

FY 2027 and FY 2028 Biennial Budget Update



Budget and Finance
Policy Committee

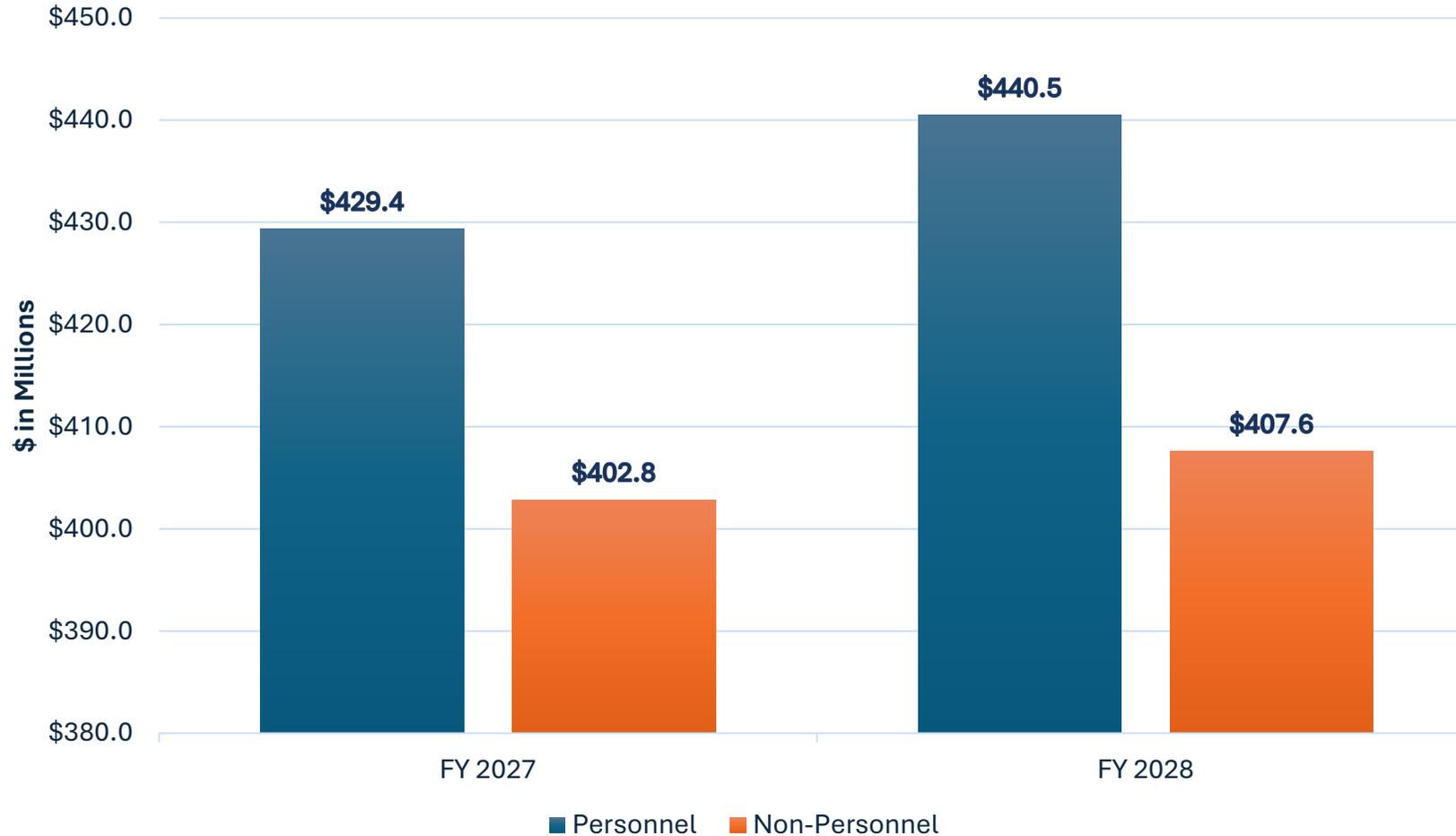
January 22, 2026

OVERVIEW

- FY 2027 & FY 2028 All Funds Baseline Budget
- FY 2027 & FY 2028 General Fund Baseline Budget
 - Revenues
 - Expenditures and Assumptions
 - Preliminary General Fund Budget Status
- Budget Balancing Plans
- Where we are in the Budget Development process
- Next Steps
- Q&A

FY 2027 & FY 2028 ALL FUNDS BASELINE BUDGET

All Funds Baseline Budget*
FY 2027 \$832.2 million, FY 2028 \$848.1 million



* Represents the Baseline budget as of 01/14/2026 and is subject to change at each level of budget development

FY 2027 & FY 2028 GENERAL FUND BASELINE REVENUE



**No change in FY 2027 & FY 2028
General Fund (GF) Revenue
projections**

Baseline GF revenue reflects projections from
May 2025

FY 2027 = \$297.2 million

FY 2028 = \$302.3 million



**Updated GF revenues to be provided
by Finance mid-February 2026**

Changes will be updated in Central Budget Entry
(CBE) by the Budget Office

Change could affect budget balancing and
overall biennial budget discussion

Baseline Budget Approach (FY 2027–FY 2028)

- Built on actual expenditures and projected needs to align with service costs
- Eliminates inefficiencies and replace outdated budgets
- Base planning on data-driven spending patterns and the real cost of services

The updated General Fund baseline for overtime, hourly, and non-personnel expenses reflects this approach.

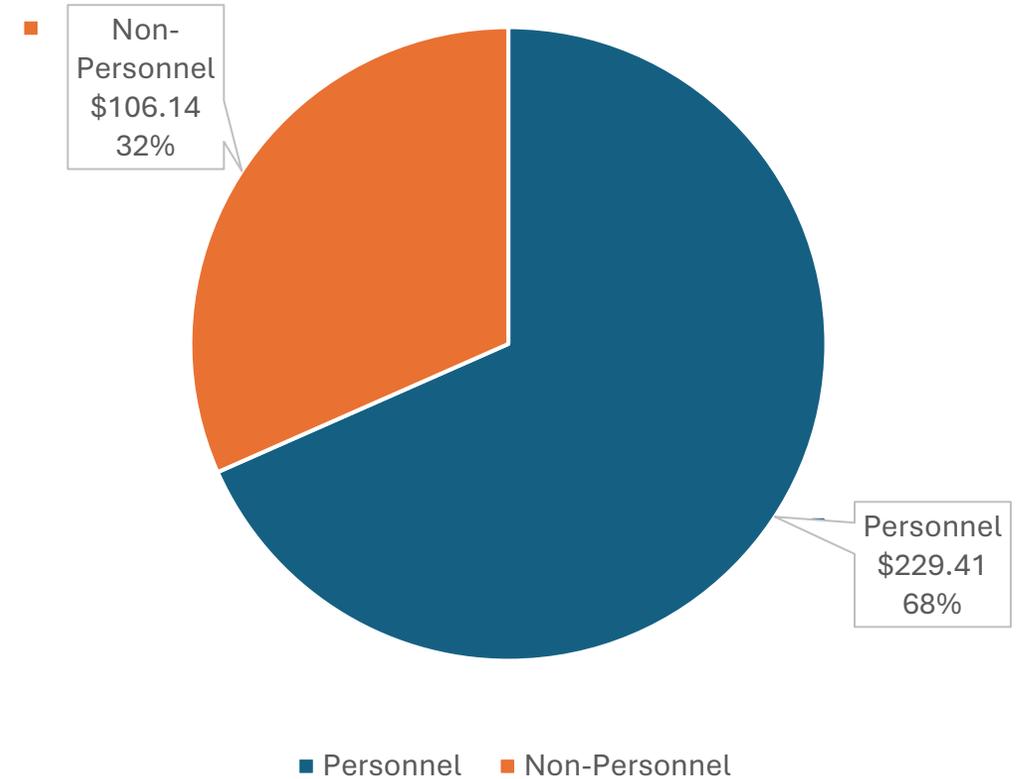
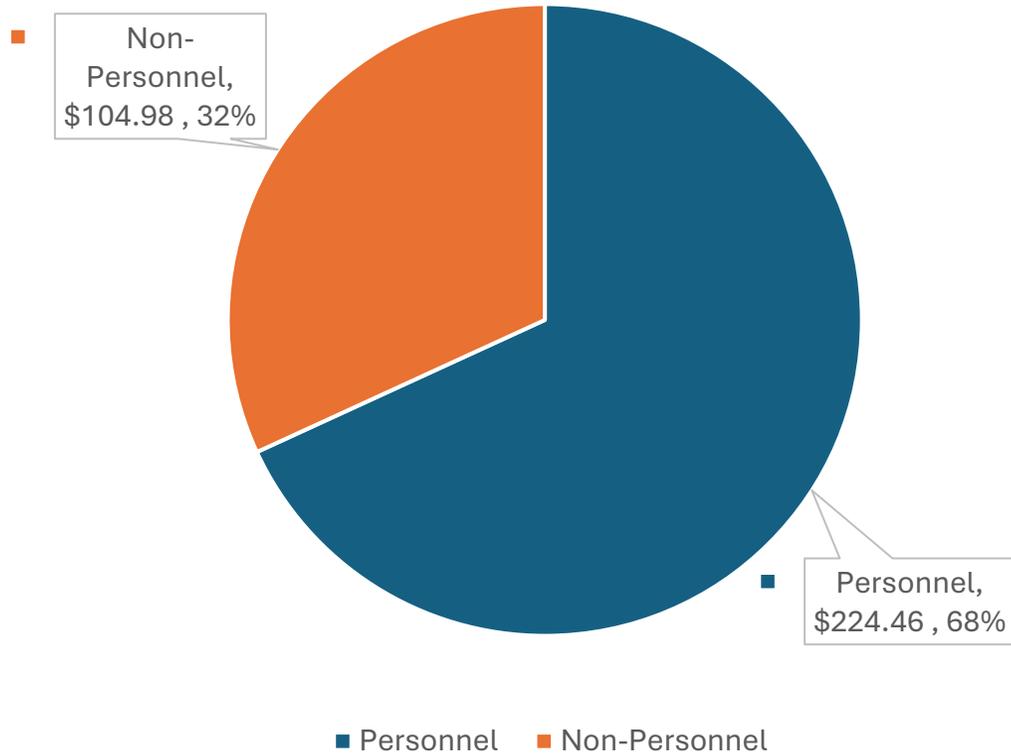
▪ **Personnel baseline assumptions**

- COLA for Miscellaneous (FY 2027 only, reflects current MOUs)
- No COLA in FY 2028 (subject to change depending on current labor negotiation outcome)
- Step and pay band increases for all eligible employees
- All Add Pays associated with employees and specific classifications
- Increases to all benefits, majority of increase from health and pension costs
- Vacant positions budgeted at Step 1
- Reduction in Force (RIF) positions from the FY 2026 Mid-Biennial Budget Update not budgeted in FY 2027 and FY 2028
- Overtime and Hourly reflects alignment to actual prior year expenditures and projected needs

FY 2027 & 2028 GENERAL FUND EXPENDITURES

FY 2027 GF Expenditures \$329.44 million

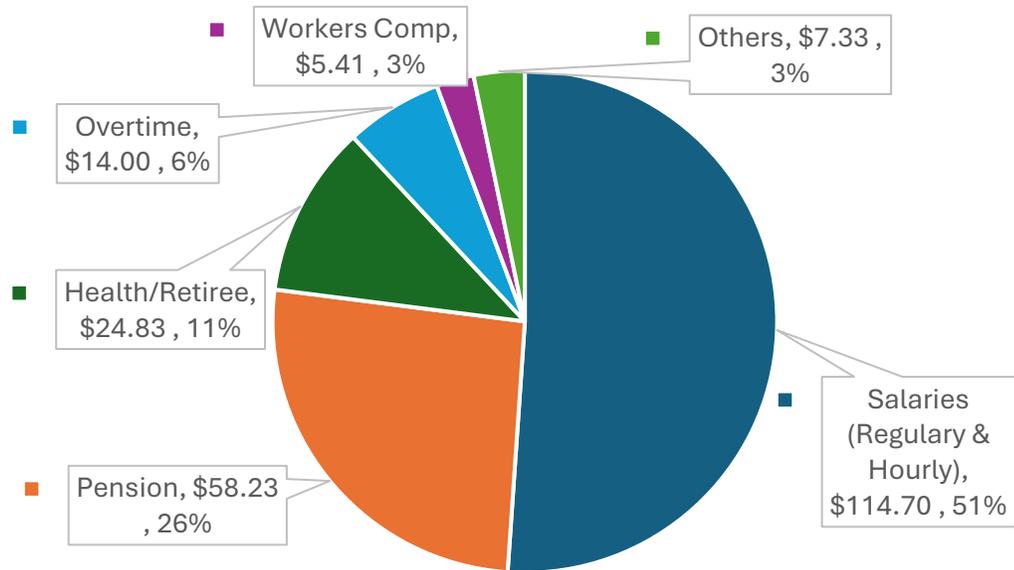
FY 2028 GF Expenditures \$335.55 million



- **Leading drivers of expenditure growth are salaries, pension, other benefits, OT & Hourly, and health insurance**

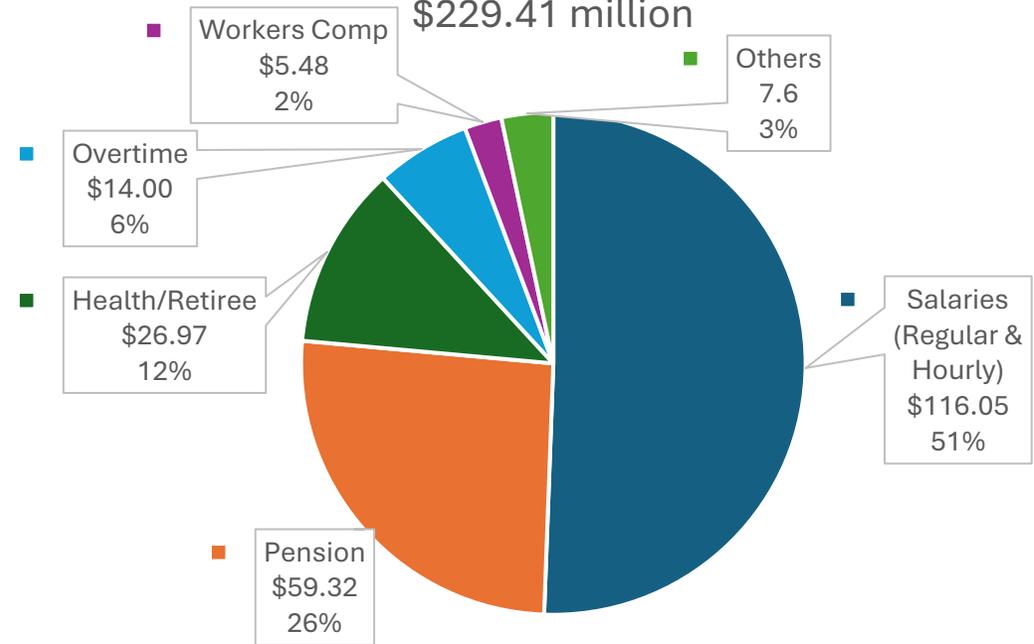
FY 2027 & 2028 GENERAL FUND PERSONNEL BUDGET

FY 2027 GF Personnel Expenditures by category
\$224.46 million



- Salaries (Regular & Hourly)
- Pension
- Health/Retiree
- Overtime
- Workers Comp
- Others

FY 2028 GF Personnel Expenditures by category
\$229.41 million



- Salaries (Regular & Hourly)
- Pension
- Health/Retiree
- Overtime
- Workers Comp
- Others

■ **Leading drivers of expenditure growth are salaries, pension, other benefits, OT & Hourly, and health insurance**

FY 2027 GENERAL FUND NON-PERSONNEL BASELINE

Department	FY 2025 ACTUALS *	FY 2026 ADOPTED	4-YEAR MEDIAN	FY 2027 NON-PERSONNEL BASELINE
Mayor & Council	\$ 516,639	\$ 363,883	\$ 386,142	\$ 363,883
Auditor	\$ 486,560	\$ 345,436	\$ 317,336	\$ 411,906
Rent Board	\$ 97,372	\$ 372,000	\$-	\$ 228,539
ODPA	\$ 711,593	\$ 239,814	\$ 335,370	\$ 349,663
CMO	\$ 6,649,293	\$ 5,873,852	\$ 4,478,799	\$ 6,427,883
Attorney	\$ 1,809,070	\$ 437,760	\$ 1,195,331	\$ 1,817,761
Clerk	\$ 2,440,055	\$ 993,450	\$ 914,074	\$ 1,740,333
Finance	\$ 1,775,801	\$ 1,299,922	\$ 1,450,534	\$ 1,404,866
HR	\$ 1,278,285	\$ 772,274	\$ 882,886	\$ 1,156,299
IT	\$ 1,147,360	\$ 1,580,760	\$ 981,159	\$ 1,150,454
HHCS	\$ 22,295,111	\$ 17,748,307	\$ 20,118,742	\$ 21,583,541
PRW	\$ 4,743,518	\$ 3,785,612	\$ 3,886,169	\$ 4,315,361
PLN	\$ 1,589,040	\$ 656,173	\$ 688,618	\$ 655,788
PW	\$ 4,434,018	\$ 2,508,298	\$ 2,900,692	\$ 2,947,178
Police	\$ 8,556,895	\$ 7,391,239	\$ 8,106,786	\$ 7,536,755
Fire	\$ 10,900,612	\$ 7,823,838	\$ 8,221,887	\$ 8,488,967
Non-Departmental	\$ 54,323,166	\$ 48,557,529	\$ 53,067,694	\$ 44,401,281
Total Non-Personnel	\$ 123,754,388	\$ 100,750,147	\$ 107,932,219	\$ 104,980,458

*FY 2025 Actuals includes encumbrance roll, carryover, adjustment after adoption, and 1x allocations.

FY 2027 & 2028 GENERAL FUND EXPENDITURES MAJOR COST DRIVERS – PENSION

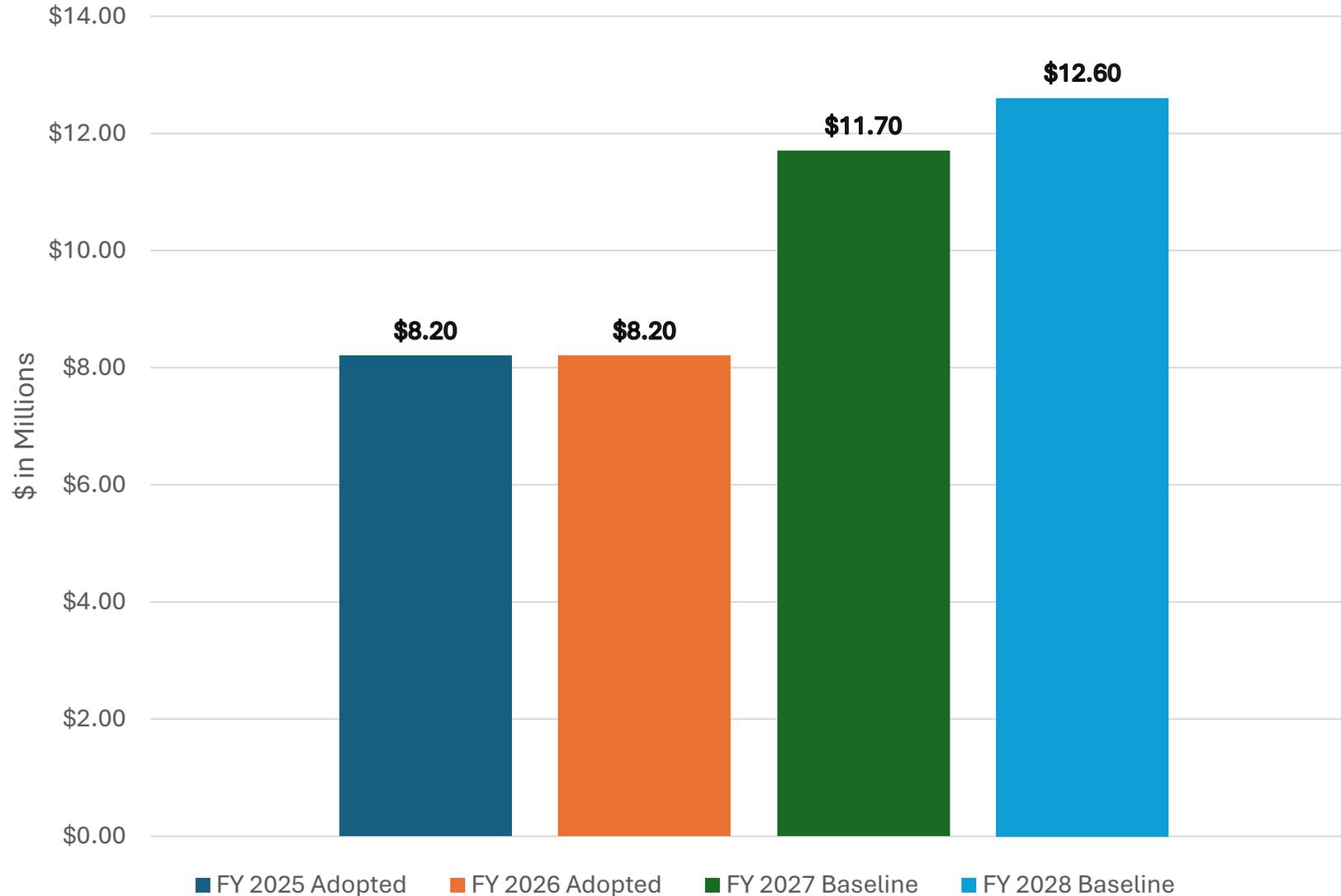


FY 2027 & 2028 GENERAL FUND EXPENDITURES MAJOR COST DRIVERS – OVERTIME



FY 2027 & 2028 GENERAL FUND EXPENDITURES

MAJOR COST DRIVERS – Liability (BCJPIA) Insurance



GENERAL FUND STATUS AT BASELINE LEVEL

	FY 2026 Adopted *	FY 2027 Prelim Projection	FY 2027 Baseline	FY 2028 Prelim Projection	FY 2028 Baseline
Revenues	\$311,435,259	\$297,181,421	\$297,181,421	\$302,343,897	\$302,343,897
Personnel	\$210,685,113	\$219,181,678	\$224,457,262	\$223,565,311	\$229,407,084
Non-Personnel	\$100,750,146	\$106,773,308	\$104,980,459	\$107,962,887	\$106,143,614
Total Expenditure	\$311,435,259	\$325,954,985	\$329,437,721	\$331,528,198	\$335,550,698
Surplus/(Deficit)	\$0	(\$28,773,564)	(\$32,256,300)	(\$29,184,301)	(\$33,206,801)

- * FY 2026 had a deficit of approximately \$29 million prior to implementation of 1x budget balancing measures and updated GF revenue. The Adopted FY 2026 Budget was balanced by:
- * Increase in GF Revenue = \$7.5 million
- * Use of Section 115 Trust fund balance = \$6.0 million (Recorded as revenue through transfers into the GF)
- * Use of Workers Compensation GF budget = \$5.2 million (Recorded as revenue through transfers into the GF)
- * Use of IT Cost Allocation (ISF) GF budget = \$6.2 million (Recorded as revenue through transfers into the GF)
- * Small Sites Reallocation = \$2.5 million (Recorded as revenue through transfers into the GF)
- * Freeze 44.4 vacant positions (RIF) = \$2.8 million (net savings after deletion of target salary savings)

CLOSING THE DEFICIT: OUR PATH FORWARD

Budget Balancing already in Motion.

- Preliminary Exercise Launched:
 - Expenditure Reduction Worksheet
 - Target Reductions: 10% and 12.5% from baseline
 - Applies to General Fund for all departments
 - Departments managing other funds with structural deficits or negative balances must also submit balancing proposals
- Revenue Generation Proposal Worksheet



Other Strategies.

- Establish an Operating Reserve
- Engage Bargaining Groups and Employees for input and collaboration.
- Identify and implement operational efficiencies that yield real savings.
- City-owned Property Review
- Review Internal Service Funds
- Review existing contracts
- Continue Developing Organization-Wide Budget Solutions

WHERE ARE WE IN THE BUDGET PROCESS?

WE ARE HERE:

Budget Balancing Exercise

Due Friday, January 30, 2026, with possible extension of deadline no later than Thursday, February 5, 2026. If needed, please reach out to the Budget Office for extension request.

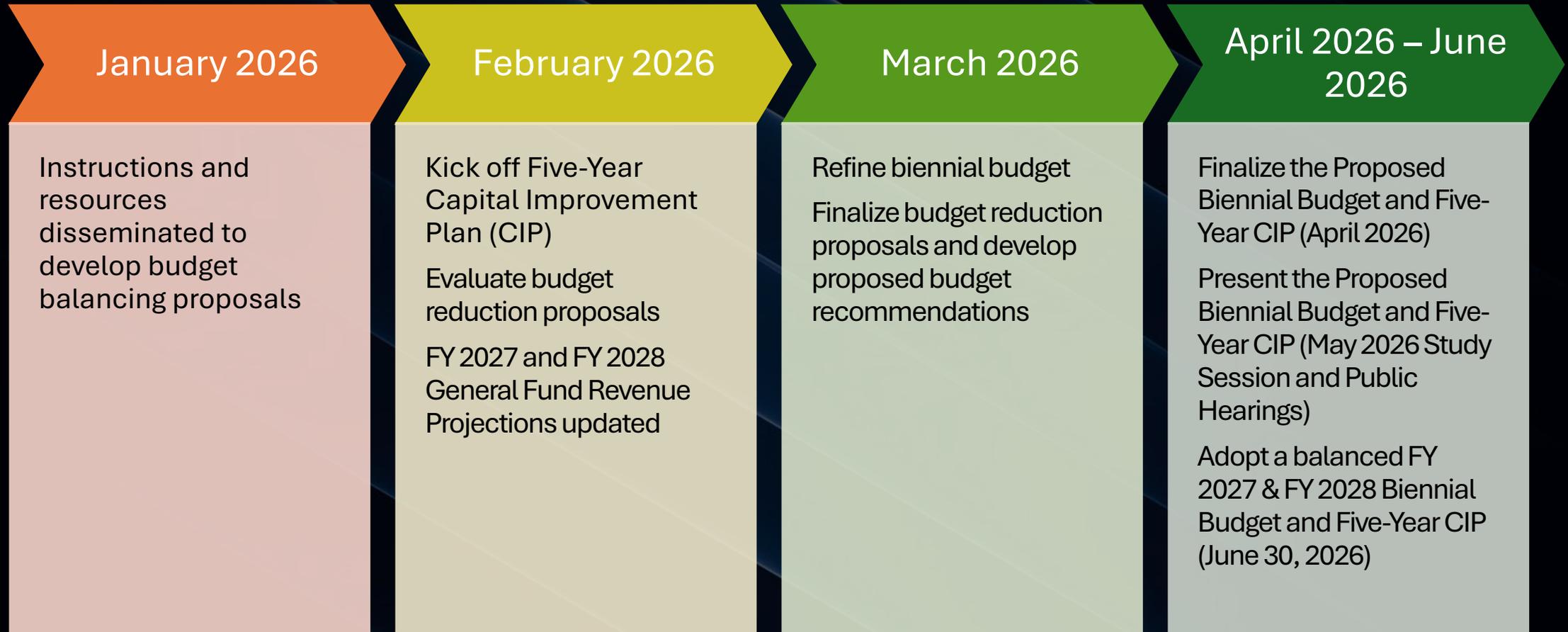
 ***Department Entry Level Budget: DO NOT*** change your General Fund baseline budget.

Department Entry Level is open until Friday, February 6, 2026.

Five-Year Fund Forecasts

Fund Forecasts are due Friday, February 6, 2026. If needed, please reach out to the Budget Office for extension request.

NEXT STEPS



Throughout this process, there will be ongoing discussions and engagement with the Budget and Finance Policy Committee, Union leadership, workforce, and community.

Q&A