



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2014 DEC -4 PM 3:20

AGENDA REPORT

TO: HENRY L. GARDNER
INTERIM CITY ADMINISTRATOR

FROM: Kiran Bawa

SUBJECT: General Purpose Fund (GPF) Proposed
FY 2014-15 Appropriations -- Supplemental

DATE: December 2, 2014

City Administrator
Approval

Date

12/3/14

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council approve a resolution to appropriate undesignated General Purpose Fund (GPF) balance as follows:

Resolution Amending the City of Oakland's FY 2014-15 Midcycle Budget, which was Adopted Pursuant to Resolution No. 85085 C.M.S. on July 1, 2014, and further amended by Resolution No. 85281 C.M.S. on November 18, 2014 to appropriate FY 2014-15 GPF Expenditures in an Amount not to Exceed \$1,185,155 from undesignated fund balance for Oakland Parks and Recreation (OPR) Reserve for Youth Program (\$800,000) and Oakland Public Library (OPL) Reserve (\$385,155)

REASON FOR SUPPLEMENTAL

The purpose of this supplemental report is to provide additional information and analysis of the request to reserve funds for OPL and OPR and address the Committee's concern regarding the use of one-time revenues for ongoing expenditures pursuant to the Consolidated Fiscal Policy. A revised resolution has been prepared for this Special City Council meeting.

SUMMARY

Approval of this resolution will amend the FY 2014-15 Midcycle Budget to fund OPR (\$800,000) and OPL (\$385,155) reserves with one-time revenues. Setting aside these reserve funds now will enable OPR to plan for the spring and summer programs in a timely manner. The OPL reserve provides additional funds that will be used to help balance anticipated shortfalls in the FY 2015-17 OPL budget. Staff will return to Council to request appropriation of these reserve funds for specific programmatic maintenance and enhancements. It is anticipated that these funds will be primarily utilized on temporary part-time positions. However, any

Item: _____
Finance and Management Committee
December 16, 2014

appropriation requests for use of these one-time revenues for ongoing expenditures will include appropriate legislation requiring super majority approval by the Council per the Consolidated Fiscal Policy.

ANALYSIS

Oakland Parks and Recreation

Approval of this item will set aside \$800,000 in a reserve for OPR. Anticipated use of these funds is two-fold:

1. To address the anticipated cost of implementing the voter-approved local minimum wage law (Measure FF). Staff's analysis of the impact to City employees shows that the impact on the higher minimum wage is primarily on the Recreation Aide, PT, Recreation Attendant I/II, PT and Recreation Leader I/II, PT classifications. The anticipated cost for both the increased minimum wage and sick leave provision is approximately \$250,000 for the period of March through June 2015, but could be less if impacted part-time employees are hired after March. The funds are essential to cover the additional program cost without increasing fees.
2. To increase the number of after school and summer employees hired to operate youth programs, particularly in low income areas of the City. The balance of \$550,000 will be used to hire additional Recreation Leader I/II, PT positions to serve Recreation Centers through-out the City, but primarily in low income areas. Increased staff would support after school and summer programming such as homework assistance, visual and performing arts, sports, fitness, cooking, and drama. Reserving these funds now is necessary in order to finalize the Spring and Summer programs of 2015, for which the catalog is currently being finalized.

Oakland Public Library

The action reserves an additional \$385,155 for anticipated library shortfalls in the FY 2015-17 budget. FY 2013-14 unaudited expenditures exceeded revenues by nearly \$2.4 million, which resulted in the use of available fund balance within the Measure Q Fund (2241). This use of fund balance was anticipated and discussed during FY 2014-15 Midcycle Budget deliberations (File # 13-0540-1, Midcycle Budget Questions, Response #3). The remaining Measure Q fund balance is expected to be needed to cover a similar operating shortfall in FY 2014-15. At Midcycle, \$500,000 was appropriated to OPL as a contingency for potential future funding deficiencies due to continued expenditure growth outpacing revenue growth within the Measure Q Fund. As part of the appropriations resulting due to Q4 R&E report in November 2014, \$114,845 was appropriated as additional contingency funds for the Library. Adding \$385,155 would bring the Library reserve to a total of \$1 million to help address the projected shortage of Measure Q funds beginning July 1, 2015. To the extent funds can be set aside now, balancing the Measure Q Fund and sustaining Library operations will be more easily addressed during the FY 2015-17 budget deliberations.

Item: _____

Finance and Management Committee
December 16, 2014

COORDINATION

This report was prepared in coordination with the City Attorney's Office, Oakland Parks and Recreation and Oakland Public Library.

SUSTAINABLE OPPORTUNITIES

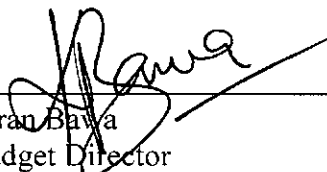
Economic: None.

Environmental: None.

Social Equity: Upon appropriation from reserve, these funds are intended to bolster programs for Oakland's low income youth.

For questions regarding this report, please contact Kiran Bawa, Budget Director, at (510) 238-3671.

Respectfully submitted,



Kiran Bawa
Budget Director

Prepared By
Sarah T. Schlenk
City Administrator's Office

Attachments:

General Purpose Fund Proposed FY 2014-15 Appropriations Resolution


City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AMENDING THE CITY OF OAKLAND'S FY 2014-15 MIDCYCLE BUDGET, WHICH WAS ADOPTED PURSUANT TO RESOLUTION NO. 85085 C.M.S. ON JULY 1, 2014 AND AMENDED BY RESOLUTION 85281 C.M.S. ON NOVEMBER 18, 2014 TO APPROPRIATE FY 2014-15 GENERAL PURPOSE FUND EXPENDITURES IN AN AMOUNT NOT TO EXCEED \$1,185,155 FROM UNDESIGNATED FUND BALANCE FOR OAKLAND PARKS AND RECREATION RESERVE FOR YOUTH PROGRAM (\$800,000) AND OAKLAND PUBLIC LIBRARY RESERVE (\$385,155)

WHEREAS, on July 1, 2014, the City Council adopted the FY 2014-15 Midcycle Policy Budget (Resolution 85085 C.M.S.), which authorized appropriations of \$493,709,824 in FY 2014-15 in the General Purpose Fund; and

WHEREAS, the FY 2013-14 Fourth Quarter Revenue and Expenditure Report projects that there is undesignated and un-appropriated fund balance in the General Purpose Fund comprised of one-time revenue in the amount equal to \$11.25 million; and

WHEREAS, on November 18, 2014, the City Council adopted the FY 2014-15 Midcycle Policy Budget (Resolution 85281 C.M.S.), which authorized appropriations of \$7,246,887 in FY 2014-15 in the General Purpose Fund; and

WHEREAS, the Oakland Parks and Recreation Reserve and Library Reserve Fund are comprised of one-time revenue; and

WHEREAS, the appropriation and uses of funds deposited in Oakland Parks and Recreation Reserve and Library Reserve Fund are subject to the limitations and requirements relating to the use of one-time revenue for ongoing expenditures pursuant to the Consolidated Fiscal Policy; and

WHEREAS, the Administration has identified additional expenditures that will require appropriations to continue to provide current services and fulfill the policy directives established by the City Council; therefore be it

RESOLVED: That the Oakland City Council, hereby amends the Fiscal Year 2014-15 budget to appropriate additional General Purpose Fund one-time revenue in an amount not to exceed \$1,185,155 for deposit in the Oakland Parks and Recreation Reserve (\$800,000) and Library Reserve (\$385,155) for future appropriation.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California