

BUDGET AND FINANCE COMMITTEE REPORT relative to funding from the Unappropriated Balance and prioritization framework for deferred maintenance and capital repair projects for Fiscal Year (FY) 2026-27.

Recommendations for Council action:

INSTRUCT the City Administrative Officer (CAO) to:

- a. Add \$861,000 for the Bedel Street Erosion Repair Project to the list of recommended deferred maintenance and capital repair projects to be funded with the transfer of \$11 million from the Unappropriated Balance.
- b. Prepare an Addendum to the CAO report dated August 13, 2026, attached to the Council file, with additional details on the assessment tools used to prioritize the deferred maintenance and capital repair projects recommended to be funded by the \$11 million from the Unappropriated Balance.
- c. Refocus the funds on El Niño storm preparedness and report back with revisions that would optimize the \$11 million from the Unappropriated Balance to minimize liability.

Fiscal Impact Statement: The CAO reports that the recommendations in the 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 CAO reports that the recommendations in the report comply with the City's Financial Policies as the recommended transaction uses one-time funding for one-time expenditures.

Community Impact Statement: None submitted

SUMMARY

At its meeting held on August 18, 2026, your Budget and Finance Committee considered the CAO report, dated August 13, 2026, relative to the transfer of \$11 million from the Unappropriated Balance and recommended prioritization framework for deferred maintenance and capital repair projects that address public safety, liability mitigation, and increased compliance with the City's Financial Policy target of 1.5 percent for capital expenditures. The recommended prioritization framework would dedicate funding to support the public right-of-way (Physical Plant) with a specific focus on capital repair projects that would mitigate liabilities, improve public safety, and address the need for emergency response work; and, to deferred and preventative maintenance services for prioritized Municipal Facilities projects. The Committee and representatives of the CAO's Office discussed the prioritization of the projects identified for funding during Fiscal Year 2026-27. Councilmember Blumenfield introduced an amendment, which was seconded by Councilmember Yaroslavsky, to add \$861,000 in funding for the Bedel Street Erosion Repair Project in Council District 3. Councilmember Yaroslavsky introduced a Motion, which was seconded by Councilmember Blumenfield, instructing the CAO to prepare an Addendum to said CAO report with additional details on the assessment tools used to prioritize the deferred maintenance and capital repair projects recommended to be funded by the \$11 million from the Unappropriated Balance; and, to refocus the funds on El Niño storm preparedness and report back with revisions that would optimize the \$11 million from the Unappropriated Balance to minimize liability. After discussion and having provided an opportunity for public comment, the Committee moved to approve the Item as amended incorporating the instructions introduced by Councilmembers Blumenfield and Yaroslavsky, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
YAROSLAVSKY:	YES
BLUMENFIELD:	YES
HUTT:	YES
McOSKER:	YES
HERNANDEZ:	YES

AXB
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-NOT OFFICIAL UNTIL COUNCIL ACTS-