

**CITY OF
OAKLAND**

**COMMUNITY
BUDGET
FORUMS**

MAY 2019

Proposed
Policy
Budget

CITY OF OAKLAND
FISCAL YEAR 2019-2021



Oaklandca.gov/budget

Agenda

- 1) Oakland Budget Process & Priorities**
- 2) Financial Context**
- 3) Balancing the FY 2019-21 Proposed Budget**
- 4) Service Impacts of the Proposed Budget**
- 5) Ongoing Challenges**
- 6) Next Steps**

Budget Process & Priorities

Oakland Budget Process



**Budget
Priorities
Public Poll**



**City
Council
Priorities**



**Five-Year
Forecast
Released**



**Mayor's
Proposed
Budget**



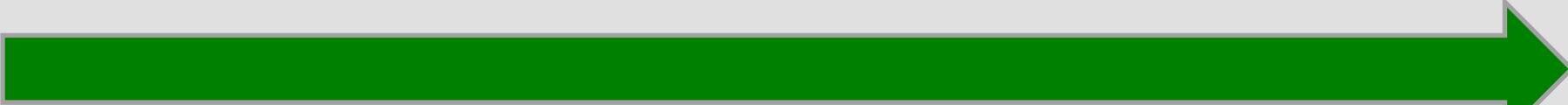
**Community
Budget
Forums**



**Council
President's
Budget**



**Deadline
for Budget
Adoption**



February 25

March 15

March 19

May 1

May 8 - 18

June 10

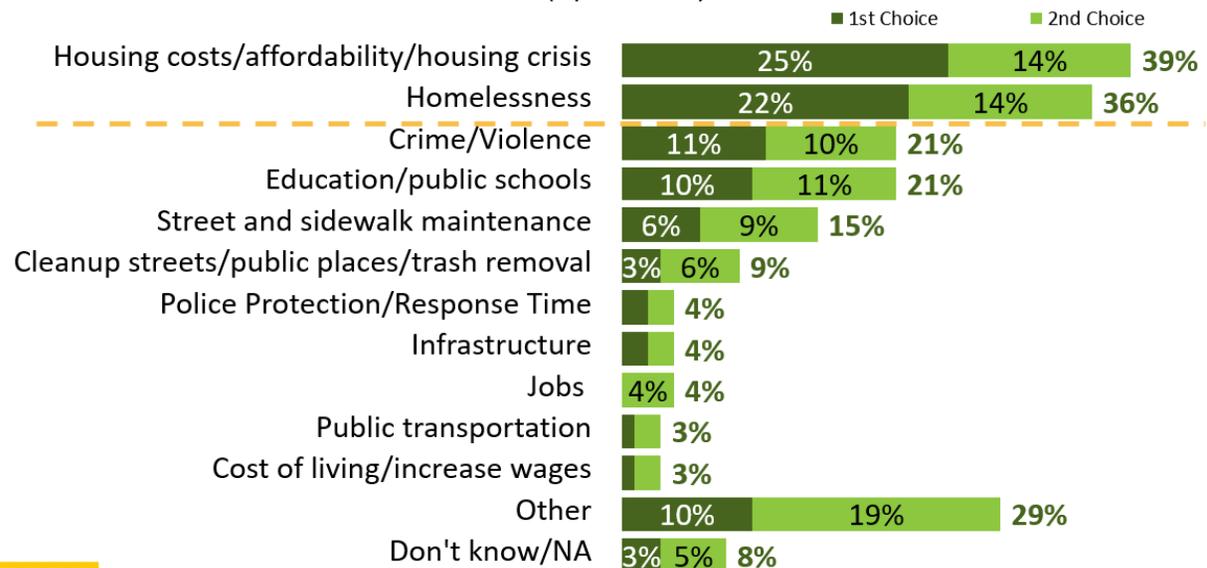
June 30

Community Priorities

- Homelessness and affordable housing are clearly the top issues residents want to see prioritized.

Homelessness and housing are clearly the top issues residents want to see prioritized.

*In the upcoming two-year budget, what are the two most important issues facing Oakland residents that you would like to see prioritized in the City government budget?
(Open-Ended)*



Councilmember Priorities

- The Mayor and City Councilmembers introduced their budget priorities during a budget workshop on February 25, 2019.
- Detailed individual Councilmember priorities are posted on the City's budget website: www.oaklandca.gov/budget

FY 2019-21 CITY COUNCIL MEMBER'S PRIORITIES

Pursuant to the City's policies on Budget Process, Fiscal Planning, Transparency, and Public Participation, each Councilmember submitted their top-five budget priorities. A summary of these priorities and how they are reflected in the Mayor and City Administrator's Proposed Budget is shown below.

AFFORDABLE HOUSING		Allocated Amount FY 2019-21 Proposed Budget
Capital	<ul style="list-style-type: none"> Provide affordable housing for teachers, first responders and public sector workers 	<ul style="list-style-type: none"> Approximately \$30 million (20% million each year) from the Measure CC Affordable Housing Fund for the acquisition, preservation, and construction of new affordable housing units in the City of Oakland.
Fee	<ul style="list-style-type: none"> Directly all proceeds of public land disposition to affordable housing development preservation and housing trust funds for affordable housing and continue to use housing trust funds to support tenant and homeowners prevention services 	<ul style="list-style-type: none"> Expand the Rent Adjustment Program (RAP) by increasing its waiting capacity to improve active enforcement of fair housing law - diverse populations of renters for rent increase resolution, RAP services are needed by communities of color in higher proportion, therefore, the improved services in this area will benefit those groups.
Trust	<ul style="list-style-type: none"> Increase affordable housing stock by setting aside Oakland's vacant occupancy permitting trust fund Funding for education for renters rights and landlord rights 	<ul style="list-style-type: none"> Approximate \$4.7 million from the Affordable Housing Trust Fund (AHTF) in FY 2019-20 and additional \$3.8 million in FY 2020-21 for affordable housing projects, loans, and grants.
Tenant	<ul style="list-style-type: none"> Establish tenant stabilization mechanisms with active supportive services Increase funding of efforts to preserve existing affordable housing through housing development 	<ul style="list-style-type: none"> Approximate \$18.6 million in 2019 and additional \$10 million in FY 2020-21 for the first phase within Parcel Two of Shiloh Basin Affordable Housing Development project. This project will produce 465 new affordable housing units, a critical need among communities of color.
Grant	<ul style="list-style-type: none"> Amplify efforts to develop a range of housing types throughout the City Expedite permit processing for housing development in East Oakland 	<ul style="list-style-type: none"> Approximate \$18.6 million in 2019 and additional \$10 million in FY 2020-21 for the first phase within Parcel Two of Shiloh Basin Affordable Housing Development project. This project will produce 465 new affordable housing units, a critical need among communities of color.
Land	<ul style="list-style-type: none"> Capital for new affordable housing projects RAP program enforcement Additional funds for tenant counseling and education Additional funds for emergency housing assistance for lower income renters and homeowners at risk of foreclosure Increased development of affordable housing 	

Summarized Categories of Council Priorities

Affordable Housing

Homelessness

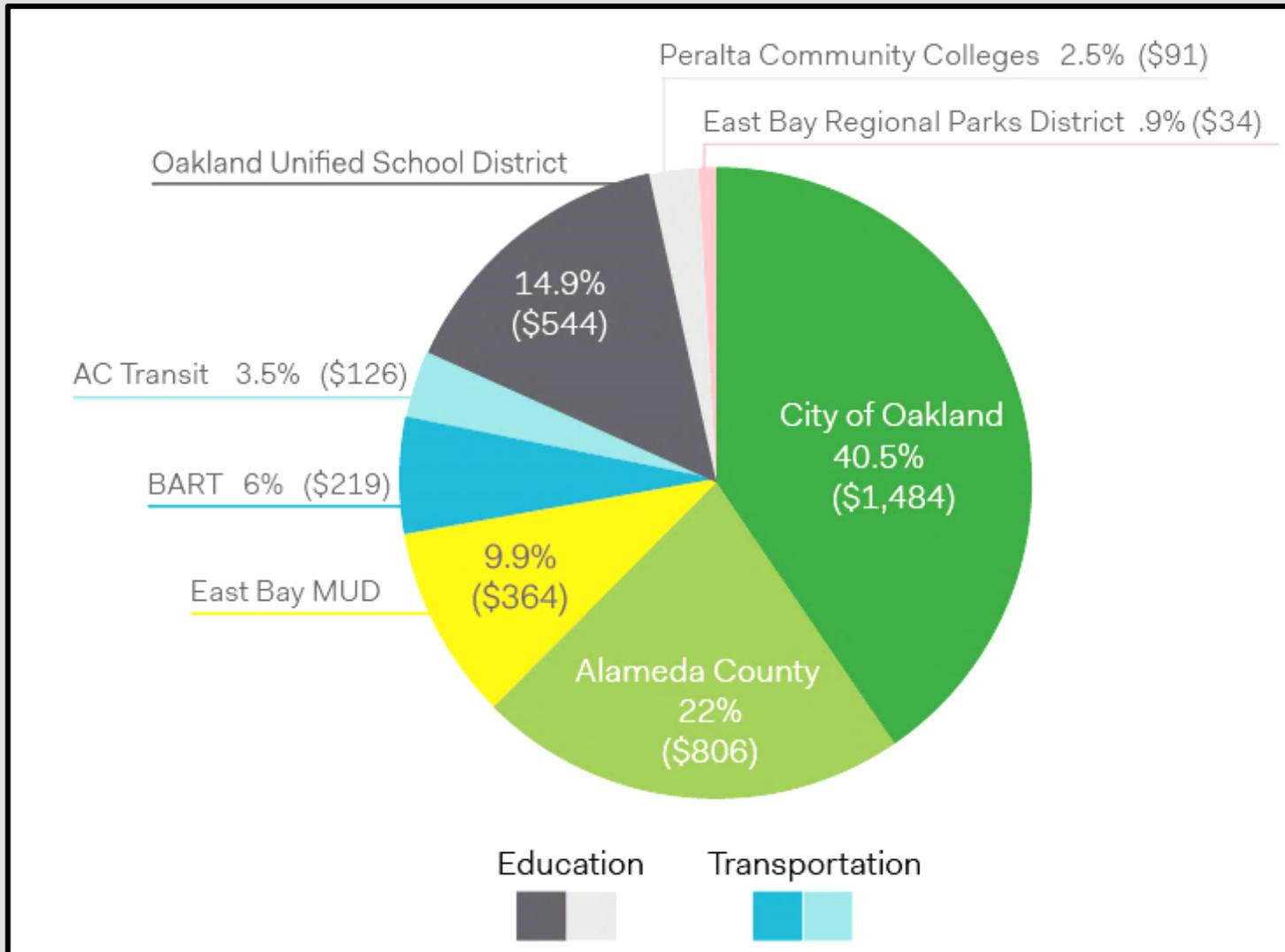
Fire Prevention & Emergency Services

Jobs/Economic Development

Illegal Dumping

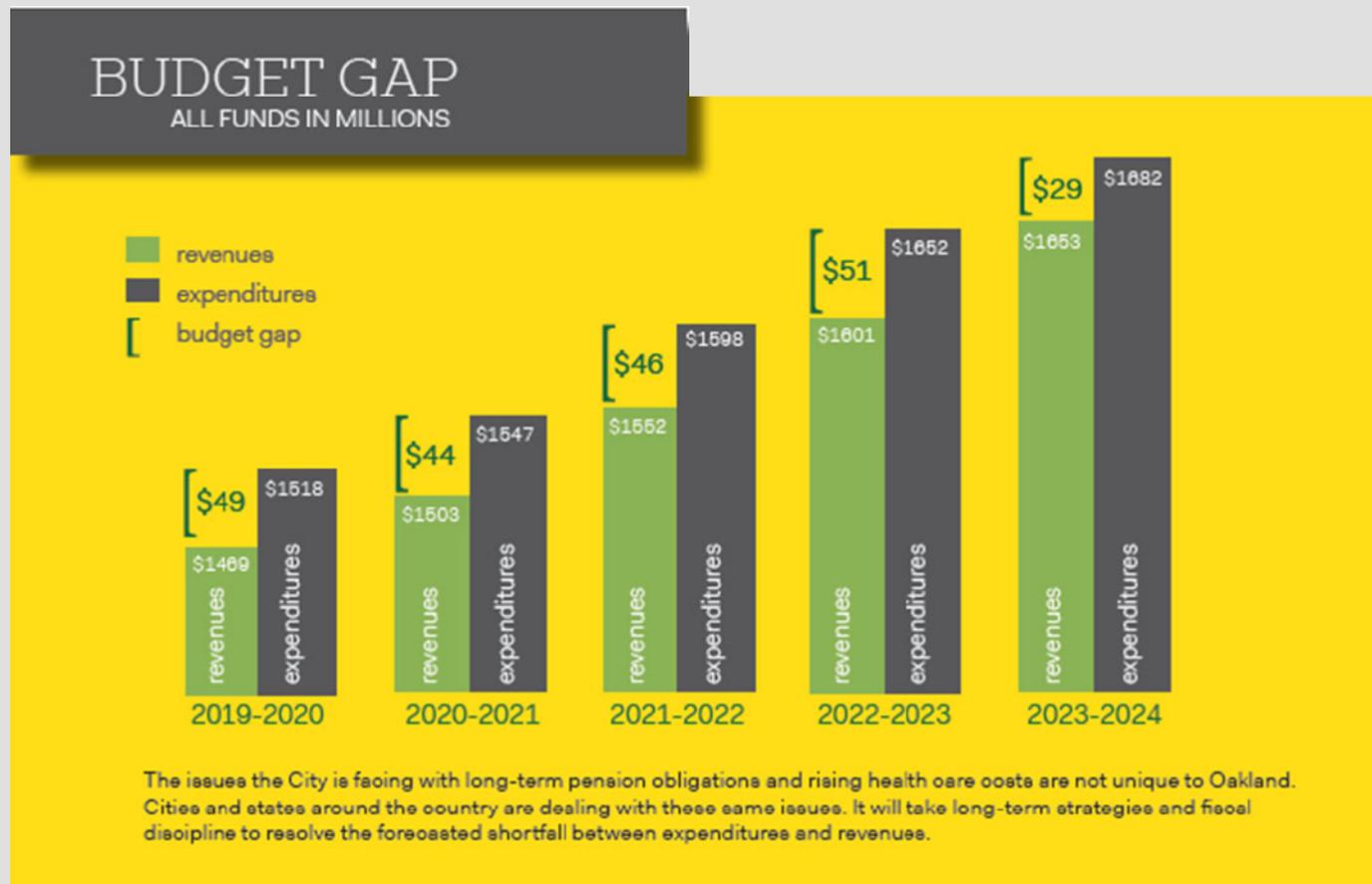
Financial Context

Many governmental services are NOT provided by the City



Projected 5-Year Budget Gap

- If Oakland is booming and there are so many cranes in the sky, why is there a shortfall?
- **Costs! Pension (+15.2%); Fringe Benefits (+14.0%)**



Revenue Constraints: Restricted Funds

- Funds are groups of revenues and expenditures that must be individually balanced.
- The City's Budget contains over 300 Funds, the largest of which is the General Purpose Fund.
- Other Funds have restrictions on the types of activities they support; normally established by local ordinance, the City Charter, State Law, or Grant Agreements.
- Not all resources can be used for any public purpose.

Revenue Constraints: Limited Authority to Raise Revenue

- Tax increases must be approved by the voters, often by a 2/3rd margin.
- Certain types of taxes cannot be imposed or increased by Cities for instance income taxes or ad valorem property taxes.
- Many fees and other service charges are limited to being at most cost recovering.
- Grant revenues are subject to decision making at the state and federal level and often grow more slowly than our costs and needs.

Balancing the FY 2019-21 Proposed Budget

Guiding Principles

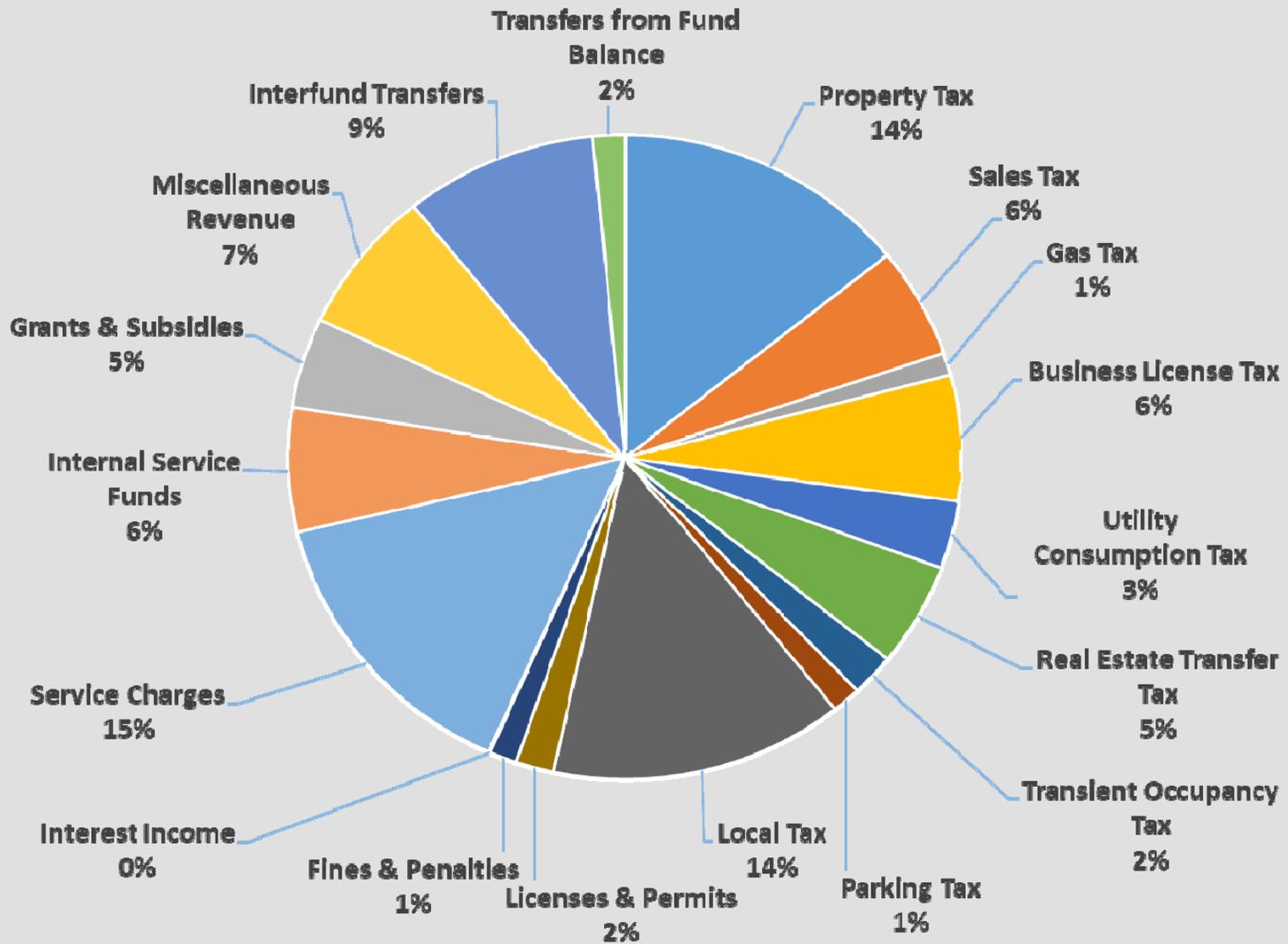
- Prevent cuts in current service levels for Oakland residents.
- Limit new General Purpose Fund (GPF) funded positions, unless they are cost covered by new revenues.
- Make continued progress on financial stability by reducing the use of one-time revenues for on-going expenses and continue paying down negative fund balances pursuant to Council approved policies (Resolution No. 87140 C.M.S.).
- Make good on the City's commitment to its employees to pre-fund our Other Post-Employment Benefits ("OPEB") at a sustainable level and that is consistent with the City Council's recently approved OPEB Funding Policy (Resolution No. 87551 C.M.S.).
- Build in fair and competitive, ongoing compensation improvements for City employees.

FY 2019-21 Proposed Budget

- **\$3.2 billion** two-year spending plan

	FY 2019-20	FY 2020-21
General Purpose Fund	\$650,782,385	\$673,158,983
Restricted Special Funds	\$963,117,355	\$955,044,118
Total – All Funds	\$1,613,899,740	\$1,632,148,913
Full-Time Equivalent Positions – GPF	2,482.59	2,489.15
Full-Time Equivalents Positions – All Funds	4,506.76	4,511.12

Revenues by Category (All Funds)

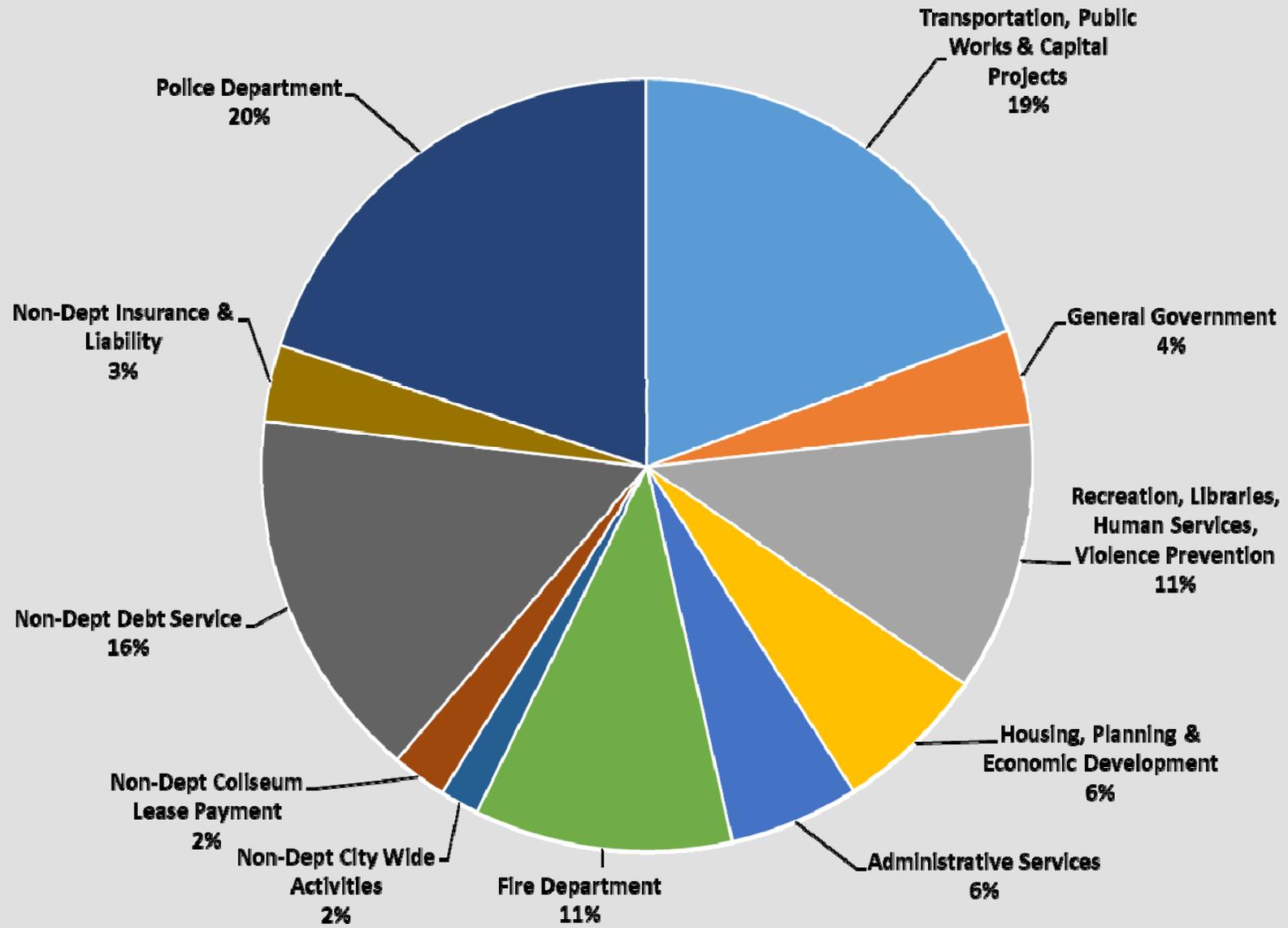


GPF Revenues

GENERAL PURPOSE FUND REVENUE

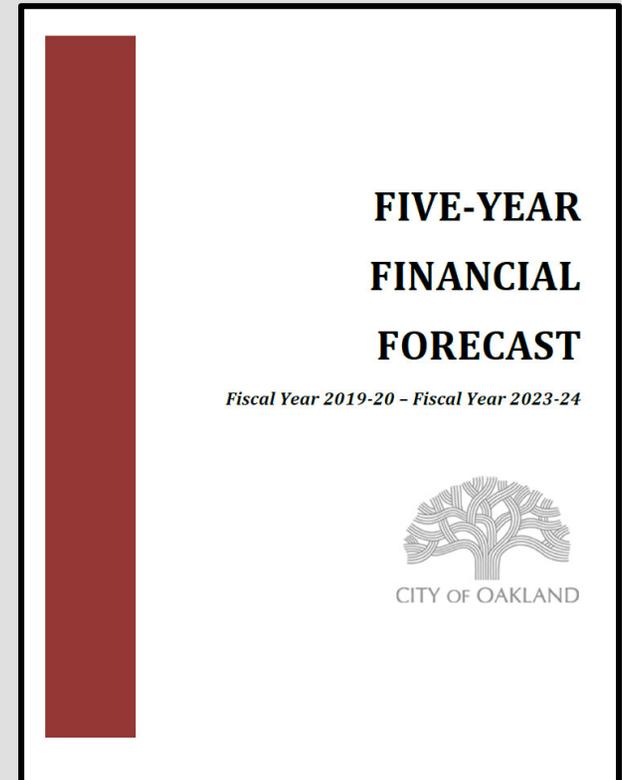
Revenue Type	FY 2017-18 Actuals	FY 2018-19 Adopted Midcycle	Percent change to 2019-20	FY 2019-20 Proposed Budget	Percent change to 2020-21	FY 2020-21 Proposed Budget
Property Tax	\$187,172,191	\$196,467,669	9.4%	\$215,020,345	6.2%	\$228,358,716
Sales Tax	57,465,177	57,678,493	2.5%	59,136,105	2.8%	60,809,306
Vehicle License Fee	224,279	-	-	-	-	-
Business License Tax	86,107,189	86,622,000	15.1%	99,673,792	3.6%	103,221,291
Utility Consumption Tax	52,047,385	54,207,390	1.8%	55,161,000	3.0%	56,815,600
Real Estate Transfer Tax	77,663,378	74,181,417	11.7%	82,873,970	3.0%	85,376,169
Transient Occupancy Tax	23,583,086	23,673,242	11.9%	26,488,522	4.0%	27,548,063
Parking Tax	10,803,104	11,436,700	0.2%	11,461,012	3.0%	11,804,842
Local Tax	(99)	-	-	-	-	-
Licenses & Permits	2,383,571	2,104,974	40.0%	2,947,904	0.9%	2,974,473
Fines & Penalties	18,473,844	21,231,083	-7.3%	19,681,008	0.2%	19,712,561
Interest Income	974,292	1,210,069	0.0%	1,210,069	0.0%	1,210,069
Service Charges	60,567,414	62,083,803	8.3%	67,234,926	2.8%	69,140,394
Grants & Subsidies	2,488,836	119,435	0.0%	119,435	0.0%	119,435
Miscellaneous Revenue	6,763,547	5,487,531	-82.4%	968,064	0.0%	968,064
Interfund Transfers	3,964,207	4,768,924	42.7%	6,806,233	-25.1%	5,100,000
Subtotal Revenue	\$590,681,401	\$601,272,730	7.9%	\$648,782,385	3.8%	\$673,158,983
Transfers from Fund Balance	-	1,179,877	-	2,000,000	-	3,945,812
Grand Total	\$590,681,401	\$602,452,607	8.0%	\$650,782,385	4.0%	\$677,104,795

Expenditures by Department (All Funds)



Closing the Gap

- Started the Budget process with a **\$49 million** shortfall, with a **\$25 million** deficit in the General Purpose Fund alone.
- The budget proposal includes minimal increases in service levels unless cost recovery or project funded.
- Realigned costs to eligible sources, and added personnel only to project funds or for cost-covered activities.
- Increased and added new revenues.



Closing the Gap – Key Adjustment

▪ Oakland Parks, Recreation and Youth Development (OPRYD)

- Use **\$7.8 million** in one-time revenues (\$3.9 million each year) to cover ongoing program costs in OPRYD from Measure HH and GPF fund balance.

▪ Landscaping & Lighting Assessment District (LLAD)

- This budget closed two-year LLAD gap of **\$7.9 million**.
 - Street light costs in Gas Tax fund of **\$5.9 million** (\$2.9 million each year).
 - Freeze **8.5 full-time equivalents** equal to **\$2.0 million** savings over two-years (\$0.95 million each year).

Without these balancing measures in OPRYD and LLAD, we would need to reduce approximately 57.3 FTE ongoing.

Avoided Impacts on OPRYD

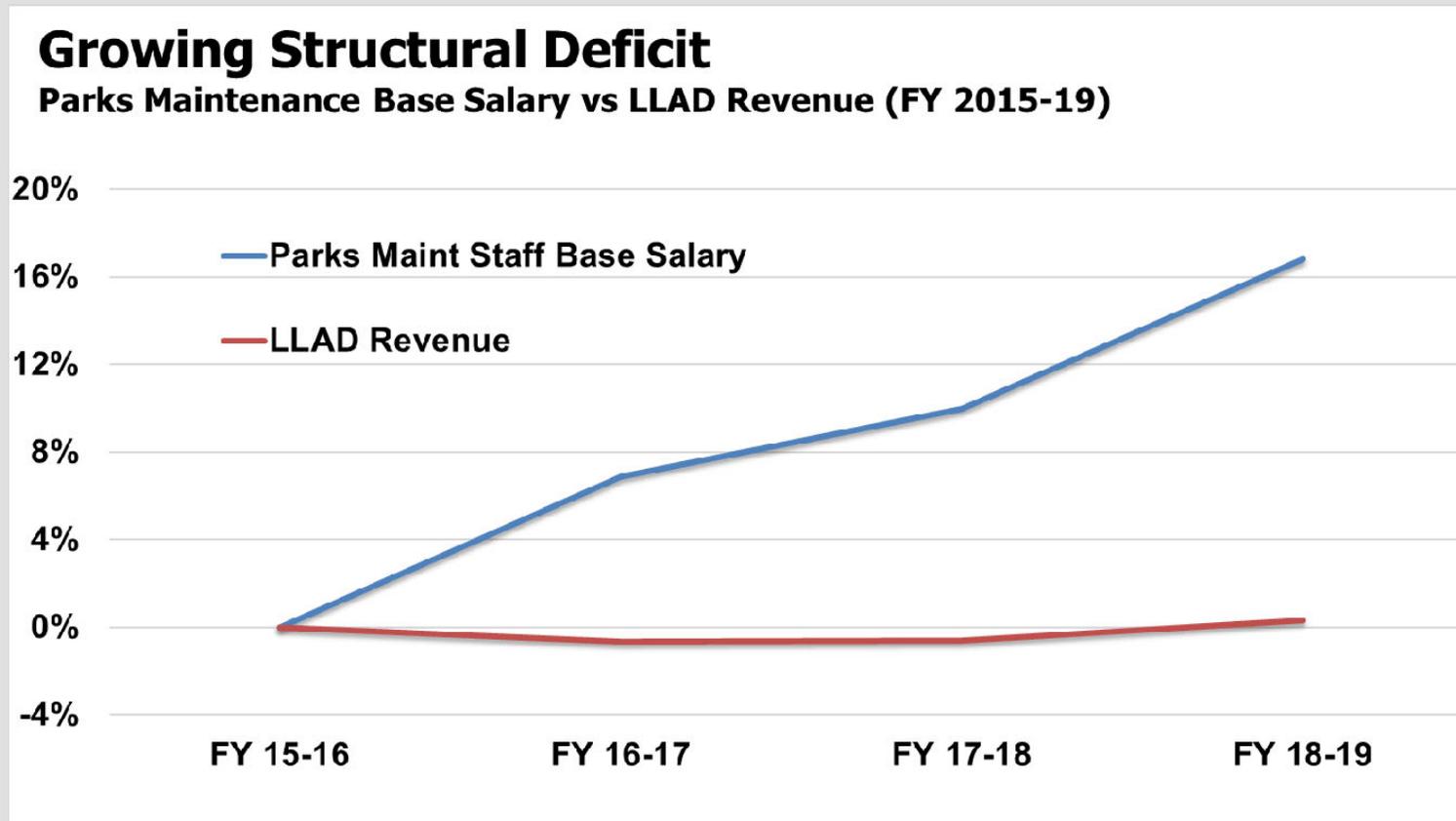
- Without the support of **\$7.8 million** in 1X funding (funding from Measure HH & GPF), OPRYD would be forced to reduce services to Oakland youth and other communities:
 - 1/3rd of the operating budget for Recreation Centers
 - 85% of OPRYD's spending on Sports Programs
 - The combined annual spending on Swimming, Boating, and Art & Cultural Centers
 - More than 5X the expenditures on nature centers and community gardens

LLAD - Overview

- Landscape and Lighting Assessment District (LLAD) – Fund 2310
 - Established in 1989
 - Provides funding for core city services, including parks maintenance, tree services, and streetlight utility costs.
- Revenues have not been adjusted for **30 years**.
 - In that time the buying power of the LLAD has been decreased by more than **57%** when compared to inflation.
- However, expenditures costs have grown over the years, particularly personnel costs and utilities such as water and power

LLAD - Growing Structural Deficit

- Increases in expenditures over the years with no corresponding increase in revenues have resulted in an on-going structural deficit.



LLAD - Balancing Solutions

- Allocate street lighting costs to other eligible funding sources (\$2.96 million)
- Freezing of 8.5 FTEs for Parks Maintenance (\$0.96 million). **Service Impacts:**
 - No routine maintenance for approximately 20% of City's park space (equivalent to 45-50 smaller parks)
 - Likely increase in illegal dumping, vandalism, and unauthorized homeless encampments at these parks
 - Increase in overtime for existing staff

LLAD - Addressing Structural Deficit

- Proposed one-time fixes to balance LLAD for FY 2019-20 & 2020-21 are not sustainable.
- Other funds, such as the Comprehensive Cleanup Fund (1720), previously used to cover some of the costs no longer have any resources available.

A new ballot measure is needed to fix the structural deficit in LLAD in order to restore the frozen positions and maintain existing service levels.

FY 2019-21 Service Impacts

Homelessness

- New Commission On Homelessness
- Increase Funding To Provide Additional Housing And Mitigate Health And Safety Risks
 - Allocate \$8.9 million in Homeless Emergency Aid Program (HEAP) funds.
 - \$3.8 million of the Vacant Property Tax revenue (Measure W) in FY 2020-21 towards various programs, including rapid re-housing, hygiene/sanitation services, anti-displacement services, and employment training.
 - \$3.0 million (\$1.5 million each year) for services and interventions aimed at rehousing for homeless residents.
 - Continue partnership with San Francisco Foundation to offer \$8 million in rapid anti-displacement assistance through Keep Oakland Housed.

Affordable Housing

- Affordable Housing Projects From Measure KK
 - Appropriate \$30.0 million in Measure KK bond funds (\$15.0 million per fiscal year)
 - Allocations for the acquisition of transitional housing facilities, site acquisition, NOFAs, new construction and rehabilitation assistance
- Healthy Homes Rental Inspection Program – Phase 1
- Better Assist Tenants And Landlords In Settling Rent Disputes (RAP)
- Expand Affordable Housing Programs To Serve Oaklanders In Need
- Continue To Support New Affordable Housing Developments

Investments in Children

- Increase Baseline Funding For Oakland's Fund For Children And Youth (KidsFirst!) to \$37.6 million (2-year total)
- \$1.2 million to restore OUSD cuts to Restorative Justice And Foster Care Programs
- Prevention Of The Health Consequences Of Sugar-Sweetened Beverage Consumption
 - The Proposed Budget increases the allocation to support a competitive RFP process from \$2 million to \$4 million each year
- Expand OPRYD Programs & Youth Programs To Combat Childhood Obesity & Inactivity - \$4.5 million
 - Expands & Preserves OPRYD programming for sports activities and health programs including aquatics, youth sports, the East Oakland Sports Center, and Town Camp
 - Sustain \$400,000 in ongoing funding for Youth Summer Jobs
- Funding The For Healthy Food Program – \$1.2 million
 - Expands youth food service program at the Oakland Public Library, Head Start centers, and OPRYD with a 45% increase in resources

Fire Safety

- **Improve Fire Code Inspections**
 - Add 8.0 Supervisory and support staff
- **Improve Wildfire Prevention Inspections**
 - Upgrade 5.0 FTE Vegetation Management Inspection staff to equivalent Fire Code Inspection Classifications to improve retention and operational flexibility
- **Speed Up And Improve Fire Code Plan Check Management**
 - Add 3.0 FTE in the Plan Check Unit
- **Sustain Wildfire Prevention Services**
 - Continues funding of \$1.1 million each fiscal year and \$200,000 for implementing the Vegetation Management Plan
- **Increase Timely And Coordinated Emergency Response**
 - Add two Fire Communications Dispatchers
 - Upgrade the 911 dispatch software
 - Preserve Emergency Medical funding
- **Replace An Aging Fire Station using \$7.0 million from Measure KK**

Streets, Transportation, & Infrastructure

- Increase Funding For The City's Aging Streets and Prioritization of Capital Projects Using An Equity
 - \$75.8 million in Measure KK Infrastructure bond funds to improve streets at locations identified as high-priority based on the City's equity framework methodology
 - \$34.8 million for other various street repair and transportation improvement projects, including sidewalk repair, bike and pedestrian plan implementation program, and curb ramps program
 - Approximately 25% of the City's street maintenance staff will be reassigned to work on these CIP projects
- Replace An Aging Fire Station using \$7.0 million from Measure KK
- Invest \$24.1 million in Measure KK funds in CIP Improvements to Recreation Centers and Libraries

Community Policing & Public Safety

- Sustains \$1.89 million in funding for additional Crossing Guards to improve school site safety and ensure safer routes to school
- ShotSpotter Gun Detection System provide funding for expanded coverage in FY 2020-21 for \$475,000
- Enhanced Citizen Review And Oversight Of Police Policy, Discipline And Misconduct
 - Adds a complaint investigator to the Community Police Review Agency
 - Fully funds the resources requested by the Oakland Police Commission
 - Adds a Paralegal in the City Attorney's Office to support the review and public disclosure of police records

Clean & Green City

- Use \$1.3 million of the Vacant Property Tax revenue (Measure W) in FY 2020-21 towards reduction, deterrence, and mitigation of illegal dumping and blight, which poses potential safety and health hazards.
- Use \$480,000 in one-time funding (\$240,000 per each fiscal year) for Last Saturday Free Dump Days at Edgewater Corp Yard. This will make permanent the successful Bulky Block Party pilot that served more than 400 Oakland residents at each event.
- Use \$125,000 in one-time funding to fund additional cameras for use in areas with high illegal dumping activities

Jobs & Development

■ Strategic Planning Initiatives

- Increase staffing capacity to undertake a comprehensive update of the City's Land Use and Transportation Element General Plan, and the Bicycle Master Plan and Pedestrian Plan, as well as other smaller strategic planning projects

■ Continue To Invest In Economic And Workforce Development Initiatives

- Allocates \$500,000 in one-time funding in FY 2019-20 for an East Oakland Neighborhood Economic Development Plan.
- Appropriate additional \$250,000 per year for workforce development, employment training and job placement to be allocated by the Oakland Workforce Development Board.
- Continue to appropriate \$400,000 per year to support youth summer employment opportunities through Measure HH and \$355,000 for West Oakland Job Resource Center, which mainly serves low-income, under-served Oakland residents and the greater East Bay, providing programs to teach valuable job skills in construction, transportation, distribution, and logistics sectors.
- Maintain \$170,000 in each year of the Budget for the Day Laborer program

Other Investments

■ 311 Call Center

- Transfer the public works call center to the City Administrator's Office as the first phase of establishing a full citywide integrated 311 citizen's resource center that will begin including services beyond the Public Works Agency.

■ Immigration Anti-Deportation Defense

- The budget contains \$300,000 (\$150,000 per year) in legal support for children and families at risk of deportation

■ Increase Library Service Accessibility With Additional Hours With New Measure D Funding

- Expand library hours at the Main Library, the African American Museum and Library at Oakland, the Oakland Tool Lending Library, and 16 neighborhood branches starting on April 1, 2019 with special parcel tax revenue generated through voter-approved Measure D.
- Continued expansion of programs and learning resources, in combination with increased accessibility to libraries through the City, will benefit all communities.

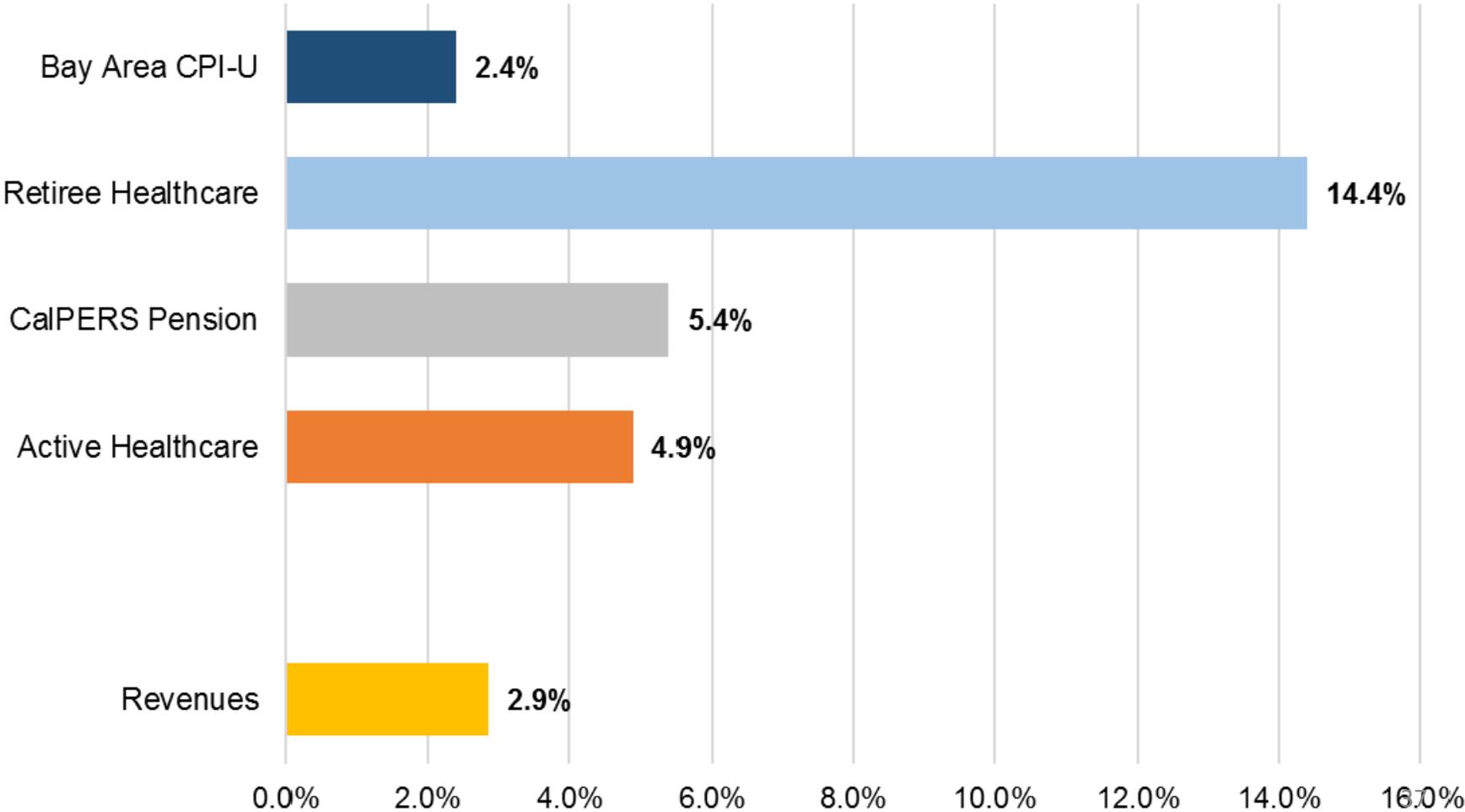
Employee Wages

- Includes wage increases of 2% each year (total of 4%) for contracts that expire June 30, 2019 (IFPTE/SEIU).
- Includes additional 1% wage increase in Year 1 due to achievement of revenue trigger, effectively resulting in 3% year 1 and 2% in year 2 of the proposed budget.
- Budgets for ongoing wage increases pursuant to negotiated MOUs where applicable (OPOA/OPMA/IAFF/CMEA/IBEW).
- Fully funds recently adopted OPEB policy.

Ongoing Challenges

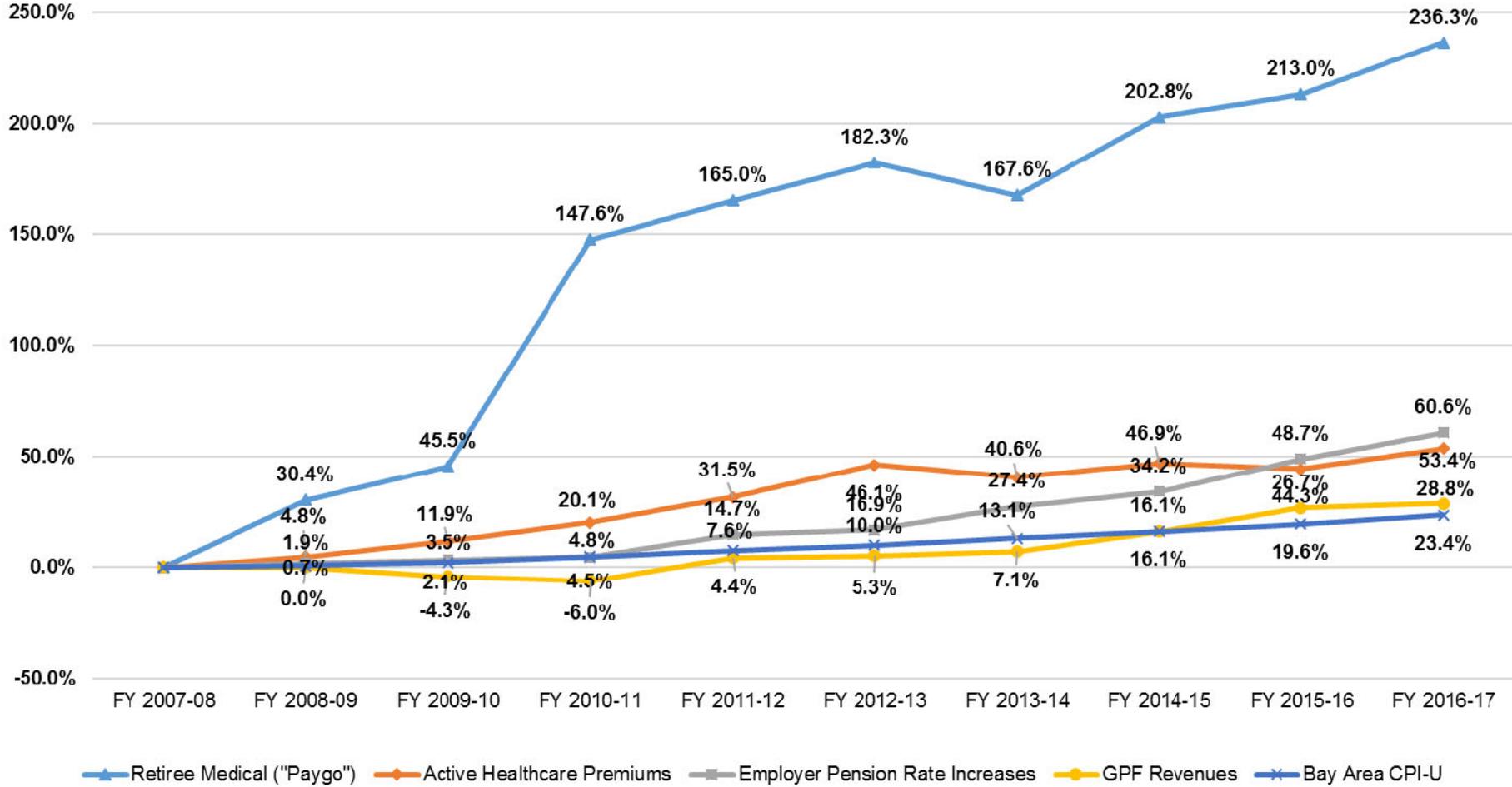
Expenditure Cost Pressures Are Acute

10-Year Average Annual Growth Rate
FY 2007-08 to FY 2016-17



Expenditure Cost Pressures Are Acute

10-Year Cumulative Percentage Change in Employer Costs v. GPF Revenues



Risk of Recession

- One of the longest expansionary periods in US history



City of Oakland

FY 2019-21 BUDGET COMMUNITY FORUMS

Next Steps

Other Community Forums

Council Presidents Budget &
Amendments: **June 10th**

MORE INFORMATION

Visit www.oaklandca.gov/budget
for information on upcoming
Budget Forums, feedback and
additional materials.

GET INVOLVED: COMMUNITY FORUMS

May 8

6:00pm-8:00pm

District 4, Councilmember Sheng Thao
Redwood Heights Rec Center
3883 Aliso Ave.

May 9

6:30pm-8:30pm

District 7, Councilmember Larry Reid
Oakland Zoo, Zimmer Auditorium
9777 Golf Links Rd

May 11

10:00am-12:00pm

District 6, Councilmember Loren Taylor
Rainbow Rec Center
5800 International Blvd.

May 11

2:00pm-4:00pm

District 5, Councilmember Noel Gallo
Fruitvale Senior Center
3301 E. 12th Street, Suite 201

May 15

6:00pm-8:00pm

District 3, Councilmember Lynette
Gibson McElhane
West Oakland Senior Center
1724 Adeline St.

May 16

6:00pm-8:00pm

District 2, Councilmember Nikki
Fortunato Bas
Lincoln Rec Center
261 11th St.

May 18

10:00am-12:00pm

District 1, Councilmember Dan Kalb
North Oakland Senior Center
5714 MLK Jr. Way