

CITY OF OAKLAND
AGENDA REPORT

OFFICE OF THE CITY CLERK
1115

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: City Administrator's Budget Office
DATE: February 27, 2007

2007 FEB 15 PM 7:35

RE: **Report on FY 2006-07 Second Quarter Revenue and Expenditure Results
and Year-End Projections for City's Selected Funds (General Purpose,
Telecommunications, Equipment and Facilities)**

SUMMARY

This report provides information on the City's financial activity through the end of the second quarter of the fiscal year (December 31, 2006) and provides year-end projected revenues and expenditures for four selected funds.

FISCAL IMPACT

The Second Quarter Revenue & Expenditure Report for the 2006-07 fiscal year projects a small surplus in the City's largest fund – the General Purpose Fund (GPF). The Second Quarter Revenue & Expenditure Report includes an analysis of actual revenues and expenditures for the GPF and three other funds for the six-month period of July 1 through December 31, 2006 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, as follows:

In the General Purpose Fund, a 0.53 million surplus is projected by year-end. This is mostly the result of strong property and sales tax revenues offset by overspending within the Police Services Agency.

In the Telecommunications Reserve/Cable Franchise Fund, a \$0.11 million deficit is projected by year-end, which is a decrease from the \$1.14 million shortfall in the current adjusted budget.

In the Equipment Fund, a \$1.88 million borrowing from the fund balance is projected by year-end, which is slightly higher than the \$1.64 million borrowing in the current adjusted budget.

In the Facilities Fund, \$4.70 million borrowing from fund balance is projected to be required by year-end, which is a slight increase from the \$4.05 million shortfall shown in the adjusted budget.

Item: _____
Finance and Management Committee
February 27, 2007

**FY 2006-07 REVENUE AND EXPENDITURE ANALYSIS
 Through Second Quarter (July 1, 2006 through December 31, 2006)**

SUMMARY (\$ in millions)

A. GENERAL PURPOSE FUND (#1010)

	FY 2006-07 2nd Quarter Adjusted Budget	2nd Quarter Actuals	Percent To Date	FY 2006-07 Projected Over/(Under)	FY 2006-07 Year-End Estimate
Revenues	\$479.96	\$205.86	42.9%	\$7.17	\$487.13
Expenditures	\$479.79	\$227.34	47.4%	\$6.81	\$486.60
Variance	\$0.17			\$0.36	\$0.53

B. TELECOMMUNICATIONS FUND (#1760)

	FY 2006-07 2nd Quarter Adjusted Budget	2nd Quarter Actuals	Percent To Date	FY 2006-07 Projected Over/(Under)	FY 2006-07 Year-End Estimate
Revenues	\$1.34	\$0.42	31.3%	\$0.70	\$2.04
Expenditures	\$2.48	\$0.81	32.4%	(\$0.33)	\$2.15
Variance	(\$1.14)			\$1.04	(\$0.11)

C. EQUIPMENT FUND (#4100)

	FY 2006-07 2nd Quarter Adjusted Budget	2nd Quarter Actuals	Percent To Date	FY 2006-07 Projected Over/(Under)	FY 2006-07 Year-End Estimate
Revenues	\$29.11	\$18.83	64.7%	(\$0.23)	\$28.87
Expenditures	\$30.75	\$14.57	47.4%	(\$0.00)	\$30.75
Variance	(\$1.64)			(\$0.24)	(\$1.88)

D. FACILITIES FUND (#4400)

	FY 2006-07 2nd Quarter Adjusted Budget	2nd Quarter Actuals	Percent To Date	FY 2006-07 Projected Over/(Under)	FY 2006-07 Year-End Estimate
Revenues	\$18.81	\$4.39	23.4%	(\$0.77)	\$18.04
Expenditures	\$22.85	\$10.39	45.5%	(\$0.12)	\$22.74
Variance	(\$4.05)			(\$0.66)	(\$4.70)

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 fourth quarter.

GENERAL ECONOMIC OVERVIEW

The U.S. Commerce Department recently released estimates of fourth quarter 2006 real gross domestic product (GDP) showing an increase of 3.5 percent, after growing at 2 percent in the third quarter 2006. Based on this estimate, annual growth in 2006 was 3.4 percent, as compared with 3.2 percent in 2005.

The acceleration of fourth quarter growth primarily reflected positive contributions from personal consumption expenditures (mainly for food), increase in exports of services while import of goods decreased, and accelerated spending by the Federal, State, and local governments. On an annual basis, the acceleration of GDP growth in 2006 mainly reflected an upturn in inventory investment and acceleration in exports, in nonresidential structures, and in state and local government spending, which offset a downturn in residential investments. In contrast, the deceleration in real GDP growth primarily came from a large decrease in residential fixed investment, and increased imports, which are a subtraction in the calculation of GDP. Residential housing construction fell at an annual rate of 17.4% last quarter, the biggest decline since the first quarter of 1991, after shrinking 11.1% in the previous three months. The housing slump is partially due to two-years of increases in Federal interest rates.

Consumer spending, which accounts for about 70% of the economy, rose at an annual rate of 4.4 percent last quarter, as compared with a 2.8 percent pace in the previous three months. Falling energy prices have helped consumer and business spending. A University of Michigan consumer confidence survey revealed a slight slippage of consumer confidence from October to December. While housing continued to slow, it has not spilled over significantly to the rest of the economy as evidence by GDP growth.

Although most economists do not predict a recession for 2007, cautious monitoring of economic activities is still called for in light of the potential for continuing weaknesses in the housing market, the Fed's increasing interest rates to combat inflation, and oil prices rising again due to unabated world demand.

Current Political/Legal Issues

The recently released 2007-08 budget proposed by Governor Schwarzenegger focused on balancing a budget that had been projected to have a deficit. The proposed budget contained positive news for California cities, and some significant concerns for the state budget as a whole. Good news for cities includes continued funding of certain city programs, while negative news related to state mandate repayments, and what some analysts are calling optimistic economic assumptions that may or may not happen.

On the positive side for cities, the proposed budget provides funding for the following city programs:

- Proposition 1B funding for local city streets and roads
- Continuing the Citizens' Option for Public Safety (COPS) program
- Full funding for Proposition 42 – Transportation Congestion Improvement Act
- Library Funding

On the negative side of the ledger, the budget does not include any repayments of prior state mandated costs, or mandated costs to be incurred in FY 2007-08. The budget proposed to delay payment of these costs until FY 2008-09.

Numerous budgetary concerns are being raised about the budget. For example, the Legislative Analyst's Office recently stated that the budget relies on optimistic projections of revenues and expenditures that may be problematic. As a case in point, revenues are currently running behind schedule. Other negatives include: proposed welfare spending cuts, and use of public transit funds to close the budget gap.

Other Issues

In September 2005, Governor Schwarzenegger signed AB 451 to end a 2002 economic development agreement between the City of Oakland and United Airlines that has been generating tax revenues for the City. The 2002 agreement caused the relocation of United Airlines' fuel purchasing and resale business to Oakland, and resulted in additional sales and business license tax revenues generated for the City. AB 451 will, on January 1, 2008, effectively end this and other similar jet fuel purchasing agreements between municipalities and airlines. This law will not affect FY 2006-07 projected revenues, as it will take effect outside of the current budget cycle.

GENERAL PURPOSE FUND

REVENUE HIGHLIGHTS

For FY 2006-07, revenues for the General Purpose Fund are budgeted at \$479.96 million. During the first six months of the fiscal year, the City received \$205.86 million or 42.9 percent of the budgeted amount. Based upon this collection data, General Purpose Fund revenues are projected to end the year at \$487.13 million, which is \$7.17 million higher than the budgeted amount. The projected surplus revenue is due to various revenues projected to come in over-budget, such as Property Tax (\$4.14 million); Sales Tax (\$2.94 million); VLF (\$0.76 million); Transient Occupancy Tax (\$1.55 million); and offset by the projection of lower year-end revenues than originally budgeted for Business License Tax Revenues (-\$1.80 million); and Real Estate Transfer Tax (-\$0.41 million). The adjustment to the original Business License Tax Revenue projection was made to reflect the sluggish collections of actual revenues for FY 2005-06 that came in at 4.7 percent below budget while Real Estate Transfer Tax reflects the slowdown in home sales. Attachment A-1 identifies budgeted revenues, actual revenues, received through 2nd quarter, and year-end projections for FY 2006-07.

Revenue categories within the General Purpose Fund that are projected to vary from the amount budgeted are discussed below.

Property Tax

The largest source of revenue to the City's General Purpose Fund is property tax revenue, which is projected to be \$113.28 million or \$4.14 million over the amount budgeted. This additional revenue is the result of a higher than anticipated increase in assessed valuation within the City.

Sales Tax

Sales Tax revenue collected through the end of the second quarter was \$23.92 million, which represents 53.9 percent of budget. The robust revenue can be attributed to a very strong holiday sales and continuing surge in consumer spending. Sales tax revenues are projected to end the year at \$47.35 million, \$2.94 million higher than the budgeted \$44.41 million.

Vehicle License Fee

Vehicle License Fee revenue received through the second quarter totaled \$1.60 million compared to the budgeted amount of \$2.13 million. It's projected that VLF revenues will end the year \$0.76 million higher than budget at \$2.89 million.

Business License Tax

Business License Tax revenue was budgeted at \$47.8 million. Since most of this revenue is collected in the third quarter, the 2nd quarter projection is based on the lower than budgeted collections in FY 2005-06. Staff is projecting that the year-end revenue will be \$46 million; \$1.8 million lower than budget, which is a 5 percent growth over FY 2005-06 actuals.

Real Estate Transfer Tax (RETT)

RETT actual revenue through the end of the second quarter was \$30.11 million, which is 23.4 percent lower than second quarter collections in FY 2005-06. The \$30.11 million represents 47.6 percent of the current budget of \$63.23 million.

The first six months collections showed a slowdown in RETT as compared to the same period last fiscal year (2005-06). This trend is consistent with the continuing real estate slowdown. Housing industry data for Alameda County revealed that the number of sales in December 2006 declined 19.9% as compared to December 2005. Prices were nearly flat, rising 0.5%. Because of the declining trend in the RETT collections, revenues are projected to end the year at \$62.82 million, about \$0.41 million below the budgeted \$63.23 million.

Transient Occupancy Tax (TOT)

TOT revenue came in strong in the second quarter as hotel occupancy increased. According to the Oakland Convention Visitors Bureau (OCVB), average room rates have also risen by about five percent. TOT revenue collected through the end of the second quarter was \$6.16 million, which is 4.1 percent higher than second quarter collections in FY 2005-06. The \$6.16 million represents 61.5 percent of budget. Staff project TOT revenue to end the year at \$11.56 million, \$1.55 million more than the budgeted \$10.01 million.

Carryforwards

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 2006-07, \$17.05 million in projects and encumbrances were carried forward from FY 2005-06 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.

EXPENDITURE HIGHLIGHTS

As outlined in Attachment A-2, the General Purpose Fund expenditures through the end of December totaled \$227.34 million, or 47.4 percent of the amount budgeted for FY 2006-07. Total expenditures are projected to reach \$486.6 million by year-end which is \$6.81 million over budget. The projected over-expenditure is the net result of a projected over-expenditure within Police Services of \$7.54 million, which will be partially offset by under-expenditures in other agency/departmental budgets totaling \$0.73 million.

Provided below is a discussion of the projected over-expenditure within Police Services. Other agencies/departments are not discussed as they are projected to complete the year within or under budget.

Police Services Agency

Overtime will continue to be over expended due to backfill and shift extensions. Currently, sworn officers and Sergeants are required to work an additional Patrol shift every third week. However, this does not satisfy all of the vacancies in Patrol. Sworn officers and Sergeants are also encouraged to work additional days to allow for the numerous vacancies in the Department. This is primarily due to the following:

- Salaries for the Police Officer Trainees (POT) are not budgeted in the Department's budget, therefore the cost of the those positions are absorbed by salary savings of the vacant positions for the 26 weeks of the academy and for an additional 15 weeks during field training. It should be noted that the Academy has a 36% attrition rate, wherein the POTs do not fill a sworn position at the end of the Academy and field training, yet the department has already expended funds for their salary and training.
- The Negotiated Settlement Agreement (NSA) requires that a number of sworn positions be assigned to non-patrol assignments. Consequently, additional vacancies beyond those associated with vacant positions occur in Patrol (and in the Criminal Investigation Division).

TELECOMMUNICATIONS FUND

Fund History and Purpose

The City charges franchise fees for four main utility services: cable TV, gas and electric, garbage collection, and sewers. The cable TV franchise fee revenue received by the City is split between the General Purpose Fund and the Telecommunications Fund. Revenue from the Telecommunications Fund is primarily spent on the City's telecommunication activities, with over 98 percent of revenues historically going to KTOP.

Oakland's cable television franchise was awarded to Lenfest West Inc. in 1983, and transferred to TeleCommunications, Inc. (TCI) in 1996, and then to AT&T Broadband in 1999. AT&T Broadband was subsequently purchased by Comcast.

Revenue to the Telecommunications Fund comes from quarterly payments by Comcast under terms spelled out in a contract with the City. Payments are based on the gross receipts Comcast derives from the franchise agreement. The Telecommunications Fund receives 40 percent of the cable television fees; the other 60 percent goes to the General Purpose Fund. Budgeted revenue for the Telecommunications Fund is identified in Attachment B-1.

The Telecommunication Fund has, over the years, accumulated a negative fund balance due to revenue under-collection and/or overspending. For example, the FY 2006-07 Adopted Budget estimated revenues of \$1.05 million (not including the fund transfer) and expenditures of \$2.18 million, which creates a structural deficit of \$1.38 million. As part of the FY 2005-07 Adopted Policy Budget, Council approved a rebalancing of the Fund over the next ten years. This gradual repayment of the negative balance will require contributions from the General Purpose Fund. Absent these contributions, the structural operating deficit would continue to grow.

REVENUE HIGHLIGHTS

Interest Income

The Telecommunications Fund has generated negative interest charges of \$0.05 million through the end of December 2006 due to the negative fund balance discussed above. The negative interest is projected to reach \$0.09 million by year-end.

Service Charges (Franchise Fees)

Franchise revenue received through December 31st totaled \$0.3 million of the \$1.01 million budget. Revenue activity represents only one quarter of Comcast payments, due to the approximate one-month lag in remittances. Year-end revenue is projected to reach \$1.21 million based year-to-date actual revenue and historical trends.

Miscellaneous Revenues

Miscellaneous revenues of \$0.60 million are expected from Comcast, as approved by Council (Resolution No.76872 C.M.S.), for its portion of the City's Macarthur Boulevard utility underground capital project.

EXPENDITURE HIGHLIGHTS

The FY 2006-07 budget contains appropriations for three departments within the Telecommunications Fund: City Administrator's Marketing Division (KTOP unit), Oakland Public Library, and Non-Departmental. The FY 2006-07 appropriation totals \$2.48 million, of which \$1.28 million is dedicated to KTOP for operating expenditures, \$0.06 million is allocated to the Public Library, and \$0.05 million is budgeted for Non-Departmental payments related to the Cable Franchise Contract. An additional \$1.09 million is allocated in the Capital Improvement Program for KTOP capital improvements and the City's Macarthur Boulevard utility underground capital project. A summary of the Telecommunication Fund budget is provided as attachment B-2.

Through the end of the second quarter of FY 2006-07, approximately \$0.81 million, or 32.4 percent of the approved budget had been expended. Year-end spending is projected to be \$2.15 million or \$0.33 million under budget due to discontinuing certain KTOP capital projects as a result of not getting a signed franchise agreement that was expected to support these technology improvements.

EQUIPMENT FUND

FUND HISTORY AND PURPOSE

The Equipment Fund is an Internal Service Fund. Revenue to an Internal Service Fund, in the form of charges to users, should be just sufficient to cover the cost of providing the service.

The Equipment Fund supports the maintenance and replacement of the City's motorized vehicles. The activities involved include determining fleet requirements, performing preventive maintenance and repairs, providing fuel, purchasing new and disposing of surplus vehicles. Services are provided by the Equipment Services Division within the Public Works Agency.

As described above, annual department payments to the Equipment Fund should be at a level sufficient to cover the Fund's annual costs. However, for the past several fiscal years, the Equipment Services Division's costs have exceeded actual revenues, which have resulted in an operating deficit.

The Equipment Fund's FY 2006-07 original adopted budget includes \$14.16 million in budgeted revenue and \$17.64 million in new appropriations, which would result in an operating deficit of \$3.48 million. As part of the FY 2005-07 Adopted Policy Budget, the Council approved an increase to the Equipment Fund rates, and a rebalancing of the Fund over a ten-year period to eliminate the deficit over time.

REVENUE HIGHLIGHTS

Fines & Penalties, Interest, Internal Service and Miscellaneous Revenues

Equipment Fund revenue through the second quarter was \$10.20 million, representing 63.8 percent of the FY 2006-07 budget. The subtotaled year-end revenue (excluding carryforwards) is projected to be slightly below budget due to negative interest. (Please see *Attachment C-1* for details).

Carryforward Revenue

At the end of each fiscal year, the City has many unspent appropriations that can potentially be carried forward into the next fiscal year. These exist either in projects or as non-project encumbrances. In FY 2006-07, \$13.11 million in project appropriations and non-project encumbrances were carried forward from FY 2005-06 in the Equipment Fund.

EXPENDITURE HIGHLIGHTS

The Public Works Agency spent \$14.57 million or 47.4 percent of its \$30.75 million budget in the Equipment Fund through the end of December 2006. The vast majority of these expenditures are related to the Equipment Services Division (see *Attachment C-2* for expenditure details). The department anticipates spending at budget.

The Capital Improvement Program spending to-date in the Equipment Fund is roughly \$0.26 million. However, PWA intends to spend its appropriation on lease/vehicle replacements. By year-end, the total \$2.62 million Equipment Fund's CIP budget is anticipated to be spent on vehicle lease-purchases.

FACILITIES FUND

FUND HISTORY AND PURPOSE

The Facilities Fund is an Internal Service Fund. Revenue to an Internal Service Fund, in the form of charges to users, should be just sufficient to cover the cost of providing the service.

The Facilities Fund accounts for maintenance of all City facilities which house programming and administrative staff, including the Police Administration Building, fire stations, Civic Center Complex, and various other City offices and facilities. The Fund also provides maintenance to all park facilities, including tot-lots and swimming pools. Services include janitorial, security, building design, and building retrofits to comply with applicable regulations. The services are provided by the Public Works Agency. The Fund does not support the custodial services of park and recreational facilities, senior centers, Head Start centers and libraries.

Over the past several years, the Facilities Fund, similar to the Equipment Fund (and for the same reasons), has had budgeted appropriations greater than budgeted revenues, and actual expenditures greater than actual revenues. For FY 2006-07, budgeted new revenue was \$15.44 million, while original adopted expenditures were \$22.25 million, creating an operating deficit.

To address the structural deficit, the City Council approved an increase to Facilities Fund rates, and a rebalancing of the Fund over a ten-year period as part of the FY 2005-07 Adopted Policy Budget. Without these changes, the ongoing structural deficit would be even greater.

REVENUE HIGHLIGHTS

Interest, Service Charges and Internal Service Revenues

The Internal Service (work order) revenue through the second quarter was \$4.48 million. Additionally, Service Charge revenue totaled \$0.31 million through December 2006. The PWA anticipates revenue collecting and recording the majority of revenues during the second half of the fiscal year. As a result, the subtotaled year-end revenue (excluding carryforwards) is projected to be roughly at budget, reaching \$17.97 million (see *Attachment D-1* for revenue details).

Carryforward Revenue

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. In FY 2006-07, less than \$100,000 in project appropriations and non-project encumbrances were carried forward from FY 2005-06 in the Facilities Fund. All of the carry forward is projected to be spent by year-end.

EXPENDITURE HIGHLIGHTS

Agencies within the Facilities Fund have spent \$10.39 million or 45.5 percent of its \$22.85 million adjusted budget through the end of December 2006. Over 76.7 percent of these expenditures were related to the Department of Facilities & Environment, in the Facilities Services and Park & Building Maintenance Divisions.

The Facilities Fund has only one Capital Improvement Project budgeted, a project to replace a Heating, Ventilation and Air Conditioning (HVAC) systems at one of the Edgewater buildings. This project will be completed by year-end.

Given spending to date and accounting for anticipated changes in future spending patterns, the Facilities Fund is projected to spend at budget.

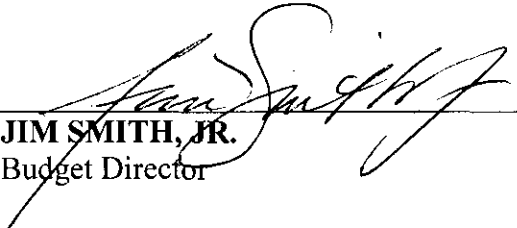
RECOMMENDATION(S) AND RATIONALE

Staff requests the City Council accept this report and provide direction for Departments that are projected to overspend per the attached Resolution (78615) adopted on June 15, 2004.

ACTION REQUESTED OF THE CITY COUNCIL


Accept this report and provide direction for Departments that are projected to overspend.

Respectfully submitted,


JIM SMITH, JR.
Budget Director

Prepared by:
Sarah Schlenk
Principal Financial Analyst

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: Telecommunications Fund Revenues*
- B-2: Telecommunications Fund Expenditures*
- C-1: Equipment Fund Revenues*
- C-2: Equipment Fund Expenditures*
- D-1: Facilities Fund Revenues*
- D-2: Facilities Fund Expenditures*
- E: Resolution to Seek Council Direction*

Item: _____
Finance & Management Committee
February 27, 2007

FY 2006-07 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2006 through December 31, 2006)
GENERAL PURPOSE FUND REVENUES (\$ in millions)

Revenue Category	FY 2005-06 2nd Qtr Adjusted Budget	FY 2005-06 2nd Qtr Actuals	FY 2005-06 Percent To Date	FY 2005-06 Year-End Actuals	FY 2006-07 2nd Qtr Adjusted Budget	FY 2006-07 2nd Qtr Actuals	FY 2006-07 Percent To Date	FY 2006-07 Year-End Estimate	Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection	Yr-to-Yr Growth Q2 to Q2
PROPERTY TAX	94.56	49.19	52.0%	105.35	\$109.14	\$55.32	50.7%	\$113.28	\$4.14	Higher assessed valuation as reported by County.	12.5%
SALES TAX	42.42	21.18	49.9%	44.87	\$44.41	\$23.92	53.9%	\$47.35	\$2.94	Strong holiday sales & continuing surge in consumer spending.	12.9%
VEHICLE LICENSE FEE (VLF) - TAX & BACKFILL	8.32	7.99	96.0%	9.44	\$2.13	\$1.60	74.8%	\$2.89	\$0.76	Strong collections.	-80.0%
BUSINESS LICENSE TAX	45.96	1.69	3.7%	43.79	\$47.80	\$1.93	4.0%	\$46.00	(\$1.80)	Based on low FY05-06 actuals; will get more info in 3Q.	14.5%
UTILITY CONSUMPTION TAX	50.20	23.74	47.3%	50.15	\$51.46	\$23.81	46.3%	\$51.46	\$0.00		0.3%
REAL ESTATE TRANSFER TAX	60.22	39.32	65.3%	79.48	\$63.23	\$30.11	47.6%	\$62.82	(\$0.41)	Slowing real estate market.	-23.4%
TRANSIENT OCCUPANCY TAX	9.82	5.92	60.3%	11.26	\$10.01	\$6.16	61.5%	\$11.56	\$1.55	Increase in occupancy & average room rates.	4.1%
PARKING TAX	8.65	4.04	46.7%	8.47	\$9.00	\$4.33	48.2%	\$9.00	\$0.00		7.2%
LICENSES & PERMITS	16.72	9.78	58.5%	18.97	\$1.30	\$0.34	26.4%	\$1.30	\$0.00		-96.5%
FINES & PENALTIES	26.58	11.08	41.7%	24.85	\$26.45	\$11.69	44.2%	\$26.45	\$0.00		5.5%
INTEREST INCOME	0.00	0.73	N/A	0.00	\$0.00	\$1.28	N/A	\$0.00	\$0.00		74.8%
SERVICE CHARGES	55.49	18.29	33.0%	60.65	\$47.28	\$14.20	30.0%	\$47.28	\$0.00		-22.4%
GRANTS & SUBSIDIES	0.00	0.40	N/A	1.68	\$0.53	\$0.07	12.3%	\$0.53	\$0.00		-83.6%
MISCELLANEOUS	4.69	0.65	13.9%	2.81	\$2.06	\$1.85	89.6%	\$2.06	\$0.00		184.3%
FUND TRANSFERS	20.13	14.10	70.0%	20.13	\$48.10	\$18.49	38.4%	\$48.10	\$0.00		31.1%
SUBTOTAL	443.76	208.10	46.9%	481.90	\$462.91	\$195.10	42.1%	\$470.09	\$7.17		-6.2%
CARRYFORWARDS & PRIOR YEAR ENCUMBRANCES					\$17.05	\$10.76	63.2%	\$17.05	\$0.00		N/A
TOTAL	0.00	0.00	46.9%	481.90	\$479.96	\$205.86	42.9%	\$487.13	\$7.17		-1.1%

FY 2006-07 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2006 through December 31, 2006)
GENERAL PURPOSE FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2005-06 2nd Qtr Adjusted Budget	FY 2005-06 2nd Qtr Actuals	FY 2005-06 Percent To Date	FY 2005-06 Year-End Actuals	FY 2006-07 2nd Qtr Adjusted Budget	FY 2006-07 2nd Qtr Actual Spending	FY 2006-07 Percent To Date	FY 2006-07 Year-End Estimate	Year-End \$ (Over) / Under	Explanation of (Overspending) / Savings
MAYOR	2.09	0.89	42.6%	1.61	\$2.33	\$1.03	44.4%	\$2.33	\$0.00	Mayor's Office is expected to spend at budget.
CITY COUNCIL	2.79	1.59	57.0%	2.63	\$4.92	\$2.30	46.8%	\$4.92	\$0.00	Council is expected to spend at budget.
CITY ADMINISTRATOR	8.78	4.14	47.2%	8.26	\$9.37	\$4.41	47.0%	\$9.37	\$0.00	CAO is expected to spend at budget.
CITY CLERK	2.54	0.83	32.7%	1.60	\$2.80	\$1.34	48.0%	\$2.66	\$0.14	Savings are due to vacancies in the City Clerk's Office.
CITY ATTORNEY	8.62	4.21	48.8%	8.90	\$8.75	\$4.21	48.1%	\$8.75	\$0.00	City Attorney is expected to spend at budget.
CITY AUDITOR	1.21	0.70	57.9%	1.14	\$1.29	\$0.44	34.2%	\$1.11	\$0.18	Savings are due to vacancies in the first six months.
FINANCE & MANAGEMENT	33.19	16.61	50.0%	32.80	\$37.02	\$17.65	47.7%	\$37.02	\$0.00	FMA is expected to spend at budget.
POLICE SERVICES	170.21	86.49	50.8%	180.06	\$187.79	\$96.93	51.6%	\$195.32	(\$7.54)	OPD is expected to overspend primarily due to overtime costs.
FIRE SERVICES	103.13	50.73	49.2%	102.28	\$105.44	\$50.61	48.0%	\$105.44	\$0.00	Fire Department is expected to spend at budget.
MUSEUM (CULTURAL ARTS)	5.74	2.86	49.8%	5.91	\$6.13	\$3.00	49.0%	\$6.13	\$0.00	The Museum is expected to spend at budget.
LIBRARY SERVICES	11.68	5.68	48.6%	11.27	\$12.38	\$6.12	49.5%	\$12.38	\$0.00	The Library is expected to spend at budget.
PARKS & RECREATION	13.50	6.73	49.9%	12.79	\$13.53	\$7.25	53.6%	\$13.53	\$0.00	OPR is expected to spend at budget.
HUMAN SERVICES	6.62	2.98	45.0%	5.77	\$7.88	\$3.16	40.2%	\$7.88	\$0.00	DHS is expected to spend at budget.
COMM & ECON DEVELOPMENT	25.21	11.93	47.3%	22.18	\$5.40	\$2.43	45.1%	\$5.40	\$0.00	CEDA is expected to spend at budget.
PUBLIC WORKS	2.68	0.91	34.0%	1.59	\$4.13	\$1.00	24.1%	\$3.72	\$0.41	PWA is expected to underspend its budget because of salary savings.
NON-DEPARTMENTAL	58.22	22.31	38.3%	59.29	\$64.19	\$25.31	39.4%	\$64.19	\$0.00	Non-Departmental is expected to spend at budget.
SUBTOTAL	0.00	0.00	48.1%	458.10	\$473.35	\$227.21	48.0%	\$480.16	(\$6.81)	
CAPITAL IMPROVEMENT PROGRAM	0.78	0.14	15.5%	0.37	\$6.44	0.12	1.9%	\$6.44	\$0.00	Capital balances will be spent or carried forward.
TOTAL	\$414.42	\$207.41	50.0%	458.47	\$479.79	\$227.34	47.4%	\$486.60	(\$6.81)	

Revenue Category	FY 2005-06 2nd Qtr Adjusted Budget	FY 2005-06 2nd Qtr Actuals	FY 2005-06 Percent To Date	FY 2005-06 Year-End Actuals	FY 2006-07 2nd Qtr Adjusted Budget	FY 2006-07 2nd Qtr Actuals	FY 2006-07 Percent To Date	FY 2006-07 Year-End Estimate	Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection
INTEREST INCOME	0.00	(0.03)	N/A	(0.07)	0.00	(0.05)	N/A	(0.09)	(0.09)	Straightline; Due to negative FB.
SERVICE CHARGES	0.99	0.28	28.3%	1.15	1.01	0.30	29.9%	1.21	0.20	Franchise Fee Revenue (40%); Straightline based on 1 qtr of actual.
MISCELLANEOUS	0.80	0.00	0.0%	0.20	0.04	0.02	44.3%	0.64	0.60	Includes Comcast reimb for MacArthur Underground project.
FUND TRANSFERS	0.15	0.07	46.7%	0.15	0.29	0.14	50.0%	0.29	0.00	Assume 100% for transfers.
TOTAL	1.94	0.32	16.5%	\$1.44	\$1.34	\$0.42	31.3%	\$2.04	\$0.70	

FY 2006-07 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2006 through December 31, 2006)
TELECOMMUNICATIONS FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2005-06 2nd Qtr Adjusted Budget	FY 2005-06 2nd Qtr Actuals	FY 2005-06 Percent To Date	FY 2005-06 Year-End Actuals	FY 2006-07 2nd Qtr Adjusted Budget	FY 2006-07 2nd Qtr Actual Spending	FY 2006-07 Percent To Date	FY 2006-07 Year-End Estimate	Year-End \$ (Over) / Under	Explanation of (Overspending) / Savings
CITY ADMINISTRATOR	1.22	0.67	54.9%	1.36	1.28	0.72	56.5%	1.43	(0.15)	Overspending due to personnel.
LIBRARY SERVICES	0.05	0.02	41.6%	0.05	0.06	0.02	28.3%	0.05	0.01	Based on historical spending.
NON-DEPARTMENTAL	0.05	0.01	0.0%	0.01	0.05	0.07	130.7%	0.07	(0.02)	Assume nothing more spent.
SUBTOTAL	1.32	0.70	53.1%	1.42	1.39	0.81	58.0%	1.55	(0.16)	
CAPITAL IMPROVEMENT PROGRAM	1.66	0.24	14.5%	0.47	1.09	0.00	0.0%	0.60	0.49	Assume KTOP CIP will not be spent; no revenue to support.
TOTAL	\$2.98	\$0.94	31.6%	1.88	\$2.48	\$0.81	32.4%	\$2.15	\$0.33	

FY 2006-07 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2006 through December 31, 2006)
EQUIPMENT FUND REVENUES (\$ in millions)

Revenue Category	FY 2005-06 2nd Qtr Adjusted Budget	FY 2005-06 2nd Qtr Actuals	FY 2005-06 Percent To Date	FY 2005-06 Year-End Actuals	FY 2006-07 2nd Qtr Adjusted Budget	FY 2006-07 2nd Qtr Actuals	FY 2006-07 Percent To Date	FY 2006-07 Year-End Estimate	Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection
FINES & PENALTIES	0.10	0.03	30.8%	0.04	0.10	0.00	3.9%	0.01	(0.09)	Fines and penalties are anticipated at a lesser rate.
INTEREST INCOME	0.00	(0.03)	N/A	(0.03)	0.00	(0.07)	N/A	(0.14)	(0.14)	Negative interest is anticipated at the same rate throughout the year.
INTERNAL SERVICE	13.74	6.87	50.0%	13.70	15.58	10.27	65.9%	15.58	0.00	Internal revenues are anticipated at budget.
MISCELLANEOUS	0.32	0.01	3.1%	0.13	0.32	0.00	0.2%	0.32	0.00	Miscellaneous charges are anticipated at budget.
SUBTOTAL	\$14.16	\$6.88	48.6%	13.84	16.00	10.20	63.8%	15.76	(0.23)	
CARRYFORWARDS & PRIOR YEAR ENCUMBRANCES					13.11	8.63	65.8%	13.11	0.00	
TOTAL	\$14.16	\$6.88	48.6%	\$13.84	\$29.11	\$18.83	64.7%	\$28.87	(\$0.23)	

FY 2006-07 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2006 through December 31, 2006)
EQUIPMENT FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2005-06 2nd Qtr Adjusted Budget	FY 2005-06 2nd Qtr Actuals	FY 2005-06 Percent To Date	FY 2005-06 Year-End Actuals	FY 2006-07 2nd Qtr Adjusted Budget	FY 2006-07 2nd Qtr Actual Spending	FY 2006-07 Percent To Date	FY 2006-07 Year-End Estimate	Year-End \$ (Over) / Under	Explanation of (Overspending) / Savings
PUBLIC WORKS	29.01	9.10	31.4%	15.42	28.13	13.40	47.6%	28.13	0.00	PWA is expected to spend its budget or carry any balance into next year.
FINANCE & MANAGEMENT	0.00	0.00	N/A	-0.04	0.00	0.91	N/A	0.00	0.00	FMA is expected to review current charges to fund.
CAPITAL IMPROVEMENT PROGRAM	2.68	0.00	0.0%	0.00	2.62	0.26	10.0%	2.62	0.00	CIP budget expected to be spent.
TOTAL	31.69	9.10	28.7%	15.42	30.75	14.57	47.4%	30.75	0.00	

FY 2006-07 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2006 through December 31, 2006)
FACILITIES FUND REVENUES (\$ in millions)

Revenue Category	FY 2005-06 2nd Qtr Adjusted Budget	FY 2005-06 2nd Qtr Actuals	FY 2005-06 Percent To Date	FY 2005-06 Year-End Actuals	FY 2006-07 2nd Qtr Adjusted Budget	FY 2006-07 2nd Qtr Actuals	FY 2006-07 Percent To Date	FY 2006-07 Year-End Estimate	Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection
INTEREST INCOME	0.00	0.00	N/A	(0.47)	0.00	(0.39)	N/A	(0.79)	(0.79)	Negative interest is anticipated at the same rate throughout the year.
SERVICE CHARGES	0.48	0.04	8.3%	0.49	0.61	0.31	51.3%	0.62	0.02	Services charges are anticipated at budget.
INTERNAL SERVICE	14.96	7.49	50.1%	15.02	17.71	4.48	25.3%	17.71	0.00	Internal revenues are anticipated at budget.
OPERATING TRANSFERS IN					0.42	0.00	0.0%	0.42	0.00	
SUBTOTAL	15.44	7.53	48.8%	15.04	18.74	4.39	23.5%	17.97	(0.77)	
CARRYFORWARDS & PRIOR YEAR ENCUMBRANCES					0.07	0.00	0.0%	0.07	0.00	
TOTAL	\$15.44	\$7.53	48.8%	\$15.04	\$18.81	\$4.39	23.4%	\$18.04	(\$0.77)	

FY 2006-07 REVENUE AND EXPENDITURE ANALYSIS
Through Second Quarter (July 1, 2006 through December 31, 2006)
FACILITIES FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2005-06 2nd Qtr Adjusted Budget	FY 2005-06 2nd Qtr Actuals	FY 2005-06 Percent To Date	FY 2005-06 Year-End Actuals	FY 2006-07 2nd Qtr Adjusted Budget	FY 2006-07 2nd Qtr Actual Spending	FY 2006-07 Percent To Date	FY 2006-07 Year-End Estimate	Year-End \$ (Over) / Under	Explanation of (Overspending) / Savings
PUBLIC WORKS	24.13	11.90	49.3%	25.48	22.66	10.39	45.9%	\$22.66	0.00	PWA is expected to spend its budget or carry any balance into next year.
POLICE	0.00	0.00	N/A	0.00	0.12	0.01	9.3%	0.12	0.00	OPD will exhaust its budget.
CAPITAL IMPROVEMENT PROGRAM	0.15	0.04	26.7%	0.07	0.08	0.00	0.0%	0.08	0.00	CIP budget is expected to be spent.
TOTAL	\$24.28	\$11.94	49.2%	25.55	\$22.85	\$10.39	45.5%	\$22.74	\$0.00	

OAKLAND CITY COUNCIL

REVISED

FILED
OFFICE OF THE CITY CLERK
OAKLAND

Resolution No. 78615 = C.M.S.



2004 JUN -3 PM 7:45

RESOLUTION REQUIRING THE CITY ADMINISTRATOR TO SEEK CITY COUNCIL DIRECTION ON PROJECTED YEAR-END OVERSPENDING OF ANY CITY AGENCY / DEPARTMENT, AS REFLECTED IN QUARTERLY REVENUE AND EXPENDITURE REPORTS

WHEREAS, the City Council adopts a biennial budget of the City of Oakland, including specific appropriations for all City agencies / departments; and

WHEREAS, the City's budget, including individual appropriations of City agencies / departments is adjusted throughout the fiscal year, as a result of appropriating new revenues, accepting grants, transferring programs, and utilizing previously appropriated but unspent project and encumbrance carryforwards; and

WHEREAS, the City Administrator's Budget Office reports quarterly to the City Council on the year-to-date and projected year-end revenue collection and spending by City agencies / departments, in the General Purpose Fund, Telecommunications Fund, Contract Compliance Fund, Equipment Fund, and Facilities Fund; and

WHEREAS, the Budget Office's quarterly reports indicate whether overspending is projected by year-end for any City agencies / departments, and whether such projected overspending will be covered by savings in other agencies / departments, or through additional revenues; now, therefore, be it

RESOLVED: that the City Administrator seek City Council direction if the Budget Office's quarterly reports for the General Purpose Fund project overspending (from the current Adjusted Budget) by year-end in any agency / department of the City, even though such overspending may be covered by savings or additional revenues outside of the agency / department; and be it further

RESOLVED: that the City Council may direct the City Administrator to reduce the rate of spending in particular City agencies / departments to minimize or avoid year-end overspending; the City Council may request specific cost-cutting measures or leave it to the City Administrator's discretion; and be it further


RESOLVED: that the City Administrator return to the City Council with a report on the specific measures put in place in order to minimize or avoid year-end overspending in the specific agencies / departments as requested by the Council, and the outcomes of such measures.

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 15 2004, 2004

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, REID, QUAN, WAN, AND
PRESIDENT DE LA FUENTE 8

NOES- 0
ABSENT- 0
ABSTENTION- 0

ATTEST: 
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California