



MEMORANDUM

TO: Honorable Mayor & City Council

FROM: Katano Kasaine
Director of Finance

SUBJECT: FY 2019-21 Budget Development
Questions/Responses #4

DATE: May 31, 2019

PURPOSE

The purpose of this memorandum is to transmit to the full City Council and public, responses to questions raised by City Councilmembers related to the Fiscal Year (FY) 2019-21 Proposed Biennial Budget. To the extent additional information becomes available on any of the responses below, updates will be provided.

QUESTIONS AND RESPONSES #4

1) Which fees in the Master Fee schedule are NOT fully cost covering? (Kaplan)

In general, categories of fees that are not fully cost recovering are for city services and programs that benefit the community and ensure that even low-income residents and vulnerable populations can afford. Examples of these fees include park use permits for special events and various recreation service fees, such as field rentals and aquatics for youth and seniors.

2) How much of the Cannabis equity allocation is available for job training and blight abatement? How much was expended and how were those funds used? (Bas)

In the FY 2018-19 Midcycle Budget Amendment, the City Council allocated funds that exceeded the initial \$3.4 million one-time set-aside for revolving loans to equity applicants toward job training and blight abatement. The City Council allocated \$625,000 to maintain and stabilize job training, job-preparation, and placement services and related programs. These funds were allocated through the Workforce Development Board and are fully allocated or spent. An additional \$1.0 million was allocated to fund a new rapid response illegal dumping crew (including equipment costs and operations/maintenance). Furthermore, Council added 1.0 FTE additional Litter Enforcement Officer and 1.0 FTE Supervisor, bringing the total in the unit to 5.0 FTE in FY 2018-19.

3) We got annual costing for cease fire, but where can we find that line item in the budget? (Kaplan)

The proposed biennial budget is presented at a summary level by Department, Service Area, and Fund. The budget contains tens of thousands of lines of data, so it is not feasible to present each line in the document. Ceasefire is included in the Bureau of Field Operations on page G-40 of the budget book.

4) How much money is in the Cannabis Equity Assistance fund? Where is that line item in the budget? (Kaplan)

Again, the proposed biennial budget is presented at a summary level by Department, Service Area, and Fund. The budget contains tens of thousands of lines of data, so it is not feasible to present each line in the document. In this case, the \$3.4 million was appropriated in the FY 2017-19 Adopted Budget, in the Fund 1010 (General Purpose Fund) in the City Administrator's Office.

In April 2017, the City Council enacted Resolution No. 86633 C.M.S., which invested new tax revenue collected from cannabis businesses other than the City's initial eight dispensaries towards a \$3 million zero interest revolving loan program for equity applicants and \$400,000 for consultants to administer financial and technical assistance programs for equity applicants over a two-year period.

Approximately \$1 million in loans have been disbursed to equity applicants. Approximately \$300,000 has been spent on consultants for two years of technical assistance and one year of administering the loan program.

For information on the content of the technical assistance or revolving loan programs, please see the staff report for the April 9th Special Finance Committee meeting available here:

<https://oakland.legistar.com/LegislationDetail.aspx?ID=3874564&GUID=64D76639-BF2D-4DC0-9B95-03E72F724344&Options=&Search=>.

5) What is the planned date of issuance of the Measure KK Bond for 2019 and what is the expected date for future issuance? (Kaplan)

Staff is prepared to issue the second Measure KK bond issuance as early as the fall 2019. However, that could be delayed to early 2020, depending upon the spending plan of the departments. One of the requirements of the issuance is that at least 85% of the bond proceeds from the first issuance is spent.

6) What is the expected impact fee revenue? Is it accounted for in the proposed budget? If so where is that line item? (Kaplan)

Please see responses to questions 7, 8, 9, 10, and 11, in the FY 2019-21 Budget Development Questions/Responses #2 dated May 15, 2019.

7) How much does it cost to construct new public bathrooms for Chinatown, Lake Merritt, and other high use areas? (Kaplan)

The most recent single building with two independent restroom facilities/stalls was built back in 2018 at the Woodminster Theater. The size of the building is about 211 sq ft total. The total materials and construction cost was approximately \$155,000, including utility hookups.

The utility hookup costs can be highly variable based on the accessibility and proximity of connections for each location that a restroom is to be constructed at. The \$155,000 does not represent any project management, construction management, permitting, or other soft costs, which could be an additional 30% to 40%.

After factoring utility connection costs, the overall costs came out to an estimate of \$550,000 to \$560,000. The utility connection costs can also be highly variable depending upon the location and availability of utilities and this is an extreme example.

8) How many FTEs and at what cost to staff HR to deal with vacancies and cut hiring time by 50%? (Kaplan)

Charter Section 900 states that a comprehensive personnel system based on merit is the policy of the City of Oakland. Approximately 85% of all City of Oakland classifications fall under the competitive civil service. Additionally, there are a myriad of recruitment requirements in the City's labor agreements. Compliance with the applicable laws, policies and agreements requires time to approve funding, recruitment planning, job posting, candidate evaluation, scheduling, interviewing and reference/background checks. To reduce the hiring time would necessitate significant re-tooling of legal mandates and labor agreements. While additional human resources staffing, both in DHRM and the Departments, could assist in reducing the time, the applicable processes, which are Charter mandated, significantly contribute to the current timelines.

With historically low unemployment, current mandated requirements and the difficulty in finding public sector human resources talent, it is very challenging to reduce hiring timeline by 50%.

In the FY 2018-19 Midcycle Budget, the City Council authorized the following staffing increases in HRMD for recruitment that have had a positive impact on the City's ability to hire staff: 1.0 FTE Senior HR Analyst (Fund 1010); 1.0 FTE Principal HR Analyst (funded by Planning & Building Department); 1.0 FTE Senior HR Analyst (funded by OPW and DOT). Furthermore, with Council's approval, a three-year contract was executed last year with Cooperative Personnel Service (CPS) to provide on-call recruitment services for departments. To date, CPS has assisted with 11 recruitments, primarily within the Public Works and Transportation Departments

After a thorough review of the hiring process, HRM, in conjunction with the departments, reduced the process from 53 to 32 steps. One significant obstacle was the time between a department's requisition approval and the opening of the job announcement. To reduce this time, HRM is conducting prerecruitment checklists, which allow administrative and approval processes to run concurrently as opposed to sequentially.

This completes the recruitment planning process prior to an HR Analyst being assigned and results in a more efficient posting of the job announcement. Feedback from departments has been overwhelmingly positive and has reduced the time to open a recruitment by 30-45% on average.

9) What is the cost to fulfill Ghost ship/2551 San Pablo promises? (For items named in the Mayor's "Executive Order") (Kaplan)

The reforms outlined in Executive Order 2017-1 (Improving Safety of Non-Permitted Spaces While Avoiding Displacement) pertaining to the Planning and Building Department are primarily concentrated in the Code Enforcement Division and have been enacted as an enhancement to overall enforcement operations; therefore, they are not tracked as a separate program or project and are not submitted as separate line items or cost centers in the FY2019-2021 Proposed Budget. Listed below are highlights of progress made to date and proposed additions in the FY2019-2021 Budget to further support the reforms.

Improve Interdepartmental Coordination and Communication:

- Fire Prevention, Code Enforcement, and the City Attorney's Office meet weekly to identify, mitigate, and manage progress for unpermitted commercial or industrial spaces.
- Fire Prevention, Code Enforcement and the Housing Department have developed a workflow and notification process concerning Housing Habitability Violations and coordinates our efforts to prevent tenant displacement.

Notice to Tenants:

- The department posts on all entry ways a Code Enforcement Action notice in 3 languages when an Order to Abate – Habitability and Substandard Public Nuisance notice is issued.
- As of February 1, 2019, all Notice of Violations are available to the public on the Accela Citizens Access Portal.
- Notices are available by request at the Inspections Counter to tenants.

Zoning and Building Code Changes

- The department has examined best practices from other jurisdictions and currently is in the process of engaging a consultant to provide alternate code provisions as a pathway to legalize live-work occupancy of commercial and industrial buildings. We are finalizing the terms of the contract with the Consultant and our goal is to commence work in June.

Additional Staff and FY 2019-2021 Budget Requests

- The department currently has 14 Code Enforcement Inspectors, 2 Senior Code Enforcement Inspectors and a Supervisor. There is one additional inspector position that recently was vacated and interviews are currently underway to fill.
- The FY 2019-2021 Budget request includes an additional 2 Inspectors, 1 Supervisor, 1 Admin Analyst II and an Office Assistant PT to assist with Code Enforcement Services.
- This budget also proposes assigning one of the existing Process Coordinators III vacant positions to expediting permit issuance and assisting property owners with

obtaining the required permits necessary to remove unpermitted/unsafe construction items and legalize undocumented dwelling units.

10) Which permit processes are online now and which are not? What is the cost to put the permits online that aren't there yet? (Kaplan)

Current permit processes online include Residential 1-2 units for trades (electrical, mechanical, and/or plumbing), roofing permits, zoning clearances, letters of determination, pre-applications for planning, excavations, curb/sidewalk/gutter, and sewer laterals.

Additional permit processes planned to be ported to online in the next 2 years include Accessory Dwelling Units, Residential (New Construction, Additions, and Renovations), Commercial Trades (electrical, mechanical, and plumbing), Solar Panels, Obstructions, Temp Power, Parcel Maps, Creek Permit, and Basic Planning Applications.

PBD requested additional staff (Principal Inspection Supervisor for permitting, BA II for Accela, and PM II for Digital) to coordinate and implement this project, which will require facilitating the technology to create a new permit application portal that is user friendly. 1.0 FTE Application Developer III is included in the FY2019-2021 Proposed Budget. The cost for each additional developer is approximately \$200,000 per year.

11) Please provide the full list of Impact Fee categories, with current fund balance, current revenue and expenditure, and projected revenue for 2019-2021. Please provide the total money received for each fee up until now, the destination fund, and the amount of money that is encumbered, and the remainder amount. (Kaplan)

Please see the responses to questions 7, 8, 9, 10, and 11 in the FY 2019-21 Budget Development Questions/Responses #2 dated May 15, 2019 regarding the Affordable Housing Impact Fees and Jobs/Housing Impact Fee. Resolution No. 87468 provides the authority to appropriate the Affordable Housing Impact Fees and Jobs/Housing Impact fees as they are received without returning to City Council through June 30, 2023. The table below shows the impact fees collected in FY 2017-18 and FY 2018-19 (through May 2019).

	Fund	FY 2017-18 Actual	FY 2018-19 Actual (May 2019)
Affordable Housing Impact Fee	1870	4,894,717	3,057,888
Jobs/Housing Impact Fee	1870	2,463,805	627,936
Capital Improvement Impact Fee	2421	1,689,582	579,886
Transportation Impact Fee	2420	2,949,398	1,620,265
Total Impact Fees		\$ 11,997,502	\$ 5,885,975

Details on the proposed revenues and expenditures of the Capital Improvement Impact Fee Fund and the Transportation Impact Fee Fund can be found on pages E-61 and E-76 of the budget.

12) Please provide the amount of money currently in fund 2419 Transient Occupancy Tax (TOT) and out of that what is encumbered? The actuals are not listed on page 305 of the FY19-21 Proposed Budget.

Fund 2419 has a projected ending Fund Balance of \$51,056 in FY 2018-19. The summary of historical expenditures for Fund 2419 should read as follows (page G-85):

	FY 2017-18 Actuals	FY 2018-19 Midcycle Budget	FY 2019-20 Proposed Budget	FY 2020-21 Proposed Budget
2419 Measure C: Transient Occupancy Tax (TOT) Surcharge	\$6,149,686	\$5,968,390	\$6,321,123	\$6,573,970

13) In the Housing Affordability Trust Fund, what is encumbered, what has been allotted, and what is the remaining amount of monies not encumbered or allotted? Please provide a list of projects that are using encumbered and/or allotted Housing Affordability Trust Fund monies.

Specific allocations of Affordable Housing Trust Fund resources included in the FY 2019-21 Proposed Budget (“RPTTF”) have not been allocated to specific affordable housing projects.

14) What is the status of implementation of improvements to special event system, including moving it out of OPD, which was promised as part of the Mayor’s post-Ghost Ship directive? What would the fiscal impact be of moving special event permitting out of the police department? [Kaplan]

See response to Question 10 in this report.

15) The Mayor has publicly stated that the amount budgeted for police overtime in the Mayor/Administrator’s budget is not the amount which you actually expect to spend. What is the amount of police overtime that you would realistically estimate for FY19-21? (Kaplan)

The response to Question 18 in the FY 2019-21 Budget Development Questions/Responses #2 dated May 15, 2019, shows the historical actual overtime expenditures for the Oakland Police Department. This historical data may be a good benchmark for estimated future overtime costs assuming no change in service levels. Over the last 5-years for which actual overtime data is available, the average annual overtime expenditure was about \$29.4 million, ranging from a low of \$27.3 million in FY 2013-14 to a high of \$31.7 million in FY 2014-15.

16) In the CIP budget, which priority projects require matching monies that have not yet been secured? Any projects in this round of CIP that won’t be using monies this year? Or for 2019-2020. (Kaplan)

The projects identified in the FY 2019-21 Capital Improvement Program do not require additional matching monies that have not yet been secured. However, many projects are only partially funded (i.e., there are not sufficient resources identified to develop the

full scope of work). The details for each project can be found in the Proposed Capital Improvement Program FY 2019-21 book beginning on page A-1.

17) In what fund are the sales of public land deposited in? How much \$\$ was generated from the sales of public land (based on Q3)? How much is estimated to come in during FY 2019-2021? Where in the budget book can we find the expected revenue from land sales? Leases? (Kaplan)

It varies. Funds from land sales are recorded as revenues in the originating fund from which the property was acquired. In many cases, properties were acquired or improved using tax allocation bond proceeds (both taxable and tax-exempt). The proceeds from the sale or lease of these properties will continue to be restricted to uses consistent with the bond covenants in the indenture, such as retiring the bonds or investing in other capital projects meeting a redevelopment purpose within the applicable former redevelopment project area. The FY 2019-21 Proposed Budget does not include any revenues from the sale of land.

18) What is the status of collecting outstanding fees for wildfire prevention follow up inspections and violations? How much money are we owed? When do we expect to receive it? Where is that money showed in the budget? (Kaplan)

Please see the response to Question 1 in the FY 2019-21 Budget Development Questions/Responses #3. Fees for vegetation inspections are recorded as revenues in the General-Purpose Fund in the Service Charges category.

19) The proposed budget includes funding to implement the anticipated results of the City's Vegetation Management Plan (\$200,000), does this include monies for polling? Does the budget include funding for conducting an election for a new Assessment/tax for wildfire prevention? (Kaplan)

These resources are not specifically earmarked at this time, pending the outcome of the Vegetation Management Plan. However, polling and election-related costs concerning the creation of a new wildfire prevention assessment district are consistent with the intended use of these funds.

20) Who currently cites food trucks which engage in unpermitted activities? How many staff are assigned to this? What penalties are assessed? (Kaplan)

The Special Activities unit in the City Administrator's Office is responsible for food truck permitting. There are 2.0 FTE Code Enforcement Officers that are assigned to this work (in addition to other duties).

21) Can you give us an accounting of all the building permits issued, since the inception of impact fees, # of units, which fee zone they are in. How many fees were assessed? For those who did not pay what was basis of exemption? How much \$ of fees are anticipated and when? (Kaplan)

The most recent Impact Fee Annual report can be found here: <https://cao-94612.s3.amazonaws.com/documents/Annual-Impact-Fee-Report-Fiscal-Year-July-1-2017-to-June-30-2018-Published-December-18-2018.pdf>.

22) What percentage of the city's public outreach and advertising budget is spent in White-owned media? What percentage is spent in media outreach to each demographic/racial/ethnic group? (Kaplan)

The City's accounting system does not track expenditures by race and ethnicity.

23) What is in the amount of monies dedicated for Illegal Dumping Education and Outreach in the proposed budget? Please explain, what it pays for. (Kaplan)

There was one-time funding of \$50,000 included in the FY 2018-19 Adopted Midcycle Budget to fund educational campaign on recycling, illegal dumping, and waste aversion. There is no additional funding in the FY 2019-21 Proposed Budget for this purpose.

24) Please provide the following information or direct us to retrieve information for the following funds, the amount of unencumbered monies remaining in the fund, the available uses for each fund: (Kaplan)

- a. Development Service Fund
- b. Measure HH
- c. Housing and Community Development Fund
- d. California Park and Rec. Fund
- e. California DOT Fund
- f. Transportation Impact Fee
- g. Sewer Service Fund
- h. HUD-Home
- i. Measure KK: 2017A -2
- j. Measure KK: 2017A-1
- k. Multipurpose Reserve
- l. Capital Improvement Impact Fee Funds
- m. Measure B

For the estimated ending fund balances for FY2019-2021 please refer to pages E-53 to E-82 of the Mayor's Proposed Budget book. The available uses for each fund can be found in the fund sources and descriptions section of the Mayor's Proposed Budget book on pages E-37 to E-52.

25) How much would it cost to run a workforce program that hires formerly incarcerated residents who are trained in fire prevention work to do the brush clearing work that the City is currently unable to do? (Gibson-McElhaney)

The Fire Prevention Bureau has researched the creation of such a program and has developed the following preliminary estimate. This costing assumes a ten (10) person crew working from May through October in a classification similar to the Public Works Maintenance Worker, and supervised by the equivalent of a Public Works Supervisor

with supervision performed on overtime. The cost of such a program are estimated to at approximately \$350,000 per year, including equipment.

26) What is the historical Fire Department Overtime budget for the past 5 years? (Budgeted vs. actuals? Hours vs. dollars?) (Taylor)

The Oakland Fire Department Overtime report can be accessed at the following link: <https://oakland.legistar.com/LegislationDetail.aspx?ID=3856940&GUID=A1812B01-BA61-403E-A3D3-AC2016225811>. Additional detail on overtime expenditures can be found in the response to Question 18 in the FY 2019-21 Budget Development Questions/Responses #2 dated May 15, 2019.

27) What are the minimum staffing levels (if they exist) for each department based on the various applicable restricted funding sources, measures, grants, and established ordinances? (Taylor)

This information is not readily available, particularly for the restrictions on City staffing tied to grants. A few key minimum staffing levels and funding levels are:

- The Memorandum of Understanding between the City and IAFF, Local 55, describes the minimum staffing for sworn Fire Fighters (<https://www.oaklandca.gov/documents/city-of-oakland-labor-union-memoranda-of-understanding>).
- Measure Z (Safety & Services Act of 2014) establishes minimums staffing levels for both active and filled sworn police positions in OPD (<http://www2.oaklandnet.com/oakca1/groups/cityadministrator/documents/report/OAK063829.pdf>).
- Measure D & Q (Library Measures) have minimum funding requirements (i.e., “maintenance of effort”) in the General Purpose Fund (https://www.acvote.org/acvote-assets/02_election_information/PDFs/20180605/en/Measures/Measure%20D.pdf).

28) What amount of impact fees have been collected, but not spent? Where is that reflected in the budget document? (Taylor)

Please see staff’s response to Question 11 in this report.

		FY 2017-18	FY 2018-19
	Fund	Actual	Actual (May 2019)
Affordable Housing Impact Fee	1870	4,894,717	3,057,888
Jobs/Housing Impact Fee	1870	2,463,805	627,936
Capital Improvement Impact Fee	2421	1,689,582	579,886
Transportation Impact Fee	2420	2,949,398	1,620,265
Total Impact Fees		\$ 11,997,502	\$ 5,885,975

29) Where are anticipated impact fees from in-progress development projects reflected in the budget document? How much is projected to be received from all in-progress projects in each year (2019-20 and 2020-21) based on the current project schedule? If those impact fees are pre-allocated toward specific budget priorities due to existing policies, please identify how much of the anticipated amount is pre-allocated and the priority to which the funds are dedicated. (Taylor)

Please see staff's response to Question 11 in this report. With a wide fluctuation in year-to-year numbers based on development activities in the City, reliably estimating future impact fees is challenging. As such, adjustments are typically made through budget augmentations during the fiscal year.

30) Why is there a need for the additional 1.00 FTE City Administrator Analyst and 1.00 FTE City Administrator Public Service Representative that are proposed to be paid for by Cannabis permit fee revenues? What is impact if the fee revenue is not available to fund these positions? (Taylor)

These are existing positions which were initially funded from cannabis application fee revenues on a one-time basis. The Proposed Budget makes these positions permanent and funds them from ongoing cannabis permit revenues which are restricted for regulatory purposes. To be clear, the permit revenues are not the same as cannabis business tax revenues. Failure to add these positions will slow the permitting process for cannabis businesses, including the City's equity applicants.

31) Why are we adding a benefits technician given that the biggest issue facing HR appears to be the high vacancy rate and staffing shortage? How does the additional benefits technician improve this? If not, please explain why this is a higher priority than additional recruiting staff? (Taylor)

DHRM is responsible for the full suite of human resources services, including classification and recruitment, employee relations, and benefits. The City made significant investments in the recruitment staffing over the last several years, while benefits staff have declined while the workload and demands have increased. This add would restore that capacity.

32) Why is the 0.5 FTE of Assistant to the City Administrator salary being transferred to the Measure Z Fund (2252)? What is the justification? Which portion of measure Z allocation is this being paid from? (evaluation? fire? OPD? Violence Prevention?) (Taylor)

The position is being transferred to oversee the contracting process for Measure Z evaluation. It is cost neutral and is offset by different positions moving into the GPF.

33) Why is Deputy Director of Public Ethics Commission paid for out of Department of Violence Prevention? (Taylor)

This is a placeholder position only for the Deputy Director of Violence Prevention and will be changed once the relevant classification is created.

34) Why are OPL staff positions being reduced by 6 FTEs (and then regaining 2 of those FTEs in Budget year 2) if we just passed Measure D with new funding for libraries? (Taylor)

Measure D substantially increased the number of FTE in the Oakland Public Library. These adjustments are technical clean-up in balancing OPL's various funding sources (GPF, Measure D, and Measure Q) and aligning the proper classifications with OPL requirements for expanded hours, days, and programs.

35) Why isn't the reduction in 41.3 FTE of authorized positions (Police officer Trainee and Police Cadet) listed in the OPD significant changes table? What are the associated cost savings? What are the adverse impacts to staffing levels and service? (Taylor)

The additional Police Officer Trainees in the midcycle budget were a one-time add to support an additional police academy in FY 2018-19. Other one-time items are not included in significant changes unless they are added back into the budget as the currently policy assumes they expire. The additional OPD cadets were funded via a grant. If that grant is renewed or other eligible grant sources are found, they will be added back outside the budget process.

36) What is the total amount of unspent budget from DVP Measure funding in 2017-2019 fiscal year? Are those funds from restricted or unrestricted funds? What are the restrictions on how those dollars can be spent? (Taylor)

The available funds in the Department of Violence Prevention was approximately \$662,000 at the end of FY 2017-18. These funds are budgeted in Measure Z – Violence Prevention and Public Safety Act of 2014, which is a restricted funding source. Revenues in this fund are generated from a special parcel and parking tax and can only be used on violence prevention through social services intervention, long-term crime prevention programs, police services and fire safety and paramedic support. The unspent funds were carried over to FY 2018-19 for Measure Z Evaluation.

37) Why are we moving the Asst Director of Public Works to Asst Director of HR? Given that there is a high vacancy rate in Public Works, will this position be exclusively focused on recruiting and retaining staff in Public Works Department? (Taylor)

Assistant Director of Public Works was a placeholder position until the new classification, Assistant Human Resources Director, was created.

38) How much money is budgeted - staff and financial costs for the new Department of Workplace and Employment Standards? What is the current plan for how this department will be organized and operate? (Taylor)

The Department of Workplace and Employment Standards will be in operation starting in FY 2020-21. For details on this department's operation, refer to the FY 2019-21 Proposed Budget Book page G-19. Staff will return next year with a more detailed plan for the Department of Workplace and Employment Standards.

For questions, please contact Adam Benson, Budget Administrator, at (510) 238-2026.

Respectfully submitted,

/s/

KATANO KASAINÉ
Director of Finance