



CITY OF COSTA MESA
CITY MANAGER'S OFFICE

June 2, 2026

To the Honorable Mayor, Members of the City Council, and Citizens of Costa Mesa:

It is my pleasure to present the City of Costa Mesa's Fiscal Year 2026-27 Operating and Capital Improvement Budget. City staff have carefully considered the City Council's priorities and goals during the development of this Proposed Budget to ensure essential services and community needs remain fully supported.

While the City continues to benefit from modest revenue growth, particularly in Sales Tax, Property Tax, and Transient Occupancy Tax, broader macroeconomic forces associated with geopolitical tensions, supply chain disruptions, fluctuating energy markets, and rising operational costs create an environment of uncertainty. These external pressures have the potential to affect consumer behavior and critical municipal revenue sources. In response, the City has taken a measured and proactive approach: aligning revenue projections with realistic expenditure assumptions and identifying one-time deferral opportunities that maintain service delivery without impacting core programs.

Despite increasing costs for goods, services, and personnel, the Proposed FY 2026-27 Budget remains structurally balanced without the use of General Fund reserves, demonstrating the City's ongoing commitment to long term fiscal sustainability. This budget ensures that high-quality programs, public safety services, community amenities, and neighborhood investments continue uninterrupted for residents, businesses, and visitors.

The theme for the FY 2026-27 Proposed Budget is "Measured Decisions. Meaningful Impact." Staff will remain focused on the City's mission to serve its community, operate efficiently, and maintain resilience in the face of evolving economic conditions. The City's ability to sustain strong service levels reflects the collective commitment of the City Council, staff, residents, businesses, and our community partners working together to support Costa Mesa's continued success.

Guiding Principles

The guiding principles that shaped the FY 2026-27 Proposed Operating and Capital Improvement Budget were established when the City Council conducted a Strategic Planning workshop identifying key priorities, as well as the Mission Statement for Costa Mesa, as follows:

"The City of Costa Mesa serves our residents, businesses, and visitors by promoting a safe, inclusive, and vibrant community."

The City Council Proposed Strategic Plan Goals as outlined below:

- Strengthen the Public's Safety and Improve the Quality of Life;
- Achieve Long-Term Fiscal Sustainability;
- Recruit and Retain High Quality Staff;
- Diversify, Stabilize, and Increase Housing to Reflect Community Needs;
- Advance Environmental Sustainability and Climate Resiliency.
- Maintain and Enhance the City's Facilities, Technology, and Equipment

In addition to the six goals, the City Council proposed Core Values as part of their Strategic Plan:

- Integrity
- Sustainability
- Innovation
- Compassion
- Inclusion
- Collaboration

The recommendations in the FY 2026-27 Proposed Budget are rooted in the Strategic Plan Goals and Core Values established by the City Council to promote a safe, inclusive, and vibrant community. This budget underwent a thorough review and in-depth analysis by multiple levels of staff to ensure that funding requests support both short-and-long-term fiscal sustainability.

Every proposed adjustment has been carefully evaluated based on operational needs, the provision of essential core services, and the effective implementation of the City Council's stated goals and priorities. Together, these goals and priorities form the foundation of this year's recommendations, aligning resources with long-term stability and the City's responsibility to deliver meaningful, reliable services to the community.

Overview of FY 2026-27 Proposed All Funds Budget

The Fiscal Year 2026-27 Proposed All Funds Budget reflects the operating and capital spending plans for the General Fund, Special Revenue Funds, Capital Project Funds, and Internal Service Funds. The total Proposed Budget for all funds is \$245.9 million, an increase of \$20.9 million, or 9 percent, compared to the Fiscal Year 2025-26 Adopted Budget of \$224.9 million. The All-Funds Budget for the City includes both governmental and proprietary funds. Table 1 illustrates these amounts.

Table 1 – Proposed Budget – All Funds

Expenditure Category	Adopted FY 2025-26	Proposed FY 2026-27	Increase/(Decrease)		FY 2026-27 % of Total
			Amount	Percent	
Operating Budget	\$ 202,433,823	\$ 211,652,683	\$ 9,218,860	5%	86%
Transfers Out	3,547,836	10,625,324	7,077,488	199%	4%
Capital Budget	18,957,631	23,585,595	4,627,964	24%	10%
Total	\$ 224,939,290	\$ 245,863,602	\$ 20,924,312	9%	100%

The All-Funds Budget for the City includes both governmental and proprietary funds. Governmental funds include the General Fund, Special Revenue Funds, Internal Service Funds, and Capital Improvement Funds. The Special Revenue Funds consist of grants and other restricted revenues designated for specific programs or services, typically provided through Federal, State, or County agencies. Some of these funds receive ongoing revenue streams, while others are awarded as one-time competitive grants and require careful monitoring, compliance, and recordkeeping. Proprietary funds include the City’s internal service operations such as equipment replacement, self-insurance programs, and information technology replacement, which ensure that critical internal services are properly maintained and financially supported over time. Capital Improvement Funds support major capital projects, many of which span multiple fiscal years.

In some instances, individual funds may carry accumulated fund balances that have built up over time and can be used as needs arise or to complete specific projects within required timeframes. As such, the All-Funds Budget is comprised of numerous separate funds, each with its own accounting and reporting requirements governed by applicable regulations and, in some cases, statutory provisions.

The City’s General Fund, however, is unrestricted and can be used to provide a broad array of public services. It is supported by multiple revenue sources, including property, sales, hotel, and cannabis taxes, as well as user fees, fines, facility rentals, and development-related charges.

Operating Budget

During the development of the Fiscal Year 2026-27 Proposed Budget, departments were given instructions to thoroughly review operational expenses to identify 5% in reductions to their operating budget without impacting core services. Through this comprehensive evaluation, staff identified some reductions and one-year expenditures deferrals (one-time savings) that can be implemented while ensuring the City’s primary service levels remain intact. At the same time, staff are continuing to evaluate long-term revenue strategies to ensure the City can sustainably meet its future operational needs. This work includes assessing potential revenue enhancements, monitoring economic trends, and identifying opportunities to strengthen the City’s overall fiscal position. Together, these efforts support the City’s commitment to maintaining service levels, advancing City Council priorities, and ensuring long-term financial resilience.

The total proposed operating budget for All Funds is \$211.7 million, an increase of \$9.2 million, or 5 percent, compared to the FY 2025-26 Adopted Budget of \$202.4 million. Leadership made a concerted effort to ensure that the FY 2026-27 Operating Budget remained balanced, while addressing rising costs and supporting essential operations across all departments.

Transfers Out

The Proposed All Funds Transfers Out of \$10.6 million provide funding for the Capital Improvement Fund (Fund 401) for continued investment in City facilities and infrastructure, and the Information Technology Replacement Fund (Fund 603) to support the replacement of technology hardware and software, and for Housing Authority to support homeless programs. In accordance with City Ordinance No. 2020-06, the City is required to contribute 5% of annual General Fund revenues to the Capital Improvement Fund and 1.5% to the Information Technology Replacement Fund. For FY 2026-27, this results in allocations of \$6.7 million to Capital Improvement Fund (Fund 401) and \$3.1 million to Information Technology Replacement Fund (Fund 603).

This year's Transfers Out also include the scheduled annual repayment of previously deferred contributions to both the Capital Asset Needs (CAN) program and the Information Technology Replacement Fund (ITRF), totaling \$0.7 million. As a result, Transfers Out from All Funds increased by \$7.1 million compared to the prior fiscal year, reflecting the City's renewed ability to meet mandated funding levels.

Additionally, the Transfers Out includes a \$0.8 million allocation from the Opioid Settlement Fund (Fund 227) to the Housing Authority Fund (Fund 222) to support homeless programs.

Capital Budget

The FY 2026-27 Proposed Capital Improvement Program (CIP) Budget was presented to the City Council at the March 31, 2026, Study Session. This year's CIP continues to focus on advancing and completing projects identified in the City's 5-Year Capital Improvement Plan. The Proposed All-Funds Capital Budget totals \$23.6 million, an increase of \$4.6 million, or 24 percent, from the Adopted FY 2025-26 Budget. Of this total, \$15.9 million will be funded through various City funds and grants, with additional detail provided in the CIP section of the FY 2026-27 Proposed Budget Book. In addition to the \$23.6 million, the Capital Improvement Program also allocates \$12 million for the Fire Station #2 Reconstruction project that will be funded through future bond financing.

The FY 2026-27 CIP Budget includes funding for a range of projects across key service areas, including transportation, street improvements, facilities, parks, and technology. Specifically, the budget allocates approximately \$7.0 million for transportation projects,

\$8.9 million for street improvement projects, \$16.2 million for facility improvements, \$1.9 million for park enhancements, and \$1.6 million toward information technology capital projects. The Capital Budget functions as a long-term investment plan that supports the development and maintenance of essential City infrastructure with many capital projects completed in phases and span multiple fiscal years.

FY 2026-27 Proposed General Fund Budget Overview

The Proposed FY 2026-27 General Fund expenditure budget is a balanced budget and totals \$200.0 million. This reflects an increase of \$13.1 million, or 7 percent, from the FY 2025-26 Adopted Budget of \$186.9 million. Table 2 is a summary of the FY 2026-27 General Fund Proposed Revenue and Expenditure Budget.

Table 2 – General Fund Revenue and Expenditure

Revenue Source	Adopted	Proposed	Increase/(Decrease)		FY 2026-27
	FY 2025-26	FY 2026-27	Amount	Percent	% of Total
Taxes	\$ 159,300,278	\$ 169,204,186	\$ 9,903,908	6%	85%
Licenses and Permits	5,700,227	5,970,320	270,093	5%	3%
Fines and Forfeitures	1,302,091	1,661,991	359,900	28%	1%
Use of Money and Property	5,108,250	6,141,623	1,033,373	20%	3%
Other Governmental Agencies	937,582	1,448,853	511,271	55%	1%
Fees and Charges for Service	13,181,206	13,989,555	808,349	6%	7%
Other Revenue	1,325,972	1,550,047	224,075	17%	1%
Total	\$ 186,855,606	\$ 199,966,575	\$ 13,110,969	7%	100%

Expenditure Category	Adopted	Proposed	Increase/(Decrease)		FY 2026-27
	FY 2025-26	FY 2026-27	Amount	Percent	% of Total
Salaries and Benefits	\$ 137,367,317	\$ 146,171,618	\$ 8,804,301	6%	73%
Maintenance and Operations	43,726,192	41,165,570	(2,560,622)	-6%	21%
Fixed Assets	2,964,263	2,804,063	(160,200)	-5%	1%
Transfers Out	2,797,836	9,825,324	7,027,488	251%	5%
Total	\$ 186,855,608	\$ 199,966,575	\$ 13,110,967	7%	100%

FY 2026-27 General Fund Revenue Highlights

The FY 2026-27 Proposed Budget for total General Fund revenues is \$200.0 million, an increase of \$13.1 million, or 7 percent, from the FY 2025-26 Adopted Budget. Revenues are forecasted at a modest growth of 3 percent compared to the FY 2025-26 Projected Year End of \$193.9 million. These funds support a wide range of essential City services, including public safety, roads, parks and community services, development services, and other activities and programs. While uncertainties such as geopolitical conflict, increase in energy costs, changing tariff policies, and persistent inflation continue to influence economic conditions, the City has seen moderate growth in several key revenue categories. The Fiscal Year commencing July 1, 2026, is proposed as a balanced budget without the use of General Fund reserves.

Sales and Use Tax: Sales tax remains the largest revenue category for Costa Mesa and is estimated at \$82.5 million for FY 2026-27, an increase of \$7.5 million, or 10 percent, from the FY 2025-26 Proposed Budget. The City continues to experience growth in this category, even as broader economic conditions would typically temper consumer spending.

Property Tax: All combined Property Tax revenues are estimated at \$64.0 million, reflecting a 2 percent increase from the prior fiscal year budget. Despite elevated interest rates and limited housing supply, assessed values and market activity continue to demonstrate resilience.

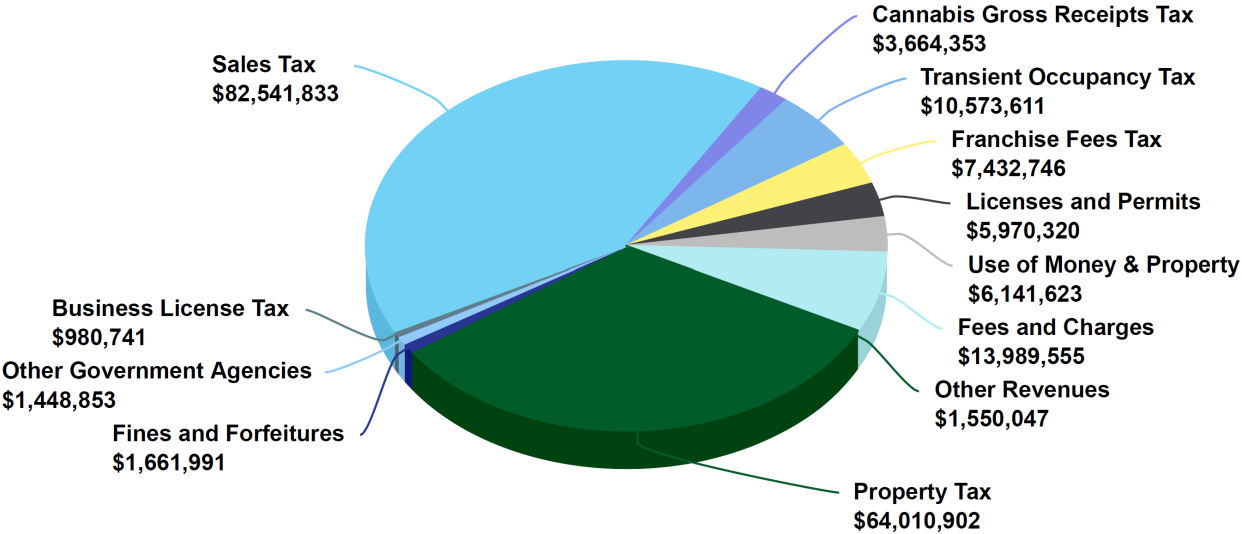
Transient Occupancy Tax (TOT): Transient Occupancy Tax revenues are projected at \$10.6 million, a 7 percent increase from the amount Adopted for FY 2025-26. The previously Proposed revenue estimate accounted for potential softness in travel-related spending, which has shown signs of improvement heading into FY 2026-27.

Fees and Charges: Fees and Charges are estimated at \$13.9 million, an increase of \$0.8 million, or 6 percent, for FY 2026-27. This category reflects continued growth stemming from the 2.7 percent credit card processing fee implemented in FY 2025-26 and applicable CPI-based adjustments to certain fee schedules.

Measure Q Retail Cannabis Business Tax: On November 3, 2020, voters approved the “City of Costa Mesa Retail Cannabis Tax and Regulation” Measure, also known as Measure Q, which allows cannabis retail storefront and delivery uses. City Council voted to adopt a 7 percent tax on cannabis retail businesses. The FY 2026-27 Proposed Budget includes an estimated \$3.7 million in cannabis retail taxes, an increase of 1 percent, from FY 2025-26. As established under Measure Q, cannabis retail storefronts and delivery operations are taxed at 7 percent. Two restricted special revenue funds, the Arts and Culture Master Plan Fund (130) and the First-Time Homebuyers Fund (140), continue to receive allocations funded by these tax revenues.

Business License Tax: Business License Tax revenues are estimated at \$1.0 million for FY 2026-27, reflecting a 4 percent increase from FY 2025-26. The Business License Tax has remained unchanged for more than four decades, and revenue growth continues to be driven primarily by the increased number of businesses.

Graph 1 – General Fund Revenue Estimates by Category



FY 2026-27 General Fund Budget Expenditure Highlights

The Proposed Operating General Fund Budget for FY 2026-27 reflects total expenditures of \$200.0 million. Of this amount, \$146.2 million is allocated for salaries and benefits, representing an increase of \$8.8 million, or 6 percent, compared to the FY 2025-26 Adopted Operating Budget of \$137.4 million. The General Fund maintenance and operations and fixed assets budget will decrease to \$44.0 million from \$46.7 million, reflecting operating reduction requests submitted by departments to better align expenditures with projected revenues. The remaining \$9.8 million represents the Transfers Out to the Information Technology Replacement Fund and the Capital Asset Needs Fund as described earlier. With continued economic uncertainties, City funds must be allocated prudently to ensure they provide the greatest possible impact. The FY 2026-27 Proposed Budget for expenditures includes the following significant items:

- A \$3.1 million allocation to ensure compliance with the Information Technology Replacement Fund municipal code requirement of 1.5 percent of General Fund revenue.
- A \$6.7 million allocation to ensure compliance with the Capital Asset Needs municipal code requirement of 5 percent of General Fund revenue.
- A \$2.0 million increase in the annual required CalPERS UAL contribution.
- Adoption of a 2 percent attrition factor across all departments.
- No use of General Fund reserves to balance the budget.

Graph 2 – General Fund Total Appropriation by Department

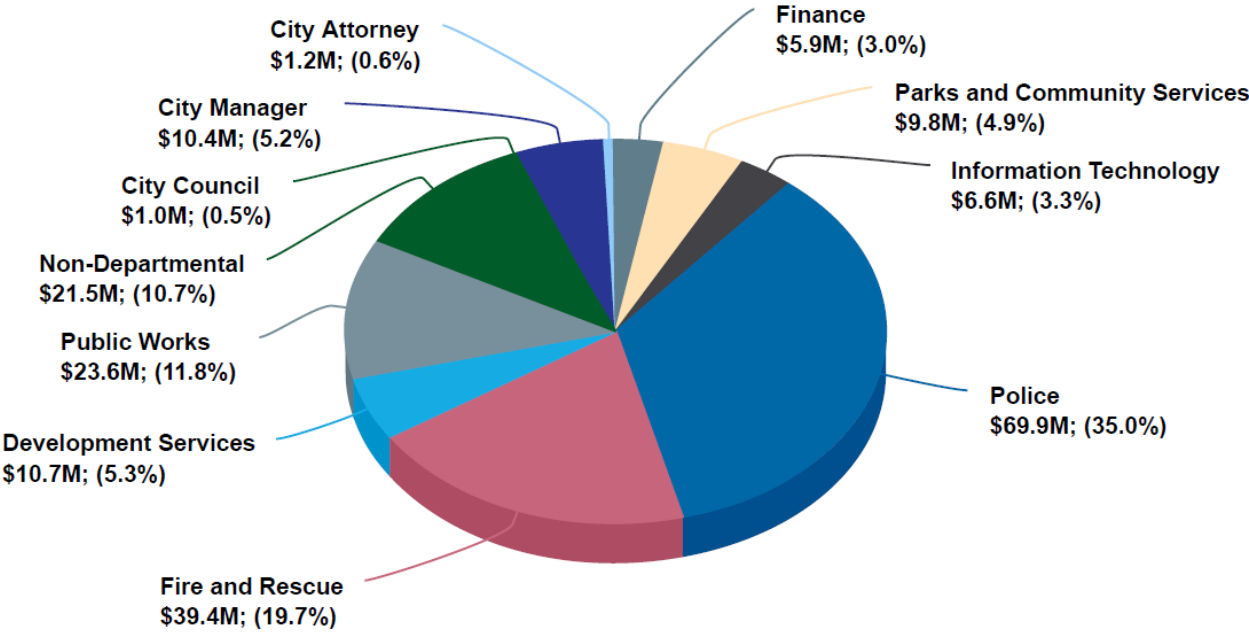


Table 3 – Breakdown of General Fund Appropriation by Department

Department	FY 2021-22 Actuals	FY2022-23 Actual	FY 2023-24 Actual	FY 2024-25 Adopted	FY 2025-26 Adopted	FY 2026-27 Adopted
City Council	\$ 867,909	\$ 834,337	\$ 750,577	\$ 874,089	\$ 954,143	\$ 968,834
City Manager*	6,505,480	7,573,363	8,902,755	9,594,377	9,613,230	10,430,048
City Attorney	958,775	988,108	977,061	1,086,750	1,123,700	1,157,411
Finance	3,811,155	4,271,188	4,416,583	6,073,764	6,296,502	5,933,378
Parks and Community Services	6,379,328	7,371,372	9,753,352	9,037,068	9,101,830	9,779,550
Information Technology	4,104,946	5,133,365	5,567,967	6,402,558	6,570,716	6,625,320
Police	53,504,411	55,874,470	62,005,909	61,919,751	62,820,471	69,922,839
Fire and Rescue	32,298,517	33,480,396	35,159,635	37,772,922	38,903,466	39,421,729
Economic & Development Services	7,522,770	8,229,755	9,082,786	9,911,803	9,695,734	10,651,781
Public Works	19,517,456	20,413,479	23,101,963	23,659,001	22,553,602	23,583,065
Non-Departmental	27,397,679	32,457,225	23,423,354	23,562,076	19,222,213	21,492,620
Total	\$ 162,868,426	\$ 176,627,058	\$ 183,141,942	\$ 189,894,159	\$ 186,855,607	\$ 199,966,575

*City Manager's Department includes City Clerk, Human Resources, and Risk Management

Commitment to the Arts and Culture

At the May 5, 2026, City Council meeting, the Arts Commission provided an update on the implementation of the five-year Cultural Arts Master Plan, accomplishments to date, and next steps for developing the next five-year plan. As part of this discussion, the City Council directed staff to continue allocating funding for the City’s arts and culture programs. The City will award a consulting contract for preparation of the next Cultural Arts Master Plan. Staff initially proposed to return to Council with funding solutions for both the Arts Specialist position and future programming needs. Based on feedback from the City Council and FiPAC, staff was able to identify funding for the Arts Specialist position, ensuring continued support for arts programming and implementation of the next phase of the Master Plan.

Staffing Levels

As part of the City's effort to ensure expenditures remain aligned with projected revenues, staffing levels were reviewed across all departments, and 14 vacant positions were identified and proposed to be frozen for the fiscal year. The FY 2026-27 Proposed Budget includes 599 full-time employees. On January 20, 2026, the City Council approved staff's recommendation to convert two part-time Concierge positions into one full-time Office Specialist II position to better support front-line service needs.

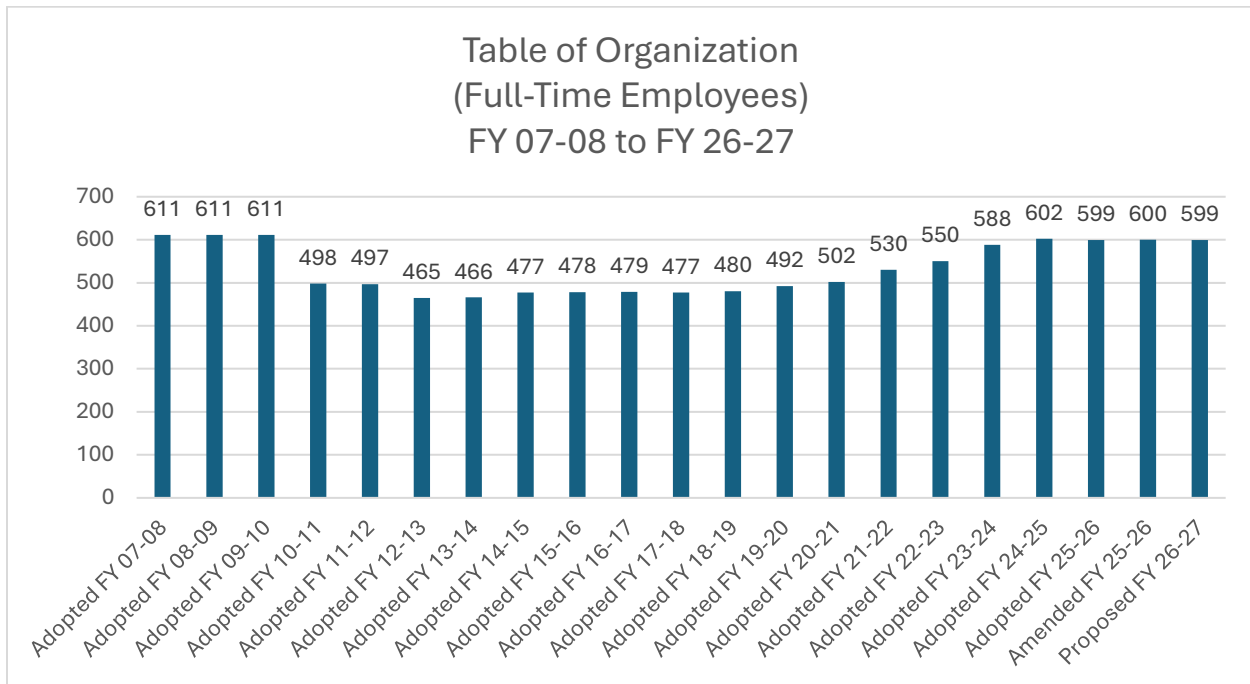
Within the Development Services Department, the Proposed Budget reflects a reallocation of the Chief of Code Enforcement position to a Senior Permit Technician to strengthen building counter operations. In addition, the Department plans to underfill an Assistant Planner position with a Planning Technician to provide needed support at the customer service counter. The Proposed Budget also includes full funding for the Parks and Community Services Department's Senior Center Community Outreach Worker, ensuring continued support for senior services and community engagement.

Within the City's public safety departments, the Proposed Budget includes several key staffing adjustments. In the Police Department, the Budget reflects the reduction of one Park Ranger position, along with the reallocation of a Public Safety Dispatcher position to a Public Safety Dispatch Supervisor to enhance training and operational support. In the Fire and Rescue Department, the City is requesting the reallocation of a vacant Emergency Services Coordinator position to a sworn Battalion Chief to better address operational needs.

Table 4 – Change in Staffing Levels

Department	Job Title	FTE
General Fund		
Police	Park Ranger	(1.00)
Police	Public Safety Dispatcher	(1.00)
Police	Public Safety Dispatcher Supervisor	1.00
Development Services	Chief of Code Enforcement	(1.00)
Development Services	Senior Permit Technician	1.00
Fire & Rescue	Emergency Medical Services Coordinator	(1.00)
Fire & Rescue	Fire Battalion Chief	1.00
Grand Total All Funds Impact		(1.00)

Table 5 - Budgeted Citywide Staffing Levels



The Table of Organization reflects 599 full-time employees, however, not included is the allocation of 107.48 part-time employees for a total of 706.48.

Proposed Department Name Update

The Economic and Development Services Department is requesting a department name change to “Community Development” Department to reflect their broader service base and purpose. This department performs a wide breadth of functions, manages all private-owned property in the City through the complete life cycle of the build environment. This includes reviewing new construction, managing land uses for new and existing buildings, overseeing operational details, housing and community program assistance, ensuring property maintenance and code compliance, and finally, permitting demolition.

The name change to “Community Development” would reflect the broader service base and purpose that the department provides to the City of Costa Mesa. This change would also include a title change for the Economic and Development Services Director to “Community Development Director” and a title change for Assistant Development Services Director to “Assistant Community Development Director.”

Commitment to Public Safety

The FY 2026-27 Proposed Budget of General Fund allocates \$109.3 million as the City’s commitment to public safety, comprising both the Police and Fire Departments. Public

safety budgets account for approximately 55 percent of the General Fund Proposed Budget, with 35 percent allocated to the Police Department and 20 percent to the Fire and Rescue Department. Of the City's 599 full-time employees, approximately 38 percent are sworn positions, reflecting the City's commitment to ensuring and strengthening the public's safety and improving the quality of life.

The Police Department budget includes 142 full-time sworn personnel. The Proposed Budget reflects a salary and benefit decrease associated with the reduction of one Park Ranger position, as well as the reallocation of a Public Safety Dispatcher position to a Public Safety Dispatch Supervisor to strengthen training and operational capacity. Salaries and benefits in the Police Department increased by a net of \$7.1 million, including \$3.3 million attributable to labor contractual agreements and retirement benefits, \$122,000 in overtime for jail operations, and \$3.7 million due to the reallocation of the attrition factor out of the Police Department's budget that had been applied in prior years.

The Fire and Rescue Department includes 86 full-time sworn personnel. The department's salaries and benefits budget increased by a net of \$0.7 million, primarily due to labor contractual obligations and retirement costs. To address operational needs, the Department is requesting the reallocation of a vacant Emergency Services Coordinator position to a sworn Battalion Chief. These investments demonstrate the City's continued commitment to maintaining high-quality public safety services and ensuring that first responders have the resources necessary to protect the community.

Together, these efforts reflect the strong support of the City Council, residents, and community partners in fostering safe, healthy, and sustainable neighborhoods. The continued investment in public safety operations, personnel, and infrastructure helps ensure that the City can deliver reliable, high-quality services to the Costa Mesa community.

General Fund Reserves Overview

The City continues to demonstrate fiscal prudence and managing controls over spending. The commitment for emergency reserves including the declared disaster and economic reserves, is indicative of financial discipline. General Fund reserves are projected to be \$61.1 million for FY 2026-27, exceeding the City Council policy of \$55.0 million by \$6.1 million.

Table 6 - General Fund Balance Overview

	FY 2022-23	FY 2023-24	FY2024-25	FY2025-26	FY2026-27
Fund Balance Category	Audited	Audited	Audited	Projected	Projected
Nonspendable	460	630	883	883	883
Restricted					
Pension & OPEB	3,178	3,367	2,092	2,092	2,092
Committed					
Declared Disasters	14,125	14,125	14,125	14,125	14,125
Self Insurance	2,000	2,000	2,000	2,000	2,000
Economic Reserves	9,000	9,000	9,000	9,000	9,000
Assigned					
Compensated Absences	6,209	5,982	5,982	5,982	5,982
Police Retirement	1,737	1,572	1,572	1,572	1,572
Workers Comp	2,000	2,000	2,000	2,000	2,000
Facilities Reserve	2,000	2,000	2,000	2,000	2,000
Strategic Plan Projects	2,000	2,000	2,000	2,000	2,000
Unassigned	16,328	17,686	19,307	19,407	19,407
Total Fund Balance	59,037	60,362	60,962	61,062	61,062

Mid-Year Review

The Budget Division will return to the City Council at mid-year to present an updated budget-to-actuals report. This review will provide an opportunity to assess the City’s financial performance, evaluate revenue and expenditure trends, and recommend any adjustments needed to ensure continued alignment with Council priorities and fiscal sustainability throughout the remainder of the fiscal year.

Finance and Pension Advisory Committee (FiPAC)

On May 7, 2026, Finance staff presented the FY 2026-27 Proposed Budget to FiPAC. The Committee commented on the proposed citywide attrition factor and inquired about frozen positions and how they are accounted for in the attrition factor. The Committee commented on whether additional funding was needed for the increasing cost of Utilities as the actual year-over-year expenditure has exceeded what has been budgeted in previous years. Further, the Committee inquired whether Police overtime has been budgeted to reflect actual historical costs.

The Finance Department returned to FiPAC on May 13, 2026, for further discussion and recommendations to City Council. The committee deliberated and made the recommendation to support staff’s recommendations for the FY 2026-27 Proposed Operating and Capital Improvements budget with two requests. These requests were first, to move all legal expenses in the General Fund Non-Departmental department to the City Attorney’s department; and second, for staff to provide semi-annual capital project status updates. Additionally, FiPAC noted several areas of concerns such as overtime, reserves,

and the reduction in maintenance and operation budget. These areas will be tracked and updates will be provided to FiPAC in this upcoming fiscal year.

Based on feedback provided by FiPAC and the City Council, staff reallocated \$0.8 million in operational expenditures to address rising utility costs. The FY 2026-27 Operating and Capital Proposed Budget reflects these adjustments to right-size the utility budget to align with actual expenditures.

Conclusion

The FY 2026-27 Proposed Budget reflects a strong commitment to the City Council, residents, and community partners by ensuring the delivery of high-quality core public services and fulfilling the City Council's highest goals and priorities. This budget remains structurally balanced without the use of General Fund reserves, demonstrating disciplined financial planning, operational efficiency, and the City's continued commitment to long-term fiscal sustainability.

The FY 2026-27 Proposed Budget theme, "Measured Decisions. Meaningful Impact." embodies the values of the City of Costa Mesa and reflects our intention to remain focused, efficient, and resilient as we navigate evolving economic conditions. The Proposed Budget supports essential public safety services, invests in key infrastructure and technology needs, and maintains the programs and resources that enhance the quality of life for all residents, regardless of their circumstances.

I would like to extend my gratitude to the Finance Department and its Budget Team, as well as the Executive Team, their managers, and departmental budget liaisons, for their dedication in preparing the FY 2026-27 Proposed Operating and Capital Improvement Budget. Their thoughtful analysis and collaboration ensured that each recommendation aligns with the City Council's direction and supports meaningful, sustainable service delivery. Under the City Council's leadership, Costa Mesa will continue working alongside residents and community partners to ensure access to essential services and foster healthy, sustainable neighborhoods for everyone who calls Costa Mesa home.

Respectfully submitted,

Cecilia Gallardo-Daly
City Manager
City of Costa Mesa