

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: March 13, 2026

CAO File No. 0590-00098-5326

Council File No. 23-1027-S3

Council District: All

To: Karen Bass, Mayor  
Marqueece Harris-Dawson, Council President  
Katy Yaroslavsky, Chair of Budget and Finance Committee

From: Matthew W. Szabo, City Administrative Officer 

Reference: Charter Reform

Subject: **ANALYSIS AND RECOMMENDATIONS FOR THE CITY'S TRANSITION TO A TWO-YEAR BUDGET CYCLE**

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### RECOMMENDATION

That the City Council, subject to the approval of the Mayor:

1. Approve the biennial budget structure and the proposed Charter language as presented in Attachment 1 of this report, to implement a transition from an annual budget to a biennial (two year) budget, including amendments to City Charter Sections 291, 292, 310, 311, 312, 313, 314, and 315, and the addition of new Sections 316, 317, 318, and 319;
2. Authorize the City Administrative Officer, with the assistance of the Chief Legislative Analyst and the City Attorney, to make adjustments to the proposed Charter language and other technical corrections as necessary to implement the intent of the Council and the Mayor;
3. Instruct the City Administrative Officer and the Chief Legislative Analyst, with assistance of the City Attorney, to prepare for inclusion in the final proposal, amendments to other Charter sections that are required to reflect the change from an annual budget to a biennial budget; and,
4. Should the Council opt to place the proposed Charter changes on the November 3, 2026 ballot, on or before June 17, 2026, request that the City Attorney, with assistance from the City Administrative Officer and the Chief Legislative Analyst, to present the necessary resolution and ordinance for the proposed ballot measure by no later than June 26, 2026.

## SUMMARY

On March 18, 2025, the City Council instructed the Office of the City Administrative Officer (CAO) to report with an analysis of potential impacts of switching from a one-year to a two-year (biennial) budget cycle, as well as provide recommendations for a biennial budget schedule and a proposed timeline with due dates and milestones that would strengthen public participation (C.F. 23-1027-S3). This report presents a proposal on the two-year budget cycle (biennial budget cycle) aimed at helping the City establish long-term financial health and strategic alignment, create periodic evaluation cycles on programs, and ensure that programs are evaluated prior to considering the continuation or expansion of programs. The development of this proposal was informed by the findings of our research and discussions with other municipalities that have adopted a biennial budget cycle, including their public engagement process. The proposal is built upon four foundational pillars designed to ensure fiscal discipline, policy alignment, and mitigate the risk inherent when committing resources beyond one year: the Biennial Budget Cycle, a Four-Year Strategic Plan, a Multi-Year Capital Plan, and a Multi-Year Financial Plan, which are detailed herein. Attachment 1 to this report provides the required Charter amendments necessary to transition the City to a biennial budget cycle. Furthermore, Attachments 2 and 3 detail the proposed timeline to implement this transition. Lastly, Attachment 4 provides a comparison of three different types of two-year budget structures used by other municipalities.

## Core Components of the Biennial Budget Structure Proposal

### 1. *The Biennial Budget Cycle*

The City will adopt a two-year budget (biennium) that functions as two, distinct one-year spending plans.

- **Control:** Retains annual appropriations to ensure strict cash management and auditing compliance.
- **Flexibility:** Allows departments to plan with a 24-month horizon, while providing a mid-biennial opportunity for technical adjustments.
- **Process:** The Mayor proposes and Council amends both years of the budget simultaneously.

### 2. *Four-Year Strategic Plan*

A prerequisite for the biennial shift, this plan serves as the policy blueprint for the City.

- **Prioritization:** Identifies collective goals, capital priorities, and key performance indicators (KPIs).
- **Fiscal Integration:** Includes revenue and cost projections for every outlined goal.
- **Community Input:** Incorporates public participation via hearings/open forums and statistical polling to ensure alignment with resident needs.

### *3. Multi-Year Capital Plan*

To resolve the fragmented nature of year-by-year infrastructure funding, the Multi-Year Capital Plan will manage long-term investments in physical and technological assets.

- **Comprehensive Metrics:** Tracks total project costs, maintenance requirements, and useful life cycles.
- **Funding Continuity:** Uses the biennial budget cycle to ensure projects that are ready for construction are funded through completion, rather than risking work stoppages due to annual budget fluctuations.

### *4. Multi-Year Financial Plan*

The Multi-Year Financial Plan provides a quantitative framework to measure long-term fiscal stability against the set goals from the Four-Year Strategic Plan. Key enhancements include:

- **Economic Analysis:** Tracking national and regional trends (Gross Domestic Product, inflation, etc.) that impact City revenue.
- **Gap Analysis:** Projecting annual deficits or surpluses to address long-term imbalances.
- **Fiscal Improvement:** Establishing a specific plan to bolster reserves and long-term municipal health.

Proceeding with a transition to a biennial budget cycle represents a fundamental shift in the fiscal governance of the City. This reform moves away from reactive, year-to-year resource allocation in favor of a proactive, multi-year strategy that aligns financial decisions with long-term policy goals. Under this model, the City will authorize a two-year spending plan that maintains the rigor of annual accounting, while providing departments with the stability needed for long-range planning. Furthermore, by integrating strategic planning with multi-year financial and capital frameworks, the City will enhance stability, departmental planning, and infrastructure investment.

## **DISCUSSION**

### **Biennial Budget Structure Proposal**

The CAO's proposed Biennial Budget Cycle builds on the strengths of the existing budget process, including the deadlines established by the Charter, protocols and procedures for vetoes and veto overrides, and the roles of the Mayor and Council in the budget process. Additionally, the CAO's proposal is informed by discussions with budget staff from cities that have transitioned to a biennial budget cycle including Oakland, San Francisco, and Seattle. The information gathered from these interactions are summarized and presented under the Findings section of this report and in Attachment 4.

#### **1. Biennial Budget Cycle**

Under the Biennial Budget Cycle, the City would adopt a budget for a two-year period (or biennium), where the document still functions as two consecutive fiscal years with two, distinct one-year

spending plans. This will retain a crucial measure of annual appropriations control necessary for prudent cash management and financial tracking, as well conforming with traditional annual accounting and auditing requirements. The departments will have a two-year outlook of their respective budgets, enabling them to plan beyond one year and have the opportunity to request adjustments anytime during the biennial period if operations divert from the adopted plan. The general sequence of the biennial budget development process would be as follows:

- Prior to the beginning of the first year, the Mayor would prepare and propose the first and second-year of a two-year budget. The Council would approve the budget for both years, as submitted by the Mayor, or make modifications and return to the Mayor. The current Mayor veto and Council veto override protocols related to the budget would continue to apply.
- Prior to the beginning of the second year of the biennial budget (mid-term), the CAO would complete a performance evaluation process to inform any necessary budget adjustments for the second year of the biennial budget.
- Following the performance evaluation period, the CAO would propose changes to the second-year budget via a Mid-Term Biennial Budget Report, subject to approval of the Council and Mayor. The Mid-Term Biennial Budget Report will replace the traditional budget development process for the second-year and include expenditure and revenue recommendations across all the City funds that are required to address emerging needs or changes based on the completed performance evaluations. This report will also update the Multi-Year Financial Plan.

## **2. Four-Year Strategic Plan**

While the Biennial Budget Cycle offers opportunities for administrative efficiency and long-term stability, it inherently increases the complexity of financial forecasting and resource allocation. Implementing a comprehensive strategic plan prior to this transition is not merely a best practice; it is a prerequisite for maintaining fiscal discipline and achieving policy objectives over a 24-month horizon.

The City should develop a Four-Year Strategic Plan that is proposed by the Mayor and subject to approval by the Council. The strategic plan should identify, define, and prioritize the City's collective goals for the upcoming four-year period, including but not necessarily limited to identifying capital project priorities based on the Capital Improvement Plan (CIP). The Four-Year Strategic Plan will outline the resources needed to meet these collective goals, and must therefore include revenue and cost projections associated with each outlined goal. Performance standards and key performance indicators must also be incorporated in the plan, so that an evaluation can be measured toward meeting the set goals. These components serve as a shared comprehensive blueprint to guide decision-making, policy, and resource allocation across all City departments.

This will serve as the basis for transitioning from the current method of year-to-year resource allocation management to strategically aligning long-term financial planning with the City's overarching mission and multi-year goals. This Four-Year Strategic Plan should have a public participation component, such as public hearings, statistical polling, or leveraging information and feedback from community stakeholders.

### **3. Multi-Year Capital Plan**

A Multi-Year Capital Plan is a distinct and essential companion to a Biennial Budget Cycle. While the operating budget covers day-to-day expenses, the Multi-Year Capital Plan manages long-term investments in physical infrastructure and technology. Because capital projects rarely conform to a 12 or 24-month window, a formal Multi-Year Capital Plan is critical to ensure that the City's Biennial Budget Cycle remains a tool for growth rather than a source of fiscal unpredictability.

The City's current Capital Improvement Plan (CIP) consists of two components: a capital budget and a capital program. A capital budget is the current year's spending plan for capital projects. The City identifies this as the annual Capital and Improvement Technology Expenditure Plan (CTIEP), which is part of the adopted budget. The capital program is a plan for capital expenditures that typically extends from five to ten years beyond the capital budget, which the City identifies as the five-year Capital and Technology Improvement Plan (CTIP), updated annually to include what was funded in the CTIEP in the given funding year.

Through the development of a Multi-Year Capital Plan, the City will move beyond merely listing projects with cost estimates and the fragmented approach to capital planning. Instead, the Multi-Year Capital Plan will present a multi-year plan for developing, maintaining, and improving capital assets, infrastructure, and technology. While there are current efforts underway by the Charter Reform Commission and the Mayor relative to the development of a Multi-Year Capital Plan, at a minimum, the Multi-Year Capital Plan should include the following:

1. Estimated overall costs of each capital project.
2. Estimated operational and maintenance costs for each project.
3. Estimated project timelines, including the standard useful life or maintenance cycle of comparable assets.
4. Total revenues from each project.
5. Identified funding sources.
6. Project prioritization for all currently approved projects and intended future projects.

The City should use the Multi-Year Capital Plan to identify what the City will prioritize from the capital program to fund in the capital budget for the next two to four years. This will avoid the current practice of funding a project on a year-by-year basis, causing project delays if adequate funding is not readily available during the following fiscal year. To codify the movement away from the sporadic funding approach, the City should adopt the Multi-Year Capital Plan as a long-term

planning project and funding management tool and ensure it is accounted for in the biennial budget and its impacts captured in the Multi-Year Financial Plan.

#### **4. Multi-Year Financial Plan**

In addition to the Four-Year Strategic Plan, a successful transition to a biennial budget and its ongoing recalibration requires a more in-depth Multi-Year Financial Plan. While a strategic plan defines the goals of an organization, a Multi-Year Financial Plan provides the quantitative framework necessary to achieve them. When transitioning to a biennial budget cycle, a Multi-Year Financial Plan serves as the essential bridge between high-level policy and fiscal reality. A Multi-Year Financial Plan ensures that the two-year budget is treated as a dynamic document as part of a sustainable, long-term financial trajectory.

While the City already incorporates many portions of a Multi-Year Financial Plan in its current practices, as demonstrated in the Four-Year Budget Outlook, it lacks the key elements of robust strategic planning, reserve projections, and a fiscal improvement plan as described as follows.

The Multi-Year Financial Plan should include the following key components:

- Economic Conditions and Outlook: Analyzes the US, state, and local economies. The City does not operate in an isolated environment. Changes in the US economy including but not limited to the gross domestic product (GDP), employment, federal funds rate, and inflation will impact the outlook of the City. The condition of the City's finances are also impacted by the regional economy and industry and consumer trends within the Los Angeles area.
- Revenue Projections: Demonstrates trends in existing revenue streams to illustrate the level of available resources given current policy and projected economic assumptions.
- Expenditure Projections: Estimates the future costs of current services, adjusted for inflation and known obligations (such as collective bargaining increases or lease escalations). Robust expenditure estimates would project known obligations and make adjustments in future years to reflect planned expenditures and all capital investments that are approved as part the Multi-Year Capital Plan.
- Annual Deficits/Surplus: Compares projected revenues and expenditures to highlight budget imbalances and/or structural deficits.
- Balance of City Reserves: Reflects and projects the reserves available to the City to help endure short-run fiscal pressures, such as revenue shortfalls or unanticipated expenditures.

- Fiscal Improvement Plan: Identifies goals to improve the long-term fiscal condition of the City, specifies the local actions necessary to achieve those goals, and defines performance measures that will help measure progress.

Similar to the Four-Year Budget Outlook, the Multi-Year Financial Plan would be developed by the CAO on an annual basis and would reflect the adopted budget and include estimates of revenues and expenditures in future years.

### **Proposed Charter Amendments for a Biennial Budget Structure**

The guidelines for the current annual budget process are established by City Charter (Charter) Sections 310 through 315. These sections define specific requirements for all budget documents.

Section 310. Fiscal Year.

Section 311. Budget Estimates to Mayor; Statement of Budget Priorities.

Section 312. Mayor's Proposed Budget.

Section 313. Council Consideration of Budget.

Section 314. Mayor's Veto.

Section 315. Council Consideration of Mayor's Veto Message; Final Adopted Budget.

In addition to the above Charter sections specific to the development of the budget, Sections 291 and 292 relative to the powers and duties of the CAO, including conducting research in administrative management, are key components to the successful development and implementation of the budget.

If the Council and Mayor is interested in pursuing a transition of the City to the proposed Biennial Budget Cycle, amendments to these Charter sections, as well as new sections are required. These changes require voter approval. The table below summarizes the impacted sections of the City Charter and describes the recommended changes required to transition to a biennial budget process. New sections that are required to incorporate all recommended aspects of a biennial budget are also presented. The proposed amendments to the Charter are provided in Attachment 1.

Charter Section	Topic	Summary	Recommendation
Section 291	Powers and Duties of the City Administrative Officer	This section details the various powers and duties of the CAO.	<ul style="list-style-type: none"> <li>● Amend language to reflect the duties pertaining to the preparation of a two-year budget.</li> <li>● Add language to establish the CAO as the preparer of the Mid-Term Biennial Budget Report.</li> <li>● Add language to establish the CAO as the preparer of the Multi-year Financial Plan.</li> </ul>
Section 292	Administrative Management Research	This section details the CAO's role in conducting research in the administrative management of departments including performance evaluations and making recommendations to the Mayor and Council for changes to promote economy and efficiency in the conduct of the City.	<ul style="list-style-type: none"> <li>● Add language to reference the Performance Evaluation Process that will be established in the new Section 316.</li> </ul>
Section 310	Fiscal Year	Establishes the Fiscal Year from July 1 of each year through the end on June 30 of the following year.	<ul style="list-style-type: none"> <li>● Add in a definition for the Biennial Budget Cycle, which will cover two entire fiscal years.</li> </ul>

Charter Section	Topic	Summary	Recommendation
Section 311	Budget Estimates to Mayor; Statement of Budget Priorities	This section details the process and timeline for departments to submit their annual budget proposals to the Mayor and when the Mayor issues his/her statement of priorities.	<ul style="list-style-type: none"> <li>● Add in a requirement for the development and approval of a Four-Year Strategic Plan by the Mayor and Council.</li> <li>● Amend the timeframe of when the Mayor issues his/her statement of budget priorities.</li> <li>● Amend the timeframe of when department budget proposals covering two fiscal years are due to the Mayor.</li> </ul>
Section 312	Mayor's Proposed Budget	This section sets the date when the Mayor releases the Proposed Budget, which must be done by April 20th, and details the required components and documents of the Proposed Budget.	<ul style="list-style-type: none"> <li>● Amend the section to reflect that the Mayor will only release a Proposed Biennial Budget in the year preceding Year 1 of a Biennial Budget Cycle.</li> <li>● Amend the required components and documents to include two fiscal years, as appropriate.</li> </ul>
Section 313	Council Consideration of Budget	This section sets the process for Council's consideration of the Proposed Budget, which must be done by June 1. Failure to return proposed changes to the Proposed Budget to Mayor results in the adoption of the Mayor's Proposed Budget.	<ul style="list-style-type: none"> <li>● Amend the section to reflect Council's consideration of the Mayor's Proposed Biennial Budget, will only apply in the year preceding Year 1 of the Biennial Budget Cycle. The June 1st deadline and impact of failing to meet the deadline will continue to apply.</li> </ul>

Charter Section	Topic	Summary	Recommendation
Section 314	Mayor's Veto	This section sets the protocols and timelines for a Mayor' veto of changes made by the Council to the Proposed Budget.	<ul style="list-style-type: none"> <li>Amend the section to reflect Mayor's veto of Council actions on the Biennial Budget will only apply in the year preceding Year 1 of the Biennial Budget Cycle. The same veto timeframe will continue to apply.</li> </ul>
Section 315	Council Consideration of Mayor's Veto Message; Final Adopted Budget	This section sets the protocols and timelines for Council's consideration of a Mayor's veto for a possible override.	<ul style="list-style-type: none"> <li>Amend the section to reflect Council's actions on a Mayor's veto will only apply in the year preceding Year 1 of the Biennial Budget Cycle. The same timeframe will continue to apply.</li> </ul>

New Charter Section	Topic	Summary
New Section 316	Departmental Performance Evaluations Submissions and Mid-Term Biennial Budget Report	The CAO conducts performance evaluations of departments, programs, and services and prepares a Mid-Term Biennial Budget Report with recommendations on budget adjustments for the ensuing fiscal year required to address emerging needs or changes needed based on the performance evaluations submitted by departments. This report will also update the Multi-Year Financial Plan.
New Section 317	Council and Mayor Approval of the Mid-Term Biennial Budget Report	Council holds hearings and approves or makes changes to the Mid-Term Biennial Budget Report, which must be done by June 1. Failure by Council to approve and/or forward any proposed changes to the Mayor by June 1st results in the Mayor being able to approve or make changes to the Mid-Term Biennial Budget Report without Council approval required. A timeframe for the actions under this provision is provided.
New Section 318	Mayor's Veto of the Mid-Term Biennial Budget Report	The Mayor can veto changes made by the Council to the Mid-Term Biennial Budget Report. A timeframe for veto is provided.
New Section 319	Council Consideration of Mayor's Veto Message; Final Adopted Budget for the Second Year of the Biennial Budget	Council can override a Mayor veto. A timeframe for veto is provided.

## **Timeline for Implementation**

The proposed Charter amendments are expected to be presented for voter approval on the November 2026 General Municipal Election. Should the amendments be approved, the City will need time to transition from an annual budget to a two-year budget as well as develop the various components of the Biennial Budget process presented in this report. Since the annual proposed budget for Fiscal Year 2027-28 will be in development when the election results are certified, the City's transition can begin in earnest in calendar year 2027. The first step in this transition will be the development of the Four-Year Strategic Plan.

The Four-Year Strategic Plan may take several months to develop as it will require public engagement and must be completed before the development of the first biennial budget proposal. Furthermore, other Citywide planning efforts, in particular those for the 2028 Olympic and Paralympic Games (2028 Games), may occupy the personnel and resources that would otherwise be focused on the Four-Year Strategic Plan. In light of the uncertainty as to the timeline for completion, the proposed Charter language stipulates that the Mayor shall prepare and the Council shall approve the Four-Year Strategic Plan in a manner and for a period established by ordinance. Furthermore, the initial Biennial Budget Cycle will also be established by ordinance, which will depend on the final approval of the Four-Year Strategic Plan.

While the proposed Charter language provides flexibility with regard to the City's transition to a Biennial Budget Cycle, based on the CAO's insights identified through discussions with other municipalities with biennial budgets, and the need to establish a realistic and achievable transition goal, we propose the following transition timeframe.

To provide the City with sufficient time to develop the initial Four-Year Strategic Plan, the initial Four-Year Strategic Plan shall cover the following fiscal years: 2030-31, 2031-32, 2032-33, and 2033-34. Even if the development process can begin in early 2027, the majority of the development will take place in Fiscal Year 2027-28 and may not be complete prior to the 2028 Games. As such, we anticipate the completion of the initial Four-Year Strategic Plan to occur in Fiscal Year 2028-29 at the time the annual budget for 2029-30 will already be in development. Thus, 2029-30 is not included in the Four-Year Strategic Plan and represents the last budget under the existing annual budget framework.

With a Four-Year Strategic Plan in place by 2029-30, the budget development process for the first biennial budget can begin with the Mayor's statement of priorities and instructions to departments. This step is followed by the development and approval process for the first biennial budget that will cover fiscal years 2030-31 and 2031-32 and the development of the Multi-Year Financial Plan.

Prior to the end of the first year of the biennial budget, the CAO will initiate a performance evaluation review process that will inform the development of a Mid-Term Biennial Budget Report. This report will serve as the mechanism for how budget adjustments for the second year of the biennial budget

will be considered and approved by the Council and Mayor. Concurrent with the Mid-Term Biennial Budget Report, the CAO will also update the Multi-Year Financial Plan.

Following the adoption of both the biennial budget and the Mid-Term Biennial Budget Report, the CAO will prepare Financial Status Reports (FSRs), which provides an update on the City's fiscal condition, including projected revenues and expenditures, and recommendations for solutions to address any shortfalls during the fiscal year. Through the FSR, the Council, with Mayor concurrence, can make adjustments to the fiscal year in progress. These reports provide the City the flexibility to respond to changing or unforeseen circumstances, such as addressing revenues falling below the assumptions for the current year in progress, or extraordinary expenses incurred during a disaster response.

A summary of the timeline presented above as well a full transition timeline is provided in Attachments 2 and 3.

## **FINDINGS**

A multi-year budget, most commonly associated as the biennial budget cycle, is the practice where a budget is prepared and approved to cover a two-year period rather, than the standard one-year annual period.<sup>1</sup>

There are two main models of biennial budgets:

- **True Biennial Budget:** The legislative body appropriates funds for two-year time periods or two consecutive but non-transferable time periods.<sup>2</sup> Mid-cycle adjustments typically require formal supplemental appropriations.
- **Rolling Biennial Budget:** The legislative body approves a two-year budget, but only legally appropriates funds for the first year.<sup>2</sup> The second year's budget is reviewed and formally appropriated at the start of the second year, often with adjustments made to reflect updated economic forecasts and policy priorities.

In addition to these two models, there are several variants of two-year budgeting, or modified biennial budgeting where government entities may set two-year budgets, but legal appropriation of funds continue to occur on an annual basis. This report presents three case studies of local municipalities that use either a true biennial budget, a rolling biennial budget, or a modified biennial budget as well as their community engagement practices.

## **Case Studies of Other Municipalities with Biennial Budgets**

### ***Oakland, California***

#### Key Takeaways:

- The Mayor and Council work together to set priorities based on public participation at the very beginning of the budget process. The Mayor, with assistance from the City Administrator, proposes the budget and must document whether Council and public participation-outlined priorities were incorporated in the Proposed Budget.
- The City operates on a true biennial budget cycle, with each fiscal year being its own spending plan. A mid-cycle review and adjustments process occurs toward the end of the first-year of the biennium cycle to update projections, make technical adjustments, and ensure the second-year budget is balanced. Departments may request an adjustment, but the Mayor must ultimately propose these adjustments for adoption in the mid-cycle review.
- The mid-cycle review is preliminarily used as a tool to true up projections and keep the budget balanced. This means limited opportunities until the following start of the biennial budget cycle, if there is a desire to add programs/services or make significant changes.

The City of Oakland's (Oakland) budget process is led by the Mayor, City Council, the City Administrator, and Oakland residents. A 2002 report, authored by the City and County of San Francisco Office of the Legislative Analyst (File #021309), noted that Oakland had a true biennial budget. A true biennial budget, as stated in the report, is premised on either the appropriation of funds for two-year time periods or two-consecutive, but non-transferable time periods.<sup>2</sup>

Oakland falls within the second part of that definition. While the City adopts its budget for a two-year period (or biennium), the document is functionally divided into two distinct, one-year spending plans.<sup>9</sup> This structural distinction is significant, allowing city staff and the city council to realize the strategic benefits of 24-month planning, particularly for major initiatives like large capital improvement programs, while simultaneously retaining a crucial measure of annual appropriations control necessary for prudent cash management and financial tracking. This structure ensures that budgetary tracking conforms to traditional annual accounting and auditing requirements, despite the longer-term biennial policy period.

This Office was unable to identify when Oakland instituted its two-year budget cycle. Our research indicates that Oakland has been operating on a two-year biennial budget cycle since at least the early 2000's, based on information reviewed on its council file management system; however, it is likely that this process goes back even further. This Office reviewed Oakland's City Charter and did not find any specific language regarding a two-year or biennial budget. Thus, we infer that since it

is not formalized in their City Charter, a two-year budget cycle must have been authorized by other means.

In 2013, Oakland's City Council adopted Resolution No. 84385 (C.F. 12-0424) that established the City's budget process transparency and public participial policy.<sup>10</sup> Resolution No. 84385 (C.F. 12-0424) was later incorporated into Ordinance No. 13279 (C.F. 14-0120), which is now superseded by Ordinance 13487 (C.F. 18-0281). These actions are outlined below, as they are holistic documents, but with origins from Resolution No. 84385 (C.F. 12-0424).

The current regulations were established following the 2012 budget cycle, during which late-stage amendments precluded public discourse.<sup>11</sup> Consequently, all proposals must now be submitted a minimum of three days prior to the formal adoption meeting to ensure transparency. Additionally, a cost analysis requested for the proposed amendment must be submitted to the City Administrator at least five working days prior to the budget's final adoption. Resolution No. 84385 (C.F. 12-0424) also establishes deadlines and requires the budget adoption process to include the following:<sup>10</sup>

- Council Budget Briefings and Priorities Discussion
- Five-Year Forecast
- Assessment of Stakeholders Needs, Concerns, and Priorities
- Statement of Councilmember Priorities
- Administrator's Budget Outlook Message and Calendar Report
- Release of Mayor and Administrator's Proposed Budget
- Community Budget Forums
- Budget Advisory Committee's Report
- Council President's Report
- Council Budget Amendments
- Process Feedback and Continual Improvement

Oakland's City Charter does not explicitly reference the words two-year or biennial budget. However, Resolution No. 84385 (C.F. 12-0424) does reference Oakland's City Charter, Article VIII Fiscal Administration, Section 801 Budget, which states the Charter of the City of Oakland provides that the City Administrator shall prepare budget recommendations for the next succeeding fiscal year, which the Mayor shall present to the Council, in a form and manner and at a time as the Council may prescribe by resolution.<sup>12</sup> Resolution No. 84385 (C.F. 12-0424) specifies that every two years, the Mayor and City Administrator shall release a proposed budget for City Council consideration and that the City must adopt a balanced biannual budget by June 30 in each two-year budget cycle.<sup>10</sup>

In 2014, Oakland adopted Ordinance No. 13279 (C.F. 14-0120), which established a new rainy-day policy and consolidated all fiscal policies. This formally codified the budget process first outlined in Resolution No. 84385 (C.F. 12-0424), including the monumental fiscal policy dictating budgeting practices, which stated that the City shall adopt a two-year (biennial) policy budget by July 1st of

odd-numbered calendar years. The City shall amend its biennial policy budget (mid-cycle) by July 1st of even-numbered years. Ordinance No. 13279 (C.F. 14-0120) was superseded in 2018 by Ordinance No. 13487 (C.F. 18-0281) clarifying that the budget and mid-cycle amendments shall be adopted by resolution of the City Council as required by the City Charter.<sup>13</sup>

The 2015-17 Adopted Policy Budget established the mid-cycle budget amendment for the subsequent mid-cycle review process necessary to adjust the second year of the two-year spending plan.<sup>14</sup> This created the administrative template used for all subsequent cycles. During the end of the first year of the two-year budget cycle, the Mayor and City Council conduct a mid-cycle budget review to address variances in estimated revenues, expenditures, and other changes to the City's financial condition. This mid-cycle review process timeline is between March and June of an even numbered year. For example, for the Fiscal Year (FY) 2015-2017 budget cycle, the mid-cycle review occurred between March and June of 2016. This mid-year cycle review pertains to a review of revenues and expenditures for the second year of the biennium, in this example, FY 2016-2017.

The mid-cycle review and amendment process is a crucial checkpoint for the second-year assumptions. The process is designed to:

- Adjust for unforeseen changes: Account for new revenues, expenditures, or policy shifts that have emerged since the initial budget adoption.
- Maintain fiscal balance: Ensure the budget remains balanced and sustainable given updated financial forecasts.
- Refine projections: Update revenue and expenditure forecasts for the second year of the biennium based on the most current data.

Oakland staff indicate that the mid-cycle review primarily serves as a fiscal reconciliation mechanism to maintain a balanced budget, typically drawing minimal public engagement. While the review coincides with the third-quarter reporting in the first-year of the budget and is manageable during periods of economic stability, it becomes resource-intensive during volatile years. In such instances, significant staff allocation is required to develop revised projections and restore fiscal balance.

#### Characteristics of Oakland's Mid-Cycle Review:

- Focus on Adjustments: Unlike the initial budget adoption which sets the full two-year framework, the mid-cycle focuses on making necessary adjustments to maintain a balanced budget.
- Less Comprehensive: A ground-up re-evaluation of all departmental budgets is not

typically required, rather focusing on areas requiring modification.

- Driven by New Information: The process is primarily triggered by new financial data, policy mandates, or unforeseen circumstances that have arisen since the budget's adoption.
- Ensures Flexibility and Responsiveness: The City can remain fiscally responsible and adapt to changing conditions without having to wait for the next full biennial budget cycle.

The mid-cycle review is a vital mechanism for Oakland to maintain fiscal prudence, transparency, and responsiveness to evolving circumstances within its biennial budgeting structure.

#### Oakland's Community Engagement Component:

Oakland's approach is established through Ordinance No. 13487, the Consolidated Fiscal Policy, which requires public engagement as part of the budget process. The ordinance mandates statistically valid resident polling between January and March and requires that proposed budget amendments be publicly posted at least three days before final Council action.

#### ***San Francisco, California***

##### Key Takeaways:

- A rolling two-year budget cycle was enacted through a Charter change in 2009, primarily prompted by recurring budget deficits. This change, championed by both the Mayor and Board of Supervisors, established a framework for San Francisco to improve longer-term financial planning.
- The delayed implementation to conduct a test run of a two-year budget cycle by using four departments for early implementation resulted in those select departments' budgets becoming "fixed". The Board of Supervisors deemed it essential to maintain its "power of the purse" while reviewing all other departments annually.
- The move from an annual budget cycle to a two-year budget cycle was packaged with other tools for long-range planning, including a five-year financial plan and deadlines for the submission for all labor contracts.

The budget process for the City and County of San Francisco (San Francisco) is led by the Mayor, Board of Supervisors, and the Controller's Office. San Francisco has a City Administrator, but its role differs significantly to the City of Los Angeles' City Administrative Officer (CAO). The City Administrator for San Francisco operates as a chief operating officer, overseeing more than 25 city departments/divisions, ensuring effective and efficient government services, and supporting city-

wide initiatives. The City Administrator is not part of San Francisco's budget development process. Furthermore, in contrast to the City of Los Angeles, the San Francisco City Controller is not an elected office. The Controller is nominated by the Mayor and confirmed by the Board of Supervisors for a 10-year term.

The Great Recession occurring from December 2007 through June 2009 was the catalyst that ultimately led to San Francisco's Charter reform, which was proposed through Proposition A in 2009 by the Board of Supervisors, with support from the Mayor. Prior to 2009, San Francisco utilized an annual budget process.

In November of 2009, voters passed Proposition A, which made three major changes to San Francisco's Charter:

- Two-Year rolling budget cycle: Proposition A amended the Charter to require a transition to a two-year budgetary cycle for all departments by fiscal year 2012-13.<sup>15</sup> A "rolling" budget is defined as operating under a two-year financial plan, but a full, mandated budget process is undertaken every single year.<sup>16</sup> This process involves the entire city, including the Mayor, the Board of Supervisors, department directors, and required public engagement. In a later section, we break down the operation of how the rolling budget cycle operates.
- Five-Year financial plan: Proposition A mandated that all departments establish five-year financial plans by 2011, with biennial updates thereafter.<sup>15</sup> These plans must forecast all local, state, and federal revenues alongside expenditures for all agencies, including enterprise departments.<sup>15</sup> Additionally, the plans must also propose actions to balance revenues and expenditures during each year and address the departments' strategic goals and resources.<sup>16</sup> The plans inform the upcoming budget process. For instance, for fiscal years 2024-25 and 2025-26, in recognition of a projected deficit, the Mayor required departments to propose General Fund budget reductions totaling 10 percent in each year of the budget with additional contingency proposals of 5 percent in each year.<sup>20</sup>
- Labor Contract Deadlines: Proposition A also set a deadline of May 15 for the submission of Memorandums of Understanding (MOUs) for all labor unions, so that salaries paid the following fiscal year were anticipated as part of the budget process.<sup>15</sup> However, this part of Proposition A faced legal challenges, which California Public Employment Relations Board (PERB) Decision No. 2691-M (2020), involving San Francisco and several unions including SEIU Local 1021, made a landmark ruling regarding the "duty to bargain in good faith" under the Meyers-Milias-Brown Act (MMBA). PERB ordered San Francisco to cease and desist from applying the Charter deadlines in a way that interferes with good-faith bargaining. This decision was challenged by San Francisco in the California Court of Appeal, but the petition for review was summarily denied in 2021, leaving PERB's decision as standing precedent.<sup>17</sup>

San Francisco's Charter specifically outlines the term "rolling two-year cycle," which signifies a system of continuous, overlapping budget management. This structure promotes long-range planning and allows policymakers to make strategic decisions with a longer-term view beyond a single annual budget. The entire budget must be balanced for both years of the cycle.

The structure applies to the majority of San Francisco's departments, with the exception of the "fixed" enterprise departments.<sup>16</sup> In Fiscal Year (FY) 2010-11, the City adopted two-year budgets covering FY 2010-11 and FY 2011-12 for four, early-implementation departments approved in Proposition A: the Airport, the Municipal Transportation Agency, the Public Utilities Commission, and the Port Commission. FY 2012-13 was the first year that all City departments submitted a two-year budget for FY 2012-13 and FY 2013-14. During the same period, the four, early-implementation departments had a "fixed" two-year budget, whereby these departments only amended their budget for the following year if positive or negative changes in revenues and expenditures greater than 2.5 percent in general fund supported funds and 5 percent in non-general fund support funds. These departments were required to bring their changes to the Board of Supervisors with the Mayor's Proposed June 1 budget, via a supplemental appropriation ordinance.<sup>19</sup> All other departments maintained a variable, two-year budget. This meant the budgets were developed, approved, and implemented, pursuant to the same process as the annual budgets.

Consultations with staff also indicated that while several departments initially considered transitioning to "fixed" biennial budgets, the Board of Supervisors opted to retain annual budgetary oversight to maintain its "power of the purse," or control of City/County funds. Revenue volatility currently precludes fixed budgets for General Fund departments; consequently, only the four enterprise departments utilize a fixed model. All other departments submit a two-year "rolling" budget, where the first year is formally appropriated and the second year serves as a strategic roadmap. While this approach enhances long-term planning, staff noted that a rolling cycle does not fully realize the administrative efficiencies or effectiveness associated with a true biennial budget.

The critical mechanism that defines the rolling cycle is the method in which the years are interlocked. When the Mayor signs an adopted budget (e.g., in August 2019 for FY 2019–2020 and FY 2020–2021), the figures established for the second year of that cycle automatically become the established, approved baseline for the first year of the following cycle.<sup>18</sup> For instance, when preparing the subsequent budget proposal (e.g., for FY 2020–2021 and FY 2021–2022), the budget figures already approved for FY 2020–2021 in the previous cycle served as the starting point, or the initial baseline, for the new Year 1.<sup>18</sup> This institutionalized use of the prior Year 2 as the new Year 1 provides structural predictability for departments. By knowing the forecast as a reliable starting point, department managers gain confidence in entering into multi-year commitments, such as service contracts or major equipment procurements, which facilitates the realization of the long-range planning benefit.<sup>2</sup>

Despite the baseline provided by a two-year structure, the rolling nature necessitates an intensive annual review and adjustment phase for the current fiscal year (Year 1 of the new proposal). The Mayor's proposed budget annually adjusts the figures for the fiscal year that was previously approved as the second year of the previous cycle.<sup>18</sup>

These mandatory adjustments are essential for managing economic volatility. The review process must account for significant variances:

- Revenue Variances: Actual tax revenues often diverge from the original 28-month projections due to macroeconomic shifts. These shifts can range from changes in interest rates, job markets, and local, state, and federal policy decisions that impact transactions at a local level. San Francisco must track how actual General Fund revenues perform versus expectations and update accordingly.
- Unforeseen Events/Expenditures: Unexpected crises, such as the need for major one-time expenditures, require immediate fiscal revision. The difference in approved funding between Year 1 and Year 2 of a cycle often reflects these one-time needs.

The rolling budget institutionalizes a mechanism for mid-course correction. Administrative effort is shifted to the justification and negotiation of variances proving why the already-approved Year 2 baseline needs alteration. This requires rigorous analytic capabilities to compare budgeted amounts against year-end actual expenditures and revenues.

#### San Francisco's Community Engagement Component:

San Francisco emphasizes early engagement through a bottom-up framework. A 2020 ordinance requires each department to hold two public hearings—one on service priorities and one on the proposed budget—during January and February, before the Mayor finalizes the Proposed Budget. San Francisco also relies on voter-authorized oversight committees to monitor specific funding streams, including homelessness-related revenues.

#### ***Seattle, Washington***

Key takeaways:

- Uses a modified biennial budget process, which appropriates one year and endorses the second year.
- A two-year period pilot program was tested prior to committing to full implementation.
- The mid-term biennial review process may be flexible or rigid depending on the executive

branch, though guidelines were developed to have formality year over year.

The budget process for the City of Seattle (Seattle) is led by the Mayor, who directs the City Budget Office (CBO) to prepare the operating budget and the capital improvement budget documents, culminating in the Mayor's submission of the proposed budget to the City Council.<sup>21</sup> The CBO, similar to the CAO, attends and participates in Council budget committee meetings to present the Executive's (Mayor's) proposal and address technical questions for the Council. However, Seattle's CBO primarily reports to the Mayor, having a focus on executive-branch budget development, whereas the City of Los Angeles's CAO reports to both the Mayor and City Council, serving as a chief financial officer and management executive to both the executive and legislative branches.

In 1985, the Washington State Legislature adopted the Municipal Biennial Budget Act, granting cities the necessary legislative authority to adopt two-year appropriations.<sup>22</sup> Although Seattle had the legal ability to shift from an annual budget cycle to a true biennial budget cycle, Seattle decided on a different concept. In 1993, Seattle implemented a pilot program to test a modified biennial budget for six select departments.<sup>23</sup> This systematic evaluation ensured that the transition was grounded in an assessment of feasibility, operational impacts, and mitigating risks associated with substantial changes to complex fiscal processes.

In 1994, Seattle established the intent to adopt a modified biennial budget process via Resolution No. 28885. In 1995, Seattle fully transitioned from an annual budget cycle to a modified biennial budget cycle.<sup>24</sup> Resolution No. 28885, which established the process for a modified two-year cycle, was superseded by Resolution No. 32116 in 2023, which defines how the process should be managed and reported on today, making it more detailed, accountable, and transparent. Resolution No. 32116, in addition to updating and standardizing the modified biennial process, formalized and established guidelines for mid-year budget changes.<sup>25</sup>

Under Seattle's modified biennial budget cycle, the Mayor proposes a two-year balanced budget, for which the City Council reviews and adjusts with a balancing package or standalone amendments. The City Council formally adopts the budget for the first year of the biennium by ordinance and endorses, but does not appropriate, the budget for the second year by resolution. Under the Seattle City Charter, the Mayor is required to present a proposed budget annually.<sup>26</sup> Consequently, the transition to a modified biennial cycle did not require a Charter amendment because the second year of the biennium serves as an endorsement as opposed to a formal adoption. The legal appropriation of funds continues to occur on an annual basis to remain compliant with Charter mandates.

The mechanism of adoption versus endorsement is the core element defining the modified biennial process:

- Year 1: Formal Adoption: In the first year of the biennium (the odd-numbered year), the City Council formally adopts a budget ordinance that appropriates funds and establishes

legal expenditure limits for that year. Departments have the legal authority to spend these appropriated funds.<sup>23</sup>

- Year 2: Endorsement: Simultaneously to the adoption of the first year budget ordinance, the Council provides an endorsed budget for the second year. This endorsement is a planning document and does not appropriate funds or grant legal expenditure authority.<sup>23</sup>

Therefore, the second-year budget is based on the City Council endorsement and is not appropriated. The Charter dictates that Seattle must propose an annual budget. This is where the annual process of a mid-biennial review to take action on modifying the endorsed second year of the biennium takes place to, then, generate and formally adopt mid-biennial budget adjustments for a second-year budget.

Resolution No. 32116 states that the adjustments to the second year should result in minimal changes. The guidelines to make a second-year budget adjustment are quite extensive. Notable guidelines include, but are not limited to, adjustments that respond to:<sup>25</sup>

- Changes to the revenue forecast necessary to balance the budget;
- Changes to assumptions about the cost to deliver City programs and services;
- Proposals to carry forward appropriations from Year 1, as necessary, to carry out an essential project or program that will not be fully expended in Year 1;
- Emergent community needs prioritized by the Mayor and the Council;
- A proclaimed civil emergency pursuant to Seattle Municipal Code; Chapter 10.02; or,
- New opportunities to partner with external organizations or other governmental agencies to leverage City investments.

Seattle staff indicated that the mid-biennial review process layout is led by the Mayor and CBO Director, in which the direction to perform a full analysis and review of what would be considered to be the annual budget process, where changes are robust, ranging from budget balancing to introducing new programs/services and modifying existing programs/services. The direction for the mid-biennial review process may also be purely technical, in which changes only occur for budget balancing purposes. This mid-cycle review, depending on the disposition of the Mayor and/or CBO Director, may be used as a flexibility tool or to maintain rigid control over budgetary priorities. Once the Mayor submits the proposed mid-biennial budget updates (typically in late September), the focus shifts to the legislative branch, where the Council, which creates a Select Budget Committee specifically to review the proposed budget, holds public hearings on and deliberates over the Mayor's proposed mid-biennial budget adjustments.

The mid-biennial review serves as a crucial point to review, modify, and adopt the endorsed second year of the biennium. The mid-biennial review services four essential purposes:

- Maintaining a Balanced Budget: Through the mid-biennial review process (halfway through the biennium), the CBO updates the revenue forecasts using the most current economic data available. This process identifies whether the revenues endorsed for the second year are still sufficient to cover the projected costs. If a shortfall is projected, Seattle must identify necessary adjustments, as the state law requires a balanced budget.
- Make Strategic Adjustments to Expenditures: The mid-biennial review process allows the Mayor and Council to make targeted changes to the second year's spending based on the reality of the first year of operations. This can include making strategic investments, reallocating funds, addressing new service demands, updating forecasts for inflation, economic shifts, and incorporating changes to mandated costs such as labor agreements since the initial budget adoption in the first year.
- Reflecting Current Priorities and Unforeseen Needs: The mid-biennial review process is an opportunity to adjust funding to better align with current city goals and to address urgent or unforeseen issues that arose in the first year of the biennium.
- Implementing Legislative Intents: The mid-biennial review process allows for the second-year budget to incorporate changes resulting from legislation or specific mandates that have been passed since the first-year budget was adopted.

Seattle opted for a modified biennial budget versus a true, two-year budget in which two years are adopted simultaneously for three main reasons: 1) the legislative branch (Council) wanted to keep control over the "power of the purse"; 2) revenue streams that Seattle generates are subject to significant volatility, are economically sensitive, and can shift dramatically, making a true two-year budget too rigid to react and correct quickly enough; and, 3) public participation of a modified biennial budget allows for a similar public hearing schedule as an annual budget, allowing constituents to be heard more frequently than once every two years.

#### Seattle's Community Engagement Component:

Seattle's budget process includes structured efforts to improve public access to its biennial budget. The City Council convenes a dedicated budget committee that holds sessions explaining revenue sources prior to public testimony. Seattle also uses legislative tools to track public input: Green Sheets document proposed budget changes with specific dollar amounts, and Statements of Legislative Intent require departments to study and report on issues raised during deliberations. In addition, Seattle administers a participatory budgeting program totaling approximately \$27.25

million, allowing residents aged 11 and older to vote on spending priorities.

## **Considerations in Developing the Biennial Budget Cycle**

After analyzing the risks and challenges inherent in various municipal budgeting models the CAO reviewed and ultimately developed its proposal under a performance-based, true two-year budget model. The CAO's proposed Biennial Budget Cycle addresses known risks and challenges by emphasizing the following elements.

### Citywide Prioritization and Long-Term Planning

The proposed Four-Year Strategic Plan provides a framework to align budgetary decisions with long-term goals, extending the organization's focus beyond the current fiscal cycle.<sup>3</sup> The development of the Four-Year Strategic Plan will be set via a Charter amendment to ensure the City's ongoing commitment to long-term planning. However, the adoption of additional ordinances to establish specific timeframes and approval processes is required and will necessitate executive and legislative coordination and cooperation.

Additionally, the biennial budget will help transition the budget conversation away from incremental, line-item adjustments, which focus solely on the immediate fiscal year. Instead, the Biennial Budget Cycle relies on a long-term perspective, which provides a more stable context for aligning scarce resources with the Four-Year Strategic Plan. This approach is particularly valuable for integrating the operating budget with the Multi-Year Capital Plan, ensuring that the long-term costs of new facilities and infrastructure, such as maintenance and staffing, are fully considered and planned for from the outset.<sup>4</sup>

### Fiscal Discipline and Transparency

An annual budget process runs the risk of neglecting future year costs of new programs or policy changes, allowing commitments to be made that are unsustainable over the long term.<sup>5</sup> The proposed Biennial Budget Cycle, and in particular the Multi-Year Financial Plan, forces these future costs to be identified and considered, compelling policymakers to confront potential structural deficits before they materialize. This can foster more informed public debate, reduce risks of budgetary shocks, and improve accountability for long-term fiscal stewardship.<sup>6</sup>

### Greater Stability, Efficiency, and Staff Resource Allocation

The two-year funding commitments made via the Biennial Budget Cycle will provide stability for internal City departments and external partners with the knowledge that programs and service delivery will avoid disruption and inefficiency that can accompany year-to-year funding volatility or shifting priorities.<sup>5</sup> The Biennial Budget Cycle can also offer greater stability, efficiency, and deploy appropriate staff resource allocation. By reducing the frequency of a full-scale annual budget cycle,

the Biennial Budget Cycle may free significant staff capacity in the "off-year". This time can be strategically redeployed to more value-added activities that are often neglected under the pressure of annual deadlines, such as in-depth program effectiveness analysis, performance auditing, management improvement studies, and more rigorous financial monitoring.<sup>2</sup>

### Expenditure and Revenue Forecasting

The most significant, and widely cited, challenge of a biennial budget is the inherent difficulty of accurately forecasting revenues and expenditures over an extended period.<sup>7</sup> The City's annual budget process typically requires forecasting 20 months into the future, as we begin the budget process in November of the current fiscal year; a biennial budget can extend that horizon to 32 months or more.

To mitigate these challenges in the proposed Biennial Budget Cycle, the CAO will prepare and update on an annual basis a Multi-Year Financial Plan consisting of a General Fund revenue and expenditure outlook that incorporates the impacts of the Multi-Year Capital Plan, an analysis of economic conditions, identification of projected budget imbalances, and a fiscal improvement plan focused on the long-term fiscal condition of the City. The Multi-Year Financial Plan will help inform the required budget adjustments for the second-year of the biennial budget.

Additionally, the City can modify its financial policies to increase the Reserve Fund to a greater percentage threshold, thus providing a way to resolve shortfalls in revenue or costs that exceed the budget. A higher Reserve Fund balance provides the City an opportunity to deploy resources with a swift interim action without having to wait for the mid-term review to make budget adjustments or wait until the following budget cycle, which may create resource capacity that may disrupt existing City programs and services. This strategy may also address the following challenge related to flexibility and responsiveness.

### Flexibility and Responsiveness

Regardless of the periods covered by budgets, set appropriations reduce the availability of resources and thus can hinder the flexibility and responsiveness of cities to respond quickly to unforeseen events. To allow for budget flexibility and responsiveness, the proposed Biennial Budget Cycle will continue to rely on FSRs that provide an update on the City's fiscal condition, including projected revenues and expenditures, and recommendations for solutions to address any shortfalls during the fiscal year. Through the FSRs, the Council, with Mayor concurrence, can make adjustments to the fiscal year in progress. These reports provide the City the flexibility to respond to changing or unforeseen circumstances, such as addressing revenues falling below the assumptions for the current year in progress, or extraordinary expenses incurred during a disaster response. Furthermore, as previously stated, funding a higher Reserve Fund provides the City an opportunity through the FSRs to deploy resources with a swift interim action without having to wait for the Mid-Term Biennial Budget Report.

## Oversight, Accountability, and Transparency

Annual appropriations processes provide a recurring mechanism for budget oversight, accountability, and transparency.<sup>8</sup> However, the City's annual process is very time-consuming, which hinders the City's ability to incorporate a robust performance evaluation process, potentially reducing each of these three principles. As proposed in the Biennial Budget Cycle, prior to the end of the first year of the biennial budget, the CAO will initiate a performance evaluation review process that will inform the development of a Mid-Term Biennial Budget Report. Rather than simply submitting a new budget request for the second-year of the Biennial Budget Cycle, departments will submit key performance indicators, data, metrics, and other requested information on programs and services under each department's portfolio. The CAO will review the submitted material and complete a performance evaluation and call on departments to submit budget requests for the second-year that are justified by the results of the performance evaluations.

## Community Engagement

The City currently uses a hybrid budget engagement framework that combines centralized engagement during legislative review of the Mayor's Proposed Budget with decentralized departmental outreach. This framework operates within the City Charter's fixed annual timeline, where the Mayor submits a Proposed Budget to the City Council by April 20, and the Council must adopt a final budget by June 1. Within this structure, public engagement generally takes two forms—informational or interactive—with varying influence on fiscal decision-making.

Centralized engagement activities include the annual Budget Day, coordinated by the Neighborhood Council Budget Advocates and the Department of Neighborhood Empowerment's EmpowerLA, and the City Council's Budget and Finance Committee deliberations, which include public hearings where residents, community organizations, and Neighborhood Council Budget Advocates provide testimony on the Proposed Budget. Additionally, as with all Council files, Neighborhood City Councils can submit formal Community Impact Statements relative to any aspect of the Proposed Budget.

Decentralized engagement occurs at the departmental level with varying intensity. A survey of City departments conducted in October 2025 identified two primary outreach modes. Informational tools consist mainly of digital platforms maintained by the CAO and the City Controller that provide access to budget instructions, funding requests, expenditure reports, and financial dashboards. These tools focus on information dissemination and do not include mechanisms for soliciting public input or interpreting technical data for non-technical audiences. Interactive tools include surveys, feedback forms, public meetings, and workshops, but only a limited number of departments consistently use them. When employed, these activities often take the form of budget briefings or virtual presentations explaining the municipal budget cycle; however, the feedback collected is typically department-specific and not incorporated into the Proposed Budget.

Several structural factors further limit the effectiveness of engagement efforts. Most notably, the City lacks a closed-loop feedback system, making it difficult to document or evaluate the relationship between public input and adopted budget outcomes. The 2025 departmental survey identified three recurring constraints affecting both centralized and decentralized engagement. First, staff capacity is limited during the budget cycle, when personnel are focused on preparing technical submissions and responding to time-sensitive legislative requests. Second, departments report gaps in data analysis and qualitative synthesis expertise necessary to process and translate public feedback into policy-relevant information. Third, City policy does not establish minimum engagement standards for departments, resulting in uneven outreach practices across service areas.

The proposed Biennial Budget Cycle and the recommended Charter amendments acknowledge the need for a community participation component. Specifically, as part of the development of the Four-Year Strategic Plan, a community participation component will be required that may include public hearings, statistical polling, community surveys, Neighborhood Council Community Impact Statements, and/or other feedback from the community. Furthermore, the Mayor's statement of budget priorities will continue to be published for the purpose of facilitating public comment. In prior years, this has resulted in meetings between the Mayor and the Neighborhood Council Budget Advocates. Finally, as part of Council's consideration of the Proposed Budget and the Mid-Term Biennial Budget Report, public hearings will be held. In addition to these elements already included in the CAO's proposal, the City may seek to adopt more specific practices or policies relative to public engagement requirements.

## **FISCAL IMPACT STATEMENT**

The recommendations in this report yield no immediate impacts on the General Fund; however, recommendations in this report identify potential future actions that may require additional appropriations through interim budget actions for Mayor and City Council approval.

## **FINANCIAL POLICIES STATEMENT**

The recommendations in this report comply with the City's Financial Policies in that the report does not commit the City to any future expenditure of funds without further legislative action.

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## **Attachments**

Attachment 1 – Required Charter Amendments and Additions to Transition to a Biennial Budget Cycle

Attachment 2 – Proposed City of Los Angeles Biennial Budget Process Timeline

Attachment 3 – Biennial Budget Transition Timeline

Attachment 4 – Comparisons of Three Different Two-Year Budget Structures

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**Attachment 1**  
**Required Charter Amendments and Additions to**  
**Transition to a Biennial Budget Cycle**

**Sec. 291. Powers and Duties.**

The City Administrative Officer shall have the power and duty to:

- (a) keep the Mayor and the Council advised of the condition, finances and future needs of the City, and make recommendations as are appropriate;
- (b) assist in the preparation of the **proposed** budget in accordance with policies prescribed by the Mayor;
- (c) develop work programs and standards required in the proper planning of the budget;
- (d) prepare reports on revenue and costs and, throughout the year, conduct studies and investigations that will assist in the preparation of the budget;
- (e) assist the Council in the review of the proposed budget;
- (f) assist the Mayor and Council in the consideration of any appropriations **or other budget adjustments** subsequent to the adoption of the budget, as set forth elsewhere in the Charter;
- (g) **on an annual basis, prepare a multi-year financial plan consisting of a General Fund revenue and expenditure outlook that incorporates the impacts of the Multi-Year Capital Plan, an analysis of economic conditions, identification of projected budget imbalances, and a fiscal improvement plan focused on the long-term fiscal condition of the City;**
- (h) **prepare a mid-term biennial budget report, as set forth elsewhere in the Charter;**
- (i) plan and direct a system of budgetary administration to assure the proper and effective expenditure of funds;
- (j) subject to the approval of the Mayor, prescribe rules and standards governing the matters under the jurisdiction of the Office of the City Administrative Officer with which all officers and departments of the City must comply;
- (k) furnish the Mayor or Council aid, information or recommendation as requested in writing by the Mayor, the Council, or Council Committee; and
- (l) perform other duties assigned to the office in the Charter.

**Sec. 292. Administrative Management Research.**

The City Administrative Officer shall conduct research in administrative management for the improvement of the organization, policies and practices of all appointed offices, departments and other agencies of City government, including, without limitation, the Proprietary Departments, for the purpose of evaluating programs and developing performance measures concerning the duties of the various positions, the methods and the standards of efficiency. The City Administrative Officer shall recommend to the Mayor, Council and the respective departments and agencies those changes that will promote economy and efficiency in the conduct of City government, **as set forth elsewhere in the Charter.**

### **Sec. 310. Fiscal Year; Biennial Budget Cycle**

- (a) The fiscal year of the City shall begin on July 1 of each year and shall end on June 30 of the following year.
- (b) The City shall operate on a biennial budget cycle covering two consecutive fiscal years. The City shall, by ordinance, establish the initial biennial budget cycle, with subsequent cycles commencing every two years thereafter, and provide for the transition from annual to biennial budgeting.

### **Sec. 311. Four-Year Strategic Plan; Statement of Budget Priorities; Budget Estimates to Mayor.**

- (a) **Four-Year Strategic Plan.** To ensure long-term fiscal stability and the orderly development of the City, the City shall maintain a Four-Year Strategic Plan. The purpose of this plan is to align municipal resources with community priorities, provide a consistent framework for biennial budgeting, and establish measurable goals for City administration. The Four-Year Strategic Plan shall cover two Biennial Budget Cycles consisting of four fiscal years and shall identify, define, and prioritize the City's collective goals for the upcoming four fiscal year period, including but not limited to:
  - (i) The capital project priorities for the ensuing four fiscal years based on the Capital Infrastructure Plan (CIP);
  - (ii) The resources needed to meet these collective goals including revenue, staffing needs, and cost projections associated with each outlined goal.
  - (iii) Performance standards, targets, and key performance indicators for each set goal.

The Mayor shall prepare and the Council shall approve the Four-Year Strategic Plan in a manner and for a period established by ordinance, and following a public participation component that may include but is not limited to public hearings, statistical polling, community surveys, Neighborhood Council Community Impact Statements, and/or other feedback from community.

- (b) **Statement of Budget Priorities.** On or before September 1, of the year immediately preceding the start of a biennial budget cycle, the Mayor shall publish his or her statement of budget priorities for the next two fiscal years in order to facilitate public comment and to provide direction to departments on the development of their budget proposals.

- (c) **Budget Estimates to Mayor.** At the time the Mayor prescribes, **but not later than December 1, of the year immediately preceding the start of a biennial budget cycle,** each board or officer at the head of any department or office, or other City governmental activity, other than those departments having control of their own funds, shall submit to the Mayor, with copies to the Council and the City Administrative Officer, on forms and in the manner prescribed by the Mayor, a detailed estimate of the money required for the **next two fiscal years** for the proper operation of their departments and offices. These estimates shall contain uniform budget classifications and shall clearly set forth the functions performed and the items and services required for such performance. Summaries, schedules and supporting data shall be attached to the estimates. Any department head or officer requesting an increase **in appropriations** shall indicate which classifications need the increase and rank the order of immediate need for each classification. After consultation with an officer or head of a department, the Mayor may refer the estimate back with instructions to prepare a revised estimate on the basis of a maximum sum for the department, office or activity, that maximum sum to be fixed by the Mayor, or with further qualification as the Mayor shall determine. The officer or head of department shall present the revised estimate to the Mayor, with a duplicate to the Council and to the City Administrative Officer, at a date fixed by the Mayor. **At the direction of the Mayor, the City Administrative Officer may develop revised estimates for departments and alternative proposals for consideration in a manner prescribed by the Mayor.**
- (d) On or before March 1 of each year the Controller shall submit to the Mayor, with a duplicate to the Council and to the City Administrative Officer, a detailed statement of the money that the Controller estimates will be required for the interest and sinking funds and for all outstanding bonded indebtedness and other lawful obligations of the City or of special districts and an estimate of the revenue to be derived from fines, licenses and other sources.

### **Sec. 312. Mayor's Proposed Biennial Budget.**

On or before April 20, **of the year immediately preceding the start of a biennial budget cycle,** the Mayor shall submit to the Council a **balanced Biennial Budget covering the next two ensuing fiscal years** setting forth in summary and in detail:

- (a) estimates of the expenditures and appropriations necessary for the support of the required work programs of the City government for the ensuing **two fiscal years,** including interest and sinking funds or payments of principal on the bonded indebtedness of the City and of special districts;
- (b) detailed estimates of the receipts of the City during the ensuing **two fiscal years required to support the proposed appropriations for the same period,** under laws existing at the time the budget is transmitted, and also under the revenue proposals, if any, contained in the budget;
- (c) the expenditures and receipts of the City government during the last completed

fiscal year;

- (d) estimates of the expenditures and receipts of the City government during the fiscal year in progress;
- (e) the amount of annual, permanent or other appropriations, including balances of appropriations for prior fiscal years, available for expenditure during the fiscal year in progress, as of June 30 of such year;
- (f) balanced statements of:
  - (1) the condition of the Treasury at the end of the last completed fiscal year;
  - (2) the estimated condition of the Treasury at the end of the fiscal year in progress; and
  - (3) the estimated condition of the Treasury at the end of the **ensuing two fiscal years** in case the financial proposals contained in the budget are adopted.
- (g) all essential facts regarding the bonds, notes and other lawful obligations of the City;
- (h) other financial statements and data necessary or desirable in order to make known in all practical detail the financial condition of the City government;
- (i) an Unappropriated Balance, which shall be available for appropriations later in the ensuing **two fiscal years** to meet contingencies as they arise; and
- (j) a statement of resources of the Reserve Fund which shall be carried over to the next ensuing fiscal year to meet the cash requirements of the City for the portion of the next ensuing fiscal year prior to the receipt of taxes, or for appropriations to the Unappropriated Balance as provided in the Charter; and
- (k) **an estimate of the Reserve Fund for the fiscal year following the next ensuing fiscal year to meet the cash requirements of the City.**

### **Sec. 313. Council Consideration of Biennial Budget.**

After receiving the Biennial Budget submitted by the Mayor, and prior to taking action on the budget, the Council shall hold a noticed public hearing. **On or before June 1, of the year immediately preceding the start of a biennial budget cycle,** the Council shall:

- (a) approve the budget as submitted by the Mayor; or
- (b) modify the budget by disapproving in whole or in part any items, or by increasing or decreasing any item, or by adding new items, and return **a balanced biennial budget** as modified by the Council to the Mayor. Any action taken by the Council under this section shall be taken by a majority vote of its members.

Upon failure of the Council to return the budget to the Mayor as provided in this section, the budget as submitted by the Mayor to the Council shall be signed by the City Clerk and thereupon become the general City **Biennial Budget for the ensuing two fiscal years**.

#### **Sec. 314. Mayor's Veto.**

The budget as adopted by the Council shall not be held for reconsideration but shall be promptly transmitted by the City Clerk to the Mayor upon whose approval and signature it shall become effective. If the Mayor shall fail to act upon the budget within five days, excluding Saturdays, Sundays and legal holidays, after its adoption by the Council, it shall be signed by the City Clerk and shall thereupon become effective. If the Mayor disapproves of any increase, decrease, omission or insertion of any item of the budget by the Council, the Mayor may veto, restore or otherwise change any item to the amount originally proposed by the Mayor or to any amount between that originally proposed by the Mayor and that adopted by the Council. The Mayor, however, shall have no power to change any description or limitation made applicable to an item by the Council, except to veto the change or to restore the description or limitation to the condition originally proposed by the Mayor. Upon completion of these changes, the Mayor shall within the five day period return the budget to the Council with a statement of action taken.

#### **Sec. 315. Council Consideration of Mayor's Veto Message; Final Adopted Budget.**

Upon receipt by the Council of the budget veto message from the Mayor, the Council shall have five days, excluding Saturdays, Sundays and legal holidays, within which to overcome the action of the Mayor relative to any item or items of the budget. Any item or items of the budget which shall have been vetoed, or otherwise changed by the Mayor, and which shall not be, by a two-thirds vote of all of the members of the Council, either readopted notwithstanding the objections of the Mayor or changed to an amount between that as originally adopted by the Council and that as changed by the Mayor, shall remain as modified by the Mayor.

Where the Mayor has changed any description or limitation applicable to an item, the Council, in its action pursuant to this section, shall have no power to alter the description or limitation other than to restore it to the condition in which it was originally adopted by the Council.

Upon the expiration of the Council's five day period, or sooner if the Council by majority vote so directs, the budget as returned by the Mayor, and to the extent modified thereafter by the Council, shall become the general **City Biennial Budget for the ensuing two fiscal years** and shall not be held for reconsideration but shall be promptly transmitted to the City Clerk, signed by the City Clerk and filed in the office of the Controller.

#### **Sec. 316. Departmental Performance Evaluations Submissions and Mid-Term Biennial Budget Report**

- (a) **Departmental Performance Evaluations.** At the time the City Administrative Officer prescribes, within the first year of a biennial budget cycle, each board or

officer at the head of any department or office, or other City governmental activity, other than those departments having control of their own funds, shall submit to the City Administrative Officer, with copies to the Mayor and Council, on forms and in the manner prescribed by the City Administrative Officer, key performance indicators, data, metrics, and other requested information on programs and services under each department's portfolio for the purpose of undergoing a performance evaluation. The City Administrative Officer shall review the submitted material and complete a performance evaluation to inform the preparation of the Mid-Term Biennial Budget Report.

Following the consultation with an officer or head of a department, the City Administrative Officer may refer the performance evaluations back with instructions to prepare budget adjustment proposals for the second year of the Biennial Budget Cycle based on the performance evaluations with further qualification as the City Administrative Officer shall determine. The officer or head of department shall present the budget adjustment proposals to the City Administrative Officer, with a duplicate to the Mayor and Council, City Administrative Officer, at a date fixed by the City Administrative Officer

(b) **Mid-Term Biennial Budget Report.** On or before April 20, of the first year of a biennial budget cycle, the City Administrative Officer shall submit to the Mayor and Council a Mid-Term Biennial Budget Report covering the ensuing fiscal year setting forth in summary and in detail:

- (i) an analysis of each performance evaluation comparing actual to budgeted performance;
- (ii) recommendations on budget adjustments for the ensuing fiscal year required to address emerging needs or changes needed based on the performance evaluations submitted by departments;
- (iii) updated estimates of the expenditures and appropriations necessary for the support of the required work programs of the City government for the ensuing fiscal year, including interest and sinking funds or payments of principal on the bonded indebtedness of the City and of special districts;
- (iv) updated revenue projections across all revenue sources including detailed estimates of the receipts of the City during the ensuing fiscal year, under laws existing at the time the Mid-Term Biennial Budget Report is transmitted, and also under the revenue proposals, if any, contained in the Mid-Term Biennial Budget Report;
- (v) the expenditures and receipts of the City government during the last completed fiscal year;
- (vi) estimates of the expenditures and receipts of the City government during the fiscal year in progress;
- (vii) the amount of annual, permanent or other appropriations, including balances of appropriations for prior fiscal years, available for expenditure during the fiscal year in progress, as of June 30 of such year;
- (viii) balanced statements of:

- (1) the condition of the Treasury at the end of the last completed fiscal year;
  - (2) the estimated condition of the Treasury at the end of the fiscal year in progress; and
  - (3) the estimated condition of the Treasury at the end of the ensuing fiscal year in case the financial proposals contained in the Mid-Term Biennial Budget Report are adopted.
- (ix) all essential facts regarding the bonds, notes and other lawful obligations of the City;
  - (x) other financial statements and data necessary or desirable in order to make known in all practical detail the financial condition of the City government;
  - (xi) an Unappropriated Balance, which shall be available for appropriations later in the ensuing fiscal year to meet contingencies as they arise; and
  - (xii) a statement of resources of the Reserve Fund which shall be carried over to the next ensuing fiscal year to meet the cash requirements of the City for the portion of the next ensuing fiscal year prior to the receipt of taxes, or for appropriations to the Unappropriated Balance as provided in the Charter; and
  - (xiii) an estimate of the Reserve Fund for the Biennial Budget Cycle following the next ensuing fiscal year to meet the cash requirements of the City;
  - (xiv) changes in state and federal funding that need to be included or updated for the second year of the biennium cycle;
  - (xv) an updated multi-year financial plan consisting of a General Fund revenue and expenditure outlook that incorporates the impacts of the Multi-Year Capital Plan, an analysis of economic conditions, identification of projected budget imbalances, and a fiscal improvement plan focused on the long-term fiscal condition of the City.

**Sec. 317. Council and Mayor Approval of the Mid-Term Biennial Budget Report**

After receiving the Mid-Term Biennial Budget Report submitted by the City Administrative Officer, and prior to taking action on the report, the Council shall hold a noticed public hearing. On or before June 1, of the first year of a biennial budget cycle, the Council shall:

- (a) approve the Mid-Term Biennial Budget Report as submitted by the City Administrative Officer; or
- (b) modify the Mid-Term Biennial Budget Report by disapproving in whole or in part any items, or by increasing or decreasing any item, or by adding new items. Any action taken by the Council under this section shall be taken by a majority vote of its members.

Upon failure of the Council to return the Mid-Term Biennial Budget Report to the Mayor as provided in this section, the Mayor shall have ten days, excluding Saturdays, Sundays and legal holidays to:

- (a) approve the Mid-Term Biennial Budget Report as submitted by the City Administrative Officer; or
- (b) modify the Mid-Term Biennial Budget Report by disapproving in whole or in part any items, or by increasing or decreasing any item, or by adding new items.

The Mid-Term Biennial Budget Report as returned by the Mayor shall thereupon become the general City budget for the ensuing fiscal year and shall be promptly transmitted to the City Clerk, signed by the City Clerk and filed in the office of the Controller.

**Sec. 318. Mayor's Veto of the Mid-Term Biennial Budget Report**

The budget as adopted by the Council shall not be held for reconsideration but shall be promptly transmitted by the City Clerk to the Mayor upon whose approval and signature it shall become effective. If the Mayor shall fail to act upon the budget within five days, excluding Saturdays, Sundays and legal holidays, after its adoption by the Council, it shall be signed by the City Clerk and shall thereupon become effective. If the Mayor disapproves of any increase, decrease, omission or insertion of any item of the budget by the Council, the Mayor may veto, restore or otherwise change any item to the amount originally proposed by the City Administrative Officer or to any amount between that originally proposed by the City Administrative Officer and that adopted by the Council. The Mayor, however, shall have no power to change any description or limitation made applicable to an item by the Council, except to veto the change or to restore the description or limitation to the condition originally proposed by the City Administrative Officer. Upon completion of these changes, the Mayor shall within the five day period return the budget to the Council with a statement of action taken.

**Sec. 319. Council Consideration of Mayor's Veto Message; Final Adopted Budget for the Second Year of the Biennial Budget.**

Upon receipt by the Council of the budget veto message from the Mayor, the Council shall have five days, excluding Saturdays, Sundays and legal holidays, within which to overcome the action of the Mayor relative to any item or items of the budget. Any item or items of the budget which shall have been vetoed, or otherwise changed by the Mayor, and which shall not be, by a two-thirds vote of all of the members of the Council, either readopted notwithstanding the objections of the Mayor or changed to an amount between that as originally adopted by the Council and that as changed by the Mayor, shall remain as modified by the Mayor.

Where the Mayor has changed any description or limitation applicable to an item, the Council, in its action pursuant to this section, shall have no power to alter the description or limitation other than to restore it to the condition in which it was originally adopted by the Council.

Upon the expiration of the Council's five day period, or sooner if the Council by majority vote so directs, the budget as returned by the Mayor, and to the extent modified thereafter by the Council, shall become the general City budget for the ensuing fiscal year and shall not be held for reconsideration but shall be promptly transmitted to the City Clerk, signed by the City Clerk and filed in the office of the Controller.

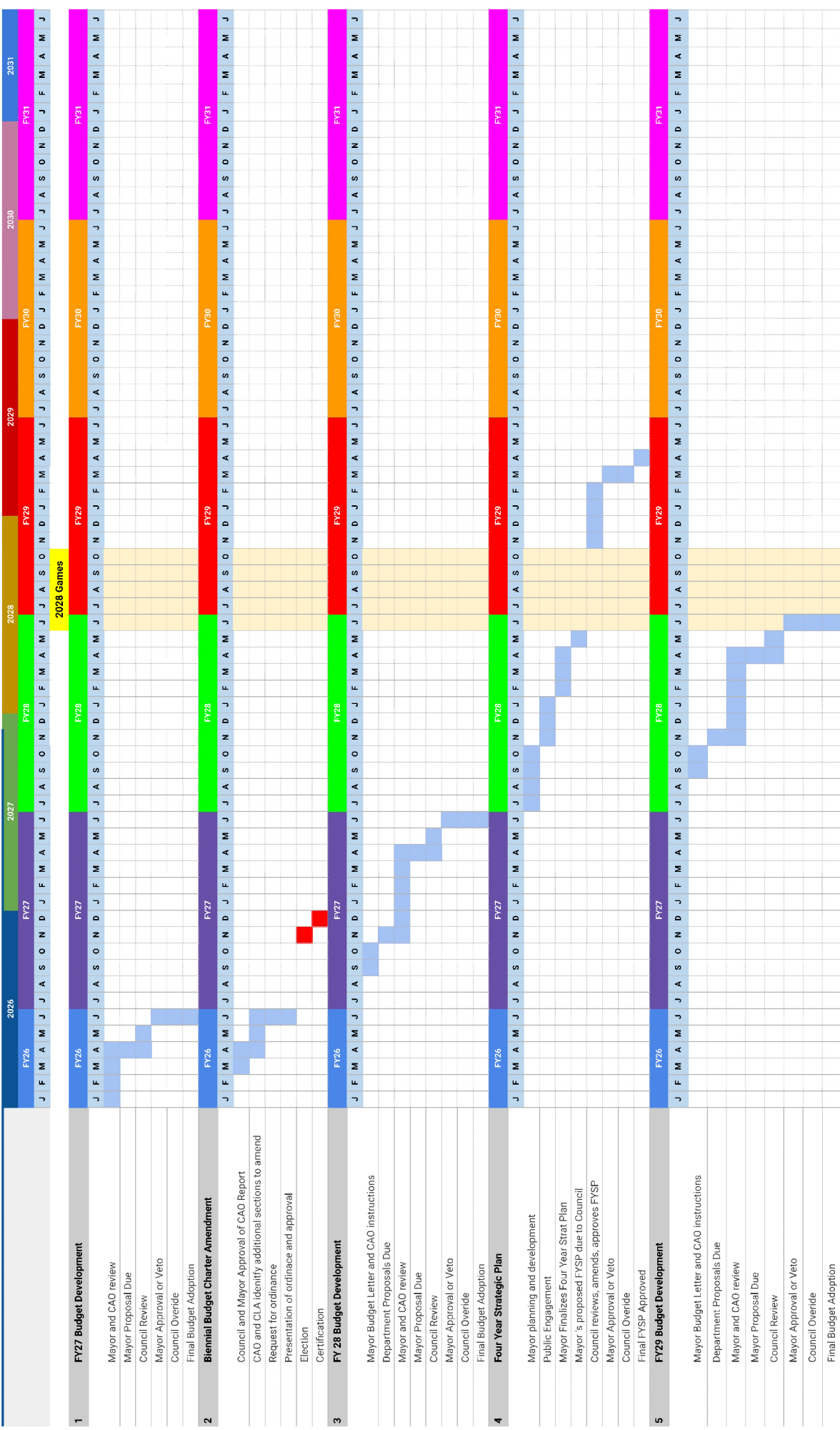
**Attachment 2**  
**Proposed Los Angeles Biennial Budget Process Timeline**

The following timeline details the functional steps and their deadlines, required transition to a Biennial Budget Cycle.

Step	Policy Item	Timeline (Deadline/Period)
1	Citywide Four-Year Strategic Plan Development. Year 1: 2030-31 Year 2: 2031-32 Year 3: 2032-33 Year 4: 2033-34	<ul style="list-style-type: none"> <li>● Begin development in July 2027</li> <li>● Complete by a period established by ordinance</li> <li>● Anticipate the initial Four-Year Strategic Plan being completed in Fiscal Year 2028-29</li> </ul>
2	Biennial Budget Development Process. Year 1: 2030-31 Year 2: 2031-32	<ul style="list-style-type: none"> <li>● Mayor begins development following adoption of Four-Year Strategic Plan September 1, 2029</li> <li>● Mayor submits Proposed Budget no later than April 20, 2030</li> <li>● Council considers by June 1, 2030</li> <li>● Biennial Budget approved in June 2030</li> </ul>
3	Multi-Year Financial Plan Year 1: 2030-31 Year 2: 2031-32 Year 3: 2032-33 Year 4: 2033-34	<ul style="list-style-type: none"> <li>● CAO begins development following adoption of Four-Year Strategic Plan September 1, 2029</li> <li>● CAO submits Multi-Year Financial Plan concurrent with the Mayor's Proposed Budget no later than April 20, 2030</li> <li>● CAO adjust Multi-Year Financial Plan to reflect Adopted Biennial Budget by June 30, 2030</li> </ul>
4	Department Performance Evaluation Process	<ul style="list-style-type: none"> <li>● CAO begins process no later than February 1, 2031</li> <li>● CAO completes process by April 2031</li> </ul>
5	Mid-Term Biennial Budget Report	<ul style="list-style-type: none"> <li>● CAO submits Mid-Term Biennial Budget Report to Mayor and Council no later than April 20, 2031</li> <li>● Council and Mayor complete the review and approval process by June 2031</li> </ul>

Step	Policy Item	Timeline (Deadline/Period)
6	Multi-Year Financial Plan Update Year 1: 2031-32 Year 2: 2032-33 Year 3: 2033-34 <b>*Year 4: 2034-35</b>	<ul style="list-style-type: none"> <li>● CAO submits an update to the Multi-Year Financial Plan for the next ensuing four fiscal years with the Mid-Term Biennial Budget Report no later than April 20, 2031</li> <li>● CAO adjust Multi-Year Financial Plan to reflect approved Mid-Term Biennial Budget Report by June 30, 2031</li> </ul>

# Biennial Budget Transition



Item	FY26			FY27			FY28			FY29			FY30			FY31		
	J	F	M	J	F	M	J	F	M	J	F	M	J	F	M	J	F	M
<b>6 FY30 Budget Development</b>																		
Mayor Budget Letter and CAO Instructions																		
Department Proposals Due																		
Mayor and CAO review																		
Mayor Proposal Due																		
Council Review																		
Mayor Approval or Veto																		
Council Override																		
Final Budget Adoption																		
<b>7 FY 31 &amp; FY 32 Budget Development</b>																		
Mayor Budget Letter and CAO Instructions																		
Department Proposals Due																		
Mayor and CAO review																		
Mayor Proposal Due																		
Council Review																		
Mayor Approval or Veto																		
Council Override																		
Final Budget Adoption																		
<b>8 Mid-Term Budget Report</b>																		
CAO releases performance review instructions																		
Department Responses Due																		
CAO completes Evaluations																		
CAO prepares Mid-Term Report																		
Mid-Term Budget Report Due																		
Council Review																		
Mayor Approval or Veto																		
Mayor Approval or Veto																		
Council Override																		
Final Budget Adoption																		

**Attachment 4**  
**Comparisons of Three Different Two-Year Budget Structures**

City	Type of Budget	Authority Document	Pre-Planning Transition
Oakland, California	<p>True Two-Year Budget</p> <p>City adopts its budget for a two-year period (or biennium), the document is functionally divided into two distinct, one-year spending plans. At the end of the first-year, a mid-cycle review process takes place to make mid-cycle budget adjustments.</p> <p>Fiscal Year: July 1 through June 30</p>	<p>Resolution #84385 (C.F. 12-0424)</p> <p>Ordinance 13279 (C.F. 14-0120) superseded in 2018 by Ordinance 13487 (C.F. 18-0281)</p> <p>Language in the City Charter does not explicitly state two-year or biennium, instead the Mayor and Council direct the City Administrator on the budget process via resolution.</p> <p><b>Article VIII Fiscal Administration. Section 801. Budget.</b>  Each department, office and agency of the City shall provide in the form and at the time directed by the Mayor and City Administrator all information required by them to develop a budget conforming to modern budget practices and procedures as well as specific information which may be prescribed by the Council.</p> <p>Under the direction of the Mayor and Council, the City Administrator shall prepare budget recommendations for the next succeeding fiscal year which the Mayor shall present to the Council, in a form and manner and at a time as the Council may prescribe by resolution. Following public budget hearings, the Council shall adopt by resolution a budget of proposed expenditures and appropriations necessary therefore for the ensuing year, failing which the appropriations for current operations of the last fiscal year shall be deemed effective until the new budget and appropriation measures are adopted.</p>	<p>The City of Oakland has been doing two-year budgets for several decades now.</p> <p>If there was any pilot programs or transitional planning of from an annual to a biennium budget cycle it had to happen before the Council File System was able to electronically post archived information.</p>
San Francisco, California	<p>Rolling Two-Year Budget</p> <p>The legislative body approves a two-year budget, but only legally appropriates funds for the first year. The second year's budget is then reviewed and formally appropriated at the start of that year, often with adjustments made to reflect</p>	<p>San Francisco Charter Amended by Proposition A by electoral body November 2009</p> <p><b>Article IX: Financial Provisions. Section 9.100 Budget Process Ordinances</b>  The City's budgetary cycle shall be a rolling two-year cycle. Each year the City shall adopt a new biennial budget that projects revenues and expenditures for the next two fiscal years.</p>	<p>Four departments for early implementation. These four departments became the only fixed departments to have a 2-year budget. The Board of Supervisors wanted autonomy to make substantial changes during the second-year of the</p>

City	Type of Budget	Authority Document	Pre-Planning Transition
	<p>updated economic forecasts and policy priorities. The fiscal year that was the second year in the last cycle becomes the first year in the new cycle, and a new second year is added. This ensures a constant two-year outlook.</p> <p>Fiscal Year: July 1 through June 30</p>	<p><b>Article IX: Financial Provisions. Section 9.101 Proposed Biennial and Multi-Year Budgets</b></p> <p>No later than February 1 of any even-numbered fiscal year, the Mayor and the Board of Supervisors by resolution may determine that the upcoming budgetary cycle or cycles for some or all City departments and offices shall be a fixed budgetary cycle or cycles in which the biennial budget will remain in effect for two fiscal years. With respect to the designated City departments and offices, the Board will not adopt a new budget for the second fiscal year of such fixed budgetary cycle or cycles, except as provided in section 9.101, subsection (h). But the City shall adjust the biennial budget for the second year of any fixed budget cycle if certain conditions exist in subsection (g) 1 through 3.</p>	<p>two-year budget. This essentially required all other departments to stay variable and continue on a similar timeline as doing an annual budget process.</p>
<p>Seattle, Washington</p>	<p>Modified Two-Year Budget</p> <p>Mayor proposes a two-year balanced budget, and then Council reviews and adjusts with a balancing package or standalone amendments. The City Council formally adopts the budget for the first year of the biennium by ordinance and endorses, but does not appropriate the budget for the second year by resolution.</p> <p>Calendar Year: January 1st through December 31</p>	<p>Resolution 28885</p> <p>Superseded by Resolution 32116 in 2023</p> <p><b>City of Seattle Charter Article V - Executive Department</b></p> <p>It shall be the duty of the Mayor annually at a regular City Council meeting, at the time he or she presents his or her proposed budget, to communicate by message to the Council his or her recommendation for the adoption of such a budget.</p>	<p>Tested the concept of a modified two-year budget with six departments before transitioning to a full implementation.</p>