BUDGET & FINANCE

MOTION

In anticipation of the voters of the City of Los Angeles approving the requirement of Capital Infrastructure Plan (CIP) and moving the City to a two-year (biennial) budget cycle, via Measure LA on the November 3, 2026 ballot, the City Council requires an implementation plan to govern this transition, evaluate target implementation dates, update the City's budget and financial systems, and draft necessary enabling ordinances. Transitioning to a biennial budget and implementing a multi-year CIP represents a fundamental shift in the City's fiscal governance, designed to foster long-term financial stability, align operating decisions with strategic goals, integrate capital planning, and incorporate rigorous departmental performance evaluation. However, the new language in the Charter, should Measure LA pass, only changes budget development dates and milestones, establishes the requirement of a CIP via ordinance, and imposes the immediate change to a two-year budget cycle. Missing from the Charter language is a plan for how these changes will be implemented in a successful manner.

On March 13, 2026, the City Administrative Officer (CAO) issued a comprehensive report (C.F. 23-1027-S3) evaluating the transition to a biennial budget structure and outlining essential pillars required for the successful implementation of a biennial budget cycle. These include a four-year strategic plan, a multi-year CIP, and a multi-year financial plan. Moreover, in the report, the CAO concluded that a fully developed four-year strategic plan—requiring extensive public engagement, statistical polling, and community feedback—must be finalized before the initial biennial budget can be drafted.

Furthermore, the four-year strategic plan should identify, define, and prioritize the City's capital project priorities based on the multi-year CIP. Without these elements, the benefits of a two-year (biennial) budget and a CIP ordinance will not be realized and an immediate, or near-term, transition will be infeasible.

I THEREFORE MOVE, that City Administrative Officer present a report within 30 days to the City Council with an implementation plan for the transition to a biennial budget cycle, consistent with C.F. 23-1027-S3 that includes the following elements:

1. A proposed timeline for the development of the four-year strategic plan to be prepared by the Mayor for City Council consideration;
2. Resources required to develop the four-year strategic plan that includes a public engagement component;
3. A proposed timeline for the transition to a biennial budget cycle following the adoption of multi-year Capital Infrastructure Plan and a four-year strategic plan;
4. A preliminary needs assessment of the City's financial systems to determine the requirements necessary to produce a two-year budget and all required financial documents;

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5. An estimate of the resources needed in Fiscal Year 2027-28, to begin this transition; and
6. Recommendations to inform the development of the Capital Infrastructure Plan ordinance.

I FURTHER MOVE, that City Administrative Officer present a report with a preliminary multi-year fiscal outlook to the City Council within 30 days covering fiscal years through 2029-30 that includes the following elements:

1. An economic forecast based on current economic conditions and assumptions derived from an analysis of the US, state, and local economies;
2. A revised Budget Outlook scenario with revenue and expenditure projections based on trends in existing revenue streams to illustrate the level of available resources given current policy and projected economic assumptions and estimate of future costs of current services, adjusted for inflation and known obligations (such as collective bargaining increases or lease escalations);
3. An analysis of any identified projected annual deficits or surplus;
4. Estimated costs over the next 20 to 30 years for the City to meet its basic public right-of-way infrastructure needs, including for street lights, curb ramps, sidewalks, streets, urban forest, and compliance with the Healthy Streets L.A. measure; and
5. Recommendations to improve the City's long-term fiscal condition, including the actions necessary to improve the City's finances.

Presented by: _____
KATY YAROSLAVSKY
Councilwoman, 5th District

Presented by: _____
EUNISSES HERNANDEZ
Councilwoman, 1st District

Seconded by: _____

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