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2015 MAY 22 PM 1:41

# AGENDA REPORT

TO: JOHN A. FLORES  
INTERIM CITY ADMINISTRATOR

FROM: Osborn K. Solitei

SUBJECT: Supplemental to the 3<sup>rd</sup> Quarter R&E

DATE: May 21, 2015

City Administrator  
Approval

Date

5/22/15

COUNCIL DISTRICT: City-Wide

## RECOMMENDATION

Staff recommends that the Finance & Management Committee accept this supplemental report to the Fiscal Year (FY) 2014-15 Third Quarter Revenue and Expenditure Report. Allocation requests of the projected available fund balance will be presented as part of Mayor's May Revise and Errata amendments to the proposed FY2015-17 Policy Budget.

## REASON FOR SUPPLEMENTAL

This report provides updated information about the Q3 revenues and expenditures, including a corrected allocation calculation of the Real Estate Transfer Tax ("RETT"). We note that these revenues do not include anticipated RETT from the recent sale of the Marriott Hotel as we still do not know the actual sale amount.

Additionally, we wanted to provide additional information on the need to increase the budgeted payment to the Oakland Alameda County Coliseum Authority (the "Authority") in FY 2015-16. On May 15, 2015 the City received written notification from the Authority that the City's share of the subsidy for Coliseum operations will increase to an estimated \$12.09 million effective July 1, 2015 (*Attachment*). The Proposed Budget for FY 2015-16 allocated approximately \$9.86 million, resulting in a shortfall of \$2.23 million in the General Purpose Fund.

According to the Authority, the increase in cost is primarily attributed to the following factors:

- In prior years the Authority was able to use excess fund balance to reduce the required subsidy (\$6.3 million in FY 2014 and \$5.2 million in FY 2015), with only \$1.7 million remaining for use in FY 2015-16.
- The 36% increase in the City of Oakland's minimum wage-increased operations expenses by an estimated \$1.0 million in FY 2015-16.

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- All game-day costs have increased due to increased security procedures required by the leagues.
- Rent/lease reduction.
- In FY 2012-13 after the outstanding Stadium debt was refinanced the annual debt payments increased by \$4.0 million (The Authority was not able to secure a letter of credit for the bonds and the only option was to refund the bonds on a fixed rate basis).
- The refinancing of Arena debt into fixed rate bonds did not affect the FY2015-16 budget, but in future years the debt service will increase due to escalating principal payments.

**Table 1: FY 2014-15 Amounts Allocated in FY 2015-17 Proposed Policy Budget:**

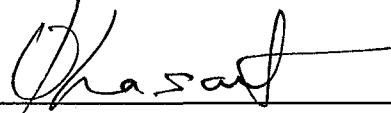
DESCRIPTION	FY 14-15 Q3
<b>Projected Revenue Increase</b>	<b>\$23.75</b>
Extension of SAFER Grant	\$3.08
<b>Subtotal Projected Available</b>	<b>\$26.83</b>
Use of projected available Fund Balance <i>(FY 2014-15 Q2 projected)</i>	(8.02)
Additional FY 2014-15 projected RETT	(1.40)
Additional FY 2014-15 projected RPTTF	(1.00)
Increase RPTTF from ROPS Reduction (DOF)	(1.90)
Extension of SAFER Grant	(3.08)
Library Contingency Set-Aside	(1.00)
Library Services Fee: Piedmont and Emeryville	(0.59)
<b>Subtotal Use of Projected Available in FY 2015-17</b>	<b>(16.99)</b>
Net Departmental Overspending <i>(Attachment A-2)</i>	(4.58)
<b>Subtotal Ending Available Fund Balance</b>	<b>\$5.26</b>
<b>Fiscal Policy : Excess RETT</b>	
Estimated Excess RETT <sup>1</sup> (\$2.84 million)	
50% Excess RETT Categorized as One-Time (\$1.42)	
25% Excess RETT for OPEB (\$0.71)	(0.71)
25% Excess RETT for Vital Services Stabilization Fund (\$0.71)	(0.71)
<b>Subtotal Excess RETT Set-Aside</b>	<b>(1.42)</b>
<b>Estimated Ending Available Fund Balance</b>	<b>\$3.84</b>

<sup>1</sup> Reflects revised amounts for excess RETT calculation.

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For questions regarding this report, please contact Osborn K. Solitei, Director of Finance/  
Controller, at 238-3809.

Respectfully submitted,



OSBORN K. SOLITEI  
Director of Finance /Controller

Prepared by:

Kirsten LaCasse  
Assistant Controller  
Controller's Bureau

***Attachment:***

- ***Oakland-Alameda County Coliseum Authority Letter***

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**Oakland-Alameda  
County Coliseum  
Authority**

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May 15, 2015

Ms. Katano Kasaine, Treasurer  
City of Oakland  
150 Frank H. Ogawa Plaza, Suite 5330  
Oakland, CA 94612

Mr. Steve Manning, Auditor-Controller  
County of Alameda  
1221 Oak Street, Room 249  
Oakland, CA 94612

Dear Katano and Steve:

Based on the approved OACCA budget for fiscal year 2015/16, the total amount of subsidy to be shared equally between the City and the County is \$24,182,700. Since the City and the County share this subsidy equally, each share amounts to \$12,091,350.

Please remit your respective entity's share of the \$12,091,350 by the first of each month in the following amounts. Remit \$1,007,612.50 for each of the twelve months.

Below are the wiring instructions:

**Union Bank of California**  
**ABA #:122000496**  
**Account: County of Alameda - #7020010325**

Thank you and please call me at (510) 271-9192 if you have any questions.

Sincerely,

Robert Woolley, CPA  
Sr. Auditor