



Watsonville
CALIFORNIA

AGENDA REPORT

MEETING DATE: Tuesday, June 17, 2025
TO: COMMUNITY INVESTMENT TAX MEASURE OVERSIGHT COMMITTEE
MEASURE R
RECOMMENDED BY: ADMINISTRATIVE SERVICES DIRECTOR DURAN
SUBJECT: FINANCIAL STATUS FOR FY 24/25 AND PROPOSED BUDGET FOR FY
25/26

RECOMMENDATION:

It is recommended that the Revenue Oversight Committee accept by motion the Financial Report for FY 2024-25, and the Proposed Budget for FY 2025-26.

BACKGROUND:

Approved by voters in November 2022, Measure R enacted a one half of one percent (0.5%) transaction use tax in the City of Watsonville. The revenue from Measure R is intended to support various community improvements including investing in repair and expansion of aging parks, maintaining after-school and gang prevention programs, fixing potholes streets, and expanding library services. Fiscal Year 2024-25 is the second full year of Measure R revenue proceeds and expenditures.

DISCUSSION:

Table 1 is a financial projection of our current fiscal year 24/25. We are projecting revenues slightly below the budgeted amount. Expenditures are projected to be significantly lower than budgeted because of several capital improvement projects being carried forward to next fiscal year's budget. The budget carryforwards for the current year budgeted projects total about 5.2MM. The largest pending projects are the Nature Center Building and the proposed street work at Bridge Street.

We are projecting the ending fund balance for the fiscal year 24/25 to be approximately \$8.6MM. These monies, minus the 20% reserve requirement, will be reappropriated for various capital improvement projects in the next fiscal year.

Table 1: Financial Projections for Fiscal Year ending June 30, 2025

	Budget FY 24/25	Actual	Projection
Revenues	5,518,000	3,579,735	5,369,602
Operations			
Parks	\$ 2,827,041	\$ 625,312	\$ 958,375
Library	\$ 350,000	\$ 128,323	\$ 153,988
Capital	\$ 5,101,882	\$ 389,843	\$ 389,843
Total	\$ 8,278,923	\$ 1,143,479	\$ 1,502,206
Change in Fund Balance			
Beginning	6/30/2024	\$ 4,762,530	
Estimated			
Ending Fund Balance	6/30/2025		\$ 8,629,926

We are currently working with a municipal advisor to issue a Lease Revenue Bond to be able to fund the funding gap of Ramsay as well as provide a secondary funding source to the City Plaza project, which also has a \$3.5MM state grant. This sales tax measure is a powerful reflection of our community's commitment to investing in itself and building a stronger future. It's because of this support that in the next year we will have the resources available to push forward projects that improve quality of life.

The Finance Department is currently working with all departments on the 25/26 budget. Table 2 below is the proposed draft budget for FY 25/26 for the parks, library, and public works and utilities departments funded by Measure R. In this next year budget we can fund two very exciting projects which are a real measure of turning big ideas into real progress for our community. We will be funding our Streetlights project citywide at \$1.9MM and the Library Rooftop project at \$2.6MM.

Table 2: Proposed Budget FY 25/26

Projection	Level	Accto	Organi	Object	Project	Account Description	2026 Adopted Budget	2027 Adopted Budget	2025 Revised Budget	2025 Actuals	Projected
2026 Adopted	R	803	5071			SALES TAX - MEASURE R	(\$5,473,439)	(\$5,550,000)	(\$5,518,000)	(\$3,579,735)	(\$5,369,602)
OPERATIONS											
2026 Adopted	E	801	7011			REGULAR SALARIES & WAGES	387,675	356,327	356,327	267,621	321,145
2026 Adopted	E	801	7013			SICK PAY	-	-	-	-	-
2026 Adopted	E	801	7021	09071		MEASURE R OLDER ADULTS	45,754	45,754	45,754	30,926	37,111
2026 Adopted	E	801	7021	09072		TEMPORARY & CASUAL WAGES	8,048	8,048	8,048	-	-
2026 Adopted	E	801	7021	09073		TEMPORARY & CASUAL WAGES	38,099	38,099	38,099	14,148	16,978
2026 Adopted	E	801	7038			RETIREMENT PLAN CHARGES	33,826	31,678	31,678	23,763	28,515
2026 Adopted	E	801	7042			PERS UNFUNDED LIABILITY	59,374	64,285	5,936	5,936	7,123
2026 Adopted	E	801	7062			GROUP HEALTH INSURANCE	76,218	72,226	72,226	51,971	62,365
2026 Adopted	E	801	7066			SOCIAL SECURITY	28,956	27,273	27,273	20,881	25,057
2026 Adopted	E	801	7067			ALT - 457 DEFERRED COMP	1,300	1,300	1,300	1,104	1,325
2026 Adopted	E	801	7222			TELEPHONE SERVICE	2,400	2,400	2,400	-	-
2026 Adopted	E	801	7225			COMPUTER HARDWARE	2,000	2,000	2,000	-	-
2026 Adopted	E	801	7226			COMPUTER SOFTWARE	30,000	30,000	30,000	395	474
2026 Adopted	E	801	7323			REP & MAINT-VEHICLES & EQUIPME	20,000	20,000	20,000	-	-
2026 Adopted	E	801	7359	09070		PERSONNEL TRAINING	5,000	5,000	5,000	3,415	4,099
2026 Adopted	E	801	7359	09073		PERSONNEL TRAINING	8,000	8,000	8,000	2,067	2,480
2026 Adopted	E	801	7361			OTHER CONTRACT SERVICES	100,000	100,000	1,600,000	126,804	152,165
2026 Adopted	E	801	7741			DEBT SERVICE	1,500,000	1,500,000	-	-	-
2026 Adopted	E	801	7361	09070		OTHER CONTRACT SERVICES	4,000	4,000	4,000	-	-
2026 Adopted	E	801	7361	09071		MEASURE R OLDER ADULTS	42,500	42,500	42,500	8,740	10,488
2026 Adopted	E	801	7361	09072		OTHER CONTRACT SERVICES	57,000	57,000	57,000	4,545	5,454
2026 Adopted	E	801	7361	09073		OTHER CONTRACT SERVICES	30,000	30,000	30,000	13,126	15,751
2026 Adopted	E	801	7533	09070		SPECIAL EVENTS	11,000	11,000	11,000	7,681	9,218
2026 Adopted	E	801	7533	09071		OLDER ADULTS	161,500	161,500	161,500	28,707	34,448
2026 Adopted	E	801	7533	09072		YOUTH DEVELOPMENT	35,000	35,000	35,000	8,547	10,256
2026 Adopted	E	801	7533	09073		RECREATION PROGRAMS	24,000	24,000	24,000	4,936	5,923
2026 Adopted	E	801	7763			MISCELLANEOUS EXPENDITURES	208,000	208,000	208,000	-	208,000
PARKS TOTAL							\$2,919,650	\$2,885,390.00	\$2,827,041.00	\$625,312.37	\$958,374.84
2026 Adopted	E	802	7011			REGULAR SALARIES & WAGES	-	-	-	2,535	3,042
2026 Adopted	E	802	7013			SICK PAY	-	-	-	-	-
2026 Adopted	E	802	7021			TEMPORARY & CASUAL WAGES	291,500	291,500	291,500	98,864	118,636
2026 Adopted	E	802	7038			RETIREMENT PLAN CHARGES	-	-	-	639	767
2026 Adopted	E	802	7042			PERS UNFUNDED LIABILITY	-	-	-	-	-
2026 Adopted	E	802	7062			GROUP HEALTH INSURANCE	-	-	-	452	543
2026 Adopted	E	802	7066			SOCIAL SECURITY	4,500	4,500	4,500	2,076	2,491
2026 Adopted	E	802	7067			ALT - 457 DEFERRED COMP	4,000	4,000	4,000	1,226	1,471
2026 Adopted	E	802	7225			COMPUTER HARDWARE	-	-	-	71	85
2026 Adopted	E	802	7322			REP & MAINT-OFFICE EQUIP/COMP	15,000	15,000	15,000	9,966	11,960
2026 Adopted	E	802	7361			OTHER CONTRACT SERVICES	-	-	-	-	-
2026 Adopted	E	802	7533			SPECIALIZED DEPT MATERIALS	35,000	35,000	35,000	12,494	14,993
2026 Adopted	E	802	7542			BOOKS & AUDIO/VISUAL MATERIALS	-	-	-	-	-
LIBRARY TOTAL							\$350,000	\$350,000.00	\$350,000.00	\$128,323.35	\$153,988.02
CAPITAL											
2026 Adopted	E	973	7361	15151		PARKS - PINTO LAKE MASTER PLAN	200,000	-	200,000	-	-
2026 Adopted	E	973	7361	15153		PARKS - PARK ASSESSMENT CIPS	467,953	-	500,000	32,047	32,047
2026 Adopted	E	973	7855	15152		PARKS - CALLAGHAN COURT CONVER	-	-	100,000	83,250	100,000
2026 Adopted	E	974	7855	15170		LIBRARY DESIGN DOCUMENTS ARCH	-	-	214,000	200,822	200,822
2026 Adopted	E	975	7361			OTHER CONTRACT SERVICES	-	-	67,672	-	-
2026 Adopted	E	975	7361	15164		OH LONE PRK ST IMPROVEMENTS	-	-	10,285	-	-
2026 Adopted	E	975	7805	15162		FIELD SERVICES CONTAINER TRUCK	156,106	-	156,106	-	-
2026 Adopted	E	975	7805	15211		AUTOMOTIVE EQUIPMENT	64,937	-	160,000	95,063	95,063
2026 Adopted	E	975	7837	14523		GREEN VALLEY ROAD IMPROVEMENTS	338,374	-	427,432	38,045	38,045
2026 Adopted	E	975	7837	14816		BRIDGE STREET RECONSTRUCTION	930,000	-	930,000	-	-
2026 Adopted	E	975	7837	15020		RAMSAY PARK - MASTER PLAN NATU	683,000	-	683,000	-	-
2026 Adopted	E	975	7837	15150		STREETS - OTHER	23,571	-	43,297	16,996	16,996
2026 Adopted	E	975	7837	15154		STREETS/SIDEWALKS-TRAILS	18,467	-	34,162	15,695	15,695
2026 Adopted	E	975	7837	15216		STREET APPROPRIATION	505,000	-	505,000	-	-
2026 Adopted	E	975	7851	14794		NATURE CENTER BUILDING	1,838,600	-	1,838,600	-	-
CARRYFORWARD CIP							\$5,226,008	\$0.00	\$5,869,554.00	\$481,918.43	\$498,668.43
2026 Adopted	E	975	7851	14794		STREETLIGHTS	1,900,000	-	-	-	-
2026 Adopted	E	974	7855	15170		LIBRARY ROOFTOP PROJECT	2,600,000	-	-	-	-
2026 Adopted	E	975	7837	15154		STREETS/SIDEWALKS-TRAILS	300,000	-	-	-	-
NEW CIP							\$4,800,000	\$0.00	\$0.00	\$0.00	\$0.00

STRATEGIC PLAN:

Infrastructure & Environment

Fiscal Health

Community Engagement & Well-being

Efficient and Well-performing Government

FINANCIAL IMPACT:

No direct financial impact.

ALTERNATIVE ACTION:

No alternatives currently.

ATTACHMENTS AND/OR REFERENCES (IF ANY):

None.