

CITY OF OAKLAND
COUNCIL AGENDA REPORT

OFFICE OF THE CITY CLERK
CITY OF OAKLAND

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: City Administrator's Budget Office
DATE: July 18, 2006

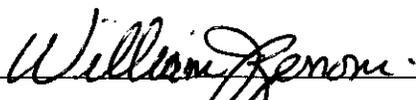
2006 JUL 18 PM 5:35

RE: **Revision to Report on FY 2005-06 Third Quarter Revenue and Expenditure Results and Year-End Projections for City's Selected Funds (General Purpose, Telecommunications, Contract Compliance, Equipment and Facilities) and Resolution Amending Resolution No. 79291 C.M.S. to Amend the Second Year of the 2005-07 Biennial Budget as the Financial Plan for Conducting the Affairs of the City of Oakland Based on Third Quarter Review of FY 2005-06 Revenues and Expenditures**

Attached are revisions to page 7 of the Staff Report and Exhibit A to the proposed Resolution which reflect changes made by the Finance and Management Committee on July 11, 2006. The changes have been highlighted on page 7 and include the following:

- Priority Projects Funding for the Mayor -- Allocate \$125,000 each to the current Mayor and Mayor-elect
- Reduce Transfer to Reserve by 50 percent from \$1,485,438 to \$742,719
- Allocate \$742,719 for Tree Trimming

Respectfully submitted,



WILLIAM J. ZENONI
Interim Budget Director

APPROVED FOR FORWARDING
TO THE CITY COUNCIL



OFFICE OF THE CITY ADMINISTRATOR

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SUPPLEMENTAL FUNDING REQUEST

Staff recommends that Council consider the following items for funding with the additional General Purpose Fund surplus:

- Landscaping and Lighting Assessment District supplemental funding to bridge the FY 2006-07 funding gap - \$1.80 million
- City-wide roofing repairs - \$1.50 million
- Deferred maintenance on City facilities including repair of City Hall elevators, replacement of failing police fuel pump, replacement of roof at West Oakland Multipurpose Center and repair of deteriorated porch at Dunsmuir House, - \$0.72 million
- Repairs resulting from the 2006 winter storm damage in excess of the amount covered under the federal disaster declaration - \$0.52 million
- Three Criminalist positions to analyze sexual assault kits and maximize DNA evidence - \$0.36 million
- Police in-car video system - \$0.51 million
- Priority Projects Funding for Mayor, which was omitted from the Midcycle budget adjustment - \$0.25 million (\$0.125 million each for current Mayor and Mayor-elect)
- Support for City-wide recruitment – Personnel/Payroll - \$0.47 million
- Transfer to ~~Capital~~ Reserve for future consideration - ~~\$1.48 million~~ \$0.74 million
- Tree Trimming - \$0.74 million

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 City's telecommunication activities, with over 98 percent of revenues in the past five years having gone to KTOP.

REVENUE BACKGROUND

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 2005-06 Adopted Budget estimated revenues of \$0.99 million (before fund transfer) and expenditures of \$2.18 million, which creates a

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**FY 2005-06 THIRD QUARTER
REVENUE AND EXPENDITURE REVIEW
PROPOSED AMENDMENT TO FY 2006-07 GENERAL PURPOSE FUND
BUDGET**

Public Works Agency

Landscaping and Lighting Assessment District (LLAD) \$1,800,000

City-wide Roofing Repairs \$1,500,000

Deferred Maintenance on City Facilities \$ 720,800

- Repair City Hall Elevators #3 and #4 - \$250,000
- Repair Dunsmuir House Porch (Dryrot) - \$121,500
- West Oakland Multipurpose Center Roof Replacement - \$249,300
- Replacement of Failing Fuel Pump at Police Admin. Bldg. - \$100,000

Repairs Resulting From 2006 Winter Storm Damage \$ 515,226

- Damage not covered under the City's Federal Disaster Declaration

Tree Trimming \$ 742,719

- As directed by Finance and Management Committee on July 11, 2006

Police Services

Criminalist Positions (3) \$ 361,536

Police In-Car Video System \$ 507,000

Mayor

Priority Projects Funding \$ 250,000

(\$125,000 each for current Mayor and Mayor-elect)

Support for City-wide Recruitment – Personnel/Payroll \$ 470,000

- As discussed by Council during June 8th Midcycle Budget Review

Transfer to Reserve for Future Consideration \$ 742,719

Total \$7,610,000