

City Manager's Budget Message



CAUTIOUS OPTIMISM AMIDST ECONOMIC AND REGULATORY UNCERTAINTY

The start of 2025 marks a period of significant change in the United States, with the new presidential administration introducing sweeping reforms across various sectors. These changes span a wide range of policy areas, including the economy, trade, healthcare, immigration, spending, environmental regulations, and foreign policy.

The President's initiatives aim to reshape national priorities, while also introducing new approaches to governance and public service. These approaches have put an even sharper focus on the judicial and legislative branches of the federal government since the viability of many of the reforms has been brought into question and remains unsettled.

Regardless of the lens used to evaluate the changes, they have the potential to significantly affect growth, jobs, and inflation, leading to a spike in economic uncertainty. The full impact of these policies remains to be seen as they are in the early stages of implementation at the time of this writing in April 2025.

Moving forward, the City faces the following challenges:

- Ongoing uncertainty regarding the impacts of the new administration's policies as well as a potential recession have increased volatility in the markets to start the year.
- The environmental and economic impacts of wild and unprecedented weather patterns are damaging and have intensified the focus on ways to mitigate climate change and ensure operational resiliency.
- The weaponization of technology, from disinformation on social media and websites, to cyberattacks on critical infrastructure, to illicit use of artificial intelligence to scam individuals, necessitates vigilance in both security and awareness of new technological capabilities.

Public perception of federal and state government is reflective of these factors. A recent Public Policy Institute of California study found roughly 75 percent of Californians think the U.S. is going in the wrong direction and will have bad times financially during the next 12 months. Seventy percent of people polled feel this way about the state of California as well.

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Recognizing the problem of the State's deficit, the Legislature's nonpartisan Legislative Analyst's Office (LAO) found that action taken in the 2024-25 budget process proactively addressed the anticipated budget problem, shrinking the projected budget shortage to roughly \$2 billion. In January, Governor Newsom proposed a balanced budget that may be adjusted as part of the May revise before being enacted in summer 2025. But while the budget picture is fair for the upcoming year, the LAO's outlook suggests that the state faces double-digit operating deficits in the years to come absent reduced spending and/or raised taxes.

At the local level, a blend of encouraging and challenging factors impacts the City's outlook:

- The failure of the South Placer County half-cent transportation sales tax known as Measure B on the November 2024 ballot means traffic will get worse before it gets better since the region will not have a local funding match. A similar measure narrowly failed in 2016 as well, when the transportation funding formulas started to change. This means longer delays for needed road and highway improvements since South Placer remains ineligible for certain transportation funding that requires a local match, meaning alternative mechanisms will be needed, which have proven elusive the past 10 years.
- City growth continues to add significant complexity to the municipal workload, which continues to increase. This is driving organizational structure changes for improved span of control and project management.
- At the same time, the City continues to reinvest in aging assets on a regular schedule to maintain quality infrastructure for the community.
- The City continues to position itself as an employer of choice by revamping recruitment communication and amplifying its organizational culture activities. This past year, it hosted its first Citywide Recruitment Fair, which was widely attended and led to an increase in job applicants.
- Residential development continues but at a slower, more standard pace following a pandemic-fueled acceleration.
- The effect of development on the City's borders in unincorporated Placer County is intensifying both the use of City services and impacts on infrastructure by non-Roseville residents. The City is making every effort to mitigate impacts of this development, including close coordination with the County and developers.
- The Local Agency Formation Commission completed and approved a Municipal Services Review for the City of Roseville in February 2025, and at a subsequent hearing in March 2025 voted to expand the City's Sphere of Influence (SOI). The expanded SOI includes Placer Vineyards, Regional University, and the area known as Curry Creek. The SOI expansion does not change the existing City boundary; expansion of the City boundary to include any of these areas would be at the discretion of elected officials and would require a lengthy public process known as annexation.
- Due to inflation, fees collected for improvements and amenities, such as parks in the West Plan area, are not keeping up with the costs of construction.
- Revenue growth from sales tax is slowing following the accelerated pace of the pandemic rebound combined with inflation and lower consumer confidence with the uncertainty of new policies at the federal level.
- The implementation of the California Air Resources Board's (CARB) Advanced Clean Fleets (ACF) regulation, which requires the purchase of only zero-emission trucks and buses beginning in 2036, will add significant costs to city operations, affecting utility rates, road maintenance schedules, and transportation services, to name a few. Neither the technology nor infrastructure exists yet to support this fleet conversion by the deadline. Not only are zero-emission vehicles more expensive, but their range is shorter than fossil-fuel powered vehicles, necessitating additional vehicles to put into service while others are charging and requiring more infrastructure in the form of charging sites throughout the City. The maintenance impacts of heavier, battery-powered vehicles on the City's roadway maintenance standards and schedule are unknown. However, days before the change of presidential administration in January 2025, CARB withdrew its request for a waiver from the Environmental Protection Agency (EPA), which introduces the possibility that the ACF regulations could qualify as a reimbursable state-mandated program. If the regulations are maintained and the costs are not

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reimbursable, this would mean a substantial cost to utility ratepayers and the General Fund. The possibility of state reimbursement is undetermined at this time.

Several factors have strengthened Roseville's ability to weather uncertainty:

General Fund surplus

- **Underspending** in the General Fund as our staff uses the same high level of scrutiny in purchasing decisions, no matter the economic circumstances
- **Fully-funding our reserves**, in accordance with Council policy, using the City's 2018 Measure B sales tax revenue, 2022 Measure C hotel tax revenue, and a conservative approach to budgeting. This commitment protects our budget in the event of a recession.
- **Development pays its own way**, adhering to the City's policy that new development must have a positive fiscal impact on Roseville. Developers pay fees that are gradually collected as new areas are built. These fees fund infrastructure to meet changing needs.
- **Higher property tax revenues** due to higher home prices, continued development, a competitive housing market, and the ability to work remotely.

Economic Development

- Global semiconductor manufacturer Bosch's \$1.9 billion investment will bring jobs and significant economic impact to the City and region. However, the President's March 2025 call for Congress to scrap the 2022 bipartisan CHIPS and Science Act which was the catalyst for the Bosch acquisition has introduced into what was expected to be a significant boost for the region, including job creation, industry growth and related impacts.
- The opening of Costco in west Roseville will be a substantial sales-tax revenue generator for the City, along with the other retail sites opening at Baseline Marketplace.

COUNCIL PRIORITIES FY2025-26

Council maintains priorities in its four-year strategic plan

A sign of a well-developed strategic plan is its ability to withstand the test of time and changing circumstances.

This approach to resiliency remained the basis of the current four-year plan developed in 2024 that guides our budget development from FY2024-25 through FY2027-28.

At a two-day public workshop in February 2025, the Council reaffirmed the priorities and strategies to guide the second year of the Strategic Plan's four-year term, and the six priority areas remained the same:

Ensure a safe and healthy community

- Maintain public safety service levels and response times as the City grows
- Maintain City efforts to reduce homelessness while collaborating and advocating regionally as appropriate
- Promote a safe community in which all feel welcome and included

Remain fiscally responsible in a changing world

- Balance city services and customer rates amid legislative mandates and rising costs
- Seek ways to reduce pension obligations
- Identify and pursue opportunities for new revenue streams

Enhance economic vitality

- Advance sports tourism, including soccer complex
- Foster a business climate that supports small businesses and entrepreneurship while attracting and strengthening emerging technology and industry sectors
- Attract businesses that are mutually beneficial to regional interests (e.g., manufacturing)
- Leverage opportunities for innovation and workforce development created by Bosch's investment in Roseville
- Accentuate arts and culture in creating a sense of place

Invest in well-planned infrastructure and growth

- Reinvest in core neighborhoods
- Increase funding for Capital Improvement Project (CIP) rehabilitation to prevent erosion of infrastructure

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- Complete soccer complex
- Implement technology solutions to mitigate traffic concerns along crucial corridors
- Maintain investment in water resiliency and increase capacity of the electric utility
- Seek increased regional and local transportation funding and revenues
- Improve Roseville's gateway and entryway corridors

Support community engagement and advocacy

- Remain focused on community engagement and education about City services, planning, and the budget
- Explore opportunities to engage all community members in relevant ways
- Inform county, state, and federal policymakers on key City issues and the importance of local decision-making

Deliver exceptional City services

- Remain an employer of choice through expanded

recruitment and attraction efforts, a focus on retention, and a positive culture

- Anticipate and implement succession planning strategies, including training and development
- Maintain a strong focus on code enforcement efforts, including graffiti and blight abatement
- Invest in technology that contributes to the effective delivery of services

Overview of the past year's accomplishments

As the City Council refines the strategic plan each year, an important part of its assessment is reviewing work to date on the previous year's plan. Over the past year, the City of Roseville has advanced initiatives across its six strategic priorities, achieving measurable progress in public safety, fiscal stewardship, economic development, infrastructure modernization, community engagement, and service excellence. Additional details are provided in the Department Operating Budget section of this document.

Ensure a safe and healthy community

- **Fire Station 8:** Construction of Fire Station 8 was

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completed in 2024 though Engine 8 was put in service in 2023, serving the Campus Oaks, Blue Oaks, and Quail Glen neighborhoods, to improve response times across the entire city.

- **Police staffing increases:** Staffing for the Police Department's Threat Assessment Unit, Social Services Unit, Crime Suppression Unit, and Records Unit increased this past year.
- **Fire station alerting system:** A high-tech dispatch system reduced response times by 12 percent through simultaneous call dispatch and real-time monitoring.
- **Retail theft suppression:** Awarded a \$600,000 grant that helped fund additional Flock cameras, other investigations technology, and overtime funding for retail theft enforcement operations. Operation Grinch led to more than 60 arrests and \$20,000 in recovered goods during holiday operations.
- **Fireworks awareness and enforcement:** After the City Council amended the fireworks ordinance to impose harsher penalties for using illegal fireworks, an extensive outreach effort raised awareness, including mailers to every residence, a dedicated web page, and online reporting through myRSVL. On July 4, the Roseville Police Department handled 191 calls, including those related to fireworks enforcement. The Police Department confiscated 800 illegal fireworks and 1,000 from an undercover operation, while responding to 16 fires caused by illegal or improperly disposed fireworks. The Fire Department handled disposal. In total, 27 citations were issued, resulting in \$130,000 in fines. The enforcement approach balanced compliance, education, and awareness of the new ordinance.
- **Citizens Benefit Fund and ARPA funds:** The City's Grants Advisory Commission distributed \$620,000 in 2024, including the last installment of funding from the March 2021 American Rescue Plan Act (ARPA). The funds went to 23 nonprofits focused on serving Roseville residents in areas including domestic violence prevention, disability awareness, and veterans outreach.
- **Rental assistance and affordable housing:** Last fiscal year, the Housing Division's budget included \$17.3 million in federal and state funding to support voucher assistance, homelessness prevention, and affordable housing development. This total includes over \$860,000 disbursed through the California Department of Housing and Community Development's (HCD) Homeless Prevention and Rapid Rehousing Program, as well as \$3.9 million in matching funds awarded through HCD's Local Housing Trust Fund Program. The matching funds will support future affordable rental housing in Roseville, including current-year allocations to Prospera at Fiddymont Ranch and Mercy Housing's Pleasant Grove Apartments.
- **Landlord incentive program:** Incentivizes private landlords to join the Housing Choice Voucher Program, increasing housing availability for voucher holders and reducing homelessness in Roseville. Distributed \$115,000 in incentives to lease 109 households for vulnerable populations and added 34 new landlords.
- **Police Social Services Unit helps the homeless access resources:** The Police Department's Social Services Unit (SSU) plays a key role in connecting individuals experiencing homelessness with critical services and resources. By utilizing the Roseville Homeless Response Team model, the City helped more than 1,300 individuals secure or maintain permanent housing in the past year alone. Since November 2020, the SSU has also supported 57 individuals through the Police Department's Community Care Fund, which provides access to treatment, reunification services, and other support. The budget includes approximately \$2.5 million for Police Department personnel and \$62,000 for City Attorney's Office staff dedicated to addressing homelessness-related issues.
- **Unsheltered and illegal dumping action:** The City continues to improve response times and has fully integrated Public Works into the coordinated workflow for addressing unsheltered encampments and cleanups, working alongside the Police Department and Parks, Recreation & Libraries (PRL). This collaboration includes weekly meetings to identify priority areas (or "hot spots") and to safely coordinate the cleanup of debris and camps. The current fiscal year budget includes approximately \$336,000 for PRL and \$200,000 for Public Works to support efforts related to illegal dumping and unsheltered encampment cleanup.
- **Roseville's input cited in Supreme Court decision:** In June 2024, the Supreme Court's decision in the Grants Pass case provided clarity on

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the legal options the City has to address camping issues related to homelessness. Roseville was one of 13 California cities that participated in a friend-of-the-court brief in that case, and staff's experience was cited in the majority opinion.

- **Foster youth housing vouchers:** The Roseville Housing Authority was awarded 20 Foster Youth to Independence (FYI) vouchers from the U.S. Department of Housing and Urban Development (HUD) to provide rental assistance to youth between 18 to 24 years of age who left foster care or will leave foster care within 90 days and are homeless or are at risk of homelessness. RHA was one of only seven awards in the state of California. In addition to rental support, these new vouchers come with over \$270,000 of federal funding to support program implementation.
- **Roseville Housing Authority celebrated its 50th anniversary:** A luncheon with representatives from federal, state, and local governments, community leaders, and City staff recognized the impactful legacy of the RHA, including testimonials from those in our community who have benefited from its assistance.
- **Community Leaders Breakfast:** Roseville Police held its second annual gathering of leaders from the community, businesses, nonprofits and government to share statistics and innovation and facilitate dialogue between police and stakeholders to strengthen trust.
- **Latino Leadership Council Summit:** Four department heads and other City staff participated in this annual event with government and community leaders throughout Placer County.
- **Drug Take Back Days:** Two Drug Take Back Days offered collection of unused or expired medications and vaping devices. Roseville PD collected 2,700 pounds from more than 950 cars.

Remain fiscally responsible in a changing world

- **Tax credit of \$29.3 million:** The City filed its first income tax return in early June to apply for funding for the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Project under the federal Inflation Reduction Act, which allows public agencies to get tax credits for renewable energy projects. This credit covers 30 percent of the eligible

costs and fully funds the construction of the \$24.8 million Energy Recovery Project. Staff also claimed credits for electric vehicles purchased in 2023.

- **Utility capacity fee studies:** Environmental Utilities began a study to assess capacity fees for Roseville's water, wastewater, and waste services utilities. These fees ensure that new development contributes to the cost of necessary utility infrastructure. Results will help set fair impact fees based on anticipated demand, supporting sustainable growth, and maintaining high-quality utility services for all residents and businesses in Roseville.
- **Electric rate adjustments:** To ensure the utility's financial stability while striving to maintain reliable service for all customers in the midst of energy market volatility, Roseville Electric implemented two consecutive 9 percent rate increases in 2024 and 2025. These addressed rising fuel prices, increased operating costs, renewable energy compliance, and a loss of revenue from the State due to the conclusion of a lease revenue agreement. To assist customers during this period, Roseville Electric increased discounts for low-income and medical support programs. A new solar buy-back rate started on July 1, 2024, following public feedback.
- **Lowered unfunded pension liability:** The budget included a one-time Additional Discretionary Payment (ADP) of \$1.82 million from the General Fund to CalPERS, reducing the City's unfunded liability and lowering future interest costs. This proactive measure supports improvements in funded status over time. While this payment is deferred due to the projected sales tax shortfall in the current year, it will move forward if the revenue outlook improves.
- **Building a pension reserve:** To protect against future increases in pension costs, \$2.9 million from the General Fund was transferred to the Pension Reserve Trust Fund. These funds will serve as a reserve to help maintain service levels during economic downturns. This transfer will raise the City's total contributions from the General Fund to the trust to nearly \$21 million
- **Soccer complex sponsorships:** Council-approved sponsorship agreements for the new regional soccer

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complex, securing Placer Valley Tourism as the naming rights sponsor and Roseville Automall for the plazas—marking Roseville's first use of this funding approach. Staff is now actively pursuing additional sponsorships for individual fields and the universally accessible playground, further diversifying revenue streams and supporting long-term financial sustainability.

Enhance economic vitality

- **Soccer complex** - The Placer Valley Soccer Complex remains on track for completion in late 2025, positioning the City as a premier destination for sports tourism. Anchor tenants have been secured, and tournament requests are already being accepted for 2026, ensuring strong economic impact and regional draw upon opening.
- **Promotion of Roseville facilities and expansions:** @theGrounds is a destination of choice for indoor sports tournaments such as volleyball, cheer, basketball, martial arts and more. PRL staff also continues to secure softball, quadball, swim meets, and soccer tournaments at existing fields, further strengthening Roseville's reputation as a top sports tourism destination.
- **Increased and diversified City revenue:** Retail, dining, hospitality, arts and culture, and civic amenities play a significant role in supporting sports tourism. Last year the Westfield Galleria welcomed almost 30 new retail stores as well. As demand for lodging increases in Roseville, so does revenue from the hotel tax. This supports services provided to visitors as well as residents and businesses.
- **Roseville Venture Lab:** This partnership between the City of Roseville and the Growth Factory powers innovative ideas by helping early-stage entrepreneurs gain personalized insights to hone their business strategy and accelerate their growth. Among programs held in 2024, the six-week cohort of Roseville Rising brought together 25 aspiring food entrepreneurs eager to kickstart a culinary business or take their concept to the next level. In addition, the Business Blend series for entrepreneurs continued throughout the year with topics of specific interest to small businesses and entrepreneurs.
- **Bosch semiconductor facility:** Leveraged \$225 million in federal CHIPS and Science Act funding for

its \$1.9 billion investment in Roseville to support the development of semiconductor manufacturing in the U.S. The Roseville site currently employs around 250 people with potential to grow in the future.

- **SACOG workforce development grant:** The City was awarded a \$250,000 grant through the Sacramento Area Council of Governments (SACOG) to work through its seven-year Invest Health partnership with the Health Education Council to connect residents of core neighborhoods, who have a higher unemployment rate than the rest of the city, with opportunities for workforce training.
- **Overhaul of Utility Exploration Center:** This immersive space was overhauled to bring new exhibits including encounters with a real garbage truck, engaging in hands-on waste sorting activities aligned with Placer County's recycling practices, delving into the fascinating realm of wastewater-cleaning microbes, and uncovering innovative approaches to delivering electricity to homes with minimal environmental impact.
- **Union Pacific Big Boy Steam Locomotive:** The City welcomed Union Pacific Railroad's "Big Boy" Locomotive No. 4014 in July 2024. Working across many City departments, Union Pacific, and the Downtown Roseville Partnership, the City created an associated community event to showcase downtown Roseville and leverage the increased foot traffic to benefit local businesses and the economy. Over the course of the two-day event, approximately 30,000 attendees visited downtown Roseville each day, resulting in an estimated economic impact of \$1.5 million in direct spending with event vendors, downtown merchants, and nearby businesses.

Invest in well-planned infrastructure

Reinvest in core neighborhoods

- **Commercial Corridor Specific Plans:** A residential market analysis for these corridors—Atlantic Street, Douglas-Harding, and Douglas-Sunrise—was completed in Spring 2024, and a commercial market study is nearing completion. These studies aim to identify barriers and opportunities for redevelopment and provide policy recommendations. Two residential infill project applications have been received, and a new retail building at the corner of Douglas Boulevard and Harding Boulevard has been approved under the new design standards.

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- **Weber Park renovations:** The transformation of Weber Park includes improvements designed to enhance accessibility, safety, and community use. The project includes grading sight lines to street level, expanding the play area, adding new tables for outdoor gatherings, and designating police car parking for added security. Additional upgrades include a new walking loop with fitness stations, a modernized playground, an improved basketball court and new retaining walls and stairs.
- **Johnson Pool renovations:** Roseville's oldest community pool updates are focused on accessibility, safety, and infrastructure standards. Improvements include a new pool shell and replastering, accessibility and code upgrades to the pool house, and enhancements to the pool deck, equipment room, and surrounding site. These renovations will create a safer, more functional facility that serves the community for years to come.
- **The budget incorporated a significant investment of \$90.1 million into capital projects:** This included \$30.3 million in Electric, \$16 million in Public Works, \$12.3 million in Wastewater, \$8.9 million in Parks, Recreation and Libraries, \$6.8 million in Waste Services, and \$6.4 million in Water program areas.
- **Advocating for water reliability:** Staff met with U.S. Army Corps of Engineers leaders to secure an agreement for a critical water reliability project in the FY2024 Work Plan, with a federal funding share of 75 percent of project costs. The City of Roseville and the Placer County Water Agency (PCWA) are collaborating to build a second access point for Roseville's water supply. This new access will draw raw water from PCWA upstream of Folsom Reservoir and deliver it directly to Roseville's water treatment plant, enhancing water reliability for customers by reducing dependence on Folsom Reservoir's intake.
- **Grant of \$1.37 million improves capacity and reliability of electric grid:** On August 14, 2024, the City of Roseville secured unanimous approval for the \$1.37 million Distributed Electricity Backup Assets (DEBA) grant from the California Energy Commission to upgrade the California Department of Water Resources' (DWR) generation units at the Roseville Energy Park. The upgrades will boost output by up to 9.5 megawatts and help support the grid during extreme events through 2031. This approval supports Roseville taking ownership of the units, offsetting a portion of the \$8.89 million project cost. The DWR units, installed in response to the Governor's 2021 Emergency Proclamation on grid reliability, will now support the City's residential and commercial growth.
- **Advanced Metering Infrastructure:** The full deployment phase of the Advanced Metering Infrastructure (AMI) project is complete, with over 120,000 AMI meters and endpoints installed citywide in the past 12 months. The teams also established robust communication networks and data management systems, marking a significant step in modernizing the City's utility infrastructure. Key features include real-time data collection, remote meter reading, and enhanced communication between the utility and customers, resulting in more accurate billing, faster outage detection, and greater efficiency in energy and water consumption and distribution. In the initial months of full operation, Roseville has seen a significant decrease in customer-side water leaks and loss, which helps the City meet state mandates regarding reduction of water loss in drinking water systems.
- **Roseville Parkway extension opened in January 2025:** The \$26 million improvement project was funded entirely by developer-paid Traffic Mitigation Fees, came in under budget, and includes a new bridge over Industrial Avenue and the railroad tracks, providing a better connection for residents, businesses, and visitors; improved east-west traffic flow, helping alleviate traffic on nearby roadways; landscaping; and sidewalks, bike lanes, and a separated multi-use path.

Support community engagement and advocacy

- **Development Decoded series:** The City's campaign to improve public understanding about the long-range planning that has occurred over the last 35+ years continues, demystifying the City's planning and development process. The Development Decoded series is part of a broader strategy to explain how Roseville's thoughtful approach to growth is one of the reasons we enjoy a high quality of life and economic health. The second and third videos in the series are about environmental studies as well as land use, zoning, and property rights.

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Information has been shared via the website, social media, newsletters, and community presentations. Roseville.ca.us/developmentdecoded also has information on environmental impact reports, utility infrastructure and planning, and timing and funding of parks and recreation amenities.

- **Phillips Road site:** Staff participated in outreach workshops and meetings with residents in the western part of the city about a proposed project that was withdrawn by the developer, Panattoni Development, in September 2024. Panattoni Development submitted a revised application, reflecting a redesign of the project based on public input and economic needs. Panattoni is referring to this as “The Balanced Plan” on the Phillips Road site. The project is in the early stages of the public input process and review by the City. No action has been taken yet by the City, including by the City Council, on the revised application.
- **Roseville's Aquifer Storage and Recovery (ASR) program:** ASR was highlighted when Environmental Utilities hosted the Association of California Water Agencies (ACWA) Regions 3 and 4 program, “Guardians of the Source: Strengthening Watershed Resilience for Future Generations” showcasing strategies for resilient water systems. Meanwhile, the development of the City's next two ASR groundwater wells (Mistywoods and Campus Oaks) is underway with top-side construction set to occur in 2025 and 2026.
- **City Council Candidates Workshops:** Established workshops for Council candidates that explained pertinent laws and regulations, introduced key City staff, and provided a forum for questions and answers to assist those interesting in serving on City Council.
- **Transportation 360:** Extensive public outreach program nearing completion to shape the future of public transit and active transportation in the community. The program focuses on updating master plans for Roseville Transit services and improving the pedestrian and bike network.
- **Utility Field Day:** Hosted 40 high school students, resulting in three internships.
- **State of the City:** Annual event held in partnership with the Roseville Area Chamber of Commerce highlighted the history of Roseville's downtown and vision for the future.
- **Kid's Fire Camp:** Fire hosted 96 youth, aged 11-14, for a weeklong Kid's Fire Camp. This camp allows the campers to experience the job of a firefighter, learn skills such as CPR and how to safely use a fire extinguisher, build confidence, and explore a career in the fire service.
- **Federal advocacy trip:** In May, the City of Roseville organized its annual federal advocacy trip to Washington, D.C. The Mayor, City Manager, and staff from various departments met with members of Congress, key regulatory agencies, and trade groups to advocate for community issues. Over 20 meetings were held during the three-day trip, including discussions with Senators Padilla and Butler, Representatives Kiley, LaMalfa, and Garamendi, and agencies such as the Department of Housing and Urban Development, the Department of Veterans Affairs, and the Federal Highway Administration.
- **Cap-to-Cap:** In April, Roseville sent 14 representatives from six departments and City Council to the Sacramento Metro Chamber's Capitol-to-Capitol trip in Washington, D.C. They joined 425 delegates to advocate on key topics such as sustainable economic development, regional job creation, transportation infrastructure, mental health for first responders, water projects, Per-and Polyfluorinated Substances (PFAS) contamination, and homelessness. These visits help secure federal support and funding for important projects.
- **CMUA Capitol Day advocacy:** Met with state legislators on utility issues including energy policy, water resource management, environmental regulations, and infrastructure funding. By engaging directly with lawmakers, the California Municipal Utilities Association (CMUA) Capitol Day helps secure legislative support, influence policies, and raise awareness of the challenges and priorities facing California's public utilities.

Deliver exceptional City services

- **Career Fair at Galleria:** Roseville held its Inaugural Citywide Career Fair in partnership with the Westfield Galleria at Roseville in March 2024. All 15 departments as well as our citywide committees showcased the variety of careers in public service, our dynamic City culture, and the rewarding community impact of working in public service. An estimated 1,500 people

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attended the inaugural event leading to over 60 job applications in the week following and another 250 attendees signing up to receive job notifications. The Career Fair remains among the highest referral sources for job applications.

- **COR (City of Roseville) Q12 employee engagement survey:** Gallup's employee engagement survey focuses on 12 key workplace elements that directly impact our culture, productivity, and how we serve our community.
- **Welcome Day, mentor program, mock interviews, Roseville Raves:** The employee experience is the seven-stage journey an employee takes throughout their career with Roseville. Our goal is to approach each stage with intention, ensuring that employees feel welcomed, appreciated, supported, and recognized as our most valuable asset.
- **myRSVL platform:** The myRSVL app efficiently handles about 5,000 yearly service requests, achieving 90 percent timely completion and maintaining high user satisfaction. Used by about 20 percent of Roseville households (12,000 downloads), it streamlines issue-reporting and improves City responsiveness via mobile app and online access.
- **Code enforcement efforts:** Responded to over 1,100 complaints and conducted more than 3,700 inspections. Through proactive sign removal, accelerated graffiti abatement, and efficient case management, 92 percent of cases have been resolved within 30 days. The myRSVL app has been highly effective in empowering residents to report nuisances, making Code Enforcement the second-most-requested service in the City.
- **National Gold Medal Award Finalist -** For the third year in a row, Parks, Recreation & Libraries (PRL) was named a finalist for the National Gold Medal Award for Excellence in the Field of Parks and Recreation Management.

FISCAL OVERVIEW

In the face of increased economic uncertainty, the City remains committed to a conservative budgeting approach that supports long-term financial sustainability. The focus is on maintaining essential services for residents and businesses, while making thoughtful adjustments to support the community's ongoing growth and evolving needs. Key financial priorities include

managing labor costs, maintaining appropriate reserves, addressing unfunded liabilities, investing in critical capital rehabilitation efforts, and identifying new revenue opportunities.

Sales tax, when combining Bradley-Burns and Measure B, is the City's largest General Fund revenue source. The most recent forecasts indicate that sales tax is projected to come in slightly under budget estimates in the current fiscal year. A modest one percent increase (approximately \$900,000) is forecasted for next year based on the updated current year projection. However, the outlook remains uncertain, as consumer spending, inflation, and broader economic trends are expected to continue impacting sales tax performance. On a more positive note, property tax revenues are expected to grow by 5 percent (\$4.1 million) in the next fiscal year, as compared to the updated forecast for the current year, helping to offset slowing sales tax revenues.

Through careful planning, the City remains in a strong financial position and is focused on maintaining stability to deliver reliable, high-quality services to the Roseville community.

FY2025-26 Budget Highlights

The budget addresses increasing labor and operating costs while limiting new spending to the highest priorities to preserve service levels and support City Council goals. It also includes investments to maintain critical infrastructure.

The City's overall budget totals \$827 million. Of this amount, \$236 million is appropriated for General Fund services, and \$591 million is primarily dedicated to utility operations, including electric, water, wastewater, and waste services.

Staffing Changes: To meet service demands related to community growth, regulatory requirements, and Council-directed service enhancements, departments recommended the addition of 33 new positions. Not all requested positions were included in the budget due to funding constraints and the need to balance service priorities with long-term fiscal sustainability. As a result, the final staffing changes reflect the most immediate and critical needs across all City departments.

The budget includes a net increase of approximately 20 positions, or one percent over the prior year. This includes 24 new positions, four deleted positions, and five reclassifications requiring Human Resources review. An additional four new positions and five reclassifications

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are funded in the budget but will be taken to City Council at a later date once the classification has been established.

The City Manager's office budget includes funding to reclassify an Executive Assistant to an Assistant to the City Manager to better align the position with its responsibilities. This classification doesn't currently exist so the corresponding adjustment to the position allocation schedule will be brought to City Council at a later date.

Finance Department staffing will increase by one position with the conversion of a limited-term ERP Business Analyst to a regular position, which supports ongoing workload demands including internal citywide reporting, cross-training, and update testing.

The Fire Department budget includes funding for a new Fire Plans Examiner position to support the growing demand for fire and life safety services. This position will help the City conduct timely building plan reviews without overburdening existing staff or delaying development processes. While funded by the General Fund, costs will be partially offset by permit revenue and builder reimbursements. Position approval will be presented to City Council after the new classification is established.

The Parks, Recreation & Libraries Department's budget includes an increase of 5.75 positions. This includes a new position to oversee the Placer Valley Soccer Complex and support sports tourism goals, fully funded by soccer complex revenues by its second year of operations. Additionally, two Parks Maintenance Worker positions will be added to support the soccer complex, ensuring proper maintenance for operations and events. The department will also add a 0.75 full-time equivalent Child Care Site Coordinator to prepare for the new Adventure Club site at Winding Creek Elementary School, opening in August 2026. Furthermore, a Parks & Open Space Supervisor and a Senior Parks Maintenance Worker will be added to manage the growing park system as part of the transition to a four-region management model.

The Environmental Utilities Department, which includes the Water, Wastewater, and Waste Services Utilities, is budgeting for six new positions, all supported by utility rate revenues. Three of these roles involve new classifications, which will be presented to City Council for approval once the classifications are formally established by Human Resources. The budget also

includes funding to reclassify one existing position to a new role focused on security and operational technology, with the reclassification presented to the City Council at a later date, once the associated classification is established. Within the Water Utility, an Environmental Utility Operations Superintendent will be added to oversee water treatment plant operations and ensure compliance with evolving regulatory standards.

To meet increased demand and maintain regulatory compliance, the Wastewater Utility will add two positions: an Industrial Waste Supervisor, and a Wastewater Treatment Plant Chief Plant Operator. The Industrial Waste Supervisor position is a new classification, and the corresponding position allocation will be presented to City Council at a later date.

The Waste Services Utility will add a Refuse Truck Driver to help maintain service levels and improve operational efficiency as the City continues to grow.

Additionally, the Environmental Utilities Administration Division will add two new positions. One focused on customer experience and one focused on policy and compliance. Because these roles require the creation of new classifications, the position allocations will be presented to City Council for approval once the classifications are finalized.

The Information Technology Department's budget includes funding for two new full-time positions and the conversion of a limited-term position to a regular full-time role. The new positions include a Business Systems Analyst for the Customer Services Team, which will support various public safety and general government systems, and an IT Analyst for the Infrastructure Solutions Team to maintain the City's network infrastructure. The budget also converts an Office Assistant position from limited-term to full-time, eliminating a vacant IT Technician position and resulting in ongoing savings.

The Police Department's budget includes staffing changes to support city growth. These changes include three new sworn positions (two police officers and one detective) for an eighth patrol beat in West Roseville. Additionally, a Senior Police Records Clerk position will be reclassified to better reflect its technical responsibilities, and two Community Services Officer positions will be reclassified as Real-Time Crime Center Specialists to enhance the department's ability to

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provide real-time intelligence. The new Real-Time Crime Center Specialist classification does not currently exist and will be presented to the City Council in the upcoming fiscal year for approval.

The Public Works budget includes several staffing additions to support the City's growing infrastructure. The Drainage Section of the Streets Maintenance Division will add a Street Maintenance Worker, Facility Services will hire a Project Coordinator and a Building Maintenance Worker to support the increasing amount of rehabilitation and maintenance of City facilities, and Fleet Services will add a Mechanic to manage the increasing workload associated with maintaining a growing number of City vehicles. Additionally, a Maintenance Worker will be added to the Traffic Signal Maintenance team to support the expanding Intelligent Transportation System, which now includes hundreds of signals, message signs, radar signs, train crossings, monitoring stations, and a citywide fiber network.

Several staffing changes are proposed to better align with current responsibilities and evolving business needs in the Electric Utility. These include adding an Instrument and Control Technician to support growing power plant maintenance needs, helping reduce overtime and backlogs. A Senior Utility Customer Service Field Representative will be reclassified to an Apprentice Electric Metering System Technician, supporting succession planning in the Metering Systems group. An Administrative Technician will be reclassified to reflect ongoing facilities project management work, improving coordination and reporting across departments. An

Associate Electric Analyst will be reclassified to an Electric Business Analyst to support more advanced energy market planning in the Power Supply group.

Additionally, a Senior Power Engineer will be reclassified to a Principal Power Engineer as part of a reorganization that replaced the Power Engineering Manager role with two Principal positions—one added in FY2024-25 and the second recommended for FY2025-26. To meet changing operational needs, new positions will be added and offset by the deletion of vacant roles. This includes adding an Electric Technology System Technician and eliminating an Office Assistant in the Operations Technology group to support critical system operations, as well as adding an Electric Business Analyst while removing two Meter Reader positions to support the shift to advanced metering and improved asset management.

The following tables summarize the recommended positions by department and City Council priority. These tables exclude promotional reclassifications and reclassifications pending Human Resources Department review.

Department	New Positions	Position Eliminations	Total Net Change
Electric	3.00	(3.00)	-
Environmental Utilities	3.00	-	3.00
Finance	1.00	-	1.00
Information Technology	3.00	(1.00)	2.00
Police	3.00	-	3.00
Parks, Recreation & Libraries	5.75	-	5.75
Public Works	5.00	-	5.00
Total	23.75	(4.00)	19.75

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City Council Priority	New Position
Deliver exceptional City services	10.00
Enhanced Service Levels	4.00
Growth	6.00
Ensure a safe and healthy community	11.75
Enhanced Service Levels	3.00
Growth	8.75
Invest in well-planned infrastructure and growth	1.00
Growth	1.00
Remain fiscally responsible in a changing world	1.00
Growth	1.00
Grand Total	23.75

Labor and Materials, Services and Supplies:

The budget accounts for anticipated cost increases associated with the City's negotiated labor agreements to maintain competitiveness in the labor market. It also factors in unavoidable cost increases for materials, services, and supplies such as higher utility costs, increased fleet expenses (such as fuel, replacement, and maintenance), rent paid to the Electric Utility for the new Police Department space at 116 S. Grant Street, maintenance of new parks, operation of the new soccer complex, library resources, safety and protective gear, an increase in the animal control contract with the SPCA, and open space contracts.

Pension Obligations: The FY2025-26 budget includes a \$800,000 transfer from the Pension Reserve Trust Fund to pay for a portion of the General Fund's approximately \$3 million increase in CalPERS costs for the year. The Pension Reserve Trust Fund serves as a safeguard against CalPERS cost increases, with total General Fund contributions to date of \$21.5 million. The budget does not include funding for CalPERS Additional Discretionary Payments (ADPs) or transfers to the Pension Reserve Trust Fund, due to limited available resources resulting from declining sales tax revenues and rising General Fund costs. ADPs help reduce the City's unfunded pension liability and generate long-term savings; however, the City is currently holding off on making the \$4.6 million ADP approved in FY2023-24 and the \$1.8 million ADP approved in FY2024-25 due to potential sales tax shortfalls in FY2024-25. If revenue conditions improve and both payments are made, the City's total General Fund ADPs to CalPERS would reach \$18.5 million.

Capital Improvement Program: The FY2025-26 budget includes substantial capital investment of

\$98.7 million across multiple program areas, including \$41.1 million for electric, \$7.6 million for public works, \$13.1 million for wastewater, \$9.1 million for parks, recreation and libraries, \$19.8 million for water, \$5.9 million for general government, \$1.2 million for citywide technology and \$900,000 for public safety. This investment, which represents a 10 percent increase from the FY2024-25 adopted budget, supports both community growth and the rehabilitation of existing infrastructure.

Notable projects in the FY2025-26 budget include purchase of two new combustion power units for Power Plant 2, electric relay replacements, electric facility rehabilitation and improvements, and the addition of a new electric transformer at the Sierra Vista Substation. Funding is also included for an enterprise asset management software upgrade, rehabilitation work at several fire stations and the Corporation Yard, and the Westbrook Boulevard Signal Installation Project. Other key projects include construction of bike and pedestrian trails, replacement of police radios, rehabilitation of the water treatment plant, construction of aquifer storage and recovery well(s), and improvements to the Wastewater Collections Building and wastewater treatment plant. The budget also supports construction of new neighborhood parks, golf course facility improvements, upgrades to the Vernon Street Town Square spray ground, a refresh of the Maidu Museum historic site exhibit, replacement of play structures and basketball courts, and rehabilitation of the Roseville Aquatics Complex.

General Fund

The FY2025-26 General Fund budget aligns with the City Council's financial policies by ensuring expenses are balanced with projected revenues. It also increases reserves up to the Council's policy targets and addresses underfunded capital and equipment rehabilitation needs. While the budget is balanced, the City continues to face challenges, including minimal growth in sales tax revenue, the largest General Fund revenue source, rising operational costs, and ongoing economic uncertainty. These challenges are not unique to Roseville, as many cities across California are experiencing similar fiscal pressures.

In light of these economic challenges, the City remains committed to maintaining fiscal stability and sustainability. Efforts continue to focus on managing labor costs, maintaining reserves, addressing underfunded liabilities, investing in capital rehabilitation, and pursuing new revenue opportunities. As a result of its consistently conservative

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budgeting approach, the City maintains a strong financial position that supports current service levels while strategically increasing or expanding services as growth and the community's needs warrant. The Council's financial policies ensure that future revenues will be allocated to address long-term obligations, including using one-time resources to expedite the reduction of long-term liabilities, such as pensions and retiree health obligations, to enhance the City's long-term fiscal health. Of the \$242.6 million in General Fund operating revenues, \$52 million is restricted for specific programs, such as grants, special taxes, and user fees. The remaining \$184 million is unrestricted and available for general government purposes.

After spending \$26 million on non-discretionary expenses, the Council has discretion over approximately \$158 million in unrestricted funding. Public safety continues to be the top priority, receiving more than half of this funding, or approximately \$96.4 million. Remaining funds support a range of City services, including parks, libraries, recreation, streets, floodplain management, code enforcement, economic development, and general government departments.

Revenue Overview

Overall, General Fund operating revenues are anticipated to increase by 6 percent, or \$13.3 million, as compared to the current year budget. Sales tax revenues, including Bradley-Burns and Measure B, make up 41 percent of the total revenue budget at \$100.4 million. The sales tax outlook remains uncertain as consumer spending, inflation, and broader economic conditions continue to influence revenue performance. The City will closely monitor these trends and adjust forecasts as needed.

Property tax revenues, which continue to show strong performance, make up 33 percent of the revenue budget driven by rising property values and new development. Together, sales and property tax revenues account for approximately 75 percent of the City's General Fund revenue budget, consistent with prior years.

The remaining 25 percent comes from development-related fees, recreation programs, transient occupancy tax (also known as "hotel tax"), transfers from other funds, and other taxes and grants. These other revenues are projected to grow by \$7.1 million as compared to the prior year budget, with a large portion

of the increase associated with the Electric Franchise Fee, Soccer Complex revenues and sponsorships, and the transfer from the Pension Reserve Trust Fund to help offset increased pension costs.

The estimates below include a three-year comparison of sales tax, property tax, and other operating revenues.

City of Roseville - General Fund Three-Year Operating Revenue (in millions)			
	Actual FY2023-24	Amended Budget FY2024-25	Budget FY2025-26
Sales Tax	\$100.1	\$99.6	\$100.4
Property Tax	\$72.6	\$75.1	\$80.5
Subtotal	\$172.7	\$174.7	\$180.9
Other Operating Revenue	\$56.9	\$54.6	\$61.7
Total	\$229.6	\$229.3	\$242.6

Expenditure Overview

The City continues to monitor and manage rising expenses, including the growing cost of salaries, health benefits, CalPERS pension contributions, vehicle and equipment replacement, and vendor contracts. The General Fund also supports projects outlined in the City's Capital Improvement Program Rehabilitation Funding Policy, which focuses on preserving the condition of City assets such as buildings, equipment, parks, streets, and information technology systems.

The following table summarizes General Fund operating expenditures, which include transfers to reserves and one-time investments. The operating budget increased by 3 percent from \$229.1 million to \$235.6 million. Operating revenues exceed operating expenditures by \$7 million because of investments in capital projects. In addition, the budget includes additional transfers to meet reserve targets established by City Council policy.

City of Roseville Three-Year Operating Expense Trend (in millions)			
	Actual FY2023-24	Amended Budget FY2024-25	Budget FY2025-26
Operating Expenditures	\$201.7	\$235.5	\$235.6

Economic Indicators

Year in review

An economic engine in the region, Roseville has seen ongoing investment across various sectors, including manufacturing, housing, retail, and healthcare.

The city remains a sought-after destination for both businesses and residents alike. Manufacturing, ranging

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from semiconductor technology to life sciences, plays a crucial role in supporting Roseville's economic vitality.

Bosch plans to invest \$1.9 billion to transform the Roseville site into a facility that produces and tests silicon carbide semiconductors, a key building block for electric vehicles. Roseville is Bosch's first chip manufacturing location outside of Germany. The first chips are estimated to be ready starting in 2026. Bosch and **Sierra College** are partnering on customized advancing mechatronics education to equip the future workforce with skills that match business needs.

The entrepreneur center, **Roseville Venture Lab** in Downtown Roseville, continues to serve the local startup business community and spur job growth. Operated in partnership with the nonprofit Growth Factory, Roseville Venture Lab has held Roseville Rising cohorts for food entrepreneurs, high school students, and nonprofits and businesses with a social impact mission. Programs are expanding to support the creative economy and other emerging businesses so they can grow locally.

Roseville continues to attract shoppers and visitors from across the region. Construction is underway on Roseville Junction at **290 Conference Center Dr.** The destination venue includes Electric Pickle (a complex with nine pickleball courts), Fieldwork Brewing, an indoor-outdoor restaurant, a lawn for entertainment and gatherings, and several hotels.

Westfield Galleria remains a strong regional retail destination, drawing visitors beyond northern California. New tenants and expansions have continued, including Vuori, Rothy's, Uniqlo, Free People, and David Yurman, to name a few.

Costco is under construction on a new 160,529 square-foot warehouse along with a gas station and car wash at Baseline Marketplace along Baseline and Fiddymont Road.

Downtown Roseville investments continue with the completion of a mixed-use project at **129 Vernon St.** The four-story building features 18 residential condos and ground-floor commercial space. Old Town Pizza purchased **330 Vernon St.** and is currently remodeling the building into a restaurant and taproom with a rooftop bar.

The City of Roseville is encouraging commercial and residential reinvestment along the established **corridors** of Atlantic Street, Douglas-Harding, and Douglas-Sunrise. With a focus on mixed-use developments, transportation accessibility, and vibrant public spaces, these corridors provide an excellent location for businesses looking to expand and residents seeking convenient, well-connected neighborhoods.

Kaiser Roseville's campus is expanding with the construction of a \$300 million new six-story patient tower, estimated to open in 2027. Currently, Kaiser Roseville is the largest hospital in Placer County.

Sutter Roseville Medical Center received national accreditation for a new obstetrics-gynecology physician residency program. The Roseville campus also has a new approximately 85,000 square foot building home to the graduate medical education program providing training and education for future physicians. Also under construction are two new parking garages, an expanded intensive care unit, and plans for an expanded emergency department and critical care unit.

The 51-acre, 10-field **Placer Valley Soccer Complex** on Westbrook Boulevard is on target to be completed in late 2025. It will be a major generator of sports tourism, bringing increased visitor spending and hotel stays to south Placer County.

The **Local Housing Trust Fund** received an additional award of \$3.9 million in matching funds to support future affordable rental housing development in Roseville. Over \$860,000 in **Homeless Prevention and Rapid Rehousing** funding were disbursed, providing financial assistance and services to prevent individuals and families from becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized.

The **Erickson Senior Living** project recently broke ground, providing a new 1,400-unit, 2.1 million square-foot continuing care retirement community which will expand housing for older residents. Erickson will offer independent living, assisted living, and skilled nursing residential options. Affordable, or workforce, housing projects in Roseville are easier for private developers to fund and build in the future, with the City of Roseville holding the **Prohousing designation** from the California Department of Housing and Community

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Development. The designation makes private affordable housing projects planned in Roseville much more competitive for limited state and federal funding and could accelerate the timeline for future projects. The City intends to apply for renewal of its Prohousing designation in 2025.

Residential and Commercial Projections

Access to amenities, cost of living, health, and quality schools are some of the many reasons Roseville has ranked among the Hottest Zip Codes, Cities with the Lowest Cost of Living in California, Best Cities in California to Buy a House, among other accolades.

Neighborhoods in the Sierra Vista, Fiddymont Ranch, Amoruso Ranch, and Creekview plan areas continue to see construction activity and demand for single-family home permits. A total of 1,172 permits were issued through the 2024 calendar year—well above the historical 12-month average of 900 permits. However, demand for houses may be slowing, with homebuilders expected to pull 1,066 units by the close of FY2024-25 in June 2025.

Looking forward to FY2025-26, single-family permit issuance is projected to decline to 618 units, significantly below the historic annual average of 900, as new subdivision construction slows and finished lots are absorbed. At the same time, momentum continues to build in the multi-family sector, with more than 1,500 apartment units under construction and more on the way.

Tenant improvements and new commercial construction are projected to maintain steady growth, driven in large part by hospital system expansions and the Bosch Corporation's significant investment in the former TSI Semiconductor silicon-chip manufacturing plant over the next 7-10 years.

Looking Ahead

Our annual budget is a reflection of how we bring the Council's priorities to life, playing a key role in shaping the future of our vibrant city. It embodies the City's dedication to transparency, collaboration, and fiscal responsibility, and showcases our shared vision for a thriving, sustainable future.

In times of uncertainty, we take pride in the strong foundation that guides our city. Our stable, thoughtful, and consistent governance allows us to attract investment—people and businesses choose to invest here because they know they can rely on our fair, rational, and consistently applied policies. We are also able to retain exceptional talent, ensuring that their contributions are valued and that they are supported in both their personal and professional growth.

We are committed to continuing to operate the City in a way that consistently earns us recognition as one of the best, safest, and healthiest places to live in the U.S. At the same time, we remain attentive to external factors, always ready to adapt and address them as we have successfully done year after year.



Dominick Casey
City Manager