

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION:

- 1. ADOPTING THE MIDCYCLE BUDGET FOR FISCAL YEAR 2024-25 AND APPROPRIATING FUNDS TO COVER EXPENDITURES APPROVED BY SAID BUDGET;**
- 2. AUTHORIZING THE CITY ADMINISTRATOR TO TRANSFER FUNDS BETWEEN DEPARTMENTS, PROGRAMS AND FUNDS AS NECESSARY TO SUPPORT DEPARTMENTAL REORGANIZATION AS SET FORTH IN THE ADOPTED POLICY BUDGET FOR FISCAL YEAR 2024-25.**
- 3. CREATING THE FOLLOWING FUNDS: FUND 4510 - PERSONNEL MANAGEMENT FUND, FUND 5338 – MEASURE KK INFRASTRUCTURE SERIES 2024E GOB (TAX EXEMPT), FUND 5342 MEASURE U: INFRASTRUCTURE SERIES 2024 B-1 GOB (TAX EXEMPT), FUND 5343 – MEASURE U: AFFORDABLE HOUSING & INFRASTRUCTURE SERIES 2024B-2 GOB (TAXABLE).**
- 4. TAKING ALL STEPS NECESSARY TO APPLY FOR AND RECEIVE ADDITIONAL FUNDS REQUIRED TO ADVANCE AND COMPLETE THE PROJECTS IDENTIFIED IN THE CAPITAL IMPROVEMENT PROGRAM AND ACCEPT AND APPROPRIATE ANY ADDITIONAL FUNDS PROVIDED THAT SUCH ACCEPTANCE IS CONSISTENT WITH AND DOES NOT OTHERWISE NEGATIVELY IMPACT THE CITY'S CAPITAL IMPROVEMENT PROGRAM**
- 5. DECLARING A STATE OF EXTREME FISCAL NECESSITY AND THE EXISTENCE OF A SEVERE AND UNANTICIPATED FINANCIAL EVENT**
- 6. SUSPENDING FOR FISCAL YEAR 2024-2025 THE CHARTER MANDATED MINIMUM STAFFING BUDGET SET ASIDES FOR THE OFFICE OF THE CITY AUDITOR; AND**

7. **SUSPENDING THE MINIMUM BUDGET SET ASIDES FOR THE DEMOCRACY DOLLARS FUND AND FOR NON-STAFF COSTS RELATED TO THE PUBLIC ETHICS COMMISSION'S ADMINISTRATION OF THE OAKLAND FAIR ELECTIONS ACT'S DEMOCRACY DOLLARS PROGRAM**
8. **ADOPTING A CONTINGENCY BUDGET AND ASSOCIATED FISCAL MEASURES THAT SHALL TAKE EFFECT NO LATER THAN OCTOBER 1ST 2024 IF ANTICIPATED REVENUE FROM LAND SALES IS NOT AVAILABLE BY SEPTEMBER 1ST 2024.**

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, the City Council has a longstanding policy of adopting a two-year budget; and

WHEREAS, on June 26, 2023 the City Council passed Resolution No. 89804 C.M.S, adopting a two-year budget for Fiscal Year 2023 through Fiscal Year 2025, commencing on July 1, 2023 and ending on June 30, 2025; and

WHEREAS, consistent with the Council's Consolidated Fiscal Policy Ordinance, the City Council has a longstanding policy of adopting a mid-cycle budget for the second year of the biennial budget; 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 him/her 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, the City Council has reviewed departmental and non-departmental budgets in light of revenue estimates for Fiscal Years 2024-25 and has conducted multiple public budget hearings; and

WHEREAS, the City intends to apply for additional funds necessary to complete and offset costs of funded projects in the Capital Improvement Program (CIP), and leverage existing City fund sources to secure additional sources of funding for development of CIP projects that are approved but not funded; and

WHEREAS, the Proposed Budget contains Departmental reorganizations effective July 1st 2024, and

WHEREAS, Departmental reorganizations must be codified by an ordinance amending chapter 2.29 of the Oakland Municipal Code, and

WHEREAS, City Charter section 403(4) provides that "[e]ffective July 2023, the budget for the Office of the City Auditor shall be sufficient to hire at least fourteen full-time equivalent ('FTE') employees of relevant classifications.", and further provides that "[t]he minimum staffing budget set-aside may be suspended, for a fiscal year or two-year budget cycle, upon a finding in the budget resolution that the City is facing an extreme fiscal necessity, as defined by City Council resolution or ordinance."; and

WHEREAS, Section 3.15.060(E) of the Oakland Fair Elections Act (codified as Oakland Municipal Code Chapter 3.15) which the voters passed in November 2022 election, mandates a minimum budget set aside for the Oakland Democracy Dollars Fund ("Fund") and for non-staff costs for the Public Ethics Commission to administer the Fund, and allows the Council to suspend the aforesaid minimum budget set-asides for a fiscal year or two-year budget cycle, upon a finding in the budget resolution that the City is facing an extreme fiscal necessity as defined by City Council resolution, provided that the suspension is part of general reduction in expenditures across multiple departments; and

WHEREAS, the City was experiencing one of the largest General Purpose Fund shortfalls in its history prior to the balancing actions contained in this budget; and

WHEREAS, the reductions in revenues available to the City due to economic circumstances warrant the declaration of a state of extreme fiscal necessity; which is defined as follows; "An intervening step of fiscal austerity, such as when total projected General Purpose Fund revenues will be less than the current year's revenues, where there is an actual or projected reduction in total General Purpose Fund revenues, or when expenditure growth dramatically outpaces revenue growth, or when there is an actual or projected deficit exceeding 10% of the current fiscal year's adopted budget. It is the lessor of a catastrophic situation where the City entity would need to suspend provisions of local laws related to enhanced public services, such as Maintenance of Effort provisions or to prevent a dramatic decrease in essential services, relating to health, safety, and welfare; may include using Vital Services, Stabilization Fund "Rainy Day Funds" , suspension of Use of One-time Revenues policy, or suspension of accelerated liability repayments, or layoffs to achieve cost savings must be considered, in order to sustain City Services but short of accessing emergency reserve monies. A dramatic reduction is defined as a more pronounced decrease in City services characterized by substantial disruptions or limitation in service availability which may result in layoffs, and service closures to essential services that lead to noticeable hardships for residents and businesses.".; and constitute a severe and unanticipated financial event; and

WHEREAS, the City Council adopts the following definition for Adverse Financial Condition: "The first stage of financial uncertainty, when there is an actual or projected deficit that exceeds 5% (but less than 10%) of the current fiscal year's adopted budget, or in years when the City forecasts significant service reductions to existing service levels such that the implementation of a hiring freeze, or the enforcement of cost savings

measures to prevent a significant decrease in essential services, are contemplated due to adverse financial conditions, use of the Vital Services Stabilization Fund "Rainy Day Fund" must be considered to maintain existing services. A significant decrease in essential services is defined as a level of reduction that may result in adjustments to service delivery methods, increased wait times, or minor disruptions to non-essential services, but essential services remain largely operational."; and

WHEREAS, in light of the extreme fiscal necessity the City is facing, the Council has determined it will be 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

WHEREAS, the budget assumes the receipt of one-time revenues of \$63 million from the City's sale of its 50% undivided ownership interest in the Coliseum Complex located at 7000 Coliseum Way (the "Coliseum Site"); and

WHEREAS, it is prudent to prepare for the possibility that the one-time revenue of \$63 million from the sale of Coliseum Site during the budgeted fiscal year may not yield revenue that the City can recognize in the Midcycle FY 2024-2025 budget; and

WHEREAS, the City Council has carefully considered the proposed budget for Fiscal Year 2024-25 as set forth in the FY 2024-25 Proposed Policy Budget document; and

WHEREAS, the City Council has agreed to the Mayor's proposed budget and has noted any modification or amendments in **Exhibits 1 and 2**, which together with the proposed budget constitute the Fiscal Year 2024-25 Adopted Policy Budget; now therefore be it

RESOLVED: That the City Council hereby adopts the proposed budget as modified by **Exhibits 1 and 2** as the City of Oakland Adopted Policy Budget for Fiscal Year 2024-25; and be it

FURTHER RESOLVED: That the City Administrator is authorized to expend City funds in accordance with the laws of the State of California and the City of Oakland, and the City of Oakland FY 2024-25 Adopted Policy Budget attached hereto; 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 may transfer operating appropriations between activity programs during the fiscal year provided that such funds remain within the departments 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 if additional grant funds become available to offset costs of Capital Improvement Program projects funded in the Capital Improvement Program, then the City Administrator is authorized to apply for accept and appropriate these additional grant funds consistent with the City's Capital Improvement Program priorities so long as there are no additional costs associated with the City's acceptance or appropriation of the additional funds beyond reserved grant matching funds, or negative impact on the City's existing funding resources funds; or negative impact on the speed and capacity to deliver funded Capital Improvement Program projects, and be it

FURTHER RESOLVED: That if additional grant funds become available to fund Capital Improvement Program projects that are approved but not funded in the Capital Improvement Program, then the City Administrator is authorized to apply for accept and appropriate these additional grant funds consistent with the City's Capital Improvement Program priorities so long as there are no additional costs associated with the City's acceptance or appropriation of the additional funds beyond reserved grant matching funds, or negative impact on the City's existing funding resources funds; or negative impact on the speed and capacity to deliver of funded Capital Improvement Program projects, and be it

FURTHER RESOLVED: that this resolution serves as a "resolution of local support" to facilitate grant application acceptance and execute restricted grant agreements for named Capital Improvement Program projects that are funded or are approve but not funded when required by external funding agencies, including but not limited to the California Department of Transportation, the United States Department of Transportation, the Metropolitan Transportation Commission, the Alameda County Transportation Commission, etc.; and be it

FURTHER RESOLVED: That the City Administrator may transfer operating appropriations and positions: between the City Administrator's Office, Human Services Department, Parks Recreation & Youth Development Department; between the Housing & Community Development Department, City Administrators Office and Human Services Department; the City Administrator's Office and the Oakland Public Works Department; ; and the Finance Department and various City Departments for the consolidation of the Payroll and Human Resource functions of the City, during Fiscal Year 2024-25 to facilitate the reorganization, establishment, and operations of those organizational units; and be it

FURTHER RESOLVED: That the abatement and subdivision funding received by the City of Oakland pursuant to the National Opioid Settlement Agreements, California State-Subdivision Agreements, and California Mallinckrodt Statement Abatement Agreement ("Opioid Remediation Funds") (see Resolution Nos. 88980, 89534, and 89609

C.M.S.) in Fiscal Years 2022-2023, 2023-2024, and 2024-2025 will be appropriated to the Medical Services Division of the Oakland Fire Department as included in the proposed mid-cycle budget to be used consistent with the terms of the settlement and bankruptcy agreements; and be it

FURTHER RESOLVED: That the City Administrator, through the Medical Services Division of the Oakland Fire Department or as otherwise designated, will oversee the appropriate use of the Opioid Remediation Funds consistent with the terms of the settlement and bankruptcy agreements, including but not limited to annual reporting requirements, applicable guidance from the California Department of Health Care Services, and timely encumbrance within five years of receipt (or seven years for capital outlays) to ensure that monies do not revert to the State of California; and be it

FURTHER RESOLVED: That funds awarded pursuant to the National Opioid Settlement Agreements and California State-Subdivision Agreements through the Litigating Subdivision Cost Fund, Joint Global Subdivision Cost and Expense Fund, and/or the California Subdivision Fund for the reimbursement of the City Attorney's Office costs and fees incurred in its significant role in the opioid litigation and settlement negotiations will be appropriated to a project account designated for the Office of the City Attorney as included in the proposed mid-cycle budget; and be it

FURTHER RESOLVED: That the City Council hereby approves the tentative agreement to raise the sick leave cap for IAFF Local 55 members from 2,338 hours to 2,600 hours, reached on or about June 30, 2023, the cost of which is estimated at \$300,000 per year and is accounted fringe benefit rates included in the budget. This agreement is part of an overall package of agreements which permit the City to temporarily operate 23 fire engines, instead of 25 fire engines, until June 30, 2025

FURTHER RESOLVED: That the City Council authorizes the City Administrator to create the following funds: Fund 4510 - Personnel Management Fund, Fund 5338 – Measure KK Infrastructure Series 2024E GOB (Tax Exempt), Fund 5342 Measure U: Infrastructure Series 2024 B-1 GOB (Tax Exempt), Fund 5343 – Measure U: Affordable Housing & Infrastructure Series 2024B-2 GOB (Taxable); and be it

FURTHER RESOLVED: That the City Administrator may transfer operating appropriations between the Non-Departmental Organization and the City's Operating Departments to implement the services provided for in this Budget; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to periodically transfer funds between Departments and completed projects as needed in order to clean-up negative budget balances within the same Fund; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to use cost savings from vacant positions within a Department to procure internal or contract services to facilitate the speedy hiring of positions within that same Department; and be it

FURTHER RESOLVED: That the City Administrator may periodically transfer unexpended funds from the Unclaimed Cash Fund (Fund 7440) to the General Purpose Fund (Fund 1010); and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized and directed to calculate all required set-asides and make appropriate adjustments, based on the final adopted budget amendments and accompanying legislation, as legally required, such as Kid's First!, the Vital Services Stabilization Fund, and the 7.5 percent Emergency Reserve; and be it

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

FURTHER RESOLVED: That the City Council hereby approves contingency budget amendments to the adopted budget as presented in Exhibit 3, in the case the \$15 million from the sale of the Coliseum Site is not received by September 1st 2024, or in the case that an additional \$15 million is not received by November 1st, 2024, or in the case that the remaining \$33 million is not received by January 15th 2025; and be it

FURTHER RESOLVED: 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 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, KALB, KAPLAN, REID, TAYLOR, THAO, AND PRESIDENT FORTUNATO BAS
NOES –

ABSENT –
ABSTENTION –

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