



Mayor's Update: Revenues \$10 million above projections

Fellow Oaklanders,

Oakland's finances are continuing to rebound. When I took office as Mayor, Oakland was \$58 million in deficit. Recent revenues are \$10 million above our projections in the adopted budget. We are reinvesting that growth into our workforce, including public safety and economic development. This week, I'm proposing we grow our reserves to 8 percent and fund an additional police academy.

Challenges remain ahead, including rising costs to health care and pension systems for our employees,



but I am confident we can resolve them together.

With that in mind, below you can find some of the most important information about what we have done to ensure Oakland's fiscal health and how we're funding the community's priorities for service.

Identifying those priorities is a critical part of leadership's role, but it also requires an open dialogue with our residents. We welcome input from all residents and Oakland stakeholders. To tell us your thoughts, you can always contact my office directly at 510-238-3141 or send one of my staffers an e-mail by clicking "Contact Us" from the Mayor's page at www.oaklandnet.com.

Through ongoing dialogue and partnerships among our elected leaders, our dedicated employees and our engaged residents and businesses, Oakland will continue rising together.

Experts rate City strong

Throughout the recent recession, one of Oakland's most significant but quietest accomplishments was that the City maintained all of its strong credit ratings with independent agencies that set industry standards evaluating the fiscal health of government agencies and businesses. Here's what some of those agencies recently had to say about Oakland:

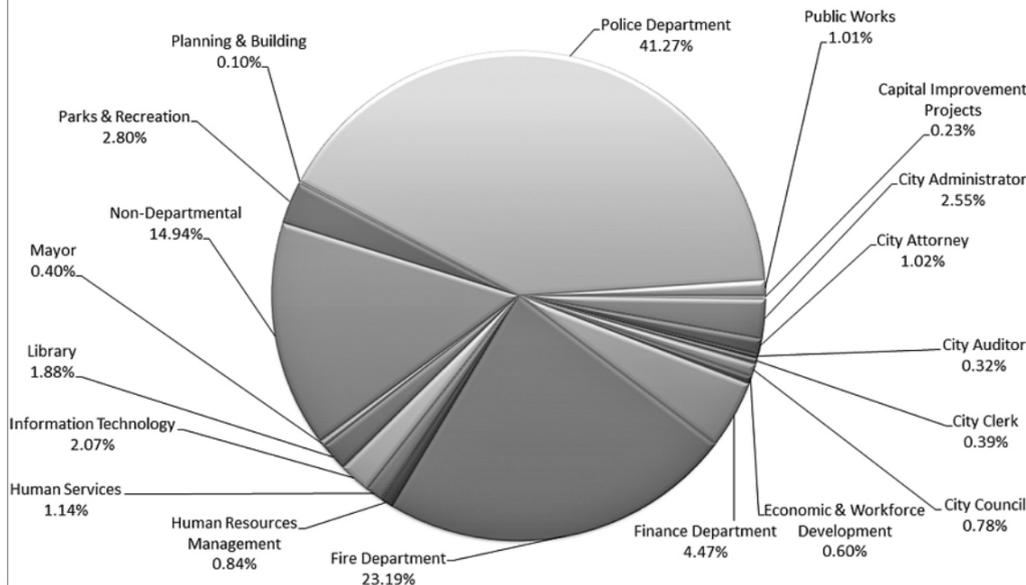
Moody's: "STRONG LONG-TERM CITY RATING: The city's long-term rating reflects the recovery of the local economy and healthy financial position of the city that should remain stable, though must be closely monitored amid potential challenges to reserves. The city also has manageable outstanding debt that includes general obligation bonds, pension obligation

bonds, and lease-backed securities."

Standard & Poor's: "Long-term Rating: AA-/Stable: We consider the city's economy very strong... In our opinion, the city's budgetary flexibility is strong, with available reserves at 13.9% of expenditures for fiscal 2013 (\$80.2 million), up slightly from 13.2% in fiscal 2012."

Fitch Ratings: "General Obligation Serious at A+; Rating Outlook is Stable... After taxable assessed valuation (TAV) declines in fiscal years 2010 and 2011, the tax base resumed growth which has gradually accelerated during fiscal years 2012-2015. TAV should continue to grow due to the gradual rollout of significant residential and commercial developments."

FY 2014-15 Budgeted General Fund Expenditure by Department \$493.64 million



What is the Oakland City Budget?

The City's annual budget, across all funds, is about \$1 billion each year. A little more than half of that is made up of funds restricted for specific uses, such as maintaining streets, housing development, and bond-funded programs. Restricted funds come from grants, fees, bonds, or revenues that are collected for a specific purpose.

The remaining 42 percent of the budget is the General Purpose Fund, or GPF. This is the money most often under discussion when elected officials discuss and decide on spending priorities. This fund

pays for basic programs and services such as police and fire protection, libraries, senior centers and recreation programs, as well as elected offices. After the mid-cycle amendments of the City's budget, the GPF is \$489,085,824 with an additional \$29 million from the original adopted budget.

What Does the General Fund Pay For?

The General Purpose Fund pays for:

- Police and Fire services (nearly two-thirds of the total)
- Programs and services such as parks and recreation, libraries, senior centers, homeless pro-

grams, community and economic development and the Oakland Museum of California

- Most of the City's business functions such as purchasing, information technology, human resources, contracting and finance

- The City's Charter offices such as the Mayor, City Council, City Administrator, City Attorney and City Auditor

- Citywide obligations such as leases and debt services

What have City leaders done to protect and grow City finances?

When Mayor Jean Quan took office in 2011, the City faced \$58 million in budget deficit and the recent recession was at its peak. Mayor Quan, the City Administrator's Office and the City Council took decisive action to prioritize the most vital services and secure Oakland's finances. Today, most revenue streams are growing and the City's credit ratings remain strong.

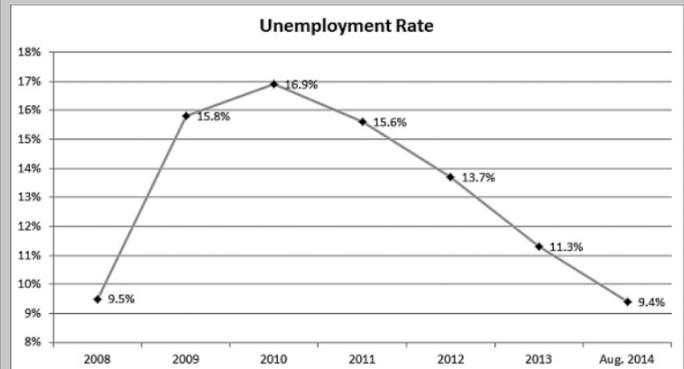
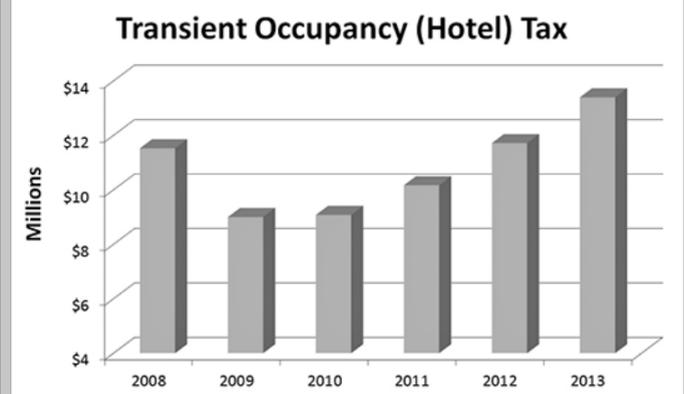
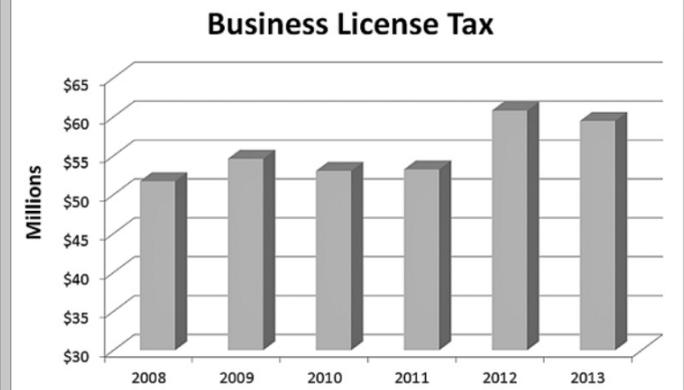
- The Mayor, City Council and our employee unions worked together to close \$318 million in budget shortfalls since 2008, which required painful cuts to public services. We eliminated 720 positions, implemented furloughs and deferred maintenance of streets and equipment.

state's third-tier reform after that, and negotiated pension contributions from our police officers for the first time in Oakland history.

- Oakland's CalPERS pensions are funded at 77% for the Police and Fire CalPERS plan and 79% for the civilian CalPERS plan — just short of 80 percent, the level considered healthy by the federal Government Accountability Office. We also set aside additional funds for unfunded liabilities in the most recent budget.
- We negotiated two-tier pension reform to significantly reduce long-term costs, implemented the

We issued bonds to better manage our closed Police and Fire Retirement System (PFRS) debt at a lower interest rate, with a steady revenue stream already dedicated to paying them off.

- The City's reserve was restored to a healthy 7.5 percent of General Fund revenues. We are now proposing to increase reserves to 8 percent.



Construction employment continues growing, with the Oakland Army Base expansion project and the Brooklyn Basin development gaining steam.



As Oakland's economy grows, so has the Mayor's Summer Jobs Program, which provided internships to a record 2,125 young people this summer.