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OFFICE OF THE CITY CLERK
OAKLAND

2010 JUN -3 PM 5:38

CITY OF OAKLAND AGENDA REPORT

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community & Economic Development Agency
DATE: June 15, 2010

RE: **A Report And Resolution Amending the City of Oakland's FY 2009-2011 Adopted Biennial Budget for Funds Administered by the Community and Economic Development Agency (CEDA), which was Amended Pursuant to Resolution No. 82578 C.M.S., Providing for Adjustments in Revenue Estimates and Appropriations for Various CEDA Programs to Reflect Changes in Funding and to Reflect Budget Changes Approved on April 29, 2010, for the Oakland Redevelopment Agency, and Reducing the Agency's Administrative Costs**

SUMMARY

Staff is requesting that the City Council review and consider approval of the attached Resolution amending the CEDA Fiscal Year 2009-2011 biennial budget.

Amendments are being proposed to balance budget shortfalls and to provide operational efficiencies. The amendments proposed include changes in personnel, revenue estimates, and maintenance and operations. Personnel changes include deletions, upgrades, and additions. Information on the personnel changes by fund is provided in the Fiscal Impact section below and in *Attachment A* to this staff report. Information on changes in revenue estimates and maintenance and operations by fund is provided in the Fiscal Impact section below and in the Exhibits to the attached Resolution.

FISCAL IMPACT

Grant Clearing Fund (Fund 7760)

CEDA uses Fund 7760 to account for the cost of Agency administration and the recovery of departmental overhead from CEDA divisions. Overhead is charged to divisions based on personnel costs. As the Agency's personnel costs increase or decrease, the reimbursement to Fund 7760 follows suit.

Amendments to the FY 2010-2011 budget for Fund 7760 are needed to account for the personnel changes approved by Council on March 2, 2010 for the Development Services Fund (Fund 2415) and for the changes approved by the Board of the Oakland Redevelopment Agency (ORA) on April 29, 2010. In addition, personnel changes in other funds are being proposed with this staff report which will impact the overhead reimbursement to this fund.

Item: _____
City Council
June 15, 2010

The detail of proposed personnel changes is shown on *Attachment A* to this staff report.

Fund 7760 has a projected deficit of \$1.6 million which originated in FY 2002-2003. For the most part, CEDA and the Public Works Agency share responsibility for this deficit. CEDA and PWA plan to address the fund deficit over a five year period by charging divisions an overhead rate that will result in annual surpluses. The measures proposed in this report will result in a balanced budget for Fund 7760 for FY 2010-2011.

Oakland Redevelopment Agency Projects (ORA) (Fund 7780)

Fund 7780 is used to account for the use of City staff and resources in providing services to the ORA and for the reimbursements to the City from the ORA for those services.

The adjustments proposed for Fund 7780 include personnel and operating changes. For the most part, budget changes approved for the ORA are mirrored in Fund 7780. Therefore, budget adjustments approved by the Board on April 29, 2010, and those that will be proposed to the Board on June 15, 2010, are included in this staff report as changes proposed for Fund 7780.

Personnel changes

Amendments to the FY 2010-2011 budget for Fund 7780 are needed to account for the personnel changes approved by the ORA Board on April 29, 2010. As noted above, the effect of personnel changes for the ORA are mirrored in Fund 7780. The changes shown on *Attachment A* in the section entitled "Impacts on City Funds from Personnel Changes Approved by the ORA Board on April 29, 2010" represent personnel changes that have already been approved by the Board. The net effect of these changes on Fund 7780 is shown in this section. Only the net effect of the changes approved by the ORA Board is shown for Fund 7780, since the personnel actions have already been approved. This section also includes minor changes to other funds, due to some split-funded positions, that is, positions that are funded in part by ORA and by other City funds.

A new Planner V position for the ORA will be presented to the Board on June 15, 2010 for review and approval. This additional position is shown on *Attachment A* in the section entitled "New Personnel Changes Proposed." The change will also impact Fund 7780 and is therefore included in this staff report.

Proposed personnel changes are shown on *Attachment A* to this staff report. Adjustments resulting from the actions approved by the ORA Board on April 29 are presented separately from the items that will be proposed to the Board on June 15, 2010.

Item: _____
City Council
June 15, 2010

Other operating changes

Non-personnel expenditure adjustments include the following:

- Marketing division: decrease in marketing and miscellaneous expenditures in the amounts of \$13,140 and \$57,484, respectively
- Reductions in various operating accounts in the Broadway/MacArthur/San Pablo (\$96,122), Central City East (\$44,501), and City Planning (\$37,381) organizations to offset the cost of the added Planner V position
- Correction of departmental and central services overhead allocations to Public Art and Marketing divisions: increase of \$200,020

Development Services Fund (Fund 2415)

Fund 2415 is used to account for licenses, fees, and permits from housing, planning and development-related activities and to pay for the cost of providing these services.

Balancing measures for this fund were approved by Council on March 2, 2010. Additional amendments to the FY 2010-2011 budget are now being submitted for personnel changes proposed to increase the operational efficiencies of the building and planning divisions and to change funding sources for some employees. The detail of proposed personnel changes is shown on *Attachment A* to this staff report.

General Purpose Fund (Fund 1010)

Changes affecting the General Fund are the result of personnel changes approved by the ORA Board on April 29, 2010, and revised appropriations for the Residential Rent Arbitration program.

Personnel costs

In some instances, personnel costs are split between various funding sources. The Real Estate division, Cultural Funding and Oakland Film Office are programs that are supported by both the ORA and General Fund. On April 29, 2010, the ORA Board approved the deletion of a position and changes in funding sources for other positions in the Real Estate division. The impact of these changes on the General Fund is shown on *Attachment A* in the section entitled "Impacts on City Funds from Personnel Changes Approved by ORA Board on April 29, 2010."

Item: _____
City Council
June 15, 2010

Other costs

An increase in operations and maintenance costs for the Residential Rent Arbitration program in the amount of \$107,920 is proposed. This amount represents the difference between budgeted revenues and expenditures for this program. Revenues for the Residential Rent Arbitration program are restricted and may not be used for other General Fund purposes.

Telecommunications – Land Use Fund (Fund 1770)

Fund 1770 is used to account for fee revenue generated from the use of public property for telecommunications equipment and uses of those funds related to real estate.

Changes affecting Fund 1770 are the result of personnel changes approved by the ORA Board on April 29, 2010. In some instances, personnel costs are split between various funding sources. The Real Estate division is supported by both the ORA and Fund 1770. The ORA Board approved the deletion of a position and changes in funding sources for other positions in the Real Estate division. The impact of these changes on the Fund 1770 is shown on *Attachment A* in the section entitled “Impacts on City Funds from Personnel Changes Approved by ORA Board on April 29, 2010.”

HUD – Economic Development Initiative Grants Fund (Fund 2105)

Fund 2105 is used to administer federally funded commercial grants and loans and promote economic development.

Budget adjustments proposed for this fund consist of personnel changes. The detail of the proposed personnel changes is shown on *Attachment A* to this staff report.

HUD – Community Development Block Grant Fund (Fund 2108)

Fund 2108 is used to administer federally funded grants to non-profit organizations for housing and community development in low- and moderate-income areas.

Budget adjustments proposed for this fund consist of personnel changes. The detail of the proposed personnel changes is shown on *Attachment A* to this staff report.

HUD – HOME Investment Partnerships Fund (Fund 2109)

Fund 2109 is used to administer federally funded support for first-time homebuyers, housing rehabilitation and housing development.

Budget adjustments proposed for this fund consist of personnel changes. The detail of the proposed personnel changes is shown on *Attachment A* to this staff report.

Oakland Redevelopment Agency Grants Fund (Fund 2185)

Fund 2185 is used to make loans to qualified businesses within the Central District. The source of funding for these loans is the ORA's Low Moderate Income Housing Fund (Fund 9580). Fund 9580 receives its funding from set asides of tax increment revenue.

On April 29, the ORA Board projected the loss of tax increment revenue and approved the reduction of set aside funding to Fund 9580. The Board also approved a reduction in the homebuyer program of Fund 9580 in the amount of \$1 million. As a result of this reduction, the revenue estimates and appropriation for the homebuyer program in City Fund 2185 will also need to be reduced by \$1 million.

Workforce Investment Act Fund (Fund 2195)

Fund 2195 is used to administer a federally funded program offering employment and training services for Oakland residents.

Budget adjustments proposed for this fund consist of personnel changes. For FY 2010-11 the increase in personnel costs will be covered with salary savings due to other vacancies. An ongoing offset will be identified prior to FY 2011-13. The detail of the proposed personnel changes is shown on *Attachment A* to this staff report.

Measure DD Capital Improvement – Clean Water, Safe Parks & Open Space Trust Fund for Oakland (Fund 5321)

Fund 5321 is used to account for the use of general obligation bonds authorized by Measure DD. The proceeds of the bonds are to be used to improve water quality, provide educational and recreational facilities, clean up Lake Merritt, restore creeks, waterfront and estuary, and renovate parks and open spaces.

Changes affecting Fund 5321 are the result of overhead charges approved by the ORA Board on April 29, 2010 for the Public Art program.

Item: _____
City Council
June 15, 2010

In some instances, program costs are split between various funding sources. The Public Art program is supported by the ORA, Fund 5321, and Fund 5505, as noted below. The ORA Board corrected the allocation of departmental overhead to the Public Art program. Fund 5321's share of overhead that should have been budgeted for the Public Art program is \$7,235.

Municipal Improvement Capital – Public Art (Fund 5505)

Fund 5505 is used to account for the 1.5% assessment on eligible City capital projects that is to be used to finance public art activities.

Changes affecting Fund 5505 are the result of overhead charges approved by the ORA Board on April 29, 2010 for the Public Art program.

In some instances, program costs are split between various funding sources. The Public Art program is supported by the ORA, Fund 5505, and Fund 5321, as noted above. The ORA Board corrected the allocation of departmental overhead to the Public Art program. Fund 5505's share of overhead that should have been budgeted for the Public Art program is \$28,457.

BACKGROUND

On March 2, 2010, Council approved balancing measures for CEDA's Development Services Fund (Fund 2415). Staff had analyzed revenues and expenditures for FY 2009-2010 through the first six months of the year and identified a structural shortfall of \$3.5 million. As a result, staff proposed balancing measures for FY 2009-2010, including the net reduction of 25.5 FTEs. Staff reported that additional balancing measures would be presented as necessary for FY 2010-2011 during the midcycle budget review.

On April 29, 2010, the ORA Board approved midcycle balancing measures for FY 2010-2011. Staff reported that tax increment revenue was projected to decline by 20.6% and the deficit to be corrected amounted to \$14.8 million. For the most part, budget changes approved for the ORA are mirrored in City Fund 7780. Therefore, budget adjustments approved by the Board on April 29 for the various ORA funds are included in this staff report as changes proposed for Fund 7780.

CEDA has identified areas where operational efficiencies can be improved with certain personnel changes. The impacts of these personnel changes are included on **Attachment A** to this report. CEDA staff has also identified other programs which require adjustments to revenue projections and appropriations, as described in the Fiscal Impact section above.

Item: _____
City Council
June 15, 2010

The impacts of the changes and proposals described in this section are addressed with the attached Resolution to amend the FY 2010-2011 CEDA budget.

KEY ISSUES AND IMPACTS

Personnel changes are included as part of the balancing measures proposed in this staff report. The proposal includes the deletion of 3 positions which are currently filled, the addition of 3 positions, and the upgrade of 4 positions.

Information about the proposed personnel changes is presented on *Attachment A* to this staff report.

POLICY DESCRIPTION

Staff reviews the status of revenues and expenditures for CEDA administered funds, provides updates to the City Council and ORA Board, and recommends adjustments that will improve efficiencies, enhance service to the community, and correct budget deficits.

SUSTAINABLE OPPORTUNITIES

There are no direct sustainable opportunities associated with this report.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no direct disability and senior citizen access opportunities associated with this report.

RECOMMENDATION(S) AND RATIONALE

Approve the attached resolutions in order to correct projected structural deficits and authorize other budget changes for FY 2010-2011.

ACTION REQUESTED OF THE CITY COUNCIL

Adopt a resolution amending the City of Oakland's FY 2009-11 Biennial Budget to approve balancing measures and other budget changes for various funds.

Respectfully submitted,

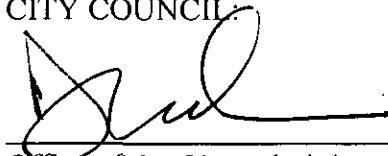


Walter Cohen, Director
Community & Economic Development Agency

Reviewed by:
Eric Angstadt, CEDA Deputy Director

Prepared by:
Sarah Ragsdale, Interim Agency Administrative Manager

APPROVED AND FORWARDED TO THE
CITY COUNCIL:



Office of the City Administrator

Item: _____
City Council
June 15, 2010

Personnel Changes
FY 2010-2011

FTE Changes by Fund

	Vacant / Filled	Fund 1010	Fund 1770	Fund 2105	Fund 2108	Fund 2109	Fund 2195	Fund 2415	Fund 7760	Fund 7780	FY 2010-11 Costs / (Savings) Change (in millions)	
											FTE Change	(in millions)
Impacts on City Funds from Personnel Changes Approved by ORA Board on April 29, 2010												
Positions funded solely by ORA										(13.38)	(13.38)	(\$2.51)
Split-funded positions												
Real Estate personnel changes		(0.05)	(1.06)								(1.11)	(\$0.01)
Reassign Urban Economic Development positions					(0.07)						(0.07)	(\$0.00)
Planner III *								0.20			0.20	\$0.03
Planner III, Historic Preservation **								0.25			0.25	\$0.04
		(0.05)	(1.06)	-	(0.07)	-	-	0.45	-	(13.38)	(14.11)	(\$2.45)
New Personnel Changes Proposed												
I: Delete:												
Accountant I	Filled									(1.00)	(1.00)	(\$0.12)
Storekeeper II	Filled									(1.00)	(1.00)	(\$0.11)
Accountant II	Filled			(0.33)	(0.33)					(0.33)	(1.00)	(\$0.14)
		-	-	(0.33)	(0.33)	-	-	-		(2.33)	(3.00)	(\$0.37)
II: Add:												
A	Management Assistant	Linked						1.00			1.00	\$0.16
B	Office Manager	Linked						1.00			1.00	\$0.13
C	Planner V								1.00		1.00	\$0.18
								2.00	-	1.00	3.00	\$0.47
III: Add/Delete:												
D	Delete Development / Redev Pgrm MGR	Vacant						(1.00)			(1.00)	(\$0.23)
	Add Project Manager III							1.00			1.00	\$0.31
	Delete Urban Economic Coordinator	Filled						(0.40)			(0.40)	(\$0.08)
	Add Development / Redev Pgrm MGR							0.40			0.40	\$0.09
								-			-	\$0.09
FY 2010-11 Costs / (Savings) (in millions)		(\$0.00)	(\$0.01)	(\$0.05)	(\$0.05)	\$0.01	\$0.08	\$0.36	(\$0.28)	\$0.18		\$0.24

Added Positions:

- A The Management Assistant will assist in the planning, coordination and implementation of the PERTS automated building records system.
- B The Office Manager will provide administrative support to Building Services.
- C The Planner V will perform second level supervisory duties and will be responsible for working on the Lake Merritt BART Area Plan Project, the Broadway Retail Specific Plan Projects, and the MacArthur BART Transit Oriented Development project.
- D The Project Manager III will direct and manage the activities of the Workforce Investment Board and supervise assigned staff.

Notes:

* Balance of .80 FTE already being funded in 2415

** Balance of .75 FTE already being funded in 2415

Funds: 1010 General Purpose; 1770 Telecommunications Land Use; 2105 HUD-EDI Grants; 2108 HUD-CDBG; 2109 Hud-HOME; 2195 Workforce Investment Act; 2415 Development Service; 7760 Grant Clearing; 7780 Oakland Redevelopment Agency Project

DRAFT

Approved as to Form and Legality

FILED
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OAKLAND

2010 JUN -3 PM 5:38

OAKLAND CITY COUNCIL

City Attorney

RESOLUTION No. _____ C.M.S.

RESOLUTION AMENDING THE CITY OF OAKLAND'S FY 2009-2011 ADOPTED BIENNIAL BUDGET, WHICH WAS AMENDED PURSUANT TO RESOLUTION NO. 82578, C.M.S., TO PROVIDE FOR CHANGES IN REVENUE ESTIMATES AND APPROPRIATIONS FOR VARIOUS FUNDS ADMINISTERED BY THE COMMUNITY AND ECONOMIC DEVELOPMENT AGENCY (CEDA)

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, December 17, 2009, and March 2, 2010 the City Council approved amendments to the adopted budget, via Resolutions Nos. 82235 C.M.S., 82519 C.M.S., and 82578, C.M.S., respectively; and

WHEREAS, the reduction in force in CEDA and the decline in tax increment revenue for the Oakland Redevelopment Agency has resulted in projected deficits in the Grant Clearing Fund (Fund 7760) for Fiscal Year 2010-2011; and

WHEREAS, staff has identified and recommended adjustments to revenue estimates and appropriations in other funds administered by CEDA; and

WHEREAS, staff has proposed personnel changes which will increase operational efficiency, enhance service to the community; and

WHEREAS, staff has developed budget balancing measures for the various fund administered by CEDA, as reflected in **Exhibits A and B**; now therefore be it

RESOLVED: That the City's Fiscal Year 2010-2011 Budget is hereby amended to balancing measures reflected in **Exhibits A and B**, included with and made a part of this resolution, subject to additional amendments that may be presented and adopted on the floor at the June 1, 2010 meeting; and be it

FURTHER RESOLVED: That the City Council directs the City Administrator to implement the aforementioned as amended with all deliberate speed.

IN COUNCIL, OAKLAND, CALIFORNIA, _____
2010

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, 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

**RESOLUTION AMENDING THE CITY OF OAKLAND'S FY 2009-2011 ADOPTED
BIENNIAL BUDGET, WHICH WAS AMENDED PURSUANT TO RESOLUTION NO.
82578, C.M.S., TO PROVIDE FOR CHANGES IN REVENUE ESTIMATES AND
APPROPRIATIONS FOR VARIOUS FUNDS ADMINISTERED BY THE COMMUNITY
AND ECONOMIC DEVELOPMENT AGENCY (CEDA)**

EXHIBIT A

(attached)

EXHIBIT A
Personnel Changes
FY 2010-2011

FTE Changes by Fund

FY 2010-11
 Costs/
 (Savings)

Vacant/ Filled	Fund 1010	Fund 1770	Fund 2105	Fund 2108	Fund 2109	Fund 2195	Fund 2415	Fund 7760	Fund 7780	FTE Change	(in millions)
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Impacts on City Funds from Personnel Changes
Approved by ORA Board on April 29, 2010

Positions funded solely by ORA									(13.38)	(13.38)	(\$2.51)
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			(0.33)	(0.33)	-	-	-	(2.33)	-	(3.00)	(\$0.37)

II: Add:

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										-	\$0.09

FY 2010-11 Costs / (Savings) (in millions)	(\$0.00)	(\$0.01)	(\$0.05)	(\$0.05)	\$0.01	\$0.08	\$0.36	(\$0.28)	\$0.18	\$0.24
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Added Positions:

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**RESOLUTION AMENDING THE CITY OF OAKLAND'S FY 2009-2011 ADOPTED
BIENNIAL BUDGET, WHICH WAS AMENDED PURSUANT TO RESOLUTION NO.
82578, C.M.S., TO PROVIDE FOR CHANGES IN REVENUE ESTIMATES AND
APPROPRIATIONS FOR VARIOUS FUNDS ADMINISTERED BY THE COMMUNITY
AND ECONOMIC DEVELOPMENT AGENCY (CEDA)**

EXHIBIT B

(attached)

