


April 27, 2026

To: Honorable Members of the
Budget and Finance Committee

From: Sharon M. Tso 
Chief Legislative Analyst

Overview of the 2026-27 Proposed Budget

As requested by your Committee, we have prepared the attached overview of the 2026-27 Proposed Budget, as submitted by the Mayor on April 20, 2026.

If we can be of further assistance in this matter, please let us know.

SMT:majs

Attachment: Overview of the 2026-27 Budget
As Submitted by the Mayor

OVERVIEW OF THE 2026-2027 PROPOSED BUDGET

AS SUBMITTED BY THE MAYOR



Presented to:
The Budget and Finance Committee

Prepared By:
Sharon M. Tso
Chief Legislative Analyst

2025-26 Budgeted Revenue\$8,178.26M

- Includes One-Time Revenues (\$152.3M)

2026-27 Revenue Estimate\$8,590.08M

- Includes One-Time Revenues (\$148.65M) and Ongoing Revenues (\$415.47M) above 2025-26 base revenues.

Total Revenue Change\$411.82

Balancing the 2026-27 General Fund Budget

2026-27 Expenditures to Maintain 2025-26 Service Levels

- **Obligatory Expenditure Changes (-\$234.74M)**
 - 2025-26 Employee Compensation Adjustment (\$105.88M)
 - 2026-27 Employee Compensation Adjustment (\$7.41M)
 - Unappropriated Balance - Payroll Reconciliation (-\$12.00M)
 - Full Funding for Partially Financed Positions (\$40.87M)
 - Salary Step and Turnover Effect (-\$17.57M)
 - Deletion of One-Time Salary Funding (-\$22.44M)
 - Deletion of One-Time Expense Funding (-\$255.24M)
 - Deletion of One-Time Unappropriated Balance Funding (-\$148.02M)
 - Deletion of Funding for Resolution Authorities (-\$121.74M)
 - Deletion of One-Time Funding for Projects (-\$12.72M)
 - Deletion of Reserve Fund Transfer (-\$121.78M)
 - Restoration of One-Time Reductions (\$53.95M)
 - City Employee Retirement System (\$78.84M)
 - Fire and Police Pensions System (\$40.11M)
 - Human Resources Benefits (\$53.16M)
 - Other Employee-Related Costs (\$0.57M)
 - Police Department - Sworn Deployment Adjustment (\$24.01M)
 - Police Department - Civilian Deployment Adjustment (\$9.51M)
 - Capital Finance Administration Fund and Other Debt (\$7.14M)
 - Charter Mandate Recreation and Parks Funding (\$10.77M)
 - Charter Mandate Library Funding (\$9.93M)
 - Leasing Account (\$0.50M)
 - Water and Electricity (\$0.37M)
 - Budget Stabilization Fund (\$9.00M)
 - Citywide Recycling Trust Fund (\$18.07M)
 - Zoo (\$3.81M)
 - Other Obligatory Adjustments (\$2.87M)
- **Continuation of Existing Services (\$548.99M)**
 - Includes
 - Police - Los Angeles County Metropolitan Transportation Authority (\$97.61)
 - General City Purposes - Homelessness Emergency (\$73.77)
 - General City Purposes - Alliance Settlement Agreement Program (\$54.43)
 - Fire - Constant Staffing Adjustments (\$36.50)

- PW/Sanitation - Comprehensive Cleaning and Rapid Engagement Program (\$25.38)
- Police - Sworn Hiring Plan (\$23.36)
- UB - Ground Emergency Medical Transport QAF Program (\$22.00M)
- Community Investment - FamilySource System (\$16.76M)
- General City Purposes - Lifeline Reimbursement Program (\$15.09M)
- Fire - Firefighter Recruit Training (\$13.82M)
- Transportation - Parking Citation Processing (\$9.23M)
- Community Investment - Survivor Services System (\$7.99M)
- Community Investment – Consolidation (\$7.82M)
- PW/Sanitation - Illegal Dumping Operations (\$7.19M)
- Police - Sworn Overtime Usage Adjustment (\$6.89M)
- City Administrative Officer - Unarmed Model of Crisis Response (\$5.38M)
- Transportation - Crossing Guard Services (\$4.98M)

Balance Available to Maintain Existing Services\$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 - LATA System Transformation Project Expansion (\$0.65M)
 - Finance - LATA 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

2026-27 and Future Years

The Mayor's 2026-27 Budget primarily continues programs and funding from the 2025-26 Adopted Budget, while providing additional funds for a number of the Mayor and the Council's major priorities. The Proposed Budget allocates increased funds for infrastructure improvements such as streets and sidewalks, including those in preparation for the 2028 Games, resources for homelessness-related services, and public safety functions including the hiring and training of 120 Firefighters and 510 Police Officers. Unlike last fiscal year, there are no layoffs proposed in this Budget, and there are no furloughs or other cost-savings measures contemplated in the Proposed Budget. This Proposed Budget, while not without concerns, largely addresses the City's most critical needs without relying on service reductions or personnel reductions that would impact the City's employees.

The City Administrative Officer (CAO) estimates that the City's General Fund receipts will grow by five percent in the next Fiscal Year, from the 2025-26 Adopted Budget. However, when compared to revised 2025-26 estimates, City revenues are projected to only grow by 3.5 percent, which is below the historic average. In addition, the CAO's four-year outlook does not assume the City's budget will be structurally balanced until 2029-30, even with an assumed growth in expenditures for employee costs of just two percent and not factoring in any labor costs resulting from new contracts with the City's labor partners after existing contracts expire. As the City's obligatory costs for employees has grown over recent years, it has become increasingly difficult to balance the budget while providing enhanced services, including homelessness-related services, provided by the General Fund.

The Mayor's Proposed Budget projects that the Reserve Fund will begin 2026-27 at \$489.4M, or 5.7 percent of General Fund Revenue, 0.7 percent above the five percent goal included in the City's financial policies. Rounding out the City's reserves are the Budget Stabilization Fund (BSF) (\$195M) and the Unappropriated Balance, Reserve for Mid-Year Adjustments (\$38M). The City's total reserves are estimated to be \$721.9M on July 1, or 8.4 percent of General Fund revenues which does not meet the City's Financial Policies goal of 10 percent. Because projected ongoing growth of 5.2 percent from the City's seven economically sensitive General Fund tax revenues from the 2025-26 Adopted Budget to the 2026-27 Proposed Budget exceeds the 20-year average ongoing growth threshold of 3.8 percent, the City's Financial Policies require an \$8.2M deposit into the BSF in the upcoming year. The Proposed Budget slightly exceeds this requirement by including a \$9M transfer into the BSF.

The Proposed Budget provides a \$124.7M increase for the Police Department and includes a \$41.8M increase for the Fire Department, largely driven by obligatory increases. The Proposed Budget includes funding to maintain a police force of 8,555 sworn officers by hiring and training 510 new officers to meet attrition. The Proposed Budget further includes funding for the Fire Department to hire and train 120 new firefighters in two new

academy classes. In addition, Exhibit H of the Proposed Budget includes an instruction for the Fire Department, with the assistance of the CAO, to report on the potential to fund a number of new programs in the Fire Department if the “Los Angeles Fire and Emergency Preparedness and Response Ordinance,” a ballot measure proposed for the November 2026 general election that would raise the City’s sales tax by 0.5 percent to support the Fire Department, is adopted by voters.

The Proposed Budget provides \$788.1M for homelessness-related programs, a 17.3 percent decrease from 2025-26. Reductions of note are a decrease of \$1.5M in Additional Homelessness Services funding, an \$18.1M reduction in Proposition HHH Project Expenditures, and \$4M in decreases or discontinuations of funding for a number of CARE and CARE+ related programs.

The 2026-27 Proposed Budget provides \$98.7M in funding to the Mayor’s Office of Housing and Homelessness Solutions to address homelessness, including the Inside Safe Initiative. The 2025-26 Adopted Budget included a total of \$135.7M for Inside Safe, including \$75M in outstanding obligations incurred in 2024-25 pending payments. Subtracting the \$75M in outstanding obligations, the 2025-26 Adopted Budget included \$60.7M in new funding for this line item. The 2026-27 Proposed Budget provides a \$38M increase from this amount. The Proposed Budget assumes that funding for service provision in Inside Safe will be reimbursed through the County-Alliance Memorandum of Understanding.

There are a number of concerns that Council should be aware of while considering the Mayor’s Proposed Budget. Though balanced, the Proposed Budget does not fully restore services cut as part of the 2025-26 Adopted Budget or include many new budgetary programs. Further, while no layoffs are contemplated in the Proposed Budget, there are outstanding issues related to transfers and authorities for positions that were deleted in the 2025-26 Adopted Budget but later maintained on substitute authority. The Proposed Budget adds 776 new positions and regularizes 423 resolution authority positions after major restructuring in 2025-26 in which over 1,600 layoffs were proposed by the Mayor and the City now faces looming ballot measures that have the potential to significantly affect the City budget. The Proposed Budget also does not contain any major structural reforms that may be needed to bring the City’s budget into long-term fiscal health, relies on more optimistic revenue projections, including overly aggressive receipts for reimbursements from the County for the City’s Homelessness Program. The Proposed Budget estimates receipts for this purpose at \$129.9M, while the CAO reports that a more realistic assumption would be \$91.9M in reimbursements during 2026-27. The Proposed Budget also includes funding for the LATAX System Transformation Project when the City’s business tax receipts are being threatened by a ballot measure described below, and provides nine-months funding for the new positions included in the Proposal when it may be more prudent to provide six months funding, allowing time to consider election results.

As outlined in more detail below, the Proposed Budget is non-compliant with a number of the City's Financial Policies, including the requirement that the City's total reserves be 10 percent of General Fund Revenue, that the Capital and Technology Improvement Plan receive 1.5 percent of General Fund revenues, and that one-time revenues be used solely for one-time purposes. With regards to structural balance, the Proposed Budget anticipates achieving this in three years in 2029-30, compared to the one year anticipated during the 2025-26 Budget process, indicating the City's financial condition is regressing. While choices included in the Proposed Budget may be prudent when budgeting in the short term, over the longer-term, non-compliance with these policies will make efforts to bring the budget into structural balance far more difficult, increase the costs for deferred capital projects, and could result in a significant loss of services to City residents in the future.

In addition, while the Proposed Budget does comply with the City's Debt Policy, it includes a one-time exemption from the Policy for the purchase of patrol vehicles for the Police Department. These vehicles do not meet the Policy's requirement that the useful life of the vehicle exceed six years, due to the high depreciation and operational wear. Compliance with the debt policy is critically important. The City will also be issuing additional debt in the upcoming Fiscal Year for the Convention Center expansion project. As the City is already on a negative credit watch, any policy deviations should be carefully vetted to ensure it does not result in a downgrade in the City's credit worthiness causing increased costs for debt service.

Further, the Proposed Budget assumes strong revenue growth, despite increasing economic uncertainty. The ongoing War in Iran will likely result in continued economic harm, even if ended soon, and higher oil prices and resulting inflation could drive down economic growth. It is also difficult to predict economic policy from the Federal government in the second half of the Trump Administration, or if there will be further attempts at creating tariffs or other trade barriers. The CAO has reported that the Proposed Budget does not contemplate the impact of recent events. In addition, two ballot measures have qualified for the November 2026 ballot. First, the "Local Taxpayer Protection Act," a statewide ballot measure that would invalidate the City's authority to collect its own Documentary Transfer Tax which, if adopted, would also invalidate Measure ULA and result in the loss of significant revenues for affordable housing in addition to a potential reduction of General Fund receipts from the City's base Documentary Transfer Tax. Second, a citizen initiative in the City to repeal the City's Gross Receipts Business Tax which, if adopted, would reduce General Fund receipts by up to \$800M. The combined impact of these two measures could exceed \$1B and would be catastrophic for the City's budget.

On a conservative note, the Proposed Budget does not assume any additional revenues resulting from a measure to increase the Transient Occupancy Tax or taxes on unlicensed cannabis business, or revenues resulting from the proposed Citywide Street Lighting Maintenance Assessment District Fee, which would have a beneficial impact on the City's

revenues. However, the Proposed Budget does assume that a number of departmental fees will be adopted by July 1.

Finally, a number of budgetary items are underfunded. The Proposed Budget only partially repays Special Funds a total of \$20M for Palisades building project fee waivers, a \$10M reduction from the \$30M set aside previously approved by the Council and Mayor. Furthermore, the Proposed Budget only includes \$5M of the \$24M the City is required to pay to the Fire and Police Pension Fund as a result of the passage of Measure FF in November 2024 and assumes that the City will be allowed to amortize these costs over multiple fiscal years, requiring the General Fund to pay additional costs in interest to the Pension system. The Proposed Budget also does not include funding for the implementation of any new Charter Reforms, at a time when a number of proposed reforms with potential General Fund impacts are being considered by Council.

Additionally, the Proposed Budget does not include funding for Department Payroll Reconciliation, used for sick leave and personal leave payouts, street lighting energy obligations, including energy costs for the upcoming fiscal year or funding to resolve back-bills from prior years, or costs related to the assumption of beach operations resulting from the termination of the Joint Powers Agreement with the County for Cabrillo and Venice beaches and underfunds civilian salary accounts for the Police Department.

Given the structural problems of the City, and the continued economic uncertainty due to world events and pending ballot measures, the Council should exercise caution and make every effort to ensure the City is meeting its stated budgetary policies when considering the Mayor's 2026-27 Proposed Budget.

Areas of Concern

The City Administrative Officer (CAO) Supporting Information includes key areas of concerns with the Proposed Budget that are discussed below and include: non-compliance with the City's Financial Policies, underfunded and unfunded obligatory expenditures, and revenue risks. In order to fully address these known areas of concern, the City would need to identify \$335.35M.

Non-compliance with the City's Financial Policies

The CAO reports that the Proposed Budget is out of compliance with the City's Financial Policies, as follows:

- **Cumulative General Fund Reserves** - The Financial Policies establish a goal that the Cumulative General Fund Reserves (Reserve Fund, Budget Stabilization Fund, and the Unappropriated Balance Reserve for Mid-Year Adjustments) equal 10 percent of General Fund Revenue (\$859.0M). The Proposed Budget falls short of this goal with a July 1 balance of \$721.9M or 8.4 percent. (Shortfall: \$137.1M)
- **Capital and Technology Improvement** - The Financial Policies state that the City shall invest an annual minimum target of 1.5 percent of General Fund revenue (\$128.85M) for capital and technology improvements and projects. The Proposed

Budget falls short of this policy minimum by investing \$106.48M, or 1.24 percent. (Shortfall: \$22.37M)

- One-Time Revenue - The City's policy is to use one-time General Fund revenues for one-time rather than ongoing expenditures. The Proposed Budget projects \$148.65M in one-time General Fund revenues, while appropriating \$146.07M for one-time expenditures and \$2.58M for ongoing services. (Shortfall: \$2.58M)
- Debt Policy - The Proposed Budget complies with the City's overall debt limits. However, it also requests a one-time exemption from the City's Debt Policy to authorize \$42M in Municipal Improvement Corporation of Los Angeles (MICLA) debt for the purchase of Police Department vehicles, including 300 black and white patrol vehicles. The CAO reports that financing these patrol vehicles with long-term debt is contrary to the Debt Policy and sound fiscal practice, as patrol units typically do not have a useful life exceeding six years due to high depreciation and operational wear, thereby conflicting with the policy requirement that debt be reserved for longer-term assets. (Shortfall: up to \$42M)
- Structural Balance - The City's Financial Policies include a goal of achieving and maintaining a structurally balanced budget in which future revenue can fully pay for future expenditures. In order to assess structural balance, the CAO prepares the Four-Year Budget Outlook (Outlook) that compares projected revenues to projected expenditures through 2030-31. The Outlook projects expenditures will outpace revenues in 2027-28 and 2028-29, and will not achieve a structural balance until 2029-30. However, the CAO reports that the Outlook only assumes two percent growth in employee costs, including salary increases, and no future cost of living increases. Additionally, the Outlook does not include the potential impacts to revenues and expenditures from various pending and proposed ballot measures, including the potential repeal of the City's Gross Receipts Business Tax and other proposed Charter amendments.

The total amount of additional funding needed in order to comply with the City's Financial Policies is \$204.05M.

Underfunded and Unfunded Obligatory Expenditures

The Proposed Budget omits or underfunds several obligatory expenditures, as follows:

- Special Fund Repayment - The City committed to repay special funds for Palisades building project fee waivers of up to \$90M over a three year period (\$30M per year) (C.F. 25-0006-S57). The Proposed Budget sets aside \$20M, resulting in a \$10M shortfall to the City's original commitment. (Shortfall: \$10M)
- Street Lighting Obligations - The Proposed Budget does not include full funding for the Bureau of Street Lighting's energy costs. This includes \$7-12M in anticipated 2026-27 costs and \$8M for the first year of a 10-year plan to resolve outstanding back-bills owed to the Department of Water and Power (DWP) that remain a General Fund liability. Exhibit H of the Proposed Budget includes an instruction to provide an additional \$10M in funding for energy costs if increases to street lighting assessments are approved. (Shortfall: \$20M)

- Pension Funding Non-Compliance - Currently, under Measure FF the City is required by ordinance to pay \$24M to the Fire and Police Pension system associated with Measure FF. Exhibit H includes a request for the City Attorney to amend the ordinance to amortize this payment over five years. The Proposed Budget only includes a payment of \$5M. The proposal to amortize the payment will also need to be approved by the Los Angeles Fire and Police Pensions Board. (Shortfall: \$19M)
- Assumption of Beach Operations - The County of Los Angeles has issued a notice to terminate the Joint Powers Agreement for the operation and maintenance of Cabrillo and Venice beaches effective September 17, 2026. The Proposed Budget does not include the estimated \$6.6M required to fund the lifeguarding and maintenance services currently provided by the County. (Shortfall: \$6.6M)
- Police Civilian Salary Underfunding - The CAO reports that the Police Department will likely begin FY 2026-27 with 2,391 civilian employees, which is 53 more civilian employees than the 2,338 assumed in the Proposed Budget. Consequently, Police civilian employment is underfunded by approximately \$7.7M when accounting for salaries (\$5M) and related costs (\$2.7M). (Shortfall \$7.7M)
- Fire Department Constant Staffing Overtime Underfunding - The cost-of-living adjustments may not have been included in the Proposed Budget. (Shortfall: \$10M)
- Department Payroll Reconciliation Underfunding - The 2025-26 Adopted Budget included \$12M for Department Payroll Reconciliation. The actual cost for payouts was \$13M for sick leave and \$7M for personal leave. The Proposed Budget does not include funding for these costs. (Shortfall: \$20M)

The potential total amount needed in order to fully fund these obligatory expenditures is \$93.3M.

Revenue Risks

The CAO Supporting Information indicates that the Proposed Budget includes overly optimistic revenue assumptions associated with County reimbursements for the homelessness program. The Proposed Budget assumes that in 2026-27 the City will collect 12 months of reimbursements for 2025-26 (\$64.5M) and nine months of reimbursements for 2026-27 (\$65.4M) for services associated with the Alliance settlement, for a total of \$129.9M. However, the CAO reports that a realistic estimate for reimbursements for 2026-27 services is \$91.9M, which is two calendar quarters of reimbursements. Therefore, the Proposed Budget General Fund revenue estimates may be overstated by \$38.0M.

Compliance with Financial Policies:

City Financial Policies		Mayor's Proposed Budget
Reserve Fund	The Reserve Fund shall be 5% of the General Fund Budget.	Compliant: Proposes a Reserve Fund of \$489.4M which equates to a Reserve Fund rate of 5.7% of General Fund revenues. However, the cumulative General Fund Reserves total 8.4%, which is short of the 10% policy.
Capital & Infrastructure	To the extent possible, the City shall annually budget 1.5% of General Fund revenue to fund capital & technology infrastructure improvements.	Not Compliant: Provides 1.24% of General Fund revenue for capital and infrastructure projects (\$106.5M).
One-time Revenue	To the extent possible, current operations will be funded by current revenues. The use of unencumbered prior year balances in all funds shall be scrutinized and carefully limited to be used primarily for one-time expenditures. One-time revenues will only be used for one-time expenditures.	Not Compliant: \$148.7M in one-time revenue is programmed in 2026-27. According to the CAO Supporting Information, one-time expenditures totaling \$146.1M are included in the 2026-27 Proposed Budget. Approximately \$2.6M is programmed for ongoing services.
Pension & Retirement Funding	When the required contribution rate falls significantly below the normal cost rate, the City will set aside the incremental rate amount for one-time expenditures only.	Not Applicable: A credit has not been earned; therefore funding is not set aside in accordance with this policy.
Budget Stabilization Policy	This fund is intended to prevent overspending during prosperous years and provide resources to help maintain service levels during lean years.	Compliant: \$195M is included in the 2026-27 Proposed Budget for the Budget Stabilization Fund (BSF). The BSF Policy requires an appropriation to the BSF, and the Proposed Budget includes an appropriation of \$9M to the BSF.
Debt Policy	<p>This Policy guides the use of General Fund revenue to pay debt service. Debt should be used to finance essential capital assets with a useful life of six years or more. City operations, maintenance, or capital equipment with less than a six-year useful life should be funded with pay-as-you-go financing.</p> <p>The ratio of total debt service payments (including voter approved debt) shall not exceed 15% of General Fund revenues, and the ratio for non-voter approved debt, alone, shall not exceed 6%.</p>	<p>Not Compliant: The 2026-27 Proposed Budget complies with this Policy, inasmuch as proposed debt will result in a total debt ratio of 3.73% and a non-voter approved debt ratio of 2.43%</p> <p>However, the Proposed Budget includes MICLA financing for Police patrol vehicles, which is not compliant with the City's policy to finance capital assets with a useful life of six years or more. Exhibit H in the Proposed Budget requests a one-time exemption to the Debt Policy to finance the purchase of patrol vehicles.</p>

Revenues

Revenue Outlook: According to the CAO's Revenue Outlook, the City's General Fund Revenue has experienced increased variability across its receipts, making it difficult to

develop reliable revenue estimates for future years. In recent years, pandemic-driven closures and recovery, 40-year high inflation, rapid federal reserve rate increases, labor strikes, disruptive federal policies, and government shutdowns have increased the volatility in City receipts.

The CAO reports that the multi-year economic loss from the January 2025 wildfires is projected to be as high as \$10.1B with tax revenue loss of \$1.6B. Additionally, soon after the fires, President Trump introduced further economic uncertainty with on-and-off tariffs, federal spending cuts, layoffs and shutdowns, and increased immigration and border enforcement. Following these federal actions, there were retaliatory trade actions and boycotts of U.S. products and tourism to the U.S.

The CAO also notes that the onset of the Iran war on February 28, 2026 has increased global energy prices and inflationary pressures, which presents further risks to City receipts and challenges to develop accurate revised and proposed year revenue estimates for the budget. The revised 2025-26 and proposed 2026-27 revenue estimates incorporate available economic and industry forecasts, but many forecasts predated the Iran war. Revised estimates rely primarily on trends in tax receipts that may not capture recent economic changes, including increases in fuel prices, inflation, or mortgage rates. Therefore, the CAO reports that estimates for economy-sensitive receipts face downside risks.

While there was a decline in international travel in early 2025 that reduced hotel tax receipts over two fiscal years, the CAO projects that this could recover in 2026 with the upcoming World Cup. Also, the federal reserve rate reductions in 2025 resulted in lower mortgage rates that ensured current year documentary transfer tax revenue met anticipated growth. However, the Iran war has triggered recent increases and reduced anticipated federal reserve rate cuts, which could slow sales and price appreciation below real estate industry projections. Additionally, increased gas prices and inflation may curtail consumer spending in the next year. The CAO further reports that increased electrification trends, fluctuations in power generation costs, and peak weather heating-and-cooling demands increased electricity users tax revenue in 2025-26 with higher growth assumed for 2026-27. However, there was lower-than-average growth assumed for property tax for a third fiscal year.

2025-26 Revised General Fund Revenue: The 2025-26 Adopted Budget of \$8.178B represented a 3.7 percent increase in revenues above the 2024-25 revised budget, lower than the 20-year average growth of four percent. The revised 2025-26 General Fund revenue is now estimated at \$8.298B, which denotes a \$120M, or 1.5 percent, increase to the 2025-26 Adopted Budget revenue.

The following receipts positively impacted the Revised General Fund Revenue for 2025-26:

- \$23.2M increase in sales tax receipts;
- \$64.5M increase in business tax receipts;

- \$43.5M increase in utility users tax receipts;
- \$21.2M increase in department receipts;
- \$17.2M increase in parking citation revenue;
- \$6.1M increase in parking occupancy tax; and
- \$2.3M increase in residential development tax.

The following receipts negatively impacted the Revised General Fund Revenue for 2025-26:

- \$10.9M decrease in transient occupancy tax receipts;
- \$10.2M decrease in property tax receipts without including the \$22M state wildfire assistance;
- \$17.1M decrease of the Special Parking Revenue Fund transfer;
- \$21.1M decrease in ex-CRA tax increment;
- \$10.3M decrease in interest earnings due to a lower General Fund balance;
- \$3.9M decrease grant receipts with delayed COVID-19 reimbursements from the Federal Emergency Management Agency (FEMA);
- \$3.1M combined decrease in franchise income; and
- \$2.2M decrease of the Power Revenue Fund transfer.

2026-27 Proposed General Fund Revenue: The Proposed Budget estimates General Fund revenue of \$8.59B, which represents a \$411.8M increase, or five percent, from the 2025-26 Adopted Budget revenue estimate. The proposed amount also represents an increase of \$291.9M, or 3.5 percent, above revised revenue estimates for 2025-26.

The Proposed Budget includes \$148.65M in one-time revenue, of which \$132.63M is derived from Homelessness Related Expiring Alliance and Prior-Year Reimbursements. Other one-time receipts include: \$8.02M from grant receipts, including FEMA reimbursements for COVID-19 and other disaster response efforts and \$8M in Business Tax – Prior-Year Tax Discovery receipts. No transfers from the Reserve Fund or Budget Stabilization Fund are included in the Proposed Budget.

Property Based Revenue (\$3B): The Proposed Budget estimates a net increase of 3.6 percent from 2025-26 revised receipts, reflecting a 4.1 percent growth in total assessed value for 2026-27. In future fiscal years, the Proposed Budget forecasts that property taxes will increase by 4.7 percent in 2027-28 to \$3.1B, then rise by 5.5, 5.4, and 4.9 percent, respectively, in the three subsequent years to reach \$3.6B in 2030-31. Growth in total 2026-27 property tax (base) receipts is anticipated to be higher (4.5 percent) with the delayed tax payments for fire-affected properties. Former Community Redevelopment Agencies (CRA) property tax increment growth is likewise anticipated to be lower (2.7 percent) based on the -0.9 percent decline in tax increment receipts for the current year. The Proposed Budget anticipates that the City will receive \$155.6M in ex-CRA funds in 2026-27.

Documentary Transfer Tax (\$203M): The Proposed Budget for 2026-27 reflects an increase of \$9.3M over the 2025-26 Adopted Budget and \$9.9M above 2025-26 revised

receipts. The 2026-27 Documentary Transfer Tax revenue projection is based on real estate industry forecasts anticipating continued recovery in sales volume, contingent upon corresponding declines in mortgage rates. There is risk to this estimate as mortgage rates have since increased due to concerns about inflation brought on by the Iran war. For 2027-28 and beyond, the forecast assumes historically average growth. It is important to note that Documentary Transfer Tax revenue is highly sensitive to fluctuations in the housing market.

Transient Occupancy Tax (TOT) (\$313.5M): The Proposed Budget projects a \$9.4M increase (3.1 percent) in TOT revenue compared to the 2025-26 revised receipts. This includes an \$8.4M increase from hotel activity and a \$1M increase from short-term rentals. These projections are based on current collection trends and industry forecasts, which anticipate lower growth due to economic uncertainty and reduced foreign tourism. Growth is anticipated through 2028-29 based on trends in current receipts and the tourism industry forecast for the Los Angeles region, which includes the impact of the 2026 World Cup, the 2027 Super Bowl, and the 2028 Olympic and Paralympic Games.

Business Tax (\$896M): The Proposed Budget projects a \$6.5M (0.7 percent) increase in business tax receipts compared to 2025-26 revised receipts. The increase in total business tax receipts is primarily attributed to one-time and ongoing tax receipts from increased discovery efforts. The forecast assumes historically average growth for non-cannabis tax receipts. The Proposed Budget assumes a decline in 2026-27 cannabis business tax receipts and no growth in future years.

Sales Tax (\$681.5M): The Proposed Budget projects a \$10.8M (1.6 percent) increase in sales tax receipts compared to 2025-26 revised receipts. This projection reflects lower-than-average growth due to decreasing consumer confidence under current economic conditions. There is also downside risk to the 2026-27 sales tax revenue projection from increasing gas prices, inflation, and stalled federal reserve rate reductions.

Departmental Receipts (\$1.9B): The 2026-27 Proposed Budget estimates departmental receipts of \$1.9B, a net increase of \$189.8M (11.4 percent) over 2025-26 revised receipts. This growth is largely driven by higher reimbursements and service-related receipts, including:

- \$81.1M from Los Angeles County remittances related to the Alliance Settlement agreement and Measure A;
- \$64.4M from Solid Waste Fee reimbursements due to scheduled fee adjustments that commenced in 2025-26;
- \$51.9M from special fund reimbursements due to updated Cost Allocation Plan (CAP) rates, salaries, and special fund available cash;
- \$16.8M for services to the Sewer Construction and Maintenance Fund from various departments;
- \$20.4M for services to Airports by the Fire and Police Departments;
- \$7.9M from MICLA reimbursement related to the Convention Center project;
- \$7.9M for services to the Harbor Department by the Fire Department;

- \$5.5M from Library and Recreation and Parks based on CAP and salary changes; and
- \$4.4M from Police Excessive False Alarm, Impound fees, and miscellaneous Police service revenues.

These gains are partially offset by projected declines in:

- Prior year related cost reimbursements (-\$25.2M);
- Ambulance billing revenue (-\$12.1M);
- Metro reimbursements (-\$11M);
- State mandates reimbursements (-\$8.4M);
- Fire services (-\$6M);
- Gas Tax reimbursements (-\$5.7M); and
- General Services Department construction pass-through (-\$2.3M).

Parking Occupancy Tax (\$151.9M): Average growth of 3.1 percent is assumed for parking occupancy tax receipts, an increase of \$4.5M from 2025-26 revised receipts. While parking occupancy tax receipts were subject to significant decreases followed by recovery during pandemic-era closures and reopenings, they have been less vulnerable to recent changes in economic conditions. The parking occupancy tax receipts estimate for 2025-26 is based on the current trend in receipts, including those attributed to the prior fiscal year. 2026-27 and outgoing years assume growth in line with historical receipts.

Power Revenue Transfer (\$219.7M): The transfer from the Power Revenue Fund is set as a percentage of prior-year gross operating power revenue, not to exceed net income. The 2026-27 transfer will be subject to the approval of the Board of Water and Power Commissioners. The amount included in the 2026-27 Proposed Budget is \$219.7M, which is a \$6.1M decrease from the 2025-26 transfer amount of \$225.8M.

Charter Amendment J requires DWP to submit its preliminary budget for the upcoming fiscal year to the City Council by March 31 to allow Council to consider the impacts of the DWP budget on the City. The Board of Water and Power Commissioners considered the 2026-27 Preliminary Budget on March 10, 2025. DWP's Preliminary Budget was transmitted to the City Council on March 13, 2026.

Fee Adjustments

Fees: The following departmental fee adjustments are included in the 2026-27 Proposed Budget:

- Building and Safety: The Department conducted a fee study for the Building Permit Enterprise Fund to reflect the cost of permit and inspection services. The proposed rate adjustments were transmitted to the Council on February 6, 2026 (C.F. 26-0163) and are estimated to generate \$44.6M in revenue. The Planning and Land Use Committee approved the updated fees on April 14, 2026. The fee study is currently pending before the Budget and Finance Committee (C.F. 26-0163).
- Cannabis Regulation: There are various fee increases for the Department of Cannabis Regulation for commercial cannabis, including application, licensing,

inspection, and regulatory services. These fees were last changed in 2025-26; the Proposed Budget anticipates that fee increases will be offset by reduced activity. Potential receipts from these adjustments cannot be determined at this time.

- Fire: Various special services fees are proposed for adjustment to ensure the Department's costs are fully recovered. The Proposed Budget projects that adjustments to these fees, if approved, will generate \$1.3M in revenue. A fee study has not been transmitted for the various adjustments.
- Public Works – Sanitation: The Bureau has identified annual administrative costs it incurs to manage and administer the RecyclA Program. The fee study is currently pending before the Energy and Environment Committee (C.F. 23-1032). The Proposed Budget projects that, if approved, this RecyclA Administrative Fee will generate \$5.7M in revenue.
- Public Works – Street Services: On March 25, 2026, the Board of Public Works approved increases to various Bureau of Street Services Investigation and Enforcement Division fees, including Building Material Permits and Special Events, which are estimated to generate \$2.8M in additional receipts. The Board transmitted the Bureau's fee study to the Council and the fee study is currently pending before the Public Works and Budget and Finance Committees (C.F. 26-0467).
- Transportation: The CAO has conducted a fee study to recover City costs for the On-Demand Mobility Program, though trip fees in Equity-Focused Mobility Development Districts would be partially subsidized per equity goals under the study's recommendations. The increased fees are estimated to generate \$2.1M in additional revenue. The fee study is currently pending before the Budget and Finance Committee (C.F. 17-1125).

Fees – Not Full Cost Recovery: The CAO's Supporting Information identifies a total of 47 licenses, fees, and permits that are not full cost recovery in the following departments:

- Animal Services (7): Department has insufficient staff to perform fee studies and some fees are subsidized as a result of policy decisions to set fees below full cost recovery to encourage responsible animal ownership.
- City Planning (23): Most fees subsidized as a result of policy decisions to minimize financial barriers and encourage participation in the City's regulatory planning review processes.
- Cultural Affairs (4)
- El Pueblo (4)
- Housing (1): A fee study for inspection fees and penalties on foreclosed properties is expected to be completed in calendar year 2026.
- Public Works, Board (2): Fee studies/reviews are currently being developed.
- Public Works, Bureau of Street Services (5): Bureau has insufficient staff to perform fee studies related to tree removal permits and street tree planting.
- Transportation (1): The Department is working on an update related to fees for the temporary removal and reinstallation of parking meters, posts, and signs due to construction and filming.

Special Fund Subsidies – Not Fully Reimbursed: The Special Fund Subsidy Policy states that the goal for special funds is to fully reimburse the General Fund for all direct expenditures and related costs provided to support their programs. There are a number of special funds that do not fully reimburse related costs based on current proposed reimbursements, including the following:

- Local Public Safety Fund (\$110.1M): The City is able to apply related costs to its maintenance of effort for the Fund, but chooses to use the Fund for direct salaries, which supplements the General fund.
- Zoo Enterprise Revenue Fund (\$23.7M): Insufficient funds for full related costs reimbursement.
- Street Lighting Maintenance Assessment Fund (\$23M): Fund pays for fringe and central services only, insufficient funds for full related costs reimbursement.
- Planning Case Processing Special Fund (\$22.8M): The subsidy is a result of the policy decision to set fees below full cost recovery.
- Stormwater Pollution Abatement Fund (\$17.9M): Insufficient funds for related costs reimbursement.
- Special Gas Tax Improvement Fund (\$17M): Insufficient funds for full related costs reimbursement.
- Street Damage Restoration Fee Special Fund (\$14.7M): Insufficient funds for full related costs reimbursement.
- Citywide Recycling Trust Fund (\$9M): Insufficient funds for full related costs reimbursement.
- Solid Waste Resources Revenue Fund (\$7.2M): Insufficient funds for related costs reimbursement.
- Planning Long-Range Planning (\$6.1M): The subsidy is a result of the policy decision to set fees below full cost recovery.

City Reserves

The City maintains its reserves in a number of funds, made up of the Reserve Fund (consisting of the Contingency Reserve and the Emergency Reserve), the Budget Stabilization Fund, and the Reserve for Mid-Year Adjustment account in the Unappropriated Balance. The chart below outlines the Proposed Budget's reserves, as compared to the actual allocations in the current fiscal year:

Fund	FY 2025-26 Adopted	FY 2025-26 Actual on July 1, 2025	Mayor's Proposed 2026-27 Budget
Reserve Fund			
● <i>Contingency Reserve</i>	\$195M	\$177M	\$253.2M
● <i>Emergency Reserve</i>	\$224.9M	\$224.9M	\$236.2M
RESERVE FUND TOTAL	\$419.9M	\$401.9M	\$489.4M
<i>Reserve Fund % of GF Revenues</i>	5.13%	4.91%	5.7%
Budget Stabilization Fund (BSF)			
● <i>Beginning Balance, July 1</i>	\$208.1M*	\$208.8M*	\$185.5
● <i>BSF Deposit</i>	-	-	\$9M
BSF BALANCE (Available on July 1)	\$208.1M	\$208.8M	\$194.5M
Unappropriated Balance (UB)			
● <i>Reserve for Mid-Year Adjustments</i>	\$125M	\$125M	\$38M
UB RESERVES TOTAL	\$125M	\$125M	\$38M
TOTAL RESERVES	\$753M	\$735.7M	\$721.9M
<i>Total Reserves % of GF Revenue</i>	9.21%	9%	8.4%
* \$29M transfer from the BSF approved for budget balancing.			

The BSF policy requires an appropriation to the BSF of \$8.2M as a result of the 5.2 percent cumulative growth of the City's seven economically sensitive General Fund tax revenues, which is 1.4 percent above the 20-year average of 3.8 percent. The City must deposit funds totaling 10 percent of the calculated value above the expected amount of revenues. The calculated value of the revenues above the expected amount totals \$82M, thus requiring an \$8.2M deposit. The Proposed Budget complies with the BSF policy by including an appropriation of \$9M for the BSF.

Policy Considerations

Exhibit H - Required Ordinance Changes and Other Budgetary Actions: Exhibit H outlines actions necessary to be taken by the Council and Mayor in order to implement the Proposed Budget. In past years, the Proposed Budget has also included instructions in Exhibit H and proposals on policy matters for which Council has already taken action or that may require further refinement and discussion in a Council Policy Committee and full Council prior to endorsement. Instructions for reporting purposes do not necessarily need to be included in Exhibit H as they are not needed to implement the budget.

Notable instructions in Exhibit H of the 2026-27 Proposed Budget include the following instructions and requests:

Ordinance Requests

- Request the City Attorney to prepare an ordinance to:
 - Create a new special fund, entitled Measure A – Local Solutions Fund, for the deposit of the City’s allocation from Measure A;
 - Allow amortization of the Measure FF payment to the Fire and Police Pension system over a five-year period; and
 - Increase the Los Angeles Zoo admission fee by \$2 effective July 1, 2026;

Tax and Revenue Anticipation Notes

- Authorize the issuance of an amount not-to-exceed \$1.5B 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;

Exception to City’s Debt Policies for Police Vehicles

- Authorize a one-time exception to the City’s Debt Policies to MICLA finance black and white vehicles in advance of the 2028 Olympic and Paralympic Games;

Use of Proceeds from the Proposed Los Angeles Fire and Emergency Preparedness and Response Ballot Measure

- Instruct the Fire Department, with the assistance of the CAO, to report to the Mayor and Council with recommendations on providing funding and position authorities identified in the table in Exhibit H, and include additional items recommended for funding during FY 2026-27 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;

Use of Proceeds from the Proposed Street Lighting Assessments

- Instruct the Bureau of Street Lighting, with the assistance of the CAO, to report to the Mayor and Council with recommendations on the necessary appropriation adjustments and additional position authorities identified in the table in Exhibit H, to be funded by the proceeds from the proposed street lighting assessments, if the assessment is approved, to be determined on June 4, 2026;

General Instructions to City Departments

- Instruct the CAO, 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;
- 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;

- Instruct the CAO 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;
- 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;
- Instruct the Office of Finance and the CAO to report with recommendations to allow the pre-payment of Transient Occupancy Tax (TOT) in advance of the 2028 Olympic and Paralympic Games from any payer that wishes to assist the City in accelerating critical infrastructure projects, with funds to be designated to the following categories: a) 2 percent for TOT Compliance and Enforcement Activities; b) 18 percent for Urban Forestry Management, Tree Trimming and Tree Planting; c) 20 percent for Street Cleanliness and Maintenance Activities; d) 20 percent for Park Programming and Park Facilities Maintenance; e) 40 percent for Enhanced and Expanded Curb and Sidewalk Repairs;
- 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 reflect updated fees that reflect industry standards, enhance health and safety, include increased penalties for environmental non-compliance, and increase liability requirements for franchisees; and
- 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.

Functional Transfers: The Proposed Budget reflects the consolidation and transfer of the Departments of Aging, Economic and Workforce Development, and Youth Development to the Community Investment Department per Mayor and Council action. The Proposed Budget also transfers a Custodial Crew consisting of one Senior Custodian I and three Custodians from the General Services Department to El Pueblo. This transfer would create a Custodial Services Unit at El Pueblo to be funded by the El Pueblo de Los Angeles Historical Monument Revenue Fund. Additionally, the Proposed Budget transfers funding from the Information Technology Agency for Social Media Tools to the General City Purposes budget under the Open Data and Digital Services line item.

State Funding: The State Budget as currently proposed does not include any issues of significant concern to local governments. The Governor will release a revised budget anticipated in mid-May (the May Revise). This is the document that will receive the greatest attention in Sacramento and has the potential to include additional matters that could affect local governments.

The Governor's 2026-27 Budget Proposal anticipates a "roughly balanced" budget, with a projected shortfall of \$2.9 billion. The Governor's proposal attributes the smaller-than-expected shortfall to higher than anticipated revenue estimates based on strong income tax receipts. In order to address this shortfall, the Governor proposed reductions in state operations, as well as the elimination of vacant positions. However, state analysts are concerned that the State's deficit could be much larger (\$18B), as their projections take into account the possibility of a stock market downturn if investor enthusiasm around artificial intelligence falls and the potential for an economic downturn.

It is anticipated that a State Budget will be adopted by the June 15, 2026 constitutionally mandated deadline, but funding decisions are expected to be provisional. City staff will monitor the May Revise and report potential issues that could affect the City budget at that time and as the Legislature conducts its review. Of particular interest will be any funding cuts stemming from funds provided by the Federal government, shifts in the economy as a result of actions in the Middle East, and reductions related to Medi-Cal and housing and homelessness programs, which will inform budget negotiations surrounding the State Budget moving forward.

Federal Administration Potential Impacts: The Proposed Budget does not include any significant changes resulting from actions of the Federal administration. However, changes to State and federal grants for homelessness funding can be found in the Homeless Budget summary.

Position Adjustments

Changes in Net Positions: The 2026-27 Proposed Budget adds a net 424 regular authority positions and adds 675 new resolution authority positions. The departments that incur the largest number of regular authority positions proposed for addition include: Bureau of Sanitation (116), Fire (68), Bureau of Street Services (57), and Transportation (53). The Community Investment Department shows a large increase (126), but this is due to the addition of the consolidated department positions.

Resolution authority positions are typically provided for programs with a limited duration and are reviewed annually for continuation. A portion of discontinued resolution authority positions are proposed to be converted to regular authority positions.

Partially Funded/Unfunded Positions: The 2026-27 Proposed Budget includes 649 partially funded and unfunded positions; 600 have partial funding, while the remaining 49 are authorized without funding. In prior years, new positions were provided nine-months funding because it is assumed that the positions cannot be filled immediately on July 1. Generally, the Proposed Budget provides nine-months funding for new special funded positions and new General Fund positions. However, three positions at the Bureau of Contract Administration were provided with six-months funding; five positions at the Department of Recreation and Parks were provided with three-months funding; and 55 positions at the Department of Transportation were provided with three-months funding.

Deletion of Filled Positions: The 2026-27 Proposed Budget recommends the deletion of 88 filled positions, which includes both regular and resolution authority positions. The deletion of a filled position may not necessarily result in a layoff for various reasons, including but not limited to: (1) departments may be able to absorb displaced personnel within their departmental vacancies; (2) departments may be able to identify a position that is funded with special or other funds; (3) a filled position may have become vacant since the drafting of the Proposed Budget; or (4) displaced personnel may be transferred to another department with vacancies.

Targeted Local Hire: The Targeted Local Hire (TLH) Program seeks to target and recruit individuals from vulnerable populations and help provide an alternate pathway into civil service employment. The TLH Program utilizes a six-month on-the-job training period to train employees to perform at the level of an entry-level civil service classification into which they will eventually transition. TLH candidates will serve in one of the following civil service probationary classifications before transitioning to a civil service classification: Administrative Clerk, Animal Care Technician, Animal License Canvasser, Custodian, Delivery Driver, Garage Attendant, Gardener Caretaker, Maintenance Laborer, Mechanical Helper, Street Services Worker, Tree Surgeon Assistant, and Warehouse and Toolroom Worker.

As of March 31, 2026, 1,294 employees have been hired through the TLH Program since 2021-22, including 60 in the current fiscal year. The top-hiring departments in 2025-26, are as follows:

- Housing (18);
- Recreation and Parks (13);
- Airports (7); and
- Animal Services (6).

Bridge to Jobs: The Bridge to Jobs (BRIDGE) Program seeks to target and recruit individuals from vulnerable populations and help provide an alternate pathway into civil service employment. These positions are full-time, paid, and provide on-the-job training. The main difference between this program and the TLH Program is that the BRIDGE Program seeks to hire individuals to semi-skilled classifications. These classifications include: Accounting Clerk Trainee, Cement Finisher Worker Trainee, Communications Electrician Trainee, Communications Information Representative Trainee, Community Services Representative Trainee, Customer Service Specialist Trainee, Electrical Craft Helper Trainee, Field Engineering Aide Trainee, Inspector Trainee, Investigator Trainee, Maintenance and Construction Helper Trainee, Security Officer Trainee, or Traffic Painter and Sign Poster Trainee.

Candidates hired through the BRIDGE Program are appointed to a training classification and are exempt from civil service during this period. All trainees hired through the BRIDGE Program must successfully complete the on-the-job training period in order to move forward to the applicable “Assistant” classification. Upon appointment to the

applicable “Assistant” classification, individuals will need to complete a six-month civil service probationary period before transitioning to full time civil service employment.

As of March 31, 2026, 476 employees have been hired through the BRIDGE Program since 2021-22, including 13 in the current fiscal year. The top-hiring departments in 2025-26 are as follows:

- Finance (9);
- Airports (3); and
- Bureau of Street Services (1).

Expenditures - Significant Issues

Other Efficiencies and Reductions: The Proposed Budget includes a reduction of \$14.3M resulting from Efficiencies and Reductions to Services, with the largest reductions in Street Services (-\$3.2M), General City Purposes (-\$3.4M), Public Works Board (-\$1.4M), Personnel (-\$1M), and Animal Services (-\$1M).

Potentially Underfunded Accounts: There are various accounts that may not have been allocated sufficient funding based on current expenditure patterns, or due to the volatile nature of the spending type, as follows:

- Board of Public Works – Contractual Services: Funding (\$14.3M) may be insufficient if there is a continued increase in work cost due to graffiti, community clean-up activities, and homeless encampment clean-ups. The projected spending for 2025-26, supplemented by Council Offices, is approximately \$40.8M. The Board of Public Works has spent \$35.9M or more on Contractual Services every year since 2021-22.
- Liability Claims: Funding (\$210.4M) for Liability Claims and additional reserve funding (\$20M) for Extraordinary Liability exceeds projected spending (\$196M) for 2025-26, but is less than 2023-24 (\$254.8M) and 2024-25 (\$281M) actuals.
- City Attorney – Litigation: Funding (\$7.9M) may be insufficient if continued increased costs for legal expenses persist. Projected spending for 2025-26 is \$20.2M. This account has been underfunded by over \$2.5M since 2022-23.
- City Attorney – Outside Counsel: Funding (\$6.7M) may be insufficient as projected spending in 2025-26 exceeds \$16.4M. Outside Counsel spending has not been below \$7.1M since 2021-22.
- Public Works Bureau of Sanitation – Overtime General: Funding (\$34.2M) may be insufficient if there is continued need for overtime to address vacancies, turnover, hiring delays, and mandatory training and outreach. Additionally, unanticipated adverse events interrupting services or requiring urgent mitigation may lead to increased expenditure.
- Public Works Bureau of Street Services – Contractual Services: Funding (\$16.3M) may be insufficient if there are continued increases in costs for vehicle/heavy equipment rentals, toxic and non-toxic waste hauling, construction material hauling, street design, and purchases for the street transit amenities programs.

- Transportation – Contractual Services: Funding (\$26.3M) may be insufficient if there is a continued increase in costs for parking citation processing services. Projected 2025-26 spending is more than \$33.9M.
- Fire – Office and Administrative: Funding (\$3.7M) may be insufficient if costs continue to increase for equipment replacement, and spending continues to increase on exhaust capture systems, pest control, and appliance maintenance. Projected 2025-26 spending is approximately \$7M.
- Fire – Overtime Sworn: Funding (\$6.5M) may be insufficient if there is a continued increased need to respond to incidents outside of the City’s jurisdiction, and future deployments due to extreme weather conditions. Projected 2025-26 spending exceeds \$17.2M.
- Fire – Overtime General: Funding (\$1.4M) may be insufficient if there is a continued increased need for public safety inspections and fleet maintenance. Projected 2025-26 spending exceeds \$4.1M.
- Fire – Operating Supplies: Funding (\$6.2M) may be insufficient if continued increased demand for operating supplies. Projected 2025-26 spending is approximately \$8.8M.
- General Services – Master Trust Account: Funding (\$3.9M) may be insufficient if continued increased costs for operations and maintenance of the Mayfair Hotel. Projected 2025-26 spending is approximately \$4.8M.

Newly Funded Initiatives: Direct cost funding (\$19.9M) for new initiatives is included in the Proposed Budget, as follows:

- City Clerk
 - Neighborhood Council Elections (\$0.9M)
- Community Investment for Families
 - Workforce and Community Development Oversight (\$0.2M)
- Emergency Management
 - Strategic Planning and Policy (\$0.1M)
- Finance
 - Bank Armored Courier Services (\$0.7M)
- General Services
 - Clean Corridors Program (\$0.3M)
- Housing
 - Short-Term Rental and Income Support (\$0.1M)
- Neighborhood Empowerment
 - Neighborhood Council Elections (\$0.1M)
- Police
 - Use-of-Force and De-escalation Training (\$1.5M Special Purpose Fund Appropriation in the Forfeited Assets Trust Fund)
- Bureau of Contract Administration
 - 2028 Games Business Outreach and Certification (\$0.2M)
- Bureau of Engineering
 - Pacific Palisades Library and Recreation Center (\$0.1M)

- Bureau of Sanitation
 - Clean Corridors Program (\$4.3M)
- Bureau of Street Services
 - Clean Corridors Program (\$6.7M)
 - Concrete Crews (\$4.3M)
 - Tree Care Support (\$0.8M)
 - Sidewalk Maintenance Engineering (\$0.7M)
 - Sidewalk Maintenance Administrative Support (\$0.1M)
- Transportation
 - Plan Review for Bridge and Streets Improvement Program (\$0.1M)
- Zoo
 - Flamingo Mingle (\$0.2M)

Liability Claims: The Proposed Budget increases the amount for liability claims from 2025-26 by \$23M for a total amount of \$210.4M. Of this amount, \$180M is from the General Fund, \$25M is from the Solid Waste Resources Revenue Fund, and \$5.4M is from the Sewer Operations and Maintenance Fund. The Proposed Budget also sets aside an additional allocation in the Unappropriated Balance, Reserve for Extraordinary Liability (\$20M) should liabilities exceed the budgeted allocation.

Homeless Budget: The Proposed Budget provides \$788.1M for homelessness-related programs, which is a 17.3 percent decrease from the 2025-26 Adopted Budget of \$953.3M. This includes \$323.1M in General Fund and \$465M in Special Funds.

The Proposed Budget provides LAHSA with \$52.8M, an increase in funding of \$2.2M from 2025-26. Significant funding provided to LAHSA is as follows:

- Shelter and Housing Interventions (\$26.5M): There is a slight decrease of approximately \$1.1M for the Shelter and Housing Interventions category due to realignment of beds to maximum occupancy requirements, adjustments in interim housing bed counts, and administrative cost.
- Street Strategies (\$19.4M): There is an increase of approximately \$3.2M for the Street Strategies category due to full-year funding for Homeless Engagement Teams.

The Proposed Budget provides new funding for the following homelessness-related programs and services:

- Homelessness Programs Oversight Bureau Leadership (\$0.7M): New funding is provided for three new positions in the Housing Department to support the development and assessment of homelessness policy.
- Strategic Engagement and Policy for Homelessness (\$0.6M): New funding is provided for four positions in the Housing Department to support the oversight of homelessness services and the City's response to homelessness.
- Hazardous Waste Handling Compliance Support (\$0.6M): Funding is provided for five positions and expense funding for the Bureau of Sanitation to support overall

Cleaning and Rapid Engagement (CARE) program and CARE+ Program operations and to perform hazardous waste testing, identification, handling, and disposal.

- On-Street Public Toilet Program (\$0.6M): Funding is provided in the Contractual Services Account of Bureau of Street Services for the operation of four locations in the Skid Row Area.
- Citywide Recreational Vehicle (RV) to Home Program (\$1.7M): Funding is provided to address RV homelessness.
- Measure A Homelessness Program (\$54.7M): Funding is provided by Measure A – Local Solutions Fund by the County of Los Angeles. These funds will support the City’s ongoing non-Alliance interim housing obligations.
- Bureau of Sanitation Livability Services Division Vehicles (\$1.1M): MICLA funding is provided to purchase two roll-off waste collection vehicles to support the CARE/CARE+ Program.
- Tenant Protections and Homelessness Prevention (\$0.3M): Funding is provided by the House LA fund for one Director of Enforcement Operations in the Housing Department to oversee tenant protection and homelessness prevention work.
- Overtime for Interim Homeless Housing Sites and CARE/CARE+ (\$4M): Funding is provided within the Police Department’s Overtime Sworn Account for security patrols in the vicinity of interim housing sites and for CARE/CARE+ operations.

The Proposed Budget continues or increases funding for the following homelessness-related programs and services:

- Homelessness Emergency (Inside Safe) (\$98.7M): Funding is provided to the Mayor’s Office of Housing and Homelessness Solutions to address homelessness, including the Inside Safe Initiative. The FY 2025-26 Adopted Budget included a total of \$135.7M for Inside Safe, including \$75M in outstanding obligations incurred in FY 2024-25 pending payment. Subtracting the \$75M in outstanding obligations, FY 2025-26 included \$60.7M in new funding for this line item. The Proposed Budget for FY 2026-27 is a \$38M increase from this amount. The Proposed Budget assumes that funding for service provision at Inside Safe locations will be reimbursed through the County-Alliance Memorandum of Understanding (\$104.7M).
- FamilySource Center Housing Assistance (\$3.8M): Funding is increased by \$0.2M for contractual services emergency housing assistance and supportive services. The proposed increase reflects full funding for 19 FamilySource Centers.
- Survivor Services System (\$12.3M): Funding is increased by \$0.5M for the Domestic Violence and Human Trafficking Shelter Operations Program and supportive services. The proposed increase reflects anticipated salary expenditures and an increase in the contractual services funding amount. There will be no change in the level of services.
- Solid Ground Program (\$4.8M): Funding is increased by \$0.01M for the homelessness prevention program to provide homelessness prevention services

at the 19 FamilySource Centers. The proposed increase reflects anticipated salary expenditures.

- Homelessness Intervention Leasing (\$6.7M): Funding is increased by \$1.7M for leasing costs of site for homelessness-related services. The proposed increase reflects the addition of two new sites and annual increases in leasing costs.
- Homelessness Service Contracts Oversight (\$0.8M): Funding is increased by \$0.3M for positions in the Housing Department to provide oversight of LAHSA's homeless services programs. The proposed increase reflects the addition of three positions and anticipated salary expenditures.
- Alliance Settlement Agreement Program (\$58.3M): Funding is increased by \$54.4M for homelessness services and operations to meet obligations set by the Alliance Settlement. Funding is increased to support the costs of new interim housing sites and associated projected costs. The Proposed Budget assumes funding for Alliance services will be reimbursed by the County-Alliance Memorandum of Understanding (\$25.1M).
- Street Medicine (\$2M): Funding is continued to fund medical services for individuals experiencing homelessness who are unable to visit brick-and-mortar medical establishments.
- CIRCLE: 24/7 Homelessness Crisis Response Pilot (\$10M): Funding is increased by \$2.8M for CIRCLE to provide community-based response to non-violent emergencies involving people experiencing homelessness. Funding is increased to expand services.
- Protections from Tenant Harassment (\$14.2M): Funding is increased by \$6M for non-profit organizations and City services to monitor and enforce protections against tenant harassment and other tenant rights. Funding is provided by the House LA fund and subject to approval by the House LA Citizen Oversight Committee, Council, and Mayor.
- CARE Program Information Services Oversight (\$0.3M): Funding is increased by \$0.2M on a one-time basis for one additional Geographic Information Systems Specialist and anticipated salary expenditures.

The Proposed Budget decreases or discontinues funding for the following homelessness-related programs and services:

- Construction Services for Proposition HHH (-\$0.1M): Funding was provided to review and approve documents and reports for Proposition HHH projects in construction. Funding is not continued.
- Prevailing Wage Monitoring for Proposition HHH (-\$0.1M): Funding was provided to assist in monitoring prevailing wages during the construction of Proposition HHH projects. Funding is not continued.
- Proposition HHH Program Staff (-\$0.4M): Funding was provided to provide underwriting support for the Proposition HHH program. Funding is not continued.
- Additional Homeless Services (\$7.5M): Funding is decreased by \$1.5M from FY 2025-26 for a one-time allocation to fund gaps in the City's effort to address the homelessness crisis.

- Clinica Romero (-\$0.1M): Funding was provided to provide quality and affordable health care services to targeted underserved communities. Funding is not continued.
- Mobile Laundry Truck (-\$0.1M): Funding was provided to offer a place for individuals and families experiencing homelessness to wash clothes. Funding is not continued.
- Proposition HHH Project Expenditures (\$19.1M): Funding is decreased by \$18.1M for the Proposition HHH projected expenditures for FY 2026-27. All project costs are directly tied to project construction.

The Proposed Budget decreases or discontinues funding for the following CARE and CARE+ related programs and services:

- A Bridge Home (ABH) Team (-\$2.6M): Funding was provided to support CARE/CARE+ operations at A Bridge Home sites Citywide. Funding and resolution authority for eight positions and expense funding is not continued.
- Coastal CARE+ Program Team (-\$0.6M): Funding was provided for one CARE+ Team to service the coastal area, including Venice, Pacific Palisades, Playa del Rey, and Playa Vista. Funding and resolution authority for the eight positions and expense funding is not continued.
- CARE and CARE+ Program Support (\$0.8M): Funding is decreased by \$1.8M for expense funding for hazardous waste removal services as part of CARE+ teams. The proposed decrease reflects discontinuation of anticipated program expenditures due to reduction in the level of services provided.

Significant changes in the Proposed Budget for homelessness funding in State and Federal grants are as follows:

- Emergency Stabilization Beds (\$8.2M): Funding is provided by the State for the purchase and construction of emergency stabilization beds. This funding is rolled over from 2025-26.
- Encampment Resolution Grant (\$57.6M): One-time grant to connect people experiencing homelessness in encampments to interim shelter to permanent housing. The proposed allocations reflect projected grant balances in FY 2025-26 that will be reappropriated. The grant has been awarded to the following projects:
 - Arroyo Seco (\$5.9M);
 - Ballona Ecological Reserve (\$1.2M);
 - Hollywood (\$6.4M);
 - L.A. River (\$4M);
 - San Fernando Osbourne (\$3.8M); and
 - 10 Freeway (\$36.3M).
- Homeless Housing, Assistance and Prevention Program (HHAP) Rounds 4, 5, and 6 (\$156.8M): HHAP is a one-time State grant. HHAP 4, 5, and 6 will be used to support ongoing programs such as interim housing operations, outreach, public health services, hygiene facilities, programs for youth experiencing homelessness,

housing navigation, and other services. The proposed allocations reflect projected grant balances in FY 2025-26 that will be reappropriated.

- State/Federal Grants and Other Local Funds (\$12.8M): Funding is continued from the HOME Investment Partnerships Program Fund (\$3.7M), Housing Impact Trust Fund (\$1M), Measure ULA (\$2.9M), and State Senate Bill 2 (\$5.2M) to gap finance the development of Non-Prop HHH supportive housing units.

Capital and Technology Improvement Expenditure Program (CTIEP): Existing policy recommends that the City annually budget 1.5 percent of General Fund revenue to fund capital infrastructure improvements. For 2026-27, the General Fund revenues are projected to be \$8.5B, resulting in a 1.5 percent target totaling \$128.9M. The 2026-27 Proposed Budget provides \$54.5M from the General Fund for various municipal facilities projects in the CTIEP. An additional \$15.9M is allocated for sidewalk repairs, \$29.2M for the Pavement Preservation Program, \$5.8M in the Bureau of Street Services for sidewalk maintenance and \$1.1M for other infrastructure expenditures. The total General Fund amount allocated for capital and infrastructure improvements is \$106.5M, or 1.24 percent, which is not compliant with the 1.5 percent threshold as recommended by existing policy for the CTIEP.

Clean Water CTIEP: \$710M in CTIEP funding is included for Clean Water projects. The Clean Water CTIEP is funded entirely from Clean Water System revenues, including the Sewer Service Charge (SSC) that gives a portion of the revenues to CTIEP. Current major capital projects include: construction of various sewer conveyance system projects (\$161.6M), Advanced Water Purification Facility system and improvements at the Donald C. Tillman Water Reclamation Plant (\$241.6M), and capital equipment replacement throughout the Clean Water System. (\$21.3M).

Municipal Facilities CTIEP: The total 2026-27 program cost for municipal facilities capital improvements is \$112.6M, consisting of \$17.4M in General Fund appropriations, \$2.7M in Special Fund appropriations, and \$92.5M in MICLA financing for various projects.

Continuing municipal facilities capital projects include: critical infrastructure repairs and improvements to address maintenance, health and safety issues (e.g., roof repair, lead paint removal, fire/life-safety system upgrades, etc.); maintenance of systems critical to support the operation of facilities operated by the Fire Department, Police Department, and Animal Services Department; and the capital repair programs for the Figueroa Plaza Buildings, Public Works Building, Van Nuys Civic Center, El Pueblo, Zoo, and cultural facilities operated by the Department of Recreation and Parks and the Department of Cultural Affairs.

The Municipal Facilities CTIEP provides funding for the following projects, among others:

- Equity Investments – Funding to support the implementation of social equity objectives within disadvantaged communities of low opportunity:
 - Boyle Heights Sports Complex (\$10.5M);
 - Las Palmas Senior Citizen Center – Renovation/Decarbonization (\$1.4M);

- Manchester Junior Arts Center (\$4.9M) (also categorized as a Green Investment);
- Warner Grand Theatre (\$0.9M);
- Southeast Valley Roller Rink (\$1.5M);
- Washington Yard Electrification and Microgrid Project (\$0.9M) (also categorized as a Green Investment); and
- Capital Program – Mayfair Hotel (\$1.6M).
- Green Investment and Greenhouse Gas Emissions Reduction – Funding to support climate goals within Citywide and regional programs:
 - Electric Vehicle (EV) Charger Infrastructure (\$4M); and
 - Police Electric Vehicle Charger Infrastructure and Power Upgrades (\$1M).
- Public Safety Facilities Projects
 - Animal Services Facilities – Turf Replacement (\$0.6M);
 - Citywide Security Program (\$1.1M); and
 - Police Davis Training Facility Lead Remediation (\$0.5M).
- Space Optimization – Funding to develop required workspace to support City operations, using City-owned space to avoid incurring ongoing cost of leased space (\$2M).

The Park and Recreational Sites and Facilities Fund will provide \$2.7M to complete various capital improvement projects at Department of Recreation and Parks facilities that have already been approved and are under construction with priority given to fund shortfalls for Proposition K projects.

Physical Plant CTIEP: The Proposed Budget includes \$164M in CTIEP funding for Physical Plant Projects. The Physical Plant CTIEP includes stormwater, street-related improvement, and street lighting projects. The Proposed Budget includes three watershed management projects totaling \$7.9M for water quality improvements required by the Clean Water Act under the City’s Enhanced Watershed Management Program, funded through the Measure W Local Return Fund. The street-related improvement projects total \$156.1M, with funds provided from the Propositions C Anti-Gridlock Transit Fund (\$0.3M), Road Maintenance and Rehabilitation (SB1) Fund (\$72.7M), Measure M Local Return Fund (\$11.6M), Measure R Local Return Fund (\$2.9M), MICLA financing (\$67.5M), and the Local Transportation Fund (\$1.1M).

Technology CTIEP: On May 3, 2020, the City Council and Mayor adopted a revision to the City’s Financial Policies, which added technology infrastructure as a component of the CTIEP, formerly known as the CIEP. The total 2026-27 Program cost for technology projects is \$52.2M, consisting of \$37M in General Fund appropriations, \$6.5M in MICLA funds, and \$8.7M in special fund appropriations for various projects. The Proposed Budget includes funding for the following technology projects: General City Purposes – Open Data and Digital Services (\$1.3M); Information Technology Agency – Network Outage Prevention (\$0.5M); Information Technology Agency – Public Safety Radio Equipment Services (\$1.5M); Los Angeles Fire Department – Radio Repeaters (\$1.5M); Los Angeles Police Department – Data Center Disaster Recovery (\$0.9M); Los Angeles

Police Department – Radio Network Upgrade (\$5M); Los Angeles Police Department – Sworn Technology Equipment (\$7M); Office of Finance – LATAX System Transformation Project (\$24.9M); Public Works, Bureau of Street Lighting – Co-Location Small Cell Communication (\$1.6M); Public Works, Bureau of Street Lighting – Smart City and Street Lighting Technology Initiatives (\$1.5M); Public Works, Bureau of Street Services – Enterprise Asset Management System (\$3.6M); Unappropriated Balance – Civil Case Management System Replacement (\$2M); and Unappropriated Balance – Workday Payroll Integration (\$1M).

Sidewalk Repair Program: On April 1, 2015, the City Council and the Mayor approved a Settlement Agreement in the class action lawsuit *Mark Willits, et al. v. the City of Los Angeles*. Court approval of this Settlement Agreement was finalized in August 2016. This will be the tenth year of the compliance period established by the Settlement. The terms of the Settlement Agreement include an annual commitment by the City for 30 years to projects that improve sidewalk Americans with Disabilities Act (ADA) access and remove barriers.

In FY 2026-27, the City is obligated to commit \$35.7M to the program. The Proposed Budget appropriates \$36.3M to the Sidewalk Repair Program, which includes: \$15.9M from the General Fund; \$4.3M in the Measure R Traffic Relief and Rail Expansion Fund; \$14.6M in SB1 Maintenance and Rehabilitation funding; \$0.5M from the Sidewalk Repair Fund; and \$0.9M from Proprietary Departments to fund repairs to sidewalks and pedestrian facilities adjacent to their properties.

In compliance with the terms of the Settlement Agreement, the Proposed Budget includes at least \$7.1M for the Access Request Program and \$5M for curb ramp repair and installation. The Proposed Budget also includes \$0.5M in funding for repair work adjacent to City libraries, which will be reimbursed by the Library Department.

Street Improvement: The programs included under Street Improvement are Pavement Preservation, Pavement Preservation – Access Ramps, Complete Streets, and Bicycle Lane Repair and Maintenance. The Proposed Budget provides total funding of \$170.9M for street improvement programs to help maintain and improve 6,500 centerline miles (23,000 lane miles) of streets throughout the City, as follows:

Program	Proposed 2025-26 Funding
Pavement Preservation	\$127,325,386
Pavement Preservation – Access Ramps	\$43,597,524
TOTAL	\$170,922,910

Complete Streets Program (\$89M) – There are six projects in the program; five are complete and one is in construction:

- Avalon Blvd from San Pedro St to 120th St (\$19M) – In Construction.
- Roscoe Blvd from the I-405 to Woodman Ave (\$8.6M) – Complete
- Venice Blvd (East) from Arlington Ave to Figueroa St (\$13.6M) – Complete
- Main Street (South) from MLK Blvd to Imperial Hwy (\$13.9M) – Complete
- Temple Ave from Beverly Blvd to Beaudry Ave (\$9.2M) – Complete
- Reseda Blvd from Parthenia St to Victory Blvd (\$24.7M) – Complete

The Proposed Budget does not provide new funding for this Program, but funding is available from a prior-year grant. A total of \$11.2M is provided for an additional project (La Brea Avenue from Coliseum to Adams) through a combination of a Safe Streets for All Grant and prior-year CTIEP funds.

Bicycle Lane Repair and Maintenance – This program includes Citywide bike lane repair and maintenance to ensure public safety. The FY 2026-27 Proposed Budget does not include a new appropriation for this program.

Sewer Construction and Maintenance Fund: The Sewer Construction and Maintenance (SCM) Fund supports the Clean Water Program, which provides wastewater collection, treatment, reuse, and disposal services for the City. The SCM is partially-funded through a Sewer Service Charge, which is paid by all properties using the City’s sewer system.

The Proposed Budget for the SCM Fund is \$1.8B (a 3.3 percent increase from 2025-26) and includes \$431.9M in SCM Funds that are allocated to various departments, offices, and bureaus to cover the cost of Clean Water Program-related activities.

The 2026-27 Proposed Budget includes the second full year of revenues from the five-year rate adjustments for the Sewer Service Charge that went into effect in October 2024. The Proposed Budget includes \$10.8M in increased services and funding for the Clean Water Program, including the addition of 40 positions in the Bureau of Sanitation to support conveyance, testing, facility operations and maintenance, planning, and administration.

The Proposed Budget provides \$70.6M in SCM funding for capital improvements at the Hyperion Water Reclamation Plant.

The Proposed Budget for the SCM Fund includes the Clean Water Capital and Technology Improvement Expenditure Program (\$710.5M) and the related capital, labor, and expense costs (\$147.6M). The Proposed Budget also includes the costs of operating and maintaining the Clean Water System (\$618.6M), the payment of debt service on Wastewater System Revenue Bonds (\$257.6M), a 45-day operating reserve (\$75.6M), and various expenses (\$28.9M).

Solid Waste Resources Revenue Fund: The Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee (Solid Waste Fee) is imposed on all single-family dwellings in the City and upon multiple-unit dwellings for which the City provides refuse collection services. All receipts from the Solid Waste Fee are deposited into the Solid Waste Resources Revenue Fund (SWRRF) and are used for all costs associated with the collection, disposal, and recycling of solid waste. On April 11, 2025, the initiation of a five-year rate adjustment was approved, which went into effect in November 2025. The Proposed Budget includes the second of five annual rate increases. SWRRF still requires a General Fund Subsidy totaling \$7.2M due to litigation settlements that were not included in the approved rate adjustments.

The 2026-27 Proposed Budget for the SWRRF totals \$551.6M and includes:

- Low Income Financial Assistance Program: The Proposed Budget provides \$22M in General City Purposes (GCP) funds to reimburse SWRRF for providing subsidies to Financial Assistance Program customers (formerly the Lifeline Program) who meet qualifying income levels.
- Solid Waste Tip Fees & Material Recovery Facilities (MRF) Fees: The Proposed Budget includes \$130.2M for solid waste tip fees. Solid waste tip fees (or landfill disposal fees) and MRF fees to process and market the City's recyclables have significantly increased due to global market conditions and the SB 1383 mandate to divert and process organic and food waste, which has led to more than the doubling of organic waste tip fee rates over the past three years.
- Departmental Appropriations: \$238.1M from the Fund is provided to various City departments, offices, and bureaus for the cost of solid waste-related activities.
- Increased Sanitation Services: The Proposed Budget includes \$12.1M in funding for increased services and to address overtime expenditures for the Bureau of Sanitation.
- Household Hazardous Waste: \$2.6M is provided for the costs of SAFE Center collections.

Street Lighting Maintenance Assessment Fund: The Street Lighting Maintenance Assessment Fund (SLMAF) provides for annual assessments for the maintenance or improvement of street lighting in or along public streets, alleys, or other public places in the City. The Proposed Budget includes \$61M in SLMAF that is allocated to various departments and expenditures to cover the costs of maintaining and operating the street lighting system. The Proposed Budget provides SLMAF with a General Fund Subsidy of \$23M.

On March 24, 2026, the initiation of establishing a Citywide Streetlight Maintenance Assessment District was approved that will increase overall streetlight assessments the City collects, which is subject to Proposition 218 notice and protest requirements (C.F. 26-0331). The Proposed Budget does not include additional funds from this increase as the Proposition 218 process is still underway and expected to be concluded by June 4, 2026.

Exhibit H in the Proposed Budget recommends that the Bureau of Street Lighting, with the assistance of the City Administrative Officer, be instructed to report with recommended appropriations, adjustments, and position authorities to support various categories of work totaling \$66.5M if the Citywide Streetlight Maintenance Assessment District is approved.

2028 Olympic and Paralympic Games: The Proposed Budget provides continued and increased funding for various work in preparation for the 2028 Olympic and Paralympic Games including:

- Departmental Appropriations: Funding is continued or increased to various City departments and bureaus for work associated with the 2028 Olympic and Paralympic Games:
 - Building and Safety (\$0.6M);
 - City Administrative Officer (\$0.2M);
 - City Attorney (\$0.2M);
 - Department of Cultural Affairs (\$0.3M);
 - Police (funding is part of Department's base budget);
 - Bureau of Contract Administration (\$0.2M);
 - Bureau of Street Services (\$0.5M);
 - Department of Transportation (\$6.4M)
- Capital Equipment – Police Vehicles for the 2028 Games (\$42.4M) – MICLA funding is provided for the acquisition of 107 non-patrol vehicles and 300 black and white patrol vehicles in preparation for the 2028 Games.
- CTIEP – 2028 Games First Last Mile Projects (\$12M) – Funding is provided by the SB1 Fund to improve safety, accessibility, and multimodal mobility ahead of the 2028 Games.
- CTIEP – 2028 Games Pico Boulevard Safety and Mobility Plan Project (\$0.7M) – Funding is provided by the SB1 Fund to deliver safety and mobility improvements along Pico Boulevard between Crenshaw Boulevard and Figueroa Street.
- CTIEP – 2028 Games Sidewalk Maintenance at Venue Approaches (\$3.5M) – Funding is provided by the SB1 Fund for contracted sidewalk repair services to ensure accessible pedestrian facilities and support public safety.
- CTIEP – 2028 Games Project Sixth Street Viaduct Lighting (\$1M) – Funding is provided by the SB1 Fund to install lighting for public safety on the Sixth Street Viaduct.
- CTIEP – 2028 Games Sunset Boulevard/Chavez Avenue Safety and Mobility Project (\$0.9M) – Funding is provided by the SB1 Fund to deliver safety and mobility improvements along Sunset Boulevard and Cesar Chavez Avenue between Alameda Street and Douglas Street.
- CTIEP – 2028 Games Venue Approaches (\$5M) – Funding is provided by the SB1 Fund for projects in the public right of way around 2028 Games venues.
- CTIEP – Los Angeles Police Department Radio Network Upgrade (\$5M) – Funding is provided for upgrading the radio network in preparation of the 2028 Games operations.

- GCP – International Engagement (\$0.6M) – Funding is provided for Citywide planning and coordination of international delegations in advance of the 2028 Olympic and Paralympic Games.
- GCP – Mayor’s Office of Major Events (\$3M) – Funding is provided for the Mayor’s Office of Major Events to support staffing, supplies, equipment, and contracts for the planning of upcoming major events in the City.
- UB – Workforce and Economic Development Initiatives (\$0.5M) – Funding is provided to support WorkSource Centers and ensure local vendors and community contracts are prioritized for the 2028 Games.

January 2025 Windstorm and Wildfire Recovery: The total estimated Windstorm and Wildfire Response and Damage costs to the City to date, including proprietary departments, is \$224.6M, which is revised down from the 2025-26 Proposed Budget estimate of \$334.7M. The costs are primarily attributable to Structural/Equipment Damage (\$145.9M). The largest expenditures are in the Department of Water and Power (\$76.6M), Recreation and Parks (\$18.5M), Libraries (\$34.8M), Police (\$26.1M), Public Works Bureau of Street Services (\$16.6M), and Fire (\$15.8M). The Proposed Budget does not include anticipated FEMA reimbursements for the Palisades Fire response and recovery efforts, as any reimbursements will be deposited in the Disaster Assistance Trust Fund for disbursement. State and federal reimbursements for City disaster recovery programs are deposited into the Disaster Assistance Trust Fund which was established in 1990 in order to meet accounting requirements for state and federal disaster assistance programs. The CAO reports \$15.5M in reimbursements, \$15M of which is CA AB100 Advanced Funding.

Los Angeles Convention Center Expansion Project: The Proposed Budget provides continued and increased funding for work related to the Convention Center Expansion Project, including:

- Departmental Appropriations: Funding is continued or increased to various City departments and bureaus for work associated with the Convention Center Expansion Project:
 - Building and Safety (\$0.6M);
 - City Administrative Officer (\$0.2M);
 - Fire Department (\$0.3M);
 - Board of Public Works (\$0.9M);
 - Bureau of Contract Administration (\$1.8M);
 - Bureau of Engineering (\$2.2M)
- CTIEP – Los Angeles Convention Center Electrical Infrastructure (\$1.9M) – Funding is provided to replace outdated electrical components at the Los Angeles Convention Center (LACC).
- CTIEP – Los Angeles Convention Center Emergency Generators (\$0.7M) – Funding is provided to replace the existing generators at LACC.
- CTIEP – Los Angeles Convention Center Escalator Replacement Program (\$2.1M) – Funding is provided to replace escalators that cannot be modernized at LACC.

- CTIEP – Los Angeles Convention Center Fire System Infrastructure (\$1.5M) – Funding is provided to replace the existing fire system infrastructure throughout the West Hall garage level at LACC.
- CTIEP – Los Angeles Convention Center Fleet Replacement (\$0.5M) – Funding is provided to replace obsolete fleet and equipment at LACC.
- CTIEP – Los Angeles Convention Center IT Infrastructure Upgrade (\$0.4M) – Funding is provided to replace the existing end-of-life information technology equipment and infrastructure at LACC.
- CTIEP – Los Angeles Convention Center Restroom Modernization (\$7M) – Funding is provided to modernize and upgrade restrooms in the West Hall to meet the Americans with Disabilities Act compliance at LACC.

Summary of Proposed Departmental and Other Changes

Notable Proposed Changes to Departmental Budgets

The below summaries highlight notable proposed changes to departmental programs and services in the Proposed Budget.

Animal Services: The Department of Animal Services' total budget is increased by \$0.5M from 2025-26 levels to \$29M. Changes proposed for the Department's budget include:

- Restoration of One-Time Reductions (\$0.3M): Funding is restored in the Medical Supplies and Animal Food/Feed and Grain accounts.
- Public Records Request Support (\$0.1M): Funding and regular authority are added for one position to support the coordination and compilation of information for records requests.
- Permit Section Support (\$0.1M): Funding and regular authority are added for one position to oversee the Permits Section.
- Animal Care Staffing Support (\$0.5M): Funding is continued and regular authority is added for eight positions to support shelter operations.
- Volunteer Program Support (\$0.1M): Funding is continued and regular authority is added for two positions to support the program.
- Veterinary Medical Support (\$0.2M): Funding is continued and regular authority is added for two positions to provide medical care for animals in the Foster Program and treat sick and injured animals entering shelters.
- Canine enrichment (-\$1.8M): Funding is not provided for the canine enrichment program.

Building and Safety: The Department of Building and Safety's total budget is increased by \$17.9M from 2025-26 levels to \$167.3M. Changes proposed for the Department's budget include:

- Palisades Rebuilding Management Support (\$0.4M): Nine-months funding and resolution authority are added for three positions to oversee and support the rebuilding efforts in the Palisades.

- Inspections Related to Major Events (\$0.6M): Nine-months funding and resolution authority are added for five positions to expedite permits and clearances for projects related to major events, such as the 2028 Games.

The Proposed Budget provides continued funding for the following notable programs in the Department's budget:

- Soft Story Plan Check (\$1.3M): Funding and resolution authority are continued for 10 positions to provide plan check services for the retrofitting of soft story buildings.
- Soft Story Inspections (\$1.3M): Funding and resolution authority are continued for nine positions to support the Soft Story Retrofit Program and provide related inspection services.
- Virtual Inspection Program (\$1.7M): Funding and resolution authority are continued for 11 positions for the Virtual Inspection Program.
- Affordable Housing Inspection (\$0.8M): Funding and resolution authority are continued for five positions to expedite permits and clearances for temporary shelters and affordable housing projects.
- Restaurant and Small Business Express Program (\$0.3M): Funding and resolution authority are continued for two positions to facilitate the permit approval process for the Restaurant and Small Business Express Program.

Cannabis Regulation: The Department of Cannabis Regulation's total budget is decreased by \$0.2M from 2025-26 levels to \$8.4M. The Proposed Budget provides continued funding for the following notable program in the Department's budget:

- Social Equity Business Development (\$0.6M): Funding and resolution authority are continued for five positions to support the Department's Social Equity and Business Development programs.

City Administrative Officer: The Proposed Budget total budget is increased by \$7.7M from 2025-26 levels to \$51M. Changes proposed for the Office's budget include:

- FEMA Claims Administration and Emergency Management (\$0.1M): Nine-months funding and regular authority are added for one Emergency Management Coordinator I to support emergency response activities and oversight of the State and FEMA disaster grant claims management process.
- Special Event Reimbursement Oversight (\$0.2M): Funding and regular authority for one position is added to negotiate and administer special event reimbursement agreements for large scale special events.

The Proposed Budget provides continued funding for the following notable program in the Office's budget:

- Los Angeles Convention Center Expansion Project (\$0.2M): Funding and resolution authority are continued for one position to support the Los Angeles Convention Center Expansion Project.
- Unarmed Model of Crisis Response (\$5.4M): Funding and resolution authority are continued for three positions and contractual services to manage the Unarmed

Model of Crisis Response pilot. Services funding (\$4.9M) funding is also continued for operations of the pilot.

City Attorney: The Office of the City Attorney's total budget is increased by \$7.7M from 2025-26 levels to \$193.7M. The Proposed Budget provides continued funding for the following notable programs:

- Cannabis Enforcement Regulation (\$1.7M): Funding and resolution authority for ten positions are continued within the Marijuana Enforcement Unit and the Cannabis Advice and Litigation Unit to enforce cannabis regulations and prosecute illegal cannabis operations.
- 2028 Games Planning (\$0.2M): Funding and resolution authority are continued for one position to provide legal support for the City's effort to host the 2028 Games.
- Police Department Legal Support (\$1M): Funding and resolution authority for seven positions are continued to support the Advocate Section within the Police Department during conduct of administrative hearings held by the Board of Rights.
- Office of Wage Standards Support (\$0.8M): Funding and resolution authority for five positions are continued to support the enforcement of minimum wage and wage theft enforcement programs.
- Community Planning Program Support (\$0.5M): Funding and resolution authority for three positions are continued for the Community Planning Program.
- Administrative Citation Enforcement – Measure ULA (\$0.4M): Funding and resolution authority for three positions are continued to provide legal support for the Tenant Harassment Program.

City Clerk: The Office of the City Clerk's total budget is increased by \$0.9M from 2025-26 levels to \$19.6M. Changes proposed for the Office's budget include:

- Neighborhood Council Elections (\$0.9M): One-time funding is added to administer the 2027 Neighborhood Council board member elections exclusively through vote-by-mail.
- 2026 Administration of Municipal Elections (\$4.5M): One time funding is added to perform work related to the November 3, 2026 General Election, including printing and mailing Voter Information Pamphlets for City measures and operating an election day call center.
- Special Funding Services Staffing (\$0.1M): Funding is continued and regular authority is added for two positions to provide administrative support to Council Offices, the Mayor's Office, and City departments.

City Planning: The Department of City Planning's total budget is increased by \$2.7M from 2025-26 levels to \$72.6M. Changes proposed for the Department's budget include:

- Neighborhood Economic Development Initiatives (\$0.9M): Funding and resolution authority are added for seven positions to initiate amendments to existing plans, new ordinances, and targeted programs to advance community-level commercial and business success.

- Home-Sharing Administration and Enforcement Expansion (\$0.7M): One-time Contractual Services funding is added for enhancements to the home-sharing software.
- Deletion of 13 Vacant Positions (-\$1.4M): Funding and regular authority for 13 positions are deleted that supported Citywide planning and projects, the Office of Historic Resources, development services, and general administration.

The Proposed Budget provides continued funding for the following notable programs in the Department's budget:

- Oil Regulation (\$1M): Funding and resolution authority are continued for seven positions to manage the policy and case processing work program associated with oil regulations and oil drilling programs.
- Home-Sharing Administration and Enforcement (\$2.6M): Funding and resolution authority are continued for 16 positions and one-time Contractual Services funding is continued to enforce the short-term rental ordinance.
- Entitlement Review Program (\$2.6M): Funding and resolution authority are continued for 21 positions to review all incoming discretionary projects, route incoming projects through the zoning review function, and confirm required entitlements and work with applicants to file necessary land use entitlement applications as part of the Zoning Review and Entitlement Review programs.
- Streamlining Affordable Housing Permit Process (\$0.9M): Funding is continued and regular authority is added for seven positions to streamline the affordable housing permit approval process and support the Development Services Center Affordable Housing Services Unit.
- Zoning Review Program (\$4.8M): Funding and resolution authority are continued for 42 positions to support the Zoning Review Program.

Civil, Human Rights and Equity: The Civil, Human Rights and Equity Department's total budget is decreased by \$0.3M from 2025-26 levels to \$3.7M. Notable changes proposed for the Department's budget include:

- Public Information Director (\$0.1M): Funding and resolution authority are added for one Public Information Director I to develop and provide public outreach, social media, and communications services.
- Civil Rights Enforcement Enhancement (\$0.2M): Funding and resolution authority are added for two Special Investigator Is to conduct investigations and enforce the Los Angeles Civil and Human Rights Ordinance.

The Proposed Budget provides continued funding for the following notable program in the Department's budget:

- L.A. REPAIR (\$0.1M): Funding and resolution authority are continued for one position to develop, administer, and implement the L.A. REPAIR participatory budgeting program.

Community Investment: The Community Investment Department's total budget is increased by \$36.7M from 2025-26 levels to \$81.6M, as a result of Council's approval to

consolidate various departments (C.F. 25-0600-S43). Notable changes proposed for the Department's budget include:

- Transfer of Economic Development Programs and Services (\$4.2M): Funding, regular authority for 12 positions, and resolution authority for 14 positions are added to support economic development activities that were previously under the Economic and Workforce Development Department: Asset Management; Jobs and Economic Development Incentive Zones; Legacy Business; Jobs, Legacy Business, and Good Food Zones; Business Advancement - Incubators and Accelerators; Real Estate and Facilities Redevelopment; Economic Development and Comprehensive Job Creation; LA Optimized; Economic Development - Special Projects; Real Estate and Asset Management; and Real Estate Administrative Support.
- Transfer of Adult Workforce Development Programs and Services (\$8M): Funding, regular authority for 16 positions, and resolution authority for 16 positions are added to support adult workforce development activities that were previously under the Economic and Workforce Development Department: Adult Workforce Development, Los Angeles Regional Initiative for Social Enterprise, Workforce Development Board Annual Plan, Annual Plan - Special Projects, Workforce Development Support, and Day Laborer Services.
- Transfer of Youth Development Programs and Services (\$4.6M): Funding, regular authority for 17 positions, and resolution authority for 19 positions are added to support youth development services that were previously under the Youth Development Department.
- Transfer of Senior Services and Programs (\$9.3M): Funding, regular authority for 26 positions, and resolution authority for one position are added to support senior programs and services that were previously under the Department of Aging.
- Grants Management and Administration (\$0.1M): One-time funding is added to various accounts for grants management and administration.
- Grants Accounting (\$0.1M): Funding and regular authority are added for one Senior Accountant I to support the Grants Accounting Unit.
- Public Information Expansion (\$0.1M): Funding and resolution authority are added for one Principal Public Relations Representative to support communications and outreach efforts.
- Workforce and Community Development Oversight (\$0.2M): Funding and regular authority are added for one Assistant General Manager to provide oversight for adult workforce and community development services.

The Proposed Budget provides continued funding for the following notable programs in the Department's budget:

- FamilySource System (\$16.8M): Funding is continued in the Contractual Services Account to operate 19 FamilySource Centers. Total funding is \$20.7M.
- Survivor Services System (\$8M): Funding and resolution authority are continued for one Management Analyst and Contractual Services funding is continued (\$7.9M) to support the Survivor Services System. Total Contractual Services funding is \$11.8M.

- RepresentLA (\$1M): One-time funding is continued in the Contractual Services Account to support immigrant legal services.
- Los Angeles Regional Initiative for Social Enterprise (\$2.6M): One-time funding is added in various accounts to provide subsidized job development services for individuals experiencing homelessness, which was previously under the Economic and Workforce Development Department.
- Day Laborer Services (\$1.1M): Funding is added in the Contractual Services Account for the Day Laborer Program to provide assistance at seven strategic sites in the City to match individuals with employers seeking day labor, which was previously under the Economic and Workforce Development Department.
- Home-Delivered Meals Program (\$2.3M): Funding is added in the Contractual Services Account to support the Home-Delivered Meals Program that was previously under the Department of Aging.

Controller: The Controller's total budget is increased by \$2.7M from the 2025-26 level to \$26M. Changes for the Controller's budget include:

- Vendor Payment Review (\$0.1M): Nine-months funding and resolution authority are added for one Senior Accountant I to support vendor payment review and processing.
- Accounting and Disbursement Support (\$0.2M): Nine-months funding and regular authority are added for two positions to provide support for fund and appropriation transactions.
- Human Resources and Payroll Project Module Support (\$0.4M): Funding is added and resolution authority is continued for two positions to support payroll and compensation configuration for the Human Resources and Payroll Project.
- Payroll Accounting (\$0.1M): Nine-months funding and resolution authority are added for one Accountant to support payroll accounting and reconciliation.
- Human Resources and Payroll System Configuration and Security (\$0.1M): Nine-months funding and resolution authority are added for one Systems Analyst to provide technical and security support for the Human Resources and Payroll Project.
- Finance and Facilities Support (\$0.1M): Nine-months funding and resolution authority are added for one Senior Management Analyst I to support the Department's accounting, accounts payable, and facilities administration.

The Proposed Budget provides continued funding for the following notable program in the Department's budget:

- Human Resources and Payroll Project (\$1.7M): Funding and resolution authority are continued for ten positions to support the Human Resources and Payroll System Project.

Cultural Affairs: The Department of Cultural Affairs' total budget is increased by \$0.1M from 2025-26 levels to \$19.9M. Changes proposed for the Department's budget include:

- Murals Program Staff (\$0.05M): Nine-months funding and resolution authority are added for one position to support the Mayor's Mural Legacy Initiative.

The Proposed Budget provides continued funding for the following notable programs in the Department's budget:

- Cultural Olympiad Planning (\$0.2M): Funding and resolution authority are continued for two positions to support Cultural Olympiad planning and programming in preparation of the 2028 Games.
- Festivals and Performance Coordinator (\$0.1M): Funding and resolution authority are continued for one position to assist with coordination of festivals and performances in preparation of the 2028 Games.

Disability: The Department on Disability's total budget is increased by \$0.8M from 2025-26 levels to \$6M. Notable changes proposed for the Department's budget include:

- ADA Compliance Administration (\$0.2M): Funding is continued and regular authority is added for one Senior Management Analyst I to support the ADA Compliance Program.
- Community Outreach, Referrals, and Education (CORE) Division Director (\$0.2M): Funding is continued and regular authority is added for one Principal Project Coordinator to serve as the CORE Division Director.
- Deaf Services and Accessible Communications (\$0.1M): Funding is continued and regular authority is added for one Management Analyst to provide deaf services and accessible communications.
- ADA Web and Mobile App Accessibility (\$0.04M): Funding is added in the Contractual Services Account to support the City's ADA compliance and address possible violations.

The Proposed Budget provides continued funding for the following notable programs in the Department's budget:

- ADA Self-Evaluation (\$0.3M): One-time funding is continued in the Contractual Services Account for Certified Access Specialist (CASp) service providers to assess City facilities for ADA compliance.
- HIV Prevention and Opioid Abatement (\$1.2M): Funding is continued in the Contractual Services Account to provide HIV prevention and opioid abatement services.

El Pueblo: El Pueblo's total budget is increased by \$0.7M from 2025-26 levels to \$3M. Changes for the Department's budget include:

- Custodial Crew and Services (\$0.6M): Funding and resolution authority for four positions are transferred from the General Services Department to establish a Custodian Unit.

Emergency Management: The Emergency Management Department's total budget is decreased by \$0.06M from 2025-26 levels to \$5M. Changes to the Department's budget include:

- Climate Resilience Division (\$0.4M): Funding and resolution authority are continued for two positions within the Climate Resilience Division to lead and

support the Climate Resilience Division formerly known as the Climate Emergency Mobilization Office.

- Strategic Planning and Policy (\$0.1M): Nine-months funding and resolution authority are added for one Assistant General Manager to oversee the Administration and Finance, Community Partnerships and Engagement, and Climate Resilience Divisions.

Finance: The Office of Finance's total budget is increased by \$28.7M from 2025-26 levels to \$79.1M. Changes to the Office's budget include:

- Citywide Revenue Management Supervisory Support (\$0.3M): Nine-months funding and resolution authority for three positions are added to oversee the Collections and the Revenue Reporting and Analysis units within the Citywide Revenue Management Division.
- Bank Armored Courier Services (\$0.7M): Funding is added in the Contractual Services Account for bank armored courier services.
- LATA System Transformation Project Implementation (\$24.9M): One-time Contractual Services funding is added for project management services (\$1.8M) and system implementation of the LATA System Transformation Project.
- LATA System Transformation Project Expansion (\$0.7M): Nine-months funding and resolution authority are provided for seven positions to support LATA System Transformation Project development and implementation.
- Measure ULA Enforcement Support (\$0.2M): One-time Contractual Services funding is added for Measure ULA documentary transfer tax remittance enforcement services.

The Proposed Budget provides continued funding for the following notable programs in the Office's budget:

- Measure ULA Revenue Enforcement (\$0.5M): Funding and resolution authority are continued for four positions to assist with the enforcement of Measure ULA Documentary Transfer Tax remittance.
- Cannabis Audit Unit (\$0.5M): Funding and resolution authority are continued for four positions to perform annual audits of cannabis businesses.

Fire Department: The Fire Department's operating budget is increased by \$41.8M from 2025-26 levels to \$939.5M. Based on the Fire Department's budget allocation, the Department's share of unrestricted revenue will increase from 15.9 percent (\$1.05B of \$6.6B) in 2025-26 to 16 percent (\$1.1B of \$7B) in 2026-27. Each one percent equates to approximately \$69M. Unrestricted revenues are General Fund receipts which may be used for any municipal purpose. \$57.7M in MICLA financing is also included for the replacement of one helicopter, two radio repeaters, and the replacement of fleet vehicles. Changes for the Department's budget include:

- Constant Staffing Adjustments (\$36.5M): A transfer of funding from the Salaries Sworn Account to the Overtime Constant Staffing Account is included to reflect platoon-duty vacancies maintained by firefighter on an overtime basis.

- Wildland Hand Crew (\$2M): Funding is continued and regular authority is added for 29 positions consisting of one Fire Captain I, two Firefighter IIIs and 26 Wildland Hand Crew Technicians to support wildland firefighting efforts.
- Administrative Operations Bureau Staffing (\$0.1M): Funding and resolution authority are added for one Management Analyst to support the Administrative Operations Bureau.
- Los Angeles Convention Center Expansion Project (\$0.3M): Funding is added and resolution authority is continued for two positions to support the construction and expansion of the Los Angeles Convention Center. These positions were approved during 2025-26 (C.F. 15-1207-S1). Eligible costs will be reimbursed by MICLA Lease Revenue Bonds. One-time funding is also added in the Sworn Bonuses Account.
- Brush Clearance Unit Enhancement (\$0.1M): Nine-months funding and resolution authority are added for one Fire Inspector I within the Brush Clearance Unit to implement California Assembly Bill 3074 Zone 0 regulations.
- Palisades Hydrant and Access Plan Check Support (\$0.2M): Nine-months funding and resolution authority are added for two positions to support the Hydrant and Access Unit.
- Airport Operations Expansion (\$4.7M): Nine-months funding and resolution authority are added for 27 positions to enhance overall safety and efficiency at the Los Angeles International Airport. All costs associated with these positions will be reimbursed by LAWA.
- Rescue Ambulance 840 Variable Staffing (\$1.9M): One-time funding is added in the Overtime Variable Staffing Account to operate Rescue Ambulance 840 during the closure of the Vincent Thomas Bridge. All costs will be fully reimbursed by Caltrans.
- Mobile Integrated Healthcare Support (\$0.2M): One-time funding is added in the Contractual Services Account for taxi service vouchers for non-emergency patients and the Administrative Account for an e-prescription service.
- Extractor Installation (\$0.3M): One-time funding is added in the Contractual Services Account for the Installation of turnout gear extractors in fire stations.
- Human Resources Division Workday Support (\$0.1M): Funding and resolution authority are added for one Management Analyst to provide project management support in resolving Workday technical issues. One resolution authority for Systems Analyst is not continued.

The Proposed Budget provides continued funding for the following notable programs in the Department's budget:

- Fire Boat Maintenance (\$2M): One-time funding is continued in the Field Equipment Expense Account for maintenance of fire boats. All costs will be fully reimbursed by the Harbor Department.
- Advanced Provider Response Unit Coverage (\$0.9M): Funding and resolution authority are continued for five EMS Advanced Providers within the Advanced Provider Response Unit to provide coverage seven days a week, 12 hours a day.

- Targeted Recruitment Staffing (\$1M): Funding and resolution authority are continued for five Fire Captain Is to provide targeted Firefighter recruitment of women and members of underrepresented groups. One-time funding is continued in the Sworn Bonuses Account.
- 2022 SAFER Grant (\$2.8M): Funding is continued and regular authority is added for 12 positions consisting of six Firefighter IIIs, three Fire Captain Is, and three Engineers for the 2022 Staffing for Adequate Fire and Emergency Response (SAFER) Grant program.
- Paramedic Training Program (\$0.9M): One-time funding in the Office and Administrative Account is continued to send up to 90 Firefighters annually to paramedic training programs.
- Firefighter Recruit Training (\$13.8M): One-time funding is continued to train 120 new recruits in two academy classes at the Valley Recruit Training Academy.
- Marine Operations (\$2M): Funding and resolution authority for seven positions are continued to support operations at the Port. All costs associated with this position will be reimbursed by the Harbor Department.

General Services: The General Services Department's budget is increased by \$16.7M from 2025-26 levels to \$236.8M. Changes proposed for the Department's budget include:

- Clean Corridors Program (\$0.3M): Nine-months funding and resolution authority are added for three positions to maintain and repair vehicles and equipment to support the Clean Corridors Program.
- Custodial Services at El Pueblo (-\$.7M): Funding and regular authority for ten positions that provide custodial services at the El Pueblo de Los Angeles Historical Monument is deleted and four positions are transferred and provided by the El Pueblo de Los Angeles Historical Monument Revenue Fund
- Maintenance of Library Facilities (\$1.6M): Nine-months funding and resolution authority are added for one position to support building maintenance services at library facilities.
- Solid Resources Fleet Maintenance (\$0.7M): Funding is added in the Overtime General and Contractual Services accounts to support fleet maintenance services.
- Public Works Building Operations and Maintenance (\$0.9M): Funding is added in the Contractual Services Account for the operations and maintenance of the Public Works Building.
- Street Services Testing Support (\$0.2M): Nine-months funding and resolution authority are added for three positions to increase materials testing support for the Pavement Preservation Program and other roadway efforts.
- Warehouse Continuity (\$0.8M): Nine-months funding and regular authority are added for 13 positions to support operational continuity of warehouse services.
- Finance Division Support (\$0.1M): Nine-months funding and resolution authority are added for one Senior Management Analyst I to support the Finance Division.

The Proposed Budget provides continued funding for the following notable programs in the Department's budget:

- Property Management Services for the Mayfair Hotel (\$3.9M): Funding is continued in the Master Trust Account for property management services at the Mayfair Hotel.
- Supplemental Leasing Services Support (\$0.2M): Funding and resolution authority are continued for one position to support homelessness-related projects and coordinate the relocation of departments with updated space assignments.

Housing Department: The Housing Department's total budget is increased by \$18.2M from 2025-26 levels to \$125M. Changes proposed for the Department's budget include:

- Affordable Housing Support Expansion (\$2.4M): Funding and resolution authority are added for 16 positions to provide enhanced support for the financing and development of affordable and permanent supportive housing.
- Occupancy Monitoring for United to House LA (\$0.1M): Nine-months funding and resolution authority are added for one position to develop occupancy monitoring policies and procedures for projects supported by the House LA Fund.
- Rent Adjustment Section (\$0.2M): Nine-months funding and resolution authority are added for two positions to support the Rent Adjustment Section.
- Supervisory Support for Rent Programs (\$0.1M): Nine-months funding and resolution authority are added for one position to provide supervisory support for the Rent Stabilization and Just Cause Ordinance programs.
- Prevailing Wage Monitoring Unit Expansion (\$0.6M): Nine-months funding and resolution authority are added for one position to support the Prevailing Wage Compliance Unit.
- External Relations (\$0.3M): Funding is added and resolution authority is continued for three positions to implement communication plans with tenants, landlords, the media, advocates, and other stakeholders.
- United to House LA Accounting Expansion (\$0.5M): Nine-months funding and resolution authority are added for six positions to expand accounting services for Measure United to House LA.
- ULA Office of Inspector General (\$0.5M): Funding is added and resolution authority is continued for four positions to create the Office of Inspector General for the United to House LA programs.
- Contracting and Procurement Expansion (\$0.1M): Nine-months funding and resolution authority are added for one position to support the launch of United to House LA programs.
- Homelessness Oversight Bureau Leadership (\$0.7M): Funding is added and resolution authority is continued for three positions to provide oversight of homelessness services and the City's response to homelessness.
- Strategic Engagement and Policy for Homelessness (\$0.6M): Funding is added and resolution authority is continued for four positions to support the development and assessment of homelessness policy.

The Proposed Budget provides continued funding for the following notable program in the Department's budget:

- Accessible Housing Program Staff (\$9.3M): Funding and resolution authority are continued for 78 positions to meet the requirements associated with the Independent Living Center of Southern California Settlement Agreement and Voluntary Compliance Agreement with the U.S. Department of Housing and Urban Development.

Information Technology Agency: The Information Technology Agency's total budget is increased by \$5.1M from 2025-26 levels to \$98.4M. Changes proposed for the Department's budget include:

- Radio Infrastructure Repair Project (\$1.5M): One-time funding is added in the Communication Services Account to replace urgent public safety equipment.
- Infrastructure Bureau Support (\$0.7M): Funding and regular authority are added for four positions to support the Infrastructure Bureau.
- Network Architecture Support (\$0.2M): Funding and regular authority are added for one position to support network architecture.
- Network Outage Prevention (\$0.5M): One-time funding is added in the Communication Services Account to replace obsolete network routers and switches that are part of the network infrastructure that supports the operation of various City departments.
- Cybersecurity Support (\$0.2M): Nine-months funding and regular authority are added for two positions to support Citywide cyber defense.
- MyLA311 System Licensing (\$0.8M): Funding is added to the Contractual Services Account for MyLA311 Licenses.
- Human Resources and Payroll Project Support (\$0.1M): Funding and regular authority is added for one position to support the Human Resources and Payroll Project.
- Email and Collaboration Licenses (\$0.4M): Funding is added in the contractual Services Account for increases to the cost of the Citywide email and collaboration tool software licenses.
- Hybrid Cloud Services (\$0.4M): Funding is added to the Contractual Services Account to address increases in cloud infrastructure.

Library: The Charter-mandated appropriation to the Library Department is increased by \$9.9M for a total budget of \$279.7M in 2026-27. Changes proposed for the Department's budget include:

- Security Services (\$1.4M): Funding is added for security services at all Library locations.
- Library Materials (\$1M): Funding is added in the Library Materials Account to purchase new library books and materials to meet the needs of the public and improve service to neighborhoods.
- Branch Libraries Alterations and Improvements (\$7.7M): One-time funding is added to fund alterations and improvements projects at branch libraries.

- Central Library Long-Term Capital Improvements (\$2M): One-time Contractual Services funding is added for the Central Library's renovation and long-term capital improvement projects.
- Adjustments to Library Facilities Costs (\$2.5M): Funding is increased for direct costs to the Library including for water and electricity, building maintenance, fuel and fleet, natural gas, custodial services, parking, and refuse collection.
- ADA Compliance and Contract Monitoring (\$0.1M): Nine-months funding and regular authority is added for one position to oversee ADA compliance.
- Contingency Funding (\$4.7M): One-time funding is added to address unanticipated expenditures for direct costs throughout the fiscal year.

Additionally, the Department will reimburse the General Fund a total of \$58.9M for pensions, health, Medicare benefits, and other related costs.

Neighborhood Empowerment: The Department of Neighborhood Empowerment's total budget is increased by \$0.5M from 2025-26 levels to \$3.6M. Changes proposed for the Department's budget include:

- Field Staff Support (\$0.2M): Funding and resolution authority are added for two positions to provide field support for the Neighborhood Councils.
- Neighborhood Council Elections (\$0.1M): One-time funding is added in various accounts for the joint administration of the 2027 Neighborhood Council Board Member Elections with the Office of the City Clerk.

Personnel: The Personnel Department's total budget is increased by \$8.5M from 2025-26 levels to \$84.9M. Changes proposed for the Department's budget include:

- Expense Account Reductions (-\$1M): Funding is reduced in various accounts, including Contractual Services, Printing and Binding, Training Expense, and Medical Supplies.
- Police Hiring Division (\$1.1M): Funding is added and resolution authority is continued for four positions to form a dedicated Police Hiring Division.
- Police Hiring Division Increased Support (\$0.5M): Nine-months funding and resolution authority are added for five positions to support the Police Hiring Division.
- Increased DWP Support (\$0.7M): Nine-months funding and resolution authority are added for eight positions to support increased classification and examining services for DWP. All costs will be fully reimbursed by DWP.
- Civil Service Commission Support (\$0.1M): Nine-months funding and resolution authority are added for two positions to support the Civil Service Commission.
- Workers' Compensation Support (\$0.3M): Nine-months funding and resolution authority are added for three positions to support the Workers' Compensation Division.
- Bureau of Street Services Support (\$0.1M): Nine-months funding and resolution authority are added for one position to provide human resources support to the Bureau of Street Services.

- Increased Bureau of Sanitation Support (\$0.2M): Nine-months funding and resolution authority are added for three positions to provide human resources and investigative support to the Bureau of Sanitation.
- Human Resources Clerical Support (\$0.3M): Nine-months funding and resolution authority are added for six positions to provide human resources and clerical support.
- Increased Human Resources Support (\$0.4M): Nine-months funding and resolution authority are added for four positions to provide human resources support. Two of these positions will support the Housing Department.
- Human Resources and Payroll Project Management (\$0.2M): Nine-months funding and resolution authority are added for two positions to support the City's human resources and payroll project system.

Police Department: The Police Department's operating budget is increased by \$124.7M from 2025-26 levels to \$2.11B. Based on the Police Department's budget allocation, the Department's share of unrestricted revenue will increase from 46.2 percent (\$3.06B of \$6.6B) in 2025-26 to 46.7 percent (\$3.25B of \$7B) in 2026-27. Each one percent equates to approximately \$69M. Unrestricted revenues are General Fund receipts which may be used for any municipal purpose. \$98.8M in MICLA financing is also included for the replacement of one helicopter, Phase I of the Police Radio Network Upgrade, Police Vehicle Replacement, and Police Vehicles for the 2028 Games. Changes for the Department's budget include:

- Sworn Deployment Adjustment (\$24M): Funding is increased in the Salaries Sworn Account to reflect costs from starting 2026-27 with 8,555 filled sworn positions as opposed to the 8,399 positions funded in the base budget.
- Civilian Deployment Adjustment (\$9.5M): Funding is increased in the Salaries General Account to reflect costs from starting 2026-27 with 2,338 filled civilian positions as opposed to the 2,254 positions funded in the base budget.
- Sworn Hiring Plan (\$23.4M): Funding is added in the Sworn Salaries account to maintain a force of 8,555 sworn officers. Planned hiring for 2026-27 is 510 sworn officers.
- Sworn Attrition (-\$5.4M): Funding in the Salaries Sworn Account is reduced to reflect the attrition of 510 sworn officers.
- Sworn Overtime Usage Adjustment (\$6.9M): Funding is added in the Overtime Sworn Account to provide cost-of-living increases and maintain funded overtime hours for reimbursable (\$1.4M) and non-reimbursable (\$5.5M) overtime deployments.
- Restoration of One-Time Reductions (\$33.2M): Funding is restored in the Accumulated Overtime, Contractual Services, Firearms Ammunition Other Device, Institutional Supplies, Office and Administrative, Overtime Sworn, Salaries, As-Needed and Transportation accounts that was reduced on a one-time basis in 2025-26.
- Use-of-Force and De-escalation Training (\$1.5M): Funding is provided in a special purpose fund appropriation in the Forfeited Assets Trust Fund for use-of-force and de-escalation training.

- Dispatch Center Console Replacement (\$4.6M): One-time funding is provided to replace 911 dispatch consoles and wiring.
- Major Events Group Expansion: Resolution authority for nine positions consisting of one Police Sergeant II and eight Police Officer IIs is added to support the Major Events Group, formally known as the Strategic Planning Group. This Group is responsible for the planning of large events such as the 2028 Games. Regular authority for nine Police Officer IIs is deleted.

The Proposed Budget provides continued funding for the following notable programs in the Department's budget:

- Los Angeles County Metropolitan Transportation Authority (Metro) (\$97.6M): Funding and resolution authority are continued for 115 positions in alignment with staffing levels approved by Metro for the tenth year of the contract to provide policing for Metro infrastructure, bus and rail lines within the City.
- Major Events Group: Resolution authority is continued for four positions consisting of one Police Commander, one Police Lieutenant II, one Police Sergeant II and one Police Officer II for the Major Events Group, formally known as the Strategic Planning Group. This Group is responsible for the planning of large events such as the 2028 Games. Funding for these positions is included in the Department's base budget.

Public Works Board: The Board of Public Works' total budget is increased by \$0.6M from 2025-26 levels to \$28M. Changes proposed for the Board's budget include:

- Board of Public Works Accounting Support (\$0.1M): Nine-months funding and resolution authority are added for one position to provide increased management support functions within the Office of Accounting.
- Office of Community Beautification Reduction (-\$0.5M): Contractual Services funding is reduced on a one-time basis for litter clean up and graffiti abatement services to reflect anticipated expenditures.
- Los Angeles Convention Center Expansion (\$0.7M): Funding is added and resolution authority is continued for six positions to support the Los Angeles Convention Center Expansion Project.
- Permit Review (\$0.2M): Funding is continued and regular authority is added for two positions to address the backlog of permit revenue deposits in the Public Works Trust Fund.
- Sidewalk Repair Program (\$0.2M): Funding is continued and regular authority is added for two positions to support the Sidewalk Repair Incentive Rebate Program and financial transactions related to the Sidewalk Repair Program.
- Sewer Construction and Maintenance Accounts Payable (\$0.2M): Funding is continued and regular authority is added for two positions to provide accounting and financial support for emergency sewer repairs, regular construction, and associated consultant contracts.

The Proposed Budget provides continued funding for the following notable programs in the Board's budget:

- Oil Well Amortization Program (\$0.2M): Funding and resolution authority are continued for one position to support the Oil Well Amortization Program.
- Oil and Gas Well Facility Compliance Program (\$0.2M): Funding and resolution authority are continued for one position to support the Oil and Gas Well Drill Site Facility Compliance Program.

Public Works Contract Administration: The Bureau of Contract Administration's total budget is increased by \$7.9M from 2025-26 levels to \$55.1M. Changes proposed for the Bureau's budget include:

- Measure W Project Support Expansion (\$0.2M): Nine-months funding and resolution authority are added for two positions to provide construction inspection services for Safe, Clean Water Program projects.
- Wastewater Project Support (\$0.8M): Nine-months funding and resolution authority are added for six positions to provide construction inspection services for the Bureau of Sanitation Clean Water System Capital Improvement Program projects.
- 2028 Games Business Outreach and Certification (\$0.2M): Six-months funding and resolution authority are added for three positions to increase targeted business outreach and address certification processing needs in advance of the 2028 Games. One-time funding is also added in various accounts to support this work.
- Sidewalk Repair Program Acceleration (\$0.9M): Funding is continued and regular authority is added for six positions to provide inspection and labor compliance services for the Sidewalk Repair Program Acceleration Initiative. Funding is also continued in various accounts to support this work.
- Metro Active Transport Program (\$0.6M): Funding is added and resolution authority is continued for four positions to provide construction inspection services for various Metro projects. Metro will fully reimburse the City for these costs.

The Proposed Budget provides continued funding for the following notable programs in the Bureau's budget:

- Los Angeles Convention Center Expansion Project (\$1.8M): Funding and resolution authority are continued for 11 positions to provide construction inspection and labor compliance services for the Los Angeles Convention Center Expansion Project.
- Hotel Worker Minimum Wage (\$0.6M): Funding and resolution authority are continued for five positions to administer the Hotel Worker Minimum Wage Ordinance.
- United to House LA Compliance (\$0.3M): Funding and resolution authority are continued for two positions to monitor and enforce state-mandated prevailing wage requirements and ensure compliance on United to House LA construction projects.

Public Works Engineering: The Bureau of Engineering's total budget is increased by \$19M from 2025-26 levels to \$138.2M. Changes proposed for the Bureau's budget include:

- Asset Management Program for Public Right of Way Inventory and Assessment (\$10.1M): Nine-months funding and resolution authority are added for two positions to support the Asset Management Program. One-time Contractual Services funding (\$9.8M) is also added for an inventory and assessment of the public right of way.
- Los Angeles Convention Center Expansion Project (\$2M): Funding and resolution authority are continued for five positions and funding and resolution authority are added for seven positions approved during 2025-26 (C.F. 15-1207-S1) to support the Los Angeles Convention Center Expansion Project.
- Convention Center Expansion Project Enhancement (\$0.2M): Funding and resolution authority are added for one Senior Management Analyst II to increase support for the Los Angeles Convention Center Expansion Project.
- Pacific Palisades Library and Recreation Center (\$0.1M): Nine-months funding and resolution authority are added for one Architect to support the Pacific Palisades Library and Recreation Center project. The cost for this position will be reimbursed by the Library.
- Willits ADA Coordinator Support (\$0.2M): Funding is added and resolution authority is continued for one Civil Engineering Associate IV to provide technical expertise and support the Bureau's ADA Coordinator.
- DWP Stormwater Capture Parks Projects Enhancement (\$0.6M): Nine-months funding and resolution authority are added for five positions to support DWP stormwater capture parks projects. The costs for these positions will be reimbursed by DWP.
- Metro Active Transport Program (\$0.9M): Funding is added and resolution authority is continued for six positions to provide support for Metro Active Transport, Transit and First/Last Mile Cycle 2 Program projects. Metro will fully reimburse the City for these costs.
- Engineering Support for Wastewater Capital Projects (\$0.2): Funding is continued and regular authority is added for one Civil Engineering Associate IV to support Wastewater projects.
- Project Delivery Support (\$0.2M): Funding and regular authority are added for one Principal Civil Engineer to support capital project delivery efforts and develop cooperative partnerships across City departments.
- Engineering Services Program (\$0.3M): Funding is added and resolution authority is continued for one Deputy Civil Engineer I to manage the Engineering Services Program.
- Land Surveying Monumentation Support (\$0.2M): Funding and regular authority for one Survey Party Chief II are added to advance the Survey Division's legally mandated responsibility to manage and restore land surveying monumentation.
- Survey Division Support (\$0.1M): Funding and regular authority are added for one Survey Party Chief I to advance the Survey Division's responsibility to manage and restore land surveying monumentation.

Public Works Sanitation: The Bureau of Sanitation's total budget is increased by \$37.4M from 2025-26 levels to \$459M. Changes proposed for the Bureau's budget include:

- Clean Corridors Program (\$4.3M): Nine-months funding (\$1.3M) and resolution authority are added for 20 positions to implement the Clean Corridors Program. One-time funding (\$3M) is also added in various accounts to support this work.
- Solid Waste Resources Revenue Fund Overtime (\$11M): Overtime funding is added to address waste collection activities.
- Hyperion Water Reclamation Plant Maintenance and Operations (\$0.7M): Nine-months funding and resolution authority are added for nine positions to support operations and perform preventative maintenance work at the Hyperion Water Reclamation Plant.
- Increased CARE and CARE+ Support (\$0.6M): Funding and resolution authority are added for five positions to support CARE and CARE+ teams.
- Livability Services Division Overtime (\$0.4M): One-time Overtime funding is added to support end-of-shift operations completion.
- Advanced Water Purification Facility Maintenance (\$0.3M): Nine-months funding and resolution authority are added for four positions for the operation and maintenance of the facilities at the Donald C. Tillman Water Reclamation Plant.
- Measure W Operation and Maintenance (\$0.1M): Nine-months funding and resolution authority are added for one Wastewater Treatment Electrician II to support the electrical maintenance for Clean Water South Conveyance Division.

The Proposed Budget provides continued funding for the following notable programs in the Bureau's budget:

- Illegal Dumping Operations (\$7.2M): Funding (\$4.3M) and resolution authority are continued for 47 positions and one-time expense funding (\$2.9M) is provided to address calls for service and investigate and enforce against illegal dumping.
- Hyperion Resiliency (\$3.7M): Funding and resolution authority are continued for 31 positions to improve resiliency at the Hyperion Water Reclamation Plant.
- Citywide Exclusive Franchise System Support (\$4.6M): Funding (\$4.1M) and resolution authority are continued for 42 positions and one-time Contractual Services funding (\$0.5M) is continued for the administration of recycLA.
- CARE/CARE+ Program (\$25.4M): Funding (\$15.3M) and resolution authority are continued for 165 positions to support staffing for CARE+ teams. One-time funding (\$10.1M) is continued in various accounts for hazardous waste removal and disposal, vehicle rentals, and equipment and staff supplies.

Public Works Street Lighting: The Bureau of Street Lighting's total budget is increased by \$0.2M from 2025-26 levels to \$49.5M. Changes proposed for the Bureau's budget include:

- Private Development and Engineering Special Services (\$0.2M): Funding and resolution authority are added for one Street Lighting Engineer to oversee permitting and encroachment reviews for utility work within the public right-of-way.

- Utility Lighting Requests (\$0.1M): Nine-months funding and resolution authority are added for one Street Lighting Engineering Associate II to respond to requests for streetlights on utility poles from DWP. These positions will be fully reimbursed by DWP.

The Proposed Budget provides continued funding for the following notable programs in the Bureau's budget:

- Copper Wire Theft Replacement Program (\$5.5M): Funding and resolution authority for 29 positions and one-time funding to various accounts are continued to support the replacement of copper wire stolen from streetlights and street lighting facilities.
- Streetlight Fortification Against Copper Wire Theft (\$4M): Funding and resolution authority for 13 positions and one-time funding to various accounts are continued to strengthen street lighting access points against copper wire and power theft.
- Co-Location Small Cell Communication (\$3.8M): Funding and resolution authority for 21 positions and one-time funding are continued to support the installation of communication devices on streetlights. Costs will be fully reimbursed by telecommunication companies.
- Smart City and Street Lighting Technology Initiatives (\$1.9M): Funding and resolution authority are continued for three positions and one-time Street Lighting Improvements and Supplies funding is continued to support street lighting technology initiatives.

Public Works Street Services: The Bureau of Street Services' total budget is increased by \$31.8M from 2025-26 levels to \$200.6M. Changes proposed for the Bureau's budget include:

- Expense Account Reductions (-\$27.3M): Funding is reduced in various accounts, including Contractual Services, Operating Supplies, and Construction Expenses.
- Clean Corridors Program (\$6.7M): Nine-months funding and resolution authority are added for 52 positions to implement a new Clean Corridors Program. One-time funding is also added in various accounts to support this work.
- Concrete Crews (\$4.3M): Nine-months funding and resolution authority are added for 31 positions to perform sidewalk maintenance and address repair requests. One-time funding is also added in various accounts to support this work.
- Sidewalk Maintenance Administrative Support (\$0.1M): Nine-months funding and resolution authority are added for one Senior Administrative Clerk and one Accounting Clerk to provide administrative support for the Sidewalk Maintenance Program.
- Sidewalk Maintenance Engineering (\$0.7M): Nine-months funding and resolution authority are added for six positions to provide oversight and engineering services for the Sidewalk Maintenance Program.
- Tree Care Support (\$0.8M): Nine-months funding and resolution authority are added for 10 positions to provide necessary tree maintenance and care.

- Financial Management Division Support (\$0.4M): Nine-months funding and resolution authority are added for five positions to provide fiscal and management support.
- Pavement Preservation - Access Ramps (\$0.1M): Nine-months funding and resolution authority are added for one Street Services General Superintendent I to oversee the Pavement Preservation Access Ramp Program.
- Pothole Crew Support (\$1.1M): Nine-months funding and resolution authority are added for 15 positions to address pothole repair requests through the MyLA311 system. One-time Overtime funding (\$0.2M) is also added to support this work.
- Street Renewal Resurfacing Crews Support (\$3M): Nine-months funding and resolution authority are added for 42 positions to support resurfacing efforts within the Pavement Preservation Program.
- Urban Forestry Division Support (\$1.2M): Nine-months funding and resolution authority are added for 13 positions to provide operational and managerial support for the Urban Forestry Division.
- On-Street Public Toilet Program (\$0.6M): One-time Contractual Services funding is added for the operation of four locations under the On-Street Public Toilet Program.

Recreation and Parks: The Charter-mandated appropriation to the Department of Recreation and Parks is increased by \$10.8M, with the total budget for the Department increased by \$12.6M from 2025-26 levels to \$371.9M. Changes proposed for the Department's budget include:

- Expense Account Reduction (-\$5.7M): Funding is reduced in various accounts including Overtime General, Hiring Hall Salaries, and Operating Supplies.
- Funding for Partially Financed Facilities (\$0.4M): Funding is added to provide full-year funding for building and facilities, land maintenance, and recreational programming for facilities that were partially financed in 2025-26.
- New and Expanded Facilities (\$1.7M): Three-months funding and regular authority are added for five positions to support new and expanded facilities based on their scheduled opening dates. Funding is also added to various accounts to support this work.
- Cabrillo Marine Aquarium Services (\$0.3M): Nine-months funding and regular authority for four positions to oversee expanded conservation and research programs, provide new educational programs, and oversee parking services and guest safety.

The Proposed Budget provides continued funding for the following notable programs in the Department's budget:

- Child Care Centers (\$0.7M): Funding is continued and regular authority is added for eight positions for the operation of child care centers.
- ADA Compliance Support (\$0.1M): Funding and resolution authority are continued for one position to support Certified Access Specialists (CASp) and ADA compliance.

Additionally, the Department will reimburse the General Fund a total of \$114.5M for pensions, health, Medicare benefits, and other related costs.

Transportation: The Department of Transportation's total budget increased by \$20M from 2025-26 levels to \$235.5M. Changes proposed for the Department's budget include:

- Universal Basic Mobility Supervisor Position (\$0.1M): Nine-months funding and resolution authority are added for one position to provide oversight of the Universal Basic Mobility Program.
- Parking Meter Security and Investigations (\$0.2M): Nine-months funding and resolution authority for two positions to provide oversight of parking meter coin collection operations.
- Automated Bus Lane Enforcement Program (ABLE) Support (\$0.3M): Nine-months funding and resolution authority are added for five positions to support the Automated Bus Lane Enforcement Program.
- Communications Center Support (\$0.8M): Nine-months funding and resolution authority are added for 13 positions to provide support for the Communication Center's 24 hours per day, seven days per week operations.
- Parking Enforcement and Traffic Control Services (\$5.3M): Funding and resolution authority are added for 110 positions to provide parking enforcement and traffic control support for the 2028 Games and other major upcoming events.
- Parking Citation Backlog Support (\$0.3M): Nine-months funding and resolution authority are added for four positions to provide support for initial review of appealed citations.
- Parking Adjudication Support (\$0.1M): Nine-months funding and resolution authority are added for two positions to provide administration and support for initial review of appealed parking citations.
- Wastewater Project Plan Review Team (\$0.6M): Nine-months funding and resolution authority are added for five positions for design support and review of wastewater projects.
- Plan Review for Bridge and Streets Improvement Program (\$0.1M): Nine-months funding and resolution authority are added for one position for design support and review of street improvement, bridge, and tunnel projects.
- Airport Construction Program Plan Review Team (\$0.2M): Nine-months funding and resolution authority are added for two positions to support the Los Angeles World Airport's (LAWA) capital projects. All costs will be fully reimbursed by the Department of Airports.
- 2028 Games Support – Traffic Plan Management (\$0.2M): Nine-months funding and resolution authority are added for two positions to support traffic and transportation plan implementation for the 2028 Games and other major events.
- Automated Speed Enforcement Program (\$0.2M): Nine-months funding and resolution authority are added for two positions to support the Automated Speed Enforcement Program.
- Transportation Grant Fund Accounting Support (\$0.1M): Nine-months funding and resolution authority are added for one position to provide additional accounting and financial management support for the Transportation Grant Fund.

Zoo: The Zoo Department's total budget is increased by \$3.3M from 2025-26 levels to \$34.4M. Exhibit H in the Proposed Budget includes an instruction to increase Zoo admission fees by \$2. Changes for the Department's budget include:

- Flamingo Mingle (\$0.2M): Funding is added to support the Flamingo Mingle guest experience.
- Communications and Marketing Support (\$1.2M): Funding is continued and regular authority is added for one position and funding and resolution authority are continued for three positions to support the Zoo's communications and marketing functions. One-time funding (\$0.8M) is also continued in various accounts to support this work.
- Zoo Pals Scholarship Program (\$0.2M): One-time funding is added to support the Zoo Pals Scholarship Program.

Proposed Changes to Non-Departmental Budgets/Programs

Human Resources Benefits and Workers' Compensation Fund: The Human Resources Benefits and Workers' Compensation Fund (HRB) provides for direct payments, exclusive of personnel and administrative costs, for various human resources benefits provided to City employees. The Proposed Budget increases the appropriation to the HRB programs by \$53.2M to \$1B, which is a 5.6 percent increase from the 2025-26 Adopted Budget.

The Proposed Budget includes various assumptions with regard to healthcare costs, number of employees hired, and costs associated with Workers' Compensation. The increase is partially due to the increased costs for benefits as follows:

- Civilian Benefits Program (\$34.1M): Rates for 2026-27 are projected to increase by 6.3 percent to nine percent for health benefits and zero to three percent for dental benefits. The projected cost, totaling \$433.1M, assumes a two percent increase in enrollment.
- Fire Health and Welfare Program (\$3.9M): Rates for 2026-27 are projected to increase by 2.0 percent to 7.5 percent for health and two percent for dental benefits. The projected cost, totaling \$81.1M, assumes no change in enrollment.
- Police, Health and Welfare Program (\$7.4M): Rates for 2026-27 are projected to increase by 2.8 percent to 4.8 percent for health and dental benefits. The projected cost, totaling \$182.4M, assumes no change in enrollment.

In addition to the changes above, a total of \$258.2M would be appropriated to Workers' Compensation, an \$8.7M increase from the 2025-26 Adopted Budget total of \$249.5M. The Proposed Budget also anticipates a \$0.8M decrease in Unemployment Insurance.

General City Purposes (GCP): The Proposed Budget increases GCP funding for programs and services by \$204.7M to \$518.4M, an increase of 65.2 percent, from FY 2025-26 Adopted Budget levels. Notable changes proposed in the GCP include:

- Council District Community Services (-\$1.3M): Funding is not continued to fund services that directly benefit the public within each Council District.
- Council Projects (\$15M): Funding is restored by \$1.5M from a one-time reduction in FY 2025-26.
- Medicare Contributions (\$76.9M): Funding is increased by \$0.6M to reflect an increase in gross wage earnings of employees subject to Medicare.
- Alliance Settlement Agreement Program (\$58.3M): Funding is increased by \$54.4M to support the costs of new interim housing sites and projected costs associated with the expansion of time-limited subsidies in accordance with the settlement. The Proposed Budget assumes funding for a portion of costs will be reimbursed through the County-Alliance Memorandum of Understanding for services provided in FY 2025-26 (\$4.6M) and nine months of services to be provided in FY 2026-27 (\$20.5M)
- Measure A Homelessness Program (\$54.7M): New funding is provided on a reimbursement basis under a Memorandum of Agreement with the County of Los Angeles. This line item includes funding that was provided by, previously titled, Citywide Homeless Interventions (Non-Alliance).
- Wildfire Emergency Permit Fee Subsidies (\$20M): New funding is provided to reimburse departments for the waiver of plan check and permit fees for private properties that were damaged or destroyed as a result of the January 2025 Wildfires.
- Additional Homeless Services (\$7.5M): Funding is decreased by \$1.5M from the allocation provided in FY 2025-26.
- Lifeline Reimbursement Program (\$35.1M): Funding is increased by \$15.1M to reflect the anticipated replacement of the Solid Resources Lifeline Program with a Low-Income Program and estimated program usage.
- CIRCLE: 24/7 Homelessness Crisis Response (\$10M): Funding is increased by \$2.8M to expand services.
- Citywide Recreational Vehicle (RV) to Home Program (\$1.7M): New funding is provided to address RV homelessness, including outreach, service referrals and linkages, and interim housing resources.
- Devonshire Police Activity League – CD 12 (\$0.2M): New funding is added for the Los Angeles Police Department Devonshire Police Activity League Supporters in an effort to reduce juvenile crime, prevent gang activity, and build character in young children and teens through after-school programs for low-income, at risk-youth.
- Safe Passages in South Los Angeles – CDs 8 and 9 (\$0.8M): New funding is provided for the Safe Passages program designed to maintain the presence of safety and engagement in targeted locations.
- South LA Strong Summer Program (\$0.3M): New funding is provided for summer camp workshops, family and community wellness events, and pool parties and movies in the park to invest in youth and community engagement within the South Los Angeles Strong framework.

- Street Strategies (\$19.4M): Funding is increased by \$3.2M for street-based homelessness strategies including outreach, hygiene, sanitation, and storage services, diversion opportunities, and expanding collaborations with stakeholders.
- LA Cleantech Incubator (\$1.5M): New funding is provided for a micro-enterprise assistance program for early-stage clean technology businesses.
- Green Workforce/Sustainability Plan (\$0.8M): Funding is increased by \$0.7M to reflect increased coordination efforts related to environmental sustainability initiatives. Costs will be reimbursed by DWP.
- Office of Major Events (\$3M): Funding is increased by \$1.2M to prepare for the 2028 Games.
- Trade and Commerce Relations (\$0.5M): New funding is added to facilitate the growth of LA's trade-based economy, encourage direct foreign investment, and engage the City in critical international issues.
- Homelessness Emergency (Inside Safe) (\$98.7M): Funding is increased by \$65.5M to support the Mayor's Office of Housing and Homelessness Solutions, including the Inside Safe Initiative, a Citywide housing-led strategy to move people experiencing homelessness into interim and permanent housing. The Proposed Budget assumes funding for service provision will be reimbursed through the County-Alliance Memorandum of Understanding for 12 months of services provided in FY 2025-26 (\$59.8M) and nine months of services to be provided in FY 2026-27 (\$44.9M).

The Proposed Budget does not provide funding in FY 2026-27 for the following programs previously funded in FY 2025-26: Council District Community Services, City Charter Reform, County Services – Massage Parlor Regulation, International Visitors Council of Los Angeles, Los Angeles Neighborhood Land Trust, Los Angeles Superior Court Teen Program, Mobile Laundry Truck, Cultural, Art, and City Events, Clinica Romero, and Angeleno Connect Program.

Unappropriated Balance: The Unappropriated Balance (UB) includes funds identified for specific purposes, including contingencies for accounts that may experience shortages to start-up funds for projects or programs that would need funding during the fiscal year, but are not fully developed at the time the budget is adopted. The 2026-27 Proposed Budget includes \$150.7M in the UB, a \$139.8M decrease from the 2025-26 Adopted Budget allocation of \$290.5M.

The 2026-27 Proposed Budget sets aside funding in the UB for various projects, including the following:

- 2025 Windstorm and Wildfire After Action Report (\$0.4M): Funding is set aside for the Chief Legislative Analyst to contract an independent third party to prepare an After-Action Report regarding the City's response to the January 2025 windstorms and wildfires.
- ADA Transition Plan Development (\$0.1M): Funding is set aside for the Department on Disability to develop the Transition Plan for the Americans with Disability Act Citywide Self-Evaluation and Transition Plan.

- Advantage Insight Project (\$0.2M): Funding is set aside to support the transition of financial reports within the City's financial reporting system.
- Civil Case Management System Replacement (\$2M): Funding is set aside for the City Attorney to replace the existing civil case management system.
- Election Expenses – General Municipal Elections (\$11M): Funding is set aside for the November 2025 General Municipal Election, which represents the City's portion of the Los Angeles County Registrar-Recorder/County Clerk's costs, for up to five Council-sponsored ballot measures, one Citywide office runoff, and three City Council District office runoffs.
- Gang Injunction Settlement Agreement (\$1M): Funding is set aside for extending the Gang Injunction Curfew Settlement program pending the completion of a special audit and review of the program.
- Ground Emergency Medical Transport QAF Program (\$52M): Funding is set aside for the quarterly payments and related contractual services cost for the Public Provider Ground Emergency Medical Transport Intergovernmental Transfer Program.
- Internal Cash Flow Borrowing (\$4M): Funding is set aside to cover the interest costs associated with special fund borrowing required for cash flow management in 2026-27.
- Mutual Aid Overtime (\$3M): Funding is set aside for sworn overtime for the Fire Department for mutual aid response for fire and disaster response needs outside of the City boundaries.
- Nuisance Abatement Enforcement (\$2M): Funding is set aside to mitigate or eliminate nuisance conditions at City-owned properties and within the City's right-of-way.
- Outside Counsel including Workers' Compensation (\$6.7M): Funding is set aside for the City Attorney to retain outside counsel to assist in litigation and transactional matters. The funding was increased by \$0.7M from the 2025-26 Adopted Budget. The funding is separate from the \$6M budgeted for law firms on the Attorney Conflicts Panel managed by the Office of the City Administrative Officer. Partial funding is provided by the Solid Waste Resources Revenue Fund (\$0.7M).
- Police Workday Payroll Integration Software (\$1M): Funding is set aside to implement payroll integration solutions to address the Police Department's operational needs, including deployment planning, time tracking, and overtime reporting.
- Reserve for Extraordinary Liability (\$20M): Funding is set aside as a reserve for liability payouts resulting from judgments or settlements.
- Reserve for Mid-Year Adjustments (\$38M): Funding is set aside to address shortfalls that may arise during 2026-27. The 2025-26 Adopted Budget set aside \$125M for this purpose.
- Workforce and Economic Development Initiatives (\$0.5M): Funding is set aside to support WorkSource Centers and ensure local vendors and community contracts are prioritized for the 2028 Games.

Proposition A Local Transit Assistance Fund: The Proposed Budget appropriates \$263.4M, which represents an 18.2 percent decrease from the 2025-26 Adopted Budget. The Proposition A Schedule is balanced by eliminating prior-year appropriations. The required level of funding for transit service is approximately \$286M annually and the annual ongoing revenue within the Proposition A Fund is approximately \$193.4M, resulting in a structural deficit of approximately \$92.6M. The Department of Transportation is conducting a Comprehensive Operational Analysis (formerly the Transit Service Analysis) to identify options for resolving the structural deficit.

The Proposed Budget reduces funding for: City Transit Services (\$218.7M), including Transit Operations; Transit Capital (\$5.1M), including Smart Technology for DASH and Commuter Express Buses; and Transit Facilities (\$4.6M).

New funding is provided or increased for:

- Marketing City Transit Program (\$2M): Increased funding for customer service and marketing of City transit services.
- Transit Store (\$4.2M): Increased funding for the operation of the Transit Store, which is a central information outlet for transit services and provides information, sells tickets and Metro fare media and passes, and handles customer complaints.
- Bikeshare Operations and Maintenance (\$1.8M): New funding to support the operations and maintenance cost for the Bikeshare Pilot Program that was established as part of a Regional Program implemented with Metro. Funds are also provided in the Measure M Local Return Fund (\$1M).
- Transit Facility Security and Maintenance (\$4.5M): Increased funding is provided for various maintenance and minor capital improvement projects at City-owned and maintained transit facilities. Funds are also provided for security at City transit stations and five Metrolink stations.
- Bus Driver Safety Risk Mitigation (\$3M): New funding is added to implement various bus safety risk mitigations including, but not limited to, installing fully-enclosed protective barriers and upgrading radios to increase safety of bus drivers.

Funding is not continued for: staff in the Department of Aging to administer the Multi-Purpose Centers Shuttle Program (-\$0.5M); Reimbursement for Metro Bus Pass Sales (-\$0.2M); Paratransit Program Coordination Services (-\$1.6M); Consultant Services for Electrification (-\$2M); Facility Upgrades for Electrification (-\$17.4M); Harbor City Zero Emissions Bus Yard Development (-\$25.5M); Inspection Travel Fleet Representative Procurement (-\$0.02M); Transit Facility State of Good Repair (-\$3.8M); Matching Funds – Measure R Projects/LRTP/30-10 (-\$3M); Technology and Communications Equipment (-\$0.4M); and Travel and Training (-\$0.05M).

Proposition C Anti-Gridlock Transit Improvement Fund: The Proposition C Fund receives revenue from the one-half cent sales tax increase approved by County of Los Angeles voters in 1990. The Proposed Budget appropriates \$146.2M, which represents a 20.1 percent increase from the 2025-26 Adopted Budget.

The Proposition C Schedule increases funding to departments for various ongoing programs through Departmental Appropriations (\$76.6M), including the Metro Annual Work Program, Metro Call for Projects, and the Transportation Grant Fund Work Program; and also increases funding for reimbursement of General Fund costs (\$59.2M).

The Proposed Budget provides funding for the following new programs:

- CTIEP – Physical Plant (\$0.3M): Funding for implementation of a street improvement project.
- Open Streets Program (\$2.4M): Funding for Open Streets events throughout the City.
- Street Design Manual (\$0.9M): Funding is provided to the Bureau of Engineering for the update of the Street Design Manual.
- Field Operations Training, Licenses, and Equipment (\$0.6M): Funding for employee safety training, licenses, and equipment.
- Paint and Sign Maintenance Support – Overtime (\$1.7M): Funding for paint and sign maintenance services performed on an overtime basis.
- Transportation Grant Fund Capital Stabilization (\$4.6M): Funding to provide cash flow for active grant-funded transportation projects that provide pedestrian and bicycle safety improvements and complete street elements.

Measure M Local Traffic Relief and Rail Expansion Fund: In November 2016, Los Angeles County voters approved an additional one-half cent sales tax, with an increase to one percent on July 1, 2039, with revenue to be used for various transportation improvements.

The Proposed Budget anticipates \$98.7M in Measure M funding, a 13.3 percent decrease from FY 2025-26, for several continued programs and the following new or increased programs:

- Bureau of Engineering (\$12.1M): Funding is increased for traffic signal and left turn signal project design, for support and administration of transportation projects, and for support and administration of a bridge program strategic plan, and implementation of a Citywide Public Right of Way Assessment Program.
- Bureau of Street Lighting (\$1.4M): Funding is increased for traffic signal design work and street lighting elements of transportation projects and Vision Zero programs.
- Bureau of Street Services (\$3.4M): Funding is increased to support transportation work, including bicycle lane repair and maintenance and sidewalk repair.
- Transportation (\$20M): Funding is increased to provide staffing for the Vision Zero program and other active and sustainable transportation initiatives.
- DOT Equipment – 2028 Games & Major Events (\$0.5M): Funds are provided for procurement of traffic control equipment to manage street closures and detours for major events.

- Paint and Sign Maintenance – 2028 Games Support (\$0.5M): Funds are provided for the purchase of paint and sign maintenance equipment and supplies for 2028 Games-related striping and pavement markings.
- Pavement Preservation Program (PPP) Access Ramps (\$3.1M): Funds are provided for curb ramp repairs.

Funding was not continued for: Asset Management – Transportation (-\$0.2M), Community First Engagement (-\$1M); Computer Hardware Replacement (-\$0.4M); Open Streets Program (-\$0.8M); Sidewalk Engineering Consulting Services (-\$1.5M); Sidewalk Repair – BSS Crews (-\$2.3M); Sidewalk Repair Contractual Services (-\$1.6M); and Vision Zero Education and Outreach (-\$1M).

Measure R Local Traffic Relief and Rail Expansion Fund: The Proposed Budget maintains funding at \$75.1M, representing no net change from the 2025-26 Adopted Budget. Funding is continued for various projects and programs, and new or increased funding is provided for the following:

- General Services (\$2M): Funding is increased for materials testing support for the City Pavement Preservation Plan.
- Bureau of Engineering (\$0.6M): Funding is increased for hiring hall and surveys; and to support the review of design projects along the High Injury Network for Vision Zero and for engineering design and survey work for pedestrian and bus stop refuge islands.
- Bureau of Street Lighting (\$0.6M): Funding is increased for design, coordination, and construction engineering for the deployment of various street lighting projects for Vision Zero, including pedestrian lighting for bus stop pedestrian islands, support for the mid-block crosswalk program, and support for lighting around the top 50 schools in need.
- Bureau of Street Services (\$26.2M): Funding is increased for the City Pavement Preservation Program and sidewalk access ramp construction in compliance with the Willits Settlement Agreement.
- Transportation (\$8.2M): Funding is increased for staffing six District Offices, Vision Zero, and other Active Transportation Initiatives.
- Matching Funds – Measure R Projects/LRTP/30-10 (\$3M): Funding is provided as part of the three percent in matching funds for regional Measure R subway and rail construction projects that are constructed within City limits. In 2025-26, funds were provided in the Proposition A Local Transit Assistance Fund.
- Reimbursement of General Fund Costs (\$31.4M): Funding is increased to reimburse the General Fund for fringe benefits, central services, and department administration and support.

The Proposed Budget does not continue funding for: Automated Traffic Surveillance and Control (ATSAC) System Maintenance (-\$3.4M); HLA Improvements (-\$1M); Paint and Sign Maintenance (-\$0.5M); and Technology and Communications (-\$0.1M).

Local Transportation Fund: Funds from one-fourth of one percent of the sales tax are allocated annually on a per capita basis to develop bicycle and pedestrian facilities. Local agencies may either draw down these funds or place them in reserve. Funds must be spent within the fiscal year in which they have been allocated.

The Proposed Budget includes total appropriations of \$3.7M, which reflects a 33.4 percent decrease from the 2025-26 Revenue Estimate. The Proposed Budget allocates funding for CTIEP – Physical Plant (\$1.1M), Active Transportation Program (\$0.8M), Bike Path and Maintenance & Refurbishment (\$1.2M), and the Expo Bike Path Phase II Northvale Segment (\$0.7M).

Special Parking Revenue Fund: The Special Parking Revenue Fund collects receipts from parking meters and City-owned public parking lots. Funds may be used for purchasing, installing, maintaining, and operating parking meters and metered spaces; collection of meter revenue and related expenses; purchasing, improving, and operating off-street parking facilities; painting and marking street curbs; repaying borrowed City funds; and paying debt service costs for off-street facilities.

The Proposed Budget provides \$60.9M, a 19.1 percent increase from 2025-26. Funding is continued for maintenance of City-owned public surface lots and parking garages, the purchase and installation of upgraded parking meters and pay stations to replace older models, capital equipment purchases, contractual services, and full reimbursement of General Fund related costs. New funding is provided for Parking Structure Improvements (\$5M) and Miscellaneous Equipment (\$0.1M).

California Motor Vehicle Fuel (Gasoline) Tax:

Special Gas Tax Improvement Fund: Monies are received from the State’s Excise Tax on the sale of gasoline and from federal reimbursements from the Surface Transportation Program – Local, and provide funding to various departments and to the CTIEP – Physical Plant for eligible activities and projects.

The Proposed Budget provides \$114.1M, which reflects a two percent decrease from 2025-26. Funding is continued for various street projects and programs across several departments, including the following increases:

- General Services (\$2.8M): Funding is increased for materials testing, supply management, and fleet maintenance support.
- Bureau of Engineering (\$4.2M): Funding is increased for design, construction management, survey support, and administrative support.
- Bureau of Street Services (\$43M): Funding is increased for street sweeping, the Pavement Preservation Program, and other street projects.
- Transportation (\$3.9M): Funding is increased for striping of streets, maintenance of traffic signals, and support for street projects.

Funding is not continued for CTIEP – Physical Plant (-\$3.4M).

Road Maintenance and Rehabilitation Program Special Fund (SB 1 Fund): Funds are provided to cities and counties to address basic road maintenance, rehabilitation, and critical safety needs on the state highway system and the local street and road system through fuel excise taxes, diesel fuel sales taxes, and vehicle registration fees. In order to receive the upcoming fiscal year's apportionment of SB 1 fund, the City must annually adopt and submit a planned list of projects to be funded with SB 1 funds, no later than July 1st of any given year, to the California Transportation Committee.

The Proposed Budget provides \$153.7M, a seven percent decrease from FY 2025-26, for various continued programs, including the following new or increased programs:

- Advanced Transportation System and Coordination Maintenance (\$7M): Funding is provided for the ongoing maintenance, replacement, and upgrade of diagnostic equipment, battery backup systems, hardware and software, and the communications network connecting Citywide traffic signals to the Advanced Transportation System and Coordination center.
- BSS Palisades Recovery (\$4M): Funding is provided for the installation of emergency protective measures and debris removal in the public right-of-way in response to the 2025 Palisades Fire.
- Pavement Preservation Access Ramps (\$33.6M): Funding is increased for Access Ramp work conducted as part of the Pavement Preservation Program.
- Sidewalk Repair Contractual Services (\$7.2M): Funding is increased for sidewalk repair to safely separate vehicular and pedestrian traffic in compliance with the ADA.

Street Damage Restoration Fee Fund: The Street Damage Restoration Fee (SDRF) Special Fund receives revenues from the SDRF, which was established in 1998 to reimburse the City for damage to City streets caused by excavations or other work performed by entities required to obtain a permit to excavate in a public street. SDRF funds may be used for the maintenance, resurfacing, repair, and reconstruction of asphalt streets, and related staffing and support.

The Proposed Budget projects \$49.1M in revenue generated by the SDRF, which is a 4.9 percent decrease from the estimated revenue in 2025-26 of \$51.6M. The SDRF is no longer at cost recovery and requires an \$14.7M General Fund Subsidy.

The Proposed Budget for the SDRF Fund includes \$41.7M in department appropriations to various City departments and bureaus for street maintenance, preservation, and repair-related activities.

Stormwater Pollution Abatement Fund: The Proposed Budget includes \$39.5M in the Stormwater Pollution Abatement (SPA) Fund, which is a 21.3 percent increase from the 2025-26 Adopted Budget.

The SPA charge is a fee imposed on all properties in the City based on stormwater runoff and pollutant loading associated with property size and land use. SPA funds are used to treat and abate stormwater per guidelines provided by the U.S. Environmental Protection Agency.

The State's Regional Water Quality Control Board, Los Angeles Region (Regional Board) regulates the treatment and abatement of stormwater through a National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) Permit. The City's NPDES MS4 permit authorizes the City to discharge stormwater into U.S. waters. The SPA charge has not been adjusted since 1993. The existing SPA charge of \$1.92 per month for a typical single-family home is insufficient to cover the costs of meeting NPDES MS4 Permit requirements. The Proposed Budget provides SPA with a General Fund Subsidy of \$17.9M.

Since 2021-22, the City has used its SPA funds to support the City's flood control program, enforcement against illicit discharge activities, stormwater education, and non-capital expenses associated with maintaining its NPDES MS4 permit. The Proposed Budget for the SPA Fund also includes \$24M for various City departments, offices, and bureaus for the cost of stormwater related activities.

Measure W Local Return Fund: The Proposed Budget includes \$46.3M in the Los Angeles Region Safe, Clean Water Program (Measure W) Local Return Fund.

On November 6, 2018, Los Angeles County voters approved Measure W, a parcel tax of 2.5 cents per square foot of impermeable surface to support the costs of stormwater related projects and activities. Measure W can be used to fund Enhanced Watershed Management Plan projects and the operation and maintenance of completed water quality improvement projects.

A total of 40 percent of Measure W revenues are allocated to municipalities in the same proportion as the amount of revenues collected within each municipality. The City is expected to receive \$36.3M in 2026-27. Funding (\$0.2M) for two new positions in the Bureau of Contract Administration is included for construction inspection services and support.

The Proposed Budget for the Measure W Local Return Fund includes:

- CTIEP – Physical Plant (\$7.9M): Provided for three water quality and water supply projects in the CTIEP - Physical Plant Budget.
- Departmental Appropriations (\$12.4M): Provided to various City departments, offices, and bureaus for the cost of stormwater related activities.
- Feasibility Studies (\$1M): Provided for feasibility studies of water quality projects to be submitted for funding consideration as part of the Measure W Regional Call for Projects.

- Regional Project Development & Revolving Funds (\$9M): Provided for the initial development of regional water quality projects and is to be used as a revolving fund for potential match or front-funding requirements for regional funding.

Accessible Housing Program: A total of \$62.1M is included in the Proposed Budget for the Accessible Housing Program, which is a 44.8 percent decrease (-\$50.4M) from the 2025-26 Adopted Budget. Relative to the class action lawsuit, *Independent Living Center of Southern California v. the City of Los Angeles, et al*, the Settlement Agreement, approved in 2016, requires the City to invest \$200M over 10 years for Program implementation and the production of 4,000 accessible rental housing units. In 2019, the City entered into a Voluntary Compliance Agreement with the U.S. Department of Housing and Urban Development to produce 4,031 accessible rental housing units within 10 years by retrofitting 3,100 existing units and financing new units. As of January 26, 2026, 1,825 units have been certified as accessible and approximately 1,906 units are currently in construction or in pre-development (C.F. 26-0188). Funding in 2026-27 will produce up to 97 accessible units toward the City’s 4,000-unit goal.

The Proposed Budget allocates \$42.7M from the General Fund, \$5.6M in Special Funds (Proposition HHH funds and other Housing Department funding sources), and \$13.9M in funding from Other Funds (subsidies from other sources including low-income housing tax credits, federal, state, and county funds) to satisfy the terms of the related Settlement Agreement.

The Proposed Budget includes funding to the Housing Department and the City Attorney for administrative costs to implement the requirements of the Settlement Agreement (\$12.3M), and funding in the Special Purpose Fund Appropriations for costs associated with retrofits (\$12M), system upgrades to meet data collection and reporting requirements (\$2.7M), and a Chief Architect (\$4.5M).

Affordable Housing Trust Fund: Established in 2000, the City’s Affordable Housing Trust Fund (AHTF) finances the acquisition, rehabilitation, and construction of affordable housing throughout the City. The AHTF has historically been funded with various sources, including the Consolidated Plan’s allocation of HOME and CDBG funds, redevelopment funds, and other state and federal resources.

A total of \$29.4M in HOME funds was allocated to the AHTF in the 2025-26 Consolidated Plan (PY 51). The 2026-27 Consolidated Plan (PY 52) was released on April 24, 2026 and would allocate a total of \$30.6M in HOME funds to create interim housing.

Measure United to House LA (ULA), House LA Fund: A total of \$515.7M is included in the Proposed Budget for the House LA Fund, a \$67.9M (15.2 percent) increase from 2025-26. Measure ULA, approved by the voters in 2022, established an additional tax on the sale and transfer of real property valued over \$5M (adjusted annually and currently at \$5.3M) to fund the production and preservation of affordable housing and homelessness prevention programs. Revenue from Measure ULA, also known as the Homelessness and Housing Solutions Tax, is deposited into the House LA Fund.

The Proposed Spending Plan for the House LA Fund includes funding for affordable housing programs and homelessness prevention programs based on the distribution specified in the measure. The affordable housing programs include:

- Multifamily Affordable Housing (\$106.7M);
- Alternative Models for Permanent Affordable Housing (\$106.7M);
- Acquisition and Rehabilitation of Affordable Housing (\$47.4M);
- Homeownership Opportunities, Capacity-Building, and Operating Assistance (\$47.4M); and
- Program Stabilization Fund to address periodic revenue shortfalls (\$23.7M).

The Proposed Spending Plan for the House LA Fund also includes the following homelessness prevention programs:

- Short-Term Emergency Assistance: (\$23.7M);
- Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities (\$47.4M);
- Eviction Defense/Prevention (\$47.4M);
- Tenant Outreach and Education (\$9.5M); and
- Protections from Tenant Harassment (\$14.2M).

The Proposed Budget also includes funding (\$41.3M) for administration costs associated with House LA programs.

The Proposed Budget notes that should Measure ULA be invalidated through litigation, the City's General Fund may be obligated to cover any expended funds. It is estimated that \$124.3M in expenses will be incurred through the end of 2025-26. Measure ULA is currently under review for possible amendments and could also be impacted by a measure on the November 2026 ballot.

Capital Finance Administration Fund: The Capital Finance Administration Fund includes \$209.7M for the debt service costs for outstanding debt issuances to date, a \$10.8M (5.5 percent) increase from 2025-26 levels.

MICLA Debt Issuances: The Proposed Budget includes \$182.7M in MICLA Capital Equipment for financing for various items, including:

- General Services Department Vehicle Replacement (\$25M);
- Fire Department Helicopter Replacement (\$23.7M);
- Fire Vehicle Replacement (\$32.5M);
- Police Helicopter Replacement (\$9.8M);
- Police Vehicle Replacement (\$41.6M); and
- Police Vehicles for the 2028 Games (\$42.4M), a portion of which will require a deviation in City policy.

The Proposed Budget also includes \$159.9M in debt financing for various capital improvements for several municipal facilities and City infrastructure, including:

- Boyle Heights Sports Complex (\$10.5M);
- Capital Program – Zoo (\$2M);
- Deferred Maintenance Program (\$5.5M);
- Electric Vehicle Charger Infrastructure (\$4M);
- Glendale-Hyperion Complex of Bridges (\$67.5M);
- Manchester Junior Arts Center (\$4.9M);
- Nate Holden Theater Improvements (\$1.8M);
- Sixth Street Park, Arts, and River Connectivity (PARC) Improvement Project (\$1.4M);
- Southeast Valley Roller Rink (\$1.5M);
- Warner Grand Theatre Phase II (\$0.9M); and
- Zoo Habitat Infrastructure (\$6M).

Additionally, debt financing is proposed for several projects at the Los Angeles Convention Center totaling \$14M.

Tax and Revenue Anticipation Notes (TRAN) Debt Service Fund: The Proposed Budget includes funding totaling \$1.5B to pay debt service on TRAN issued to fund the City's annual required contributions to LACERS (\$827.6M, including interest) and Pensions (\$694.1M, including interest). The net savings to the City for early payment to the pension systems through the issuance of TRAN is approximately \$7.9M. Historically, the TRAN Debt Service Fund included an appropriation for the interest portion of the temporary cash flow borrowing requested by the Controller. The temporary borrowing was previously split between the TRAN issuance and special fund borrowing. The 2026-27 Proposed Budget assumes all temporary cash flow borrowing will be managed with special fund borrowing. An appropriation is included in the Unappropriated Balance for the interest costs associated with the special fund borrowing.

Fire and Police Pension Fund (LAFPP): The City's 2026-27 contribution to LAFPP is \$670.7M, an increase of \$37.3M from the 2025-26 Adopted Budget contribution. The contribution rate, as a percentage of salary, is 35.9 percent compared to 35.8 percent in 2025-26. The increase in contribution is primarily a result of higher-than-expected salary increases for active members and cost-of-living adjustment increases for retirees and beneficiaries, a required one-percent employer contribution for Tier 5 members, and the implementation of a surplus management funding policy.

The Proposed Budget anticipates paying the entire LAFPP contribution in July 2026 through the issuance of TRAN. As a result, the pension fund is expected to gain additional interest earnings on the payment, which would reduce the required City contribution by approximately 3.2 percent. The LAFPP system's funded ratio, using actuarial value of assets, increased from 97 percent to 97.6 percent.

Los Angeles City Employees' Retirement System (LACERS): The City's total 2026-27 contribution to LACERS is \$952.7M, a \$98.9M increase from the 2025-26 Adopted Budget contribution. This total includes \$152.9M in payments from Airports (\$107.3M),

Harbor (\$32.8M), LACERS (\$7.6M) and LAFPP (\$5.2M). The City's General Fund portion of the total amount to be paid to LACERS in 2026-27 is \$799.7M, a net \$96.5M General Fund increase over the 2025-26 required contribution. The City's increased contribution from 2025-26 is primarily due to an increase in City budgeted payroll, an increase in the combined contribution rates, and a one-time true-up owed of \$7.9M based on actual covered payroll for the prior year.

The Proposed Budget anticipates paying the entire General Fund portion of the contribution in July 2026 through the use of TRAN, which will generate a 3.2 percent discount to the City (\$25.1M). Expressed as a percentage of the City's budgeted payroll, the Tier 1 contribution rate has increased from 32.7 percent in 2025-26 to 33.6 percent in 2026-27; Tier 3 contribution as a percentage of salary has been increased from 29.4 percent to 29.5 percent. These rates include the enhanced benefit cost for Airport Peace Officers who remained in LACERS, which is borne exclusively by the Department of Airports. The final contribution obligation for all other agencies has been adjusted accordingly to apply the full cost to the Department of Airports.

Ethics Commission – Public Matching Campaign Funds Trust Fund: The Proposed Budget appropriates \$4.3M to the City Ethics Commission Public Matching Campaign Fund. In 2025-26, funding was not appropriated due to the declaration of a fiscal emergency. The Charter requires an annual appropriation of \$2M (in 1991 dollars) per fiscal year adjusted by the Consumer Price Index, unless special circumstances are met. The required appropriation amount for 2026-27 is \$4.3M. The Proposed 2026-27 appropriation, combined with the projected cash balance from 2026-27, would provide a total balance of \$16.7M.

Climate Budget: The 2026-27 Proposed Budget includes a Climate Budget, which describes the appropriations and financing that the Proposed Budget authorizes for the provision of climate change mitigation and climate change adaptation activities in City operations. The Proposed Budget includes \$894.6M throughout various departments and programs for climate-related activities, including appropriations through the General Fund (\$44.9M), Special Funds (\$576.9M), and MICLA (\$272.8M). Certain appropriations are described as falling under both mitigation and adaptation designations, with six subcategories. The mitigation subcategories include the following greenhouse gas emission strategies: reducing vehicle miles traveled, waste reduction, decarbonization, energy efficiency, urban greening, and electrification. The adaptation subcategories include the following effects of climate change: extreme heat, drought, sea level rise, wildfire, flooding, and climate-related public health.