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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Sarah T. Schlenk
Acting Budget Director

SUBJECT: Supplemental – FY 2016-17 Midcycle
Budget Amendments

DATE: June 14, 2016

City Administrator Approval

Date:

6/17/16

RECOMMENDATION

Staff recommends that the City Council consider and vote to incorporate the supplemental midcycle budget amendments as provided in **Exhibit 1 – Supplemental, Exhibit 3A Supplemental and Exhibit 4** in the FY 2016-17 Midcycle Budget adoption legislation.

REASON FOR SUPPLEMENTAL

This supplemental report provides additional proposed amendments to the General Purpose Fund (GPF-1010) as provided in **Exhibit 1 – Supplemental** and Other (Non-GPF) Funds **Exhibit 3A Supplemental**.

EXECUTIVE SUMMARY

The FY 2016-17 Proposed Midcycle Amended Budget was presented to City Council on June 7, 2016. Following that meeting and subsequent feedback from Councilmembers, staff is proposing changes and adjustments to several line items. The **Exhibit 1 – Supplemental** reallocates funding to a variety of City services and programs and sets aside funds for the potential Police Commission structure, if approved by the voters in November 2016. The funding source for these changes is through delay of the third police academy and identification of roughly \$700,000 in one-time resources. Significant revisions to the General Purpose Fund include:

- Delaying the proposed third police academy to begin no sooner than May 2017 to allow for completion of the audit currently underway by the City Auditor and the OPD Inspector General, with the assistance of the federal Compliance Director, and to allow time for implementation of resulting policies and practices to improve the Department's recruitment, hiring and early warning processes prior to commencement of this academy.
- Adding a Parking Control Technician for expanded residential parking permit area enforcement – funded through offsetting citation revenue. Staff recommends analyzing current routes in order to realize efficiencies with existing staff in order to improve enforcement and increase revenue before filling this position.
- Add funding to maintain operations at the West Oakland One-Stop Neighborhood Career Center.

- Set-aside funding for the Youth Workforce for Civicorp to fully fund this program as recommended by the Workforce Investments Board. However, staff recommends Measure Z funding be explored with the Oversight Commission prior to using the GPF allocation.
- Provide funding for additional summer youth jobs.
- Add funding for a homeless pilot program.
- Include funding for the first year of funding for Youth Together, per City Council direction.
- Increase the subsidy for Head Start due to anticipated reduction in federal grant award funds.
- Add funding to continue legal services for unaccompanied minors.
- Set-aside funds for a Police Commission and associated administrative structure pending submission to and approval by the voters.

Additionally, various Other (non-GPF) Fund adjustments are presented. Most of these propose various position classification and funding allocation changes. The most significant change requests adding two positions to the Information Technology Department to support the radio program (Radio Fund, 4200). The City is in the process of transitioning the radios used by the Oakland Police Department, Oakland Fire Department and Oakland Public Works from the old Oakland Project 25 (P25) radio network to the East Bay Regional Communications System (EBRCS) P25 network. The addition of an Administrative Analyst I and Information Systems Specialist I will better support this critical ongoing effort and provide much needed staffing to support the City's radio system even after the EBRCS transition. The Administrative Analyst I will provide key administrative support, especially related to fiscal tracking of project funds. The Information Systems Specialist I will provide day-to-day technical support for the City's radio system.

Included as **Exhibit 4**, staff has revised the repayment plan for the Self Insurance Liability Fund (1100) based on the changes in this Midcycle budget. The savings through the life of the repayment plan total nearly \$800,000 for all funds, of which 85 percent is savings to the GPF.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt two Resolutions incorporating the amendments included here as **Exhibit 1 – Supplemental, Exhibit 3A Supplemental, and Exhibit 4**.

Resolution Amending The City Of Oakland's Fiscal Year 2015-17 Biennial Budget, Which Was Adopted Pursuant To Resolution No. 85672 C.M.S. On June 30, 2015, To Make Adjustments: (1) Increasing The Fiscal Year 2016-17 Revenue Projection In The General Purpose Fund (GPF); (2) Appropriating Additional Fiscal Year 2016-17 GPF Expenditures; And (3) Increasing Fiscal Year 2016-17 Revenues And Appropriations In Other Non-GPF Funds.

Resolution Authorizing The Use Of One-Time Revenues And Excess Real Estate Transfer Tax Revenues For Purposes Other Than Those Denoted In The City's Consolidated Fiscal Policy Adopting A Finding Of Necessity, And Describing Prospective Steps To Be Taken To Return To The Prescribed Uses Of Said Revenues.

For questions regarding this report, please contact Sarah Schlenk, Acting Budget Director at 510-238-3982.

Respectfully submitted,



SARAH T. SCHLENK
Acting Budget Director

Attachments (3):

- Exhibit 1 Supplemental: GPF Midcycle Amendments
- Exhibit 3A Supplemental: Summary of Other (Non-GPF) Fund Midcycle Amendments
- Exhibit 4: Revised Repayment Plan for the Self Insurance Liability Fund (1100)

**MIDCYCLE AMENDMENTS TO 16-17 BUDGET - EXHIBIT 1 SUPPLEMENTAL
General Purpose Fund (GPF/1010)**

ITEM No.	Description	Department	EXPENDITURES				REVENUES		
			Ongoing	One-time	Combined	FTE	Ongoing	One-time	Combined
REVENUE AND TECHNICAL EXPENDITURE ADJUSTMENTS									
B9	Increase in the use of Fund Balance by eliminating existing carryforward balances.	City-Wide	\$ -	\$ -	\$ -	-	\$ -	\$ 452,444	\$ 452,444
B13	Utilize identified unclaimed cash.	Police	\$ -	\$ -	\$ -	-	\$ -	\$ 280,000	\$ 280,000
B14	Add back Library Assistant, PT.	Library	\$ 20,789	\$ -	\$ 20,789	0.26	\$ -	\$ -	\$ -
C12	Add funding for SEIU President per MOU (split funded: 1010/7760); not intended to be a position addition or transfer.	Public Works	\$ -	\$ -	\$ -	(0.20)	\$ -	\$ -	\$ -
Subtotal			\$ 20,789	\$ -	\$ 20,789	0.06	\$ -	\$ 732,444	\$ 732,444
OTHER RECOMMENDED EXPENDITURE ADJUSTMENTS									
D3	Delay start of 3rd Police Academy.	Police	\$ -	\$ (1,986,345)	\$ (1,986,345)	-	\$ -	\$ -	\$ -
D20	Add one Parking Control Technician to increase parking enforcement in expanded residential parking permit areas; citation revenue expected to cover cost.	Police	\$ 82,525	\$ -	\$ 82,525	1.00	\$ 82,525	\$ -	\$ 82,525
D21	Funding for the West Oakland One-Stop Neighborhood Career Center.	Economic & Workforce Dev.	\$ -	\$ 130,000	\$ 130,000	-	\$ -	\$ -	\$ -
D22	Placeholder for Youth Workforce funding (Civicorp) pending exploration of utilizing Measure Z funds through Oversight Commission.	Economic & Workforce Dev.	\$ -	\$ 103,000	\$ 103,000	-	\$ -	\$ -	\$ -
D23	Funding for additional summer youth jobs.	Economic & Workforce Dev.		\$ 200,000	\$ 200,000	-	\$ -	\$ -	\$ -
D24	Funding for homeless pilot program.	Human Services		\$ 100,000	\$ 100,000	-	\$ -	\$ -	\$ -
D25	Youth Together funding (year one of three).	Human Services	\$ -	\$ 175,000	\$ 175,000	-	\$ -	\$ -	\$ -
D26	Increase subsidy for Head Start due to anticipated federal reduction in grant award.	Human Services		\$ 390,000	\$ 390,000	-	\$ -	\$ -	\$ -
D27	Legal support for unaccompanied minors.	Non-Departmental		\$ 100,000	\$ 100,000	-	\$ -	\$ -	\$ -
D28	Police Commission structure set-aside pending election outcome.	Non-Departmental	\$ 1,500,000	\$ -	\$ 1,500,000	-	\$ -	\$ -	\$ -
Subtotal			\$ 1,582,525	\$ (788,345)	\$ 794,180	1.00	\$ 82,525	\$ -	\$ 82,525
FY 2016-17 TOTAL SUPPLEMENTAL ADJUSTMENTS			\$ 1,603,314	\$ (788,345)	\$ 814,969	1.06	\$ 82,525	\$ 732,444	\$ 814,969

**MIDCYCLE AMENDMENTS TO 2016-17 BUDGET - EXHIBIT 3A SUPPLEMENTAL
Other (Non-General Purpose) Funds Amendments**

<u>No.</u>	<u>Description</u>	<u>Department</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>FTE</u>
Oakland Redevelopment Successor Agency (ORSA) (1610)					
C3	Downgrade a Housing Development Coordinator (HCD) III to a HCD I and transfer 3.14 FTE's to the 2011 Housing Bond Fund (1885) due to disallowance of Housing project management costs related to Brooklyn Basin Affordable Housing project, which will be partially funded through 2011 bond funds as well. <i>No change in the amount.</i>	Housing	\$ -	\$ -	(3.22)
C4	Convert 1.00 Urban Economic Analyst II to 0.60 Urban Economic Analyst IV, PPT.	Economic & Workforce Dev.	\$ -	\$ -	(0.40)
SUB-TOTAL			\$ -	\$ -	(3.62)
Affordable Housing Trust Fund (1870)					
H3	Cost neutral position allocations adjustments for Housing Development.	Housing	\$ -	\$ -	0.06
SUB-TOTAL			\$ -	\$ -	0.06
2011 Housing Bond Fund (1885)					
I1	Transfer 3.14 FTE's from Fund 1610 due to the disallowance of Housing project management costs related to Brooklyn Basin Affordable Housing project; both City/ORSA costs will be funded through 2011 bond funds. <i>No change in the amount.</i>	Housing	\$ -	\$ -	3.14
SUB-TOTAL			\$ -	\$ -	3.14
HUD-Home Fund (2109)					
M4	Cost neutral position allocations adjustments for Housing Development.	Housing	\$ -	\$ -	0.02
SUB-TOTAL			\$ -	\$ -	0.02
Development Services Fund (2415)					
V5	Upgrade 1.00 Office Manager (vacant) to 1.00 Engineer, Assistant II in order to facilitate timely plan check, review and permit issuance for both existing projects in development, and increased new and redevelopment application activity. The cost of the upgrade is offset with a reduction in O&M.	Planning & Bldg.	\$ -	\$ -	-
V6	Add back Construction Inspector erroneously transferred to the Public Works Overhead Clearing Fund (7760).	Public Works	\$ 133,428	\$ 133,428	0.80
SUB-TOTAL			\$ -	\$ -	-

**MIDCYCLE AMENDMENTS TO 2016-17 BUDGET - EXHIBIT 3A SUPPLEMENTAL
Other (Non-General Purpose) Funds Amendments**

No.	Description	Department	Revenues	Expenditures	FTE
	Radio Fund (4200)				
	Add 1.00 Administrative Analyst I and 1.00 Information Systems Specialist I to support AA2 technology obligations within the Radio program funded utilizing available fund balance (internal service fund rates will be adjusted for FY 2017-19).	Information Tech.	\$ 244,892	\$ 244,892	2.00
	SUB-TOTAL		\$ 244,892	\$ 244,892	2.00
	Measure DD: 2003A Clean Water, Safe Parks & Open Space Trust Fund for Oakland Fund (5320)				
DD1	Appropriate accumulated interest. Allocation detail pursuant to C.M.S Resolution #86149.	Public Works	\$ 2,697,049	\$ 2,697,049	-
	SUB-TOTAL		\$ 2,697,049	\$ 2,697,049	-
	Measure DD: 2009B Clean Water, Safe Parks & Open Space Trust Fund for Oakland Fund (5321)				
EE1	Appropriate accumulated interest. Allocation detail pursuant to C.M.S Resolution #86149.	Public Works	\$ 430,000	\$ 430,000	-
	SUB-TOTAL		\$ 430,000	\$ 430,000	-
	Clearing Fund (7760)				
FF1	Transfer Construction Inspector back to the Development Services Fund (2415); funding for SEIU President per MOU remains as a lump sum.	Public Works	\$ -	\$ -	(0.80)
	SUB-TOTAL		\$ -	\$ -	(0.80)

TEN-YEAR NEGATIVE FUND REPAYMENT SCHEDULE - AMENDMENT
Exhibit 4

SELF-INSURANCE FUND (1100) FINANCIAL PROJECTION

Beginning Fund Deficit \$ (15,331,799)	Total Revenues	Total Expenditures	Change in Fund Balance	Year- End Fund Balance	Amount of Transfer		Change in Transfer	Increase in Subsidy
					GPF Portion	Non-GPF Portion		
2015-16	25,283,891	23,954,259	1,329,632	(14,002,167)	21,509,077	3,774,814	2,154,533	9%
2016-17	26,938,295	24,825,420	2,112,875	(11,889,292)	23,158,531	3,774,814	1,649,454	7%
2017-18	26,321,719	25,321,928	999,790	(10,889,502)	22,373,461	3,948,258	(611,626)	-2%
2018-19	27,506,196	25,828,367	1,677,829	(9,211,672)	23,380,267	4,125,929	1,184,477	4%
2019-20	28,743,975	26,344,934	2,399,041	(6,812,632)	24,432,379	4,311,596	1,237,779	4%
2020-21	30,037,454	26,871,833	3,165,621	(3,647,011)	25,531,836	4,505,618	1,293,479	4%
2021-22	31,324,999	27,677,988	3,647,011	0	26,626,249	4,698,750	1,287,545	4%