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*****News Release*****

Mayor Sheng Thao Highlights Priorities for the Midcycle Budget Adjustment

Oakland, CA — Today, Oakland Mayor Sheng Thao outlined her priorities for the midcycle budget adjustments in a press conference at Oakland City Hall. The adjustments will address the City's projected \$117 million budget shortfall for this fiscal year and a \$175 million shortfall for the next while maintaining essential services and prioritizing public safety, economic development, and community support.

"The financial challenges we face are significant but not insurmountable," said Mayor Thao. "With strategic adjustments and prioritization, we can ensure the continued delivery of essential services, support our most vulnerable communities, and lay the groundwork for a stronger economic future for Oakland."

Like many cities across the state, Oakland is grappling with high interest rates that have slowed building construction and real estate sales, slow return to work, and increased costs. Despite these challenges, Oakland is committed to delivering core city services while maintaining a balanced budget.

Key highlights of the proposed midcycle budget adjustments include:

Priority: A Clean and Safe City

Oakland is turning the corner, and the public safety strategies the City has implemented are paying off. After years of rising crime rates, crime has decreased by more than 30% compared to last year and down 17% compared to the last three years. Oakland must be intentional about maintaining progress during challenging budget times.

- **Ceasefire Strategy:** The midcycle budget fully funds the Ceasefire strategy, which has been instrumental in reducing violent crime by focusing resources on the individuals most at risk. Since Oakland restored the Ceasefire Strategy,

violent crime and overall crime have decreased.

- **Crime Reduction Teams (CRT):** CRTs are special OPD operations teams that have been effective at helping Area Police Captains address emerging law enforcement issues. Funding for CRTs has been increased in this budget.
- **9-1-1:** Recent investments have fully staffed the 9-1-1 dispatch and improved response times. 9-1-1 remains fully staffed in the midcycle budget .
- **Fire Stations:** Every second counts during a fire or medical emergency. The midyear budget adjustment maintains staffing and apparatus for all fire stations.
- **Oakland Fresh Pilot Program:** This program, which provides coordinated enhanced services, including illegal dumping removal, abandoned auto removal, fixing all the street signs, and repainting curbs and crosswalks in priority neighborhoods, will continue.

The following programs that promote a safe and clean city will also continue:

- Graduating Three Police Academies
- Police Foot Patrols
- Dedicated Police Traffic Unit
- Abandoned Vehicle Abatement Team
- MACRO (Mobile Assistance Community Responders of Oakland) and Fire Medical Services

Priority: Economic Development

- **Film Attraction Initiative:** Recognizing the economic benefits of film production, the budget funds this initiative to stimulate local revenue and job creation.
- **Cultural Arts Grants:** Oakland is the heart of art and culture in the Bay Area. Oakland's current Cultural Arts Funding grantees will be funded for the fiscal year.

Priority: Community Services

- **Senior, Family, and Youth:** Funding for all senior centers, and recreation programs will be maintained.

Priority: Achieving Efficiency and Reducing Costs:

Some cost reductions are still required to balance the budget. As a result, Mayor Thao has directed the City Administrator to reduce costs by eliminating project carryforwards, centralizing some administrative and financial services, and reducing non-critical or underperforming contracts. Oakland will also implement a targeted hiring freeze of general-purpose fund positions. Vacant positions that are funded outside the general purpose fund will continue hiring.

Priority: Addressing Oakland's Long-Standing Structural Budget Deficit

History has demonstrated that the best strategies to address structural deficits are to:

- Reduce costs;
- Invest in economic growth; and
- Pursue policy or rate changes to tax revenue

Thoroughly examining these strategies will take time and considerable effort. Mayor Thao has directed the City Administrator to begin Oakland's biennial budget process in September 2024—three months earlier than normal. Oakland must get a head start and work collaboratively to address its long-standing structural budget deficit.

The proposed midcycle budget adjustments reflect Mayor Thao's commitment to balancing fiscal responsibility with the need to support critical services and community well-being. The Mayor's office will continue working closely with labor partners and community stakeholders to ensure the successful implementation of these budgetary changes.

The Proposed Midcycle Budget Adjustment will be transmitted to the Oakland City Council on Friday, May 24, and be available at oaklandca.gov/budget.

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