



# City of Oakland Proposed Policy Budget FY 2013-15

## BUDGET IN BRIEF April 2013

Fellow Oaklanders,

My administration is presenting our community and the City Council with a proposed budget for the next two fiscal years, which begins on July 1, 2013. This is a balanced, \$1 billion annual budget that includes graduating four police academies over the next two years and invests strongly in economic development and job creation.

Since I became Mayor, each of our budgets has been stronger than the last, and this is the strongest one we've seen in many years. This was only possible because Oakland truly rallied together. Residents endured service reductions as we were forced to cut more than 21 percent of our staff over the last ten years. Employees gave critical contributions to carry us through the worst of the recession. Now our economy is on the rise, with revenues growing across the board. While we still face challenges, we face them together, and we have real opportunities before us.



We have done our utmost to make this a "fair share" budget, balancing priorities and attempting to make up for state and federal cuts to vital services. For example, we are working to preserve our economic development and housing staff and reduce the impact of federal sequester cuts to Head Start.

Oakland is at a crossroads. We have worked steadily to rebuild our police force and this budget strengthens that investment. We have worked hard to move large-scale, long-dormant development projects into action, promoting an atmosphere of true promise for Oakland business. These investments in public safety, job growth and economic development are reaching a point where we can make huge leaps and bounds together.

But despite our upward growth, we are faced with some big challenges, many of them beyond our local control, including:

- The ongoing effects of the global recession
- The dissolution of the state Redevelopment program
- The upcoming expiration of two major tax measures:
  - Measure Y, which funds public safety and violence prevention programs, and
  - The Wildfire Prevention Assessment District, which funds ongoing safety needs necessary to preventing another firestorm
- The rapidly rising cost of benefits, including pensions and health care

We propose closing our immediate shortfalls, in part, by reducing expenditures by \$11.6 million in the first year (FY 2013-14), and by \$16.1 million in the following year (FY 2014-15). But for Oakland to truly flourish, we must start now to confront the long-term imbalance between our projected revenues and expenditures. Building sustainable solutions will take smart planning, difficult trade-offs, teamwork, patience and will.

Through ongoing collaboration and problem-solving, we will find solutions to the challenges before us, and we are confident that these decisions will allow Oakland to emerge stronger than ever. I look forward to having you join the conversation.

Respectfully,

Mayor Jean Quan

### Budget Adoption Process

Mayor Jean Quan and City Administrator Deanna J. Santana have proposed a balanced budget based on expected revenues and proposed expenditures.

There are **many opportunities for residents to participate and provide input** to the City's budget-balancing efforts:

#### April 30

Mayor and City Administrator present the FY2013-15 Proposed Policy Budget to City Council

#### Month of May

Budget Town Hall Meetings held citywide; visit [oaklandnet.com](http://oaklandnet.com) for times and locations

#### May 23

City Council Budget Hearing #1

#### June 13

City Council Budget Hearing #2

#### June 27

Final City Council Budget Hearing/Adoption

#### July 1

Begin implementation of FY 2013-15 Adopted Budget

### FY 2013-15 Budget Priorities

- Invest in public safety;
- Create jobs and promote economic development;
- Bolster job-training services so that Oaklanders are a competitive and thriving workforce;
- Build and restore our infrastructure and the physical environment of Oakland;
- Achieve long-term fiscal stability for the City; and
- Foster Oakland youth and care for our most vulnerable populations.

**The following provide, in brief, the service impacts anticipated in the FY 2013-2015 Proposed Policy Budget.**

**Public Safety**

Graduate four police academies over the next two years, bringing the sworn staffing level to 697 by the end of FY 2014-15.

Graduate two fire academies in FY 2013-2014, filling approximately 30 vacant firefighter positions (24 funded through the SAFER grant) and hiring approximately 10 paramedics.

Add five Police Communication Dispatchers to increase our responsiveness to emergency calls.

Earmark \$2 million annually for service agreements with outside law enforcement agencies to provide supplemental patrol services, subject to their agreement to provide continued services.

Phase in two fire engine companies that have been on rotating brown-outs since July 1, 2012.

Add one Fire Plan Check position to improve review time.

Freeze one vacant Animal Control Officer position, resulting in delayed services.

**Public Works**

Invest \$87.8 million in infrastructure repairs and improvements: \$1.4 million for buildings and facilities; \$29.1 million for sewer services; \$19.6 million for streets and sidewalks; \$4.5 million for traffic improvements; and \$33.2 million for garage improvements (subject to State approval of Redevelopment disposition).

Add two positions to begin implementation of the Council-approved Graffiti Abatement Program.

**Human Services**

Eliminate one Senior Services Supervisor in FY 2014-2015 and reduce operations/maintenance funds for senior centers.

**Head Start--Due to federal sequestration and increased operating costs**, we must reduce the Head Start program by \$1.5 million. The budget proposal saves slots for 34 children of 102 that would otherwise be lost to the federal cuts, but the loss of funds will still have the following impacts:

- Subsidize one Family Advocate and two Early Childhood Instructors to keep the Eastmont Center open and all Program classes intact. This preserves a full classroom at the Eastmont Center.
- Reduce enrollment by 68 slots. Currently there are 1,778 slots, which will be reduced to 1,710.
- Longer waiting lists: With fewer slots, we will only be able to enroll 432 new children next year, and will carry those not registered on an existing waiting list, which currently ranges from 300-400 children.
- Close the San Antonio Center and eliminate program staff.

**Housing**

**Affordable Housing** -- Since 2011, funding for affordable housing has decreased by 85%, from \$13 million to \$2 million. This was mainly caused by the dissolution of the state redevelopment program. Rising operating costs and the unknown impacts of federal sequestration add to the loss.

To stabilize the housing program staff, which allows the City to encourage development and leverage state and federal funds, this budget proposes the following:

- The City is expecting up to \$2.6 million in one-time revenues from the County. Those one-time funds can be used in the short term to secure and stabilize housing program staff in year one.
- Boomerang property tax funds are expected to stabilize; we can then supplement the one-time revenues and sustainably fund housing staff by allocating 20% of those funds.

This proposal:

- Eliminates 13.9 FTE positions.
- Sustains the City's partnership with the Oakland Housing Authority to provide project-based subsidy at each affordable housing development funded by the City. This public-partner collaboration ensures the maximum potential for a well-operated and well-maintained affordable housing inventory in the City of Oakland.

**Library**

Library services is preserved in whole. Increased expenditures and stable staffing are proposed due to a significant positive fund balance accumulated in the Measure Q – Library Services Retention and Enhancement fund over the past few years. The use of positive balance funds maintains service levels that otherwise would have been impacted negatively in the face of increasing costs and stagnant General Purpose Fund support. Given that the positive fund balance is expected to be nearly depleted by the end of FY 2014-15, the Library will search for a different service model to operate within available resources in FY 2015-16 and beyond.

## Economic Development

Sustain Youth Employment Program (at \$1.4M), Adult Employment Training Program (at \$1.4M), Dislocated Worker Training Program (at \$1.1M); provide limited funding for system administration support.

Start construction at the Army Base by December 2013, which includes constructing a new marine terminal and 1 million square feet of trade and logistics space that will generate approximately 2,000 jobs.

Complete the "10K" housing projects started a decade ago and strategically position Oakland for "10K 2.0," which would build housing across all of Oakland's transit hubs.

Stabilize Cultural Arts Programs by transferring some staff costs to Hotel Tax funds.

Maintain funding for festivals and street events and add a slight increase from the Hotel Tax Fund to the General Fund allocation from \$60,000 to a total of \$80,000.

Add one employee to help with basic economic development activities related to business recruitment, retention and development.

Sustain the Walking Tour program in FY 2013-14 and seek alternative funding sources for FY 2014-2015.

## Parks & Recreation

Transfer funding for various types of services to the Enterprise Fund to sustain current levels of service.

Reduce support by 10 percent for the Oakland Zoo, Chabot Space and Science Center, Peralta Hacienda and Asian Cultural Center.

Eliminate 3.25 FTEs in recreation center staffing, resulting in reductions to the hours of operation for all non-cost recovering recreation centers and programs that are supported by the General Purpose Fund.

Increase fee at swimming facilities by \$1.

Negotiations for golf course agreements are currently underway; set goal to reduce subsidies subject to operational constraints.

## Planning & Building

Proceed with implementation of Accela software system to improve the effectiveness and efficiency of the permit process, as scheduled.

Freeze nine currently vacant positions in order to balance the Special Revenue Fund: Planners (2 FTEs), Inspectors (3 FTEs), Engineers (3 FTEs) and Process Coordinator (1 FTE).

## Administrative Services & General Government

Add three FTEs in the City Attorney's Office to pilot a cost-reduction program that reduces the cost of hiring more expensive, outside legal support by increasing in-house capacity.

Consolidate support for Boards & Commissions by adding 1 FTE to support the Youth Commission and administratively support the Public Ethics Commission and Citizens' Police Review Board; eliminate the 1 FTE currently assigned only to the Youth Commission.

Add one employee in the Mayor's office to assist the Deputy Mayor and to work on Oaklander's Assistance Center/311 issues.

Reduce General Fund budgets for all elected offices by 5 percent in FY 2013-14 and 10 percent in FY 2014-15.

Freeze the Administrative Services Department Director and Community Services Director positions, absorb duties within existing resources.

Freeze 1 FTE for information technology and 1 FTE for accounting support.

Eliminate/Freeze the Human Resource Manager position in Treasury, an Accountant III and an Accounting Supervisor in Controller's Office, an Administrative Services Manager I in Contract Compliance, a Telecommunications System Engineer in Information Technology, a Cable Operations Technician, a Graphic Design Specialist, two Urban Economic Analyst I, an Administrative Assistant, a Program Analyst III and a part-time Management Intern in City Administrators's Office (11.50 FTEs total).

Establish a non-discretionary, one-time Capital Improvement Program expenditure proposal for Information Technology at \$8.5 million for critical system license renewal and maintenance essential to maintaining current level of service.

# City of Oakland Proposed Policy Budget FY 2013-15



## Proposed Policy Budget Summary

The Proposed Policy Budget for FY 2013-15:

- Is a **balanced budget**, as required by City Charter;
- Contains appropriations totaling about **\$1 billion per year** for the next two years across all funding sources;
- Graduates **four police academies** over the next two fiscal years;
- **Reduces baseline expenditures** by \$11.6 million in the first year and \$16.1 million in the second year;
- **Eliminates 86.5 full-time equivalent (FTE) positions:** 79.5 in the first year and 7 in the second year;
- **Invests in economic development**, which includes job training, business assistance, cultural arts and marketing, business attraction and affordable housing;
- **Reduces reliance on one-time revenue sources**, which account for \$14.3 million in the current year but just \$10.8 million over the next two years; and
- Calls on all Oakland stakeholders **to help resolve long-term projected shortfalls** caused by factors outside the City's control, including rising pension and health care costs, currently unknown state and federal cuts and the still-unfolding impacts of the elimination of the state Redevelopment program. We must also begin planning ahead to address the significant backlog of deferred maintenance on City roads and buildings, as well as long-overdue technology upgrades.

## FY 2013-15 Proposed Policy Budget At-A-Glance

	Current FY 2012-13	FY 2013-14	FY 2014-15
<b>General Purpose Fund Revenue</b>	\$409,167,177	\$430,155,612	\$457,401,684
<b>General Purpose Fund Expenditures</b>	\$409,169,334	\$430,155,612	\$457,401,684
<b>All Funds Revenue</b>	\$999,181,056	\$1,052,690,555	\$1,071,696,861
<b>All Funds Expenditures</b>	\$984,102,114	\$1,039,006,929	\$1,060,583,969
<b>Proposed Staff Cuts (FTE)</b>	0	79.5	7
<b>Police Sworn Staffing at FY end</b>	633	665	697
<b>Total Budgeted Positions (FTE)</b>	3,681	3,834	3,876
<b>Capital Expenditures &amp; Repair</b>	\$34,264,000	\$27,457,500	\$29,460,000
<b>Major Negative Fund Balances at FY end</b>	-\$98,916,834	-\$90,800,791	-\$82,384,962

## Engagement Opportunities

City staff has been working hard to open our government to wider public view and increased transparency. This year, for the first time, we have uploaded the budget to the newly launched open data platform at [data.oaklandnet.com](http://data.oaklandnet.com) which allows users to explore and visualize the raw data.

For an example of a community-created visualization of the City's budget data, visit [openbudgetoakland.org](http://openbudgetoakland.org) to view interactive infographics of the proposed budget and join in on the discussion. Openbudgetoakland.org was created by the OpenOakland Code for America brigade.

In addition, survey and community engagement opportunities can be found on [EngageOakland.com](http://EngageOakland.com) and a budget webpage at [oaklandnet.com](http://oaklandnet.com) lists all relevant budget documents and resources available for download. You can also send an email to [budgetsuggestions@oaklandnet.com](mailto:budgetsuggestions@oaklandnet.com) to provide input on the Proposed Policy Budget.