



Office of the City Manager

SUPPLEMENTAL AGENDA MATERIAL for Supplemental Packet 2

Meeting Date: June 16, 2026

Item Number: 40a

Item Description: Proposed FY 2027 and FY 2028 Biennial Budget and Five-Year Capital Improvement Program (CIP) and Proposed Biennial Budget and Five-Year CIP Public Hearing No. 2

Submitted by: Maricar Dupaya, Budget Manager

This supplemental includes the following documents for the June 16, 2026 meeting:

1. Proposed FY 2027 and FY 2028 Biennial Budget presentation
2. Schedule of Changes to Proposed FY 2027 and FY 2028 Biennial Budget (from 5/19/26 Proposed Budget presentation) - Revenues
3. Schedule of Changes to Proposed FY 2027 and FY 2028 Biennial Budget (from 5/19/26 Proposed Budget presentation) - Expenditures



Proposed FY 2027 and FY 2028 Biennial Budget

City Council
June 16, 2026

Purpose and Overview

Purpose

- Public Hearing No. 2 on the Proposed Biennial Budget and Five-Year CIP
- Discussion on the Proposed Fiscal Year 2027 and Fiscal Year 2028 Biennial Budget and Proposed Five-Year Capital Improvement Program (CIP)
- City Council and Public input to allow for adoption of a balanced budget on June 23, 2026

Overview

- Recap of Proposed FY 2027 and FY 2028 Biennial Budget
- Changes since 5/19/26 City Council meeting

Budget Engagement Timeline

January 2026

- Budget and Finance Policy Committee – FY 2027 & FY 2028 Biennial Budget Update

February 2026

- Budget and Finance Policy Committee – General Fund Revenue Update and Overview of Revenue Enhancements
- Budget and Finance Policy Committee - Overview of Fund 501 (CIP Fund)

April 2026

- Budget and Finance Policy Committee – Charter Officers Budget Reduction Plans
- Budget and Finance Policy Committee – Overview of FY 2027 and FY 2028 Proposed Budget Balancing Plan
- Budget and Finance Policy Committee – Budget Referral to Reissue the RFP to Support Berkeley-Based Non-Profit Food Assistance and to Incorporate Food Insecurity as a Funded Category in Future Community Agency Funding

May 2026

- Budget and Finance Policy Committee – FY 2027 and FY 2028 Proposed Budget
- Budget and Finance Policy Committee – Five-Year Capital Improvement Program (CIP) Overview
- Budget and Finance Policy Committee – Budget Referral for Solano Stroll
- City Council – FY 2027 and FY 2028 Proposed Budget

June 2026

- Budget and Finance Policy Committee – Mayor’s Proposed City Budget FY2027-FY2028
- Budget and Finance Policy Committee – Community Agency Contracting Overview
- **6/16/26 City Council – Proposed Five-Year CIP and Continued Discussion of Proposed FY 2027 and FY 2028 Budget**
- **6/23/26 City Council – Adoption of Proposed FY 2027 and FY 2028 Budget, Five-Year CIP, and FY 2027 Annual Appropriation Ordinance**

Structural deficit and challenges in the General Fund and other funds (i.e., Parking, Marina, Capital Improvement)

Rising costs in personnel, pension, health care, and liability insurance

Labor Negotiations

Inflation

Reliance on one-time sources

Year-end results pending

Deferred maintenance and significant unfunded infrastructure needs.

Increased service demands and community expectations

November 2026 ballot measures

State/federal revenue limitations, economic and political uncertainty

FISCAL CONTEXT – IMPACTS & UNKNOWNNS

The goal is a structurally balanced budget that protects core services, reduces reliance on one-time funds, and sets the foundation for long-term fiscal sustainability.

FY 2027–FY 2028 GF Baseline Reset

- Baseline rebuilt using actual spending and service needs.

Budget Balancing Framework

- After revenue and expenditure adjustments, GF deficit ranged from \$31.3M (FY 27) to \$29.5M (FY 28)
- Citywide effort: 10–12.5% GF reductions, other fund-specific fixes, and revenue ideas.
- Includes strategic cost shifts, non-departmental refinements, required debt-service support, and parking-fund stabilization.

Use of One-Time GF Resources

- \$12.06M in one-time funds used to smooth deficits.
- Sustains services (public safety and youth/adult programs) in FY27 until the outcome of a potential Nov. 2026 Sales Tax measure is known.

General Fund – Budget Balancing Phase Recap

	FY 2027	FY 2028
Initial Estimate of General Fund Deficit	(\$32,256,300)	(\$33,206,801)
Additional Income From Revenue Projections	\$5,111,718	\$8,291,028
Revised Deficit after Revenue Projections	(\$27,144,582)	(\$24,915,773)
Adjustments to Revised Deficit		
1947 Center Street Debt Service	(\$ 1,630,454)	(\$ 1,623,581)
Parking Funds Stabilization	(\$ 1,050,938)	(\$ 1,050,938)
Adjustments to Non-Departmental	(\$ 1,523,365)	(\$ 1,942,666)
Total Deficit Before Use of One Time Resources	(\$31,349,339)	(\$29,532,958)
Use of One Time Resources	\$2,100,000	\$0
General Fund Deficit after Revenue and Expenditure Adjustments	(\$29,249,339)	(\$29,532,958)

Proposed Revised Changes – All Funds Revenue

Fund	FY 2027 Proposed	FY 2027 Revised Proposed	Variance	FY 2028 Proposed	FY 2028 Revised Proposed	Variance
Library Tax	34,416,535	35,410,917	994,382	35,104,176	36,118,445	1,014,270
Special Tax for Disabled (Measure E)	1,917,229	1,972,678	55,449	1,955,574	2,012,132	56,558
Animal Shelter	(2,090,303)	2,818,172	4,908,475	(2,144,075)	2,890,052	5,034,127
Paramedic Assessment District	4,835,225	4,907,076	71,852	4,916,771	4,990,059	73,289
Parks Tax	23,080,723	23,740,242	659,520	23,541,897	24,214,607	672,710
Measure GG - Fire Preparation Tax	6,481,203	6,667,319	186,116	6,609,907	6,799,745	189,838
Vital and Health Statistic	(30,292)	30,292	60,584	(30,292)	30,292	60,584
Measure FF - Public Safety	11,160,850	11,483,638	322,789	11,384,067	11,713,311	329,245
Measure FF - Street Repair	15,300,000	16,651,651	1,351,651	15,606,000	16,984,684	1,378,684
Capital Grants- Federal	-	500,000	500,000	-	-	
Capital Grants - State	562,500	1,447,000	884,500	562,500	4,681,900	4,119,400
Capital Grants - Local	75,000	758,250	683,250	75,000	1,026,250	951,250
One-Time Grant: No Capital Expenditures	920,269	2,120,269	1,200,000	-	-	-
MTC	564,620	1,122,000	557,380	564,420	150,000	(414,420)
Rent Stabilization Board	8,961,575	10,251,500	1,289,925	8,961,575	10,251,500	1,289,925
			13,725,872			14,755,459

Proposed Revised Changes – All Funds Expenditures

Fund	FY 2027 Proposed	FY 2027 Revised Proposed	Variance	FY 2028 Proposed	FY 2028 Revised Proposed	Variance
General Fund	313,917,287	313,849,211	(68,076)	319,588,707	319,537,568	(51,138)
Special Tax for Disabled (Measure E)	1,917,229	1,972,678	55,449	1,955,574	2,012,132	56,558
Measure F	747,204	749,879	2,675	653,675	656,350	2,675
MHSA Realignment	3,961,017	4,008,124	47,107	4,048,402	4,117,302	68,900
Capital Grants - Federal	-	500,000	500,000	-	-	-
Capital Grants - State	850,000	1,547,000	697,000	2,030,900	4,681,900	2,651,000
Capital Grants - Local	100,000	758,250	658,250	100,000	1,026,250	926,250
Mental Health Service Act	13,329,845	13,425,796	95,951	12,178,756	12,322,719	143,964
Health (Short/Doyle)	3,922,201	3,980,850	58,649	4,064,889	4,158,708	93,819
EPSDT Expansion Proposal	422,426	437,043	14,617	438,968	458,565	19,597
One-Time Grant	689,431	1,889,431	1,200,000			-
MTC	752,827	1,122,000	369,173	752,827	150,000	(602,827)
Equipment Replacement	8,714,649	14,071,695	5,357,046	8,155,129	8,981,657	826,528
Rent Stabilization Board	8,657,554	11,298,855	2,641,301	8,842,186	11,298,555	2,456,369
			11,629,343			6,591,993

Proposed All Funds Summary

Category	FY 27 Original Proposed (5/19/26)	FY 27 Revised Proposed (6/16/26)	FY 28 Original Proposed (5/19/26)	FY 28 Revised Proposed (6/16/26)
Revenues	772,107,349	785,833,221	773,437,594	788,192,853
Expenditures	905,190,026	916,819,369	865,253,739	871,845,732
Staffing	1,604.84	1,606.84	1,604.84	1,606.84

- Changes from 5/19/26 reflects capturing capital grants and other capital funding, consumer price index (CPI) and Personal Income Growth (PIG) that were not yet updated on 5/19/26 and Rent Board budget approved by its Board.
- Detailed explanation for the changes can be found in the Schedule of Changes attachments.
- FY 2027 and FY 2028 staffing count is now 1,606.84, up two from original proposed due to Rent Board's addition of One OS III and One Project-Bases Assistant Planner position NTE 3 yrs.

Proposed General Fund Summary

Category	FY 27 Original Proposed (5/19/26)	FY 27 Revised Proposed (6/16/26)	FY 28 Original Proposed (5/19/26)	FY 28 Revised Proposed (6/16/26)
Revenues	314,898,507	314,898,507	320,288,556	320,288,556
Expenditures	313,917,287	313,849,211	319,588,707	319,537,568
Surplus/(Deficit)	981,220	1,049,296	699,849	750,988
Staffing	663.41	663.91	663.57	664.07

- Change in GF expenditure stems from part of the City Auditor’s Budget Balancing Plan (Underfill and LWOP savings) were not reflected in the 5/19/26 numbers.
- GF Staffing count in FY27 from 663.41 to 663.91 and FY28 from 663.57 to 664.07 (increase of net 0.5 FTE due to Rent Board's FTE count update.

Wrap-up

Continue Discussion of and Provide Comments on the Proposed FY 2027 and FY 2028 Biennial Budget and Proposed Five-Year CIP.

Thank you.



City Manager's Office/Budget and Fiscal Management
Contact: Maricar Dupaya, Budget Manager, 510-981-7000

Schedule of Changes to the FY 2027-2028 Proposed Budget from 5/19/26 (Revenues)

Fund #	Fund	FY 2027 Proposed	FY 2027 Revised Proposed	Variance	FY 2028 Proposed	FY 2028 Revised Proposed	Variance	Explanation for Change
101	Library Tax	34,416,535	35,410,917	994,382	35,104,176	36,118,445	1,014,270	Proposed Budget Update assumed 2% increase in the Library Tax and Library Relief Act of 2024. The Library Tax can be increased by the greater of the Consumer Price Index (CPI) or the Personal Income Growth (PIG). The CPI increase is 3.7975% while the PIG increase is 4.95% increase. Revised Proposed Update Revenue assumes the tax increase in the PIG since this is higher than the CPI.
107	Special Tax for Disabled (Measure E)	1,917,229	1,972,678	55,449	1,955,574	2,012,132	56,558	Proposed Budget Update assumed 2% increase in Measure E Tax. The Measure E Tax can be increased by the greater of the Consumer Price Index (CPI) or the Personal Income Growth (PIG). The CPI increase is 3.7975% while the PIG increase is 4.95% increase. Revised Proposed Update Revenue assumes the tax increase in the PIG since this is higher than the CPI.
115	Animal Shelter	(2,090,303)	2,818,172	4,908,475	(2,144,075)	2,890,052	5,034,127	correct revenue entry in the projection
116	Paramedic Assessment District	4,835,225	4,907,076	71,852	4,916,771	4,990,059	73,289	Proposed Budget Update assumed 2% CPI increase and actual increase was 3.7975%
138	Parks Tax	23,080,723	23,740,242	659,520	23,541,897	24,214,607	672,710	Revised revenue budget to reflect the updated Parks Tax Measure as outlined in the FY 2027-2028 Tax Revenue Estimates

Schedule of Changes to the FY 2027-2028 Proposed Budget from 5/19/26 (Revenues)

Fund #	Fund	FY 2027 Proposed	FY 2027 Revised Proposed	Variance	FY 2028 Proposed	FY 2028 Revised Proposed	Variance	Explanation for Change
140	Measure GG - Fire Preparation Tax	6,481,203	6,667,319	186,116	6,609,907	6,799,745	189,838	Proposed Budget Update assumed 2% increase in the Measure GG Tax. The Measure GG Tax can be increased by the greater of the Consumer Price Index (CPI) or the Personal Income Growth (PIG). The CPI increase is 3.7975% while the PIG increase is 4.95% increase. Revised Proposed Update Revenue assumes the tax increase in the PIG since this is higher than the CPI as recommended by the Disaster & Fire Safety Commission
152	Vital and Health Statistic	(30,292)	30,292	60,584	(30,292)	30,292	60,584	Correct revenue entry in the projection
164	Measure FF - Public Safety	11,160,850	11,483,638	322,789	11,384,067	11,713,311	329,245	Proposed Budget Update assumed 2% increase in the Measure FF Tax. The Measure FF Tax can be increased by the greater of the Consumer Price Index (CPI) or the Personal Income Growth (PIG). The CPI increase is 3.7975% while the PIG increase is 4.95% increase. Revised Proposed Update Revenue assumes the tax increase in the PIG since this is higher than the CPI as recommended by the Disaster & Fire Safety Commission

Schedule of Changes to the FY 2027-2028 Proposed Budget from 5/19/26 (Revenues)

Fund #	Fund	FY 2027 Proposed	FY 2027 Revised Proposed	Variance	FY 2028 Proposed	FY 2028 Revised Proposed	Variance	Explanation for Change
166	Measure FF - Street Repair	15,300,000	16,651,651	1,351,651	15,606,000	16,984,684	1,378,684	Proposed Budget Update assumed 2% increase in Measure FF-Street repair. The Measure-Street Repair Tax can be increased by the greater of the Consumer Price Index (CPI) or the Personal Income Growth (PIG). The CPI increase is 3.7975% while the PIG increase is 4.95% increase. Revised Proposed Update Revenue assumes the tax increase in the PIG since this is higher than the CPI.
305	Capital Grants- Federal	-	500,000	500,000	-	-	-	Revised for grant to PWENCR2402-Codornices Creek Restoration at 9th Street.
306	Capital Grants - State	562,500	1,447,000	884,500	562,500	4,681,900	4,119,400	Revised for grants to PWTRCS2401-Addison Street Bicycle Blvd Phase 2, PWTRCT2201-Adeline Transportation Improvements, PWTRCS2501-Washington Elementary and Berkeley High Project.
307	Capital Grants - Local	75,000	758,250	683,250	75,000	1,026,250	951,250	Revised for grants to PWTRCT2201-Adeline Transportation Improvements, and PWTRCS2204-Telegraph Multimodal Corridor.
336	One-Time Grant: No Capital Expenditures	920,269	2,120,269	1,200,000	-	-	-	Revised for grant to PWENSD2501-West Berkeley and Aquatic Park Stormwater Improvement Project.
339	MTC	564,620	1,122,000	557,380	564,420	150,000	(414,420)	Revised for grant to PWTRCT2201-Adeline Transportation Improvements
801	Rent Stabilization Board	8,961,575	10,251,500	1,289,925	8,961,575	10,251,500	1,289,925	Revise revenue budget to match budget approved by the Rent Stabilization Board
Total				13,725,872			14,755,459	

Schedule of Changes to the FY 2027-2028 Proposed Budget from 5.19.26 (Expenditures)

Fund	FY 2027 Proposed	FY 2027 Revised Proposed	Variance	FY 2028 Proposed	FY 2028 Revised Proposed	Variance	Explanation for Change
General Fund	313,917,287	313,849,211	(68,076)	319,588,707	319,537,568	(51,138)	City Auditor Budget Balancing Plan (Underfill & LWOP savings)
Special Tax for Disabled (Measure E)	1,917,229	1,972,678	55,449	1,955,574	2,012,132	56,558	Revise expenditure budget to match projected revenues
Measure F	747,204	749,879	2,675	653,675	656,350	2,675	Increase shared of audit cost.
MHSA Realignment	3,961,017	4,008,124	47,107	4,048,402	4,117,302	68,900	Increase personnel budget to account for reclassification of four Behavioral Health Clinician I positions to Behavioral Health Clinician II positions
Capital Grants - Federal	-	500,000	500,000			-	Revised for grant to PWENCR2402-Codornices Creek Restoration at 9th Street.
Capital Grants - State	850,000	1,547,000	697,000	2,030,900	4,681,900	2,651,000	Revised for grants to PWTRCS2401-Addison Street Bicycle Blvd Phase 2, PWTRCT2201-Adeline Transportation Improvements, PWTRCS2501-Washington Elementary and Berkeley High Project.
Capital Grants - Local	100,000	758,250	658,250	100,000	1,026,250	926,250	Revised for grants to PWTRCT2201-Adeline Transportation Improvements, and PWTRCS2204-Telegraph Multimodal Corridor.

Schedule of Changes to the FY 2027-2028 Proposed Budget from 5.19.26 (Expenditures)

Fund	FY 2027 Proposed	FY 2027 Revised Proposed	Variance	FY 2028 Proposed	FY 2028 Revised Proposed	Variance	Explanation for Change
Mental Health Service Act	13,329,845	13,425,796	95,951	12,178,756	12,322,719	143,964	Increase personnel budget to account for reclassification of four Behavioral Health Clinician I positions to Behavioral Health Clinician II positions
Health (Short/Doyle)	3,922,201	3,980,850	58,649	4,064,889	4,158,708	93,819	Increase personnel budget to account for reclassification of four Behavioral Health Clinician I positions to Behavioral Health Clinician II positions
EPSDT Expansion Proposal	422,426	437,043	14,617	438,968	458,565	19,597	Increase personnel budget to account for reclassification of four Behavioral Health Clinician I positions to Behavioral Health Clinician II positions
One-Time Grant	689,431	1,889,431	1,200,000			-	Revised for grant to PWENSD2501-West Berkeley and Aquatic Park Stormwater Improvement Project.
MTC	752,827	1,122,000	369,173	752,827	150,000	(602,827)	Revised for grant to PWTRCT2201-Adeline Transportation Improvements

Schedule of Changes to the FY 2027-2028 Proposed Budget from 5.19.26 (Expenditures)

Fund	FY 2027 Proposed	FY 2027 Revised Proposed	Variance	FY 2028 Proposed	FY 2028 Revised Proposed	Variance	Explanation for Change
Equipment Replacement	8,714,649	14,071,895	5,357,246	8,155,129	8,981,657	826,528	FY27-\$4,925,346 added for FY27 Equipment and Fleet & 326,200 for PWENEN2501-Fleet EV for 4 sites; PWENEN2502-EV Charger Install Corp Yard- \$48,600; PWENEN2503-EV Chargers at PSB (2100 MLK Way)-\$29,300; PWENEN2504-EV Chargers Waterfront-\$27,800 FY28-\$286,428 add for FY28 Equipment and Fleet & \$15,000 for PWENEN2501-Fleet EV for 4 sites; PWENEN2502-EV Charger Install Corp Yard- \$472,900; PWENEN2503-EV Chargers at PSB (2100 MLK Way)-\$47,300; PWENEN2504-EV Chargers Waterfront-\$42,900
Rent Stabilization Board	8,657,554	11,298,855	2,641,301	8,842,186	11,298,855	2,456,669	Revise revenue budget to match budget approved by the Rent Stabilization Board
			11,629,343			6,591,993	