



# City of Brawley

Strategic Long-Term Planning

FY2026/27 – FY2035/36

**Study Session**

February 17, 2026 | Finance Department



# Long-Term General Fund Economic Outlook



## Workshop Agenda

1. Current Financial Baseline (FY2025/26- Year 0)
2. Key Revenue and Expenditure Assumptions
3. 10-Year Projection Results
4. Structural Gap Analysis
5. Strategic Considerations
6. FY2026/27 Budget Development – Next Steps
7. Council Discussion & Direction

# Current Financial Position | FY2025/26



Utility Users Tax (UUT) modernized and voter-approved (2022)



Stable tax revenue base, including implementation of Measure J (Transactions & Use Tax) in 2024



Comprehensive update to the City's user fee schedule completed (2025)



Strong recurring grant funding supporting facility improvements, equipment, and select staffing positions



Estimated year-end FY 2025/26 General Fund reserves of **\$12 million (41% of annual expenditures)**



Bond Rating is A+ Stable



Reserves remain well above the City's 15% policy target



FY 2025/26 budget includes a planned one-time use of reserves of \$ 1.3M for Lion Ctr. Pool rehabilitation. The operating budget remains structurally balanced.



The City enters this projection period from a position of financial strength.



# City Services supported by General Fund

Police	Fire	Parks	Recreation	Library
Senior Center	Administration	Finance	Information Technology	Human Resources
Planning	Engineering	Development	Animal Control	Building Maintenance

*Brawley is considered a full-service City with unique opportunities and challenges*



# What does long-term planning provide?

1



Support Fiscal Stability

2



Evaluate long-term reserve levels

5



Provide policy guidance  
for labor negotiations  
and strategic planning

6



Support proactive financial  
decision-making

3



Identify structural revenue  
and expenditure trends

4



Assess the impact of personnel  
cost growth

Long-Range projections are a planning tool

Awareness is strength

Look into the future: City has time to plan

# General Fund 10-Year Projections

Base Year FY2025/26  
Key Highlights



## FY 2025/26- Baseline Year for Long-Term Financial Projections



Fiscal Year 2025/26 serves as the baseline ("Year 0") for the General Fund 10-Year Financial Projection.



The forecast reflects all City Council-approved budget modifications through January 31, 2026.



Does not account for new Fee Revenues (2025 Schedule).



Revenue and expenditure estimates incorporate revised projections and updated information available as of January 31, 2026.



The projection includes the Lion Center Pool Rehabilitation Project, with anticipated completion in Spring 2026.



Estimated pool reopening and ongoing operational costs have been incorporated into the General Fund Maintenance and Operations budget.

# General Fund 10-Year Projections

Base Year  
FY2025/26



	Adopted		Current		Year 0
	Adopted FY25/26 Budget		Q1 FY25/26 Budget		FY25/26 FCST
<b>Adopted Revenues</b>	\$	26,862,692	\$	26,862,692	26,862,692
City Council Approved Adjustments			\$	8,325	\$ 821,335
(+) Potential Tax Revenue Adjustments				\$	\$ 300,000
(+) Potential Reimbursements/Settlements				\$	\$ 1,115,800
<b>Total Revenues</b>	\$	26,862,692	\$	26,871,017	\$ 29,099,827
<b>Adopted Expenses</b>	\$	26,792,163	\$	26,792,163	\$ 26,792,163
City Council Approved Adjustments			\$	239,157	\$ 1,326,643
(+) Potential Expense Adjustments ( Pool CIP)			\$		\$ 2,120,880
(+) Potential Expense Adjustments ( Pool Ops)				\$	\$ 210,380
<b>Total Expenses</b>	\$	26,792,163	\$	27,031,320	\$ 30,450,066
<b>Budget/(Deficit)</b>	\$	70,529	\$	( 160,303)	\$ ( 1,350,239)
 General Fund FTE's		129.40		131.40	131.40

# General Fund 10-Year Projections

Future Years FY2026/27-  
Key Highlights FY2035/36



## Future Years Core Assumptions for Long-term Financial Projections

### Future Years - Revenues

- Sales Tax: 2.5% annual growth
- Measure J (Transaction & Use Tax): 3.0%
- Property Tax: 3.0%
- Motor Vehicle In-Lieu: 3.0%
- Utility User Tax: 4.0%
- Franchise Fees: 2.0%
- TOT (Hotel Tax): 1.0%
- Fees & Charges: 3.0% (reflecting updated fee schedule and CPI adjustments)
- Grant and third-party funding: Assumed to fluctuate and may include non-recurring sources

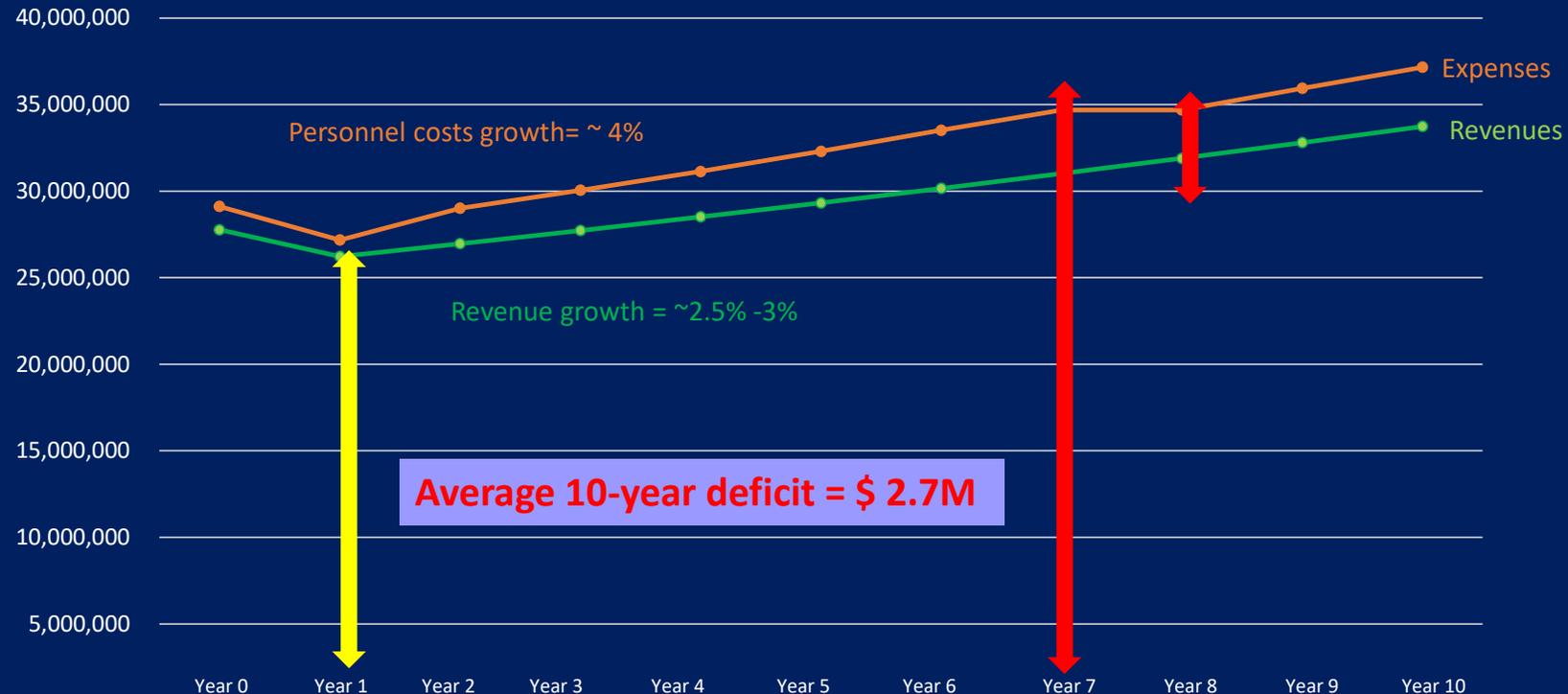
### Future Years - Expenses

- No addition of FTE's/PT ( Except for Police grant funded positions.
- Salary Growth of 4% annually ( 1% COLA Placeholder + Step movement)
- Health Insurance : 7% annual growth
- Maintenance & Operations: 3- 3.5% growth
- CalPERS UAL Payments: June 2024 UAL Schedule (actuarial)
- Projections does not account for future years Capital Improvement Projects ( facility, equipment, software).
- FY26/27 assumes funding for 1 Crime Prevention Coordinator, previously grant funded ( 3-years).
- FY27/28 assumes addition of 5 Police Officers, previously grant funded ( 5-years).

- Based on historical trends/conservative growth factors
- Normal economic conditions
- No recession
- No new tax measures

# General Fund 10-Year Projections

FY2026/27- FY2035/36

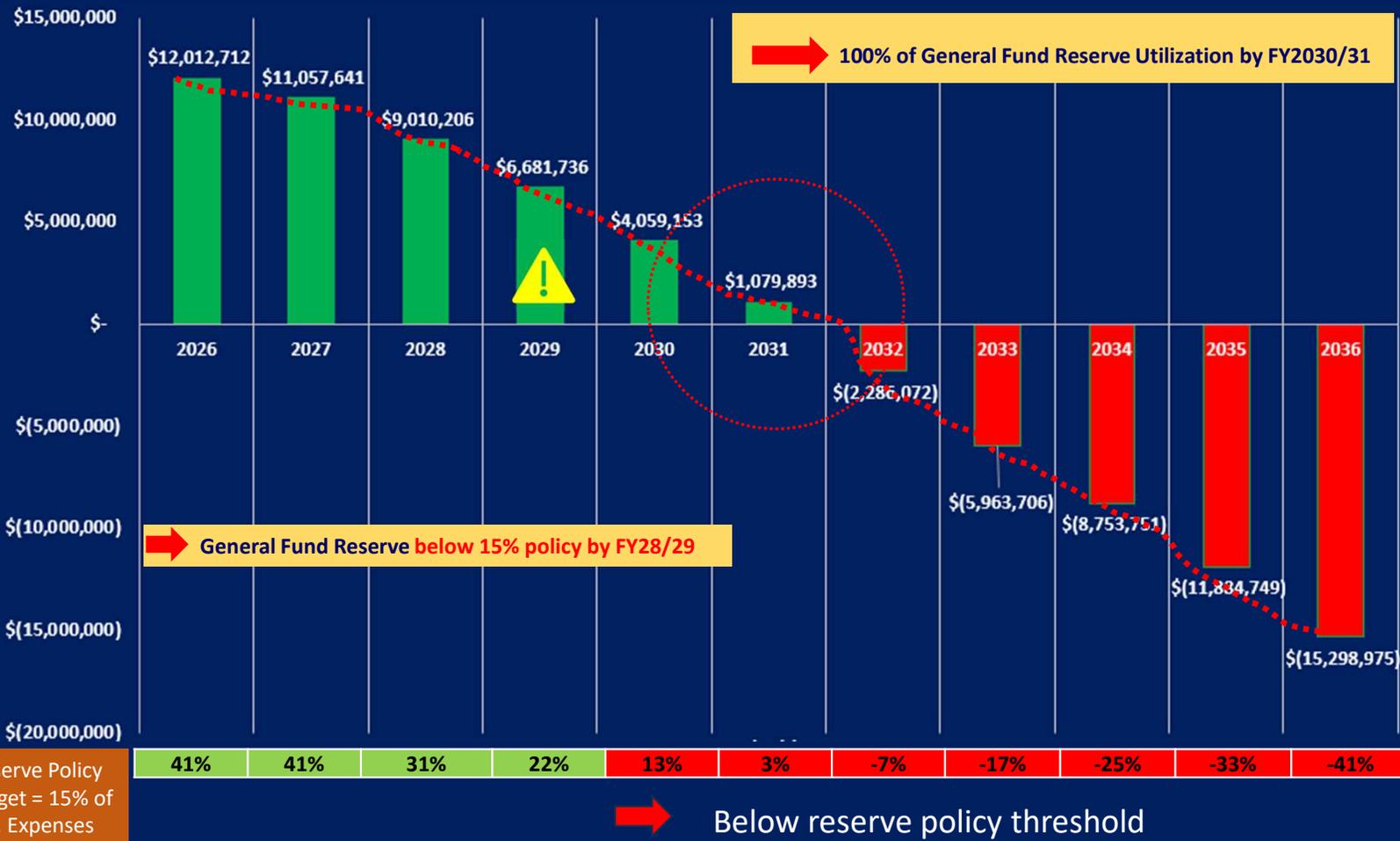


	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2025/26 *	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
● Revenues	27,765,9	26,224,0	26,962,9	27,724,1	28,508,3	29,316,4	30,148,9	31,006,8	31,890,7	32,801,5	33,740,1
● Expenses	29,116,1	27,179,1	29,010,3	30,052,5	31,130,9	32,295,6	33,514,9	34,684,4	34,680,7	35,932,5	37,154,4
Surplus/(Deficit)	(1,350,239)	(955,071)	(2,047,435)	(2,328,470)	(2,622,583)	(2,979,260)	(3,365,966)	(3,677,634)	(2,790,044)	(3,130,999)	(3,414,226)

**Without corrective action, reserves are fully depleted by FY2030/31**  
 Assumed no policy changes, no expenditure adjustments, and no new revenue measures.

# General Fund 10-Year Projections

## Reserves Overview





# General Fund Expenses

By Category



~ 70% -80% GF expenses are Employee-related costs

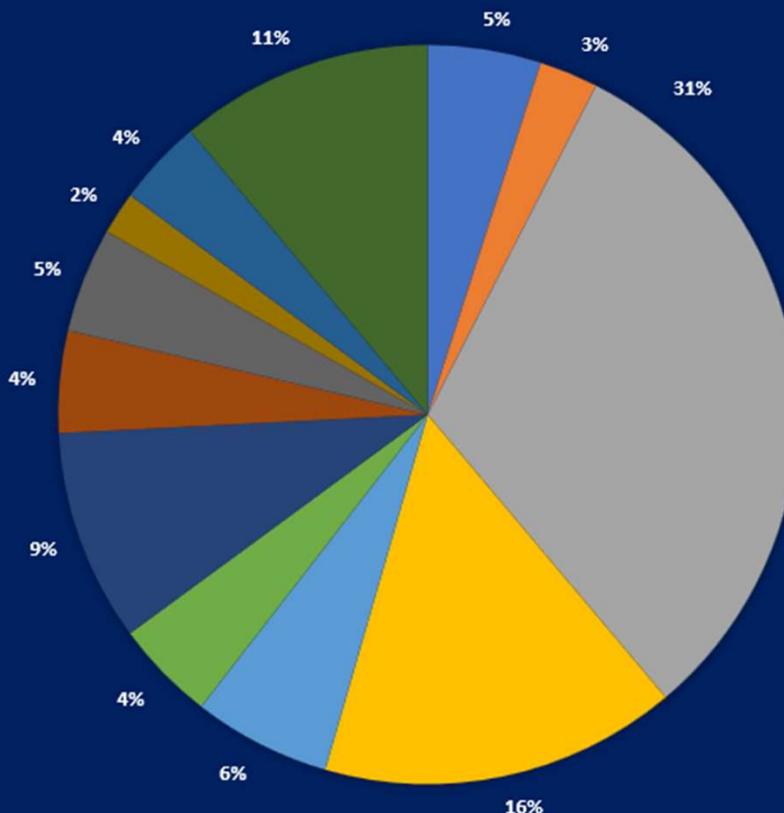


Capital Improvements funded through one-time grants or GF reserves.



Public Safety operational costs driven by inflation/higher costs for specialty equipment.

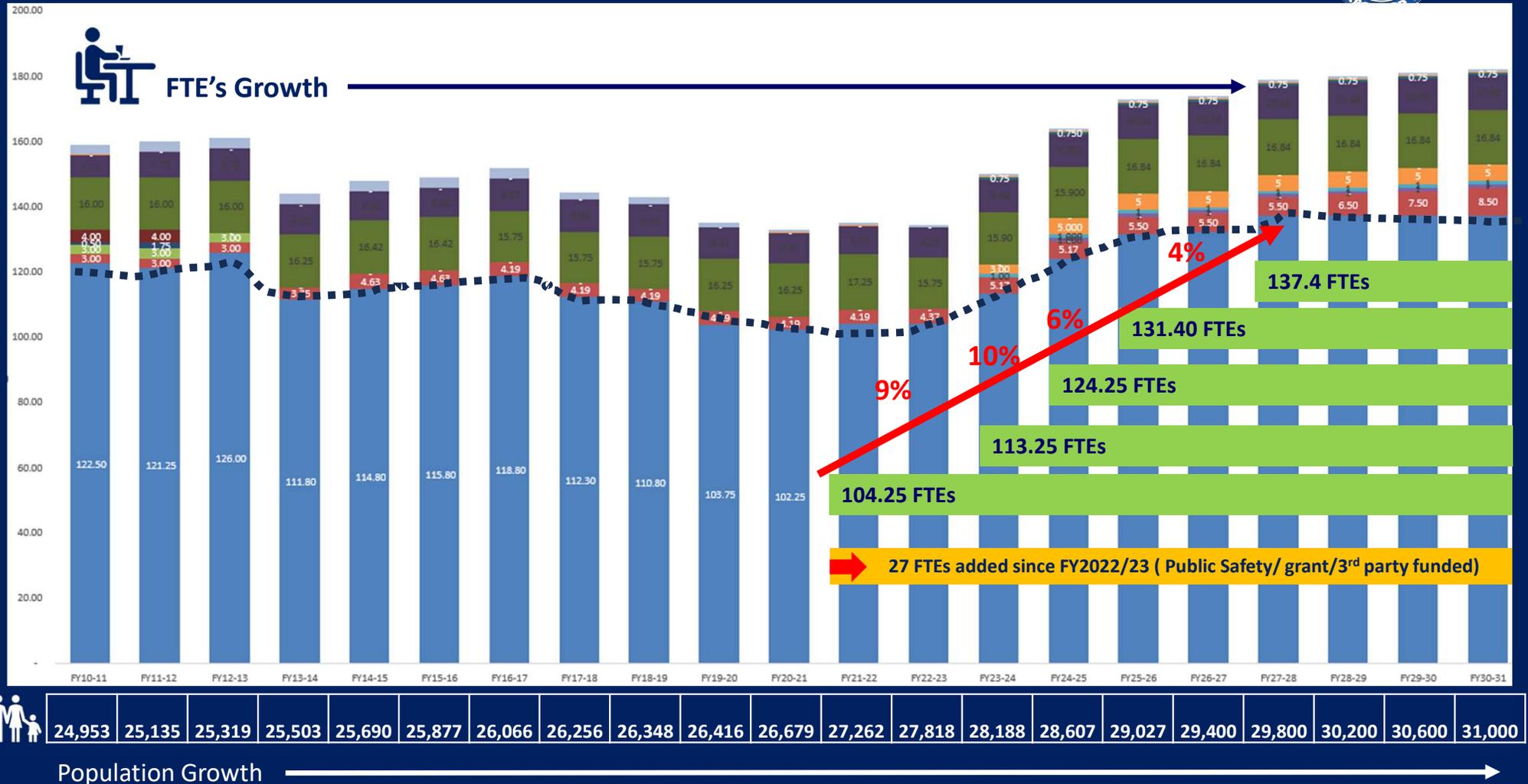
Shift from grant-funded equipment to GF funding due to grants availability.



## FY2025/26 Budget

- Police Operational Costs
- Fire Operational Costs
- Salaries (Full-Time Employees)
- Maintenance & Operations
- Workers Comp. & General Liability Ins.
- Employee Medical Insurance Costs
- Other Personnel Costs
- PERS Unfunded Pension Liability
- PERS Normal Payroll Costs
- Salaries (Part-Time/Temporary)
- Pension Obligation Bond
- Capital Improvements

# Brawley Statistics – Population vs. City Staff Growth





# Brawley Staffing Levels – FTE Impacts



Base Salary  
Incentives – ~2% -2.5%  
Step Increases – 5% ( all salary schedules)  
CalPERS normal cost +UAL  
Medicare  
Health Insurance  
Workers' comp  
Unemployment insurance  
Leave accruals ( vacation, sick, holidays)



Future pension payroll base  
Future UAL exposure  
Volatility risk during downturns  
Increase fixed cost  
Compound structural deficits



## Pension Liability Impact

Even after separation:  
Employee earns lifetime pension benefit.  
City continues paying UAL ( unfunded liability).  
If investment returns underperform, employer rates increase.



Each permanent position represents a long-term fiscal commitment, not just an annual salary expense.

**1 additional FTE = \$1.5M-\$2.5M over 10 years.**



## When Adding FTE Makes Sense

- Grant-funded ( with sustainability plan)
- Revenue-generating position
- Public Safety Compliance requirement
- Critical Service gap

# General Fund 10-Year Projections | Risk Factors



➔ A 1% change in salary growth assumptions significantly alters the long-term reserve trajectory.

Scenario – Attachment 1 | Salary growth of 4% ( 1% COLA + 3% Step movement)

**Fiscal Impact = ~ \$ 584,000 for FY2026/27**

## Risk Factors:

- Outcome of upcoming labor negotiations ( MOU's Expire June 2026)
- Changes in CalPERS actuarial assumptions
- Economic conditions affecting sales and property tax
- Healthcare cost inflation
- Deferred capital improvements needs ( City uses a 5-year CIP schedule)
- Public Safety staffing levels

# General Fund 10-Year Projections | Strategic Considerations



## Strategic Considerations for Long-Term Fiscal Sustainability



➔ Long-term Sustainability requires: Strategic prioritization of services, alignment of expenditure growth with revenue capacity, community engagement on fiscal direction and data-driven policy decisions.



# The Road Ahead | What's next?

- Development of the FY2026/27 Budget is underway
- Capital expenditures are currently under evaluation
- Ongoing monitoring of revenue and expenditure trends
- Multiple grant applications pending award confirmation



## Upcoming Council Meetings/Workshops

- March 3 - Capital Improvement Program (CIP) Budget – Update & Proposed Projects ( FY2026/27 Development)
- March 17- Budget Study Session # 1 – General Fund Baseline for FY2026/27
- March 19- City Council Strategic Priorities Workshop



# Council Direction Requested

- Confirm long-term fiscal sustainability is a priority
- Provide guidance on revenue strategy
- Provide guidance on service level expectations
- Direction for FY26/27 budget alignment

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**Thank You!**



# Appendix

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# General Fund Revenues | By Category

FY2025/26 Adopted Budget

## Fees & Charges

Implementation of new fee schedule.  
February 1<sup>st</sup>  
City-wide Fee Study (Dec 2025)

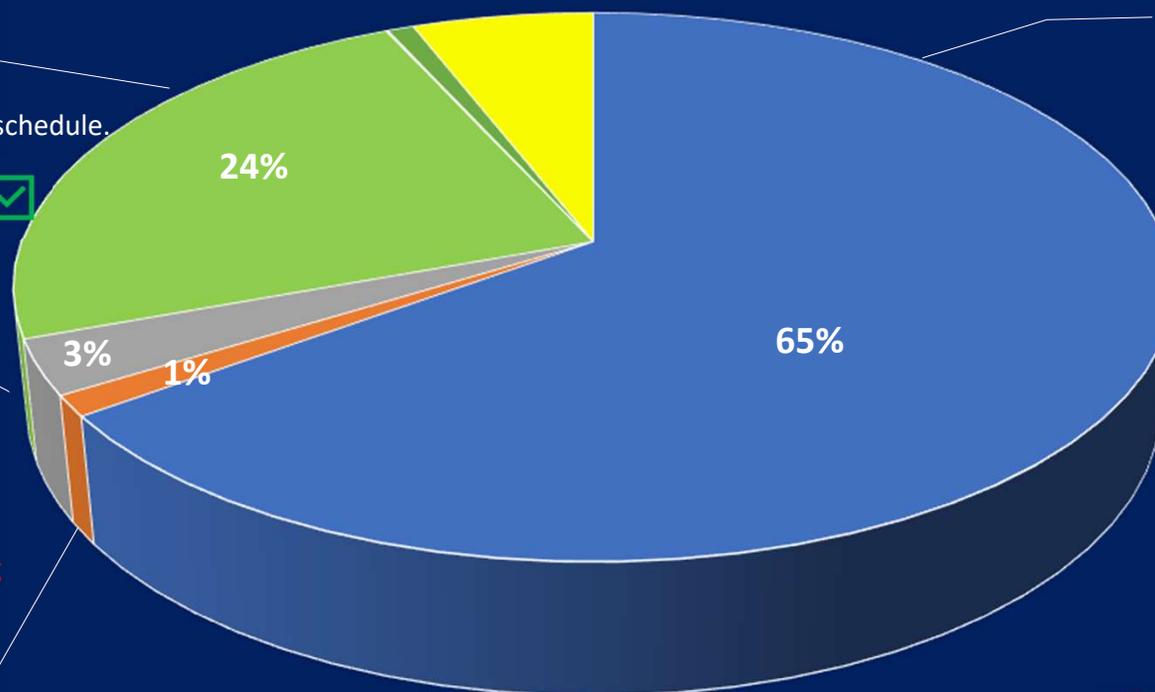
## Grants



Vary from Year to year, not guaranteed  
Majority = **One-time funding**

## License & Permits

Permit Revenue dependent on construction and new development.  
Business License model outdated



## Taxes

**Sales Tax** (Bradley –Burns) Highly volatile revenue source- economic sensitivity, local sales.

**Measure J ( TUT )** – Volatile, expanded taxation capacity , online & out of city sales.  
(Voter approved 2024)

**Property taxes** have the capacity to grow as houses are sold – 2-year lag  
Capped at 2% annual growth.

**Utility User Tax** –Strong, grows with inflation applicable to all utilities.  
(Voter approved 2022)



**Transient Occupancy (TOT/Hotel) Taxes** are steady - last updated in 1984

**Voter Approval Required**



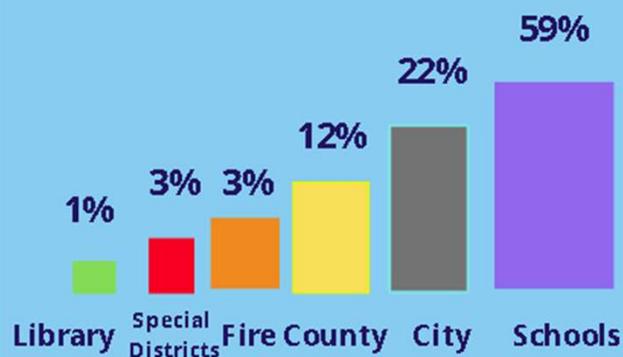
# Top General Fund Tax Revenues

## Property Taxes

\$3,270,557

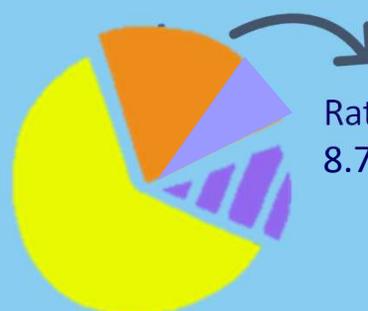


.22 cents per \$ 1



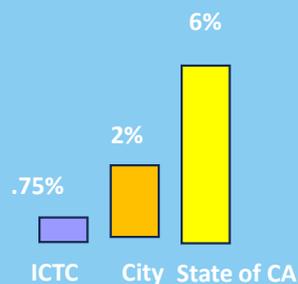
## Sales Tax ( Inc. Measure J)

\$ 6,867,110



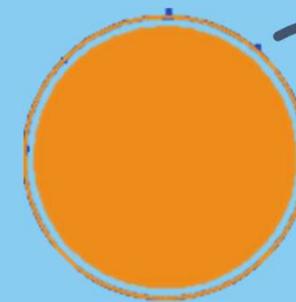
Rate is 8.75%

2% of the 8.75%



## Utility Users Tax

\$ 2,976,011



Rate is 4 %

100% of the 4%

Updated and modernized in 2022

Annually grows with CPI

Supporting essential functions to citizens



# Local Tax Rates - Trends

City	Sales Tax Rate	Hotel Tax	Utility Tax	Cannabis Tax
Brawley	8.75%	8.00%	4.00%	No
Imperial	7.75%	12.00%	---	Yes
El Centro	8.25%	10.00%	---	Yes
Calexico	8.25%	12.00%	---	Yes
Holtville	7.75%	4.00%	5.00%	No
Coachella	8.75%	13.00%	5.00%	Yes

Every city is unique – there is no one size fits all or single solution | Can't do everything at once !