

CITY OF BERKELEY

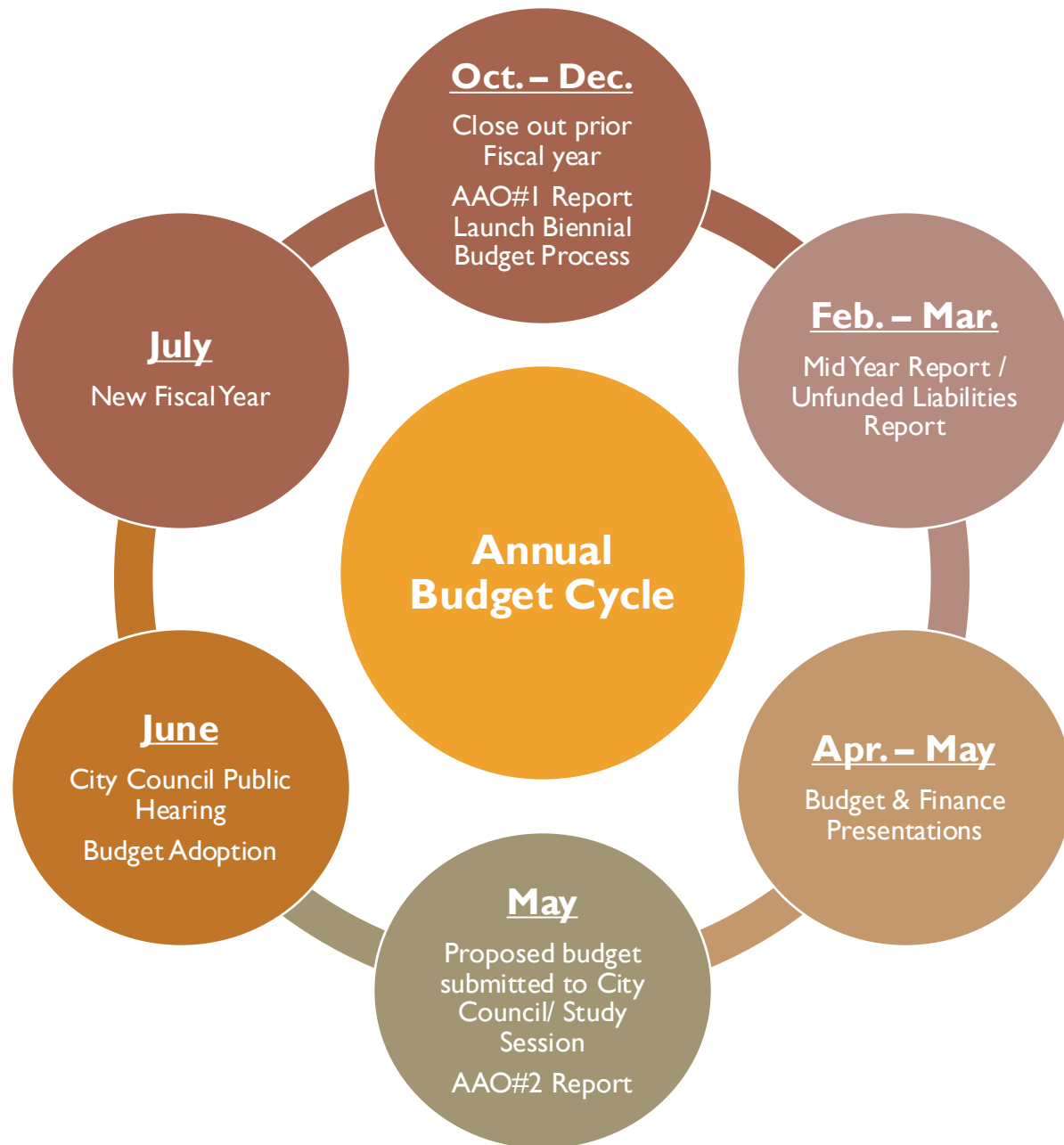
Budget & Finance Committee



FY 27 – FY 28 Biennial Budget Roadmap

September 11, 2025

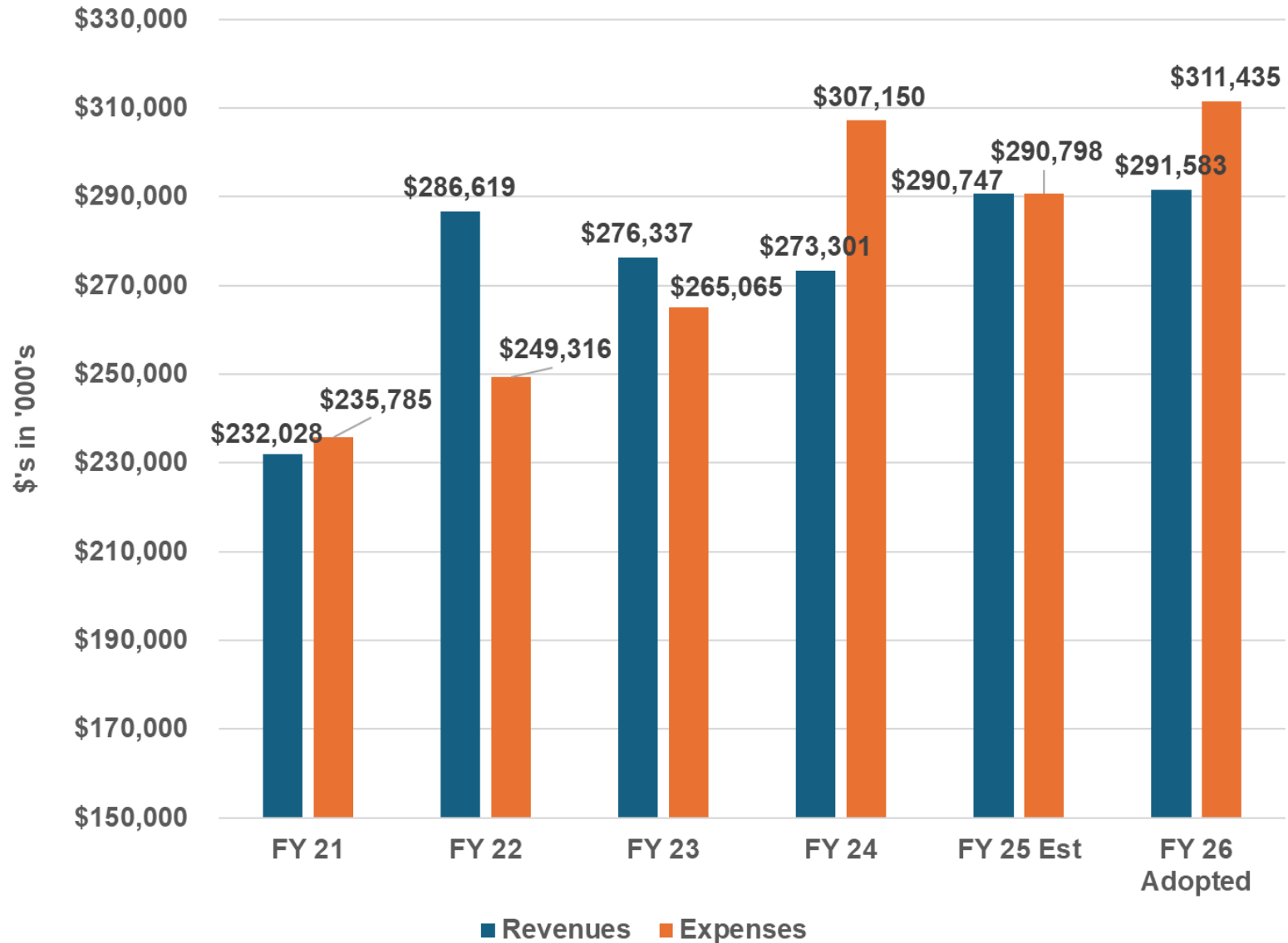
Typical Budget Cycle



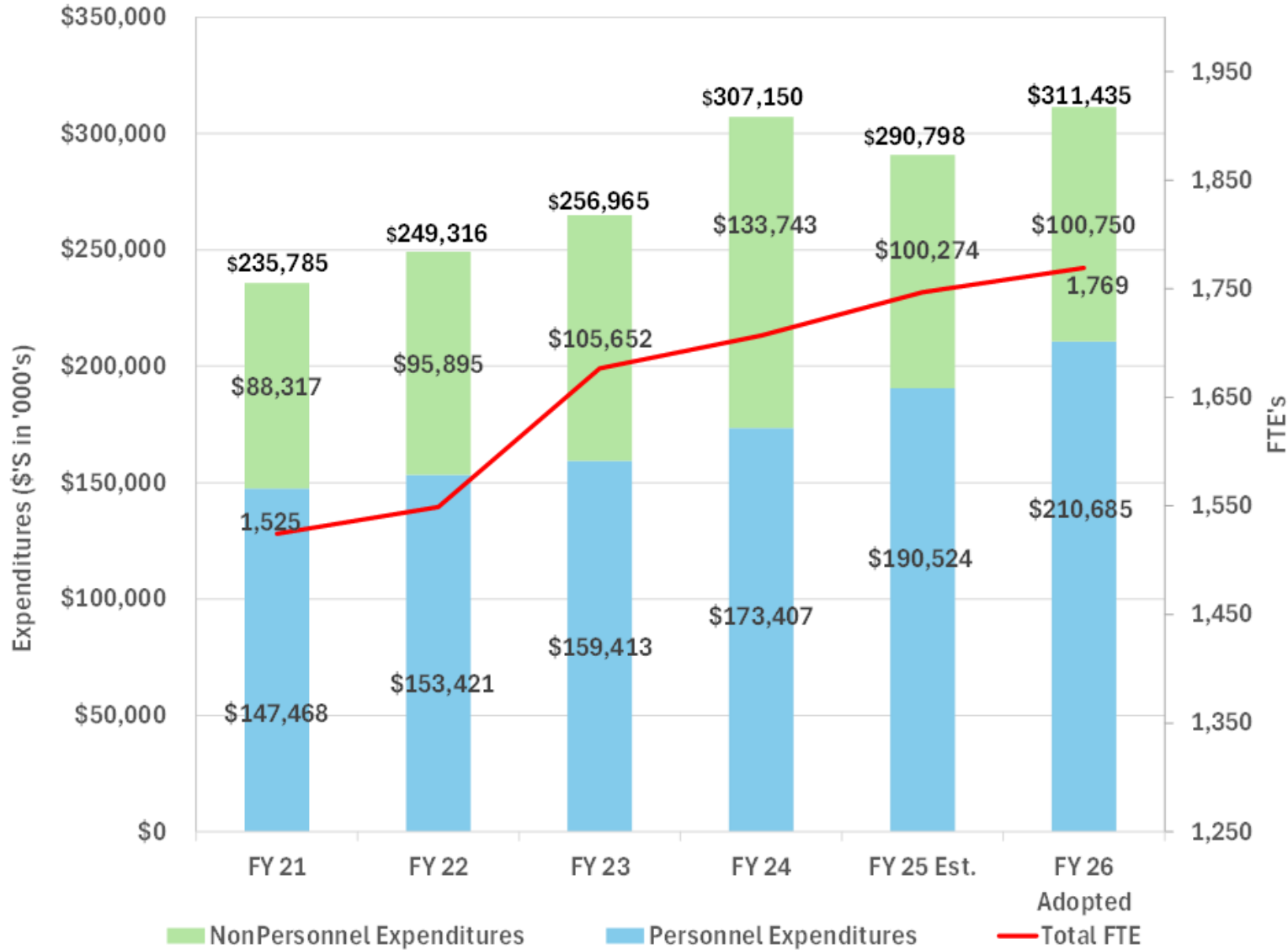
Overview

- City has relied upon one-time actions to address its deficit and implement new initiatives for many years
 - Reserves
 - Assumed vacancy savings / positions held vacant
 - One time grant resources
 - Project deferrals
- FY 26 Mid-Biennial Budget no different than the past -- shortfalls addressed through one-time measures
- FY 27–FY 28 Biennial Budget **estimated** \$28M structural deficit
- Goal: Align expenditures with available resources
 - Cost reductions
 - Revenue increases
 - Efficiencies

General Fund Overview

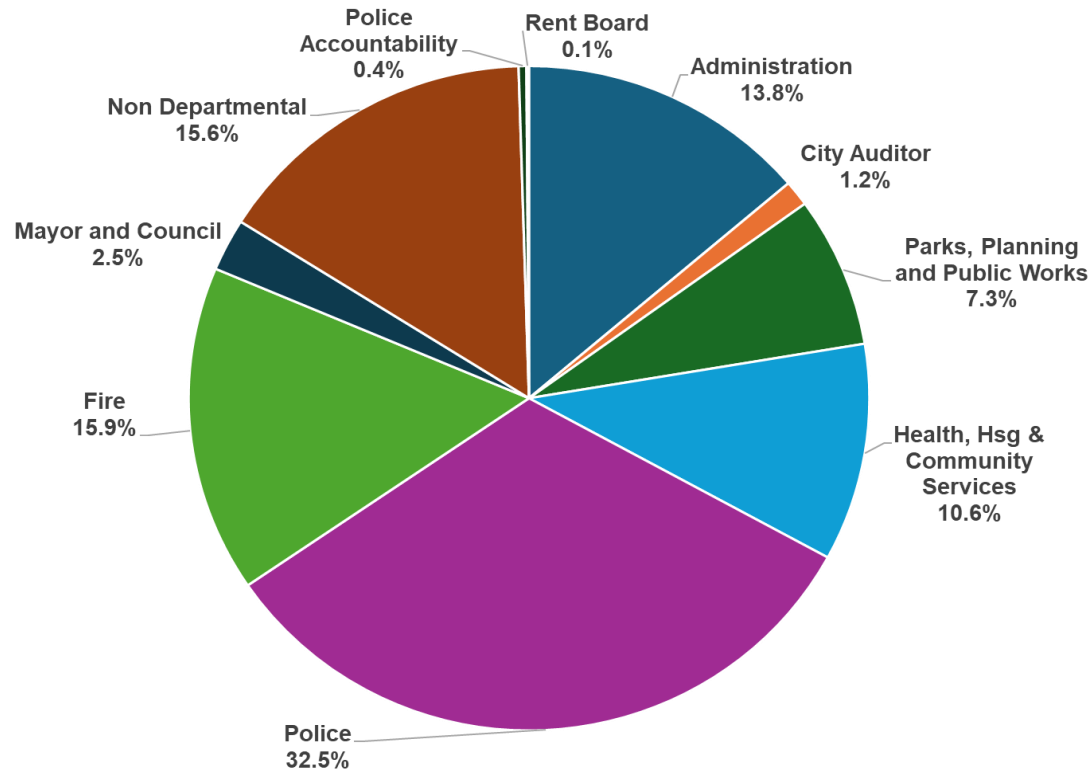


General Fund Expenditures

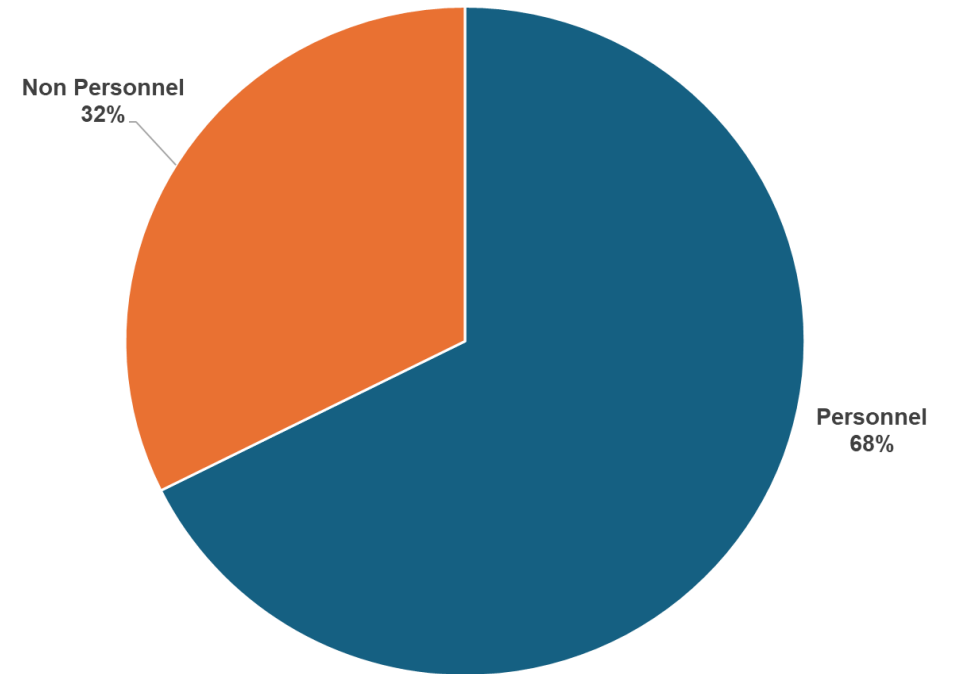


Adopted FY 26 General Fund Budget

Expenditures By Department



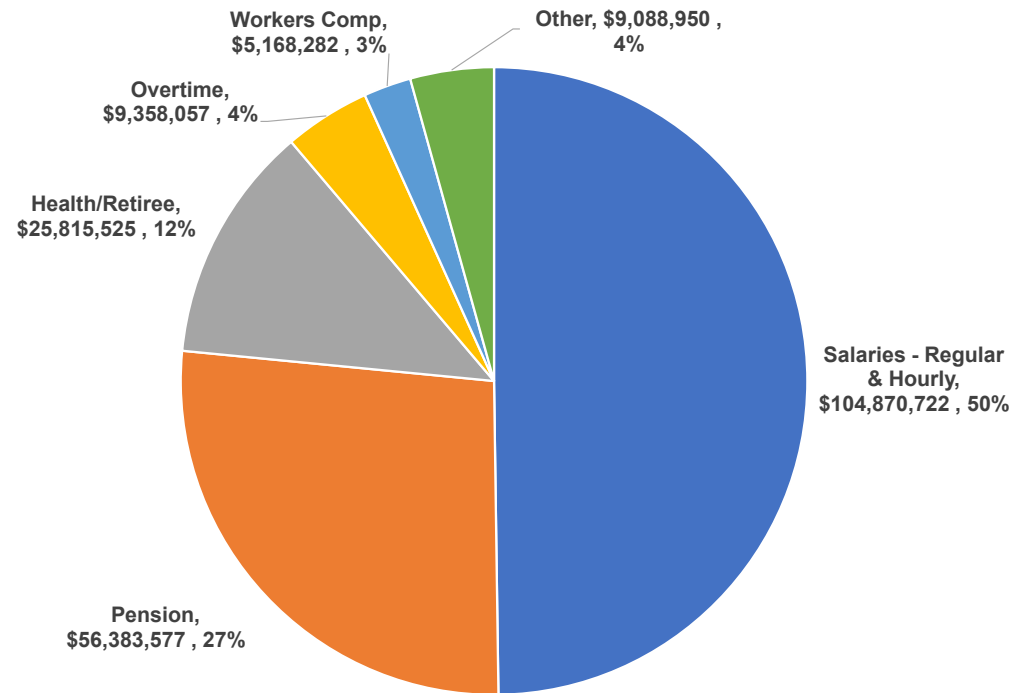
Expenditures By Category



Total Expenditures = \$311,435,259

Adopted FY 26 General Fund Budget

Personnel Expenditures By Type



Total Salaries & Benefits = \$210,685,113

Projected Pension Costs (Unfunded Liability Only)



FY 26 Balancing Measures

- \$7.5M increase in revenues
- 44.4 vacant positions
- 11.8 positions reallocated from the General Fund to other funds
- One (1) provisional temporary position eliminated
- \$6.0M Section 115 Trust Funds for pension obligations
- \$5.2M Workers Compensation Fund transfer to General Fund
- \$6.2M IT Cost Allocation Plan transfer to the General Fund
- \$2.5M of Measure UI resources

What Keeps Us Up At Night

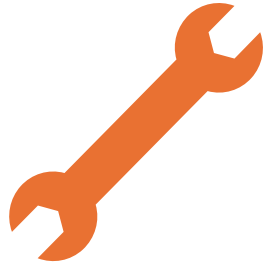
- Pension and Healthcare costs
- Upcoming Labor Contract Negotiations
- Operating Costs (i.e. Insurance and Utilities Costs)
- Inflation
- Marina Fund and Parking Funds operating shortfalls (and MORE)
- Behavioral Health Services Act Transition
- Delayed Facility Maintenance
- Unfunded/Underfunded Liabilities
- Status of Federal Funding

Illustrative General Fund Forecast

	FY 26 (1)	FY 27 (2)	FY 28 (2)	FY 29 (2)
Revenues	\$291,583,351	\$297,181,421	\$302,343,897	\$307,746,569
Expenditures				
Personnel (3)	\$210,685,113	\$219,181,678	\$223,565,311	\$228,036,617
Non Personnel (4)	100,750,146	106,773,308	107,962,887	109,169,236
Total Expenditures	\$311,435,259	\$325,954,985	\$331,528,198	\$337,205,854
Surplus/(Deficit)	(\$19,851,908)	(\$28,773,564)	(\$29,184,301)	(\$29,459,285)

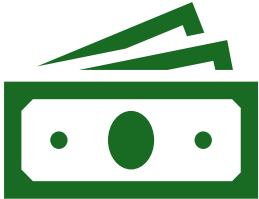
Notes:

1. FY 26 Expenditures assumes 44.4 vacant positions, 11.8 positions that have been reallocated to other funding sources, and one (1) temporary position that has been removed from the budget. Revenues have not been adjusted for one-time budget balancing measures.
2. Assumes that positions that are NOT funded in FY 26 are NOT funded FY 27-FY 29.
3. Assumes personnel expenditures increase 4% in FY 27 and 2% in FY 28- FY 29.
4. Assumes non personnel expenditures increase 1% in FY 27-FY 29. Note that FY 27 reflects one-time adjustments to account for increases in insurance expenditures that increase 4% per year and community agency commitments.



Employee resources/tools

Revenue opportunities



Department budget reduction scenarios

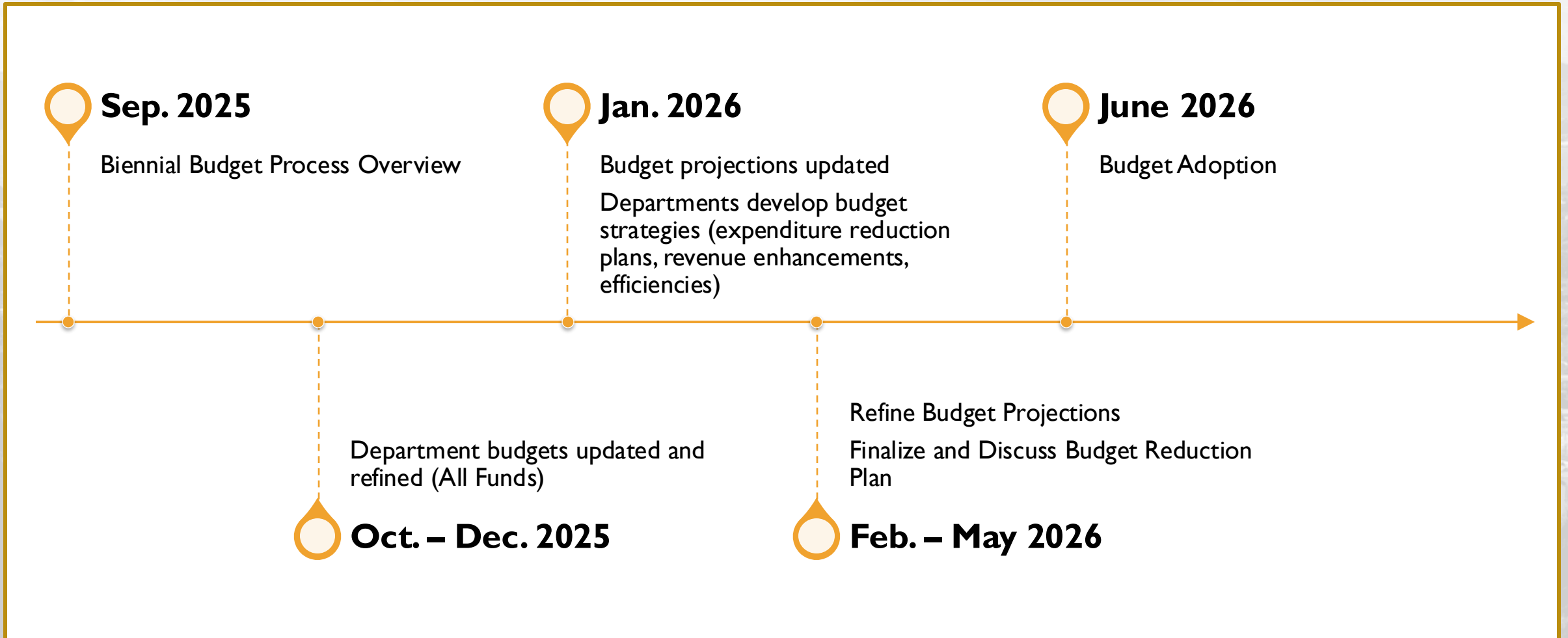
Assess proposed organizational efficiencies



Where do we go from here?

Align Expenditures with Available Resources

Budget Roadmap





Questions?



Thank You!