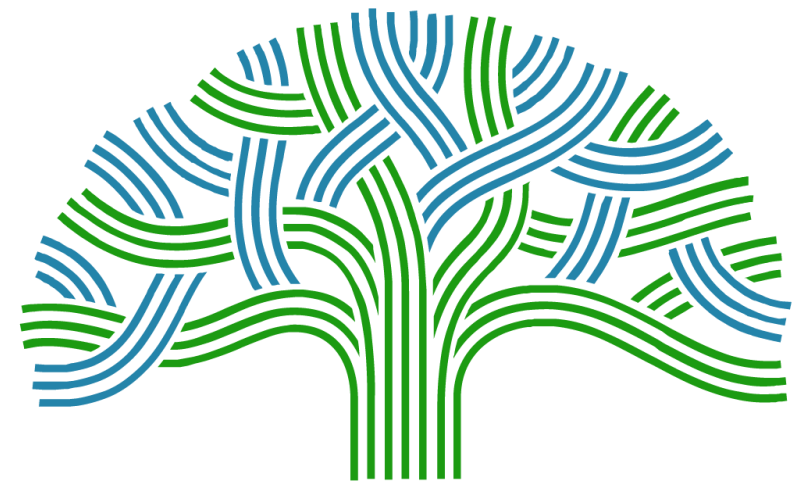


Oakland 2025-27 Bi-Annual Policy Budget Review

Budget Advisory Commission
May 29, 2025

Mike Petouhoff
Ben Gould
Mike Forbes



Today's Agenda

- Biennial Budget Report Card
- Policy Budget Recommendations
- Big Picture Efforts to Build Oakland's Prosperity and "Roadmap to Fiscal Health"
- Your Questions



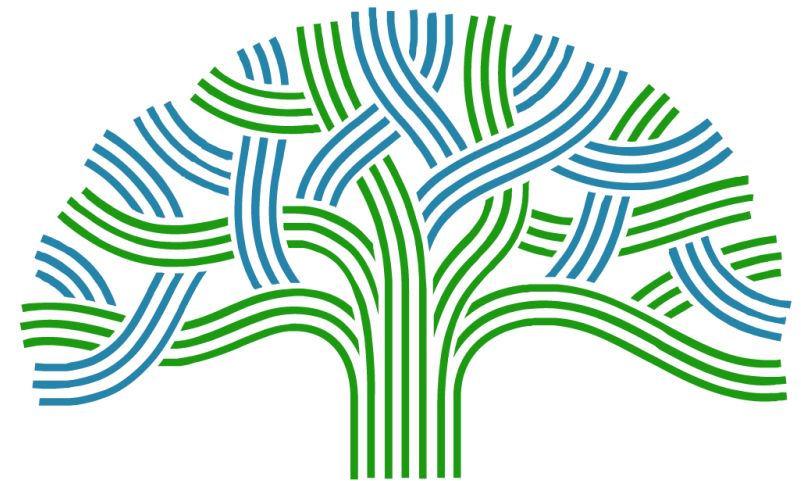
2025-27 Biennial Budget 'Report Card'

'Good Budget' Criteria	BAC 'Grade'	Comments
Adheres to Consolidated Fiscal Policy	Improved	<ul style="list-style-type: none">• No one time funds used• Still suffering 'hangover' from prior one time fund usage attempts
Focuses Spending on Community Priorities	Improved	<ul style="list-style-type: none">• More emphasis on 'core services'• Safety and cleanliness clearly prioritized
Adheres to Requirements of Voter Approved Measures	Needs Improvement	<ul style="list-style-type: none">• 4 measures not met
Follows Best Practices Learned from Other Cities	Needs Improvement	<ul style="list-style-type: none">• Few learnings from other cities mentioned in budget text or strategies
Keeps Equity Considerations at the Forefront	Improved	<ul style="list-style-type: none">• Proposed parcel tax less regressive than sales tax• Equity considerations clearly called out in budget documentation

BAC Budget Synopsis

- The 25-27 budget is an improvement over the 24-25 midcycle and helps 'stop the bleeding'
- The budget does not help us climb out of the larger hole we are in

2025-27 Biennial Policy Budget Recommendations



Core Immediate Recommendations

Budget Actions

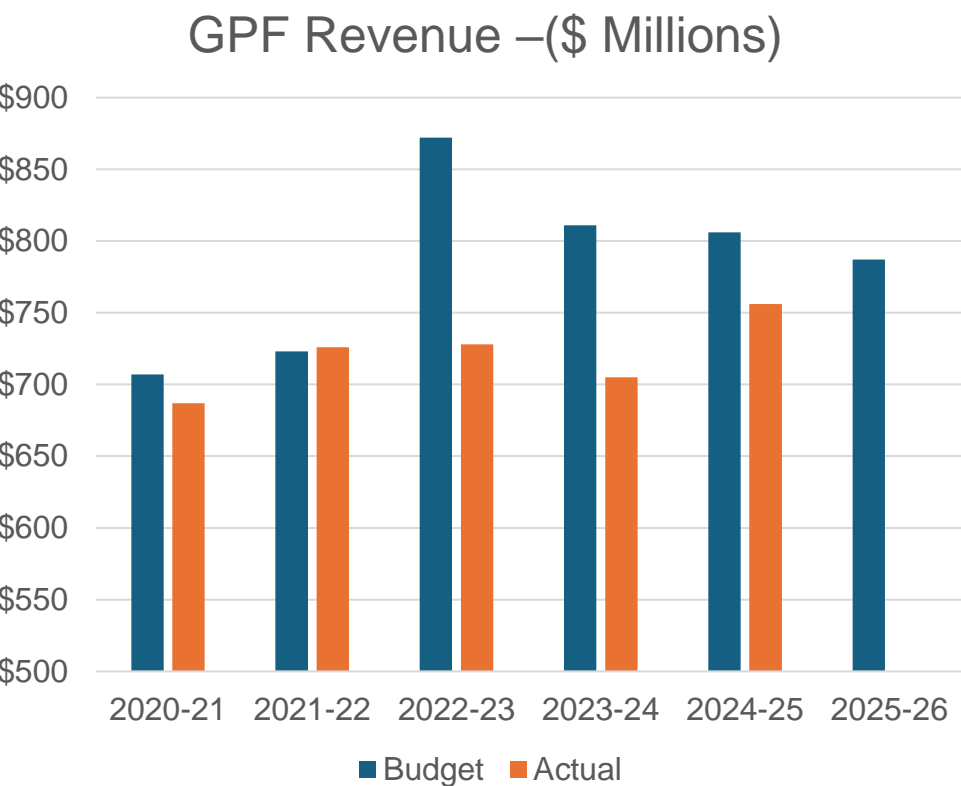
- 1) Develop a contingency plan in case of headwinds (e.g., macroeconomic, government funding)
- 2) Prioritize funding voter-approved measures
- 3) Increase accountability of grant funding and free up GPF where feasible
- 4) Review staffing levels and classifications

Additional Policy Actions-

- 1) Implement auditor recommended OPD overtime controls now to avoid mid-cycle issues
- 2) Work now with Alameda County to gain fair share of County Measure W funding for social services

#1 Develop a Contingency Plan

Historically, GPF Revenues Lag Estimates



Average Variance = 7.6% shortfall

Biennial Budget Assumption Concerns

Revenue assumption	Risk indicator
New construction continuing at 2017-2024 average	No large new apartment buildings in the pipeline
Assessed property values grow 5% over 2024-25 adopted budget	RETT projected to be low, current sales are significantly below prior assessment
Stable & growing sales tax revenue	Uncertainty in federal trade policy risks recession
New \$40 million parcel tax	Existing measure requirements not met, risk of tax fatigue from voters

#2 Fully Fund Mandatory Voter Approved Measures

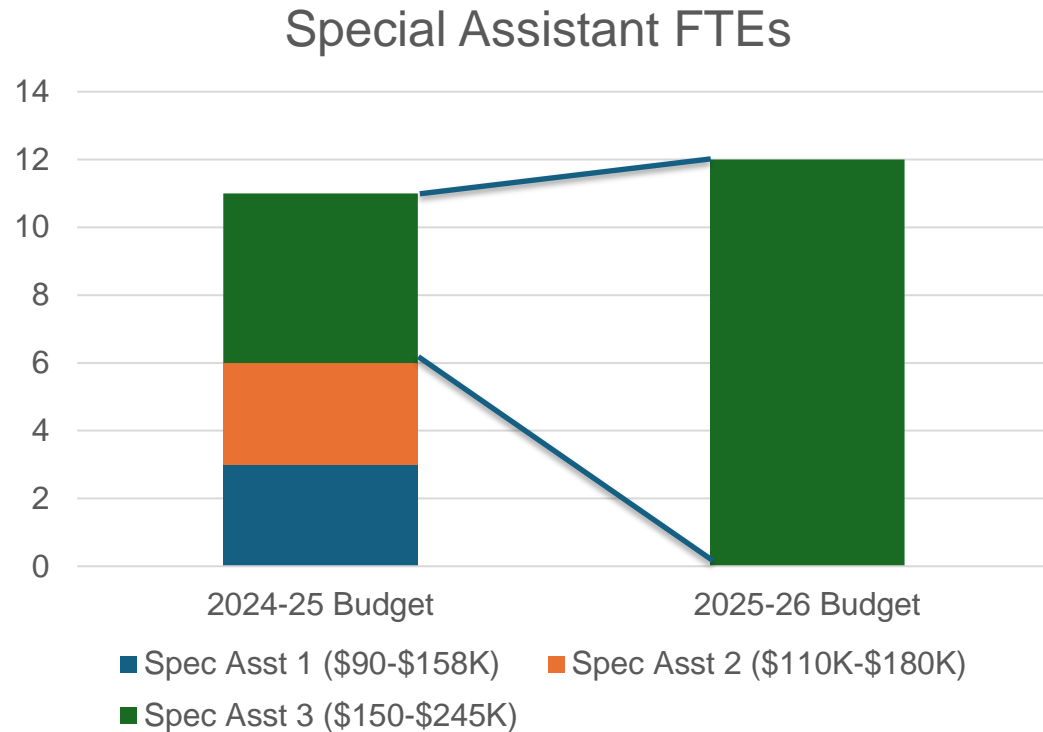
Measure	Requirement	Proposed Budget	Recommended Fix
Measure NN - Public Safety	700 sworn officers (annual average)	678 sworn officers, 3 academies	Evaluate opportunities for additional academies
Measures C & D - Libraries	\$14.5 million in general purpose funds	\$11.7 million	Increase by \$2.8 million
Measure X - City Auditor charter amendments	14 City Auditor FTE	9-12 FTE	Increase by 2-5 FTE (est \$0.4-1 million)
Measure Q - Parks & Homeless	Maximum \$12.09 million for parks	\$14.29 million for parks	Add \$2.2 million GPF for parks maintenance
Measure W - Democracy Dollars	\$4 million for public financing of elections	\$0	Evaluate opportunities for funding

#3 Increase Accountability of Grant / Contract Funding

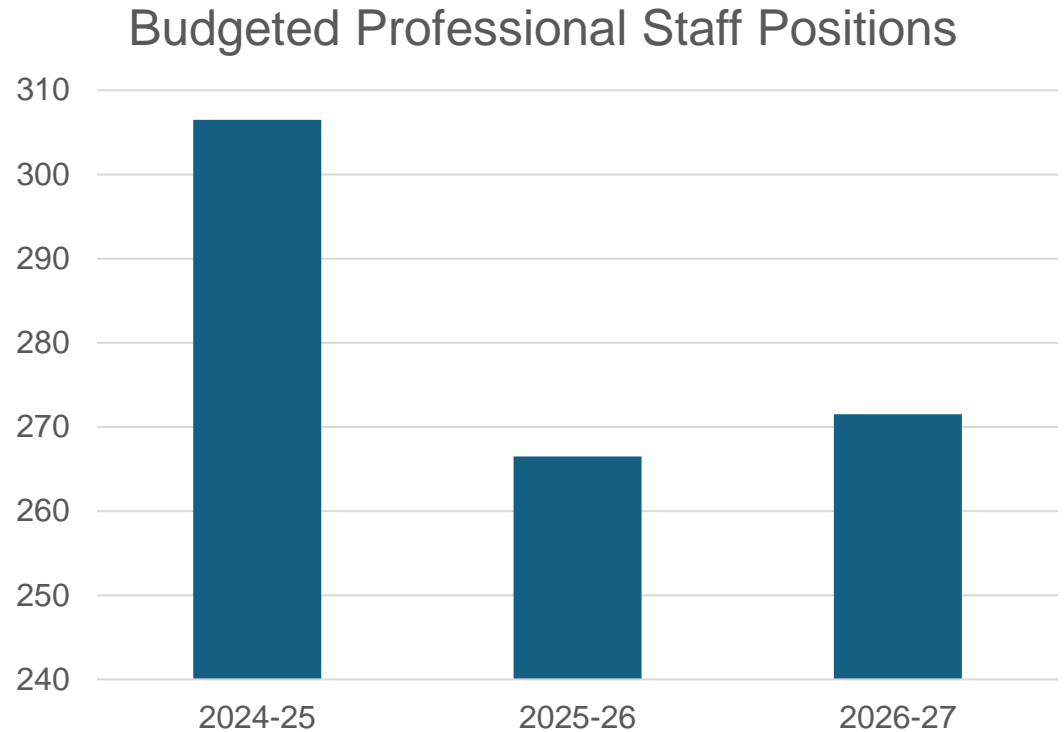
1. Review & request additional details on \$60+ million in contracts and grants for “TBD”, “(blank)”, and other inadequate descriptions
2. Critically evaluate GPF grants and contracts (Fund 1010) to determine if needs can be met with restricted funds
3. Reduce restricted fund allocations -> free up GPF funds for voter-approved measures

#4 Ensure FTE Positions Staffed Appropriately

Mayor's Office Staffing Changes



OPD – Civilian Staffing Freezes

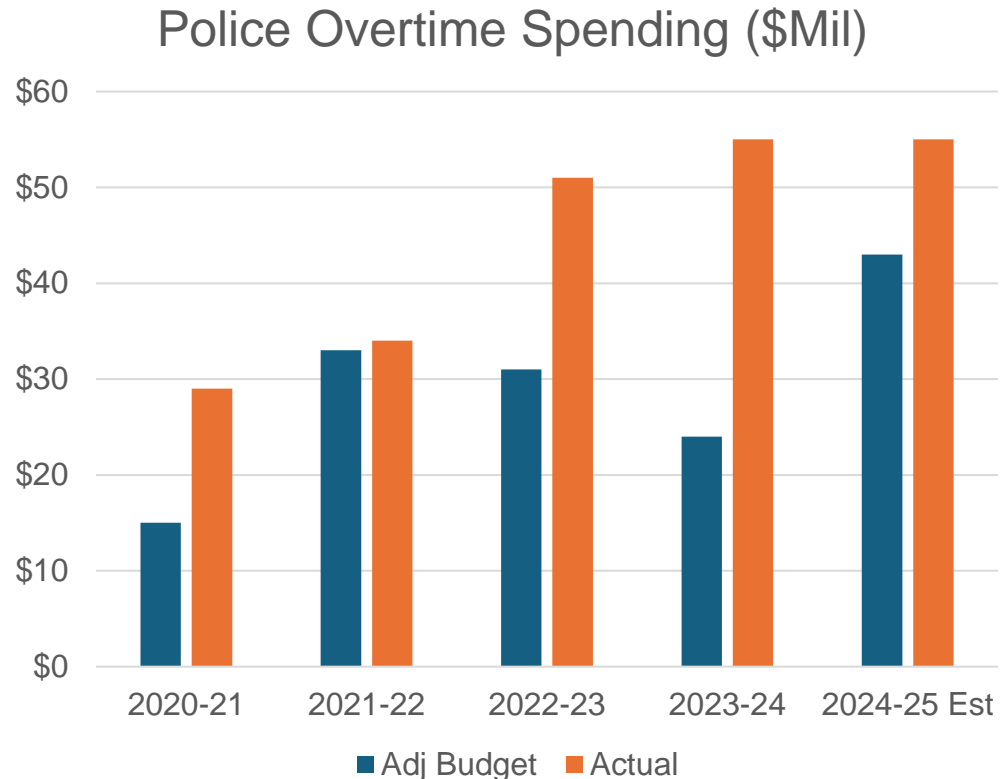


Sources:

Mayor: <https://stories.opengov.com/oaklandca/21c1af4f-350d-4182-b9c9-1e72542a00db/published/OMWL5yd3U?currentPageId=67bf650d53aa0ae886b7a51f>

OPD: <https://stories.opengov.com/oaklandca/21c1af4f-350d-4182-b9c9-1e72542a00db/published/OMWL5yd3U?currentPageId=67bf650faa0d5e8fd19fa628>

#5 Implement Stronger OPD Overtime Controls *now* to Prevent Mid-Cycle Overruns



Notes:

- Average overage is almost \$16MM
- Fire dept also has significant overtime overages

- ***Regardless of Budgeted or Actual Officer Staffing Levels, OPD has spent over Budget for 16 of the last 18 years***
- Police Overtime is typically the largest budget overrun at midterm- causing budget disruption and cuts
- 13 of 21 City Audit findings on OPD overtime remain open
- Recommendations:
 - Track different types of overtime and reimbursement, adjust where appropriate
 - More oversight over shift extensions (about 56% of the rise in police overtime), often w/o supervisor approval
 - Request updates from City Administrator on Oracle Payroll upgrades and contract negotiations

#6 Gain 'Fair Share' of County Support for Social Services

Measure W: Support for the Unhoused

- \$559 Million Accumulated, \$169 Million per year
- First time deployment in this budget cycle
- County funds typically allocated by population
 - Oakland General Population 25%, Unhoused 58%
 - Request 58%!
- Potential Financial Benefits to Oakland
 - Reduced Cost to Support Unhoused
 - Ask County for reimbursement, PWA, OPD, MACRO
 - Increased Revenue as unhoused rejoin society

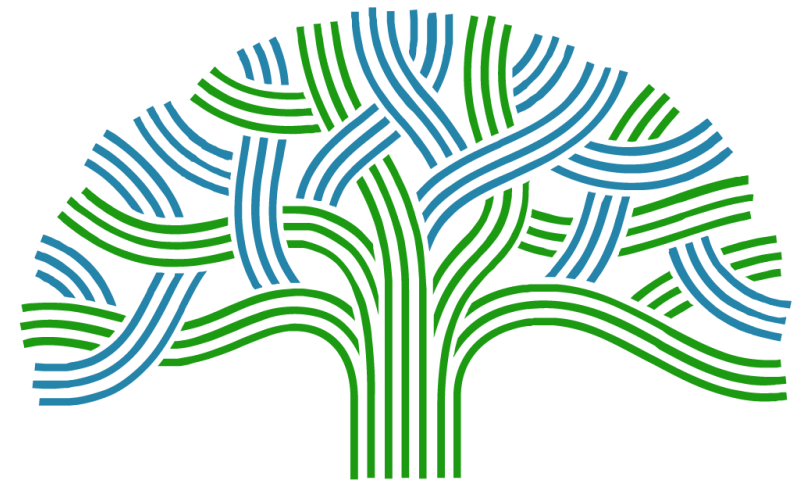
Examples

Jobs Support
Mobile Shower Units
Family Reunification
Medical Assistance

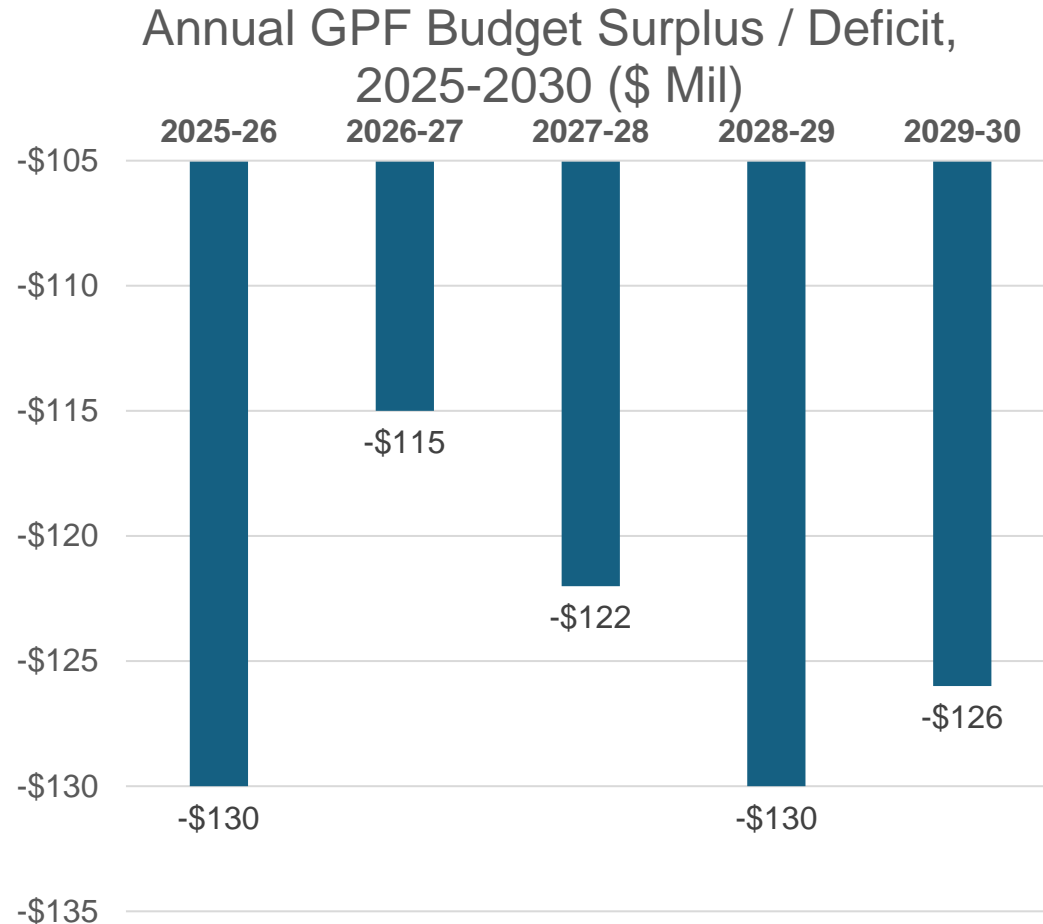
Recommendation: Coordinate with Couty Now before County Budget is finalized June 30th

Thinking Ahead: Budgeting to Revitalize Oakland

Roadmap to Fiscal Health



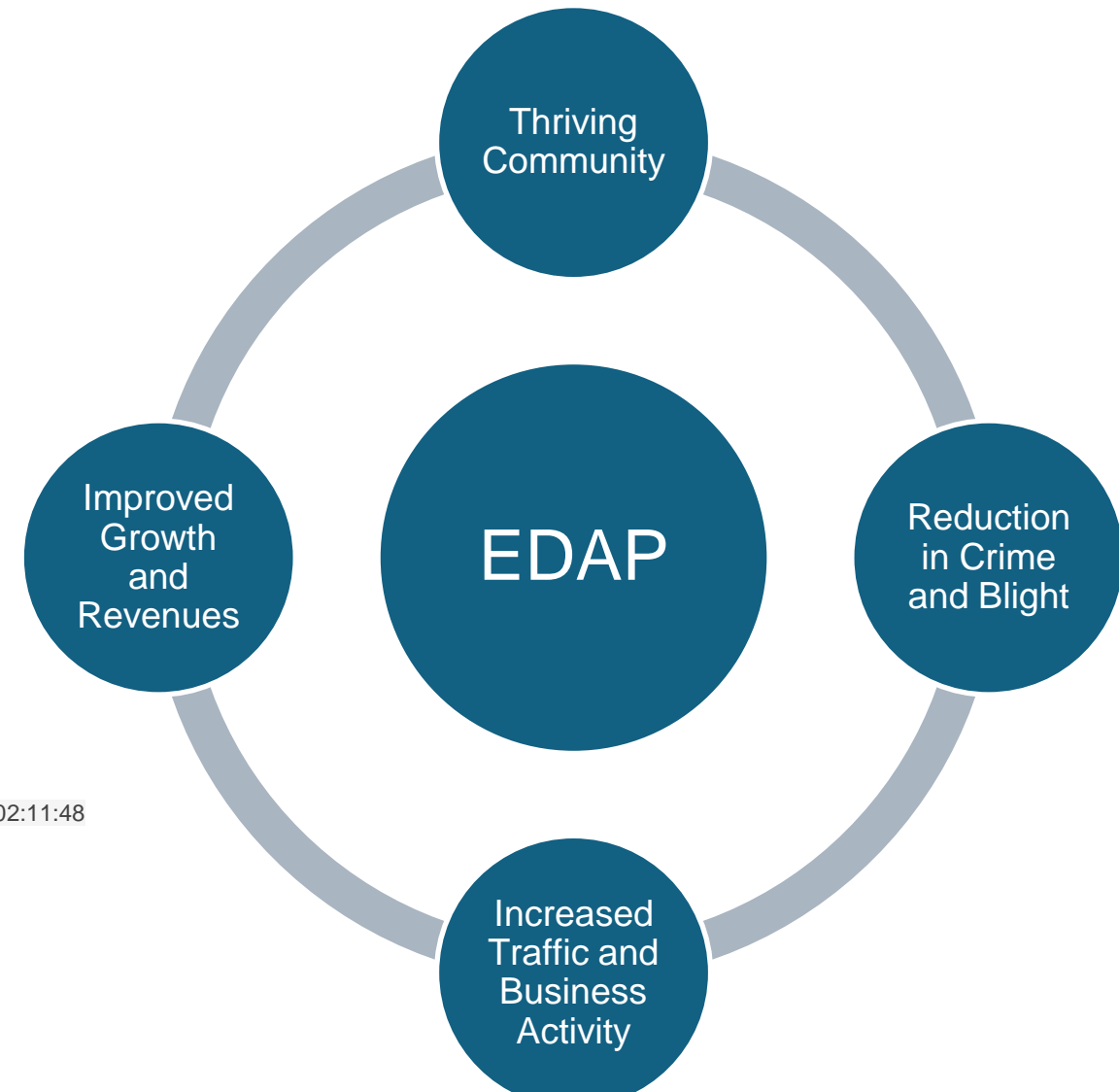
Despite 25-27 Changes, Serious Structural Issues Remain



Imperatives to Fix Structural Deficit

1. Invest in economic development to spur revenue growth using “all hands” approach
 - Public Safety,
 - Blight, etc
2. Leverage IT improvements to make Oakland more efficient
3. Address benefit and retirement costs

Revenue Enhancement Through Sustained Economic Growth



'All hands on deck': EDAP Initiative to Improve Public Safety, Blight, Appearance, Unhoused

- Attract, Grow, and Retain Key Sectors
- Support Businesses
- Build Oakland's Workforce
- Promote Place-Based Strategies
- Amplify Oakland's Social and Cultural Activities
(with Hotel Occupancy Tax the second highest revenue shortfall)

Recommendation: Provide Consistent Funding - Over 60% cut to Work Force and Economic Development Budget since 2023

- FY 2023/24 \$62 million
- FY 2024-25 \$35.2 million
- FY 2025-26 \$24.9 million
- FY 2026-27 \$24.2 million

Improving the City's Appearance/Livability is Good for Residents and to Attract Business

Examples of things we can do now!

- Establish Quarterly Public Safety Committee follow-up on 911 hiring and performance
 - The budget is there - the obstacle is hiring.
- Strengthen dumping enforcement beyond 11% collections
 - Establish Waste Manifest System to make sure it gets to the dump
- Staff paving positions that are grant funded
 - Require financial deposit for those trenching in the public right of way



Other Public Safety Recommendations

- **MACRO:** Review overall goals, placement and dispatch protocols- Current dispatch is limited and prohibits response to residential addresses, limiting dispatch to less than 1% of OPD calls.
- **Public Safety Ambassadors:** BAC supports to create better business environment, but consider for Measure NN funding if funds are released
- **Ambulance Services:** Pursue consolidation of OFD non fire response and County Ambulance services to make **OFD revenue generating**
 - >80 of OFD dispatches are non fire
 - Creates savings and more importantly **substantial** revenue opportunities from health plan collections
 - Many cities including Berkeley have had good experience
 - 1980's legislation is limiting, but there are procedural and legislative fixes

We Want This!

Sutter Health Reveals \$1 Billion Expansion Plans In Emeryville



5555 Hella Street, image courtesy Sutter Health

Investment
Revenue
Safety
Thrive
Investment
Repeat

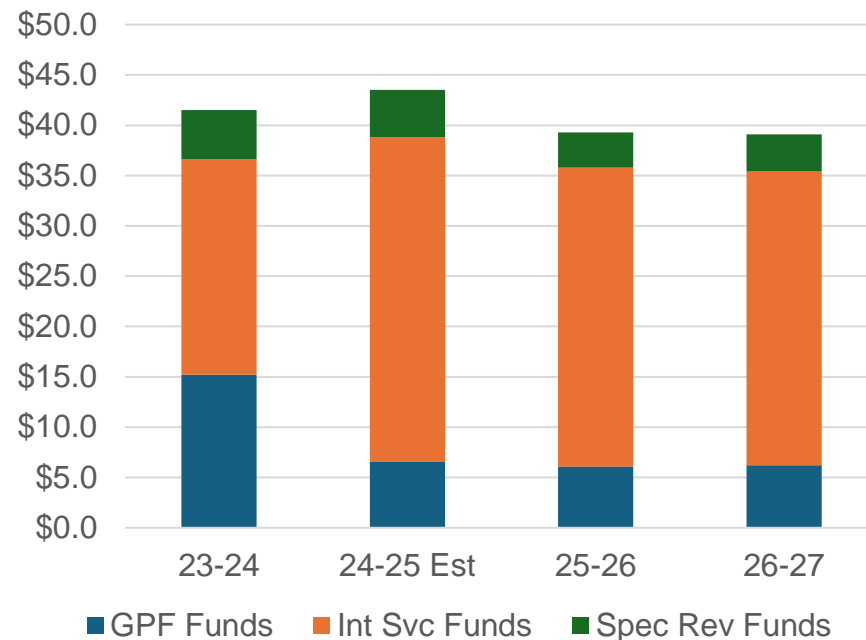
Not This!



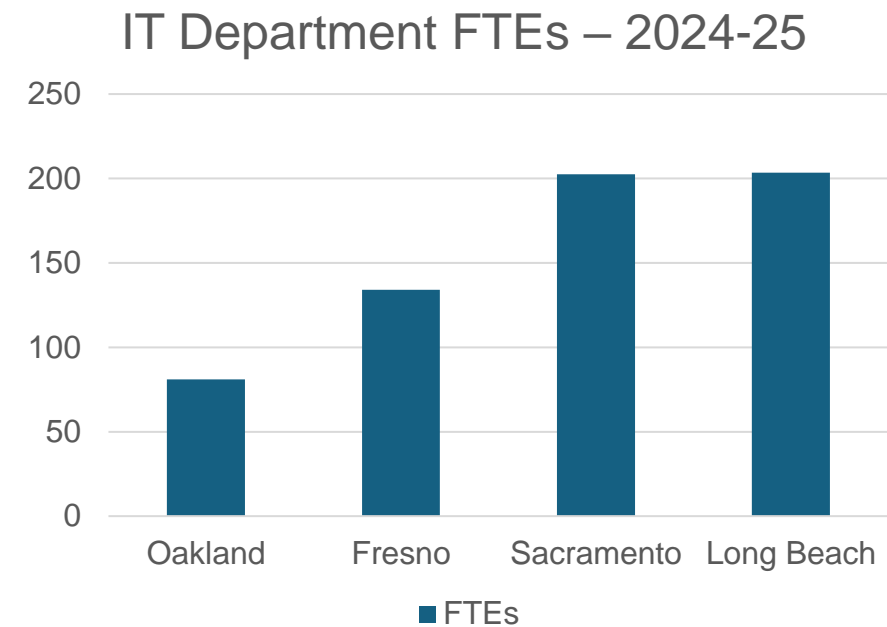
Overruns
Deficit
Cut
Blight
Crime
Repeat

Invest in IT Infrastructure to Enable Step Changes in City Performance

City IT Spending is Flat



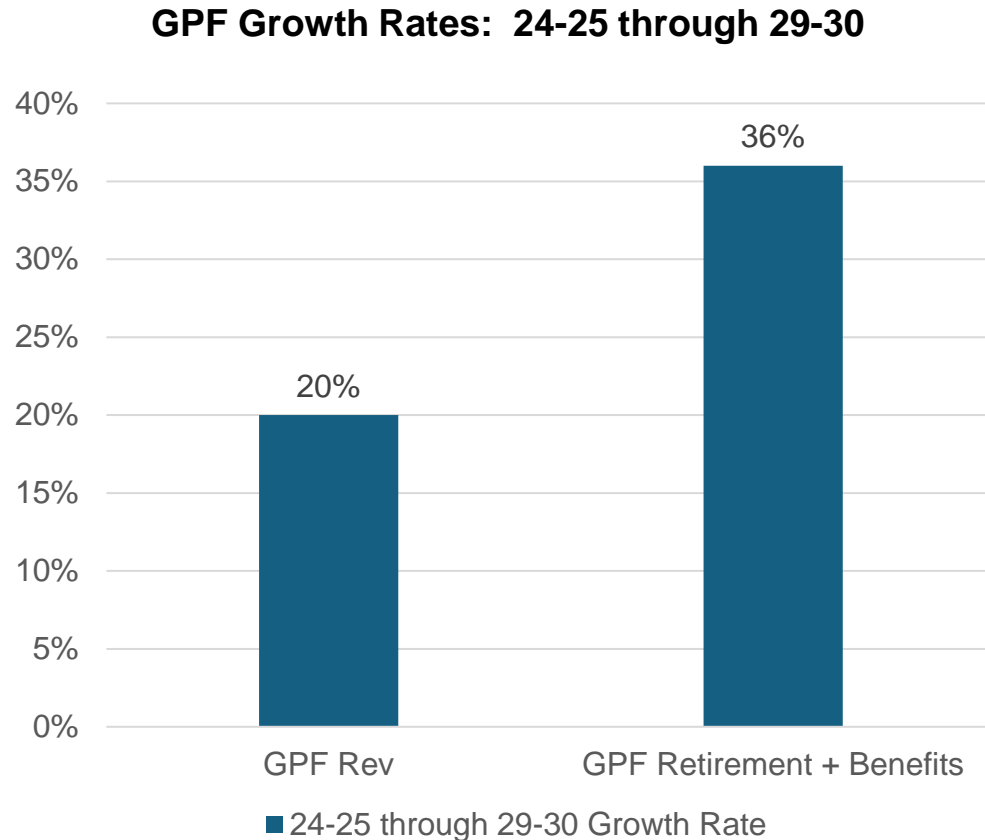
Oakland Lags Similar Cities in IT Staffing



Source:

<https://stories.opengov.com/oaklandca/21c1af4f-350d-4182-b9c9-1e72542a00db/published/OMWL5yd3U?currentPageId=67bf650e5cf8b273b0be006d>
BAC benchmarking analysis

Address Growth of Retirement and Benefit Costs



- Benefits + Retirement costs grow at almost twice the rate of GPF revenue through 2029-30
- This growth occurs even under conservative future assumptions (e.g., no hiring)
- By 2030 23% of GPF funds will go toward benefits and retirement costs, up from 18% today
- Need to address OPEB Policy (Resolution No 87551), CALPERS UAL, and potential new parcel tax

Roadmap to Fiscal Health

These issues will take time

BAC is committed to continued efforts and is honored to be invited to participate in the Mayor's **medium-term and long term roadmap to fiscal health**

To address the issues above as well as others!

Thank You!

Questions/Discussions



Appendix

Public Safety Recommendation: 911 Call Center-Improved but needs follow up

Policy Performance Recommendation: Institute Tracking of 911 Call Center Hiring, Retention and Performance quarterly by Council Public Safety Committee

- Previous Staffing Shortage
- Sufficient candidates and budget- but backlog of candidates not interviewed
- Issue had been hiring and retention
- Progress with Current Status of about 75 positions
 - 10 Vacant
 - 15-18 In Training

-75% of calls answered < 15 seconds

-78% of calls answered < 20 seconds

Improving the City's Appearance/Livability is good for residents and to attract business

Examples:

Blight and Dumping is a city wide problem

- Only 11% of Dumping Citations are collected
- Over 50% of appeals are granted
- Modest revenue collection opportunity, **substantial deterrent opportunity**
- Create waste manifest process

Paving and Trenching

- Ensure staffing of non GFP grant funded positions
- Publish Standards for Trenching in the public Right of Way
- Collect Deposit to ensure compliance as cities like

Fremont does

