

2010 JUN 22 AM 10:15

AGENDA REPORT

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Budget Office
DATE: June 24, 2010
RE: **Adopt A Resolution Authorizing Additional Amendments To Balance the City's Biennial General Purpose Fund (GPF) Budget For Fiscal Year 2010-2011 (Which Previously Was Amended By Resolution Nos. 82235, 82335, 82519, 82582, 82578, 82646, 82654 And 82731 C.M.S.) By Accounting For Further Changes In Revenues And Expenditures And Eliminating The Budget Deficit By Making Adjustments And Changes To The Budget, That May Include But Not Be Limited To Program Transfers, Changes, Reductions, Eliminations, Special And General Tax Measures, And Potential Lay- Offs Of 200 Or Some Other Number Of Police Officers As Well As A Number Of Other Staff**

SUMMARY

This report presents amendments to the FY 2010-11 City budget for the General Purpose Fund to address budgetary shortfalls. The following key messages are contained in this document.

Context

1. The severity of the City's fiscal crisis is unprecedented:
 - Less than four years ago, in FY 2006-07, the City collected over \$471 million in General Purpose Fund (GPF) revenues, and by year-end had nearly \$56 million in reserves. That year alone, the Real Estate Transfer Tax revenue was at \$61.5 million.
 - In FY 2010-11, the City is anticipated to have only \$10.4 million in GPF reserves by year-end, and is projected to collect just over \$400 million in revenues by year-end. The Real Estate Transfer tax collection is now at a low \$28 million. Collectively, this means that the City has nearly \$120 million less in resources today than just four years ago.
 - Over the past four years, while the GPF-funded workforce shrunk by 12.5%, personnel expenses in this fund have dropped by less than three percent due to salary increases primarily for Police and Fire, as well as due to medical and retirement costs that have continued to rise.
2. The City has already implemented \$170 million in budget balancing measures since July 2008.

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3. The City has balanced \$11 million out of the \$42 million shortfall anticipated for Fiscal Year 2010-11, which begins on July 1, 2010. **The remaining FY 2010-11 shortfall in the General Purpose Fund is \$31.5 million; it increases to \$48.3 million in the next fiscal year, FY 2011-12 (after ongoing balancing measures are implemented for FY 2010-11 and carried forward to future years).**
4. Means of filling the financial gaps have diminished greatly: (a) the City has already cut a great proportion of spending and programs (27% of GPF spending has been cut since July 2008), and the remaining discretionary budget is just 8 percent of the total GPF appropriation; (b) our \$10 million GPF reserve is virtually non-existent; and (c) "easy" revenue fixes, such as fee increases and uses of one-time unrestricted funds, have already been exhausted. **At this point, balancing the budget structurally would require new taxes and/or cuts that would decimate non-public safety programs and significantly reduce our sworn police forces.**
5. The dilemma is three-pronged: (i) Public safety accounts for 72% of the General Purpose Fund budget, and if a 15% (as an example) across-the-board cut were to be applied to non-safety departments only (also excluding debt service), only \$4 million in savings would be generated while decimating key recreation, senior, library and internal programs; (ii) cuts to youth and library programs would violate local Measures K/00/D and Q; and (iii) at the same time, a 15% cut to public safety departments would generate an additional \$43.7 million in savings, but would violate provisions of Measure Y.

Proposed Balancing Measures

There is a proposal from four Council members (Brunner, Quan, De La Fuente and Kernighan) for the June 24th meeting that balances the FY 2010-11 budget and creates sufficient savings to close the following year's gap, in FY 2011-12. **The Administration largely supports the balancing measures presented in the Council members' proposal, but disagrees with about \$2.5 million of them.** To fill the remaining gap, the Administration proposed additional police officer layoffs. Comparison of the four Council members' and Administration's proposals is presented in *Exhibit A*.

The City Council is asked to make a decision on financial and non-financial **ballot measures**, discussed below. Council action on these measures is necessary by July 30, 2010 in order for them to appear on the November 2010 ballot.

- **Financial Measures:**

1. *Revenue measure to impose "a 99 cents per day" parcel tax* to prevent cuts to police sworn officers and Neighborhood Services coordinators. The tax, applied at the rate of \$360 per year for a single-family residential property ("**a dollar a day**"), would generate \$53.8 million annually beginning FY 2011-12. In FY 2010-11, only \$24.5 million would be collected through hand-billing by the City; future payments would be made through the property tax roll administered by Alameda County.

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2. *Three revenue measures to choose from to collect an additional \$7-8 million annually beginning FY 2011-12:* (a) utility users tax modernization to expand the existing UUT base to water and garbage charged as well as telecommunications; or (b) add a local sales tax add-on (transactions and use tax) of ¼ percent; or (c) telephone access line user charge of \$1.99 per month.

- **Non-Financial Measure:**

3. *“Measure Y Fix”:* A ballot measure to eliminate the requirement to maintain 739 officers before Measure Y taxes could be collected is proposed. This would maintain the \$20 million parcel tax funding that pays for 63 problem-solving police officers, violence prevention programs and minimum staffing in Fire, even if new revenues are not available to avoid sworn Police cuts.

Attachment A presents a timeline for placement of these items on the November ballot.

FISCAL IMPACT

The remaining budget shortfall anticipated in the **General Purpose Fund** (net of previous Council actions) is **\$31.5 million** in FY 2010-11. The gap increases to \$48.3 million in FY 2011-12 and to \$60.1 million in FY 2012-13. Note that the anticipated deficit for both FY 2010-11 and FY 2011-12 changes depending on whether technical corrections to Measure Y are approved by the voters. (See summary below, and the “Five-Year Forecast Discussion that follows.) The proposed balancing measures for FY 2010-11 are presented in *Exhibit A* of the attached resolution.

DISCUSSION

Definition of Shortfall

The City faces an unresolved shortfall of \$31.5 million in FY 2010-11. This deficit is structural and will only grow in future years unless ongoing balancing measures are implemented. From staff’s preliminary analysis of future revenues and expenditures, the GPF gap will widen to nearly \$70 million. Continuing weakness is anticipated in revenues through FY 2012-13 as the future health of the economy remains uncertain. Meager recovery is expected after then. On the expenditure side, while union concessions are assumed to continue, medical and retirement costs are expected to grow steadily throughout the forecast period. Proposed balancing measures would partially resolve the City’s structural deficit.

The table below summarizes staff’s preliminary five-year forecast (full forecast is included as *Attachment B*). The shortfall identified below would change, growing by \$4 million if the Measure Y technical correction were rejected by the voters (to cover Fire minimum staffing) or \$2.5 million (to cover the Measure Y operating gap) if the fix were approved by the voters.

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General Purpose Fund -- Preliminary Five Year Forecast					
	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Revenue	\$ 401.24	\$ 397.14	\$ 400.31	\$ 410.01	\$ 420.49
Expenditures	(443.81)	(451.81)	(459.54)	(475.31)	(484.25)
Operating Gap	(42.57)	(54.67)	(59.23)	(65.30)	(63.76)
Less already balanced by Council	11.09	6.33	5.84	5.84	5.84
Remaining Gap	(31.48)	(48.34)	(53.39)	(59.46)	(57.92)
<u>ARRA-funded officers return</u>	-	-	(6.72)	(6.99)	(7.11)
Total Gap Requiring Sustainable Balancing Measures	(31.48)	(48.34)	(60.10)	(66.45)	(65.04)

Prior Balancing Measures

Since July 2008, \$170 million has been balanced in the General Purpose Fund, including \$120 million in cuts from GPF appropriations citywide – net of transfers to non-GPF funds. Over these past 20 months, the City eliminated 237 jobs citywide and laid off 150 workers. This is in addition to 106 staff taking the “Golden Handshake” early retirement, as well as other retirements and resignations. Programs have been slashed – including once per week library branch closures, reductions to recreation staff, eliminations of maintenance crews. The City’s back-office functions – finance, human resources, legal counsel – have virtually been gutted, diminishing oversight of the City operations. And unions have agreed to concessions amounting to 10 percent reductions.

Measures to address the FY 2010-11 budget gap

There is a proposal from four Council members (Brunner, Quan, De La Fuente and Kernighan) for the June 24th meeting that balances the FY 2010-11 budget and creates sufficient savings to close the following year’s gap, in FY 2011-12. **The Administration largely supports the balancing measures presented in the Council members’ proposal, but disagrees with about \$2.5 million of them.** To fill the remaining gap, the Administration proposed additional police officer layoffs. Comparison of the four Council members’ and Administration’s proposals is presented in *Exhibit A* of the attached legislation.

Two scenarios are assumed to close the GPF budget gap:

- **Revenue-Generating Ballot Measures Fail**

In this scenario, sworn layoffs are inevitable. Sworn layoffs are proposed in both the Administration’s and City Council members’ balancing plans; implementation would begin as of **July 1, 2010**. If revenue-generating ballot measures **do not pass, then additional sworn Police FTE eliminations would be necessary** and would need to occur by January 1, 2011.

- If the **Measure Y technical correction is approved**, then a total of 107 sworn police officer lay-offs would necessary through end of FY 2011-12 (*the Administration's proposal calculates this number at 132*). The 63 Measure Y problem solving officers laid off on July 1, 2010 would be brought back by February 2011.
- If the **Measure Y technical correction is not approved**, then a total of 202 sworn police officer lay-offs would necessary through end of FY 2011-12 (*the Administration's proposal calculates this number at 216*). The 63 Measure Y problem solving officers laid off on July 1, 2010 would not be brought back.

• **Revenue-Generating Ballot Measures Pass**

In this scenario, staff projects revenues of **\$25.2 million** in FY 2010-11 and **\$57.4 million** in FY 2011-12 if approved. Sworn and most civilian layoffs could be avoided. Proposed revenues are as follows:

- *Revenue measure to impose "a 99 cents per day" parcel tax to prevent cuts to police sworn officers and Neighborhood Services coordinators. The tax, applied at the rate of \$360 per year for a single-family residential property ("a dollar a day"), would generate **\$53.8 million** annually beginning FY 2011-12. In FY 2010-11, only **\$24.5 million** would be collected through hand-billing by the City; future payments would be made through the property tax roll administered by Alameda County. As a special tax, a two-thirds majority vote of the electorate is required for approval.*
- *Three revenue measures to choose from to collect an additional **\$7-8 million** annually beginning FY 2011-12: (a) utility users tax modernization to expand the existing UUT base to water and garbage charged as well as telecommunications; or (b) add a local sales tax add-on (transactions and use tax) of ¼ percent; or (c) telephone access line user charge of \$1.99 per month. As general taxes, a simple majority vote of the electorate is required for approval.*

Possible Additional Union Concessions

Not included in the balancing plans is the value of further union concessions, if successfully negotiated. Each 1% of concessions for Police, Fire and Miscellaneous unions combined would generate nearly \$2 million in savings, as delineated below:

Possible Additional Union Concessions (in \$ millions)		
Group	Concession Type	1% Yields Savings Of . . .
Police	retirement	\$ 0.79
Fire	wage	\$ 0.55
Miscellaneous	wage	\$ 0.63
		\$ 1.97

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SUSTAINABLE OPPORTUNITIES

There are no direct sustainable opportunities associated with this report.

DISABILITY AND SENIOR ACCESS

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

RECOMMENDATIONS

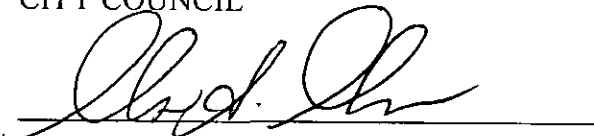
Staff requests City Council direction and possible action on the following:

1. Adopt amendments to the FY 2010-11 Midcycle Policy Budget, balancing measures for which are presented in **Exhibit A** of the attached legislation; initiate implementation of such measures as of July 1, 2011.
2. Declare a fiscal emergency to use identified one-time funds to balance the FY 2010-11 shortfall in the General Purpose Fund (an action required by the City's financial policy, ordinance 12946 C.M.S.), AND declare such one-time General Purpose Funds restricted to be used only for balancing said shortfall.
3. Adopt the annual legislation establishing the FY 2010-2011 Appropriations Limit pursuant to Article XIIB of the California Constitution.
4. Authorize the City Administrator with the advice of the City Attorney to initiate the process to place the proposed public safety parcel tax, Measure Y technical correction and transactions and use and/or utility consumption tax modernization and/or access line tax on the November 2010 ballot.



CHERYL L. TAYLOR
Director, Budget Office

APPROVED FOR FORWARDING TO THE
CITY COUNCIL



Office of the City Administrator

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ATTACHMENTS

- A: Timeline for Placement of Measures on the November 2010 Ballot
- B: Preliminary General Purpose Fund Five-Year Financial Forecast

DRAFT

City Attorney

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OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING ADDITIONAL AMENDMENTS TO BALANCE THE CITY'S BIENNIAL GENERAL PURPOSE FUND (GPF) BUDGET FOR FISCAL YEAR 2010-2011 (WHICH PREVIOUSLY WAS AMENDED BY RESOLUTION NOS. 82235, 82335, 82519, 82582, 82578, 82646, 82654 AND 82731 C.M.S.) BY ACCOUNTING FOR FURTHER CHANGES IN REVENUES AND EXPENDITURES AND ELIMINATING THE BUDGET DEFICIT BY MAKING ADJUSTMENTS AND CHANGES TO THE BUDGET, THAT MAY INCLUDE BUT NOT BE LIMITED TO PROGRAM TRANSFERS, CHANGES, REDUCTIONS, ELIMINATIONS, SPECIAL AND GENERAL TAX MEASURES, AND POTENTIAL LAY-OFFS OF 200 OR SOME OTHER NUMBER OF POLICE OFFICERS AS WELL AS A NUMBER OF OTHER STAFF

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, October 6, 2009, December 17, 2009, February 16, 2010, March 2, 2010, March 16, 2010, April 1, 2010 and April 29, 2010 the City Council approved amendments to the adopted budget, via Resolutions No. 82235 C.M.S., No. 82335, No. 82519 C.M.S., No. 82582 C.M.S., No. 82578 C.M.S., No. 82646, No. 82654, and No. 82731 C.M.S. respectively; and

WHEREAS, due to continued weakness in the local economy and real estate market and additional pressures in public safety service provision, a \$10.4 million shortfall is anticipated in the General Purpose Fund in Fiscal Year 2009-10 and \$42.6 million shortfall is projected in the General Purpose Fund in Fiscal Year 2010-11; and

WHEREAS, on April 29, 2010, the City Council approved balancing measures of \$11.09 million, resulting in a remaining deficit of \$31.5 million for FY 2010-11; and

WHEREAS, the City Council approved resolution no. 82844 C.M.S. on June 15, 2010 directing the City Administrator to be prepared to immediately issue potential lay-off notices to 200 police officers and other staff if the City Council decides to proceed with such lay-offs at its June 24, 2010 Special Budget Meeting; and

WHEREAS, the Administration has developed budget balancing measures for the General Purpose Fund to fully offset the projected Fiscal Year 2010-11 shortfalls, as reflected in **Exhibit A**; and

WHEREAS, the Administration's balancing proposal includes the use of one-time revenues and requires declaration of a fiscal emergency per the City's financial policy codified in ordinance 12946 C.M.S., and

WHEREAS, the City Administrator's/Mayor's budget balancing proposal contains the following new taxes that require a resolution by the Council to be placed on the November 2010 ballot: (a) a proposed public safety parcel tax requiring approval by two-thirds (2/3) vote; and either (b) a proposed increase to and expansion of the utility users' tax; (c) a proposed ¼ cent transactions and use tax increase or (d) a proposed new telephone access line charge of \$1.99 per line per month requiring a simple majority vote; and

WHEREAS, the City Council will consider the City Administrator's/Mayor's budget-balancing proposal as well as any amendments to such proposal and any other proposals by Councilmembers to balance the budget, including but not limited the option to place special and/or general tax measures on the November 2010 ballot, potential layoffs of police officers and other staff, program transfers, changes, reductions and/or eliminations, and sale of real property, now therefore be it

RESOLVED: That the City's Fiscal Year 2010-11 Budget as previously amended during the FY2009-2010 hereby is amended to incorporate balancing implementation measures reflected in **Exhibit A** included with and made a part of this resolution, subject to additional amendments that may be presented and adopted on the floor by the City Council; and be it

FURTHER RESOLVED: That the City Council declares a fiscal emergency pursuant to Ordinance No. 12946 C.M.S., to use one-time monies to balance the Fiscal Year 2010-11 projected General Purpose Fund shortfall; and be it

FURTHER RESOLVED: That one-time monies used to balance the Fiscal Year 2010-11 General Purpose Fund projected deficits are restricted revenues to be used only for the purpose of budget balancing; and be it

FURTHER RESOLVED: That if the Council's budget-balancing measures include November 2010 ballot measures, the City Council hereby directs the City Attorney and City staff to prepare and submit such ballot measures and necessary resolutions to the Council prior to the Council's summer recess, and be it

FURTHER RESOLVED: That the City Council directs the City Administrator to implement the aforementioned budget-balancing measures 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

"NO REVENUE MEASURES" SCENARIO (i.e. Ballot Measures to Raise Money through Parcel Tax and other taxes are not approved)

Comparison of City Council and City Administrator Balancing Proposals

*Shaded items represent variances between City Council and City Administrator's Office estimates.

SHORTFALL

(in million dollars)

COUNCIL SHORTFALL	2010/2011	2011/2012	CAO SHORTFALL	2010/2011	2011/2012
Operating Gap	(\$42.57)	(\$53.56)	Operating Gap (NOTE: Year 2 gap has been adjusted due to more up-to-date data on revenues)	(\$42.57)	(\$54.67)
Less already balanced	\$11.09	\$6.33	Less already balanced	\$11.09	\$6.33
<i>Remaining Gap</i>	<i>(\$31.48)</i>	<i>(\$47.23)</i>	<i>Remaining Gap</i>	<i>(\$31.48)</i>	<i>(\$48.34)</i>
Plus \$4 mill for Fire if Measure Y goes away	(\$4.00)	(\$4.00)	Plus \$4 mill for Fire if Measure Y goes away (OR \$2.5 mill if Measure Y stays to cover the structural shortfall)	(\$4.00)	(\$4.00)
Less one-time revenue expected from additional one-time revenue	\$5.00		Less one-time revenue expected from additional one-time revenue	\$5.00	
Total structural gap to balance	(\$30.48)	(\$51.23)	Total structural gap to balance	(\$30.48)	(\$52.34)

BALANCING MEASURES

(in dollars)

SOLUTION	DEPARTMENT	COUNCIL PROPOSAL	GF SAVINGS		CAO PROPOSAL	CAO Proposal Savings	
			2010/2011	2011/2012		2010/2011	2011/2012
1.	All Departments	5% salary reduction for all non-represented employees (including elected officials) making over \$100k. 22 employees for a total of \$3,575,675. 5% = \$178,784, General Fund = \$100,000+-	\$100,000	\$100,000	SAME AS COUNCIL, except that the 5% salary reduction applies to ALL UNREPRESENTED regardless of salary	\$148,000	\$148,000
2.	All Departments	Vacant Office Space: Vacate 1 floors of 150 FOP or 250 FOP, 24,000 sq ft @ \$2 sq ft. *Only count 50% of first year	\$288,000	\$576,000	SAME AS COUNCIL	\$288,000	\$576,000

SOLUTION	DEPARTMENT	COUNCIL PROPOSAL	GF SAVINGS		CAO PROPOSAL	CAO Proposal Savings	
			2010/2011	2011/2012		2010/2011	2011/2012
3.	City Administrator	15% Reduction in Administration (Total Budget = \$7,169,520) 1. Eliminate Federal Lobbyist Contract = \$150,000 2. Citizen's Police Review Board – Move 1 Position to Grant Funding - \$133,140 3. Reorganization of Administration of Cabaret, Massage Parlor and other Citywide Permits - \$100,000 4. Transfer .4 FTE Deputy City Administrator to ORA – \$100,000 5. Equal Access Program Budget - 25% reduction = \$116,385 5. Budget Office – Eliminate 1 FTE - \$89,000 (Total Savings from #'s 1-5 above = \$688,525) NSC Program Reorganization into Community Outreach Division with the Following Reductions by Jan. 1, 2010. (Total Savings=\$752,445, ½ Year = \$376,223) NSC Program – Reduce by 25% - \$490,445 Eliminate Public Safety Coordinator - \$180,000 (\$90,000 General Fund) 25% Reduction Oaklanders Assistance – 1 FTE - \$90,000 CORE – No Reduction Eliminate 1 FTE Abandoned Auto - \$82,000 Litter Enforcement – No Reduction	\$1,064,748	\$1,440,970	DO NOT ELIMINATE / REDUCE: Federal Lobbyist Contract Equal Access Program Public Safety Coordinator Oaklanders Assistance Center AMEND NSC REDUCTIONS: Make 25% cut and Abandoned Auto effective July 1, 2010 ADD OTHER REDUCTIONS / TRANSFERS: Transfer 50% of the Neighborhood Services Director's cost to ORA	\$1,097,783	\$1,097,783
4.	City Clerk	.20 FTE Reduction (Total Budget: \$2,953,130)	\$20,000	\$20,000	DO NOT REDUCE FTE	\$0	\$0
5.	Contracting & Purchasing	Reduce 1 FTE (Total Budget: \$1,920,920)	\$100,000	\$100,000	DO NOT ELIMINATE FTE	\$0	\$0
6.	City Council Elected Officials	Reduce Council Office Budget by 15% – 15% Cut to All Elected Offices (Total Budget = \$2,699,195)	\$404,879	\$404,879	SAME AS COUNCIL	\$404,879	\$404,879
7.	City Attorney Elected Officials	Reduce City Attorney Office Budget by 15% & Freeze Budget for Outside Counsel - 15% Cut to All Elected Offices (Total Budget = \$4,420,453)	\$663,068	\$663,068	SAME AS COUNCIL	\$663,068	\$663,068
8.	City Auditor Elected Officials	Eliminate City Auditor Carry forward (\$210,500) and other cuts TBD- 15% Cut to All Elected Offices (Total	\$183,464	\$183,464	SAME AS COUNCIL	\$183,464	\$183,464
9.	Mayor Elected Officials	Reduce Mayor's Office Budget by 15% - 15% Cut to All Elected Offices (Total Budget = \$1,465,301)	\$219,795	\$219,795	SAME AS COUNCIL	\$219,795	\$219,795

SOLUTION	DEPARTMENT	COUNCIL PROPOSAL	GF SAVINGS		CAO PROPOSAL	CAO Proposal Savings	
			2010/2011	2011/2012		2010/2011	2011/2012
10.	Finance/Parking	Install 250 Additional Parking Meters in all commercial districts Citywide, Including Areas with Fewer Meters (estimated revenue is net of costs for installation) * Only count 75% for first year	\$267,000	\$356,000	SAME AS COUNCIL	\$267,000	\$356,000
11.	Finance/Parking	Eliminate all free employee parking in downtown garages	\$235,000	\$235,000	SAME AS COUNCIL	\$235,000	\$235,000
12.	Finance/Parking	Alta Bates Garage Revenue Stream	\$500,000	\$500,000	SAME AS COUNCIL	\$500,000	\$500,000
13.	Finance	Reduce Staff by 4.15 FTE's (Total Funding: \$17,870,090)	\$370,000	\$370,000	SAME AS COUNCIL	\$370,000	\$370,000
14.	Fire	Eliminate Assistant to Director Position - \$160,000 Eliminate Fire Protection Engineer - \$120,000 Reduce Emergency Planning Coordinator to PPT at 60% - \$40,000 Reduce O&M - \$170,000 (Total Budget: \$98,764,910)	\$490,000	\$490,000	SAME AS COUNCIL	\$490,000	\$490,000
15.	Human Services	Senior Centers (10% reduction in open hours) - Centers will still be open 5 days a week but not as current 8:30 - 5 (8.5 hours). Each site would have different schedules depending on when the bulk of activities are at each site. For example, two may be open 8:30 - 3 (6.5 hours) and the other two 10:30 - 5 (6.5 hours) - reclassify FTE's to 90% time (Total Budget: \$4,027,100)	\$132,000	\$132,000	SAME AS COUNCIL	\$132,000	\$132,000
16.	Information Technology	Eliminate 4 supervisors & Delay Help Desk Support (Maintain 1FTE on Help Desk) (Total Budget: \$9,193,640)	\$900,000	\$900,000	ELIMINATE 3 FTE'S AND TRANSFER 0.25 FTE'S 1 FTE Telephone Services Specialist 1 FTE Operations Support Specialist 1 FTE Microcomputer Systems Specialist III Transfer 0.25 FTE (0.20 Spacial Data Analyst and 0.05 Systems Programmer III) to the Radio Fund	\$350,000	\$350,000
17.	Library	Reduce General Fund Support to Measure Q Minimum Using Fund Balance (i.e. No layoffs in first year) (Total Budget: \$11,529,190)	\$1,750,000	\$1,750,000	SAME AS COUNCIL IN YEAR 1	\$1,750,000	\$1,750,000
18.	Non-Departmental	Reduce Contract for MOU Negotiations by 50%	\$200,000	\$200,000	SAME AS COUNCIL	\$200,000	\$200,000

SOLUTION	DEPARTMENT	COUNCIL PROPOSAL	GF SAVINGS		CAO PROPOSAL	CAO Proposal Savings	
			2010/2011	2011/2012		2010/2011	2011/2012
19.	Non-Departmental	Day Laborer Program – (100% reduction – Cut to be Re-Organized, Total: \$82,025) 25% Funding Suspension for the following Programs: 1. Symphony in the Schools (Total: \$40,000, 25%=\$10,000) 2. Cypress Mandela Training Center (Total: \$112,000, 25%=\$28,000) 3. Women’s Business Initiative (Total:\$60,000, 25%=\$15,000) 4. Jack London Aquatic Center (Total:\$60,000, 25%=\$15,000) 5. Human Services Academies Program (Total:\$75,000 25%=\$18,750) 6. AIDS Prevention and Education Initiative (Total:\$50,000, 25%=\$12,500) 7. Hacienda Peralta (Total:\$72,000, 25%=\$18,000) 8. City/County Collaboration on Children and Youth (Total: \$272,000, 25%=\$68,000) 9. Arts Grants (Can apply for TOT Funds) (Total:\$973,500, 25%=\$243,375) 10. Oakland Asian Cultural Center (Total:\$80,000, 25%=\$20,000) 11. Children’s Fairyland (Total: \$182,000, 25%=\$45,500)	\$575,650	\$575,650	SAME AS COUNCIL, EXCEPT: 25% reduction to Day Laborers (not 100%)	\$490,000	\$490,000
20.	Parks & Recreation	Eliminate 1 Supervisor (Vacant) and 3 Directors (Total Budget: \$11,457,510)	\$500,000	\$500,000	ELIMINATE 1 FTE Rec Center Program Director and 0.5 FTE Facility Security Asst PT; and TRANSFER 1 FTE Data Entry Operator to Self-Sustaining Fund YEAR 1: Use \$150,000 in savings due to ARRA wage subsidy funding	\$300,000	\$150,000
21.	Police	10% Cut to Budget Division (Total Budget: \$1,442,040)	\$144,204	\$144,204	SAME AS COUNCIL	\$144,204	\$144,204
22.	Public Works	Use Measure B ADA ramp construction funds coverage – convert to General Fund savings (Total Budget: \$660,000)	\$330,000	\$0	FUNDING IS NOT AVAILABLE	\$0	\$0
23.	Redevelopment	Sell Kaiser Convention Center to Private Party	0	\$10,000,000	SAME AS COUNCIL	0	\$10,000,000
24.	Redevelopment	Redevelopment Purchase of Fire Training Facility and Other Parcels	\$3,000,000	0	SAME AS COUNCIL	\$3,000,000	
25.	Redevelopment	Eliminate Staff (Example: CEDA: Economic Development) (Total Personnel Budget: \$28,486,660) Move other qualified staff from General Fund to Redevelopment Fund (Examples: Abandoned auto, Illegal Dumping, Real Estate)	\$700,000	\$700,000	NO CUTS TO REDEVELOPMENT STAFF PROPOSED	\$0	\$0
26.	Revenue Measure	Additional Billboard Deals (One more for 2010/2011, then 1 each year at \$1mill/each)	\$1,000,000	\$1,000,000	SAME AS COUNCIL	\$1,000,000	\$1,000,000

SOLUTION	DEPARTMENT	COUNCIL PROPOSAL	GF SAVINGS		CAO PROPOSAL	CAO Proposal Savings	
			2010/2011	2011/2012		2010/2011	2011/2012
27.	Revenue Measure	Leftover from Shorestein/City Center Property Transfer	\$1,000,000	\$1,000,000	ALREADY USED ABOVE	\$0	\$0
	Revenue Measure				Additional revenue projected from fees charged at the Dunsmuir House	\$280,000	\$550,000
28.	Police	Eliminate Budgeted Police Academies	\$3,600,000	\$3,600,000	SAME AS COUNCIL, EXCEPT: Year 1 savings are only \$3 million due to the use of \$0.6 mill for the existing Sheriff's Academy	\$3,000,000	\$3,600,000
***	Citywide	Reduce O&M by 10%	\$0	\$0		\$750,000	\$750,000
COUNCIL PROPOSAL						CAO PROPOSAL	
Total Savings:			\$18,737,808	\$26,161,030	Total Savings:	\$16,263,193	\$24,360,193

COUNCIL PROPOSAL			CAO PROPOSAL				
Budget Deficit:			\$30,480,000	\$51,230,000	Budget Deficit If Measure Y "Fix" PASSES - Add \$2.5 mill for Measure Y gap instead of \$4 mill for Fire	\$28,980,000	\$50,840,000
					Budget Deficit If Measure Y "Fix" FAILS - ADD \$3 mill in Year 1 to continue Violence Prevention Programs for 6 months (July-Dec 2010)	\$33,480,000	\$52,340,000

COUNCIL PROPOSAL			CAO PROPOSAL			2-Year Total		
Remaining Gap:			\$11,742,192	\$25,068,970	Remaining Deficit If Measure Y "Fix" PASSES	\$12,716,807	\$26,479,807	\$39,196,614
					Remaining Deficit If Measure Y "Fix" FAILS	\$17,216,807	\$27,979,807	\$45,196,614

SOLUTION	DEPARTMENT	COUNCIL PROPOSAL	GF SAVINGS	GF SAVINGS	CAO PROPOSAL	CAO Proposal Savings	
			2010/2011	2011/2012		2010/2011	2011/2012

POLICE OFFICER CUTS TO BALANCE THE REMAINING SHORTFALL:

COUNCIL PROPOSAL	CAO PROPOSAL
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Remaining Budget Gap of \$11.7 Million to be filled by Public Safety savings, either by labor concessions of police contribution to their pension plan or by layoffs in the Police Department as outlined below:

Police Force Reductions to Fill Remaining Budget Gap, Option #1

Number of Officers to Lay Off

	Jul-10	Jan-11	Jul-11	Total 2-Year Force Reduction		Jul-10	Jan-11	Jul-11	Total 2-Year Force Reduction
No Measure Y Fix	80	122	0	202	No Measure Y Fix				
					Measure Y PSO officers	63			63
					General Fund officers	17	136		153
					Total Police Officers	80	136		216
Yes Measure Y Fix	80	27	0	107	Yes Measure Y Fix	80	27	0	107
					Measure Y PSO officers	63	-63		0
					General Fund officers	17	115		132
					Total Police Officers	80	52		132

Or

Deficit Solved	2010/2011	2011/2012	2-Year Total
No Measure Y Fix	\$16,150,000	\$29,070,000	\$45,220,000
Yes Measure Y Fix	\$14,155,000	\$25,080,000	\$39,235,000

Remaining Budget Gap	2010/2011	2011/2012	2-Year Total
No Measure Y Fix	\$1,066,807	(\$1,090,193)	(\$23,386)
Yes Measure Y Fix	(\$1,438,193)	\$1,399,807	(\$38,386)

Police Force Reductions to Fill Remaining Budget Gap, Option #2

	Jul-10	Jan-11	Jul-11	Total 2-Year Force Reduction
No Measure Y Fix	150	29	0	179
Yes Measure Y Fix	150	Return 66 to Service	0	84

- Notes:
- Reductions outlined above for January will be automatic without returning to Council if Ballot Measures do not pass
 - In both scenarios, Measure Y Violence Prevention Programs continue until the end of December

SOLUTION	DEPARTMENT	COUNCIL PROPOSAL	GF SAVINGS		CAO PROPOSAL	CAO Proposal Savings	
			2010/2011	2011/2012		2010/2011	2011/2012

"REVENUE MEASURES PASS" SCENARIO

PROPOSED BALLOT MEASURES (COUNCIL AND CAO)	2010/2011	2011/2012
Parcel tax of 49 cents / day (\$180 / year) for a single-family residential property	\$24.50	\$50.10
UUT modernization to include telecommunications, water and garbage (no rate increase)		
OR		
Telephone access tax (on landlines and cell phones) of \$1.99 / month	\$0.70	\$7.30
OR		
Sales Tax increase of 1/4%		
Subtotal on ballot measures	\$25.20	\$57.40

COUNCIL PROPOSAL	CAO PROPOSAL
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Police Force Reductions to Fill Remaining Budget Gap, Option #1

	Jul-10	Jan-11	Jul-11	Total 2-Year Force Reduction	Jul-10	Jan-11	Jul-11	Total 2-Year Force Reduction
Yes Measure Y	80	Return 80 To Service	0	0	80	Return 80 To Service	0	0
Fix								
Yes Ballot Measure								

Remaining Deficit:	2010/2011	2011/2012	2-Year Total
Remaining Deficit If Measure Y "Fix" PASSES	\$2,165,000.00	(\$6,560,000.00)	(\$4,395,000)
Remaining Deficit If Measure Y "Fix" FAILS	\$6,665,000.00	(\$5,060,000.00)	\$1,605,000

Police Force Reductions to Fill Remaining Budget Gap, Option #2

Yes Measure Y	150	Return 150 To Service	0	0
Fix				
Yes Ballot Measure				

IF MEASURE Y "FIX" FAILS, ONE-TIME REVENUES AND/OR CUTS OF \$16 MILLION WILL BE REQUIRED

Timeline for Placement of Measures on the November 2010 Ballot

To-Do Items	Due by/Date
City Council outlines ballot measures for placement on the November 2010 ballot.	June 24/29, 2010
City Attorney prepares legislation for proposed ballot measures (ordinances and resolutions)	July 15, 2010
Present report and draft ordinances for proposed ballot measures to Full City Council	July 20, 2010 (first reading of ordinance)
Seek City Council approval of ordinances and resolutions	July 29, 2010 (second reading of ordinance)
	Special Meeting
City Clerk obtains impartial legal analysis of proposed measures from City Attorney	July 30, 2010
City Clerk obtains cost analysis (fiscal impact) of proposed measures from the City Auditor	July 30, 2010
City Clerk obtains ballot titles and summaries of proposed measures from the City Attorney	July 30, 2010
City Clerk fixes date for submission of arguments for and against proposed measures pursuant to Section 6061 of the Government Code of the State of California	August 6, 2010
Forward ballot language from legislation to the Alameda County Registrar of Voters	August 6, 2010
City Clerk solicits and obtains rebuttals to arguments filed for and against proposed measures by deadline stated in the City Council's resolution (see above)	August 15, 2010

Five-Year Forecast
General Purpose Fund
FY10-11 to FY14-15

	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>Comments</u>
Revenue	401.24	397.14	400.31	410.01	420.49	Revenue Assumptions: Revenues collected from property taxes are based on performance in prior years and are expected to decline in FY10-11 due to current economic conditions. Property taxes will also suffer from anticipated falls in commercial property values and consequently will also decline in FY11-12. They are expected to increase slightly in 12-13 and pick up thereafter. Business Tax is expected to increase marginally beginning in 12-13 and pick up moderately thereafter. The Transient Occupancy Tax and Parking Tax are projected to increase from 10-11 rapidly due to the combined effects of higher occupancy and higher market rates. The Real Estate Transfer Tax is projected to remain flat from 09-10 levels thru 11-12 and increase more rapidly thereafter due to recoveries in commercial and residential property values and increased numbers of transactions. Other revenues are projected to increase moderately due to improved economic conditions.
Expenditure	443.81	451.81	459.54	475.31	484.25	Expenditure Assumptions: Union concessions are assumed to continue, such as shutdown and employee retirement contribution. No cost of living allowance increase is assumed on civilian and fire salaries thru FY14-15. Increases in expenditures are due to increases in medical benefits, projected to grow by 7% annually beginning in FY11-12, and increases in retirement benefits rates based on CalPERS projections. Rapid expenditure growth between FY 12-13 and FY 13-14 is due to increased retirement costs for public safety and civilians as projected by CalPERS and the beginning of police cost of living adjustments of 4% on January 1, 2013. Police begins 2% pension contribution on 1/1/2013.
Shortfall	(42.57)	(54.67)	(59.23)	(65.30)	(63.77)	
Balanced by Council 4/29/10:						
Revenues	5.5	1.75	1.75	1.75	1.75	Includes one-time revenues, such as lease of Scotlan, and sale of Grand View lots and Siveira properties, and proceeds from billboard revenue in FY10-11; and ongoing revenue from the new parking citation contract
Expenditures	5.59	4.58	4.09	4.09	4.09	Mostly reductions to grants and subsidies (\$1.12 M), position eliminations and/or transfers (29.67 FTE), and transfers of expenditures to non-GPF funds
Balancing Measures Total	11.09	6.33	5.84	5.84	5.84	
Shortfall after Balancing Measure	(31.48)	(48.34)	(53.39)	(59.46)	(57.93)	
Add: ARRA-funded COPS			(6.72)	(6.99)	(7.11)	The \$6.5M is increased based on the rate of increase in sworn costs.
New Projected Shortfall	(31.48)	(48.34)	(60.10)	(66.45)	(65.04)	
Additional Budgetary Considerations, Not Included in the Shortfall						
Annual Cost for OFD that reverts to GPF if Measure Y is Terminated	(4.00)	(4.00)	(4.00)	(4.00)	(4.00)	Note: \$1 Million GPF subsidy required to maintain Measure Y in FY10-11
Vehicle Replacement		(8.00)	(8.00)	(8.00)	(8.00)	Currently budgeted at \$0.3 million. Need additional \$8 million.
Add: Operating Expenditures for New Projects Coming On Line		(1.07)	(1.07)	(1.07)	(1.07)	Projects include: East Oakland Sports Complex, Mandela Parkway, Fire Station 18, Lake Merritt - Boathouse, and Lake Merritt - Embarcadero. Assumes that Year 1 costs are included in current budget.
OPEB (Other Post Employment Benefits)	16.57	18.20	19.85	21.49	23.11	Currently on a pay as you go schedule, which results in ongoing liability
PFRS*		\$43.00	44.10	46.60	48.60	The City's Annual Required Contribution to the Oakland Police & Fire Retirement System is set to resume in FY11-12. The Council and PFRS Board have approved the forming of a team to issue a Pension Obligation Bond and to negotiate an associated City Contribution Holiday in order to reduce GPF's contribution to PFRS.

**Five-Year Forecast
General Purpose Fund Revenue
FY10-11 - FY14-15**

Pre-Adjusted

FY10-11 FY11-12 FY12-13 FY13-14 FY14-15

Revenue Type	Year 1 Proposed Midcycle FY2010-11	Year 2 Forecast FY2011-12	Year 3 Forecast FY2012-13	Year 4 Forecast FY2013-14	Year 5 Forecast FY2014-15	Five-Year Forecast Assumptions
Property Tax	\$ 125.2	\$ 122.0	\$ 122.3	\$ 124.7	\$ 127.2	FY10-11 is projected based on Alameda County's estimated decline in AV. Negative growth expected in FY11-12 due to anticipation of a continued decline in commercial properties, low to zero inflation growth, and continuing property reassessments. Out year growth rates are consistent with Beacon Economics' projections.
%Growth from Year to Year	-3.6%	-2.5%	0.2%	2.0%	2.0%	
Sales Tax	\$ 36.14	\$ 36.50	\$ 37.23	\$ 38.3	\$ 39.9	Forecast is for modest recovery in FY11-12 and continuing in the out years. High rate of growth in Year 1 is due to the ending of triple flip repayment. Out years are consistent with Beacon Economics' projections.
%Growth from Year to Year	8.1%	1.0%	2.0%	3.0%	4.0%	
Vehicle License Fee	\$ 1.11	\$ 1.13	\$ 1.16	\$ 1.2	\$ 1.2	Rising car sales are forecasted to continue due to pent-up demand.
%Growth from Year to Year	2.0%	2.0%	2.0%	2.0%	2.0%	
Business License Tax	\$ 50.81	\$ 50.81	\$ 51.32	\$ 53.4	\$ 55.5	Business Tax generally mirrors sales tax contraction/growth, but with a one-year lag, except for the rental property portion (38%) is expected to grow due to the constrained lending market.
%Growth from Year to Year	-2.5%	0.0%	1.0%	4.0%	4.0%	
Utility Consumption Tax	\$ 50.81	\$ 51.21	\$ 51.62	\$ 52.7	\$ 53.7	Forecast is for modest recovery in FY11-12 and continuing in the out years. Continuing leakage due to consumer substitution to non-taxed telecommunications will slow future growth.
%Growth from Year to Year	0.6%	0.8%	0.8%	2.0%	2.0%	
Real Estate Transfer Tax	\$ 28.50	\$ 28.50	\$ 30.00	\$ 32.0	\$ 34.0	Projected at zero growth. Expected housing market recovery to begin in FY12-13 and expected to drive RETT growth. Forecast based on average monthly revenue.
%Growth from Year to Year	0.0%	0.0%	5.3%	6.5%	6.5%	
Projected Average Monthly Revenue	\$ 2.38	\$ 2.38	\$ 2.50	\$ 2.66	\$ 2.84	
Transient Occupancy Tax	\$ 8.64	\$ 8.73	\$ 8.90	\$ 9.3	\$ 9.6	TOT is likely to recover due to increased economic activity. Higher demand for hotel accommodations will increase occupancy and allow hotels to increase average daily room rates in years 4 and 5. Continuing leakage due to online hotel booking will slow future growth.
%Growth from Year to Year	2.4%	1.0%	2.0%	4.0%	4.0%	

Revenue Type	Year 1		Year 2		Year 3		Year 4		Year 5		Five Year Forecast Assumptions
	Proposed Midcycle FY2010-11	Forecast FY2011-12	Forecast FY2012-13	Forecast FY2013-14	Forecast FY2014-15	Forecast FY2015-16	Forecast FY2016-17	Forecast FY2017-18	Forecast FY2018-19		
Parking Tax	\$ 7.52	\$ 7.67	\$ 7.83	\$ 8.1	\$ 8.5						Parking tax is likely to recover due to increased economic activity. Higher demand for parking spaces will increase occupancy and allow for increases in parking rates in years 4 and 5. Note: If Measure Y is terminated and associated parking taxes are not collected, parking costs will fall boosting demand, and thus increase GPF parking revenue.
%Growth from Year to Year	5.1%	2.0%	2.0%	4.0%	4.0%						
Licenses & Permits	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.39	\$ 1.41						Dependent on Council enacted policy (master fee schedule). Assumed no increases for the next 3 years.
%Growth from Year to Year	5.3%	0.0%	0.0%	2.0%	2.0%						
Fines & Penalties	\$ 29.97	\$ 29.97	\$ 29.97	\$ 29.97	\$ 29.97						Comprised mostly of revenue from parking citations. FY10-11 is projected at the amended budget, but a positive growth of 7.1% compared to FY09-10 projection. This is due to anticipation of revenues from full implementation of revenue measures approved in FY09-10 such as roving patrol, paylock, disabled placard, etc. Out years are projected at flat growth.
%Growth from Year to Year	7.1%	0.0%	0.0%	0.0%	0.0%						
Interest Income	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64	\$ 1.64						No growth is projected due to the volatility of revenues (and operating cash balance).
%Growth from Year to Year	0.0%	0.0%	0.0%	0.0%	0.0%						
Service Charges	\$ 46.53	\$ 46.53	\$ 46.53	\$ 47.46	\$ 48.41						Assumed based on projected zero growth in parking meters and rapid growth in franchise fees. Dependent on Council enacted policy (master fee schedule)
%Growth from Year to Year	1.1%	0.0%	0.0%	2.0%	2.0%						
Grants & Subsidies	\$ -	\$ -	\$ -	\$ -	\$ -						No grants or reimbursements are currently anticipated.
Miscellaneous	\$ 1.20	\$ 0.35	\$ 0.35	\$ 0.4	\$ 0.4						Revenues primarily from Bedroom Tax, and Raiders Ticket Surcharge. FY10-11 includes one-time revenue from Oak Ctr. Loan repayment (\$0.4M) & billboard revenue (\$0.5M). FY11-12 and beyond only anticipates revenues from Bedroom Tax and Raiders Ticket Surcharge. No one-time revenues identified at this time.
Interfund Transfers	\$ 11.88	\$ 10.72	\$ 10.14	\$ 9.60	\$ 9.09						Transfers primarily from Pension Annuity Fund, and Sewer Fund. Pension Annuity Fund projected to decline by 5.7% based on historical average. FY10-11 includes one-time transfer from Bond Fund.
Total GPF Revenues	\$ 401.3	\$ 397.1	\$ 400.3	\$ 410.0	\$ 420.5						
% Growth from prior year	-0.2%	-1.0%	0.8%	2.4%	2.6%						

**Five-Year Forecast
General Purpose Fund Expenditure
FY10-11 to FY14-15**

	Adopted Budget FY10-11	Forecast FY11-12	Forecast FY12-13	Forecast FY13-14	Forecast FY14-15	Variance FY10/11 vs. FY11/12	Variance FY11/12 vs. FY12/13	Variance FY12/13 vs. FY13/14	Variance FY13/14 vs. FY14/15
Summary									
Salaries	195,967,280	195,967,280	197,607,210	199,268,458	199,268,458	-	1,639,930	1,661,249	-
Overtime	15,858,540	15,858,540	15,036,010	16,215,788	16,215,788	-	177,470	179,777	-
Retirement & Benefits	121,143,090	127,149,120	136,016,320	147,756,796	154,240,379	6,006,030	8,867,200	11,740,477	6,483,583
Misc Personnel Costs	(1,715,780)	(1,715,780)	(1,738,085)	(1,760,680)	(1,760,680)	-	(22,305)	(22,595)	-
Operation & Maintenance	46,869,290	46,869,290	46,869,290	46,869,290	46,869,290	-	-	-	-
Internal Service Fund	26,135,230	27,134,405	28,384,139	29,709,085	31,113,751	998,175	1,249,734	1,324,947	1,404,565
Fund Transfers	58,968,177	59,970,811	55,781,467	56,668,767	57,727,796	1,002,634	(4,189,343)	887,300	1,059,028
Overhead Recoveries	(19,420,820)	(19,420,820)	(19,420,820)	(19,420,820)	(19,420,820)	-	-	-	-
Other Expenditures									
Total	443,805,007	451,812,846	459,535,531	475,306,685	484,253,961	8,007,839	7,722,685	15,771,154	8,947,276

	Midcycle Budget FY10-11	Forecast FY11-12	Forecast FY12-13	Forecast FY13-14	Forecast FY14-15	Variance FY10/11 vs. FY11/12	Variance FY11/12 vs. FY12/13	Variance FY12/13 vs. FY13/14	Variance FY13/14 vs. FY14/15
Detail									
Personnel Costs									
<u>Civilian</u>									
Salaries	69,818,850	69,818,850	69,818,850	69,818,850	69,818,850	-	-	-	-
Overtime	2,206,980	2,206,980	2,206,980	2,206,980	2,206,980	-	-	-	-
Retirement	12,921,420	13,375,942	14,674,577	16,667,462	16,947,189	454,522	1,298,635	2,012,885	259,727
Benefits	25,066,180	26,820,813	28,698,269	30,707,148	32,856,649	1,754,633	1,877,457	2,008,879	2,149,500
<u>Public Safety</u>									
Salaries (Police & Fire)	126,148,430	126,148,430	127,788,360	129,449,608	129,449,608	-	1,639,930	1,661,249	-
Overtime	13,651,560	13,651,560	13,829,030	14,008,808	14,008,808	-	177,470	179,777	-
Retirement	39,757,500	40,516,516	42,311,197	45,806,536	46,061,996	759,016	1,794,681	3,495,338	256,460
Benefits	43,397,990	46,435,849	50,332,275	54,555,650	58,374,546	3,037,859	3,896,426	4,223,375	3,818,896
<i>Misc. Personnel Costs (Mostly Public Safety)</i>	(1,715,780)	(1,715,780)	(1,738,085)	(1,760,680)	(1,760,680)	-	(22,305)	(22,595)	-
O&M	46,869,290	46,869,290	46,869,290	46,869,290	46,869,290	-	-	-	-
<i>Raiders Contribution to the Coliseum Subsidy</i>		(500,000)	(750,000)	(1,250,000)					
<i>OH Recoveries</i>	(19,420,820)	(19,420,820)	(19,420,820)	(19,420,820)	(19,420,820)	-	-	-	-
Internal Service Funds									
Equipment Fund (4100)	6,751,880	7,431,215	7,665,404	7,910,531	8,167,034	679,335	234,189	245,127	256,503
Facilities Fund (4400)	15,725,990	16,045,830	17,061,375	18,141,195	19,289,357	319,840	1,015,545	1,079,820	1,148,162
ISF - Other	3,657,360	3,657,360	3,657,360	3,657,360	3,657,360	-	-	-	-
Fund Transfers	58,968,177	59,970,811	55,781,467	56,668,767	57,727,796	1,002,634	(4,189,343)	887,300	1,059,028
10-Year Repayment									
1730 - Kaiser Conv. Ctrs.	625,540	579,589	579,589	579,589	579,589	(45,951)	-	-	-
1760 - Telecomm Fund	265,540	934,692	-	-	-	669,152	(934,692)	-	-
1790 - Contract Compliance	630,020	579,605	579,605	579,605	579,605	(50,415)	-	-	
1100 - Self-insurance Liability	17,151,950	17,509,007	18,190,089	18,820,051	19,619,225	357,057	681,082	629,962	799,174
1780 - Kids First!	11,515,707	11,214,257	11,391,350	11,667,475	11,956,898	(301,450)	177,094	276,125	289,422
2310 - LLAD	-	-	-	-	-	-	-	-	-
Museum Lease Payment	3,681,350	4,089,750	-	-	-	408,400	(4,089,750)	-	-
6014 - Convention Ctrs. Lease Payment	14,163,780	14,143,275	14,120,100	14,100,450	14,071,613	(20,505)	(23,175)	(19,650)	(28,837)
6512 - City Admin Bldg. Lease Payment	9,071,330	9,057,676	9,057,774	9,058,637	9,057,906	(13,654)	98	863	(731)
2321 - Wild Fire Prev District (Authorized thru 7/1/14)	148,000	148,000	148,000	148,000	148,000	-	-	-	-
Raiders Surcharge (based on historical average)	160,000	160,000	160,000	160,000	160,000	-	-	-	-
PFRS Contribution	-	-	-	-	-	-	-	-	-
OPFB Contribution* (66% GPF Contribution)	-	-	-	-	-	-	-	-	-
Fund 1720 Comprehensive Clean-up	1,554,960	1,554,960	1,554,960	1,554,960	1,554,960	-	-	-	-
Total Expenditure	443,805,007	451,812,846	459,535,531	475,306,685	484,253,961	8,007,839	7,722,685	15,771,154	8,947,276
% Change		1.8%	1.7%	3.4%	1.9%				

**Five-Year Forecast
General Purpose Fund Expenditure
FY10-11 to FY14-15**

	Adopted Budget FY10-11	Forecast FY11-12	Forecast FY12-13	Forecast FY13-14	Forecast FY14-15	Variance FY10/11 vs. FY11/12	Variance FY11/12 vs. FY12/13	Variance FY12/13 vs. FY13/14	Variance FY13/14 vs. FY14/15
<i>Operating Costs Assumed To be Included in the Budget in year 1</i>									
Capital Projects Operating Expenses (81st Ave. Library, etc.):									
81st Library	187,000	187,000	187,000	187,000	187,000				
East Oakland Sports Center*	375,000	375,000	375,000	375,000	375,000				
Mandela Parkway	120,000	120,000	120,000	120,000	120,000				
Fire Station 18	27,000	27,000	27,000	27,000	27,000				
Lake Merritt - Boathouse Lakeshore	220,000	220,000	220,000	220,000	220,000				
Lake Merritt - El Embarcadero	330,000	330,000	330,000	330,000	330,000				

Major Assumptions:

- 1) Union concession to continue (salary flat, no COLA, shutdown, OPD & OFD Special Concessions);
- 2) Fringe Benefits projected to increase by 7% per year;
- 3) Projected increases to retirement rates as provided by CalPERS;
- 4) Telecommunications Fund (1760) repayment will be completed in FY11/12.