



INTER OFFICE MEMORANDUM

TO: Department Directors and
Department Fiscal Staff

FROM: Jestin Johnson
City Administrator

SUBJECT: Immediate Reduction of
City Expenditures

DATE: March 27, 2024

The City of Oakland faces a severe budget shortfall for the current fiscal year and coming midcycle due to falling real estate transfer tax revenues, high interest rates affecting real estate related revenues, and high inflation. The Second Quarter Revenue and Expenditure Report projects that available Fund Balance in the General Purpose Fund (GPF) will be negative \$117.66 million at Fiscal Year End if no corrective action is taken. Additionally, the City will need to resolve a \$175 million operating deficit in the GPF and \$45million in deficit in Restricted Funds in the coming budget process for FY 2024-25.

The City will not be able to preserve basic and critical services absent immediate actions to reduce expenditures, preserve fund balance, reduce ongoing commitments, and increase flexibility in addressing next year's projected deficit.

Hiring Freeze

Effective immediately, there is a freeze on hiring non-sworn positions funded in the City's General Purpose Fund and other funds under fiscal pressure. This letter serves as official notification that all vacant non-sworn positions in the General Purpose Fund and other affected funds will not be filled for the remainder of the 2023-24 fiscal year until the adoption of the FY 2024-25 midcycle budget, unless otherwise modified by the City Administrator. The Human Resources Department will continue to recruit, conduct examinations, and establish eligible lists during this time; however, the subject positions will not be filled unless the City Administrator approves an exception. Further, effective immediately and until further instruction by the City Administrator, Departments will also not be permitted to fill, link other employees to, or otherwise use perceived salary savings from the General Purpose Fund and other affected fund positions.

The Finance Department and City Administrator's Office will review Personnel Requisitions on a case-by-case basis with appropriate justification and rationale from each hiring authority and determine if any exceptions are warranted under the fiscal circumstances.

GPF Freeze of Training and Travel/Conference Requests

Effective immediately, there is a citywide moratorium on all virtual and in-person professional training and conference requests funded through the General Purpose Fund unless mandated by your employment status or a regulatory requirement. This letter serves as official notification that virtual and in-person professional training and conference requests will not be authorized by the City Administrator from GPF resources for the remainder of the 2023-24 fiscal year through June 30, 2024, unless otherwise modified by the City Administrator.

Other Expenditures Reduction Guidance

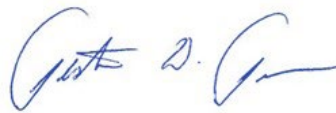
Over the next few weeks, I will issue additional guidance related to other discretionary expenditure related guidance for Department Directors. Specifically, I will request scrutiny of all services provided by contract or grant agreement funded in the General Purpose Fund and other affected funds, to assess whether reductions to services are possible. Additional reductions, including but not limited to assessing services performed on overtime paid from the General Purpose Fund will also be examined in the coming few weeks.

Please note that in addition to this notice to all department directors and fiscal staff, the City Administrator's Office will also distribute this information to all City employees via the Announcements e-mail. Departments with frontline staff or employees who do not regularly access their e-mail are asked to take measures to share this information with those employees, so that this information is available throughout the organization.

Employees with questions about the above information should raise those questions to their department leadership. The City Administrator's Office will work with department leadership to respond to employee questions.

Should department directors or department fiscal staff have questions, please feel free to contact me, Finance Director Erin Roseman, or Budget Administrator Bradley Johnson.

Respectfully submitted,



Justin Johnson
City Administrator