



Oakland's Roadmap To A Sustainable Budget





Contents

Page 4... Executive Summary

Page 6... What is Causing Oakland's Deficit?

Pg. 6 Oakland Already Commits a Majority of its General Fund Budget to Public Safety and Frequently Overspends

Pg. 8 Balancing the Deficit Through Cuts to Non-Sworn Services Alone is Not Practicable

Pg. 9 Reports of Dramatic Increases in City Worker Compensation are Overstated and Don't Distinguish Between Public Safety and Civilian Employees

Pg. 12 Sharp Increases in Police Overtime is Driving Deficits, but Hiring Officers is Becoming Too Expensive

Page 13... Oakland's Roadmap to a Sustainable Budget

Page 23... Endnotes



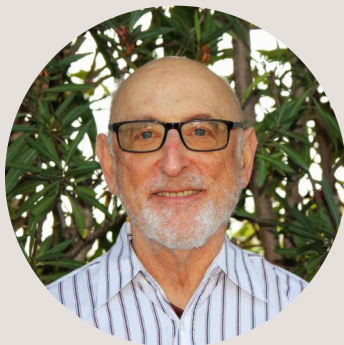
“

The Oakland Roadmap to a Sustainable and Equitable Budget demonstrates that the city can respond to even the most severe budget challenges with strategies that seek to protect critical public services, provide fairness to dedicated employees, and move towards fiscal stability.

When confronting major budget shortfalls, polemics accomplish nothing.

Serious analysis is needed, and this document is a constructive effort to initiate the kind of critical thinking Oakland requires.

”



Bob Brownstein

Chief of Staff, Santa Clara County Supervisor Susanne Wilson, 1978-1990
Public Policy and Budget Director, Office of SJ Mayor Susan Hammer, 1990-1998
Research & Public Policy Director, Working Partnerships USA, 1999-2023

BA Princeton University
MA Stanford University
MS SJS University

Executive Summary

Oakland's budget deficit is part of a nationwide trend of government agencies facing declining revenues as a result of rising interest rates. In Oakland, these external challenges are compounded by internal ones: years of mismanagement and a pattern of overspending. The city's fiscal health is particularly strained by unaccountable spending in the Police Department. Despite drastic budget cuts that were enacted in many departments, deeper structural reforms are needed to restore fiscal stability, protect essential services, and invest in Oakland's future.

Key Findings

Police Overspending

- The City of Oakland cannot balance its deficit without reining in police expenses.
- The city's spending on police and fire services consumes 70% of the general fund, far higher than other cities.
- In 2024-2025, police overspending alone accounts for 56% of the deficit.
- Growth in sworn compensation, primarily driven by police overtime, has outpaced both the rate of revenue growth in the general fund and the rate of inflation.
- The city has failed to fully implement recommendations for more efficient police operations, despite audits highlighting issues with overtime oversight, including a finding that 83% of sworn overtime approval records could not be located or verified.
- The majority of city employees earning over \$200k are sworn police officers, as are 64% of employees earning over \$300k.
- The city has not fully implemented the Reimagining Public Safety Task Force recommendations, which could save up to \$19 million. Oakland cannot balance its deficit without reigning in police expenses.

Revenue Decline

- Since the pandemic, Oakland's revenue collections have plummeted.
- In 2023-2024, there was a 33% drop in parking violation enforcement and a \$6 million shortfall in meter collections.
- Uncollected business tax delinquencies have skyrocketed from \$4.7 million in 2019-2020 to \$16 million in 2022-2023.
- Oakland's tax code has lagged behind the region and ongoing revenues will be needed to restore service levels. City leadership should initiate a process now to identify revenue reforms for 2026 and any other upcoming elections.

Budget Mismanagement

- The city's budget is increasingly inflated and unrealistic for many services.
- In 2022-2023 alone, non-personnel spending surged by 50% and over 288 staff positions were added—many of which remain unfilled. Right-sizing the city's budget to reflect actual spending levels would save millions.
- Additionally, executive compensation has seen large increases. In 2022, non-union executive management staff received over \$8 million in wage and benefit increases for just 66 total employees, an average increase of \$116k per executive.

Economic Opportunities

- The City of Oakland still has over 650 vacant positions. Many of these unfilled positions are outside the general fund and could be filled, providing a boost to the local economy. Millions in grant awards for hiring resources and apprenticeship programs are available to support these hiring efforts.
- Development opportunities, like the sale of the Coliseum site, could generate additional tax revenue and stimulate economic growth.

Recommendations: A Roadmap to a Sustainable Budget

The recommendations below total **between \$142-\$204 million** in potential new revenue and cost efficiencies, which is more than enough to close the city's budget gap. Immediate action will not only protect our vital public services here and now, it will put Oakland on the path toward fiscal sustainability and economic growth.

1. Grow the Tax Base for Public Safety & Promote Efficiency and Accountability in the Oakland Police Department

- Funding Public Safety Improvements through Measures NN and MM (\$20 million in new funding)
- Initiate a Process to Identify Revenue Reforms to Support Public Safety Expenditures (\$20 million+ in additional funding)
- Implementing recommendations of the Reimagining Public Safety Taskforce & Continuing Investments in Ceasefire (up to \$19 million)
- Stay Within Budget for Police Overtime (\$24 to \$52 million in savings)

2. Restore Enforcement of the City's Tax Code, Revenue Collections, and Traffic Laws

- Staff Up Parking Enforcement & Revenue Generating Positions (\$8 million+ in improved revenue collections)
- Improve Business Tax Collection Process and Compliance (up to \$11 million annual ongoing revenue, plus an additional \$34 million in one-time Revenue)

3. Strengthen Fiscal Policies for Oakland's Future

- Bolster Reserves to Invest in Oakland's Future (more than doubling service stabilization reserves for the next downturn)

4. Realistic and Streamlined Budget

- Create a Realistic Staffing Budget and Reducing Non-Service Spending (\$15 million+ in cost efficiencies)
- Controlling Growth in Executive Compensation (up to \$8 million in cost savings)

5. Economic Development for all of Oakland

- The Coliseum Site: An Opportunity for a Boom Loop (\$4.5 million+ in revenue growth through economic development)
- Apply for funding to Staff up Oakland (up to \$13 million in potential grant awards)

What is Causing Oakland's Deficit?

Many government agencies across California and the United States are facing budget deficits due to raised interest rates and their impact on local revenues. Oakland is no different, however declines in economically sensitive revenues compounded on top of years of inaction and mismanagement from prior leadership and sharp increases in public safety costs, especially in the police department.¹ Many departments have already enacted millions in budget cuts and revenues are beginning to show some signs of recovery, however, the City of Oakland must tackle its longstanding budget issues head on in order to achieve a realistic and sustainable budget moving forward.

Oakland Already Commits a Majority of its General Fund Budget to Public Safety and Frequently Overspends

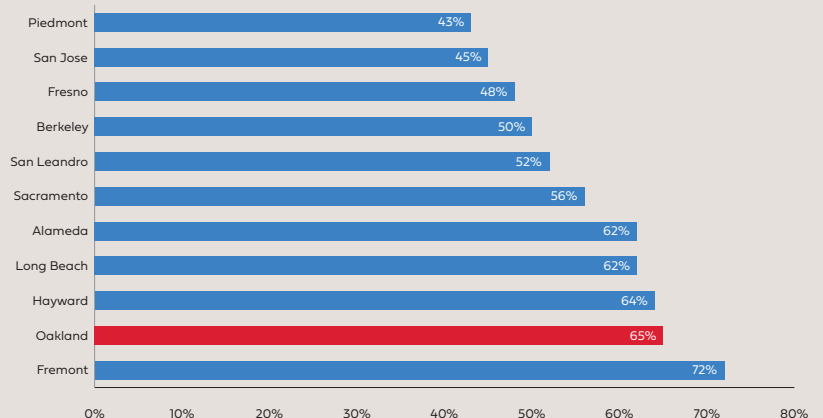
Oakland's General Purpose Fund makes up 40% of the city's total budget and covers all discretionary spending. The city's budget shortfall is almost entirely in this fund, which heavily depends on real estate transfer taxes and other economically sensitive revenues.²

The city's 2024-2025 midcycle budget dedicates 65% of its General Fund to public safety, which is higher than the average of 56% in similar cities.³

Actual general fund spending is even more heavily weighted toward public safety due to consistent overspending in the police department and underspending in most other services. Actual public safety spending accounted for 67% of actual general fund spending 2023-2024, despite making up only 63% of budgeted spending in that year,⁴ and in fiscal year 2024-2025, public safety is projected to comprise 70% of total spending.⁵ Over the past decade, the police department has overspent its budget by over \$14 million on average each year and has only been within budget twice. On average, all other departments underspent their budgets by \$19 million annually over the same time period.⁶ At the end of the first quarter in fiscal year 2024-2025, public safety departments are expected to overspend by \$30 million, despite a \$14 million increase to the police department budget at midcycle.⁷

2024-2025 Adopted Budget Public Safety Share of Adjusted General Fund Budget

Figure 1, Source: Adopted budgets for fiscal year 2024-2025.



Average Annual Department Overspending Over Past 10 Years

2014 to 2024 in Millions



Figure 2, Source: Fourth Quarter Revenue and Expenditure Reports.

Balancing the Deficit Through Cuts to Non-Sworn Services Alone is Not Practicable

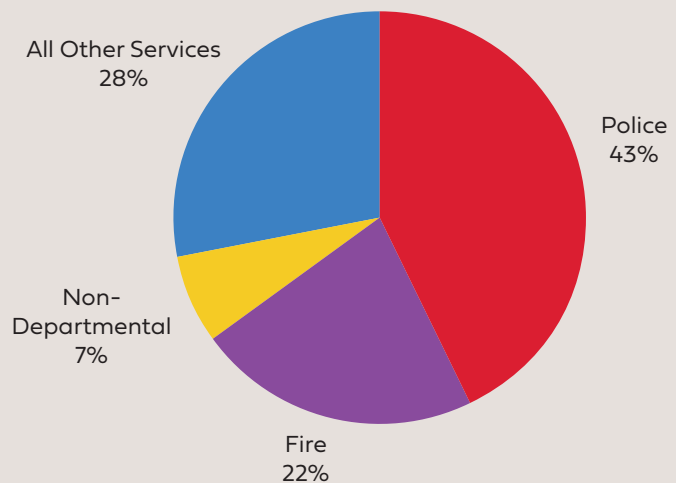
The current projected deficit for the upcoming budget process is \$120 million in each year. Given the dominance of public safety spending in the General Fund, balancing the projected deficit without changes to public safety spending or new revenue sources would be near impossible and would severely impact all city operations, including in public safety services. Balancing the budget without managing spending in safety services would require slashing all other budgets by 83% according to city reports, including critical functions like IT, payroll processing, revenue collection, performance auditing and hiring support. It would also cause significant damage to community facing services like parks, recreation centers, senior centers, and economic development as well as human services and violence prevention, all of which would also see their budgets cut by 83%.⁸

Cutting wages and benefits for civilian staff similarly would do little to balance the budget while hurting recruitment and retention in critically understaffed services like dispatch and revenue collections. Only 34% of non-sworn payroll spending is supported by the general fund while 66% is in other funds that are largely healthy.⁹

As a result 2023-2024 raises for civilian employees were projected to add only \$8 million to the General Purpose Fund—less than 1% of total spending.¹⁰ Even fully rolling back all recently negotiated union contracts for civilian workers for multiple years would close less than half of the projected deficit and would worsen the city’s hiring crisis as nearby cities continue to raise wages.¹¹

2024-2025 Midcycle Adjusted Budget General Fund Expenditures by Service Type

Figure 3, Source: Oakland’s Adopted Midcycle Budget for fiscal year 2024-2025.



Reports of Dramatic Increases in City Worker Compensation are Overstated and Don't Distinguish Between Public Safety and Civilian Employees

In the aftermath of the Great Recession, City of Oakland employees made deep concessions, including furloughs, wage freezes, increased employee pension contributions and lower pension benefits. Most city workers have never recovered. Between 2008 and 2023, spending on civilian employee payroll declined by 19% adjusted for inflation.¹² Over that same time period, the city's revenues increased by 10% (also adjusted for inflation), a total increase of \$621 million across all funds.¹³

Even after accounting for retirement and medical benefits, total compensation costs fell behind the pace of inflation and revenue growth for many years, only recently rising to match inflation. Growth in total compensation costs for civilian staff are still far outpaced by revenue growth.¹⁴

Importantly, many of these costs reflect changes in CalPERS policy or medical cost inflation and do not represent increased benefit levels for the city's workforce. Wages for Oakland's civilian staff also remain far behind other public employers, with some positions paid as much as 38% less than neighboring cities while receiving similar benefits.¹⁵

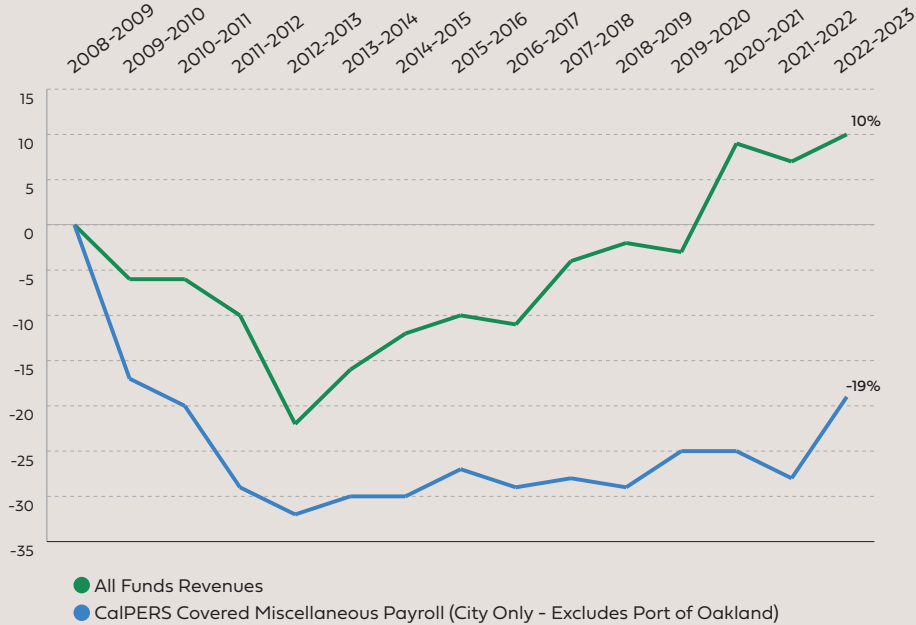
Some proponents of the recall and critics of city leadership have recently claimed that civilian, non-sworn staff have received wage increases exceeding the rate of inflation, over-correcting for wage losses after 2008. However, these analyses rely on unreliable datasets and aggregate data that combines civilian and sworn employees.¹⁶

These same analyses have also pointed to the rising number of city employees earning \$200k or more while calling for reductions to civilian wages. However, civilian, non-management employees account for only 2% of total employees earning at this level and many of these employees are specialized senior attorneys or senior engineering staff in highly competitive fields. 53% of employees earning \$200k or more are actually sworn police officers, as are 64% of employees earning \$300k or more, the remainder is primarily composed of highly paid executive management.



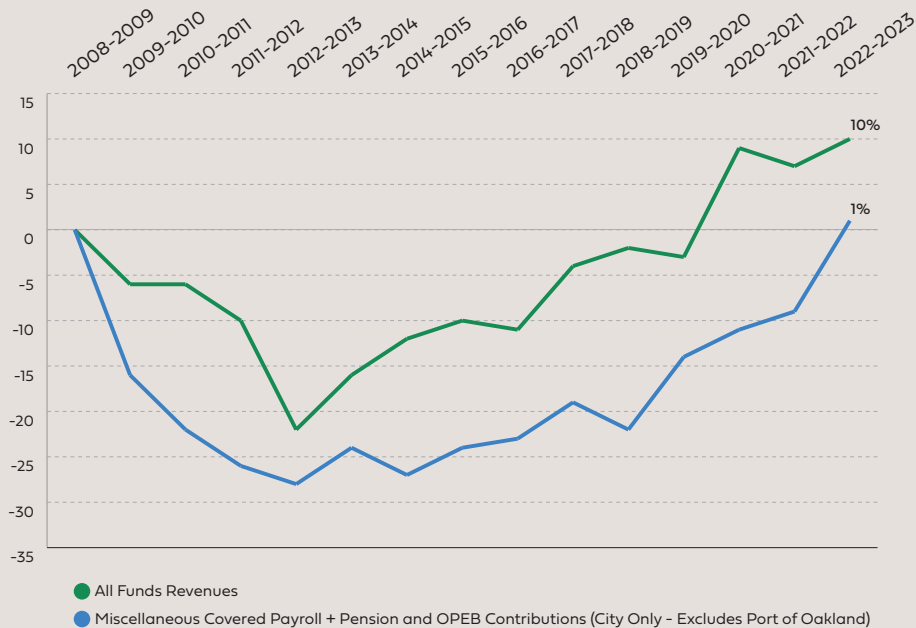
Inflation Adjusted Change in Miscellaneous (Non-Safety) Payroll & Revenue Growth (All Funds)

Figure 4, Source: Annual Comprehensive Financial Reports (ACFR) and CalPERS actuarial reports. Includes full-time benefited payroll and excludes part-time, unbenefited employees. The City of Oakland shares a combined pension fund with the Port of Oakland and payroll attributable to Port of Oakland has been removed based on data in the Port's ACFR.



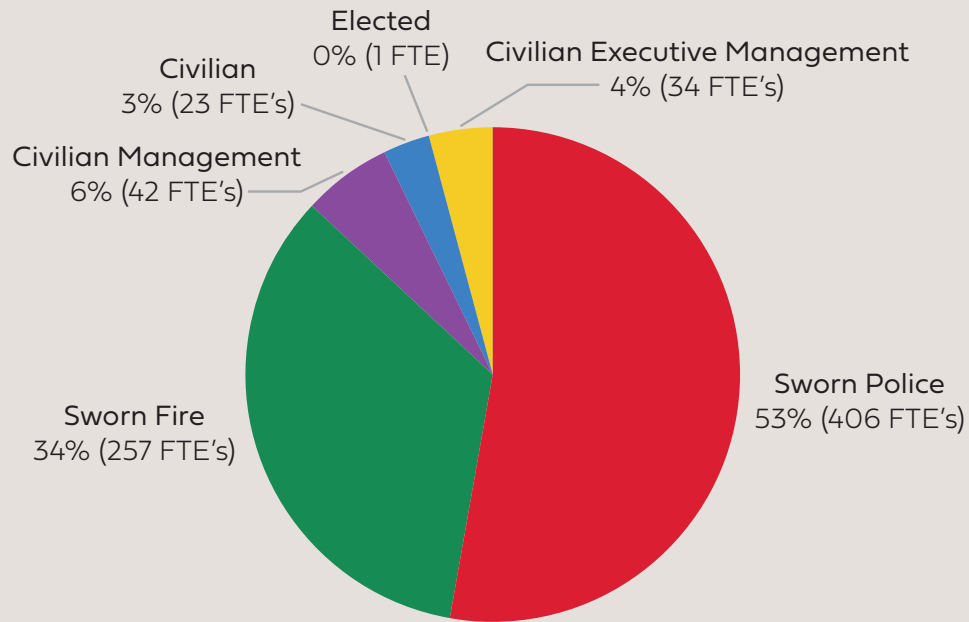
Inflation Adjusted Change in Miscellaneous (Non-Safety) Total Compensation & Revenue Growth (All Funds)

Figure 5, Source: ACFR for data on covered payroll costs, annual pension contributions and annual other post-employment benefits (OPEB) contributions. 32% of total OPEB contributions are assumed to be attributable to miscellaneous employees based on their share of total OPEB liabilities. The city budgets medical benefits as a share of payroll, typically 26% for miscellaneous employees based on the most recent Five-Year Financial Forecast and administrative budget instructions provided to departments.



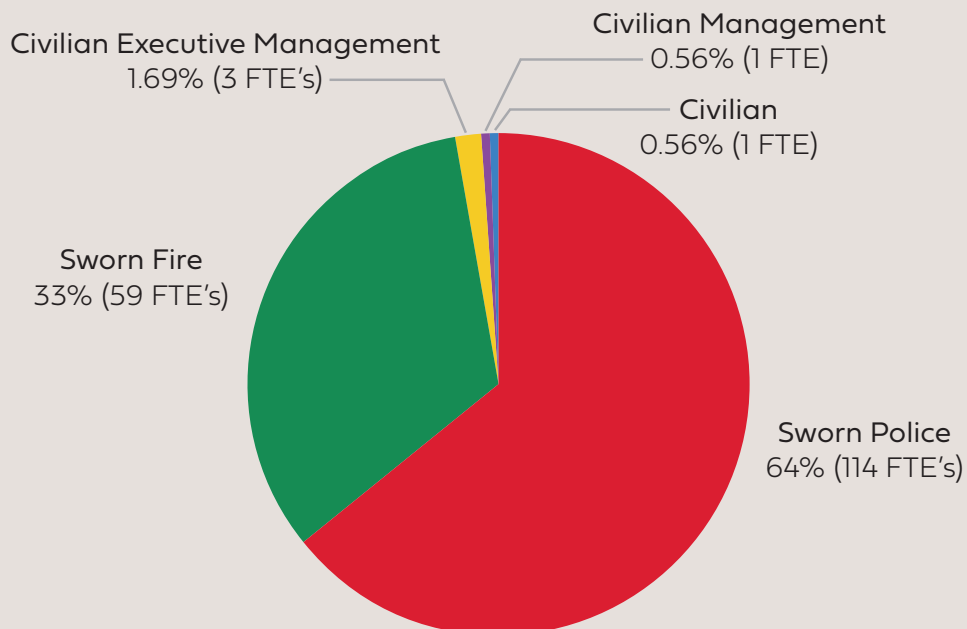
City Employees Earning \$200k+ in Total Wages by Category

Figure 6, Source: California State Controller Government Compensation in California database.



City Employees Earning \$300k+ in Total Wages by Category

Figure 7, Source: Source: California State Controller Government Compensation in California database.



Sharp Increases in Police Overtime is Driving Deficits, but Hiring Officers is Becoming Too Expensive

For public safety employees, full-time pensionable salary expenditures have similarly dropped relative to inflation since 2008. However, public safety employees typically receive large amounts of overtime compensation and a larger, more costly benefit package relative to civilian employees.¹⁷ When accounting for benefits and overtime expenditures, public safety compensation costs have risen sharply, exceeding both inflation and the rate of revenue growth in the General Purpose Fund, which supports over 90% of all public safety expenditures. This sharp increase is driven primarily by overtime spending in the police department. Much of this spending is unbudgeted, causing cuts to other services to balance overages. Total public safety overtime costs reached an unprecedented \$81 million in 2022-2023, up from \$55 million at the onset of the pandemic in fiscal year 2019-2020, with the police department accounting for over 62% of the increase.¹⁸

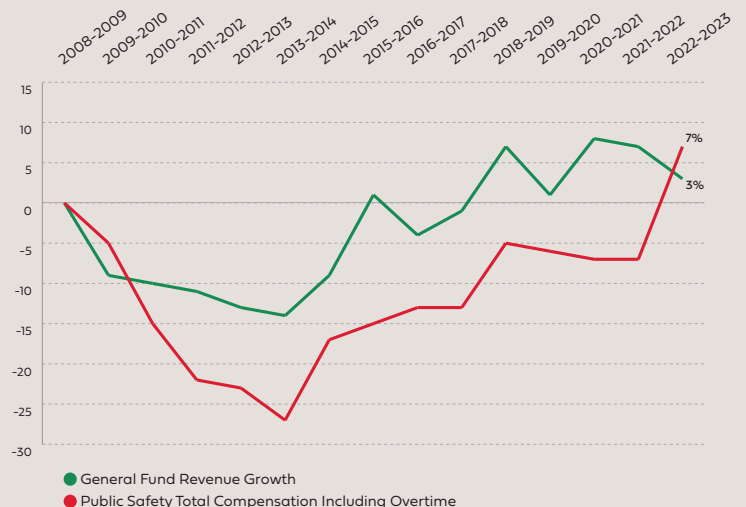
In 2023-2024, elevated levels of public safety overtime spending continued, increasing to just under \$85 million.¹⁹ Even as sworn police staffing levels have improved since 2021-2022, overtime spending has continued to rise.²⁰

While these increasing overtime costs are putting pressure on the city budget, the high cost of sworn benefits means that budgeting additional personnel would be more expensive and would add substantially to the city's deficit. In 2022-2023, if the city had budgeted additional public safety personnel to entirely offset overtime expenditures, it would have increased the deficit by an additional \$60 million or 50%.²¹

Managing the cost of these expenditures will require greater fiscal controls to ensure that all overtime is strictly necessary and within budget. It will also require a plan to identify sustainable revenue sources to support public safety expenditures.

Inflation Adjusted Change in Public Safety Compensation & General Purpose Fund Revenue Growth

Figure 7, Source: Annual Comprehensive Financial Reports (ACFR) for safety covered payroll, pension contributions and contributions to OPEB. 68% of total OPEB costs are assumed to be attributable to public safety based on their share of total OPEB liabilities. The city budgets medical benefits as a share of payroll, typically 15% of payroll for safety employees based on the most recent Five-Year Financial Forecast and administrative budget instructions provided to departments. Overtime expenditures are from Fourth Quarter Revenue and Expenditure Reports, audits of police overtime and fire department quarterly overtime reports.





Oakland's Roadmap to a Sustainable Budget

The 2024-2025 midcycle budget already included painful cuts to many services, including reductions to civilian crisis response teams, cuts to neighborhood crime prevention programs and a hiring freeze in all non-sworn positions. Due to delays in receipt of Coliseum sale funds and the recent implementation of the contingency budget plan, many departments are enacting even steeper reductions. Most departments are meeting or exceeding budget reduction targets, with the exceptions of police and fire, which are expected to overspend by over \$93 million. The police department accounts for the majority of overspending. Even within public safety, plans for budget reductions are not equitably distributed. Total reductions in the Fire department will amount to a combined \$36 million decrease from the 2023-2025 adopted biennial budget, a drastic 18% cut. Police will receive only \$16 million in cuts relative to their original adopted budget, a reduction of less than 5%.²²

Looking forward, preliminary projections are that city leaders will need to close a \$120 million deficit next year.²³ As the city faces difficult decisions in the upcoming budget process, calls for unrealistic and even financially dangerous budget gimmicks are growing.²⁴ The city needs real and actionable solutions. **Below are between \$142-\$204 million in actions the city could introduce now to close this gap equitably and get Oakland's budget on track to a sustainable future.**



Grow the Tax Base for Public Safety & Promote Efficiency and Accountability in the Oakland Police Department



\$20 Million

Funding Public Safety Improvements through Measures NN and MM

In November, Oakland voters approved two measures that will boost funding for public safety services and provide additional, non-general fund resources for both fire and police. Measure NN, an updated parcel tax and parking surcharge tax for citywide violence reductions services will increase funding for the fire department, increase police staffing and also provide millions in new revenues for violence prevention. In total, the measure raises \$17 million in new revenues for these services.²⁵ Measure MM will add an additional \$2.67 million in new funding for fire services and create a new wildfire prevention zone.²⁶



\$20 Million

Initiate a Process to Identify Revenue Reforms to Support Public Safety Expenditures

In addition to these ballot measures, the city should initiate a planning process for 2026 to identify revenue reforms that could provide stable, ongoing growth for the general fund. Potential options include increasing the city's sales tax to be more comparable with neighboring cities, which would boost revenues by \$20 million. Other potential options include updating portions of the city's business tax that are still far behind neighboring agencies to increase revenues and improve tax compliance.²⁷



Up to \$19 Million

Implementing recommendations of the Reimagining Public Safety Taskforce & Continuing Investments in Ceasefire

In 2021, the Reimagining Public Safety Taskforce made over 100 recommendations for ways Oakland could address root causes of crime, rebuild trust between OPD and the community and refocus police resources on violent crime. Many of these recommendations have still not been implemented, including recommendations that would create greater cost efficiencies. Suggestions included transitioning internal affairs investigations to civilian staff,²⁸ creating civilian teams to respond to calls where there is no threat of harm, and continued implementation of violence interruption strategies like Ceasefire, which caused a 31.5% drop in gun homicides between 2012 and 2017.²⁹ These reforms could save up to \$19 million annually by allowing officers to focus more on violent crime and focusing police and violence prevention resources on those most likely to commit gun violence.³⁰



\$24 - \$52 Million

Stay Within Budget for Police Overtime

In 2021, OPD's overtime budget was "right-sized" to match actual spending levels, increasing from \$15 million to over \$30 million. The 2024-2025 midcycle adopted budget substantially increased overtime again to \$44 million, a total increase of \$29 million since 2020.³¹ Despite these increases, the department is still expected to overspend by \$24 million over the original budget including Coliseum sale revenues and \$52 million over their contingency plan budget, which excludes the sale. Overspending in the police department accounted for \$26 million of the total projected deficit in 2023-2024 and accounts for the majority (56%) of the projected deficit in fiscal year 2024-2025.³²

Numerous reports have found that the department lacks sufficient internal controls to ensure that all overtime spending is necessary. Performance audits by both the City Auditor and the Office of the Inspector General were conducted in 2015, 2017 and 2019, with additional follow-up progress audits in 2022 and 2024. Among the findings was that 83% of overtime approval records could not be located or verified to ensure that the time was appropriately approved and that the department lacks sufficient management and reporting systems.³³ The City auditor made over 20 recommendations, including 13 recommendations that have yet to be fully implemented.³⁴ Many of these recommendations are administrative and oversight reforms and would have no impact on public safety services levels. City leaders could also focus on monitoring and controlling types of overtime that do not lead to increased service levels for residents³⁵ and require approval from higher level management for all overtime. Additionally, a fiscal management position was added in OPD as part of the 2024-2025 midcycle budget process, but that position has yet to be filled.



Restore Enforcement of the City's Tax Code, Revenue Collections, and Traffic Laws



\$8 Million+

Staff Up Parking Enforcement & Revenue Generating Positions

Recent data has shown that parking enforcement declined by 33% between 2019 and 2023, especially for citations critical to safety and equity, like handicap parking fraud (down 99%) or parking in bike lanes (down 70%). Budgeted positions in parking enforcement have a 40% vacancy rate, leading to millions in lost revenues, as each parking control technician collects approximately \$500,000 in annual revenues.³⁶ Total collection rates for fines and penalties were 10% lower than expected in 2023-2024. If collections had continued at the same level as previous years, parking revenues would have been at least \$2 million higher.³⁷ Parking meter collection is also down, resulting in an additional \$6.36 million deficit in 2023-2024.³⁸ In addition to parking enforcement, the city should prioritize filling all positions that generate revenue, such as those in tax compliance functions.



\$11 Million Ongoing, plus \$34 Million One-Time

Improve Business Tax Collection Process and Compliance

In 2022, Oakland's new business tax was set to generate over \$20.9 million. However, it only brought in \$17.6 million for 2023-2024 due to thousands of businesses not paying taxes by the March 1st deadline.³⁹ Delinquent taxes payments ballooned to over \$16 million in 2023-2024 alone, far higher than previous years, including the peak of the pandemic.⁴⁰ In the past, the City's revenue department had a streamlined collections process and conducted thorough audits to catch delinquent payers. Recently, these practices have been dropped. City council has called for an audit of internal practices of the city's revenue collections department, a critical first step in restoring revenue collection capacity. Currently proposed legislation would also create greater financial penalties for landlords that are delinquent on their business taxes, preventing them from increasing rent on rent controlled units if they have not paid local taxes. Landlords are the primary source of business tax delinquencies.⁴¹ Returning to the level of tax enforcement implemented in prior years could add between \$3 to \$11 million in ongoing revenues. Clearing all tax backlog would add up to \$34 million in one-time funds.⁴²



Strengthen Fiscal Policies for Oakland's Future



More than Doubling Service Stabilization Reserves for the Next Downturn

Bolster Reserves to Invest in Oakland's Future

In the last decade, Oakland's revenues have soared as property values rose and the Bay Area economy boomed. Real Estate Transfer Taxes (RETT) jumped from \$31 million after the Great Recession to \$138 million in 2021-2022, becoming one of the largest sources of general fund revenue.⁴³ Because transfer taxes are particularly unpredictable, the city has rules to use only a portion of them for ongoing expenses, treating the rest as one-time funds and committing half of them to reserves or paying down debt.

While it is expected that revenues will fluctuate over time, higher reserve levels should mean greater ability to weather downturns. However, the city has rarely followed this policy, leaving it with insufficient reserves during a time of slowing economic growth. Between 2015 and 2022, over \$133 million in transfer tax revenues should have been used to bolster reserves and pay down liabilities⁴⁴ however past administrations suspended the fiscal policy regularly and misused most of these funds to balance short term budget gaps, even in boom years.⁴⁵

If the city had stricter controls ensuring these funds were set aside in reserve to protect services, as other cities do, reserve balances would have been over \$66 million higher, enough to close the operating deficit without use of Coliseum sale funds.⁴⁶ To prepare for future downturns, city leaders need rules ensure that these funds are not used for short term operating needs and are prioritized for reserves.



Realistic and Streamlined Budget



\$15 Million+ in Cost Efficiencies

Create a Realistic Staffing Budget and Reducing Non-Service Spending

In the 2022-2023 midcycle budget, former Mayor Libby Schaaf proposed adding 288 new full-time positions and proposed to boost non-personnel spending by over 50% at a time when the city relied on one-time federal stimulus dollars to balance its budget.⁴⁷ The former mayor's budget led to a record amount of vacant positions—a 183% increase in the number of job vacancies since 2012.⁴⁸

Many of these positions have remained unfilled, but are still included in the city's projected expenditures. Even with recent midcycle reductions, 650 vacant, fully funded positions still remain across all funds. Unlike neighboring cities that are currently rightsizing their staffing budgets, Oakland has held onto a higher vacancy rate.⁴⁹ Recently, as part of a budget contingency plan, the administration identified more than \$7 million in additional vacant, non-sworn positions that could be deleted to balance the budget.⁵⁰ If departments continue to not fill positions, more vacancies could be identified for budget savings.

Additionally, the 2024-2025 midcycle budget made progress on reducing operations and maintenance (O&M) spending, which dramatically increased from \$69 million in 2014 to over \$123 million in fiscal year 2022-2023.⁵¹ O&M includes contracting out of services and other non-personnel related spending, much of which is not tied to core services. Midcycle adjustments lowered this amount to \$77 million, but more adjustments could be made to reduce spending to prior levels, saving as much as \$8 million annually.



Controlling Growth in Executive Compensation

Recent labor contracts have made progress in keeping up with high inflation and making Oakland more competitive with other public agencies. However, long-awaited wage gains for union workers were also provided to top executive management, many of whom already earned over \$200k in wages annually.⁵²

In total, almost \$8 million in wage increases were given to just 66 unrepresented top management employees, 68% of which was general fund spending. This represents an average compensation increase of \$116,000 for each unrepresented employee over three years.⁵³ The cost of these increases to executive pay exceeds the entire average salary of a full-time civilian employee.⁵⁴



Economic Development for All of Oakland



\$4.5 million+ in Revenue Growth Through Economic Development

The Coliseum Site: An Opportunity for a Boom Loop

In September 2024, the city finalized a purchase and sale agreement with the African American Sports and Entertainment Group (AASEG) for the 112-acre Coliseum site. New development at the site has the potential to grow the city’s revenue base for decades to come. The Coliseum site is considered one of the largest underdeveloped, transit serviced areas within a major urban center in California and could constitute a massive economic boost for the city.⁵⁵

Currently, the property is tax exempt and contributes little to the city’s general fund and the city has made millions in debt payments associated with the facility. AASEG anticipates a \$5 billion dollar development project, which could include as much as 20,000 new jobs.⁵⁶ Recent development agreements for much smaller mixed-use, transit oriented projects are projected to increase city tax revenues as much by as much as \$4.5 million.⁵⁷ Given the scope of the Coliseum project, new tax revenues associated with the project are likely much higher.

City leadership has already taken steps to ensure that the Coliseum development will not only provide a boom for Oakland’s tax base but will also benefit the local community.⁵⁸ A strong community benefits agreement will be essential in ensuring that local investments stay in Oakland, creating a multiplier effect that helps all of East Oakland grow.



The city can do the following to ensure that development at the site benefits all of Oakland:

1. Ensure that the city has strong policies requiring a net financial benefit for any public benefits or financing.⁵⁹
2. Conduct a comprehensive analysis of tax revenue growth and growth in service demands associated with any development agreement.
3. Ensure that invested funds stay local and promote jobs for Oaklanders through local hire requirements and support for Oakland businesses. Added local jobs means added local tax revenues.
4. Leverage investments at the site to attract additional state and federal funds not only for housing and infrastructure, but also for job training programs.

Apply for Funding to Staff up Oakland

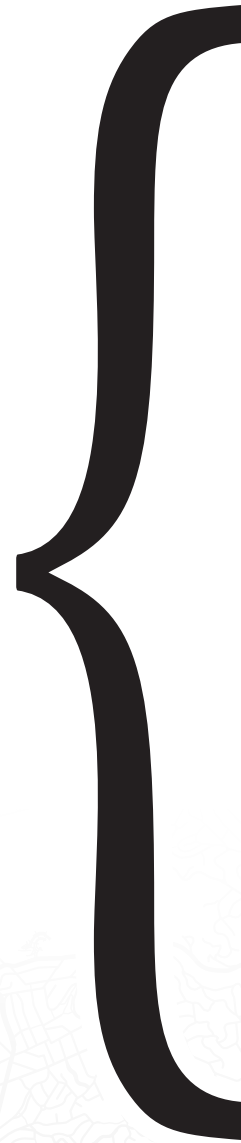
While many vacant positions in the general fund have been eliminated for budget savings, over 650 vacant positions remained fully funded, mostly outside of the general fund.⁶⁰ These unfilled jobs include librarians, head start workers, street maintenance workers, and planning, permitting, code inspection work, among others. Hiring Oaklanders into these positions could also support the city's local economy. However, the Human Resources Department has experienced deep cuts in recent budget cycles, frustrating hiring efforts.

To solve this problem, the city could seek state and federal funding for workforce development programs to boost local hiring into city jobs while also helping to close the general fund deficit.

Many public agencies have won grants through the High Road Training Partnerships Program established by the California Workforce Development Board. The Institute for Local Government, which was awarded a grant to support the creation of a statewide local government apprenticeship program,⁶¹ and the City of San Francisco, which was awarded a grant to create an IT apprenticeship program.⁶² Other agencies have won grants for hiring early child care and education positions,⁶³ community health workers,⁶⁴ and EMT/Paramedics among others.⁶⁵ Many awarded grants have ranged from \$4 million to \$13 million.⁶⁶



*Up to \$204 Million
in Potential Savings*



\$111M

\$53M

\$23M

\$17M



Endnotes

1. [San Francisco](#), [San Jose](#), [Fremont](#), [Hayward](#) (see pg. 54), [San Leandro](#) (see “Multi-Year Forecast”), and [Berkeley](#) are all experiencing budget deficits, as are cities of similar size such as [Sacramento](#), [Fresno](#), and [Long Beach](#). The City of Piedmont, which has median home sale price of over \$2.4 million and a median income more than twice that of Oakland, has experienced a 30% drop in real estate transfer tax revenues—a rate similar to Oakland in 2022-2023. Larger cities like [Los Angeles](#) and [San Diego](#) are also projecting shortfalls, as are cities outside of California, such as [New York](#), [Seattle](#), [Boston](#), [Austin](#), [Dallas](#), [Houston](#), [Chicago](#) and others. Description of the drop in transfer taxes can be found in Piedmont’s 2024-2025 budget booklet, page i, “[Budget Message for 2024-2025 Proposed Budget](#)”.
2. As of the third quarter of fiscal year 2023-2024, Real Estate Transfer Tax (RETT) revenues alone were projected to have fallen below budget by \$57.19 million. At the [close of the 2023-2024 fiscal year](#), revenues improved slightly compared to projections, falling \$52.8 million below budget. Sales volume and revenues did improve in the third quarter of the fiscal year, according to [consultant reports](#), suggesting that sales are improving slightly as interest rates decrease.
3. See Figure 2. Sources include adopted or proposed budgets for fiscal years 2024-2025 for all agencies. Calculations include total police and fire general fund budgets as a share of all general fund expenditures and transfers. Some surveyed cities report large general fund revenue sources in separate budgetary accounts and totals have been adjusted for uniformity of comparison. This includes Measure C in Hayward, which accounts for 30% of total general fund sales tax revenues and Measure E in San Jose, which includes 100% of general Real Estate Transfer Taxes. Both taxes are legally general fund sources but are budgeted in separate accounts. The city of Sacramento also places Measure U sales tax in a separate budgetary account but reports expenditures in general fund totals.
4. [Fourth Quarter Revenue and Expenditure Report](#), 2023-2024.
5. [First Quarter Revenue and Expenditure Report](#), 2024.
6. OPD was [within budget in fiscal year 2013-2014](#), underspending by \$0.97 million inclusive of carry-forwards and was [under budget by over \\$7 million in fiscal year 2021-2022](#) according to Fourth Quarter Revenue and Expenditure Reports. Average over/under spending by department is from Fourth Quarter Revenue and Expenditure Reports.
7. [Fourth Quarter Revenue and Expenditure Report](#), 2023-2024. See “Preliminary Analysis of the Condition of the FY 2024-2025 Budget, and Information on the City’s Fiscal Condition & Fiscal Challenges.” Police budget data can be found in the [Midcycle Budget Portal](#).
8. [First Quarter Revenue and Expenditure Report](#), 2024.
9. According to the [third quarter revenue and expenditure report](#), over 50 different funds in the city were expected to end the year with an excess fund balance of \$5 million or more.
10. Costing estimates produced by the city can be found [here](#). Note: the city’s costing document presents cumulative costs rather than year-over-year cost increases relative to the prior fiscal year. General purpose fund wage costs of \$25.8 million as of FY 2024-2025 represent the compounded cost of prior year increases as well as the cost of 2024-2025 wage increases. Civilian staff received a 2% wage adjustment on July 1, 2024 and will receive an additional increase of 2% in March of 2025. The isolated cost of these increases are \$8.36 million for the fiscal year 2024-2025 budget.

11. Average wage increases for local government employees across the region are 4.7% for fiscal year 2024-2025 and 4.1% in 2025-2026. Increases are as follows: City of Berkeley, 6% in 2024-2025 and 4% in 2025-2026; City and County of San Francisco, 4.05% compounded in 2024-2025 and 4.6% compounded in 2025-2026; Alameda County 5% in 2024-2025; Contra Costa County, 5% in both 2024-2025 and 2025-2026; City of Fremont 4% in 2024-2025; City of Sunnyvale 3.5% in 2024-2025 and 3.5% in 2025-2026; Daly City 4% in 2024-2025; City of Hayward 6% in 2024-2025 and 4% in 2025-2026; City of San Jose 5% in 2024-2025 and 3.5% in 2025-2026. Other agencies surveyed include City of Santa Clara, City of San Mateo, San Mateo County, City of Cupertino and City of Berkeley, however these agencies do not yet have labor agreements for fiscal years 2024-2025 and 2025-2026.
12. Total miscellaneous payroll can be found in CalPERS Actuarial valuations as well as Annual Comprehensive Financial Reports (ACFR). The Port of Oakland participates in the City's CalPERS miscellaneous plan and payroll numbers have been adjusted to exclude Port of Oakland payroll. Port of Oakland CalPERS covered payroll can be found in the Port's ACFR.
13. Revenue data: Annual Comprehensive Financial Reports, Statement of Activities. Inflation data: San Francisco-Oakland-Hayward, CPI-U 12-month percent changes, June to June. \$621 million in revenues reported is not adjusted for inflation.
14. Total annual pension contributions and OPEB actuarially determined contributions can be found in the ACFR. The share of OPEB costs attributable to civilian employees was estimated at 32% of the total annual contribution based on the 2018 actuarial valuation of the City's OPEB plan, which found that civilian employees account for 32% of total OPEB liabilities. Health benefits and paid leaves (also known as fringe costs) are budgeted as a percentage of payroll and a 26% fringe rate was assumed based on data provided via public records request as well as the 2023 Five-Year Forecast.
15. Examples: [Electricians in Oakland](#) are paid 38% less than their [counterparts in San Francisco](#) based on top step annual wages. [Senior Librarians](#) are paid 18% less than their [San Francisco counterparts](#), [Criminalist II's](#) are paid 16% less and [recreation supervisors](#) 10% less. These workers upgrade street lights and other electrical infrastructure, manage the city's libraries, work in the crime lab and manage recreation centers, respectively.
16. These analyses rely on the California State Controller's Government Compensation in California Database and other public records. This data is self-reported by agencies and contains significant inconsistencies, especially for benefit costs. For example, recent blog posts by the [Oakland Report Substack](#) cite total compensation for all city employees in 2013 as \$440 million using the State Controller's database. The Controller's database for 2013 shows total defined benefit pension costs of \$69 million for that year. According to audited financial reports, actual CalPERS pension costs for that year were \$89.4 million for both miscellaneous and safety plans, over \$20 million higher (see [page 97](#)). Conversely, in 2023, the Controller's database slightly overstates pension costs, citing \$214 million in total contributions while the ACFR reported \$207 million (see [page 96](#)). Use of these two data points would drastically overstate pension cost growth between 2013 and 2023 by over \$27 million. Oakland also inconsistently includes payroll and benefit data for the Port of Oakland in their reports for some years, creating additional inconsistencies. Generally, audited financial statements and official CalPERS records are a more reliable source of actual total compensation data, especially for benefit costs, as these are verified by third parties.

17. Safety employees receive a higher pension benefit and retire at an earlier age than civilian employees. According to CalPERS, the [average pension benefit for a civilian retiree from the city of Oakland is \\$46,091](#) and the [average pension benefit for a safety employee is \\$88,2543](#). In addition to higher pension benefits, many public safety employees receive a more substantial retiree medical benefit. As a result, a 2018 analysis found that 68% of Other Post-Employment Benefits (OPEB) liabilities are attributable to public safety employees. [See Attachment A](#).
18. [Fourth Quarter Revenue and Expenditure Report](#), 2022-2023.
19. [Fourth Quarter Revenue and Expenditure Report](#), 2023-2024.
20. [OPD Biannual Staffing Report](#), September 2024.
21. Calculations use fringe rates for sworn personnel reported in administrative instructions to departments. This data was provided via public records request.
22. [First Quarter Revenue and Expenditure Report](#), 2024.
23. March 26, 2024 report describing \$175 million short term deficit and \$60 million ongoing operating deficit can be found [here](#).
24. [Recent blog posts](#) by those aligned with the recall have called for issuing \$1.9 billion in pension obligation bonds, something the Government Finance Officers Association [strongly warns municipal governments not to do](#). The same authors have also called for using [legally restricted tax levies dedicated to covering pre-1981 pension obligations](#) to cover current public safety service expenditures, which would create substantial legal and financial risks to the city. They have also called for renewing the city's pension override tax, despite existing policies and promises to voters replacing the retired tax with added affordable housing and infrastructure spending.
25. Currently, Measure Z, which is set to expire in 2024, brings in approximately \$30 million in revenue while Measure NN is projected to increase revenues to \$47 million. Measure NN ballot submittal form including revenue projections can be found [here](#).
26. Measure MM ballot submittal form, including revenue projections can be found [here](#).
27. Currently, Oakland's sales tax is 10.25% compared to 10.75% in neighboring cities like Alameda, Albany, Hayward, San Leandro and others. The city of Richmond and Berkeley also charge \$28.80 per \$1,000 in gross receipts for residential landlords with 5 or more units, compared to \$13.95 per \$1,000 in Oakland (see Richmond's ordinance [here](#) and Berkeley's information [here](#)).
28. The Internal Affairs Division (IAD) is a unit within OPD staffed by 17 senior officers who conduct internal investigations of officer misconduct. Civilianizing these roles would allow the officers to be redeployed for criminal investigations at an estimated [savings of \\$1 million](#). The police department's Negotiated Settlement Agreement also includes a number of tasks related to IAD reform, which the department has struggled to reform for two decades. In total, [noncompliance with the NSA has cost the city as much as \\$17 million](#). Civilianizing the division could move the department closer to ending the NSA and save additional funds over time. IAD civilianization was included in the adopted 2023-2025 budget but has not yet been implemented.
29. See "[Oakland Ceasefire Audit Report & Findings: a Report on Gun Violence Reduction Efforts](#)," December 2023 produced by California Partnership for Safe Communities.

30. [The task force's report](#) estimated that diverting non-violent calls to civilian response teams could save between \$13 million to \$18 million annually. Continued investment in programs like MACRO could help implement these recommendations and achieve savings in the long-term
31. OPD's overtime budget doubled from [fiscal year 2019-2020](#) to [fiscal year 2021-2022](#) and the city was [found to be in compliance with the auditor's recommendation to realistically budget for overtime as of 2021](#). Despite these improvements, spending increased and the overtime budget has been adjusted upward to \$44 million. Midcycle Adopted Budget for 2024-2025 overtime can be found [here](#).
32. [First Quarter Revenue and Expenditure Report](#), 2024.
33. [OPD's Office of the Inspector General's Quarterly Progress Report \(July – September 2017\)](#), pg 42. This problem was also identified in [2012 by the city auditor](#), see page 2.
34. "[AUDIT RECOMMENDATION FOLLOW-UP AS OF DECEMBER 31, 2023](#)," Acting City Auditor Michael C. Houston, MPP, CIA. Current status of all audit recommendations begins on Appendix B, page 14. Also see "[Audit Recommendation Follow-up as of June 30, 2024](#)," published October 16, 2024.
35. Officers collect overtime for hours spent off-shift caring for police dogs and also receive guaranteed minimum overtime payments of 2-4 hours for callbacks and court appearances, regardless of actual hours worked (see [OPOA MOU](#) provisions on minimum overtime guarantees and canine handlers). Current overtime reporting to city council does not monitor actual hours of work performed compared to hours of overtime payment received to ensure that overtime subject to guaranteed minimum payments is used as sparingly as possible (see an example of recent overtime reporting [here](#)). Recent public reports also do not specify overtime worked by category or type, such as backfill, shift extension, canine handling, special events, etc. Officers also may defer overtime payments to future dates, creating unpredictability in costs (see [page 23 of the 2019 audit](#)). Additionally, 33 officers are currently on paid administrative leave (suspension), including 12 that have been on leave for one year or more (see the 2024 [OPD Biannual Staffing Report](#), page 7). The slow pace of resolving investigations and disciplinary actions may be leading to increased overtime expenditures that would be avoidable. Increased accountability and oversight of the disciplinary process may help move these cases more quickly, returning officers to work or opening positions for staffing improvements.
36. "[FY 2024-25 Proposed Midcycle Budget DATE: June 3, 2024 Development Questions/ Responses #2](#)," page 2.
37. According to the First Quarter Revenue & Expenditure Report for 2024-2025, 2023-2024 parking fine collections were \$16.77 million, however the rate of ticketing was 10% lower than prior years. Revenue estimates are based on returning to the full collection rate of prior years.
38. [First Quarter Revenue and Expenditure Report](#), 2024.
39. [Measure T Implementation Report](#), November 8, 2023
40. According to data provided via public records request, unrecovered business tax delinquencies were \$4.7 million in fiscal year 2019-2020, \$7.7 million in 2020-2021, \$16 million in 2022-2023 and \$8 million in 2023-2024.
41. Legislation was authored by councilmember Dan Kalb and is [currently in committee](#).

42. Estimates of new ongoing revenues are based on returning to 2019-2020 levels compared to elevated levels from 2021 through 2024. The [fiscal year 2018-2019 fourth quarter report](#) also details a comprehensive account cleanup process that led to collection of \$7.03 million in new revenues that year, which falls midrange of the estimate. \$34 million in backlog estimate is [from public reports issued by the city's finance department](#).
43. Annual Comprehensive Financial Reports (ACFR's), 2013 to 2023.
44. Data compiled from 4th quarter revenue reports and staff reports from the 2018 update to the Consolidated Fiscal Policy. Additional information on methodology for calculating excess versus ongoing transfer tax revenues was provided via public records request.
45. Exceptions to fiscal policies for excess RETT were sought and passed in [2014](#), [2016](#), and 2020, with the [2020 legislation retroactively covering fiscal years 2018-2019 as well as 2019-2020 and 2020-2021](#). The policy was suspended again in the 2023-2025 budget due to revenue declines. When the fiscal policy was in place, all adopted budgets, midcycle budgets and fourth quarter revenue and expenditure reports over this time period only account for a fraction of total excess RETT actually recognized in these years. Often no detail is provided for which unfunded liabilities were paid down or which one-time expenditures were covered.
46. The City of San Francisco commits 75% of transfer tax revenues above the five-year average to reserves until reserve targets are met, three times higher than Oakland's current reserve allocation.
47. Summary of proposed changes in positions can be found [here](#); proposed increases to operations and maintenance spending can be found [here](#).
48. Semi-annual staffing reports, May 2012 (fiscal year 2011-2012) through December 2022 (fiscal year 2022-2023).
49. "[Semi-Annual Staffing Report December 2023](#)," page 7.
50. See "[Alternative Report: \(Excluding Sale of the Coliseum\) – 6/25/2024](#)".
51. Actual General Purpose Fund O&M expenditures from fiscal year 2015-2016 through fiscal year 2021-2022 can be found [here](#). Actual spending data back to fiscal year 2013-2014 can be found [here](#). Actuals for 2022-2023 and budgeted amounts for 2023-2024 and 2023-2025 can be found [here](#).
52. See Figure 7.
53. See [Attachment I, Labor Costing](#).
54. Average covered payroll for active miscellaneous employees can be found [here](#).
55. See the [Coliseum Area Specific Plan](#).
56. [Interview with Ray Bobbitt of AASEG](#), KQED.
57. The 500 Kirkham Street development, which included 417 residential units and 22,000 square feet of ground floor retail [was estimated to generate \\$4 million in new property tax revenues and \\$475,000 in new business tax revenues](#), in addition to \$3.15 million in payments to the affordable housing trust fund and \$1 million in payments for job training programs.

58. Deed restrictions approved by City Council require that at least 25% affordable housing for residential developments at the site and the negotiation of a community benefits agreement within five years, including agreements to support local and small businesses, union jobs, workforce training programs, living wages, public parks, anti-displacement programs and more. See [report on Coliseum Sale](#).
59. The Oakland Alameda County Joint Powers Authority has already called [for analysis of an Enhanced Infrastructure Financing District \(EIFD\)](#) at the site, a form of public financing that dedicates future tax revenues. Currently, the city has no policy in place requiring a net positive financial impact to the city's general fund for EIFD's. The city should create strong policies for assessing the economic impacts of EIFD's based on models in neighboring jurisdictions.
60. Funded vacant position list can be found [here](#).
61. See "[Local Government Apprenticeships: A High Road Strategy for Equity & Resilience](#)"
62. See "[Pathways to Public Service Through Tech Apprenticeship](#)"
63. See "[Building Capacity to Scale Early Care & Education Apprenticeships Statewide](#)"
64. See "[Community Health Worker Career Accelerator and Advancement Pathways Initiative](#)"
65. See "[EMT/Paramedic Apprenticeship Program](#)"
66. Award announcements, including dollar amounts can be found [here](#).

