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September 26, 2008

Honorable President and Members of the City Council
City of Oakland, California

Review of Fiscal Year 2007-2008 year-end financial results, Discussion of Fiscal Year 2008-2009 budgetary issues, and Presentation of balancing options

City Council President and Council members –

As the Chief Executive Officer of the City, it is my obligation to bring to you and Oakland residents the truth, as painful and inconvenient as it may be. I have taken charge of the fiscal review process. My trusted advisors and I have thoroughly analyzed our financial situation and formulated responses to three important questions: **Where are we today? How did we get here? What are our options?**

This letter briefly addresses each of the above three points; attachments that follow provide additional details. Collectively, these documents provide a framework for the collaborative work that I invite the entire City Council to engage in – to completely and thoroughly review all available alternatives in addressing the current financial situation, I will formally present the detailed financial analysis at a special meeting on September 30, 2008, followed by City Council budget workshops currently planned for October 10, 2008 and October 16, 2008.

A. WHERE ARE WE TODAY?

As I promised Oakland residents in July 2008, internal and external advisors engaged in a six-week analysis of the City's financials. The results of the financial review and related recommendations are before you today. Recommendations from an operational analysis by PFM will be presented shortly.

Comprehensive analyses were undertaken for all city funds. The General Purpose Fund was particularly scrutinized both for the recently completed Fiscal Year (FY) 2007-08 as well as the current FY 2008-09. Every revenue and expenditure line item was evaluated. For revenue estimates, both internal and external experts were engaged (e.g. the County Assessor's Office, Beacon Economics and HdL).

The conclusion of this effort is clear: Oakland is living beyond its means. Multiple problems have been revealed, including: immediate issues; historical / systemic issues; and anticipated future issues.

Balancing measures have been developed for every fund with financial issues. These will be reassessed further to ensure that they reflect opportunities to reduce costs through efficiencies and restructuring, with final recommendations made during the FY 2009-11 budget development commencing in November. At this time, I present balancing recommendations for the most immediate problems. My recommendations eliminate unsustainable operational deficits in the General Purpose Fund (GPF) and the Landscaping & Lighting Assessment District Fund (LLAD), address a State-imposed revenue shift from the Oakland Redevelopment Agency (ORA), and provide measures to eliminate historical negatives in the Capital Improvement Fund (CIP) and the LLAD Fund.

The recommended measures before you today include:

- (a) budget reductions of \$42.5 million (\$37.5 million in GPF and \$5 million in LLAD),
- (b) use of \$9 million in one-time revenues to eliminate historical negatives in the LLAD Fund (\$5 million) and the Capital Improvement Fund (\$4 million); and
- (c) use of ORA's revised – and higher – revenues and available fund balances to offset the \$8.5 million state cut.

Reductions of 132 positions, of which **84 positions are currently filled**, affect the GPF and LLAD funds only.

A1. IMMEDIATE ISSUES

Two funds require immediate attention:

1. The General Purpose Fund (GPF) has only \$10 million in available, uncommitted reserves** and a projected year-end shortfall of **\$37.4 million** for FY 2008-09.
2. The Landscaping & Lighting Assessment District (LLAD) fund, as previously reported to the City Council, lacks ongoing revenues to pay for basic services. The current year LLAD shortfall is **\$5.4 million**.

In addition, changes must be made to the Oakland Redevelopment Agency's (ORA) budget to accommodate an **\$8.5 million revenue shift** imposed by the State.

*** Note: "Reserve" and "fund balance" are used interchangeably in this document, and generally refer to the uncommitted "savings" in a fund that are available for contingencies and emergencies.*

A2. HISTORICAL / SYSTEMIC ISSUES

The City has various funds with negative balances. These negative balances have been accumulating over time. These funds, in essence, use cash from the citywide pool. Most citywide cash, however, is restricted, and negatives in these funds become a drain on the City's General Purpose Fund, which is already struggling financially.

Overall, funds with long-standing negatives can be grouped in the following categories:

- Selected General Funds on existing repayment schedules (\$34 million in outstanding negatives): These include Self-Insurance Liability, Kaiser Convention

Center, Telecommunications, and Contract Compliance. Generally, repayment schedules established in FY 2005-07 have been followed, and the negatives are expected to be eliminated over the next three to ten years.

- Internal Service Funds (\$49 million in outstanding negatives): Repayment schedules and cost reductions for two of these funds were approved in FY 2005-07, but were not completely implemented.
- Funds not immediately requiring one-time revenues (\$78 million in outstanding negatives): Key funds include Mandatory Garbage, Comprehensive Clean-Up, Multi-Purpose Reserve, Gas Tax, ORA clearing, and Overhead Clearing.
- Funds that require one-time revenues to eliminate negative balances (\$17 million in outstanding negatives). Examples include:

LLAD: The Landscaping & Lighting Assessment District fund has a \$4.8 million negative fund balance resulting from the prior years' operating negatives. This negative would increase to \$10.2 million by the end of the year if the aforementioned \$5.4 million operating gap is not immediately addressed.

CIP: The City's Capital Improvement Fund carries a \$4.1 million historical negative balance and has \$6.4 million in previously appropriated projects (mainly "pay-go"s). There is no cash to support these capital projects; if they continue and expenditures occur, the CIP negative balance would increase to \$10.5 million.

- Grant funds (\$158 million in outstanding receivables) are in their own, unique category. In many cases, negatives in these funds will be offset once grant reimbursements are received. However, there may be exceptions, where reimbursements would be insufficient to cover the negative balances, due to disallowed costs. The City's departments that receive and use grant funds, under the guidance of the Finance Department, are continuing to seek reimbursements from grantors on a timely basis.

A3. ANTICIPATED FUTURE ISSUES

Today's problems are just a preview of more severe future financial concerns. The next two years promise to be even more challenging. For example:

- In FY 2009-10, \$10 million in one-time or limited-duration transfers into the General Purpose Fund from other funds will no longer be available, which will increase the GPF structural deficit by that amount.
- A new Kids First initiative proposed for the November 2008 ballot would result in an additional annual expense of up to \$17 million within the General Purpose Fund beginning with FY 2009-10, further deteriorating the GPF's financial condition.
- The City currently funds its retiree medical benefits and police retention payment (OPEB) liabilities on a pay-as-you-go basis. This method addresses current costs but not necessarily long-term liabilities. To fully fund these long-term liabilities, our current annual payment of \$10 million would increase by at least \$23 million per year. A second analysis of the City's OPEB liabilities is underway, and options will be developed and presented to the City Council on controlling and funding OPEB costs.

- Beginning with 2011, the City will be required to make annual contributions to the old Police and Fire Retirement System (PFRS), as the payment “holiday” will expire. The FY 2011-12 contribution amount is estimated at \$39 million. Staff has discussed aspects of this liability with the City Council, and will bring forward a plan of possible legislative and financial actions.
- Pressure on the City’s resources will continue from the demand for essential public safety services, including funding for additional academies and staffing costs to maintain the authorized strength of 803 police officers. Measure Y funding may soon become insufficient to fully fund all of the intended programs and services. A supplemental revenue stream will be required.
- The City has no discretionary capital funds beyond the current year. In addition, there are deferred maintenance needs that are currently not addressed. For example, the FY 2007-12 Capital Improvement Plan identified \$147 million in unfunded projects.

B. HOW DID WE GET HERE?

The current financial problems were not created overnight. Many were forecast and extensively discussed in prior years. For example:

(a) Significant General Purpose Fund deficits were projected during the FY 2003-05 budget development. A combination of cost reductions and revenue increases helped to balance the budget, and a once-a-month business shutdown became another necessary balancing measure.

(b) In a five-year financial forecast prepared in 2004 (for the FY 2005-2007 budget development), many current fiscal issues – especially the General Purpose Fund’s reliance on one-time revenues – were identified.

(c) Also in FY 2005-07, problems with non-General fund balances were identified and addressed.

Oakland is not unique in experiencing severe financial issues. Almost daily, local and national media cover stories of local communities dealing with budget deficits; many are cutting essential services. San Francisco, Los Angeles and San Diego are just some of the examples of major California cities experiencing financial issues and taking drastic measures to address them; nationwide, there is a multitude of additional examples.

B1. WHAT CAUSED THE IMMEDIATE ISSUES?

The **General Purpose Fund’s** (GPF) low available fund balance (\$10 million as of July 2008) is due to a \$50 million drawdown in the last fiscal year (FY 2007-08). The projected shortfall for the current year, at \$37.4 million, is the result of a careful reassessment of revenue and expenditure assumptions reported in the Midcycle review. The next two pages provide details.

1. FY 2007-08 Results

Attachment "A1" provides details on FY 2007-08 year-end results. A summary is presented below.

General Purpose Fund - Fund Balance History	
June 2007 Fund Balance (from FY 07 CAFR)	75,458,000
less encumbrances and project carryforwards from prior years	(19,826,000)
Available Fund Balance - FY 2007-08 beginning	55,632,000
less \$30.6 million drawdown by year-end, comprised of:	
use of fund balance included in the FY 2007-08 Adopted budget	(6,965,637)
decrease in revenues from Adopted budget to year-end actuals	(13,375,116)
increase in expenditures from Adopted budget to year-end actuals	(10,306,278)
Cumulative drawdown (net of prior year carryforwards)	<u>(30,647,031)</u>
FY 2007-08 Ending Fund Balance (FY 08 pre-audit actuals)	24,984,969

In the beginning of the last FY (FY 2007-08), the audited GPF fund balance was \$75 million; however, after prior year project carryforwards and encumbrances are taken into account, actually \$55 million was available. By the end of the year, the fund balance was reduced to \$24 million, reflecting a drawdown of \$31 million during the year.

It is important to be clear: **no funds went unaccounted**. The components of the \$31 million drawdown from the budget balance are as follows:

- a) The FY 2007-08 adopted budget already assumed a \$7 million use of fund balance - the difference between \$470 million in revenues and \$477 million in expenditures. This reduced the fund balance to \$48 million.
- b) The actual year-end drawdown was \$24 million higher. The difference is due to a \$14 million reduction in revenues (from the Adopted budget) and another \$10 million increase in expenditures.

The revenue decrease is a net of several adjustments, including a \$30 million drop in the real estate transfer tax that was offset by increases in the property tax (\$10 million), sales tax (\$4 million), business tax (\$4 million) and a number of other adjustments.

The expenditure increase was mainly in Police Services, and accounts for salary increases granted by the arbitrator in excess of the budgeted amount, coupled with overtime and new schedule costs. *Attachment "A1" provides details on revenues and expenditures.*

- c) Nearly \$9 million of the \$24 million additional balance drawdown was anticipated during the 3rd Quarter Revenue & Expenditure analysis (presented in May 2008). This \$9 million was a net difference between the \$12 million revenue decrease (mainly due to a \$27 million under-collection in the property transfer tax, offset by over-collection in other categories) and a \$3 million expenditure decrease, after adjusting for carryforward funding.
- d) The FY 2007-08 ending fund balance was, therefore, only \$24 million.

2. FY 2008-09 Revised Projection

Attachment "A2" provides details on FY 2008-09 financials. In the beginning of the current FY (FY 2008-09), the GPF fund balance was \$24 million. However, only \$10 million is truly available, after discounting for \$14 million for previously approved projects and encumbrances.

General Purpose Fund - Fund Balance History

<u>FY 2007-08 Ending Fund Balance (FY 08 pre-audit actuals)</u>	24,984,969
less encumbrances and project carryforwards from prior years	(14,823,000)
<u>FY 2008-09 Beginning Available Fund Balance</u>	10,161,969

The low level of uncommitted GPF reserve funds (at \$10 million) is only one of two issues pertaining to the current year. The other – and most immediate – is a \$37.4 million projected shortfall.

General Purpose Fund - FY 08-09 shortfall

FY 2008-09 use of fund balance included in the <u>Adopted Budget</u>	(6,403,935)
revenue adjustments (decrease in revenues) for FY 2008-09	(17,752,338)
expenditure adjustments (increase in expenditures) for FY 2008-09	(13,270,000)
FY 2008-09 <u>current projected</u> deficit	(37,426,273)

- a) The \$37.4 million projected shortfall is \$31 million higher than the \$6.4 million figure included in the FY 2007-09 Adopted budget.

The Original adopted budget included revenues of \$484.7 million and expenditures of \$491.1 million, for a difference of **\$6.4 million** (budgeted use of fund balance).

The Midcycle adjusted budget (approved in July 2008) revised revenues downward, to \$470.1 million, mostly due to a dramatic reduction in projected Real Estate Transfer Tax revenue. To re-balance the budget, expenditures were reduced by the same amount, to \$476.5 million. The expenditure cuts included the elimination of 38.69 vacant FTEs, a one-time \$1 million transfer from the Unclaimed Cash Fund; \$1.5 million in savings from a scheduled shutdown of non-essential City services between Christmas and New Year; and \$2.17 million in savings from an increase in the civilian vacancy rate of 2 percent to 6 percent saving. Position reductions and fund transfers approved in the Midcycle have been implemented. The Midcycle reductions did not change the **\$6.4 million** use of fund balance.

- b) The \$31 million adjustment to the Adopted / Midcycle shortfall of \$6.4 million is comprised of an \$18 million readjustment in revenues and a \$13 million adjustment to expenditures. The shortfall was determined by carefully re-evaluating revenue and expenditure assumptions in the mid-cycle budget.

The revenue adjustments were in several categories, most notably in the real estate transfer tax (\$11 million). The expenditure adjustments are mainly in Police Services

(\$11 million), to account for the cost of additional academies, overstaffing, booking fees and overtime. *Attachment "A2" provides a detailed breakdown.*

- c) The calculation of the \$37.4 million shortfall maintains a status quo and **does not take into account costs for not yet awarded salary increases**. Such increases, if granted at a rate of 3% to both miscellaneous and fire employees, would cost \$5.2 million in the General Purpose Fund alone. The GPF shortfall would increase to \$42.6 million.

In addition, to avoid double-counting, the \$37.4 million shortfall figure backs out the following Midcycle balancing measures: the four-day shutdown (\$1.5 million) and the increase in the civilian vacancy rate (\$2.17 million).

The **Landscaping & Lighting Assessment District** (LLAD) fund lacks ongoing revenues to pay for the basic services. Historical analysis shows that LLAD expenditures began to exceed the flat revenues in FY 2001-02, with operating gaps getting worse every year. The recently passed LLAD increase measure has been challenged, resulting in the unavailability of additional funds. On an annual basis, the LLAD shortfall is \$5 million, representing a gap between the flat revenue stream of \$18 million and expenditures of \$23 million. In addition, there is a \$5 million negative fund balance that resulted from the prior years' operating deficits.

The **Oakland Redevelopment Agency** (ORA), as discussed above, is subject to a revenue pass-through to the State included in the recently approved State budget. This pass-through, while anticipated and feared in July-August 2008, was confirmed only in mid-September.

B2. WHY ARE THERE HISTORICAL / SYSTEMIC ISSUES?

In general, the identified negative fund balances are a result of operating gaps going back several years. In some cases, such gaps were caused by charging expenses to funding sources that could not sustain them. In many other cases, the ongoing expenditures simply exceeded ongoing revenues, and steps had not been taken to either cut costs or increase revenues.

Certain actions were taken in FY 2005-07 to address negatives in six funds, which were placed on repayment schedules. In most cases, the repayment schedules have been followed, and the negatives are expected to be eliminated over the next three to ten years. However, in some – most notably, the internal service funds – the actual rate increases were substantially lower than those recommended in FY 2005-07. *Attachment "C" provides historical analysis of the Internal Service Funds; Attachment "D" contains financials of additional negative funds.*

B3. WHY DO WE ANTICIPATE FUTURE ISSUES?

The economy is not expected to fully recover any time soon. As a result, the City's major revenue sources (especially the real estate transfer tax) will be greatly impacted by the economic weakness. In addition, there will be continued pressure on the City's resources by basic public safety and public health needs. Lastly, a number of other factors are coming into play in the next two to four years, as discussed in detail above

(limited transfers to GPF; financial requirements of OPEB, PFRS and possibly a new Kids First; and no funding for future municipal capital projects).

C. WHAT ARE OUR OPTIONS?

The balancing options discussed below are the product of a collaborative effort of my advisors and City staff. The measures reflect strategic thinking by departments on reducing program costs while trying to maintain the quality and quantity of existing services. This was a difficult task given the lack of flexibility imposed by the various mandates within the General Purpose Fund, and even more stringent restrictions in the non-general funds.

Balancing measures have been developed for every fund with financial issues. At this time, I present balancing recommendations for the two funds with the most immediate challenges, the ORA, and two negative funds. **The recommended measures include:**

- (d) budget reductions of \$42.5 million (\$37.5 million in GPF and \$5 million in LLAD),
- (e) use of \$9 million in one-time revenues to eliminate historical negatives in the LLAD fund (\$5 million) and the Capital Improvement fund (\$4 million); and
- (f) use of ORA's revised – and higher – revenues and available fund balances to offset the \$8.5 million state cut

Reductions of 132 positions, of which **84 positions are currently filled**, affect the GPF and LLAD funds only.

C1. GUIDING PRINCIPLES

The balancing measures presented here rely on the following guiding principles, many of which the City Council formally adopted in prior years:

- 1st. Public safety will remain a number one priority. The language and spirit of Measure Y require this, and so does my promise to the residents of Oakland.
- 2nd. Negative impact on Oakland residents, businesses and employees will be minimized to the extent possible.
- 3rd. A legally required "balanced budget" will be developed, where revenues equal expenditures. One-time revenues will not be used for ongoing expenses.
- 4th. A long-term plan to address all negative fund balances will be developed.
- 5th. Our budget will help to strengthen the City's position in the financial and capital markets. It will be based on conservative methods and provide for financial flexibility, address immediate and systemic issues, provide plans for replenishment of reserves, and anticipate and address future problems, especially OPEB.
- 6th. Our process will be open and transparent. Our employees and the public have the right to know how City business is being conducted, and to receive information on how these decisions impacts their daily lives.

The balancing measures discussed below are difficult, but are necessary to prevent further damage to the City's finances – and give us time to recover from the current economic crisis and prepare a long-term strategy for survival and prosperity.

C2. GENERAL PURPOSE FUND – ATTACHMENT “A3”

1. Balancing Measures

Only 23% (\$110 million) of the General Purpose Fund’s budget is discretionary. The remainder (\$380 million) is mandated by Measure Y (police sworn staffing) and associated union agreement (fire sworn staffing) at \$222 million, Measure Q (library staffing) at \$9 million, Kids First transfer and baseline funding at \$11 million and \$21 million, respectively, charter-mandated offices at \$1.5 million, debt service costs at \$37 million, and a number of other requirements.

Having only \$110 million in discretionary budget leaves little flexibility when attempting to eliminate a \$37.4 million shortfall. In addition, the balancing measures implemented during the *Midcycle budget adjustment* in July 2008 already included substantial cuts, further reducing the flexibility. To close the nearly \$15 million gap during the Midcycle, 38.69 vacant positions were eliminated, a one-time \$1 million transfer from the Unclaimed Cash Fund was used; a scheduled shutdown of non-essential City services between Christmas and New Year was approved, saving approximately \$1.5 million; and a selective (non-sworn) increase in the vacancy (attrition) rate of 2 percent was implemented, for a total of 6 percent, saving \$2.17 million.

In developing measures to address the \$37.4 million shortfall, we attempted to adhere to the guiding principles stated above, and were diligent in our attempts to minimize impacts on public safety, residents, businesses and employees. We considered all options – and **rejected three alternatives**: (1) delays in police or fire academies or impacts on police services; (2) artificially inflating revenue estimates; and (3) using one-time revenues for ongoing expenses.

To bridge the \$37.4 million GPF deficit, \$37.5 million in balancing measures have been identified. These include revenue increases of \$13.2 million, citywide expenditure reductions of \$11.2 million and department-specific budget cuts of \$13.1 million. A total of 134 FTEs are being cut or transferred, including a reduction of 50 positions filled as of early September.

Of the TOTAL balancing measures:	
One-Time revenues - Used for one-time expenses	\$9.50
Rate increases	\$2.57
Other revenue increases	\$1.12

Transfers of costs	\$2.50

Reductions in subsidies	\$0.50
Reductions in non-personnel expenses	\$1.94
Vacancy freeze	\$0.50
Elimination of vacancies	\$4.46
Management concessions	\$0.04
Layoffs	\$4.38

OPTIONS: Citywide shutdown OR additional layoffs (120 FTEs extra) OR union concessions	\$10.00
Total	\$37.50

Details and impacts of the proposed measures are discussed in Attachment “A3”. To avoid double-counting, the following measures approved during the Midcycle adjustment were backed out: (a) a scheduled shutdown of non-essential City services (\$1.5 million); and (b) an increase in the non-sworn vacancy rate of 2 percent (\$2.17

million). In addition, the balancing proposal maintains a status quo and does not reflect the cost of not yet awarded salary increases. Such increases, if granted at a rate of 3% to both miscellaneous and fire employees, would cost \$5.2 million in the General Purpose Fund alone.

The highlights of the balancing proposal are as follows:

a) The proposed balancing measures limit layoffs (which directly impact the affected employees and indirectly, service receivers) through revenue increases and non-personnel cuts.

- \$9.5 million in one-time revenues will be used for limited-duration transfers to negative funds included in the original budget (these are part of the existing repayment schedules).
- Rate increases are proposed to parking meters (by 25 cents per hour), parking citations (various amounts), and street sweeping citations (by five dollars). Collectively, these rate increases will generate \$2.57 million in new, ongoing revenue. *Attachment "A4" contains details of the proposed fee and fine increases.*
- Other revenue increases are sought to generate \$1.1 million annually, and include an outstanding transfer from the Development Services Fund and recoveries for GPF staff costs from non-GPF funds.
- Transfers of costs to non-GPF sources will save \$2.5 million annually. The largest single component of this transfer is a move of the School Crossing Guards to the Traffic Safety fund, which has sufficient fund balance to accommodate this eligible expense for two years.
- Reductions in non-personnel expenses total \$1.9 million, and include reductions to Citywide training and community development, and cuts to GPF subsidies for certain Head Start programs.
- A \$0.5 million reduction is made in the Non-Departmental category, to adjust a transfer from GPF to the Comprehensive Clean-Up fund.
- A citywide freeze on vacancies will generate \$0.5 million in the GPF in the current year. Elimination of vacancies will lead to another \$4.5 million in permanent savings. Vacancies are being reduced in Police (\$1 million), Library (\$1.2 million), Parks & Recreation (\$0.7 million, mainly in part-time staff reductions), Finance and Personnel (\$0.4 million), Information Technology (\$0.3 million), Contracting & Purchasing (\$0.3 million), and Fire (\$0.1 million).
- In addition, management concessions of \$40,000 are proposed, reflecting a freeze on car allowances through year-end for the unrepresented department directors.

b) There will be some unavoidable impacts on City's employees, despite diligent efforts to minimize these.

- The balancing proposal maintains a status quo and **does not set aside funding for not yet awarded salary increases**. Such increases, if granted at

a rate of 3% to both miscellaneous and fire employees, would cost \$5.2 million in the General Purpose Fund alone.

- The proposed options also include \$4.4 million savings from layoffs, from 50 filled positions. These are in a variety of areas, including the executive offices (\$0.3 million), City Attorney (\$0.5 million), Information Technology (\$0.8 million), Finance, Parking & Personnel (\$0.6 million), Police Services (\$1.4 million, mainly park rangers), Fire Services (\$0.2 million in support staff), Museum (\$0.2 million). *Attachment "A5" provides a listing of filled positions recommended for reductions.* It is important to note that the exact employees that could be laid off will not be determined until our personnel department carefully evaluates each affected incumbent's employment history, tenure and other determinants.
- **Multiple options** are offered for consideration to generate the last \$10 million in GPF reductions. Unfortunately, any such options would ultimately impact our employees – whether it is a weekly business shutdown (every Friday), or additional layoffs (estimated at 120), or union concessions such as cost sharing on retirement and / or medical insurance. *The business shutdown is an option that is in the administration's control; however, **I am open to discussing other alternatives with the employee unions, including but not limited to flexible furloughs and cost sharing.***

The City Council and I will work collaboratively to arrive at the best combination of such options, with the limited disruption to the City businesses as well as minimal impacts on our employees. Possible combinations include:

i) shutdown every other Friday (\$5 million) AND 60 additional layoffs (\$5 million)

ii) 60 additional layoffs (\$5 million) AND 20% health care cost-sharing by all employees (\$5 million)

iii) 6% additional retirement pick up by miscellaneous employees (\$5 million) AND 60 additional layoffs (\$5 million)

iv) allow cost-of-living increases of 3% to both fire sworn and miscellaneous employees (-\$5.2 million COST), offset by a shutdown every Friday (\$10 million) AND 63 additional layoffs (\$5.2 million)

iv) allow cost-of-living increases of 3% to both fire sworn and miscellaneous employees (-\$5.2 million COST), offset by 123 additional layoffs (\$10.2 million) AND a shutdown every other Friday (\$5 million)

2. Policy and Management Decisions

In addition to the balancing measures outlined above, this budget proposal contains a number of financial policies that are essential in the short term. The key intent of these policies is to rebuild our GPF reserve, build a capital reserve, and address structural issues, both past and future. *A listing of recommended policy changes is included in Attachment "F".*

Lastly, immediate management actions have been taken to address fiscal issues within my purview. Control of spending and police overtime will be stringent and ongoing, with

regular review and reporting. There will be no blank check given to the Police Department, and substantial overtime reduction will be achieved by year-end with limited impacts on front-line enforcement.

C3. LANDSCAPING & LIGHTING ASSESSMENT DISTRICT – ATTACHMENT “B”

The Landscape and Lighting Assessment District (LLAD) funds 139.70 FTE and has an operating budget of \$23.68 million. Included in the LLAD are the following Public Works Agency programs: Park, Grounds and Medians, Ball Field Maintenance, Open Space, Custodial Services at Park Enterprise Facilities, Streetlight Outage Repairs, Tree Services, and Free Standing Restrooms at Parks and Ball Fields. The LLAD also supports activities located outside the Public Works Agency such as General Government functions, Community Gardens, and Museum Landscape Maintenance.

To eliminate a \$5.4 million shortfall in the LLAD fund, a total of **\$5.3 million** in balancing measures have been identified. The proposed reductions will reduce staffing by 46 FTEs, of which 34 are filled. Overall, there will be significant impacts to services at park facilities, park and open space maintenance, tree services, ballfield maintenance, and street light repairs. Several smaller parks may need to be closed. The proposed measures result in the least possible impact given the severity of an ongoing financial problem with the LLAD.

Attachment “B” provides details and discusses the anticipated impacts.

C4. OAKLAND REDEVELOPMENT AGENCY – ATTACHMENT “E”

Generally, the ORA is able to sustain the additional \$8.5 million transfer to the State, per the recently approved State budget. ORA revenues appear to be stronger than projected in the initial adopted budget, and fund balances exist to accommodate the additional expense. The State has indicated that the additional revenue pass-through is one-time.

C5. RECOMMENDATIONS FOR SELECTED NEGATIVE FUNDS – ATTACHMENT “D”

We have identified possible one-time revenues to fully offset negative balances in two funds, with the most immediate cash pressures. Overall, a total of \$9 million may be generated this fiscal year to payoff long-standing negatives in the Capital Improvement fund (\$4 million) and LLAD (\$5 million). *Attachment “D” provides details.*

It is important to note that the payoff of the \$4 million negative in the capital fund will still leave unfunded the previously approved capital projects. The approved appropriations for these projects are over \$6 million, including more than \$4 million for the “pay-go” initiatives. *A table is provided in Attachment “D”.*

NEXT STEPS

I invite the City Council to join me in a collaborative effort to discuss and approve financial solutions to the immediate problems. While the decisions before us today are difficult, the near future is only going to be worse. As I look beyond Oakland, nationwide, it is clear to me that we alone do not have resources locally to resolve all of Oakland problems. We must seek support from the state and federal government. However, such assistance is not likely to become real any time soon, given the recently announced \$700 billion mortgage bailout, the unfunded Iraq war, and the increasing federal deficit. I realize that we are currently alone in our efforts to keep this community safe, clean and sustainable. Therefore, it is imperative that we work as partners in this process, and engage others to join in. We must reach out to our residents, businesses and corporations for their involvement and support; and we must seek additional ways to be entrepreneurial. We are facing difficult times, but they also provide us with unique opportunities to reconsider the way we do businesses, recalibrate our approaches to providing services, and perhaps to right-size our government just like many private businesses do, particularly in difficult economic times.

ACKNOWLEDGEMENTS

The fiscal analysis and recommendations presented to you in this letter and attachments are outcomes of the hard work of my internal and external advisors, management and staff. Without their diligent efforts, the comprehensive product before you would not be possible.

A handwritten signature in cursive script that reads "Ronald V. Dellums". The signature is written in black ink and is positioned above the printed name and title.

Ronald V. Dellums
Mayor of Oakland

LISTING OF ATTACHMENTS

Attachment "A1" – General Purpose Fund:
Fund Balance Analysis and Last Fiscal Year's (FY 2007-08) Year-End Results

Attachment "A2" – General Purpose Fund:
FY 2008-09 Financial Analysis and Estimated Year-End Shortfall

Attachment "A3" – General Purpose Fund:
Budget Balancing for FY 2008-09

Attachment "A4" – Details of recommended fee and fine increases

Attachment "A5" – Proposed deletions of positions - GPF and LLAD (Total and Filled)

Attachment "B" – Landscaping & Lighting Assessment District Balancing

Attachment "C" – Internal Service Funds Financials

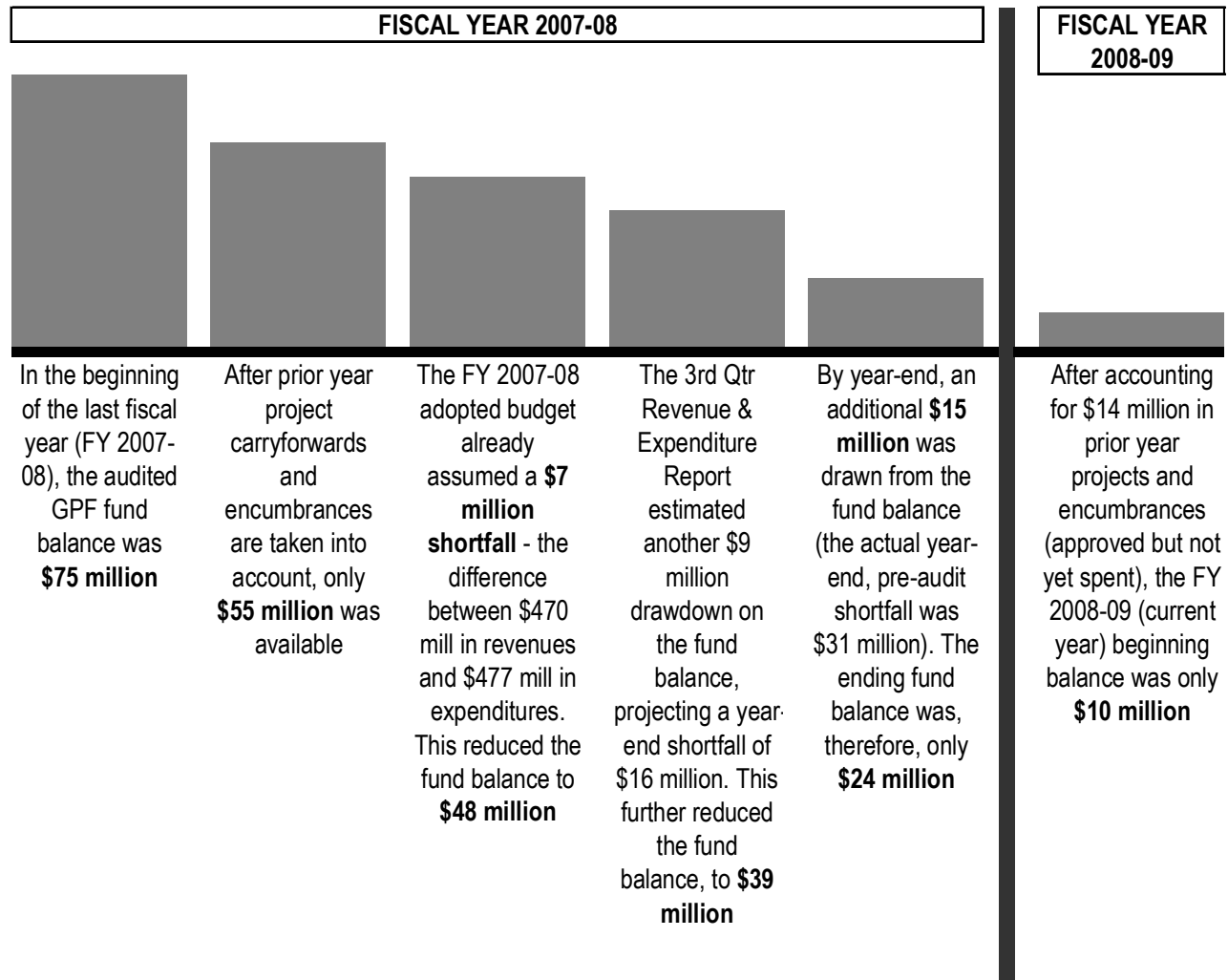
Attachment "D" – Other Funds with Systemic Issues

Attachment "E" – ORA Financials and Balancing

Attachment "F" – Management Actions and Policy Decisions

Attachment “A1” - General Purpose Fund: Fund Balance Analysis and Last Fiscal Year’s (FY 2007-08) Year-End Results

The chart below illustrates changes in the General Purpose Fund (GPF) fund balance, from the beginning of the last Fiscal Year 2007-08 and into the current Fiscal Year 2008-09.



The following page provides revenue and expenditure details for Fiscal Year 2007-08, including a crosswalk from the original adopted budget (in June 2007) to the Third Quarter Revenue & Expenditure analysis (May 2008) to the year-end pre-audit actual results. Changes from the Third Quarter projections and the year-end actuals are included, with explanations, for both revenues and expenditures. The detailed data on the following page (on the bottom) lead to the fund balance drawdown numbers reflected above, i.e. a \$7 million drawdown included in the budget, plus a \$9 million drawdown anticipated in the third quarter, plus an additional \$15 million unanticipated drawdown by year-end. With the carryforward amount of \$20 million, the overall drawdown on the fund balance last year was nearly \$51 million.

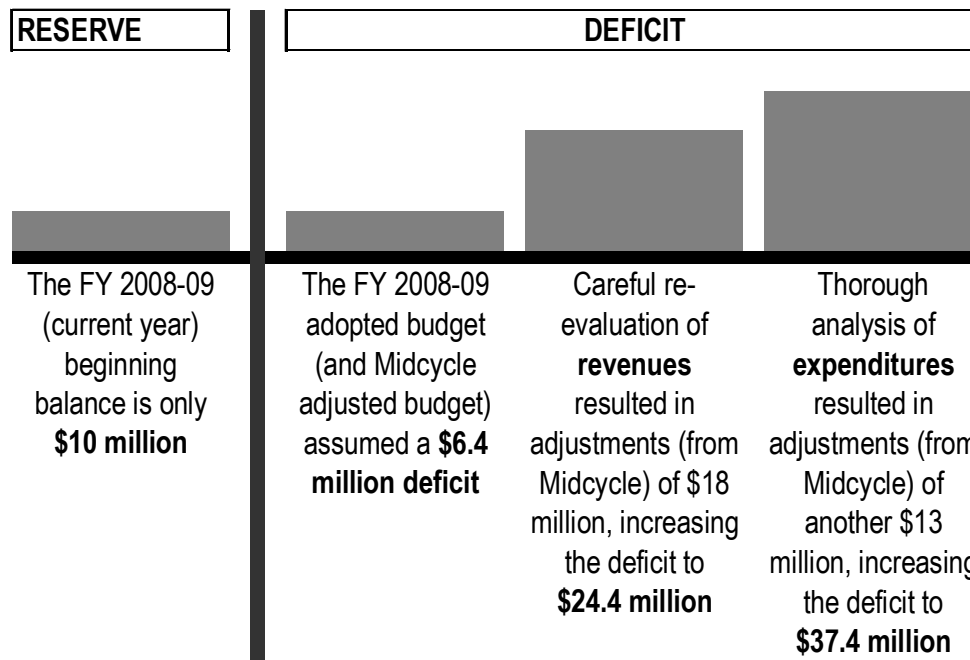
CITY OF OAKLAND FUND ANALYSIS

Fund 1010 (General Purpose Fund) - REVENUE & EXPENDITURE DETAIL

Fiscal Year 2007-08 results

		Original Adopted Budget (June 2007)	3rd Qtr R&E (May 2008)	Pre-audit Actuals (Aug 2008)	Change from 3rd Qtr R&E to Pre-Audit Actuals	Explanation of major changes (above \$500,000)
REVENUES						
41100	Property Tax	121,718,765	126,340,000	131,744,700	5,404,700	AB1290 ORA pass through
41300	Sales Tax	48,964,036	48,964,036	53,089,800	4,125,764	Surge in fuel prices
41413	VLF/Backfill	3,043,170	1,890,000	1,810,700	(79,300)	
41511	Business License Tax	47,920,000	49,920,000	52,542,700	2,622,700	Aggressive compliance/collection
41512	Utility Consumption Tax	52,177,510	53,000,000	52,524,400	(475,600)	
41514	Real Estate Transfer Tax	67,217,400	40,600,000	36,325,800	(4,274,200)	Housing slump/credit tightening
41515	Transient Occupancy	12,363,875	12,363,875	12,201,200	(162,675)	
41519	Parking Tax	9,454,547	9,454,547	8,523,600	(930,947)	Decrease in airport parking
42000	Licenses and Permits	1,231,192	1,231,192	1,607,500	376,308	
43000	Fines and Penalties	27,745,850	28,985,000	21,668,600	(7,316,400)	Parking citation delinquencies; red-light camera project delay
44000	Interest, Rent, and Concession	-	2,000,000	4,256,700	2,256,700	TRAN interest earnings
45000	Service Charge Revenue	51,250,226	46,577,000	44,114,700	(2,462,300)	Parking meters/police services reimb
46000	Grant and Subvention Revenue	-	3,785,000	3,947,200	162,200	
47000	Internal Service Revenues	-	-	-	-	
48000	Other Revenues	2,214,245	5,850,000	6,272,700	422,700	
49000	Operating Transfers	24,400,000	26,400,500	25,695,400	(705,100)	Reduction in pension annuity
Total Revenues		469,700,816	457,361,150	456,325,700	(1,035,450)	
EXPENDITURES						
DP010	Mayor	3,124,777	3,151,284	3,220,044	68,760	
DP020	City Administrator	9,046,270	8,782,876	9,265,351	482,475	
DP030	City Clerk	2,700,442	2,020,766	2,769,349	748,583	Increased election expenses
DP040	City Attorney	9,127,261	9,045,500	9,367,818	322,318	
DP070	City Auditor	1,335,744	1,339,197	1,171,124	(168,073)	
AGBFA	FMA/OPRM	30,632,795	31,028,338	29,614,787	(1,413,551)	Unspent contract & project funds; CF into 08-09
DP1000	Police	188,895,215	194,731,628	204,091,594	9,359,966	Salary increases in excess of budgeted, overtime & new schedule costs
DP200	Fire Department	108,425,099	106,850,064	107,177,193	327,129	
DP300	Public Works	2,347,080	2,977,822	2,405,577	(572,245)	Unspent contract & project funds; CF into 08-09
DP410	DCP	2,341,814	1,991,814	1,890,454	(101,360)	
DP460	DIT	11,031,040	11,125,285	11,432,493	307,208	
DP5000	OPR	14,415,797	14,798,230	14,999,814	201,584	
DP610	Library	12,686,644	11,404,258	11,945,473	541,215	Additional salary savings not achieved
DP620	Museum	6,610,409	6,485,521	6,986,880	501,359	Salary savings not achieved
DP750	DHS	6,575,098	6,942,036	6,493,486	(448,550)	
DP880	CEDA	2,417,383	3,245,532	2,428,077	(817,455)	Unspent project funds; CF into 08-09
DP900	Non-Dept	59,709,119	65,921,114	71,741,067	5,819,953	TRAN interest expense
DP940	CIP	1,600,007	7,073,089	6,164,709	(908,380)	Unspent project funds; CF into 08-09
DPCC0	City Council	3,644,459	4,065,840	3,633,441	(432,399)	
Total Expenditures		476,666,453	492,980,194	506,798,731	13,818,537	
Drawdown from Fund Balance - TOTAL		(6,965,637)	(35,619,044)	(50,473,031)	(14,853,987)	
From designated portion (carryforwards)			(19,826,000)	(19,826,000)	-	
From undesignated - "SHORTFALL"		(6,965,637)	(15,793,044)	(30,647,031)	(14,853,987)	

Attachment “A2” - General Purpose Fund: FY 2008-09 Financial Analysis and Estimated Year-End Shortfall



A chart above and a table on the following page provide a crosswalk from the FY 2008-09 original adopted budget to the Midcycle revised, to the current year-end projection.

- The Original adopted budget included revenues of \$484.7 million and expenditures of \$491.1, for a difference of **\$6.4 million** (budgeted use of fund balance).
- The Midcycle adjusted budget (approved in July 2008) revised revenues downward, to \$470.1 million, mostly due to a dramatic reduction in projected Real Estate Transfer Tax revenue. To re-balance the budget, expenditures were reduced by the same amount, to \$476.5 million. The expenditure cuts included the elimination of 38.69 vacant FTEs, a one-time \$1 million transfer from the Unclaimed Cash Fund; a scheduled shutdown of non-essential City services between Christmas and New Year’s saving approximately \$1.5 million; and a selective (non-sworn) increase in the vacancy (attrition) rate of 2 percent, for a total of 6 percent (GPF only) saving \$2.17 million. Midcycle revisions did not adjust the anticipated fund balance use, it stayed at **\$6.4 million**.
- The current projection for FY 2008-09 is a \$37.4 million shortfall. This figure is \$31 million higher than the \$6.4 million deficit included in the FY 2007-09 Adopted and FY 2008-09 Midcycle budgets.

The shortfall was determined by carefully re-evaluating revenue and expenditure assumptions in the mid-cycle budget. The \$31 million adjustment is comprised of a \$18 million decrease in revenues and a \$13 million increase to expenditures.

Following the summary table on the next page is a detailed discussion of the FY 2008-09 revised revenues and expenditures, including the explanation of components and assumptions and a detailed revenue table with years of history.

CITY OF OAKLAND FUND ANALYSIS

Fund 1010 (General Purpose Fund) - REVENUE & EXPENDITURE DETAIL

Fiscal Year 2008-09 projections

	Original Budget (June 2007)	Revised Midcycle Budget (July 2008)	Year-End Projection (Sept 2008)	CHANGE from Midcycle to Projection	Explanation of major changes (above \$500,000)
REVENUES					
					See detailed revenue table
41100 Property Tax	128,809,899	136,310,070	138,331,900	2,021,830	Based on 07-08 actual increase
41300 Sales Tax	50,638,284	51,803,950	48,100,000	(3,703,950)	Elim United fuel agreement; economy
41413 VLF/Backfill	3,204,458	1,951,300	1,810,700	(140,600)	
41511 Business License Tax	49,139,920	53,763,840	52,000,000	(1,763,840)	Tapering off of enforcement activity
41512 Utility Consumption Tax	52,803,640	54,004,463	54,000,000	(4,463)	
41514 Real Estate Transfer Tax	70,578,270	44,863,000	34,080,000	(10,783,000)	Based on 07-08 decrease continuing
41515 Transient Occupancy	13,031,524	13,031,524	12,689,000	(342,524)	
41519 Parking Tax	9,747,638	9,747,638	8,523,600	(1,224,038)	No growth from 07-08
42000 Licenses and Permits	1,468,792	1,468,792	1,607,500	138,708	
43000 Fines and Penalties	27,745,850	27,331,850	27,325,000	(6,850)	
44000 Interest, Rent, and Concession	-	2,000,000	2,345,000	345,000	
45000 Service Charge Revenue	52,464,018	47,461,157	46,900,000	(561,157)	Move Fire permit revenue to L&P
46000 Grant and Subvention Revenue	-	-	-	-	
47000 Internal Service Revenues	-	-	-	-	
48000 Other Revenues	1,514,245	1,814,245	1,626,800	(187,445)	
49000 Operating Transfers	23,524,009	24,524,009	22,984,000	(1,540,009)	Reduction in pension annuity
Total Revenues	484,670,547	470,075,838	452,323,500	(17,752,338)	
EXPENDITURES					
					See breakdown on next page
DP010 Mayor	3,225,516	2,985,829	2,985,829	-	
DP020 City Administrator	9,359,876	8,829,706	8,829,706	-	
DP030 City Clerk	2,507,967	2,293,168	2,293,168	-	
DP040 City Attorney	9,481,503	9,154,535	9,154,535	-	
DP070 City Auditor	1,379,556	1,367,995	1,617,995	250,000	Whistleblower program
AGBFA FMA/OPRM	32,103,089	30,038,157	30,038,157	-	
DP1000 Police	196,093,007	192,352,013	203,352,013	11,000,000	Overtime (\$6 mil, to \$15.8 mil), 2 academies (\$4.5 mill) , booking fees (\$0.5 mill)
DP200 Fire Department	111,470,994	108,072,807	108,072,807	-	
DP300 Public Works	2,427,861	2,674,500	2,674,500	-	
DP410 DCP	2,418,171	2,442,961	2,442,961	-	
DP460 DIT	11,452,195	10,686,269	10,686,269	-	
DP5000 OPR	15,237,205	14,708,017	14,708,017	-	
DP610 Library	13,288,241	12,340,538	12,340,538	-	
DP620 Museum	6,819,540	6,399,165	6,399,165	-	
DP750 DHS	7,008,338	6,749,367	6,749,367	-	
DP880 CEDA	2,403,166	2,512,605	2,512,605	-	
DP900 Non-Dept	59,506,747	58,161,151	61,711,151	3,550,000	Various items - see "Expenditure" section following "Revenues"
DP940 CIP	1,100,007	950,007	950,007	-	
DPCC0 City Council Citywide items	3,791,503	3,760,983	3,760,983 (1,530,000)	(1,530,000)	Various items - see "Expenditure" section following "Revenues"
Total Expenditures	491,074,482	476,479,773	489,749,773	13,270,000	
Drawdown from Fund Balance - TOTAL	(6,403,935)	(6,403,935)	(52,249,273)	(31,022,338)	
From designated portion (carryforwards)			(14,823,000)	-	
From undesignated - "SHORTFALL"	(6,403,935)	(6,403,935)	(37,426,273)	(31,022,338)	

REVENUE ADJUSTMENTS

The FY 2008-09 revenue adjustments of \$18 million were in several categories, most notably in the real estate transfer tax (\$11 million). A detailed table comparing the current year's projections to the Midcycle budget and prior year actuals is provided at the end of this section, following an explanation of assumptions below.

General Economic Overview

The U.S. Commerce Department's Bureau of Economic Analysis (BEA) recently released its estimate of the second quarter 2008 Real Gross Domestic Product (GDP) at a 3.3 percent rate of growth. Despite this positive GDP news that supports the opinion that an economic recovery may occur in 2008 or 2009, the economy is still being buffeted by economic headwinds. Serious problems persist in the form of declining housing market, growing credit market problems, rising inflation and commodity prices, and declining employment. For example, employment has been falling since November 2007 through July 2008, with the latest report of 51,000 jobs lost in July 2008. Unemployment has been steadily rising since March 2007, from 4.4 percent to 5.7 percent in July 2008. The US housing market continues to tumble, while foreclosures are rising. The National Association of Realtors reported that US year-over-year existing home sales volume for July 2008 declined by 13.2 percent, while median sales price fell 7.2 percent.

The economic outlook according to the August 12, 2008 Federal Reserve Bank of Philadelphia's survey of 47 professional forecasters is that, "growth in U.S. real output over the next few quarters looks slower now than it did just three months ago." Their forecast is for real GDP in 2008 to grow at an annual rate of 1.2 percent for the 3rd quarter, and 0.7 percent for the 4th quarter. The year-over-year growth is forecasted to average 1.7 percent for 2008 and 1.5 percent for 2009. Previous forecast by this survey group expected growth rates of 1.5 percent for 2008 and 2.2 percent in 2009.

California and the East Bay Outlook

The California Department of Finance economic outlook for California in 2008 and 2009 mirrors the US economic outlook. California will continue to face the same obstacles – a struggling housing sector, problems in mortgage markets, tighter credit, more volatile financial markets, and high energy prices-in 2008 and, to a lesser extent, in 2009. However, economic growth is still expected to start to pick up in late 2008 and continue into 2009 with moderate growth. Thus the State forecast is for slow but positive growth for both 2008 and 2009.

The California Department of Finance (DOF) indicated that employment continued to slide, reporting that non-farm payroll employment fell by 12,800 in California in June. From June 2007 to June 2008, the state lost 39,900 non-farm jobs, with a significant negative contribution from the housing industry. The state's unemployment rate increased to 6.9 percent in June, following a large jump to 6.8 percent in May. California's unemployment rate was 5.3 percent a year ago. The State also reported stagnant year-over-year nonagricultural wages and salaries growth from January 2008 to June, ranging from -0.1 percent to zero growth. In July, salaries and wages slipped –

0.5 percent. Housing continues to be one of the biggest drags on California and Bay Area. Dataquick's July 2008 Alameda housing report revealed a -9.4 percent drop in year-over-year sales volume, while prices dropped a steep -27.3 percent.

The East Bay economic picture through the second quarter 2008 has shown a declining trend. EDAB reported that the moderate job loss of the first quarter has deepened, and house prices continue to plummet as distress sales dominate local resale markets. Year-over-year East Bay nonfarm payroll for July 2008 has declined from approximately 0.2 percent growth to -2.0 percent. The job slump and rising unemployment in the East Bay, including Oakland, for the most part, have come from a combination of deepening decline in industries related to the housing slump such as construction and real estate related financial activities; and retail trade related to housing.

Property Tax

The largest source of revenue to the City's General Purpose Fund is property tax revenue, which was projected to be \$136.3 million is now adjusted to \$138.3 million. The adjustment to the adopted midcycle budget was due to the upward trending of AB1290 ORA Pass-through revenue received in the past few years. The continuing robust development in the redevelopment area has helped Oakland to build up assessed valuation. Alameda County reported that Oakland's assessed valuation increased by 5 percent for FY 2008-09. Staff's revised projection for the Property Tax revenue is \$138.3 million, \$2 million higher than the originally adopted midcycle budget of \$136.3 million. The standard 2 percent property tax increase in valuation plus the new developments coming on line are factors that at this time are helping to support positive property valuation and related property tax revenue growth.

While the rate of foreclosures and falling median sales price are a concern throughout the county, there are factors that minimize the near term impact. For example, rising foreclosures primarily affect purchasers who bought property at or near the peak from two years ago, and not the bulk of existing homeowners. Another factor is that 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.

Sales Tax

Sales Tax is projected at \$48.1 million, compared to the adopted midcycle budget of \$51.8 million. Consistent with the City's sales tax consulting firm, HdL's forecast, the negative growth forecast reflects the impact of the continuing economic slowdown, declining auto sales, discontinuation of United fuel agreement and adjustment of one-time items reflected in FY 2007-08.

The economic slowdown, although not evident in the revised preliminary second quarter GDP numbers, which revealed an annualized growth rate of approximately 3.3 percent, is seeping into employment and consumptions growth statistics. The risk to the economic recovery and sales tax growth comes primarily from the uncertainties of the financial market meltdown, housing decline, and inflation. All of these have the potential to slow consumption and the City's sales tax revenue.

Vehicle License Fee (VLF)

Vehicle License Fee revenue is projected at \$1.8 million, compared to the adopted mid-cycle budget of \$2 million. The current trend of slowing auto sales and new automobile registration continues to be a drag on VLF revenue. Staff discussions with a State fiscal analyst support the forecast of flat growth with no increase in auto sales registration expected this fiscal year. This analysis also appears to be consistent with declining vehicles sales on the national level.

Business License Tax

Business License Tax (BLT) revenue is projected at \$52 million, compared to the adopted midcycle budget of \$53.8 million. Impact of enforcement activity as seen in the prior two years appears to be tapering off. With a smaller base of non-compliant account population from which to apply enforcement action, BLT growth may be more sensitive to economic conditions. Current underlying economic trends indicate a continuing slowdown in business activities at least for the near term, thus supporting a conservative forecast of flat growth.

Utility Consumption Tax

Utility Consumption Tax revenue is projected at \$54 million, consistent with the adopted midcycle budget of \$54 million. The forecast assumes that soaring energy prices and continuing global energy demand will help keep revenues growing, albeit modest 2.8 percent annual growth in FY 2008-09.

Real Estate Transfer Tax (RETT)

Real Estate Transfer Tax revenue is projected at \$34.1 million, compared to the adopted midcycle budget of \$44.9 million. The projection was based on the following factors: recent collection trend, a factor for the continuing housing market downturn, and the expected receipt of \$6 million from the sale of Brandywine properties. The year-end projection is consistent with the forecast of the City's economic consulting firm, Beacon Economics.

Housing statistics from Dataquick indicated the continuing housing slump, as of the August 2008 Bay Area report shows -9.4 percent year-over-year decline from July 2007 to July 2008, while median sales prices dropped -27.3 percent.

Transient Occupancy Tax

Transient Occupancy Tax revenue is projected at \$12.7 million, compared to the adopted midcycle budget of \$13 million. This minor budget adjustment is made to reflect the national and local general economic slowdown. The four percent growth rate forecasted for FY 2008-09 is in line with travel industry analysis.

Parking Tax

Parking Tax revenue is projected at \$8.5 million, compared to the adopted midcycle budget of \$9.7 million. The flattening out of parking tax growth for past two years, along with a slowing economic outlook and aggressive competition from private off-airport parking lots supports a no growth revenue forecast. This forecast is also consistent with the forecast by Beacon Economics, the City's economic consulting firm.

Licenses & Permits

Licenses & Permits revenue is projected at \$1.6 million, compared to the adopted midcycle budget of \$1.5 million. The forecast makes a no growth assumption from the FY 2007-08 actual revenue based on the recent two-year trend. Examples of this revenue include special police and fire permits, traffic, medical cannabis, bingo permits, residential parking permits, and animal licenses.

Fines & Penalties

Fines & Penalties revenue is projected at \$27.3 million, consistent with the adopted midcycle budget. In comparison, parking citation collections had dipped in FY 2007-08 primarily due to the delay in the collection of delinquent parking citation receivables. The collection of these receivables should occur in FY 2008-09.

Interest Income

Interest income is projected at \$2.3 million, compared to the adopted midcycle budget of \$2 million. The upward adjustment was made to reflect a change in the accounting of the interest income from the Tax and Revenue Anticipation Notes. An offsetting increase in the interest expenditure account is included in the Non-Departmental expenditure budget. Additionally, Interest Income has been projected conservatively due to the declining GPF fund balance and the uncertainty in interest rates. 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.

Service Charges

Service Charges revenue is projected at \$46.9 million, compared to the adopted midcycle budget of \$47.5 million. The slight reduction from midcycle was due primarily to the fact that certain Fire Permit revenue budget line items were reclassified to Licenses and Permits revenue category.

Grants & Subsidies

Consistent with the adopted midcycle budget, no Grant & Subsidies revenue is budgeted. At this time, no grants or reimbursements have been identified.

Miscellaneous ("Other") Revenue

Miscellaneous revenue is projected at \$1.6 million, compared to the adopted midcycle budget of \$1.8 million. The reduction is primarily due to a reduction of anticipated bedroom tax revenue as a result of the construction slowdown and credit tightening.

Fund Transfers Revenue

Fund Transfers revenue is projected at \$22.98 million, compared to the adopted midcycle budget of \$24.5 million (net of the GPF fund balance transfer of \$6.4 million). This reduction is primarily due to reducing the pension annuity fund transfer to the GPF as a result of adjustments made by the annuity company following a reduction in the pool of employees.

GENERAL PURPOSE FUND REVENUES - DETAIL

Revenue Type	Actual FY98-99	Actual FY99-00	Actual FY00-01	Actual FY01-02	Actual FY02-03	Actual FY03-04	Actual FY04-05	Actual FY05-06	Actual FY06-07	Pre-Audit Actual FY07-08	Midcycle FY08-09	Sept. 2008 Forecast FY08-09	Sept. 2008 Forecast Assumptions
Property Tax	49.1	53.4	58.2	59.9	65.6	70.1	90.7	105.4	\$ 116.5	\$ 131.7	\$ 136.3	\$ 138.3	Reflects Alameda County's June 2008 projection of 5% growth; consistent with HdL projection. Reflects slowdown in the housing market.
%Growth from Year to Year		8.8%	9.0%	2.9%	9.6%	6.8%	29.5%	16.1%	10.6%	13.1%	3.5%	5.0%	
Sales Tax	36.2	38.5	35.0	38.4	38.3	40.4	41.7	44.9	46.7	\$ 53.1	\$ 51.8	\$ 48.1	Consistent with HdL forecast; negative growth forecast reflects continued economic slowdown and declining auto sales, discontinuation of United fuel agreement (\$2.0 million) and adjustment of one-time items reflected in FY07-08 (overpayments, etc.)
%Growth from Year to Year		6.2%	-9.1%	9.9%	-0.5%	5.6%	3.1%	7.7%	4.1%	13.7%	-2.4%	-9.4%	
Vehicle License Fee	17.7	19.3	21.4	22.9	24.3	18.2	9.7	3.0	2.3	\$ 1.8	2.0	\$ 1.8	Flat at FY07-08 actuals per State fiscal analyst.
%Growth from Year to Year		9.1%	10.6%	7.0%	6.1%	-25.1%	-46.6%	-69.1%	-24.3%	-19.9%	10.0%	0.0%	
Business License Tax	31.8	35.8	38.7	42.1	42.0	44.3	43.9	43.8	50.3	\$ 52.5	53.8	\$ 52.0	Impact of enforcement activity (seen in FY06-07 and FY07-08) is tapering off.
%Growth from Year to Year		12.6%	8.1%	8.7%	-0.2%	5.4%	-0.9%	-0.3%	14.9%	4.4%	2.4%	-1.0%	
Utility Consumption Tax	36.9	45.3	48.7	49.5	50.0	48.0	49.8	48.8	51.4	\$ 52.5	54.0	\$ 54.0	Soaring energy prices assumed to keep revenues growing; modest 2.8% growth overall.
%Growth from Year to Year		22.6%	7.5%	1.7%	0.9%	-4.0%	3.7%	-2.0%	5.5%	2.1%	2.8%	2.8%	
Real Estate Transfer Tax	28.5	34.4	38.3	37.4	42.1	55.7	77.7	79.5	61.5	36.3	44.9	\$ 34.1	Consistent with Beacon Economics forecast. Based on last 10 months' average collection (\$2.6 million) reduced by 10% to reflect continued slowdown in housing activity, plus \$6.0 million from the sale of Brandywine properties.
%Growth from Year to Year		20.5%	11.5%	-2.3%	12.5%	32.3%	39.6%	2.3%	-22.6%	-40.9%	23.6%	-6.2%	
Transient Occupancy Tax	9.5	10.8	12.4	10.4	10.9	10.8	10.3	11.3	11.8	\$ 12.2	13.0	\$ 12.7	Consistent with information from the Oakland Convention & Visitor's Bureau; reflects historical growth and current economic realities. New Holiday Inn and room rate growth offset by decrease in demand due to a weak economy.
%Growth from Year to Year		12.9%	14.9%	-15.8%	4.4%	-1.0%	-4.6%	9.7%	4.5%	3.7%	6.8%	4.0%	
Parking Tax	5.8	5.7	6.7	7.5	8.1	8.7	7.9	8.5	8.9	\$ 8.5	9.8	\$ 8.5	Forecast of no growth; consistent with Beacon Economics forecast. Consideration given to the slow or no growth changes from the past three years.
%Growth from Year to Year		-1.9%	18.3%	10.7%	8.2%	7.5%	-8.7%	7.1%	5.0%	-4.1%	15.0%	0.0%	

GENERAL PURPOSE FUND REVENUES - DETAIL

Revenue Type	Actual FY98-99	Actual FY99-00	Actual FY00-01	Actual FY01-02	Actual FY02-03	Actual FY03-04	Actual FY04-05	Actual FY05-06	Actual FY06-07	Pre-Audit Actual FY07-08	Midcycle FY08-09	Sept. 2008 Forecast FY08-09	Sept. 2008 Forecast Assumptions
Licenses & Permits	8.0	9.0	11.3	11.7	13.1	13.4	15.6	19.0	1.1	\$ 1.6	1.5	\$ 1.6	No considerable growth assumed. Includes special police and fire permits, traffic, medical cannabis, bingo permits, residential parking permits, animal licenses (includes fire fees previously booked/budgeted unders service charges).
%Growth from Year to Year		12.9%	25.5%	3.3%	11.7%	2.6%	16.4%	21.3%	-94.4%	51.7%	-8.7%	0.0%	
Fines & Penalties	13.0	14.0	16.4	17.0	16.9	28.0	24.9	24.9	26.0	\$ 21.7	27.3	\$ 27.3	Continues pre-FY07-08 historical trend. Parking citation collections dipped in FY07-08 due to ramp up of new meters, and delay in delinquency collection by Inglewood.
%Growth from Year to Year		7.4%	17.6%	3.3%	-0.3%	65.7%	-11.1%	-0.2%	4.4%	-16.5%	26.0%	26.1%	
Interest Income	3.3	9.1	4.3	1.8	-0.7	2.0	1.9	3.6	3.2	\$ 4.3	2.0	\$ 2.3	Reflects diminishing fund balance in the General Purpose Fund and interest earnings from TRAN (\$1.3 million)
Service Charges	33.7	39.5	37.6	45.9	45.8	46.9	56.9	60.6	45.4	\$ 44.1	47.5	\$ 46.9	Return to pre FY04-05 historical trend.
%Growth from Year to Year		17.2%	-4.8%	21.9%	-0.1%	2.5%	21.3%	6.5%	-25.2%	-2.8%	7.7%	6.3%	
Grants & Subsidies	1.2	2.1	4.0	1.5	0.5	0.2	0.2	1.7	5.4	3.9	-	\$ -	No grants or reimbursements are currently anticipated.
Miscellaneous	11.8	2.0	3.2	4.2	15.5	19.3	4.4	2.8	12.3	\$ 6.3	1.8	\$ 1.6	Loss of one-time revenues from land sales and other one-time proceeds; reduction in bedroom tax revenue due to construction slowdown and credit tightening. Includes Bedroom Tax, Raiders Ticket Surcharge, some Land Sales & Oak Ctr. Loan Repmt.
Interfund Transfers	7.1	17.1	9.7	20.1	6.7	10.6	14.4	18.9	28.6	25.7	\$ 30.9	\$ 23.0	Includes transfers adopted in FY07-09 Budget & transfer fom Unclaimed Cash Fund; does not include transfers of fund balance from the General Purpose Fund or the Mandatory Refuse Fund (1700). See next page for details.
Total GPF Revenues	\$ 293.8	\$ 336.0	\$ 346.0	\$ 370.3	\$ 378.8	\$ 416.5	\$ 450.0	\$ 476.4	\$ 471.3	\$ 456.3	\$ 476.6	\$ 452.3	
		14.4%	3.0%	7.0%	2.3%	9.9%	8.1%	5.9%	-1.1%	-3.2%	4.4%	-0.9%	
												\$ (24.3)	

** FY08-09 New Forecast has been developed and agreed upon by both the Budget Office, City Administrator's Office, and Finance & Management Agency, in consultation with appropriate consultants and outside sources.

GENERAL PURPOSE FUND REVENUES

INTERFUND TRANSFERS - DETAILS

	Actual FY03-04	Actual FY04-05	Actual FY05/06	Actual FY06/07	Projection FY07/08	Budget FY08/09	Projection FY08/09
Pension Annuity Fund			14,065,295	13,323,852	12,500,000	12,840,000	12,300,000
Mandatory Garbage Fund	2,000,000	2,500,000	1,828,464	1,841,580	1,000,000	1,000,000	-
Sewer Fund	600,000	600,000	600,000	600,000	600,000	600,000	600,000
DevSvcFund				1,356,770	3,000,000	2,284,009	2,284,009
Deferred Pension Credits					1,500,000	1,500,000	1,500,000
Addl. Transfer from Deferred Pension Cr					2,000,000		
Workmen's Comp					5,100,000	5,300,000	5,300,000
Unclaimed Cash						1,000,000	1,000,000
Capital Fund	5,700,000	6,300,000	2,000,000	10,600,000			
Raiders Surcharge	164,731						
Multi-Purpose Fund 1750	2,100,000	2,100,000					
Parking Tax Allocation			385,946				
Proceeds from Sale of Derivatives 98JPFA Reserve		2,896,224					
Proceeds from retirement of Ocean View Bonds			7,597				
OPD In-car video mgt.system				900,000			
GPF Fund Balance							
GPF Fund Balance					6,965,637	6,403,935	-
LLAD					3,503,891		
OCVB Incentive					776,698		
Cale Meters					4,520,000		
Other Miscellaneous Transfers					500		
Total	10,564,731	14,396,224	18,887,302	28,622,202	41,466,726	30,927,944	22,984,009

EXPENDITURES

The table below summarized adjustments made to the revenues and expenditures in FY 2008-09, leading to the projected year-end shortfall of \$37.4 million. Revenue adjustments were discussed on preceding pages; expenditure revisions are detailed in the table below. Adjustments to the Oakland police Department are further discussed on the following page.

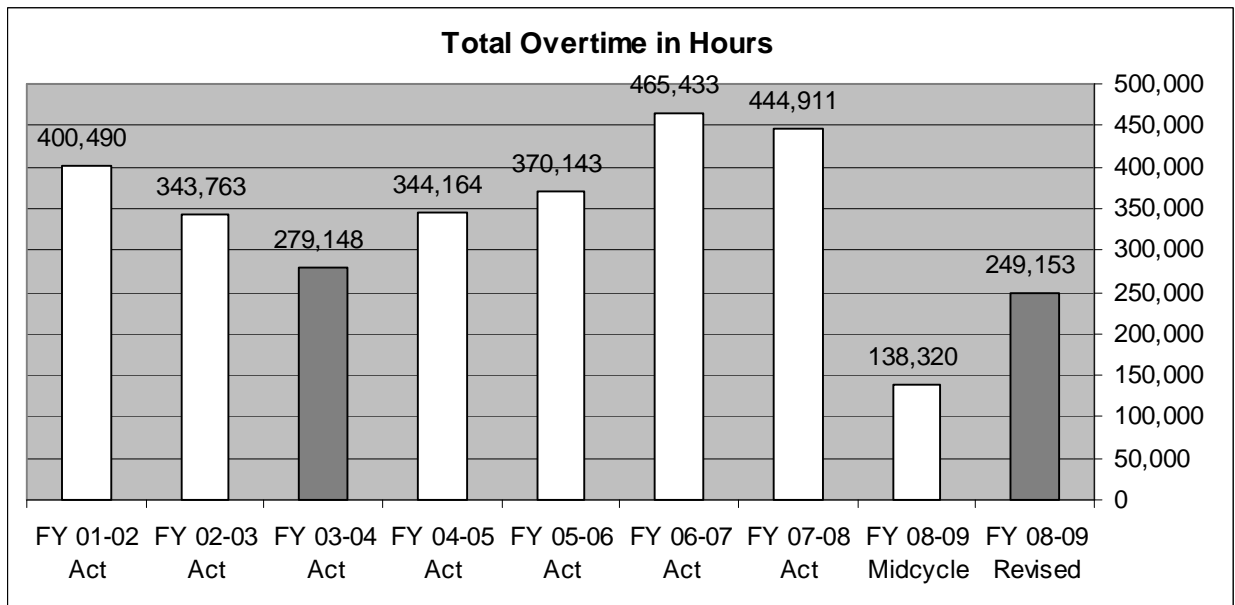
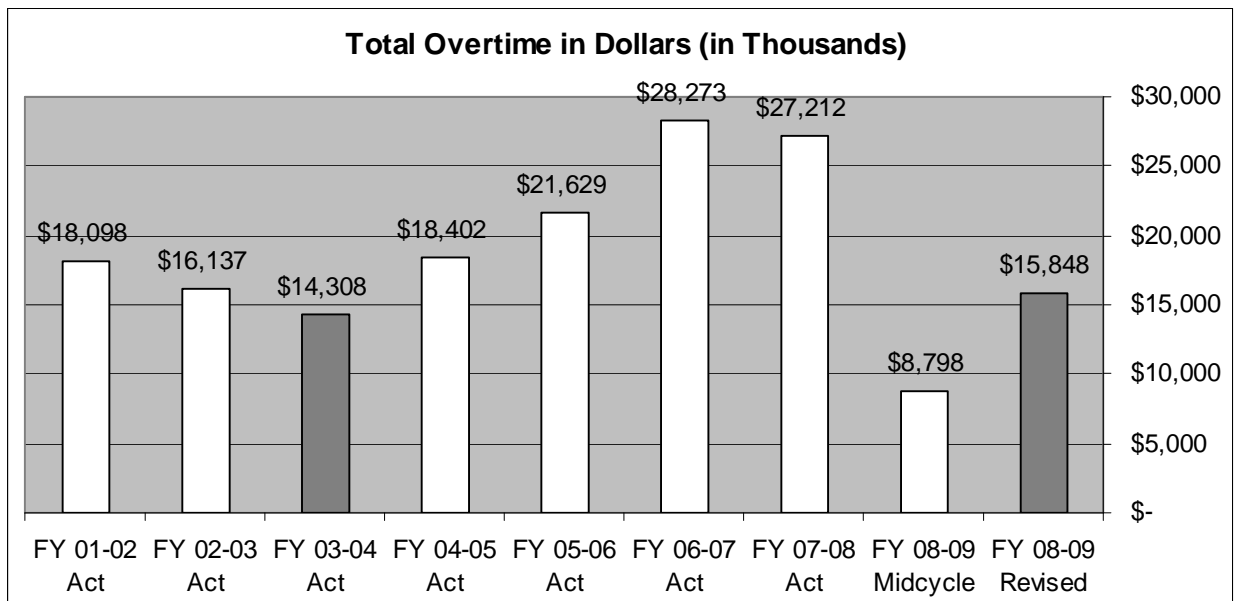
Fund 1010 (General Purpose Fund)

FY 2008-09 SHORTFALL ANALYSIS

BUDGETED FUND BALANCE USE		(\$6.40)
<i>** per the adopted FY 2008-09 budget</i>		
REVENUE ADJUSTMENTS	FY 2008-09 impact	Comments
Various revenue items	(17.75)	Various adjustments - explained on preceding pages
	(\$17.75)	
EXPENDITURE ADJUSTMENTS	FY 2008-09 impact	Comments
City Auditor	(\$0.25)	
Funding for Whistle-blower program	(0.25)	Appropriated by City Council on Sept 16 2005
Police	(\$11.00)	
Funding for academies, booking fees and overtime	(11.00)	Overtime (\$6 mil, to \$15.8 mill), 2 academies (\$4.5 mill) , booking fees (\$0.5 mill)
Non-Departmental	(\$3.55)	
TRAN interest expense	(2.07)	Interest expense on the Tax Revenue Anticipation
Coliseum debt service Increase	(0.18)	Based on historical data and input from County
Museum debt service Increase	(0.57)	Increase in debt service due to variable interest on debt
Oakland Convention Ctr bank/bond	(0.01)	Previously unbudgeted debt service expense
Admin Bldg debt service Increase	(0.73)	Increase in debt service due to variable interest on debt
Overhead Recovery Adjustment	(0.40)	Recovery for central overhead costs decreases with position cuts
Change in the Kids First transfer	0.41	Decrease in transfer based on revised revenue
Citywide	\$1.50	
Remove savings from 4-day shutdown	(1.50)	A 4-day shutdown is included in the FY 08-09 budget, to avoid double-counting
Bring vacancy rate back from 6% to 4%	(2.17)	A 6% vacancy rate for fund 1010 is included in the FY 08-09 budget, to avoid double-counting
Eliminate set aside for cost-of-living increases	5.17	Do not count cost of COLAs not yet awarded, including miscellaneous and Fire sworn
	(\$13.30)	
FY 2008-09 REVISED SHORTFALL		(\$37.45)

The **\$11 million** budget adjustment for **Police Services** includes \$6.0 million for overtime, \$3.0 million for the 166th academy (planned to begin in December 2008), \$1.5 million for the 167th academy (partial cost – planned to start in April 2009), and \$0.5 million for booking fees charged by the County.

- The academy costs include \$0.7 million (for the 166th – full) and \$0.35 million (for 167th – partial) in overtime. Coupled with the additional \$6 million in non-academy overtime funding, the overall overtime budget for OPD would increase from the current \$8.8 million to \$15.8 million. The increased appropriation is a minimal required funding for the overtime mandated by MOU and staffing requirements. While the proposed increase may seem large, the enhanced \$15.85 million overtime funding would still be **significantly lower than the actual overtime spending in the past seven years**, both in dollars and hours, as reflected in the charts below. On a dollar basis, OPD overtime would have to be reduced by 42% from the last year's level; the reduction in overtime hours would be 44%. The new overtime baseline would, in essence, take the PD back to the level of FY 2003-04.



- The City historically did not include a separate budget allocation for the academies. These were generally financed through salary savings. In prior years, this was possible due to having vacancies. This year, due to full staffing (and over-staffing as of December 2008), there simply won't be any salary savings to fund the academies.
- The current OPD budget does not include a set aside for the booking fees. The \$0.5 million estimate is based on prior year experience, and the recent State adjustment to the booking fee funding.

No blank check will be given to the Police Department. Stringent spending controls have been put in place, with the review and control of overtime in particular happening monthly, in a collaborative effort between the Police Department and administration.

Attachment “A3” - General Purpose Fund: *Budget Balancing for FY 2008-09*

In developing measures to address the \$37.4 million shortfall, we attempted to adhere to the guiding principles stated above, and were diligent in our attempts to minimize impacts on public safety, residents, businesses and employees. We considered all options – and rejected three alternatives as not acceptable: (1) delays in police or fire academies or impacts on police services; (2) artificially inflating revenue estimates; and (3) using one-time revenues for ongoing expenses.

To bridge the \$37.4 million GPF deficit, \$37.5 million in balancing measures have been identified. These include revenue increases of \$13.2 million, citywide expenditure reductions of \$11.2 million and department-specific budget cuts of \$13.1 million. A total of 134 FTEs are being cut or transferred, including a reduction of 50 positions filled as of early September.

To avoid double-counting, the following measures approved during the Midcycle adjustment were backed out: (a) a scheduled shutdown of non-essential City services (\$1.5 million); and (b) an increase in the non-sworn vacancy rate of 2 percent (\$2.17 million). In addition, the balancing proposal maintains a status quo and does not reflect the cost of not yet awarded salary increases. Such increases, if granted at a rate of 3% to both miscellaneous and fire employees, would cost \$5.2 million in the General Purpose Fund alone.

The details of the proposed balancing measures are presented on the following few pages. Details of the proposed fee and fine increases are in Attachment “A-4”, and filled positions proposed for elimination are listed in Attachment “A-5”.

CITY OF OAKLAND BUDGET BALANCING
Fund 1010 (General Purpose Fund)

FY 2008-09 REVISED SHORTFALL (\$37.45)

BALANCING MEASURES - Summary

	<u>\$\$ Impact</u>	<u>FTEs</u>	<u>Filled FTEs</u>
Revenues	\$13.19		
Citywide Expenditure Reductions	\$11.21		
Departmental Reductions, including:	\$13.10	133.92	50.25
MAYOR	\$0.20	3.00	3.00
CITY ADMINISTRATOR	\$0.47	3.75	1.25
CITY CLERK	\$0.09	0.50	1.00
CONTRACTING & PURCHASING	\$0.34	4.00	0.00
INFORMATION TECHNOLOGY	\$1.22	9.75	7.00
FINANCE & MANAGEMENT	\$1.41	13.40	10.50
POLICE SERVICES	\$3.88	49.13	10.00
FIRE SERVICES	\$1.28	8.50	4.00
MUSEUM (OMCA)	\$0.25	3.50	3.50
LIBRARY	\$1.19	15.55	0.00
PARKS & RECREATION	\$0.77	7.25	0.00
HUMAN SERVICES	\$0.77	0.00	1.00
PUBLIC WORKS	\$0.62	10.90	5.00
COMMUNITY & ECONOMIC DEVELOPMENT	\$0.14	0.69	0.00
CITY ATTORNEY	\$0.48	4.00	4.00

BALANCING MEASURES - Grand Total \$37.50 133.92 50.25

Of the TOTAL balancing measures:	
One-Time revenues - Used for one-time expenses	\$9.50
Rate increases	\$2.57
Other revenue increases	\$1.12

Transfers of costs	\$2.50

Reductions in subsidies	\$0.50
Reductions in non-personnel expenses	\$1.94
Vacancy freeze	\$0.50
Elimination of vacancies	\$4.46
Management concessions	\$0.04
Layoffs	\$4.38

OPTIONS: Citywide shutdown OR additional layoffs (120 FTEs extra) OR union concessions	\$10.00
Total	\$37.50

BALANCING MEASURES - Detail

(A) REVENUES		\$13.19
Item	Additional Revenue - FY 08-09	Implementation difficulties, other comments
<i>New revenues</i>		
Capital trust transfer (upon termination of agreement): ONE-TIME	\$9.50	The money will be used for already budgeted transfers to negative funds, as part of the existing repayment schedules (\$9.54M)
<i>Rate increases</i>		
Increase user fees and charges to ensure that they fully cover costs		
Increase Parking meter rates	\$0.95	Increase from \$1.25 per hour to \$1.50 per hour; assumes Nov 1 implementation and some drop in demand.
Increase finest and penalties		
Parking Citation rate increases	\$0.98	Increases in various citations, assumes Nov 1 implementation.
Street sweeping citation increases	\$0.64	Increase by \$5, from \$48 to \$53, assumes Nov 1 implementation.
<i>Other revenue increases</i>		
Increased Accts Receivable collections	\$0.36	Increase compliance efforts.
Increased Recoveries by Treasury Division for various svcs like debt issues and ORA investment activities	\$0.31	Recoveries may be at expense of other City departments like ORA.
Increase transfer from the Development Services Fund to account for unpaid interest since July 1, 2006	\$0.35	Per City Council ordinance 12741 (June 20 2006), "Development Services Fund shall pay interest to the General Purpose Fund at the City's cost of funds on the Development Services Fund's outstanding balance effective July 1, 2006." The interest was never paid.
On-going Transfer of 50% of Golf Course Concession Revenues	\$0.10	No adverse impact is anticipated to the Golf Fund; concession revenues would be recorded in the GPF and not the Golf fund.

(B) EXPENDITURES - Dept'I				
	(\$13.10)	(133.92)	(50.25)	
Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
MAYOR				
	(\$0.20)	(3.00)	(3.00)	
Position reductions due to realignment of the Executive Branch	(\$0.20)	(3.00)	(3.00)	Anticipated savings due to additional eliminations of positions (over those in the CAO, presented below) after the Executive Branch realignment - pending PFM's recommendations.
CITY ADMINISTRATOR				
	(\$0.47)	(3.75)	(1.25)	
Reduce City Admin Analyst to 1/2 time in Equal Access	(\$0.04)	(0.50)	(0.50)	Filled position; partial year savings.
Transfer 0.2 FTE of Admin Asst to Measure B Fund 2211 (ADA Programs)	(\$0.02)	(0.20)	0.00	No impact; ADA program provide direct service to Measure B and other non-1010 programs.
Eliminate Asst. Budget Analyst (Budget Office)	(\$0.11)	(1.00)	0.00	Position currently vacant; no admin support left for Budget Office.
Shift portion of Accountant II to ORA Fund 7780 (Budget Office)	(\$0.06)	(0.30)	0.00	No impact; shift is possible with elimination of Budget& Grants Administrator (below).
Reduce O&M in Budget Office	(\$0.02)	0.00	0.00	Print fewer budget documents.
Eliminate Budget & Grants Administrator in Marketing	(\$0.06)	(0.75)	(0.75)	Accounting responsibilities would need to be shifted to Budget Office. Filled position; partial year savings.
Reduce Shop Oakland marketing budget	(\$0.05)			Program would continue marketing support to 12 merchant districts, publish annual Shop Oakland Passport directory, and underwrite holiday ad in Oakland magazine. All other promotion would stop.
Eliminate Specialty Combo Inspector (Administration)	(\$0.11)	(1.00)	0.00	Currently vacant; position added by Council in 07-09 to address additional nuisance cases.
CITY CLERK				
	(\$0.09)	(0.50)	(1.00)	
Delete Public Service Representative (replace with Office Assistant II, see below)	(\$0.05)	(1.00)	(1.00)	Meets the minimal staffing requirements of the Records Mgmt Pgm & allows the pgm to complete mandated objectives of overseeing preservation/ protection/ maintenance/ indexing/ accessibility of public records. Also administers the City-wide Records Mgmt Pgm
Add Office Assistant II	\$0.04	1.00	0.00	To offset impact above.
Delete Legislative Recorder (replace with Admin Asst II, PPT, see below)	(\$0.09)	(1.00)	0.00	Responsible for administering City election activities, Statements of Economic Interest, campaign disclosures & voter reg. outreach activities.
Add Admin Asst II, PPT (@1000 hrs)	\$0.03	0.50	0.00	Reducing position would allow bare minimum in completing mandated duties.
Reduce Office Supplies budget	(\$0.02)			Moderate to minor impact - unless there are major hardware/software upgrades required to accomplish Clerk's mission.

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
CONTRACTING & PURCHASING	(\$0.34)	(4.00)	0.00	
Program Analyst II	(\$0.07)	(1.00)	0.00	Procure-to-pay automated contracting system will be implemented by contract compliance staff.
Urban Economic Analyst IV	(\$0.13)	(1.00)	0.00	Prompt payment plan allocated to remaining staff.
Administrative Assistant II	(\$0.08)	(1.00)	0.00	Functions allocated to remaining staff.
Contract Compliance Field Tech	(\$0.07)	(1.00)	0.00	Outreach Field tech duties will be absorbed by the remaining/existing Field Tech.
INFORMATION TECHNOLOGY	(\$1.22)	(9.75)	(7.00)	
Telecommunications Supervisor	(\$0.09)	(1.00)	(1.00)	Impact daily supervision of telecommunication staff, increased time to generate and track Telco orders, degradation of customer service, increased difficulty in resolving telecom billing issues, potential public safety issues, vendor and staff resource management issues.
Reduction in O&M cell phones and blackberries, office supplies, training, travel	(\$0.05)			Minimum impact on efficiency in responding to customer needs due to lack of phones, critical technical specific training needed to support current applications, including public safety.
Project Manager I	(\$0.19)	(1.00)	0.00	The elimination of the position will cause the loss of daily job functions, including weekly coordination with vendors, inspection of facilities and coordination of improvements, coordination of electrical services for new server racks and coordination of UPS and power requirements at Radio facilities. The immediate impact would include a delay in electrical installation for new equipment, delay in inspections and installations at Radio sites and additional work shifted to other DIT staff.
Project Manager I	(\$0.13)	(1.00)	(1.00)	The loss of this position will cause the immediate impact of a six to twelve month delay in completing the development of the new Help Desk application; increased time to complete change and maintenance tasks for the JAVA based Automated Collection System; increased time to isolate and resolve problems with the non-production legacy Business Tax System application; increased time to complete Oracle Publishing software changes and new development.
Project Manager II	(\$0.15)	(1.00)	(1.00)	The loss of this position will affect the following: all active Library IT projects will be impacted; all active Parks and Recreation IT Projects will be impacted; all active Museum projects will be impacted. Other immediate projects impacted include Point of Sales Integration, West Oakland Cameras Project, Facility Surveillance Project.

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
Project Manager II	(\$0.15)	(1.00)	(1.00)	The loss of this impact will immediately increase the time to install, configure, and test new databases; to develop, test, and promote to Production new database application and software patches; to complete database patches and perform upgrades; to complete a database clone for the first 6 to 8 months; to recover and restore corrupt databases and database files; to develop new complex Oracle reports.
Microcomputer Specialist III	(\$0.10)	(1.00)	(1.00)	The elimination of the position will cause delays in the following programs and duties will be absorbed by the City Services Project Manager: 311-type CRM System, City website redesign, projects tracking and auditing system deployment.
Microcomputer Specialist II	(\$0.11)	(1.00)	0.00	The elimination of this position will impact the following: no detailed support for CEDA servers which include all CEDA applications, databases and file services; delay in performing trouble calls when related to print server problems; significant delay in retrieval of any lost or damaged data normally recovered via backup; major PERTS project delay; delay in scheduling server backups; delay in restoring lost or deleted files; loss of redundancy in enterprise exchange and exchange related servers.
Telephone Services Specialist	(\$0.08)	(1.00)	(1.00)	The elimination of this position combined with the elimination of the Telecommunications Supervisor would have a major impact on service delivery. The absorption of both positions by other staff would reduce overall response time for project completion, adds, moves and changes. This team would no longer be sufficiently staffed to perform burglar installation and maintenance as well as coordination of fire alarm installation and maintenance. Network and telecommunications cable installation and testing would need to become contracted services.
Programmer Analyst III PPT	(\$0.11)	(1.00)	(1.00)	The elimination of this position impacts legacy systems, City liens project within the City and the creation of reports from these systems. With the deployment of the new business tax and other new applications that sit on standardized platforms, the impact will lessen through time. Additional impacts could be realized if legacy data or customized programming is needed for historical reports.
Operations Support Specialist	(\$0.05)	(1.00)	0.00	Transfer position to Clearing Fund (7760) and fund it through the elimination of a Project Manager II in 7760 (PWA overhead). The Operations Support Specialist provides Help Desk support to CEDA.
Transfer to O&M	(\$0.04)			Savings from Elimination of Programmer Analyst III PPT, to fund Systems Analyst III.

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
Systems Analyst III	\$0.02	0.25	0.00	Transfer in from Fund 2310; funding for this position will come from the reduction in O&M in Fund 1010. This O&M reduction will affect efficiency in responding to customer needs due to lack of phones, critical technical specific training needed to support current applications, including public safety.
FINANCE & MANAGEMENT	(\$1.41)	(13.40)	(10.50)	
AP203/204-Human Resources Analyst	(\$0.30)	(3.00)	0.00	Results in loss of 2 annuitants (who currently train/mentor new HR analysts) & 1 HR analysts. These positions are vital to City's maintenance of ability to provide services (exam planning, skill development, conduct entry level exams (>250 candidates), draft/develop std policies/procedures for recruitments-exams.
SS129-Human Resources Clerk	(\$0.04)	(1.00)	(1.00)	Performs data entry/reconciliation to Oracle position control syst. Elim will result in: slower completion of reports, require more reconciliation w/ Budget & depts. Loss of Q/A & more detail work relegated to higher paid workers.
TC117-Human Resources Technician	(\$0.11)	(2.00)	(2.00)	Increases the turnaround time for new hires & position control maintenance. Delay in timely alerts for unauthorized positions & PT employees exceeding salary caps. Decreased capacity to monitor MOU/civil svc rules/PERS/IRS compliance.
AP181-EAP Counselor	(\$0.08)	(1.00)	(1.00)	Will leave 1 EAP Coordinator to provide EAP counseling, chemical dependency referrals, crises debriefing/counseling, workplace mediations, coaching referrals, and monitoring of employees on last chance agreements/chem dependency treatment pgms.
AF021-Accountant II	(\$0.08)	(1.00)	(1.00)	Responsible for various reconciliations, expenditure revws & controls. Will result in slower turnaround for financial reporting/audits and reduced departmental spending oversight.
AF031-Accountant III	(\$0.11)	(1.00)	0.00	Responsible for various reconciliations, expenditure revws & controls. Will result in slower turnaround for financial reporting/audits and reduced departmental spending oversight.
SS118-Data Entry Operator, Sr	(\$0.05)	(1.00)	(1.00)	Results in reduced customer svcs and increased processing times. Could be mitigated w/ E-Govt on-line svcs but funding for this tech improvements is not currently available.
SS170-Receptionist	(\$0.03)	(0.50)	(0.50)	Split 50-50 with Fund 1700. Primary impact would be reduced customer svc. Function would be backfilled by other revenue-generating employees.
AF025-Parking Meter Collector	(\$0.08)	(2.00)	(2.00)	Installation of new Cale meters with greater capacity/less jamming/electronic notification of parking limits has reduced need for more frequent collections.

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
TR165-Parking Enforcement Supv I	(\$0.07)	(1.00)	(1.00)	Reduces Parking Enforcement Supv from 5 to 4. Daytime shifts will be reduced from 3 to 2 and remaining supvs will oversee 14-18 staff (large span of control of dispersed field ops).
TR166-Parking Enforcement Supv II	(\$0.08)	(1.00)	(1.00)	Elimination of 2nd level Supervisory position over the 5 (4 proposed) Parking Enforcement Supv I's. Parking Mgr would directly supervise the 4 PE I's and 5 other individuals (9 Total).
Move 1.1 FTE from Fund 2310 to 1010	\$0.12	1.10	0.00	1.10 FTEs are involved in GPF revenue production.
O&M reductions	(\$0.49)			Will reduce FMA's ability to respond to needed/required changes
POLICE SERVICES	(\$3.88)	(49.13)	(10.00)	
Eliminate the Park Ranger program; 8.0 Rangers and 1.0 Police Records Specialist	(\$0.96)	(9.00)	(3.00)	6 Ranger positions vacant; 3 filled may be absorbed into sworn and if so, there will be additional NSA training costs; parks would be covered by Problem Solving Officers.
MOVE School Crossing Guards to Traffic Safety; 29.13 Crossing Guard and 1.0 (80hr) officer	(\$1.35)	(29.13)	0.00	Positions will be MOVED to Traffic Safety Fund for 2 years; OPD red light camera revenue will be expected to pick up the cost in two years.
Eliminate 1.0 Police Evidence Tech position	(\$0.11)	(1.00)	0.00	Eliminated from Crime Lab; vacant; work allocated to remaining staff; may result in additional overtime.
Eliminate 1.0 Animal Control Officer and 1.0 Vet Tech and 1.0 Police Records Specialist	(\$0.18)	(3.00)	0.00	Positions are vacant; may impact operations and quality as the Vet Tech is the behaviorist that assesses animals upon arrival to determine if adoptable, etc.; strong volunteer support that may be able to help fill void; Vet Tech and PRS are linked.
Communications - Eliminate 2.0 Dispatchers and 2.0 PST II	(\$0.41)	(4.00)	(2.00)	Dispatch positions (vacant); Police Service Techs (filled) take reports and positions would be re-routed in OPD; OPD will set up kiosk in PAB and Eastmont to take reports; grant funds available to set up kiosks (this will need to be confirmed).
Records-Eliminate 1.0 PRS	(\$0.05)	(1.00)	0.00	Position is vacant; may result in some overtime; when field-based reporting is fully implemented, should see workload decrease for Records Division.
Delete P290210 - Accelerated Recruiting and Hiring	(\$0.33)	0.00	0.00	Accelerated Recruiting and Hiring project, but superseded by \$7.7m for Measure Y Augmented Recruiting; OPD will need this money to continue efforts.
Reclass Management Asst to Accountant II	(\$0.03)	0.00	0.00	Management Asst position is vacant; supports Budget and Grants Administrator; may result in more overtime for Budget and Grants Administrator.
Reclass Budget and Grants Admin to Grants Coordinator	\$0.00	0.00	0.00	Recommended to alleviate overtime issue- Grants Coordinator or other such position.
Reclass Management Asst to Admin Analyst II	(\$0.01)	0.00	0.00	Minimal operational impact as both positions have a broad range of complementary responsibilities
Reclass 3.0 Account Clerk III to 3.0 Account Clerk II	(\$0.03)	0.00	(3.00)	Positions are filled.

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
Delete 1.0 Admin Svcs Manager II - Personnel	(\$0.12)	(1.00)	(1.00)	Position is filled and duties would likely be assigned to high ranking sworn, which is likely to be more expensive and less efficient/effective.
Reclass 1.0 Admin Analyst II to 1.0 Admin Analyst I	(\$0.03)	0.00	0.00	Flexible staffing class.
Delete 1.0 Public Service Rep	(\$0.05)	(1.00)	(1.00)	Position is filled and will result in layoff.
Fund certain OPD contracts / purchases from grant funds; shift expenses from fund 1010	(\$0.20)			Exact transfers to be determined.
FIRE SERVICES	(\$1.28)	(8.50)	(4.00)	
Transfer 1.0 Haz Mat Inspector, Sr. to 1740	(\$0.13)	(1.00)	0.00	Offset by additional revenue/reduction in O&M - net fiscal impact is CSO only.
Transfer 1.0 Fire Communications Dispatcher to 2412	(\$0.14)	(1.00)	0.00	Offset by additional revenue/reduction in O&M - net fiscal impact is CSO only.
Transfer 1.0 Fire Communications Dispatcher Supervisor to 2412	(\$0.15)	(1.00)	0.00	Offset by additional revenue/reduction in O&M - net fiscal impact is CSO only.
Transfer .10 Acct II to 2412	(\$0.01)	(0.10)	0.00	Offset by additional revenue/reduction in O&M - net fiscal impact is CSO only.
Transfer .10 Acct II to 2250	(\$0.01)	(0.10)	0.00	Offset by additional revenue/reduction in O&M - net fiscal impact is CSO only.
Transfer .10 Acct III to 2123	(\$0.01)	(0.10)	0.00	CSO waiver; transfer needs to be approved by grantor.
Transfer .10 Acct III to 1740	(\$0.01)	(0.10)	0.00	Offset by additional revenue/reduction in O&M - net fiscal impact is CSO only.
Transfer .10 Acct II to 2124	(\$0.01)	(0.10)	0.00	CSO waiver; transfer needs to be approved by grantor.
Airport Contract	(\$0.27)			Airport appropriation budgeted CSO as O&M; therefore the appropriation for O&M is over-appropriated and per the 2008-09 proposed budget to the Port, unlikely to be reimbursed. No operational impact anticipated. Includes moving a Battalion Chief from Airport to another unit.
Delete 1.0 Office Asst II	(\$0.05)	(1.00)	(1.00)	Position handles phones for department, responsibilities will be shifted to Budget and Planning Division.
Delete 1.0 Admin Analyst I	(\$0.07)	(1.00)	(1.00)	Position is filled; work will be absorbed by other staff; delay of inspection and collection may occur.
Downgrade 1.0 Admin Asst II to 1.0 Office Assistant II	(\$0.02)	0.00	(1.00)	Position is filled; work will be absorbed by other staff; position will provide admin support and customer service for Fire Prevention Bureau.
Delete 1.0 Admin Asst I	(\$0.05)	(1.00)	(1.00)	Work will be absorbed by other staff; efficiency may be compromised.
Delete 1.0 Emergency Planning Coordinator	(\$0.11)	(1.00)	0.00	Position considered at midcycle; savings not yet accounted for; vacant.
Freeze 1.0 Assistant Fire Marshall vacancy (sworn)	(\$0.24)	(1.00)	0.00	Position is vacant.

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
MUSEUM (OMCA)	(\$0.25)	(3.50)	(3.50)	
Registrar	(\$0.07)	(1.00)	(1.00)	Elim results in only 3 registrars to oversee OMCA's approx. 2 million item collection & incoming/outgoing exhibitions and loans.
Sr Curator, History	(\$0.07)	(1.00)	(1.00)	Results in 2 History Curators where OMCA is distinctive. An Assoc Curator already eliminated in Midcycle. Reduces number/scale of history exhibitions & slow planning for gallery reinstallation (scheduled for Jan 2010).
Preparator, PPT	(\$0.03)	(0.50)	(0.50)	Leaves only 1 experienced preparator w/ Natural Science training (taxidermy, natural habitat re-creation) to prepare/complete renovation & reinstallation of the 30,000 gallery.
Graphics Design Coord.	(\$0.08)	(1.00)	(1.00)	Elim of City-supported graphics for OMCA covering advertising, printed materials, exhibition design, signage, etc. Switching to Foundation (or outside), could be Union problem re: loss of position due to contracting out.
LIBRARY	(\$1.19)	(15.55)	0.00	
Elimination of vacancies - see below	(\$0.93)	(10.99)	0.00	Elimination of vacant positions will limit library services.
<i>Payroll Clerk II</i>	<i>(\$0.07)</i>	<i>(1.00)</i>	<i>0.00</i>	<i>Time and attendance and other payroll functions will be allocated among other FASO staff.</i>
<i>Office Asst. II</i>	<i>(\$0.03)</i>	<i>(0.50)</i>	<i>0.00</i>	<i>Elimination of data input and processing for systemwide collections. Delays to the public in receiving.</i>
<i>Librarian I</i>	<i>(\$0.02)</i>	<i>(0.27)</i>	<i>0.00</i>	<i>Elimination of backup for reference services at Main Library.</i>
<i>Library Asst., Sr.</i>	<i>(\$0.10)</i>	<i>(1.00)</i>	<i>0.00</i>	<i>Elimination of Sr. Library Assistant for 81st Avenue Library. Will return to city for staffing.</i>
<i>Librarian II</i>	<i>(\$0.12)</i>	<i>(1.00)</i>	<i>0.00</i>	<i>Reduced reference and supervisory svcs for Main Library. Reduction in hours for OHR.</i>
<i>Office Asst. II</i>	<i>(\$0.03)</i>	<i>(0.50)</i>	<i>0.00</i>	<i>Elimination of government documents filing & processing functions. Reallocate to aides.</i>
<i>Librarian II</i>	<i>(\$0.11)</i>	<i>(1.00)</i>	<i>0.00</i>	<i>Elimination of supervisor for Main Lib division (M&N). Will reallocate to another supervisor.</i>
<i>Library Asst.</i>	<i>(\$0.07)</i>	<i>(1.00)</i>	<i>0.00</i>	<i>Elimination of branch svcs assistant; assists w/ schedules, emergencies, etc. No support staff.</i>
<i>Library Aide, PPT</i>	<i>(\$0.03)</i>	<i>(0.60)</i>	<i>0.00</i>	<i>Elimination of PPT Aide for Montclair. Will provide PT for checkout/in, book return, patron assistance.</i>
<i>Library Aide, PPT</i>	<i>(\$0.03)</i>	<i>(0.60)</i>	<i>0.00</i>	<i>Elimination of PPT Aide for Asian Lib. Will provide PT for checkout/in, book return, patron assistance.</i>
<i>Library Aide, PPT</i>	<i>(\$0.01)</i>	<i>(0.25)</i>	<i>0.00</i>	<i>Elimination of PPT Aide for Lakeview. Will provide PT for checkout/in, book return, patron assistance.</i>
<i>Librarian II, PT 2240/61111</i>	<i>(\$0.05)</i>	<i>(0.67)</i>	<i>0.00</i>	<i>Elimination of backup research services for the OPL system; assistance with planning.</i>
<i>Librarian I 2240/61132</i>	<i>(\$0.09)</i>	<i>(1.00)</i>	<i>0.00</i>	<i>Elimination of first-level cataloger; only 2 professional positions remaining; will incur heavy delays.</i>

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
Librarian II 2240/61313	(\$0.12)	(1.00)	0.00	Elimination of supervisor for Main Library division (Children's Room); Will have to determine other supervision.
Library Aide, PPT 2240/61345	(\$0.03)	(0.60)	0.00	Elimination of PPT Aide for Cesar Chavez Library. Will provide PT for checkout/in, book return & patron assistance.
Elimination of the Bookmobile program - see below	(\$0.12)	(2.56)	0.00	Elimination of staffing for Bookmobile. Avg 60 stops will not be serviced per month.
Library Aide, PPT (Bookmobile)	(\$0.03)	(0.60)	0.00	Elimination of staffing for Bookmobile. Avg 60 stops will not be serviced per month.
Library Asst. (Bookmobile)	(\$0.06)	(1.00)	0.00	Elimination of staffing for Bookmobile. Avg 60 stops will not be serviced per month.
Library Aide, PT (Bookmobile)	(\$0.03)	(0.96)	0.00	Elimination of staffing for Bookmobile. Avg 60 stops will not be serviced per month.
Elimination of the Adult Literacy & Disability Programs - see below	(\$0.15)	(2.00)	0.00	Adult Literacy currently serves 203 residents; cost of equipment and staffing funded 90% by GPF or Measure Q; services can be provided by other local literacy programs such as Oakland Elementary Schools for Family Literacy or at Laney College, etc. Disability program currently serves approx 800 residents.
Librarian II (Literacy)	(\$0.08)	(1.00)	0.00	Eliminate Adult Literacy Program & Disability Coordinator (Filled 2/3 reduction).
Literacy Asst., Sr. (Literacy)	(\$0.07)	(1.00)	0.00	Eliminate Adult Literacy Program & Disability Coordinator (Filled 2/3 reduction).
PARKS & RECREATION	(\$0.77)	(7.25)	0.00	
Budgeted Revenue transfer from 1010 to 1820	\$0.47			Create enterprise central reservations unit (CRU) by transferring revenues from the general fund to the self sustaining fund; no adverse impact.
Budgeted expenditure transfer from 1010 to 1820	(\$0.50)	(6.00)	0.00	Create enterprise CRU by transferring expenditures to the self sustaining fund, reduce Facilities Security Asst. PPT from 1.00 FTE to 0.75 FTE.
Delete Data Entry Operator through attrition expected 12.31.08. Replace with PSR, PPT	(\$0.03)	(0.25)	0.00	Reclassification to allow for current function to continue.
Delete Office Assistant, replace with Rec Leader II, PPT	(\$0.03)	(0.25)	0.00	Reclassification to align with the programmatic and administrative needs.
Transfer Rec Specialist II, PPT - to Golf Course fund	(\$0.05)	(0.75)	0.00	Transfer of fund source function would continue.
Part-time staff reductions at recreation centers, swimming, boating, sports & cultural centers	(\$0.63)	0.00	0.00	Close two pools in the summer months that are OUSD-owned; reduce boating rental hours in the winter; and certain underperforming programs in Cultural Arts, Sports, and Rec Centers would be reduced.

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
HUMAN SERVICES	(\$0.77)	0.00	(1.00)	
Eliminate Council Mandated funds for local transportation of Senior citizens (BACS contract)	(\$0.18)	0.00	0.00	Elimination of this funding terminates the Senior Shuttle service. Cancellation notice for contract is required by Sept. 1, 2008, in order to keep full \$180k reduction intact. After Sept. 1, 2008, any delay in cancellation would reduce GPF savings by approximately \$20k per month.
Reduce Head Start subsidy (Temporary)	(\$0.15)	0.00	0.00	During the FY07/09 two year cycle, \$147,194 of the baseline was deferred from Year1 to Year2 due to increase in grant revenues in Year1.
Reduce Head Start subsidy (Permanent)	(\$0.15)	0.00	0.00	Eliminates funds for field trips for children, reduces training related travel budget, Positions: Eliminates two 2128 funded positions 1) Backfilled with TCSE, position # 19152, Net zero positions, 2) Vacant, Position #28144, Net seven positions. Add 2 Early Childhood Instructors (1.80 FTE).
Change funding source for Pathways to Change to Measure Y (One-Time)	(\$0.10)	0.00	0.00	Eliminate GPF funding to Pathways. For FY08/09, shift in funding source to Measure Y reserve funds with Council approval. Prospectively, contractor will need to apply for Measure Y funding.
Reduce Council Mandated funding for Senior Service activities to 150k	(\$0.15)	0.00	0.00	For FY08/09 there are 8 (eight) applicants selected who have estimated serving 7,570 frail, low income, and some monolingual seniors. Reducing the funding to these grantees by 50% would reduce services to approximately half or 3,785 seniors.
Delete Senior Services Manager, Add Program Analyst I	(\$0.05)	0.00	(1.00)	The Senior Services Administrator performs a range of functions including the following: policy, legislative and planning advocacy for Oakland seniors; oversight and supervision of the City-run and contracted senior centers; staffing for the Mayor's Commission on Aging; and administration of the \$2 Set-Aside grant-making for community senior programs. The position performs these functions without any additional staff support. If the position is eliminated, DHS would need to move these functions under the Aging and Adult Services Manager. This would essentially double that position's direct reports and increase that position's workload to include all of the above functions. Because the Aging and Adult Services Division has no administrative support that isn't tied solely to grant function, DHS would need a new position, such as a Program Analyst I, to handle some of the activities above. Thus the savings would only be the difference between a .80 Senior Services Administrator and a Program Analyst I.

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
PUBLIC WORKS	(\$0.62)	(10.90)	(5.00)	0
Custodian, PT	(\$0.06)	(2.00)	(2.00)	Common area cleaning at Malonga such as vacuuming/dusting, specialty cleaning such as floor/carpet maintenance, studio mirrors cleaning will be reduced from daily to 3 times a week. Garbage and recycling will be reduced from twice a day to once only. This will result in a reduction in floor/carpet maintenance, window washing, and specialty cleaning from monthly to quarterly at all libraries.
Public Works Utility Worker	(\$0.17)	(3.00)	(3.00)	Discontinue litter removal, and illegal sign removal in street medians. This would create blight, potential fire hazards, and impair visibility for pedestrian and vehicular traffic. This crew also assist the vegetation cutting crew on large projects, therefore decreasing vegetation management services.
Realignment of funding for Landscape Clean-Up Crew (transfer)	(\$0.33)	(4.90)	0.00	Includes a transfer of 2.00 Gardener Crew Leaders and 1.90 Park Attendant PT. Positions are transferred to the Comprehensive Clean Up fund as an appropriate funding source. Further realignment within that fund takes place - refer to fund 1720 details.
Transfer Office Asst II from 1010 to 3100	(\$0.06)	(1.00)	0.00	Sewer & Storm Drain position shifted to Sewer Service Fund (3100).
COMMUNITY & ECONOMIC DEVELOPMENT	(\$0.14)	(0.69)	0.00	
Transfer .69 Real Estate Agent to ORA	(\$0.06)	(0.69)	0.00	Reflect appropriate funding.
Shift to ORA various operations expenses	(\$0.05)			Shift Bay Area World Trade Council membership to ORA; Shop Oakland promotion.
Reduction to Surplus Property Disposition O&M	(\$0.03)			May slow down site preparation.
CITY ATTORNEY	(\$0.48)	(4.00)	(4.00)	
Delete Deputy City Attorney III	(\$0.15)	(1.00)	(1.00)	Will impact City's ability to advise/respond on legal issues.
Delete Deputy City Attorney IV	(\$0.17)	(1.00)	(1.00)	Will impact City's ability to advise/respond on legal issues.
Delete Claims Investigator II	(\$0.09)	(1.00)	(1.00)	Will impact City's ability to advise/respond on legal issues.
Delete Legal (Admin Asst) Secretary	(\$0.08)	(1.00)	(1.00)	Will impact City's ability to advise/respond on legal issues.

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
(C) EXPENDITURES - Citywide (\$11.21)				
Item	Savings - FY 08-09	FTEs Eliminated/ Transferred	Filled FTEs Eliminated	Implementation difficulties, other comments
Freeze non-essential vacancies				
Freeze of all GPF vacancies for the remainder of the year, with the exception of Police and Fire sworn, Library and OPR	(0.50)			In addition to previously budgeted savings from 4% vacancy rate.
Management concessions				
Freeze auto allowances for all department directors	(0.04)			8-month savings (Nov 08 - Jun 09). Includes 13 individuals in UK1 class.
Reductions in non-personnel expenses				
Reduce funding for Training & Community Development	(0.13)			Leaves \$100K in Non-Departmental.
Reduce funding for Marketing & Special Events	(0.05)			Leaves \$100K in Non-Departmental.
Reductions in subsidies / assistance				
Reduce subsidy to the Comprehensive Clean-Up Fund	(0.50)			The annual transfer from GPF is only supposed to cover the cost of the street sweeping crew, estimated at \$600,000 annually. The current transfer is \$1.1 mill.
OPTIONS: (1) Citywide shutdown (every Friday) OR (2) Additional Layoffs OR (3) Union concessions				
<i>** The amounts below are NOT CUMULATIVE, and counted only ONCE</i>				
(1) CITYWIDE SHUTDOWN: Close non-essential City facilities every Friday	(10.00)			Assumes Nov 1, 2008 implementation. Exempts public safety, elected officials, dispatchers, animal control, parking citation and crossing guards.
(2) ADDITIONAL LAYOFFS	(10.00)		(120.00)	This option would involve the elimination of an additional 120 FTEs, mainly in Administration, elected offices, Finance, Personnel, DIT, Parks & Rec, Library and PWA.
(3) UNION CONCESSIONS	(10.00)			This option may involve: (i) a 5% retirement pick-up by miscellaneous employees (to fully pay employee's portion or retirement) - savings of \$4.2 mill; (ii) 9.81% pick up of retirement by OPOA (to fully pay employee's portion or retirement) - savings of \$7.7 mill; (iii) sharing of health costs by all employees (25% share would save \$6.4 mill).
OPTIONS considered but STRONGLY OPPOSED:				
(1) Delay in Police academies or no additional overtime funding; OR (2) Artificially inflating revenue estimates; OR (3) Use of (additional) one-time revenues for ongoing expenses				

Attachment “A4”
Details of all recommended fee and fine increases

This proposal includes rate increases to:

- parking meters (by 25 cents per hour)
- parking citations (various categories) and street sweeping citations (by five dollars)

Collectively, these rate increases will generate \$2.57 million in new, ongoing revenue. The following few pages provide details.

Finance & Management

CURRENT

PROPOSED

FEE DESCRIPTION

FEE UNIT

FEE

UNIT

PARKING MANAGEMENT

A. ON-STREET PARKING METER

~~1.25~~ Space/Hour

1.50 Space/Hour

B. HENRY J. KAISER CENTER PARKING LOT

1 Off-Street Parking Meter (Maximum Five hours)

~~1.25~~ Space/Hour

1.50 Space/Hour

Proposed Parking Violation Fee Increases - September 2008

Violation Code	Violation Type	Current	Proposed	Change \$	Change %
10.28.040A	Over 18" from Curb	35.00	40.00	5.00	14.3%
10.28.040B	Parking Wrong Way	32.00	40.00	8.00	25.0%
10.28.180	One Hour Zone	40.00	50.00	10.00	25.0%
10.28.190	Two Hour Zone	40.00	50.00	10.00	25.0%
10.28.210	Four Hour Zone	40.00	50.00	10.00	25.0%
10.28.250	No Parking Anytime	32.00	50.00	18.00	56.3%
10.36.050	Meter Violation-Expired	35.00	45.00	10.00	28.6%
10.36.060	Meter Overtime	35.00	45.00	10.00	28.6%
10.36.100	Street Meter	35.00	45.00	10.00	28.6%
10.28.240	Street Sweeping	48.00	53.00	5.00	10.4%
Total					

**Attachment “A5” – Listing of positions proposed for deletion
General Purpose Fund and LLAD: Total Positions and Filled Positions**

A total of 181.5 FTEs are reduced or transferred in this proposal, including 134 in the General Purpose Fund and 47.5 in the Landscaping & Lighting Assessment District Fund. The net **elimination** (after transfers) is 132 FTEs.

Of the reduced position, a total of 84 are currently filled, including 50 in the GPF and 34 in LLAD. The following few pages provide details of the **eliminated** positions.

Proposed Position Eliminations - GPF and LLAD

Filled Positions

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
Attorney	General Purpose (1010)	Deputy City Attorney III	(\$0.15)	(1.00)	(1.00)	Will impact City's ability to advise/respond on legal issues.
Attorney	General Purpose (1010)	Deputy City Attorney IV	(\$0.17)	(1.00)	(1.00)	Will impact City's ability to advise/respond on legal issues.
Attorney	General Purpose (1010)	Claims Investigator II	(\$0.09)	(1.00)	(1.00)	Will impact City's ability to advise/respond on legal issues.
Attorney	General Purpose (1010)	Legal (Admin Asst) Secretary	(\$0.08)	(1.00)	(1.00)	Will impact City's ability to advise/respond on legal issues.
CAO	General Purpose (1010)	Budget & Grants Administrator (Marketing)	(\$0.06)	(0.75)	(0.75)	Accounting responsibilities would need to be shifted to Budget Office.
CAO	General Purpose (1010)	Reduce City Admin Analyst to 1/2 time (Equal Access)	(\$0.04)	(0.50)	(0.50)	Reduced support for Equal Access translations.
Clerk	General Purpose (1010)	Delete Public Service Representative (replace with Office Assistant II)	(\$0.01)	0.00	(1.00)	Public Service Rep is currently filled. Meets the minimal staffing requirements of the Records Mgmt Pgm & allows the pgm to complete mandated objectives of overseeing preservation/ protection/ maintenance/ indexing/ accessibility of public records. Also administers the City-wide Records Mgmt Pgm enacted by Reso 77659 CMS & Ord #11370 CMS.
DHS	General Purpose (1010)	Senior Services Manager (Add Program Analyst I)	(\$0.05)	0.00	(1.00)	The Senior Services Administrator performs a range of functions including the following: policy, legislative and planning advocacy for Oakland seniors; oversight and supervision of the City-run and contracted senior centers; staffing for the Mayor's Commission on Aging; and administration of the \$2 Set-Aside grant-making for community senior programs. The position performs these functions without any additional staff support. If the position is eliminated, DHS would need to move these functions under the Aging and Adult Services Manager. This would essentially double that position's direct reports and increase that position's workload to include all of the above functions. Because the Aging and Adult Services Division has no administrative support that isn't tied solely to grant function, DHS would need a new position, such as a Program Analyst I, to handle some of the activities above. Thus the savings would only be the difference between a .80 Senior Services Manager and a Program Analyst I.

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
DIT	General Purpose (1010)	Microcomputer Specialist III	(\$0.10)	(1.00)	(1.00)	The elimination of this position will cause delays in the following programs and duties will be absorbed by the City Services Project Manager: 311-type CRM System; City website redesign; projects tracking and auditing system deployment.
DIT	General Purpose (1010)	Programmer Analyst III PPT	(\$0.11)	(1.00)	(1.00)	The elimination of this position impacts legacy systems, City liens project within the City and the creation of reports from these systems. With the deployment of the new business tax and other new applications that sit on standardized platforms, the impact will lessen through time. Additional impacts could be realized if legacy data or customized programming is needed for historical reports.
DIT	General Purpose (1010)	Project Manager I	(\$0.13)	(1.00)	(1.00)	The loss of this position will cause an immediate impact of a six to twelve month delay in completing the development of the new Help Desk application; increased time to complete change and maintenance tasks for the JAVA based Automated Collection System; increased time to isolate and resolve problems with the non-production legacy Business Tax System application; increased time to complete Oracle Publishing software changes and new development.
DIT	General Purpose (1010)	Project Manager II	(\$0.15)	(1.00)	(1.00)	The loss of this position will affect the following: all active Library IT projects will be impacted, delayed, or cancelled; all active Parks and Recreation IT Projects will be impacted, delayed or cancelled; all active Museum projects will be impacted, delayed or cancelled. Other immediate projects impacted include Point of Sales Integration, West Oakland Cameras Project, Facility Surveillance Project.
DIT	General Purpose (1010)	Project Manager II	(\$0.15)	(1.00)	(1.00)	The loss of this position will immediately increase the time to install, configure, and test new databases; to develop, test, and promote to Production new database application and software patches; to complete database patches and perform upgrades; to complete a database clone for the first 6 to 8 months; to recover and restore corrupt databases and database files; to develop new complex Oracle reports.
DIT	General Purpose (1010)	Telecommunications Supervisor	(\$0.09)	(1.00)	(1.00)	Impact daily supervision of telecommunication staff, increased time to generate and track Telco orders, degradation of customer service, increased difficulty in resolving telecom billing issues, potential public safety issues, vendor and staff resource management issues.

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
DIT	General Purpose (1010)	Telephone Services Specialist	(\$0.08)	(1.00)	(1.00)	The elimination of this position combined with the elimination of the Telecommunications Supervisor would have a major impact on service delivery. The absorption of both positions by other staff would reduce overall response time for project completion, adds, moves and changes. This team would no longer be sufficiently staffed to perform burglar installation and maintenance as well as coordination of fire alarm installation and maintenance. Network and telecommunications cable installation and testing would need to become contracted services.
Fire	General Purpose (1010)	Administrative Analyst I	(\$0.07)	(1.00)	(1.00)	Position is filled; work will be absorbed by other staff; delay of inspection and collection may occur.
Fire	General Purpose (1010)	Administrative Assistant I	(\$0.05)	(1.00)	(1.00)	Work will be absorbed by other staff; efficiency may be compromised.
Fire	General Purpose (1010)	Downgrade 1.0 Admin Asst II to 1.0 Office Assistant II	(\$0.02)	0.00	(1.00)	Position is filled; work will be absorbed by other staff; position will provide admin support and customer service for Fire Prevention Bureau
Fire	General Purpose (1010)	Office Asst II	(\$0.05)	(1.00)	(1.00)	Position handles phones for department, responsibilities will be shifted to Budget and Planning Division.
FMA	General Purpose (1010)	Accountant II	(\$0.08)	(1.00)	(1.00)	Responsible for various reconciliations, expenditure revws & controls. Will result in slower turnaround for financial reporting/audits and reduced departmental spending oversight.
FMA	General Purpose (1010)	Data Entry Operator, Sr	(\$0.05)	(1.00)	(1.00)	Results in reduced customer svcs and increased processing times. Could be mitigated w/ E-Govt on-line svcs but funding for this tech improvements is not currently available.
FMA	General Purpose (1010)	EAP Counselor	(\$0.08)	(1.00)	(1.00)	Will leave 1 EAP Coordinator to provide EAP counseling, chemical dependency referrals, crises debriefing/counseling, workplace mediations, coaching referrals, and monitoring of employees on last chance agreements/chem dependency treatmt pgms.
FMA	General Purpose (1010)	Human Resources Clerk	(\$0.04)	(1.00)	(1.00)	Performs data entry/reconciliation to Oracle position control syst. Elimination will result in: slower completion of reports, require more reconciliation w/ Budget & depts. Loss of Q/A & more detail work relegated to higher paid workers.
FMA	General Purpose (1010)	Human Resources Technician	(\$0.11)	(2.00)	(2.00)	Increases the turnaround time for new hires & position control maintenance. Delay in timely alerts for unauthorized positions & PT employees exceeding salary caps. Decreased capacity to monitor MOU/civil svc rules/PERS/IRS compliance - possibly resulting in costly errors.
FMA	General Purpose (1010)	Parking Enforcement Supv I	(\$0.07)	(1.00)	(1.00)	Reduces Parking Enforcement Supv from 5 to 4. Daytime shifts will be reduced from 3 to 2 and remaining supvs will oversee 14-18 staff (large span of control of dispersed field ops)

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
FMA	General Purpose (1010)	Parking Enforcement Supv II	(\$0.08)	(1.00)	(1.00)	Elimination of 2nd level Supervisory position over the 5 (4 proposed) Parking Enforcement Supv I's. Parking Mgr would directly supervise the 4 PE I's and 5 other individuals (9 Total)
FMA	General Purpose (1010)	Parking Meter Collector	(\$0.08)	(2.00)	(2.00)	Installation of new Cale meters with greater capacity/less jamming/electronic notification of parking limits has reduced need for more frequent collections.
FMA	General Purpose (1010)	Receptionist	(\$0.03)	(0.50)	(0.50)	Split 50-50 with Fund 1700. Primary impact would be reduced customer svc. Function would be backfilled by other revenue-generating employees.
Mayor	General Purpose (1010)	TBD (pending PFM's recommendations)	(\$0.20)	(3.00)	(3.00)	Anticipated savings due to eliminations after Executive Branch alignment.
Museum	General Purpose (1010)	Graphics Design Coordinator	(\$0.08)	(1.00)	(1.00)	Elimination of City-supported graphics for OMCA covering advertising, printed materials, exhibition design, signage, etc. Switching to Foundation (or outside), could be Union problem re: loss of position due to contracting out.
Museum	General Purpose (1010)	Preparator, PPT	(\$0.03)	(0.50)	(0.50)	Leaves only 1 experienced preparator w/ Natural Science training (taxidermy, natural habitat re-creation) to prepare/complete renovation & reinstallation of the 30,000 gallery.
Museum	General Purpose (1010)	Registrar	(\$0.07)	(1.00)	(1.00)	Elimination results in only 3 registrars to oversee OMCA's approx. 2 million item collection & incoming/outgoing exhibitions and loans.
Museum	General Purpose (1010)	Sr Curator, History	(\$0.07)	(1.00)	(1.00)	Results in 2 History Curators where OMCA is distinctive. An Assoc Curator already eliminated in Midcycle. Reduces number/scale of history exhibitions & slow planning for gallery reinstallation (sched for Jan 2010)
Museum	LLAD (2310)	Gardener II	(\$0.09)	(2.00)	(2.00)	Museum grounds maintenance will not suffer short term during renovations but there will be a long term impact. The Museum's grounds are one of its main assets as an Oakland cultural destination.
OPD	General Purpose (1010)	Police Service Tech II [Communications]	(\$0.21)	(2.00)	(2.00)	Dispatch positions (vacant); Police Service Techs (filled) take reports and positions would be re-routed in OPD; OPD will set up kiosk in PAB and Eastmont to take reports; grant funds available to set up kiosks (this will need to be confirmed).
OPD	General Purpose (1010)	3.00 Rangers [Park Ranger Program]	(\$0.96)	(3.00)	(3.00)	3 filled Ranger positions may be absorbed into sworn and if so, there will be additional NSA training costs; parks would be covered by Problem Solving Officers.
OPD	General Purpose (1010)	Administrative Svcs Manager II [Personnel]	(\$0.12)	(1.00)	(1.00)	Position is filled and duties would likely be assigned to high ranking sworn, which is likely to be more expensive and less efficient/effective
OPD	General Purpose (1010)	Public Service Rep	(\$0.05)	(1.00)	(1.00)	Position is filled and will result in layoff.
OPD	General Purpose (1010)	Reclass 3.0 Account Clerk III to 3.0 Account Clerk II	(\$0.01)	0.00	(3.00)	Positions are filled; subject to Port bumping rights

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
OPR	LLAD (2310)	Park Attendant, PPT (Ballfield Maintenance)	(\$0.10)	(2.00)	(2.00)	The proposed reduction of Park Attendant PPT positions is not expected to significantly impact the maintenance of the ballfields. The two filled PPT positions supported other program needs department-wide. OPR anticipates that utilizing part time staff will allow us to continue maintaining fields at their current level. Please note that there would be a great impact on Park Maintenance if PT positions in this class must be reduced before the PPT positions.
OPR	LLAD (2310)	Recreation Specialist II, PPT	(\$0.04)	(1.00)	(1.00)	The proposed reduction will eliminate the City's Community Gardens program, which is based at the Lakeside Garden Center and has nine garden sites Citywide, and 60 active volunteers / participants. Please note that there would be a great impact on Park Maintenance if PT positions in this class must be reduced before the PPT positions.
PWA	General Purpose (1010)	Custodian, PT	(\$0.06)	(2.00)	(2.00)	Common area cleaning at Malonga such as vacuuming/dusting, specialty cleaning such as floor/carpet maintenance, studio mirrors cleaning will be reduced from daily to 3 times a week. Garbage and recycling will be reduced from twice a day to once only. This will result in a reduction in floor/carpet maintenance, window washing, and specialty cleaning from monthly to quarterly at all libraries.
PWA	General Purpose (1010)	Public Works Utility Worker, PPT	(\$0.17)	(3.00)	(3.00)	Discontinue litter removal, and illegal sign removal in street medians. This would create blight, potential fire hazards, and impair visibility for pedestrian and vehicular traffic. This crew also assist the vegetation cutting crew on large projects, therefore decreasing vegetation management services.
PWA	LLAD (2310)	Gardener Crew Leader (Park Maintenance Hub)	(\$0.36)	(4.60)	(4.60)	The proposed reduction will impact the following: Litter boxes and receptacles will be removed from parks or relocated for Waste Management Services of Alameda County for servicing.
PWA	LLAD (2310)	Greenskeeper (Park Maintenance Hub)	(\$0.10)	(1.40)	(1.40)	The proposed reduction will impact the following: Litter boxes and receptacles will be removed from parks or relocated for Waste Management Services of Alameda County for servicing.

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
PWA	LLAD (2310)	Parklands Maintenance Worker (Open Space)	(\$0.13)	(2.00)	(2.00)	Open Space maintenance will be eliminated except for developed areas in Joaquin Miller Park such as Woodminster Cascade. Open space properties (Grizzly Peak, Beaconsfield, Dunsmuir Open Space, Joaquin Miller, Leona Open Space, Glenn Daniels - King Estates, Shepherd Canyon Trail, Marge Saunders and other natural areas), will no longer receive litter pickup, trail maintenance and weeding. Goat grazing and other fuel reduction will continue to be handled by Oakland Fire. Recommend that OPR develop new park and field rental agreements that require the patrons to remove all litter and trash from rented area. Establish new fees to support private weddings held in Joaquin Miller Park and related maintenance impacts.
PWA	LLAD (2310)	Custodial Services Supervisor (Park Enterprise Facilities)	(\$0.03)	(0.50)	(0.50)	This will result in the elimination of custodial cleaning and setup support at the 6 Enterprise rental facilities to include Lakeside Garden Center, Sailboat House, Joaquin Miller Community Center, Leona Lodge, Sequoia Lodge and Columbian Gardens. This will also reduce weekend setups at Redwood Heights, Woodminster custodial support May to October, and general cleaning at Science Center, Rotary Nature Center. Fund by increasing OPR fees in the Master Fee Schedule to cover the costs incurred by PWA.
PWA	LLAD (2310)	Custodian (Park Enterprise Facilities)	(\$0.14)	(3.00)	(3.00)	This will result in the elimination of custodial cleaning and setup support at the 6 Enterprise rental facilities to include Lakeside Garden Center, Sailboat House, Joaquin Miller Community Center, Leona Lodge, Sequoia Lodge and Columbian Gardens. This will also reduce weekend setups at Redwood Heights, Woodminster custodial support May to October, and general cleaning at Science Center, Rotary Nature Center. Fund by increasing OPR fees in the Master Fee Schedule to cover the costs incurred by PWA.
PWA	LLAD (2310)	Custodian, PPT (Park Enterprise Facilities)	(\$0.05)	(1.00)	(1.00)	This will result in the elimination of custodial cleaning and setup support at the 6 Enterprise rental facilities to include Lakeside Garden Center, Sailboat House, Joaquin Miller Community Center, Leona Lodge, Sequoia Lodge and Columbian Gardens. This will also reduce weekend setups at Redwood Heights, Woodminster custodial support May to October, and general cleaning at Science Center, Rotary Nature Center. Fund by increasing OPR fees in the Master Fee Schedule to cover the costs incurred by PWA.

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
PWA	LLAD (2310)	Custodian, PT (Park Enterprise Facilities)	(\$0.05)	(1.50)	(1.50)	This will result in the elimination of custodial cleaning and setup support at the 6 Enterprise rental facilities to include Lakeside Garden Center, Sailboat House, Joaquin Miller Community Center, Leona Lodge, Sequoia Lodge and Columbian Gardens. This will also reduce weekend setups at Redwood Heights, Woodminster custodial support May to October, and general cleaning at Science Center, Rotary Nature Center. Fund by increasing OPR fees in the Master Fee Schedule to cover the costs incurred by PWA.
PWA	LLAD (2310)	Tree Supervisor I (Tree Planting)	(\$0.09)	(1.00)	(1.00)	No tree planting. Current backlog of approximately 300 planting requests would not be completed.
PWA	LLAD (2310)	Tree Worker Driver (Tree Planting)	(\$0.12)	(2.00)	(2.00)	No tree planting. Current backlog of approximately 300 planting requests would not be completed.
PWA	LLAD (2310)	Park Attendant, PT (Tree Pruning & Hazard Mitigation)	(\$0.01)	(0.18)	(0.18)	No truck watering of trees in medians, commercial areas or specific streetscapes. The 300 trees that are scheduled to be truck watered would suffer and some would die. These include 48 trees in the Skyline median, 25 trees planting as part of the 3rd Street extension streetscape, 26 trees in the 14th Street median and 27 trees recently planted on the Seminary Boulevard median. * Eliminates ability to prune trees. Currently, the existing crews prune over 3,000 trees per year. The crews would focus on abating hazards. Routine pruning would be minimized. The backlog of work not completed would increase. * Emergency response calls (overtime) would increase as well as claims filed for tree-related property damage and personal injury. Claims investigations for the Office of the City Attorney would be delayed. * Administration of the nine tree-related Ordinances in the Oakland Municipal Code would be delayed. * Requests for root pruning, as part of a Public Works sidewalk or street repair, would not be completed in a timely manner. * Tree removals required by th

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
PWA	LLAD (2310)	Administrative Assistant I (Tree Pruning & Hazard Mitigation)	(\$0.06)	(1.00)	(1.00)	No truck watering of trees in medians, commercial areas or specific streetscapes. The 300 trees that are scheduled to be truck watered would suffer and some would die. These include 48 trees in the Skyline median, 25 trees planting as part of the 3rd Street extension streetscape, 26 trees in the 14th Street median and 27 trees recently planted on the Seminary Boulevard median. * Eliminates ability to prune trees. Currently, the existing crews prune over 3,000 trees per year. The crews would focus on abating hazards. Routine pruning would be minimized. The backlog of work not completed would increase. * Emergency response calls (overtime) would increase as well as claims filed for tree-related property damage and personal injury. Claims investigations for the Office of the City Attorney would be delayed. * Administration of the nine tree-related Ordinances in the Oakland Municipal Code would be delayed. * Requests for root pruning, as part of a Public Works sidewalk or street repair, would not be completed in a timely manner. * Tree removals required by th
PWA	LLAD (2310)	Tree High Climber (Tree Pruning & Hazard Mitigation)	(\$0.08)	(1.00)	(1.00)	No truck watering of trees in medians, commercial areas or specific streetscapes. The 300 trees that are scheduled to be truck watered would suffer and some would die. These include 48 trees in the Skyline median, 25 trees planting as part of the 3rd Street extension streetscape, 26 trees in the 14th Street median and 27 trees recently planted on the Seminary Boulevard median. * Eliminates ability to prune trees. Currently, the existing crews prune over 3,000 trees per year. The crews would focus on abating hazards. Routine pruning would be minimized. The backlog of work not completed would increase. * Emergency response calls (overtime) would increase as well as claims filed for tree-related property damage and personal injury. Claims investigations for the Office of the City Attorney would be delayed. * Administration of the nine tree-related Ordinances in the Oakland Municipal Code would be delayed. * Requests for root pruning, as part of a Public Works sidewalk or street repair, would not be completed in a timely manner. * Tree removals required by th

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
PWA	LLAD (2310)	Tree Supervisor I (Tree Pruning & Hazard Mitigation)	(\$0.18)	(2.00)	(2.00)	No truck watering of trees in medians, commercial areas or specific streetscapes. The 300 trees that are scheduled to be truck watered would suffer and some would die. These include 48 trees in the Skyline median, 25 trees planting as part of the 3rd Street extension streetscape, 26 trees in the 14th Street median and 27 trees recently planted on the Seminary Boulevard median. * Eliminates ability to prune trees. Currently, the existing crews prune over 3,000 trees per year. The crews would focus on abating hazards. Routine pruning would be minimized. The backlog of work not completed would increase. * Emergency response calls (overtime) would increase as well as claims filed for tree-related property damage and personal injury. Claims investigations for the Office of the City Attorney would be delayed. * Administration of the nine tree-related Ordinances in the Oakland Municipal Code would be delayed. * Requests for root pruning, as part of a Public Works sidewalk or street repair, would not be completed in a timely manner. * Tree removals required by th
PWA	LLAD (2310)	Tree Trimmer (Tree Pruning & Hazard Mitigation)	(\$0.46)	(6.00)	(6.00)	No truck watering of trees in medians, commercial areas or specific streetscapes. The 300 trees that are scheduled to be truck watered would suffer and some would die. These include 48 trees in the Skyline median, 25 trees planting as part of the 3rd Street extension streetscape, 26 trees in the 14th Street median and 27 trees recently planted on the Seminary Boulevard median. * Eliminates ability to prune trees. Currently, the existing crews prune over 3,000 trees per year. The crews would focus on abating hazards. Routine pruning would be minimized. The backlog of work not completed would increase. * Emergency response calls (overtime) would increase as well as claims filed for tree-related property damage and personal injury. Claims investigations for the Office of the City Attorney would be delayed. * Administration of the nine tree-related Ordinances in the Oakland Municipal Code would be delayed. * Requests for root pruning, as part of a Public Works sidewalk or street repair, would not be completed in a timely manner. * Tree removals required by th

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
PWA	LLAD (2310)	Tree Worker Driver (Tree Pruning & Hazard Mitigation)	(\$0.06)	(1.00)	(1.00)	No truck watering of trees in medians, commercial areas or specific streetscapes. The 300 trees that are scheduled to be truck watered would suffer and some would die. These include 48 trees in the Skyline median, 25 trees planting as part of the 3rd Street extension streetscape, 26 trees in the 14th Street median and 27 trees recently planted on the Seminary Boulevard median. * Eliminates ability to prune trees. Currently, the existing crews prune over 3,000 trees per year. The crews would focus on abating hazards. Routine pruning would be minimized. The backlog of work not completed would increase. * Emergency response calls (overtime) would increase as well as claims filed for tree-related property damage and personal injury. Claims investigations for the Office of the City Attorney would be delayed. * Administration of the nine tree-related Ordinances in the Oakland Municipal Code would be delayed. * Requests for root pruning, as part of a Public Works sidewalk or street repair, would not be completed in a timely manner. * Tree removals required by th
PWA	LLAD (2310)	Project Manager (Volunteer Coordination)	(\$0.13)	(1.00)	(1.00)	The Project Manager who oversees volunteers will be eliminated and the volunteer coordination will be reorganized within PWA.
TOTAL FILLED FTES			(\$6.58)	(78.43)	(84.43)	

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
<u>Vacant FTEs</u>						
Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
CAO	General Purpose (1010)	Asstistant Budget Analyst	(\$0.11)	(1.00)	0.00	No administrative support left for Budget Office.
CAO	General Purpose (1010)	Specialty Combo Inspector	(\$0.11)	(1.00)	0.00	Position was added by Council in FY 07-09 to address additional nuisance cases.
DCP	General Purpose (1010)	Contract Compliance Field Tech	(\$0.07)	(1.00)	0.00	Outreach Field tech duties will be absorbed by the remaining/existing Field Tech.
DCP	General Purpose (1010)	Urban Economic Analyst IV	(\$0.13)	(1.00)	0.00	Prompt payment plan allocated to remaining staff.
DCP	General Purpose (1010)	Administrative Assistant II	(\$0.08)	(1.00)	0.00	Functions allocated to remaining staff.
DCP	General Purpose (1010)	Program Analyst II	(\$0.07)	(1.00)	0.00	This is a linked position. Procure-to-pay automated contracting system will be implemented by contract compliance staff.
DIT	General Purpose (1010)	Project Manager I	(\$0.19)	(1.00)	0.00	The elimination of the position will cause loss of daily job functions, including weekly coordination with vendors, inspection of facilities and coordination of improvements, coordination of electrical services for new server racks and coordination of UPS and power requirements at Radio facilities. Additional work would be shifted to other DIT staff.
DIT	General Purpose (1010)	Microcomputer Specialist II	(\$0.11)	(1.00)	0.00	The elimination of this position will impact the following: no detailed support for CEDA servers which include all CEDA applications, databases and file services; delay in performing trouble calls when related to print server problems; significant delay in retrieval of any lost or damaged data normally recovered via backup; major PERTS project delay; delay in scheduling server backups; delay in restoring lost or deleted files; loss of redundancy in enterprise exchange and exchange related servers.
Fire	General Purpose (1010)	Emergency Planning Coordinator	(\$0.11)	(1.00)	0.00	The position coordinates the public education, specifically on CORE (Citizens of Oakland Response to Emergency); executes the training and outreach to the areas that are underrepresented and most likely to be impacted in the emergency situation; and day-to-day program coordination. With the this elimination, the number of participants will reduced accordingly.
FMA	General Purpose (1010)	Human Resources Analyst	(\$0.30)	(3.00)	0.00	Results in loss of 2 annuitants (who currently train/mentor new HR analysts) & 2 HR analysts. These positions are vital to City's maintenance of ability to provide services (exam planning, skill development, conduct entry level exams (>250 candidates), draft/develop standard policies/procedures for recruitments-exams.
FMA	General Purpose (1010)	Accountant III	(\$0.11)	(1.00)	0.00	Responsible for various reconciliations, expenditure revws & controls. Will result in slower turnaround for financial reporting/audits and reduced departmental spending oversight.

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
Library	General Purpose (1010)	Payroll Clerk II	(\$0.07)	(1.00)	0.00	Time and attendance and other payroll functions will be allocated among other FASO staff
Library	General Purpose (1010)	Office Asst. II	(\$0.03)	(0.50)	0.00	Elimination of data input and processing for systemwide collections. Delays to the public in recvg
Library	General Purpose (1010)	Librarian I	(\$0.02)	(0.27)	0.00	Elimination of backup for reference services at Main Library
Library	General Purpose (1010)	Library Asst., Sr.	(\$0.10)	(1.00)	0.00	Elimination of Sr. Library Assistant for 81st Avenue Library. Will return to city for staffing
Library	General Purpose (1010)	Librarian II	(\$0.12)	(1.00)	0.00	Reduced reference and supervisory svcs for Main Library. Reduction in hours for OHR
Library	General Purpose (1010)	Office Asst. II	(\$0.03)	(0.50)	0.00	Elimination of government documents filing & processing functions. Reallocate to aides
Library	General Purpose (1010)	Librarian II	(\$0.11)	(1.00)	0.00	Elimination of supervisor for Main Lib division (M&N). Will reallocate to another supervisor
Library	General Purpose (1010)	Library Asst.	(\$0.07)	(1.00)	0.00	Elimination of branch svcs assistant; assists w/ schedules, emergencies, etc. No support staff
Library	General Purpose (1010)	Library Aide, PPT	(\$0.03)	(0.60)	0.00	Elimination of PPT Aide for Montclair. Will provide PT for checkout/in, book return, patron assistance
Library	General Purpose (1010)	Library Aide, PPT	(\$0.03)	(0.60)	0.00	Elimination of PPT Aide for Asian Lib. Will provide PT for checkout/in, book return, patron assistance
Library	General Purpose (1010)	Library Aide, PPT	(\$0.01)	(0.25)	0.00	Elimination of PPT Aide for Lakeview. Will provide PT for checkout/in, book return, patron assistance
Library	General Purpose (1010)	Librarian II, PT	(\$0.05)	(0.67)	0.00	Elimination of backup research services for the OPL system; assistance with planning
Library	General Purpose (1010)	Librarian I	(\$0.09)	(1.00)	0.00	Elimination of first-level cataloger; only 2 professional positions remaining; will incur heavy delays
Library	General Purpose (1010)	Librarian II	(\$0.12)	(1.00)	0.00	Elimination of supervisor for Main Library division (Children's Room); Will have to determine other supervision.
Library	General Purpose (1010)	Library Aide, PPT	(\$0.03)	(0.60)	0.00	Elimination of PPT Aide for Cesar Chavez Library. Will provide PT for checkout/in, book return & patron assistance.
Library	General Purpose (1010)	Library Aide, PPT (Bookmobile)	(\$0.03)	(0.60)	0.00	Elimination of staffing for Bookmobile. Avg 60 stops will not be serviced per month
Library	General Purpose (1010)	Library Asst. (Bookmobile)	(\$0.06)	(1.00)	0.00	Elimination of staffing for Bookmobile. Avg 60 stops will not be serviced per month
Library	General Purpose (1010)	Library Aide, PT (Bookmobile)	(\$0.03)	(0.96)	0.00	Elimination of staffing for Bookmobile. Avg 60 stops will not be serviced per month
Library	General Purpose (1010)	Librarian II (Literacy)	(\$0.08)	(1.00)	0.00	Eliminate Adult Literacy Program & Disability Coordinator (Filled 2/3 reduction)
Library	General Purpose (1010)	Literacy Asst., Sr. (Literacy)	(\$0.07)	(1.00)	0.00	Eliminate Adult Literacy Program & Disability Coordinator (Filled 2/3 reduction)
OPD	General Purpose (1010)	Police Evidence Technician	(\$0.11)	(1.00)	0.00	Eliminated from Crime Lab; work allocated to remaining staff; may result in additional overtime.

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
OPD	General Purpose (1010)	1.00 Animal Control Officer, 1.00 Vet Technician and 1.00 Police Records Specialist	(\$0.18)	(3.00)	0.00	Positions are vacant; may impact operations and quality as the Vet Tech is the behaviorist that assesses animals upon arrival to determine if adoptable, etc.; strong volunteer support that may be able to help fill void; Vet Tech and PRS are linked.
OPD	General Purpose (1010)	Police Records Specialist [Records]	(\$0.05)	(1.00)	0.00	Position is vacant; may result in some overtime; when field-
OPD	General Purpose (1010)	Dispatchers [Communications]	(\$0.21)	(2.00)	0.00	Dispatch positions (vacant); Police Service Techs (filled) take reports and positions would be re-routed in OPD; OPD will set up kiosk in PAB and Eastmont to take reports; grant funds available to set up kiosks (this will need to be confirmed).
OPD	General Purpose (1010)	5.00 Rangers and 1.00 Police Records Specialist [Park Ranger Program]	(\$0.64)	(6.00)	0.00	3 filled Ranger positions may be absorbed into sworn and if so, there will be additional NSA training costs; parks would be covered by Problem Solving Officers.
OPR	General Purpose (1010)	Office Assistant (replace with Rec Leader II, PPT)	(\$0.03)	(0.25)	0.00	Reclassification to align with the programmatic and administrative needs
PWA	LLAD (2310)	Gardener II (Park Maintenance Hub)	(\$0.32)	(4.00)	0.00	The proposed reduction will impact the following: Litter boxes and receptacles will be removed from parks or relocated for Waste Management Services of Alameda County for servicing.
PWA	LLAD (2310)	Electrician (Street Light Outages)	(\$0.20)	(2.00)	0.00	Reductions in the LLAD electrical positions will disable the ability of Electrical Services to respond in a timely manner to the 36,000 plus street lights owned and operated by the City. There will effectively be 2.5 FTE personnel to respond and maintain the lighting systems. This includes construction of any new systems and upgrades of any type. There would be limited response to accident damaged poles and replacement of same would be very delayed. Revenue loss from accident damages due to inability to collect.
PWA	LLAD (2310)	Park Equipment Operator (Ballfield Maintenance)	(\$0.22)	(2.00)	0.00	Mowing services will be reduced with mowing intervals once every 3 weeks. Turf length will be on average longer and for longer periods of time. There will be delays in providing support for other maintenance functions such as operating a backhoe or trencher for irrigation repairs, loading greenwaste, digging sewer laterals in parks, transporting park maintenance equipment on a trailer and hauling sand or gravel.
OPR	General Purpose (1010)	Part-time Staff Reductions at	(\$0.63)	TBD	TBD	Close two pools in the summer months that are OUSD-owned;
PWA	LLAD (2310)	Gardener Crew Leader (Park Maintenance Hub)	(\$0.08)	(1.00)	0.00	The proposed reduction will impact the following: Litter boxes and receptacles will be removed from parks or relocated for Waste Management Services of Alameda County for servicing.
PWA	LLAD (2310)	Greenskeeper (Park Maintenance Hub)	(\$0.07)	(1.00)	0.00	The proposed reduction will impact the following: Litter boxes and receptacles will be removed from parks or relocated for Waste Management Services of Alameda County for servicing.

Department	Fund	Proposed Elimination	Savings - FY 08-09	FTEs Eliminated	Filled FTEs	Description of Duties / Impact of Deletion
PWA	LLAD (2310)	Tree Trimmer (Tree Pruning & Hazard Mitigation)	(\$0.15)	(2.00)	0.00	No truck watering of trees in medians, commercial areas or specific streetscapes. The 300 trees that are scheduled to be truck watered would suffer and some would die. These include 48 trees in the Skyline median, 25 trees planting as part of the 3rd Street extension streetscape, 26 trees in the 14th Street median and 27 trees recently planted on the Seminary Boulevard median. * Eliminates ability to prune trees. Currently, the existing crews prune over 3,000 trees per year. The crews would focus on abating hazards. Routine pruning would be minimized. The backlog of work not completed would increase. * Emergency response calls (overtime) would increase as well as claims filed for tree-related property damage and personal injury. Claims investigations for the Office of the City Attorney would be delayed. * Administration of the nine tree-related Ordinances in the Oakland Municipal Code would be delayed. * Requests for root pruning, as part of a Public Works sidewalk or street repair, would not be completed in a timely manner. * Tree removals required by th
TOTAL VACANT FTES			(\$5.46)	(53.80)	0.00	
TOTAL REDUCED POSITIONS			(\$12.04)	(132.23)	(84.43)	

Attachment “B” – Landscaping & Lighting Assessment District Balancing

The Landscape and Lighting Assessment District (LLAD) funds 139.70 FTE and has an operating budget of \$23.68 million. Included in the LLAD are the following Public Works Agency programs: Park, Grounds and Medians, Ball Field Maintenance, Open Space, Custodial Services at Park Enterprise Facilities, Streetlight Outage Repairs, Tree Services, and Free Standing Restrooms at Parks and Ball Fields. The LLAD also supports activities located outside the Public Works Agency such as General Government functions, Community Gardens, and Museum Landscape Maintenance. The proposed reductions will reduce staffing by **47.5 FTE** (including 34 filled positions) and reduce the FY 2008-09 budget by **\$5.30 million**.

City-wide Items

The proposal to close non-essential City facilities every Friday will result in a savings to the LLAD to \$1.4 million. This will affect all LLAD-funded positions. Additional changes to the budget that are city-wide include:

- Add back savings from the 4-day shutdown approved during the Midcycle budget
- Remove set-aside for COLA increases
- Increase revenue projections based on historical data

Park, Grounds and Medians (NB07) – “Park Maintenance Hubs”

Park maintenance (NB07) is funded by four (4) different funding sources including LLAD (2310), General Purpose Fund (1010), Comprehensive Cleanup (1720) and Measure B (2211). The total reduction in LLAD-funded park maintenance is 18.0 FTE. Approximately 16, 2-person crews (plus a seasonal part-time employee) will remain after this reduction, with 6, 2-person crews dedicated to medians only. The dedicated median crews are funded by Measure B and would be restricted to median maintenance. The 16 crews will remain to cover 139 parks and public grounds less those parks that are to be closed to the public.

	FTE		APPROP		Total FTE	Total APPROP
	Remain	Reduce	Remain	Reduce		
Gardener II	16.00	4.00	\$1,282,642	\$323,983	20.00	\$1,606,624
Gardener Crew Leader	8.80	5.60	\$905,350	\$600,019	14.40	\$1,505,369
Greenskeeper	1.00	2.40	\$93,033	\$216,003	3.40	\$309,036
Overtime				\$3,226	-	\$3,226
Prorated Portion of O&M			\$591,031	\$82,323	-	\$673,354
Manager, Building Services	1.00		\$229,744		1.00	\$229,744
Park Attendant, PT	1.68		\$76,962		1.68	\$76,962
Park Equipment Operator	1.60		\$169,623		1.60	\$169,623
Park Supervisor I	0.80		\$111,011		0.80	\$111,011
Parkland Resources Supervi	0.80		\$114,096		0.80	\$114,096
Park Maintenance Hub Total	31.68	12.00	\$3,573,492	\$1,225,554	43.68	\$4,799,045

NOTES: (1) There are positions funded in 1010 - General Purpose Fund (7.4 FTE) and 1720 - Comprehensive Clean up (23.0 FTE) that also perform Park Maintenance Hub activities (2) The portion of positions performing maintenance on landscaped medians (20%)

Proposed reductions in Park Maintenance have the following impacts:

- Reduce 18.0 FTE in park maintenance staffing, which will reduce the park hubs from 32 to 16 to cover 139 parks and public grounds.
- Remove litter boxes from parks and/or relocate for Waste Management of Alameda County (WMAC) services.

- Close approximately 5 – 10 parks or other landscaped areas per City Council District. (Approximately \$300,000 - \$500,000 in one-time costs would be needed to install security fencing, locks and gates to secure areas and an annual cost to maintain the mothballed state of the closed parks.)

Ball Field Maintenance (NB07)

This activity includes the involvement of both PWA and the Office of Parks and Recreation. OPR staff performs litter pick up, minor infield grading, dust abatement and chalk lining in preparation for games. PWA staff perform turf mowing, irrigation repairs, fertilizing, re-seeding and pest management (gophers). Approximately, six Park Equipment Operators perform turf mowing on ball fields. Gardeners perform minor irrigation repairs, and the Irrigation Repair Specialist performs irrigation controller, valve, backflow and main line maintenance and repairs. Park Equipment Operators assist in digging and trenching related to main line repairs.

	FTE		APPROP		Total FTE	Total APPROP
	Remain	Reduce	Remain	Reduce		
Gardener Crew Leader	1.00		\$102,881		1.00	\$102,881
Park Attendant, PPT	1.71	2.00	\$100,323	\$112,312	3.71	\$212,635
Park Attendant, PT	1.68		\$76,962		1.68	\$76,962
Park Equipment Operator	3.80	2.00	\$402,857	\$219,580	5.80	\$622,437
OPR Supply & Material Exp				\$12,190	-	\$12,190
PWA Prorated Portion of O&M			\$156,190	\$35,040	-	\$191,230
Ballfield Maintenance Total	8.19	4.00	\$839,213	\$379,122	12.19	\$1,218,335

Proposed reductions in Ball field Maintenance have the following impacts: Mowing of sports fields will decrease from once every 2 weeks to once every 3 weeks. Turf length will, on average, be longer for longer periods of time.

CEDA Right of Way

Both operations and maintenance and overtime pay are proposed reductions. There will be minimal impact to City operations.

OPR Community Gardens

Proposed reductions will eliminate the City's Community Gardens program, which is based at the Lakeside Garden Center and has nine garden sites Citywide, and 60 active volunteers / participants. The reduction includes a 1.00 FTE Recreation Specialist II.

Finance & Management

Proposed reductions include reducing the LLAD funding for a Tax Enforcement Officer II (0.20 FTE) and Tax Representative II (0.90 FTE) to accurately reflect the LLAD-related workload of these positions. This will not result in any degradation of service levels from the Finance and Management Agency.

Information Technology

The partial funding of this position (0.25 FTE) will be covered from the reduction in O&M in Fund 1010. Currently, the Department of Information Technology does not provide any direct services for LLAD, however this O&M reduction in the General Purpose Fund will affect efficiency in responding to customer needs due to lack of phones, as well as critical technical specific training needed to support current applications, including public safety.

Museum

The total reduction for the Museum will be 2.00 FTE Gardener II's. Museum grounds maintenance will not suffer short term during renovations but there will be a long term impact after museum renovations are complete.

Open Space (NB07)

Approximately 1,046 acres of open space designated as "resource conservation areas" are currently maintained. In Joaquin Miller Park, current activities include litter removal at picnic areas, weed removal, periodic trail maintenance and special projects to remove vegetation. Other open space areas include Leona Open Space, Dimond Canyon, North Oakland Sports Open Space, Beacons Field, Castle Canyon, Glen Daniels, Marjorie Saunders/Sulfur Springs, Santa Rita Land Trust and Shepherd Canyon.

	FTE		APPROP		Total FTE	Total APPROP
	Remain	Reduce	Remain	Reduce		
Gardener Crew Leader	1.00		\$102,881		1.00	\$102,881
Parklands Maintenance Worker		2.00		\$189,920	2.00	\$189,920
Prorated Portion of O&M			\$47,447		-	\$47,447
Open Space Total	1.00	2.00	\$150,328	\$189,920	3.00	\$340,248

Proposed reductions of services in Open Space will result in the elimination of litter pickup, trail maintenance and weeding in open space properties such as Grizzly Peak, Beaconsfield, Dunsmuir, Joaquin Miller, Leona, Glenn Daniels – King Estates, Shepherd Canyon Trail, Marjorie Saunders. Developed areas in Joaquin Miller Park (e.g., Woodminster Cascade) will continue to be maintained.

Custodial Services at Park Enterprise Facilities (IN02)

Two divisions – Parks and Building Maintenance and Facilities Services are responsible for building maintenance, custodial services and minor capital projects for the 309 city-owned facilities. These facilities total over 3 million square feet of space and include the Civic Center Complex, Oakland Museum of California, Police Administration Building, Municipal Service Center, 5050 Coliseum Way Heavy Equipment Shop, 25 recreation centers, 16 library branches and Main Library, 25 fire stations, 5 senior centers, 5 municipal swimming pools and 33 field house restrooms.

	FTE		APPROP		Total FTE	Total APPROP
	Remain	Reduce	Remain	Reduce		
Custodial Services Superviso		0.50		\$46,467	0.50	\$46,467
Custodian		3.00		\$217,183	3.00	\$217,183
Custodian, PPT		1.00		\$74,243	1.00	\$74,243
Custodian, PT		1.50		\$70,194	1.50	\$70,194
O&M				\$28,762	-	\$28,762
Overtime				\$2,837	-	\$2,837
Park Enterprise Fac Total	-	6.00	\$0	\$439,686	6.00	\$439,686

Proposed reduction in Custodial Services at Park Enterprise Facilities impact 6 facilities that the Office of Parks and Recreation rent out. The impacts include:

- Eliminate all custodial set up and cleaning services at the six (6) enterprise rental facilities including Lakeside Garden Center, Sailboat House, Joaquin Miller Community Center, Leona Lodge, Sequoia Lodge and Columbian Gardens. This service elimination could be mitigated with a user fee charged per usage to cover the costs of these services.

- Reduce weekend custodial set up and cleaning services at Redwood Heights, Woodminster, Science Center and Rotary Nature Center.

Streetlight Outage Repairs (Electrical Services) (IN07)

The City owns and operates over 36,000 street lights citywide. There are currently 4.5 FTE dedicated to caring for streetlights. This includes construction of any new systems and upgrades of all types. The LLAD fund also supports the cost of electricity to these streetlights to the tune of \$3.4 million annually.

	FTE		APPROP		Total FTE	Total APPROP
	Remain	Reduce	Remain	Reduce		
Electrical Supervisor	0.50		\$82,402		0.50	\$82,402
Electrician	1.00	2.00	\$114,971	\$239,573	3.00	\$354,544
Electrician Leader	1.00		\$137,371		1.00	\$137,371
Electricity - Street Lights			\$3,436,984		-	\$3,436,984
O&M (excluding electricity)			\$280,777		-	\$280,777
Overtime			\$1,057		-	\$1,057
Resp to SL Outages Total	2.50	2.00	\$4,053,562	\$239,573	4.50	\$4,293,135

Proposed reductions in Streetlights have the following impacts:

- Reduce 50% of staffing dedicated to fixing outages of 36,219 street lights citywide. Repairs will be delayed from an average 72 hour response time to 7 day response time (114% increase).
- Loss of productivity by minimum 50% for construction related repairs, including accident-damaged light pole replacement and lighting upgrades requested.

Tree Services (NB09)

Generally, tree services are categorized into Tree Planting, Tree Pruning and Hazard Mitigation, and Tree Inspection and Permits.

Tree Planting: Currently, there is one (1) tree planting crew that is responsible for tree planting, watering and care of the city nursery.

Tree Pruning and Hazard Mitigation: There are four (4) crews that maintain, prune and remove trees; perform stump grinding, root pruning and deal with trees that have hanging or broken limbs, dying, or have fallen.

Tree Inspections and Permits: Public requests for tree plantings (private plantings), tree removals, hazardous tree complaints all require tree inspection work. Staff also enforces the city ordinances related to trees.

	FTE		APPROP		Total FTE	Total APPROP
	Remain	Reduce	Remain	Reduce		
Tree Supervisor I		1.00		\$131,934	1.00	\$131,934
Tree Worker Driver		2.00		\$184,030	2.00	\$184,030
Prorated Portion of O&M				\$21,038	-	\$21,038
Tree Planting Total	-	3.00	\$0	\$337,002	3.00	\$337,002

	FTE		APPROP		Total FTE	Total APPROP
	Remain	Reduce	Remain	Reduce		
Administrative Assistant I	1.00	1.00	\$88,400	\$88,400	2.00	\$176,800
Park Attendant, PT		0.18		\$8,031	0.18	\$8,031
Tree High Climber	1.00	1.00	\$120,858	\$120,858	2.00	\$241,716
Tree Supervisor I	2.00	2.00	\$261,582	\$263,868	4.00	\$525,450
Tree Trimmer	5.00	8.00	\$499,591	\$825,699	13.00	\$1,325,290
Tree Worker Driver	3.00	1.00	\$255,299	\$92,015	4.00	\$347,314
Tree Supervisor II	1.00		\$130,791		1.00	\$130,791
Prorated Portion of O&M			\$217,631		-	\$217,631
Overtime				\$8,688	-	\$8,688
Tree Pruning & Haz Mit Total	13.00	13.18	\$1,574,152	\$1,407,559	26.18	\$2,981,711

Proposed reductions in Tree Services have the following impacts:

- Eliminate tree planting citywide.
- Eliminate manual truck watering of trees in medians, commercial areas and streetscapes.
- Significantly eliminate tree pruning citywide except for hazardous conditions.
- Eliminate tree removals required by the sidewalk, curb/gutter repair contractors.

Volunteer Coordination

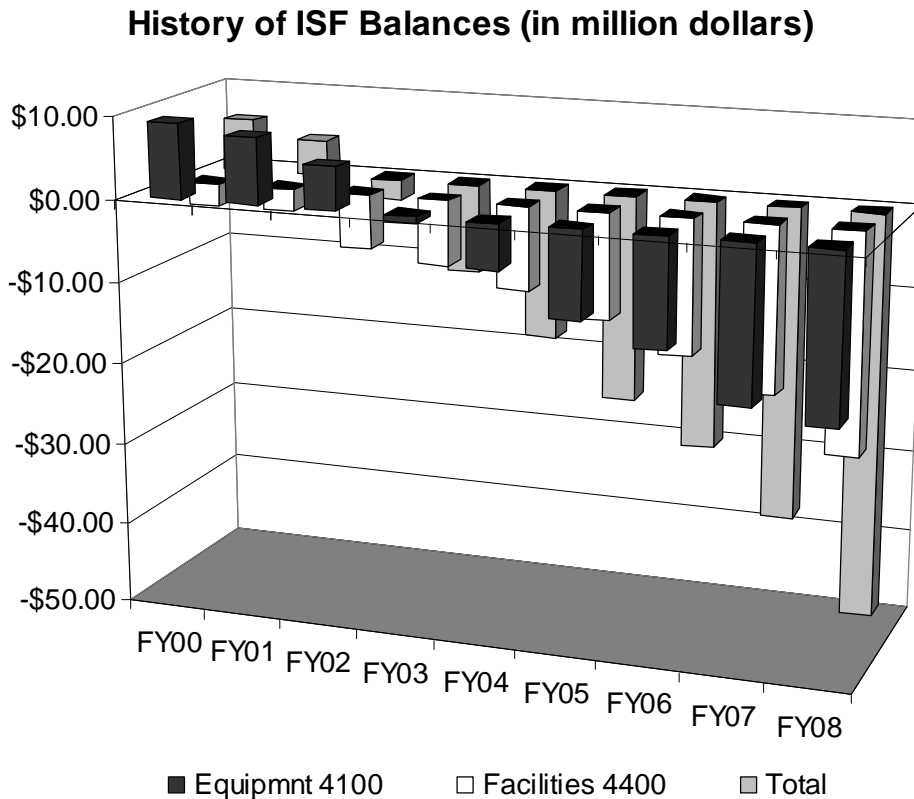
The Project Manager who oversees volunteers will be eliminated and the volunteer coordination will be reorganized within PWA.

Park Funding/Planning

This O&M was added to the budget at midcycle to pay for GPS systems and performance auditing.

Attachment “C” – Internal Service Funds Financials

The internal service funds had a combined negative cash balance of \$48.9 million in the beginning of the current fiscal year (FY 2008-09), and the problem continues to grow.



Problems with the internal service funds were pointed out by City’s independent auditors as far back as 2000, although it is not clear if city leadership (including the elected officials) were adequately advised of the growing issue. In 2007, the City’s independent audit firm stated that they “are becoming increasingly concerned with the growth in both the deficits of certain internal service funds and the interfund loans used to support those services.”

Staff publicly articulated and addressed the problem of negative ISF balances in 2004, when causes for negatives (under-recovery for the internal services performed) were identified, and balancing plans were approved for the Facilities and Equipment funds in the FY 2005-07 budget.

The repayment schedules called for gradual rate increases in the internal service funds to cure deficit fund balances over a ten-year period. Unfortunately, the rate increases recommended – and adopted – in the FY 2005-07 repayment schedules have **not** been followed. At the April 24, 2008 Special City Council meeting, staff acknowledged that:

- (a) In the Facilities Fund (4400): A nine percent rate increase was included in the FY 2005-07 balancing plan beginning in FY 2007-09, but only a three percent increase actually took effect.
- (b) In the Equipment Fund (4100): A six percent rate increase was included in the FY 2005-07 balancing plan beginning in FY 2007-09, but only a three percent increase actually took effect.

As a result of continuing and exacerbating problems, many of the internal service funds today have both negative fund balances and structural revenue-expenditure gaps.

Balancing solutions, including cost reductions and additional rate increases, have been developed and will be presented during the FY 2009-11 budget development. In addition, further operational savings will be sought after reviewing recommendations from the PFM organizational analysis and the soon-to-be-completed PWA audit (by the City Auditor).

Attachment “D” – Other Funds with Systemic Issues

The City has various funds with negative balances. These negative balances have been accumulating over time. These funds, in essence, use cash from the citywide pool. Most citywide cash, however, is restricted, and negatives in these funds become a drain on the City’s General Purpose Fund, which is already struggling financially.

Overall, funds with long-standing negatives can be grouped in the following categories:

- Selected General Funds on existing repayment schedules (\$34 million in outstanding negatives): Generally, repayment schedules established in FY 2005-07 have been followed, and the negatives are expected to be eliminated over the next three to ten years.
- Internal Service Funds (\$49 million in outstanding negatives): Repayment schedules for two of these funds were established in FY 2005-07, but were not completely followed.
- Funds not requiring immediately one-time revenues (\$78 million in outstanding negatives): Key funds include Mandatory Garbage, Comprehensive Clean-Up, Multi-Purpose Reserve, Gas Tax, ORA clearing, and Overhead Clearing.
- Funds that require one-time revenues to eliminate negative balances (\$17 million in outstanding negatives). Examples include the Landscaping & Lighting Assessment District (LLAD) Fund with a \$5 million negative fund balance and the Capital Improvement (CIP) fund with a \$4 million negative balance.

It must be noted that there is over \$6 million in previously budgeted but unspent capital project appropriations in the CIP fund. The majority of this balance is for the “**pay-go**” projects. There is no cash for these projects; if spending occurs, the negative fund balance in the CIP would increase to \$10.5 million.

- Grant funds with drawdown delays (\$158 million in outstanding receivables) are in their own, unique category. In many cases, negatives in these funds will be offset once grant reimbursements are received. However, there may be exceptions, where reimbursements would be insufficient to cover the negative balances, due to disallowed costs. The City’s departments that receive and use grant funds, under the guidance of the Finance Department, are continuing to seek reimbursements from grantors on a timely basis.

We have identified possible one-time revenues to fully offset negative balances in selected funds, with most immediate pressures. Overall, a total of **\$9 million** may be generated this fiscal year to offset long-standing negatives in the Capital Improvement fund (\$4 million) and LLAD (\$5 million). The table on the next page provides details on the negative funds and the recommended solutions for the current year. Also provided is a breakdown of the currently appropriated CIP projects that require a funding source, due to the CIP fund’s negative position.

SUMMARY OF PROBLEM FUNDS AND IDENTIFIED SOLUTIONS

1) FUNDS NEEDING ATTENTION

FUND	PRE-AUDIT FUND BALANCE - FY 08-09 BEGINNING	NOTES
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Internal Service Funds: Repayment schedules established in FY 05-07, will be re-balanced once again through efficiencies and rate increases in FY 09-11

4100 - Equipment	(\$20.18)	
4400 - Facilities	(\$26.42)	
4500 - Central Stores	(\$4.38)	
4550 - Purchasing	(\$1.66)	

Selected General Funds on existing repayment schedules: Repayment schedules established in FY 05-07

1100 - Liability	(\$22.59)	
1730 - Kaiser	(\$5.22)	
1760 - Telecom	(\$1.63)	
1790 - Contract Compliance	(\$4.65)	

Negative Funds NOT requiring one-time revenues: Negatives will be addressed through rate increases, cost reductions and/or transfers from offsetting positive funds

Negative Funds NOT requiring one-time revenues	(\$78.20)	
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Negative Funds requiring one-time revenues

5500 - CIP	(\$4.10)	Negative was reduced by a \$0.5 mill repayment from 3200. Negative would increase to \$10.5 million if \$6.4 mill in previously appropriated project funds are expended, including \$4.4 mill in pay-go projects.
2310 - LLAD	(\$4.84)	
Other negative Funds REQUIRING one-time revenues	(\$8.56)	

Negative Grant Funds: Most will be addressed through grant reimbursements, which are lagging. Some may require write-off's. Work is in progress by Finance staff in collaboration with departments.

Negative Grant Funds	(\$158.32)	
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2a) ONE-TIME REVENUE POSSIBLE AVAILABLE IN FY 2008-09

Sales of multiple properties to Central District and Coliseum	\$7.70
Deferred pension credits	\$1.50
TOTAL AVAILABLE	\$9.20

2b) PROPOSED USES OF ONE-TIME REVENUES

2310 - LLAD	(\$5.00) (fully writes off the negative)
5500 - CIP	(\$4.20) (writes off historical negative)
TOTAL USED	(\$9.20)

CAPITAL IMPROVEMENT PROGRAM (CIP) FUND - in negative position
Project appropriations and spending

PROJECT	APPROPRIATED AMOUNT	EXPENDED OR COMMITTED YEAR-TO-DATE	AVAILABLE BALANCE
AT LARGE COUNCI-B012	\$50,981	\$0	\$50,981
DISTRICT FIVE P-B009	\$766,161	\$0	\$766,161
DISTRICT FOUR P-B008	\$741,303	\$2,328	\$738,975
DISTRICT ONE PA-B005	\$749,022	\$0	\$749,022
DISTRICT SEVEN -B011	\$478,139	\$13,196	\$464,944
DISTRICT SIX PA-B010	\$608,612	\$917	\$607,696
DISTRICT THREE -B007	\$229,864	\$172	\$229,692
DISTRICT TWO PA-B006	\$683,995	(\$518)	\$684,513
ENTERPRISE NETW-B025	(\$162)	\$0	(\$162)
Greenman Fld-F5500	(\$1,685)	\$0	(\$1,685)
LIBRARY AUTOMAT-B021	(\$12)	\$0	(\$12)
Madison Park Interim	\$1,843	\$0	\$1,843
Montclair Recreation	(\$380)	\$0	(\$380)
MUSEUM STORAGE -B036	\$0	\$0	\$0
OPD Special Victims	\$54,940	\$17,722	\$37,219
Paygo-LindnPrk-F5500	(\$342)	\$0	(\$342)
RckridgeTemsc-PubArt	\$3,700	\$3,700	\$0
Streetlight for 727	\$7,626	\$0	\$7,626
Pay-Go projects	\$4,373,607	\$37,517	\$4,336,090
ADA ACCESSIBILI-C115	\$5,396	\$5,396	\$0
Admin Project	\$643	\$8,595	(\$7,952)
ALERTING & WARN-C590	\$108,214	\$108,214	\$0
ASBESTOS INSPEC-C557	\$0	\$0	\$0
Bella Vista Restroom	\$10,239	\$2,016	\$8,223
Carmen Flores Rec. C	\$0	\$0	\$0
Citywide Pedestrian	\$6,147	\$0	\$6,147
CITYWIDE SIDEWA-C780	(\$2,864)	\$0	(\$2,864)
Council Chamber/Hr R	\$2,329	\$2,329	\$0
Int'l & MacArthur St	\$678,492	\$0	\$678,492
LAUREL PEDESTRIAN/ST	(\$17,356)	\$0	(\$17,356)
LincSq PlyStrucADA	\$16,347	\$0	\$16,347
MacArthur Undergroun	(\$115)	\$0	(\$118)
MLK Renovation/ADA T	\$24,913	\$2,262	\$22,651
Museum Dust Collecti	\$0	\$0	\$0
On Call Curb Ramp Fu	\$0	\$0	\$0
Permit & Code Enforc	\$1,026,957	\$1,026,957	\$0
Piedmont Pines Undeg	(\$34,815)	\$7,794	(\$42,608)
RABA Resurfacing Fd	\$81,405	\$49	\$81,355
SD Greenwood Park Bl	(\$56,558)	\$0	(\$56,558)
Sheffield Village Re	\$57,346	\$60,681	(\$3,335)
Sidewalk Survey-ADA	(\$92)	\$0	(\$92)
Str Im 5900BlkBnaVst	\$363	\$363	\$0
STREET RECONSTR-C171	\$10	\$10	\$0
STUDIO ONE(URM)-C719	\$75,883	\$7,691	\$68,192
SUN SERVER INSTALLAT	\$514	\$514	\$0
Other projects	\$1,983,397	\$1,232,871	\$750,523
TOTAL CIP PROJECTS	\$6,357,004	\$1,270,388	\$5,086,613

Attachment “E”- ORA Financials and Balancing

The Oakland Redevelopment Agency (ORA) will be required to transfer \$8.5 million to the State in the current fiscal year, per the recently approved State budget. ORA revenues appear to be stronger than projected in the initial adopted budget, and fund balances exist to accommodate the additional expense. The State has indicated that the additional revenue pass-through is one-time.

Details of the ORA revised revenues, expenditures and fund balances are presented on the following two pages.

FY 2008-09 ORA PROJECTIONS

(Amounts are in Thousand Dollars)

Project Area	FY 2006-07 Ending Fund Balance*	FY 2007-08 Actual Revenue	FY 2007-08 Actual Expenditure	FY 2007-08 Ending Fund Balance*	FY 2007-08 Ending Fund Balance (Operating)**	FY 2008-09 Revised Revenue	State Budget Payment ***	FY 2008-09 Expenditure	FY 2007-08 Ending Fund Balance (Operating)**
Central District	\$179,777	\$62,143	\$65,232	\$176,688	\$14,867	\$62,085	(2,693)	\$57,888	\$16,372
Coliseum	128,159	35,614	36,583	127,190	21,353	54,632	(1,277)	54,698	20,010
Acorn	1,740	1,341	614	2,468	803	999	(73)	870	859
Oak Center	2,578	121	1,229	1,470	1,157	700	-	700	1,157
Stanford/Adeline	597	198	176	619	546	98	(10)	87	547
Broadway/MacArthur/San Pablo	21,975	6,354	5,942	22,387	3,103	3,323	(250)	2,949	3,228
Oakland Army Base	68,325	10,740	7,349	71,716	10,221	9,364	(248)	8,688	10,649
Central City East	96,025	27,191	21,975	101,241	13,917	48,498	(1,058)	48,023	13,334
West Oakland	5,316	8,307	5,669	7,953	5,047	5,108	(324)	4,327	5,503
Oak Knoll	15	6	338	(318)	(318)	787	(60)	787	(318)
Low-Moderate Income Housing	95,607	35,505	32,769	98,343	4,153	33,806	(2,504)	30,015	5,439
Debt Service	40	47,709	47,788	(39)	(39)	-	-	-	(39)
Planning Fund	1,645	191	92	1,744	1,744	-	-	-	1,744
Accounting Adjustments	(430)	2,337	4,378	(2,403)					
Total	601,369	237,758	230,135	609,060	76,555	219,402	(8,497)	209,034	78,486

* Includes all funds (restricted and operating) including capital assets, notes receivable and property held for resale.

** Operating reserves are required to cover debt service and personnel costs that occur prior to revenue collection.

*** Legislature approved an ERAF shift from Redevelopment Agencies to the State. Oakland's contribution is estimated at \$8.49 million to meet \$350 million State Budget Payment.

FY 2008-09 PROJECTED TAX INCREMENT REVENUE

Project Area	FY 2006-07 ACTUAL Tax Increment Revenue	FY 2007-08 ACTUAL Tax Increment Revenue	Growth Rate Last year	FY 2008-09 MIDCYCLE Tax Increment Revenue	FY 2008-09 REVISED Tax Increment Revenue	Projected Growth Rate over FY 2007-08 Actual	Forecast Assumptions
Central District	\$43,635,081	\$48,666,231	11.53%	\$43,468,231	\$51,099,543	5.0%	5% growth over FY 2007-08 Actual TI collections. Growth is leveling out for older project areas.
Coliseum	27,637,996	30,590,067	10.68%	29,733,376	\$32,884,322	7.5%	7.5% increase over FY 2007-08 Actual TI.
Acorn	1,083,003	1,231,926	13.75%	1,084,216	\$1,256,565	2.0%	2% increase over FY 2007-08 Actual TI. Growth is leveling out for older project areas.
Oak Center	1,419,000	-	-100.00%	-	-	-	
Stanford/Adeline	160,584	164,205	2.25%	154,000	\$169,131	3.0%	3% growth over FY 2007-08 Actual TI. Growth is leveling out for older project areas.
Broadway/MacArthur/San Pablo	4,360,735	5,251,660	20.43%	5,043,900	\$5,724,309	9.0%	9% increase over FY 2007-08 Actual TI. More rapid growth anticipated for newer project areas.
Oakland Army Base	5,211,639	5,806,089	11.41%	5,011,965	\$6,241,546	7.5%	7.5% increase over FY 2007-08 Actual TI. Not significant property ownership or investment.
Central City East	19,628,295	22,024,389	12.21%	23,142,923	\$24,006,584	9.0%	9% growth over FY 2007-08 Actual TI collections. This being a fairly new project area, consistent growth is projected.
West Oakland	6,286,614	8,040,976	27.91%	7,426,200	\$8,845,074	10.0%	10% increase over FY 2007-08 Actual TI. More rapid growth anticipated for newer project areas.
Oak Knoll	9,463	9,128	-3.54%	1,210,000	1,210,000	13155.9%	TI collections from the sale of the site by the US Navy to the SunCal Companies is anticipated.
Total	\$109,432,410	\$121,784,671	11.29%	\$116,274,811	\$131,437,073	7.93%	

Attachment “F”- Management Actions and Policy Decisions

The financial measures recommended in the transmittal letter will address the immediate – and significant – budgetary concerns, some in the current year and others over the next few years. However, these measures – and the efforts to implement them – will go to waste unless policy and management decisions are made to back them up. Specifically:

MANAGEMENT DECISIONS

- For each of the City’s many funds, **I am assigning a specific department as a “manager”**, with the responsibility of monitoring revenue collection and spending in the assigned fund on a monthly basis, reporting any deviations from the budget to the Budget Director and the Finance Director, and meeting with the Budget Office and the Finance Department quarterly to review the financial status of the fund (and, for the negative funds, discuss progress on eliminating the deficits).
- I have implemented **overtime monitoring and control measures** for the Oakland Police Department. Monthly spending targets have been set for each OPD unit and division, with specific managers responsible for these. Review of overtime spending will take place at least monthly, jointly by OPD and my key staff, with corrections to spending made as necessary.
- I have directed the Budget Office to include in **quarterly revenue and expenditure reports** all funds requiring attention, such as the GPF, LLAD and ISFs, as well as overtime across all departments and funds.

REQUIRED POLICY ACTIONS

- I urge the City Council to adopt **the following financial policies** that are necessary to return the City’s finances to a healthy status, and to ensure responsible financial management of the City’s resources:
 - (1) Establishing a baseline for the **Real Estate Transfer Tax** at \$40 million (an amount collected in a normal year), with any amount over the baseline used as follows: 50% deposited into GPF reserves, and another 50% going into Oakland municipal CIP reserves.
 - (2) Amending a policy on the **use of one-time revenues**, and requiring that any one-time discretionary revenue be used as follows: 50% to repay negative fund balances, and another 50% to fund future CIP projects.
 - (3) Amending the **City’s reserve policy** to: (a) require an annual review and certification of the GPF reserve (net of any reservations, designations and obligations) by the Director of Finance; and (b) prohibit project carryforwards in the GPF.
 - (4) Implementing a **new policy on capital projects**, requiring that repairs to existing infrastructure and facilities be given highest priority, and allowing new capital projects only if they would reduce deferred maintenance or otherwise lead to financial or operational savings. Any exceptions would require a super-majority vote of the City Council.