

CITY OF OAKLAND

AGENDA REPORT

TO: Office of the City Administrator

ATTN: Dan Lindheim

FROM: Budget Office

DATE: February 24, 2009

RE: **Supplemental Report on FY 2008-09 Second Quarter Revenue and Expenditure Results and Year-End Projections For Four Selected Funds - General Purpose Fund (1010), Landscaping & Lighting Assessment District Fund (2310), Equipment Fund (4100) and Facilities Fund (4400); Balancing Measures for General Purpose Fund (1010); And Overtime Analysis for the General Purpose Fund (1010) and All Funds; And the Status of Implementing the October 2008 Budget Revisions**

SUMMARY

This report provides information on the City's financial activity through the end of the second quarter of the fiscal year (December 31, 2008) and provides year-end projected revenues and expenditures for four selected funds. Additionally, an analysis of overtime is provided for the General Purpose Fund (GPF) and all funds. Finally, this report includes a status update of implementing the October 2008 budget revisions approved by City Council per Resolution No. 81630, C.M.S.

In the General Purpose Fund (GPF; 1010), **a deficit of \$ 8.22 million is projected by year end.** This is comprised of a \$ 0.75 million shortfall in revenue collections and \$7.47 million projected overspending in expenditures. The majority of overspending (\$5.55 million) is in Police Services. A balancing plan to address this projected shortfall is presented on page 5. To avoid layoffs, the balancing plan relies on one-time cost avoidance and deferral of spending. Balancing measures include a selective deferral of specific project balances, and saving strategies in Police Services, Library and Museum.

The Landscaping and Lighting Assessment District (LLAD) Fund (2310), is **projected to be balanced by fiscal year-end**, as a result of drastic cuts implemented in October 2008. The historical negative fund balance is expected to be eliminated with the proceeds from a property sale. However, the LLAD Fund is in a very shaky financial position and will require further cuts to services and positions in future years unless an alternative revenue source is found.

In the Equipment Fund (4100), **a \$0.25 million decrease to the negative fund balance** is projected by year-end as a result of actions put in place to minimize the year-end overspending due to the increased demand for equipment parts, including broadening the vendor base by executing a new equipment parts and supplies contract beginning February 2009.

In the Facilities Fund (4400), a \$5.43 million increase in the negative fund balance is projected by year-end, which is a slight increase from the \$5.24 million shortfall reflected in the adjusted budget. From first quarter to second quarter projections, the **negative fund balance projection**

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has decreased by \$0.58 million, due to implementation of mitigation efforts placed by Public Work Agency (PWA). These actions include:

- Compliance with the mandated 10 percent reduction in water usage and 30 percent reduction in irrigation during summer months;
- Modernization of the elevators at both City Hall and the Police Administration Building is expected to save in maintenance and repair costs, along with a 48 percent reduction in electricity usage for those elevators;
- Energy efficient pool covers to reduce gas usage; and
- Water conservation efforts (e.g., less hot water usage).

To offset the additional \$0.12 million in increased negative cash balance, PWA will continue to step up its efforts to reduce utility costs, including water, gas and electricity; and will be more aggressive in charging other funds for special work orders.

Overtime overspending by the end of FY 2008-09 (at the All Funds level) is projected for many departments: minor for some, but significant for others. This projection assumes savings in the remaining two quarters due to the overtime directive from the Mayor, effective October 16, 2008, to limit overtime to mandatory / essential overtime (for emergency, legally mandated duties, public health or safety issues, reimbursable overtime, etc.). **Most departments will manage to balance their overtime overspending with savings in other categories** (primarily in salary savings from vacancies), therefore staying within their overall budget appropriations. Police overtime spending will be reduced by at least 25 percent in the remaining months of the fiscal year.

Details on the status of implementing the October budget revisions for each balancing measure is provided in Attachment F-1. Additionally, a brief discussion of the status of each balancing measure that is either **In Progress** or **Implemented but at risk of not being fully realized** is presented later in this report. A high level summary was presented at the January 12, 2009 Special Budget Workshop.

FISCAL IMPACT

The Second Quarter Revenue & Expenditure Report includes an analysis of actual revenues and expenditures for the General Purpose Fund and three other funds for the six-month period of July 1 through December 31, 2008, and projects year-end revenues and expenditures for these funds with highlights of significant trends. The summary table on the following page reflects the second Quarter financial results; and the table on page 5 itemizes balancing measures for the General Purpose Fund.

FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2008 - December 31, 2008)
 Summary (\$ in millions)

GENERAL PURPOSE FUND (1010)

	FY 2008-09 Oct. Revised Budget	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Projected Over / (Under)	FY 2008-09 Year-End Estimate
Beginning Fund Balance** - July 1, 2008	11.38	11.38		11.38
Revenues	464.99	480.22	(0.75)	479.47
Expenditures	464.80	480.21	7.47	487.68
Variance	0.19	0.01	(8.22)	(8.21)
Projected Ending Fund Balance - June 30, 2009	11.56	11.39		3.17

LANDSCAPING & LIGHTING ASSESSMENT DISTRICT FUND (2310)

	FY 2008-09 Oct. Revised Budget	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Projected Over / (Under)	FY 2008-09 Year-End Estimate
Beginning Fund Balance** - July 1, 2008	(4.84)	(4.84)		(4.84)
Revenues	22.92	22.92	(0.18)	22.74
Expenditures	18.66	18.66	(0.76)	17.90
Variance	4.26	4.26	0.58	4.84
Projected Ending Fund Balance - June 30, 2009	(0.58)	(0.58)		0.00

EQUIPMENT FUND (4100)

	FY 2008-09 Oct. Revised Budget	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Projected Over / (Under)	FY 2008-09 Year-End Estimate
Beginning Cash Balance** - July 1, 2008	(20.18)	(20.18)		(20.18)
Revenues	16.36	16.36	0.57	16.93
Expenditures	15.94	15.94	0.32	16.26
Variance	0.42	0.42	0.25	0.67
Projected Ending Cash Balance - June 30, 2009	(19.76)	(19.76)		(19.51)

FACILITIES FUND (4400)

	FY 2008-09 Oct. Revised Budget	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Projected Over / (Under)	FY 2008-09 Year-End Estimate
Beginning Cash Balance** - July 1, 2008	(26.40)	(26.40)		(26.40)
Revenues	18.34	18.34	(0.55)	17.79
Expenditures	23.58	23.58	(0.36)	23.22
Variance	(5.24)	(5.24)	(0.19)	(5.43)
Projected Ending Cash Balance - June 30, 2009	(31.64)	(31.64)		(31.83)

** Net of prior year encumbrances and project carryforwards

Balancing Measures

To address the projected year-end deficit of \$8.22 million in the General Purpose Fund, a number of balancing measures have been put in place. Given the short period of time left before year-end (four months), layoffs and similar measures are simply not realistic to implement. Therefore, the balancing plan relies mainly on cost avoidance and deferral. In a sense, these actions shift the deficit burden to the next fiscal year. Given the time constraints and the pressing need to avoid using our diminishing reserves, these temporary measures are unfortunately, the best option available to us currently.

The table on the following page details the balancing measures, and provides a discussion of potential impact from the implementation of each of these measures. **All measures are being implemented immediately.**

FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2008 - December 31, 2008)
BALANCING MEASURES (\$ in millions)

Item	Savings	Project Description/Impact
TARGET	(8.22)	
BALANCING MEASURES - TOTAL	(8.37)	
MISCELLANEOUS		
Delay payments on the following projects until July 2009:		
Hardy Park Restroom	(0.21)	Install a new single unisex restroom building at Hardy Park. The project is in design phase; received Caltrans Encroachment Permit in Dec 2008. Once the design is complete, the project will be put out to bid with an estimated time of completion of mid- to late 2010. Thus, most of the funds will be expended in FY 2009-10.
Red Light Camera Enforcement	(1.37)	This project is currently experiencing delays related to PG&E connections. O&M funds pay for the lease, installation and maintenance of cameras; only two installations to date. Revenue from violations is expected to cover the costs associated with the program.
Rent Arbitration	(0.20)	This project is revenue restricted, however some project funds will not be spent in the current year.
Roof Repairs	(0.35)	Repair of city property roofs with a one-time appropriation of \$1.5M in FY 2006-07 midcycle. Many repairs were completed in FY 2006-07 and FY 2007-08 with some still pending. Montclair Library, Manzanita Rec Center, Mosswood Rec Center, Mosshouse projects are in the pipeline for the current fiscal year. Balance of the unspent funds will be spent in FY 2009-10.
DHS Projects	(0.67)	Head Start FY 2008-09 Fringe Supplemental project will defer \$0.31M; program ends August 2009 and most payments will be made in early next fiscal year.
- Head Start FY 2008-09		
- City School Partnership		City School Partnership and Senior Shuttle projects will defer \$0.2M and \$0.05M, respectively, due to invoices received after 7/1/09.
- Senior Shuttle		
- Emergency Housing Program		The Emergency Housing Program will defer \$0.12M for which a Request for Proposals has been issued; invoices are likely to be received after 06/30/09.
Zoning Project	(0.18)	Land use updates to ensure compliance with General Plan. Funding is not needed until FY 2009-10.
General Plan Update	(0.23)	General plan updates. Funding is not needed until FY 2009-10.
City/County Collaboration	(0.47)	Funding not required until FY 2009-10. With direction from the Mayor's office, DHS will use these funds to administer a Request for Proposals process to select one or several providers that would provide street outreach.
Taser Maintenance	(0.06)	The City has a contract with the Taser vendor. Approximately half of the \$0.11M could be deferred to FY 2009-11, but the remaining amount should be added to the 2009-11 budget.
Riders Settlement	(0.20)	Actuals will probably be about \$0.2M less than the current budget of \$1.2M.
Mandela Parkway	(0.24)	PWA is expected to spend one-third of the total contract amount in FY 2008-09.
Necklace of Lights	(0.08)	PWA does not expect to spend any project money for the Necklace of Lights this fiscal year.
In Car Video Management	(0.23)	OPD is actively working to comply with Task #32 of the Negotiated Settlement Agreement, though some funds will likely be expended in FY 2009-10.
Leona Quarry Development	(0.25)	CEDA Design and Construction Division will only need \$0.03M of the current year appropriation of \$0.3M (rounded).
Permit, Enforcement, and Records Tracking System (PERTS)	(0.51)	CEDA commits not to spend any of the \$511,526 currently appropriated in GPF prior to July 1, 2009, after which time it will be available for project spending.
FEMA matching grant funds (projects)	(0.10)	Five projects totalling \$0.1M in process of being closed; closures will be deferred until after July 1, 2009.
Recording Material Purchase	(0.26)	Library will defer purchase of records, tapes, microfilm, microfiche, minor tools and equipment to the next fiscal year.
POLICE SERVICES		
Additional Overtime savings	(1.50)	Estimated savings of \$0.5M from 40 percent (weekdays) / 60 percent (weekend) deployment change plus 25 percent across the board overtime reduction.
BART Shooting Protest – Overtime Claim	(0.50)	OPD is working with Risk Management to file a claim with the City's insurer.
Transfer O&M to State Asset Forfeiture	(0.45)	OPD to transfer eligible O&M to State Asset Forfeiture.
MUSEUM		
Savings from authorized leave and freezing current vacancy	(0.08)	No long term impact
PARKS & REC		
Transfer Central Reservation Unit costs to the Self Sustaining Fund (1820)	(0.26)	OPR will transfer eligible Central Reservation Unit costs to the Self Sustaining Fund (1820).

DISCUSSION

The information in this report is organized by fund. Each section provides an overview of actual revenues collected and expenditures incurred during the first six months of the fiscal year and projects financial activity through the end of the year.

GENERAL ECONOMIC OVERVIEW

The U.S. Commerce Department's fourth quarter (Oct. – Dec.) 2008 estimate of Real Gross Domestic Product (GDP) suggested that the economy contracted at an annual rate of 3.8 percent, as compared to a 0.5 percent contraction in the third quarter. This quick decline is consistent with National Bureau of Economic Research (NBER) Business Cycle Dating Committee's official pronouncement that the recession began in December 2007. After a brief 2.8 percent growth in the second quarter of 2008, the next two quarters revealed a sharp downward trend. This negative trend has slowed the estimated annual growth rate for all of 2008 to 1.3 percent, compared to 2.0 percent for all of 2007.

A look at the various components of **GDP** provides additional trend information. The decrease in fourth quarter GDP primarily reflected negative contributions from exports, personal consumption expenditures, equipment and software, and residential fixed investments. Additionally, the major contributors to the larger decrease in real GDP in the fourth quarter compared with the previous quarter were a downturn in exports and a much larger decrease in equipment and software. To put a timeline on the trend, consumption growth had slowed in 2007 and then declined into negative territory in the third and fourth quarters of 2008. The credit crisis, job losses, decline in disposable income have all contributed to the decline in consumption.

The **national housing market** continued its **decline**. The National Association of Realtors (NAR) reported that December 2008 existing home median sales prices declined 15.3 percent on a year-over-year basis. The existing home sales rate for December 2008 declined 3.5 percent compared to December 2007, but was 6.5 percent higher than in November 2008. Distressed sales were reported to be 45 percent of all sales transactions. The potentially positive housing market news is the declining trend for existing homes for sale inventory, which reported the December 2008 monthly supply of homes for sale at 9.3 months, compared to 11.2 months in November. Additionally, the homes for sale inventory in December was the lowest it has been during the last 13 months.

Employment statistics from the U.S. Department's Bureau of Labor Statistics showed that the US lost 524,000 jobs in December 2008, and 1.9 million over the last 4 months of 2008. Job losses were large and widespread across most major industry sectors. Additionally, in December 2008, the number of unemployed persons increased by 632,000 to 11.1 million and the unemployment rate rose to 7.2 percent. Since the start of the recession in December 2007, the number of unemployed persons has grown by 3.6 million, and the unemployment rate has risen by 2.3 percentage points. Like most other states, the California employment picture has deteriorated during 2008. The Bureau of Labor Statistics reported California unemployment rate rose to 9.3 percent in December 2008, from 5.9 percent in December 2007.

Due to the significant uncertainties in the current financial and housing markets, and the ultimate effects of any potential stimulus plans, intended to prevent further deterioration of those markets, the depth and duration of the current recession is also uncertain.

Current Political/Legal Issues

On February 19, 2009, after three months of negotiations, the State Legislative leaders and the Governor approved the basic framework of a \$41 billion budget package. This budget was designed to close a projected \$42 billion by relying on approximately \$12.8 billion in temporary taxes, \$15 billion in reduced expenditures, and \$11.4 billion in borrowing. The package will also require voters to consider several measures at an upcoming special election in May. The State is currently faced with a budget deficit of \$14.8 billion for this fiscal year, which potentially could grow to \$42 billion by the end of FY 2009-10.

Other specifics of the budget plan that may affect cities include:

- Removal of the twelve cent increase in the gas tax from the budget package; these revenues will be replaced with an increase in the State income tax of 0.25%.
- Agreement from the Governor to reduce the budget spending by an additional \$600 million through the use of line-item vetoes.

Staff will analyze the approved State budget with Townsend Public Affairs, Inc. to determine the impact on the City.

A. GENERAL PURPOSE FUND *(Attachments A-1 through A-2)*

FUND BALANCE

The General Purpose Fund beginning fund balance as of July 1, 2008 was \$24.98 million. After project and encumbrance carryforward are accounted for, totaling \$14.82 million, the net beginning fund balance was \$11.38 million. With the projected shortfall of \$8.22 million, this fund balance would be all but eliminated by June 30, 2009. Keeping the GPF fund balance at a meager \$11 million is contingent upon immediate execution of the balancing measures summarized on page 5.

REVENUE HIGHLIGHTS

FY 2008-09 adjusted revenue budget for the General Purpose Fund is \$480.22 million. Through the second quarter of the fiscal year, the City received \$203.62 million or 42.4 percent of the budgeted amount. Based upon this collection data, General Purpose Fund revenues are projected to end the year at \$479.47 million, or \$0.75 million under budget.

The projected deficits in the Vehicle License Fee (-\$0.51 million); Transient Occupancy Tax (-\$1.41 million); Fines & Penalties (-\$0.31 million); and Service Charges (-\$1.24 million) are expected to be partially offset by the projected surplus in the Real Estate Transfer Tax (\$2.24 million) and Miscellaneous Revenue (\$0.48 million).

Revenue categories within the General Purpose Fund are discussed below.

Property Tax

Property Tax, the largest source of revenue to the City's General Purpose Fund, is projected to end the year at \$138.33 million. At this point, there are risks to the revenue posed by rising foreclosures and delinquencies. Additionally, property tax reductions associated with reduced property values could further reduce revenues. As a result of these evolving conditions, more data must be collected in order to better assess year-end projections.

Sales Tax

Sales Tax revenue received through the second quarter totaled \$24.48 million, 6.4 percent lower than the same quarter in FY 2007-08. The decline in revenue was due to the recession and financial market crisis putting downward pressure on consumption and taxable sales, and the cessation of United Jet Fuel revenues. These factors were considered and reflected in the revised budget. At this time, Sales Tax revenue is still projected to end the year at the budgeted amount of \$48.1 million. However, staff will monitor the risks to the forecast as a result of a potential for substantial deepening and/or lengthening of the current economic downturn and dramatic volatility in fuel prices.

An additional note to the FY 2008-09 Sales Tax forecast is that it includes a probable over-payment by the State for their FY 2008-09 estimated triple flip revenue allocation to the City. The over-payment was due primarily to the State's over-estimation of taxable sales which was based on previously robust sales tax collections. The impact of this overpayment will be felt next fiscal year, when the State performs a "true-up" of triple flip revenues to the City, and may request an estimated \$2.5 million return of funds.

Vehicle License Fee (VLF)

Vehicle License Fee revenue received through the second quarter totaled \$0.65 million, compared to the budgeted amount of \$1.81 million. Due to several factors negatively impacting this revenue it is projected to end the year at \$1.30 million, \$0.51 million lower than budget.

A major factor in this decline is a precipitous drop in auto sales resulting in a decline in new auto sales registrations, which is a large component of the Vehicle License Fee. Additionally, it should be noted that no VLF payment was received from the State for the months of October and November 2008. The State indicated that City allocations for October and November were zero after deducting the DMV administrative fees and other payments.

Business License Tax (BLT)

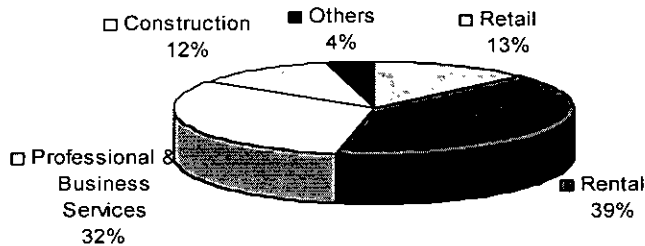
Business License Tax revenue is budgeted at \$52 million. Collections received through the second quarter totaled \$1.96 million, compared to \$2.54 million for the same period a year ago. Based on this trend, the Year-to-Date receipts for 2008-09 are approximately 23 percent lower

than FY 2007-08. The Finance and Management Agency Revenue Division’s record of collections maintained on a cash basis of accounting reported a ten percent drop year-to-year. However, it is too soon to tell if this pattern is predictive of fiscal year end results.

The bulk of this revenue is received during the license renewal season, from January to March 2009. Incoming data from renewals will provide more insights into the status of this revenue. The risk to BLT revenue is that the recession will continue to put pressure on businesses and impact net receipts. At this time, staff projects that the year-end revenue will be at the budgeted amount of \$52 million.

The composition of the City’s BLT is as follows:

Business License Tax Composition



Utility Consumption Tax

Utility Consumption Tax revenue is budgeted at \$54 million. Year-to-date second quarter collections came in at \$25.58 million compared to \$25.04 million for the same period a year ago. Based on this collection rate, staff is projecting that the year-end revenue will be on target at \$54 million.

Real Estate Transfer Tax (RETT)

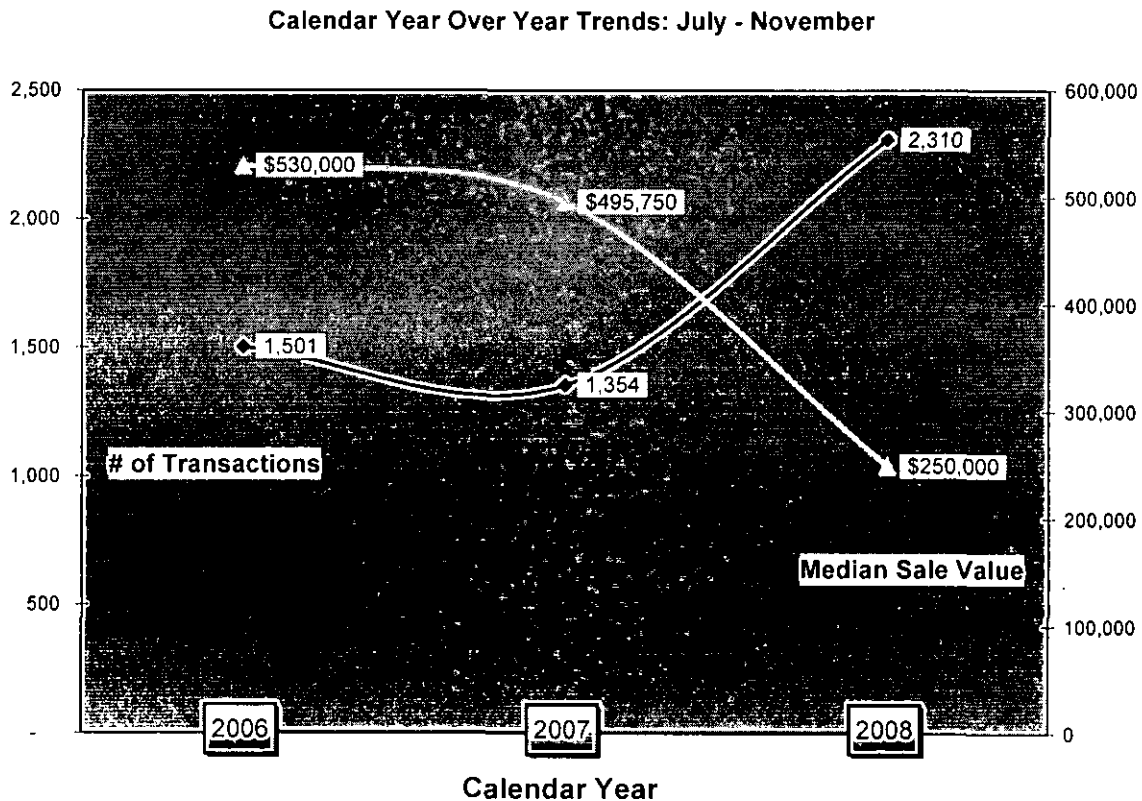
RETT actual revenue through the end of the second quarter was \$22.28 million, which is ten percent higher than second quarter collections last year in FY 2007-08. The \$22.28 million represents 65.4 percent of the current budget of \$34.08 million.

The RETT revenue is volatile and is very likely to decline on a month-to-month basis through the end of the year, and perhaps through FY 2009-2010. The recently released Beacon Economics forecast suggested an additional 25 to 30 percent decline in East Bay home prices by the end of 2010, with smaller lingering corrections to remain thereafter (through the middle of 2012). At the same time, the availability of foreclosed properties may actually increase the

volume of sold properties. At this time, staff is projecting an average monthly decline in RETT revenue of ten percent through year-end.

Based on this trend, and the \$6 million revenue from the sale of Brandywine properties received in November, RETT is projected to end the year at \$36.32 million, about \$2.24 million above budget. RETT revenue will be closely monitored for forecast risks posed by the potential for further declines in housing prices and lending market conditions.

Below is a chart showing Oakland Property Sales and Median Price Trend:



Source: Dataquick

Transient Occupancy Tax (TOT)

Transient Occupancy Tax revenue is budgeted at \$12.69 million. Collections received through the second quarter totaled \$5.98 million compared to \$6.68 million for the same period a year ago. The economic slowdown has directly affected the hotel industry. The Oakland Convention and Visitors' Bureau reported that occupancy in Oakland dropped by ten percent in December 2008 from last year, while average daily room rates dropped by one percent. Staff is projecting that the year-end revenue will be \$11.28 million, \$1.41 million lower than budget.

Parking Tax

Parking Tax revenue is budgeted at \$8.52 million. Collections received through the second quarter totaled \$4.34 million, or 50.9 percent of the budgeted amount. Based on the current rate of collections, staff is projecting the year-end revenue will be on target at the budgeted amount of \$8.52 million. It should be noted that industry projections have indicated that travel may be down as much as 8 percent for 2009, which would negatively impact airport parking. Parking Tax revenue will be monitored for declines resulting from this condition.

Licenses & Permits

Licenses & Permits revenue is budgeted at \$1.61 million. Collections received through the second quarter totaled \$0.67 compared to \$0.58 million for the same period a year ago. Staff projects that Licenses & Permits will end the year at the budgeted amount of \$1.61 million.

Fines & Penalties

Fines & Penalties revenue is budgeted at \$29.31 million. Year-to-date collections through the second quarter were at \$9.55 million compared to \$11.08 million in FY 2007-08. The year-over-year slowdown in revenues is primarily due to a decrease in Parking Citation revenue. Due to numerous factors negatively impacting Parking Citation revenue, the City currently projects Fines & Penalties to be at \$29 million at year end, reflecting a shortfall of \$0.31 million.

	FY08-09 Budget	2Q-09 Actual	YE Projection
FINES & PENALTIES			
Parking Citation	\$ 26.45	\$ 8.98	\$ 26.14
Library Fines	\$ 0.30	\$ 0.15	\$ 0.30
Property Tax Penalties	\$ 0.31	\$ -	\$ 0.31
Pkg. Violation Penalties	\$ 0.20	\$ -	\$ 0.20
FMA - A/R Collections Increase	\$ 0.36	\$ -	\$ 0.36
Misc. Fines & Penalties	\$ 1.68	\$ 0.43	\$ 1.68
Total	\$ 29.31	\$ 9.55	\$ 29.00

Parking Citation revenue has been affected by a number of issues, including major factors outside the City's control. Such factors reducing citation revenue include: the new multi-space parking system that makes payment highly convenient and, therefore, reduces citations for non-payment; and problems with the citation writing computer system that delayed citation data entry and processing. Detailed explanations and status of these and other problems are as follows:

1. The *efficiency of the new multi-space parking system* provides easy and convenient use of credit cards for payment. A more convenient payment system results in improved parking meter compliance and resulting decrease in citations.
2. *Missing parking signage* as a result of missing poles, or poles without signs is another factor in the decline of Citation revenue. Recently, an inspection of selected locations by Parking Division personnel found 63 instances of missing signs. Without proper signage, Parking Control Technicians cannot issue citations, which translates into less citations issued. The Parking Division is coordinating with the Public Works Agency to have the signs installed.

3. **Internal and external computer system problems** experienced by both the City of Oakland and the citation billing contractor (the City of Inglewood) conspired to reduce Citation revenue, as detailed below:
 - a. For about eight months in 2008, the City’s Parking division had experienced problems with the hand-held citation writing devices, due to the loss of software vendor support. When operating properly, tickets are written by entering violation information into the hand-held devices, which would transmit the data electronically to the City of Inglewood for processing and billing. Due to the loss of the software vendor support, functional problems with the equipment and system prevented the City of Oakland from using the hand-held devices. Instead, parking tickets were written manually and had to be mailed to the City of Inglewood for processing. The heavy volume of these manual tickets caused a 1-2 month delay by Inglewood in getting the data entered into the system for billing. The current status is that the hand-held devices became operational again as of January 15, 2009, after a new software vendor was found. All manual tickets have also been entered into the system for billing.
 - b. The City of Inglewood had computer system problems of their own during their conversion from an old DOS computer operating system into a new system. Inglewood’s computer problems caused an 18 month delay in the placement of liens with the Department of Motor Vehicles (DMV). Consequently, the lien transactions over two fiscal years were put on hold.

The combined equipment and computer problems resulted in: 1) reduced collections in the current year FY 2008-09, and 2) unpaid citations from FY 2007-08.

In September of 2008, these problems were resolved and citation reporting and processing system were normalized. All liens have been placed with the Department of Motor Vehicles.

The table below shows FY 2007-08 unpaid citations.

Due from:	Total Amount	Projected Collection in FY08-09
Department of Motor Vehicle (Liens)	\$3.60 m	\$1.49 m
Franchise Tax Board (Liens)	\$0.80 m	\$0.00 m
Unbilled Citation Tickets	\$1.10 m	\$1.10 m
Total	\$5.50 m	\$2.59 m

Of the \$5.5 million of total outstanding receivables, \$2.9 million was initially expected in collections in FY 2008-09. After a recent review of these receivables, staff projects only \$2.59 million in collections by year-end. This contributes to a projected shortfall of \$0.31 million in Fines and Penalties. Fines and Penalties revenue will continue to be closely monitored in coordination with the Parking Division.

Interest Income

Interest income received through the second quarter was \$0.37 million, compared to \$1.40 million received in the second quarter of FY 2007-08. Staff is projecting that interest income will end the year at \$2.35 million reflecting the anticipated interest from the Tax and Revenue Anticipation Note. The ending balance of interest income depends on a variety of factors,

including the funds available for investments, the level of interest rates, and the cash flow status of the City's funds.

Service Charges

Service Charge revenues through the end of the second quarter were \$15.51 million, which is 14.2 percent higher than second quarter collections in FY 2007-08. This \$15.51 million represents 32.7 percent of the adjusted budget. Service Charge revenue is projected to end the year at \$46.24 million, \$1.24 million lower than the budgeted \$47.48 million due primarily to the shortfalls projected for Parking Meter revenue (-\$0.66 million), and Miscellaneous revenue (\$0.58 million).

Service Charges contain the following six categories of revenue: Port Revenue, Franchise Fees, Miscellaneous Service Charges, Parking Meter, Public Works Fees, and Personnel Services. Each of the six revenue categories is discussed as follows:

Port Revenue consists of payments for Fire, and other services the City provides to the Port. The City invoices semi-annually, based on actual costs of services. Assuming the Port pays all invoices, projected Port revenue will be at the budgeted amount of \$8.2 million.

Franchise Fees: This category consists of fees on four utilities: PG&E for gas and electric; Waste Management of Alameda County for garbage collection; East Bay MUD for water; and Comcast for cable television. Second quarter actuals are consistent with the adopted budget and thus the staff projects Franchise Fees at the budgeted \$12.83 million.

Miscellaneous Service Charges include a variety of fees such as Alcohol and Tobacco Retailers' Inspection Fee, Rent Arbitration Fee, Fire Prevention Charges, and Tow Services contract. Second quarter actuals are generally consistent with the adopted budget, except for the revenue from Alcohol and Tobacco Retailers' Inspection Fee, which is expected to come in lower by \$0.58 million.

The Alcohol and Tobacco Retailers' Inspection Fee revenue budget was increased in the current year after Council passed the ordinance to create a Tobacco Retailers' Inspection Fee. However, the revenue estimate in the staff report assumed separate inspection fees for both tobacco and alcohol retailers. After the staff report was submitted, the ordinance was modified to include an exemption of tobacco inspection fee to existing alcohol retailers also selling tobacco products. Consequently, the budget should be adjusted down. Therefore, staff projects Miscellaneous revenue to end the year at \$8.22 million, **\$0.58 million lower than the \$8.80 million budget.**

Parking Meter Revenue consists of charges for parking in metered street stalls. This revenue was \$4.94 million through the end of the second quarter, representing 43.2 percent of the current budget of \$11.42 million. The decrease in revenue was the result of the slowdown of the economy reducing the number of drivers parking in Oakland. Additionally, parking meter stalls have been reduced to accommodate changes in street and transit use. Consequently, Parking meter revenue is projected to end the year at \$10.76 million, \$0.66 million lower than budget.

Public Works Fees and Permits primarily represent street and sidewalk work done in conjunction with other building activity. The second quarter receipts in this category came in at \$0.17 million. Year-end revenues are projected to reach the budgeted \$0.3 million.

Personnel Services: These are reimbursements to the City for police protection at a variety of special events or activities such as A's games, Raiders games, concerts, street fairs or festivals, or for production of legal documentation in response to subpoenas. There are no set contracts in place, hence the demand for these services is variable and difficult to forecast. Staff projects year-end revenue at the budgeted level of \$3.7 million.

Rental Concessions: These represent rental fees for City's facilities and lands, as well as concessions at various locations. Revenue through the second quarter was \$0.7 million. This revenue has a heavy seasonal component and year-end revenue is projected to meet the \$2.23 million budget.

Grants & Subsidies

This revenue includes grants that are authorized and approved by the City Council during the fiscal year. Also included in this category are any State-Mandated reimbursements received. Grants & Subsidies budget is at \$0.28 million and has been fully realized. At this time, there are no other known Grants & Subsidies.

Miscellaneous Revenue

Miscellaneous revenue collected through the end of the second quarter was \$0.98 million, which represents 8.6 percent of the amount budgeted. The primary components of the Miscellaneous revenue budget are savings from a bond refinancing, and revenue from anticipated property sales. Staff continues to work on the Oakland Redevelopment Agency (ORA) (re)financing, which will result in \$9.5 million in one-time funding to the GPF. (This refinancing is also the source of revenue allocated to support the purchase of City property by ORA; the resulting one-time City revenue will be used to reduce negative fund balances for the LLAD Fund (2310) and the Capital Improvement Fund (5500)). The current market for bonds of less than top quality is extremely weak. Market conditions appear to be improving somewhat and staff hopes to be able to market the bonds within the next couple of months.

One-time revenue collected from the sale of City property resulted in an additional \$0.48 million. Therefore, year-end revenue is projected to end the year at \$11.89 million, \$0.48 million higher than the budgeted \$11.40 million.

Fund Transfers

Fund transfers through the end of the second quarter were \$12.20 million, representing 52.1 percent of the current budget of \$23.43 million. The year-end Fund Transfer is projected at the budgeted level of \$23.43 million.

The Fund Transfers category this fiscal year includes the following components:

- \$0.10 million transfer from the Golf Course Fund (ongoing)
- \$0.60 million transfer from the Sewer Service Fund (a continued repayment for building occupancy costs)
- \$1.00 million transfer from Unclaimed Cash Fund (one-time)
- \$1.50 million transfer from Deferred Pension Credit Fund (one-time)
- \$2.63 million transfer from Development Service Fund (last year of repayment)
- \$5.30 million transfer from Workers Compensation Fund (one-time)
- \$12.3 million transfer from Pension Annuity Fund (declining)

Carryforwards (Drawdown of Fund Balance)

At the end of each fiscal year, the City has unspent appropriations that can potentially be carried forward into the next fiscal year. These exist either in projects or as non-project encumbrances. For the General Purpose Fund in FY 2008-09, \$14.82 million in projects and encumbrances were carried forward from FY 2007-08 and represent funds reserved in the fund balance to pay for the project activities (or encumbered items) not spent in the prior year. By year-end, it is projected that all project and encumbrance carryforward balance will be expended except for project deferrals identified as balancing measures (see page 5). This brings the fund balance to \$11.38 million on June 30, 2008.

EXPENDITURE HIGHLIGHTS

As outlined in Attachment A-2, General Purpose Fund (GPF) expenditures through the end of September totaled \$256.38 million, or 53.4 percent of the amount budgeted for FY 2008-09. Year-end total expenditures are projected to be over budget by \$7.47 million, mainly due to overspending in Police Services, Information & Technology, Museum and Non-Departmental. These departments with projected overspending in their overall GPF budget are discussed below.

Information Technology

The Department of Information Technology is projected to overspend its GPF appropriation due to full staffing (with no vacancy savings); reinstatement of two Project Managers positions that were eliminated in October 2008; and overtime attributed to emergencies and outages affecting business operations.

Police Services (OPD)

Currently OPD is projected to overspend by \$5.5 million, due to overtime overspending and overstaffing related to general policing services (\$4.1 million) as well as overtime related to the civil unrest as a result of the New Year's morning BART shooting (\$1.0 million). OPD has seen a 40 percent decrease in its overtime expenditures since the implementation of the Agency's Overtime Management Plan in October. However, even with this reduction, the year-end spending is still projected over budget by \$5.5 million. Contribution to overspending is overtime based increased enforcement during the holiday season (\$0.1 million) and over hire costs of \$1.6 million to maintain full staffing. In order to stay within budget on regular (non-BART) overtime, a 113 percent in overtime spending would have to be implemented by year-end. This is, unfortunately, not realistic. A 25% reduction has been ordered by the Mayor through year-end, generating \$1 million in savings. This \$1 million in savings, along with the reimbursement of overtime related to BART shooting (\$0.50 million) and transfer of O&M to State Asset Forfeiture (\$0.45 million) are part of the balancing plan presented on page 5.

Museum

The Museum is projected to overspend its budget by \$0.16 million due to a City Administrator granted shutdown exemption and pending October 2008 revised budget personnel changes.

Non Departmental

Overspending of \$1.17 million in Non-Departmental is due to under-recovery of Central Services Overhead from non-General Purpose Funds resulting from a higher than budgeted vacancy rate in funds such as the Development Services Fund (2415), the Sewer Service Fund (3100) and the Redevelopment Agency Fund (7780).

BALANCING MEASURES

An itemized balancing plan is developed to address the projected deficit of \$8.22 million in the General Purpose Fund. The table on page 5 details specific balancing measures and potential impact to offset the projected year-end overspending. An immediate execution of this plan will be essential to ensure no overspending in the General Purpose Fund in the current fiscal year.

Balancing measures include savings as follows:

- \$5.58 million from deferral of specific project balances. These project balances will not be expended in the current fiscal year.
- \$2.45 million in Police Services. OPD overtime spending will be reduced by at least 25 percent in the remaining few months of the fiscal year. Additionally, OPD anticipates savings from accelerated attrition; a City insurance claim related to police protection of City assets in the aftermath of the BART shooting protest; and transfer of eligible O&M to the State Asset Forfeiture Fund.
- \$0.08 million in Museum from not filling the Museum Interpretive Specialist position and authorized leave of Preparator of Art.
- \$0.26 million in Parks and Recreation from transfer of Center Reservation Unit costs to the Self Sustaining Fund (1820).

B. CITYWIDE OVERTIME SPENDING

(Attachment B-1)

Attachment B-1 provides details on the overtime spending through December 31, 2008, as well as year-end projected results, by agency/department, for the General Purpose Fund and all funds.

Overtime overspending by the end of FY 2008-09 (at the all funds level) is projected for many departments: minor for some, but significant for others. This projection assumes savings in the remaining two quarters due to the overtime directive from the Mayor, effective October 16, 2008, to limit overtime to mandatory / essential overtime (for emergency, legally mandated duties, public health or safety issues, reimbursable overtime, etc.). Most departments will manage to balance their overtime overspending with savings in other categories (primarily in salary savings from vacancies), therefore staying within their overall budget appropriations. Police overtime overspending, coupled with over hire costs, will place OPD at \$5.5 million over budget.

C. LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT FUND

(Attachments C-1 and C-2)

The Landscaping and Lighting Assessment District Fund (LLAD) was formed in 1989 and subsequently approved by the voters of the City. The LLAD is a "direct benefit" assessment that provides a funding source for the following Public Works Agency programs: Parks, 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.

FUND BALANCE

The LLAD Fund started the fiscal year with a negative fund balance of \$4.84 million. Assuming the receipt of one-time revenue from property sale anticipated in the October Revised Budget, this historical negative balance is projected to be erased by the end of the fiscal year. However, the LLAD Fund is in a very shaky financial position and will require further cuts to services and positions in future years unless an alternative revenue source is found.

REVENUE HIGHLIGHTS

FY 2008-09 October Revised Budget for LLAD includes assessment revenue and other revenue of \$17.91 million and one-time revenues of \$4.84 million to eliminate the negative fund balance. However, year-end LLAD revenue is projected under budget by \$0.18 million due to negative interest on the negative fund balance, as shown in Attachment C-1.

EXPENDITURE HIGHLIGHTS

LLAD Fund expenditures through the second quarter were \$10.24 million, representing 55 percent of the FY 2008-09 budget. The LLAD Fund expenditures are projected at \$17.9 million, or \$0.76 million below the Adjusted budget. Projected underspending in PWA's utilities budget is expected to offset the overages in Information Technology and Museum. Additionally, the combined effort to minimize costs through October revised layoffs, 13 shutdown days, efficiencies in operations, and a transfer of positions to other funds will save the LLAD Fund over \$4.84 million this fiscal year. These reductions, however, are not without direct operational impacts to City programs such as streetlight outage repairs, tree services, and landscape maintenance. Please see Attachment C-2 for the LLAD Fund expenditure details.

D. EQUIPMENT FUND
(Attachments D-1 and D-2)

The Equipment Fund is an Internal Service Fund (ISF). ISFs are separate financial accounts used to record transactions provided by one agency, department, division, or unit to other agencies, departments, divisions, or units on a cost-reimbursement basis.

The Equipment Fund charges users for services provided by the Equipment Services Division. The Equipment Services Division (ESD) of the Public Works Agency (PWA) is responsible for "cradle to grave" equipment services, including vehicle and equipment acquisition and disposal, maintenance and repair, governmental and environmental compliance, vehicle and equipment specification and modification development repair part acquisition, motor pool services, the purchase and management of fuel for City-owned vehicles and equipment, and specialized services such as vehicle wash and outside vehicle/equipment rental.

CASH BALANCE

In FY 2002-03, the ending cash balance of the Equipment Funds was negative \$0.8 million. It is projected that at the end of the current fiscal year, the negative cash balance will total \$19.5 million due to prior year budgetary imbalances.¹ The fund was placed on a "repayment schedule" in FY 2005-07, which had not been fully implemented. A revised "repayment plan" has been developed and will be recommended for FY 2009-11.

Year	Ending Cash Balance (in millions)*
FY 2002-03	\$(0.8)
FY 2003-04	\$(5.5)
FY 2004-05	\$(10.6)
FY 2005-06	\$(13.2)
FY 2006-07	\$(18.7)
FY 2007-08	\$(20.2)
FY 2008-09 (projected)	\$(19.5)

* does not include cash held with fiscal agent (master lease agreement)

¹ Equipment Fund cash balances reflected in the first quarter report erroneously included cash held with an outside fiscal agent related to the master lease agreements.

REVENUE HIGHLIGHTS

FY 2008-09 revenues for the Equipment Fund are budgeted at \$16.36 million. Through the second quarter of the fiscal year, this fund received \$10.84 million or 66.2 percent of the budgeted amount. The primary source of revenue for the Equipment Fund is internal service charges to outside departments. Year-end Equipment Fund revenues are projected at \$16.93 million, with higher than expected revenue in service charges, work orders, and miscellaneous sales. However, negative interest accruing on the negative cash balance continues to hurt the cash balance of the fund. See Attachment D-1 for Equipment Fund revenue details.

EXPENDITURE HIGHLIGHTS

The Equipment Fund operating expenditures are projected at \$16.26 million, or \$0.32 million over budget. Net over expenditures are attributed to the high demand for equipment parts needed to maintain existing vehicles that have exceeded their expected life cycle. The average age of the City's fleet is 10.4 years. Best management practices dictate that a municipal fleet should average between 4 and 5 years of age. Savings will be seen in reduced costs of fuel. It is projected that fuel expenditures will be \$2.61 million this fiscal year compared to \$3.85 million the prior fiscal year. Such significant savings will be offset by rising costs of supplies, materials, and contract services due to the aging fleet. Supplies and materials alone will increase by \$0.14 million. In addition to the \$13.69 million that will be spent on operating costs within the Equipment Fund, the City also pays debt service on the Equipment Master Leases. The total debt payments are anticipated at nearly \$2.6 million this fiscal year. Finally, it is expected that the final carry forward balance of \$5.65 million supported by the lease proceeds will be spent this fiscal year on the purchase of replacement vehicles. See Attachment D-2 for Equipment Fund expenditure details.

In a constant effort to curtail costs, Equipment Division staff is currently working to broaden its vendor base to include more wholesale distributors for frequently used parts. This will allow price comparison between vendors and will assure the lowest price for equipment parts. The targeted date for executing a new equipment parts and supplies contract is February 2009.

Contract Services are used primarily for those repairs to vehicles that cannot be done in-house; specifically, repairs to heavily damaged equipment as well as vehicles that have exceeded their recommended life cycle.

Additionally, savings are anticipated as a result of the 13 shutdown days, efficiencies in operations, freezing vacancies, and the overtime moratorium.

E. FACILITIES FUND
(Attachments E-1 and E-2)

The Facilities Fund is also an Internal Service Fund (ISF). As mentioned earlier, ISFs are separate financial accounts used to record transactions provided by one agency, department, division, or unit to other agencies, departments, divisions, or unit on a cost-reimbursement basis.

The Facilities Services Division provides client agencies “direct tenant services” which include all custodial services, building engineering, security access controls, monitoring air quality, responding to emergencies, and property management and leasing. This division is also responsible for preparing new building operating estimates, design, and project oversight for all minor maintenance and maintenance-related capital improvements.

The Parks and Building Services Division is primarily responsible for the park grounds and routine building maintenance of park buildings, fire stations, day care and senior centers, and other miscellaneous building structures, including parking lots. The division is responsible for the maintenance and repair of 309 City-owned facilities comprising 3,026,269 square feet of space. This includes maintenance and repair of all structural, mechanical, electrical, painting and engineering systems, including routine, emergency and vandalism-related service requests.

The Environmental Services Division is responsible for managing and implementing environmental site assessments for City-owned properties and the energy conservation and efficiency program.

CASH BALANCE

Since FY 2002-03, the negative cash balance has increased from \$7.9 to \$26.4 million due to multiple years of budgetary imbalances. At the end of the current fiscal year, the negative cash balance is projected to total \$31.8 million. The fund was placed on a “repayment schedule” in FY 2005-07, which had not been fully implemented. A revised “repayment plan” has been developed and will be recommended for FY 2009-11.

Year	Ending Cash Balance (in millions)
FY 2002-03	(\$7.9)
FY 2003-04	(\$10.1)
FY 2004-05	(\$12.9)
FY 2005-06	(\$16.3)
FY 2006-07	(\$20.1)
FY 2007-08	(\$26.4)
FY 2008-09 (Projected)	(\$31.8)

REVENUE HIGHLIGHTS

Revenue for the Facilities Fund is expected to total \$17.79 million this fiscal year or \$0.54 million less than the budgeted amount primarily due to negative interest accruing on the negative cash balance. The primary source of revenue for the Facilities Fund is internal service charges to outside departments. Refer to Attachment E-1 for Facilities Fund revenue details.

EXPENDITURE HIGHLIGHTS

As shown in Attachment E-2, the Facilities Fund operating expenditures are projected below budget by \$0.36 million. To further reduce the impact on the negative cash balance, cost cutting measures are discussed below.

Public Works Agency has worked with EBMUD to comply with the mandated 10% reduction in water usage. EBMUD performed an audit of City facilities and, as a result, staff is in the process of installing water restricting low flow faucets, showerheads, toilets and urinals in all City facilities where feasible. In addition, a 30% reduction in irrigation is targeted during summer months by limiting the amount of time the systems are running.

Contract Services consists mainly of the elevator maintenance and repair contracts. With the modernization of the elevators at both City Hall and the PAB, savings in maintenance and repair is anticipated, as well as approximately 48% reduction in electricity usage for those same elevators.

Natural gas costs have been high, and swimming pools are the primary users. Energy efficient pool covers installed on the pools will help reduce gas usage when used on a daily basis. In addition, savings are anticipated in natural gas costs through water conservation efforts (e.g., less hot water usage). Additionally, savings are anticipated as a result of the 13 shutdown days, efficiencies in operations, freezing vacancies and overtime moratorium.

F. STATUS OF IMPLEMENTING OCTOBER 2008 BUDGET REVISIONS *(Attachment F-1)*

Attachment F-1 summarizes that status of implementing the October 2008 budget modifications approved by City Council per Resolution No. 81630, C.M.S. Additionally, a brief description of the status of each balancing measure that is either **In Progress** or **Implemented but at risk of not being fully realized** is presented below.

NEW REVENUES

Capital Trust Transfer (\$9.5 million). The Treasury Division went to Finance & Management Committee on February 10, 2009 (City Council February 17th) to request authority to refinance the 2005 Oakland Redevelopment Bonds. This transaction will include the repayment of the Central Garage West loan to refund and retire the 1985 Certificates of Participation, which will result in a one-time \$9.5 million transfer to the General Purpose Fund (GPF). This refinancing is also the source of revenue allocated to support the purchase of City property by ORA; the resulting one-time City revenue will be used to reduce negative fund balances for the LLAD

Fund (2310) and the Capital Improvement Fund (5500). The current market for bonds of less than top quality is extremely weak. Market conditions appear to be improving somewhat and staff hopes to be able to market the bonds within the next couple of months. The Finance & Management Committee requested staff to return with a status report on March 24, 2009.

RATE INCREASES

Parking Meter Rate Increases (\$0.95 million), Parking Citation Rate Increases (\$0.98 million) and Street Sweeping Citation Rate Increases (\$0.64 million) have been implemented. However, there are issues with the collection of the overall parking revenue, related to both meters and citations. The parking meter revenue in particular is projected to be under-collected by \$0.66 million by fiscal year-end, as discussed in the GPF revenue section above.

As presented in the GPF revenue highlights section, Fines & Penalties revenues – of which parking citations account for the primary portion – are projected to be under-collected by \$0.31 million in FY 2008-09.

OTHER REVENUE INCREASES

Increased Recoveries for Various Services (\$0.31 million). Treasury will collect the additional \$0.31 million in recoveries by year-end related to debt and investment activities.

EXPENDITURES – DEPARTMENTAL

Various Departments' Positions (\$13.64 million). All positions slated for elimination -- whether filled or vacant -- were eliminated. From a technical perspective, this means the positions were removed from the authorized list of positions maintained by Personnel and the equivalent appropriation was deleted from the budget in the financial system. However in a few cases, incumbents were not laid off to avoid various personnel and management issues. This occurred in the Project Manager classification in the Department of Information Technology and Public Works Agency and in the Registrar classification at the Museum. These incumbents have been retained as unauthorized/unfunded positions within the GPF and the LLAD Fund. The Personnel Division is working diligently with the City Administrator's Office to resolve the issues in order to fully implement these reductions. Parks and Recreation is in the process to identify and implement the part-time staff reduction at recreation centers, swimming, boating, sports and cultural centers.

Mayor and City Administrator (\$1.93 million). The final \$0.63 million of Personnel savings in the Executive Branch has been identified. Personnel reductions in the Mayor's office are in progress and have been implemented in the City Administrator's Office. These positions are as follows:

Mayor's Office

- Eliminate 4.0 filled FTEs and freeze 1.0 vacant FTE

City Administrator's Office

Administration:

- Delete 2.5 FTEs (1.5 FTE vacant; 1.0 FTE reassigned)
- Salary savings from City Administrator, Assistant City Administrator and Deputy City Administrator (July 2008 - January 2009)

Community Police Review Board:

- Delete 1.0 FTE (vacant)

Budget Office:

- Replace 1.0 FTE (management; vacant) with 2.0 FTEs (analysts); delay hiring until July 2009

Equal Employment Opportunity:

- Delete 1.0 FTE (filled); incumbent reassigned to similar classification.

EXPENDITURES -- CITYWIDE

Freezing Non-Essential Vacancies (\$0.5 million). Positions identified to be frozen during October 2008 have remained unfilled, however rare exceptions are made on a case-by-case basis with authorization from the City Administrator. Staff will continue to monitor these exceptions.

Citywide Shutdown (\$3.97 million). The closure of non-essential City facilities was launched in November 2008 and is continuing through the end of the fiscal year. Staff is actively monitoring participation and actual shutdown savings. Some of the exemptions implemented were different than planned to accommodate seasonality, payroll processing, and school schedules issues. Overall the savings are on track to be fully realized. Impacts on City operations from these mandatory shutdowns have been manageable.

ACTION REQUESTED OF THE CITY COUNCIL

Accept this informational report.

Respectfully submitted,



CHERYL L. TAYLOR
Budget Director

Prepared by:
Kiran Bawa
Budget Office

APPROVED FOR FORWARDING TO THE
FINANCE & MANAGEMENT COMMITTEE



Office of the City Administrator

Attachments:

- A-1: General Purpose Fund Revenues*
- A-2: General Purpose Fund Expenditures*
- B-1: Overtime Analysis*
- C-1: Landscape and Lighting Assessment District Fund Revenues*
- C-2: Landscape and Lighting Assessment District Fund Expenditures*
- D-1: Equipment Fund Revenues*
- D-2: Equipment Fund Expenditures*
- E-1: Facilities Fund Revenues*
- E-2: Facilities Fund Expenditures*
- F-1: Status Summary of October 2008 Budget Revisions*

Supplemental Item: _____
Finance & Management Committee
February 24, 2009

FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2008 - December 31, 2008)

GENERAL PURPOSE FUND REVENUES (\$ in millions)

Revenue Category	FY 2007-08 Q2 Adjusted Budget	FY 2007-08 Q2 Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year-End Actuals	FY 2008-09 Original Midcycle Budget	FY 2008-09 October Revised Budget	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Q2 Actual	FY 2008-09 Percent To Date	FY 2008-09 Year-End Estimate	Year-End \$ Over / (Under) Adjusted Budget	Explanation of Over / (Under) Collection	Yr-to-Yr Growth Q2 to Q2
PROPERTY TAX	\$121.72	\$62.67	51.49%	\$131.74	136.31	138.33	138.33	64.58	46.7%	138.33	-		103.0%
SALES TAX	\$48.96	\$26.15	53.41%	\$53.09	51.80	48.10	48.10	24.48	50.9%	48.10	-		93.6%
VEHICLE LICENSE FEE (VLF)	\$3.04	\$1.09	35.82%	\$1.82	1.95	1.81	1.81	0.65	35.9%	1.30	(0.51)	Decline in new car purchases and increase in State administrative fee. Zero receipts in Oct. & Nov.	59.6%
BUSINESS LICENSE TAX	\$47.92	\$2.54	5.30%	\$52.54	53.76	52.00	52.00	1.96	3.8%	52.00	-		77.2%
UTILITY CONSUMPTION TAX	\$52.18	\$25.04	47.99%	\$52.52	54.00	54.00	54.00	25.58	47.4%	54.00	-		102.2%
REAL ESTATE TRANSFER TAX	\$67.22	\$20.26	30.14%	\$36.21	44.86	34.08	34.08	22.28	65.4%	36.32	2.24	Increase in foreclosure sales	110.0%
TRANSIENT OCCUPANCY TAX	\$12.36	\$6.68	54.03%	\$12.20	13.03	12.69	12.69	5.98	47.1%	11.28	(1.41)	Declining occupancy due to slowing economy	89.5%
PARKING TAX	\$9.45	\$4.43	46.86%	\$8.52	9.75	8.52	8.52	4.34	50.9%	8.52	-		98.0%
LICENSES & PERMITS	\$1.23	\$0.58	47.11%	\$1.61	1.47	1.61	1.61	0.67	41.6%	1.61	-		115.5%
FINES & PENALTIES	\$27.75	\$11.08	39.93%	\$22.01	27.33	29.31	29.31	9.55	32.6%	29.00	(0.31)	Anticipated non-collection of some receivables	86.2%
INTEREST INCOME	\$0.00	\$1.40	-	\$4.47	2.00	2.34	2.35	0.37	15.7%	2.35	-		26.4%
SERVICE CHARGES	\$46.27	\$13.58	29.35%	\$44.07	47.46	47.38	47.48	15.51	32.7%	46.24	(1.24)	Shortfall in Parking Meter & ABAT Inspection revenue	114.2%
GRANTS & SUBSIDIES	\$0.05	\$0.35	655.43%	\$4.65	-	-	0.28	0.28	100.0%	0.28	-		80.0%
MISCELLANEOUS	\$2.46	\$4.75	193.09%	\$4.65	1.81	11.39	11.41	0.98	8.6%	11.89	0.48	Proceeds from sale of city property	20.6%
FUND TRANSFERS	\$40.17	\$12.24	30.47%	\$25.70	30.93	23.43	23.43	12.20	52.1%	23.43	-		99.7%
SUBTOTAL	\$480.79	192.84	40.11%	\$455.79	476.48	464.99	465.4	189.41	40.7%	464.65	(0.75)		98.2%
DRAWDOWN FROM FUND BALANCE TO FUND PRIOR YEAR ENCUMBRANCES & PROJECT CARRYFORWARDS							14.82	14.21	95.9%	14.82	-		
TOTAL	\$480.79	192.84	40.1%	\$455.79	476.48	464.99	480.22	203.62	42.4%	479.47	(0.75)		105.6%

FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
 Through Second Quarter (July 1, 2008 - December 31, 2008)

GENERAL PURPOSE FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2007-08 Q2 Adjusted Budget	FY 2007-08 Q2 Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year-End Actuals	FY 2008-09 Original Midcycle Budget	FY 2008-09 October Revised Budget	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Q2 Personnel Actual	FY 2008-09 Q2 O&M Actual	FY 2008-09 Q2 Actual	FY 2008-09 Percent To Date	FY 2008-09 Year-End Estimate	Year-End (Over) Under Adjusted Budget	Explanation of Over / (Under) Collection	Yr-to-Yr Growth Q2 to Q2
MAYOR	2.33	1.03	44.2%	3.22	2.99	2.68	2.68	1.34	0.12	1.46	54.4%	2.68	-	Mayor is expected to spend at budget contingent on O&M savings.	141.3%
CITY COUNCIL	4.92	2.30	46.7%	3.63	3.76	3.61	3.87	1.60	0.09	1.69	43.7%	3.63	0.24	Council is anticipated to spend under budget due to personnel savings.	73.4%
CITY ADMINISTRATOR	9.37	4.41	47.1%	9.27	8.83	6.72	6.77	3.26	0.77	4.03	59.5%	6.77	-	City Administrator is projected to spend at budget.	91.3%
CITY ATTORNEY	8.75	4.21	48.1%	9.37	9.15	8.14	8.14	3.69	0.52	4.21	51.7%	8.14	-	City Attorney is projected to spend at budget.	100.0%
CITY AUDITOR	1.29	0.44	34.1%	1.17	1.37	1.57	1.88	0.57	0.32	0.89	47.1%	1.88	-	City Auditor is projected to spend at budget.	201.3%
CITY CLERK	2.80	1.34	47.9%	2.77	2.29	2.14	2.64	0.64	0.14	0.78	29.6%	2.64	-	City Clerk is projected to spend at budget. Billing for November election costs still outstanding.	58.1%
CONTRACTING & PURCHASING	2.34	0.90	38.6%	1.89	2.44	1.91	1.91	0.87	0.04	0.92	47.9%	1.91	-	DCP is anticipated to spend at budget.	101.3%
INFORMATION TECHNOLOGY	11.13	5.91	53.1%	11.43	10.69	8.98	9.08	4.92	0.40	5.32	58.6%	10.00	(0.92)	DIT will overspend due to full staffing and unauthorized positions.	90.0%
FINANCE & MANAGEMENT	32.62	14.68	45.0%	29.61	30.04	26.87	28.51	10.88	4.10	14.97	52.5%	28.51	-	FMA is anticipated to spend at budget if O&M spending is maintained at current level.	102.0%
POLICE SERVICES	190.74	95.46	50.0%	201.71	192.35	198.11	201.77	96.76	9.21	106.83	52.9%	207.33	(5.55)	OPD is anticipated to overspend due to overtime and enforcement related to the BART shooting.	111.9%
FIRE SERVICES	109.35	52.87	48.3%	107.18	108.07	103.66	104.36	49.88	2.90	53.23	51.0%	104.36	-	It is anticipated that Fire will spend at budget under normal operating circumstances, any major emergency response operations will likely result in temporary GPF overspending until reimbursement.	100.7%
MUSEUM	6.76	3.56	52.8%	6.99	6.40	6.05	6.03	2.25	1.26	3.51	58.1%	6.19	(0.16)	Museum is projected to go over budget due to overspending in personnel due to some shutdown exemptions that were granted and pending October revisions.	98.4%
LIBRARY SERVICES	12.90	5.80	44.9%	11.95	12.34	10.86	10.95	4.80	0.64	5.44	49.7%	10.86	0.09	Library is expected to spend at budget.	93.9%
PARKS & RECREATION	15.13	8.43	55.7%	15.00	14.71	12.48	12.86	5.39	2.45	7.84	60.9%	12.66	-	OPR's is projected to spend at budget with the full implementation of the October revised changes.	92.9%
HUMAN SERVICES	8.11	3.87	47.7%	6.55	6.75	6.03	7.61	1.68	2.51	4.20	55.2%	7.61	-	DHS is expected to spend within budget. Unspent project balance will be carried forward.	108.5%
PUBLIC WORKS	2.91	1.26	43.3%	2.41	2.67	2.20	2.54	1.10	0.77	1.87	73.5%	2.54	-	PWA is expected to spend at budget.	148.0%
COMMUNITY & ECONOMIC DEV	5.31	2.14	40.3%	2.43	2.51	2.32	4.24	0.64	1.24	1.88	44.3%	4.24	-	Most of budget is in projects, and will be carried forward if not spent.	87.9%
NON-DEPARTMENTAL	65.90	40.46	61.4%	71.74	58.16	60.43	62.39	0.14	36.37	36.50	58.5%	63.56	(1.17)	Under-recovery of CSO charges.	90.2%
SUBTOTAL	492.66	249.08	50.6%	498.31	475.53	464.75	478.24	190.41	51.73	255.55	53.4%	485.71	(7.47)		
CAPITAL IMPROVEMENT PROGRAM	8.57	4.63	54.0%	6.16	0.95	0.05	1.97	0.05	0.79	0.83	42.2%	1.97	-	Capital Improvement Program is expected to spend at budget.	18.0%
TOTAL	501.23	253.71	50.6%	504.48	476.48	464.80	480.21	190.45	52.52	256.38	53.4%	487.68	(7.47)		

PROJECTED ENDING FUND BALANCE - JUNE 30, 2009

3.17

FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2008 - December 31, 2008)

OVERTIME ANALYSIS (in Dollars)

GENERAL PURPOSE FUND

Agency / Department	FY 2007-08 Q2 Adjusted Overtime Budget	FY 2007-08 Q2 Overtime Actuals	FY 2007-08 Overtime Percent To Date	FY 2007-08 Year-End Overtime Actuals	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Q2 Overtime Actual	FY 2008-09 Overtime Percent To Date	FY 2008-09 Year-End Overtime Estimate	Year-End (Over) / (Under) Budget	Year-End (Over) / (Under) Adjusted Budget	Explanation of Over / (Under) Collection	Yr-to-Yr Growth Q2 to Q2
MAYOR	9,131	5,869	64.3%	14,773	8,414	-	0.0%	0	8,414	100.0%		0.0%
CITY COUNCIL	-	642	-	642	-	113	-	222	(222)	-	Community events	17.6%
CITY ADMINISTRATOR	-	10,734	-	30,338	-	19,529	-	22,530	(22,530)	-	Overtime primarily in Budget Office, CPRB and Oakland Film Office. Significant drop since Mayor's directive	181.9%
CITY ATTORNEY	207,389	22,634	10.9%	31,557	(534)	15,420	-2887.6%	15,738	(16,272)	3047.2%	OT associated with Court filings	68.1%
CITY AUDITOR	-	417	-	3,443	-	1,551	-	1,755	(1,755)	-		371.6%
CITY CLERK	46,284	17,035	36.8%	29,993	44,895	9,809	21.8%	19,170	25,725	57.3%	OT associated with Agenda Management	57.6%
CONTRACTING & PURCHASING	-	12,078	-	24,310	-	1,984	-	1,984	(1,984)	-	OT will be held at current levels	16.4%
INFORMATION TECHNOLOGY	3,328	75,692	2274.4%	111,479	1,856	33,086	1782.7%	49,629	(47,773)	(2574.0%)	OT due to emergency server maintenance and new project implementation	43.7%
FINANCE & MANAGEMENT	201,781	208,860	103.5%	318,138	112,599	63,048	56.0%	127,658	(15,059)	(13.4%)	OT predominantly associated with Parking Citation Assistance / Enforcement	30.2%
POLICE SERVICES	12,132,177	13,033,534	107.4%	25,152,086	15,120,285	9,966,292	65.9%	19,272,733	(4,152,448)	(27.5%)	OPD is diligently managing overtime use. The current projection is a result of overspending in the first quarter, increased enforcement over the holidays and overtime related to the civil unrest associated with the BART shooting	76.5%
FIRE SERVICES	3,146,115	6,605,479	210.0%	11,460,351	3,048,333	6,624,004	217.3%	11,291,810	(8,243,477)	(270.4%)	The amount over the overtime appropriation will be reimbursed by various agencies (FEMA, State and Port) and savings from vacant sworn positions. It should be noted that the Fire Academy will graduate in February 2009 and it is likely that overtime will decrease as salaries increase due to the additional sworn staff	100.3%
MUSEUM	30,948	23,054	74.5%	37,835	17,706	18,703	105.6%	27,203	(9,497)	(53.6%)	OT spending is mainly for Holiday Security & Custodial Svcs	81.1%
LIBRARY SERVICES	10,148	2,978	29.3%	4,749	5,662	1,702	30.1%	3,404	2,258	39.9%		57.1%
PARKS & RECREATION	-	13,196	-	35,510	-	7,747	-	7,747	(7,747)	-	OT will be held at current levels and is associated with recreation centers	58.7%
HUMAN SERVICES	-	9,136	-	16,057	(4,579)	10,147	-221.6%	19,986	(24,565)	536.5%	Accounting functions, Senior-related programs	111.1%
PUBLIC WORKS	29,078	12,277	42.2%	28,940	27,351	8,224	30.1%	16,448	10,903	39.9%		67.0%
COMMUNITY & ECONOMIC DEV	5,089	1,273	25.0%	2,532	-	1,281	-	2,562	(2,562)	-	Small amount of OT is in Rent Arbitration project	100.6%
NON-DEPARTMENTAL	-	116,136	-	116,136	500	408	81.6%	500	-	-		0.4%
CAPITAL IMPROVEMENT PROGRAM	-	2,086	-	2,086	-	130	-	-	-	-		6.2%
TOTAL	15,621,468	20,173,112	127.5%	37,420,958	18,382,489	16,783,178	91.3%	30,881,079	(12,498,590)	(68.0%)		83.2%

ALL FUNDS

Agency / Department	FY 2007-08 Q2 Adjusted Overtime Budget	FY 2007-08 Q2 Overtime Actuals	FY 2007-08 Overtime Percent To Date	FY 2007-08 Year-End Overtime Actuals	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Q2 Overtime Actual	FY 2008-09 Overtime Percent To Date	FY 2008-09 Year-End Overtime Estimate	Year-End (Over) / (Under) Budget	Year-End (Over) / (Under) Adjusted Budget	Explanation of Over / (Under) Collection	Yr-to-Yr Growth Q2 to Q2
MAYOR	9,131	5,869	64.3%	15,739	8,414	-	0.0%	-	8,414	100.0%		0.0%
CITY COUNCIL	-	642	-	642	-	113	-	222	(222)	-		17.6%
CITY ADMINISTRATOR	-	30,879	-	66,198	200	57,378	28689.0%	64,578	(64,378)	(32189.0%)	Overtime primarily in Administration, Budget, CPRB, Marketing, KTOP, Oakland Film Office. Significant drop since Mayor's directive	185.8%
CITY ATTORNEY	207,389	22,634	10.9%	31,557	(534)	15,420	-2887.6%	15,738	(16,272)	3047.2%	OT associated with Court filings	68.1%
CITY AUDITOR	-	417	-	3,443	-	1,570	-	1,755	(1,755)	-		376.2%
CITY CLERK	46,284	17,035	36.8%	29,993	44,895	9,809	21.8%	19,170	25,725	57.3%	OT associated with Agenda Management	57.6%
CONTRACTING & PURCHASING	2,943	26,730	908.3%	58,314	2,712	4,576	168.7%	4,576	(1,864)	(68.7%)	OT spending is associated with the purchasing unit	17.1%
INFORMATION TECHNOLOGY	12,168	121,982	1002.5%	189,126	10,002	54,525	545.1%	81,788	(71,786)	(717.7%)	OT due to emergency server maintenance and new project implementation	44.7%
FINANCE & MANAGEMENT	204,317	236,030	115.5%	368,966	114,936	79,160	68.9%	130,000	(15,064)	(13.1%)	OT predominantly associated with Parking Citation Assistance / Enforcement	33.5%
POLICE SERVICES	13,098,686	13,833,207	105.6%	27,563,239	18,023,754	11,099,573	61.6%	22,176,202	(4,152,448)	(23.0%)	OPD is projected to overspend in the GPF at this time, although OPD is working diligently to decrease overtime use. All non-GPF overtime will be covered by other funds and/or reimbursed via grant or agreement	80.2%
FIRE SERVICES	7,170,675	6,774,067	122.4%	15,845,508	7,160,809	8,780,640	122.6%	15,404,286	(8,243,477)	(115.1%)	All non-GPF fund overtime will be covered by other funds and/or reimbursed via grant or agreement	100.1%
MUSEUM	75,668	27,398	36.2%	43,799	58,917	20,862	35.4%	33,000	25,917	44.0%	OT spending is mainly for Holiday Security & Custodial Svcs	76.1%
LIBRARY SERVICES	10,148	5,555	54.7%	9,804	5,662	5,095	90.0%	5,095	567	10.0%	OT spending is associated with branch operations	91.7%
PARKS & RECREATION	-	13,774	-	36,097	-	8,169	-	8,169	(8,169)	-	OT spending is associated with recreation centers	59.3%
HUMAN SERVICES	512	12,129	2369.4%	21,430	(4,579)	24,220	-528.9%	47,707	(52,286)	1141.9%	Accounting functions, Senior-related programs	199.7%
PUBLIC WORKS	1,843,491	1,858,371	178.1%	2,778,213	804,120	741,687	92.2%	1,112,531	(308,411)	(38.4%)	Overtime is offset by work order revenue	39.9%
COMMUNITY & ECONOMIC DEV	313,428	481,714	153.7%	1,117,385	384,789	373,004	96.9%	596,806	(212,017)	(55.1%)	Over 80% of OT spending is reimbursable within Development Service & Sewer Funds	77.4%
NON-DEPARTMENTAL	-	116,136	-	116,449	500	408	81.6%	500	-	-		0.4%
CAPITAL IMPROVEMENT PROGRAM	-	2,086	-	2,086	-	130	-	-	-	-		6.2%
TOTAL	22,194,840	25,586,656	115.3%	48,298,993	26,614,597	21,276,340	79.9%	39,702,123	(13,087,525)	(49.2%)		83.2%

**FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2008 - December 31, 2008)**

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT REVENUES (\$ in millions)

Revenue Category	FY 2007-08 Q2 Adjusted Budget	FY 2007-08 Q2 Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year End Actuals	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Q2 Actual	FY 2008-09 Percent To Date	FY 2008-09 Year-End Estimate	Year-End \$ Over/ (Under) Adjusted Budget	Yr-to-Yr Growth Q2 to Q2
LLAD ASSESSMENT	17.83	9.99	56.0%	18.19	17.83	9.69	54.4%	17.83	0.00	54.4%
INTEREST, RENT, CONCESSIONS	0.00	-0.12	-	0.00	0.00	-0.11	-	-0.18	(0.18)	-
SERVICE CHARGES - CITY DAMAGE	0.06	0.06	104.3%	0.17	0.17	0.06	36.2%	0.17	0.00	104.8%
RESERVE TRANSFER FROM FB	0.00	0.00	-	0.00	0.00	0.00	-	0.00	0.00	-
OPERATING TRANSFERS	3.50	1.75	50.0%	3.50	0.00	0.00	-	0.00	0.00	0.0%
OTHER REVENUES	1.13	0.04	3.6%	0.00	0.08	0.00	3.6%	0.08	0.00	0.3%
MISCELLANEOUS	0.00	0.00	-	0.00	4.84	0.00	0.0%	4.84	0.00	-
TOTAL	22.52	11.72	52.0%	21.86	22.92	9.65	42.1%	22.74	(0.18)	42.9%

**FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2008 - December 31, 2008)**

LANDSCAPE AND LIGHTING ASSESSMENT DISTRICT EXPENDITURES (\$ in millions)

Agency / Department / Division	FY 2007-08 Q2 Adjusted Budget	FY 2007-08 Q2 Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year-End Actuals	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Q2 Actual	FY 2008-09 Percent To Date	FY 2008-09 Year-End Estimate	Year-End \$ (Over) / Under Adjusted Budget	Yr-to-Yr Growth Q2 to Q2
CITY ADMINISTRATOR	0.11	0.05	48.7%	0.11	0.11	0.03	28%	0.11	0.00	55.7%
CITY ATTORNEY	0.17	0.13	78.0%	0.17	0.16	0.09	53%	0.16	0.00	66.1%
FINANCE & MANAGEMENT	0.14	0.08	53.3%	0.16	0.01	0.07	605%	0.01	0.00	96.1%
INFORMATION TECHNOLOGY	0.03	0.02	68.0%	0.05	0.01	0.02	287%	0.02	(0.02)	99.3%
MUSEUM	0.35	0.13	38.2%	0.29	0.31	0.20	66%	0.33	(0.02)	153.1%
PARKS & REC - ADMINISTRATION	0.10	0.05	49.0%	0.10	0.10	0.05	51%	0.10	0.00	103.2%
PARKS & REC - AREA ONE, TWO, THREE	3.22	1.82	56.4%	3.43	3.21	1.67	52%	3.21	0.00	92.1%
PUBLIC WORKS - DIRECTOR & ADMIN	0.06	0.03	53.5%	0.06	0.21	0.14	68%	0.21	0.00	419.5%
DESIGN & CONSTRUCTION	0.25	0.06	24.9%	0.19	0.01	0.01	118%	0.01	0.00	12.3%
INFRASTRUCTURE OPERATIONS	7.92	3.68	46.4%	8.89	6.14	3.58	58%	6.14	0.00	97.4%
FACILITIES ENVIRONMENT	10.39	4.86	46.8%	10.08	8.38	4.36	52%	7.58	0.80	89.6%
TOTAL	22.74	10.92	48.0%	23.53	18.66	10.24	55%	17.89	0.76	93.7%

PROJECTED ENDING FUND BALANCE - JUNE 30, 2009

0.00

**FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2008 - December 31, 2008)**

EQUIPMENT FUND REVENUES (\$ in millions)

Revenue Category	FY 2007-08 Q2 Adjusted Budget	FY 2007-08 Q2 Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year-End Actuals	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Q2 Actual	FY 2008-09 Percent To Date	FY 2008-09 Year-End Estimate	Year-End \$ Over/ (Under) Adjusted Budget	Yr-to-Yr Growth Q2 to Q2
COLLECTIONS: DAMAGE CLAIMS	0.04	0.00	0.0%	0.00	0.04	0.00	0.0%	0.00	(0.04)	-
INTEREST, RENT, CONCESSION	2.38	-0.28	-11.7%	-0.61	0.00	-0.22	-	-0.45	(0.45)	80.4%
SERVICE CHARGES	0.00	0.02	-	0.16	0.00	0.06	-	0.11	0.11	256.2%
INTERNAL SERVICE	15.97	1.78	11.2%	16.11	16.01	10.36	64.7%	16.01	0.00	580.8%
WORK ORDER	0.29	0.50	169.3%	1.01	0.24	0.49	203.4%	0.97	0.73	97.5%
OTHER INCOME	0.00	0.00	-	0.09	0.00	0.05	-	0.05	0.05	-
MISCELLANEOUS SALES	0.06	0.10	152.0%	0.22	0.06	0.11	177.9%	0.23	0.16	117.1%
TOTAL	18.75	2.12	11.3%	16.98	16.36	10.84	66.2%	16.93	0.57	510.8%

FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2008 - December 31, 2008)

EQUIPMENT FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2007-08 Q2 Adjusted Budget	FY 2007-08 Q2 Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year-End Actuals	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Q2 Actual	FY 2008-09 Percent To Date	FY 2008-09 Year-End Estimate	Year-End \$ (Over) / Under Adjusted Budget	Yr-to-Yr Growth Q2 to Q2
EMPLOYEE PERSONNEL SERVICES	6.20	2.71	43.8%	5.70	6.09	2.90	47.7%	5.60	0.49	107.0%
OVERTIME	0.00	0.17	-	0.27	0.00	0.03	-	0.05	(0.05)	19.1%
SUPPLY AND MATERIAL	1.74	1.24	71.0%	2.55	1.91	1.29	67.3%	2.57	(0.66)	104.0%
FUEL	2.66	1.55	58.4%	3.50	2.61	1.66	63.4%	2.61	0.00	106.6%
SERVICE EXPENDITURE	0.56	0.19	33.6%	0.41	0.48	0.20	42.3%	0.41	0.07	108.6%
CONTRACT SERVICES	0.59	0.50	85.3%	0.95	0.59	0.42	71.0%	0.84	(0.25)	83.5%
TRAVEL AND EDUCATION	0.07	0.00	6.9%	0.01	0.07	0.01	18.1%	0.02	0.04	259.2%
INTERNAL SERVICE / WORK ORDERS	0.19	0.19	100.2%	0.21	0.19	0.42	218.4%	0.19	0.00	218.1%
DEBT SERVICE	2.58	1.29	49.9%	2.62	2.58	1.29	49.9%	2.58	0.00	100.0%
OVERHEAD	1.49	0.72	48.4%	1.48	1.42	0.71	50.1%	1.38	0.03	98.3%
Budget Allocation Offset Project/Transfer	7.22	0.00	0.0%	-5.85						
TOTAL OPERATING EXPENDITURES	23.30	8.57	36.8%	11.84	15.94	8.93	56.0%	16.26	(0.32)	104.2%
CAPITAL ACQUISITIONS *	7.21	5.56	77.1%	7.85	5.65	3.93	69.6%	5.65	0.00	70.7%
TOTAL	30.51	14.13	46.3%	22.31	21.59	12.87	59.6%	21.91	(0.32)	91.0%

* Supported by revenue from master lease agreements

PROJECTED ENDING CASH BALANCE - JUNE 30, 2009

(19.51)

**FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2008 - December 31, 2008)**

FACILITIES FUND REVENUES (\$ in millions)

Revenue Category	FY 2007-08 Q2 Adjusted Budget	FY 2007-08 Q2 Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year-End Actuals	FY 2008-09 Midcycle Budget	FY 2008-09 October Revised Budget	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Q2 Actual	FY 2008-09 Percent To Date	FY 2008-09 Year-End Estimate	Year-End \$ Over / (Under) Adjusted Budget	Yr-to-Yr Growth Q2 to Q2
INTEREST	0.00	-0.50	-	-0.88	0.00	0.00	0.00	-0.38	-	-0.77	(0.77)	77.5%
MISCELLANEOUS FACILITY RENTAL	0.25	0.23	92.6%	0.22	0.02	0.02	0.02	0.04	215.3%	0.09	0.07	19.0%
MISCELLANEOUS SERVICES	0.03	0.01	26.3%	0.01	0.03	0.03	0.03	0.03	83.9%	0.03	0.00	318.8%
INTERNAL SERVICE	18.34	9.23	50.3%	18.21	18.21	18.21	18.21	9.11	50.0%	18.21	0.00	98.7%
WORK ORDER	0.07	0.46	637.4%	0.33	0.07	0.07	0.07	0.10	139.3%	0.14	0.07	21.8%
OTHER	0.00	0.11	-	0.29	0.00	0.00	0.00	0.04	-	0.09	0.09	41.7%
TOTAL	18.69	9.53	51.0%	18.18	18.34	18.34	18.34	8.94	48.7%	17.79	(0.54)	93.7%

FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2008 - December 31, 2008)
FACILITIES FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2007-08 Q2 Adjusted Budget	FY 2007-08 Q2 Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year-End Actuals	FY 2008-09 Q2 Adjusted Budget	FY 2008-09 Q2 Actual	FY 2008-09 Percent To Date	FY 2008-09 Year-End Estimate	Year-End \$ (Over) / Under Adjusted Budget	Yr-to-Yr Growth Q2 to Q2
EMPLOYEE PERSONNEL SERVICES	10.54	5.29	50.1%	10.94	10.26	5.22	50.9%	10.26	0.00	98.8%
OVERTIME	0.08	0.13	167.6%	0.25	0.07	0.12	168.6%	0.24	(0.17)	93.5%
SUPPLY AND MATERIAL	1.22	0.69	57.0%	0.95	1.15	0.46	39.8%	1.01	0.14	65.8%
SERVICE EXPENDITURE	0.53	0.30	56.1%	0.49	0.42	0.11	25.4%	0.23	0.19	35.9%
GAS	0.85	0.42	49.3%	1.26	0.85	0.64	74.8%	1.27	(0.42)	151.7%
ELECTRICITY (NON-STREETLIGHT)	3.98	1.54	38.7%	3.06	4.05	1.46	36.1%	3.21	0.84	94.7%
WATER	0.70	0.46	65.9%	0.95	0.70	0.46	66.0%	0.92	(0.22)	100.2%
CONTRACT SERVICES	1.43	1.00	69.9%	1.58	1.54	0.66	43.1%	1.54	0.00	66.2%
MAINTENANCE AND SECURITY	0.77	0.46	59.2%	0.90	0.71	0.37	51.6%	0.73	(0.02)	80.6%
TRAVEL AND EDUCATION	0.04	0.01	18.6%	0.02	0.03	0.00	11.7%	0.01	0.03	59.2%
INTERNAL SERVICE / WORK ORDER	0.97	0.20	20.8%	0.86	0.96	0.36	37.4%	0.96	0.00	177.8%
OVERHEAD	2.59	1.32	50.9%	2.71	2.45	1.28	52.1%	2.45	0.00	96.7%
TOTAL OPERATING EXPENDITURES	23.70	11.81	49.8%	23.95	23.19	11.13	48.0%	22.83	0.36	94.2%
LOAN PRINCIPAL	0.43	0.16	36.5%	0.32	0.21	0.16	76.2%	0.21	0.00	104.5%
DEBT SERVICE	0.13	0.08	62.8%	-0.32	0.16	0.07	46.2%	0.16	0.00	91.3%
CAPITAL ACQUISITIONS	0.01	0.01	100.0%	0.02	0.01	0.01	70.3%	0.01	0.00	135.7%
ACCOUNTING ADJUSTMENTS	0.04	0.04	93.6%	0.20	0.00	0.00	-	0.00	0.00	-3.9%
TOTAL	24.31	12.09	49.8%	24.17	23.58	11.38	48.2%	23.22	0.36	94.1%

PROJECTED ENDING CASH BALANCE - JUNE 30, 2009

(31.83)

STATUS OF IMPLEMENTING OCTOBER BUDGET CHANGES
Fund 1010 (General Purpose Fund)

FY 2008-09 MID-YEAR SHORTFALL (\$37.45)

BALANCING MEASURES

(A) REVENUES		\$13.45
Item	Additional Revenue - FY 08-09	Status of Implementation
New revenues		
Capital trust transfer (upon termination of agreement): ONE-TIME	\$9.50	Staff is currently working to implement refinancing
Rate increases		
Increase user fees and charges to ensure that they fully cover costs		
Increase Parking meter rates	\$0.95	Implemented*
Increase finances and penalties		
Parking Citation rate increases	\$0.98	Implemented*
Street sweeping citation increases	\$0.64	Implemented*
Other revenue increases		
Increased Accts Receivable collections	\$0.36	Implemented
Increased Recoveries by Treasury Division for various svcs like debt issues and ORA investment activities	\$0.31	Implemented; Treasury is on target to realize additional revenue.
Increased transfer from the Development Services Fund to account for unpaid interest since July 1, 2006	\$0.35	Implemented; transfer has been made.
On-going Transfer of 50% of Golf Course Concession Revenues	\$0.10	Implemented; transfers occur monthly.
One-time revenue from health benefit savings from OPD arbitrator.	\$0.26	Implemented; rate has been changed.

(B) EXPENDITURES - Deptl **(\$15.57)** **(146.37)**

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Status of Implementation
CIP	(\$0.90)	0.00	Implemented
MAYOR	(\$0.20)	(3.00)	In progress
CITY ADMINISTRATOR	(\$1.73)	(8.00)	Implemented;
CITY CLERK	(\$0.09)	(0.50)	Implemented
CONTRACTING & PURCHASING	(\$0.34)	(4.00)	Implemented
INFORMATION TECHNOLOGY	(\$1.24)	(11.75)	Implemented; except Project Manager positions
FINANCE & MANAGEMENT	(\$1.89)	(18.80)	Implemented
POLICE SERVICES	(\$3.75)	(48.13)	Implemented
FIRE SERVICES	(\$1.50)	(10.50)	Implemented
MUSEUM (OMCA)	(\$0.16)	(2.50)	Implemented; except Registrar position
LIBRARY	(\$1.08)	(13.55)	Implemented
PARKS & RECREATION	(\$1.13)	(13.28)	Implemented
HUMAN SERVICES	(\$0.59)	(0.27)	Implemented
PUBLIC WORKS	(\$0.39)	(7.40)	Implemented; except Project Manager position
COMMUNITY & ECONOMIC DEVELOPMENT	(\$0.14)	(0.69)	Implemented
CITY ATTORNEY	(\$0.45)	(4.00)	Implemented

(C) EXPENDITURES - Citywide **(\$8.61)**

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)	Implemented, with limited exceptions
Management concessions		
Freeze auto allowances for all department directors	(0.04)	Implemented
Reductions in non-personnel expenses		
Reduce funding for Training & Community Development	(0.13)	Implemented
Reduce funding for Marketing & Special Events	(0.05)	Implemented
Reduce funding for Parades, Street Festivals, Etc.	(0.04)	Implemented
Reduce Overtime	(0.18)	Implemented

Item	Savings - FY 08-09	FTEs Eliminated / Transferred	Status of Implementation
Suspend OCVB support effective Jan 1	(0.33)		Implemented
Eliminate salary contingency in Non-Dept	(0.73)		Implemented
Reduce Insurance & Bonding	(0.20)		Implemented
Reduce Food, Flowers, Hospitality	(0.10)		Implemented
Increase attrition rate back to 5%	(1.11)		Implemented
Reduce Public Campaign Financing (CF)	(0.23)		Implemented
Reduce Booking Fees amount	(0.30)		Implemented
Adjustment for actual COLA savings	(0.22)		Implemented
Reductions in subsidies/assistance			
Reduce subsidy to the Comprehensive Clean-Up Fund	(0.50)		Implemented
Citywide shutdown			
(1) CITYWIDE SHUTDOWN: Close non-essential City facilities 13 Days	(3.97)		In progress