

City of Hesperia

STAFF REPORT



DATE: November 18, 2025

TO: Mayor and City Council Members
Chair and Board Members, Hesperia Housing Authority
Chair and Board Members, Hesperia Fire Protection District
Chair and Board Members, Hesperia Water District

FROM: Rachel Molina, City Manager

BY: Casey Brooksher, Assistant City Manager

SUBJECT: Fiscal Year 2025-26 First Quarter Budget Review

RECOMMENDED ACTION

It is recommended that the City Council and Board of Directors of the Hesperia Water District receive and file the Fiscal Year (FY) 2025-26 First Quarter Budget Review, and the following resolutions, amending the FY 2025-26 Budgets for the City of Hesperia, and the Hesperia Water District, be approved:

- 1) City of Hesperia Resolution No. 2025-47
- 2) Hesperia Water District HWD No. 2025-15

In addition, it is recommended that the City Council and Board of Directors of the Hesperia Housing Authority (HHA) and Hesperia Water District (HWD) adopt Joint Resolution No. 2025-39, HHA 2025-05, HWD 2025-10 approving the Corrected and Revised Combined Compensation Schedule and Joint Resolution No. 2025-45, HHA 2025-06, and HWD 2025-14 approving the City's Non-Represented Compensation Benefit Plan Section 9.

BACKGROUND

In compliance with the City Council's policy direction, staff has prepared the FY 2025-26 First Quarter Budget Review for the City Council, Hesperia Housing Authority, Hesperia Fire Protection District, and the Hesperia Water District Board's consideration and action.

Additionally, for all personnel changes, the California Public Employees' Retirement System (CalPERS) requires that the City Council, Commissions, and Board of Directors (City Council) approve and adopt a Combined Compensation Schedule whenever there are changes to salaries. This requirement is needed for CalPERS to recognize the position and ensure that the employee receives service credit. The most recently approved and adopted Combined Compensation Schedule occurred on July 15, 2025, with the adoption of Joint Resolution No. 2025-24, HHA 2025-04 and HWD 2025-06.

City Council adopted Joint Resolution No 2024-25, Resolution HHA 2024-04, and Resolution HWD 2024-08, which established the Non-Represented Employees' Compensation and Benefits Plan which sections can be modified individually or in whole by subsequent Council action.

ISSUES/ANALYSIS

The attached document entitled "Fiscal Year 2025-26 First Quarter Budget Review" includes a report on the status of the City's FY 2025-26 Budget and a financial review of the first three

months experience of the current fiscal year. The report format is used to facilitate the review of complex financial information for an efficient and effective financial review process.

Following adoption of the Fiscal Year 2025–26 Operating Budget, staff conducted a review of the Combined Compensation Schedule to ensure that all positions and salary ranges align with approved budget actions, applicable resolutions, memoranda of understanding, and employment agreements. As part of this review, minor administrative updates were made to certain part-time classifications and to the salaries of employees with employment agreements to ensure consistency with the compensation data reported to CalPERS and to maintain overall compliance. As well, the Non-Represented insurance premiums were included in the adoption of the Fiscal Year 2025-26 Operating Budget, but were not adopted for the Non-Represented Employees' Compensation and Benefits Plan. The following amendment will be included in Non-Represented Employees' Compensation and Benefits Plan.

Section 9:

Effective December 1, 2025, for the January 2026 insurance premiums, the City shall pay up to \$1,750 per month; the employee shall be responsible for paying the difference, or the amount greater than \$1,750, through payroll deduction.

Due to pending changes in the 1st-quarter budget review, a revised compensation schedule will also need to be approved.

CITY GOAL SUPPORTED BY THIS ITEM

Financial Health - Maintain a balanced budget and adequate reserves

FISCAL IMPACT

See attached Fiscal Year 2025-26 First Quarter Budget Review Report document.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

1. Fiscal Year 2025-26 First Quarter Budget Review Report
2. Resolution No. 2025-47
3. Resolution HWD No. 2025-15
4. Joint Resolution 2025-39, HWD 2025-10, and HHA 2025-05
5. Joint Resolution 2025-45, HWD 2025-14, and HHA 2025-06
6. Combined Compensation Schedule Revised November 18, 2025 and Effective July 14, 2025
7. Combined Compensation Schedule Revised November 18, 2025 and Effective November 19, 2025
8. Combined Compensation Schedule Revised November 18, 2025 and Effective January 1, 2024
9. Combined Compensation Schedule Revised November 18, 2025, and Effective September 25, 2023
10. Combined Compensation Schedule Revised November 18, 2025 and Effective August 21, 2023
11. Combined Compensation Schedule Revised November 18, 2025 and Effective July 1, 2023