

CITY OF OAKLAND
AGENDA REPORT

2010 MAR -4 PM 8:36

TO: Oakland City Council
FROM: City Council President Jane Brunner and City Councilmember Ignacio De La Fuente
DATE: March 16, 2010
RE: RESOLUTION AMENDING THE CITY OF OAKLAND FISCAL YEARS ("FY") 2009-11 ADOPTED BUDGET, WHICH PREVIOUSLY WAS AMENDED BY RESOLUTION NOS. 82315, 82519, AND _____, TO APPROVE THE FOLLOWING ADDITIONAL BUDGET BALANCING MEASURES FOR ANTICIPATED FISCAL YEARS 2009-11 SHORTFALLS: A FIFTEEN PERCENT (15%) REDUCTION OF THE GENERAL PURPOSE FUND BUDGETS OF ALL ELECTED OFFICERS, INCLUDING THE CITY COUNCIL, MAYOR, CITY ATTORNEY AND CITY AUDITOR

SUMMARY

During the City Council's continuing deliberations on the FY 2009-10 budget, Council President Jane Brunner and Council member Ignacio De La Fuente requested that staff prepare a report and resolution for Council approval of across the board General Purpose Fund (GPF) reductions of 15% for all elected offices. The City Council Reductions would include the elimination of all 6.0 FTE Legislative Analysts irrespective of funding source; this elimination would affect the GPF and Oakland Redevelopment Agency (ORA) Projects Fund. This budget reduction is intended to:

- apply to the Mayor's Office, City Council offices, City Attorney's Office and City Auditor's Office;
- be based on the Fiscal Year 2009-10 budget
- be effective on May 1, 2010; and
- City Council's reduction should include reduction of the 6.0 FTE Legislative Analysts in the GPF and Oakland Redevelopment Agency (ORA) Projects Fund.

Reduction targets are presented in *Exhibit A* of the attached resolution. The Administration will seek specific measures from the elected offices to meet the reduction targets, and plans to present specific balancing measures to the City Council at a special budget meeting in April 2010.

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FISCAL IMPACT

If approved, reductions in elected offices could save up to \$0.25 million in FY 2009-10 and \$1.5 million in FY 2010-11 in the GPF.

Elimination of all City Council Legislative Analysts would save nearly \$0.2 million for the remainder of FY 2009-10 and \$0.8 million in FY 2010-11 in the GPF and Oakland Redevelopment Agency Fund (7780) combined. Of these amounts, GPF savings would amount to nearly \$0.1 million for the rest of the current year and almost \$0.5 million next fiscal year and would be counted toward the City Council's GPF reduction target.

BACKGROUND

General Purpose Fund fiscal issues

The City of Oakland is facing an unprecedented **General Purpose Fund** budget shortfall. After closing a GPF budget deficit of \$91-97 million as part of FY 2009-11 budget approval, staff projected a mid-year shortfall totaling \$23 million in FY 2009-10 and \$33 million in FY 2010-11. Staff presented balancing measures for FY 2009-10, resolving all but \$4.8 million of the deficit. For FY 2010-11, Council must consider a broad range of deficit elimination strategies to bridge the \$31.6 million GPF gap, including program reductions and eliminations, as well as revenue enhancements.

Oakland Redevelopment Agency fiscal issues

Based on assessed property values in redevelopment project areas through Oakland, gross tax increment revenue in the Oakland Redevelopment Agency is expected to drop precipitously by about \$18 million or 13%. After mandatory set-asides and payments are made, net tax increment available for financing development and blight reduction is anticipated to drop by \$11 million. Staff will present balancing measures for the ORA during the FY 2010-11 Midcycle Budget Review starting in mid-April. Elimination of 1.95 FTE Legislative Analysts will contribute approximately \$0.28 million to this budget balancing.

DISCUSSION

The reduction targets using FY 2009-11 adopted budget figures are presented below. GPF savings are anticipated to be \$0.25 million in the current year and \$1.5 million in the next fiscal year beginning July 2010. Including the Redevelopment Fund reduction the total anticipated savings for the 2010-2011 fiscal year is \$2.04 million. Current year total reductions are based on implementing these balancing measures by May 1, 2010, and reflect 2 months of fiscal year savings.

**FY 2009-11 General Purpose Fund Appropriation
Elected Offices**

Adopted Budget		15% Reduction Targets	
OFFICE	FY09-10	FY09-10 Prorated (May - June)	FY10-11 Full Year (July - June)
Mayor	1,804,890	45,120	270,733
City Council	3,251,830	81,300	487,774
City Attorney	3,643,240	91,080	546,486
City Auditor	1,338,840	33,470	200,826
Grand Total	10,038,800	250,970	1,505,820

SUSTAINABLE OPPORTUNITIES

There are no sustainable opportunities associated with this proposed action.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no direct disability and senior access opportunities associated with this report.

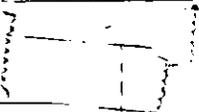
RECOMMENDATIONS

We recommend City Council approval of the attached resolution. Staff shall return to the City Council in April 2010 with specific measures to implement the 15% reductions in the Mayor's, City Attorney's and City Auditor's Offices.

Respectfully submitted,

JANE BRUNNER
City Council President

IGNACIO DE LA FUENTE
City Councilmember

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DRAFT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

Approved as to Form and Legality

2010 MAR -4 PM 8:36 OAKLAND CITY COUNCIL

City Attorney

RESOLUTION No. _____ C.M.S.

RESOLUTION AMENDING THE CITY OF OAKLAND FISCAL YEARS ("FY") 2009-11 ADOPTED BUDGET, WHICH PREVIOUSLY WAS AMENDED BY RESOLUTION NOS. 82315, 82519, AND _____, TO APPROVE THE FOLLOWING ADDITIONAL BUDGET BALANCING MEASURES FOR ANTICIPATED FISCAL YEARS 2009-11 SHORTFALLS:

A FIFTEEN PERCENT (15%) REDUCTION OF THE GENERAL PURPOSE FUND BUDGETS OF ALL ELECTED OFFICERS, INCLUDING THE CITY COUNCIL, MAYOR, CITY ATTORNEY AND CITY AUDITOR

WHEREAS, on June 30, 2009, in accordance with City Charter section 800, the City Council adopted the biennial policy budget by passing Resolution No. 82102 C.M.S.; and

WHEREAS, on July 28, 2009, December 17, 2009, February 16, 2010 and March 2, 2010 the City Council approved amendments to the adopted budget, via Resolutions No. 82235 C.M.S., No. 82519 C.M.S., and No. _____ C.M.S., respectively; and

WHEREAS, Council President Brunner and Councilmember Ignacio De La Fuente requested that the City Council approve 15% reductions of General Purpose Fund Budgets for the City Council, Mayor, City Attorney and City Auditor as part of continuing FY 2009-11 budget balancing; and

WHEREAS, the Administration has developed reduction targets for each elected office to partially offset remaining Fiscal Year 2009-11 shortfalls, as reflected in **Exhibit A**; now therefore be it

RESOLVED: That the City's Fiscal Year 2009-10 Budget is hereby amended to reflect balancing measures as presented in **Exhibit A** included with and made a part of this resolution, subject to additional amendments that may be presented and adopted on the floor at the March 16, 2010 meeting; and be it further

RESOLVED: That the City Council directs the City Administrator to implement the aforementioned balancing measures no later than May 1, 2010.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2010

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, F. _____, PRESIDENT BRUNNER

NOES -
ABSENT -
ABSTENTION -

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

EXHIBIT A

FY 2009-11 General Purpose Fund Appropriation Elected Offices

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