

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2008 MAY 22 PM 7:29

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: City Administrator's Budget Office
DATE: May 29, 2008

RE: **Report on FY 2007-08 Third Quarter Revenue and Expenditure Results and Year-End Projections For The General Purpose Fund (1010).**

SUMMARY

This report provides information on the City's financial activity through the end of the third quarter of the fiscal year (March 31, 2008) and provides year-end projected revenues and expenditures for The General Purpose Fund (1010).

FISCAL IMPACT

The Third Quarter Revenue & Expenditure Report includes an analysis of actual revenues and expenditures for the General Purpose Fund (GPF) for the nine-month period of July 1, 2007 through March 31, 2008 and projects year-end revenues and expenditures with highlights of significant trends. The summary table below reflects the Third Quarter financial results, as follows:

A \$9.28 million decrease in revenue is projected for the GPF by year-end. This is mostly the result of weak real estate transfer tax revenues due to a slow down in the housing market. The revenue decrease will be offset by under spending by various departments city-wide.

FY 2007-08 REVENUE AND EXPENDITURE ANALYSIS **Through Third Quarter (July 1, 2007 through March 31, 2008)** **SUMMARY (\$ in millions)**

A. GENERAL PURPOSE FUND (1010)

	FY 2007-08 3rd Quarter Adjusted Budget	FY 2007-08 Projected Over/(Under)	FY 2007-08 Year-End Estimate
Revenues	\$502.26	(\$9.28)	\$492.98
Expenditures	\$503.74	(\$10.76)	\$492.98
Variance	(\$1.48)	\$1.48	(\$0.00)

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GENERAL ECONOMIC OVERVIEW

The U.S. Commerce Department's Bureau of Economic Analysis (BEA) recently released its "advanced" estimate of the first quarter 2008 Real Gross Domestic Product (GDP) at a 0.6 percent rate of growth, mirroring the slow 2007 fourth quarter growth rate of 0.6 percent, and continuing the slide from a 4.9 percent growth rate in the third quarter, and 3.8 percent in the second quarter of 2007. On an annual basis, there was a growth rate of 2.2 percent in 2007, 2.9 percent in 2006, and 3.1 percent in 2005. On-going economic uncertainties caused by the housing market decline and credit market problems continue to raise questions about the severity and length of the current economic slow-down. Major economic stimulus injected into the economy by the Federal Reserve is expected to provide some relief to the tight credit market, and potentially promote GDP growth by the third quarter of 2008.

The BEA reports that the increase in real GDP growth in the first quarter of 2008 primarily reflected increased Personal Consumption Expenditures (PCE) for services, private inventory investment, exports of goods and services, and federal government spending. These increases were partly offset by reductions from residential fixed investment and PCE for durable goods. Imports, which subtract from GDP, increased.

The housing market continues its decline as the National Association of Realtors (NAR) reported a 7.7 percent year-over-year decrease in existing home median sales price in March 2008 as compared to March 2007, and a 19.3 percent decrease in the number of homes sold nation-wide over the same period. According to Dataquick, the median sales price dropped 26 percent, and total sales fell 38 percent in California. On the positive side, NAR's statistics on month's supply of existing home inventory reflect a slow and steady reversal of the rising trend of home inventory, which peaked in October 2007 at 10.5 months, to 9.9 months for March 2008.

Steady employment growth and low unemployment, which had helped to fuel consumer spending and GDP growth for most of 2007, slowed substantially at the end of the year and into the first four months of 2008. The U.S. Department of Labor reported that nonfarm payroll employment had lost approximately 240,000 jobs from January through March 2008. April 2008 job losses slowed to 20,000, while total employment for the month was approximately 462,000 more than April 2007. The unemployment rate in April 2008 was 5.0 percent, compared to 4.5 percent a year ago.

Due to the continuing risks to the economy posed by the declining housing market, problems in the credit market, and rising energy prices, there is still uncertainty as to how long and how severe the current economic slowdown will be. It is anticipated that the economic stimulus package provided by the Federal Reserve Board, strong exports, and other areas of strength will help promote recovery. In the meantime, inflation is expected to be moderated by a weakening labor market and fairly robust productivity growth.

Current Political/Legal Issues

The Governor's recently released May Revision of the State's 2008-09 budget continued to focus on the budget deficit, which is now estimated to be \$17.2 billion. The proposed budget continues to spare city governments from any large cuts; or borrow local tax funds. To close the budget gap, the Governor affirmed many of his 10 percent across the board cuts proposed in January, and has also proposed a creative solution involving the sale of State Lottery revenue stream as a new source of State revenue. The Governor has a backup plan to close the budget deficit in case revenues fall short and the lottery revenue sale does not get approved; which is to raise sales tax. The State will ask voters in November to allow the State to sell future lottery revenue stream for a one time payment to the State of \$15 billion. If voters do not approve this proposal, a temporary 1 percent sales tax increase would be triggered for three years.

Those city programs and state funding that may be impacted by the Governor's proposed 2008-09 May Revised budget are as follows:

- A large portion of the ten percent cuts are going to be made in the areas of health and human services, which puts a number of grants currently received by the Department of Human Services at risk for cuts such as the Linkages and Multi-Purpose Senior Services Programs.
- Citizens Option for Public Safety (COPS) program funding is expected to be impacted by the Governor's 10 percent across the board cut, decreasing funding on the approximately \$700,000 collected by the City of Oakland.
- Proposition 42, Transportation Congestion Improvement Act, is slated for full funding in FY 2008-09 estimated at \$1.485 billion. This funding would allocate \$594.2 million for the State Transportation Improvement Program (STIP), \$297.1 million to counties, \$297.1 million to cities and \$297.1 million to the Public Transportation Account.
- Highway User Tax payments for local streets and roads are expected to be delayed. The State will withhold the standard excise payments to local governments from April through August, and will then provide the entire lump sum in September. Oakland will be impacted by a delay in receiving \$3.3 million, but the Governor intends to continue to fully fund the program.
- The January budget proposed State Mandated Reimbursement payments to local governments as part of the repayment of mandates for costs incurred prior to July 1, 2004. The May Revised budget defers this \$75 million in state mandated repayments.

In summary, compared to many other portions of the budget, it does not appear that cities are seriously affected by large State cuts, since the proposed budget continues to support various city programs and does not borrow cities' share of property taxes.

GENERAL PURPOSE FUND

REVENUE HIGHLIGHTS

For FY 2007-08, revenues for the General Purpose Fund (GPF) are budgeted at \$502.26 million. During the third quarter of the fiscal year, the City received \$329.89 million or 65.7 percent of the budgeted amount. Based upon this collection data, General Purpose Fund revenues are projected to end the year at \$492.98 million, which is \$9.28 million lower than the budgeted amount. The projected shortfall is primarily due to various revenues projected to come in under-budget, such as the Real Estate Transfer Tax (-\$26.62 million) and Vehicle License Fee (-\$1.15 million). The revenue shortfall is partially offset by the projection of higher year-end revenues than originally budgeted for: Property Tax (\$4.62 million); Grants and Subsidies Revenue (\$3.7 million); Miscellaneous Revenue (\$3.35 million); Business License Tax (\$2.0 million); Interest Income (\$2.0 million); Fund Transfers (\$2.0 million); and Utility Consumption Tax (\$0.82 million).

Attachment A-1 identifies budgeted revenues and actual revenues received through the 3rd quarter, and year-end projections for FY 2007-08.

Revenue categories within the GPF that are projected to vary from the amount budgeted are discussed below.

Property Tax

The largest source of revenue to the City's General Purpose Fund is property tax revenue, which is projected to be \$126.34 million or \$4.62 million over the amount budgeted. This additional revenue is the result of a higher than anticipated increase in assessed valuation within the City.

The rate of foreclosures is a concern throughout the county. However, there are some factors that will serve to minimize the impact. Rising foreclosures primarily affect purchasers from two years ago, and not the bulk of existing homeowners. The impact on the City budget is further minimized since foreclosures do not automatically result in lower reappraisals and non-payment of property tax. Reappraisals are performed only if the buyer applies for reappraisal, and then the property is appraised at current fair market value, not to the discounted purchase price. Similarly, appeals for reappraisal primarily affect purchasers from two years ago who purchased during the housing peak.

Vehicle License Fee (VLF)

Vehicle License Fee revenue received through the third quarter totaled \$1.55 million, compared to the budgeted amount of \$3.04 million. Due to several factors negatively impacting this revenue, it is projected that VLF revenue will end the year at \$1.89 million, \$1.15 million lower than budget. Auto sales and new auto sales registrations are lagging, which are large components of the license fee. Additional negative factors include a large increase in the Department of Motor Vehicle administrative fees, and a shift of VLF revenues to newly incorporated cities and cities with annexed areas.

Business License Tax

Business License Tax revenue is budgeted at \$47.92 million. Third quarter collections came in at \$43.26 million compared to \$42.44 million the same period a year ago. Staff is projecting that the year-end revenue will be \$49.92 million; \$2.0 million higher than budget. The projection is in line with the actual collections received in FY 2006-07.

Utility Consumption Tax

Utility Consumption Tax revenue is budgeted at \$52.18 million. Third quarter collections came in at \$39.16 million compared to \$37.51 million for the same period a year ago. Based on this higher collection rate, staff is projecting that the year-end revenue will be \$53.0 million; \$0.82 million higher than budget.

Real Estate Transfer Tax (RETT)

RETT actual revenue through the end of the third quarter was \$27.71 million, which is 37.1 percent lower than third quarter collections in FY 2006-07. The \$27.71 million represents only 41.2 percent of the current budget of \$67.22 million. Based on this declining trend, revenues are projected to end the year at \$40.60 million, about \$26.62 million below budget.

This trend is consistent with the continuing real estate slowdown. Housing industry data reported by Dataquick for Alameda County revealed that the number of sales in March 2008 declined by 47.2 percent as compared to March 2007, while home median prices declined by 18.5 percent.

Interest Income

Interest income received through the third quarter of 2007-08 was \$1.72 million, compared to \$2.25 million received in the third quarter of 2006-07. Staff is projecting that interest income will end the year at \$2.0 million. The ending balance of interest income depends on a variety of factors, including the funds available for investments, the level of interest rates, and cash flow status of the City's funds.

Grants & Subsidies

Grant & Subsidies revenue through the end of the third quarter was \$3.79 million, which included reimbursements from the State for costs incurred by the City in fulfilling state mandates. The reimbursements were not budgeted because in prior years the State has been erratic in providing reimbursement for these costs. Since it is unclear whether any additional reimbursements for State-Mandated costs will be received, Grants & Subsidies revenue is projected to end the year at \$3.79 million.

Miscellaneous Revenue

Miscellaneous revenue collected through the end of the third quarter was \$5.07 million, which represents 202.8 percent of the amount budgeted. A large one-time amount was collected from the sale of city property. Year-end revenue is projected to end the year at \$5.85 million, \$3.35 million higher than the budgeted \$2.50 million.

Fund Transfers Revenue

Fund Transfers revenue collected through the end of the third quarter was \$18.33 million, which represents 45.6 percent of the amount budgeted. A one-time amount of \$2 million from Deferred Pension Credit Fund resulting from the defeasance of the Oakland Joint Powers Financing Authority is expected to be transferred to the General Purpose Fund. Therefore, year-end revenue is projected to end the year at \$42.19 million, \$2.0 million higher than the budgeted \$40.19 million.

Carryforwards

At the end of each fiscal year, the City has unspent appropriations that can potentially be carried forward into the next fiscal year. These exist either in projects or as non-project encumbrances. For the General Purpose Fund in FY 2007-08, \$19.83 million in projects and encumbrances were carried forward from FY 2006-07 and represent funds reserved in the fund balance to pay for the project activities (or encumbered items) not spent in the prior year.

EXPENDITURE HIGHLIGHTS

As outlined in Attachment A-2, the General Purpose Fund expenditures through the end of March totaled \$374.67 million, or 74.4 percent of the amount budgeted for FY 2007-08. Total expenditures are projected to end the year at \$492.98 million, which is \$10.76 million under budget. The projected under-expenditure is the net result of a projected over-expenditure within Police Services of \$2.71 million, which is offset by under-expenditures in other agency / departmental budgets.

Below is an outline of the projected over-expenditure within Police Services. Other agencies / departments are not discussed as they are projected to complete the year within or under budget.

Police Services Agency

OPD anticipates overspending the FY07-08 budget by \$2.71 million. The projected increase in over-expenditures in the third quarter from the second quarter of \$1.5 million is largely due to the decrease in the number of sworn vacancies during that period. Filled sworn positions increased by 14 FTEs in the third quarter, causing the amount of salary savings realized from those positions to decrease. The Police Officer Trainees (POTs) salaries are funded through the salary savings generated by the vacant sworn positions. As the number of POTs remained constant throughout the year, the amount of salary savings to off-set the costs were not available to fully cover the cost of the POT salaries.

In addition, the third quarter includes the cost of the newly created 12-hour plan which requires Patrol officers to work 84-hours within a pay period. Although this results in an increase in salaries, savings are realized in overtime reductions. Though the Department is realizing overtime reductions, it will not fully experience all projected overtime reductions until the Department reaches full authorized strength. The 12-hour plan required 310 officers in the Patrol Division in order for the plan to be cost neutral. At the time of implementation, the Patrol Division had 250 sworn officers assigned. The Division currently has 280 sworn officers, accordingly, there continues to be a need to backfill for vacant positions.

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RECOMMENDATION(S) AND RATIONALE

Staff requests the City Council accept this report and provide direction for Departments that are projected to overspend per Resolution No. 78615 C.M.S., adopted on June 15, 2004 (Attachment B).

ACTION REQUESTED OF THE CITY COUNCIL

Accept this report and provide direction for Departments that are projected to overspend.

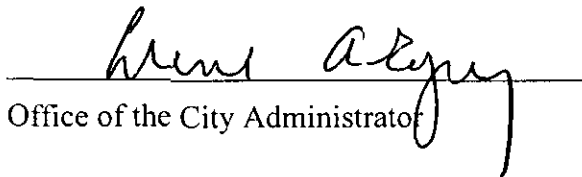
Respectfully submitted,



SARAH T. SCHLENK
Budget Director

Prepared by:
Kiran Bawa
Budget Office

APPROVED FOR FORWARDING TO THE
FINANCE & MANAGEMENT COMMITTEE



Office of the City Administrator

Attachments:

- A-1: *General Purpose Fund Revenues*
- A-2: *General Purpose Fund Expenditures*
- B: *Resolution No. 78615 C.M.S.*

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FY 2007-08 REVENUE AND EXPENDITURE ANALYSIS
Through Third Quarter (July 1, 2007 through March 31, 2008)
GENERAL PURPOSE FUND REVENUES (\$ in millions)

Revenue Category	FY 2006-07 3rd Qtr Adjusted Budget	FY 2006-07 3rd Qtr Actuals	FY 2006-07 Percent To Date	FY 2006-07 Year-End Actuals	FY 2007-08 3rd Qtr Adjusted Budget	FY 2007-08 3rd Qtr Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year-End Estimate	Year-End \$ Over / (Under) Adj Bud.	Explanation of Over / (Under) Collection	Yr-to-Yr Growth Q3 to Q3
PROPERTY TAX	109.14	57.35	52.5%	116.47	\$121.72	\$78.27	64.3%	\$126.34	\$4.62	Higher than budgeted assessed valuation.	36.5%
SALES TAX	44.41	31.97	72.0%	46.69	\$48.96	\$35.88	73.3%	\$48.96	\$0.00		12.2%
VEHICLE LICENSE FEE (VLF) - TAX & BACKFILL	2.13	1.89	88.7%	2.27	\$3.04	\$1.55	50.9%	\$1.89	(\$1.15)	Lower auto sales, increase in DMV admin fees, and reallocation of revenue to cities with annexation.	-18.0%
BUSINESS LICENSE TAX	47.80	42.44	88.8%	50.33	\$47.92	\$43.26	90.3%	\$49.92	\$2.00		1.9%
UTILITY CONSUMPTION TAX	51.46	37.51	72.9%	51.43	\$52.18	\$39.16	75.1%	\$53.00	\$0.82		4.4%
REAL ESTATE TRANSFER TAX	63.23	44.08	69.7%	61.50	\$67.22	\$27.71	41.2%	\$40.60	(\$26.62)	Continued decrease in home price &	-37.1%
TRANSIENT OCCUPANCY TAX	10.01	8.69	86.8%	11.82	\$12.36	\$9.29	75.1%	\$12.36	\$0.00		6.9%
PARKING TAX	9.00	6.39	71.0%	8.89	\$9.45	\$6.54	69.2%	\$9.45	\$0.00		2.3%
LICENSES & PERMITS	1.30	0.71	54.6%	1.06	\$1.23	\$0.84	68.2%	\$1.23	\$0.00		18.3%
FINES & PENALTIES	26.45	18.12	68.5%	25.98	\$28.99	\$14.61	50.4%	\$28.99	\$0.00		-19.4%
INTEREST INCOME	0.00	2.25	N/A	3.18	\$0.00	\$1.72	N/A	\$2.00	\$2.00		-23.6%
SERVICE CHARGES	47.28	27.53	58.2%	45.37	\$46.58	\$27.27	58.5%	\$46.58	\$0.00		-0.9%
GRANTS & SUBSIDIES	0.57	4.49	787.7%	5.42	\$0.08	\$3.79	4538.9%	\$3.79	\$3.70	State Mandate reimbursements.	-15.6%
MISCELLANEOUS	2.47	1.00	40.5%	12.33	\$2.50	\$5.07	202.8%	\$5.85	\$3.35	Proceeds from sale of city property.	407.0%
FUND TRANSFERS	49.00	23.35	47.7%	49.89	\$40.19	\$18.33	45.6%	\$42.19	\$2.00		-21.5%
SUBTOTAL	464.25	307.77	66.3%	492.63	\$482.43	\$313.29	64.9%	\$473.15	(\$9.28)		1.8%
CARRYFORWARDS & PRIOR YEAR ENCUMBRANCES	17.05	10.95	64.2%	N/A	\$19.83	\$16.60	83.7%	\$19.83	\$0.00		51.6%
TOTAL	481.30	318.72	66.2%	492.63	\$502.26	\$329.89	65.7%	\$492.98	(\$9.28)		3.5%

FY 2007-08 REVENUE AND EXPENDITURE ANALYSIS
Through Third Quarter (July 1, 2007 through March 31, 2008)
GENERAL PURPOSE FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2006-07 3rd Qtr Adjusted Budget	FY 2006-07 3rd Qtr Actuals	FY 2006-07 Percent To Date	FY 2006-07 Year-End Actuals	FY 2007-08 Adopted Budget	FY 2007-08 3rd Qtr Adjusted Budget	FY 2007-08 3rd Qtr Actual Spending	FY 2007-08 Percent To Date	FY 2007-08 Year-End Estimate	Year-End (Over)/ Under	Year-End (Over)/ Under as % Of Adjusted Budget	Explanation of (Overspending)/ Savings	Yr-to-Yr Growth Q3 to Q3
MAYOR	2.33	2.03	87.1%	2.67	\$3.12	3.15	2.39	75.7%	\$3.15	\$0.00	0.00%	Mayor is anticipated to spend within their budget.	17.5%
CITY COUNCIL	4.91	3.33	67.8%	3.73	\$3.64	4.28	2.82	66.0%	\$4.07	\$0.21	4.91%	Council is anticipated to save in personnel due to vacancies.	-15.2%
CITY ADMINISTRATOR	9.42	6.80	72.2%	9.40	\$9.05	9.30	6.79	73.0%	\$8.78	\$0.51	5.52%	CAO is anticipated to save in personnel due to vacancies.	-0.2%
CITY ATTORNEY	8.75	6.49	74.2%	8.89	\$9.13	9.45	6.90	73.0%	\$9.05	\$0.40	4.23%	Estimated savings due to underspending in the Vehicle Seizure program.	6.3%
CITY AUDITOR	1.30	0.72	55.4%	0.96	\$1.34	1.34	0.97	72.4%	\$1.34	\$0.00	0.00%	Auditor is anticipated to spend at budget with the anticipated outside contract services effort yet to be expended.	34.8%
CITY CLERK	2.80	2.06	73.6%	2.81	2.70	2.77	1.47	53.2%	\$2.02	\$0.75	27.07%	City Clerk is anticipated to spend under budget due to savings in personnel and project funds.	-28.5%
CONTRACTING & PURCHASING	N/A	N/A	N/A	N/A	2.34	2.34	1.37	58.7%	\$1.99	\$0.35	14.95%	DCP is anticipated to save in personnel due to vacancies.	N/A
INFORMATION TECHNOLOGY	N/A	N/A	N/A	N/A	11.03	11.13	8.70	78.2%	\$11.13	\$0.00	0.00%	DIT is expected to spend at budget.	N/A
FINANCE & MANAGEMENT	37.02	26.89	72.6%	36.23	30.63	32.63	22.01	67.5%	\$31.03	\$1.60	4.90%	FMA is anticipated to spend under budget due to salary savings and deferred projects.	-18.1%
POLICE SERVICES	187.79	147.75	78.7%	194.19	188.90	192.02	142.76	74.3%	\$194.73	(\$2.71)	-1.41%	OPD is expected to overspend due to overtime costs.	-3.4%
FIRE SERVICES	105.48	76.47	72.5%	101.67	108.43	109.35	79.18	72.4%	\$106.85	\$2.50	2.29%	Estimated savings mostly due to operational efficiencies.	3.5%
MUSEUM	6.54	5.24	80.1%	11.44	6.61	6.76	5.23	77.4%	\$6.49	\$0.27	4.00%	The Museum anticipates salary savings due to vacancies.	-0.2%
LIBRARY SERVICES	12.38	8.85	71.5%	12.15	12.69	12.91	8.46	65.5%	\$11.40	\$1.51	11.66%	The Library is anticipated to spend under budget due to salary savings and deferred acquisition of Electronic/Digital media and security & network equipment.	-4.4%
PARKS & RECREATION	13.53	10.59	78.3%	13.72	14.42	15.14	11.77	77.8%	\$14.80	\$0.34	2.23%	OPR anticipates salary savings due to vacancies.	11.2%
HUMAN SERVICES	7.88	4.93	62.6%	6.52	6.58	8.19	5.61	68.5%	\$6.94	\$1.25	15.26%	DHS will spend under budget due to savings in personnel and project funds.	13.8%
PUBLIC WORKS	4.22	1.94	46.0%	2.59	2.35	3.10	2.23	71.9%	\$2.98	\$0.12	3.87%	PWA will spend under budget due to savings in facilities management.	14.8%
COMM & ECON DEVELOPMENT	5.40	2.92	54.1%	2.46	2.42	5.71	2.31	40.4%	\$3.25	\$2.46	43.12%	CEDA is anticipated to spend under budget due to savings in Real Estate and other project funds.	-21.0%
NON-DEPARTMENTAL	65.05	38.28	58.8%	62.68	59.71	65.92	57.12	86.7%	\$65.92	\$0.00	0.00%		49.2%
SUBTOTAL	474.80	345.29	72.7%	472.11	475.07	495.46	368.09	74.3%	485.91	\$9.56	1.93%		6.6%
CAPITAL IMPROVEMENT PROGRAM	6.36	2.55	40.1%	1.83	1.60	8.27	6.58	79.5%	\$7.07	\$1.20	14.51%		158.0%
TOTAL	\$481.16	\$347.84	72.3%	473.94	\$476.67	503.74	374.67	74.4%	492.98	\$10.76	2.14%		7.71%

OAKLAND CITY COUNCIL

REVISED

FILED
OFFICE OF THE CITY CLERK
OAKLAND

Resolution No. 78615 = C.M.S.



2004 JUN -3 PM 7:45

RESOLUTION REQUIRING THE CITY ADMINISTRATOR TO SEEK CITY COUNCIL DIRECTION ON PROJECTED YEAR-END OVERSPENDING OF ANY CITY AGENCY / DEPARTMENT, AS REFLECTED IN QUARTERLY REVENUE AND EXPENDITURE REPORTS

WHEREAS, the City Council adopts a biennial budget of the City of Oakland, including specific appropriations for all City agencies / departments; and

WHEREAS, the City's budget, including individual appropriations of City agencies / departments is adjusted throughout the fiscal year, as a result of appropriating new revenues, accepting grants, transferring programs, and utilizing previously appropriated but unspent project and encumbrance carryforwards; and

WHEREAS, the City Administrator's Budget Office reports quarterly to the City Council on the year-to-date and projected year-end revenue collection and spending by City agencies / departments, in the General Purpose Fund, Telecommunications Fund, Contract Compliance Fund, Equipment Fund, and Facilities Fund; and

WHEREAS, the Budget Office's quarterly reports indicate whether overspending is projected by year-end for any City agencies / departments, and whether such projected overspending will be covered by savings in other agencies / departments, or through additional revenues; now, therefore, be it

RESOLVED: that the City Administrator seek City Council direction if the Budget Office's quarterly reports for the General Purpose Fund project overspending (from the current Adjusted Budget) by year-end in any agency / department of the City, even though such overspending may be covered by savings or additional revenues outside of the agency / department; and be it further

RESOLVED: that the City Council may direct the City Administrator to reduce the rate of spending in particular City agencies / departments to minimize or avoid year-end overspending; the City Council may request specific cost-cutting measures or leave it to the City Administrator's discretion; and be it further

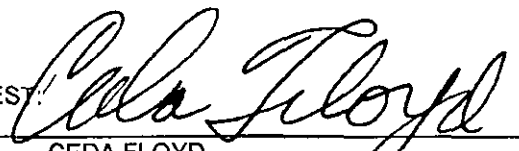
RESOLVED: that the City Administrator return to the City Council with a report on the specific measures put in place in order to minimize or avoid year-end overspending in the specific agencies / departments as requested by the Council, and the outcomes of such measures.

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 15 2004, 2004

PASSED BY THE FOLLOWING VOTE:
AYES- BROOKS, BRUNNER, CHANG, NADEL, REID, QUAN, WAN, AND
PRESIDENT DE LA FUENTE 8

NOES- 0
ABSENT- 0
ABSTENTION- 0

ATTEST:


CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California