

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

INTRODUCED BY

RESOLUTION:

- (1) CREATING THE AMERICAN RESCUE PLAN ACT (“ARPA”) FUND (FUND 2072) FROM WHICH NO EXPENDITURES SHALL BE MADE EXCEPT FOR THE PURPOSE AND IN THE MANNER SPECIFIED BY THE CITY COUNCIL FOLLOWING A PUBLIC PROCESS AND PUBLIC VOTE PURSUANT TO CHARTER SECTION 806;
- (2) ACCEPTING AND APPROPRIATING THE ANTICIPATED AWARD OF ARPA FUNDS TO THE CITY OF OAKLAND (“CITY”) IN AN ESTIMATED AMOUNT OF ONE HUNDRED NINETY-TWO MILLION EIGHTY-FOUR THOUSAND ONE HUNDRED FIVE DOLLARS (\$192,084,105) TO THE ARPA FUND (FUND 2072);
- (3) AUTHORIZING THE CITY ADMINISTRATOR TO TAKE ANY AND ALL ACTIONS NECESSARY TO RECEIVE ARPA FUNDS AWARDED TO THE CITY;
- (4) AMENDING RESOLUTION NO. 88174, WHICH ADOPTED THE FISCAL YEAR (“FY”) 2020-21 MIDCYCLE BUDGET ADJUSTMENTS, TO ALLOCATE ARPA FUNDS IN AN AMOUNT NOT TO EXCEED FIFTY-SIX MILLION ONE-HUNDRED THIRTY THOUSAND DOLLARS (\$56,130,000) AND THE TEN MILLION DOLLARS (\$10,000,000) RECEIVED FROM THE OAKLAND-ALAMEDA COUNTY COLISEUM JOINT POWERS AUTHORITY TO:
 - (A) BALANCE THE FY 2020-21 BUDGET BY
 - (i) CLOSING THE DEFICIT IN THE GENERALPURPOSE FUND (“GPF”) (FUND 1010);
 - (ii) CLOSING THE DEFICIT AND REPLENISHING REQUIRED RESERVE AMOUNTS IN THE OFFICE OF PARKS AND RECREATION CULTURAL ADVISORY (“OPRCA”) SELF-SUSTAINING REVOLVING FUND (1820), THE MEASURE Z VIOLENCE PREVENTION AND SAFETY ACT OF 2014 FUND (2252), AND THE MEASURE C TRANSIENT OCCUPANCY TAX (“TOT”) SURCHARGE FUND (2419); AND
 - (iii) REPLENISHING THE CITY’S EMERGENCY RESERVE FUND;

- (B) ALIGN THE GENERAL PURPOSE FUND (FUND 1010), THE OFFICE OF PARKS AND RECREATION CULTURAL ADVISORY (“OPRCA”) SELF-SUSTAINING REVOLVING FUND (1820), THE MEASURE Z VIOLENCE PREVENTION AND SAFETY ACT OF 2014 FUND (2252), AND THE MEASURE C TRANSIENT OCCUPANCY TAX (“TOT”) SURCHARGE FUND (2419) WITH REVENUE AND EXPENDITURES FORECASTED FOR SAID FUNDS IN THE SECOND QUARTER (“Q2”) REVENUE AND EXPENDITURE REPORT ATTACHED TO THIS RESOLUTION AS EXHIBIT 1;**
- (C) RESTORE SERVICES AFFECTED BY FISCAL YEAR 2020-21 ADMINISTRATIVE REDUCTION ACTIONS AS SET FORTH IN EXHIBIT 2 TO THIS RESOLUTION;**
- (D) FUND SERVICES THAT ARE NEEDED TO ADDRESS THE NEGATIVE HEALTH, SAFETY, WELFARE, AND FISCAL EFFECTS OF THE PANDEMIC AS SET FORTH IN EXHIBIT 2 TO THIS RESOLUTION; AND**
- (E) MAKE SUCH ADDITIONAL OR ALTERNATIVE ADJUSTMENTS TO THE FY 2020-21 BUDGET AS MAY BE DETERMINED TO BE NECESSARY OR APPROPRIATE BY THE CITY COUNCIL;**
- (5) PURSUANT TO SECTION 1, PART D OF THE CITY OF OAKLAND CONSOLIDATED FISCAL POLICY (ORDINANCE NO. 13487 C.M.S.) AUTHORIZING THE USE OF ONE-TIME REVENUES FOR THE PURPOSES SPECIFIED IN EXHIBIT 2 TO THIS RESOLUTION AND/OR SUCH ADDITIONAL OR ALTERNATIVE ADJUSTMENTS TO THE FY 2020-21 BUDGET AS MAY BE DETERMINED BY THE COUNCIL;**
- (6) ALLOCATING GAS TAX, ROAD MAINTENANCE AND REHABILITATION FUNDS (FUND 2232), MEASURE BB FUNDS (FUND 2218) AND COMPREHENSIVE CLEANUP FUNDS (FUND 1720) FROM FUND BALANCE IN THE ESTIMATED AMOUNT OF ONE MILLION SIX-HUNDRED SIXTY-NINE THOUSAND, NINE-HUNDRED NINETY-NINE DOLLARS (\$1,669,999.00) TO MEET VITAL COMMUNITY NEEDS AS SET FORTH IN EXHIBIT 2; AND/OR SUCH ADDITIONAL OR ALTERNATIVE ADJUSTMENTS TO THE FY 2020-21 BUDGET AS MAY BE DETERMINED BY THE COUNCIL;**
- (7) ACCEPTING, APPROPRIATING AND ALLOCATING REAL ESTATE TRANSFER TAX (“RETT”) REVENUE IN THE ESTIMATED AMOUNT OF TEN MILLION FIVE-HUNDRED THOUSAND DOLLARS (\$10,500,000) TO HELP TO CLOSE THE GPF DEFICIT FOR FY 2020-21 IF THE CITY RECEIVES SUCH RETT REVENUE FROM THE COUNTY OF ALAMEDA THIS FISCAL YEAR:**
- (A) TO THE EXTENT THAT SUCH RETT REVENUE FORECASTED IN THE THIRD QUARTER REVENUE & EXPENDITURE REPORT EXCEEDS THE SECOND QUARTER (Q2) FORECAST; AND**

(B) SUCH RETT REVENUE AMOUNT SHALL BE ALLOCATED TO CLOSE THE GPF DEFICIT INSTEAD OF THE ARPA FUNDS, ALLOWING SUCH AMOUNT OF ARPA FUNDS TO BE AVAILABLE TO FUND THE FISCAL YEAR 2021-23 BIENNIAL BUDGET;

(8) CLARIFYING THAT ANY NEW FUNDS THAT HAVE NOT BEEN PREVIOUSLY BUDGETED, SHALL BE APPROPRIATED AND ALLOCATED THROUGH A PUBLIC PROCESS BY CITY COUNCIL WITH A PUBLIC VOTE PURSUANT TO CHARTER SECTION 806; AND

(9) DIRECTING THE CITY ADMINISTRATOR TO SEEK AND DEVELOP PROPOSED USES FOR FEDERAL, STATE, OR OTHER FUNDING AVAILABLE FOR THE ACQUISITION AND DEVELOPMENT OF NON-CONGREGATE SHELTER UNITS TO BE CONVERTED TO PERMANENT AFFORDABLE HOUSING, AND TO RETURN TO THE CITY COUNCIL TO AUTHORIZE EXPENDITURES FOR SUCH PURPOSE FOR SPECIFIC, IDENTIFIED PROPERTIES

WHEREAS, on June 24, 2019 the Council adopted Resolution No. 87759 authorizing the biennial balanced budget for fiscal years 2019-2021 and appropriating certain funds to provide for the expenditures proposed by said budget; and

WHEREAS, Section 801 of the Charter of the City of Oakland requires that the Oakland City Council adopt by resolution a budget of proposed expenditures and appropriations necessary for the ensuing year; and

WHEREAS, the City Council has a longstanding policy of adopting a two-year budget and of making mid-cycle adjustments to the biennial budget; and

WHEREAS, on June 23, 2020, City Council passed Resolution No. 88174, which adopted the Fiscal Year (“FY”) 2020-21 mid-cycle budget adjustments to the City of Oakland’s Fiscal Year 2019-2021 Biennial Budget to balance the FY 2019-2021 budget; and

WHEREAS, the Council’s FY 2019-21 Biennial Budget projected \$684 million of revenue for FY 2020-21 and the second quarter(Q2) revenue projection for this FY is \$620 million due to the economic downturn resulting from the COVID-19 pandemic, the public health emergency declared by the State of California and the City of Oakland and the stay at home-shelter in place orders and quarantines that have shuttered many, many businesses and government offices and much of the United States’ economy, dramatically impacting revenue; and

WHEREAS, the dramatic reduction in revenue for this FY has created a deficit, unbalancing the FY 2020-21 budget; and

WHEREAS, the City Council has determined that it is prudent to re-balance the FY 2020-21 budget; restore services affected by Fiscal Year 2020-21 Administrative reduction actions as set forth in Exhibit 2 to this Resolution; fund services that are needed to address the negative health, safety, welfare, and fiscal effects of the pandemic as set forth in Exhibit 2 to this Resolution; and make such additional or alternative adjustments to the FY 2020-21 budget as may be determined to be necessary or appropriate by the City Council; and

WHEREAS, the Council wishes to clarify the City Administrator’s authority regarding new unbudgeted funds; and

WHEREAS, the U.S. Congress recently passed, and President Biden signed into law the American Rescue Plan Act (“ARPA”) and the City of Oakland expects to receive an estimated amount of one hundred ninety-two million eighty-four thousand, one hundred five dollars (\$192,084,105) in ARPA funds; and

WHEREAS, the City of Oakland will receive ten million dollars (\$10,000,000) from the Oakland-Alameda County Joint Powers Authority (“JPA”); and

WHEREAS, Section 806 of the City Charter provides that all monies received by the City shall be deposited in the City Treasury, and no monies shall be disbursed from the treasury without the approval of the City Administrator or of another officer duly authorized by him/her and that no expenditure of City funds shall be made except for the purposes and in the manner specified by an appropriation of the Council; and

WHEREAS, the American Rescue Plan Act appropriated funds to the US Department of Housing and Urban Development, a portion of which the City of Oakland expects to receive, above and beyond the direct city allocation of roughly \$192 million, that can be used for “acquisition and development of non-congregate shelter units, all or a portion of which may be converted to permanent affordable housing”, and other such funds may likewise become available; and

WHEREAS, Section 1, Part D of the Consolidated Fiscal Policy Ordinance No. 13487 provides that any unrestricted one-time revenues shall be used to fund one-time expenditures, to fund debt retirement and unfunded long-term obligations such as negative fund balances, Police and Fire Retirement System (PFRS) unfunded liabilities, CalPERS pension unfunded liabilities, paid leave unfunded liabilities, and Other Post-Employment Benefits (OPEB) unfunded liabilities or shall remain as fund balance; and

WHEREAS, Section 1, Part D of the Consolidated Fiscal Policy further provides that the use of unrestricted one-time revenues for any purpose other than those set forth in Part D must be authorized by City Council resolution; and

WHEREAS, Section 1, Part D of the Consolidated Fiscal Policy requires that the aforesaid resolution authorizing use of unrestricted one-time revenues for any purpose other than those set forth in Part D “explain the need for using one-time revenues for purposes other than those established in this section” and “shall also include steps the City will take to return to using one-time revenues pursuant to Section 1, Part D; and

WHEREAS, pursuant to Section 1, Part D of the Consolidated Fiscal Policy Ordinance No. 13487, the Council passed Resolution No. 88137 on June 2, 2020 authorizing the use of one-time revenues for the purpose of balancing the FY 2020-21 budget; and

WHEREAS, it is necessary for the City to use one-time revenues to fund services that are needed to address the negative health, safety, welfare, and fiscal effects of the pandemic as set forth in Exhibit 2 to this Resolution in light of the projected budget deficit in FY 2020- 21 caused by the COVID-19 crisis; and

WHEREAS, the City Administrator has determined that the City likely will receive an estimated amount of ten million five-hundred thousand dollars (\$10,500,000) of RETT revenue from the County of Alameda, resulting from a new large property sale, which was not assumed in the projected Second Quarter (Q2) revenue forecast, and Harvey M. Rose Associates, a consultant retained by the City, also has projected that the City likely will receive RETT revenue in the foregoing estimated amount in Fiscal Year 2021 that was not assumed in the Second Quarter revenue forecast; and

WHEREAS, as mandated by the Consolidated Fiscal Policy Ordinance No. 13487 this Resolution allocates funding to close the GPF deficit and provides a GPF Emergency Reserve equal to 7.5% of the GPF, and the Council desires that the GPF Emergency Reserve funds so allocated, will be set aside in a fund, separate from the GPF, and remain in full in such fund unless and until the Council authorizes otherwise by a vote at a public meeting; now, therefore, be it,

RESOLVED: That the City Council hereby creates the American Rescue Plan Act fund (Fund 2072) and clarifies that no expenditures shall be made from Fund 2072 except for the purpose and in the manner specified by the City Council following a public process and public vote pursuant to charter section 806; and be it

FURTHER RESOLVED: That the City Administrator, on behalf of the City of Oakland, is authorized to accept and appropriate the anticipated award of ARPA funds to the City of Oakland in an estimated amount of one hundred ninety-two million eighty-four thousand one hundred five dollars (\$192,084,105) to Fund 2072; and be it

FURTHER RESOLVED: That the City Administrator is authorized to take any and all actions necessary to receive ARPA funds awarded to the City; and be it

FURTHER RESOLVED: That Resolution No. 88174, which adopted the FY 2020-21 midcycle budget adjustments, hereby is amended to allocate ARPA funds in an amount not to exceed fifty-six million one hundred thirty thousand dollars (\$56,130,000) and the ten million dollars (\$10,000,000) received from the JPA to:

- (1) balance the FY 2020-21 budget by
 - (a) closing the deficit in the GPF (fund 1010);
 - (b) closing the deficit and replenishing required reserve amounts in the OPRCA self-sustaining revolving fund (Fund 1820), the Measure Z Violence Prevention and Safety Act of 2014 fund (Fund 2252), and the Measure C TOT surcharge fund (Fund 2419);
 - (c) replenishing the City's emergency reserve fund;
- (2) align the general purpose fund (Fund 1010), the OPRCA self-sustaining revolving fund (Fund 1820), the Measure Z Violence Prevention and Safety Act of 2014 fund (Fund 2252), and the Measure C TOT surcharge fund (Fund 2419) with revenue and expenditures forecasted for said funds in the Q2 revenue and expenditure report attached to this Resolution as Exhibit 1;

- (3) restore services affected by FY 2020-21 administrative reduction actions as set forth in Exhibit 2 to this Resolution;
- (4) fund services that are needed to address the negative health, safety, welfare, and fiscal effects of the pandemic as set forth in Exhibit 2 to this Resolution; and
- (5) make such additional or alternative adjustments to the FY 2020-21 budget as may be determined to be necessary or appropriate by the City Council;
- (6) allocate Gas Tax, Road Maintenance and Rehabilitation funds (Fund 2232), Measure BB funds (Fund 2218) and Comprehensive Cleanup funds (Fund 1720) from fund balance in the estimated amount of one million six-hundred sixty-nine thousand, nine-hundred ninety-nine dollars (\$1,669,999.00) to meet vital community needs as set forth in Exhibit 2; and/or such additional or alternative adjustments to the FY 2020-21 budget as may be determined by the Council; and be it

FURTHER RESOLVED: That if the City receives RETT revenue in the estimated amount of \$10.5 million this Fiscal Year and the Third Quarter (Q3) RETT revenue forecast exceeds the Second Quarter (Q2) revenue forecast, the amount by which the Third Quarter RETT revenue forecast exceeds the Second Quarter RETT revenue forecast shall be allocated to close the GPF deficit instead of the ARPA funds, allowing such amount of ARPA funds to be available to fund the Fiscal Year 2021-2023 biennial budget, and be it

FURTHER RESOLVED: That the City Administrator shall set aside in a fund, separate from the GPF, the GPF Emergency Reserve funds equal to 7.5% of the GPF allocated by this Resolution as mandated by the Consolidated Fiscal Policy; and such GPF Emergency Reserve funds shall remain in full in such separate fund so that they will continue to be available for the purpose of funding the mandated GPF Emergency Reserve when the Council adopts the Fiscal Year 2021-2023 budget, unless and until the Council authorizes otherwise by a vote at a public meeting; and be it

FURTHER RESOLVED: That in accord with the Consolidated Fiscal Policy Ordinance No. 13487 and in light of the economic downturn resulting from the COVID-19 pandemic, the public health emergencies declared by the State of California and the City of Oakland and the stay at home-shelter in place orders and quarantines that have shuttered many, many businesses and government offices and much of the United States' economy, dramatically impacting revenue, it is incumbent upon the Council to receive regular and frequent updates on the City's revenues and expenditures and the Council accordingly hereby requests and directs the City Administrator to bring the following informational reports to the City Council:

- A corrective action plan for each department projected to overspend its GPF budget for FY 2020-21 to the May 18, 2021 City Council meeting;
- The Third Quarter Revenue and Expenditure Report to the June 1, 2021 City Council meeting with the following information:
 - A progress report accounting in detail the implementation of the balancing measures the City Administrator has taken beginning in December 2020 and estimated savings;
 - A list of all project carryforwards and encumbrances including project descriptions and project status regarding whether each project will be completed, and funds expended this FY 2020-21; and be it

FURTHER RESOLVED: That the Council hereby clarifies that any new funds that have not been previously budgeted, shall be appropriated and allocated through a public process by City Council with a public vote pursuant to Charter Section 806; and be it

FURTHER RESOLVED: That pursuant to Section 1, Part D of the City of Oakland Consolidated Fiscal Policy (Ordinance No. 13487 C.M.S.) the Council authorizes the use of one-time revenues for the purposes specified in Exhibit 2 to this Resolution and/or such additional or alternative adjustments to the FY 2020-21 budget as may be determined by the Council in light of the dramatic reduction in budget revenues resulting from the COVID-19 pandemic and the critical need to maintain, restore and authorize vital City services; and be it

FURTHER RESOLVED: That in accord with Section 1 Part D of the City of Oakland Consolidated Fiscal Policy (Ordinance No. 13487 C.M.S.) the City Council declares its commitment to resume compliance with such Section as soon as reasonably practicable and directs the City Administrator to identify the steps to return to using one-time funds pursuant to such Section; and be it

FURTHER RESOLVED: That City Council directs the City Administrator to seek and develop proposed uses for federal, state, or other funding available for the acquisition and development of non-congregate shelter units to be converted to permanent affordable housing, and to return to the City Council to authorize expenditures for such purpose for specific, identified properties; and be it

FURTHER RESOLVED: That except as amended by this Resolution, Resolution No. 88174, which adopted the FY 2020-21 midcycle budget adjustments remains in full force and effect.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FIFE, GALLO, KALB, KAPLAN, REID, TAYLOR, THAO AND
PRESIDENT FORTUNATO BAS

NOES –
ABSENT –
ABSTENTION –

ATTEST: _____
ASHA REED
City Clerk and Clerk of the Council of the
City of Oakland, California

3038382v7

GENERAL PURPOSE FUND REVENUES (\$ in millions)

Revenue Category	FY 2020-21 Adjusted Budget	FY 2020-21 Q2 Forecast	FY 2020-21 Year-End \$ Over / Under Adjusted Budget
PROPERTY TAX	\$ 233.15	\$ 233.15	\$ —
SALES TAX	\$ 52.55	\$ 52.55	\$ —
BUSINESS LICENSE TAX	\$ 88.00	\$ 88.00	\$ —
UTILITY CONSUMPTION TAX	\$ 52.00	\$ 52.00	\$ —
REAL ESTATE TRANSFER TAX	\$ 89.06	\$ 93.33	\$ 4.27
TRANSIENT OCCUPANCY TAX	\$ 15.91	\$ 8.24	\$ -7.66
PARKING TAX	\$ 8.85	\$ 4.50	\$ -4.36
LICENSES & PERMITS	\$ 1.68	\$ 1.68	\$ —
FINES & PENALTIES	\$ 18.34	\$ 14.04	\$ -4.30
INTEREST INCOME	\$ 0.48	\$ 0.48	\$ —
SERVICE CHARGES	\$ 61.47	\$ 51.90	\$ -9.57
GRANTS & SUBSIDIES	\$ 3.71	\$ 3.71	\$ —
MISCELLANEOUS	\$ 0.80	\$ 10.80	\$ 10.00
INTER-FUND TRANSFERS	\$ 17.55	\$ 17.55	\$ —
Sub-Total Revenue	\$ 643.55	\$ 631.93	\$ -11.62
TRANSFERS FROM FUND BALANCE (incls CF)	\$ 19.03	\$ 19.03	\$ —
Total Revenue	\$ 662.59	\$ 650.97	\$ -11.62

MEASURE Z FUND REVENUES (\$ in millions)

Revenue Category	FY 2020-21 Adjusted Budget	FY 2020-21 Q2 Projected FYE	FY 2020-21 Year-End \$ Over / Under Adjusted Budget
PARKING TAX	\$ 8.39	\$ 3.71	\$ -4.68
LOCAL TAX	\$ 18.00	\$ 18.00	\$ —
INTEREST INCOME	\$ —	\$ 0.01	\$ 0.01
MISCELLANEOUS REVENUE	\$ —	\$ -0.05	\$ -0.05
USE OF FUND BALANCE	\$ 3.40	\$ 3.40	\$ —
Total Revenue	\$ 29.79	\$ 25.07	\$ -4.72

MEASURE C FUND REVENUES (\$ in millions)

Revenue Category	FY 2020-21 Adjusted Budget	FY 2020-21 Q2 Projected FYE	FY 2020-21 Year-End \$ Over / Under Adjusted Budget
TRANSIENT OCCUPANCY TAX	\$ 4.34	\$ 2.26	\$ -2.08
USE OF FUND BALANCE	\$ 0.08	\$ 0.08	\$ —
Total Revenue	\$ 4.42	\$ 2.34	\$ -2.08

OPRCA FUND REVENUES (\$ in millions)

Revenue Category	FY 2020-21 Adjusted Budget	FY 2020-21 Q2 Projected FYE	FY 2020-21 Year-End \$ Over / Under Adjusted Budget
SERVICE CHARGES	\$ 5.70	\$ 2.37	\$ -3.34
INTERFUND TRANSFERS	\$ 1.55	\$ 1.55	\$ —
MISCELLANEOUS REVENUE	\$ 0.11	\$ 0.06	\$ -0.05
Total Revenue	\$ 7.37	\$ 3.98	\$ -3.39

EXPENDITURES – DEPARTMENTS PROJECTED TO OVERSPEND (\$ in millions)

Department	Adjusted Budget	Q2 Projected FYE	Year-End Over / Under Budget	Estimated Savings from Admin Actions	Estimated Year-End Over /Under Budget with Admin Reductions
CITY ATTORNEY	\$ 11.51	\$ 13.00	\$ -1.49	\$ —	\$ -1.49
PUBLIC ETHICS COMMISSION	\$ 1.32	\$ 1.36	\$ -0.04	\$ —	\$ -0.04
HUMAN RESOURCES	\$ 6.71	\$ 7.28	\$ -0.57	\$ —	\$ -0.57
POLICE DEPARTMENT	\$ 296.49	\$ 318.93	\$ -22.44	\$ 15.00	\$ -7.44
PUBLIC LIBRARY	\$ 11.66	\$ 13.12	\$ -1.46	\$ —	\$ -1.46
WORKPLACE & EMPLOYMENT STANDARD	\$ 3.29	\$ 3.64	\$ -0.35	\$ 0.01	\$ -0.34
NON-DEPARTMENTAL	\$ 34.80	\$ 44.51	\$ -9.71	\$ 5.70	\$ -4.01