

City of Oakland

BUDGET BASICS

Fiscal Year 2025-2027

Overview of the City Budget Process



I'll provide a basic overview about Oakland's budget, how it works, and how decisions are made.

What is the City's budget process?

From January to June, every other year, City staff, the Mayor and City Council work together to create a balanced budget by June 30, as required by law.



Every two years, City staff, the Mayor and City Council, work together to adopt a balanced budget by June 30 that outlines the spending priorities for the next two years.

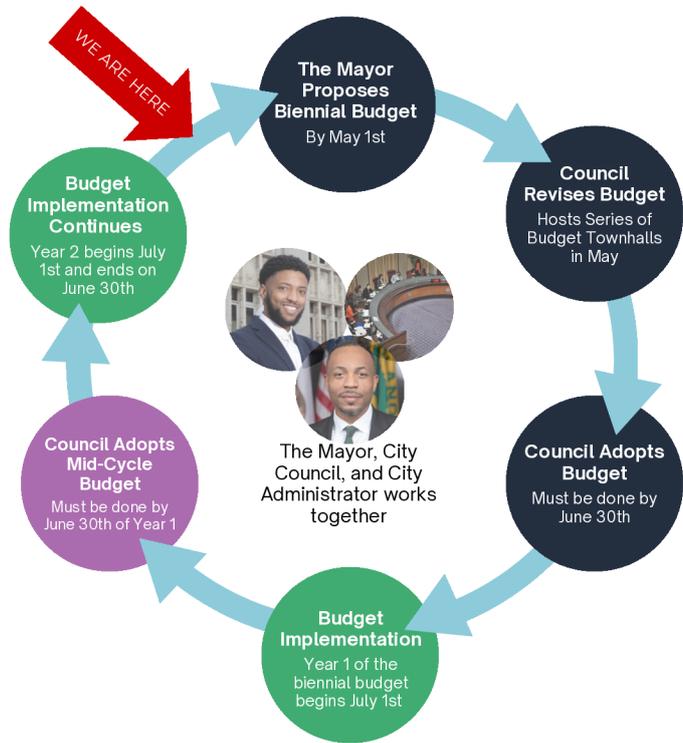
How the budget cycle works

First, by collecting input from city staff, the Mayor proposes a Biennial Budget by May 1.

Then, the community provides input, and the City Council reviews and publicly discusses potential changes before voting. The budget must be adopted by June 30.

After one year, the City Council reviews the budget to ensure it aligns with actual revenues and spending needs, making necessary adjustments through a Mid-Cycle Budget.

● **Right now:** The City is implementing the mid-cycle budget changes. At the same time, city staff are providing input to the Mayor to begin shaping the next biennial budget.



This work involves the participation of all of the City departments, the labor unions that represent City staff, and you - the community that pays the taxes that provide for these services.

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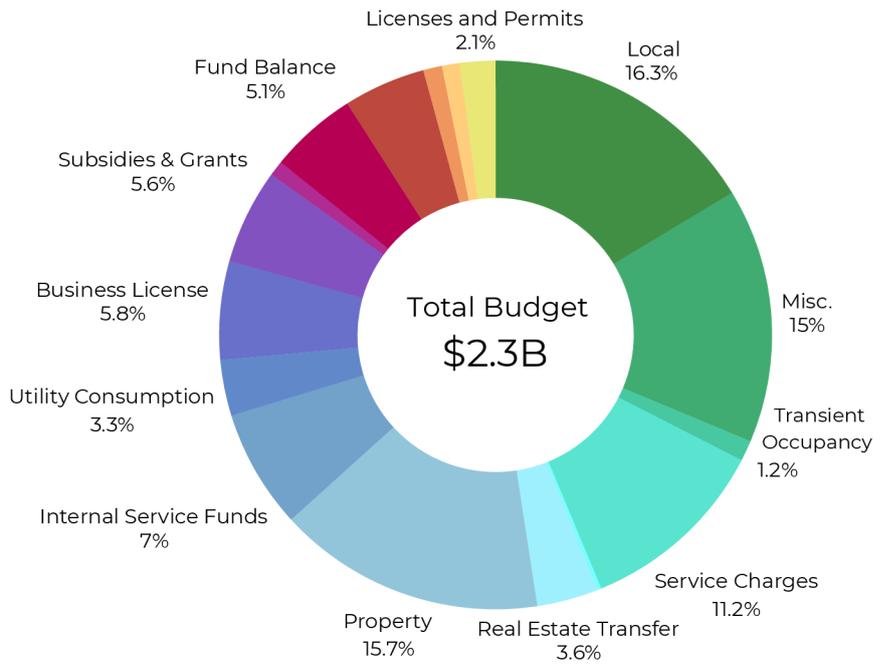
● **Right now:** The City is implementing the mid-cycle budget changes. At the same time, city staff are providing input to the Mayor to begin shaping the next biennial budget.

Just like us, the city has to collect more money than it spends.

Money is collected from us through taxes, service fees and fines.

The City also receives grants from the State and Federal government.

When taxes are paid, like property tax, sales tax and business tax, a percentage comes to the City to fund local programs and services.



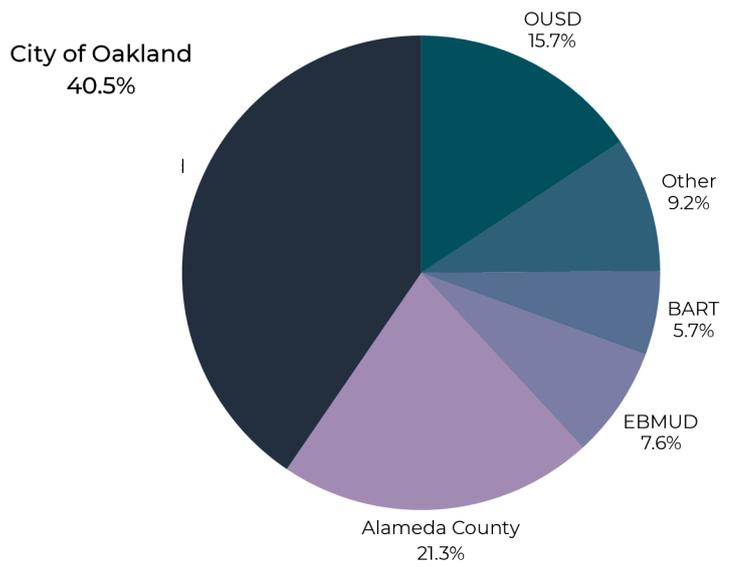
Midcycle FY 2024-2025 All Fund Revenues
Source: Finance 2025 Deep Dive

Just like us, the city has to collect more money than it spends. Money is collected from us through taxes, service fees and fines. The City also receives grants from the State and Federal government.

The rest go to other local government agencies who provide public service:

- Public schools are run by OUSD;
- Water and sewer services are provided by EBMUD;
- Social services like mental and public health, and homelessness are overseen by Alameda County;
- Public transit is handled by BART & AC Transit.

Freeways and state highways are the responsibility of Caltrans.



Support for the Oakland community by partner government agency
 Source: State Board of Equalization, 2021 data

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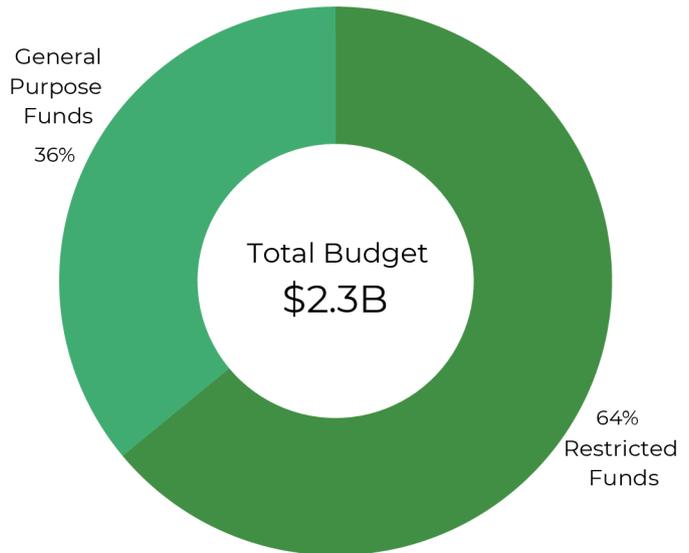
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Freeways and state highways are the responsibility of Caltrans.

The City of Oakland's total annual budget is approximately \$2.3B.

64% of Oakland's budget comes from grants and voter-approved measures and legally must be used for specific purposes; these are called **Restricted Funds**.

General Purpose Funds are generally supported by tax revenue and make up 36% of our budget. This account is more **flexible** and can be spent on what the City Council thinks the most important expenses are for the community. Services that don't have dedicated funding sources like police, fire and general government services are paid for out of this account.



Of the City of Oakland's budget of approximately 2.3 billion dollars, most of the City's revenue is restricted, meaning it has to be spent on what it was meant for. If money comes from a special voter-approved tax that was intended to fund libraries, that money has to go towards library services. Permit fees that people pay are required to go back into a fund that pays for the staff and technology needed to keep providing them.

64% of Oakland's budget legally must be used for specific purposes; these are called Restricted Funds.

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CAPITAL BUDGET

- Example of Restricted Funds
- Most funding comes from voter-approved measures, **Measure KK and Measure U**, and often from the state
- Pays for new assets & major renovations
- Multi-year process to plan, fund and build
- \$100K+ projects with useful life of 10+ years



We have a distinct Capital budget, also referred to as the CIP, which is an example of restricted funds. This budget pays for the construction of City assets like libraries and rec centers, as well as significant improvements to facilities and infrastructure like roads, sewers and storm drains.

The Capital budget is developed with a unique process. Projects are generated with staff and public input, and uses a prioritization scorecard, heavily weighted to value equity, health & safety.

RECENT CAPITAL PROJECTS



Mini Parks Beautification Project



Downtown Oakland Senior Center



8th St West Oakland Traffic Calming



West Street Road Diet Project

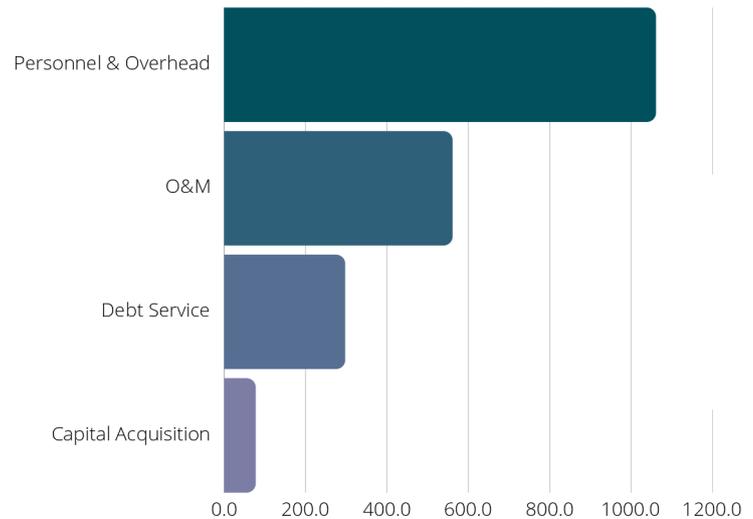


Projects can take multiple years to plan, fund and build.

You may have seen some examples of recently completed capital projects delivered by Oakland Public Works and OakDOT throughout Oakland, including: the renovations of several parks including Tomas Melero-Smith Park, Holly Park, 88th Ave Park, Eula Brinson Park and , and Tyrone Carney Park.

Expenditures reflect the costs associated with the provision of services and performance of operations by the City.

There are two key categories of expenditures: personnel expenditures and operations & maintenance (O&M) expenditures. **Personnel expenditures** make up more than half of the City's budget.



City of Oakland's Top Four Expenditure Categories
Source: Finance 2025 Deep Dive Presentation

GF Funds are distributed to City departments to pay for the costs associated with providing services.

Over half of the City's money goes to pay for personnel and overhead, meaning the salaries, retirement, and healthcare costs of City staff.

Other expenses include debt payments, and operating expenses such as managing grants and contracts for services, procuring supplies and materials, paying for utilities and equipment purchases.

OTHER FINANCIAL CHALLENGES



Structural Deficit

For years, Oakland has carried a structural deficit, meaning that expenses have chronically grown much faster than revenues, even in good times. This is primarily driven by rising personnel costs like medical benefits and pension contributions mandated by the State.

One of our biggest challenges as a city is that as the population grows the amount of services needed grows as well.

Rising costs that households are experiencing—insurance, utilities, fuel, health care—are also rising for the City.

This is what’s known as a “structural deficit.”

The City doesn’t have enough money to pay for all of the things that it needs without reducing expenses or bringing in more revenue.

BUDGET PRINCIPLES



Equity in
Service
Delivery



Minimizing
Impacts to
Services & Staff



Long-term
Fiscal
Sustainability



Efficiency and
Effectiveness

Fortunately, there are some budget principles for City leaders to drive decision-making for making budget proposals.

Equity in Service Delivery – ensuring that services are prioritized in a way that minimizes disproportionate impacts on vulnerable populations.

Minimizing Impacts to Services and Staff – minimizing disruptions to City services and to the City staff who deliver them.

Long-Term Fiscal Sustainability – focus on structural solutions that result in ongoing reductions or revenue enhancements to address the structural deficit.

Efficiency and Effectiveness – explore creative and strategic ways to enhance organizational efficiency and effectiveness.

THE OUTCOME

A BALANCED BUDGET

The budget is our plan for how we will spend City money on services that support our community.

A balanced budget ensures our "revenues" (the amount of money the City brings in) are equal to or greater than our "expenditures" (the amount of money the City spends).

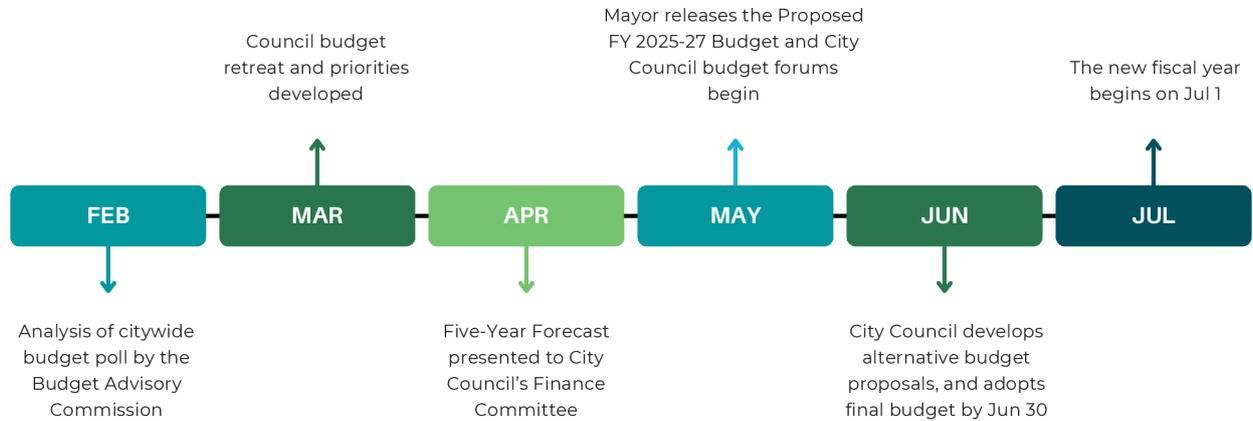


The outcome of this budget process is a plan for how we will spend City money on services that support our community.

A balanced budget ensures our "revenues" (the amount of money the City brings in) are equal to or greater than our "expenditures" (the amount of money the City spends).

Timeline of Budget-Related Events

Community and Council priorities, public engagement, and input from City staff inform the proposed budget that the Mayor and City Administrator present to City Council. The Council then hosts public deliberations and ultimately adopts the final budget.



While other cities and government agencies have different cycles, Oakland's is every two fiscal years.

The budget currently under consideration runs from July 1, 2025 through June 30, 2027.

We are here in March. This Friday, Council will have a retreat and develop priorities.

Beginning in May, Councilmembers will host townhalls.

GET INVOLVED

Learn more about the budget, attend upcoming budget town halls, ask budget questions, and share your ideas.

[OAKLANDCA.GOV/BUDGET](https://oaklandca.gov/budget)

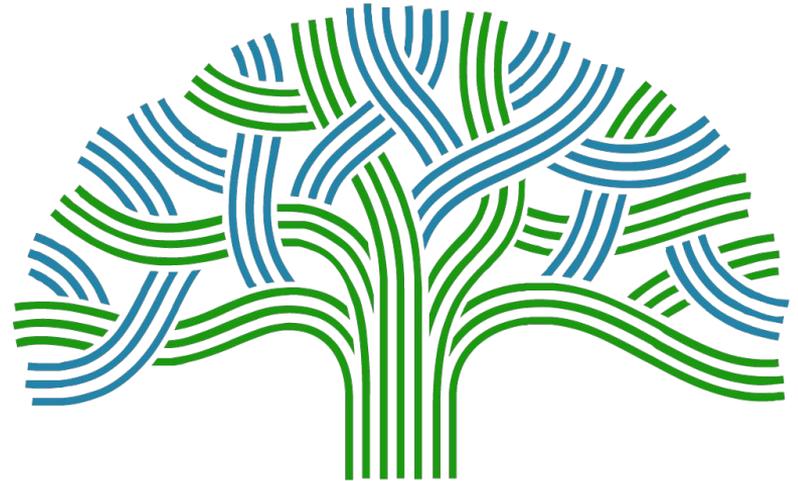


As a resident of Oakland, YOU have the opportunity to be part of the process.

Learn more about how the budget works and what you can do to get involved at oaklandca.gov/budget.

2025 City of Oakland Resident Budget Priorities Survey

Oakland Budget Advisory Commission



Oakland Budget Advisory Commission



Purpose of Budget Advisory Commission (BAC)



advises the City Council

on expenditures,
revenues, and financial
policies



**encourages public
participation** and input
into fiscal decision
making



**improves transparency
and accountability** of City
fiscal information and
decision making

Meetings: the BAC generally meets on the second Wednesday of the month.

Context on Biennial Budget Priorities Survey

Background

- Mandated by Oakland's Consolidated Fiscal Policy
- Due to budget constraints, the City did not have funding available for an outside consultant. BAC members created and fielded the survey as volunteers.
- Given the budget crisis, this survey is particularly important as city leadership must make difficult decisions.

Design Objectives

- Prompt hard choices: the city cannot afford everything, so what is most important?
- Ask questions with person-centric framing, rather than city department-centric
- Assume minimal understanding of how Oakland's budget works
- Include longitudinal questions to understand some changes over time
- Reach out to all parts of Oakland's diverse community

Goal: Provide the Mayor & City Council with useful information on community satisfaction, concerns, and priorities to inform difficult decisions for the FY 25-27 budget



Oaklanders are frustrated



- Satisfaction living in the community has **declined**
- Satisfaction with local government is at a **record low**

Oaklanders want values-aligned solutions



No “police state”
and basic services
that serve
everyone.

Concern about
homelessness and
safety.

Oaklanders want basic services



Residents want basic services: fire protection; emergency responders that arrive in a timely manner; cleanup of graffiti / dumping.

Oaklanders want city leadership to be creative



Residents expressed that they wanted city leadership to be more creative in their solutions to our budget deficit.

Every city council district with the exception of District 1, opposed the idea of a sales tax.

People want basics delivered with care and respect

“I would like to see the city of Oakland prioritize affordable housing and homelessness as well as public safety and violence prevention measures. Addressing the housing crisis is critical, with funding for affordable housing initiatives needed in the coming years, as well as for services for the homeless, including shelters, transitional housing, and mental health support.”

“Safety for all residents and visitors (e.g., decreasing crime without violating people or using excessive force, helping those with mental health and drug issues attain care and support); improvements to the infrastructure and supports (e.g., supporting homeless people, fixing streets).”

“I would like to see basic city services, such as the fire departments and police, responsibly funded. Without establishing these basic services and imparting a sense of safety to the residents and business owners of Oakland, all other well meaning City Council agenda items are bound to waste precious funding and fail.”

Pair Share: What surprised you about the survey results?



**To view additional
information on the
budget survey
responses, scan the
following code:**



Get Involved!



A coalition of organizations working on Oakland budget issues. Includes organizations such as EBHO, Oakland Rising, EBASE.

Contact Oakland City Council Members -

<https://www.oaklandca.gov/departments/oakland-city-council>

Sign up to receive newsletters and stay involved in your district.

Attend a Budget Advisory Commission meeting and share with us your priorities for the city's budget.

Oakland's Structural Deficit: How we got here

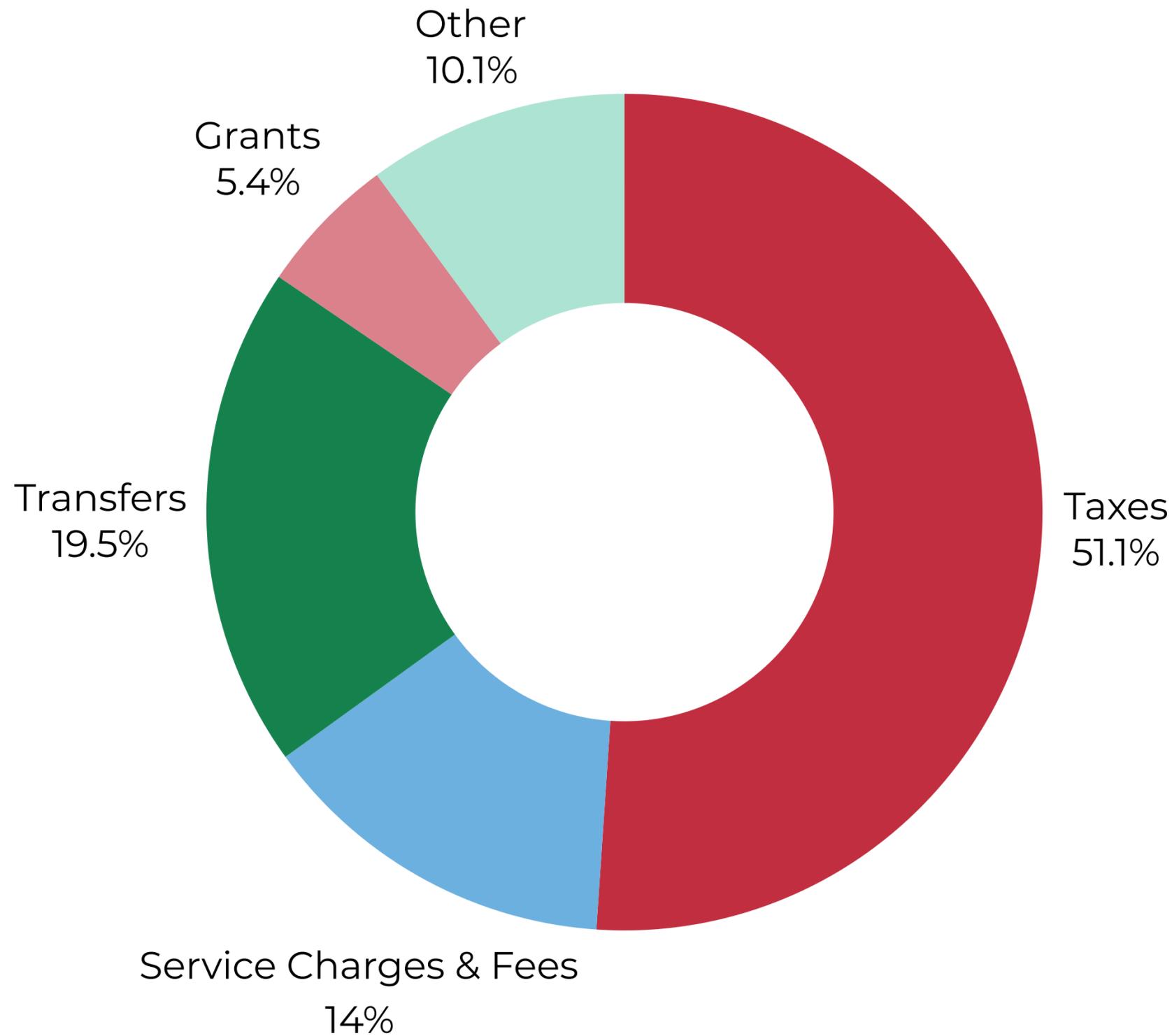
Nicole Neditch, Governance and Economy Policy Director



IDEAS + ACTION FOR A BETTER CITY

Where do the city's revenue come from?





Most of the City's budget is made up of tax revenue

Money is collected from taxes, service fees and fines. The City also receives grants from the State and Federal government.



For every \$100 paid in **property taxes**, the City of Oakland receives about \$19



\$42
School District



\$25
Other Agencies



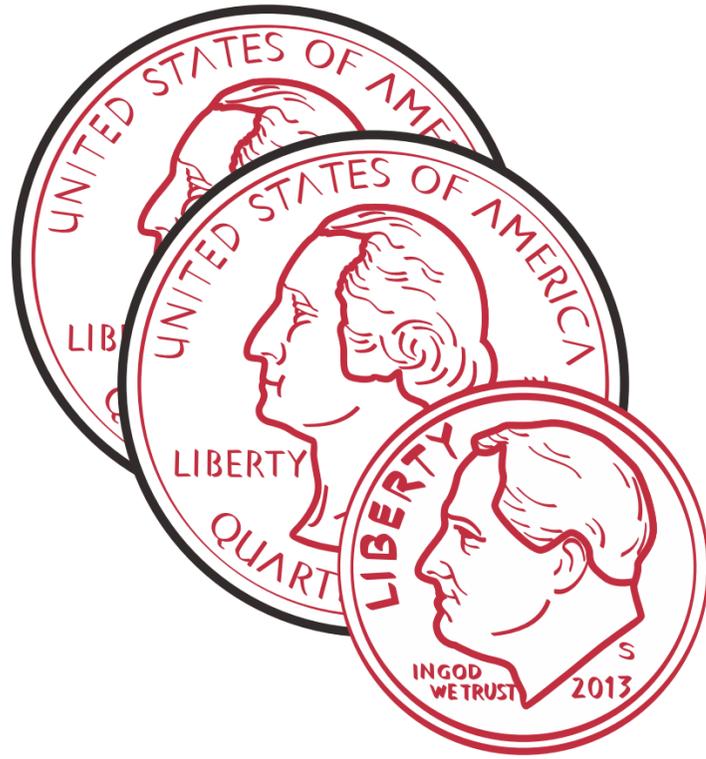
\$14
Alameda
County



\$19
City of Oakland

Source: State Board of Equalization, Property Tax Allocations, 2023–2024.

For every \$1 of **sales taxes** collected, the City of Oakland receives 10¢



**State of
California**

60¢



**Alameda
County**

25¢



**Bay Area
Rapid Transit**

5¢



**City of
Oakland**

10¢

City

PHYSICAL ENVIRONMENT:

- Parks and recreation
- Libraries
- Housing services
- Public works
- Building inspection
- Streets

PUBLIC SAFETY:

- Police
- Fire

County

SOCIAL SERVICES:

- Homelessness and supportive housing
- Public health

JUSTICE AND COURT SYSTEM:

- District Attorney
- Public Defender's Office
- Sheriff

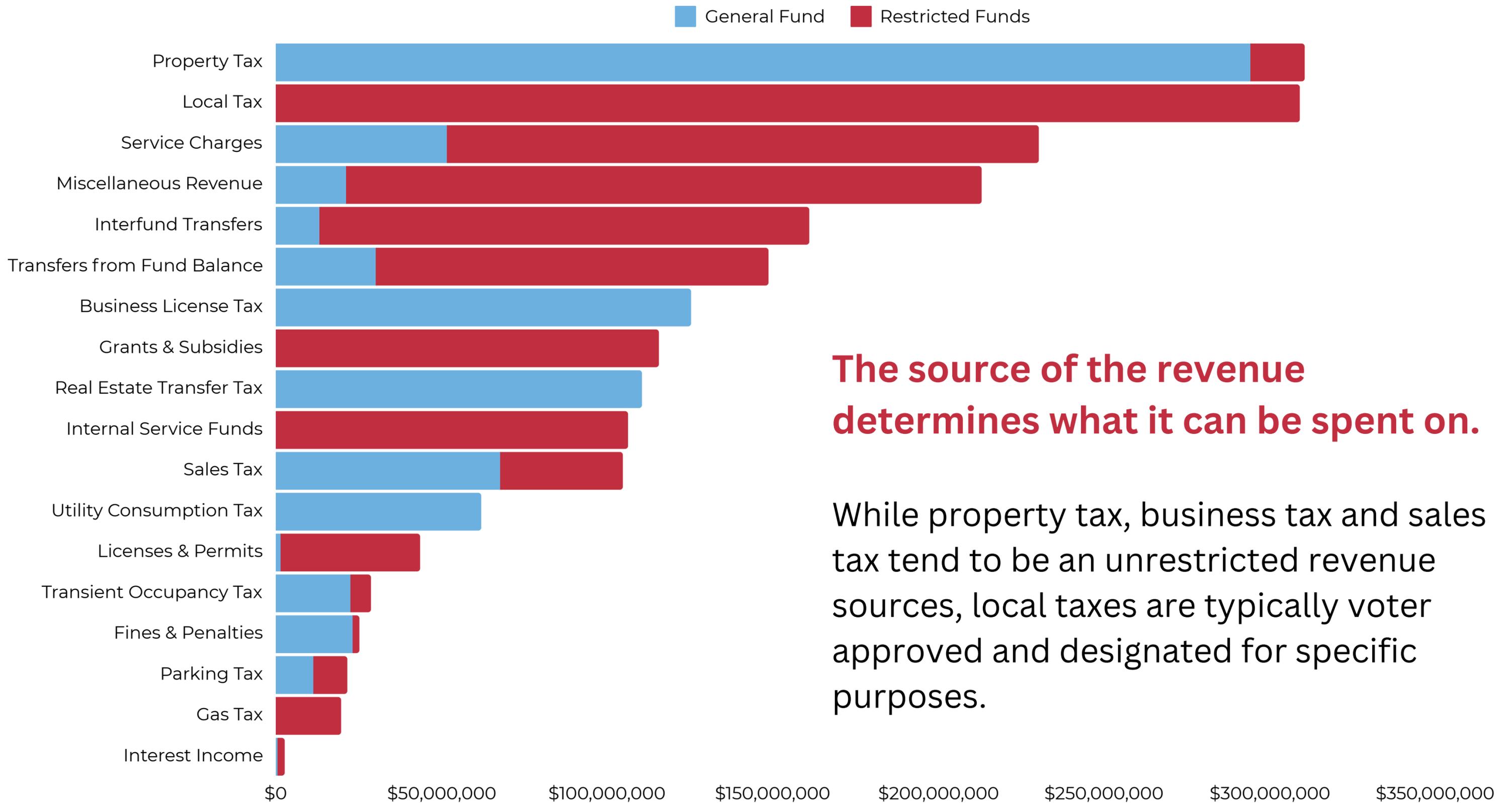
OTHER:

- Elections

Other local government agencies who provide public service in Oakland:

- East Bay Municipal Utility District for water and sewer
- AC Transit for transportation
- Oakland Unified School District for public education

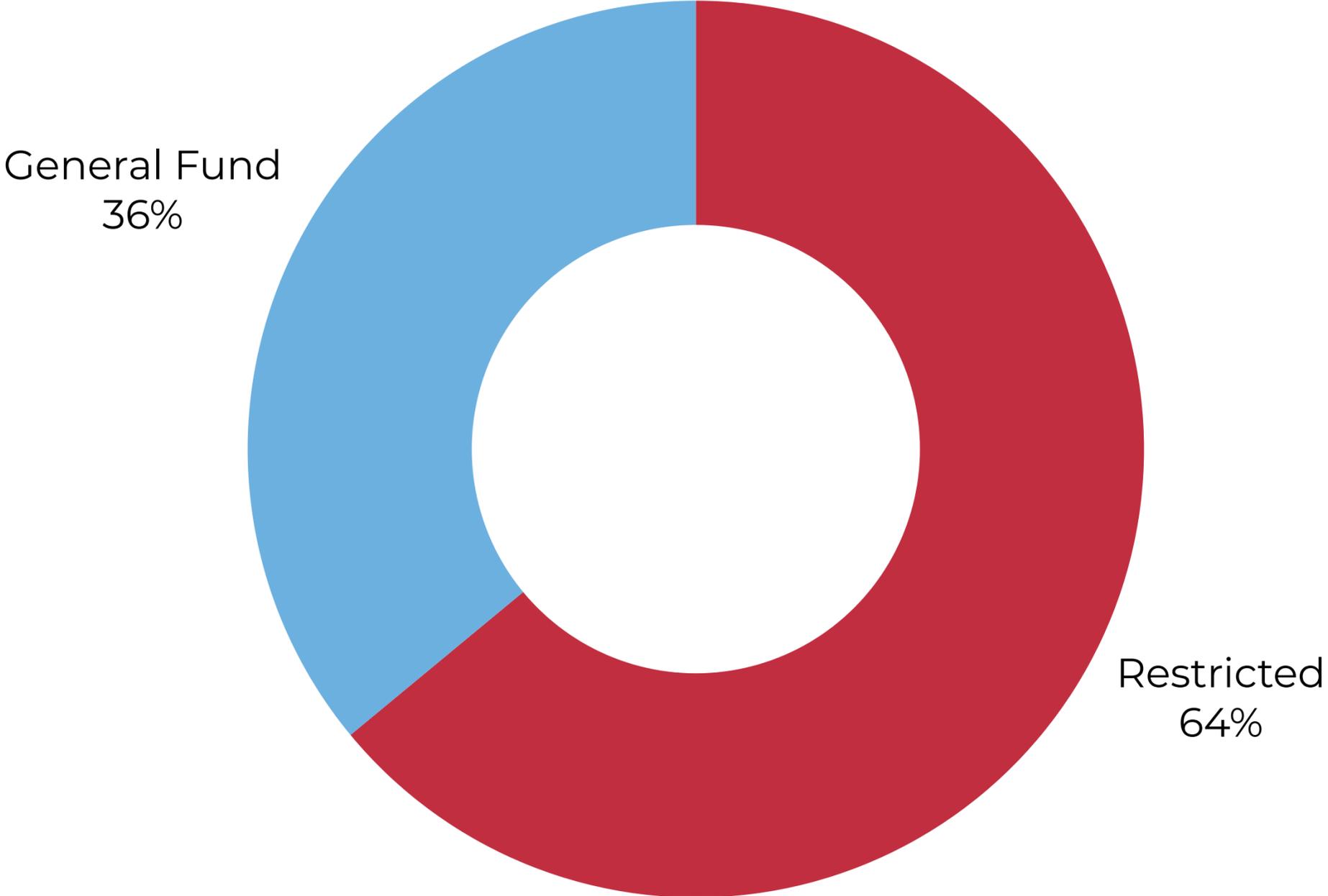


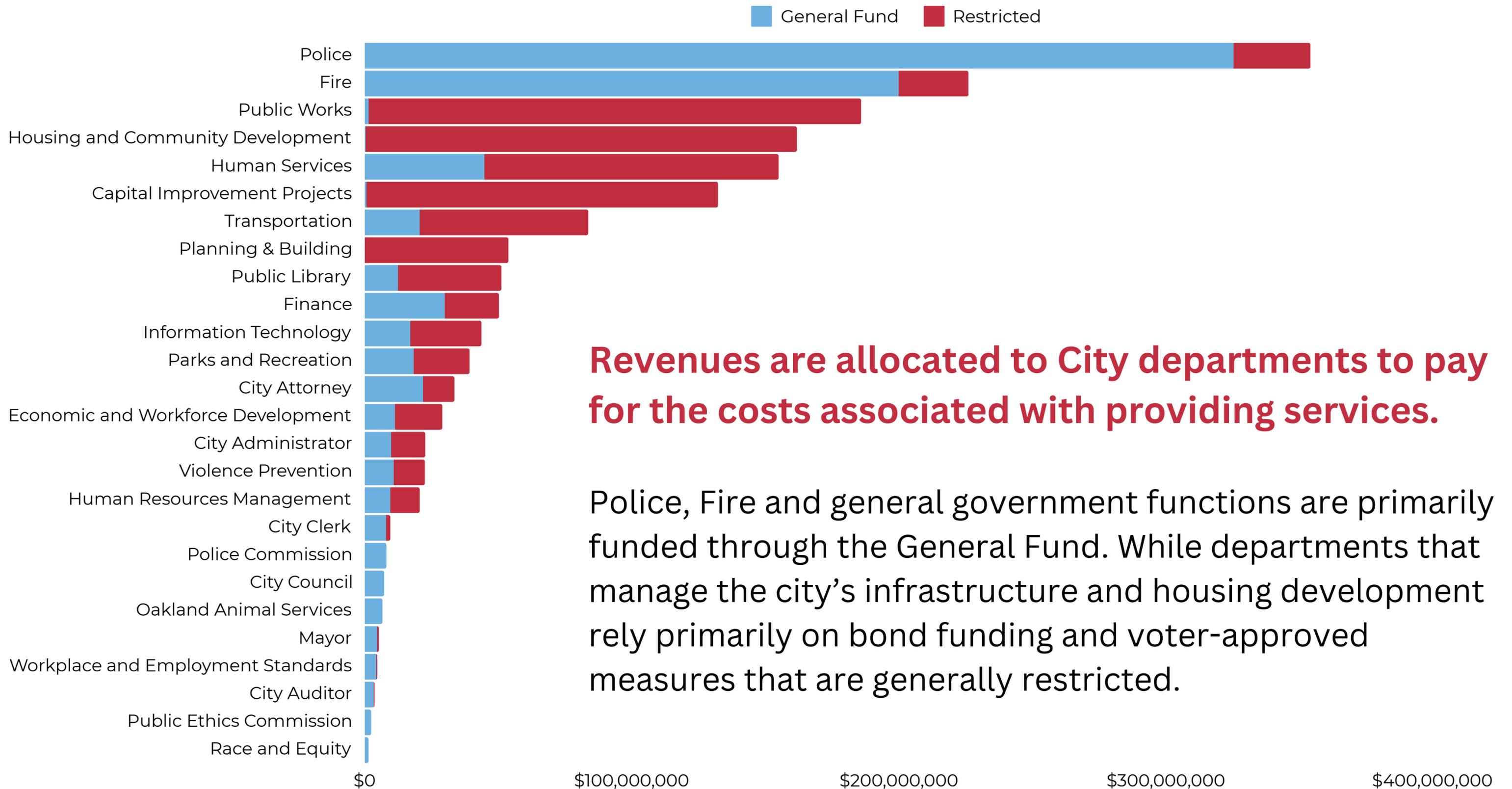


The source of the revenue determines what it can be spent on.

While property tax, business tax and sales tax tend to be an unrestricted revenue sources, local taxes are typically voter approved and designated for specific purposes.

Source: SPUR analysis of FY 2023–25 Adopted Policy Budget.





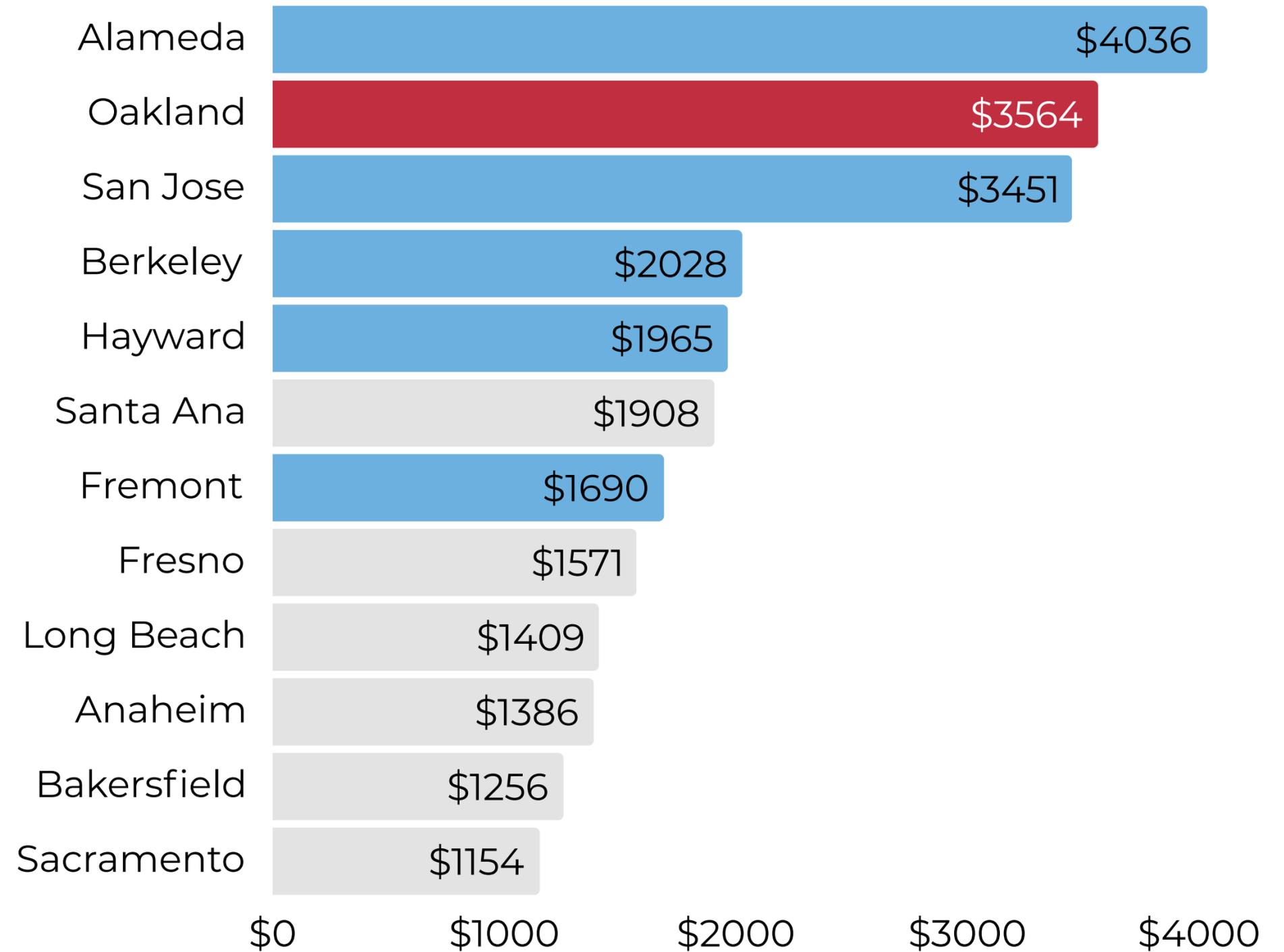
Revenues are allocated to City departments to pay for the costs associated with providing services.

Police, Fire and general government functions are primarily funded through the General Fund. While departments that manage the city’s infrastructure and housing development rely primarily on bond funding and voter-approved measures that are generally restricted.

Source: SPUR analysis of “Expenditures By Department and Fund, 23–24 Biennial,” FY 2023-25 Adopted Policy Budget.

Compared to other local jurisdictions and California cities of a similar size and services, Oakland's revenue per resident is the second highest.

This is mostly due to a large number of local taxes that voters have approved.

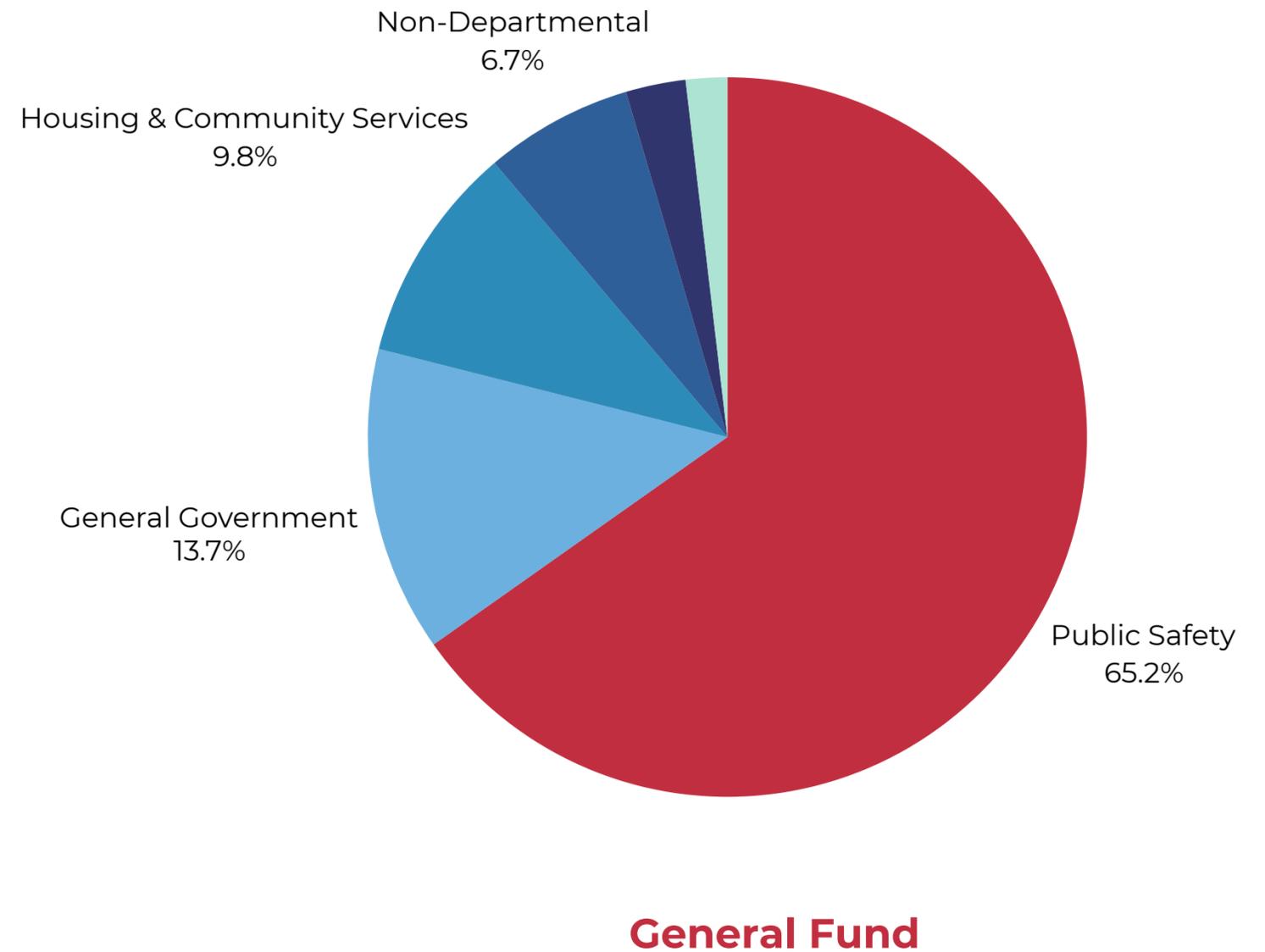
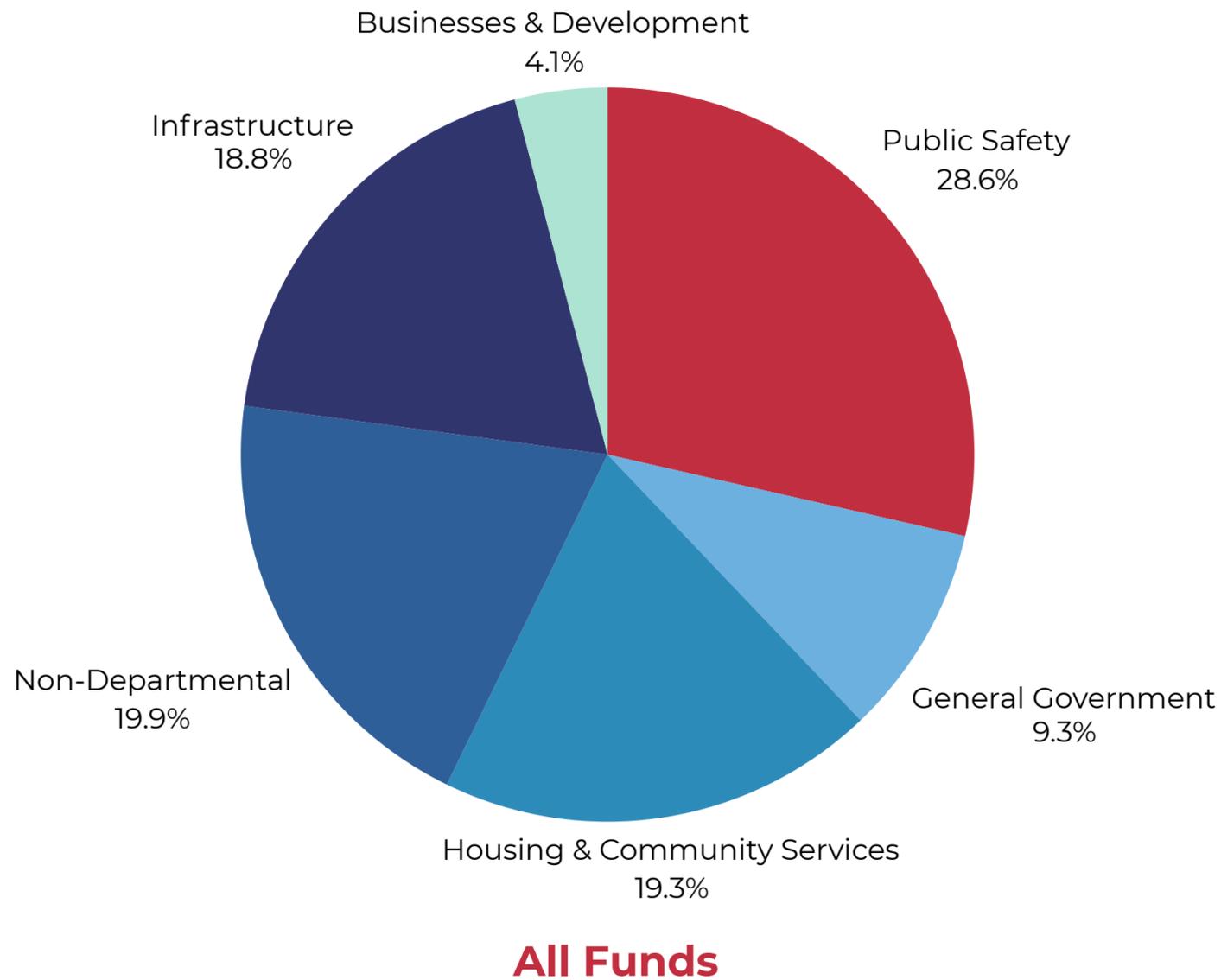


Source: Annual Comprehensive Financial Report's for 2023

What does the city spend money on?



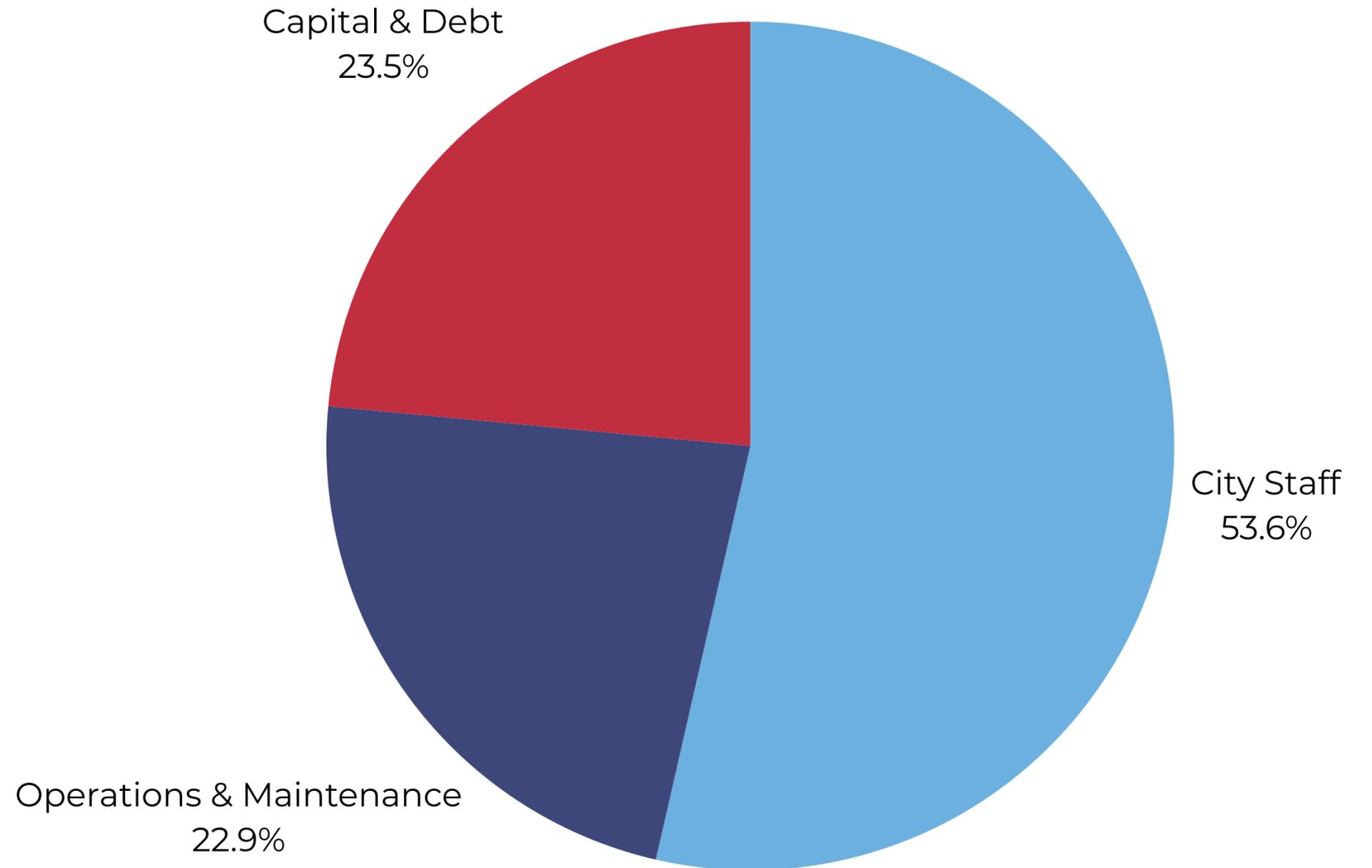
Public safety and general government expenses represent most of the general fund budget. Although public safety accounts for only 29% of the total budget, they make up 65% of the unrestricted General Fund budget.



Source: SPUR analysis of FY 2023–25 Adopted Policy Budget.

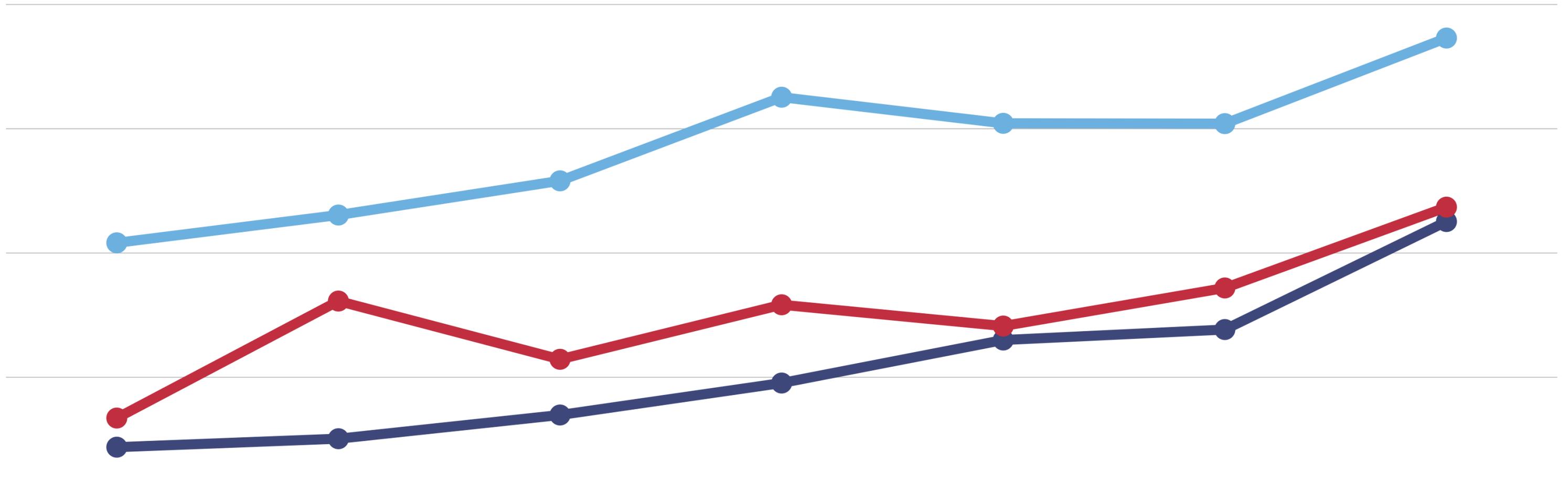
Half of the City's expenses go towards the salaries, retirement, and healthcare costs of City staff.

Other expenses include operating expenses such as grants, contracts for services, supplies and materials, utilities, equipment purchases, and debt payments.



Rising costs that households are experiencing—insurance, utilities, fuel, health care—are also rising for the City.

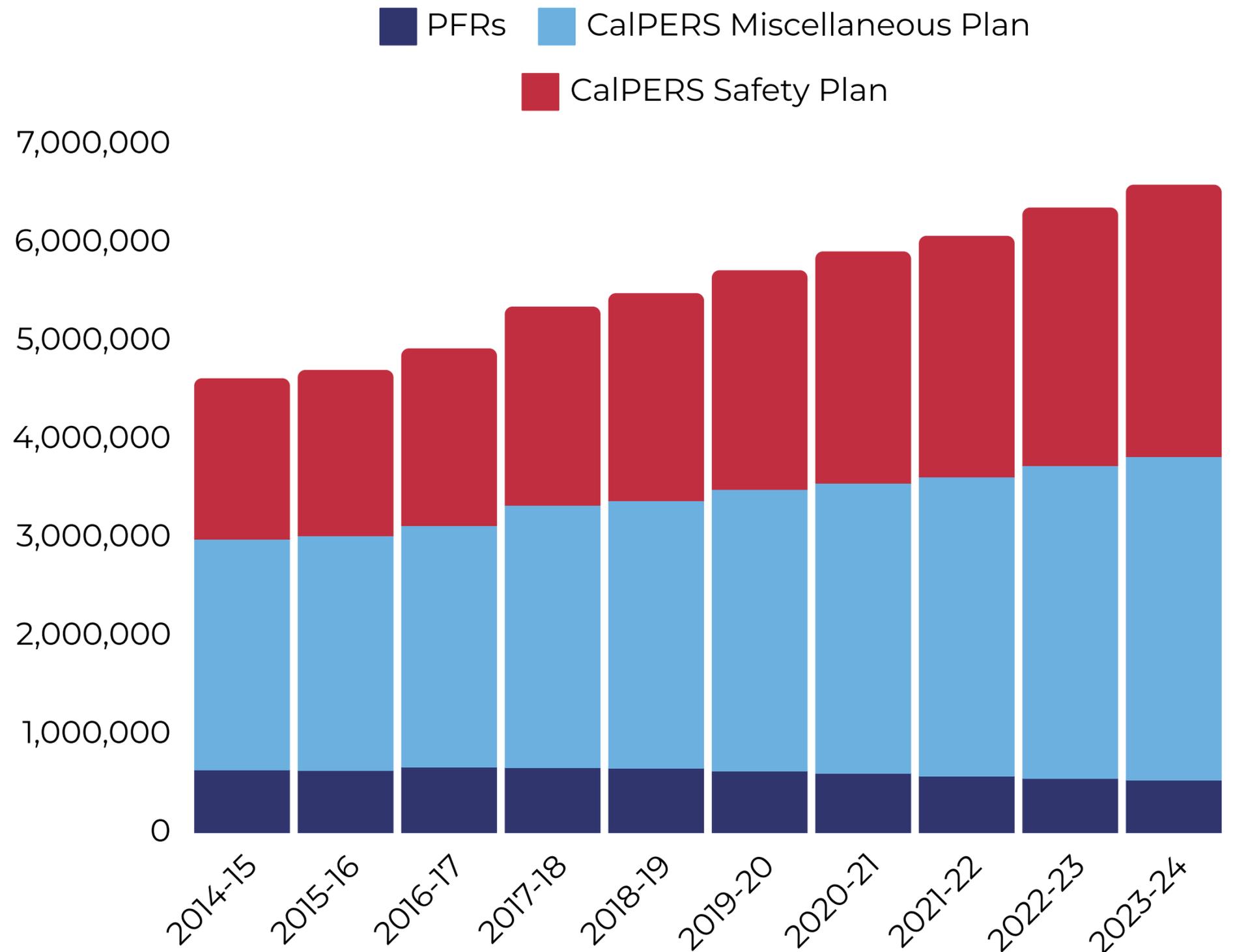
■ City Staff ■ Operations & Maintenance ■ Capital & Debt



Source: City of Oakland, 2023-2025 Adopted Policy Budget

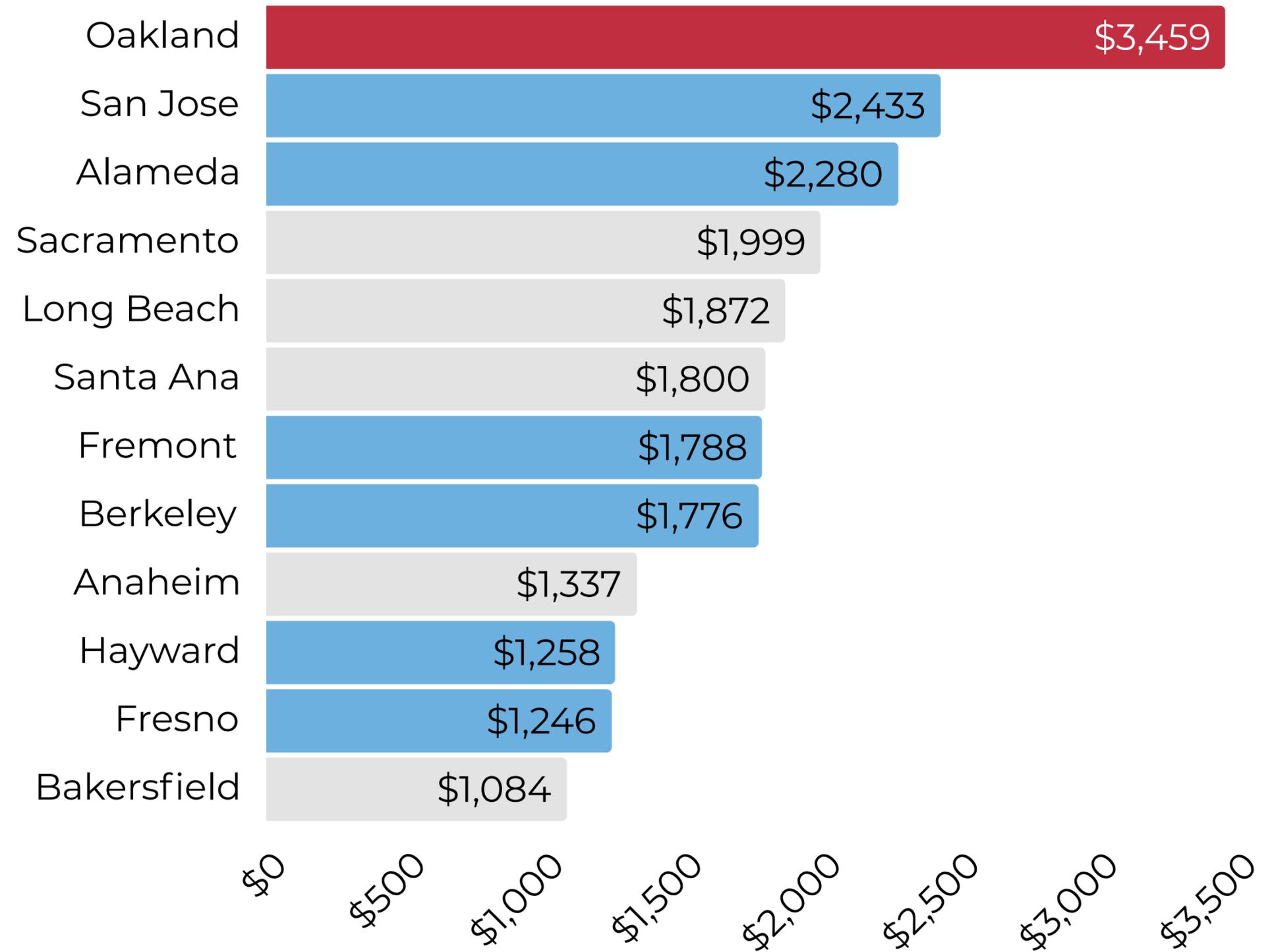
The long-term unfunded liabilities the City has to pay for employee pensions and retiree health benefits exceed the resources to meet those obligations.

In the last decade, the city – as well as the State of California, which administers the CalPERS program – implemented several significant reforms to begin addressing this long-term challenge. While the outlook is improving, the costs will continue to increase until the liabilities are paid.



Source: "Required Supplementary Information," 2017–2024 Oakland Annual Comprehensive Financial Reports.

Compared to other local jurisdictions and California cities of a similar size and services, Oakland's expenditures per capita are much higher than others.



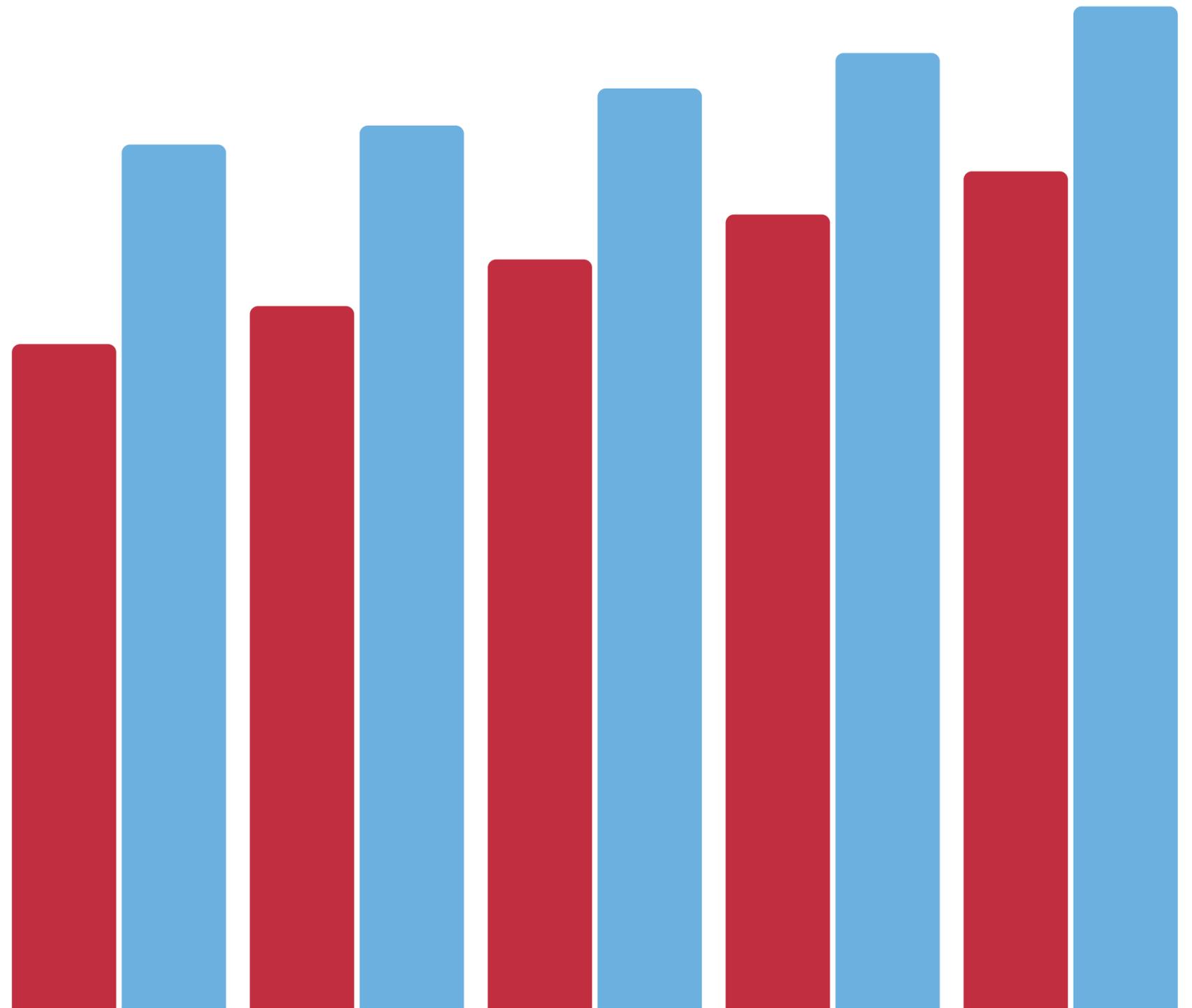
Source: Annual Comprehensive Financial Report's for 2023

What is a “structural deficit”?

■ Revenues ■ Expenditures

While revenues continue to grow, expenses are growing faster. This is what's known as a "structural deficit."

The City doesn't have enough money to pay for all of the things that it needs without reducing expenses or bringing in more revenue.

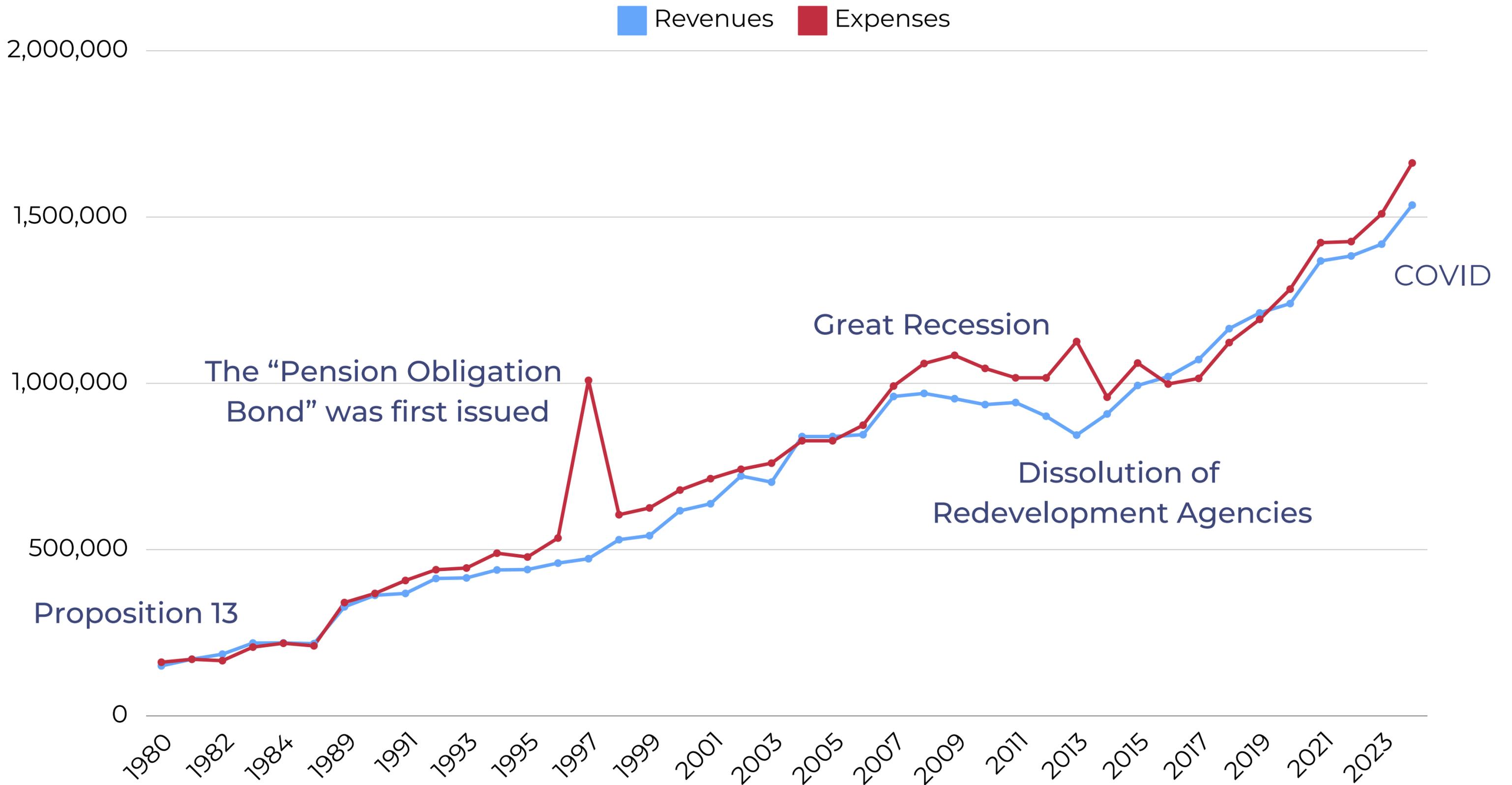


COVID-related impacts created a \$121 million hole in the city's budget – the largest shortfall in the city's history. In June 2020, the city exhausted the Rainy Day Fund, laid off temporary and part-time employees, and temporarily suspended its financial policies.

The **global recession and real estate crash** in 2008 had a devastating impact on local governments, including Oakland. Along with housing values, the city's revenues collapsed, creating budget shortfalls totaling \$318 million over six years. In 2012, California **dissolved redevelopment agencies** statewide, resulting in a loss of \$28 million per year in funds.

In the 1970s, California voters approved **Proposition 13**, which capped property taxes at 1% and immediately caused local government revenues to plummet by 60%.

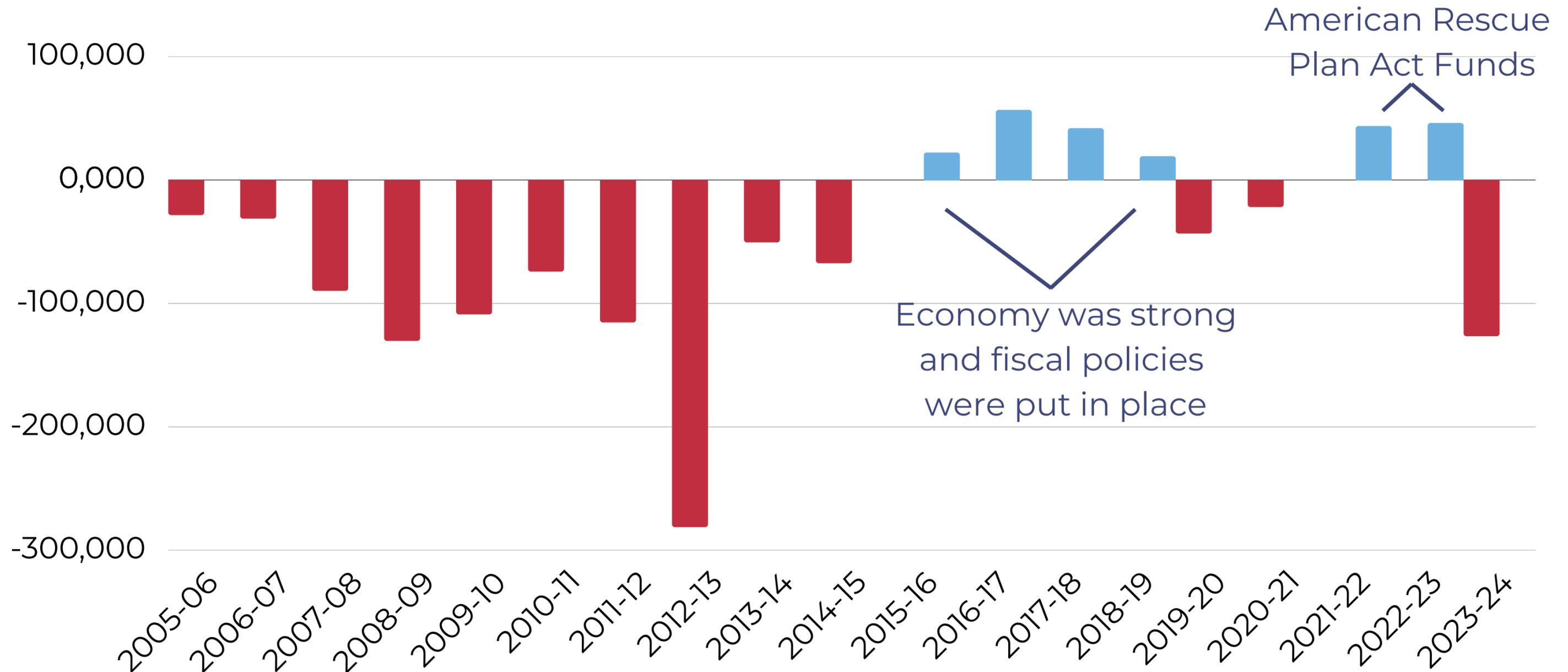




SPUR analysis of "Changes in Fund Balances, Governmental Funds," Oakland Annual Comprehensive Financial Reports.

Operating deficits were the norm in Oakland prior to 2016.

Coming out of the recession, the City made significant strides in stabilizing its finances by developing strong fiscal controls and strengthened financial policies.

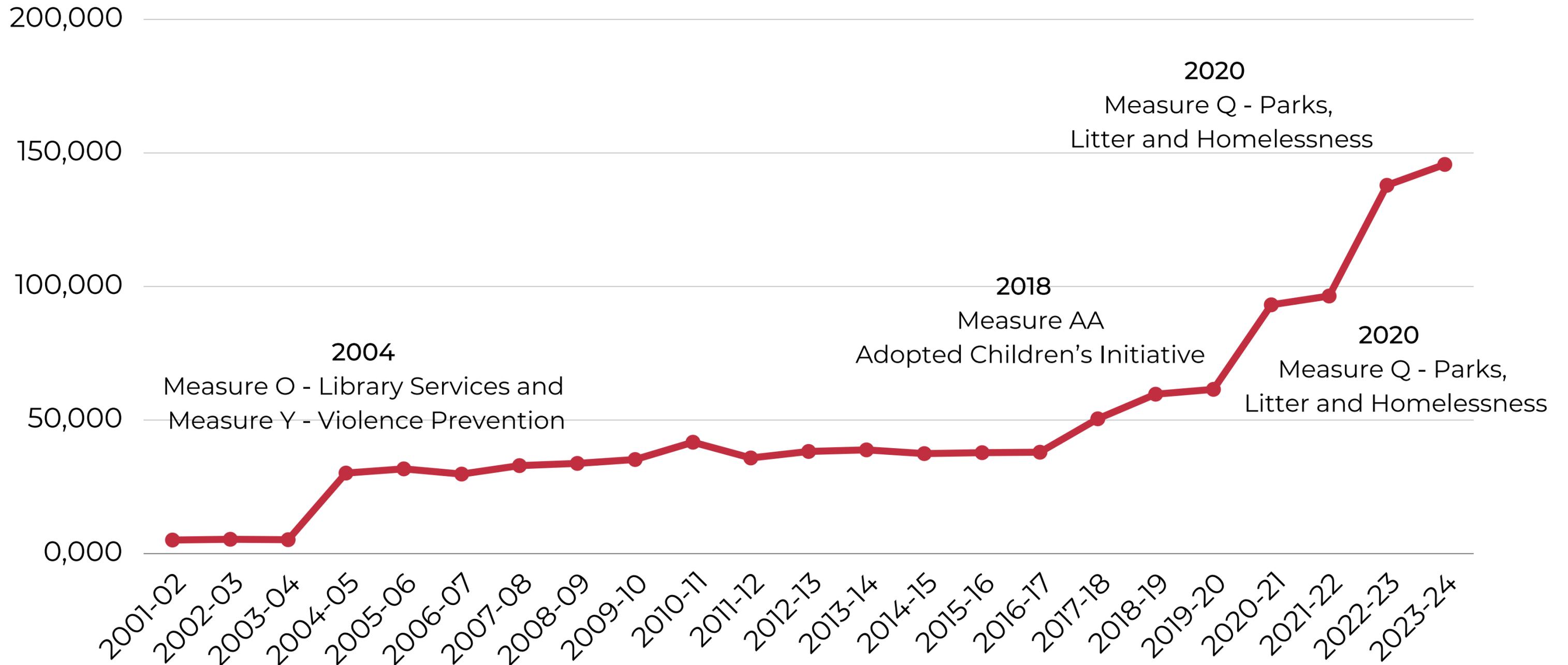


Source: SPUR analysis of "Excess (Deficiency) of Revenues Over (Under) Expenditures," Oakland Annual Comprehensive Financial Reports.

How can the city close its deficit?



To close the deficit and adopt a balanced budget the city must increase revenues or reduce expenditures. Oakland voters have adopted a number of new taxes over the years.



Source: SPUR analysis of "Tax Revenue by Source, Governmental Funds," Oakland Annual Comprehensive Financial Reports.

Reductions have often come from staffing reductions and service cuts.

Fiscal Year	Reductions/Balancing Measures
2008-2009	Cut elected officials' salaries, furloughed staff and closed city hall 1 day a month, froze overtime for non-sworn staff
2009-2010	Raised the hourly parking fee, reduced police overtime spending, browned out two fire stations, employees contributed employees temporarily contributed 10% of their compensation as well as increased their retirement contribution, eliminated positions, reduced Library and Senior Center services.
2010-2011	Laid off 80 police officers
2011-2012	Eliminated the Oaklanders Assistance Center and staffing for the Public Ethics commission.

Fiscal Year	Reductions/Balancing Measures
2020-2021	Used Rainy Day Fund, laid off temporary and part-time employees, froze positions, used ballot measure revenue, temporarily suspended financial policies
2021-2022	Used one-time ARPA funds
2022-2023	Used one-time ARPA funds
2023-2024	Used one-time ARPA funds and fund balance, froze positions, allowed for employee attrition/vacancies, delayed spending
2024-2025 (proposed to date)	Eliminate 2 police academies, brown out 3 fire stations, reduce community grants and contracts, institute freezes on hiring, travel and training, laid off 42 employees

Source: SPUR analysis of budget memos

Since FY19-20, Oakland has overridden Consolidated Fiscal Policy (CFP) limits on use of one-time revenue or excess Real Estate Transfer Tax for ongoing expenses.

The City has used excess Real Estate Transfer Tax, CARES, and American Rescue Plan Act one-time funds to maintain services post-COVID. CARES funds ended in 2020 and ARPA funds ran out Dec 31, 2024.

Adopted Budget	Adhered to Section 1, Part C? <i>Excess RETT should be used for reserves, retiring debt, and funding unfunded long-term obligations</i>	Adhered to Section 1, Part D? <i>Unrestricted one-time revenues should be used for one-time expenses</i>
FY 17-18	✓ Replenished reserves, paid down liabilities	✓ Funded one-time expenses, paid down liabilities
FY 18-19	✓ Replenished reserves, paid down liabilities	✓ Funded one-time expenses, paid down liabilities
FY 19-20	✓ Replenished reserves, paid down liabilities	✗ Waived for parks and paramedics
FY 20-21	● N/A - no excess RETT	✗ Waived for parks and paramedics
FY 21-22	✗ Used for ongoing expenses	✗ Waived for libraries, parks, fire, youth, other funds
FY 22-23	✗ Used for ongoing expenses	✗ Waived for libraries, parks, fire, youth, other funds
FY 23-24	● N/A - no excess RETT	✗ Waived for libraries, parks, fire, youth, other funds
FY 24-25	● N/A - no excess RETT	✗ Waived

post-COVID

Source: Budget Advisory Commission (BAC), Recommendations for FY 24-25 Mid-Cycle Budget, June 9, 2024

For the 2025-27 budget, Oakland will need to close a \$266 million deficit.

Although Oakland's budget crisis is severe, many U.S. cities are facing similar challenges, in part because of the lingering effects of the COVID-19 pandemic.

\$265M

Oakland
FY2025-27

\$60M

San Jose
FY2025-26

\$876M

San Francisco
FY2025-27

Sluggish real estate markets, the shift to hybrid work that has reduced foot traffic and increased office vacancies in downtown centers; declines in business travel, tourism, and retail sales taxes; and other economic factors have dragged down local tax revenues.



Oakland must release a balanced budget by June 30.

- **Goal #1:** Fiscal Solvency
- **Goal #2:** Structural Change
- **Goal #3:** Inclusive Economic Growth

Follow SPUR's budget analysis:

- [What It Will Take to Close Oakland's Structural Deficit, Part 1: How We Got Here](#)
- [What It Will Take to Close Oakland's Structural Deficit, Part 2: Budget-Setting, Spending, and Revenues](#)



spur.org



**Learn about the Ballot
and hear directly from
the Candidates.**

lwvoakland.org

OAKLAND SPECIAL ELECTION 2025 In Person Candidate Forums

**SATURDAY, 3/15
OAKLAND CITY HALL**

- 10:30 am** Educational Session: Ballot Measure
Pros/Cons & Ranked-Choice Voting
- 11:30 am** Oakland City Council, District 2
- 1:00 pm** Oakland Mayor

**All forums are open to the public. Please join us.
To be televised on KTOP and streamed online.**