



FOR IMMEDIATE RELEASE
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MAYOR DELLUMS RELEASES PRELIMINARY FINANCIAL DATA FOR THE UPCOMING TWO-YEAR BUDGET

Mayor's letter to the City Council provides a framework for the next biennial budget cycle, will be discussed at a budget workshop on January 12, 2009

Oakland, CA - Mayor Ron Dellums released today a detailed report containing preliminary financials for discussion at the January 12, 2009 budget workshop. Under a cover letter addressed to the Oakland City Council, the Mayor's packet includes a five-year financial plan for the City's General Purpose Fund (GPF), with a budget forecast and potential balancing measures, and a discussion of key issues that will require attention in the next two-year budget cycle, i.e. FY 2009-11.

Mayor Dellums stated: "Most public agencies nationwide, as well as private businesses large and small, local and global, face a daunting financial future. The City of Oakland is no exception. The economic downturn that we face is unprecedented. Planning is vital to getting through today's tumultuous and challenging times. I want to invite the City Council to participate in a collaborative and collegial process of seeking solutions to the great financial challenges that await us in the next two years."

On January 12, 2009, the Mayor and the City Council will meet for a full-day budget workshop at the City Council Chambers in the Oakland City Hall. The key purpose of the workshop is to review the financial forecast for the next five years, with special focus on the first two budget years, discuss key issues that the City must address, and develop potential strategies that should be pursued.

The Mayor's financial packet contains details on the following key issues, which will be discussed on January 12th:

- ◆ General Purpose Fund (GPF)

The five-year financial forecast shows an estimated GPF shortfall of \$50 million for the next fiscal year (2009-10), and a \$58 million deficit for fiscal year 2010-11. The GPF financial plan includes a number of potential balancing measures for the next budget cycle, such as continuation of business closures, cost-sharing with employees, reduction in city subsidies, and raising additional resources.

Item: _____
Special ORA/City Council
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- ♦ Public Safety requirements and status of Measure Y funding

The preliminary financials released by the Mayor suggest that over \$10 million would be required annually to keep the City's police staffing at or above the authorized strength of 803. The OPD's current baseline budget contains only \$4.5 million of this annual enhanced funding

The Mayor's report also estimates that Measure Y funds paying for the Oakland Police Department's Problem Solving Officers (PSOs) will be depleted by 2010, and the City's General Purpose Fund will have to subsidize the PSO cost. The annual subsidy is projected at \$4 million, and will increase over time.

- ♦ Internal Service Funds (ISFs)

The Mayor's report points out that at the start of the current fiscal year, the City's Internal Service Funds had a combined negative cash balance of approximately \$45.2 million. The Equipment and Facilities funds accounted for the largest shares of the total negative, at \$16.4 million and \$26.4 million, respectively. The Mayor's budget proposal for FY 2009-11 will include specifics of the refined repayment plans; some highlights are provided in today's packet.

- ♦ Landscaping & Lighting Assessment District (LLAD):

After budget reductions approved in October 2008, the LLAD Fund is expected to be structurally balanced during the next two years. However, the October reductions resulted in the lower level of services provided through LLAD, especially in the areas of park and landscape maintenance, tree services and streetlight outage repair times. If these services were to be restored, additional revenues into the LLAD fund would be necessary. The Mayor's report lists possible options.

- ♦ Capital Improvement Program

The Mayor's letter points out that the City currently does not have any discretionary capital funds. At the same time, there are capital projects with ongoing commitments that require an estimated \$2.8 million per year in funding.

- ♦ Funds with Negative Balances

In his September 2008 budget revision letter, the Mayor stated that each city fund had been assigned to one of the City departments to monitor financials. Today's budget packet further explains that the review of negative funds in particular now takes place on an ongoing basis. Some negative funds merely require more timely draw-downs from granting agencies, while others may require adjustments to revenues and/or expenditures. Balancing plans for funds with negative balances will be included in the Mayor's proposed budget for FY 2009-11.

Mayor Dellums stated: "A great number of challenges await us during the next two years. Let us turn these challenges into opportunities. I look forward to working together with the City Council to develop a plan for keeping our City fiscally solvent and meeting the needs of our citizenry."

The joint budget workshop of the Oakland Mayor and City Council will take place on January 12, 2009, in the City Council chambers located in the Oakland City Hall, at One Frank H. Ogawa Plaza, third floor. The workshop is scheduled for 10:00am.