

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 8, 2026

CAO File No. 0590-00127-0000

Council File No. 25-0572-S2

Council District: Citywide

To: The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Planning and Land Use Management Committee transmittal dated March 24, 2026. Department of City Planning transmittal dated March 19, 2026. Department of City Planning report dated February 5, 2026.

Subject: **ZONING REVIEW PROGRAM INTERIM BUDGET REQUEST FISCAL IMPACT**

RECOMMENDATION

That the City Council note and file this report, as it is provided for informational purposes only.

SUMMARY

On March 24, 2026, the Planning and Land Use Management (PLUM) Committee considered the Department of City Planning (DCP) reports dated February 5, 2026 and March 19, 2026 relative to a Fiscal Year 2025-26 interim budget request for the Zoning Review Program implementation. The DCP introduced a verbal amendment to recommendation number two in the March 19, 2026 report to replace one Architectural Associate and one Office Engineering Technician III with two City Planning Associates. The PLUM Committee approved the following recommendations:

1. Adopt the DCP recommendation as amended approving the following authorities:
 - a. 12 positions for zoning review over the counter plan check which consists of two Architects, four Architectural Associate IIIs, and six Architectural Associate IIs, at a requested amount of \$603,495;
 - b. Four positions for the Zoning Review Information Center consisting of one Architect, one Architectural Associate II, and two City Planning Associates for four months at a cost of \$180,329, and the DCP report dated February 5, 2026, relative to Fiscal Year 2025-26 interim budget request for the implementation of the Zoning Review Program transfer to the DCP, which will be funded by the Building and Safety Building Permit Fund No. 48R and which indicates that the recommendations will not impact the General Fund;
 - c. A total of \$627,396 for Zoning Review Program expenses including \$250,000 for overtime and \$377,396 for software, office and administrative expenses; and,

2. Instruct the City Administrative Officer to prepare a report as to the DCP recommendation for position authorities in the transmittal dated March 19, 2026, and which indicates that there will be no fiscal impact to the General Fund.

This report responds to the PLUM Committee recommendation number two and provides the fiscal impact of the DCP’s interim budget request.

The PLUM Committee recommendations approve a total of 16 interim position authorities to support over-the-counter plan check and the information center for the Zoning Review Program. The total cost for the 16 interim position authorities for the approximately three months remaining in the current fiscal year is detailed in Table 1 below.

Table 1: Interim Position Authorities					
QTY	Classification	Class Code	Direct Costs	Indirect Costs	Total Costs
3	Architect	7925-0	\$ 96,110	\$ 87,431	\$183,541
7	Architectural Associate II	7926-2	185,464	168,717	354,181
4	Architectural Associate III	7926-3	117,870	107,226	225,096
2	City Planning Associate	7941-0	51,819	47,140	98,959
16		Total	\$451,263	\$410,514	\$861,777

Additionally, the PLUM Committee recommendations include overtime and office and administrative expense funding to support the Zoning Review Program implementation. The total interim budget request for the current fiscal year is detailed in Table 2 below.

Table 2: Interim Budget Request				
Account No.	Account Name	Direct Cost	Indirect Cost	Total Costs
001010	Salaries, General	\$ 451,263	\$410,514	\$ 861,777
001090	Overtime General	250,000	-	250,000
006010	Office and Administrative	377,396	-	377,395
		\$1,078,659	\$410,514	\$1,489,173

The total cost for the remainder of the current fiscal year is \$1,489,173. The total annual cost is approximately \$3.5 million. The DCP proposes to fund this request with the Department of Building and Safety (DBS) Building Permit Enterprise Fund (Fund 48R). Based on the 2026-27 Proposed Budget submitted by DBS to the Mayor on November 21, 2025, the Fund 48R Reserve for Future Costs is projected to be \$2.6 million in 2026-27, which is a decrease of \$112.4 million from the 2025-26 Adopted Budget amount of \$115 million. The Reserve for Future Costs line item is at a historic low, from a high of \$347 million in 2022-23 to \$287 million in 2023-24 to \$208 million in 2024-25 to \$115 million in 2025-26. These decreases are a result of lower than projected revenues and increased expenditures. The expenditure increases are attributed to increased support for existing positions, as well as an increased reliance on Fund 48R as a result of funding realignments within DBS. In the last several years, Fund 48R expenditures have outpaced revenues resulting in the decreased Reserve for Future Costs. This trend is anticipated to continue unless fees are adjusted or expenditures are curbed. Although Fund 48R is able to absorb this interim budget

request in the current fiscal year, it is highly unlikely that Fund 48R is able to absorb the long-term ongoing costs resulting in a General Fund impact.

It is important to note the City's Fiscal Policies state that the City will consider requests for new or expanded programs during the course of the annual budget development process. Only in extreme circumstances will such requests be considered on an interim basis during the course of the fiscal year.

The Fiscal Year 2025-26 Adopted Budget authorized eight positions in the DCP and the transfer of 42 positions from the DBS to the DCP to support the Zoning Review Program. The total 50 position authorities consist of one Deputy Director of Planning, three City Planners, two City Planning Associates, two Administrative Clerks, one Systems Analyst, one Principal Architect, three Senior Architects, three Architects, 23 Architectural Associate IIs, six Architectural Associate IIIs, three Architectural Associate IVs, one Office Engineering Technician II, and one Senior Administrative Clerk, all funded by Fund 48R. Ten positions consisting of two Architects, one Architectural Associate III, three Architectural Associate IIs, one Office Engineering Technician III, one Senior Administrative Clerk, one Administrative Clerk, and one Systems Analyst are currently vacant.

It should also be noted that the First Financial Status Report for the current fiscal year (adopted by Council) included an instruction to General Managers to refrain from requesting interim budget appropriations. Further, the DCP submitted the same budget requests for the 2026-27 Proposed Budget and are currently under consideration. For these reasons, this Office recommends that the interim budget request for the Zoning Review Program be considered during the 2026-27 budget development process.

FISCAL IMPACT STATEMENT

There is no fiscal impact associated with the recommendation to note and file this report. Should the City Council approve the Planning and Land Use Management Committee recommendations, the total Fiscal Year 2025-26 cost for the 16 interim position authorities and expenses is \$1,489,173, which includes \$410,514 in indirect costs. Since funding would be provided by the Building and Safety Building Permit Enterprise Fund No. 48R, there is no General Fund impact for the current fiscal year. However, it is highly likely there will be a long-term General Fund impact associated with approving the interim position authorities. The projected cost to continue the 16 interim positions in Fiscal Year 2026-27 is \$1.8 million in direct cost and \$1.7 million in indirect costs for a total of \$3.5 million.

FINANCIAL POLICIES STATEMENT

The recommendation in this report complies with the City's Financial Policies.