



AGENDA REPORT

TO: Honorable City Council

FROM: Edward D. Reiskin
City Administrator

SUBJECT: Proposed Budget Reductions For FY
2020 - 2021

DATE: February 24, 2021

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report From The City Administrator On Proposed Budget Reductions For (Fiscal Year) FY 2020 - 2021 From Department Directors Including Instructions From The City Administrator And Proposals From Each Department.

EXECUTIVE SUMMARY

The City Administrator, pursuant to Charter authority and responsibility to manage the financial affairs of the City, directed staff to develop expenditure reduction proposals to help close the FY2020-2021 budget gap. This informational report summarizes that process.

BACKGROUND / LEGISLATIVE HISTORY

The Administration initially identified a shortfall in the FY 2020-2021 budget in the First Quarter revenue and expenditure [report](#), which was presented to this Committee in December 2020. Subsequently, the City Administrator took steps to begin addressing the shortfall, including initiating a number of expenditure reduction actions (delineated in a December 2020 [informational memo](#) to the City Council) and direction to staff to identify additional possible reductions (**see Attachment A**).

At the Rules Committee meeting on February 4, 2021, the Committee scheduled this item requesting information on the outcome of the latter process.

ANALYSIS AND POLICY ALTERNATIVES

The City Administrator provided this direction to staff, as part of a memo regarding expenditure reductions.

All Departments must submit budget reduction plans for the current fiscal year equaling both 10% and 20% of your department's all-funds budget. Provide this analysis to the Budget Bureau by close-of-business January 6, 2021.

As a result of this direction, the Finance Department's Budget Bureau received submissions from City departments. Budget staff reviewed these submissions with the departments, then with the City Administrator. The great majority of proposed reductions came in the form of

freezing vacant positions. Those positions had already largely been frozen, as articulated in the same memo that directed staff to submit expenditure reduction ideas. Therefore, most of what was considered were other potential reductions, mostly operations & maintenance (O&M) reductions that would not directly impact filled or vacant positions.

Department reductions that were accepted were done so in an attempt to have the least impact on City services as possible. For example, approximately \$0.19 savings resulted from transferring eligible costs from the GPF to healthy funds, and O&M that was budgeted but a department is unable to spend during the current fiscal year.

A summary of the additional reductions implemented are shown in the table below. Details of the reductions are included in **Attachment B**.

Department	Prelim. Est. Cost Savings	Prelim. Est. GPF Cost Savings
City Administrator	\$0.32	\$0.32
Economic & Workforce Dev.	\$0.39	\$0.36
Human Services	\$0.66	\$0.66
Information Technology	\$1.65	\$1.32
Mayor	\$0.18	\$0.18
Parks, Recreation, & Youth Dev.	\$0.78	\$0.78
Public Works	\$2.15	\$1.28
Workplace & Employment Standards	\$0.01	\$0.01
Total	\$6.14	\$4.91

FISCAL IMPACT

There is no fiscal impact associated with this informational report. The expected savings from these additional reductions total \$6.14 million across all funds, of which \$4.91 are General Purpose Fund expected savings.

PUBLIC OUTREACH / INTEREST

Limited public outreach was conducted as part of this process.

COORDINATION

The City Administrator coordinated with affected departments.

SUSTAINABLE OPPORTUNITIES

Economic: These additional expenditure reductions were made to reduce the current fiscal year shortfall.

Environmental: There are no specific environmental opportunities associated with this report.

Race & Equity: There are no specific race & equity opportunities associated with this report. Race & equity impacts were taken into consideration in reviewing and selecting proposed expenditure reductions.

ACTION REQUESTED OF THE CITY COUNCIL

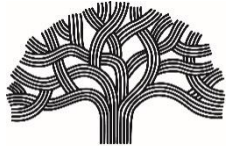
Staff Recommends That The City Council Receive An Informational Report From The City Administrator On Proposed Budget Reductions For FY 2020 - 2021 From Department Directors Including Instructions From The City Administrator And Proposals From Each Department.

Respectfully submitted,



Edward D. Reiskin
City Administrator

Attachment (2):
Attachment A: Informational Memo
Attachment B: Reduction Details



CITY OF OAKLAND

INTER OFFICE MEMORANDUM

TO: Department Directors and Budget and Finance Staff

FROM: Edward D. Reiskin
City Administrator

SUBJECT: Immediate Reduction of Expenditures

DATE: December 14, 2020

Like other cities, due to the economic impact of COVID-19 (coronavirus), the City of Oakland is experiencing a severe budget shortfall, which, as we discussed in our meeting, is \$62.29 Million in the General Purpose Fund in the current fiscal year. The amount will likely increase with the continued surge in the pandemic. Absence immediate and significant expenditure reductions, the General Purpose Fund will be insolvent before the end of the fiscal year, meaning the City will not be financially capable to address emergencies, let alone many general services. This situation represents the most serious financial challenge the City of Oakland has ever faced and the impacts on city services will be significant

These are challenging times for our City, our residents and our employees. We are facing difficult decisions and I appreciate your leadership during this time. This is a time for us to step up as an executive team – I'm grateful in advance for your diligence and partnership as we work together through this unprecedented and difficult situation.

Hiring Freeze

Effective immediately, there is a citywide position freeze. This letter serves as official notification that all vacant non-sworn positions will be frozen for the remainder of the 2020-21 fiscal year through June 30, 2021, unless otherwise modified by the City Administrator. The Human Resources Department will continue to recruit, conduct examinations, and establish eligible lists during this time; however, the subject positions will not be filled unless identified as revenue generating, grant approved, and housed within healthy funds.

Departments will not be allowed to fill, link other employees to, or otherwise use perceived salary savings from these positions through June 30, 2021. These positions will be treated as non-existent (in terms of both FTEs and salary savings) through June 30, 2021 and will be marked with a "Y" in the "Frozen" column in the monthly Position Control reports. At this time, and until future direction, departments should not be submitting Add/Delete Forms to eliminate or otherwise change authorized and/or frozen positions for FY 2020-21.

If you believe that your department will suffer undue hardship because of the hiring freeze for any specific position, please contact me directly. I will review Personnel Requisitions and Add/Delete Forms on a case-by-case basis with appropriate justification and rationale from each hiring authority and determine if any exceptions are warranted under the fiscal circumstances.

To: **Department Directors** and Budget and Finance Staff

Subject: Immediate Reduction of Expenditure

Date: December 14, 2020

Page 2

Release all Temporary Staff Including but not Limited to TCSE and ELDE

Effective immediately, there is a Citywide moratorium on use of temporary employees.

Departments will release all temporary staff including but no limited to TCSEs and ELDEs by January 9, 2021.

If you believe that your department will suffer undue hardship because of the release of temporary employees, please contact me directly.

Provide 10% & 20% Reductions in Current Fiscal Year Expenditures

All Departments must submit budget reduction plans for the current fiscal equaling both 10% and 20% of your department's all-funds budget. Provide this analysis to the Budget Bureau by close-of-business January 6, 2021.

Freezing Training and Travel/Conference Requests and Other Discretionary Spending

Effective immediately, there is a citywide moratorium on all virtual and in-person professional training and conference requests unless mandated by your employment status or a regulatory requirement. This letter serves as official notification that virtual and in-person professional training and conference requests will not be authorized by the City Administrator for the remainder of the 2020-21 fiscal year through June 30, 2021, unless otherwise modified by the City Administrator. If you believe that your department will suffer undue hardship, please contact me directly.

Other Expenditures Reduction Guidance

Over the next two weeks, I may be issuing more guidance related to other discretionary expenditure. The additional reductions may be inclusive but not limited to assessing all overtime activities, premium pay elements, certification pay premiums, auto allowance, and other premiums under my authority. We will be reaching out to you and your fiscal representatives, and we expect these requests to be your top priority and expect a one (1) business day turnaround for all inquiries.

I know this message is not one you want to receive – or I want to send – but these are necessary steps we have to take and plan for as part of our responsibility for managing the City's finances. Thanks again for all you are doing every day to provide service to the people of Oakland, and for the work you will do so we can collectively equitably address our current fiscal crisis.

Should you have questions, please feel to contact me directly.

Estimated Cost Savings from Additional Expense Reductions				
Department	Description	Fund	Prelim. Est. Cost Savings	Prelim. Est. GPF Cost Savings
City Administrator	Transfer 0.50 FTE of PIII to fund 1720	1010 - GPF	82,347	82,347
City Administrator	Transfer 0.25 FTE of CAA to fund 2415	1010 - GPF	42,428	42,428
City Administrator	Transfer 0.50 FTE of Ast to City Admn. to TCC Grant fund 2139	1010 - GPF	64,827	64,827
City Administrator	Eliminate Admin's Contract Contingency bud	1010 - GPF	60,000	60,000
City Administrator	Reduce O&M in Animal Services for Feed and Vet Services	1010 - GPF	70,000	70,000
Economic & Workforce Dev.	Reduce Online Database Services	1010 - GPF	10,000	10,000
Economic & Workforce Dev.	Reduce City Promotions Expenses	1010 - GPF	10,000	10,000
Economic & Workforce Dev.	Reduce Miscellaneous Services	1010 - GPF	15,000	15,000
Economic & Workforce Dev.	Eliminate Unspent O&M	1010 - GPF	670	670
Economic & Workforce Dev.	Reduce Round 2 Cultural Arts Grant Funding	1010 - GPF	55,084	55,084
Economic & Workforce Dev.	Reduce Round 2 Cultural Arts Grant Funding	2419 - Measure C (Hotel Tax Surcharge)	30,984	0
Economic & Workforce Dev.	Reduce Surplus Properties Project	1770 - Telecom. Land Use	25,000	25,000
Economic & Workforce Dev.	Reduce Professional Services	1010 - GPF	41,000	41,000
Economic & Workforce Dev.	Reduce Professional Services in Coliseum Specific Plan	5656 - Coliseum: TA Bonds Series 2006B-T (Taxable)	200,000	200,000
Human Services	Reduce GPF operating subsidy for CSBG grant through using COVID funds	1010 - GPF	100,000	100,000
Human Services	Reduce GPF operating subsidy for Headstart (pending waiver approval)	1010 - GPF	200,000	200,000
Human Services	Reduce by 20% the total amount of OUSD Contract for Measure HH service delivery (not yet executed)	1010 - General Purpose Fund	360,000	360,000
Information Technology	Reduce Various O&M Reductions in the GPF	1010 - GPF	66,394	66,394
Information Technology	Reduce Various O&M Expenses	4200 - Radio & Telecommunications Fund	1,233,566	999,188
Information Technology	Reduce Miscellaneous O&M Reductions in Telephone Equipment and Software	4210 - Telephone Equipment & Software Fund	115,000	90,850
Information Technology	Reduce Miscellaneous O&M Reductions in Reproduction	4300 - Reprographics Fund	238,292	159,656
Mayor	Reduce Personnel Expenditures	1010 - GPF	181,937	181,937
Parks, Recreation, & Youth Dev.	Reduce GPF play equipment, art supplies, & class supplies	1010 - GPF	190,654	190,654
Parks, Recreation, & Youth Dev.	Reduce GPF repair & maintenance	1010 - GPF	177,471	177,471

Department	Description	Fund	Prelim. Est. Cost Savings	Prelim. Est. GPF Cost Savings
Parks, Recreation, & Youth Dev.	Reduct GPF grants & consultants	1010 - GPF	411,065	411,065
Public Works	Eliminate Travel Expenses	4100 - Equipment Fund	6,260	3,005
Public Works	Eliminate Education Expenses	4100 - Equipment Fund	75,904	36,434
Public Works	Reduce Furniture Expenses	4100 - Equipment Fund	25,000	12,000
Public Works	Reduce Equipment Parts Expenses	4100 - Equipment Fund	200,000	96,000
Public Works	Eliminate Emergency Minor Capital Expenses	4400 - City Facilities Fund	150,000	103,500
Public Works	Eliminate Minor Capital Expenses	4400 - City Facilities Fund	380,000	262,200
Public Works	Eliminate/ Reduce Security Coverage at Civic Center Complex	4400 - City Facilities Fund	876,000	604,440
Public Works	Reduce O&M Expenses	4400 - City Facilities Fund	174,533	120,428
Public Works	Reduce O&M Expenses	7760 - Department Overhead Clearing Fund	257,306	43,742
Workplace & Employment Stds.	Return various unspent O&M expenses	1010 - GPF	10,426	10,426
TOTAL			6,137,148	4,905,746