



# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Adam Benson  
Director of Finance

**SUBJECT:** FY 2019-20 Q2 R&E Report

**DATE:** February 11, 2020

City Administrator Approval

Date: 2/13/2020

## **RECOMMENDATION**

**Staff Recommends That City Council Receive An Informational Report On Fiscal Year (FY) 2019-20 Second Quarter Revenue and Expenditure Results And Year-End Summaries For The General Purpose Fund (GPF, 1010) and Selected Funds.**

## **EXECUTIVE SUMMARY**

This report details the City of Oakland's (the City) projected Second Quarter Financial Results for FY 2019-20 in the General Purpose Fund (GPF) and other selected funds. The following points highlight key findings from the City's projected year-end results (discussed in more detail in the Policy and Analysis Alternatives section of this report beginning on page 3).

### **General Purpose Fund**

Ongoing revenue in the GPF is projected to be higher than the FY 2019-20 Adjusted Budget by \$6.18 million (**Table 1**). With inclusion of one-time revenues, which are \$14.95 million at the end of the Second Quarter, the overall revenue is projected to be higher by \$21.13 million relative to the adjusted budget. Generally, forecasted receipt of revenue in FY 2019-20 reflects continued but slower growth in the local economy. Notably, the market showed continued growth in real-estate related revenues, including property taxes. (**Attachment A**).

Expenditures are expected to exceed the FY 2019-20 Adjusted Budget by approximately \$(16.74) million (**Table 1**). Spending by department is shown in **Table 4**.

If projections hold, revenues will exceed expenditures which will result in a projected year-end operating surplus of \$4.39 million (**Table 1**). However, with various fund balance adjustments

and mandated reserve obligations, the year-end available GPF fund balance is estimated to be \$0.22 million (**Table 6**).

### **Non-GPF Funds**

The negative fund balance in the Self Insurance Liability Fund (1100) - which is on a City Council approved repayment plan - is projected to decrease from negative \$(7.26) million to negative \$(4.09) million in FY 2019-20 (**Table 13**).

The negative fund balance in the Landscaping and Lighting Assessment District (LLAD) Fund (2310) continues to increase due to rising costs and stagnant revenues.

Three of the Internal Service Funds (Reproduction Fund, Central Stores Fund, and Purchasing Fund) were placed on repayment plans in the FY 2019-21 Biennial Budget (per Resolution No. 87140 C.M.S). The fund balance in the Facilities Fund (4400), due in part to the City Council approved repayment plan, is anticipated to have a positive ending balance at year end in FY 2019-20 and have been left out of this report as a result.

The remainder of this report provides details on the projected fiscal year-end revenue and expenditures in the GPF and selected funds based on Second Quarter data (July 1, 2019 – December 31, 2019).

### **BACKGROUND / LEGISLATIVE HISTORY**

On June 24, 2019, Council adopted the FY 2019-20 Budget of \$655.13 million (both revenues and expenditures) in the General Purpose Fund. This budget includes a transfer of \$4.11 million from its fund balance.

During FY 2019-20 additional budget was added based on authorized carryforward. The Adjusted Budget for FY 2019-20 is the cumulative total of the Adopted Budget and all other authorized additions.

This report contains the projected fiscal year-end results for FY 2019-20 based on data available from July 1, 2019 – December 31, 2019.

## **ANALYSIS AND POLICY ALTERNATIVES**

### **GENERAL PURPOSE FUND**

#### **Key Results**

Revenues are forecast to exceed expenditures, when including one-time revenues of \$14.95 million. This results in a projected increase to fund balance of \$4.39 million (**Table 1**).

**Table 1: Summary of GPF Budget to Projected Actual Results (\$ in millions)**

Description	FY 2019-20 Budget	FY 2019-20 Q2 Projected FYE	Year-End Over / Under Budget
<b><u>REVENUE</u></b>			
Revenue	\$ 655.13	\$ 661.31	\$ 6.18
Q2 Revenue Projection – ONETIME	\$ —	\$ 14.95	\$ 14.95
<b>Subtotal Revenue</b>	<b>\$ 655.13</b>	<b>\$ 676.26</b>	<b>\$ 21.13</b>
<b><u>EXPENDITURES</u></b>			\$ —
Expenditures	\$ 655.13	\$ 671.87	\$ 16.74
<b>Subtotal Expenditures</b>	<b>\$ 655.13</b>	<b>\$ 671.87</b>	<b>\$ 16.74</b>
<b>Estimated Contribution to Fund Balance</b>	<b>\$ —</b>	<b>\$ 4.39</b>	<b>\$ 4.39</b>

However, the year-end available GPF fund balance is estimated to be \$0.22 million (**Table 2**). This balance reflects the net difference between the revenue and expenditure projections, including adjustments such as FY 2018-19 carryforwards, the FY 2019-20 Adopted Budget, and mandated reserves (**Table 6**).

**Table 2: Summary of GPF Estimated Year-End Available Fund Balance (\$ in millions)**

GENERAL PURPOSE FUND (1010)	FY 2019-20 Q2 Projected FYE
Beginning Fund Balance - Audited	\$ 97.86
Revenue	\$ 676.26
Expenditures	\$ 671.87
Estimated Current Year Surplus/(Shortfall)	\$ 4.39
Subtotal Fund Balance	\$ 102.25
FY19-20 / FY20-21 Obligated Fund Balance	\$ (32.98)
Designated / Mandated Reserves	\$ (69.05)
Estimated Ending Available Fund Balance	\$ 0.22

## I. REVENUES

As the Fiscal Year progresses and better data becomes available, revenue projections are updated and provided to the City Council at the end of the second and third quarter. As reflected in **Attachment A-1**, the FY 2019-20 adjusted revenue budget is \$655.13 million. Fiscal Year-end revenues including use of fund balance are forecast to be \$676.26 million, which represents a net increase of \$21.13 million over the FY 2019-20 Adjusted Budget.

As shown in **Table 3** below, the FY 2019-20 year-end revenues are forecast to be \$676.26 million. Revenues, when compared to the adjusted budget, are projected to increase \$21.13 million, of which \$14.95 million is considered one-time revenue.

**Table 3: Summary of GPF Revenue Variance to FY 2019-20 Adjusted Budget:**

Description	FY 2019-20 Revenue
<b>FY 2019-20 Adjusted Revenue Budget</b>	<b>\$ 655.13</b>
Increases/(Decreases):	
Property Tax	\$ 9.24
Sales Tax	\$ (0.38)
Business License Tax	\$ —
Real Estate Transfer Tax	\$ 16.09
Fines & Penalties	\$ —
Transient Occupancy Tax	\$ (0.71)
Miscellaneous	\$ —
All Other	\$ (3.10)
<b>Net Projected GPF Revenue Growth</b>	<b>\$ 21.13</b>
<b>Total FY 2019-20 Projected Revenue</b>	<b>\$ 676.26</b>

## II. EXPENDITURES

The projected year-end expenditures in the GPF are estimated at \$671.87 million, which is \$(16.74) million over the net Adjusted Budget (**Table 4**).

**Table 4: Summary of FY 2019-20 GPF Projected Expenditure Variance:**

Department	Adjusted Budget (Q2 less CF)	Projected Year-End Actuals	Overtime Reimbursed	Year-End (Over) / Under Budget
<b>FY 2019-20 Expenditures</b>	<b>\$ 655.13</b>	<b>\$ 671.87</b>		<b>\$ (16.74)</b>
MAYOR	\$ 3.73	\$ 3.73		\$ —
CITY COUNCIL	\$ 5.99	\$ 5.38		\$ 0.60
CITY ADMINISTRATOR	\$ 14.39	\$ 13.94		\$ 0.45
CITY ATTORNEY	\$ 13.50	\$ 13.47		\$ 0.03
CITY AUDITOR	\$ 2.31	\$ 2.31		\$ —
CITY CLERK	\$ 3.29	\$ 3.29		\$ —
POLICE COMMISSION	\$ 4.10	\$ 3.28		\$ 0.82
PUBLIC ETHICS COMMISSION	\$ 1.16	\$ 1.16		\$ —
FINANCE DEPARTMENT	\$ 25.25	\$ 24.15		\$ 1.10
INFORMATION TECHNOLOGY	\$ 10.68	\$ 10.56		\$ 0.12
RACE & EQUITY	\$ 0.64	\$ 0.81		\$ (0.17)
HUMAN RESOURCES	\$ 6.54	\$ 6.59		\$ (0.04)
DEPARTMENT OF VIOLENCE PREVENTION	\$ 0.63	\$ 0.41		\$ 0.22
POLICE DEPARTMENT	\$ 290.93	\$ 311.83	\$ (2.42)	\$ (20.90)
FIRE DEPARTMENT	\$ 164.36	\$ 165.08		\$ (0.72)
OAKLAND PUBLIC LIBRARY	\$ 13.00	\$ 13.00		\$ —
PARKS & RECREATION	\$ 13.58	\$ 12.78		\$ 0.80
HUMAN SERVICES	\$ 15.79	\$ 16.10		\$ (0.31)
ECONOMIC & WORKFORCE DEVELOPMENT	\$ 5.44	\$ 5.46		\$ (0.02)
HOUSING & COMMUNITY DEVELOPMENT	\$ —	\$ —		\$ —
PLANNING & BUILDING	\$ 0.02	\$ 0.02		\$ —
OAKLAND PUBLIC WORKS	\$ 3.59	\$ 3.44		\$ 0.15
TRANSPORTATION	\$ 11.49	\$ 10.15		\$ 1.34
NON-DEPARTMENTAL	\$ 44.18	\$ 44.39		\$ (0.20)
CAPITAL IMPROVEMENT PROGRAM	\$ 0.53	\$ 0.53		\$ —

**Table 5** below shows the projected personnel expenditures, including overtime, for Public Safety in the GPF. Once the Reimbursable OT and all other personnel costs are accounted for, the OT overspending increases to \$(20.14) million in OPD and decreases to \$(1.02) million in OFD.

**Table 5: FY 2019-20 Public Safety GPF Projected Personnel Expenditures**

Department	FY 2019-20 Adjusted Budget	FY 2019-20 Projected Actuals	Year-End (Over) / Under Budget
<b>Police Department</b>			
Overtime (OT)*	\$ 16.05	\$ 34.10	\$ (18.06)
Reimbursable OT (Special Events, etc.)	\$ —	\$ (2.42)	\$ 2.42
All Other Personnel (non-OT)	\$ 232.95	\$ 237.45	\$ (4.50)
<b>OPD Total Personnel</b>	<b>\$ 248.99</b>	<b>\$ 269.13</b>	<b>\$ (20.14)</b>
<b>Fire Department</b>			
Overtime (OT)*	\$ 1.73	\$ 24.96	\$ (23.23)
All Other Personnel (non-OT)	\$ 142.91	\$ 120.70	\$ 22.21
<b>OFD Total Personnel</b>	<b>\$ 144.64</b>	<b>\$ 145.66</b>	<b>\$ (1.02)</b>

\* Details on the factors contributing to Police and Fire overtime projections are provided in a separate report presented to the Finance Committee.

### III. FUND BALANCE

The audited FY 2019-20 GPF beginning fund balance was \$97.86 million. Importantly, this amount includes the City Council appropriated reserves discussed later in this report, as well as project and encumbrance balances carried forward.

The projected year-end available fund balance is estimated to be \$0.22 million, after projecting for year-end revenues and expenditures, project and encumbrance carryforward, and amounts budgeted in FY 2019-20 (**Table 6**).

**Table 6: FY 2019-20 Projected Year-End Available GPF Fund Balance**

<b>GENERAL PURPOSE FUND (1010)</b>	<b>FY 2019-20 Q2 Projected FYE</b>
<b>Beginning Fund Balance - Audited</b>	<b>\$ 97.86</b>
Revenue	\$ 676.26
Expenditures	\$ 671.87
<b>Estimated Current Year Surplus/(Shortfall)</b>	<b>\$ 4.39</b>
<b>Subtotal Fund Balance</b>	<b>\$ 102.25</b>
<b>Use of Fund Balance:</b>	
Projects Carried Forward (CF) to FY 2019-20	\$ (23.69)
FY 2019-20 Adopted Budget	\$ (4.11)
FY 2020-21 Adopted Budget*	\$ (4.54)
FY 2019-20 Kid's First True Up Estimate	\$ (0.63)
<b>Subtotal Use of Fund Balance</b>	<b>\$ (32.98)</b>
<b>Designated / Mandated Reserves:</b>	
7.5% GPF Required Reserve	\$ (49.13)
FY 2019-20 VSSF & LTO Transfer Estimate (Total 50% Excess RETT set-aside)	\$ (6.58)
FY 2018-19 VSSF & LTO Transfer (Total 50% Excess RETT set-aside)	\$ (10.98)
OMERS Reversion of Assets (held with Trustee; Resolution 85098)	\$ (2.36)
<b>Subtotal Reserves</b>	<b>\$ (69.05)</b>
<b>Estimated Ending Available Fund Balance</b>	<b>\$ 0.22</b>

\*Revised estimate included in this report is lower by approximately \$4.2 million, compared to the FY 2020-21 Adopted Budget of \$8.74 million.

#### IV. RESERVES

On December 9, 2014 Council Ordinance No. 13279 amended the City's Consolidated Fiscal Policies to include designated reserves for both the Vital Services Stabilization Fund and for the acceleration of long term obligations, in addition to the mandated 7.5% GPF Emergency Reserve (*refer to City of Oakland Consolidated Fiscal Policy, Section I, Part C: Use of Excess Real Estate Transfer Tax*). The summary below provides the adjusted total set-asides, including any additional contributions based on the projected excess RETT in the FY 2019-20 Second Quarter results. It is important to note that while these balances are designated each fiscal year, reserve appropriations adopted in subsequent fiscal years may include any prior year true-ups. As stated previously, the City's 7.5% GPF Emergency Reserve is set at \$49.13 million based on



the FY 2019-20 Adopted Budget, and estimated FY 2019-20 Vital Services Stabilization Fund year-end balance is \$23.43 million (**Table 7**). Total budgeted reserves and set-asides of \$72.56 million are equivalent to just over one month of FY 2019-20 Adopted Budget of \$655.13 million in GPF (11.08%).

**Table 7: FY 2019-20 Projected Year-End Reserve Balances**

Description	Projected FYE 2019-20 Balances
7.5% GPF Required Reserve <sup>1</sup>	\$ 49.13
Vital Services Stabilization Fund	\$ 23.43
<b>Total Reserves</b>	<b>\$ 72.56</b>

<sup>1</sup> The 7.5% GPF reserve is not a cumulative balance.

The Government Finance Officers Association (“GFOA”) recommends maintaining unrestricted budgetary fund balance in the general fund of no less than two months of operating expenditures (16.7%).

The City’s Consolidated Fiscal Policy is available in its entirety on the City’s website.

**GENERAL PURPOSE FUND**  
**(Attachments A-1 and A-2)**

**REVENUE HIGHLIGHTS**

The FY 2019-20 Second Quarter year-end projections are \$676.26 million. This represents a net increase of \$21.13 million over the FY 2019-20 Adjusted Budget, of which \$14.95 million is considered one-time revenue.

**Attachment A-1** provides details of Second Quarter revenue forecast and comparison to the FY 2019-20 Adopted Budget.

**Property Tax: +\$9.24 million compared to FY 2019-20 Adjusted Budget**

Property Tax revenues are forecast to exceed FY 2019-20 Adjusted Budget by \$9.24 million due to the forecast receipt of additional Residual Property Tax Trust Fund (RPTTF) revenues. Starting in FY 2011-12, the City began receiving a portion of the RPTTF as the result of the dissolution of the Redevelopment Agency. The RPTTF is the portion of property tax increment, less wind-down funding obligations, that would have gone to redevelopment agencies if they had not been dissolved. Net of RPTTF, Property Tax revenues increased 6.08% when compared to Fiscal Year 2018-19.

**Table 8: Historical Property Tax Revenue: FY 2013-14 through FY 2019-20**

Category	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20 Q2 Forecasted FYE
Property Tax	\$ 133.12	\$ 141.03	\$ 150.93	\$ 160.98	\$ 172.46	\$ 183.44	\$ 195.97
Property Tax - RPTTF	\$ 9.71	\$ 18.33	\$ 7.77	\$ 10.50	\$ 14.71	\$ 16.53	\$ 28.29

During the depths of the Great Recession, the City lost \$2.59 billion in assessed valuation. For the past 5 years, Oakland's assessed valuation has experienced significant growth. Since FY 2013-14, the City's assessed valuation has grown \$26.06 billion.

**Table 9: Assessed Valuation: FY 2013-2014 through FY 2019-20**

FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
5.15%	5.85%	7.56%	7.47%	7.21%	5.84%	7.70%

**Sales Tax: -\$0.38 million compared to FY 2019-20 Adjusted Budget**

Based upon Second Quarter results, FY 2019-20 year-end revenue derived from sales tax is forecast to be \$59.57 million. Sales tax is anticipated to decrease (4.00) % when compared to FY 2018-19. The decrease when compared to FY 2018-19 is due to \$3.91 million of one-time revenues derived from a change in accounting treatment of Second Quarter sales tax true-up and late remittance of FY 2017-18 payments by the California Department of Tax and Fee Administration that were received in FY 2018-19.

**Real Estate Transfer Tax: +\$16.09 million compared to FY 2019-20 Adjusted Budget**

Based upon Second Quarter results, FY 2019-20 year-end Real Estate Transfer Tax (RETT) is anticipated to be \$98.96 million, which is \$16.09 million above the FY 2019-20 Budget. When compared to FY 2018-19, revenues derived from RETT are anticipated to decrease (5.67) % from \$104.90 million to \$98.96 million.

In accordance with the City's Consolidated Fiscal Policy (Ordinance No. 13487 C.M.S.), \$13.15 million is considered one-time revenues, of which 25% (\$3.29 million) is placed in the Vital Services Stabilization Fund, 25% (\$3.29 million) is used to fund debt retirement and unfunded long obligations, and the remaining 50% (\$6.58 million) is used to fund one-time expenses or to augment reserves. This means that \$86.34 million (87.25%) of the RETT forecast to be received in FY 2019-20 is considered ongoing revenue to fund ongoing expenses.

Until December 31, 2018, the Real Estate Transfer Tax rate on residential and commercial sales was 1.61% of the value of each real estate transaction. Oakland's share was 1.5% with Alameda County receiving the remaining 0.11%. The tax is triggered by the transfer of property ownership, and both the buyer and seller are responsible for ensuring the tax is paid. On November 6, 2018, Oakland voters approved Measure X, establishing a progressive real estate transfer tax rate for the City. The new rates became effective on January 1, 2019 and are as follows:

Transfers up to \$300,000	1.00%
\$300,001 to \$2,000,000	1.50%
\$2,000,001 to \$5,000,000	1.75%
\$5,000,001 and above	2.50%

**Table 10** reflects changes in both total gross sales and volume, when comparing total property transfers that occurred through the Second Quarter in FY 2018-19 and FY 2019-20. After controlling for properties sales over \$100 million, gross sales increased \$160.84 million while the citywide sales volume decreased -2.55%. *It is important to note that due to the passage of*

*Measure X, revenue from RETT for the Second Quarter is \$10.94 million higher than it would have been if the real estate transfer were taxed at the prior flat rate of 1.5%.*

Real Estate Transfer Tax is highly volatile, and revenues can increase and decrease rapidly with changing market conditions or as a result of the sale of high value properties. When certain high value commercial properties are sold, they can skew revenues upward. Furthermore, depending upon how the property is transferred and/or what type of entity is purchasing the property, the application of the City's RETT may not apply. Through Q2 FY 2019-20, the sale of properties in excess of \$100 million decreased -50%. The sale of large commercial properties is listed in **Table 11**.

**Table 10: RETT Growth Rate Q2**

	FY 2018-19 Through Q2		FY 2019-20 Through Q2			
Sale Price	Gross Sales	Volume	Gross Sales	Volume	Gross Sales	Volume
\$300,000 or below	\$ 33,756,000	200	\$ 30,545,500	192	(9.51)%	(4.00)%
\$300,001 to \$2 million	\$ 1,753,335,136	2,139	\$ 1,859,835,536	2,229	6.07 %	4.21 %
\$2 million to \$5 million	\$ 248,927,500	88	\$ 217,446,500	77	(12.65)%	(12.50)%
\$5-10m	\$ 162,773,500	23	\$ 91,445,500	13	(43.82)%	(43.48)%
\$10-100m	\$ 455,917,000	19	\$ 616,274,000	21	35.17 %	10.53 %
Over \$100m	\$ 429,542,500	2	\$ 175,000,000	1	(59.26)%	(50.00)%
<b>Total</b>	<b>\$ 3,084,251,636</b>	<b>2,471</b>	<b>\$ 2,990,547,036</b>	<b>\$ 2,533</b>	<b>(3.04)%</b>	<b>2.51 %</b>

**Table 11: FY 2019-20 YTD Large Property Sales (in millions)**

Sale Quarter	Property	FY 2019-20 RETT
Quarter 1	180 Grand	\$4.38

**Business License Tax: Flat compared to FY 2019-20 Adjusted Budget**

The revenue forecast is being kept flat despite Council adopted reductions in the tax rate for taxes received from cannabis and small landlords. Year-end revenue derived from Business Licenses Tax is forecast to be \$99.67 million. In the second quarter the City received a significant one-time revenue from a single audit. Audit staff has closed \$3.62 million in audits in the first half of FY 2019-20. The increase in revenue received from business tax audits is due to an increase in audit staff. Furthermore, collection efficiencies have increased due to the new local tax software. These efficiencies are translating to a more consistent collection of tax revenues. The forecast will be revisited during the Third Quarter report, as most business taxes are received during the third quarter.

**Utility User Tax:  $-\$(4.13)$  million compared to FY 2019-20 Adjusted Budget**

Year-end revenue derived from Utility User Tax is forecast to be \$51.03 million, which is 2.88% increase when compared to FY 2018-19 audited receipts. UUT is anticipated to grow at a slow rate due to PG&E's application of the California Climate Credit that is distributed to rate payers in the months of April and October through calendar year 2020.

**Transient Occupancy Tax:  $-\$(0.71)$  million compared to FY 2019-20 Adjusted Budget**

Year-end revenue derived from Transient Occupancy Tax (TOT) revenue is forecast to be \$27.08 million. The City is still experiencing growth in this revenue category with revenues forecast to increase 4.48% when compared to FY 2018-19. The increase in TOT is being felt across the Bay Area as the demand for hotel lodging increases due to the improved business climate, which also increases room rates based upon simple supply and demand. In FY 2019-20 through the second quarter, nine companies remitted 82% of the forecast year-end TOT revenue. **Table 12** reflects year-over-year growth of Transient Occupancy Tax.

**Table 12: Transient Occupancy Tax Growth Rate Q2**

Category	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Transient Occupancy Tax	15.99%	17.24%	18.03%	12.89%	5.43%	9.92%	4.48%

## ***EXPENDITURE HIGHLIGHTS***

As outlined in **Table 4**, the FY 2019-20 Adjusted Budget is \$655.13 million, excluding carryforwards. The fiscal year-end General Purpose Fund (GPF) expenditures are projected to be \$671.87 million. Below is a discussion of each department's estimated savings or overspending in the GPF at year-end as compared to the Adjusted Budget.

### **Mayor's Office**

The Mayor's Office is projected to end the fiscal year at budget.

### **City Council**

The City Council is projected to have savings of \$0.60 million primarily due to vacancies.

### **City Administrator**

The City Administrator's Office is projected to end the fiscal year with an estimated savings of \$0.45 million primarily due to vacancies.

### **City Attorney**

The City Attorney is estimated to have slight savings of \$0.03 million.

### **City Auditor**

The City Auditor is projected to end the fiscal year at budget.

### **City Clerk**

The Office of the City Clerk is projected to end the fiscal year at budget.

### **Police Commission**

The Police Commission is projected to have savings of \$0.82 million primarily due to vacancies.

### **Public Ethics Commission (PEC)**

The PEC is projected to end the fiscal year at budget.

*Finance Department*

Finance is projected to have savings of \$1.10 million primarily due to vacancies.

*Information Technology Department (ITD)*

ITD is projected to have slight savings of \$0.12 million.

*Race & Equity*

The Race & Equity Department is projected to slightly overspend by \$(0.17) million due to personnel costs.

*Human Resources Management Department (HRMD)*

Human Resources is projected to slightly overspend by \$(0.04) million due to personnel costs.

*Department of Violence Prevention (DVP)*

DVP is projected to have savings of \$0.22 million due to vacancies.

*Oakland Police Department (OPD)*

OPD is projected to overspend by \$(20.90) million. This is primarily due to overtime spending, which is estimated to be \$34.10 million, for backfill, extension of shift and unanticipated special enforcement. Approximately \$2.42 million of this overtime overspending are expected to be reimbursable costs. **Table 5** provides additional information for overall personnel savings versus costs.

*Oakland Fire Department (OFD)*

The Fire Department is projected to overspend by \$(0.72) million primarily due to overtime. OFD overtime spending is projected to be \$24.96 million, which is \$(23.23) million over the FY 2019-20 Adjusted Budget. **Table 5** provides additional information for personnel savings versus costs.

*Oakland Public Library (OPL)*

OPL is projected to end the fiscal year at budget.

Oakland Parks & Recreation (OPRYD)

OPR is projected to have savings of \$0.80 million primarily due to vacancies.

Human Services Department (HSD)

Human Services is projected to slightly overspend by \$(0.31) million primarily due to temporary personnel costs.

Economic Workforce & Development (EWD)

EWD is projected to slightly overspend by \$(0.02) million due to personnel costs.

Housing & Community Development (HCD)

Housing is projected to end the fiscal year at budget.

Planning & Building

Planning is projected to end the fiscal year at budget.

Oakland Public Works (OPW)

OPW is projected to have savings of \$0.15 million due to vacancies.

Department of Transportation (DOT)

DOT is projected to have savings of \$1.34 million primarily due to vacancies in Parking Management which are anticipated to be filled prior to fiscal year end.

Non-Departmental

Non-Departmental is projected to end the fiscal year with a deficit of \$(0.20) million due to personnel costs.



**OTHER FUNDS**  
**(Attachments B through F)**

The five (5) non-GPF funds analyzed for this report have historically shown negative fund, or cash, balances (**Attachments B to F**). The FY 2019-20 projected ending fund balance/(deficit) compared to FY 2018-19 is shown in **Table 13** below. Tables A-E on the following pages provide additional information on fund balance calculations.

**Table 13: FY 2019-20 Projected Ending Fund Balance for Non-GPF Funds**

FUND	FY 2018-19 Audited Ending Balance	FY 2019-20 Projected Ending Balance
Self-Insurance Liability Fund	\$ (7.26)	\$ (4.09)
Landscaping & Lighting Assess. District Fund (LLAD)	\$ (0.75)	\$ (1.36)
Reproduction Fund	\$ (1.72)	\$ (1.61)
Central Stores Fund	\$ (4.25)	\$ (3.86)
Purchasing Fund	\$ (0.45)	\$ (0.16)

### Self-Insurance Liability Fund

The Self-Insurance Liability Fund (1100) receives contributions from the General Purpose Fund and select funds to cover costs associated with liability claims and settlements, insurance premiums, outside legal services and court costs.

Revenues at fiscal year-end are projected to be \$34.57 million, which is \$1.10 million higher than the Adjusted Budget. Actual expenditures of \$33.48 million is equal to the Adjusted Budget. Additional details are provided in **Attachment B**.

The negative fund balance in the Self Insurance Liability Fund (1100) - which is on a City Council approved repayment plan - is projected to decrease from negative \$(7.26) million to negative \$(4.09) million in FY 2019-20.

**Table A: FY 2019-20 Self-Insurance Liability Fund Projected Year-End Available Fund Balance**

SELF-INSURANCE LIABILITY FUND (1100)	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 Projected FYE	Year-End Over / Under Budget
Beginning Fund Balance - Audited	\$ (7.26)	\$ (7.26)	—
Revenue	\$ 33.47	\$ 34.57	\$ 1.10
Expenditures	\$ 33.48	\$ 33.48	—
Estimated Current Year Surplus/(Shortfall)	\$ (0.01)	\$ 1.09	\$ 1.10
Subtotal Fund Balance	(7.27)	(6.17)	—
Use of Fund Balance in FY 2019-20:			
Budgeted Amounts Carried Forward (CF) to FY 2019-20	\$ —	\$ —	—
Budgeted Fund Balance Repayment	\$ 2.08	\$ 2.08	—
Estimated Ending Fund Balance	\$ (5.19)	\$ (4.09)	

Landscaping and Lighting Assessment District (LLAD) Fund

In the LLAD Fund (2310), unaudited year-end revenue and expenditure results show an operating deficit of \$(0.12) million in FY 2019-20 as reflected in **Attachment C**. When accounting for obligated amounts carried forward to FY 2019-20, and a beginning fund balance deficit of \$(0.75) million, the deficit in LLAD is projected to increase to \$(1.36) million as reflected in **Table B**.

The LLAD Fund eliminated its roughly (\$6.0) million negative fund balance in FY 2014-15. However, rapidly increasing costs and the inability to adjust the assessment rate has prevented the City from reaching its goal of maintaining a positive fund balance. The assessment rate cannot be adjusted without voter approval; therefore, the City must continue to carefully manage personnel and O&M expenses throughout FY 2019-20 to mitigate any further reductions in the fund balance.

**Table B: FY 2019-20 LLAD Projected Year-End Available Fund Balance**

LANDSCAPING & LIGHTING ASSESSMENT DISTRICT FUND (2310)	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 Projected FYE	Year-End Over / Under Budget
Beginning Fund Balance - Audited	\$ (0.75)	\$ (0.75)	
Revenue	\$ 20.26	\$ 20.13	\$ (0.13)
Expenditures	\$ 20.24	\$ 20.25	\$ (0.01)
Estimated Current Year Surplus/(Shortfall)	\$ 0.02	\$ (0.12)	\$ (0.14)
Subtotal Fund Balance	(0.73)	(0.87)	
Use of Fund Balance in FY 2019-20:			
Budgeted Amounts Carried Forward (CF) to FY 2019-20	\$ (0.49)	\$ (0.49)	
Estimated Ending Fund Balance	\$ (1.22)	\$ (1.36)	

### Reproduction Fund

This fund is reported on a cash basis. Revenues are generated from equipment rental and services charges to operating departments for maintenance and replacement of City reproduction equipment.

**Table C**, which shows the projected fiscal year-end results for the Reproduction Fund (4300), reflects a slight operating deficit with expenditures exceeding revenues by \$(0.01) million. However, the cash balance deficit is projected to decrease from \$(1.72) million to \$(1.61) million as this fund has been placed on a repayment plan in the FY 2019-21 Biennial Budget (per Resolution No. 87140 C.M.S.). Additional details are provided in **Attachment D**.

**Table C: FY 2019-20 Reproduction Fund Projected Year-End Available Fund Balance**

<b>REPRODUCTION FUND (4300)</b>	<b>FY 2019-20 Adjusted Budget</b>	<b>FY 2019-20 Q2 Projected FYE</b>	<b>Year-End Over / Under Budget</b>
Gross Beginning Cash Balance - Audited	\$ (1.72)	\$ (1.72)	—
Revenue	\$ 1.59	\$ 1.59	—
Expenditures	\$ 1.59	\$ 1.60	\$ (0.01)
Estimated Current Year Surplus/(Shortfall)	\$ —	\$ (0.01)	\$ (0.01)
Subtotal Cash Balance	(1.72)	(1.73)	
Use of Cash Balance in FY 2019-20:			
Budgeted Amounts Carried Forward (CF) to FY 2019-20	\$ (0.06)	\$ (0.06)	—
Budgeted Cash Balance Repayment	0.18	0.18	—
Estimated Ending Cash Balance	\$ (1.60)	\$ (1.61)	—

### Central Stores Fund

This fund is reported on a cash basis. The Central Stores operation and facility was closed during a restructured inventory model in Public Works. The negative fund balance resulted primarily from liquidating the physical inventory on hand. This fund now supports the Citywide mailroom function and revenues are generated by charges to internal user departments.

The projected fiscal year-end results for the Central Stores Fund (4500) are provided in **Table D**. The data shows that expenditures exceeded revenues by \$(0.04) million. However, the cash balance deficit is projected to decrease from \$(4.25) million to \$(3.86) million, as this fund has been placed on a repayment plan in the FY 2019-21 Biennial Budget (per Resolution No. 87140 C.M.S.). Additional details are provided in **Attachment E**.

**Table D: FY 2019-20 Central Stores Fund Projected Year-End Available Fund Balance**

CENTRAL STORES FUND (4500)	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 Projected FYE	Year-End Over / Under Budget
Gross Beginning Cash Balance	\$ (4.25)	\$ (4.25)	
Revenue	\$ 0.96	\$ 0.97	\$ 0.01
Expenditures	\$ 0.95	\$ 1.01	\$ (0.06)
Estimated Current Year Surplus/(Shortfall)	\$ 0.01	\$ (0.04)	\$ (0.05)
Subtotal Cash Balance	\$ (4.24)	\$ (4.29)	
Use of Cash Balance in FY 2019-20:			
Budgeted Amounts Carried Forward (CF) to FY 2019-20	\$ 0.01	\$ 0.01	
Budgeted Cash Balance Repayment	0.43	0.43	
Estimated Ending Cash Balance	\$ (3.81)	\$ (3.86)	

### Purchasing Fund

This fund is reported on a cash basis. The Purchasing supports the Citywide purchasing function for good and services. Revenues are generated by charges to internal user departments.

The FY 2019-20 year-end revenues are projected to come in at budget as shown in **Table E**. The cash balance deficit is projected to decrease from \$(0.45) million to \$(0.16) million as a result of estimated expenditure savings. This fund has been placed on a repayment plan in the FY 2019-21 Biennial Budget (per Resolution No. 87140 C.M.S.). Additional detail on the Purchasing Fund is provided in **Attachment F**.

**Table E: FY 2019-20 Purchasing Fund Projected Year-End Available Fund Balance**

<b>PURCHASING FUND (4550)</b>	<b>FY 2019-20 Adjusted Budget</b>	<b>FY 2019-20 Q2 Projected FYE</b>	<b>Year-End Over / Under Budget</b>
Gross Beginning Cash Balance	\$ (0.45)	\$ (0.45)	
Revenue	\$ 1.68	\$ 1.68	\$ —
Expenditures	\$ 1.68	\$ 1.43	\$ 0.25
Estimated Current Year Surplus/(Shortfall)	\$ —	\$ 0.25	\$ 0.25
Subtotal Cash Balance	(0.45)	(0.20)	
Use of Fund Balance in FY 2019-20:			
Budgeted Amounts Carried Forward (CF) to FY 2019-20	\$ (0.01)	\$ (0.01)	
Budgeted Cash Balance Repayment	0.05	0.05	
Estimated Ending Fund Balance	\$ (0.41)	\$ (0.16)	

### **PUBLIC OUTREACH / INTEREST**

No outreach was deemed necessary for this informational report beyond the standard City Council agenda noticing procedures.

### **COORDINATION**

This report was prepared in coordination between the Finance Department, the City Administrator's Office and various departments.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** No direct economic opportunities have been identified.

***Environmental:*** No direct environmental impacts have been identified.

***Race & Equity:*** No race or equity opportunities have been identified.

---

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That City Council Receive An Informational Report On Fiscal Year (FY) 2019-20 Second Quarter Revenue and Expenditure Results And Year-End Summaries For The General Purpose Fund (GPF, 1010) and Selected Funds.

For questions regarding this report, please contact Lisa Agustin, Budget Administrator, at 238-2989.

Respectfully submitted,



---

Adam Benson  
Director of Finance  
Finance Department

Reviewed by:  
Lisa Agustin  
Budget Administrator  
Budget Bureau

Prepared by:  
Chris Yi  
Principal Budget & Management Analyst  
Budget Bureau

Margaret O'Brien  
Revenue & Tax Administrator  
Revenue Management Bureau

Attachments (6):

- A: *General Purpose Fund Revenues & Expenditures*
- B: *Self-Insurance Liability Fund Revenues & Expenditures*



*C: Landscape and Lighting Assessment District Fund Revenues & Expenditures*

*D: Reproduction Fund Revenues & Expenditures*

*E: Central Stores Fund Revenues & Expenditures*

*F: Purchasing Fund Revenues & Expenditures*

**FY 2019-20 REVENUE AND EXPENDITURE ANALYSIS**

Through Second Quarter (July 1, 2019 - December 31, 2019)

**GENERAL PURPOSE FUND REVENUES (\$ in millions)**

Revenue Category	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ Over / (Under) Adjusted Budget
PROPERTY TAX	\$ 215.02	\$ 101.39	\$ 224.26	\$ 9.24
SALES TAX	59.95	21.07	59.57	(0.38)
BUSINESS LICENSE TAX	99.67	14.65	99.67	—
UTILITY CONSUMPTION TAX	55.16	19.87	51.03	(4.13)
REAL ESTATE TRANSFER TAX	82.87	52.67	98.96	16.09
TRANSIENT OCCUPANCY TAX	27.80	11.73	27.08	(0.71)
PARKING TAX	11.46	4.93	11.46	—
LICENSES & PERMITS	2.95	0.87	2.95	—
FINES & PENALTIES	19.79	8.17	19.79	—
INTEREST INCOME	1.21	0.04	1.21	—
SERVICE CHARGES	67.23	24.35	67.23	—
GRANTS & SUBSIDIES	0.12	1.15	1.15	1.03
MISCELLANEOUS	0.97	0.82	0.97	—
INTER-FUND TRANSFERS	6.81	—	6.81	—
Sub-Total Revenue	\$ 651.01	\$ 261.73	\$ 672.15	\$ 21.13
TRANSFERS FROM FUND BALANCE	4.11	—	4.11	—
Total Revenue	\$ 655.13	\$ 261.73	\$ 676.26	\$ 21.13

**FY 2019-20 REVENUE AND EXPENDITURE ANALYSIS**

Through Second Quarter (July 1, 2019 - December 31, 2019)

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

Department	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ Over / (Under) Adjusted Budget
MAYOR	3.73	1.51	3.73	—
CITY COUNCIL	5.99	2.84	5.38	0.60
CITY ADMINISTRATOR	14.39	8.12	13.94	0.45
CITY ATTORNEY	13.50	6.98	13.47	0.03
CITY AUDITOR	2.31	1.09	2.31	—
CITY CLERK	3.29	0.94	3.29	—
POLICE COMMISSION	4.10	1.43	3.28	0.82
PUBLIC ETHICS COMMISSION	1.16	0.59	1.16	—
FINANCE DEPARTMENT	25.25	11.69	24.15	1.10
INFORMATION TECHNOLOGY	10.68	5.32	10.56	0.12
RACE & EQUITY	0.64	0.40	0.81	(0.17)
HUMAN RESOURCES	6.54	3.47	6.59	(0.04)
DEPARTMENT OF VIOLENCE PREVENTION	0.63	0.21	0.41	0.22
POLICE DEPARTMENT	290.93	158.47	311.83	(20.90)
FIRE DEPARTMENT	164.36	82.60	165.08	(0.72)
OAKLAND PUBLIC LIBRARY	13.00	7.68	13.00	—
PARKS & RECREATION	13.58	7.98	12.78	0.80
HUMAN SERVICES	15.79	4.01	16.10	(0.31)
ECONOMIC WORKFORCE & DEVELOPMENT	5.44	2.31	5.46	(0.02)
PLANNING & BUILDING	0.02	0.03	0.02	—
OAKLAND PUBLIC WORKS	3.59	1.87	3.44	0.15
TRANSPORTATION	11.49	4.68	10.15	1.34
NON-DEPARTMENTAL	44.18	15.53	44.39	(0.20)
CAPITAL IMPROVEMENT PROGRAM	0.53	0.30	0.53	—
<b>Total Expenditure</b>	<b>\$ 655.12</b>	<b>\$ 330.05</b>	<b>\$ 671.86</b>	<b>\$ (16.73)</b>

**FY 2019-20 REVENUE AND EXPENDITURE ANALYSIS**

Through Second Quarter (July 1, 2019 - December 31, 2019)

**SELF-INSURANCE LIABILITY FUND REVENUES (\$ in millions)**

Revenue Category	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ Over / (Under) Adjusted Budget
FINES & PENALTIES	\$ —	\$ —	\$ —	\$ —
INTEREST INCOME	—	(0.09)	(0.19)	(0.19)
SERVICES CHARGES	—	—	0.01	0.01
MISCELLANEOUS	—	0.64	1.28	1.28
INTER-FUND TRANSFERS	33.47	—	33.47	—
<b>Total Revenue</b>	<b>\$ 33.47</b>	<b>\$ 0.55</b>	<b>\$ 34.57</b>	<b>\$ 1.10</b>

**SELF-INSURANCE LIABILITY FUND EXPENDITURES (\$ in millions)**

Agency / Department	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ (Over) / Under Adjusted Budget
HUMAN RESOURCES	\$ —	\$ —	\$ —	\$ —
POLICE DEPARTMENT	7.60	1.61	7.60	—
FIRE DEPARTMENT	1.79	0.04	1.79	—
PARKS & RECREATION	0.61	—	0.61	—
PUBLIC WORKS	4.12	1.33	4.12	—
NON-DEPARTMENTAL	19.36	14.92	19.36	—
<b>Subtotal Expenditures</b>	<b>\$ 33.48</b>	<b>\$ 17.90</b>	<b>\$ 33.48</b>	<b>\$ —</b>
<b>Amounts Carried Forward From FY 2018-19</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Total Expenditures</b>	<b>\$ 33.48</b>	<b>\$ 17.90</b>	<b>\$ 33.48</b>	<b>\$ —</b>

**FY 2019-20 REVENUE AND EXPENDITURE ANALYSIS**

Through Second Quarter (July 1, 2019 - December 31, 2019)

**LANDSCAPE & LIGHTING ASSESSMENT DISTRICT FUND REVENUES (\$ in millions)**

Revenue Category	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ Over / (Under) Adjusted Budget
LOCAL TAX	\$ 19.16	\$ 9.27	\$ 19.16	\$ —
LICENSES & PERMITS	0.05	0.08	0.17	0.12
INTEREST INCOME	—	(0.02)	(0.03)	(0.03)
SERVICE CHARGES	0.21	—	—	(0.21)
INTERFUND TRANSFERS	0.84	—	0.84	—
Total Revenue	\$ 20.26	\$ 9.33	\$ 20.14	\$ (0.12)

**LANDSCAPE & LIGHTING ASSESSMENT DISTRICT FUND EXPENDITURES (\$ in millions)**

Agency / Department	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ (Over) / Under Adjusted Budget
FINANCE DEPARTMENT	\$ 0.06	\$ 0.02	\$ 0.08	\$ (0.02)
PARKS & RECREATION	0.83	0.78	0.83	—
PUBLIC WORKS	16.56	8.11	17.26	(0.70)
TRANSPORTATION	0.31	0.09	0.09	0.22
NON-DEPARTMENTAL	2.48	—	2.48	—
Subtotal Expenditures	\$ 20.24	\$ 9.00	\$ 20.74	\$ (0.50)
Amounts Carried Forward From FY 2018-19	(0.49)	—	(0.49)	—
Total Expenditures	\$ 19.75	\$ 9.00	\$ 20.25	\$ (0.50)

**FY 2019-20 REVENUE AND EXPENDITURE ANALYSIS**

Through Second Quarter (July 1, 2019 - December 31, 2019)

**REPRODUCTION FUND REVENUES (\$ in millions)**

Revenue Category	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ Over / (Under) Adjusted Budget
INTERNAL SERVICE	1.59	0.81	1.59	—
Total Revenue	\$ 1.59	\$ 0.81	\$ 1.59	\$ —

**REPRODUCTION FUND EXPENDITURES (\$ in millions)**

Agency / Department	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ (Over) / Under Adjusted Budget
INFORMATION TECHNOLOGY	\$ 1.65	\$ 0.54	\$ 1.66	\$ (0.01)
Subtotal Expenditures	\$ 1.65	\$ 0.54	\$ 1.66	\$ (0.01)
Amounts Carried Forward From FY 2018-19	(0.06)	—	(0.06)	—
Total Expenditures	\$ 1.59	\$ 0.54	\$ 1.60	\$ (0.01)

**FY 2019-20 REVENUE AND EXPENDITURE ANALYSIS**

Through Second Quarter (July 1, 2019 - December 31, 2019)

**CENTRAL STORES FUND REVENUES (\$ in millions)**

Revenue Category	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ Over / (Under) Adjusted Budget
INTEREST INCOME	\$ —	\$ —	\$ 0.01	\$ 0.01
INTERNAL SERVICE	0.96	0.24	0.96	—
MISCELLANEOUS	—	—	—	—
Total Revenue	\$ 0.96	\$ 0.25	\$ 0.97	\$ 0.01

**CENTRAL STORES FUND EXPENDITURES (\$ in millions)**

Agency / Department	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ (Over) / Under Adjusted Budget
FINANCE	\$ 0.88	\$ 0.24	\$ 0.94	\$ (0.06)
NON-DEPARTMENTAL	0.08	—	0.08	—
Subtotal Expenditures	\$ 0.96	\$ 0.24	\$ 1.02	\$ (0.06)
Amounts Carried Forward From FY 2018-19	(0.01)	—	(0.01)	—
Total Expenditures	\$ 0.95	\$ 0.24	\$ 1.01	\$ (0.06)

**FY 2019-20 REVENUE AND EXPENDITURE ANALYSIS**

Through Second Quarter (July 1, 2019 - December 31, 2019)

**PURCHASING FUND REVENUES (\$ in millions)**

Revenue Category	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ Over / (Under) Adjusted Budget
INTEREST INCOME	\$ —	\$ —	\$ —	\$ —
INTERNAL SERVICE	1.68	0.42	1.68	—
MISCELLANEOUS	—	—	—	—
Total Revenue	\$ 1.68	\$ 0.42	\$ 1.68	\$ —

**PURCHASING FUND EXPENDITURES (\$ in millions)**

Agency / Department	FY 2019-20 Adjusted Budget	FY 2019-20 Q2 YTD Actuals	FY 2019-20 Year-End Estimate	FY 2019-20 Year-End \$ (Over) / Under Adjusted Budget
FINANCE	\$ 1.69	\$ 0.70	\$ 1.44	\$ 0.25
NON-DEPARTMENTAL				—
Subtotal Expenditures	\$ 1.69	\$ 0.70	\$ 1.44	\$ 0.25
Amounts Carried Forward From FY 2018-19	(0.01)	—	(0.01)	—
Total Expenditures	\$ 1.68	\$ 0.70	\$ 1.43	\$ 0.25