



City of
San Leandro

Proposed FY 2027 Mid-Cycle Update

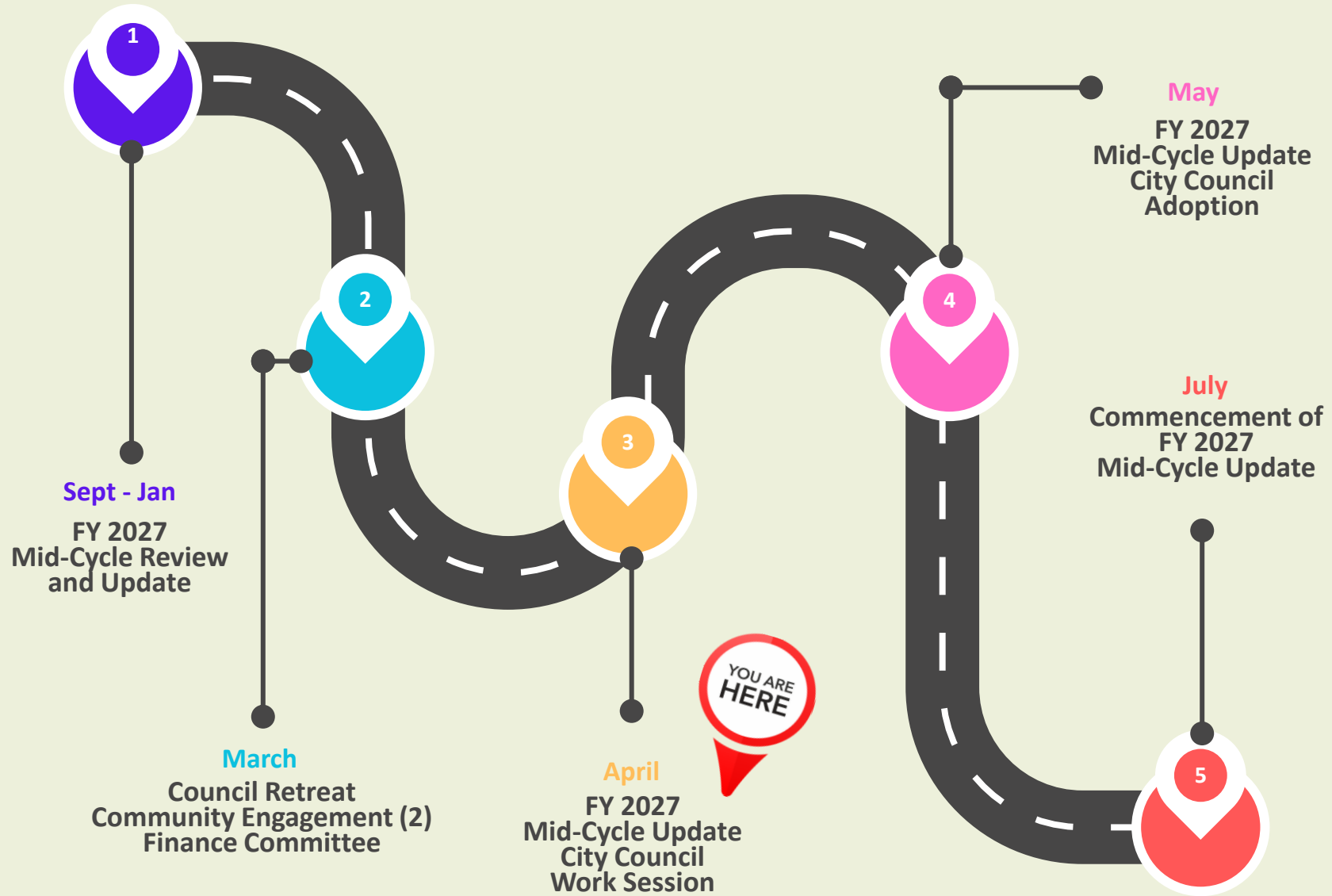
City Council Work Session
April 13, 2026



Background

- April 23, 2025 – FY 2026 & FY 2027 Biennial Budget (Proposed) Finance Committee
 - FYs 2026 & 2027 – Expenses (less transfers) should be equal to projected revenue
 - Beginning in FY 2028 – All expenses should be equal to projected revenue
- May 12, 2025 – FY 2026 & FY 2027 Biennial Budget (Proposed) Finance Committee
- June 2, 2025 – FY 2026 & FY 2027 Biennial Budget (Proposed) City Council
- June 16, 2025 – FY 2026 & FY 2027 Biennial Budget (Adopted) City Council
 - FY 2026 Adopted Budget – Balanced
 - FY 2027 Adopted Budget – Projected Use of Fund Balance/Reserves
 - ✓ Council granted staff more time to identify ways to close the structural deficit in a meaningful way with clear understanding of the impacts on the organization and community
 - ✓ Council directed staff to present FY 2027 Mid-Cycle Update with a Balanced Budget and no projected use of fund balance/reserve in future years

Where We've Been...And Where We're Headed



April 13, 2026

Council's Principles for Balancing the Budget

(use as guidelines to develop and evaluate budget choices)

1. Prioritize core services; no department is immune to reductions
2. Pursue efficiencies
3. Retain City reserves at 20% for economic uncertainty + \$5M for major emergencies (define what triggers the \$5M) – no increase or decrease
4. Refrain from adding net new projects or programs unless there is an identified revenue source
5. Commit to minimize service reductions that impact the community and avoid layoffs
6. Preserve the health and safety of City employees
7. Retain the ability to train employees and maintain a positive work environment
8. Focus management and administrative staff time on core service delivery and approved major projects – **“first things first”**
9. Communicate impacts and be transparent about reductions



Understanding the Importance of City Reserve / Fund Balance

What is Fund Balance?

➤ What is Fund Balance?

- Represents the difference between the City's total assets and current/future liabilities. It essentially shows the net available resources in that fund at a given point in time.
- Categories of Fund Balance:
 - **Nonspendable** – Resources that cannot be spent.
 - **Restricted** – Resources with external restrictions (i.e., grants).
 - **Committed** – Set aside for specific purposes by formal government action.
 - **Assigned** – Intended for specific purposes but not legally restricted (i.e., encumbrances).
 - **Unassigned** – Available for any purpose.

What is Fund Balance? (cont.)

➤ What is a Targeted Fund Balance?

- A targeted fund balance percentage refers to the desired level of reserves a government or organization aims to maintain in its General Fund.
- The Government Finance Officers Association (GFOA) recommends that general-purpose governments maintain unrestricted fund balance in their General Fund of at least two months (or approximately 16.7%) of regular operating expenditures (excluding transfers).

➤ Why is a targeted 20% fund balance important?

- Ability to pivot for unexpected expenses without resulting in direct to significant service reductions or borrowing.
- Improved ability to weather economic downturns.
- Ability to remain operational during natural disasters.
- May impact / improve credit ratings, leading to lower borrowing cost.
- Enhanced financial stability and resilience.

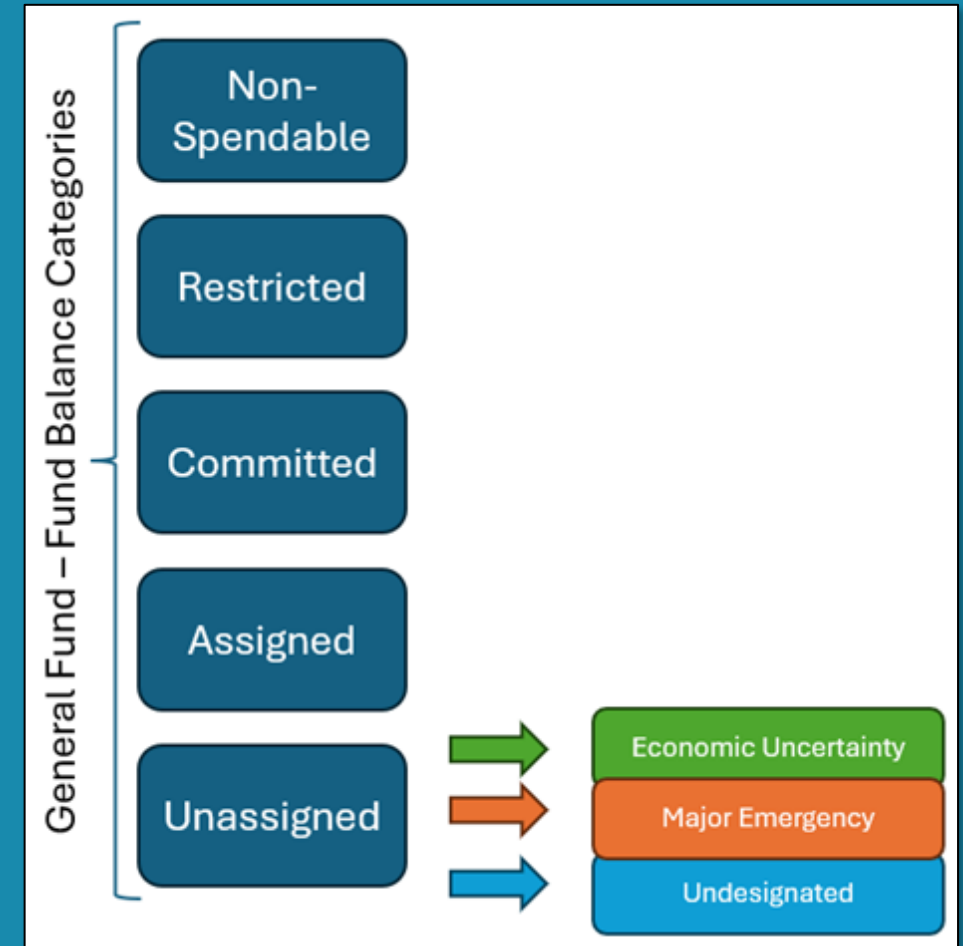
General Fund Reserve Policy - Current

➤ The current reserve policy meets the following objectives of the City:

- Ensure financial stability
- Maintain operations in times of economic uncertainty

➤ The City's current reserve policy sets the following targeted reserve levels:

- Economic Uncertainty – 20% of budgeted General Fund expenditures, excluding any transfers; and
- Major Emergency – Establish a goal of maintaining a target balance of \$5,000,000; and
- Undesignated Fund Balance – The Undesignated Fund Balance remains in the General Fund until allocation by the City Council to another designated reserve or fund



General Fund Reserve Policy

Major Emergency Designation

What is the Major Emergency designation in the Reserve Policy?

Established goal of maintaining a target balance of \$5M to response to major emergencies



What can the \$5M be used for?

Major emergencies

Recovery from an earthquake, firestorm, and other disasters

Best Practices & Comparable Policy Levels

Agency	Reserve Fund Level
Dublin	N/A
Oakland	7.5%
Berkeley	16.7%
Fremont*	16.7%
Pleasanton	16.7%-25.0%
Emeryville	20.0%
Hayward	20.0%
Piedmont	20.0%
San Leandro**	20.0% + \$5M
Union City	20.0%
Alameda***	20.0% + 5%
Albany	25.0%
Livermore	30.0%
Newark	30.0%
<i>GFOA (Recommendation)</i>	<i>16.7%</i>

Notes:

*City of Fremont – Policy also includes a Budget Uncertainty Reserve with no set reserve level

**City of San Leandro – Policy also includes \$5M for Major Emergencies

***City of Alameda – Policy also includes 5% for Economic Uncertainty



Proposed General Fund Reductions

Administrative & General Government



City Manager's Office

Finance

Human Resources

Information Technology

City Manager's Office & Legislative

Baseline Budget FY 2027:
\$7,997,060

**Proposed Cumulative
Net Change:**
\$376,210 or 4%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
1	Eliminate City Support for School Crossing Guard Program		(\$90,000)		(\$90,000)	School Districts will assume funding for its school crossing guard program	• Unanimously Agree
2	Reduce Community Sponsorships for Events and Community Investment Grants	(\$60,000)			(\$60,000)	Reduced sponsorships for events, and grant opportunities for investment in the Community	• Unanimously Agree
3	Reduce General Operating Expenses	(\$84,160)			(\$84,160)	Minimal operational impact on reduced expense for travel, training, memberships, supplies, and consultant services	• Unanimously Agree
4	Reduce Election Costs	(\$232,050)			(\$232,050)	No impact	• Unanimously Agree
Total		(\$376,210)	(\$90,000)	(\$0)	(\$376,210)		

Finance

Baseline Budget FY 2027:
\$5,134,613

**Proposed Cumulative
Net Change:**
\$439,322 or 9%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
5	Business License Administration		(\$255,000)		(\$255,000)	This will allow for the transition to the new ERP system and evaluation of existing City resources to bring business license administration in-house	<ul style="list-style-type: none"> Unanimously Agree
6	Reduce Contract Services	(\$163,000)			(\$163,000)	Alignment for new investment management services, and reduction in contract accounting services	<ul style="list-style-type: none"> Unanimously Agree
7	Reduce General Operating Expenses	(\$21,322)			(\$21,322)	Reduce expense for travel and training, memberships, supplies	<ul style="list-style-type: none"> Unanimously Agree
Total		(\$184,322)	(\$255,000)	(\$0)	(\$439,322)		

Human Resources

Baseline Budget FY 2027:
\$2,904,209

**Proposed Cumulative
Net Change:**
\$156,447 or 5%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
8	Eliminate Part-Time Administrative Assistant II		(\$29,447)		(\$29,447)	Through attrition, eliminate part-time Administrative Assistant II. Tasks will be absorbed by existing staff.	<ul style="list-style-type: none"> Unanimously Agree
9	Reimagine Employee Recognition Events	(\$24,250)	(\$12,000)	(\$10,000)	(\$46,250)	Reimagine employee recognition and appreciation initiatives, such as service and retirement awards. Eliminate employee events, such as recognition breakfast and appreciation picnic. Impacts morale.	<ul style="list-style-type: none"> Unanimously Agree
10	Reduce Contract Services	(\$20,000)	(\$5,000)	(\$40,000)	(\$65,000)	Reduce funds for external investigations or other employee relations services	<ul style="list-style-type: none"> Unanimously Agree
11	Reduce General Operating Expenses	(\$15,750)			(\$15,750)	Reduce expenses for training, memberships, supplies, wellness services, and City-wide employee development/tuition reimbursement	<ul style="list-style-type: none"> Unanimously Agree
Total		(\$60,000)	(\$46,447)	(\$50,000)	(\$156,447)		

Information Technology

Baseline Budget FY 2027:
\$9,830,715

**Proposed Cumulative
Net Change:**
\$739,970 or 8%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
12	Eliminate Vacant Business Systems Analyst	(\$221,489)			(\$221,489)	Reduction of 25-30% in business application support capacity across the organization. Affected applications include Accela, SeeClickFix and GIS	• Unanimously Agree
13	Reduce Consulting Services & Eliminate Year-Up Interns	(\$212,430)			(\$212,430)	IT estimates that response times for technology incidents and service requests reduced up to 20%. Reduced project management support	• Unanimously Agree
14	Eliminate Public Wi-Fi Access		(\$108,131)		(\$108,131)	Eliminate public Wi-Fi in downtown and parks	• Majority Agree
15	Reduce General Operating Expenses	(\$124,968)			(\$124,968)	Minimal impact	• Unanimously Agree
16	Reduce Central Services Printing/Paper for Efficiencies	(\$35,084)			(\$35,084)	Minimal impact	• Unanimously Agree
17	Reduce redundant internet providers	(\$45,000)			(\$45,000)	Minimal potential impact. Redundant internet providers reduced from 3 to 2	• Unanimously Agree
18	Eliminate Eden Maintenance & Support		(\$88,757)		(\$88,757)	No impact. Eliminate maintenance and support with current ERP solution through transition to Workday	• Unanimously Agree
19	Citywide Software & New Cyber Security Tools	\$95,889			\$95,889	These increases are needed to continue cybersecurity roadmap improvements	• Unanimously Agree
Total		(\$543,082)	(\$196,888)	(\$0)	(\$739,970)		

Culture & Services



Library

Recreation & Parks

Human Services

Library

Baseline Budget FY 2027:
\$9,768,577

**Proposed Cumulative
Net Change:**
\$863,404 or 9%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
20	Reallocation of Weekly Library Hours	(\$649,357)			(\$649,357)	Eliminate vacant staffing; Main and Manor newly closed on Mondays, resulting in 7 less hours per week each; Mulford increase from 12 to 28 hours/week. Change will result in 2 additional hours per week in the library system.	• Unanimously Agree
21	Eliminate Library Public Arts Fund	(\$50,000)			(\$50,000)	Alternative funding needed to continue City-sponsored Comedy Festival beyond 2027; eliminate Arts Grants Program.	• Unanimously Agree
22	Reduce Digital & Physical Collection Allocation	(\$81,711)			(\$81,711)	Inability to acquire requested materials; need to prioritize popular materials; LINK+ utilized more often, which will require more staff intervention and longer public wait times; longer holds lists due to discontinuation of lease program.	• Unanimously Agree
23	Reimagine Library Program Offerings	(\$11,822)			(\$11,822)	Continue to offer programming. Reimagination of program delivery through efficiencies	• Unanimously Agree
24	Reduce General Operating Expenses	(\$70,514)			(\$70,514)	Eliminate training, social media boosts, and public magazine subscriptions. Reduce travel, translations, memberships, and supplies.	• Unanimously Agree
Total		(\$863,404)			(\$863,404)		

Recreation & Parks

Baseline Budget FY 2027:
\$11,772,008

**Proposed Cumulative
Net Change:**
\$1,200,385 or 10%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
25	Increase in Programmatic/Rental (Revenue)	(\$566,000)	(\$140,500)	(\$10,000)	(\$716,500)	Increase in programmatic offerings, more rental space available, updated revenue projections based on actuals. <u>Reducing reliance on General Fund</u>	• Unanimously Agree
26	Increase Independent Contractor Expenses	\$134,000			\$134,000	More programmatic offerings, offset by increased revenue	• Unanimously Agree
27	Increase Boys & Girls Lease Payments	\$98,232			\$98,232	New lease terms. Increase in expense is partially offset by more programmatic offerings resulting in increased revenue	• Unanimously Agree
28	Reduce Contract Services	(\$40,000)	(\$35,000)	(\$14,000)	(\$89,000)	Security service reduced to large events/rentals, and eliminate coverage at pools; reduce contract landscape services at City Facilities to 1x per week or less starting in FY29	• Unanimously Agree
29	Personnel Cost Shift Away from General Fund	(\$203,401)			(\$203,401)	Accounting Update: align costs with work performed at Shoreline	• Unanimously Agree
30	Eliminate Two Maintenance Worker I			(\$352,668)	(\$352,668)	Eliminate two Maintenance Worker I. Elimination may result in less proactive maintenance efforts	• Unanimously Agree
31	Reduce General Operating Expenses	(\$25,048)			(\$25,048)	Reduce expense for travel and training, memberships, supplies, uniforms, translations, and marketing	• Unanimously Agree
32	Reimagine program delivery through efficiencies	(\$46,000)			(\$46,000)	Reimagination of program delivery through efficiencies related to field trip transportation, entertainment, and other supplies	• Unanimously Agree
Total		(\$648,217)	(\$175,500)	(376,668)	(\$1,200,385)		

Human Services

Baseline Budget FY 2027:
\$3,820,981

**Proposed Cumulative
Net Change:**
\$550,009 or 14%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
33	Department Restructuring for Efficiencies	(\$541,685)			(\$541,685)	Restructure of department to facilitate operating efficiencies	• Unanimously Agree
34	Eliminate Funding for Congregate Winter Shelter	(\$50,000)			(\$50,000)	Program was discontinued in FY26 due to a lack of a qualified provider. Staff recommends eliminating funding for this program permanently	• Unanimously Agree
35	Reduce Community Agency Program Grant Funding		(\$20,000)		(\$20,000)	FY26 funding is \$170,000. Change will result in funding of \$150,000 starting in FY28	• Unanimously Agree
36	Reduce Security Services at Senior Community Center	(\$33,792)	(\$20,000)		(\$53,792)	FY26 funding is \$67,584. Change will result in gradual reduction of on-site security presence at the Senior Community Center	• Unanimously Agree
37	Eliminate Domestic Violence Case Management Funding		(\$50,000)		(\$50,000)	Ongoing case management services following domestic violence crisis intervention may be reduced or eliminated for San Leandro residents	• Unanimously Agree
38	Eliminate Shelter Subsidy to Building Futures			(\$50,000)	(\$50,000)	Potential funding gap for Building Futures to provide shelter for unhoused individuals	• Unanimously Agree
39	Reduce General Operating Expenses			(\$22,980)	(\$22,980)	Reduce expense for travel, training, supplies, subscriptions, postage	• Unanimously Agree
40	Increase in Independent Contractor Expenses	\$75,000			\$75,000	Continuation of senior program offerings through independent contractors	• Unanimously Agree
41	Restoration of Part-time Personnel	\$163,448			\$163,448	Restoration of funding for 3 current part-time employees at the Senior Center	• Unanimously Agree
Total		(\$387,029)	(\$90,000)	(\$72,980)	(\$550,009)		

Public Infrastructure



Public Works

Community Development

Public Works

Baseline Budget FY 2027:
\$10,027,130

**Proposed Cumulative
Net Change:**
\$823,250 or 8%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
42	Reduce Third-Party Encampment Cleanup	(\$219,800)	(\$94,022)	(\$82,728)	(\$219,800)	In FY 2025, 20 encampment cleanups were performed (16 performed by vendor, and 4 performed by City). To date in FY 2026 - 19 encampment cleanups have been performed (15 performed by vendor assistance, and 4 performed by City). Overall reduction may result in slower response to encampment cleanup.	<ul style="list-style-type: none"> Unanimously Agree Recommend no reduction in FY 2028 and FY 2029
43	Personnel Cost Shift Away from General Fund	(\$100,200)	(\$184,000)	(\$96,000)	(\$380,200)	Accounting Update: align costs with work performed on road maintenance and repair each fiscal year.	<ul style="list-style-type: none"> Unanimously Agree
44	Consultant Cost Shift Away from General Fund	(\$180,000)			(\$180,000)	No impact to service delivery. Consultant services will be charged to permit applicant and/or construction project.	<ul style="list-style-type: none"> Unanimously Agree
45	Reduce General Operating Expenses		(\$21,978)	(\$21,272)	(\$43,250)	Reduced expense for travel, training, memberships, supplies, subscriptions, etc.	<ul style="list-style-type: none"> Unanimously Agree
Total		(\$500,000)	(\$205,978)	(\$117,272)	(\$823,250)		

Community Development (1 of 3)

Baseline Budget FY 2027:
\$11,052,628

**Proposed Cumulative
Net Change:**
\$1,564,630 or 14%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
46	Eliminate Vacant Permit Center Position	(\$181,832)			(\$181,832)	Internal recruitment of a vacant Permit Center Supervisor role with no backfill. No direct impact to residents or service delivery.	• Unanimously Agree
47	Eliminate On-Call Planning Consultant			(\$75,000)	(\$75,000)	Limits the City's ability to engage subject matter experts for complex policy projects, respond to changes in state law, and fulfill Housing Element commitments.	• Unanimously Agree
48	Reduce Third-Party Plan Checking Services for Building Permits		(\$25,000)	(\$25,000)	(\$50,000)	Permit review times may be increased by approximately 10%	• Unanimously Agree
49	Reduce General Operating Expenses	(\$54,822)	(\$3,500)	(\$33,005)	(\$91,327)	Reduce expense for travel, training, memberships, supplies, subscriptions, postage	• Unanimously Agree
50	Reallocation of Rent Registry Program	(\$648,000)			(\$648,000)	No impact to community or operations. Funding will be approved with creation of new Special Revenue Fund.	• Unanimously Agree

Community Development (2 of 3)

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
51	Reduce Housing Consultants	(\$40,000) (\$30,000)			(\$40,000) (\$30,000)	Core third-party Tenant / Landlord Services and Housing Assistance Services retained at reduced level; Discontinue Multi-Family Rental Assistance Program Needs Analysis and Seminars / Outreach to Enhance Housing Mobility (Housing Element)	<ul style="list-style-type: none"> Unanimously Agree Recommend a \$30,000 Reduction in FY 2027 Retain funding of \$10,000 for Core Third-Party Tenant/Landlord Services
52	Reduce First Time Home Buyer Program	(\$25,000)		(\$25,000)	(\$50,000)	Reduced capacity to manage & monitor the City's Below Market Rate (BMR) Program; Proposed FY 29 reductions will result in loss of third-party contract - Significant increase in City staff time to manually administer the BMR Program; Reductions & delays in application processing, compliance reviews & annual reporting	<ul style="list-style-type: none"> Unanimously Agree
53	Reduce Downtown Ambassador Program Funding		(\$51,021)	(\$20,000)	(\$71,021)	Maintaining base funding level with no escalation factors in FY 2027 will result in reduction in service hours for Downtown Safety Ambassadors. Increased calls for PD service; Reduced outreach and de-escalation services downtown; Businesses may see increased impacts from unhoused individuals and the downtown environment may feel less safe and welcoming.	<ul style="list-style-type: none"> No Recommendation Either Way (For or Against)

Community Development (3 of 3)

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
54	Reduce Event Sponsorship	(\$32,000)		(\$1,000)	(\$33,000)	Elimination of monetary sponsorship for SLIA Downtown Events for enhanced music and programming. Increased in-kind assistance from the City - partnerships and equipment, including new city-owned stage. Reduction of Downtown Farmers Market Support;	• Unanimously Agree
55	Reduce Chamber of Commerce Support			(\$12,450)	(\$12,450)	Reduction in joint City-Chamber of Commerce activities	• Unanimously Agree
56	Reduce Branding & Marketing Funds	(\$70,000)	(\$85,000)	(\$10,000)	(\$165,000)	Reduction of City Brand Assessment & Marketing Study & Brand Implementation; Reduced funds to develop new Economic Development marketing Elimination of San Francisco Business Times advertising / spotlight on San Leandro; Reduced recruitment of new businesses	• Unanimously Agree
57	Eliminate Business Incentive Program	(\$157,000)			(\$157,000)	Reduced ability to recruit and assist unique small businesses; Eliminates assistances to shopping centers for upgrades	• Unanimously Agree
58	Eliminate Economic Development Studies	(\$50,000)	(\$50,000)		(\$100,000)	Discontinue Arts District Evaluation & Placemaking/Plaza Planning; Eliminate budget for new Economic Development studies	• Majority Recommend No Reductions
Total		(\$1,198,654)	(\$164,521)	(\$201,455)	(\$1,564,630)		

Public Safety



Fire

Police

Fire

Baseline Budget FY 2027:
\$36,901,973

**Proposed Cumulative
Net Change:**
\$973,137 or 3%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
59	Eliminate City's Retiree Medical Contribution	(\$681,298)	(\$19,076)	(\$19,610)	(\$719,984)	90% Reduction in City's contribution to retiree medical payment to ACFD.	<ul style="list-style-type: none"> No direction provided; additional staff work required
60	Reduce Alternative Response Unit (ARU) Program			(\$253,153)	(\$253,153)	Reduce respite beds from 3.83 to 2. Cost Per Bed = \$138,335 Reduction = 1.83 Beds * \$138,335 = \$253,153	<ul style="list-style-type: none"> Unanimously agree
Total		(\$681,298)	(\$19,076)	(\$272,763)	(\$973,137)		

Police

Baseline Budget FY 2027:
\$51,729,464

**Proposed Cumulative
Net Change:**
\$810,161 or 2%

#	Description	FY 2027 Reduction	FY 2028 Reduction	FY 2029 Reduction	Cumulative Reduction	Impact	Finance Committee
61	Revise Personnel Budget for New Recruits and Vacancy Rates	(\$554,332)			(\$554,332)	Administrative alignment of personnel costs with retirements, new recruits, and vacancy rates	• Unanimously Agree
62	Eliminate Vacant Management Analyst II (Crime Analyst)	(\$161,629)			(\$161,629)	Limits transparency and delays in data and intelligence collection	• Unanimously Agree
63	Reduce Consulting Services	(\$57,500)			(\$57,500)	Potential delay in public messaging, delays in hiring of police officers, and recruitment website impact	• Unanimously Agree
64	Eliminate Fleet Management Contract Services		(\$145,500)		(\$145,500)	Utilize in-house services for efficiencies	• Unanimously Agree
65	Reduce General Operating Expenses	(\$72,200)			(\$72,200)	Reduce expense for POST training, wellness application, laundry, outreach materials, general supplies,	• Unanimously Agree
66	Increase for Full Cost of Animal Control Contact Services	\$181,000			\$181,000	Animal control services is a legally mandated core service, in which the City must provide this service.	• Unanimously Agree
Total		(\$664,661)	(\$145,500)		(\$810,161)		

MAYOR & COUNCILMEMBERS COMPENSATION

COUNCIL HANDBOOK

- State law limits City Council salaries. All provisions of the Government Code of the State of California relating to compensation, benefits, and reimbursement for expenses applicable to members of a City Council of a general law city shall apply to Councilmembers in San Leandro. (Section 255, City Charter; Gov. Code § 36516)
- Councilmember compensation is subject to review and re-evaluation in even years, to coincide with new Councilmembers being seated.

MAYOR & COUNCILMEMBERS COMPENSATION

PRIOR COMPENSATION ADJUSTMENT

- The following adjustments became effective January 1, 2025:

	Old Monthly Compensation	Current Monthly Compensation	% Change
Councilmembers	\$1,323	\$1,900	43.6%
Mayor	\$2,646	\$3,800	43.6%

MAYOR & COUNCILMEMBERS COMPENSATION

POSSIBLE COMPENSATION ADJUSTMENT

- Government Code § 36516 allows for adjustment for each calendar year of:
 - 5% for each calendar year since last adjustment
 - Equivalent to CA CPI (but not to exceed 10%) for each year since last adjustment
- Adjustment would be effective January 1, 2027
- Finance Committee: Not Unanimous

Summary of Proposed Staffing Changes in FY 2027

Department	FY 2027 Adopted FTE	FY 2027 Proposed FTE Change
City Manager's Office	17.4	
Finance	17.0	
Human Resources	11.3	
Information Technology	15.0	(1.0)
Library	36.9	(4.1)
Recreation & Parks	50.2	
Human Services	10.9	(2.0)
Public Works	72.4	
Community Development	34.5	(1.0)
Fire	40.4	
Police	138.4	(1.0)
City Council	7.0	
TOTAL	455.1	(9.1)

Interfund Transfer

➤ What is an Interfund Transfer?

- An interfund transfer occurs money is sent from one fund to another fund within the same government

➤ Why are Interfund Transfers Used?

- To Fund Large Projects
- Subsidization of Budgets
- Comply with legal or policy requirements

➤ Ongoing vs. One-Time Interfund Transfers

- Ongoing: Occurs regularly (i.e. annual support for a program)
- One-time: Often to address shortfall or fund a capital project

➤ Interfund transfers in San Leandro

- Transfers to Capital Infrastructure to Subsidize Funding Needs
- Transfer to Pension Trust

General Fund Transfers

	A	B	C	D	E	F
1	General Fund Transfers	FY 2025 Actuals	FY 2026 Budget	FY 2027 Budget	FY 2028 Budget	FY 2029 Budget
2	Capital Funds					
3	ADA Transition Plan	\$150,000	\$150,000	\$150,000	\$154,500	\$159,135
4	Capital Projects Fund	\$15,700				
5	City Building Major Maintenance	\$3,185,750	\$600,000	\$600,000	\$618,000	\$636,540
6	City Park Major Maintenance	\$475,000	\$475,000	\$475,000	\$489,250	\$503,928
7	Fleet Fund		\$1,500,000		\$1,500,000	\$1,500,000
8	Street Rehabilitation	\$3,874,781	\$3,600,000	\$3,600,000	\$3,708,000	\$3,819,240
9	IT Fund - Capital	\$73,699				
10	Capital Funds Total	\$7,774,930	\$6,325,000	\$4,825,000	\$6,469,750	\$6,618,843
11	Operating Funds					
12	Fleet Fund	\$4,943				
13	Insurance Fund	\$3,819				
14	Links Shuttle Service	\$50,000	\$50,000	\$50,000	\$51,500	\$53,045
15	Parking Fund Subsidy	\$376,718				
16	Pension Trust	\$457,968				
17	Stormwater Fund		\$225,000			
18	Street Maintenance	\$635,826				
19	Operating Funds Total	\$1,529,274	\$275,000	\$50,000	\$51,500	\$53,045
20	Total General Fund Transfers	\$9,304,204	\$6,600,000	\$4,875,000	\$6,521,250	\$6,671,888

General Fund Transfer Recommended Reduction (FY 2027)

	A	B	C	D
1	General Fund Transfers	FY 2027 Budget	FY 2027 Reduction	FY 2027 Proposed
2	Capital Funds			
3	ADA Transition Plan	\$150,000		\$150,000
4	City Building Major Maintenance	\$600,000	(\$300,000)	\$300,000
5	City Park Major Maintenance	\$475,000	(\$200,000)	\$275,000
6	Street Rehabilitation	\$3,600,000	(\$500,000)	\$3,100,000
7	Capital Funds Total	\$4,825,000	(\$1,000,000)	\$3,825,000
8	Operating Funds			
9	Links Shuttle Service	\$50,000		\$50,000
10	Operating Funds Total	\$50,000		\$50,000
11	Total General Fund Transfers	\$4,875,000	(\$1,000,000)	\$3,875,000

- Finance Committee made no recommendation on reductions of General Fund transfers

General Fund Transfer

Recommended Reduction (FY 2028)

	A	B	C	D
1	General Fund Transfers	FY 2028 New Baseline	FY 2028 Reduction	FY 2028 Proposed
2	Capital Funds			
3	ADA Transition Plan	\$154,500		\$154,500
4	City Building Major Maintenance	\$318,000	(\$150,000)	\$168,000
5	City Park Major Maintenance	\$289,250	(\$100,000)	\$189,250
6	Fleet Fund	\$1,500,000		\$1,500,000
7	Street Rehabilitation	\$3,208,000	(\$750,000)	\$2,458,000
8	Capital Funds Total	\$5,469,750	(\$1,000,000)	\$4,469,750
9	Operating Funds			
10	Links Shuttle Service	\$51,500		\$51,500
11	Operating Funds Total	\$51,500		\$51,500
12	Total General Fund Transfers	\$5,521,250	(\$1,000,000)	\$4,521,250

- Finance Committee made no recommendation on reductions of General Fund transfers

General Fund Transfer

Recommended Reduction (FY 2029)

	A	B	C	D
1	General Fund Transfers	FY 2029 New Baseline	FY 2029 Reduction	FY 2029 Proposed
2	Capital Funds			
3	ADA Transition Plan	\$159,135		\$159,135
4	City Building Major Maintenance	\$186,540	(\$86,540)	\$100,000
5	City Park Major Maintenance	\$203,928	(\$103,928)	\$100,000
6	Fleet Fund	\$1,500,000		\$1,500,000
7	Street Rehabilitation	\$2,569,240	(\$809,532)	\$1,759,708
8	Capital Funds Total	\$4,618,843	(\$1,000,000)	\$3,618,843
9	Operating Funds			
10	Links Shuttle Service	\$53,045		\$53,045
11	Operating Funds Total	\$53,045		\$53,045
12	Total General Fund Transfers	\$4,671,888	(\$1,000,000)	\$3,671,888

- Finance Committee made no recommendation on reductions of General Fund transfers

Establishing Sustainable Fleet Fund

➤ Ongoing Fleet Replacement Needs

- City Fleet
- Police Fleet
- Fire Fleet

➤ Ongoing operational needs to provide core services

- Procurement Challenges
- Public safety fleet
- Fire Fleet - Estimated date of delivery is approximately 4-5 years from date of order

➤ Establishing a Sustainable Fund Balance for Future Purchases

- Engaged a consultant to assist with finalizing an in-depth review of the City's fleet fund, including the development of a robust fleet fund policy and comprehensive 10-year forecasting tool to better understand ongoing funding needs, and General Fund impacts
- Vital for the continuation of providing core services, and avoid critical failure
- Return to Finance Committee with an update on Fleet Policy, Forecasting Tool, and Funding Plan in May/June



American Rescue Plan Act

American Rescue Plan Act (ARPA)

➤ What is ARPA?

- › Signed into law on March 11, 2021, to provide a \$1.9 trillion economic stimulus package to address impacts due to the COVID-19 crisis
- › \$65 billion in direct federal relief to cities to address economic and fiscal impacts
- › ARPA dollars intended to assist Cities and communities recover from the impacts of the COVID-19 crisis

➤ How did it impact San Leandro?

- › San Leandro received \$18.6 million in local relief
- › All ARPA dollars were obligated by December 2024, and currently on target to be fully expended by December 2026

Summary of ARPA Appropriations

Project Category	Initial ARPA Appropriation
Public Health	\$4,556,532
Negative Economic Impacts	\$2,847,528
Public Health – Negative Impact	\$303,398
Revenue Replacement	\$9,238,562
Emergency Relief	\$93,464
Surface Transportation	\$1,600,000
Total	\$18,639,484

ARPA Projects/Programs – Ongoing General Fund Costs

	A	B	C	D	E	F
	Program/Project	Initial ARPA Appropriation	Ongoing Baseline Costs	FY 2027	FY 2028	FY 2029
1	Alternative Response Unit	\$1,189,598	\$877,530	\$877,530	\$877,530	\$624,377
2	Housing Counseling/Fair Housing Support	\$40,000	\$79,304	\$70,000	\$70,000	\$70,000
3	Downtown Safety Ambassadors	\$70,000	\$351,021	\$351,021	\$300,000	\$280,000
4	Add 1 Project Mgr. Position (Human Services)	\$232,480	\$277,193	\$277,193	\$277,193	\$277,193
5	Citywide Beautification and Community Preservation	\$1,381,897	\$430,000	\$210,200	\$116,178	\$33,450
6	Expanded Homeless Outreach Team Services	\$382,224	\$123,450	\$123,450	\$123,450	\$123,450
7	Long-term Navigation Center*	\$750,000	\$1,780,000	\$1,784,086	\$1,943,090	\$1,950,250
8	TOTAL	\$4,046,199	\$3,918,498	\$3,693,480	\$3,707,441	\$3,358,720

*Three-year funding obligation



Critical Failure Funding Needs

Proactive Investment to Avoid Critical Failure



**City Hall
Painting
\$500k**



**Marina
Community
Center
Painting
\$500k**



**Fire Station
#10 Roof
Replacement
\$625k**



**CAD-RMS
Replacement
\$3M**

Finance Committee Recommendation for Funding Critical Needs

1. City Hall Painting
 - Unanimously Agree
2. Marina Community Center Painting
 - Unanimously Agree
3. Fire Station #10 Roof Replacement
 - Unanimously Agree
4. CAD-RMS Replacement
 - Unanimously Agree
 - Use Major Emergency Reserve Fund

What is the Budget Objective for FY 2027 and Beyond?



Long-term fiscal stability
Avoid reoccurring structural deficits



During FY 2026 & FY 2027 Biennial Budget Process – Budget Directive

1. FYs 2026 & 2027 – Expenses (less transfers)
should be equal to projected revenue ✓

2. Beginning in FY 2028 – All expenses should be
equal to projected revenue ✓

General Fund 10-Year Forecast

(Update as of April 2026)

(\$ in millions)

	A	B	C	D	E	F	G	H	I	J	K	L	
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
		Actuals	Adjusted*	Proposed	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.	
1	FY 2027 Revenue			\$0.6M	\$0.6M	\$0.6M	\$0.6M	\$0.6M	\$0.6M	\$0.6M	\$0.6M	\$0.6M	+ 0.7M
2	FY 2028 Revenue				\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	\$0.1M	
3	FY 2029 Revenue					\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M	
4	Total Revenues	\$147.7M	\$149.3M	\$153.5M	\$156.7M	\$160.2M	\$163.9M	\$167.8M	\$168.4M	\$172.4M	\$177.2M	\$182.5M	
6	FY 2027 Expenditure Reduction			-\$5.5M	-\$5.5M	-\$5.5M	-\$5.5M	-\$5.5M	-\$5.5M	-\$5.5M	-\$5.5M	-\$5.5M	\$7.9M
7	FY 2028 Expenditure Reduction				-\$1.2M	-\$1.2M	-\$1.2M	-\$1.2M	-\$1.2M	-\$1.2M	-\$1.2M	-\$1.2M	
8	FY 2029 Expenditure Reduction					-\$1.1M	-\$1.1M	-\$1.1M	-\$1.1M	-\$1.1M	-\$1.1M	-\$1.1M	
9	Total Operating Expenditures	\$144.3M	\$149.3M	\$150.6M	\$152.0M	\$156.2M	\$160.0M	\$163.9M	\$166.8M	\$169.9M	\$172.8M	\$176.0M	
10	Critical Failure Funding			\$4.6M									
11	FY 2027 Transfer Reduction			-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$3M
12	FY 2028 Transfer Reduction				-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	
13	FY 2029 Transfer Reduction					-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	-\$1.0M	
14	Total Other Sources/(Uses) - Transfers	\$8.8M	\$6.6M	\$8.5M	\$4.5M	\$3.7M	\$3.8M	\$2.5M	\$2.7M	\$5.3M	\$3.0M	\$3.2M	
16	Total Expenditures and Transfers	\$153.1M	\$155.9M	\$159.1M	\$156.5M	\$159.9M	\$163.8M	\$166.4M	\$169.4M	\$175.2M	\$175.8M	\$179.1M	
17	Total Expenditures and Transfers Adjusted		\$165.3M										
19	Net Change in Fund Balance	-\$5.4M	-\$16.0M	-\$5.6M	\$0.2M	\$0.4M	\$0.1M	\$1.4M	-\$1.0M	-\$2.9M	\$1.5M	\$3.4M	
21	Beginning Balance	\$74.9M	\$69.5M	\$53.5M	\$47.9M	\$48.1M	\$48.4M	\$48.5M	\$50.0M	\$49.0M	\$46.1M	\$47.6M	
22	Ending Balance	\$69.5M	\$53.5M	\$47.9M	\$48.1M	\$48.4M	\$48.5M	\$50.0M	\$49.0M	\$46.1M	\$47.6M	\$51.0M	
24	Ending Balance as % of Exp. for Economic Uncertainties	38.6%	25.0%	23.8%	22.5%	22.1%	21.7%	22.0%	21.0%	19.0%	19.5%	21.1%	

*Reflects mid-year adjustments and encumbrance carryovers of previously authorized budget appropriations (FY 2025).

General Fund 10-Year Forecast WITHOUT Reductions

(Updated as of March 2026)

(\$ in millions)

	A	B	C	D	E	F	G	H	I	J	K	L
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
		Actuals	Adjusted*	Adjusted	Est.	Est.	Est.	Est.	Est.	Est.	Est.	Est.
1	Total Revenues	\$147.7M	\$149.3M	\$152.9M	\$156.0M	\$159.5M	\$163.2M	\$167.1M	\$167.7M	\$171.7M	\$176.5M	\$181.8M
2												
3	Total Operating Expenditures	\$144.3M	\$149.3M	\$156.1M	\$158.8M	\$164.1M	\$167.9M	\$171.8M	\$174.7M	\$177.8M	\$180.6M	\$183.9M
4												
5	Total Other Sources/(Uses) - Transfers	\$8.8M	\$6.6M	\$4.9M	\$6.5M	\$6.7M	\$6.8M	\$5.5M	\$5.7M	\$8.3M	\$6.0M	\$6.2M
6												
7	Total Expenditures and Transfers	\$153.1M	\$155.9M	\$161.0M	\$165.3M	\$170.8M	\$174.7M	\$177.3M	\$180.3M	\$186.1M	\$186.6M	\$190.0M
8	Total Expenditures and Transfers Adjusted		\$165.3M									
9												
10	Net Change in Fund Balance	-\$5.4M	-\$16.0M	-\$8.1M	-\$9.3M	-\$11.3M	-\$11.5M	-\$10.2M	-\$12.6M	-\$14.5M	-\$10.1M	-\$8.2M
11												
12	Beginning Balance	\$74.9M	\$69.5M	↗\$53.5M	↗\$45.4M	↗\$36.1M	↗\$24.9M	↗\$13.3M	↗\$3.2M	↘-\$9.4M	↘\$23.9M	↘\$34.0M
13	Ending Balance	\$69.5M	\$53.5M	\$45.4M	\$36.1M	\$24.9M	\$13.3M	\$3.2M	-\$9.4M	-\$23.9M	-\$34.0M	-\$42.2M
14												
15	Ending Balance as % of Exp. for Economic Uncertainties	38.6%	25.0%	19.5%	14.0%	6.7%	-0.3%	-6.2%	-13.3%	-21.2%	-26.5%	-30.5%

*Reflects mid-year adjustments and encumbrance carryovers of previously authorized budget appropriations (FY 2025).

Discussion & Feedback



Provide Feedback & Input on Proposed Budget Reductions

Recommendation to For Adoption

Staff Is Seeking Council Direction...



Does Council Support Proposed Expenditure Reductions?



Does Council Support Proposed General Fund Transfer Reductions?



Does Council Support the Funding Plan to Avoid Critical Failure?



Does Council Recommend Moving FY 2027 Mid-Cycle Update for Adoption?



Exhibit to Presentation

Proposed Reductions by

Program Area

Homelessness & Housing

Homelessness Response

Proposed Reductions:
\$572,953

Description (Dept)	Cumulative Ongoing Reduction	Percent Reduction of FY 2027 Baseline	Impact
Decrease Alternative Response Unit (ARU) Staffing and Beds (ACFD)	(\$253,153)	28%	<ul style="list-style-type: none"> Reduce respite beds from 3.83 to 2. Cost Per Bed = \$138,335 Reduction = 1.83 Beds * \$138,335 = \$253,153
Eliminate Shelter Subsidy for Building Futures (HS)	(\$50,000)	100%	<ul style="list-style-type: none"> Unhoused individuals will not have access to emergency winter shelter FY27 Remaining Funding for Building Futures Shelters \$192,822
Eliminate Third-Party Encampment Cleanup (PW)	(\$396,550) (\$219,800)	90% 50%	<ul style="list-style-type: none"> In FY 2025, 20 encampment cleanups were performed (16 performed by vendor, and 4 performed by City). To date in FY 2026 - 19 encampment cleanups have been performed (15 performed by vendor assistance, and 4 performed by City). Overall reduction may result in slower response to encampment cleanup.
Eliminate Winter Shelter Funding (HS)	(\$50,000)	100%	<ul style="list-style-type: none"> No City-sponsored emergency winter shelter for unhoused individuals Program was not offered in FY 2026
Total Reduction	(\$572,953)		

Homelessness & Housing Housing Program

Proposed Reductions:
\$728,000

Description (Dept)	Cumulative Ongoing Reduction	Percent Reduction of FY 2027 Baseline	Impact
Reallocate Rent Registry Program to New Special Revenue Fund (CD)	(\$648,000)	N/A	<ul style="list-style-type: none"> General Fund Loan necessary to cover startup program costs Eliminate FY 2027 General Fund allocation
Reduce Housing Division Consulting Budget (CD)	(\$40,000) (\$30,000)	31% 23%	<ul style="list-style-type: none"> Reduced budget for third-party Tenant/Landlord Services and Housing Assistance Services Discontinue Multi-Family Rental Assistance Program Needs Analysis and Seminars/Outreach to Enhance Housing Mobility (Housing Element)
Reduce First Time Home Buyer Program (CD)	(\$50,000)	61%	<ul style="list-style-type: none"> Reduced capacity to manage & monitor the Below Market Rate (BMR) Program Likely loss of third-party contract due to FY29 reductions Significant increase in City staff time to manually administer the BMR Program Reductions & delays in application processing, compliance reviews & annual reporting
Total Reduction	(\$728,000)		

Homelessness & Housing Services

All Funding (General and Grant) for Homelessness and Housing Services
 FY 2027 – FY 2029

	FY 2027 Funding	FY 2028 Funding	FY 2029 Funding
Lewelling Interim Housing & Drop-in Center	\$1,927,714	\$1,943,090	\$1,950,249
Homelessness Prevention Rental Assistance	\$1,368,952	\$0	\$0
Alternative Response Unit	\$877,530	\$877,530	\$624,377
San Leandro Shelter/Sister Me Home	\$192,822	*\$200,446	*\$201,724
Homelessness Mobile Outreach	\$123,450	\$123,450	\$123,450
Tenant Landlord Services	\$70,000	\$70,000	\$70,000
Housing Assistance Services	\$11,000	\$11,000	\$11,000
Downtown Safety Ambassadors	\$351,021	\$300,000	\$28,000
Prohousing Incentive Program – Affordable housing support	\$666,667	\$333,333	\$0
Total	\$5,589,156	\$3,658,403	\$2,807,076

**Estimated*

Economic Development Economic Development Programs

Proposed Reductions:
\$377,450

Description (Dept)	Cumulative Ongoing Reduction	Percent Reduction of FY 2027 Baseline	Impact
Eliminate Business Incentive Program (CD)	(\$157,000)	100%	<ul style="list-style-type: none"> No ability to financially assist restaurants, shopping centers and small businesses (childcare, retail) in making strategic & impactful upgrades
Eliminate Economic Development Studies (CD)	(\$100,000)	100%	<ul style="list-style-type: none"> No Arts District Evaluation & Placemaking/Plaza Planning Loss of near-term opportunities to enhance cultural identity & vibrancy through placemaking & arts-related improvements Eliminated budget for Economic Development studies going forward
Reduce Event Sponsorship (CD/CMO)	(\$43,000)	71%	<ul style="list-style-type: none"> Elimination of monetary sponsorship for SLIA Downtown Events for enhanced music and programming. Increased in-kind assistance from the City - partnerships and equipment, including new city-owned stage. Reduction of Downtown Farmers Market Support Reduction in City Manager's Office table sponsorships at galas & events
Reduce Chamber of Commerce Support (CD)	(\$12,450)	20%	<ul style="list-style-type: none"> Reduction in Chamber of Commerce activities – likely elimination of Small Business Week or Restaurant Week
Reduce Branding & Marketing Funds (CD)	(\$165,000)	92%	<ul style="list-style-type: none"> Reduction of City Brand Assessment & Marketing Study & Brand Implementation Reduced funds to develop new Economic Development marketing Elimination of San Francisco Business Times advertising/stories Reduced recruitment of new businesses
Total Reduction	(\$377,450)		

Quality of Life

Proposed Reductions:
\$855,068

Description (Dept)	Cumulative Ongoing Reduction	Percent Reduction of FY 2027 Baseline	Impact
Change Weekly Library Hours (LIB)	(\$649,357)	11%	<ul style="list-style-type: none"> • Elimination of vacant staffing • Main and Manor newly closed on Mondays, resulting in 7 less hours per week each. • Mulford increase from 12 to 28 hours/week • Resulting in 2 additional hours of operation in the library system
Reduce Digital & Physical Collection Allocation (LIB)	(\$81,711)	24%	<ul style="list-style-type: none"> • Inability to acquire requested materials; need to prioritize popular materials • Use LINK+ more often, requires more staff intervention and longer public wait times • Longer holds lists due to discontinuation of lease program • Specialized popular collections like Lucky Day, Library of Things, and World Languages will be reduced or unable to expand or replace items
Eliminate Library Public Arts Fund (LIB)	(\$50,000)	100%	<ul style="list-style-type: none"> • Alternative funding needed to continue City-sponsored Comedy Festival beyond 2027 • Eliminate Arts Grants Program.
Reduced Community Investment Grants (CMO)	(\$60,000)	60%	<ul style="list-style-type: none"> • Reduce table sponsorships at events • Reduce community investment grants
Reduced Contract Services for City Facility Maintenance (REC)	(\$14,000)	9%	<ul style="list-style-type: none"> • Contract Services to City Facilities will reduce to 1x per week or less, including <ul style="list-style-type: none"> ○ Plant trimming ○ Litter and leaf removal ○ Irrigation repairs • Negative impact on public perception of City facilities • Higher long-term costs for plant replacement and repairs
Total Reduction	(\$855,068)		

Public Safety

Proposed Reductions:
\$161,021

Description (Dept)	Cumulative Ongoing Reduction	Percent Reduction of FY 2027 Baseline	Impact
Eliminate Crossing Guard Subsidy (CMO)	(\$90,000)	100%	<ul style="list-style-type: none"> School District will assuming funding of its crossing guard program
Reduce Downtown Safety Ambassador Program (CD)	(\$71,021)	20%	<ul style="list-style-type: none"> Reduction will result in decreased service hours, including the likely elimination of the morning shift and reduced days of service Increased calls for PD service Reduced outreach and de-escalation services downtown Businesses may see increased impacts from unhoused individuals, and the downtown environment may feel less safe and welcoming
Total Reduction	(\$161,021)		