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December 21, 2004

HONORABLE CITY COUNCIL  
Oakland California

**Re: Establishing goals and objectives for the development of Proposed FY 2005-07 Budgets for City, Capital Improvement Program and Redevelopment Agency; and requesting Council direction on key budget issues.**

Dear President De La Fuente and Members of the Council:

At the City Council's Budget Workshop of November 29, 2004, the City Council reviewed the seven goals that currently drive the City's budget, and offered amendments to those goals. The Council has scheduled today's second workshop to finalize the goals that will guide the FY 2005-07 budget development, and to discuss and prioritize the objectives related to each goal. These are important decisions, as Council has directed staff to prepare a budget proposal that reflects the Council's priorities.

In addition, staff is requesting direction on the recommendation to defer implementation of the 2% stabilization contingency until FY 2007-09. This recommendation is discussed on page 9 of the November 29 staff report.

To facilitate today's workshop, we have provided

- Proposed goals for FY 2005-07, with a listing of objectives for the Council to add, delete or prioritize (Attachment A). The proposed goals arise from the Council's discussion of Councilmember Brooks' and Councilmember Brunner's suggestions at the November budget workshop. The proposed objectives represent one option for consolidating existing objectives within the new proposed goals.
- A chart of the FY 2003-05 goals and objectives (Attachment B);
- The notes from the November 29 discussion of goals and objectives, and a summary matrix (Attachment C);
- The November 29 staff report (Attachment E).

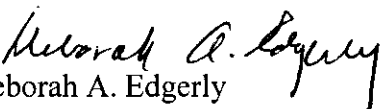
Item \_\_\_\_\_  
Special City Council/Budget Workshop  
December 21, 2004

At the Council's direction, staff has removed the 911 fee from consideration for 2005-07. The Mayor and City Administrator will prepare a budget proposal that also includes an increased annual repayment of non-General Purpose fund deficits of \$3.96 million in 2005-06 and \$8.39 million in 2006-07.

In addition, staff will provide an update on the audit of the City's reserve account in January. The remaining information requested by Council will be provided during the budget workshops in Spring 2005 (Attachment D).

Staff is available to assist the Council in finalizing its goals and objectives to guide the development of the FY 2005-07 City, Capital Improvement Program, and Redevelopment Agency budget proposals.

Respectfully submitted,

  
Deborah A. Edgerly  
City Administrator

Proposed Goals and Objectives for FY 2005-07

**Develop a sustainable city**

- 2A Maximize socially and environmentally sustainable economic growth
- 2B Facilitate the development of housing
- 2C Implement programs that protect and conserve natural resources
- 2D Attract new residents to Oakland
- 2E Encourage and support social equity for all Oakland residents
- 5A Ensure continuous improvement in employee performance
- 5B Develop and institutionalize sound financial management policies and practices
- 5C Adequately budget for and monitor overtime spending
- 5D Develop and implement program(s) that provide financial incentive for employees and teams to identify cost saving measures
- 5E Maximize the value provided by each dollar spent in outside contracts and purchases
- 5F Develop and implement a technology infrastructure that enhances the capabilities and effectiveness of City operations

**Build community and foster livable neighborhoods**

- 1A. Reduce crime by implementing a comprehensive crime prevention/reduction strategy
- 1B. Improve perception of safety
- 1C. Improve emergency response, prevention and preparedness
- 3A Improve traffic/bike/pedestrian safety
- 3B Increase neighborhood coordination and participation
- 3C Reduce blight and nuisance
- 3D Enhance neighborhood commerce
- 6A Maintain and enhance Lake Merritt, the Estuary and Oakland's waterways
- 6B Provide for well-maintained sanitary sewer and storm drainage systems and for required and ongoing capital improvements
- 6C Provide for clean, well-maintained and accessible streets and sidewalks
- 6D Provide for clean, well-maintained and accessible facilities and amenities
- 6E Provide for clean, well-maintained and accessible parks and recreation facilities

**Inspire creativity and civic engagement**

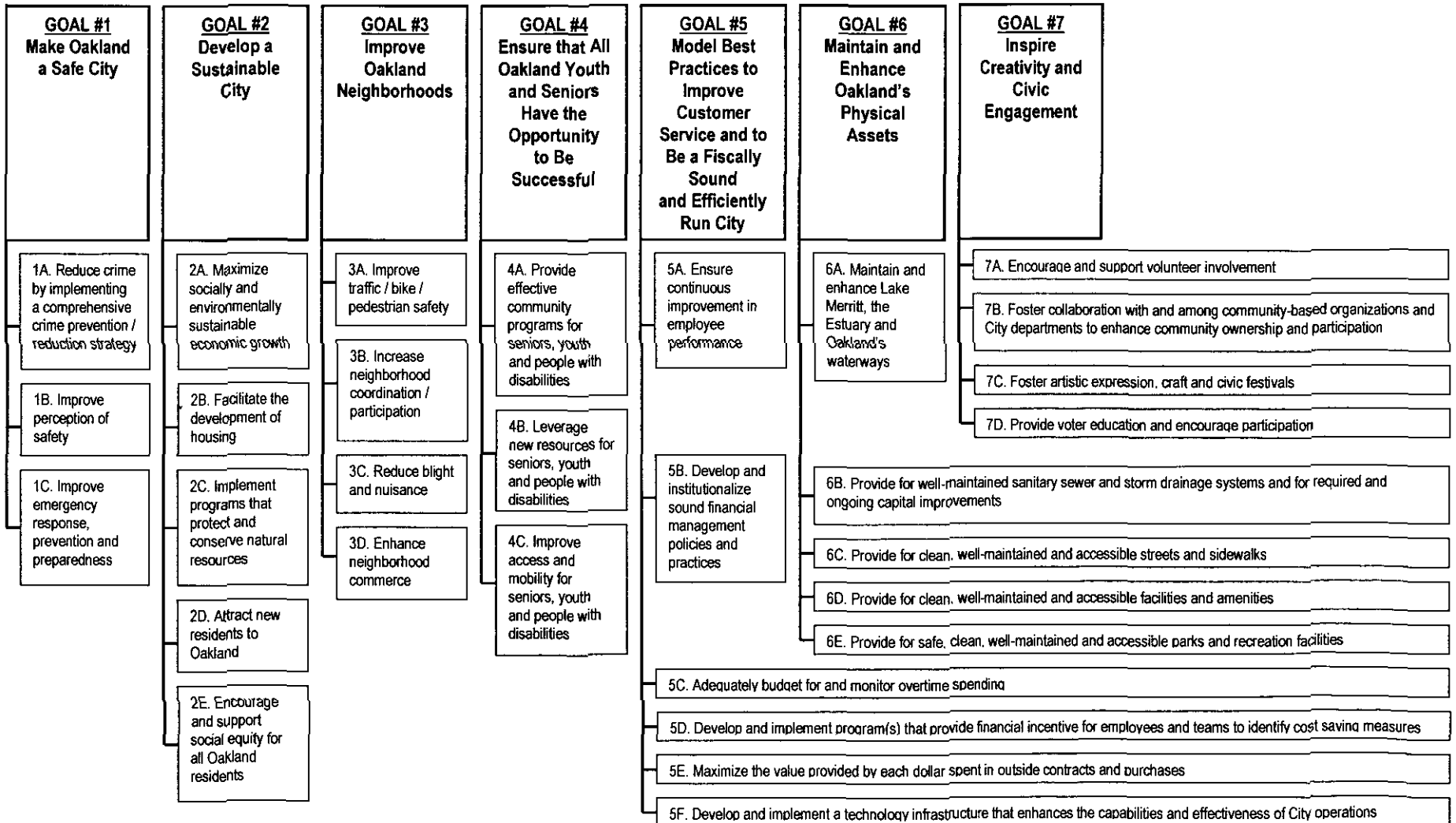
- 7A Encourage and support volunteer involvement
- 7B Foster collaboration with and among community-based organizations and City departments to enhance community ownership and participation
- 7C Foster artistic expression, craft and civic festivals
- 7D Provide voter education and encourage participation

**Ensure that all Oakland youth and seniors have the opportunity to be successful**

- 4A Provide effective community programs for seniors, youth, and people with disabilities
- 4B Leverage new resources for seniors, youth and people with disabilities
- 4C Improve access and mobility for seniors, youth and people with disabilities.

**ATTACHMENT B. Current Mayor / Council Goals and Objectives**

**OBJECTIVES GOALS**



**City Council Budget Workshop  
November 29, 2004  
Joaquin Miller Community Center**

Compiled from Notes by City Administrator's office and Budget office, from Afternoon session: Discussion of Budget Priorities; Balancing Proposals; Next Steps

**Discussion of Goals and Priorities**

**Councilmember Nadel**

A. Results of a District 3 community survey showed the following priorities:

- Anti-poverty programs and after school programs
- Police walking beats/Public safety
- Homeownership/Affordable Housing
- Fix Potholes
- Violence Prevention Programs
- More Police Patrols
- Combat illegal dumping with more staff
- Homeless Shelters
- Trim street trees
- First-time homebuyer loans

B. Goals

1. Change Goal #4 to: *Develop communities that offer opportunities for success among all Oakland residents*
2. Change Goal # 6 to: *Maintain and Enhance Oakland's Physical Assets and Neighborhoods*
3. Eliminate Goal #3, as its objectives will be better addressed by incorporating them into other goals

C. Revisions to Objectives (changes and additions underlined):

Goal #4: Develop communities that offer opportunities for success among all Oakland residents

Objectives:

4A. Provide effective community programs for Oakland residents including seniors, youth, families and people with disabilities and individuals who are homeless.

4B. Leverage new resources for Oakland residents including seniors, children, youth, families, people with disabilities and individuals who are homeless.

4C. Improve access and mobility for Oakland residents, particularly seniors and people with disabilities

4D. Enhance neighborhood commerce and economic opportunities

4E. Help individuals and families take steps to make ends meet and ensure economic success

**Goal #6: Maintain and Enhance Oakland's Physical Assets and Neighborhoods****Objectives:**

- 6A. Maintain and enhance Lake Merritt, the Estuary and Oakland's waterways
- 6B. Provide for well-maintained sanitary sewers and storm drainage systems and for required and ongoing capital improvements
- 6C. Provide for clean, well-maintained and accessible streets and sidewalks
- 6D. Provide for clean, well-maintained and accessible facilities and amenities
- 6E. Provide for clean, well-maintained and accessible parks and recreation facilities
- 6F. Improve traffic/bike/pedestrian safety
- 6G. Reduce blight and nuisance

**Goal #7: Inspire Creativity and Civic Engagement****Objectives:**

- 7A. Encourage and support volunteer involvement
- 7B. Foster collaboration with and among community based organizations and City departments to enhance community ownership and participation
- 7C. Foster artistic expression, craft and civic festivals
- 7D. Provide voter education and encourage participation
- 7E. Increase neighborhood coordination/participation

**Councilmember Brooks****A. Goals**

Consolidate seven goals into three:

- *Develop a sustainable city*
- *Build community and foster livable neighborhoods*
- *Inspire creativity and civic engagement*

**Councilmember Wan****A. Comments**

- Reduce number of goals
- Give direction to staff as to the services to keep and the services to cut

**B. Results from District 2 residents' survey of priorities**

- More city staff to clean and maintain streets
- Faster work in fixing potholes
- Faster police response
- More youth services

Important: Economic revitalization and physical improvement in our neighborhoods  
(Suggested restatement of goal #3)

**Councilmember Brunner**

## A. Comments on present goals:

- Safe City – as the first goal, OPD thinks it can go over budget
- Sustainable City – staff has not taken this seriously; has not followed through on the definition
- Improve neighborhoods – important to have retail, fix blighted communities, but also support successful neighborhoods
- Youth/seniors – critical importance
- Physical assets – important

## B. Restated goals:

Support for Councilmember Brooks' proposed goals

Amend to say "*Foster a sustainable city*"

Add a goal: "*Provide services for youth and seniors*"

## C. Priorities

- *Maintain parks and trees*
- *Youth and seniors*
- *Affordable housing*
- *Basic services and maintenance*
- *Support blighted neighborhoods*

**Councilmember Quan**

## A. Comments

- Need to keep goals 5 & 7 (Best practices and civic engagement)  
Will help us in the long term
- Add *Reducing budget deficits and debt* as a new financial goal  
For out of balance funds  
Increase revenues – but take care in raising fees that we don't reduce use of services by pricing too high  
Investments in changing neighborhoods may grow future revenues
- In setting our priorities:  
Police may be a priority, but not to give more money  
Need more research on parks – to ensure all neighborhoods are served – look at equity

## B. Restated Goals:

- *Youth*
- *Sustainable city*
- *Maintain Basic services (including physical plant)*
- *Reduce fund deficits and debt*
- *Safe City (important goal, but not priority for increased funding)*
- *Proposals for long term change, e.g. merging facilities*

**Councilmember Chang**

## A. Comments

Restating or consolidating goals is OK

## B. Important areas of priority:

- *Safe City* – important for development/businesses; and thus affects revenues
- *Efficiently run city* – leads to improved customer service
- *Enhance physical assets* – all of them, including the Zoo, etc., as it affects quality of life for all residents

**Councilmember Reid**

## A. Comments

- What will it cost to satisfy the residents of all council districts?
- How do we make sure that active projects and new projects benefit all districts?  
Issues of public safety vis-à-vis economic development  
How do we make Oakland a safe place?

## B. Priorities:

- *Public education*  
A factor in economic development decisions  
Where does council stand vis-à-vis OUSD?
- *Clean City*
- *Maintain parks & Recreation centers and programs*  
Voters have been generous with bond votes
- *Sustainable city*  
What does it cost?

**President De La Fuente**

## A. Comments

Council will be forced to choose priorities

Must meet the legal requirements

What are the obligations to provide police and fire

Make departments accountable to stay within approved budgets

Overtime (after allocating a reasonable budget)

Overruns in non-GPF funds

Identify basic services

Across the board cuts don't make sense – identify priorities for funding

Labor costs are high – find ways to pay for them before making service cuts

Contract compliance still has deficit even after making staff reductions

## B. Priorities:

- *Public safety*
- *Clean streets and parks*



**Discussion of Budget Balancing Proposals**

Brooks – 911 is a basic service; no support for fee

Brunner – take 911 fee off the table; we have to decide which fees to propose

Wan – need more info on 911 fee before taking off the table  
Add layoffs as an option  
Don't cut across the board, but cut based on priorities

De La Fuente – take 911 fee off the table  
Don't cut across the board; do it by priorities  
Don't include layoffs as an option; it will be the last resort if we fail to balance the budget in other ways

Quan – leave all the options on the table; it will provide a good comparison  
911 fee probably won't go through, but we should look at all fee possibilities  
Invest surplus RETT into infrastructure in year 2 (expected bump as developments come on line)  
Eliminate all cars (other than maintenance) and put everyone on paid mileage allowance  
Look at joint programs, for Head Start and others, with OUSD  
Evaluate closing/merging city facilities  
Identify which staff are funded by stable sources; which by one-time grants

Brunner – asking for 5% across the board gives us options to look at  
Need to look at each department to cut smartly  
Leave layoffs on the table as an option  
Ask for 5%, but cuts would come from non-priority  
Look at shutdown between Christmas and New Years  
Remove 911 fee, but add other fees to the list

Chang – need information from other cities on 911 fee

Nadel – evaluate the joint facilities possibilities, especially for programs that will make citizens employable  
No 911 fee, but look at storm drain fee  
Hear from rank and file about cuts

Reid – now paying \$10 million/year for Coliseum debt; what if PSL sales do not go well

De La Fuente/Wan – PSL sales may reduce debt payment; but the debt service cost cannot increase

Brooks – no layoffs; do twice a month shutdown if necessary, in addition to holiday shutdown

- Cuts must impact sworn as well as non-sworn
- Be selective – not across the board
- Look at contracting services; apprenticeships; CDBG
- Ask departments where they can be entrepreneurial
- Hear from rank and file

De La Fuente – Work to achieve equity among labor groups in contributing to pension

Quan – Have departmental meetings regarding budgets.  
Get around the practice of punishing efficient departments with further cuts

Brunner – Each chair hold a meeting for department staff – during lunch

De La Fuente – Add a repayment of non-GPF into the budget balancing proposal

Wan – Develop a scenario to cover the non-GPF payments

Brunner – Provide status of audit of reserves

Reid – Provide list of surplus assets that could be sold

### **Next Steps**

Have Council participate in setting and prioritizing objectives

Deliver a summary of goal proposals to the Council as soon as possible

Arrange a special meeting before a regular meeting in December, to develop objectives

Eliminate 911 fee from consideration

Ask for 5% cuts from each department; make cuts, including layoffs, according to priorities

Consider selling facilities, e.g. Kaiser Convention Center

Develop proposals that will also cover the non-GPF funds' deficit repayment

Prepare other analyses and data as requested during workshop

Matrix of Goals for FY 2005-07 Budget Development  
 Drafted at Council Retreat, November 29, 2004

X = Councilmember expressed support to keep goal as stated

	Make Oakland a safe city	Develop a sustainable city	Improve Oakland's neighborhoods	Ensure that all Oakland youth and seniors have the opportunity to be successful	Model best practices to improve customer services and to be a fiscally sound and efficiently run city	Maintain and enhance Oakland's physical assets	Inspire creativity and civic engagement	New Goal or Priority
Brooks		X					X	<i>Build community and foster livable neighborhoods</i>
Brunner		Restated: <i>Foster a sustainable city</i>		X				<i>Build community and foster livable neighborhoods</i>  <i>Also important: Maintain parks and trees Affordable housing Basic services and maintenance Support blighted neighborhoods</i>
Chang	X				X	X		
De La Fuente	X							<i>Clean streets and parks</i>
Nadel	X	X		Restated: <i>Develop communities that offer opportunities for success among all Oakland residents</i>	X	Restated: <i>Maintain and enhance Oakland's physical assets and neighborhoods</i>	X	
Quan	X	X		X	X		X	<i>Reduce fund deficits and debt</i>  <i>Maintain basic services (including physical plant)</i>
Reid		X						<i>Public Education</i>  <i>Clean City</i>  <i>Maintain parks &amp; recreation centers and programs</i>
Wan	X	X	Restate: <i>Economic revitalization and physical improvements in our neighborhoods</i>	X	X	X	X	<i>From community survey: More city staff to clean and maintain streets</i>  <i>Faster work in fixing potholes</i>  <i>Faster police response</i>  <i>More youth services</i>

**Information Requested by City Council for Budget Workshops in Spring 2005**

Ten-year analysis of increased personnel (FTEs), by department, in GPF, non-GPF and grant funds (FY1995-96 through 2005-06).

Analysis of reserves weighed against outstanding fund deficits and debt

Evaluate options of merging Head Start programs, as well as other programs or facilities

Provide estimate of budget required to maintain structures on a regular maintenance schedule

List/inventory of technology that needs to be upgraded; how we budget for technology replacement

Determine overall amount that is contracted out each year. Review in detail what work (e.g. base repair) could be brought back in-house, and evaluate where it would be feasible and efficient to do so.

Analyze the percentage of streets that are at critical stage for repair and savings that would be generated by repairing earlier in the cycle.

Prepare a chart showing 1) list of mandated services (local, state, federal) and the cost of delivering mandated services; 2) cost of public safety; 3) cost of other services

Prepare a span of control chart that shows supervisor/staff ratios in each department

Update on zero net FTE policy.

Provide list of surplus assets and consider selling facilities

Prepare a list of programs funded from ongoing, stable sources, as well as those funded from one-time sources or vulnerable grants

Prepare an analysis of the debt repayment/retirement schedule for the next ten years.