

**REDEVELOPMENT AGENCY
AND THE CITY OF OAKLAND
AGENDA REPORT**

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Budget Office
DATE: May 29, 2008

RE: **The Mayor's FY 2008-09 Midcycle Budget Changes for the City of Oakland and the Oakland Redevelopment Agency**

SUMMARY

The purpose of this report is to provide City Council with information on projected revenues and expenditures for FY 2008-09 for the City of Oakland and Oakland Redevelopment Agency as part of the Midcycle Budget Review and adjustment process.

Included with this report are the following sections and supplemental materials:

1. FY 2008-09 Midcycle amendments to the *City of Oakland* budget.
 - o Summary of proposed changes to City revenues (Exhibits A-1 and A-2).
 - o Summary of proposed changes to City expenditures (Exhibits B-1 through B-3).
 - o Summary of proposed changes to City expenditures and revenues for Other Funds (Exhibit C-1).
2. FY 2008-09 Midcycle amendments to the *Oakland Redevelopment Agency* (ORA) budget¹.
 - o Summary of changes to ORA expenditures (Exhibits D-1 and D-2).
3. FY 2008-09 Appropriations Limit (Exhibits E-1 and E-2).

FISCAL IMPACT

The General Purpose Fund (GPF) is proposed to decrease from the original FY 2008-09 Adopted Budget by \$14.41 million. All other funds are proposed to decrease by \$0.98 million for a total City budget reduction of \$15.39 million in expenditures. The ORA budget is proposed to decrease by \$5.0 million.

¹ Two recent changes occurred to the City's budget that will impact ORA, but have not been included in Exhibit D-1: 1) approval of the Misdemeanor Prosecution Program, and 2) personnel savings generated by the 12-day shutdown of non-essential services. The net result will be a shift of \$365,000 from personnel accounts to Operations & Maintenance.

Item: _____
Special City Council
May 29, 2008

KEY ISSUES AND IMPACTS

REVENUES

Changes to the revenue projections between the original Adopted Budget and the updated Midcycle Amended Budget are summarized in Exhibit A-1.

Summary of Major Changes to General Purpose Fund Revenues

General Purpose Fund revenues are proposed to decrease by \$14.41 million in the FY 2008-09 Midcycle Budget, from the original Adopted Budget (see Exhibit A-1 for details). This is a decrease of approximately three percent, from \$491.07 million to \$476.66 million. Exhibit A-2 compares FY 2007-08 3rd quarter projected revenues for the GPF to the midcycle projections, and identifies the rationale used in calculating the FY 2008-09 Midcycle proposed revenues. Changes are also discussed below, by revenue type:

Property Tax revenue for the original FY 2008-09 Adopted Budget was \$128.81 million. The FY 2008-09 Midcycle Budget projection is increasing to \$136.31 million to reflect the increased assessed valuation within the City and new units entering the market. This projection is based on a three-year average historical growth rate of 7.9% over the FY 2007-08 year-end forecast of \$126.34 million.

The rate of foreclosures is a concern throughout the county. However, there are some factors that will serve to minimize the impact. Rising foreclosures primarily affect purchasers from two years ago, and not the bulk of existing homeowners. The impact on the City budget is further minimized since foreclosures do not automatically result in lower reappraisals and non-payment of property tax. Reappraisals are performed only if the buyer applies for reappraisal, and then the property is appraised at current fair market value, not to the discounted purchase price. Similarly, appeals for reappraisal primarily affect purchasers from two years ago who purchased during the housing peak.

Sales Tax revenue is projected to be \$51.80 million for FY 2008-09 Midcycle Budget. This is an increase of \$1.16 million over the original FY 2008-09 Adopted Budget for Sales Tax revenue. The projection is based on a historical growth rate of 5.8% over the FY 2007-08 year-end forecast of nearly \$49 million. Despite depressed sales of other goods and services, continued rising oil prices are expected to provide a net increase in overall sales tax revenues. The escalating gasoline price trend shows no sign of abating due to a weak dollar, low oil production, and world demand for oil. The Federal Reserve Bank intervention will continue to stimulate the economy, including federal stimulus check payments, lowering of Federal Funds rate, and other actions designed to create a "soft landing for the economy". Additionally, economic forecasters expect a recovery in the second half of 2008.

Vehicle License Fee revenue is projected to decrease from the original FY 2008-09 Adopted Budget of \$3.20 million to \$1.95 million for the FY 2008-09 Midcycle Budget. Several factors

have negatively impacted this revenue since the FY 2007-09 budget adoption. Auto sales and new auto sales registrations are lagging, which are large components of the license fee. Additional negative factors include the Department of Motor Vehicle substantially increasing their administrative fees, and a shifting of VLF revenues to newly incorporated cities and cities with annexed areas.

Business License Tax revenue is projected to increase in FY 2008-09, from \$49.14 million to \$53.76 million. The growth rate was based on a 7.7% growth rate over the FY 2007-08 year-end forecast of \$49.92 million. This growth rate assumption was based on the revenue's historical growth patterns, as well as on the exceptionally productive revenue compliance and collection efforts during FY 2006-07.

Utility Consumption Tax revenue is projected to increase slightly from the original FY 2008-09 Adopted Budget of \$52.8 million to \$54.0 million. This is a 1.8% increase over FY 2007-08 year-end projection of \$53.1 million based on a historical growth rate and continued increases in energy costs.

Real Estate Transfer Tax (RETT) revenue in FY 2008-09 is expected to decrease substantially by \$25.72 million, to \$44.86 million from the original FY 2008-09 Adopted Budget estimate of \$70.58 million. This midcycle adjustment is due primarily to a major downturn in RETT collections. The adjustment is also based on a growth rate of 10.5% over the FY 2007-08 year-end forecast of \$40.60 million. Growth in FY 2008-09 is based on new developments that are expected to create new housing units that will be sold either through regular sale or auction. Despite tightening credit standards, lower interest rates will contribute toward the sale of these new units.

Fines & Penalties are expected to be flat for FY 2008-09, except for the removal of budgeted revenue for the Vehicle Seizure Program (\$0.41 million). An equal amount has been reduced on the expenditure side from the City Attorney's Office and Police Services. This change lowers the FY 2008-09 Midcycle Budget to \$27.33 million.

Interest Income revenue of \$2.0 million has been included for the FY 2008-09 Midcycle Budget. Interest earnings depend on a variety of factors, including the funds available for investments, the level of interest rates, and cash flow status of all the City's funds.

Service Charges revenue for FY 2008-09 Midcycle Budget is proposed to decrease by \$4.82 million to \$47.64 million. This decrease is due to a change in the state policy for booking fee reimbursement and cessation of reimbursements from the Port of Oakland for Police services (both items were also adjusted on the expenditure side).

Miscellaneous Revenue is projected to increase slightly from the original FY 2008-09 Adopted Budget by \$0.3 million. The increase is due to an increase in the loan repayment from Oak Center Redevelopment Project.

Fund Transfers are increasing by \$1 million due to the one-time transfer of funds from the Unclaimed Cash Fund (7440).

EXPENDITURES

Exhibit B-1 identifies proposed changes by Agency/Department, for both the GPF and All Funds. The FY 2008-09 Midcycle Budget proposes a decrease of \$14.41 million within the General Purpose Fund and a \$15.39 million decrease within All Funds. In general, expenditure assumptions and authorizations approved as part of the FY 2007-09 Adopted Budget have been retained. However, there is an increase in retirement rates, which affects all funds with budgeted personnel.

Summary of Major Changes to General Purpose Fund Expenditures

Due to the projected decrease in revenues, each Agency/Department was asked to provide 3% cost reduction or revenue enhancement proposals. The proposals that were accepted by the Mayor and City Administrator are incorporated in this report and exhibits. GPF expenditures decreased by \$14.41 million, from \$491.07 million to \$476.66 million, resulting in a balanced GPF midcycle budget. This includes a net reduction of almost seventeen (17) positions within the GPF (several positions are transfers to other funds). The retirement rate increase resulted in a GPF impact of approximately \$1.4 million.

During the April 24, 2008 Special City Council meeting report on Preliminary Changes to FY 2008-09 Midcycle Budget, staff presented a remaining shortfall of \$6.77 million. Since that report, additional program changes increased the deficit \$0.84 million. In order to close the gap, the Mayor is proposing three actions:

1. A one-time \$1 million transfer from the Unclaimed Cash Fund (7440).
2. A 12-day scheduled shutdown of non-essential City services – savings totaling \$4.44 million.
3. A selective increase in the vacancy (attrition) rate of 2 percent, for a total of 6 percent (GPF only) – savings totaling \$2.17 million.

Explanations of the major proposed GPF expenditure and position changes are provided in Exhibit B-2 and discussed below by Agency/Department.

City Administrator's Office has been reduced by \$0.51 million as the result of downgrading several positions, eliminating one position, transferring 0.50 full time equivalent positions (FTEs) to ORA, and a reduction in various operating and maintenance (O&M) accounts. The remaining reduction is the result of the 12-day shutdown of non-essential services.

City Attorney's Office is decreasing by \$0.81 million from the elimination of 1.35 Deputy City Attorney FTEs and the elimination of the Vehicle Seizure Program budget (which is offset with a revenue reduction). The balance of the reduction is due to the 12-day shutdown of non-essential services.

Finance & Management Agency has a net decrease of \$1.40 million. This is mostly the result of the 12-day shutdown of non-essential services and increased vacancy rate. Other changes include various position downgrades, transferring 1.15 FTEs to other funds and reducing O&M. These reductions are offset by an increase in appropriations for the Council approved Jack London Residential Parking Permit Program (supported with program revenue).

Department of Information Technology is decreasing by \$0.88 million mostly due to the elimination of three vacant positions, the 12-day shutdown of non-essential services and the increased vacancy rate. Additionally, two positions are transferred to the Office of Parks & Recreation. These decreases are partially offset with the cost to reclassify several positions and the maintenance cost for the 311 system.

Police Services Agency has been reduced by \$3.69 million. This is the net result of several changes, but mostly due to the transfer of fourteen (14) positions to ORA to implement the Redevelopment Agency Police and Public Safety Program in FY 2008-09. These positions were previously assigned to the Port of Oakland and the cost was reimbursed to the City from the Port. This action is consistent with the report and Resolution No. 2007-0075, C.M.S. adopted by the Agency on November 6, 2007. Other changes include the reduction of the Vehicle Seizure Program budget (which is offset with a revenue reduction), the additional cost to move the cost of living adjustment from January 2009 to July 2008 per the recent labor arbitration ruling, and a reduction of the booking fees account (partially offset with a reduction in revenue). Finally, the 12-day shutdown and increased vacancy rate was applied to non-sworn positions.

Fire Services Agency is proposed to decrease by \$3.22 million. Savings is expected in various personnel and O&M categories based on historical spending, as well as savings from the 12-day shutdown and increased attrition rate for non-sworn positions.

The Museum is decreasing by \$0.44 million due to the elimination of 1.56 FTEs and holding another position vacant for ten months, in addition to the savings from the 12-day shutdown of non-essential services and increased vacancy rate.

Library Services is reduced by \$0.97 million as the result of eliminating 3.95 FTEs, reducing the electronic media budget, and the 12-day shutdown of non-essential services and increased vacancy rate.

Office of Parks & Recreation is decreasing by \$0.43 million mostly due to the 12-day shutdown of non-essential services and increased vacancy rate. This is partially offset by the transfer of two positions from the Department of Information Technology and other miscellaneous personnel changes.

Department of Human Services has been reduced by a net \$0.30 million. The career academies contract is reduced by \$0.10 million (leaving \$0.20 million) and the Pathways to Change contract

is reduced by \$0.10 million (leaving \$0.10 million, in excess of Measure Y support). Funding is also reduced as a result of the 12-day shutdown of non-essential services and increased vacancy rate.

Public Works Agency is reduced by \$0.14 million mostly due to the savings from the 12-day shutdown of non-essential services and increased attrition rate. Additionally, a reduction of 1.5 FTEs is partially offset by the cost to implement the goose management system (including 0.50 FTE).

Community & Economic Development Agency is increasing by \$0.14 million mostly due to the appropriation of rent arbitration expenditures (including 1.0 FTE) related to the fee increase approved by City Council on October 16, 2007 (Resolution No. 12833 C.M.S.). This is partially offset by a decrease in O&M and the 12-day shutdown of non-essential services and increased attrition rate.

Non-Departmental is reduced by \$1.41 million. There is an increase in the overhead recovery amount due to personnel changes in other funds. The Kids First! transfer is increased based on the true-up presented during the April 24, 2008 Special City Council meeting. Funding for the second year of the seismic retrofit program is eliminated. As of May 13, 2008, less than \$64,000 of the FY 2007-08 \$0.50 million allocation for the seismic retrofit program had been expended. Half of the cost (updated, see Attachment A for details) of the Misdemeanor Violation Prosecution Program is included as a set-aside in Non-Departmental. The other half is proposed to be funded from the ORA. More details on the Non-Departmental budget and changes are provided in Exhibit B-3.

Summary of Major Changes to Other Funds (by Fund)

Exhibit C-1 provides detail of proposed adjustments to Other (non-GPF) Fund revenues, expenditures and FTEs. A net decrease in Other Funds expenditures is proposed totaling \$0.98 million. Funds with major changes are discussed below.

Kids First! Fund (1780) is increasing by \$0.38 million due to the true-up for actual unrestricted General Purpose Fund (GPF) revenues received in FY 2005-06 and FY 2006-07 totaling \$0.65 million. This amount is partially offset with a downward adjustment of \$0.27 million to the FY 2008-09 transfer from the GPF due to a projected reduction in unrestricted revenues. The additional funds will be used for contracts or grants for children and youth services.

HUD-CDBG Grant Fund (2108) grant revenue has been reduced by \$0.32 million. Additionally, the housing market slowdown has reduced program income derived from loan repayments by \$1.5 million, for a total CDBG-related revenue reduction of \$1.82 million. The shortfall in revenues is proposed to be funded mostly by one-time carryforward project balances. This use of one-time sources will resolve the deficit for FY 2008-09, but more permanent changes will have to be implemented for the FY 2009-11 budget.

HUD-Home Grant Fund (2109) grant revenue has similarly been reduced by \$0.17 million with program income projected to decrease by \$0.50 million for a total FY 2008-09 reduction of \$0.67 million. Appropriations have been reduced for O&M and loan programs to offset the reduction in the grant. The reduction in program income is proposed to be funded mostly by one-time carryforward project balances.

Department of Justice Grant Fund (2112) has been increased to allocate two grants: 1) the Weed and Seed Program grant totaling \$0.15 million; and 2) a one-time grant from Congresswoman Barbara Lee's office for the Radical Roving Program totaling \$0.24 million. Both grants will be used for part-time staff and operating costs.

Workforce Investment Act (WIA) Fund (2195) is reduced by \$0.47 million. This is the net result of a decrease in the WIA grant amount of \$0.49 million and an increase in EZ voucher revenue of \$0.03 million from the proposed fee increase. The grant reduction is proposed to be offset with a reduction in O&M and in the third party contract budget. The EZ voucher revenue will be used to cover current costs of the program.

Measure B – ACTIA Fund (2211) is increasing by \$0.19 million to account for the addition of a Transportation Engineer position (1.0 FTE) to support various transportation projects within CEDA. Ongoing Measure B revenue is expected to support the position.

Development Services Fund (2415) has a net increase of \$0.27 million in expenditures due to budgeting for prior year permit refunds totaling \$1.5 million. This increase is partially offset by a decrease in projected permit activity (approximately \$1 million) due to a slowdown in new projects. This amount is further offset by the 12-day shutdown of non-essential services.

Sewer Service Fund (3100) revenue is increasing by \$0.16 million as a result of proposed new fees to offset the cost of surveying services and engineering review of development projects. Expenditures are proposed to decrease due to the 12-day shutdown of non-essential services.

Police & Fire Retirement System Fund (7100) is increasing by almost \$3.17 million as a result of budgeting for the investment consulting fees.

Oakland Redevelopment Agency Fund (7780) is increasing by \$1.01 million mostly due to the addition of several positions to support redevelopment projects and the set-aside of funds to support capital projects. Additionally, \$0.29 million is set-aside for half the cost (updated, see Attachment A for details) of the Misdemeanor Violation Prosecution Program.

OTHER OUTSTANDING ISSUES

1. Over the past several years, the General Purpose Fund has subsidized the Landscaping and Lighting Assessment District (LLAD). In FY 2005-06, \$3.0 million was transferred to

Item: _____
Special City Council
May 29, 2008

LLAD from the GPF. That number grew to \$4.3 million during FY 2006-07 and then dropped back down to \$3.5 million for FY 2007-08. If the proposed LLAD increase fails, there will be an approximate \$9.8 million shortfall in the FY 2008-09 budget, which will necessitate substantial program cuts or another subsidy from the GPF. The outcome of the LLAD vote will be made public June 6, 2008.

2. The Governor's recently released May Revision of the State's 2008-09 budget continued to focus on the budget deficit, which is now estimated to be \$17.2 billion. The proposed budget continues to spare city governments from any large cuts; or borrow local tax funds. To close the budget gap, the Governor affirmed many of his 10 percent across the board cuts proposed in January, and has also proposed a creative solution involving the sale of State Lottery revenue stream as a new source of State revenue. The Governor has a backup plan to close the budget deficit in case revenues fall short and the lottery revenue sale does not get approved; which is to raise sales tax. The State will ask voters in November to allow the State to sell future lottery revenue stream for a one time payment to the State of \$15 billion. If voters do not approve this proposal, a temporary 1 percent sales tax increase would be triggered for three years. Those city programs and state funding that may be impacted by the Governor's proposed 2008-09 May Revised budget are as follows:

- A large portion of the ten percent cuts are going to be made in the areas of health and human services, which puts a number of grants currently received by the Department of Human Services at risk for cuts such as the Linkages and Multi-Purpose Senior Services Programs.
- Citizens Option for Public Safety (COPS) program funding is expected to be impacted by the Governor's 10 percent across the board cut, decreasing funding on the approximately \$700,000 collected by the City of Oakland.
- Proposition 42, Transportation Congestion Improvement Act, is slated for full funding in FY 2008-09 estimated at \$1.485 billion. This funding would allocate \$594.2 million for the State Transportation Improvement Program (STIP), \$297.1 million to counties, \$297.1 million to cities and \$297.1 million to the Public Transportation Account.
- Highway User Tax payments for local streets and roads are expected to be delayed. The State will withhold the standard excise payments to local governments from April through August, and will then provide the entire lump sum in September. Oakland will be impacted by a delay in receiving \$3.3 million, but the Governor intends to continue to fully fund the program.
- The January budget proposed State Mandated Reimbursement payments to local governments as part of the repayment of mandates for costs incurred prior to July 1, 2004. The May Revised budget defers this \$75 million in state mandated repayments.

In summary, compared to many other portions of the budget, it does not appear that cities are seriously affected by large State cuts, since the proposed budget continues to support various city programs and does not borrow cities' share of property taxes.

2. City's status in meeting the requirements under Government Accounting Standards Board (GASB) Statement No. 45-Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions, OPEB. The Milliman report calculated the total Annual Required Contribution (ARC) at \$53 million, \$49 million, and \$33 million based on the different interest rates.
3. The Equipment Fund and Facilities Fund both have substantial negative fund balances. Reallocating internal service charges based on actual usage and increasing internal service rates to eliminate the negative fund balance and to build up a positive fund balance will negatively impact the GPF. The estimated *minimum* cost to the GPF, if proposed changes are implemented at FY 2008-09 Midcycle, is \$3.5 million for the Facilities Fund and \$0.15 million for the Equipment Fund. Additionally, these estimates do not include the cost for vehicle replacement, which is currently unfunded.

OAKLAND REDEVELOPMENT AGENCY (ORA)

The ORA budget is decreasing by \$5.0 million (see Exhibit D-1 for details) from \$213.4 million in the original Adopted FY 2007-09 Budget to \$208.4 million in the Proposed FY 2008-09 Midcycle Budget primarily due to a decrease in land sale proceeds. ORA is proposing the following categories of midcycle changes (details are provided below by project area):

1. Addition of 10.82 FTEs (see Exhibit D-2);
2. Re-programming of funds from completed projects;
3. Reductions and transfers between related funds within a single redevelopment area to offset delays in the revenues.

Summary of Changes to the Oakland Redevelopment Agency (ORA) Budget

Central District: There is a net decrease of 1.18 FTE in the Central District Project Area. One position is moved to the Development Service Fund to provide entitlement expertise, and 0.90 FTE is transferred to Central City East to support land acquisition efforts. These personnel changes result in a savings of \$0.09 million to the fund balance.

Other proposed changes include reductions and transfer of funds in the related Operating Fund and Unrestricted Land Sale Proceeds Fund due to close out of completed projects and programs and delays in the sale of Uptown Phase II due to a slow down in the housing market. The Central District is also realizing revenue from Forest City bond administrative fees in the amount of \$0.20 million. Of this, \$0.10 million will be passed through to the City for their administrative costs in the Treasury Division.

Coliseum: There is a net increase of 3.52 FTEs totaling \$0.45 million. Positions are added to focus on developing the office and retail sectors, and to support permit inspections. Also, several positions are added to the Redevelopment Director's office and allocated in fractional amounts to

the major projects areas, of which the Coliseum Area is one. The additional positions will be paid for by an equivalent reduction in O&M costs.

Other proposed changes in Coliseum include deletion of completed projects (Zhone Technology, Airport Access and International Boulevard Projects) and re-programming those funds to the Railroad Avenue Projects in the amount of \$0.88 million.

Acorn: There are no position changes in the Acorn Project Area. There is a \$1,731 increase due to increases in the City's retirement rate. A corresponding amount of O&M costs will be reduced.

Stanford/Adeline: Like Acorn, there are no position changes in the Stanford-Adeline Project Area except for an increase in the City's retirement costs of \$153. This minor amount will be offset by a transfer from fund balance.

Oak Center: There are no position changes as there is no staff allocated to Oak Center Project Area. The budget for Oak Center does increase by \$300,000, representing an increase to the repayment to the City. This increase will be covered by a transfer from the Oak Center Project Area fund balance.

Broadway/MacArthur/San Pablo: There is an increase of 1.45 FTE totaling \$0.29 million in personnel and overhead costs. One additional Police Officer is added due to the full implementation of the Police and Public Safety Program. A 0.25 FTE Student Trainee is added to assist with the expanded redevelopment projects and programs from the new bond funding.

Oakland Army Base: The Army Base is increasing by 1.00 FTE, from 5.65 in the original Adopted Budget to 6.65 in this Proposed Midcycle Budget for FY 2008-09. This is due to the addition of a position that had previously been assigned to the Oakland Base Reuse Authority. This position will work on the Auto Mall Development and Disposition Agreements and preparation of the Auto Mall site.

Central City East: There is a net increase of 3.48 FTEs amounting to a Personnel/Overhead cost increase of \$0.58 million. This increase includes transfer of 0.90 FTE from the Central District Project Area to assist in land acquisition efforts and a transfer of 0.50 FTE of a Project Manager position from Development Service Fund to support the overall increase in activity.

West Oakland: West Oakland's positions are proposed to increase by 1.25 FTE. Positions are added to deal with the increased activity, in the form of utility undergrounding, streetscape projects along Martin Luther King and Peralta Streets, tree planting projects, and grant applications. The West Oakland Project Area Committee requested additional staff support.

Oak Knoll: One position is added to Oak Knoll, which did not have any positions allocated to it in the original FY 2008-09 Adopted Budget. This position costs \$0.26 million, which will be paid for with reductions in O&M costs.

Other proposed changes include reductions in the Unrestricted Land Sale Proceeds Fund due to a delay in the sale of 5 acres of land in the project area.

Low and Moderate Income Housing Program: There is a proposed decrease of 0.20 FTE. This represents a Development/Redevelopment Program Manager being shifted to non-housing redevelopment funds, because the position is no longer working on Low and Moderate Housing activities. More funds (about \$23,000) are thus made available for the NOFA and other housing programs.

RECOMMENDATION

Staff recommends City Council consider the following attached legislation and supplemental details in Exhibits A-1, A-2, B-1, B-2, B-3, C-1, D-1, D-2, E-1 and E-2 for final adoption on June 17, 2008:

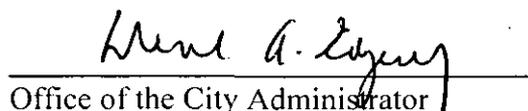
1. Resolution Amending Resolution No. 80674 C.M.S. To Amend The Second Year Of The 2007-2009 Biennial Budget As The Financial Plan For Conducting The Affairs Of The City Of Oakland Based On The Mid-Cycle Review Of FY 2008-09 Revenues And Expenditures
2. Resolution Establishing An Appropriations Limit For Fiscal Year 2008-2009 Pursuant To Article XIIB Of The California Constitution
3. Resolution Amending Resolution No. 2007-0054 To Amend The Second Year Of The 2007-2009 Biennial Budget As The Financial Plan For Conducting The Affairs Of The Redevelopment Agency Of The City Of Oakland For Fiscal Year 2008-2009.

Respectfully submitted,



Sarah T. Schlenk
Budget Director

APPROVED AND FORWARDED TO THE
CITY COUNCIL:



Office of the City Administrator

Item: _____
Special City Council
May 29, 2008

Exhibits:

- A-1, Changes between FY 2008-09 Adopted and Midcycle Budget – Revenues
- A-2, GPF Revenue Projections – FY 2007-08 to FY 2008-09
- B-1, Changes between FY 2008-09 Adopted and Midcycle Budget – Expenditures
- B-2, Midcycle Amendments to FY 2008-09 Budget – General Purpose Fund Expenditures
- B-3, FY 2008-09 Non-Departmental Budget & Midcycle Changes
- C-1, Midcycle Amendments to FY 2008-09 Budget – Other (Non-GPF) Funds
- D-1, Midcycle Changes to ORA Revenues
- D-2, Midcycle Changes to ORA Personnel Expenditures
- E-1, Article XIII B Appropriations Limit, FY 2008-09
- E-2, Appropriations Subject to Limitation

Attachment A: Updated Budget Estimate for the Misdemeanor Violation Prosecution Program

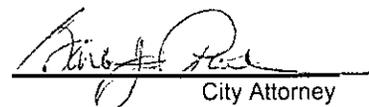
Office of the City Attorney Budget Proposal to Prosecute Misdemeanor Violations

	<u>FTE</u>	FY 2008-09
Deputy City Attorney II (DCA II) (\$174,995 each includes all benefits)	3.00	524,985.00
Supervision of Unit (Delete DCA III & Create DCA V)		40,716.00
On Going Annual Operating Costs / \$1,500 per new staff		4,500.00
One-Time Expenses (Computers, Office Furniture) 5,800 per staff)		17,400.00
Total	3.00	587,601.00

\$1,500 translates to \$125.00 per month per staff person. This amount covers costs for supplies, telephones, bar dues, continuing education requirements, etc.

OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL


City Attorney

2008 MAY 22 PM 7:30

RESOLUTION NO. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION AMENDING THE SECOND YEAR OF THE CITY'S FY 2007-2009 BIENNIAL BUDGET, WHICH WAS ADOPTED PURSUANT TO RESOLUTION NO. 80674 C.M.S., BASED ON THE MID-CYCLE BUDGET REVIEW OF FY 2008-2009 REVENUES AND EXPENDITURES

WHEREAS, the City Council adopted Resolution No. 80674 C.M.S. on June 21, 2007 authorizing a biennial budget as the financial plan for conducting the affairs of the City of Oakland for fiscal years 2007-2009, and appropriating certain funds to provide for the expenditures proposed by the said budget; and

WHEREAS, the City Council has reviewed significant variances in FY 2008-09 revenues and expenditures as part of the mid-cycle budget review; and

WHEREAS, Article XIII B of the California Constitution (Limitation of Government Appropriations) was passed by the California electorate on November 6, 1979, and became effective on July 1, 1980; now, therefore be it

RESOLVED: That the City's FY 2008-09 Policy Budget is hereby amended to include adjustments presented in Exhibits A-1 through C-1, and demonstrated in a staff report to City Administrator Deborah Edgerly, titled "The Mayor's FY 2008-09 Midcycle Budget Changes for the City of Oakland and the Oakland Redevelopment Agency" and dated May 29, 2008; and be it

FURTHER RESOLVED: That the City Council authorizes the City Administrator to recognize and appropriate additional revenue from agencies to Internal Service Funds; and be it

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

FURTHER RESOLVED: That the City Administrator must obtain approval from the City Council before s/he (1) substantially or materially alters the relative agency¹ allocations of funding set out in the Policy Budget, (2) substantially or materially changes the levels of service expressly prioritized and funded by the 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 the Policy Budget.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

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

CHANGES BETWEEN FY 2008-09 ADOPTED AND MIDCYCLE BUDGET

Revenues

Revenue Type	GENERAL PURPOSE FUND			ALL FUNDS		
	FY 2008-09	FY 2008-09	Variance	FY 2008-09	FY 2008-09	Variance
	Adopted	Midcycle		Adopted	Midcycle	
PROPERTY TAX	\$ 128,809,899	\$ 136,310,070	\$ 7,500,171	\$ 216,389,089	\$ 223,889,260	\$ 7,500,171
SALES TAX	50,638,284	51,803,950	1,165,666	62,690,739	63,856,405	1,165,666
VEHICLE LICENSE FEE	3,204,458	1,951,300	(1,253,158)	3,204,458	1,951,300	(1,253,158)
GASOLINE TAX	-	-	-	8,070,680	8,070,680	-
BUSINESS LICENSE TAX	49,139,920	53,763,840	4,623,920	49,139,920	53,763,840	4,623,920
UTILITY CONSUMPTION TAX	52,803,640	54,004,463	1,200,823	52,803,640	54,004,463	1,200,823
REAL ESTATE TRANSFER TAX	70,578,270	44,863,000	(25,715,270)	70,578,270	44,863,000	(25,715,270)
TRANSIENT OCCUPANCY TAX	13,031,524	13,031,524	-	13,031,524	13,031,524	-
PARKING TAX	9,747,638	9,747,638	-	17,695,438	17,695,438	-
OTHER LOCAL TAXES	-	-	-	22,254,545	22,341,644	87,099
LANDSCAPING & LIGHTING ASSESSMENT	-	-	-	17,832,024	17,832,024	-
LICENSES & PERMITS	1,468,792	1,468,792	-	26,592,020	27,118,133	526,113
FINES & PENALTIES	27,745,850	27,331,850	(414,000)	29,427,159	29,043,159	(384,000)
INTEREST INCOME	-	2,000,000	2,000,000	9,346,848	11,436,886	2,090,038
SERVICE CHARGES	52,464,018	47,644,018	(4,820,000)	139,462,799	134,688,375	(4,774,424)
GRANTS & SUBSIDIES	-	-	-	90,418,765	90,825,279	406,514
INTERNAL SERVICE CHARGES	-	-	-	40,852,012	40,955,250	103,238
MISCELLANEOUS	1,514,245	1,814,245	300,000	41,173,092	39,434,385	(1,738,707)
FUND TRANSFERS	29,927,944	30,927,944	1,000,000	159,005,562	164,167,655	5,162,093
Total Revenues	\$ 491,074,482	\$ 476,662,634	\$ (14,411,848)	\$ 1,069,968,584	\$ 1,058,968,700	\$ (10,999,884)

GPF REVENUE PROJECTIONS

FY 2007-08 to FY 2008-09

Revenue Type	FY 2007-08 Year-End Projection	FY 2008-09 Midcycle Estimate	Percent Growth	FY07-08 to FY08-09 Growth Assumptions
PROPERTY TAX	\$ 126,337,678	\$ 136,310,070	7.9%	Growth reflects increased assessed valuation within the City and new units entering the market. This projection is based on an average historical growth rate of 7.9%.
SALES TAX	\$ 48,964,036	\$ 51,803,950	5.8%	Growth of 5.8 percent reflects increased revenue from the continuing increase in gas prices, and anticipated retail growth. This projection is consistent with its historical average growth.
VEHICLE LICENSE FEE	\$ 1,890,000	\$ 1,951,300	3.2%	Growth of 3.2% is based on historical average growth.
BUSINESS LICENSE TAX	\$ 49,920,000	\$ 53,763,840	7.7%	Projected growth of 7.7 percent is based on an exceptionally productive revenue compliance and collection efforts during FY 2006-07.
UTILITY CONSUMPTION TAX	\$ 53,057,510	\$ 54,004,463	1.8%	Various growth factors applied to electric, natural gas, telecommunications and cable TV. Overall growth is 1.8 percent.
REAL ESTATE TRANSFER TAX	\$ 40,602,430	\$ 44,863,000	10.5%	Growth of 10.5 percent is based on developments that will create new housing units that will be sold.
TRANSIENT OCCUPANCY TAX	\$ 12,363,875	\$ 13,031,524	5.4%	Growth of 5.4 percent is projected, which is consistent with the historical average growth rate.
PARKING TAX	\$ 9,454,547	\$ 9,747,638	3.1%	Growth of 3.1 percent is projected, which is consistent with the historical averages growth rate.
LICENSES & PERMITS	\$ 1,231,192	\$ 1,468,792	19.3%	Based on projected revenue from fee increases.
FINES & PENALTIES	\$ 28,926,000	\$ 27,331,850	-5.5%	Fines & Penalties are expected to be flat for FY 2008-09, except for the removal of one-time budgeted revenue for various programs.
INTEREST INCOME	\$ 2,000,000	\$ 2,000,000	0.0%	Interest revenue projected to stay the same as the prior year, with no growth.
SERVICE CHARGES	\$ 46,576,000	\$ 47,644,018	2.3%	Based on projected revenue from new fees and increase in fees.
GRANTS & SUBSIDIES	\$ 3,787,879	\$ -	-100.0%	No State reimbursements anticipated.
MISCELLANEOUS	\$ 5,848,000	\$ 1,814,245	-69.0%	Loss of one-time revenues from land sales and other one-time proceeds.
FUND TRANSFERS	\$ 42,190,927	\$ 30,927,944	-26.7%	Includes transfers adopted in FY07-09 Budget & transfer from Unclaimed Cash Fund; and does not include any transfers for LLAD payments or one-time loan proceeds.
Total	\$ 473,150,074	\$ 476,662,634	0.7%	

CHANGES BETWEEN FY 2008-09 ADOPTED AND MIDCYCLE BUDGET**Expenditures**

Agency / Department	GENERAL PURPOSE FUND			ALL FUNDS		
	FY 2008-09	FY 2008-09	Variance	FY 2008-09	FY 2008-09	Variance
	Adopted	Midcycle		Adopted	Midcycle	
MAYOR	\$ 3,225,516	\$ 3,123,553	\$ (101,963)	\$ 3,848,284	\$ 3,845,118	\$ (3,166)
CITY COUNCIL	3,791,503	3,683,915	(107,588)	5,288,363	5,157,280	(131,083)
CITY ADMINISTRATOR	9,359,876	8,850,007	(509,869)	14,305,176	13,940,354	(364,822)
CITY ATTORNEY	9,481,503	8,676,500	(805,003)	15,785,870	14,833,227	(952,643)
CITY AUDITOR	1,379,556	1,342,615	(36,941)	1,531,812	1,489,942	(41,870)
CITY CLERK	2,507,967	2,403,481	(104,486)	2,578,863	2,472,161	(106,702)
CONTRACTING AND PURCHASING	2,418,171	2,396,211	(21,960)	3,315,566	3,342,195	26,629
INFORMATION TECHNOLOGY	11,452,195	10,574,506	(877,689)	16,154,295	15,483,747	(670,548)
FINANCE & MANAGEMENT	32,103,089	30,699,819	(1,403,270)	47,260,509	49,170,815	1,910,306
POLICE SERVICES	196,093,007	192,407,646	(3,685,361)	216,113,943	213,477,648	(2,636,295)
FIRE SERVICES	111,470,994	108,252,060	(3,218,934)	123,711,281	120,006,893	(3,704,388)
MUSEUM	6,819,540	6,382,964	(436,576)	7,355,795	6,909,505	(446,290)
LIBRARY SERVICES	13,288,241	12,320,469	(967,772)	26,057,261	25,129,649	(927,612)
PARKS & RECREATION	15,237,205	14,804,441	(432,764)	21,240,534	20,934,594	(305,940)
HUMAN SERVICES	7,008,338	6,713,304	(295,034)	58,123,935	58,072,328	(51,607)
PUBLIC WORKS	2,427,861	2,292,659	(135,202)	118,701,366	114,605,415	(4,095,951)
COMM & ECON DEVELOPMENT	2,403,166	2,545,151	141,985	104,971,588	102,454,748	(2,516,840)
NON-DEPARTMENTAL	59,506,747	58,093,325	(1,413,422)	270,025,308	269,450,509	(574,799)
CAPITAL IMPROVEMENT PROGRAM	1,100,007	1,100,007	-	23,005,846	23,205,846	200,000
Total Expenditures	\$ 491,074,482	\$ 476,662,633	\$ (14,411,849)	\$ 1,079,375,595	\$ 1,063,981,974	\$ (15,393,621)

MIDCYCLE AMENDMENTS TO 2008-09 BUDGET

General Purpose Fund Expenditures

491,074,482 2,620.59 ORIGINAL ADOPTED TOTALS		
MAYOR'S OFFICE		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
5,952	-	Retirement rate change.
(10,752)	-	Downgrade two positions.
(97,163)	-	12-day shutdown of non-essential services.
(101,963)	-	Subtotal
CITY COUNCIL		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
10,500	-	Retirement rate change.
7,835	-	Council salary adjustment.
(125,923)	-	12-day shutdown of non-essential services.
(107,588)	-	Subtotal
CITY ADMINISTRATOR'S OFFICE		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
26,244	-	Retirement rate change.
(84,490)	-	Multiple position reclassifications/downgrades.
(55,728)	(0.50)	Eliminate Part-time Executive Assistant position.
(78,360)	(0.50)	Transfer 0.50 FTE from the GPF to the Redevelopment Fund.
(46,424)	-	Reduce O&M.
(271,111)	-	12-day shutdown of non-essential services.
(509,869)	(1.00)	Subtotal
CITY ATTORNEY'S OFFICE		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
32,916	-	Retirement rate change.
(207,389)	-	Eliminate Vehicle Seizure Program (offset with a revenue reduction).
(284,430)	(1.35)	Net reduction of 1.35 Attorney FTEs.
(346,100)	-	12-day shutdown of non-essential services.
(805,003)	(1.35)	Subtotal

MIDCYCLE AMENDMENTS TO 2008-09 BUDGET

General Purpose Fund Expenditures

CITY AUDITOR'S OFFICE

<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
3,624	-	Retirement rate change.
(40,565)	-	12-day shutdown of non-essential services.
(36,941)	-	Subtotal

CITY CLERK

<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
4,369	-	Retirement rate change.
(61,350)	-	Downgrade two positions and reduce O&M.
(47,505)	-	12-day shutdown of non-essential services.
(104,486)	-	Subtotal

FINANCE & MANAGEMENT AGENCY

<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
75,196	-	Retirement rate change.
(42,433)	1.00	Multiple position changes, reclassifications and downgrades.
(86,281)	(1.15)	Transfer 1.15 FTEs to other funds.
(266,072)	-	Reduce O&M.
150,000	1.60	Revenue supported Jack London Residential Permit Parking program.
(1,233,680)	-	12-day shutdown of non-essential services; increase vacancy rate.
(1,403,270)	1.45	Subtotal

CONTRACTING & PURCHASING

<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
5,474	-	Retirement rate change.
(73,438)	-	Hold two positions vacant for 6 months.
132,060	1.00	Add position for Prompt Payment Policy.
(86,056)	-	12-day shutdown of non-essential services.
(21,960)	1.00	Subtotal

MIDCYCLE AMENDMENTS TO 2008-09 BUDGET

General Purpose Fund Expenditures

INFORMATION TECHNOLOGY

<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
34,527	-	Retirement rate change.
170,912	1.60	Net result from several position reclassifications.
(136,770)	(2.00)	Transfer two positions the Office of Parks & Recreation.
(414,864)	(3.00)	Eliminate three vacant positions.
30,000	-	Ongoing operating cost for 311 system.
(561,494)	-	12-day shutdown of non-essential services; increase vacancy rate.
(877,689)	(3.40)	Subtotal

POLICE SERVICES

<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
646,917	-	Retirement rate change.
91,896	1.00	Add position for Red Light Camera Program.
78,288	1.00	Add two part-time Animal Control positions.
(2,858,935)	(14.00)	Transfer positions from Port to ORA (revenue from Port also eliminated).
(207,389)	-	Eliminate Vehicle Seizure Program (offset with a revenue reduction).
2,582,454	-	Move COLA from Jan '09 to Jul '08 per outcome of arbitration.
(2,580,000)	-	Reduce booking fees (partially offset with a revenue reduction).
114,732	0.60	Mayor's Public Safety Director.
(1,553,324)	-	Non-sworn 12-day shutdown; increase non-sworn vacancy rate.
(3,685,361)	(11.40)	Subtotal

FIRE SERVICES

<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
467,905	-	Retirement rate change.
(56,472)	-	Net result from several position reclassifications/downgrades.
(3,356,443)	-	Reduction of various personnel and O&M accounts.
76,476	0.40	Mayor's Public Safety Director
(350,400)	-	Non-sworn 12-day shutdown; increase non-sworn vacancy rate.
(3,218,934)	0.40	Subtotal

MIDCYCLE AMENDMENTS TO 2008-09 BUDGET

General Purpose Fund Expenditures

MUSEUM		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
16,357	-	Retirement rate change.
(82,296)	(1.00)	Eliminate one vacant position.
(28,104)	(0.56)	Reduce custodial staff.
(74,166)	-	Hold one position vacant for ten months.
(268,367)	-	12-day shutdown of non-essential services; increase vacancy rate.
(436,576)	(1.56)	Subtotal
LIBRARY SERVICES		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
37,104	-	Retirement rate change.
(262,746)	(3.95)	Eliminate 3.95 vacant FTEs
(124,217)	-	Reduction in electronic media budget.
(617,913)	-	12-day shutdown of non-essential services; increase vacancy rate.
(967,772)	(3.95)	Subtotal
PARKS & RECREATION		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
23,407	-	Retirement rate change.
136,770	2.00	Transfer two positions from Information Technology.
55,931	(0.23)	Multiple position changes and reclassifications.
37,056	1.20	Staffing and cost to implement Lakeside parking fee changes.
(40,000)	-	Reduce O&M.
(645,928)	-	12-day shutdown of non-essential services; increase vacancy rate.
(432,764)	2.97	Subtotal
DEPARTMENT OF HUMAN SERVICES		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
10,683	-	Retirement rate change.
(200,000)	-	Reduce contracts for Pathways to Change and career academies.
(12,632)	-	Re-class/downgrade one position.
92,085	-	Restore Mayor's Hunger Program.
(185,170)	-	12-day shutdown of non-essential services; increase vacancy rate.
(295,034)		Subtotal

MIDCYCLE AMENDMENTS TO 2008-09 BUDGET

General Purpose Fund Expenditures

PUBLIC WORKS AGENCY		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
4,596	-	Retirement rate change.
(79,297)	(1.50)	Eliminate 1.5 vacant FTEs.
42,532	0.50	Add 0.50 FTE and O&M for Goose Management.
(103,033)	-	12-day shutdown of non-essential services; increase vacancy rate.
(135,202)	(1.00)	Subtotal
COMMUNITY & ECONOMIC DEVELOPMENT AGENCY		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
3,638	-	Retirement rate change.
352,172	1.00	Rent arbitration expenditures from mid-year fee increase.
(139,694)	-	Reduce O&M.
(74,131)	-	12-day shutdown of non-essential services; increase vacancy rate.
141,985	1.00	Subtotal
NON-DEPARTMENTAL		
<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
(367,697)	-	Overhead recovery adjustments.
380,420	-	Increase transfer to Kids First Fund for true-up and 08-09 adjustment.
(200,000)	-	Eliminate set-aside for OPD arbitration.
(1,000,000)	-	Eliminate Seismic Retrofit program.
(100,000)	-	Eliminate additional 211 funding.
(350,000)	-	Eliminate School of the Arts subsidy.
293,800	-	Set-aside for Misdemeanor Violation Prosecution program (half ORA).
140,000	-	BID Assessments.
140,000	-	Mayor's Summer Job Program.
150,000	-	One-time strategic planning contract services funding.
(499,945)	-	Reduce contingency reserve.
(1,413,422)	-	Subtotal
\$476,662,633	2,603.75	TOTAL PROPOSED GPF BUDGET
(\$14,411,849)	(16.84)	NET INCREASE/(DECREASE)

FY 2008-09 NON-DEPARTMENTAL BUDGET & MIDCYCLE CHANGES			
General Purpose Fund (1010)			
Project Description	Adopted FY 2008-09	Proposed Change	Proposed Midcycle Budget
Raider's Surcharge - Transfer to OPR	160,000	0	160,000
Sister Cities	20,000	0	20,000
Employee Recognition	35,000	0	35,000
Band	9,000	0	9,000
Chorus	7,500	0	7,500
Clean Water Program	410,000	0	410,000
City Physician	250,000	0	250,000
Safe Passages Subsidy	150,000	0	150,000
Training & Community Development	227,250	0	227,250
Federal Lobbyist	125,000	0	125,000
State Lobbyist	120,000	0	120,000
Marketing & Special Events	145,000	0	145,000
MOU Negotiations	200,000	0	200,000
OPD Arbitration	200,000	(200,000)	0
City Memberships (League, ABAG, etc.)	155,000	0	155,000
Art Gallery Common Area (Facilities Maint)	27,050	0	27,050
Mayor's Summer Jobs Program	0	140,000	140,000
One-time strategic planning contract services	0	150,000	150,000
City/County Collaboration on Children & Youth	675,000	0	675,000
Human Rights Commission	50,000	0	50,000
AIDS Prevention and Education Initiative	100,000	0	100,000
Chabot Space & Science Subsidy	595,000	0	595,000
Vietnamese Senior Services	60,000	0	60,000
Cypress-Mandela Training Center	280,000	0	280,000
Hacienda Peralta	180,000	0	180,000
Oakland Asian Cultural Center	100,000	0	100,000
Women's Business Initiative	150,000	0	150,000
Symphony in the Schools Program	100,000	0	100,000
School of the Arts	350,000	(350,000)	0
Seismic Retrofit Incentive Program	1,000,000	(1,000,000)	0
Expand 211 Help	100,000	(100,000)	0
IP50 CITYWIDE ACTIVITIES SUBTOTAL	5,980,800	(1,360,000)	4,620,800
Street Outreach	0	0	0
Oakland CVB	650,000	0	650,000
Parades/Runs/Street Festivals	215,000	0	215,000
Art Grants	1,144,835	0	1,144,835
CE04 COMMUNITY PROMOTION SUBTOTAL	2,009,835	0	2,009,835

Land/Bldg Rental/JPA Budget	750,000	0	750,000
City's Share of Coliseum Subsidy	10,000,000	0	10,000,000
Museum Debt Payment	3,681,125	0	3,681,125
Oakland Convention Center DS	13,938,813	0	13,938,813
Eastmont Precinct	611,055	0	611,055
Eastmont Precinct	341,843	0	341,843
Admin Building DS (CABS 1996)	7,596,000	0	7,596,000
IN09 DEBT SERVICE SUBTOTAL	36,918,836	0	36,918,836
DHS Overhead Waivers	1,735,376	0	1,735,376
Insurance & Bonding	1,854,000	0	1,854,000
Kid's First 2.5% Mandated Transfer	10,661,200	380,420	11,041,620
Self Insurance Transfer (base amount)	7,188,000	0	7,188,000
Transfer to Comp Clean-up Fund (1720)	1,100,000	0	1,100,000
Transfer to Negative Funds per 10-yr Plan			
Self Insurance Fund (1100)	7,793,000	0	7,793,000
Kaiser Convention Center Fund (1730)	631,640	0	631,640
Telecommunications Fund (1760)	491,490	0	491,490
Contract Compliance Fund (1790)	630,020	0	630,020
Scotlan Convention Center	720,000	0	720,000
Wildfire Prevention District (City's Assessment)	148,000	0	148,000
BID Assessments	0	140,000	140,000
Misdemeanor Violation Prosecution Set-aside	0	293,800	293,800
Emergency Contingency Reserve	200,000	0	200,000
Salary Increase Contingency	730,000	0	730,000
Contingency Reserves	900,000	(499,945)	400,055
Recoveries	(20,185,450)	(367,697)	(20,553,147)
IP51 FISCAL MANAGEMENT SUBTOTAL	14,597,276	(53,422)	14,543,854
TOTAL NON-DEPARTMENTAL	59,506,747	(1,413,422)	58,093,325
<u>Other Subsidies (budget within OPR)</u>			
Oakland Zoo	1,120,028	0	1,120,028
Children's Fairyland	182,000	0	182,000
PARKS & RECREATION SUBTOTAL	1,302,028	0	1,302,028

MIDCYCLE AMENDMENTS TO 2008-09 BUDGET

Other (Non-General Purpose) Fund

			ORIGINAL ADOPTED TOTAL
578.89	588.30	1,797.59	
Self Insurance Fund (1100)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0	(1.24)	-	Reduce expenditures per the Phoenix Model.
0	(1.24)		Subtotal
Telecommunications Fund (1760)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.06	0.06	0.40	Add allocation for Project Manager for Cable Franchise; supported by franchise fee revenue.
0.00	0.00	0.30	Downgrade a Library position; increase FTE - no net cost.
(0.06)	(0.06)	-	12-day shutdown of non-essential services.
0.00	0.00	0.70	Subtotal
Telecommunications Land Use (1770)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.09	0.09	1.00	Add one position to support Real Estate division; supported by revenue from lease of cell tower space.
(0.01)	(0.01)	-	12-day shutdown of non-essential services.
0.08	0.08	1.00	Subtotal
Kids First! Oakland Children's Fund (1780)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.38	0.38	-	Increase in the transfer from GPF from true-up; increase in third party contracts/grants.
0.38	0.38		Subtotal
HUD-CDBG Fund (2108)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
(1.82)	(1.82)	(0.90)	Reduction in grant/program revenue; mostly offset using one-time carryforward budgets.
(1.82)	(1.82)	(0.90)	Subtotal

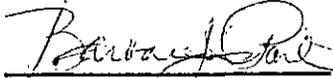
HUD-Home Fund (2109)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
(0.67)	(0.67)	-	Reduction in grant/program revenue; mostly offset using one-time carryforward budgets.
(0.67)	(0.67)		Subtotal
Department of Justice Fund (2112)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.15	0.15	-	Weed & Seed grant to support program costs.
0.24	0.24	-	One-time Radical Roving Grant to support program costs.
0.39	0.39		Subtotal
U.S. Department of Homeland Security Grant Fund (2123) & FEMA Grant Fund (2124) *			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.00	0.00	4.75	Grant-funded positions for the Fire Services Agency.
0.00	0.00	4.75	Subtotal
COPS Grant Fund (2158) *			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.00	0.00	3.00	Grant-funded positions for the COPS program.
0.00	0.00	3.00	Subtotal
County of Alameda Grants Fund (2160)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
(0.09)	(0.09)	-	Reduction in Alameda Co First Responder Advanced Life Support contract.
0.00	0.00	1.00	Add one position for Fire; offset by an O&M reduction.
0.02	0.02	0.27	Add a part-time Library position supported by a small County grant.
(0.08)	(0.08)	1.27	Subtotal
Workforce Investment Act Grant Fund (2195)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
(0.50)	(0.50)	-	Decrease in the grant and third party contract budget.
0.03	0.03	0.28	Increase EZ Voucher fees to cover cost of the program.
(0.47)	(0.47)	0.28	Subtotal

Measure Y Fund (2251) *			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.00	0.00	1.70	City/County Neighborhood Initiative positions added that were previously funded via contract.
0.00	0.00	1.00	Re-Entry Specialist added using DHS one-time reserve funds.
0.00	0.00	5.00	Continue funding HR staff for accelerated recruitment project (one-year only).
0.00	0.00	7.70	Subtotal
Development Services Fund (2415)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.49	0.49	(6.50)	Net increase due to budgeting for prior year permit refunds (\$1.5M), which offsets a \$1M decrease in permit revenues due to decrease in demand, which results in a reduction of vacant positions.
0.00	(0.22)	-	12-day shutdown of non-essential services.
0.49	0.27	(6.50)	Subtotal
Excess Litter Fee Fund (2417)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.07	0.07	1.00	Transfer in of one position previously subsidized by the GPF; supported by ongoing Litter Fee revenue.
0.07	0.07	1.00	Subtotal
Sewer Service Fund (3100)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.16	0.00	-	New fees to recover cost of surveying and engineering review of development projects.
0.00	(0.58)	-	12-day shutdown of non-essential services.
0.16	(0.58)		Subtotal
Police & Fire Retirement System Fund (7100)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
3.17	3.17	-	Budget for Investment Consulting fees.
3.17	3.17		Subtotal

Unclaimed Cash			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
1.00	1.00	-	Budget a one-time transfer to the GPF (from fund balance).
1.00	1.00		Subtotal
Grant Clearing Fund (7760) **			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.00	0.00	2.00	Two CEDA positions transferred from other funds to recovery fund.
0.00	0.00	2.00	Two architectural associate positions added for PWA for specific projects (one-year only).
0.00	0.00	1.00	One position added for PWA IT support.
0.00	0.00	5.00	Subtotal
Oakland Redevelopment Agency Project Fund (7780)			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
0.76	0.76	9.32	Add several positions within CEDA for redev. project support; eliminate completed project balances.
0.10	0.10	-	ORA's share of entitlement fee.
0.00	0.00	14.00	Transfer Police positions from the GPF to ORA (funding already in place).
0.20	0.20	-	Set-aside funds for CIP project support.
0.32	0.32	0.50	Other miscellaneous changes including retirement rate change.
(0.66)	(0.66)	-	12-day shutdown of non-essential services.
0.29	0.29	-	Set-aside for Misdemeanor Violation Prosecution program (half GPF).
1.01	1.01	23.82	Subtotal
All Other Funds			
<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>	<u>Description</u>
(0.29)	(2.48)	3.05	Other changes mostly due to the 12-day shutdown.
(0.29)	(2.48)	3.05	Subtotal
\$582.31	\$587.32	1,841.76	TOTAL PROPOSED OTHER FUNDS BUDGET
\$3.41	(\$0.98)	44.17	NET CHANGE
* Positions are funded through existing project appropriations.			
** Positions are funded through overhead charges and recoveries from other funds.			

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2008 MAY 22 PM 7:30

Approved as to Form and Legality


(Agency Counsel)

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION NO. _____ C.M.S.

RESOLUTION AMENDING THE SECOND YEAR OF THE REDEVELOPMENT AGENCY'S FY 2007-2009 BIENNIAL BUDGET, WHICH WAS ADOPTED PURSUANT TO RESOLUTION NO. 80674 C.M.S., BASED ON THE MID-CYCLE BUDGET REVIEW OF FY 2008- 2009 REVENUES AND EXPENDITURES

WHEREAS, the Agency Adopted Resolution No. 2007-0054 C.M.S. on June 21, 2007 authorizing a biennial budget as the financial plan for conducting the affairs of the Redevelopment Agency of City of Oakland for fiscal years 2007-2009, and appropriating certain funds to provide for the expenditures proposed by the said budget; and

WHEREAS, the Agency has reviewed variances in estimated revenues and expenditures for 2008-2009 as part of the mid-cycle budget review; now, therefore be it

RESOLVED: That the Agency Administrator is hereby authorized to expend, in accordance with the laws of the State of California and the City of Oakland on behalf of the Agency, revised appropriations for projects and activities as incorporated in Exhibits D-1 and D-2, attached hereto; and be it

FURTHER RESOLVED: That the Agency hereby authorizes transfers between operating funds, debt funds and capital funds within a single redevelopment area to correct deficits in any of the funds; and be it

FURTHER RESOLVED: That the Agency hereby authorizes increases in budgeted revenues and appropriations to cover the actual pass through payments based on actual revenues; and be it

FURTHER RESOLVED: That the Agency Administrator may transfer operating appropriations between projects and activities during the budget year as incorporated in Exhibits D-1 & D-2, and demonstrated in a staff report to City Administrator Deborah Edgerly, titled "The Mayor's FY 2008-09 Midcycle Budget Changes for the City of Oakland and the Oakland Redevelopment Agency" and dated May 29, 2008.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20____

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
Secretary of the Redevelopment Agency
of the City of Oakland, California

**Oakland Redevelopment Agency
MIDCYCLE CHANGES TO REVENUES**

Change	Change (in \$)	FTE Change
Sale of land	(5,490,078)	-
Interest & Rental Income	200,000	-
Transfer from Fund Balance	301,073	-
TOTAL	(4,989,005)	-

MIDCYCLE CHANGES TO EXPENDITURE

Change	Change (in \$)	FTE Change
Decrease in Capital Projects	(3,592,886)	-
Personnel Services & Overhead	1,825,407	10.82
Transfer from Fund Balance /O&M	(1,825,407)	-
Oak Center repayment to the City	300,000	-
Forest City Bond Administrative costs	200,000	-
Transfer to Fund Balance	(1,896,119)	-
Reprogramming of funds from completed projects	-	-
TOTAL	(4,989,005)	10.82

Oakland Redevelopment Agency
MIDCYCLE CHANGES TO PERSONNEL EXPENDITURES

Project Area	Adopted Personnel/OH	Change in Personnel/OH	Midcycle Personnel/OH	FTE Change
Central District	7,808,046	(93,039)	7,715,007	(1.18)
Coliseum	4,596,470	447,840	5,044,310	3.52
Acorn	330,445	1,731	332,176	-
Stanford/Adeline	10,724	153	10,877	-
Oak Center	-	-	-	-
Broadway/MacArthur/San Pablo	658,702	292,379	951,081	1.45
Oakland Army Base	1,322,246	166,177	1,488,423	1.00
Central City East	3,100,090	575,288	3,675,378	3.48
West Oakland	1,105,086	198,021	1,303,107	1.25
Oak Knoll	61,798	258,929	320,727	1.00
Low And Moderate Income Housing Program	6,317,184	(22,072)	6,295,112	(0.20)
Non-CEDA *	-	-	-	0.50
TOTAL	25,310,791	1,825,407	27,136,198	10.82

* Costs allocated across project areas.

Paul J. Paul
Oakland City Attorney's Office

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2008 MAY 22 PM 7:30

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

RESOLUTION ESTABLISHING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2008-2009 PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

WHEREAS, Article XIII B of the California Constitution (Limitation of Government Appropriations) was passed by the California electorate on November 6, 1979, and became effective on July 1, 1980; and

WHEREAS, the Chapter 1205, Statute of 1980, Section 7900 of the Government Code, formally implements methods for governmental entities to establish and define annual appropriations limits, based on annual appropriations for the prior fiscal year, which is fiscal year 2007-08, for fiscal year 2008-09; now therefore be it

RESOLVED: That the annual appropriations limit for the City of Oakland for FY 2008-09 is \$442,613,600, as reflected in Exhibits E-1 and E-2; and be it

FURTHER RESOLVED: That the growth factors used to calculate the limit are the county population change and the increase in the California per capita income.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

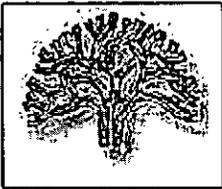
LaTonda Simmons
City Clerk and Clerk of the Council
Of the City of Oakland, California

ARTICLE XIII B - APPROPRIATIONS SUBJECT TO LIMITATION

FY 2008-09

Revenue	Total	Proceeds of Taxes	Non Proceeds of Taxes
PROPERTY TAX	\$223.90	\$223.90	
STATE TAX			
Sales Tax	63.86	51.80	12.06
Motor Vehicle in Lieu	1.95	1.95	
Gas Tax	8.07		8.07
Subtotal, State Taxes	\$73.88	\$53.75	20.13
LOCAL TAXES			
Business License Tax	53.76	53.76	
Utility Consumption Tax	54.00	54.00	
Real Estate Transfer Tax	44.86	44.86	
Transient Occupancy Tax	13.03	13.03	
Parking Tax	17.70	17.70	
Special Taxes	22.34	22.34	
Subtotal, Local Taxes	\$205.69	\$205.69	
LANDSCAPE & LIGHTING ASSESSMENT	17.83		17.83
OTHER LOCAL FEES	56.16		56.16
SERVICE CHARGES	134.69		134.69
GRANTS & SUBSIDIES	90.83		90.83
MISCELLANEOUS	80.38	0.39	79.99
FUND TRANSFERS	164.17		164.17
SUBTOTAL REVENUES	\$1,047.53	\$483.73	\$563.80
INTEREST (Prorated)	11.44	0.00	11.44
TOTAL REVENUE	\$1,058.97	\$483.73	\$575.24
EXEMPTIONS*		(\$87.58)	
APPROPRIATIONS SUBJECT TO LIMITATION		\$396.15	
APPROPRIATIONS LIMIT		\$442.61	
OVER/(UNDER) LIMIT		(\$46.46)	

* Property tax revenue appropriated to service voter-approved debt is exempted.



City of Oakland, California

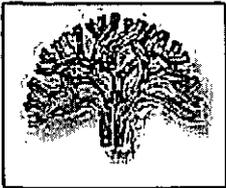
FY 2008-09 PROPOSED
MIDCYCLE BUDGET AMENDMENTS

FOR THE CITY OF OAKLAND

AND

THE OAKLAND REDEVELOPMENT AGENCY

OAKLAND CITY COUNCIL
SPECIAL SESSION
MAY 29, 2008



MIDCYCLE BUDGET REVIEW SCHEDULE

May 29th

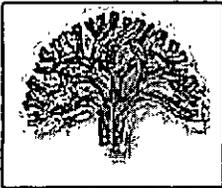
- Mayor's Proposed GPF Midcycle Budget Adjustments
- Resolutions Amending FY 2008-09 Budget For:
 1. City of Oakland
 2. Oakland Redevelopment Agency
 3. Appropriations Limit
- Respond to Council Questions from May 15th Meeting

June 11th

- Respond to Council Questions from May 29th Meeting

June 17th

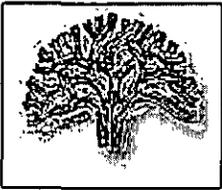
- Midcycle Budget Adoption



Proposed FY 2008-09 General Purpose Fund Revenue Adjustments

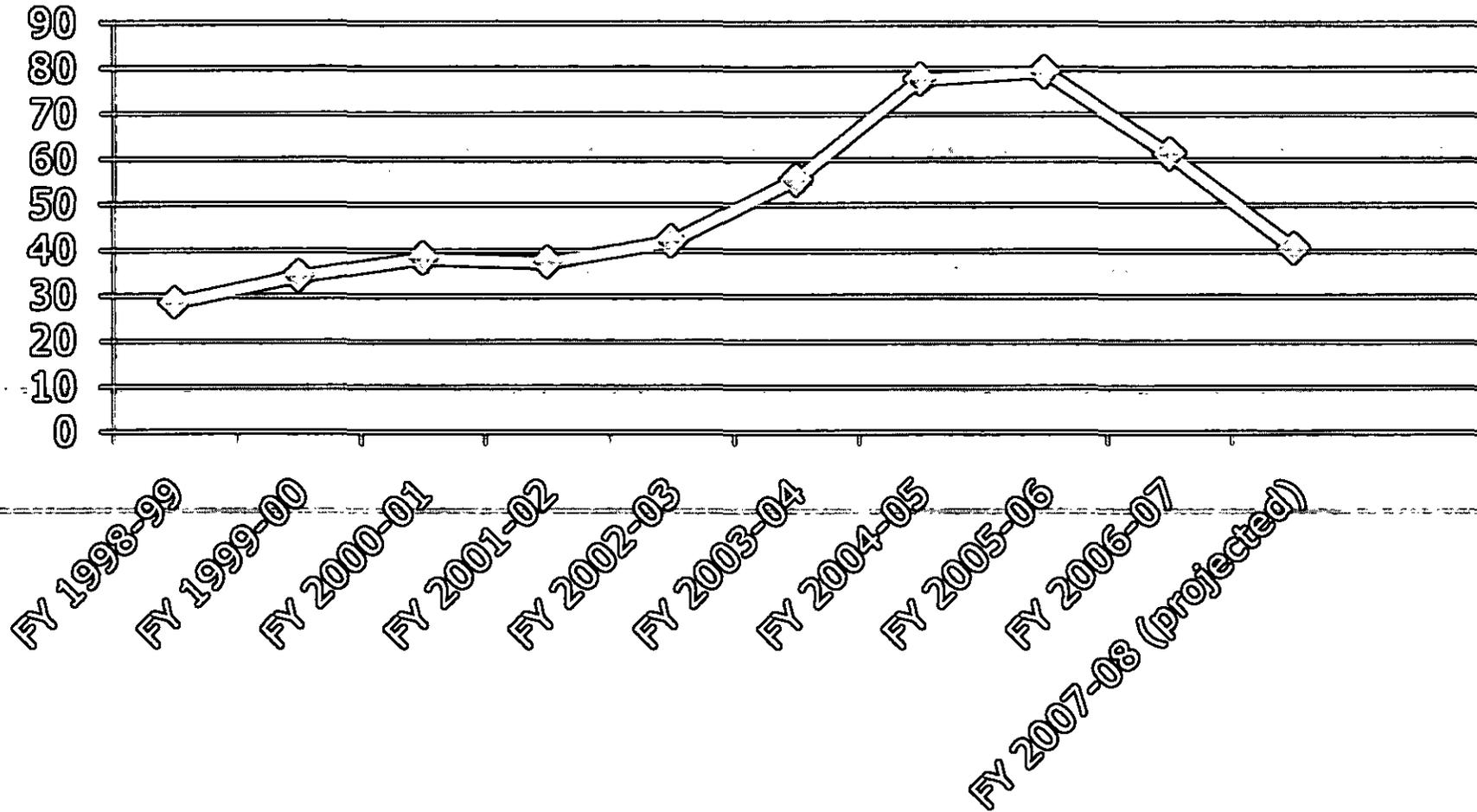
■ Revenues Decrease by \$14.41 million

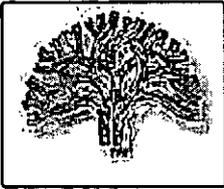
- Property Tax + \$ 7.50 million
- Business License Tax + \$ 4.62 million
- Interest Income + \$ 2.00 million
- Unclaimed Cash (one-time) + \$ 1.00 million
- Service Charges - \$ 4.82 million
- Real Estate Transfer Tax - \$ 25.7 million



REAL ESTATE TRANSFER TAX

(\$ MILLIONS)





Proposed FY 2008-09 General Purpose Fund Expenditure Adjustments

Presented April 24, 2008: \$6.77 million shortfall

- Agencies/Departments Asked to Develop
3% Cost Reduction / Revenue
Enhancement Proposals
- Decrease Appropriations by \$ 8.95 million
From \$491.07 to \$482.12 million (2%)
- Net Reduction of 16.84 FTEs
- Additional program changes \$0.84 million



Proposed FY 2008-09 General Purpose Fund Expenditure Adjustments

Budget Balancing:

- One-time transfer from Unclaimed Cash
 - \$1.0 million

- 12-day shutdown of non-essential services
 - \$4.44 million

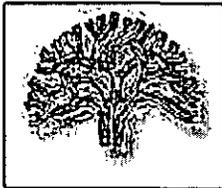
- Increase vacancy rate 2% (from 4% to 6%)
 - \$2.17 million

Proposed FY 2008-09



General Purpose Fund Major Expenditure Adjustments (\$ million)

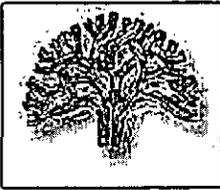
□ City Administrator's Office	(\$ 0.51)
□ City Attorney's Office	(\$ 0.81)
□ Finance & Management	(\$ 1.40)
□ Information Technology	(\$ 0.88)
□ Police Services	(\$ 3.69)
□ Fire Services	(\$ 3.22)
□ Library Services	(\$ 0.97)
□ Non-Departmental	(\$ 1.41)
➤ Kids First	+\$0.38
➤ Misdemeanor Prosecution set-aside	+\$0.29
➤ Eliminate 2 nd Yr of Seismic Retrofit	(\$1.00)
➤ Other reductions/Overhead recovery	(\$1.08)



Proposed FY 2008-09
Non-General Purpose Fund Adjustments
(\$ million)

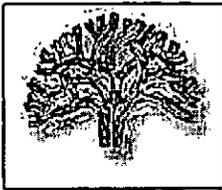
- Net Expenditure Decrease of \$ 0.98 million

- *Major Changes*
 - Oakland Redevelopment Agency \$ 1.01
 - *Increase staffing/support for projects*
 - Kids First! Fund \$ 0.38
 - *+ FY05-06 & FY06-07 / - FY 08-09*
 - Development Services Fund \$ 0.27
 - *+ Permit Refunds/ - Permit Activity*
 - Workforce Investment Act Fund (\$0.47)
 - *Decrease in grant & contract services*
 - HUD-CDBG & HUD Home Funds (\$2.49)
 - *Decrease in grant & program income*



Oakland Redevelopment Agency

- Additional staff/support for redevelopment projects (addition of 10.82 FTEs)
- Set-aside for Misdemeanor Prosecution
- Re-programming of available funds from completed projects
- Reduction & transfer between related funds within a single redevelopment area to offset delays in revenues



OUTSTANDING ISSUES

- Outcome of the LLAD Increase → June 9th
- State Budget Deficit → \$17.2 B
- Funding of OPEB → \$23 to \$43M
- ISF Balancing (Equip/Facilities) → \$3 to 6M
- Public Safety Vehicle Replacement → June 11



Questions?