

May 20, 2025

VIA ELECTRONIC MAIL [JDJOHNSON@OAKLANDCA.GOV] & FIRST-CLASS MAIL

Jestin D. Johnson
City Administrator
City of Oakland
150 Frank H. Ogawa Plaza
Oakland, CA 94612

Re: Budget Deficit / Wage Deferral

Dear Mr. Johnson:

As you know, our office is legal counsel to the Oakland Police Officers Association (“OPOA”). This correspondence is responsive to your May 8th correspondence directed to OPOA President Huy Nguyen, wherein you formally request OPOA members (both rank and file and management units) defer the 3% wage increase due July 1, 2025 until June 30, 2026.

I want to clarify that the March 25th meeting you reference and which I attended, was not a formal meeting to consider any concession proposal. Your May 8th letter is the first time that the OPOA has been formally asked for a concession.

Moreover, the OPOA has been imploring the City of Oakland (“City”) for more than a year to advise the OPOA of the depth and magnitude of the budget deficit and provide the OPOA with a short - and long-term viable plans to address the financial ruin facing the City. The City has provided no plans to us.

On the contrary, time and time again, interim Mayor Kevin Jenkins and Mayor Elect Barbara Lee have publicly stated that the people of Oakland deserve a safe city. A safe city means a robust, viable and fully staffed police department. It goes without saying that foregoing a pay raise would have a devastating impact on morale and staffing. As we have advised the Police Department, there are many Oakland Police Officers who are contemplating leaving the Department. This is not a time for the City to send a message that their service and continued employment has diminished value.

City of Oakland leadership cannot publicly proclaim Oakland residents deserve public safety and then attempt to cut police officer pay raises at the same time.

Jestin D. Johnson, City Administrator
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Therefore, at this time, the OPOA Board Directors is unwilling to defer their members well-deserved pay raise.

By way of history, I remind you that on April 28, 2024 the OPOA Executive Board and myself personally met with you, Mary Hao and Zach Goldman of the Mayor's office and conveyed our interest in working with the City on the deficit. We asked for a plan. In the event that anyone at the City should have memory lapses or doubts about the OPOA's repeated efforts to work with the City on the deficit, I am attaching my correspondence of April 2, 2024, April 30, 2024, September 24, 2024, October 21, 2024 and February 21, 2025 repeatedly asking for information and a plan from the City.

In addition, OPOA has held countless discussions with City representatives where the OPOA has requested a plan on how the City intends to address its deficit. The same requests have been made publicly. Again, should memories fail, I'm attaching media reports and news releases confirming OPOA's public demands for transparency and planning from the City.

The only document or "plan" that has been seen by the OPOA is the proposed budget published May 5 of interim Mayor Kevin Jenkins. It appears that the viability of the City's proposed budget rests on an assumption that Oakland taxpayers will agree to an increased property tax to keep the City solvent. What is the City's contingency plan if voters reject the alleged measure?

As we have asserted many times, the process to work collaboratively on thoughtful and effective deficit solutions involving the OPOA would take time. So, when we received your letter on May 8th, we were completely taken aback on the stark and belated nature of the ask.

In the past, the OPOA engaged in dialogue with the City when it was on the verge of bankruptcy and facing insolvency. In those cases, the OPOA deemed concessions were appropriate. In fact, in 2011 OPOA led all union bargaining units by entering into a concession agreement that was instrumental in Oakland avoiding bankruptcy. In that situation, the City had retained a third-party consultant who not only assessed the nature and extent of the financial problems but also presented the OPOA with a comprehensive short and long-term plan to address budget deficits. History shows that OPOA protected the integrity of the City finances when presented with a plan.

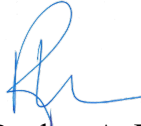
The City must be aware that for the OPOA--or any other bargaining unit--to make a concession and delay negotiated raises, it would necessarily involve discussions concerning an agreement that would accommodate both parties' interest. At this juncture, we have nothing from the City other than a request to defer a negotiated raise.

Jestin D. Johnson, City Administrator
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Based on the foregoing, and absent a significant development, the OPOA Board Directors is unwilling to defer their members' well-deserved pay raise at this time. Should the City wish to convey additional information or proposals, please do so.

Very truly yours,

RAINS LUCIA STERN
ST. PHALLE & SILVER, PC



Rockne A. Lucia, Jr.

RAL:tw

cc: Huy Nguyen, President OPOA (via email only)

RLS RAINS LUCIA STERN ST. PHALLE & SILVER, PC

Rockne A. Lucia, Jr.
Attorney at Law
RLucia@RLSlawyers.com

April 2, 2024

VIA ELECTRONIC MAIL [MHAO@OAKLANDCA.GOV] & FIRST-CLASS MAIL

Mary Hao
Human Resources Director
Human Resources Management Department
City of Oakland
150 Frank H. Ogawa Plaza
Oakland, CA 94612

Re: Budget Shortfall

Dear Mary:

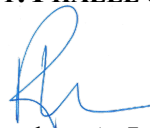
On behalf of the Oakland Police Officers' Association ("OPOA"), the designated bargaining unit representative for all sworn rank and file and management employees of the Oakland Police Department, I want to acknowledge receipt of your letter of March 28th. In that regard, I've had an opportunity to speak to the leadership at OPOA and as you can imagine, there is significant concern over the City of Oakland's financial situation. Although we understand from your letter that the City is taking the immediate steps identified in your letter, the OPOA is interested in learning of any other immediate or short term adjustments that are under consideration.

While we were heartened to read that the City will not freeze hiring of new police officers, I anticipate that the City may pursue budget strategies that might implicate bargaining or contract issues. Therefore, as the City considers its multitude of options and assesses plans for moving forward, I want to thank you in advance for keeping OPOA and this office apprised of developments.

The OPOA has an unblemished and unassailable track record of collaboration with the City of Oakland when it has faced budgetary challenges in the past. We are fully prepared to once again be part of a process to address financial challenges and look forward to working with the City of Oakland to address this very serious budget challenge.

Very truly yours,

**RAINS LUCIA STERN
ST. PHALLE & SILVER, PC**



Rockne A. Lucia, Jr.

cc: Huy Nguyen, President OPOA (via email only)

April 30, 2024

VIA ELECTRONIC MAIL [JDJOHNSON@OAKLANDCA.GOV] & FIRST-CLASS MAIL

Jestin D. Johnson
City Administrator
City of Oakland
150 Frank H. Ogawa Plaza
Oakland, CA 94612

Re: Budget Shortfall

Dear Jestin:

As you know, our office is legal counsel to the Oakland Police Officers' Association ("OPOA"), and as such I'm writing as a follow up to our April 23rd meeting in your office. The meeting was intended to discuss a number of issues related to the City of Oakland's ("City") financial and related budget issues.

On March 28th, Mary Hao wrote Huy Nguyen, president of the OPOA, a letter describing the anticipated "severe budget shortfall" for the current fiscal year and mid-cycle budget. Mary's letter specifically identifies certain areas where the City intends to address the budget shortfall. In response to Mary's letter, I sent correspondence to her dated April 2nd wherein I indicated among other things, that the OPOA was amenable to having further discussions about the City's financial and budgetary challenges. We also requested that the OPOA be made aware of options and plans that the City is considering relative to closing the budget deficit.

Ultimately an invitation was extended by your office to the OPOA to meet to discuss the budgetary challenges. The April 23rd meeting was attended by the OPOA Executive Board, myself, Mary Hao and Zach Goldman. During that meeting, we discussed several topics, including potential budget cuts to the Police Department. The OPOA representatives expressed their grave concerns over any future budget cuts to the Department. They provided actual examples of how the current staffing crisis has hampered the Department's ability to effectively provide law enforcement services to the citizens of Oakland. Open beats, standing calls for service and unacceptable response times were a few examples of how the Department cannot withstand further budget cuts.

As to any plans to request that the OPOA membership make concessions we were advised that, as of yet, no specific plans had been made since the City would be considering updated budget information this week and would be in a better position to assess options related to addressing the deficit.

Jestin D. Johnson, City Administrator

Re: Budget Shortfall

April 30, 2024

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You'll also recall I had indicated that should a concession be asked of the OPOA that the organization would not be in a position to consider such a request until the organization engaged in a rigorous due diligence effort related to the actual short and long-term budget challenges. In that regard, I indicated that we would be proactively requesting specific budget and related financial information. The following represents our initial request to the City to begin the assessment of the financial challenges faced by the City of Oakland:

- 1) Updated information on the number of business licenses unrenewed through 04/20/2024;
- 2) Updated information on the number of new business license applications and the difference from the prior year;
- 3) Number of parcels and estimated selling price of excess property owned by the City of Oakland;
- 4) A copy of the latest credit analysis issued by Moody's, Standard & Poor, and Fitch's Financial Services for both short-term and long-term bond if issued in the last 12 months;
- 5) If prepared, a copy of the nine-month budget status report;
- 6) If a nine-month budget status report has not yet been prepared, the actual revenues and expenditures for governmental funds over the last nine months;
- 7) If available, the most recent quarterly or monthly year to date internal financial statements for the General-Purpose Fund;
- 8) The expected population at the end of the current fiscal year (we note that the population of Oakland declined, per the ACFR, from 435,514 in 2021 to 419,556 in 2023);
- 9) The decline, if any, in home values since June, 2022;
- 10) The decline, if any, in the average monthly rent since June, 2022;
- 11) The two most recent actuarial reports for the City's OPEB liability; and
- 12) The two most recent actuarial reports from CalPERS on the City's pension plans.

We recognize that some of the requested information may require additional research and compilation. In that regard, we would ask that the City provide information which it currently has available and then provide the remainder when it is collected and/or compiled. As discussed during our meeting, a thorough and independent vetting of short and long-term financial challenges and the specific plan to deal with the budget deficits is foundational to any substantive discussions about concessions.

Jestin D. Johnson, City Administrator

Re: Budget Shortfall

April 30, 2024

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Finally, as we mentioned during our meeting, the OPOA has a strong and well documented history of working collaboratively with the City of Oakland when facing operational and budgetary challenges. The organization stands ready to work collaboratively with you and other City representatives to address the financial challenges ahead.

Thank you very much for your ongoing consideration and we look forward to hearing from you.

Very truly yours,

RAINS LUCIA STERN
ST. PHALLE & SILVER, PC

A handwritten signature in blue ink, appearing to read 'Rockne A. Lucia, Jr.', positioned above the printed name.

Rockne A. Lucia, Jr.

RAL:tw

cc: Huy Nguyen, President OPOA (via email only)
Mary Hao, Human Resources Director (via email only)

September 24, 2024

VIA ELECTRONIC MAIL [MHAO@OAKLANDCA.GOV] & FIRST-CLASS MAIL

Mary Hao
Human Resources Director
Human Resources Management Department
City of Oakland
150 Frank H. Ogawa Plaza
Oakland, CA 94612

Re: Budgetary Sworn Staff Reductions / Meet and Confer

Dear Mary:

As you know, this office represents the Oakland Police Officers Association (“OPOA”) and as such we have been asked to communicate with your office regarding the ongoing challenges associated with staffing of the Oakland Police Department.

You’ll recall that on July 2nd, the Oakland City Council adopted a budget which in part relied on the proceeds of the sale of the City’s interest in the Oakland-Alameda County Coliseum. In light of the fact that the City of Oakland has now consummated the sale of its interest in the Coliseum to the African American Sports and Entertainment Group the path forward concerning the City’s budget seems much clearer.

In that regard, the budget adopted by the City Council on July 2nd of this year forecasted impacts on various City departments. In particular, we note that the adopted budget calls for a reduction in authorized staffing of sworn police officers at the Oakland Police Department. Specifically, the budget document provides that OPD’s authorized staffing will shrink from 696 to 678 sworn police officer positions.

The adopted budget generally identifies several units and sections at OPD which will experience a reduction in staff. Unfortunately, the material does not contain sufficient specificity to reasonably assess how the reductions will occur. In light of the current staffing crisis at OPD and increasing calls for service, extremely difficult staffing decisions face the Police Department.

Although OPOA has serious objections to the Council’s imprudent reduction of police staffing, we are fully cognizant of the fact that we cannot bargain the decision to eliminate authorized police officer positions. However, as I have previously advised you, a public employer’s duty to bargain arises

Mary Hao, Human Resources Director

Re: Budgetary Sworn Staff Reductions / Meet and Confer

September 24, 2024

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“when the effects of the decision are subject to bargaining, even if the decision, itself, is nonnegotiable.”
(*El Dorado County Deputy Sheriff's Assn* (2016) 244 Cal.App.4th 950, 956, citing *Claremont Police Officers Assn. v. City of Claremont* (2006) 39 Cal.4th 623, 633-634.)

Among other things we believe the actions taken by the Council through the budget process to further the ever-shrinking staffing levels at OPD impact workload and safety issues and therefore we are requesting that the City and Police Department engage the OPOA in meet and confer sessions concerning the effects of the staff reductions. That said, please advise if the City/Department have prepared a staff reduction plan which would impact the members of OPOA.

Finally, thanks very much for your anticipated cooperation, and I look forward to hearing from you to set dates for bargaining.

Very truly yours,

RAINS LUCIA STERN
ST. PHALLE & SILVER, PC



Rockne A. Lucia, Jr.

RAL:tw

cc: Huy Nguyen, President OPOA (via email only)

October 21, 2024

VIA ELECTRONIC MAIL [MHAO@OAKLANDCA.GOV] & FIRST-CLASS MAIL

Mary Hao, Human Resources Director
Human Resources Management Department
City of Oakland
150 Frank H. Ogawa Plaza
Oakland, CA 94612

Re: City Finances/Budget Shortfall

Dear Mary:

Initially, I want to acknowledge your email of October 10th, responsive to my correspondence of September 24th (a copy of which is enclosed) which formally requested that the City of Oakland (“City”), engage the Oakland Police Officer’s Association (“OPOA”) in meet and confer sessions over sworn staff reductions mandated in the adopted budget. Your response does not indicate the extent or nature of the reductions, but asserts that the OPOA will be advised of any “operational changes as a result of the budget.” Recent events coupled with the lack of an ascertainable plan concerning the effects of the impending staff reductions are troubling to say the least.

You are most assuredly aware that over the last two weeks there was much media coverage of the fact that the transaction between the City and the African American Sports and Entertainment Group (“ASEG”) concerning the sale of the Oakland Coliseum had been amended. The details of the amended transaction were not immediately disclosed and of more concern was the very public and critical reaction of several Councilmembers over the lack of transparency of the impact on the City’s budget. Despite several attempts to have City Council Finance Committee meetings on the issue – none were held.

Despite assurances from the Mayor’s office that there is no cash flow problem and that the Coliseum transaction will provide ample relief to the budget crisis, the OPOA is very skeptical and not confident that adequate assessment and planning has been directed to the City’s ominous budget deficit.

The OPOA’s concerns over City finances have been well documented. You’ll recall that on March 28th you sent correspondence to the OPOA identifying the anticipated “severe budget shortfall.” In response, this office sent a letter on April 2nd asserting that the OPOA was interested in having further discussions with the City concerning financial and budgetary challenges. We also requested to be advised of the City’s options relative to closing the anticipated budget deficit.

Mary Hao, Human Resources Director

Re: City Finances/Budget Shortfall

October 21, 2024

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Our April 2nd correspondence culminated in a meeting with the City Administrator Jestin Johnson, Zach Goldman of the Mayor's office, yourself and the OPOA Executive Board on April 28th. I memorialized those discussions in my letter of April 30th (copy enclosed). As my letter states, the OPOA then had "grave concerns over any future budget cuts to the Department" and how "the current staffing crisis has hampered the Department's ability to effectively provide law enforcement services to the citizens of Oakland." We inquired as to the specifics on plans to close the budget deficit and as my letter states: ". . .the OPOA has a strong and well documented history of working collaboratively with the City of Oakland when facing operational and budgetary challenges." Moreover, the OPOA was eager to "work collaboratively with you and other City representatives to address the financial challenges ahead."

Since our meeting on April 23rd, the City's finances and budget crisis have become murkier and uncertain. There has been much public bantering about the "contingency budget" yet we see nothing in terms of what that means regarding official action. The fact that there has not been public debate or transparent vetting of the looming financial crisis signals to the OPOA that the weight of the budget crisis will fall to the Police Department. Gutting the Police Department will most assuredly have a deleterious impact on the citizens of Oakland and the sworn members of OPOA.

Therefore, we are once again requesting that the OPOA be made aware of what specific plans are being considered to address the budget deficit and how any such plans will impact the members of the OPOA. If the Mayor and City Council cannot find their way to enact a fiscally prudent budget, that is up to them, however they cannot abdicate their legal responsibility to the members of OPOA by denying access and opportunity to discuss the consequences of their failure to govern.

As always, I want to thank you for your professional courtesy and cooperation and look forward to a timely response.

Very truly yours,

RAINS LUCIA STERN
ST. PHALLE & SILVER, PC



Rockne A. Lucia, Jr.

RAL:tw

Enclosures

cc: Huy Nguyen, President OPOA (via email only)

February 21, 2025

VIA ELECTRONIC MAIL [JJOHNSON@OAKLANDCA.GOV] & FIRST-CLASS MAIL

Jestin D. Johnson
City Administrator
City of Oakland
150 Frank H. Ogawa Plaza
Oakland, CA 94612

Re: Meeting / Budget Shortfall

Dear Mr. Johnson:

As you know, our office is legal counsel to the Oakland Police Officers' Association ("OPOA") and we acknowledge receipt of your attached letter requesting a meeting to discuss the current budget deficit. That said, you reference a December 10, 2024 letter apparently regarding the issue of the budget deficit and meetings with OPOA. After a thorough review of my records, as well as those of the OPOA, we do not have any record of a December 10, 2024 letter from your office inviting the OPOA to participate in any meetings to discuss the budget deficit.

You will certainly recall that nearly a year ago, members of the Executive Board of OPOA and myself met with you and others in your office to discuss the looming budget deficit at that time. We expressed to you a sincere interest in working with the City to address the deficit and look for ways to abate the immediate deficit crisis while also addressing the long-term structural deficit facing the City.

Unfortunately, after many months of repeated public and private attempts at trying to discern the extent and scope of the budget deficit, we are still unaware of the exact nature and depth of the problem. Moreover, as I specifically suggested to you in our meeting about a year ago, we had hoped that the City would hire an outside independent financial consultant to assess the City finances and assist the City in constructing a viable short and long-term plan to address what is now a more severe and ominous deficit.

Although the City council passed a contingency budget last Spring which included questionable one-time revenue figures from the sale of the Oakland Coliseum, we have not been apprised of any substantive developments that would comprehensively address the immediate problem of the structural deficit. The unfortunate reduction in sworn staff and evisceration of the

Jestin D. Johnson, City Administrator

Re: Meeting / Budget Shortfall

February 21, 2025

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police overtime budget is a short-term fix with long ranging and harmful impacts on the public safety of the citizens of Oakland.

All that being said, we continue to be interested in having a discussion with you and other City representatives regarding the role that the OPOA might play in assisting the City to maintain fiscal solvency. However, I want to make it abundantly clear that while we are willing to assist and discuss the full range of scenarios related to assisting the City's budget deficit, unless the OPOA comes to some mutual agreement, we will not formally or informally take any steps to reopen the OPOA MOU for either the rank and file or management units which expire on June 30 of 2026. As you are aware, several time in years past, the OPOA has taken the same approach and engaged in a full-throated conversation on ways to assist the City.

Finally, in anticipation of any meeting, we are requesting a detailed factual analysis of the current budget deficit coupled with a specific short and long-term plan to resolve the current budget imbalance. We recently became aware of media reports that the City has hired Ben Rosenfield and Deborah Edgerly to assist in the efforts to address the budget deficit. Will these two individuals or someone else be heading up the financial team charged with the responsibility of assessing the magnitude of the current deficit situation and identify solutions?

Thank you very much for your time and consideration and the OPOA stands ready to work collaboratively with you and other City representatives to address the financial challenges ahead.

Very truly yours,

RAINS LUCIA STERN
ST. PHALLE & SILVER, PC



Rockne A. Lucia, Jr.

RAL:tw

cc: Huy Nguyen, President OPOA (via email only)
Mary Hao, Human Resources Director (via email only)
Mark Love, Employee Relations Manager (via email only)



Contact: Oakland Police Officers' Association
Phone: (510) 834-9670
Email: media@opoa.org

July 2, 2024

FOR IMMEDIATE RELEASE:

Reject All Oakland Budget Cut Proposals, Demands Oakland Police Officers Association

City Heading for Bankruptcy, Chaos, if Mayor's Budget, Council Alternatives, Adopted

Public Safety Further at Risk by False Hopes of Coliseum Sale, Band-Aid Budget Solutions

**Media Conference: 9:15 a.m. TODAY, Tuesday, July 2, at OPOA HQ, 555 5th St.,
Oakland**

Oakland, Calif. – Drawing a line in the sand, the Oakland Police Officers Association (OPOA) demanded the rejection of Mayor Sheng Thao's budget and all proposed city council alternatives. These budget cuts "place the public and police at extreme physical danger and jeopardize the future of the City, residents, workers and businesses," OPOA Vice President Tim Dolan said.

"The mayor's budget is based on the false hope of a Coliseum sale," Dolan added. "Mayor Thao's proposal as well as the proposed alternatives by councilmembers Nikki Bas, Carroll Fife, Rebecca Kaplan and Dan Kalb will all drive the city into bankruptcy and chaos."

Dolan said proposed cuts will "further undermine the police department's ability to protect Oakland residents, workers, and businesses, making it unsafe to live and work in the city. The situation is bad now, but we worry what the future holds if any of these proposed budget cuts are approved."

“Businesses are fearful, some are leaving. Citizens are concerned for their safety. Now is the time to increase police staffing and build long term security for Oakland,” Dolan said. “We swore an oath to protect and to serve. We need the city to help us uphold this pledge.”

“We need leadership now from City Hall,” Dolan said. “People’s lives and properties are at risk. We demand an outside budget expert hired immediately to right the sinking ship that is Oakland and provide fiscal direction to the Mayor and the council majority who have no sound plan.”

“If the City approves any of the budgets under consideration, there will be a direct impact on the people of Oakland who we swore to serve and protect. Now is not the time to cut police personnel with additional calls for service and our local businesses and lifelong Oaklanders leaving the city”.

OPOA: budget cut proposals will have devastating consequences

“These cuts would impact our response for availability to render service calls, directly impairing our ability to protect and serve. With fewer officers, response times will be slower, and our capacity to meet the community’s needs will be drastically diminished,” Dolan added.

Right now, the Oakland Police Department is operating with a staffing level of 712 officers-- already inadequate to meet the city's needs with an estimation of several hundred more officers needed. Businesses are closing, some have barred workers from leaving their buildings at lunchtime, and some workers are unwilling to work on city streets without police protection.

The OPOA urges Oakland residents to push back against these dangerous proposals and demand the city council hire a financial expert and adopt a budget that prioritizes the safety and well-being of all Oakland residents.

"Our officers are dedicated to serving and protecting Oakland, but we need support, resources and more officers. We call on the council to heed the concerns of their constituents and prioritize public safety. They must make wise decisions that will not cost the lives of more of our citizens."

About the Oakland Police Officers’ Association: *The Oakland Police Officers’ Association (OPOA) represents all sworn members within the Oakland Police Department. Representing the hardest working Police Officers in America. The OPOA can be found on the Web at www.opoa.org.*

Sam Singer | President | Singer Associates Public Relations
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Oakland Police Officers Association

Contact: Sam Singer

singer@singersf.com

Cell: 415.336.4949

2 October 2024

For Immediate Release:

Oakland Police Officers Union Demands Immediate Disclosure of Oakland Coliseum Sale Details from Mayor, City Attorney

“This is a public document; So what do Thao and City Attorney Ryan Richardson have to hide? Why won’t they share details, payments?”

Police also slam mayor’s KTVU appearance calling her statements about crime “false and knowingly intended to deceive the public as she faces recall”

The union representing all of Oakland’s police officers today demanded the Mayor and City Attorney immediately make public all details of the Oakland Coliseum deal that she and the city attorney’s office negotiated after an Oakland City Council member flagged that the buyers have not made a payment to the city, sending Oakland toward insolvency and bankruptcy and leading to further cuts to police and public safety.

Despite public statements from Mayor Thao and the African American Entertainment Group (AASEG) that payments have been made, the question remains: Has the City received the funds promised?

“The Mayor, and Assistant City Attorney Ryan Richardson, who both publicly proclaimed that this was a done deal and money was in the bank may be

misleading the public. It's time for Thao and Richardson to resolve the uncertainty and make the details that they have been hiding public and show us that the money is in the bank", said OPOA President Sgt. Huy Nguyen.

Despite repeated demands, by the County of Alameda as well as the news media for disclosure of the contract details, payment schedules and related documents the Mayor and the City Attorney's Office have refused to disclose them. The signed contract between the City and the AASEG itself has never been publicly disclosed. "Shouldn't every citizen of Oakland see the terms and conditions of the sale of one of the City's most valuable assets. What are they hiding?" said OPOA President Sgt. Huy Nguyen. The City has repeatedly extended the deadline for payment – does the contract permit such deadlines?

"We demand transparency as does the County and the media. Thao and the City Attorney's Office said this 'deal' would save our city and balance the budget.. We have expressed significant doubt that the deal and whether their statements are accurate or real. The public, police officers, the media, the County all want to see the contract and the money. So, what have Thao and Assistant Attorney Richardson have to hide?" Nguyen added.

If the city fails to balance its budget there will be significant cutbacks to police, fire and public safety. Even with the alleged money and deal from the Coliseum sale the police union believes, as do financial experts, that Oakland is headed toward fiscal insolvency in the coming months even with the alleged sale by Thao of the Coliseum to the African American Entertainment Group (AASEG).

"We demand actual verification of what is going on with this sale, Nguyen demanded. "It's strange and weird that the mayor says one thing and city council members say another. Why doesn't everyone know if payments have been made or not? Additionally, the police union called for an independent auditor months ago and no response from the city" Nguyen added.

OPOA also slammed Mayor Sheng Thao's appearance on KTVU Fox Channel 2 last night in which she claimed 'violence prevention' programs are driving crime down.

“Who are you going to believe, a mayor that won’t show her face on the streets of Oakland or the police officers who meet with the families of victims of shootings and murder, the homeowners whose homes are burglarized, the drivers whose cars have been stolen, the small business owners who have been robbed or vandalized?” Nguyen said.

The [East Bay Times reported in September](#) that “Oakland’s overall 2023 crime rate was, by the department’s figures, up 58 percent since 2020 and 25 percent since 2013 and 49 percent higher than the city reported to the state in 2003. Oakland’s 2023 violent crime rate, according to the department’s figures, was up 33 percent since 2020, down 2 percent since 2013 and up 22 percent from what the city reported to the state in 2003. It was three and a half times San Jose’s 2023 violent crime rate. Oakland’s 2023 property crime rate by department figures was up 74 percent since 2020 and 39 percent since 2013 and 58 percent higher than the city reported to the state in 2003.”

“Sadly, and alarmingly, the statistics are probably much higher than what was reported by DOJ in the East Bay Times story,” Nguyen said. “Crime is so out of hand that people have stopped reporting it. They just live with it under Mayor Sheng Thao, councilmembers Nikki Bas, Carroll Fife, and a city attorney, Ryan Richardson, who have done nothing to help residents or police clean up their mess,” Nguyen said.

Sam Singer | President | Singer Associates Public Relations

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“City Admits it’s Operating on “Instinct” that New Coliseum Deal Will Work”

Oakland Police Officers Association Questions New Oakland Coliseum “Deal” by Mayor Sheng Thao and Believes City is Heading into Insolvency, Public Safety Cuts

OPOA Statement

“We believe the sale of the Oakland Coliseum property is a shortsighted attempt to address the serious structural deficit facing the City of Oakland. In the short term, the proceeds from the sale will be a welcome band-aid, but Mayor Sheng Thao and the council majority, Nikki Fortunato Bas, Carroll Fife, Kevin Jenkins, Dan Kalb, and Rebecca Kaplan are using the Coliseum deal as cover for their unwillingness to face the reality of a city in fiscal peril amidst raging crime.

“Today’s “new deal” is a political stunt by Mayor Thao who is facing an FBI investigation and a recall. There may be ‘no there, there’ to this deal. Thao’s Chief of Staff Leigh Hanson today admitted in a media interview today that he is going on “instinct” that this deal will not result in “significantly change(s) (to) our management decisions around fire stations or police academies.”

“No one should be operating a city with 400,000+ residents on instinct when it comes to police, fire and public safety. We need to be operating on real financial figures. We need a full vetting and a full vote before City Council on this alleged “new deal” to ensure the law is followed and that there is public transparency.

“The OPOA believes that City leaders should have met at the start of the year to create a legitimate short and long term sustainable financial plan for our future. Instead, they waited until the last moment and desperately sold the Coliseum property to avoid facing the reality of their failed fiscal policies.

“The Coliseum deal buys the City a few months reprieve and the one-time revenues will soon dissipate. Whoever is in control of City government in the new year will face the daunting task of keeping the City solvent when the bill comes due for the ongoing fiscal mismanagement. The OPOA continues to demand that the City retain experienced fiscal consultants to seriously address the ongoing budget crisis.

“We have no issue with AASEG or Loop Capital, but we believe the city is essentially selling its house to pay for its credit card bills through the sale of the Coliseum.

“The Oakland Police Department has already been cut to the bone by current city elected leaders. City residents cannot afford any further cuts to OPD. Oakland, the safety of the public, police and the financial future of the city is in peril.”

Huy Nguyen, President [OPOA](#)

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Oakland Police Officers Association

Oakland Police Union Calls Coliseum Deal “Illegal Deception” by Mayor, Councilmember Nikki Bas

Does Not Solve Mayor’s, Council’s Financial Mismanagement

AT LEAST \$48 MILLION WILL HAVE TO BE CUT IMMEDIATELY, POLICE AND PUBLIC SAFETY LIKELY TO BE SEVERLY IMPACTED

Oakland—(10.9.24)—The union representing Oakland’s police officers today blasted the new deal terms of the alleged sale of the Oakland Coliseum by Mayor Sheng Thao and the city council majority.

“The deal is an illegal deception by Mayor Sheng Thao and Council President Nikki Bas to make it appear they have solved Oakland’s budget catastrophe, when they likely have made the situation even more dire,” said Oakland Police Officers Association (OPOA) President Huy Nguyen.

Nguyen said Oakland City Councilwoman [Janani Ramachandran, District 4, has publicly stated today in an Instagram post](#) the city has moved to its contingency budget, meaning police, fire and public safety will be impacted. Councilwoman Ramachandran said \$48 million in cuts will have to be made immediately.

“First and foremost, there has been no council vote to approve this dramatic change to the terms of an already bad deal. That means the deal is not legal,” Nguyen said. “In addition, the Mayor has deceived the public because the ‘deal’ does not put money in the budget now. The money is scheduled to come later, on May 30, the last day of the city’s fiscal year, if it comes at all, because the entire transaction is suspect.”

Based upon Councilmember’s comments today, the union said it anticipates cuts and called upon the City Administrator to cut everything except for police, fire and public safety.

“Now that one of our elected officials has confirmed that the City’s finance are in dire straits, we again urge the Mayor, Council and City Attorney to hire an outside independent financial consultant to devise a plan to save the City from financial ruin.”

“The response times to crimes by OPD has tripled since 2020. For priority one calls in 2020 OPD arrived on average of 11.44 minutes. Now that response time is 32.51 minutes because we are understaffed, outgunned and working overtime because of the city’s failures to staff the department properly,” Nguyen said.

Nguyen said the Mayor told the public she was ‘speeding up the payments’ of the Coliseum deal, but that is not true. “It appears the entire deal is a masquerade by Mayor Thao who faces a recall and by Councilmember Nikki Bas who is facing tough competition because of Oakland’s high crime rate from opponent John Bauters.”

“The residents of Oakland are overwhelmed by crime, criminals, and mayhem and violence everyday. “The Mayor and Councilmember Bas are playing Russian Roulette with people’s lives. We demand a public hearing and vote on this alleged deal and we demand that any cuts be made to city hall staff, not police, fire or public safety.”

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singer@singersf.com

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Oakland Police Officers Association

Oakland Police Union Demands No Cuts to Cops, Public Safety from Mayor, Council Majority

Union Demands Independent Financial Consultant be Hired to Save City from Financial Ruin

Union Says Budget Deficit Likely Far Higher Than Known

Mayor Thao, Council Majority's Fiscal Incompetency Pushes Oakland Toward Insolvency, Bankruptcy, Crashing Out

Union spokesperson available in person and/or via Zoom immediately after Mayor Sheng Thao "State of City" Address at 3:30 p.m. today. Contact Sam Singer. 415.336.4949 email: singer@singersf.com

Oakland—(October 15, 2024)—The union representing Oakland's police officers today repeated its demand for an independent financial consultant be hired by the City of Oakland to assess the City's financial status and devise a plan to save the city from financial ruin by the Mayor, council majority and city attorney's office.

The union said the city is on the brink of insolvency and no one at city hall is competent to manage its finances.

"Mayor Sheng Thao today essentially admitted her Coliseum 'deal' would not solve Oakland's financial catastrophe and now claims a \$120 million deficit is coming. We know that figure is also false because the city today cancelled its finance committee meeting because, as Councilman Jenkins stated the City Administrator's office doesn't have figures available," said Oakland Police Officers Association President Sgt. Huy Nguyen.

"Oakland Police officers and residents have no faith and no confidence in the group responsible for the coliseum debacle. The group including Mayor Sheng Thao, the Council majority, and city attorney Ryan Richardson have proven their incompetence again today," said Nguyen.

"The city's mayor and council majority are endangering the lives of residents, hurting small businesses, and creating long-term devastation to the city's future," Nguyen added.

The union, which has criticized the alleged 'deal' to sell the Coliseum to a group of inexperienced local businesspeople, said the mayor and council are "asleep at the wheel while the city is careening directly into insolvency and bankruptcy."

"Just last week, the mayor, council majority, and city attorney candidate Ryan Richardson, said the city's finances were fine. The Mayor's chief of staff Leigh Hanson told the *San Francisco Chronicle* there "[was not a cash flow problem](#)." These individuals claimed the Coliseum sale would keep the city ok until the end of the fiscal year May 2025. That was a lie," Nguyen said.

The entire Oakland Coliseum ‘deal’ was an illegal deception by Mayor Sheng Thao, Council members Nikki Bas, Carroll Fife and their collaborator city attorney Ryan Richardson, to make it appear they had addressed Oakland’s budget catastrophe. This was a deception and people in Oakland are going to pay the price for it with a reduction to police services,” Nguyen said.

Councilwoman [Janani Ramachandran, District 4, publicly stated last week in an Instagram post](#) the city has moved to its contingency budget, meaning police, fire and public safety will be negatively impacted. Councilwoman Ramachandran said \$48 million in cuts will have to be made immediately.

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“The residents of Oakland are overwhelmed by crime, criminals, and mayhem and violence every day. We demand that any cuts be made to city hall staff, not police, or public safety,” Nguyen added.

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Oakland Police Officers Association

Oakland Police Union Demands No Cuts to Cops, Public Safety from Mayor, Council Majority

Union Demands Independent Financial Consultant be Hired to Save City from Financial Ruin

Union Says Budget Deficit Likely Far Higher Than Known

Mayor Thao, Council Majority's Fiscal Incompetency Pushes Oakland Toward Insolvency, Bankruptcy, Crashing Out

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“Now that one of our elected officials has confirmed that the City’s finance are in dire straits, we again urge the Mayor, Council and City Attorney to hire an outside independent financial consultant to devise a plan to save the City from financial ruin.”

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**Oakland Police Union Says City Inching Closer to Insolvency after Failed
Coliseum Sale,
Mismanagement by Mayor, Council Majority**

Union Demands Independent Financial Expert

“The City of Oakland is facing insolvency and potential bankruptcy because of the mismanagement of ex-mayor Sheng Thao and the city council majority. The sale of the Oakland Coliseum to AASEG is likely in default because of its failure to make \$10 million in payments. Even so, the ill-advised sale is just a tiny fragment of the significant fiscal cliff facing Oakland.

“Major cuts to police, fire, public works, and all services to residents will be proposed by the ex-mayor and council majority in the coming days and weeks.

“The Oakland Police Officers Union will not accept any cuts until we know the extent of the city’s debt. We demand the ex-mayor and council majority hire an independent financial expert to make short term and long-term recommendations. The city hired an outside expert in 2011 when it faced a fiscal challenge and the OPOA took a leadership role in addressing and resolving the crisis. We demand the city do the same again.”

Huy Nguyen, OPOA President

For background read this: <https://www.oaklandreport.org/p/we-can-balance-oaklands-budget-without>

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Oakland Police Union Demands Answers, Investigation From City of Oakland

City Financial Report Acknowledges It's Facing Bankruptcy Over Failing Coliseum Deal, Fiscal Mismanagement

City Then Deletes Language, Sanitizes Report, Removes Bankruptcy Mentions

Oakland—(11.18.2024) — The union representing Oakland's police officers today said the City of Oakland has admitted it's facing bankruptcy in a new online financial report, but then quickly whitewashed and sanitized the report to remove any mention of bankruptcy and the faltering Oakland Coliseum sale. (*See original report language below; attachment*).

"The City of Oakland is being dishonest," said Huy Nguyen, President of the Oakland Police Officers Association. "The City first publishes that it's heading toward bankruptcy and may have to declare a fiscal emergency, but then alters and removes that very language online to sanitize the true state of Oakland's fiscal mismanagement. There should be an investigation into how and who made these changes."

The City Council will meet Tuesday, Nov. 19 to review its finances, using [the sanitized report it has posted online here](#) and to consider possible budget cuts to police, fire, and public safety.

The OPOA has been demanding the city hire a financial expert since early 2024 to help steer it away from the fiscal cliff of Chapter 9 Municipal Bankruptcy but has been rebuffed. "It is shocking that the city continues to hide its own irresponsible mismanagement of taxpayer monies, deleting open honest assessments and replacing them with sanitized descriptions for public consumption," Nguyen said.

"The Oakland Police Officers Union will not accept any cuts until we know the extent of the city's debt. We demand the soon-to-be-ex-mayor and council majority hire an independent financial expert to make short term and long-term recommendations. The city hired an outside

expert in 2011 when it faced a fiscal challenge and the OPOA took a leadership role in addressing and resolving the crisis. We demand the city do the same again.

"The OPOA demands the same transparency from the city as the police department provides to the people we serve," Nguyen added.

Nguyen said OPOA found the following edits were made by the City to whitewash and sanitize the City of Oakland's deep financial crisis:

Here is the original language the city posted on Friday, Nov. 17 and the key phrases it later deleted:

The results of this First Quarter show that **immediate action is necessary to maintain the solvency of the General Purpose Fund and avoid the Chapter 9 process.** Revised estimates regarding the City's fiscal condition at the end of FY 2023-24 show the City has already tapped into its emergency reserve. **Given there is no possibility of replenishing the reserve this Fiscal Year, following the conclusion of the Audit and publication of Annual Comprehensive Financial Report, the City Council will be required to declare a Fiscal Emergency, per the Consolidated Fiscal Policy (CFP.) Failure to take dramatic and immediate steps to reduce expenditures will almost certainly result in insolvency.**

Deleted in new version.

BACKGROUND / LEGISLATIVE HISTORY

Later in the City's report, it removes the following wording regarding the faltering Oakland Coliseum deal with local business group AASEG:

Jestin D. Johnson, City Administrator
Subject: FY 2024-25 Q1 R&E Report
Date: November 8, 2024

Page 6

delays in the transaction the expected \$63.10 million was removed from the budget as it was stipulated as part of the FY 2024-25 Midcycle Budget adoption. Projections for the remainder of FY 2024-25 do not account for additional payments from the Coliseum land sale within this fiscal year. **reinforcing the need for the City to plan without reliance on uncertain future funds. Staff strongly recommends that decision makers DO NOT includes the Coliseum sale proceeds in any future budget balancing action until after that cash has been received and title of the property transferred.** In addition, legal settlements have significantly contributed to the actual miscellaneous revenues realized in Q1 as well. However, the \$6.18 million revenue resulting from these legal settlements is restricted to specific reimbursements bound by settlement agreements and cannot be accounted for in the overall balancing of the General Purpose Fund.

Deleted in second draft.

New language in second draft

- **Service Charges:** FY 2024-25 collections of Service Charges through Q1 are at \$7.21 million or 13.9% of the Adjusted Budget of \$51.84 million. and

And, further edits made by the City to sanitize the dire financial condition it is facing:

Table 5: FY 2024-25 Q1 GPF Filled and Vacant Positions (Percent %)

Status as of Q1 FY 2024-25	Percent (%)
Filled or Encumbered	78.0 %
Vacant	22.0 %

FY 2024-25 Fund Balance

The City's GPF Fund Balance, net obligations, is projected to have an operating shortfall of \$88.08 million, ending FY 2024-25 at negative \$99.91 million. Obligations are reserves required by City Ordinances and the City Charter (mandated emergency reserves). **Table 6** below shows additional adjustments totaling negative \$15 million, decreasing the estimated FY 2024-25 year-end available fund balance from negative \$99.91 million to negative \$114.90 million. The estimated FY 2024-25 available Fund Balance is the amount of unobligated funding available to the City in the GPF.

The City's GPF Emergency Reserve was budgeted at 7.5% of the FY 2022-23 GPF Adopted Budget of \$872.07 million. As of June 30, 2024, the balance in this reserve was \$70.16 million, or approximately 8.1% of the FY 2023-24 GPF Adopted Budget of \$863.68 million. However, unassigned fund balance in the GPF was negative \$32.93 million at year end. In combination these two source of reserves totaled \$37.23 million, or 57% of the reserve requirement of \$64.78 million. Given that the City has already tapped into its emergency reserve, and given there is no possibility of replenishing the reserve this Fiscal Year, the City Council **will be required to declare a Fiscal Emergency** per the Consolidated Fiscal Policy (CFP), following the conclusion of the Audit and publication of Annual Comprehensive Financial Report.

It is important to note that the ending fund balances across all other funds are not funds that are available to spend in FY 2024-25. Policy makers should not seek to appropriate fund balances in any non-GPF funds for purposes other than resolving the GPF shortfall provided that such an action is legal. Staff strongly recommends against any additional expenditure commitments against fund balance. The fund balance in the Self-Insurance Fund (1100) should not be appropriated as it is needed to pay possible legal settlements which are estimated to be greater the existing fund balance and current year appropriation combined. The balance of Equipment Service Fund (4100) has already been incorporated, see Table 6 Below.

See new language in second version.

Deleted in revised version.

And, finally, further delations and sanitizing to whitewash the City's horrible financial condition:

Table 6: Summary of FY 2024-25 Fiscal Situation with GPF Fund Balance (\$ in millions)

GENERAL PURPOSE FUND (1010)	FY 2024-25 Q1 Year-End Estimate
Beginning Unassigned Fund Balance - Unaudited	(6.83)
Revenue	758.52
Expenditures	851.60
Estimated Current Year Surplus/(Shortfall)	(88.08)
Estimated Ending Fund Balance	(99.91)
Use of Fund Balance in FY 2024-25	
Return of Excess Fund Balance in Equipment Fund	8.32
Legal Settlements	(10.58)
Required Carryforwards from FY 2023-24	(12.74)
Estimated Ending Fund Balance	(114.90)

Conclusion

Deleted in new version.

With updated data, the GPF Fund Balance started in a negative position and is projected to end in a substantial deficit, worsened by delays in receiving funds that were budgeted from the Coliseum sale and leading to necessary reductions in city services to compensate for the shortfall. **Given the severity of the City's financial situation, it would be fiscally irresponsible and budgetarily reckless to rely on funds from the Sale of the Coliseum or any other property sale until after the sale is completed, cash is received by the City and title is transferred. Further the agreed value of the Coliseum Sale is insufficient to resolve the current year deficit. Reliance on any speculative revenue to balance the GPF projected deficit may directly cause the City to become insolvent and necessitate much deeper reductions to services and expenditures the near and long term.**

See new language in second version.

Overspending is particularly pronounced in public safety, where personnel costs, driven by overtime and other factors, are expected to surpass allocated budgets. On the revenue side, while several key income sources show promising trends, not all are aligning with budget expectations. Property Taxes are anticipated to slightly increase due to rising property values, and Business Taxes are expected to maintain last year's collection levels. Utility Consumption Tax is set to rise following rate increases approved by the California Public Utilities Commission. However, Real Estate Transfer Tax, despite showing signs of market recovery, is expected to fall short of budget projections. Overall, the financial state for Oakland indicates a need for dramatic adjustments to manage expenditures to prevent insolvency and to stabilize the city's finances.



Provisions modified in second version.

AGENDA REPORT

TO: Jestin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: Fiscal Year (FY) 2024-25 First Quarter
(Q1) Revenue and Expenditures (R&E)
Report

DATE: November 8, 2024

City Administrator Approval 
Jestin Johnson (Nov 8, 2024 13:14 PST)

Date: **Nov 8, 2024**

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On Fiscal Year (FY) 2024-25 First Quarter (Q1) Results And Year-End Projections For The General Purpose Fund (GPF, 1010), And Select Funds.

EXECUTIVE SUMMARY

This report details the City of Oakland's (the City) preliminary FY 2024-25 projected year-end revenues and expenditures based on **First Quarter Q1** trends. The **First Quarter** reflects 11.7% of collected adjusted revenue budget and expenditures reflect 22% of the adopted expenditure budget.

FY 2024-25 collections of revenue through **Q1** are at \$88.68 million or 11.7% of the Adjusted Budget of \$758.22 million. The preliminary **Q1** FY 2024-25 GPF revenue forecast projects an overall overage of \$0.30 million or 0.0% compared to the Adjusted Budget and is now estimated to end the year at \$758.52 million. GPF expenditures through **Q1** are at \$168.73 million or 22% of the Adjusted Budget. GPF expenditures are forecasted at \$851.60 million, an increase of \$93.38 million from the Adjusted Budget. The budget assumes a one-time use of fund balance in the amount of \$13.75 million to support encumbrance carryforwards. **Table 1** below outlines the FY 2024-25 GPF revenue and expenditures Adjusted Budget, Q1 year-to-date actuals, and year-end estimates, with a current estimate of a \$93.08 million year-end operating shortfall.

The projections in this report are made with limited information due to seasonality of certain revenue categories, and the volatility and unpredictability of the economy due to the ongoing inflationary trends, election outcome, 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: Summary of FY 2024-25 Q1 GPF Revenues & Expenditures Budget to Year-End Projections (\$ in millions)

	FY 2024-25 Adopted Budget	FY 2024-25 Adjusted Budget	FY 2024-25 Q1 YTD Actuals	FY 2024-25 Q1 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
FY 2024-25 Revenues	807.19	758.22	88.68	758.52	0.30	0.0— %
FY 2024-25 Expenditures	807.19	758.22	168.73	851.60	(93.38)	(12.3) %
Operating (Shortfall) / Surplus	—	—	(120.26)	(93.08)	(93.08)	(12.3) %

The results of this First Quarter show that **immediate action is necessary to maintain the solvency of the General Purpose Fund and avoid the Chapter 9 process.** Revised estimates regarding the City’s fiscal condition at the end of FY 2023-24 show the City has already tapped into its emergency reserve. Given there is no possibility of replenishing the reserve this Fiscal Year, following the conclusion of the Audit and publication of Annual Comprehensive Financial Report, the City Council **will be required to declare a Fiscal Emergency**, per the Consolidated Fiscal Policy (CFP.) **Failure to take dramatic and immediate steps to reduce expenditures will almost certainly result in insolvency.**

Deleted in new version.

BACKGROUND / LEGISLATIVE HISTORY

Below is a summary of the Council's actions that have occurred from the beginning of the fiscal year through Q1 that have modified the FY 2024-25 Budget:

Pursuant to the City’s Consolidated Fiscal Policy - Part G. Criteria for Project Carryforwards and Encumbrances, the FY 2024-25 Adopted Budget has also been adjusted to include \$13.75 million in prior year encumbrance carryforwards in the GPF which utilizes available fund balance to cover the cost.

In October 2024, administrative action was taken to initiate the implementation of the contingency budget, as authorized by [Resolution 90326 C.M.S.](#)

ANALYSIS AND POLICY ALTERNATIVES

This report supports the Citywide priority of a **responsive, trustworthy government** by providing timely and up-to-date financial information, enhancing 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 2024-25 Q1 Revenues

The GPF revenues collected as of **Q1** FY 2024-25 are \$88.68 million or 11.7% compared to the Adjusted Budget of \$758.22 million, and are projected to end the year at \$758.52 million or 0.0% over the Adjusted Budget. The Adjusted Budget accounts for the adopted contingency budget, which excludes funds from the Coliseum land sale, which had been expected but have faced delays. As such, year-end estimates do not assume any collections beyond the initial \$5 million payment already received. The fiscal year (FY) 2023-24 closed with notable revenue shortfalls across several key areas in the General Purpose Fund (GPF). The FY 2024-25 revenue forecast indicates a mixed fiscal landscape for the city, with some tax categories recovering or exceeding expectations while others face ongoing challenges from market conditions.

Increases compared to the FY 2024-25 Adjusted Budget are led by Property Tax which is predicted to be over budget by \$4.12 million, with growth due to property value reassessments and new construction. Business Tax projects to exceed the adjusted budget by \$3.42 million, based on maintaining FY 2023-24 levels. Utility Consumption Tax anticipated to surpass the budget by \$4.34 million due to rate increases that have been implemented following approval by the California Public Utilities Commission (CPUC). Fines & Penalties are projected to exceed the budget by \$1.63 million, driven by parking citation rate increases. Miscellaneous Revenue significantly exceeds the budget by \$11.51 million due to the initial payment from the Coliseum sale, in addition to legal settlements which also boosted Q1 miscellaneous revenues.

Notable categories not expected to exceed budget expectations include Real Estate Transfer Tax (RETT) Collections, which are expected to end the year at \$66.03 million, which is \$7.69 million or 10.4% under the Adjusted Budget. However, RETT is showing a recovery from the downturn in FY 2023-24. Early signs of market recovery are noted with a 7.4% increase in the volume of property sales in Q1 compared to the same period in the prior year, although the overall value of the sales have decreased. Sales Tax is expected to be just under the budget by \$0.08 million. A decrease in operational hotels and lower room rates impacted collections from Transient Occupancy Tax (TOT) and is forecasted to be \$2.23 million below budget. Meanwhile Parking Tax which is estimated to fall short by 9.2% or \$1.20 million, as it is expected to remain at but not exceed pre-COVID collection levels.

The GPF revenues by category are detailed below.

- **Property Tax:** FY 2024-25 collections of Property Tax through Q1 are at \$10.94 million or 3.6% of the Adjusted Budget of \$306.57 million, and are now projected to end the year at \$310.69 million, which is \$4.12 million or 1.3% over the Adjusted Budget. Property tax continues to be a reliable and

significant source of revenue for the City. Based on Proposition 13, the annual increase in property assessments is limited to the lesser of 2% or the California Consumer Price Index (CPI), which was at 2% for FY 2023-24. This cap ensures a predictable, though modest, increase in property taxes. An additional growth of 2.96% in assessed values last fiscal year was due to changes in property ownership, which often leads to property reassessments at current market values. A further 0.95% increase was attributed in FY2023-24 to new construction within the city, contributing to the tax base expansion. The projection for FY 2024-25 resembles the actual results from FY 2023-24, which surpassed its budget. The FY 2024-25 forecast assumes a 3.86% growth from FY 2023-24, based on estimated increases in assessed property values for Oakland in FY 2023-24. For context, FY 2022-23 concluded with property tax collections at \$281.28 million. The growth in revenue to \$299.15 million observed in FY 2023-24, or 6.35% compared to FY 2022-23, mirrored the increase in the city's total assessed taxable value in FY 2022-23 of approximately 6.6%.

- **Business Tax (BT):** FY 2024-25 collections of BT through Q1 are at \$5.53 million or 4.6% of the Adjusted Budget of \$120.06 million, and are now projected to end the year at \$123.48 million, which is \$3.42 million or 2.9% over the Adjusted Budget. The bulk of BT is collected in the third quarter of the fiscal year since Business Tax renewals are due during that period. This estimate assumes that BT will perform at the same level of FY 2023-24. The implementation of Measure T, aimed at restructuring business taxes, has shown positive results. Sectors like Professional/Semi-Professional Services, Admin Headquarters, and Wholesale Sales have significantly contributed to the net revenue increase. The City of Oakland Business Tax (BT) projection for FY 2024-25 is cautiously optimistic that the overall trend in BT collection remains positive. Despite sector-specific declines, there was a modest increase in gross receipts from businesses renewing their tax filings in FY 2023-24 by 1.3% compared to the previous year. This growth, although below the four-year average of 2.7%, still indicates a resilient business environment. A strategic focus is being made in FY 2024-25 on improving compliance and collection efficiency while banking on the stability observed in previous fiscal years.

- **Utility Consumption Tax:** FY 2024-25 collections of Utility Consumption Tax through Q1 are at \$16.99 million or 24.8% of the Adjusted Budget of \$68.44 million, and are now projected to end the year at \$72.77 million which is \$4.34 million or 6.3% over the Adjusted Budget. The California Public Utilities Commission (CPUC) approved a 12.7% increase in consumer utility rates for 2024. PG&E which is the largest contributor to the City's UCT implemented rate hikes in phases in 2024 with a 6% increase that took effect in March, an additional 4% in June and implemented a further 2.7%

adjustment in September. These incremental rate hikes directly impact the tax base, as utility consumption tax is a percentage of the utility bill, thus leading to higher tax revenue.

- **Fines & Penalties:** FY 2024-25 collections of Fines and Penalties through Q1 are at \$5.84 million or 30.2% of the Adjusted Budget of \$19.34 million, and are now projected to end the year at \$20.97 million, which is \$1.63 million or 8.4% over the Adjusted Budget. Parking citations continue to form the bulk of fines and penalties revenue. Despite expectations of increased revenue due to a 5% rate increase in fines for FY 2023-24 and an additional 5% rate increase for FY 2024-25 to adjust for inflation, the actual revenue from parking citations in FY 2023-24 was \$16.77 million, a slight decrease of \$0.10 million from the previous year's \$16.87 million. The collection rate of parking citations for FY 2023-24 was about 10% lower than in previous fiscal years. The FY 2024-25 Midcycle Budget was revised downwards from the initial FY24-25 Biennial Budget due to trends observed in FY 2023-24. This adjustment reflects a more conservative revenue expectation given the ongoing issues with Scofflaw enforcement, where the City is unable to boot vehicles or effectively collect from accounts with five or more unpaid citations. Another contributing factor recently reducing the effectiveness of parking regulation enforcement is that the Parking Enforcement Unit has been understaffed. The unit aims to be fully staffed by the second half of FY 2024-25.

In FY 2023-24 the volume of parking citations issued saw an unexpected decline of 8% from FY 2022-23. In contrast, the first quarter of FY 2024-25 has shown a promising uptick with an 8% increase in citations issued over the first quarter of FY 2022-23. Using the revenue collected in FY 2022-23 as a baseline, given its closer alignment with the citation issuance rate seen in the first quarter of FY 2024-25, the FY 2024-25 projection assumes that with improved staffing levels and the return to more typical citation issuance levels, the revenue from parking citations in FY 2024-25 could see an increase matching the fine rate increases over the last two fiscal years, which have been increased by 10% in total, assuming this adjustment fully translates into a corresponding increase in revenue.

- **Miscellaneous Revenue:** FY 2024-25 collections of Miscellaneous Revenues through Q1 are at \$12.74 million, and are projected to end at \$12.74 million which is \$11.51 million or 939.2% over the Adjusted Budget of \$1.23 million. A sum of \$5 million was received as an initial payment for the sale of the Coliseum site. This amount was not fully anticipated in the Adjusted Budget due to the delay in the completion of the sale. The FY 2024-25 Adopted Budget initially included \$63.10 million from the sale of the Coliseum land, classified under Miscellaneous Revenues. However, due to

delays in the transaction the expected \$63.10 million was removed from the budget as it was stipulated as part of the FY 2024-25 Midcycle Budget adoption. Projections for the remainder of FY 2024-25 do not account for additional payments from the Coliseum land sale within this fiscal year, **reinforcing the need for the City to plan without reliance on uncertain future funds.** **Staff strongly recommends that decision makers DO NOT includes the Coliseum sale proceeds in any future budget balancing action until after that cash has been received and title of the property transferred.** In addition, legal settlements have significantly contributed to the actual miscellaneous revenues realized in Q1 as well. However, the \$6.18 million revenue resulting from these legal settlements is restricted to specific reimbursements bound by settlement agreements and cannot be accounted for in the overall balancing of the General Purpose Fund.

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- **Service Charges:** FY 2024-25 collections of Service Charges through Q1 are at \$7.21 million or 13.9% of the Adjusted Budget of \$51.84 million, and are now projected to end the year at the Adjusted Budget. In FY 2023-24, parking meter collections underperformed significantly, with revenues totaling \$10.24 million against an estimated budget of \$16.60 million, resulting in a shortfall of \$6.36 million. Excluding this shortfall, service charges would have exceeded the FY 2023-24 Adjusted Budget by \$1.66 million. In contrast, actual collection from parking meters was only 61.7% of the budgeted amount in FY 2024-23. Parking fees were notably raised by 50% from \$2 to \$3 per hour effective FY 2024-25. If all other factors remain constant, this should theoretically increase revenue by \$5.12 million, countering the shortfall experienced in FY 2023-24. Early data from the first two months of FY 2024-25 show an average 30% increase in parking fees collected compared to the same period in the previous fiscal year.
- **Sales Tax:** FY 2024-25 collections of Sales Tax through Q1 are at \$5.34 million or 8.4% of the Adjusted Budget of \$63.73 million, and are now projected to end the year at \$63.65 million, which is \$0.08 million or 0.1% under the Adjusted Budget. The \$5.34 million in actual revenues reported for the first quarter do not correspond with the Sales Tax receipts for that period. This is because the collections and reporting of these receipts lag due to external management by the State and then remitted in bulk to the City. Over the last five years, the average Sales Tax captured through the first quarter in Oracle has been approximately \$5.37 million. Data available for the fourth quarter of FY2023-24 (Q4) (Sales Tax is collected by the State and the corresponding detailed data becomes available to the City in the subsequent quarter) shows that FY 2023-24 closed the year with continuing signs of contraction, with sales receipts dropping by 11.7% in the Q4 compared to the same period in FY 2022-23. This decline was influenced by several factors, including audit recoveries from the previous year that skewed cash flow

comparisons. When these anomalies are excluded, the real sales decline stood at 5.9%.

In the final quarter of FY 2023-24 the automotive industry in Oakland saw a downturn similar to state-wide trends, with a particular decline in sales of luxury vehicle brands. This shift was largely due to higher interest rates and pricing concerns, which deterred potential buyers from making large purchases. Restaurants and hotels experienced a 6% drop in revenue. This sector faced challenges from the closure of several establishments over the past year and a shift in consumer behavior towards seeking value amid rising menu prices. The Business and Industry sector contracted by approximately \$0.32 million. The decline was marked by a reduced demand for food-related equipment and IT support services, which had seen a surge in the fourth quarter of FY 2022-23 due to one-time medical and biotech sales. The cannabis market struggled with market saturation leading to reduced activity. Meanwhile, grocery sales, also part of the food-drugs group, decreased by 2.0% compared to the same period in the prior year, aligning with a broader trend of cautious consumer spending focused on essentials. Specialty outlets, electronics, appliances, and home furnishings all reported fewer sales. The closure of several retailers since the fall of the previous year further contributed to this sector's downturn. When compared to broader regional trends, Alameda County as a whole experienced a 3.2% decline in taxable sales in Q4, while the entire Bay Area saw a decrease of 1.7%. Moving on to FY 2024-25 a minor anticipated increase from the previous fiscal year indicates a slow recovery or stabilization rather than robust growth. The gradual anticipated increase suggests growth could bring a slow rise in Sales Tax revenues over the next couple years.

- **Real Estate Transfer Tax (RETT):** FY 2024-25 collections of Real Estate Transfer Tax through Q1 are at \$16.51 million or 22.4% of the Adjusted Budget of \$73.72 million, and are projected to end the year at \$66.03 million, which is \$7.69 million or 10.4% under the Adjusted Budget. The City's Real Estate Transfer Tax (RETT) collections are forecasted to increase by 16.5% by the end of this fiscal year compared to last year. This growth aligns with the increase observed in the first quarter (Q1) of this year over the same period last year. This forecast comes after a significant shortfall in FY 2023-24, where collections amounted to \$57.61 million, falling \$52.80 million or 47.8% short of the adjusted budget of \$110.41 million. The real estate market in FY 2023-24 experienced a notable downturn influenced by macroeconomic policies. Elevated federal funds rates increased mortgage rates, which in turn made home buying less affordable, cooling the demand for real estate. This resulted in fewer transactions, particularly in the high-value property segment, which is crucial for RETT revenue as these sales yield higher tax amounts due to the tax being a percentage of the sale price. The market saw a year-over-year reduction in property sales by 10.1% in FY 2023-24, with an even more significant drop of 19.6% when considering sales prices.

Despite the decrease in sales in FY 2023-24, FY 2024-25 had higher number of properties listed for sale in Q1 compared to the same period in the prior year. The first quarter of FY 2024-25 showed a 7.4% increase in the volume of properties sold compared to the same period in the prior fiscal year, indicating initial signs of recovery. Moreover, the Federal Open Market Committee (FOMC) reduced interest rates for the first time in Q1 since it started increasing rates in March of 2022. The FOMC's interest rate reduction in rates could rekindle buyer interest moving forward. Potential stabilization in interest rates could lead to market adjustments where buyers might begin to adapt to the new rate environment, leading for sales volume to improve gradually.

- **Transient Occupancy Tax ("TOT"):** FY 2024-25 collections of TOT through Q1 are at \$4.59 million or 23.3% of the Adjusted Budget of \$19.74 million, and are now projected to end the year at \$17.50 million, which is \$2.23 million or 11.3% under the Adjusted Budget. FY 2023-24, concluded with TOT collections at \$18.39 million, slightly under the current year's budget. This year's budget was strategically adjusted to reflect these realities, yet the first quarter saw an 8% decrease in collections compared to the same period in FY 2023-24, signaling ongoing recovery challenges. Over the past year there has been a reduction in the number of accounts contributing to TOT, dropping from 70 to 68 accounts, with a specific decrease in hotels and motels from 58 to 55. The closure of major establishments like the Hilton, which contributed significantly to TOT, represents a major revenue loss coupled with the potential for more closures. Furthermore, the national decrease in hotel room rates has had a trickle-down effect, reducing the TOT yield as each room generates less revenue.
- **Parking Tax ("PT"):** FY 2024-25 collections of Parking Tax through Q1 are at \$2.32 million or 17.8% of the Adjusted Budget of \$13.07 million, and are now projected to end the year at \$11.87 million which is \$1.20 million or 9.2% under the Adjusted Budget. The Parking Tax has shown a stabilization trend, aligning with pre-COVID-19 levels after several years of fluctuation due to the global health crisis. The projection assumes no significant deviation from the collection levels observed in FY 2023-24, reflecting a stable but not growing market for parking services. The Parking Tax appears to be plateauing, with the highest collection over the past seven fiscal years reaching \$12.01 million in FY 2022-23, suggesting that the market might have reached its peak capacity under current conditions.

The FY 2024-25 Adjusted Revenue Budget also assumes \$13.75 million in use of fund balance to support prior year encumbered carryforwards. Net of these, actual revenues are estimated to end the year at \$758.52 million, compared to the Adjusted Budget of \$744.47 million, representing a net surplus of \$14.05 million or 1.9%. **Table 2** below highlights revenue categories with year-end projections changes when compared to the FY 2024-25 Adjusted Budget.

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**Table 2: FY 2024-25 Q1 GPF Revenues Budget to Actuals (\$ in millions)
Summary**

Revenue Category	FY 2024-25 Adopted Budget	FY 2024-25 Adjusted Budget	FY 2024-25 Q1 YTD Actuals	FY 2024-25 Q1 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % Over / Under Adjusted Budget
Property Tax	306.57	306.57	10.94	310.69	4.12	1.3 %
Sales Tax	63.73	63.73	5.34	63.65	(0.08)	(0.1) %
Business License Tax	120.06	120.06	5.53	123.48	3.42	2.9 %
Utility Consumption Tax	68.44	68.44	16.99	72.77	4.34	6.3 %
Real Estate Transfer Tax	73.72	73.72	16.51	66.03	(7.69)	(10.4) %
Transient Occupancy Tax	19.74	19.74	4.59	17.50	(2.23)	(11.3) %
Parking Tax	13.07	13.07	2.32	11.87	(1.20)	(9.2) %
Licenses & Permits	1.16	1.16	0.27	1.16	—	— %
Fines & Penalties	19.34	19.34	5.84	20.97	1.63	8.4 %
Interest Income	2.50	2.50	0.18	2.50	—	— %
Service Charges	51.84	51.84	7.21	51.84	—	— %
Grants & Subsidies	—	—	0.21	0.21	0.21	— %
Miscellaneous Revenue	64.32	1.23	12.74	12.74	11.51	939.2 %
Interfund Transfers	2.70	3.08	—	3.08	—	— %
Subtotal	807.19	744.47	88.68	758.52	14.05	1.9 %
Transfers from Fund Balance	—	—	—	—	—	—
Project Offsets & Carryforwards	—	13.75	—	—	(13.75)	(100.0) %
Total Revenue	807.19	758.22	88.68	758.52	0.30	0.0 %

As shown in **Table 3** below, GPF revenues also show a decline compared to the FY 2023-24 Adopted Budget, excluding the use of fund balance. The FY 2024-25 Q1 Adjusted Budget, which reflects the contingency budget, sets GPF revenues at \$744 million, compared to \$804 million in the FY 2023-24 Adopted Budget. **This represents a significant decrease of \$60 million, indicating that a Severe Financial Event has occurred. See Table 3 below.**

Table 3: FY 2023-24 Adopted Budget compared to FY 2024-25 Adopted Midcycle Contingency Budget.

General Purpose Fund Revenues*	FY23-24 Adopted Biennial Budget	FY24-25 Adopted Midcycle Contingency Budget
Property Tax	294,168,232	306,570,383
Sales Tax	67,689,746	63,728,691
Business License Tax	125,248,004	120,056,728
Utility Consumption Tax	61,898,792	68,435,265
Real Estate Transfer Tax	110,412,094	73,719,319
Transient Occupancy Tax	22,482,510	19,737,017
Parking Tax	11,262,935	13,067,219
Licenses & Permits	1,388,483	1,161,090
Fines & Penalties	23,071,854	19,344,486
Interest Income	484,097	2,500,000
Service Charges	51,602,846	51,843,139
Miscellaneous Revenue	21,216,000	1,226,000
Interfund Transfers	13,075,123	2,703,023
Grand Total	804,000,716	744,092,360

* Excludes use of Fund Balance

FY 2024-25 Q1 Expenditures

At the end of Q1 for FY 2024-25, expenditures are projected to end the fiscal year at \$851.60 million, or \$93.38 million over the Adjusted Budget of \$758.22 million. Most of the City's departments are projected to overspend by the end of FY 2024-25, however, Public Safety departments account for over 90% of the City's projected overspending.

The FY 2024-25 Adjusted Budget amounts below include budget adjustments that reflect the contingency budget, which reduced the GPF budget across several City departments. However, the specifics of the reductions for the OPD and OFD are still being determined and have yet to be implemented, which is why projected spending for those two departments is notably high.

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 4 below breaks down the FY 2024-25 Expenditures by Department.

Table 4: FY 2024-25 Q1 GPF Expenditures Budget to Actuals (\$ in millions)

Department	FY 2024-25 Adopted Budget	FY 2024-25 Adjusted Budget	FY 2024-25 Q1 YTD Actuals	FY 2024-25 Q1 Year-End Estimate	Year-End \$ Over / Under Adjusted Budget	Year-End % (Over) / Under Adjusted Budget
Capital Improvement Projects	0.56	0.94	0.01	0.94	—	— %
City Administrator	5.99	4.87	1.19	5.58	(0.72)	(14.7) %
City Attorney	21.71	21.95	4.43	21.23	0.72	3.3 %
City Auditor	3.73	3.90	0.49	2.65	1.25	32.0 %
City Clerk	8.00	7.94	0.73	8.00	(0.06)	(0.8) %
City Council	7.87	7.91	1.54	7.35	0.56	7.1 %
Department of Transportation	21.72	21.59	4.28	23.41	(1.82)	(8.4) %
Department of Violence Prevention	7.49	8.10	1.25	6.50	1.60	19.8 %
Department of Workplace and Employment Standard	2.39	2.15	0.40	2.30	(0.15)	(7.2) %
Economic and Workforce Development Department	15.24	13.54	6.52	13.79	(0.25)	(1.9) %
Finance Department	29.13	27.34	4.79	28.04	(0.70)	(2.6) %
Fire Department	180.45	163.26	44.62	197.70	(34.44)	(21.1) %
Housing and Community Development Department	—	—	—	—	—	— %
Human Resources Management Department	0.33	0.53	0.26	0.19	0.33	63.3 %

Human Services Department	43.08	43.36	2.42	43.99	(0.62)	(1.4) %
Information Technology Department	6.55	6.95	1.79	8.35	(1.39)	(20.0) %
Mayor	5.59	5.60	0.97	4.64	0.96	17.1%
Non Departmental and Port	53.80	51.41	(3.06)	60.41	(9.00)	(17.5) %
Oakland Animal Services	6.84	6.57	1.20	6.12	0.46	6.9 %
Oakland Parks and Recreation Department	11.80	12.01	2.88	12.01	—	— %
Oakland Public Library Department	12.40	11.40	1.20	12.92	(1.53)	(13.4) %
Oakland Public Works Department	2.73	4.48	0.54	3.85	0.63	14.2 %
Planning and Building Department	—	—	—	—	—	— %
Police Commission	8.78	9.48	1.37	7.19	2.29	24.2 %
Police Department	347.21	318.88	88.13	370.77	(51.89)	(16.3) %
Public Ethics Commission	2.52	2.71	0.51	2.37	0.34	12.4%
Race and Equity Department	1.27	1.35	0.28	1.29	0.05	4.0 %
Total	807.19	758.22	168.73	851.60	(93.38)	(12.3) %

The budgeted vacancy factor assumed in the FY 2024-25 Midcycle Budget is 10.00% across most City Departments. The actual vacancy rate as of Q1 in the GPF is 22.0% as shown in **Table 5 below**, which is more than twice of that assumed in the budget. Although the current vacancy rate is higher than the assumed budgeted rate, there is no anticipated vacancy savings due to the projected public safety over-expenditure.

Table 5: FY 2024-25 Q1 GPF Filled and Vacant Positions (Percent %)

Status as of Q1 FY 2024-25	Percent (%)
Filled or Encumbered	78.0 %
Vacant	22.0 %

FY 2024-25 Fund Balance

The City's GPF Fund Balance, net obligations, is projected to have an operating shortfall of \$88.08 million, ending FY 2024-25 at negative \$99.91 million. Obligations are reserves required by City Ordinances and the City Charter (mandated emergency reserves). **Table 6** below shows additional adjustments totaling negative \$15 million, decreasing the estimated FY 2024-25 year-end available fund balance from negative \$99.91 million to negative \$114.90 million. The estimated FY 2024-25 available Fund Balance is the amount of unobligated funding available to the City in the GPF.

The City's GPF Emergency Reserve was budgeted at 7.5% of the FY 2022-23 GPF Adopted Budget of \$872.07 million. As of June 30, 2024, the balance in this reserve was \$70.16 million, or approximately 8.1% of the FY 2023-24 GPF Adopted Budget of \$863.68 million. However, unassigned fund balance in the GPF was negative \$32.93 million at year end. In combination these two source of reserves totaled \$37.23 million, or 57% of the reserve requirement of \$64.78 million. Given that the City **has already tapped into its emergency reserve**, and given there is no possibility of replenishing the reserve this Fiscal Year, the City **Council will be required to declare a Fiscal Emergency** per the Consolidated Fiscal Policy (CFP), following the conclusion of the Audit and publication of Annual Comprehensive Financial Report.

~~It is important to note that **the ending fund balances across all other funds are not funds that are available to spend in FY 2024-25. Policy makers should not seek to appropriate fund balances in any non-GPF funds for purposes other than resolving the GPF shortfall provided that such an action is legal. Staff strongly recommends against any additional expenditure commitments against fund balance. The fund balance in the Self-Insurance Fund (1100) should not be appropriated as it is needed to pay possible legal settlements which are estimated to be greater the existing fund balance and current year appropriation combined. The balance of Equipment Service Fund (4100) has already been incorporated, see Table 6 Below.**~~

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Table 6: Summary of FY 2024-25 Fiscal Situation with GPF Fund Balance (\$ in millions)

GENERAL PURPOSE FUND (1010)	FY 2024-25 Q1 Year-End Estimate
Beginning Unassigned Fund Balance - Unaudited	(6.83)
Revenue	758.52
Expenditures	851.60
Estimated Current Year Surplus/(Shortfall)	(88.08)
Estimated Ending Fund Balance	(99.91)
Use of Fund Balance in FY 2024-25	
Return of Excess Fund Balance in Equipment Fund	8.32
Legal Settlements	(10.58)
Required Carryforwards from FY 2023-24	(12.74)
Estimated Ending Fund Balance	(114.90)

Conclusion

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With updated data, the GPF Fund Balance started in a negative position and is projected to end in a substantial deficit, worsened by delays in receiving funds that were budgeted from the Coliseum sale and leading to necessary reductions in city services to compensate for the shortfall. **Given the severity of the City's financial situation, it would be fiscally irresponsible and budgetarily reckless to rely on funds from the Sale of the Coliseum or any other property sale until after the sale is completed, cash is received by the City and title is transferred. Further the agreed value of the Coliseum Sale is insufficient to resolve the current year deficit. Reliance on any speculative revenue to balance the GPF projected deficit may directly cause the City to become insolvent and necessitate much deeper reductions to services and expenditures the near and long term.**

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Overspending is particularly pronounced in public safety, where personnel costs, driven by overtime and other factors, are expected to surpass allocated budgets. On the revenue side, while several key income sources show promising trends, not all are aligning with budget expectations. Property Taxes are anticipated to slightly increase due to rising property values, and Business Taxes are expected to maintain last year's collection levels. Utility Consumption Tax is set to rise following rate increases approved by the California Public Utilities Commission. However, Real Estate Transfer Tax, despite showing signs of market recovery, is expected to fall short of budget projections. Overall, the financial state for Oakland indicates a need for dramatic adjustments to manage expenditures to prevent insolvency and to stabilize the city's finances.

The FY 2024-25 budget was developed with the assumption of a \$175 million General Purpose Fund deficit, with public safety costs comprising approximately 65% of GPF spending. Although expenditures were reduced across all departments in order to balance the budget, it was insufficient to maintain minimum staffing levels for both Fire and Police. In order to maintain staffing levels, the budget assumed the receipt of one-time revenues of \$63 million from the Coliseum Site to support the GPF expenses.

In response to these challenges, the following steps were taken by the City to avoid the need to temporarily suspend the minimum staffing provisions in the Police and Fire Departments. The contingency provisions included as part of the FY 2024-25 Midcycle Budget Amendments include the following reductions and actions:

- Freezes the hiring of new positions
- Delays the beginning of new sworn trainee academies
- Halts the execution of unfinalized contracts and grant agreements funded from the General Purpose Fund and any Restricted Funds with structural imbalances
- Halts the approval of unapproved discretionary travel
- Freezes 11.0 FTE positions in the Finance Department
- Reduces \$350,000 in O&M for Strategic & Crisis Communications
- Reduces \$1,000,000 in O&M for Performance Management and Strategic Budget Planning
- Freezes five Fire Engine Companies (60 FTE Sworn Fire Personnel)
- Freezes two Police Academies and 78.0 FTE Sworn Police Officers
- Freezes 4.0 FTE non-sworn Police positions
- Reduces \$2,319,768 for Public Safety vehicle replacements
- Freezes 2.0 FTE positions and transfers 1.0 FTE position to Fund 2218 in Department of Transportation
- Reduces \$1,125,000 in O&M for IT cyber security and CAD/RMS support
- Freezes 3.5 FTE positions in Oakland Animal Services
- Freezes 1.0 FTE position in Oakland Parks, Recreation and Youth Development
- Freezes 5.0 FTE positions in Human Services Department
- Freezes 1.5 FTE positions in Department of Workplace and Employment Services
- Reduces \$1,596,606 in O&M for Department of Economic and Workforce Development initiatives, including the Film Attraction Initiative, workforce development grants, cultural grant funding, capacity building funds, and Scotlan Convention Center subsidies
- Eliminates “Five After Five” parking program
- Allows the City Administrator to take any other measures that they deem necessary to preserve the fiscal health of the City
- And return to the City Council a plan to rebalance the City’s budget with as expeditiously as reasonably possible

In addition, administrative actions aimed at reducing citywide GPF spending were implemented in March 2024 and remain in effect. A hiring freeze continues for all non-sworn positions funded by the GPF and other funds under fiscal pressure. Additionally, a citywide moratorium on professional training and conferences funded by the GPF continues unless mandated by employment or regulatory requirements. Heightened scrutiny is being applied to all GPF spending.

Despite these steps, reductions in the OPD and OFD budget are now unavoidable to effectively address the current year shortfall. Avoiding cuts to public safety would require drastic reductions across all GPF services, effectively eliminating 83% of non-police and non-fire expenses – an approach that is neither practical or likely compliant with legal or charter requirements.

While immediate reductions are necessary to balance the current year's budget, the City will be taking the following steps:

- If passed, a voter approved measure on the ballot for November may raise additional revenue for Public Safety which may minorly mitigate this; the City will explore future revenue measures to support Public Safety services, including restoring fire engine companies and police services.
- The City will explore options to reduce costs in negotiations with **ALL** of its bargaining units at the legal and appropriate times through the legal and appropriate processes
- The City will engage in a process to more tightly budget for all contract services to ensure that all funded contracts are necessary to provide services
- The City will be evaluating the services provided by all programs and staff to ensure that these services are properly prioritized and to facilitate reductions to non-priority services which may free resources for fire engine companies and police services.
- The City will explore more efficient mechanisms of service delivery which may free additional resources to support fire engine companies and police services.

Final decisions on these measures will be taken by City Council to support these efforts.

These efforts will be part of the FY 2025-27 biennial budget process, though the process of returning to a structurally balanced budget that includes funding to meet the maintenance of effort requirements in the City's voter measures, and minimum staffing requirements in the labor MOU's, will be a multi-year effort.

Immediate action is necessary to maintain the solvency of the General Purpose Fund and avoid the Chapter 9 processes. Revised estimates regarding the City's fiscal condition at the end of FY 2023-24 show the City has already tapped into its

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emergency reserve. Given there is no possibility of replenishing the reserve this Fiscal Year, following the conclusion of the Audit and publication of Annual Comprehensive Financial Report, the City Council **will be required to declare a Fiscal Emergency** per the Consolidated Fiscal Policy (CFP.)

All City policy makers, staff, residents and other stakeholders must seriously grapple with the current financial circumstances. Fecklessness and failure to take dramatic and immediate steps to reduce expenditures will almost certainly result in insolvency. Finance staff implore all decision makers to immediately and urgently begin the task of reducing expenditures in order to avoid insolvency.

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 Fiscal Year (FY) 2024-25 First Quarter (Q1) Revenue And Expenditures (R&E) Results And Year-End Projections For The General Purpose Fund (GPF, 1010), And Select Funds.

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

Respectfully submitted,



[Erin Roseman \(Nov 8, 2024 11:33 PST\)](#)

Erin Roseman
Director of Finance, Finance Department

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Revenue & Tax Administrator

Prepared by Budget & Revenue
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Chuck Maurer
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Michelle Soares
Rina Stabler
Kristin Urrutia

Attachments: (2)

A: FY 2024-25 **Q1 Detailed Report**

B: *Project Carryforwards*

Cuts to Cops Will Make Oakland Unsafe for Residents, Businesses, New Report States

Oakland Police Union Says Staffing, Overtime Budget Cuts Further Endanger Safety and Neighborhoods Already Reeling From Crime, Dangerously Low Staffing

Oakland Council to Vote Today on Massive Public Safety Budget Cuts

Oakland—(Dec. 17, 2024)—Proposed cuts to police staffing and overtime pose serious risks to the safety of Oakland residents and businesses, according to [an independent assessment of the proposed cuts released today](#).

The city's final budget recommendation package cuts 96 police, 3 fire, and 74 non-safety staff. After these further cuts, public safety staff will have declined by 304 employees in five years (-17%) while all non-safety departments will maintain a net increase of 264 employees (+10%), according to [Tim Gardner](#), a specialist in data science and co-founder and publisher of "[Oakland Report](#)," a news site providing analyses of local governance.

"The City of Oakland knows its continuing cuts will result in mayhem, yet they are willing to put the public in harm's way," said Sgt. Huy Nguyen, President of the Oakland Police Officers Association. "On any given day, there are robberies, shootings, burglaries, and multiple sideshows. If the council approves the slashing of police budget and personnel, it will further harm the public's already vulnerable safety."

The Oakland City Council will meet at 3:30 p.m. today to discuss and vote on the proposed cuts.

"The Oakland Police Department is already understaffed. That is why the city has no choice but to rely on overtime, because there aren't enough available officers to adequately respond to increasing 911 calls. The city's decision to eviscerate the Police Department will result in more crime, more businesses leaving over safety issues, and an increasingly dangerous city for residents and businesses," Nguyen added.

The OPOA said the city will eliminate two upcoming police academies that provide new officers to the city, but will allow a current class, which graduates Dec. 20, to be completed. Eliminating police academies along with anticipated retirements will result in historic and dangerous low levels of staffing.

Sworn police count is slated to decline through attrition to 600 officers. Of this number, 89 of those officers are out on medical, administrative or military leave, leaving approximately 510 sworn officers to serve a city of 430,000 people, according to the assessment by Gardner of the city's proposed cuts.

“As noted in the city’s supplemental revenue and expenditure report, the police are compensating for understaffing with increased overtime to cover patrols, special operations, court appearances, training requirements, and Negotiated Settlement Agreement (NSA) requirements. With the elimination of overtime, police will need to significantly reduce patrols as well as special operations including violence suppression and sideshow suppression, and some reduction in Ceasefire operations. Bureaucratic requirements, including court appearances and NSA reporting cannot generally be avoided without disciplinary actions, and will likely receive priority at the expense of patrol and community activities,” Gardner’s report states.

In addition to the Gardner’s report today, the city’s own assessment of its cuts in a Dec. 5 Revenue and Expenditures Report to the City Council said that “maintaining the level of service that Oakland residents need would be extremely difficult if not impossible without overtime.”

The city’s report states that “critical operations, including multi-jurisdictional efforts led by the Ceasefire Section, which have led to multiple arrests and firearm recoveries, would be significantly impacted. Essential crime prevention efforts such as violence suppression, daily Air Support Unit (ARGUS) coverage, and division-level investigations related to NSA compliance would also be compromised if overtime were eliminated.

“Another critical consideration, separate from long-term leaves, is the need to backfill vacant positions due to comp-time requests, court appearances, and POST-required qualifications. These requirements create unavoidable vacancies in field positions, which, if left unfilled, pose serious risks to the safety of our residents and the officers serving our community. Given our current understaffing challenges and previously frozen positions, eliminating overtime would severely impact our response capabilities,” the city’s own report concludes.

The OPOA again demands that the city hire professional independent consultants to assess the severity of the fiscal crisis and develop viable immediate and long-term plans to keep the city solvent.

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Oakland Police Officers Association

New Poll Shows Oakland Voters Overwhelmingly Support More Police Officers in Oakland Amid Public Safety Concerns

Oakland Police Officers Association Calls for Additional Funding for Police Officers as City Teeters on Edge of Insolvency

Oakland, Calif. – (Mar 18, 2025) – A newly released poll sponsored by the Oakland Chamber of Commerce shows widespread public support for increasing the number of police officers in Oakland, as residents continue to feel unsafe in their city.

“Oakland is on the brink of insolvency. The council and new mayor must place police and public safety first on their agenda— above any other issue,” said Oakland Police Officers Association President Huy Nguyen.

The poll plainly underscores that Oakland voters want more officers on the streets to help address public safety concerns. Currently, Oakland has 681 sworn officers but should have 1,000 sworn officers to serve and protect the public.

“The public is demanding more cops,” he added. “And adding more officers will help get Oakland headed in the right direction after it has spiraled out of control. City leaders must listen and take action to meet this urgent need.”

The “Pulse of Oakland” survey, conducted by FM3 Research, found that over two-thirds of Oakland voters (69 percent) believe the city needs more police, while only 10 percent think the force should be reduced.

While perceptions of public safety and the level of crime are trending in a positive direction, a plurality continues to say crime is increasing and few voters say they feel safer than they did a year or two ago.

The data highlight ongoing concerns about public safety:

- 50 percent of voters say they feel less safe in Oakland than they did one or two years ago, with only 10% saying they feel safer.

- 40 percent of voters feel less safe in their own neighborhoods, reflecting a citywide lack of confidence in current safety measures.
- While perceptions have slightly improved since previous years, a strong plurality of voters (47 percent) still believe crime is on the rise and that more officers are needed to address these concerns.

•
Support for expanding the police force has grown over time, as residents demand stronger public safety measures. The Oakland Police Officers' Association (OPOA) argues that with such strong public support, Oakland policymakers have a mandate to prioritize police funding in its budget, even amid severe fiscal challenges.

About the Oakland Police Officers' Association

The Oakland Police Officers' Association (OPOA) represents all sworn members at all ranks within the Oakland Police Department. Representing the hardest working Police Officers in America. The OPOA can be found at <https://www.opoa.org/about>.

Contact: Sam Singer

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TO Interested Parties
FROM Dave Metz and Lucia Del Puppo
 FM3 Research
RE: Oakland Pulse 2024 – Summary of Public Safety Findings
DATE March 6, 2025

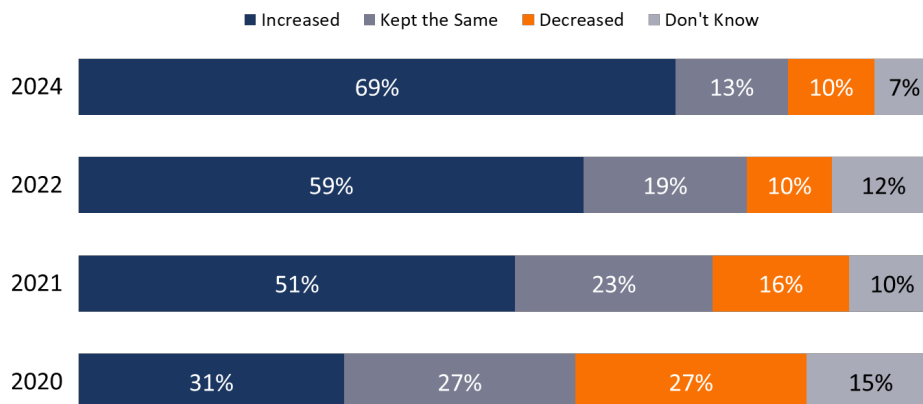
Fairbank, Maslin, Maullin, Metz & Associates (FM3) completed a survey of 720 Oakland voters likely to cast a ballot in November 2024.¹ The results show that Oakland voters widely favor increasing the number of police officers in the Oakland Police Department. While perceptions of public safety and the level of crime are trending in a positive direction, a plurality continues to say crime is increasing and few voters say they feel safer than they did a year or two ago.

Key specific findings include:

- **A majority thinks the number of police officers in Oakland should be increased.** Two-thirds of voters say the number of police in the Oakland Police Department should be increased. Thirteen percent say the number should be kept the same and only one in ten think it should be decreased. As shown in **Figure 1**, the perception that police should be increased has grown over time.

Figure 1: Perceptions of the Number of Police Officers

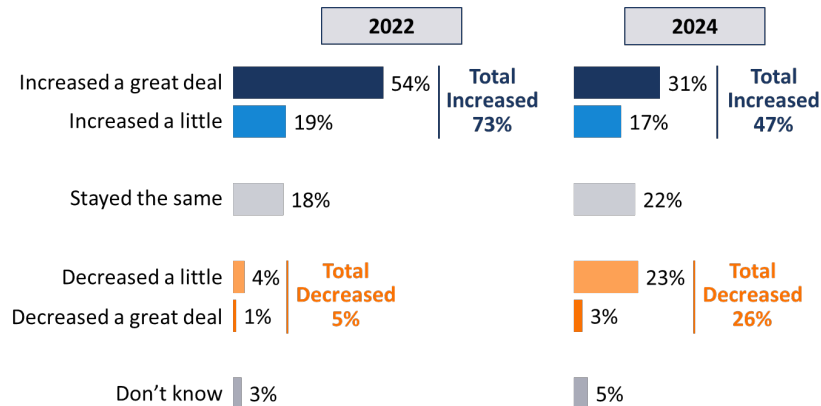
Do you think the number of police officers in the Oakland Police Department should be increased, kept the same, or decreased?



- **A plurality say crime in Oakland is increasing, although less so than in prior years.** Nearly half of voters say crime has increased (47%), 22% say it has stayed the same, and one-quarter say it has decreased (26%) in the past year. In 2022, 73% of voters said that crime has increased in the prior year.

Figure 2: Perceptions of the Level of Crime

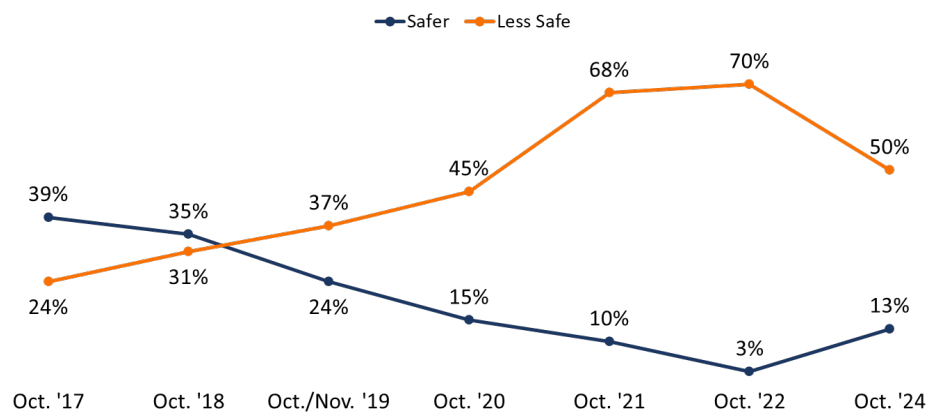
In the past year, do you think crime and violence in Oakland have: (increased, decreased) or stayed the same?



- **Half of voters say they feel less safe in Oakland than they did a year or two ago, although perceptions of safety are gradually improving.** Approximately one in ten say they feel safer in Oakland than they did a year or two ago and 50% say they feel less safe. This represents an improvement relative to 2021 and 2022, when approximately seven in ten said they felt less safe.

Figure 3: Perceptions of Oakland Safety

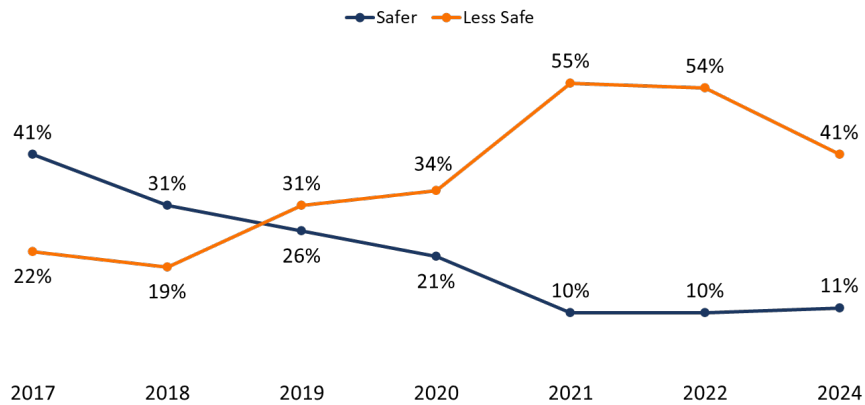
Would you say you feel safer today in Oakland than you did a year or two ago, or would you say you feel less safe?



- Similarly, two in five say they feel less safe in their neighborhood than they did a year or two ago and one in ten say they feel safer. Neighborhood safety has improved relative to 2021 and 2022, when a majority said they felt less safe, however, only one in ten say they feel safer than they did in the past year.

Figure 4: Perceptions of Neighborhood Safety

Would you say you feel safer today in your neighborhood than you did a year or two ago, or would you say you feel less safe?



Overall, the citywide voter survey indicates a broad preference for increasing the number of police officers in the Oakland Police Department.

¹ **Methodology:** From October 12-20, 2025, FM3 completed 720 phone and online interviews with Oakland voters likely to cast ballots in November 2024, with an oversample yielding 169 voters in City Council District 3. The margin of sampling error for the full sample is +/-3.7% at the 95% confidence level; margins of error for population subgroups within the sample will be higher. Due to rounding, not all totals will sum to 100%.