

City of
SACRAMENTO

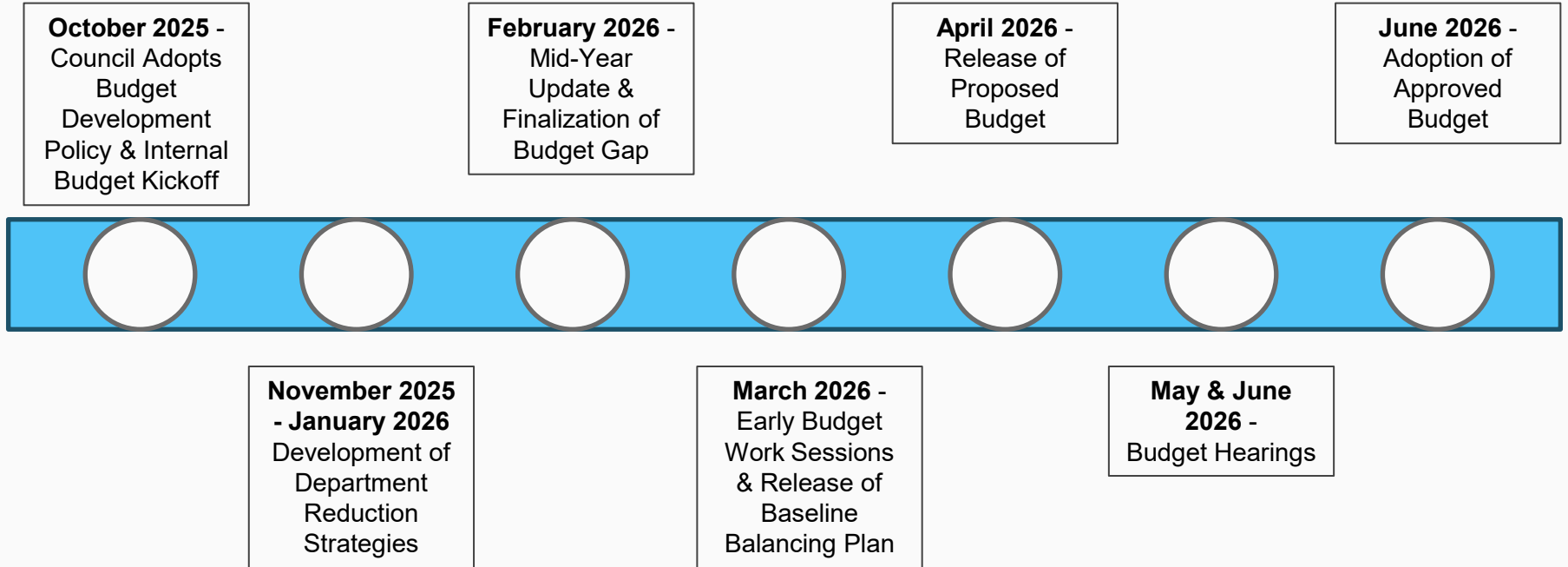


Fiscal Year 2026/27
Budget Hearing

FY27 Budget Hearings

- Budget Schedule
- FY27 Budget Overview
- Closing the Budget Gap
- Alignment with Council Priorities
- Five-Year Forecast
- Long-Term Funding Challenges
- Next Steps

FY2026/27 Budget Development Schedule



Budget Schedule

Date / Meeting*	Subject
April 29, 2026	Release of Proposed Budget
May 5, 2026 – 11:00AM Budget & Audit Committee	Fees & Charges
May 5, 2026 – 5:00PM Council	<ul style="list-style-type: none"> • Budget Overview • Budget Balancing Plan • Questions & Deliberations
May 12, 2026 – 2:00PM Council	<ul style="list-style-type: none"> • 2026-2031 Capital Improvement Program • Citywide Fees & Charges • Budget Equity Lens
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May 18, 2028 – 5:30PM Measure U Commission	FY2026/27 Budget
May 26, 2026 – 11AM Budget & Audit Commission	Review of FY2026/27 Budget
June 9, 2026 – 5PM Council	Adoption of FY2026/27 Budget

*Schedule is subject to change.

Budget Challenges

Immediate

- Balance FY27

Near-Term

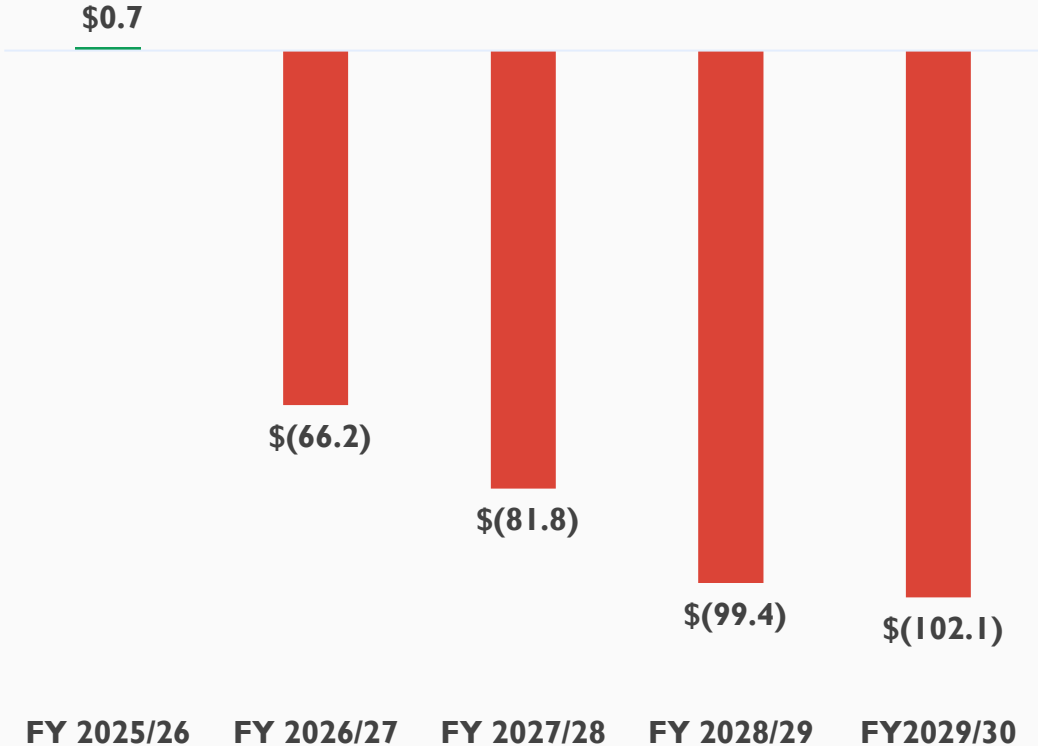
- Correct Structural Imbalance
- Federal Funding Threats
- Economic Risks

Long-Term

- Unfunded Pension Liabilities
- Unfunded Capital Needs

Structural Deficit

- Not caused by an economic downturn.
- Imbalance between expense growth and revenues.
- Ongoing balancing strategies lower projected deficits in future years.



Budget Overview

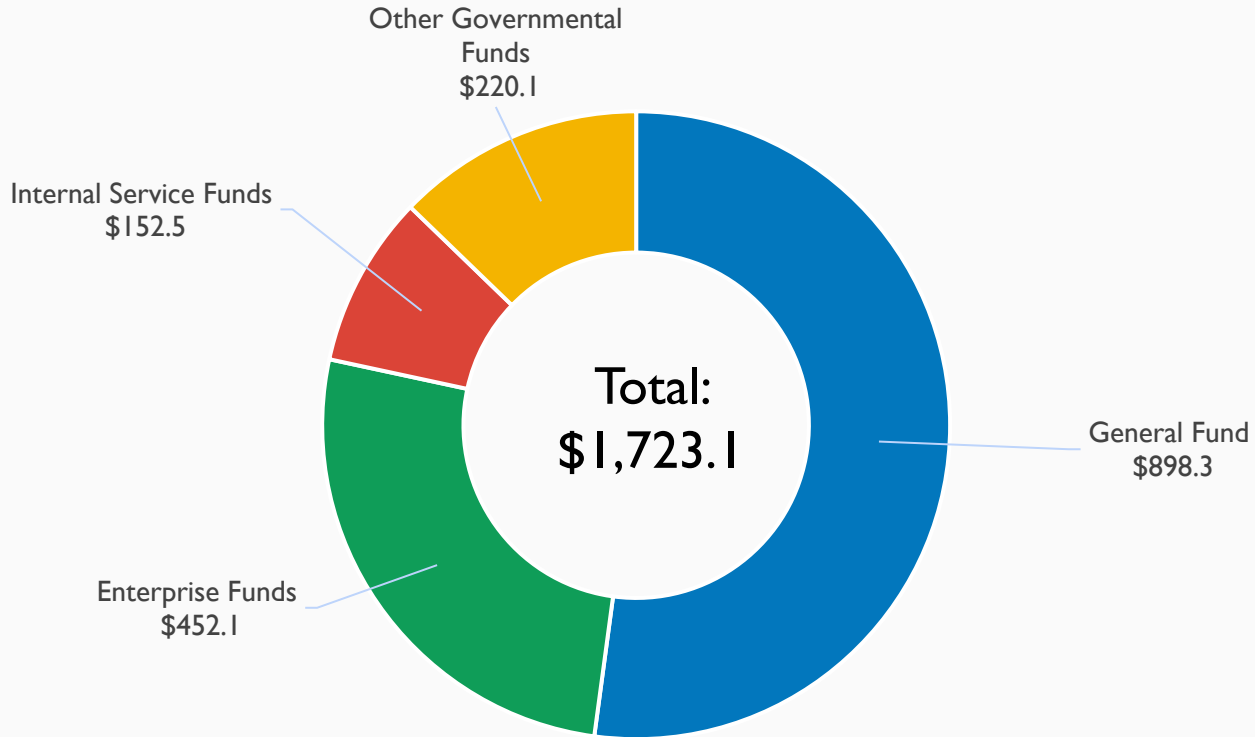


FY2026/27 Proposed Budget (\$ in millions)

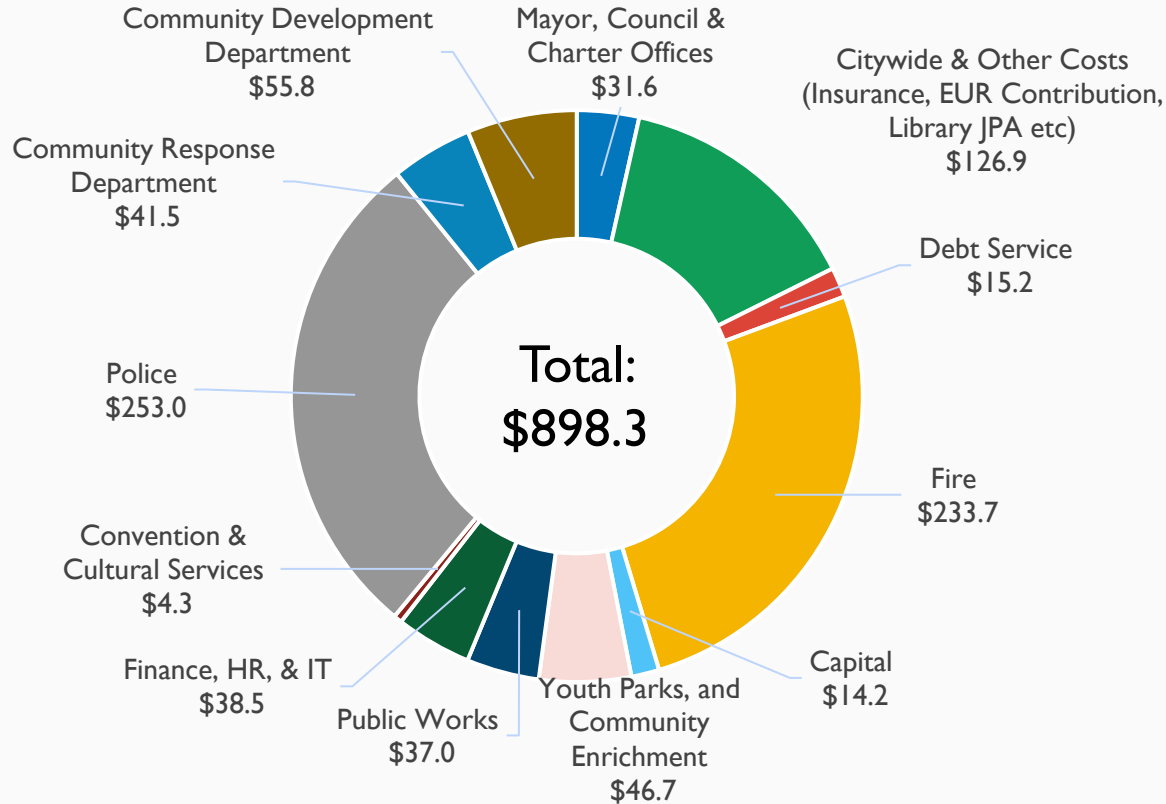
	FY2025/26 Approved	FY2026/27 Proposed	Change
All Funds	\$1,675.0	\$1,723.1	\$48.1
General Fund	\$872.5	\$898.3	\$25.8
Full-Time Equivalent Employees (FTEs)	4,984.83	4,821.07	(163.76)

The Proposed Budget is balanced and closes a \$66.2M funding gap.

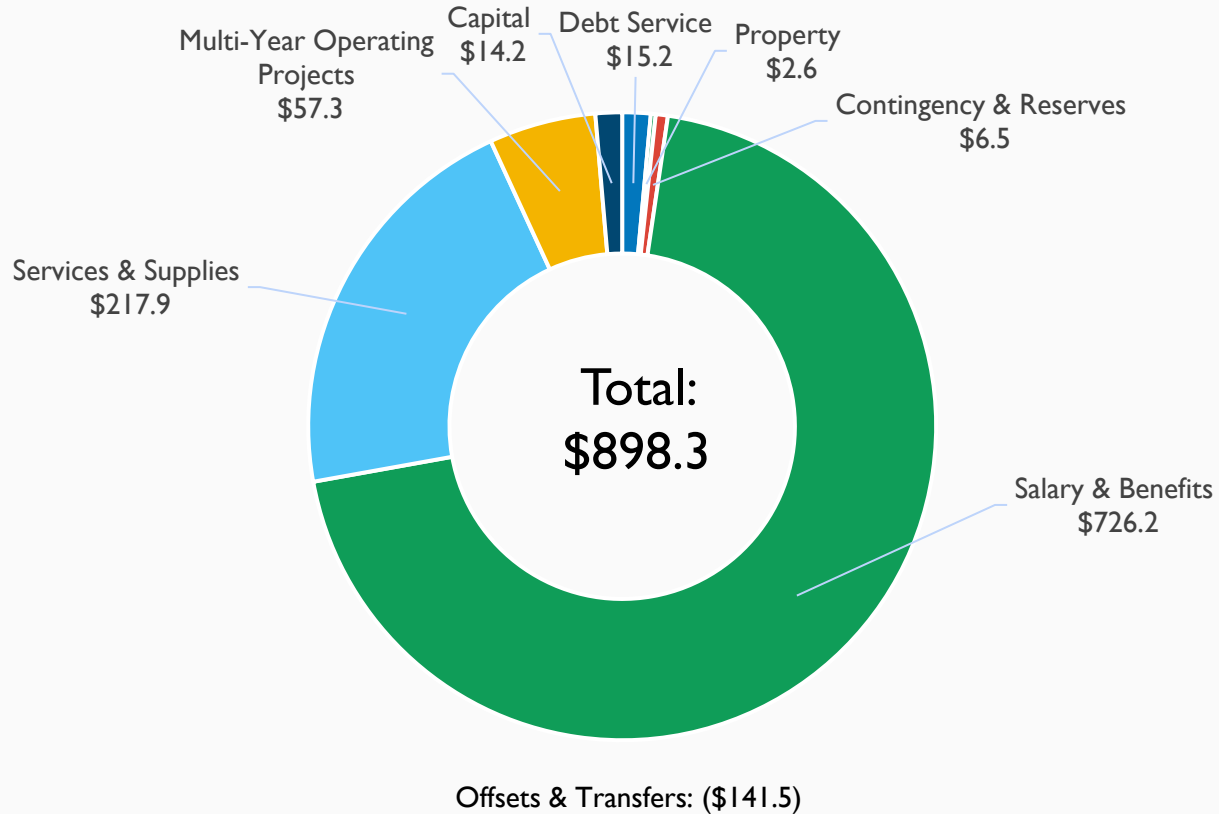
FY2026/27 Proposed Budget by Fund (millions)



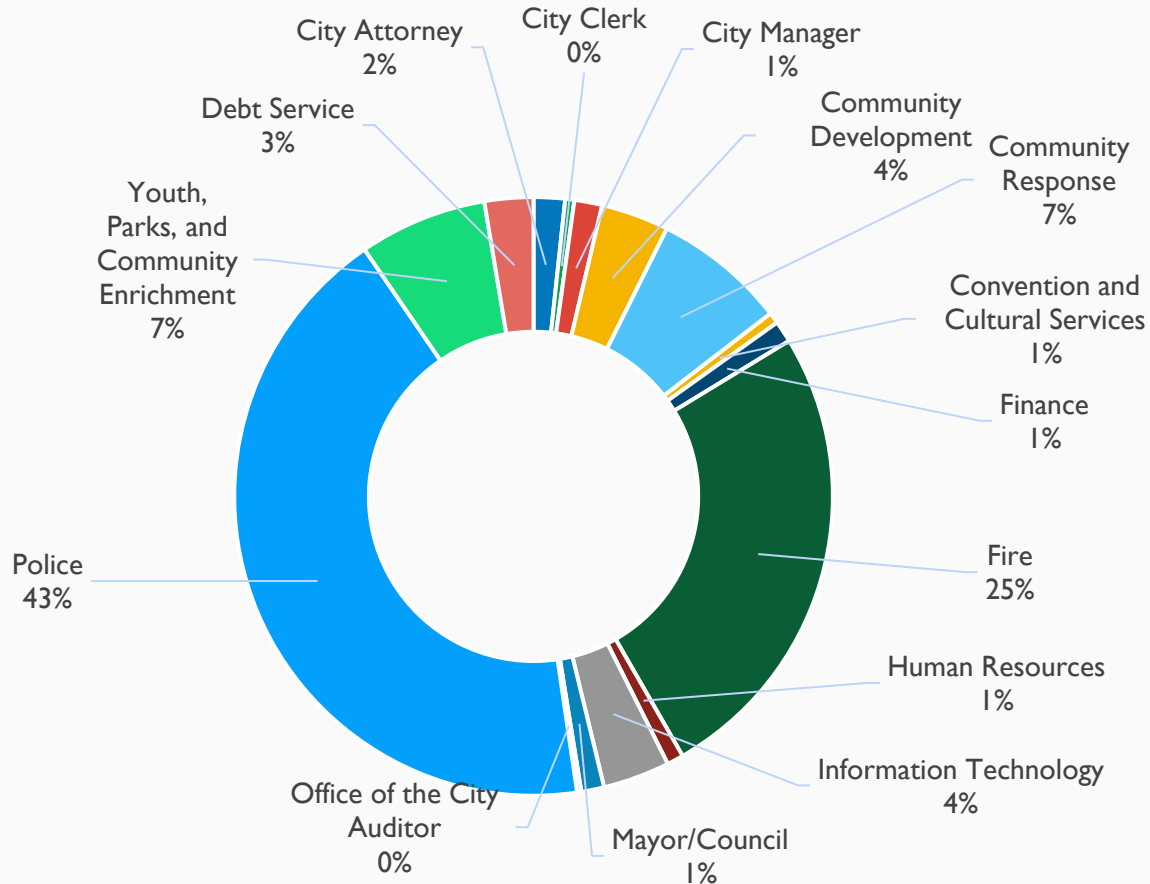
FY2026/27 Proposed Budget - General Fund Appropriation By Department (millions)



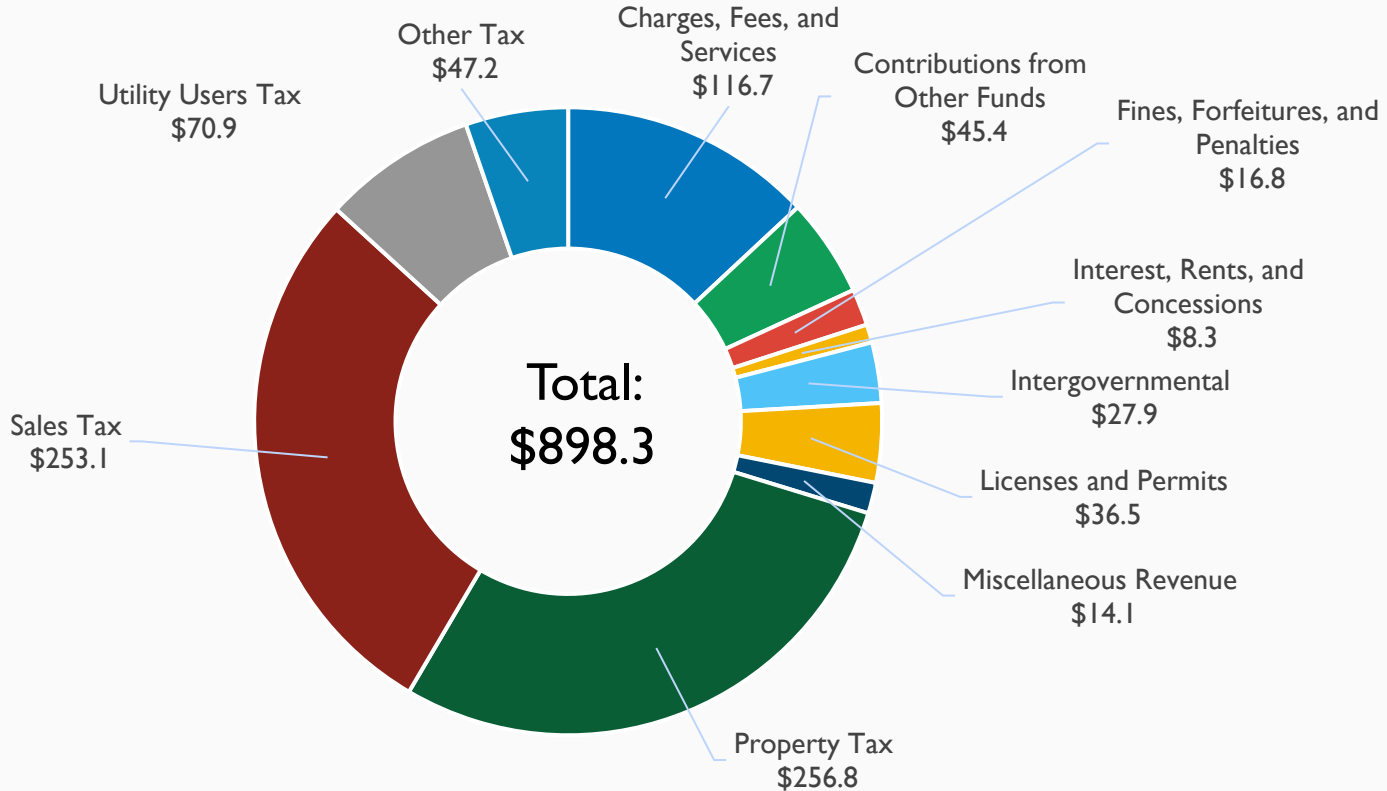
FY2026/27 Proposed Budget - General Fund Appropriation By Spending Category (millions)



FY2026/27 Proposed Budget - Net General Fund Cost By Department (millions)



FY2026/27 Proposed Budget - General Fund Financing By Source (millions)



Closing The Budget Gap



Budget Balancing

Define Core Services / Advance Priorities

- Define & preserve core services.
- Advance Council priorities:
 - Economic Development;
 - Homelessness; and
 - Public Safety.
- Minimize, to the extent possible, impacts on services to the public.
- Minimize, to the extent possible, impacts on staff.

Budget Balancing – Creating a Menu of Options

- Departments to develop reduction plans to hit a target reduction of 15% net G/MU fund use.
- Define service and staffing impact of each strategy.
- Finance staff will review projects and other citywide budget reduction strategies.

This process generates more savings options than are needed to balance the budget which allows the City to be strategic in selecting reductions.

Early Budget Work Sessions

In March, Council held a series of Early Budget Work Sessions in which staff presented a baseline balancing plan (March Baseline) and City departments described potential impacts of reduction strategies.

The baseline plan called for the elimination of 99 vacant and 103 filled positions (with no sworn personnel separations from the City).

Some service impacts in the March Baseline included:

- Elimination of the Police Magnet Academy
- Elimination of some specialized units in the Police Department
- Impacts on Community Center hours and programming
- Reduction of aquatics services
- Contracting out of park maintenance
- Dynamic staffing in the Fire Department
- Reduction of the Affordable Housing Fee program
- Increased parking fees and expanded metering locations
- Reduced capacity across many departments through the elimination of vacant positions

March Baseline Plan

Strategy	Savings
Interest on Treasury Pool	\$3.5
Debt Refunding	\$1.4
Debt Service Funding Shift	\$1.2
Citywide Strategies / Project Fund Reallocations	\$11.4
Homelessness Services Contract Efficiencies	\$3.8
Hotel Voucher Program Shift	\$3.2
X St Shelter Partnership Savings	\$2.8
Fire Single Role Savings	\$3.6
Violence Prevention Funding Shift	\$1.8
Additional Departmental Revenues	\$15.1
Expense Reductions Reductions:	
Police	\$7.1
Fire	\$5.6
YPCE	\$4.8
Other Departments	\$7.5
Total Savings	\$72.8

Proposed Budget Balancing Plan

The Proposed Budget restores several reductions included in the March Baseline (restorations funded by eliminating alternate vacant positions, increased IGT funds, and use of available State homelessness funding:

- The Police Department Magnet Academy.
- Partial restoration of Fire Suppression vacancies.
- Affordable Housing Fee program.
- The Senior Fiscal Policy Analyst in the Auditor's Office.
- Diversity, Equity, and Inclusion staffing in the Human Resources Department.
- GIS and Regional Support staffing in the Information Technology Department.
- Partial restoration of park maintenance outsourcing.
- The Access Leisure Program in Youth, Parks and Community Enrichment.
- Community center and senior center operating hours in Youth, Parks & Community Enrichment.

The Proposed Budget also incorporates labor agreements reached with all non-safety unions and updated costs for safety unions. The Proposed Budget **DOES NOT** include charging for residential parking or increased meter rates.

Proposed Budget Balancing Plan (millions)

	FY2026/27	FY2027/28
Mid-Year Forecast	(\$66.2)	(\$81.8)
Labor Contract Adjustments*	(\$11.3)	(\$21.8)
Budget Balancing Strategies	\$68.8	\$51.2
Encampment Relief Funds (State Homelessness Funding)	\$2.3	\$-
HHAP Round 6 (State Homelessness Funding)	\$3.5	\$4.7
HHAP Round 7 (State Homelessness Funding)	\$-	\$6.4
Other Adjustments	\$3.2	\$5.9
End Balance	\$0.3	(\$35.4)

*Labor costs above those included in the Mid-Year Forecast.

Budget Balancing Strategies

Category	FY27 Savings
Interest on Treasury Pool	\$4.3
Debt Refunding	\$1.4
Homelessness Services Efficiencies & Partnerships	\$8.9
Departmental Revenues	\$13.6
Cost Shifts to Other Funds	\$6.9
Project Reallocations	\$11.1
Single Role Implementation Savings	\$3.5
Police Department Expense Reductions	\$7.5
Fire Department Expense Reductions	\$3.3
YPCE Expense Reductions	\$2.9
Other Departmental Expense Reductions	\$5.4
TOTAL	\$68.8

Budget Balancing Strategies – Revenues

Category	FY27 Savings
Aligning Fire District Reimbursement Revenue to Projections	\$2.3
Aligning Fire IGT Revenue to Projections	\$4.8
Aligning Fire ALS Revenue to Projections	\$0.9
Aligning Fire Prevention Revenue to Projections	\$1.3
Aligning Other Departmental Revenues to Projections	\$1.9
Parking Enforcement Increase	\$1.9
New Metered Spaces & Hours Standardization	\$0.5
TOTAL	\$13.6

Budget Balancing Strategies – Funding Shifts

Costs are shifted from the General Fund to other funding sources

Category	FY27 Savings
Office of Violence Prevention Grant & MYOP	\$1.8
Fire Suppression	\$2.4
GIC Debt Service	\$1.2
City Attorney Positions	\$0.2
Planning Positions	\$0.8
Other Departmental Costs (CCS, IT, YPCE)	\$0.5
TOTAL	\$6.9

Office of Violence Prevention Funding Shift

The funding shift to a new State grant will also result in program delivery adjustments which staff believe will allow the City to expand efforts and reach previously unserved populations by:

- Shifting to school-based referrals systems versus current law enforcement-based referrals
- Provide consistent pre and post school community engagement
- Move to prevention-focused deployments versus current law-enforcement driven model

CBO partnership funding:

	FY2025/26 CBO Grants	FY 2026/27 Proposed Budget CBO Grants
Gang Prevention & Intervention Task Force	\$1.2M	\$-
Evidence-Based Community Violence Interruption, Disruption and Suppression (This was a one-time allocation for a 3-year program that sunsets)	\$0.8M	\$-
CalVIP Cohort 5	\$-	\$1.1M
TOTAL	\$2.0M	\$1.1M

Youth violence prevention is also an eligible Measure L funding category (\$0.9M was awarded for youth violence prevention in the first round of Measure L allocations.)

Budget Balancing – Expense Reductions

While the Proposed Budget restored several reductions included in the March Baseline, balancing strategies that will have service and/or staffing impacts were needed to close the budget gap. Notable reductions include:

- Contracting out of landscape maintenance services at neighborhood parks
- Closure of the City's 4 wading pools
- Reduction in recreation swim hours at neighborhood pools
- Reduction in youth workforce development and civic engagement programs
- Reduction in Fire Suppression vacancies & implementation of dynamic staffing
- Discontinuation of Shotspotter in South and East
- Elimination of Mounted Unit
- Reductions in some specialized Police units with those functions moving to patrol
- Reductions in Police Hiring Pipeline program
- Elimination of many vacant positions that may impact service delivery capacity

Budget Balancing – Staffing Impacts

A total of 140.6 FTE are eliminated in the Proposed Budget as budget balancing strategies (94.5 vacant and 46.1 filled).

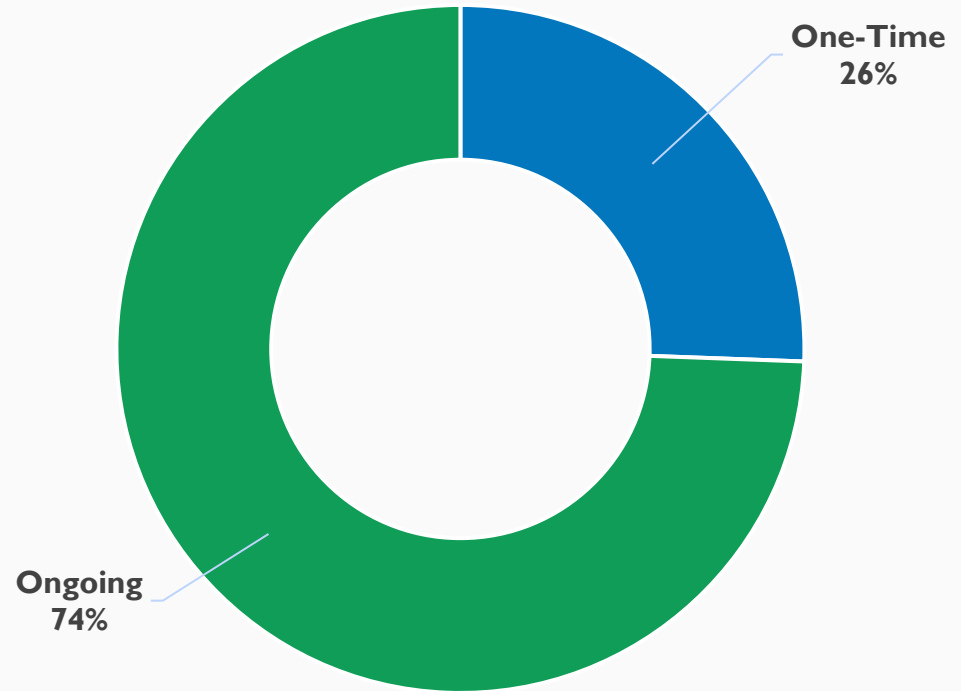
Of the filled FTE, as of April 3rd, 35.9 FTE (37 people) will be subject to being bumped or separated from the City

Of the 35.9, below is the breakdown by classification & department:

Classification	Department	FTE
OPSA Investigator	Office of Public Safety Accountability	1.0
OPSA Inspector General*	Office of Public Safety Accountability	1.0
Administrative Analyst	City Manager	1.0
IT Support Specialist II	Information Technology	2.0
Program Coordinator	Youth, Parks & Community Enrichment	4.4
Recreation Aide	Youth, Parks & Community Enrichment	0.5
Park Maintenance Worker	Youth, Parks & Community Enrichment	26.0
TOTAL		35.9

*Retains Deputy IG position

Budget Balancing Strategies – One-time vs Ongoing



Alignment With Council Priorities



Economic Development

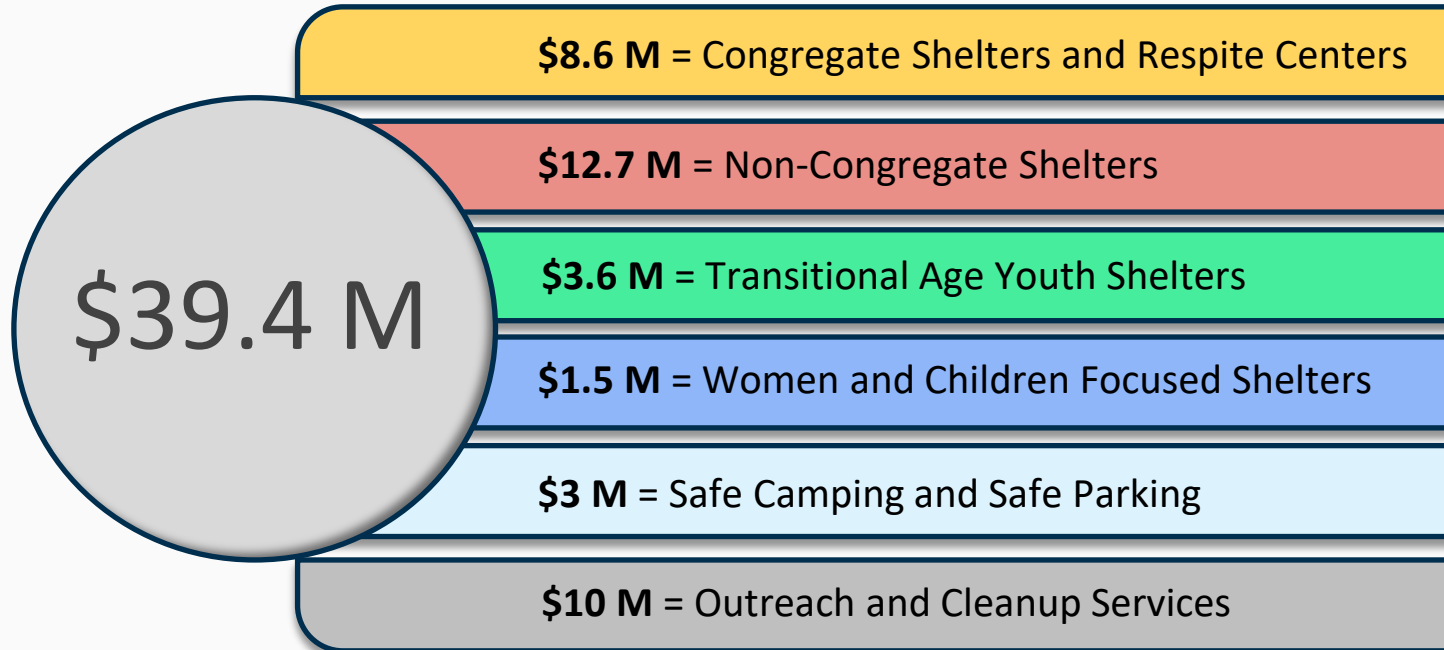
The Proposed Budget supports economic development throughout the City through:

- Creation of stand-alone Economic Development Department.
- Advancement of catalytic projects.
- Completion of Strategic Economic Development Plan.
- Small business support programs.
- Entrepreneur growth programs.
- Workforce development.

Addressing Homelessness – Funding

	FY2026/27 Proposed	FY2027/28 Proj	FY2028/29 Proj	FY2029/30 Proj	FY2030/31 Proj
Homelessness Services Costs	\$39.4	\$41.3	\$41.7	\$42.1	\$42.5
State Encampment Relief Funds	\$2.3	\$-	\$-	\$-	\$-
Remaining State HHAP-6 Funds	\$3.5	\$4.7	\$-	\$-	\$-
State HHAP-7 Funds	\$-	\$6.4	\$-	\$-	\$-
City General Fund	\$33.6	\$30.2	\$41.7	\$42.1	\$42.5
Total Funding	\$39.4	\$41.3	\$41.7	\$42.1	\$42.5

FY26/27 Homelessness Services Overview



FY26/27 Sheltering Programs



Congregate

- * Meadowview
- * X Street
- * North 5th Street
- * Outreach and Engagement Center



Non-Congregate

- * Roseville Road Campus
- * ESV Program
- * Stockton Boulevard Safe Stay (with County)
- * Micro-Communities (2)



Transitional Age Youth

- * The Grove
- * LGBT Center
- * Wind Youth Services
- * Waking the Village



Women and Children

- * Saint John's Program for Real Change
- * Weave



Safe Camping/Parking

- * Sequoia Boulevard Safe Camping
- * Safe Parking (Site TBD)

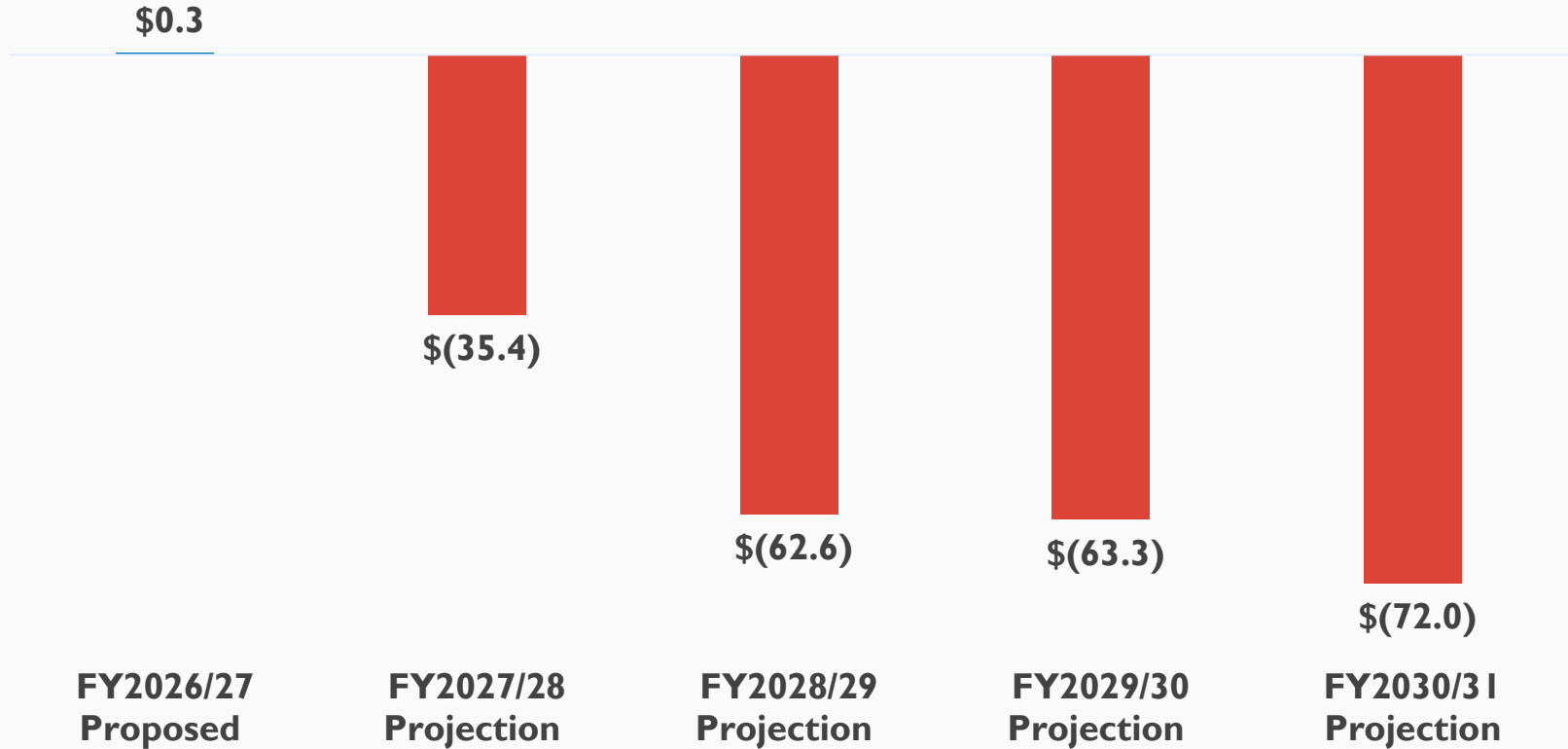
Public Safety

- No sworn Fire or Police separations from the City.
- Continuation of Single Role program.
- Continuation of Fire's DOR program.
- No Fire station closures.
- Maintains community prosecutor.
- Maintains Magnet Academy.
- Continues focused enforcement, proactive policing and strategic deployment which has contributed to the reduction in violent crime.
- Initial pilot of alternative response funded with Opioid Settlement funds.

Proposed Budget 5-Year Forecast



5-Year Forecast



Long Term Funding Challenges



Unfunded Liabilities

In addition to the structural budget deficit, the City has unfunded liabilities including:

- \$1.5 billion unfunded pension liability;
- \$0.2 billion OPEB liability; and
- \$2.0 billion unfunded capital & deferred maintenance needs.

Council has already taken steps to address these long-term challenges:

- Prior year savings policy balances budget needs, revenue growth, and creating a funding source for unfunded liabilities.
- Capital plan identifying unfunded needs allows Council to adopt policies around prioritization and funding.

Staff will continue to support Council in addressing unfunded liabilities to ensure the fiscal health and stability of the City.

Pending Factors

- Economic Uncertainty / Risk of Recession.
- Future of State homelessness funding.
- Unfunded Liabilities.
- Achieving Structural Balance.

Next Steps



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Questions & Discussion

