



AGENDA REPORT

TO: Honorable City Council

FROM: Jestin D. Johnson
City Administrator

SUBJECT: SUPPLEMENTAL – FY 2023-2024
GPF Operating Deficit Plan of Action
to Balance

DATE: June 18, 2024

RECOMMENDATION

Staff Recommends That City Council Receive An Informational Report On The Plan Of Action To Close The FY 2023-2024 GPF Operating Deficit

REASON FOR SUPPLEMENTAL

At the [May 29, 2024 City Council meeting](#), staff provided a presentation related to the planned administrative actions to close the Fiscal Year (FY) 2023-24 General Purpose Fund (GPF) operating deficit. Direction was provided to staff to add supplemental details for the planned retrenchments and add clarity on utilizing one-time land sale proceeds to close the FY 2023-24 operating budget. The requested supplemental retrenchment details were made available for the [June 4, 2024 City Council meeting](#), though that agenda item was continued. Subsequently, [on June 12, 2024, City Council](#) heard the first reading of an ordinance authorizing the City Administrator to negotiate and execute a purchase and sale agreement with African American Sports & Entertainment Group (AASEG) Land LLC. Land sale proceeds from the Coliseum are no longer contemplated to be utilized to close the FY 2023-24 GPF operating deficit given the anticipated revenue will not be realized until FY 2024-25.

Updated Plan to Rectify the FY 2023-24 GPF Operating Budget Deficit

Table 1 – City Administrator’s Plan To Close The FY 2023-24 Projected Gap

<u>CITY ADMINISTRATOR PLAN TO REDUCE EXPENDITURES</u>	
(figures in thousands)	
FY 2023-24 Q3 R&E Projected GPF Fund Balance	\$ (62,090.00)
<u>Appropriation and Carryforward Cancellation - GPF (1010 Only)</u>	
CIP Department Projects (Transfer to Bond or Facilities Fund)	\$ 988.00
Departmental General Operations & Maintenance (O&M)	\$ 2,643.67
Other Programs	\$ 11,435.57
Council Action	\$ 15,120.69
Sub-total	\$ 30,187.93

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Remaining Expenditure Reduction Required to Close FY 2023-24 Operating Deficit	\$ (31,902.07)
Additional Items for Updated Plan	
Fully Utilize Measures C and D for Library	\$ 6,000.00
FY 2023-24 OPD and OFD Fleet	\$ 9,000.00
Amplifund Grant Management Contract	\$ 400.00
Unutilized Cyber Allocations	\$ 2,700.00
Fire Prevention Funding	\$ 500.00
Ballot Measure Budget Reduction	\$ 400.00
EMC Research Contract Reduction	\$ 140.00
Sub-total	\$ 19,390.00
Outstanding FY 2023-24 Operating Deficit	\$ (12,762.07)

Additional Items for Updated Plan

1. \$6,000,000 - Fully Utilize Measure C and D for Library: Measure C and D eligible expenses, including labor and contracting expenditures, are currently being charged to the GPF and will be reclassified and/or correctly charged through the end of FY 2023-24 to the appropriate measure.
2. \$9,000,000 – FY 2023-24 Oakland Police Department (OPD) and Oakland Fire Department (OFD) Fleet: Due to the production timeline for fleet vehicles, this expense will not be utilized during the current fiscal year.
3. \$400,000 – Amplifund Grant Management Contract: This agreement has not been executed. City Administration is exploring facilitating grant management through a centralized non-profit agency as an alternative.
4. \$2,700,000 – Unutilized Cyber Allocations: This is the outstanding unutilized funding for network security from a larger one-time allocation to facilitate the City’s cyber security upgrades.
5. \$500,000 - Fire Prevention Funding: Fund 2415 eligible expenses, including labor, are currently being charged to GPF and will be reclassified and/or correctly charged through the end of FY 2023-24.
6. \$400,000 – Ballot Measure Budget Reduction: This is a retrenchment of the unutilized funding associated with ballot measure efforts.
7. \$140,000 – EMC Research, Inc. Contract Reduction: This is a retrenchment of the unutilized funding associated with the EMC Research, Inc. ballot measure polling contract, which is no longer moving forward.

The Finance Department reviewed each retrenchment that was a part of the original and updated plan and determined one or a combination of the following:

- 1) The program currently has additional ongoing funding to continue services,
- 2) The carryforward is substantially outdated,
- 3) The department currently does not have the staff capacity to complete the project, or
- 4) The funds are no longer needed.

Summary

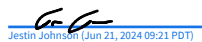
The sum of these actions results in a projected remaining operating deficit of \$12,762,070. Through continuing the current year hiring freeze, delaying new spending on contracts and grant agreements and other administrative measures staff believes that additional savings to close the remaining deficit can be achieved. Using one-time funds and temporary actions to balance ongoing operations is not sustainable over the long term. The Administration will need to continue exploring opportunities for additional cost recovery, operational efficiencies, and new revenue sources through FY 2024-25 and into the subsequent biennial budget to close the operating deficit. On an annual basis in November, the Finance Department provides a comprehensive revenue and expense report on Q4 of the prior fiscal year and will establish the actualized details for the end of the current fiscal year.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report On The Plan Of Action To Close The FY 2023-2024 GPF Operating Deficit

For questions regarding this report, please contact Monica Elise Davis, Deputy City Administrator, at 510-238-7689.

Respectfully submitted,



Jestin Johnson (Jun 21, 2024 09:21 PDT)

JESTIN D. JOHNSON
City Administrator

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