

2010 JUN 24 PM 12:18

OAKLAND CITY COUNCIL

Approved as to Form and Legality


City Attorney

RESOLUTION No. 82731 C.M.S.

RESOLUTION AMENDING THE GENERAL PURPOSE FUND BUDGET FOR FY 2009-10 AND FY 2010-11, WHICH THE CITY COUNCIL AMENDED PURSUANT TO RESOLUTION NUMBERS 82235 C.M.S., 82335 C.M.S., 82519 C.M.S., 82582 C.M.S., 82578 C.M.S. AND 82646 C.M.S.

WHEREAS, on June 30, 2009, in accordance with City Charter section 800, the City Council adopted the biennial policy budget for FY 2009-2011 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 and March 16, 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., and No. 82646 C.M.S. respectively; and

WHEREAS, the annual mandatory payments to the Alameda County Local Agency Formation Commission are critical to preserving the City of Oakland's property tax revenues; and

WHEREAS, while Citywide Golden Handshake early retirement program savings were achieved, actual program savings differed from budgeted program savings by agency/department in Fiscal Year 2009-10; 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, the Administration has developed budget balancing measures for the General Purpose Fund to fully offset the projected Fiscal Year 2009-10 and Fiscal Year 2010-11 shortfalls, as reflected in **Exhibits A-1 and A-2 (Revised)**, respectively; and

WHEREAS, the Administration's budget balancing proposal contains a recommendation to sell a major asset to generate one-time revenue; and

WHEREAS, the Administration'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 or (c) a proposed ¼ cent transactions and use tax requiring a simple majority vote; and

WHEREAS, City Council or voter rejection of these proposed balancing measures will create a \$30.6 million deficit in the General Purpose Fund in FY 2010-11 that will call for drastic measures to resolve; 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., now therefore be it

RESOLVED: that the City's Fiscal Year 2009-10 and Fiscal Year 2010-11 Amended Budgets are hereby amended to incorporate balancing implementation measures reflected in **Exhibits A-1 and A-2 (REVISED)**, respectively 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 hereby balances the remaining \$10.4 million as indicated in Exhibit A-1 REVISED; and be it

FURTHER RESOLVED: that the City Council authorizes the City Administrator to initiate the process to sell the Kaiser Convention Center; and be it

FURTHER RESOLVED: that if the City Council does not approve the sale of the Kaiser Convention Center, the Council hereby requests that the City Administrator return to the City Council with a plan to reduce the General Purpose Fund budget appropriation accordingly as expeditiously as possible; and be it

FURTHER RESOLVED: that the City Council hereby authorizes the City Administrator with the advice of the City Attorney to initiate the process to place the proposed public safety parcel tax and transactions and use and/or utility consumption tax increase/expansions on the November 2010 ballot; and be it

FURTHER RESOLVED: that if the City Council does not place the taxes measures described above on the November 2010 ballot or the voters do not approve some or all of the recommended taxes in November 2010, the Council hereby requests that the City Administrator return to the City Council with a plan to reduce the General Purpose Fund budget appropriation by up to \$20.6 million as expeditiously as possible; 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 2009-10 and Fiscal Year 2010-11 projected General Purpose Fund shortfall; and be it

FURTHER RESOLVED: that one-time monies used to balance the Fiscal Year 2009-10 and 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 annual mandatory payments to the Alameda County Local Agency Formation Commission of approximately \$60,000 shall be paid from the Citywide City Council contingency allocation in the General Purpose Fund; and be it

FURTHER RESOLVED: that Fiscal Year 2009-10 budgeted General Purpose Fund savings from the Golden Handshake early retirement program shall be re-allocated to reflect actual retirements by each agency/department in Fiscal Year 2010-11; and be it

FURTHER RESOLVED: that the City Council directs the City Administrator to implement the aforementioned actions with all deliberate speed.

IN COUNCIL, OAKLAND, CALIFORNIA, APR 29 2010, 2010

PASSED BY THE FOLLOWING VOTE:

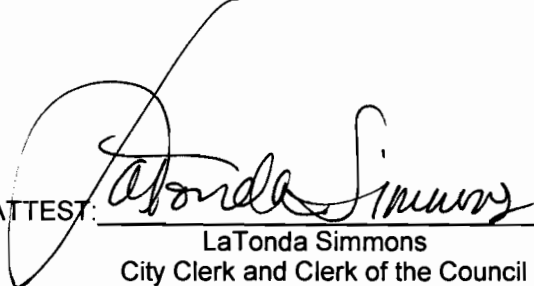
AYES - ~~BRUNNER~~, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, ~~REID~~, and ~~PRESIDENT~~
~~BRUNNER~~ - 5

NOES - Bricks, Reid, Brunner - 3

ABSENT - 0

ABSTENTION - 0

ATTEST:


LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

FY 2009-10 Proposed General Purpose Fund Balancing in \$ millions	
	FY 09-10
Pre-December 17th Budget Deficit	\$ (18.87)
Balancing Measures Approved by Council on December 17, 2009	\$ 8.44
Post-December 17th Budget Deficit	\$ (10.43)
Additional Anticipated Shortfalls	\$ (4.83)
February 16, 2010 Anticipated Budget Deficit	\$ (15.26)
Revenues/Other Financing	
Sale of Assets	7.75
New revenue	0.50
<i>Subtotal</i>	\$ 8.25
Expenditures	
Position Changes:	
Reductions	0.26
Transfers	0.08
Grant reductions	-
Program reductions	-
Use of One-Time Funds	1.87
<i>Subtotal</i>	\$ 2.20
Total Proposed Balancing Measures	\$ 10.45
Total Surplus/(Deficit)	\$ (4.81)
Revision of parking citation pass-through payment to Alameda County -- prior year	0.50
Revision of new parking citation contract revenue from better collection rate	(0.30)
15% Reduction of elected officials' appropriations	0.25
Additional anticipated revenue shortfalls	(6.02)
Post February 16, 2010 Anticipated Budget Deficit	\$ (10.38)
Use dedicated pension funds for one-time pension expenses	\$ 10.38
Surplus/(Deficit)	\$ -

**FY 2010-11 GENERAL PURPOSE FUND
DELINEATION OF PROJECTED YEAR-END DEFICIT**

<u>REVENUES</u>	<u>Previously Identified FY 10-11</u>	<u>Additional Deficit FY 10-11</u>	<u>Total Deficit FY 10-11</u>	<u>Explanation</u>
Property Tax	(0.36)	(4.69)	(5.05)	Per March 17th County preliminary estimate, assessed valuation (AV) to decline by -3.2% based on the expected wave of additional lowered assessments. AB1290 pass-through from ORA is also projected to decline by 11%.
Sales Tax	(5.29)	-	(5.29)	Continuing decline in consumer spending. FY09-10 estimated shortfall included the approximately \$3M triple flip negative adjustment, not occurring in FY10-11.
Vehicle License Fee	-	-	-	
Business Tax	-	-	-	
Utility Consumption Tax	(1.48)	(2.62)	(4.10)	Falling natural gas prices resulting in lower gas billings; reduced demand, and lackluster growth in Telecom revenues.
Real Estate Transfer Tax	-	(1.11)	(1.11)	Real estate has shown some signs of recovery, however, the underlying drivers of this recovery – federal and state government credit for first-time buyers, low interest rates and available credit – may not continue for much longer.
Transient Occupancy Tax	(1.66)	-	(1.66)	Continuing decline in consumer spending reducing average daily room rates.
Parking Tax	(0.95)	-	(0.95)	Continuing decline in consumer spending affecting travel and airport parking.
Licenses & Permits	-	(0.15)	(0.15)	Reduced demand for permits.
Fines & Penalties	-	-	-	
Interest Income	(0.36)	-	(0.36)	Projected shortfall is due to the low interest market and low cash balance for investment.
Service Charges	(1.08)	(1.62)	(2.70)	Slowdown in consumer spending affecting parking meter usage, and various user charges. Adjustment in 10-11 also includes a \$330k reduction in meter revenue due to the cancellation of extended parking meter hours with no replacement revenues identified.
Grants & Subsidies	-	-	-	
Miscellaneous	(3.20)	-	(3.20)	Revenue of \$3.2M was included in the 10-11 amended budget, but is yet to be identified.
Fund Transfers	(0.08)	(0.96)	(1.04)	Adjustments due to lower pension annuity revenue attributed to higher mortality rate in 09-10; and Pacific Renaissance nightly residential parking (\$80K) that will not actualize.
Subtotal	\$ (14.46)	\$ (11.15)	\$ (25.61)	

EXPENDITURES

	<u>Previously Identified</u> <u>FY 10-11</u>	<u>Additional Deficit</u> <u>FY 10-11</u>	<u>Total Deficit</u> <u>FY 10-11</u>	<u>Explanation</u>
Doubtful collection of entertainment surcharge	(9.00)	-	(9.00)	Entertainment surcharge applied to Coliseum ticket sales has not been applied in FY 2009-10 and may not be applied in FY 2010-11.
Projected departmental overspending:				
Police				
Full police academy	(3.13)	-	(3.13)	Reflects a cost of a full academy, including Police Department's and Human Resource Management Department's recruiting and training expenses.
Alameda County sheriff's academy	(0.55)	-	(0.55)	
Anticipated overtime overspending	(2.20)	-	(2.20)	Reflects anticipated FY 2009-10 year-end spending of \$14 million, a reduction of \$13 million from the high of \$27 million just a couple of years ago.
Set aside necessary for the new NSA monitoring contract	(0.80)	-	(0.80)	Approved by resolution 82448 C.M.S. on December 8, 2009; total approved \$1.5 million, with \$0.7 million appropriated in FY 2009-10.
Other Departments				
Finance & Management	(0.59)	-	(0.59)	Treasury recoveries were mistakenly inflated in the budget; continued from FY 2009-10. Personnel services appropriation mistakenly shorted in FY 2010-11.
Non-Departmental Unit	(0.64)	-	(0.64)	Reflects lower central services overhead recovery rate from eliminated positions in non-GPF.
Increase in Self-Insurance Liability cost based on the Phoenix Model analysis	(0.56)	-	(0.56)	Report on increased cost presented to Finance & Management Committee on February 23, 2010.
Net adjustment of fringe and retirement rates (for Civilian and Sworn employees)	(0.80)	1.30	0.50	Savings due to downward revision of fringe and retirement benefit rates on all salaries.
Subtotal	\$ (18.26)	\$ 1.30	\$ (16.96)	
TOTAL	\$ (32.72)	\$ (9.85)	\$ (42.57)	

FY 2010-11 GENERAL PURPOSE FUND
Balancing Measures APPROVED
FTEs

Filled Vac Total FY 10-11 Impacts

REVENUES/OTHER FINANCING

Sale/Lease of Assets

Lease of Scotlan to ORA/Central District or Sale of Other Facilities			2.00	
Sale of Grandview Lots			0.15	The property is being sold to Hill Side Homes. The Council approved the Ordinance on March 16.
Sale of Silveira property			0.60	
Subtotal	-	-	\$ 2.75	

New Revenues and Other Financing

Increased parking citation revenue			1.75	Reflects anticipated additional revenue from the new contract due to an increased collection rate.
Proceeds from sale of billboard space			1.00	One-time proceeds from sale of billboard space, along with \$0.15 million per year is anticipated from arrangement with Clear Channel Inc.
New grant revenue to offset personnel costs			0.49	
Stricter False Alarm Enforcement Revenue			0.24	
Subtotal	-	-	\$ 3.48	

TOTAL REVENUES/OTHER FINANCING

\$ 6.23

	FTEs		APPROVED		
	Filled	Vac	Total	FY 10-11	Impacts
EXPENDITURES					
Reduce grants and subsidies:					
<i>City Institutions – 25% reduction</i>					
Oakland Zoo				0.16	
Chabot Space & Science Center				0.12	
Subtotal				0.28	
<i>Related City Institutions – 50% reduction</i>					
AIDS Prevention & Education Initiative				0.05	
Hacienda Peralta				0.07	
City/County Collab. on Children & Youth				0.15	
Subtotal				0.27	
<i>Non-Profit Organizations – 50% reduction</i>					
Cypress-Mandela Training Center				0.11	
Symphony in the Schools				0.04	
Women's Business Initiative				0.06	
Jack London Aquatic Center				0.06	
Human Services – Academies Program				0.08	
Day Laborers Program				0.08	
Subtotal				0.43	
<i>Other Prior Grantees – 100% reduction</i>					
Oakland School for the Arts				0.14	
Subtotal				\$ 1.12	
Mayor					
Eliminate Mayor's PSE 14	2.00	-	2.00	0.22	
Reduce operations and maintenance budget				0.05	
Subtotal	2.00	-	2.00	\$ 0.27	
City Council					
Council: Eliminate Senior Council Policy Analysts (Legislative Analysts)	4.05	-	4.05	0.49	1.95 FTE Legislative Analysts funded by the Oakland Redevelopment Agency Projects fund were also approved by Council for elimination.
Subtotal	4.05	-	4.05	\$ 0.49	

FTEs APPROVED

	Filled	Vac	Total	FY 10-11	Impacts
City Attorney					
Eliminate Deputy City Attorney III	2.00	-	2.00	0.42	City Council approved the reduction target of \$0.55 million at its March 16th meeting and asked elected offices to return with specific reductions for the April 1st special meeting.
Eliminate Paralegal	1.00	-	1.00	0.11	
Savings from paying Deputy City Attorney II lower than budgeted amount	-	-	-	0.02	
Subtotal	3.00	-	3.00	\$ 0.55	
City Auditor					
Senior Performance Auditor	1.00	-	1.00	0.11	
Performance Auditor	1.00	-	1.00	0.09	
Subtotal	2.00	-	2.00	\$ 0.20	

Information Technology

Delete Microcomputer Systems Specialist I	1.00	-	1.00	0.10	There will be a significant delay in replacing and or troubleshooting damaged software or hardware for computer equipment citywide. Documentation of computer equipment inventory will be affected as well.
Delete Microcomputer Systems Specialist I	1.00	-	1.00	0.10	There will be a significant and severe delay in the response to failures on systems used by the Libraries and the Museum which would negatively impact downtime. There will also be significant delay in computer replacements and on troubleshooting damaged computers.
Delete Microcomputer Systems Specialist III	1.00	-	1.00	0.14	There will be a significant delay on the response to network related issues. Daily logs will not be monitored as frequent as they should be, possibly on a weekly rotation. Coordination of network services related to relocation of staff and office rearrangements will be delayed significantly as well.
Subtotal	3.00	-	3.00	\$ 0.34	

Finance and Management

Eliminate Revenue Assistant	1.00	-	1.00	0.08	Slowdown in collections
Subtotal	1.00	-	1.00	\$ 0.08	

Personnel Resource Management

Eliminate Admin Analyst II	-	1.00	1.00	0.10	Loss of bill-paying, payroll, other fiscal functions
Subtotal	-	1.00	1.00	\$ 0.10	

FTEs APPROVED
Filled Vac Total FY 10-11 Impacts

	<u>Filled</u>	<u>Vac</u>	<u>Total</u>	<u>FY 10-11</u>	<u>Impacts</u>
Police Services					
Restructure Personnel Management					
Eliminate Admin Analyst II	-	1.00	1.00	0.09	
Other					
Eliminate Rangers	2.00	-	2.00	0.28	
Transfer Cadet Program to Asset Forfeiture fund	9.00	-	9.00	0.27	
Subtotal	11.00	1.00	12.00	\$ 0.64	
Library					
Utilize available Measure Q fund balance	-	-	-	0.54	Initial analysis shows adequate fund balance remaining for FY 10-11
Subtotal	-	-	-	-	
Parks and Recreation					
Transfer revenues to GPF from Golf Fund				0.20	Added revenue from Lake Chabot & Montclair Courses.
Subtotal	-	-	-	0.20	
Human Services					
Eliminate Linkages Grant Match				0.19	State grant funding of \$200k annually is proposed for elimination in FY 10-11 as part of State budget balancing. Elimination of the local grant match would terminate base program services for adults with disabilities, which currently serves approximately 372 clients. With City GPF funding the program could continue serving a base number of clients.
Eliminate Homeless Mobile Outreach/California Hotel grant match				0.14	Reduces outreach efforts by 2 (two) days from the current 5 (five) days. Currently part of PATH program to do outreach to encourage and engage homeless people in work activities and access to housing. Would need 30 days notice to modify the contract.
Subtotal	-	-	-	\$0.33	
TOTAL SOLUTIONS					
	26.05	2.00	28.05	\$ 11.09	