



## *MEMORANDUM*

**TO:** DEANNA J. SANTANA  
CITY ADMINISTRATOR

**FROM:** Donna Hom  
Budget Director

**SUBJECT:** Validation of Budget Figures in  
Published City Council Amendments  
to Mayor's FY 2013-15 Proposed  
Policy Budget

**DATE:** June 7, 2013

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City Administrator

Date

Approval

/s/ **Deanna J. Santana**

**6/7/13**

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### INFORMATION

Related to the agenda item Fiscal Year 2013-2015 Special Budget Meeting, scheduled for the Special Concurrent Meeting of the Oakland Redevelopment Successor Agency/City Council on June 13, 2013, Council President Kernighan submitted on May 30, 2013 the Council President's Proposed Amendments to the Mayor's FY 2013-15 Proposed Policy Budget. Related to the same item, Councilmembers Brooks, Gallo, and Reid also submitted on May 30, 2013 a proposed budget alternative.

The Administration supports the City Council in adopting a balanced budget, as required by City Charter. This requires that the Administration review changes to the Mayor's Proposed Policy Budget suggested by Councilmembers, to validate that the suggested changes maintain a balanced budget and/or to ensure that the correct figures are being used to allocate either revenues or expenditures. To the extent that the City Council's decisions create a deficit, the Administration is required to disclose information so that the City Council makes informed policy and fiscal decisions. This is important because the City is required to pass a balanced budget, but also because the City's fiscal outlook continues to illustrate a deficit in the out years, as illustrated in the table below.

**Table 1: Forecasted All Funds Surplus or Shortfall (Five-Year Financial Forecast, Updated April 2013)**

Forecasted All Funds Surplus or Shortfall (Five-Year Financial Forecast, Updated April 2013)					
All Funds	FY 2013-14 Proposed	FY 2014-15 Proposed	FY 2015-16 Forecast	FY 2016-17 Forecast	FY 2017-18 Forecast
Revenue	\$ 1,052,690,555	\$ 1,071,696,861	\$ 1,013,617,005	\$ 1,030,810,812	\$ 1,052,534,461
Expenditures	\$ 1,039,006,929	\$ 1,060,583,969	\$ 1,059,300,000	\$ 1,079,300,000	\$ 1,115,300,000
<b>Surplus/(Shortfall)</b>	<b>\$ 13,683,626</b>	<b>\$ 11,112,892</b>	<b>\$ (45,682,995)</b>	<b>\$ (48,489,188)</b>	<b>\$ (62,765,539)</b>
Expenditures - Deferred					
Land, buildings, infrastructure, furniture			\$ 78,000,000	\$ 78,000,000	\$ 78,000,000
Equipment/vehicles			\$ 10,200,000	\$ 10,200,000	\$ 10,200,000
Other fixed assets/computers and software			\$ 7,500,000	\$ 7,500,000	\$ 7,500,000
Net new negative fund balance repayment			\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
OPEB - Net new to achieve ARC			\$ 36,300,000	\$ 37,600,000	\$ 38,900,000
Subtotal Deferred Expenditures			\$ 135,000,000	\$ 136,300,000	\$ 137,600,000
<b>Surplus/(Shortfall) Including Deferred Expend.</b>	<b>\$ 13,683,626</b>	<b>\$ 11,112,892</b>	<b>\$ (180,682,995)</b>	<b>\$ (184,789,188)</b>	<b>\$ (200,365,539)</b>

**Revenue Update**

The Administration has issued two recent memoranda that provide updates on revenues. First, on June 4, the Administration issued a memorandum that relayed the receipt of one-time funds resulting from the “boomerang” transaction where the City receives a portion of funds transmitted to the County from the reversal of land sales. In short, given the fiscal risk to the General Fund resulting from ongoing projects and third party contracts issued to support former redevelopment activities, the City should set aside these dollars until the City can secure other funding sources and related approvals to pay for these projects and contracts—similar to how the City set aside \$32.5 million to minimize risk to the General Fund while the City’s land sales transactions were reviewed by the State’s Department of Finance. Unlike land sale reversals, the City did not set aside funds to minimize risk to the General Fund to support the reviews of ongoing projects and third party contracts and these one-time funds present the opportunity to do so until our efforts to apply other funding sources to pay for these expenditures are completed. To support this action, staff is preparing a report to be considered by the City Council on this topic. Second, the City issued a separate memo on June 4 that provided notice that the City is estimating that it will receive additional one-time revenue of \$500,000 in FY 2014-15 due to the vehicle booting program and new ongoing annual revenues of \$250,000 beginning in FY 2014-15 from the On Vehicle Noticing Program.

Since issuing the Proposed Policy Budget, the below table illustrates that the revenue has increased and that the City Council has available an additional ongoing \$3,022,948 in FY 2013-2014 and \$2,710,231 in FY 2014-2015 to expend. There is one-time revenue of \$500,000 in FY 2014-15, along with the projected fund balance of \$1,578,802 and the total available one-time revenue of \$2,078,802, in FY 2013-2015. There was a projected \$3 million dollars of Real Estate Transfer Tax (RETT), beyond the \$40 million threshold in the current fiscal year as reported in the 3<sup>rd</sup> quarter Revenue and Expenditure (R&E) Report. According to Ordinance #13008 C.M.S., this \$3 million will be used to increase the General Purpose Fund Reserve.

The current estimates of on-going and one-time revenue are shown in the tables below.

**Table 2: Summary of Revenue for FYs 2013-2015 after Mayor's Proposed Policy Budget**

<b>Revenue</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
Proposed Policy Budget	\$430,633,234	\$457,737,083
<b>New On-Going Revenue</b>		
3rd Qtr Report—Revised Ongoing Revenue	<b>\$3,022,948</b>	<b>\$2,460,231</b>
HDL Report—Parking		<b>\$250,000</b>
Total New On-Going Revenue	<b>\$3,022,948</b>	<b>\$2,710,231</b>
Total On-Going Revenue	<b>\$433,656,182</b>	<b>\$460,447,314</b>
<b>New One-Time Revenue</b>		
Projected Fund Balance as of June 30, 2013 (reported on May 23, 2013)		<b>\$1,578,802</b>
One-Time Parking Revenue (reported on June 4, 2013)		<b>\$500,000</b>
Total One-Time Revenue		<b>\$2,078,802</b>

<b><i>Proposed Budget Amendments</i></b>
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The Administration has evaluated both City Council proposals that amend the Mayor's Proposed Policy Budget for the purpose of validating figures and relaying service impacts. Attached find a line-by-line review of the budget figures included in the Council President's and Councilmembers Brooks, Gallo, and Reid's proposals, as well as a summary of major issues, below.

In brief, the Council President's budget proposal is found to create a small General Purpose Fund (GPF) budget surplus of \$280,194 combined between FY 2013-14 and FY 2014-15.

The alternative budget proposal by Councilmembers Brooks, Gallo, and Reid is found to create a significant GPF budget deficit of \$8,787,894 combined between FY 2013-14 and FY 2014-15.

**Council President's Proposed Amendments**

The Administration had the opportunity to review the budget figures that were used in the Council President's proposed amendment prior to the publication by the Council President of the

proposal. The figures are generally correct (small rounding differences are indicated in the attached line-by-line review). Below is a table that summarizes the proposed budget changes.

**Table 3: Summary of Council President’s Proposed Amendments**

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>One-Time</b>	<b>Total</b>
Additional Revenue/Savings	\$3,154,870	\$2,847,733	\$5,838,802	\$11,841,405
Expenditure Add/Add-Back	(\$2,753,541)	(\$4,087,852)	(\$4,719,818)	(\$11,561,211)
Total Surplus/(Shortfall)	\$401,329	(\$1,240,119)	\$1,118,984	\$280,194

Revenue/Savings

- **County Claim re Triple Flip Administration Fees** – This \$2.6 million of revenue has not been received and there are on-going discussions that may result in the total amount due being decreased. However, it is very likely that these revenues will be realized but not at the total amount due level. As such, there is risk to the General Purpose Fund to appropriate the full amount for expenditures. Staff updated the City Council on June 4 and June 7 in Closed Session.
- **Revenue/Savings**—Note that the City issued an information memorandum on June 4, 2013 regarding an update on FY 2014-15 Projected Parking Citation Revenue Estimates. This provided notice that the City is estimating that it will receive additional one-time revenue of \$500,000 in FY 2014-15 due to the vehicle booting program and new ongoing annual revenues of \$250,000 beginning in FY 2014-15 from the On Vehicle Noticing Program.

Summary of Amendments

- Budget staff have determined that the Council President’s budget proposal will create a small General Purpose Fund (GPF) budget surplus of \$280,194 combined between FY 2013-14, FY 2014-15.

Service Impacts

- **Added Services**—The proposed amendments allocate funds for many services that improve the quality of life and cleanliness of the City, including the following:
  - Restore two Code Compliance Inspectors to enforce graffiti, blight and unpermitted mobile vendors; and,
  - Add one illegal dumping crew, one street patching crew, and one litter mitigation crew.
- **Housing**—The proposed amendment allocates one-time funding for Housing staff for FY 2014-2015. While this stabilizes staffing over the two year budget, it utilizes one-time funds that will need to be converted to on-going funds, if the City Council chooses to maintain this level of service. The proposal is silent on this policy decision.

- **City Attorney Staffing**—This proposed amendment adds more staffing for the City Attorney’s Office that are to be funded out of the Self Insurance Fund, which is already approximately in deficit \$20 million balance (negative fund balance). This perpetuates the negative fund balance in this account by adding additional staffing, with no ongoing revenue, and assumes the risk that the additional expenditures will be off set by less third party contracts for legal services.
- **Public Safety**—The proposed amendments add a number of civilian positions in the Police Department, including four Police Evidence Technicians, five Criminalists for Crime Lab, and other positions.
- **California Highway Patrol**—Reduces proposed funding of \$4 million by \$1 million.
- **Head Start**—Restores 34 slots at San Antonio Head Start.
- **Nexus Study**—Funds a nexus study to support the creating of development impact fees to support services.

**Councilmembers Brooks, Gallo, and Reid Proposed Budget Alternative**

The Administration did not have the opportunity to review the budget figures that were used in Councilmembers Brooks, Gallo, and Reid’s proposed budget alternative prior to the publication by the Councilmembers. Some figures are correct and others are not. Below is a table that summarizes the proposed budget changes.

**Table 4: Summary of Councilmembers Brooks, Gallo, and Reid’s Proposed Budget Alternative**

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>One-Time</b>	<b>Total</b>
Additional Revenue/Savings	\$3,020,000	\$2,710,000	\$7,078,802	\$12,808,802
Additional Expenditures	(\$13,610,961)	(\$14,057,075)	(\$300,000)	(\$27,968,036)
Expenditure Reductions	\$3,171,491	\$3,199,848	\$0	\$6,371,339
Total (Surplus/Shortfall)	(\$7,419,470)	(\$8,147,227)	\$6,778,802	(\$8,787,895)

Below is a summary of significant issues raised in the proposal. Additional detail regarding validation of the budget figures is provided in the attachment.

New Revenue

- **“Boomerang” Revenue (Item 3)**—The Oakland Redevelopment Successor Agency remitted to the County \$32.5 million for distribution to the taxing entities pursuant to the amount demanded by the California Department of Finance following the Due Diligence Review (DDR) of available non-housing cash assets. The City, as a taxing entity, received approximately 29 percent of the \$32.5 million in “boomerang” funds, totaling \$9.5 million (the \$4 - \$10 million referenced in the budget alternative). This is one-time revenue. As stated earlier in this memo, staff and the City Attorney’s Office are currently analyzing legal and fiscal issues related to the dissolution of redevelopment as a result of the outcome of the DDR process, and will bring a full report for discussion to the June

18, 2013 Closed Session. As noted above, it is possible that all or a portion of the \$9.5 million would be needed to honor third party contracts already authorized by the City until such decisions to reprogram other possible dollars are appropriately assigned. Until such analysis and discussion has taken place, consideration for the \$9.5 million should be placed on hold and set aside until the General Fund impacts have been mitigated. This is summarized in the information memorandum of June 4, 2013 on Due Diligence Review Boomerang Funds

(<http://www2.oaklandnet.com/oakca1/groups/cityadministrator/documents/agenda/oak041398.pdf>).

- **Sales of 3 Properties (Item 4)**—According to City Council staff, it was reported in the San Francisco Business Times that three buildings (555 12<sup>th</sup> Street, 1300 Clay Street, and 505 14<sup>th</sup> Street) were put on the market by CBRE Investors. However, CBRE Investors declined to comment for that article as of April 25, 2013. City staff has not confirmed as of June 7, 2013 that the named properties will in fact be sold, generating the estimated new revenue assumed in this proposal. Assuming and appropriating this revenue creates a budget risk, as it is reliant on the actions of private business (which declined to speak to this activity), and which the City cannot influence. In any event, if the properties do sell, pursuant to Section D of Ordinance 13134 C.M.S., the revenue would be counted as “excess” Real Estate Transfer Tax, and would be designated for paying down liabilities, and therefore would not be available to allocate for general purposes—unless amended by Council action.
- **Information Technology Licensing and Software (Item 5)**—The Proposed Policy Budget includes \$1.5 million in FY 2013-14 and \$2.0 million in FY 2014-15 (all funds) for information technology licensing and software. This proposal mistakenly identifies as double counting the GPF portion, \$1.5 million in FY 2013-14 and \$1.5 million in FY 2014-15. In fact, the funding sources for FY 13-14 are comprised of \$1.5 million from the General Purpose Fund and \$1.5 million from the Capital Improvement Fund, which reflects a total of \$3 million for software license and renewal. For FY 14-15, the funding sources are comprised of \$1.0 million from the General Purpose Fund and \$2.0 million from the Capital Improvement Fund. Therefore, there are no expenditure savings or revenue (labeled in budget alternative as new revenue) to be gained from eliminating the double counting.

Add or Add Back

- **COLA (Item 5)** —The cost listed in the proposal provides a 3% cost of living adjustment (COLA) for miscellaneous employees is only the COLA for personnel costs supported by the GPF, not all funds. The total actual cost of the 3% COLA is \$7,822,003 in FY 2013-14 all funds, and \$7,959,932 in FY 2014-15 all funds. If there is a desire to issue a 3% COLA, the associated funds must be added, which is an additional \$900,000 central service overhead for the non-GPF funds each year. Staff has verified that approximately 87% of the non-GPF funds do not have the capacity to absorb this COLA without enduring additional service/position cuts. If adopted in the budget, the two alternatives are (1) reduce expenses in these funds, which will have negative service impacts (see

service impact section of this document) or (2) the GPF would need to subsidize the COLA in those funds, which will create a scenario in which the GPF is structurally subsidizing the non-GPF on an ongoing basis.

If adopted, it would require an additional \$4,884,870 from the GPF in FY 2013-14 (including the GPF subsidy + overhead) for a total GPF impact of \$7,908,579; and an additional 4,963,475 from the GPF in FY 14-15 (including the GPF subsidy + overhead) for a total GPF impact of \$8,046,024—a City Council policy decision. The table below shows the calculation detail:

**Table 5: Summary of 3% COLA Calculation for General Purpose Fund Impacts**

COLA Calculation for General Purpose Fund Impacts for Increase in FY 2013-14								
	FY 2013-14				FY 2014-15			
	GPF	GPF Subsidy	Overhead	Total GPF Impact	GPF	GPF Subsidy		Total GPF Impact
COLA 1%	\$1,007,903	\$ 1,328,290		\$2,336,193	\$1,027,513	1,354,495		\$2,382,008
COLA 2%	\$2,015,806	\$2,656,580		\$4,672,386	\$2,055,026	\$2,708,990		\$4,764,016
COLA 3%	\$3,023,709	\$3,984,870	\$900,000	\$7,908,579	\$3,082,539	\$4,063,485	\$900,000	\$8,046,024

- Various General Fund Balance Expenditures (Items 14, 15, and 16)**—These items are costs associated with the Compliance Director, his staff, and implementation of the Remedial Action Plan. They have already been assumed to be funded this fiscal year (FY 2012-13), and therefore have been netted out of the recent estimates of current GPF fund balance. Whether to fund them this fiscal year through supplemental appropriations or as part of the budget adoption is a policy decision for the City Council to consider. The City has already incurred a portion of these expenses in the current fiscal year, and the Administration has submitted supplemental appropriation resolutions for City Council’s consideration this fiscal year. As the expenses have been assumed to take place this fiscal year, in recent estimates of fund balance, funding these expenditures as part of the budget would have a net-zero expenditure impact, and therefore these items do not need to be counted as added expenditures.

Additional Cuts or Reductions

- Field Training Officer Premium Pay (Item 4)** — The proposal to reduce by \$350,000 the Field Training Officer premium has been determined to be operationally infeasible by the Police Department given the ongoing academies that require FTOs. It is also subject to meet and confer with the Oakland Police Officers’ Association (OPOA) if there is a change of practice.
- Policy Academies (Items 5 and 6)** —All police academy costs are already budgeted using fund balance, a one-time source, so there is no new or different source of funds to which to transfer this expense. In addition, the 3<sup>rd</sup> quarter revenues noted in the budget alternative as the source of funds have already been incorporated into the New Revenue section above, so listing them as the source of an expenditure reduction is double counting.

- **SAFER Grant (Item 8)** —Cost savings to the GPF due to the recent receipt of a federal SAFER Grant have already been accounted for in the Proposed Policy Budget. Therefore, there are no additional GPF expenditure reductions due to this grant funding, as reflected in the proposal.
- **OPD Public Information Officer (PIO) (Item 11)** —The vacant Public Information Officer position in the Police Department is funded by Fund 1760, not the GPF. Eliminating this position would not result in any GPF savings. There are no staff in the Public Information Officer classification anywhere in the City funded in part or whole from the GPF. It should be noted that strong public information is a key element of the Police Department's commitment to build relationships with the community as part of community policing.

### Summary of Budget Amendments

- Budget staff have determined that Councilmember Brooks, Gallo, and Reid's proposed budget alternative is unbalanced in that it would result in a significant GPF budget deficit of \$8,787,895 combined between FY 2013-14, FY 2014-15, and one-time items. This proposed budget alternative does not achieve additional fund balance, as it claims, rather this proposal requires significant cuts to achieve the City Charter requirement of a balanced budget.

Given the magnitude of negative fiscal impacts from the proposed budget alternative, the Administration has generally summarized the additional service and staffing impacts resulting from this proposal. As noted above, non-GPF funds would need to pay approximately \$5.6 million each year to support a 3% COLA, unless additional cuts (above the deficit noted above) are made to generate GPF to subsidize on an on-going basis non-GPF for this purpose. Although some funds could support this new expenditure by using one-time fund balance, many could not, and would need to make offsetting reductions to other expenditures. For those funds using fund balance, eventually on-going cuts would be required to sustain expenditures. Below are some examples of possible expenditure/service reductions that would have to be made by departments that are highly dependent on non-GPF sources:

- For Library, a 3% COLA would result in estimated additional expenditures of \$717,145 over the upcoming two years in the Measure Q – Library Services Retention & Enhancement Fund (2241). To prevent creating a negative fund balance, the Library would have to make cuts potentially ranging from reducing the new materials budget in FY 2014-15 by 30% or closing a smaller branch library (approximately 4.6 FTE and related operations and maintenance).
- For Housing and Community Development, a 3% COLA would result in estimated additional expenditures of \$461,997 over the upcoming two years. Most of this could be absorbed within existing fund balance. This is partially made possible by an increased allocation from the U.S. Department of Housing and Urban Development for the Community Development Block Grant of approximately \$770,000.

- For Planning and Building, a 3% COLA would result in estimated additional expenditures of \$541,093 per year in their main funding source, the Development Service Fund (2415). To prevent growing the already negative fund balance, the department would need to cut FTE. Reduction in staffing would impact the following:
  - Monitoring and posting for the registration of foreclosed properties;
  - Slow down the response time at the Permit Counter and for inspection;
  - Impact the assistance for the planners working on major projects and project management support to get major developers through the permitting process; and,
  - Minimize the time that can be devoted to the launch of the new Accela permit tracking system.
- For Public Works, a 3% COLA would increase costs by \$2,906,581 annually across all of the department's non-GPF funds. This would require the following service reductions:
  - Elimination of the two additional proposed painter positions and one illegal dumping abatement crew;
  - Reductions to traffic safety programs;
  - Slower response times for traffic related matters;
  - Reduction of multiple FTEs in park and tree maintenance;
  - Reduced services to Lake Merritt and litter removal at all parks;
  - Less frequent mowing and delayed response to high priority tree service requests;
  - Increased turnaround time for equipment and vehicle repairs (including public safety); and,
  - New facilities not having any staffing (e.g., Lake Merritt restroom, West Oakland Youth Center, Rainbow Teen Center, and several other new restrooms; and, reduced graffiti abatement.
- For Human Services, a 3% COLA would increase costs by approximately \$550,000 annually across the department's major non-GPF funds. The primary programs such as Head Start and key Aging Division grants such as Multipurpose Senior Services Program (MSSP) and Senior Companion/Foster Grandparents would not be able to accommodate the increase and would require a GPF subsidy OR service eliminations, which impacts the grant status for these services. DHS grants are projected to be flat for FY 2013-15 and programs have already made major reductions to accommodate rising staff costs. For example, Head Start would have to reduce a site of approximately 68 children (equivalent of San Antonio) to accommodate a 3% COLA, thus cancelling out or exceeding the restoration of Head Start slots currently under discussion by the City Council.

### Service Impacts

- **Added Services**—The proposed amendments allocate funds for many services that improve the quality of life and cleanliness of the City, including the following:
  - Restore two illegal dumping crews;
  - Full funding of graffiti abatement; and,
  - Add nine code enforcement inspectors.
- **Head Start**—The proposal would increase Head Start funding by \$1.5 million.

- **Investigations/Crime Lab**—The proposal does not allocate funds to add staff needed to improve services that support police investigations and crime lab activities. The recent report issued by Bob Wasserman and Bill Bratton, as well as the Civil Grand Jury Report on the Crime Lab, illustrate clearly the need for additional investigative and crime lab staffing. This has been supported by the Compliance Director, who has convened a number of meetings on this very subject and has expressed to the City the need for these resources.
- **Communications Dispatchers (Item 7)**—The current call volume of the City's dispatchers far exceeds normal national standards (by about 3x the average) and has resulted in delayed response for answering 911 calls, routine "stacking" of 911 calls, and a higher than average trend for medical leave from workplace conditions. The addition of Dispatchers is required to begin to rebuild the City's public safety service delivery systems. The addition of 5 proposed Dispatchers begins to invest in badly needed staff to answer 911 calls for our residents.
- **Other Public Safety**—The proposal would budget funds to hire a consultant to craft a comprehensive community safety and support services plan.
- **Administrative/Fiscal Staff**—The Proposed Policy Budget eliminates 3.5 FTEs and, in exchange, adds 1 FTE to support fiscal services. There have been delays in responding to Council requests from administrative and fiscal services because these services have already been cut too much to sustain the workload demands. Fiscal staff, and their related expertise, is desperately needed to sustain fiscal management of the City and ensure that the City Council has accurate information to determine policy. The City issued the proposal of add/deleting positions as a package and the wholesale elimination of fiscal staff, at this level in the organization, cuts too drastically required services that put the City's fiscal management at risk. In addition, the Administration cannot commit to meeting the General Policy Directives included in the proposal without adequate administrative/fiscal staff and the value of fiscal staff is illustrated in support of this analysis—identifying the technical issues with these budget amendments before significant Council policy decisions. It should be noted that in January 2012, the City Administrator's Office took over a significant amount of work as a result of the dissolution of Redevelopment, and assumed the management of key fiscal duties.
- **Information Technology Licensing and Software**—As noted above, the proposal eliminates expenditures required to maintain basic licensing and software for the City's information technology systems. These licenses and software upgrades are absolutely required to maintain basic services and current licenses. For example, the elimination of this budgetary line item, leaves the City with no funds to implement required software upgrades in Oracle, could compromise the City's ability to issue employee paychecks, financial transactions, accounting reporting and budget functions. In addition, it should be noted that without this funding, the City would not be able to renew the appropriate license needed to continue the use of the City's email functions. This could be an administrative catastrophe for our workforce.
- **Economic Development**—The Proposed Policy Budget adds one FTE to support economic development activities. The City is fortunate to be experiencing a high number of economic development opportunities that can further stabilize future budgets, but we

lack the capacity to sustain the demand for service. There have been delays in responding to requests and the City is missing opportunities because it does not have capacity to respond timely.

- **California Highway Patrol**—Eliminates proposed funding of \$4 million for supplemental patrol services from CHP.

Respectfully submitted,

/s/

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DONNA HOM  
Budget Director

### **Attachments**

- Attachment A – Council President's Proposed Amendments to the Mayor's FY 2013-15 Proposed Policy Budget
- Attachment B – Line-by-Line Review of the Budget Figures Included in the Council President's Proposed Amendments
- Attachment C – Councilmember Brooks, Gallo, and Reid's Proposed Budget Alternative
- Attachment D – Line-by-Line Review of the Budget Figures Included in the Councilmember Brooks, Gallo, and Reid's Proposed Budget Alternative

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2013 MAY 30 PM 6:08

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

SPECIAL MEETING OF  
THE OAKLAND CITY COUNCIL

June 13, 2013  
Oakland City Council  
Item 5

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	\$360,254	\$984,670	
20	Restore cuts to Peralta Hacienda & Oakland Asian Cultural Center	\$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
	<b>TOTAL</b>	<b>\$2,744,694</b>	<b>\$4,061,676</b>	<b>\$4,705,052</b>

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

<b>Council Proposed General Purpose Fund (GPF) Additional Revenues/Savings Beyond Mayor's Proposed Budget</b>				
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	
	<b>TOTAL NEW REVENUES/SAVINGS</b>	<b>\$3,157,000</b>	<b>\$3,847,000</b>	<b>\$4,657,751</b>

**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
	<b>TOTAL</b>	<b>\$2,302,995</b>	<b>\$3,647,668</b>	<b>\$1,919,138</b>

**COUNCIL PRESIDENT PROPOSAL**

CM Item #	Type	GPF	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office Notes
<b>REVENUE/SAVINGS</b>									
1	ADD	Revised Revenue projections based on Q3 report	\$3,020,000	\$2,460,000		\$3,020,000	\$2,460,000		Per Q3 report
2	ADD	Use of Unallocated Fund Balance			\$1,557,751			\$1,578,802	Policy decision - amount from Appendix B in Third Quarter R&E
2A	ADD							\$160,000	Graphic Design Specialist Included in May 23rd, 2013 and item#10
3	REDUCE	Reduce proposed increase to Mayor's Office	\$120,000	\$120,000		\$117,870	\$120,733		PSB costing
4	ADD BACK	Errata clarification re: OPD swap of Account Clerk II with Administrative Assistant I	\$17,000	\$17,000		\$17,000	\$17,000		
5	ADD	Increase projections for Parking Revenues		\$250,000	\$500,000		\$250,000	\$500,000	Confirmed with the Revenue Div
6	ADD	Triple flip payment from County			\$2,600,000			\$2,600,000	
7	REDUCE	Reduce proposed funding for outside law enforcement contracts			\$1,000,000			\$1,000,000	Budgeted at \$2mil per year
			<b>\$3,157,000</b>	<b>\$2,847,000</b>	<b>\$5,657,751</b>	<b>\$3,154,870</b>	<b>\$2,847,733</b>	<b>\$5,838,802</b>	

CM Item #	Type	GPF	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office Notes
<b>EXPENDITURE ADD / ADD-BACK</b>									
1	ADD BACK	Restore 2 Code Compliance Inspectors to enforce graffiti, blight and unpermitted mobile vendors	\$232,352	\$237,968		\$232,352	\$237,968		Fully burdened, PSB costing
2	ADD	Purchase paint & supplies for volunteer graffiti removal on private property (\$5k per CM office)			\$40,000			\$40,000	ok
3	ADD	Add 1 Illegal Dumping Crew	\$213,445	\$217,720	\$230,000	\$213,445	\$217,720	\$230,000	Provided by PWA
4	ADD	Add 4 Police Evidence Technicians (1/1/14 start)	\$182,600	\$374,072		\$194,992	\$398,856		Step 2, PSB costing

**COUNCIL PRESIDENT PROPOSAL**

CM Item #	Type	GPF	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office Notes
5	ADD	Add 2 Criminalist IIs for Crime Lab (1/1/14 start)	\$125,069	\$256,218		\$125,069	\$256,218		Step 2, PSB costing
6	ADD	Add 1 Criminalist IIIs for Crime Lab (1/1/14 start)	\$74,128	\$148,255		\$72,373	\$148,262		Step 2, PSB costing
7	ADD	Add 1 Latent Print Examiner II for Crime Lab (1/1/14)	\$59,561	\$122,020		\$59,563	\$122,020		Step 2, PSB costing
8	ADD	2 CODIS Investigators/Criminist IIs for Crime Lab (1/1/14 start)	\$125,069	\$256,218		\$125,069	\$256,218		Step 2, PSB costing
9	ADD BACK	Restore 34 seats San Antonio Head Start			\$500,052			\$500,052	
10	ADD BACK	Restore Graphic Design Specialist, PPT	\$80,000	\$80,000		\$80,000	\$80,000		Restore FT position, up to \$80k in GF, difference to come from non-1010
11	ADD BACK	Unfreeze & fill Animal Control Officer	\$75,569	\$75,569		\$73,777	\$75,569		Page E-21
12	ADD	Add 1 Litter Mitigation Crew	\$170,032	\$173,800	\$40,000	\$170,032	\$173,800	\$40,000	Page A-3
13	ADD BACK	Retain .59 FTE Senior Services Supervisor to maintain Foster Grandparent Program		\$80,000			\$81,385		Already restored by the Mayor - corrected in Errata #3
14	ADD BACK	Restore Vietnamese Senior Center Cuts	\$3,672	\$3,672		\$3,672	\$3,672		
15	ADD BACK	Restore Cuts to Recreation Center Hours	\$106,653	\$106,653		\$106,653	\$106,653		
16	ADD BACK	Preserve Affordable Housing Staff			\$1,800,000			\$1,814,766	assumes adding back in Y1 only
17	ADD	Add 1 Street Patching Crew (3 person)	\$653,461	\$659,620	\$725,000	\$653,461	\$659,620	\$725,000	
18	ADD	Maintain Digital Arts & Culinary Academy Program	\$174,000	\$174,000		\$174,000	\$174,000		
19	ADD BACK	Reduce Elected Official budgets by only 2% a year	\$360,254	\$984,670		\$360,254	\$984,670		
20	ADD BACK	Restore cuts to Peralta Hacienda & Oakland Asian Cultural Center	\$9,690	\$9,690		\$9,690	\$9,690		
21	ADD	Add 1 Neighborhood Services Coordinator	\$99,139	\$101,531		\$99,139	\$101,531		

**COUNCIL PRESIDENT PROPOSAL**

CM Item #	Type	GPF	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office Notes
22	ADD	Nexus Study to support Impact Fees			\$1,000,000			\$1,000,000	
23	ADD	West Oakland Job Center			\$250,000			\$250,000	
24	ADD BACK	Restore funding to Abate & Deter Homeless Encampments			\$120,000			\$120,000	
			<b>\$2,744,694</b>	<b>\$4,061,676</b>	<b>\$4,705,052</b>	<b>\$2,753,541</b>	<b>\$4,087,852</b>	<b>\$4,719,818</b>	

<b>Net Surplus / (Deficit):</b>			<b>\$412,306</b>	<b>(\$1,214,676)</b>	<b>\$952,699</b>	<b>\$401,329</b>	<b>(\$1,240,119)</b>	<b>\$1,118,984</b>	
<b>NET AMOUNT TO / (FROM) FUND BALANCE:</b>			<b>\$150,329</b>			<b>\$280,194</b>			

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

CM Item #	Type	GPF	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office Notes
1	ADD	Affordable Housing Project Funding			TBD			TBD	
2	ADD	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			\$1,326,894		
3	ADD	Minimum Park Matintenance for Lake Merritt	\$660,073	\$665,534		\$660,073	\$665,534		
4	ADD	West Oakland Youth Center	\$190,000	\$190,000		\$190,000	\$190,000		
5	ADD BACK	Restore 35 Head Start seats at Unity Council site			\$469,138			\$469,138	
6	ADD	Double funding for OUSD Academies	\$56,000	\$56,000		\$56,000	\$56,000		
7	ADD	Addl Funds for Oakland Unite Violence Prevention			TBD			TBD	
8	ADD BACK	Restore downgrade cut in Contract Compliance	\$90,000	\$90,000		\$90,000	\$90,000		
9	ADD	Increase street patching crew to street paving crew	\$1,306,922	\$1,319,240	\$1,450,000	\$1,306,922	\$1,319,240	\$1,450,000	
10	ADD	Trust Contribution to begin addressing Unfunded Liabilities			\$2,000,000			\$2,000,000	

Attachment 2: Line-by-Line Review of the Budget Figures Included in the Council President's Proposed Budget Amendments

**COUNCIL PRESIDENT PROPOSAL**

CM Item #	Type	GPF	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office Notes
11	ADD	Increase funding for Deferred Maintenance and Capital Repairs			TBD			TBD	
			<b>\$1,452,922</b>	<b>\$1,465,240</b>	<b>\$3,450,000</b>	<b>\$1,452,922</b>	<b>\$1,465,240</b>	<b>\$3,450,000</b>	

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

CM Item #	Type	FUND 1100	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office Notes
	ADD	2 Attorneys + 1 Paralegal (7/1/14 start)		\$615,652			\$615,652		There is not resource identify and the additional expenses will increase negative fund balance if the expenses are not offset by savings from the outside counsel

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

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2013 MAY 30 PM 5:27

CITY OF OAKLAND



ONE FRANK OGAWA PLAZA • 2<sup>ND</sup> FLOOR • OAKLAND, CALIFORNIA 94612

DATE: May 30, 2013

RE: 2013-2015 Budget

FROM: Councilmembers Brooks, Gallo, and Reid

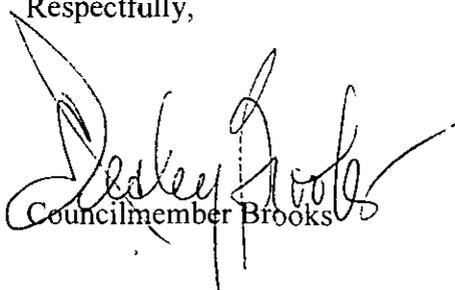
Dear Council Colleagues –

Please accept the following submission for a proposed budget alternative. As per the guiding principles adopted by this Council on May 23, 2013, the attached budget prioritizes funding for the following:

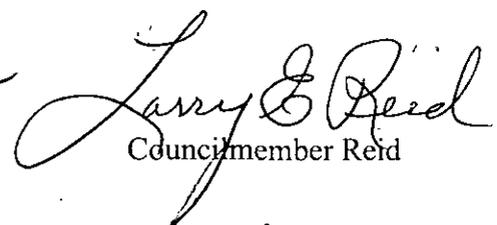
1. A Safe City – A City in which safety is defined by more than just police.
2. A Clean City – A City in which we address quality of life issues such as graffiti, blight and illegal dumping in our neighborhoods.
3. A Livable City – A City that respects and provides safe spaces for its children and seniors.
4. A City that honors and respects its employees

Per the new “Budget Adoption Transparency And Public Participation Policy” we hereby submit for your consideration our proposal well in advance of the required June 30<sup>th</sup> budget adoption deadline.

Respectfully,

  
Councilmember Brooks

  
Councilmember Gallo

  
Councilmember Reid

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SPECIAL MEETING OF  
THE OAKLAND CITY COUNCIL

JUN 13 2013

FY 2013-2015 BUDGET PROPOSAL SUBMITTED BY COUNCILMEMBERS: BROOKS, GALLO, REID

New Revenue	ITEM	13-14	14-15
<b>ADDITIONAL REVENUES</b>			
1	Add	Revised Revenue Projections beyond baseline as of 3rd Quarter Report (as of 5/22/13)	\$ 3,020,000 \$ 2,460,000
2	Add	Undesignated Fund Balance from FY 12-13 (\$1,570,000 total)	\$ 785,000 \$ 785,000
3	Add	Boomerang Funds (Estimated \$4-\$10 Million over two years)	\$ 2,500,000 \$ 2,500,000
4	Add	Real Estate Transfer Tax on sale of 3 City Center Buildings - CBRE Investors (\$2.7 Mil total)	\$ 1,350,000 \$ 1,350,000
5	Add	Funding that was double counted for DIT Licensing & Software (PG. E-70, listed both under general fund and fund 5510)	\$ 1,500,000 \$ 1,000,000
		Subtotal of Additional Available Funds	\$ 9,155,000 \$ 8,095,000

\* City Administrator to Come Back to Council for direction on how to spend funds if boomerang funds come in higher than the estimated \$5 million projected here.

FY 2013-2015 BUDGET PROPOSAL SUBMITTED BY COUNCILMEMBERS: BROOKS, GALLO, REID

Add or Add Back	ITEM	FTE	13-14	14-15	NOTES	
<b>GENERAL FUND</b>						
1	Add	Illegal Dumping Mitigation		\$ 1,000,000	\$ 1,000,000	Restore two crews and restore response times to 85% within 3 days (Pg. A-3)
2	Add	Graffiti Abatement		\$ 1,000,000	\$ 1,000,000	Full funding of graffiti enforcement and abatement per Pg. A-5
3	Add	9 Code Enforcement Inspectors - Specialty Combination Inspectors	9	\$ 1,185,489	\$ 1,213,929	Per City Administrator's info memo dated 5/23/13
4	Add Back	Head Start		\$ 1,500,000	\$ 1,500,000	Per Pg. A-4
5	Add	3% COLA for Misc Employees		\$ 3,023,710	\$ 3,082,539	Per City Administrator's info memo dated 5/23/13
6	Add	Rainbow Teen Center / DACA & West Oakland Teen Center		\$ 340,000	\$ 340,000	Per Pg. A-5
7	Add Back	Restore Grade - Administrative Services Manager I in Contract Compliance (PG. E-12)	1	\$ 88,935	\$ 91,095	
8	Add	West Oakland Jobs Center	3.5	\$ 300,000	\$ 300,000	
9	Add Back	1 FTE Animal Control Officer	1	\$ 73,777	\$ 75,569	Per City Administrator's info memo dated 5/13/13
10	Add Back	No cuts to senior centers O & M (PG. D-10)		\$ 10,000	\$ 10,000	
11	Add Back	No Council Office Cuts (PG. E-7)		\$ 186,717	\$ 381,610	
12	Add Back	Senior Services Supervisor (.59 FTE)		\$ -	\$ 81,385	
13	Add	Public Safety: Hire Consultant to Craft Comprehensive Community Safety & Services Plan		\$ 300,000	\$ -	
14	Add	Compliance Director's Staff and Expenses		\$ 945,110	\$ 945,110	
15	Add	Compliance Director's Remedial Action Plan		\$ 1,825,000	\$ 1,825,000	
16	Add	Compliance Director's Salary		\$ 540,000	\$ 540,000	
<b>Total Add / Add Backs to General Fund</b>				\$ 12,318,738	\$ 12,386,237	

FY 2013-2015 BUDGET PROPOSAL SUBMITTED BY COUNCILMEMBERS: BROOKS, GALLO, REID

Additional Cuts Or Reductions		ITEM	FTE	13-14	14-15
<b>GENERAL FUND PROPOSED CUTS</b>					
1	Cut	1.00 FTE Newly Proposed Special Assistant to the Mayor (PG. E-5)	1	\$ (118,000)	\$ (121,000)
2	Cut	1.00 FTE Newly Proposed Assistant to the City Administrator in CAO Administration and 0.50 FTE Newly Proposed Program Analyst in Public Ethics (PG. E-12)	1.5	\$ (216,360)	\$ (221,514)
3	Cut	1.00 FTE Newly Proposed City Administrator Analyst in Economic Workforce Development (PG. E-12)	1	\$ (166,299)	\$ (170,339)
4	Cut	Police - Reduce Field Training Officer premium to contract minimum per academy (PG. E-21)		\$ (350,000)	\$ (350,000)
5	Cut	Transfer 169th Academy in 2014/15 (pre-academy costs funded in 13-14) to one-time FY 12-13 3rd quarter revenues (PG. E-21)		\$ (1,119,983)	\$ (4,179,623)
6	Cut	Transfer 170th Police Academy in 2014/15 to one-time FY 12-13 3rd quarter revenues (PG. E-21)		\$ -	\$ (2,619,813)
7	Cut	Eliminate 5.00 FTE Newly Proposed Police Communications Dispatchers (PG. E-21)	5	\$ (553,092)	\$ (566,529)

**FY 2013-2015 BUDGET PROPOSAL SUBMITTED BY COUNCILMEMBERS: BROOKS, GALLO, REID**

8	Cut	Where is the staff reduction of the 24 Firefighters who are now being charged to fund 2124 (Safer Grant) reflected in the budget? (There is no reduction in GPF FTEs or allocation to reflect this change.) (PG. E-24)	24	\$ (3,900,000)	\$ (3,900,000)
9	Cut	Eliminate 1.00 FTE Newly Proposed City Administrator Analyst (PG. E-30)	1	\$ (117,870)	\$ (120,733)
10	Cut	Eliminate Contract with CHP (PG. E-70)		\$ (2,000,000)	\$ (2,000,000)
11	Cut	Eliminate Vacant PIO in OPD	1	\$ (144,721)	\$ (148,237)
<b>TOTAL GENERAL FUND PROPOSED CUTS</b>			<b>34.5</b>	<b>\$ (8,686,325)</b>	<b>\$ (14,397,788)</b>

<b>GRAND TOTALS</b>					
		New Revenues		\$ 9,155,000	\$ 8,095,000
		Total New Cuts to General Fund		\$ (8,686,325)	\$ (14,397,788)
		Funds Available for Reprogramming		\$ 17,841,325	\$ 22,492,788
		Total Add and Add Backs to General Fund		\$ 12,318,738	\$ 12,386,237
		<b>BALANCE TO BE PLACED IN THE GPF "UNDESIGNATED FUND BALANCE"</b>		<b>\$ 5,522,587</b>	<b>\$ 10,106,551</b>

<b>NON GENERAL FUND PROPOSED CUTS:</b>					
1	Cut	Delete from fund 1760 1.00 FTE Public Information Officer (PG. E-21)	1 FTE	\$ 144,721	\$ 148,237
2	Cut	3.00 FTE Newly Proposed City Attorney (PG. E-13)	3	\$ (615,652)	\$ (615,652)

GENERAL POLICY DIRECTIVES

1	Direct the City Administrator to come back to Council with a report within 90 Days on an action plan to aggressively pursue potentially uncollected revenues from "Parking Scofflaws."
2	Direct the City Administrator to come back to the City Council within 4 months with an action and implementation plan to repair broken parking meters in the City which could be generating revenue.
3	Direct the City Administrator to schedule monthly "Budget Implementation Tracking Reports" to be presented to the appropriate committee for the respective department impacted by the budget changes.
4	Direct the City Administrator to schedule quarterly reports to the Finance Committee that list all contracts authorized by the City Administrator under the City Administrator's contracting authority.
5	Direct the City Administrator to work with OPD to develop an officer retention program
6	Direct the City Administrator to re-instate the cable franchise requiring that 2% be spent on Cable related activities (which means things that result in programs that air on KTOP)

SPECIAL MEETING OF  
 THE OAKLAND CITY COUNCIL  
 JUN 13 2013

5

Item #	Type	GPF	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office (CO) Notes
<b>REVENUE</b>									
1	ADD	Revised Revenue projections based on Q3 report	\$3,020,000	\$2,460,000		\$3,020,000	\$2,460,000		Per Q3 report
2	ADD	Use of Undesignated Fund Balance from FY 12-13 (\$1,570,000 total)			\$1,570,000			\$1,578,802	Policy decision - amount from Appendix B in Third Quarter R&E
3	ADD	Boomerang Funds (Estimated \$4-10 million over two years)	\$2,500,000	\$2,500,000				\$5,000,000	<p>Policy decision.</p> <p>As previously communicated, the Oakland Redevelopment Successor Agency remitted to the County \$32.5 million for distribution to the taxing entities pursuant to the final amount demanded by the California Department of Finance following the Due Diligence Review (DDR) of available non-housing cash assets. The City, as a taxing entity, received approximately 29 percent of the \$32.5 million in "boomerang" funds, totaling \$9.5 million. This is one-time revenue.</p> <p>Staff and the City Attorney's Office are currently analyzing legal and fiscal issues related to the dissolution of redevelopment as a result of the outcome of the DDR process, and will bring a full report for discussion to the June 18, 2013, closed session. It is possible that all or a portion of the \$9.5 million would be needed to honor third party contracts already authorized by the City until such decisions to reprogram other possible dollars are appropriately assigned. Until such analysis and discussion has taken place, consideration for the \$9.5 million should be placed on hold and set aside until the General Fund impacts have been mitigated.</p>
4	ADD	Real Estate Transfer Tax on sale of 3 City Center Buildings - CBRE Investors (\$2.7 mil total)	\$1,350,000	\$1,350,000		\$0	\$0		The Tax Auditors in the Revenue Division are not aware the transactions. If the revenue is realized, it will be subject to Section D. of Ordinance 13134 CMS. Real Estate Transfer Tax (RETT) revenues in excess of \$40 are required to be used to increase reserves or address negative funds and liabilities. The revised May revenues include receipt of \$40million in RETT. In order to appropriate revenues for budgetary purposes the ordinance would need to be amended. Staff have not confirmed that the specified property sale which would generate this RETT is likely to occur.

Attachment 4: Line-by-Line Review of the Budget Figures Included in the Councilmember Brooks, Gallo, and Reid Proposed Budget Alternative

Item #	Type	GPF	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office (CO) Notes
5	ADD	Funding that was double counted for DIT licensing & software (PG. E-70, listed both under general fund and fund 5510	\$1,500,000	\$1,000,000		\$0	\$0		The full cost of the licensing & software is \$3 mil each year which is split funded between the General Fund and Fund 5510
6	ADD	Increase projections for Parking Revenues		\$250,000	\$500,000		\$250,000	\$500,000	Confirmed with the Revenue Div - additional revenue not known at the time of this proposal
<b>Subtotal Additional Revenue</b>			<b>\$8,370,000</b>	<b>\$7,560,000</b>	<b>\$2,070,000</b>	<b>\$3,020,000</b>	<b>\$2,710,000</b>	<b>\$7,078,802</b>	
Item #	Type	GPF	FY13/14 - Ongoing	FY14/15 - Ongoing	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office Notes
<b>EXPENDITURE</b>									
1	ADD	Illegal Dumping Mitigation	\$1,000,000	\$1,000,000		\$1,000,000	\$1,000,000		Costing shown on Page A-3
2	ADD	Graffiti Abatement	\$1,000,000	\$1,000,000		\$1,000,000	\$1,000,000		Costing shown on Page A-5
3	ADD	9 Code Enforcement Inspectors - SpecialityCombination Inspectors	\$1,185,489	\$1,213,929		\$1,186,952	\$1,215,392		Average of existing 28.00 FTE costed for 9.00 FTE; no Overhead since GF assumed in Council Members' proposal
4	ADD BACK	Head Start	\$1,500,000	\$1,500,000		\$1,516,000	\$1,516,000		Page A-4
5	ADD	3% COLA for Misc Employees	\$3,023,710	\$3,082,539		\$3,023,710	\$3,082,539		CM Amount is for GF ONLY - assuming other funds cannot absorb cost of COLA, total listed is all funds INCLUDING OH (\$7.8 mil + \$900k OH), pending analysis on non-GF ability to absorb - NOTE: does not include any add-backs from erratas and Council proposals that would have COLAs applied - These costs include 3% in Y1 ONLY. A 3% increase in Y2 will compund the costs.
5a	ADD	3% COLA to Absorb non-GPF				\$4,884,870	\$4,963,485		Policy decision; if not absorbed, will have to reduce non-GPF, which will negatively impact services; Overhead included
6	ADD	Rainbow Teen Center / DACA & West Oakland Teen Ctr	\$340,000	\$340,000		\$340,000	\$340,000		Per pg A-5
7	ADD BACK	Restore Grade - ASM I in Contract Compliance (Pg E-12)	\$88,935	\$91,095		\$88,935	\$91,095		Per pg A-5, reverses proposes add/delete and would result in the elimination of the Account Clerk position
8	ADD	West Oakland Jobs Center	\$300,000	\$300,000		\$300,000	\$300,000		Per staff repoprt to Council dated April 9th indicates \$300k in chart on page 11
9	ADD BACK	1.00 FTE Animal Control Officer	\$73,777	\$75,569		\$73,777	\$75,569		correct
10	ADD BACK	No cuts to senior centers O&M	\$10,000	\$10,000		\$10,000	\$10,000		correct

Attachment 4: Line-by-Line Review of the Budget Figures Included in the Councilmember Brooks, Gallo, and Reid Proposed Budget Alternative

Item #	Type	GPF	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office (CO) Notes
11	ADD BACK	No Council Office	\$186,717	\$381,610		\$186,717	\$381,610		Policy decision
12	ADD BACK	Senior Services Supervisor (0.59 FTE)	\$0	\$81,385		\$0	\$81,385		Already restored by the Mayor - corrected in Errata #3
13	ADD	Public Safety: Hire Consultant to craft comprehensive community safety & services plan	\$300,000	\$0			\$0	\$300,000	New proposal by CM - not enough info to confirm costing; reclassified to be one-time
14	ADD	Compliance Director's Staff & Expenses	\$945,110	\$945,110		\$0	\$0		Proposed in Q3 report to use FY 12-13 additional revenue - costs already netted out of FB calc (refer to #2 in revenue section)
15	ADD	Compliance Director's Remedial Action Plan	\$1,825,000	\$1,825,000		\$0	\$0		Proposed in Q3 report to use FY 12-13 additional revenue - costs already netted out of FB calc (refer to #2 in revenue section)
16	ADD	Compliance Director's Salary	\$540,000	\$540,000		\$0	\$0		Proposed in Q3 report to use FY 12-13 additional revenue - costs already netted out of FB calc (refer to #2 in revenue section)
<b>Subtotal Additional Expenditures</b>			<b>\$12,318,738</b>	<b>\$12,386,237</b>	<b>\$0</b>	<b>\$13,610,961</b>	<b>\$14,057,075</b>	<b>\$300,000</b>	
Item #	Type	GPF	FY13/14 - Ongoing	FY14/15 - Ongoing		FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller Office (CO) Notes
<b>EXPENDITURE</b>									
1	CUT	1.00 FTE Newly proposed Special Assistant to the Mayor	\$118,000	\$121,000		\$117,870	\$120,733		Public Sector Budget (PSB) system costing
2	CUT	1.00 new proposed Assistant to the City Administrator in CAO Admin & 0.50 newly proposed Program Analyst in Public Ethics (Pg E-12)	\$216,360	\$221,514		\$216,360	\$221,514		In proposed budget these positions are replacing three: ASM II, Administrative Svcs Director, Executive Assistant; eliminating these will result in the existing staff inability to manage several departments
3	CUT	1.00 new proposed Assistant to the City Administrator in Econ & Workforce Devel	\$166,299	\$170,339		\$166,299	\$170,339		This position will manage several major development projects (Army Base, Colesium City, Brooklyn Basin, etc), lack of staff may hinder or negatively impact those projects; low staff capacity with frozen Community Services Director
4	CUT	Police reduce FTO premium to contract minimum per academy (Pg. E-21)	\$350,000	\$350,000		\$0	\$0		This proposal of \$350k savings is subject to meet and confer, and operational needs. In addition, we do not have the information to verify the calculation

Attachment 4: Line-by-Line Review of the Budget Figures Included in the Councilmember Brooks, Gallo, and Reid Proposed Budget Alternative

Item #	Type	GPF	FY 2013-14 On-Going	FY 2014-15 On-Going	One-Time	FY 2013-14 CO Verif	FY 2014-15 CO Verif	One-Time	Controller's Office (CO) Notes
5	CUT	Transfer 169th costs to one-time FY 12-13 3rd quarter revenues	\$1,119,983	\$4,179,623		\$0	\$0		The Q3 report fund balance calculation takes into account the approx \$8 mil in revenue, therefore this is double-counting (see item #3 in Revenue section - \$1.5 mil FB is NET of he \$8 mil) .All proposed academy related costs in the Proposed Budget are off-set by one-time transfers from undesignated fund balance - policy decision
6	CUT	Transfer 170th costs to one-time FY 12-13 3rd quarter revenues	\$0	\$2,619,813		\$0	\$0		The Q3 report fund balance calculation takes into account the approx \$8 mil in revenue, therefore this is double-counting (see item #3 in Revenue section - \$1.5 mil FB is NET of he \$8 mil) .All proposed academy related costs in the Proposed Budget are off-set by one-time transfers from undesignated fund balance - policy decision
7	CUT	Eliminate 5.00 newly proposed Police Communications Dispatchers (E-12)	\$553,092	\$566,529		\$553,092	\$566,529		Page E-21
8	CUT	Staff reduction of 24 Firefighters charging to the Safer Grant	\$3,900,000	\$3,900,000		\$0	\$0		Because of rotating closures (brownouts) FTE not moved to fund but will charge actuals as they occur. The reduction is reflected in the overall OFD personnel budget (519xx) in the General Fund
9	CUT	Eliminate 1.00 FTE newly proposed City Administrator Analyst (Pg E-30)	\$117,870	\$120,733		\$117,870	\$120,733		Position added to better manage grants, and increase opportunities to pursue new grants
10	CUT	Eliminate CHP Contract	\$2,000,000	\$2,000,000		\$2,000,000	\$2,000,000		Policy decision
11	CUT	Eliminate vacant PIO in OPD	\$144,721	\$148,237		\$0	\$0		Position is funded in 1760 not 1010. There are no PIOs in 1010 Citywide.
<b>Subtotal Expenditure Reductions</b>			<b>\$8,686,325</b>	<b>\$14,397,788</b>	<b>\$0</b>	<b>\$3,171,491</b>	<b>\$3,199,848</b>	<b>\$0</b>	
<b>Net Surplus / (Deficit):</b>			<b>\$4,737,587</b>	<b>\$9,571,551</b>	<b>\$2,070,000</b>	<b>(\$7,419,470)</b>	<b>(\$8,147,227)</b>	<b>\$6,778,802</b>	
<b>NET AMOUNT TO / (FROM) FUND BALANCE:</b>						<b>(\$8,787,894)</b>			