

CITY OF OAKLAND FILED
AGENDA REPORT OFFICE OF THE CITY CLERK
OAKLAND

2010 APR 15 PM 10:07

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Budget Office
DATE: April 29, 2010
RE: SUPPLEMENTAL REPORT TO THE RESOLUTION AMENDING THE
GENERAL PURPOSE FUND BUDGET FOR FY 2009-10 AND FY 2010-11,
WHICH THE CITY COUNCIL AMENDED PURSUANT TO RESOLUTION
NUMBERS 82235 C.M.S., 82335 C.M.S., 82519 C.M.S., 82582 C.M.S., 82578
C.M.S. AND 82646 C.M.S.

SUMMARY

As a follow-up to the General Purpose Fund (GPF) balancing report staff presented at the April 1st special City Council meeting, this supplemental report has been prepared to:

- Present a revised proposal for balancing the \$10.4 million **FY 2009-10** budget deficit;
- Reiterate limited choices concerning balancing of the \$42.6 million deficit projected for **FY 2010-11**;
- Establish a timeline for placing the proposed public safety parcel tax and transactions and use and/or utility consumption tax increase on the November 2010 ballot; and
- Provide information on Citywide funding sources for artist grantees, in light of the proposed reduction in FY 2010-11.

The detailed analysis of the FY 2009-10 and FY 2010-11 deficit drivers – including an updated revenue projection and explanation of expenditure issues – and discussion of proposed balancing measures is presented in the April 1, 2010 report, included with this supplemental report for reference.

The attached budget resolution uses one-time measures to deal with the current year's issues; authorizes a combination of one-time and permanent measures for the next fiscal year; and requires cuts to public safety if ballot measures are not approved for FY 2010-11. It is important to emphasize that given one-time measures proposed for FY 2010-11, **further reductions to essential City services of at least \$14.8 million will be necessary beginning in July 2011. These cuts would be in addition to up to \$20.6 million in reductions if none of the November 2010 ballot measures are approved, for a combined total of \$35.4 million.** This does not take into account the \$43 million gap in the old Police and Fire Retirement System, also projected for July 2011 and for which balancing options are being researched by staff.

The table below summarizes actions required on GPF balancing and consequence anticipated if actions are not implemented:

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- 2b. Direct the City Administrator to return to the City Council with a plan to reduce the General Purpose Fund budget appropriation by \$10 million as expeditiously as possible.
- 3b. Direct the City Administrator return to the City Council with a plan to reduce the General Purpose Fund budget appropriation by up to \$20.6 million as expeditiously as possible.

KEY ISSUES AND IMPACTS

Alternative Balancing Proposal for Remaining FY 2009-10 Anticipated Deficit

Initial Proposal: At the April 1st special City Council meeting, staff proposed: (1) to generate \$5 million in revenue by either selling the Medical Hill Garage or bonding against its future revenue stream; and (2) use funding dedicated to pension obligations to help pay for up to \$5 million in City's pension costs. The sale of the Medical Hill garage was predicated on receiving bids during the property auction on March 31, 2010. Since no bids were received, the facility could not be sold. In addition, the City can not immediately issue bonds against the garage, given legal issues relating to its operation.

Revised Proposal: Staff plans to negotiate with the Police and Fire Retirement System (PFRS) to amend an existing agreement to allow the City's use of the Deferred Pension Credit Fund to pay up to \$10 million to address the City's pension funding needs. At the April 28, 2010 PFRS Board meeting, staff plans, to seek PFRS Board approval of an agreement to release monies held by the trustee on deposit in a Deferred Pension Credit Fund for use to offset the City's pension obligations.

Citywide Funding Sources for Artist Grants

The Administration is proposing to minimize cuts to artists grants: the proposal is to reduce the GPF subsidy by \$0.24 million to \$0.73 million (Exhibit A-2), but then backfill with up to \$0.2 million in hotel tax surcharge (Measure C) funding. Combined GPF and Measure C artists grants will total up to \$0.93 million, virtually leaving City support intact.

Timeline for Placing Proposed New Taxes on the November 2010 Ballot

Proposed new tax revenues would generate an estimated \$20.6 million in FY 2010-11 -- \$18.2 million from a new public safety parcel tax and either \$2.4 million from an increase to and expansion of the utility users' tax (UUT) or a quarter-cent add-on sales tax, otherwise known as transactions and use tax (TUT). This amount represents nearly half of the projected \$42.7 million budget gap. Receipt of these new taxes is contingent upon (a) the City Council approving legislation to place these measures on the November 2010 ballot and (b) Oakland voters approving the new taxes. Approval of the public safety parcel tax requires a 2/3 majority vote of the electorate; approval of either the UUT or TUT changes requires a simple majority "yes" vote of the electorate. Legislation placing proposed new taxes on the November 2010

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Primary Decision

- 2a. Authorize the City Administrator to initiate the process to sell the *Kaiser Convention Center*.

- 3a. Authorize the City Administrator with the advice of the City Attorney to initiate the process to place the proposed public safety parcel tax and transactions and use and/or utility consumption tax increase/expansions on the November 2010 ballot.

Alternate Decision (failing approval of 2a and 3a)

- 2b. Direct the City Administrator to return to the City Council with a plan to reduce the General Purpose Fund budget appropriation by \$10 million as expeditiously as possible.

- 3b. Direct the City Administrator return to the City Council with a plan to reduce the General Purpose Fund budget appropriation by up to \$20.6 million as expeditiously as possible.

Failure to generate additional revenues for FY 2010-11 – through ballot measures (permanent) and through the sale of a large asset (one-time) – would require significant further reductions in the General Fund, of **up to \$30.6 million annually**. *The only spending reductions that would yield sufficient GPF savings would be in Police and Fire; both would lead to the loss of Measure Y funding.* In Fire, reductions are further complicated by the existing mandates for minimum staffing imposed by a union agreement. This leaves no choice but to cut Police staffing. Sworn reductions in the Police Department would have to be in addition to the 63 officers currently funded through Measure Y. Furthermore, the \$4 million in Measure Y funding currently directed to the Fire Department for minimum staffing (per the union agreement with Local 55) would need to be replaced by General Fund resources.

To generate up to an additional \$34.6 million in GPF savings (including one time revenue anticipated from a portion of the proceeds from the sale of the Kaiser Convention Center, \$20.6 million proposed through ballot measures plus the \$4 million shift in Fire costs from Measure Y to the GPF) may lead to the following reductions:

- Eliminating the proposed full Police training academy (\$3.13 million);
- Cancelling the City's participation in the Alameda County Sheriff's academy (\$0.55 million);
- Reducing Police overtime (\$0.33 million); and
- Eliminating Police sworn and civilian staff (\$30.6 million).

This level of reduction is necessary if effective on July 1, 2010. If, on the other hand, ballot measures are placed by the City Council on the November 2010 ballot but not passed by the voters, **the value of reductions that will be necessary by January 1, 2011 will be significantly higher.**

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OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

DRAFT
City Attorney

RESOLUTION AMENDING THE GENERAL PURPOSE FUND BUDGET FOR FY 2009-10 AND FY 2010-11, WHICH THE CITY COUNCIL AMENDED PURSUANT TO RESOLUTION NUMBERS 82235 C.M.S., 82335 C.M.S., 82519 C.M.S., 82582 C.M.S., 82578 C.M.S. AND 82646 C.M.S.

WHEREAS, on June 30, 2009, in accordance with City Charter section 800, the City Council adopted the biennial policy budget for FY 2009-2011 by passing Resolution No. 82102 C.M.S.; and

WHEREAS, on July 28, 2009, October 6, 2009, December 17, 2009, February 16, 2010, March 2, 2010 and March 16, 2010, the City Council approved amendments to the adopted budget, via Resolutions No. 82235 C.M.S., No. 82335, No. 82519 C.M.S., No. 82582 C.M.S., No. 82578 C.M.S., and No. 82646 C.M.S. respectively; and

WHEREAS, the annual mandatory payments to the Alameda County Local Agency Formation Commission are critical to preserving the City of Oakland's property tax revenues; and

WHEREAS, while Citywide Golden Handshake early retirement program savings were achieved, actual program savings differed from budgeted program savings by agency/department in Fiscal Year 2009-10; and

WHEREAS, due to continued weakness in the local economy and real estate market and additional pressures in public safety service provision, a \$10.4 million shortfall is anticipated in the General Purpose Fund in Fiscal Year 2009-10 and \$42.6 million shortfall is projected in the General Purpose Fund in Fiscal Year 2010-11; and

WHEREAS, the Administration has developed budget balancing measures for the General Purpose Fund to fully offset the projected Fiscal Year 2009-10 and Fiscal Year 2010-11 shortfalls, as reflected in **Exhibits A-1 and A-2 (Revised)**, respectively; and

WHEREAS, the Administration's budget balancing proposal contains a recommendation to sell a major asset to generate one-time revenue; and

WHEREAS, the Administration's budget balancing proposal contains the following new taxes that require a resolution by the Council to be placed on the November 2010 ballot: (a) a proposed public safety parcel tax requiring approval by two-thirds (2/3) vote; and either (b) a proposed increase to and expansion of the utility users' tax or (c) a proposed ¼ cent transactions and use tax requiring a simple majority vote ; and

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WHEREAS, City Council or voter rejection of these proposed balancing measures will create a \$30.6 million deficit in the General Purpose Fund in FY 2010-11 that will call for drastic measures to resolve; and

WHEREAS, the Administration's balancing proposal includes the use of one-time revenues and requires declaration of a fiscal emergency per the City's financial policy codified in Ordinance 12946 C.M.S., now therefore be it

RESOLVED: That the City's Fiscal Year 2009-10 and Fiscal Year 2010-11 Amended Budgets are hereby amended to incorporate balancing implementation measures reflected in **Exhibits A-1 and A-2 (REVISED)**, respectively included with and made a part of this resolution, subject to additional amendments that may be presented and adopted on the floor by the City Council; and be it

FURTHER RESOLVED: That the City Council hereby balances the remaining \$10.4 million as indicated in Exhibit A-1 REVISED; and be it

FURTHER RESOLVED; That the City Council authorizes the City Administrator to initiate the process to sell the Kaiser Convention Center; and be it

FURTHER RESOLVED: That if the City Council does not approve the sale of the Kaiser Convention Center, the Council hereby requests that the City Administrator return to the City Council with a plan to reduce the General Purpose Fund budget appropriation accordingly as expeditiously as possible; and be it

FURTHER RESOLVED: That the City Council hereby authorizes the City Administrator with the advice of the City Attorney to initiate the process to place the proposed public safety parcel tax and transactions and use and/or utility consumption tax increase/expansions on the November 2010 ballot; and be it

FURTHER RESOLVED: That if the City Council does not place the taxes measures described above on the November 2010 ballot or the voters do not approve some or all of the recommended taxes in November 2010, the Council hereby requests that the City Administrator return to the City Council with a plan to reduce the General Purpose Fund budget appropriation by up to \$20.6 million as expeditiously as possible; and be it

FURTHER RESOLVED: That the City Council declares a fiscal emergency pursuant to Ordinance No. 12946 C.M.S., to use one-time monies to balance the Fiscal Year 2009-10 and Fiscal Year 2010-11 projected General Purpose Fund shortfall; and be it

FURTHER RESOLVED: That one-time monies used to balance the Fiscal Year 2009-10 and Fiscal Year 2010-11 General Purpose Fund projected deficits are restricted revenues to be used only for the purpose of budget balancing; and be it

FURTHER RESOLVED: That annual mandatory payments to the Alameda County Local Agency Formation Commission of approximately \$60,000 shall be paid from the Citywide City Council contingency allocation in the General Purpose Fund; and be it

REVISED
4-15-2010

FY 2009-10 Proposed General Purpose Fund Balancing Measures in \$ millions	
	FY 09-10
Pre-December 17th Budget Deficit	\$ (18.87)
Balancing Measures Approved by Council on December 17, 2009	\$ 8.44
Post-December 17th Budget Deficit	\$ (10.43)
Additional Anticipated Shortfalls	\$ (4.83)
February 16, 2010 Anticipated Budget Deficit	\$ (15.26)
<i>Revenues/Other Financing</i>	
Sale of Assets	7.75
New revenue	0.50
<i>Subtotal</i>	\$ 8.25
Expenditures	
Position Changes:	
Reductions	0.26
Transfers	0.08
Grant reductions	-
Program reductions	-
Use of One-Time Funds	1.87
<i>Subtotal</i>	\$ 2.20
Total Proposed Balancing Measures	\$ 10.45
Total Surplus/(Deficit)	\$ (4.81)
Revision of parking citation pass-through payment to Alameda County -- prior year	0.50
Revision of new parking citation contract revenue from better collection rate	(0.30)
15% Reduction of elected officials' appropriations	0.25
Additional anticipated revenue shortfalls	(6.02)
Post February 16, 2010 Anticipated Budget Deficit	\$ (10.38)
Use dedicated pension funds for one-time pension expenses	\$ 10.38
Surplus/(Deficit)	\$ -

	FTEs			Ready	To Be	TOTAL	
	Filled	Vac	Total	Approved	Approved	FY 10-11	Impacts
				FY 10-11	FY 10-11		
EXPENDITURES							
Reduce grants and subsidies:							
<i>City Institutions -- 25% reduction</i>							
Oakland Zoo				-	0.16	0.16	
Chabot Space & Science Center				-	0.12	0.12	
Children's Fairyland				-	0.05	0.05	
Art Grants				-	0.24	0.24	
Subtotal					0.57	0.32	
<i>Related City Institutions -- 50% reduction</i>							
AIDS Prevention & Education Initiative				-	0.05	0.05	
Hacienda Peralta				-	0.07	0.07	
City/County Collab. on Children & Youth				-	0.15	0.15	
Subtotal					0.27	0.27	
<i>Non-Profit Organizations -- 50% reduction</i>							
Cypress-Mandela Training Center				-	0.11	0.11	
Symphony in the Schools				-	0.04	0.04	
Women's Business Initiative				-	0.06	0.06	
Jack London Aquatic Center				-	0.06	0.06	
Oakland Asian Cultural Center				-	0.04	0.04	
Human Services -- Academies Program				-	0.08	0.08	
Day Laborers Program				-	0.08	0.08	
Subtotal					0.20	0.20	
<i>Other Prior Grantees -- 100% reduction</i>							
Oakland School for the Arts				-	0.14	0.14	
Subtotal				\$ -	\$ 1.45	\$ 1.45	
Mayor							
Eliminate Mayor's PSE 14	2.00	-	2.00	0.22	-	0.22	
Reduce operations and maintenance budget.				0.05	-	0.05	
Subtotal	2.00	-	2.00	\$ 0.27	\$ -	\$ 0.27	
City Council							
Council: Eliminate Senior Council Policy Analysts (Legislative Analysts)	4.05	-	4.05	0.49	-	0.49	1.95 FTE Legislative Analysts funded by the Oakland Redevelopment Agency Projects fund were also approved by Council for elimination.
Subtotal	4.05	-	4.05	\$ 0.49	\$ -	\$ 0.49	

	FTEs			Ready Approved FY 10-11	To Be Approved FY 10-11	TOTAL FY 10-11	Impacts
	Filled	Vac	Total				
Museum							
Reduction through revised public/private partnership arrangement between the City and the Oakland Museum of California Foundation.				-	0.60	0.60	
<i>Subtotal</i>				\$ -	\$ 0.60	\$ 0.60	
Library							
Utilize available Measure Q fund balance					0.54	0.54	Initial analysis shows adequate fund balance remaining for FY 10-11
<i>Subtotal</i>					\$0.54	\$0.54	
Parks and Recreation							
Transfer revenues to GPF from Golf Fund					0.20	0.20	Added revenue from Lake Chabot & Montclair Courses.
<i>Subtotal</i>					\$0.20	\$0.20	
Human Services							
Eliminate Linkages Grant Match					0.19	0.19	State grant funding of \$200k annually is proposed for elimination in FY 10-11 as part of State budget balancing. Elimination of the local grant match would terminate base program services for adults with disabilities, which currently serves approximately 372 clients. With City GPF funding the program could continue serving a base number of clients.
Eliminate Homeless Mobile Outreach/California Hotel grant match					0.14	0.14	Reduces outreach efforts by 2 (two) days from the current 5 (five) days. Currently part of PATH program to do outreach to encourage and engage homeless people in work activities and access to housing. Would need 30 days notice to modify the contract.
<i>Subtotal</i>				\$0.00	\$0.33	\$0.33	
TOTAL SOLUTIONS	24.05	2.00	26.05	\$ 6.57	\$ 36.07	\$ 42.64	
Subtotal surplus/(deficit)						0.07	

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AGENDA REPORT

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TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Budget Office
DATE: April 1, 2010
RE: **RESOLUTION AMENDING THE GENERAL PURPOSE FUND BUDGET FOR FY 2009-10 AND FY 2010-11, WHICH THE CITY COUNCIL AMENDED PURSUANT TO RESOLUTION NUMBERS 82235 C.M.S., 82335 C.M.S., 82519 C.M.S., 82582 C.M.S., 82578 C.M.S. AND _____ C.M.S.**

SUMMARY

This report presents amendments to the FY 2009-10 and FY 2010-11 City budget for the General Purpose Fund, to address budgetary shortfalls as well as to approve budget-neutral "clean-up" items. The following key messages are contained in this document.

Context

- The severity of the City's fiscal crisis is truly unprecedented.
- Less than four years ago, in FY 2006-07, the City collected over \$471 million in General Purpose Fund (GPF) revenues, and by year-end had nearly \$56 million in reserves. That year alone, the Real Estate Transfer Tax revenue was at \$61.5 million.
- In FY 2010-11, the City is anticipated to have only \$10.4 million in GPF reserves by year-end, and is projected to collect just under \$400 million in revenues by year-end. The Real Estate Transfer tax collection is now at a low \$28 million. Collectively, this means that the City has over \$120 million less in resources today (between one-time reserve funds and ongoing revenues) than we had just four years ago. During the same period, while the GPF-funded workforce shrunk by 12.5%, personnel costs in this fund have dropped by less than three percent.
- The City has already implemented \$170 million in budget balancing measures since July 2008, with \$18.9 million approved for the current fiscal year as recently as February 16, 2010. Since the February action – which addressed most of the current year's \$23.7 million gap – our revenues continued to decline, increasing the budget shortfall by \$6 million in FY 2009-10 and \$11.2 million in FY 2010-11. **Currently estimated financial gaps (net of previous Council actions) are: \$10.4 million for FY 2009-10 and \$42.6 million for FY 2010-11.**
- At the same time, means of filling the financial gaps have diminished: (a) the City has already cut a great proportion of spending and programs; and the remaining

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Measures to address the FY 2010-11 budget gap (\$42.6 million)

The FY 2010-11 budget shortfall is currently estimated at \$42.6 million – an increase of the \$11.2 million reported in the February 16, 2010 staff report. *Components of the FY 2010-11 gap* are:

- Revenue shortfall of **\$25.6 million**, comprised primarily of Sales, Property, Utility Consumption, Transient Occupancy and Parking Tax Revenue, as well as Fund Transfers. **Of this amount, \$11.2 million is the projected new revenue deficit.**
- An additional **\$9 million** of budgeted, but unrealized, income from the Coliseum ticket surcharge. (\$4.5 million shortfall was accounted for in the FY 2009-10 budget gap.)
- Additional Police Department spending of **\$5.5 million** related to sworn recruitments, extended negotiated settlement contract and anticipated overtime over-expenditure. The Department of Human Resources will expend an anticipated **\$1.2 million** related to sworn recruitments. Projected spending for next year assumes that overtime spending will continue at the FY 2009-10 level and an increase in police academy costs (a full versus a lateral academy is planned). The FY 2009-10 projected year-end Police overspending is \$3.7 million; no DHRM spending on police academies is assumed for the current fiscal year.
- **\$1.8 million** in other departments, including \$0.7 million in anticipated unrealized central services overhead recovery; \$0.6 million in additional Self-Insurance Liability cost; \$0.6 million in anticipated unrealized recoveries and personnel services budgeting error. FY 2009-10 projected year-end spending assumes all of the foregoing except for the additional Self-Insurance Liability cost.
- Net benefit (fringe and retirement) rate savings of **\$0.5 million**.

Balancing proposals for FY 2010-11 totaling **\$43.1 million** to address this projected year-end deficit, summarized generally below. *Exhibits A-1* and *A-2* provide detail of the proposed balancing measures.

- Staff reductions, including elimination of Microcomputer Computer Specialists I and III in Information Technology, administrative staff in Finance & Management, Human Resources and Police, are anticipated to save \$2.4 million; transfer of 9.0 PT Cadets to the Asset Forfeiture Fund from FY 2009-10 to FY 2010-11 would save \$0.3 million. The proposal reflects the elimination of **15.05 full-time equivalent (FTE)** positions, of which **13.05 FTEs** are filled (8.0 FTEs were approved for elimination as of April 1, 2010; of these, six positions were filled).
- Savings from the 15% cuts to elected offices - requested by the City Council on February 16, 2010 - are included in the above estimate. Details on the specific reduction measures are available for the Mayor's Office (2.0 FTE Mayor's PSE 14s and operations and maintenance reductions), City Council (6.0 FTE Legislative Analysts would be eliminated, including 4.05 FTE in the GPF) and City Attorney's Offices (3.0 FTEs eliminated and savings from filling a position at a lower rate). The City Auditor's Office

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- The second concerns rebalancing the GPF Golden Handshake savings across departments. At the time the FY 2009-11 budget was adopted, Golden Handshake savings were applied to agencies/departments based on eligible retirees' organizational homes. Eventual retirees' actual organizational homes differed – in some cases, widely – from home locations. This action seeks to re-allocate budgeted savings expectations based on the agencies/departments in which Golden Handshake retirements actually occurred.

Both of these actions are budget neutral and are reflected in the attached legislation.

DISCUSSION

Additional Shortfalls Projected for Remainder of FY 2009-10 and FY 2010-11

Lingering weakness in the U.S. and California economies continues to play out in local government revenues. Christopher Thornberg, principal economist at Beacon Economics and Chief Economist for the California Department of Finance, offers a dim outlook for local governments: recovery will come but revenues will be anemic and will not likely reach the levels experienced in the mid-2000s. The City's major GPF revenues – property tax, sales tax, real estate transfer tax, business license tax, and services charges (parking meters) – are driven by the real estate market and consumer spending. Weakness in consumer spending is likely to continue. Although consumer spending rose, wage growth was stagnant. Jerry Nickelsburg of the UCLA Anderson Forecast expects to see unemployment to remain in the double-digits through 2012. While there is job growth anticipated this year and next throughout the state, real reductions in unemployment are not likely as discouraged workers (who've left the workforce) and delayed entrants (recent college graduates who sat out the recession) will rejoin the workforce upon their realization of improved labor markets. Real estate has shown some signs of recovery, however, the underlying drivers of this recovery – federal and state government credit for first-time buyers, low interest rates and available credit -- may not continue for much longer.

As a result, staff is revising some general tax revenue projections downward by an additional **\$6 million for FY 2009-10** and **\$11.2 million for FY 2010-11**, from previous projections in February 2010.

The table below summarizes the City's revenues and reserves beginning in FY 2006-07 through the FY 2010-11, illustrating steep declines in many categories. Overall, FY 2010-11 estimated revenues represent a 15% drop from FY 2006-07. Real Estate Transfer Taxes alone are projected to fall by 54% next year from four years ago. Reserves are inadequate. The City's recently updated financial policy (Ordinance No. 12946 C.M.S.) establishes a minimum reserve level of 7.5%. Even at the lower anticipated revenue level, the expected ending fund balance for FY 2009-10 is *three times lower than the \$30 million it should be*.

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property tax roll to the County Auditor-Controllers' Office in July. Last year, the total decline in Alameda County valuation was \$4.5 billion. This year, due to incomplete data, they are estimating the decline to be \$4 billion, about the same level of decline as last fiscal year. Staff will report any revisions to this projection in the Third Quarter Revenue and Expenditure Analysis to be scheduled for late May 2010.

Sales Tax

(FY 2009-10: \$8.3 million total shortfall; no change from Feb 16th projection)

(FY 2010-11: \$5.3 million total shortfall; no change from Feb 16th projection)

Sales Tax revenue is projected to be \$36.1 million in FY 2010-11, reflecting a decrease of \$5.3 million from the adopted budget. The projection is based on the large declines in receipts reported in FY 2009-10 due to the weak economy and slowing consumer expenditures. Beacon Economics forecasted in March 2010 that consumer spending would be positive only in 2010, partially due to the federal tax cuts, but will be flat in 2011. However, key drivers of consumer spending do not support continued strength in consumer spending. It is important to note that sales tax revenue received by the City lags actual activity by three to six months; therefore, consumer spending increases will not immediately materialize in City coffers. Slow recovery of employment, a closely related indicator of consumer spending, is also forecasted.

Utility Consumption Tax

(FY 2009-10: \$2.5 million new shortfall -- \$4 million total shortfall)

(FY 2010-11: \$2.6 million new shortfall -- \$4.1 million total shortfall)

Utility Consumption Tax (UCT) revenue is projected to be \$50.8 million for FY 2010-11, a total decrease of \$4.1 million from the adopted FY 2010-11 budget. The latest collection data through February indicated a decline in UCT in the current fiscal year; falling natural gas prices, reduced demand among commercial users and weak telecommunications growth were cited as causes.

Real Estate Transfer Tax

(FY 2009-10: \$1.1 million surplus; no change from Feb 16th projection)

(FY 2010-11: new \$1.1 million shortfall)

Real Estate Transfer Tax revenue is projected to be \$28.49 million in FY 2010-11. This reflects a decrease of \$1.11 million from the adopted FY 2010-11 budget. The projection assumes no growth from the current fiscal year FY 2009-10 projection. While the housing market has stabilized over the past few months, the outlook for next fiscal year is nonetheless flat due to the risk of increased interest rates, end of first-time home-buyer credits, and homebuyer uncertainty related to continued high unemployment.

Transient Occupancy Tax (TOT)

(FY 2009-10: \$1.7 million total shortfall; no change from Feb 16th projection)

(FY 2010-11: \$1.7 million total shortfall; no change from Feb 16th projection)

Transient Occupancy Tax revenue is projected to be \$8.64 million in FY 2010-11, reflecting a decrease of \$1.66 million from the adopted FY 2010-11 budget. The economic slowdown has

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For FY 2010-11 no shortfall is anticipated because the (a) roving patrol is expected to be fully staffed for the entire fiscal year and (b) Paylock vehicle boot program will be fully operational.

Interest Income

(FY 2009-10: \$0.36 million total shortfall; no change from Feb 16th projection)

FY 2010-11: \$0.36 million total shortfall; no change from Feb 16th projection)

Interest Income is projected to decrease from \$2 million to \$1.6 million in FY 2010-11. Interest earnings depend on a variety of factors, including funds available for investments, the level of interest rates, and cash flow status of all the City's funds. Although some economists believe that interest rates will increase in the near future, staff does not project this upside due to these potentially offsetting factors.

Service Charges

(FY 2009-10: \$1.7 million new shortfall -- \$2.4 million total shortfall)

FY 2010-11: \$1.6 million new shortfall -- \$2.7 million total shortfall)

Service Charges revenue is projected to be \$46.5 million in FY 2010-11, a decrease of \$2.7 million from the adopted budget.

Parking Meter revenue -- nearly one-third of the Service Charges category -- is projected to be \$12.5 million in FY 2010-11, a decrease of \$1.5 million from the adopted Budget. Several factors contribute to this decrease, including Council-approved cancellation of extended parking meter hours with no replacement revenue identified (\$0.33 million); meter vandalism, and the continuing weak economy (\$1.19 million). Meter usage in parts of downtown/uptown Oakland has also declined as a result of meter jams caused by vandals, theft of coins from single space meters, and the sluggish economy. As unemployment remains high and consumer spending is anticipated to weaken, meter usage has been negatively affected by fewer people driving and parking downtown.

Various other user fees declined by a total of \$1.2 million, including the following fees: Parks & Recreation fees, Rentals & Concessions, Fire Inspection fees, Deemed Approved Alcohol and Tobacco inspection fees, and public nuisance fees. The most likely culprit again is the slow economy.

Miscellaneous Revenue

(FY 2009-10: new \$0.3 million surplus)

FY 2010-11: \$3.2 million total shortfall; no change from Feb 16th projection)

Miscellaneous revenue is projected to be \$1.2 million in FY 2010-11, a decrease of \$3.2 million from the adopted budget. It reflects the \$3.2 million unspecified revenue enhancement Council included in the FY 2010-11 budget as part of balancing in July 2009. This enhancement has yet to be identified.

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FY 2009-10 Proposed General Purpose Fund Balancing Measures in \$ millions	
	FY 09-10
Pre-December 17th Budget Deficit	\$ (18.87)
Balancing Measures Approved by Council on December 17, 2009	\$ 8.44
Post-December 17th Budget Deficit	\$ (10.43)
Additional Anticipated Shortfalls	\$ (4.83)
February 16, 2010 Anticipated Budget Deficit	\$ (15.26)
Revenues/Other Financing	
Sale of Assets	7.75
New revenue	0.50
<i>Subtotal</i>	\$ 8.25
Expenditures	
Position Changes:	
Reductions	0.26
Transfers	0.08
Grant reductions	0.00
Program reductions	0.00
Use of One-Time Funds	1.87
<i>Subtotal</i>	\$ 2.20
Total Proposed Balancing Measures	\$ 10.45
Total Surplus/(Deficit)	\$ (4.81)
Revision of parking citation pass-through payment to Alameda County -- prior year	0.50
Revision of new parking citation contract revenue from better collection rate	(0.30)
15% Reduction of elected officials' appropriations	0.25
Additional anticipated revenue shortfalls	(6.02)
Post February 16, 2010 Anticipated Budget Deficit	\$ (10.38)
Restructuring of pension obligations	\$ 5.50
Proposed balancing: Sale of Medical Hill Garage OR bond against Medical Hill Garage revenues	\$ 5.00
Surplus/(Deficit)	\$ 0.12

FY 2010-11 Proposed General Purpose Fund Balancing Measures in \$ millions	
	FY 10-11
Total of Fiscal Challenges to Address	\$ (42.57)
Revenues/Other Financing	
Sale of Assets	12.75
New revenue	3.48
Possible Ballot Measures	20.62
<i>Subtotal</i>	\$ 36.85
Expenditures	
Position Changes:	
Reductions	2.35
Transfers	0.27
Grant reductions	1.88
Program reductions and eliminations	0.98
Use of One-Time Funds	0.74
<i>Subtotal</i>	\$ 6.22
Total Proposed Balancing Measures	\$ 43.07
Total Surplus/(Deficit)	\$ 0.50

The details of the proposed balancing measures are as follows:

Revenues/Other Financing

Ballot measures to raise additional revenues are simply unavoidable. We can not solve the current fiscal crisis with one-time measures and program cuts alone, unless significant reductions to public safety are made. The possible ballot measures are a public safety parcel tax and temporary increase and expansion to the utility users tax; combined, they could generate up to **\$20.6 million** in new revenues as soon as FY 2010-11. Another ongoing source of revenue would be a quarter-percent add-on sales tax, otherwise known as a transactions and use tax (TUT). This possibility could be considered, although it is not included in the balancing proposal. **City resolutions placing these new measures on the November 2010 ballot would need to be adopted no later than July 20, 2010** (the last scheduled City Council meeting prior to recess) and filed with the Alameda County Registrar of Voters by August 8, 2010. The City Council should contemplate preliminary legislation related to these proposed ballot measures beginning in mid-May or early June 2010.

b. Utility Users Tax (UUT)

A temporary **rate increase** in the utility consumption or users' tax would help bridge the budget gap, and maintain the City's service level to the community. Estimated annual revenue from a 0.5% increase in UUT would generate about \$2.1 million annually. UUT

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April 1, 2010

- *Additional revenue from the citation management contract is expected to be \$1.75 million based on improved collection efforts. Staff also anticipates one-time revenue to be \$0.3 million in FY 2009-10 (revised downward from \$0.5 million). Separately, staff is presenting a report and legislation that could yield \$1 million from the sale of billboard space. Finally, the Fire Department anticipates its successful application for a \$0.5 million grant to offset firefighter personnel expense and \$0.24 million from stricter false alarm enforcement.*

Expenditures

- *Grants to City Institutions and Local Non-Profits: GPF support of City institutions and local non-profits, including the Oakland Zoo and Chabot Space and Science Center totals nearly \$4.5 million in FY 2010-11. Council approved 20% reductions to many of these institutions as part of budget adoption in June and July 2009; now, further reductions are necessary. Staff contemplated a few different scenarios for such reductions, recognizing that any level of reduction to these organizations would be difficult to absorb. Nonetheless, additional reductions are unavoidable to balance the anticipated shortfall. The option proposed by staff leaves intact between 50 to 75% of most grantees' subsidies; the only exception is the Oakland School for the Arts, whose subsidy is recommended to be eliminated in FY 2010-11 (see table below).*

Item: # _____

Special City Council Meeting
April 1, 2010

budgeted in the ORA Projects Fund. The GPF savings are estimated to be \$0.08 million in the current year and \$0.49 million in FY 2010-11.

- In fulfillment of the City Council's directive, the City Attorney's Office intends to eliminate 2.0 FTE Deputy City Attorney IIIs and save from filling a vacant Deputy City Attorney II at the lower end of the pay range (both actions continued from FY 2009-10 to FY 2010-11); and eliminate 1.0 FTE Paralegal beginning in FY 2010-11.
- *Reductions in departments already approved:* As part of FY 2009-10 budget balancing, Council approved position eliminations totaling \$2.2 million or 8.0 FTE positions in FY 2010-11. Positions eliminated include:
 - **Information Technology:** eliminations of 2.0 FTE Microcomputer Systems Specialist Is and 1.0 FTE Microcomputer Systems Specialist III for a total savings of \$0.34 million.
 - **Finance and Management:** elimination of 1.0 FTE Revenue Assistant, saving \$0.08 million.
 - **Personnel Resource Management:** elimination of 1.0 FTE Administrative Analyst II saving \$0.1 million
 - **Police:** restructuring of personnel management (\$0.09 million) by eliminating 1.0 FTE Administrative Analyst II; elimination of Rangers (2.0 FTEs saving \$0.28 million). In addition Council approved the transfer of the Cadet Program to the Asset Forfeiture Fund (9.0 PTs saving \$0.27 million).
- *Reductions in departments to be approved* total \$1.67 million. A portion of these preliminary balancing measures were presented to Council in the February 16, 2010 report. These measures include:
 - **Museum:** realize savings of \$0.6 million through revised public/private partnership arrangement between the City and the Oakland Museum of California Foundation.
 - **Library:** shift \$0.54 million of eligible appropriation to the Library Enhancement Fund (Measure Q)
 - **Parks and Recreation:** shift uncommitted balances from the Golf Fund to the GPF (\$0.2 million).
 - **Human Services:** elimination of Linkages grant funding in concert with the State's proposed elimination of this grant will save \$0.19 million. Elimination of the remaining Homeless Mobile Outreach/California Hotel grant, saving \$0.14 million. Elimination of the remaining grant reduces outreach from five to three

Item: # _____

Special City Council Meeting
April 1, 2010

Attachment A: Letter from City Auditor Courtney Ruby to Mayor Dellums, City Council and City Administrator Dan Lindheim; City Attorney Opinion (April 2006)

Item: # 4

Special City Council Meeting

~~APR 29 2010~~

CITY OF OAKLAND



CITY HALL • ONE FRANK H. OGAWA PLAZA, 4TH FLOOR • OAKLAND, CALIFORNIA 94612

Office of the City Auditor
Courtney A. Ruby, CPA
City Auditor

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www.oaklandauditor.com

April 1, 2010

OFFICE OF THE MAYOR
HONORABLE CITY COUNCIL
CITY ADMINISTRATOR DAN LINDHEIM
OAKLAND, CALIFORNIA

RE: REQUESTED 15% BUDGET REDUCTION

Dear Mayor Dellums, President Brunner, Members of the Council, and
City Administrator Lindheim:

In the spirit of cooperation, the City Auditor's Office has worked with the Administration and the City Council to implement previously requested budget reductions. While it has been very difficult for the Office, we have taken a 12.3% cut to date, including a reduction in staff. As the Office with the City's smallest departmental budget and staff, any cuts have a disproportionately large impact that must be considered in relation to the Office's significant charter mandated responsibilities.

On April 25, 2006, the City Attorney issued a legal opinion, which concluded that the City Council must provide the City Auditor's Office minimum funding so that it may perform, without material impairment, its charter mandated duties. An additional 15% cut after a 12.3% cut earlier this fiscal year will result in a further reduction of essential auditing staff and materially impair the Office's ability to perform its charter mandated duties. Therefore, I requested an additional legal opinion on March 6th from the City Attorney that would clearly establish an objectively determined minimum funding amount for the City Auditor's Office.

Until the legal opinion is provided and a minimum funding amount is determined, the City Auditor's Office cannot move forward with the requested 15% reduction for FY 2010-2011. However, due to a one time salary savings in the current fiscal year, the Office will be able to provide the requested pro-rated reduction for FY 2009-2010 of \$33,470 as a one-time only reduction to personnel costs.

CITY OF OAKLAND

Office of the City Attorney

Legal Opinion

To: Roland Smith, City Auditor
From: Office of the City Attorney
Date: April 25, 2006
RE: City Auditor Budget Cuts

I. Question

Does the Charter require the City Council to provide minimum funding for staff of the City Auditor's Office?

II. Summary Conclusion

The City Council must provide minimum funding so that the City Auditor may perform, without material impairment, his Charter mandated duties.

III. Analysis

Budgetary matters, including fixing of the number of employees, their salaries, and their benefits, are legislative actions. (Scott v. Common Council, 44 Cal.App.4th 684, 690 (1996)) The general rule is that a legislature, a city council for example, has wide discretion over purely legislative actions. (Id.; Hicks v. Board of Supervisors, 69 Cal.App.3d 228, 232; see also Scott v. Common Council, 44 Cal.App.4th 684 (1996); County of Butte v. Superior Court (Brooks) 176 Cal.App.3d 693 (1985).)

procedures for maintaining the accounts and accounting system throughout all departments, offices and agencies of the City.

The City Auditor *shall conduct surveys, reviews, and audits as the Auditor deems to be in the best public interest or as required by the Council or Mayor.* (Charter, section 403, emphasis added.)

The Charter goes on to define that the "public interest" "shall include, but not be limited to":

- (1) *Reviewing and appraising the soundness, adequacy and application of accounting, functional, and operating controls and reliability and timeliness of accounting and other data generated within the organization.*
- (2) *Evaluating the city's internal controls to ensure that the City's assets and resources are reasonably safeguarded from fraud, waste, and mismanagement.*
- (3) *Ascertaining compliance with Council's resolutions and policies and the Mayor's Administrative Instructions and Directives, as well as applicable State and Federal laws and regulations.*
- (4) *Providing assistance to City Departments to enhance the effectiveness, efficiency and economy of their operations.*
- (5) *Preparing an impartial financial analysis of all ballot measures, pursuant to the provisions of the Municipal Code.*
- (6) *Preparing impartial financial analyses of proposed major expenditures prior to the approval of such expenditures. These analyses will be for informational purposes only and will include, but not be limited to, proposals, contracts, ventures, programs and construction projects. The proposed major expenditures selected for these financial analyses will be based on requests from Mayor/Council and/or deemed to be prudently advisable in the objective and professional judgment of the City Auditor.*
- (7) *Responding to requests for audit and reviews.*
- (8) *Submitting, at a public meeting of the full City Council, a quarterly report to the Council and public on the extent of implementation of recommendations for corrective actions made in the City Auditor's report.*
- (9) *The City Auditor shall conduct performance audits of each department as specified in the City budget. (Id.)*

DRAFT

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Approved as to Form and Legality

OAKLAND CITY COUNCIL

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City Attorney

RESOLUTION No. _____ C.M.S.

RESOLUTION AMENDING THE GENERAL PURPOSE FUND BUDGET FOR FY 2009-10 AND FY 2010-11, WHICH THE CITY COUNCIL AMENDED PURSUANT TO RESOLUTION NUMBERS 82235 C.M.S., 82335 C.M.S., 82519 C.M.S., 82582 C.M.S., 82578 C.M.S. AND _____ C.M.S.

WHEREAS, on June 30, 2009, in accordance with City Charter section 800, the City Council adopted the biennial policy budget by passing Resolution No. 82102 C.M.S.; and

WHEREAS, on July 28, 2009, October 6, 2009, December 17, 2009, February 16, 2010, March 2, 2010 and March 16, 2010, the City Council approved amendments to the adopted budget, via Resolutions No. 82235 C.M.S., No. 82335, No. 82519 C.M.S., No. 82582 C.M.S., No. 82578 C.M.S., and No. _____ C.M.S. respectively; and

WHEREAS, the annual mandatory payments to the Alameda County Local Agency Formation Commission are critical to preserving the City of Oakland's property tax revenues; and

WHEREAS, while Citywide Golden Handshake early retirement program savings were achieved, actual program savings differed from budgeted program savings by agency/department in Fiscal Year 2009-10; and

WHEREAS, due to continued weakness in the local economy and real estate market and additional pressures in public safety service provision, a \$10.4 million shortfall is anticipated in the General Purpose Fund in Fiscal Year 2009-10 and \$42.6 million shortfall is projected in the General Purpose Fund in Fiscal Year 2010-11; and

WHEREAS, the Administration has developed budget balancing measures for the General Purpose Fund to fully offset the projected Fiscal Year 2009-10 and Fiscal Year 2010-11 shortfalls, as reflected in **Exhibit A-1** and **A-2**, respectively; and

WHEREAS, the Administration's balancing proposal includes the use of one-time revenue and requires declaration of a fiscal emergency per the City's financial policy codified in ordinance 12946 C.M.S., now therefore be it

RESOLVED: That the City's Fiscal Year 2009-10 and Fiscal Year 2010-11 Amended Budgets are hereby amended to incorporate balancing implementation measures reflected in **Exhibits A-1** and **A-2**, respectively included with and made a part of this resolution, subject to additional amendments that may be presented and adopted on the floor by the City Council; and be it

FURTHER RESOLVED: That the City Council declares a fiscal emergency Ordinance No. 12946 C.M.S., to use one-time monies to balance the Fiscal Year 2009-10 and

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FY 2009-10 Proposed General Purpose Fund Balancing Measures in \$ millions	
	FY 09-10
Pre-December 17th Budget Deficit	\$ (18.87)
Balancing Measures Approved by Council on December 17, 2009	\$ 8.44
Post-December 17th Budget Deficit	\$ (10.43)
Additional Anticipated Shortfalls	\$ (4.83)
February 16, 2010 Anticipated Budget Deficit	\$ (15.26)
<i>Revenues/Other Financing</i>	
Sale of Assets	7.75
New revenue	0.50
<i>Subtotal</i>	\$ 8.25
<i>Expenditures</i>	
Position Changes:	
Reductions	0.26
Transfers	0.08
Grant reductions	-
Program reductions	-
Use of One-Time Funds	1.87
<i>Subtotal</i>	\$ 2.20
Total Proposed Balancing Measures	\$ 10.45
Total Surplus/(Deficit)	\$ (4.81)
Revision of parking citation pass-through payment to Alameda County -- prior year	0.50
Revision of new parking citation contract revenue from better collection rate	(0.30)
15% Reduction of elected officials' appropriations	0.25
Additional anticipated revenue shortfalls	(6.02)
Post February 16, 2010 Anticipated Budget Deficit	\$ (10.38)
Restructuring of pension obligations	\$ 5.50
Proposed balancing: Sale of Medical Hill Garage	\$ 5.00
OR bond against Medical Hill Garage revenues	
Surplus/(Deficit)	\$ 0.12

FY 2010-11 GENERAL PURPOSE FUND
 DELINEATION OF PROJECTED YEAR-END DEFICIT

REVENUES

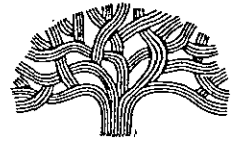
	<u>Previously Identified FY 10-11</u>	<u>Additional Deficit FY 10-11</u>	<u>Total Deficit FY 10-11</u>	<u>Explanation</u>
Property Tax	(0.36)	(4.69)	(5.05)	Per March 17th County preliminary estimate, assessed valuation (AV) to decline by -3.2% based on the expected wave of additional lowered assessments. AB1290 pass-through from ORA is also projected to decline by 11%.
Sales Tax	(5.29)	-	(5.29)	Continuing decline in consumer spending. FY09-10 estimated shortfall included the approximately \$3M triple flip negative adjustment, not occurring in FY10-11.
Vehicle License Fee	-	-	-	
Business Tax	-	-	-	
Utility Consumption Tax	(1.48)	(2.62)	(4.10)	Falling natural gas prices resulting in lower gas billings; reduced demand, and lackluster growth in Telecom revenues.
Real Estate Transfer Tax	-	(1.11)	(1.11)	Real estate has shown some signs of recovery, however, the underlying drivers of this recovery – federal and state government credit for first-time buyers, low interest rates and available credit – may not continue for much longer.
Transient Occupancy Tax	(1.66)	-	(1.66)	Continuing decline in consumer spending reducing average daily room rates.
Parking Tax	(0.95)	-	(0.95)	Continuing decline in consumer spending affecting travel and airport parking.
Licenses & Permits	-	(0.15)	(0.15)	Reduced demand for permits.
Fines & Penalties	-	-	-	
Interest Income	(0.36)	-	(0.36)	Projected shortfall is due to the low interest market and low cash balance for investment.
Service Charges	(1.08)	(1.62)	(2.70)	Slowdown in consumer spending affecting parking meter usage, and various user charges. Adjustment in 10-11 also includes a \$330k reduction in meter revenue due to the cancellation of extended parking meter hours with no replacement revenues identified.
Grants & Subsidies	-	-	-	
Miscellaneous	(3.20)	-	(3.20)	Revenue of \$3.2M was included in the 10-11 amended budget, but is yet to be identified.
Fund Transfers	(0.08)	(0.96)	(1.04)	Adjustments due to lower pension annuity revenue attributed to higher mortality rate in 09-10; and Pacific Renaissance nightly residential parking (\$80K) that will not actualize.
Subtotal	\$ (14.46)	\$ (11.15)	\$ (25.61)	

FY 2010-11 GENERAL PURPOSE FUND

	Balancing Measures			TOTAL FY 10-11	Impacts	
	FTEs Filled	Vac	Already Approved FY 10-11			To Be Approved FY 10-11
REVENUES/OTHER FINANCING						
Sale/Lease of Assets						
Lease of Scotlan to ORA/Central District or Sale of Other Facilities			2.00	-	2.00	
Sale of Grandview Lots			0.15	-	0.15	The property is being sold to Hill Side Homes. The Council approved the Ordinance on March 16.
Sale of Silveira property			-	0.60	0.60	
Sale of Henry J. Kaiser Convention Center			-	10.00	10.00	
Subtotal			\$ 2.15	\$ 10.60	\$ 12.75	
New Revenues and Other Financing						
Increased parking citation revenue			1.75	-	1.75	Reflects anticipated additional revenue from the new contract due to an increased collection rate.
Proceeds from sale of billboard space			-	1.00	1.00	One-time proceeds from sale of billboard space, along with \$0.15 million per year is anticipated from arrangement with Clear Channel Inc.
New grant revenue to offset personnel costs			-	0.49	0.49	
Stricter False Alarm Enforcement Revenue			-	0.24	0.24	
Subtotal			\$ 1.75	\$ 1.73	\$ 3.48	
Possible Ballot Measure Alternatives - Requires Council action by last meeting in July (7/20/2010) for the November 2010 ballot (deadline for Clerk to submit required paperwork to County is August 8, 2010).						
Public Safety parcel tax			-	18.19	18.19	Special tax levy requires 2/3 vote of electorate. Single family residential parcel assessment would be approximately \$180 annually, or \$15.00 per month. Value reflects 70% of full year revenue based on conservative TRAN-able estimate.
Utility Users' Tax – temporary 0.5% increase and possible expansion to other utilities			-	2.43	2.43	General tax requires a majority affirmative ("yes") vote for approval.
Subtotal			\$ -	\$ 20.62	\$ 20.62	
TOTAL REVENUES/OTHER FINANCING			\$ 3.90	\$ 32.95	\$ 36.85	
EXPENDITURES						
Reduce grants and subsidies:						
City Institutions -- 25% reduction						
Oakland Zoo			-	0.16	0.16	
Chabot Space & Science Center			-	0.12	0.12	
Children's Fairyland			-	0.05	0.05	
Subtotal				0.32	0.32	

	FTEs		Total	Already Approved FY 10-11	To Be Approved FY 10-11	TOTAL FY 10-11	Impacts
	Filled	Vac					
Information Technology							
Delete Microcomputer Systems Specialist I	1.00	-	1.00	0.10	-	0.10	There will be a significant delay in replacing and or troubleshooting damaged software or hardware for computer equipment citywide. Documentation of computer equipment inventory will be affected as well.
Delete Microcomputer Systems Specialist I	1.00	-	1.00	0.10	-	0.10	There will be a significant and severe delay in the response to failures on systems used by the Libraries and the Museum which would negatively impact downtime. There will also be significant delay in computer replacements and on troubleshooting damaged computers.
Delete Microcomputer Systems Specialist III	1.00	-	1.00	0.14	-	0.14	There will be a significant delay on the response to network related issues. Daily logs will not be monitored as frequent as they should be, possibly on a weekly rotation. Coordination of network services related to relocation of staff and office rearrangements will be delayed significantly as well.
Subtotal	3.00	-	3.00	\$ 0.34	\$ -	\$ 0.34	
Finance and Management							
Eliminate Revenue Assistant	1.00	-	1.00	0.08	-	0.08	Slowdown in collections
Subtotal	1.00	-	1.00	\$ 0.08	\$ -	\$ 0.08	
Personnel Resource Management							
Eliminate Admin Analyst II	-	1.00	1.00	0.10	-	0.10	Loss of bill-paying, payroll, other fiscal functions
Subtotal	-	1.00	1.00	\$ 0.10	\$ -	\$ 0.10	
Police Services							
<i>Restructure Personnel Management</i>							
Eliminate Admin Analyst II	-	1.00	1.00	0.09	-	0.09	
<i>Other</i>							
Eliminate Rangers	2.00	-	2.00	0.28	-	0.28	
Transfer Cadet Program to Asset Forfeiture fund	9.00	-	9.00	0.27	-	0.27	
Subtotal	11.00	1.00	12.00	\$ 0.64	\$ -	\$ 0.64	
Museum							
Reduction through revised public/private partnership arrangement between the City and the Oakland Museum of California Foundation.	-	-	-	-	0.60	0.60	
Subtotal	-	-	-	\$ -	\$ 0.60	\$ 0.60	
Library							
Utilize available Measure Q fund balance	-	-	-	-	0.54	0.54	Initial analysis shows adequate fund balance remaining for FY 10-11

	FTEs			Already Approved FY 10-11	To Be Approved FY 10-11	TOTAL FY 10-11	Impacts
	Filled	Vac	Total				
Parks and Recreation							
Transfer revenues to GPF from Golf Fund				-	0.20	0.20	Added revenue from Lake Chabot & Montclair Courses.
Subtotal					\$0.20	\$0.20	
Human Services							
Eliminate Linkages Grant Match				-	0.19	0.19	State grant funding of \$200k annually is proposed for elimination in FY 10-11 as part of State budget balancing. Elimination of the local grant match would terminate base program services for adults with disabilities, which currently serves approximately 372 clients. With City GPF funding the program could continue serving a base number of clients.
Eliminate Homeless Mobile Outreach/California Hotel grant match				-	0.14	0.14	Reduces outreach efforts by 2 (two) days from the current 5 (five) days. Currently part of PATH program to do outreach to encourage and engage homeless people in work activities and access to housing. Would need 30 days notice to modify the contract.
Subtotal				\$0.00	\$0.33	\$0.33	
TOTAL SOLUTIONS	24.05	2.00	26.05	\$ 6.57	\$ 36.50	\$ 43.07	\$ 0.00
Subtotal surplus/(deficit)						0.50	



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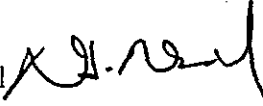
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NANCY NADEL
Councilmember District #3

(510) 238-7003
FAX: (510) 238-6129
TDD: 839-6451

March 22, 2010

MEMORANDUM

TO: City Council Colleagues
FROM: Councilmember Nancy Nadel 
RE: Police Salaries

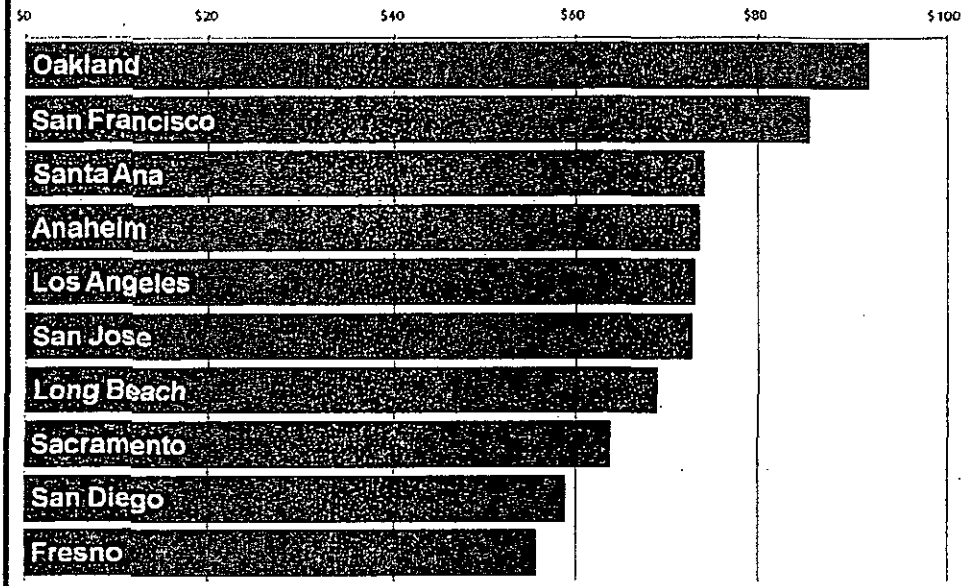
In looking at the budget and more specifically at the salaries over \$100,000 per year, I was stunned to see so many police officers (not managers), getting over \$200,000 a year much of it from overtime.

We are continually faced with community pressure to hire more officers. We are continually given information about other cities with more officers. I asked my policy aide, Xiaojing Wang, to research the police officer starting salaries and other relevant information for other major cities with major crime and high standard of living. The chart attached shows the comparisons. The non-Oakland cities starting salaries are in the low and mid \$40,000 range and the average is 61% of the Oakland police officer starting salary. The cost of living in the other four cities is comparable to Oakland, in fact it is higher in two of the four cities. All five cities' officers are represented by unions.

Clearly, we are very much out of the comparability range and it is costing us and the safety of our citizens dearly. Although we have a signed contract with OPOA, I think we ought to encourage the City Administrator to request re-opening the contract for a lower starting salary. If this is not possible, I urge my colleagues to keep this in mind when the contract expires.

COMPENSATION STUDY

30 Year Career Average Compensation Per Hour Worked



RECAP (\$)	Total Compensation Per Hour Worked							Average
	Year 1	Year 6	Year 11	Year 16	Year 21	Year 26	Year 30	
Oakland Police Department	\$75.20	\$90.09	\$92.49	\$93.46	\$95.69	\$95.69	\$95.69	\$91.64
San Francisco Police Department	\$67.63	\$85.29	\$85.39	\$87.29	\$87.29	\$88.83	\$88.83	\$85.34
Santa Ana Police Department	\$55.55	\$70.49	\$75.77	\$76.65	\$78.47	\$78.47	\$78.47	\$73.97
Anaheim Police Department	\$53.18	\$72.79	\$75.22	\$76.29	\$77.38	\$78.51	\$78.51	\$73.42
Los Angeles Police Department	\$51.08	\$64.97	\$75.95	\$77.63	\$79.30	\$79.30	\$79.30	\$72.90
San Jose Police Department	\$54.69	\$70.30	\$74.42	\$76.07	\$76.07	\$76.07	\$76.07	\$72.61
Long Beach Police Department	\$55.22	\$65.61	\$68.45	\$71.91	\$72.93	\$72.93	\$72.93	\$68.74
Sacramento Police Department	\$53.96	\$63.92	\$63.92	\$65.44	\$65.52	\$65.69	\$65.69	\$63.79
San Diego Police Department	\$44.35	\$60.00	\$60.00	\$61.31	\$61.31	\$61.31	\$61.31	\$58.87
Fresno Police Department	\$44.87	\$55.88	\$56.38	\$56.89	\$57.67	\$58.21	\$58.21	\$55.63

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CITY OF OAKLAND



ONE FRANK OGAWA PLAZA • 2ND FLOOR • OAKLAND, CALIFORNIA 94612

Ignacio De La Fuente
City Council Member, District 5

(510) 238-7005
FAX:(510) 238-6129
TTY/TDD:(510) 839-6451

TO: Oakland City Council
DATE: March 25, 2010

On March 16, 2010, City Council requested that staff prepare a report for Council approval of across the board General Purpose Fund (GPF) reductions of 15% for all elected offices. In anticipation that no proposed cuts are submitted from elected offices, the City Council's direction was to submit a proposal to reduce the budgets of all elected offices.

This proposal includes the following reductions: the elimination of all 6.0 FTE Legislative Analysts (irrespective of funding source); 4.0 FT PSE 14's from the Mayors Office; 2.0 FTE's from the City Auditor's Office; and 2.0 FTE's Attorneys and 1.0 FTE Paralegal from the City Attorneys Office. The proposed cuts should be effective on May 1, 2010.

GPF savings are anticipated to be \$0.25 million in the current fiscal year (2009-10) and \$1.5 million in the next fiscal year (2010-11). Including the Redevelopment Fund reduction the total savings for the 2010-2011 fiscal year are \$1.8 million. Fiscal year 2009-10 savings are based on implementing these balancing measures by May 1, 2010.

15% Proposed Reductions Per Elected Office				
Elected Offices	General Fund FY09-10	Redevelopment FY09-10	General Fund FY10-11	Redevelopment FY10-11
Mayor				
Mayors PSE 14	11,263	0	67,580	0
Mayors PSE 14	11,263	0	67,580	0
Mayors PSE 14	11,263	0	67,580	0
Mayors PSE 14	11,263	0	67,580	0
Subtotal	45,052	0	270,320	0

Item # _____
City Council
April 1, 2010