

2009 JUL 23 PM 7:58

COUNCIL AGENDA REPORT

To: Office of the City Administrator  
Attn: Dan Lindheim  
From: Budget Office  
Date: July 28, 2009

**Subject:** Supplemental Report and Resolution Implementing Measures for the General Purpose Fund for Fiscal Years 2009-2010 and 2010-2011 To Address Potentially Lower than Originally Anticipated COPS Grant Award, Possible Return to Measure Y of Unallowable Training and Recruitment Costs, and to Meet Budget Reduction Targets Established for the Oakland Police Department.

SUMMARY

This report supplements staff's earlier report to the City Council on additional General Purpose Fund (GPF) budget measures that are necessary in light of the possibly lower than anticipated COPS grant award and possible repayment of funds to Measure Y.

The COPS grant award may be as low as **\$6.7 million**, if the latest COPS proposal to cap the awards nationwide is accepted. The City could receive under this proposal funding for only 40.7 FTE police offers. This is **\$11.3 million** lower than anticipated in the Adopted Budget for FY 2009-10 and **\$16.3 million** lower for FY 2010-11. In addition, the City may be required to repay certain funds to Measure Y. While the City is still considering its legal options, for budgeting purposes, the amount is estimated at \$2 million each year for FY 2009-11.

This report presents possible balancing measures to address the above challenges, and to implement reductions in the Police Department included in the GPF Adopted Budget for Fiscal Years 2009-2011.

FISCAL IMPACT

The total value of the fiscal challenges facing the City's GPF is currently estimated at **\$18.7 million** in FY 2009-10 and **\$23.4 million** in FY 2010-11. (Note: the post-adoption budget gap is slightly less than initially reported; this is due to refinements in the original surplus estimates after clarifying aspects of Council's budget motion.)

	<u>FY 09-10</u>	<u>FY 10-11</u>
Possibly lower COPS award	(\$11.30)	(\$16.30)
Budgeted Target for Reductions to OPD budget	(\$11.92)	(\$11.52)
Possible repayment to Measure Y	(\$2.14)	(\$2.14)
Surplus included in the budget	\$6.62	\$6.61
<b>TOTAL</b>	<b>(\$18.74)</b>	<b>(\$23.35)</b>

**DISCUSSION**

**Exhibit A** (attached to the legislation) presents balancing measures for Council consideration to address the above fiscal challenges, touching nearly every operation and service of the City.

<b>Proposed General Purpose Fund Balancing Measures in \$ millions</b>		
	<b>FY 09-10</b>	<b>FY 10-11</b>
<b>Total of Fiscal Challenges to Address</b>	<b>\$ (18.74)</b>	<b>\$ (23.35)</b>
Less Measures recommended by CAO	<u>14.88</u>	<u>18.91</u>
<i>Fiscal Challenges after CAO Measures</i>	<b>(3.86)</b>	<b>(4.44)</b>
Less Measures advanced by Departments	<u>1.02</u>	<u>1.23</u>
<i>Fiscal Challenges after Departmental Measures</i>	<b>(2.85)</b>	<b>(3.21)</b>
Less Previously Considered Measures	2.87	3.50
<b>Total Surplus/(Deficit)</b>	<b>\$ 0.02</b>	<b>\$ 0.29</b>

These possible measures are divided into three categories:

a. ***Measures recommended by the City Administrator: \$14.9 million (year 1) / \$18.9 million (year 2)***

Balancing measures are recommended throughout the City organization and include reductions to police overtime, freezing of vacant civilian positions in the Fire Department; further staffing reductions in the Department of Human Resources, Finance and Management Agency, Public Works, Parks and Recreation and Library. A total of 20 FTE positions (seven filled and 13 vacant) are proposed either to be frozen or eliminated.

In Parks and Recreation, balancing measures of \$0.43 million and \$0.5 million in FY 2009-10 and FY 2010-11, respectively are proposed and include the following:

- Closure and lease out of the San Antonio Recreation Center. The Program Director for this center would be eliminated, along with part-time staffing.
- Freezing of three vacant positions: Marine Aquatics Program Supervisor, Manzanita Recreation Center and Girls' Sports Recreation Program Director. OPR will realign department staffing to mitigate negative impacts.
- Possible rate changes for Studio One Arts Center and swim passes.

In Library, balancing measures of \$0.28 million (year 1) and \$0.42 million (year 2) are proposed, reflecting:

- Elimination of vacant Office Manager and Museum Collections Coordinator
- Elimination of filled Library Assistant
- Elimination of filled Senior Literacy Assistant in FY 2010-11.

Further subsidy reductions of 10 percent are also proposed for a number of local organizations (listed in Exhibit A). These reductions would be in addition to the subsidy

reductions approved in the FY 2009-11 budget by the City Council for a total reduction of 20 percent. Grants to artists are also proposed for reduction by 20 percent.

b. ***Additional measures recommended by Departments: \$1 million (year 1) / \$1.2 million (year 2)***

Departments presented additional balancing measures that are also advanced for review. These measures have been proposed in prior budget balancing cycles but were deemed unsatisfactory at the time. Given the anticipated GPF deficit, staff presents them for further consideration.

*In the Police Department, these proposed reductions include:*

- Eliminate of 4.0 FTE Neighborhood Services Coordinators
- Elimination of 5.0 FTE Police Services Technician II's
- Elimination of 2.0 FTE Program Analyst III's serving the Neighborhood Crime Prevention Councils

Library's additional proposal would be to reduce Main Library's days of operation from seven to five. In the Department of Human Services, the additional balancing proposals would be to reduce homeless mobile outreach.

c. ***Measures previously considered but rejected by the City Council: \$2.9 million (year 1) / \$3.5 million (year 2)***

Finally, staff is presenting balancing measures previously discussed but rejected by the City Council. They include elimination of three filled positions (City Administrator Analyst for web production in the Department of Information Technology and two Rangers), reduction of the Oakland Fine Arts programs (FY 2009-10 only); elimination of Public Works four tree and three gardener crews; and grounding the Police Department helicopter (savings on maintenance costs). Also included are fees related to parking meters and fines and special events. This set of proposals would result in the elimination of 15 positions.

**RECOMMENDATION**

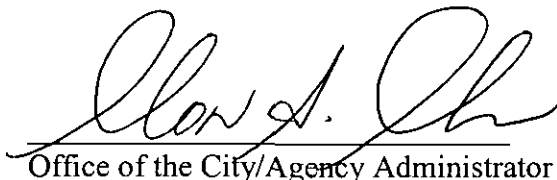
Staff recommends that the City Council accept this status report approve the attached budget-related resolution.

Respectfully submitted,



CHERYL TAYLOR  
Budget Director

APPROVED FOR FORWARDING  
TO THE CITY COUNCIL:

  
Office of the City/Agency Administrator

**Attachment A:** Resolution Amending The City Of Oakland's FY 2009-11 Biennial Budget, Which Was Adopted Pursuant To Resolution No. 82102 C.M.S., To Approve Measures Addressing Potentially Lower than Anticipated COPS Grant Award, Planning for Possible Return to Measure Y of Unallowable Training and Recruitment Costs, and Implementing Budget Reduction Targets Established for the Oakland Police Department

**DRAFT**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

Approved as to Form and Legality

2009 JUL 23 PM 7:58 **OAKLAND CITY COUNCIL**

\_\_\_\_\_  
City Attorney

**RESOLUTION No. \_\_\_\_\_ C.M.S.**

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**RESOLUTION AMENDING THE CITY OF OAKLAND'S FY 2009-11 BIENNIAL BUDGET, WHICH WAS ADOPTED PURSUANT TO RESOLUTION NO. 82102 C.M.S., TO APPROVE MEASURES (1) ADDRESSING POTENTIALLY LOWER THAN ORIGINALLY ANTICIPATED COMMUNITY ORIENTED POLICING SERVICES (COPS) GRANT AWARD, (2) PLANNING FOR POSSIBLE RETURN TO THE MEASURE Y FUND, ESTABLISHED BY THE VIOLENCE PREVENTION AND PUBLIC SAFETY ACT OF 2004, OF CERTAIN TRAINING AND RECRUITMENT COSTS, AND (3) IMPLEMENTING BUDGET REDUCTION TARGETS ESTABLISHED FOR THE OAKLAND POLICE DEPARTMENT**

**WHEREAS**, on June 30, 2009, in accordance with City Charter section 800, the City Council adopted the biennial policy budget by passing Resolution No. 82102 C.M.S.; and

**WHEREAS**, the City's grant award from the Office of Community Oriented Policing Services (COPS) could be significantly lower than anticipated in the FY 2009-11 Adopted Budget; and

**WHEREAS**, the City's adopted budget anticipated Oakland Police Department budget reductions and sworn employee concessions totaling \$11.92 million in FY 2009-10 and \$11.52 million in FY 2010-11; and

**WHEREAS**, the General Fund may be required to repay the Measure Y fund for certain training and recruitment expenses, per a recent Alameda County Superior Court ruling; and

**WHEREAS**, after factoring in the budgeted surplus in the FY 2009-11 Adopted Budget of \$6.6 million (FY 2009-10) and \$6.6 million (FY 2010-11), management has developed budget implementation measures to address fiscal challenges totaling \$18.7 million in FY 2009-10 and \$23.4 million in FY 2010-11 in the General Purpose Fund; now therefore be it

**RESOLVED:** That the City's Fiscal Year 2009-11 Adopted Policy Budget is hereby amended to include implementation measures reflected in **Exhibit A** included with and made a part of this resolution, subject to additional amendments that may be presented and adopted on the floor at the July 28, 2009 meeting, which amendments will be incorporated into Exhibit A; and be it

**FURTHER RESOLVED:** That the City Council directs the City Administrator to implement the aforementioned measures upon receiving a final determination on the COPS grant award and Measure Y; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes the City Administrator to modify the aforementioned measures if the final COPS grant award and/or the final Measure Y repayment award are different from the amounts anticipated and outlined in the agenda report titled, "Report and Resolution Implementing Measures for the General Purpose Fund for Fiscal Years 2009-2010 and 2010-2011 To Address Potentially Lower than Originally Anticipated COPS Grant Award, Possible Return to Measure Y of Certain Training and Recruitment Costs, and to Meet Budget Reduction Targets Established for the Oakland Police Department"

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2009

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

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

LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California

**GENERAL PURPOSE FUND ISSUES - Based on possibly lower COPS grant information and potential Measure Y repayment**

**A. POSSIBLE FISCAL CHALLENGES**

- 1) The City was informed by the COPS federal program office that, based on the proposed new formula, the City's award may be limited to 40.7 officers. On an annual basis, this equals \$6.7 million. The budget includes \$18 mill in FY 09-10 and \$23 mill in FY 1
- 2) Specific measures are needed to implement the \$11.9 mill (in FY 09-10) and \$11.5 mill (in FY 10-11) reduction to OPD per Council amended budget
- 3) Per a recent Superior Court ruling, there is a possibility of a repayment from General Fund to Measure Y for training and recruitment costs. For budgeting purposes, the repayment amount is assumed at \$2 million per year for FY 2009-11, but may be higher.
- 4) Balancing the above challenges - the FY 2009-11 Adopted budget (per Council amendments on June 30, 2009) included a surplus of \$6.6 mill in the General Purpose Fund.

	FY 09-10	FY 10-11
Possibly lower COPS award	(\$11.30)	(\$16.30)
Budgeted Target for Reductions to OPD budget	(\$11.92)	(\$11.52)
Possible repayment to Measure Y	(\$2.14)	(\$2.14)
Surplus included in the budget	\$6.62	\$6.61
<b>TOTAL</b>	<b>(\$18.74)</b>	<b>(\$23.36)</b>

**B. MEASURES RECOMMENDED BY CITY ADMINISTRATOR**

	FTEs			FY 09-10	FY 10-11	
	Filled	Vacant	Total			
Target savings from OPOA contract	-	-	-	\$8.50	\$9.00	Measures considered include unpaid holidays, COLA deferral, changes in patrol schedule and shift pay.
	-	-	-	<b>\$8.50</b>	<b>\$9.00</b>	
<b>Police Reductions</b>						
Reduce sworn OPD overtime in General Fund to \$5.5 million.	-	-	-	\$3.98	\$5.60	Leaves in place mandated overtime only, excludes training overtime that should not be necessary since no academies are budgeted/planned.
	-	-	-	<b>\$3.98</b>	<b>\$5.60</b>	
<b>Fire Reductions</b>						
Freeze Fire Personnel Operations Specialist	-	1.00	1.00	\$0.13	\$0.13	Position is vacant.
Freeze Office Assistant II (Fire Prevention)	-	1.00	1.00	\$0.06	\$0.06	Position is vacant.
Freeze Fire Suppression District Inspector	-	1.00	1.00	\$0.08	\$0.08	Position is vacant.
Freeze Fire Prevention Bureau Inspector (Civilian)	-	1.00	1.00	\$0.09	\$0.09	Position is vacant.
	-	<b>4.00</b>	<b>4.00</b>	<b>\$0.36</b>	<b>\$0.36</b>	
<b>Finance and Management</b>						
Eliminate Financial Analyst, Principal	1.00	-	1.00	\$0.16	\$0.19	Layoff will result in reduced management oversight of citywide accounting processes; position was to have provided oversight of federal stimulus grants; as a result, these oversight functions will be shifted to other Accounting managers.
Transfer Administrative Assistant I to City Stores Fund (4500)	1.00	-	1.00	\$0.05	\$0.06	Transfer to Stores Fund requires elimination of 1.0 FTE Storekeeper II. No impact on Central Stores operations, as Storekeeper II position has been effectively vacant for more than a year.
Eliminate Human Resources Systems Analyst	-	1.00	1.00	\$0.09	\$0.09	Position is vacant.
Eliminate Public Service Representative	-	1.00	1.00	\$0.06	\$0.06	Position is vacant.
	<b>2.00</b>	<b>2.00</b>	<b>4.00</b>	<b>\$0.36</b>	<b>\$0.41</b>	
<b>Human Resources</b>						
Eliminate Human Resources Operations Tech, Sr.	1.00	-	1.00	\$0.00	\$0.10	Workload is redistributed among the various HR functions, however, further reductions negatively impacts HR's capacity to respond to urgent needs of City Departments and compromise HR's ability to provide oversight on the City's responsibilities in properly determining, implementing reductions and evaluating the City's workforce needs.

**B. MEASURES RECOMMENDED BY CITY ADMINISTRATOR**

	FTEs					
	Filled	Vacant	Total	FY 09-10	FY 10-11	
Eliminate Human Resources Analyst and minor O&M	1.00	-	1.00	\$0.10	\$0.11	Workload is redistributed among the various HR functions, however, further reductions negatively impacts HR's capacity to respond to urgent needs of City Departments and compromises HR's ability to provide oversight on Civil Service requirements and the City's responsibilities in properly determining, implementing reductions and evaluating the City's workforce needs.
	<b>2.00</b>	<b>-</b>	<b>2.00</b>	<b>\$0.10</b>	<b>\$0.21</b>	
<b>Public Works</b>						
Eliminate 2.0 FTE Park Attendant, PT	-	2.00	2.00	\$0.08	\$0.08	Positions are vacant.
Reduce minor O&M	-	-	-	\$0.09	\$0.02	No significant impact to services.
	<b>-</b>	<b>2.00</b>	<b>2.00</b>	<b>\$0.17</b>	<b>\$0.10</b>	
<b>Parks and Recreation</b>						
Transfer O&M to Self Sustaining Fund (#1820) for the Malonga Casquelourd Center and Studio One Center	-	-	-	\$0.04	\$0.04	Surplus available in Self Sustaining Fund to absorb this transfer.
Transfer additional Studio One Arts Center costs to Self Sustaining Fund (#1820)	-	-	-	\$0.00	\$0.04	Surplus available in Self Sustaining Fund to absorb this transfer.
Close San Antonio Recreation Center; lease out:						Recreation Center Closed; all programs impacted; OPR would partner with non-profits to provide programs
Eliminate Recreation Program Director	1.00	-	1.00	\$0.06	\$0.07	Recreation Center Closed; all programs impacted; OPR would partner with non-profits to provide programs
Eliminate PT staffing and O&M	-	-	-	\$0.02	\$0.02	Recreation Center Closed; all programs impacted; OPR would partner with non-profits to provide programs
Expected annual rent	-	-	-	\$0.01	\$0.02	Year 1 rent anticipated as of January 2010.
Freeze 1.0 FTE Marine & Aquatics Program Supervisor	-	1.00	1.00	\$0.13	\$0.13	Position is vacant.
Freeze 1.0 FTE Manzanita Recreation Center Supervisor	-	1.00	1.00	\$0.10	\$0.10	Position is vacant.
Freeze 1.0 FTE Girls' Sports Recreation Program Director	-	1.00	1.00	\$0.08	\$0.08	Position is vacant.
Possible rate changes for Studio One Arts Center and swim passes.				\$0.00	\$0.01	- OPR staff will review current Studio One rates and usage to determine any rate increases. - Adult swimming fees were increased to comparable surrounding rates; senior rates were not increased, as a rule OPR offers seniors a 25% discount from the typical adult rate. OPR would propose (Yr2): Senior or Disabled \$3.00 to \$3.75 Single Swim pass (\$1,809 rev increase) and Senior or Disabled \$21.00 to \$30.00 10ct Swim pass Book (\$8,154 rev increase).
	<b>1.00</b>	<b>3.00</b>	<b>4.00</b>	<b>\$0.43</b>	<b>\$0.50</b>	
<b>Library</b>						
Reduce travel	-	-	-	\$0.04	\$0.04	All travel will be greatly reduced. Funding for essential travel will be paid from non-GPF and grant funding.
Eliminate Office Manager	-	1.00	1.00	\$0.10	\$0.10	Position is vacant.
Eliminate Museum Collections Coordinator	-	1.00	1.00	\$0.09	\$0.09	Position is vacant.
Eliminate Library Assistant position.	1.00	-	1.00	\$0.05	\$0.09	Archival services will be limited.
Eliminate Senior Literacy Assistant	1.00	-	1.00	\$0.00	\$0.10	With the elimination of the Sr. Literacy Assistant in year two, the program will have been moved to the Main Library at that point. A new strategic plan calls for decentralizing several of the services which can continue at the branches, so we anticipate that the program will adjust to a new operation & service model.
	<b>2.00</b>	<b>2.00</b>	<b>4.00</b>	<b>\$0.28</b>	<b>\$0.42</b>	
<b>Museum</b>						
Reduction of miscellaneous supplies and services (operations and maintenance)	-	-	-	\$0.10	\$0.20	
	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$0.10</b>	<b>\$0.20</b>	



**B. MEASURES RECOMMENDED BY CITY ADMINISTRATOR**

	FTEs			FY 09-10	FY 10-11	
	Filled	Vacant	Total			
<b>Human Services</b>						
Reduce Head Start GPF subsidy	-	-	-	\$0.08	\$0.08	No Impact; due to federal stimulus funding and proposed Local 1021 step increase freezes, DHS believes this reduction could be absorbed without program impact.
	-	-	-	\$0.08	\$0.08	
<b>Non-Departmental</b>						
Reduce Art Grants by 20%				\$0.23	\$0.23	
Further reduction of 10% to other subsidies for a total reduction of 20%	-	-	-	\$0.30	\$0.30	Subsidy reductions include those to the Oakland Zoo, Chabot Space and Science Center, Jack London Aquatic Center, Vietnamese Community Development, Cypress Mandela, Inc. Training Center, Friends of Peralta Hacienda Historical Park, Oakland Asian Cultural Center, Oakland East Bay Symphony and Women's Initiative for Self Employment. The total reduction for the Oakland School for the Arts would be 60%.
	-	-	-	\$0.53	\$0.53	
<b>Citywide</b>						
Additional Golden Handshake savings (year 2)				\$0.00	\$1.50	Savings anticipated if program is open to more employees in FY 2010-11.
	-	-	-	\$0.00	\$1.50	
<b>TOTAL SOLUTIONS</b>	<b>7.00</b>	<b>13.00</b>	<b>20.00</b>	<b>\$14.88</b>	<b>\$18.91</b>	
<b>Subtotal surplus/(deficit)</b>				<b>(\$3.88)</b>	<b>(\$4.44)</b>	

**C. DEPARTMENT PROPOSED MEASURES FOR FURTHER CONSIDERATION**

	FTEs			FY 09-10	FY 10-11	
	Filled	Vacant	Total			
<b>Police Reductions</b>						
Eliminate 4.0 FTE Neighborhood Services Coordinators	4.00	-	4.00	\$0.30	\$0.37	
Eliminate 5.0 FTE Police Services Technician II s	5.00	-	5.00	\$0.28	\$0.34	Neighborhood Crime Prevention Councils, NSCs and perhaps to some degree sworn, would need to take on more administrative duties.
Eliminate 2.0 FTE Program Analyst III	2.00	-	2.00	\$0.18	\$0.22	Neighborhood Crime Prevention Councils, NSCs and perhaps to some degree sworn, would need to take on more administrative duties.
	<b>11.00</b>	<b>-</b>	<b>11.00</b>	<b>\$0.76</b>	<b>\$0.93</b>	
<b>Library</b>						
Reduce Main Library hours:						
Reduce 1.04 FTE Library Aide, PT						The Main Library will decrease service from 7 days per week to 5 days per week. The new schedule of service is still to be determined. Would impact part-time staff.
Reduce 0.8 FTE Library Assistant, PT	3.04	-	3.04	\$ 0.12	\$ 0.15	
Reduce 1.08 FTE Librarian I, PT						
Reduce 0.12 FTE Sr. Librarian						
	<b>3.04</b>	<b>-</b>	<b>3.04</b>	<b>\$0.12</b>	<b>\$0.15</b>	
<b>Human Services</b>						
Reduce Homeless Mobile Outreach Program	-	-	-	\$0.14	\$0.14	Eliminating funding would reduce homeless encampments outreach by 40%, reduce effort to clean debris and human waste at encampments. Currently, there are about 70 encampments throughout the City with a population of over 1,200 homeless encamped.
	-	-	-	\$0.14	\$0.14	
<b>TOTAL SOLUTIONS</b>	<b>14.04</b>	<b>-</b>	<b>14.04</b>	<b>\$1.02</b>	<b>\$1.23</b>	
<b>Subtotal surplus/(deficit)</b>				<b>(\$2.85)</b>	<b>(\$3.21)</b>	

**D. PREVIOUSLY CONSIDERED MEASURES\***

\* Added back from City Council Motion (June 30th); Proposed Reductions

	FTEs		Total	FY 09-10	FY 10-11	
	Filled	Vacant				
Eliminate City Administrative Analyst (web production)	1.00	-	1.00	\$0.11	\$0.13	Eliminate IT web position (added back to budget through City Council amendment, adopted June 30, 2009)
Eliminate 2.0 FTE Rangers	2.00	-	2.00	\$0.21	\$0.28	There are two positions budgeted; both are filled. OPR/OUSD portion of the Fine Arts programs; elimination
Reduce Oakland Fine Arts programs (one-year only)	-	-	-	\$0.05	\$0.00	
Eliminate PWA FTEs (4 Tree, 3 gardener crews that will perform litter pick-up)	12.00	-	12.00	\$1.00	\$1.20	
Ground OPD helicopter	-	-	-	\$0.25	\$0.30	OPD would lose the "Force Multiplier" benefit and likely see increased costs associated with more ground officers required to respond to incidents.
Raise OPD's special events permit fees	-	-	-	\$0.09	\$0.12	Fee implementation as allowed in OMC Section 9.52
Implement pilot program for peak hours meter pricing for downtown parking (excluding Chinatown and Jack London Square)	-	-	-	\$0.64	\$0.77	The program would be effective October 1, 2009 (and requires Council approval of legislation in September 2009).
Parking -- Raise expired meter parking fine (increase from \$55 to \$65)	-	-	-	\$0.53	\$0.70	The fine increase would be effective October 1, 2009 (and requires Council approval of legislation in September 2009).
<b>TOTAL</b>	<b>15.00</b>	<b>-</b>	<b>15.00</b>	<b>\$2.87</b>	<b>\$3.50</b>	
<b>TOTAL SURPLUS/(DEFICIT)</b>				<b>\$0.02</b>	<b>\$0.29</b>	