

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION:

- 1. AMENDING THE FY 2024-25 MIDCYCLE BUDGET (RESOLUTION NO. 90326 C.M.S.) TO AUTHORIZE THE TRANSFER OF FUNDS INTO THE GENERAL PURPOSE FUND AND ADJUST OTHER APPROPRIATIONS;**
- 2. AFFIRMING THE BUDGET BALANCING ACTIONS TAKEN BY THE CITY ADMINISTRATOR PURSUANT TO THE POWERS AND DUTIES GRANTED UNDER THE CITY CHARTER AND THE AUTHORITY GRANTED PURSUANT TO RESOLUTION NO. 90326 C.M.S. TO MAINTAIN THE FISCAL HEALTH OF THE CITY; AND**
- 3. MAKING EXTREME FISCAL NECESSITY DECLARATIONS NECESSARY TO UTILIZE RESTRICTED FUNDS**

WHEREAS, Section 801 of the Charter of the City of Oakland requires that the Oakland City Council adopt by resolution a budget of proposed expenditures and appropriations necessary for the ensuing year; and

WHEREAS, Section 806 of the City Charter provides that all monies received by the City shall be deposited in the City Treasury, and no monies shall be disbursed from the treasury without the approval of the City Administrator or of another officer duly authorized by the City Administrator and that no expenditure of City funds shall be made except for the purposes and in the manner specified by an appropriation of the Council; and

WHEREAS, Section 504 of the City Charter provides that the City Administrator has the duty to control and administer the financial affairs of the City and to keep the Council at all times fully advised as to the financial condition and needs of the City; and

WHEREAS, on July 2, 2024 the City Council passed Resolution No. 90326 C.M.S adopting a Midcycle budget for Fiscal Year 2024-25, which assumed the receipt of one-time revenues of \$63 million from the City's sale of its fifty percent undivided ownership

interest in the Coliseum Complex located at 7000 Coliseum Way (the “Coliseum Site”); and

WHEREAS, the Adopted Midcycle Budget included contingency budget amendments that would automatically take effect if the City did not receive the one-time revenues from the sale of the Coliseum Site within specified timeframes, including budget amendments outlined in the Adopted Midcycle Budget resolution and in Exhibit 3 to the Adopted Midcycle Budget resolution; and

WHEREAS, Resolution No. 90326 C.M.S specifies “That if the \$15 million from the land Sale of the Coliseum site is not received by September 1st 2024, or if an additional \$15 million is not received by November 1st, 2024, or if the remaining \$33 million is not received by January 15th 2025, the City Administrator is directed to: freeze the hiring of new positions; delay the beginning of new sworn trainee academies; halt the execution of unfinalized contracts and grant agreements funded from the General Purpose Fund and any Restricted Funds with structural imbalances; halt the approval of unapproved discretionary travel; take any other measures that they deem necessary to preserve the fiscal health of the City; and return to the City Council a plan to rebalance the City's budget with as expeditiously as reasonably possible”; and

WHEREAS, \$15 million from the land Sale of the Coliseum site was not received by September 1st 2024, and an additional \$15 million was not received by November 1st, 2024 and therefore the contingency budget amendments took effect; and

WHEREAS, the City Administrator deems the Administrative Action noted in Attachment A to the agenda report accompanying this resolution to be measures necessary to preserve the fiscal health of the City; and

WHEREAS, the City Administrator’s plan to rebalance the City's budget requires City Council adoption of the items noted in Exhibit 1, attached hereto; and

WHEREAS, the First Quarter Revenue and expenditure Report showed a projected current year operating shortfall of approximately \$93 million; and

WHEREAS, The City’s Consolidated Fiscal Policy, Ordinance No. 13487 C.M.S., requires that in any fiscal year the General Purpose Fund Reserve Policy is not met, the City Administrator shall present to Council a strategy to meet the General Purpose Funds Emergency Reserve Policy; and

WHEREAS, pursuant to the City’s Consolidated Fiscal Policy, “the amounts identified as the General Purpose Funds Emergency Reserve may be appropriated by Council only to fund unusual, unanticipated, and seemingly insurmountable events of hardship of the City, and only upon a declaration of fiscal emergency by the Mayor and approved by a the majority of the City Council, or by a majority vote of the City Council”; and

WHEREAS, the Staff estimates that budget adjustments of \$129.8 million are

necessary to balance the current year without declaration of a fiscal emergency pursuant to the City's Consolidated Fiscal Policy; and

WHEREAS, the actions set forth in this Resolution constitute the City Administrator's strategy to meet the General Purpose Funds Emergency Reserve Policy, and avoid the immediate declaration of Fiscal Emergency under the Consolidated Fiscal Policy following the release of the City's Audited Financial Statements; and

WHEREAS, in light of the extreme fiscal necessity the City is facing, the Council had determined in July 2024 that it was necessary to suspend the Charter-mandated minimum budget set-asides for the FY 2024-2025 budget cycle for the (1) Office of the City Auditor, and (2) the Democracy Dollars Fund and non-staff costs for the PEC to administer the Democracy Dollars Program, and (3) for Local Measures including The 2018 Oakland Public Library Preservation Act" (Measure D), The Library Services Retention And Enhancement Act Of 1994 As Reapproved In 2022 (Measure C), The 2020 Oakland Parks And Recreation Preservation, Litter Reduction, And Homelessness Support Act (Measure Q), The Oakland Fair Elections Act, Ballot Measure (Measure W), The Government Reform Charter Amendment Of 2022, (Measure X), and The Violence Prevention And Public Safety Act Of 2014 (Measure Z); and

WHEREAS, the City Administration has introduced a separate ordinance that would amend Oakland Municipal Code Chapter 15.62 (the "Affordable Housing Trust Fund") to provide that the City Council may, upon a declaration of extreme fiscal necessity, appropriate funds in the Affordable Housing Trust Fund distributed to the City under redevelopment dissolution laws to be used for any lawful purpose; and

WHEREAS, the City Administration has introduced a separate resolution that would amend Resolution No. 87062 C.M.S., which established the Sugar-Sweetened Beverage Distribution Tax Sub-Fund within the General Purpose Fund for the purpose of collecting said tax revenues, to provide that the City Council may, upon a declaration of extreme fiscal necessity, suspend the requirement to consider the Advisory Board's recommendations prior to appropriating the Sugar-Sweetened Beverage Distribution Tax funds; and

WHEREAS, Since July 2024 the City's fiscal condition has become more severe; and

WHEREAS, overspending by the Oakland Police Department (OPD) in budgeted overtime has been an ongoing problem for several years. Independent audits and OPD overtime reports have shown that extension of shift overtime is one of the main areas of overspending and under certain circumstances, officers can extend their shift without any prior approval. Some officers extend their shifts for 500 hours or more in a year. Current OPD policy limits overtime hours per officer on a weekly basis and requires rest periods. It is essential to improve monitoring and compliance to overtime rules in general and especially to limitations of shift extensions. In addition, Harvey Rose Associates

recommended enforcing a per-officer limit of 500 shift extension hours per fiscal year, which would improve fiscal accountability and officer and public health and safety; and

WHEREAS, the City of Oakland seeks to improve service delivery, operational efficiency, and cost-effectiveness; and

WHEREAS, segmenting the Human Services Department (HSD) to move into Oakland Parks, Recreation and Youth Development (OPRYD) and Housing and Community Development (HCD) may create greater efficiencies in the delivery of senior services and homeless services; and

WHEREAS, the division of work of Oakland Public Works and the Oakland Department of Transportation (OakDOT) into two separate departments has created duplication of efforts, inefficiency, and additional costs; and

WHEREAS, currently, one person is serving in the interim as the Director of Oakland Public Works and the Oakland Department of Transportation, thus creating a functionally positive opportunity to consider consolidation; now therefore be it

RESOLVED: That the City Council hereby amends the Adopted Midcycle Budget for Fiscal Year 2024-25 as detailed in **Exhibit 1**; and be it

FURTHER RESOLVED: That the Council declares that the City is experiencing a severe financial event and state of extreme fiscal necessity, and

FURTHER RESOLVED: That the City Administrator is directed to take all measures that they deem necessary to preserve the fiscal health of the City in accordance with the laws of the State of California and the City of Oakland; and be it

FURTHER RESOLVED: That the City Council affirms the plan to rebalance the City's budget and the administrative actions presented in **Attachment A** to the accompanying staff agenda report; and be it

FURTHER RESOLVED: That the Council hereby declares that the City is experiencing a severe financial event and state of extreme fiscal necessity and hereby suspends the required restrictions on the use of certain funds in the Affordable Housing Trust Fund (1870), subject to Council's adoption of the ordinance amending the Affordable Housing Trust Fund referenced herein,; and be it

FURTHER RESOLVED: That the Council hereby declares that the City is experiencing a severe financial event and state of extreme fiscal necessity and hereby suspends the required restrictions on expenditures for the Sugar Sweetened Beverage Tax Sub-Fund (1030); and be it

FURTHER RESOLVED: That the Council directs the City Administrator to conduct a comprehensive clean-up process, or internal audit, of business taxes and ensure timely

and effective collection of unpaid business taxes; and be it

FURTHER RESOLVED: That the Council directs the City Administrator to include in an OPD Overtime Report to the Finance and Management Committee in Spring 2025 information on: (a) the number of hours worked last fiscal year in violation of the policy limiting overtime hours per officer on a weekly basis and requiring rest periods and the cost of those hours, and (b) How many officers extended their shift 500 hours or more last year and the cost of those hours; and be it

FURTHER RESOLVED: That the Council directs the City Administrator to explore the segmenting of HSD's senior and other relevant services with OPRYD and homeless services with HCD, and return to the Council with recommendations, cost savings and next steps in the spring of 2025, to ensure community engagement and align any such recommended changes with the adoption of the FY 2025-2027 biennial budget; and be it

FURTHER RESOLVED: That the Council directs the City Administrator to pursue the potential merger of Oakland Public Works and OakDOT, and return to the Council with recommendations, cost savings and next steps for the potential merger in the spring of 2025, to ensure community engagement and align any such recommended changes with the adoption of the FY 2025-2027 biennial budget; and be it

FURTHER RESOLVED: That this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FIFE, GALLO, JENKINS, KALB, KAPLAN, RAMACHANDRAN, REID, AND
PRESIDENT FORTUNATO BAS

NOES –

ABSENT –

ABSTENTION –

ATTEST: _____
ASHA REED
City Clerk and Clerk of the Council of the
City of Oakland, California