintenance and repair.                                                                            | Delay in repairs; increased liability.                                                                                                  | 100,000               |
| <b>TOTAL</b>                     |                                                                                                                                             |                                                                                                                                         | <b>5,875,325</b>      |

# CONSULTING CONTRACTS – PUBLIC WORKS OTHER FUNDS

| VENDOR                                          | DESCRIPTIONS                                                                                                                            | IMPACT IF REMOVED OR REDUCED                              | CONTRACT COMPENSATION |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------|
| Architectural Engineering Technology            | Baker/Placentia/19th Traffic Signal Synchronization Project; 80% grant funded. Project is nearly complete.                              | Increased vehicle traffic and resident dissatisfaction.   | 2,211,405             |
| Accenture Infrastructure & Capital Projects     | Fire Station #2 construction management services.                                                                                       | Suspension of Fire Station #2 project.                    | 1,774,775             |
| SCA of CA - STREET SWEEPING                     | Citywide scheduled street sweeping services for residential and arterial streets.                                                       | No sweeping of City streets and alleys.                   | 1,467,790             |
| Pinnacle Petroleum                              | Unleaded fuel delivery services for City vehicles/fleet.                                                                                | Higher cost for fuel purchases and decreased efficiency.  | 800,000               |
| Q3 Consulting: Proactive Engineering Consultant | Storm drain master plan consultant.                                                                                                     | Project is nearly complete; funded by drainage fund.      | 761,773               |
| WLC Architects                                  | Fire Station #2 design services.                                                                                                        | Design is nearly complete; suspension of project.         | 730,000               |
| KIMLEY HORN & ASSOCIATES INC                    | Safe Routes to School Project; planning study that evaluates youth and parent safety around all public schools; 80% grant funded.       | Suspension of project and lose \$800,000 grant funding.   | 541,774               |
| Circuit Transit                                 | Microtransit Project that provides no-cost rides within a focused area within City; 100% grant funded.                                  | Suspension of project and lose \$1,500,000 grant funding. | 500,000               |
| INTERWEST CONSULTING GROUP INC                  | As-needed engineering on-call services (with Ladayu) for various grant-related park improvement projects and construction management.   | Delays to project delivery.                               | 400,000               |
| Onward Engineering                              | Adams Ave. (Santa Ana River to Royal Palm Dr.) mobility design. Street and active transportation (bicycle and pedestrian) improvements. | Suspension of project and lose \$4,300,000 grant funding. | 374,517               |
| WLC Architects                                  | Fire Station #4 training tower project design and construction support.                                                                 | Project nearly complete.                                  | 362,000               |
| Onward Engineering                              | Fairview Rd. (Fair Dr. to Adams Ave.) mobility design. Street and active transportation (bicycle and pedestrian) improvements.          | Suspension of project and lose \$1,900,000 grant funding. | 312,272               |
| STV Construction                                | Construction management for fire station #4 training tower.                                                                             | Delays to project delivery.                               | 308,063               |
| KIMLEY HORN & ASSOCIATES INC                    | HSIP Traffic Signal Project; 80% grant funded. Provides upgrades to 129 traffic signals within City.                                    | Suspension of project and lose \$3,700,000 grant funding. | 300,730               |
| Z&K CONSULTANTS, INC                            | Construction management services for citywide street rehabilitation.                                                                    | Delays to project delivery.                               | 300,000               |

# CONSULTING CONTRACTS – PUBLIC WORKS OTHER FUNDS

| VENDOR                             | DESCRIPTIONS                                                                                                                             | IMPACT IF REMOVED OR REDUCED                                                     | CONTRACT COMPENSATION |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|
| M Arthur Gensler Jr. & Associates  | Facilities condition assessment                                                                                                          | Lack of ability to prioritize facility needs.                                    | 299,693               |
| DAVID VOLZ DESIGN (CM Skate Park)  | Design of the Costa Mesa Skatepark.                                                                                                      | Delays to project delivery; possible loss of grant funding.                      | 287,476               |
| Ladayu                             | As-needed engineering on-call services (with Interwest) for various grant-related park improvement projects and construction management. | Delays to project delivery.                                                      | 250,000               |
| MERRIMAC ENERGY GROUP              | Diesel fuel delivery services to Corp. Yard and fire stations.                                                                           | Higher cost for fuel purchases and decreased efficiency.                         | 250,000               |
| Performance Truck Repair           | Support service for Fire equipment repair and emergency response.                                                                        | Equipment would not get repaired; public safety impacts, no after hours support. | 250,000               |
| STV Construction                   | Construction inspection services.                                                                                                        | Delays on all projects with construction.                                        | 226,960               |
| INTERWEST CONSULTING GROUP INC     | Adams/Pinecreek intersection improvements construction management.                                                                       | Project nearly complete.                                                         | 209,762               |
| Pivot Solutions                    | Paint and body repair services for City fleet vehicles.                                                                                  | No vehicle repair services, impact on public safety .                            | 200,000               |
| BIT Pros Inc.                      | Support service for Fire equipment repair and emergency response.                                                                        | Equipment would not get repaired; public safety impacts, no after hours support. | 200,000               |
| ARCHITERRA DESIGN GROUP            | Design of Ketchum-Libolt Park.                                                                                                           | Delays to project delivery; possible loss of \$1,200,000 grant funding.          | 193,098               |
| Community Works Design             | Design of Shalimar Park improvements and upgrades. Grant-funded.                                                                         | Delays to project delivery; possible loss of \$1,000,000 grant funding.          | 158,970               |
| Precision Concrete                 | Sidewalk inspection and cutting. Inspect all sidewalks by 2030.                                                                          | Uneven sidewalks, increased liability due to trip hazards.                       | 150,000               |
| The Sayler Group                   | Trash cleanup in Caltrans Right-of-Way; 100% grant funded.                                                                               | Project nearly complete.                                                         | 150,000               |
| Walk N Rollers                     | Bicycle safety education program at local schools and at communitywide events.                                                           | Project nearly complete.                                                         | 149,967               |
| KOA CORPORATION                    | Adams/Pinecreek intersection improvements design.                                                                                        | Project nearly complete.                                                         | 141,017               |
| TDG Engineering                    | Fairview (Newport to Fair) mobility design for street and active transportation improvements.                                            | Project nearly complete.                                                         | 137,566               |
| Johnson Favaro                     | Lions Park projects design and construction support.                                                                                     | Project nearly complete.                                                         | 130,250               |
| Pacific Advanced Civil Engineering | TeWinkle Park lakes design for lake liner repair and rehabilitation. Potential construction administration services as well.             | Project nearly complete.                                                         | 120,425               |
| Ardurra                            | As-needed traffic engineering on-call services (with 3 others).                                                                          | Delays on projects.                                                              | 100,000               |
| Iteris                             | As-needed traffic engineering on-call services (with 3 others).                                                                          | Delays on projects.                                                              | 100,000               |
| TKE Engineering                    | As-needed traffic engineering on-call services (with 3 others).                                                                          | Delays on projects.                                                              | 100,000               |
| <b>TOTAL</b>                       |                                                                                                                                          |                                                                                  | <b>14,950,283</b>     |



# CAPITAL PROJECT FUNDING OPTIONS



**FISCAL  
SUSTAINABILITY**

**MAINTAIN CITY'S AAA RATING AND  
AA+ ON 2017 LEASE REVENUE BONDS**

- Maintain Strong Reserves
- Strong Council/City Management Leadership
- Strong Budgetary Flexibility
- Strong Liquidity
- Strong Debt and Contingent Liability

# FUND BALANCE - GENERAL FUND

## (IN THOUSANDS)

| Fund Balance Category             | FY 2020-21<br>Audited | FY 2021-22<br>Audited | FY 2022-23<br>Audited | FY 2023-24<br>Audited | FY 2024-25<br>Estimate |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| <b>Committed</b>                  |                       |                       |                       |                       |                        |
| Declared Disasters                | \$14,125              | \$14,125              | \$14,125              | \$14,125              | \$14,125               |
| Self-Insurance                    | 2,000                 | 2,000                 | 2,000                 | 2,000                 | 2,000                  |
| Economic Reserves                 | 9,000                 | 9,000                 | 9,000                 | 9,000                 | 9,000                  |
| <b>Assigned</b>                   |                       |                       |                       |                       |                        |
| Compensated Absences              | 5,920                 | 5,584                 | 6,210                 | 5,982                 | 5,982                  |
| Police Retirement 1% Supplemental | 2,275                 | 1,885                 | 1,737                 | 1,572                 | 1,572                  |
| Workers Compensation              |                       | 1,000                 | 2,000                 | 2,000                 | 2,000                  |
| Facilities Reserve                |                       | 2,000                 | 2,000                 | 2,000                 | 2,000                  |
| Strategic Plan Project            |                       | 2,000                 | 2,000                 | 2,000                 | 2,000                  |
| <b>Restricted</b>                 |                       |                       |                       |                       |                        |
| Pension and OPEB                  | 1,778                 | 3,061                 | 3,178                 | 3,367                 | 3,367                  |
| Non-spendable                     | 965                   | 604                   | 459                   | 631                   | 631                    |
| <b>Unassigned</b>                 | <b>17,429</b>         | <b>16,517</b>         | <b>16,328</b>         | <b>17,686</b>         | <b>17,686</b>          |
| <b>Total Fund Balance</b>         | <b>\$53,492</b>       | <b>\$57,776</b>       | <b>\$59,037</b>       | <b>\$60,363</b>       | <b>\$60,363</b>        |

# Proposed Facility Projects Considered for Funding

| Priority                      | Projects                            | Amount              |
|-------------------------------|-------------------------------------|---------------------|
| 1                             | TeWinkle Lakes Improvements         | \$ 500,000          |
| 2                             | Costa Mesa Skate Park               | 300,000             |
| 3                             | Norma Hertzog Roof Replacement      | 300,000             |
| 4                             | Sewer Line Improvement Project      | 250,000             |
| 5                             | City Hall Cast Iron Drain Re-Pipe   | 254,019             |
| 6                             | Civic Center Facility Projects      | 110,000             |
| 7                             | Fire Station Various Minor Projects | 50,000              |
| <b>TOTAL CAPITAL PROJECTS</b> |                                     | <b>\$ 1,764,019</b> |

# Capital Asset Needs (CAN) / Information Technology Needs

- The city shall allocate a minimum of 5% of the annual General Fund revenue to the capital assets account.
- The city shall allocate a minimum of 1.5% of the annual General Fund revenue to the IT replacement fund.
- Use of the Emergency exception clause is subject to the supermajority of the entire city council.

| Description                                                       | Amount \$<br>(millions) |
|-------------------------------------------------------------------|-------------------------|
| 5% General Fund Revenues                                          | \$9.3M                  |
| Lease Revenue & Fire Station 2* Bond Payments                     | (3.8M)                  |
| Use of Capital Assets Account Fund Balance                        | (2.2M)                  |
| Use of General Fund Facilities Reserve                            | (1.8M)                  |
| User Fees and Charges Estimated Increase                          | (0.3M)                  |
| <b>Subtotal Under / (Over)</b>                                    | <b>\$1.2M</b>           |
| Redirect Year 1 of IT Depreciation Budget to Capital <sup>^</sup> | (1.2M)                  |
| <b>TOTAL UNDER / (OVER)</b>                                       | <b>\$-</b>              |

\*Note: Fire Station 2 \$1.0M bond payment can be utilized towards the 5% calculation; if the debt payment is not made, funding can transfer at year-end.

<sup>^</sup>FY 2025/26 IT Replacement Fund has sufficient funding to cover the annual desktop replacement program and the 5-Year Strategic Plan. This redirection of funds is only for year one, while the new 5-Year Strategic Plan is being prepared and presented to the City Council.

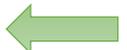
# CAPITAL ASSET NEEDS FUNDING OPTIONS

| Description                                           | Option 1<br>\$ (millions) | Option 2<br>\$ (millions) | Option 3<br>\$ (millions) |
|-------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| 5% General Fund Revenues                              | \$9.3M                    | \$9.3M                    | \$9.3M                    |
| Lease Revenue & Fire Station 2* Bond Payments         | (3.8M)                    | (3.8M)                    | (3.8M)                    |
| Use of Capital Assets Account Fund Balance            | (2.2M)                    | (2.2M)                    | (2.2M)                    |
| Use of General Fund Facilities Reserve                | -                         | (1.8M)                    | (1.8M)                    |
| User Fees and Charges Estimated Increase              | (0.3M)                    | (0.3M)                    | (0.3M)                    |
| <b>Subtotal Under / (Over)</b>                        | <b>\$3.0M</b>             | <b>\$1.2M</b>             | <b>\$1.2M</b>             |
| Redirect Year 1 of IT Depreciation Budget to Capital^ | -                         | -                         | (1.2M)                    |
| <b>TOTAL UNDER / (OVER)</b>                           | <b>\$3.0M</b>             | <b>\$1.2M</b>             | <b>\$-</b>                |
| <i>Estimated 10-Year Plan per Fiscal Year</i>         | <i>\$0.30M</i>            | <i>\$0.12M</i>            | <i>\$0.12M</i>            |

# FUND BALANCE - GENERAL FUND

## (IN THOUSANDS)

| Fund Balance Category             | FY 2020-21 Audited | FY 2021-22 Audited | FY 2022-23 Audited | FY 2023-24 Audited | FY 2024-25 Estimate | Options #2 & 3  |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|---------------------|-----------------|
| <b>Committed</b>                  |                    |                    |                    |                    |                     |                 |
| Declared Disasters                | \$14,125           | \$14,125           | \$14,125           | \$14,125           | \$14,125            | \$14,125        |
| Self-Insurance                    | 2,000              | 2,000              | 2,000              | 2,000              | 2,000               | 2,000           |
| Economic Reserves                 | 9,000              | 9,000              | 9,000              | 9,000              | 9,000               | 9,000           |
| <b>Assigned</b>                   |                    |                    |                    |                    |                     |                 |
| Compensated Absences              | 5,920              | 5,584              | 6,210              | 5,982              | 5,982               | 5,982           |
| Police Retirement 1% Supplemental | 2,275              | 1,885              | 1,737              | 1,572              | 1,572               | 1,572           |
| Workers Compensation              |                    | 1,000              | 2,000              | 2,000              | 2,000               | 2,000           |
| Facilities Reserve                |                    | 2,000              | 2,000              | 2,000              | 2,000               | 200             |
| Strategic Plan Project            |                    | 2,000              | 2,000              | 2,000              | 2,000               | 2,000           |
| <b>Restricted</b>                 |                    |                    |                    |                    |                     |                 |
| Pension and OPEB                  | 1,778              | 3,061              | 3,178              | 3,367              | 3,367               | 3,367           |
| Non-spendable                     | 965                | 604                | 459                | 631                | 631                 | 631             |
| <b>Unassigned</b>                 | <b>17,429</b>      | <b>16,517</b>      | <b>16,328</b>      | <b>17,686</b>      | <b>17,686</b>       | <b>17,686</b>   |
| <b>Total Fund Balance</b>         | <b>\$53,492</b>    | <b>\$57,776</b>    | <b>\$59,037</b>    | <b>\$60,363</b>    | <b>\$60,363</b>     | <b>\$58,563</b> |



# FINANCIAL ACHIEVEMENTS

- Strategically utilized remaining ARPA to offset the fiscal impact of the pandemic, including Housing Trust Fund, rental assistance, Project Homekey, and tenant eviction protection;
- Eliminate the structural deficits contained in multiple funds (Self-Insurance Fund and Equipment Replacement Fund);
- Achieved and exceeded the City Council Reserve Fund Balance Policy of \$55M by \$5.0M; and
- Maintained City's underlying AAA rating and AA rating on its 2017 Lease Revenue Bonds.

## GENERAL FUND

## ACHIEVE LONG-TERM FISCAL SUSTAINABILITY

- Structurally balanced General Fund Budget without the use of reserves;
- Provides full funding for the IT Replacement Fund at 1.5% of General Fund revenues; and
- Includes a \$1.0M in debt payment for the bond payment for the reconstruction of Fire Station #2.

# RECOMMENDED ACTIONS

1. Approve Resolution 2025-XX, adopting the Proposed Year 2025-26 Operating and Capital Improvement (CIP) Budget; and
2. Approve Joint Resolution 2025-XX adopting the Housing Authority Budget including Economic and Community Development expenditures for Fiscal Year 2025-2026; and
3. Authorize the “Emergency Exception” clause of either the Capital Asset Needs Ordinance under Section 2-209.2(a)(2), Economic Downturn, for Fiscal Year 2025-26 and /or Information Technology Needs Ordinance under Section 2-209.6 Economic Downturn for Fiscal Year 2025-26; by:

| Description                                           | Option 1<br>\$ (millions) | Option 2<br>\$ (millions) | Option 3<br>\$ (millions) |
|-------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| 5% General Fund Revenues                              | \$9.3M                    | \$9.3M                    | \$9.3M                    |
| Lease Revenue & Fire Station 2* Bond Payments         | (3.8M)                    | (3.8M)                    | (3.8M)                    |
| Use of Capital Assets Account Fund Balance            | (2.2M)                    | (2.2M)                    | (2.2M)                    |
| Use of General Fund Facilities Reserve                | -                         | (1.8M)                    | (1.8M)                    |
| User Fees and Charges Estimated Increase              | (0.3M)                    | (0.3M)                    | (0.3M)                    |
| <b>Subtotal Under / (Over)</b>                        | <b>\$3.0M</b>             | <b>\$1.2M</b>             | <b>\$1.2M</b>             |
| Redirect Year 1 of IT Depreciation Budget to Capital^ | -                         | -                         | (1.2M)                    |
| <b>TOTAL UNDER / (OVER)</b>                           | <b>\$3.0M</b>             | <b>\$1.2M</b>             | <b>\$-</b>                |

# RECOMMENDED ACTIONS

4. Approve a financial plan to replenish the information technology replacement fund and/or the capital fund over a 10-year period; and
5. Authorize and approve staffing for the following full-time positions: increase 1.0 FTE for Custody Officer for the Police Department, decrease 1.0 FTE for Human Resources Analyst, decrease of 1.0 FTE for Programmer Analyst 1, decrease of 1.0 FTE for Senior Management Analyst (CON), and a decrease of 1.0 FTE for Community Outreach Worker; and
6. Approve Resolution 2025-XX establishing the Fiscal Year 2025-26 Appropriations Limit for the City of Costa Mesa at \$330,924,446, by using Orange County's growth for population adjustment, and the California per capita income growth for inflationary adjustment; and
7. Approve the City of Costa Mesa's Revised Special Event Rates; and
8. City Council action is requested for the following to comply with AB 481 Police Equipment Report and Resolution:
  - a. Receive and file the 2025 Annual AB 481 Report and take public comment; and
  - b. Approve Resolution 2025-XX Renewing Ordinance No. 2022-03, the AB 481 Equipment Use Policy of the City of Costa Mesa, California, governing the use of police safety equipment.
9. Receive and file the job vacancy status information required by AB 2561.

# FY 2025-26 Budget Calendar

|                                                                                             |                                         |                |
|---------------------------------------------------------------------------------------------|-----------------------------------------|----------------|
| FY 2025-26 Proposed CIP Budget Review                                                       | Finance and Pension Advisory Committee  | April 9, 2025  |
| FY 2025-26 Proposed CIP Budget Review                                                       | Parks and Community Services Commission | April 10, 2025 |
| FY 2025-26 Proposed CIP Budget Study Session                                                | City Council                            | April 22, 2025 |
| FY 2025-26 Proposed CIP Budget Review                                                       | Planning Commission                     | May 12, 2025   |
| FY 2025-26 Proposed Budget Study Session                                                    | City Council                            | May 13, 2025   |
| FY 2025-26 Proposed Operating Budget                                                        | Finance and Pension Advisory Committee  | May 14, 2025   |
| FY 2025-26 Proposed Operating Budget and CIP                                                | Finance and Pension Advisory Committee  | May 29, 2025   |
| FY 2025-26 Proposed Operating and CIP Budget Public Hearing                                 | City Council                            | June 3, 2025   |
| FY 2025-26 Proposed Operating & CIP Budget Special Meeting/ Study Session #2 (if necessary) | City Council                            | June 10, 2025  |
| FY 2025-26 Proposed Budget Adoption (if necessary)                                          | City Council                            | June 17, 2025  |





**“Focused. Efficient. Resilient.”**

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# ONE-YEAR USE AGREEMENT JACK HAMMETT SPORTS COMPLEX & UCLA FOOTBALL ATHLETICS

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June 3, 2025



# Background

## Over the Years: Use of Jack Hammett Sports Complex



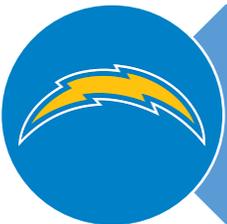
**2010**

**University of Alabama:** Use for Rose Bowl national championship game preparation



**2014**

**University of Florida:** Use for national championship game preparation



**2017-2023**

**Los Angeles Chargers:** 10-year use agreement for annual Summer Training Camps



**2024**

**Las Vegas Raiders:** 1-year use agreement for annual Summer Training Camp



# Use Agreement

- UCLA will have use of the Complex for:
  - **Use of Fields:** UCLA will use the Complex for a portion of its pre-season summer training camp from approximately July 30, 2025, through August 18, 2025.
  - **Fees for Use:** UCLA will pay the City \$160,056 for its use of the fields, a negotiated one-year price based on field use rates.
  - **Maintenance Costs:** UCLA will pay all costs and expenses relating to the preparation for the use periods, including any approved temporary improvements.



# Community Benefits

- UCLA has agreed to the following community benefits:
  - Two youth camps for local children (ages 6-14), exclusively for Costa Mesa residents.
  - Host two open practices for Costa Mesa youth.
  - 500 tickets (250 per game) to the City of Costa Mesa for two UCLA home games in the 2025 season.
  - Provide the City with a payment of twenty-five thousand dollars (\$25,000) to assist with field repairs upon completion of the Training Camp.





# Recommendations

- Approve and authorize the Acting City Manager to execute a Use Agreement for the City's Jack Hammett Sports Complex for a portion of UCLA's 2025 Summer Training Camp and related community benefits.



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**EXCEPTION TO THE 180 DAY WAIT PERIOD  
FOR REHIRE OF FINANCE OFFICER  
(PAYROLL) ANNA DOLEWSKI**

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**June 3, 2025**



# Background

- Finance Officer (Payroll) Anna Dolewski retired from the City of Costa Mesa effective May 28, 2025 after 36 years of service.
- Ms. Dolewski possesses extensive experience and institutional knowledge and her continued services are necessary due to critical needs related to the City's payroll processing and transition to the City's new Enterprise Resource Planning (ERP) system.

# Analysis

- Section 7522.56 of the Government Code requires that post-retirement employment commence no earlier than 180 days after the retirement date.
- A public agency may hire a retired annuitant prior to the expiration of the 180 days if the appointment is necessary to fill a critically needed position.
- A recruitment to fill the Finance Officer (Payroll) position was conducted and the position was recently filled the selected candidate started in May.

## Analysis (continued)

- Ms. Dolewski's continued services are imperative for the continuity of operations of the City's payroll processes and to assist with special projects including:
  - Training of the new Finance Officer
  - Implementation of newly negotiated labor contracts
  - Functioning as a subject matter expert in the transition to the City's new ERP system
  - Assisting with any backlog of payroll related reconciliations, reviews and adjustments as needed.



## Recommendation

- Adopt a resolution granting an exception to the 180-day wait period pursuant to Government Code Sections 7522.56 and 21224.
- This item supports the City Council's Plan goal to Recruit and Retain High Quality Employees.



QUESTIONS?

