

## **Attachment A: FY 2024-25 Q3 Detailed Report**

### **TABLE OF CONTENTS**

The report has the following major sections:

1. General Purpose Fund **Q3** Revenues
2. General Purpose Fund **Q3** Expenditures
3. General Purpose Fund **Q3** Fund Balance
4. Reserves

Appendixes:

Consolidated Fiscal Policy

## Summary of FY 2024-25 Q3 GPF Revenues & Expenditures

FY 2024-25 GPF Revenue is projected to come in at \$30.09 million or 3.8% lower compared to the Adjusted Budget of \$786.28 million. GPF Expenditures are estimated to come in at \$24.55 million or 3.1% over the Adjusted Budget of \$786.28 million. **Table 1** below shows the FY 2024-25 General Purpose Fund revenue and expenditures Adjusted Budget and year-end estimates which currently project a year end operating shortfall of \$54.64 million.

**Table 1: Summary of FY 2024-25 Q3 GPF Revenues & Expenditures Budget to Estimated Year-End Actuals (\$ in millions)**

	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
FY2023-24 Revenues	786.28	526.62	756.19	(30.09)	(3.8)%
FY 2023-24 Expenditures	786.28	591.12	810.83	(24.55)	(3.1)%
<b>Operating (Shortfall) / Surplus</b>	—	(64.50)	(54.64)	(54.64)	(7.0)%

## I. GENERAL PURPOSE FUND FY 2024-25 Q3 REVENUES

This section of the report provides an assessment of the City's revenue condition in the current fiscal year as compared to the FY 2024-25 Adjusted Budget based on actual performance during the first nine months of FY 2024-25, quarterly trends established in prior fiscal years, and external data sources. The GPF revenue is projected to end the year with a net shortfall of \$30.09 million compared to the Adjusted Budget. The Adjusted Budget assumes \$41.82 million in use of fund balance to cover prior year carryforwards. Without accounting for the before mentioned one-time use of fund balance, the GPF revenues forecast to come in at \$756.19 million, which is \$11.73 million over compared to the budgeted amount of \$744.47 million.

Amongst the 5 largest revenue contributors in the GPF, Property Tax is projected to increase driven by an estimated 4.6% annual rise in assessed taxable property values for the City. Meanwhile collections for Business Tax (BT) are projected to come in 1% over budget led by increases in BT from property rental accounts and professional and personal services. The current projection for Real Estate Transfer Tax (RETT) collections estimate to end the year under the Adjusted Budget, however the market is showing a slight recovery from the downturn in FY 2023-24. Sales Tax is projected to end slightly under budget continuing a decline from the prior year. The Utility Consumption Tax is expected to continue to grow in FY 2024-25, driven by 14.2% in rate increases that have been approved by the California Public Utilities Commission and which have been phased in gradually since the start of 2024.

### Q3 HIGHLIGHTS OF THE TOP 5 GPF REVENUE CONTRIBUTORS

**Property Tax:** FY 2024-25 collections of the City's largest revenue source through **Q3** are at \$189.87 million or 61.9% of the Adjusted Budget of \$306.57 million and are now projected to end the year at \$312.91 million, which is \$6.34 million or 2.1% over the Adjusted Budget. The current year end projection is based on a 4.6% growth in net assessed taxable property value for the City, which is \$89.92 billion in FY 2024-25 compared to \$85.96 billion in FY 2023-24. The net assessed value is confirmed after the budget is adopted. The assessed values for Fiscal Year 2024-25 are determined by valuations from the calendar year 2023. For properties sold between January and December 2023, the market value adjustment is calculated by comparing the assessed value on the 2023-24 tax roll with the actual sale price. Due to a decrease in the number of homes that sold in 2023, the year-over-year increase in assessed values was less pronounced than in previous years, leading to a more modest growth in property tax revenue for the City. For context, Fiscal Year 2023-24 concluded with revenues at \$299.15 million, which was an increase of \$17.87 million or 6.4% over the previous fiscal year, closely matching that period's growth for property assessed values of 6.6%.

**Table 2** below details the FY 2024-25 change in assessed property value compared to FY 2023-24:

**Table 2: FY 2024-25 Change in Assessed Property Values**

Cause of Value Change	Change from 2023-24 (\$ in millions)	% of 2023-24 Net Value	% of All Change from 2023-24
Parcel Add/Drops Net Change	\$ 31.61	— %	0.8 %
Change from CPI 2.0% Growth	\$ 1,533.17	1.8 %	38.7 %
Prior Year Transfer of Ownership	\$ 1,361.48	1.6 %	34.4 %
New Construction - Non-Residential	\$ 775.93	0.9 %	19.6 %
New Construction - Residential	\$ 325.05	0.4 %	8.2 %
Prop. 8 - Reduce /Recapture Net	\$ (417.96)	(0.5)%	(10.6)%
Unsecured Value Change	\$ 189.88	0.2 %	4.8 %
Other Changes	\$ 157.82	0.2 %	4.0 %
<b>Total Change</b>	<b>\$ 3,956.96</b>	<b>4.6 %</b>	<b>100.0 %</b>

**Business License Tax (BT):** FY 2024-25 collections of the second largest revenue source for the City through **Q3** are at \$114.61 million or 95.5% of the Adjusted Budget of \$120.06 million, and are now projected to end the year at \$121.27 million which is \$1.21 million or 1.0% over budget. The FY 2024-25 forecast takes into account the impact of a large amount of BT contributor accounts no longer operating within the City's jurisdiction. The largest impacts from account closures occurred in Admin Headquarters led by Kaiser Permanente's headquarters relocation, as well as closures in the real estate industry and in the restaurants and hotel industry, in addition to the Athletics baseball team leaving the City. Overall, the accounts that have closed since 2024 contributed with over \$4 million in BT payments in the prior year. Offsetting these closures are improved collections in the Business / Personal Services and

Professional / Semi-Professional categories which have come in \$2.79 million higher compared to the Q3 in FY 2023-24. Furthermore, there has been more outreach done this year to bring more businesses into compliance. In particular, rental registry noticing to landlords has contributed to over \$5.39 million in prior year BT payments received for residential rentals, an increase of \$2.58 million compared to prior year payments received in FY 2023-24, leading to the estimated budget surplus to end the year.

**Table 3** below breaks down the amount of BT revenue received by rate type through Q3.

**Table 3: FY 2024-25 Q3 Business Tax Revenue By Rate Type**

<b>RATE TYPE</b>	<b>TAX &amp; FEES*</b>	<b>PEN &amp; INT</b>	<b>TOTAL</b>
A - RETAIL SALES	\$ 5,835,045	\$ 151,831	\$ 5,986,876
B - GROCERS	\$ 1,272,116	\$ 61,878	\$ 1,333,993
C - AUTOMOBILE SALES	\$ 1,771,535	\$ 139,192	\$ 1,910,727
D - WHOLESALE SALES	\$ 3,780,202	\$ 56,893	\$ 3,837,095
E - BUSINESS/PERSONAL SVCS	\$ 9,446,952	\$ 306,217	\$ 9,753,169
F - PROFESSIONAL/SEMI-PROFESSIONAL	\$ 28,412,095	\$ 783,953	\$ 29,196,049
G - RECREATION/ENTERTAINMENT	\$ 1,643,182	\$ 29,050	\$ 1,672,232
H - CONTRACTORS	\$ 5,955,813	\$ 101,666	\$ 6,057,479
H2 - CONTRACTORS APPRENTICE	\$ 131,793	\$ —	\$ 131,793
I - MANUFACTURING	\$ 989,916	\$ 44,902	\$ 1,034,818
I - MANUFACTURING 2	\$ 1,161	\$ —	\$ 1,161
J - HOTEL/MOTEL	\$ 316,496	\$ 5,497	\$ 321,993
K - ADMIN HEADQUARTERS	\$ 2,342,848	\$ 116	\$ 2,342,964
L - MEDIA FIRMS	\$ 176,061	\$ 3,590	\$ 179,651
M - UTILITY COMPANIES	\$ 1,358,790	\$ 51,132	\$ 1,409,922
N - MISCELLANEOUS	\$ 38,515	\$ 47	\$ 38,562
NP - NONPROFIT	\$ 180	\$ 2,667	\$ 2,847
O - COMMERCIAL RENTAL	\$ 50,661	\$ 349	\$ 51,010
O - RESIDENTIAL RENTAL PROPERTY	\$ 24,910,882	\$ 1,896,327	\$ 26,807,209
O - COMMERCIAL RENTAL PROPERTY	\$ 16,627,331	\$ 625,835	\$ 17,253,166
P - CANNABIS	\$ 212,613	\$ —	\$ 212,613
P - CANNABIS - EQ - DISTRIBUTION	\$ 35,390	\$ 2,035	\$ 37,425
P - CANNABIS - EQ - INDOOR CULTIVATION	\$ 1,463	\$ 290	\$ 1,753
P - CANNABIS - EQ - MANUFACTURING	\$ 3,090	\$ 765	\$ 3,856
P - CANNABIS - EQ - OUTDOOR CULTIVATION	\$ —	\$ —	\$ —



RATE TYPE	TAX & FEES*	PEN & INT	TOTAL
P - CANNABIS - EQ - RETAIL	\$ 672,641	\$ 1,259	\$ 673,900
P - CANNABIS - GEN - DISTRIBUTION	\$ 299,908	\$ 1,125	\$ 301,033
P - CANNABIS - GEN - INDOOR CULTIVATION	\$ 1,880,367	\$ 33,126	\$ 1,913,493
P - CANNABIS - GEN - MANUFACTURING	\$ 352,992	\$ 26,129	\$ 379,121
P - CANNABIS - GEN - OUTDOOR CULTIVATION	\$ —	\$ —	\$ —
P - CANNABIS - GEN - RETAIL	\$ 1,472,347	\$ 59,545	\$ 1,531,891
Q - FIREARMS AMMUNITION	\$ —	\$ —	\$ —
R - TAXICABS	\$ 15,480	\$ 453	\$ 15,933
R - LIMOUSINES	\$ 7,470	\$ 182	\$ 7,652
R - AMBULANCES	\$ 6,333	\$ 204	\$ 6,537
S - TRUCKING/TRANSPORTATION	\$ 200,261	\$ 5,610	\$ 205,871
Y - AMBULANCES & LIMOUSINES	\$ —	\$ —	\$ —
<b>GRAND TOTAL</b>	<b>\$ 110,221,931</b>	<b>\$ 4,391,865</b>	<b>\$114,613,796</b>

**Real Estate Transfer Tax (RETT):** FY 2024-25 collections of the third largest revenue source for the City through **Q3** are at \$47.99 million or 65.1% of the Adjusted Budget of \$73.72 million, and are projected to end the year at \$66.31 million, which is \$7.41 million or 10.1% under the Adjusted Budget. However, RETT collections are forecasted to increase by 15.1% by the end of this fiscal year compared to last year. In FY 2023-24 RETT ended only at \$57.61 million out of a \$110.41 million budget, due to higher mortgage rates from elevated federal funds rates, which cooled demand and reduced property sales by 10.1% compared to FY 2022-23. In this current year, property sales through **Q3** rose by 10.7%, with 257 more sales and a 17.3% increase in gross sales value compared to the same period in FY 2023-24. High-value property sales over \$5 million have also surged by 56%, from 16 to 25 sales compared to Q3 of the previous year. The largest sale of approximately \$99.0 million was made in December for the tallest residential tower in the City of Oakland, located at 1640 Broadway. No sale of over \$50 million was recorded in FY 2023-24 thus the large sale skews the figures slightly. The improvement in this fiscal year resulted in part from actions taken by the Federal Open Market Committee (FOMC) during the first half of the fiscal year, which made three rate cuts of the federal funds rate during the first two quarters of FY 2024-25 (September: 50 basis points (BPS), November: 25 BPS, December: 25 BPS). In December 2024, the FOMC reduced the 2025 rate cut projections from four to two, due to uncertainties from incoming federal policies. These rate cuts would be expected in the second half of 2025, with no additional rate cuts expected for the remainder of FY 2024-25.

**Table 4** below shows the RETT growth rate by sales price comparing **Q3** in FY 2024-25 to **Q3** in FY2023-24.

**Table 4: RETT Growth Rate (\$ in millions)**

Sale Price	FY 2023-24 Q3		FY 2024-25 Q3		Year-Over-Year Variance Thru Q3	
	Gross Sales	Volume	Gross Sales	Volume	Gross Sales	Volume
\$300,000 or below	\$ 29.57	174	\$ 33.43	187	13.03 %	7.5 %
\$300,001 to \$2 Million	\$ 1,882.66	2106	\$ 2,028.09	2,325	7.72 %	10.4 %
\$2 million to \$5 Million	\$ 300.43	116	\$ 354.36	132	17.95 %	13.8 %
\$5 -10 Million	\$ 58.87	9	\$ 98.20	14	66.80 %	55.6 %
\$10 - 50 Million	\$ 136.85	7	\$ 150.09	9	9.67 %	28.6 %
\$50.01-100 Million	\$ —	0	\$ 160.00	2	— %	— %
Over \$100 Million	\$ —	0	\$ —	\$ —	— %	— %
<b>Total</b>	<b>\$ 2,408.39</b>	<b>2412</b>	<b>\$2,824.18</b>	<b>2,669</b>	<b>17.3 %</b>	<b>10.7 %</b>

**Sales Tax:** FY 2024-25 collections of the fourth largest revenue source of the City through **Q3** are at \$35.81 million or 56.2% of the Adjusted Budget of \$63.73 million and are now projected to end the year at \$60.37 million, which is \$3.36 million or 5.3%, under the Adjusted Budget. Data available for FY2024-25 through Q2 (Sales Tax is collected by the State and the corresponding detailed data becomes available to the City in the subsequent quarter) shows that Sales tax across all categories ended FY 2024-25 Q2 2.5% lower on average compared to the same period in the previous fiscal year. Categories with year over year Q2 decreases in Sales Tax are led percentage wise by fuel service stations with revenues sliding by 20.1% compared to the same period in the prior year. New car sales resulted in a comparative annual decline of 3.8%. Building-construction absorbed reductions in sectors such as plumbing, electrical sales, and contractor activity combining for a 9.9% drop. Decreased sales in grocery stores and cannabis contributed to a slide in food-drugs receipts of 2.9%. Restaurants and hotels sales slightly declined by 0.7%. Growth was led by the business and industry category, including increased sales in office supplies, furniture, repair shop, equipment rentals, and heavy industry which helped boost returns by 11.1% for this category. Meanwhile general consumer goods slightly increased by 0.2%. In addition, the City's allocation from the countywide sales tax, including unidentified transfers, improved by 3.4% as the City's County pool share grew due to larger sales tax reductions in another agency within the county.

**Table 5** below compares the Sales Tax totals received by category in FY 2023-24 through Q2 to those received in FY 2024-25 through Q2.

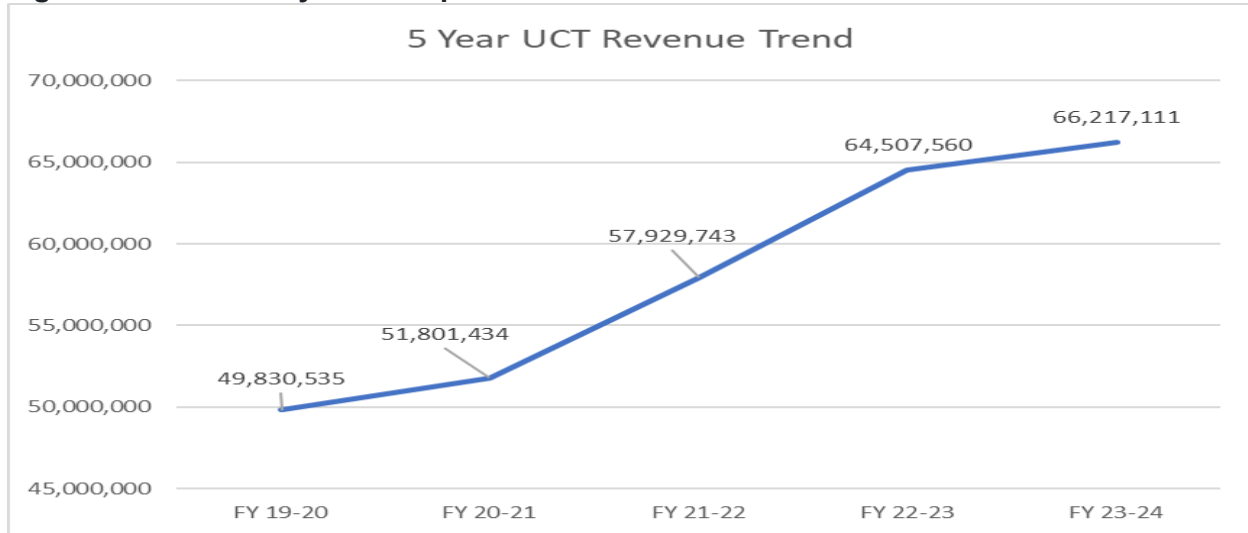
**Table 5: Q2 Sales Tax Comparison by Category FY2023-24 and FY 2024-25 (\$ in millions)**

Category	FY 2023-24 through Q2	FY 2024-25 Through Q2	Inc/Dec
Autos & Transportation	\$ 4.76	\$ 4.58	(3.8)%
Building & Construction	\$ 3.10	\$ 2.79	(9.9)%
Business & Industry	\$ 3.07	\$ 3.41	11.1 %
Food & Drugs	\$ 2.36	\$ 2.29	(2.9)%
Fuel & Service Stations	\$ 3.63	\$ 2.90	(20.1)%
General Consumer Goods	\$ 2.67	\$ 2.68	0.2 %
Restaurants & Hotels	\$ 5.55	\$ 5.51	(0.7)%
State/County Pools & Transfers	\$ 5.78	\$ 5.97	3.4 %
<b>Average</b>	<b>\$ 3.86</b>	<b>\$ 3.77</b>	<b>(2.5)%</b>

**Utility Consumption Tax (UCT):** FY 2024-25 collections of the fifth largest revenue category for the City through **Q3** are at \$53.38 million or 78.0% of the Adjusted Budget of \$68.44 million and are now projected to end the year at \$70.05 million which is \$1.61 million or 2.4% over the Adjusted Budget. The forecast for FY 2024-25 is driven by a 14.2% increase in utility rates approved by the California Public Utilities Commission (CPUC) since the start of 2024. PG&E, a major contributor to the City's UCT, implemented this increase incrementally: increasing rates by 6% in March 2024, 4% in June 2024, 2.7% in September 2024, and an additional 1.5% in January 2025. The Public Advocates Office at the CPUC reported on their Q4 2024 Electric Rates Report that residential average electrical rates from PG&E have significantly increased by 101% over the past decade from January 2015 to February 2025. These phased increases have led to higher tax revenue as UCT is a percentage of utility bills. UCT collections for FY 2023-24 totaled \$66.22 million, and the FY 2024-25 estimate of \$70.05 million, represents a year over year rise of \$3.83 million or 5.8%.

Figure 1 below shows the growth of UCT revenue over the most recent five fiscal years, primarily driven by continuous utility rate increases.

**Figure 1: 5 Year Utility Consumption Tax Revenue Trend**



***Other Notable Revenue Highlights:***

**Fines & Penalties:** Q3 FY 2024-25 collections came in at \$15.76 million or 81.5% of the Adjusted Budget of \$19.34 million, and now are projected to end the year at \$23.95 million, a 23.8% increase over the Adjusted Budget. Parking citations are the major revenue source, and corresponding revenue expectations have increased due to a 5% increase in fines implemented in FY 2023-24, followed by another 5% increase in FY 2024-25 to account for retroactive inflation. The parking fine rate increases combined with additional staffing in the Parking Enforcement Unit, which aims to be fully staffed by the end of FY 2024-25, have led to a 26% rise in parking fine collections through the third quarter compared to the previous fiscal year.

**Miscellaneous Revenue:** Q3 FY 2024-25 collections came in at \$16.91 million, which is significantly over the \$1.23 million Adjusted Budget. A \$5.00 million payment from the Coliseum site sale, not initially accounted for in the budget due to sale delays, contributed to this surplus. Legal settlements in the amount of \$7.11 million, which include \$3.47 million with offsetting restricted liabilities, also enhanced the revenue received to date for this category through Q3.

**Service Charges:** Q3 FY 2024-25 collections came in at \$30.02 million or 57.9% of the Adjusted Budget of \$51.84 million and are expected end the year at \$51.84 million which is at the Adjusted Budget. Certain types of service charges, including Port Revenues and Cable and Gas Franchise Fees do not accrue evenly throughout the year, thus the year-to-date actuals do not represent a linear trend for year-end projections. A significant 21% increase in service charges revenue has been observed when compared to the same period in FY 2023-24, but this growth should be viewed cautiously due to the irregular posting patterns of these charges. Parking Meter Fees make up 33% of Service Charges and the corresponding increase in revenue collection of 30% through Q3 for these is expected to be sustained. Although the growth observed to date is below the 50% increase for parking meter rates that took effect in this fiscal year, which absorbed an increase from \$2 to \$3 per hour in FY 2024-25.

**Transient Occupancy Tax (TOT): Q3** FY 2024-25 collections came in at \$12.18 million or 61.7% of the Adjusted Budget of \$19.74 million and is projected to end the year at \$16.07 million which is \$3.67 million or 18.6% under the Adjusted Budget. Hotel closures, including the Hilton and Jack London Square's Waterfront Hotel have significantly impacted revenue. Through Q3 of FY 2024-25 a significant 13.3% decrease in TOT collections has come in compared to the same period in FY 2023-24. The downturn for hotels in Oakland's hospitality market has been impacted by declining commercial property values, public safety concerns, decline in airport passenger levels, and the departure of three major professional sports teams in recent years.

**Parking Tax (PT): Q3** FY 2024-25 collections came in at \$8.41 million or 64.4% of the Adjusted Budget of \$13.07 million, and now is projected to end the year at \$11.17 million which is \$1.90 million or 14.5% under the Adjusted Budget. The decrease is mainly attributable to PT decrease from the airport and coliseum area. The Oakland International Airport's most recent monthly activity report shows a 15.1% decrease in parking lot revenue at the airport for February year over year. In addition, the Q4 in FY 2024-25 will not receive PT from baseball games played at the Coliseum following the A's departure.

**Interfund transfers & Transfers From Fund Balance:** The FY 2024-25 Adopted Budget has also been adjusted to include \$41.42 million in prior year carryforwards in the GPF which utilizes available fund balance to cover the cost.

**Table 6** below summarizes all of the FY 2024-25 GPF revenues by category.

**Table 6: FY 2024-25 Q3 Adopted Budget to Actuals and Year End Estimate (\$ in millions)**

Revenue Category	FY 2024-25 Adopted Budget	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Property Tax	306.57	306.57	189.87	312.91	6.34	2.1 %
Sales Tax	63.73	63.73	35.81	60.37	(3.36)	(5.3)%
Business License Tax	120.06	120.06	114.61	121.27	1.21	1.0 %
Utility Consumption Tax	68.44	68.44	53.38	70.05	1.61	2.4 %
Real Estate Transfer Tax	73.72	73.72	47.99	66.31	(7.41)	(10.1)%
Transient Occupancy Tax	19.74	19.74	12.18	16.07	(3.67)	(18.6)%
Parking Tax	13.07	13.07	8.41	11.17	(1.90)	(14.5)%
Licenses & Permits	1.16	1.16	0.84	1.16	—	— %
Fines & Penalties	19.34	19.34	15.76	23.95	4.60	23.8 %
Interest Income	2.50	2.50	(3.30)	—	(2.50)	(100.0)%
Service Charges	51.84	51.84	30.02	51.84	—	— %
Internal Service Funds	—	—	—	—	—	N / A
Grants & Subsidies	—	—	0.74	0.92	0.92	— %
Miscellaneous Revenue	64.32	1.23	16.91	17.12	15.89	1296.3 %
Interfund Transfers	2.70	3.08	2.70	3.08	—	— %
<b>Subtotal</b>	<b>807.19</b>	<b>744.47</b>	<b>526.62</b>	<b>756.19</b>	<b>11.73</b>	<b>1.6 %</b>
Project Offsets & Carryforwards	—	41.42	—	—	(41.42)	(100.0)%
<b>Total Revenue</b>	<b>807.19</b>	<b>786.28</b>	<b>526.62</b>	<b>756.19</b>	<b>(30.09)</b>	<b>(3.8)%</b>

## II. GENERAL PURPOSE FUND Q3 EXPENDITURES

### **GENERAL PURPOSE FUND EXPENDITURE HIGHLIGHTS**

The GPF expenditures are forecasted to come in at \$810.83 million, which is a projected overspend of \$24.55 million or 3.1% over, when compared to the Adjusted Budget of \$786.28 million. Originally, the Midcycle Adopted Budget assumed the use of the sale of the Coliseum in the amount of \$63.5 million to balance the expenditures as budgeted. This follows a trend in recent years, during which one-time funding was needed in the balancing of the FY2019-20, FY2020-21, FY2021-22 and FY2022-23 expenditures in the budget by programming CARES dollars (\$36.99 million), ARPA dollars (\$188 million), and use of VSSF (\$14.65 million) for a total of \$239.64 million, which would equal 32% of FY 2024-25 GPF budgeted expenditures.

However, the scheduled distribution of Coliseum sale revenues has not been met, leading to the reduction of City services to match the missing revenue. The budgeted personnel expenditures also assume a vacancy factor of 10.00%, it is expected that the actual vacancy factor will be higher with the hiring freeze in effect.

On March 27, 2024, the City Administrator released a memo outlining several policies to be implemented immediately that would help reduce City expenditures, primarily in the GPF. There is a hiring freeze that has gone into effect for all non-sworn positions for the remainder of FY 2023-24. Additionally, there is a citywide moratorium on professional training and conference requests funded through the GPF. All other discretionary spending in the GPF has been limited as the City attempts to bridge the widening gap between GPF revenues and expenditures.

On October 15, 2024, the Budget Administrator released a memo outlining the implementation of the contingency budget amendments after criteria was met related to the timing of receiving revenues from the Coliseum sale. This action consisted of a \$63 million reduction to the Adjusted Budget, which included the freezing of 33.50 positions across the City.

On December 17, 2024, the City Council approved additional budget reductions to further aid in the balancing of the budget. An analysis outlining the status and impacts to City services are provided in this report.

On April 4, 2025, labor costs were posted through the **Third** Quarter of FY 2024-25.

**Table 7** below reflects the GPF expenditures forecasted to come in at \$810.83 million, which is \$24.55 million or 3.1% over the adjusted budget of \$786.28 million.

**Table 7: Summary of FY 2024-25 Q3 GPF Expenditures Budget to Actuals (\$ in millions)**

	FY 2024-25 Adopted Budget	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
FY 2024-25 Expenditures	807.19	786.28	591.12	810.83	(24.55)	(3.1)%

### Department Level Spending Trends

**Table 8** below reflects department level spending and projected year-end GPF expenditures. As a result, City-wide GPF departmental expenditure projections are projected to come in above the Adjusted Budget by \$24.55 million. Per the City's Consolidated Fiscal Policy, Departments projected to overspend in the General Purpose Fund by more than one percent (1%), shall bring an informational report to the City Council within 60 days following acceptance of the Revenue & Expenditure report by the City Council. The report shall list the actions the Administration is taking to bring the expenditures into alignment with the budget.

**Table 8: Summary of FY 2024-25 GPF Projected Expenditure Variance (\$ in millions)**

Department	FY 2024-25 Adopted Budget	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year- End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	0.56	1.61	0.36	1.60	0.01	0.6 %
City Administrator	5.99	5.94	4.11	6.50	(0.56)	(9.4)%
City Attorney	21.71	24.62	16.96	23.63	0.99	4.0 %
City Auditor	3.73	4.01	1.93	2.91	1.10	27.4 %
City Clerk	8.00	9.92	3.30	9.90	0.02	0.2 %
City Council	7.87	7.91	5.06	7.02	0.89	11.3 %
Department of Transportation	21.72	22.08	14.38	21.47	0.62	2.8 %
Department of Violence Prevention	7.49	8.10	4.20	6.24	1.86	23.0 %
Department of Workplace and Employment Standard	2.39	2.15	1.23	1.80	0.35	16.3 %
Economic and Workforce Development Department	15.24	14.94	10.06	13.18	1.76	11.8 %
Finance Department	29.13	29.03	17.12	28.66	0.37	1.3 %
Fire Department	180.45	166.24	140.45	192.37	(26.13)	(15.7)%
Human Resources Management Department	0.33	0.53	0.54	0.43	0.10	18.8 %
Human Services Department	43.08	46.47	34.48	43.99	2.48	5.3 %



Department	FY 2024-25 Adopted Budget	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year- End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Information Technology Department	6.55	6.95	4.77	7.08	(0.13)	(1.8)%
Mayor	5.59	5.60	3.06	4.07	1.53	27.4 %
Non Departmental and Port	53.80	59.00	34.97	47.02	11.98	20.3 %
Oakland Animal Services	6.84	6.57	4.19	5.94	0.64	9.7 %
Oakland Parks and Recreation Department	11.80	12.13	8.52	13.03	(0.90)	(7.4)%
Oakland Public Library Department	12.40	11.40	7.77	10.04	1.36	11.9 %
Oakland Public Works Department	2.73	4.51	2.74	3.23	1.29	28.6 %
Police Commission	8.78	9.57	4.71	7.52	2.04	21.4 %
Police Department	347.21	322.86	263.77	349.52	(26.65)	(8.3)%
Public Ethics Commission	2.52	2.78	1.58	2.43	0.36	12.8 %
Race and Equity Department	1.27	1.35	0.87	1.27	0.08	5.7 %
<b>Total</b>	<b>807.19</b>	<b>786.28</b>	<b>591.12</b>	<b>810.83</b>	<b>(24.55)</b>	<b>(3.1)%</b>

The following section details **Q3** projected GPF savings or overspending by Department, as compared to the FY 2024-25 Adjusted Budget.

#### Capital Improvement Program (CIP)

The Capital Improvement Program is projected to end the fiscal year at its adjusted budget of \$1.60 million.

#### City Administrator (CAO)

The City Administrator's Office is projected to overspend by \$0.56 million, or 9.4% of their budget. The overage is primarily due to an increase in personnel costs. In the General Purpose Fund, CAO has a vacancy rate of 4%, with one vacant position.

City Attorney (OCA)

The City Attorney is projected to underspend by \$0.99 million, or 4.0% of their budget. In the General Purpose Fund, OCA has a vacancy rate of 3%, with two vacant positions.

City Auditor

The City Auditor is projected to underspend by \$1.10 million, or 27.4% of their budget. In the General Purpose Fund, City Auditor has a vacancy rate of 25%, with three vacant positions.

City Clerk

The Office of the City Clerk is projected to underspend by \$0.02 million, or 0.2% of their budget. In the General Purpose Fund, City Clerk has no vacant positions.

City Council

The City Council is projected to underspend by \$0.89 million, or 11.3% of their budget. In the General Purpose Fund, City Council has a vacancy rate of 3%, with one vacant position.

Department of Transportation (DOT)

The Department of Transportation is projected to underspend by \$0.62 million, or 2.8% of their budget. In the General Purpose Fund, DOT has a vacancy rate of 11%, with nine vacant positions.

Department of Violence Prevention (DVP)

The Department of Violence Prevention is projected to underspend by \$1.86 million or 23.0% of their budget. In the General Purpose Fund, DVP has a vacancy rate of 36%, with 12 vacant positions.

Department of Workplace & Employment Standards (DWES)

The Department of Workplace & Employment Standards is projected to underspend by \$0.35 million, or 16.3% of their budget. In the General Purpose Fund, DWES has a vacancy rate of 0%, with no vacant positions.

Economic & Workforce Development (EWD)

Economic & Workforce Development is projected to underspend by \$1.76 million, or 11.8% of their budget. In the General Purpose Fund, EWD has a vacancy rate of 14%, with two vacant positions.

Finance Department

The Finance Department is projected to underspend by \$0.37 million, or 1.3% of their budget. In the General Purpose Fund, Finance has a vacancy rate of 6%, with five vacant positions.

### Fire Department

The Oakland Fire Department is projected to overspend by \$26.13 million, or 15.7% of their budget, due to overtime overspending. A detailed explanation of this overage can be found in the "Public Safety Costs & Analysis" section below.

### Human Resources Management (HRM)

Human Resources Management is projected to end the fiscal year at its adjusted budget of \$0.53 million. In the General Purpose Fund, HRM has no vacant positions.

### Human Services Department (HSD)

Human Services Department is projected to underspend by \$2.48 million, or 5.3% of their budget. In the General Purpose Fund, HSD has a vacancy rate of 5%, with two vacant positions.

### Information Technology (ITD)

The Information Technology Department is projected to overspend by \$0.13 million, or 1.8% of their budget. The overage is primarily due to an increase in personnel costs. In the General Purpose Fund, ITD has no vacant positions.

### Mayor's Office

The Mayor's Office is projected to underspend by \$1.53 million, or 27.4% of their budget, due to vacancies. In the General Purpose Fund, Mayor's Office has a vacancy rate of 36%, with five vacant positions.

### Non-Departmental

Non-Departmental is projected to underspend by \$11.98 million, or 20.3% of the budget.

### Oakland Animal Services

The Department of Animal Services is projected to underspend by \$0.64 million, or 9.7% of their budget, due to vacancies. In the General Purpose Fund, Animal Services has a vacancy rate of 9%, with three vacant positions.

### Oakland Parks, Recreation and Youth Development (OPRYD)

Oakland Parks, Recreation and Youth Development is projected to overspend by \$0.90 million, or 7.4% of their budget. The overage is primarily due to an increase in personnel costs. In the General Purpose Fund, OPRYD has a vacancy rate of 7%, with seven vacant positions.

### Oakland Public Library (OPL)

Oakland Public Library is projected to underspend by \$1.36 million, or 11.9% of their budget. In the General Purpose Fund, OPL has a vacancy rate of 8%, with five vacant positions.

*Oakland Public Works (OPW)*

Oakland Public Works is projected to underspend by \$1.29 million, or 28.6% of their budget. In the General Purpose Fund, OPW has a vacancy rate of 11%, with one vacant position. The department recently received confirmation from California Office of Emergency Services (CalOES) and the Federal Emergency Management Agency (FEMA) regarding the approval of reimbursements in the amount of approximately \$1 million for past emergency expenses incurred by the City due to winter storms. This adjustment has been incorporated into the year-projections.

*Police Commission*

The Police Commission is projected to underspend by \$2.04 million, or 21.4% of their budget, due to vacancies. In the General Purpose Fund, Police Commission has a vacancy rate of 21%, with six vacant positions.

*Police Department*

The Police Department is projected to overspend by \$26.65 million, or 8.3% of their budget, due to overtime overspending. This reflects an improvement of approximately \$25 million from Quarter 1, as some of the current year balancing measures are now reflected into year-end projections. A detailed explanation of this overage can be found in the "Public Safety Costs & Analysis" section below.

*Public Ethics Commission (PEC)*

The Public Ethics Commission is projected to underspend by \$0.36 million, or 12.8% of their budget, due to vacancies. In the General Purpose Fund, PEC has a vacancy rate of 20%, with two vacant positions.

*Race & Equity*

The Department of Race & Equity is projected to underspend by \$0.08 million, or 5.7% of their budget. In the General Purpose Fund, Race & Equity has no vacant positions.

***Public Safety Costs & Analysis***

**Table 9** below shows the projected personnel expenditures for FY 2024-25, including overtime, for Public Safety in the GPF. Using a projection based on FY 2024-25 Q3 actuals, once all other personnel costs are accounted for, Oakland Police Department currently shows a projected year-end personnel budget projected to be overspent by \$23.54 million and Oakland Fire Department currently shows a year-end budget projected to be overspent by \$26.23 million in the General Purpose Fund. Details are provided on **Table 9** below.

**Table 9: FY 2024-25 Public Safety GPF Personnel Expenditures (\$ in millions)**

Department	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year- End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
<b>Police Department**</b>					
Overtime (OT)	42.85	35.37	47.19	(4.34)	(10.1)%
Reimbursable OT (Special Events, etc)		(6.09)	(8.12)	8.12	
All Other Personnel (non-OT)	226.07	191.53	252.59	(26.52)	(11.7)%
<b>OPD Total Personnel</b>	<b>268.93</b>	<b>220.81</b>	<b>291.66</b>	<b>(22.74)</b>	<b>(8.5)%</b>
<b>Fire Department</b>					
Overtime (OT)	10.66	20.30	27.07	(16.41)	(154.0)%
All Other Personnel (non-OT)	126.65	103.14	136.67	(10.02)	(7.9)%
<b>OFD Total Personnel</b>	<b>137.31</b>	<b>123.44</b>	<b>163.74</b>	<b>(26.43)</b>	<b>(19.2)%</b>

As shown on **Table 9** above, OPD was budgeted \$42.85 million for overtime and is projected to exceed this budgeted amount by \$4.34 million for a projected year-end total of \$47.19 million. In the table below, are the top five organizations in OPD where overspending has occurred most outlined in **Table 10**:

**Table 10: FY 2024-25 OPD Top 5 Organizations in Overtime Expenditures (\$ in millions)**

Top 5 Organizations in OPD for Overtime	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget
Special Operations Division (SOD)	7.16	10.34	(3.18)
Area 1	3.17	3.55	(0.38)
Area 3	3.17	3.14	(0.03)
Communications	2.35	2.88	(0.53)
Training Division	0.23	2.49	(2.26)

### Police

In July 2024, the Oakland City Council adopted the Fiscal Year (FY) 2024-05 budget, allocating \$269,195,408 for total personnel costs within the Oakland Police Department (OPD). Of this amount, \$212,555,230 was allocated for sworn personnel, and \$56,640,178 was allocated for professional staff. This approved budget reduced the total authorized number of sworn positions from 712 to 678 despite a workforce of 705 sworn personnel **(27 more than the authorized number of positions)** at the time of implementation. It was noted that this reduction in staffing

from 705 to 678 would occur through natural attrition. The budget also impacted professional staff, freezing 31 vacant positions and reducing the total number of budgeted positions from 334.5 to 303.5.

In September 2024, the City implemented its budget contingency plan, further reducing the authorized number of sworn positions from 678 to 600, again relying on natural attrition to reach this target at a later date. At the time of implementation, OPD had 686 sworn personnel, or **86 more than the authorized and budgeted number of positions**. Additionally, authorized professional staff positions were reduced from 303.5 to 298.5 by freezing five vacant positions. A Citywide hiring freeze further affected staffing, leaving 60 professional staff positions vacant, with 252 positions actively filled within the Department.

Based on historical data from OPD, at the start of the fiscal year, the City Council allocated \$44,638,900 for overtime expenses. However, in October 2024, the City began operating under the budget contingency plan, which reduced OPD's overtime by \$1,785,478, resulting in a new authorized overtime budget of \$42,853,422. This reduction was retroactively applied to September 2024.

On December 17, 2024, an additional \$20,000,000 reduction was approved by the City Council through the amended budget, reducing OPD's overtime to \$22,853,422. This action resulted in an overall 51% reduction in overtime from the beginning of the FY (July 2024). It's important to note that when the overtime budget was reduced to \$22,853,422, OPD had already exceeded this amended amount by \$4,308,458, resulting in a total overtime expenditure of \$27,161,880. This was due, in part, to insufficient staffing and resources to meet the workload demands driven by citywide crime trends.

As of today's date, OPD is authorized and budgeted for 601 sworn positions. However, the Department currently has 667 sworn staff members, or 66 positions more than what is budgeted. Although the Department has operated above its budgeted staffing levels during the first three quarters of the fiscal year, staffing and resource levels remain insufficient to address crime in Oakland. As of the third quarter (Q3) of this fiscal year, OPD has incurred \$37,156,650 in overtime costs, averaging \$4,128,517 per month. Of this amount, \$6,088,761 was reimbursable overtime, which will be deposited into the General Purpose Fund (GPF), offsetting the net overtime cost to \$31,067,889.

In December 2024, the Department implemented a 20% reduction in overtime spending to better align monthly expenditures with budgetary expectations. This adjustment set a target of \$3,459,918 in average monthly expenditures, or \$10,379,745 per quarter. In the third quarter, actual overtime expenditures totaled \$7,972,116, coming in \$2,407,638 under the quarterly target. Despite this progress, based on year-to-date spending through Q3, the Department is still projected to exceed its budget contingency plan adjustment, overtime budget by approximately \$26,688,779.

The Department anticipates an additional \$2,029,587 in reimbursable overtime, bringing the total estimated reimbursement to \$8,118,348. These funds will be deposited into the GPF, reducing OPD's projected total amended overtime overage to approximately \$18,570,431.

The Department's primary goals are to reduce violent crime and enhance public safety. Achieving these objectives requires the use of overtime, which has led to increased spending in the Communications Division, Area 1, Area 3, Special Operations Division (SOD), and the Training Division. Additionally, it is also important to note that as of the date of this memo, 108 sworn personnel are completely off work due to administrative and medical leave, further underscoring the need for overtime to backfill vacant positions throughout the Department.

Below is a thorough breakdown of the key areas contributing to overtime overspending in the five units detailed above:

**Communication Division:** The Communications Division has relied heavily on overtime to mitigate staffing shortages. In Q3, 16 dispatchers were in training and 12 positions were vacant, necessitating overtime to backfill 28 positions. Additionally, five dispatchers were on long-term leave, and two were on administrative leave, bringing the total number of backfilled positions to 35 out of an authorized 78. Overtime expenses were incurred to compensate for vacancies, training, and extended leaves of absence.

Furthermore, four supervisory positions remain vacant due to voluntary resignations and promotions. These roles are currently being backfilled through overtime and acting assignments.

As the Department continues to hire to fill dispatcher and supervisory vacancies, overtime expenditures are expected to decrease as permanent staff assume these roles, thereby reducing the need for overtime coverage.

**Area 1:** In Q3, Area 1 undertook several targeted overtime deployments authorized by the Captain to address specific safety and crime issues. These initiatives included a Violence Suppression detail consisting of one Sergeant and four Police Officers, a Chinatown detail staffed with four Police Officers, and a Night Club detail, typically active on weekends with one to two Police Officers.

Most overtime expenditures in Area 1 are attributed to backfill. There have been several open beats due to vacancies at both the Officer and Sergeant levels. These vacancies require backfill every day, and Area 1 is among the leading areas for this expense. Additional expenses arise from administrative duties, including Internal Affairs investigations, Use of Force investigations, and assessments related to the Negotiated Settlement Agreement (NSA) monitoring tasks 24 and 25. These obligations are in addition to routine backfill required for officers on leave, training, or reassignment.

Furthermore, major holidays and city events regularly result in extensions of the first and third watch patrol shifts, as the second watch serves as the Mobile Field Force contingent, often necessitating additional hours.

Overtime deployments at the Port of Oakland and Jack London Security were reimbursable by the Port of Oakland. While a long-term weekend deployment strategy was being developed, overtime officers provided a visible downtown presence, supported by shifting resources from patrol units.

All discretionary overtime in Area 1 ended in November 2024. The captain will continue to assess the need for overtime units with the level of violent crime in Area 1.

**Area 3:** In Q3, overtime expenditures were impacted by human trafficking-related operations. Area 3 had four officers assigned to the FBI Task Force sworn in as U.S. Marshals. The FBI provided partial reimbursement for these operations, covering approximately \$10,000 annually. Mandatory overtime was necessary to fill gaps left by Officers in training, on sick leave, or on vacation, and to meet administrative deadlines due to investigative backlogs. Mandatory overtime was used to complete NSA-required administrative tasks.

No additional discretionary overtime was used during this period. Area 3 has demonstrated consistent monthly overtime reductions. Moving forward, the Captain will continue to assess overtime deployment needs in response to the violent crime trends in the area.

**SOD:** In Q3, SOD exceeded its overtime budget due to increased operational demands and specialized responsibilities, including:

- **Administrative Responsibilities** - SOD played a critical role in division-level investigations, such as use-of-force and pursuit inquiries, leading to higher overtime costs. Additionally, SOD managed the compilation and maintenance of the annual Military Equipment Utilization (MEU) report, further contributing to overtime expenditures.
- **Air Support Demand** - The growing demand for air support from the ARGUS Unit, coupled with the integration of FLOCK Group cameras, necessitated daily coverage. This increased overtime costs, as air support remains essential for safely apprehending suspects and preventing pursuits.
- **Encampment Management Team (EMT) Cleanups** - SOD collaborated with EMT to ensure safe work zones for EMT employees during encampment cleanups. Some operations required a significant number of officers to maintain safety, driving up overtime expenditures.
- **Alcohol Beverage Action Team (ABAT) Operations** - The ABAT Unit experienced increased demand for business inspections triggered by gun violence in specific areas. These inspections, aimed at seizing illegal contraband, added to SOD's overtime costs.
- **Third-Party Services** - SOD provided police services for businesses and city requests generating reimbursable overtime expenses. Although billed to requesting entities, these services initially impact SOD's overtime budget.
- **Critical Incident Response** - Special Weapons and Tactics (SWAT) team activations for urgent, high-risk incidents incurred unavoidable overtime costs to ensure public safety. This includes partial activations of elements of the entry team, such as the Hostage Negotiations team (H&T), K-9, and Electronic Surveillance Team (ESU).
- **Special Resource Service (SRS) East Operations** - SRS East units conducted multiple operations targeting gun violence linked to groups, gangs, and illegal casinos. These



operations involved search warrant services, surveillance, and administrative duties, contributing to elevated overtime expenses.

- **SRS East/SOD backfill** - Due to the termination of all loans from patrol, SOD units experienced a significant reduction in staffing. To maintain daily operations, multiple positions must be backfilled through overtime, which has resulted in increased expenditures.

**Training Division:** The overtime budget was reduced by \$1,785,478 as part of the contingency budget which postponed two scheduled academies. This adjustment left \$234,522 to support the 194th Academy and cover overtime needs for the remainder of the FY.

The Training Division encompasses several key components that require overtime to sustain operations, including administrative functions, In-Service Training, Basic Academy, and the Field Training Unit.

- **Administrative Responsibilities** - Overtime was necessary to complete and assist with Internal Affairs investigations, Use of Force investigations, audits of Use of Force investigations, Force Review Board preparations, Personnel Assessment System (PAS) reviews, and Skelly Hearings.
- **In-Service Training** - Overtime was necessary to facilitate mandatory 4-hour Peace Officer Standards and Training (POST) firearms qualification sessions and weekly Continued Professional Training (CPT). Additionally, it was required for defensive tactics, arrest, and control instructors to complete CPT, remedial training, and supplemental training. The POST transitional academy, associated with each Basic Academy class, often required instructors to work overtime to deliver their instructional modules, including Procedural Justice training, further increasing overtime expenditures.
- **Basic Academy** - Overtime was essential to support various learning domains. Instructors frequently worked extra hours due to scheduling constraints at off-site training facilities, with some sessions extending into weekends.
- **Field Training Unit** - Overtime was required to facilitate focus group meetings that aligned with the schedules of sworn personnel. Supervisors also incurred overtime due to administrative responsibilities, including division-level investigations and reviews. Furthermore, overtime was utilized for supplemental training, covering both individual officer sessions and group sessions.

### Fire

Based on first quarter actuals, a straight-line projection of Fire Department spend for personnel (including overtime) was on pace for \$169.52M (\$34.95M in overtime costs), \$32.27M over the revised budget for Fire personnel after the Contingency Budget took effect, and still \$12.31M over Fire's original baseline FY 2025 personnel budget of \$157.21M. Since the Q1 report was published, Fire has identified a few key examples of Q1 and Q2 Personnel and Overtime (OT) expenses that will not continue throughout the year and has updated the projection of personnel

and OT costs accordingly. These adjustments include personnel costs initially expensed to Fund 1010 to be being cost shifted to Measure Z, as well as elevated levels of OT incurred in July to backfill staff support for training the most recent Academy cadre. Given that another academy will not be held in FY 25, this specific OT support will not occur. On the revenue/reimbursement side, approximately \$1.2M in known reimbursements for CalOES deployments that occurred through January 2025 were requested for reimbursement by the end of Q3, including support for the Eaton Fire in Pasadena.

The other major anticipated impact to department OT costs through the end of FY 25 is the application of the contingency budget measures, most notably the browning out of Stations 25 and 28, which took effect in early January 2025. The closing of each station equates to a projected savings of approximately \$2.5M per station for the period of January through June 2025. Daily fire station staffing levels have been reduced from 137 to 129 and the reallocation of those staff into open shift slots at other stations across the city eliminates 1/3 of average daily overtime shifts. While the brownouts project to reduce a net \$5.0M in personnel savings, OT costs related to backfilling vacancies have risen due to retirements since the beginning of the fiscal year. These personnel cost revisions all add up to a reduction of projected year end OT expenses of \$7.9M and total reduction of \$5.8M in projected Fire personnel expenses compared to Q1. The revised FY 2025 projected year-end total Fire personnel cost to the GPF of \$163.74 is nearly \$2.7M under FY 2024 actuals.

If Station 25 and 28 are able to reopen, along with the newly renovated Station 10, it is estimated to require an additional \$2.0M in budget support to staff those stations beginning with a targeted start date of May 18th through the remainder of the fiscal year.

A historical analysis of Fire's Personnel budget is shown in **Table 11** below.

**Table 11: Year-Over-Year Comparison of Public Safety GPF Personnel Expenditures (\$ in millions)**

<b>Police Department</b>					
<b>Overtime (OT)</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY2022-23</b>	<b>FY2023-24</b>	<b>FY2024-25</b>
Adjusted Budget	15.39	33.36	30.90	24.19	42.85
Actuals (FY25 Proj)	29.18	34.35	51.16	55.24	47.19
<b>(Over)/Under</b>	<b>(13.79)</b>	<b>(0.99)</b>	<b>(20.26)</b>	<b>(31.05)</b>	<b>(4.34)</b>
<b>All Other Personnel (non-OT)</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY2022-23</b>	<b>FY2023-24</b>	<b>FY2024-25</b>
Adjusted Budget	239.29	245.01	252.38	262.50	226.07
Actuals (FY25 Proj)	244.23	234.29	182.02	253.22	245.28
<b>(Over)/Under</b>	<b>(4.94)</b>	<b>10.71</b>	<b>70.36</b>	<b>9.29</b>	<b>(19.20)</b>
<b>Total Personnel</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY2022-23</b>	<b>FY2023-24</b>	<b>FY2024-25</b>
Adjusted Budget	254.68	278.37	283.28	286.69	268.93
Actuals (FY25 Proj)	273.41	264.27	233.18	308.45	292.47
<b>(Over)/Under</b>	<b>(18.73)</b>	<b>14.09</b>	<b>51.57</b>	<b>(21.76)</b>	<b>(23.54)</b>
<b>Fire Department</b>					
<b>Overtime (OT)</b>	<b>FY 2020-21</b>	<b>FY2021-22</b>	<b>FY2022-23</b>	<b>FY2023-24</b>	<b>FY2024-25</b>
Adjusted Budget	4.22	19.83	11.19	13.80	10.66
Actuals (FY25 Proj)	24.22	29.83	29.96	29.24	27.07
<b>(Over)/Under</b>	<b>(20.00)</b>	<b>(10.00)</b>	<b>(18.77)</b>	<b>(15.43)</b>	<b>(16.41)</b>
<b>All Other Personnel (non-OT)</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY2022-23</b>	<b>FY2023-24</b>	<b>FY2024-25</b>
Adjusted Budget	144.73	132.44	143.28	163.79	126.65
Actuals (FY25 Proj)	126.99	119.50	129.85	137.19	136.67
<b>(Over)/Under</b>	<b>17.74</b>	<b>12.94</b>	<b>13.44</b>	<b>26.59</b>	<b>(10.02)</b>
<b>Total Personnel</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY2022-23</b>	<b>FY2023-24</b>	<b>FY2024-25</b>
Adjusted Budget	148.95	152.27	154.47	177.59	137.31
Actuals (FY25 Proj)	151.21	149.33	159.80	166.43	163.74
<b>(Over)/Under</b>	<b>(2.26)</b>	<b>2.94</b>	<b>(5.33)</b>	<b>11.16</b>	<b>(26.43)</b>

**Historical Police Overtime**

As **Table 11** above shows, Police has overspent its overtime budget on each of the prior 4 years shown. In FY 2020-21, Police's total overtime overspending amounted to being \$13.79 million over their budget, in FY 2021-22 it was \$0.99 million over budget, in FY 2022-23 it was \$20.26 million over budget, and in FY2023-24 it was \$31.05 million over budget. FY 2021-22 overspent in overtime by \$0.99 million but there was a savings of \$14.09 million in personnel costs overall

and FY 2022-23 overspent in overtime by \$20.26 million but there was a savings of \$51.57 million in personnel costs overall since higher attrition rates led to salary savings due to vacancies. The savings were despite the rising salary and benefit costs from the City's contract-mandated COLA increase to Sworn employees. In FY 2024-25, Police projects to overspend its Personnel budget by \$35.11 million at year end due to overspending in Overtime in the amount of \$12.38 million and Personnel in the amount of \$22.73 million.

In FY 2020-21, the Police spent \$11.90 million in Special Enforcement overtime, which accounted for 40.8% of the total overtime for that year. Of this amount \$11.90 million, police coverage of demonstrations and protests accounted for \$2.3 million, sideshows enforcement accounted for \$1.4 million. To meet the FY 2020-21 midyear reductions, the Police Department began to curtail its Special Enforcement overtime in January of 2021, which dropped to \$11.9 million for FY 2020-21.

In FY 2021-22 the Police spent \$15.36 million in Special Enforcement overtime, which accounted for 44.7% of the total overtime for that year. Of this \$15.36 million, sideshows enforcement accounted for \$2.2 million. In addition, OPD spent \$2.5 million on Backfill and \$2.0 million on Extension of Shift overtime for Uptown Violence in response to several tragic shootings and homicides in the downtown area, entertainment and club scenes, and residential areas adjacent to these areas.

In FY 2022-23 the Police spent a total of \$51.16 million in overtime. Police spent \$10.13 million in Special Enforcement overtime, which accounted for 19.8% of the total overtime and spent \$9.01 million in Area 1 which accounted for 17.6% of the total overtime for that year. Special enforcement overtime, which involves special events requiring sworn officers to assist with public safety. Although the SOD spent \$10.13 million in overtime, the Department received \$4.9 million in reimbursable overtime.

In FY 2023-24 the Police spent \$11.27 million in Special Enforcement overtime, which accounted for 20.4% of the total overtime for that year and spent \$5.83 million in Area 1 and \$3.98 million in Area 3. The SOD exceeded its overtime budget due to numerous special events requiring operational staff to work overtime. In addition, the Air Unit within the SOD operated nearly seven days a week despite only having six members, one member was on long-term modified work duty and unable to pilot, this lead to overtime in order to meet the operational demands.

A significant portion of Police's personnel policies are mandated from the Negotiated Settlement Agreement (NSA), which therefore also impacts the Police Department's overtime use. Of pertinence, two of NSA mandates on Police have particular impact on patrol overtime. The first is that a patrol sergeant may not supervise more than eight officers. The second is that Police cannot use acting sergeants in patrol. Taken together, a significant amount of overtime is generated because Police must have five regular permanent (not temporary acting) sergeants in patrol for every shift to supervise the minimum of 35 officers. The NSA requires the City to therefore expend a portion of its overtime for "backfill" and "extension of shift" overtime to meet this mandate.

Please refer to the Police Department's **Q3** Overtime Report for additional details.

### Historical Fire Overtime

Overtime expenses above budgeted levels is an annual challenge for Fire due to systemic causes. As shown in **Table 11** above, Fire's overtime exceeded its budgeted amount \$20.00 million in FY 2020-21, \$10.00 million in FY 2021-22, \$18.77 million in FY 2022-23, and \$15.43 million in FY 2023-24.

The Fire Department's overtime use is due to three main causes: unfilled vacant positions, compliance requirements within the Local 55 MOU for minimum staffing provisions, and significant numbers of personnel out on long-term disability leave (work related injuries) all requiring overtime shifts to cover these leaves or vacancies. Due to the Local 55 MOU, most of Fire's overtime is used to backfill required Fire Suppression minimum service levels. Since FY 2020-21, the COVID-19 pandemic related illnesses and quarantine regulations have resulted in elevated levels of overtime. Another contributing factor to Fire's higher use of overtime in recent years is a higher level of sworn staff out on paid disability leave, which has forced the department to utilize overtime to backfill. Fire HR/Personnel Team was worked hard to support staff out of leave to help then return to work, and in past year has brought down the number on extended leave from 61 to 27.

In addition, staffing academies requires the department to pull personnel from their regularly scheduled shifts in the fire house to serve as instructors in the academy cadre, and thereby creating vacancies in the fire house which must be filled at the overtime rate. This affects any season in which the department is actively training an academy.

This overtime overspending has traditionally been offset with savings in all other personnel (non-OT) pay due to the volume of vacancies throughout the year. The non-OT savings in FY2023-24 of \$26.59 million resulted in a net underspend of overall GPF funded personnel in the amount of \$11.16 million.

### III. GENERAL PURPOSE FUND - FUND BALANCE

The City's GPF Fund Balance, net obligations and adjustments, is projected to end FY 2024-25 at negative \$61.46 million. Obligations may include reserves required by City Ordinances or the City Charter (mandated emergency reserves). **Table 12** below adds to the projected ending fund balance return of excess fund balance from the Equipment Fund (4100) totaling \$8.32 million, deducts restricted set-asides for legal settlements in the amount of \$3.47 million, and deducts the use of fund balance for opioids in the upcoming biennial budget in the amount of \$1.13 million, combining to improve the estimated FY 2024-25 year-end available fund balance from negative \$61.46 million to negative \$57.75 million. The estimated FY 2024-25 available Fund Balance is the amount of unobligated funding available to the City in the GPF.

**Table 12: FY 2024-25 Year-End Available GPF Fund Balance**

GENERAL PURPOSE FUND (1010)		FY 2024-25 Q3 Year-End Estimate
<b>Beginning Fund Balance - Audited</b>		<b>(6.83)</b>
Revenue		756.19
Expenditures		810.83
Estimated Current Year Surplus/(Shortfall)		<b>(54.64)</b>
<b>Estimated Ending Fund Balance</b>		<b>(61.46)</b>
<b>Use of Fund Balance in FY 2024-25</b>		
Return of Excess Fund Balance in Equipment Fund		<b>8.32</b>
Legal Settlements		<b>(3.47)</b>
Opioid Programming in FY25-27 Proposed Budget		<b>(1.13)</b>
<b>Estimated Ending Fund Balance</b>		<b>(57.75)</b>

#### IV. RESERVES

On December 9, 2014 Council Ordinance No. 13279 amended the City's Consolidated Fiscal Policies to include designated reserves for both the Vital Services Stabilization Fund and for the acceleration of long-term obligations, in addition to the mandated 7.5% GPF Emergency Reserve (refer to the City of Oakland Consolidated Fiscal Policy, Section I, Part C: Use of Excess Real Estate Transfer Tax). It is important to note that while these balances are designated each fiscal year, reserve appropriations adopted in subsequent fiscal years may include any prior year true-ups.

##### Emergency Reserve

The City's GPF Emergency Reserve was budgeted at 7.5% of the FY 2022-23 GPF Adopted Budget of \$872.07 million. As of June 30, 2024, the balance in this reserve was \$70.16 million, or approximately 8.1% of the FY 2023-24 GPF Adopted Budget of \$863.68 million. The reserve is approximate to one month of FY 2023-24 Adopted Budget in the GPF. This reserve will be held in Fund 1011 as directed by Council in Resolution 88717 C.M.S. The reserve requirement, pursuant to the CFP has been met.

However, the emergency reserve policy level of 7.5% is inadequate to sustain city services in an economic downturn as evidenced by the events of the last 2 years. The recommended policy level is 16.7% or two months of operating expenditures. This recommended level is supported by best practices outlined by the Government Finance Officer's Association's (GFOA).

##### Vital Services Stabilization Fund

The Vital Services Stabilization Fund (VSSF) was established in 2014 by City Council after the Great Recession to serve as the City's "Rainy Day" fund. Per the Consolidated Fiscal Policy, 25% of excess RETT revenue is intended to go into the VSSF. The FY 2022-23 ending available balance of \$10.27 million was assumed in its entirety in the FY 2024-25 Adopted Budget to balance expenditures as City Council declared that the City is experiencing a severe financial event and state of extreme fiscal necessity. The target funding level per the City's Consolidated Fiscal Policy is \$125.22 million, or 15% of the GPF revenues.

**Table 13** below shows the estimated FY 2024-25 year end reserve balances.

**Table 13: FY 2024-25 Q3 Reserve Balances (\$ in millions)**

Description	FY 2023-24 Beginning Balances	FYE Estimated 2023-24 Balances
Mandated Emergency Reserves FY 2022-23*	66.63	70.16
Vital Services Stabilization Fund	10.27	—
OMERS Reserves (Reso. No. 85098 C.M.S)	2.36	2.36
GPF Balancing		(9.62)
<b>Total Reserves</b>	<b>79.26</b>	<b>62.90</b>

*\*The 7.5% GPF reserve is not a cumulative balance*

## V. SELECTED Q3 NON-GPF

This section of the FY 2024-25 **Q3** report contains additional analysis on selected non-GPF funds. For additional fund descriptions, please visit <https://stories.opengov.com/oaklandca/published/dhbkIVRjPB>. This **Q3** report discusses selected funds that are of special interest to the City because the revenue comes from a special tax or local measure, or because of the particular revenue or expenditure restrictions. For these funds, the revenue tables below will show year-end estimates compared to the adopted budget. The expenditure tables in this section compares the FY 2024-25 Adopted Budget to FY 2024-25 year-end estimates.

The fund balance tables compare the FY 2024-25 unaudited beginning fund balance to the FY 2024-25 projected ending fund balance for these funds. Please note that some of the fund tables below show a budgeted transfer from fund balance for FY 2024-25. These amounts represent dollars designated to balance the Adopted Budget or to cover carry forward expenditures.



## **Measure HH - Sugar Sweetened Beverage Distribution Tax (SSBT) Fund (1030)**

Measure HH - SSBT Fund (1030) is a City of Oakland ballot initiative approved by voters on November 8, 2016, that established a general tax of one cent per fluid ounce on the sugar sweetened beverage products. The tax is imposed upon the first non-exempt distribution of sugar-sweetened beverage products in the City. While this revenue is not restricted by State statute, City Council has elected to restrict it by policy and separate it into its own fund because the primary purpose of the tax is to raise revenue to support programs designed to discourage sugar consumption and to reduce the growing burden of obesity and non-communicable diseases.

The measure formed a nine-member Community Advisory Board, appointed by the Mayor, and approved by City Council. The Board is responsible for:

1. Making recommendations to City Council on use of funding/programs that will reduce the health consequences from consuming sugar-sweetened beverages (final allocations are still determined by City Council).
2. Publishing an annual report regarding the implementation of the Board's recommendations and the impact on the use of these funds.

Revenues - In the **Third** quarter (**Q3**) of FY 2024-25, collections from Measure HH came in at \$4.28 million, which is 29.7% of the adjusted budget of \$14.39 million, and now project to end the year at \$6.87 million, which is \$7.52 million or 52.3% under the Adjusted Budget. The adjusted budget includes \$6.09 million in use of fund balance to cover carryforwards from FY 2023-24 and \$1.41 million in use of fund balance to cover expenditures as adopted in the budget. Excluding the use of the fund balance, the projected revenue from Measure HH for the year based on Q3 trends is expected to be \$6.55 million which is \$0.34 million or 4.9% under budget. Collections of the SSBT to date are 4% lower when compared to the same period in FY 2023-24 which ended the year at \$6.68 million.

**Table 14: FY 2024-25 Measure HH (SSBT) Fund Revenues (\$ in millions)**

Revenue Category	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Local Tax	6.90	3.96	6.55	(0.34)	(4.9)%
Interest Income	—	0.33	0.33	0.33	— %
Miscellaneous Revenue	—	(0.01)	(0.01)	(0.01)	— %
Transfers from Fund Balance	1.41	—	—	(1.41)	(100.0)%
Project Offsets & Carryforwards	6.09	—	—	(6.09)	(100.0)%
<b>Total Revenue</b>	<b>14.39</b>	<b>4.28</b>	<b>6.87</b>	<b>(7.52)</b>	<b>(52.3)%</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2024-25 year-end expenditures are projected to come in at \$12.15 million, which is a savings of \$2.24 million, compared to the Adjusted Budget of \$14.39 million. The savings are primarily due to underspending in personnel costs.

**Table 15: FY 2024-25 Measure HH (SSBT) Fund Expenditures (\$ in millions)**

Agency / Department	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	1.94	—	1.94	—	— %
City Administrator	3.30	1.15	3.44	(0.14)	(4.3)%
Economic and Workforce Development Department	0.59	0.37	0.55	0.03	5.2 %
Finance Department	0.37	0.05	0.35	0.02	6.2 %
Human Services Department	2.51	0.47	1.58	0.93	37.0 %
Oakland Parks and Recreation Department	5.63	2.62	4.21	1.41	25.1 %
Oakland Public Library Department	0.04	—	0.04	—	— %
Oakland Public Works Department	0.03	0.01	0.04	(0.01)	(56.0)%
<b>Total</b>	<b>14.39</b>	<b>4.67</b>	<b>12.15</b>	<b>2.24</b>	<b>15.6 %</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

Fund Balance - FY 2024-25 revenue is projected to end the year at \$6.87 million. Expenditures are projected to end the year at \$12.15 million. This results in a current year estimated operating shortfall of \$5.28 million. \$2.55 million of the fund balance will be used to balance the GPF in FY 2024-25. Therefore, the estimated available fund balance in Measure HH (SSBT) Fund (1030) is expected to decrease from \$11.65 million to \$3.82 million.

**Table 16: FY 2024-25 Measure HH (SSBT) Fund Year-End Available Fund Balance (\$ in millions)**

MEASURE HH SSBT (1030)	FY 2024-25 Q3 Year-End Estimate
<b>Beginning Fund Balance - Audited</b>	\$ 11.65
Revenue	6.87
Expenditures	12.15
Estimated Current Year Surplus/(Shortfall)	(5.28)
<b>Estimated Ending Fund Balance</b>	6.37
<b>Use of Fund Balance in FY 2024-25</b>	
GPF Balancing	(2.55)
<b>Estimated Ending Fund Balance</b>	3.82

### Self-Insurance Liability Fund (1100)

The Self-Insurance Liability Fund (1100) receives contributions from the General Purpose Fund and select funds to cover costs associated with liability claims and settlements, insurance premiums, outside legal services, and court costs. Projecting these costs, particularly the settlements, are difficult as they are driven by being sued sporadically and with varying settlement values. Additionally, Insurance costs continue to increase over time due to market factors within the national insurance environment. Fixes will be in arrears as the negative balances must be trued up.

Revenues - Through the **Third** quarter (**Q3**) of FY 2024-25, collections from the Self-Insurance Liability Fund have come in at \$65.50 million, and are projected to come in at \$63.75 million, which is \$2.25 million or 3.6% over the Adjusted Budget of \$61.50 million driven by miscellaneous revenue not anticipated in the budget. Per Resolution 90655, contributions from interfund transfers coming out of the GPF will be reduced by \$1.75 million due to fewer liability case expenditures.

**Table 17: FY 2024-25 Self-Insurance Liability Fund Revenues (\$ in millions)**

Revenue Category	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Interest Income	—	0.27	0.27	0.27	— %
Miscellaneous Revenue	—	3.73	3.73	3.73	— %
Interfund Transfers	61.50	61.50	59.75	(1.75)	(2.8)%
<b>Total Revenue</b>	<b>61.50</b>	<b>65.50</b>	<b>63.75</b>	<b>2.25</b>	<b>3.6%</b>

Expenditures - FY 2024-25 year-end expenditures are projected to come in at \$62.23 million, which is an overage of \$0.73 million, compared to the Adjusted Budget of \$61.50 million.

**Table 18: FY 2024-25 Self-Insurance Liability Fund Expenditures (\$ in millions)**

Agency / Department	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
City Attorney	2.46	1.86	2.46	—	— %
Fire Department	2.28	0.05	2.28	—	— %
Non Departmental and Port	45.94	45.70	46.67	(0.73)	(1.6)%
Oakland Parks and Recreation Department	0.63	—	0.63	—	— %
Oakland Public Works Department	2.94	0.08	2.94	—	— %
Police Department	7.25	0.91	7.25	—	— %
<b>Total Expenditures</b>	<b>61.50</b>	<b>48.60</b>	<b>62.23</b>	<b>(0.73)</b>	<b>(1.2)%</b>

Fund Balance - FY 2024-25 revenue is projected to end the year at \$63.75 million. Expenditures are projected to end the year at \$62.23 million. This results in a current year estimated operating surplus of \$1.52 million. \$14.85 million of the fund balance will be used to balance the GPF in FY 2024-25, and \$8.23 million of excess fund balance to return to various contributing funds. Therefore, the estimated available fund balance in the Self-Insurance Fund (1100) is projected to decrease from \$23.10 million to \$1.54 million.

**Table 19: FY 2024-25 Self-Insurance Liability Fund Year-End Available Fund Balance (\$ in millions)**

SELF-INSURANCE LIABILITY FUND (1100)		FY 2024-25 Q3 Year-End Estimate
<b>Beginning Fund Balance - Audited</b>		<b>\$ 23.10</b>
Revenue		63.75
Expenditures		62.23
Estimated Current Year Surplus/(Shortfall)		1.52
<b>Subtotal Fund Balance</b>		<b>24.62</b>
<b>Use of Fund Balance in FY 2024-25</b>		
GPF Balancing		(14.85)
Excess FB Return		(8.23)
<b>Estimated Ending Fund Balance</b>		<b>1.54</b>

### Affordable Housing Trust Fund (1870)

The Affordable Housing Trust Fund's (1870) main revenue is redevelopment dissolution funds from the County's Real Property Tax Trust Fund (RPTTF). RPTTF is an unrestricted property tax revenue source collected by the County; however, City Council has chosen to restrict 25% of its value for uses related to affordable housing. Fund 1870 revenues are then provided as loans and grants for the development of rental and owner-occupied affordable housing within the City.

Revenues - Through the **Third** quarter (**Q3**) of FY 2024-25, collections from the Affordable Housing Trust Fund have come in at \$8.25 million which is 19.5% of the Adjusted Budget and are projected to come in at \$17.61 million, which is \$24.75 million or 58.4% lower than the Adjusted Budget of \$42.36 million. The Adjusted Budget assumes the use of \$25.71 million in fund balance to support expenditure carryforwards and \$0.82 million to balance expenditures as adopted in the budget. Excluding the use of the fund balance, the projected revenue for the year is expected to be \$17.61 million which is \$1.78 million or 11.2% over budget due primarily to an increase in assessed value of taxable property in the City leading to slightly higher than expected corresponding property tax collections.

**Table 20: FY 2024-25 Affordable Housing Trust Fund Revenues (\$ in millions)**

Revenue Category	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Property Tax	15.83	6.80	16.17	0.33	2.1 %
Interest Income	—	0.86	0.86	0.86	— %
Service Charges	—	0.61	0.61	0.61	— %
Miscellaneous Revenue	—	(0.02)	(0.02)	(0.02)	— %
Transfers from Fund Balance	0.82	—	—	(0.82)	(100.0)%
Project Offsets & Carryforwards	25.71	—	—	(25.71)	(100.0)%
<b>Total Revenue</b>	<b>42.36</b>	<b>8.25</b>	<b>17.61</b>	<b>(24.75)</b>	<b>(58.4)%</b>

Expenditures - FY 2024-25 year-end expenditures are projected to come in at \$37.22 million, which is an underspend of \$5.14 million, when compared to the Adjusted Budget of \$42.36 million.

**Table 21: FY 2024-25 Affordable Housing Trust Fund Expenditures (\$ in millions)**

Agency / Department	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
City Administrator	0.56	0.44	0.59	(0.03)	(5.9)%
City Attorney	0.21	0.16	0.22	—	(1.3)%
City Auditor	0.04	—	—	0.04	95.2 %
Economic and Workforce Development Department	0.59	0.20	0.27	0.32	54.5 %
Finance Department	0.28	0.22	0.29	(0.01)	(3.4)%
Housing and Community Development Department	40.46	25.04	35.74	4.72	11.7 %
Human Services Department	0.12	0.01	0.01	0.10	87.4 %
Non Departmental and Port	—	—	(0.01)	0.01	— %
<b>Total Expenditures</b>	<b>42.36</b>	<b>26.07</b>	<b>37.22</b>	<b>5.14</b>	<b>12.1 %</b>

Fund Balance - FY 2024-25 revenue is projected to end the year at \$17.61 million. Expenditures are projected to end the year at \$37.22 million. This results in a current year estimated operating shortfall of \$19.61 million. \$5.78 million of the fund balance will be used to balance the GPF in FY 2024-25. There is a \$0.01 million return of excess fund balance from the Equipment Fund (4100). Also, there is a \$14.68 million transfer to the Jobs Housing Impact Fee Fund (1871) and the Affordable Housing Impact Fee Fund (1872). Therefore, the estimated available fund balance in the Affordable Housing Trust Fund is expected to decrease from \$37.49 million to negative \$2.57 million in FY 2024-25.

**Table 22: FY 2024-25 Affordable Housing Trust Fund Year-End Available Fund Balance (\$ in millions)**

AFFORDABLE HOUSING TRUST FUND (1870)		FY 2024-25 Q3 Year-End Estimate
<b>Beginning Fund Balance - Audited</b>		<b>\$ 37.49</b>
Revenue		17.61
Expenditures		37.22
Estimated Current Year Surplus/(Shortfall)		<b>(19.61)</b>
<b>Subtotal Fund Balance</b>		<b>17.88</b>
<b>Use of Fund Balance in FY 2024-25</b>		
GPF Balancing		<b>(5.78)</b>
Return of Excess Fund Balance in Equipment Fund		0.01
Impact Fee Fund Transfer		<b>(14.68)</b>
<b>Estimated Ending Fund Balance</b>		<b>(2.57)</b>



### **Measures BB & F Funds (2215, 2217, 2218, 2219, 2220)**

Measure BB and F Funds are administered by the Alameda County Transportation Commission (ACTC) which manages the following local fund sources:

1. Measure BB, passed by voters in November 2014, authorized collection of the initial half-cent transportation sales tax by the Board of Equalization. Collection began on April 1, 2015 and extended through March 31, 2022 as a compliment to Measure B which sunset in March 2022. The full one-cent sales tax authorized by Measure BB took effect April 1, 2022 and will extend through March 31, 2045. Starting in July 2015, Alameda CTC began making monthly direct local distribution payments to local jurisdictions and transit agencies, per the 2014 Transportation Expenditure Plan, for the following programs: local streets and roads (including county bridges), bicycle and pedestrian, transit, and paratransit.
2. Measure F, approved by voters in November 2010, authorizes the collection of \$10 per year per vehicle registration fee to fund the Local Road Improvement & Repair Program and other congestion relief, transportation technology, and pedestrian/bicyclist safety programs in Alameda County.

Revenues - In the **Third** quarter (**Q3**) of FY 2024-25, collections from Measure BB came in at \$22.60 million, which is 24.2% of the Adjusted Budget of \$93.43 million. The Sales tax collected for these funds is administered through the County and are submitted to the City in tranches. Therefore, the Q3 trends may not be a linear representation of yearly revenues. Projected year-end revenues are \$37.47 million, which is \$55.95 million or 59.9% under the Adjusted Budget. The Adjusted Budget for FY 2024-25 includes \$16.16 million in use of fund balance to balance expenditures adopted in the budget and an extra \$39.57 million from the fund balance to cover carry forwards from the previous fiscal year. Net of use of fund balance, Sales Tax from Measure BB are expected to be \$34.20 million, which is \$1.68 million or 4.7% under the Adjusted Budget, according to the most recent estimates from the Alameda County Transportation Commission (ACTC) as of December 2024.

**Table 23: FY 2024-25 Measure BB & F Fund Revenues (\$ in millions)**

Revenue Category	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Sales Tax	35.88	20.04	34.20	(1.68)	(4.7)%
Interest Income	—	1.54	1.54	1.54	— %
Service Charges	—	0.09	0.09	0.09	— %
Grants & Subsidies	1.81	—	—	(1.81)	(100.0)%
Miscellaneous Revenue	—	0.92	1.64	1.64	— %
Transfers from Fund Balance	16.16	—	—	(16.16)	(100.0)%
Project Offsets & Carryforwards	39.57	—	—	(39.57)	(100.0)%
<b>Total Revenue</b>	<b>93.43</b>	<b>22.60</b>	<b>37.47</b>	<b>(55.95)</b>	<b>(59.9)%</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2024-25 year-end expenditures are projected to come in at \$80.17 million, which is a savings of \$9.76 million, compared to the Adjusted Budget of \$89.93 million. The savings is primarily due to underspending in personnel costs.

**Table 24: FY 2024-25 Measure BB/F Funds Expenditures (\$ in millions)**

Agency / Department	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	35.94	3.38	36.07	(0.13)	(0.4)%
City Administrator	0.41	0.18	0.23	0.18	42.8 %
City Attorney	0.05	0.02	0.03	0.02	45.7 %
Department of Transportation	43.15	20.50	34.62	8.53	19.8 %
Finance Department	0.01	—	0.01	—	— %
Human Resources Management Department	—	—	—	—	— %
Human Services Department	6.96	1.89	6.37	0.59	8.5 %
Information Technology Department	—	—	—	—	— %
Mayor	—	—	—	—	— %
Non Departmental and Port	0.17	—	0.15	0.02	11.7 %
Oakland Public Works Department	2.96	1.61	2.38	0.57	19.4 %
Police Department	—	0.01	0.01	(0.01)	469.6 %
<b>Total Expenditures</b>	<b>89.93</b>	<b>27.59</b>	<b>80.17</b>	<b>9.76</b>	<b>10.9 %</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

Fund Balance - FY 2024-25 revenue is projected to end the year at \$37.47 million. Expenditures are projected to end the year at \$80.17 million. This results in a current year estimated operating shortfall of \$42.70 million, decreasing the estimated available fund balance in the Measure BB/F Funds from \$57.73 million to \$15.03 million in FY 2024-25.

**Table 25: FY 2024-25 Measure BB/F Funds Year-End Available Fund Balance (\$ in millions)**

Measure B/BB and Measure F Funds (2211, 2212, 2213, 2215, 2216, 2217, 2218, 2219, 2220)	FY 2024-25 Q3 Year-End Estimate
<b>Beginning Fund Balance - Audited</b>	<b>\$ 57.73</b>
Revenue	37.47
Expenditures	80.17
Estimated Current Year Surplus/(Shortfall)	(42.70)
<b>Estimated Ending Fund Balance</b>	<b>15.03</b>

## State Transportation Gas Tax Funds (2230, 2232)

The State of California imposes a per-gallon excise tax on gasoline and diesel fuel, sales taxes on gasoline and diesel fuel, and registration taxes on motor vehicles with allocations dedicated to transportation purposes. The local (City and County) portions of these allocations flow through the Highway Users Tax Account (HUTA) into the Gasoline Tax Fund (2230) and the Road Maintenance and Rehabilitation Account (RMRA) (Fund 2232), which allocates much of the revenue from the Road Repair and Accountability Act of 2017.

**Revenues** - In the **Third** quarter (**Q3**) of FY 2024-25, revenue collections in the Gas Tax funds came in at \$16.58 million, which is 60.6% of the FY 2024-25 Adjusted Budget of \$27.35 million. Year-end revenues project to come in at \$26.41million, which is \$0.94 million or 3.4% under the Adjusted Budget. The Adjusted Budget assumes \$1.87 million in use of fund balance to balance the expenditures as adopted in the budget and \$2.54 million in use of fund balance to support FY 2023-24 carryforwards. The actual Gas Tax projects to come in at \$22.93 million which is \$0.14 million or 0.6% above the Adjusted Budget estimate. The new projection is taken from the estimates for FY 2024-25 provided by the State of California, for the State revenue allocations to cities and counties for the Highway Users Tax Account (HUTA), and for the Road Maintenance and Rehabilitation Account (RMRA). Estimates are as of January 2025.

**Table 26: FY 2024-25 State Transportation Gas Tax Fund Revenues (\$ in millions)**

Revenue Category	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Gas Tax	22.79	13.25	22.93	0.14	0.6 %
Interest Income	—	0.37	0.37	0.37	— %
Service Charges	0.01	—	0.01	—	— %
Grants & Subsidies	0.14	—	0.14	—	— %
Miscellaneous Revenue	—	2.97	2.97	2.97	181366.5 %
Transfers from Fund Balance	1.87	—	—	(1.87)	(100.0)%
Project Offsets & Carryforwards	2.54	—	—	(2.54)	(100.0)%
<b>Total Revenue</b>	<b>27.35</b>	<b>16.58</b>	<b>26.41</b>	<b>(0.94)</b>	<b>(3.4)%</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

**Expenditures** - FY 2024-25 year-end expenditures are projected to come in at \$19.05 million, which is a savings of \$8.30 million, compared to the Adjusted Budget of \$27.35 million. The savings is primarily due to underspending in personnel costs.

**Table 27: FY 2024-25 State Transportation Funds Gas Tax Expenditures (\$ in millions)**

Agency / Department	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	1.28	0.18	1.28	—	— %
City Administrator	0.19	0.06	0.14	0.05	27.6 %
Department of Transportation	25.77	15.20	17.61	6.16	23.9 %
Economic and Workforce Development Department	—	—	—	—	— %
Finance Department	0.10	0.01	0.01	0.09	86.9 %
Human Resources Management Department	—	—	—	—	— %
Oakland Public Works Department	—	—	—	—	— %
<b>Total Expenditures</b>	<b>27.35</b>	<b>15.46</b>	<b>19.05</b>	<b>8.30</b>	<b>30.3 %</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

**Fund Balance** - FY 2024-25 revenue is projected to end the year at \$26.41 million. Expenditures are projected to end the year at \$19.05 million. This results in a current year estimated operating surplus of \$6.36 million, increasing the estimated available fund balance in the State Transportation Gas Tax Funds from \$11.84 million to \$18.20 million in FY 2024-25.

**Table 28: FY 2024-25 State Transportation Funds Year-End Available Fund Balance (\$ in millions)**

State Transportation (Gas Tax) Funds (2230, 2232)	FY 2024-25 Q3 Year-End Estimate
<b>Beginning Fund Balance - Audited</b>	<b>\$ 11.84</b>
Revenue	26.41
Expenditures	19.05
Estimated Current Year Surplus/(Shortfall)	6.36
<b>Estimated Ending Fund Balance</b>	<b>18.20</b>

## Measure Q - Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act Fund (2244)

Measure Q, the 2020 Oakland Parks and Recreation, Preservation, Litter Reduction, and Homelessness Support Act Fund (2244), is a City of Oakland ballot initiative approved by voters on March 3, 2020, that established an annual special parcel tax for 20 years. This measure, which passed by more than a two-thirds majority, imposes a special parcel tax for the purpose of raising revenue to provide services for parks, landscape maintenance, and recreational services; to address homelessness and enable unsheltered and unhoused residents to access temporary shelters, transitional, supportive, and permanent housing; and to address water quality and litter reduction, including the maintenance and cleaning of stormwater trash collection systems.

Revenues - In the **Third** quarter (**Q3**) of FY 2024-25, revenue collections in the Measure Q fund have come in at \$21.00 million which is 36.5% of the Adjusted Budget of \$57.59 million. Local Measure revenues are administered by the County, and they are remitted in tranches. Therefore, the Q3 trends may not be a linear representation of yearly revenues. Year-end revenues project to come in at \$33.67 million, which is \$23.92 million or 41.5% under the Adjusted Budget. The Adjusted Budget assumes \$13.78 million in use of fund balance to balance expenditures as adopted in the budget and \$10.81 million to support carryforward expenditures. The actual Measure Q Tax, net of use of fund balance, projects to come in at \$33.01 million which is at budget.

**Table 29: FY 2024-25 Preservation, Litter Reduction, Homelessness Support Act Fund Revenues (\$ in millions)**

Revenue Category	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Local Tax	33.01	20.34	33.01	—	— %
Interest Income	—	0.68	0.68	0.68	— %
Miscellaneous Revenue	—	(0.02)	(0.02)	(0.02)	— %
Transfers from Fund Balance	13.78	—	—	(13.78)	(100.0)%
Project Offsets & Carryforwards	10.81	—	—	(10.81)	(100.0)%
<b>Total Revenue</b>	<b>57.59</b>	<b>21.00</b>	<b>33.67</b>	<b>(23.92)</b>	<b>(41.5)%</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2024-25 year-end expenditures are projected to come in at \$58.90 million, which is an overage of \$0.131 million, compared to the Adjusted Budget of \$57.59 million.

**Table 30: FY 2024-25 Measure Q - OPR Preservation, Litter Reduction, Homelessness Support Act Fund Expenditures (\$ in millions)**

Agency / Department	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	4.93	0.40	4.93	—	— %
City Administrator	4.67	1.78	4.52	0.15	3.2 %
City Auditor	0.04	—	—	0.04	95.2 %
Economic and Workforce Development Department	0.11	0.03	0.04	0.08	67.4 %
Finance Department	0.08	0.01	0.08	—	— %
Human Services Department	12.45	5.85	12.40	0.05	0.1 %
Non Departmental and Port	1.29	0.28	1.29	—	— %
Oakland Parks and Recreation Department	0.13	—	0.13	—	— %
Oakland Public Works Department	33.89	17.61	35.52	(1.63)	(4.8)%
<b>Total Expenditures</b>	<b>57.59</b>	<b>25.96</b>	<b>58.90</b>	<b>(1.31)</b>	<b>(2.3)%</b>

\*The adjusted budget includes Council Budget Amendments and Carryforwards

Fund Balance - FY 2024-25 revenue is projected to end the year at \$33.67 million. Expenditures are projected to end the year at \$58.90 million. This results in a current year estimated operating shortfall of \$25.23 million, decreasing the estimated available fund balance in Measure Q Fund (2244) from \$26.55 million into \$1.32 million in FY 2024-25.

**Table 31: FY 2024-25 Measure Q Year-End Fund Balance (\$ in millions)**

MEASURE Q (2244)	FY 2024-25 Q3 Year- End Estimate
<b>Beginning Fund Balance - Audited</b>	<b>26.55</b>
Revenue	33.67
Expenditures	58.90
Estimated Current Year Surplus/(Shortfall)	(25.23)
<b>Estimated Ending Fund Balance</b>	<b>1.32</b>

## Landscaping and Lighting Assessment District (LLAD) Fund (2310)

The Landscaping and Lighting Assessment District (LLAD) Fund (2310) revenue is generated through a direct benefit assessment, or special assessment and is restricted by statute to be used for street lighting, landscaping, and public parks and recreation facility maintenance, and multi-use fields.

Revenues - In the **Third** quarter (**Q3**) of FY 2024-25, revenue collections in the LLAD fund have come in at \$12.03 million which is 60.2% of the Adjusted Budget of \$19.98 million. The FY 2024-25 year-end revenues project to come in at \$19.33 million, which is \$0.65 million or 3.2% under the FY 2024-25 Adjusted Budget of \$19.98 million. The Adjusted Budget assumes \$0.22 million in use of fund balance to support carryforward expenditures. The actual LLAD Tax projects to come at \$19.47 million which is at budget.

**Table 32: FY 2024-25 Landscaping and Lighting Assessment District (LLAD) Fund Revenue (\$ in millions)**

Revenue Category	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Local Tax	19.47	12.43	19.47	—	— %
Licenses & Permits	0.08	0.02	0.08	—	— %
Interest Income	—	(0.14)	(0.14)	(0.14)	— %
Service Charges	0.21	—	0.21	—	— %
Grants & Subsidies	—	0.04	0.04	0.04	— %
Miscellaneous Revenue	—	(0.32)	(0.32)	(0.32)	— %
Project Offsets & Carryforwards	0.22	—	—	(0.22)	(100.0)%
<b>Total Revenue</b>	<b>19.98</b>	<b>12.03</b>	<b>19.33</b>	<b>(0.65)</b>	<b>(3.2)%</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2024-25 year-end expenditures are projected to come in at \$20.09 million, which is an overage of \$0.11 million, when compared to the Adjusted Budget of \$19.98 million.



**Table 33: FY 2024-25 Landscaping and Lighting Assessment District (LLAD) Fund Expenditures (\$ in millions)**

Agency / Department	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Department of Transportation	2.56	2.35	3.32	(0.76)	(29.7)%
Finance Department	0.04	0.01	0.04	—	— %
Non Departmental and Port	3.27	1.83	3.27	—	— %
Oakland Parks and Recreation Department	9.87	9.87	9.87	—	— %
Oakland Public Works Department	4.24	4.47	3.59	0.65	15.3 %
<b>Total Expenditures</b>	<b>19.98</b>	<b>18.54</b>	<b>20.09</b>	<b>(0.11)</b>	<b>(0.05) %</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

Fund Balance - FY 2024-25 revenue is projected to end the year at \$19.33 million. Expenditures projected to end the year at \$20.09 million. This results in a current year estimated operating shortfall of \$0.76 million. There is a \$1.95 million return of excess fund balance from the Equipment Fund (4100). As a result, the estimated available fund balance in the Landscaping and Lighting Assessment District Fund (2310) is projected to increase from negative \$0.59 million to \$0.66 million in FY 2024-25.

**Table 34: FY 2024-25 Landscaping and Lighting Assessment District (LLAD) Fund Balance (\$ in millions)**

Landscaping & Lighting Assess. District Fund (LLAD) (2310)	FY 2024-25 Q3 Year-End Estimate
<b>Beginning Fund Balance - Audited</b>	<b>(0.59)</b>
Revenue	19.33
Expenditures	20.09
Estimated Current Year Surplus/(Shortfall)	<b>(0.76)</b>
<b>Estimated Ending Fund Balance</b>	<b>(1.30)</b>
<b>Use of Fund Balance in FY 2024-25</b>	
Excess FB Return	1.95
<b>Estimated Ending Fund Balance</b>	<b>0.66</b>

## **LLAD Expenditures and Budget Compliance**

Eligible expenditures under the LLAD fund typically include maintenance and operation costs for landscaping, street lighting and park facilities. This encompasses activities such as irrigation, mowing, trimming and lighting maintenance. Additionally, utility services, including the provision of water and electricity necessary for landscaping and lighting systems, are also permissible expenses under this fund, as well as administrative costs related to the administration of the LLAD, including engineering reports.

The current LLAD budget includes expenditures that align with these eligible uses. As noted in **Table 35** below, the Finance Department allocation \$40,000 annually primarily for engineering services to produce the necessary report for the LLAD, ensuring the district's compliance with state requirements. Within the Oakland Public Works department, the budget includes funding for 1.99 FTE consisting of managers and administrative support the parks maintenance function, along with internal service fund (ISF) allocations. These ISFs, including city rental costs, support the maintenance of park-related equipment in the City's fleet like trucks and trailers, and equipment (such as weeders, mowers, chainsaws, etc.) which are essential for park upkeep and other city infrastructure.

The Department of Transportation has an allocation of \$2.4 million in its budget for street lighting utilities and supplies. This funding supports the operation and maintenance of street lighting systems within the LLAD.

The Parks and Recreation department's total budget of \$9.8 million for facilities ISF is a key component of the LLAD fund. This facilities ISF allocation covers custodial and facilities maintenance staff, as well as operations and maintenance (O&M) expenses, including utilities and materials to maintain parks and recreation centers. The funding also supports the upkeep of sports fields, and other spaces such as free-standing restrooms throughout the City. These restrooms, located in parks and at ball fields, are considered part of the services eligible under the LLAD. Lastly, the \$3.2 million transfer to the Self-Insurance fund helps to cover the costs associated with claims and insurance for city facilities, including parks and recreation spaces.

Overall, these expenditures are fully aligned with the permissible uses of the LLAD fund.

**Table 35: FY 2024-25 Landscaping and Lighting Assessment District (LLAD) Fund  
Midcycle Budget**

Department	Category	Classification	FY24-25 Midcycle Adopted Budget	FY 24-25 Adopted Midcycle FTE
Finance Department	O&M		38,492	
	ISF		2,168	
Finance Department Total			40,660	
Oakland Public Works Department	Personnel & OH	Administrative Assistant I.SS102	146,229	1.00
	Personnel & OH	Administrative Services Manager I.MA103	75,589	0.25
	Personnel & OH	Manager, Park Services.EM196	311,244	0.74
	ISF		3,109,081	
	O&M		386,919	
Oakland Public Works Department Total			4,029,062	1.99
Department of Transportation	ISF		5,165	
	O&M		171,580	
	Utilities		2,373,765	
Department of Transportation Total			2,550,510	
Oakland Parks and Recreation Department	ISF		9,865,537	
Oakland Parks and Recreation Department Total			9,865,537	
Non-Departmental	O&M		3,265,529	
Non-Departmental			3,265,529	
Total			19,751,298	1.99

At the time of this report's publication, the FY 2025-27 proposed budget increases the number of FTE funded by LLAD to 12.0 FTE in OPW department, including 3.0 FTE Custodian, 5.0 FTE

Park Attendant, PT, 1.0 FTE Park Supervisor I, 1.0 FTE Park Supervisor II and 1.0 FTE Tree Supervisor I, which will support the maintenance of the City's green spaces and infrastructure.

## **INTERNAL SERVICE FUNDS (4xxx)**

The use of internal service funds as a component of the City's cost allocation framework is an acceptable practice provided that the City complies with Federal guidelines, Generally Accepted Accounting Principles (GAAP), audit standards, and maintains a positive balance. Per federal cost allocation guidelines and regulations, internal service fund cannot be used for the acquisition of capital assets, nor can the City use them to build significant capital or operating reserve balances.

The Electronic Code of Federal Regulations (eCFR), specifically 2 CFR 200.439, governs Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. These regulations dictate that capital acquisition costs cannot be included as an indirect cost to federal grants. These funds represent a cost allocated charge under these federal regulations. As such, capital acquisitions, such a land acquisition, building improvements that materially increase the building's value or useful life, or vehicle purchases; must be directly funded from eligible sources.

Below are links to regulatory guidelines and audit findings on this matter.

Guidance regarding direct and indirect cost is located here:

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRd93f2a98b1f6455>

Specific Guidance for Local Governments is here:

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRd41a10959e1acab>

Guidance regarding Capital Acquisitions is here:

[§ 200.439 Equipment and other capital expenditures](#)

This City has had past Audit Findings of Material Weakness its use of Internal Service Funds. The 2009 Single Audit Report notes the following from the City's Independent Financial Auditor.

"If it is determined 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..." This finding relates to accumulated negative fund balances in Internal Services Funds.

The linked [negative funds report](#) produced in Fall 2009 indicated that by June 2008, the City had accumulated negative balances in its exceeding \$52 million in its Internal Service Funds. This is especially notable especially given these negative balances existed prior to the Great Recession of 2008 and substantially impaired the City's ability to deal with that fiscal crisis. As of this report, City's Internal Service Funds are projected to close with a collective positive balance of just over \$6 million which reflects the positive diligent work of policymakers, administrators, and finance staff since 2008. The City must maintain compliance with Federal guidelines and fiscal best practices going forward.

*Section intentionally left blank*

## Equipment Fund (4100)

The Equipment Fund (4100) is reported on a modified full accrual basis to reflect current assets and liabilities. The Fund supports the Citywide function for maintenance of City-owned equipment.

**Revenues** - In the **Third** quarter (**Q3**) of FY 2024-25, revenue collections in the Equipment Fund have come in at \$32.46 million or 71.7% of the Adjusted Budget of \$45.27 million. The FY 2024-25 year-end revenues project to come in at \$17.53 million, which is \$27.73 million or 61.3% under the FY 2024-25 Adjusted Budget. The Adjusted Budget assumes \$2.87 million in use of fund balance to balance expenditures as adopted in the budget, and \$13.09 million in use of fund balance to balance carryforward expenditures. Net of use of fund balance, the actual internal service fund revenues are expected to come in at \$16.97 million. The lower year end projection is because any amount of revenue received in excess of the expenditures incurred during this fiscal year is being returned to the source.

**Table 36: FY 2024-25 Equipment Fund Revenues (\$ in millions)**

Revenue Category	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Licenses & Permits	0.07	—	0.07	—	— %
Internal Service	29.23	30.77	16.97	(12.26)	(42.0)%
Miscellaneous	—	0.18	0.18	0.18	— %
Transfers from Fund	2.87	—	—	(2.87)	(100.0)%
Project Offsets &	13.09	—	—	(13.09)	(100.0)%
<b>Total Revenue</b>	<b>45.27</b>	<b>32.46</b>	<b>17.53</b>	<b>(27.73)</b>	<b>(61.3)%</b>

**Expenditures** - FY 2024-25 expenditures are projected to end the year at \$44.93 million, which is a savings of \$0.34 million, compared to the Adjusted Budget of \$45.27 million. The savings are primarily due to underspending in personnel costs.

**Table 37: FY 2024-25 Equipment Fund Expenditures (\$ in millions)**

Agency / Department	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Fire Department	0.05	—	0.05	—	— %
Non	2.37	2.32	2.37	—	— %
Oakland Public	42.84	25.46	42.50	0.34	0.8 %
<b>Total</b>	<b>45.27</b>	<b>27.78</b>	<b>44.93</b>	<b>0.34</b>	<b>0.7 %</b>

**Fund Balance** - FY 2024-25 revenue is projected to end the year at \$17.53 million. Expenditures

ended the year at \$44.93 million. This results in a current year estimated operating shortfall of \$27.40 million. \$1.11 million of the fund balance will be used to balance the GPF in FY 2024-25. A review of the Equipment Fund was conducted for FY 2022, FY 2023, and FY 2024. This reconciliation identified excess fund balance that had been received from contributing funds. The excess amount will be returned to the respective funds and has been incorporated into the fund balance calculation. Therefore, the estimated available fund balance in the Equipment Fund (4100) is expected to decrease to zero in FY 2024-25. A detailed breakdown of the amounts returned to each fund is provided in **Table 39**.

**Table 38: FY 2024-25 Equipment Fund Year-End Available Fund Balance (\$ in millions)**

Equipment Fund (4100)	FY 2024-25 Q3 Year-End Estimate
<b>Beginning Fund Balance - Audited</b>	<b>46.24</b>
Revenue	17.53
Expenditures	44.93
Estimated Current Year Surplus/(Shortfall)	<b>(27.40)</b>
<b>Subtotal Fund Balance</b>	<b>18.84</b>
<b>Use of Fund Balance in FY 2024-25</b>	
GPF Balancing	<b>(1.11)</b>
Return of Excess Fund Balance in Equipment Fund	<b>(17.73)</b>
<b>Estimated Ending Fund Balance</b>	<b>—</b>

**Table 39: Fund Balance Return from Equipment Fund**

	FY21-22	FY22-23	FY23-24
<b>Beginning Fund Balance</b>	9,361,320	25,229,953	27,345,262
<b>Ending Fund Balance</b>	25,229,953	27,345,262	40,361,180
<b>Overage to Redistribute</b>	15,868,633	2,115,309	13,015,918
<b>Less: Restricted Funds</b>	(4,424,014)	(4,424,014)	(4,424,014)
<b>Net Overage to Redistribute</b>	<b>11,444,619</b>	<b>(2,308,705)</b>	<b>8,591,904</b>
<b>Fund Balance Redistribution by Fund</b>			
<b>1010 - General Fund: General Purpose</b>	5,718,469	(1,128,927)	3,872,173
<b>1710 - Recycling Program</b>	5,317	(1,041)	4,119
<b>1720 - Comprehensive Clean-up</b>	2,555,347	(511,949)	1,683,667
<b>1760 - Telecommunications Reserve</b>	3,278	(647)	2,388
<b>1870 - Affordable Housing Trust Fund</b>	13,806	(2,727)	—
<b>2108 - HUD-CDBG</b>	—	—	—
<b>2128 - Department of Health and Human Services</b>	66,589	(13,227)	3,666

	FY21-22	FY22-23	FY23-24
<b>2211 - Measure B: Local Streets &amp; Roads</b>	2,927	—	—
<b>2218 - Measure BB - Local Streets and Roads</b>	9,467	(2,631)	8,964
<b>2230 - State Gas Tax</b>	178,585	(35,258)	119,691
<b>2232 - Gas Tax RMRA</b>	517,589	(155,199)	582,830
<b>2244 - Measure Q - Parks &amp; Recreation Preservation, Litter Reduction, and Homelessness Support Act</b>	196,977	(38,134)	261,604
<b>2270 - Vacant Property Tax Act Fund</b>	39,928	—	—
<b>2310 - Lighting and Landscape Assessment District</b>	797,524	(157,229)	1,059,274
<b>2332 - Gateway Industrial Park</b>	87	(87)	830
<b>2411 - False Alarm Reduction Program</b>	2,587	(510)	—
<b>2415 - Development Service Fund</b>	143,388	(28,834)	98,515
<b>2416 - Traffic Safety Fund</b>	10,583	(2,089)	—
<b>3100 - Sewer Service Fund</b>	774,289	(152,892)	571,286
<b>3200 - Golf Course</b>	2,915	(576)	2,127
<b>4100 - Equipment</b>	126,224	(24,922)	111,387
<b>4200 - Radio / Telecommunications</b>	12,183	(2,405)	12,340
<b>4400 - City Facilities</b>	186,125	(32,986)	140,371
<b>4500 - Central Stores</b>	2,302	(454)	1,677
<b>7760 - Grant Clearing</b>	78,132	(15,978)	54,996
<b>Total</b>	<b>11,444,619</b>	<b>(2,308,705)</b>	<b>8,591,904</b>

#### Regulatory Compliance and Use of Funds

As stated above, the Equipment Services Fund covers the costs associated with the maintenance, upkeep, and fueling of the City's motorized fleet. This includes staff salaries and benefits, maintenance and fueling equipment, and parts and supplies. However, per federal cost allocation guidelines and regulations, this fund cannot be used for the acquisition of capital assets such as vehicles.

The Electronic Code of Federal Regulations (eCFR), specifically 2 CFR 200.439, governs Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. These regulations dictate that capital acquisition costs cannot be included as an indirect cost to federal grants. This fund, which generates charges (e.g. master lease debt service or outright vehicle purchases) billed to other funds, represents an indirect charge under these federal regulations. As such, capital acquisitions, such a vehicle purchases, must be directly funded from eligible sources.

Below are links to regulatory guidelines and audit findings on this matter.



- [eCFR :: 2 CFR 200.439 -- Equipment and other capital expenditures.](#)
- [Oakland Single Audit Report](#) (with citation and findings)

### City Facilities Fund (4400)

The Facilities Fund (4400) is reported on a modified full accrual basis to reflect current assets and liabilities. The Fund supports the Citywide function for building maintenance and janitorial services of City-owned facilities. Revenues are generated by charges to internal user departments.

**Revenues** - In the **Third** quarter (**Q3**) of FY 2024-25, revenue collections in the City Facilities Fund have come in at \$52.44 million or 89.7% of the Adjusted Budget of \$58.48 million. The FY 2024-25 year-end revenues project to come in at \$52.44 million, which is \$6.04 million or 10.3% under the FY 2024-25 Adjusted Budget. The Adjusted Budget assumes \$7.43 million in use of fund balance to balance carryforward expenditures. The actual internal service fund revenues are expected to come in at \$50.14 million which is at budget since the cost recovery of the ISF funds is built into the budget.

**Table 40: FY 2024-25 City Facilities Fund Revenues (\$ in millions)**

Revenue Category	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Interest Income	—	0.24	0.24	0.24	— %
Service Charges	0.55	0.58	0.58	0.03	4.7 %
Internal Service Funds	50.14	50.14	50.14	—	— %
Miscellaneous Revenue	0.36	1.48	1.48	1.12	313.2 %
Project Offsets & Carryforwards	7.43	—	—	(7.43)	(100.0)%
<b>Total Revenue</b>	<b>58.48</b>	<b>52.44</b>	<b>52.44</b>	<b>(6.04)</b>	<b>(10.3)%</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

**Expenditures** - FY 2024-25 expenditures are projected to end the year at \$54.80 million, which is a savings of \$2.96 million, compared to the Adjusted Budget of \$58.12 million. The savings are primarily due to underspending in personnel costs.

**Table 41: FY 2024-25 City Facilities Fund Expenditures (\$ in millions)**

Agency / Department	FY 2024-25 Adjusted Budget	FY 2024-25 Q3 YTD Actuals	FY 2024-25 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	1.84	0.12	1.84	—	— %
City Administrator	0.43	0.21	0.30	0.13	30.2 %
Human Resources Management Department	—	—	—	—	— %
Human Services Department	0.68	0.43	0.61	0.07	10.4 %
Non Departmental and Port	1.72	0.06	(0.15)	1.88	108.8 %
Oakland Parks and Recreation Department	—	0.37	—	—	— %
Oakland Public Works Department	53.44	34.95	52.18	0.90	1.7 %
Police Department	0.01	0.01	0.02	(0.01)	(78.9)%
<b>Total</b>	<b>58.12</b>	<b>36.16</b>	<b>54.80</b>	<b>2.96</b>	<b>5.1 %</b>

*\*The adjusted budget includes Council Budget Amendments and Carryforwards*

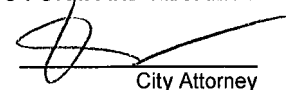
Fund Balance - FY 2024-25 revenue is projected to end the year at \$52.44 million. Expenditures are projected to end the year at \$54.80 million. This results in a current year estimated operating shortfall of \$2.36 million. \$1.59 million of the fund balance will be used to balance the GPF in FY 2024-25. Therefore, the estimated available fund balance in the Facilities Fund (4400) is projected to decrease from \$4.16 million to \$0.51 million in FY 2024-25.

**Table 42: FY 2024-25 Facilities Fund Year-End Available Fund Balance (\$ in millions)**

City Facilities Fund (4400)	FY 2024-25 Q3 Year-End Estimate
<b>Beginning Fund Balance - Audited</b>	<b>4.16</b>
Revenue	52.44
Expenditures	54.80
Estimated Current Year Surplus/(Shortfall)	(2.36)
<b>Estimated Ending Fund Balance</b>	<b>1.81</b>
<b>Use of Fund Balance in FY 2024-25</b>	
GPF Balancing	(1.59)
Return of Excess Fund Balance in Equipment Fund	0.29
<b>Estimated Ending Fund Balance</b>	<b>0.51</b>

2018 APR 13 AM 9:29

APPROVED AS TO FORM AND LEGALITY

  
City Attorney

**OAKLAND CITY COUNCIL**  
**ORDINANCE NO. ~~13279~~ 13487 C.M.S.**

---

**ORDINANCE AMENDING THE CITY OF OAKLAND  
CONSOLIDATED FISCAL POLICY**

**WHEREAS**, the City Council adopted Ordinance No. 13279, known as the Consolidated Fiscal Policy, on December 9, 2014; and,

**WHEREAS**, the Government Finance Officers Association (GFOA) recommends that local governments adopt formal policies in the areas of financial management, planning, revenues, and expenditures; and

**WHEREAS**, the Consolidated Fiscal Policy sets forth guidelines for budget balancing, use of volatile revenues, use of one-time revenues, process for carryforward appropriations, long-term financial planning, and transparency & public participation; and

**WHEREAS**, the Consolidated Fiscal Policy establishes reserve funds for emergencies, insurmountable and unanticipated hardship, and for capital improvement; and

**WHEREAS**, the Consolidated Fiscal Policy establishes a reserve fund to stabilize the provision of vital services, and protect against service reductions, layoffs, furloughs, and similar measures in times of economic hardship; and

**WHEREAS**, the Consolidated Fiscal Policy provides for accelerated debt repayment and pay-down of unfunded long-term obligations; and

**WHEREAS**, City staff recommends the definition of excess Real Estate Transfer Tax should be modified based on historical experience; and

**WHEREAS**, the Consolidated Fiscal Policy will include the policies on budgeting practices, reserve funds, and budget process, fiscal planning, transparency, and public participation; now, therefore

**THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:**

**Section 1.** The Council does find, determine and declare the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

**Section 2.** The City of Oakland Consolidated Fiscal Policy is hereby, amended, approved, and adopted in the form attached hereto as Exhibit 1.

**Section 3.** In conformance with best practice and sound financial management, the City shall continue to separately maintain and submit on an as needed basis to the City Council, statements of the City's Debt Policy and Investment Policy.

IN COUNCIL, OAKLAND, CALIFORNIA, MAY 15 2018

**PASSED BY THE FOLLOWING VOTE:**

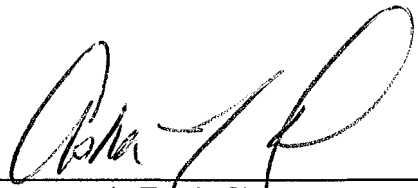
AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, ~~AND PRESIDENT~~ - 7

NOES- 0

ABSENT- 0

ABSTENTION- 0

1 Excusee - Reid

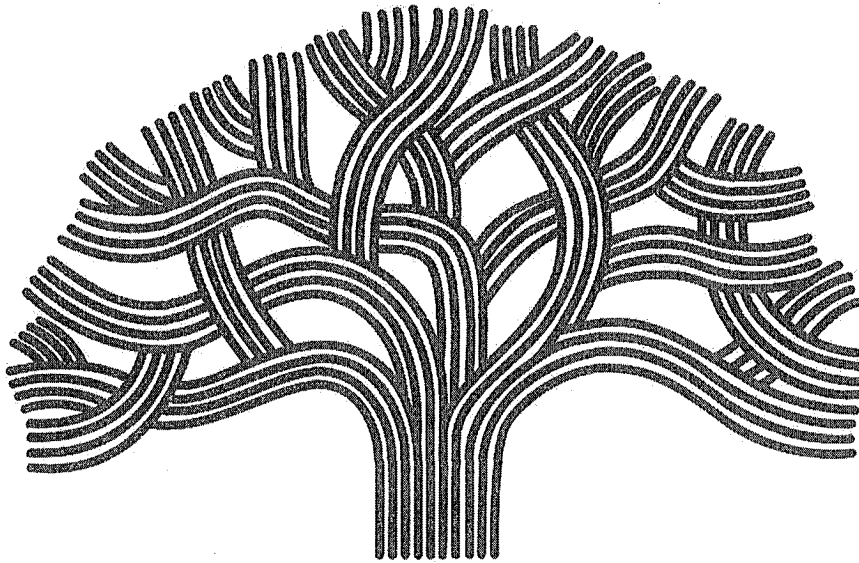
ATTEST:   
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California

**Introduction Date**

**MAY 01 2018**

# **CITY OF OAKLAND**

## **CONSOLIDATED FISCAL POLICY**



## **Section 1. Budgeting Practices**

### **Part A. General Provisions**

The City's Fiscal Year shall begin on July 1<sup>st</sup> of each year and end on June 30<sup>th</sup> of the subsequent year. The City shall adopt a two-year biennial policy budget by June 30<sup>th</sup> of odd-numbered calendar years. The City shall amend its biennial policy budget (midcycle) by June 30<sup>th</sup> of even-numbered years. The budget and midcycle amendments shall be adopted by resolution of the City Council as required by the City Charter.

### **Part B. Policy on Balanced Budgets**

The City shall adopt a balanced budget that limits appropriations to the total of estimated revenues and unallocated fund balances projected to be available at the close of the current fiscal year. The City Administrator shall be responsible for ensuring that the budget proposed to the City Council by the Mayor, adheres to the balanced budget policy.

This policy entails the following additional definitions and qualifications:

1. The budget must be balanced at an individual fund level.
2. City policies on reserve requirements for individual funds must be taken into account. The appropriated expenditures included in the balanced budget equation must include the appropriations necessary to achieve or maintain reserve targets.
3. Appropriated revenues can include transfers from unallocated fund balance where such fund balance is reasonably expected to exist by the end of the fiscal year preceding the year of the adopted budget. Transfers from fund balance are not to be counted as revenue if the fund balance is not reasonably expected to exist by the end of the fiscal year preceding the year of the adopted budget. (Note: The precise definition of 'fund balance' will vary from fund to fund, depending on the fund's characteristics and accounting treatment.)
4. Appropriated expenditures can include transfers to fund balance or to reserves.

From time to time the City Council may present changes in policy and consider additional appropriations that were not anticipated in the most recently adopted budget. Amendments by the City Council shall maintain a balanced budget.

Each fiscal year the City Administrator shall report to the City Council on actual revenues and expenditures in the General Purpose Fund and other funds as deemed necessary.

### **Part C. Use of Excess Real Estate Transfer Tax (RETT) Revenues**

To ensure adequate levels of the General Purpose Fund reserves and to provide necessary funding for municipal capital improvement projects and one-time expenses, the City shall require that excess Real Estate Transfer Tax revenues be defined and used as follows:

1. The excess Real Estate Transfer Tax (RETT) revenue is hereby defined as any amount of projected RETT revenues that exceed 15% of General Purpose Fund Tax Revenues (inclusive of RETT).
2. The excess Real Estate Transfer Tax, as described in this section, shall be used in the following manner and appropriated through the budget process:
  - a. At least 25% shall be allocated to the Vital Services Stabilization Fund, until the value in such fund is projected to equal to 15% of total General Purpose Fund revenues over the coming fiscal year; and
  - b. At least 25% shall be used to fund debt retirement and unfunded long-term obligations such as negative fund balances, Police and Fire Retirement System (PFRS) unfunded liabilities, CalPERS pension unfunded liabilities, paid leave unfunded liabilities, and Other Post-Employment Benefits (OPEB) unfunded liabilities; and
  - c. The remainder shall be used to fund one-time expenses or to augment reserves.
3. Use of the excess RETT revenues for purposes other than those established in this section must be authorized by City Council resolution. The resolution shall explain the need for using excess RETT revenues for purposes other than those established in this section. The resolution shall also include steps the City will take to return to using excess RETT revenues pursuant to this section.
4. Following the completion of the annual audit, excess RETT revenues will be analyzed to determine whether the transfers to the Vital Services Stabilization Fund or expenditures to fund debt retirement and unfunded long-term obligations were sufficient. If insufficient funds were transferred, a true-up payment shall be made in the next fiscal year. If the transfers exceed the actual requirement, the amounts in excess may be credited against allocations in the next fiscal year.

#### **Part D. Use of One-Time Revenues**

1. One-time revenues are defined as resources that the City cannot reasonably expect to receive on an ongoing basis, such as proceeds from asset sales and debt refinancing. This part shall not apply to the use of excess RETT revenues pursuant to Section 1. Part C.
2. Fiscal prudence requires that any unrestricted one-time revenues be used for one-time expenses. Therefore, one-time revenues shall be used in the following manner, unless they are legally restricted to other purposes: to fund one-time expenditures, to fund debt retirement and unfunded long-term obligations such as negative fund balances, Police and Fire Retirement System (PFRS) unfunded liabilities, CalPERS pension unfunded liabilities, paid leave unfunded liabilities, and Other Post-Employment Benefits (OPEB) unfunded liabilities; or shall remain as fund balance.

3. Use of one-time revenues for purposes other than those established in in this section must be authorized by City Council resolution. The resolution shall explain the need for using one-time revenues for purposes other than those established in this section. The resolution shall also include steps the City will take to return to using one-time revenues pursuant to this section.

#### **Part E. Use of Unassigned General Purpose Fund Balance**

Any unassigned General Purpose Fund balance, as projected in the 3rd Quarter Revenue and Expenditure Report, and not budgeted for other purposes, shall be used in accordance with Section 1, Part D.

#### **Part F. Analysis of Funding for Debt or Unfunded Long-Term Obligations From Certain Revenues**

When excess RETT or other one-time revenues are used to fund accelerated debt retirement or unfunded long-term obligations, the City Administrator shall present his or her analysis and recommendations to the Council based on the best long-term financial interest of the City.

#### **Part G. Criteria for Project Carryforwards and Encumbrances**

Previously approved but unspent project appropriations ("carryforwards") and contingent liability reserves for current purchases or contracts that are paid in the following fiscal year ("encumbrances") are financial obligations against reserves. Fiscal prudence requires that such obligations be limited.

Each fiscal year, the Finance Department will submit a list of eligible carryforwards and encumbrances to all departments for evaluation for all funds, including the General Purpose Fund. Departments may request to retain some or all carryforwards and encumbrances when such balances are:

1. Deemed essential to the delivery of active city projects, programs and services; or
2. If the liquidation of such balances would be in violation of legislative or legal requirements.

A departmental request to retain project carryforwards and/or encumbrances must be submitted to the Finance Department. Departments shall provide specific reasons for requested project carryforwards and encumbrance carryforwards, including, but not limited to, those reasons outlined above. Carryforward of project appropriations in funds with negative balances will only be allowed on an exception basis.

The Finance Department will recommend to the City Administrator an action on the departmental requests. The City Administrator shall make a final determination on project carryforward and encumbrances, and will direct the Finance Department to make carryforwards



available to the appropriate department.

#### **Part H. Grant Retention Clauses**

Prior to the appropriation of revenues from any grant outside of the budget process, the City Council shall be informed of any retention clauses that require the City to retain grant-funded staff, services, programs, or operations beyond the term of the grant. The fiscal impacts of such retention clauses shall be disclosed. During the biennial budget process staff shall report to the Council the ongoing projected fiscal impacts of such retention clauses.

#### **Part I. Alterations to the Budget**

Substantial or material alterations to the adopted budget including shifting the allocation of funds between departments and substantial or material changes to funded service levels, shall be made by resolution of the City Council.

The Finance Department will include departmental expenditure projections for the General Purpose Fund in the Second Quarter Revenue & Expenditure Report. In the event that a department is projected to overspend in the General Purpose Fund by more than one percent (1%), the City Administrator shall bring an informational report to the City Council within 60 days following acceptance of the Revenue & Expenditure report by the City Council. The report shall list the actions the Administration is taking to bring the expenditures into alignment with the budget.

#### **Part J. Transfers of Funds between accounts.**

The City Administrator shall have the authority to transfer funds between personnel accounts, and between non-personnel accounts within a department. The City Administrator shall have the authority to transfer funds allocated to personnel accounts to non-personnel accounts within a department provided that cumulative transfers within one fiscal year do not exceed 5% of the original personnel account allocation of that department. The City Administrator shall have the authority to transfer funds from non-personnel accounts to personnel accounts within a department. The City Administrator shall have the authority to transfer funds allocated to personnel accounts to non-personnel accounts if the transfer is required to meet the conditions of or maximize the funding derived from a grant that has been approved by the City Council. For the purposes of this section accounts for the provision of temporary personnel services shall be considered personnel accounts.

#### **Part K. Pay-Go Account Expenditures, Priority Project Fund Expenditures, and Grants**

The City Council hereby finds and determines that it is in the public interest to spend Pay-go account fund to facilitate and support programs & services of the City of Oakland, capital improvement projects of the City of Oakland, and programs & capital improvement projects of the public schools and other public entities within the City of Oakland. The Council authorizes Pay-Go account funds to be used for the following purposes:

### Capital Improvements:

1. To pay for or augment funding for a City of Oakland capital improvement project including planning and pre-construction services for projects such as, but not limited to, feasibility studies and design, landscaping, architectural and engineering services and all services and materials needed to construct a capital improvements such as, but not limited to, contractor services, lumber, concrete, gravel, plants and other landscape materials, fountains, benches, banners, signs, affixed artwork and any other design and decorative elements of the project; and
2. To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or other public entity for use on capital improvement project within the City of Oakland, including planning and pre-construction services for projects such as, but not limited to, feasibility studies and design, landscaping, architectural and engineering services and all services and materials needed to construct a capital improvements such as, but not limited to, contractor services, lumber, concrete, gravel, plants and other landscape materials, fountains, benches, banners, signs, affixed artwork and any other design and decorative elements of the project; and

### Furniture & Equipment:

3. To pay for or augment funding for purchase of furniture and equipment, including computer equipment and software, to be used by participants in a program operated by the City of Oakland; and
4. To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or another public entity to be used for furniture and equipment, including computer equipment and software, to be used by participants in a program operated by the public school or public entity.

Pay-go purposes stated above shall operate as restrictions on Pay-go expenditures or Pay-go grants, regardless of the Pay-go account funding source.

Pay-go purposes stated above shall apply to any and all Pay-go expenditures or grants made by the Mayor and each City Councilmember. All Pay-go expenditures and grants shall be administered by the City Administrator on behalf of the city, and grant agreements shall be required for all such grants.

In accord with the City Council's motion approving the initial allocation of Councilmember Priority Project funds on June 8, 2006, the City Councilmembers must obtain City Council approval for all Priority Project expenditures.

All Priority Project fund grants approved by the City Council and shall be administered and executed by the City Administrator on behalf of the city, and grant agreements shall be required for all such grants.

## **Section 2. Reserve Funds**

### **Part A. General Purpose Fund Emergency Reserve Policy**

1. Council hereby declares that it shall be the policy of the shall City of Oakland maintain in each fiscal year a reserve equal to seven and one-half (7.5%) of the General Purpose Fund (Fund 1010) appropriations as adopted in the biennial or midcycle budget, and not including prior year carryforwards, encumbrances, or appropriations to Fund Balance for, such fiscal year (the "General Purpose Fund Emergency Reserve Policy"),
2. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the General Purpose Funds Emergency Reserve to the City Council and on the adequacy of the of the 7.5% reserve level. If in any fiscal year the General Purpose Fund Reserve Policy is not met, the City Administrator shall present to Council a strategy to meet the General Purpose Funds Emergency Reserve Policy. Each year, the City Administrator shall determine whether the 7.5% reserve level requires adjustment and recommend any changes to the City Council.
3. The amounts identified as the General Purpose Funds Emergency Reserve may be appropriated by Council only to fund unusual, unanticipated and seemingly insurmountable events of hardship of the City, and only upon declaration of fiscal emergency. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council, or (2) by a majority vote of the City Council.
4. Prior to appropriating monies from the General Purpose Funds Emergency Reserve, the City Administrator shall prepare and present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council, and appropriate fiscal emergency declaration necessary for the use of GPF reserve, the City Administrator will have the authority to allocate from the reserves.

### **Part B. Vital Services Stabilization Fund Reserve Policy**

1. Council hereby declares that it shall be the policy of the City of Oakland to maintain a Vital Services Stabilization Fund (VSSF) with a target funding level of 15% of General Purpose Fund Revenues. The funding of the Vital Services Stabilization Fund shall be made pursuant to Section 1, Part C concerning excess Real Estate Transfer Tax.
2. In years when the City forecasts that total General Purpose Fund revenues will be less than the current year's revenues, or anytime significant service reductions, such as layoffs or furloughs, are contemplated due to adverse financial conditions, use of this fund must be considered to maintain existing services.
3. Use of the VSSF must be authorized by City Council resolution. The resolution shall explain the need for using the VSSF. The resolution shall also include steps the City will take in order to replenish the VSSF in future years.

**Part C. Capital Improvements Reserve Fund**

1. Council hereby declares that it shall be the policy of the City of Oakland to maintain a Capital Improvements Reserve Fund.
2. 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. Interest earnings on monies on deposit in the Capital Improvements Reserve Fund shall accrue to said fund and be maintained therein.
3. Monies on deposit in the Capital Improvements Reserve Fund may be appropriated by Council to fund unexpected emergencies, major capital maintenance, repair costs to City-owned facilities and to fund capital improvement projects through the Five-Year Capital Improvement Program.

### **Section 3. Budget Process, Fiscal Planning, Transparency, and Public Participation**

Unless otherwise noted all timelines apply only to budget development years, normally odd numbered years and not to mid-cycle revisions to an adopted two-year budget.

#### **1. Assessment of Stakeholder Needs, Concerns and Priorities**

**Timeline:** Budget Advisory Committee review prior to survey release. Survey completion by December 5<sup>th</sup> of even-numbered years. Results publicly available within three weeks of survey's close.

**Requirements:** The City Administrator should develop or secure a statistically valid survey for assessing the public's concerns, needs and priorities prior to the development of the biennial budget. Whenever feasible, the City should conduct a professional poll administered to a statistically relevant and valid sample of residents that is representative of Oakland's population in terms of race, income, neighborhood, age, profession, family size, homeownership/renter-ship, etc. If that's not possible, then demographic information should be collected and reported out with the survey results.

Prior to release, the survey questions shall be submitted to the Budget Advisory Committee by September 1st of even numbered years for review of bias, relevance, consistency in administration, inclusion of benchmark questions, and ability to assess concerns, needs and priorities. The survey instrument, method of dissemination, and any instructions for administration shall be publicly available. The survey should be conducted following the November election and before December 5<sup>th</sup>.

If the City cannot afford a professional survey, an informal survey shall be made available for broad dissemination by the Mayor and Councilmembers through community list serves and other communication channels. Furthermore, the City Administrator shall take steps to promote participation, such as issuing a Flyer promoting participation in the survey and methods of participation (survey internet link, email, phone number) and posting such Fliers near publicly available computers in all City libraries, Recreation Centers, and Senior Centers. A list of those dissemination channels should be publicly available along with survey results.

Survey results should be publicly available within three weeks of the completion and analysis of the survey. Survey results should be made widely available, shared on social media, and published on the City's Budget website. In the event that City's statistically valid survey has been completed, the Mayor and City Administrator shall include in their proposed budget a summary of the survey data and a statement regarding how the data was or was not incorporated into the final proposed budget. Informal surveys and their results shall be made public but not included in their proposed budget document.

The City Administrator shall development a standardized and diverse means of collecting resident input via other means prior to budget development.

#### **2. Council Initial Budget Briefing and Priorities Discussion**

**Timeline:** February

**Requirements:** The Mayor and City Council will hold a bi-annual budget workshop soon after the commencement of the Council term. The workshop will include briefings on estimated baseline expenditures, revenue projections and an overview of the City's budgeting process. The workshop will provide the Mayor and Council with the opportunity to begin discussing priorities for the next budget year based on the Assessment of Stakeholder Needs, Concerns and Priorities.

**3. Five-Year Forecast**

**Timeline:** Produced and heard by the Council's Finance & Management Committee or the full City Council in February or March. Forecast Fact Sheets should be distributed to City community centers and Forecast data should be available on Open Data Portal within two weeks of the Council hearing.

**Requirements:** Each Budget Cycle, the City Administrator must prepare a Five-Year Forecast.

The Five-Year Financial Forecast ("Forecast") is a planning tool that estimates the City's likely revenues and expenditures over five-years, based on appropriate financial, economic, and demographic data. The purpose of the Forecast is to surface all major financial issues and estimate future financial conditions to support informed long-term decision making. Such planning provides for greater financial stability, signals a prudent approach to financial management, and is consistent with best practices.

The Forecast shall contain the two-year baseline budget for the forthcoming budget period, clearly reflecting projected expenditures to maintain existing service levels and obligations, plus an additional three-year forecast of revenues and expenditures. The Baseline Budget shall consist of projected expenditures necessary to maintain existing staffing and service levels, plus an estimate of anticipated revenues for the two-year period.

The Forecast shall also contain information on the variance between prior forecasts and actual amounts, including the factors that influenced these variances. Revenue estimates shall be based on the most current data available; minimally revenue projections shall take into account projected revenue for the current fiscal year, as reflected in the 2nd quarter Revenue and Expenditure Report, with appropriate trending into future years and an explanation as to how such revenue projections were derived.

The report shall include a Five-Year Forecast "Fact Sheet" document, which summarizes the Forecast's key findings with simplified text and graphics to make this important budgetary information more accessible to the general public. Within two weeks after the Forecast is heard by the City Council, the City Administrator shall print and distribute the Forecast Fact Sheet to all City libraries, recreation centers and senior centers, including in languages required by Oakland's Equal Access Ordinance. The full Forecast shall also be posted on the City of Oakland's website. Forecast data shall be available in open data format on Oakland's data portal.

#### 4. **Statement of Councilmember Priorities**

**Timeline:** Written submission due by March 15th.

**Requirements:** City Council Members will have the opportunity to advise the Mayor and City Administrator publicly of their priorities. Each Councilmember shall be invited to submit up to seven expenditure priorities in ranked and/or weighted order for changes to the baseline budget as presented in the Five-Year Forecast. Councilmember priority statements must be submitted as part of a report to be heard by the City Council and/or in a publicly available writing to the Mayor and City Administrator by March 15. In addition to the priorities, Councilmembers may also submit other suggestions, including revenue suggestions.

#### 5. **Administrator's Budget Outlook Message & Calendar Report**

**Timeline:** Heard by City Council before April 15th.

**Requirements:** The City Administrator shall bring as a report to the City Council a Budget Outlook Message & Calendar no later than April 15th that provides an overview of the budget development process and lists all key dates and estimated dates of key budget events, including, but not limited to the release of the Mayor and Administrator's Proposed Budget, Community Budget Forums, Council meetings, and formal budget passage dates. This publication shall be posted on the City's website and by other means determined by the City Administrator.

#### 6. **Release of Mayor & Administrator's Proposed Budget & Fact Sheet**

**Timeline:** Published and publicly available by May 1st. Heard by City Council and Fact Sheet distributed by May 15th.

**Requirements:** The Proposed Budget must be released by May 1st and shall clearly indicate any substantive changes from the current baseline budget, including all changes to service levels from the current budget. The Proposed Budget shall indicate staffing by listing the number of positions in each classification for each Department, including a listing of each position proposed for addition or deletion. The Council shall hold a public meeting to present the Proposed Budget no later than May 15th in budget adoption years. The full proposed budget document shall be made available online from the City's website, and printed copies shall be available in all City libraries. Additionally, the proposed budget data shall be available in open data format on the City's open data portal by May 1st. Every effort should be made to thoroughly respond to any public request for departmental budget details, such as line item budgets. The requested information shall also be made available on the City's website and open data portal within a reasonable time following the request.

The Proposed Budget must include a Budget Fact Sheet with easy-to-understand graphics and text explaining the City's overall finances, the Proposed Budget and that year's Budget Calendar. The Fact Sheet shall be published in languages required by Oakland's Equal Access Ordinance. The Fact Sheet shall be printed and made available in all City Recreation Centers and Senior Centers as well as all City libraries by May 15th or the presentation to the Council, whichever is

sooner.

## **7. Community Budget Forums**

**Timeline:** During the months of May and June of odd-numbered years

**Requirements:** The Administration and Council shall hold at least one (1) Community Budget Forum in each council district. These forums, organized by the City Administrator's Office in partnership with Councilmembers shall be scheduled to maximize residents' access. The forums should include sufficient time for a question and answer period in a format that maximizes community participation, as well as a presentation of budget facts by City staff. One or more of the forums must be scheduled in the evening. Another must be scheduled on the weekend. These meetings shall also be scheduled so that Councilmembers have sufficient opportunity to attend a meeting close to their council district. Every member of the City Council shall make their best effort to attend the Community Budget Forum in their council district. Sufficient Fact Sheets in all available languages shall be available at all Forums.

These forums should be publicized in social media and via other means in a manner that is linguistically and culturally appropriate. City Council staff shall work with community-based, faith-based, identity based, and district specific organizations to ensure that a representative and broad group of residents is aware and encouraged to attend each forum.

## **8. Ongoing Public Education**

**Timeline:** During the months of May and June of even-numbered years

**Requirements:** Beginning with the first even-numbered year following adoption of this ordinance, the Administration and City Council shall hold at least three (3) Community Budget Education Presentations in different neighborhoods throughout the City and outside of City Hall. These presentations shall seek to increase Oakland residents understanding and awareness of the City Budget and Budget process.

## **9. Budget Advisory Commission's Report**

**Timeline:** June 1st

**Requirements:** The Budget Advisory Committee (BAC) shall be requested to submit published, written report to the full City Council regarding the proposed budget with any suggested amendments no later than June 1 in budget adoption years. If submitted, the statement shall be published as part of the next budget report to the City Council. The BAC is encouraged to provide similar statements during the mid-cycle budget revise and any other significant budget actions.

## **10. Council President's Proposed Budget**

**Timeline:** June 17th



**Requirements:** The City Council President, on behalf of the City Council, shall prepare a proposed budget for Council consideration to be heard at a Special City Council Budget Hearing occurring on or before June 17th. The Council President may delegate the duty to prepare a budget proposal to another member of the Council. The Finance Department will provide a costing analysis for proposed amendments. The City Council may schedule additional Special City Council Budget Hearings or Workshops as needed.

## **11. Council Budget Amendments**

**Timeline:** No later than up to three (3) days prior to final budget adoption for public noticing

**Requirements:** In addition to the Council President's proposed budget, any Councilmember or group of Councilmembers may submit proposed budget amendments at any time during the budget process. However, the adopted budget shall not contain substantive amendments made on the floor by Councilmembers at the final meeting when the budget is adopted. All substantive amendments must have been published in the City Council agenda packet for at least three days prior to the budget's final adoption and posted on the City's budget website. This shall not preclude Council members from combining elements from various proposals, provided each element considered has been published in the City Council agenda packet as a component of one proposal. This three-day noticing requirement may be waived by a vote of Council upon a finding that (1) new information impacting the budget by at least \$1 million dollars came to the attention of the body after the publication deadline making it not reasonably possible to meet the additional notice requirement and (2) the need to take immediate action on the item is required to avoid a substantial adverse impact that would occur if the action were deferred to a subsequent special or regular meeting, such as employee layoffs.

Councilmembers will present their proposed amendments in an easy to understand, standardized format provided by the City Administrator. The format should allow the proposals to be easily compared to the Mayor's Proposed Budget and to one another. Additions and reductions shall be clearly noted in separate sections.

In order to provide sufficient time to evaluate the cost of proposals, Councilmembers should request costing analyses for proposed budget amendments or line-items within a budget amendment to the City Administrator at least six (6) working days prior to the City Council meeting where that amendment will be considered.

## **12. Process Feedback & Continual Improvement**

**Timeline:** September 30<sup>th</sup> following budget adoption

**Requirements:** The Budget Advisory Commission (BAC) shall be requested to submit an Informational Report to the Council's Finance and Management Committee and City Council containing their analysis of the budget adoption process including, but not limited to: 1) the informational quality of the Proposed Budget; 2) the City Administration's and City Council's attention to engaging the public and its impacts on the budget process and product; 3) the level of

transparency and open dialogue in all public meetings dedicated to the budget; and 4) opportunities for improving the process in future years. In assessing opportunities for continually improving public participation in the budget process, the Administration, City Council and BAC shall be requested to consider the following guiding principles:

- **Inclusive Design:** The design of a public participation process includes input from appropriate local officials as well as from members of intended participant communities. Public participation is an early and integral part of issue and opportunity identification, concept development, design, and implementation of city policies, programs, and projects.
- **Authentic Intent:** A primary purpose of the public participation process is to generate public views and ideas to help shape local government action or policy.
- **Transparency:** Public participation processes are open, honest, and understandable. There is clarity and transparency about public participation process sponsorship, purpose, design, and how decision makers will use the process results.
- **Inclusiveness and Equity:** Public participation processes identify, reach out to, and encourage participation of the community in its full diversity. Processes respect a range of values and interests and the knowledge of those involved. Historically excluded individuals and groups are included authentically in processes, activities, and decision and policymaking. Impacts, including costs and benefits, are identified and distributed fairly.
- **Informed Participation:** Participants in the process have information and/or access to expertise consistent with the work that sponsors and conveners ask them to do. Members of the public receive the information they need, and with enough lead time, to participate effectively.
- **Accessible Participation:** Public participation processes are broadly accessible in terms of location, time, and language, and support the engagement of community members with disabilities.
- **Appropriate Process:** The public participation process uses one or more engagement formats that are responsive to the needs of identified participant groups; and encourage full, authentic, effective and equitable participation consistent with process purposes. Participation processes and techniques are well- designed to appropriately fit the scope, character, and impact of a policy or project. Processes adapt to changing needs and issues as they move forward.
- **Use of Information:** The ideas, preferences, and/or recommendations contributed by community members are documented and given consideration by decision-makers. Local officials communicate decisions back to process participants and the broader public, with a description of how the public input was considered and used.
- **Building Relationships and Community Capacity:** Public participation processes invest in and develop long-term, collaborative working relationships and learning opportunities with community partners and stakeholders. This may include relationships with other temporary or ongoing community participation venues.
- **Evaluation:** Sponsors and participants evaluate each public participation process with the collected feedback and learning shared broadly and applied to future public participation efforts.

**AN ORDINANCE AMENDING ORDINANCE NO. 13279 C.M.S. (THE CITY OF OAKLAND CONSOLIDATED FISCAL POLICY, OR “CFP”) TO ESTABLISH AND MODIFY THE FINANCIAL POLICIES OF THE CITY OF OAKLAND.**

**NOTICE AND DIGEST**

This Ordinance authorizes an amendment to Ordinance Number 13279 C.M.S. (The Consolidated Fiscal Policy, “CFP”), to establish and modify the financial policies and budgeting practices of the City of Oakland. The first public reading of this ordinance is scheduled at a public hearing on 5/1/18 and second on 5/15/18. The location is at City Council Chambers located on the Third Floor of City Hall, One Frank H. Ogawa Plaza, Oakland, California, at 5:30pm. The CFP will be effective upon final adoption of the Ordinance and will remain in effect until further notice.