

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.

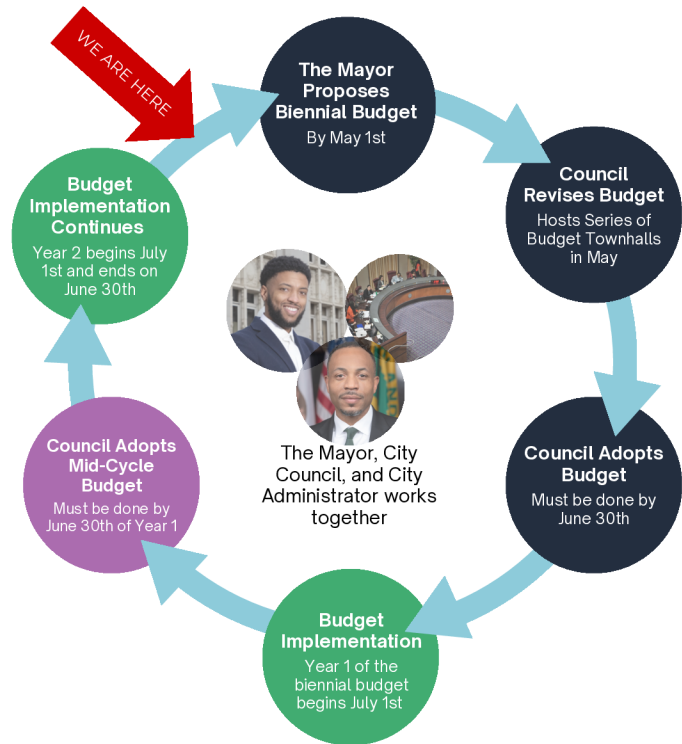
How the budget cycle works

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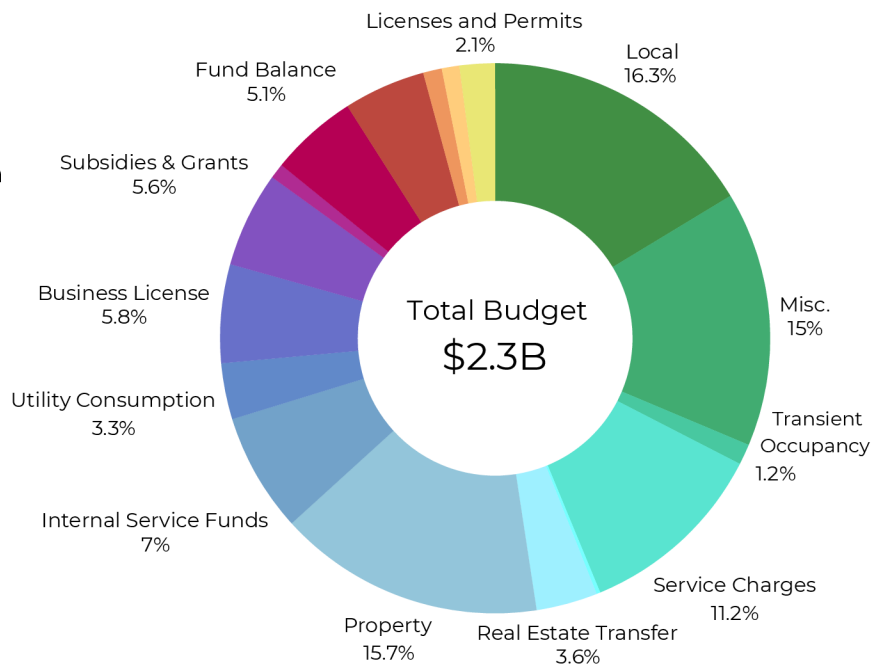
Just like us, the city has to collect more money than it spends.

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

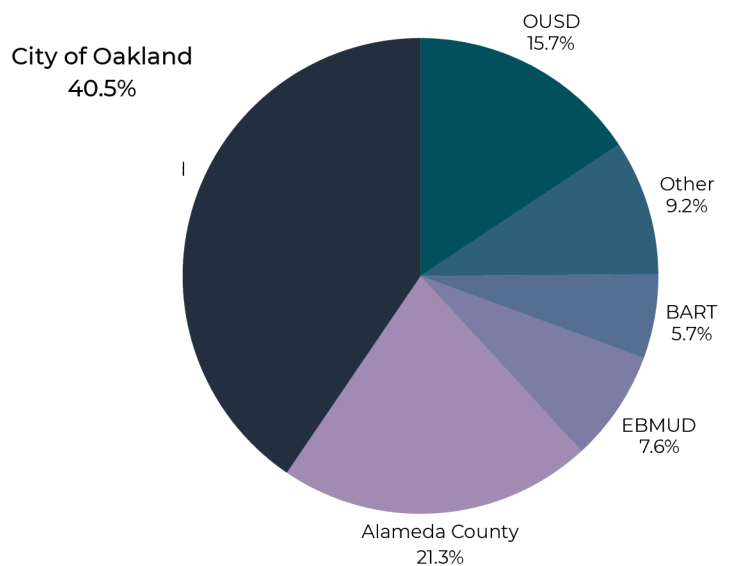


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The rest go to other local government agencies who provide public service:

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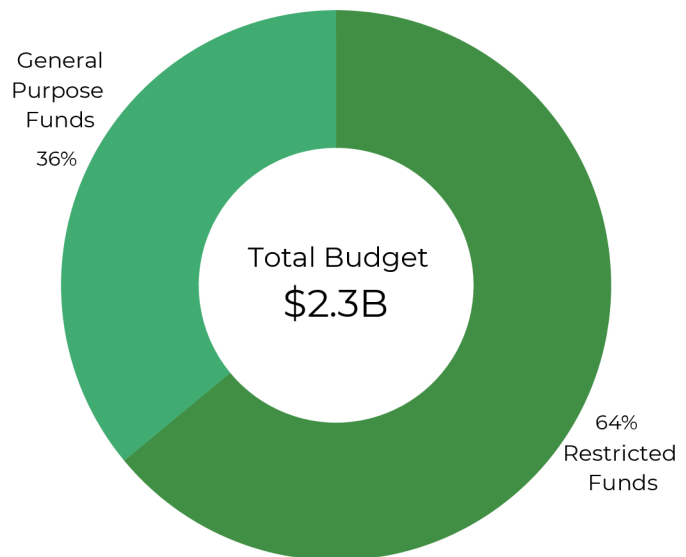
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The City of Oakland's total annual budget is approximately \$2.3B.

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.

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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

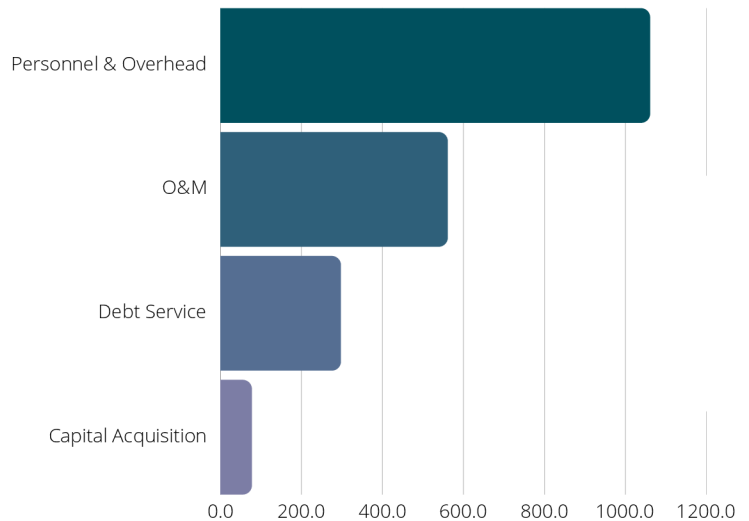


Projects can take multiple years to plan, fund and build.

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

GP 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.

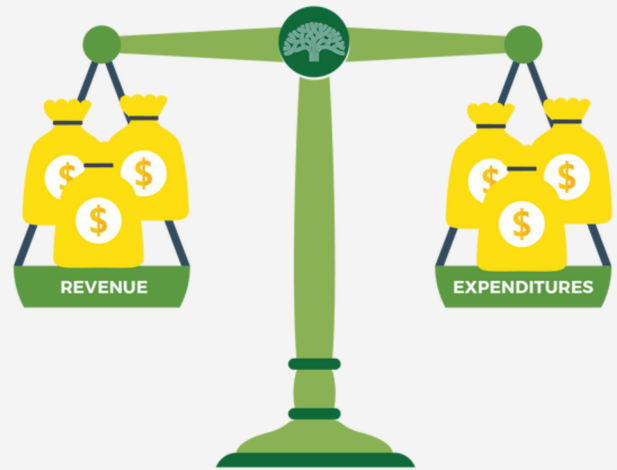
Efficiency and Effectiveness – explore creative and strategic ways to enhance organizational efficiency and effectiveness.

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).

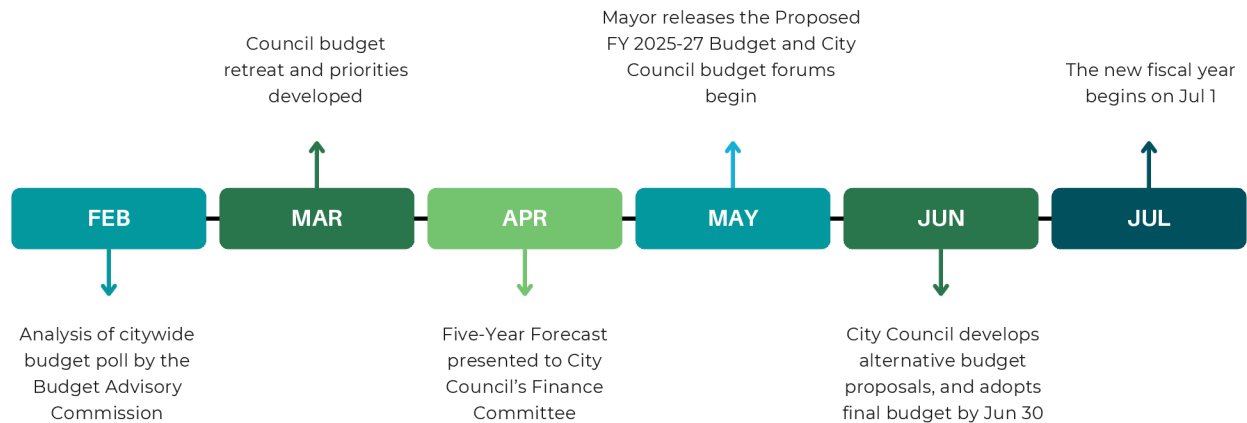


The outcome of this budget process is a plan for how we will spend City money on services that support our community.

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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.