



Staff Report

City Council

Item No. {{section.number}}.{{item.number}}

Meeting Date: May 28, 2025

From: Kevin Biersack, Financial Services Director

Title: Approval of FY 2025/2026 and 2026/2027 Biennial Budget

RECOMMENDATION:

1. To adopt a Resolution entitled, "A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY, CALIFORNIA, APPROVING A BUDGET FOR THE FISCAL YEARS 2025/2026 AND 2026/2027."
2. To adopt a Resolution entitled, "A RESOLUTION BY THE BOARD OF THE CATHEDRAL CITY PUBLIC FINANCING AUTHORITY APPROVING A BUDGET FOR THE FISCAL YEARS 2025/2026 AND 2026/2027."
3. To adopt a Resolution entitled, "A RESOLUTION BY THE CITY OF CATHEDRAL CITY AS THE HOUSING SUCCESSOR AGENCY APPROVING A BUDGET FOR THE FISCAL YEARS 2025/2026 AND 2026/2027."
4. To adopt a Resolution entitled, "A RESOLUTION BY THE SUCCESSOR AGENCY TO THE CATHEDRAL CITY REDEVELOPMENT AGENCY APPROVING A BUDGET FOR THE FISCAL YEARS 2025/2026 AND 2026/2027."
5. To adopt a Resolution entitled, "A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY, CALIFORNIA, APPROVING THE CAPITAL IMPROVEMENT PROJECT (CIP) PLAN AND THE PARKS IMPROVEMENT PROGRAM PLAN FOR FISCAL YEARS 2026 THROUGH 2030."

BACKGROUND:

After five months of reviews and discussions, we are pleased to present the adopted Biennial Budget for Fiscal Years (FY) 2025/2026 and 2026/2027 for the City of Cathedral City; the Cathedral City Public Financing Authority; the Housing Successor Agency ("Successor Agency"); Successor Agency to the Redevelopment Agency; and the Five-Year Capital Improvement Project (CIP) and the Park Improvement Program Plans.

This biennial budget was developed with a primary focus to accomplish City Council strategic plans and corresponding goals established in January 2023, with updates in March 2025. Departments reviewed past accomplishments and developed objectives focusing on achieving these overarching Council strategies and goals:

- Serving the Community with Pride and Dedication
- Community Investment
- Fiscal Stability and Sustainability
- Innovation
- Safety
- Embracing, Inclusive City

Within each department budget, there are work plans and performance measures focused on creating the desired future for Cathedral City.

During the past twelve years, FY 2012/2013 through FY 2024/2025, the City has been able to stabilize and achieve balanced budgets, as well as grow fund balance over the years to provide ample savings in order to navigate through uncertain economic times.

DISCUSSION:

To achieve time and cost efficiencies over a traditional annual budget, the City of Cathedral City prepares and adopts two one-year budgets. Using this cycle, the second year does not require formal adoption by City Council. Each year is separate and distinct. Unencumbered operating funds from the first year do not carry over into the second year.

The City's six-month budget preparation cycle began in December as Financial Services collaborated with various City departments over the next six months with a primary focus on the General Fund, Special Revenue Funds with operating budgets and the Five-Year Plans for the Capital Improvement Project (CIP) and the Parks Improvement Program Plans. In total, this budget forecasts the financial plan over the next two years for the City's 50+ funds.

Once City Council adopts this budget, staff will publish the biennial budget and will integrate the budgetary data into the City's accounting system at both the general ledger (summary) and project ledger (subsidiary) levels. Financial Services will submit the adopted biennial budget to the Government Financial Officers Association (GFOA) budget awards program. Cathedral City has received the GFOA budget award for the last nine budget cycles.

FISCAL IMPACT:

The attached Biennial Budget for FY 2025/2026 and FY 2026/2027 to be adopted shows:

- For FY 2025/2026, the City's General Fund forecasted budget has \$70,824,937 in revenues and \$76,579,614 in expenditures. The net deficit is \$5,754,677, including \$4,728,854 in discretionary expenditures.

- For FY 2026/2027, the City's General Fund forecasted budget has \$73,534,760 in revenues and \$78,061,701 in expenditures. The net deficit is \$4,526,941, including \$4,470,697 in discretionary expenditures, resulting in a structurally balanced budget.

Through the adopted budget, City staff will continue to focus on the City's published Five-Year Strategic Plan and prioritize essential services, continuing to invest in our City while monitoring discretionary expenditures. This budget ensures the City continues to proactively pay long-term liabilities and continue capital investments in our most critical infrastructure.

FIVE-YEAR STRATEGIC PLAN:

Goal C – FISCAL STABILITY AND SUSTAINABILITY

Objective: Cathedral City has economically prospered by facilitating the investment of private dollars in high quality development which benefits the community. We remain financially solvent by instituting prudent fiscal policies and transparent financial practices.

ATTACHMENTS:

1. Adopted Budget Document FY26 & FY27
2. Resolution Cathedral City Biennial Budget FY 2026 and FY 2027
3. Resolution Cathedral City Public Financing Authority (PFA) Budget FY 2026 and FY 2027
4. Resolution Cathedral City Housing Successor Agency Budget FY 2026 and FY 2027
5. Resolution Cathedral City Successor to the Redevelopment Agency Budget FY 2026 and FY 2027
6. Resolution Cathedral City Capital Improvement Project (CIP) and Parks Improvement Program Plans FY 2026 through FY 2027