



Third-Quarter Financial Review Fiscal Year 2026

Finance Committee Meeting
May 19, 2026





Recommendation to Finance Committee

- A. Receive a report from staff on the status of revenues and expenditures in relation to budget for the nine months ended March 31, 2026;
- B. Accept the Fiscal Year (FY) 2026 Interim Financial Statements for the nine months ended March 31, 2026;
- C. Adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Amending Resolution 2026-012, to Approve Proposed Third-Quarter (Q3) Adjustments to FY2026 Revenue and Expenditure Appropriations as Detailed in the Attached Schedule of Proposed Q3 Adjustments; and
- D. Adopt, by reading of title only, a Resolution of the Council of the City of Santa Barbara Amending the Position Salary Control Resolution 2026-020 for Authorized Positions for Fiscal Year 2026. Changes Are Effective May 30, 2026.

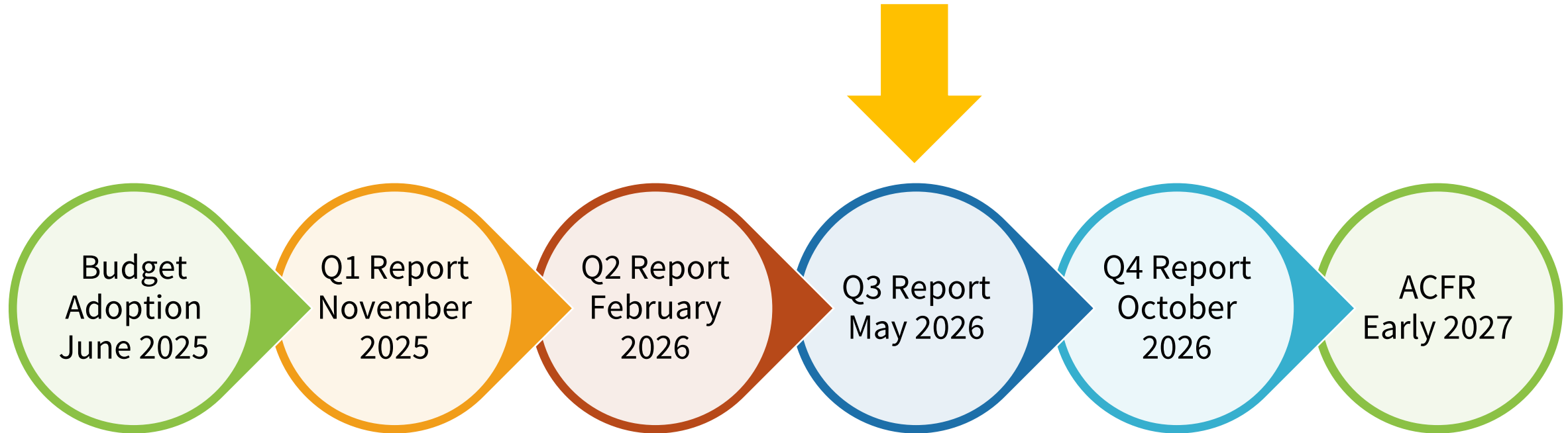


Agenda

1. General Fund Overview
2. Enterprise Funds Overview
3. Proposed Budget Adjustments
4. Position Changes
5. Public Comment, Questions, & Discussion



Financial Reporting Timeline

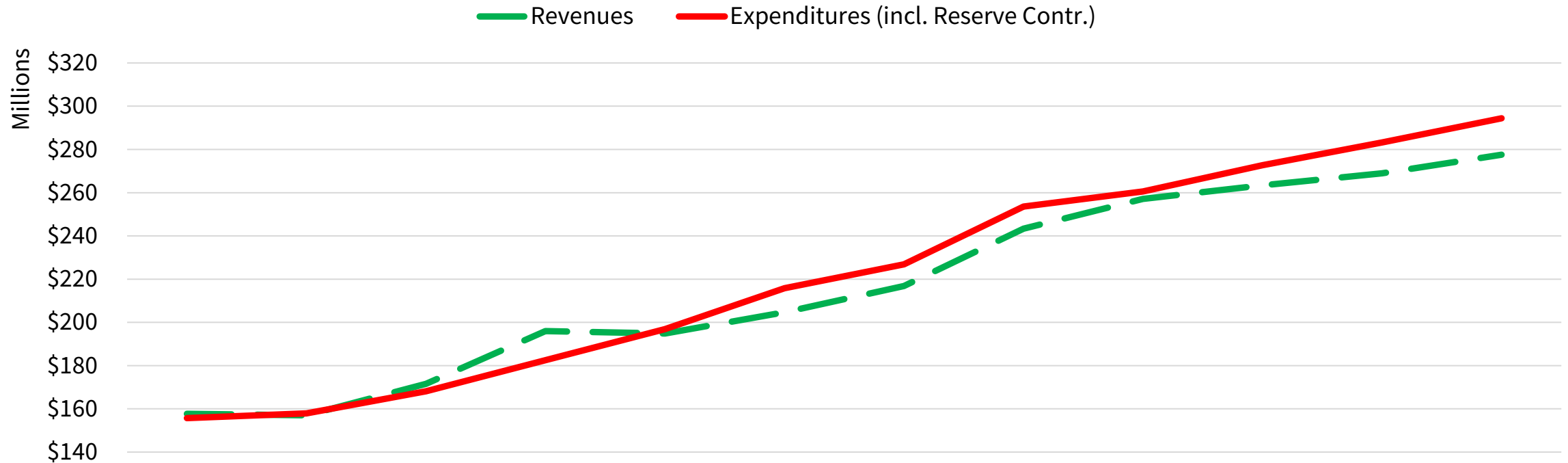


General Fund Overview





General Fund Multi-Year Forecast *



Revenue & Expense	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Projection	FY 2027 Rcmd Budget	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Revenue	\$157.7	\$157.0	\$171.6	\$196.0	\$194.8	\$204.6	\$214.7	\$243.4	\$257.2	\$263.4	\$269.0	\$277.6
Expenditure	\$155.7	\$157.9	\$168.2	\$182.6	\$196.9	\$215.8	\$226.5	\$253.6	\$260.5	\$272.7	\$283.3	\$294.4
Surplus / (Deficit)	\$2.0	(\$0.9)	\$3.4	\$13.4	(\$2.1)	(\$11.1)	(\$11.8)	(\$10.2)	(\$3.4)	(\$9.3)	(\$14.3)	(\$16.8)

* Includes Measure C sales tax revenues & expenditures, & annual reserve contribution.



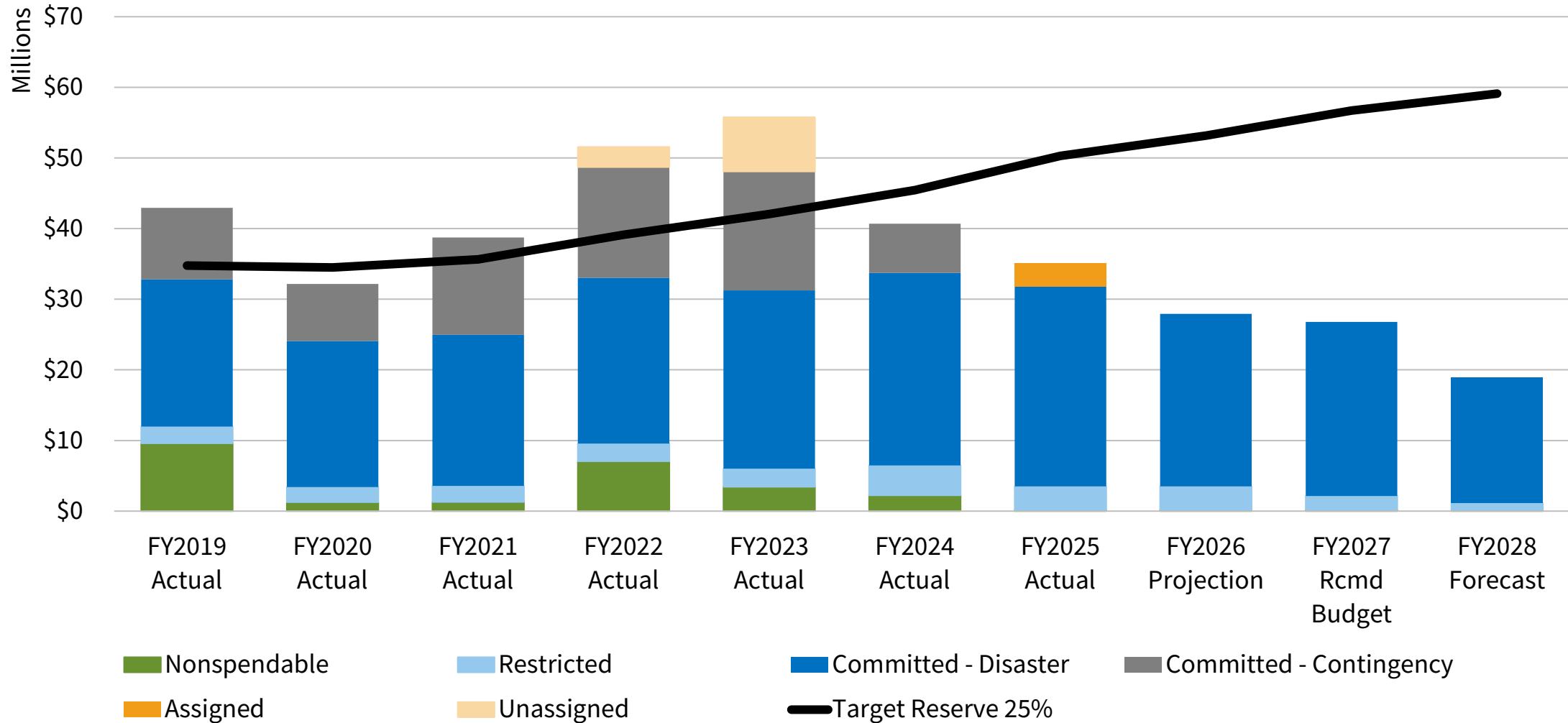
General Fund Projection *

\$ MILLIONS	FY 2024 Actual	FY 2025 Actual	FY 2026 Projection	FY 2027 Recommended Budget	FY 2028 Forecast
Revenues	\$204.6	\$216.8	\$243.4	\$257.2	\$263.4
Expenditures	\$212.3	\$221.9	\$250.8	\$256.9	\$270.3
Surplus / (Deficit)	(\$7.7)	(\$5.1)	(\$7.5)	\$0.2	(\$6.9)
Reserve Contribution	\$3.5	\$4.9	\$2.7	\$3.6	\$2.4
Amount Below Annual Reserve Target	(\$11.1)	(\$10.1)	(\$10.2)	(\$3.4)	(\$9.3)
Reserve Policy Target (25%)	\$45.4	\$50.3	\$53.2	\$56.7	\$59.1
Actual/Projected Reserve Level	\$40.7	\$35.1	\$27.9	\$26.8	\$18.9
Difference	(\$4.8)	(\$15.2)	(\$25.2)	(\$29.9)	(\$40.2)
Actual/Projected Reserve Percent	22.4%	18.4%	12.9%	12.1%	8.0%

* Includes Measure C sales tax revenues & expenditures



General Fund Reserves Model

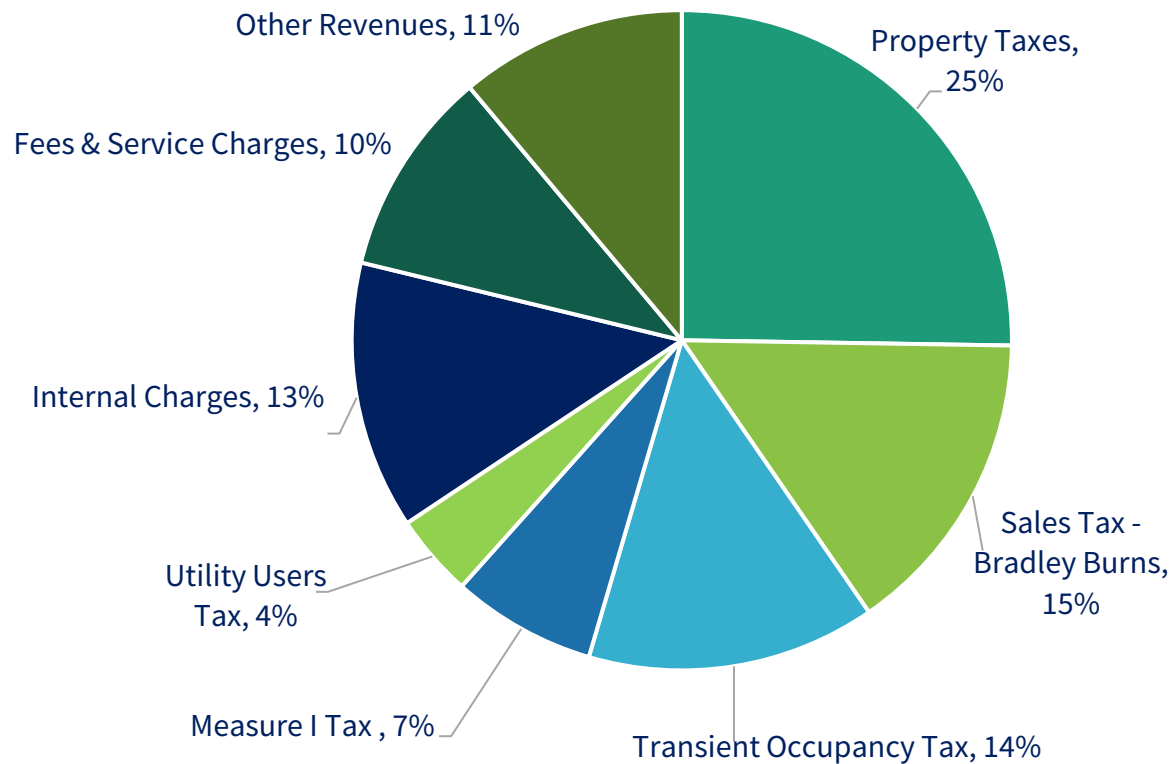




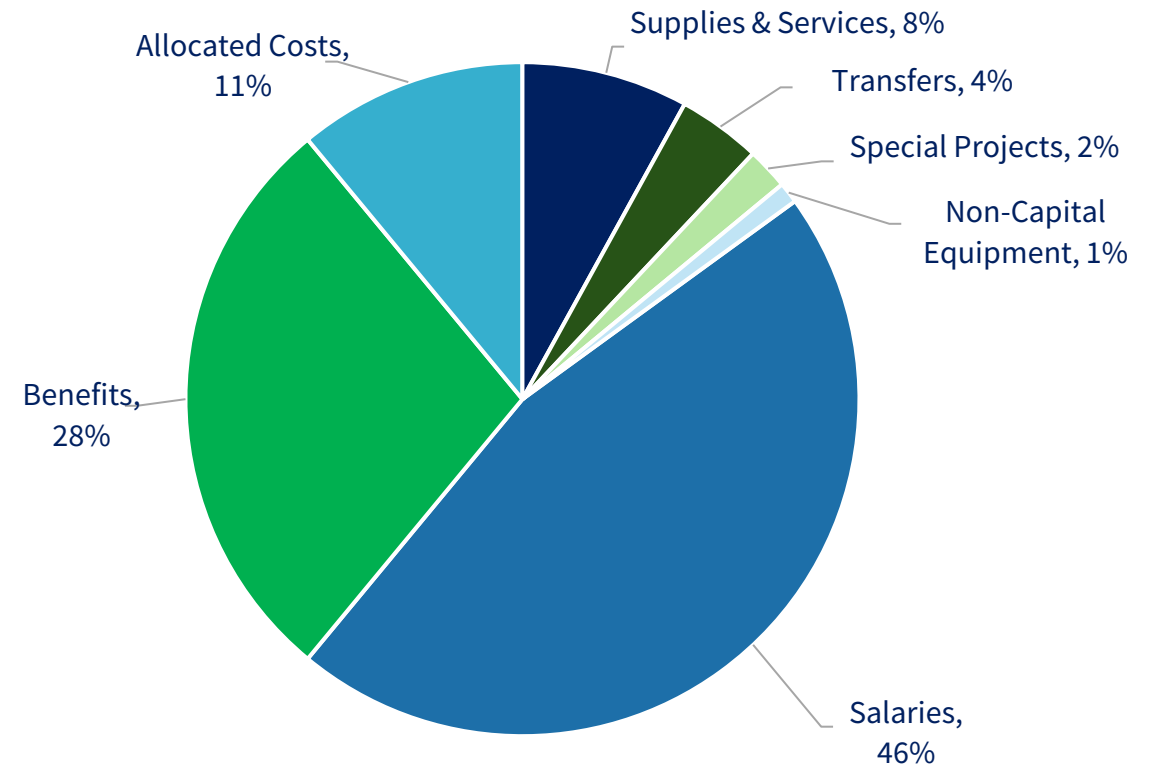
General Fund Revenue & Expenditure

Adopted Budget FY 2026 – Percentage Allocation

General Fund Revenue



General Fund Expenditure





General Fund Overview

- Revised Budget includes Carryforward appropriation from FY 2025 for encumbrance & commitments continuing into FY 2026.
- Tax revenue softening.
- Business tax certificate renewal by calendar year.

General Fund (\$ Millions)	FY 2026 Adopted Budget	FY 2026 Revised Budget	FY 2026 Q3 Actual	Actual % of Revised Budget	FY 2026 Projections	FY 2025 Q3 Actual
Revenues	\$208.7	\$209.5	\$139.2*	66.4%	\$209.1	\$122.9
Expenditures	\$210.3	\$219.1	\$152.6	69.6%	\$216.6	\$137.6
Surplus / (Deficit)	(\$1.6)	(\$9.6)	(\$13.4)		(\$7.5)	(\$14.7)
Contribution to Reserves	\$2.7	\$2.7			\$2.7	
Amount Below Annual Reserve Target	(\$4.3)	(\$12.3)			(\$10.2)	
Measure C	FY 2026 Adopted Budget	FY 2026 Revised Budget	FY 2026 Q3 Actual	Actual % of Revised Budget	FY 2026 Projections	FY 2025 Q3 Actual
Revenues	\$34.2	\$34.2	\$24.3	70.9%	\$34.3	\$23.8
Expenditures	\$35.1	\$79.2	\$18.8	23.8%	\$79.2	\$28.8
Surplus / (Deficit)	(\$0.9)	(\$45.0)	\$5.5		(\$44.9)	(\$5.0)

*Additional Measure I revenue for FY2026 – \$5.0M



General Fund Tax Summary (Q3 – Fiscal Year 2026)

Tax Source	Adopted Budget (\$ Millions)	Revised Budget (\$ Millions)	YTD Actual (\$ Millions)	% Used with Adopted Budget	FY 2026 Projection	FY 2025 Q3 Actual (\$ Millions)
Property Tax	\$53.6	\$53.6	\$28.5	53.1%	\$53.6	\$27.2
Sales & Use Tax	\$32.0	\$32.0	\$22.3	69.8%	\$31.9	\$22.7
Measure C Sales Tax	\$34.2	\$34.3	\$24.3	70.9%	\$34.3	\$23.8
Measure I Sales Tax	\$15.1	\$15.1	\$9.1	60.1%	\$15.1	\$0.0
Transient Occupancy Tax	\$29.6	\$29.6	\$23.2	78.3%	\$29.6	\$22.3
Utility Users Tax	\$8.2	\$8.2	\$5.9	72.1%	\$8.2	\$6.4
Business Tax Certificates	\$3.0	\$3.0	\$2.4	81.6%	\$3.0	\$2.5
Cannabis Excise Tax	\$1.0	\$1.0	\$0.7	72.6%	\$1.0	\$0.7
Property Transfer Tax	\$1.0	\$1.0	\$0.7	70.7%	\$1.0	\$0.7
TOTAL TAXES	\$177.6	\$177.6	\$117.1	65.9%	\$177.6	\$106.3



Short-Term Rental

The Short-Term Rental (STR) Enforcement Pilot Program was launched by the City Attorney’s Office on August 1, 2023.



The Pilot Program was funded by the City Council on April 25, 2023, with the goal of increasing the enforcement of illegal short-term rentals operating in the City & gain a better understanding of the type, seasonality, location, & number of short-term rentals existing in the City.

Fiscal Year 2025

Period	General Fund	Measure B
12 Months	\$3,400,000	\$650,000

Fiscal Year 2026

Description	Period	General Fund	Measure B
GF STR	9 Months	\$1,900,000	\$379,000
GF STR Settlements	N/A	\$920,000	\$198,000



General Fund Expenditures FY 2026 (1 of 2)

Department	Adopted Budget (\$ Millions)	Revised Budget (\$ Millions)	Q3 Exclude Encumbrance (\$ Millions)	% Used with Revised Budget	Encumbrance	FY 2026 Projection
Mayor & Council	\$3.4	\$3.4	\$2.3	69.5%	\$0.4	\$3.4
City Attorney	\$5.6	\$5.9	\$3.9	65.6%	\$0.3	\$5.9
City Administrator	\$8.6	\$10.0	\$6.3	63.6%	\$1.5	\$9.7
Human Resources	\$2.9	\$3.1	\$1.9	61.6%	\$0.2	\$3.1
Finance	\$8.3	\$9.3	\$6.1	65.3%	\$0.3	\$9.3
General Government	\$28.8	\$31.7	\$20.5	64.9%	\$2.7	\$31.4
Police	\$61.2	\$62.4	\$45.2	72.4%	\$0.9	\$63.7
Fire	\$42.4	\$46.1	\$32.4	70.4%	\$0.1	\$46.1
Public Safety	\$103.6	\$108.5	\$77.6	71.6%	\$1.0	\$109.8



General Fund Expenditures FY 2026 (2 of 2)

Department	Adopted Budget (\$ Millions)	Revised Budget (\$ Millions)	Q3 Exclude Encumbrance (\$ Millions)	% Used with Revised Budget	Encumbrance	FY 2026 Projection
Parks & Recreation	\$28.0	\$28.3	\$19.1	67.5%	\$0.7	\$28.3
Library	\$9.9	\$9.9	\$6.7	68.0%	\$0.1	\$9.4
Community Services	\$37.9	\$38.2	\$25.8	67.5%	\$0.8	\$37.7
Public Works	\$15.2	\$15.2	\$10.0	65.9%	\$0.0	\$13.4
Sustainability & Resilience	\$0.3	\$0.5	\$0.3	50.4%	\$0.1	\$0.5
Community Development	\$16.0	\$17.4	\$11.4	65.3%	\$0.6	\$16.1
Subtotal Expenditures	\$201.8	\$211.4	\$145.6	68.9%	\$5.1	\$208.9
Measure C Sales Tax	\$35.1	\$79.3	\$13.7	23.8%	\$0.0	\$79.3
Non - Departmental	\$8.5	\$7.7	\$6.5	89.5%	\$0.0	\$7.7
Total Expenditures	\$245.4	\$298.4	\$171.4	57.4%	\$5.1	\$295.8



Tier 1 Savings by General Fund Departments

FY 2026 savings include:

- Transferring positions to Enterprise Funds.
- Minor fee adjustments.
- Library reorganization.
- Increase parking citation revenues.
- Hold positions vacant.
- Clean Community taking on General Fund expenses.

Department	FY 2026	FY 2027
City Administrator's Office	\$0	\$150,000
Community Development	\$70,000	\$317,335
Finance	\$71,000	\$1,240,100
Fire	\$48,000	\$158,900
Information Technology	\$0	\$74,038
Library	\$224,186	\$67,509
Parks & Recreation	\$0	\$91,248
Police	\$557,000	\$1,340,000
Public Works	\$57,500	\$376,729
Sustainability & Resilience	\$315,000	\$648,000
Total	\$1,342,686	\$4,463,859



Enterprise Funds Overview



Enterprise Funds Operating Position FY 2026 (1 of 3)

Enterprise Fund	Adopted Budget (\$ Millions)	Revised Budget (\$ Millions)	Q3 FY 2026 (\$ Millions)	% Used with Revised Budget	FY 2026 Projection (\$ Millions)	Q3 FY 2025 (\$ Millions)
Water						
Revenues	\$86.8	\$86.8	\$65.0	75%	\$83.7	\$61.7
Expenses	\$89.3	\$92.4	\$60.7	66%	\$87.7	\$53.8
Operating Income (Loss)	\$(2.5)	\$(5.6)	\$4.3		\$(4.0)	\$7.9
Wastewater						
Revenues	\$34.5	\$34.5	\$25.7	75%	\$34.0	\$24.2
Expenses	\$37.2	\$38.5	\$25.0	65%	\$36.1	\$22.7
Operating Income (Loss)	\$(2.7)	\$(4.0)	\$0.7		\$(2.1)	\$1.5
Solid Waste						
Revenues	\$43.0	\$43.2	\$32.5	75%	\$44.4	\$30.3
Expenses	\$42.4	\$42.9	\$30.0	70%	\$44.0	\$27.1
Operating Income (Loss)	\$0.6	\$0.3	\$2.5		\$0.4	\$3.2



Enterprise Funds Operating Position FY 2026 (2 of 3)

Enterprise Fund	Adopted Budget (\$ Millions)	Revised Budget (\$ Millions)	Q3 FY 2026 (\$ Millions)	% Used with Revised Budget	FY 2026 Projection (\$ Millions)	Q3 FY 2025 (\$ Millions)
Clean Energy						
Revenues	\$47.8	\$47.8	\$31.4	66%	\$46.5	\$31.7
Expenses	\$50.6	\$52.6	\$31.3	60%	\$43.7	\$38.9
Operating Income (Loss)	\$(2.8)	\$(4.8)	\$0.1		\$2.8	\$(7.2)
Airport						
Revenues	\$35.6	\$41.6	\$25.3	61%	\$41.6	\$24.4
Expenses	\$41.9	\$50.3	\$29.8	59%	\$50.3	\$26.4
Operating Income (Loss)	\$(6.3)	\$(8.7)	\$(4.5)		\$(8.7)	\$(2.0)
Waterfront						
Revenues	\$20.8	\$20.8	\$15.7	75%	\$20.8	\$15.5
Expenses	\$22.7	\$22.9	\$15.9	69%	\$22.9	\$14.8
Operating Income (Loss)	\$(1.9)	\$(2.1)	\$(0.2)		\$(2.1)	\$0.7



Enterprise Funds Operating Position FY 2026 (3 of 3)

Enterprise Fund	Adopted Budget (\$ Millions)	Revised Budget (\$ Millions)	Q3 FY 2026 (\$ Millions)	% Used with Revised Budget	FY 2026 Projection (\$ Millions)	Q3 FY 2025 (\$ Millions)
Downtown Parking						
Revenues	\$10.2	\$10.3	\$7.7	75%	\$10.3	\$8.3
Expenses	\$10.3	\$10.5	\$7.3	70%	\$10.5	\$8.5
Operating Income (Loss)	\$(0.1)	\$(0.2)	\$0.4		\$(0.2)	\$(0.2)
Golf						
Revenues	\$5.3	\$5.3	\$3.6	68%	\$5.3	\$3.5
Expenses	\$5.7	\$6.3	\$4.3	68%	\$6.3	\$2.8
Operating Income (Loss)	\$(0.5)	\$(1.0)	\$(0.7)		\$(1.0)	\$0.7



Proposed Budget Amendments





General & Special Funds

- Increase in estimated revenue & corresponding appropriations from General Fund Capital to Misc. Grants Fund-Dwight Murphy Field for its Renovation.

➡ \$5.0 M Revenue / Expenditure

- Increase in estimated revenue & corresponding appropriations from General Fund Capital to Miscellaneous Grants Fund-GSF-Dwight Murphy for its Renovation

➡ \$6.0M Revenue / Expenditure

- Increase estimated revenue & appropriations in the Streets Grant Capital fund from Local State Funds for the construction phase of the Milpas street crosswalk safety & sidewalk Widening project.

➡ \$689.1K Revenue / Expenditure

Enterprise Funds

- Increase estimated revenue & corresponding expenses from Wastewater Capital Fund to Operating Fund from savings from closed capital projects.

➡ \$3.5M Revenue / Expense

- Increase in appropriations to cover MarBorg charges through the end of FY 2026 to be covered by Fund Reserves.

➡ \$2.1M Expense

Position & Salary Changes





Position & Salary Changes



- Airport Department
 - Reclassify Administrative Assistant – Confidential to Administrative Supervisor
- Information Technology
 - Removed Information Technology Technician I from PCSR
- Parks & Recreation
 - Reclassify Marketing Coordinator to Administrative Analyst I
 - Reclassify Associate Planner to Project Planner
 - Reclassify Project Engineer I to Project Engineer II
- Salary Adjustments Due to Compaction
 - Supervisors' Unit
 - AFSCME Managers, Unrepresented Managers & Executive Management



Public Comment, Questions & Discussion

