



CITY OF OAKLAND

# FY 2021-23 PROPOSED POLICY BUDGET

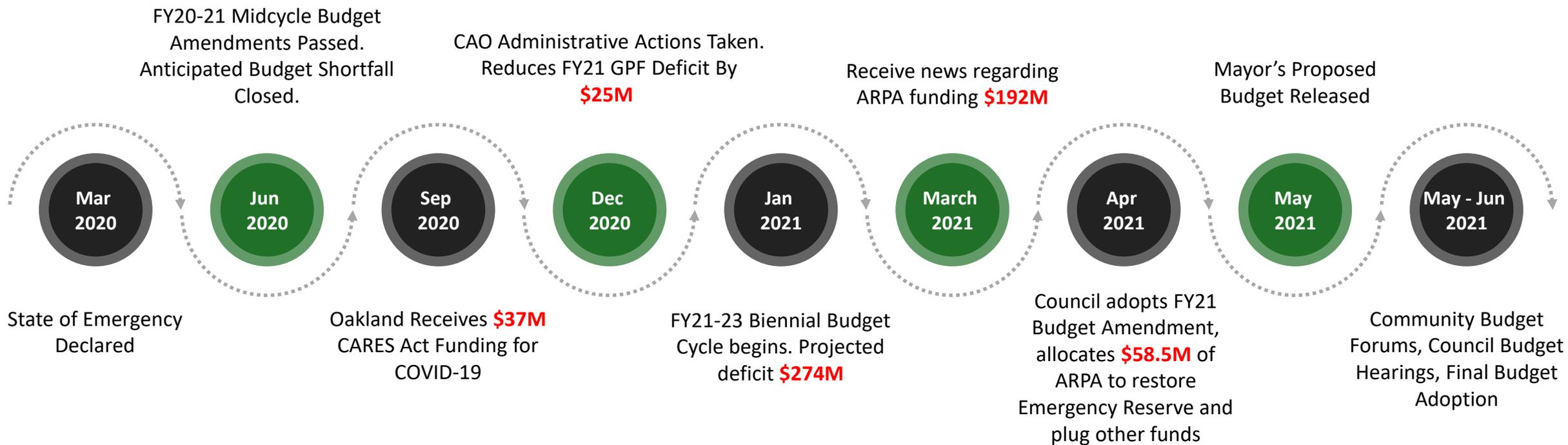


# OVERVIEW

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- Budget Timeline
- Current Economy's Impact on Budget & Projected Revenues
- Priorities & Principles
- Budget Balancing Highlights
- Expenditures & Service Impacts
- Budget Process Enhancements
- OpenGov Tutorial

## City of Oakland's Timeline



# FY21-23 BIENNIAL PROPOSED POLICY BUDGET

	Midcycle FY 2020-21	FY 2021-22	FY 2022-23
General Purpose Fund	\$644,092,166	\$775,813,222	\$726,578,328
Restricted Special Funds	\$1,069,051,241	\$1,220,599,561	\$1,133,062,330
<b>Total – All Funds</b>	<b>\$1,713,143,407</b>	<b>\$1,996,412,783</b>	<b>\$1,859,640,658</b>
Full-Time Equivalent Positions – GPF	2,410.61	2,379.87	2,364.10
Full-Time Equivalent Positions – All Funds	4,491.30	4,525.52	4,520.42

# FY21-23 BIENNIAL PROPOSED POLICY BUDGET

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## ECONOMY

- The COVID-19 pandemic resulted in significant increases in unemployment and reductions in economic activity, both in the City of Oakland and in communities across the world.
- The COVID-19 induced recession resulted in significant declines in several important City revenue sources, including sales taxes, business license tax, transient occupancy tax, and parking-related revenues.
- Near-term revenue shortfalls and expenditure challenges pose risks to the City's structural balance

# FY21-23 BIENNIAL PROPOSED POLICY BUDGET

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## ECONOMY

- Going forward, the pace and timing of a return to pre-pandemic levels of economic activity remains uncertain and will likely take years to recover.
- Deficits are expected throughout the forecast period
- Revenues, driven by a rebounding economy, are expected to outpace expenditures during this period, so shortfalls are expected to shrink

# FY21-23 BIENNIAL PROPOSED POLICY BUDGET

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## ECONOMY

- The expected economic recovery is not, however, guaranteed.
- Significant uncertainty remains with respect to the prevalence and severity of new virus variants, the extent of vaccine hesitancy, and the willingness of consumers to return to in-person work, shopping, travel, and recreation.
- Any such delays in the recovery will result in slower growth in key tax revenues and negatively impact the City's budget

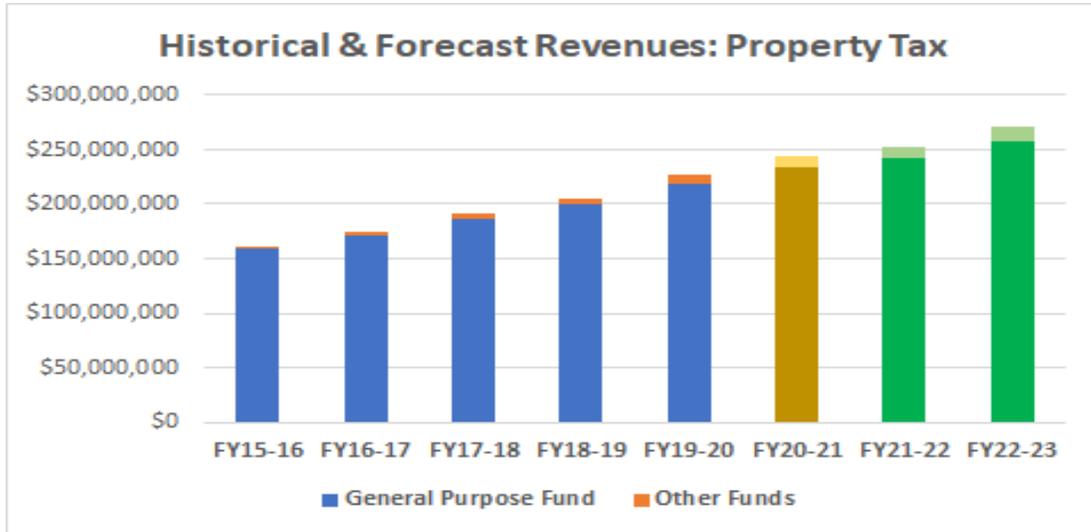
# FY21-23 BIENNIAL PROPOSED POLICY BUDGET

ALL FUNDS REVENUES ( in millions)		
Category	FY 2021-22	FY 2022-23
01 - Property Tax	\$252.66	\$270.32
02 - Sales Tax	\$87.35	\$98.47
04 - Gas Tax	\$19.14	\$19.24
05 - Business License Tax	\$92.66	\$94.31
06 - Utility Consumption Tax	\$49.14	\$48.80
07 - Real Estate Transfer Tax	\$94.64	\$98.29
08 - Transient Occupancy Tax	\$20.57	\$25.45
09 - Parking Tax	\$15.27	\$19.30
10 - Local Tax	\$273.58	\$270.84
11 - Licenses & Permits	\$17.01	\$17.50
12 - Fines & Penalties	\$17.40	\$21.31
13 - Interest Income	\$0.58	\$0.58
14 - Service Charges	\$225.13	\$231.83
15 - Internal Service Funds	\$104.06	\$101.34
16 - Grants & Subsidies	\$199.85	\$131.79
17 - Miscellaneous Revenue	\$127.95	\$158.59
18 - Interfund Transfers	\$314.21	\$213.90
19 - Transfers from Fund Balance	\$85.22	\$37.79
<b>Total</b>	<b>\$1,996.41</b>	<b>\$1,859.64</b>

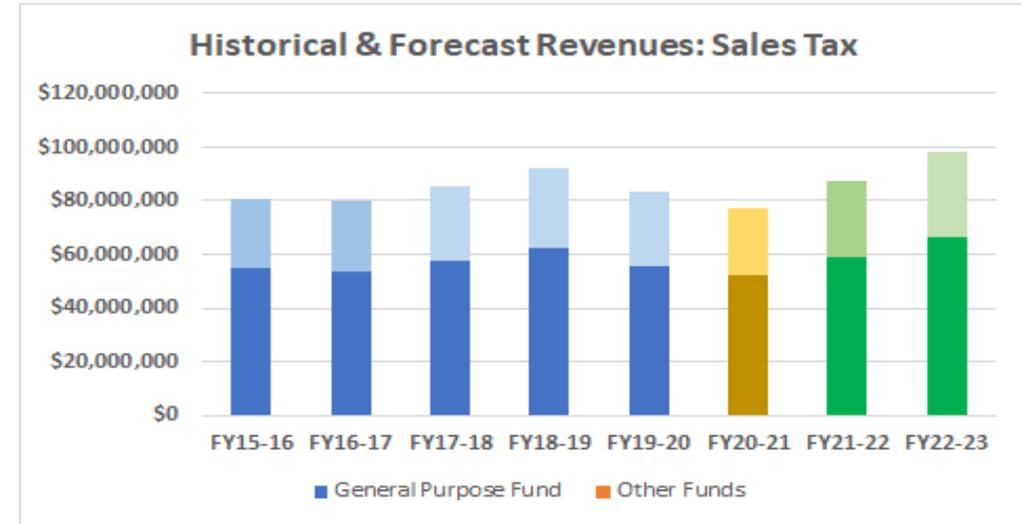
GENERAL PURPOSE FUND REVENUES ( in millions)			
Category	Adjusted Midcycle Budget Year-end Forecast FY 2020-21*	FY 2021-22	FY 2022-23
01 - Property Tax	\$233.15	\$242.44	\$257.98
02 - Sales Tax	\$52.55	\$58.97	\$66.19
05 - Business License Tax	\$88.00	\$92.66	\$94.31
06 - Utility Consumption Tax	\$52.00	\$49.14	\$48.80
07 - Real Estate Transfer Tax	\$93.33	\$94.64	\$98.29
08 - Transient Occupancy Tax	\$8.24	\$16.23	\$19.99
09 - Parking Tax	\$4.50	\$7.84	\$9.91
11 - Licenses & Permits	\$1.68	\$2.45	\$2.51
12 - Fines & Penalties	\$14.04	\$15.74	\$19.64
13 - Interest Income	\$0.48	\$0.48	\$0.48
14 - Service Charges	\$51.90	\$49.66	\$53.99
16 - Grants & Subsidies	\$3.71	\$0.00	\$0.00
17 - Miscellaneous Revenue	\$10.80	\$1.60	\$0.80
18 - Interfund Transfers	\$17.55	\$95.64	\$53.69
19 - Transfers from Fund Balance	\$19.03	\$48.31	\$0.00
<b>Total</b>	<b>\$650.96</b>	<b>\$775.81</b>	<b>\$726.58</b>

\* Resolution No. 88574 C.M.S.

# FY21-23 BIENNIAL PROPOSED POLICY BUDGET

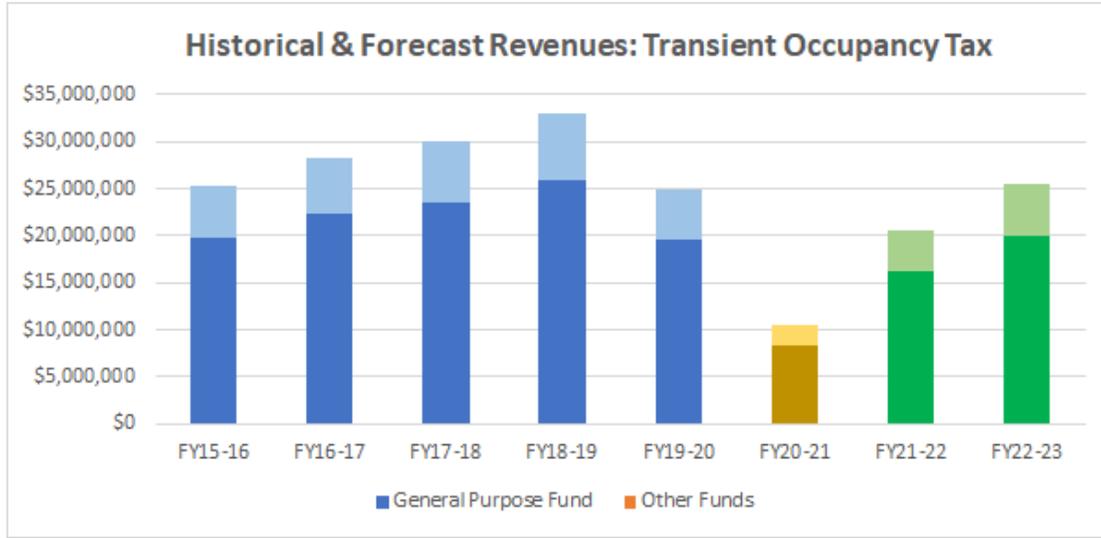


All fund property taxes are expected to grow from an estimated \$243.9 million in FY 2020-21 to \$252.66 million in FY 2021-22 and to \$270.3 million in FY 2022-23.

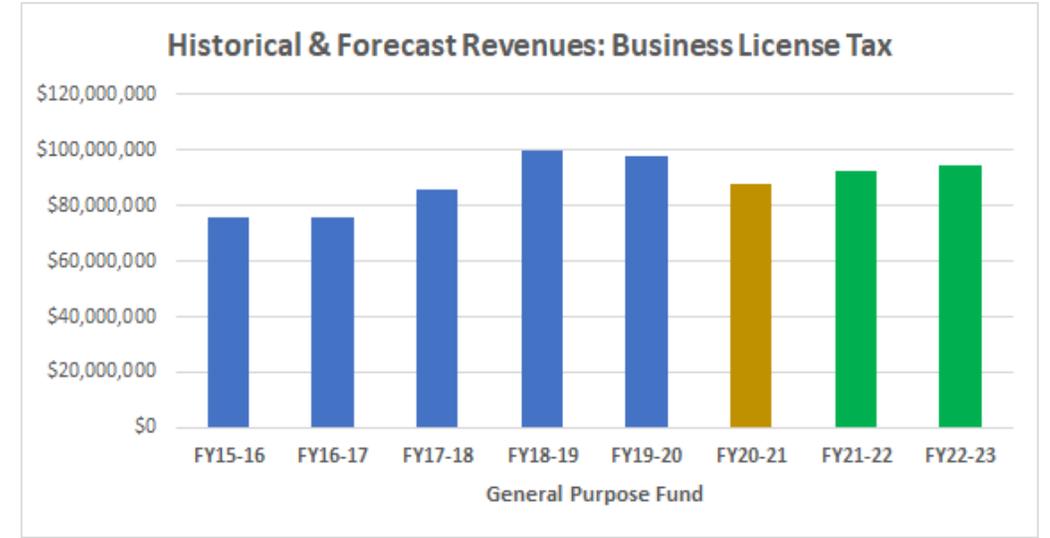


All funds sales tax revenue is expected to grow from an estimated \$77.3 million in FY 2020-21 to \$87.3 million in FY 2021-22 and to \$98.5 million in FY 2022-23.

# FY21-23 BIENNIAL PROPOSED POLICY BUDGET



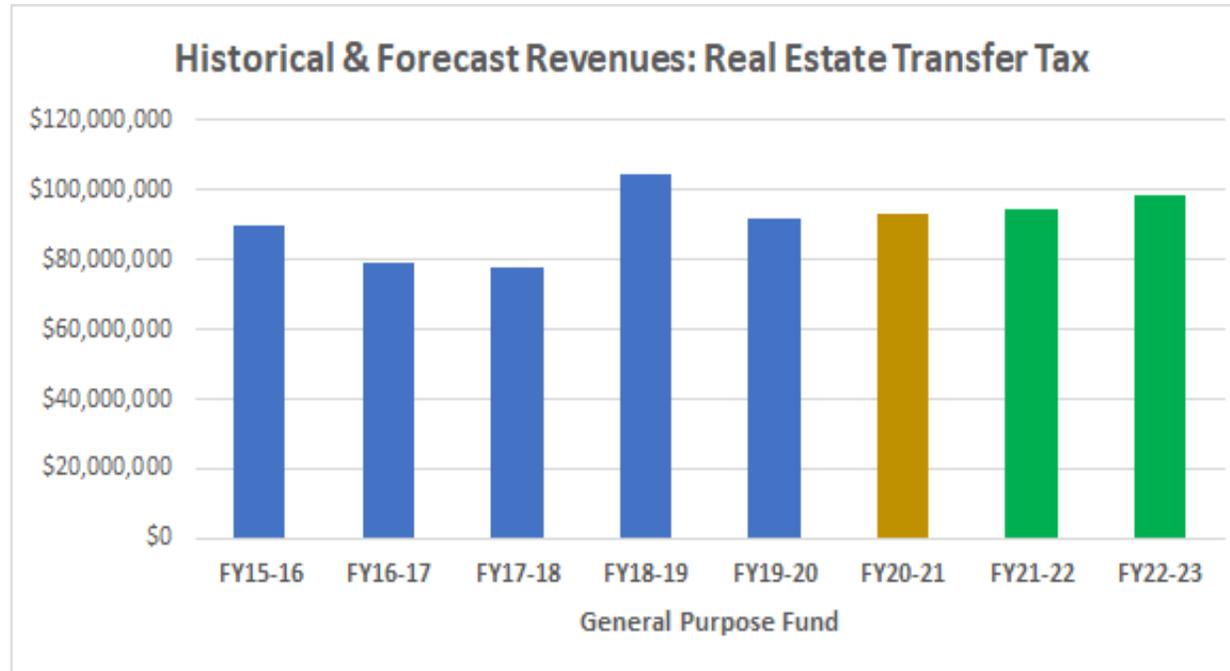
All funds transient occupancy tax revenue is expected to grow from an estimated \$10.5 million in FY 2020-21 to \$20.57 million in FY 2021-22 and to \$25.4 million in FY 2022-23.



Business license tax revenue is expected to grow from an estimated \$88.0 million in FY 2020-21 to \$92.7 million in FY 2021-22 and to \$94.3 million in FY 2022-23.

# FY21-23 BIENNIAL PROPOSED POLICY BUDGET

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Real estate transfer tax revenue is expected to grow from an estimated \$93.3 million in FY 2020-21 to \$94.6 million in FY 2021-22 and to \$98.3 million in FY 2022-23.

# AMERICAN RESCUE PLAN ACT (ARPA) FUNDS

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**\$192.08M** in Federal Aid from Congress

Allowable uses of federal aid:

- Backfill City revenue loss from COVID-19
  - Other COVID-19 related services
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Expiration of federal aid in 2024.

One time funding,

50% receipt in Spring 2021, remainder in Spring 2022

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# AMERICAN RESCUE PLAN ACT (ARPA) FUNDS

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**\$192.08M** in Federal Aid from Congress

In April, City Council voted to use **\$58.5M** for current year FY 20-21:

- Used to cover FY20-21's operating deficit

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The City has **\$133.58M** remaining in Federal Aid that it can use for the Proposed Budget FY 21-23.

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# FY 2021-23 BIENNIAL PROPOSED POLICY BUDGET

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## Proposed Budget: Major balancing challenges

- **\$274 million** deficit across all funds
- **\$133.58 million** in available ARPA funds for use
- **\$140 million** remaining deficit to balance across all funds

# FY 2021-23 BIENNIAL PROPOSED POLICY BUDGET

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## Proposed Budget: Major balancing challenges

- **\$140 million** remaining deficit to balance across all funds
- Methods used to balance this deficit:
  - Freezing positions
  - Strategic reorganizations & reductions
  - Transfers between eligible funds
  - Use of fund balance where possible

# FY 2021-23 BIENNIAL PROPOSED POLICY BUDGET

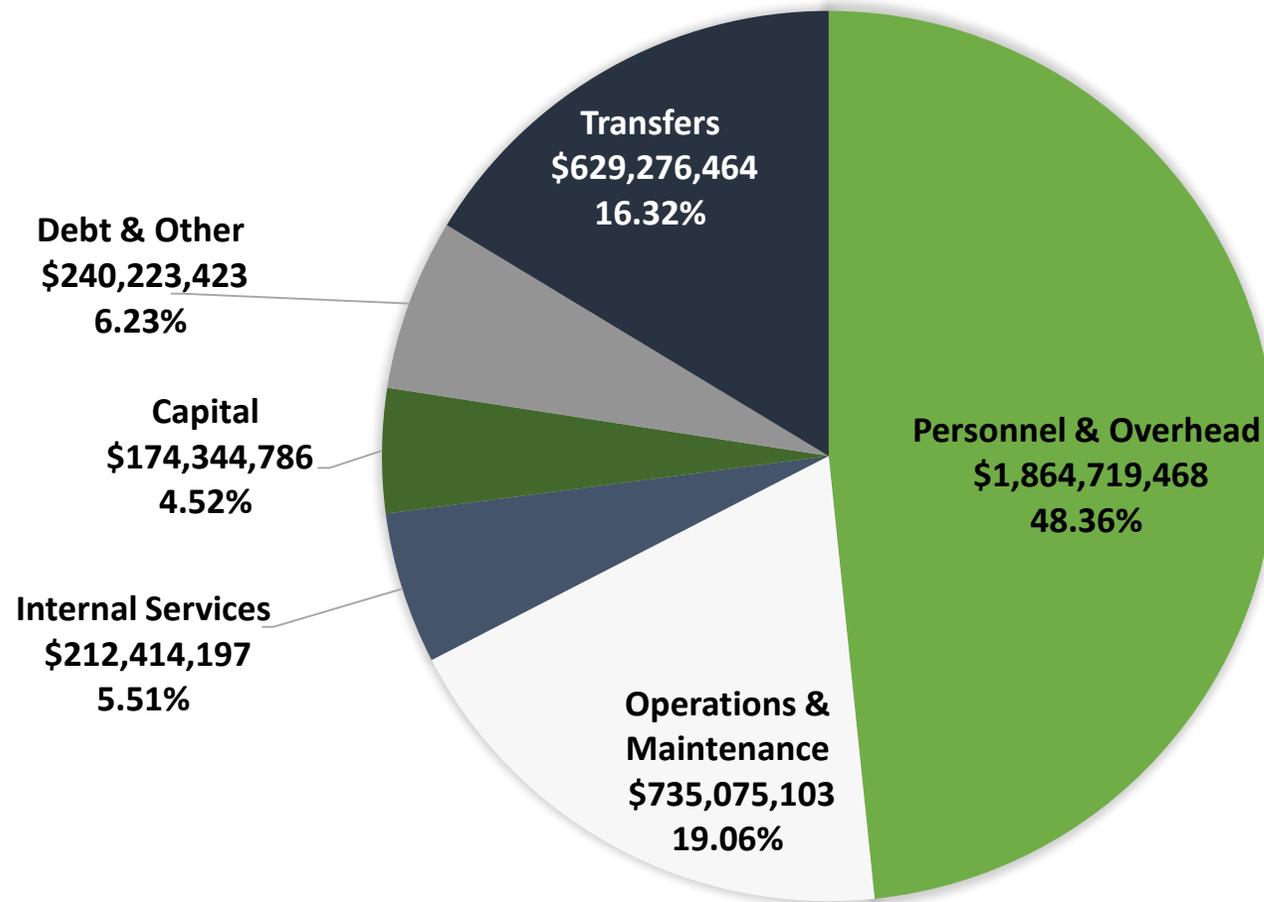
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## Proposed Budget: Highlights

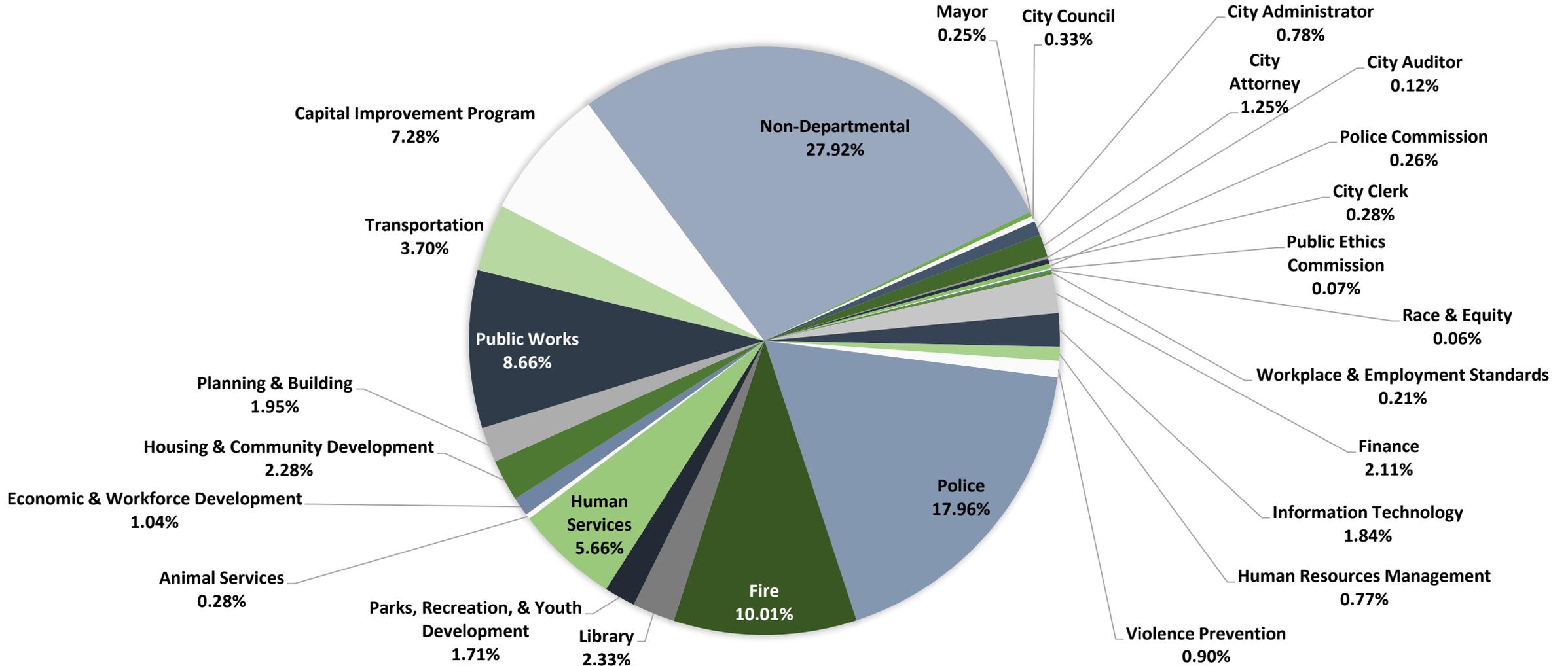
- No layoffs
- Reinstates the City's prudent fiscal policies
- Creates separate emergency reserve fund (Fund 1011)
- Main focus is stabilizing existing service levels
- Invests in City Council Priorities

# FY 2021-23 BIENNIAL PROPOSED ALL FUNDS BY EXPENDITURE TYPE

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# FY 2021-23 BIENNIAL PROPOSED ALL FUNDS BY DEPARTMENT



# FY 2021-23 BIENNIAL PROPOSED ALL FUNDS BY DEPARTMENT

DEPARTMENT	FY 19-20 Actuals	FY 20-21 Adopted	FY 21-22 Proposed	FY 22-23 Proposed	DEPARTMENT	FY 19-20 Actuals	FY 20-21 Adopted	FY 21-22 Proposed	FY 22-23 Proposed
Mayor	\$ 3.86	\$ 4.38	\$ 4.69	\$ 4.83	Police	\$ 349.07	\$ 316.57	\$ 340.96	\$ 351.63
City Council	\$ 5.66	\$ 6.25	\$ 6.17	\$ 6.38	Fire	\$ 179.70	\$ 176.06	\$ 188.79	\$ 197.28
City Administrator	\$ 11.97	\$ 12.01	\$ 15.20	\$ 14.69	Library	\$ 38.02	\$ 43.70	\$ 44.67	\$ 45.11
City Attorney	\$ 20.81	\$ 20.88	\$ 23.97	\$ 24.10	Parks, Rec, & Youth Development	\$ 31.67	\$ 33.57	\$ 31.95	\$ 33.86
City Auditor	\$ 2.36	\$ 2.44	\$ 2.36	\$ 2.43	Human Services	\$ 114.78	\$ 117.29	\$ 106.77	\$ 111.53
City Clerk	\$ 4.32	\$ 6.52	\$ 5.24	\$ 5.46	Animal Services	\$ 5.01	\$ 5.27	\$ 5.28	\$ 5.53
Police Commission	\$ 3.00	\$ 4.55	\$ 4.51	\$ 5.58	Economic & Workforce Dev	\$ 27.36	\$ 29.25	\$ 19.86	\$ 20.38
Public Ethics Commission	\$ 1.24	\$ 1.31	\$ 1.37	\$ 1.42	Housing & Community Dev	\$ 36.11	\$ 64.71	\$ 54.84	\$ 33.01
Race & Equity	\$ 0.77	\$ 0.83	\$ 1.09	\$ 1.16	Planning & Building	\$ 36.44	\$ 42.59	\$ 36.92	\$ 38.12
Workplace & Employment Standards	\$ 3.42	\$ 3.64	\$ 3.89	\$ 4.18	Public Works	\$ 167.85	\$ 164.56	\$ 167.15	\$ 166.92
Finance	\$ 39.15	\$ 40.71	\$ 39.98	\$ 41.53	Transportation	\$ 60.65	\$ 58.48	\$ 69.80	\$ 72.87
Information Technology	\$ 32.57	\$ 42.29	\$ 35.73	\$ 35.06	Capital Improvement Program	\$ 78.46	\$ 100.81	\$ 123.27	\$ 157.59
Human Resources Management	\$ 10.12	\$ 9.77	\$ 14.68	\$ 15.06	Non-Departmental	\$ 416.78	\$ 388.28	\$ 629.70	\$ 446.89
Violence Prevention	\$ 0.50	\$ 16.45	\$ 17.57	\$ 17.05	<b>TOTAL</b>	<b>\$ 1,681.63</b>	<b>\$ 1,713.14</b>	<b>\$ 1,996.41</b>	<b>\$ 1,859.64</b>

# FY 2021-23 BIENNIAL BUDGET PRINCIPLES AND PRIORITIES

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## **COUNCIL PRIORITIES**

- Affordable Housing & Homelessness Solutions
- Public Safety & Violence Prevention
- Good Jobs & Vibrant Economy
- Clean, Healthy, Sustainable Neighborhoods

## **PRINCIPLES**

- Advance racial equity
- Preserve services and staffing
- Protect the City's long-term financial health

# FY 2021-23 BIENNIAL PROPOSED POLICY BUDGET

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- Affordable Housing & Homelessness Solutions

- Creates a new Homelessness Unit in the City Administrator's Office
- Allocates \$41 million more to prevent homelessness, stabilize our unsheltered residents with hygiene supports and interim housing/shelter, and permanently, affordably house our formerly unhoused.
- Adds new positions, overtime funding and equipment to nearly double encampment cleaning services to improve public health conditions for encampment residents as well as for surrounding neighbors.
- Allocates \$32 million to preserve and produce more Affordable Housing through state and federal funds and anticipated developer impact fees.
- Creates a new Community Development & Engagement unit in the Housing Department to improve and diversify landlord-tenant education and engagement, including on Fair Chance and Just Cause Eviction laws.

# FY 2021-23 BIENNIAL PROPOSED POLICY BUDGET

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- **Public Safety & Violence Prevention**

- Creates and ramps up Mobile Assistance Community Responders of Oakland “MACRO” – a non-police response to mental health emergencies -- in the Oakland Fire Department.
- Makes other operational changes recommended by the Reimagining Public Safety process: moves Special Activity Permits to the Economic & Workforce Development Department; moves certain vehicle enforcement activities to the Department of Transportation; and begins the analysis to shift officer misconduct investigations to the Police Commission.
- Increases staffing for the community Police Commission to better investigate complaints of police officer misconduct.
- Creates a new Trust Unit in OPD, including dedicated Liaison Officers to Chinatown and Fruitvale.

# FY 2021-23 BIENNIAL PROPOSED POLICY BUDGET

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- Public Safety & Violence Prevention

- Builds a realistic police budget by aligning the number of budgeted positions to the number of actual officers that will be available upon completion of budgeted academies.
- As recommended by the City Auditor, corrects the past practice of underbudgeting police overtime by accurately funding expenditures required to maintain services.
- Funds 6 Police Recruit Academies over two years to bring actual sworn staffing to previously authorized levels, which will provide for reduced overtime expenditures as those positions get filled.
- Restores full staffing to units like Traffic Enforcement and Community Resource Officers over time as Academies graduate, and eventually doubles investigative capacity for violent crime and missing persons.
- Expands Department of Violence Prevention coordination and case management, especially for families who are impacted by violence or sexual exploitation.

# FY 2021-23 BIENNIAL PROPOSED POLICY BUDGET

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- Good Jobs & Vibrant Economy

- Increases staffing to improve the efficiency and transparency of the City's permitting services.
- Fills three positions added in FY 2020-21 in the new Department of Workplace and Employment Standards to better monitor and enforce the City's social equity policies, which benefit local workers, local and small businesses, and disadvantage businesses.
- Contributes to the newly formed Chinatown Business Improvement District and dedicates a specialist to lead economic development activities in East Oakland.

# FY 2021-23 BIENNIAL PROPOSED POLICY BUDGET

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- Clean, Healthy, Sustainable Neighborhoods
  - Increases capacity in the Head Start program for family support systems, increases programming at Oakland's four Senior Centers, and expands in-home support services and meals for 50 new low-income seniors.
  - Adds \$1.6 million to curtail blight and pick -up illegal dumping. Institutionalizes Free Dump Days (formerly the Bulky Block Party pilot), allowing Oaklanders to dispose of large, unwanted items for free on the last Saturday of every month.
  - Increases Department of Transportation staffing to deliver more infrastructure improvements to underserved areas and enhance traffic and pedestrian safety, especially in high-injury corridors.

## BUDGET PROCESS ENHANCEMENTS

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- OpenGov Online Budget Platform
- Integrated Equity Into Budget Process
- Zero-Based Budget for O&M
- Service Inventory
- Police Re-Budget

# BUDGET PROCESS ENHANCEMENTS: EQUITY & SERVICE INVENTORY

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- **EQUITY**

- City integrated into equity in budget process
- Budget Bureau & Department of Race & Equity partnered to design equity analysis tool and trained entire City in how to use
- Departments submitted their budget proposals with equity analysis
- Budget Bureau & Department of Race & Equity reviewed department answers
- Budget Bureau drafted equity impact on significant service changes

- **SERVICE INVENTORY**

- Purpose is to catalog City services across all departments
- Combined with equity analysis to support budget decisions

- **Next cycle, these tools will be improved and expanded!**

# BUDGET PROCESS ENHANCEMENTS: OPENGOV

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- Hyperlink: <https://stories.opengov.com/oaklandca/published/5SOgtGYw>



# TUTORIAL OF OPENGOV PLATFORM

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- Now Budget Staff will give you a tour of the OpenGov Platform
- We will use two departments as examples: Finance and Police

## TUTORIAL OF OPENGOV PLATFORM: FAQ

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- Thanks for following along! Don't forget about the [Navigation Tips & FAQ page](#):



Welcome to the City of Oakland's online interactive budget book. Please see our [Navigation Tips and FAQs](#) to help you explore the City's budget.

To view the budget, the recommended browsers are Chrome or Firefox and in maximum screen width.

# FY21-23 BIENNIAL PROPOSED POLICY BUDGET: NEXT STEPS

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## Remaining Budget Considerations:

- Labor Contract Extension
- One-Time Funding Addressing Structural Deficit
- Uncertain Economic Recovery

# FY21-23 BIENNIAL PROPOSED POLICY BUDGET

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Questions?