



CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: SUPPLEMENTAL - Fiscal Year (FY)
2024-25 Budget Balancing

DATE: December 12, 2024

City Administrator Approval


Jestin Johnson (Dec 13, 2024 09:48 PST)

Date: Dec 13, 2024

RECOMMENDATION

Staff Recommends Adoption of the Following Legislation To Balance The Fiscal Year 2024-25 Midcycle Budget

1. A Resolution 1) Amending The FY 2024-25 Midcycle Budget (Resolution No. 90326 C.M.S.) To Authorize The Transfer Of Funds Into The General Purpose Fund And Adjust Other Appropriations; 2) Affirming The Budget Balancing Actions Taken By The City Administrator Pursuant To The Powers And Duties Granted Under The City Charter And Authority Granted Pursuant To Resolution No. 90326 C.M.S. To Maintain The Fiscal Health of the City; And 3) Making Extreme Fiscal Necessity Declarations Necessary to Utilize Restricted Funds

2. A Resolution 1) Amending Resolution 87062 C.M.S., Which Established The Sugar Sweetened Beverage Distribution Tax Sub-Fund Within The General Purpose Fund For The Purpose Of Collecting Said Tax Revenues, To, Upon A Declaration Of Extreme Fiscal Necessity, Suspend The Requirement To Consider Advisory Board Recommendations Prior To Appropriating Funds; And 2) Declaring A State Of Extreme Fiscal Necessity For The Purposes Of Suspending Said Restrictions On The Use Of Sugar-Sweetened Beverage Tax Revenue

3. An Ordinance Amending Oakland Municipal Code Chapter 15.62 "Affordable Housing Trust Fund" To Allow Funds Distributed To The City Under Redevelopment Dissolution Laws To Be Used for Any Lawful Purpose Upon A Declaration of Extreme Fiscal Necessity By The City Council

REASON FOR SUPPLEMENTAL

At the December 9, 2024, Special City Council Meeting, the City Council requested further information from the Finance Department. The purpose of this supplemental report is to transmit to the City Council and public, responses to questions raised by City Councilmembers related to the Fiscal Year (FY) 2024-25 Budget Balancing report. To the extent additional information becomes available on any of the responses below, updates will be provided.

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December 17, 2024

ACTION REQUESTED OF THE CITY COUNCIL

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3. An Ordinance Amending Oakland Municipal Code Chapter 15.62 “Affordable Housing Trust Fund” To Allow Funds Distributed To The City Under Redevelopment Dissolution Laws To Be Used for Any Lawful Purpose Upon A Declaration of Extreme Fiscal Necessity By The City Council

For questions regarding this report, please contact Bradley Johnson, Budget Administrator, Finance Department at (510) 207-5730.

Respectfully submitted,



[Erin Roseman \(Dec 13, 2024 09:33 PST\)](#)

ERIN ROSEMAN
Director of Finance
Finance Department

Attachments (1):

- Attachment A – Equipment Services Fund Expenditures

City Council
December 17, 2024

FY 2024-25 Budget Balancing Report Responses

Kaplan:

1. Provide a list of the uses and expenditures of the Equipment Services Fund.

The Equipment Fund (4100) is an internal service fund. The eligible [use of this funding](#) primarily includes the costs associated with the maintenance, repair, and replacement of city vehicles and other motorized equipment. Please see **Attachment A – Equipment Fund (4100) Expenditures** for additional information.

Attachment A - Equipment Fund (4100) Expenditures

| VENDOR | 2020 | 2021 | 2022 | 2023 | 2024 | Grand Total |
|--|------------|------------|------------|------------|------------|--------------|
| A1 ANYTIME LOCKSMITH | 3,535.00 | 5,560.00 | 5,982.01 | 1,075.00 | | 16,152.01 |
| ABE ARENS BROTHERS ENVIRONMENTAL INC | | | 4,790.02 | 9,757.34 | 8,263.50 | 22,810.86 |
| ACADEMY OF TRUCK DRIVING INC | | 67,340.00 | | | 128,990.00 | 196,330.00 |
| Adrian Michel | | 1,536.63 | | 1,958.05 | | 3,494.68 |
| ALAMEDA COUNTY FIRE DEPARTMENT | 68,413.45 | 22,262.63 | 127,439.00 | 59,973.06 | 28,267.98 | 306,356.12 |
| ALL STAR GLASS INC | 17,551.94 | 36,015.02 | 39,623.11 | 51,045.59 | 28,467.96 | 172,703.62 |
| ALLDATA LLC | | 4,344.00 | 4,344.00 | 1,995.00 | 1,995.00 | 12,678.00 |
| ALTEC INDUSTRIES INC | 1,774.41 | 23,236.86 | 9,613.21 | 43,107.85 | 22,110.69 | 99,843.02 |
| AMAZON.COM | | | | 1,393.77 | | 1,393.77 |
| AMERICAN DIESEL | 299,432.05 | 186,626.39 | 449,659.97 | 728,672.47 | | 1,664,390.88 |
| Angelo Fullen | | | | | 2,070.25 | 2,070.25 |
| ANKAR CYCLES INC DBA OAKLAND HARLEY-DAVIDSON | | 5,698.52 | 694,600.71 | 37,440.82 | 20,892.51 | 758,632.56 |
| APWA (AMERICAN PUBLIC WORKS ASSN.) | 208.00 | 470.30 | | | | 678.30 |
| ARNE SIGNE & DECAL INC | 12,383.61 | 2,029.90 | 13,284.09 | 18,896.97 | 9,713.91 | 56,308.48 |

Ex.

Gallo:

2. What is the long-term goal and vision of the City of Oakland?

Strategic Fiscal Goals for Long-Term Sustainability

As part of a long-term strategy to establish a financially stable and sustainable budget, the City should consider setting clear, measurable fiscal goals within two and four-year timeframes. Setting these long-term goals provides the City with a strategic framework for decision-making, ensuring that policies and any budget adjustments are aligned with overarching fiscal priorities. The following are the recommended goals for Council consideration:

Two-Year Goals

The two-year goals have a recommended target completion date of February 2027 aligning with the start of the FY 2027-29 budget cycle. The following are the recommended goals for Council consideration:

- The GPF Emergency Reserve fund must be fully funded at the 7.5% requirement for FY 2027-28.
- Develop a short-term plan to address long term liabilities that includes making the fully ADC for OPEB and increasing CalPERS funding ratio to a minimum 80% for

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the public safety plan and 80% for the miscellaneous plan to avoid cascading increases to required pension contribution costs.

- Implement a plan to resolve all negative fund balances, with a goal to reduce them by 50% within 2 years.
- Establish performance metrics for all services that considers both outputs and efficiency.
- Review procurement rules and procedures to increase efficiency and reduce administrative burden.

Four-Year Goals

The four-year goals are targeted for a completion date of February 2029, aligning with the start of the FY 2029-31 budget cycle to:

- Develop a 10-Year Balanced Budget and Capital Plan
- Establish an Emergency Reserve consistent with GFOA best practices of 16.7% of expenditures
- Create a 10-year plan for long-term liabilities, including full funding of OPEB and CalPERS liabilities.
- Resolve all negative fund balances within four years.
- Establish performance metrics for all services that also incorporate equity and effectiveness.
- Adopt a revised procurement code that is simplified and streamlined

By setting and adhering to these goals, the City will strengthen its fiscal management and position itself for long-term stability. Achieving these objectives will provide a solid foundation for the City's future financial health.

3. How many officers plan to retire this year?

Four sworn members have submitted letters to retire by the end of the year. Thirty-two have retired this year (28 service and four disability retirements).

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Bas:**4. Provide a list of the proportionate share of the reductions by department.**

Table 1 below outlines the proportionate share of reductions taken effect by the Contingency Budget.

| Department | Total Contingency Reductions | % of Contingency Reductions |
|--|------------------------------|-----------------------------|
| Citywide | - | 0.00% |
| City Administrator | (1,350,000) | -2.14% |
| City Attorney | - | 0.00% |
| City Clerk | (116,000) | -0.18% |
| City Council | - | 0.00% |
| CPRA | - | 0.00% |
| Animal Services | (389,378) | -0.62% |
| Department of Transportation | (533,748) | -0.85% |
| Violence Prevention | - | 0.00% |
| Workplace and Employment Standards | (347,104) | -0.55% |
| Economic and Workforce Development | (1,736,246) | -2.75% |
| Finance | (2,142,934) | -3.40% |
| Fire | (19,965,528) | -31.64% |
| Housing and Community Development | - | 0.00% |
| Human Resources Management | - | 0.00% |
| Human Services | (675,597) | -1.07% |
| Information Technology | (1,125,000) | -1.78% |
| Library | (1,000,000) | -1.58% |
| Mayor | - | 0.00% |
| City Attorney | - | 0.00% |
| Police | (30,795,029) | -48.81% |
| Parks and Recreation and Youth Development | (225,668) | -0.36% |
| Public Works | - | 0.00% |
| Race and Equity | - | 0.00% |
| Non-Dept | (2,694,768) | -4.27% |
| Total | (63,097,000) | -100.00% |

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Table 2 below outlines the proportionate share of reductions proposed by the Balancing Actions report.

| Department | Total Balancing Reductions | % of Balancing Actions |
|--|----------------------------|------------------------|
| Citywide | (42,397,807) | -32.67% |
| City Administrator | (958,852) | -0.74% |
| City Attorney | (91,531) | -0.07% |
| City Clerk | (224,492) | -0.17% |
| City Council | (507,399) | -0.39% |
| CPRA | (227,043) | -0.17% |
| Animal Services | - | 0.00% |
| Department of Transportation | (4,706,032) | -3.63% |
| Violence Prevention | (1,299,049) | -1.00% |
| Workplace and Employment Standards | (651,494) | -0.50% |
| Economic and Workforce Development | (2,355,157) | -1.81% |
| Finance | (5,182,921) | -3.99% |
| Fire | (17,438,413) | -13.44% |
| Housing and Community Development | (1,201,527) | -0.93% |
| Human Resources Management | (305,088) | -0.24% |
| Human Services | (3,381,093) | -2.60% |
| Information Technology | (2,285,201) | -1.76% |
| Library | (3,265,952) | -2.52% |
| Mayor | (516,140) | -0.40% |
| City Attorney | (784,283) | -0.60% |
| Police | (36,919,997) | -28.45% |
| Parks and Recreation and Youth Development | (1,091,868) | -0.84% |
| Public Works | (3,921,960) | -3.02% |
| Race and Equity | (79,662) | -0.06% |
| Non-Dept | - | 0.00% |
| Total | (129,792,961) | -100.00% |

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Table 3 below outlines the proposition share of both the Contingency Budget reductions and the proposed balancing actions.

| Department | Total GPF Reductions | % of Total GPF Reductions |
|--|----------------------|---------------------------|
| Citywide | (42,397,807) | -21.98% |
| City Administrator | (2,308,852) | -1.20% |
| City Attorney | (91,531) | -0.05% |
| City Clerk | (340,492) | -0.18% |
| City Council | (507,399) | -0.26% |
| CPRA | (227,043) | -0.12% |
| Animal Services | (389,378) | -0.20% |
| Department of Transportation | (5,239,780) | -2.72% |
| Violence Prevention | (1,299,049) | -0.67% |
| Workplace and Employment Standards | (998,598) | -0.52% |
| Economic and Workforce Development | (4,091,403) | -2.12% |
| Finance | (7,325,855) | -3.80% |
| Fire | (37,403,941) | -19.39% |
| Housing and Community Development | (1,201,527) | -0.62% |
| Human Resources Management | (305,088) | -0.16% |
| Human Services | (4,056,690) | -2.10% |
| Information Technology | (3,410,201) | -1.77% |
| Library | (4,265,952) | -2.21% |
| Mayor | (516,140) | -0.27% |
| City Attorney | (784,283) | -0.41% |
| Police | (67,715,026) | -35.11% |
| Parks and Recreation and Youth Development | (1,317,536) | -0.68% |
| Public Works | (3,921,960) | -2.03% |
| Race and Equity | (79,662) | -0.04% |
| Non-Dept | (2,694,768) | -1.40% |
| Total | (192,889,961) | -100.00% |

5. Regarding the reductions, what is the totality of the program that will continue?

Cultural Affairs

The contingency budget reduced the Cultural Funding program by \$300,000 but still allowed staff to recommend 48 arts organizations and festivals for funding, totaling \$835,500 for FY 24/25. The Program was to be funded with General Fund revenue (\$587,490) and Measure C TOT revenue (\$248,500). With the elimination of the General Fund portion of the program, and after accounting for the shift of some labor costs out of 1010 and into Measure C, there is potentially up to \$200,000 available for grant making and potentially less, once we account for ISF and overhead charges. Staff will need to

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engage with the Cultural Affairs Commission to decide which of the 48 groups originally recommended for funding will receive the remaining TOT funding. The public art program within the Cultural Affairs Division is not affected by the General Fund cuts.

Department of Workplace & Employment Standards

The grant with Fair Labor Oakland (FLO) is DWES's largest services agreement, with the total budget for the fiscal year totaling \$283,000. This grant provides community outreach/education and worker supports related to the City's labor laws. The grant funds positions and worker support programming at Centro Legal de la Raza (lead grantee), EBASE, Roots Community Health, Street Level Health Project, Restaurant Opportunities Center, and Chinese Progressive Association. This reduction essentially eliminates community outreach, education, and support to the City's most vulnerable workers from January – June, 2025. FLO performs 90% of the outreach for DWES, and supports hundreds of workers with filing claims, including among other supports, assisting workers with filling out forms, translation, transportation, and overall responsiveness throughout the protracted claims process. Reductions across other contracted services (\$193,749) and various O&M expenses (\$227,129) are not expected to have significant service impacts with the pivoting of staff focus areas and remaining O&M funds for expenses

6. What is the impact of the Clerk Office's council translation reduction this year?

Translation of City Council meetings in Spanish & Chinese would be impacted, however, usage of this service was minimal prior to the automatic translation services provided. These services will be provided on an as-needed basis.

7. What is the impact of the Lake Merritt reductions?

This will result in the elimination of the Ambassador Pilot Program (Park Stewards). Park Stewards would no longer be available during the weekends at Lake Merritt to notify the relevant departments (i.e. Public Safety, OPW, DOT) of any behaviors or incidents that require immediate attention.

8. What could land sales go towards?

The City's Consolidated Fiscal Policy Section 2, Part C incorporates a statutory requirement that revenue received from one time activities, including the sale of Real Property, shall be deposited into the Capital Improvements Reserve Fund, unless otherwise directed by a majority vote of the City Council.

Kalb:

9. If the start date for police academies were postponed from March to April, what would be the resulting cost savings?

Although the total cost for the academy does not change, there could be a potential savings this current fiscal year by delaying certain Personnel and O&M academy associated costs an additional month.

10. Does the moving of the library from the GPF to other funds result in the reduction of staff or library hours?

The current proposal to move GPF actual expenditures to Fund 2241 and Fund 2243 will not result in a reduction of filled library positions or library hours through June 30, 2025.

Reid:

11. What is the timeframe of anticipated actions vs. immediate actions?

Immediate Actions, as noted in Phase 1 are contemplated to be put into place no later than end of December. Actions with Later Effect, as noted in Phase 2, are contemplated to be put into place in January/February timeframe.

12. What is the timing of the outstanding payments of the Direct Community Grant program? Do we have the funds to cover all outstanding contracts and invoices?

The City Administrator's Carryforward memo indicates that the community grant funding for this program was not approved for carryforward. Consequently, the contracts cannot be finalized due to insufficient funding. This impacts one organization with a fully executed grant agreement (\$5,750 award), and five organizations without an executed grant agreement totaling \$76,250. The five organizations were facing significant delays due to document submission issues, insurance requirements, and pending work order review. Please see Attachment D – 2023 Direct Community Grant Award Recipients of the FY 2024-25 Q1 report for additional information about these organizations.

13. How much, if any, matching funds contribute to the Cultural Arts Program?

Measure C TOT (Fund 2419) funds are being allocated to support the Cultural Arts Program. These funds will be used to cover personnel costs that have been reallocated from the General Fund to the Cultural Arts unit.

14. How much is the total amount to be cut from the Senior Programs?

The proposed reduction of \$346,339 for the closure of three senior centers leave one remaining senior center open on a rotating basis. However, if this continues into the next biennial budget, there could be a potential loss of revenue and grant funding associated with these senior centers. Examples of these include \$43,000 in membership dues, \$44,000 in rental income from Lake Merritt Dance, \$70,000 for renting spaces to community groups/private events, \$160,000 annually from Alameda County for a multi-year grant agreement (2023-2026) for Information and Assistance services at each senior center, and \$343,000 grant from AmeriCorps for Senior Companion Program. The Information and Assistance grant is on a reimbursable basis. The Americorps grant funds would be lost as the city would no longer provide the services. The city may be required to return funds.

a. What are the ballot measures with fund balances that will remain to support senior services and programs?

Measure HH (SSBT Fund 1030) is the only ballot measure that supports senior services and program. However, there is insufficient fund balance to support any additional senior services and programs beyond what is already budgeted.

b. What conversations are being held with the County, State, and Federal level agencies about securing other funding to offset these cuts?

We are actively collaborating with County, State, and Federal agencies to identify potential funding streams that can help mitigate the impact of these cuts on essential services and programs. For instance, we are currently engaged in strategic discussions with County representatives to align resources and coordinate our collective efforts to address pressing issues such as homelessness, housing insecurity, and public health services.

At the State level, we are working closely with our lobbyists and legislative partners to pursue available grants, legislative appropriations, and discretionary funding tied to infrastructure development, sustainability initiatives, and community

programs. Our advocacy efforts include identifying funding opportunities through programs like the California Department of Housing and Community Development (HCD) and the California Office of Emergency Services (Cal OES) to bolster critical services.

On the Federal level, we maintain ongoing communication with our congressional representatives and federal lobbyists to track funding opportunities in areas such as public safety, infrastructure, fleet electrification, and community development block grants (CDBG). These efforts also include exploring funding possibilities through agencies like HUD, FEMA, and the Department of Transportation (DOT). By leveraging these partnerships, we are focused on securing sustainable funding solutions that will allow us to maintain and enhance the services that support our community's needs.

Our goal is to ensure that the City remains proactive and strategic in securing supplemental funding, reducing dependency on a single revenue source, and fostering resilience against budgetary constraints.

15. Please confirm that the mandated number of fire personnel that must be available daily for life and fire safety response is 480 for minimum staffing. If so, what risks are there towards any safety grants that might be impacted?

Measure NN states *“the City is prohibited from laying off any sworn firefighters if such layoffs will result in a reduction of sworn firefighters to a level of less than four hundred and eighty (480), subject to the review by the Oakland Public Safety Planning and Oversight Commission, as provided herein. Furthermore, the City is prohibited from laying off any firefighters unless the City Council adopts a resolution containing factual findings that such layoffs are necessary.”* However, it specifies that *“The City Council may temporarily suspend the provisions of the (Use of Proceeds for Maintenance of Sworn Police and Fire Personnel) section by resolution to meet urgent and changing needs in the event of extreme fiscal necessity.”*

477 is the minimum staffing level needed to be maintained for the SAFER Grant. At the time of the grant award, OFD had 442 operational positions, plus the 35 positions to be funded by the SAFER funding. These levels must be maintained through the grant performance period, or the City would be in default of the grant and risk return of funds. Per the grant guidance we were given:

- Department must not incur firefighter layoffs of SAFER-funded or non-SAFER funded positions.
- Department must fill all SAFER-funded positions.
- Department must maintain the operational staffing number at the level that existed on the date of the award and the number of awarded SAFER positions.

16. What outreach has been done and conversations had with labor towards agreeing on future concessions?

A preliminary discussion with our labor partners occurred on December 6, 2024. We are currently in closed labor agreements with our labor partners. The Miscellaneous contract expires June 30, 2024 and the Fire and Police contracts expire on June 30, 2025. However, nothing precludes the parties from mutually agreeing to reopen these closed contracts for the purpose of discussing alternatives to the reductions in force. The 12/12/2024 Closed Session Agenda includes a conference with labor negotiators.

17. If we shift expenses from fund 4400 (Facilities Fund) to LLAD, could this put LLAD in a legally challengeable position if funds are not used according to state law and Assessment District? Could the currently budgeted \$19M be challenged?)

Shifting expenses from Fund 4400 to LLAD would need to be utilized in strict accordance with the provisions of the Landscaping and Lighting Act of 1972, which specifies that assessment district funds must be used for designated improvements and services. LLAD funds are meant for specific purposes like street lighting, maintenance of parks and related facilities. It's crucial to ensure that all expenditures are for district eligible costs aligned with the legal framework governing assessment districts to avoid potential legal challenges. Additionally, the reallocation must maintain sufficient funds for the mandated services which include the construction, maintenance, and servicing of streetlights, traffic signals, landscaping facilities, and park and recreational facilities, and appurtenant facilities including, but not limited to, personnel, electrical energy, utilities such as water, materials, contractual services, and other items necessary for the facilities.

18. If OPD relies strictly on straight time and no OT what would be the outcome?

Response provided by OPD: Eliminating overtime would significantly impact public safety, and departmental operation. Without overtime, officers would be unable to backfill vacant positions or remain on duty beyond their regular shifts, even in critical situations such as active crime scenes. Eliminating overtime would also directly minimize officers' ability to respond to some calls for service, posing increased risks to the community. Key citywide operations would be severely reduced or eliminated; however, Ceasefire, patrol and investigations will remain a high priority.

Eliminating overtime would also diminish investigative capacity. It would cause delays in investigations and reduce clearance rates for serious crimes. The loss of overtime would also reduce enforcement efforts and proactive policing, likely leading to an increase in criminal activity, which would further strain the Department's already limited resources.

An unintended consequence may be a rise in sick leave usage, compounding existing staffing shortages. Low morale among officers would be another inevitable outcome. While reducing overtime may provide short-term budget relief, the long-term consequences for public safety, officer well-being, and the community would be substantial.

END OF REPORT