



CITY OF OAKLAND

# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Adam Benson  
Director of Finance

**SUBJECT:** FY 2020-21 Proposed  
Mid-cycle Budget  
Errata No. 2 - Supplemental

**DATE:** June 10, 2020

---

City Administrator Approval

Date:

---

## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution Amending Resolution No. 87759 C.M.S., Which Adopted The City Of Oakland's Fiscal Year 2019-21 Biennial Budget, To Make Mid-cycle Budget Adjustments To: (1) Fiscal Year 2020-21 General Purpose Fund Revenue Projections; (2) Fiscal Year 2020-21 General Purpose Fund Appropriations; And (3) Fiscal Year 2020-21 Non-General Purpose Fund Revenue Projections And Appropriations.**

## **REASON FOR SUPPLEMENTAL**

This supplemental report outlines the budget adjustments (errata) to the Fiscal Year (FY) 2020-21 Proposed Mid-cycle Budget (Midcycle).

The proposed change decreases the sales tax projection by \$1 million based on a review of sales tax data from March 2020 through May 2020. Recent public protests have caused several major retail stores to temporarily close various locations. Many stores will need time to repair infrastructure and replenish stock. While it is unknown whether there will be any lingering impacts of the public protests on retail activity in Oakland in FY 2020-21, the Administration is not recommending any changes to the sales tax forecast beyond the \$1 million reduction.

The proposed change decreases the Residual Property Tax Trust Fund (RPTTF) revenues by \$6.32 million. On June 1, 2020, the City received the second remittance of RPTTF revenue for FY 2019-20 which was less than anticipated. This will cause a reduction in the Property Tax estimates for FY 2020-21. The General Purpose Fund (GPF) (1010) portion will be reduced by \$4.72 million and the Affordable Housing Trust Fund (1870) portion will be reduced by \$1.6 million.

City Council  
June 16, 2020

To balance the reduction in sales tax and property tax revenues in the GPF, the proposed changes include:

- Delay payments to Oakland Promise by \$0.5 million;
- Freeze additional non-sworn positions (8.00 FTE for 9 months) in the Police Department, resulting in temporary reductions to public safety services;
- Freeze additional Finance positions (2.0 FTE for an additional 3 months for a total of 9 months) impacting payroll operations.
- Reduce the Oakland Coliseum Lease payment by \$2 million;
- Transfer additional \$0.64 million (1.00 FTE Library Assistant PPT, 1.00 FTE Library Assistant, 1.00 FTE Librarian I, 2.00 FTE Librarian II and O&M \$6,482.00) of Library costs in the GPF to the Measure D Fund (2243);
- Use approximately \$745,000 of Radio Fund balance to reduce required internal service contributions, resulting in \$602,225 of GPF savings;
- Decrease the Kids First set-aside by \$0.17 million (recalculated based on decreased revenue) with a corresponding reduction in the Kid's First Oakland Children's Fund (1780) revenue and expenditures; and
- Increase labor concessions by \$0.8 million.

To balance the reduction in property tax revenue in the Affordable Housing Trust Fund, the proposed change reduces funding for existing and new Notice of Funding Affordability (NOFA's) by \$1.6 million.

The proposed change reduces administrative costs for homelessness in Measure Q by transferring 0.50 FTE Manager, Human Services and 0.33 FTE Director of Human Services to the General Purpose Fund (1010), out of Measure Q Fund (2244). It transfers 0.50 FTE Administrative Assistant II, 0.30 FTE Health and Human Services Program Planner, and 0.60 FTE Office Assistant I, PPT in Department of Human Services Administration to Grant Clearing Fund (7760), out of the General Purpose Fund (1010). It also adds \$270,558 in contract contingencies in Community Housing Services to Measure Q Fund (2244).

The proposed change reduces grant revenue by \$203,943 from the California Department of Education (2138). It transfers 1.50 FTE Early Childhood Director to the Department of Health and Human Services Fund (2128). It also adds FY19-20 subsidy Carry-Forward revenue in the Department of Health and Human Services (2128) in the amount of \$203,943.

The proposed change delays the start date of 29.00 FTE until January 2021 and increases the O&M by \$0.94 million in Parks Measure Q (Fund 2244) to procure additional equipment to support newly added staff. There is no revision to the total funding or FTE.

The proposed change reallocates project balances related to radio replacement in the Radio Fund (4200), with a net neutral impact on the fund.

The proposed change in the Public Works Department deletes 1.00 FTE Assistant to the Director position and adds 1.00 FTE Project Manager II position in the Grant Clearing fund (7760). In addition, O&M is reduced by \$0.04 million to cover the additional cost of the added position. There is no revision to the total funding or FTE.

The proposed change in the Public Works Department provides \$0.22M in funding for Stormwater trash reduction mandates adopted by the Regional Water Quality Board in Measure B fund (2211).

The proposed change adds 1.00 FTE Sign Shop Coordinator and deletes 1.00 FTE Traffic Sign Maker in Complete Streets Maintenance in Transportation, split funded in Gas Tax (2230) and Grant Clearing Fund (7760), based on recommendations of a recent desk audit. There is no change to the total funding or FTE.

The proposed change adds 1.00 FTE Administrative Analyst I and deletes 1.00 FTE Administrative Assistant I in Great Streets Maintenance Administration in Transportation, in the Vehicle Registration Fee Fund (2215), based on recommendations of a recent desk audit. O&M is reduced by \$0.02 million to cover the additional cost of the added position. There is no revision to the total funding or FTE.

The proposed change revises the FTE description in Measure Q Library (Fund 2241) to include "Transfer 1.00 FTE Library Assistant from California Library Services Fund (2148) and reduce O&M". There is no revision to the funding or FTE.

The proposed change in Planning and Building Department deletes 1.00 FTE Public Service Representative Senior and adds 1.00 FTE Account Clerk III position in Development Services Fund (2415). This is a cost savings and \$6,482.00 will be added to O&M. There is no revision to the total funding or FTE.

The allocations proposed in the errata are in accordance with the amended Consolidated Fiscal Policy (Ordinance No. 13487 C.M.S.).

## **BACKGROUND / LEGISLATIVE HISTORY**

On May 26, 2020, City Council first heard a report on the FY 2020-21 Proposed Mid-cycle Budget. Consistent with past practice, these errata amend the Midcycle Budget. These errata reduce \$7.32 million in revenue and expenditure allocations in the General Purpose Fund (1010) by \$5.72 million and in Affordable Housing Trust Fund (1870) by \$1.6 million. These errata also make cost neutral revisions in some Non-GPF Funds in Exhibits 3.

## **ANALYSIS AND POLICY ALTERNATIVES**

The FY 2020-21 Proposed Mid-cycle Budget may be accessed on the Budget Bureau website (<https://www.oaklandca.gov/topics/budget>) and is included as an attachment on the City's Agenda Management website for this item (<https://oakland.legistar.com/Calendar.aspx>). A hardcopy of the FY 2020-21 Proposed Mid-cycle Budget will also be available in the City Clerk's Office.

### **FISCAL IMPACT**

The fiscal impacts are described in the FY 2020-21 Proposed Mid-cycle Budget. These errata decrease revenues and expenditures by \$7.32 million due to projected revenue decreases in the various funds across all funds.

### **PUBLIC OUTREACH / INTEREST**

During the two-year budget, extensive public outreach was completed including a scientific poll, informal survey, and community outreach forums. This Mid-cycle amendment did not require any additional public outreach.

See the City's Budget website for additional information: [www.oaklandca.gov/budget](http://www.oaklandca.gov/budget).

### **COORDINATION**

The Finance Department worked with all City departments in preparing the FY 2020-21 Proposed Mid-cycle Budget.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The proposed errata reduce expenditures in labor, contracts, and affordable housing. There may be economic impacts depending on the decisions made by the Mayor and Council.

***Environmental:*** The impact of the City's appropriations can have a considerable effect on the local environment impacts depending on the decisions made by the Mayor and Council.

***Race and Equity:*** The Midcycle is a significant tool for improving race and equity. Budgetary decisions made with equity as a focus can help to mitigate the inequitable circumstances of Oakland residents. The Midcycle specifically emphasizes the area of youth, housing, and homelessness to address social equity.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution Amending Resolution No. 87759 C.M.S., Which Adopted The City Of Oakland's Fiscal Year 2019-21 Biennial Budget, To Make Mid-cycle Budget Adjustments To: (1) Fiscal Year 2020-21 General Purpose Fund Revenue Projections; (2) Fiscal Year 2020-21 General Purpose Fund Appropriations; And (3) Fiscal Year 2020-21 Non-General Purpose Fund Revenue Projections And Appropriations.

For questions regarding this report, please contact Lisa Agustin, Budget Administrator at 510-238-2989.

Respectfully submitted,



ADAM BENSON  
Director of Finance

Prepared by:  
Lisa Agustin, Budget Administrator

Attachment (1):

- Exhibit 1: FY 2020-21 Proposed Mid-cycle Budget Errata No. 2