

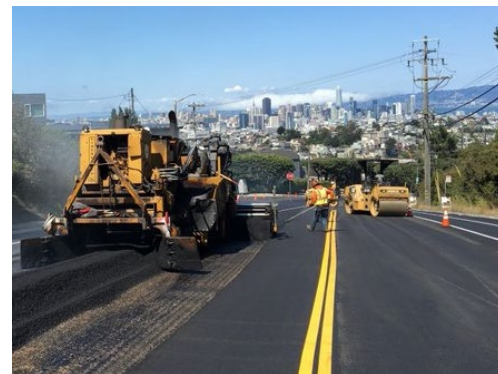
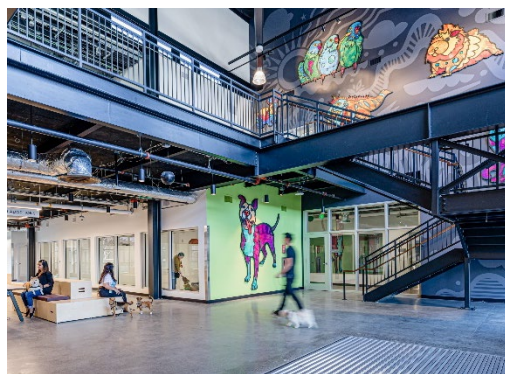


January 22, 2026

FY26/27 & FY27/28 Budget Overview

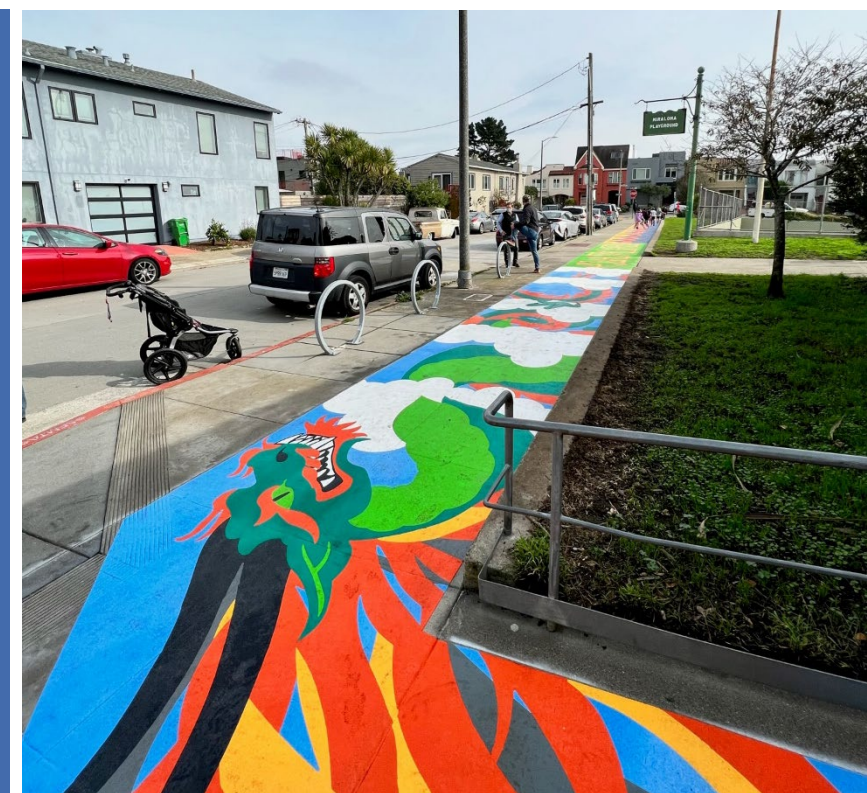
Bruce Robertson

Deputy Director of Financial Management and Administration





**FY 2025-2026
Adopted Budget:
\$428.5 Million**



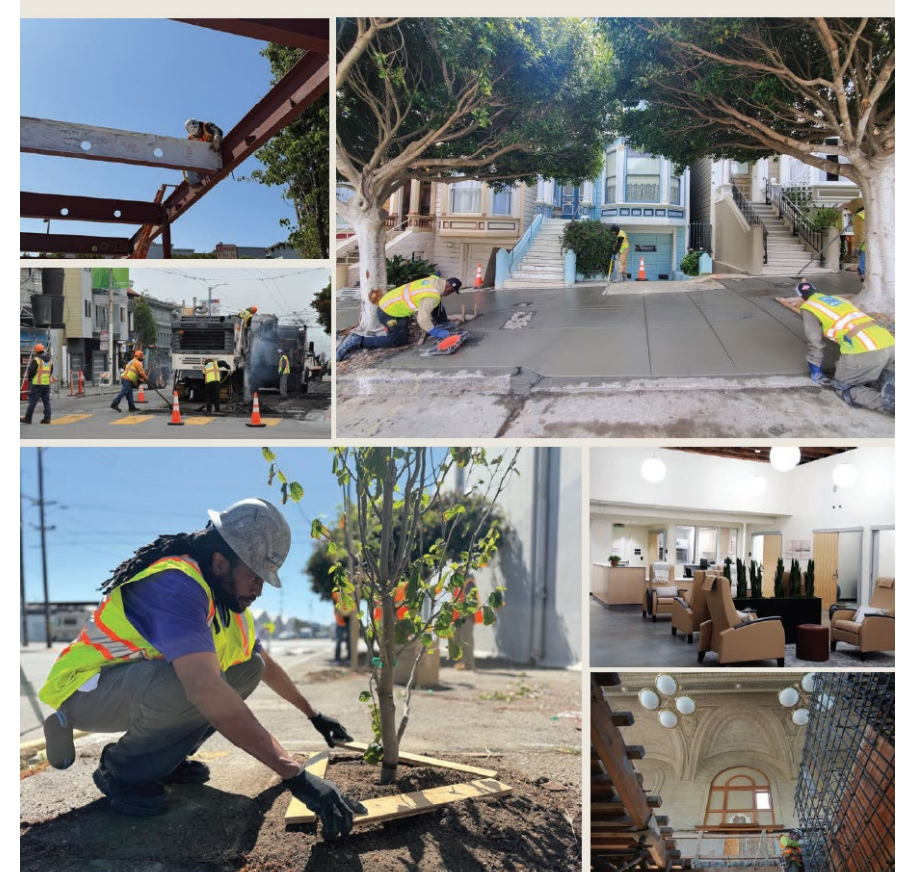
FY26-27 & FY27-28 Mayor's Budget Instructions and Scenario

■ Fiscal Outlook

- Expenditure Growth outpaces General Fund revenues
 - Expenditure Growth – \$1.8B
 - Revenue Growth – \$617M
- Deficits remain and continue to grow
 - FY26-27 Deficit – \$296M
 - FY27-28 Deficit – \$640M

■ Mayor's Budget Instructions

- Reduce citywide General Fund ongoing expenditures by \$400M
- Identify core services
- Reduce workorders and overhead by 10%
- Eliminate discretionary programs



Final Budget

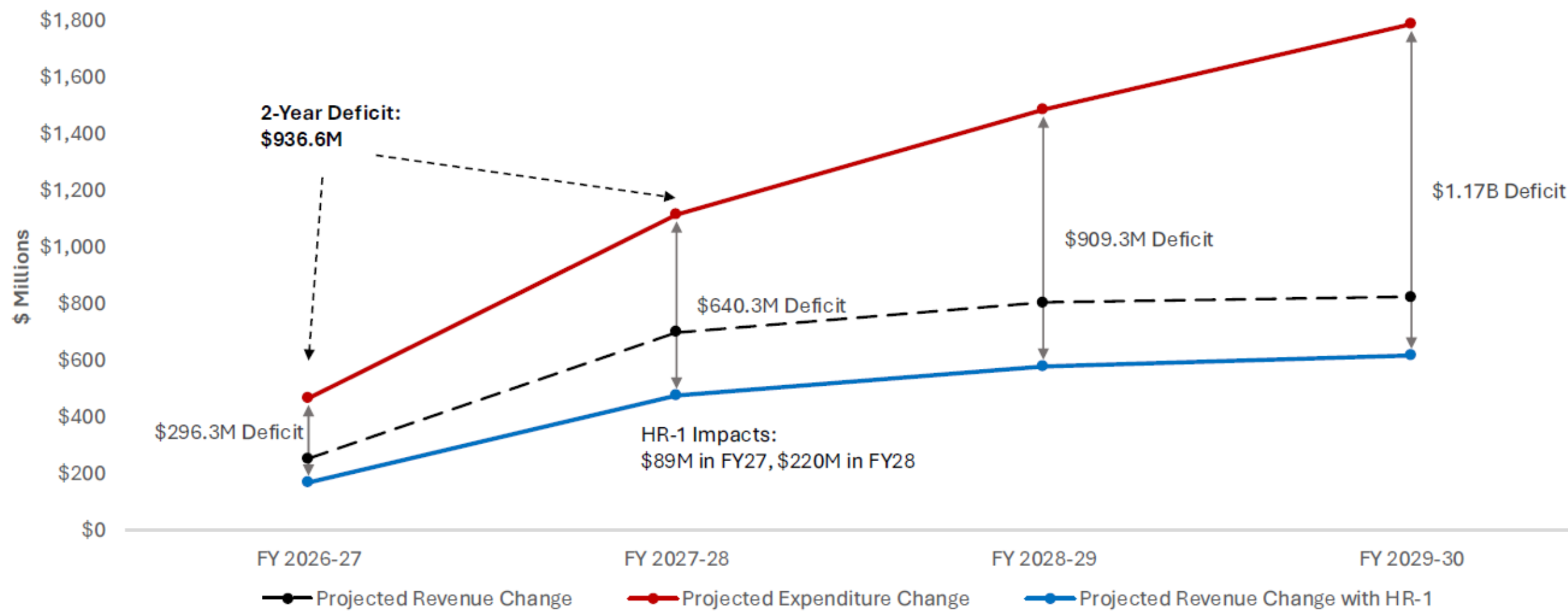
Fiscal Year 2025-26 and Fiscal Year 2026-27
City and County of San Francisco

FY27-30 General Fund Supported Projected Budgetary Surplus / Shortfall

	Projection	Projection	Projection	Projection
	2026-27	2027-28	2028-29	2029-30
SOURCES Increase / (Decrease)	252.4	697.7	803.0	822.0
Uses				
Baselines & Reserves	(118.8)	(220.2)	(259.0)	(274.3)
Salaries & Benefits	(216.5)	(551.5)	(705.9)	(828.9)
Citywide Operating Budget Costs	(50.4)	(179.5)	(232.4)	(302.2)
Departmental Costs	(78.5)	(165.1)	(289.0)	(380.3)
USES Decrease / (Increase)	(464.2)	(1,116.2)	(1,486.3)	(1,785.6)
Subtotal Surplus / (Shortfall)	(211.8)	(418.5)	(683.3)	(963.7)
State & Federal Policy Impacts	(84.5)	(221.8)	(226.0)	(204.8)
Projected Surplus / (Shortfall)	(296.3)	(640.3)	(909.3)	(1,168.5)
Two-Year Deficit	(936.6)			

Source: Five-Year Financial Plan, pg. 3

Projected Growth in General Fund Expenditures and Revenues



Source: Mayor's Budget Instructions, pg. 5

Proposed Five-Year Financial Plan – Assumptions

■ Key Assumptions

- Modest Tax Revenue Growth
- H.R. 1 (2025 – the “One Big Beautiful Bill”) Revenue Impact
- Salary and Benefits
 - Public Safety MOUs assume CPI growth of 10.94% increase
 - Pension return by San Francisco Employees’ Retirement System (SFERS) of 7.2%
 - Non-labor operating cost increase by Consumer Price Index (CPI)
 - Health insurance cost increases (9%)
- Citywide: Ten-Year Capital Plan, Five-Year Information & Communication Technology (ICT) Plan increases
- No changes to service levels or number of employees
- Implementation of business tax structure (2024 Prop. M)

Proposed Five-Year Financial Plan – Risks

■ Key Risks and Uncertainties

- Additional H.R. 1 impact
- Other Federal and State funding
- Labor negotiations
- Recession risk
- Retirement contribution rate
- Business tax litigation and revenue risk
- New or proposed programs or legislation

FY26-27 & FY27-28 Mayor's Budget Instructions and Guidance

- **Mayor's Budget Instruction**
 - Reorient city spending towards **2026 priority core services**
 - Continue to reduce structural deficit
 - Invest in long-term operational efficiencies
- **Mayor's Budget Instructions – Programming & Structure**
 - \$400M total in ongoing savings
 - Eliminate discretionary programs
 - Restructure departments around current staffing levels
 - Reduce citywide workorders and/or overhead by 10%
 - Shift duplicative or common services toward a centralized model
 - Propose near-term investments for long-term cost savings

FY26-27 & FY27-28 Mayor's Budget Instructions and Guidance

■ Mayor's Budget Instruction – Technology

- Identify technology and procurement savings
 - Integrate core IT functions (network, infrastructure, etc.)
 - Purchase through enterprise agreements
 - Review license usage and eliminate duplicative systems
- Invest in long-term operational efficiencies

■ Mayor's Budget Instructions – Grants

- Review grants and contracts for measurable outcomes and financial efficiency

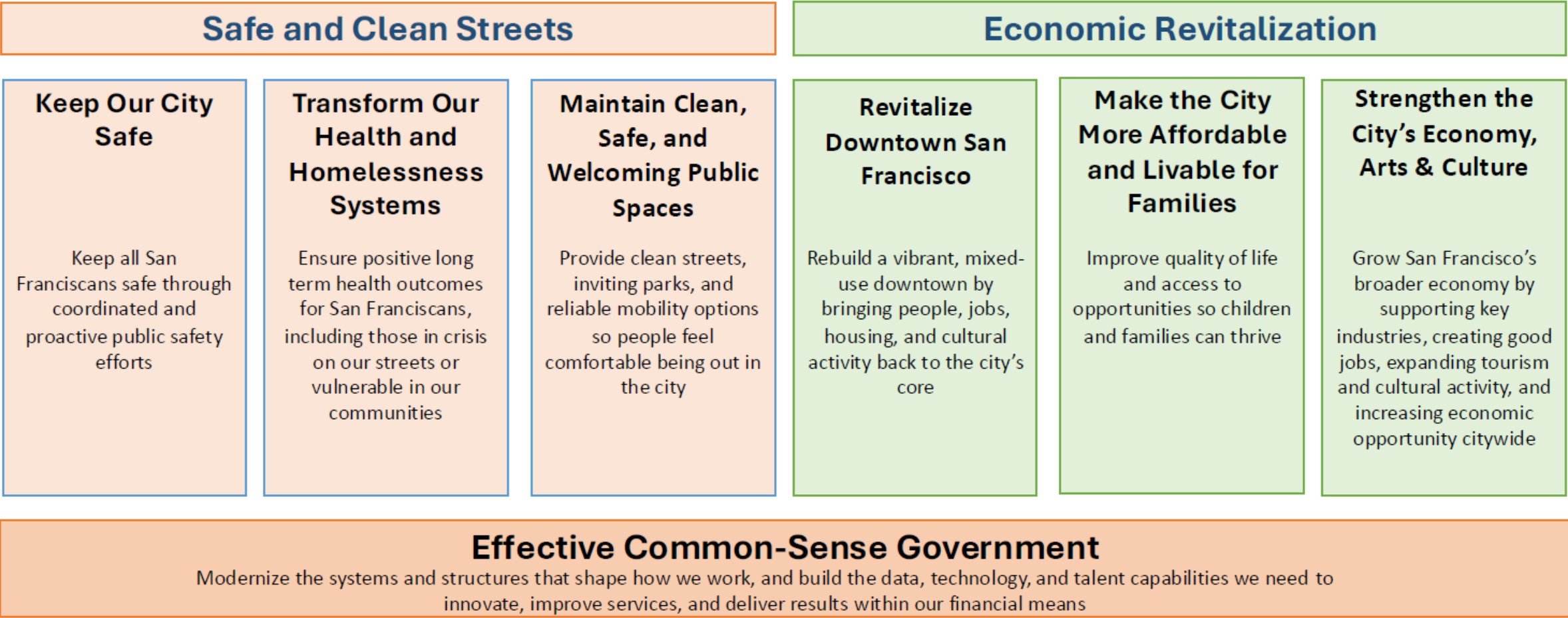
■ Mayor's Budget Instructions – Federal Funding

- Prioritize funding essential social safety net programs

FY26-27 & FY27-28 Mayor’s Budget– Process

- **Mayor’s Budget Process – Technology**

- Align all core services with Mayor Lurie’s 2026 priorities



FY26-27 & FY27-28 Mayor's Budget – Process

■ Mayor's Budget Process – First Step

- By January 20, complete a spreadsheet that identifies the following:
 - All Public Works programs
 - Who the program serves
 - Alignment with Mayor Lurie's priorities
 - Program function or purpose
 - FTE and budget impact
 - Metrics
 - Who else is providing similar services

■ Mayor's Budget Process – Next Step

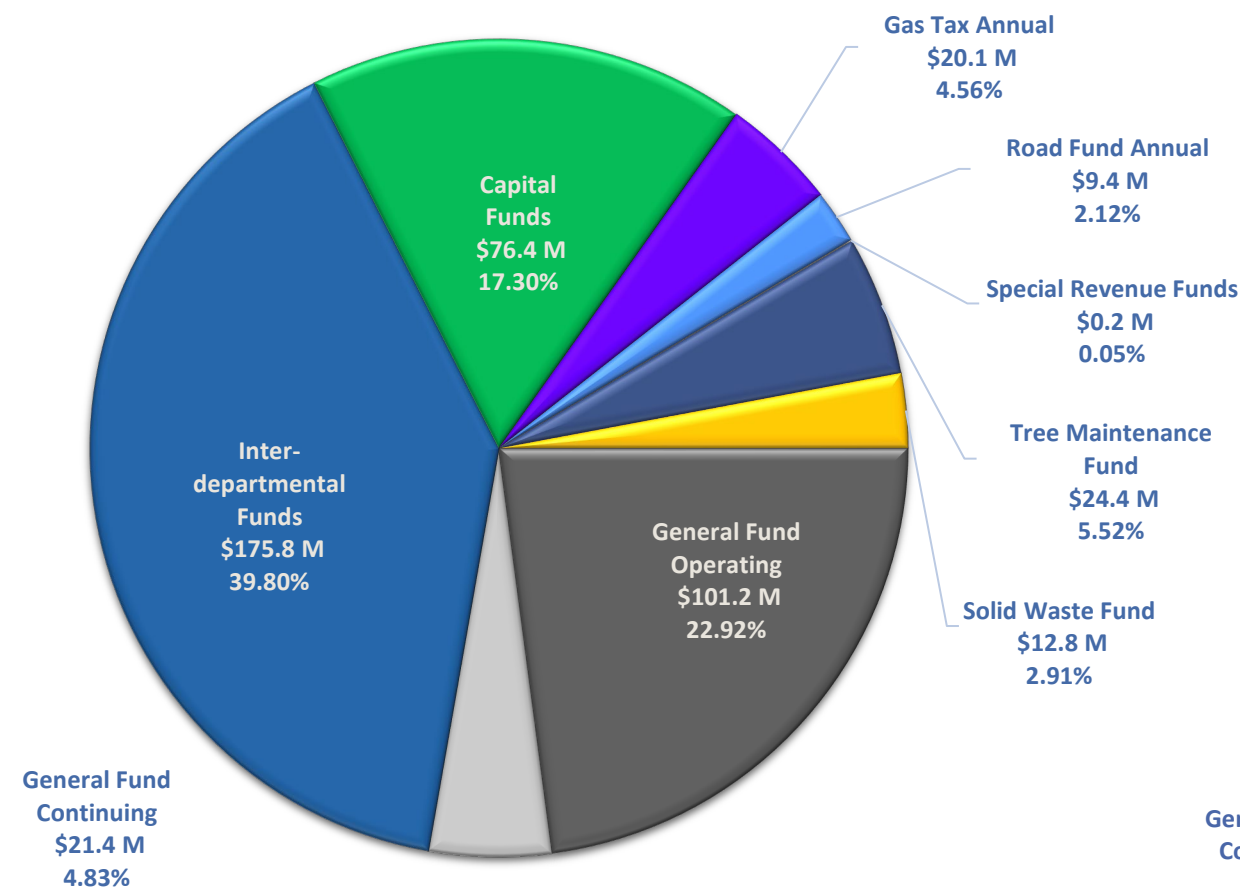
- By February 1, Mayor's Office will provide target recommendation
- Target reduction to follow

■ Mayor's Budget Process – Commission

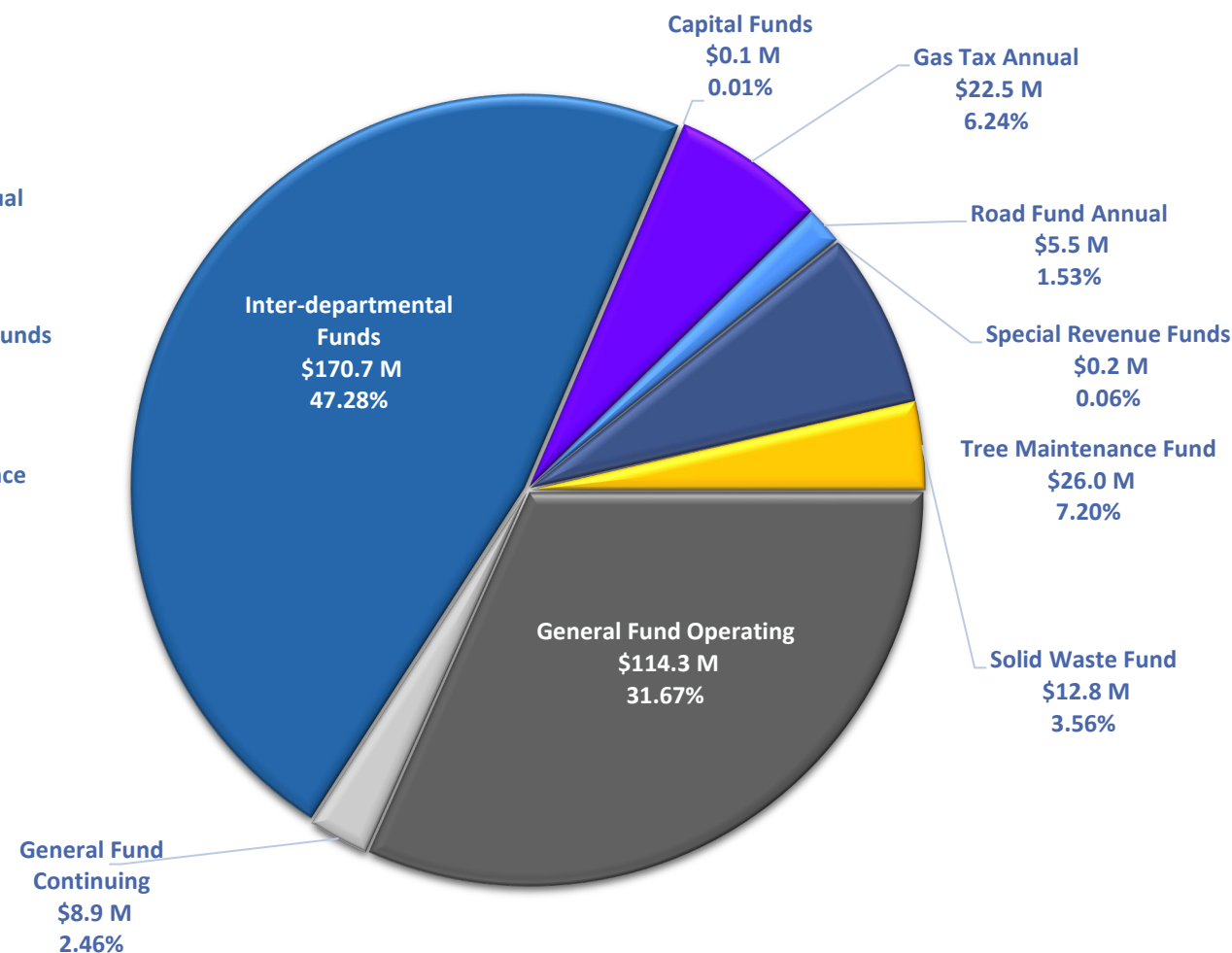
- Provide detailed budget plan to commission on February 12, prior to mandated submittal to the Mayor's Office by February 23

Department Base Budget - Sources

FY 2026-27 All Funds Total: \$441.8 M

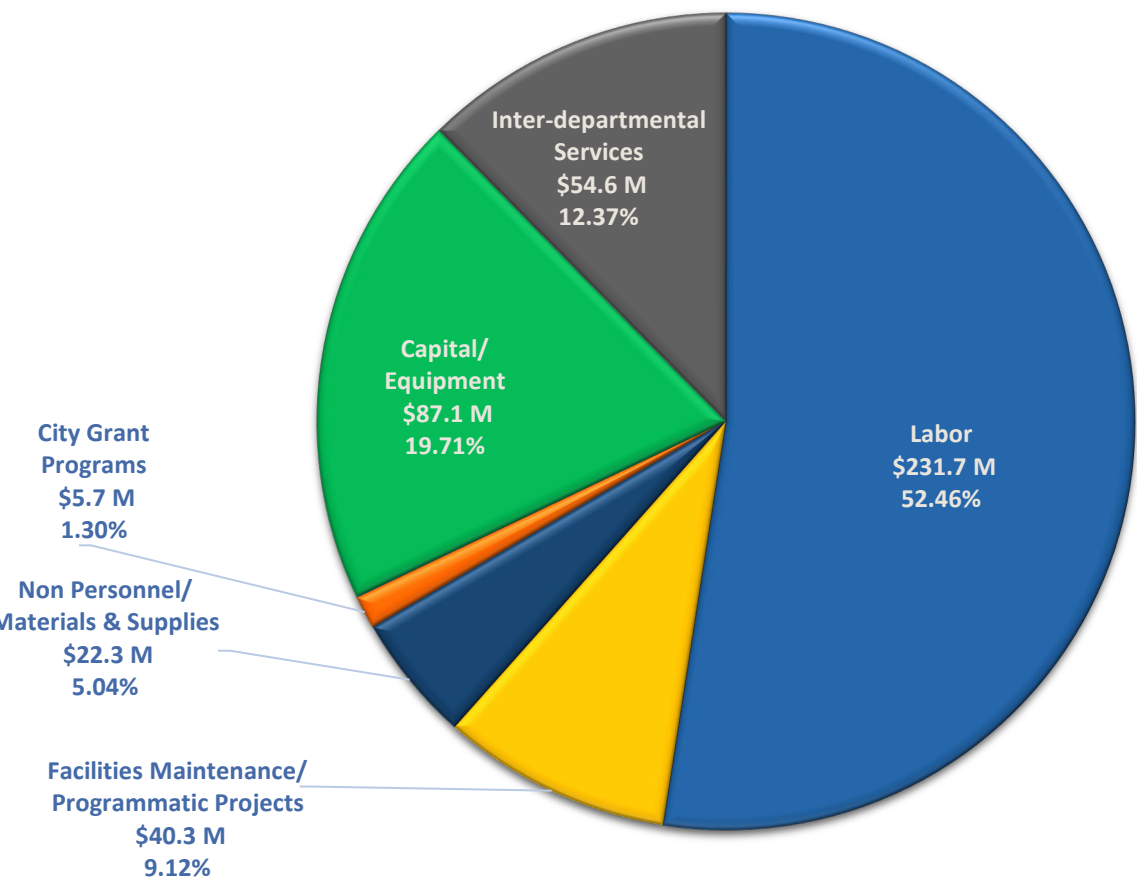


FY 2027-28 All Funds Total: \$361.0 M

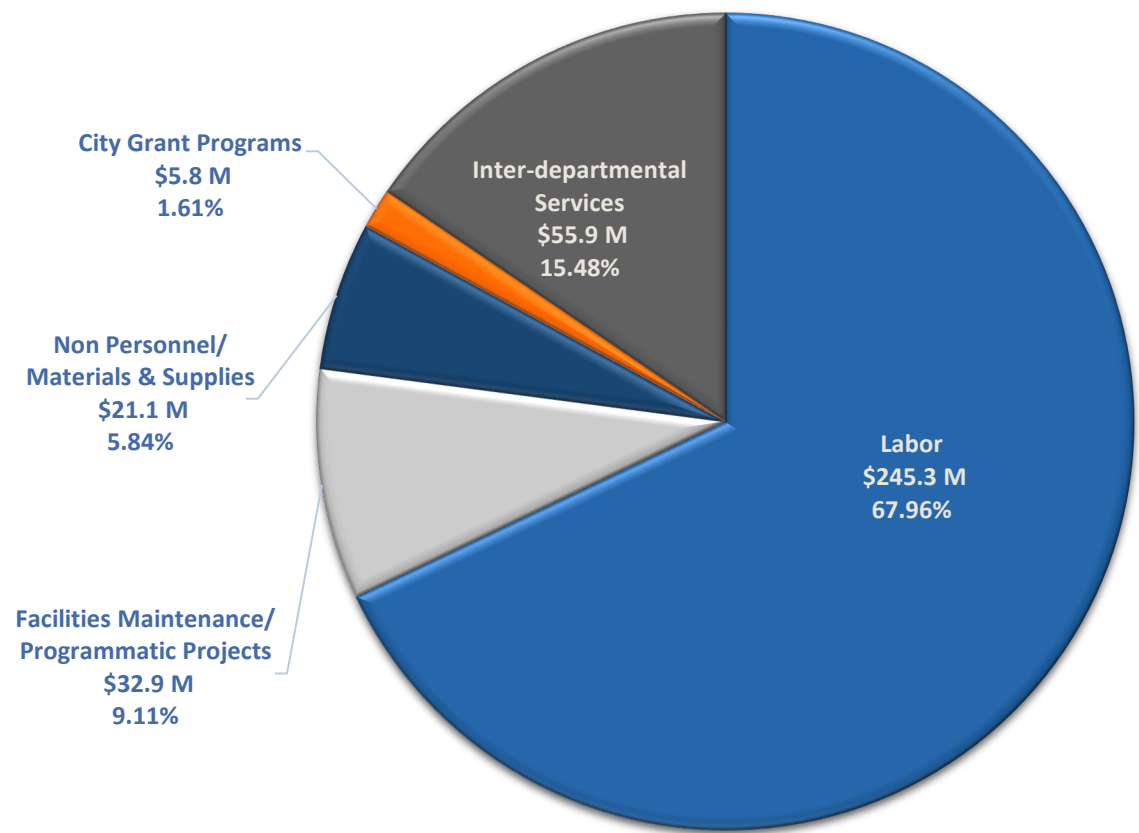


Department Base Budget - Uses

FY 2025-26 All Funds Total: \$441.8 M



FY 2026-27 All Funds Total: 361.0 M



FY26-27 Public Works General Fund Base Budget

Uses	Street Cleaning (Safe & Clean Streets)	Illegal Vending & Permits (Keeping our City Safe)	Public Right-of- Way Repair (Keeping our City Safe)	Commissions	Total
Salaries/Fringe/ Overhead Recovery	\$64,806,894	\$10,966,797	\$2,614,215	\$435,776	\$78,823,682
Non-Personnel Services	647,249	35,500	85,500	9,957	775,206
Grants	3,348,756	-	-	-	3,348,756
Materials & Supplies	961,962	12,600	184,163	4,711	1,163,436
Workorders	2,745,460	-	864,885	-	3,610,345
Grand Total	\$72,510,321	\$11,014,897	\$3,745,763	\$450,444	\$87,721,345
Budgeted FTE Positions	257.50	37.00	8.00	12.00	

Budget by Divisions and Bureaus

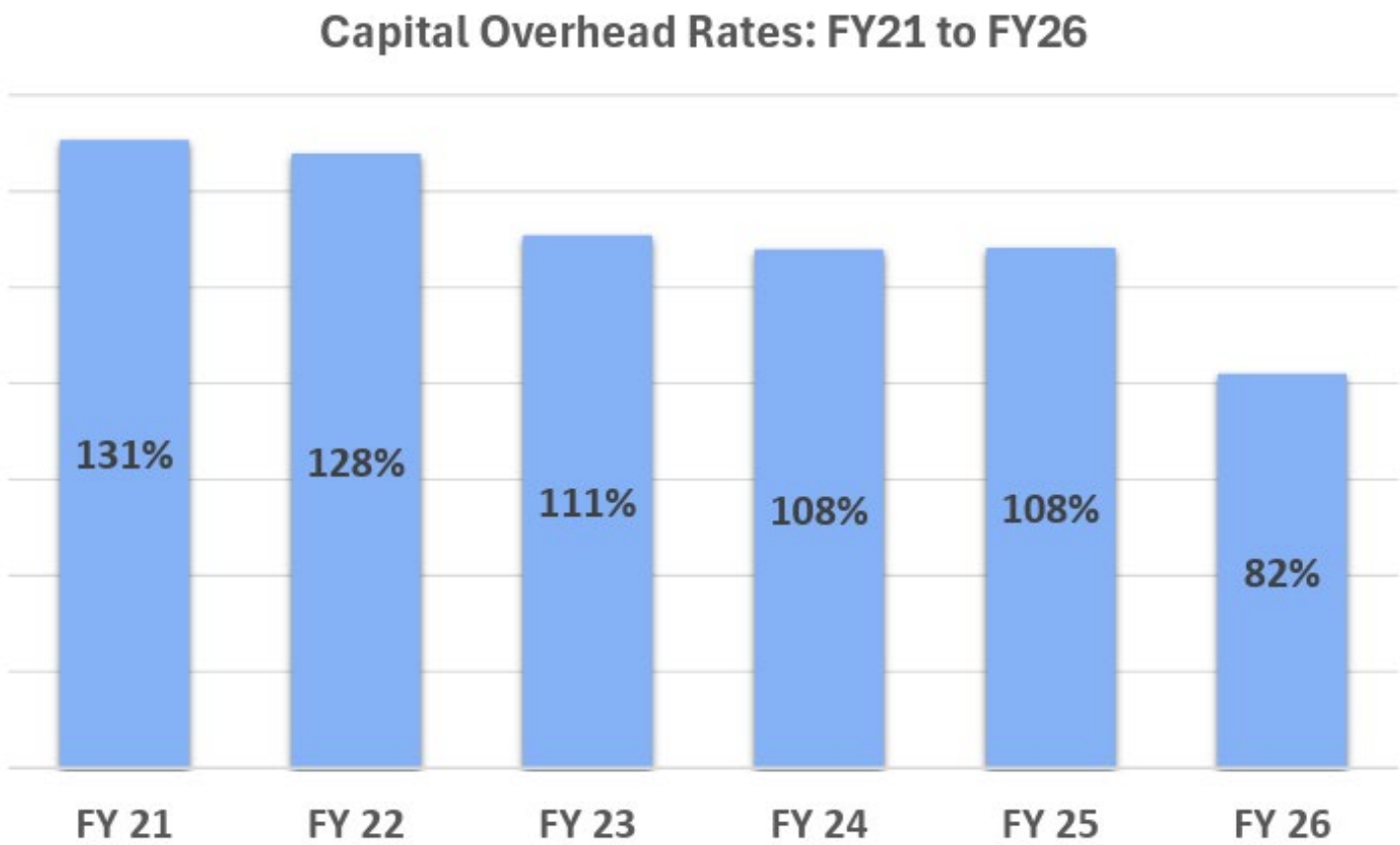
Division/Bureau (\$ in Millions)	FY 2026-27 Base	
	Budget	Total Positions
Project Delivery	\$49.1	277.00
Project Design and Development	\$134.3	336.00
Support Services	\$5.8	83.00
Building & Street Repair	\$55.3	191.00
Urban Forestry	\$56.3	200.00
Street Environmental Services	\$117.9	394.50
Commission	\$0.5	12.00
General Administration**	\$22.6	241.50
Grand Total	\$441.8M	1,735.00

*All budget amounts are subject to updates and revisions pending February 23, 2026, Department Budget Submission

** The General Administration budget is allocated to divisions through the indirect cost rate plan

FY25-26 Public Works Overhead Rates

- Previously made significant reductions in overhead in FY25-26
- Simplified rates: Capital, Operating
- Reduced rates: Yields an estimated **\$34 million** in savings, of which **\$10 million** is City General Fund



FY26-27 Public Works Program Inventory – Summary

- **Director’s Office – Core Services**
 - Emergency Management
 - Housing Coordination
 - Public Records
- **Finance and Administration – Core Services**
 - Citywide Project Accounting
 - ESER Program Budgeting and Accounting
 - Most Chapter 6 Contracting
 - Information Technology
 - Performance & Planning
- **Policy and Communications**
 - Construction Outreach
 - OnE Team and Volunteer Cleaning and Greening Programs
 - Government Affairs
 - External and Internal Communications

Department Functions & Programs, Performance Metrics, and Savings Pathways Worksheet (FY27 & FY28)										
Instructions / Overview: The first section asks departments to provide core program information, including descriptions, budgets, staffing, community impact, and current proposed metrics, modernization needs, opportunities for automation or process redesign, and any estimated savings or investment costs associated with these improvements.										
Pre-populated fields - by MBO										
Your input required – departments must fill out										
I. Current - Department Functions & Budget										
Function / Program	Primary Function / Program Type (drop-down)	Mayoral Pillar (drop-down)	Function / Program Purpose	FY27 Budget	FY27 FTE	FY28 Budget	FY28 FTE	% Funded by GF	Is this Revenue or Cost Recovery Supported?	Existing Performance Metrics (List)
A. Operational Backbone: ongoing, essential functions the department must continue delivering										
ex. Fleet	Services to City Departments	N/A	Maintains and services municipal fleet—vehicles, heavy equipment, and specialized units. The team ensures reliability and						Yes by 1) Citywide Workorders and 2) Grants	
Street Repair	Services to Residents	Maintain Clean, Safe and								
Building Repair and Facilities Maintenance	Services to Residents	Maintain Clean, Safe and Welcoming Public Spaces								

FY26-27 Public Works Program Inventory – Summary

■ Project Design & Development – Core Services

- Citywide Right-of-Way Engineering
- Citywide Structural Engineering
- Citywide Architectural Services
- Citywide Landscape Architectural Services
- Regulatory Compliance and Regulation

■ Project Delivery – Core Services

- Citywide Project Management
- Most citywide Construction Management
- Manages Citywide Facility Renewal Program and Bond programs
- Infrastructure and Development Permitting
- Citywide Surveying and Mapping

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FY26-27 Public Works Program Inventory – Summary

- Support Services – Core Services

- Private Sector Permitting
- Health & Safety
- Human Resources

- Operations – Core Services

- Street Cleaning
- Pit Stop Public Toilet Program
- Right-of-Way Code Enforcement, Including Illegal Sidewalk Vending
- Street Tree Maintenance and Expansion; Urban Forest Emergency Response
- Street Repair and Paving
- Building Repair and Maintenance, Prioritizing Public Safety/First Responder Facilities

Department Functions & Programs, Performance Metrics, and Savings Pathways Worksheet (FY27 & FY28)

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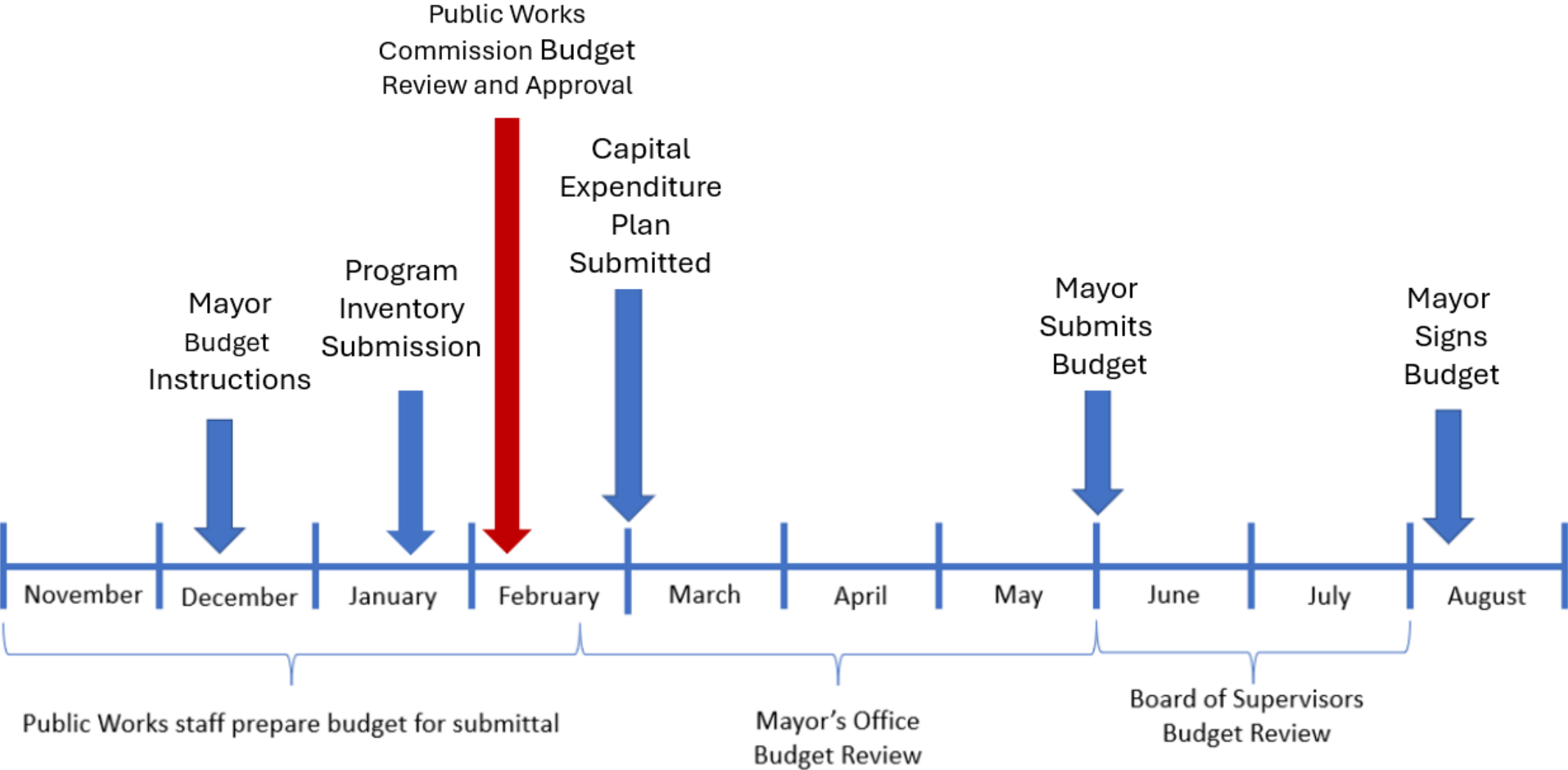
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FY26-27 & FY27-28 Department Initiatives

Program	Type	Cost	Scope
Pit Stop Public Restroom Program	CBO	\$ 9.3M	Restore Pit Stop program from 15 locations to 30 locations. 311 steamer requests for biowaste concerns spiked 21% after reduction in Pit Stop public toilet locations, slightly higher than the projected increase.
Dog Waste Pilot Program	Materials & Supplies	TBD	Provide dedicated dog waste receptacles and courtesy dog waste bags in targeted geographic area, in conjunction with public information campaign and stepped-up enforcement of pooper scooper law.
Consolidated Project Management System	Non-Personnel Services	\$ 1.5M	A construction project management system that coordinates planning, budgeting, scheduling, procurement, compliance, and reporting to control cost, schedule, quality, and risk across the full project lifecycle.
Total		\$10.8M	

FY26-27 & FY27-28 Budget Processes and Timeline





QUESTIONS