

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 FEB 10 PM 7:48

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Budget Office
DATE: February 23, 2010

RE: **Report on FY 2009-10 Second Quarter Revenue and Expenditure Results and Year-End Projections For Four Selected Funds - General Purpose Fund (1010), Landscape & Lighting Assessment District Fund (2310), Equipment Fund (4100) and Facilities Fund (4400); Overtime Analysis for the General Purpose Fund (1010) and All Funds; the Status of Implementing the FY 2009-11 Amended Budget; and the Status of Implementing Revenue Changes Approved by the City Council**

This is a summary of a report that will be provided in a supplemental agenda packet, on February 18, 2010. The full supplemental report is a *quarterly update on the financial results* in four selected funds. It will discuss the actual collection of revenues and expenditures, as well as year-end projections, for the General Purpose Fund (GPF) the Landscape and Lighting Assessment District-LLAD Fund (2310), the Equipment Fund (4100) and the Facilities Fund (4400). The report will also discuss *spending of overtime*, and include a *status of implementing key balancing measures* for Fiscal Year 2009-10, approved on June 30, 2009, July 28, 2009 and October 6, 2009. The highlights of the report are presented below.

In the General Purpose Fund (1010), a **deficit of \$15.3 million is projected by year end**. This gap is what remains after partial balancing measures of \$8.4 million to cure the initially projected deficit of \$18.9 million were approved by the City Council on December 17, 2009. A \$10.4 million deficit remained as of December, and has since increased by \$4.8 million, bringing the total projected year-end deficit to \$15.3 million. The additional deficit is due to:

- Additional revenue shortfall of \$2.8 million in regular revenues (e.g. property, sales, parking and utility consumption, offset by real estate transfer tax gain)
- Overdue pass-through payment of \$1.2 million parking citation to Alameda County
- Current year set-aside of \$0.7 million for extended NSA monitoring contract
- Anticipated \$0.18 million under-recovery of Central Service Overhead charge on non-GPF due to vacancies in these funds, as well as proposed reductions in the Development Services and Measure B funds.

In the Lighting and Landscape Assessment District (LLAD) Fund (2310), a **shortfall of \$0.5 million is anticipated by year-end**, increasing the negative fund balance from \$6.0 million to \$6.5 million. This projected deficit is mainly due to projected over-spending in the Public Works Agency of \$0.3 million. The majority of over-spending is due to overtime charges in the Tree Services division; and includes activities such as emergency tree removal related to winter

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storms, and preventative maintenance. Public Works is actively pursuing ways to limit overtime spending for emergency response.

In the Equipment Fund (4100), a **\$0.1 million decrease to the negative fund balance**, to \$15.4 million, is projected by year-end as a result of the resumed negative fund repayment plan, implemented as part of FY 2009-11 budget adoption and careful spending.

In the Facilities Fund (4400), a **decrease of \$0.8 million in the negative fund balance** is projected by year-end, from \$31.4 million to \$30.6 million. This is due to vacancies.

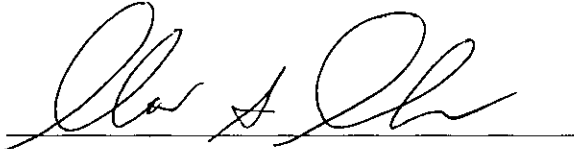
Overtime spending citywide, on an all funds basis is projected to reach \$33 million by the end of FY 2009-10, exceeding budget by \$12 million. Nearly the entire overspending (\$12 million) is in the General Purpose Fund and driven by Police and Fire overtime spending. The Police Department is projected to overspend their overtime appropriation by \$2.36 million by year-end, mainly due to higher than budgeted Special Events, MOU and NSA required backfill and administrative investigations. The Fire Department, while overspending in the overtime category, will save considerably on regular salaries, overall staying within their budget by year-end.

A summary of the status of implementing budget balancing approved by Council on June 30, July 28 and October 6, 2009 will be provided in the supplemental report.

Respectfully submitted,


CHERYL L. TAYLOR
Budget Director

APPROVED FOR FORWARDING TO THE
FINANCE & MANAGEMENT COMMITTEE


Office of the City Administrator

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