CITY OF TEMECULA/TEMECULA COMMUNITY SERVICES DISTRICT/SARDA
AGENDA REPORT

TO: City Council/Board of Directors

FROM: Aaron Adams, City Manager/General Manager/Executive Director

DATE: June 9, 2026

SUBJECT: Approve Fiscal Years 2027-31 Capital Improvement Program (CIP) and Adopt Fiscal Year 2026-27 CIP and Annual Operating Budgets for the City of Temecula, the Temecula Community Services District and the Successor Agency to the Redevelopment Agency

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PREPARED BY: Jennifer Hennessy, Finance Director/Treasurer

RECOMMENDATION: That the City Council/Board of Directors adopt the following resolutions entitled:

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA APPROVING THE CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2027-31 AND ADOPTING THE CAPITAL IMPROVEMENT PROGRAM BUDGET FOR FISCAL YEAR 2026-27

RESOLUTION NO. CSD

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA COMMUNITY SERVICES DISTRICT OF THE CITY OF TEMECULA ADOPTING THE FISCAL YEAR 2026-27 PRELIMINARY ANNUAL OPERATING BUDGET AND ESTABLISHING CONTROLS ON CHANGES IN APPROPRIATIONS

RESOLUTION NO. SARDA

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE TEMECULA REDEVELOPMENT AGENCY APPROVING THE CAPITAL IMPROVEMENT PROGRAM FISCAL YEARS 2027-31, ADOPTING THE CAPITAL IMPROVEMENT PROGRAM BUDGET FOR FISCAL YEAR 2026-27, ADOPTING THE

FISCAL YEAR 2026-27 ANNUAL OPERATING BUDGET AND ESTABLISHING CONTROLS ON CHANGES IN APPROPRIATIONS

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA ADOPTING THE FISCAL YEAR 2026-27 ANNUAL OPERATING BUDGET, ESTABLISHING CONTROLS ON CHANGES IN APPROPRIATIONS, ESTABLISHING CONTRACT AUTHORITY OF CITY MANAGER, ESTABLISHING LAWSUIT SETTLEMENT AUTHORITY OF CITY MANAGER

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA ESTABLISHING THE APPROPRIATIONS LIMIT FOR FISCAL YEAR 2026-27

DISCUSSION: At its May 21, 2026 Budget Workshop, the City Council was presented the Proposed Fiscal Years 2027-31 Capital Improvement Program and 2026-27 CIP and Annual Operating Budgets for the City, Temecula Community Services District (TCSD), and the Successor Agency to the Temecula Redevelopment Agency (SARDA).

The attached Transmittal Letter summarizes the highlights of the Fiscal Year 2026-27 Proposed Annual Operating Budget and Fiscal Years 2027-31 Capital Improvement Program documents.

The list of adjustments noted below were discussed at the Council Workshop, and will be incorporated into the Final Annual Budget and CIP:

- Old Town Wayfinding Signs: Reclassify the remaining balance in this project from the operating budget to the Capital Improvement Program, funded within the Community Reinvestment Program Fund. ($453,436)

- Ronald Reagan Sportspark Playground Rehabilitation: Segregate this playground project from the Playground Equipment Enhancement & Safety Surfacing project budget, and increase budget amount by $500,000 funded with DIF-Park & Rec Improvements. ($1,350,000)

- Margarita Road & Winchester Road Intersection Improvements: Add to the list of projects to be funded with the Pavement Rehabiliation Program – Citywide capital project. ($250,000)

- MSJC Endowment Fund: Appropriate $25,000 from the Council Community Support operating budget line item for a one-time contribution.

- Insurance Fund: Appropriate an additional $240,000 to cover the increased cost of the FY26-27 insurance premiums.

- Budget & Fiscal Policies: Modify Policy VIII.D.4. - Criteria for Obligating the General Fund, and and Exhibit A – General Fund Debt Obligation Checklist to change the percentage of General Fund Operating Revenue from 10% to 5%, when comparing the proposed debt service to General Fund Operating Revenue, and add the following statement to the policy, "City Council shall conduct a noticed public meeting when considering the additional of General Fund debt at a time accessible to maximize transparency of the agenda item."

Additionally, the following list of administrative corrections will also be reflected in the Final Budget:

- Remove the Planning Technician (Limited-Term Assignment) position from the Community Development Department, as this position is vacant and no longer needed.
- Change the name of the City Facility Security capital project to "Civic Center Lobby Enhancements."
- Add Fund Summaries for Funds 700 – CA Employer's Retiree Benefit Trust (CERBT) Fund and Fund 701 – Pension Trust Fund.

FISCAL IMPACT: The specific fiscal impacts are noted in the Fiscal Years 2027-31 Capital Improvement Program and Fiscal Year 2026-27 Annual Operating Budget documents.

ATTACHMENTS:

1. Transmittal Letter
2. Resolution - Approving the CIP for Fiscal Years 2027-31 and Adopting the CIP Budget for Fiscal Year 2026-27
3. Resolution - Adopting the Fiscal Year 2026-27 TCSD Preliminary Annual Operating Budget
4. Resolution – Approving the SARDA CIP Fiscal Years 2027-31 and Adopting the CIP Budget for Fiscal Year 2026-27, and Adopting the Fiscal Year 2026-27 Annual Operating Budget
5. Resolution - Adopting the Fiscal Year 2026-27 Annual Operating Budget
6. Resolution - Appropriations Limit for Fiscal Year 2026-27
7. GANN Appropriations Limit