



# CITY OF SALINAS

## FINANCE COMMITTEE STAFF REPORT

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**DATE:** APRIL 7, 2026  
**DEPARTMENT:** FINANCE  
**FROM:** SELINA ANDREWS, FINANCE DIRECTOR  
**TITLE:** BIENNIAL OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGETS FOR FISCAL YEARS 2026/27-2027/28

### RECOMMENDED MOTION:

Receive report on the benefits of producing a Biennial Operating and Capital Improvement Program Budget for Fiscal Years 2026/27-2027/28.

### EXECUTIVE SUMMARY:

The City is proposing developing biennial Operating and Capital Improvement Program budgets for Fiscal Years 2026/27 – 2027/28. This will allow the focus to be on the key questions of what we do and why, not just how much does it cost and how it will be funded. Very few goals and objectives fit into one-year increments. As such, a multi-year approach enables the City to better set meaningful objectives with realistic timeframes for completing them.

### BACKGROUND:

Historically, the City has adopted single fiscal year budgets to provide a clear framework for planning expenditures and matching anticipated revenues and while this has allowed the City to allocate resources and respond to changing economic conditions, there have been some setbacks in terms of program planning, implementation, and budget transparency. Moving from a one-year budget to a two-year budget would allow the City to plan for a longer horizon, better align strategic priorities with financial resources, and provide more certainty to residents about services, finances, and tax levels.

### Why a Biennial Budget?

Multiple agencies are currently doing this and have indicated positive results such as:

- Planning long term so that long-term goals can be achieved;
- Providing residents with more certainty about the direction of local government services, finances, and tax levels;
- Making more strategic use of City Council’s time in reviewing budgets and the administration’s time in preparing them;
- Focusing on continuous improvement and implementation and not just planning;
- Having the ability to incorporate operating costs linked to the capital improvement plan; and
- Instilling discipline to control spending plan changes.

The City's budget is intended to focus on the key questions of what local governments do and why, not just how much does it cost and how it will be funded. By planning over a longer horizon, cities can better align strategic priorities with available financial resources, supporting multi-year projects and initiatives. This approach also reduces the administrative burden on staff, allowing more time for analysis, implementation, and performance measurement.

What we're really trying to accomplish comes down to a few core things:

**Most fundamentally, what do we hope to accomplish if we adopt this approach?** *At the most fundamental level, a 2-year budget isn't just about tracking a budget, it's about aligning resources with goals over a meaningful time horizon. It provides clarity of direction, strategic resource allocation, stability, execution discipline, and measurable progress.*

**What is our current organizational culture in terms of departmental vs centralized control of the budget?** *Budget control is formal, controlled in a top-down manner, and risk-averse, emphasizing rules, procedures, and accountability. Our budget controls rely heavily on formal policies, procedures, and documentation, which reduce flexibility but ensure compliance. There is a strong emphasis on fiscal responsibility because we are accountable to taxpayers. The budget process is collaborative but bureaucratic. Departments must coordinate and negotiate within budget constraints, often resulting in lengthy approval processes. Once the budget is approved, departments have flexibility to move budget around within their department to accommodate their needs. If their budget isn't sufficient, they can also get approval to access the Budget Stabilization Account. Essentially, departments manage their spending - within parameters. A two-year (biennial) budget improves efficiency not by making budgets less rigid or accountable, but by reducing how often that rigidity happens, provides staff more time to focus on execution, evaluation, and long-term outcomes rather than constant budget construction.*

**Is integrating strategic planning and the budget process a high priority?** *Integrating strategic planning with the budget process should be a high priority because it ensures the budget is actually being used to achieve its goals, not just maintain routine operations. Without that connection, even a well-crafted plan can fail due to lack of funding or misallocated resources.*

**Do we have a process for this now, and will a multi-year approach improve it?** *A multi-year approach strengthens strategic planning by shifting focus from short-term reactions to long-term direction and sustainability. Instead of making isolated annual budget decisions, we can build a coherent roadmap that aligns actions over time.*

Why could a 2-year budget work for us?

A multi-year budget process can work for the City if the budgeting process aligns with the goals of:

- Defining the most critical objectives for our community;
- Establishing attainable goals with clear responsibility for execution; and
- Ensuring programs and projects have the resources needed for execution.

ATTACHMENTS:

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