



### FY2025-26 Budget Message

*"Budgetary prioritization is essential to preserving and enhancing the quality of life in Chico, and in ensuring it remains a premier city in which to live, work, educate and recreate... Measure H revenues have significantly expanded roadwork activities across the City; however, it will take years of persistent effort to bring our citywide pavement condition index up to the desired standard."*

**Mark Sorensen**  
City Manager

# BUDGET

FISCAL YEAR  
IN BRIEF 2025-26



## Budget Timeline

**January 3, 2025**

Finance begins working with departments to establish and develop the budget for the following year

**February 5, 2025**

Departments submit requests for new capital and operating appropriations

**February 24, 2025**

City Manager begins to meet with each department to discuss departmental needs

**March 19, 2025**

City Council holds first public meeting to discuss strategic goals and priorities of the City

**April 16, 2025**

Proposed Budget is presented at the Finance Committee meeting, opening a dialogue with members of the public

**May 6, 2025**

City Council holds a second public meeting to finalize strategic goals and priorities of the City

**May 20, 2025**

Proposed Budget is presented to City Council. Departments convey needs and goals. Budget is modified

**June 3, 2025**

Proposed Budget is brought to City Council for approval

**June 17, 2025**

Final Budget is brought to City Council for approval



### Year in Review FY2024-25

**84,836**

Police calls for service

**14,983**

emergency responses by Fire Department

**\$60+ million**

in executed construction contracts

**755**

Certificates of Occupancy issued for single family, multi-family and ADUs

**2,380**

trees pruned  
250 hazardous trees removed  
120 trees planted

**530**

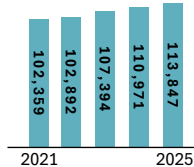
encampments cleared

**403**

tons of trash removed from parks and public spaces

## By the Numbers

### Population



Data Source: State Dept. of Finance

**\$67,929**

Median Household Income  
Source: American Community Survey  
5-year estimates

**\$455,300**

Median Home Value, 2023  
Source: US Census Bureau

Chico covers

**35.3** square miles

**324.5**

miles of streets

**3,812**

acres of park land

**479**

full-time allocated positions

See how your tax dollars are put to work.

Powered by  ClearGov

To enhance understanding and transparency of the City budget, we are now providing budget information through ClearGov, an online tool that offers users an interactive look to the City's financial data in a comprehensive and accessible way. To view the full document, scan the QR code or go to: <https://chico.ca.us/Departments/Finance/index.html>



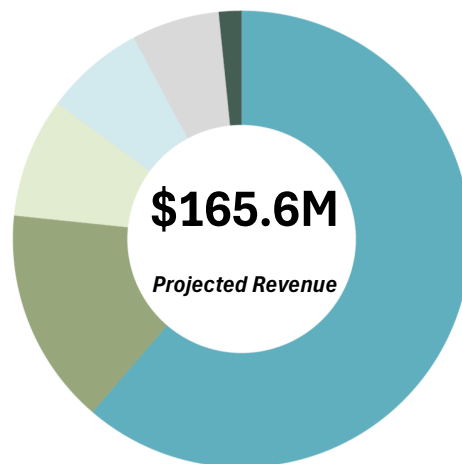
# BUDGET

FISCAL YEAR  
IN BRIEF 2025-26



## Projected Revenue

<b>\$100.6M</b>
General Fund
<b>\$26.7M</b>
Enterprise Funds
<b>\$13.9M</b>
Special Revenue Funds
<b>\$11.6M</b>
Capital Improvement Funds
<b>\$10.2M</b>
Successor Agency Funds
<b>\$480K</b>
Maintenance District Funds



- General Fund **\$100.6M** (61.3%)
- Enterprise Funds **\$26.7M** (15.3%)
- Special Revenue Funds **\$13.9M** (8.5%)
- Capital Improvement Funds **\$11.6M** (7.1%)
- Successor Agency Funds **\$10.2M** (6.2%)
- Maintenance District Funds **\$2.6M** (1.6%)

### Forecasting the General Fund:

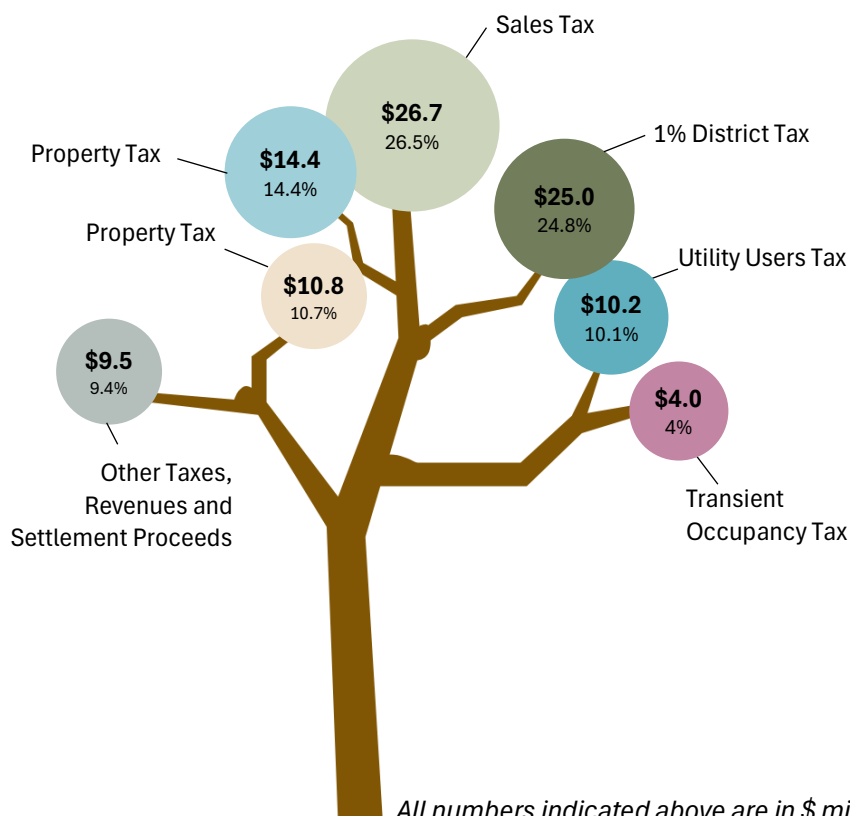
#### Sales Tax · Measure H · Property Tax

Sales Tax and Measure H District Tax forecasts are provided by an outside consultant. Data is based on statewide and local trends. Property Tax forecasts are based on estimates provided by Butte County.

### What is the General Fund?

The General Fund supports the City's basic services, such as police and fire operations, parks, street maintenance, legislative, and administrative services. The use of General Fund revenue is unrestricted and is supported by the sources of revenue listed below.

## General Fund Revenue Sources



<b>\$26.7M</b>
From Sales Tax
<b>\$25.3M</b>
From 1% District Tax (Measure H)
<b>\$15.6M</b>
From Property Tax
<b>\$10.9M</b>
From Property Tax in Lieu of VLF
<b>\$10.2M</b>
From Utility Users' Tax
<b>\$3.9M</b>
From Transient Occupancy Tax
<b>\$8.0M</b>
From Other Taxes, Revenues and Settlement Proceeds

# BUDGET

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## Projected Expenditures

**\$204.4 M**

Total City Budget

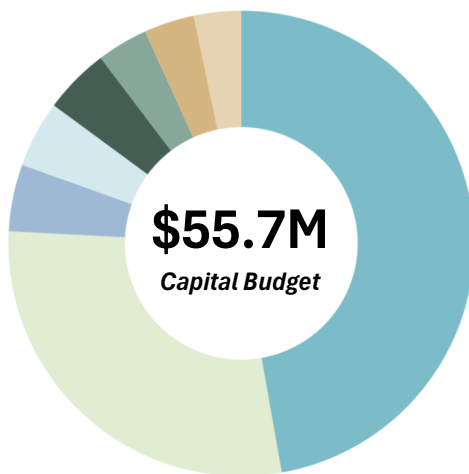
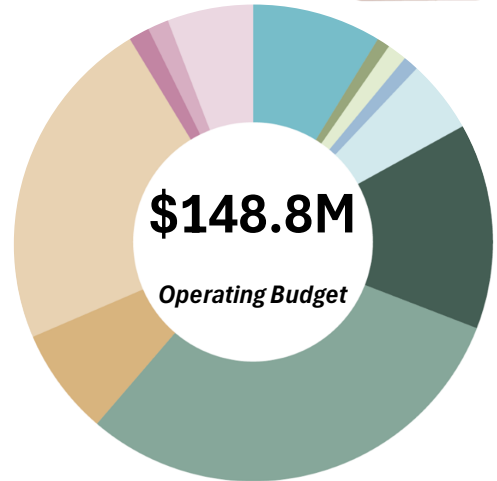
**\$148.4 M**

Operating Budget

**\$55.6 M**

Capital Budget

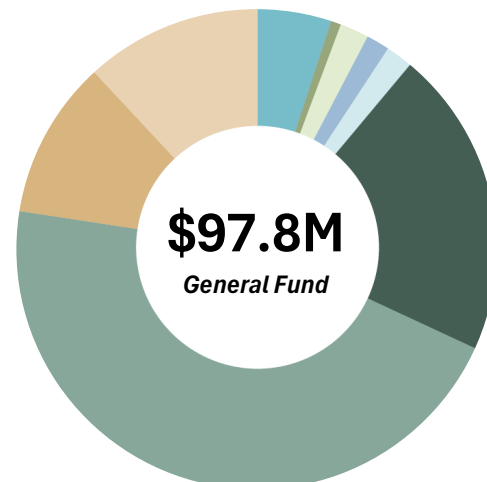
Administrative Services	<b>\$13.0M</b> (8.8%)
City Attorney	<b>\$1.3M</b> (.9%)
City Clerk	<b>\$2.0M</b> (1.3%)
City Manager	<b>\$1.5M</b> (1.0%)
Community Development	<b>\$7.3M</b> (4.9%)
Fire	<b>\$21.1M</b> (14.2%)
Police	<b>\$45.1M</b> (30.3%)
Public Works Engineering	<b>\$10.7M</b> (7.2%)
Public Works Operations & Maintenance	<b>\$33.8M</b> (22.7%)
Successor Agency	<b>\$2.1M</b> (1.4%)
Improvement Districts	<b>\$2.1M</b> (1.4%)
Debt Service	<b>\$8.7M</b> (5.8%)



Road & Bikeways	<b>\$26.0M</b> (47.2%)
Water & Sewer	<b>\$16.0M</b> (28.6%)
Other Equipment / Misc.	<b>\$2.6M</b> (4.6%)
Other Improvements	<b>\$2.6M</b> (4.6%)
Building and Facilities	<b>\$2.7M</b> (4.6%)
Vehicles and Wheeled Equipment	<b>\$2.0M</b> (3.5%)
Housing	<b>\$2.0M</b> (3.5%)
Computer Software & Equipment	<b>\$1.8M</b> (3.3%)

## General Fund Expenditures

Administrative Services	<b>\$4.9M</b> (5.0%)
City Attorney	<b>\$0.7M</b> (.7%)
City Clerk	<b>\$1.9M</b> (1.9%)
City Manager	<b>\$1.5M</b> (1.5%)
Community Development	<b>\$1.8M</b> (1.8%)
Fire	<b>\$20.9M</b> (21.4%)
Police	<b>\$44.5M</b> (45.5%)
Public Works Engineering	<b>\$9.9M</b> (10.1%)
Public Works Operations & Maintenance	<b>\$11.7M</b> (12.0%)



The City receives funding from taxes, grants, charges for services, assessments, and fines. The City then appropriates this revenue to provide services to the community such as public safety, housing assistance, parks, public works projects and maintenance, and other services.

While total expenditures exceed revenues, the City is not spending beyond its available resources and remains in compliance with its budget policy and objective of maintaining a balanced budget.

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IN BRIEF 2025-26



## Capital Improvement Program (CIP)

The Capital Improvement Program (CIP) is a five-year plan outlining the City's investments in infrastructure and equipment. The program objectives are to maintain and enhance the City's infrastructure and support Chico's growth and development. The CIP consists of approximately 250 active projects, with 19 new projects totaling \$55.7 million added to the FY2025-26 Council Adopted Budget.

The CIP is a dynamic process, evaluated and adjusted annually based on City priorities and available resources. During budget season, the City Manager, Department Directors and Finance staff review existing projects and make necessary adjustments, which are then presented to City Council for approval. Any mid-year changes are done through the supplemental appropriation/budget modification process based on guidelines established in the City's Budget Policies.

Key changes proposed in the FY2025–26 Budget compared to last year include new funding for several important capital projects including the Multifamily Rehabilitation Project, audiovisual upgrades to the Council Chambers, updates to the Water Pollution Control Plant and sewer model, vehicle replacements as well as various roadway projects.



Bruce Road Widening



Bikeway 99—Phase 5 POC



Esplanade Safety and Accessibility



Rio Lindo Avenue Reconstruction

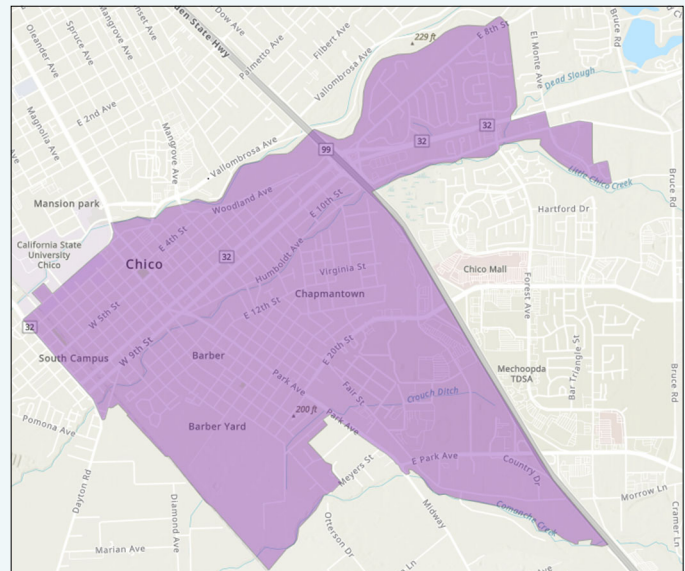
Projects being completed in Spring and Summer 2025 include:

- Bruce Road Widening
- Bikeway 99—Phase 5 POC
- Esplanade Safety and Accessibility
- Rio Lindo Avenue Reconstruction

The City of Chico has been awarded a \$12.7 million grant to fund an innovative fiber utility project, marking a major milestone in its commitment to enhance connectivity and driving economic growth in the region. This project will develop a state-of-the-art network infrastructure, delivering reliable and affordable high-speed internet to underserved and unserved areas.

### Key benefits of the Fiber Utility Project include:

- Improved Internet Access: Delivering high-speed internet to underserved and unserved community members.
- Economic Growth: Enabling local businesses to thrive through enhanced connectivity and new digital tools.
- Enhanced Quality of Life: Expanding access to online education, telemedicine, and remote work opportunities.
- Future-Proof Infrastructure: Building a network designed to accommodate future technological advancements.



Phase 1 of the fiber utility project, marked in purple on the map, is projected to connect 9,039 residents and businesses within the designated area .

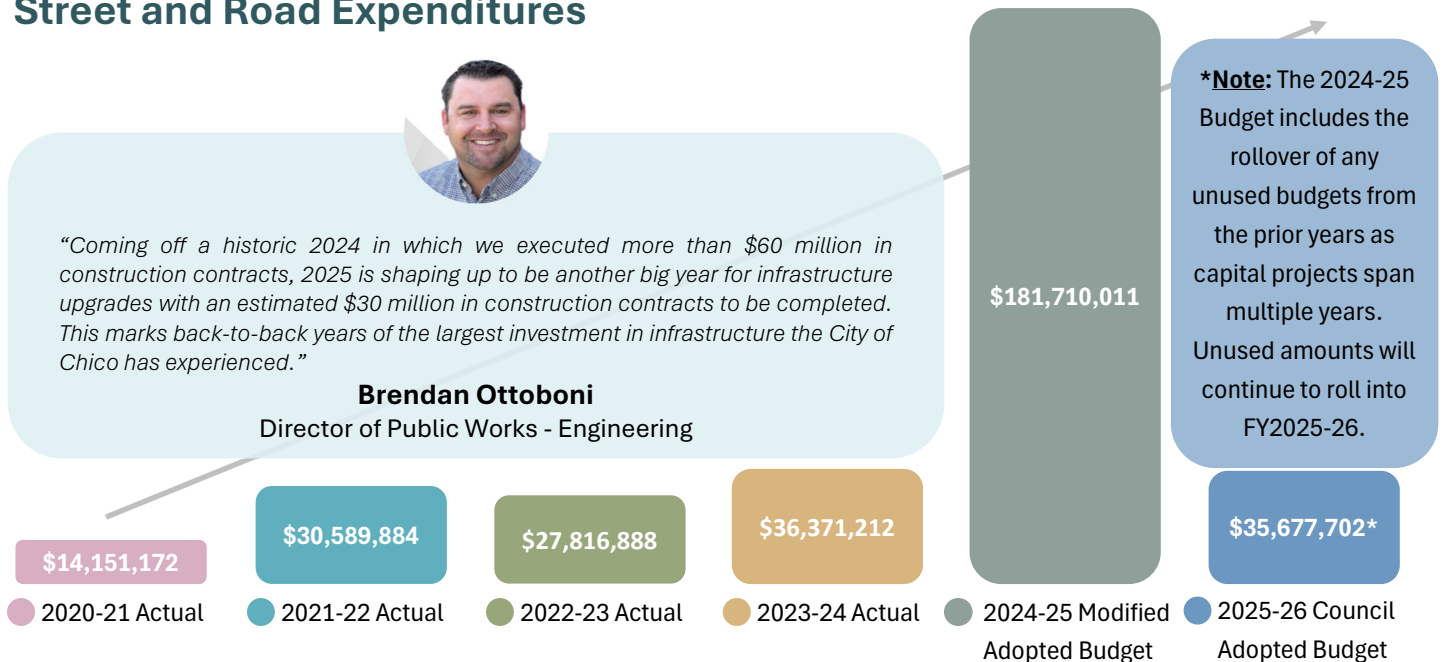




## 2025 Roadway Projects in Construction

- Bruce Road Reconstruction (Completion Summer 2025)
- Phase 5 Pedestrian Overcrossing (Completion May 2025)
- Esplanade Safety & Accessibility (Completion Summer 2025)
- Rio Lindo Road Rehabilitation (Completion June 2025)
- N Bruce Road Rehabilitation (SR32 to Chico Canyon Road)
- Peterson Memorial Drive Rehabilitation (Lower Park)
- Southeast Chico (P-18) Sewer Trunkline Installation— Phase 1
- Salem Street Bridge Replacement over Little Chico Creek
- Commerce Court / Westfield Lane Connection (Meyers Industrial Park area)
- Notre Dame Bridge over Little Chico Creek (Meriam Park)
- Eaton Road / Floral Avenue Roundabout
- Parkwood Drive Sewer Main Installation
- 2025 Sewer Main Replacement (Olive Street area between E 3<sup>rd</sup> Street and E 8<sup>th</sup> Street)
- 2025 Annual Striping
- WPCP Primary Clarifier Reconstruction
- 2025 Pavement Preservation— Cal Park and Amber Grove neighborhoods
- Park Avenue Beautification

## Street and Road Expenditures



## 2026 Upcoming Roadway Projects

- E 20<sup>th</sup> Street Road Rehabilitation (Park Avenue to Notre Dame Boulevard)
- Ceanothus Avenue Road Rehabilitation (Manzanita to East Avenue)
- Fair Street Reconstruction and multi-modal improvements (E 20<sup>th</sup> Street to E Park Avenue)
- Pomona Bridge Replacement over Little Chico Creek
- North Esplanade Widening (Eaton Road to Nord Highway)
- Eaton Road / Southbound SR99 Roundabout
- Fair Street Reconstruction (W Sacramento Street to 4<sup>th</sup> Avenue)
- Southeast Chico (P-18) Sewer Trunkline Installation—Phase 2
- 2026 Pavement Preservation— Neighborhoods adjacent to Ceanothus Avenue (south of East Avenue)
- Eaton Road Widening and intersection improvements (between Lassen Avenue and Wildwood Park)
- 2026 Sewer Main Replacements
- South Park Drive (Lower Park) Road Rehabilitation

## Questions? Contact Us.

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<https://chico.ca.us>

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## City Council Strategic Initiatives

# BUDGET

FISCAL YEAR  
IN BRIEF 2025-26



### A Safe Community:

Focused on enhancing public safety through improved staffing, updated departmental policies, traffic and transportation infrastructure upgrades, and increased resilience to natural disasters such as flooding and wildfires. A comprehensive homelessness response is also integrated into this effort.



### Long-Term Viability:

Emphasizes sustainable growth by investing in infrastructure, updating land use and housing policies, adhering to the 2030 General Plan, and developing an economic strategy grounded in sound financial practices.



### Protect and Enhance Primary Community Assets:

Centers on revitalizing parks, greenways, and recreational spaces, strengthening neighborhoods, enhancing partnerships with CSU Chico, improving downtown, and supporting key businesses to retain residents and attract new investment.

On March 19, 2025, the City Council held a public strategic planning workshop facilitated by a local consultant to evaluate and refine the City's goals and priorities. During this session, three key strategic initiatives were identified to guide future efforts. On May 6, 2025, the Council reconvened to continue these discussions, aiming to align organizational priorities, enhance collaboration, and define a clear strategic direction.



## Budget Priorities and Issues

With the adoption of the FY2025–26 Budget, the City of Chico is taking a responsible approach in response to projected flat revenues. With limited resources, the City's focus is on strategic investments that reflect the community's top priorities. Key changes proposed in the FY2025–26 Budget compared to last year include new funding for several important capital projects including the Multifamily Rehabilitation Project, audiovisual upgrades to the Council Chambers, updates to the Water Pollution Control Plant and sewer model, vehicle replacements and various street and roadway improvements.

These investments aim to maintain essential services and improve infrastructure while upholding the City's long-term financial health. Long-term financial challenges the City faces include the cost of revitalizing aging infrastructure being utilized by an increasing population. The availability of funds to update, reconstruct and maintain roads and other infrastructure has not kept up with the needs. Along with infrastructure needs, other issues the City is addressing include affordable housing, homelessness and CalPERS Unfunded Accrued Liability (UAL) costs.

## Questions? Contact Us.



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Scan the QR code  
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accomplishments  
in FY 2024-25

