

Biennial and/or Annual Budget Development and Measure Z Reporting and Funding Recommendations

Action Item #1:

The Commission serves as a crucial conduit for community engagement during the budget development process. As such, the Commission will receive reports throughout the budget development cycle that incorporate Commissioner and public input on spending priorities for City programs as well as fiscal sustainability strategies for the proposed budget presented for Council adoption.

Action Item #2:

The creation of the Budget Engagement Commission was greatly driven by the passage of Measure Z, a 1% local sales tax. The Commission plays a critical role in advising the Council on the allocation of Measure Z revenue and spending priorities. It regularly receives quarterly reports detailing Measure Z spending and program statuses, which are included within the broader quarterly financial reports. Additionally, the Commission is presented with staff recommendations for the allocation of Measure Z funds and offers its input to the Council regarding these requests.

Status Report:

The Budget Engagement Commission played an integral role during the budget development process, including receiving and providing feedback on the following agenda items:

- February 2025:
 - Measure Z- Supplemental appropriations for Self-contained breathing apparatuses (SCBA) and personal protective equipment (PPE)
 - Measure Z- Supplemental appropriations for Tablet Command Incident Management Software, Motorola PremierOne Tablet Command Interface, Cradle Point Router Kits and Panorama Dual Antenna, and Apple iPad Pro
- May 2025
 - Proposed Amendment of Fiscal Year 2025/26 of the Previously Adopted Fiscal Year 2024-2026 Biennial Budget
 - Monetary support to Nonprofit organizations
- June 2025
 - Measure Z- Police Headquarters Architectural Design and Project Increase
- October 2025
 - Measure Z- Fund Balance Reserve Policy

The Commission's recommendations included support for various Measure Z spending items, which were approved by the City Council. The BEC also explored providing additional monetary support for non-profit organizations and formed an ad-hoc committee on the subject.

Outcome Reports

Action Item:

The Budget Engagement Commission requests and receives reports from staff that provide essential data and performance metrics related to the allocation of funds. This information can be used to drive decision-making, such as reallocating resources within the program or to more effective programs to promote equitable distribution of City resources.

Status Report:

The Budget Engagement Commission played an integral role with reviewing essential data and performance metrics related to the allocation of funds, including receiving and providing feedback on the following agenda items:

- July 2025:
 - Update on Measure Z Funding Allocated For Senior And Individuals With Disability Program
- August 2025
 - Performance Outcomes of Housing and Human Services Programs Funded by Measure Z for FY 24/25 and City Youth and Senior Homeless-Related Programs
 - Illegal Fireworks Enforcement Update
- November 2025
 - Measure Z- Pavement Management Program Update and Fiscal Year 25-26 Project Selection

The Commission received updates and provided input on various Measure Z funded programs. The Commission has requested updates on additional programs that are anticipated to be provided in 2026.

Quarterly Financial Reporting and Financial Performance Indicators

Action Item #1:

Quarterly financial reports enhance transparency in the City's financial performance and foster accountability in the responsible management of City finances. The Commission will receive these reports, which include budget-to-actual results for the City's major funds, including the General Fund, Measure Z, Electric, Water, Sewer, and Refuse funds. Together, these funds make up over 85% of the citywide budget.

Action Item #2:

The Commission annually receives a Financial Performance Indicators report, offering valuable context on how the City's finances compare to those of its peers. These performance reports add an additional dimension to the Commissioners' comprehension of the City's financial situation, enriching their contributions to budget discussions.

Status Report:

The Budget Engagement Commission played an essential role during the budget development process, including receiving and providing feedback on the following agenda items:

- February 2025
 - Fiscal Year 24/25 First Quarter Financial Report
- May 2025
 - Assessing the City's Financial Health Through the Use of Financial Health Indicators to Maintain Fiscal Responsibility
- July 2025
 - Fiscal Year 2024/25 Third Quarter Financial Update
- December 2025
 - CalPERS Unfunded Accrued Liability (UAL) and Related Cost Management Strategies

The Budget Engagement Commission engaged in active discussions during the presentation of the quarterly reports and financial performance indicators, which enhanced their understanding of City finances and provided valuable perspectives to City staff. These discussions also improved other meeting attendees' understanding of City finances and provided City staff with valuable insights to adjust and enhance future communications.

Collaborative Commission & Staff Effort to Improve Public Engagement

Action Item:

The Chair and Vice-Chair will work with City staff to improve public engagement via the Budget Engagement Commission. These efforts would include social media, attendance at community meetings, and informal engagement of the Chair and Vice-Chair with other meeting bodies.

Status Report:

The Budget Engagement Commission played an integral role during the budget development process, including receiving and providing feedback on the following agenda items:

- October 2025
 - Fiscal Year 2026-2028 Biennial Budget Development Process

The Commission's discussion on the budget development process included suggestions and strategies to improve community engagement in future budget development efforts. City staff will use this feedback to refine outreach approaches, ensuring more effective and inclusive community involvement in the budget process.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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Attachments:

1. Presentation
2. BEC 2026 Workplan