



AGENDA REPORT

TO: John A. Flores
INTERIM CITY ADMINISTRATOR

FROM: Kiran Bawa

SUBJECT: FY 2015-17 Budget Resolution
and Errata #2

DATE: June 5, 2015

City Administrator
Approval

Date

6-12-2015

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff requests the City Council approve a:

Resolution Authorizing The Fiscal Year ("FY") 2015-2017 Biennial Budget And Appropriating Certain Funds To Provide For The Expenditures Proposed By Said Budget

OUTCOME

The report provides to the public and City Council a list of revisions and corrections (a.k.a. "errata") to the original proposed budget as published on April 30, 2015 and discussed at the Special City Council meeting on May 5, 2015, and provides additional revisions to the May Revise and Budget Errata #1 as published on May 29, 2015. The attached list (*Exhibits 1-3*) of budget adjustments should be incorporated into the final adopted budget. This item also provides the legislation for City Council to adopt the FY 2015-17 budget.

EXECUTIVE SUMMARY

The proposed errata #2 does not propose any further changes to the General Purpose Fund (GPF) so the revised GPF total proposed budget for FY 2015-17 is still \$533,807,301 for FY 2015-16 and \$523,835,123 for FY 2016-17. The other (non-GPF) funds increase by \$703,960 and \$584,235. The **All Funds** budget increases to \$1,228,700,743 in FY 2015-16 and \$1,185,353,700 in FY 2016-17.

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BACKGROUND/LEGISLATIVE HISTORY

The FY 2015-17 Proposed Budget was released on April 30, 2015. A budget overview was presented to the City Council during a special meeting on May 5, 2015. On May 26, 2015 at the Finance & Management Committee, staff presented the FY 2014-15 third quarter revenue and expenditure analysis (Q3), which projects a \$5.26 million available fund balance at year-end. Most of the additional revenues resulting in the fund balance are ongoing and therefore the revenues in the FY 2015-17 Proposed Budget were revisited. A variety of changes and correction were proposed in the May Revise and Budget Errata #1 that was published on May 29, 2015 and discussed at the June 1, 2015 Special City Council meeting. This included updating the revenue projections based on the Q3 report. This report incorporates additional revisions with errata #1, all within Other (non-GPF) Funds.

ANALYSIS

Initial revisions to the City's proposed budget were included in the FY 2015-17 Budget May Revise & Errata #1¹ (see File #14-0844, presented to the City Council at a special budget meeting on June 1, 2015). The revenue budget was updated to incorporate trends and data based on the Q3 report. This report includes additional changes incorporated into the original errata document, which are all within Other (non-GPF) Funds (i.e. no additional GPF changes are propose by staff).

Revisions to the FY 2015-17 Proposed Budget

Each description below can be referenced by the same item numbers in *Exhibit 3* (Other Funds). Only *new* items as compared to errata #1 are discussed below.

Other (Non-GPF) Funds – (Exhibit 3)

6/6a: Increase in HUD Grant Fund (2103)

The City received the final grant award letter from HUD for the Emergency Solutions Grant (ESG) and Housing Opportunities for Persons With AIDS (HOPWA) grants. The amounts are slightly higher than the amounts assumed in the proposed budget, therefore this errata increases the amounts for these grants by \$46,869 and \$21,255 for total grant awards of \$2,197,531 and \$650,276, respectively. This is consistent with the Annual Action Plan that will be heard by CED Committee on June 23, 2015.

¹ The conclusion of Errata #1 incorrectly communicated an available one-time GPF fund balance of approximately \$245,000.

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7/7a: Decrease in CDBG Fund (2108)

The City received the final grant award letter from HUD for the Community Development Block Grant (CDBG). The amount is lower than what was assumed in the proposed budget by \$185,295 for a revised proposed grant revenue budget of \$7,109,973. This proposed errata is consistent with the Annual Action Plan and proposed allocations therein that will be heard by CED Committee on June 23, 2015.

8/8a: Decrease in HOME Grant Fund (2109)

The City received the final grant award letter from HUD for the HOME Grant. The amount is lower than what was assumed in the proposed budget by \$259,331 for a revised proposed grant revenue budget of \$2,061,879. This proposed errata is consistent with the Annual Action Plan that will be heard by CED Committee on June 23, 2015. The reduction lowers the amount of funds available for the next annual Notice of Funding Availability (NOFA) for housing development projects.

9/9a: Decrease in WIA Grant Fund (2195)

The City received the final grant award letter from the State for the Workforce Investment Act (WIA) grant Fund (2195). The amount is lower than what was assumed in the proposed budget by \$61,150 or a 1.3 percent reduction compared to FY 2014-15 formula allocation. The revised proposed grant revenue budget is \$4,567,188. This proposed errata is consistent with the WIA budget report that will be heard by CED Committee on June 23, 2015.

10/10a: Minor Adjustment in Measure F Fund (2215)

This proposes the use of \$8,360 of available fund balance for operating needs with the Public Works Bureau of Infrastructure & Operations.

11/11a: OPW Adjustment within DSF (2415)

Within Public Works, this appropriates projected revenue associated with fees for traffic plan reviews (\$80,000 per year), as well as appropriates existing fund balance and projected revenue for pavement damage fees to be used for staff and contracts for pavement resurfacing work (\$171,280 for year one and \$200,000 for year two of the budget).

12/12a/12b: Adjust Transient Occupancy Tax (TOT) for Measure C (Fund 2419)

Errata #1 included on adjustment in TOT related to short-term residential rentals in the GPF (1010); however the total TOT is split between the GPF and the Measure C Fund -- the GPF receives 11 percent and Fund 2419 receives 3 percent for a total tax of 14 percent. If an increase in the GPF is assumed a proportion increase in Measure C should be included as well. These revenues are split between OCVB (50%), the Oakland Zoo (12.5%), the Oakland Museum (12.5%), the Chabot Space & Science Center (12.5%), and the City's Cultural Arts & Marketing division (12.5%).

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13/13a/13b: Alignment of the Proposed Budget with Measure Z Spending Plan in Fund (2252)

This proposes a revision to the proposed use of Measure Z funding by: 1) adding two positions (1.0 Project Manager II and 1.0 Volunteer Specialist) and O&M in the Police Department, which is offset by reductions in miscellaneous personal expenditures; 2) adding four positions (2.0 Case Manager I's and 2.0 Program Analyst II's) in the Human Services Department, which is offset by a reduction in contract O&M; and increasing O&M for evaluation and support, in the amounts of \$26,541 in FY 2015-16 and \$26,922 in FY 2016-17.

PUBLIC OUTREACH/INTEREST

As previously described, the budget process included various methods for gathering public input and opportunities for public participation including a scientific poll and informal survey, two short videos were prepared and posted online, public input sessions in April and community budget forums in May.

COORDINATION

The Revenue Bureau and Controller's Bureau provided many of the details and projections included in the May revise. Additionally, staff from various departments was consulted on the proposed adjustments to the FY 2015-17 budget.

COST SUMMARY/IMPLICATIONS

Please refer to the above Analysis Section, as well as the *Exhibits 1-3* to the attached resolution.

SUSTAINABLE OPPORTUNITIES

Economic: See the Proposed Policy Budget.

Environmental: See the Proposed Policy Budget.

Social Equity: See the Proposed Policy Budget.

CONCLUSION

Attached to this report is the Budget Adoption Resolution for FY 2015-17. The full list of budget amendments proposed through the May Revise and Erratas #1 and #2 are included as *Exhibits 1-3* to the Budget Adoption Resolution.

For questions regarding this report, please contact Kiran Bawa, Budget Director at 510-238-3671.

Respectfully submitted,



KIRAN BAWA
Budget Director

Reviewed by:

Donna Hom,

Interim Assistant City Administrator

Osborn Solitei, Controller

Finance Department

Prepared by:

Sarah Schlenk, Agency Admin Mgr.

City Administrator's Office

Attachments:

Budget Adoption Resolution


Exhibit 1 – GPF Revenues (May Revise, Errata #1)

Exhibit 2 – GPF Summary of Budget Adjustments (May Revise, Errata #1)

Exhibit 3 – Other (Non-GPF) Funds Summary of Budget Adjustments (Errata #1 & #2)

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2015 JUN 12 PM 2:44


City Attorney
FON KSB

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE FISCAL YEAR ("FY") 2015-2017 BIENNIAL BUDGET AND APPROPRIATING CERTAIN FUNDS TO PROVIDE FOR THE EXPENDITURES PROPOSED BY SAID BUDGET

WHEREAS, City Charter section 802 requires that the Council adopt by resolution a budget of proposed expenditures and appropriations necessary therefor for the ensuing year; and

WHEREAS, the City Council has reviewed departmental and non-departmental budgets in public hearings in view of estimated resources available for Fiscal Years 2015-2017; and

WHEREAS, the City Council has given careful consideration to the proposed budget for the use of funds for Fiscal Years 2015-2017 as set forth in the FY 2015-2017 Proposed Policy Budget document and subsequent errata; and

WHEREAS, the City Council has agreed on modifications to the proposed budget as shown in Exhibits 1, 2 and 3 hereto and such modifications, additions, corrections to the proposed budget recommended by councilmembers and approved by the City Council, which are incorporated by reference as if fully set forth herein and together with the proposed budget shall constitute the 2015-2017 Adopted Policy Budget; now therefore be it

RESOLVED: That the City Council hereby finds and determines that the preceding recitals are true and correct and hereby adopts and incorporates them into this Resolution; and be it

FURTHER RESOLVED: That the City Administrator is authorized to expend in accordance with the laws of the State of California and the City of Oakland on behalf of the City Council new appropriations for departments and activity programs as incorporated in the FY 2015-2017 Adopted Policy Budget attached hereto; and be it

FURTHER RESOLVED: That the City Administrator may transfer operating appropriations between activity programs during the fiscal year provided that such funds remain within the departments in which the funds were approved by City Council; and be it

FURTHER RESOLVED: That the City Administrator may transfer capital appropriations between the Capital Improvement Program and operating departments to the extent that such transfers are necessary to fund capital-related activities of the operating departments; and be it

FURTHER RESOLVED: That the City Administrator must obtain approval from the City Council before (1) substantially or materially altering the relative department allocations of funding approved and set out in the Adopted Policy Budget, (2) substantially or materially changing the levels of service expressly prioritized and funded by the Adopted Policy Budget including but not limited to layoffs and/or freezes that would substantially or materially (a) change levels of service, or (b) affect programs, or (3) eliminate or suspend entire programs funded by the Adopted Policy Budget; and be it

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

FURTHER RESOLVED: That this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL-WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID and PRESIDENT GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

GENERAL PURPOSE FUND REVENUE -- MAY REVISE & ERRATA #1

Revenue Type	FY 2013-14 Actuals	FY 2014-15 Midcycle Budget	FY 2014-15 Midcycle Q3 Projection	FY 2015-16 Proposed Budget	FY 2015-16 Proposed Budget REVISED	FY 2015-16 Increase/ (Decrease)	FY 2016-17 Proposed Budget	FY 2016-17 Proposed Budget REVISED	FY 2016-17 Increase/ (Decrease)
Property Tax	142,823,340	148,846,000	160,578,500	169,307,424	164,907,424	(4,400,000)	172,469,312	172,469,312	-
Sales Tax	49,761,088	50,360,000	52,310,000	55,425,093	55,425,093		54,433,806	54,433,806	
Business License Tax	62,905,126	60,616,020	65,000,000	71,505,408	68,717,500	(2,787,908)	72,626,798	69,785,000	(2,841,798)
Utility Consumption Tax	50,422,336	50,000,000	50,000,000	50,000,000	50,000,000		50,000,000	50,000,000	
Real Estate Transfer Tax	59,059,973	53,000,000	60,862,860	55,630,012	60,926,000	5,295,988	57,707,706	63,182,900	5,475,194
Transient Occupancy Tax	14,318,512	14,883,000	16,323,000	16,400,000	16,900,000	500,000	17,056,000	17,556,000	500,000
Parking Tax	8,443,638	8,178,000	9,372,000	10,211,274	10,211,274	-	10,492,084	10,492,084	
Licenses & Permits	1,388,448	1,935,731	1,665,000	2,210,747	2,210,747		2,210,747	2,210,747	
Fines & Penalties	22,195,164	23,268,807	23,268,000	23,833,497	23,833,497		23,834,215	23,834,215	
Interest Income	793,095	740,482	740,482	740,482	740,482		740,482	740,482	
Service Charges	43,392,862	46,956,242	45,353,000	46,845,583	47,680,068	834,485	47,056,414	48,090,899	1,034,485
Internal Service Funds	62,040	-	-	-	-		-	-	
Grants & Subsidies	1,007,508	119,435	119,435	119,435	119,435		119,435	119,435	
Miscellaneous	3,616,549	4,349,320	1,872,600	749,320	5,149,320	4,400,000	749,320	749,320	
Interfund Transfers	-	-	-	14,922,885	14,922,885		2,413,334	2,206,667	(206,667)
Subtotal Revenue	\$460,189,679	\$463,253,037	\$487,464,877	\$517,901,160	\$521,743,725	\$3,842,565	\$511,909,653	\$515,870,867	3,961,214
Transfers from Fund Balance	-	30,456,787	40,880,000	6,802,471	12,063,576	5,261,105	7,964,256	7,964,256	
Grand Total	\$460,189,679	\$493,709,824	\$528,344,877	\$524,703,631	\$533,807,301	\$9,103,670	\$519,873,909	\$523,835,123	3,961,214

**General Purpose Fund
Summary of Budget Adjustments (May Revise & Errata #1)
FY 2015-17 Proposed Policy Budget**

GENERAL PURPOSE FUND (GPF)	FTE	FY 2015-17 One-Time Incr / (Reduc)	FY 2015-16 On-Going Incr / (Reduc)	FY 2016-17 On-Going Incr / (Reduc)
Revenue Changes				
1. Real Estate Transfer Tax Revenue Adjustment based on Q3		\$3.15	\$4.16	\$3.60
2. Business License Tax Revenue Adjustment based on Q3			(\$2.79)	(\$2.84)
3. Airport Rescue Fire Fighter (ARFF) Services			\$0.83	\$1.03
4. Correct classification of \$4.4 million for expected property sale from Property Tax to Miscellaneous Revenue (FY 2015-16 only)			\$0.00	
5. Foreign Trade Zone			\$0.01	\$0.01
6. Correction of duplicate entry for WOJRC Revenue				(\$0.21)
7. FY 2014-15 projected available Fund Balance based on Q3		\$5.26		
*8. Transient Occupancy Tax from Short Term Rentals			\$0.50	\$0.50
TOTAL REVENUE ADJUSTMENT		\$8.41	\$2.71	\$2.09
Expenditure Changes				
CITYWIDE				
9. 25 percent Excess RETT to Vital Services Stabilization Fund (covers 3 years)		\$1.46		
10. 25 percent Excess RETT to OPEB (covers 3 years)		\$1.46		
11. Kids First! Set Aside adjustment			\$0.10	\$0.53
12. Employee Compensation			\$3.00	\$3.50
13. Conversion of TPT to PPT			\$0.13	\$0.15
14. Employee Compensation Unrepresented			\$0.32	\$0.55
15. Swap OPEB funding to release ongoing funds		\$4.20	(\$1.20)	(\$3.00)
CITY ADMINISTRATOR				
16. Public Ethics: Adjust O&M & Downgrade Administrative Assistant II (no longer "confidential" classification)			(\$0.02)	(\$0.02)
17. CPRB: Add Intake Technician; transfer an Intake Technician from OPD; and downgrade Investigator to an Intake Technician; plus \$50k in ongoing O&M	2.00		\$0.22	\$0.22
18. Reclassify Employee Relations (ER) positions from Principal ER Analyst and Senior HR Analyst to Employee & Labor Relations Analyst, Senior (recently approved class)			(\$0.03)	(\$0.03)
CITY ATTORNEY				
19. Continue funding for Neighborhood Law Corp attorneys	2.00		\$0.14	\$0.14
POLICE				
20. Upgrade Captain to Deputy Chief for NSA Sustainability			\$0.05	\$0.05
21. Transfer an Intake Technician to CPRB	(1.00)		(\$0.10)	(\$0.10)
22. Shotspotter (Phase 1 - ongoing; Phases II and III - one-time)		\$0.82	\$0.08	\$0.08
FINANCE				
<i>Treasury Bureau</i>				
23. City's share of Oakland Alameda County Coliseum Authority Bond (Q3) shortfall		\$3.23		
INFORMATION TECHNOLOGY				
24. Reprogram IT project funds (one-time)		(\$3.88)		

GENERAL PURPOSE FUND (GPF)	FTE	FY 2015-17 One-Time Incr / (Reduc)	FY 2015-16 On-Going Incr / (Reduc)	FY 2016-17 On-Going Incr / (Reduc)
HUMAN SERVICES				
25. Reduce Overhead recovery from grants		\$0.16		
ECONOMIC & WORKFORCE DEVELOPMENT				
26. Fund Day Laborer Program		\$0.31		
27. Transfer to State Grant Fund (2159) - Overhead subsidy		\$0.10		
28. Foreign Trade Zone			\$0.02	\$0.02
PUBLIC WORKS				
29. Transfer Woodminster Project from OPW Orgs to CIP Orgs		(\$1.00)		
CAPITAL IMPROVEMENT PROGRAM				
29. Transfer Woodminster Project from OPW Orgs to CIP Orgs		\$1.00		
30. City Hall Fire Alarm System (Transfer to Facilities Fund 4400)		\$0.55		
TOTAL EXPENDITURE ADJUSTMENT		\$8.41	\$2.71	\$2.09
<i>BALANCE</i>	<i>3.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>

Other (Non-General Purpose) Funds
Summary of Budget Adjustments (Errata #1 and #2)
FY 2015-17 Proposed Policy Budget

ALL OTHER FUNDS	FTE	FY 2015-17 One-Time Incr / (Reduc)	FY 2015-16 On-Going Incr / (Reduc)	FY 2016-17 On-Going Incr / (Reduc)
Revenue Changes				
1. Increase Kid's First Fund (1780) allocation based on revised revenue projections for FY 2015-17			\$0.10	\$0.53
2. Transfer to State Grant Fund (2159) from GPF - correction		\$0.10		
3. Transfer to Facilities Fund (4400) from GPF to fund City Hall Fire Alarm System		\$0.55		
4. Transfer from fund balance within the Recycling Fund (1710)			\$0.03	\$0.03
6. Increase grant revenue based on actual grant award notification for HOPWA and ESG Fund (2103) for consistency with the HUD annual action plan			\$0.07	\$0.07
7. Decrease grant revenue based on actual grant award notification for CDBG Fund (2108) for consistency with the HUD annual action plan			(\$0.19)	(\$0.19)
8. Decrease grant revenue based on actual grant award notification for HOME Fund (2109) for consistency with the HUD annual action plan			(\$0.26)	(\$0.26)
9. Decrease formula grant funds by 1.3% compared to FY14-15 based on actual grant award notification for Workforce Investment Act Fund (2195) (Rapid Response amount not yet known, but assumes 1.5% decrease)			(\$0.06)	(\$0.06)
10. Transfer from fund balance within the Measure F: Vehicle Registration Fee Fund (2215)			\$0.01	\$0.01
11. Transfer from fund balance within the Development Services Fund (2415) and projected additional revenue			\$0.25	\$0.28
12. Adjust Transient Occupancy Tax (TOT) for Measure C Fund (2419) based on short-term rentals			\$0.14	\$0.14
TOTAL REVENUE ADJUSTMENT		\$0.65	\$0.09	\$0.54
Expenditure Changes				
CITY ADMINISTRATOR				
13. Increasing O&M for Measure Z evaluation and support in Measure Z Fund (2252)			\$0.03	\$0.03
POLICE				
13a. Add positions (Project Manager II and Volunteer Specialist) offset with reductions in miscellaneous personal expenditures in Measure Z Fund (2252)	2.00		\$0.00	\$0.00

**Other (Non-General Purpose) Funds
Summary of Budget Adjustments (Errata #1 and #2)
FY 2015-17 Proposed Policy Budget**

ALL OTHER FUNDS	FTE	FY 2015-17 One-Time Incr / (Reduc)	FY 2015-16 On-Going Incr / (Reduc)	FY 2016-17 On-Going Incr / (Reduc)
HUMAN SERVICES				
5. Increase funding for Paratransit in Measure BB Fund 2216			\$0.12	\$0.15
1a. Increase Kid's First Fund (1780) allocation based on revised revenue projections for FY 2015-17			\$0.10	\$0.53
6a. Increase grant revenue based on actual grant award notification for HOPWA and ESG Fund (2103)			\$0.07	\$0.07
13b. Add positions (2.0 Program Analyst II's and 2.0 Case Manager I's) offset with reductions in contract O&M in Measure Z Fund (2252)	4.00		(\$0.03)	(\$0.03)
HOUSING & COMMUNITY DEVELOPMENT				
2a. Correction to State Grant Fund (2159) -- remove carryforward offset		\$0.02		
7a. Decrease grant revenue based on actual grant award notification for CDBG Fund (2108)			(\$0.19)	(\$0.19)
8a. Decrease grant revenue based on actual grant award notification for HOME Fund (2109)			(\$0.26)	(\$0.26)
ECONOMIC & WORKFORCE DEVELOPMENT				
2b. Correction to State Grant Fund (2159) -- remove carryforward offset		\$0.08		
9a. Decrease formula grant funds by 1.3% compared to FY14-15 based on actual grant award notification for Workforce Investment Act Fund (2195) (Rapid Response amount not yet known, but assumes 1.5% decrease)			(\$0.06)	(\$0.06)
12a. Increase Measure C Fund (2419) TOT allocation based on formula (12.5% to Cultural Art grants, Art & Soul, and Fairs & Festivals)			\$0.02	\$0.02
OAKLAND PUBLIC WORKS				
3a. City Hall Fire Alarm System - appropriate in the Facilities Fund (4400)		\$0.55		
4a. Funding for a Waste Characterization Study to monitor zero waste diversion within the Recycling Fund (1710)			\$0.03	\$0.03
5a. Decrease CIP funding for Streets and Sidewalks in Measure BB Fund (2216)			(\$0.12)	(\$0.15)
10a. Minor adjustment in Measure F Vehicle Registration Fee Fund (2215) O&M			\$0.01	\$0.01
11a. Transfer from fund balance within the Development Services Fund (2415)			\$0.25	\$0.28
NON-DEPARTMENTAL				
12b. Increase Measure C Fund (2419) TOT allocation based on formula (50% to OCVB and 12.5% each to the Oakland Zoo, Chabot, and Museum)			\$0.12	\$0.12
TOTAL EXPENDITURE ADJUSTMENT	6.00	\$0.65	\$0.09	\$0.54
<i>BALANCE</i>		<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>