



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2018 APR -5 PM 4:00

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Finance Department

SUBJECT: Supplemental Report Negative Fund
Repayment Plan and
Recommendations

DATE: April 2, 2018

City Administrator Approval

Date:

4/5/18

RECOMMENDATION

Staff Recommends That City Council Adopt A Resolution Authorizing The City Administrator To (1) Remove Or Reallocate Appropriations In Specified Funds With Negative Fund Balances And No Sources Of Revenue; (2) Revise The Existing Repayment Schedule To Add 10 Year Repayment Plans For Specified Funds With Negative Fund Balances As Part Of The FY 2019-21 Proposed Policy Budget.

REASON FOR SUPPLEMENTAL

At the March 20, 2018 City Council meeting, staff was asked to provide additional information on the support for the recommendation to remove or reallocate appropriations in specified funds with negative fund balances and no sources of revenue. Specifically, appropriations for Council Pay-Go projects in the Municipal Capital Improvement Fund (5500) and the Capital Reserves Fund (5510).

This supplemental report is prepared in response to that request.

ANALYSIS AND POLICY ALTERNATIVES

The recommendation to remove or reallocate appropriations in any City fund is based on three factors:

1. Fund (or cash) balance
2. Revenue source
3. Use (expenditure activity)

The Municipal Capital Improvement Fund (5500) and the Capital Reserves Fund (5510) have **negative fund balances, no source of revenue, and little to no expenditure activity** in most projects over the last four fiscal years. By allowing Departments to spend **current appropriations** (i.e., project carryforward) in these funds the City would be increasing the liability to the General Purpose Fund. As of June 30, 2017, the total negative fund balance for both funds was \$6.26 million. The available appropriations in those funds totaled \$4.85 million

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as of that same date. If those appropriations are spent, the funds would reach a total negative balance of \$11.11 million (**Table 1**).

Table 1: FY 2018-19 Projected Ending Fund Balance

Fund	Fund Description	Fund Balance (06/30/2017)	Carryforward Appropriation (06/30/2017)	Estimated Ending Fund Balance (06/30/2018)*
5500	Municipal Capital Improvement	(5,494,985)	2,814,539	(8,309,524)
5510	Capital Reserves	(769,989)	2,035,040	(2,805,029)
TOTAL		(6,264,974)	4,849,579	(11,114,553)

* Assumes all appropriations are spent in FY 2017-18

Table 2 on the following page shows the historical expenditure activity from FY 2013- 2017, as well as the available appropriations as of Fiscal Year-End (FYE) 2016-17. Several of the projects have been carrying forward appropriations since FY 2013-14 with no associated expenditures.

Appropriations that were encumbered (as of June 30, 2017) were provided in FY 2017-18 to satisfy those project obligations. Staff has not identified any obligations associated with the amounts shown in **Table 2**. However, if commitments have been made in anticipation of these project funds, staff will work with Departments to identify any appropriate alternative funding sources as they become available (e.g., one-time GPF revenues, etc.).

Table 2: FY 2013 – FY 2017 Summary of Expenditures by Project – Funds 5500 and 5510

5500 - Municipal Capital Improvement

Project	Description	ACTUAL EXP FY 2013-14	ACTUAL EXP FY 2014-15	ACTUAL EXP FY 2015-16	ACTUAL EXP FY 2016-17	FY 2016-17 FYE CF APPROP
B01000	District Six Pay-Go Projects	\$0	\$0	\$0	\$0	\$ 268
C198620	PERMIT & CODE ENFORC TRACK SYS	\$0	\$0	\$0	\$0	\$ 224,877
C59050	ALERTING & WARNING SYSTEM-MEA	\$0	\$0	\$0	\$0	\$ 7,848
1001641	PAYGO D5 - FAIRYLAND SIGN	\$0	\$0	\$0	\$0	\$ 25,828
1000023	DPCIP Administrative Project	\$0	\$0	\$0	\$0	\$ 643
1000475	DISTRCT SIX PA-B010 B01020	\$0	\$0	\$11,001	\$0	\$ 13,461
1000928	PAYGO D1 GG LIBRARY	\$0	\$0	\$16,500	\$0	\$ 1,510
1001029	PAYGO D1 LINDEN PARK	\$0	\$0	\$7,198	\$1,057	\$ 333
B273620	DISTRICT 7 - PAY-GO	\$0	\$0	\$0	\$0	\$ 394,015
B273530	DISTRICT 6 - PAY-GO	\$0	\$0	\$0	\$0	\$ 571,104
B273430	DISTRICT 5 - PAY-GO	\$0	\$0	\$0	\$0	\$ 496,902
B273320	DISTRICT 4 - PAY-GO	\$0	\$0	\$0	\$0	\$ 276,793
B273230	DISTRICT 3 - PAY-GO	\$0	\$0	\$0	\$0	\$ 32,917
B273150	DISTRICT 2 - PAY-GO	\$0	\$0	\$0	\$0	\$ 678,099
B273040	DISTRICT 1 - PAY-GO	\$0	\$0	\$0	\$0	\$ 38,978
B273720	AT LARGE - PAY-GO	\$0	\$0	\$0	\$0	\$ 50,964
Subtotal		\$0	\$0	\$34,699	\$1,057	\$2,814,539

5510 - Capital Reserves

Project	Description	ACTUAL EXP FY 2013-14	ACTUAL EXP FY 2014-15	ACTUAL EXP FY 2015-16	ACTUAL EXP FY 2016-17	FY 2016-17 FYE CF APPROP*
C274310	ADA ACCOMMODATIONS	\$0	\$40,426	\$0	\$0	\$ 163
C296420	CITYWIDE ROOF REPAIRS FY08-09	\$0	\$0	\$0	\$0	\$ 5,500
1000931	PAYGO 6 AV RECORDING STUDIO	\$0	\$0	\$0	\$0	\$ 7,344
1001174	DISTRICT 1 PAY-GO 5510	\$0	\$0	\$0	\$0	\$ 1,010
1001469	PAYGO CHINESE GRDN IMPRVMENTS	\$0	\$0	\$0	\$0	\$ 31,511
1000930	PAYGO 3 WEST OAK YOUTH CTR	\$0	\$0	\$3,705	\$0	\$ 7,754
B273620	DISTRICT 7 - PAY-GO	\$0	\$0	\$0	\$0	\$ 25,001
B273530	DISTRICT 6 - PAY-GO	\$0	\$0	\$0	\$0	\$ 53,317
B273430	DISTRICT 5 - PAY-GO	\$0	\$0	\$0	\$0	\$ 164,917
B273320	DISTRICT 4 - PAY-GO	\$0	\$0	\$0	\$0	\$ 10,996
B273230	DISTRICT 3 - PAY-GO	\$0	\$0	\$0	\$0	\$ 40,466
B273150	DISTRICT 2 - PAY-GO	\$0	\$0	\$0	\$0	\$ 118,483
B273040	DISTRICT 1 - PAY-GO	\$0	\$0	\$0	\$0	\$ 37,413
1003326	CLINTON PK BLDG ADA IMPR	\$0	\$0	\$0	\$0	\$ 2,904
Subtotal		\$0	\$40,426	\$3,705	\$0	\$ 506,780

Grand Total	\$0	\$40,426	\$38,405	\$1,057	\$3,321,319
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* FY 2016-17 FYE CF Appropriations proposed for elimination have been reduced to reflect obligated projects as of December 31, 2017

FISCAL IMPACT


Any funds with appropriations and no source of revenue will only grow further negative. Additionally, these fund balances will continue to accumulate negative interest which is a direct impact to the GPF. Negative funds are ultimately the responsibility of the General Purpose Fund.

ACTION REQUESTED OF CITY COUNCIL

Staff recommends that City Council adopt a resolution authorizing the City Administrator to (1) remove or reallocate appropriations in specified funds with negative fund balances and no sources of revenue; (2) revise the existing Repayment Schedule to add 10-year Repayment Plans for specified funds with negative fund balances as part of the FY 2019-21 Proposed Policy Budget.

For questions regarding this report, please contact Kirsten LaCasse, Controller, at 238-6776.

Respectfully submitted,



KATANO KASAINÉ
Finance Director, Finance Department

Prepared by:
Kirsten LaCasse, Controller
Controller's Bureau