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OAKLAND

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TO: Oakland City Councilmembers and Members of the Public

FROM: Pat Kernighan, City Council President

DATE: May 30, 2013

COUNCIL PRESIDENT'S PROPOSED AMENDMENTS TO THE MAYOR'S FY 2013-2015
PROPOSED POLICY BUDGET

I submit for your consideration my recommended amendments to the Mayor's proposed FY 2013-2015 City Budget. The detailed amendments appear in the attached spreadsheet.

At the outset, I want to acknowledge the excellent work done in the Mayor's Proposed Budget, which did a fine job of balancing many competing needs given the fiscal constraints which still exist. My recommendations are primarily additions to the service levels proposed in the Mayor's budget, which are possible because of new projected revenues. I arrived at these recommendations based on the following considerations:

Top unaddressed needs of the Community

The service additions in my amended budget are those items that were identified by multiple Councilmembers as the most urgent needs of their communities, and expressed as such at the May 23rd Budget meeting and other public meetings. These include the extra Public Works staff to pick up Illegal Dumping, filling the frozen Animal Control Officer position, staffing the Crime lab with civilian technicians and hiring 4 new Police Evidence Technicians to work in the field. The crime lab positions will enable investigators to use fingerprint and DNA evidence to solve crimes. They are also those recommended as top priority by the Police Chief and Compliance Director. Other high priority items include: two code inspectors, a street patching crew, restoration of 34 Head Start slots, one Neighborhood Service coordinator (giving us a total of ten, two for each new police service area), gap funding for the West Oakland Job Center, second year funding for Affordable Housing staff, DACA Teen Center staff funding, reduced cuts to elected official offices, and several small dollar restorations.

On-going vs. One-Time Revenue

The cost of all service additions should be covered by projected on-going revenue that is additional to what was assumed in the Mayor's Budget. The latest revenue

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projections show that we have \$3.02 M of additional on-going revenue in Year 1 and \$2.46 M in Year 2. Some add-backs can be justified from one-time moneys, provided we do not expect those items to continue in Years 3 and 4 or we expect to be able to identify replacement funding sources in the meantime. To use one-time funds for staff costs leads to lay-offs and service instability in future years, as we have recently experienced. And, exacerbating this sustainability issue, each position in the 2013-15 Budget will cost up to 15% more in subsequent years due to ever-increasing health plan and pension costs which are borne by the City.

One-Time Expenditures

This budget proposal includes some one-time expenditures, as there are some one-time revenues available. I am treating restoration of some Head Start slots as one-time, because we will be working to get federal funding restored prior to the next budget. I include a one-time allocation to pay for a Nexus Study that would allow the City to impose an Impact Fee on new development. That cost would more than pay for itself over time, as impact fees would bring in substantial funds for public purposes. I also treat the second year of Affordable Housing staffing as a one-time cost, while we use the next 18 months to study and decide on our long-term approach to funding affordable housing.

Other Desired Add-backs

There are numerous other service restorations that many of us would find desirable. I was not able to include them in my top tier recommendations because we do not have on-going funds to pay for them, but I list a number of them in the spreadsheet for your information and consideration.

I am not addressing any costs associated with labor negotiations in this budget amendment as I want to respect the collective bargaining process.

Use of "Boomerang" One-Time Funds from State Clawback of Redevelopment Assets

The City will be receiving one-time funds as re-distribution of property tax moneys arising from Redevelopment assets that were taken back by the State. In particular, the City recently remitted \$32.5 M to the State. By June 3, we will find out what percentage of that amount will be returned to the City as our share of property tax.

I want to highlight the need to use these one-time fund to address one-time expenses, such as the long-deferred maintenance on the City's public buildings and grounds. The most prudent use of those one-time funds is to address capital repairs, paying down our negative internal service funds, or putting money towards our multi-million dollar unfunded liabilities for retiree medical and the PFRS pension.

With regard to the additional annual property taxes that the City will receive from former Redevelopment Areas, I want to note that the Mayor's budget already

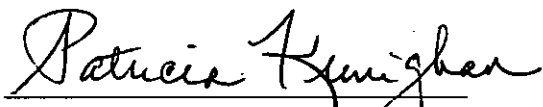
recognized that revenue and the money is already allocated for services in that Budget.

Endorsement of Service Levels in the Mayor's Proposed Budget

In my opinion, the Mayor's Budget did a very good job of balancing the fiscal constraints we continue to live with, while keeping basic levels of services in most departments and beginning to restore the number of officers in the Police Department that were lost in recent years. The City lost over 200 officers during the budget cutbacks. The Mayor's budget would restore less than half of them over a two year period. I do not want to lose sight of the fact that Oakland's crime rate remains a critical concern and reducing it is the highest priority for the people we represent. While we recognize that a range of services is necessary to address the root causes of poverty and crime, we also know that having a severely understaffed Police Department is a key part of the marked rise in crime in the past two years. We have an immediate problem that needs to be addressed now. To successfully do so will greatly increase economic development in our city, and that will positively impact everyone in the long-term. Thus it is important that, at minimum, we retain the allocation of funds for all the police academies in the Mayor's budget. These training academies are necessary to approach a goal of 700 officers within two years – a goal which is still far short of the number of officers needed.

I am pleased that some additional funds have become available since the Mayor's budget was completed. This budget amendment proposal is intended to address additional unmet needs in the community, to the extent that we have the funds to do so. I urge your approval of the bulk of the recommendations.

Respectfully submitted,



Patricia Kernighan, City Council President

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SPECIAL MEETING OF
THE OAKLAND CITY COUNCIL
JUN 13 2013

Council President's Proposed Amendments
to FY2013/15 Proposed Policy Budget

**Council President's Proposed Amendments
to Mayor's Proposed FY2013/15 Policy Budget**

Proposed General Purpose Fund "GPF" (Fund 1010) Additional Expenditures

Item #	General Purpose Fund 1010	FY13/14 Ongoing	FY14/15 Ongoing	One Time
1	Restore 2 Code Compliance Inspectors to enforce graffiti, blight and unpermitted mobile vendors	\$232,352	\$237,968	
2	Purchase paint & supplies for volunteer graffiti removal on private property (\$5k per CM office)			\$40,000
3	Add 1 Illegal Dumping Crew	\$213,445	\$217,720	\$230,000
4	Add 4 Police Evidence Technicians (1/1/14 start)	\$182,600	\$374,072	
5	Add 2 Criminalist IIs for Crime Lab (1/1/14 start)	\$125,069	\$256,218	
6	Add 1 Criminalist IIIs for Crime Lab (1/1/14 start)	\$74,128	\$148,255	
7	Add 1 Latent Print Examiner II for Crime Lab (1/1/14)	\$59,561	\$122,020	
8	2 CODIS Investigators/Criminalist IIs for Crime Lab (1/1/14 start)	\$125,069	\$256,218	
9	Restore 34 seats San Antonio Head Start			\$500,052
10	Restore Graphic Design Specialist, PPT	\$80,000	\$80,000	
11	Unfreeze & fill Animal Control Officer	\$75,569	\$75,569	
12	Add 1 Litter Mitigation Crew	\$170,032	\$173,800	\$40,000
13	Retain .59 FTE Senior Services Supervisor to maintain Foster Grandparent Program		\$80,000	
14	Restore Vietnamese Senior Center Cuts	\$3,672	\$3,672	
15	Restore Cuts to Recreation Center Hours	\$106,653	\$106,653	
16	Preserve Affordable Housing Staff			\$1,800,000
17	Add 1 Street Patching Crew (3 person)	\$653,461	\$659,620	\$725,000
18	Maintain Digital Arts & Culinary Academy Program	\$174,000	\$174,000	
19	Reduce Elected Official budgets by only 2% a year Restore cuts to Peralta Hacienda & Oakland Asian Cultural Center	\$360,254	\$984,670	
20		\$9,690	\$9,690	
21	Add 1 Neighborhood Services Coordinator	\$99,139	\$101,531	
22	Nexus Study to support Impact Fees			\$1,000,000
23	West Oakland Job Center			\$250,000
24	Restore funding to Abate & Deter Homeless Encampments			\$120,000
	TOTAL	\$2,744,694	\$4,061,676	\$4,705,052

Council President's Proposed Amendments
to FY2013/15 Proposed Policy Budget

Council Proposed General Purpose Fund (GPF) Additional Revenues/Savings Beyond Mayor's Proposed Budget				
Item #	General Purpose Fund 1010	FY13/14 Ongoing	FY14/15 Ongoing	One Time
1	Q3 Revenue Adjustment	\$3,020,000	\$2,460,000	
2	Use of Unallocated Fund Balance			\$1,557,751
3	Reduce proposed increase to Mayor's Office	\$120,000	\$120,000	
4	Errata clarification re OPD swap of Account Clerk II w Administrative Assistant I	\$17,000	\$17,000	
5	Increased Projections for Parking Revenues		\$250,000	\$500,000
6	Triple flip payment from County			\$2,600,000
7	Reduce proposed funding for outside law enforcement contracts		\$1,000,000	
	TOTAL NEW REVENUES/SAVINGS	\$3,157,000	\$3,847,000	\$4,657,751

Net GPF Adjustments Proposed

	General Purpose Fund 1010	FY13/14 Ongoing	FY14/15 Ongoing	One Time
		\$412,306	-\$214,676	-\$47,301
	Increase to undesignated fund balance	\$150,329		

Council Proposed Adjustment to Self Insurance Fund (1100) Beyond Mayor's Proposed Budget*

	Self Insurance Fund 1100	FY13/14 Ongoing	FY14/15 Ongoing	One Time
	2 Attorneys + 1 Paralegal (7/1/14 start)		\$615,652	

* expense to be offset by savings from reduced expenditures for outside council costs

Deferred Priority GPF Expenditures - for consideration if additional funds become available

Item #	General Purpose Fund 1010	FY13/14 Ongoing	FY14/15 Ongoing	One Time
1	Affordable Housing Project Funding			tbd
2	14 FTE Priority Civilians for OPD: 6 Dispatch Operators, 1 Dispatch Supv., 2 Admin. Analyst IIs, 4 Records Specialists, 1 Records Supv		\$1,326,894	
3	Minimum Park Maintenance for Lake Merritt	\$660,073	\$665,534	
4	West Oakland Youth Center	\$190,000	\$190,000	
5	Restore 35 Head Start seats at Unity Council site			\$469,138
6	Double funding for OUSD Academies	\$56,000	\$56,000	
7	Addl Funds for Oakland Unite Violence Prevention			tbd
8	Restore downgrade cut in Contract Compliance	\$90,000	\$90,000	
9	Increase street patching crew to street paving crew	\$1,306,922	\$1,319,240	\$1,450,000
10	Trust Contribution to begin addressing Unfunded Liabilities			\$2,000,000
11	Increase funding for Deferred Maintenance and Capital Repairs			tbd
	TOTAL	\$2,302,995	\$3,647,668	\$1,919,138