



CITY OF OAKLAND

AGENDA REPORT

TO: Elizabeth Lake
Acting City Administrator

FROM: Bradley Johnson
Director of Finance

SUBJECT: FY 2026-27 Proposed Midcycle
Budget

DATE: June 5, 2026

City Administrator Approval


Betsy Lake (Jun 8, 2026 12:13:47 PDT)

Date: Jun 8, 2026

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

- 1. Adopting The Midcycle Budget For Fiscal Years 2026-27 And Appropriating Funds To Cover Expenditures Approved By Said Budget; And**
- 2. Authorizing The City Administrator To Transfer Funds Between Departments, Programs And Funds As Necessary To Support Operations As Set Forth In The Adopted Policy Budget For Fiscal Year 2026-27; And**
- 3. Taking All Steps Necessary To Apply For And Receive Additional Funds Required To Advance And Complete The Projects Identified In The Capital Improvement Program And Accept And Appropriate Any Additional Funds Provided That Such Acceptance Is Consistent With And Does Not Otherwise Negatively Impact The City's Capital Improvement Program; And**
- 4. Accepting And Appropriating Funding Received For Settlement Disbursement, Including But Not Limited To Opioid Remediation Funds; And**
- 5. Accepting And Appropriating Funding Received For Insurance Claim Recoveries For Repair Or Replacement Of Damaged City Assets; And**
- 6. Appropriating Funding When Necessary To Expense Legally Required Payments Or Payments Related To Unfunded Liability; And**
- 7. Declaring A State Of Extreme Fiscal Necessity And The Existence Of A Severe And Unanticipated Financial Event; And**
- 8. Suspending For Fiscal Years 2026-2027 The Charter Mandated Minimum Staffing Budget Set Asides For The Public Ethic Commission; And**

Special City Council
June 12, 2026

9. Suspending The Minimum Budget Set Asides For The Democracy Dollars Fund And For Non-Staff Costs Related To The Public Ethics Commission's Administration Of The Oakland Fair Elections Act's Democracy Dollars Program

EXECUTIVE SUMMARY

The Mayor's Fiscal Year (FY) 2026-27 Proposed Policy Midcycle Budget was published on May 15, 2026. This report was written to provide the City Council with an overview of the proposed one-year spending plan that the City Administrator will appropriate during FY 2026-27. The FY 2026-27 Proposed Midcycle Budget may be accessed through the City's interactive online budget book at www.oaklandca.gov/budget.

BACKGROUND / LEGISLATIVE HISTORY

Per [Section 801 of the Oakland City Charter](#), the City Council is required to adopt a budget by June 30 to authorize expenditures for the following fiscal year. If a budget is not adopted by June 30, the appropriations of the previous fiscal year are deemed to be effective until the new budget and appropriation measures are adopted.

Attachment A to this report contains a PDF version of the FY 2026-27 Proposed Midcycle Policy Budget. On June 1, 20206, the Mayor presented the proposed budget to the City Council at a Special City Council meeting. **Attachment B** contains the presentation materials provided to the City Council during that meeting.

ANALYSIS AND POLICY ALTERNATIVES

This proposed budget reflects the City's efforts to sustain core services using currently available resources while continuing to address Oakland's long-term structural fiscal challenges. The cost of providing services continues to rise faster than available revenues.

Across departments, budgets have been largely adjusted to minimum operating levels necessary to continue core services. Personnel budgets have been aligned with current projected staffing levels in the Police and Fire Department, while operations and maintenance, and contract budgets have been reduced to support only essential and currently planned activities. There is little remaining flexibility for new initiatives, service expansions or unforeseen cost pressures.

Public Safety

This budget prioritizes core emergency response and violence prevention operations within significant fiscal constraints. While the proposed budget preserves baseline police, fire, dispatch and violence prevention operations, reductions to specialized enforcement activities limit the City's ability to sustain certain proactive public safety operations and intervention efforts over time.

The proposed midcycle budget:

- Preserves sworn police staffing at currently budgeted levels; accelerate ongoing public safety recruitment and hire efforts by dedicating a Human Resources team focused on hiring police, fire and violence prevention personnel
- Maintains 25 operational fire engine companies citywide to support emergency medical response, fire suppression, rescue operations and day-to-day emergency response coverage
- Supports firefighter training and emergency response readiness through Fire Academy Cadre positions dedicated to training new firefighters, maintaining required certifications, and preparing personnel for emergency response operations. Support emergency dispatch operations; position Oakland to implement a pilot ambulance program to increase Alameda County ambulance system's capacity.
- Establishes a Constitutional Policing Administrator position to monitor compliance with the Negotiated Settlement Agreement (NSA), strengthen internal oversight and enhance public trust
- Maintains Department of Violence prevention staffing that supports Ceasefire efforts focused on intervention strategies, case management support, and community-based gun violence reduction efforts.

The proposed budget includes reductions or operational constraints impacting:

- Specialized police operations focused on sideshow enforcement
- Oakland Police Department staffing and enforcement capacity dedicated to Ceasefire-related investigations, intelligence gathering, and targeted enforcement and deterrence operations directed at individuals and groups driving gun violence.
- Human trafficking, burglary and vice suppression operations
- Commercial corridor and business district enforcement operations
- Proactive policing and specialized enforcement activities beyond baseline patrol and emergency response functions.
- Sworn fire staffing flexibility needed to maintain response coverage during periods of high call volume and simultaneous emergency incidents.

Homelessness & Neighborhood Cleanliness

This budget continues to support homelessness response efforts, illegal dumping cleanup and efforts to improve cleanliness and conditions in public spaces across Oakland.

In this essential service category, the proposed midcycle budget will:

- Maintain homeless outreach efforts through outreach staffing and services focused on connecting unhoused residents with shelter
- Restore illegal dumping cleanup operations through additional overtime resources focused on proactive and rapid response cleanup along major corridors, parks, and heavily impacted neighborhoods
- Restore environmental enforcement staffing dedicated to addressing illegal dumping, blight, nuisance violations, and related public concerns
- Restore street sweeping operations to improve roadway cleanliness

However, current funding limitations continue to impact:

- Emergency and temporary shelter bed availability, reducing the City's ability to offer immediate shelter placements and adequately address homelessness response in the short term
- Long-term sustainability of programs supported by limited-term grant funding
- Overall capacity to expand homelessness response services and shelter resources

We are currently facing an estimated \$5 million CoC budget gap needed to sustain six critical programs.

- Two of these programs are at immediate risk of closure, as their current contracts expire on July 31, 2026, and no replacement funding has been identified.
- Without additional financial support, approximately 190 shelter and housing beds would be taken offline between the 6 programs
- A significant portion of these beds serve Transition-Age Youth (TAY) and families, populations that are particularly vulnerable and in critical need of stable housing and supportive services.
- The loss of these programs would have a substantial impact on the community's homelessness response capacity and continuity of care.
- State HHAP Funding likely cut in half next year

Quality of Life

This budget continues investments in neighborhood services, recreation programs, libraries, workforce development, and community-based programs that contribute to Oakland's quality of life.

In this important service category, the midcycle budget will:

- Fund special activities permitting enforcement officers to improve cleanliness and reduce public disorder for largescale public events at parks and in city streets.
- Slightly extend senior center open hours from three to four days per week.
- Restore the Mayor's Summer Jobs Program to provide paid work experience and career exposure for Oakland youth.
- Maintain existing staffing levels at our recreation centers, libraries, and housing, & rental assistance program
- Restore branch library staffing and funding for materials to the required match amounts under Measures C and D, while also investing in safety support services at the Main Library and Martin Luther King Jr. branch through the presence of "peer navigators." These individuals would help support patrons, connect people with services and resources, and maintain a safe and welcoming environment in library spaces.
- Restore staffing at Oakland Animal Services to improve veterinary care and animal control response

Capital Investments

While the City continues to face significant operating budget pressures, capital improvement funds are largely restricted for infrastructure and facility investments and generally cannot be used for operating costs or day-to-day City services. This budget continues investment in Oakland's aging infrastructure, public facilities, parks transportation systems, and neighborhood improvements through Measure U capital funding and ongoing infrastructure investments citywide.

The proposed midcycle budget:

- Increases the Measure U capital improvement budget by approximately \$71 million, for a total Measure U capital program of approximately \$206 million
- Allocates approximately \$37 million in Measure U funding toward additional citywide street resurfacing projects identified in the 2022 Five-Year Paving Plan adopted by City Council.
- Invests an additional \$8 million toward the Complete Streets projects focused on improving roadway safety, accessibility, pedestrian and bicycle access, and overall street design throughout Oakland.
- Maintains existing KK-funded capital projects and infrastructure investments previously approved by voters.
- Funds critical facility improvements and replacement projects at City facilities, including roof replacements at various proposed locations (including Malonga Casquelord Center, Jack London Aquatic Center, Lake Merritt Sailboat House, West Oakland Library, and the Municipal Service Center)
- Funds elevator replacements and modernization projects at several proposed City facility locations to improve accessibility and public access.
- Supports safety and security improvements at proposed City facilities.
- Allocates funds for planning and preliminary design work for Brooklyn Basin parks. Planning and design efforts will identify needed improvements, estimate construction costs and support public outreach and engagement.

However, another critical category of capital assets – the City's fleet of vehicles and equipment – does not have an ongoing dedicated funding source for replacement and modernization, which continues to impact the replacement of aging emergency vehicles, public works maintenance vehicles, refuse and cleanup equipment, and other operational fleet assets

Maintenance Of Effort – Matching Funds

Residents of Oakland have been generous in approving many special local taxes to fund City services. The local measures have often contained maintenance of effort or other provisions that mandated matching spending from existing City resources. While the City has made use of the additional resources provided by these measures in accordance with their legal uses, it has often had to waive the requirements for minimal matching spending from the General Purpose Fund. While these waivers are legally allowable under these measures the City's lack of matching fund has eroded confidence with Residents.

In accordance with the City's Road Map to Fiscal Health staff presented a report to the Finance and Management Committees in February 2026 that outlined the multi-year process required to

meet all of these provisions. This budget takes a first step in this multi-year process by providing the required GPF match for the Measures C and D which support the operation of the Oakland Public Library. The budget also achieves the minimum staffing for the City Auditor’s office under Measure X.

The Mayor’s plan for Measure E spending, should it be approved by voters will also allow the City to meet the minimum funding requirements for Parks Maintenance under Measure Q and achieve the required minimum budget staffing of 700 sworn Police Officers under Measure NN.

Budget Overview

As shown in **Table 1** below, the FY 2026-27 Proposed Midcycle Policy Budget totals \$2.27 billion across all funds, including restricted and capital funds. The planned General Purpose Fund (GPF) Expenditure of \$812.9 million in FY 2026-27 is \$44.1 million less than the planned GPF expenditure from year 2 of the FY 2025-27 Adopted Biennial Policy Budget. These reduced expenditures are reduced despite substantial growth in costs due to inflation, insurance, medical and pension costs, and negotiated salary increases. This Proposed Midcycle Budget funds a net 1-year total of 86.48 full-time equivalents (FTE) above the FY 2025-26 amount.

Table 1: Revenues, Expenditures, & Full-time Equivalent Positions

	FY 2025-26 Biennial Adopted	FY 2026-27 Biennial Adopted	FY 2026-27 Midcycle Proposed
General Purpose Fund	\$791,285,083	\$856,986,849	\$812,858,494
Restricted Special Funds	\$1,382,722,509	\$1,341,465,854	\$1,461,240,387
Total – All Funds	\$2,174,007,592	\$2,198,452,703	\$2,274,098,881
Full-Time Equivalent Positions - GPF	2,082.81	2,110.44	2,137.55
Full-Time Equivalent Positions – All Funds	2,400.95	2,368.31	2,432.69

Please see the FY 2026-27 Proposed Midcycle Budget document for details on the proposed budget. The FY 2026-27 Proposed Budget may be accessed online in interactive budget book on the FY 2026-27 Budget website: www.oaklandca.gov/budget

RELATED PLANNING EFFORTS

The FY 2026-27 Proposed Midcycle Budget advances several broader City planning and fiscal policy efforts, including Priority 5 of the [Oakland Strategic Plan](#) focused on responsive, transparent, and fiscally sustainable government operations. The proposed budget also reflects ongoing implementation of the [City’s Roadmap to Fiscal Health](#), including multi-year efforts to address structural fiscal imbalances and restore compliance with voter-approved maintenance of effort requirements.

In addition, the proposed budget was developed considering the potential fiscal and service impacts associated with Measure E, the Oakland Public Safety, Cleanliness, and Accountability Act of 2026. A [proposed Measure E spending plan](#) was prepared to identify potential uses of Measure E revenues in the event the measure was approved by voters. The proposed spending plan also identified Measure E revenues as a potential funding source to support future compliance with certain voter-approved maintenance of effort and staffing requirements. However, the FY 2026-27 Midcycle Budget is balanced without reliance on Measure E revenues and does not assume receipt of such revenues.

FISCAL IMPACT

The fiscal impacts are described in the FY 2026-27 Proposed Midcycle Budget.

PUBLIC OUTREACH / INTEREST

The City hosted three community budget education presentations:

- Friday, May 15, 2026, 6:00 – 7:30 pm, Leona Lodge, co-hosted with Council President Jenkins, District 6.
- Monday, May 18, 2026, 5:30 – 7:00 pm, Lincoln Recreation Center, co-hosted with Councilmember Wang, District 2.
- Thursday, May 28, 2026, 6:00 – 7:30 pm, location TBD, co-hosted with Councilmember Ramachandran, District 4.

COORDINATION

The Finance Department worked with all City departments in preparing the FY 2026-27 Proposed Midcycle Budget.

RACE AND EQUITY

The FY 2026-27 Midcycle Budget is a significant tool for improving race and equity. Budgetary decisions made with equity as a focus can help to mitigate the inequitable circumstances of Oakland residents. The Midcycle Budget specifically addresses areas of affordable housing and homelessness, jobs and economy, public safety and violence prevention, and clean, healthy, and sustainable neighborhoods, all of which have equity considerations.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The impact of the City's appropriations can have a considerable effect on the local environment impacts depending on the decisions made by the Mayor and Council.


ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution:

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For questions regarding this report, please contact Rina Stabler, Budget Administrator (Interim), at 510 238-4758.

Respectfully submitted,


[Bradley Johnson \(Jun 8, 2026 12:00:45 PDT\)](#)

BRADLEY JOHNSON
Finance Director

Special City Council
June 12, 2026

Reviewed by:
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Prepared by:
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Attachments (3):

A: FY 2026-27 Proposed Midcycle Budget PDF

B: Budget Presentation to City Council June 1, 2026

Exhibit 1: Council Amendments to the FY 2026-27 Proposed Midcycle Budget