



City Services & Budget Presentation



April 16, 2026 Presentation

For Information Purposes Only

What Are Our City's services?



City Services



Fire Department



Police Department



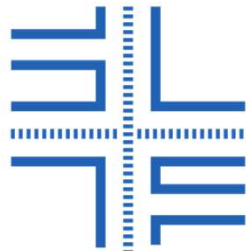
Marine Safety



Community Development



Cultural Arts



Public Works (streets, parks, trees, sidewalks, capital projects)



Transit & Community Services



Wastewater

Public Safety

Laguna Beach: A Full-Service City

- Own police, fire, and marine safety departments
- Total annual calls for service: over 56,000

Police Department (PD)

- Responded to over 45,000 calls last year

Fire

- Responded to over 11,000 calls last year
- 2/3rds of calls to LB FD are for medical emergencies

Marine Safety

- Nearly 7,000 ocean rescues by Marine Safety



Public Safety

- **Crime Rates Down:** -16.7% Felony arrests, -10% in misdemeanor arrests.
- **Calls for Service Up:** Over 17,700 in the Summer 2025 (+12.4% from 2024)
- **Citations Up:** +41%, from 2,354 (2024) to 3,329 (2025)
- **Parking Citations:** +18.5% (\$8,700.00 on one day in 2026)



Category	2023	2024	2025	% Change (2024-25)
All Calls for Service	13,795	15,820	17,781	+12.4%
Citations	1,859	2,354	3,329	+41.4%
Parking Citations	8,159	7,197	8,526	+18.5%
Felony Arrests	72	78	65	-16.7%
Misdemeanor Arrests	269	299	269	-10%
Reports	906	1,031	1,169	+13.4%

Public Safety

Laguna Beach Fire:

- **Calls for Service:** Up 10% from 2019
- **2024 Standards of Cover Report Recommendations:**
 - City added 3 new firefighters

Marine Safety Highlights

- **Beach Visitors Protected:** Over 6,000,000 annually
- **Coastline Covered:** 7.5 miles
- **Calls for Service:**



Category	2023	2024	2025	% Change (2024-25)
Rescues	6,613	9,618	10,329	+7.4%
Medical Aids	5,991	6,741	5,617	-16.7%
Ordinance Advisement	157,957	150,569	118,096	-21.6%
Preventative Actions	349,876	432,518	390,133	-9.8%



Public Works

Public Works

- **Beach Grooming:** 100-150% increase in frequency
- **Trash Bins:** South Laguna increased 62%
- **Trash Collection:** Tripled (once daily – 3 x per day)
- **Pressure Washing:** Double (2-4 times weekly)

Service Area	Summer Frequency	Off-Season Frequency	% Increase / Notes
Main Beach Grooming	4–5 times per week	2 times per week	100–150% increase
Day Porters (Downtown, Main, Heisler)	2 per shift	1 per shift	Doubled staffing per shift
Trash/Recycling Bins (South Laguna)	232 bins	143 bins	+62% more bins
Trash Collection Frequency	3 times per day	Once daily	Tripled frequency
Sidewalk Pressure Washing (Downtown)	4 times per week	Twice per week	Doubled frequency



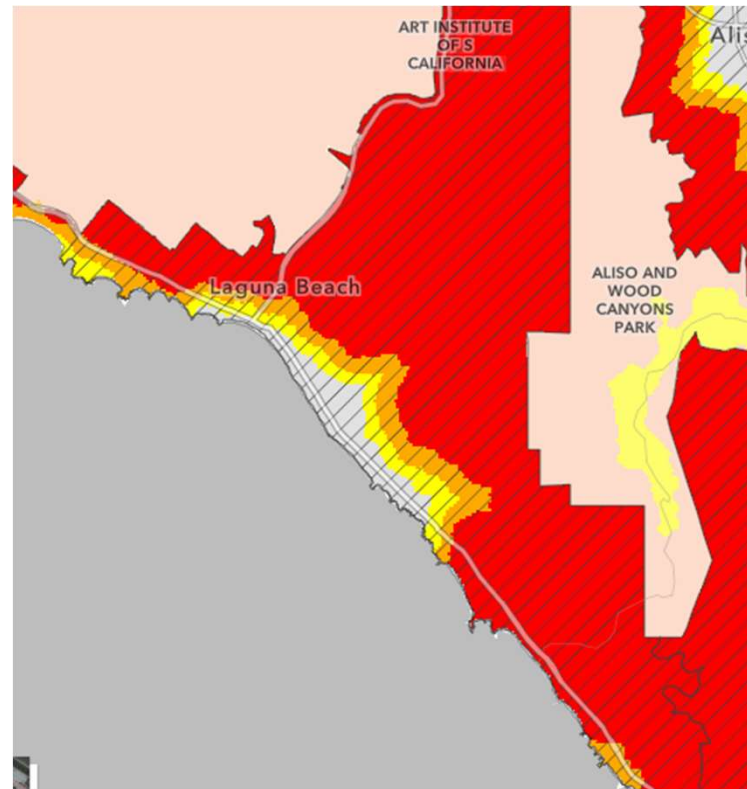
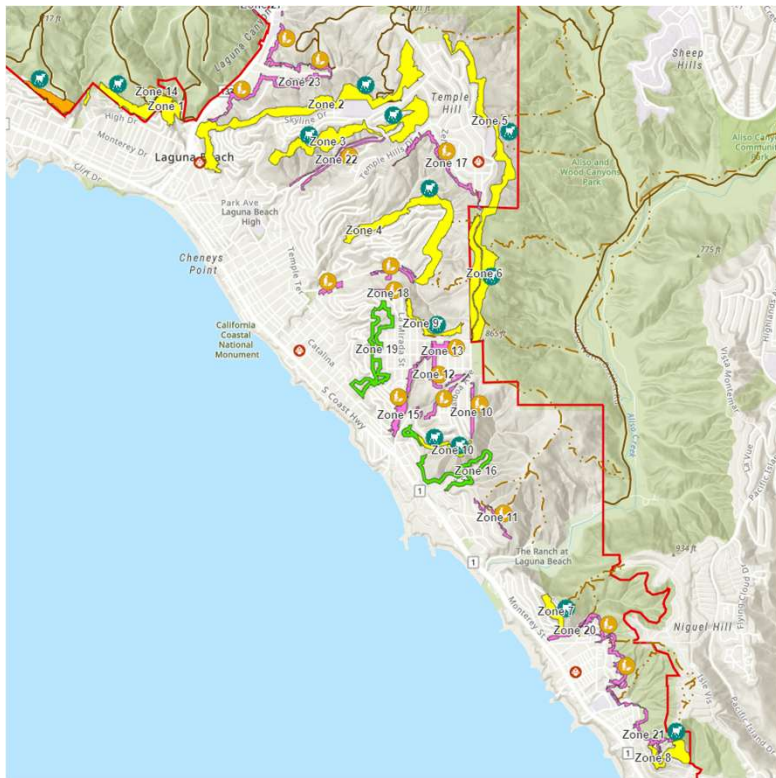
Powerlines and Public Safety

The City's Efforts in Undergrounding Utility Lines

- When residents seek to form an assessment district to underground utilities, City contributes 10-20% of the total cost – was approximately \$2.7M for Woods Cove and \$1.4M for West Street
- The City remains committed to identifying projects that underground utility lines.
 - Reduce wildfire risks
 - Safeguard evacuation routes
 - Improve service reliability (less PSPSs)
 - Improve neighborhood aesthetics



Investment in Wildfire Mitigation



Investment in Wildfire Mitigation

- **\$3.9M invested in 2025** for Wildfire Mitigation and Fire Safety
- **Funding supports:**
 - Expansion and maintenance of **27 Fuel Modification Zones** (over **480 acres** maintained)
 - **Undergrounding utility lines** along key evacuation routes to reduce fire risk and keep roads open
 - **Public safety technology upgrades**, including AI fire-detection cameras and improved communications
 - **Evacuation and alert system enhancements**, including Outdoor Warning System upgrades and route planning



Investment in Wildfire Mitigation

Why This Matters

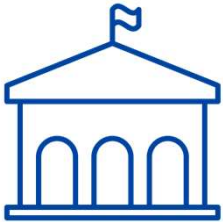
- Most of the city lies within a **Medium, High, or Very High Fire Hazard Severity Zone**
- Recent incidents (**Emerald Fire 2022, Rancho Fire 2025**) reinforce the need for ongoing investment.
- Wildfire mitigation protects **lives, homes, evacuation routes, and critical infrastructure**



What is Our City's Infrastructure?



Fire Stations
4 Stations



City Buildings
3 Community Centers



Parks
17 Parks/47 Acres



Police Station



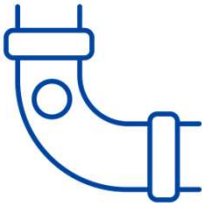
Trolleys



Beaches



Streets & Roads
93 Miles
1,261 Streetlights



Sewer & Wastewater
95 Miles of sewerline
26 lift stations
78 Miles of Storm Drain



Public Works Yard



City Facilities

Laguna Beach's buildings — fire stations, police headquarters, the library, recreation centers, arts spaces — are aging and no longer meet today's safety standards.

The City's Facilities Master Plan Calls for:

- **\$314 million** (over time) to maintain buildings we already have (seismic, roofs, HVAC, ADA, safety); or
- **\$186 – \$440 million** to modernize or replace key facilities like Fire Station 1, the Police Department, Branch Library, Community & Recreation Center, and Lang Park

Why This Matters for Residents

- Upgraded fire, police, and marine safety facilities = quicker and more assured emergency response
- Library renovations
- Safer, more accessible community centers and parks
- Less catastrophic damage in the event of storms, fires, and earthquakes



Local Programs

Fire Station #4 Replacement

- Moving forward on first new Fire Station in 55 Years (South Laguna).
- Improved emergency response times, stronger operational capacity, and better wildfire readiness.
- Expected to be completed in 2027

Fuel Modification Zones (FMZs)

- An FMZ is a designed landscape area where vegetation is reduced by 50–90% to separate wildland from developed portions of the city.
- Approx 363 acres maintained by goat grazing, with the rest maintained by hand crews.
- City has incurred an estimated \$1.2 million in expenses associated with finding alternative methods to avoid using glyphosate



What is Our City's Budget?

General Fund: What We Spend vs. What We Bring In

- In 2025–26, the City expects to spend **\$99.6 million** on programs services
- We expect to log about **\$100.1 million** in revenue, but....
- Likely to meet about a **\$500,000 surplus** (estimated – lots of volatility out there)

Good news – right? Not so much...

- Ok for now, but the trend isn't ideal.
- FY 2025-26 included a reduction in traditional level of capital projects spending to meet operational needs
 - About \$1.5M - Not wrong, but not a good trend
- Insurance reserves not where they should be.



What is Our City's Budget?

Why Is This Happening?

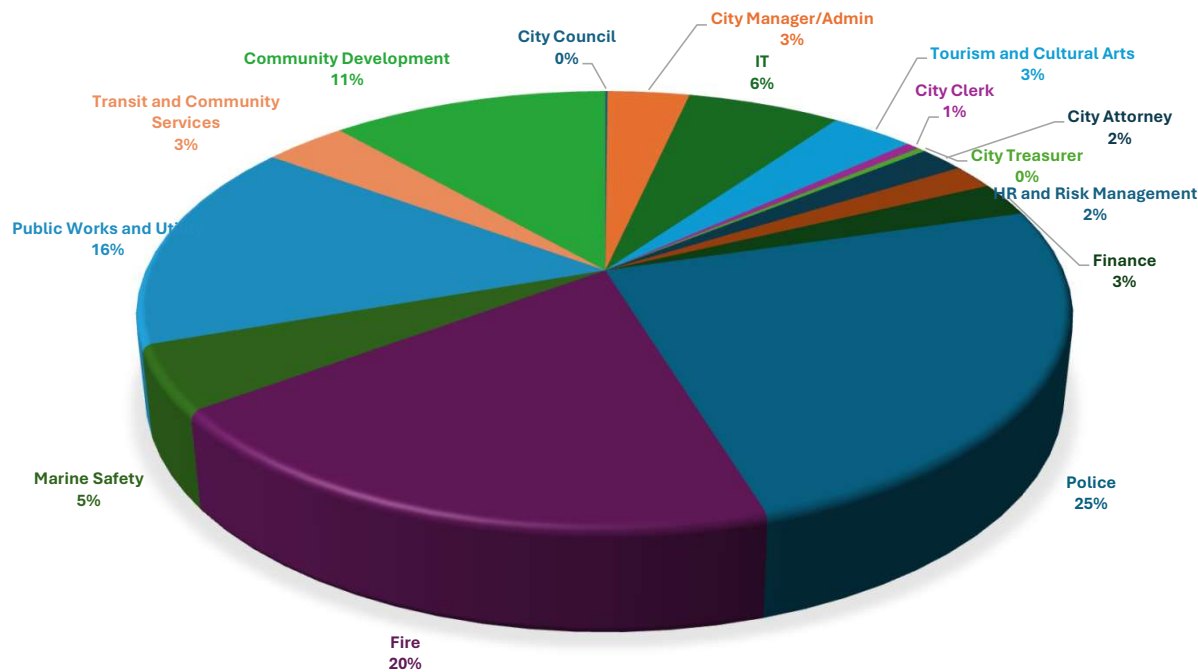
- Costs for police, fire, marine safety, and public works continue to rise
- Technology and cybersecurity costs are increasing
- Insurance and liability costs are going up
- Tourism brings service demands, but not enough revenue to cover the full cost
- Unfunded pension liabilities (fixed – cannot undo them!) are forecast to peak then decline in the next few years.

What this Means: We are likely to do a combination of the below:

- Find ways reduce ongoing expenses – which may mean service reductions
- Delay maintenance and projects
- Seek out new revenue sources



How Revenues are Utilized

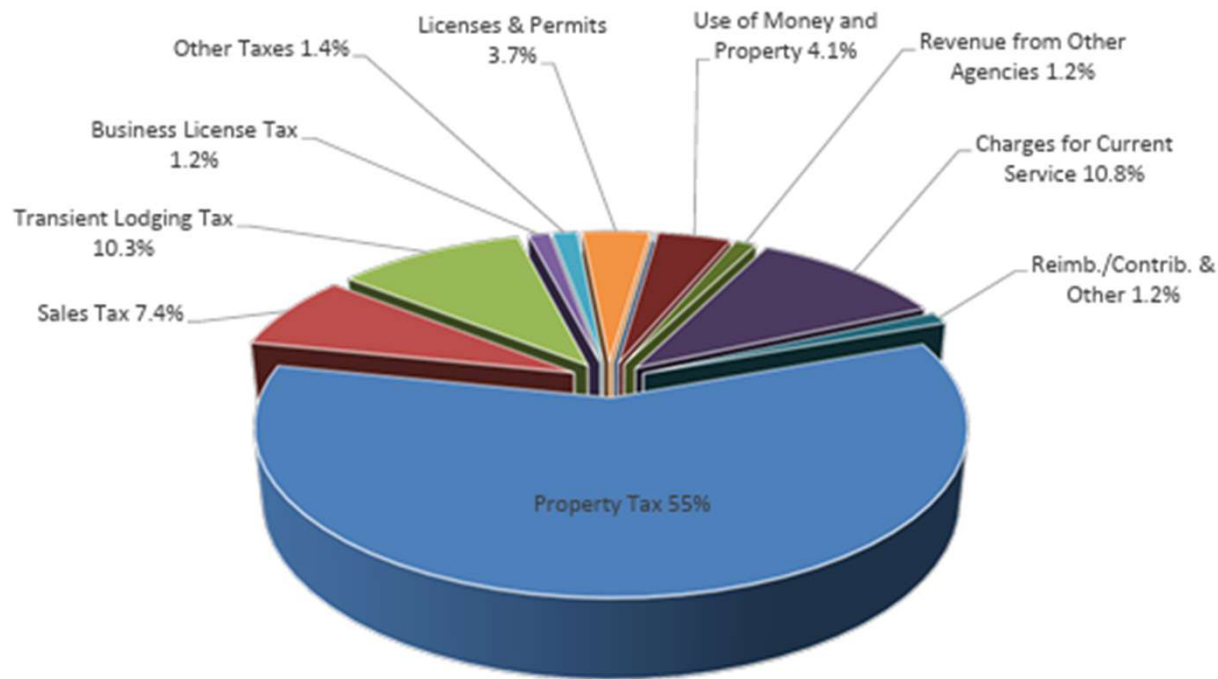


Approximately 50% of the City's Spending is for Public Safety.

Approximately 16% is for Public Works, including streets, roads, water and other infrastructure.

How is our City Funded?

General Fund Revenue FY 2025-26



The City's Key Funding Source is Property Tax.

Note: The City receives a fraction of the sales and property taxes collected in Laguna Beach

City has no UUT or add-on Sales Tax.

Budget Trends

Economic Volatility:

- National and local economic uncertainty
- Slower spending directly affects sales tax and TOT revenue streams that support City services

Tourism Trends

- Declines in travel reduce the visitor base – less international travel, for example.
- Laguna relies on tourism-driven spending, making the City vulnerable to shifts in travel

Rising Costs

- Labor, construction materials, insurance, and contracted services continue to increase
- The City faces the same inflationary pressures felt in the private sector, impacting operating and capital budgets.



What Has the City Done to Manage Its Budget?

Cost Control and Reduction Initiatives

- Holding positions vacant, eliminating others
- Realigning department functions
- Design review efficiency improvements
- Actively seeking State and Federal grants for capital replacement and projects
- Better Risk Management / Capital Repairs to reduce liability and insurance costs
- Technology Modernization (ERP, Com Dev digital workflows)
- Fleet Electrification and energy-efficiency upgrades



We're not alone in this...

Orange City Council weighs next year's budget and ideas for revenue

Councilmembers floated the idea of a sales tax, adopting a charter and more to alleviate its pervasive budget issues.

■ FULLERTON

How Cooked is Fullerton's Budget?



BY NOAH BIESIADA AND HOSAM ELATTAR

Mar 20, 2026 [Why you can trust Voice of OC](#)



■ NEWS: SANTA ANA

Santa Ana Faces \$19 Million Budget Deficit if Cuts Aren't Made



BY HOSAM ELATTAR

23 hours ago [Why you can trust Voice of OC](#)



■ ECONOMY

Irvine Wrestles With Budget Shortfall Amid Questions on Future Stability



BY NOAH BIESIADA

Apr 13, 2026 [Why you can trust Voice of OC](#)



■ NEWS: COSTA MESA

It Might Cost More to Run a Business and Get a Hotel Room in Costa Mesa



Fiscal Challenges

Economic Outlook

- **Stability and Growth:** The City's economic outlook is stable, with limited growth.
- **Tax Revenues:** Sales tax and transient occupancy tax showed a correction from the economic rebound post-pandemic, coming in lower than budget projections.

Revenue Projections and Rising Costs

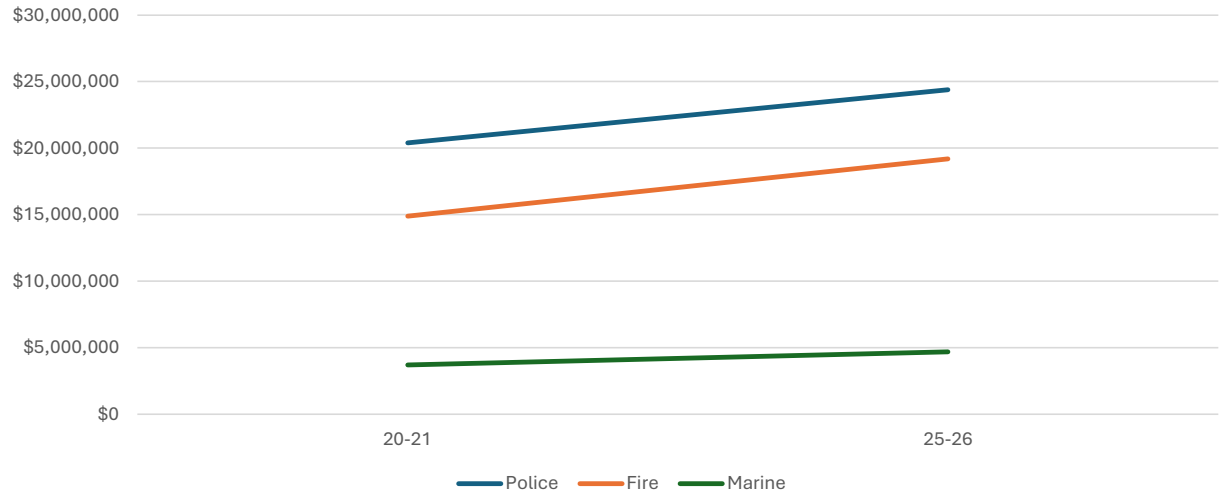
- **Revenue Projections:** Anticipate modest increases in major revenue sources, ranging from 2% to 5%.
- **Cost Increases:** The City is experiencing significant cost increases due to inflation in:
 - Labor
 - Maintenance
 - Contract services
 - Construction projects
- **Impact:** Rising costs affect residents, businesses, tourists, and the City itself.



Fiscal Challenges

Public Safety Costs are rising:

- Fire costs up 29%
- Police Costs up 20%
- Marine Costs up 26%



Unfunded Maintenance and Projects

The current budget does not include funding for:

- Anticipated cost increases for wildfire mitigation, including fuel modification
- Optimal level of capital investment so as to not fall behind (streets, sidewalks, beach stairs, etc)
- Continuation of robust visitor-impact responses – Park Rangers, Parking Enforcement, Public Works clean-up efforts.
- Long-term costs of Marine Safety Department
- Projects identified in the Facilities Master Plan (over \$300M)
 - Critical facilities (e.g., replacement of Fire Stations 1, 2 and 3)
- Meeting State Affordable Housing Mandates via assisting Affordable Housing projects.
- Purchase of parcels for open space when they become available
- Economic development initiatives to reduce vacancies and strengthen the local economy



Possible Revenue Proposals

City is Considering Proposals for Potential Sales Tax or Transient Occupancy Tax.

Any funds from voter approved levies would be locally controlled revenues sources to continue to support City Services, including:

- Police, fire, marine safety operations (and facilities)
- Keeping public areas safe and clean,
- Maintaining sidewalks, streets and roads, sidewalks, crosswalks
- Fire Mitigation and Fuel Modification Zones

And any services and infrastructure maintained by the General Fund.



Transient Occupancy Tax



Transient Occupancy Tax

The Transient Occupancy Tax (TOT) is applied only to individuals, normally visitors and tourists to our City, staying in Laguna Beach hotels. It is used to help fund local services that visitors use when staying in the City.

The TOT is not paid by any local hotel operator, but solely by guests staying at hotels located within Laguna Beach, who are normally visitors and not residents.

Short Term Rentals (e.g. AirBnB/VRBO/etc) also collect TOT.



How Does Laguna Beach's TOT Rate Compare to Other Orange County Cities?

Tax Rate	Cities
0%	La Habra, Rancho Santa Margarita, Villa Park
8%	Costa Mesa, Irvine, La Palma, Laguna Hills, Los Alamitos, Mission Viejo, Westminster
9%	Fountain Valley
10%	Aliso Viejo, Brea, Cypress, Dana Point, Fullerton, Huntington Beach, Laguna Niguel, Laguna Woods, Lake Forest, Newport Beach, Orange, Placentia, San Clemente, San Juan Capistrano, Yorba Linda
11%	Santa Ana
12%	Buena Park, Seal Beach, Stanton, Laguna Beach (not including 2% TMD)
13%	Tustin
15%	Anaheim (not including 2% TMD), Garden Grove



Transient Occupancy Tax

The City is considering a measure that would increase the TOT rate by 2%, update what is subject to TOT, possibly apply a different rate to STLs

This would be a locally-controlled general tax, with all funds deposited into the City's General Fund.

- Generate \$3 million - all revenue would be kept local.
- TOT revenues would be paid by hotel, short-term rental and other lodging facility guests, not by Laguna Beach residents who are not typically staying in such lodging facilities.
- City voters would have to approve the proposal via a November Ballot Measure.



Sales Tax



Key Fact



The City Only Keeps a Fraction of the Property and Sales Taxes it Collects



Current Sales Tax Rate

Current Sales Tax Rate: 7.75%



Key Fact



Over 55% percent of the sales tax dollars received by Laguna Beach are paid by tourists and visitors.

*Based on Bradley Burns Share of City Tax



For Information Purposes Only

How Does Laguna Beach Compare to Neighboring Cities

Laguna Beach is tied for the lowest Sales Tax rate in Orange County

City	
Seal Beach	9.25%
Fountain Valley	8.75%
Aliso Viejo	7.75%
Costa Mesa	7.75%
Dana Point	7.75%
Huntington Beach	7.75%
Irvine	7.75%
Laguna Beach	7.75%
Newport Beach	7.75%



How Does Laguna Beach Compare to Coastal/Destination Cities?

City	
Santa Barbara	9.25%
Carmel by the Sea	9.25%
Monterey	9.25%
Palm Springs	9.25%
Palm Desert	8.75%
Solvang	8.75%
Pismo Beach	8.25%
Dana Point	7.75%
Laguna Beach	7.75%
Newport Beach	7.75%



Potential Sales Tax Rate

Potential New Sales Tax Rate: 8.75%



Exemptions

Certain Items are Exempt from Sales Tax

- Most Groceries
- Prescriptions and Many Medical Supplies
- Rent
- Items Bought with CalFresh Assistance Benefits
- Services
- Utilities



Impacts

- If approved by voters, it is estimated the tax would generate approximately \$7.8 million annually to support the City's General Fund.
- Equal rates in similar cities such as Palm Desert or Solvang.
- This would be a locally-controlled general tax, with all funds deposited into the City's General Fund.
- All revenue would be kept local. By law it could not be taken by the County, State or transferred to another agency.
- City voters would have to approve the proposal via a November 2026 Ballot Measure.



Charter City

- City Council is considering whether to place a **City Charter measure on the November 2026 ballot.**
- City is currently a **general law city**, meaning it must follow State law governing city operations
- A **charter city** can exercise greater **local control over municipal affairs**, including:
 - Certain service delivery methods
 - More flexibility for procurement and contracting processes
 - Greater control over fines and penalties for certain violations of local law
- Potential benefits may include:
 - Increased **operational flexibility**
 - Potential **cost savings and efficiency**



Charter City - Timeline

Council Review and Consideration

- January–April 2026 — Council discussion and review of draft charter/ballot measure language -

Public Review – Estimated Timeline if Council votes to proceed:

- April 2026 — Notice of first public hearing
- **May 2026 — First public hearing**
- Mid-May to Early June 2026 — Notice second public hearing
- **June 2026 — Second public hearing***

*Must have two public hearings before submitting a charter to voters, must be 30 days apart

Council Action

- **July 2026** — Council must place measure on ballot if intends to proceed



What's Next?

Community Feedback Process: Spring 2026

No Measure Can Be Implemented Without:

- 1) Super Majority Vote of the City Council (4 of 5) to Place Measure on Ballot
- 2) Majority (50+1) Approval of Laguna Beach Voters