
CITY OF OAKLAND
AGENDA REPORT

077 111 111:00

TO: Finance and Management Committee
FROM: Council Member Jean Quan
DATE: June 12, 2007

RE: Resolutions Establishing Rules and Reporting Requirements to Enhance Fiscal Accountability and Transparency:

- (1) Policy and Rules Regarding Substantial or Material Alteration of Funding Allocations in a Policy Budget, and a Policy Regarding the Transfer of Funds Budgeted to Personnel Accounts**
- (2) Policy and Rules for Pay-Go Account Expenditures and Grants and Project Priority Fund Expenditures and Grants**
- (3) Approved List of Organizations for the Purchase of Event Tables**
- (4) Annual Reporting of All City of Oakland-Funded or Oakland Redevelopment Agency-Funded Travel Expenditures**

SUMMARY

This report describes a set of rules and reporting requirements to enhance fiscal accountability and transparency in the use of public funds. Specifically, this report addresses four fiscal controls:

1. A policy and rules regarding substantial or material alteration of funding allocations in a policy budget, and a policy regarding the transfer of funds budgeted to personnel accounts.
2. A policy and rules for Pay-Go account expenditures and grants and Project Priority Fund expenditures and grants.
3. Approved list of organizations for the purchase of Event Tables.
4. Annual Reporting of all City of Oakland-funded and Oakland Redevelopment Agency-funded travel expenditures.

FISCAL IMPACT

This report does not have a fiscal impact. The grants and purchases in this report are supported by appropriations approved by the City Council.

BACKGROUND

City Charter establishes the Council as the City's governing body. All powers of legislation reside in the Council. The Council adopts the City's budget and sets the compensation for employees, officers and officials. The City Council, however, has no

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administrative powers and is expressly prohibited from interfering in the administrative affairs/service of the City. Notwithstanding the prohibition on administrative interference by the Council, the City Charter commands that the City Administrator keep the Council at all times fully advised as to the City's financial condition and needs.

The Policy Budget expresses the Council's policies and priorities by funding particular programs and levels of service. By adopting the Policy Budget and passing the budget resolution the Council establishes as a matter of policy the programs, services and the relative allocations of funding for each department/agency and program.

The City Council's FY 2003-05 budget resolutions specifically state that the City Administrator must obtain approval from the Council before he/she, in order to eliminate or reduce a budget deficit, (1) substantially or materially alters the relative agency allocations of funding set out in the Policy Budget, (2) changes the levels of service expressly prioritized and funded by the Policy Budget, or (3) suspends or eliminates entirely programs funded by the Policy Budget. This language was not included in the FY 2005-07 budget resolutions, but it was restored in the FY 2006-07 Mid-Cycle Budget resolution.

"Pay-Go" is a discretionary capital appropriation that allows Councilmembers and the Mayor to fund special capital improvement projects within their districts and citywide. Pay-Go was initially established in FY 1999-00 for Councilmembers, and in 2001 the City Council approved a separate Pay-Go allocation for the Office of the Mayor under the same terms and from the same funding source. Councilmembers and the Mayor have used this funding to jumpstart or expedite existing public improvement projects throughout the City.

Until recently, Pay-Go accounts were allocated funds solely from the City and Bank of America National Trust and Savings Association Trust Fund for capital improvements, the State Gas Tax Fund and the Alameda County Transportation Improvement Authority Measure B Fund. The funding sources restricted expenditures to certain capital improvements or to the "finance . . . acquisition, construction, lease or substantial improvement of equipment, facilities or other property (real or personal) to be owned, leased, held or controlled by the City for any of its municipal purposes". According to Oakland Municipal Code section 2.04.016 and 2.04.017, Pay-Go expenditures and Pay-Go grants may be made without approval of the City Council, but must comply with the City's purchasing and grant regulations. In order to expedite Pay-Go funded capital improvement projects, the City Administrator is authorized to approve certain capital projects, if they comply with the restrictions stated above, without prior Council approval. All Pay-Go projects are reported to the public in an annual report compiled by the City Administrator and presented to Council.

During discussions of the FY 2006-07 Mid-Cycle Budget, Councilmembers had priority projects and/or institutions they felt particularly worthy of support. To accommodate these requests, the Council allocated \$2 million in total, or \$250,000 to each Council

District plus the At Large seat. The allocation of these funds was at the discretion of each individual Councilmember, but subject to overall Council approval.

KEY ISSUES AND IMPACTS

1. Substantial or material alteration of funding allocations in a policy budget, and transfer of funds budgeted to personnel accounts. In an effort to preserve Council's policy objectives, this resolution will establish a general policy regarding changes in allocations made by the City Council in a bi-annual or mid-cycle Policy Budget. As contained in the budget resolution for FY 2003-05, this resolution will require the City Administrator to obtain approval from the City Council before he/she (1) substantially or materially alters the relative agency allocations of funding set out in a Policy Budget, (2) substantially or materially changes the levels of service expressly prioritized and funded by a Policy Budget, including but not limited to layoffs and/or freezes that would substantially or materially (a) change levels of service or (b) affect programs, or (3) eliminates or suspends entirely programs funded by a Policy Budget.

This resolution will establish a clear policy regarding the transfer of funds budgeted for personnel. It directs the City Administrator to obtain review and approval of the full City Council prior to approving any transfer of funds previously allocated by the City Council to personnel accounts to a non-personnel or operations and maintenance account when single or cumulative transfers within a one-year budget cycle exceed five percent (5%) of the original adopted personnel allocation for any given agency or department for all funds. The restriction on transfer of personnel funds shall apply to any and all proposed transfers of such funds, with the exception of transfers between personnel accounts (51xxx) and the Temporary Personnel Services Account (54811) which shall not be restricted or included in the 5% calculation in order to make personnel funds available for use in paying for backfill vacancies with temporary personnel until such vacancies can be filled permanently.

2. Pay-Go account expenditures and grants and Project Priority Fund expenditures and grants. The proposed Council policy will eliminate any confusion regarding the use of discretionary account expenditures while providing the City Council a source of funds for the tools it needs to serve as elected officials. It is in the City's interest, the public interest and to the betterment of Oakland businesses, residents and the community to spend Pay-Go account funds and Project Priority funds to facilitate or support programs operated by the City of Oakland or capital improvement projects of the City of Oakland, and programs operated by public schools and other public entities within the City of Oakland and capital improvement projects of the Oakland Unified School District and of other public entities within the City of Oakland.

The proposed policy will restrict Pay-Go account funds to be used for the following purposes:

Capital Improvements:

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- a) To pay for or augment funding for a City of Oakland capital improvement project, or for the planning of a capital improvement project; and
- b) To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or other public entity for use on a capital improvement project, or the planning of a capital improvement project, within the City of Oakland; and

Furniture, Equipment, Materials:

- c) To pay for or augment funding for purchase of furniture, equipment or other materials to be used by participants in a program operated by the City of Oakland; and
- d) To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or another public entity to be used for furniture, equipment or other materials to be used by participants in a program operated by the public school or public entity.

Pay-Go purposes stated above shall operate as restrictions on these expenditures or grants, regardless of the account funding source. Pay-Go expenditures or grants for purposes other than those set forth above shall not be authorized or allowed without full Council review and approval.

In accord with the City Council's motion approving the initial allocation of Councilmember project Priority Project funds on June 8, 2006, the City Councilmembers must obtain City Council approval for all Priority Project expenditures.

3. Approved list of organizations for the purchase of Event Tables. The City Administrator shall prepare a list of Event Table organizations to be approved by the City Council that shall be updated and presented to the City Council on an annual basis for approval. This policy shall not obligate the City to purchase Event Tables from organizations on the list. The purchase of Event Tables for events held by organizations that are not on the Event Tables list will not be allowed unless approval is obtained from the City Council beforehand.

4. Annual Reporting of all City of Oakland-funded and Oakland Redevelopment Agency-funded travel expenditures. It is in the public interest to make travel expenditures paid for by the City of Oakland and the Oakland Redevelopment Agency known to the public. This resolution requires the annual reporting of such expenditures, if the travel involved the purchase of an airplane flight or overnight lodging.

The City Administrator shall publish an annual, comprehensive report, in September of each year, of the travel expenses - including transportation, lodging and meal costs - paid by the City or the Redevelopment Agency during the prior year for City officials and employees.

SUSTAINABLE OPPORTUNITIES

Economic: There are no direct economic opportunities associated with this report; however, Council and Mayoral Pay-Go and Project Priority commitments have supported city improvements which have in turn increased economic opportunities.

Environmental: There are no environmental opportunities associated with this report.

Social Equity: Residents can benefit from capital improvement projects that positively impact the quality of life in Oakland neighborhoods.

DISABILITY AND SENIOR CITIZEN ACCESS

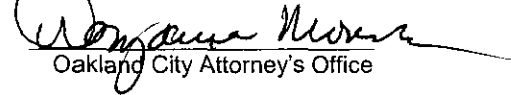
There are no direct disability and senior access opportunities associated with this report. However, projects funded by grants or expenditures discussed in the report could provide for improving access to City facilities, services, and programs for persons with disabilities.

ACTION REQUESTED OF THE CITY COUNCIL

We request that the City Council approve the resolutions establishing rules and reporting requirements to enhance fiscal accountability and transparency in the use of public funds. Specifically: (1) A policy and rules regarding substantial or material alteration of funding allocations in a policy budget, and a policy regarding the transfer of funds budgeted to personnel accounts, (2) A policy and rules for Pay-Go account expenditures and grants and Project Priority Fund expenditures and grants, (3) Approved list of organizations for the purchase of Event Tables, and (4) Annual Reporting of all City of Oakland-funded and Oakland Redevelopment Agency-funded travel expenditures.

07/11/06 PM 1:06

Approved as to Form and Legality


Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

INTRODUCED BY COUNCILMEMBER JEAN QUAN

RESOLUTION ESTABLISHING RULES AND REPORTING REQUIREMENTS TO ENHANCE FISCAL ACCOUNTABILITY AND TRANSPARENCY AS FOLLOWS:

- (1) POLICY AND RULES REGARDING SUBSTANTIAL OR MATERIAL ALTERATION OF FUNDING ALLOCATIONS IN A POLICY BUDGET, AND A POLICY REGARDING THE TRANSFER OF FUNDS BUDGETED TO PERSONNEL ACCOUNTS; AND**
- (2) POLICY AND RULES FOR PAY-GO ACCOUNT EXPENDITURES AND GRANTS AND PRIORITY PROJECT FUND EXPENDITURES AND GRANTS; AND**
- (3) APPROVED LIST OF ORGANIZATIONS FOR THE PURCHASE OF EVENT TABLES; AND**
- (4) ANNUAL REPORTING OF ALL CITY OF OAKLAND-FUNDED TRAVEL EXPENDITURES**

WHEREAS, the City Council wishes to establish several rules and reporting requirements to enhance fiscal accountability and transparency in use of public funds; and

WHEREAS, the City Council wishes to establish 1) a general policy regarding changes in allocations made buy the City Council in a bi-annual or mid-cycle Policy Budget, and 2) a clear policy regarding the transfer of funds budgeted for personnel that would generally restrict such fund transfers to five percent (5%), and 3) to allow for transfer of funds from personnel accounts to pay for temporary personnel during a budget cycle; and

WHEREAS, the City Council wishes to establish a policy and criteria for Pay-go and Project Priority funds to facilitate and support projects and programs that are in the public interest and that benefit the community, specifically, City, school and other public entity capitol improvements and programs ; and

WHEREAS, the City Council wishes to establish a list of organizations that conduct events in the municipal or public interest for which the City Administrator is authorized to purchase Event Tables; and

WHEREAS, the City Council wishes to make travel expenditures for trips paid for by the City of Oakland that involve airline transportation or lodging known to the public by establishing an annual reporting requirement; now, therefore, be it

RESOLVED: That the City Council hereby directs the City Administrator to implement the following polices and rules:

1. Substantial Or Material Alteration Of Funding Allocations In A Policy Budget, And Transfer Of Funds Budgeted To Personnel Accounts.

The City Administrator must obtain approval from the City Council before he/she (1) substantially or materially alters the relative agency¹ allocations of funding set out in a Policy Budget, (2) substantially or materially changes the levels of service expressly prioritized and funded by a Policy Budget, including but not limited to layoffs and/or freezes that would substantially or materially (a) change levels of service or (b) affect programs, or (3) eliminates or suspends entirely programs funded by a Policy Budget; and

The City Council hereby directs the City Administrator to obtain review and approval of the full City Council prior to approving any transfer of funds previously allocated by the City Council to personnel accounts to a non-personnel or operations and maintenance account when single or cumulative transfers within a one-year budget cycle exceed five percent (5%) of the original adopted personnel allocation for any given agency or department for all funds; and

The restriction on transfer of personnel funds established herein shall apply to any and all proposed transfers of such funds, with the exception of transfers between personnel accounts (51xxx) and the Temporary Personnel Services Account (54811) which shall not be restricted or included in the 5% calculation in order to make personnel funds available for use in paying for backfill vacancies with temporary personnel until such vacancies can be filled permanently; and

2. Pay-Go Account Expenditures And Grants And Priority Project Fund Expenditures And Grants

The City Council hereby finds and determines that it is in the City's interest, the public interest and to the betterment of Oakland businesses, residents and the community to spend Pay-go account funds and Project Priority funds to facilitate or support programs operated by the City of Oakland or capitol improvements projects of the City of Oakland, and programs operated by public schools and other public entities

¹ For the purposes of this resolution, departments that do not fall within an agency are considered to be separate agencies

within the City of Oakland and capital improvement projects of the Oakland Unified School District and of other public entities within the City of Oakland; and

The City Council hereby authorizes Pay-go account funds and Project Priority funds to be used for the following purposes:

Capital Improvements :

- a) To pay for or augment funding for a City of Oakland capital improvement project; and
- b) To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or other public entity for use on a capital improvement project within the City of Oakland; and

Furniture, Equipment, Materials:

- c) To pay for or augment funding for purchase of furniture, equipment or other materials to be used by participants in a program operated by the City of Oakland; and
- d) To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or another public entity to be used for furniture, equipment or other materials to be used by participants in a program operated by the public school or public entity; and

Pay-go and Project Priority purposes stated above shall operate as restrictions on Pay-go and Project Priority expenditures or pay-go grants, regardless of the Pay-go account and Project Priority account funding source; and

Pay-go and Project Priority expenditures or grants for purposes other than those set forth above shall not be authorized or allowed without full Council review and approval; and

Pay-go and Project Priority purposes stated above shall apply to any and all Pay-go and Project Priority expenditures or grants made by the Mayor and each City Councilmember; and

In accord with the City Council's motion approving the initial allocation of Councilmember project Priority Project funds on June 8, 2006, the City Councilmembers must obtain City Council approval for all Priority Project expenditures; and

3. Approved List Of Organizations For The Purchase Of Event Tables

The City Administrator shall prepare a list of Event Table organizations to be approved by the City Council that shall be updated and presented to the City Council on an annual basis for approval; and

Nothing herein shall obligate the City to purchase Event Tables from organizations on the list; and

Neither the Agency Administrator nor any other City official or employee under her jurisdiction shall purchase Event Tables for events held by organizations that are not on the Event Tables list unless they obtain the City Council's approval before the event; and

4. Annual Reporting Of All City Of Oakland-Funded Travel Expenditures

The City Administrator shall publish an annual report, in September of each year, of all travel expenses for trips involving airline transportation or lodging paid for by the City of Oakland during the prior year; and

The annual travel expense report for trips involving airline transportation or lodging shall include all travel costs paid by the City for such trips, including transportation, lodging and meal costs.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID,
CHANG, AND PRESIDENT DE LA FUENTE

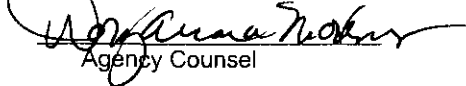
NOES –

ABSENT –

ABSTENTION –

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California


Agency Counsel

07/27/07 PM 4:05

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. _____ C.M.S.

INTRODUCED BY BOARD MEMBER JEAN QUAN

RESOLUTION ESTABLISHING RULES AND REPORTING REQUIREMENTS TO ENHANCE FISCAL ACCOUNTABILITY AND TRANSPARENCY AS FOLLOWS:

- (1) APPROVED LIST OF ORGANIZATIONS FOR THE PURCHASE OF EVENT TABLES; AND**
- (2) ANNUAL REPORTING OF ALL CITY OF OAKLAND-FUNDED TRAVEL EXPENDITURES**

WHEREAS, the Agency Board wishes to establish several rules and reporting requirements to enhance fiscal accountability and transparency in use of public funds; and

WHEREAS, the Agency Board wishes to establish a list of organizations that conduct events in the municipal or public interest for which the Agency Administrator is authorized to purchase Event Tables; and

WHEREAS, the Agency Board wishes to make travel expenditures for trips paid for by the Oakland Redevelopment Agency that involve airline transportation or lodging known to the public by establishing an annual reporting requirement; now, therefore, be it

RESOLVED: That the Agency Board hereby directs the Agency Administrator to implement the following policies and rules:

- 1. Approved List Of Organizations For The Purchase Of Event Tables

The Agency Administrator shall prepare a list of Event Table organizations to be approved by the Agency Board that shall be updated and presented to the Agency Board on an annual basis for approval; and

Nothing herein shall obligate the Oakland Redevelopment Agency to purchase Event Tables from organizations on the list; and

Neither the Agency Administrator nor any other Oakland Redevelopment Agency official or employee under her jurisdiction shall purchase Event Tables for events held by organizations that are not on the Event Tables list unless they obtain approval from the Agency Board before the event; and

2. Annual Reporting Of All Oakland Redevelopment Agency-Funded Travel Expenditures

The Agency Administrator shall publish an annual report, in September of each year, of all travel expenses for trips involving airline transportation or lodging paid for by the Oakland Redevelopment Agency during the prior year; and

The annual travel expense report for trips involving airline transportation or lodging shall include all travel costs paid by the Oakland Redevelopment Agency for such trips, including transportation, lodging and meal costs.

IN AGENCY, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG,
AND CHAIRPERSON DE LA FUENTE

NOES -
ABSENT -
ABSTENTION -

ATTEST:

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California