

City Manager's Budget Message



RESPONSIBLE LOCAL STEWARDSHIP WILL COUNTER BROADER UNCERTAINTY

The start of 2026 has ushered in the continued uncertainty we are facing as a state, a nation, and globally. Policies enacted by the current presidential administration have significantly impacted sectors through deregulation, tariff-driven trade policies, and an emphasis on domestic fossil fuels, resulting in increased energy investments alongside rising consumer costs in food and housing. Key sectors experiencing change include energy, manufacturing, technology, finance, and immigration-reliant industries.

Ongoing geopolitical tensions and volatility in global energy markets are furthering this uncertainty. While economists previously expected inflation to decline, the surge in oil prices has diminished the likelihood of this, which has scaled back expectations for Federal Reserve rate cuts this year. At the same time, the labor market is showing signs of weakness.

Regardless of the lens used to evaluate these policies, they have the potential to significantly affect growth, jobs, and inflation, leading to continued economic uncertainty.

Moving forward, the following global challenges will have an impact on the City:

- The environmental and economic impacts of emerging 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.
- Geopolitical tensions and inflation have infused volatility into the financial markets during the first quarter of 2026.

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, similar to a year ago. Top problems cited include political extremism, the economy, and immigration. Fifty-

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four percent of those polled feel this way about the state of California as well, with the top issues being the cost of living, housing costs and availability, and the state budget.

Local government public perception tends to fare better, with 65 percent of Americans trusting their local government to handle local problems versus just 38 percent trusting the federal government to handle domestic problems in a November 2025 Gallup poll.

In November, the Legislature's nonpartisan Legislative Analyst's Office (LAO) projected a nearly \$18 billion budget problem, \$5 billion larger than initially anticipated, despite improvements in revenue, due to spending requirements in Proposition 98 and Proposition 2. The LAO further projects structural deficits of \$35 billion starting in FY2027-28 due to spending that continues to outpace revenue growth. This was the LAO's most negative budget forecast since the pandemic. However, in January, Governor Gavin Newsom's proposed FY2026-27 budget painted a very different picture, with a projected deficit of \$2.9 billion. This budget may be adjusted as part of the May revise before being enacted in summer 2026. The LAO cited the vastly different estimates to be a result of different approaches to incorporating the risk of a stock market downturn and how revenues are expected to be offset by spending.

At the local level, we are experiencing slower growth while absorbing the impacts of increased costs of salaries, wages, benefits, materials, supplies, and services. The City's history of preparedness and diversification of revenues (including those that will be generated by Baseline Marketplace, the Placer Valley Soccer Complex, and Bosch) will help ensure we maintain services and can fund ongoing costs with ongoing revenues versus with our reserves. A blend of encouraging and challenging factors impacts the City's outlook:

Encouraging:

- The Placer County Transportation Planning Agency received an award of \$22.48 million through the U.S. Department of Transportation's BUILD Discretionary Grant Program for the construction of additional southbound travel and auxiliary lanes on State Route (SR) 65 between Blue Oaks Boulevard and Galleria Boulevard. This will help provide some traffic relief in the region, but there is still more to be done as South Placer, without significant new resources that would have materialized if Measure B had passed

in November 2024, remains ineligible for certain transportation funding that requires a local match.

- 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 completed a recruitment branding initiative to strengthen the City's brand as an employer of choice, broaden the City's reach to qualified applicants, and optimize our recruitment marketing and outreach.
- Residential development continues but at a slower, more standard pace.
- City Council prudently invested one-time revenues over the past five years into important one-time needs such as capital projects, maintaining reserves, and addressing the pension obligation to help mitigate the rising pension costs that are expected to peak in the next five years.
- Baseline Marketplace sales tax revenues will help fund new General Fund services in west Roseville as the retail development is built over the next few years.
- To address growing cost pressures, the City is conducting an assessment to determine if shared services can be delivered more efficiently. The City is also looking to refinance the debt on the 316 Vernon Street building to take advantage of lower interest rates for the General fund.
- The City will use the General Fund Pension Reserve Trust strategically and delay General Fund augmentations, as necessary, to maintain a balanced budget.

Challenging:

- Rising costs that are outpacing inflation are causing deficits in many cities, and Roseville is not immune to cost increases in insurance, construction, transportation, pensions, animal care payments to the SPCA, health benefits, annexation tax-sharing payments to the county, and capital costs such as fleet vehicles.
- Unfunded mandates are adding significant labor and hard costs to the city without a funding source, including federal digital ADA compliance, the conversion of California public-facing websites and employee email addresses to .gov under AB1637,

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the continued cost of converting our fleet vehicles to electric vehicles, and compliance with California's SB707, which makes significant changes to how city council meetings must be conducted under the Brown Act.

- City growth continues to add complexity to an increasing municipal workload. 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 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.
- 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.

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.

COUNCIL PRIORITIES FY2026-27

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 public workshop in February 2026, the Council reaffirmed the priorities and strategies to guide the third 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

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Invest in well-planned infrastructure and growth

- Reinvest in core neighborhoods
- Increase funding for Capital Improvement Project (CIP) rehabilitation to prevent erosion of infrastructure
- 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
- Focus on cybersecurity to ensure continuity of operations and operational resiliency

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

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engagement, and service excellence. Each quarter, these are highlighted in the City Manager's Quarterly Report. Below is a summary of key accomplishments over the past year. Additional details and highlights are provided in the Department Operating Budget section of this document.

Ensure a safe and healthy community

- **Sirens, Lights' and Love Police and Fire Event at Kaiser:** The Roseville Fire and Police Departments, along with regional first responders, joined Kaiser Permanente for the inaugural Sirens, Lights, and Love event, bringing holiday cheer, smiles, and encouragement to children spending the holiday season in the hospital.
- **Implementation of ImageTrend:** The Roseville Fire Department successfully implemented ImageTrend, a department-wide electronic patient care and incident reporting system that modernized documentation and improved efficiency. The project replaced paper and manual reports with real-time, field-based documentation that is securely shared with hospitals and partner agencies.
- **Removal of the City's last single-wall underground storage tank:** In December, Roseville's Fire & Life Safety Division oversaw the removal of the City's last single-wall underground storage tank. These older tanks, often used to store fuel or oil, carry a higher risk of leaks that can harm soil and groundwater.
- **Establishment of City Prosecutor:** In October, the City Attorney's Office established its first City Prosecutor's Office. This gives the City the ability to prosecute serious violations of the Roseville Municipal Code as misdemeanors in superior court.
- **Pleasant Grove Wastewater Treatment Plant Lab Expansion:** In October, the lab expansion at the Pleasant Grove Wastewater Treatment Plant was completed, adding 1,311 square feet of improved laboratory space.
- **E-Motorcycle Enforcement in Action:** In September, the Roseville Police Department partnered with the Placer County Sheriff's Office and Auburn CHP for a three-day e-bike and e-motorcycle safety enforcement operation in East and West Roseville, and Granite Bay. Officers made 183 traffic stops, issued 30 citations, and towed 25 e-motorcycles. This effort, funded by the state Office of Traffic Safety (OTS), supports Roseville's commitment to safer streets. Along with enforcement, the Police Department continues to educate students, parents, and riders about e-bike safety and laws through schools, social media, and community outreach.
- **Retail theft suppression:** The Police Department's Operation Grinch led to more than 137 arrests and \$23,000 in recovered goods during holiday operations.
- **Citizens Benefit Fund:** The City's Grants Advisory Commission distributed \$280,010 in 2025 to 17 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 \$15.64 million in federal and state funding to support voucher assistance, homelessness prevention, and affordable housing development. This total includes over \$640,000 disbursed through the California Department of Housing and Community Development's (HCD) Permanent Local Housing Allocation program, as well as \$3 million in HCD's Prohousing Incentive Pilot and HOME Programs. These funds will support future affordable rental housing in Roseville, including current-year allocations to Mercy Housing's Pleasant Grove Apartments and Sun Rose permanent supportive housing.
- **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 \$61,000 in incentives to lease 61 households and added 15 new landlords.
- **HUD-VASH housing vouchers:** The Roseville Housing Authority successfully leased 100 percent of its HUD-VASH vouchers, which provide critical rental assistance to veterans experiencing or at risk of homelessness. In addition, RHA was recently awarded six new HUD-VASH vouchers by the U.S. Department of Housing and Urban Development (HUD) in March 2026, further expanding the capacity to serve veterans in need.
- **Council Approves Plan to Guide Homelessness Response Efforts:** In September, the City Council approved two important actions to enhance

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Roseville's comprehensive approach to addressing homelessness. The Homeless Strategies and Response Plan outlines how Roseville manages and coordinates efforts to prevent and reduce homelessness. The Homeless Strategy Response Resolution reaffirms the City's commitment to a compassionate, comprehensive, and balanced approach that supports both community well-being and those experiencing homelessness. Together, these actions provide a clear framework for collaboration, accountability, and continued progress in addressing this important community issue.

- **Community Leaders Breakfast:** Roseville Police held its third 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.
- **Drug Take Back Days:** Two Drug Take Back Days offered collection of unused or expired medications and vaping devices. In total, Roseville PD collected 67 boxes weighing 1,717 pounds.

Remain fiscally responsible in a changing world

- **Pleasant Grove Wastewater Treatment Plant Secures Federal Tax Credit:** The City received \$31.27 million in December 2025 through a federal clean-energy tax credit under the Inflation Reduction Act for upgrades at the Pleasant Grove Wastewater Treatment Plant. Combined with other grants, the City secured \$38.45 million in outside funding, offsetting more than one-third of total project costs and reducing long-term ratepayer impacts.
- **Recycling Efficiency Improvements Through Grant-Funded Front Loader Bins:** Environmental Utilities received a \$193,659 CalRecycle grant to upgrade the City's cardboard recycling program. This upgrade has significantly reduced weekly trips to the Materials Recovery Facility from 63 to 24, cutting fuel use, lowering labor costs, and reducing wear on City trucks.

Enhance economic vitality

- **Commercial Corridor Project:** Launched two major commercial corridor incentive programs - the Development Impact Fee Credit Program and the Façade and Frontage Improvement Program - providing up to \$1 million in strategic support

to encourage redevelopment, attract private investment, and strengthen the City's key business districts.

- **Placer Valley Soccer Complex:** The Placer Valley Soccer Complex celebrated its Grand Opening in November, with more than 3,000 residents, athletes, and visitors in attendance to explore the 51-acre complex and its 10 lighted synthetic turf fields. The complex is expected to generate \$16 million in direct economic impact and more than \$22 million indirectly, surpassing initial projections.
- **Roseville Venture Lab:** Transitioned the Roseville Venture Lab to a broader and more resilient management structure, securing more than \$160,000 in sponsorships that supported expanded programs and services focused on workforce development and small business assistance.
- **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 continued work through its eight-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 with the Sacramento Area Council of Governments (SACOG) \$250,000 grant.
- **Greater Sacramento Economic Council Named Top Economic Development Organization in the World:** The Greater Sacramento Economic Council (GSEC), of which the City of Roseville is a member, has been named the top economic development organization in the world by the International Economic Development Council. The award highlights GSEC's measurable impact over the past decade in driving sustainable economic growth, attracting transformative investment, fostering innovation, and building a more equitable economy for the six-county Greater Sacramento region.
- **Union Pacific Big Boy Steam Locomotive:** The

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City welcomed Union Pacific Railroad's "Big Boy" Locomotive No. 4014 in April 2026. 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. Union Pacific reported 61,000 visitors to Roseville over the two-day display.

Invest in well-planned infrastructure

- **Johnson Pool renovations:** Roseville's oldest community pool reopened in June after a series of renovations and improvements. New features include a zero-depth beach entry pool, an expanded deck, a shaded picnic area, and renovated restrooms and improved ADA accessibility.
- **The budget incorporated a significant investment of \$98.7 million into capital projects:** This included \$41.1 million in Electric, \$19.8 million in Water, \$13.2 million in Wastewater, \$9.1 million in Parks, Recreation and Libraries, and \$7.6 million in Public Works program areas.
- **Roseville Electric's Power Plant 2 (RPP2) Repower Project:** The project replaces 40-year-old generators with two modern, more efficient natural gas units. It began in October 2025 and is expected to be completed in summer 2026. Through a competitive proposal process, the California Department of Water Resources selected Roseville as the preferred site to relocate these generators. This upgrade will improve efficiency, reduce emissions, and lower maintenance costs while helping ensure we continue to meet high summer electricity demand.

Support community engagement and advocacy

- **City Council Chambers Renovation:** The City renovated its City Council Chambers to create additional space and flexibility for the community. This rehabilitation was identified as a priority due to aging infrastructure, security limitations and evolving space requirements. The new space will have a new lobby with enhanced security, improved queuing experience, and overflow seating and the Chambers will have energy efficient lighting, upgraded seating, improved ADA accessibility, and new flooring and paint.

- **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. Videos in the series are about specific plans, environmental studies as well as land use, zoning, and property rights. Information continues to be shared via the website, social media, newsletters, and community presentations. roseville.ca.us/DevelopmentDecoded also has information on utility infrastructure and planning, and timing and funding of parks and recreation amenities.
- **Phillip Road site:** Panattoni Development submitted revised plans for the Phillip Road Site in November. These updates reflect minor changes made in response to the City's ongoing review. The draft Environmental Impact Report (DEIR) was available for public comment in the spring.
- **Kid's Fire Camp:** Fire hosted nearly 100 youth, aged 11-14, for a weeklong Kid's Fire Camp. This program 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 April, the City 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 Schiff, Representatives Kiley and Garamendi, and agencies such as the Department of Housing and Urban Development, the Department of Veterans Affairs, and the Federal Highway Administration.
- **State of the City:** A record-breaking more than 700 people attended the annual event held in partnership with the Roseville Area Chamber of Commerce at Denio's Farmers Market and Swap Meet. The speech highlighted the history of Roseville, including many small businesses that have helped power

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Roseville's economy for decades.

- **City Council Candidate Workshop:** The City hosted a "Learning More About Running for City Council" workshop in November. The event helped potential candidates understand the responsibilities of serving in elected office and the steps required to run. The workshop covered time commitments, the pre-election filing process, how to open a campaign committee, and the fundraising timeline for the 2026 election cycle. Participants also learned about the July 2026 nomination period, compliance requirements, the City's candidate portal, and conflict-of-interest rules.
- **Transportation 360:** An extensive public participation initiative resulted in more than 4,000 comments, which shaped the City Council-adopted Roseville Transit and active transportation master plans. These plans are the roadmap for improvements to better serve the community's transit, pedestrian, and bicycle transportation needs.
- **Utility Field Day:** In fall 2025, the Utility Exploration Center, Environmental Utilities, and Roseville Electric Utility hosted Utility Field Day for 38 high school students, offering hands-on experience in water, wastewater, electric utilities, and engineering.
- **State of Roseville Water:** The State of Roseville Water virtual event returned for its fourth year, continuing to inform and educate customers about local water planning and reliability. More than 30 residents attended the online session, which focused on how Roseville manages its water supply today and prepares for future challenges.
- **Cap-to-Cap:** As part of the Sacramento Metro Chamber's 53rd Capitol-to-Capitol program, May 3–7, 2025, Roseville City Councilmembers and staff joined regional leaders in Washington, D.C. to advocate for local priorities. Roseville played key leadership roles on the Public Safety, Water Quality, and Housing & Community Development teams, helping shape federal policy discussions and build relationships with agency and Congressional leaders.
- **Advocating for Practical Clean Fleet Solutions:** In September, Environmental Utilities hosted staff from the California Air Resources Board (CARB) for a site

tour and policy discussion on the state's Advanced Clean Fleets (ACF) regulation. Later in September, the EU Director and staff provided testimony on the ACF regulation. During the deliberation by the CARB Board Members, Roseville was praised for its innovative RNG fueling program and its commitment to pragmatic environmental sustainability.

- **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

- **Permit Center Remodel:** The Development Services Department Permit Center remodel was completed in late 2025, creating a safer, more efficient, and more welcoming space for staff and the public.
- **Roseville Transit Introduces New Mobile App:** The new TripShot app lets commuters plan trips by arrival or departure time, see their bus in real time, and get alerts about delays or service changes.
- **COR (City of Roseville) Q12 employee engagement survey:** In its second year with the city, Gallup's employee engagement survey focuses on 12 key workplace elements that directly impact our culture, productivity, and how we serve our community.
- **Roseville Electric Launches Power Flex Energy-Saving Program:** This program helps customers save money while they support electric grid resiliency. Through Power Flex, Roseville Electric can make brief, minor adjustments to participating customers' smart thermostats during summer peak times to reduce energy use and stabilize the grid. Customers receive a \$25 bill credit for enrolling and another \$25 each year they stay in the program.
- **City's Real Estate Map:** This internal tool centralizes City-owned properties within ArcGIS, giving employees a single, interactive resource for

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accessing property information. The map streamlines research, improves data accuracy, and supports more efficient property management across the organization.

- **Know Your Boundaries Page:** Launched the citywide “Know Your Boundaries” resource page to help people confirm if their address is within Roseville city boundaries and, if so, who their councilmember is, which school district they are in, and who provides their municipal services.
- **Silver Bicycle Friendly Community:** Roseville's trail system was elevated from a Bronze to Silver Bicycle Friendly Community designation by the League of American Bicyclists.
- **Miner's Ravine Trail:** This trail was designated a National Recreation Trail by the U.S. Secretary of the Interior, one of only five trails recognized nationwide.
- **myRSVL platform:** The myRSVL app efficiently handles about 5,000 yearly service requests, achieving 87 percent timely completion and maintaining high user satisfaction. With more than 14,000 downloads, it streamlines issue-reporting and improves City responsiveness via mobile app and online access.
- **Parks, Recreation & Libraries Earns Accreditation:** PRL reached a major milestone by earning national accreditation through the Commission for Accreditation of Park and Recreation Agencies and the National Recreation and Park Association. This recognition places PRL among just 222 accredited agencies out of more than 12,000 nationwide and only six in California.
- **National Gold Medal Award Finalist:** For the fourth year in a row, PRL was named a finalist for the National Gold Medal Award for Excellence in the Field of Parks and Recreation Management.
- **City Reaches Full Water Metering Milestone:** EU has completed the final commercial water meter conversions, making the City's water system 100 percent metered as of summer 2025. This milestone improves billing accuracy, supports faster leak detection, and provides better tracking of water use, strengthening overall system reliability.

FISCAL OVERVIEW

In the face of persistent economic uncertainty, the City remains committed to a conservative budgeting approach that supports long-term financial sustainability. The City remains focused 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 above budget estimates in the current fiscal year. A 5 percent increase (approximately \$5.1 million) is forecast 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. Property tax revenues are expected to grow by 5 percent (\$4.2 million) in the next fiscal year, as compared to the updated forecast for the current year.

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.

Budget Highlights

The FY2026-27 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 \$877 million. Of this amount, \$275 million is appropriated for General Fund services, and \$602 million is primarily dedicated to utility operations, including electric, water, wastewater, and waste services.

Staffing Changes: To meet demands related to community growth, regulatory requirements, and service enhancements, departments requested the addition of 30 new positions. Due to funding constraints and the need to balance service priorities with long-term fiscal sustainability, not all requested positions were included in the budget. The final staffing changes reflect

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the most immediate and critical needs across all City departments. The budget includes a net increase of 14 positions, which represents a 1 percent increase over the prior year, with 18 new positions and four deletions.

Two additional new positions are funded in the budget but will be taken to City Council at a later date once the classification has been established by Human Resources. The positions included in the budget, by department, are as follows:

- **Public Affairs and Communications** – The FY2026-27 budget for PAC will include the addition of one Marketing and Communications Analyst, converted from a limited-term position to a regular position, to manage ongoing work related to new technology tools, the new website, and regulatory compliance.
- **Information Technology** – IT's budget includes the deletion of one Database Analyst that was inadvertently not removed from the budget when a new position was created in FY2025-26.
- **Police** – The budget includes the addition of four new positions for Beat 8 in West Roseville—two Police Officer positions in Patrol, one Police Officer position (motor officer) in the Traffic Unit, and one Dispatcher position. The budget also includes funding to maintain two existing Police Officer positions previously supported through a hospital reimbursement agreement, which will also support Beat 8 operations. The new vehicles required for two of these positions will be paid for through the Supplemental Law Enforcement Fund.
- **Fire** – This budget includes funding for a new Senior Fire Inspector position to support the Fire and Life Safety Division in maintaining timely building systems reviews. While funded by the General Fund, costs will be offset by permit revenue, builder reimbursements, and reduced contract service spending. Position approval will be presented to City Council once the new classification is established.
- **Parks, Recreation & Libraries** – PRL's budget includes the addition of one Parks Maintenance Worker to maintain new parks, open spaces, and streetscapes within CFD boundaries. Its General Fund costs will be offset by labor charged to those CFDs.
- **Development Services** – The budget includes the deletion of two currently vacant Associate/Assistant/Junior Engineer (PE) positions to better align staffing resources with current workload demands while

maintaining core services and managing costs.

- **Public Works** – This department will add one Street Maintenance Worker position to address increasing inspection and maintenance of drainage infrastructure due to growth as well as help maintain the City's flood rating. This position is funded through Gas Tax funding.
- **Electric** – The FY2026-27 budget for the Electric Utility includes a net increase of four positions by adding five new positions and eliminating one existing position: (1) a Senior Power Plant Operator Technician position to ensure adequate staffing since the recent addition of two RPEAK combustion turbine generators, (2) a Power Plant Operator Technician position, similar to the senior-level position being added, to maintain continuous operator coverage, (3) a Senior Electric Substation Technician position to perform specialized electrical testing which is currently outsourced at a higher cost—this addition will also eliminate an existing Electric Substation Technician position, (4) a Power Plant Engineer in the Generation Engineering division to improve coverage and support operations and maintenance as well as capital projects needed for facility reliability, and (5) an Energy Services Account Representative to develop and manage the new citywide EV public charging program including station operations, contracts, compliance, and customer engagement.
- **Environmental Utilities** – This department includes the Water, Wastewater, and Waste Services Utilities, will add seven new positions, all supported by utility rate revenues, although only six new authorized position allocations are included in the FY2026-27 budget.

The Water Utility is adding three new positions: (1) a Water Distribution Worker to support expanded cross-connection control requirements including the timely repair of backflow prevention assemblies and other related compliance work, (2) an Associate Engineer to assist in managing the growing workload of the Water Engineering and Hydrogeology section including work related to the expansion of the Aquifer Storage and Recovery (ASR) program, and (3) a Management Analyst in the new Strategic Affairs Division to focus on water regulatory compliance.

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The Wastewater Utility will add two new positions, a Wastewater Utility Maintenance Worker to help manage the growing maintenance needs of the sewer pipeline system and a Management Analyst in the Strategic Affairs Division to manage efforts including the Renewable Fuel Standard program, high-strength waste billing, and reporting.

The Waste Services Utility will add a Refuse Truck Driver position in Commercial Pickup to help maintain service levels with the increase in new businesses and high-density housing communities.

Additionally, EU's Technical Services Division will add a new position to assist in the coordination of capital improvement programs including streamlining processes, enhancing project tracking, and improving planning and scheduling. While funded in the budget, this position will be presented to City Council for approval later in the year once Human Resources determines its classification.

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

| Department | New Positions | Position Eliminations | Total Net Change |
|---------------------------------|---------------|-----------------------|------------------|
| Development Services | - | (2.00) | (2.00) |
| Electric | 5.00 | (1.00) | 4.00 |
| Environmental Utilities | 6.00 | - | 6.00 |
| Information Technology | - | (1.00) | (1.00) |
| Parks, Recreation & Libraries | 1.00 | - | 1.00 |
| Police | 4.00 | - | 4.00 |
| Public Affairs & Communications | 1.00 | - | 1.00 |
| Public Works | 1.00 | - | 1.00 |
| Total | 18.00 | (4.00) | 14.00 |

| City Council Priority | New Positions |
|---|---------------|
| Deliver exceptional City services | 7.00 |
| Growth | 6.00 |
| Enhanced Service Levels | 1.00 |
| Invest in well-planned infrastructure and growth | 4.00 |
| Growth | 3.00 |
| State/Federal Mandates | 1.00 |
| Ensure a safe and healthy community | 7.00 |
| Growth | 5.00 |
| State/Federal Mandates | 2.00 |
| Total | 18.00 |

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 as well as the positions approved for the new fiscal year.

It also factors in unavoidable cost increases for materials, supplies, and services such as higher utility costs, increased fleet expenses (such as fuel, maintenance, and replacement), maintenance of new parks, the first full year of operating the Placer Valley Soccer Complex, and contracts of all types. This budget also includes new requests such as staff training, new technology for Fire staff, cybersecurity tools, an update to the City's brand guidelines, a long-term contract for Police body-worn cameras, two new K-9s, and proactive sidewalk inspections.

Pension Obligations: The FY2026-27 budget includes a \$4.1 million transfer from the General Fund Pension Reserve Trust Fund to offset increasing CalPERS costs. The General Fund 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 General Fund Pension Reserve Trust Fund, due to limited available resources. ADPs help reduce the City's unfunded pension liability and generate long-term savings.

Capital Improvement Program: The FY2026-27 budget includes substantial capital investment totaling \$90.5 million across multiple program areas, including \$33.4 million for electric, \$5.5 million for public works, \$13.1 million for wastewater, \$17.9 million for parks, recreation and libraries, \$12.0 million for water, \$5.9 million for general government, \$1.5 million for citywide technology and \$1.0 million for public safety. This investment, which represents an 8 percent decrease from the FY2025-26 adopted budget, supports both community growth and the rehabilitation of existing infrastructure.

Notable projects in the FY2026-27 budget include new traffic signals along Vista Grande Boulevard in West Roseville, expansion of the Police Department facility, construction of new neighborhood parks and the rehabilitation of several existing parks, the second phase of Pistachio Regional Park, major renovations at the Roseville Aquatics Complex, conversion of the batting cages at Maidu Regional Park, a new recycled water pipeline along Painted Desert Drive, the second phase of the Downtown Roseville water mains rehabilitation project, water supply reliability projects, a new operations center for EU at the Dry Creek Wastewater Treatment Plant, the new Holt Substation (formerly

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referred to as the Creekview Substation), upgrades to the Roseville Peaking Plant (RPEAK) to extend its useful life, and a new training facility for Electric construction, substation, and metering staff.

General Fund

The FY2026-27 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 moderating underlying sales tax growth, 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 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 \$258.4 million in General Fund operating revenues, \$54.3 million is restricted for specific programs, such as grants, special taxes, and user fees. The remaining \$204.1 million is unrestricted and available for general government purposes.

After spending \$32.3 million on non-discretionary expenses, the Council has discretion over \$171.8 million in unrestricted funding. Public safety continues to be the top priority, receiving \$107.5 million, which represents more than half of this unrestricted funding. Remaining funds support a range of City services, including parks, libraries, recreation, streets, floodplain management, code enforcement, economic development, and general government departments.

This budget includes \$10.97 million of FY2024-25 General Fund surplus spending on high-priority projects that align with City Council goals, including the renovation of the Roseville Aquatics Complex, streetscape improvements, and workstations for Police Dispatch, and a transfer to the General Liability Fund for an expected risk pool assessment in FY2027-28. The remaining FY2024-25 General Fund surplus was previously appropriated to support youth development programs.

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Revenue Overview

Overall, General Fund operating revenues are anticipated to increase by nearly 6 percent (\$14.5 million) as compared to the current year amended budget. Sales tax revenues, including Bradley-Burns and Measure B, make up 42 percent of the total revenue budget at \$108.6 million. Projected sales tax growth reflects additional revenues associated with the Baseline Marketplace development, while 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 (\$85.2 million) 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 operating revenue budget, consistent with prior years.

The remaining 25 percent of operating revenues 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 \$1.6 million as compared to the prior year budget, primarily due to the Electric Franchise Fee, and the transfer from the General Fund 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.

| General Fund Three-Year Operating Revenue (in millions) | | | |
|--|---------------------|--------------------------------|---------------------|
| | Actual FY2024-25 | Amended Budget FY2025-26 | Budget FY2026-27 |
| Sales Tax | \$101.0 | \$100.4 | \$108.6 |
| Property Tax | \$76.7 | \$80.5 | \$85.2 |
| Subtotal | \$177.7 | \$180.9 | \$193.8 |
| Other Operating Revenue | \$58.9 | \$63.0 | \$64.6 |
| Total | \$236.6 | \$243.9 | \$258.4 |

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 to preserve 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 8 percent from \$237.9 million to \$257.9 million.

Operating revenues exceed operating expenditures by \$554,000 because of non-operating expenditures including projects. This budget also includes additional transfers to meet reserve targets established by City Council policy.

| General Fund Three-Year Operating Expenditures (in millions) | | | |
|---|---------------------|----------------------|---------------------|
| | Actual FY2024-25 | Amended FY2025-26 | Budget FY2026-27 |
| Operating Expenditures | \$229.9 | \$237.9 | \$257.9 |

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 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

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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 Fiddymment 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 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.

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, Fiddymment 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

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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 FY2026-27, 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.

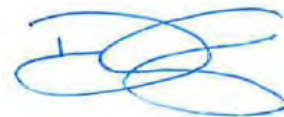
Tenant improvements and new commercial construction are projected to maintain steady growth, driven in large part by hospital system expansions and the Bosch Corporation's significant investment in the former TSI Semiconductor silicon-chip manufacturing plant over the next 7-10 years.

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