

CITY OF OAKLAND
AGENDA REPORT

2009 JUL 16 PM 5: 32

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Public Works Agency and Budget Office
DATE: July 28, 2009

RE: **Resolution Amending The City Of Oakland's FY 2009-11 Biennial Budget, Which Was Adopted Pursuant To Resolution No. 82102 C.M.S., To Eliminate Staff And Operations Funding In The Street And Traffic Programs Based On The Anticipated State Of California Take Away Of Approximately \$6.53 Million Of Gas Tax Revenues From The City Of Oakland Effective July 1, 2009, And Re-allocate Existing Capital Improvement Program Funding (Proposition 42) To Mitigate Potential Impacts**

SUMMARY

The purpose of this report is to seek City Council approval to amend the FY 2009-11 Adopted Budget to reflect the anticipated State of California take away of gas tax revenues (Fund 2230) effective July 1, 2009 and to direct staff to issue layoff notices accordingly.

A total of 30.18 FTEs are projected for elimination as a direct and indirect result of the loss of the gas tax revenues. The primary service impacts are to the City of Oakland's maintenance of the street infrastructure and traffic facilities, including but not limited to residential street - resurfacing, mechanical gutter cleaning, speed bump installation, right-of-way fence repair, sidewalk repair, traffic and street signage, and pavement markings. These service impacts will affect the City of Oakland vehicular, bicycle and pedestrian traffic.

City staff has indentified approximately \$2 million in the Capital Improvement Program (Fund 2141 - Proposition 42) that could be used to mitigate some of the impacts of the State gas tax revenue take away. This funding was originally slated for resurfacing and slurry sealing contracts.

FISCAL IMPACT

Best estimates as of the publication of this report are that the State of California will take away \$6.53 million of local gas taxes.

The City's FY 2009-11 Adopted Budget includes an estimated \$7 million per year in local gas tax revenues, and an additional \$161,000 in annual service fees. The State of California currently proposes to take away ninety-six percent (96%) of the projected formula revenue, which is calculated based on a lower projection of \$6.8 million as the City's allocation of gas tax funds.

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City staff has identified an additional \$2 Million of capital project funding in Project C369710 (Street Rehab/Resurfacing) that can be re-allocated to restore some personnel and O&M that is impacted by the State Gas Tax revenue reduction. Funds from Project C369710 were originally budgeted by CEDA's Department of Engineering & Construction (DEC) for slurry seal and/or street overlay. Instead, Public Works (PWA) will use the funds to perform crack sealing, pothole and base repair work. PWA will further coordinate with CEDA/DEC to prepare main arterial streets for slurry seal or overlays. The coordinated prepare work will support projects funded by one-time capital funding sources including Prop 1B and stimulus funds. This will enable the City to meet the preventative maintenance criteria in the federal formula and secure maximum street repair funding in future allocations.

Additionally, the State gas tax pays into other City funds for services and general government support (e.g. Central Services Overhead, Departmental Overhead, and Internal Services). Therefore, the loss of gas tax revenues has a fiscal impact to these funds. As a result, staff and O&M in several City Agencies will need to be reduced in order to rebalance the affected funds. The Budget Office will need to work with the impacted Agencies to manage the anticipated reductions.

Revenues to the Central Services Overhead, PWA Overhead, and CEDA/DEC Overhead will be negatively impacted as follows:

Fund	FY 2009-10	FY 2010-11
1010 – General Purpose Fund (Central Services Overhead)	\$348,908	\$348,908
7760 – PWA Overhead	\$211,910	\$184,232
7760 – CEDA/DEC Overhead	\$12,081	\$12,927

Revenue to the Equipment Services Internal Services Fund (4100) will be negatively impacted as follows:

Fund	FY 2009-10	FY 2010-11
4100 – Equipment	\$527,053	\$527,053

Revenue to the Facilities Internal Services Fund (4400) is will be negatively impacted as follows:

Fund	FY 2009-10	FY 2010-11
4400 – Facilities	\$264,813	\$283,350

Revenue to the Finance & Management Agency and the Department of Contracting & Purchasing Internal Service Funds will be negatively impacted as follows:

Fund	FY 2009-10	FY 2010-11
Various	\$18,230	\$18,260

The attached Exhibit A provides specific budget changes and total net reductions after Proposition 42 funding (\$2.0 Million) is used to add back staff and O&M.

BACKGROUND

Due to severe budget constraints, the State of California is seriously considering redirecting local gas tax subvention funds to offset its General Fund costs associated with debt service on State highway transportation bonds. The proposal is a \$1 billion diversion in FY 2009-10 and an ongoing shift of over \$700 million in FY 2010-11 and beyond. This represents a reduction in City revenues of approximately \$6.53 million annually in restricted funds for street infrastructure and maintenance.

The State's proposal is an unprecedented shift in historic funding which cities and counties rely upon for local street and road maintenance. Oakland, in collaboration with the League of Cities and the "Big Ten" Mayors, has stated its opposition to this proposed shift in local street and road funding to pay for state highway improvements. Oakland will continue to oppose this action, but at this time it appears the State will proceed with this proposal, with devastating impacts to cities and counties.

Should the State of California take the local gas tax revenues, the City expects the take away to take effect retroactively to July 1, 2009, which was the start of the fiscal year. The action requested through this report is necessary to address the anticipated take away in a timely manner.

KEY ISSUES AND IMPACTS

The local share of State gas taxes is the City's primary source of funding for street and traffic maintenance activities. The immediate service impacts are to the City of Oakland's maintenance of street infrastructure and traffic facilities, including but not limited to residential street resurfacing, mechanical gutter cleaning, speed bump installation, ROW fence repair, sidewalk repair, traffic and street signage, and pavement markings. These service impacts will affect the City of Oakland vehicular, bicycle and pedestrian traffic. Below are details on the proposed position and program reductions as outlined in **Exhibit A**, along with associated impacts:

Street Maintenance

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The City's street infrastructure includes 2,300 lane miles of streets, 1,120 miles of sidewalk, 1,198 miles of curb and gutter and 150 blocks of pedestrian paths and stairways. The following are the anticipated impacts from the projected employee reductions proposed in response to the impending gas tax take away considered by the State.

- Mechanical gutter cleaning of streets without curbs and gutters will be greatly reduced. Last year, PWA removed 1120 cubic yards of debris; this effort will likely be reduced by 50%, increasing flooding potential in the winter.
- There will not be any street resurfacing; in-house resurfacing effort was mainly directed at residential streets, which are not eligible for federal funded resurfacing work.
- Sidewalk repair will be limited to temporary repairs and sidewalk replacement will be reduced to one-third of historic output levels (approximately 10,000 s.f. replaced last year).
- Guardrail repairs will continue to be performed but repairs of right-of-way perimeter fencing will not.
- Emergency repairs to City stairways and pathways will not continue, potentially causing some stairways and pathways to be closed if deemed unsafe.
- Speed bump installation program will be suspended.

Street Maintenance will continue to provide the following services at current service levels:

- Crack sealing (approximately 3,500 linear feet of roadway per year)
- Pothole repairs (approximately 9,000 potholes per year)
- Pavement trench repairs following sewer and drain repairs
- Guardrail repairs as needed
- Curb and gutter repairs (approximately 1,027 linear feet/ year)
- Culvert and bridge repairs (approximately 26 culverts/ year)

Traffic Maintenance

The City's traffic maintenance program maintains traffic and street signs, pavement and curb striping and safety devices. Activities include manufacturing or purchasing, installing, repairing and replacing damaged traffic signs (STOP, YIELD, ONE WAY, "No Parking Street Sweeping", etc.) and poles; plus replacing worn or faded street striping such as crosswalks, reflectors, center lines, lane lines, ceramic markers, stop stencils, stop bars, and all curb markings. Curb markings include red zones for fire hydrants and intersections, yellow zones for truck loading, and blue zones for disabled parking.

In order to determine what functions will remain and which will be eliminated, staff assessed all functions currently performed and relied on regulatory requirements and safety impacts to prioritize the functions. Based on this prioritization process, staff anticipates the loss of gas tax revenues will result in the following service reductions within the traffic maintenance program:

- Crosswalks will be prioritized by location and essential safety need.
- Regulatory signs will be prioritized for repair or replacement based on essential safety need. STOP signs will take precedence over other regulatory signage.
- Roadway delineation (i.e., Botts Dots, delineators, etc.) and striping will be installed, replaced or refreshed as scheduling allows and safety need is prioritized.
- Graffiti on signs will not be addressed or cleaned unless an essential safety need can be demonstrated.
- Curb painting (red, green, yellow, blue zones) will not be addressed unless an essential safety need is demonstrated.
- Non-regulatory signs (i.e., Street Names, Directional, Parking Restriction Handicap Zone, Street Sweeping, Neighborhood Watch, School Zone, etc.) will not be installed, repaired or replaced unless an essential safety need can be demonstrated.
- Special request signs (i.e., parking for Farmers' Markets, "Fire Danger" signs, casual carpool signs, etc.) will not be installed, repaired or replaced.
- Street parking space delineation will not be painted.

Due to reductions in the FY2009-2011 Budget for CEDA's Transportation Services Division (TSD), current levels of neighborhood traffic safety work will be reduced effective July 1, 2009.

- CEDA/TSD work order requests, which primarily deal with residential neighborhood traffic concerns, will be addressed only if there is an essential safety need.
- CEDA/TSD's ability to conduct traffic safety studies, implement signage, striping or other physical improvements to local roads to improve traffic safety will be reduced.

Traffic Maintenance will continue to provide the following services at current service levels:

- Emergency response to clear sign post damages resulting from vehicular accidents and vandalism will continue.
- Pedestrian safety devices and delineation will be addressed as prioritized by essential need.
- Regulatory signs will be replaced as essential safety needs dictate.

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SUSTAINABLE OPPORTUNITIES

The loss of local gas tax revenue and associated service reductions will have a direct and significant impact on the City's ability to promote economic, environmental or equity opportunities.

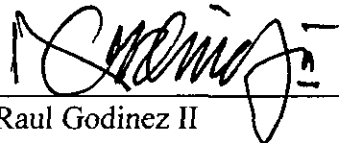
DISABILITY AND SENIOR CITIZEN ACCESS

The loss of local gas tax revenue and associated service reductions may have a direct impact on disability and senior citizen access since services such as pavement markings, crosswalk striping, sidewalk repair, etc., that are of benefit to disability and senior citizen communities will be impacted.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt the resolution and accompanying report.

Respectfully submitted,



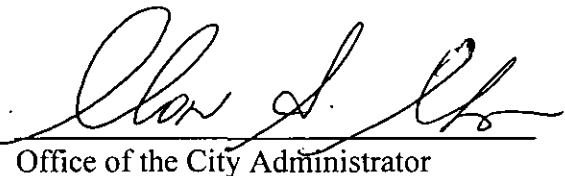
Raul Godinez II
Public Works Agency Director



Cheryl Taylor
Budget Director

Prepared by:
Kirsten LaCasse, Public Works Fiscal Manager
Public Works Administration

APPROVED AND FORWARDED TO THE
CITY COUNCIL:



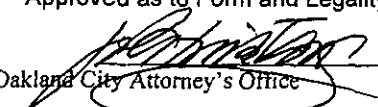
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OAKLAND

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Approved as to Form and Legality


Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION AMENDING THE CITY OF OAKLAND'S FY 2009-11 BIENNIAL BUDGET, ADOPTED PURSUANT TO RESOLUTION NO. 82102 C.M.S., TO IMPOSE REDUCTIONS IN STAFF AND OPERATIONS FUNDING IN THE STREET AND TRAFFIC PROGRAMS AND RE-ALLOCATE APPROXIMATELY \$2.0 MILLION IN EXISTING CAPITAL IMPROVEMENT PROGRAM FUNDING (PROPOSITION 42) TO MITIGATE POTENTIAL IMPACTS IN THE EVENT THE STATE OF CALIFORNIA TAKES AWAY APPROXIMATELY \$6.53 MILLION OF GAS TAX REVENUES FROM THE CITY OF OAKLAND RETROACTIVE TO JULY 1, 2009

WHEREAS, the State of California has proposed for the FY 2009-10 budget transferring \$1 billion of local gas taxes and weight fees to the state general fund to balance the state budget, and over \$700 million in local gas taxes permanently in future years; and

WHEREAS, this take away of local gas taxes will immediately jeopardize the ability of the City of Oakland to maintain its street, sidewalk and traffic safety infrastructure; and

WHEREAS, the City's FY 2009-11 Adopted Budget includes an estimate of \$7 million each year in local gas tax revenues and an additional \$161,000 in service fees; and

WHEREAS, the take away is estimated to be \$6.53 million or ninety-six percent (96%) of the State's downward projection of \$6.8 million as the City's allocation of gas tax funds; and

WHEREAS, the loss of almost all of the City's allocation of gas tax funds will seriously compromise the City's ability to perform critical street and traffic safety related maintenance, including, but not limited to, drastically curtailing reconstruction, resurfacing, patching, regulatory and warning signage, pavement markings, sidewalk and curb ramp maintenance and repair, and more; and

WHEREAS, the local gas taxes fund the cost of staff and operations related to the City's street and traffic programs; and

WHEREAS, the loss of the local gas tax would require the reduction of staff and operations in order to rebalance the FY 2009-11 budget; now, therefore be it

RESOLVED: That the City's FY 2009-11 budget, which was adopted pursuant to Resolution No. 82102 C.M.S., is hereby amended to adjust appropriations in the State Gas Tax Fund (2230), the Equipment Fund (4100), the Facilities Fund (4400), the Overhead Clearing Fund (7760), Landscaping & Lighting Assessment District Fund (2310), Proposition 42 Fund (2141) and the General Fund (1010); and be it,

FURTHER RESOLVED: That the City Council of the City of Oakland hereby authorizes the City Administrator to amend reductions in accordance with the final amount of the State of California take away of local gas tax revenues in order to rebalance the FY 2009-11 budget; and be it,

FURTHER RESOLVED: That the City Council of the City of Oakland hereby directs the City Administrator to implement the adjustments as presented in Exhibit A, including processing of layoff notices upon final adoption of the State budget.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20__

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIHGAN, NADEL, QUAN, REID and PRESIDENT
BRUNNER
NOES-
ABSENT-
ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

FILED
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Exhibit A

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Budget Amendments Related to State Take Away of Gas Tax Revenues

will be presented in **Supplemental** on the greens.