

ORDINANCE NO. \_\_\_\_\_ C.M.S.

ORDINANCE AMENDING ORDINANCE NO. 12502 C.M.S. TO (1) CLARIFY THE GENERAL PURPOSE FUND (GPF) RESERVE REQUIREMENTS; (2) CONSOLIDATE ALL MUNICIPAL CAPITAL PROJECTS IN THE CAPITAL IMPROVEMENTS RESERVE FUND; (3) REQUIRE A MAYORAL DECLARATION OF FISCAL EMERGENCY AND APPROVAL BY COUNCIL BEFORE THE GPF RESERVE CAN BE DRAWN DOWN; (4) REQUIRE THAT REAL PROPERTY TRANSFER TAX REVENUES IN EXCESS OF \$40 MILLION BE DEPOSITED IN THE GPF RESERVE AND THE CAPITAL IMPROVEMENTS RESERVE FUND; (5) REQUIRE THAT ONE-TIME REVENUES BE USED TO REPAY NEGATIVE FUND BALANCES AND FUND CAPITAL IMPROVEMENT PROJECTS; AND (6) PROVIDE CRITERIA FOR PROJECT CARRYFORWARDS AND ENCUMBRANCES IN THE GPF.

**WHEREAS**, on June 17, 2003, the City Council adopted Ordinance No. 12502 C.M.S., which repealed the original reserve policy for the City's undesignated general fund balance and adopted new operating budget and capital improvement budget policies, and a higher minimum level of reserves; and

**WHEREAS**, to ensure fiscal prudence and responsibility, the City desires to amend its reserve policy to clarify the established reserved requirements and to establish criteria for the use of GPF reserve, use of excess Real Property Transfer Tax (RPTT) revenue, and use of one-time revenues; and

**WHEREAS**, to minimize drawdowns from the GPF reserve by previously approved project carryforwards and purchase order encumbrances, the City wishes to add specific criteria for such carryforwards and encumbrances in the General Purpose Fund; now, therefore,

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

SECTION 1. The City Council finds and determines the forgoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

SECTION 2. The Municipal Code is hereby amended to add, delete, or modify sections as set forth below (section numbers and titles are indicated in **bold type**; additions are indicated by underscoring and deletions are indicated by ~~strike-through~~ type; portions of the regulations not cited or not shown in underscoring or strike-through type are not changed).

SECTION 3. Ordinance No. 12502 C.M.S. is hereby amended in its entirety to read as follows:

**SECTION 2A. General Purpose Fund Reserve Policy**

1. Council hereby declares that it shall be the policy of the City of Oakland to provide in each fiscal year a reserve of undesignated, uncommitted fund balance equal to seven and one-half percent (7.5%) of the General Purpose Fund (# 1010) appropriations for such fiscal year (the "General Purpose Fund Reserve Policy").

2. Each year, upon completion of the City's financial audited statements, the ~~City Manager~~ City Administrator will ~~shall~~ report the status of the General Purpose Fund Reserve to City Council. If in any fiscal year the General Purpose Fund Reserve Policy is not met, the ~~City Manager~~ City Administrator shall present to Council a strategy to meet the General Purpose Fund Reserve Policy.

3. The amounts identified as the undesignated General Purpose Fund 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 by the Mayor and a majority vote by the City Council.*

**SECTION 3B. Capital Improvements Reserve Fund**

1. There is hereby established a fund in the Treasury of the City of Oakland to be known as the "Capital Improvements Reserve Fund" (~~the "Capital Improvements Contingency Fund"~~).

2. ~~Commencing with the 2003-05 budget~~ On an annual basis, an amount equal to \$6,000,000 shall be ~~deposited~~ held into the Capital Contingency Improvements Reserve Fund (~~the "Capital Improvements Reserve Requirement"~~). Revenues received from one-time activities, including the sale of real property, shall, ~~unless otherwise directed by Council~~, be deposited into the Capital Improvements Reserve Fund, unless otherwise provided in Sections D and E of this ordinance or otherwise directed by the Council by passing a motion with not less than five affirmative votes. 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 shall, ~~unless otherwise directed by Council~~, may be appropriated by Council to fund unexpected emergency or major capital maintenance or repair costs to City-owned facilities and to fund capital improvement projects through the Five-Year Capital Improvement Program only if not already allocated to a specific project.

4. All projects previously appropriated in the Capital Improvement Projects fund (CIP, #5500) shall be transferred and consolidated into the Capital Improvements Reserve Fund. The Capital Improvements Reserve Fund shall be the only fund for the municipal capital projects within the City.

5. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the Capital Improvements Reserve Fund to City Council. If in any fiscal year the required Capital Improvements Reserve Fund threshold of \$6,000,000 is not met, the City Administrator shall present to Council a strategy to meet the said threshold.

~~SECTION 4C.~~ Prior to appropriating monies from the ~~contingency or reserves~~ established by this Ordinance, the Budget Office shall prepare an analysis of the proposed expenditure and the City Administrator shall present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council, and the appropriate emergency declaration by the Mayor and the passage of a motion by Council with not less than five affirmative votes that are necessary for the use of GPF reserve, the City Manager/Administrator will have the authority to allocate from the contingency or reserves.

~~SECTION 5.~~ The City Manager shall annually as part of the budget process prepare and submit to the City Council a report detailing the activity and status of the ~~contingency or reserves~~ established pursuant to this Ordinance. Interim reports may be prepared as requested by the Council.

**D. Use of Excess Real Property Transfer Tax (RPTT) Revenues To Maintain General Purpose Fund Reserve and To Fund Capital Improvement Projects Through the Capital Improvements Reserve Fund.**

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

- 1) The "excess" Real Property Transfer Tax (RPTT) revenue is hereby defined as any annual amount collected in excess of the "normal baseline" collection threshold of \$40 million.
- 2) The excess Real Property Transfer Tax collections, as described in this section, shall be used in the following manner: 50 percent deposited into the General Purpose Fund (GPF) to maintain the GPF reserve, and 50 percent deposited into the Capital Improvements Reserve Fund to maintain the required \$6,000,000 balance and to fund municipal capital improvement projects.

- 3) Use of the "excess" RPTT revenue for purposes other than those established above may only be allowed upon declaration of a fiscal emergency by the Mayor and Council's passage of a motion with not less than five affirmative votes.

**E. Use of One Time Revenues To Pay Off Negative Balances in Various City Funds and To Fund Capital Improvement Projects Through the Capital Improvements Reserve Fund**

- 1) From time to time, the City may receive "one time revenues", defined as financial proceeds that will not likely occur on an ongoing basis, such as sales of property or proceeds from the refinancing of debt.
- 2) Fiscal prudence and conservancy requires that one time revenues not be used for recurring expenses, that outstanding negative balances in various City funds be paid off, and that municipal capital projects addressing health and safety issues be adequately funded. Therefore, upon receipt of one time revenues, such revenues shall be used in the following manner, unless legally restricted to other purposes: 50 percent to pay off negative fund balances, and another 50 percent to deposit into the Capital Improvements Reserve Fund to maintain the \$6,000,000 balance and to fund municipal capital projects.
- 3) Use of the "one time revenues" for purposes other than those established above may only be allowed upon declaration of a fiscal emergency by the Mayor and Council's passage of a motion with not less than five affirmative votes.

**F. Criteria for Project Carryforwards and Encumbrances in the General Purpose Fund.**

Previously approved but unspent project appropriations ("carryforwards"), as well as funding reserved to pay for purchases or contracts that are entered into in the current year but are not paid for until the following year ("encumbrances"), draw down funding from reserves. Fiscal prudence requires that such drawdowns be limited in the General Purpose Fund (GPF). Therefore:

- 1) Funding for non-operating projects and purchases shall be restricted within the General Purpose Fund; capital purchases and projects in particular shall not be funded from the General Purpose Fund.
- 2) In cases when non-capital, operating projects and purchases must be funded in the General Purpose Fund, these shall be included in an annual budget and supported with new annual revenues.
- 3) Carryover of unspent project carryforwards and encumbrances in the GPF from one year into the next, with no new funding, will be allowed only on an exception basis.

- 4) In the beginning of each fiscal year, before project carryforwards and encumbrances are carried over from the prior year, and no later than August 1, the Budget Office shall liquidate all unspent project carryforwards and encumbrances in the GPF and advise affected City departments of said action.
- 5) Departments may request to retain some or all of the liquidated GPF carryforwards and encumbrances, only if and when such balances are deemed essential to the delivery of city projects, programs and services, and only if the liquidation of such balances would be in violation of legislative or legal requirements, could lead to health or safety issues, and/or would greatly impact essential City projects, programs and services.
- 6) A request to retain some or all of the liquidated carryforwards or encumbrances must be submitted in writing to the Budget Director within five (5) working days of receiving an advisory from the Budget Office about said liquidations, and must detail specific reasons necessitating such a request, including but not limited to those stated in item (3) above.
- 7) The Budget Director, upon review of a department's request, shall recommend an action to the City Administrator within five (5) working days of receiving the department's request.
- 8) The City Administrator, in consultation with the Budget Director, shall make a final determination of any and all requests for exceptions by departments, by August 20, and all requesting departments should be so notified by August 30.

SECTION 4. This ordinance shall be effective immediately, if passed by the affirmative vote of at least six City Council members; if this ordinance is passed by the affirmative vote of five City Councilmembers, it will be effective seven days after final passage.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2008

PASSED BY THE FOLLOWING VOTE:

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

NOES -

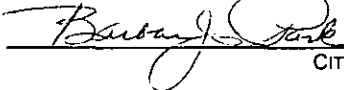
ABSENT -

ABSTENTION -

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

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

2008 OCT 13 PM 7:00

  
CITY ATTORNEY

## OAKLAND CITY COUNCIL

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

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**RESOLUTION AMENDING RESOLUTION 78747 SETTING FORTH THE CITY POLICY FOR THE PRIORITIZATION OF CAPITAL IMPROVEMENT PROJECTS RELATED TO THE CITY OF OAKLAND'S INFRASTRUCTURE TO REQUIRE THAT THE HIGHEST PRIORITY BE GIVEN TO REPLACEMENT OR CAPITAL REPAIRS TO EXISTING INFRASTRUCTURE AND FACILITIES, LIMITING NEW CAPITAL PROJECTS, AND PROVIDING THAT DEVIATION FROM THE PRIORITY POLICY MUST BE APPROVED BY THE CITY COUNCIL**

**WHEREAS**, the City Council passed Resolution 78747, attached hereto as Exhibit A, on July 20, 2004, establishing priorities for Capital Improvement Projects related to the City of Oakland's various infrastructure needs; and

**WHEREAS**, that the Resolution 78747 has set forth specific criteria to prioritize the City of Oakland's Public Infrastructure Projects, also referred to as Capital Improvement Projects, by the type of infrastructure; and

**WHEREAS**, the specific criteria in Resolution 78747 have been established for the following infrastructure type: Facilities and Structures, Parks and Open Spaces, Sanitary Sewers, Storm Drainage, Streets Sidewalks, and Traffic Improvements; and

**WHEREAS**, the City desires to expand the criteria for capital projects established by Resolution 78747 and to set a process for selecting capital projects for funding; now, therefore, be it

**RESOLVED**, the City Council of the City of Oakland hereby finds, determines and declares that the City's Capital Improvement Projects policy (set by Resolution 78747, attached hereto as Exhibit A) be amended to:

1. require that the highest priority be given to capital projects that provide replacement or capital repairs to existing infrastructure, facilities and other fixed assets;
2. implement a new capital project only if it will improve the condition of existing assets, are neutral to or lead to financial or operational savings, address urgent health or safety issues, unless ongoing operations and maintenance and capital repairs are fully funded by identified, new revenue streams;

3. require that the City Administrator present to the City Council capital projects for funding during the two-year budget process with the above criteria clearly outlined;

4. require that all capital improvement projects proposed to the City Council for consideration contain a comprehensive expenditure plan for the first five years, including prospective incremental allocation for on-going operations and maintenance; and that approval of the project be considered a City Council mandate to include the incremental operating and maintenance costs in the budget;

5. require that the City Council deliberate on the Capital Improvement Program budget prior to engaging in the operating budget to ensure that incremental operations and maintenance costs or savings resulting from capital projects are incorporated into the operating budget; and be it

**FURTHER RESOLVED**, that all proposed capital improvement projects will be rated according to the criteria above and in Resolution 78747 and presented in a five year capital improvement plan beginning with the 2009-11 budget process; and be it

**FURTHER RESOLVED**, that any exceptions to the Capital Improvements Projects policy, as amended herein, require a majority approval by the City Council; and be it

**FURTHER RESOLVED**, that this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2008

**PASSED BY THE FOLLOWING VOTE:**

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

NOES -

ABSENT -

ABSTENTION -

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

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

**REVISED**FILED  
OFFICE OF THE CITY CLERK  
OAKLAND**OAKLAND CITY COUNCIL**RESOLUTION NO. 78747 C.M.S.*Rocky...*

2004 JUL 15 PM 3:36

**RESOLUTION ESTABLISHING PRIORITIZATION METHODS FOR THE CITY OF OAKLAND'S FACILITIES AND STRUCTURES, PARKS AND OPEN SPACE, SEWERS, STORM DRAINS, STREETS, SIDEWALKS, AND TRAFFIC IMPROVEMENT INFRASTRUCTURE NEEDS**

**WHEREAS**, a policy for establishing priorities for the City of Oakland's various infrastructure needs does not currently exist; and

**WHEREAS**, a Public Improvement Project, also referred to as a Capital Improvement Project, is any defined location, specified public facility, building, utility, street, or any other City right-of-way improvement, capital improvement, park, recreational facility, trail, or environmental improvement that requires the City of Oakland's involvement in its design, site or building acquisition, site preparation, utilities emplacement, installation, construction, or reconstruction; and

**WHEREAS**, a Capital Maintenance Project is a minor project that does not significantly affect the level of service provided to the public, including the repair, renovation, or maintenance of existing public buildings or facilities such as roofing, HVAC improvements, carpeting, or other similar work; and

**WHEREAS**, *On-Going Operations and Maintenance* refers to the long-term, continuing costs associated with any location, specified public facility, building, utility, street, City right-of-way, park, recreational facility, trail, or leased space, including expenditures required to provide a specified level of service to the public (program functions, utilities, custodial) and expenditures required to support the scheduled maintenance needs of the infrastructure; and

**WHEREAS**, the City of Oakland has limited financial resources to fund its infrastructure needs, including capital and on-going operations and maintenance; and

**WHEREAS**, the City of Oakland's infrastructure, including facilities and structures, parks and open space, sewers, storm drains, streets, sidewalks, and traffic improvements, are considered significant assets to the City and impact the quality of life for those who live, work, and play in the City; and

**WHEREAS**, in 2002, the City of Oakland government initiative called "Moving Oakland Forward!" made several recommendations, including (1) that the City Council deliberate on the Capital Improvement Program budget prior to engaging in the operating budget to ensure that incremental operations and maintenance costs resulting from capital projects are incorporated into the operating budget, and (2) that all projects proposed to the City Council for consideration contain a comprehensive financial timeline for the first five years, including prospective incremental allocations for On-Going Operations and Maintenance and that approval of the project should be considered a City Council mandate to include the incremental operating and maintenance costs in the budget, now, therefore be it



**RESOLVED:** That the City Council establishes that the criteria used to prioritize the City of Oakland's Public Infrastructure Projects by type shall be as follows:

<u>Infrastructure Type</u>	<u>Prioritization Method</u>
Facilities and Structures (Capital Maintenance Projects)	<p>Prioritize calls for service from high to low using the following factors:</p> <p><b>High</b></p> <ul style="list-style-type: none"> <li>o Life safety issues, including liability exposure</li> <li>o Mandated service</li> <li>o Hazardous situations</li> <li>o Security breaches</li> <li>o Preventive maintenance of emergency response systems</li> </ul> <p><b>Medium</b></p> <ul style="list-style-type: none"> <li>o Scheduled preventive maintenance projects</li> </ul> <p><b>Low</b></p> <ul style="list-style-type: none"> <li>o Deferred maintenance projects</li> </ul>
Parks (Park Facilities) and Open Space	<p>Apply the Open Space Conservation and Recreation (OSCAR) Element of the Oakland General Plan. OSCAR states that in order to reduce deficiencies in parks and recreational facilities resulting from decline and deferred maintenance, outdated facilities, and factors such as vandalism and safety, the focus should be on maintenance, rehabilitation and safety improvements. This is cited as currently the highest priority since it protects public investment and maximizes the effective delivery of park services. (Objective REC-3.)</p> <p>Criteria to prioritize future infrastructure needs related to parks and open space are:</p> <ul style="list-style-type: none"> <li>o Projects that resolve existing health and safety issues, including liability exposure.</li> <li>o Projects that replace existing deteriorated facilities, fields, tot lots, etc.</li> <li>o Projects that leverage existing improvements that are already funded, or in design or construction, particularly those that are approved by Citywide vote.</li> <li>o Projects that are partially funded and suitable for grant-funding opportunities.</li> <li>o Projects that increase access to existing parks for school children.</li> </ul> <p>As funding is available, there will be an equitable distribution of these funds for both maintenance and repair of existing facilities, as well as for new construction.</p>
Sanitary Sewers	<p>Use the Infiltration and Inflow (I/I) Correction Program that has established a 25-year program to rehabilitate 30% of the sewer system sub-basins based on greatest to least infiltration and inflow of rainwater problems. The program includes a year-by-year prioritization of projects and is expected to be completed</p>

by 2013.

Apply the same criteria to plan and prioritize the rehabilitation and replacement of the remaining 70% of the system.

#### Storm Drainage

Use the Storm Drain Master Plan that prioritizes projects using the following factors:

- o Type of problem (flooding, erosion, etc.)
- o Location of impact (commercial, public street, private property, etc.)
- o Type of system (City-owned culvert, open channel, etc.)

#### Streets

Prioritize streets proposed for rehabilitation using the Pavement Management System based on the Pavement Condition Index (PCI), visual inspection, and cost effectiveness. Streets are ranked on scale of 1 – 100 with 100 being best.

#### Sidewalks

Prioritize sidewalks using a Sidewalk Management System based on the Sidewalk Condition Index (SCI) and a completed survey of damaged sidewalks throughout the City.

The Sidewalk Management System uses a combination of factors including distress type and severity and pedestrian usage and location to index the damage locations. Priorities are determined by those damaged locations having the lowest ranking first.

#### Traffic Improvements

Prioritize traffic signal needs based on criteria established by the State of California, Department of Transportation (Caltrans) as follows:

- o Vehicular volumes
- o Interruption of continuous traffic
- o Pedestrian volumes
- o Accident data (pedestrian and vehicular accidents)
- o Other, site specific special condition

In addition, to address pedestrian safety issues, staff maintains a second, parallel priority list for pedestrian traffic improvements based upon pedestrian safety criteria. Pedestrian safety improvements include striping and signage, bulbouts and sidewalk improvements, medians and islands, as well as traffic signals. The programming of pedestrian priority intersection locations is prioritized based on the following factors:

- o Intersection Pedestrian Accident Historical Data
- o Other site specific conditions

Prioritize Neighborhood Traffic Safety Program needs through input from the community and City Council offices, and an

engineering assessment. Requests are prioritized using criteria as follows:

- o Documented accident history (pedestrian and vehicular accidents)
- o Field evaluation
- o Assessment of non-standard or changed conditions
- o Citizen complaints
- o Other, site specific factors

Prioritize Bicycle Program needs using the 1999 Bicycle Master Plan. The plan's criteria for designating priority bikeways are:

- o Eliminate gaps in existing bikeways
- o Overcome significant obstacles and barriers such as bridges, tunnels, and freeways
- o Facilitate regional connections with bikeways in neighboring cities
- o Target improvements in corridors with identified safety concerns
- o Provide facilities in service districts that have no existing bikeways
- o Provide direct connection to BART, ferry, or other transit station
- o Provide direct connection to a major employment center

JUL 20 2004


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

PASSED BY THE FOLLOWING VOTE: BROOKS, BRUNNER, CHANG,  
AYES--- NADEL, QUAN, REID, WAN, DE LA FUENTE - 8

NOES--- 0

ABSENT--- 0

ABSTENTION--- 0

ATTEST   
 CEDA FLOYD  
 City Clerk and Clerk of the Council  
 of the City of Oakland, California