



Office of the City Manager

## SUPPLEMENTAL AGENDA MATERIAL

**Meeting Date:** June 24, 2025

**Item Number:** 24

**Item Description:** FY 2026 Proposed Budget Update Adoption

**Supplemental/Revision Submitted By:** Shana Amenaghawon, Interim Budget Manager

**“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 analysis is beneficial to the City, as it incorporates written adjustments to the FY 2026 Proposed Budget Update to ensure the accompanying resolution is free of redundant language, resulting in a clearer and more concise document.

***Consideration of supplemental or revised agenda material is subject to approval by a two-thirds roll call 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.

RESOLUTION NO.

ADOPTING THE CITY OF BERKELEY PROPOSED BUDGET UPDATE FOR  
FISCAL YEAR 2026

WHEREAS, on June 25, 2024, the City Manager presented to the City Council the Fiscal Year 2025 and Fiscal Year 2026 (“FY 2025 and FY 2026”) Proposed Budget; and

WHEREAS, the City’s Budget and Finance Policy Committee and City Council held a series of meetings to consider the Proposed Budget Update, including a public hearing on May 20, 2025; and

WHEREAS, members of the City Council presented recommended revisions to the Proposed Biennial Budget at the Council meeting on June 24, 2025.

WHEREAS, in addition to formal budget adoption, City Council action is required to authorize advances for select community agencies receiving funds in FY 2026. The advances are to be equivalent to 25% of the agency's allocation; and

WHEREAS, on September 22, 2021 the City of Berkeley was awarded HOME Investment Partnerships American Rescue Plan Program (HOME-ARP) funding in the amount of \$2,735,696.00, and the City submitted an allocation plan describing how the funds would be distributed in accordance with the regulations, specifically to serve four required qualifying populations.

WHEREAS the City has identified and awarded community agencies serving the qualifying populations during the Community Agency Request for Proposal (RFP) process in FY24.

WHEREAS the City received additional direction from the federal Housing and Urban Development (HUD) on serving HOME-ARP qualifying populations.

NOW THEREFORE, BE IT RESOLVED, that the Council of the City of Berkeley adopts the FY 2026 Budget Update contained in the City Manager’s FY 2026 Proposed Budget presented to Council on May 20, 2025 and as amended by subsequent Council action on June 24, 2025.

BE IT FURTHER RESOLVED that the appropriations constituting the FY 2026 Adopted Budget will be reflected in a separate FY 2026 Annual Appropriation Ordinance, as required by the City Charter.

BE IT FURTHER RESOLVED, that the City Manager is authorized to execute contracts and /or amendments, as necessary, to provide advances to selected community agencies receiving City funds in FY 2026.

BE IT FURTHER RESOLVED, that the City Manager is authorized to use the following invoicing/reporting system in contract administration, but maintains the discretion to amend these requirements depending on risk factors associated with past performance, the amount and type of funding an agency receives, and/or whether or not an agency is a new grantee:

Agencies receiving under \$50,000 in General Fund to provide the following services:

1. Drop-In services only with no intensive case management, meal programs, outreach programs, or recreation programs:
  - o Statements of Expense are required quarterly and a-General Ledger is required at fiscal year-end; and
  - o An end-of-year narrative summary of accomplishments.
  
2. All other agencies receiving General Fund only:
  - o Statements of Expense are required quarterly and a General Ledger is required at fiscal year-end; and
  - o Program Reports are required semi-annually.
  
3. Agencies with State and/or Federal Funding:
  - o Statements of Expense are required quarterly and a General Ledger is required at fiscal year-end; and
  - o Program Reports are required quarterly.

BE IT FURTHER RESOLVED that the City Manager or his designee is authorized to use the following invoicing/reporting system in contract administration for contracts awarded through the Youth Equity Partnership and the invoicing/reporting system described in City Council Resolution No. 71,747-N.S. for other agencies awarded federal and non-federal funding. The following invoicing/reporting system pertains only to agencies awarded contracts through the Youth Equity Partnership:

Fiscal Reports (Youth Equity Partnership):

- ▶ All agencies, regardless of funding level, are required to submit quarterly

statements of expense and quarterly requests for advance payment. The final statement of expense for each fiscal year must be accompanied by a copy of the agency's General Ledger and a Statement of Revenues and Expenditures for each program.

- ▶ Four fiscal reports due by: October 15 (01, for the period of July 1 - September 30), January 15 (02, for the period of October 1 - December 31), April 15 (03, for the period of January 1 - March 31) and August 31 (04, for the period of April 1 - June 30).
- ▶ Four advance payment requests due by: July 8 (01, for the period of July 1 - September 30), October 15 (02, for the period of October 1 - December 31), January 15 (03, for the period of January 1 - March 31) and April 15 (04, for the period of April 1 - June 30).

Program Reports (Youth Equity Partnership):

- ▶ Two program reports, due by January 15 (1<sup>st</sup> half report, for the period of July 1 - December 31) and July 15 (2<sup>nd</sup> half report, for the period of January 1 - June 30).

BE IT FURTHER RESOLVED that the City Manager or his designee is authorized to approve advance payments to agencies awarded contracts through the Youth Equity Partnership, pending timely, complete, and accurate agency submission. City review and approval of fiscal and program reports is required before each payment will be released.

BE IT FURTHER RESOLVED that the City Manager or designee is authorized to maintain the discretion of requiring more frequent invoices and reports from new grantees or in contracts deemed to require closer scrutiny, and also maintains the discretion to terminate contracts based on factors outlined in the contract boilerplate, including but not limited to, the contractor's failure to fulfill obligations.

BE IT FURTHER RESOLVED, that the City Manager is authorized to refuse to execute or amend a contract with any agency that has not provided required contract exhibits and documentation within 60 days of award of funding.

BE IT FURTHER RESOLVED, that the City Manager is authorized to execute other resultant agreement and amendments with other agencies relating to receipt and expenditure under CDBG or CSBG Program in accordance with the proposals for community agency funding approved through the budget process. A record copy of said contracts and any amendments are on file with the Office of the City Clerk.

BE IT FURTHER RESOLVED that the that the City Manager is authorized to:

1. Execute or amend contracts with community agencies receiving HOME-ARP funds if additional capacity building operating funds are available. Up to \$45,595 for each of the agencies awarded HOME-ARP program funds; and
  
2. Redistribute HOME-ARP funds from one eligible program to another within the community agency portfolio in order to better meet the qualifying populations under the HOME-ARP regulations. All the services funded through the RFP are accessible to the qualifying populations under the HOME-ARP regulation and funds may be redistributed as needed throughout the grant period; and
  
3. Reallocate any and all HOME-ARP earlier awarded but unspent funds from PY2024/FY2025 into PY2025/FY2026 and develop a request for proposal (RFP) to re-distribute the funds for community agencies providing food assistance and/or employment programs services in Berkeley serving all qualifying populations under the HOME-ARP regulations. The contract period would begin in FY2027.

Attachment:

- 1: Resolution: Adopting FY 2026 Proposed Budget Update
  - Exhibit A: FY 2026 Proposed Budget Update Document
  - Exhibit B: Schedule of Changes to the FY 2026 Proposed Budget Update
2. FY 2026 Community Agency Contract Advances
3. Public Hearing Notice