

**CITY OF OAKLAND**  
**COUNCIL AGENDA REPORT**

FILED  
OF THE CITY CLERK  
OAKLAND

**TO:** Office of the City Administrator

2004 MAY 27 PM 5:50

**ATTN:** Deborah Edgerly

**FROM:** Budget Office

**DATE:** June 8, 2004

**RE:** 1) Informational Report on Revenues and Expenditures in City's Selected Funds (General Purpose, Telecommunications, Contract Compliance, Equipment and Facilities), Through the Third Quarter of Fiscal Year 2003-04

2) Resolution Requiring The City Administrator To Seek City Council Direction on Projected Year-End Overspending of Any City Agency / Department, As Reflected in Quarterly Revenue and Expenditure Reports

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## INTRODUCTION

This is a quarterly report on City's year-to-date and year-end projected revenues and expenditures for the five selected funds (including the General Purpose, Telecommunications, Contract Compliance, Equipment and Facilities funds). When the last quarter's report was presented to the Finance and Management Committee, the Committee requested that staff add two specific items to the Third Quarter report. These items are addressed below.

1) Resolution requesting Council direction regarding projected overspending.

Attached, for Committee's and City Council's consideration, is a resolution that would require staff to seek City Council direction if General Purpose Fund overspending (from the authorized budget) is projected at year-end in any agency / department of the City, even though such overspending may be covered by savings or additional revenues outside of the agency / department.

2) Explanation of how deficit funds are treated.

A number of City funds carry negative balances. In most cases, these deficits are in grant funds, and reflect delays between cost incurrence by the City and reimbursements from granting agencies. In other cases, such as with the Telecommunications, Contract Compliance, Equipment and Facilities funds, the negative balances are the result of actual spending exceeding actual revenue collection in prior years. No matter what the reason for the negative, a deficit fund balance is, technically, a reflection of the fact that *funds are owed to the City's General Purpose Fund (GPF)*. It is misleading, however, to think that the GPF balance would increase as a result of repayment – rather, the current GPF balance already takes into account the amounts owed to it from the various negative funds. (And the current 9.9 percent reserve level in the GPF assumes the repayment of these balances.) *These "repayment" arrangements are normal and considered standard accounting practices.* They do not raise issues with external auditors, as witnessed during the recent presentation of the CAFR results. And they should not be of a concern to the City's management and decision-making bodies – since these debts to the GPF are "repayable". We are fairly confident that grant-related debts will be collected, assuming that all expenses charged to those funds are eligible for reimbursement. As for the non-grant funds such as Telecommunications, Contract Compliance, Equipment and Facilities funds, staff have already implemented plans to fully eliminate their negative balances (therefore "repaying" the GPF) over a reasonable time period, such as five years. For example, positions were cut in the Telecommunications, Contract Compliance, Equipment

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and Facilities funds during FY 2003-05 to reduce the revenue / expenditure gap. For all four funds, additional staff reductions and/or rate increases will be proposed during FY 2005-07.

### SUMMARY OF THIRD QUARTER FINDINGS

The City's financial conditions continue to be stable, despite the weak economic conditions and local revenue "take-backs" by the State. The City's revenues and actual spending remain balanced, mainly due to conservative budgeting methods utilized during the FY 2003-05 budget development, when both the worsened economy and revenue cuts by the State were anticipated and included in the equation. This conservatism in budgeting practices – and the resulting balancing of actual revenues and spending during the year – are being recognized and praised by financial institutions and rating agencies. For example, Standard & Poor's wrote in their April 28, 2004 release titled "Large Western U.S. Cities Turn the Corner but Remain Under Pressure":

"Oakland is well managed financially, employing among the state's more conservative revenue forecast estimates, particularly at the outset of the current fiscal year... When it built its fiscal 2004 budget, the city assumed it would receive only 50% of its motor vehicle license fee revenue, a source that represents slightly more than 4% of the city's budget. Because the state is ultimately back-filling this revenue, the city will actually receive \$1 million more from this source than anticipated by the budget. Other, more significant revenues were similarly conservatively budgeted. For example, the city's sales tax revenues are tracking well ahead of budget and are anticipated to be nearly 6% ahead of budgeted amounts. Due to an upturn in the economic environment and conservative budgeting, the city is forecasting that it will meet its \$30 million reserve target level, which is equivalent to 7.5% of its budget."

Similarly to the Second Quarter findings, the Third Quarter Revenue & Expenditure (R&E) Report for the current fiscal year (FY 2003-04) projects a slight surplus in the City's largest fund – the General Purpose Fund (GPF). The Third Quarter R&E includes an analysis of revenues and expenditures for the GPF and four other funds for the nine-month period of July 1, 2003 through March 31, 2004. It also projects year-end revenues and expenditures for these funds, and highlights significant trends. The summary tables on the following page reflect the Third Quarter R&E results, as follows:

In the General Purpose Fund, a \$0.08 million surplus is projected in this fund by year-end, in line with the FY 2003-04 Adopted Budget.

In the Telecommunications Reserve / Cable Franchise Fund, a \$0.02 million borrowing from the fund balance is projected by year-end – a decrease from the \$0.25 million authorized in the FY 2003-04 Adopted Budget.

In the Contract Compliance Fund, a \$0.41 million borrowing from the fund balance is projected by year-end – a decrease from the \$0.52 million authorized in the FY 2003-04 Adopted Budget.

In the Equipment Fund, a \$3.9 million borrowing from the fund balance is projected by year-end, slightly higher than the \$3.8 million authorized in the FY 2003-04 Adopted Budget.

In the Facilities Fund, a \$2.45 million borrowing from the fund balance is projected by year-end – a decrease from the \$3.07 million authorized in the FY 2003-04 Adopted Budget.

**FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS**  
**Through Third Quarter (July 1, 2003 through March 31, 2004)**  
**SUMMARY (\$ in millions)**

**A. GENERAL PURPOSE FUND (#1010)**

	FY 2003-04 Adopted Budget	FY 2003-04 3rd Quarter Adjusted Budget	3rd Quarter Actuals	Percent To Date	FY 2003-04 Year-End Estimate
Revenues	\$387.11	\$399.14	\$289.03	72.4%	\$409.60
Expenditures	\$387.04	\$399.07	\$298.91	74.9%	\$409.51
Variance	\$0.07	\$0.07			\$0.08

**B. TELECOMMUNICATIONS FUND (#1760)**

	FY 2003-04 Adopted Budget	FY 2003-04 3rd Quarter Adjusted Budget	3rd Quarter Actuals	Percent To Date	FY 2003-04 Year-End Estimate
Revenues	\$0.83	\$0.88	\$0.69	78.2%	\$1.02
Expenditures	\$1.08	\$1.11	\$0.77	68.9%	\$1.04
Variance	(\$0.25)	(\$0.23)			(\$0.02)

**C. CONTRACT COMPLIANCE FUND (#1790)**

	FY 2003-04 Adopted Budget	FY 2003-04 3rd Quarter Adjusted Budget	3rd Quarter Actuals	Percent To Date	FY 2003-04 Year-End Estimate
Revenues	\$0.60	\$0.62	\$0.64	103.5%	\$0.64
Expenditures	\$1.12	\$1.14	\$0.77	67.6%	\$1.05
Variance	(\$0.52)	(\$0.52)			(\$0.41)

**D. EQUIPMENT FUND (#4100)**

	FY 2003-04 Adopted Budget	FY 2003-04 3rd Quarter Adjusted Budget	3rd Quarter Actuals	Percent To Date	FY 2003-04 Year-End Estimate
Revenues	\$12.16	\$17.64	\$9.33	52.9%	\$13.07
Expenditures	\$15.96	\$21.44	\$11.05	51.6%	\$16.97
Variance	(\$3.80)	(\$3.80)			(\$3.90)

**E. FACILITIES FUND (#4400)**

	FY 2003-04 Adopted Budget	FY 2003-04 3rd Quarter Adjusted Budget	3rd Quarter Actuals	Percent To Date	FY 2003-04 Year-End Estimate
Revenues	\$14.99	\$15.91	\$12.20	76.7%	\$15.56
Expenditures	\$18.06	\$18.98	\$12.49	65.8%	\$18.02
Variance	(\$3.07)	(\$3.07)			(\$2.45)

This report includes the detailed *overtime spending* analysis. The details by agency / department, for the General Purpose Fund and all funds, are provided in *Attachment F*.

**FISCAL IMPACT**

This report is informational. However, per the Finance and Management Committee's request during the Second Quarter R&E presentation, staff has drafted a resolution that would require the City Administrator to seek City Council direction if General Purpose Fund overspending (from the authorized budget) is projected at year-end in any agency / department of the City, even though such overspending may be covered by savings elsewhere, or additional revenues.

**DISCUSSION**

This report is organized by fund. In each section, included is the discussion of: a) actual collection and projections of revenues by type, along with the factors influencing them; and b) actual spending and year-end expenditure projections by agency / department, along with the factors influencing them.

In addition to the items influencing budgets of various agencies / departments and/or funds, a number of factors impact the FY 2003-04 budget Citywide, as follows:

Business Shutdown and Additional Retirement Contribution. While the FY 2003-05 Adopted Budget incorporates savings from a Citywide, 12-day "Business Shutdown" involving civilian employees", agreements with Local 21, Local 790, IBEW, Attorney V & Special Counsel, and unrepresented employees have since been revised to replace the business shutdown with the additional 3.0 percent contribution towards City's retirement costs by the civilian employees. The resulting changes are as follows:

- Additional 3.0 percent Retirement Contribution. The Third Quarter R&E analysis assumes that all non-sworn, non-Local 790 employees (i.e. Local 21, IBEW, Attorney V & Special Counsel, and unrepresented) contributes an additional 3.0 percent towards their retirement during the entire FY 2003-04. This has been implemented through automatic deductions retroactive to July 1, 2003. Local 790 employees are assumed to have begun their additional 3.0 contribution in January 2004 (see below).
- Business Shutdown Savings. The revised labor agreement with Local 790 (for FY 2003-04) holds that: i) savings from the first four business shutdown days (i.e. Aug 19, Sept 2, Nov 10 and Nov 26) would be kept by the City, and ii) Local 790 members contributes an additional 3.0 percent of their salary towards City's increased retirement costs, for the six months beginning Jan 3, 2004.

Vacancy Factor. In the FY 2003-05 budget, a 4.0 percent vacancy factor is assumed for most non-sworn positions in most agencies / departments, across all funds. This reflects an assumption that an average of 4.0 percent of all positions are vacant at any given point during the fiscal year. All sworn positions are exempted from the vacancy discount, and so are the select positions in offices with historically low vacancies or high backfill rates (such as the Mayor, City Council, City Auditor, etc.)

The discussion of the individual funds included in this R&E analysis is presented starting on page 7, following an overview of the economy and current political and legal issues.

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\*\* City's sworn employees are exempted from both the business shutdown and the additional retirement contribution, since different agreements have been reached with their unions.

## GENERAL ECONOMIC OVERVIEW

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Many traditional economic indicators are signaling a healthy, although not overpowering national economy. Gross Domestic Product over the last five quarters has averaged 4.3%, high by historical standards. Inflation measured a mild 2.6% over the last year, (although it was double that rate in the first quarter of 2004). Productivity growth for 2003 was 4.4%, also high by historical standards.

Short-term interest rates remain, for now, at record lows. It is expected that the Federal Reserve Board will increase interest rates sometime this summer, but the resulting rates will still be considered quite low, barring an unusually large increase.

Employment data are more uncertain. The national unemployment rate was 5.7% in March, unchanged from December. This 5.7% is higher than the average for the last ten years (5.1%), although lower than the thirty-year average (6.4%).

Critics point to other labor market indicators such as the number of jobs in the economy. 'Payroll employment' is a measure of the number of people on business payrolls. Despite positive growth in each of the last six months, national payroll employment is still down by over two million jobs since the year 2000.

Oakland's March unemployment rate is estimated at 9.7%--down from the 2003 average of 10.6%.<sup>1</sup> Estimates of the number of jobs in Oakland are unchanged in March compared to the average for 2003.

Oakland's Real Estate Transfer tax collections are continuing at very high levels, indicating the local housing market remains very strong.

## CURRENT POLITICAL/LEGAL ISSUES

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Several political and legal issues may impact the City's financial status for the remainder of FY 2003-04 and beyond. Here is an issue-by-issue status report. Some issues are carried over from the last R&E report and for these, updates are provided in italics:

State Budget. The Governor has struck a budget deal with local government officials, with the League of California Cities being heavily involved. This agreement is part of the Governor's May Revise Budget for FY 2004-05 and will consist of a \$1.3 billion statewide contribution from local governments over the next two years only (FY 2004-05 and FY 2005-06), with a repayment by the State of the Vehicle License Fee (VLF) "loan" to cities and counties in the third year (in addition to discontinuing the \$1.3 billion annual contribution). The deal will result in a \$6.9 million annual contribution from the City's General Purpose Fund during FY 2004-05 and FY 2005-06, with a return of an estimated \$7-7.4 million VLF "loan" to the City in FY 2006-07. The Oakland Redevelopment Agency will contribute another \$4.7 million annually during FY 2005-07. The impacts to the City and ORA were discussed in detail during the FY 2004-05 Midcycle budget presentation on June 1, 2004.

Proposition 57. The State's \$15 billion Proposition 57 bond measure was approved by voters in March. Its passage helped stave off draconian budget cuts that might otherwise have been required, but will add interest costs over the next 9-14 years estimated in the range of \$3.5-\$6.5 billion, depending on how the State does financially during that period and interest rates

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<sup>1</sup> The Second Quarter R&E incorrectly gave the Oakland unemployment rate as 5.6%; this is the rate for the Oakland Metropolitan Statistical Area (MSA), rather than for the City itself.

levels. The measure does not by itself address any of the structural problems that underlie the State's huge operating deficits.

The bottom line for Oakland is that Prop 57 decreases the probability of unpleasant news from the State over the next year or two, but increases this probability over the longer term.

League of California Cities Ballot Measure. The League of California Cities, along with other partners, has gathered sufficient signatures to qualify a statewide initiative for the November 2004 ballot. Called the Local Taxpayers and Public Safety Protection Act, the initiative would require a majority of state voters to grant approval before the State can "take and use" local government funds (i.e. revenue from vehicle license fees, sales taxes, property taxes). It also would strengthen existing law requiring the State to reimburse local governments in a timely manner for state-mandated costs. *Under the deal struck by the Governor with local governments, both the Governor and the localities will put on the ballot – and campaign for – a similar constitutional amendment protecting local revenues. If the entire deal is supported by State legislators, the local governments will no longer campaign for the original constitutional amendment described above.*

Proposition 13 Litigation. One of Prop 13's most significant long-term effects was to set a two percent maximum annual increase on a property's assessed value, if the property has not changed ownership. Last year, an Orange County resident filed suit after watching his property valuation remain flat one year, then increase by four percent the next. This 'recapturing' of otherwise lost property tax revenue is apparently a widespread practice by assessors throughout the State, including Alameda County. *An Orange County Superior Court judge initially ruled in the plaintiff's favor, but the plaintiff lost under appeal in March. It is not known whether an additional appeal has been filed to the State Supreme Court.*

State Department of Finance officials estimate the cost of losing the case would be \$10 billion statewide; \$4.7 billion would come from counties and cities, and \$5.3 billion from the State (reimbursing schools for their lost revenue).

Internet Taxation Act (S. 150). A bill (S.150) had been introduced into the U.S. Senate to extend the current moratorium on internet taxation. Taxation opponents had amended it in ways that would have imposed additional restrictions on local governments' ability to collect utility consumption taxes and franchise fees. (the City collected \$23.6 million from telecommunications firms in FY 2002-03 on these two taxes). *Although S. 150 has been defeated, similar legislation is expected to be re-introduced before the end of April.*

## A. GENERAL PURPOSE FUND

### REVENUE HIGHLIGHTS

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Attachment A-1 shows budgeted revenues for 2003-04, actual revenues for the third quarter, and year-end projections. **General Purpose Fund (GPF) total revenues are projected to end the year at \$409.60 million; which is \$10.46 million above the FY 2003-04 adjusted budget.**

Low interest costs continue to fuel a projected \$9 million surplus in the Real Estate Transfer Tax (RETT), as homebuyers take advantage of low interest rates. The Miscellaneous category is contributing to the surplus via unbudgeted land sales and repayments from the Redevelopment Agency.

The Business License Tax (BLT) year-end projection is \$43.8 million, which is higher than the second quarter year-end projection of \$42.8 million. The vast majority of the BLT revenue is collected in the third quarter, thus the second quarter projection was shown at budget, since there were only negligible actual collections to compare to budget. Since third quarter BLT receipts were very high, and we are anticipating a higher than usual number of liens, we are projecting the BLT to come in \$1 million over budget.

The Sales Tax performed well in the third quarter and is expected to end the year at \$40.1 million, which is an increase over the second quarter year-end projection of \$39.2 million. The increase in the year-end projection is due to a strong third quarter and increasing confidence that the economy as a whole is gaining strength.

Licenses & Permits revenue was bolstered in the third quarter by a \$0.78 million payment related to the Leona Quarry project. This large payment, combined with staff's expectation that other large projects will be filing prior to June 30, has caused us to increase the year-end projection by \$0.25 million to \$14.22 million, over the second quarter projection of \$13.97 million.

Fines & Penalties had a strong third quarter, partly as a result of an increased repair rate on parking meters, which enables more tickets to be written. The year-end projection has been increased to \$25.7 million, which is \$1.0 million higher than the second quarter projection of \$24.7 million.

A \$7 million deficit is forecast for the Utility Consumption Tax (UCT), which has not met optimistic growth expectations. Within the UCT, both energy and telecommunications revenue are declining; electricity revenue is suffering as a result of retroactive rate decreases approved as part of the PG&E bankruptcy settlement. Telecommunications may increase in the fourth quarter due to the passage of the cellular phone ordinance in March, which was aimed at increasing the number of cell phone calls subject to the UCT.

Service Charges are projected to end the year with a \$1.5 million surplus. Deficits in parking meter revenue and miscellaneous service charge accounts will net against \$5.5 million in unbudgeted payments from the Port of Oakland. Parking meter revenue has increased over the prior year due to two recent rate hikes, but is still projected to end the year \$3.1 million below what was assumed in the budget.

Vehicle License Fee (VLF) revenue is projected to end the year \$1 million above the adjusted budget. The City budgeted to receive only 50 percent of VLF backfill reimbursement, while a somewhat higher proportion is expected from the State by year-end.

**Property Tax**

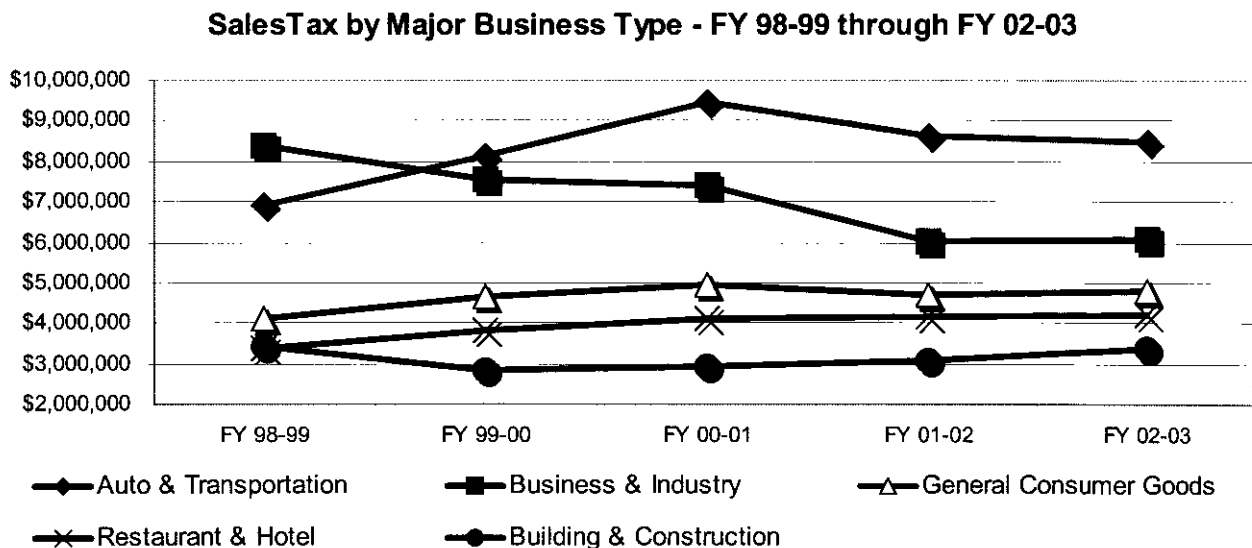
Property tax revenue collected through the end of the third quarter was \$45.8 million, a 5 percent increase over the third quarter of FY 2002-03. This \$45.8 million represents 64 percent of the current budget of \$71.6 million.

We are not aware of any appeals that could significantly reduce revenue through the rest of this fiscal year, although a county administrative charge will net against total revenue. Taking all of the above into consideration, **property tax revenue is projected to end the year at \$71.2 million**, less than one percent below the budgeted level of \$71.6 million.

**Sales Tax**

Sales tax revenue through the third quarter was \$30.4 million – a 4 percent increase over the third quarter of FY 2002-03. This \$30.4 million represents 82 percent of the current budget of \$37.0 million.

The chart below shows a breakdown of Sales Tax revenue by type, for the last five years. The automobile and transportation category is the largest contributor, followed by business & industry.



We expect the strong performance of the Sales Tax to continue in the fourth quarter and are **projecting year-end sales tax to be \$40.1 million** - \$3.1 million above the budgeted \$37.0 million. The primary reason for this performance is the general upturn in the national economy (see General Economic Overview).

Other happenings that may impact the City's sales tax revenue include:

- Oakland's Port Commission recently approved the development of a 200,000 square foot retail center at the corner of Hegenberger and I-880, which will include restaurants, fast food outlets and Oakland's first Wal-Mart. The development is planned to be under



way by the summer of 2004. The Wal-Mart is scheduled to be open by November 2004.

- The Home Depot that will be replacing the High Street K-Mart is now scheduled to open by July 2004.

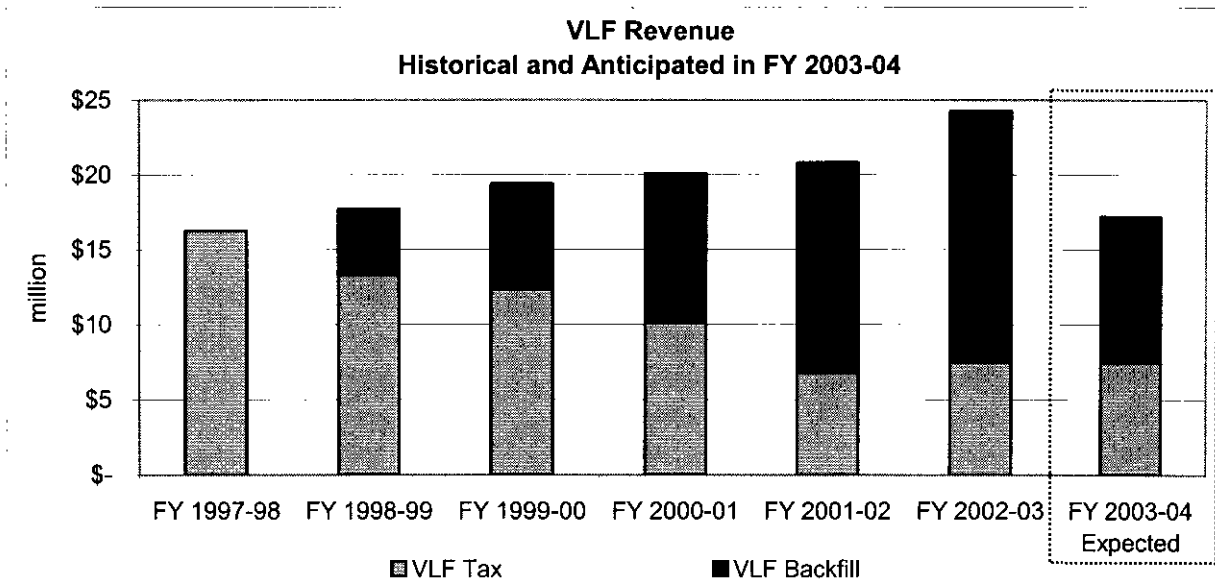
**Vehicle License Fee (VLF) Tax and Backfill**

The VLF is charged to owners of registered vehicles in California, and a portion of the statewide fees is remitted to local governments. In 1998, the Legislature began a series of reductions in the VLF rate, from 2 percent to an effective rate of 0.65 percent over a period of years. However, the State held local governments harmless by providing them with “backfill” payments that made up for the reduced tax revenue. In June 2003, the VLF rate was reinstated to two percent by Governor Davis, pursuant to language in the 1998 rate reduction legislation that allowed an increase if “insufficient moneys” were available to be transferred to local government from the State’s general fund.

In the fall of 2003, Arnold Schwarzenegger occupied the Governor’s office, and immediately fulfilled his campaign promise to lower the VLF rate back down to 0.65 percent. After protest from local governments, Schwarzenegger subsequently provided for backfill payments, but only for the period of October 2003 through June 2004, thus creating a VLF backfill “gap” for the period of July 2003-September 2003.

However, if actual receipts through December are a good indicator, Oakland will receive just 57 percent of its backfill allocation – rather than the 75 percent suggested by the October-June time frame. A couple of factors explain this additional lost revenue: 1) County mental health programs, which also receive VLF backfill, have been held harmless from the effects of the gap – therefore, cities such as Oakland will shoulder a greater burden; 2) Complex cash flow issues at the State level surrounding the calculation and implementation of the gap will also result in a greater revenue loss to Oakland. **As a result, the City is projected to receive \$17.2 million in VLF tax and backfill revenue, versus the \$16.2 million that was budgeted.**

The chart below illustrates the creation of the backfill in FY 1998-99, and its subsequent growth, as well as the gradual shrinking of the tax portion to its current 32.5 percent:



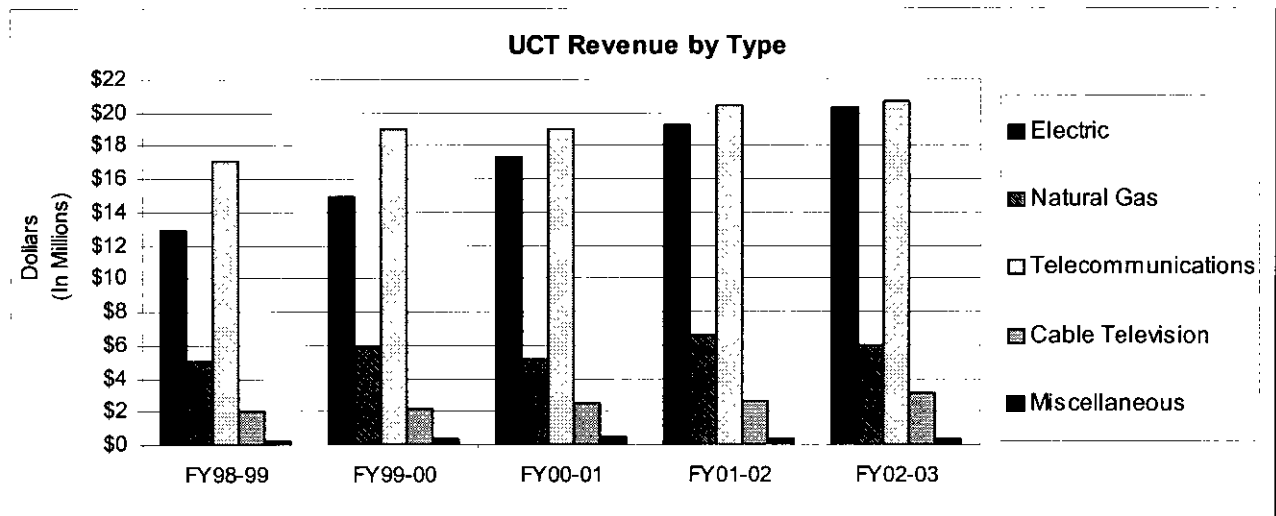
**Business License Tax (BLT)**

BLT revenue through the end of the third quarter was \$39.0 million – 1.0 percent higher than third quarter receipts in FY 2002-03. The \$39.0 million is 91 percent of the current budget of \$42.8 million.

BLT payments are due January 1 and delinquent on March 2. Hence, 80-90 percent of BLT revenue is collected between January and March, so third quarter data is fairly conclusive in projecting year-end totals. Revenue staff expect higher than normal lien activity to be recorded in the Business License tax accounts in the final accounting period of FY 2003-04. We forecast FY 2003-04 BLT revenue to **end the year at \$43.8 million, \$1 million above budget.**

**Utility Consumption Tax (UCT)**

UCT revenue through the end of the third quarter was \$34.7 million, which is ten percent lower than second quarter revenue in FY 2002-03. The \$34.7 million represents 65 percent of the current budget of \$53.6 million.

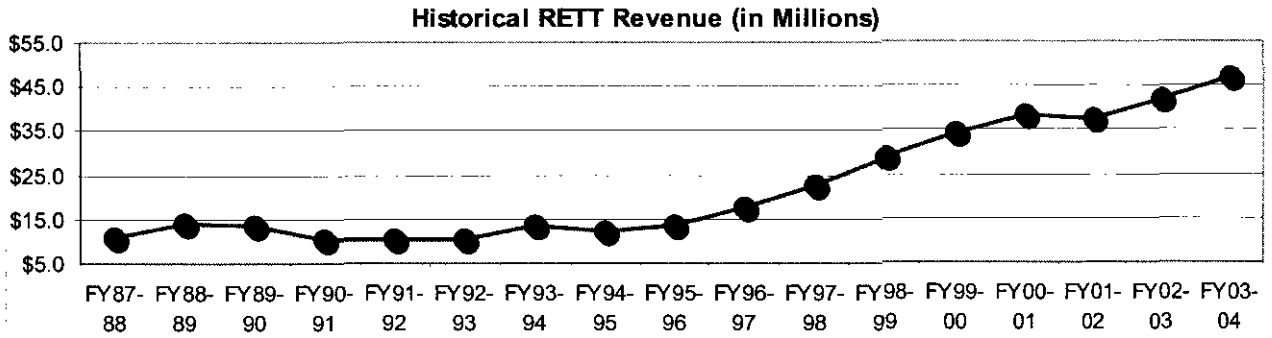


The chart above reflects historical performance of the various UCT components. It shows that the Electric and Telecommunications categories have historically contributed the largest shares.

The current UCT budget assumed robust growth in the Telecommunications and Energy (Electric and Natural Gas) categories, but year-to-date performance has been below budget and should continue below budget during the fourth quarter. Electricity rates are expected to fall an average of eight percent as a result of the PG&E bankruptcy settlement. Telecommunications continues to perform at a level below FY 2002-03, although increased revenue is hoped for in the fourth quarter due to the passage of the City's cellular phone ordinance in March. The ordinance is aimed at increasing the number of cell phone calls subject to the City's UCT. **UCT revenue is projected to end the year at \$46.5 million.**

**Real Estate Transfer Tax (RETT)**

RETT revenue through the end of the third quarter was \$34.4 million, which is 13 percent higher than third quarter collections in FY 2002-03. The \$34.4 million represents 91 percent of the current budget of \$38.0 million.

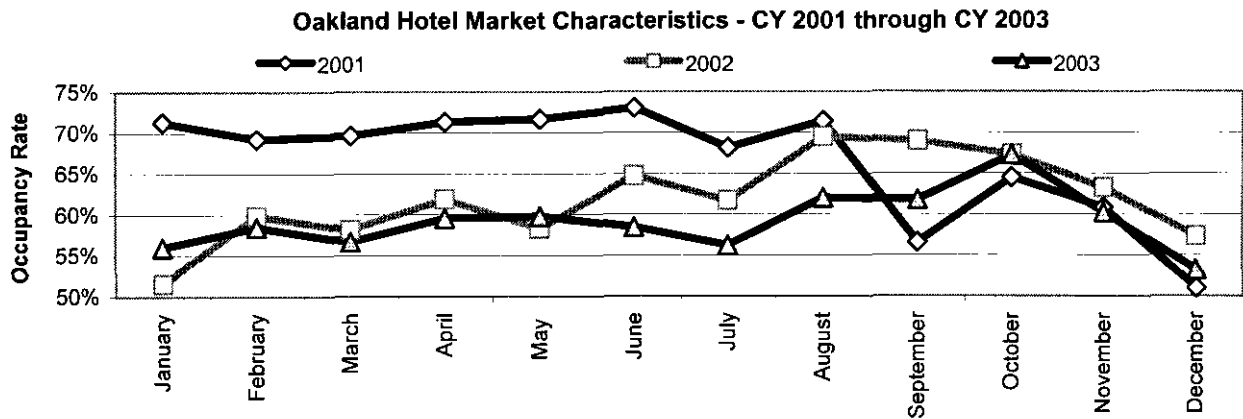


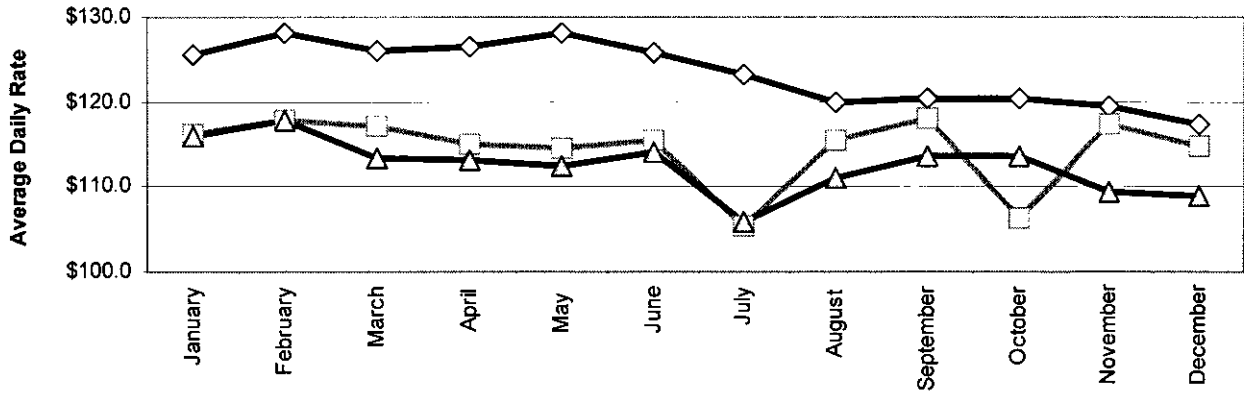
The strong performance of RETT revenue through the third quarter is a continuation of several years of strong growth in the Oakland housing market: RETT revenue grew from \$10 million in FY 1987-88 to \$42 million in FY 2002-03 (see chart below), and is conservatively projected to end the current year at \$47.0 million.

RETT revenue through March 2004 has been strong, demonstrating significant increases from prior years on a month-to-month basis. We are conservatively **projecting year-end RETT revenue to reach \$47.0 million.**

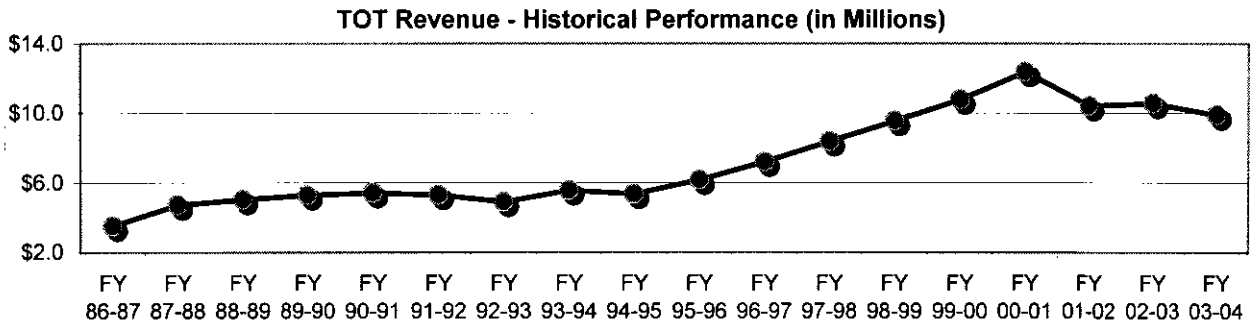
**Transient Occupancy Tax (TOT)**

TOT revenue collected through the end of the third quarter was \$7.4 million, which is two percent higher than third quarter collections in FY 2002-03. The \$7.4 million represents 72 percent of the current budget.





The charts above illustrate the damage inflicted on Oakland's hotel industry since September 11, 2001. Occupancy rates fell from 80 percent in September 2000 (not shown) to 57 percent in September 2001. There was somewhat of an upswing in 2002, but rates through the first three quarters of 2003 averaged 10-15 percentage points lower than 2001, and in the last three months are barely above the rates posted in the immediate aftermath of September 11. The drop in room rates has been less dramatic: average rates in 2003 are about nine percent lower than in 2001.



Oakland's TOT revenue has also fallen (see chart above). FY 2000-01 revenue was \$12.4 million; FY 2001-02 was \$10.4 million; FY 2002-03 was \$10.6 million. Although year-to-date collections are at 72 percent of budget, TOT revenue generally displays a pronounced seasonal component and we are **projecting year-end revenue to come in at only \$9.9 million.**

**Parking Tax**

Parking tax revenue is imposed on the occupant of an off-street parking space—in a lot or a garage—for the privilege of renting that space. It is collected by the facility operator and then remitted to the City.

Parking Tax revenue through the end of the third quarter was \$6.5 million, 20 percent higher than third quarter collections in FY 2002-03. The \$6.5 million represents 81 percent of the current year budget of \$7.9 million. **We are projecting to end the year at \$9.0 million, which is \$1.1 million above budget.**

**Licenses & Permits**

Licenses & Permits revenue through the end of the third quarter was \$9.2 million, two percent higher than third quarter collections in FY 2002-03. The \$9.2 million represents 66 percent of the current budget.

License & Permits revenue is mainly construction-related: the table below shows that for the last three years, 90 percent of this category has come from a combination of construction permits and permits related to construction, such as sidewalk/driveway, sewer, grading and excavating, encroachment and obstruction. Another six percent comes from planning permits.

**Historical Breakdown of the Licenses & Permits Revenue - General Purpose Fund**

Permit Type	FY 00-01	% of Total	FY 01-02	% of Total	FY 02-03	% of Total	FY 03-04 (Q3)	% of Total	% of Budget
Animal Licenses	176,165	1.55%	154,487	1.32%	177,643	1.37%	141,400	2%	81%
Bicycle Licenses	1,549	0.01%	1,565	0.01%	1,005	0.01%	519	0%	32%
Boat Permits	0	0.00%	0	0.00%	0	0.00%	0	0%	0%
Charity Permits	2,830	0.02%	2,900	0.02%	2,850	0.02%	5,868	0%	147%
Construction Permits	9,301,096	81.98%	9,429,690	80.43%	10,382,028	80.07%	7,516,224	82%	67%
Encroachment Permits	275,505	2.43%	395,362	3.37%	453,414	3.50%	216,050	2%	51%
Fire Clearance Certificate	11,728	0.10%	9,047	0.08%	6,607	0.05%	5,146	0%	56%
Fire Permits	92,749	0.82%	99,635	0.85%	208,719	1.61%	58,383	1%	47%
Grading and Excavating Permit	371,061	3.27%	361,385	3.08%	354,309	2.73%	228,214	2%	103%
NPDES Monitoring	0	0.00%	(540)	0.00%	2	0.00%	195	0%	0%
Obstruction Permits	53,100	0.47%	55,200	0.47%	98,409	0.76%	12,932	0%	20%
Planning Permit - Environmental	206,311	1.82%	227,532	1.94%	187,513	1.45%	309,781	3%	93%
Planning Permit - Subdivision	63,085	0.56%	89,727	0.77%	115,649	0.89%	108,351	1%	109%
Planning Permit - Zoning	331,965	2.93%	427,802	3.65%	471,323	3.64%	390,288	4%	83%
Police Permits	17,837	0.16%	46,935	0.40%	54,888	0.42%	63,425	1%	156%
Residential Parking Permits	3,003	0.03%	44,876	0.38%	49,242	0.38%	40,756	0%	81%
Security Alarm Permits	37,716	0.33%	483	0.00%	0	0.00%	0	0%	0%
Sewer Permits	286,560	2.53%	275,555	2.35%	289,623	2.23%	14,010	0%	0%
Sidewalk/Driveway Permits	91,173	0.80%	85,720	0.73%	103,572	0.80%	72,949	1%	0%
Tree Removal Permits	22,662	0.20%	16,690	0.14%	9,270	0.07%	12,544	0%	73%
<b>Total</b>	<b>11,346,095</b>	<b>100%</b>	<b>11,724,051</b>	<b>100%</b>	<b>12,966,066</b>	<b>100%</b>	<b>9,197,034</b>	<b>100%</b>	<b>66%</b>

This revenue seems to be relatively immune to cyclical swings in the economy. The Community and Economic Development Agency (CEDA) staff, who collect most of the Licenses & Permit revenue, explain that in a slow economy, commercial construction falls off because of the lack of demand for business products and services. However, slow economies tend to have low interest rates that encourage homeowners to take on minor remodeling projects. Therefore, while commercial permit activity slows, residential picks up, and vice versa.

Based on year-to-date collections, and on staff's belief that we will be collecting several large checks related to significant projects such as Leona Quarry, we are projecting Licenses & Permits revenue to be **\$14.2 million at year-end, \$0.3 million below budget.**

### **Fines & Penalties**

Fines & Penalties revenue through the end of the third quarter was \$18.6 million, 35 percent higher than third quarter collections in FY 2002-03. The \$18.6 million represents 71 percent of the current year's \$26.2 million budget.

Between 80 and 85 percent of Fines & Penalties consists of fines for violating parking regulations. Several increases in parking fines approved by the Council in February and June 2003 have caused parking regulation revenues to increase compared to FY 2002-03. These include:

Increases in Parking Fines – A number of parking fines have been increased, including fines for parking in red, yellow, white or green zones; at expired meters; and restricted time zones.

Increased Parking Enforcement/Roving Patrols – Parking enforcement efforts have been strengthened through the establishment of a roving parking patrol crew.

Increased Towing Fees – A towing fee for abandoned vehicles has been increased from \$65 to \$250, and the consistent application of the fee has been enforced.

Year-to-date collections are above budget, due to increased repair rates, which allows more tickets to be written. However, the \$1.4 million budgeted for abandoned vehicles fines, continues to show virtually no revenue. The net result is that **the year-end projection for Fines & Penalties is \$25.7 million, \$0.5 million below budget.**

### **Interest Income**

Interest Income through the end of the third quarter was \$0.73 million, 14 percent higher than third quarter collections in FY 2002-03. The \$0.73 million represents 38 percent of the current budget of \$1.9 million.

The level of interest income to the GPF is a product of three factors: the funds available for short-term investment; the level of interest rates; and the cash flow status of the City's non-General Purpose Funds. In FY 2003-04, the City's available investment funds and the level of interest rates are both expected to be at levels comparable to FY 2002-03. As a result, the General Purpose Fund's interest income is estimated at a healthy level.

However, this projected revenue will likely be offset by negative interest charges relating to other, mostly grant-related, funds. Many grants are cost-reimbursed, meaning reimbursement from the grantor happens after the City has incurred costs. The GPF covers the initial, grant-related costs, and is later reimbursed, but an interest charge is calculated. For grants that do not allow interest charges, the interest charge reverts back to the GPF as negative interest.

Staff is currently working with departments responsible for managing grant funds to develop a way to have the negative interest be charged back to those departments, as an incentive to get reimbursed as quickly as possible.

After negative interest charges are taken into account, **year-end interest income in the GPF is still projected to net to \$1.6 million.**

### **Service Charges**

Service Charges through the end of the third quarter were \$26.7 million, which is 16 percent higher than third quarter collections in FY 2002-03. This \$26.7 million represents 49 percent of

the current budget of \$54.5 million. **The projection is that year-end revenue will be \$55.9 million, against a budget of \$54.5 million.**

Service Charges contain a variety of revenue types. The table below breaks out the major categories, and shows year-to-date collections and year-end projections:

	FY 2003-04 Budget	% of Total	FY 2003-04 YTD	% of Budget	FY 2003-04 YE Projected	Surplus (Deficit)
Port Revenue	11,735,633	22%	3,317,880	28%	17,275,633	5,540,000
Miscellaneous	10,660,840	20%	5,763,366	54%	9,139,556	(1,521,284)
Parking Meter Fees	10,345,737	19%	5,174,171	50%	7,229,530	(3,116,207)
Franchise Taxes	10,270,207	19%	4,680,286	46%	10,548,591	278,384
Personnel Services	4,397,584	8%	1,839,874	42%	3,346,311	(1,051,273)
Public Works Fees	4,070,359	7%	3,314,271	81%	4,350,566	280,207
Rental Concessions	1,566,299	3%	1,690,492	108%	2,669,191	1,102,892
Prisoner Maintenance Charges	1,420,259	3%	928,295	65%	1,383,013	(37,246)
	54,466,918	100%	26,708,635	49%	55,942,391	1,475,473

Port Revenue consists of payment for Police, Fire, and other services the City provides to the Port. The City invoices quarterly, based on budgeted costs of service, with a year-end clean-up invoice reflecting the actual costs. In addition to budgeted payments, the Finance & Management Agency, which administers Port payments, expects to receive \$5.5 million from the Port for services rendered by the City to the Port in prior years. In anticipation of this payment, and assuming the Port pays all budgeted amounts, we are **projecting Port revenue of \$17.3 million, \$5.5 million above budget.**

Miscellaneous Service Charges include parks and recreation fees, a variety of inspection fees, general plan surcharges, and miscellaneous sales. Many of the fees have been increased as part of the annual modifications to the City's Master Fee Schedule.

Year-to-date collections are under budget. This category is difficult to analyze since it is comprised of a large number of items unrelated to each other, and we are therefore more conservative than normal in forecasting. **We project year-end revenue of \$9.1 million, which would leave a deficit of \$1.5 million.**

Parking Meter Revenue consists of charges for parking in metered street stalls. The budget for Parking Meter Collections is double prior year collections of \$5.2 million. Three million of this increase was budgeted in anticipation of heightened repair efforts that would keep more meters in service. The remaining \$2.2 million represented the effects of two rate increases in the past calendar year (to a current \$1.25 per hour in downtown, and \$1.00 in all other areas).

However, these rate increases have resulted in a large number of meters jamming, because they are filled with more coins. The Parking Division has recently bought a new coin-sorting device that has enabled more collection staff to remain on the street emptying meters.

The City's Duncan meters are approximately six years old and are increasingly malfunctioning. The coin tracks are a major maintenance item and staff replaces approximately 750 coin tracks per month. Staff is replacing the internal meter mechanisms with those from another manufacturer in high volume areas, as the budget permits. These new electronic mechanisms are more resistant to moisture problems and less likely to suffer from jams.

Intentional jamming and bagging of the City's meters is on the increase. The Parking Division is reorganizing the field crews into "beat teams" consisting of Enforcement, Collection and Repair personnel. These crews are held accountable for beat revenues and out of service meters. This reorganization will result in better communication and coordination between the three field functions.

Given the above issues, **parking meter revenue is currently under budget, and is projected to end the year at \$7.2 million, \$3.1 million below budget.**

Franchise Taxes: This category consists of taxes on four utilities: PG&E for gas and electric; Waste Management of Alameda County for garbage collection; East Bay MUD for water; and Comcast for cable television. **The year-end projection for Franchise Taxes is \$10.5 million, \$0.3 million above budget.**

Personnel Services: These are reimbursements to the City for police officers who work at a variety of special events or activities such as A's games, Raider games, concerts, street fairs or festivals, or producing legal documentation in response to subpoenas. There are no set contracts in place, hence the demand for these services is variable and difficult to forecast. Revenue for the third quarter is below budget, and **we are projecting year-end revenue to be \$3.3 million, against a budget of \$4.4 million.**

Public Works Fees: Most of this revenue is collected by CEDA for various inspection and application fees, title fees and a variety of other miscellaneous charges. Third quarter collections are above budget, and **the year-end projection is \$4.4 million, against a budget of \$4.1 million.**

Rental Concessions: These represent fees for the rental of the City's facilities and lands, as well as concessions at parks and golf courses. Revenue through the third quarter is \$1.7 million and has already exceeded the \$1.6 million budgeted. Since the revenue has a heavy seasonal component, we are **projecting year-end revenue of \$2.7 million, \$1.1 million above budget.**

Prisoner Maintenance Charges: These are reimbursements from both the State and Federal government for housing their prisoners in Oakland jails. There are no set contracts, and demand for the services is variable and difficult to forecast. Based on third quarter revenue, and the trend for the last five years, **the year-end projection is to come in \$0.04 million under the budgeted \$1.4 million.**

**Overall, year-end Service Charges are projected at \$56.0 million, or \$1.5 million above budget, reflecting the under-collection of Parking Meter revenue and Miscellaneous Service Charges netting against the over-collection in Port revenue.**

### **Grants & Subsidies**

Grants & Subsidies revenue through the end of the third quarter was thirteen thousand dollars. This amount is nine percent of the budget, and includes only one component (the Peace Officers grant). **Year-end Grants & Subsidies revenue is projected at the budget of \$0.11 million.**



**Miscellaneous**

Miscellaneous revenue through the end of the third quarter was \$11.2 million, which is much higher than third quarter collections in FY 2002-03. The \$11.2 million represents 166 percent of the current budget of \$6.8 million.

The FY 2003-04 Adopted Budget for Miscellaneous revenues was comprised of the following:

- o \$2.1 million transfer from the Multipurpose Reserve Fund
- o \$2.0 million transfer from the Mandatory Garbage Fund
- o \$1.14 million reimbursement from OBRA for Police, Fire and other City services
- o \$0.8 million loan repayment from the Oak Center Redevelopment Project Area
- o \$0.73 million other miscellaneous items.

The table below shows additional items now projected to generate revenue in this category.

ADDITIONAL MISCELLANEOUS REVENUE	2003-04 Impact (millions)
Surplus Property Sale (11 properties)	\$1.60
City's Land Sale (Infiniti)	\$0.40
ORA repayment on the \$8.5 million note	\$2.50
	<b>\$4.50</b>

It is expected all budgeted items will be realized, in addition to the unbudgeted items detailed above, so that **year-end Miscellaneous revenue is projected to be \$11.3 million.**

**Fund Transfers**

Fund transfers through the end of the third quarter were \$4.7 million, 75 percent of the current budget of \$6.3 million.

The Fund Transfers revenue category this fiscal year includes only two components:

- o a \$0.6 million transfer from the Sewer Service Fund (a continued repayment for space costs)
- o a \$5.7 million transfer from the Municipal Improvement Capital Fund (a continued partial reimbursement for capital project spending in the General Purpose Fund)

Both fund transfers are made according to a pre-set monthly schedule. **The year-end Transfers amount is projected at budget of \$6.3 million.**

**Carryforwards**

At the end of each fiscal year, the City has unspent appropriations that can potentially be carried forward into the next fiscal year. These exist either in projects or as non-project encumbrances. **For the General Purpose Fund in FY 2003-04, \$10.86 million in projects and encumbrances were carried forward from FY 2002-03.** On the expenditure side, this amount represents an increase from the Adopted to the Adjusted Budget. On the revenue side, it is reflected in the "Carryforwards" category and represents dollars reserved in the fund balance to pay for the project activities (or encumbered items) not spent in the last year.

Since carryforwards are reserved for particular projects or items, they are normally considered spent by year-end on the expenditure side, and fully 'realized' on the revenue side, unless projects are delayed or not fully expended. For FY 2003-04, \$2.25 million of the project

carryforward balance is projected to be unspent by year-end, and carried forward to the next year.

### **EXPENDITURE HIGHLIGHTS**

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As outlined in Attachment A-2, the General Purpose Fund (GPF) expenditures through the end of March 2004 are \$298.91 million, or 75 percent of the FY 2003-04 Adjusted Budget. **GPF total expenditures are expected to reach \$409.51 million by year-end, or \$10.44 million over budget.**

The year-end projected spending takes into account the already realized four-day business shutdown savings, applied to Local 790 employees, as well as the additional 3.0 percent employee contribution towards retirement, effective January 2004 for Local 790 members and July 2003 for all other civilian employees. Collectively, the four-day business shutdown and the additional retirement contribution are expected to generate \$2.19 million in GPF savings by year-end.

Attachment A-2 also summarizes agency / department-level spending to date and projected through year-end. Attachment F provides the breakdown of overtime spending through March 2004 and projected year-end results, for the General Purpose Fund and All Funds.

Provided below is a discussion of only those agencies / departments that are projected to overspend in the GPF at year-end. Agencies / departments that are not discussed are projected to end the year within budget.

#### **Police Services**

- The **Police Services Agency** has spent \$119.9 million through the end of March 2004, or 80.3 percent of the \$149.4 million Adjusted Budget.
- *Personnel Services* accounted for 92.3 percent of the total quarterly spending. Personnel spending is expected to be over budget, mainly due to overstaffing of sworn personnel. (The Agency is currently over its authorized, budgeted strength by 10 sworn positions, down from 27 positions at the end of the first quarter.) Civilian personnel spending has been adjusted upward by \$0.08 million to account for the redeployment of laid-off Local 790 employees.
- *Overtime* spending through March is \$10.0 million, reflecting 99 percent of the \$10.1 million annual overtime budget. If current trends continue, total overtime for the year is projected at \$13.3 million, or \$3.2 million over budget. The year-end overtime estimate includes approximately \$1.4 million attributable to the Mayor's Violence Reduction Program. It must be noted that despite continuing overspending in overtime, OPD achieved reductions in annual overtime spending last fiscal year, reducing the total from \$17.4 million in FY 2001-02 to \$15 million in FY 2002-03 within the GPF. With the current year-end projection of \$13.3 million for the GPF, FY 2003-04 would be the second consecutive year of overtime reduction for OPD. An estimated \$1.7 million of the Police annual overtime is reimbursable; however, the associated revenue and overtime appropriations have already been included in the FY 2003-05 budget.
- *Business shutdown* implementation, along with the additional 3 percent retirement contribution by civilian personnel, is expected to achieve total savings of approximately \$0.34 million by year-end.

- *Operations & Maintenance* accounts for 7.7 percent of the total spending. An estimated savings of \$0.56 million is expected to be generated by year-end, due to a freeze of most discretionary O&M accounts in May 2004.
- **Given its spending to date, a continuation of current trends, and annualized attrition savings of approximately \$1.3 million from sworn retirements, the Police Services Agency is projected to over-spend its FY 2003-04 Adjusted Budget by \$10.71 million through year-end.** (This compares with overspending in FY 2002-03 of \$11.6 million). The over-spending is mainly explained by overstaffing in the sworn ranks and overtime over-runs. Total estimated year-end expenditures for the Agency have been adjusted downward by \$1.8 million in existing transfers to grant funds, and \$1.2 million from the proposed Police reduction plan, which includes additional transfers of GPF expenditures to grants, and use of \$0.7 million in carryforward amounts from the Unclaimed Cash Fund.

### **Cultural Arts & Marketing**

- Overall, ***Cultural Art & Marketing Department*** (CAM) has spent \$5.56 million or 77.1 percent of its \$7.21 million Adjusted Budget through the end of March 2004. Given its spending to date and accounting for anticipated changes in future spending patterns, **CAM is projected to over spend its FY 2003-04 Adjusted Budget by year-end.** The specifics are discussed below.

#### ***Museum***

- The Oakland Museum of California (the Museum) has spent \$4.35 million or 78.5 percent of its \$5.54 million Adjusted Budget through the end of March 2004.
- *Personnel Services* accounted for 73.8 percent of the total spending. Through the 3<sup>rd</sup> quarter, the Museum has spent 80.4 percent of the personnel services budget. While spending on overtime accounted for approximately 0.76 percent of the personnel services budget, the Museum did not budget for overtime spending. Additionally, the Museum is spending nearly twice as much on Temporary personnel than was allocated. If overall personnel services' spending continues at the same rate, the Museum would exceed its budgeted appropriation.
- Of a particular concern is spending on personnel services for the *Alice Arts Center*. Through the 3<sup>rd</sup> quarter, personnel services' spending is at 140.5 percent. If spending continues at the same rate, it would exceed the budget by nearly twice the authorized amount. The Adopted Budget authorized 5.83 FTEs; however, on average, the Alice Arts Center continues to have 11 FTEs, or nearly twice the authorized level.

CAM management has provided the following reasons for the situation and the proposed actions to address it: Based on the analysis of year-to-date budget and spending, CAM's staff has concluded that "there is no way to correct this trend, short of shutting down the facility, which would be politically impossible." CAM cites the Mayor and City Council desire for "the Alice Arts Center to exist as low-income housing, affordable office and rehearsal space for mostly African American performing groups, and to house the Oakland School for the Arts" as a main reason for the overspending and inability to reverse the spending trend – due to the mandate to provide services that can not be delivered with the budgeted FTEs.

While CAM management acknowledges that the Alice Arts spending pattern cannot be adjusted significantly this fiscal year, this overspending issue will be addressed for the

next year, during the Midcycle budget review. *After the Midcycle adjustments, the Alice Arts spending should be under control in FY 2004-05.*

- Business shutdown implementation in the Museum has generated approximately \$0.01 million in savings; the additional retirement contribution by staff is expected to achieve savings of approximately \$0.02 million by year-end. Overall, however, the Museum is not expected to achieve any year-end salary savings, mainly due to the Alice Arts overspending and overtime spending.
- *Operations & Maintenance* accounted for 26.2 percent of the total spending. The Museum has spent approximately 69.3 percent of the overall O&M budget through the 3<sup>rd</sup> quarter. The majority of the O&M budget is anticipated to be spent on facility support and land & building rentals.
- Given its spending to date and accounting for anticipated changes in future spending patterns, **the Museum is projected to over-spend its FY 2003-04 Adjusted Budget by year-end.**

#### ***Marketing and Special Events***

- The Marketing and Special Events programs (the Programs) have spent \$0.60 million or 91.7 percent of their \$0.66 million Adjusted Budget through the end of March 2003.
- *Personnel Services* accounted for 71.7 percent of the total spending. Through the 3<sup>rd</sup> quarter, the Programs have spent 124.4 percent of the personnel services budget. The Programs have exceeded their appropriations because of charges due to a settlement negotiation. Business shutdown implementation, along with the additional 3 percent retirement contribution by civilian personnel, is expected to achieve only minimal savings by year-end.
- *Operations & Maintenance* accounted for 28.3 percent of the total spending. However, the Programs have spent approximately 53.8 percent of the overall O&M budget through the 3<sup>rd</sup> quarter. The majority of the O&M budget is anticipated to be spent on City advertisements, promotions and website maintenance. However, under-spending on O&M would aid in closing the over-spending on salaries.
- Given its spending to date and accounting for anticipated changes in future spending patterns, **the Programs are projected to slightly overspend their FY 2003-04 Adjusted Budget by year-end.**

#### **Parks & Recreation**

- The ***Parks & Recreation*** department has spent \$8.9 million or 69.2 percent of its \$12.9 million Adjusted Budget through the end of March 2004.
- *Personnel Services* accounted for 78.1 percent of the total spending. Parks & Recreation has expended 76.6 percent of its total budgeted personnel cost for the fiscal year. The department typically experiences a higher level of personnel costs during the first and second quarters of the fiscal year – when summer recreation programs are activated and public safety-related activities (e.g. tree removal) are incurred in response to weather conditions. Additionally, Parks & Recreation is currently overstaffed by 6 employees (full and part-time) – this situation may impact Park & Recreation's ability to keep its spending within its adjusted budget.

- Recently completed salary negotiations with Oakland part-time and unrepresented employees resulted in \$0.47 million additional retroactive and projected salary and fringe benefits increases to the Parks & Recreation department for the two-year period FY 2002-04.
- Parks & Recreation has expended approximately \$35,000 in General Purpose Fund *overtime* and approximately \$172,000 at the All Funds level through the third quarter ended March 31. Overtime is projected to be approximately \$47,500 in the General Purpose Fund by year-end and \$300,000 at the All Funds level even though the department's budget does not include any overtime funding. Through the third quarter, overtime was incurred primarily by staff required to be on call to respond to public health or safety situations.
- *Business shutdown* implementation through the second quarter for the Parks & Recreation resulted in \$0.05 million in personnel cost savings. Savings resulting from an additional 3 percent retirement contributions by employees are expected to be \$0.12 million by year-end.
- *Operations & Maintenance* accounted for 22.0 percent of the total spending through the third quarter. Park & Recreation has thus far spent 51.5 percent of its O&M budget, which is expected to be fully expended by fiscal year end due in part to the re-opening of the Carmen Flores Recreation Center as well as spending on maintenance deferred until weather permits.
- Council appropriated (in the GPF) an additional \$0.42 million to the Parks & Recreation budget in FY 2003-04 for implementing the *Parks Median Improvement Program* in conjunction with the Public Works Agency (PWA). PWA is in process of hiring the requisite personnel and has purchased the card readers needed to track personnel for this program.
- In addition, Council appropriated \$0.40 million for FY 2003-04 (in a non-GPF fund) to Parks & Recreation for the *Middle School Sports Program* implementation. OPR has expended \$0.26 million or 65.9 percent of the appropriated budget through March 31. Year-end savings are expected, and will be carried forward into the next fiscal year to continue the program.
- Given its spending to date and accounting for anticipated changes in future spending patterns, **the Parks & Recreation department is projected to over-spend its FY 2003-04 Adjusted Budget in the GPF by \$0.61 million by year-end.** The over-spending is mainly explained by unbudgeted overtime spending, retroactive salary and fringe benefits for part-time and unrepresented employees, and overstaffing.

### **Community and Economic Development**

- The **Community and Economic Development Agency** (CEDA) expended \$15.3 million (66.6 percent) of its \$22.96 million Adjusted Budget through the third quarter of FY 2003-04.
- *Personnel Services* expenditures accounted for 75.4 percent of total year-to-date spending. Personnel Services are ahead of budget, currently estimated at \$11.5 million or 77 percent of personnel appropriation. Year-end personnel services expenditures are projected to surpass appropriation by \$0.66 million or 4.4 percent. The anticipated savings from the 4-day business shutdown and 3 percent additional retirement contribution are included in this projection. Insufficient vacancies and overtime

spending are the primary drivers of CEDA's projected over-expenditure in Personnel Services. CEDA has committed to curtail its contract services spending to limit the anticipated over-expenditure.

- *Overtime* spending in the General Purpose Fund reached \$0.34 million or 102.5 percent of budget by the end of the third quarter (and \$0.43 million at All Funds level). Over-expending occurred primarily in the Planning and Zoning and Building Services divisions and is attributed to low vacancy levels, position reductions and unchanged workloads as compared to FY 2002-03. An undetermined level of expended overtime in Building Services is fee-reimbursed (developers pay premium fees to expedite plan check). However, this revenue has already been anticipated in the FY 2003-05 budget. CEDA is expected to expend \$0.46 million on overtime in the General Purpose Fund by the end of the fiscal year, although only \$0.33 million is budgeted in that fund. The All Funds overtime spending is projected to reach \$0.57 million by year-end, or \$0.24 million above the FY 2003-04 budget.
- CEDA expended \$3.76 million (including encumbrances) or 47.1 percent of its \$7.98 million current-year *Operations and Maintenance* appropriation during the first half of FY 2003-04. As in years past, CEDA will fully expend or return to fund balance that portion of project-based O&M appropriation that does not carry forward to FY 2004-05. Regarding non-project O&M appropriations, CEDA has committed to leave \$0.48 million unspent in the current fiscal year to offset personnel services over expenditures.
- CEDA expenditures at year-end are expected to reach **\$23.18 million or 100.96 percent of adjusted current-year appropriation (\$0.22 million over budget)**. CEDA has committed to under-expend its contract services appropriation to offset most, but not all, of its personnel services overspending.

## B. TELECOMMUNICATIONS FUND

### FUND HISTORY AND PURPOSE

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The City charges franchise fees for four main utility services: cable TV, gas and electric, garbage collection and sewers – but only cable TV has a separate fund supported by franchise fees. The Telecommunications Fund was established because cable TV fees are expended in a relatively restricted manner. Other franchise fees are spent on a variety of general governmental purposes, and so they accrue to the General Purpose Fund. Cable TV fees, on the other hand, are spent primarily on telecommunications: over 84 percent of funds appropriated from the Telecommunications Fund have gone to KTOP in the FY 2001-05 period. These fees, and the associated expenses, are accounted for in the Telecommunications Fund.

### REVENUE BACKGROUND

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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 into 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.

### REVENUE HIGHLIGHTS

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(Please refer to Attachment B-1 for the summary of the Telecommunications Fund revenues.)

#### **Service Charges (Franchise Fees)**

Three payments have been received through the third quarter from Comcast, and total revenue for this fund through the third quarter is \$0.68 million. Comcast payments have come in slightly higher than budgeted. **The total year-end revenue estimate for this Fund, including all miscellaneous interest charges and revenue, is \$0.99 million, which will exceed the \$0.85 million budget by \$0.14 million.**

#### **Carryforwards**

At the end of each fiscal year, the City has many unspent appropriations that can potentially be carried forward into the next fiscal year. These exist either in projects or as non-project encumbrances. In FY 2003-04, \$30,000 in project appropriations and non-project encumbrances was carried forward from FY 2002-03 in the Telecommunications Fund. This \$30,000 has been added to the Adjusted Budget on both the revenue and expenditure sides, and is assumed to be fully realized by year-end.

**EXPENDITURE HIGHLIGHTS**

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(Please refer to Attachment B-2 for the summary of the Telecommunications Fund expenditures.)

The FY 2003-04 budget contains appropriations for two departments within the Telecommunications Fund: Cultural Arts and Marketing (KTOP) and the Oakland Public Library. The total appropriation is \$1.11 million of which \$1.06 million is dedicated to KTOP, the City of Oakland's public television station, and \$0.05 million is dedicated to the Public Library. Through the 3<sup>rd</sup> quarter of FY 2003-04, approximately \$0.77 million, or 68.9 percent, has been obligated or spent.

**Cultural Arts & Marketing**

- KTOP is projected to slightly under-spend its FY 2003-04 Adjusted Budget by year-end.

**Oakland Public Library**

- The Library is projected to end the year in line with its FY 2003-04 Adjusted Budget.



## C. CONTRACT COMPLIANCE FUND

### FUND HISTORY AND PURPOSE

The Contract Compliance Fund was established in FY 1993-94. At that time, contract and compliance functions were located in Public Works. The growth of the program has since led to the creation of the Contract Compliance Division within the City Manager's Office. The Division monitors and enforces City policies that ensure local businesses and residents participate in City contracting, procurement and employment opportunities. It also monitors and enforces equity-related policies such as the Living Wage and Equal Benefits.

Contract compliance activities are currently funded via a 3.0 percent assessment against all City contracts over \$25,000, with certain exceptions authorized by the City Council. Since there is a distinct revenue stream, and expenditures are made for distinct purposes, a separate fund was created.

The assessment rate, which has varied between 3.0 and 3.5 percent over the years, has never generated enough revenue to cover contract compliance expenditures, so that a deficit fund balance has been accumulating since the program's inception. In an attempt to address the deficit, the Contract Compliance Division staff have been reduced from 15 FTEs in FY 2001-02 to 10 FTEs in FY 2003-04.

### REVENUE HIGHLIGHTS

(Please refer to Attachment C-1 for the summary of the Contract Compliance Fund revenues.)

#### Service Charges (Assessments)

Revenue through the third quarter was \$0.62 million, which include \$0.69 in assessments and (\$.07) in negative interest charges. **Total year-end revenue is projected at \$0.62 million, assuming only minor additional assessments will net against additional negative interest by year-end.** The \$0.62 million is \$0.02 million greater than the Adjusted Budget.

#### Carryforwards

At the end of each fiscal year, the City has many unspent appropriations that can potentially be carried forward into the next fiscal year. These exist either in projects or as non-project encumbrances. In FY 2003-04, \$20,000 in project appropriations and non-project encumbrances was carried forward from FY 2002-03 within the Contract Compliance Fund. This \$20,000 has been added to the Adjusted Budget on both the revenue and expenditure sides, and is assumed to be fully realized by year-end.

### EXPENDITURE HIGHLIGHTS

(Please refer to Attachment C-2 for the summary of the Contract Compliance Fund expenditures.)

The FY 2003-04 budget contains appropriations for two departments within the Contract Compliance Fund: City Manager's Office (Contract Compliance and Employment Services)

and the City Attorney's Office. The total appropriation is \$1.14 million of which \$0.93 million is dedicated to Contract Compliance & Employment Services and \$0.21 million is dedicated to the Attorney's Office. Through the 3<sup>rd</sup> quarter approximately \$0.77 million, or 67.6 percent, has been obligated or spent.

### City Manager's Office

- The **Contract Compliance and Employment Services** Program (the Program) has spent \$0.60 million or 65 percent of its \$0.93 million Adjusted Budget through the end of March 2004.
- *Personnel Services* accounted for 95 percent of the total spending. The Program is authorized 10 FTEs within the Contract Compliance Fund, and has on average stayed within this target through the 3<sup>rd</sup> quarter. The personnel services budget is \$0.82 million, of which \$0.57 million, or 68.0 percent, has been spent through the 3<sup>rd</sup> quarter. If spending continues at this rate, the Program would under spend its personnel services budget. Under-spending of the personnel services budget is, in part, due to vacancies. The Business shutdown implementation has resulted in savings of approximately \$0.01 million; the additional retirement contribution will likely generate another \$0.01 million in savings by year-end.
- *Operations & Maintenance* accounted for roughly 5 percent of the total spending. Supplies & materials and service expenditures account for the majority of spending. The O&M budget is \$0.11 million of which \$0.03 million, or 22.7 percent, has been obligated or spent.
- Given its spending to date and accounting for anticipated changes in future spending patterns, **the Program is projected to slightly under-spend its FY 2003-04 Adjusted Budget by year-end.**

### City Attorney's Office

- The **Attorney's Office** has spent \$0.17 million or 79.2 percent of its \$0.21 million Adjusted Budget through the end of March 2004.
- *Personnel Services* accounted for 70.6 percent of the total spending. The Attorney's Office is authorized 1.0 FTE within the Contract Compliance Fund, and has on average stayed within this target through the 3<sup>rd</sup> quarter. The personnel services budget is \$0.15 million of which \$0.11 million, or 78.2 percent, has been spent.
- *Operations & Maintenance* accounted for 29.4 percent of the total spending. Spending is associated with Departmental Overhead Cost Allocation. The Attorney's Office has thus far spent 78 percent of the O&M budget.
- Given its spending to date and accounting for anticipated changes in future spending patterns, **the Attorney's Office is projected to spend within its FY 2003-04 Adjusted Budget by year-end.**

## D. EQUIPMENT FUND

### FUND HISTORY AND PURPOSE

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The Equipment Fund is an Internal Service fund (ISF). An ISF accounts for services provided by a unit within an organization to other users within the same organization. The intent is that the fund's revenues, in the form of charges to users, will be just enough to cover the costs of providing the services.

The Equipment Fund supports the maintenance and replacement of the City's motorized vehicles. The activities involved include determining fleet requirements; performing preventive maintenance and repairs; providing fuel; and disposing of surplus vehicles. Services are provided by the Equipment Services Division within Public Works.

### REVENUE BACKGROUND

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As described above, annual departmental payments to the Equipment Fund should be at a level sufficient to cover the Fund's annual costs. However, in four of the last five fiscal years, the division's spending has exceeded actual revenues by substantial amounts.

These ongoing operating deficits arise from the fact that insufficient revenues are being collected from user departments.

In FY 03-04, the Fund has \$15.96 million in new appropriations and only \$12.16 million in budgeted revenue, meaning that its operating deficit is approximately \$3.8 million. During FY 2003-05 budget deliberations, 17 FTE were eliminated, representing \$1.4 million.<sup>2</sup> Absent these reductions, the structural operating deficit would be even greater.

### REVENUE HIGHLIGHTS

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(Please refer to Attachment D-1 for the summary of the Equipment Fund revenues.)

#### **Internal Service, Miscellaneous and Fines & Penalties**

Equipment Fund revenue (excluding carryforwards) through the third quarter was \$9.04 million, representing 74.3 percent of the FY 03-04 budget. Unbudgeted negative interest will cause year-end revenue to be under the Adopted Budget by \$0.08 million. **Overall, year-end revenue is projected at \$12.08 million, compared to budget of \$12.16.**

#### **Carryforwards**

At the end of each fiscal year, the City has many unspent appropriations that can potentially be carried forward into the next fiscal year. These exist either in projects or as non-project encumbrances. In FY 2003-04, \$5.48 million in project appropriations and non-project encumbrances was carried forward from FY 2002-03 in the Equipment Fund. This amount has been added to the Adjusted Budget on both the revenue and expenditure sides. Some of the

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<sup>2</sup> It should be noted, however, that four out of the 17 deleted positions were subsequently added back to the PWA budget, through the existing O&M budget reallocation.

project carryforwards will not be spent in FY 2003-04 – and, therefore, there will be an equal amount of carryforward “under-realization” this year. Carryforward under-spending is one of the primary reasons that fund expenditures appear to be substantially below budget (see below).

### **EXPENDITURE HIGHLIGHTS**

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(Please refer to Attachment D-2 for the summary of the Equipment Fund expenditures.)

The **Public Works Agency** has spent \$10.97 million or 60.16 percent of its \$18.23 million Adjusted Budget in the Equipment Fund through the end of March 2003 (not including CIP projects). Ninety-seven percent of these expenditures were related to the Equipment Services Division, and the remainder is attributed to the PWA Fiscal Services, PWA Information Technology Division, and miscellaneous erroneous charges from various departments, which will be removed.

**Capital Improvement Program** spending to-date in the Equipment Fund has been only 2.7 percent of the total adjusted budget for many reasons, including the “freeze” on new vehicle purchases, and the slower than anticipated implementation of the Fleet Management System.

### **Equipment Services Division**

- The **Equipment Services Division** has spent \$10.86 million or 60.5 percent of its \$17.96 million Adjusted Budget through the end of March 2004.
- **Personnel Services** spending was \$4.01 million, or 74.7 percent of the annual personnel budget, and accounted for 36.9 percent of total spending. Business shutdown savings, and the additional 3.0 percent retirement contributions by staff, will ultimately reduce annual personnel expenditures by approximately 1.7 percent. Overtime spending was above budget at \$25,342, and this rate of spending is not expected to increase. Overall, personnel-related spending is expected to be over-budget by approximately \$113,955 by fiscal year end, including \$3,779 for the retroactive salary increase for part-time employees.
- **Operations & Maintenance** through the end of the third quarter was \$6.38 million, or 62.4% of the adopted budget. However, O&M spending will be higher in the second half of the year, due to extraordinarily high gasoline prices, as well as by the anticipated, but unrealized reduction in the number of vehicles in the fleet. For this reason, Year-end Operation and Maintenance expenditures are estimated to be above budget by approximately \$215,000. To the degree possible, the department is attempting to reduce spending in other accounts to make up for cost over-runs.

### **Capital Improvement Program**

- To-date, only \$85,000 has been spent on major **Capital Improvement Projects**, and an additional \$100,000 is anticipated to be spent by year-end. This is well below the \$3.21 million Adjusted CIP budget within this fund. Projects expected to be undertaken during the 2003-04 fiscal year include:
  - \$90,000 for the Maximus evaluation of the City’s Equipment Services Division
  - \$73,000 for security at 5050 Coliseum Way (the Heavy Equipment Shop).

- No spending for the new Computerized Fleet Management System

Given spending to date and accounting for anticipated changes in future spending patterns, the Equipment Fund's FY 2003-04 Adjusted Budget is projected to be considerably under-spent by year-end. The under-spending is mainly explained by project budgets that will not be spent in this fiscal year.

**Total year-end spending in the Equipment Fund will be \$16.97 million, or 79.2 percent of the total adjusted budget.**

## E. FACILITIES FUND

### FUND HISTORY AND PURPOSE

The Facilities Fund is an Internal Services fund (ISF). An ISF accounts for services provided by a unit within an organization to other users within the same organization. The intent is that the fund's revenues, in the form of charges to users, will be just enough to cover the costs of providing the services.

The Facilities Fund accounts for maintenance of all City facilities which house programming and administrative staff, including the Police Administration Building, fire stations, Civic Center Complex, and various other City offices and facilities. The fund also provides maintenance to all park facilities, including tot-lots and swimming pools. Services include janitorial, security, building design, and building retrofits to comply with applicable regulations. The services are provided by Public Works. The fund does not support the custodial services of park and recreational facilities, senior centers, head start centers and libraries.

### REVENUE BACKGROUND

Over the past several years, the Facilities Fund, similar to the Equipment Fund (and for same reasons), has had budgeted appropriations greater than budgeted revenues, and actual expenditures greater than actual revenues. For FY 2003-04, budgeted new revenue is \$15.0 million, while budgeted expenditures are \$18.3 million, creating an additional operating deficit.

To address the structural deficit, during FY 2003-05 budget deliberations, 20 FTE totaling approximately \$1,465,447 were reduced within this fund. If these reductions were not taken, the ongoing structural deficit would be even greater. The year-end projected operating shortfall in this fund is lower than the level assumed in the budget, for reasons that are explained below.

### REVENUE HIGHLIGHTS

(Please refer to Attachment E-1 for the summary of the Facilities Fund revenues.)

#### Revenue

Work order revenue through the third quarter was \$11.3 million, roughly on target with budget. Additional service charges and negative interest totaled \$0.17 million through the end of the quarter. Service charge revenue is projected to end the year \$0.7 million over budget, but interest income is projected at -\$0.19 million, and none of this is budgeted. Total year-end revenue, including all service charges and interest, is **projected to be \$14.86 million, against a \$14.99 million budget.**

#### Carryforwards

At the end of each fiscal year, the City has many unspent appropriations that can potentially be carried forward into the next fiscal year. These exist either in projects or as non-project encumbrances. In FY 2003-04, \$0.91 million in project appropriations and non-project encumbrances were carried forward from FY 2002-03 in the Facilities Fund. This \$0.91 million has been added to the Adjusted Budget on both the revenue and expenditure side. Some of

the project carryforwards will not be spent in FY 2003-04 – and, therefore, there will be an equal amount of carryforward “under-realization” this year. Carryforward under-spending is the reason that CIP expenditures in this fund appear to be below budget (see below).

### **EXPENDITURE HIGHLIGHTS**

(Please refer to Attachment E-2 for the summary of the Facilities Fund expenditures.)

The **Public Works Agency** has spent \$12.46 million or 66.7 percent of its \$18.68 million Adjusted Fund 4400 Budget through the end of March 2004. Over 95.5 percent of these expenditures were related to the Facilities Management and Maintenance Division (“Muni Buildings”), and the remainder is mainly attributed to the PWA Electrical Energy Savings Unit .

There has been \$28,100 in expenditures to-date in the Facilities Fund’s **Capital Improvement Program**. Spending on capital projects will account for a negligible amount of total year-end Facilities Fund spending.

### **Facilities Management and Maintenance**

- The **Facilities Management and Maintenance Division** has spent \$11.73 million or 65.7 percent of its \$17.85 million Adjusted Budget through the end of March 2003.
- *Personnel Services* spending was at 71.3 percent of budget, and accounted for 56.1 percent of the total spending. Overtime spending is at \$70,409 or 113.5 percent of budgeted overtime. This was primarily due to the need to provide maintenance and custodial services at the new Eastmont Police Administration building, which was an unfunded mandated expense. Overtime spending is expected to continue at the same rate.
- The four-day business shutdown has generated approximately \$50,000 in savings. These, along with savings from the additional 3.0 percent retirement contributions from employees, will generate a total personnel savings of 1.7 percent by year-end. The year-end salary spending projection of 95.2 percent. This includes \$41,855 in retroactive salary payment for part-time employees.
- *Operations & Maintenance* accounted for 43.9 percent of the total spending. The Division may exceed its budgeted appropriation in Water, and in Maintenance & Security. However, these shortfalls can be covered by savings in other O&M accounts.

### **Capital Improvement Projects**

- The Facilities Fund has only three **Capital Improvement Projects** budgeted, only one of which has expenditures to-date. However, the CIP project to replace the HVAC System in Edgewater-Building 2 is currently being put out to bid, so a small amount of additional CIP expenditures are anticipated by year-end.

Spending in the Facilities Fund is typically higher in the second half of the year, due to the fact that invoices tend to be received at the end of the year. Given spending to date and accounting for anticipated changes in future spending patterns, **the Facilities Fund’s FY 2003-04 Adjusted Budget is projected to be underspent by \$0.96 million by year-end**, due to underspending in capital projects, as well as savings in personnel costs.

## F. OVERTIME SPENDING

### MAJOR OBSERVATIONS

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Attachment F provides details on the overtime spending through March 2004, as well as year-end projected results, by agency / department, for the General Purpose Fund and all funds.

Major overspending by the end of FY 2003-04 (at the all funds level) is projected in Police, Fire, Public Works, CEDA and OPR. However, Fire and PWA will manage to balance their overtime overspending with savings in other categories (primarily in salary savings from vacancies), therefore staying within their overall budget appropriations. In Police, CEDA and OPR, on the other hand, overtime overspending will lead to the overall budget overspending by the end of this fiscal year, as discussed earlier in this report.

Year-end overspending is projected in some other agencies / departments as well – however, in most cases such overspending will be covered by savings elsewhere by year-end.



**CONCLUSION / RECOMMENDATION**

This report is informational. However, per the Finance and Management Committee’s request during the Second Quarter R&E presentation, staff has drafted a resolution that would require the City Administrator to seek City Council direction if General Purpose Fund overspending (from the authorized budget) is projected at year-end in any agency / department of the City, even though such overspending may be covered by savings elsewhere, or additional revenues.

Staff recommends that the City Council accept this report and approve the attached resolution.

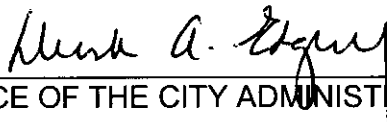
Respectfully submitted,




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Marianna A. Marysheva  
Budget Director

APPROVED FOR FORWARDING TO THE  
FINANCE AND MANAGEMENT COMMITTEE




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OFFICE OF THE CITY ADMINISTRATOR

- Attachments:**
- A-1: General Purpose Fund Revenues
  - A-2: General Purpose Fund Expenditures
  - B-1: Telecommunications Fund Revenues
  - B-2: Telecommunications Fund Expenditures
  - C-1: Contract Compliance Fund Revenues
  - C-2: Contract Compliance Fund Expenditures
  - D-1: Equipment Fund Revenues
  - D-2: Equipment Fund Expenditures
  - E-1: Facilities Fund Revenues
  - E-2: Facilities Fund Expenditures
  - F: Overtime Spending (General Purpose Fund and All Funds)

**FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS**  
**Through Third Quarter (July 1, 2003 through March 31, 2004)**  
**GENERAL PURPOSE FUND REVENUES (\$ in millions)**

Revenue Category	FY 2002-03 3rd Qtr Adjusted Budget	FY 2002-03 3rd Qtr Actuals	FY 2002-03 Percent To Date	FY 2002-03 Year-End Actuals	FY 2003-04 Adopted Budget	FY 2003-04 3rd Qtr Adjusted Budget	FY 2003-04 3rd Qtr Actuals	FY 2003-04 Percent To Date	FY 2003-04 Year-End Estimate	Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection	Yr-to-Yr Growth Q3 to Q3
<b>PROPERTY TAXES</b>	<b>\$85.16</b>	<b>\$43.58</b>	<b>66.9%</b>	<b>\$66.01</b>	<b>\$71.64</b>	<b>\$71.64</b>	<b>\$45.79</b>	<b>63.9%</b>	<b>\$71.17</b>	<b>(\$0.47)</b>	Year-end projection slightly lower than budget based on December payment	5.1%
<b>STATE TAXES AND RECEIPTS</b>												
Sales Tax	41.24	29.21	70.8%	38.25	37.01	37.01	30.38	82.1%	40.09	3.08	Strong performance YTD expected to continue	4.01%
Vehicle License Fee - Tax & Backfill	21.56	17.82	82.6%	24.26	16.18	16.18	9.96	61.6%	17.22	1.04	50% backfill was budgeted; ~57% anticipated	-44.09%
<b>Subtotal</b>	<b>62.80</b>	<b>47.03</b>	<b>74.9%</b>	<b>62.51</b>	<b>53.19</b>	<b>53.19</b>	<b>40.34</b>	<b>75.8%</b>	<b>57.31</b>	<b>4.12</b>		<b>-14.2%</b>
<b>LOCAL TAXES</b>												
Business License Tax	43.88	38.75	88.3%	42.02	42.84	42.84	39.04	91.1%	43.75	0.91	Increased enforcement activity helping to bring in over budget.	0.7%
Utility Consumption Tax	49.95	38.52	77.1%	46.58	53.55	53.55	34.68	64.8%	46.50	(7.05)	Energy and telecomm down from 02-03; electricity prices to fall; YTD total missing a payment from PG&E	-10.0%
Real Estate Transfer Tax	32.50	30.45	93.7%	42.09	38.00	38.00	34.38	90.5%	47.00	9.00	Strong growth helped by low interest rates	12.9%
Transient Occupancy Tax	10.05	7.24	72.1%	10.56	10.26	10.26	7.35	71.6%	9.93	(0.33)	Hotel occupancy rates and room rates are down.	1.5%
Parking Tax	6.64	5.39	81.2%	8.24	7.94	7.94	6.45	81.2%	9.02	1.08	Continues growth from end of FY 02-03.	19.7%
<b>Subtotal</b>	<b>143.02</b>	<b>120.35</b>	<b>84.1%</b>	<b>149.49</b>	<b>152.59</b>	<b>152.59</b>	<b>121.90</b>	<b>79.9%</b>	<b>156.20</b>	<b>3.61</b>		<b>1.3%</b>
<b>LICENSES &amp; PERMITS</b>	<b>11.66</b>	<b>9.02</b>	<b>77.3%</b>	<b>12.98</b>	<b>13.90</b>	<b>13.90</b>	<b>9.20</b>	<b>66.2%</b>	<b>14.22</b>	<b>0.32</b>	Large payment (\$0.78 million) pertaining to Leona Quarry project has boosted year-end projection.	2.0%
<b>FINES &amp; PENALTIES</b>	<b>20.34</b>	<b>13.81</b>	<b>67.9%</b>	<b>16.90</b>	<b>26.24</b>	<b>26.24</b>	<b>18.60</b>	<b>70.9%</b>	<b>25.70</b>	<b>(0.54)</b>	Abandoned vehicle citation under-collection nets against strong parking fine collections.	34.7%
<b>INTEREST INCOME</b>	<b>3.81</b>	<b>0.64</b>	<b>16.8%</b>	<b>(0.74)</b>	<b>1.90</b>	<b>1.90</b>	<b>0.73</b>	<b>38.4%</b>	<b>1.60</b>	<b>(0.30)</b>	\$1.6M reflects a net year-end amount, after offsetting a larger positive with disallowed negative interest transfers from other (mostly grant) funds	14.1%
<b>SERVICE CHARGES</b>	<b>54.43</b>	<b>23.02</b>	<b>42.3%</b>	<b>45.79</b>	<b>54.47</b>	<b>54.47</b>	<b>26.71</b>	<b>49.0%</b>	<b>55.94</b>	<b>1.47</b>	Under-collection of parking meter revenue and Misc charges nets against Port payment for prior years.	16.0%
<b>GRANTS &amp; SUBSIDIES</b>	<b>0.68</b>	<b>0.51</b>	<b>75.0%</b>	<b>0.48</b>	<b>0.11</b>	<b>0.11</b>	<b>0.01</b>	<b>9.1%</b>	<b>0.11</b>	<b>0.00</b>		-98.0%
<b>MISCELLANEOUS</b>	<b>10.02</b>	<b>0.00</b>	<b>0.0%</b>	<b>15.47</b>	<b>6.77</b>	<b>6.77</b>	<b>11.24</b>	<b>166.0%</b>	<b>11.27</b>	<b>4.50</b>	Over budget due to one-time, unanticipated revenues	N/A
<b>FUND TRANSFERS</b>	<b>7.20</b>	<b>6.98</b>	<b>96.9%</b>	<b>6.68</b>	<b>6.30</b>	<b>6.30</b>	<b>4.73</b>	<b>75.1%</b>	<b>6.30</b>	<b>0.00</b>		100.0%
<b>SUBTOTAL</b>	<b>\$379.12</b>	<b>\$264.94</b>	<b>0.0%</b>	<b>\$375.57</b>	<b>\$387.11</b>	<b>\$387.11</b>	<b>\$279.25</b>	<b>72.1%</b>	<b>\$399.82</b>	<b>\$12.71</b>		<b>5.4%</b>
<b>CARRYFORWARDS</b>	<b>13.98</b>	<b>13.98</b>	<b>100.0%</b>	<b>13.98</b>	<b>0.00</b>	<b>12.03</b>	<b>9.78</b>	<b>81.3%</b>	<b>9.78</b>	<b>(2.25)</b>	Designated, project-specific reserves only drawn for projects that will be completed / expended this year.	<b>-30.0%</b>
<b>TOTAL</b>	<b>\$393.10</b>	<b>\$278.92</b>	<b>71.0%</b>	<b>\$389.55</b>	<b>\$387.11</b>	<b>\$399.14</b>	<b>\$289.03</b>	<b>72.4%</b>	<b>\$409.60</b>	<b>\$10.46</b>		<b>3.6%</b>

**FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS**  
 Through Third Quarter (July 1, 2003 through March 31, 2004)  
**GENERAL PURPOSE FUND EXPENDITURES (\$ in millions)**

Agency / Department	FY 2002-03 3rd Qtr Adjusted Budget	FY 2002-03 3rd Qtr Actuals	FY 2002-03 Percent To Date	FY 2003-04 3rd Qtr Adjusted Budget	FY 2003-04 3rd Qtr Actual Spending	FY 2003-04 Percent To Date	FY 2003-04 Year-End Estimate	Year-End (Over) Under	Year-End Under as % of Adjusted Budget	Explanation of (Over/underpending) / Savings	Yr-to-Yr Growth Q3 to Q3
MAYOR	\$1.15	\$0.99	86.1%	\$1.62	\$1.23	75.8%	1.62	\$0.0	0.01%		24.2%
CITY COUNCIL	2.63	2.01	76.4%	3.22	1.52	47.2%	2.22	0.00	0.02%		-24.3%
CITY MANAGER	2.03	1.24	61.1%	1.46	1.17	80.1%	1.59	0.00	0.02%		-5.6%
Administration	3.83	2.55	66.6%	3.72	3.84	103.2%	3.84	0.00	0.03%		10.2%
Citywide Support	5.86	3.79	64.7%	5.18	3.98	77.0%	5.42	0.00	0.03%		5.0%
Subtotal City Manager	1.86	1.18	63.4%	2.13	1.19	55.9%	2.28	0.00	0.20%		0.6%
CITY CLERK	6.18	5.09	82.4%	6.81	7.31	107.3%	7.30	0.01	0.10%		4.3%
CITY ATTORNEY	0.97	0.79	81.4%	0.96	0.88	91.7%	0.88	0.00	0.28%		-14.4%
CITY AUDITOR	25.24	17.76	70.4%	27.76	28.42	102.5%	28.19	0.23	0.79%	Mainly O&M savings	15.5%
FINANCE & MANAGEMENT (FMA)	143.77	113.41	78.9%	148.87	149.38	100.3%	160.87	(10.71)	-7.17%	Deficit spending primarily in Sworn/Civilian salaries, retirement, sworn overtime. Average of 25 sworn positions overfilled during the year, a few civilian positions over budget. The year-end estimate assumes that 1) \$0.56 million of O&M savings; 2) eligible overtime expenditures will be transferred to the appropriate grant fund; and 3) a total of \$1.25 million in Police Reduction Plan savings. (\$.55 million in grant transfers, and \$.7 million from use of unencumbered monies)	5.8%
POLICE SERVICES	62.44	58.32	70.7%	87.01	84.13	73.2%	87.98	0.00	0.00%		10.0%
FIRE SERVICES	5.78	4.68	81.0%	5.56	5.54	78.5%	5.87	(0.32)	-5.83%	Salary (in Alice Arts), Overtime and Temp. Assumes all O&M is spent	-7.0%
CULTURAL ARTS & MARKETING (CAM)	1.78	1.18	66.3%	0.78	1.01	60.2%	0.93	0.08	8.38%	Anticipated salary and O&M savings	-48.5%
Museum	0.87	0.55	63.2%	0.61	0.60	91.7%	0.80	(0.14)	-21.02%	Salary over spending due to backpay in web office	8.7%
Public Art & Cultural Funding	8.43	6.41	76.0%	6.95	7.21	77.1%	7.89	(0.38)	-4.53%		-13.2%
Subtotal CAM	10.66	7.28	68.3%	10.48	7.81	73.5%	10.51	0.11	0.99%	Savings due to the additional Local 790 & 21 retirement contribution, business shutdown, and unfilled vacancies. Assumes all O&M will be expended at year-end. Library anticipates hiring three employees to fill current vacancies during the 4th Quarter.	7.2%
LIBRARY SERVICES	12.93	9.58	74.1%	11.90	8.94	68.2%	13.53	(0.61)	-4.68%	Over spending is driven by overspending in salary and overtime, and accrual of negotiated part-time and unrepresented retroactive pay. OPR is overstaffed by 6 positions as of the 3rd Quarter. Deficit may be reduced in part by transfer of eligible part-time personnel expenditures to LLAD fund, to the extent allowable O&M year-end estimate includes \$317.3K balance in the Enhanced Ballfields (Raider Surcharge) project that will be carried forward.	-8.7%
PARKS & RECREATION	4.57	2.26	49.5%	6.23	4.47	62.5%	7.14	0.02	0.29%	Savings mainly due to employee's retirement contributions and four-day initial shutdown.	88.0%
HUMAN SERVICES	23.63	16.77	71.0%	22.96	15.30	66.6%	23.18	(0.22)	-0.95%	Savings are attributed to underspending in Clean-up/Board-up contracts; partially offsets overspending in personnel, mainly overtime, resulting in a net deficit.	-8.8%
COMM & ECON DEVELOPMENT	0.89	0.81	91.0%	0.00	0.28	53.5%	0.39	0.16	25.22%	Under-spending is primarily due to the implementation of the MacArthur / International Boulevard Streetscape Project, which will take place over multiple years.	N/A
PUBLIC WORKS	58.30	38.37	65.8%	48.23	37.81	74.0%	51.08	0.00	0.00%		-1.5%
NON-DEPARTMENTAL	388.31	284.82	73.2%	387.02	288.67	75.1%	488.08	(11.38)	-2.86%	Anticipated CF of projects that are not planned for completion by year end, including CEDA's PERTS, PWA's International/MacArthur Streetscape, and the Necklace of Lights. A typical capital project requires high levels of personnel spending at the beginning of the project for design while spending in O&M increases when construction begins. Personnel costs are captured in the operating org.	4.9%
CAPITAL IMPROVEMENT PROGRAM	3.52	1.44	0.0%	0.02	0.24	17.5%	0.43	0.94	68.61%		N/A
SUBTOTAL	392.83	286.26	72.9%	389.07	288.91	74.3%	409.51	(10.44)	-2.68%		4.4%
TOTAL	392.83	286.26	72.9%	389.07	288.91	74.3%	409.51	(10.44)	-2.68%		4.4%

**FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS**  
**Through Third Quarter (July 1, 2003 through March 31, 2004)**  
**TELECOMMUNICATIONS FUND REVENUES (\$ in millions)**

Revenue Category	FY 2002-03 3rd Qtr Adjusted Budget	FY 2002-03 3rd Qtr Actuals	FY 2002-03 Percent To Date	FY 2002-03 Year-End Actuals	FY 2003-04 Adopted Budget	FY 2003-04 3rd Qtr Adjusted Budget	FY 2003-04 3rd Qtr Actuals	FY 2003-04 Percent To Date	FY 2003-04 Year-End Estimate	Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection	Yr-to-Yr Growth Q3 to Q3
INTEREST INCOME	0.02	0.02	100.0%	(0.02)	(0.02)	0.00	(0.02)	N/A	(0.03)	(0.03)		N/A
SERVICE CHARGES	0.79	0.42	53.2%	0.87	0.85	0.85	0.68	79.7%	1.02	0.17	Higher year-end actuals based on YTD collections	61.4%
SUBTOTAL	\$0.81	\$0.44	54.3%	\$0.85	\$0.83	\$0.85	\$0.66	77.4%	\$0.99	\$0.14		49.5%
CARRYFORWARDS	(0.16)	(0.16)	100.0%	(0.16)	0.00	0.03	0.03	100.0%	0.03	0.00		N/A
<b>TOTAL</b>	<b>\$0.65</b>	<b>\$0.28</b>	<b>43.1%</b>	<b>\$0.69</b>	<b>\$0.83</b>	<b>\$0.88</b>	<b>\$0.69</b>	<b>78.2%</b>	<b>\$1.02</b>	<b>\$0.14</b>		<b>145.8%</b>

**FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS  
Through Third Quarter (July 1, 2003 through March 31, 2004)  
TELECOMMUNICATIONS FUND EXPENDITURES (\$ in millions)**

Agency / Department	FY 2002-03 3rd Qtr Adjusted Budget	FY 2002-03 3rd Qtr Actuals	FY 2002-03 Percent To Date	FY 2002-03 Year-End Actuals	FY 2003-04 Adopted Budget	FY 2003-04 3rd Qtr Adjusted Budget	FY 2003-04 3rd Qtr Actual Spending	FY 2003-04 Percent To Date	FY 2003-04 Year-End Estimate	Year-End \$ (Over)/ Under	Year-End (Over)/ Under as % of Adjusted Budget	Explanation of (Overspending) / Savings	Yr-to-Yr Growth Q3 to Q3
<b>FINANCE &amp; MANAGEMENT</b>													
Information Technology	0.08	0.02	25.0%	0.08	0.00	0.00	0.00	N/A	0.00	(0.00)	N/A		N/A
Subtotal Finance & Management	0.08	0.02	25.0%	0.08	0.00	0.00	0.00	N/A	0.00	(0.00)	N/A		N/A
<b>CULTURAL ARTS &amp; MARKETING</b>													
	0.74	0.73	98.6%	1.01	1.03	1.06	0.73	69.0%	0.99	0.07	6.56%	Anticipated Salary savings	0.6%
LIBRARY SERVICES	0.04	0.04	100.0%	0.05	0.05	0.05	0.03	66.7%	0.05	0.00	1.09%		-23.6%
<b>SUBTOTAL</b>	0.80	0.79	98.8%	1.14	1.08	1.11	0.77	68.9%	1.04	0.07	6.31%		-3.1%
<b>CAPITAL IMPROVEMENT PROGRAM</b>	(0.17)	0.00	N/A	0.00	0.00	0.00	0.00	N/A	0.00	0.00	N/A		N/A
<b>TOTAL</b>	0.63	0.79	125.4%	1.14	1.08	1.11	0.77	68.9%	1.04	0.07	6.31%		-3.1%

FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS  
 Through Third Quarter (July 1, 2003 through March 31, 2004)  
 CONTRACT COMPLIANCE FUND REVENUES (\$ in millions)

Revenue Category	FY 2002-03		FY 2002-03		FY 2003-04		FY 2003-04		Year-End Explanation of Over / (Under) Collection	Yr-to-Yr Growth Q3 to Q3
	3rd Qtr Actuals	Percent To Date	Adjusted Actuals	Budget	3rd Qtr Actuals	Percent To Date	Adjusted Actuals	Budget		
INTEREST INCOME	0.00	N/A	0.00	0.00	0.00	(0.07)	N/A	(0.09)	0.11	0.0%
SERVICE CHARGES	1.96	31.1%	0.61	0.60	0.69	114.6%	0.71	0.60	Projected over-collection based on YTD results and outstanding eligible contracts	12.7%
SUBTOTAL	\$1.96	31.1%	\$0.61	\$0.60	\$0.62	103.6%	\$0.62	\$0.60		1.9%
CARRYFORWARDS	0.00	N/A	0.00	0.00	0.02	100.0%	0.02	0.00		N/A
TOTAL	\$1.96	31.1%	\$0.61	\$0.97	\$0.64	103.6%	\$0.64	\$0.62		4.6%

**FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS  
Through Third Quarter (July 1, 2003 through March 31, 2004)  
CONTRACT COMPLIANCE FUND EXPENDITURES (\$ in millions)**

Agency / Department	FY 2002-03 3rd Qtr Adjusted Budget	FY 2002-03 Actuals	FY 2002-03 Percent To Date	FY 2002-03 Year-End Actuals	FY 2003-04 3rd Qtr Adjusted Budget	FY 2003-04 Actual Spending	FY 2003-04 Percent To Date	FY 2003-04 Year-End Estimate	Year-End \$(Over) / Under	Year-End (Over) / Under as % of Adjusted Budget	Year-End Explanation of (Over/under)	Yr-to-Yr Growth Q3 to Q3
<b>CITY MANAGER</b>												
Citywide Support	0.63	0.58	92.1%	0.82	0.93	0.60	65.0%	0.84	0.08	9.13%	Anticipated Salary Savings	4.0%
Subtotal City Manager	0.63	0.58	92.1%	0.82	0.93	0.60	65.0%	0.84	0.08	9.13%		4.0%
<b>CITY ATTORNEY</b>												
	0.18	0.13	72.2%	0.18	0.21	0.17	79.2%	0.21	(0.00)	-0.16%		27.5%
<b>TOTAL</b>	0.81	0.71	87.7%	1.00	1.14	0.77	67.9%	1.05	0.08	7.42%		8.3%

FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS  
 Through Third Quarter (July 1, 2003 through March 31, 2004)  
 EQUIPMENT FUND REVENUES (\$ in millions)

Revenue Category	FY 2002-03			FY 2003-04			Year-End Explanation of Growth Q3 to Q3
	3rd Qtr	Percent	To Date	3rd Qtr	Percent	To Date	
FINES & PENALTIES	0.11	27.3%	0.03	0.09	66.7%	0.07	(0.02)
INTEREST INCOME	0.00	N/A	0.06	0.00	N/A	(0.06)	(0.06)
GRANTS & SUBSIDIES	0.00	N/A	0.41	0.00	N/A	0.00	0.00
INTERNAL SERVICE	14.55	46.9%	6.83	11.75	8.86	11.75	0.00
MISCELLANEOUS	0.32	90.6%	0.29	0.32	50.0%	0.32	0.00
FUND TRANSFERS	4.65	0.0%	0.00	0.00	N/A	0.00	0.00
SUBTOTAL	\$19.63	38.8%	\$7.62	\$12.16	74.3%	\$12.08	(\$0.08)
CARRYFORWARDS	4.71	100.0%	4.71	5.48	5.3%	0.99	(4.49)
TOTAL	\$24.34	50.7%	\$12.33	\$17.64	52.9%	\$13.07	(\$4.57)



FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS  
Through Third Quarter (July 1, 2003 through March 31, 2004)  
EQUIPMENT FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2002-03	FY 2002-03	FY 2002-03	FY 2002-03	FY 2002-03	FY 2002-03	FY 2002-03	FY 2003-04	FY 2003-04	FY 2003-04	FY 2003-04	FY 2003-04	FY 2003-04	FY 2003-04	FY 2003-04	FY 2003-04	FY 2003-04			
	3rd Qtr	Adjusted	Actuals	Date	Year-End	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals			
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent			
	To	To	To	To	To	To	To	To	To	To	To	To	To	To	To	To	To			
	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End	Year-End			
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals			
FINANCE & MANAGEMENT	0.00	0.00	0.00	0.02	N/A	0.06	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
Finance																				
Subtotal Finance & Management	0.00	0.00	0.02	N/A	0.06	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-87.0%		
PUBLIC WORKS	21.69	10.96	50.5%	15.95	15.96	18.23	10.97	60.1%	16.77	1.46	8.01%	\$1.4 m encumbered for lease payments that will not be spent in this FY; \$365,000 in PVVA projects that will not be spent in this FY; Personnel will be overspent by 113,000 non-proj O&M will be overspent by 200,000. PVVA is releasing encumbrances to ensure they don't go over budget.	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	
NON-DEPARTMENTAL	0.00	0.02	N/A	0.60	0.00	0.00	0.00	N/A	0.00	0.00	N/A		0.00	0.00	0.00	0.00	0.00	0.00	N/A	
SUBTOTAL	21.69	11.00	50.7%	16.61	15.96	18.23	10.97	60.2%	16.77	1.46	8.01%	Very few CIP projects will make progress. Fleet Mgt System (Maximus) spending will not begin until next FY.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.3%
CAPITAL IMPROVEMENT PROGRAM	7.27	0.05	0.7%	3.11	0.00	3.21	0.09	2.7%	0.20	3.01	93.83%		0.00	0.00	0.00	0.00	0.00	0.00	70.6%	
TOTAL	28.96	11.05	38.2%	19.72	15.96	21.44	11.05	51.0%	16.97	4.47	20.86%		0.00	0.00	0.00	0.00	0.00	0.00	0.0%	

**FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS**  
**Through Third Quarter (July 1, 2003 through March 31, 2004)**  
**FACILITIES FUND REVENUES (\$ in millions)**

Revenue Category	FY 2002-03 3rd Qtr Adjusted Budget	FY 2002-03 3rd Qtr Actuals	FY 2002-03 Percent To Date	FY 2002-03 Year-End Actuals	FY 2003-04 Adopted Budget	FY 2003-04 3rd Qtr Adjusted Budget	FY 2003-04 3rd Qtr Actuals	FY 2003-04 Percent To Date	FY 2003-04 Year-End Estimate	Year-End \$ Over / (Under) Adj. Bud.	Explanation of Over / (Under) Collection	Yr-to-Yr Growth Q3 to Q3
INTEREST INCOME	0.00	0.00	N/A	(0.25)	0.00	0.00	(0.15)	N/A	(0.19)	(0.19)		0.0%
SERVICE CHARGES	0.00	0.35	N/A	0.49	0.36	0.36	0.32	90.2%	0.43	0.07		-7.2%
INTERNAL SERVICE	19.96	8.78	44.0%	15.10	14.63	14.63	11.32	77.4%	14.63	(0.00)		29.0%
MISCELLANEOUS	0.00	0.71	N/A	0.71	0.00	0.00	0.00	N/A	0.00	0.00		-100.0%
FUND TRANSFERS	(1.23)	0.00	N/A	0.00	0.00	0.00	0.00	N/A	0.00	0.00		N/A
<b>SUBTOTAL</b>	<b>\$18.73</b>	<b>\$9.84</b>	<b>52.5%</b>	<b>\$16.05</b>	<b>\$14.99</b>	<b>\$14.99</b>	<b>\$11.50</b>	<b>76.7%</b>	<b>\$14.86</b>	<b>(\$0.13)</b>		<b>16.9%</b>
CARRYFORWARDS	0.26	0.26	100.0%	0.26	0.00	0.92	0.70	76.5%	0.70	(0.22)	Designated, project-specific reserves only drawn for projects that will be completed / expended this year.	169.2%
<b>TOTAL</b>	<b>\$18.99</b>	<b>\$10.10</b>	<b>53.2%</b>	<b>\$16.31</b>	<b>\$14.99</b>	<b>\$15.91</b>	<b>\$12.20</b>	<b>76.7%</b>	<b>\$15.56</b>	<b>(\$0.34)</b>		<b>20.8%</b>

FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS  
Through Third Quarter (July 1, 2003 through March 31, 2004)

FACILITIES FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2002-03			FY 2003-04			Year-End Estimate	Year-End \$ (Over) / Under	Year-End Explanation of (Overpending) / Savings	Yr-to-Yr Growth Q3 to Q3
	3rd Qtr Adjusted Budget	3rd Qtr Actuals	Percent To Date	3rd Qtr Adjusted Budget	3rd Qtr Actual Spending	Percent To Date				
PUBLIC WORKS	19.23	12.30	64.0%	18.06	12.46	66.7%	17.94	0.74	3.98% \$415,000 in salary savings; remainder in project & non-project O&M savings;	1.3%
NON-DEPARTMENTAL	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00	N/A	N/A
SUBTOTAL	19.23	12.30	64.0%	18.06	12.46	66.7%	17.94	0.74	3.98%	1.3%
CAPITAL IMPROVEMENT PROGRAM	0.02	0.00	0.0%	0.00	0.03	9.6%	0.08	0.22	72.88% Many CIP projects budgeted in previous FY will not be spent.	N/A
TOTAL	19.25	12.30	63.9%	18.06	12.49	65.8%	18.02	0.96	6.05%	1.6%

**FY 2003-04 REVENUE AND EXPENDITURE ANALYSIS**  
 Through Third Quarter (July 1, 2003 through March 31, 2004)  
**OVERTIME ANALYSIS**

**A. GENERAL PURPOSE FUND**

Agency / Department	FY 2002-03 Year-End Overtime Spending	FY 2003-04 Adopted Overtime Budget	FY 2003-04 3rd Qtr Adjusted Overtime Budget	FY 2003-04 3rd Qtr Actual Overtime Spending	Percent To Date	FY 2003-04 Year End Overtime Estimate	Year-End \$ (Over) / Under Adjusted Budget	Year-End (Over) / Under as % of Adjusted Budget	Explanation of (Over/Spending) / Savings
<b>MAYOR</b>	663	8,462	8,462	0	0.0%	0	8,462	100.00%	Overtime spending is not anticipated.
<b>CITY COUNCIL</b>	282	0	0	0	N/A	0	0	N/A	
<b>CITY MANAGER</b>	0	0	0	0	N/A	0	0	N/A	
Administration	9,137	0	0	0	N/A	251	(251)	N/A	Overtime due to Oracle testing by Budget Office Accounting Staff (\$115) and ADA unit spending (\$136), will be covered by salary savings.
Citywide Support	0	0	0	0	N/A	0	0	N/A	
<b>Subtotal City Manager</b>	9,137	0	0	251	N/A	251	(251)	N/A	
<b>CITY CLERK</b>	25,283	0	0	18,880	N/A	30,000	(30,000)	N/A	Spending is associated with Agenda Management/Council Meetings and will be covered by salary savings.
<b>CITY ATTORNEY</b>	12,854	0	0	4,700	N/A	8,248	(8,248)	N/A	Spending is associated with legal preparations (secretaries and paralegals) and will be covered by salary savings.
<b>CITY AUDITOR</b>	1,219	0	0	0	N/A	0	0	N/A	
<b>FINANCE &amp; MANAGEMENT (FMA)</b>	41,875	8,378	8,378	51,556	615.4%	67,725	(59,347)	-708.37%	Spending is associated with help desk, Oracle upgrades and Maintenance Services and will be covered by salary savings.
Information Technology	73,035	41,094	41,094	69,919	187.7%	91,828	(50,522)	-122.97%	Spending is associated with Payroll Operations, will not be covered by salary savings.
Personnel Resource Management	247,669	164,554	164,554	278,785	169.4%	384,710	(200,156)	-121.64%	Spending is associated with year-end auditing functions and State Controller's Report (City & ORA) and meters, will be covered by salary savings.
Finance	0	0	0	0	0%	0	0	0%	
<b>Subtotal FMA</b>	362,579	214,026	214,026	399,260	186.5%	824,068	(310,034)	-144.86%	
<b>POLICE SERVICES</b>	14,960,827	10,122,206	10,127,849	10,002,442	98.8%	13,288,918	(3,161,070)	-31.21%	The GPF OT over-expenditure is not covered by salary savings. While approximately \$1.7 million of OT expenditures is offset by special event reimbursement revenue, this revenue has already been included in the FY 2003-04 Budget. Based on this year's estimated OT spending of \$13.29 million (versus actual spending of \$14.3 million in FY 2002-03) the Agency's Council-adopted \$2.3 million overtime reduction program appears to be generating some savings. This program involves a redeployment of Officers working sideshows and prisoner transport from OT to regular time, and elimination of unfunded special OT projects. However, offsetting these savings is an approximate \$1.4 million increase in OT due to the Mayor's Violence Reduction Program.
<b>FIRE SERVICES</b>	9,546,923	2,899,899	2,898,899	5,264,059	181.5%	7,005,854	(4,105,955)	-141.59%	The GPF OT over-expenditure will be covered by total personnel savings. The over-expenditure is due to maintenance of adequate (mandatory minimum) staffing in the fire stations, including vacancy, temporary and extended leave coverage. The decrease in OT from last year (\$10.2 million in FY 2002-03) is due to availability of sworn staff from the closed Station Two Engine Company and from the two Engines that were added to the Agency's flexible deployment rotation.
<b>CULTURAL ARTS &amp; MARKETING (CAM)</b>	641	0	0	24,091	N/A	32,555	(32,555)	N/A	Spending is associated with security and custodial services and the Alice Arts Center, will not be covered by salary savings.
Museum of Oakland	289	0	0	0	N/A	0	0	N/A	
Public Art & Cultural Funding	2,162	0	0	832	N/A	1,123	(1,123)	N/A	Spending is associated with KTPO productions and will be covered by increased revenues.
Marketing & Special Events	0	0	0	0	N/A	0	0	N/A	
<b>Subtotal CAM</b>	3,092	0	0	24,923	N/A	33,658	(33,658)	N/A	
<b>LIBRARY SERVICES</b>	26,452	9,382	9,382	3,762	40.1%	5,081	4,301	45.84%	Spending is associated with Library Branch activities, projected under budget.
<b>PARKS &amp; RECREATION</b>	40,605	0	0	35,160	N/A	47,812	(47,512)	N/A	Overtime spending is associated with seasonal recreation center activities mostly at Arroyo Rec Center, Area 2 Administration, and Central Reservations. Not covered by salary savings.
<b>HUMAN SERVICES</b>	11,521	542	542	5,960	1098.7%	8,050	(7,508)	-1385.19%	Spending is associated with Senior Center activities, covered by salary savings.
<b>COMM &amp; ECON DEVELOPMENT</b>	458,927	329,809	329,809	337,993	102.5%	458,172	(128,363)	-38.92%	Overtime spending is associated with Building Services. Specifically, overtime has been required to maintain work flow with inspection reports, which have been backlogged due to staff reductions.
<b>PUBLIC WORKS</b>	4,783	0	0	0	N/A	0	0	N/A	No PWA overtime is anticipated in 1010
<b>TOTAL</b>	25,483,192	13,584,328	13,589,868	16,122,046	118.6%	21,409,904	(7,853,864)	-32.73%	

Agency / Department	FY 2002-03 Year-End Overtime Spending	FY 2003-04 Adopted Overtime Budget	FY 2003-04 3rd Qtr Actual Overtime Spending	FY 2003-04 Percent To Date	FY 2003-04 End Overtime Estimate	Year-End \$ (Over) / Under	Year-End % as % of Adjusted Budget	Explanation of (Over/Spending) / Savings
<b>B: ALL FUNDS</b>								
MAYOR	663	8,462	0	0.0%	0	8,462	100.00%	Overtime is not anticipated
CITY COUNCIL	262	0	0	N/A	0	0	N/A	
CITY MANAGER	0	0	0	N/A	0	0	N/A	
Administration	10,355	0	0	N/A	790	(790)	N/A	Spending is associated with Oracle Testing, Employment Service monitoring and Retirement functions, and will be covered by salary savings.
Citywide Support			585	N/A				
Subtotal City Manager	10,355	0	585	N/A	790	(790)	N/A	
CITY CLERK	26,263	0	18,890	N/A	30,000	(30,000)	N/A	Spending is associated with Council Meetings will be covered by salary savings.
CITY ATTORNEY	12,854	0	4,753	N/A	6,419	(6,419)	N/A	Spending is associated with paralegal and secretary services will be covered by salary savings.
CITY AUDITOR	1,219	0	0	N/A	0	0	N/A	
FINANCE & MANAGEMENT	90,218	17,892	56,734	317.1%	74,401	(66,509)	-315.84%	Spending is associated with Help Desk, Technology upgrades and Server Maintenance & Support will be covered by salary savings.
Information Technology	73,035	41,094	69,128	168.2%	91,626	(50,532)	-122.97%	Spending is associated with Payroll Operations will not be covered by salary savings.
Personnel Resource Management	290,767	169,821	302,601	178.2%	366,157	(225,336)	-132.69%	Spending is associated with year-end auditing functions and State Controller's Report (City & ORA) and meters, will be covered by salary savings
Finance								
Subtotal Finance & Management	454,020	228,173	428,463	187.3%	561,184	(332,371)	-145.27%	
POLICE SERVICES	15,927,489	10,471,562	10,587,738	90.8%	14,816,189	(3,161,070)	-27.12%	The Agency has allocated prior-year grant carryforwards to the appropriate spendable (including overtime) accounts, so the Adjusted OT Budget is higher by \$1.2 Million than the Adopted Budget. Total estimated spending assumes estimated GF OT spending and Non-GF OT Budget. Estimated spending is below last year's actuals due to GF OT reduction plan (see above).
FIRE SERVICES	10,376,477	2,993,370	5,607,141	187.3%	7,462,457	(4,469,087)	-149.30%	The majority (92%) of Fire OT spending is in the General Fund-see comments above. Non-general fund spending will be over budget in the Alameda County Emergency Dispatch Fund (2412) due to Communications Dispatcher OT.
CULTURAL ARTS & MARKETING	58,151	35,000	48,110	124.9%	64,973	(26,466)	-68.73%	Spending is mainly associated with security & custodial services and the Alice Arts Center (and some - with KTCP production, which will be covered by increased revenues).
LIBRARY SERVICES	49,480	9,382	12,013	128.0%	16,223	(6,841)	-72.92%	Overtime spending associated with Administrative unit activities related to Measure O, Library Master plan and Library branch activities. There are sufficient savings in GF to offset OT overspending.
PARKS & RECREATION	347,112	0	172,101	N/A	300,000	(299,838)	-185085.19%	Total estimated GF and Non-GF OT assumes approximately the same level as in prior two fiscal years slightly adjusted for more recent downward trend. No OT has been budgeted and OT is predominantly incurred by OPR's tree service staff (Org 509250) who are required to be on call 24 hrs. to respond to tree safety issues. Overspending will not be covered by salary savings.
HUMAN SERVICES	35,174	542	24,280	4479.7%	32,790	(32,248)	-949.85%	Overtime spending mostly associated with supporting Head Start and HUD-CDBG Housing program activities in non-1010 funds. Overspending will not be fully covered by salary savings.
COMM & ECON DEVELOPMENT	569,324	329,809	422,532	128.1%	572,768	(242,875)	-73.62%	Unbudgeted overtime expenditures occurred in several funds, including the General Purpose Fund. Personnel services savings will be sufficient to cover these unbudgeted expenditures in all but the following funds: Comprehensive Cleanup (1720), HUD CDBG (2108), California Integrated Waste Management (2154), OBRA Lease Revenue (2192), Sewer Service (3100), 2000 Measure K Sames D Capital Projects Funds (5014), and Grant Clearing (7760).
PUBLIC WORKS	1,540,351	469,221	1,351,169	287.8%	1,841,135	(1,371,639)	-292.15%	Most overtime spending is from Sewer & Storm-Drain Maintenance and the Street Cleaning divisions, in the Sewer Service Fund (3100) and Comprehensive Cleanup Fund (1720). Charges are related to gutter cleaning done in advance of rainy season, actual emergency overtime, and emergency standby pay. Overtime costs will be covered by salary savings in those respective divisions.
<b>TOTAL</b>	<b>29,409,194</b>	<b>14,645,521</b>	<b>18,677,774</b>	<b>118.7%</b>	<b>25,704,909</b>	<b>(9,971,881)</b>	<b>-33.37%</b>	

OAKLAND CITY COUNCIL

**DRAFT**

Resolution No. \_\_\_\_\_ C.M.S.

RESOLUTION REQUIRING THE CITY ADMINISTRATOR TO SEEK CITY COUNCIL DIRECTION ON PROJECTED YEAR-END OVERSPENDING OF ANY CITY AGENCY / DEPARTMENT, AS REFLECTED IN QUARTERLY REVENUE AND EXPENDITURE REPORTS

WHEREAS, the City Council adopts a biennial budget of the City of Oakland, including specific appropriations for all City agencies / departments; and

WHEREAS, the City's budget, including individual appropriations of City agencies / departments is adjusted throughout the fiscal year, as a result of appropriating new revenues, accepting grants, transferring programs, and utilizing previously appropriated but unspent project and encumbrance carryforwards; and

WHEREAS, the City Administrator's Budget Office reports quarterly to the City Council on the year-to-date and projected year-end revenue collection and spending by City agencies / departments, in the General Purpose Fund, Telecommunications Fund, Contract Compliance Fund, Equipment Fund, and Facilities Fund; and

WHEREAS, the Budget Office's quarterly reports indicate whether overspending is projected by year-end for any City agencies / departments, and whether such projected overspending will be covered by savings in other agencies / departments, or through additional revenues; now, therefore, be it

RESOLVED: that the City Administrator seek City Council direction if General Purpose Fund overspending (from the current Adjusted Budget) is projected at year-end in any agency / department of the City, even though such overspending may be covered by savings or additional revenues outside of the agency / department; and be it further

RESOLVED: that the City Council may direct the City Administrator to reduce the rate of spending in particular City agencies / departments to minimize or avoid year-end overspending; the City Council may request specific cost-cutting measures or leave it to the City Administrator's discretion; and be it further

RESOLVED: that the City Administrator return to the City Council with a report on the specific measures put in place in order to minimize or avoid year-end overspending in the specific agencies / departments as requested by the Council, and the outcomes of such measures.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2004

PASSED BY THE FOLLOWING VOTE:  
AYES- BROOKS, BRUNNER, CHANG, NADEL, REID, QUAN, WAN, AND  
PRESIDENT DE LA FUENTE  
NOES-  
ABSENT-  
ABSTENTION-

ATTEST:

**DRAFT**

6-1

**FINANCE & MANAGEMENT CMTE.**

\_\_\_\_\_  
CEDA FLOYD  
City Clerk and Clerk of the Council  
of the City of Oakland, California

**JUN 8 2004**