

**Council File No. 26-0600**

**Budget and Finance Committee Discussing the Mayor’s Proposed Budget for 2026-27**

**Your Budget and Finance Committee reports as follows:**

Your COMMITTEE UNANIMOUSLY RECOMMENDS that the City Council APPROVE the following recommendations from your Budget and Finance Committee, which are submitted as changes to the Mayor’s 2026-27 Proposed Budget, for adoption of the City’s 2026-27 Budget.

**Summary of the Mayor’s Proposed Budget**

The Mayor’s Proposed Budget for 2026-27 totals \$14.85B, which is a \$0.75B (5.3 percent) increase from the 2025-26 Adopted Budget. General Fund revenues for 2026-27 are projected to be \$8.59B, an increase of \$411.82M (5.04 percent) from the 2025-26 Adopted Budget. The Proposed Budget assumes strong revenue growth despite increasing economic uncertainty, but does not contemplate upcoming ballot measures that can significantly impact the City’s future General Fund revenue receipts. The Proposed Budget projects that the Reserve Fund will begin the fiscal year at \$489.4M, or 5.7 percent of General Fund Revenue, exceeding the five percent goal included in the City’s Financial Policies.

The Chief Legislative Analyst’s (CLA) Overview of the Mayor’s 2026-27 Proposed Budget reports the Mayor balances the General Fund budget as follows:

<b>2025-26 Budgeted Revenue .....</b>	<b>\$8,178.26M</b>
<b>2026-27 Revenue Estimate .....</b>	<b><u>\$8,590.08M</u></b>
<b>Total Revenue Change .....</b>	<b>\$411.82M</b>

**2026-27 Expenditures to Maintain 2025-26 Service Levels**

- **Obligatory Expenditure Changes (-\$234.74M)**
- **Continuation of Existing Services (\$548.99M)**

**Balance Available to Maintain Existing Service Levels.....\$97.57M**

- **2026-27 Increased and New Services (\$111.9M)**
  - City Clerk - Neighborhood Council Elections (\$0.86M)
  - City Planning - Neighborhood Economic Development Initiatives (\$0.87M)
  - Finance - Bank Armored Courier Services (\$0.72M)
  - Finance - LATAx System Transformation Project Expansion (\$0.65M)
  - Finance - LATAx System Transformation Project Implementation (\$24.88M)
  - Fire - LAWA Expansion (\$4.75M)
  - Fire - Medical Supplies Funding (\$1.30M)
  - Fire - Rescue Ambulance 840 Variable Staffing Enhancement (\$1.85M)
  - General Services - Maintenance of Library Facilities (\$1.57M)
  - General Services - Public Works Building Operations and Maintenance (\$0.95M)

- Information Technology Agency - Infrastructure Bureau Support (\$0.71M)
- Information Technology Agency - Network Outage Prevention (\$0.50M)
- Personnel - Increased Department of Water and Power Support (\$0.73M)
- PW/Engineering - DWP Stormwater Capture Parks Projects Enhancement (\$0.63M)
- PW/Sanitation - Clean Corridors Program (\$4.34M)
- PW/Sanitation - Hazardous Waste Handling Compliance Support (\$0.65M)
- PW/Street Services - Clean Corridors Program (\$6.65M)
- PW/Street Services - Concrete Crews (\$4.28M)
- PW/Street Services - Sidewalk Maintenance Engineering (\$0.69M)
- PW/Street Services - Tree Care (\$0.80M)
- Transportation - Parking Enforcement and Traffic Control Services (\$5.32M)
- Transportation - PETC Communication Center Support (\$0.79M)
- General City Purposes - Safe Passages in South Los Angeles - CDs 8 and 9 (\$0.80M)
- General City Purposes - Green Workforce/Sustainability Plan (\$0.66M)
- General City Purposes - CIRCLE: 24/7 Homelessness Crisis Response Pilot (\$2.80M)
- General City Purposes - Council Projects (\$1.50M)
- General City Purposes - Office of Major Events (\$1.20M)
- General City Purposes - Wildfire Emergency Permit Fee Subsidies (\$20.00M)
- General City Purposes - Citywide Recreational Vehicle to Home Program (\$1.70M)
- General City Purposes - LA Cleantech Incubator (\$1.50M)
- Unappropriated Balance - Civil Case Management System Replacement (\$2.00M)
- Unappropriated Balance - Police Workday Payroll Integration Software (\$1.00M)
- Unappropriated Balance - Nuisance Abatement Enforcement (\$2.00M)
- Unappropriated Balance - WorkSource Centers (\$0.50M)
- Other Increased and New Services (\$11.75M)

- **2026-27 Efficiencies and Reductions to Services (-\$14.33M)**

- Animal Services - Position and Expense Reductions (-\$1.00M)
- Building and Safety - Expense Account Reduction (-\$0.01M)
- City Planning - Elimination of Vacant Positions (-\$0.20M)
- City Clerk - Expense Account Reduction (-\$0.05M)
- Community Investment - Consolidation Efficiencies (-\$0.72M)
- Emergency Management - Position and Expense Reductions (-\$0.25M)
- General Services - Expense Account Reduction (-\$0.59M)
- Information Technology Agency - Expense Account Reduction (-\$0.92M)
- Personnel - Expense Account Reduction (-\$1.00M)
- PW/Board - Expense Account Reduction (-\$1.39M)
- PW/Engineering - GASP Support Salary Percentage Adjustment (-\$0.87M)
- PW/Sanitation - General Fund Salary Savings Adjustment (-\$0.69M)
- PW/Street Services – Expense Account Reduction (-\$3.20M)
- General City Purposes - Efficiencies and Reductions (-\$3.44M)

**NET SURPLUS/DEFICIT .....\$0**

### **Discussion and Overall Issues in the 2026-27 Proposed Budget**

The 2026-27 Proposed Budget anticipates a \$489.4M Reserve Fund, consisting of a \$236.2M Emergency Reserve and a \$253.2M Contingency Reserve. This equates to 5.7 percent of total General Fund revenues of \$8.59B.

Charter Amendment P, approved by the voters in March 2011, requires the establishment of an Emergency Reserve Account that contains no less than 2.75 percent of General Fund receipts and a separate Contingency Reserve Account within the Reserve Fund. Expenditures from the Contingency Reserve Account are limited by Charter Amendment P and may be used to cover shortfalls in City revenue or pay for unexpected expenses for programs approved in the current year budget.

The Budget Stabilization Fund (BSF) was created as part of the 2009-10 Adopted Budget to help reduce the impact on services during years of slow revenue growth or declining revenue. Charter Amendment P added the BSF to the Charter. Under the City's BSF ordinance, if growth in the cumulative receipts from the seven major revenue sources exceeds the Average Annual Ongoing Growth Threshold (average ongoing annual growth over the prior 20 years), the Budget must include a deposit into the BSF. In addition, for every one-half percent that revenues exceed the Growth Threshold, five percent of the value of that excess revenue must be deposited into the BSF, not to exceed 25 percent of the growth. Similarly, when growth of these receipts falls short of the Average Annual Ongoing Growth Threshold, the Budget may include a withdrawal from the fund in the amount of five percent of the revenue shortfall for each one percent of growth below the Growth Threshold.

The Proposed Budget projects cumulative growth of 5.2 percent of the City's seven economically sensitive General Fund Tax revenues from the 2025-26 Adopted Budget, which exceeds the 20-year average of 3.8 percent and requires an \$8.2M deposit to the BSF. The Proposed Budget includes a \$9M deposit to the BSF, exceeding the required amount.

Beginning on April 24, 2026 and extending over eight days, the Budget and Finance Committee held over 39 hours of public hearings to discuss the Mayor's Proposed Budget for 2026-27.

The Chair opened the budget hearings by outlining the Committee's goals to lead a transparent, collaborative, and community-driven process and deliver a final budget that reflects the priorities of City residents. The Chair stated that the Committee hearings would take public comment on specific days over the course of the hearings, starting with a presentation from the People's Budget Coalition and Black Lives Matter - Los Angeles. At the subsequent hearing, the Committee heard presentations from the City's labor partners and Neighborhood Council Budget Advocates.

Over the course of the budget hearings, the Chair and members of the Budget and Finance Committee discussed various aspects of the Mayor's Proposed Budget, posed a number of questions to staff, and requested detailed reports on additional items, some of which would

be addressed after the Committee concluded its review of the Proposed Budget. The City Administrative Officer (CAO) responded in writing with 181 memos to the Committee, and the CAO, Mayor, CLA, and department staff provided verbal responses to questions asked during the course of the hearings.

#### Budget and Finance Committee Hearings

On April 28, 2026, City Departments began their discussions before the Committee on all aspects of the 2026-27 Proposed Budget.

The Chair provided opening remarks on the first day of departmental presentations to the Committee. The Chair thanked the Mayor and her team for presenting a balanced budget that does not propose any layoffs and restores funding to various areas that saw reductions in the previous fiscal year, but acknowledged that the City will not be in a strong fiscal position in 2026-27. The Chair highlighted areas of concern, including the Proposed Budget's non-compliance with a number of the City's Financial Policies, as well as continued uncertainty with the ongoing war in Iran, economic challenges, rising costs, and persistent fears of immigration enforcement in the region. The Chair also emphasized the potential impact of two proposed measures on the November 2026 ballot that could invalidate the City's authority to collect the City's Gross Receipts Business Tax and Documentary Transfer Tax, and if passed, would eliminate over \$1B in revenue to the General Fund. The Chair stated her commitment to restoring basic services and delivering noticeable results to City residents during the budget deliberations.

To initiate the budget hearings, the Chair asked the Mayor's Office to present an overview of the Mayor's \$14.85B Proposed Budget. The Deputy Mayor of Finance, Operations, and Innovation and the Budget Director discussed the objectives in the Mayor's Proposed Budget, which increases investments in public safety and infrastructure, especially in preparation for the 2028 Olympic and Paralympic Games, and continues funding for homelessness-related services. The Mayor's Office also highlighted new efficiencies resulting from internal borrowing and savings achieved from the Community Investment Department consolidation, as well as the Mayor's new Climate Budget, which provides a centralized overview of the City's investments in climate change mitigation and adaptation activities. The Committee members posed questions about expanding the City's community-led crisis response, plans for Police hiring and vehicle purchases, and funding allocations to the Los Angeles Homeless Services Authority (LAHSA).

The CAO followed with an overview of the Proposed Budget. The CAO estimates that the City's General Fund will grow by 5 percent in the next Fiscal Year from the 2025-26 Adopted Budget, but explained that the actual growth is closer to 3.5 percent, when comparing to revised 2025-26 revenue estimates. The CAO highlighted that the Proposed Budget includes new position authorities, but clarified that absent any new revenue increases or spending reductions, the proposed increase in staffing will contribute to a greater structural imbalance of the City's finances.

The CAO then went on to discuss the revenue projections included in the Proposed Budget. He explained that the \$412M increase in General Fund revenue is in large part due to

significant increases in tax and departmental receipts, including full cost recovery of the Solid Waste Program and assumed County reimbursements for City homelessness spending. Despite the assumed revenue increases, the CAO noted that the Proposed Budget falls short on fiscal sustainability, as it underfunds obligatory employee-related cost increases and the restoration of services. Consequently, the CAO's four-year General Fund budget outlook does not assume that the City's budget will be structurally balanced until 2029-30.

The CAO explained the importance of complying with the City's Financial Policies to ensure fiscal sustainability. The CAO noted that while the Proposed Budget complies with the Reserve Fund and BSF policies, it falls short of the Cumulative General Fund Reserve and Capital and Technology Investment goals, overcommits one-time revenues to ongoing expenditures, and does not achieve structural balance, as expenditures will exceed revenues. In addition, the CAO noted that the Proposed Budget complies with the City's overall debt limits and service levels, but requests a one-time exemption from the Debt Policy for the financing of police patrol vehicles.

The CAO proceeded to highlight areas of concern in the Proposed Budget, including the underfunding of the Palisades building fee waiver payments, street lighting energy costs, Police and Fire Pension payments, Police Civilian salaries, and obligatory sick and personal leave payouts. The CAO recommended against the proposed strategy to amortize the Fire and Police Pension Fund payment obligation over multiple years, as it will include additional costs to cover accrued interest. The CAO also noted that the Proposed Budget overestimates revenues from County reimbursements for homelessness spending by \$38M.

The CAO presented recommendations and process changes to better position the Council's ability to manage the City's finances, some of which are currently underway. The CAO recommended transitioning to multi-year budgeting, considering proposals to mitigate the City's liability, and implementing new fiscal transparency protocols. He alerted the Committee that upcoming labor contract negotiations may greatly impact the City's long-term fiscal health, and asserted his hopes to provide timely information to the Council and the public regarding proposed labor contracts and their multi-year cost impacts. The Committee asked various questions regarding the City's Financial Policies, strategies to increase funding for underfunded items, and the City's debt service obligations and bond rating.

The CAO then presented the proposed General City Purposes (GCP) budget of \$518M, noting an increase from the previous fiscal year. The CAO highlighted key line items from the GCP budget which include: \$58.3M for the Alliance Settlement; \$98.7M for Homelessness Emergency (Inside Safe), \$54.7M for the Measure A Homelessness Program; \$3M for the Office of Major Events; and \$20M for the Wildfire Emergency Permit Fee Subsidies. The Committee asked about the reduced funding for Council-related items and changes in funding for the Office of Major Events, LA Cleantech Incubator, Los Angeles Superior Court Teen Court Program, Safe Passages in South Los Angeles, and Crisis and Incident Response through Community Led Engagement (CIRCLE): 24/7 Homelessness Crisis Response.

During the CAO's presentation of the Unappropriated Balance (UB), the Committee inquired about the previous fiscal year's expenditures for liability claims and whether the proposed allocation for the Reserve for Extraordinary Liability in 2026-27 would be sufficient to cover expected costs. The CAO explained that while the proposed General Fund allocation for liability claims is the same as last year, the overall budget for liability claims will be higher in 2026-27 due to allocations from special funds. The Committee discussed the proposed funding for Nuisance Abatement Enforcement, Workforce and Economic Development Initiatives, the Ground Emergency Medical Transport QAF Program, and whether funding for the Gang Injunction Settlement Agreement should be moved out of the UB.

The CAO proceeded to discuss the proposed Capital Finance Administration (MICLA) allocations for equipment acquisition and capital projects. The Committee inquired about the MICLA-financed solar street lighting project that was recently adopted by Council and requested further information on the plan, timing, and funding for the project. The Committee also discussed the reduced funding for the deferred maintenance program, the cost and need for a proposed replacement police helicopter, and the use of MICLA to purchase police patrol vehicles in preparation for the 2028 Olympic and Paralympic Games. The Committee further discussed vehicle replacements for the General Services Department (GSD) and requested more information on the continued inclusion of gas vehicles in the GSD fleet. The Committee also asked about the purchase of Fire Department vehicles and the potential use of MICLA to replace Fire Station doors and other items that were previously included in GSD's MICLA-funded maintenance program, but not included in the Proposed Budget.

The CAO presented an overview of the Capital and Technology Improvement Expenditure Program (CTIEP) budget, which does not comply with the City's Financial Policy of meeting 1.5 percent of the General Fund. The CAO highlighted that this is the third consecutive year the City has fallen short of this policy goal. The Committee raised concerns about projects that were approved in 2025-26 and never completed, as project funds were swept during the budget process. The Committee and CAO discussed ways to prevent this from reoccurring in the future, as well as the project selection process for the CTIEP.

The CAO then explained the purpose of Tax and Revenue Anticipation Notes. The Committee discussed the possibility of using internal borrowing for cashflow management and the potential for this strategy to achieve savings.

The Committee raised concerns about instructions included in Exhibit H, specifically regarding the potential expansion to the short-term rental ordinance that allows vacation rentals. The Committee noted that the instruction may increase housing costs and impact the availability of affordable housing in the region. The Committee clarified that the short-term rental ordinance could be further discussed during the Planning Department's budget hearing and would be considered in the Planning and Land Use Committee soon. The Committee also discussed instructions relating to Healthy Streets LA (HLA), the Fire bond

measure, the Zoo's new admission rates, and the proposed elimination of filled positions included in Exhibit H.

The CAO then proceeded to the departmental hearing and explained that it is a steady-state budget that restores some of the one-time cuts from the previous year. The CAO also highlighted the funding allocated for the Unarmed Model Crisis Response (UMCR) Program expansion. The Committee posed questions about how the UMCR Program expansion areas were determined and the funding needed to expand the program citywide before the 2028 Olympic and Paralympic Games. The Committee discussed methods to reduce the City's liabilities, including centralizing liability mitigation oversight and reporting annually to Council on actuarial studies for liability payouts. The Committee also inquired about the transfer of the Affordable Housing Liaison Unit to the Housing Department, and discussed the current state of the Procurement Oversight Program and the proposed elimination of the program. The CAO clarified that the Procurement Oversight Program was merged with their Grants team.

The City Attorney opened the hearing outlining the need for increased staffing as a result of last year's staffing cuts, as well as the Office's increased workload involving federal investigations. The Committee asked for more details regarding the 80 additional positions requested, litigation cases assigned to the Office, and challenges to fill vacant positions. The City Attorney also noted forthcoming updates to their system security in response to the recent increase in governmental agency data security breaches. The Committee discussed the City's decreased litigation expenditures compared to the previous year and additional safeguards the Office is undertaking to reduce litigation expenditures even further. The Committee inquired whether the proposed allocation for outside counsel litigation is sufficient to cover estimated costs, the total fees and penalties collected in 2025-26 for civil rights violations, and a position authority that supports the Civil, Human Rights and Equity Department.

The Controller came before the Committee and reiterated the requests in the Office's letter, including funding and positions for the Audit Services Division and Fraud, Waste, and Abuse Unit. The Controller also requested that the funds allocated to the Advantage Insight Project in the UB to support the transition of financial reports be moved to the Office of the Controller to fund staff for this function. The Controller provided updates on the Office's audits; fraud, waste, and abuse investigations; grant tracking; and the Human Resources and Payroll System. The Controller's Office expressed skepticism about the optimistic revenue projections included in the Proposed Budget.

The Director of the Office of Finance/City Treasurer noted that the Office had received sufficient resources for the LATAX System Transformation Project to update the City's tax administration system. The Director stated that the Proposed Budget underfunds their Salaries General account, setting the Office's salary savings rate higher than its vacancy rate. The Director also noted that its Overtime General and Salaries, As-Needed accounts are funded significantly below historical spending levels, including for revenue-generating positions. The Office of Finance stated that the revenue generating proposals discussed at last year's budget hearings resulted in \$30M in additional revenue. The Committee

inquired about the cannabis tax amnesty program and the potential impacts of certain ballot measures.

The CAO then presented the Homeless Budget and stated that the principal additions to the budget include an assumed sixth round of Homeless Housing, Assistance and Prevention program funding, an appropriation in the GCP for the Alliance Settlement, and an increase in the Homeless Emergency and Measure A Local Solutions Fund line items. The CAO explained that even though the overall Homeless Budget is reduced from the previous year, the amount of direct homeless intervention funding has increased.

The Committee discussed the County reimbursement process for Alliance Settlement and Measure A Local Solutions Fund expenditures, and the dissolution of the Safe Parking program. The Committee requested reports on City-funded Street Strategies and the deletion of CARE/CARE+ teams, and inquired about the new Citywide Recreational Vehicle Program, the feasibility of ending contracts with LAHSA for homelessness services, and the personnel needed to establish City-based service planning areas. The Committee also requested itemized expenditures of the Inside Safe program, as well as a comparison of the City and County's homeless-related expenditures.

During LAHSA's hearing, the Committee asked about the impacts of the County's withdrawal of funding from the agency. The Interim CEO of LAHSA stated that the loss of funding has resulted in layoffs, but noted that 210 employees will remain to continue working with the City, and assured that the agency will be more responsive to the City's requests.

The Committee requested reports to compare the agency's proposed funding level for 2026-27 compared to the previous fiscal year. The Committee asked for clarification regarding LAHSA's Street Strategies and the scope of work of the Homeless Engagement Teams. The Committee inquired about the potential cuts to the Continuum of Care funding and its impact on survivors of domestic and intimate partner violence, as well as the impacts of discontinuing Access Centers. The Committee also asked about the implementation of problem-solving efforts for various programs, City and County funding for the Point-in-Time Count and Continuum of Care Planning, and opportunities to achieve cost savings by subleasing LAHSA's office space and increasing telework. The Committee requested assurance from LAHSA that the loss of County funding will not impact the City's operations. LAHSA reassured the Committee that the agency is working closely with the Los Angeles Housing Department's Homelessness Oversight Bureau to manage City contracts.

The General Manager of the Housing Department began the hearing by expressing appreciation for the positions granted to support the Measure United to House LA (ULA) programs, the Homelessness Oversight Bureau, and affordable housing. The Committee discussed the status of hiring authorized positions for the new Homelessness Oversight Bureau and Measure ULA programs, the availability of ULA funding to support additional positions, and the impacts of LAHSA's layoffs on the management of homelessness-related contracts. The Department responded to inquiries on the status of bond program

changes to support middle-income housing, initiatives to stabilize housing developments in financial distress, the use of \$1.2M for printing and contractual services, and the possibility of utilizing land use incentivized restricted units for the unhoused population.

The Committee requested information on the additional positions needed to support the Homelessness Oversight Bureau and Measure ULA programs, the restoration of a Program Assistant position, and the resources needed to implement improvements to the Cost Recovery Program and expedite departmental determinations. The Committee also requested information on the feasibility of revising employment qualifications for building inspectors to allow for alternative education requirements, such as a community college degree, recommendations to improve the transition of individuals from homelessness programs to permanent supportive housing, and Street Medicine Program outcomes.

During the Police Department's hearing, the Police Chief expressed appreciation for the funding included in the Proposed Budget, but stated concerns regarding the proposed civilian hiring plan and insufficient funding for sworn overtime, vehicles, and specialized equipment needed to prepare for the 2028 Olympic and Paralympic Games. The Committee discussed the underfunding of civilian staffing, calculations to estimate attrition rates, and resources needed to move civilians from substitute authorities to vacant on-going position authorities by the end of the fiscal year. The Committee also discussed the Department's capacity and plan to hire 510 new sworn officers in the upcoming fiscal year and inquired about the Department's enforcement of human trafficking and illegal cannabis operations, and efforts to achieve Vision Zero goals.

The Committee also engaged in a lengthy discussion regarding the proposed purchase and deployment of new patrol vehicles in preparation for the 2028 Olympic and Paralympic Games. The Department explained that 700 to 800 police vehicles would be deployed across all Game venues for 66 days to secure public safety at the events, and clarified the federal government's role in providing security during the events and their limited authority to enforce local laws. The Committee and Department also discussed the option of requesting mutual aid from neighboring jurisdictions for Games' security which, pursuant to State law, can only be activated after the declaration of a state of emergency. The Department further explained that absent a declared state of emergency, the City must contract with outside agencies for services. The Committee discussed the option of amending State law and repurposing or leasing police patrol vehicles for the Department's needs. The Department noted that its entire fleet is already planned for use, highlighted safety concerns with using unmarked vehicles for patrols, and emphasized the value in using high visibility vehicles. The Committee further discussed the types of vehicles that would be eligible for reimbursement by LA28 and the federal government. The CAO stated that while equipment costs associated with the Olympic Games could be eligible for reimbursement, vehicle purchases would not be covered, and could not confirm if leasing costs would be authorized.

The Committee also discussed the Department's use of drones and the possibility for drones to reduce the Department's reliance on helicopters. The Chief noted that while drone use was only recently adopted by the Department, it has been a force multiplier and

served as a valuable asset to the Department, as drones supplement ground units for aerial and reconnaissance support, provide video evidence for responding units, and in some cases, can relieve helicopter and officer deployment and enable them to respond to other calls. The Chief commented that both helicopters and drones are currently vital to the Department.

The Committee also discussed ways to relieve sworn officers from performing civilian duties. The Department explained that it has a very lean workforce, which requires sworn officers to perform civilian duties, but a recent reorganization of the Department's Homelessness Liaison Unit has added officers to divisions that needed extra support with more deployed into traffic division operations.

The Fire Chief made opening remarks and summarized the Department's efforts to implement recommendations from its after action report on the 2025 Palisades and Lachman Fires. The Chief highlighted the Proposed Budget's increased investments for medical supplies, the Department's operations at LAX, rescue ambulance operations during the Vincent Thomas Bridge renovation, wildfire mitigation and rebuilding, firefighter health and safety, and replacement of aging helicopter assets. The Chief noted that the Department's high priority requests include additional Emergency Incident Technicians (EITs), Emergency Medical Services Captains, and Fire Recruit classes; increased resources for Fire Station 11; and cybersecurity communications and operational technology.

The Committee discussed instructions that should be included in Exhibit H to address the needs of the Department; the critical role of EITs and inside members for emergency response; the Department's severe lack of staffing, including 121 vacant positions and 270 staff who are currently off duty due to injury; and the consequential need to restrict the use of compensatory time off for the current workforce. The Department noted that the two proposed Fire Recruit classes fall below attrition and emphasized the need for a third class. The Committee further discussed the upcoming Fire ballot measure and requested Exhibit H instructions to include a contingency plan in case the measure fails. The Department explained its preparations to increase recruit training and hiring if the November ballot measure passes.

The Committee also discussed the continued high demand on Fire Station 11, the busiest fire station in the country, and the station's need for additional resources. The Department explained the station's high call volume that, paired with insufficient staffing, has required neighboring fire stations to respond to emergencies and increased response times for certain communities. Additionally, the Committee discussed the Department's proposed staffing levels, the use of goats for brush clearance, the effectiveness of Fast Response Vehicles and the resource needs to staff them, and the Department's integration into the City's UMCR Program.

The General Manager of the Emergency Management Department provided a brief presentation, highlighted the Department's top requests, and stressed the Department's role in preparing the City for major global sporting events. The Committee responded to

inquiries about their biggest challenges and explained that the need to constantly pivot, coupled with post-disaster recovery efforts and only 33 staff, have made program continuity difficult. The Committee asked if overtime funding would still be needed if two Recovery Division positions are funded, and the Department responded affirmatively since some activation lengths cannot be pre-determined. The Committee also examined how the Department balances maintaining readiness with overtime cost control and internal mechanisms to ensure that activation decisions are cost effective. Lastly, the Committee noted the recent Climate Emergency Mobilization Office (CEMO) leadership changes with the integration of CEMO into the Department, and whether part of the grant funding from the Office of Land Use and Climate Innovation for CEMO could be used for position vacancies in the Climate Resilience Division.

The General Manager of the Personnel Department emphasized the need for seven additional positions for their Police Hiring Division and increased Salaries, As Needed funding to support the significant public safety hiring mandate included in the Proposed Budget. The Committee asked about the Department's interim budget request to hire an Assistant General Manager for the Police Hiring Division and whether the requested positions to support police officer hiring could be utilized for firefighter hiring next year. The General Manager also requested additional staff and funding for programs that were underfunded in the previous fiscal year. The Committee discussed the importance of and projected savings attributed to increased workplace violence prevention and workers' compensation support. The Committee also discussed the net savings from the consolidation of multiple departments into the Community Investment Department and how Personnel Department staff can be restructured to support the newly established department.

During the Information Technology Agency's departmental hearing, the General Manager expressed the need for additional staffing and funding. The General Manager responded to questions from the Committee regarding the potential impact of budget shortfalls and warned that the failure to fill positions and provide additional funding would severely compromise the City's public safety and cybersecurity. The General Manager explained that as technology evolves, additional funding for cybersecurity is vital to protect sensitive City data. The General Manager also stressed that denying funds for on-call support would lead to critical service gaps, including Police and Fire Department radio interruptions, diminished surveillance at City facilities, and delayed responses to nighttime emergencies. The General Manager further explained the importance of adding a position to help resolve issues with the new MyLA311 system.

The Department of Recreation and Parks' (RAP) budget hearing began with a discussion of the resources needed for brush clearance and the Department's reliance on part-time staff to provide programming. Committee members inquired about the status of policy updates to allow the City to accept private donations and sponsorships involving park signage. The Committee members also discussed the Department's plan for addressing the termination of the Joint Powers Agreement with the County for the provision of lifeguards and beach maintenance at the Cabrillo and Venice beaches. The Committee further discussed the resources needed for the Gate Closure Program and the activation of cooling

centers, alternative methods for securing parks after hours, and the readiness of RAP sites for the upcoming World Cup viewing parties.

The Interim General Manager of the Department of Animal Services highlighted four critical budget requests that, if not funded, could compromise animal welfare. The Committee discussed the advantages of continued funding for the Dogs Playing for Life contract and the need to reinstate the Animal Cruelty Taskforce. The Committee also inquired about the distribution of spay and neuter vouchers and the former Animal License Canvassing Program. Committee members also discussed the Department's role to intervene in cases involving animals and people experiencing homelessness.

The General Manager of the Community Investment for Families Department introduced their executive staff and provided an update on the status of the consolidation and establishment of the Community Investment Department. The General Manager further explained the challenges of integrating the administrative infrastructure of the merged departments, as well as process improvements underway to further unify the Department and staff. The Committee discussed a number of the Department's programs, including the senior meals program, RepresentLA, and the Survivor Services System, as well as increasing support for the Day Laborer Program and resources for the Transgender, Gender Diverse, and Intersex (TGI) community. The Committee also discussed a number of economic development initiatives, including the redevelopment of the Reseda Theatre, and opportunities to expand the Jobs and Economic Development Initiative (JEDI) and Good Food Zones.

The General Manager of the Department of Transportation expressed gratitude for the increase in positions and overtime funding included in the Proposed Budget and focused their comments on additional funding and staffing needs. The Committee discussed numerous program areas, including parking enforcement, capital project delivery, and contracts management. The Committee asked several questions and requested a memo regarding the positions detailed in the Department's letter, and a special study on realigning planning, construction, and maintenance roles with the Bureaus of Engineering and Street Services. The Committee also inquired about the Department's projected parking meter revenue for the upcoming fiscal year, coordination efforts between the Department and the Bureau of Street Services, copper wire theft at the Advanced Transportation System and Coordination facilities, the Automated Bus Lane Enforcement program, and street racing and street takeovers.

GSD's departmental hearing opened with a discussion regarding the loss of funding for Fire Department projects. The General Manager warned that deferring Fire facility repairs will negatively impact emergency response times. To ensure departmental efficiency, the General Manager stressed the need for an additional position to oversee the City's non-profit leases and emphasized that Hiring Hall accounts must be funded to keep City facilities operational. The Committee also discussed the homelessness-related services provided by GSD and impact that rising fuel costs will have on the Department's budget.

The General Manager of the Department of Building and Safety responded to questions related to the Department's progress on updating the plan check expiration period. The Committee noted that the current economic situation creates financial strain on projects, making it difficult for applicants to meet the Department's plan check deadlines. The General Manager indicated that in order to help alleviate applicants with timeline constraints, the Department is revising its policy to add a six-month deadline extension. The Committee asked questions regarding the financial state of the Building and Safety Permit Enterprise Fund, recruitment efforts for inspector-based careers, code enforcement fines and fees, departmental efforts to streamline permitting, home-sharing enforcement, illegal signage enforcement, and nuisance abatement issues associated with vacant buildings. The Committee also discussed issues related to the Department's self-certification program, expressed concerns with the Department's exam requirements for applicants who choose to self-certify, and requested feedback on how the Department could further streamline the self-certification process.

The General Manager of the Department of City Planning noted that the Proposed Budget includes a second year of proposed reductions for the Department, which could result in a further reduction of services by the Department. The Committee began its discussions by asking questions about the requested restorations from the Department's letter, particularly in the Department's Housing Delivery, Development Service Center, Major Projects, and Expedited Processing Services sections. The Committee also asked about off-site advertising and illegal signage enforcement, the processing of and zoning associated with data center applications, Departmental efforts surrounding the implementation of Senate Bill 79, community plan updates, and the status of the transfer of zoning review from the Department of Building and Safety to the Department of City Planning. The Committee and the Department also engaged in a discussion about home-sharing enforcement as it relates to the Department's role in coordinating enforcement efforts with other City departments, and requested feedback on the development of a framework that could streamline and strengthen the City's enforcement of the home-sharing and short-term rental ordinances.

The Executive Director of the Department of Cannabis Regulation (DCR) outlined the Department's urgent needs and the funding required to address them. The Director emphasized that DCR has matured sufficiently to assume specialized responsibilities currently managed by the Personnel Department, and proposed discontinuing funding to the Personnel Department to handle those responsibilities internally. A significant portion of the discussion focused on the Social Equity Program, with the Department advocating for increased funding to provide technical assistance to Social Equity participants.

The Board of Public Works' President began the Board's hearing discussing the resources needed to restore graffiti abatement service levels to that of prior years and the coordination of public right-of-way construction and film permit activity. The Committee also discussed the Board's beautification and public right-of-way cleaning programs, and regulation of oil activity overseen by the Bureau's Office of Petroleum and Natural Gas Administration and Safety.

The Interim Director of the Bureau of Sanitation noted that the Proposed Budget and recent rate adjustments will allow the Bureau to preserve most of its operations with minimal reliance on the General Fund. The Interim Director recapitulated the requests included in its departmental letter, including the restoration of the CARE+ Coastal Team and A Bridge Home Team, restoration of 36 solid resources special funded positions that provide trash collection services, and realignment of five positions back to the Livability Services Division. The Committee discussed the requests and asked about the impacts associated with the requests. The Committee also discussed the Clean Corridors Program; interdepartmental coordination among the City's numerous cleaning efforts, including Council District outreach and efforts to prevent duplication; the possibility of consolidating cleaning efforts in the Bureau of Sanitation; the impacts of the Police Department's overtime cuts on CARE+ operations; illegal dumping; routing; organic waste collection; and various environmental programs.

During the Bureau of Street Services' hearing, the Executive Director of the Bureau responded to questions from the Committee regarding the additional funding included in the Proposed Budget for street resurfacing work and the program's compliance with Measure HLA and the Americans with Disabilities Act (ADA). The Committee then discussed the Bureau's street sweeping operations, tree trimming resources, sidewalk repair and maintenance work, transit shelter deployment, and bicycle path maintenance. The Committee also inquired about maintenance for public toilets managed by the Bureau, resource needs for grant-funded projects, and the Bureau's illegal dumping enforcement.

The Interim City Engineer took questions from the Committee on resources in the Proposed Budget for hillside stabilization work and its public right-of-way asset management and inventory work. The Committee discussed leasing costs for staff supporting the Convention Center Expansion and Modernization Project, new funding for work related to the 2028 Olympic and Paralympic Games, municipal facility decarbonization work in previous fiscal years, and coordination with the Bureau of Sanitation on stormwater-related issues. The Committee also inquired about the status of various capital projects, and staffing and funding required to complete grant-funded projects.

The Executive Director of the Bureau of Street Lighting responded to questions related to the status of adjusting streetlight maintenance assessment rates. The Committee inquired about the energy costs of the streetlight system, deployment of solar-powered lighting, and use of electrical conduit no longer needed after solarizing streetlights.

The Bureau of Contract Administration's hearing began with a discussion of incentives to maintain existing staffing in the Office of Wage Standards and increase recruitment. The Committee also discussed the Bureau's work to certify local and small businesses within the City for contracting opportunities related to the 2028 Olympic and Paralympic Games, and coordination with larger business groups and corporations to promote local and small businesses.

The General Manager of the Department on Disability acknowledged that the Proposed Budget restores foundational resources needed to meet ADA compliance mandates,

support community engagement, and provide technical assistance and training. The Committee discussed the Department's work in planning and ensuring ADA compliance for the 2028 Olympic and Paralympic Games and inquired about the work of the AIDS Coordinator's Office, updating ADA training videos for City staff, and strategies to meet ADA compliance across the City's web and mobile applications.

The City Clerk restated the Office's budget letter requests, including contractual services funding and positions to establish a Leadership Coaching and Risk Mitigation Training Program, restoration of full rollover capacity for Neighborhood Council funds, and an amendment to allow the City Clerk to utilize a hybrid system for Neighborhood Council elections. The Committee discussed the potential liability savings from the Leadership Coaching and Risk Mitigation Training Program, and possible curriculum and training impacts associated with the potential unionization of Council staff. The Committee also discussed the City Clerk's ongoing programs, including a contract to update the City Clerk's agenda management system, Council File Management System, and public comment kiosk.

During the Department of Neighborhood Empowerment's hearing, the Committee requested further details regarding the Department's funding requests for election outreach efforts and the work required to meet ADA compliance across the Neighborhood Council websites. The Committee also inquired about the Department's stance on the rollover of Neighborhood Council Funds, the percentage of Neighborhood Council Funds used for Neighborhood Purpose Grants, and the Department's staffing levels for administrative work.

The General Manager of the Civil, Human Rights and Equity Department highlighted the expansion of multiple program areas of the Department, including increased civil rights enforcement investigations, equity-based research and policy work, and community engagement and commission support, despite funding and staff reductions over the past couple of years. The General Manager noted that the Department is struggling with operating costs and has had to use salary savings to pay for operations, and requested an additional Community Affairs Advocate position to support community engagement, volunteer coordination, and strategic partnerships in preparation for the 2028 Olympic and Paralympic Games. The Committee discussed the City's civil and human rights ordinance, the Department's authority to implement penalties and corrective actions, and the possibility of amending the ordinance to update fees and penalties.

The Zoo departmental hearing began with a discussion about their most critical infrastructure needs and how the Proposed Budget will address those priorities. The Committee then asked about strategies to strengthen the Zoo's financial stability and the Zoo's transition to a new structure for partnerships, fundraising, marketing, and its volunteer program. The Committee also inquired about the relocation of the City's former elephants, Billy and Tina, the Greater Los Angeles Zoo Association lawsuit, and the potential impacts of the upcoming fee increase.

The General Manager of the Department of Cultural Affairs opened the budget hearing emphasizing that any further reductions to their budget could impact their programming, including classes, exhibitions, and festivals. The Committee discussed the Department's staffing needs for the Convention Center Expansion and Modernization Project, the upcoming ballot measure that could increase the City's Transient Occupancy Tax (TOT) receipts, and their stance on a proposed increase to the Department's allocation of TOT. The Committee also inquired about the funding needed to move power utility lines underground at the Vision Theater and the status of the LA 28 Cultural Olympiad.

The General Manager of El Pueblo Department came before the Committee and highlighted the need for increased security around the campus and the Department's efforts to establish a taskforce with the operators of Puente Transitional Housing, LAHSA, faith-based partners, and Council District 14 to coordinate services for people experiencing homelessness who frequent the campus. The Committee discussed the Department's progress in collecting overdue rents and the shift toward establishing an in-house custodial unit. The Committee also inquired about the staffing capacity for contractual work and their use of the City's UMCR and CIRCLE programs as strategies for addressing campus incidents.

The Library Department's budget hearing began with a discussion on the safety and security at branch libraries and the scope of the Memorandum of Understanding with the Police Department. The Committee posed questions about the expansion of the menstrual hygiene program, specific tools the library uses to limit access for out-of-state users, and efforts to bridge the digital divide to ensure the inclusion of seniors. Committee members also discussed the World Cup and 2028 Olympic and Paralympic Games-related activities taking place at the Central Library, and the funding of alteration and improvements provided in the Proposed Budget.

During City Tourism's hearing, the Committee discussed the Los Angeles Tourism and Convention Board's marketing strategy and updates on the Convention Center Expansion and Modernization Project. The Committee asked about strategies to improve visibility of neighborhoods throughout Los Angeles for prospective tourists.

After brief acknowledgments by the General Manager of the Los Angeles City Employees' Retirement System (LACERS), the Committee and Department discussed the forthcoming three-year experience study in conjunction with recent world events and whether the study should be conducted more frequently. The General Manager explained that the study's evaluation ensures continued alignment with previous projections and identifies needed adjustments. The General Manager confirmed that LACERS' current rate of return is seven percent and that diversification of the system's investments will help hedge against inflation. The Department explained that a long-term strategic plan is used for asset allocation, and despite recent losses due to the war in Iran, the pension system has recovered and is performing well.

The hearing for the Los Angeles Fire and Police Pension Department (LAFPP) began with a discussion regarding the City's plan to amortize its \$24M transfer payment obligation

related to Measure FF. The General Manager verified that there would be no impact to the LAFPP since the plan includes an annual seven percent amortization interest rate modeled over five years, totaling \$3.5M. The CAO further explained the payment amounts based on the anticipated five-year payment plan. The Committee also discussed the LAFPP's Preliminary Annual Plan regarding eight projects tied to internal process improvements, the impact to Tier 5 members now that LAFPP is fully funded, and a progress update on the LAFPP's investigation regarding a true-up policy.

After completion of the department hearings, the Committee considered 181 memos prepared by the CAO, which addressed questions raised by the Committee throughout the hearings. The Committee members discussed the recommendations in the CAO memos, outlined their funding priorities, and instructed the CLA to report with recommendations to amend the Proposed Budget.

### **Budget and Finance Committee Recommendations**

On May 15, 2026, the CLA presented to your Budget and Finance Committee a report outlining recommended changes to the Mayor's Proposed Budget for 2026-27. The proposed changes were in response to discussions during budget hearings, letters received from departments and Councilmembers, CAO memos, specific directions from the Committee, public comment, and instructions to the CLA's Office to evaluate areas of concern and provide recommendations to address those issues.

The CLA reported that the Proposed Budget largely continues programs and funding from the previous fiscal year, increases funding for various Mayor and Council priorities, avoids layoffs and other personnel-related cost saving measures, but includes structural deficits and does not restore all of the services cut in 2025-26, nor contemplates the November 2026 ballot measures that may catastrophically impact the City's revenues. The CLA's report notes that the Committee instructed the CLA to mitigate the City's liabilities, increase compliance with the City's Financial Policies, and boost the City's reserves amid ongoing economic and global uncertainty.

The CLA recommends to delay hiring and defer new contracts and capital projects until after the November 2026 election when the potential impacts on City revenues is decided. This proposal provides \$8.8M in savings as an initial measure for the City to meet its Financial Policies, increase its reserves, strengthen the City's bond rating ahead of a \$2B debt issuance for the modernization of the Convention Center, and fund a number of the Committee's priorities. Further, the CLA's recommendations eliminate the need for a one-time exemption from the Debt Policy for the purchase of police patrol vehicles.

The CLA's recommendations propose net expenditure changes of \$3.301M, including \$81.709M in increases, made possible by \$78.408M in proposed decreases and other changes totaling \$37.153M. The CLA recommends a \$25.697M increase to the Reserve Fund, for a new Reserve Fund balance of \$515.092M (6.0 percent), and a \$5.5M transfer to the BSF, for a new BSF balance of \$200M. In addition, the CLA proposes a \$11M increase to the Reserve for Mid-Year Adjustments for a new total of \$49M, to cover

potential shortfalls during the upcoming fiscal year. The CLA reports that adoption of the proposed changes would increase the Cumulative Reserves to 8.9 percent.

In response to direction from the Budget and Finance Committee, the CLA recommended a number of changes to the Proposed Budget, including:

- Implementing a Hiring Delay and reducing funding for all new positions to six months.
- Revising the sworn hiring plan for the Police Department while maintaining the overall hiring goals of 510 officers, and adding Personnel Department positions to facilitate Police hiring in 2026-27.
- Increasing funding for filled civilian positions in the Police Department.
- Reducing County Alliance Settlement Agreement reimbursement estimates and funding for Inside Safe, but allowing a \$10M interim appropriation to the program if County Alliance reimbursements are received for the third quarter of 2026-27.
- Expanding UMCR into six new Police Department areas.
- Adding a deposit to the BSF and increasing the UB, Reserve for Mid-Year Adjustments.
- Creating new line items in the UB for Payroll Reconciliation, capital repairs and infrastructure, and the TGI Wellness and Equity Initiative.
- Increasing funding for Additional Homeless Services and restoring the Safe Parking Program.
- Restoring Council District Community Services funding.
- Increasing funding for the Day Laborer Centers and RepresentLA program.
- Increasing funding for the Department of City Planning and Office of Finance to provide hiring flexibility.
- Adding positions and funding in the Offices of the City Attorney and CAO for liability mitigation and management.
- Increasing funding for Animal Services and the Department of Recreation and Parks.
- Increasing funding for on demand tree trimming services and graffiti abatement.

During its consideration of the CLA recommendations, the Committee members asked a number of questions relating to the proposed hiring delay. The CLA clarified that the proposal would not include Police Department hiring, and that the Council could work with the CAO to make exceptions for certain positions during the fiscal year, especially those that are revenue generating or related to public safety.

The Committee also discussed the possibility of requesting funding from the Department of Water and Power for the Planning Department's data center work plan, and technical amendments for various line items, including increased funding for position authorities in the Civil, Human Rights and Equity Department and the Department on Disability. The Committee also proposed to move funding allocated to LAHSA for the Winter Shelter Program to the UB, pending further policy considerations. The Committee took actions to add instructions and footnotes for various line items, including requesting a report on the eligibility of using Opioid Settlement Funds for health-related services for the TGI community.

The Committee engaged in a lengthy discussion about Exhibit H, which outlines the necessary Council and Mayor actions to effectuate the 2026-27 Budget. The CLA highlighted an instruction for the CAO to immediately initiate a budget reduction process upon adoption of the 2026-27 Budget and in anticipation of the November 2026 ballot measure approval. This exercise will include the cancellation or deferral of contracts and capital projects, the elimination of filled positions, and other ongoing reductions to maximize savings in the next fiscal year. The CLA clarified that the instruction is for planning purposes and would not impact existing capital improvement projects. The CLA further highlighted the importance of creating opportunities to move filled positions to other position authorities, including those supported by special funds, should the City need to conduct layoffs.

Committee members continued the Exhibit H discussion stressing the need to increase firefighter hiring to address severe staffing shortages. The CLA stated that additional drill tower locations would be needed to accommodate increased hiring, and explained the additional related costs that would be incurred if positions were added in the Fire Department. The Committee added instructions to Exhibit H, including requests for reports on the sale of surplus City properties to increase revenue and regarding new franchise agreements in the Board of Public Works' Office of Petroleum and Natural Gas.

The Committee also discussed the Clean Corridors Program, specifically the lack of clarity and scope of the program, and ways to increase coordination across departments and prevent the duplication of work. The Committee highlighted the deletion of the Coastal Care team, the potential of utilizing Clean Corridors Program funding to restore CARE/CARE+ teams, and ensuring flexibility in funding to meet the different needs in each Council district.

Your Budget and Finance Committee unanimously approved the CLA's recommended changes to the Mayor's Proposed Budget, as amended.

A complete list of the recommendations, as amended, is attached to this report.

Respectfully submitted,



Katy Yaroslavsky, Chair  
Budget and Finance Committee



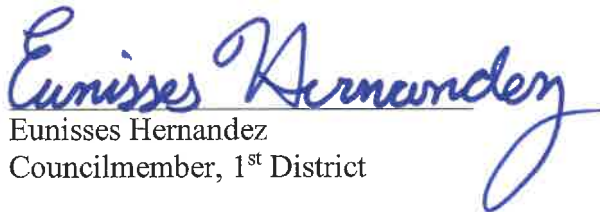
Bob Blumenfield  
Councilmember, 3<sup>rd</sup> District



Heather Hutt  
Councilmember, 10<sup>th</sup> District



Tim McOsker  
Councilmember, 15<sup>th</sup> District



Eunisses Hernandez  
Councilmember, 1<sup>st</sup> District

**That the Council, subject to the Approval of the Mayor (recommendations 1-104, 140-158 and Exhibit H only):**

**Revenue Changes**

Business Tax

1. Increase 2025-26 (\$15.0M) and 2026-27 (\$15.0M) receipts based on recent activity.  
\$30,000,000

Utility Users' Tax

2. Increase 2026-27 Electric Users' Tax receipts, based January 2026 load forecast and improved collection rate.  
\$3,000,000

License, Permits, Fees and Fines

3. Increase Fire Department Reimbursements from Other Agencies (\$2.5M in 2025-26 and \$0.940M in 2026-27).  
\$3,440,000
4. Increase 2026-27 receipts for General Services Materials Testing services provided to the Airports Department.  
\$195,000
5. Recognize additional 2025-26 Housing receipts for Home Investment Partnership related costs.  
\$960,000
6. Recognize 2026-27 reimbursement receipts from House LA for positions in PW Bureau of Contract Administration (\$233,000) and Personnel (\$69,000).  
\$302,000
7. Increase 2026-27 PW-Bureau of Engineering Reimbursements for the Pacific Palisades Library project.  
\$106,000
8. Recognize additional receipts in the Street Damage Restoration Fund (\$9,600,000 in 2025-26 and \$5,000,000 in 2026-27). These funds will be available for related cost reimbursements, reducing the General Fund subsidy from \$14,700,000 to less than \$100,000.  
\$14,600,000

9. Increase 2026-27 receipts for State mandate claims based on recent trends. Of this amount, \$7,250,000 will be used for LAPD civilian salary costs that are underfunded in the Proposed Budget.
 

\$9,250,000
10. Recognize 2026-27 reimbursement receipts for 2025-26 front funding provided by the General Fund for deferred maintenance at fire facilities.
 

\$1,500,000
11. Recognize additional escheatment receipts for 2026-27.
 

\$1,500,000
12. Increase 2025-26 Metro Rail Reimbursements for the Board of Public Works.
 

\$13,000
13. Recognize additional 2025-26 Bureau of Contract Administration reimbursements for Metro Rail projects.
 

\$193,000
14. Recognize 2026-27 reimbursement receipts from the Los Angeles Department of Water and Power for prior year Bureau of Engineering services.
 

\$300,000
15. Increase receipts in 2026-2027 to reflect additional revenues to be generated by a pending increase to the Basic Life Support (BLS) Transport Fee.
 

\$1,000,000
16. Increase 2026-27 reimbursement receipts from the Building and Safety Enterprise Fund to reflect additional related cost reimbursements.
 

\$1,581,000
17. Increase 2026-27 reimbursement receipts from the Municipal Housing Finance Fund to reflect additional related cost reimbursements.
 

\$97,000
18. Increase 2026-27 reimbursement receipts from the Rent Stabilization Trust Fund to reflect additional related cost reimbursements.
 

\$65,000
19. Increase 2026-27 reimbursement receipts from the Cannabis Regulation Special Revenue Trust Fund to reflect additional related cost reimbursements.
 

\$43,000

20. Increase 2026-27 reimbursement receipts from the Sewer Construction and Maintenance Fund to reflect additional related cost reimbursements.

\$62,000

21. Reduce Los Angeles County Alliance Settlement reimbursements to reflect a more realistic estimate of receipts during 2026-27.

(\$40,900,000)

Property Tax

22. Decrease 2026-27 receipts based on the County Assessor's latest projections on growth in assessed values. The County is projecting a 3.9 percent decrease compared to 4.1 percent in the 2026-27 Proposed Budget.

(\$5,492,000)

Reserve Fund

23. Modify \$9,00,0000 increase in the Budget Stabilization Fund by transferring funds rather than appropriating funds. This is an accounting action that has no net change to the budget.

24. Increase required Budget Stabilization transfer due to anticipated changes in economically sensitive revenues.

(\$5,500,000)

Reserve Fund – Reversions and Prior year Encumbrances

25. Update July 1 Cash Balance due to less than anticipated shortfalls (\$1.5M) for 2025-26, additional loan repayments (\$.260M) and cash advances returned during FY 2025-26 (\$2.0M).

\$3,760,000

Special Fund Revenues

26. Recognize 2025-26 transfer of Solid Waste Resources Revenue Fund to repay General Fund for liability costs incurred earlier in the fiscal year. This action will reduce the 2026-27 Liability Claims Account by the same amount as the repayment obligation will be satisfied.

\$5,000,000

27. Recognize additional reimbursement receipts for 2026-27 related costs. This action will require various changes to Schedule 2 Solid Waste Resources Revenue Fund and the PW-Sanitation Proposed Budget, including increased reimbursement receipts from the Department of Water and Power (\$2,000,000) and an increase in the Bureau's salary savings rate (\$1,923,000).

\$3,923,000

## **Expenditure Changes**

### Actions to Address Fiscal Uncertainty

28. Hiring Delay:  
a. Reduce funding for all new General Fund positions from nine months to six months.

(\$8,800,000)

- b. Instruct the CAO to specify in the Personnel Authority Resolution that all new General Fund and Special Fund positions with less than full year funding will be effective on January 1, 2027. Any exceptions, such as revenue-generating positions and those that address liability issues, will be handled through this process.

- c. Freeze all unfunded positions until January 1, 2027.

29. Other Expense:  
a. Delay expenditures for all new contracts for new projects until January 1, 2027. Ongoing construction and City service contracts, as well as those executed by the Mayor and Council are exempt.

### Animal Services

30. Increase funding for Spay and Neuter Program to support additional animal sterilization vouchers Citywide. This equates to an 18 percent increase from the Proposed Budget which will fund approximately 8,000 additional sterilizations.

\$1,000,000

31. Add funding to Contractual Services to continue the Dogs Playing for Life contract.

\$1,534,063

32. Expense Account Funding:
- a. Restore funding for Medical Supplies Account (\$339,623) to be partially funded by the Animal Welfare Trust Fund (\$169,811).
 

\$169,812
  - b. Restore funding for Animal Food/Feed and Grain Account (\$200,000) to be partially funded by the Animal Welfare Trust Fund (\$100,000).
 

\$100,000
33. Restore resolution authority and six-months funding (\$40,406 direct cost/\$32,862 indirect cost) for one Animal Care Technician Supervisor for the Harbor Shelter.
- \$73,268

Attorney Conflicts Panel

34. Reduce allocation based on anticipated rate increases effective in the last half of 2026-27.
- (\$300,000)

Capital and Technology Improvement Expenditure Program (CTIEP) – Municipal Facilities

35. Add funding to the Citywide Nuisance Abatement line item to maintain current level.
- \$500,000

City Administrative Officer

36. Unarmed Model of Crisis Response (UMCR):
- a. Add three-months funding to Contractual Services for the expansion of the Unarmed Model of Crisis Response (UMCR) Program into six additional Police Department Areas.
 

\$1,975,000
  - b. Add resolution authority and three-months funding for one Management Analyst (\$31,901 direct cost/\$20,349 indirect cost) to support the expansion of the UMCR Program.
 

\$52,250

City Administrative Officer and City Attorney

37. Liability Mitigation:

- a. Add resolution authority and six-months funding to the City Attorney for one Deputy Attorney III and one Legal Clerk I (\$111,788 direct cost/\$76,097 indirect cost) to centralize liability mitigation oversight.

\$187,885

- b. Add resolution authority and six-months funding to the CAO for two Senior Administrative Analyst IIs (\$163,813 direct cost/\$74,191 indirect cost) to centralize liability mitigation oversight.

\$238,004

- c. Add Contractual Services funding to conduct an actuarial study on liability payouts in 2026-27.

\$26,250

City Attorney

38. Add resolution authority and six-months funding for 18 positions, as follows: six Deputy City Attorney IIIs, six Deputy City Attorney IIs, two Paralegal Is, three Legal Secretary Is, and one Legal Clerk I (\$1,425,432 direct cost/\$825,317 indirect cost) for litigation and support staff to lower caseloads.

\$2,250,749

City Clerk

39. Risk Mitigation Training Program:

- a. Add resolution authority and six-months funding (\$114,473 direct cost/\$76,997 indirect cost) for one Personnel Analyst and one Management Analyst for a Leadership Coaching and Risk Mitigation Training Program.

\$191,470

- b. Add Contractual Services funding for specialized coaching, training, related services, and licensing fees.

\$154,000

City Planning

40. Decrease the Department of City Planning's salary savings rate by one percent, from eight percent to seven percent, to provide flexibility in their hiring program(\$509,915 direct cost/\$170,771 indirect cost).

\$680,686

41. Add resolution authority and six-months funding for one Senior City Planner and one City Planning Associate (\$145,904 direct cost/\$87,523 indirect cost) to prepare a Citywide Code Amendment Ordinance and revenue sharing nexus study related to illegal signage.

\$233,427

Civil, Human Rights and Equity

42. Community Engagement:

- a. Add twelve-months resolution authority and six-months funding for one Community Affairs Advocate (\$79,563 direct cost/\$45,976 indirect cost) to oversee community engagement efforts, including volunteer coordination for the 2028 Games, with additional costs to be funded with salary savings within the Department.

\$125,539

- b. Instruct the Civil, Human Rights and Equity Department to work with the Personnel Department to adjust the scope of work for the Community Affairs Advocate.

- c. Delete position authority and funding for one Principal Project Coordinator to offset costs (\$100,475 direct cost/\$50,592 indirect cost).

(\$151,067)

Community Investment

43. Increase Contractual Services funding for RepresentLA to support immigrant legal services, from \$1M to \$1.5M.

\$500,000

44. Increase Contractual Services funding for the Day Laborer Program to provide assistance to businesses and individuals seeking temporary day labor, from \$1,082,000 to \$1,582,000.

\$500,000

45. Add resolution authority and six months funding for one Internal Auditor IV (\$55,333 direct cost/\$53,535 indirect cost) to manage financial compliance audits and fiscal oversight to be partially funded with Workforce Innovation and Opportunity Act Fund (\$37,905), Community Development Trust Fund (\$18,953), Area Plan for Aging Title 7 Fund (\$9,476), and Community Services Block Grant Trust Fund (\$4,738).

\$37,796

Controller

46. Financial Reporting Transition:

- a. Add regular authority and six-months funding (\$98,358 direct cost/\$44,339 indirect cost) for one Financial Management Specialist IV.

\$142,697

- b. Delete funding in the Unappropriated Balance for the Advantage Insight Project.

(\$150,000)

Cultural Affairs

47. Salary and Expense Account Restoration:

- a. Restore partial funding to Salaries, As-Needed for part-time staff to support community programming.

\$400,000

- b. Restore funding to the Special Appropriations III account for the Lankershim Arts Center (\$300,000) and Central Avenue Jazz Festival (\$50,000).

\$350,000

Disability

48. 2028 Games ADA Compliance, pursuant to C.F. 25-0600-S76:

- a. Add nine-months resolution authority and six-months funding for one Senior Management Analyst I (\$67,429 direct cost/ \$41,912 indirect cost) with additional reported during the Financial Status Reports by the Department.

\$109,341

- b. Increase funding to Contractual Services.

\$140,000

49. Add resolution authority and 12-months funding for one Senior Administrative Clerk (\$71,357 direct cost/ \$43,227 indirect cost) and delete resolution authority and 12-months funding for one Administrative Clerk (\$63,093 direct cost/ \$40,460 indirect cost) to support administrative operations.

\$11,031

El Pueblo

50. Accounting Support:

- a. Add resolution authority and six-months funding (\$46,987 direct cost/\$85,553 indirect cost) for one Accountant.

\$132,540

- b. Delete twelve-months funding (\$73,636 direct cost/\$123,113 indirect cost) for one Management Assistant.

(\$196,749)

51. Add funding to the El Pueblo Contractual Services Account for security services.

\$64,209

Finance

52. Decrease the Office of Finance's salary savings rate by five percent, from nine percent to four percent, to provide flexibility in their hiring program (\$2,316,162 direct cost/\$775,683 indirect cost).

\$3,091,845

Fire and Police Pension Fund

53. Increase funding for the amortization of pension contributions due for Measure FF. The Fire and Police Pension Fund Board approved the amortization on May 7, 2026. This allocation adds interest costs to the \$5,000,000 set aside in the Proposed Budget.

\$217,646

54. Adjust the pension contribution based on budgeted salaries for the Fire Department.

(\$2,153,400)

General City Purposes

55. Realigning GCP Expenditures (See Attachment A for additional information)

- a. Restore funding for Council District Community Services to maintain current level funding, from no proposed funding to \$1,276,200

\$1,276,200

- b. Restore funding for Additional Homeless Services from \$7.5M to \$10.5M, a decrease of \$6,500,000 from the 2024-25 appropriation of \$17,000,000.

\$3,000,000

- c. Restore funding for International Visitors Council of Los Angeles to maintain current level funding, from no proposed funding to \$40,000. \$40,000
- d. Create a new line item in the Unappropriated Balance for Office of Major Events and add transfer the increased amount (\$1,200,000) proposed for 2026-27. -\$0-
- e. Reduce the Alliance Settlement Agreement Program appropriation. These costs will now be funded off-budget through the Homeless Housing, Assistance and Prevention (HHAP) Grant. (\$31,159,045)
- f. Reduce the Homelessness Emergency (Inside Safe) appropriation. (\$10,212,654)
- The Mayor's Office anticipates receiving 3rd Quarter receipts for 2026-27 services during the fiscal year. Upon receipt from the County, up to \$10,212,654 will be appropriated for Inside Safe.
- g. Mayfair Operations: Move the Mayfair Operations from the Homelessness Emergency (Inside Safe) Program to the Alliance Settlement Agreement Program, to be administered by the City Administrative Officer, as follows:
- Decrease the Homelessness Emergency (Inside Safe) line item to reflect the removal of the Mayfair Operations. (\$11,804,100)
  - Increase the Alliance Settlement Agreement Program line item to reflect the addition of the Mayfair Operations. \$11,804,100
56. Reduce Medicare contributions based on current experience. (\$1,500,000)

### Housing

57. Add resolution authority and six-months funding (\$178,983 direct cost / \$117,932 indirect cost) for one Data Analyst I, one Housing Planning and Economic Analyst, and one Principal Accountant II for the Homelessness Oversight Bureau to support the data and accounting divisions. \$296,915

Information Technology Agency

58. Add funding in Salaries, General to maintain on-call support for radio, microwave, and fire station alerting systems.

\$450,000

Los Angeles Homeless Services Authority

59. Street Strategies:

- a. Increase the Street Strategies line item, with administrative cost to be absorbed by LAHSA, to provide funding for The Midnight Mission, Downtown Women's Center, Special Service for Groups, Inc., Salvation Army, and Watts Labor Community Action Committee Access Centers, and to include problem-solving programming as part of the access centers.

\$938,776

- b. Increase the Street Strategies line item and LAHSA's Continuum of Care Administration line item (\$1,290,640) to provide full year of funding for Safe Parking sites that were identified for demobilization, to be funded by the savings (\$1,290,640) from the 2025-26 Citywide Homeless Intervention account.

-\$0-

60. Reduce the 2026-27 General Fund appropriation to recognize 2024-25 savings and reductions, including but not limited to government affairs or other divisions within LAHSA, to be used to offset the restoration of the access centers.

(\$2,700,000)

Neighborhood Empowerment

61. Add funding in Contractual Services for Cornerstone licenses for Neighborhood Council training.

\$20,000

Personnel

62. Realign funding for 12 positions that are partially funded by the General Fund (\$154,673) and various special funds to be funded by various special funds, including Measure United to House LA (ULA), consisting of one Personnel Director I, one Personnel Records Supervisor, one Senior Personnel Analyst II, one Senior Personnel Analyst I, three Personnel Analysts, four Senior Administrative Clerks, and one Administrative Clerk (\$80,846 direct cost/\$73,827 indirect cost), resulting in net General Fund savings.

(\$154,673)

63. Add resolution authority and six-months funding for one Chief Human Resources Specialist, one Senior Personnel Analyst, one Systems Administrator I, two Senior Administrative Clerks, and two Administrative Clerks (\$403,851 direct cost/\$231,900 indirect cost).

\$635,751

Police

64. Police Civilian Deployment Adjustment:

- a. Provide partial funding for the Police Department to start 2026-27 with 2,396 filled civilian positions, 58 above what is included in the Mayor's Proposed Budget (\$5,400,000 direct cost/\$1,850,000 indirect cost).

\$7,250,000

- b. Reduce the 2026-27 Civilian Hiring Plan by 49 hires, retaining 167 hires to fill critical and other priority positions. This will generate \$4,496,620 (\$2,658,963 direct cost/ \$1,837,657 indirect cost) in savings within the Department to partially offset the 58 positions.

- c. Revise the 2026-27 Civilian Hiring Plan to delay all civilian hiring until mid-October 2026. This will generate \$1,586,500 (\$1,089,273 direct cost/\$497,227 indirect cost) savings within the Department to partially offset the 58 positions.

65. Sworn Hiring Plan:

- a. Rebalance the Department's Sworn Hiring Plan to reduce class sizes in the start of the fiscal year and increase class sizes in the second half of the year. This will result in net savings (\$1,158,038 direct cost/ \$607,682 indirect cost) while not impacting the overall goal of hiring and training 510 sworn officers in 2026-27.

(\$1,765,720)

- b. Rebalance the Department's Sworn Hiring Plan as follows: Four classes of 25 to start the Fiscal Year, then two classes of 30 followed by seven classes of 50. This will result in net savings while not impacting the overall goal of hiring and training 510 sworn officers in 2026-27.

66. Police Hiring Controls:
  - a. Instruct the Police Department to report monthly to the Personnel and Hiring and Budget and Finance Committees detailing sworn and civilian hiring, attrition, expenditures, and projected year-end salary account balances compared with budgeted targets. Reports on civilian hiring should provide information on the Department's efforts to fill critical and other priority civilian positions, including Police Service Representatives (PSRs).
  - b. Prior to submitting offer letters to candidates for each recruit class, direct the Police Department to obtain approval from the CAO of the number of recruit candidates to be hired for the class. Direct the CAO to review the Department's submission to ensure the number of candidates is consistent with Department's Adopted Budget sworn hiring plan.
  - c. Authorize the CAO to freeze vacant sworn and/or civilian positions in Workday when filling those positions would result in expenditures exceeding authorized funding.
67. Recognize additional Police Department Forfeited Assets Trust Fund Revenue, which will be used for eligible Police costs.

(\$1,802,740)

Public Works – Board

68. Add six-months funding (\$76,233 direct cost/\$44,860 indirect cost) and resolution authority for one Principal Project Coordinator to support film industry liaison work.
 

\$121,093
69. Graffiti Abatement:
  - a. Add Contractual Services funding to maintain current level funding of graffiti abatement services.
 

\$1,683,000
  - b. Instruct the Board of Public Works to report on its methodology for prioritizing service requests for graffiti abatement as detailed in Motion (Hernandez - Jurado) which the Council adopted on February 27, 2026 (C.F. 26-0146).
  - c. Instruct the Board of Public Works to engage the Graffiti Technology and Recovery Fund Oversight Committee as soon as possible to utilize the funds in the Graffiti Technology and Recovery Fund to support graffiti abatement services.

Public Works – Engineering

70. Add six-months funding (\$68,232 direct cost/\$43,667 indirect cost) and resolution authority for one Programmer/Analyst III and delete 12-months funding (\$119,117 direct cost/\$76,204 indirect cost) and position authority for one Systems Analyst to realign positions in the GIS and Mapping Division.

(83,422)

Public Works – Street Lighting

71. Payroll Support:

a. Add six-months funding (\$43,977 direct cost/\$38,550 indirect cost) and resolution authority for one Accounting Clerk to support payroll functions.

\$82,527

b. Delete funding (\$103,517 direct cost/\$90,743 indirect cost) and position authority for one Assistant Street Lighting Electrician.

(\$194,260)

72. Increase the General Fund appropriation to the Street Lighting Maintenance Assessment Fund and add an appropriation for Digital Inclusion within the Fund.

\$180,000

Public Works – Street Services

73. Additional Tree Trimming Services:

a. Increase funding in the Overtime General account for on-demand tree trimming.

\$800,000

b. Instruct the Bureau of Street Services, in consultation with the Bureau of Street Lighting, to report on the use of Street Lighting Maintenance Assessment funds to support tree trimming work at or near streetlights.

Recreation and Parks

74. Add funding to Contractual Services for brush clearance, partially offset by a reduction for delayed openings of new and expanded facilities.

\$500,000

Unappropriated Balance

75. Delete the full amount in the Nuisance Abatement Enforcement line item. (\$2,000,000)
76. Create a line item in the Unappropriated Balance 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. \$11,000,000
77. Create a new line item in the Unappropriated Balance and set aside funding for Recreation and Parks emergency response operations and shelter activations. \$500,000
78. Create a new line item in the Unappropriated Balance and set aside funding for Payroll Reconciliation. \$11,000,000
79. Increase funding to the Reserve for Mid-Year Adjustments line item, from \$38,000,000 to \$49,000,000. \$11,000,000
80. Create a new line item in the Unappropriated Balance and set aside funding for harm reduction programs and opioid-related work and instruct the CAO to report on the eligibility of the use of Opioid Settlement Funds. \$105,000
81. Create a new line item in the Unappropriated Balance and set aside funding for the Zoo Department's volunteer program and instruct the Zoo Department to report on the status of funding sources and reimbursements. \$55,055
82. Create a new line item and set aside funding for the Transgender, Gender Diverse, and Intersex (TGI) Wellness and Equity Initiative to support services for TGI individuals and instruct the Community Investment Department and Civil, Human Rights and Equity Department to report on the program and the appropriate administering department. \$500,000

## Other Changes

### Building and Safety

83. Add resolution authority and six-months funding for one Assistant Deputy Superintendent of Building I (\$89,496 direct cost/\$77,325 indirect cost) and add funding in the Expense Account (\$30,900) to manage the projected growth of construction associated with the 2028 Games, as well as initiatives for permitting modernization and streamlining, to be funded by the Building and Safety Building Permit Enterprise Fund.

-\$0-

### Cannabis Regulation

84. Add resolution authority and six-months funding for one Principal Accountant I (\$66,179 direct cost/\$43,354 indirect cost) to be funded with the Cannabis Regulation Special Revenue Trust Fund.

-\$0-

### Capital and Technology Improvement Expenditure Program and the Unappropriated Balance

85. Transfer funding (\$5,000,000) for the 2028 Games Venue Approaches from the CTIEP to the Unappropriated Balance and instruct the Department of Transportation to report with details of the scope of work for the project.

-\$0-

### City Planning

86. Add resolution authority and 12-months funding for three Architects, two City Planning Associates, and 11 Architectural Associate Is (\$1,653,556 direct cost/\$1,504,267 indirect cost), and increase funding in the Overtime General (\$500,000) and Office and Administrative (\$201,470) accounts to support and effectuate the transfer of the zoning review function from the Department of Building and Safety to the Department of City Planning, to be funded by the Building and Safety Building Permit Enterprise Fund, pursuant to Council action (C.F. 25-0572-S2).

-\$0-

### Cultural Affairs

87. Add resolution authority and six-months funding (\$94,723 direct cost/\$127,563 indirect cost) for one Art Associate and one Arts Manager I to administer the required art component of the Los Angeles Convention Center Expansion project, to be partially funded by the debt issuance from the Municipal Improvement Corporation of Los Angeles (MICLA) for the Los Angeles Convention Center with a portion of related costs to be funded by the CTIEP One Percent for the Arts line item.

-\$0-

Fire

88. Transfer \$6,000,000 from Sworn Salaries to Constant Staffing Overtime based on fixed post deployment requirements.

- \$0-

General City Purposes

89. Combine the Opioid Remediation Services and Opioid Settlement line items for a total of \$4,000,000, to be administered by the Mayor and Council, and further update the Nondepartmental Footnote to reflect this change.

- \$0-

General Services

90. Add regular authority and six-months funding for one Pre-Press Operator I (\$28,576 direct cost/\$14,388 indirect cost) to be funded with the Publishing Revolving Fund.

- \$0-

General Services, Public Works – Sanitation and Public Works – Street Services and the Unappropriated Balance

91. Transfer Clean Corridors Program funding to the Unappropriated Balance, as follows:
- a. General Services: Delete funding (\$130,901 direct cost/\$59,954 indirect cost) for three positions consisting of one Storekeeper and two Equipment Mechanics to maintain and repair vehicles and equipment as part of the Clean Corridors program; and delete one-time funding in the Overtime General (\$55,000), Field Equipment Expense (\$30,581), and Uniforms (\$1,000) accounts.

(\$277,436)

- b. Sanitation: Delete funding (\$869,003 direct cost/\$399,635 indirect cost) and resolution authority for 20 positions consisting of one Geographic Information Systems Chief, two Geographic Information Systems Specialists, one Refuse Collection Supervisor, five Refuse Collection Truck Operator IIs, one Administrative Clerk, and 10 Maintenance Laborers to implement the Clean Corridors Program; and delete one-time funding in Contractual Services (\$853,000), Office and Administrative (\$8,400), Operating Supplies (\$966,200), Field Equipment Expense (\$1,176,000), Water and Electricity (\$19,800), and Uniforms (\$9,900) accounts.

(\$4,301,938)

- c. Street Services: Delete funding (\$2,581,397 direct cost/\$1,043,880 indirect cost) and resolution authority for 52 positions consisting of 12 Street Services Investigators, four Maintenance and Construction Helpers, 24 Motor Sweeper Operators, four Truck Operators, one Senior Management Analyst I, two Senior Street Services Investigator Is, four Street Services Supervisor Is, and one Street Services Superintendent I to implement the Clean Corridors Program and delete one-time funding in the Hiring Hall Salaries (\$1,085,570), Benefits Hiring Hall (\$530,167), Contractual Services (\$666,667), Operating Supplies (\$408,333), and Overtime General (\$87,500) accounts.

(\$6,403,514)

- d. Instruct the Bureau of Street Services, in coordination with the CLA, CAO, Bureau of Sanitation, General Services Department and Board of Public Works Office of Community Beautification to report prior to the transfer or expenditure of any Clean Corridors Program funds with:
- Clearly defined departmental roles and responsibilities, including identification of the lead department responsible for program oversight, coordination, and implementation;
  - An outline of how the proposed Clean Corridors Program differs from the Bureau of Sanitation's CleanStat Program, including comparisons of program inputs, service delivery models, outputs, intended outcomes, and opportunities to enhance the program;
  - The criteria used and final decision maker to select corridor locations and alternative options for Council consideration;
  - The anticipated impacts to graffiti abatement services and response times in areas outside of the selected corridor locations, including whether the program would redirect existing crews, staffing, or resources;
  - Proposed outcome and performance metrics for the program, including the baseline metrics needed to quantify performance and progress;
  - Details on any additional costs incurred by other City departments, including Department of Transportation for activities such as the installation of temporary no-parking signs, as well as any other operational, enforcement, or maintenance support required for program implementation;
  - A plan for coordination and communication with Council Offices regarding corridor selection and deployment;
  - Estimated costs per deployment and ongoing operational costs;
  - Any equipment, vehicles, or resources necessary to implement the program; and
  - Proposed hiring plans associated with the program.

(\$10,982,888)

- e. Instruct the Bureau of Sanitation, in coordination with the CLA and CAO, to report, prior to the transfer of any expenditure related to the Clean Corridors Program, on the potential to use these funds for CARE or CARE+ teams, including, but not limited to, the Coastal CARE+ team, or any other programs that support the goal of cleaner streets.

Los Angeles Homeless Authority and the Unappropriated Balance

92. Reduce the Shelter and Housing Interventions allocations for Winter Shelters (\$1,560,735) in the LAHSA allocation and transfer the funds to a new line item in the Unappropriated Balance for the Winter Shelter Program (\$1,560,735) pending further policy development.

-\$0-

Housing

93. Add resolution authority and six-months funding for 40 positions to support ULA Programs, consisting of 11 Accountants, four Accounting Clerks, two Administrative Clerks, one Communications Information Representative I, one Data Analyst I, three Financial Development Officer Is, one Graphic Designer I, one Housing Planning and Economic Development Analyst, six Management Analysts, one Public Relations Specialist I, two Rehabilitation Construction Specialist Is, four Senior Accountant IIs, one Systems Administrator I, one Systems Administrator II, one Systems Analyst (\$2,082,015 direct cost/\$1,281,480 indirect cost) to be funded with the House LA Fund.

-\$0-

94. Add resolution authority and six-months funding for one Management Analyst and one Senior Management Analyst (\$110,719 direct cost/\$63,569 indirect cost) to assist with the Asset Management Team and delete resolution authority and nine-months funding for one Graphics Designer II, to be funded with the House LA Fund.

-\$0-

95. Add resolution authority and six-months funding for three Management Analysts (\$162,136 direct cost/\$97,342 indirect cost) to assist with Ellis Act applications to be funded with the Municipal Housing Finance Fund.

-\$0-

96. Add resolution authority and six-months funding for two Management Analysts (\$108,090 direct cost/\$64,898 indirect cost) to improve Cost Recovery Programs (C.F. 25-1313) to be funded with the Rent Stabilization Trust Fund.

-\$0-

Public Works – Engineering

97. Add six-months funding (\$303,550 direct cost/\$192,208 indirect cost) and resolution authority for one Civil Engineer and three Civil Engineering Associate IIIs to provide project and construction management support for the Los Angeles Groundwater Replenishment program. Positions will be front funded by the Sewer Construction and Maintenance Fund and reimbursed by DWP.

- \$0-

98. Financial Management and Data Analytics Realignment:

- a. Delete 12-months funding (\$892,200 direct cost/\$481,231 indirect cost) and position authority for one Senior Management Analyst II, one Management Analyst, two Senior Administrative Clerks, two Senior Management Analyst Is, and one Emergency Management Coordinator I and add 12-months funding (\$985,290 direct cost/\$587,651 indirect cost) and resolution authority for one Chief Management Analyst, one Senior Management Analyst I, two Administrative Clerks, two Senior Management Analyst IIs, and one Emergency Management Coordinator II to be partially offset by the Sewer Construction and Maintenance Fund (\$142,151) and Special Gas Tax Improvement Fund (\$17,570).

\$39,789

- b. Reduce funding in the Overtime General account.

(\$39,789)

Public Works – Sanitation

99. Waste Hauling Operations:

- a. Add resolution authority and three-months funding (\$873,530 direct cost/\$519,401 indirect cost) for 36 positions to support waste hauling operations, consisting of one Senior Management Analyst I, one Refuse Collection Supervisor, 31 Refuse Collection Truck Operator, and two Administrative Clerks.

\$1,392,931

- b. Reduce funding in the Overtime Salaries account.

(\$1,392,931)

100. Financial Management Support for Recycled Water and Sewer Service Adjustments:

- a. Add resolution authority and six-months funding (\$83,428 direct cost/\$41,596 indirect cost) for two positions consisting of one Environmental Engineering Associate II and one Environmental Engineering Associate III, subject to a paygrade determination by the City Administrative Officer.

\$125,024

- b. Reduce funding in the Sewer Construction and Maintenance Operating Supplies account.

(\$125,024)

Public Works – Street Lighting

- 101. Add funding to Contractual Services (\$427,866) from various accounts [Hiring Hall Salaries (\$188,475), Hiring Hall Benefits (\$149,491), and Operating Supplies (\$89,900)] to support the Underground Substructure Locate and Mark Program.

-\$0-

Recreation and Parks

- 102. Position Reallocations:

- a. Add resolution authority and 12-months funding (\$230,310 direct cost/\$185,238 indirect cost) for one Chief Management Analyst and delete position authority and 12-months funding (\$120,589 direct cost/\$96,990 indirect cost) for one Marine Aquarium Administrator at the Cabrillo Marine Aquarium with additional costs to be reimbursed by the Harbor Department, subject to the review of the Personnel Department to determine the appropriate class for the work assignment.

-\$0-

- b. Add resolution authority and 12-months funding (\$110,199 direct cost/\$88,633 indirect cost) for one Management Analyst and delete position authority and 12-months funding (\$70,948 direct cost/\$57,063 indirect cost) for one Management Assistant to support the expanded duties in the Aquatics Division, with additional costs to be absorbed by the Department, subject to the review of the Personnel Department to determine the appropriate class for the work assignment.

-\$0-

- c. Add resolution authority and 12-months funding (\$110,741 direct cost/\$89,069 indirect cost) for one Senior Recreation Director and delete position authority and 12-months funding (\$97,249 direct cost/\$76,217 indirect cost) for one Recreation Facility Director to provide advanced leadership and oversight at MacArthur Park with additional costs to be absorbed by the Department, subject to the review of the Personnel Department to determine the appropriate class for the work assignment.

-\$0-

Transportation

103. Contract Administration Support:

- a. Add resolution authority and six-months funding for one Management Assistant (\$43,376 direct cost/\$26,587 indirect cost) and one Management Analyst (\$60,695 direct cost / \$39,657 indirect cost), and \$10,000 in expense funding, to provide support in the Contracts Division and the development and management of a centralized contracting system.

\$180,315

- b. Reduce funding in the Department's Overtime General Account.

(\$180,315)

104. Restore resolution authority for one filled Management Analyst I (\$80,737 direct cost/\$40,653 indirect cost) and delete regular authority for one vacant Transportation Planning Associate I (\$56,380 direct cost/\$28,389 indirect cost) for Electric Vehicle Infrastructure Resources with additional costs to be absorbed by the Department.

-\$0-

Instructions and Technical Adjustments

105. Adopt Exhibit H as presented in the Proposed Budget, as amended by Attachment B to this report.

General Instructions

106. Instruct all Departments to ensure that all receipts, including settlements and liability claims, are properly deposited into the General Fund, and further request the Controller to ensure that Departments are adhering to this instruction.
107. Instruct all Departments to ensure immediate invoicing for all grant reimbursements.
108. Instruct all departments with pending fee increases that are included in the Proposed Budget, with the assistance of the City Attorney, to report to Council no later than June 30, 2026 with ordinances to effectuate the change in fees. This is to ensure that estimated revenue in the 2026-27 Budget is realized, in accordance with the Annual Fee Studies Policy. Further, instruct all departments to review their fee structures annually and to report to the Budget and Finance Committee by January 1, 2027 with ordinances, status reports or negative replies concerning fee adjustments for the 2026-27 fiscal year.
109. Instruct all City department and bureau heads to promptly notify the CAO of shortfalls in their budget or revenues so that they may be reported in the CAO's financial status reports.

110. Instruct the CAO to continue to provide quarterly or more frequently, if necessary, financial status reports on revenues and expenditures, the status of the Reserve Fund, status of the Budget Stabilization Fund, projected shortfalls and all other elements previously included by the CAO in these financial status reports. Financial status reports should also include the status of liability claims for each of the Liability Payout categories in the Proposed Budget, detailing for each the amount budgeted, available balance, payouts to date, projected payouts for the fiscal year, variance between budget and actual, and, in cases where additional funds will be needed, a brief explanation of the underlying causes for exceeding the budgeted amount and corrective actions being taken to control costs. The reports should include recommendations to protect the City's fiscal health.
111. Instruct the CAO to provide an update to the Four-Year Outlook following adoption of the 2026-27 Budget by the City Council and Mayor. This update may include recommendations to revise the City's Financial Policies to ensure that they align with stated budgetary goals and are not in conflict with one another.
112. Request the City Attorney to report on a quarterly basis to the Budget and Finance Committee on the status of liability claims and outside legal counsel costs, the latter to include proprietary department expense. Such reports to include the following: available balance; encumbered balance; expenditures to date; projected needs for balance of fiscal year; and, if more funds are needed, specify the corrective actions being taken to contain costs.
113. Instruct the Personnel Department to report on a quarterly basis to the Budget and Finance Committee on the status of hiring, recruitment, and the Targeted Local Hire Program, Bridge to Jobs, and Alternative Pathway for Part-Time and Exempt Employees for Personnel and all other departments with high vacancy rates.
114. Instruct all departments to process FMS transactions resulting from Mayor/Council fiscal actions within 10 working days from the approval date as recorded by the Mayor and City Clerk.
115. Instruct the CAO to monitor and ensure timely data entry of budget adjustments by City Departments.
116. Authorization of substitute positions other than for layoff avoidance and/or for which adequate savings within a department's budget has not been identified, shall require Council approval. The use of substitute authorities shall be restricted only to limited duration or critical uses.
117. All new positions are subject to allocation by the Board of Civil Service Commissioners. All positions with pay grades above the minimum authorized level and pay grade upgrades are subject to pay grade determination by the City Administrative Officer, Employee Relations Division.
118. Instruct the City Clerk to open Council Files for reports included in this report and ensure the referral of these reports.
119. Authorize the CLA and CAO to make minor and technical adjustments to accomplish the intent of the changes proposed herein.

120. Relative to the Capital Finance Administration Fund:
  - a. All projects proposed for MICLA financing must be approved by the Council before expending MICLA Commercial Paper proceeds. Further, to the extent that special funds are being used to support MICLA projects, the CAO must reevaluate the use and report on the need for special funds.
121. Instruct all departments to use the Targeted Local Hire, Bridge to Jobs, and Alternative Pathway for Part-time and Exempt Employees programs for the hiring of eligible classifications in the programs.
122. Instruct the CAO to make corrections to sources of funds and schedules to align with the adopted 52nd Year Consolidated Plan.
123. Instruct the CLA to prepare the list of special studies requested by the Budget and Finance Committee and transmit to the Council for consideration.

### **Additional Instructions**

124. Instruct the CLA and CAO to report on options for a pilot Animal Cruelty Task Force focused on Skid Row including phased implementation options, staffing needs, associated costs, and potential offsets.
125. Instruct the CAO, with the assistance of the Personnel Department, Police Department, Office of Finance, City Clerk, and City Attorney, to provide a report analyzing the positions and services currently funded through the Cannabis Regulation Special Revenue Trust Fund for each of the named departments to ensure compliance with special fund eligibility and alignment with the needs of the Department of Cannabis Regulation.
126. Instruct the City Clerk to allow each Neighborhood Council to retain any unexpended funds from the prior year's annual allocation within the Neighborhood Council fund for one year as a one-time exception to the Neighborhood Council rollover policy.
127. Refer Memo 120 to the Executive Employee Relations Committee to mitigate salary impacts for affected employees in the Community Investment Department.
128. Request the City Attorney to prepare and present an ordinance to amend the Fire Code to remove the waiver of the Annual Brush Clearance Initial Inspection Fee for properties that pass the inspection on the first inspection, and to establish a new fee for Defensible Space Inspections conducted by the Fire Department as a result of AB 38, which requires sellers of Real Estate in the Very High Fire Hazard Severity Zone to provide a disclosure to the buyer that the property is compliant with local brush clearance and home hardening requirements prior to the close of escrow. Further, instruct the CLA and CAO to identify ways to assist residents on a fixed income or are users of federal subsidies such as SNAP with payment of this fee, similar to the Lifeline program.
129. Instruct the General Services Department to report within 90 days with an analysis by vehicle classification of market availability for battery electric vehicles (BEV), including a list of specific make and model BEV options available by classification and written justification for all 84 non-electric replacement units included in the Fiscal Year 2026-27 General Services Fleet Replacement Schedule where BEV models are available.

130. Instruct the Department of Neighborhood Empowerment to report on the final digital access needs assessment and cost required to remediate the Neighborhood Councils' digital platforms to ensure compliance with the Americans with Disabilities Act.
131. Refer Memo 98 to the Executive Employee Relations Committee, and instruct the CAO and Bureau of Contract Administration to identify and evaluate potential funding sources for recruitment and retention in the Office of Wage Standards.
132. Instruct the Bureau of Street Services to report to the Public Works Committee within 60 days with proposed criteria for prioritizing projects within the new Sidewalk Maintenance Program.
133. Instruct the Bureau of Street Services to report with a refined cost estimate for the maintenance of off-street bike paths.
134. Refer Memo 106 related to additional resources for the Street Transit Amenities Program to the Budget and Finance Committee.
135. Instruct the Department of Recreation and Parks to report on the status of lifeguard and beach maintenance services at Cabrillo and Venice Beaches during the Mid-Year Financial Status Report.
136. Instruct the CAO and the Department of Transportation to report in the Mid-Year Financial Status Report on parking fine revenue with recommendations to hire an additional 50 Traffic Officers.
137. Instruct the Police Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst and City Attorney, to report to the Budget and Finance Committee by August 1, 2026 on the following three potential options to procure an additional 300 vehicles to temporarily grow the Department's Fleet to meet the resource demands of the 2028 Games, and if applicable, include the draft documents/agreements necessary to proceed with either of the options:
  - a. The authorization of \$23,250,000 in MICLA financing for the purchase of an additional 300 dual-purpose police vehicles. These vehicles would be used for policing during the Olympics and then to replace vehicles that have met the Department's replacement criteria upon completion of the Games.
  - b. The Lease of 300 Patrol Vehicles with a term of 48 months with annual payments commencing upon the delivery of vehicles in July 2027, and an option to buy for \$1 per vehicle at the end of the lease. Upon completion of the Games, these vehicles would replace those that have met the Department's replacement criteria.
  - c. A mix of Options 1 and 2.
138. Instruct the CAO to report on the eligibility of Opioid Settlement Fund money for HIV prevention and treatment, behavioral health support systems, crisis intervention and long-term wellness for the TGI Wellness and Equity Initiative.

139. Instruct the Department of City Planning to work with the Department of Water and Power (DWP) and report on the potential of DWP providing funding assistance relative to data centers and the necessary environmental reviews to complete Zoning Code amendments.

### **Technical Adjustments**

#### Capital Finance Administration Fund - MICLA

140. Delete the MICLA authority for the purchase of 300 black and white patrol vehicles, reducing the overall MICLA authorization for Police Vehicles for the 2028 Games to \$13.042M.
141. Add MICLA authorization of \$392,800 for the purchase of two mini-profilers for the resurfacing of hillside streets.
142. Add MICLA authorization of \$384,000 for the purchase of one mini-sweeper to increase bicycle lane sweeping frequency. Further, instruct the Bureau of Street Services to report with recommendations to ensure that bicycle lanes are swept at the same frequency as streets and to incorporate bicycle paths in its consideration of street sweeping routes.

#### Capital and Technology Improvement Expenditure Program (CTIEP)

143. Add a footnote to the CTIEP Citywide Roof Capital Repairs line item to fund roof repairs at the George and Helen Thomas Multipurpose Senior Center and the West Adams Multipurpose Senior Center.
144. Revise project name from Warner Grand Theatre Phase II to Warner Grand Theatre Phase I and II.
145. Physical Plant - Measure M allocation correction of Public Right-of-Way Assessment Program in CTIEP.

#### Community Investment Department

146. Add the following to the Department's As-Needed list of position authorities: Youth Employment Specialist I, Youth Employment Specialist II, Accountant, Program Aide, Project Coordinator, Management Assistant, and Social Worker.

#### Disability

147. Delete resolution authority and add regular authority for one Principal Project Coordinator included in the Proposed Budget to lead the AIDS Coordinator's Office.

#### General Services

148. Reallocate three Equipment Mechanics to three Heavy Duty Equipment Mechanics with additional costs to be absorbed by the Department.

## Proposition A

149. Revise the title of the “Transit Store” appropriation in Schedule 26 and the Non-Departmental Schedule to “Transit Store and Paratransit Program” with the following updated description: “Funds are provided for the operation of the Transit Store, which is a central information outlet for transit services. The store provides information, sells tickets and Metro fare media and passes, and handles customer service complaints. Funds are also provided for the Cityride program services, including registration, distribution of transit scrip, collection of revenue, and automation. In 2025-26, funding was provided for the operation of the Transit Store.”

## Transportation

150. Add the following classifications to the as-needed Hiring Hall authority to supplement staff for paint and sign maintenance support and traffic signal systems support: City Craft Assistant, Painter, Sign Painter, Laborer, and Traffic Signal Electrician.

## Budget Notes

151. Amend Police Budgetary Department Footnote No. 6 as follows: Designate \$4,378,000 within the Department's Sworn Overtime Account for Interim Housing and the Comprehensive Cleaning and Rapid Engagement (CARE) Program.
152. Homeless Budget - Correct the amount listed under Police Department for Overtime for Interim Homeless Housing Sites and CARE/CARE+ to be consistent with the budgetary footnotes in the 2026-27 Proposed Budget book.
153. Technical Correction to Schedule 39 Household Hazardous Waste Special Fund, Reimbursement of General Fund Costs, to be \$684,633 to match Revenue Outlook.
154. Amend the General City Purposes Safe Passages in South LA line item to correct the designation to Council District 8.
155. Public Works, Bureau of Engineering - Modify Blue Book Item No. 65, Pacific Palisades Library and Recreation Center, to remove "recreation center" from the title and text to reflect appropriate purpose.
156. Public Works, Bureau of Engineering - Modify the text in Blue Book Item No. 73, Engineering Services Program, to reflect the correct classification name as Deputy City Engineer I and that partial funding is provided by the Sewer Construction and Maintenance Fund and the Special Gas Tax Improvement Fund.
157. Transportation - Reduce the 2025-26 Estimated Expenditure for Budgetary Departments to reflect the deletion of a duplicate 2025-26 estimated expenditure entry.
158. Non-Departmental Budget Footnotes – Create a footnote for the UB items for Deferred Maintenance and Capital Repairs and the 2028 Games Venue Approaches to instruct the departments to review the 2028 Games Pico Safety and Mobility Plan Project for prioritization and timelines.

159. City Reserves: The Budget and Finance Committee recommends actions contained in this report that will increase the Reserve Fund from \$4.89M or 5.7 percent of General Fund revenues to \$515.1M or 6 percent of General Fund revenues. Cumulative Reserves will increase from \$721.9M (8.4 percent) to \$764.1M (8.9 percent). When including the Reserve for Extraordinary Liability Claims, the City's cumulative reserves will be \$784.1M, or 9.1 percent of General Fund revenues.

GCP Changes in Council and Mayor Line Items

		Council					
Line Item	2026-27 Proposed Budget	2025-26 Adopted Budget	Difference from 2025-26 to 2026-27	Changes in Funding	Proposed New Amount	New/Existing	Council District
Los Angeles Superior Court Teen Program	\$ -	\$ 125,000	\$ (125,000)	\$ -	\$ -	Existing	2
Mobile Laundry Truck	\$ -	\$ 67,600	\$ (67,600)	\$ -	\$ -	Existing	1
Council District Community Services	\$ -	\$ 1,276,200	\$ (1,276,200)	\$ 1,276,200	\$ 1,276,200	Existing	All
Additional Homeless Services <sup>1</sup>	\$ 7,500,000	\$ 9,000,000	\$ (1,500,000)	\$ 3,000,000	\$ 10,500,000	Existing	All
Council Projects	\$ 15,000,000	\$ 13,500,000	\$ 1,500,000	\$ -	\$ 15,000,000	Existing	All
Heritage Month Celebrations and Special Events	\$ 306,718	\$ 306,718	\$ -	\$ -	\$ 306,718	Existing	All
Special Event Fee Subsidy Citywide	\$ 735,000	\$ 735,000	\$ -	\$ -	\$ 735,000	Existing	All
Official Visits of Dignitaries	\$ 8,100	\$ 8,100	\$ -	\$ -	\$ 8,100,000	Existing	All
Safe Passages in South Los Angeles	\$ 800,000	\$ -	\$ 800,000	\$ -	\$ 800,000	New	8
South LA Strong Summer Program	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ 250,000	New	8
Devonshire Police Activity League	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ 200,000	New	12
<b>TOTAL</b>	<b>\$ 25,934,818</b>	<b>\$ 26,153,618</b>	<b>\$ (218,800)</b>	<b>\$ 4,276,200</b>	<b>\$ 29,076,018</b>		

Mayor

Line Item	2026-27 Proposed Budget	2025-26 Adopted Budget	Difference from 2025-26 to 2026-27	Changes in Funding	Proposed New Amount	New/Existing
CRQLE 24/7 Homelessness Crisis Response	\$ 10,000,000	\$ 7,200,000	\$ 2,800,000	\$ -	\$ 10,000,000	Existing
Community Engagement	\$ 365,408	\$ 365,408	\$ -	\$ -	\$ 365,408.00	Existing
Community Safety	\$ 2,520,000	\$ 2,520,000	\$ -	\$ -	\$ 2,520,000.00	Existing
Crisis Response Team	\$ 882,000	\$ 882,000	\$ -	\$ -	\$ 882,000.00	Existing
Equity and Inclusion	\$ 225,000	\$ 225,000	\$ -	\$ -	\$ 225,000.00	Existing
Gang Reduction and Youth Development (GRYD) Office	\$ 38,406,425	\$ 38,406,425	\$ -	\$ -	\$ 38,406,425.00	Existing
Heritage Month Celebrations and Special Events	\$ 93,282	\$ 93,282	\$ -	\$ -	\$ 93,282.00	Existing
Immigration Integration	\$ 675,000	\$ 675,000	\$ -	\$ -	\$ 675,000.00	Existing
Infrastructure Planning	\$ 450,000	\$ 450,000	\$ -	\$ -	\$ 450,000.00	Existing
International Engagement	\$ 558,000	\$ 558,000	\$ -	\$ -	\$ 558,000.00	Existing
International Visitors Council of Los Angeles	\$ -	\$ 40,000	\$ (40,000)	\$ 40,000	\$ 40,000	Existing
Angelino Connect Program <sup>2</sup>	\$ -	\$ 180,000	\$ (180,000)	\$ 180,000	\$ 180,000	Existing
Green Workforce/Sustainability Plan	\$ 845,947	\$ 184,500	\$ 661,447	\$ -	\$ 845,947	Existing
Office of Re-Integration	\$ 450,000	\$ 450,000	\$ -	\$ -	\$ 450,000	Existing
Office of Major Events <sup>3</sup>	\$ 3,000,000	\$ 1,800,000	\$ 1,200,000	\$ (1,200,000)	\$ 1,800,000	Existing
Open Data and Digital Services	\$ 1,274,000	\$ 1,125,000	\$ 149,000	\$ -	\$ 1,274,000	Existing
Official Visits of Dignitaries	\$ 8,100	\$ 8,100	\$ -	\$ -	\$ 8,100	Existing
Trade and Commerce Relations <sup>4</sup>	\$ 549,000	\$ -	\$ 549,000	\$ -	\$ 549,000	Existing
Inside Safe <sup>5</sup>	\$ 98,700,000	\$ 72,359,316	\$ 26,340,684	\$ (22,016,754)	\$ 76,683,246	Existing
<b>TOTAL</b>	<b>\$ 159,002,162</b>	<b>\$ 127,522,031</b>	<b>\$ 31,480,131</b>	<b>\$ (22,996,754)</b>	<b>\$ 136,005,408</b>	

<sup>1</sup>The 2024-25 allocation for Additional Homeless Services was \$17.0M.  
<sup>2</sup>This restoration will fund the Digital Inclusion Program in the Public Works Bureau of Street Lighting.  
<sup>3</sup>The increased funding is being moved to the Unappropriated Balance.  
<sup>4</sup>Funding was provided in the Unappropriated Balance in 2025-26.  
<sup>5</sup>This reduction also reflects the transfer of Mayfair/ (\$11.8M) to the Alliance Settlement Agreement Program.

Line Item	2026-27 Proposed Budget	2025-26 Adopted Budget	Difference from 2025-26 to 2026-27	New/Existing	Administered By
Opioid Settlement (Joint)	\$ -	\$ 4,000,000	\$ (4,000,000)	Existing	Mayor/Council
Opioid Remediation Services	\$ 2,000,000	\$ -	\$ 2,000,000	New	Council
Opioid Settlement (Mayor)	\$ 2,000,000	\$ -	\$ 2,000,000	New	Mayor
<b>TOTAL CHANGE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		

## EXHIBIT H

### REQUIRED ORDINANCE CHANGES AND OTHER BUDGETARY ACTIONS

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The list below outlines actions necessary to be taken by the Mayor and Council to effectuate the 2026-27 Budget. These include ordinance changes and other actions.

#### I. ORDINANCE CHANGES

1. Authorize the issuance of an amount not-to-exceed \$1.5 billion in Tax and Revenue Anticipation Notes to make the full annual contribution payments in July 2026 to the Los Angeles City Employees' Retirement System Fund and to the Los Angeles Fire and Police Pensions Fund.

#### City Attorney

2. Request the City Attorney to prepare and present all revenue-generating ordinances as expeditiously as possible, but no later than 30 days after final budget adoption.
3. ~~Request the City Attorney, with the assistance from the Bureau of Sanitation, to prepare an ordinance creating a special fund to collect the new fees and reflect reimbursement revenues for RecycLA 2.0 under Department 62 until the fund has been created. (DELETED)~~

#### City Attorney and City Administrative Officer

4. ~~Instruct the Office of the City Administrative Officer, in coordination with the City Attorney's Office, to report in 30 days with recommendations to enhance enforcement of the City's short term rental ordinance and any potential expansion to the ordinance that allows vacation rentals, and with recommendations on which City departments are best suited for effective enforcement. (DELETED)~~
5. Instruct the Office of the City Administrative Officer, in consultation with the City Attorney and the Controller, to create a new special fund, entitled Measure A – Local Solutions Fund for the deposit of the City's allocation from Measure A, which supports affordable housing, homelessness prevention, and mental health services. Funding is provided in accordance with the agreement with the County of Los Angeles. Request the City Attorney, with assistance from the Office of the City Administrative Offer, to prepare an ordinance creating this special fund.

#### City Attorney, City Administrative Officer, and Fire and Police Pensions

6. Request the City Attorney, with assistance from the Office of the City Administrative Officer and Fire and Police Pensions, to prepare a revised Measure FF implementation ordinance to permit amortization of the cost of the Measure FF Transfer payment over a five-year period.

#### City Attorney and Zoo

7. Request the City Attorney, with the assistance of the Los Angeles Zoo (Zoo), to prepare and present an ordinance to amend Section 22.715 of the Administrative Code to increase the Zoo admission fee by \$2 effective July 1, 2026, and instruct the Zoo to take the necessary actions to implement the admission fee increase.

## II. OTHER BUDGETARY ACTIONS

### Citywide

8. Insofar as the budget includes the elimination of filled positions, departments are instructed to transfer incumbent employees into existing vacant positions, where appropriate. If no such vacancy exists, the City may pursue other administrative actions, including the approval of substitute and in-lieu position authorities, to retain these employees. Departments are expected to absorb the costs of these additional authorities. If a department is unable to absorb these costs, the City Administrative Officer shall recommend transfers of funds through financial status reports, including from the Unappropriated Balance - Reserve for Mid-Year Adjustments to pay for the costs of these authorities.

### Animal Services

9. Instruct the Animal Services Department to report to the Mayor and Council on the acceptance of a grant between the American Society for the Prevention of Cruelty to Animals and the Best Friends Animal Society to provide resources that will advance and improve the treatment and care of companion animals by providing grant funding that would include the funding of certain staff costs for the department.

### City Administrative Officer

- ~~10. Authorize a one time exception to the City's Debt Policies to finance black and white vehicles in advance of the 2028 Olympic Games. Instruct the CAO to work with the Los Angeles Police Department to re-evaluate the useful life of black and white vehicles and report back on any changes to previous analyses that were performed to inform debt policies. (DELETED)~~
11. Instruct the Office of the City Administrative Officer to report on the applicability of taxes collected under Measure CB and develop recommendations to fund cannabis industry collections security and investigations and enforcement of laws relative to illegal cannabis businesses. **(AMENDED)**
12. Instruct the Office of the City Administrative Officer to report on whether the Sylmar Fire Station is eligible for MICLA financing and whether that debt can be financed by the Los Angeles Fire and Emergency Preparedness and Response Ordinance, if the measure is passed by voters in the General Election held on November 3, 2026.

### City Planning

- ~~13. Instruct the City Planning Department to develop an ordinance to establish a limited Vacation Rental Program to enable short term stays within the City of Los Angeles Home Sharing Program consistent with the policy considerations in C.F. 18-1246 and with a sunset date no later than December 31, 2028. (DELETED)~~

### Finance and City Administrative Officer

- ~~14. Instruct the Office of Finance and the City Administrative Officer to report with recommendations to allow the pre-payment of Transient Occupancy Tax in advance of the 2028 Olympics from any payer that wishes to assist the City in accelerating critical infrastructure projects, with funds to be designated to the following categories: (DELETED)~~
  - ~~a. 2% for TOT Compliance and Enforcement Activities~~
  - ~~b. 18% for Urban Forestry Management, Tree Trimming and Tree Planting~~

- c.—20% for Street Cleanliness and Maintenance Activities
- d.—20% for Park Programming and Park Facilities Maintenance
- e.—40% for Enhanced and Expanded Curb and Sidewalk Repairs

**Finance and Controller**

15. Instruct the Office of Finance and the Controller to initiate internal borrowing from the City’s special revenue funds, in accordance with Charter Section 340(b), to assist with cash flow management in 2026-27, in-lieu of issuing Tax Revenue Anticipation Notes for this purpose.

**Fire**

16. Instruct the Fire Department, with the assistance of the City Administrative Officer, to report to the Mayor and Council with recommendations on providing funding and position authorities requested during the 2026-27 budget process as identified in the table below, and include additional items recommended for funding during the 2026-27 fiscal year to the extent projected revenue is sufficient, to be funded with the special tax proceeds authorized by the Los Angeles Fire and Emergency Preparedness and Response Ordinance, if the measure is passed by voters in the General Election held on November 3, 2026. **(AMENDED)**

<b>2026-27 Requests</b>	<b>Amount</b>	<b>Positions*</b>
Overtime Variable Staffing Enhancement	\$ 2,880,000	0
Fast Response Vehicles Enhancement	—2,929,795	24
Wildland Hand Crew Enhancement	—1,357,576	32
Emergency Incident Technicians	—4,995,034	42
Engine 211 Staffing Enhancement	—1,200,032	9
Fire Station 87 Hazmat Staffing Enhancement	—1,749,639	12
Fire Station 48 Hazmat Staffing Enhancement	—1,749,639	12
Sepulveda Basin Mitigation Project	—500,000	0
Metropolitan Fire Communications Staff Enhancement	—1,142,448	9
Basic Life Support Rescue Ambulance Enhancement	—2,854,305	24
EMS Battalion Offices Deployment Adjustment	—1,856,995	12
Rescue Ambulance 211 Staffing Enhancement	—713,576	6
EMS Educators and Equipment	—322,703	3
Mobile Integrated Healthcare	—2,068,854	0
Wildland Fuel Management and Heavy Rescue Equipment and Supplies	1,210,581	0
Chief Information Security Officer	—99,510	1
Behavioral Health Program Expansion	—192,610	2
Accounting Division Staffing Enhancement	—234,909	5
Voice Radio System Maintenance	—2,203,005	0
Fire Facilities Front Funding	1,500,000	0
Fire Facilities Hoist Replacement	1,800,000	0
Fire Fencing and Security Management	2,500,000	0
Fire Frank Hotchkin Memorial Training Center Infrastructure Upgrades	—2,000,000	0
Fire Station Upgrades and Repairs	—2,295,000	0
Public Safety Facilities – Fire	—1,600,981	0
<b>TOTALS</b>	<b>\$ 41,957,192</b>	<b>193</b>

\*All position costs are calculated with six-months salaries and salary savings rates considered.

<b>2026-2027 Requests</b>	<b>Amount</b>	<b>Positions*</b>
Overtime Variable Staffing Enhancement	\$2,880,000	0
Fast Response Vehicles Enhancement	2,929,795	24
Wildland Hand Crew Enhancement	1,357,576	32
Emergency Incident Technicians	4,995,034	42
Engine 211 Staffing Enhancement	1,200,032	9
Fire Station 87 Hazmat Staffing Enhancement	1,749,639	12
Fire Station 48 Hazmat Staffing Enhancement	1,749,639	12
Sepulveda Basin Mitigation Project	500,000	0
Metropolitan Fire Communications Staff Enhancement	1,142,448	9
Basic Life Support Rescue Ambulance Enhancement	2,854,305	24
EMS Battalion Offices Deployment Adjustment	1,856,995	12
Rescue Ambulance 211 Staffing Enhancement	713,576	6
EMS Educators and Equipment	322,703	3
Mobile Integrated Healthcare	2,068,854	0
Wildland Fuel Management and Heavy Rescue Equipment and Supplies	1,210,581	0
Chief Information Security Officer	99,510	1
Behavioral Health Program Expansion	192,610	2
Accounting Division Staffing Enhancement	234,909	5
Voice Radio System Maintenance	2,203,005	0
Fire Facilities Front Funding	1,500,000	0
Fire Facilities Hoist Replacement	1,800,000	0
Fire Fencing and Security Management	2,500,000	0
Fire Frank Hotchkin Memorial Training Center Infrastructure Upgrades	2,000,000	0
Fire Station Upgrades and Repairs	2,295,000	0
Public Safety Facilities - Fire	1,600,981	0
Recruit Training Academy	4,365,352	60
Increase the Number of Recruits Per Existing Academy Class from 60 to 100 for a Total of 200 Recruits	9,213,194	80
Core Technology Licensing and Services: Hardware and Software Support, ServiceNow Platform and User License, GIS Licensing, Geotab Annual Subscription, Broadband Activation Expense Funding, Datacenter and Infrastructure Upgrades, Information Technology Platform Subscriptions	1,958,192	0
Executive Oversight and Risk Mitigation	260,727	1

Equipment and Operational Technology	1,500,000	0
Communications Leadership and Operational Oversight	221,468	2
Narcotic Inventory Tracking System	310,000	0
Help Desk Support Staffing	94,335	1
Restoration of Management Analyst for EMS Compliance	85,060	1
Grants Management	119,099	1
CUPA Enforcement Management	154,366	1
Public Assemblage Inspections and Special Event Support	274,364	2
Data Base Architect	137,944	1
Fire Inspector I	261,290	2
<b>TOTALS</b>	<b>\$60,912,583</b>	<b>345</b>
*All position costs are calculated with six-months salaries and salary savings rates considered.		

**General Services**

- 17. Authorize the Controller and the General Services Department (GSD) to transfer funds from the Motion Picture Coordination Fund No. 417 to GSD Fund No. 100/40, Salaries, General Account No. 001010, Overtime General Account No. 001090, Salaries, As-Needed Account No. 001070, Hiring Hall Account No. 001100, Construction Projects Account No. 001014, Hiring Hall Construction Account No. 001101, Hiring Hall Fringe Benefits Account No. 001120, Construction Hiring Hall Fringe Benefits Account No. 001121, Construction Overtime Hiring Hall Account No. 001191, Maintenance Materials Account No. 003160, Construction Materials Account No. 003180, Office and Administrative Account No. 006010, and Operating Supplies Account No. 006020.
- 18. Instruct the General Services Department to report to the Municipal Facilities Committee on the actions necessary to take over an interim-housing site lease previously administered by the Los Angeles Homeless Services Authority at 4511 South Broadway, and to work with the Office of the City Administrative Officer to report on the applicability of these beds towards the Alliance Agreement.

**Bureau of Public Works (AMENDED)**

- 19. Instruct the Board of Public Works Office of Petroleum and Natural Gas to report on the status of updated pipeline franchise agreements and present necessary ordinances to the Council for adoption. New franchise agreements **should not exceed five years**, should reflect updated fees that reflect industry standards, enhance health and safety, include increased penalties for environmental non-compliance, and increase liability requirements for franchisees.

**Bureau of Street Lighting**

- 20. Instruct the Bureau of Street Lighting, with the assistance of the City Administrative Officer, to report to the Mayor and Council with recommendations on the necessary appropriation adjustments and additional position authorities identified in the table below, to be funded by the

proceeds from the proposed street lighting assessments, if the assessment is approved, by June 4, 2026.

<b>Budget Items for New Street Lighting Assessment Funds</b>	<b>Amount</b>	<b>Positions<sup>1</sup></b>
Streetlight Fortification Against Copper Wire Theft Expansion	\$ 484,881	6
Underground Substructure Locate and Mark Contracting	1,000,000	0
Full Funding for Energy Costs	10,022,157	0
Solar Street Lighting Installation Support	1,747,115	18
Conduit Replacement	3,433,071	4
LED Lifecycle Replacement	9,374,911	7
Pole and Foundation Replacement	9,067,570	24
Restoration of Engineering, Administrative and Information Technology Support	1,769,192	20
Maintenance Support Enhancement	350,504	5
Elimination of General Fund Related Cost Subsidy <sup>2</sup>	29,205,099	0
<b>TOTAL</b>	<b>\$ 66,454,500</b>	<b>78</b>

<sup>1</sup>All positions are calculated with nine-months funding and salary savings rates considered.

<sup>2</sup>Shows the increase in General Fund reimbursements associated with the current General Fund subsidy and related costs associated with new positions in this table.

**~~Bureau of Street Services and Transportation~~**

~~21. Instruct the Bureau of Street Services and Department of Transportation to develop a comprehensive plan to address Healthy Streets LA projects coordinated with street resurfacing and sidewalk repair. (AMENDED)~~

**Bureau of Street Services, Transportation, City Administrative Officer, Bureau of Engineering, and General Services**

21. Instruct the Bureau of Street Services, Department of Transportation, Bureau of Engineering, General Services Department, and City Administrative Officer to report within 120 days with a comprehensive plan to address Healthy Streets LA projects and coordination with resurfacing and sidewalk repair, including:
- a. Developing a specific 2026-27 Pavement Preservation Program and related workplans that takes all associated work and costs into account and determines the resources required from all relevant departments to achieve these workplans;
  - b. Proposing an allocation ratio for street resurfacing work that balances Healthy Streets LA projects with Citywide pavement preservation and street repair needs;
  - c. Delaying hiring in the Bureau of Street Services for additional resurfacing work until these workplans are completed and all the departments' resource needs have been determined and addressed;
  - d. Add funding in the Unappropriated Balance for any additional resources needed to enact the Program in compliance with Healthy Streets LA and the Americans with Disabilities Act; and
  - e. Delaying any and all expanded components of the Pavement Preservation Program envisioned in the Proposed Budget until the resolution of the gross receipts tax ballot measure.

## Recreation and Parks

22. Instruct the Department of Recreation and Parks, with the assistance of the Office of the City Administrative Officer, to report on the feasibility of using MICLA to fund the development of a Koreatown Arts and Recreation Center.

## City Administrative Officer (NEW)

### Los Angeles City Business Gross Receipts Tax Measure

23. Reaffirm the actions of the Council on May 13, 2026 (C.F. 26-1100-S7): Implement the following instructions if the Repeal of Los Angeles City Business Gross Receipts Tax measure is approved by the voters in the November 3, 2026 election:
  - a. Request the City Attorney with assistance from the City Administrative Officer to prepare a Declaration of a Fiscal Emergency for the City Council and Mayor's consideration;
  - b. Direct the City Clerk to place the Declaration of a Fiscal Emergency at the first Council meeting following the certification of the November 3, 2026 election results;
  - c. Direct the City Administrative Officer to begin the process to eliminate all new positions supported by the General Fund that were added to the 2026-27 Adopted Budget;
  - d. Request the City Controller to transfer funds from the Unappropriated Balance Payroll Reconciliation Account to the Unappropriated Balance Reserve for Mid-Year Adjustments Account;
  - e. Direct the Los Angeles Police Department and the Personnel Department to suspend police sworn hiring for 2026-27 beginning with the cancellation of the January 2027 police class;
  - f. Direct the City Administrative Officer to initiate a budget reduction process immediately upon adoption of the 2026-27 Budget in anticipation of the ballot measure approval that includes the cancellation or deferral of contracts and capital projects, the elimination of filled positions, and other ongoing reductions to begin in 2026-27 in order to maximize savings;**
  - g. Direct the City Administrative Officer to present to the City Council by December 2026, the recommended budget reductions required to achieve \$800-\$900 million in General Fund savings for 2027-28 including a list of position eliminations;
  - h. Direct the Personnel Department to begin the separation process upon the Council and Mayor's adoption of the position elimination list in order to achieve the savings needed by the start of 2027-28;
  - i. Direct the City Administrative Officer to report to the City Council and Mayor on the impact the required cuts will have on the City's preparation for the 2028 Olympic and Paralympic Games including its ability to meet its obligations as a Host City and provide the services required under service agreements established with the Los Angeles Organizing Committee for the 2028 Olympic and Paralympic Games (LA28); and
  - j. Direct the City Administrative Officer to seek bargaining instructions from the Executive Employee Relations Committee (EERC) to amend all Memoranda of Understanding with represented employees to cancel all future base wage and other compensation increases, and seek other ongoing reductions as necessary, to mitigate the need for filled position elimination.

**Bureau of Street Lighting and City Administrative Officer (NEW)**

24. Instruct the City Administrative Officer, with the assistance of the Bureau of Street Lighting, to report during the 2026-27 MICLA issuance with recommendations for funding the installation of solar-powered streetlights pursuant to C.F. 26-0205.

**General Services Department (NEW)**

25. Instruct the General Services Department to report to the City Council within 90 days with recommendations on the City-owned properties that should be declared surplus and sold. The report should prioritize properties for sale based on their potential to generate the highest revenue and include the anticipated sale timeline.

**City Administrative Officer, Chief Legislative Analyst, and City Attorney (NEW)**

26. Instruct the City Administrative Officer, Chief Legislative Analyst, and the City Attorney to report to the City Council on the City's potential liabilities, legal exposure, available options, and any necessary steps related to the pathway forward with the Los Angeles Homeless Services Authority (LAHSA). The report should be considered prior to the adoption of any governance-related actions pursuant to C.F. 26-0514-S1, so that the Council may be fully informed of the implementation and available courses of action before proceeding with changes to the City's relationship with LAHSA and the County of Los Angeles on the Joint Powers Authority.