



AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: FY 2023-24 Q3 R&E Report

DATE: May 10, 2024

City Administrator Approval 
Jestin Johnson (May 16, 2024 21:01 PDT)

Date: **May 16, 2024**

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On Fiscal Year (FY) 2023-24 Third Quarter Revenue And Expenditure (R&E) Results And Year-End Estimates For The General Purpose Fund (GPF, 1010), And Select Funds.

EXECUTIVE SUMMARY

This report details the City of Oakland's (the City) unaudited Third Quarter Q3 financial results for FY 2023-24 in the General Purpose Fund (GPF) and other select funds. It also contains preliminary FY 2023-24 projected year-end revenues and expenditures based on Third Quarter Q3 trends. The Third Quarter reflects 54.5% of the collected adjusted revenue budget, and expenditures reflect 68.0% of the adopted expenditure budget.

Our projections reflect the broader economy fluctuating from historical patterns. The projections in this report are made with limited information due to the seasonality of certain revenue categories, and the volatility and unpredictability of the economy due to the ongoing inflationary trends and effects of federal monetary policy. The purpose of the quarterly revenue and expenditure (R&E) report is to guide the City in managing its ongoing budget in comparison to the Adopted Budget as more financial data becomes available.

Table 1 below summarizes the FY 2023-24 GPF revenue and expenditures Adjusted Budget, current collections, and year-end estimates. **The current projection shows an estimate of a \$155.27 million year-end operating shortfall.**

Table 1: Summary of FY 2023-24 Q3 GPF Revenues & Expenditures Budget to Year-End Projections (\$ in millions)

	FY 2023-24 Adopted Budget	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Year-End Projections	Year-End \$ Over / Under Net Adjusted Budget	Year-End % (Over) / Under Net Adjusted Budget
FY2023-24 Revenues	834.12	890.07	485.42	715.70	(174.37)	(19.6) %
FY 2023-24 Expenditures	834.12	890.07	605.68	870.97	19.09	2.1 %
Operating (Shortfall) / Surplus	—	—	(120.26)	(155.27)	(155.27)	—

In the Third Quarter of FY 2023-24, an analysis of projected revenues and expenditures through March 31, 2024, suggests that the GPF will run an operating deficit in the current year.

The preliminary Q3 FY 2023-24 GPF revenue is projected to end the year at \$715.70 million, compared to the \$890.07 million FY 2023-24 Adjusted Budget, resulting in an overall shortfall of \$174.37 million or 19.6% under.

Sensitive revenue categories in the GPF have been revised to lower revenue projections to reflect recent trends. Specifically, for the Real Estate Transfer Tax (RETT), **the impact of rising interest rates on property demand and prices, contributes to the revenue shortfalls and anticipated worsening.** In addition, the Adjusted Budget assumes a one-time use of fund balance in the amount of \$30.12 million to balance adopted expenditures and \$55.24 million to support carryforwards.

The preliminary Q3 FY 2023-24 GPF expenditures are forecasted to end the year at \$870.97 million, compared to the Adjusted Budget of \$890.07, which is \$19.09 million or 2.1% under. In the GPF, all the Departments are trending to be under budget, with the exception of one Department.

This results in an operating deficit of \$155.27 million for the GPF in FY 2023-24.

BACKGROUND / LEGISLATIVE HISTORY

Below is a summary of the Council's actions that have occurred from the beginning of the fiscal year through Q3 that have modified the FY 2023-24 Adopted Budget:

Pursuant to the City's Consolidated Fiscal Policy - Part G. Criteria for Project Carryforwards and Encumbrances, the FY 2023-24 Adopted Budget has also been adjusted to include \$55.24 million in prior year carryforwards in the GPF which utilizes available fund balance to cover the cost.

On November 7, 2023, the City Council adopted Resolution No. 89981 C.M.S., amending the current year FY 2023-24 budget to reallocate \$2.5 million of newly available funds from reduced debt payments to the Oakland-Alameda County Coliseum Authority (OACCA) to fund improvements to 9-1-1 dispatch and the recruitment and retention of workers.

ANALYSIS AND POLICY ALTERNATIVES

This report supports the Citywide priority of a **responsive, trustworthy government** because providing timely and up-to-date financial information, enhances transparency, allowing residents, stakeholders, and decision-makers to be informed of the City's fiscal health, promoting a culture of responsible financial stewardship.

General Purpose Fund (GPF)

FY 2023-24 Q3 Revenues

The GPF revenues collected as of Q3 FY23-24 were \$485.42 million or 54.5% compared to the Adjusted Budget. The overall trend for most of the City's revenue sources are trending downward, and have revised year-end projections. The revenue sources that have a downward trend are Real Estate Transfer Tax, Business License Tax, Miscellaneous Revenue, Sales Tax, Service Charges, Fines and Penalties, Transient Occupancy Tax, and Licenses and Permits. The most significant downward trend being Real Estate Transfer Tax, which accounts for 62.5% of the overall revenue deficit in the GPF.

Four revenue sources are trending upward: Property Tax, Utility Consumption Tax, Parking Tax, and Interest Income. However, those positive trends are not strong enough to counter the negative trends.

- **Real Estate Transfer Tax:** Through March 2024, Real Estate Transfer Tax collections totaled \$38.54 million or 34.9% of the Adjusted Budget. This level of collections is significantly below the prior year's level of \$54.62 million at the same Q3 interval. Several factors contributed to the significant decline in RETT. The Federal Open Market Committee (FOMC) increasing and then holding the federal funds rate to 5.25%-5.50% to combat the inflationary trends is the primary cause. Consequently, the 30-year fixed mortgage interest rates averaged 6.82% as of March 28, 2024, according to the Freddie-Mac Mortgage Market Survey Archive. The higher the interest rate reduces the number of buyers as it makes home sales more expensive. This is reflected in the number of transactions through Q3, especially the high-value property transfers. As a whole, the volume of transactions has decreased from 2,715 through Q3 in FY 2022-23 to 2412 in FY 2023-24, representing a 24.8% decrease. The decrease in volume is augmented when considering that through Q3, only 16 properties valued over \$5.00 million have

been sold, compared to 32 that had been sold through the same period in FY 2022-23. Furthermore, only 7 of the properties that have sold through the Q3 were valued over \$10 million compared to 15 in the prior Fiscal Year. The third quarter RETT projection has been revised to end the year at \$53.22 million, which is \$57.19 million or 51.8% lower compared to the Adjusted Budget of \$110.41 million. This anticipated drop in the RETT accounts for 62.5% of the overall projected revenue shortfall in the GPF.

- **Miscellaneous Revenue:** Through Q3 of FY23-24, collections of miscellaneous revenues has been \$4.83 million or 22.8% of the Adjusted Budget. The one-time revenue of land sales is included in the budget for miscellaneous revenue. This one-time land sale has been delayed and thus is the major contributor to the reduction of the year-end projection. The year-end projection has been revised to \$5.79 million compared to the Adjusted Budget of \$21.22 million, which is 72.7% under budget, representing the second largest contributor to the projected shortfall in GPF revenues. As the land sales were delayed, it is now anticipated to be realized in the FY 2024-25 instead.
- **Business License Tax (BT):** For Q3, collections of BT are at \$112.08 million, which is 89.5% of the Adjusted Budget. Overall, for the year-end projection, BT is expected to end FY 2023-24 at \$120.98 million, which is \$4.27 million or 3.4% under compared to the FY 2023-24 Adjusted Budget of \$125.25 million. However, this would represent an increase of \$5.60 million compared to the FY 2022-23 year-end total of \$115.38 million. Projections for BT for purposes of preparing the FY 2023-24 budget were hampered by the ransomware attack, which delayed BT collections as well as the fact that the tax year 2023 filings represented the first year of implementation of the Measure T new rates approved by the voters in November 2022. Most of the difference between the Adopted Budget and the estimated FY 23-24 total comes from declines in collections from Cannabis businesses. Both the number of filers and the amount of gross receipts for these filers have declined from the prior year. Revenues are also down in the Contractors sector, reflecting the decline in building activity, as well as for retail establishments, reflecting a drop in taxable sales.

Through Q3, the total amount of gross receipts reported over all in FY 2023-24 were approximately \$29.56 billion. This represents approximately 86% of the \$34.50 billion in gross receipt totals that were reported in FY 2022-23 by year-end. Categories that have already exceeded their FY 2022-23 gross receipt totals reported at year-end include Grocers at 106% reported year to date compared to the FY 2022-23 year-end total, Wholesale at 112% reported year to date compared to the FY 2022-23 year-end total, Hotel / Motel at 131% reported year to date compared to the FY 2022-23 year-end total, and Miscellaneous categories with 158% in gross receipts reported year to date compared to the FY 2022-23 year-end total. Over the past three years, on average, \$7.85 million in BT has been collected over the final three accounting periods of the year.

- **Sales Tax:** Collections of sales tax revenue through Q3 are \$36.79 million or 54.4% of the Adjusted Budget. Sales tax revenue collections lag other revenues by 2-3 months. The current collections represent the second half of the calendar year 2023. Oakland's actual Sales Tax receipts from July through December were 6.4% below the same period in the prior year. Early reports of collection data from the State indicate a reduction in sales tax as a result of inflation moderating and certain business sectors contracting. The year-end projection of sales tax receipts is projected to end the year at \$62.72 million, short of the FY 2023-24 Adjusted Budget of \$67.69 million, by approximately \$4.97 million or 7.3%. Declines in sales tax revenues are part of larger statewide and national trends in favor of more online purchases and a shift from goods to services purchases. In addition, lower sales tax revenues likely reflect the impact of continued inflation as well as the ongoing weakness in the City's central business district.
- **Transient Occupancy Tax ("TOT"):** Q3 collections of TOT is \$13.82 million or 61.5% of the Adjusted Budget. The Year-end projection is now estimated to come in at \$19.74 million, compared to the FY 2023-24 Adjusted Budget of \$22.48 million, projecting to end the year \$2.74 million short or 12.2% under. The projected year-end total is slightly lower than the \$20.20 million collected in FY 2022-23 at year-end. The levels experienced over the past two fiscal years reflect the continuing rebound in the travel sector in the wake of travel declines brought about by the COVID-19 pandemic, including continued increases in the number of passengers traveling through the Oakland International Airport, but TOT levels still have not recuperated to its pre-pandemic peak during which TOT reached \$25.92 million in FY 2018-19. FY 2019-20 followed the FY 2018-19 high with a year-end total of \$19.58 million, as the Covid-19 economic effects started to show. This matches closely with the levels observed in FY 2022-23 and projected for the FY 2023-24 year end. These are all significantly higher than the pandemic-era lows of \$10.61 million and \$16.66 million experienced for TOT in FY 2020-21 and FY 2021-22, respectively.
- **Service Charges:** Collections of service charges for Q3 are \$19.37 million or 37.0% of the Adjusted Budget. Service Charges project to end the year at \$45.70 million, which is a decrease of approximately \$6.58 million or 12.6% from the FY 2023-24 Adjusted Budget of \$52.28 million. The new projection represents a decrease in service charges across multiple areas, including parking meter fees and the inability to collect franchise sewer fees.
- **Fines & Penalties:** Collections of Fines and Penalties for Q3 are \$11.39 million or 49.3% of the Adjusted Budget. Based on this trend, a decrease of approximately \$7.27 million or 31.5% from the Adjusted Budget is projected by year-end, resulting in an estimated year-end total of \$15.80 million. Fines & Penalties are primarily composed of revenues resulting from parking citations. The FY 2023-24 Adjusted Budget incorporated a proposal for an inflation adjustment to all parking fines of 5% in Fiscal Year 2023-2024 and another 5% (for a total of 10%) in Fiscal Year 2024-2025 and anticipated an

increment in revenues raised from enforcement associated with the inclusion of a Lake Merritt parking meter pilot and the integration of off-street and on-street parking systems. A major contributor to the shortfall in estimated revenues is due to the Parking Enforcement Unit being understaffed. In addition, the FY 2023-24 Budget anticipated \$1.20 million from the commitment of Paylock, the City's "smart boot" vendor, to add two new Automatic License Plate Readers (ALPR) equipped vehicles for the Scofflaw Detail, an operation dedicated to ensuring that registered owners with five or more outstanding parking citations are held to account by immobilizing their vehicles with "smart boots". This was disallowed per legal requirements and the estimated revenues of this program will not be realized.

Revenue categories with projected surpluses as of the Second Quarter compared to the FY 2023-24 Adjusted Budget in the GPF are led by the Property Tax, the Utility Consumption Tax (UCT), and Parking Tax.

- **Property Tax:** Collections of Property Tax for Q3 are \$183.97 million or 62.5% of the Adjusted Budget. The revenue is projected to exceed the FY 2023-24 Adjusted Budget of \$294.17 million by approximately \$0.19 million or 0.1% and is now forecast to end the year at \$294.36 million based on data from the most recent property tax rolls from the Alameda County. In comparison, FY 2022-23 ended the year at \$281.28 million. This data indicates an overall growth of taxable value of approximately 6.6 % when compared to FY 2022-23. The increase in property tax revenues reflects increases in residential home values over the prior year as well as increases due to real estate sales and adjustments to assessed values due to the Proposition 13 allowable inflation factor. These increases are expected to more than offset declines in revenue to assessment appeals, particularly in the office sector, where property values are down significantly from the pre-pandemic period.
- **Utility Consumption Tax:** Collections of Utility Consumption Tax for Q3 are \$42.12 million or 68.1% of the Adjusted Budget. The estimate has been revised and is projected to grow by approximately \$0.95 million or 1.5% above the FY 2023-24 Adjusted Budget of \$61.90 million and is now expected to end the year at \$62.85 million driven by increases to the utility rates charged to customers. California's Public Utilities Commission (CPUC) approved a 12.8% increase to consumer rates, which became effective in the second half of this fiscal year. The rate increase is being offset in the current Fiscal Year by monthly remittances in the first half of the year which came in at a slower pace compared to FY 2022-23.
- **Parking Tax ("PT"):** Collections of Parking Tax for Q3 are \$8.48 million or 75.3% of the Adjusted Budget. Parking Tax is projected to come in at \$12.74 million which is an increase of \$1.48 million or 13.1% higher compared to the FY 2023-24 Adjusted Budget of \$11.26 million. The \$8.48 million Actual receipts through Q3 of FY 2024 compare closely to FY 2022-23 and have come in at \$0.13 million higher compared to the FY 2022-23 total of \$8.35 million collected during the same period. FY 2022-23 ended the

year at \$12.01 million. PT is now coming in above pre-Covid-19 Pandemic levels. Increases in Parking Tax revenue are largely related to increases in travel-related collections at and near the airport, which more than offset declines in the City's Central Business District.

The FY 2023-24 Adjusted Revenue Budget assumes \$30.12 million in use of fund balance to support expenditures adopted in the budget and \$55.24 million in prior year carryforwards. Net of these, actual revenues are estimated to end the year at \$715.70 million, compared to the Adjusted Budget of \$804.71 million, representing a net shortfall of \$89.01 million or 11.1%.

Table 2 below highlights revenue categories with projection changes when compared to the FY2023-24 Adjusted Budget.

Table 2: FY 2023-24 Q3 GPF Revenues Budget to Actuals (\$ in millions)

Revenue Category	FY 2023-24 Adopted Budget	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Property Tax	294.17	294.17	183.97	294.36	0.19	0.1 %
Business License Tax	125.25	125.25	112.08	120.98	(4.27)	(3.4) %
Real Estate Transfer Tax	110.41	110.41	38.54	53.22	(57.19)	(51.8) %
Sales Tax	67.69	67.69	36.79	62.72	(4.97)	(7.3) %
Utility Consumption Tax	61.90	61.90	42.12	62.85	0.95	1.5 %
Service Charges	51.60	52.28	19.37	45.70	(6.58)	(12.6) %
Fines & Penalties	23.07	23.07	11.39	15.80	(7.27)	(31.5) %
Transient Occupancy Tax	22.48	22.48	13.82	19.74	(2.74)	(12.2) %
Miscellaneous Revenue	21.22	21.22	4.83	5.79	(15.43)	(72.7)%
Interfund Transfers	13.08	13.08	13.08	13.08	—	— %
Parking Tax	11.26	11.26	8.48	12.74	1.48	13.1 %
Licenses & Permits	1.39	1.39	0.82	1.13	(0.26)	(18.6) %
Interest Income	0.48	0.48	(1.14)	5.00	4.52	932.9 %
Grants & Subsidies	—	0.03	0.76	2.59	2.56	9657.0%
Subtotal	804.00	804.71	485.42	715.70	(89.01)	(11.1) %
Transfers from Fund Balance	30.12	30.12	—	—	(30.12)	(100.0)%
Project Offsets & Carryforwards	—	55.24	—	—	(55.24)	(100.0)%
Total Revenue	834.12	890.07	485.42	715.70	(174.37)	(19.6) %

FY2023-24 Q3 Expenditures

At the end of Q3, the GPF expenditure budget, only \$605.68 million or 68% of expenditures have been made compared to the Adjusted Budget, replicating the seasonality of spending. The GPF expenditures are forecasted to come in at \$870.97 million, compared to the Adjusted Budget of \$890.07 million, which is higher by \$19.09 million. All but one Department is projected to be under or at budget. The one Department is overspending is at a much higher rate than can be offset by the other Departments. Per the City’s Consolidated Fiscal Policy, Departments projected to overspend in the General Purpose Fund by more than one percent (1%), shall bring an informational report to the City Council within 60 days following acceptance of the Revenue & Expenditure report by the City Council. The report shall list the actions the Administration is taking to bring the expenditures into alignment with the budget.

Most departments, savings is due to vacancy savings. The budgeted vacancy factor assumed in the FY 2023-24 Biennial Budget is 8.00% across most City Departments, recognizing the trend and capturing vacancy savings. The actual vacancy rate as of Q3 in the GPF is 15.0%, which is almost more than twice of that assumed in the budget, resulting in further savings.

The Biennial Adopted Budget assumed a use of fund balance in the amount of \$30.12 million to balance the expenditures as budgeted. This follows a trend in recent years, during which one-time funding was needed in the balancing of expenditures. Expenditure monitoring is heightened as citywide hiring is a large focus, and current inflationary trends and federal monetary policy are likely to continue throughout the fiscal year and have an impact on spending trends by year-end.

Table 3 below breaks down the FY 2023-24 Expenditures by Department.

Table 3: FY 2023-24 Q3 GPF Expenditures Budget to Actuals (\$ in millions)

Department	FY 2023-24 Adopted Budget	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ (Over) / Under Adjusted	Year-End % (Over) / Under Adjusted
Capital Improvement Projects	0.55	1.96	0.29	1.96	—	— %
City Administrator	9.81	12.49	6.08	11.48	1.01	8.1 %
City Attorney	21.75	23.40	16.30	22.75	0.65	2.8 %
City Auditor	3.31	3.60	1.82	2.74	0.86	23.9 %
City Clerk	7.85	10.75	2.01	10.20	0.55	5.1 %
City Council	7.12	7.68	4.76	6.96	0.72	9.3 %
Department of Transportation	20.54	23.01	12.19	20.71	2.29	10.0 %

Department	FY 2023-24 Adopted Budget	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ (Over) / Under Adjusted	Year-End % (Over) / Under Adjusted
Department of Violence Prevention	10.79	13.08	6.05	11.47	1.61	12.3 %
Department of Workplace and Employment Standard	4.31	5.67	3.53	5.14	0.53	9.3 %
Economic and Workforce Development Department	11.19	17.07	7.33	16.77	0.30	1.8 %
Finance Department	30.00	33.33	17.92	28.86	4.47	13.4 %
Fire Department	199.87	212.29	135.80	193.39	18.90	8.9 %
Housing and Community Development Department	0.24	2.75	1.36	2.75	—	— %
Human Resources Management Department	9.50	9.79	6.46	9.64	0.15	1.6 %
Human Services Department	44.76	42.82	36.41	42.61	0.21	0.5 %
Information Technology Department	16.97	18.68	10.33	16.98	1.69	9.1 %
Mayor	4.60	4.66	3.01	4.02	0.64	13.8 %
Non-Departmental and Port	55.60	60.80	39.86	55.62	5.18	8.5 %
Oakland Animal Services	6.49	6.54	4.14	5.96	0.58	8.8 %
Oakland Parks and Recreation Department	18.30	19.23	13.19	17.42	1.81	9.4 %
Oakland Public Library Department	12.31	12.32	8.95	11.59	0.73	5.9 %
Oakland Public Works Department	1.36	2.06	1.71	2.06	—	— %

Department	FY 2023-24 Adopted Budget	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ (Over) / Under Adjusted	Year-End % (Over) / Under Adjusted
Planning and Building Department	—	—	—	—	—	N / A
Police Commission	7.96	8.94	3.88	7.08	1.86	20.8 %
Police Department	325.39	333.34	260.15	359.37	(26.03)	(7.8) %
Public Ethics Commission	2.25	2.35	1.23	2.02	0.32	13.7 %
Race and Equity Department	1.29	1.48	0.90	1.39	0.09	5.9 %
Total	834.12	890.07	605.68	870.97	19.09	2.1 %

The City's number of vacancies is a contributing factor to projected expenditure savings in the GPF. In Q3, the GPF's vacancy rate (net positions that are frozen as part of the FY 2023-24 Adopted Budget), is 15.00%, as shown in **Table 4** below. The vacancy rate assumed in the FY 2023-24 Adopted Budget is 8.00% across most City Departments.

Table 4: FY 2023-24 Q3 GPF Filled and Vacant Positions (Percent %)

Status as of Q3 FY 2023-2024	Percent (%)
Filled or Encumbered	85.0 %
Vacant	15.0 %

Fund Balance

The City's GPF Fund Balance, net obligations, is projected to end FY 2023-24 at negative \$62.09 million. Obligations are reserves required by City Ordinances and the City Charter (mandated emergency reserves). **Table 5** below shows mandated reserves required by City Ordinances and the City Charter (mandated emergency reserves) totaling \$33.84 million, decreasing the estimated FY2023-24 year-end available fund balance from negative \$62.09 million to negative \$95.93 million. The estimated FY 2023-24 available Fund Balance is the amount of unobligated funding available to the City in the GPF.

Table 5: Summary of FY 2023-24 Fiscal Situation with GPF Fund Balance (\$ in millions)

GENERAL PURPOSE FUND (1010)	FY 2023-24 Q3 Projected FYE
Estimated FY 2023-24 Beginning Audited Fund Balance	93.28
FY2023-24 Performance	
Revenue	715.70
Expenditures	870.97
FY 2023-24 Operating Surplus / Deficit	(155.27)
Unaudited Ending Fund Balance	(62.09)
Obligations Against Ending Fund Balance	
Use of Fund Balance in FY 2024-25	(33.84)
Estimated FY 2023-24 Ending Available Fund Balance	(95.93)

Summary

FY 2023-24 Q3 projections indicate that GPF revenues and expenditures will come in below budget, with the combination of the two culminating in an approximately \$155.27 million operating deficit. The adjusted budget also assumes the use of a fund balance in the amount of \$30.12 million to balance budgeted expenditures, plus \$55.24 million to support Carryforwards, thus creating a structurally imbalanced budget. Several City departments are projected to have significant savings, primarily due to underspending in personnel costs from vacancies. The main outlier is the Police Department, which is projected to exceed its budget by \$26.03 million, primarily due to overspending on personnel from overtime costs.

Consolidated Fiscal Policy (CFP) Implications

Per the City’s Consolidated Fiscal Policy, Part I. Alterations to the Budget, Departments projected to overspend in the General Purpose Fund by more than one percent (1%), shall bring an informational report to the City Council within 60 days following acceptance of the Revenue & Expenditure report by the City Council. The report shall list the actions the Administration is taking to bring the expenditures into alignment with the budget. The Police Department projected a year-end total of 7.8% over budget for the second quarter meets this provision.

Conclusion

One-time Federal relief funding from the American Rescue Plan Act (ARPA) of \$188 million temporarily relieved the structural imbalance in the GPF over the past three years. With the exhaustion of ARPA funding, the City still faces a structural imbalance. This is now amplified with the steep drop of RETT which projects to end the year at \$53.22 million compared to its peak during FY 2021-22 which ended the year at \$138.40 million. Inflationary trends are placing

pressure on expenditures while vacancies in staffing throughout the City are partially offsetting it at the expense of providing necessary services. The City's short-term and long-term fiscal outlook will depend on nimble but cautious management in the current and coming years.

PUBLIC OUTREACH / INTEREST

No outreach was deemed necessary for this informational report beyond the standard City Council agenda noticing procedures.

COORDINATION

This report was prepared in coordination between the Finance Department, the City Administrator's Office, and various departments.

SUSTAINABLE OPPORTUNITIES

Economic: No direct economic opportunities have been identified.

Environmental: No direct environmental impacts have been identified.

Race & Equity: No direct Race & Equity opportunities have been identified in this informational report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That City Council Receive An Informational Report On The Unaudited Fiscal Year (FY) 2023-24 Third Quarter Revenue And Expenditure (R&E) Results And Year-End Summaries For The General Purpose Fund (GPF, 1010).

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

Respectfully submitted,



Erin Roseman (May 16, 2024 15:38 PDT)

ERIN ROSEMAN
Director of Finance, Finance Department

Reviewed by:
Bradley Johnson, Budget Administrator
Sherry Jackson, Revenue & Tax Administrator

Prepared by:
Revenue Management & Budget Bureau(s):
Agaba, Rogers
Dang, Huey
Kirkpatrick, Tiffany
Mariano, Daniel
Maurer, Chuck
Segura, Jose
Soares, Michelle
Stabler, Rina
Urrutia, Kristin

Attachments(1):
A: FY 2023-24 Q3 Detailed Report

Attachment A: FY 2023-24 Q3 Detailed Report

TABLE OF CONTENTS

The report has the following major sections:

1. General Purpose Fund Q3 Revenues
2. General Purpose Fund Q3 Expenditures
3. General Purpose Fund Q3 Fund Balance
4. Reserves
5. Select Non-GP Funds

Appendixes:

Consolidated Fiscal Policy

Summary of FY 2023-24 Q3 GPF Revenues & Expenditures

FY2023-24 GPF Revenue is projected to come in \$174.37 million or 19.6% lower compared to the Adjusted Budget of \$890.07 million. GPF Expenditures are estimated to come in \$19.09 million or 2.1% under the Adjusted Budget of \$890.07 million. **Table 1** below shows the FY2023-24 General Purpose Fund revenue and expenditures Adjusted Budget and year end estimates which currently project a year end operating shortfall of \$155.27 million.

Table 1: Summary of FY 2023-24 Q3 GPF Revenues & Expenditures Budget to Estimated Year-End Actuals (\$ in millions)

	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Projected Year-End % Over / (Under) Adopted Budget
FY2023-24 Revenues	890.07	485.42	715.70	(174.37)	(19.6) %
FY 2023-24 Expenditures	890.07	605.68	870.97	19.09	2.1 %
Operating (Shortfall) / Surplus	—	(120.26)	(155.27)	(155.27)	(17.5) %

I. GENERAL PURPOSE FUND Q3 REVENUES

This section of the report provides an assessment of the City's revenue condition in the current fiscal year as compared to the FY 2023-24 Adjusted Budget based on actual performance during the first nine months of FY 2023-24, quarterly trends established in prior fiscal years, and external data sources such as the State of California (State), the County of Alameda (County), the City's Sales Tax and Property Tax consultant HDL Companies (HDL), and revenue consultants Blue Sky Consulting Group. Based on this analysis, the GPF tax revenue is projected to end the year with a net shortfall of \$89.01 million. The Adjusted Budget also assumes \$30.12 million in use of fund balance and \$55.24 million in prior year carry-forwards. Without accounting for the before mentioned one-time use of available funds, the GPF revenues forecast to come in at \$715.70 million, which is \$174.37 million lower compared to the Adjusted Budget of \$890.07 million.

Overall, the external effects of persistent high inflation, high gas prices, high interest rates, decreased consumer confidence, and well-publicized theft and vandalism at local businesses will continue to pose risks to City revenues. The biggest impact is felt as a consequence of high interest rates, which continue to negatively affect Real Estate Transfer Taxes by reducing demand and price of properties on the market as well as Sales Tax as it affects the cost of financing a car for prospective buyers and consequently affect the sales of automobiles. For these reasons, the Administration will continue to closely monitor economic conditions and the performance of all City funds.

Q3 REVENUE HIGHLIGHTS

Property Tax: The largest revenue source for the City is now estimated to end the year at \$294.36 million, exceeding the adjusted budget of \$294.17 million by \$0.19 million or 0.1%. In comparison FY 2022-23 ended the year at \$281.28 million. The projected year over year increase is driven by the overall increase in taxable values in the City of approximately 6.6% according to the most recent County Property Tax Rolls, which result in an increase in the amount of property tax assessments. The adjustment based on the increased property valuations is partially offset by projected revenue loss resulting from pending property assessment appeals.

The largest secured roll increase was reported on a developing vacant property owned by CVOW Parcel J Owner LLC at 37 8th Avenue with growth of \$116.6 million in valuation. This is an 8-story residential building under development as part of the Brooklyn Development in the Brooklyn Basin of Downtown Oakland. The second largest increase in property value comes from an office building in Uptown Oakland owned by 300 F Ogawa Plaza LP at the same address on Frank Ogawa Plaza, which reported an increase in value of \$94.1 million between FY 2022-23 and FY 2023-24 after this property was revalued after the current owner purchased the property in 2021. The third highest increase in property value comes from a vacant site developing into a mixed use site in downtown Oakland. Owned by 19 Bdwy Tower Development LLC, at 1920 Broadway, the added improvements resulted in an increase in property value of \$62 million.

Overall, residential use values increased 7.9% for a total of \$4.2 billion in value and represented 79% of all growth experienced in the City. The annual growth in this use type was \$2 billion lower this year than last year. Commercial properties posted an increase in value of \$599 million or a year over year increase of 5.2%. Industrial properties posted gains in property value of 9.6% or \$302.3 million and was \$80 million higher than last year.

Business License Tax (BT): The second largest revenue source is projected to end the year at \$120.98 million, which is \$4.27 million or 3.4% under the FY 2023-24 Adjusted Budget of \$125.25 million. However, this would represent an increase of \$5.60 million compared to the FY 2022-23 year-end total of \$115.38 million. BT actuals include payments made by businesses in the second year of operation, for which the BT for years one and two are both due in year two, it also includes late payments made by Businesses that had outstanding amounts owed from prior years, and payments captured through the City's assessments, collections, and lien processes. Payments attributed to the 2024 BT year to date account for \$95.12 million which represents 84.9% of the total Business Tax collected to date in FY 2023-24 of \$112.08 million. This falls in line with the FY 2022-23 year-end actuals, in which \$98.58 million or 85.4% out of the overall BT total collected of \$115.38 million corresponded to the 2023 BT year. In years prior to the Measure T BT implementation, the ratio of YTD totals corresponding to that same year in which the Tax was paid was consistently lower. In FY 2019-20 the amount corresponding to the 2020

tax year was \$78.74 million out of \$98.04 million collected, or 80.3 %, in FY 2020-21 the amount corresponding to the 2021 tax year was \$79.54 million out of \$104.11 million collected, or 76.4%, and in FY 2021-22 the amount corresponding to the 2022 tax year was \$78.90 million out of \$101.15 million collected, or 78.0%.

Real Estate Transfer Tax (RETT): The third largest revenue source for the City is projected to have the largest decrease in the GPF, by an estimated \$57.19 million from the adjusted budget of \$110.41 million, now projecting to end the year at \$53.22 million The significant reduction of 51.8% is attributable to rising interest rates that impact the affordability factor and consequently the number of property sales subject to RETT. Through Q3, the number of properties sold through the first nine months dropped by 11.2%, or 303 less properties, compared to the number of properties sold during the same time period in the prior year. The amount decreased is amplified when considering that the gross sales fell by 24.8% when accounting for the sales prices.

Recent trends do not indicate that a rebound is to be expected for the remainder of the year. In previous years, 73% of the year-end totals for RETT had been collected through the third quarter of FY2021-22, and 72% through Q3 of FY 2022-23. The Federal Reserve is not expected to begin lowering the Federal Funds Rate until the summer months at the earliest. Therefore, the fourth quarter is expected to perform similarly to the first three quarters of the year during which \$38.54 million has been collected so far. The high budget dollar amount adopted in the FY 2023-25 Biennial Budget was assumed coming off FY 2021-22 during which RETT ended the year at \$138.40 million. This was followed by a huge drop in FY 2022-23 which ended the year at \$78.05 million. The decline has continued during the first three quarters of FY 2023-24, which has realized even lower figures than FY 2022-23 had through Q3. Table 2 Below summarizes the year over year variance in gross sales and volume, comparing the performance of RETT through Q3 of the current year to that of FY 2022-23.

Table 2: RETT Growth Rate (\$ in millions)

Sale Price	FY 2022-23		FY 2023-24		Year-Over-Year Variance Thru Q3	
	Gross Sales	Volume	Gross Sales	Volume	Gross Sales	Volume
\$300,000 or below	\$ 27.15	167	\$29.57	174	8.9 %	4.2 %
\$300,001 to \$2 Million	\$ 2,125.57	2,334	\$1,882.66	2,106	(11.4) %	(9.8) %
\$2 million to \$5 Million	\$ 498.23	182	\$300.43	116	(39.7) %	(36.3) %
\$5 -10 Million	\$ 119.89	17	\$58.87	9	(50.9) %	(47.1) %
\$10 - 50 Million	\$ 282.26	13	\$136.85	7	(51.5) %	(46.2) %
\$50.01-100 Million	\$ 147.65	2	\$0.00	—	(100.0)%	(100.0)%
Over \$100 Million	\$ —	—	\$0.00	\$ —	— %	— %
Total	\$ 3,200.74	2,715	\$2,408.39	2,412	(24.8) %	(11.2) %

Sales Tax: The fourth largest revenue source for the City is projected to come in below the FY 2023-24 adopted budget of \$67.69 million by approximately \$4.97 million, and is now estimated to end the year at \$62.72 million. Detailed Sales Tax data is available through the Second Quarter (Q2) of FY 2023-24. Per data provided by the City's Sales Tax consultant HDL, Oakland's receipts from July through December (Q2) were 6.4% below the Q2 period in 2022.

Through Q2, modest sales improvement occurred in the food delivery, catering, and fast casual segments, and as a result restaurants and hotels overall rose 1.0%. Autos-transportation's also shows a year-over-year improvement of 1.5% resulting from new vehicle dealerships which had growth thanks to new openings over the past year. Categories with year over year decreases in sales tax are led percentage wise by fuel service stations. Expected reductions in petroleum prices provoked a 20.7% drop-off by fuel-service stations. Further analysis of taxpayers selling jet fuel products revealed lower transaction volumes as airlines looked to refuel at locations outside of the Bay Area. Cannabis has another downward outcome, more so than regional and statewide trends. This sectors' decrease was the primary cause of the food-drugs group's weaker returns of 17.8% lower compared to the same period in FY 2022-23. On average, the Sales tax categories dropped by 5.5% overall. Table 3 below compares the Sales Tax totals received by category through Q2 of FY 2022-23 and Q2 of FY 2023-24.

Table 3: Sales Tax Comparison by Category FY2022-23 and FY 2023-24 (\$ in millions)

Category	Thru Q2 FY 2022-23	Thru Q2 FY 2023-24	Inc/Dec
Autos & Transportation	\$ 4.65	\$ 4.73	1.5 %
Building & Construction	\$ 3.23	\$ 3.10	-4.1 %
Business & Industry	\$ 3.18	\$ 3.09	-2.9 %
Food & Drugs	\$ 2.89	\$ 2.38	-17.8 %
Fuel & Service Stations	\$ 4.57	\$ 3.62	-20.7 %
General Consumer Goods	\$ 2.91	\$ 2.69	-7.6 %
Restaurants & Hotels	\$ 5.46	\$ 5.51	1.0 %
State/County Pools & Transfers	\$ 5.84	\$ 5.82	-0.4 %
Average	\$ 4.09	\$ 3.87	-5.5 %

Utility Consumption Tax: This fifth largest revenue source for the City is projected to come in with a projected increase in the GPF. It is now estimated that it will end the year above the FY 2023-24 adopted budget of \$61.90 million by approximately \$0.95 million or 1.5%, at \$62.85 million. Collections through Q3 in FY 2023-24 lag in comparison to the same period in FY 2022-23 but the second half of the year is expected to outperform prior periods due to an approval from the California's Public Utilities Commission (CPUC) of a 12.8% increase to consumer utility rates which became effective in the second half of this fiscal year.

Interfund transfers & Transfers From Fund Balance: The adjusted budget assumes \$30.12 million in use of fund balance to balance budgeted expenditures and \$55.24 million in use of

fund balance to support carryforward expenditures. Additionally, there is \$13.08 million budgeted in anticipated interfund transfers.

All Other Revenue Sources:

Table 4 below summarizes the FY2023-24 GPF revenues by category.

Table 4: FY2023-24 Q3	FY 2023-24 Adopted Budget	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Property Tax	294.17	294.17	183.97	294.36	0.19	0.1%
Business License Tax	125.25	125.25	112.08	120.98	(4.27)	(3.4)%
Real Estate Transfer Tax	110.41	110.41	38.54	53.22	(57.19)	(51.8)%
Sales Tax	67.69	67.69	36.79	62.72	(4.97)	(7.3)%
Utility Consumption Tax	61.90	61.90	42.12	62.85	0.95	1.5%
Service Charges	51.60	52.28	19.37	45.70	(6.58)	(12.6)%
Fines & Penalties	23.07	23.07	11.39	15.80	(7.27)	(31.5)%
Transient Occupancy Tax	22.48	22.48	13.82	19.74	(2.74)	(12.2)%
Miscellaneous Revenue	21.22	21.22	4.83	5.79	(15.43)	(72.7)%
Interfund Transfers	13.08	13.08	13.08	13.08	—	— %
Parking Tax	11.26	11.26	8.48	12.74	1.48	13.1%
Licenses & Permits	1.39	1.39	0.82	1.13	(0.26)	(18.6)%
Interest Income	0.48	0.48	(1.14)	5.00	4.52	932.9%
Grants & Subsidies	—	0.03	0.76	2.59	2.56	9657.0%
Internal Service Funds	—	—	—	—	—	N / A
Subtotal	804.00	804.71	485.42	715.70	(89.01)	(11.1) %
Transfers from Fund Balance	30.12	30.12	—	—	(30.12)	(100.0)%
Project Offsets & Carryforward	—	55.24	—	—	(55.24)	(100.0)%
Total Revenue	834.12	890.07	485.42	715.70	(174.37)	(19.6) %

II. GENERAL PURPOSE FUND Q3 EXPENDITURES

GENERAL PURPOSE FUND EXPENDITURE HIGHLIGHTS

The GPF expenditures are forecasted to come in at \$870.97 million, which is a decrease of \$19.09 million, when compared to the Adjusted Budget of \$890.07 million. The Adjusted Budget required a use of fund balance in the amount of \$30.12 million to balance the expenditures as budgeted. This follows a trend in recent years, during which one-time funding was needed in the balancing of the FY2019-20, FY2020-21, FY2021-22 and FY2022-23 expenditures in the budget by programming CARES dollars (\$36.99 million), ARPA dollars (\$188 million), and use of VSSF (\$14.65 million) for a total of \$239.64 million, which would equal 27% of FY 2023-24 GPF budgeted expenditures. The budgeted personnel expenditures also assume a vacancy factor of 8.00%. Overall, the increase in the appropriations level compared to previous years merits further consideration as it reflects the current global inflationary trend affecting the economy.

Table 5 below reflects the GPF expenditures forecasted to come in at \$870.97 million, which is \$19.09 million or 2.1% over the adjusted budget of \$890.07 million.

Table 5: Summary of FY 2023-24 Q3 GPF Expenditures Budget to Actuals (\$ in millions)

	FY 2023-24 Adopted Budget	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
FY 2023-24 Expenditures	834.12	890.07	605.68	870.97	19.09	2.1 %

Department Level Spending Trends

Table 6 below reflects department level spending and projected year-end GPF expenditures. As a result, City-wide GPF departmental expenditure projections are projected to come in above the Adjusted Budget by \$19.09 million. Per the City’s Consolidated Fiscal Policy, Departments projected to overspend in the General Purpose Fund by more than one percent (1%), shall bring an informational report to the City Council within 60 days following acceptance of the Revenue & Expenditure report by the City Council. The report shall list the actions the Administration is taking to bring the expenditures into alignment with the budget.

Table 6: Summary of FY 2023-24 GPF Projected Expenditure Variance (\$ in millions)

Department	FY 2023-24 Adopted Budget	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	0.55	1.96	0.29	1.96	—	— %
City Administrator	9.81	12.49	6.08	11.48	1.01	8.1 %
City Attorney	21.75	23.40	16.30	22.75	0.65	2.8 %
City Auditor	3.31	3.60	1.82	2.74	0.86	23.9 %
City Clerk	7.85	10.75	2.01	10.20	0.55	5.1 %
City Council	7.12	7.68	4.76	6.96	0.72	9.3 %
Department of Transportation	20.54	23.01	12.19	20.71	2.29	10.0 %
Department of Violence Prevention	10.79	13.08	6.05	11.47	1.61	12.3 %
Department of Workplace and Employment Standard	4.31	5.67	3.53	5.14	0.53	9.3 %
Economic and Workforce Development Department	11.19	17.07	7.33	16.77	0.30	1.8 %
Finance Department	30.00	33.33	17.92	28.86	4.47	13.4 %
Fire Department	199.87	212.29	135.80	193.39	18.90	8.9 %
Housing and Community Development Department	0.24	2.75	1.36	2.75	—	— %
Human Resources Management Department	9.50	9.79	6.46	9.64	0.15	1.6 %

Department	FY 2023-24 Adopted Budget	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Human Services Department	44.76	42.82	36.41	42.61	0.21	0.5 %
Information Technology Department	16.97	18.68	10.33	16.98	1.69	9.1 %
Mayor	4.60	4.66	3.01	4.02	0.64	13.8 %
Non Departmental and Port	55.60	60.80	39.86	55.62	5.18	8.5 %
Oakland Animal Services	6.49	6.54	4.14	5.96	0.58	8.8 %
Oakland Parks and Recreation Department	18.30	19.23	13.19	17.42	1.81	9.4 %
Oakland Public Library Department	12.31	12.32	8.95	11.59	0.73	5.9 %
Oakland Public Works Department	1.36	2.06	1.71	2.06	—	— %
Police Commission	7.96	8.94	3.88	7.08	1.86	20.8 %
Police Department	325.39	333.34	260.15	359.37	(26.03)	(7.8)%
Public Ethics Commission	2.25	2.35	1.23	2.02	0.32	13.7 %
Race and Equity Department	1.29	1.48	0.90	1.39	0.09	5.9 %
Total	834.12	890.07	605.68	870.97	19.09	2.1 %

The following section details Q3 projected GPF savings or overspending by Department, as compared to the FY 2023-24 Adjusted Budget.

Capital Improvement Program (CIP)

The Capital Improvement Program is projected to end the fiscal year at its adjusted budget of \$1.96 million.

City Administrator (CAO)

The City Administrator’s Office is projected to underspend by \$1.01 million, or 8% of their budget due to vacancies. In the General Purpose Fund, CAO has a vacancy rate of 24%, with ten vacant positions.

City Attorney (OCA)

The City Attorney is projected to underspend by \$0.65 million, or 3% of their budget, due to vacancies. In the General Purpose Fund, OCA has a vacancy rate of 7%, with four vacant positions.

City Auditor

The City Auditor is projected underspend by \$0.86 million, or 24% of their budget due to vacancies. In the General Purpose Fund, City Auditor has a vacancy rate of 25%, with three vacant positions.

City Clerk

The Office of the City Clerk is projected to underspend their budget by \$0.55 million, or 5% of their budget, due to vacancies. In the General Purpose Fund, City Clerk has a vacancy rate of 17%, with two vacant positions.

City Council

The City Council is projected to underspend their budget by \$0.72 million, or 9% of their budget, due to vacancies. In the General Purpose Fund, City Council has a vacancy rate of 3%, with one vacant position.

Department of Transportation (DOT)

The Department of Transportation is projected to underspend by \$2.29 million, or 10% of their budget, due to vacancies. In the General Purpose Fund, DOT has a vacancy rate of 10%, with nine vacant positions.

Department of Violence Prevention (DVP)

The Department of Violence Prevention is projected to underspend by \$1.61 million or 12% of their budget, due to vacancies. In the General Purpose Fund, DVP has a vacancy rate of 32%, with ten vacant positions.

Department of Workplace & Employment Standards (DWES)

The Department of Workplace & Employment Standards is projected to underspend by \$0.53 million, or 9% of their budget, due to vacancies. In the General Purpose Fund, DWES has a vacancy rate of 6%, with one vacant position.

Economic & Workforce Development (EWD)

Economic & Workforce Development is projected to underspend by \$0.30 million, or 2% of their budget, due to vacancies. In the General Purpose Fund, DWES has a vacancy rate of 27%, with six vacant positions.

Finance Department

The Finance Department is projected to underspend by \$4.47 million, or 13% of their budget, due to vacancies. In the General Purpose Fund, Finance has a vacancy rate of 13%, with 15 vacant positions.

Fire Department

The Oakland Fire Department is projected to underspend by \$18.90 million, or 9% of their budget. In the General Purpose Fund, Fire has a vacancy rate of 16%, with 94 vacant positions which results in savings in the amount of \$29.07 million. However, these estimated savings from the vacancies are partially offset by \$18.06 million in over-time overspending resulting in a net personnel year-end projected underspend in the amount of \$11.01 million.

Housing & Community Development (HCD)

Housing & Community Development is projected to end the fiscal year at the adjusted budget of \$2.75 million.

Human Resources Management (HRM)

Human Resources Management is projected to underspend by \$0.15 million, or 2% of their budget, due to vacancies. In the General Purpose Fund, HRM has a vacancy rate of 9%, with three vacant positions.

Human Services Department (HSD)

Human Services Department is projected to underspend by \$0.21 million, or 0.5% of their budget, due to vacancies. In the General Purpose Fund, HSD has a vacancy rate of 16%, with six vacant positions.

Information Technology (ITD)

The Information Technology Department is projected to underspend by \$1.69 million, or 9% of their budget, due to vacancies. In the General Purpose Fund, ITD has a vacancy rate of 21%, with twelve vacant positions.

Mayor's Office

The Mayor's Office is projected to underspend by \$0.64 million, or 14% of their budget, due to vacancies. In the General Purpose Fund, Mayor's Office has a vacancy rate of 27%, with three vacant positions.

Non-Departmental

Non-Departmental is projected to underspend by \$5.18 million, or 9% of the budget.

Oakland Animal Services

The Department of Animal Services is projected to underspend by \$0.58 million, or 9% of their budget, due to vacancies. In the General Purpose Fund, Animal Services has a vacancy rate of 19%, with six vacant positions.

Oakland Parks, Recreation and Youth Development (OPRYD)

Oakland Parks, Recreation and Youth Development is projected to underspend by \$1.81 million, or 9% of their budget, due to vacancies. In the General Purpose Fund, OPRYD has a vacancy rate of 26%, with 27 vacant positions.

Oakland Public Library (OPL)

Oakland Public Library is projected to underspend by \$0.73 million, or 6% of its budget, due to vacancies. In the General Purpose Fund, OPL has a vacancy rate of 10%, with four vacant positions.

Oakland Public Works (OPW)

Oakland Public Works is projected to end the fiscal year at an adjusted budget of \$2.06 million.

Police Commission

The Police Commission is projected to have savings of \$1.86 million, or 21% of their budget, due to vacancies. In the General Purpose Fund, the Police Commission has a vacancy rate of 20%, with five vacant positions.

Police Department

The Police Department is projected to overspend by \$26.03 million, or 8% of their budget, due to overtime overspending. A detailed explanation of this overage can be found in the "Public Safety Costs & Analysis" section below.

Public Ethics Commission (PEC)

The Public Ethics Commission is projected to have savings of \$0.32 million, or 14% of their budget, due to vacancies. In the General Purpose Fund, PEC has a vacancy rate of 25%, with two vacant positions.

Race & Equity

The Department of Race & Equity is projected to have savings of \$0.09 million, which is 6% of their budget. In the General Purpose Fund, Race & Equity has a vacancy rate of 0%, with no vacant positions.

Public Safety Costs & Analysis

Table 7 below shows the personnel expenditures, including overtime, for Public Safety in the GPF. Once all other personnel costs are accounted for, the Oakland Police Department currently shows a projected year-end personnel budget to be overspent by \$25.75 million in the General Purpose Fund. Details are provided in **Table 7** below.

Table 7: FY 2023-24 Public Safety GPF Personnel Expenditures (\$ in millions)

Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Police Department**					
<i>Overtime (OT)</i>	24.08	41.30	55.24	(31.16)	(129.4)%
<i>Reimbursable OT (Special Events, etc.)</i>		(5.07)	(5.07)	5.07	
<i>All Other Personnel (non-OT)</i>	262.44	198.26	262.10	0.34	0.1%
OPD Total Personnel	286.52	234.49	312.27	(25.75)	(9.0) %
Fire Department					
<i>Overtime (OT)</i>	10.89	21.71	28.95	(18.06)	(165.8)%
<i>All Other Personnel (non-OT)</i>	165.92	103.13	136.85	29.07	17.5%
OFD Total Personnel	176.81	124.84	165.80	11.01	6.2 %

As shown on Table 7 above, OPD was budgeted \$24.08 million for overtime and is projected to exceed this budgeted amount by \$31.16 million for a projected year-end total of \$55.24 million. In the table below, are the top five organizations in OPD where overspending has occurred most outlined in **Table 8**:

Table 8: FY 2023-24 OPD Top 5 Organizations in Overtime Expenditures (\$ in millions)

Top 5 Organizations in OPD for Overtime	FY 2023-24 Adjusted Budget	FY 2023-24 Year-End Estimate	Year-End \$ (Over) / Under Budget
Special Operations Division (SOD)	2.59	10.35	(7.76)
Area 1	2.13	5.99	(3.85)
Area 5	2.15	3.82	(1.67)
Area 3	2.08	3.73	(1.65)
Homicide	0.74	3.67	(2.93)

The Oakland Police Department (OPD) was allocated \$24,075,587 in overtime for Fiscal Year (FY) 2023-24. Since July 1, 2023, OPD has consistently spent an average of \$4,603,148 per month in overtime.

Based on Quarter 3 (Q3) payroll data, the Department is projected to exceed its overtime budget by approximately \$31,162,194. However, the Department anticipates receiving \$5,073,292 in reimbursable overtime funds, which will offset the projected overage to \$25,918,002.

The Department’s primary objectives are to reduce violent crime and improve public safety. Achieving this objective necessitates overtime by sworn personnel and increased spending in the Homicide Section, Special Operations Division (SOD), and Areas 1, 3, and 5.

Homicide Section: The Homicide Section plays a crucial role within OPD, serving as its primary investigative unit tasked with a range of responsibilities, including investigating homicides, unexplained deaths, cold cases, in-custody deaths, officer-involved shootings, and other Level 1 uses of force incidents. These investigations often involve complex and sensitive matters that demand meticulous attention and urgency.

Overtime in the Homicide Section is often essential due to the unpredictable nature of these investigations, which often require round-the-clock attention. Callout activations, such as homicides and Level 1 investigations, can occur at any moment, requiring investigators and assisting units to work beyond regular hours to gather evidence, interview witnesses, and follow leads for a thorough investigation. Additionally, collaboration with specialized units, outside agencies, forensic specialists, the Alameda County District Attorney’s Office, and other investigative partners often demands scheduling flexibility, further contributing to the need for overtime.

During Q3 (January to March 2024), the Homicide Section was exceptionally busy, responding to 20 homicides, investigating 223 unexplained deaths or suicides, and conducting 20 cold case reviews, resulting in four closures. Additionally, the Section investigated three Level 1 incidents, including an officer killed in the line of duty and an officer-involved shooting investigation, both requiring intensive, around-the-clock efforts to meet stringent time deadlines as per established protocols and procedures.

Special Operations Division: The Special Operations Division (SOD) plays a critical role in our law enforcement efforts, currently staffed with 11 sergeants, three lieutenants, and a Captain. Significant administrative responsibilities, including preliminary investigations, division-level inquiries, use of force investigations, and risk management related tasks contribute to increased overtime expenditures.

SOD is responsible for supporting Area commanders during potential demonstrations, civil unrest, and unforeseen large-scale events. In Q3, SOD was actively involved in managing various unforeseen events, particularly due to the Palestinian and Israeli conflict.

The Air Unit within SOD is essential to the Department's crime reduction strategies and operates nearly seven days a week. Despite having six members, one member is currently on long-term modified duty, unable to pilot. The limited number of trained pilots mean that qualified personnel must operate on overtime to meet the Department's demands, with their overtime expenses being covered by the "Restore" fund shared with Traffic. Additionally, the Crime Reduction Teams, now part of SOD, are instrumental in apprehending known violent felons. Given the rise in criminal activities like robberies, car jackings, shootings, and commercial burglaries, these teams engage in targeted violence suppression operations based on Department intelligence, often requiring overtime expenditures for arrests, evidence processing, and reporting.

Furthermore, the Unhoused Unit has been actively involved in numerous large-scale encampment closures due to safety concerns for City employees. Overtime is frequently requested by Oakland Public Works (OPW) to provide sufficient police presence to safely complete these tasks, especially with the implementation of new City ordinances and deployment policies, along with California Assembly Bill (AB) 481.

While many overtime expenditures within SOD are unavoidable, the Division remains committed to diligently balancing labor costs with operational needs to minimize expenditures while achieving the Chief's strategic goals.

Area 1: In Q3, Area 1 experienced a 33% decrease in shootings, dropping from 12 incidents in 2023 to eight in 2024, with a total of five homicides in 2024. To address this trend, violence suppression officers were deployed on overtime to hotspots such as Acorn, Ghost Town, and Campbell Village, focusing on proactive car stops and visible deterrence.

The Area 1 Violence Suppression Detail was discontinued on March 23, 2024, with anticipated savings expected to be reflected in the next quarter. Additionally, the overtime Chinatown Detail was temporarily understaffed for approximately three weeks from the end of March to April 2024 but was subsequently reinstated with overtime officers. Despite these efforts, this quarter has seen an increase in violent crime other than shootings, traffic congestion, illegal vendors, and nightclubs operating beyond their permits.

Previously, a strategy involving barricades in the Broadway and Telegraph areas successfully led to a reduction in reported violent crimes. However, a decision was made in October 2023, to discontinue the use of barricades, resulting in a resurgence of crime, traffic congestion, and illegal vendors in the area. Moreover, there has been a rise in Sideshow activity around 1900 Broadway, and incidents of violence at nightclubs to include Mr. Fabs Night Club (1770

Broadway), New Karibbean City (1408 Webster St), and Lux Pub and Club (1100 Franklin St). Until a more permanent strategy is developed for Friday, Saturday, and Sunday nights, overtime officers will continue to maintain a presence in the downtown area.

Area 3: Overtime in Area 3 is primarily driven by various initiatives and deployments, including the deployment of Violence Suppression officers working overtime in the San Antonio/Saigon Area and operations targeting Human Trafficking along International Boulevard.

In Q3, Area 3 experienced an 80% increase in robberies and "blipping" style car burglaries, as indicated in the March 10th Weekly Crime Report. These incidents were widespread across the city. Analysis of crime statistics revealed that the "blipping" crew initiated their activities early in the morning. Consequently, a burglary operation was deployed concurrently, resulting in the arrest of two individuals. This intelligence was then leveraged to further investigations and suppressed larger organized criminal organization. As of April 28th, the robbery rate in Area 3 has decreased to 28%, as reported in the April 28th Weekly Crime Report.

The Violence Suppression unit, coded as the San Antonio Special Assignment, has maintained staffing levels with one sergeant and four to five officers, operating seven days a week. The majority of violence in Area 3 is associated with Human Trafficking activities. The stretch from the 500 to 2300 blocks of International Boulevard has earned a longstanding reputation as Oakland's "Track" or "Blade" for street prostitution, often leading to incidents of violence, including shootings, murders, and robberies. To address this issue, the Vice Unit conducts two to four operations monthly, focusing on rescuing juveniles and apprehending both buyers and exploiters. Five of the FBI Human Trafficking Task Force Officers, who work for OPD, are reimbursed by the FBI.

Area 5: In Q3, Area 5 faced significant challenges, leading the city in homicides (7) and recording 95 aggravated assaults. To counteract this trend, Area 5 consistently deployed violence suppression teams, primarily funded by the Area itself, to address rising crime rates. These teams also provided valuable assistance to the Bureau of Field Operations 2. The effectiveness of the violence suppression units is evident in the reduction of assaults with a firearm by 4% year-to-date, and two homicides, a 71% reduction.

Area 5 has implemented five violence suppression overtime assignments, with each unit assigned to one of the five sectors. These teams are instructed to remain in their designated sector, maintaining a high visibility presence and conducting enforcement and security checks as required. The selection of these sectors was based on statistical data analysis, identifying areas with the highest concentration of violent crime and ShotSpotter activity. The sectors are reviewed weekly, allowing for adjustments to align with evolving crime trends. While Area 5 utilizes more violence suppression units than Area 4 or Area 6, the presence of these units enables Crime Reduction Team (CRT) East to allocate minimal time to Area 5, focusing instead on Area 4 and Area 6.

The Department remains committed to addressing violent crime while managing overtime expenditures and administrative burdens across different areas and units.

Table 9: Year-Over-Year Comparison of Public Safety GPF Personnel Expenditures (\$ in millions)

Police Department					
Overtime (OT)	FY 2019-20	FY 2020-21	FY 2021-22	FY2022-23	FY2023-24
Adjusted Budget	16.56	15.39	33.36	30.90	24.08
Actuals (FY24 Proj)	35.07	29.18	34.35	51.16	55.24
(Over)/Under	(18.51)	(13.79)	(0.99)	(20.26)	(31.16)
All Other Personnel (non-OT)	FY 2019-20	FY 2020-21	FY 2021-22	FY2022-23	FY2023-24
Adjusted Budget	232.95	239.29	245.01	252.38	262.44
Actuals (FY24 Proj)	242.01	244.23	234.29	182.02	262.10
(Over)/Under	(9.06)	(4.94)	10.71	70.36	5.41
Total Personnel	FY 2019-20	FY 2020-21	FY 2021-22	FY2022-23	FY2023-24
Adjusted Budget	249.51	254.68	278.37	283.28	286.52
Actuals (FY24 Proj)	277.08	273.41	264.27	233.18	312.27
(Over)/Under	(27.57)	(18.73)	14.09	51.57	(25.75)
Fire Department					
Overtime (OT)	FY 2019-20	FY 2020-21	FY2021-22	FY2022-23	FY2023-24
Adjusted Budget	2.37	4.22	19.83	11.19	10.89
Actuals (FY24 Proj)	20.63	24.22	29.83	29.96	28.95
(Over)/Under	(18.26)	(20.00)	(10.00)	(18.77)	(18.06)
All Other Personnel (non-OT)	FY 2019-20	FY 2020-21	FY 2021-22	FY2022-23	FY2023-24
Adjusted Budget	142.70	144.73	132.44	143.28	165.92
Actuals (FY24 Proj)	123.59	126.99	119.50	129.85	136.85
(Over)/Under	19.11	17.74	12.94	13.44	29.07
Total Personnel	FY 2019-20	FY 2020-21	FY 2021-22	FY2022-23	FY2023-24
Adjusted Budget	145.07	148.95	152.27	154.47	176.81
Actuals (FY24 Proj)	144.22	151.21	149.33	159.80	165.80
(Over)/Under	0.85	(2.26)	2.94	(5.33)	11.01

III. GENERAL PURPOSE FUND - FUND BALANCE

The City's GPF Fund Balance, net obligations, is projected to end FY 2023-24 at negative \$62.09 million. Obligations are reserves required by City Ordinances and the City Charter (mandated emergency reserves). Table 7 below shows mandated reserves required by City Ordinances and the City Charter (mandated emergency reserves) totaling \$33.84 million, decreasing the estimated FY2023-24 year-end available fund balance from negative \$64.4962.09ion to negative \$95.93 million. The estimated FY 2023-24 available Fund Balance is the amount of unobligated funding available to the City in the GPF.

Table 10: FY 2023-24 Year-End Available GPF Fund Balance

GENERAL PURPOSE FUND (1010)	FY 2023-24 Q3 Projected FYE
Estimated FY 2023-24 Beginning Audited Fund Balance	93.18
FY2023-24 Performance	
Revenue	715.70
Expenditures	870.97
FY 2023-24 Operating Surplus / Deficit	(155.27)
Unaudited Ending Fund Balance	(62.09)
Obligations Against Ending Fund Balance	
Use of Fund Balance in FY 2024-25	(33.84)
Estimated FY 2023-24 Ending Available Fund Balance	(95.93)

IV. RESERVES

On December 9, 2014, Council Ordinance No. 13279 amended the City’s Consolidated Fiscal Policies to include designated reserves for both the Vital Services Stabilization Fund and for the acceleration of long-term obligations, in addition to the mandated 7.5% GPF Emergency Reserve (refer to the City of Oakland Consolidated Fiscal Policy, Section I, Part C: Use of Excess Real Estate Transfer Tax). It is important to note that while these balances are designated each fiscal year, reserve appropriations adopted in subsequent fiscal years may include any prior year true-ups.

Emergency Reserve

The City’s GPF Emergency Reserve was calculated by multiplying 7.5% by the FY2022-23 Adopted Budget amount of \$872.07 million and carried forward on to FY 2023- 24. The reserve is approximate to one month of FY 2023-24 Adopted Budget in the GPF. This reserve will be held in Fund 1011 as directed by Council in Resolution 88717 C.M.S. The reserve requirement, pursuant to the CFP, has been met.

However, the emergency reserve policy level of 7.5% is inadequate to sustain city services in an economic downturn, as evidenced by the events of the last 2 years. The recommended policy level is 16.7% or two months of operating expenditures. This recommended level is supported by best practices outlined by the Government Finance Officer’s Association (GFOA).

Vital Services Stabilization Fund

The Vital Services Stabilization Fund (VSSF) was established in 2014 by the City Council after the Great Recession to serve as the City’s "Rainy Day" fund. Per the Consolidated Fiscal Policy, 25% of excess RETT revenue is intended to go into the VSSF. The FY 2022-23 ending available balance of \$10.27 million was assumed in its entirety in the FY 2023-24 Adopted Budget to balance expenditures as the City Council declared that the City is experiencing a severe financial event and state of extreme fiscal necessity. The target funding level per the City’s Consolidated Fiscal Policy is \$125.22 million, or 15% of the GPF revenues.

Table 11 below shows the estimated FY 2023-24 year-end reserve balances.

Table 11: FY 2023-24 Q3 Reserve Balances (\$ in millions)

Description	FY 2023-24 Beginning Balances	FYE Estimated 2023-2024 Balances
Mandated Emergency Reserves FY 2022-23*	65.41	65.41
Vital Services Stabilization Fund	10.27	—
OMERS Reserves (Reso. No. 85098 C.M.S)	2.36	2.36
Total Reserves	78.04	67.77

**The 7.5% GPF reserve is not a cumulative balance*

V. SELECTED Q3 NON-GPF

This section of the Q3 report contains additional analysis on selected non-GPF funds. For additional fund descriptions, please visit <https://stories.opengov.com/oaklandca/published/dhbkIVRjPB>. This Q3 report discusses selected funds that are of special interest to the City because the revenue comes from a special tax or local measure, or because of the particular revenue or expenditure restrictions. For these funds, the revenue tables below will show year-end estimates compared to the adopted budget. The expenditure tables in this section compares the FY 2023-24 Adopted Budget to FY 2023-24 year-end estimates.

The fund balance tables compare the FY 2023-24 audited beginning fund balance to the FY 2023-24 projected ending fund balance for these funds. Please note that some of the fund tables below show a budgeted transfer from the fund balance for FY 2024-25. These amounts represent dollars designated to balance the Adopted Budget.

All other funds are summarized in Table 41.

Measure HH - Sugar Sweetened Beverage Distribution Tax (SSBT) Fund (1030)

Measure HH - SSBT Fund (1030) is a City of Oakland ballot initiative approved by voters on November 8, 2016, that established a general tax of one cent per fluid ounce on the sugar sweetened beverage products. The tax is imposed upon the first non-exempt distribution of sugar-sweetened beverage products in the City. While this revenue is not restricted by State statute, City Council has elected to restrict it by policy and separate it into its own fund because the primary purpose of the tax is to raise revenue to support programs designed to discourage sugar consumption and to reduce the growing burden of obesity and non-communicable diseases.

The measure formed a nine-member Community Advisory Board, appointed by the Mayor, and approved by City Council. The Board is responsible for:

1. Making recommendations to the City Council on the use of funding/programs that will reduce the health consequences of consuming sugar-sweetened beverages (final allocations are still determined by the City Council).
2. Publishing an annual report regarding the implementation of the Board's recommendations and the impact on the use of these funds.

Revenues - This revenue source has continued to decline at a rate of about 8% each year since its inception in FY 2017-2018. The FY 2023-24 Adjusted Budget of \$16.27 million includes \$9.09 million in use of fund balance to support the FY 2023-24 carryforwards. Net of use of fund balance, the actual Sales Tax for Measure HH projects to come in at \$6.88 million which is at Budget. Through the first 9 payments of the year, we have collected 74.4% in SSBT compared to the Adjusted Budget.

Table 12: FY 2023-24 Measure HH (SSBT) Fund Revenues (\$ in millions)

Revenue Category	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Project Offsets & Carryforwards	9.09	—	—	(9.09)	(100.0)%
Local Tax	6.88	5.12	6.88	—	— %
Transfers from Fund Balance	0.29	—	—	(0.29)	(100.0)%
Interest Income	—	0.28	0.28	0.28	— %
Miscellaneous Revenue	—	0.08	0.08	0.08	— %
Total Revenue	16.27	5.23	7.25	(9.02)	(55.5) %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2023-24 year-end expenditures are projected to come in at \$14.34 million, which is a savings of \$1.93 million, compared to the Adjusted Budget of 16.27 million. The savings are primarily due to underspending in personnel costs.

Table 13: FY 2023-24 Measure HH (SSBT) Fund Expenditures (\$ in millions)

Agency / Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ (Over) / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	2.09	0.15	2.09	—	— %
City Administrator	6.06	0.24	5.70	0.36	6.0 %
Economic and Workforce Development Department	0.71	0.66	0.70	0.01	1.8 %
Finance Department	0.37	0.17	0.37	—	—
Human Services Department	2.36	0.59	2.29	0.07	3.1 %
Non Departmental and Port	0.50	—	0.50	—	— %
Oakland Parks and Recreation Department	4.05	1.85	2.56	1.49	36.8 %
Oakland Public Library Department	0.11	0.02	0.11	—	— %
Oakland Public Works Department	0.03	—	0.03	—	— %
Total	16.27	3.68	14.34	1.93	11.9 %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Fund Balance - FY 2023-24 revenue is projected to end the year at \$7.25 million. Expenditures are projected to end the year at \$14.34 million. As a result, the estimated available fund balance in Measure HH (SSBT) Fund (1030) is projected to decrease from \$10.76 million to \$3.67 million in FY 2023-24.

Table 14: FY 2023-24 Measure HH (SSBT) Fund Year-End Available Fund Balance (\$ in millions)

MEASURE HH SSBT (1030)	FY 2023-24 Q3 Year-End Estimate
Beginning Fund Balance - Audited	\$ 10.76
Revenue	7.25
Expenditures	14.34
Estimated Current Year Surplus/(Shortfall)	(7.09)
Estimated Ending Fund Balance	3.67

Measures BB & F Funds (2215, 2217, 2218, 2219, 2220)

Measure BB and F Funds are administered by the Alameda County Transportation Commission (Alameda CTC), which manages the following local fund sources:

1. Measure BB, passed by voters in November 2014, authorized the collection of the initial half-cent transportation sales tax by the Board of Equalization. Collection began on April 1, 2015, and extended through March 31, 2022, as a compliment to Measure B, which sunset in March 2022. The full one-cent sales tax authorized by Measure BB took effect April 1, 2022, and will extend through March 31, 2045. Starting in July 2015, Alameda CTC began making monthly direct local distribution payments to local jurisdictions and transit agencies, per the 2014 Transportation Expenditure Plan, for the following programs: local streets and roads (including county bridges), bicycle and pedestrian, transit, and paratransit.
2. Measure F, approved by voters in November 2010, authorizes the collection of \$10 per year per vehicle registration fee to fund the Local Road Improvement & Repair Program and other congestion relief, transportation technology, and pedestrian/bicyclist safety programs in Alameda County.

Revenues - The FY 2023-24 \$79.18 million Adjusted Budget assumes \$4.67 million in use of fund balance to balance the Adjusted Budget as adopted, and \$35.74 million in use of fund balance to support FY 2022-23 carry forwards. The year-end revenues totals of \$39.84 million come in \$39.34 million or 49.7% under the Adjusted Budget of \$79.18 million, net of the use of fund balance. The actual Sales Tax for Measure BB projects to come in at \$35.10 million which is \$1.86 million or 5.0% lower compared to the Adjusted Budget based on the latest estimates from the Alameda CTC.

Table 15: FY 2023-24 Measure BB & F Fund Revenues (\$ in millions)

Revenue Category	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Sales Tax	36.96	19.86	35.10	(1.86)	(5.0) %
Project Offsets & Carryforwards	35.74	—	—	(35.74)	(100.0)%
Transfers from Fund Balance	4.67	—	—	(4.67)	(100.0)%
Grants & Subsidies	1.81	—	1.81	—	— %
Interest Income	—	1.27	1.27	1.27	— %
Service Charges	—	0.09	0.09	0.09	— %
Miscellaneous Revenue	—	1.57	1.57	1.57	— %
Total Revenue	79.18	22.79	39.84	(39.34)	(49.7) %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2023-24 year-end expenditures are projected to come in at \$70.95 million, which is a savings of \$8.23 million, compared to the Adjusted Budget of \$79.18 million. The savings is primarily due to underspending in personnel costs.

Table 16: FY 2023-24 Measure BB/F Funds Expenditures (\$ in millions)

Agency / Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	34.49	2.01	34.58	(0.09)	(0.3)%
City Administrator	0.39	0.15	0.20	0.19	48.2 %
City Attorney	0.05	0.04	0.05	(0.01)	(10.7)%
Department of Transportation	36.09	15.18	28.20	7.88	21.8%
Finance Department	0.01	—	0.01	—	— %
Human Resources Management Department	0.24	0.05	0.07	0.16	68.6%
Human Services Department	5.31	1.15	5.11	0.19	3.7%
Mayor	0.23	0.17	0.23	—	1.0 %
Non Departmental and Port	0.52	—	0.52	—	— %
Oakland Public Works Department	1.87	1.10	1.97	(0.10)	(5.3) %
Total Expenditures	79.18	19.87	70.95	8.23	10.4 %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Fund Balance - FY 2023-24 revenue is projected to end the year at \$39.84 million. Expenditures are projected to end the year at \$70.95 million. As a result, the estimated available fund balance in the Measure BB/F Funds is projected to decrease from \$54.39 million to \$23.28 million in FY 2023-24.

Table 17: FY 2023-24 Measure BB/F Funds Year-End Available Fund Balance (\$ in millions)

Measure B/BB and Measure F Funds (2211, 2212, 2213, 2215, 2216, 2217, 2218, 2219, 2220)	FY 2023-24 Q3 Year-End Estimate
Beginning Fund Balance - Audited	\$ 54.39
Revenue	39.84
Expenditures	70.95
Estimated Current Year Surplus/(Shortfall)	(31.11)
Estimated Ending Fund Balance	23.28

State Transportation Gas Tax Funds (2230, 2232)

The State of California imposes a per-gallon excise tax on gasoline and diesel fuel, sales taxes on gasoline and diesel fuel, and registration taxes on motor vehicles with allocations dedicated to transportation purposes. The local (city and county) portions of these allocations flow through the Highway Users Tax Account (HUTA) into the Gasoline Tax Fund (2230) and the Road Maintenance and Rehabilitation Account (RMRA) (Fund 2232), which allocates much of the revenue from the Road Repair and Accountability Act of 2017.

Revenues - Year-end revenues project to come in at \$25.17 million, which is \$6.76 million or 21.2% under the Adjusted Budget of \$31.94 million, The FY 2023-24 \$31.94 million Adjusted Budget assumes \$5.74 million in use of fund balance to balance the Adjusted Budget and \$6.45 million in use of fund balance to support FY 2022-23 carryforwards. The actual Gas Tax projects to come in at \$21.89 million which is \$2.29 million or 11.7% above the Adjusted Budget estimate. The new projection is taken from the estimates for FY 2023-24 provided by the State, for the State revenue allocations to Cities and Counties for the Local Streets and Roads including Highway Users Tax Account (HUTA) and the Road Maintenance and Rehabilitation Account (RMRA). Estimates are as of January 2024.

Table 18: FY 2023-24 State Transportation Gas Tax Fund Revenues (\$ in millions)

Revenue Category	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Gas Tax	19.60	12.23	21.89	2.29	11.7 %
Project Offsets & Carryforwards	6.45	—	—	(6.45)	(100.0)%
Transfers from Fund Balance	5.74	—	—	(5.74)	(100.0)%
Grants & Subsidies	0.14	—	0.14	—	— %
Service Charges	0.01	—	0.01	—	— %
Miscellaneous Revenue	—	2.84	2.84	2.84	173731.7 %
Interest Income	—	0.30	0.30	0.30	— %
Total Revenue	31.94	15.37	25.17	(6.76)	(21.2) %

*The adjusted budget includes Council Budget Amendments and Carryforwards

Expenditures - FY 2023-24 year-end expenditures are projected to come in at \$27.63 million, which is a savings of \$4.31 million, compared to the Adjusted Budget of \$31.94 million. The savings is primarily due to underspending in personnel costs.

Table 17: FY 2023-24 State Transportation Funds Gas Tax Expenditures (\$ in millions)

Agency / Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	5.47	0.10	5.47	—	— %
City Administrator	0.18	0.07	0.15	0.04	20.1 %
Department of Transportation	25.95	13.67	21.90	4.05	15.6 %
Economic and Workforce Development Department	0.01	—	0.01	—	— %
Finance Department	0.09	—	0.01	0.09	91.7 %
Human Resources Management Department	0.24	0.05	0.07	0.16	68.6 %
Oakland Public Works Department	(0.01)	0.02	0.02	(0.03)	419.4 %
Total Expenditures	31.94	13.91	27.63	4.31	13.5 %

*The adjusted budget includes Council Budget Amendments and Carryforwards

Fund Balance - FY 2023-24 revenue is projected to end the year at \$25.17 million. Expenditures are projected to end the year at \$27.63 million. As a result, the estimated available fund balance in the State Transportation Gas Tax Funds is projected to decrease from \$11.56 million to \$9.11 million in FY 2023-24.

Table 18: FY 2023-24 State Transportation Funds Year-End Available Fund Balance (\$ in millions)

State Transportation (Gas Tax) Funds (2230, 2232)	FY 2023-24 Q3 Year-End Estimate
Beginning Fund Balance - Audited	\$ 11.56
Revenue	25.17
Expenditures	27.63
Estimated Current Year Surplus/(Shortfall)	(2.45)
Estimated Ending Fund Balance	9.11

Measure Q - OPR Preservation, Litter Reduction, Homelessness Support Act Fund (2244)

Measure Q, the 2020 Oakland Parks and Recreation, Preservation, Litter Reduction, and Homelessness Support Act Fund (2244), is a City of Oakland ballot initiative approved by voters on March 3, 2020, that established an annual special parcel tax for 20 years. This measure, which passed by more than a two-thirds majority, imposes a special parcel tax for the purpose of raising revenue to provide services for parks, landscape maintenance, and recreational services; to address homelessness and enable unsheltered and unhoused residents to access temporary shelters, transitional, supportive, and permanent housing; and to address water quality and litter reduction, including the maintenance and cleaning of stormwater trash collection systems.

Revenues_ Year-end revenues project to come in at \$31.50 million, which is \$16.10 million or 33.8% under the Adjusted Budget of \$47.60 million. The FY 2023-24 \$47.60 million Adjusted Budget assumes \$2.53 million in use of fund balance to balance the Adjusted Budget and \$14.28 million to support carryforward expenditures. The actual Measure Q Tax, net of use of fund balance, projects to come in at \$30.78 million which is at budget. This local measure is collected through property tax bills and is a consistent revenue source. As of Q3, the \$19.48 million collected from Measure Q represents 63% of the Adjusted Budget.

Table 19: FY 2023-24 Preservation, Litter Reduction, Homelessness Support Act Fund Revenues (\$ in millions)

Revenue Category	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Local Tax	30.78	19.48	30.78	—	— %
Project Offsets & Carryforwards	14.28	—	—	(14.28)	(100.0)%
Transfers from Fund Balance	2.53	—	—	(2.53)	(100.0)%
Interest Income	—	0.52	0.52	0.52	— %
Miscellaneous Revenue	—	0.20	0.20	0.20	— %
Total Revenue	47.60	20.20	31.50	(16.10)	(33.8) %

*The adjusted budget includes Council Budget Amendments and Carryforwards

Expenditures - FY 2023-24 year-end expenditures are projected to come in at \$41.09 million, which is a savings of \$6.52 million, when compared to the Adjusted Budget of \$47.60 million. The savings are primarily due to underspending in personnel costs.

Table 20: FY 2023-24 Measure Q - OPR Preservation, Litter Reduction, Homelessness Support Act Fund Expenditures (\$ in millions)

Agency / Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % (Over) / Under Adjusted Budget
Capital Improvement Projects	2.18	0.54	2.18	—	— %
City Administrator	4.35	0.64	4.38	(0.03)	(0.7) %
City Auditor	0.04	—	—	0.04	100.0 %
Economic and Workforce Development Department	0.11	—	—	0.11	100.0 %
Finance Department	0.11	—	0.11	—	— %
Human Services Department	10.89	4.55	9.87	1.02	9.4 %
Non Departmental and Port	0.92	—	0.92	—	— %
Oakland Parks and Recreation Department	0.13	—	0.13	—	— %
Oakland Public Works Department	28.89	12.55	23.51	5.38	18.6 %
Total Expenditures	47.60	18.27	41.09	6.52	13.7 %

*The adjusted budget includes Council Budget Amendments and Carryforwards

Fund Balance - FY 2023-24 revenue is projected to end the year at \$31.50 million. Expenditures are projected to end the year at \$41.09 million. As a result, the estimated available fund balance in Measure Q Fund (2244) is projected to decrease from \$21.13 million in FY 2023-24 to \$11.55 million in FY 2023-24.

Table 21: FY 2023-24 Measure Q Year-End Fund Balance (\$ in millions)

MEASURE Q (2244)	FY 2023-24 Q3 Year-End Estimate
Beginning Fund Balance - Audited	21.13
Revenue	31.50
Expenditures	41.09
Estimated Current Year Surplus/(Shortfall)	(9.58)
Estimated Ending Fund Balance	11.55

Vacant Property Tax Fund (2270)

Measure W - Vacant Property Tax Fund (2270) is a City of Oakland ballot initiative approved by voters on November 6, 2018 that established an annual special tax on vacant property for 20 years to raise revenue necessary to support and fund homelessness programs and services, affordable housing, code enforcement, and clean-up of blighted properties and illegal dumping. A property is considered vacant if it is not in-use for at least 50 days in a calendar year. "Use" is defined as the performance of a function or operation. The per-parcel tax rates are \$6,000 for vacant properties or lots and \$3,000 for vacant condominium, duplex, townhouse and commercial ground floor commercial spaces. The tax is included in the secured property tax bill administered by the Alameda County.

Revenues - Year-end revenues project to come in at \$5.36 million, which is \$0.76 million or 12.4% under the Adjusted Budget of \$6.12 million, The Adjusted Budget assumes \$0.19 million in use of fund balance to balance the Adjusted Budget and \$0.58 million to support carryforward expenditures. Net of use of fund balance, the actual Vacant Property Tax projects to come at \$5.35 million which is at budget.

Table 22: FY 2023-24 Vacant Property Tax Fund Revenues (\$ in millions)

Revenue Category	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Local Tax	5.35	3.72	5.35	—	— %
Project Offsets & Carryforwards	0.58	—	—	(0.58)	(100.0)%
Transfers from Fund Balance	0.19	—	—	(0.19)	(100.0)%
Miscellaneous Revenue	—	0.01	0.01	0.01	— %
Total Revenue	6.12	3.74	5.36	(0.76)	(12.4) %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2023-24 year-end expenditures are projected to come in at \$5.99 million, which is savings of \$0.13 million, when compared to the Adjusted Budget of \$6.12 million.

Table 23: FY 2023-24 Vacant Property Tax Fund Expenditures (\$ in millions)

Agency / Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % (Over) / Under Adjusted Budget
City Administrator	0.23	0.14	0.18	0.05	20.0 %
Finance Department	0.81	0.48	0.57	0.24	30.0 %
Human Services Department	0.17	—	0.17	—	— %
Oakland Public Works Department	4.90	3.24	5.06	(0.16)	(3.3) %
Total Expenditures	6.12	3.86	5.99	0.13	2.1 %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Fund Balance - FY 2023-24 revenue is projected to end the year at \$5.36 million. Expenditures are projected to end the year at \$5.99 million. As a result, the estimated available fund balance in the Vacant Property Tax Fund (2270) is projected to decrease from \$1.01 million to \$0.38 million in FY 2023-24.

Table 24: FY 2023-24 Vacant Property Tax Fund Year-End Available Fund Balance (\$ in millions)

Vacant Property Tax Fund (2270)	FY 2023-24 Q3 Year-End Estimate
Beginning Fund Balance - Audited	\$ 1.01
Revenue	5.36
Expenditures	5.99
Estimated Current Year Surplus/(Shortfall)	(0.63)
Estimated Ending Fund Balance	0.38

Landscaping and Lighting Assessment District (LLAD) Fund (2310)

The Landscaping and Lighting Assessment District (LLAD) Fund (2310) revenue is generated through a direct benefit assessment, or special assessment and is restricted by statute to be used for street lighting, landscaping, and public parks and recreation facility maintenance, and multi-use fields.

Revenues - The FY 2023-24 year-end revenues project to come in at \$19.45 million, which is \$0.17 million below the FY 2023-24 Adjusted Budget of \$19.62 million. The actual Local tax is projected to come in at the Adjusted Budget amount of \$19.08 million. The overall discrepancy is mainly due to FY 2023-23 carryforwards in the amount of \$0.26 million that will be supported with the use of the fund balance. There is an ongoing deficit in the District which can no longer be sustained without significant reductions in service levels. In order to address the difference between revenues and expenditures, the City has reallocated costs to align District-eligible costs to the revenue source paying the landscape and park costs. As an example, some costs are paid from non-assessment revenues, like Gas Tax Funds and the Measure Q Parks Fund, to maintain service levels and fund the historical District shortfall associated with landscape and park costs.

Table 25: FY 2023-24 Landscaping and Lighting Assessment District (LLAD) Fund Revenue (\$ in millions)

Revenue Category	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Local Tax	19.08	12.39	19.08	—	— %
Project Offsets & Carryforwards	0.26	—	—	(0.26)	(100.0)%
Service Charges	0.21	—	0.21	—	— %
Licenses & Permits	0.08	0.09	0.08	—	— %
Interest Income	—	(0.07)	—	—	— %
Grants & Subsidies	—	0.10	0.10	0.10	— %
Miscellaneous Revenue	—	(0.01)	(0.01)	(0.01)	— %
Total Revenue	19.62	12.51	19.45	(0.17)	(0.9) %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2023-24 year-end expenditures are projected to come in at \$20.06 million, which is an overage of \$0.44 million, when compared to the Adjusted Budget of \$19.62 million.

Table 26: FY 2023-24 Landscaping and Lighting Assessment District (LLAD) Fund Expenditures (\$ in millions)

Agency / Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Department of Transportation	2.60	2.45	3.39	(0.79)	(30.3) %
Finance Department	0.03	0.01	0.03	—	— %
Non Departmental and Port	2.94	1.48	2.94	—	— %
Oakland Parks and Recreation Department	5.00	5.00	5.00	—	— %
Oakland Public Works Department	9.04	6.16	8.69	0.35	3.9 %
Total Expenditures	19.62	15.09	20.06	(0.44)	(2.2) %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Fund Balance - FY 2023-24 revenue is projected to end the year at \$19.45 million. Expenditures projected to end the year at \$20.06 million. As a result, the estimated available fund balance in the Landscaping and Lighting Assessment District (2310) is projected to decrease to negative \$0.61 million in FY 2023-24.

Table 27: FY 2023-24 Landscaping and Lighting Assessment District (LLAD) Fund Balance (\$ in millions)

Landscaping & Lighting Assess. District Fund (LLAD) (2310)	FY 2023-24 Q3 Year-End Estimate
Beginning Fund Balance - Audited	\$ —
Revenue	19.45
Expenditures	20.06
Estimated Current Year Surplus/(Shortfall)	(0.60)
Estimated Ending Fund Balance	(0.61)

False Alarm Reduction Program Fund (2411)

The False Alarm Reduction Program was implemented by OPD in November 2003 by Ordinance No. 13015 C.M.S., and amended in 2010, to address the large number of false alarms that OPD was responding to each year. The revenue generated by these fees is to offset a portion of the expense that OPD incurs as a result of false alarm response. Fees also assist in encouraging residents and businesses to properly use and maintain their alarm systems, thus reducing false alarms.

Revenues - The FY 2023-24 year-end revenues in the False Alarm reduction Program Fund project to come in at \$1.07 million, which is \$0.38 million lower compared to the FY 2023-24 Adjusted Budget of \$1.44 million, inclusive of the \$0.06 million in use of Fund Balance assumed to support FY 2022-23 carryforwards. Through Q3 only \$0.40 million or 27.7% of the Adjusted Budget had been collected but it is typical to book some of the revenues for this fund at year end. Over the last three Fiscal Years, on average, the final month of the Fiscal Year has averaged approximately \$0.33 million in service charges revenues booked.

Table 28: FY 2023-24 False Alarm Reduction Program Fund Revenue (\$ in millions)

Revenue Category	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Service Charges	1.27	0.52	1.08	(0.19)	(15.1) %
Fines & Penalties	0.11	—	0.11	—	— %
Project Offsets & Carryforwards	0.06	—	—	(0.06)	(100.0)%
Interest Income	—	(0.09)	(0.09)	(0.09)	— %
Miscellaneous Revenue	—	(0.03)	(0.03)	(0.03)	— %
Total Revenue	1.44	0.40	1.07	(0.38)	(26.0) %

*The adjusted budget includes Council Budget Amendments and Carryforwards

Expenditures - FY 2023-24 year-end expenditures are projected to come in at \$1.22 million, which is a savings of \$0.22 million, compared to the Adjusted Budget of \$1.44 million. The savings are primarily due to underspending in personnel costs.

Table 29: FY 2023-24 False Alarm Reduction Program Fund Expenditures (\$ in millions)

Agency / Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Information Technology Department	0.11	0.10	0.13	(0.02)	(17.0) %
Police Department	1.33	0.65	1.09	0.24	18.2 %
Total Expenditures	1.44	0.75	1.22	0.22	15.5 %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Fund Balance - FY 2023-24 revenue is projected to end the year at \$1.07 million. Expenditures projected to end the year at \$1.22 million. As a result, the estimated available fund balance in False Alarm Reduction Program Fund (2411) is projected to decrease from negative \$3.66 million to negative \$3.81 million in FY 2023-24.

Table 30: FY 2023-24 False Alarm Reduction Program Fund Balance (\$ in millions)

False Alarm Reduction Fund (2411)	FY 2023-24 Q3 Year-End Estimate
Beginning Fund Balance - Audited	(3.66)
Revenue	1.07
Expenditures	1.22
Estimated Current Year Surplus/(Shortfall)	(0.15)
Estimated Ending Fund Balance	(3.81)

Development Service Fund (2415)

The Development Service Fund (2415) was created on June 20, 2006 by Ordinance No. 12741 C.M.S. This fund collects revenues from licenses, fees, and permits from housing and commercial planning and construction-related activities to support planning and zoning services, construction inspections and permit approvals, building code enforcement, plan checks and engineering services. This fund is required to keep a minimum 7.5% reserve of annual budgeted revenues for its balance, which would be \$5.48 million in FY2023-24.

Table 31: Historical Revenue for Fund 2415

Fiscal Year	Budgeted Revenue	Projected Year End Revenue
FY 2023-24	73.02	52.98
FY 2022-23	52.24	65.32
FY 2021-22	63.98	73.94
FY 2020-21	47.33	50.25
FY 2019-20	61.58	60.71
FY 2018-19	49.92	63.20
FY 2017-18	45.14	90.13
FY 2016-17	38.03	77.15

Revenues - Year-end revenues project to come in at \$52.98 million, which is \$81.77 million or 60.7% under the Adjusted Budget of \$134.75 million. The FY 2023-24 \$134.75 million Adjusted Budget assumes \$31.27 million in use of fund balance to balance the FY 2023-24 Adjusted Budget and \$30.46 million in use of fund balance to support FY 2022-23 carryforward expenditures. The new year-end projection estimates that in Q4, Licenses, Permits, and Service Charges will match the trends observed through Q3.

Table 32: FY 2023-24 Development Service Fund Revenues (\$ in millions)

Revenue Category	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Licenses & Permits	41.91	16.89	22.52	(19.39)	(46.2) %
Transfers from Fund Balance	31.27	—	—	(31.27)	(100.0)%
Project Offsets & Carryforwards	30.46	—	—	(30.46)	(100.0)%
Service Charges	30.11	18.02	24.03	(6.08)	(20.2) %
Fines & Penalties	0.62	0.65	0.65	0.03	4.4 %
Miscellaneous Revenue	0.38	2.07	2.07	1.70	447.6 %
Interest Income	—	3.23	3.23	3.23	— %
Grants & Subsidies	—	0.48	0.48	0.48	— %
Total Revenue	134.75	41.34	52.98	(81.77)	(60.7) %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2023-24 year-end expenditures project to come in at \$109.92 million, which is a savings of \$24.83 million, compared to the adjusted budget of \$134.75 million. The projected savings are mainly attributed to vacancies.

Table 33: FY 2023-24 Development Service Fund Expenditures (\$ in millions)

Agency / Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
City Administrator	3.48	2.31	3.33	0.15	4.3 %
City Attorney	3.59	2.78	3.74	(0.14)	(4.0) %
City Auditor	0.05	0.04	0.05	—	(9.5) %
Department of Transportation	20.09	7.26	15.73	4.36	21.7 %
Economic and Workforce Development Department	2.62	1.73	2.38	0.25	9.4 %
Finance Department	1.81	0.97	1.78	0.03	1.5 %
Fire Department	14.45	4.61	8.31	6.14	42.5 %
Human Resources Management Department	2.03	1.01	1.35	0.68	33.4 %
Information Technology Department	5.40	2.26	3.85	1.55	28.6 %
Mayor	0.35	0.18	0.24	0.12	32.9 %
Non Departmental and Port	2.68	1.37	2.68	—	— %
Oakland Public Works Department	3.22	1.06	3.03	0.18	5.7 %
Planning and Building Department	74.96	33.43	63.44	11.52	15.4 %
Total Expenditures	134.75	59.03	109.92	24.83	18.4 %

*The adjusted budget includes Council Budget Amendments and Carryforwards

Fund Balance - The large fund balance, \$27.76 million at the end of FY 2022-23, has accumulated over the life of the fund due to revenues exceeding the budget as well as longstanding underspending or delays in expenditures attributed to a high number of vacancies within the Planning and Building Department. This fund is required to keep a minimum 7.5% reserve of annual budgeted revenues for its balance, which would be \$5.48 million in FY 2023-24.

FY 2023-24 revenue projects to end the year at \$52.98 million. Expenditures project to end the year at \$109.92 million. As a result, the estimated available fund balance in the Development Service Fund (2415) projects to decrease from \$122.38 million to \$65.44 million in FY 2023-24.

Table 34: FY 2022-23 Development Service Fund Year-End Available Fund Balance (\$ in millions)

Development Service Fund (2415)	FY 2023-24 Q3 Year-End Estimate
Beginning Fund Balance - Audited	\$ 122.38
Revenue	52.98
Expenditures	109.92
Estimated Current Year Surplus/(Shortfall)	(56.94)
Estimated Ending Fund Balance	66.44

Transient Occupancy Tax (Measure C) Fund (2419)

The Transient Occupancy Tax (Hotel Tax) Fund (2419) is a City of Oakland initiative approved by voters in July 2009 that imposed a 3% special transient occupancy tax on the privilege of renting a hotel room in the City. The revenue generated by this special tax is allocated as follows: 50% to the Oakland Convention and Visitor’s Bureau for its expenses and promotion of tourism activities, and 12.5% each to the Oakland Zoo, the Oakland Museum of California, the Chabot Space and Science Center and the City’s Cultural Arts Programs and Festivals.

Revenues - The FY 2023-24 year-end revenues project to come in at \$5.45 million, which is \$1.23 million or 18.4% under the Adjusted Budget of \$6.68 million. Declining volume in travel, which correlates to lower occupancy rates, has improved from the Pandemic era lows but is still not at the pre-pandemic levels.

Table 35: FY 2023-24 Transient Occupancy Tax (Measure C) Fund Revenues (\$ in millions)

Revenue Category	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Transient Occupancy Tax	6.13	3.48	5.38	(0.75)	(12.2) %
Project Offsets	0.55	—	—	(0.55)	(100.0)%
Interest Income	—	0.05	0.05	0.05	— %
Miscellaneous Revenue	—	0.02	0.02	0.02	— %
Total Revenue	6.68	3.54	5.45	(1.23)	(18.4) %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2023-24 year-end expenditures are projected to come in at \$6.47 million, which is a savings of \$0.21 million, compared to the Adjusted Budget of \$6.68 million. The savings are primarily due to underspending in personnel costs.

Table 36: FY 2023-24 Transient Occupancy Tax (Measure C) Fund Expenditures (\$ in millions)

Agency / Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Economic and Workforce Development Department	1.31	0.10	1.10	0.21	16.1 %
Non Departmental and Port	5.37	3.16	5.37	—	— %
Total Expenditures	6.68	3.27	6.47	0.21	3.2 %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Fund Balance - FY 2023-24 revenues are projected to end the year at \$5.45 million. Expenditures are projected to end the year at \$6.47 million. As a result, the estimated available fund balance in the Measure C Fund (2419) is projected to decrease from \$1.32 million to \$0.30 million in FY 2023-24 .

Table 37: FY 2023-24 Transient Occupancy Tax (Measure C) Fund Year-End Available Fund Balance (\$ in millions)

Measure C - Transient Occupancy Tax (TOT) Surcharge Fund (2419)	FY 2023-24 Q3 Year-End Estimate
Beginning Fund Balance - Audited	\$ 1.32
Revenue	5.45
Expenditures	6.47
Estimated Current Year Surplus/(Shortfall)	(1.02)
Estimated Ending Fund Balance	0.30

City Facilities Fund (4400)

The Facilities Fund (4400) is reported on a modified full accrual basis to reflect current assets and liabilities. The Fund supports the Citywide function for building maintenance and janitorial services of City-owned facilities. Revenues are generated by charges to internal user departments.

Revenues - The FY 2023-24 year-end revenues project to come in at \$50.20 million, which is \$3.34 million lower than the FY 2023-24 Adjusted Budget. The Adjusted Budget assumes \$6.74 million in use of fund balance to balance carryforward expenditures. The actual internal service fund revenues are expected to come in at \$46.24 million which is at budget since the cost recovery of the ISF funds is built into the budget. Actual revenues also include a one-time insurance claim collected during FY 2023-24 as miscellaneous revenue.

Table 38: FY 2023-24 City Facilities Fund Revenues (\$ in millions)

Revenue Category	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Internal Service Funds	46.24	46.23	46.24	—	— %
Project Offsets & Carryforwards	6.74	—	—	(6.74)	(100.0)%
Service Charges	0.55	0.59	0.55	—	— %
Interest Income	—	0.14	0.14	0.14	— %
Miscellaneous Revenue	—	3.26	3.26	3.26	— %
Total Revenue	53.54	50.22	50.20	(3.34)	(6.2) %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Expenditures - FY 2023-24 expenditures are projected to end the year at \$52.24 million, which is a savings of \$1.30 million, compared to the Adjusted Budget of \$53.54 million. The savings are primarily due to underspending in personnel costs.

Table 39: FY 2023-24 City Facilities Fund Expenditures (\$ in millions)

Agency / Department	FY 2023-24 Adjusted Budget	FY 2023-24 Q3 YTD Actuals	FY 2023-24 Q3 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Capital Improvement Projects	2.24	0.30	2.24	—	— %
City Administrator	0.41	0.29	0.40	0.01	2.5 %
Human Resources Management Department	0.02	—	0.02	—	— %
Human Services Department	0.88	0.42	0.59	0.29	33.0 %
Non Departmental and Port	0.25	0.25	0.25	—	— %
Oakland Parks and Recreation Department	0.20	0.41	0.20	—	— %
Oakland Public Works Department	49.23	32.13	48.44	0.79	1.6 %
Police Department	0.31	0.07	0.10	0.21	67.4 %
Total	53.54	33.88	52.24	1.30	2.4 %

**The adjusted budget includes Council Budget Amendments and Carryforwards*

Fund Balance - FY 2023-24 revenue is projected to end the year at \$50.20 million. Expenditures ended the year at \$52.24 million. As a result, the estimated available fund balance in the Reproduction Fund (4400) is estimated to decrease from \$1.02 million to negative \$1.02 million in FY 2023-24.

Table 40: FY 2023-24 Facilities Fund Year-End Available Fund Balance (\$ in millions)

City Facilities Fund (4400)	FY 2023-24 Q3 Year-End Estimate
Beginning Fund Balance - Audited	\$ 1.02
Revenue	50.20
Expenditures	52.24
Estimated Current Year Surplus/(Shortfall)	(2.04)
Estimated Ending Fund Balance	(1.02)

ALL OTHER FUNDS – FUND BALANCE SUMMARY

Table 41: FY 2023-24 All Other Funds Year-End Available Fund Balances (\$ in millions)

Fund Description	FY23-24 Beg Audited Fund Balance	FY23-24 Year End Rev Projections	FY23-24 Year End Exp Projections	FY23-24 Year End Estimated Fund Balance
1020 - Vital Services Stabilization Fund	10,633,663	—	10,485,706	147,957
1100 - Self Insurance Liability	29,693,820	61,053,598	60,280,815	30,466,603
1150 - Worker's Compensation Insurance Claims	—	1,026,643	9,803,120	(8,776,476)
1200 - Pension Override Tax Revenue	305,342,789	93,094,389	93,094,389	305,342,789
1610 - Successor Redevelopment Agency Reimbursement Fund	(98,586)	1,237,643	1,018,922	120,135
1700 - Mandatory Refuse Program	(2,288,891)	2,407,249	2,923,198	(2,804,839)
1710 - Recycling Program	4,147,109	7,373,748	6,515,631	5,005,227
1720 - Comprehensive Clean-up	939,179	25,108,361	25,567,681	479,859
1750 - Multipurpose Reserve	(6,078,873)	8,616,269	8,980,851	(6,443,455)
1760 - Telecommunications Reserve	(1,074,992)	1,340,751	1,313,520	(1,047,761)
1770 - Telecommunications Land Use	1,880,940	951,172	808,989	2,023,123

Fund Description	FY23-24 Beg Audited Fund Balance	FY23-24 Year End Rev Projections	FY23-24 Year End Exp Projections	FY23-24 Year End Estimated Fund Balance
1780 - Kid's First Oakland Children's Fund	11,650,428	35,245,680	34,601,408	12,294,699
1820 - OPRCA Self-Sustaining Revolving Fund	6,584,746	7,185,442	8,869,564	4,900,623
1870 - Affordable Housing Trust Fund	19,312,804	49,011,002	46,799,050	21,524,755
1882 - Multi-Service Center/Rent	161,881	206,450	206,450	161,881
1885 – 2011A-T Subordinated Housing	24,141,386	1,866,623	1,018,469	24,989,540
2102 – Department of Agriculture	(461,789)	959,809	962,897	(464,876)
2103 – HUD-ESG/SHP/HOPWA	(9,124,618)	29,452,128	28,325,932	(7,998,422)
2108 – HUD-CDBG	(8,098,910)	13,229,204	13,288,853	(8,158,559)
2109 – HUD-Home	2,250,534	27,933,201	25,976,590	4,207,145
2112 – Department of Justice	(2,419,263)	3,689,349	3,963,381	(2,693,295)
2113 – Department of Justice – COPS Hiring	(1,009,715)	876,370	98,728	(232,073)
2120 – Federal Action Agency	75,221	833,319	665,678	242,862
2123 – US Dept of Homeland Security	(309,521)	1,960,163	2,210,256	(559,613)
2124 – Federal Emergency Management Agency (FEMA)	(599,992)	22,676,411	3,373,448	18,702,970
2125 – Environmental Protection Agency	2,738,637	1,429,569	1,540,599	2,627,608
2128 – Department of Health and Human Services	1,141,930	36,318,102	30,220,162	7,239,871
2138 – California Department of Education	1,393,501	7,161,335	3,525,544	5,029,292
2139 – California Department of Conservation	(4,799,157)	9,104,200	8,963,699	(4,658,656)
2144 – California Housing and	421,816	114,599,581	113,229,609	1,791,789

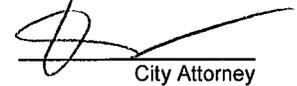
Fund Description	FY23-24 Beg Audited Fund Balance	FY23-24 Year End Rev Projections	FY23-24 Year End Exp Projections	FY23-24 Year End Estimated Fund Balance
2152 – California Board of Corrections	(4,097,675)	16,926,667	14,659,505	(1,830,514)
2159 – State of California Other	5,697,405	144,749,602	135,884,513	14,562,494
2160 – County of Alameda: Grants	1,093,920	1,841,878	1,768,823	1,166,975
2162 – Metro	(57,255)	1,221,259	1,547,426	(383,422)
2163 – Metro Transportation Com:	(201,264)	—	—	(201,264)
2241 – Measure Q- Library Services Retention & Enhancement	10,204,898	21,649,838	22,892,121	8,962,615
2243 – Measure D – Parcel Tax to	10,211,470	15,717,795	16,705,447	9,223,818
2250 – Measure N: Fund	863,491	2,093,736	2,510,855	446,372
2252 – Measure Z – Violence Prevention	13,445,310	42,949,537	36,826,562	19,568,285
2262 – Measure AA – Early Education	13,151,155	36,521,878	36,521,878	13,151,155
2263 – Measure AA – Oakland Promise	5,417,689	17,102,935	17,102,935	5,417,689
2331 – Wood Street Community Facilities District	543,047	175,750	194,077	524,721
2332 – Gateway Industrial Park	939,470	2,074,429	1,913,707	1,100,192
2412 – Measure M – Alameda County:	880,758	2,621,464	2,501,855	1,000,366
2416 – Traffic Safety Fund	89,106	994,946	972,407	111,645
2417 – Excess Litter Fee Fund	1,454,361	971,228	437,849	1,987,740
2420 – Transportation	9,373,212	6,245,209	8,251,922	7,366,499
2421 – Capital Improvements	5,898,947	4,730,527	4,771,406	5,858,068
2423 – Jobs Housing Impact Fee Fund	13,960,546	12,804,226	12,804,226	13,960,546

Fund Description	FY23-24 Beg Audited Fund Balance	FY23-24 Year End Rev Projections	FY23-24 Year End Exp Projections	FY23-24 Year End Estimated Fund Balance
2424 – Affordable Housing Impact Fee	23,618,274	15,596,378	15,596,378	23,618,274
2430 – Lead Settlement 2022	4,887,401	4,797,185	9,453,356	231,230
2826 - Mortgage Revenue	2,061,198	1,679,693	1,975,477	1,765,414
2830 - Low and Moderate Income	25,235,715	8,209,074	30,860,282	2,584,507
2990 - Public Works Grants	(911,022)	326,687	355,114	(939,448)
2994 - Social	442,929	1,365,171	1,254,672	553,428
2996 - Parks and	(16,941)	101,224	98,225	(13,942)
2999 - Miscellaneous	9,761,559	12,880,543	13,419,482	9,222,621
3100 - Sewer Service Fund	100,101,582	129,800,629	142,648,352	87,253,859
3200 - Golf Course	(252,843)	789,881	609,576	(72,539)
4200 - Radio / Telecommunications	6,106,374	10,811,196	9,923,549	6,994,021
4210 - Telephone Equipment and	(227,294)	971,679	985,374	(240,989)
4300 - Reproduction	613,089	1,516,237	1,234,817	894,509
4450 - City Facilities Energy Conservation Projects	(202,490)	3,799	3,799	(202,490)
4500 - Central Stores	(120,856)	635,532	677,410	(162,734)
4550 - Purchasing	(35,849)	3,245,436	2,607,096	602,491
4600 - Information Technology	15,319,957	28,805,299	28,145,100	15,980,157
5322 - Measure DD: 2017C Clean Water,	11,506,260	10,481,539	21,987,800	-
5330 - Measure KK: Infrastructure and Affordable Housing	6,589,367	4,668,400	11,257,767	-

Fund Description	FY23-24 Beg Audited Fund Balance	FY23-24 Year End Rev Projections	FY23-24 Year End Exp Projections	FY23-24 Year End Estimated Fund Balance
5331 - Measure KK: Affordable Housing (GOB 2017A-2 Taxable)	9,508,883	6,891,839	16,400,723	-
5332 - Measure KK: Infrastructure Series	19,959,648	20,765,052	40,724,700	-
5333 - Measure KK: Affordable Housing Series 2020B-2	14,804,071	14,267,883	29,071,953	-
5335 - Measure KK: Infrastructure Series 2022C-1 (Tax	144,715,421	154,416,580	299,132,001	-
5337 - Measure KK: Series 2023 GOB	—	52,743,655	52,743,655	-
5340 - Measure U: Affordable Housing	—	100,575,625	100,575,625	-
5341 - Measure U: Affordable Housing GOB Series 2023A-2	—	68,739,680	68,739,680	-
5336 - Measure KK: Infrastructure Series	14,129,617	387,204	14,516,821	-
5505 - Municipal Capital	3,301,801	1,818,560	1,459,438	3,660,922
5610 - Central District Projects	23,650,797	9,150,441	9,760,291	23,040,947
5611 - Central District: TA Bonds Series 2003	12,831,140	2,299,738	2,299,738	12,831,140
5612 - Central District: TA Bonds Series 2005	6,063,664	2,535,187	2,572,300	6,026,550
5613 - Central District: TA Bonds Series 2009T	3,274,844	4,285,130	4,169,615	3,390,358
5614 - Central District: TA Bonds Series 2006T	11,496,245	8,437,187	7,729,419	12,204,013
5638 - BMSP: TA Bond Series 2006C-T	435,165	189,398	157,679	466,884
5643 - Central City East TA Bonds Series 2006A-T (Taxable)	19,373,751	6,832,066	6,835,821	19,369,996

Fund Description	FY23-24 Beg Audited Fund Balance	FY23-24 Year End Rev Projections	FY23-24 Year End Exp Projections	FY23-24 Year End Estimated Fund Balance
5650 - Coliseum Projects	5,038,104	3,575,330	3,461,071	5,152,363
5656 - Coliseum: TA Bonds Series	46,387,935	6,867,828	6,148,974	47,106,789
5671 - OBRA: Leasing & Utility	54,713,494	5,357,400	4,604,949	55,465,945
5999 - Miscellaneous Capital Projects	3,005,830	12,687,511	11,383,212	4,310,129
6013 - 2013 LED Streetlight	107,199	1,469,110	1,456,420	119,889
6029 - Taxable Pension Obligation Bonds: 2012 Series-PFRS	7,346,983	53,456,302	53,280,555	7,522,731
6032 - Taxable Pension Obligation: Series 2001	328,744	10,352	-	339,096
6064 - GO Refunding Bonds, Series 2015A	2,995,920	5,510,175	5,510,175	2,995,920
6322 - Measure DD: 2017C Clean Water,	609,368	1,456,932	2,066,300	-
6330 - Measure KK: 2017A-1 (TE) Infrastructure and	1,380,783	2,247,557	3,628,340	-
6331 - Measure KK: 2017A-2 (Taxable) Infrastructure and	1,095,854	4,141,280	5,237,134	-
6332 - Measure KK: 2020B-1 GOB	2,408,892	3,941,200	6,350,092	-
6333 - Measure KK: 2020B-2 GOB	498,704	4,965,017	5,463,721	-
6334 - 2020 GOB Refunding	3,070,178	5,808,027	8,878,205	-
6335 - Measure KK: Infrastructure Series	20,963,275	10,451,150	31,414,425	-
6336 - Measure KK: Infrastructure Series	(13,772,151)	41	-	(13,772,110)

2018 APR 13 AM 9:29


City Attorney

OAKLAND CITY COUNCIL
ORDINANCE NO. ~~13279~~ 13487 C.M.S.

**ORDINANCE AMENDING THE CITY OF OAKLAND
CONSOLIDATED FISCAL POLICY**

WHEREAS, the City Council adopted Ordinance No. 13279, known as the Consolidated Fiscal Policy, on December 9, 2014; and,

WHEREAS, the Government Finance Officers Association (GFOA) recommends that local governments adopt formal policies in the areas of financial management, planning, revenues, and expenditures; and

WHEREAS, the Consolidated Fiscal Policy sets forth guidelines for budget balancing, use of volatile revenues, use of one-time revenues, process for carryforward appropriations, long-term financial planning, and transparency & public participation; and

WHEREAS, the Consolidated Fiscal Policy establishes reserve funds for emergencies, insurmountable and unanticipated hardship, and for capital improvement; and

WHEREAS, the Consolidated Fiscal Policy establishes a reserve fund to stabilize the provision of vital services, and protect against service reductions, layoffs, furloughs, and similar measures in times of economic hardship; and

WHEREAS, the Consolidated Fiscal Policy provides for accelerated debt repayment and pay-down of unfunded long-term obligations; and

WHEREAS, City staff recommends the definition of excess Real Estate Transfer Tax should be modified based on historical experience; and

WHEREAS, the Consolidated Fiscal Policy will include the policies on budgeting practices, reserve funds, and budget process, fiscal planning, transparency, and public participation; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. The Council does find, determine and declare the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

Section 2. The City of Oakland Consolidated Fiscal Policy is hereby, amended, approved, and adopted in the form attached hereto as Exhibit 1.

Section 3. In conformance with best practice and sound financial management, the City shall continue to separately maintain and submit on an as needed basis to the City Council, statements of the City's Debt Policy and Investment Policy.

IN COUNCIL, OAKLAND, CALIFORNIA, MAY 15 2018

PASSED BY THE FOLLOWING VOTE:

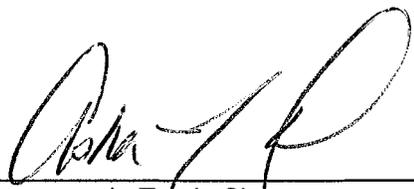
AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, ~~AND PRESIDENT~~ - 7

NOES- 0

ABSENT- 0

ABSTENTION- 0

Excusee - Reid

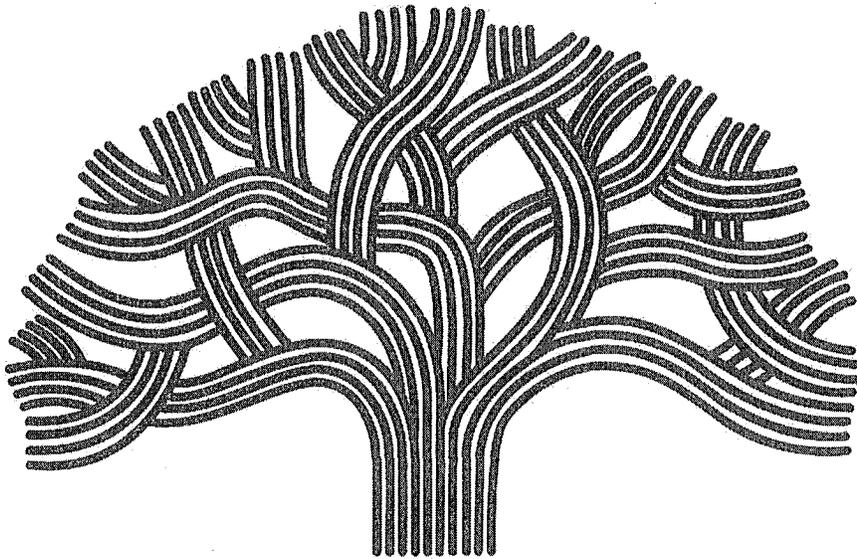
ATTEST: 
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

Introduction Date

MAY 01 2018

CITY OF OAKLAND

CONSOLIDATED FISCAL POLICY



Section 1. Budgeting Practices

Part A. General Provisions

The City's Fiscal Year shall begin on July 1st of each year and end on June 30th of the subsequent year. The City shall adopt a two-year biennial policy budget by June 30th of odd-numbered calendar years. The City shall amend its biennial policy budget (midcycle) by June 30th of even-numbered years. The budget and midcycle amendments shall be adopted by resolution of the City Council as required by the City Charter.

Part B. Policy on Balanced Budgets

The City shall adopt a balanced budget that limits appropriations to the total of estimated revenues and unallocated fund balances projected to be available at the close of the current fiscal year. The City Administrator shall be responsible for ensuring that the budget proposed to the City Council by the Mayor, adheres to the balanced budget policy.

This policy entails the following additional definitions and qualifications:

1. The budget must be balanced at an individual fund level.
2. City policies on reserve requirements for individual funds must be taken into account. The appropriated expenditures included in the balanced budget equation must include the appropriations necessary to achieve or maintain reserve targets.
3. Appropriated revenues can include transfers from unallocated fund balance where such fund balance is reasonably expected to exist by the end of the fiscal year preceding the year of the adopted budget. Transfers from fund balance are not to be counted as revenue if the fund balance is not reasonably expected to exist by the end of the fiscal year preceding the year of the adopted budget. (Note: The precise definition of 'fund balance' will vary from fund to fund, depending on the fund's characteristics and accounting treatment.)
4. Appropriated expenditures can include transfers to fund balance or to reserves.

From time to time the City Council may present changes in policy and consider additional appropriations that were not anticipated in the most recently adopted budget. Amendments by the City Council shall maintain a balanced budget.

Each fiscal year the City Administrator shall report to the City Council on actual revenues and expenditures in the General Purpose Fund and other funds as deemed necessary.

Part C. Use of Excess Real Estate Transfer Tax (RETT) Revenues

To ensure adequate levels of the General Purpose Fund reserves and to provide necessary funding for municipal capital improvement projects and one-time expenses, the City shall require that excess Real Estate Transfer Tax revenues be defined and used as follows:

1. The excess Real Estate Transfer Tax (RETT) revenue is hereby defined as any amount of projected RETT revenues that exceed 15% of General Purpose Fund Tax Revenues (inclusive of RETT).
2. The excess Real Estate Transfer Tax, as described in this section, shall be used in the following manner and appropriated through the budget process:
 - a. At least 25% shall be allocated to the Vital Services Stabilization Fund, until the value in such fund is projected to equal to 15% of total General Purpose Fund revenues over the coming fiscal year; and
 - b. At least 25% shall be used to fund debt retirement and unfunded long-term obligations such as negative fund balances, Police and Fire Retirement System (PFRS) unfunded liabilities, CalPERS pension unfunded liabilities, paid leave unfunded liabilities, and Other Post-Employment Benefits (OPEB) unfunded liabilities; and
 - c. The remainder shall be used to fund one-time expenses or to augment reserves.
3. Use of the excess RETT revenues for purposes other than those established in this section must be authorized by City Council resolution. The resolution shall explain the need for using excess RETT revenues for purposes other than those established in this section. The resolution shall also include steps the City will take to return to using excess RETT revenues pursuant to this section.
4. Following the completion of the annual audit, excess RETT revenues will be analyzed to determine whether the transfers to the Vital Services Stabilization Fund or expenditures to fund debt retirement and unfunded long-term obligations were sufficient. If insufficient funds were transferred, a true-up payment shall be made in the next fiscal year. If the transfers exceed the actual requirement, the amounts in excess may be credited against allocations in the next fiscal year.

Part D. Use of One-Time Revenues

1. One-time revenues are defined as resources that the City cannot reasonably expect to receive on an ongoing basis, such as proceeds from asset sales and debt refinancing. This part shall not apply to the use of excess RETT revenues pursuant to Section 1. Part C.
2. Fiscal prudence requires that any unrestricted one-time revenues be used for one-time expenses. Therefore, one-time revenues shall be used in the following manner, unless they are legally restricted to other purposes: to fund one-time expenditures, to fund debt retirement and unfunded long-term obligations such as negative fund balances, Police and Fire Retirement System (PFRS) unfunded liabilities, CalPERS pension unfunded liabilities, paid leave unfunded liabilities, and Other Post-Employment Benefits (OPEB) unfunded liabilities; or shall remain as fund balance.

3. Use of one-time revenues for purposes other than those established in in this section must be authorized by City Council resolution. The resolution shall explain the need for using one-time revenues for purposes other than those established in this section. The resolution shall also include steps the City will take to return to using one-time revenues pursuant to this section.

Part E. Use of Unassigned General Purpose Fund Balance

Any unassigned General Purpose Fund balance, as projected in the 3rd Quarter Revenue and Expenditure Report, and not budgeted for other purposes, shall be used in accordance with Section 1, Part D.

Part F. Analysis of Funding for Debt or Unfunded Long-Term Obligations From Certain Revenues

When excess RETT or other one-time revenues are used to fund accelerated debt retirement or unfunded long-term obligations, the City Administrator shall present his or her analysis and recommendations to the Council based on the best long-term financial interest of the City.

Part G. Criteria for Project Carryforwards and Encumbrances

Previously approved but unspent project appropriations ("carryforwards") and contingent liability reserves for current purchases or contracts that are paid in the following fiscal year ("encumbrances") are financial obligations against reserves. Fiscal prudence requires that such obligations be limited.

Each fiscal year, the Finance Department will submit a list of eligible carryforwards and encumbrances to all departments for evaluation for all funds, including the General Purpose Fund. Departments may request to retain some or all carryforwards and encumbrances when such balances are:

1. Deemed essential to the delivery of active city projects, programs and services; or
2. If the liquidation of such balances would be in violation of legislative or legal requirements.

A departmental request to retain project carryforwards and/or encumbrances must be submitted to the Finance Department. Departments shall provide specific reasons for requested project carryforwards and encumbrance carryforwards, including, but not limited to, those reasons outlined above. Carryforward of project appropriations in funds with negative balances will only be allowed on an exception basis.

The Finance Department will recommend to the City Administrator an action on the departmental requests. The City Administrator shall make a final determination on project carryforward and encumbrances, and will direct the Finance Department to make carryforwards

available to the appropriate department.

Part H. Grant Retention Clauses

Prior to the appropriation of revenues from any grant outside of the budget process, the City Council shall be informed of any retention clauses that require the City to retain grant-funded staff, services, programs, or operations beyond the term of the grant. The fiscal impacts of such retention clauses shall be disclosed. During the biennial budget process staff shall report to the Council the ongoing projected fiscal impacts of such retention clauses.

Part I. Alterations to the Budget

Substantial or material alterations to the adopted budget including shifting the allocation of funds between departments and substantial or material changes to funded service levels, shall be made by resolution of the City Council.

The Finance Department will include departmental expenditure projections for the General Purpose Fund in the Second Quarter Revenue & Expenditure Report. In the event that a department is projected to overspend in the General Purpose Fund by more than one percent (1%), the City Administrator shall bring an informational report to the City Council within 60 days following acceptance of the Revenue & Expenditure report by the City Council. The report shall list the actions the Administration is taking to bring the expenditures into alignment with the budget.

Part J. Transfers of Funds between accounts.

The City Administrator shall have the authority to transfer funds between personnel accounts, and between non-personnel accounts within a department. The City Administrator shall have the authority to transfer funds allocated to personnel accounts to non-personnel accounts within a department provided that cumulative transfers within one fiscal year do not exceed 5% of the original personnel account allocation of that department. The City Administrator shall have the authority to transfer funds from non-personnel accounts to personnel accounts within a department. The City Administrator shall have the authority to transfer funds allocated to personnel accounts to non-personnel accounts if the transfer is required to meet the conditions of or maximize the funding derived from a grant that has been approved by the City Council. For the purposes of this section accounts for the provision of temporary personnel services shall be considered personnel accounts.

Part K. Pay-Go Account Expenditures, Priority Project Fund Expenditures, and Grants

The City Council hereby finds and determines that it is in the public interest to spend Pay-go account fund to facilitate and support programs & services of the City of Oakland, capital improvement projects of the City of Oakland, and programs & capital improvement projects of the public schools and other public entities within the City of Oakland. The Council authorizes Pay-Go account funds to be used for the following purposes:

Capital Improvements:

1. To pay for or augment funding for a City of Oakland capital improvement project including planning and pre-construction services for projects such as, but not limited to, feasibility studies and design, landscaping, architectural and engineering services and all services and materials needed to construct a capital improvements such as, but not limited to, contractor services, lumber, concrete, gravel, plants and other landscape materials, fountains, benches, banners, signs, affixed artwork and any other design and decorative elements of the project; and
2. To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or other public entity for use on capital improvement project within the City of Oakland, including planning and pre-construction services for projects such as, but not limited to, feasibility studies and design, landscaping, architectural and engineering services and all services and materials needed to construct a capital improvements such as, but not limited to, contractor services, lumber, concrete, gravel, plants and other landscape materials, fountains, benches, banners, signs, affixed artwork and any other design and decorative elements of the project; and

Furniture & Equipment:

3. To pay for or augment funding for purchase of furniture and equipment, including computer equipment and software, to be used by participants in a program operated by the City of Oakland; and
4. To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or another public entity to be used for furniture and equipment, including computer equipment and software, to be used by participants in a program operated by the public school or public entity.

Pay-go purposes stated above shall operate as restrictions on Pay-go expenditures or Pay-go grants, regardless of the Pay-go account funding source.

Pay-go purposes stated above shall apply to any and all Pay-go expenditures or grants made by the Mayor and each City Councilmember. All Pay-go expenditures and grants shall be administered by the City Administrator on behalf of the city, and grant agreements shall be required for all such grants.

In accord with the City Council's motion approving the initial allocation of Councilmember Priority Project funds on June 8, 2006, the City Councilmembers must obtain City Council approval for all Priority Project expenditures.

All Priority Project fund grants approved by the City Council and shall be administered and executed by the City Administrator on behalf of the city, and grant agreements shall be required for all such grants.

Section 2. Reserve Funds

Part A. General Purpose Fund Emergency Reserve Policy

1. Council hereby declares that it shall be the policy of the shall City of Oakland maintain in each fiscal year a reserve equal to seven and one-half (7.5%) of the General Purpose Fund (Fund 1010) appropriations as adopted in the biennial or midcycle budget, and not including prior year carryforwards, encumbrances, or appropriations to Fund Balance for, such fiscal year (the "General Purpose Fund Emergency Reserve Policy"),
2. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the General Purpose Funds Emergency Reserve to the City Council and on the adequacy of the of the 7.5% reserve level. If in any fiscal year the General Purpose Fund Reserve Policy is not met, the City Administrator shall present to Council a strategy to meet the General Purpose Funds Emergency Reserve Policy. Each year, the City Administrator shall determine whether the 7.5% reserve level requires adjustment and recommend any changes to the City Council.
3. The amounts identified as the General Purpose Funds Emergency Reserve may be appropriated by Council only to fund unusual, unanticipated and seemingly insurmountable events of hardship of the City, and only upon declaration of fiscal emergency. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council, or (2) by a majority vote of the City Council.
4. Prior to appropriating monies from the General Purpose Funds Emergency Reserve, the City Administrator shall prepare and present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council, and appropriate fiscal emergency declaration necessary for the use of GPF reserve, the City Administrator will have the authority to allocate from the reserves.

Part B. Vital Services Stabilization Fund Reserve Policy

1. Council hereby declares that it shall be the policy of the City of Oakland to maintain a Vital Services Stabilization Fund (VSSF) with a target funding level of 15% of General Purpose Fund Revenues. The funding of the Vital Services Stabilization Fund shall be made pursuant to Section 1, Part C concerning excess Real Estate Transfer Tax.
2. In years when the City forecasts that total General Purpose Fund revenues will be less than the current year's revenues, or anytime significant service reductions, such as layoffs or furloughs, are contemplated due to adverse financial conditions, use of this fund must be considered to maintain existing services.
3. Use of the VSSF must be authorized by City Council resolution. The resolution shall explain the need for using the VSSF. The resolution shall also include steps the City will take in order to replenish the VSSF in future years.

Part C. Capital Improvements Reserve Fund

1. Council hereby declares that it shall be the policy of the City of Oakland to maintain a Capital Improvements Reserve Fund.
2. Revenue received from one time activities, including the sale of Real Property, shall be deposited into the Capital Improvements Reserve Fund, unless otherwise directed by a majority vote of the City Council. Interest earnings on monies on deposit in the Capital Improvements Reserve Fund shall accrue to said fund and be maintained therein.
3. Monies on deposit in the Capital Improvements Reserve Fund may be appropriated by Council to fund unexpected emergencies, major capital maintenance, repair costs to City-owned facilities and to fund capital improvement projects through the Five-Year Capital Improvement Program.

Section 3. Budget Process, Fiscal Planning, Transparency, and Public Participation

Unless otherwise noted all timelines apply only to budget development years, normally odd numbered years and not to mid-cycle revisions to an adopted two-year budget.

1. Assessment of Stakeholder Needs, Concerns and Priorities

Timeline: Budget Advisory Committee review prior to survey release. Survey completion by December 5th of even-numbered years. Results publicly available within three weeks of survey's close.

Requirements: The City Administrator should develop or secure a statistically valid survey for assessing the public's concerns, needs and priorities prior to the development of the biennial budget. Whenever feasible, the City should conduct a professional poll administered to a statistically relevant and valid sample of residents that is representative of Oakland's population in terms of race, income, neighborhood, age, profession, family size, homeownership/renter-ship, etc. If that's not possible, then demographic information should be collected and reported out with the survey results.

Prior to release, the survey questions shall be submitted to the Budget Advisory Committee by September 1st of even numbered years for review of bias, relevance, consistency in administration, inclusion of benchmark questions, and ability to assess concerns, needs and priorities. The survey instrument, method of dissemination, and any instructions for administration shall be publicly available. The survey should be conducted following the November election and before December 5th.

If the City cannot afford a professional survey, an informal survey shall be made available for broad dissemination by the Mayor and Councilmembers through community list serves and other communication channels. Furthermore, the City Administrator shall take steps to promote participation, such as issuing a Flyer promoting participation in the survey and methods of participation (survey internet link, email, phone number) and posting such Fliers near publicly available computers in all City libraries, Recreation Centers, and Senior Centers. A list of those dissemination channels should be publicly available along with survey results.

Survey results should be publicly available within three weeks of the completion and analysis of the survey. Survey results should be made widely available, shared on social media, and published on the City's Budget website. In the event that City's statistically valid survey has been completed, the Mayor and City Administrator shall include in their proposed budget a summary of the survey data and a statement regarding how the data was or was not incorporated into the final proposed budget. Informal surveys and their results shall be made public but not included in their proposed budget document.

The City Administrator shall development a standardized and diverse means of collecting resident input via other means prior to budget development.

2. Council Initial Budget Briefing and Priorities Discussion

Timeline: February

Requirements: The Mayor and City Council will hold a bi-annual budget workshop soon after the commencement of the Council term. The workshop will include briefings on estimated baseline expenditures, revenue projections and an overview of the City's budgeting process. The workshop will provide the Mayor and Council with the opportunity to begin discussing priorities for the next budget year based on the Assessment of Stakeholder Needs, Concerns and Priorities.

3. Five-Year Forecast

Timeline: Produced and heard by the Council's Finance & Management Committee or the full City Council in February or March. Forecast Fact Sheets should be distributed to City community centers and Forecast data should be available on Open Data Portal within two weeks of the Council hearing.

Requirements: Each Budget Cycle, the City Administrator must prepare a Five-Year Forecast.

The Five-Year Financial Forecast ("Forecast") is a planning tool that estimates the City's likely revenues and expenditures over five-years, based on appropriate financial, economic, and demographic data. The purpose of the Forecast is to surface all major financial issues and estimate future financial conditions to support informed long-term decision making. Such planning provides for greater financial stability, signals a prudent approach to financial management, and is consistent with best practices.

The Forecast shall contain the two-year baseline budget for the forthcoming budget period, clearly reflecting projected expenditures to maintain existing service levels and obligations, plus an additional three-year forecast of revenues and expenditures. The Baseline Budget shall consist of projected expenditures necessary to maintain existing staffing and service levels, plus an estimate of anticipated revenues for the two-year period.

The Forecast shall also contain information on the variance between prior forecasts and actual amounts, including the factors that influenced these variances. Revenue estimates shall be based on the most current data available; minimally revenue projections shall take into account projected revenue for the current fiscal year, as reflected in the 2nd quarter Revenue and Expenditure Report, with appropriate trending into future years and an explanation as to how such revenue projections were derived.

The report shall include a Five-Year Forecast "Fact Sheet" document, which summarizes the Forecast's key findings with simplified text and graphics to make this important budgetary information more accessible to the general public. Within two weeks after the Forecast is heard by the City Council, the City Administrator shall print and distribute the Forecast Fact Sheet to all City libraries, recreation centers and senior centers, including in languages required by Oakland's Equal Access Ordinance. The full Forecast shall also be posted on the City of Oakland's website. Forecast data shall be available in open data format on Oakland's data portal.

4. Statement of Councilmember Priorities

Timeline: Written submission due by March 15th.

Requirements: City Council Members will have the opportunity to advise the Mayor and City Administrator publicly of their priorities. Each Councilmember shall be invited to submit up to seven expenditure priorities in ranked and/or weighted order for changes to the baseline budget as presented in the Five-Year Forecast. Councilmember priority statements must be submitted as part of a report to be heard by the City Council and/or in a publicly available writing to the Mayor and City Administrator by March 15. In addition to the priorities, Councilmembers may also submit other suggestions, including revenue suggestions.

5. Administrator's Budget Outlook Message & Calendar Report

Timeline: Heard by City Council before April 15th.

Requirements: The City Administrator shall bring as a report to the City Council a Budget Outlook Message & Calendar no later than April 15th that provides an overview of the budget development process and lists all key dates and estimated dates of key budget events, including, but not limited to the release of the Mayor and Administrator's Proposed Budget, Community Budget Forums, Council meetings, and formal budget passage dates. This publication shall be posted on the City's website and by other means determined by the City Administrator.

6. Release of Mayor & Administrator's Proposed Budget & Fact Sheet

Timeline: Published and publicly available by May 1st. Heard by City Council and Fact Sheet distributed by May 15th.

Requirements: The Proposed Budget must be released by May 1st and shall clearly indicate any substantive changes from the current baseline budget, including all changes to service levels from the current budget. The Proposed Budget shall indicate staffing by listing the number of positions in each classification for each Department, including a listing of each position proposed for addition or deletion. The Council shall hold a public meeting to present the Proposed Budget no later than May 15th in budget adoption years. The full proposed budget document shall be made available online from the City's website, and printed copies shall be available in all City libraries. Additionally, the proposed budget data shall be available in open data format on the City's open data portal by May 1st. Every effort should be made to thoroughly respond to any public request for departmental budget details, such as line item budgets. The requested information shall also be made available on the City's website and open data portal within a reasonable time following the request.

The Proposed Budget must include a Budget Fact Sheet with easy-to-understand graphics and text explaining the City's overall finances, the Proposed Budget and that year's Budget Calendar. The Fact Sheet shall be published in languages required by Oakland's Equal Access Ordinance. The Fact Sheet shall be printed and made available in all City Recreation Centers and Senior Centers as well as all City libraries by May 15th or the presentation to the Council, whichever is

sooner.

7. Community Budget Forums

Timeline: During the months of May and June of odd-numbered years

Requirements: The Administration and Council shall hold at least one (1) Community Budget Forum in each council district. These forums, organized by the City Administrator's Office in partnership with Councilmembers shall be scheduled to maximize residents' access. The forums should include sufficient time for a question and answer period in a format that maximizes community participation, as well as a presentation of budget facts by City staff. One or more of the forums must be scheduled in the evening. Another must be scheduled on the weekend. These meetings shall also be scheduled so that Councilmembers have sufficient opportunity to attend a meeting close to their council district. Every member of the City Council shall make their best effort to attend the Community Budget Forum in their council district. Sufficient Fact Sheets in all available languages shall be available at all Forums.

These forums should be publicized in social media and via other means in a manner that is linguistically and culturally appropriate. City Council staff shall work with community-based, faith-based, identity based, and district specific organizations to ensure that a representative and broad group of residents is aware and encouraged to attend each forum.

8. Ongoing Public Education

Timeline: During the months of May and June of even-numbered years

Requirements: Beginning with the first even-numbered year following adoption of this ordinance, the Administration and City Council shall hold at least three (3) Community Budget Education Presentations in different neighborhoods throughout the City and outside of City Hall. These presentations shall seek to increase Oakland residents understanding and awareness of the City Budget and Budget process.

9. Budget Advisory Commission's Report

Timeline: June 1st

Requirements: The Budget Advisory Committee (BAC) shall be requested to submit published, written report to the full City Council regarding the proposed budget with any suggested amendments no later than June 1 in budget adoption years. If submitted, the statement shall be published as part of the next budget report to the City Council. The BAC is encouraged to provide similar statements during the mid-cycle budget revise and any other significant budget actions.

10. Council President's Proposed Budget

Timeline: June 17th

Requirements: The City Council President, on behalf of the City Council, shall prepare a proposed budget for Council consideration to be heard at a Special City Council Budget Hearing occurring on or before June 17th. The Council President may delegate the duty to prepare a budget proposal to another member of the Council. The Finance Department will provide a costing analysis for proposed amendments. The City Council may schedule additional Special City Council Budget Hearings or Workshops as needed.

11. Council Budget Amendments

Timeline: No later than up to three (3) days prior to final budget adoption for public noticing

Requirements: In addition to the Council President's proposed budget, any Councilmember or group of Councilmembers may submit proposed budget amendments at any time during the budget process. However, the adopted budget shall not contain substantive amendments made on the floor by Councilmembers at the final meeting when the budget is adopted. All substantive amendments must have been published in the City Council agenda packet for at least three days prior to the budget's final adoption and posted on the City's budget website. This shall not preclude Council members from combining elements from various proposals, provided each element considered has been published in the City Council agenda packet as a component of one proposal. This three-day noticing requirement may be waived by a vote of Council upon a finding that (1) new information impacting the budget by at least \$1 million dollars came to the attention of the body after the publication deadline making it not reasonably possible to meet the additional notice requirement and (2) the need to take immediate action on the item is required to avoid a substantial adverse impact that would occur if the action were deferred to a subsequent special or regular meeting, such as employee layoffs.

Councilmembers will present their proposed amendments in an easy to understand, standardized format provided by the City Administrator. The format should allow the proposals to be easily compared to the Mayor's Proposed Budget and to one another. Additions and reductions shall be clearly noted in separate sections.

In order to provide sufficient time to evaluate the cost of proposals, Councilmembers should request costing analyses for proposed budget amendments or line-items within a budget amendment to the City Administrator at least six (6) working days prior to the City Council meeting where that amendment will be considered.

12. Process Feedback & Continual Improvement

Timeline: September 30th following budget adoption

Requirements: The Budget Advisory Commission (BAC) shall be requested to submit an Informational Report to the Council's Finance and Management Committee and City Council containing their analysis of the budget adoption process including, but not limited to: 1) the informational quality of the Proposed Budget; 2) the City Administration's and City Council's attention to engaging the public and its impacts on the budget process and product; 3) the level of

transparency and open dialogue in all public meetings dedicated to the budget; and 4) opportunities for improving the process in future years. In assessing opportunities for continually improving public participation in the budget process, the Administration, City Council and BAC shall be requested to consider the following guiding principles:

- **Inclusive Design:** The design of a public participation process includes input from appropriate local officials as well as from members of intended participant communities. Public participation is an early and integral part of issue and opportunity identification, concept development, design, and implementation of city policies, programs, and projects.
- **Authentic Intent:** A primary purpose of the public participation process is to generate public views and ideas to help shape local government action or policy.
- **Transparency:** Public participation processes are open, honest, and understandable. There is clarity and transparency about public participation process sponsorship, purpose, design, and how decision makers will use the process results.
- **Inclusiveness and Equity:** Public participation processes identify, reach out to, and encourage participation of the community in its full diversity. Processes respect a range of values and interests and the knowledge of those involved. Historically excluded individuals and groups are included authentically in processes, activities, and decision and policymaking. Impacts, including costs and benefits, are identified and distributed fairly.
- **Informed Participation:** Participants in the process have information and/or access to expertise consistent with the work that sponsors and conveners ask them to do. Members of the public receive the information they need, and with enough lead time, to participate effectively.
- **Accessible Participation:** Public participation processes are broadly accessible in terms of location, time, and language, and support the engagement of community members with disabilities.
- **Appropriate Process:** The public participation process uses one or more engagement formats that are responsive to the needs of identified participant groups; and encourage full, authentic, effective and equitable participation consistent with process purposes. Participation processes and techniques are well- designed to appropriately fit the scope, character, and impact of a policy or project. Processes adapt to changing needs and issues as they move forward.
- **Use of Information:** The ideas, preferences, and/or recommendations contributed by community members are documented and given consideration by decision-makers. Local officials communicate decisions back to process participants and the broader public, with a description of how the public input was considered and used.
- **Building Relationships and Community Capacity:** Public participation processes invest in and develop long-term, collaborative working relationships and learning opportunities with community partners and stakeholders. This may include relationships with other temporary or ongoing community participation venues.
- **Evaluation:** Sponsors and participants evaluate each public participation process with the collected feedback and learning shared broadly and applied to future public participation efforts.

AN ORDINANCE AMENDING ORDINANCE NO. 13279 C.M.S. (THE CITY OF OAKLAND CONSOLIDATED FISCAL POLICY, OR “CFP”) TO ESTABLISH AND MODIFY THE FINANCIAL POLICIES OF THE CITY OF OAKLAND.

NOTICE AND DIGEST

This Ordinance authorizes an amendment to Ordinance Number 13279 C.M.S. (The Consolidated Fiscal Policy, “CFP”), to establish and modify the financial policies and budgeting practices of the City of Oakland. The first public reading of this ordinance is scheduled at a public hearing on 5/1/18 and second on 5/15/18. The location is at City Council Chambers located on the Third Floor of City Hall, One Frank H. Ogawa Plaza, Oakland, California, at 5:30pm. The CFP will be effective upon final adoption of the Ordinance and will remain in effect until further notice.