



CITY OF OAKLAND

MEMORANDUM

DATE: May 6, 2021
TO: Mayor Schaaf, City Council and Members of the Public
FROM: Council President Nikki Fortunato Bas, District 2
SUBJECT: **Council Strategic Priorities for FY 2021 - 2023 and Independent Analysis of Mayor's Proposed Budget**

Dear Mayor Schaaf, City Council Colleagues and Members of the Public,

As the Council and Public review and consider Mayor Schaaf's proposed two year budget, I am sharing the Council's strategic priorities and information about the Council's independent analysis of the budget, which is impacted by the one week delay in receiving the budget.

1. Strategic Priorities

These are the **strategic priorities** of the Oakland City Council for FY 2021 - 2023 and our biennial budget. They were developed at the March 30 Council retreat and April 12 Council meeting. These priorities are rooted in our **values of equity, transparency and effectiveness** to serve all of Oakland and ensure that the most vulnerable residents and low-wage workforce, who were already disproportionately impacted before COVID, are able to thrive as we move towards a more healthy and more just recovery.

As we review and evaluate the Mayor's proposed budget, my budget team will strive to ensure that our proposed budget amendments advance these priorities. The Council President's budget team includes: CM Dan Kalb (D1), CM Carroll Fife (D3) and CM Noel Gallo (D5). We will present our proposal at the June 17 Special Council meeting, following the independent analysis of the Mayor's budget at the June 1 Council meeting.

A. Affordable Housing & Homelessness Solutions

- a. Protection/Prevention — protect tenants and low-income property owners, prevent homelessness
- b. Preservation — preserve affordable housing
- c. Production — produce deeply affordable housing
- d. House unsheltered residents — lease/purchase hotels; utilize public land for emergency shelter, safe parking sites, transitional housing and permanent deeply affordable housing
- e. Service encampments with outreach and supportive services, and health and sanitation services

B. Public Safety & Violence Prevention

- a. Take action on the recommendations of the Reimagining Public Safety Task Force to increase public safety through alternative responses to calls for service and investments in the root causes of violence and poverty
- b. Reduce gun violence and focus on violent crime, including increasing investigation capacity
- c. Increase violence prevention, trauma-informed care and healing
- d. Develop and implement alternative responses to police, such as MACRO
- e. Implement and expand Crime Prevention Through Environmental Design (CEPTED) for crime prevention and traffic calming

C. Good jobs and vibrant economy

- a. Create and maintain family-sustaining jobs
- b. Enhance workforce development and training, and youth jobs programs
- c. Support small businesses, addressing racial and gender disparities, and enhancing business districts
- d. Fully staff City Departments by improving recruitment, filling vacancies and increasing both succession planning and retention

D. Clean, healthy, sustainable neighborhoods

- a. Reduce and prevent illegal dumping, litter and blight, including proactive service and reducing the backlog of abandoned autos
- b. Ensure safe and well maintained streets and sidewalks
- c. Invest in parks, libraries, youth development, senior services, arts & culture
- d. Expand wildfire prevention and disaster preparedness/response

2. Independent Budget Analysis

For the third budget cycle, the Council has retained Harvey Rose Associates (HRA) to perform an independent review of the Mayor's proposed budget. Per the March 1, 2021 agreement between the City of Oakland and HRA, HRA shall present its budget analysis at the June 1, 2021 meeting of the Oakland City Council, with the report published by May 21. Attached is the scope of work for the budget analysis. After meeting with HRA today, when we had expected to already be reviewing the Mayor's proposed budget, we acknowledged that completing this scope of work in two weeks versus three weeks will be challenging. We will also require the timely collaboration of the Administration and Finance Department.

Given the constrained timeline, I invite the Council's feedback on analysis to prioritize. I have asked HRA to prioritize:

- **Analysis of the City's 5 year forecast and revenue projections**
- **Analysis of the OPD "Re-Budget" and best practices from other cities to control police overspending**

Council President Nikki Fortunato Bas, District 2

Subject: Council Strategic Priorities for FY 2021 - 2023 and Independent Analysis of Mayor's Proposed Budget

For questions regarding this memo, please contact Miya Saika Chen, Chief of Staff, Office of Council President Nikki Fortunato Bas, at mchen@oaklandca.gov.

Respectfully Submitted,



Nikki Fortunato Bas
Council President, District 2

Harvey Rose Associates

Schedule A: Scope of Work

Harvey M. Rose Associates (HMR) will provide independent analysis of the City of Oakland's proposed 2021-2023 budget, including the following:

1. Review of online videos of the December 23 and January 25 Finance Committee meetings to understand the recent information and guidance provided to the Committee from the City Administrator's Office and Finance Department.
2. Attendance at certain scheduled City Council meetings to inform the analysis, including: the March 2 Council meeting to witness the budget poll presentation from the Finance Department; the March 8 Finance Committee meeting to witness the Finance Department's presentation of the Q2 Report; and, the March 16 Council meeting to witness the presentation of the 5-Year Financial Forecast.
3. Preliminary analysis on Finance Department presentations may be provided to Council upon request to assist in preparing the Council for the legislative phase of the budget process. This analysis may be provided in a presentation to the City Council prior to the Council's budget process, which primarily takes place in May. This preliminary analysis may include feedback on the City Administrator's 2nd quarter financial report and revenue and expenditure projections for the remainder of FY 2020-21.
4. Overview of General Purpose revenues and expenditures, including multi-year budget-to-actual analysis of all General Purpose Fund departments
5. Review and analysis of actions taken by the Mayor's Office and City Administrator's Office related to the current year (FY 2020-21) budget including, but not limited to, expenditure reductions and revisions and whether such actions are permitted under City laws.
6. Detailed review of the proposed and historical Police and Fire Departments' budgets, particularly focused on overtime. Seek out and report on best practices to control overtime expenditures.
7. Review of Non-Departmental budget, which is third largest General Purpose Fund budget category, after Police and Fire
8. Analysis of major areas of budget year increases, including increases in the number of FTEs over the past three years
9. Analysis of positions, vacancies, and salary savings
10. Analysis of potential assistance from federal and state sources of COVID-19 related economic relief.
11. Review of key non-General Purpose Fund funds and the allowable uses of unspent monies, including, but not necessarily limited to 2415 Development Services Fund, 2216 Measure BB, and Measure Z funds.
12. Review of the City Administrator's Office's revenue projections for the upcoming two-year budget.

13. Review and comparative analysis of the City's Finance Department structure.
14. Analysis of contract contingencies, administrative projects, and other unspecified accounts
15. Analysis of encumbrance and reserve amounts
16. Analysis of information technology and other multi-year projects

HMR proposes to answer the following questions:

- A. Are there recurring patterns over the last three years of budgeted but unspent activities for which funding could be reduced to provide funding for other purposes?
- B. What are some of the larger proposed areas of increase for FY 2021-23 and were assumptions used about the speed of hiring new positions or completing projects or other rates of expenditure realistic?
- C. Could some proposed new funding be reduced without affecting the actual timing of the new or expanded initiatives?
- D. Are actual salary expenditures in some departments less than budgeted amounts, indicating higher vacancy and turnover rates than budgeted for and the potential for the City to redirect budgeted salary funding to other purposes?
- E. Are funds budgeted for nonspecific purposes that could be redirected to other purposes?
- F. Have any funds from past budget years been encumbered for contracts and projects that are no longer valid?
- G. Are funds for ongoing projects and contracts included in the budget year when prior years' amounts have not yet been spent?
- H. Are any fund reserves in excess of actual need or an explicit policy choice for how much to keep on reserve?