



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: FY 2024-25 Proposed Midcycle
Budget - Supplemental

DATE: June 24, 2024

City Administrator Approval


Jestin Johnson (Jun 25, 2024 14:29 PDT)

Date: Jun 25, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution:

- 1. Adopting The Midcycle Budget For Fiscal Year 2024-25 And Appropriating Funds To Cover Expenditures Approved By Said Budget;**
- 2. Authorizing The City Administrator To Transfer Funds Between Departments, Programs And Funds As Necessary To Support Departmental Reorganization As Set Forth In The Adopted Policy Budget For Fiscal Year 2024-25.**
- 3. Creating The Following Funds: Fund 4510 - Personnel Management Fund, Fund 5338 – Measure KK Infrastructure Series 2024E GOB (Tax Exempt), Fund 5342 Measure U: Infrastructure Series 2024 B-1 GOB (Tax Exempt), Fund 5343 – Measure U: Affordable Housing & Infrastructure Series 2024B-2 GOB (Taxable).**
- 4. Taking All Steps Necessary To Apply For And Receive Additional Funds Required To Advance And Complete The Projects Identified In The Capital Improvement Program And Accept And Appropriate Any Additional Funds Provided That Such Acceptance Is Consistent With And Does Not Otherwise Negatively Impact The City’s Capital Improvement Program**
- 5. Declaring A State Of Extreme Fiscal Necessity And The Existence Of A Severe And Unanticipated Financial Event**
- 6. Suspending For Fiscal Year 2024-2025 The Charter Mandated Minimum Staffing Budget Set Asides For The Office Of The City Auditor; And**
- 7. Suspending The Minimum Budget Set Asides For The Democracy Dollars Fund And For Non-Staff Costs Related To The Public Ethics Commission’s Administration Of The Oakland Fair Elections Act’s Democracy Dollars Program**

Special City Council
June 28, 2024

REASON FOR SUPPLEMENTAL

The City Administration has been asked by City Council members to provide an alternative approach to the budget which excludes use of the proceeds of the sale of the Coliseum. The FY 2024-25 Proposed Midcycle budget includes significant one-time revenue from this sale, and its absence would necessitate substantial budget adjustments. These adjustments are noted in this supplemental report. This report also contains recommendations for restorations of positions and services should the \$63million estimated from the Sale of the Coliseum become realized.

BACKGROUND / LEGISLATIVE HISTORY

Per [Section 801 of the Oakland City Charter](#), the City Council is required to adopt a budget by June 30 to authorize expenditures for the following fiscal year. If a budget is not adopted by June 30, the appropriations of the previous fiscal year are deemed to be effective until the new budget and appropriation measures are adopted.

On May 29, 2024, City Council first heard a [report](#) on the FY 2024-25 Proposed Midcycle Budget.

ANALYSIS AND POLICY ALTERNATIVES

Presented below are potential balancing actions totaling \$63.1 million that the City adopted in lieu of budgeting the Coliseum sale proceeds. These measures involve cuts in the General Purpose Fund (GPF), impacting most departments and key service areas across the City. Based on current analysis these reductions should not necessitate the layoff of any permanent City Staff. They are presented as an option for discussion and consideration. Please see **Attachment A**

City Administrator's Office

- Deletes \$350,000 for Strategic & Crisis Communications
- Reduces O&M for Performance Management and Strategic, Structurally Balanced Budget by \$750,000
- Freezes 3.0 FTE Public Service Representative \$362,481

City Clerk

- Achieves vacancy savings for half a year at \$116,000 from Acting KTOP Operations Manager

Finance

- Reduces O&M for Revenue Collections Improvement Process by \$300,000
- Freezes 2.0 FTE Senior Budget & Management Analyst - \$531,060
- Freezes 1.0 FTE Treasury Analyst II - \$188,736
- Freezes 3.0 FTE Tax Enforcement Officer II - \$550,338
- Freezes 2.0 FTE Revenue Assistant for 6 months - \$142,887
- Freezes 1.0 FTE Assistant Finance Director for 6 months - \$217,784
- Freezes 1.0 FTE Revenue Operations Supervisor for 6 months - \$121,186
- Freezes 1.0 FTE Revenue & Tax Administrator, Assistant - \$338,943
- Decreases O&M for Budget Survey by \$52,000

Police

- Freezes 1.0 FTE Police Services Manager - \$300,891
- Freezes 1.0 FTE Police Records Specialist - \$256,307
- Freezes 1.0 FTE Administrative Assistant - \$130,719
- Freezes Two Police Academies (Police Officer Trainees) - \$3,480,582
- Deletes 195th and 196th Academy O&M - \$3,465,324
- Freezes 68.0 FTE Sworn Officers and Sworn Overtime. Specific configuration of reductions to be determined by the Chief of Police - \$23,266,320

Fire

- Freezes 1.0 FTE Fire Communications Dispatcher - \$210,775
- Freezes 1.0 FTE Fire Marshall, Assistant - \$355,123
- Freezes 1.0 FTE Accountant III - \$212,052
- Freeze 4 Engine Companies (48.0 FTE) for 11 months or equivalent reductions equal to 44 months of brown outs. Specific companies and timing to be determined by the Chief of Fire - \$18,761,187

Transportation

- Freezes 2.0 FTE Public Service Representatives - \$339,642
- Transfers 1.0 FTE Senior Public Service Representative in Vehicle Enforcement from Fund 1010 to Fund 2218 for a GPF savings of \$194,106

Violence Prevention

- Freezes 1.0 FTE Violence Prevention Services Supervisor - \$79,022
- Freezes 5.0 FTE Case Manager I - \$308,497

Information Technology

- Reduces O&M for Cyber Security - \$500,000

- Reduces O&M for CAD/RMS post go-live support - \$125,000

Oakland, Parks, Recreation & Youth Development

- Freezes 1.0 FTE Administrative Services Manager II - \$225,668

Library

- Transfers \$1,000,000 of General Purpose Fund costs to Measures C & D

Animal Services

- Freezes 2.0 FTE Animal Care Attendant - \$232,314
- Freezes 0.5 FTE Public Service Representative, PPT - \$67,125
- Freezes 1.0 FTE for Administrative Assistant I - \$157,318

Department of Workplace Employment Standards

- Freezes 1.0 FTE Contract Compliance Officer - \$214,316
- Freezes 0.50 FTE Administrative Services Manager I - \$132,778

Human Services

- Freezes 1.0 FTE Administrative Assistant I - \$190,259
- Freezes 1.0 FTE Data Analyst III - \$194,927
- Freezes 1.0 FTE Program Analyst II - \$138,540
- Freezes 1.0 FTE Senior Center Director - \$119,608
- Freezes 1.0 FTE Custodian - \$31,275

Economic and Workforce Development

- Reduces Plaza Activation funding by \$100,000
- Reduces O&M for Film Attraction Initiative by \$300,000
- Reduces O&M for Workforce development grants by \$150,000
- Reduces O&M for capacity building to support minority contractors and skilled trade development by \$150,000
- Reduces O&M for Scotlan Convention Center deficit by \$400,000
- Reduces Cultural Grant Funding by \$296,606
- Freezes 1.0 FTE Special Activity Permit Technician - \$139,640

Non-Departmental

- Deletes O&M for Public Safety Vehicle Replacement Funding - \$2,319,768
- Reduces Expense Transfer from Fund 1750 - \$375,000

Restoration of Services Plan

If the approximately \$63 million from the Coliseum Sale is Realized staff recommend the following plan for restoration of services.

If a first \$15M is made available to the City by September 1st then by October First staff recommends:

- The restoration of 15 Sworn Police Positions for the Remainder of the Fiscal Year, at an estimated cost of \$3.32 million;
- The Restoration of 1 Fire Engine for the remainder of the Fiscal Year (9months of restored service), at an estimated cost of \$3.84 million; and
- Hold the balance of \$7.84 million in the City's Vital Services Stabilization Fund to buffer against unanticipated circumstances.

If a second \$15M is made available to the City by November 1st then by December 1st staff recommends in addition the:

- The restoration of 5 Sworn Police Positions for the Remainder of the Fiscal Year, at an estimated cost of \$0.86 million;
- The Restoration of 1 Sworn Police Academy, at an estimated cost of \$3.48 million;
- the Restoration of 1 Fire Engine for the remainder of the Fiscal Year (7months of restored service), at an estimated cost of \$2.99 million; and
- Hold the balance of \$7.67 million in the City's Vital Services Stabilization Fund to buffer against unanticipated circumstances.

If a the remaining \$33M is made available to the City by January 15th then by February 1st staff recommends in addition the:

- The restoration of 48 Sworn Police Positions for the Remainder of the Fiscal Year, at an estimated cost of \$5.89 million;
- the Restoration of 2 Fire Engines for the remainder of the Fiscal Year (10months of restored service), at an estimated cost of \$4.27 million;
- Reserving \$5million for the replacement of City vehicles (primarily police cars and fire engines); and
- Hold the balance of \$17.84 million in the City's Vital Services Stabilization Fund to buffer against unanticipated circumstances and to balance the coming fiscal year.

Any Coliseum proceeds received in excess of \$63million should be held in the City's Vital Services Stabilization Fund to balance the coming fiscal year.

Other Reduction Options

Staff were also requested to provide a menu of other reduction for consideration. These other options are presented in ***Attachment B***.

PUBLIC OUTREACH / INTEREST

There has been public outreach including several City Council meetings and community townhalls during the FY 2024-25 Midcycle Budget Process.

See the City's Budget website for additional information: www.oaklandca.gov/budget.

COORDINATION

The Finance Department worked with all City departments in preparing the FY 2024-25 Proposed Midcycle Budget.

SUSTAINABLE OPPORTUNITIES

Economic: The presented balancing options would impact revenue and expenditure in the General Purpose Fund. The economic impact will depend on the decisions made by the Mayor and Council and on which specific measures are implemented. In aggregate, these budget adjustments would result in substantial cuts to departments and key service areas, which could have significant effects on the local economy.

Environmental: The impact of the City's appropriations can have a considerable effect on the local environment impacts depending on the decisions made by the Mayor and Council.

Race and Equity: The Midcycle Budget is a significant tool for improving race and equity. Budgetary decisions made with equity as a focus can help to mitigate the inequitable circumstances of Oakland residents. The Midcycle Budget specifically addresses areas of affordable housing and homelessness, jobs and economy, public safety and violence prevention, and clean, healthy, and sustainable neighborhoods, all of which have equity considerations.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution:

1. Adopting The Midcycle Budget For Fiscal Year 2024-25 And Appropriating Funds To Cover Expenditures Approved By Said Budget;
2. Authorizing The City Administrator To Transfer Funds Between Departments, Programs And Funds As Necessary To Support Departmental Reorganization As Set Forth In The Adopted Policy Budget For Fiscal Year 2024-25.
3. Creating The Following Funds: Fund 4510 - Personnel Management Fund, Fund 5338 – Measure KK Infrastructure Series 2024E GOB (Tax Exempt), Fund 5342 Measure U: Infrastructure Series 2024 B-1 GOB (Tax Exempt), Fund 5343 – Measure U: Affordable Housing & Infrastructure Series 2024B-2 GOB (Taxable).
4. Taking All Steps Necessary To Apply For And Receive Additional Funds Required To Advance And Complete The Projects Identified In The Capital Improvement Program And Accept And Appropriate Any Additional Funds Provided That Such Acceptance Is Consistent With And Does Not Otherwise Negatively Impact The City’s Capital Improvement Program
5. Declaring A State Of Extreme Fiscal Necessity And The Existence Of A Severe And Unanticipated Financial Event
6. Suspending For Fiscal Year 2024-2025 The Charter Mandated Minimum Staffing Budget Set Asides For The Office Of The City Auditor; And
7. Suspending The Minimum Budget Set Asides For The Democracy Dollars Fund And For Non-Staff Costs Related To The Public Ethics Commission’s Administration Of The Oakland Fair Elections Act’s Democracy Dollars Program
8. Adopting A Contingency Budget And Associated Fiscal Measures That Shall Come Into Effect No Later Than October 1st 2024 Should Anticipated Revenue From Land Sales Not Occur By September 1st 2024.

For questions regarding this report, please contact Bradley Johnson, Budget Administrator at 510-238-6119.

Respectfully submitted,



[Erin Roseman \(Jun 25, 2024 09:17 PDT\)](#)

Erin Roseman
Director of Finance

Special City Council
June 28, 2024

Attachments (1):

- Attachment A: Possible Exhibit 1: GPF Balancing Measures
- Attachment B: Other Balancing Options.