

CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: FY 2024-25 Proposed
Midcycle Budget
Errata No. 1 - Supplemental

DATE: June 20, 2024

City Administrator Approval


Jestin Johnson (Jun 25, 2024 14:29 PDT)

Date: Jun 25, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

- 1. Adopting The Midcycle Budget For Fiscal Year 2024-25 And Appropriating Funds To Cover Expenditures Approved By Said Budget;**
- 2. Authorizing The City Administrator To Transfer Funds Between Departments, Programs And Funds As Necessary To Support Departmental Reorganization As Set Forth In The Adopted Policy Budget For Fiscal Year 2024-25.**
- 3. Creating The Following Funds: Fund 4510 - Personnel Management Fund, Fund 5338 – Measure KK Infrastructure Series 2024E GOB (Tax Exempt), Fund 5342 Measure U: Infrastructure Series 2024 B-1 GOB (Tax Exempt), Fund 5343 – Measure U: Affordable Housing & Infrastructure Series 2024B-2 GOB (Taxable).**
- 4. Taking All Steps Necessary To Apply For And Receive Additional Funds Required To Advance And Complete The Projects Identified In The Capital Improvement Program And Accept And Appropriate Any Additional Funds Provided That Such Acceptance Is Consistent With And Does Not Otherwise Negatively Impact The City's Capital Improvement Program**
- 5. Declaring A State Of Extreme Fiscal Necessity And The Existence Of A Severe And Unanticipated Financial Event**
- 6. Suspending For Fiscal Year 2024-2025 The Charter Mandated Minimum Staffing Budget Set Asides For The Office Of The City Auditor; And**
- 7. Suspending The Minimum Budget Set Asides For The Democracy Dollars Fund And For Non-Staff Costs Related To The Public Ethics Commission's Administration Of The Oakland Fair Elections Act's Democracy Dollars Program**

Special City Council
June 26, 2024

8. Adopting A Contingency Budget And Associated Fiscal Measures That Shall Come Into Effect No Later Than October 1st 2024 Should Anticipated Revenue From Land Sales Not Occur By September 1st 2024.

REASON FOR SUPPLEMENTAL

This supplemental report outlines the budget adjustments (errata) to the Mayor's Proposed FY24-25 Midcycle Budget. A summary of all of the changes followed by the financial impact and technical change is provided in this report.

BACKGROUND / LEGISLATIVE HISTORY

Per [Section 801 of the Oakland City Charter](#), the City Council is required to adopt a budget by June 30 to authorize expenditures for the following fiscal year. If a budget is not adopted by June 30, the appropriations of the previous fiscal year are deemed to be effective until the new budget and appropriation measures are adopted

On May 29, 2024, City Council first heard a [report](#) on the FY 2024-25 Proposed Midcycle Budget. Consistent with past practice, these errata amend the Proposed Budget. These errata include cost neutral adjustments to the Capital Improvement Program and the Oakland Police Department to reflect a reorganization of sworn staff to align with the correct operational unit.

ANALYSIS AND POLICY ALTERNATIVES

Capital Improvement Program (CIP)

The CIP line-item errata include two amendments:

- Defers several infrastructure projects to FY 2025-26 in order to increase the Affordable Housing funding in FY 2024-25 by the \$78.2 million. This amendment increases the Affordable Housing from \$52 million to a total amended amount of \$130.2 million for FY 2024-25; and
- Defers the Measure DD (Fund 5322) Estuary Park project to FY 2025-26.

The total fiscal impact of the CIP adjustments results in a net decrease of \$9.8 million in the FY 2024-25 Proposed Midcycle CIP budget. Details on these errata items are provided in Tables 1 and 2.

Table 1 – Budget Change by Fund

Fund – Fund Description	FY 24-25 Amendment Inc / (Dec)
5322 – Measure DD: 2017C Clean Water, Safe Parks & Open Space Trust Oakland	(9,800,000)
5337 - Measure KK: Series 2023 GOB	(15,174,375)
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	(63,014,686)
5341 - Measure U: Affordable Housing GOB Series 2023A-2 (Taxable)	78,189,061
Total Change	\$(9,800,000)

Table 2 – Budget Change by Fund and Project

Fund - Fund Description	Category	Project Name	FY24-25 Proposed Midcycle Budget	FY 24-25 Amendment Inc / (Dec)	FY24-25 Amended Proposed Midcycle Budget
5322 – Measure DD: 2017C Clean Water, Safe Parks & Open Space Trust Oakland	Parks & Open Spaces	WATERFRONT TRAILS-ESTUARY PARK	9,800,000	(9,800,000)	-
5322 – Measure DD: 2017C Clean Water, Safe Parks & Open Space Trust Total			9,800,000	(9,800,000)	-
5337 - Measure KK: Series 2023 GOB	Buildings & Facilities	OPD CRIME LAB	6,068,250	(6,068,250)	-
5337 - Measure KK: Series 2023 GOB	Buildings & Facilities	OPD Ed-Escalation Center	2,493,275	(1,293,275)	1,200,000
5337 - Measure KK: Series 2023 GOB	Buildings & Facilities	OPD Wellness Center	2,022,750	(1,022,750)	1,000,000
5337 - Measure KK: Series 2023 GOB	Buildings & Facilities	PAB Auditorium	3,034,125	(1,500,000)	1,534,125
5337 - Measure KK: Series 2023 GOB	Buildings & Facilities	PAB Rooftop Enhancements	6,290,100	(5,290,100)	1,000,000

Fund - Fund Description	Category	Project Name	FY24-25 Proposed Midcycle Budget	FY 24-25 Amendment Inc / (Dec)	FY24-25 Amended Proposed Midcycle Budget
5337 - Measure KK: Series 2023 GOB Total			\$19,908,500	\$(15,174,375)	\$4,734,125
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	AAMLO PRESERV & ENERGY UPDT	6,264,686	(4,264,686)	2,000,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	ARROYO VIEJO REC CTR	3,220,000	(3,220,000)	-
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	BROOKDALE REC CTR	4,500,000	(3,100,000)	1,400,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	E OAK SR CENTER RENO	1,500,000	(1,500,000)	-
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	FEASI STUDY ROW NEW FIRE ST 4	1,000,000		1,000,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	FIRE STATION 29 - NEW STATION	2,680,000	(2,680,000)	-
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	FOX THEATER CAPITAL	2,000,000		2,000,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	HOOVER LIBRARY FEASIBILITY	700,000		700,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	LIBRARY ENERGY ASSMNT & UPGRD	1,250,000		1,250,000

Fund - Fund Description	Category	Project Name	FY24-25 Proposed Midcycle Budget	FY 24-25 Amendment Inc / (Dec)	FY24-25 Amended Proposed Midcycle Budget
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	LINCOLN REC CTR RENO	22,958,800		22,958,800
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	MAIN LIBRARY UPGRD - ROOF ENGY	1,250,000		1,250,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	MELROSE LIBRARY UPGRADE	1,750,000	(1,750,000)	-
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	NEW PIEDMONT LIBRARY	1,750,000	(750,000)	1,000,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	WEST OAK RESILIENCE HUB	750,000	(750,000)	-
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Parks & Open Spaces	SOBRANTE PARK RENOVATION	2,100,000		2,100,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Parks & Open Spaces	TYRONE CARNEY PARK RENOVATION	200,000		200,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Buildings & Facilities	SAN ANTONIO PARK PROJECT	2,500,000		2,500,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Storm Drainage & Watershed	INTERNATIONAL BLVD. STORM DRAIN CULVERT	1,350,000		1,350,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Storm Drainage & Watershed	EMPIRE ROAD STORM DRAIN IMPROVEMENT	840,000		840,000

Fund - Fund Description	Category	Project Name	FY24-25 Proposed Midcycle Budget	FY 24-25 Amendment Inc / (Dec)	FY24-25 Amended Proposed Midcycle Budget
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Storm Drainage & Watershed	BERNHARDT DRIVE STORM DRAIN IMPROVEMENT	2,400,000		2,400,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Transportation	GREAT ST-PAVING RESURFACING	51,750,000	(45,000,000)	6,750,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Transportation	INTERSECTN. SAFETY IMPROVEMENT	745,982		745,982
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Transportation	P1000714 CITY SIDEWALK REPAIR	1,000,000		1,000,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Transportation	P1001172 ADA CURB RAMP 30 YRS	1,000,000		1,000,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt)	Transportation	TRAFFIC SIGNAL MANAGEMENT	625,000		625,000
5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt) Total			\$116,084,468	\$(63,014,686)	\$53,069,782
5341 - Measure U: Affordable Housing GOB Series 2023A-2 (Taxable)	Affordable Housing	Measure U Housing Tranche 2	52,000,000	78,189,061	130,189,061
5341 - Measure U: Affordable Housing GOB Series 2023A-2 (Taxable)	Buildings & Facilities	Cesar Chavez Library Branch Purchase	10,000,000		10,000,000
5341 - Measure U: Affordable Housing GOB Series 2023A-2 (Taxable) Total			\$62,000,000	\$78,189,061	\$140,189,061

Additionally, a technical adjustment reallocates the Measure KK and Measure U appropriations to newly established fund numbers in preparation for the bond tranche issuances scheduled in FY 2024-25.

- Fund 5337 – Measure KK: Series 2023 GOB -The amended appropriations of \$4.7 million will be transferred to the newly established Fund 5338 – Measure KK Infrastructure Services 2024E GOB (Tax Exempt)
- Fund 5340 - Measure U: Infrastructure GOB Series 2023A-1 (Tax Exempt) – The amended appropriation of \$53.1 million to the newly established Fund 5342 Measure U: Infrastructure Series 2024B-1 GOB (Tax Exempt).
- Fund 5341 - Measure U: Affordable Housing GOB Series 2023A-2 (Taxable) – The amended appropriation of \$140.2 million to the newly established Fund 5343 – Measure U: Affordable Housing & Infrastructure Series 2024B-2 GOB (Taxable).

Oakland Police Department

- Reallocates sworn staff to better align with operational units, maintaining the total FTE sworn count at 678. The is adjustment includes an increase of 10.0 FTE Sergeants and 1.0 FTE Lieutenant, increasing sworn staff costs by \$680,000. This increase is fully offset by a corresponding reduction in the overtime budget in the Special Resources Units in Bureau of Field Operations 1 (BFO 1) and Bureau of Field Operations 2 (BFO 2), resulting in a budget-neutral change. The breakdown of all Sworn Positions by Bureau, Unit, and Sub-Unit is detailed in *Attachment A*.

City Administrator's Office – 311 Call Center

- Freezes 3.0 FTE Public Service Representatives. This change results in a savings of \$362,481.

Economic and Workforce Development

- Restores \$300,000 to continue the Community Ambassador program.
- Adds \$62,481 to the Youth Employment and Training program.

Contingency Budget

This resolution proposes a contingency budget that rebalances the budget in the event that the City does not receive the funds from the sale of the Coliseum by September 30, as assumed in the current FY 2024-25 Proposed Midcycle budget. Given the complexity of such a sale and the potential for negotiations to delay the expected receipt of funds, administration recommends the amendments outlined in *Exhibit 3* of this report.

The proposed budget option provides the necessary time to determine if the funds will be received while maintaining current service levels for as long as the City can fiscally sustain them. Should the funds not be received, the proposed balancing proposals will be enacted no later than October 1, 2024.

PUBLIC OUTREACH / INTEREST

There has been public outreach including several City Council meetings and community townhalls during the FY 2024-25 Midcycle Budget Process.

See the City's Budget website for additional information: www.oaklandca.gov/budget.

COORDINATION

The Finance Department worked with all City departments in preparing the FY 2024-25 Proposed Midcycle Budget.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed errata impact revenue and expenditures across all funds.

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 Budget 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 Budget specifically addresses areas of affordable housing and homelessness, jobs and economy, public safety and violence prevention, and clean, healthy, and sustainable neighborhoods, all of which have equity considerations.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution:

1. Adopting The Midcycle Budget For Fiscal Year 2024-25 And Appropriating Funds To Cover Expenditures Approved By Said Budget;
2. Authorizing The City Administrator To Transfer Funds Between Departments, Programs And Funds As Necessary To Support Departmental Reorganization As Set Forth In The Adopted Policy Budget For Fiscal Year 2024-25.
3. Creating The Following Funds: Fund 4510 - Personnel Management Fund, Fund 5338 – Measure KK Infrastructure Series 2024E GOB (Tax Exempt), Fund 5342 Measure U: Infrastructure Series 2024 B-1 GOB (Tax Exempt), Fund 5343 – Measure U: Affordable Housing & Infrastructure Series 2024B-2 GOB (Taxable).
4. Taking All Steps Necessary To Apply For And Receive Additional Funds Required To Advance And Complete The Projects Identified In The Capital Improvement Program And Accept And Appropriate Any Additional Funds Provided That Such Acceptance Is Consistent With And Does Not Otherwise Negatively Impact The City’s Capital Improvement Program
5. Declaring A State Of Extreme Fiscal Necessity And The Existence Of A Severe And Unanticipated Financial Event
6. Suspending For Fiscal Year 2024-2025 The Charter Mandated Minimum Staffing Budget Set Asides For The Office Of The City Auditor; And
7. Suspending The Minimum Budget Set Asides For The Democracy Dollars Fund And For Non-Staff Costs Related To The Public Ethics Commission’s Administration Of The Oakland Fair Elections Act’s Democracy Dollars Program
8. Adopting A Contingency Budget And Associated Fiscal Measures That Shall Come Into Effect No Later Than October 1st 2024 Should Anticipated Revenue From Land Sales Not Occur By September 1st 2024.

For questions regarding this report, please contact Bradley Johnson, Budget Administrator at 510-238-6119.

Respectfully submitted,



Erin Roseman (Jun 25, 2024 09:18 PDT)

Erin Roseman
Director of Finance

Special City Council
June 26, 2024

Attachments (3):

- Attachment A: OPD Breakdown of Sworn Positions by Bureau, Unit, and Sub-Unit
- Exhibit 1: FY 2024-25 Proposed Budget Errata 1
- Exhibit 3: Contingency Budget