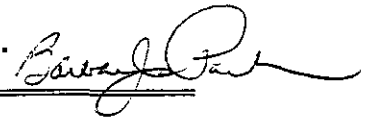


OAKLAND CITY COUNCIL

FILED Resolution No. \_\_\_\_\_  
OFFICE OF THE CITY CLERK  
OAKLAND

C.M.S.



2004 MAY 26 PM 5:28

RESOLUTION AMENDING RESOLUTION NO. 77895 TO AMEND THE SECOND YEAR OF THE 2003-2005 BIENNIAL BUDGET AS THE FINANCIAL PLAN FOR CONDUCTING THE AFFAIRS OF THE CITY OF OAKLAND BASED ON THE MID-CYCLE REVIEW OF FY 2004-05 REVENUES AND EXPENDITURES; AND ESTABLISHING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2004-2005 PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION.

WHEREAS, the City Council adopted Resolution No. 77895 on June 19, 2003 authorizing a biennial budget as the financial plan for conducting the affairs of the City of Oakland for fiscal years 2003-2005, and appropriating certain funds to provide for the expenditures proposed by the said budget;

WHEREAS, the City Council has reviewed significant variances in FY 2004-05 revenues and expenditures as part of the mid-cycle budget review;

WHEREAS, Article XIII B of the California Constitution (Limitation of Government Appropriations) was passed by the California electorate on November 6, 1979, and became effective on July 1, 1980; and,

WHEREAS, Chapter 1205, Statute of 1980, Section 7900 of the Government Code, formally implements methods for governmental entities to establish and define annual appropriation limits, based on annual appropriations for the prior fiscal year, now therefore be it

RESOLVED, That the City's FY 2004-05 budget is hereby amended to include adjustments presented in Attachments B-1 through C-2, and demonstrated in a staff report to the City Administrator Deborah Edgerly, titled "FY 2004-05 Midcycle Budget Changes for the City of Oakland and the Oakland Redevelopment Agency" and dated June 1, 2004; and be it

FURTHER RESOLVED, That the annual appropriation limit for FY 2004-05 is hereby set at \$357,799,661 as presented in Attachments D-1 and D-2.

In COUNCIL, Oakland, California, \_\_\_\_\_, 2004

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN, AND  
CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

2.6

**SPECIAL  
CPA/COUNCIL**

ATTEST: \_\_\_\_\_

CEDA FLOYD  
Secretary of the Redevelopment Agency  
of the City of Oakland, California

**JUN 29 2004**

## MIDCYCLE AMENDMENTS TO 2004-05 BUDGET

### Revenues

Revenue Type	FY 2004-05 ADOPTED		FY 2004-05 MIDCYCLE		DIFFERENCE	
	General Purpose Fund	All Funds	General Purpose Fund	All Funds	General Purpose Fund	All Funds
NEW STATE TAKE BACK **	(6,600,000)	(6,600,000)	(6,900,000)	(6,900,000)	(300,000)	(300,000)
PROPERTY TAX	75,223,145	126,341,950	75,440,000	133,509,532	216,855	7,167,582
SALES TAX	38,120,000	47,492,008	41,410,000	50,782,008	3,290,000	3,290,000
VEHICLE LICENSE FEE (Tax & Backfill)	25,913,737	25,913,737	24,330,000	24,330,000	(1,583,737)	(1,583,737)
GASOLINE TAX	-	8,434,958	-	8,434,958	-	-
BUSINESS LICENSE TAX	42,835,000	42,835,000	44,660,000	44,660,000	1,825,000	1,825,000
UTILITY CONSUMPTION TAX	56,763,000	56,763,000	48,607,226	48,607,226	(8,155,774)	(8,155,774)
REAL ESTATE TRANSFER TAX	38,000,000	38,000,000	47,010,000	47,010,000	9,010,000	9,010,000
TRANSIENT OCCUPANCY TAX	10,262,733	10,262,733	9,930,000	9,930,000	(332,733)	(332,733)
PARKING TAX	8,182,743	8,182,743	9,521,400	9,521,400	1,338,657	1,338,657
OTHER LOCAL TAXES	-	8,016,887	-	15,481,734	-	7,464,847
LANDSCAPING & LIGHTING ASSESSMENT	-	17,390,737	-	17,687,567	-	296,830
LICENSES & PERMITS	14,513,887	14,930,887	14,649,206	15,029,867	135,319	98,980
FINES & PENALTIES	27,040,000	28,063,812	27,535,200	28,559,012	495,200	495,200
INTEREST INCOME	1,897,829	7,490,976	-	5,593,147	(1,897,829)	(1,897,829)
SERVICE CHARGES	57,039,381	118,181,513	51,722,639	115,723,723	(5,316,742)	(2,457,790)
GRANTS & SUBSIDIES	105,500	74,027,117	105,500	82,943,428	-	8,916,311
INTERNAL SERVICE CHARGES	-	41,930,326	-	42,308,148	-	377,822
MISCELLANEOUS	7,272,840	74,807,991	9,110,493	63,569,598	1,837,653	(11,238,393)
FUND TRANSFERS	6,900,000	98,915,500	6,900,000	99,589,436	-	673,936
<b>Total</b>	<b>403,469,795</b>	<b>841,381,875</b>	<b>404,031,664</b>	<b>856,370,784</b>	<b>561,869</b>	<b>14,988,909</b>

\*\* Reflects additional State take-back imposed beginning FY 2003-04 (on top of ongoing ERAF reductions that commenced in FY 1992-93). The Adopted Budget assumed a \$6.6 million loss in VLF revenues; the Midcycle budget reflects a proposed \$6.9 million shift from a combination of VLF, property tax and sales tax.

Item # 26.  
City Council Special Session  
June 1, 2004

# FUND 1010 REVENUE PROJECTIONS

## FY 2003-04 to FY 2004-05

Revenue Type	FY 2003-04 Year-End Projection	FY 2004-05 Midcycle Estimate	03-04 to 04-05 Growth Assumptions
NEW STATE TAKE BACK **	(7,100,000)	(6,900,000)	Change in composition of State-imposed contributions - see footnote below
PROPERTY TAX	71,170,000	75,440,000	6% growth, in line with Jan 2004 increases in assessed valuation.
SALES TAX	40,090,000	41,410,000	Growth of 2.8% + 200,000 for United Fuel.
VEHICLE LICENSE FEE (Tax & Backfill)	24,318,426	24,330,000	VLF revenue (tax and backfill) relatively flat over last year's actuals
BUSINESS LICENSE TAX	43,750,000	44,660,000	Two percent growth plus \$200k for HDL contract.
UTILITY CONSUMPTION TAX	46,500,000	48,607,226	Various growth factors applied to electric, natural gas, telecommunications and cable TV. Overall growth is 4.5%
REAL ESTATE TRANSFER TAX	47,000,000	47,010,000	Anticipated interest rate increases should lower real estate sales volume as well as prices. However, 2003-04 projection is intentionally conservative.
TRANSIENT OCCUPANCY TAX	9,930,000	9,930,000	No growth assumed, in recognition of post September 11 travel environment.
PARKING TAX	9,020,000	9,521,400	Seven percent growth, in line with past ten years.
LICENSES & PERMITS	14,220,000	14,649,206	Three percent growth, reflecting conservative estimate of construction activity.
FINES & PENALTIES	25,700,000	27,535,200	Three percent growth, primarily reflecting higher trend due to increased % of working meters.
INTEREST INCOME	1,600,000	-	Certain non-1010 fund balance reserves will not be available to generate interest income in 2004-05.
SERVICE CHARGES	55,940,000	51,722,639	Loss of one-time Port revenue of \$5.5 million nets against other, smaller additions.
GRANTS & SUBSIDIES	105,500	105,500	No changes assumed. Only one grant is included in both 03-04 and 04-05.
MISCELLANEOUS	11,270,000	9,110,493	Loss of one-time revenues from land sales and other one-time proceeds.
FUND TRANSFERS	6,300,000	6,900,000	\$600,000 increase related to Convention Center lease payments.
<b>Total</b>	<b>399,813,926</b>	<b>404,031,664</b>	

\*\* Reflects additional State take-back imposed beginning FY 2003-04 (on top of ongoing ERAF reductions that commenced in FY 1992-93). The FY 2003-04 estimated actuals reflect a \$7.1 million loss in VLF revenues; the Midcycle budget reflects a proposed \$6.9 million shift from a combination of VLF, property tax and sales tax.

## MIDCYCLE AMENDMENTS TO 2004-05 BUDGET

### Expenditures

Agency / Department	<u>FY 2004-05 ADOPTED</u>		<u>FY 2004-05 MIDCYCLE</u>		<u>DIFFERENCE</u>	
	General Purpose Fund	All Funds	General Purpose Fund	All Funds	General Purpose Fund	All Funds
MAYOR	1,677,339	1,908,814	1,690,256	1,923,348	12,917	14,534
CITY COUNCIL	2,441,642	3,493,179	2,462,702	3,521,196	21,060	28,017
CITY MANAGER	5,329,639	9,370,759	5,659,978	9,945,084	330,340	574,325
CITY CLERK	1,997,293	2,057,878	2,090,833	2,272,825	93,540	214,947
CITY ATTORNEY	7,030,933	10,576,338	7,249,714	10,840,310	218,781	263,972
CITY AUDITOR	1,001,940	1,125,797	1,009,479	1,173,895	7,539	48,098
FINANCE & MANAGEMENT	28,314,219	39,336,126	28,245,337	39,226,113	(68,882)	(110,013)
POLICE SERVICES	159,664,997	163,028,418	156,462,424	160,139,538	(3,202,573)	(2,888,880)
FIRE SERVICES	91,549,542	96,291,402	89,628,254	96,734,537	(1,921,288)	443,135
PUBLIC WORKS	-	99,830,181	924,506	114,734,927	924,506	14,904,746
PARKS & RECREATION	11,936,765	29,405,357	11,277,121	16,456,739	(659,644)	(12,948,618)
LIBRARY SERVICES	10,691,057	17,393,285	10,506,143	21,514,563	(184,914)	4,121,278
CULTURAL ARTS & MARKETING	7,084,793	11,026,524	7,064,482	11,014,021	(20,311)	(12,503)
HUMAN SERVICES	6,184,100	37,269,316	6,300,768	37,417,219	116,668	147,903
COMM & ECON DEVELOPMENT	20,807,563	63,305,668	20,620,134	62,588,212	(187,429)	(717,456)
NON-DEPARTMENTAL	47,694,667	235,418,511	52,754,319	247,363,497	5,059,652	11,944,986
CAPITAL IMPROVEMENT PROGRAM	20,000	77,320,918	20,000	64,115,918	-	(13,205,000)
<b>Total</b>	<b>403,426,489</b>	<b>898,158,471</b>	<b>403,966,450</b>	<b>900,981,941</b>	<b>539,961</b>	<b>2,823,470</b>

Item # 2.6  
 City Council Special Session  
 June 1, 2004

## MIDCYCLE AMENDMENTS TO 2004-05 BUDGET

### Expenditures

#### A. CHANGES FROM FY 2004-05 ADOPTED TO FY 2004-05 MIDCYCLE

	General Purpose Fund	All Funds
Total changes from Attachment C-1	539,961	2,823,470

#### B. EXPLANATION OF CHANGES

	General Purpose Fund	All Funds
<b><u>i) Previously Approved Budget Changes</u></b>		
Increase Library budget covered by Library parcel tax, per March 2004 Measure Q		4,232,468
Increase Fire budget covered by Wildfire Prevention Assessments		1,770,000
Reflect 04-05 budget for the new Fire Assessment District; budget \$165,000 in the General Purpose Fund for assessment on City properties	165,000	165,000
Change City Administrator's and City Attorney's budgets for FY 04-05, to incorporate Council-approved revenue and expenditure changes for PNO and NEO	288,692	288,692
Increase FMA-Revenue budget for FY 04-05, per the HdL contract approved in Mar 2004	137,800	137,800
Budget FY 04 UASI grant administration for FY 04-05 (funded through the \$7.8 million UASI grant)		234,000
Appropriate WMAC scrap program costs (offset by increases in charges / revenues)		761,000
Appropriate WMAC & CWS Contract costs (offset by increases in charges / revenues)		625,000
<b><u>ii) Technical Corrections</u></b>		
Mainly changes to Retirement and Fringe Benefit rates, to reflect: i) actual CalPERS contribution rates for 04-05; ii) revised fringe benefit rates for 04-05 (revised annually); iii) spreading retirement savings across all agencies / departments; and iv) reflecting additional 3% retirement contributions for Local 21 / unrepresented (and business shutdown for Local 790)	(2,551,531)	(3,131,216)
Delete a number of new Measure DD appropriations in CIP (appropriated in FY 2003-04)		(13,000,000)
Appropriate annual debt service associated with Measure DD		4,417,538
Appropriate annual debt service associated with Measure G		2,533,188
<b><u>iii) New Budget Adjustments Requiring Council Action</u></b>		
Appropriate \$2 million for Police Violence Reduction Program	2,000,000	2,000,000
Appropriate \$0.5 million to Police to pay for Eastmont Precinct maintenance (from General Purpose Fund to Facility Maintenance Fund)	500,000	500,000
Addition of \$0.5 million to Public Works to provide Eastmont Precinct maintenance services (through Facility Maintenance Fund, paid for by Police - see above)		500,000
Use \$750,000 from Measure N (Paramedic Services) fund balance to pay for one-time, mandated equipment purchases in Fire		750,000
Appropriate funds to Auditor's Office for mandated audits of Measure K (Kids First!), Measure O ('old' Library measure) and Measure Q ('new' Library measure)		40,000
Total itemized changes above	539,961	2,823,470

**ARTICLE XIII B APPROPRIATIONS LIMIT**  
**Fiscal Year 2004-05**

Article XIII B of the California Constitution was created by the passage of Proposition 4 in November 1979, and establishes a limit on the amount of tax revenue which can be appropriated by government jurisdictions. This limit is popularly known as the Gann Limit. Each year, the limit is recalculated by multiplying the previous year's limit by adjustment factors for population growth and inflation. Proposition 111, passed in June 1990, gave cities the option of using their own growth or the growth of the entire county in which the city is located as the population adjustment factor. Cities were also given the option of using the increase in California Per Capita Income or the increase in the assessed valuation of non-residential property in the City as the inflation adjustment factor. Cities have the option each year of deciding which factor to use. For 2004-05, Oakland is using the population growth of the City of Oakland and the increase in California Per Capita Income. These adjustment factors must be applied to retroactively recalculate the appropriations limit for 1987-88 (i.e. the base year) and each year thereafter in order to arrive at the limit for 2004-05.

2003-04 Appropriations Limit                                 \$344,028,344

2004-05 Adjustment Factors

County of Alameda Population Change = 0.70%  
California Per Capita Income Change = 3.28%  
Combined Change =  $0.70 \times 3.28 =$          1.0400

2004-05 Appropriations Limit                                 \$357,799,661

Not all City appropriations are subject to the limitation of Article XIII B. The intent of Proposition 4 was to restrict only the appropriation of "proceeds of taxes." Determining which appropriations are subject to the limit requires classifying each funding source as either proceeds of taxes or non-proceeds of taxes. Property tax and local taxes are subject to limitation. State taxes that are subvented to the City count against the City's limit if their use is unrestricted, as in the case of sales tax and motor vehicle in lieu. State subventions that are restricted in use are applied against the State's limit rather than the City's, so they are considered non-proceeds of taxes for the City's calculation. This includes Measure B sales tax, gas tax, and state grants and state-mandated cost subventions included in the Grants and Subsidies category. Interest income is prorated so that the interest earned on tax revenue is included as proceeds of taxes.

Most of the City's other revenue sources are classified as non-proceeds of taxes: franchise fees, *Landscape and Lighting Assessments (special benefit assessment districts are excluded from the limitation)*, fines and penalties, license and permit fees, service charges, rentals and concessions, federal grants, Oakland Redevelopment Agency reimbursements (redevelopment agencies are exempt from Article XIII B), internal service revenues, and other miscellaneous revenues. Enterprise funds – sewer service charges and golf course revenues – are also exempt from the limitation. Fund transfers are re-appropriations of revenue received in previous years; these funds were included in the calculation of appropriations subject to limitation in the year they were received and are not counted twice.

Item # 2.b.  
City Council Special Session  
June 1, 2004

**ARTICLE XIII B - APPROPRIATIONS SUBJECT TO LIMITATION  
FY 2004-05**

<b>Revenue</b>	<b>Total</b>	<b>Proceeds of Taxes</b>	<b>Non Proceeds of Taxes</b>
PROPERTY TAX	\$126.61	\$126.61	
STATE TAX			
Sales Tax	50.78	41.41	9.37
Motor Vehicle in Lieu	24.33	24.33	
Gas Tax	8.43		8.43
<b>Subtotal, State Taxes</b>	<b>\$83.55</b>	<b>\$65.74</b>	<b>\$17.81</b>
LOCAL TAXES			
Business License Tax	44.66	44.66	
Utility Consumption Tax	48.61	48.61	
Real Estate Transfer Tax	47.01	47.01	
Transient Occupancy Tax	9.93	9.93	
Parking Tax	9.52	9.52	
Special Taxes	15.48	15.48	
<b>Subtotal, Local Taxes</b>	<b>\$175.21</b>	<b>\$175.21</b>	
LANDSCAPE & LIGHTING ASSESSMENT	17.69		17.69
OTHER LOCAL FEES	43.59		43.59
SERVICE CHARGES	115.72		115.72
GRANTS & SUBSIDIES	82.94		82.94
MISCELLANEOUS	105.88	0.20	105.68
FUND TRANSFERS	99.59		99.59
<b>SUBTOTAL REVENUES</b>	<b>\$850.78</b>	<b>\$367.76</b>	<b>\$483.02</b>
INTEREST (Prorated)	5.59	2.42	3.18
<b>TOTAL REVENUE</b>	<b>\$856.37</b>	<b>\$370.18</b>	<b>\$486.19</b>
EXEMPTIONS*		(\$57.91)	
APPROPRIATIONS SUBJECT TO LIMITATION		\$312.27	
APPROPRIATIONS LIMIT		\$357.80	
<b>OVER/(UNDER) LIMIT</b>		<b>(\$45.53)</b>	

2.6  
SPECIAL  
CRA/COUNCIL  
JUN 29 2004

\* Property tax revenue appropriated to service voter-approved debt is exempted.