

## PRESIDENT KAPLAN PROPOSES MORE HARMONIZED SOLUTION FOR OakDOT

In 2015, the City Council approved the proposal to reorganize city government to create a new Department of Transportation (OakDOT) for the City of Oakland. The Ordinance stated that: "The management and operation of the Department of Transportation shall be the responsibility of the Director of Transportation, subject to the direction of the City Administrator" to effectively deliver capital projects and mobility programs, accelerate the repaving of our streets/sidewalks, and to improve pedestrian bike, driver, and transit safety.

Many dedicated workers are doing vital and important work to help improve our infrastructure, including paving our streets and fixing our sidewalks, and much more. We want to acknowledge all the amazing work at OakDOT, Public Works, and Planning, and other Departments and we want the workforce to know their work is deeply appreciated.

However, for multiple years, community members, residents, and local business owners have expressed concerns, regarding the lack of clarity of duties among departments, the duplication of processes, and the sometimes-conflicting interpretation of rules by OakDOT, OPW, and other departments. These problems have created delay for implementation of important projects and wasted time and money for stakeholders and city staff. As Oakland sits at the center of many regional transportation projects and agencies, from BART and AC Transit to CalTrans and more, much of what we need to accomplish to improve our transportation system requires effective collaboration.

For our economy, our environment, and our quality of life, it is important for Oakland to have well-coordinated efforts for our infrastructure and transportation.

This proposal never contained any threat to lay off any OakDOT union workers.

I would like to thank the many community members and stakeholders who have reached out and have expressed their interests and suggestions regarding transportation in Oakland.

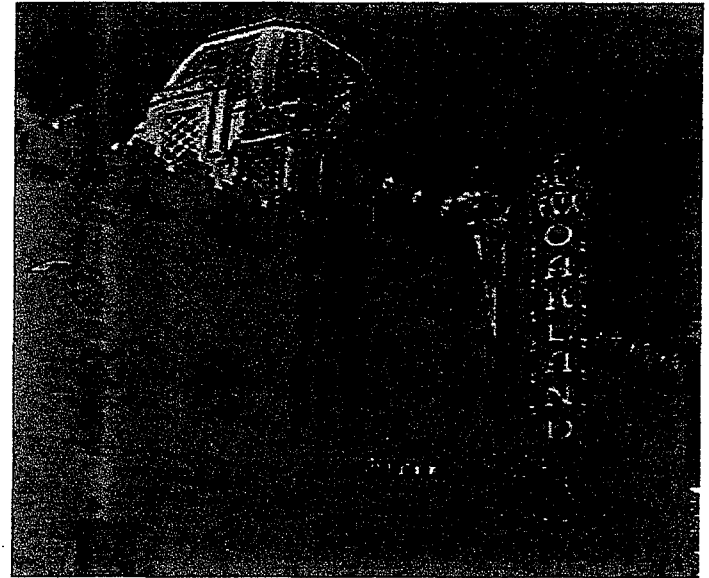
Also, I would like to particularly thank Councilmembers Sheng Thao, Loren Taylor, and Nikki Bas in seeking a solution **which does not create any cuts**, or fear of cuts. In order to provide for a proposal which can help solve issues, without creating any additional strife, I propose:

In seeking good governance practices, to provide clarity, while removing the request for any related budget adjustment or staff allotment change, I am asking the City Administrator to provide a report and clarify handling and resolving issues of duplication, and assignment of duties, for project approvals and other issues, relative to the DOT and other departments.

I am requesting that the report include:

- **Clear delineation of work:** Which transportation and streetscape-related duties are now in OakDOT, and which are in OPW, or other departments? What items require both OakDOT and OPW approval? (For example, do upper story window permits require OakDOT approval and why?)
- **Consistency:** How do we ensure consistency in the interpretation of rules and regulations among all the departments involved in permit issuances?
- **User Friendly Communication:** Who is responsible for regional collaboration with other transportation partners and transit agencies? Who is the Liaison from OakDOT to the community? To other transportation agencies who provide transportation in and through Oakland? How is the flow of work communicated to the public? Are there flow charts/organizational charts available for Council and the Public?
- **Conflict Resolution:** If there is lack of clarity on duties or interpretation of rules, who in the Administration is supposed to resolve that?

**COUNCIL PRESIDENT  
KAPLAN'S  
BUDGET AMENDMENTS  
FY 2019-21**



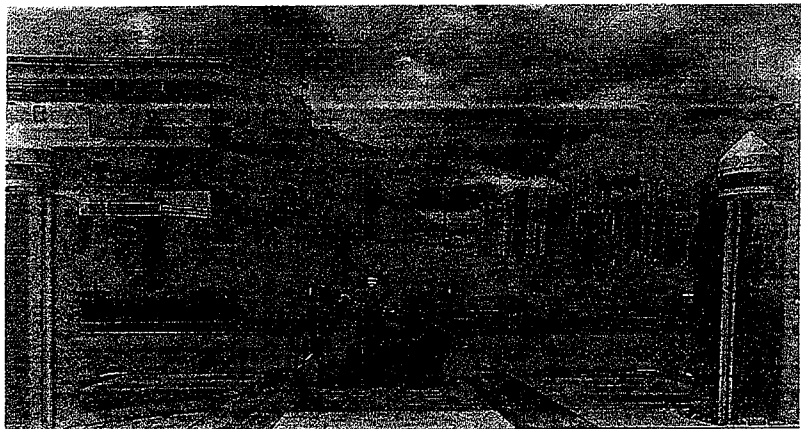
**Presentation  
Oakland City Council  
June 10, 2019**

**DUTIES OF THE  
COUNCIL PRESIDENT  
ORDINANCE NO. 13487  
CONSOLIDATED FISCAL POLICY**

**“The City Council President, on behalf of the City Council, shall prepare a proposed budget for Council consideration to be heard at a Special City Council Budget Hearing occurring on or before June 17th.”**

**COUNCIL  
PRESIDENT  
KAPLAN'S  
BUDGET  
PROPOSAL  
CONSIDERATIONS**

- It's Balanced.
- The majority of the Mayor's proposed budget FY 2019-21 remains unchanged.
- If an item is not addressed by the Council President's budget amendments, it remains as described in the Budget book.

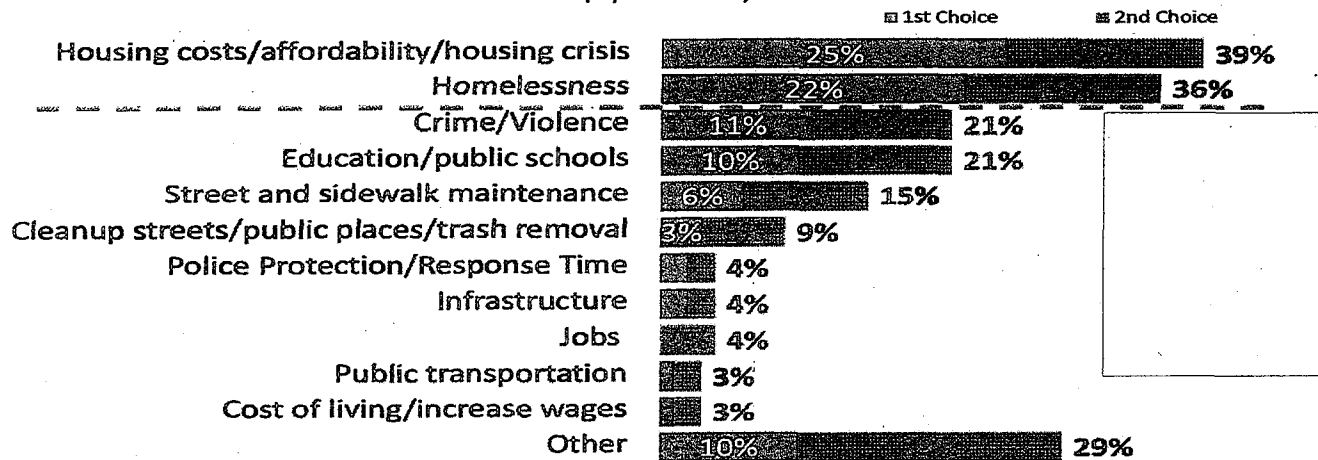


**WE ARE HERE TO PASS A  
BUDGET TO STRENGTHEN  
OUR CITY SERVICES. IT'S  
TIME TO PASS A BUDGET  
THAT TRULY ADDRESSES  
THE NEEDS OF ALL  
RESIDENTS.**

# COUNCIL PRESIDENT KAPLAN'S PROPOSAL ALIGNS WITH SURVEYED NEEDS OF RESIDENTS

**Homelessness and housing are clearly the top issues residents want to see prioritized.**

*In the upcoming two-year budget, what are the two most important issues facing Oakland residents that you would like to see prioritized in the City government budget?  
(Open-Ended)*



**FM3 Research**  
**Report**  
**Dec. 2018**  
**Presented at City**  
**Council**  
**On 2.25.19**

# HIGHLIGHTS OF COUNCIL PRESIDENT KAPLAN'S BUDGET

## • Housing and Homelessness

- Creates a Permanent Affordability Fund for small site acquisition
- Funds for a self-governing encampment
- Allocates funds to Navigation Center, mobile showers, bathrooms, etc.
- Establishes a Homeless Commission and Public Lands Commission
- Tiny Homes Project for youth

## • Community Safety & Violence Prevention

- Online resource center, family support for those impacted by violent crime
- Adds homicide detectives
- Adds 911 dispatchers for faster response times
- Audit of OPD
- Cahoots Study -Use mental health professionals instead of police officers for mental health issue response
- Reduce incarceration *by priority*

# HIGHLIGHTS OF COUNCIL PRESIDENT KAPLAN'S BUDGET

- **Illegal Dumping**
  - Creates a zone based cleanup with a new crew to cover citywide
  - Expands rewards and security cameras for illegal dumping enforcement
  
- **Workforce**
  - Job development and vocational training
  - Jobs for the Homeless
  - Department of Workplace and Employment Standards
  
- **Education**
  - Restorative Justice program
  - Healthy food for our Youth including after-school supper program
  - OUSD absenteeism remedies

## HIGHLIGHTS OF COUNCIL PRESIDENT KAPLAN'S BUDGET

- Restores Proposed Cuts to Parks Maintenance (which would have inequitably ended maintenance of over 30 community parks)
- Creates evening hours Permit Counter for ADUs and other needs of small property owners
- Restores Cuts to LGBT Family programming
- Cost of Living adjustment for our underpaid City Workers
- Traffic lights at dangerous intersections



**HARVEY ROSE  
ASSOCIATES,  
OUR NEUTRAL  
THIRD PARTY  
ANALYST  
STATED THAT:**

**“The City Council could consider more aggressive revenue assumptions for the Business License Tax and Transient Occupancy Tax.”**

LET'S HAVE AN  
HONEST  
CONVERSATION  
ABOUT  
REVENUE  
PROJECTIONS

- According to audited actuals for the General-Purpose Fund (GPF), the City of Oakland has under-projected local tax revenues each year for the past 7 years.
- The City's own FY 2018-19 third quarter projections show Oakland receiving at least \$37 million more in General-Purpose Fund revenue than previously projected

**FY 2018-2019  
GENERAL FUND  
REVENUE  
WAS \$37,120,000  
OVER  
PROJECTIONS  
IN THE 3RD  
QUARTER!**

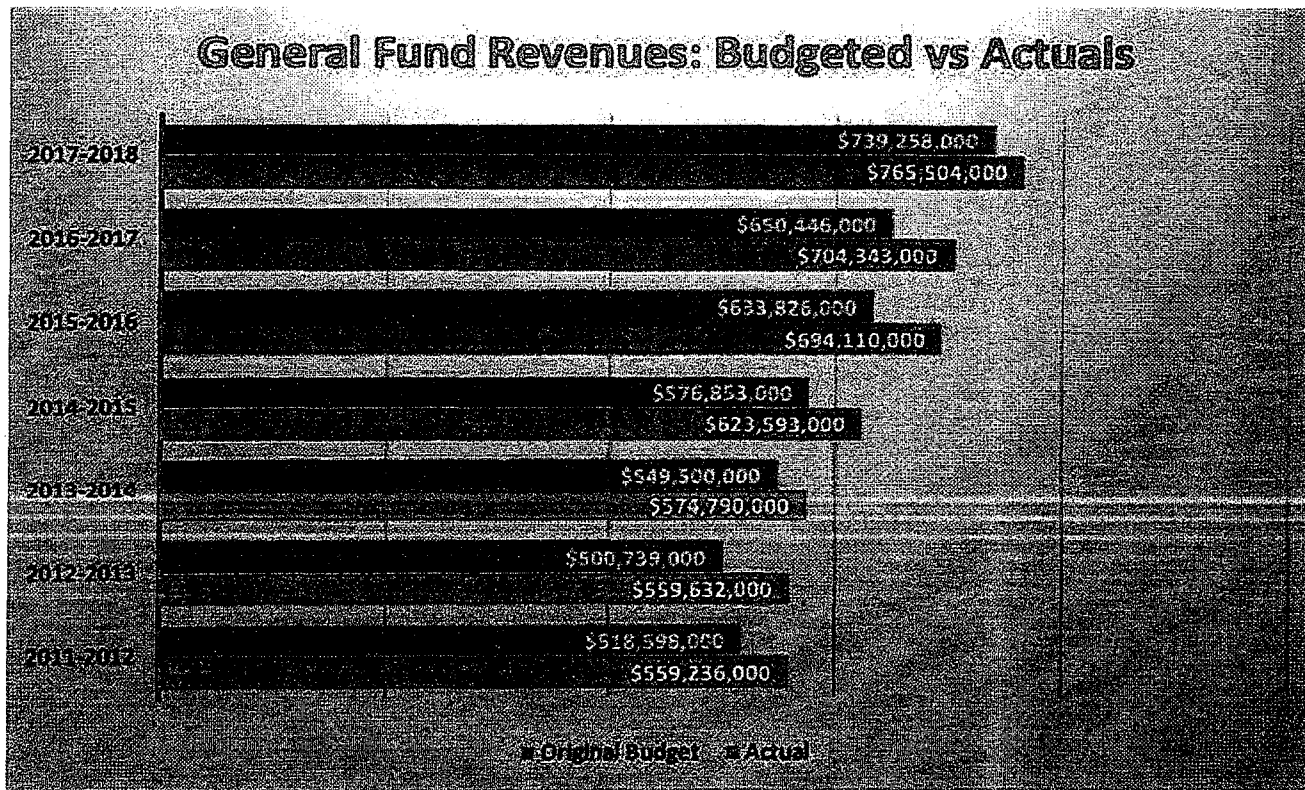
**Table 3: Summary of GPF Revenue Variance to FY 2018-19 Adjusted Budget:**

Description	FY 2018-19 Revenue
<b>FY 2018-19 Adjusted Revenue Budget</b>	<b>\$ 602.71</b>
<b>Increases/(Decreases):</b>	
Property Tax	\$ 2.77
Sales Tax	\$ 2.31
Business License Tax	\$ 10.81
Real Estate Transfer Tax	\$ 25.43
Fines & Penalties	\$ (1.84)
Transient Occupancy Tax	\$ 1.80
Miscellaneous	\$ (4.09)
All Other	\$ (0.07)
<b>Not Projected GPF Revenue Growth</b>	<b>\$ 37.12</b>
<b>Total FY 2018-19 Projected Revenue</b>	<b>\$ 639.83</b>

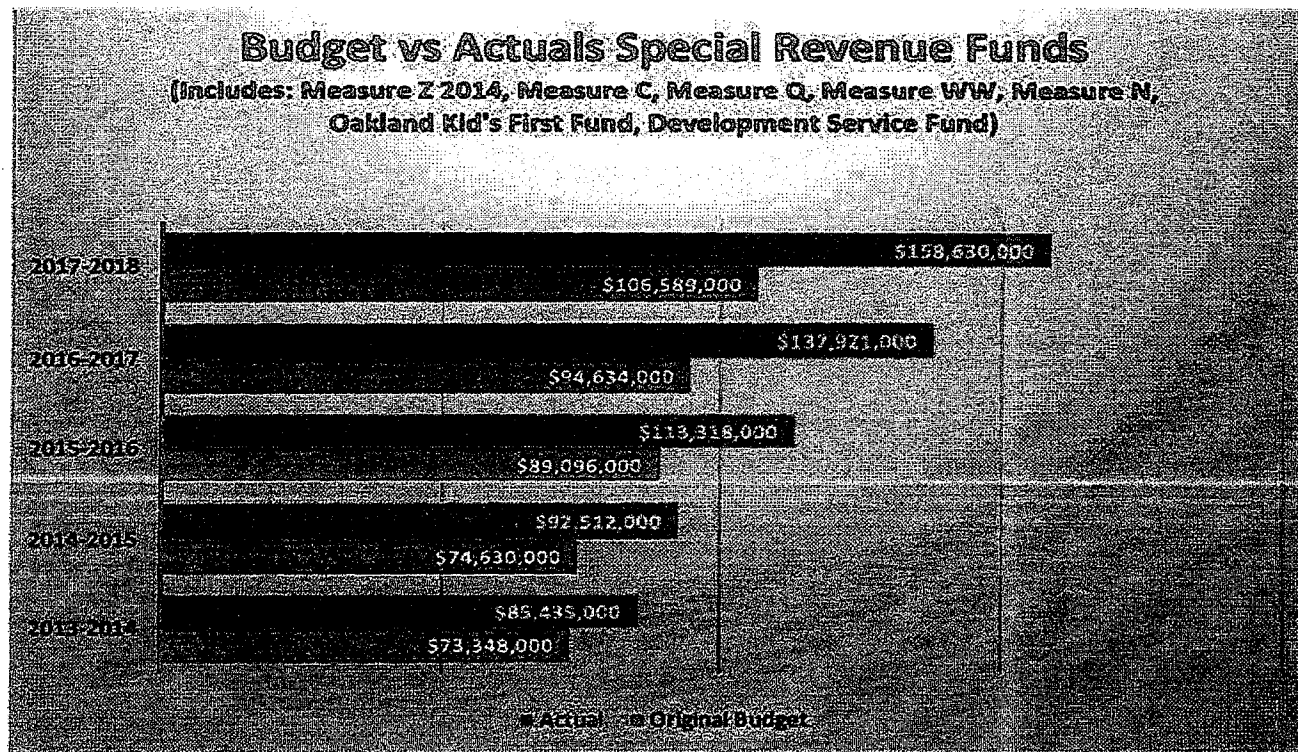


Source: Sabrina B. Landreth, City Administrator  
 Subject: FY 2018-19 Q3 R&E Report  
 Date: May 6, 2019  
 Page 4

# THIS IS A PATTERN... Variance of Projected Revenue Versus Actuals-2013-2018 - General Funds



# THIS IS A PATTERN... Variance of Projected Revenue Versus Actuals-2013-2018 - Special Funds



**FOR EXAMPLE...  
BUSINESS TAX  
FROM 2011-2019**

Business License Taxes	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Adopted Budget	\$50,869,280	\$51,365,918	\$59,240,000	\$61,017,000	\$70,047,500	\$71,721,300	\$79,580,950	\$81,824,978
Actuals (3rd Q Projections used for FY 2018-2019)	\$58,700,000	\$60,800,000	\$62,900,000	\$66,800,000	\$75,600,000	\$75,840,294	\$84,984,481	\$87,400,000
Variance	\$7,830,720	\$9,434,082	\$3,660,000	\$5,783,000	\$5,552,500	\$4,118,994	\$5,403,531	\$5,575,022
Average Variance	\$7,172,244							

THE  
ADMINISTRATION  
HAS IN THE PAST  
ISSUED ERRATA  
BASED ON REVISED  
Q3 REPORTS

Exhibit 1

REVISED

GENERAL PURPOSE FUND REVENUE -- MAY REVISE

Property Tax	158,692,829	170,483,923	182,707,896	187,270,093	2,823,646
Sales Tax	55,234,590	54,105,000	55,998,537	57,678,493	
Vehicle License Fee	165,671				
Business License Tax	75,504,456	72,241,300	79,580,950	81,834,879	
Utility Consumption Tax	50,966,465	50,700,000	50,700,000	51,000,000	(300,000)
Real Estate Transfer Tax	89,594,472	77,670,630	75,822,812	77,962,496	
Transient Occupancy Tax	19,814,310	21,994,000	22,653,820	21,546,654	1,786,781
Parking Tax	10,219,541	10,679,420	11,130,600	11,157,695	279,065
Local Tax	40,013		5,900,000	5,900,000	
Licenses & Permits	1,590,174	1,891,000	2,060,303	2,064,974	
Fines & Penalties	21,741,255	22,086,700	22,178,254	21,965,973	434,027
Interest Income	924,898	740,482	740,482	740,482	
Service Charges	52,938,469	54,426,424	59,186,455	60,894,058	224,373
Grants & Subsidies	1,524,122	416,337	119,435	119,435	
Miscellaneous	5,396,634	3,300,000	2,088,857	5,455,577	
Interfund Transfers	14,922,885	2,554,207	3,964,207	4,774,207	
Transfers from Fund Balance	28,070,087	28,070,087	7,960,726	2,550,000	(1,819,796)

May 2017 Revise



**COUNCIL  
PRESIDENT'S  
FY 2019-20  
PROJECTIONS  
COMPARED  
TO 2018-19 Q3  
ACTUALS**

Council President's FY 19-20 Projections Compared to Q3 2018-2019 Projections				
Revenue Source	Council President's Projections	Q3 2018-2019	Council President's Assumed Growth Rate	Average Growth Rate: 8 year average
Property Tax	\$ 216.00	\$ 199.24	8.4%	6.0%
Sales Tax	\$ 60.14	\$ 59.99	0.3%	4.0%
TOT (hotel) tax	\$ 28.31	\$ 25.47	11.1%	13.0%
Business Tax	\$ 102.68	\$ 97.43	5.4%	8.0%
REIT	\$ 92.80	\$ 99.61	-6.8%	20.0%
Utility Tax	\$ 55.16	\$ 52.30	5.5%	0.0%
Parking tax	\$ 12.96	\$ 11.44	13.3%	4.0%
Total GPF Unrestricted Tax	\$ 568.05	\$ 545.48	4.1%	7.0%



**MAYOR'S  
FY 2019-20  
PROJECTIONS  
COMPARED TO  
2018-19 Q3  
ACTUALS**

<b>Mayor's FY 19-20 Projections Compared to Q3 2018-2019 Projections</b>				
<b>Revenue Source</b>	<b>Mayor's Revenue Projections</b>	<b>Q3 2018-2019</b>	<b>Mayor's Assumed Growth Rate</b>	<b>Average Growth Rate: 8 year average</b>
<b>Property Tax</b>	\$ 215.00	\$ 199.24	7.9%	6.0%
<b>Sales Tax</b>	\$ 59.14	\$ 59.99	-1.4%	4.0%
<b>TOT (hotel) tax</b>	\$ 26.49	\$ 25.47	4.0%	13.0%
<b>Business Tax</b>	\$ 99.68	\$ 97.43	2.3%	8.0%
<b>RETT</b>	\$ 82.80	\$ 99.61	-16.9%	20.0%
<b>Utility Tax</b>	\$ 55.16	\$ 52.30	5.5%	0.0%
<b>Parking tax</b>	\$ 11.46	\$ 11.44	0.2%	4.0%
<b>Total GPF Unrestricted Tax</b>	\$ 549.73	\$ 545.48	0.8%	7.0%

## OTHER REVENUE GENERATING SOLUTIONS AND UPDATES

- Focused on Non-General Fund sources and best practices
- Council President's discretionary fund for paving plan (\$500,000) moved to be used for other purposes
- Multiple funding sources not in budget are added such as unexpected Warriors playoff revenue.
- New state law for online sales should increase sales tax.

## OTHER FINANCIAL SOLUTIONS

- **MARCH 2020 Elections**
  - **Park Ballot Measure**
  - **Fire Prevention Measure**
  - **To align with tax assessment in June**
  - **This would bring money in time for Year 2 of this Budget**
- **Reduce the number of people we take into jail. Currently 7, 000 people are incarcerated per year, costing us extra overtime and removing officers from serving their beat**

**SOME FUNDS  
HAVE HAD  
SIZEABLE  
RESERVES**

**FUND 2415 - DEVELOPMENT  
SERVICE FUND**

**Exhibit 28: Ending Fund Balance for 2415 Development Service Fund, FY 2016-17 through FY 2018-19  
(estimate)**

<b>Fiscal Year</b>	<b>Fund Balance</b>
<b>FY 2016-17</b>	<b>\$73,409,498</b>
<b>FY 2017-18</b>	<b>\$123,816,826</b>
<b>FY 2018-19 (estimated)</b>	<b>\$94,935,619</b>
<b>FY 2020-21 (estimated ending balance)</b>	<b>\$93,935,620</b>

**Source: Oakland City Administrator's Office (FY 2019-21 Proposed Budget)**

# IMPACT FEES

\$21,402,549  
HOUSING FEES  
ASSESSED BUT  
NOT YET  
COLLECTED  
FROM 2018.

Table 4: Impact Fees Collected/Paid and Assessed for  
Building Permit Applications Filed 7/1/16 - 6/30/18

Impact Fee Fund	Impact Fee and Fiscal Year (FY)	Amount Collected/Paid	Revenue Assessed but Not Due Yet	Total Impact Fees Assessed		
Affordable Housing Trust Fund	Affordable Housing Impact Fees (AHIF)	AHIF, FY 16 - 17	\$477,824	\$5,723,991	\$6,201,815 <sup>a</sup>	
		AHIF, FY 17 - 18	\$3,206,036	\$11,510,815	\$14,716,851	
		Total AHIF FYs 2016 - 2018	\$3,683,860	\$17,234,806	\$20,918,666	
	Jobs/Housing Impact Fee (JHIF)	JHIF, FY 15 - 16	\$526,861 <sup>b</sup>	\$0	\$0	
		JHIF, FY 16 - 17	\$303,360	\$2,758,235	\$3,061,595 <sup>c</sup>	
		JHIF, FY 17 - 18	\$1,637,551	\$1,409,508	\$3,047,059	
		Total JHIF FYs 2015 - 2018	\$2,467,772	\$3,640,882	\$6,350,193	
	AHIG & JHIF	Total of AHIF & JHIF FY 15 - 16	\$526,861 <sup>b</sup>	\$0	\$0	
		Total of AHIF & JHIF FY 16 - 17	\$781,184	\$8,482,226	\$9,263,410	
		Total of AHIF & JHIF FY 17 - 18	\$4,843,587	\$12,920,323	\$17,763,910	
		Total of AHIF & JHIF FYs 2015 - 2018	\$6,151,632	\$21,402,549	\$27,268,859	
	Transportation Impact Fee Trust Fund	Transportation Impact Fee (TIF)	TIF, FY 16 - 17	\$483,269	\$1,138,114	\$1,621,383 <sup>a</sup>
			TIF, FY 17 - 18	\$1,867,348	\$890,132	\$2,757,480
Total TIF FYs 2016 - 2018			\$2,350,617	\$2,028,246	\$4,378,863	
Capital Improvements Impact Fee Trust Fund	Capital Improvements Impact Fee (CIIF)	CIIF, FY 16 - 17	\$141,547	\$993,310	\$1,134,857 <sup>ac</sup>	
		CIIF, FY 17 - 18	\$1,598,476	\$89,069	\$1,687,545	
		Total CIIF FYs 2016 - 2018	\$1,740,023	\$1,082,379	\$2,822,402	



File No. 18-1854  
 Quarterly Report on Police Overtime  
 Supplemental #3

**Table 2: OPD Overtime Adopted Budget, Actual Expenditures and Amount Invoiced**

Fiscal Year	Adopted Budget	Actual	Amount Invoiced	Non-Reimbursed Overtime	(Over) / Under Adopted Budget
2012-13	\$13,435,458	\$23,491,096	\$2,849,014	\$20,642,082	(7,206,624)
2013-14	\$13,435,548	\$26,112,356	\$2,884,679	\$23,227,677	(9,792,129)
2014-15	\$15,571,768	\$31,690,464	\$3,927,914	\$27,762,550	(12,190,782)
2015-16	\$12,935,458	\$27,779,646	\$4,449,479	\$23,330,167	(10,394,709)
2016-17	\$12,935,458	\$28,265,038	\$4,976,304	\$23,288,734	(10,353,276)
2017-18	\$12,435,458	\$28,515,402	\$7,373,866	\$21,141,536	(8,706,078)
2018-19**	\$12,335,458	\$36,166,883	\$8,628,414	\$27,538,469	(15,203,011)

\*Does not include the adjusted overtime budget

\*\*Projected as of 05 APR 19



Row Labels	Actual Reimbursements in FY 2017-18	FY18-19 Midcycle Adopted Budget	FY 19-20 Proposed Budget	FY 20-21 Proposed Budget
45718 - Other Svc Charges: Personnel Services	6,559,561	4,437,937	5,000,000	5,000,000
Grand Total	6,559,561	4,437,937	5,000,000	5,000,000

Oakland's Budget



## COUNCIL PRESIDENT QUESTIONS THAT ARE STILL UNANSWERED

### Budget Questions 2019 – Council President Kaplan – V3 – 3/21

1. How much does it cost for OPD to take someone into custody/Santa Rita (time of officers' work including drive time there and back and total dollar value of that time)?
2. What are the total number of people being taken into custody per year for the most recent few years divided by category of offense for which they were taken in (e.g. How many for drug dealing, how many for shooting, how many for burglary, etc.)?

### Budget Questions 2019 – Council President Kaplan – V4 – 3/24

1. Please provide the full list of Impact Fee categories, with current fund balance, current revenue and expenditure, and projected revenue for 2019-2021. Please provide the total money received for each fee up until now, the destination fund, and the amount of money that is encumbered, and the remainder amount.
2. Can you give us an accounting of all the building permits issued, since the inception of impact fees, # of units, which fee zone they are in. How many fees were assessed? For those who did not pay what was basis of exemption? How much \$ of fees are anticipated and when?
3. In the Housing Affordability Trust Fund, what is encumbered, what has been allotted, and what is the remaining amount of monies not encumbered or allotted? Please provide a list of projects that are using encumbered and/or allotted Housing Affordability Trust Fund monies.

## COUNCIL PRESIDENT QUESTIONS THAT ARE STILL UNANSWERED

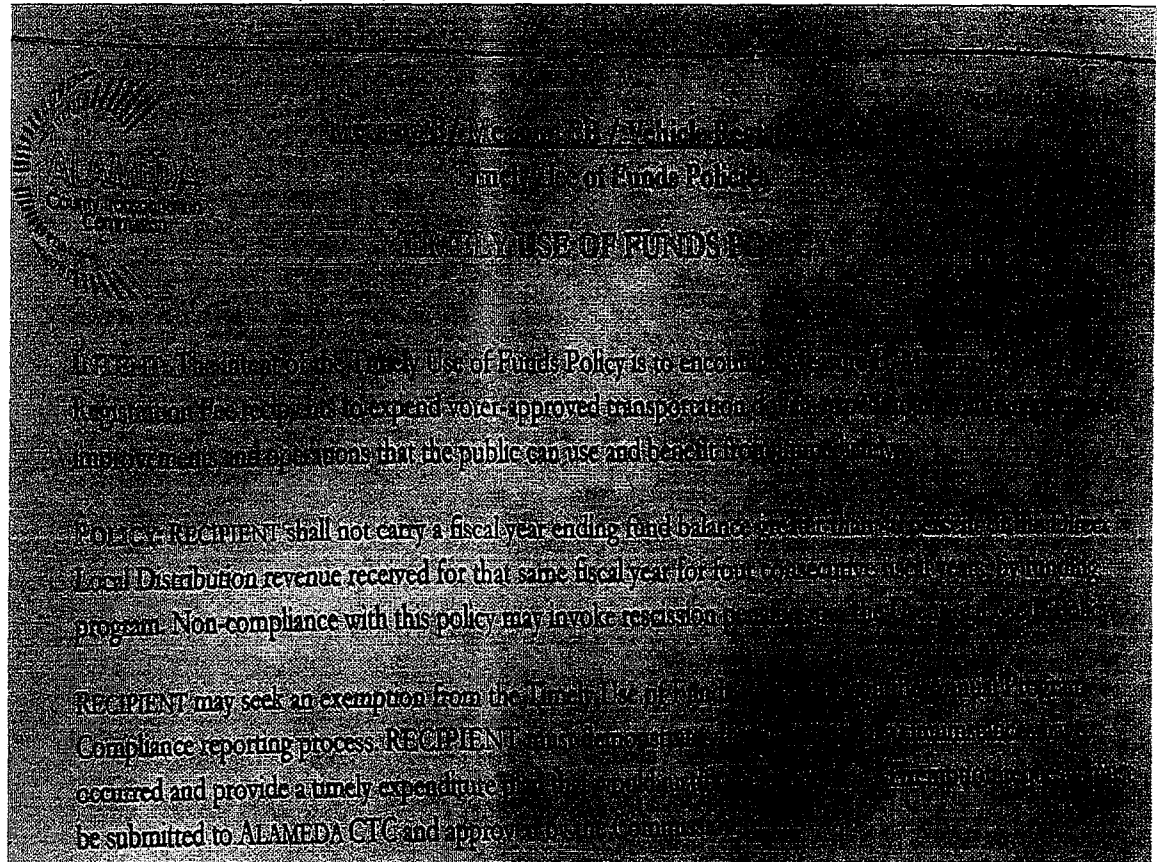
### Budget Questions 2019 – Council President Kaplan – V4 – 3/24 (continued)

4. Please provide the amount of money currently in fund 2419 Transient Occupancy Tax (TOT) and out of that what is encumbered? The actuals are not listed on page 305 of the FY19-21 Proposed Budget.
5. The Mayor has publicly stated that the amount budgeted for police overtime in the Mayor/Administrator's budget is not the amount which you actually expect to spend. What is the amount of police overtime that you would realistically estimate for FY19-21?
6. In the CIP budget, which priority projects require matching monies that have not yet been secured? Any projects in this round of CIP that won't be using monies this year? Or for 2019-2020.
7. Please provide the following information or direct us to retrieve information for the following funds, the amount of unencumbered monies remaining in the fund, the available uses for each fund: a. Development Service Fund; b. Housing and Community Development Fund; c. California Park and Rec. Fund; d. California DOT Fund; e. Transportation Impact Fee; f. Sewer Service Fund; g. HUD-Home; h. Measure KK: 2017A -2; i. Measure KK: 2017A-1; j. Multipurpose Reserve; k. Capital Improvement Impact Fee Funds; l. Measure B



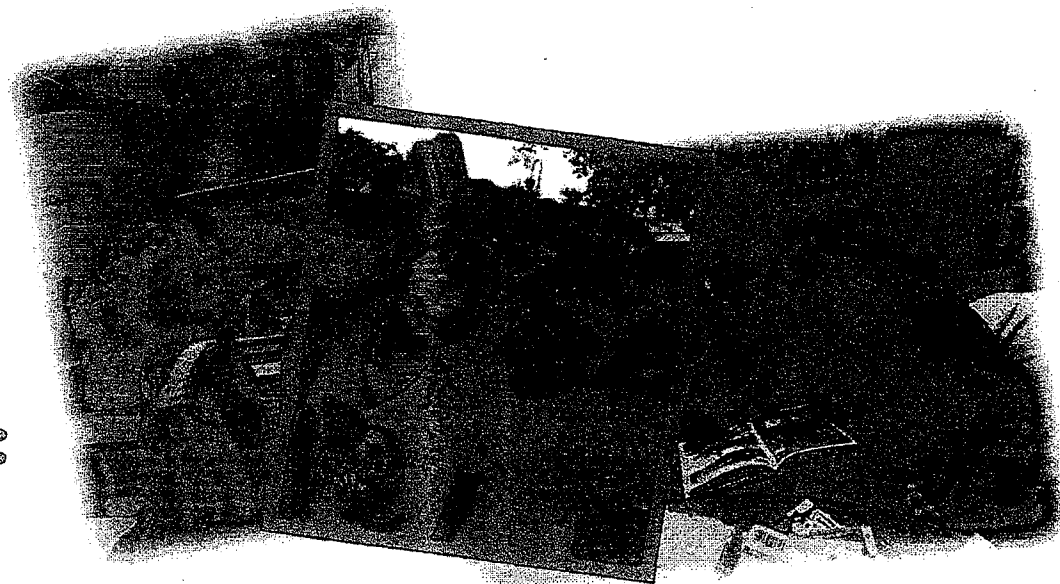
See, for example, the Administration's description of use for the Vehicle License Fee in comparison to the actual rule of fund source uses (ACTC)

- o Staff does not understand intent of the "one-time permit backlog clearance surge funds" (Item No. 7). PBD has existing contingency appropriations that can be used for these purposes.
- **Measure F - Vehicle Registration Fee (Fund 2215)**
  - o Allocating \$1.0 million from Fund Balance in Fund 2215 for the installation of two (2) traffic lights would reduce the available balance for both capital and personnel for local streets and roads. ACTC (the origin of these funds) has a goal to maintain a fund balance at 40% of annual revenues. For this fund, that would be approximately \$700,000. Use of \$1.0 million would bring the estimated ending fund balance to \$293,888 in FY 2019-20, substantially below the recommended target.



# LET'S ADOPT A BUDGET THAT STRENGTHENS THE FUTURE FOR ALL OF OUR COMMUNITY

- To Contact us:  
[atlarge@oaklandca.gov](mailto:atlarge@oaklandca.gov)
- Next Council Meeting:  
June 18th



Our youngest residents at Fairyland, Oakland Museum,  
and at a Library branch



# Improving Revenue Forecasting for the City of Oakland

## Introduction

According to audited actuals for the General-Purpose Fund (GPF), the City of Oakland has systematically under-projected local tax revenues each year for the past 7 years. Third quarter projections indicate that this trend is set to continue for Fiscal Year 2018-2019, with forecasts showing that the City of Oakland will end the year with surplus GPF revenues of almost \$40 million. Council President Kaplan's budget adds an additional 3% growth in unrestricted tax revenues in the first year (\$18.3 million) and 3% in the second year (\$19.05 million) as compared to the Mayor's budget –this amount compensates for a longstanding trend of under projecting revenues, while remaining conservative compared to historical budget variance trends. Harvey Rose has also recommended that Council explore more aggressive revenue projections for some local taxes, in particular the transient occupancy tax and the business license tax, both of which have been adjusted upward in the Council President's Budget.

## Comparison of the Mayor's Budget and Council President's Budget Compared to Third Quarter Revenues

The City's budget transparency ordinance requires the development of a Five-Year Forecast in February. This forecast is developed prior to the third fiscal quarter, when most tax revenues are collected. In the baseline budget development stage, finance staff stated that forecasts would be adjusted once third quarter revenues materialized. However, the Mayor's budgeted revenues have changed little from the initial forecasts included in the baseline stage and the Five-Year Forecast. The Mayor's budget assumes a first-year growth rate of 1% for General Purpose Fund unrestricted tax revenues as compared to third quarter revenues. This growth rate is far below the historical trend of 7% annual average growth over the past 8 years, and long-term growth averaging 5.8% annually for the past 13 years. Notably, this long-term average includes the Great Recession (data provided in the City's Preliminary Baseline Revenue and Expenditures Report, provided to Council on February 25, 2019).

Mayor's FY 19-20 Projections Compared to Q3 2018-2019 Projections					Council President's FY 19-20 Projections Compared to Q3 2018-2019 Projections				
Revenue Source	Mayor's Revenue Projections	Q3 2018-2019	Mayor's Assumed Growth Rate	Average Growth Rates: 8-year average	Revenue Source	Council President's Projections	Q3 2018-2019	Council President's Assumed Growth Rate	Average Growth Rates: 8-year average
Property Tax	\$ 215.00	\$ 199.24	8%	6%	Property Tax	\$ 216.00	\$ 199.24	8%	6%
Sales Tax	\$ 59.14	\$ 59.99	-1%	4%	Sales Tax	\$ 60.14	\$ 59.99	0%	4%
TOT (hotel) tax	\$ 26.49	\$ 25.47	4%	13%	TOT (hotel) tax	\$ 28.31	\$ 25.47	11%	13%
Business Tax	\$ 99.68	\$ 97.43	2%	8%	Business Tax	\$ 102.68	\$ 97.43	5%	8%
REIT	\$ 82.80	\$ 99.61	-17%	20%	REIT	\$ 92.80	\$ 99.61	-7%	20%
Utility Tax	\$ 55.16	\$ 52.30	5%	0%	Utility Tax	\$ 55.16	\$ 52.30	5%	0%
Parking tax	\$ 11.46	\$ 11.44	0%	4%	Parking tax	\$ 12.96	\$ 11.44	13%	4%
<b>Total GPF Unrestricted Tax</b>	<b>\$ 549.73</b>	<b>\$ 545.48</b>	<b>1%</b>	<b>7%</b>	<b>Total GPF Unrestricted Tax</b>	<b>\$ 568.05</b>	<b>\$ 545.48</b>	<b>4%</b>	<b>7%</b>



Council President's Budget, added GPP Unrestricted Tax Revenues	FY 2019-2020	FY 2020-2021
Property Tax	\$ 1,000,000	\$ 1,000,000
Sales Tax	\$ 1,000,000	\$ 1,000,000
Business License Tax	\$ 3,000,000	\$ 3,000,000
Utility Consumption Tax		
Real Estate Transfer Tax	\$ 10,000,000	\$ 10,000,000
Transient Occupancy Tax	\$ 1,817,000	\$ 2,054,000
Parking Tax	\$ 1,500,000	\$ 2,000,000
<b>Total added unrestricted local tax revenue</b>	<b>\$ 18,317,000</b>	<b>\$ 19,054,000</b>

## Historical and Projected Trends by Revenue Source

### Property Tax

#### *Projections for the Property Tax Base*

Beacon Economics projects that growth in assessed value driven by increasing home prices and strong construction activity will continue to expand Oakland's property tax base. Both the City's Five-Year Forecast and Beacon Economics are in agreement that the outlook for property tax growth is solid. While the Mayor's budget makes projections slightly above historical trends in the first year, the second year projected growth rate is 6.2%—1.2% below the long-term year average growth of 7.4% over the past 19 years (see the Five-Year Financial Forecast, page 25).

#### *Historical Revenue Trends*

The city's property tax projection trends are consistently low compared to actuals by an average of \$6.9 million each year. The Kaplan budget adds \$1 million in projected revenue for property taxes each year.

GPF Property Taxes	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Adopted Budget	\$125,166,501	\$125,166,501	\$144,468,000	\$151,358,000	\$164,907,424	\$172,469,311	\$182,707,896	\$190,093,739
Actuals (3rd Q Projections used for FY 2018-2019)	\$138,800,000	\$154,100,000	\$142,800,000	\$159,400,000	\$158,700,000	\$171,475,372	\$187,172,190	\$195,240,000
Variance	\$13,633,499	\$28,933,499	-\$1,668,000	\$8,042,000	-\$6,207,424	-\$993,939	\$4,464,294	\$9,146,261
Average Variance	\$6,918,774							

## Real Estate Transfer Tax (RETT)

### *Projections for the Real Estate Transfer Tax Base*

The Mayor's budget includes a decrease in RETT revenues as compared to third quarter projections for fiscal year 2018-2019 of \$16.7 million or 17%. Council president Kaplan's budget also assumes a decrease in RETT revenues, however, it assumes a less severe decrease of 7%.

The city is projected to end this year with \$99.6 million in RETT revenues, largely driven by the sale of large properties which are now taxed at a higher rate under voter approved Measure X, approved in November of 2018. While this high rate of revenue generation may be partly anomalous and driven by the sale of multiple large properties, it is also an indication of Measure X's impacts on improving revenue generation.

According to the Preliminary Baseline Revenue and Expenditure presentation delivered on February 25, 2019 to City Council, initial projections for RETT revenues prior to the collection of increased taxes under Measure X were \$82.2 million in the first year and \$85.4 million in the second year. In her presentation to Council, the finance director stated that these projections would be adjusted based on third quarter experience and the availability of additional data on Measure X impacts. The projections included in the mayor's budget have not been adjusted significantly from this preliminary baseline. Third quarter revenue data is now available, and RETT revenues are expected to be \$21.6 million higher than initially budgeted for Fiscal Year 2018-2019. Council President Kaplan's budget makes a modest adjustment of \$10 million in the first year and \$12.5 million in the second year to account for these trends and newly available data after the passage of Measure X.

### *Historical Revenue Trends*

The city's Real Estate Transfer Tax projection trends are consistently low compared to actuals by an average of \$16 million. In addition to this historical trend, the City has not yet meaningfully incorporated added revenues from Measure X based on third quarter revenue and expenditure data.

Real Estate Transfer Tax	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Adopted Budget	\$28,490,000	\$28,774,900	\$40,365,000	\$41,980,000	\$61,176,000	\$63,182,900	\$75,822,812	\$77,962,496
Actuals (3rd Q Projections used for FY 2018-2019)	\$30,700,000	\$47,300,000	\$59,100,000	\$62,700,000	\$89,600,000	\$79,069,794	\$77,521,838	\$99,610,000
Variance	\$2,210,000	\$18,525,100	\$18,735,000	\$20,720,000	\$28,424,000	\$15,886,894	\$1,699,026	\$21,647,504
Average Variance	\$15,980,941							

## Sales Tax

### *Projections for the Sales Tax Base*

The City's projections for sales tax growth are relatively sluggish, remaining below the overall rate of inflation (the city assumes inflation of 3% for forecasting purposes, sales tax growth rates are expected to be 2.5% and 2.8% respectively for fiscal year 2019-2020 and 2020-2021). However, growth trends for consumer sales have been high, and healthy growth slightly above the rate of inflation is anticipated.

### *Historical Revenue Trends*

The city's sales tax projection trends are consistently low compared to actuals by an average of \$2.5 million per year. The Kaplan budget adds \$1 million to this revenue category per year.

GPF Sales Taxes	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Adopted Budget	\$38,794,400	\$39,524,477	\$48,893,000	\$50,360,000	\$55,425,093	\$54,433,806	\$55,998,537	\$57,678,492
Actuals (3rd Q Projections used for FY 2018-2019)	\$44,700,000	\$48,800,000	\$49,800,000	\$51,800,000	\$55,200,000	\$53,701,770	\$57,465,177	\$59,990,000
Variance	\$5,905,600	\$9,275,523	\$907,000	\$1,440,000	-\$225,093	-\$732,036	\$1,466,640	\$2,311,507
Average Variance	\$2,543,643							

## Business License Tax

### *Projections for the Business License Tax Base*

Positive growth trends for the business license tax are expected to continue by both the City and Beacon Economics, largely driven by new construction and expansion of the real estate rental market. Despite positive forecasts and consistently strong growth rates averaging 8%, the City's projections for the business license tax represent a 2% growth rate over third quarter projections for Fiscal Year 2018-2019.



*Historical Revenue Trends*

The city's business license tax projection trends are remarkably and consistently low compared to actuals by an average of \$7 million per year. The Kaplan budget adds \$3 million to this revenue category in each year. This tax has also been highlighted by Harvey Rose as having particularly low budget projections for the past four years. It's also worth noting that Harvey Rose recommended reforming the business license tax to tax businesses based on size and to rationalize industry tax rates.

Business License Taxes	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Adopted Budget	\$50,869,280	\$51,365,918	\$59,240,000	\$61,017,000	\$70,047,500	\$71,721,300	\$79,580,950	\$81,834,879
Actuals (3rd Q Projections used for FY 2018-2019)	\$58,700,000	\$60,800,000	\$62,900,000	\$66,800,000	\$75,600,000	\$75,840,294	\$84,984,481	\$87,430,000
Variance	\$7,830,720	\$9,434,082	\$3,660,000	\$5,783,000	\$5,552,500	\$4,118,994	\$5,403,531	\$5,595,121
Average Variance	\$7,172,244							

**Transient Occupancy Tax (TOT)**

*Projections for the Transient Occupancy Tax Base*

The City's Five-year Forecast anticipates modest growth in hotel revenues for the next two years of 4% in the first year and 4% in the second year. Long term growth trends for the TOT have averaged 13% for the past 7 years. Beacon expects that strong growth trends remaining below the 7-year average will continue, and the City has stated in their forecasts that additional hotel construction has been discussed in recent development plans.

*Historical Revenue Trends*

The city's TOT tax projection trends are consistently low compared to actuals by an average of \$2.7 million per year. The Kaplan budget adds \$1.817 million to this revenue category per year and \$2.054 in the second year. The consistent under projection of TOT revenues was also highlighted by Harvey Rose as an area for improvement.

Transient Occupancy Tax	FY11-12	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	FY 17-18	FY 2018-19
Adopted Budget	\$8,728,370	\$8,902,937	\$12,620,000	\$12,936,000	\$16,900,000	\$17,556,000	\$22,653,820	\$23,333,835
Actuals (3rd Q Projections used for FY 2018-2019)	\$10,700,000	\$12,300,000	\$14,300,000	\$16,800,000	\$19,800,000	\$22,367,662	\$23,583,086	\$25,670,000
Variance	\$1,971,630	\$3,397,063	\$1,680,000	\$3,864,000	\$2,900,000	\$4,811,662	\$929,266	\$2,336,165
Average Variance	\$2,711,273							