

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2009 MAY -7 PM 8:32

# CITY OF OAKLAND

## AGENDA REPORT

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Budget Office  
DATE: May 12, 2009

RE: **Supplemental Report on FY 2008-09 Third Quarter Revenue and Expenditure Results and Year-End Projections For the General Purpose Fund (1010); and the Status of Implementing the October 2008 and March 2009 Budget Revisions.**  
**Resolution Authorizing Balancing Measures to Address the FY 2008-09 Projected Deficit in the General Purpose Fund.**

---

### SUMMARY

This report provides details on the actual collection of revenues and expenditures in the General Purpose Fund (GPF) through the end of the third quarter of the fiscal year (March 31, 2009), and presents year-end revenue and expenditure projections.

In the General Purpose Fund (GPF; 1010), a **net deficit of \$15.09 million** (from the March 31, 2009 adjusted budget) is projected by year end.

The new deficit is mainly the result of revenue under collection. Revenue shortfalls are anticipated in most sources, with major declines projected in Fines and Penalties, Property Tax, Transient Occupancy Tax, Service Charges and Sales Tax.

Staff proposes balancing measures of \$12.7 million to address the FY 2008-09 projected deficit in GPF. Legislation is included in order for the City Council to authorize the proposed balancing measures.

Finally, this report includes a status update of implementation of specific measures approved through Council budget motion on October 21, 2008 and balancing measures adopted on March 31, 2009.

### FISCAL IMPACT

The third quarter revenue and expenditure report includes an analysis of actual revenues and expenditures for the General Purpose Fund for the nine-month period of July 1 through March 31, 2009, and projects year-end revenue generation and expenditures, highlighting significant trends.

Item: \_\_\_\_\_  
Finance and Management Committee  
May 12, 2009

*Summary Table*

**FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS**  
**Through Third Quarter (July 1, 2008 - March 31, 2009)**

Summary (\$ in millions)

**GENERAL PURPOSE FUND (1010)**

	FY 2008-09 Oct. 2008 Budget	FY 2008-09 Q2 R&E Projection	Mar 2009 Balancing Measures [C]	Additional Q3 Budget Changes [D]	FY 2008-09 Q3 Adjusted Budget	FY 2008-09 Q3 R&E Projection	Variance from Q3 Adjusted Budget	May 2009 Net Balancing Measures	Post Balancing Adjusted Budget
Gross Fund Balance [A]	26.20	26.20			26.20	26.20		26.20	26.20
Net Revenue	464.80	464.65	0.01	2.54	467.20	451.05	(16.15)	9.20	460.25
Net Expenditures	464.80	472.86	(3.91)	2.54	471.50	470.44	(1.06)	(3.50)	466.94
Carryforwards and Encumbrances	14.82	14.82	(4.21)		10.61	10.61	0.00	0.00	10.61
Surplus/(Shortfall) [E]	0.00	(8.22)	(8.13)	0.00	(4.30)	(19.39)	(15.09)	(12.70)	(6.69)
Net Fund Balance [B]	11.38	3.16			15.59	(3.80)			8.98

[A] Includes reservations for prior year encumbrances and project carryforwards.

[B] Net of prior year encumbrances and project carryforwards.

[C] Balancing measures include a combination of project deferrals, freezing vacancies and revenue enhancements.

[D] Increase in Adjusted Budget is primarily due to new appropriations in Fire Services (Hurricane Ike Deployment), Police Services

(Bay Area Identity Theft Strike and FBI/OCDETF Projects).

[E] Budget was balanced with \$4 million cuts in real spending and \$4.21 million project deferrals which increase the net fund balance.

In the second quarter, there was a projected deficit of \$8.2 million. This was balanced by deferring project spending to FY 2009-10 and miscellaneous reductions in departments. Due to project deferrals to next fiscal year (totaling \$4.21 million), the carryforwards have increased, leaving the operational deficit at \$4.3 million as of the third quarter adjusted budget but increasing the net fund balance by the same amount to \$15.59 million. The third quarter analysis projects a year-end deficit of \$19.39 million, or a net deficit of \$15.09 million if compared to the third quarter adjusted budget. Staff proposes balancing measures totaling \$12.7 million.

*Balancing Measures*

The following measures are proposed to partially offset the FY 2008-09 year-end deficit:

<b>Balancing Measure</b>	<b>Savings</b>
Reallocation of one-time revenues originally earmarked for the Landscaping and Lighting Assessment District (2310) and Capital Improvement (5500) funds	\$9.2M
Transfer of eligible City Attorney expenses from GPF to Self-Insurance fund	\$2.5M
Additional shutdown days through year-end on May 29, June 12 and 26 resulting in every Friday shutdown for the rest of the fiscal year in combination with the previously approved shutdown days on May 22, June 5 and 19.	\$1.0M
<b>TOTAL</b>	<b>\$12.7M</b>
<b>Additional Options</b>	
Transfer 14 PSOs to Measure Y Fund	\$0.53M

Item: \_\_\_\_\_

The Oakland Redevelopment Agency is issuing bonds to purchase the Telegraph Garage from the City for \$7.7 million; \$1.5 million is anticipated from the deferred pension credits. Collectively, this one-time revenue of \$9.2 million was earmarked in October 2008 to eliminate the negative balances in the Landscaping and Lighting Assessment District fund (2310) and Municipal Capital Improvement Fund (5500). By reallocating these funds to address the GPF deficit, LLAD and CIP funds will continue to have negative balances.

Secondly, the Self Insurance Liability Fund has an operational surplus of \$2.5 million in the current year. Eligible attorney expenses can be transferred from GPF to Self-Insurance fund with no impact to its current operations.

Finally, three additional shutdown days are being proposed on May 29, June 12 and June 26 resulting in **every Friday shutdown** for the rest of the fiscal year, in combination with the previously approved shutdown days on May 22, June 5 and June 19.

## **DISCUSSION**

The information in this report is organized by category for GPF revenues. Each section provides an overview of actual revenues collected during the first nine months of the fiscal year and projects receipts through the end of the year.

### **1. GENERAL ECONOMIC OVERVIEW**

The U.S. economy is now in its sixth consecutive quarter of a very severe recession that began in December 2007. The Bureau of Economic Analysis (BEA) reported that the final fourth quarter 2008 estimate of real Gross Domestic Product (GDP) fell steeply by -6.3 percent, after falling by 0.5 percent in the third quarter of the calendar year (e.g. July – September). The fourth quarter decline of 6.3 percent was the worst since 1980, when GDP declined by 7.8 percent in the second quarter. GDP and business activities have been driven down by significant declines in the housing market, credit availability, employment, consumer expenditures, and exports.

**Consumer Spending** – The decrease in real GDP in the fourth quarter of 2008 (calendar year) was primarily due to significant declines in exports, personal consumption expenditures, equipment and software, and residential fixed investments. The BEA reported that consumer spending, which accounts for about 70 percent of GDP, fell by 4.3 percent in the fourth quarter, after falling 3.8 percent in the third quarter. The last time there were two consecutive quarterly declines as steep occurred in 1980, when a second quarter decline of 8.6 percent was reported. Exports -- until recently an important positive contributor of real GDP growth -- decreased in the fourth quarter 2008 by 23.6 percent, compared to an increase of three percent in the third quarter. This large reduction in U.S. real exports coincided with the International Monetary Fund's report that the world's advanced and emerging economies suffered major recessionary declines in the fourth quarter 2008.

**Employment** – U.S. employment data revealed that the steady decline of non-farm payroll employment, which began in 2008, continues to the current period. In March 2009, non-farm payroll employment continued to decline sharply (-\$663,000), and the unemployment rate rose from 8.1 to 8.5 percent according to the Bureau of Labor Statistics. Since the recession began in December 2007, a total of 5.1 million jobs have disappeared, with almost two-thirds (3.3 million) of the decrease occurring in the last five months.

**Housing** – The U.S. housing market continues its downturn, with median home sales prices and sales volume still in decline. The National Association of Realtors reported through February 2009 that sales volume fell 4.6 percent, while median prices fell 15.5 percent on a year-over-year basis. Some areas of potential positive future news are that the U.S. savings rate is increasing which could help fortify personal balance sheets for future home purchases; the rate of increase of existing home sales inventories is slowing – also good news.

**Outlook** – The American Recovery & Reinvestment Act of 2009 (ARRA, better known as the Federal Stimulus program) intends to reinvigorate the U.S. economy. While economists are split as to the effectiveness to-date of ARRA, the Congressional Budget Office believes that the stimulus plan will boost employment and GDP in the short run, helping to end the recession towards the end of 2009. The consensus forecast among leading economists is that recovery will begin toward the later part of 2009 and that the economy will attain slow but positive growth in 2010.

## 2. CURRENT POLITICAL/LEGAL ISSUES

### *State Issues*

On February 19, 2009, after three months of negotiations, state legislative leaders and Governor Schwarzenegger approved the basic framework of a \$41 billion budget package. This budget was designed to close a projected \$42 billion deficit by relying on approximately \$12.8 billion in temporary tax revenues, \$15 billion in reduced expenditures, and \$11.4 billion in borrowing. The package also requires voters to consider several measures at the May special election.

Recent public opinion polls, however, indicate that this package of budget-balancing propositions may fail at the ballot box. As a result, Governor Schwarzenegger has proposed borrowing up to 8 percent of local government's property tax revenues to fill the State's anticipated budget gap under Proposition 1A. The State would have three years to repay principal and interest to local governments. If approved by the State legislature, this measure will provide \$2 billion to the State budget in FY 2009-10, but would mean that the City of Oakland would lose up to \$11.8 million next fiscal year, thereby re-opening the budget gap that had been bridged in the FY 2009-11 Mayor's Proposed Policy Budget. City Administration vigorously opposes this proposal to balance the State budget at the expense of local governments.

### *Local Issues*

The Oakland City Council recently approved placing several measures on the July 21, 2009 special election ballot:

- *The Kids First! Compromise*: Seeking voter approval to change the required GPF transfer from 1.5 percent of all revenues to 3.0 percent of unrestricted GPF revenues
- *Real Estate Transfer Tax (RETT) amendment*: Making property transactions resulting from business mergers and acquisitions subject to RETT.
- *Local Cannabis Tax*: Setting rate at \$18 per \$1,000 of gross receipts for cannabis distributors
- *Hotel Tax*: Three percent surcharge to fund cultural and arts institutions, programs and festivals.

These measures are intended to help address the FY 2009-11 projected budget deficit and support a longer term fiscal solution for the City. There is no impact of these measures on current year GPF results.

### 3. GENERAL PURPOSE FUND FINANCIALS

#### REVENUE HIGHLIGHTS (*Attachment A-1*)

The FY 2008-09 adjusted revenue budget for the General Purpose Fund is \$477.8 million. The budget reflects the use of \$10.6 million of reserved fund balance to pay for the equivalent amount of project carryforwards. The project carryforward value decreased from \$14.8 million approved in October 2008, as a result of deferring \$4.2 million in project spending to the next fiscal year in March 2009, during second-quarter budget balancing. These projects have been budgeted anew in FY 2009-10.

Through the third quarter of the fiscal year, the City received \$303.53 million or 63.6 percent of the budgeted amount. Based upon this collection data, General Purpose Fund revenues are projected to end the year at \$461.7 million, or \$16.15 million under budget.

The currently projected revenue shortfalls are in the following categories:

- Property Tax: (-\$3.83 million);
- Sales Tax: (-\$1.51 million);
- Vehicle License Fee: (-\$0.72 million);
- Real Estate Transfer Tax: (-\$1.49 million);
- Transient Occupancy Tax: (-\$2.59 million);
- Parking Tax: (-\$1.40 million);
- License & Permits: (-\$0.30 million);
- Fines & Penalties: (-\$4.28 million);
- Interest Income (-\$0.35 million); and
- Service Charges: (-\$1.74 million)

These shortfalls are expected to be partially offset by projected surpluses in Business Tax (\$1.0 million); Grants & Subsidies (\$0.65 million); and Miscellaneous Revenues (\$0.41 million).

The second quarter revenue projection was \$464.65 million, or only \$0.75 million under budget. At that time, the anticipated shortfall was mainly in Transient Occupancy Tax, Service Charges, Vehicle License Fee and Fines and Penalties revenues.

Attachment A-1 provides details of revenue collection and projections, including comparison to the second quarter estimates. Key revenue changes based on the third quarter results are discussed below.

*Property Tax (-\$3.83 million)*

Property Tax, the largest source of revenue to the City's General Purpose Fund, is projected to end the year at \$134.5 million. Property tax is projected to come in **under-budget by \$3.83 million** due to the increasing delinquencies, and negative supplemental revenue from recent property sales reflecting a major reduction in values. Although the final delinquency numbers will not be determined until the end of the fiscal year, the actual revenue received to date has fallen short at three percent compared to the five percent growth projected in the budget. A major reduction was noticed after December 2008 collections, specifically.

*Sales Tax (-\$1.51 million)*

Sales Tax revenue received through the third quarter totaled \$29.1 million. Third quarter total revenue-to-date has declined steeply by 18%, compared to the decline of only 7% in the second quarter. Based on this collection rate and other factors, staff projects sales tax to end the year at \$46.59 million, **\$1.51 million lower** than the \$48.1 million budgeted. The decline in revenue is attributable to the recession and financial market crisis (reducing credit availability), putting downward pressure on consumption, gas prices, and taxable sales.

An additional note to the FY 2008-09 sales tax revenue forecast is that it reflects an estimated over-payment by the State of the FY 2008-09 "triple flip" revenue allocation to the City. The over-payment was due primarily to the State's over-estimation of taxable sales which was based on previously robust sales tax collections. The impact of this overpayment will be felt next fiscal year, when the State performs a "true-up" of triple flip revenues to the City, and will likely deduct \$2.5 million from the City's fund transfer. This true up has been anticipated in the FY 2009-11 projected policy budget.

*Vehicle License Fee (VLF) (-\$0.72 million)*

Vehicle License Fee revenue received through the third quarter totaled \$0.92 million, compared to the budgeted amount of \$1.81 million. Due to several factors negatively impacting this revenue it is projected to end the year at \$1.09 million, **\$0.72 million lower** than budget.

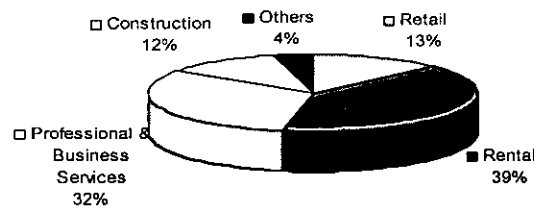
A major factor in this decline is the recent precipitous drop in auto sales, which has led to a significant decline in new auto registrations. No VLF payment was received from the State for the months of October, November 2008, and almost none in February 2009. The State indicated that City allocations for those months were zero after deducting the DMV administrative fees and other payments.

*Business License Tax (BLT) (+\$1.0 million)*

Business License Tax revenue is budgeted at \$52 million. Collections received through the third quarter totaled \$46.87 million, compared to \$43.26 million for the same period a year ago. The FY 2008-09 collection rate was approximately 8.3 percent higher than FY 2007-08. This robust collection was attributable to the clean-up of the accounts and aggressive collections of non-compliant accounts. However, this elevated collection rate is not expected to continue in the fourth quarter, as the liens to be placed in the fourth quarter this year will be reduced. At this time, staff projects that the year-end revenue will be at \$53 million, **\$1 million above** the budgeted amount of \$52 million.

The composition of the City's BLT is as follows:

**Business License Tax Composition**



*Utility Consumption Tax (at budget)*

Utility Consumption Tax revenue is budgeted at \$54 million. Year-to-date third quarter revenue generation reached \$39.50 million compared to \$39.16 million for the same period last year. Based on this collection rate, staff is projecting that the year-end revenue will be on target at \$54 million.

*Real Estate Transfer Tax (RETT) (-\$1.49 million)*

RETT actual revenue through the end of the third quarter was \$27.19 million, which is almost 2 percent lower than third quarter collections last year in FY 2007-08. The third quarter collections in particular were significantly lower than those during the first two quarters: \$1.6 million monthly in January-March 2009 compared to \$2.7 million in July-December 2008

The RETT revenue is volatile and is very likely to decline on a month-to-month basis through the end of the year, and perhaps through FY 2009-10. It is projected that the spring home-buying season will push sales up and RETT may average \$1.8 million a month for the rest of the year. Based on this trend, and the \$6 million revenue from the sale of Brandywine properties received in November, RETT is projected to end the year at \$32.59 million, or about **\$1.49 million below budget**. RETT revenue is closely monitored for forecast risks posed by the potential for further declines in housing prices and lending market conditions.

*Transient Occupancy Tax (TOT) (-\$2.59 million)*

Transient Occupancy Tax revenue is budgeted at \$12.69 million. Collections received through the third quarter totaled \$8.15 million compared to \$9.29 million for the same period a year ago. The economic slowdown has directly affected the hotel industry, particularly beginning December 2008. The Oakland Convention and Visitors' Bureau reported that occupancy in Oakland dropped by ten percent from last year, while average daily room rates dropped by one percent. Staff is projecting that the year-end revenue will be \$10.10 million, **\$2.59 million lower** than budget.

*Parking Tax (-\$1.40 million)*

Parking Tax revenue is budgeted at \$8.52 million. Collections received through the third quarter totaled \$5.14 million, or 60.3 percent of the budgeted amount. Based on the current rate of collections, staff is projecting that year-end revenue will reach \$7.12 million, **\$1.40 million below** the budgeted amount of \$8.52 million. It should be noted that industry projections have indicated that travel may be down as much as 8 percent for 2009, which would negatively impact airport parking. Parking Tax revenue is being monitored for declines resulting from this condition.

*Licenses & Permits (-\$0.3 million)*

Licenses & Permits revenue is budgeted at \$1.61 million. Collections received through the third quarter totaled \$0.76 compared to \$0.84 million for the same period a year ago. Staff projects that Licenses & Permits will end the year at \$1.31 million, **\$0.3 million below** the budgeted amount of \$1.61 million. An accounting adjustment of approximately \$0.3 million related to a prior year animal control receivables accrual will negatively impact the current year-end balance.

*Fines & Penalties (-\$4.28 million)*

Fines & Penalties revenue is budgeted at \$29.31 million. Year-to-date collections through the third quarter were at \$15.90 million compared to \$14.61 million in FY 2007-08. Approximately 90 percent of the revenue comes from Parking Citations, while the rest is from fines and penalties charged to taxpayers in connection with delay of payments due the City. Both component categories are projected to come in lower than budget based on the slowing rate of actual revenue generated.

Based on the third-quarter trends and extensive discussions with Inglewood and LES, the Budget Office and Parking Division project Fines & Penalties to be at \$25.04 million at year end, reflecting a shortfall of **\$4.28 million**. The majority of this shortfall is due to lower than previously anticipated collections of both regular and delinquent parking citations (with the latter coming through DMV and FTB). The table on the following page details the components of this revenue and their projections.



	Oct. 2008 Revised Budget	YTD Collections	Year-End Projections
Parking Citation	\$26.45	\$14.75	\$23.45
Library Fines	0.30	0.21	0.30
Property Tax Penalties	0.95	0.12	0.50
Collections	0.44	0.27	0.32
Misc. Fines & Penalties	1.17	0.37	0.47
<b>Total</b>	<b>\$29.31</b>	<b>\$15.72</b>	<b>\$25.04</b>

Fines and Penalties revenue will continue to be closely monitored in coordination with the Parking Division.

*Interest Income (-\$0.35 million)*

Interest income received through the third quarter was \$0.30 million, compared to \$1.72 million received in the third quarter of FY 2007-08. Staff is projecting that interest income will end the year at \$2.0 million, **\$0.35 million** below the \$2.35 million adjusted budget due to the low interest rates. A sizable amount of interest income comes from the Tax and Revenue Anticipation Note, which is used to partially offset interest expense on the same. The ending balance of interest income ultimately depends on a variety of factors, including the funds available for investments, the level of interest rates, and the cash flow status of the City's funds.

*Service Charges (-\$1.74 million)*

Service Charge revenues through the end of the third quarter were \$29.16 million, which is 6.9 percent higher than third quarter collections in FY 2007-08. This \$29.16 million represents 61.3 percent of the adjusted budget. Service Charge revenue is projected to end the year at \$45.83 million, \$1.74 million lower than the budgeted \$47.57 million due primarily to the shortfalls projected for Parking Meter revenue (-\$0.97 million), Personnel Services (-\$0.42 million), and Miscellaneous revenue (-\$0.37 million).

Service Charges contain the following six categories of revenue: Port Revenue, Franchise Fees, Miscellaneous Service Charges, Parking Meter, Public Works Fees, and Personnel Services. Each of the six revenue categories is discussed as follows:

Port Revenue consists of payments for Fire, and other services the City provides to the Port. The City invoices semi-annually, based on actual costs of services. Assuming the Port pays all invoices, projected Port revenue will be at the budgeted amount of \$8.2 million.

Franchise Fees: This category consists of fees on four utilities: PG&E for gas and electric; Waste Management of Alameda County for garbage collection; East Bay MUD for water; and Comcast for cable television. Third quarter actuals are consistent with the adopted budget and thus the staff projects Franchise Fees at the budgeted \$12.83 million.

Miscellaneous Service Charges include a variety of fees such as Alcohol and Tobacco Retailers' Inspection Fee, Rent Arbitration Fee, Fire Prevention Charges, and Tow Services contract. Staff projects Miscellaneous revenue to reach \$8.54 million, \$0.36 million below the \$8.90 million budget primarily due to the Alcohol and Tobacco Retailers' Inspection Fee.

The Alcohol and Tobacco Retailers' Inspection Fee revenue budget was increased in the current year after an ordinance was passed to create a Tobacco Retailers' Inspection Fee. However, the revenue estimate was based on the assumption of separate inspection fees for both tobacco and

alcohol retailers. The ordinance was subsequently modified to include an exemption of tobacco inspection fee to existing alcohol retailers also selling tobacco products.

Parking Meter Revenue consists of charges for parking in metered street stalls. This revenue was \$7.33 million through the end of the third quarter, representing 64.1 percent of the current budget of \$11.42 million. The decrease in revenue was the result of the slowdown of the economy reducing the number of drivers parking in Oakland. Additionally, parking meter stalls have been reduced to accommodate changes in street and transit use. Consequently, Parking meter revenue is projected to end the year at \$10.45 million, \$0.97 million lower than budget.

Public Works Fees and Permits primarily represent street and sidewalk work done in conjunction with other building activity. The third quarter receipts in this category came in at \$0.22 million. Year-end revenues are projected to reach the budgeted \$0.3 million.

Personnel Services: These are reimbursements to the City for police protection at a variety of special events or activities such as A's games, Raiders games, concerts, street fairs or festivals, or for production of legal documentation in response to subpoenas. There are no set contracts in place, hence the demand for these services is variable and difficult to forecast. Staff projects year-end revenue at \$3.3 million, \$0.4 million below the budgeted \$3.7 million as the result of reduced demand for these services.

Rental Concessions: These represent rental fees for City's facilities and lands, as well as concessions at various locations. Revenue through the third quarter was \$0.7 million. This revenue has a heavy seasonal component and year-end revenue is projected to meet the \$2.23 million budget.

*Grants and Subsidies (+\$0.65 million)*

This revenue includes grants that are authorized and approved by the City Council during the fiscal year, and can not be deposited into any special grant fund. Also included in this category are any State-Mandated reimbursements received. The grants and subsidies budget is at \$1.99 million. Staff estimates that based on actual collections to date, grants and subsidies revenue will end the year at \$2.64 million, \$0.65 million higher than adjusted budget.

*Miscellaneous Revenue (+\$0.41 million)*

Miscellaneous revenue collected through the end of the third quarter was \$1.75 million, which represents 15.3 percent of the amount budgeted. The primary components of the Miscellaneous revenue budget are savings from a bond refinancing, and revenue from property sales. Staff continues to work on the Oakland Redevelopment Agency (ORA) debt refunding, which will result in \$9.5 million in one-time funding to the GPF. This refinancing is also the source of revenue allocated to support the purchase of City property by ORA; the resulting one-time City revenue will be used to reduce negative fund balances for the LLAD Fund (2310) and the Capital Improvement Fund (5500)). The bond refinancing is planned to be completed in May 2009.

Due to a one-time revenue from the sale of City property, staff projects year-end revenue to end the year at \$11.82 million, \$0.41 million higher than the budgeted \$11.41 million.

*Fund Transfers (at budget)*

Fund transfers through the end of the third quarter were \$17.74 million, representing 75.7 percent of the current budget of \$23.43 million. The year-end fund transfer is projected at the budgeted level of \$23.43 million.

The Fund Transfers category this fiscal year includes the following components:

- \$0.10 million transfer from the Golf Course Fund (ongoing)
- \$0.60 million transfer from the Sewer Service Fund (a continued repayment for building occupancy costs)
- \$1.00 million transfer from Unclaimed Cash Fund (one-time)
- \$1.50 million transfer from Deferred Pension Credit Fund (one-time)
- \$2.63 million transfer from Development Service Fund (last year of repayment)
- \$5.30 million transfer from Workers Compensation Fund (one-time)
- \$12.3 million transfer from Pension Annuity Fund (declining)

*Carryforwards (Drawdown of Fund Balance)*

At the end of each fiscal year, the City has unspent appropriations that can potentially be carried forward into the next fiscal year. These exist either in projects or as non-project encumbrances. For the General Purpose Fund in FY 2008-09, \$14.8 million in projects and encumbrances were carried forward from FY 2007-08 and represent funds reserved in the fund balance to pay for the project activities (or encumbered items) not spent in the prior year. In March 2009, as a result of mid-year budget adjustments, the carryforward amount was reduced to \$10.6 million, by deferring \$4.2 million in projects until FY 2009-10. By year-end, it is projected that the entire \$10.6 million of project and encumbrance carryforward funding will be expended. After implementing \$12.7 million balancing measures to address the \$15.1 million net deficit, the GPF fund balance may reduce slightly to \$8.9 million.

EXPENDITURE HIGHLIGHTS

As outlined in *Attachment A-2*, General Purpose Fund (GPF) expenditures through the end of March totaled \$363.5 million, or 75.4 percent of the amount budgeted for FY 2008-09. Year-end total expenditures are projected to be slightly under the third quarter adjusted budget, mainly due to accelerated savings in Police Services.

4. BALANCING MEASURES

Staff has included legislation for authorization of balancing measures of \$12.7 million to address the projected year-end deficit. These balancing measures include reallocation of one-time revenue to GPF, transfer of eligible GPF expenses to other funds and three additional shutdowns days in the current fiscal year. Please see the "Fiscal Impact" section for further details on these balancing measures.

---

## 5. STATUS OF IMPLEMENTING OCTOBER 2008 COUNCIL MOTION AND MARCH 2009 BUDGET AMENDMENTS

*Attachment B-1* provides a matrix with detail on implementation status of the October 2008 budget motion. For each item appearing on the Council motion from the October 21, 2008 Special budget Hearing, the following data are presented:

- a) budgeted savings per item
- b) amount actually saved as of March 31, 2009
- c) percent of savings achieved at the end of third quarter (actual as percent of overall budget)

Most of the personnel actions (such as layoffs) were effective November 15, 2008, unless otherwise stated, and the savings realized through March 31, 2009 are for four-and-a-half months. Therefore, the “normal” percent of savings achieved is 60 percent.

*Attachment B-2* provides status of March 2009 balancing measures. For each item, a summary of comments is provided with the details on the implementation status.

**ACTION REQUESTED OF THE CITY COUNCIL**

Accept this informational report and adopt attached resolution to authorize proposed balancing measures.

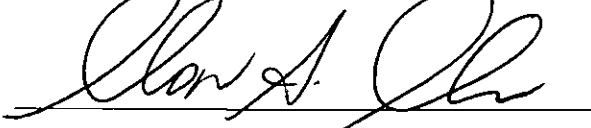
Respectfully submitted,



**CHERYL L. TAYLOR**  
Budget Director

Prepared by:  
Kiran Bawa  
Budget Office

APPROVED FOR FORWARDING TO THE  
FINANCE & MANAGEMENT COMMITTEE



Office of the City Administrator

**Attachments:**

- A-1: General Purpose Fund Revenues*
- A-2: General Purpose Fund Expenditures*
- B-1: Status of Council October 2008 Budget Motion Items*
- B-2: Status of March 2009 Balancing Measures*

Legislation

*Balancing Measures to Address the Year-end Deficit*

**FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS**  
**Through Third Quarter (July 1, 2008 - March 31, 2009)**
**GENERAL PURPOSE FUND REVENUES (\$ in millions)**

Revenue Category	FY 2007-08 Q3 Adjusted Budget	FY 2007-08 Q3 Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year-End Actuals	FY 2008-09 October Revised Budget	FY 2008-09 Q3 Adjusted Budget	FY 2008-09 Actual Q3	FY 2008-09 Percent To Date	FY 2008-09 Year-End Estimate	Year-End \$ Over / (Under) Adjusted Budget	Explanation of Over / (Under) Collection	Balancing Measures
PROPERTY TAX	\$121.72	\$78.27	64.30%	\$131.74	138.33	138.33	78.42	56.7%	134.50	(3.83)	Increasing amount of delinquencies, negative supplementals from falling home prices.	
SALES TAX	48.96	35.88	73.28%	53.09	48.10	48.10	29.09	60.5%	46.59	(1.51)	Recession and tight credit continues to reduce consumption and taxable sales.	
VEHICLE LICENSE FEE (VLF)	3.04	1.55	50.93%	1.82	1.81	1.81	0.92	50.6%	1.09	(0.72)	Decline in new car purchases and increase in State administrative fee. Zero receipts in Oct., Nov, & Feb. 2009.	
BUSINESS LICENSE TAX	47.92	43.26	90.28%	52.54	52.00	52.00	46.87	90.1%	53.00	1.00	Result of account clean-up actions, and aggressive collection of non-compliant accounts which generated additional one time revenue.	
UTILITY CONSUMPTION TAX	52.18	39.16	75.05%	52.52	54.00	54.00	39.50	73.2%	54.00	-		
REAL ESTATE TRANSFER TAX	67.22	27.71	41.22%	36.21	34.08	34.08	27.19	79.8%	32.59	(1.49)	January through March 2009 monthly collections slowed considerably as compared to the prior year's monthly collection average.	
TRANSIENT OCCUPANCY TAX	12.36	9.29	75.14%	12.20	12.69	12.69	8.15	64.3%	10.10	(2.59)	Reduced travel, tourism, and hotel occupancy.	
PARKING TAX	9.45	6.54	69.17%	8.52	8.52	8.52	5.14	60.3%	7.12	(1.40)	Reduced travel and airport parking	
LICENSES & PERMITS	1.23	0.84	68.23%	1.61	1.61	1.61	0.76	47.2%	1.31	(0.30)	Negative accounting adjustment recorded.	
FINES & PENALTIES	28.99	14.61	50.41%	22.01	29.31	29.31	15.90	54.2%	25.03	(4.28)	Due to lingering effects of prior information system problems in Citation Parking Division, and the reclassification of some fines' and penalties revenues (for late tax and fee payments) into the related fee and tax revenue accounts.	
INTEREST INCOME	-	1.72	-	4.47	2.34	2.35	0.30	12.9%	2.00	(0.35)	Due to near record low interest rates.	
SERVICE CHARGES	46.58	27.27	58.55%	44.07	47.38	47.57	29.16	61.3%	45.83	(1.74)	Shortfall in Parking Meter, ABAT Inspection fee & Miscellaneous revenues.	
GRANTS & SUBSIDIES	0.08	3.79	4538.92%	4.65	-	1.99	2.64	132.9%	2.64	0.65	Projected to be above budget based on current actual collection rate.	
MISCELLANEOUS	2.50	5.07	202.80%	4.65	11.39	11.41	1.75	15.3%	11.82	0.41	Reallocation of proceeds from Oakland Redevelopment Agency (\$7.7 million) and Pension Credits (\$1.5 million) earmarked for LLAD and CIP funds.	9.20
FUND TRANSFERS	40.19	18.33	45.61%	25.70	23.43	23.43	17.74	75.7%	23.43	-	At budget.	
<b>NET REVENUE</b>	<b>\$482.43</b>	<b>313.29</b>	<b>64.9%</b>	<b>\$455.79</b>	<b>464.99</b>	<b>467.2</b>	<b>303.53</b>	<b>65.0%</b>	<b>451.05</b>	<b>(16.15)</b>		<b>9.20</b>
<b>DRAWDOWN FROM FUND BALANCE TO FUND PRIOR YEAR</b>						10.61	10.61	100.0%	10.61	-		
<b>ENCUMBRANCES &amp; PROJECT CARRYFORWARDS</b>												
<b>GROSS REVENUE</b>	<b>\$482.43</b>	<b>313.29</b>	<b>64.9%</b>	<b>\$455.79</b>	<b>464.99</b>	<b>477.81</b>	<b>314.14</b>	<b>65.7%</b>	<b>461.66</b>	<b>(16.15)</b>		<b>9.20</b>

**FY 2008-09 REVENUE AND EXPENDITURE ANALYSIS**  
 Through Third Quarter (July 1, 2008 - March 31, 2009)

## GENERAL PURPOSE FUND EXPENDITURES (\$ in millions)

Agency / Department	FY 2007-08 Q3 Adjusted Budget	FY 2007-08 Q3 Actuals	FY 2007-08 Percent To Date	FY 2007-08 Year-End Actuals	FY 2008-09 October Revised Budget	FY 2008-09 Q3 Adjusted Budget	FY 2008-09 Q3 Personnel Actual	FY 2008-09 Q3 O&M Actual	FY 2008-09 Q3 Actual	FY 2008-09 Percent To Date	FY 2008-09 Year-End Estimate	Year-End \$ (Over) / Under Adjusted Budget	Explanation of Over / (Under) Collection	Balancing Measures
MAYOR	3.15	2.39	75.7%	3.22	2.68	2.68	1.98	0.13	2.11	78.7%	2.68	0.00	Mayor is anticipated to spend at budget.	
CITY COUNCIL	4.28	2.82	66.0%	3.63	3.61	3.63	2.76	0.10	2.86	78.9%	3.63	0.00	City Council is anticipated to spend at budget.	
CITY ADMINISTRATOR	9.30	6.79	73.0%	9.27	6.72	6.77	4.57	0.92	5.49	81.0%	6.77	0.00	City Administrator is anticipated to spend at budget.	
CITY ATTORNEY	9.45	6.90	73.0%	9.37	8.14	8.14	6.93	-0.66	6.27	76.9%	8.14	0.00	The Office of the City Attorney is anticipated to under spend in GPF due to transfer of staff cost to Self Insurance Liability Fund.	(2.50)
CITY AUDITOR	1.34	0.97	72.4%	1.17	1.57	1.88	0.84	0.36	1.20	63.8%	1.88	0.00	Auditor is anticipated to spend at budget.	
CITY CLERK	2.77	1.47	53.2%	2.77	2.14	2.64	0.98	0.33	1.31	49.6%	2.64	0.00	Clerk is anticipated to under spend due to unspent election reserve funds.	
CONTRACTING & PURCHASING	2.34	1.37	58.7%	1.89	1.91	1.91	1.35	0.07	1.42	74.4%	1.91	0.00	DCP is expected to spend within its budget.	
INFORMATION TECHNOLOGY	11.13	8.70	78.2%	11.43	8.98	10.00	7.30	0.50	7.80	78.0%	9.98	0.02	DIT is anticipated to spend within budget after incorporating the balancing measures from second quarter.	
FINANCE & MANAGEMENT	25.94	17.51	67.5%	6.31	21.70	23.57	13.06	5.10	18.16	77.0%	23.57	0.00	FMA is anticipated to spend at budget.	
HUMAN RESOURCES	6.69	4.50	67.3%	23.31	5.17	4.89	4.07	-0.14	3.93	80.5%	4.89	0.00	HR is anticipated to spend at budget. However, ceasing to charge personnel to Measure Y (2251) for recruitment costs may have an adverse effect on GPF.	
POLICE SERVICES	192.02	142.76	74.3%	201.71	198.11	204.03	142.72	13.42	156.14	76.5%	203.01	1.02	OPD is expected to spend under budget with implementation of second quarter balancing measures.	
FIRE SERVICES	109.35	79.18	72.4%	107.18	103.66	106.11	73.65	4.82	78.46	73.9%	106.11	0.00	Fire is expected to spend at budget.	
MUSEUM	6.76	5.23	77.4%	6.99	6.05	6.12	3.49	1.24	4.73	77.2%	6.18	(0.06)	Overspending is due to personnel and exemptions from mandatory shutdowns.	
LIBRARY SERVICES	12.91	8.46	65.5%	11.95	10.86	10.52	7.14	0.79	7.93	75.3%	10.52	0.00	The Library is expected to spend within its allotted budget authority	
PARKS & RECREATION	15.14	11.77	77.8%	15.00	12.48	12.86	7.64	2.71	10.35	80.5%	12.86	0.00	OPR is expected to spend within the allotted budget authority.	
HUMAN SERVICES	8.19	5.61	68.5%	6.55	6.03	7.07	2.50	2.45	4.95	70.0%	7.07	0.00	DHS is expected to spend within budget. Majority of budget is in projects and will carry forward if not spent.	
PUBLIC WORKS	3.10	2.23	71.9%	2.41	2.20	2.30	1.35	0.78	2.13	92.5%	2.30	0.00	PWA is expected to spend within its budget; current levels of spending will be moved to proper funding sources.	
COMMUNITY & ECONOMIC DEV	5.71	2.31	40.4%	2.43	2.32	2.75	0.90	0.89	1.79	65.3%	2.75	0.00	Majority of funding is projects; will carry forward if not spent	
NON-DEPARTMENTAL	65.92	57.12	86.7%	71.74	60.43	62.90	0.14	45.50	45.64	72.6%	62.82	0.08	Non Departmental is projected to spend under budget after implementation of the second quarter balancing measures.	(1.00)
CAPITAL IMPROVEMENT PROGRAM	8.27	6.58	79.5%	6.16	0.05	1.35	0.05	0.82	0.87	64.5%	1.35	0.00	Capital Improvement Program is expected to spend at budget.	
GROSS EXPENDITURE	503.74	374.67	74.4%	504.48	464.80	482.11	283.40	80.12	363.52	75.4%	481.05	1.06		(3.50)
PROJECT CARRYFORWARDS						10.61					10.61			
NET EXPENDITURE						471.50					470.44	1.06		

## BALANCING MEASURES

PROJECTED ENDING FUND BALANCE - JUNE 30, 2009

(12.70)  
8.98

STATUS OF IMPLEMENTATION OF OCTOBER 2008 BUDGET MOTION

ATTACHMENT B-1

\*\*Bold indicates an addition, strikethrough indicates a deletion from October 16, 1008 proposed Budget motion

	Change from Mayor's Proposal	Budgeted savings	Amount saved through Mar 31, 2009	% of savings achieved *	Comments (any substitutions, risks, alternative plan if savings not being realized)
1	Reduce the proposed City shutdown from one day a week to one day a month plus Dec 26-Jan 2 week	3,970,000	2,386,930	60%	With the smoothing of the shutdown reductions, 7 days are accounted for through March 31, 2009 with additional 6 days remaining for the rest of the fiscal year.
2	Freeze non-sworn, non-emergency overtime.	175,000	175,000	100%	OPD overtime budget was not reduced (and is running over budget). Departments are monitoring their overtime. Overspending will be offset by other personnel or O&M savings or service reductions.
3	Reduce FY 08-09 Pay-Go by 50%.	900,926	900,926	100%	Budget was reduced in respective Council pay-go accounts. There was no additional GPF pay-go available to eliminate.
4	Recommend Elected Officials voluntarily take same 5% annual pay reduction as City employees as a result of the City shutdown	58,555	28,940	49%	5 percent savings are being realized in all elected offices either through voluntary salary cuts or other measures.
5	<b>Keep Cultural Arts Grant Program (\$1.14 million). Eliminate funding for parades, runs and street festivals after January 1, 2009.</b>	43,500	43,500	100%	Implemented.
6	Cultural Arts Program -- Eliminate Program Analyst II; <b>keep Program Analyst III</b>	74,755	52,293	70%	Both PAII and PAIII were reduced to 0.50 FTE. The total anticipated savings are \$87,333 by year-end.
7	Eliminate personnel funding for Public Art Program; <b>transfer personnel to Public Art Fund to continue the program.</b> (plus O&M)	321,945	321,945	100%	Full year budget and actuals transferred to Public Art Fund (\$267,984 for personnel and \$53,961 in O&M).
8	Eliminate GPF-portion of Marketing, retain Film or KTOP; <b>keep 6.25 ORA-funded positions and direct staff to return with an analysis of the ORA-funded positions</b> (plus O&M)	368,342	368,342	100%	Full year budget and actuals transferred to Oakland Redevelopment Agency Projects Fund (\$95,796 for personnel and \$272,546 in O&M).
9	<b>Restore Senior Shuttle</b>	(180,000)	(180,000)	0%	Funding for Senior Shuttle was restored.
10	<b>Library -- Restore funding for Senior Literacy Assistant and Office Assistant 1 for 2nd Start program</b>	(102,667)	(102,667)	0%	Sr. Literacy Assistant was restored.
11	Eliminate Human Resource Analyst (EEO) and <b>Downgrade Manager, Affirmative Action</b>	141,308	82,425	58%	Original target savings were calculated effective Nov-1. Lay-off took place effective Nov-15.
12	<del>Non-Departmental -- Eliminate AIDS Prevention &amp; Education funding</del>				
13	<del>Non-Departmental -- Eliminate Sister Cities funding</del>				
14	Non-Departmental -- Eliminate Oakland Convention and Visitors Bureau contract	325,000	325,000	100%	The budget has been reduced by \$325,000. These funds are no longer available for spending.
15	<b>Non-Departmental -- Eliminate salary contingency reserve for Fire arbitration</b>	730,000	730,000	100%	Original budget was for \$730,000 and has been fully eliminated.
16	<b>Non-Departmental -- Decrease insurance &amp; bonding set-aside</b>	200,000	200,000	100%	The budget has been reduced by \$200,000. These funds are no longer available for spending.
17	OPD -- Restore 3 Rangers; <b>Eliminate Ranger overtime except for emergencies.</b>	(219,806)	(219,806)	0%	This item was restored, however, Ranger overtime has decreased significantly and thus savings associated with the deletion of the 5.0 Rangers should be realized net the Ranger OT of \$86k to date. Note: only \$3,000 (approx. 3% of year to date total) expended after the 10/17/08 pay period.
18	OPD -- Restore Police Records Specialist ( <del>animal shelter</del> ) <b>Animal Control Coordinator</b>	(53,333)	(53,333)	0%	Funding for the Animal Control Coordinator was restored.
19	OPD -- Eliminate two \$100K+ positions; <b>return to next Council meeting with specific positions</b>	322,000	183,101	57%	ASM II retired in December and has since been eliminated. As the effective date for this action was 1/09, no savings by 12/08 were anticipated for this position - \$100k in savings will be realized by year end. A vacant Police Records Supervisor (\$125k) was also eliminated.



\*\*Bold indicates an addition, strikethrough indicates a deletion from October 16, 1008 proposed Budget motion

	Change from Mayor's Proposal	Budgeted savings	Amount saved through Mar 31, 2009	% of savings achieved *	Comments (any substitutions, risks, alternative plan if savings not being realized)
20	<b>OPD -- Reduce booking fee amount to \$200K</b>	300,000	300,000	100%	Mayor's proposal of \$500k was reduced by \$300k, so only \$200k added to revised 2008-09 budget
21	OPD -- Eliminate Police Records Specialist from OPD taxi detail. Move inspections to PWA and administrative functions to City Administrator. Would free up sergeant and up to two police officers for taxi enforcement and other policing responsibilities.	26,183	26,183	100%	The inspections functions were transferred to PWA during the October revised budget. In the FY 2009-10 Master Fee Schedule fees will be updated accordingly. 1.0 FTE Police Records Specialist was eliminated from OPD's budget and the budget was reduced accordingly.
22	Add .5 FTE Admin Asst to City Administrator (taxi detail administration)	(26,833)	(26,833)	0%	Added 0.50 FTE Admin Asst for taxi detail in CAO.
23	<b>Fire -- Eliminate Admin Asst I; <del>Admin-services-Mgr-I</del>; Emergency Services Manager, Admin Asst II</b>	229,717	140,829	61%	<i>These positions have been eliminated and the budget has been reduced accordingly.</i>
24	<b>Fire -- Downgrade Battalion Chief (Training Director) to Captain</b>	33,203	0	0%	Not implemented per Personnel re: issues pertaining to Local 55 MOU. Captain was reversed to Battalion Chief. Savings will be achieved through other measures. And Fire is on target to spend at budget.
25	<b>Mayor's Executive Office -- Reduce budget by \$430K in Executive Branch</b>	430,000	280,892	65%	City Administrator budget was reduced by \$430,000. Savings will be realized fully by year-end through position reductions and transfer of positions (which have been implemented); vacancy savings and other savings.
26	<b>Finance &amp; Management -- Eliminate <del>Agency Administrative Manager</del>; Senior Supervising Human Resource Analyst; <b>Principal Financial Analyst; Principal Human Resource Analyst</b></b>	366,871	209,929	57%	All the listed positions have been eliminated.
27	<b>Parks &amp; Recreation -- Eliminate <del>Admin-Services Manager; Asst to the Director; Management Intern; Program Analyst II PT; Downgrade Mgr Recreation Services; Admin Assistant I; Rec Program Director; Rec Specialist I; Special Events Coordinator; Data Entry Assistant; Transfer Rec. Program Director and Rec. Specialist to Fund 1820. Eliminate additional \$100K+ position. Return to next Council meeting with specific position.</del></b>	437,062	277,403	63%	savings from transfer of costs to non-GPF funding sources has been completed. Savings for positions reduced are achieved as of the end of March 31, 2009.
28	<b><del>Department of Contracts &amp; Purchasing -- Eliminate Admin Services-Mgr I (Contract Compliance)</del></b>				
29	Museum -- Restore Graphics Design Coordinator	(78,597)	(78,597)	0%	Graphics Design Coordinator was restored.
30	<b>Restore positions equivalent to \$300K for Tree Trimming services.</b>	(300,000)	(300,000)	0%	The Oakland City Council restored tree trimmer positions in GPF.
31	Restore \$75K for Bookmobile. Transfer \$75K out of books & supplies fund to cover this. Limit the stops to only disabled and parts of city w/o library. (net change of \$0)	-	-	0%	Program was restored and transferred to the Library Services Retention Fund (2240).
32	Eliminate bottled water, food, and flowers. Food allowed to be provided only for meetings/trainings during which the employee is required to work through the meal.	100,000	100,000	100%	Bottled water, food and flowers budget was reduced by \$100k.
33	Voluntary Time Off w/o Pay (VTN) -- Request unions to provide list of employees who have signed stating they are willing to participate				Administrative Instructions have been updated and are about to be issued.

\*\*Bold indicates an addition, strikethrough indicates a deletion from October 16, 1008 proposed Budget motion

	Change from Mayor's Proposal	Budgeted savings	Amount saved through Mar 31, 2009	% of savings achieved *	Comments (any substitutions, risks, alternative plan if savings not being realized)
34	Eliminate Management Leave.				Subject to negotiations with the Union.
35	Eliminate Professional Development Allowance.				Subject to negotiations with the Union.
36	<del>Suspend funding for Instant Runoff Voter education campaign in 2008-2009.</del>				
37	Transfer funds from Public Campaign Finance	226,000	226,000	100%	The budget of \$226,000 has been eliminated.
38	Use one-time revenue from health benefit savings (per OPD arbitrator)	259,000	194,250	75%	Implemented. Full savings will be realized by year-end.
39	Layoff 11 FTEs** in addition to Mayor's proposal and those included in this proposal; return to next Council meeting with specific positions  ** Corrected per hand written notes from October 21, 2008 Budget Hearing (due to cancellation of item 36 - Instant Runoff Voter education)	1,163,589	805,476	69%	Eliminated 6 FTEs to save \$0.3 million (2 in DIT; 1.5 in PWA and 2.5 in FMA). And, the budgeted vacancy factor was increased from 4 to 5 percent to generate the remaining \$0.8 million in savings.
	<b>Total Potential Reductions</b>	9,866,500	7,398,128	75%	

\* Savings reflect four-and-a-half months (November 15 through March 31, 2009), or 60 percent of the remaining year. Savings of 60 percent or higher would be "normal"

Additional Direction:
1. Staff to return with a detailed analysis of the "Golden Handshake" program
2. Staff to return to Finance Committee with a detailed review of all outside contracts. List to include every contract, what work they cover, and whether or not service can be provided by City employee.
3. Staff to return with a detailed analysis of potentially consolidating Public Information Officers from different departments into one office.
4. Staff to return to Finance Committee for discussion of proposed Ordinances on City's Reserve Policy, Carryforwards, and Prioritization of Capital Improvement Projects
5. Staff to return to Council with Public Works audit results to determine appropriate staffing for Tree Services.

Status
Currently in Finance and Management Committee. This will be brought to Council on May 5 and June 16.
Reports presented in February and April 2009.
Analysis in progress.
This was presented to Council in October 2008 and re-introduced in FY 2009-11 budget.
Public Works Audit is scheduled for Public Works Committee on May 12 and May 26.

**ADDITIONAL BALANCING MEASURES (\$ in millions)**

Item	FY 2008-09 Savings	FTE change	Impact	Implementation Date	Comments
<b>TARGET</b>	<b>(8.22)</b>				
<b>BALANCING MEASURES - TOTAL ORIGINAL</b>	<b>(8.40)</b>	<b>(13.25)</b>			
<b>BALANCING MEASURES - TOTAL REVISED</b>	<b>(8.13)</b>	<b>(5.00)</b>			
<b>VARIANCE</b>	<b>(0.27)</b>	<b>(8.25)</b>			
<b>CITYWIDE</b>	<b>(4.21)</b>	<b>0.00</b>			
Freeze auto-allowance to unrepresented positions	(0.04)		Auto allowance will be suspended for unrepresented positions effective April 1, 2009 affecting 9 employees.	April 1, 2009	
Defer payments on the following projects until July 2009:					
Hardy Park Restroom	(0.21)		Install a new single unisex restroom building at Hardy Park. The project is in design phase; received Caltrans Encroachment Permit in Dec 2008. Once the design is complete, the project will be put out to bid with an estimated time of completion of mid- to late 2010. Thus, most of the funds will be expended in FY 2009-10.	April 1, 2009	Implemented. Budget has been reduced.
Rent Arbitration	(0.20)		This project is revenue restricted, however some project funds will not be spent in the current year.	April 1, 2009	Implemented. Budget has been reduced.
Roof Repairs	(0.35)		Repair of city property roofs with a one-time appropriation of \$1.5M in FY 2006-07 midcycle. Many repairs were completed in FY 2006-07 and FY 2007-08 with some still pending. Montclair Library, Manzanita Rec Ceter, Mosswood Rec Center, Mosshouse projects are in the pipeline for the current fiscal year. Balance of the unspent funds will be spent in FY 2009-10.	April 1, 2009	Implemented. Budget has been reduced.
DHS Projects	(0.67)		Head Start FY 2008-09 Fringe Supplemental project will defer \$0.31M; program ends August 2009 and most payments will be made in early next fiscal year. City School Partnership and Senior Shuttle projects will defer \$0.2M and \$0.05M, respectively, due to invoices received after 7/1/09. The Emergency Housing Program will defer \$0.12M for which a Request for Proposals has been issued; invoices are likely to be received after 06/30/09.	April 1, 2009	Implemented. Budget has been reduced.
- Head Start FY 2008-09					
- City School Partnership					
- Senior Shuttle					
- Emergency Housing Program					
Zoning Project	(0.18)		Land use updates to ensure compliance with General Plan. Funding is not needed until FY 2009-10.	April 1, 2009	Implemented. Budget has been reduced.
General Plan Update	(0.23)		General plan updates. Funding is not needed until FY 2009-10.	April 1, 2009	Implemented. Budget has been reduced.
City/County Collaboration	(0.47)		Funding not required until FY 2009-10. With direction from the Mayor's office, DHS will use these funds to administer a Request for Proposals process to select one or several providers that would provide street outreach.	April 1, 2009	Implemented. Budget has been reduced.
Taser Maintenance	(0.06)		The City has a contract with the Taser vendor. Approximately half of the \$0.11M could be deferred to FY 2009-11, but the remaining amount should be added to the 2009-11 budget.	April 1, 2009	Implemented. Budget has been reduced.

**ADDITIONAL BALANCING MEASURES (\$ in millions)**

Item	FY 2008-09 Savings	FTE change	Impact	Implementation Date	Comments
Riders Settlement	(0.20)		Actuals will probably be about \$0.2M less than the current budget of \$1.2M.	April 1, 2009	Implemented. Budget has been reduced.
Mandela Parkway	(0.24)		PWA is expected to spend one-third of the total contract amount in FY 2008-09.	April 1, 2009	Implemented. Budget has been reduced.
Necklace of Lights	(0.08)		PWA does not expect to spend any project money for the Necklace of Lights this fiscal year.	April 1, 2009	Implemented. Budget has been reduced.
In Car Video Management	(0.23)		OPD is actively working to comply with Task #32 of the Negotiated Settlement Agreement, though some funds will likely be expended in FY 2009-10.	April 1, 2009	Implemented. Budget has been reduced.
Leona Quarry Development	(0.25)		CEDA Design and Construction Division will only need \$0.03M of the current year appropriation of \$0.3M (rounded).	April 1, 2009	Implemented. Budget has been reduced.
Permit, Enforcement, and Records Tracking System (PERTS)	(0.51)		CEDA commits not to spend any of the \$511,526 currently appropriated in GPF prior to July 1, 2009, after which time it will be available for project spending.	April 1, 2009	Implemented. Budget has been reduced.
FEMA matching grant funds (projects)	(0.10)		Five projects totalling \$0.1M in process of being closed; closures will be deferred until after July 1, 2009.	April 1, 2009	Implemented. Budget has been reduced.
Recording Material Purchase	(0.26)		Library will defer purchase of records, tapes, microfilm, microfiche, minor tools and equipment to the next fiscal year.	April 1, 2009	Implemented. Budget has been reduced.
—Red Light Camera Enforcement	(1.37)		<del>This project is currently experiencing delays related to PG&amp;E connections. O&amp;M funds pay for the lease, installation and maintenance of cameras; only two installations to date. Revenue from violations is expected to cover the costs associated with the program.</del>		
<b>CONTRACT &amp; PURCHASING</b>					
Full-time-to-part-time Compliance Officer (linked)	(0.02)	(0.50)	Assistance in contract compliance function are limited	April 15, 2009	
<b>POLICE SERVICES</b>					
Appropriately charge 14.0 FTE Problem Solving Officers to Measure Y	(0.53)		Legal opinion from OCA supports this. Implementing this plan will accelerate OPD's GPF subsidy needs in 2010-11; a \$400k GPF subsidy is already in OPD's 2010-11 GPF baseline budget.	April 1, 2009	Not Implemented. See report to Finance Committee on May 12, 2009.
Additional Overtime savings	(1.50)		Estimated savings of \$0.5M from 40 percent (weekdays) / 60 percent (weekend) deployment change plus 25 percent across the board overtime reduction.	In place	In-progress
BART Shooting Protest -- Overtime Claim	(0.50)		OPD is working with Risk Management to file a claim with the City's insurer.	In process	Negotiations are in progress. The likelihood of reimbursement in the current fiscal year is slim.
Transfer O&M to State Asset Forfeiture	(0.45)		OPD to transfer eligible O&M to State Asset Forfeiture.	April 1, 2009	Implemented. Budget has been reduced.
Delete vacant positions (5.0 FTE) —Administrative Analyst II (1.0 FTE) —Police Services Technician II (3.0 FTE) —Police Records Specialist (1.0 FTE)	(0.11)	(5.00)	OPD is already experiencing increased overtime as a result of the October revised non-sworn reduction in force and eliminating these positions will exacerbate OPD's non-sworn overtime needs. In addition, this will impact OPD's ability to meet its vacancy factor.	April 1, 2009	

ADDITIONAL BALANCING MEASURES (\$ in millions)

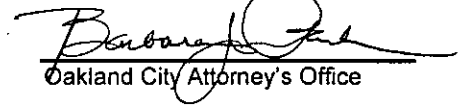
Item	FY 2008-09 Savings	FTE change	Impact	Implementation Date	Comments
<b>MUSEUM</b>	(0.08)	0.00			
Savings from authorized leave and freezing current vacancy	(0.08)		No long term impact	April 1, 2009	Implemented. Budget has been reduced.
<b>PARKS &amp; REC</b>	(0.27)	0.00			
Parking fee increase	(0.02)	0.00	<del>Users of current parking area would be assessed a greater parking. The Master Fee Schedule would need to be amended accordingly.</del>	May 15, 2009	
Pool fee increases	(0.01)	0.00	Increase in Adult Lap Swimming: daily pass; 10 day pass; and monthly pass.	May 15, 2009	Increased pool fees will be implemented effective May 15, 2009.
Delete Public Service Representative, PPT position (Filled)	(0.01)	(0.75)	<del>No access to RecWare system for major reports and tracking of funds received from satellite; limited accountability. These services will not be re-assigned.</del>	April 18, 2009	
Transfer Central Reservation Unit costs to the Self Sustaining Fund (1820)	(0.26)		OPR will transfer eligible Central Reservation Unit costs to the Self Sustaining Fund (1820).	In process	Implemented. Budget has been reduced.
<b>FIRE SERVICES</b>	(0.02)	(1.00)			
Eliminate vacant Fire Suppression District Inspector	(0.02)	(1.00)	This position is vacant, but elimination will pose a challenge for OFD to complete all vegetation management inspections in a timely manner.	April 1, 2009	Implemented. Budget has been reduced.
<b>HUMAN SERVICES</b>	(0.07)	0.00			
Savings from Vacant Program Analyst I	(0.07)		This is the only position providing leadership development to Oakland youth. Reduction offered only through the end of fiscal year.	April 1, 2009	Implemented. Budget has been reduced.
<b>LIBRARY</b>	(0.08)	0.00			
Montclair Branch Closure	(0.08)	0.00	Library would be closed through mid-June to conduct mold and mildew mitigation; proposal would keep branch closed for the remainder of the year. Residents would have to utilize neighboring branches.	June 16, 2009	This will be implemented in June 2009.
Oakland History Room Closure	(0.02)	0.00	<del>Research utilizing the archives and historical depository would be eliminated through year end, except by appointment only.</del>	April 1, 2009	
Reduction in materials and operations and maintenance (C)	(0.02)	0.00	No impact.	April 1, 2009	
<b>FINANCE &amp; MANAGEMENT</b>	(0.37)	0.00			
Unbudgeted insurance recoveries of City vehicles and property	(0.37)	0.00	Revenue enhancement - savings reflect actual recoveries of insurance claims related to City vehicles and property.	In process	Implemented. Savings have been fully realized.
<b>PERSONNEL MGMT.</b>	(0.05)	(4.00)			
Eliminate Public Service Rep vacancy	(0.01)	(1.00)	Vacant positions. No operational impact.	April 1, 2009	Implemented. Budget has been reduced.
Eliminate HR Clerk vacancies	(0.04)	(3.00)	Vacant positions. No operational impact.	April 1, 2009	Implemented. Budget has been reduced.
<b>INFORMATION TECHNOLOGY</b>	0.00	0.00			

**ADDITIONAL BALANCING MEASURES (\$ in millions)**

Item	FY 2008-09 Savings	FTE change	Impact	Implementation Date	Comments
Reduction of Microcomputer Systems Specialist II (4.0 FTE)	(0.12)	(4.00)	This will eliminate all trouble call responses to all Departments except for Public Safety and agencies that have non-GPF support staff (CEDA & Public Works). The DIT Help Desk will continue to assist with user-performed repairs. On-site repairs will be performed by appointment only and will have a substantial wait time (up to one month). Drop off service and repair will continue to be performed.	April 18, 2009	
Reduction of Systems Analyst I (1.0 FTE)	(0.03)	(1.00)	This will impact the system trouble tickets for Public Safety and applications testing. Work of the position will be performed by other staff within the Public Safety support division. Remaining support to general government is 3.0 FTEs (proposal reflects a 25 percent reduction).	April 18, 2009	
Reduction of Systems Analyst III (1.0 FTE)	(0.04)	(1.00)	This will eliminate the early detection of application issues. This position is used to test applications and provide quality control analysis. The position assists with the tape back-up process, cataloging and reports.	April 18, 2009	
Reduction of Microcomputer Systems Specialist I (2.0 FTEs)	(0.05)	(2.00)	This will reduce the repairs to desktop computers in the City of Oakland with the exception of Public Safety, Public Works and CEDA Agencies. All other departments will need to deliver computers to DIT for repairs. Increases repair time for departments. Remaining support to general government is 2.0 FTEs (proposal reflects a 50 percent reduction).	April 18, 2009	
Reduction of City Administrator Analyst I	(0.03)	(1.00)	Eliminates 50 percent of the Web support and will delay any special programming and posting.	April 18, 2009	

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2009 MAY -7 PM 8:32

Approved as to Form and Legality

  
Oakland City Attorney's Office

## OAKLAND CITY COUNCIL

Resolution No. \_\_\_\_\_ C.M.S.

---

### RESOLUTION AUTHORIZING BALANCING MEASURES TO ADDRESS THE FY 2008-09 PROJECTED DEFICIT IN THE GENERAL PURPOSE FUND

**WHEREAS**, the FY 2008-09 third quarter revenue and expenditure analysis projects a deficit in the General Purpose Fund (GPF); and

**WHEREAS**, a balancing proposal has been developed to address \$12.7 million of the projected deficit comprising one time and ongoing measures; and

**WHEREAS**, the City Council finds and determines that the herein referenced balancing options are necessary to bridge the projected shortfall in GPF; now, therefore, be it

**RESOLVED:** That the City Administrator is hereby authorized to implement the balancing proposal totaling \$12.7 million to address the projected deficit in FY 2008-09, as presented in Exhibit A attached hereto, incorporated as reference and made hereof, and reflecting any and all amendments made by the City Council at the May 19, 2009 meeting.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2009

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND PRESIDENT  
BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of the Council  
Of the City of Oakland, California

## ADDITIONAL BALANCING MEASURES (\$ in millions)

Item	FY. 2008-09 Savings	FTE change	Impact	Effective Date
TARGET	(15.09)			
BALANCING MEASURES	(12.70)	0.00		
VARIANCE	(2.39)	0.00		
<b>CITYWIDE</b>				
Re-allocation of one time funds to Landscaping and Lighting Assessment District (LLAD) and Municipal Capital Improvement (CIP) Funds	(9.20)	0:00	Negatives in LLAD and CIP Fund will not be addressed.	June 1, 2009
Three additional Mandatory Business Shutdown days	(1.00)		Three additional shutdown days on May 29, June 12 and 26 will result in City closure on every Friday effective May 22. These three shutdown days are in addition to the previously announced City shutdown on May 22, June 5 and June 19.	May 29, 2009
<b>CITY ATTORNEY</b>				
Transfer of personnel costs to Self Insurance Liability Fund	(2.50)	0:00	There is no impact from the transfer of personnel cost in City Attorney from GPF to Self Insurance Liability Fund as it is projected to have an operational surplus in the current fiscal year.	June 1, 2009