

CITY OF OAKLAND

COUNCIL AGENDA REPORT

To: Office of the City Administrator
Attn: Dan Lindheim
From: Budget Office
Date: June 30, 2009

Subject: Continuation of Discussion and Action on FY 2009-11 Proposed Budget for the City of Oakland (including the 2009-11 Capital Improvement Program) and FY 2009-11 Proposed Budget for the Oakland Redevelopment Agency:

- a. Resolution Establishing an Appropriations Limit for Fiscal Year 2009-2010 Pursuant to Article XIII B of the California Constitution.
 - b. Resolution Authorizing the FY 2009-11 Biennial Budget as the Financial Plan for Conducting the Affairs of the City of Oakland and Appropriating Certain Funds to Provide for the Expenditures Proposed by Said Budget.
 - c. Agency Resolution Authorizing the Fiscal Year 2009-11 Biennial Budget as the Financial Plan for Conducting the Affairs of the Redevelopment Agency of the City of Oakland and Appropriating Certain Funds to Provide for the Expenditures Proposed for Said Budget.
-

SUMMARY

Attached to this report are three resolutions requiring City Council action as part of the Fiscal Year 2009-2011 budget adoption.

- a. *Resolution Establishing an Appropriations Limit for Fiscal Year 2009-2010 Pursuant to Article XIII B of the California Constitution:* Adoption of this resolution would fulfill mandates of the State Constitution pursuant to the appropriation of funds.
- b. *Resolution Authorizing the FY 2009-11 Biennial Budget of the City of Oakland AND*
- c. *Resolution Authorizing the FY 2009-11 Biennial Budget of the Oakland Redevelopment Agency:* Both of these resolutions approve the Fiscal Year 2009-2011 budget as presented in the Mayor's Proposed Budget Document and amended through changes proposed by the City Council and City Administrator. Each resolution references Exhibit A, which will capture:
 - **City Council / Agency Board's changes** to the budget. (These will be documented *based on the June 30, 2009 meeting discussion and action* by the City Council / Agency Board.)
 - **City / Agency Administrator's changes** to reflect adjustments that came into light after the Mayor's Proposed Budget was printed. (These will be included in the *supplemental agenda packet*, on green pages.)

RECOMMENDATION

Staff recommends that the City Council/Agency Board approve the attached three budget-related resolutions.

Respectfully submitted,



CHERYL TAYLOR
Budget Director

APPROVED FOR FORWARDING
TO THE CITY COUNCIL:


Office of the City/Agency Administrator

Attachments - Budget-related legislation:

- a. Resolution Authorizing the FY 2009-11 Biennial Budget as the Financial Plan for Conducting the Affairs of the City of Oakland and Appropriating Certain Funds to Provide for the Expenditures Proposed by Said Budget.
- b. Resolution Establishing an Appropriations Limit for Fiscal Year 2009-2010 Pursuant to Article XIII B of the California Constitution.
- c. Agency Resolution Authorizing the Fiscal Year 2009-11 Biennial Budget as the Financial Plan for Conducting the Affairs of the Redevelopment Agency of the City of Oakland and Appropriating Certain Funds to Provide for the Expenditures Proposed for Said Budget.

APPROVED AS TO FORM AND LEGALITY

INTRODUCED BY COUNCILMEMBER _____

Barbara J. Oake
CITY ATTORNEY

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

RESOLUTION ESTABLISHING AN APPROPRIATIONS LIMIT FOR FISCAL YEAR 2009-2010 PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

WHEREAS, Article XIII B of the California Constitution (Limitation of Government Appropriations) was passed by the California electorate on November 6, 1979, and became effective on July 1, 1980; and

WHEREAS, the Chapter 1205, Statute of 1980, Section 7900 of the Government Code, formally implements methods for governmental entities to establish and define annual appropriations limits, based on annual appropriations for the prior fiscal year, which is fiscal year 2008-09, for fiscal year 2009-10; now therefore be it

RESOLVED: That the annual appropriations limit for the City of Oakland for FY 2009-10 is \$450,934,736, as reflected in Exhibit A; and be it

FURTHER RESOLVED: That the growth factors used to calculate the limit are the county population change and the increase in the California per capita income.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

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

NOES--

ABSENT--

ABSTENTION--

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California

ARTICLE XIII B - APPROPRIATIONS SUBJECT TO LIMITATION
FY 2009-10

| Revenue | Total | Proceeds of Taxes | Non-Proceeds of Taxes |
|--------------------------------------|-------------------|-------------------|-----------------------|
| PROPERTY TAX | \$223.53 | \$223.53 | |
| STATE TAX | | | |
| Sales Tax | 53.94 | 43.25 | 10.69 |
| Motor Vehicle in Lieu | 1.09 | 1.09 | |
| Gas Tax | 7.03 | | 7.03 |
| Subtotal, State Taxes | \$62.06 | \$44.34 | 17.72 |
| LOCAL TAXES | | | |
| Business License Tax | 52.00 | 52.00 | |
| Utility Consumption Tax | 54.45 | 54.45 | |
| Real Estate Transfer Tax | 27.39 | 27.39 | |
| Transient Occupancy Tax | 10.10 | 10.10 | |
| Parking Tax | 13.20 | 13.20 | |
| Special Taxes | 21.84 | 21.84 | |
| Subtotal, Local Taxes | \$178.98 | \$178.98 | |
| LANDSCAPE & LIGHTING ASSESSMENT | 18.21 | | 18.21 |
| OTHER LOCAL FEES | 54.90 | | 54.90 |
| SERVICE CHARGES | 129.28 | | 129.28 |
| GRANTS & SUBSIDIES | 111.87 | | 111.87 |
| MISCELLANEOUS | 66.48 | 0.13 | 66.35 |
| FUND TRANSFERS | 156.15 | | 156.15 |
| SUBTOTAL REVENUES | \$1,001.46 | \$446.98 | \$554.48 |
| INTEREST (Prorated) | 9.55 | 0.00 | 9.55 |
| TOTAL REVENUE | \$1,011.01 | \$446.98 | \$564.03 |
| EXEMPTIONS* | | (\$90.97) | |
| APPROPRIATIONS SUBJECT TO LIMITATION | | \$356.01 | |
| APPROPRIATIONS LIMIT | | \$450.93 | |
| OVER/(UNDER) LIMIT | | (\$94.93) | |

* Property tax revenue appropriated to service voter-approved debt is exempted.

ARTICLE XIII B APPROPRIATIONS LIMIT
Fiscal Year 2009-10

Article XIII B of the California Constitution was created by the passage of Proposition 4 in November 1979, and establishes a limit on the amount of tax revenue which can be appropriated by government jurisdictions. This limit is popularly known as the Gann Limit. Each year, the limit is recalculated by multiplying the previous year's limit by adjustment factors for population growth and inflation. Proposition 111, passed in June 1990, gave cities the option of using their own growth or the growth of the entire county in which the city is located as the population adjustment factor. Cities were also given the option of using the increase in California Per Capita Income or the increase in the assessed valuation of non-residential property in the City as the inflation adjustment factor. Cities have the option each year of deciding which factor to use. For 2009-10, Oakland is using the population growth of the County of Alameda and the increase in California Per Capita Income. These adjustment factors must be applied to retroactively recalculate the appropriations limit for 1987-88 (i.e. the base year) and each year thereafter in order to arrive at the limit for 2009-10.

2008-09 Appropriations Limit \$442,613,600

2009-10 Adjustment Factors

County of Alameda Population Change = 1.0125 (1.25%)
California Per Capita Income Change = 1.0062 (0.62%)
Combined Change = 1.0125 x 1.0062 = 1.0188

2009-10 Appropriations Limit \$450,934,736

Not all City appropriations are subject to the limitation of Article XIII B. The intent of Proposition 4 was to restrict only the appropriation of "proceeds of taxes." Determining which appropriations are subject to the limit requires classifying each funding source as either proceeds of taxes or non-proceeds of taxes. Property tax and local taxes are subject to limitation. State taxes that are subvented to the City count against the City's limit if their use is unrestricted, as in the case of sales tax and motor vehicle in lieu. State subventions that are restricted in use are applied against the State's limit rather than the City's, so they are considered non-proceeds of taxes for the City's calculation. This includes Measure B sales tax, gas tax, and state grants and state-mandated cost subventions included in the Grants and Subsidies category. Interest income is prorated so that the interest earned on tax revenue is included as proceeds of taxes.

Most of the City's other revenue sources are classified as non-proceeds of taxes: franchise fees, Landscape and Lighting Assessments (special benefit assessment districts are excluded from the limitation), fines and penalties, license and permit fees, service charges, rentals and concessions, federal grants, Oakland Redevelopment Agency reimbursements (redevelopment agencies are exempt from Article XIII B), internal service revenues, and other miscellaneous revenues. Enterprise funds – sewer service charges and golf course revenues – are also exempt from the limitation. Fund transfers are re-appropriations of revenue received in previous years; these funds were included in the calculation of appropriations subject to limitation in the year they were received and are not counted twice.

INTRODUCED BY COUNCILMEMBER _____

DRAFT
CITY ATTORNEY

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE FY 2009-2011 BIENNIAL BUDGET AS THE FINANCIAL PLAN FOR CONDUCTING THE AFFAIRS OF THE CITY OF OAKLAND AND APPROPRIATING CERTAIN FUNDS TO PROVIDE FOR THE EXPENDITURES PROPOSED BY SAID BUDGET

WHEREAS the City Council has reviewed departmental and non departmental budgets in public hearings in view of estimated resources available for Fiscal Years 2009-2011; and

WHEREAS the City Council has given careful consideration to the adoption of a budget and financial plan for the use of funds for Fiscal Years 2009-2011 as set forth in the FY 2009-2011 Proposed Policy Budget document and Exhibit A reflecting City Administrator and City Council modifications which together constitute the FY 2009-2011 Adopted Policy Budget; now therefore be it

RESOLVED: That the City Administrator is authorized to expend in accordance with the laws of the State of California and the City of Oakland on behalf of the City Council new appropriations for departments and activity programs as incorporated in the FY 2009-2011 Adopted Policy Budget attached hereto; and be it

FURTHER RESOLVED: That the City Administrator may transfer operating appropriations between activity programs during the fiscal year provided that such funds remain within the agency department in which the funds were approved by City Council; and be it

FURTHER RESOLVED: That the City Administrator may transfer capital appropriations between the Capital Improvement Program and operating departments to the extent that such transfers are necessary to fund capital related activities of the operating departments; and be it

FURTHER RESOLVED: That the City Administrator must obtain approval from the City Council before (1) substantially or materially altering the relative agency allocations of funding set out in the Policy Budget, (2) substantially or materially changing the levels of service expressly prioritized and funded by the Policy Budget including but not limited to layoffs and/or freezes that would substantially or materially (a) change levels of service, or (b) affect programs, or (3) eliminates or suspends entire programs funded by the Policy Budget; and be it

FURTHER RESOLVED: That the City Administrator may establish appropriations in the Oakland Redevelopment Agency Reimbursable Projects Fund (Fund 7780) which match reimbursable capital projects appropriated in the Oakland Redevelopment Agency budget.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

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

NOES---

ABSENT---

ABSTENTION---

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California

EXHIBIT A

- **City Council changes** to the budget: These will be documented *based on the June 30, 2009 meeting discussion and action* by the City Council.
- **City Administrator's changes** to reflect adjustments that came into light after the Mayor's Proposed Budget was printed: These will be included in the *SUPPLEMENTAL* agenda packet, on green pages.

Approved as to Form and Legality

By: _____
Agency Counsel

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. _____ C.M.S.

AGENCY RESOLUTION AUTHORIZING THE FISCAL YEARS 2009-11 BIENNIAL BUDGET AS THE FINANCIAL PLAN FOR CONDUCTING THE AFFAIRS OF THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND AND APPROPRIATING CERTAIN FUNDS TO PROVIDE FOR THE EXPENDITURES PROPOSED BY SAID BUDGET

WHEREAS, the Agency has reviewed project and activity budgets in public hearings in view of estimated resources available for Fiscal Years 2009-11; and

WHEREAS, the Agency has given careful consideration to the adoption of a budget and financial plan for the use of funds for Fiscal Years 2009-11 as set forth in the "FY 2009-11 Proposed Budget of the Oakland Redevelopment Agency" presented to the Agency Board and Exhibit A, attached to this Resolution, reflecting Agency Administrator and Agency Board modifications, which together constitute the "FY 2009-11 Oakland Redevelopment Agency Adopted Budget;" and

WHEREAS, the City of Oakland and the Agency entered into a Cooperation Agreement on July 1, 2004, which governs the provision of assistance and the payment of funds between the two agencies, subject to budget authorization; and

WHEREAS, the Cooperation Agreement provides for an annual accounting of costs incurred by the City in rendering activities or services to the Agency; and

WHEREAS, the City has provided the required accounting to the Agency as part of the City budget proposal; now, therefore, be it

RESOLVED: That the Agency Administrator is hereby authorized to expend, in accordance with the laws of the State of California and the City of Oakland on behalf of the Agency, new appropriations for projects and activities as incorporated in the FY 2009-11 Oakland Redevelopment Agency Adopted Budget; and be it

FURTHER RESOLVED: That the Redevelopment Agency hereby finds and determines that the planning and administrative expenses to be funded from the Low and Moderate Income Housing Fund under the FY 2009-11 Oakland Redevelopment Agency Adopted Budget (1) are necessary for the production, improvement, and preservation of low- and moderate-income housing in the City of Oakland, (2) are an eligible use of Low and Moderate Income Housing Funds, and (3) are otherwise consistent with the standards and requirements set forth in the California Community Redevelopment Law, including Health and Safety Code Section 33334.3(d); and be it

FURTHER RESOLVED: That the Agency Administrator may transfer operating appropriations between projects and activities during each of the budget years; and be it

FURTHER RESOLVED: That the Agency hereby authorizes transfers between operating funds, debt funds and capital funds within a single redevelopment project to correct deficits in any of the funds; and be it

FURTHER RESOLVED: That the Agency hereby authorizes the closing of inactive funds and transfers of residual balances from these inactive funds between operating funds, debt funds and capital funds within a single redevelopment project; and be it

FURTHER RESOLVED: That the Agency Administrator is authorized to reimburse or otherwise make payments to the City for all costs incurred, services rendered and payments made by the City pursuant to the Cooperation Agreement.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST:

LaTonda Simmons
Secretary of the Redevelopment Agency of
the City of Oakland, California

EXHIBIT A

- **Agency Board's changes** to the budget: These will be documented *based on the June 30, 2009 meeting discussion and action* by the Agency Board.
- **Agency Administrator's changes** to reflect adjustments that came into light after the Mayor's Proposed Budget was printed: These will be included in the *SUPPLEMENTAL* agenda packet, on green pages.