

# CITY OF OAKLAND

## Agenda Report

OFFICE OF THE CITY CLERK  
CITY OF OAKLAND

2006 FEB - 7 PM 3:27

**TO:** Office of the City Administrator  
**ATTN:** Deborah Edgerly  
**FROM:** City Administrator's Budget Office  
**DATE:** February 7, 2006  
**RE:** **Report Supplementing the Analysis of the FY 2005-06 First Quarter Revenue and Expenditure Results and Year-End Projections for City's Selected Funds (General Purpose, Telecommunications, Contract Compliance, Equipment and Facilities) and Resolution to Appropriate \$400,000 for Middle School Sports Programs from Surplus Real Estate Transfer Tax Revenue**

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### SUMMARY

At its January 10<sup>th</sup> and January 24<sup>th</sup> meetings, the Finance and Management Committee requested staff to prepare a supplemental report responding to a number of questions with regard to the FY 2005-06 First Quarter Revenue and Expenditure Analysis pertaining to:

- Police Overtime Expenditures
- Real Estate Transfer Tax Revenue
- Carryforwards
- Middle School Sports Program
- Potential Winter Storm-Related Public Works Overtime
- Agreements made in the FY 2005-07 Adopted Policy Budget

Further, Committee members directed staff to revise the Middle School Sports Program resolution such that the \$400,000 is appropriated from excess Real Estate Transfer Tax revenues rather than from surplus Vehicle License Fee revenues. The changed resolution is attached.

### FISCAL IMPACT

As directed by Committee members, staff has revised the resolution to appropriate \$400,000 in surplus General Purpose Fund revenues from excess Vehicle License Fee revenue to excess Real Estate Transfer Tax revenues. Since the Vehicle License Fee and Real Estate Transfer Tax revenues are both deposited into the General Purpose Fund, no additional fiscal impact is anticipated due to this change.

### DISCUSSION

During their discussion at the January 10<sup>th</sup> and January 24<sup>th</sup> Finance and Management Committee meetings, Committee members requested a supplemental report responding to their questions:

1. **Page 13 of the report states that the Police Department has made "great progress in its efforts to reduce overtime expenditures." Could City Staff clarify this statement? Last year's actual overtime costs were over \$17 million and, in this report, the Budget Office is**

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**revising its year-end projection of police overtime from our City's adopted budget of \$11.3 million to \$17.5 million, similar to last year's actual costs. Did City Staff mean to say OPD has made progress in reducing overall expenditures, but not necessarily overtime expenditures? [COUNCIL PRESIDENT DE LA FUENTE]**

*The Oakland Police Department (OPD) has made progress in bringing its overall expenditures in line with its approved budget. While Police General Purpose Fund (GPF) overtime is projected to end the year at \$17.5 million, the Administration has worked with OPD to bring other expenditures down such that the projected GPF overage for FY 2005-06 stands at \$3.35 million. Nonetheless, there is still work to do to bring OPD's spending in line with budget.*

**2. Page 13 of the report notes that "\$2.64 million of the \$6.2 million projected overage is due to holiday, court, and MOU-related overtime time costs. The remaining \$3.56 million overage is largely due to backfill and shift extension overtime." What can be done to decrease these overtime costs? [COUNCIL PRESIDENT DE LA FUENTE]**

*The OPD Administration reports that the requirements of the Negotiated Settlement Agreement and Police labor agreement limits the Department's ability to decrease backfill and shift extension overtime.*

**3. Are you exploring ways to re-structure police patrol beats to reduce overtime expenditures while continuing to reduce crime? [COUNCIL PRESIDENT DE LA FUENTE]**

*The OPD Administration reports that the Police labor agreement does not give management the latitude to unilaterally restructure the beats.*

**4. Real-Estate Transfer Tax (Revenues): Page 7 of the report increases the projection of revenues from our Real Estate Transfer Tax from \$60 million to \$67.5 million. The report, however, does not reveal the details of how this higher projection was derived. Could you provide more details on how you derived this revised projection of the Real Estate Transfer Tax revenues? [COUNCIL PRESIDENT DE LA FUENTE]**

*Actual Real Estate Transfer Tax (RETT) revenue through the end of September was robust. As reported in the FY 2005-06 First Quarter Revenue and Expenditure report, RETT revenue was somewhat higher than the first quarter of FY 2004-05, which itself was quite strong (last fiscal year, the City collected \$77.7 million in RETT, which was 65.3 percent greater than the \$47.01 million budgeted).*

<b>Real Estate Transfer Tax Revenue</b>					
<b>(in \$millions)</b>					
	July	August	September	October	November
Actual Revenues	\$6.92	\$7.16	\$6.93	\$5.72	\$5.55
Cumulative Revenues	6.92	14.10	21.03	26.75	32.30
Final Projection (based on collecting an average of \$5.16 million per month for the remainder of FY 2005-06)			\$67.5		

*Nonetheless, October and November 2005 actual collections show a slowdown in RETT (see table above), both as compared to the first quarter results as well as to October and November of 2004. Year-end projection of RETT revenue were tempered based on reports from real estate researchers (among them DataQuick Information Services) that property sales are slowing and the average value of properties sold has flattened. Therefore, the FY 2005-06 year-end projection assumes revenue collections between \$5.1 million and \$5.2 million monthly for the remainder of the year. This figure is in line with initial monthly projections for total FY 2005-06 RETT revenue when the proposed policy budget was prepared in spring 2005 and adopted by Council in June.*

**5. Provide a table showing ten years of actual revenues for the for Real Estate Transfer Tax [COUNCIL MEMBER QUAN]**

*Please see table below.*

Actual Real Estate Transfer Tax Revenue FY 1994-95 to FY 2004-05		
Fiscal Year	Real Estate Transfer Tax (in \$millions)	Percentage Change
FY 1994-95	12.32	
FY 1995-96	13.66	10.9%
FY 1996-97	17.65	29.2%
FY 1997-98	22.72	28.7%
FY 1998-99	28.89	27.2%
FY 1999-00	34.36	18.9%
FY 2000-01	38.31	11.5%
FY 2001-02	37.27	-2.7%
FY 2002-03	42.09	12.9%
FY 2003-04	55.66	32.2%
FY 2004-05	77.72	39.6%

**6. Much of the projected increase in “expenditures” is actually due to a relatively large amount of “Carry-Forwards.” As we know, Carry-Forwards are the funds that City Council has already approved for programs in previous years. When the Administration does not spend the funds by the end of a fiscal year, the revenues and expenditures from these programs are *carried forward* into the next fiscal year. When we adopted the budget, we expected no more than a small amount of Carry-Forwards. This report now projects Carry-Forwards of \$6.8 million. [COUNCIL PRESIDENT DE LA FUENTE]**

*Regarding the projected year-end level of carryforwards, departments are expected to expend the majority of their prior-year carryforwards by the end of FY 2005-06. However, based on past trends, it is also expected that there will be current-year (e.g. FY 2005-06)*

*project appropriations that will not be expended by year end and thus carry forward to FY 2006-07.*

**7. Which Department has the highest amount of Carry-Forwards? [COUNCIL PRESIDENT DE LA FUENTE]**

*The "Non-Departmental" unit had the greatest amount of carryforwards by the end of the first quarter. Carryforwards in the Non-Departmental unit stood at \$3.08 million, or 5.3 percent of its adjusted budget. A top carryforward balance is associated with the City's Croson Study, which is now underway.*

**8. What are the main reasons for the Carry-Forwards and what efforts are being made to spend the funds as soon as possible so that Oakland citizens can benefit from these investments already authorized by the City Council? [COUNCIL PRESIDENT DE LA FUENTE]**

*Carryforwards are unspent project balances that departments/agencies can spend in future fiscal years. Council and the City Administrator enable departments to establish projects in the Oracle Financial System to account for multi-year programs. Departments with carryforward balances are working assiduously to implement the projects for which they received prior-year funding. For example, the Community and Economic Development Agency reports that, after unforeseen contract delays, its Permit Enforcement Record Tracking System (PERTS) project is now underway and is expected to be completed by the end of FY 2005-06. Additionally, OPD's Special Traffic Offender Program (STOP) plans to purchase equipment including an automatic citation system, a vehicle to tow traffic radar speed trailers and other apparatus for the program's operations. The STOP carryforward balance is expected to be fully expended or committed by year end.*

**9. Please provide a break-down by department of the carryforwards by inserting into Attachment A-2 (General Purpose Fund expenditures) a column labeled "CarryForwards." [COUNCIL PRESIDENT DE LA FUENTE]**

*Please see Exhibit 1.*

**10. Middle School Sports: Continuing our middle school sports program is an important opportunity to support our city's school children. At the same time we should make sure we are getting the best results when we invest taxpayer dollars. The Oakland Fund for Children and Youth and now the Measure Y, the public safety ballot measure, have rigorous evaluation procedures to track results. Unfortunately, our existing performance measures for the City's regular Recreation programs would not thoroughly measure the results of this important sports program. Can City Staff report to the City Council in early June 2006, during our Mid-Cycle Budget Review, on the specific results of the program to include at least the following measures:**

- **The number of students actually served with the \$400,000**
- **The number of hours of direct service to students with the \$400,000**

- **Whether positive outcomes have been achieved, such as improved physical health and/or improved academic achievement of the students participating in the program**
- **Other measures deemed important by the Department of Parks and Recreation**

**[COUNCIL PRESIDENT DE LA FUENTE]**

*The Parks and Recreation Department will prepare a full report on the middle school sports program in June 2006 that addresses the measures listed above.*

**11. Will winter storms create unexpected operations and maintenance and overtime costs for Public Works? [COUNCIL MEMBER QUAN]**

*The Public Works Agency (PWA) expects to perform storm preparedness and response every year. Every year, PWA cleans storm drain inlets and prepares and distributes sandbags to mitigate the potential for flooding during a storm. During the past fiscal year, PWA's level of pre-storm preparation resulted in a decrease in overtime spending on storm response. Historically, excess overtime spending for storm response has been offset by salary savings throughout the year.*

*During the December 31, 2005 – January 1, 2006 weekend, the Bay Area experienced significant storm activity that caused mudslides, downed trees, flooding, damaged infrastructure and road closures. The emergency response warranted a declaration of a local emergency for the City of Oakland. These unexpected emergency response costs have totaled \$1.65 million for PWA and are inclusive of overtime spending, supplies and materials, and contractor costs to remove and dispose of debris, as well as, perform emergency protective measures. The City of Oakland is working with the State of California, Office of Emergency Services (OES) to seek reimbursement of these emergency responses costs.*

**12. How is over-budgeted money spent with regard to balances in other funds under the 10-year repayment agreement? When you say that there is "borrowing" from a fund, what does that actually mean? Does the fund "borrow" money to make up a shortfall? If so, where does it "borrow" this money from? [COUNCIL MEMBER BRUNNER]**

*The Telecommunications Reserve/Cable Franchise, Contract Compliance, Equipment and Facilities Funds were all placed on 10-year repayment schedules to correct their deficit fund balances. These schedules were approved by the City Council as part of the FY 2005-07 Adopted Policy Budget. Please see **Exhibit 2** for the Ten-Year Negative Fund Rebalancing Schedule; this schedule was presented in the FY 2005-07 Adopted Policy Budget in the "Non-Departmental" section, pages U-24 and U-25. These repayments were budgeted beginning in FY 2005-06 and are being made for the current fiscal year.*

*"Borrowing" refers to the structural gap between revenues and expenditures that the 10-year repayment schedules are designed to close (see page 2 of January 10, 2006 revenue and expenditure staff report, specifically, the Telecommunications Reserve/Cable Franchise, Contract Compliance, Facilities and Equipment Funds). The Telecommunications Reserve/Cable Franchise and Contract Compliance Funds' year-end projections show*

wider gaps between revenues and expenditures than originally budgeted. Since both of these funds depend on subsidies from the General Purpose Fund, both may need to use additional subsidies from the General Purpose Fund to adhere to the adopted repayment schedules. Alternatively, the City Council may decide to extend the repayment periods, giving these funds a longer term over which to erase their respective negative fund balances.

The Equipment and Facilities Funds borrow from their own fund balances. The structural gaps for these two funds are projected to be less than anticipated by year-end. Therefore, the "borrowing" from fund balance for these two funds is not expected to reach the level at which it was budgeted in the FY 2005-07 Adopted Policy Budget.

**13. Do we have a list of all things that can be paid out of the General Fund? Is the General Fund limited in any way, like the LLAD or Equipment funds? [COUNCIL MEMBER BRUNNER]**

The General Purpose Fund is the most discretionary of all of the City's funds and can pay for any expenditures deemed appropriate by the City Council. It is important to note, however, that there are expenditures that the General Purpose Fund must pay. An analysis of the GPF's funding discretion was presented in the FY 2005-07 Adopted Policy Budget in the "Financial Summaries" section (pages D-166 and D-167) and is included here as Exhibit 3.

**14. Is there a "big picture" chart that shows our overall budget situation? Total revenues and total expenditures? [COUNCIL MEMBER BRUNNER]**

No, there is not. The quarterly revenue and expenditure reports we produce for the City Council focus on results for only five of the City's nearly 300 funds: General Purpose; Telecommunications Reserve/Cable Franchise; Contract Compliance; Equipment; and Facilities Funds. These funds' appropriations total \$483.29 million or 51.33 percent of the FY 2005-06 adopted budget across all funds. Please refer to Attachments A-1 through F from the original staff report dated January 10, 2006.

**15. By how much are we ahead in revenue? Overall, how much extra revenue is the City projected to bring in? [COUNCIL MEMBER BRUNNER]**

As of the end of the first quarter, General Purpose Fund revenues are expected to exceed projected year-end expenditures by \$1.89 million.

The table below provides a break down of the projected year-end results.

<b>FY 2005-06 REVENUE AND EXPENDITURE ANALYSIS</b>				
<b>Through First Quarter (July 1, 2005 through September 30, 2005)</b>				
<b>Analysis of Projected General Purpose Fund Surplus (\$ in millions)</b>				
	<b>Adopted Budget</b>	<b>Adjusted Budget</b>	<b>Year End Over/ (Under)</b>	<b>Year-End Projection</b>
Revenue	\$443.71	\$454.29	\$6.21	\$460.50
Expenditures	(\$443.51)	(\$456.60)	(\$2.01)	(\$458.61)
<b>Surplus/(Deficit)</b>	<b>\$0.19</b>	<b>(\$2.31)</b>	<b>\$4.20</b>	<b>\$1.89</b>

*The FY 2005-06 Adopted Budget shows GPF revenues exceeding expenditures by \$0.19 million. However, carryforwards and encumbrances adjusted both budgeted revenues and expenditures. After these adjustments, budgeted revenues lag budgeted expenditures by \$2.31 million.*

*By the end of the fiscal year, actual revenues are expected to exceed the adjusted budget by \$6.2 million. However, actual expenditures are expected to exceed the adjusted budget by \$2 million. Although on a gross level, year-end expected revenues are projected to surpass year-end spending by \$4.2 million, after accounting for the \$2.31 revenue lag discussed above, the projected year-end surplus of revenue over expenditures is \$1.89 million.*

- 16. \$400K for Middle School sports: Is this a one-time expenditure for an ongoing program? I prefer not to fund ongoing programs with one-time expenditures. [COUNCIL MEMBER BRUNNER]**

*The Middle School Sports Program has existed in the past and has received funding when resources were available. The commitment made in the FY 2005-07 Adopted Budget was for FY 2005-06 only.*

- 17. Can you provide a list of all the departments that are requesting Council approval for overspending their budgets? [COUNCIL MEMBER BRUNNER]**

*The Oakland Police Department is the only department/agency that is projected to over-expend its budget by year-end of the five funds presented in the FY 2005-06 First Quarter Revenue and Expenditure Report by year end. All other City departments and agencies are projected to end FY 2005-06 within their adjusted budgets.*

- 18. Do budget overruns documented in the report include offsets for vacant positions? This is mainly for the OPD, where some OT spending is attributed to filling shifts because of an officer shortage. Do we subtract salary savings from the estimates? [COUNCIL MEMBER BRUNNER]**

*Yes, the analysis of projected year-end over-expenditures for the Oakland Police Department (OPD) has taken into account savings from vacant positions. The analysis through the end of September 2005 has shown that, even with cost savings related to unfilled positions at the OPD, the department is projected to over-expend its overall budget, due primarily to overtime and related personnel over-expenditures.*

- 19. Are Police court days and holidays budgeted correctly? [COUNCIL MEMBER BRUNNER]**

*Yes. The budgeting system used to prepare the FY 2005-07 Adopted Budget is consistent with the adopted salary ordinance and the current Police MOU.*

- 20. Re: page 10: Port Revenue: do we have a quick comparison we can draw up which shows revenues we derive from our Port vs. what other cities (Seattle, LA, Long Beach) get from theirs? We'd like to get a sense of whether our Port contribution is within standard practice. [COUNCIL MEMBER BRUNNER]**

Please see below for a comparison of port revenues received by a sample of cities with port operations. In summary, the table shows the total revenues that the surveyed cities receive from port and airport operations.

Based on available information, we found that the Port of Oakland is the only port in our survey that pays its host city for the airport's police and fire services. The airport facilities of the Long Beach and Los Angeles operate independently of their ports, and therefore are billed by their respective cities. The Port of Seattle, which operates its airport, has its own fire and police departments.

<b>Comparison of Port and Airport Revenues for Selected Cities</b>				
<i>(in \$ millions)</i>				
	City of Long Beach <sup>(1)</sup>	City of Los Angeles <sup>(2)</sup>	City of Seattle <sup>(3)</sup>	City of Oakland <sup>(4)</sup>
<b>I. CITY SERVICES PAID BY PORT</b>				
<u>Maritime Operations</u>				
Police Services	\$2.27	-	-	-
Fire Services	8.23	14.50	-	-
Other Costs	1.88	-	-	-
Total for Maritime Operations	\$12.37	\$14.50	-	-
<u>Airport Operations</u>				
Police Services	-	-	-	\$5.36
Fire Services	-	-	-	5.54
Other Costs	-	-	-	2.07
Total for Airport Operations	-	-	-	\$12.98
Total City Services Paid by Port	\$12.37	\$14.50	-	\$12.98
<b>II. CITY SERVICES PAID BY AIRPORT</b>				
<u>Airport Operations</u>				
Police Services	\$3.97	-	-	-
Fire Services	1.91	15.00	-	-
Other Costs	-	-	-	-
Total City Services Paid by Airport	\$5.88	\$15.00	-	-
Total Port & Airport Revenue Received by City	\$18.26	\$29.50	-	\$12.98
<b>Notes:</b>				
(1) Port of Long Beach and Long Beach Airport pays for the City of Long Beach's police and fire services.				
(2) The Port of Los Angeles and Los Angeles International Airport operate their own police department.				
(3) The Port of Seattle (which operates the Seattle-Tacoma International Airport) operates its own police and fire departments.				
(4) The Port of Oakland pays the City of Oakland for police and fire services for the airport.				

21. Can you tell us the Revenue and Expenditure info for the Planning and Zoning division? How much revenue did they bring in and where are they as far as their spending for the year? [COUNCIL MEMBER BRUNNER]

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*Planning & Zoning revenue through the end of the first quarter is strong. Through the end of the first quarter, the Planning and Zoning Division of the Community and Economic Development Agency generated \$0.85 million or 32.2 percent of its FY 2005-06 Adjusted Budget. Spending in this division reached \$1.1 million or 21.9 percent of the adjusted budget by the end of September 2005.*

*It is appropriate to look at both Planning and Zoning and Buildings Services revenues and expenditures together because, as CEDA reports, some Planning and Zoning Division activities are reflected in Building Services revenues when building permits are actually issued. This is usually the case for larger development projects.*

*Both Planning & Zoning and Building Services revenue through the first quarter are strong. The majority of these revenues are housing-related. In line with various national housing forecasts, the attached projections allow for some slowing during the second half of the year, but still, revenue for both divisions should exceed budget. Oakland still possesses a unique status as the lone city in the core Bay Area region that has both the space and the appetite for major housing growth.*

Community & Economic Development Agency FY2005-06 First Quarter Revenue and Expenditures for the Planning & Zoning and Building Services Divisions (in \$ millions)						
	First Quarter Actuals			Year-End Projections		Variance
	Adjusted Budget	1st Qtr Actuals	% of Adjusted Budget	\$	% of Adjusted Budget	Over/ (Under)
Revenues	\$27.12	\$8.89	32.78%	\$30.82	113.64%	\$3.70
Expenditures	\$22.13	\$5.05	22.82%	\$21.43	96.81%	(\$0.71)

*Year-end savings are projected for both the Planning & Zoning and Building Services divisions expenditures due to vacant positions.*

**22. What items were decided in the FY 2005-07 Adopted Budget? [COUNCIL MEMBER BRUNNER]**

*The "Quan Motion: 2005-2007 City Budget" (Exhibit 4) lists items that Council members considered during the FY 2005-07 budget deliberations. Council members approved GPF-related items to "Add/Restore" totaling \$2.96 million and voted to restore items labeled as "Next Priorities" if funding were to become available. Items noted as "Non GP/Neutral" are also added in the FY 2005-07 Adopted Budget as funds become available. The "Quan Motion" is included in the Legislation section of the FY 2005-07 Adopted Policy Budget on page X-14.*

**EXHIBIT 1**

**FY 2005-06 REVENUE AND EXPENDITURE ANALYSIS**  
**Carryforwards and Other Budget Adjustments by Agency/Department**  
**Through First Quarter (July 1, 2005 through September 30, 2005)**  
**GENERAL PURPOSE FUND BUDGET (\$ in millions)**

Agency / Department	FY 2005-06 Adopted Budget	Adjustments			Total Adjustments	FY 2005-06 1st Qtr Adjusted Budget
		Carryforwards	Administrative Carryforward Adjustments/ Encumbrances/ Other	Council Budget Amendments		
MAYOR	\$2.09	\$0.00	\$0.00	\$0.00	\$0.00	\$2.09
CITY COUNCIL	2.75	(0.05)	0.09	-	\$0.03	2.78
CITY ADMINISTRATOR	8.45	0.26	0.08	-	\$0.33	8.78
Administration	2.27	0.04	0.01	-	\$0.05	2.32
Citywide Support	4.54	0.00	0.04	-	\$0.05	4.58
Marketing	0.84	0.19	0.00	-	\$0.19	1.03
Public Art/Cultural Funding	0.81	0.02	0.02	-	\$0.05	0.85
CITY CLERK	2.23	0.20	0.11	-	\$0.31	2.54
CITY ATTORNEY	8.58	0.02	0.03	-	\$0.05	8.62
CITY AUDITOR	1.21	0.00	0.00	-	\$0.00	1.21
FINANCE & MANAGEMENT	32.65	0.27	0.27	-	\$0.54	33.19
POLICE SERVICES	167.82	2.37	0.02	-	\$2.38	170.20
FIRE SERVICES	102.73	0.00	0.40	-	\$0.40	103.13
CULTURAL ARTS	5.72	0.01	0.01	-	\$0.02	5.74
LIBRARY SERVICES	11.37	(0.00)	0.31	-	\$0.31	11.68
PARKS & RECREATION	12.75	0.26	0.09	-	\$0.35	13.10
HUMAN SERVICES	5.08	0.65	0.82	-	\$1.47	6.55
COMM & ECON DEVELOPMENT	23.22	1.77	0.31	-	\$2.08	25.30
PUBLIC WORKS	1.65	1.00	0.03	-	\$1.03	2.68
NON-DEPARTMENTAL	55.21	3.08	(0.08)	-	\$3.01	58.22
<b>SUBTOTAL</b>	<b>\$443.51</b>	<b>\$9.83</b>	<b>\$2.48</b>	<b>\$0.00</b>	<b>\$12.31</b>	<b>\$455.82</b>
CAPITAL IMPROVEMENT PROGRAM	0.00	0.71	0.07	0.00	0.78	0.78
<b>TOTAL</b>	<b>\$443.51</b>	<b>\$10.54</b>	<b>\$2.55</b>	<b>\$0.00</b>	<b>\$13.09</b>	<b>\$456.80</b>

## **EXHIBIT 2**

## 10 Year Negative Fund Rebalancing Schedule

Amount subsidized by the  
General Purpose Fund

### SELF-INSURANCE FUND (1100) FINANCIAL PROJECTION

Beginning Fund Deficit \$ (22,694,000)	Total Revenues	Total Expenditures	Operating Deficit	Year- End Fund Balance	Amount of Subsidy	Change in Subsidy	Increase in Subsidy
2004-05	7,188,000	7,186,713	1,287	(22,692,713)	7,188,000		
2005-06	9,255,800	10,612,110	(1,356,310)	(24,049,023)	9,255,800	2,067,800	29%
2006-07	11,023,600	11,287,215	(263,615)	(24,312,638)	11,023,600	1,767,800	19%
2007-08	16,981,000	11,966,872	5,014,128	(19,298,510)	16,981,000	5,957,400	54%
2008-09	16,981,000	12,653,792	4,327,208	(14,971,302)	16,981,000	-	0%
2009-10	16,981,000	12,653,792	4,327,208	(10,644,094)	16,981,000	-	0%
2010-11	16,981,000	13,355,117	3,625,883	(7,018,211)	16,981,000	-	0%
2011-12	16,981,000	14,076,670	2,904,330	(4,113,881)	16,981,000	-	0%
2012-13	16,981,000	14,823,289	2,157,711	(1,956,170)	16,981,000	-	0%
2013-14	16,981,000	15,599,100	1,381,900	(574,270)	16,981,000	-	0%
2014-15	16,981,000	16,407,728	573,272	(998)	16,981,000	-	0%

### KAISER CONVENTION CENTER FUND (1730) FINANCIAL PROJECTION

Beginning Fund Deficit \$ (5,032,000)	Total Revenues	Total Expenditures	Operating Deficit	Year- End Fund Balance	Amount of Subsidy	Change in Subsidy	Increase in Subsidy
2004-05	790,000	1,100,438	(310,438)	(5,342,438)			
2005-06	409,180	597,919	(188,739)	(5,531,177)	188,900	188,900	N/A
2006-07	527,800	-	527,800	(5,003,377)	527,800	338,900	153%
2007-08	625,540	-	625,540	(4,377,837)	631,640	103,840	32%
2008-09	625,540	-	625,540	(3,752,297)	631,640	-	0%
2009-10	625,540	-	625,540	(3,126,757)	631,640	-	0%
2010-11	625,540	-	625,540	(2,501,217)	631,640	-	0%
2011-12	625,540	-	625,540	(1,875,677)	631,640	-	0%
2012-13	625,540	-	625,540	(1,250,137)	631,640	-	0%
2013-14	625,540	-	625,540	(624,597)	631,640	-	0%
2014-15	625,540	-	625,540	943	631,640	-	0%

### TELECOMMUNICATIONS FUND (1760) FINANCIAL PROJECTION

Beginning Fund Deficit \$ (1,370,000)	Non-subsidy Revenue*	Total Revenue	Total Expenditures	Operating Deficit	Year- End Fund Balance	Amount of Subsidy	Change in Subsidy	Increase in Subsidy
2004-05	931,949	931,949	1,181,577	(249,628)	(1,619,628)			
2005-06	990,457	1,138,757	1,320,091	(181,334)	(1,800,962)	148,300	148,300	N/A
2006-07	1,052,638	1,339,238	1,384,695	(45,457)	(1,846,420)	286,600	138,300	93%
2007-08	1,118,722	1,610,212	1,440,083	170,129	(1,676,290)	491,490	204,890	71%
2008-09	1,188,956	1,680,446	1,497,686	182,759	(1,493,531)	491,490	-	0%
2009-10	1,263,598	1,755,088	1,557,594	197,495	(1,296,036)	491,490	-	0%
2010-11	1,342,927	1,834,417	1,619,897	214,520	(1,081,516)	491,490	-	0%
2011-12	1,427,236	1,918,726	1,684,693	234,033	(847,484)	491,490	-	0%
2012-13	1,516,838	2,008,328	1,752,081	256,247	(591,237)	491,490	-	0%
2013-14	1,612,065	2,103,555	1,822,164	281,391	(309,846)	491,490	-	0%
2014-15	1,713,270	2,204,760	1,895,051	309,710	(137)	491,490	-	0%

\*revenue growth from COMCAST franchise fees is projected at 6.3% per year, consistent with prior year growth.

## 10 Year Negative Fund Rebalancing Schedule

Amount subsidized by the  
General Purpose Fund

CONTRACT COMPLIANCE FUND (1790) FINANCIAL PROJECTION							
Beginning Fund Deficit \$ (5,247,000)	Total Revenues*	Total Expenditures	Operating Deficit	Year- End Fund Balance	Amount of Subsidy	Change in Subsidy	Increase in Subsidy
2004-05	843,535	1,192,729	(349,194)	(5,596,194)			
2005-06	138,350	-	138,350	(5,457,844)	138,350	138,350	N/A
2006-07	416,700	-	416,700	(5,041,144)	416,700	278,350	201%
2007-08	630,020	-	630,020	(4,411,124)	630,020	213,320	51%
2008-09	630,020	-	630,020	(3,781,104)	630,020	-	0%
2009-10	630,020	-	630,020	(3,151,084)	630,020	-	0%
2010-11	630,020	-	630,020	(2,521,064)	630,020	-	0%
2011-12	630,020	-	630,020	(1,891,044)	630,020	-	0%
2012-13	630,020	-	630,020	(1,261,024)	630,020	-	0%
2013-14	630,020	-	630,020	(631,004)	630,020	-	0%
2014-15	630,020	-	630,020	(984)	630,020	-	0%

\* In FY 2004-05, the source of revenue was a 3% assessment against all City contracts over \$25,000, which is insufficient to cover the Fund's expenditures to monitor and enforce City policies on contracting and procurement.

### EQUIPMENT FUND (4100) FINANCIAL PROJECTION

Beginning Fund Deficit \$ (5,539,000)	ISF Revenues	non-ISF Revenue	Total Revenue	Total Expenditures	Operating Deficit	Year- End Fund Balance	Impact on GPF	Rate Inc.
2004-05	11,820,000	290,000	12,110,000	16,490,000	(4,380,000)	(9,919,000)	6,906,564	
2005-06	13,644,815	573,087	14,217,902	16,877,777	(2,659,875)	(12,578,875)	7,179,268	
2006-07	15,487,098	580,039	16,067,137	17,225,477	(1,158,340)	(13,737,215)	8,186,840	
2007-08	16,348,390	603,241	16,951,630	17,405,321	(453,691)	(14,190,906)	8,598,588	6%
2008-09	17,257,581	627,370	17,884,951	17,749,028	135,923	(14,054,983)	9,072,008	6%
2009-10	18,217,335	652,465	18,869,800	18,115,777	754,024	(13,300,959)	9,571,566	6%
2010-11	19,230,465	678,564	19,909,029	18,582,944	1,326,085	(11,974,874)	10,098,707	6%
2011-12	20,299,939	705,706	21,005,645	19,062,159	1,943,486	(10,031,388)	10,654,957	6%
2012-13	21,428,889	733,934	22,162,824	19,553,731	2,609,092	(7,422,296)	11,241,927	6%
2013-14	22,620,625	763,292	23,383,917	20,057,981	3,325,936	(4,096,360)	11,861,318	6%
2014-15	23,878,637	793,823	24,672,460	20,575,233	4,097,227	867	12,514,922	6%

### FACILITIES FUND (4400) FINANCIAL PROJECTION

Beginning Fund Deficit \$ (10,052,000)	ISF Revenues	non-ISF Revenue	Total Revenue	Total Expenditures	Operating Deficit	Year- End Fund Balance	Impact on GPF	Rate Inc.
2004-05	15,510,000	500,000	16,010,000	17,460,000	(1,450,000)	(11,502,000)		
2005-06	14,950,038	489,814	15,439,852	20,766,315	(5,326,463)	(16,828,463)	8,989,812	
2006-07	17,708,481	702,898	18,411,379	21,456,556	(3,045,177)	(19,873,640)	10,644,021	
2007-08	19,305,998	731,014	20,037,012	21,997,204	(1,960,191)	(21,833,831)	11,666,496	9%
2008-09	21,047,631	760,254	21,807,886	22,624,063	(816,177)	(22,650,008)	12,697,582	9%
2009-10	22,946,380	790,665	23,737,045	23,211,132	525,913	(22,124,096)	13,820,830	9%
2010-11	25,016,419	822,291	25,838,710	24,220,807	1,617,903	(20,506,192)	15,044,519	9%
2011-12	27,273,200	855,183	28,128,383	25,274,402	2,853,981	(17,652,212)	16,377,675	9%
2012-13	29,733,570	889,390	30,622,960	26,373,828	4,249,132	(13,403,080)	17,830,136	9%
2013-14	32,415,895	924,966	33,340,861	27,521,079	5,819,782	(7,583,298)	19,412,626	9%
2014-15	35,340,198	961,964	36,302,162	28,718,235	7,583,927	629	21,136,836	9%

**EXHIBIT 3**

## Discretionary Budget Analysis for the General Purpose Fund FY 2005-06 Adopted Budget

AGENCY / DEPARTMENT	FY 2005-06 Adopted Budget Appropriation (GPF TOTAL)	Set-Asides for Fleet, Facility and Radio Maintenance / Replacement	Debt / Lease and Contractual Obligations	Cost-Covered Services	Federal Mandates	State Mandates
Mayor	2,085,727	149,282	-	-	-	-
City Council	2,748,022	111,043	-	-	-	-
City Administrator	8,449,718	469,113	117,661	146,810	319,656	-
City Clerk	2,233,885	205,951	-	16,286	-	81,528
City Attorney	8,577,801	574,544	-	71,998	-	-
City Auditor	1,209,565	111,419	-	-	-	-
Finance & Management	32,646,918	1,156,852	585,150	4,249,610	-	3,188,761
Police Services	167,819,681	6,964,895	\$3,930,652	9,374,619	3,908,979	6,691,904
Fire Services	102,733,489	3,258,637	-	-	5,103,545	683,916
Public Works	1,648,598	39,457	-	-	-	-
Parks & Recreation	12,749,231	892,571	-	-	-	-
Library	11,373,725	444,043	-	-	-	-
Human Services	5,078,768	846,697	-	69,747	-	-
Cultural Arts	5,723,159	887,422	381,861	-	-	-
Comm. & Econ. Devpt.	23,224,505	133,906	-	21,806,497	-	-
Non-Departmental	55,209,264	-	40,896,502	175,000	-	-
<b>TOTAL</b>	<b>443,512,056</b>	<b>16,245,832</b>	<b>45,911,826</b>	<b>35,910,567</b>	<b>9,332,180</b>	<b>10,646,109</b>
<i>Percentage of Total</i>	<b>100.0%</b>	<b>3.7%</b>	<b>10.4%</b>	<b>8.1%</b>	<b>2.1%</b>	<b>2.4%</b>

**EXPLANATIONS:**

Set-Asides for Fleet, Facility and Radio Maintenance / Replacement: Includes expenditures for vehicle acquisition and maintenance, maintenance of City buildings and other facilities.

Debt / Lease and Contractual Obligations: This category includes debt related to the Oakland Coliseum, and the Kaiser Convention Center.

Cost-Covered Services: This category includes projects or programs that generate revenue that is equal to or greater than the cost of providing the service.

**Mandates:**

Federal Mandates includes mandates from the FBI and the Dept. of Justice for Oakland police to comply with the Federal Government Code and Federal Penal Code.

State Mandates includes costs imposed on the Fire Department to comply with Workers' Compensation regulations and arson investigation requirements in the Uniform Fire Code.

Local Mandates include the City Charter, Oakland-voter-approved ballot measures such as Kids First, local ordinances and directives from the Mayor or City Council.

Grant Matching Requirements include matches for HUD-funded Emergency Shelter grants and a Senior Companion grant match.

Council / Mayor Directives include transfers to the Self-Insurance Liability Fund and other similar directives.

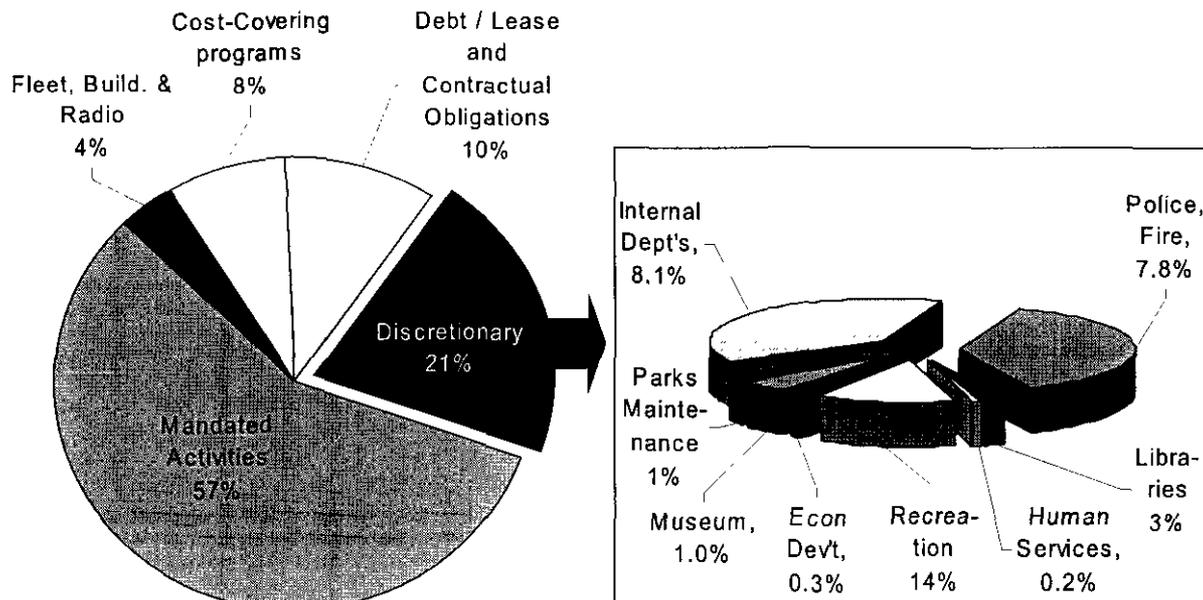
TOTAL Non-Discretionary category is a sum of all categories above (i.e. from Fleet, Facility and Radio Set-Asides to Mandates)

TOTAL Discretionary category is a difference between TOTAL Adopted Budget and Non-Discretionary

## Discretionary Budget Analysis for the General Purpose Fund FY 2005-06 Adopted Budget

AGENCY / DEPARTMENT	Local Mandates	Grant Matching Requirements	Council / Mayor Directives	TOTAL Mandates	TOTAL Non-Discretionary	TOTAL Discretionary
Mayor	160,176	-	-	160,176	309,458	1,776,384
City Council	414,576	-	-	414,576	525,619	2,222,403
City Administrator	900,672	-	158,772	1,379,100	2,112,684	6,337,034
City Clerk	841,466	-	60,000	982,994	1,205,231	1,028,654
City Attorney	232,248	-	-	232,248	878,790	7,699,011
City Auditor	264,348	-	-	264,348	375,767	833,798
Finance & Management	-	-	-	3,188,761	9,103,621	23,543,297
Police Services	107,052,399	-	2,071,594	128,354,510	148,802,623	17,542,298
Fire Services	85,567,081	-	-	91,354,542	94,613,179	8,120,310
Public Works	-	-	-	-	39,457	1,185,385
Parks & Recreation	-	-	-	-	892,571	11,856,660
Library	9,059,989	-	-	9,059,989	9,504,032	1,671,021
Human Services	475,139	847,675	2,130,225	3,453,039	4,369,483	709,285
Cultural Arts	-	-	-	-	1,269,283	4,412,656
Comm. & Econ. Devpt.	-	-	77,500	77,500	22,017,903	1,206,601
Non-Departmental	9,411,564	1,388,803	10,695,350	21,495,717	62,567,219	(7,580,705)
<b>TOTAL</b>	<b>214,379,658</b>	<b>2,236,478</b>	<b>15,193,441</b>	<b>260,417,500</b>	<b>358,586,920</b>	<b>82,564,092</b>
<i>Percentage of Total</i>	<i>48.6%</i>	<i>0.5%</i>	<i>3.4%</i>	<i>59.0%</i>	<i>81.3%</i>	<i>18.7%</i>

**General Purpose Fund Discretion (FY 2005-06 Adopted Budget figures)**



**EXHIBIT 4**

## QUAN MOTION: 2005-2007 CITY BUDGET

	ADD/RESTORE	BUDGET ITEM					
<b>GENERAL FUND</b>	1,390,747	Restore 3 Public Works Crews for Illegal Dumping(7), Parks Maintenance(5), Trees(5)= 17 FTE/Equip					
	1,070,000	Park Rangers 8 FTE					
	190,000	Restore Branch Librarians, 2 FTE, (Dimond and Rockridge Libraries)					
	142,000	Abandoned Car: Police Techs, 2 FTE					
	50,000	History Curator (pt)					
	36,000	Animal Center Staff Training					
<b>Subtotal GP Add's</b>	<b>2,878,747</b>						
	81,000	Waive Registration Fee for Businesses Grossing Under \$2500					
<b>TOTAL</b>	<b>\$2,959,747</b>						
<b>NEXT PRIORITIES</b>	400,000	Middle School Sports (Held Over)					
<b>NON GP/NEUTRAL</b>	94,000	Adult Literacy Staff					
	354,224	CA's Recommendation: Veterinarian, Vet.Aide, Animal Care Coordinator, Animal Records Spec (2) and linked fee increases for licenses, redemption fees, rabies observation, protective custody, & animal disposal.					
	220,000	OBRA Coordinator for 1 Year					
	na	Retain Walking Officers					
	na	Retain School Officers					
	20,000	Alice Preschool	PayGo				
<b>BUDGET POLICIES</b>							
1. The City will make concerted efforts to deploy & re-employ laid-off workers; the City Administrator will make regular status reports to Council.							
2. The City Administrator shall prepare Biannual reports on staff vacancies beginning this fall.							
3. The City Administrator shall prepare options and initiatives to reward departments and employees for fiscal efficiency.							
4. The Council asks the City Administrator to make fiscal management and budget compliance a major component of Management Evaluations							
5. The City Council formalizes the role of the Library Commission as the oversight committee for Measure Q							
6. The City shall purchase hybrid and fuel efficient autos whenever practicable							
7. The Midterm Budget proposals will be presented to Council no later than April 2006.							
<b>POST BUDGET /MIDTERM POLICIES STILL TO BE RESOLVED</b>							
1. The City Administrator & Finance Committee will prepare proposals to permanently fund of the growing LLAD budget gap, \$6M in 2007.							
2. The City Administrator shall explore all options for the Henry J. Kaiser Convention Center and bring a proposal to the Council for the center's future after December 31, 2005.							
3. The City Administrator shall bring a report to the Council on organizational options for the administration of the Animal Shelter.							
4. The CEDA Director and City Administrator shall return to the Council with proposal for a Development Fund to employ more staff to facilitate economic development, primarily funded through fees and other revenue generating operations.							
5. The City Administrator shall return to the Council with a report on our automotive fleet.							

**RECOMMENDATION**

Staff recommends that the City Council adopt the revised resolution appropriating \$400,000 for Middle School Sports Programs from surplus Real Estate Transfer Tax revenue and accept this supplemental report.

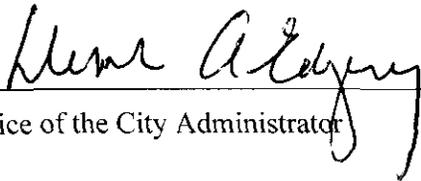
Respectfully submitted,



Cheryl L. Taylor  
Interim Budget Director

Prepared by Budget Office Staff

APPROVED FOR FORWARDING TO THE  
CITY COUNCIL



Office of the City Administrator

***Exhibits:***

- 1: Carryforwards and Other Budget Adjustments by Agency/Department
- 2: Ten-Year Negative Fund Rebalancing Schedule
- 3: Discretionary Budget Analysis for the GPF, FY 2005-06
4. Quan Motion: 2005-2007 City Budget

*A. Jacobs*

OFFICE OF THE CITY CLERK  
OAKLAND

# OAKLAND CITY COUNCIL

2006 FEB - 1 PM 3: 28

RESOLUTION No. \_\_\_\_\_ C. M. S.

INTRODUCED BY COUNCILMEMBER \_\_\_\_\_

## RESOLUTION TO APPROPRIATE \$400,000 FOR MIDDLE SCHOOL SPORTS PROGRAMS FROM PROJECTED FY 2005-06 REAL ESTATE TRANSFER TAX SURPLUS REVENUE

WHEREAS, during its FY 2005-07 budget deliberations the City Council requested that if additional revenue became available, additional funding should be allocated to middle school sports programs; and

WHEREAS, in the FY 2003-05 Adopted Budget the City Council included a \$400,000 appropriation for Middle School Sports; and

WHEREAS, the City of Oakland's Office of Parks and Recreation used these funds to provide a free program for Middle School students, which allowed OPR to expand its programming to almost double the number of participants from the prior year – serving approximately 2,500 youth; and

WHEREAS, Oakland Unified School District, Alternative Schools, Charter Schools, and under-represented middle school age youth will be recruited to participate in the FY 2005-07 middle school sports program; and

WHEREAS, providing recreation programs for middle school age students will promote healthy and active lifestyles, and improved physical and mental health; and

WHEREAS, the City Administrator's Budget Office projects a General Purpose Fund year-end surplus of \$1.89 million for FY 2005-06, due in part to the stronger than anticipated Real Estate Transfer Tax Revenues; now therefore, be it

RESOLVED that the City Administrator is authorized to appropriate an additional \$400,000 to the Office of Parks and Recreation in the General Purpose Fund (#1010) in a project to be established for the purpose of increasing middle school recreation programs.

IN COUNCIL, OAKLAND, CALIFORNIA

**PASSED BY THE FOLLOWING VOTE:**

**BRUNNER, BROOKS, CHANG, DE LA FUENTE, KERNIGHAN, NADEL, QUAN, REID**

**AYES---**

**NOES---**

**ABSENT---**

**ABSTENTION---**

ATTEST: \_\_\_\_\_

LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California