



Adena Ishii  
Mayor

## REVISED AGENDA MATERIAL

**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

**Supplemental/Revision Submitted By:** Mayor Adena Ishii

**“Good of the City” Analysis:**

*The analysis below must demonstrate how accepting this supplement/revision is for the “good of the City” and outweighs the lack of time for citizen review or evaluation by the Council.*

The item was revised to more clearly indicate proposed funding changes by the Mayor to the FY27/FY28 budget. It also makes some grammatical changes and corrects dates listed for VTO. All edited sections from original item are highlighted yellow.

***Consideration of supplemental or revised agenda material is subject to approval by a two-thirds vote of the City Council. (BMC 2.06.070)***

A minimum of **42 copies** must be submitted to the City Clerk for distribution at the Council meeting. This completed cover page must accompany every copy.

Copies of the supplemental/revised agenda material may be delivered to the City Clerk Department by 12:00 p.m. the day of the meeting. Copies that are ready after 12:00 p.m. must be delivered directly to the City Clerk at Council Chambers prior to the start of the meeting.

Supplements or Revisions submitted pursuant to BMC § 2.06.070 may only be revisions of the original report included in the Agenda Packet.



# SUPPLEMENTAL- REVISED

Council Meeting  
June 16, 2026  
Item 40a

To: Berkeley City Council  
From: Mayor Adena Ishii (Author)  
Subject: Mayor's Proposed City Budget FY2027 – FY2028

## RECOMMENDATION

Adopt the Mayor's proposed recommendations for adjustments to the City Manager's Proposed FY27-FY28 Budget.

## BACKGROUND

Mayor Ishii is submitting recommendations for Fiscal Year 2027 (FY27) for the Fiscal Year 2027- Fiscal Year 2028 (FY27-FY28) Budget Proposal. Every two years, the Mayor and Council are tasked with approving a 2-year budget for the City of Berkeley. This budget serves as a framework for how the city spends its revenue and provides services for the community. It is revisited and adjusted by Council every year to ensure alignment across expenses and revenue.

In this budget cycle for FY27-FY28 the City is projecting a \$30 million shortfall for each of the next two fiscal years. The city already has been experiencing a structural deficit since before the pandemic. For a number of years, the City's budget has been balanced through one-time fixes. To resolve the deficit in FY26, the City Manager proposed a hiring freeze on vacant positions and the council was able to work together to pass a balanced budget. For FY27-FY28 the hiring freeze is still in effect, but it is not enough to cover the identified deficit the city is faced with over the next two years.

The City Manager and his team are proposing a number of solutions and cuts across all departments to ensure the city can meet its obligations, while also addressing the structural deficit. The Mayor and Council are tasked with reviewing the proposed budget, making adjustments they see are important to the city, and approving the City's budget by no later than June 30, 2026. The Council is prioritizing making adjustments to the City's budget that moves away from one-time fixes and towards fiscal sustainability.

## RATIONALE FOR RECOMMENDATION

The Mayor is submitting her proposed budget recommendations for the FY27-FY28 budget to the city council for adoption and incorporation into the City Manager's FY27-FY28 budget proposal. The Mayor is making proposed changes to the FY27 proposed budget for all proposed items except the Creating Accessible Routes for Riders, Equity, and the Environment (CARFREE) Berkeley council referral, as this will be broken up into FY27 and FY28. The

Mayor recognizes that there are several items on the November 2026 ballot that will impact the city come FY28 and thus she is not making additional recommendations for FY28.

FINANCIAL IMPLICATIONS

See item attachment. The financial implications are directly related to the budget, not necessarily the implementation of the recommendations.

ENVIRONMENTAL SUSTAINABILITY

No identifiable environmental effects from taking this action.

CONTACT PERSON

Mayor Adena Ishii                      510-981-7100

**REVISED- Mayor Ishii's Supplemental Budget Recommendations for FY 27-FY28**

Attachment to Supplemental Item for City Council Meeting on June 16, 2026

Item 40a on Council Agenda

Special Fund Allocations	Title	FY 2027	FY 2028	Explanation	Council Member Referral	Council Member Priority 5/19
Streets & Open Space Improvement Plan (SOSIP)	<u>Downtown Berkeley Revitalization Projects</u>	\$2,900,000		One-time funding; 12/2/2025 Council Referral; \$150K - Addison Street Catenary Lighting Project \$2.5 million - Oxford for All - design, engineering, & construction (Tregub Referral)	Tregub	
Refer to the LRDP Funding Process	<u>Creating Accessible Routes for Riders, Equity, and the Environment (CARFREE) Berkeley</u>	\$662,500	\$662,500	One-time funding; 1/27/2026 Council Referral; this fund the study limiting car access and develop pedestrian-centered design concepts for Telegraph Ave between Bancroft and Dwight Way; (Referral by Lunaparra, Kesarwani, Ishii). Total request is \$1,325,000. Recommendation is to do half in FY27 and Half in FY28.	Lunaparra, Kesarwani, Ishii	
HTF FY2026 carry over of \$2.5M unspent budgeted for Small Sites; add \$1.3M of currently unallocated 5/19/2026	Small Sites	\$3,800,000		Small sites are for 5-25 units; to be viable need \$4-\$5M; There is also preservation funding coming from County Measure W and likely State Housing Bond for potential match		Lunaparra, Bartlett, Ishii
LRDP funding \$100k for FY27, stipulate that UCB	Sacred Rest/Village of Love	\$100,000		\$200K per year formerly funded w/LRDP, matched by UC Berkeley.		

must match the \$100K allocation						
<b>Total</b>		<b>\$8,125,000</b>				
<b>General Fund Direct Transfer</b>						
\$180K from FY26 D8 Salary Savings \$70K from FY27 D8 Council Office Budget	<u>PITCH Project to Increase Tele &amp; Claremont Housing</u>	\$250,000		3/10/2026 Council Referral; Allocate funding to begin required planning and California Environmental Quality Act (CEQA) review for the proposed zoning changes (Referral by Humbert, Ishii, Bartlett)	Humbert, Ishii, Bartlett	
<b>Total</b>		<b>\$250,000</b>				
<b>General Fund: Expenses</b>						
	1 OED FTE identified for removal in the CMO Reduction Plan (\$236K)	\$236,000		OED position supports small businesses stimulating economic growth & revenues for the city; One time funding will also require metrics to be established to measure impact		Ishii, Kesarwani, Bartlett, Blackaby, Tregub, Humbert
	Solano Stroll	\$40,000		Referral to Budget & Finance; \$81K per year for public safety; \$57,500/year for safety barricades, street closure, zero waste; \$10K/year general support (Referral by O'Keefe, Blackaby). Remaining Balance after June 30th D13 Item for \$44K, SSA Fundraising Goal- \$60K	O'Keefe, Blackaby	

	Live Free	\$200,000		Grant is running out. They need \$206,000 for FY26 and \$500,000 for FY28		Taplin, Mayor
	DBA Outreach worker	\$38,000		Position shared with DBA -40K reduction City funds about 40% of position		Tregub
	<b>Total</b>	<b>\$514,000</b>				
<b>General Fund: Revenue Transfers</b>						
	Mayor's Salary Savings	\$160,000				
	CAO Non-Personnel	\$52,000				
	CAO Salary Savings FY26	\$100,000				
	VTO	\$87,000		GF savings only, Additional 11 days, Dec 21-Dec 24; Nov 23-25; Mar 30, 31 & April 1,2		
	City Council Catering FY27	\$15,000		City Clerk Budget		
	Cannabis Settlement	\$100,000				
	<b>Total</b>	<b>\$514,000</b>				