

BUDGET IN BRIEF

Fiscal Year 2026-27



FY2026-27 Budget Message

“Thoughtful budget prioritization is essential to preserving and enhancing the quality of life in Chico and ensuring that it remains a premier community in which to live, work, learn, and recreate... Measure H revenues have significantly increased roadwork improvement activities throughout the City; however, it will take years of sustained investment and effort to raise the citywide pavement condition index to the desired standard.”



Mark Sorensen
City Manager



Year in Review

FY2025-26

107,211

Police calls for service

19,996

Emergency responses by Fire Department

\$30 million

In executed construction contracts

350

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

4,633

Trees pruned
605 Hazardous trees removed
456 Trees planted

2.330 MWh

Solar power generation

450

Encampments cleared

350

Tons of trash removed from parks and public spaces

By the Numbers

108,026

Population, 2025

Source: State Dept. of Finance

\$66,977

Median Household Income

Source: American Community Survey 5-year estimates

\$468,100

Median Home Value, 2024

Source: US Census Bureau

35.3

City square miles

324.5

Miles of streets

3,812

Acres of park land

Budget Timeline

January 2, 2026

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

March 23, 2026

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

May 19, 2026

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

July 1, 2026

Final Budget is posted and distributed

February 13, 2026

Departments submit requests for new capital and operating appropriations

April 15, 2026

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

June 2, 2026

Final Budget, including council-directed amendments, is brought to the City Council for adoption

See how your tax dollars are put to work.

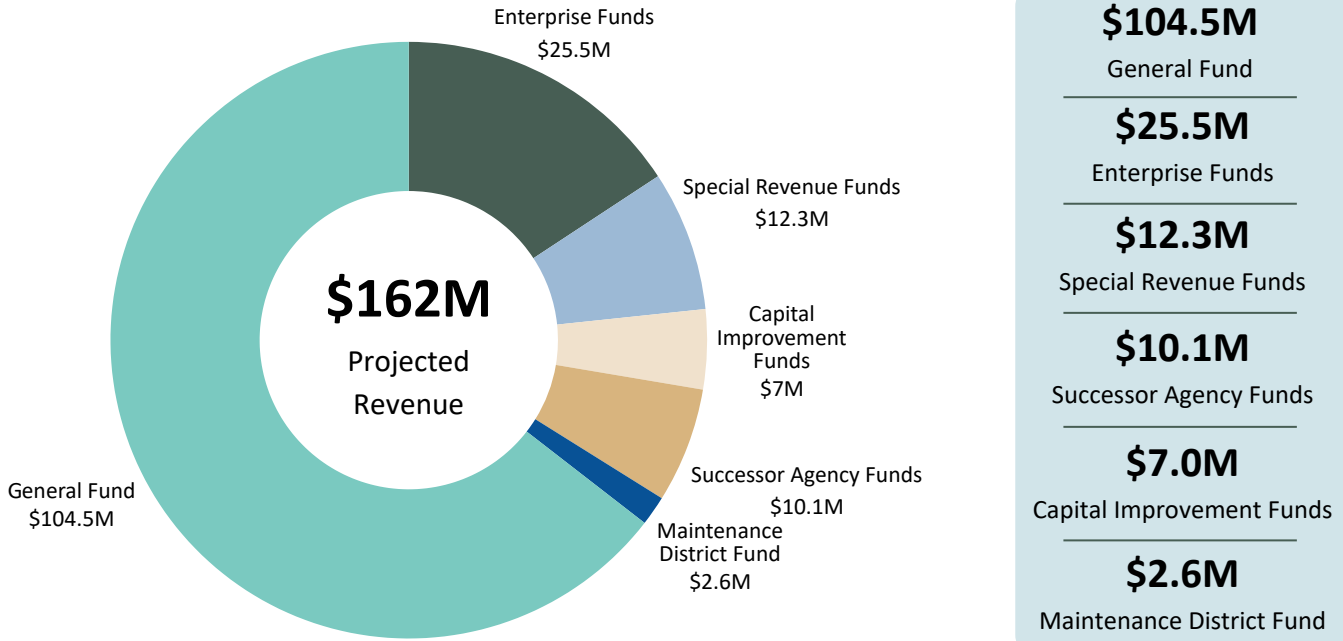
Powered by ClearGov

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://https://chicoca.gov/Departments/Finance/index.html>





Projected Revenue



What is the General Fund?

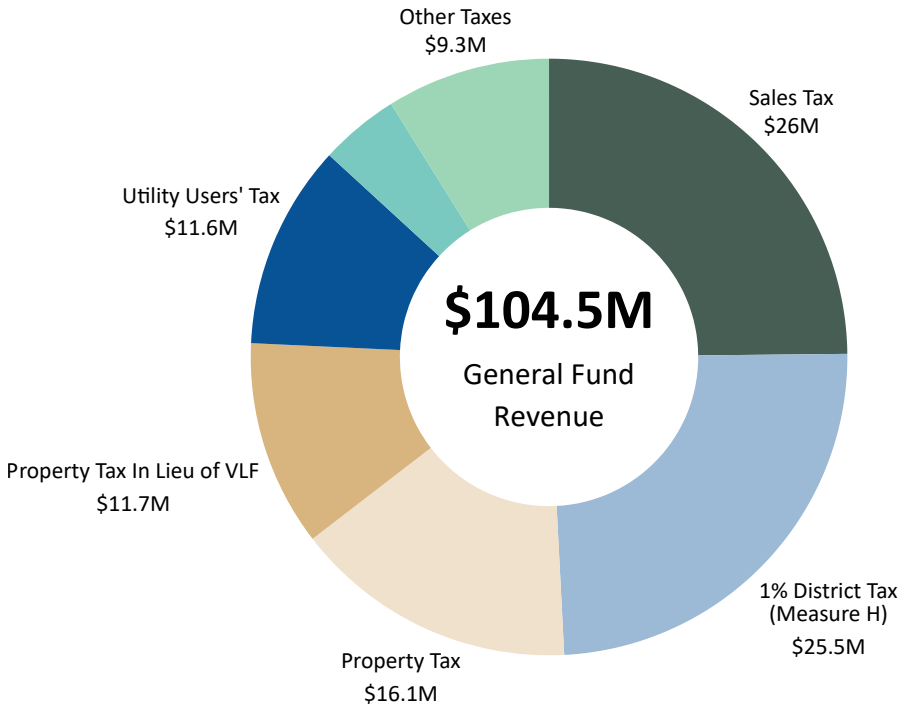
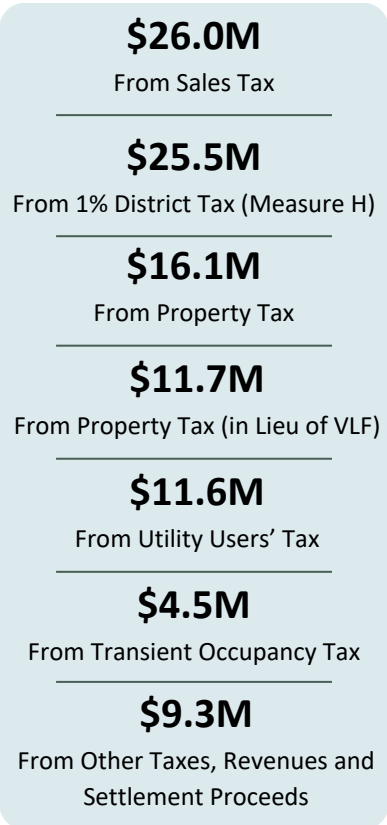
The General Fund supports the City’s basic services, such as police and fire operations, parks, street maintenance, legislative, and administrative services. The use of General Fund revenue is unrestricted and is supported by the sources of revenue listed below.

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.

General Fund Revenue Sources





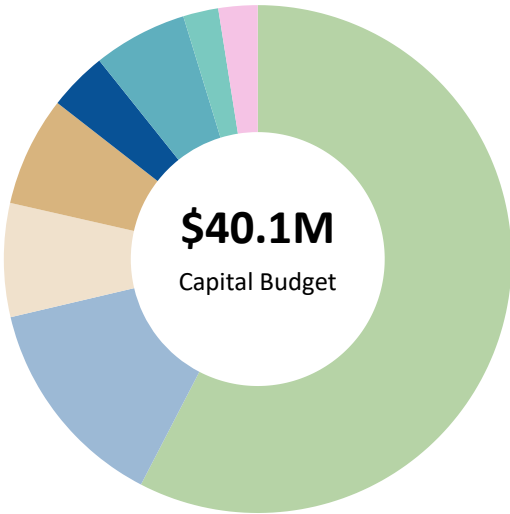
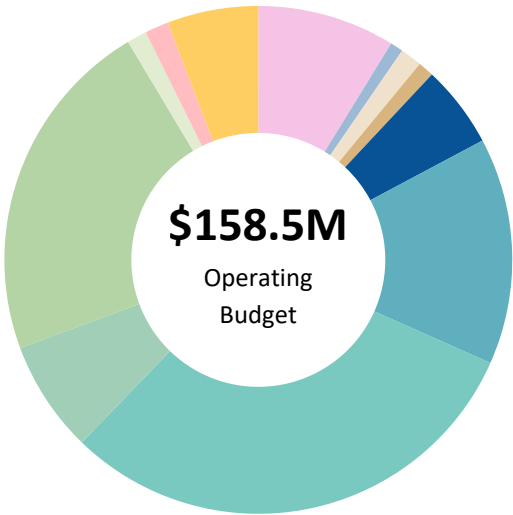
Projected Expenditures

\$198.6M
Total City Budget

\$158.5M
Operating Budget

\$40.1M
Capital Budget

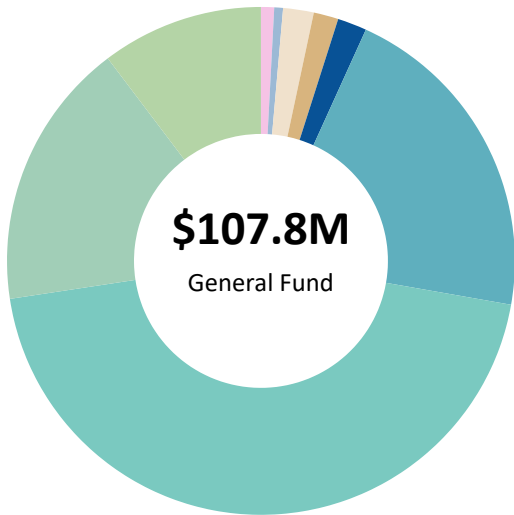
- Administrative Services \$13.9M (8.8%)
- City Attorney \$1.3M (.8%)
- City Clerk \$2.2M (1.4%)
- City Manager \$1.6M (1.0%)
- Community Development \$8.3M (5.2%)
- Fire \$22.9M (14.4%)
- Police \$48.5M (30.6%)
- Public Works Engineering \$11.3M (7.1%)
- Public Works Operations & Maintenance \$35M (22.1%)
- Successor Agency \$2.0M (1.3%)
- Improvement Districts \$2.4M (1.5%)
- Debt Service \$9.2M (5.8%)



- Road & Bikeways \$23.1M (57.6%)
- Water & Sewer \$5.5M (13.7%)
- Other Equipment / Misc. \$2.9M (7.2%)
- Other Improvements \$2.7M (7.0%)
- Building and Facilities \$1.5M (3.7%)
- Vehicles and Wheeled Equipment \$2.4M (6%)
- Housing \$.9M (2.2%)
- Computer Software & Equipment \$1.0M (2.5%)

General Fund Expenditures

- Administrative Services \$.9M (.8%)
- City Attorney \$0.6M (.6%)
- City Clerk \$2.1M (1.9%)
- City Manager \$1.7M (1.6%)
- Community Development \$2.0M (1.9%)
- Fire \$22.6M (21.0%)
- Police \$48.3M (44.8%)
- Public Works Engineering \$18.4M (17.1%)
- Public Works Operations & Maintenance \$11.1M (10.3%)



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.



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 285 active and ongoing projects within the City of Chico. The total projected capital budget for FY2025-26 is approximately \$235 million. Approximately 15 new capital projects have been added to the Budget for FY2026-27 with a total budget request of \$40 million.

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.

SST Power Generation Projects

In partnership with PG&E and Southland Industries and the support of City Council, we have installed 2.2MW of power generation capacity. The projects completed at the Wastewater Treatment Plant are a 900kW and a 672kW solar array with single axis tracking that provide power to the Plant and to the grid for power offsets use elsewhere in the city. In addition, a 250kW cogeneration generator is nearing completion. This will utilize methane captured from the treatment process to power the Wastewater Treatment Plant. We have also completed a 260kW solar project at the Municipal Service Center and a 120kW solar project at the Downtown Parking Structure. A conservative estimate of energy in the last 12 months is more than 2.3MWh. This number will continue to climb as cogeneration comes online and we optimize output on the solar arrays.



Solar Arrays at WPCP



Solar Arrays at Parking Structure



250kW Cogen



Solar Arrays at Municipal Service Center

Caper Acres Fence & Birthday Ring 2 Renovation

The support of the Chico community, including \$150,000 in donations from local residents and organizations, has made possible the Caper Acres perimeter fence project and the Caper Acres Birthday Ring 2 renovations.



Pre-Renovation



Mid-Renovation

Eaton Road & Floral Avenue Roundabout

Construction on a multi-lane roundabout at Eaton Road and Floral Avenue began in April 2026. This project aims to improve traffic flow and safety at this key intersection, supporting the city's long-term growth plans outlined in the City of Chico General Plan. The upgrade will include widening Eaton Road to four lanes east of Floral Avenue, with two lanes in each direction for east-west traffic and one lane in each direction on Floral Avenue for north-south traffic. It will also feature drainage improvements, landscaping, street lighting, walkways, and bicycle facilities, consistent with other Chico roundabouts. Landscaping will be enhanced and restored in the northwest and southwest quadrants near the existing apartment complexes.





2026 Roadway Projects in Construction

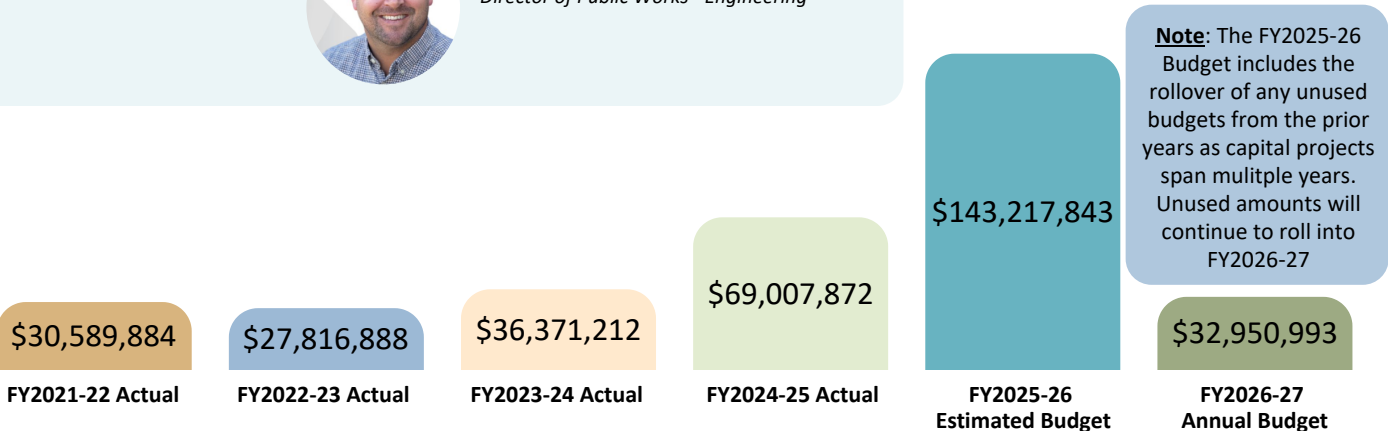
- 2026 Road Rehabilitation (Ceanothus Avenue)
- 2026 Pavement Preservation (Forest Avenue)
- 2026 Road Rehabilitation (E. 20th Street)
- Eaton Road & Floral Avenue Roundabout
- Fair Street Rehabilitation
- N. Cedar Street Improvements
- Park Avenue Beautification
- Pomona Avenue Bridge Replacement
- Primary Clarifiers Rehabilitation Project
- South Park Drive Rehabilitation
- SR32 & Bruce Road Signal Enhancements

Street and Road Expenditures

“Over the past several years, the Public Works–Engineering team has delivered a historic volume of projects for our community. In 2026, while total funding does not exceed the 2024 peak of over \$60 million, we will deliver our highest number of projects to date, 13 projects totaling approximately \$32 million in construction. Our team continues to meet these challenges, providing high-quality infrastructure and services to the Chico community.”



Brendan Ottoboni
Director of Public Works - Engineering



2027 Upcoming Roadway Projects

- 2026 Sewer Main Replacement Project (2026)
- 2027 Road Rehabilitation (North, Floral, and Mariposa)
- Airport Pond Sewer Repair
- Big Chico Creek Erosion Repair
- Eaton Road Corridor Improvements
- Eaton Road/SR99 Roundabout (Southbound)
- Garner Lane Reconstruction

Questions? Contact Us.



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pw.engineering@chicoca.gov
<https://chicoca.gov>

Scan the QR code to view a complete list of upcoming Capital Projects





NORTH VALLEY FIBER *Local Connectivity, Endless Possibilities*

Conduit installation is now complete in Zones 1, 2, 3, 5, 6, 7, 10, 11, 12, 13, 16, and 18. Crews are actively installing and splicing fiber in these areas, with several zones nearing completion:

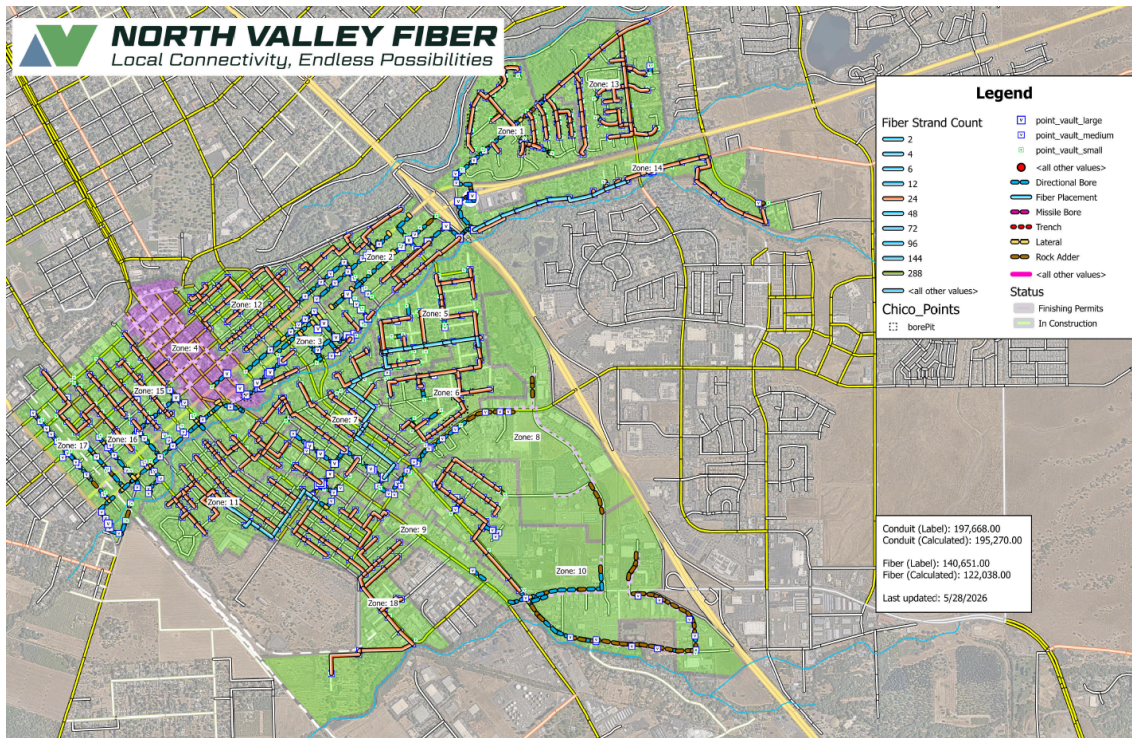
- Fully complete (100% placed & spliced): Zones 6, 12, 13, 18
- Nearly complete: Zone 1 (95%/95%), Zone 11 (100%/90%)
- Strong progress: Zones 2, 3, 5, 7
- Early splicing stages: Zones 10 and 16

38.32 miles Conduit installed	24.89 miles Fiber cable installed
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Construction crews have placed 38.32 miles of conduit and 24.89 miles of fiber. This is significant, as the entire project is anticipated to be around 39.77 miles.

Planning is advancing for Zone 4, which includes the downtown corridor. Recent field walk-throughs helped identify construction challenges unique to this area. Final engineering plans are completed and are in the final approval stage. Exploratory utility work will follow to better understand underground infrastructure, helping reduce impacts to businesses, traffic, and overall project costs. Zone 4 is the final zone pending approval before construction begins.

The communications shelter has been put into place, and the electrical connection is awaiting inspection. The team will be placing the server equipment in anticipation of lighting the network sometime in June 2026 with customers likely to see service around July.



Questions? Contact Us.



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P.O. Box 3420 Chico, CA 95927	info@northvalleyfiber.com https://northvalleyfiber.com

Scan the QR code for more information and updated progress





City Council Strategic Initiatives



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.



Budget Priorities and Issues

The FY2026–27 budget reflects the City’s commitment to aligning resources with City Council priorities and community expectations. Investments in infrastructure, technology, economic vitality, public safety, and operational efficiency are intended to support long-term organizational resilience while preserving essential public services.

Maintaining and rehabilitating the City’s infrastructure remains a major priority. Continued investment is needed to address deferred maintenance and preserve critical public assets, including roadways, parks, facilities, storm drainage systems, sewer infrastructure, and technology systems. The City also continues to prioritize emergency preparedness, disaster recovery planning, and wildfire resilience efforts to better protect residents, businesses, and community assets.

Like many California municipalities, the City faces ongoing fiscal pressures related to inflation, aging infrastructure, rising personnel costs, and increasing operational demands. While voter-approved Measure H sales tax revenues continue to provide critical support for community priorities, economic uncertainty and fluctuations in consumer spending require a cautious and responsible financial approach.

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