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CITY OF OAKLAND

## MEMORANDUM

TO: HONORABLE MAYOR &  
CITY COUNCIL

FROM: Kiran Bawa  
Budget Director

SUBJECT: FY 2015-17 Budget Questions  
Responses #6

DATE: June 18, 2015

City Administrator  
Approval

A handwritten signature in black ink, appearing to be "D. G. J.", written over a horizontal line.

Date 6/19/15

### PURPOSE

The purpose of this memorandum is to transmit to the full City Council and public, responses to questions raised by City Councilmembers regarding the Fiscal Year (FY) 2015-17 Biennial Proposed Policy Budget (proposed budget). We have answered as many questions as possible; however, some questions require more analysis. These questions will be answered through future memoranda along with responses to additional questions received. To the extent additional information becomes available on any of the responses below, updates will be provided.

### RESPONSES

- 1) **Who gave the directive that unpermitted marches are to be provided, for free, large amounts of police resources devoted to the road closures to allow them to march in the streets unimpeded? When was this directive given? Can I have a copy of this directive?**

There is no "directive" with respect to handling of marches, protests, demonstrations, etc., permitted or otherwise. Under the First Amendment, the City may not prohibit spontaneous free speech events solely because organizers have not obtained permits, insurance and other requirements. The Police Department's handling of spontaneous and planned Free speech protests are based on the First Amendment and on Oakland Police Department's crowd management policy. This practice and policy are based on court cases involving the City of Oakland (please see Question 3). Training Bulleting III-G, CROWD CONTROL AND CROWD MANAGEMENT POLICY), Section III, Part A-7 states:

Spontaneous demonstrations or crowd events, which occur without prior planning and/or without prior notice to the police, present less opportunity for OPD planning and prevention efforts. Nonetheless, the same policies and regulations concerning crowd management, crowd control, crowd dispersal, and police responses to violence and disorder apply to a spontaneous demonstration or crowd event situation as to a planned demonstration or crowd event. Incident Commanders shall involve representatives of demonstrators or crowd events when planning and responding to both planned and spontaneous events.

- 2) **Various groups, holding permitted marches, are forced to pay significant funds in order to be able to have police road closure/traffic diversion services – if some are being provided these services without paying, does this mean that groups which historically have been required to pay for road closures for marches/parades in the street no longer have to pay to obtain this service?**

Any permitting process must be narrowly tailored to serve an important governmental interest. The practice of allowing unpermitted events does not relieve individuals or groups of the City's permitting and fee requirements when such individuals or groups want to schedule marches or parades, which include road closures. The City would have to take collection and other legal actions to recover costs against leaders or organizations that organize unpermitted events.

- 3) **Are there any legal obligations, court orders, or matters from the NSA or other sources, which require Oakland to provide, at no cost to the marchers, police for road closure/traffic diversion purposes to help enable unpermitted marches to use the public streets?**

In addition to the First Amendment requirements discussed above, the agreements reached in both *Coles v. City of Oakland* (2004) and *Spalding v. City of Oakland* (2011) require the City to work with spontaneous crowds in order to facilitate individuals' First Amendment rights, among other things. The Coles agreement established the framework that is the Oakland Police Department's current crowd control policy. The Spalding agreement requires the City to confer with plaintiffs' counsel prior to making any material changes to the crowd control policy. An objective of plaintiffs' counsel in drafting the original crowd management policy was that the policy would provide express protocols for the types of spontaneous (unpermitted) free speech gatherings and marches that the City and its police force must allow. Therefore, the City is required to maintain the current crowd control policy and procedures unless parties to the agreements and the court approves changes.

- 4) **What would be the cost of creating a complete vegetation management plan (VMP) for fire safety in the hills? What plans does the Administration currently have for introducing this? What are the sources of funds that can be used to ensure the VMP is created and ultimately implemented?**

The minimum cost of a VMP is approximately \$300,000. There are many factors that must be considered in the actual vegetation management plan cost, including the need to include a CEQA environmental impact study, as well as the amount of work to be completed, and project area locations.

The funding sources for this project can be acquired from the remaining Wildfire Prevention Assessment District (WPAD) reserves. The Citizen Advisory Board has expressed support in re-directing a portion of these funds to pay for a contractor to create a Vegetation Management Plan for the City, (which would require a RFP process contractor), as the Board agrees this is a necessary endeavor to guide future fuels management.

- 5) **What is the current outstanding balance in fire fees and the annual assessment rate?**

The FY 2014-15 fee balances per category are as follows:

Fire Prevention Bureau – Fire Life Safety Inspections: \$ 71,465

Fire Prevention Bureau - False Alarms (Residential & Commercial): \$289,070.

Commercial Inspection Program: \$ 92,185

Veg. Mgmt. Re-Inspections – 2014: \$ 75,147

Veg. Mgmt. Contracts – 2014: \$ 18,341

**Total for FY 2014-15: \$546,208**

The FY 2013-14 fee balances per category are as follows:

Veg. Mgmt. Re-Inspections – 2013: \$ 6,393

Veg. Mgmt. Re-Inspections (re-issued)- 2013: \$ 13,635

Veg. Mgmt. Contracts – 2013: \$ 23,602

**Total for FY 2013-14: \$ 43,630**

The FY 2012-13 fee balances per category are as follows:

Veg. Mgmt. Contracts – 2012: \$100,046

**Total for FY 2012-13: \$100,046**

Combined Total outstanding amount for all fiscal years: **\$689,884**

- 6) **What would it take to fully implement the Housing Roadmap? What would it take to implement part 1 and 2 of the Housing Roadmap? (Can be a general response with timeline for determining resource needs if they aren't known)**

As stated at the Budget Hearing, it is premature to place a dollar amount of work involved to fully implement the Housing Equity Roadmap. The Roadmap is a policy document that sets the foundation and framework for moving forward with the Housing needs in Oakland. Each of the action steps will require an in depth analysis working with the stakeholders and the community to develop implementation plans. Through the proposed Special Council Session on Housing we hope to have conversations, and set priorities to move forward with the work on each of the action steps.

- 7) **Provide joint report from Housing & Comm. Development and Human Services Department regarding services provided and potential for efficiencies or better utilization of services**

The Department of Housing and Community Development and Community Housing Services (division within Human Services Department) have begun discussion on improving the collaboration of services provided to the residents of Oakland. This discussion relates to the establishing a continuum of services around homeless and housing services, the effective use of all the Federal Grants from HUD and the efficient use of staff. This discussion will result with an informed plan to address this question, which staff hopes to have ready for the FY 2016-17 Midcycle budget.

- 8) **Please provide in detail the specific methodology and formulas the Administration used to calculate FY 15-17 revenues in the following categories, noting any differences in methodology and formula employed in 2013 for the FY 13-15 revenue projection:**

- i. Fire inspection fees;
- ii. Business license tax;
- iii. Real estate transfer tax;
- iv. Medical cannabis tax;
- v. Delinquent revenue collection;
- vi. Property tax.

Please see below for responses related to Business License Tax, Real Estate Transfer Tax, and Medical Cannabis Dispensaries. Please see *Attachment A* for responses related to Property Tax. Please note that Property Tax information is updated upon receipt of information from the County Assessor. Delinquent revenue collection is not independently forecast though some delinquencies for revenues such as property tax are included in the forecast of those categories. Fire Inspection Fee analysis is forthcoming.

Regarding Business License Tax: During development of the fiscal years 2013-15, the business tax forecast was 1) trended rental classifications (M,N,O) and applied a growth rate, 2) trended cannabis and applied HDL sales tax growth rate for that category and 3) all

other categories were given sales tax growth rate from prior year. Going forward however, the integrity of the data has degraded due to disbanding the RMB-Strategic Support unit and the inability to tie the business tax account financial information to Oracle, the City's accounting software.

**Business Tax FY 2015-16 Forecast**

FY 2015 Est- Q2	\$	67,685,000		
Less 5Y Avg Liens	\$	(2,532,786)		
Less Avg Audits	\$	(1,000,000)		
<b>Base</b>	<b>\$</b>	<b>64,152,214</b>		
Reg GR (60%)	\$	38,491,328	4.0% Growth Rate	\$ 40,030,982
Rent GR(40%)	\$	25,660,886	8.7% Growth Rate	\$ 27,893,383
		<b>FY 2015-16 Base</b>		<b>\$ 67,924,364</b>
		Plus Forecasted Liens		\$ 1,794,534
		Plus Audits		\$ 830,000
		Plus 1x LL Audit		\$ 965,000
				<b>\$ 71,513,898</b>

\*This year includes revenues from a Landlord Audit

**Business Tax FY 2016-17 Forecast**

<b>Base FY 2015-16</b>	<b>\$</b>	<b>67,924,364</b>		
Reg GR (60%)	\$	40,754,619	3.1% Growth Rate	\$ 42,018,012
Rent GR(40%)	\$	27,169,746	4.0% Growth Rate	\$ 28,256,536
		<b>FY 2015-16 Base</b>		<b>\$ 70,274,547</b>
		Plus Forecasted Liens		\$ 1,352,251
		Plus Audits		\$ 1,000,000
				<b>\$ 72,626,798</b>

\*FY 16-17 growth reflects loss of 1x LL audit revenue derived from penalties and interest

Reasonability check against other Estimates FY 2015-16	
Beacon forecasted growth	4.9%
HDL SIs Tax forecasted growth	1.6%
Com-Rents	7.9%
R-Rents EDA	4.7%
Bay Area CPI Avg	3.0%

Reasonability check against other Estimates FY 2016-17	
Beacon forecasted growth	4.6%
HDL SIs Tax forecasted growth	4.1%
Bay Area forecasted CPI	2.75%

See below for information regarding Real Estate Transfer Tax:

**Real Estate Transfer Tax**

FY 2015 Base	\$ 53,000,000
5.5% growth	\$ 55,925,600
1 time sales	\$ 4,000,000
Audit	\$ 1,000,000
<b>FY2016</b>	<b>\$ 60,925,600</b>

FY 2016 Base	\$ 55,925,600
4% growth	\$ 58,184,994
1 time sales	\$ 4,000,000
Audit	\$ 1,000,000
<b>FY2017</b>	<b>\$ 63,184,994</b>

Regarding Medical Cannabis Dispensaries (MCDs), there are several separate revenue streams – these establishments must of course pay all related taxes: property taxes from the property owner of dispensary locations, sales taxes and business license taxes. In addition, the City collects an annual \$60,000 permit fee and \$500 renewal fee per the Master Fee Schedule. Oakland offers eight (8) MCD permits, resulting in a total potential regulatory revenue of \$484,000. However, the proposed budget adjusted the permit fee revenue based to the historical average level of collections from permitted dispensaries, \$374,500, which was in part due to the delay between public hearings and the actual commencement of dispensary operations. Consequently, additional annual revenue totaling \$109,500 will be realized if all eight permits are continuously issued and operational during the next two years, which staff now understands is highly likely.

- 9) **Attachment J of the Administration’s May 13, 2013 Budget questions response memo provides annual comparison from FY 06 to FY 12 of Actuals, Budget projection, and Variance for 18 major revenue categories. Please provide the same comparison for FYs 13 and 14 (to-date). In addition, please breakout and provide FY 06 – 14 annual comparisons (actual-projection-variance) for Residential Rental Business Tax and Cannabis dispensary tax.**

See **Attachment B**, which provides the requested historical information.

The local tax software system is not a reliable source of fiscal information regarding individual business tax categories. The City’s current local tax software is not an accounting system, the aggregate revenue values in the system does not tie to Oracle, the City’s financial software, nor does the system speak to the City’s Point of Sale cashiering system. Due to turnover of revenue forecasting staff, comparison information for residential rental business tax is unavailable.

RMB tracks revenues received from the City’s 8 cannabis dispensaries outside of the City’s local tax software. These numbers are reflected below. Revenues from MCDs are still a relatively new revenue stream. Staff anticipates 10% growth annually, net of new dispensaries being permitted. The larger growth reflected in the table below is due to new dispensaries being permitted.

**Summary of Revenue Collected from MCDs**

Year	No. of MCDs	Sales Tax	Business Tax	Total	% Inc/(Dec)	Notes
2010	4	\$293,003.00	\$446,031.81	\$739,034.81		Taxed at previous \$1.80 rate
2011	4	\$295,091.00	\$1,277,900.00	\$1,572,991.00	112.8%	BT rate of 5%
2012	6	\$399,299.00	\$1,480,424.10	\$1,879,723.10	19.5%	
2013	8	\$476,963.00	\$2,421,721.07	\$2,898,684.07	54.2%	Additional dispensaries opened
2014	8	\$558,332.91	\$2,648,370.82	\$3,206,703.73	10.6%	
2015*	8	\$653,912.70	\$ 3,541,736.10	\$4,195,648.80	30.8%	Full year for new dispensaries. 1st/2nd yr for one.
<b>Totals</b>		<b>\$2,676,601.61</b>	<b>\$11,816,183.90</b>	<b>\$14,492,785.51</b>		

\*2015 Anticipated Collections

10) Thank you for your answer in Question #25 in your June 5, 2015 memo. If Oakland voters in 2016 adopted the following Real Estate Transfer Tax (RETT) rate (effective 1/1/17), what would be the projected change in FY 16-17 RETT revenues?:

11)

Amount of Transfer	Tax
\$250,000 or less	\$10 per each \$1,000 portion
More than \$250,000 but less than \$2,000,000	Oakland's Current rate
\$2,000,000 or more but less than \$5,000,000	\$17.50 per each \$1,000 portion
\$5,000,000 or more but less than \$10,000,000	\$20 per each \$1,000 portion
\$10,000,000 or more	\$25 per each \$1,000 portion

If such an RETT rate change had been adopted effective 1/1/2012, what would have been the impact on 11-12, 12-13, 13-14, and 14-15 revenues?

Using FY2014-15 YTD data and controlling for large commercial sales, and product mix and volume remaining constant, we anticipate a 1% increase in forecasted revenues being that the bulk of sales would fall into the existing tax structure. Please See *Attachment C*. The forecast methodology for FY 2015-17 does not disaggregate RETT into these value ranges.

12) Thank you for the response to Question #26 in the Administration's June 5, 2015 Budget memo #5. For the \$250,000 - \$999,000 row in the tables provided in Attachment E, can you please further breakdown the FY 11-12 to FY 14-15 data by the following categories?:

- \$250,000 - \$499,999
- \$500,000 - \$749,999
- \$750,000 - \$999,999

See *Attachment D* for requested information.

- 13) **Please contrast the previously approved payment schedule for Fund 4400 for FYs 15-16 through 19-20 with the accelerated schedule that would result if the proposed \$4 million in one-time funds was approved for Fund 4400 in the FY15-17 budget. Is the \$4 million pay down of the balance necessary? Is there a middle ground repayment schedule that would pay down a greater sum more quickly than previously approved, but less than the \$4 Million proposed in the budget that would still be considered fiscally responsible?**

Paying down the Facilities fund (4400) \$4 million negative fund balance using one-time reduced the on-going repayment for the City, which was going to be more in the coming years (see FY 2014-15 repayment plan). This payment also generated, one-going funds of \$0.55 million in Y1 and \$0.58 Y2 that the City can use to provide more ongoing services.

In FY 2008-09, the City external auditor's issued a material weakness to the City financials specifically because of the Internal Services Funds (ISF) repayment plan not being achieved (See *Attachment E* Auditors Report Page 5): *Attachment F* provides additional summary information regarding the proposed repayment plans.

#### Internal Service Fund Deficits:

Governments often use internal service funds to centralize certain services and then allocate the costs of those services within the government. U.S. generally accepted accounting principles (GAAP) permit the use of internal service funds to be used to report any activity that provides goods or services to the government on a cost reimbursement basis. That is, the goal of an internal service fund should be to measure the full cost (including cost of capital assets) of providing goods or services for the purpose of fully recovering that cost through fees or charges. Accumulating significant deficits or excess net position are indicative of the internal service activity not being operated on a cost-reimbursement basis. Under such circumstances, it may no longer be appropriate to report the activity in an internal service fund under GAAP.

The City has not effectively managed its internal service funds. Due to the deficiency in charges for services, the internal funds have essentially borrowed monies from the General Fund in order to maintain operations. While the City made improvement in the Equipment Fund, reducing its deficit by more than half, it worsened in the Facilities and Central Stores Funds. The overall net position deficit of internal service funds grew by \$3.1 million and the overall borrowings from the General Fund grew by \$1.7 million.

The City has acknowledged this matter as significant and has made an effort to take corrective measures. The City prepared a "rebalancing plan"



for its internal service funds, which was first adopted for the fiscal year 2005-07 policy budget, which attempted to cure the internal service fund deficit by fiscal year 2014-15. However, the rebalancing plans put in place in fiscal years 2006 and 2007 were not followed correctly due to the lack of general fund resources to make the required annual payments. As such, the City restructured rebalancing plan as part of the fiscal year 2009-11 adopted policy budget. The newly restructured plan has been modified to cure the net position deficit of internal service funds by FY 2018-19. In addition, the City adopted a financial policy that requires one-half of any one-time revenues received to be used specifically to reduce the net assets deficit of internal service funds.

The need for the City to restructure its initial rebalancing plan brings into question its ability to manage its internal service funds on a cost reimbursement basis, as its accumulated borrowings have reached \$50.8 million as of June 30, 2009. The auditors recommended that the City monitor the progress over its restructured rebalancing plan very closely to ensure its feasibility. If it is determined that the plan is not feasible and that the City does not intend to or cannot recover the full cost of providing goods or services within a reasonable period of time, then the use of internal service funds is no longer appropriate under GAAP and should not be used for financial reporting purposes.

- 14) **Thank you for the response to Question #47 in the Administration's June 5, 2015 Budget memo #5. Based on the response, it appears that the Administration does not routinely require and track the return of issued parking access cards to authorized to employees after they separate from the City; is that the case?**

In 2009, the City Council voted to eliminate free parking at all City garages. OPW is working to implement this policy through a new Administrative Instruction of Employee Parking.

Current contract language states that parking operators will not "provide free (no charge) parking to any person except as specifically authorized by the City." Beyond this, standard operating procedures for City of Oakland Parking Partners (COPP), the City's contractor responsible for operating and managing the three garages used by City employees (City Center West, Clay St and Dalziel), calls for all free or "complimentary" monthly access cards to be approved in writing by the City and that this approval be "updated at least once per year or as changes occur."

In order to insure that the issuance and return of free or discounted access cards is properly controlled, OPW will implement the following process on a monthly basis: (1) OPW will secure a list of recently separated employees from Human Resources; (2) OPW will reconcile that list with COPP monthly parker records; and (3) OPW will direct COPP to update its records and systems accordingly.

- 15) Please breakdown all Fine & Penalty amounts listed on Page E-82 of the budget by department assessing the Fine or Penalty. Please list all Departments that issue, or have authority to issue, fees and fines which are not included in projected FY 15-17 Fine & Penalty revenue.

Please see the table below for a breakdown of fines and penalties. Analysis of which departments have authority to issue fines which are not included in the projected FY 2015-17 revenue is forthcoming.

12 - Fines & Penalties	FY 2015-16	FY 2016-17
<b>City Administrator</b>		
43223 - Penalties: Notice of Violation	\$ 6,000	\$ 6,000
43326 - Collections: Miscellaneous	\$ 63,865	\$ 63,865
<b>Finance</b>		
43112 - Fines: City Traffic Code	\$ 22,146,009	\$ 22,146,009
43211 - Penalties: General Property Tax	\$ 594,163	\$ 594,163
43223 - Penalties: Notice of Violation	\$ 22,000	\$ 22,000
43323 - Collections: Collection Fee	\$ 100,112	\$ 100,112
43326 - Collections: Miscellaneous	\$ 10,232	\$ 10,232
43330 - Collections: Parking Violations Bureau	\$ 150,000	\$ 150,000
43333 - Collections: Promissory Note Administrative Fee	\$ 41,577	\$ 41,577
43334 - Collections: Interest on Judgments	\$ 38,000	\$ 38,000
<b>Fire</b>		
43115 - Fines: Miscellaneous	\$ 392,389	\$ 393,107
<b>Oakland Public Library</b>		
43114 - Fines: Other	\$ 248,100	\$ 248,100
<b>Police</b>		
43115 - Fines: Miscellaneous	\$ 21,050	\$ 21,050
<b>Total</b>	<b>\$ 23,833,497</b>	<b>\$ 23,834,215</b>

- 16) In the Administration's response to Question #39 in the June 5, 2015 Budget memo #5, the Administration provides (in Attachment G) FY 15-17 budgeted receivables from the Port but does not provide the 2011-2014 amounts by type paid by the Port, nor the invoices made for that period, nor the annual total paid by the Port since 1984, nor copies of the Charter Section 715-required annual budget submissions from the Port for 2011-2014, all of which were requested in Question #39; please provide the requested information and documents. Please also provide a copy of service agreement Supplemental No. 18.

Please see *Attachment G* for the FY 2010-11 to FY 2013-14 amounts paid by type to the Port of Oakland. The City's financial system is not able to produce the total amounts paid since 1984. The requested Supplemental No. 18 is provided as *Attachment H*. Budgetary information for the Port is forthcoming.

- 17) Thank you for the response to Question #42 in the Administration's June 5, 2015 Budget memo #5. Do the rate of the service charges invoiced to Piedmont and Emeryville provide 100% cost recovery?**

No, the charges invoiced to the cities of Piedmont and Emeryville do not reflect cost of service. These charges were negotiated several years ago by the City Administrator and remain at these current amounts. Discussions are ongoing with regard to new contracts that would reflect costs paid by City of Oakland residents.

- 18) Please provide the annual number of Oakland landlords with business licenses 2007 – 2014.**

The Revenue Management Bureau cannot insure that accuracy of the data retrieved from the local tax software, the data are unreliable.

- 19) Please provide the annual business license tax by business category 2007-2014.**

The Revenue Management Bureau cannot insure that accuracy of the data retrieved from the local tax software, the data are unreliable.

- 20) Question #48 in the Administration's June 5, 2015 Budget memo #5 asks about the number of frozen positions in Revenue or other departments that would, if unfrozen, collect substantially more than they cost to fund. The response only answers with regard to the Revenue Management Bureau. Please respond to the question with regard to all City departments/divisions that collect revenue.**

There are no frozen positions (current or proposed) in the City that collect more revenue than the position costs.

- 21) Thank you for the response to Question #17 in the Administration's June 5, 2015 Budget memo #5. Why are long-term lien receivables transferred to the County?**

Lien receivables are transferred to the County to ensure that the lien is secured against the real property and that the City will collect the revenues due the City upon payment of the secured property tax bill, sale of the real property or refinancing of the real property.

- 22) **Thank you for the response to Question #15 in the Administration's June 5, 2015 Budget memo #5. With regard to the reduction during the FY 13-15 period in Code Enforcement FTE from the Fund 2415, why was one of the FTE (Program Manager) vacant and how could it be eliminated, as stated in the Administration's answer to Question #15, after the Council had approved a budget to fill this FTE?**

The Program Manager position has been reinstated in FY15-17 budget. The Program Manager position in the FY13-15 budget was a filled position. However, the employee who filled it retired in 2014, thereby creating a vacant position. The vacant Program Manager position was replaced with a new Deputy Director position for Planning due to a serious shortage of staffing in the Planning Division and need for close oversight and supervision in the Division.

Subsequently, a new "Exempt Limited Duration Employee" (ELDE) was created in 2014 to replace the Program Manager position. This was done to maintain operations until a permanent new Program Manager position could be created in the FY15-17 budget, when new revenue could support its reinstatement.

For questions, please contact Kiran Bawa, Budget Director, at (510) 238-3671.

Respectfully submitted,

/S/

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Kiran Bawa  
Budget Director/Deputy City Administrator

FY14 Budget	FY14 Additional	FY13 Projected	FY12 Actuals
\$ 144,468,000	\$ 2,257,000	\$ 140,635,054	\$ 138,796,954
FY14 To FY12 Methodology		FY14 To FY13 Methodology	
FY14 Forecast	FY14 Add. Forecast	FY14 Forecast	FY14 Add. Forecast
\$ 145,742,293	\$ 1,274,293	\$ 145,193,789	\$ 725,789
Need % Impv. Delenquency		Need % Impv. Delenquency	
0.7%		1.1%	

VALUES					
PERS PROP.	TOTAL TANGIBLE	HO EXEMP.	OTHER EXEMP.	NET TOTAL TANGIBLE	NO OF ACCOUNTS
\$ 340,444,365	\$ 43,840,902,080	\$ 375,664,598	\$ 3,614,938,986	\$ 39,850,298,496	111,029
\$ 1,585,025,820	\$ 3,820,151,975	\$ 82,600	\$ 297,363,787	\$ 3,522,705,588	9,565
\$ 1,925,470,185	\$ 47,661,054,055	\$ 375,747,198	\$ 3,912,302,773	\$ 43,373,004,084	120,594
\$ 10,343	\$ 15,070,688	\$ -	\$ -	\$ 15,070,688	58
\$ 1,925,480,528	\$ 47,676,124,743	\$ 375,747,198	\$ 3,912,302,773	\$ 43,388,074,772	120,652
\$ 871,233,127	\$ 41,252,433,651	\$ 377,266,166	\$ 3,623,206,225	\$ 37,251,961,260	110,902
\$ 1,698,266,086	\$ 3,773,583,734	\$ 71,400	\$ 245,303,515	\$ 3,528,208,819	9,636
\$ 2,569,499,213	\$ 45,026,017,385	\$ 377,337,566	\$ 3,868,509,740	\$ 40,780,170,079	120,538
\$ 2,512	\$ 16,319,551			\$ 16,319,551	
\$ 2,569,501,725	\$ 45,042,336,936	\$ 377,337,566	\$ 3,868,509,740	\$ 40,796,489,630	120,538
\$ 655,876,326	\$ 39,074,675,240	\$ 378,576,434	\$ 2,678,780,082	\$ 36,017,318,724	111,256
\$ 1,610,659,370	\$ 3,746,173,876	\$ 75,300	\$ 264,824,585	\$ 3,481,273,991	9,515
\$ 2,266,535,696	\$ 42,820,849,116	\$ 378,651,734	\$ 2,943,604,667	\$ 39,498,592,715	120,771
\$ 543	\$ 17,181,561		\$ 196,020	\$ 16,985,541	
\$ 2,266,536,239	\$ 42,838,030,677	\$ 378,651,734	\$ 2,943,800,687	\$ 39,515,578,256	120,771
\$ 575,385,382	\$ 38,340,530,800	\$ 380,847,104	\$ 2,464,950,094	\$ 35,494,733,602	111,119
\$ 1,578,944,216	\$ 3,580,184,795	\$ 54,500	\$ 238,069,993	\$ 3,342,060,302	9,154
\$ 2,154,329,598	\$ 41,920,715,595	\$ 380,901,604	\$ 2,703,020,087	\$ 38,836,793,904	120,273
\$ 685	\$ 19,836,624		\$ 196,020	\$ 19,640,604	
\$ 2,154,330,283	\$ 41,940,552,219	\$ 380,901,604	\$ 2,703,216,107	\$ 38,856,434,508	120,273

% GROWTH						
	PERS PROP	TOTAL TANGIBLE	HO EXEMP.	OTHER EXEMP.	NET TOTAL TANGIBLE	NO OF ACCOUNTS
6	-60.92%	6.27%	-0.42%	-0.23%	6.98%	0.11%
6	-6.67%	1.23%	15.69%	21.22%	-0.16%	-0.74%
6	<b>-25.06%</b>	<b>5.85%</b>	<b>-0.42%</b>	<b>1.13%</b>	<b>6.36%</b>	<b>0.05%</b>
6	311.74%	-7.65%			-7.65%	
6	32.83%	5.57%	-0.35%	35.26%	3.43%	-0.32%
6	5.44%	0.73%	-5.18%	-7.37%	1.35%	1.27%
6	<b>13.37%</b>	<b>5.15%</b>	<b>-0.35%</b>	<b>31.42%</b>	<b>3.24%</b>	<b>-0.19%</b>
6	362.62%	-5.02%		-100.00%	-3.92%	
6	<b>13.37%</b>	<b>5.15%</b>	<b>-0.35%</b>	<b>31.41%</b>	<b>3.24%</b>	<b>-0.19%</b>
6	-48.09%	12.20%	-0.77%	34.95%	10.64%	-0.20%
6	-1.59%	1.97%	9.69%	12.29%	1.19%	0.53%
6	<b>-15.05%</b>	<b>11.30%</b>	<b>-0.77%</b>	<b>32.91%</b>	<b>9.81%</b>	<b>-0.15%</b>
6	1804.79%	-12.29%		-100.00%	-11.27%	
6	<b>-15.05%</b>	<b>11.29%</b>	<b>-0.77%</b>	<b>32.90%</b>	<b>9.80%</b>	<b>-0.10%</b>
6	-40.83%	14.35%	-1.36%	46.65%	12.27%	-0.08%
6	0.39%	6.70%	51.56%	24.91%	5.41%	4.49%
6	<b>-10.62%</b>	<b>13.69%</b>	<b>-1.35%</b>	<b>44.74%</b>	<b>11.68%</b>	<b>0.27%</b>
6	1409.93%	-24.03%		-100.00%	-23.27%	
6	<b>-10.62%</b>	<b>13.68%</b>	<b>-1.35%</b>	<b>44.73%</b>	<b>11.66%</b>	<b>0.32%</b>
6	51.42%	7.59%	-0.94%	46.99%	4.95%	-0.20%
6	7.56%	5.40%	31.01%	3.04%	5.57%	5.27%
6	<b>19.27%</b>	<b>7.41%</b>	<b>-0.94%</b>	<b>43.12%</b>	<b>5.00%</b>	<b>0.22%</b>
6	266.72%	-17.73%			-16.91%	
6	<b>19.27%</b>	<b>7.40%</b>	<b>-0.94%</b>	<b>43.11%</b>	<b>4.99%</b>	<b>0.22%</b>

## BUDGETING WITH AN EYE ON 2015-16



- **PROPOSITION 8 VALUE RESTORATION TO GENERAL FUND VALUES:**

- There were \$913 million in Proposition 8 values restored in the 2014-15 FY
- This accounted for 42% of the overall GF growth of 7.6% experienced in 14-15.
- There is still more than \$1 billion left to be restored. If  $\frac{1}{2}$  of this amount is restored in 2015-16, that will add \$544 million to the reported assessed values for an additional increase of **1.9%**

- **SUMMARY:**

- CCPI **1.5%**
- SALES TRANSFERS **2.3%**
- EST. PROP 8 VALUE RESTORATION **1.9%**
- ESTIMATED 2015-16 INCREASE **5.7%**

### WHAT WE DON'T KNOW:

- How much of the Prop 8 pool of values will really be restored in Oakland?
- How much new construction will make it to the new roll?
- What impact will appeals in the pipeline have on the bottom line?

### Historical Revenue and Expendidute Budget vs. Actual Comparison

Fisc Year 2007-08			Fiscal Year 2008-09		
Budget	Actuals	Variance	Budget	Actuals	Variance
\$ 121,718,765	\$ 131,744,660	\$ 10,025,895	\$ 134,501,900	\$ 134,474,504	\$ (27,396)
\$ 48,964,036	\$ 53,089,829	\$ 4,125,793	\$ 46,590,000	\$ 46,122,469	\$ (467,531)
\$ 3,043,170	\$ 1,810,683	\$ (1,232,487)	\$ 1,090,700	\$ 1,281,723	\$ 191,023
	\$ -	\$ -		\$ -	\$ -
\$ 47,920,000	\$ 52,541,762	\$ 4,621,762	\$ 53,000,000	\$ 54,289,930	\$ 1,289,930
\$ 52,177,510	\$ 52,524,442	\$ 346,932	\$ 54,000,000	\$ 52,701,278	\$ (1,298,722)
\$ 67,217,400	\$ 36,205,017	\$ (31,012,383)	\$ 32,590,000	\$ 34,266,148	\$ 1,676,148
\$ 12,363,875	\$ 12,200,531	\$ (163,344)	\$ 10,099,000	\$ 10,460,807	\$ 361,807
\$ 9,454,547	\$ 8,523,565	\$ (930,982)	\$ 7,123,600	\$ 7,655,031	\$ 531,431
	\$ -	\$ -		\$ -	\$ -
\$ 1,231,192	\$ 1,607,539	\$ 376,347	\$ 1,309,705	\$ 1,281,689	\$ (28,016)
\$ 27,331,072	\$ 21,939,433	\$ (5,391,639)	\$ 25,025,000	\$ 25,566,910	\$ 541,910
\$ -	\$ 4,466,914	\$ 4,466,914	\$ 2,000,000	\$ 1,706,198	\$ (293,802)
\$ 46,657,366	\$ 44,063,267	\$ (2,594,100)	\$ 45,914,569	\$ 43,851,618	\$ (2,062,952)
\$ -	\$ 28,223	\$ 28,223	\$ 34,845	\$ 44,350	\$ 9,505
\$ 83,504	\$ 4,647,185	\$ 4,563,680	\$ 3,608,072	\$ 4,307,889	\$ 699,817
\$ 2,652,788	\$ 4,041,446	\$ 1,388,658	\$ 11,478,333	\$ 11,430,701	\$ (47,632)
\$ 42,190,427	\$ 25,695,366	\$ (16,495,061)	\$ 38,645,884	\$ 38,689,296	\$ 43,412
<b>\$ 483,005,653</b>	<b>\$ 455,129,861</b>	<b>\$ (27,875,792)</b>	<b>\$ 467,011,608</b>	<b>\$ 468,130,541</b>	<b>\$ 1,118,933</b>

-5.77%

0.24%

e in FY 2011-12 was mainly due to (1) dissolution of the Redvelopment Agency, which occurred after the budget ac



from FY 2007-08 to FY 2011-12

Fiscal Year 2009-10			Fiscal Year 2010-11		
Budget	Actuals	Variance	Budget	Actuals	Variance
\$ 129,843,920	\$ 131,781,702	\$ 1,937,782	\$ 125,154,720	\$ 126,682,293	\$ 1,527,573
\$ 33,440,000	\$ 35,876,786	\$ 2,436,786	\$ 36,142,420	\$ 41,235,072	\$ 5,092,652
\$ 1,089,520	\$ 1,250,869	\$ 161,349	\$ 1,111,310	\$ 2,168,209	\$ 1,056,899
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 52,100,400	\$ 54,137,582	\$ 2,037,182	\$ 50,813,310	\$ 53,138,616	\$ 2,325,306
\$ 50,497,000	\$ 51,106,503	\$ 609,503	\$ 50,800,000	\$ 53,440,475	\$ 2,640,475
\$ 28,490,000	\$ 36,971,710	\$ 8,481,710	\$ 33,490,000	\$ 31,607,438	\$ (1,882,562)
\$ 8,436,533	\$ 8,471,713	\$ 35,181	\$ 8,641,950	\$ 9,544,822	\$ 902,872
\$ 7,156,550	\$ 7,522,988	\$ 366,438	\$ 7,518,970	\$ 8,512,868	\$ 993,898
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 626,483	\$ 720,436	\$ 93,953	\$ 685,027	\$ 888,147	\$ 203,120
\$ 28,172,784	\$ 27,352,869	\$ (819,915)	\$ 31,956,210	\$ 24,288,276	\$ (7,667,934)
\$ 1,640,000	\$ 1,100,078	\$ (539,922)	\$ 1,640,000	\$ 1,041,723	\$ (598,277)
\$ 46,634,130	\$ 45,030,416	\$ (1,603,714)	\$ 48,096,516	\$ 44,646,816	\$ (3,449,700)
\$ -	\$ 9,550	\$ 9,550	\$ -	\$ (932)	\$ (932)
\$ 2,267,394	\$ 1,950,469	\$ (316,925)	\$ 157,901	\$ 82,346	\$ (75,555)
\$ 8,056,854	\$ 8,043,321	\$ (13,533)	\$ 9,465,199	\$ 6,477,660	\$ (2,987,539)
\$ 27,141,485	\$ 21,855,950	\$ (5,285,535)	\$ 12,724,215	\$ 17,091,732	\$ 4,367,518
<b>\$ 425,593,053</b>	<b>\$ 433,182,944</b>	<b>\$ 7,589,891</b>	<b>\$ 418,397,748</b>	<b>\$ 420,845,562</b>	<b>\$ 2,447,814</b>
	<b>1.78%</b>			<b>0.59%</b>	

in option; and (2) the one-time Business License Tax audit.

Fiscal Year 2011-12			Fiscal Year 2012-13		
Budget	Actuals	Variance	Budget	Actuals	Variance
\$ 125,166,501	\$ 138,796,954	\$ 13,630,453	\$ 125,166,501	\$ 154,141,774	\$ 28,975,273
\$ 38,794,400	\$ 44,740,906	\$ 5,946,506	\$ 43,556,223	\$ 48,817,907	\$ 5,261,684
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 50,869,280	\$ 58,548,809	\$ 7,679,529	\$ 51,800,000	\$ 60,370,883	\$ 8,570,883
\$ 51,176,611	\$ 51,434,031	\$ 257,420	\$ 50,500,000	\$ 50,752,183	\$ 252,183
\$ 28,490,000	\$ 30,546,398	\$ 2,056,398	\$ 28,490,000	\$ 47,406,127	\$ 18,916,127
\$ 8,728,370	\$ 10,713,948	\$ 1,985,578	\$ 10,864,502	\$ 12,344,115	\$ 1,479,613
\$ 7,669,349	\$ 8,616,474	\$ 947,125	\$ 8,103,857	\$ 7,946,656	\$ (157,201)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 939,660	\$ 1,158,650	\$ 218,990	\$ 925,570	\$ 1,372,645	\$ 447,075
\$ 24,067,590	\$ 24,246,700	\$ 179,110	\$ 25,425,535	\$ 23,064,332	\$ (2,361,203)
\$ 800,000	\$ 740,482	\$ (59,518)	\$ 800,000	\$ 797,823	\$ (2,177)
\$ 44,420,726	\$ 45,948,737	\$ 1,528,012	\$ 43,338,382	\$ 43,107,764	\$ (230,618)
\$ -	\$ 505	\$ 505	\$ -	\$ -	\$ -
\$ 10,000	\$ 229,107	\$ 219,107	\$ 160,672	\$ 242,954	\$ 82,282
\$ 31,135,721	\$ 32,079,762	\$ 944,041	\$ 2,733,000	\$ 1,970,238	\$ (762,762)
\$ 2,500,000	\$ 1,718,023	\$ (781,977)	\$ 17,482,521	\$ 2,900,000	\$ (14,582,521)
<b>\$ 414,768,208</b>	<b>\$ 449,519,489</b>	<b>\$ 34,751,281</b>	<b>\$ 409,346,763</b>	<b>\$ 455,235,401</b>	<b>\$ 45,888,638</b>

8.38%

11.21%

in

Fiscal Year 2013-14

Budget	Actuals	Variance
\$ 146,894,000	\$ 142,823,340	\$ (4,070,660)
\$ 48,893,000	\$ 49,761,088	\$ 868,088
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ 59,850,000	\$ 62,905,126	\$ 3,055,126
\$ 49,128,000	\$ 50,422,336	\$ 1,294,336
\$ 56,745,000	\$ 59,059,973	\$ 2,314,973
\$ 14,567,000	\$ 14,318,512	\$ (248,488)
\$ 7,947,000	\$ 8,443,638	\$ 496,638
\$ -	\$ -	\$ -
\$ 1,914,800	\$ 1,338,448	\$ (576,352)
\$ 25,048,995	\$ 22,195,164	\$ (2,853,831)
\$ 740,482	\$ 793,095	\$ 52,613
\$ 44,283,800	\$ 43,392,862	\$ (890,938)
\$ -	\$ 62,040	\$ 62,040
\$ 446,537	\$ 1,007,508	\$ 560,971
\$ 2,948,320	\$ 3,616,549	\$ 668,229
\$ 29,863,215	\$ -	\$ (29,863,215)
<b>\$ 489,270,149</b>	<b>\$ 460,139,679</b>	<b>\$ (29,130,470)</b>

-5.95%

in

Attachment C

Percent of Count	Percent of Field	Total Alt_RPTT_TaxCalc	Average Alt_RPTT_TaxCalc	Maximum Alt_RPTT_TaxCalc	Total City_Tax	Average City_Tax
56.38%	14.80%	\$ 4,353,785	\$ 1,354	\$ 2,495	\$ 6,530,660	\$ 2,031
42.69%	65.63%	\$ 19,306,321	\$ 7,932	\$ 29,250	\$ 19,306,218	\$ 7,932
0.74%	7.77%	\$ 2,284,566	\$ 54,394	\$ 85,750	\$ 1,958,196	\$ 46,624
0.12%	3.23%	\$ 949,680	\$ 135,669	\$ 166,000	\$ 712,260	\$ 101,751
0.07%	8.57%	\$ 2,520,367	\$ 630,092	\$ 950,000	\$ 1,512,220	\$ 378,055
100%	100%	\$ 29,414,719	\$ 829,441	\$ 1,233,495	\$ 30,019,554	\$ 536,393
Adjusted		\$ 26,894,352		Adjusted	\$ 28,507,334	

Percent of Count	Percent of Field	Total Alt_RPTT_TaxCalc	Average Alt_RPTT_TaxCalc	Maximum Alt_RPTT_TaxCalc	Total City_Tax	Average City_Tax
42.16%	8.43%	\$ 3,909,065	\$ 1,477	\$ 2,495	\$ 5,863,572	\$ 2,216
56.44%	64.50%	\$ 29,896,867	\$ 8,441	\$ 28,920	\$ 29,896,747	\$ 8,441
0.97%	6.90%	\$ 3,199,987	\$ 52,459	\$ 86,625	\$ 2,742,841	\$ 44,965
0.32%	5.72%	\$ 2,652,770	\$ 132,639	\$ 196,000	\$ 1,989,578	\$ 99,479
0.11%	14.44%	\$ 6,694,530	\$ 956,361	\$ 2,750,000	\$ 4,016,718	\$ 573,817
100%	100%	\$ 46,353,219	\$ 1,151,377	\$ 3,064,040	\$ 44,509,456	\$ 728,917
Adjusted		\$ 39,658,689		Adjusted	\$ 40,492,738	

Percent of Count	Percent of Field	Total Alt_RPTT_TaxCalc	Average Alt_RPTT_TaxCalc	Maximum Alt_RPTT_TaxCalc	Total City_Tax	Average City_Tax
25.81%	3.41%	\$ 2,250,793	\$ 1,550	\$ 2,495	\$ 3,376,180	\$ 2,325
72.04%	53.82%	\$ 35,492,945	\$ 8,757	\$ 29,775	\$ 35,492,837	\$ 8,757
1.60%	6.68%	\$ 4,408,377	\$ 48,982	\$ 85,750	\$ 3,778,601	\$ 41,984
0.28%	3.30%	\$ 2,174,926	\$ 135,933	\$ 190,300	\$ 1,631,195	\$ 101,950
0.27%	32.79%	\$ 21,623,139	\$ 1,441,543	\$ 3,875,000	\$ 12,973,883	\$ 864,926
100%	100%	\$ 65,950,180	\$ 1,636,765	\$ 4,183,320	\$ 57,252,695	\$ 1,019,942
Adjusted		\$ 44,327,041		Adjusted	\$ 44,278,813	

Percent of Count	Percent of Field	Total Alt_RPTT_TaxCalc	Average Alt_RPTT_TaxCalc	Maximum Alt_RPTT_TaxCalc	Total City_Tax	Average City_Tax
19.31%	2.34%	\$ 1,291,464	\$ 1,510	\$ 2,492	\$ 1,937,186	\$ 2,266
78.09%	58.18%	\$ 32,059,712	\$ 9,271	\$ 29,550	\$ 32,059,623	\$ 9,271
1.78%	6.79%	\$ 3,744,062	\$ 47,393	\$ 82,250	\$ 3,209,189	\$ 40,623
0.43%	4.93%	\$ 2,717,993	\$ 143,052	\$ 192,000	\$ 2,038,495	\$ 107,289
0.38%	27.75%	\$ 15,290,201	\$ 899,424	\$ 5,307,825	\$ 9,174,121	\$ 539,654
100%	100%	\$ 55,103,432	\$ 1,100,650	\$ 5,614,117	\$ 48,418,614	\$ 699,103
Adjusted		\$ 39,813,231		Adjusted	\$ 39,244,493	

Attachment D

ount	Percent of Field	Total Alt_CityTax	Average Alt_CityTax	Minimum Alt_CityTax	Maximum Alt_CityTax	Total City_Tax	Average City_Tax	Minimum City_Tax	Maximum City_Tax
6.38%	12.69%	\$ 2,177,108	\$ 677	\$ 3	\$ 1,248	\$ 6,530,660	\$ 2,031	\$ 8	\$ 3,743
5.17%	19.83%	\$ 3,402,018	\$ 2,371	\$ 1,700	\$ 3,393	\$ 7,504,484	\$ 5,230	\$ 3,750	\$ 7,485
0.40%	14.42%	\$ 2,474,081	\$ 4,172	\$ 3,400	\$ 5,093	\$ 5,457,547	\$ 9,203	\$ 7,500	\$ 11,235
4.35%	8.29%	\$ 1,422,448	\$ 5,736	\$ 5,100	\$ 6,786	\$ 3,137,753	\$ 12,652	\$ 11,250	\$ 14,970
3.51%	24.56%	\$ 4,214,168	\$ 21,071	\$ 7,500	\$ 98,000	\$ 5,164,629	\$ 25,823	\$ 15,000	\$ 73,500
0.12%	5.53%	\$ 949,680	\$ 135,669	\$ 110,000	\$ 166,000	\$ 712,260	\$ 101,751	\$ 82,500	\$ 124,500
0.07%	14.69%	\$ 2,520,367	\$ 630,092	\$ 449,400	\$ 950,000	\$ 1,512,220	\$ 378,055	\$ 269,640	\$ 570,000
100%	100%	\$ 17,159,870	\$ 799,788	\$ 577,103	\$ 1,230,520	\$ 30,019,554	\$ 534,746	\$ 389,648	\$ 805,433
Adjusted		\$ 14,639,503				\$ 28,507,334			

ount	Percent of Field	Total Alt_CityTax	Average Alt_CityTax	Minimum Alt_CityTax	Maximum Alt_CityTax	Total City_Tax	Average City_Tax	Minimum City_Tax	Maximum City_Tax
2.16%	6.79%	\$ 1,954,691	\$ 739	\$ 3	\$ 1,248	\$ 5,863,572	\$ 2,216	\$ 8	\$ 3,743
9.62%	15.65%	\$ 4,503,509	\$ 2,423	\$ 1,700	\$ 3,393	\$ 9,934,279	\$ 5,344	\$ 3,750	\$ 7,485
5.09%	13.65%	\$ 3,928,985	\$ 4,149	\$ 3,400	\$ 5,093	\$ 8,666,860	\$ 9,152	\$ 7,500	\$ 11,235
6.93%	8.72%	\$ 2,508,820	\$ 5,767	\$ 5,100	\$ 6,773	\$ 5,534,148	\$ 12,722	\$ 11,250	\$ 14,940
5.77%	22.72%	\$ 6,537,909	\$ 18,061	\$ 7,500	\$ 99,000	\$ 8,504,301	\$ 23,493	\$ 15,000	\$ 74,250
0.32%	9.22%	\$ 2,652,770	\$ 132,639	\$ 100,000	\$ 196,000	\$ 1,989,578	\$ 99,479	\$ 75,000	\$ 147,000
0.11%	23.26%	\$ 6,694,530	\$ 956,361	\$ 257,500	\$ 2,750,000	\$ 4,016,718	\$ 573,817	\$ 154,500	\$ 1,650,000
100%	100%	\$ 28,781,214	\$ 1,120,139	\$ 375,203	\$ 3,061,507	\$ 44,509,456	\$ 726,222	\$ 267,008	\$ 1,908,653
Adjusted		\$ 22,086,684			Adjusted	\$ 40,492,738			

unt	Percent of Field	Total Alt_CityTax	Average Alt_CityTax	Minimum Alt_CityTax	Maximum Alt_CityTax	Total City_Tax	Average City_Tax	Minimum City_Tax	Maximum City_Tax
81%	2.43%	\$ 1,125,485	\$ 775	\$ 3	\$ 1,248	\$ 3,376,180	\$ 2,325	\$ 8	\$ 3,743
17%	10.78%	\$ 5,001,044	\$ 2,458	\$ 1,700	\$ 3,397	\$ 11,031,768	\$ 5,421	\$ 3,750	\$ 7,493
29%	9.76%	\$ 4,527,725	\$ 4,173	\$ 3,400	\$ 5,093	\$ 9,987,653	\$ 9,205	\$ 7,500	\$ 11,235
94%	6.94%	\$ 3,220,217	\$ 5,761	\$ 5,100	\$ 6,786	\$ 7,103,418	\$ 12,707	\$ 11,250	\$ 14,970
25%	18.80%	\$ 8,723,197	\$ 18,800	\$ 7,500	\$ 98,000	\$ 11,148,599	\$ 24,027	\$ 15,000	\$ 73,500
28%	4.69%	\$ 2,174,926	\$ 135,933	\$ 100,000	\$ 190,300	\$ 1,631,195	\$ 101,950	\$ 75,000	\$ 142,725
27%	46.61%	\$ 21,623,139	\$ 1,441,543	\$ 258,750	\$ 3,875,000	\$ 12,973,883	\$ 864,926	\$ 155,250	\$ 2,325,000
00%	100%	\$ 46,395,733	\$ 1,609,443	\$ 376,453	\$ 4,179,824	\$ 57,252,695	\$ 1,020,561	\$ 267,758	\$ 2,578,665
	Adjusted	\$ 24,772,594			Adjusted	\$ 44,278,813			

unt	Percent of Field	Total Alt_CityTax	Average Alt_CityTax	Minimum Alt_CityTax	Maximum Alt_CityTax	Total City_Tax	Average City_Tax	Minimum City_Tax	Maximum City_Tax
31%	1.71%	\$ 645,768	\$ 755	\$ 5	\$ 1,246	\$ 1,937,186	\$ 2,266	\$ 15	\$ 3,738
34%	10.57%	\$ 4,001,721	\$ 2,487	\$ 1,700	\$ 3,400	\$ 8,827,363	\$ 5,486	\$ 3,750	\$ 7,500
57%	10.02%	\$ 3,790,302	\$ 4,161	\$ 3,400	\$ 5,093	\$ 8,360,962	\$ 9,178	\$ 7,500	\$ 11,235
06%	8.16%	\$ 3,089,836	\$ 5,786	\$ 5,100	\$ 6,786	\$ 6,815,821	\$ 12,764	\$ 11,250	\$ 14,970
91%	21.95%	\$ 8,306,722	\$ 17,198	\$ 7,500	\$ 94,000	\$ 11,264,666	\$ 23,322	\$ 15,000	\$ 70,500
43%	7.18%	\$ 2,717,993	\$ 143,052	\$ 100,000	\$ 192,000	\$ 2,038,495	\$ 107,289	\$ 75,000	\$ 144,000
38%	40.40%	\$ 15,290,201	\$ 899,424	\$ 257,500	\$ 5,307,825	\$ 9,174,121	\$ 539,654	\$ 154,500	\$ 3,184,695
00%	100%	\$ 37,842,543	\$ 1,072,863	\$ 375,205	\$ 5,610,350	\$ 48,418,614	\$ 699,959	\$ 267,015	\$ 3,436,637
	Adjusted	\$ 22,552,342			Adjusted	\$ 39,244,493			

Attachment E

**CITY OF OAKLAND**

**Required Communications  
and Recommendations**

**Fiscal Year Ended  
June 30, 2009**



**CITY OF OAKLAND**  
**Required Communications and Recommendations**  
**Fiscal Year Ended June 30, 2009**

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Certified Public Accountants & Management Consultants

**OAKLAND**  
505 14<sup>th</sup> Street, 5<sup>th</sup> Floor  
Oakland, CA 94612  
510.273.6974

**SACRAMENTO**

**WALNUT CREEK**

**LOS ANGELES**

**NEWPORT BEACH**

**SAN DIEGO**

Honorable Mayor and Members of the City Council  
City of Oakland, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oakland (the City) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 25, 2009. Our opinions on the financial statements, insofar as they relate to the Oakland Redevelopment Agency (ORA), are based solely on the report of other auditors. This report does not include communications related to the audit of the ORA. Additionally, although we performed the audit of the Port of Oakland (the Port), the City's discretely presented component unit, this report does not include the communications related to that audit because separate communication is made to the Port's Board of Port Commissioners. In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as comment 2009-1 to be a material weakness.

The City's written response to the finding identified in our audit is described in the Schedule of Recommendations and Responses. We did not audit the City's response and, accordingly, we express no opinion on it. In addition, we have already discussed our comment and recommendation with various City personnel, and we would be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

Additionally, we have included in this letter a report on communications with the City Council as required by auditing standards generally accepted in the United States of America.

This communication is intended solely for the information and use of management, City Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

MACIAS GINI & O'CONNELL LLP

A handwritten signature in dark ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive style and is positioned above the printed name of the firm.

Certified Public Accountants  
Oakland, California

November 25, 2009

## CITY OF OAKLAND

### Required Communications and Recommendations Fiscal Year Ended June 30, 2009

#### REQUIRED COMMUNICATIONS

Professional standards require that we provide you with the following information related to our audit.

#### **I. The Auditor's Responsibility Under U.S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter dated February 26, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with OMB Circular A-133, we will examine, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the City's compliance with those requirements. Our reports required under OMB A-133 are in process and those reports will be provided to you when they have been issued.

#### **II. Other Information in Documents Containing Audited Financial Statements**

During the year, the City included audited financial statements for the year ended June 30, 2008 in various debt offering documents (e.g., Official Statements.) We do not have an obligation to perform any procedures to corroborate other information contained in such debt offering documents. We were not associated with and did not have any involvement with such documents. Accordingly, we did not perform any procedures on these documents and provide no assurance as to the other information contained in the debt offering documents.

Our responsibility for other information in documents containing the City's financial statements and our report thereon does not extend beyond financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in these documents. We have, however, read the other information included in the City's comprehensive annual financial report; and no matters came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or its manner of presentation, appearing in the financial statements.

## CITY OF OAKLAND

Required Communications and Recommendations  
Fiscal Year Ended June 30, 2009

### REQUIRED COMMUNICATIONS (Continued)

#### III. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 22, 2009.

#### IV. Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 2 to the basic financial statements. As described in Note 12 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, effective July 1, 2008.

In addition, the City presents the Port of Oakland (Port) in a unique manner as compared to other local governmental entities with port operations. All local government entities we sampled reflect their ports as departments of the organization rather than as a discretely presented component unit. Some of these ports have similar management structures with a Board of Commissioners appointed by the sponsoring city's mayor/city council to oversee the operations of the port. Management's representation to us was that the Port operates with a separate legal standing (i.e. using its own corporate powers) under the Charter, which would allow for this presentation. In addition, the City Attorney's Office has represented that the Port operates very similar to a corporation with the Charter acting as its Articles of Incorporation and By-Laws. Ultimately, the City's presentation of the Port makes it less comparable to other cities that have port operations, thus, being a unique presentation.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- *Fair value of investments.* The City's investments are generally carried at fair value, which is defined as the amount that the City could reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller and is generally measured by quoted market prices.
- *Estimated unbilled sewer service revenue.* The estimates for unbilled sewer service revenue are based on an evaluation of the EBMUD reports, cash flows, monthly billing cycles and historical billings.
- *Estimated allowance for losses on accounts receivable.* The allowance for losses on accounts receivable was based on management's estimate regarding the likelihood of collectibility.

## CITY OF OAKLAND

### Required Communications and Recommendations Fiscal Year Ended June 30, 2009

#### REQUIRED COMMUNICATIONS (Continued)

- *Estimated allowance for losses on loans receivable.* The allowance for losses on loans receivable was based on the types of loan (e.g., forgivable, deferred, grant or amortizing) and management's estimate regarding the likelihood of collectibility based on loan provisions and collateral.
- *Useful life estimates for capital assets.* The estimated useful lives of capital assets were based on management's estimate of the economic life of the assets.
- *Valuation of the net pension asset.* The net pension asset is the amount that exceeded the City's actuarially determined annual required contribution, which is based upon certain approved actuarial assumptions. This amount is then amortized over the amortization period used by the actuary to recognize the excess contribution as pension costs over time.
- *Estimated claims liabilities.* Reserves for estimated claims liabilities were based on actuarial evaluations using historical loss, other data and attorney judgment about the ultimate outcome of the claims.
- *Annual required contributions to pension and other postemployment benefit plans.* The City is required to contribute to its pension plans at an actuarially determined rate and to measure other postemployment benefit costs based upon certain approved actuarial assumptions.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial reporting units that collectively comprise the City's basic financial statements.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated November 25, 2009.

**CITY OF OAKLAND**

**Required Communications and Recommendations  
Fiscal Year Ended June 30, 2009**

**REQUIRED COMMUNICATIONS (Continued)**

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Finding or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

CITY OF OAKLAND

Required Communications and Recommendations  
Fiscal Year Ended June 30, 2009

**SCHEDULE OF RECOMMENDATIONS AND RESPONSES**

*Comment No. 2009-1 – Material Weakness*  
**Internal Service Fund Deficits**

Governments often use internal service funds to centralize certain services and then allocate the costs of those services within the government. U.S. generally accepted accounting principles (GAAP) permit the use of internal service funds to report any activity that provides goods or services to the government on a cost-reimbursement basis. That is, the goal of an internal service fund should be to measure the full cost (including cost of capital assets) of providing goods or services for the purpose of fully recovering that cost through fees or charges. Accumulating significant deficits or excess net assets are indicative of the internal service activity not being operated on a cost-reimbursement basis. Under such circumstances, it may no longer be appropriate to report the activity in an internal service fund under GAAP.

The City has not set user fees to recover the full cost of services. Due to the deficiency in charges for services, the internal service funds have essentially borrowed monies from the General Fund in order to maintain operations. While the City made an improvement in the Equipment Fund, reducing its deficit by more than half, the deficit increased in the Facilities and Central Stores Funds. The overall net assets deficit of internal service funds grew by \$3.1 million and the overall borrowings from the General Fund grew by \$1.7 million.

The City has acknowledged this matter as significant and has made an effort to take corrective measures. The City prepared a “rebalancing plan” for its internal service funds, which was first adopted for the fiscal year 2005-07 policy budget, which attempted to cure the internal service fund deficit by fiscal year 2014-15. However, the rebalancing plans put in place in fiscal years 2006 and 2007 were not followed correctly due to the lack of general fund resources to make the required annual payments. As such, the City restructured its rebalancing plan as part of the recently adopted fiscal year 2009-11 budget. This newly restructured rebalancing plan has been modified to cure the net assets deficit of internal service funds by fiscal year 2018-19. In addition, the City adopted a financial policy that requires one-half of any one-time revenues received to be used specifically to reduce the net assets deficit of internal service funds.

The need for the City to restructure its initial rebalancing plan, and in light of current economic pressures affecting the City, brings into question its ability to manage its internal service funds on a cost-reimbursement basis, as its accumulated borrowings have reached \$50.8 million as of June 30, 2009. We recommend that the City monitor the progress of its restructured rebalancing plan very closely to ensure its feasibility. If it is determined that the plan is not feasible and that the City does not intend to or cannot recover the full cost of providing goods or services within a reasonable period of time, then the use of internal service funds is no longer appropriate under GAAP and should not be used for financial reporting purposes.

*Management Response:*

During the 2009-11 budget, the City revised the repayment plan for the internal service funds to eliminate the funds net asset deficit by 2018-19. In addition, the City adopted a financial policy during the 2009-11 budget that requires half of one-time revenues received to be used specifically to reduce the net assets deficits of internal service funds. Receipt of such one-time assets – and their subsequent deposit into the internal service funds, as required by the financial policies and barring any fiscal emergencies – will, in essence, expedite the “repayment” of the negative internal service balances.

It is management’s intent to take every step possible to ensure such an expedited repayment, in advance of FY 2018-19. Currently, the City is reviewing all of its surplus real estate assets to determine the feasibility of sale in the next one to three years.



**CITY OF OAKLAND**

Required Communications and Recommendations  
Fiscal Year Ended June 30, 2009

**STATUS OF PRIOR YEARS' RECOMMENDATIONS**

2007-2 Comment:

***Internal Service Funds***

Condition/Effect/  
Recommendation:

The City reports five internal service funds, Equipment, Radio, Facilities, Reproduction and Central Stores. Governments often use internal service funds to centralize certain services and then allocate the costs of those services within the government. U.S. generally accepted accounting principles permit the use of internal service funds to be used to report any activity that provides goods or services to the government on a cost reimbursement basis. That is, the goal of an internal service fund should be to measure the full cost (including cost of capital assets) of providing goods or services for the purpose of fully recovering that cost through fees or charges. Therefore, if the City does not intend to recover the full cost of providing goods or services, then the use of internal service funds would not be appropriate.

As discussed the last two years, we are becoming increasingly concerned with the growth in both the deficits of certain internal service funds and the interfund loans used to support those services. The City has attempted to cure the internal service fund deficits by increasing the charges to the departments; however, those increases have not kept up with the increases in actual costs. Therefore, we recommended the City review its current budget repayment plan and revise it to cure the deficit over a reasonable period of time, such as three to five years.

The City's response was to maintain the current rebalancing plan for internal service funds in its adopted the FY 2007-09 policy budget, which cures the deficits by FY 2014-15.

Status:

The position of the City's internal service funds continued to worsen, and the rebalancing plan has been restructured. See current year finding at 2009-01.

2008-1 Comment:

***Accounting for the City's Sewer Service Revenues***

Condition/Effect/  
Recommendation:

We were unable to complete our documentation of internal controls over sewer service revenues, as we were unable to meet with Community and Economic Development Agency (CEDA) staff. While we were able to document certain controls, such as the development of user rates and recording of receipts from East Bay Municipal Utility District (EBMUD), we were not able to determine whether the City has adequate controls over the monitoring of EBMUD services. Due to a lack of cooperation by CEDA, we assumed that controls and control documentation did not exist. Therefore, internal controls over the collection of sewer service revenues was considered a material weakness, as we were unable to determine the adequacy of internal controls and whether or not they were operating effectively. We were able to mitigate this audit risk by conducting substantive procedures, which included confirming cash receipts with EBMUD and application of analytical procedures.

**CITY OF OAKLAND**

Required Communications and Recommendations  
Fiscal Year Ended June 30, 2009

**STATUS OF PRIOR YEARS' RECOMMENDATIONS (Continued)**

During our substantive procedures, we determined that the City did not have an adequate understanding of the EBMUD collection process and the timing of remittances to the City.

We recommended that the City document its internal controls over sewer service revenues, which included (1) performing risk assessments; (2) establishing controls, such as monitoring the billing and collecting activities performed by EBMUD; (3) establishing proper communication within the City Departments; and (4) establishing accrual procedures at year-end that capture all billed receivables and a basis for estimating the unbilled receivables.

Status: Management held a meeting among CEDA, the Public Works Agency, and the Finance and Management Agency to identify the most appropriate way to monitor the sewer system revenues collected by EBMUD on behalf of the City. The inter-agency meeting resulted in a monitoring process that was implemented during fiscal year 2008-09.

This has been fully implemented.

2008-2 Comment: *Accounting for the City's Net Pension Asset*

Condition/Effect/ Recommendation: During our review of the Oakland Police and Fire Retirement System (PFRS) financial statements for the year ended June 30, 2008, we noticed a change in reporting of actuarial information. The FY2008 PFRS report disclosed a six-year trend of actuarial required contribution (ARC) requirements in its required supplementary information, which had previously been reported as zero in past PFRS reports.

Upon further investigation, it was determined that the past PFRS reports were incorrect and that there has been past ARC requirements for the City which were not communicated or considered in its calculation of the net pension asset on the statement of net assets of its governmental activities. The net pension asset is the result of City contribution to PFRS that exceeded the actuarially determined annual required contribution, which originated from the bond proceeds of the 1997 Pension Obligation Bonds. This amount should then be amortized along with impact of subsequent annual ARC requirements to recognize the effects of excess/deficient contributions as pension costs over time.

We recommended going forward that the City's Finance and Management Agency accounting and retirement staff work with the PFRS actuary to calculate the annual pension cost and changes to net pension assets.

Status: This has been fully implemented.



FY 2014-15 Midcycle Repayment Plan  
**TEN-YEAR NEGATIVE FUND REPAYMENT SCHEDULES**

**SELF-INSURANCE FUND (1100) FINANCIAL PROJECTION**

Beginning Fund Deficit \$ (21,016,159)	Amount of Transfer							
	Total Revenues	Total Expenditures	Change in Fund Balance	Year- End Fund Balance	GPF Portion	Non-GPF Portion	Change in Transfer	Increase in Subsidy
2013-14	22,979,358	21,303,405	1,675,953	(19,340,206)	19,454,567	3,524,791	1,964,731	9%
2014-15	22,979,358	22,011,308	968,050	(18,372,156)	19,454,567	3,524,791	0	0%
2015-16	24,128,326	22,671,647	1,456,679	(16,915,478)	20,509,077	3,619,249	1,148,968	5%
2016-17	25,334,742	23,351,797	1,982,946	(14,932,532)	21,534,531	3,800,211	1,206,416	5%
2017-18	26,601,479	24,052,351	2,549,129	(12,383,403)	22,611,257	3,990,222	1,266,737	5%
2018-19	27,931,553	24,773,921	3,157,632	(9,225,771)	23,741,820	4,189,733	1,330,074	5%
2019-20	28,592,396	25,517,139	3,075,257	(6,150,514)	24,303,536	4,288,859	660,842	2%
2020-21	29,357,910	26,282,653	3,075,257	(3,075,257)	24,954,223	4,403,686	765,514	3%
2021-22	30,146,390	27,071,132	3,075,257	0	25,624,431	4,521,958	788,480	3%

**KAISER CONVENTION CENTER FUND (1730) FINANCIAL PROJECTION**

Beginning Fund Deficit \$ (2,907,559)	Amount of Transfer						
	Total Revenues	Total Expenditures	Change in Fund Balance	Year- End Fund Balance	Amount of Subsidy	Change in Subsidy	Increase in Subsidy
2013-14	579,589	-	579,589	(2,327,970)	579,589	257,438	80%
2014-15	579,589	-	579,589	(1,748,381)	579,589	-	0%
2015-16	583,937	-	583,937	(1,164,444)	583,937	4,348	1%
2016-17	583,937	-	583,937	(580,507)	583,937	-	0%
2017-18	583,937	-	583,937	3,430	583,937	-	-

**EQUIPMENT FUND (4100) FINANCIAL PROJECTION**

Beginning Cash Deficit \$ (4,265,613)	ISF		non-ISF		Change in Fund Balance			Year- End Fund Balance	Impact on GPF	Rate Inc.
	Revenues	Revenue	Total Revenue	Total Expenditures	Non GPF	GPF	TOTAL			
2013-14	19,486,990	136,330	19,623,320	18,134,533	729,506	759,281	1,488,787	(2,776,826)	9,826,147	17%
2014-15	19,782,728	136,330	19,919,058	18,304,134	807,462	807,462	1,614,924	(1,161,902)	9,839,829	2%
2015-16	20,376,210	136,330	20,512,540	19,036,299	568,397	484,190	1,476,240	314,338	10,188,105	3%
2016-17	20,987,496	136,330	21,123,826	19,797,751	540,745	460,635	1,326,075	1,640,413	10,493,748	3%
2017-18	21,826,996	136,330	21,963,326	20,589,661	608,476	518,332	1,373,665	3,014,078	10,913,498	4%
2018-19	22,700,076	136,330	22,836,406	21,413,248	733,362	624,715	1,423,158	4,437,236	11,350,038	4%

**FACILITIES FUND (4400) FINANCIAL PROJECTION**

Beginning Cash Deficit \$ (21,482,887)	ISF		non-ISF		Change in Fund Balance			Year- End Fund Balance	Impact on GPF	Rate Inc.
	Revenues	Revenue	Total Revenue	Total Expenditures	Non GPF	GPF	TOTAL			
2013-14	25,872,472	658,345	26,530,817	25,363,491	490,277	677,049	1,167,326	(20,315,561)	15,013,075	15%
2014-15	27,289,929	658,345	27,948,274	25,871,465	249,217	1,827,592	2,076,809	(18,238,752)	15,835,345	5%
2015-16	28,927,325	658,345	29,585,670	26,647,609	352,567	2,585,493	2,938,061	(15,300,691)	16,310,197	6%
2016-17	30,662,964	658,345	31,321,309	27,447,037	464,913	3,409,359	3,874,272	(11,426,419)	17,778,114	6%
2017-18	32,809,372	658,345	33,467,717	28,270,448	623,672	4,573,596	5,197,268	(6,229,151)	19,911,488	7%
2018-19	35,106,028	658,345	35,764,373	29,118,562	797,497	5,848,314	6,645,811	416,660	22,300,867	7%

**PURCHASING FUND (4550) FINANCIAL PROJECTION**

Beginning Cash Deficit \$ (300,431)	ISF		non-ISF		Change in Fund Balance	Year- End Fund Balance	Impact on GPF	Rate Inc.
	Revenues	Revenue	Total Revenue	Total Expenditures				
2013-14	750,403	77,562	777,965	777,965	-	(300,431)	254,624	-3%
2014-15	715,504	62,461	777,965	777,965	-	(300,431)	74,480	-5%
2015-16	787,054	-	787,054	785,745	1,310	(299,121)	81,928	10%
2016-17	865,760	-	865,760	793,602	72,158	(226,964)	90,121	10%
2017-18	952,336	-	952,336	801,538	150,798	(76,166)	99,133	10%
2018-19	1,057,093	-	1,057,093	809,553	247,539	171,373	110,038	11%

**FINANCIAL SUMMARIES**

**TEN-YEAR REPAYMENT PLAN FOR FUNDS WITH NEGATIVE BALANCES**

Certain funds with negative balances, such as the Kaiser Convention Center Fund and Contract Compliance Fund were put on 10-year repayment schedules during FY 2005-07. The plan involves the GPF amortizing the negative balance in these funds and making annual transfers over a 10-year period.

**TEN-YEAR NEGATIVE FUND REPAYMENT SCHEDULES**

**SELF-INSURANCE FUND (1100) FINANCIAL PROJECTION**

Beginning Fund Deficit \$ (20,563,332)	Total		Change in Fund Balance	Year- End Fund Balance	Amount of Transfer		Change in Transfer	Increase in Subsidy
	Revenues	Expenditures			GPF Portion	Non-GPF Portion		
2015-16	25,283,891	23,954,259	1,329,632	(19,233,700)	21,509,077	3,774,814	2,154,533	9%
2016-17	25,309,345	23,989,144	1,320,201	(17,913,499)	21,534,531	3,774,814	25,454	0%
2017-18	26,701,359	24,708,818	1,992,541	(15,920,958)	22,696,155	4,005,204	1,392,014	5%
2018-19	28,169,934	25,450,083	2,719,851	(13,201,107)	23,944,444	4,225,490	1,468,575	5%
2019-20	29,860,130	26,213,585	3,646,544	(9,554,563)	25,381,110	4,479,019	1,690,196	6%
2020-21	31,651,738	26,999,993	4,651,745	(4,902,819)	26,903,977	4,747,761	1,791,608	6%
2021-22	33,550,842	27,809,993	5,740,849	838,031	28,518,216	5,032,626	1,899,104	6%

**KAISER CONVENTION CENTER FUND (1730) FINANCIAL PROJECTION**

Beginning Fund Deficit \$ (1,758,880)	Total		Change in Fund Balance	Year- End Fund Balance	Amount of Subsidy	Change in Subsidy	Increase in Subsidy
	Revenues	Expenditures*					
2015-16	1,758,880	-	1,758,880	0	0	-	0%

**CONTRACT ADMINISTRATION FUND (1791) FINANCIAL PROJECTION**

Beginning Fund Deficit \$ (1,209,689)	Total		Change in Fund Balance	Year- End Fund Balance	Amount of Subsidy	Change in Subsidy	Increase in Subsidy
	Revenues	Expenditures*					
2015-16	1,209,689	-	1,209,689	0	0	-	0%

**FACILITIES FUND (4400) FINANCIAL PROJECTION**

Beginning Cash Deficit \$ (17,888,884)	ISF		Total Revenue	Total Expenditures		Change in Fund Balance			Year- End Fund Balance	Impact on GPF	Rate Inc.
	Revenues	non-ISF Revenue		Non GPF	GPF	TOTAL					
2015-16*	34,168,084	658,345	34,826,429	28,532,429	366,140	5,927,860	6,294,000	(11,594,884)	16,310,197	11%	
2016-17	30,305,787	658,345	30,964,132	28,170,132	866,140	1,927,860	2,794,000	(8,800,884)	17,778,114	0%	
2017-18	31,972,605	658,345	32,630,950	29,015,236	433,886	3,181,829	3,615,714	(5,185,170)	19,911,488	5%	
2018-19	34,050,825	658,345	34,709,170	29,885,693	578,817	4,244,659	4,823,477	(361,693)	22,300,867	7%	

\*ISF Revenues include one-time \$4.0 mil from GPF

## Attachment G

City of Oakland Port Revenues From FY 2011 Thru FY 2017							
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 (Estimate)	FY 2015-16 (Estimate)	FY 2016-17 (Estimate)
<b>General Service: 1010</b>							
<b>General Service</b>	\$ 1,114,634	\$ 1,146,252	\$ 1,173,350	\$ 1,202,331	\$ 1,226,378	\$ 1,160,403	\$ 1,160,403
Services include general police services, fire services, streets, trees and traffic maintenance service provided to the Port of Oakland.							
<b>Lake Merritt Tidelands Trust</b>	923,088	949,273	971,714	995,715	1,015,629	1,014,260	1,014,260
Services include Lakeside Parks & Recreation Services, Park Grounds and Facilities Maintenance, Security, Algae control, and expenditures in support of the Necklace of Lights surrounding Lake Merritt.							
<b>Total General Service &amp; Lake Merritt</b>	<b>\$ 2,037,723</b>	<b>\$ 2,095,526</b>	<b>\$ 2,145,064</b>	<b>\$ 2,198,046</b>	<b>\$ 2,242,007</b>	<b>\$ 2,174,663</b>	<b>\$ 2,174,663</b>
<b>Landscape &amp; Lighting Assessments District (LLAD) - Fund 2310</b>							
Port of Oakland Parcels	695,068	695,068	695,068	662,519	662,519	662,519	662,519
<b>Investment Portfolio management</b>							
Services include investment and management of the Port's funds.	290,089	274,169	282,422	282,422	287,290	289,266	289,266
<b>Special Services:</b>							
Port reimburse City's actual costs of services pursuant to							
<b>Personnel</b>	198,940	198,360	201,295	229,509	229,509	229,509	229,509
Services include coordination of PERS, medical, payroll, transfers and civil service related matters. The parties estimate that this will equal 1 FTE.							
<b>City Clerk</b>	2,489	2,479	2,532	3,989	3,989	3,989	3,989
Services include maintenance of various Port documents and City documents pertaining to the Port.							
<b>Jack London Square Security</b>	234,552	223,403	261,586	230,434	230,434	230,434	230,434
Services include foot patrol by Oakland Police Officers in the Jack London Square area.							
<b>Overweight and Commercial Officer Program</b>	428,748	397,217	406,448	390,186	390,186	390,186	390,186
Services include enforcement of truck routes developed to avoid or minimize impacts to West Oakland residential neighborhoods and enforcement of all laws and regulations pertaining to Port related maritime trucking activities in Port of Oakland.							
<b>KTOP - Fund 1760 <sup>(1)</sup></b>	-	-	148,145	10,500	10,500	10,500	10,500
Services include streaming video for legislative programming for the Council, Board and Commission meetings.							
<b>Total Special Services</b>	<b>864,729</b>	<b>821,459</b>	<b>1,020,006</b>	<b>864,618</b>	<b>864,618</b>	<b>864,618</b>	<b>864,618</b>
<b>Airport Rescue and Firefighting Service (ARFF)</b>	4,612,901	4,173,515	4,248,646	4,292,538	5,114,651	5,000,000	5,200,000
Airport rescue and fire services include fire suppression, emergency medical services and airport firefighting services to the Oakland International Airport.							
<b>Grand Total</b>	<b>\$ 8,500,510</b>	<b>\$ 8,059,736</b>	<b>\$ 8,391,206</b>	<b>\$ 8,300,143</b>	<b>\$ 9,171,084</b>	<b>\$ 8,991,066</b>	<b>\$ 9,191,066</b>

<sup>1</sup> In FY 2012-13, they City billed for KTOP services from FY 2002 to 2013

**EIGHTEENTH SUPPLEMENTAL AGREEMENT**

**THIS EIGHTEENTH SUPPLEMENTAL AGREEMENT**, effective as of June 5, 2014, is made and entered into by and between the **CITY OF OAKLAND**, a municipal corporation, acting by and through its City Council (hereinafter referred to as the "City") and the **CITY OF OAKLAND**, a municipal corporation, acting by and through its Board of Port Commissioners (hereinafter referred to as the "Port").

**W I T N E S S E T H:**

**WHEREAS**, the City and Port entered into that certain Memorandum of Understanding effective July 1, 1983 (the "MOU"), wherein the City agrees to provide to the Port certain services and the Port agrees to reimburse to the City the cost thereof; and

**WHEREAS**, the City and Port previously have amended the MOU by entering into supplemental agreements (First Supplemental Agreement through Seventeenth Supplemental Agreement); and

**WHEREAS**, the City and Port have now reached further agreement concerning such services and desire to set forth such agreement in this Eighteenth Supplemental Agreement; now therefore

**IT IS AGREED AS FOLLOWS:**

1. **Special Services**: Section 2 of the MOU is amended to read as follows:

"2. **Reimbursements to the City for Special Services**: The Port shall reimburse to the City the actual costs of the hereinafter described special services provided and billed annually to the Port by the City pursuant to this MOU and existing agreements between the Port and the City. Those special services which the City agrees to provide to the Port are as follows:

a. **City Clerk**: Services include maintenance of various Port documents and City documents pertaining to the Port.

b. **Personnel:** Services include coordination of PERS, medical, payroll, transfers and civil service related matters. The parties estimate that this will equal 1 FTE.

c. **Overweight Vehicles and Commercial Officer and Port Security Program:** Services include up to 85 hours per week from two police officers. Services include funding to enforce truck routes developed to avoid or minimize impacts to West Oakland residential neighborhoods and, in addition, Port security (marine and land). This funding includes all personnel and equipment costs to provide 15 hours per day, 5 days a week Monday through Friday (and random weekends) enforcement by the police officers of all laws and regulations pertaining to Port-related maritime activities in the City of Oakland. The Port may terminate these services on not less than 30 days notice to the City.

d. **Jack London Square Police Security:** Services shall be as determined by mutual agreement between the Port (acting by its Director of Commercial Real Estate or Executive Director), and the City. The Port may terminate these services on not less than 30 days notice to the City.

e. **Broadcasting Port Board Meetings:** Services shall be as determined by mutual agreement between the Port (acting by its Board Secretary or Executive Director), and the City. The Port may terminate these services on not less than 30 days notice to the City.

f. **Treasury Management:** Services include investment and management of the Port's funds.

g. **Patrol of Port of Oakland Channels:** Services include patrol of Port of Oakland channels with Oakland Police Department's security patrol boats. The Port shall reimburse the City for up to \$16,000 each fiscal year of the City's actual cost of fuel and maintenance necessary to provide these services.

h. **OPD Contingency Services:** Services include Oakland Police Department ("OPD") services for contingency operations that are jointly planned and coordinated between the Port and the City and approved in advance by the Port. To the extent possible, staffing levels for the proposed operational period will be determined and approved prior to the commencement of operations. Costs will be reimbursed based on the overtime rate of the applicable OPD personnel. No additional costs, such as



for overhead or benefits, will be reimbursed, except that meals for deployed OPD personnel will be reimbursed.

As soon as practicable after the end of each quarter, the City shall submit to the Port quarterly statistic reports of (i) OPD's patrol and enforcement activity in connection with OPD's security patrol boat operations in the Port of Oakland channels pursuant to clause (g) above, and (ii) its other operations under clause (h) above involving landside deployment of OPD forces for deterrence of criminal activity in the marine terminal area or other areas of the Port.

As soon as practicable after the end of the fiscal year, the City shall provide to the Port a detailed statement of the Special Services and their documented actual costs that were provided to the Port during the immediately preceding fiscal year. The Port may review City costs for any fiscal year for which Special Services is provided by the City to the Port, and the City agrees fully to cooperate in any requested review, including, without limitation, providing to the Port without delay full access to all relevant documents."

2. **Ratification**: Except as expressly provided herein the MOU as previously amended is hereby ratified, confirmed and approved.

IN WITNESS WHEREOF, the parties hereto, thereunto duly authorized, have executed this Eighteenth Supplemental Agreement.

CITY OF OAKLAND, a municipal corporation, acting by and through its City Council

By *Jerry L. Johnson*  
City Administrator

Attest: *Donda Simmons*  
City Clerk

Approved as to Form and Legality this 14<sup>th</sup> day of October 2014.

*[Signature]*  
City Attorney

CITY OF OAKLAND, a municipal corporation, acting by and through its Board of Port Commissioners

By *[Signature]*  
Executive Director

Attest *[Signature]*  
Secretary

Approved as to Form and Legality this 22<sup>nd</sup> day of October 2014

*[Signature]*  
Port Attorney

P.A No: 204-310

PORT RESOLUTION NO. 14-68