REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date:	August 13, 2026
To:	The City Council
From:	Matthew W. Szabo, City Administrative Officer
Reference:	2026-27 Budget

CAO File No. 0220-06419-0000
Council File No. 26-0600
Council District: Citywide

for

Subject: **DEFERRED MAINTENANCE AND CAPITAL REPAIR PROJECT PRIORITIZATION FOR 2026-27 UNAPPROPRIATED BALANCE FUNDING**

RECOMMENDATIONS

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

1. Transfer $11 million from the Unappropriated Balance Fund No. 100/58, Deferred Maintenance and Capital Repair Projects Account No. 580455 to the following accounts within the Capital and Technology Improvement Expenditure Program Fund No. 100/54:

Account No.	Account Name	Amount
TBD	Citywide Flooring Repair	$ 55,000
TBD	Citywide Maintenance and Repairs	1,700,000
TBD	Emergency Weather Repairs	1,600,000
TBD	Facility Infrastructure Maintenance and Repairs	500,000
TBD	Hydration Station Filter Replacement	245,000
TBD	Municipal Facilities Assessment Program	250,000
TBD	Overhead Doors, Automatic Gates, and Awnings	900,000
TBD	Underground Fuel Storage Tank Repairs and Replacements	250,000
TBD	Berenice Place	257,395
TBD	Bridge Small Repairs & Preventative Maintenance	860,330
TBD	Contingency	500,000
TBD	El Nino Emergency Response	1,000,000
TBD	Erosion Control for Hillside Damage	600,000
TBD	Magnolia Blvd (North) - Cahuenga Blvd to Vineland Ave	1,425,261
TBD	Thurston and Homedale Avenues Intersection Improvements Project	857,014
	TOTAL	**$ 11,000,000**

2. Authorize the CAO to make technical corrections, as necessary, to the transaction included in this report to implement the Council and Mayor intentions for this matter.

SUMMARY

The 2026-27 Adopted Budget includes $11 million in the Unappropriated Balance (UB) for deferred maintenance and capital repair projects that address public safety, liability mitigation, and compliance with the City's Financial Policies, including but not limited to street light improvements and fortification, street flooding mitigation, and security infrastructure. This funding was added to the Unappropriated Balance as part of the City Council's changes to the Mayor's 2026-27 Proposed Budget to increase compliance with the City's Financial Policy target of 1.5 percent for capital expenditures and to allow for adequate time for the Council to prioritize the use of these funds for capital repair projects and deferred maintenance.

In the course of the Council deliberations on the 2026-27 Proposed Budget, Councilmember Padilla introduced a motion to amend the budget to dedicate $733,000 of this funding for projects within Council District Six (C.F. 26-0600-S18). The Council referred this motion to the Budget and Finance Committee, where it is currently pending. The recommendations in this report do not dedicate a portion of these funds for Council District 6 projects. As discussed below, our recommendations will enable the City to address both known critical needs and those that emerge during the fiscal year and will likely result in projects across the entire City.

This Office is transmitting this report to provide a recommended strategy for the use of the $11 million in the Unappropriated Balance for deferred maintenance and capital repair projects in alignment with the stated desire of the Council. In this report, this Office also presents its prioritization framework for the development of these recommendations.

<u>Project Recommendation Prioritization Framework</u>
The City has a significant amount of unfunded deferred maintenance and capital repair projects going into 2026-27, which far exceeds the $11 million set-aside in the UB by Council for this work and necessitated a prioritization framework. In alignment with the expressed intent for this funding, this Office evaluated projects and maintenance needs that were not funded in the 2026-27 Budget. This Office recommends to dedicate half of the $11 million to support the public right of way (Physical Plant) and the other half to projects that support City facilities (Municipal Facilities).

For Physical Plant projects, we recommend a specific focus on capital repair projects that would mitigate liability, improve public safety, and to address the need for funding for emergency response work that is likely to arise during 2026-27. The prioritization of projects addressing public safety primarily address hillside stability, flooding and other impacts from strong rain storms that are increasingly likely in light of the current El Nino weather patterns. On July 9, 2026, the National Oceanic and Atmospheric Administration projected an 81 percent chance that this El Nino would be among the largest events in the historical record going back to 1950.

This Office prioritized Municipal Facilities projects that will restore funding for annual capital programs that were reduced or not funded in the 2026-27 Budget, increase ongoing deferred and preventative maintenance services to maintain City facilities, which will reduce long-term costs and liabilities, and mitigate potential overspending in 2026-27.

For all projects, this Office also considered priorities from departments, project readiness, and the funding needs specific to 2026-27. We were not able to include many of the projects that fit our criteria, as the amounts needed to move them forward in 2026-27 either exceeded the total available funding or would require an outsize portion of the available funding.

FISCAL IMPACT STATEMENT

The recommendations in this report will have no additional impact to the General Fund. The recommended transaction would transfer $11 million from the Unappropriated Balance for its budgeted purpose for deferred maintenance and capital projects.

FINANCIAL POLICIES STATEMENT

The recommendations in this report complies with the City’s Financial Policies as the recommended transaction uses one-time funding for one-time expenditures.

Attachment

MWS:NSC:06270015C

CAO Recommended Deferred Maintenance and Capital Repair Projects

Category	Project Name	CD	Description	Amount
Municipal Facilities	Citywide Flooring Repair	Citywide	Funding for repairs to flooring at City facilities to reduce trip and fall liabilities.	$ 55,000
Municipal Facilities	Citywide Maintenance and Repairs	Citywide	Annual program to address emergent hazards and emergency repairs for City facilities was not included in the 2026-27 Budget.	1,700,000
Municipal Facilities	Emergency Weather Repairs	Citywide	Funding for emergency repairs due to inclement weather.	1,600,000
Municipal Facilities	Facility Infrastructure Maintenance and Repairs	Citywide	Funding for ongoing repairs to plumbing, drainage, water intrusions and other infrastructure repairs.	500,000
Municipal Facilities	Hydration Station Filter Replacement	Citywide	Funding for the replacement of filters at hydration stations.	245,000
Municipal Facilities	Municipal Facilities Assessment Program	Citywide	Funding to performing assessments of City facilities including condition assessments of major building systems, forecasting the effective lifespan of each asset, performing a cost analysis to assist in capital budget planning, and identifying necessary repairs with costs.	250,000
Municipal Facilities	Overhead Doors, Automatic Gates, and Awnings	Citywide	Annual program to replace doors, gates, and awnings (priority to Fire and Police Stations) was reduced by $950,000 in the Proposed Budget. GSD now estimates a total of $1.5 million is needed for 2026-27.	900,000
Municipal Facilities	Underground Fuel Storage Tank Repairs and Replacements	Citywide	Funding to reduce overspending for underground storage tank removal, replacement, and abandonment in place.	250,000
Physical Plant	Berenice Place (3933)	1	Funding for the Berenice Place Street Repair Project will reconstruct approximately 225 feet of damaged roadway between East Avenue 39 and East Avenue 43. The project will install a new concrete curb and gutter system to dramatically improve stormwater drainage while establishing an adequate, safe roadway width for the surrounding neighborhood.	257,395
Physical Plant	Bridge Small Repairs & Preventative Maintenance	Citywide	Annual program dedicated to low-cost repairs and preventive maintenance for City bridges that do not require major design or capital restructuring. This essential work targets specific maintenance needs identified through Caltrans and City inspections, community and Council requests, and specialized tasks—such as repairing and replacing damaged expansion joints—that exceed the standard capabilities of the Bureau of Street Services.	860,330
Physical Plant	Contingency	Citywide	Funding is for project contingencies and unanticipated project funding needs, as well as emergency work. Current 2026-27 funding comes from Measure M, which is not flexible enough to address potential needs for project contingency funding in 2026-27.	500,000
Physical Plant	El Nino Emergency Response	Citywide	Funding set-aside for emergency work in the public right of way in response to damage from storms, flooding, mudslides, or other adverse weather events during the 2026 Super El Nino.	1,000,000

CAO Recommended Deferred Maintenance and Capital Repair Projects

Category	Project Name	CD	Description	Amount
Physical Plant	Erosion Control for Hillside Damage	Citywide	Funding to address emergency repair projects due to soil erosion.	600,000
Physical Plant	Magnolia Blvd (North) - Cahuenga Blvd to Vineland Ave	2	The Magnolia Boulevard (North) project will improve pedestrian safety between Cahuenga Boulevard and Vineland Avenue by installing two new crossings with pedestrian hybrid beacons at Cartwright Avenue and Satsuma Avenue. The project includes curb extensions, new sidewalks, pavement improvements, storm drain extensions, street trees, lighting, traffic signal upgrades, and numerous ADA-compliant curb ramps. These improvements will enhance pedestrian mobility, reduce flooding during storms, and improve overall safety. Without the project, the corridor will continue to lack accessible sidewalks and curb ramps and remain vulnerable to storm-related flooding.	1,425,261
Physical Plant	Thurston and Homedale Avenues Intersection Improvements Project	5	This project will remediate roadway and sidewalk subsidence and correct drainage to allow stormwater to follow its natural course along Thurston Avenue. Work includes reconstructing a section of roadway and sidewalk, cold milling, and overlaying asphalt concrete pavement, curb, and gutter. The location has a history of flooding and related litigation; without this project, flooding and subsidence would persist, exposing the City to continued safety risks and liability.	857,014
			TOTAL	**$ 11,000,000**