



MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Sarah Schlenk
Budget Director

SUBJECT: FY 2017-19 Budget Development
Questions / Responses #1

DATE: March 6, 2017

City Administrator Approval

Date:

/s/

3/24/17

PURPOSE

The purpose of this memorandum is to transmit to the Mayor, City Council and public, responses to questions raised by City Councilmembers related to the Fiscal Year (FY) 2017-19 Budget Development Workshop, which was held on January 31, 2017. Staff has provided responses to as many questions as possible at this time. Some questions require more analysis and responses will be forthcoming through future memoranda along with responses to additional questions received. To the extent additional information becomes available on any of the responses below, updates will be provided.

QUESTIONS AND RESPONSES

- 1) What is the status of issuing new medical cannabis dispensary, manufacturing and cultivation facility permits? When does the Administration anticipate each category will be issued permits? How much revenue from such sources was received in 2015-2017? How much is projected for the 2017-2019 fiscal years? [Kaplan]**

Staff will be returning to the City Council on March 7th with the race and equity analysis and revised cannabis ordinances as directed by the City Council. The staff report will include a fiscal impact section that addresses these questions to the extent possible. As discussed during the Council retreat, the baseline budget for FY 2017-19 does not include any assumed cannabis revenue pending approval of a City Ordinance.

- 2) We have 2,000 units under construction currently. What is the impact of the Real Estate Transfer Tax (RETT)/property taxes of these new buildings? What is the total net revenue anticipated from these buildings come on line? Are these units accounted for in your budget projections? [Guillen]

Yes, these units are accounted for in the baseline budget as part of the continued growth in assessed valuation. The budget forecasts \$2.15 million in secured property taxes in 2017-18 and \$3.35 million in secured property taxes in FY 2018-19. Note that the City will only receive these revenues if the projects complete construction in a timely manner.

Furthermore, increases in assessed valuation tend to track approximately 12 months behind completion of construction. Revenues from real estate transfer taxes specific to these projects are not independently contemplated in the forecast. Note that, construction that results in rental property does not generate RETT. The forecast for FY 2017-18 and 2018-19 assumes growth of 3% year over year growth in revenues derived from "regular" real estate transfers and \$5 million derived from either audits or sales of large commercial properties. ("Regular" transfers generate less than \$500,000 in RETT per transaction; larger commercial sales generate more than \$500,000 in RETT per transaction.)

- 3) Please provide a chart showing the business license tax revenue, budgeted and actual, for the current budget period, and the projected amounts in the 2017-2019 budget, by category of business license. [Kaplan]

The Revenue Management Bureau migrated to a new local tax software system on December 20, 2016 and, as of this response, has not completed a full business tax cycle. The data in the legacy system is unstable, unreliable and cannot be used to forecast data.

FY17		FY18	FY19
Budget	Forecasted*	Forecasted	Forecasted
\$ 72.24 M	\$ 72.24 M	\$ 75.13 M	\$ 77.38 M

*The current business tax cycle is not currently complete.

The FY 2017-18 and FY 2018-19 forecasts for business tax revenues is based on revenues received from sales tax through the second quarter:

Industry Group- Sales Tax	
Auto & Transport	3.22%
Building & Construction	5.87%
Business & Industry	2.68%
Food & Drugs	3.04%
Fuel & Service Stations	-5.62%
General Consumer Goods	-17.43%
Restaurants & Hotels*	9.17%
Total	0.82%

*Since the end of Q2 (December 2016), the Federal Government has enacted policy that may impact the tourism industry.

4) What is the status of implementing tax and fee assessments on Transportation Network Companies (“TNC”) operating in the City of Oakland? [Kaplan]

This item is being held in committee as staff continues to monitor what is happening at the State level and work with the City’s lobbyists to help shape legislation, and while staff takes steps to implement collection of these taxes at the local level.

5) What is the status of collecting taxes and fees from short term residential rental platforms? [Kaplan]

The City currently has a contract with one major Transient Residential Rental Platform to collect and remit transient occupancy taxes (TOT) from its registered hosts. Furthermore, the City also collects TOT and business taxes directly from STRR hosts.

6) What is the amount of the taxes and fees from short term residential rentals projected in the 2017-2019 budget? Would like to propose to allocate the non-designated portion of TOT from Short Term Residential Rentals to support Affordable Housing Efforts. [Kaplan]

Due to confidentiality, we cannot speak to revenues received from taxpayer categories that contain 5 or fewer remitters. Revenues received from all transient occupancy taxes are forecasted in the baseline budget, thus there are currently no portions of TOT revenues that are non-designated.

7) How much revenue, if any does the City receive from the Port of Oakland? [Guillen]

The total FY2015-16 Porting billing was \$9,580,818.64. Please see the summary below. All of these amounts have been paid, with the exception of the KTOP invoice totaling \$10,838.

Port of Oakland Billing FY2015-2016

Special Revenue Assessments (LLAD 2310)	661,792.09
KTOP - Telecom Fund (1760)	10,838.00
AARF: (Fire Protection 1010)	5,547,343.55
General Services & Lake Merritt Tidelands (1010)	2,301,394.00
Special Services (1010)	<u>1,059,451.00</u>
Total	\$ 9,580,818.64

8) Several years ago we asked for a plan to enable sponsorships of parks etc, to bring in additional funds. What is the status of this plan? [Kaplan]

A task force consisting of the Oakland Parks and Recreation Foundation, the Parks and Recreation Advisory Commission (PRAC), Parks & Recreation (OPR) department staff and the previous Director began discussing naming rights as a revenue source in 2015. The late Barry Weiss, past president of the Foundation, was an expert in developing naming rights and, a strong supporter of OPR, and part of the task force on determining how naming rights might work in Oakland. The task force recognized the importance of having clear guidelines

for raising money through sponsorships, gifts in kind, and the ability to provide return through the provision of naming rights. At the same time, the task force is sensitive to public perceptions that parks and recreational facilities are not “for sale” to the highest bidder.

Sponsorship, naming rights and gift in place city ordinances were evaluated, edits drafted and reviewed by the City Attorney. Progress of the project was stalled due to among other things, the retirement of the department head, complexity of the topic and limited staffing capacity.

After evaluation of the work that was completed, it is suggested that increasing the gift-in-place limit be considered as an independent item. Sponsorship opportunities often go hand-in-hand with naming rights as a sponsor may want a return on their sponsorship dollars, which often includes naming or presenting the asset.

Looking forward, OPR intends to contract with a development professional to work with staff and the task force to create a sponsorship platform including asset evaluation and proposed modifications to City ordinances that will allow for timely receipt of responsible sponsorship of Oakland parks and recreation facilities. The PRAC is prepared to be a sounding board for future naming rights policies and proposals and can serve as a hearing body as new guidelines are vetted before being forwarded to the City Council.

9) What is the projected impact of Federal Funding cuts that are at risk for the City? How much federal funding is discretionary? How much are we required to receive by law from the Feds? Please provide a matrix of how what funds are at risk given Oakland's long standing policy as a Sanctuary City. [Guillen]

Below is the analysis/forecast of what a funding ban for sanctuary cities could mean for the City of Oakland (from the Five Year Forecast):

In the current fiscal year (2016-2017), the City of Oakland has approximately \$130 million in federal grants from recurring grants, one-time grants, or prior-year balances. The recurring annual federal funds total approximately \$40 million, of which nearly half is for the Head Start and Early Head Start programs. Other recurring funds come from mandatory grants like the US Department of Housing and Urban Development (HUD)'s Community Development Block grant program, which provides funding on a formula basis for a variety of community needs ranging from economic development and housing to disaster relief. Non-recurring funds come from discretionary grant programs that are awarded through a competitive process. These grants include the US Department of Justice's Community Oriented Policing Services (COPS) grant, which provides funding for the hiring of new police officers. President Trump's executive order regarding sanctuary jurisdictions, as well as recent public statements, appears to threaten these areas of funding.

Due to Oakland's support of immigrants and practice of sanctuary jurisdiction policies, the City of Oakland could be considered a Sanctuary City according to the executive order, and therefore could be targeted for funding cuts. While there is cause for concern, there are numerous legislative hurdles and legal precedence that could drastically limit the Administration's ability to cut most federal programs for these jurisdictions. Mandatory federal funding programs that provide grants and financial assistance to cities require that funds be disbursed based on formulas mandated by statute. The same applies to other

federal programs that provide direct assistance to residents of sanctuary cities, such as Medicare, Medicaid, and SNAP funding. Any changes to this standard would require legislation to be passed, which could prove difficult, even under single party control of the White House and Congress. Competitive grants are subject to both statutory eligibility requirements and administrative funding priorities. The Trump administration could add funding priorities making it tougher for sanctuary cities to compete, but these priorities must be consistent with the authorizing statute. In theory, when it comes to immigration policy, the Trump Administration has the power to only take away funds that are related to immigration and law enforcement. As such, the City could stand to lose \$5.3 million in law enforcement related funding. Efforts to restrict funding for sanctuary cities on matters unrelated to law enforcement or immigration could expose the grant program to lawsuits, potentially freezing funding for the whole program.

San Francisco City Attorney Dennis Herrera recently filed suit challenging President Trump's executive order on sanctuary cities. The suit claims that the order is unconstitutional and exceeds the president's power. Specifically, the suit alleges that Trump's order violates the Tenth Amendment, which states that powers not explicitly given to the federal government by the Constitution are reserved for the states. There is legal precedence to support the claim. In 2012, when the Supreme Court ruled on the constitutionality of the Affordable Care Act (ACA) in case "NFIB v. Sebelius," it created a precedent stating that the federal government cannot coerce states or cities into action by threatening to withhold financial assistance. Based on this standard, federal courts may similarly find restricting non-law enforcement-related funding from sanctuary cities is unconstitutional.

In addition, the State of California has taken a strong position against the Executive Order, and has recently introduced legislation to become a Sanctuary State. President Trump recently stated intentions to cut all federal funding from the State of California if it were to designate itself as a Sanctuary jurisdiction, which could ultimately jeopardize federal pass through funding from State agencies. However, any reduction of funding would most likely be challenged by the State.

Provided as **Attachment A** is a matrix that was prepared for the City Council in December identifying current federal funding levels. Please note that the "annual (recurring)" column is comprised of our non-discretionary (aka formula) grants. One-time and prior year balances include all discretionary (aka competitive) grants.

10) What is the cost to restore the City Council legislative analysts? [Kaplan]

The total cost for a Senior Council Policy Analyst in FY 2017-18 would be \$180,391 increasing to \$188,176 in FY 2018-19. The increase in the second year is due to increased retirement costs. Prior to the elimination of these positions, there were six (6) analyst positions, which would cost approximately \$1.1 million per year.

11) What funding amounts, and for what purposes are already allocated in 2017-2019 fiscal years, by prior adopted actions which have taken place between budgets? [Kaplan]

City Council has taken only a few actions since July 1, 2016 that resulted in a budget amendment to the General Purpose Fund. For the most part these actions have been one-time. The exception is accepting the latest COPS grant, which authorized roughly \$2.5 million per year in the next two year budget as matching funds. Below is a chart of City Council actions since July 1st.

<i>FY 2015 COPS Grant Match (FY 2016-17)</i>	<i>(\$1.63)</i>
<i>Immigrant Legal Representation Grant*</i>	<i>(\$0.15)</i>
<i>Various Grant CSO Subsidies*</i>	<i>(\$0.38)</i>

** One-time*

12) How much is proposed in the 2017-2019 budget for improvements to the police hiring process, including to implement the recommendations from the police hiring committee? [Kaplan]

The administration is currently in the process of developing a proposed budget.

13) Please provide the dollar amounts for police overtime, budgeted, and actual for the current budget period, and projected for 2017-2019, with a breakdown by uses. [Kaplan]

The adjusted Police Department overtime budget for FY 2016-17 is \$14.67 million. As of December 31, 2016, \$12.34 million had been expended. A report reflecting overtime by month and by organizational unit is provided as **Attachment B**. The administration is currently in the process of developing a proposed budget for FY 2017-19.

14) What is the status of the \$1 million gun tracing/illegal gun crackdown allocation requested by Kaplan and approved by the Council in the last budget? How much of this has been used, and on which functions? How much is being proposed for these purposes in the 2017-2019 budget? What proportion of gunshot notifications (both 911 calls and Shotspotter alerts) currently receive an immediate police deployment to the site of the shooting? What additional resources/personnel would need to be added to ensure that shooting notifications regularly receive immediate police deployment? [Kaplan]

An informational report on the status of the gun tracing efforts is scheduled to be heard at the March 14, 2017 Public Safety Committee.

15) What would be the cost to restore Park Rangers? [Kaplan]

OPD will need additional time to research past costs associated with Park Rangers, as well as, determine any new requirements for this program to be successful in our current environment. The Department will need to determine the number of rangers, the current salary range (salary ordinance for this classification has not been updated since 2007), academy cost, and necessary operation and maintenance cost.

16) In the previous budget, the Council authorized funding to conduct a Disparity Study of City Contracting. (Note, such a disparity study is a mandated requirement which was adopted into City law by prior ballot Measure). What is the status for completing this disparity study? Has the contract been issued? [Kaplan]

Two proposals were submitted in response to the RFP. An independent subject matter expert evaluated both proposals. One firm emerged as the most responsive and responsible. Staff will be seeking Council approval for authority to award the contract in April 2017. Once approved, the contract execution will be short and work will commence immediately upon full execution of the contract. The work is anticipated to take 8-10 months to complete.

17) Is there a plan to delegate money from KK to subsidize property owners coming into code compliance in exchange for an agreement to preserve affordable housing? When would this process of allocating KK funding take place? [Kaplan]

The use of bond funds from Measure KK for preservation is allowed so providing funds to landlords for rehabbing their property for code violations is possible. If the landlord receives funds there will be affordability restrictions placed on the units to stabilize the rents to maintain affordability. The current length of affordability restrictions is 55 years. This term may be used or the City can develop another formula to determine the term.

Staff is currently working with the Oakland Acquisition Rehab Working Group to develop the parameters for the issuance of a Request for Proposals(RFP)/Notice of Funding Available (NOFA) to be issued in May or June.

18) Is the "Oakland Promise" a City of Oakland fund? Who controls/allocates it? [Kaplan]

Below is the budget and committed revenue for each program in FY 2016-17 and funding source.

FY17	Revenue Committed in FY17 to date			
	Budget	Philanthropy	City of Oakland	OUSD
Brilliant Baby	\$800,000	\$800,000		
Kindergarten to College	\$450,000	\$150,000	\$150,000	\$150,000
Future Centers	\$1,000,000	\$500,000		\$500,000
College Completion	\$5,000,000	\$5,000,000		
Systems Change	\$650,000	\$650,000		

19) What is the proposed amount for youth summer jobs for summers of 2017 and 2018? What grants have been applied for? Received? How many youth summer jobs are expected to be provided? How many applicants are expected? What steps would be required to provide jobs for all applicants? [Kaplan]

Oakland Workforce Development Board (OWDB) staff have been in conversation with the Mayor's office and working proactively with many of our partners to determine how to maximize the number of both summer and year-round jobs available to young people in the City Of Oakland. Staff is aiming to create as many as 3,000 summer and year-round jobs for young people in the City of Oakland by working with various initiatives and partnerships within/across the city that are being supported or led by Oakland Unified School District, the Port of Oakland, the Oakland Housing Authority, City Of Oakland departments (including both Parks & Recreation, as well as other departments), community-based organization partners, and Oakland-based businesses such as Kaiser Permanente. Many of the specific elements around the implementation of this plan are in progress. This target is ambitious given that direct funds and/or subsidies are likely to only support a fraction of the jobs realized through this effort.

While the exact number of young people wanting jobs is difficult to approximate, it is a safe assumption that there will be more young people wanting paid jobs than the number of opportunities actually available. The goal is to create as many paid positions as possible, with particular emphasis on increasing the number of unsubsidized job opportunities. This effort will truly require a citywide/communitywide effort that effectively links, aligns, and leverages public, philanthropic, and private investments, with the majority of these funds needing to come from the latter (private) pool. Currently, staff estimates there is roughly \$500,000 in public funds currently available to support this work (which mostly come from two sources – the Oakland Housing Authority and the OWDB's federal WIOA funds), which based upon an estimated cost of \$2,750 per summer job, would pay for roughly 180 jobs.

Finally, in terms of funding, the OWDB has yet to see grant solicitation opportunities (like the one last spring from the U.S. Department of Labor) that would help to fund this work, and given the uncertain political and budgetary environment in both Washington DC and Sacramento, it is not expected that there will be many (if any) public-sector grants available this year.

20) What is the cost of funding interim water/sanitation solutions for homeless encampments? What funding is allocated, or proposed to be allocated, for providing services for the homeless in designated allowable site(s)? [Kaplan]

The 2015-17 Midcycle Budget adjustment provided one-time funding of \$190,000 in FY 2016-17 to support encampment strategies. Staff will present to the City Council in March or April cost estimates for various encampment options.

Several possible costing examples include:

- Water/sanitation: portable toilets (2 units plus sink) – approx. \$891 per month.
- Food (morning/evening snacks for 40 people) – approx. \$1,400 per week
- Security personnel (may be considered at a sanctioned site) – approx. \$25 per hour
- Housing Navigator/Case Manager – approx. \$30 per hour

21) What is the total amount that had been funded for undocumented/immigrant legal representation? Will this program be receiving the \$750,000 proposed Foundation matching grant? [Kaplan]

The City Council, on January 31, 2017, adopted Resolution No. 86572 authorizing a grant in the amount of \$150,000 to the Oakland Immigrant Legal Representation and Rapid Response Network (or an entity affiliated with the Network) to provide urgent legal and support services to Oakland families facing the immediate threat of separation due to deportation. Staff also discussed with the City Council their intent to include an additional \$150,000 in the 2017-18 proposed budget for this same effort. It is staff's understanding that the San Francisco Foundation has committing \$750,000 to the Network.

22) What is the proposed budget amount for 2017-2019 for Meals on Wheels? [Kaplan]

The administration is currently in the process of developing a proposed budget. The FY 2016-17 mid-cycle appropriation for Meals on Wheels of \$176,000 was one-time; therefore, it is not included in the baseline budget for FY2017-19.

23) We have about \$274.87 million in total expenditures for debt service. Does this include General Obligation Bond Debt? Or does this debt service only include liabilities that are on our books. If they are commingled, please break out what portion is GO Bond Debt vs. Debt that the City pays out on our books. [Guillen]

The FY17-19 biennial budget will include \$266.8 million in debt service expenditures, of which \$45.7 million is attributed to General Obligation Bond Debt. Please see breakdown below of General Obligation Bond and Non-General Obligation Bond Debt.

	FY17-18	FY18-19	FY17-19
	Debt Service	Debt Service	Debt Service
General Obligation Bond Debt	22,861,302	22,885,882	45,747,184
Non-General Obligation Bond Debt	111,042,141	110,038,715	221,080,856
Total Debt Service	\$133,903,443	\$132,924,597	\$266,828,040

24) What will the total tax rate be for taxpayers for existing outstanding GO Bonds? What is the projected rate on a per \$100,000 basis for total outstanding debt service to the City? [Guillen]

General Obligation Bonds				
Debt Service				
As of 2/24/2017				
Series	2012 Refunding	2015A Refunding	2017C (Measure DD)	Total
Outstanding Par	\$71,820,000	\$118,335,000	\$26,500,000	\$216,655,000
Average Annual Debt Service	\$6,529,203	\$8,020,354	\$1,447,978	\$15,997,535
Estimated Tax Rate*	0.0127%	0.0156%	0.0028%	0.0311%
Estimated Levy per \$100K of AV*	\$12.71	\$15.62	\$2.82	\$31.15
*Based on FY2016-17 Assessed Valuation				

25) It seems from the presentation, like the Capital Investment Program only anticipates an issuance of \$100 million. What would the per \$100,000 tax rate be with the new assessed valuation based on an issuance of \$200 million? [Guillen]

Staff is still working to determine the initial issuance amount for the i-Bond. The \$100 million used in the January 31, 2017 presentation was for *illustrative purposes only*. See below for sample estimated tax rates based on a \$200 million issuance.

City of Oakland
General Obligation Bonds, Series 2017
 - Approximate Cost to Property Owners for \$200M General Obligation Bonds -

City of Oakland 2016-17 Assessed Value	
City of Oakland A.V. For Rate Setting:	\$51,358,712,695
Average Annual Debt Service (30 Years)	
Estimated Annual Debt Service (\$):	\$10,850,269
Approximate Total Annual Cost to property owner	
Total Estimated Cost / \$100,000 of A.V.:	\$21.13
Total Estimated Cost / \$500,000 of A.V.:	\$106
Total Estimated Cost / \$1,000,000 of A.V.:	\$211

¹ Based on FY 2016-17 Assessed Valuation

² Based on market rates as of March 7, 2017

26) What are the repairs needed for Tassafaronga Gym? And what are the repair costs? [Kaplan]

Repairs necessary to re-open Tassafaronga Gymnasium include repair to prevent water intrusion and upgrading waterproofing of existing wall/foundation, roof repairs to prevent future rainwater damage and replacing water-damaged flooring with new flooring. The estimated project cost is \$470,000.

27) What is the current unspent fund balance in Measure B, VRF, and BB? If they are allocated but unspent, please provide a list of projects or programs to which they are allocated. [Kaplan]

Measure B, VRF, and BB are pass through funds from the Alameda County Transportation Commission (ACTC). These funds are fully appropriated to staffing, and to capital projects and programs in the CIP, at the beginning of each budget cycle. Increases in revenue collections over budgeted amounts during the budget cycle may result in temporarily unappropriated revenues. As of Feb 2017, due to increased sales tax and vehicle registration fee collections, there is a total unallocated fund balance of \$1.728 million that will be included in the FY 2017-19 proposed budget.

Annual ACTC Compliance Report – FY 15/16

The fund balance, which is reported to the Alameda County Transportation Commission in the annual Compliance Report and Audit, is the amount of funding received that is unspent at the end of each fiscal year. The total unspent balance includes any funds appropriated to programs or projects and encumbered through contracts, but not yet actually spent. Because the CIP has historically been a major part of Measure B, VRF, and BB spending, and spending on individual capital projects may extend over several years, there will always be a fund balance as funds allocated to individual projects and gradually spent over many months.

As of July 1, 2016, the unexpended fund balances were as follows:

Fund	Fund Balance July 2016
Measure B Local Streets & Roads (LSR)	\$8,845,529
Measure BB Local Streets & Roads	\$7,480,222
Measure B Bicycle & Pedestrian (B&P)	\$853,316
Measure BB Bicycle & Pedestrian	\$927,214
Measure B Paratransit	\$515,638
Measure BB Paratransit	\$869,471
Vehicle Registration Fee	\$2,389,869
Total	\$21,881,259

Please note that the vast majority of these “unspent” funds are allocated and often encumbered through contracts to specific programs and projects. A list of all current allocations with an unspent balance of over one hundred thousand dollars is shown in **Attachment C, Project Balances as of February 2017**.

Most of the funds are committed to active or imminent contracts, and therefore unavailable to be flexibly spent on other activities.

It should be noted that FY 2015-16 was the first full year of Measure BB collections, effectively doubling funds available to the City of Oakland. While Measure B balances went down in FY 2015-16, Measure BB balances went up substantially as the City put spending plans in place for these new funds.

In the most recent Funding Agreement with ACTC (2016), jurisdictions agreed to decrease their fund balances to 40% of total annual revenues at least once every four years. This will require a spending down by the end of FY 2019-20 to an unexpended balance of approximately \$11 million dollars, or half the current amount. Because staff is proposing the increased use of Measure B/BB and VRF for operational expenses that can be fully realized within a given budget year, this is an achievable goal.

Current Fiscal Year

Since the end of the last fiscal year, the City has continued to spend down fund balances in Measure B and VRF, and ramp up spending of new Measure BB funds. Measure B, BB, and VRF funds are currently allocated to both staff expenses and to CIP project expenses. The below discussion addresses only those funds controlled by the Department of Transportation, and does not include paratransit funding.

Staffing: In the current fiscal year, expenses for staffing are running somewhat behind budgeted amounts. At this point in the year, 60% of annual budgeted funds should be expended. Spending has been lower than that (see chart below), however, due to COLA's in January, as well as progress in filling staff vacancies, it is expected that expenditures will increase by year end to near budget. The most significant issue is in Measure B, LSR funds where retirements and vacancies have kept expenses significantly below budget.

Fund	Purpose	FY 2016-17 Budget	% expended to date (Feb. 2017)
Measure B LSR (2211)	Engineering & Planning	\$3,425,769	33%
Measure B B&P (2212)	Bicycle & Pedestrian	\$426,167	47%
Measure BB LSR (2216)	DOT start up, Operations/Maintenance, Transportation Services	\$6,664,714	47%
VRF LSR (2215)	Street Maintenance	\$2,390,595	50%

Capital Improvement Program (CIP): Oakland's budget appropriates funding to CIP program categories, such as paving, neighborhood traffic calming, and emergency roadway repairs,

as well as local match funds for grants from other agencies. Once funds are budgeted in these program areas, they are programmed to individual projects. The CIP covers all phases of the development cycle from planning to design and through construction. Large construction contracts are often for multiple millions of dollars and require full funding at the time of Council award. Because spending for each individual project is gradual, spending may occur several years after initial allocation.

Attachment C provides a list of all current CIP projects, by fund with an unexpended balance of greater than \$100,000. Projects are presented in rank order by size of unspent balance. A description of spending status for each project is included, and shows that the vast majority are for capital construction projects that are either under construction or will be very soon. Staff notes the following observations:

- Paving funds are the single largest unspent balance over several funds (B, BB, and VRF), however the majority of these funds are encumbered in current construction contracts and the remainder will be advertised this spring. This balance should decrease quickly in FY 2017-18.
- There is a record number of grant funded projects in or approaching construction due to staff's success in raising up to \$30 million in discretionary grant funds per year. Funds devoted to required local match will be rapidly spent down as these projects are constructed.
- There are only a very few areas where funding is not completely allocated to projects or programs. In the Bicycle and Pedestrian program, for instance, in which funding has doubled with Measure BB (Fund 2216) without an immediate increase in staff, it has been difficult to immediately spend the new resources. However, staff expects this to be corrected in the coming year; most of the capital funds will be dedicated to projects identified in the upcoming Pedestrian Master Plan.

28) What steps are proposed to be taken, or would need Council authorization to be taken, to strengthen illegal dumping removal for known hot spots (zone based assignments, not complaint based). [Kaplan]

Public Works operates from a work management system called Cityworks. Service requests from the public are entered into the work management system and assigned to the appropriate work unit to address. The Call Center received over 30,000 service requests for illegal dumping removal in FY 2015-16. The public uses this system to report illegal dumping and expects the City to respond to their requests. Keep Oakland Clean and Beautiful Division (KOCB) receives the service requests and dispatches crews to clear the illegal dumping. The illegal dumping unit is comprised of 38 staff that includes three supervisors, 10 crew leaders, and 25 workers. The illegal dumping work unit has a goal to address 85% of the illegal dumping service requests within three business days. The work unit is a 7-day a week operation. This work unit is also responsible for homeless camp cleaning, shrine removal, street litter container emptying and maintenance, and supporting special events.

KOCB divides the city into four sections for operational deployment. Each section of the city has one packer truck with a crew leader and worker. In East and West Oakland an additional mini-packer truck is assigned due to the high level of illegal dumping in these areas. Additionally, there is a pickup truck assigned to each area. A flatbed truck and an overhead loader are assigned citywide for materials needing specialized handling (e.g., tires, appliances, and electronic waste). The work management system provides

documentation and accountability of all work performed. This system has provided the supervision and management data necessary to review operational deployment and adjust as areas of illegal dumping shift over time. This system is GIS based and provides geographical heat maps that show where the intensity of illegal dumping occurs and how resources can be deployed. By reviewing a map of Oakland with illegal dumping service requests plotted on it, one can see that illegal dumping is rampant across the city below Highway 13. An enhancement to KOCB deployment to further address the areas with the highest intensity of illegal dumping would be to add additional crews in both East and West Oakland. The cost to add two crews, one in East and West Oakland would be \$1.6 million in the first year and \$940,000 in subsequent years.

Illegal Dumping East and West Oakland			
Personnel Costs:	FTE	Cost/FTE	Total Cost
Street Maintenance Leaders	3.00	152,920	458,760
Public Works Maintenance Workers	3.00	121,410	364,230
Total Personnel Cost	6.00		822,990
Equipment, Material & Supplies	Units	Cost	Total Cost
25 cubic yard Packers (onetime)	2	325,000	650,000
Packers O & M Cost (annual)	2	57,000	114,000
Total Equipment, Material & Supplies	4.00	382,000	764,000
Total Cost			1,586,990

29) Pothole filling (for hot spots, not just complaint based). What steps need to be taken to double the pothole blitz? [Kaplan]

In 2016, the total cost of “pothole blitz” activities was \$300,000 and filled 4,686 potholes for an average cost of \$64 per pothole. This breaks down to \$260,000 in labor and \$40,000 in materials. This included all activities associated with the “pothole blitz”, including sealing cracks and joints, minor street and sidewalk repair, debris removal, etc. Doubling the pothole blitz would mean doubling current estimates as outlined above to \$600,000.

In this year’s upcoming blitz, staff will be exploring the use of more expensive, higher technology materials that in practice lasts years, rather than months. Resources for the effort come from funds that are constrained, i.e. Gas Tax, Measure B/BB, Vehicle Registration funds that support many other transportation-related programs.

30) What would be the cost to restore personnel levels for the PWA Tree Services Division to the 2007 level? What is the Administration's plan/proposal for the 2017-2019 budget to deal with growing numbers of untrimmed trees? [Kaplan]

Oakland is known for its green tree covered canopy; the 100-year-old Jack London Oak tree at Frank Ogawa Plaza symbolizes this commitment to being a Green City. Oakland's urban forest consists of hundreds of thousands of trees. The City maintains over 200,000 of these trees that grow in parks and along streets. A 2007 sidewalk survey identified 42,642 street trees (trees between the sidewalk and street), with many more trees in City parks and open space, on medians and streetscapes, and within the City's rights of way. The recent Oakland Urban Tree Canopy Assessment conducted by American Forests (July 2015) estimates that approximately 24.8% of Oakland is covered in trees. This puts Oakland in about the mid-range of cities in the Bay Area for the size of its urban forest. Since the survey, several hundred new trees have been planted by Urban Releaf, Sierra Club, West Oakland Greening Initiative and homeowners.

Since 2008, Oakland Public Works has experienced a 50% reduction in tree staff limiting services to emergency response and hazardous tree abatement. The City ended the tree planting and aesthetic tree pruning program in 2008. Aesthetic tree pruning is not performed and trees are no longer planted or watered manually. Deferred tree maintenance has resulted in higher emergency or storm related tree damage and the associated property damage caused by a falling tree or branches.

In FY 2016-17, the \$2.8 million tree budget was funded by the Landscaping and Lighting Assessment District (LLAD) Fund 2310. These funds support 15 full-time equivalent (FTE) staff responsible for tree maintenance. Current staffing level provides for approximately 2,000 emergency and hazardous tree responses annually.

The cost to add one tree crew (1 Tree Supervisor and 4 Tree Trimmers) is approximately \$1.43M annually (including both personnel and O&M costs) allowing for approximately 500 additional hazardous tree (Priority 2) responses. This does not include aesthetic pruning or tree planting. The administration is currently in the process of developing a proposed budget.

31) What is the cost for restoring Parks and Rec staffing, particularly for gardeners, and, restroom maintenance? [Kaplan]

Park Landscape Maintenance Staffing

In order to restore budget reductions for Park Landscape Maintenance staffing, which impacted staffing levels by 45%, the cost is estimated to be \$3.3 million in FY 2017-18 and \$4.1 million in FY 2018-19.

An enhancement for existing levels of Park Landscape Maintenance would be a crew (8.0 FTE) to maintain medians, and provide rapid response – a blitz type approach to maintenance issues across the city. The cost for a rapid response crew is estimated to cost \$800,000 annually, plus \$150,000 in one-time equipment.

Park Freestanding Restrooms

Oakland has 36 sets of freestanding restrooms in parks throughout the City. These restrooms are cleaned by Oakland Public Works, Facility Services Custodial staff. Funding is currently available to provide servicing of the restrooms at a minimum one time per day. Due to the number of locations requiring service and the funding available for custodial services the restrooms are cleaned daily between the hours of 6am and 2:30pm, leaving the restrooms without service in the late afternoons until the next day.

In order to improve restroom maintenance and clean park restrooms two times per day (7 days per week), it would require 2.5 Custodian positions and is estimated to cost \$250,000 (including both personnel and O&M costs).

32) The balance for FY 2016-2017 sets aside 7.5% of GPF of \$41.22 million. What is the cumulative fund balance for this required reserve fund balance? [Guillen]

\$44.22 million is the cumulative amount (see the footnote #1 on page 8 of the January 31, 2017 presentation slide).

33) When you set aside 25% of RETT funds per our policy, we have \$2.55 projected fund balance for Long Term Obligations Set aside. When and how do these dollars get allocated per the policy? In what order are these funds applied? [Guillen]

The administration will make a recommendation on how to allocate the set-aside for long-term obligations in the FY 2017-19 Proposed Biennial Budget for City Council consideration.

For questions, please contact Sarah Schlenk, Budget Director, at (510) 238-3982.

Respectfully submitted,

/s/

SARAH SCHLENK
Budget Director

Attachments:

- A: Federal Funding Levels
- B: Police Department Overtime Report
- C: Project Balances as of February 2017

FEDERAL FUNDS						
Fund #	Fund Description	Source of Funds	Uses of Funds	FY 2016-17 Annual (Recurring)	One-time/ Prior Year Balances	FY 2016-17 Adj Total
TOTAL				\$ 40,333,720	\$ 89,906,853	\$ 130,240,573
2102	Department of Agriculture	U.S. Department of Agriculture	Year-round lunch program for school children offered through City's Department of Human Services	\$1,140,460	\$1,277,511	\$2,417,971
2103	Department of Housing and Urban Development (HUD) -- Emergency Shelter Grant (ESG)/ Supportive Housing Program (SHP)/ Continuum of Care (COC) Housing Opportunities for Persons with AIDS (HOPWA)	U.S. Department of Housing and Urban Development (HUD)	Emergency shelters, housing for persons with AIDS, and transitional housing programs	\$6,603,590	\$6,619,499	\$13,223,089
2105	Department of Housing and Urban Development (HUD) -- Economic Development Initiative (EDI) Grants	U.S. Department of Housing and Urban Development (HUD)	Commercial grants and loans and associated operational costs to promote economic development	\$0	\$2,194,226	\$2,194,226
2108	Department of Housing and Urban Development (HUD) -- Community Development Block Grant (CDBG)	U.S. Department of Housing and Urban Development (HUD)	Grants to non-profit organizations for housing and community development in low- and moderate-income areas	\$7,076,798	\$5,205,913	\$12,282,711
2109	Department of Housing and Urban Development (HUD) -- HOME Investment Partnerships (HOME)	U.S. Department of Housing and Urban Development (HUD)	Support for first-time homebuyers, housing rehabilitation, and housing development	\$2,148,143	\$3,644,233	\$5,792,376
* 2112	Department of Justice	US Department of Justice (DOJ)	Law enforcement activities, particularly drug law enforcement, including DNA backlog; Community-Based Violence Prevention; Justice Assistance Grant (JAG)	\$0	\$2,039,111	\$2,039,111
* 2113	Department of Justice - COPS Hiring	US Department of Justice (DOJ)	Law enforcement activities, particularly drug law enforcement	\$0	\$3,219,930	\$3,219,930
2114	Department of Labor	Federal funds administered by California Employment Development Department (EDD)	Employment training programs (Senior aides)	\$922,216	\$1,081,450	\$2,003,666
2116	Department of Transportation	State pass-through of Federal Aid for Urban Systems Act funds	Construction and improvements of streets and highways	\$0	\$36,560,457	\$36,560,457
2120	Federal Action Agency	Federal Government	Various social services programs	\$316,610	\$178,153	\$494,763

FEDERAL FUNDS						
Fund #	Fund Description	Source of Funds	Uses of Funds	FY 2016-17 Annual (Recurring)	One-time/ Prior Year Balances	FY 2016-17 Adj Total
2123	US Department of Homeland Security	Urban Area Security Initiative (UASI) Grants	Offset city's costs of supporting the newly established Homeland Security program	\$0	\$6,140,291	\$6,140,291
2124	Federal Emergency Management Agency	Federal disaster relieve fund	Disaster recovery activities; includes SAFER grant and Seismic Retrofit grant	\$0	\$11,440,429	\$11,440,429
2128	Department of Health and Human Services (DHHS)	Federal funds administered by California Department of Economic Opportunity	Various social services programs for low-income residents including Headstart and Community Services Block Grant; also includes ReCAST grant	\$17,973,097	\$7,347,269	\$25,320,366
2166	Bay Area Air Quality Management District	US Department of Commerce Economic Development Administration	To provide funding for Broadway Shuttle and electric vehicle charging stations programs	\$0	\$1,215,381	\$1,215,381
2195	Workforce Investment Act	US Department of Labor	Employment and training services for Oakland residents; overseen by Oakland Workforce Investment Board and the Mayor	\$4,152,806	\$1,733,000	\$5,885,806
2995	Police Grants	Miscellaneous grants or contracts from other government entities	Various reimbursable police activities	\$0	\$10,000	\$10,000

* Federal funding most likely targeted for cuts in sanctuary cities.

Police Department General Purpose Fund Overtime
July through December 2016

OPD OT BY ELEMENT:							
ELEMENT	Jul	Aug	Sep	Oct	Nov	Dec*	Grand Total
Acting Higher Rank	46,483	43,805	35,845	19,855	33,971	23,808	203,768
Administrative Investigation	73,789	63,249	51,995	46,893	47,100	38,866	321,892
Backfill	514,474	494,615	445,061	410,515	350,599	275,295	2,490,560
Callback	104,660	56,312	56,944	58,303	79,942	34,535	390,695
Canine	2,617	2,655	3,257	2,052	1,845	1,337	13,764
Community Meetings	7,526	4,796	7,353	5,484	6,570	5,869	37,598
Comp Time Earned	26,611	20,331	17,180	14,263	21,724	8,949	109,058
Court	42,481	26,742	46,831	40,431	38,449	11,230	206,165
Extension of Shift	534,996	455,466	322,354	280,851	513,552	293,155	2,400,374
FLSA	34,363	43,090	15,559	33,696	31,619	18,018	176,344
Holiday	213,576	(1,024)	448,401	(4,892)	575,476	34,302	1,265,840
Recruiting/Background	33,374	25,554	34,123	17,372	29,777	18,829	159,028
Special Enforcement	387,269	196,681	315,381	157,399	644,623	349,214	2,050,567
Special Events	154,386	258,741	541,166	339,185	268,240	314,105	1,875,823
Training	34,496	151,100	116,160	114,944	110,213	112,527	639,440
Grand Total	2,211,100	1,842,112	2,457,613	1,536,351	2,753,702	1,540,039	12,340,917

*OT work Nov. 26 - Dec. 16

OPD OT BY ORG:								
PA ORGANIZATION NAME	Jul	Aug	Sep	Oct	Nov	Dec	Grand Total	Projection
101110 - Office of Chief - Administration	1,578	1,345	2,518	453	532	1,978	8,403	18,334
101112 - Public Information Unit	2,934	2,109	453	332	4,398	1,255	11,481	25,050
101120 - Internal Affairs	28,788	8,003	9,836	1,959	1,007	3,461	53,052	115,751
101130 - Office of the Inspector General	1,846	1,217	1,410	1,737	1,109	372	7,690	16,778
101140 - Intelligence Unit	4,503	6,279	5,229	3,301	2,432	3,585	25,329	55,264
102120 - Property and Evidence	9,282	8,489	11,992	7,031	11,107	5,466	53,366	116,435
102130 - Special Victims Section	76,448	44,344	103,137	87,806	42,535	50,868	405,138	883,939
102140 - Research, Planning & Crime Analysis	785	663		923			2,370	5,172
102280 - Crime Analysis				102			102	222
102310 - Criminal Investigations	11,859	9,976	5,615	15,180	1,844	2,589	47,064	102,684
102320 - Homicide	126,203	88,878	72,935	65,593	73,974	28,040	455,623	994,088
102321 - Misdemeanor Crimes & Task Forces	27,213	40,134	32,626	24,863	19,915	13,125	157,876	344,457
102324 - Felony Assault & Gang Section	26,871	22,796	17,290	34,901	21,017	8,146	131,021	285,863
102330 - Robbery & Burglary Section	53,092	39,441	32,665	17,718	21,508	10,813	175,236	382,334
102350 - Youth & School Services Section	22,534	11,456	15,199	15,038	18,311	12,044	94,582	206,361
102610 - Criminalistics Unit	1,885	3,394	1,836	2,024	2,547	176	11,862	25,880
103110 - Bureau of Services - Administration Unit	3,164	1,760	7,743	724		680	14,071	30,700
103242 - Records & Warrants	51,137	44,646	53,376	38,613	34,228	26,791	248,790	542,815
103310 - Communications Unit	160,337	101,041	168,497	113,377	160,571	83,946	787,769	1,718,768
103430 - Training Unit	41,734	152,609	91,813	112,660	114,148	117,096	630,061	1,374,679
106210 - Police Personnel	5,843	6,584	7,630	5,372	2,722	1,438	29,588	64,555
106410 - Police Information Technology	(1,447)	1,481	2,098	7,163	392	1,919	11,606	25,322
106510 - Fiscal Services						82	82	179
106610 - Background & Recruiting	38,521	32,307	35,014	20,541	29,524	17,159	173,065	377,596
106810 - PAS Administration	2,274		1,211	556	1,800		5,841	12,744
107410 - Support Operations	15,416	17,445	23,360	19,703	19,131	12,144	107,200	233,891
107510 - Traffic Operations	30,717	14,931	18,318	10,619	8,954	7,033	90,571	197,609
107511 - Parking Enforcement			5,995		9,601		15,596	34,028
107710 - Special Operations	279,172	306,287	687,810	374,085	998,431	348,739	2,994,523	6,533,506
108010 - District Command Administration	13,702	5,741	3,873	2,117	2,142	3,518	31,093	67,839
108110 - District Area 1	263,266	184,052	234,289	104,447	249,818	329,337	1,365,209	2,978,638
108120 - District Area 2	166,110	113,296	113,190	66,923	167,252	62,791	689,563	1,504,500
108130 - District Area 3	184,324	138,048	176,663	104,179	178,338	192,280	973,832	2,124,725
108140 - District Area 4	188,072	105,841	183,589	87,767	199,699	60,209	825,177	1,800,385
108150 - District Area 5	261,564	221,525	263,238	118,178	287,454	95,646	1,247,607	2,722,051
108630 - Ceasefire	75,687	92,593	55,718	67,734	67,259	36,283	395,275	862,419
108710 - Neighborhood Services Section 1	(37)	224					187	408
108820 - Neighborhood Services Section 2	270	108	1,333	549		1,027	3,288	7,174
Incorrect Org	35,454	13,070	10,114	2,087			60,726	132,493
Grand Total	2,211,100	1,842,112	2,457,613	1,536,351	2,753,702	1,540,039	12,340,917	26,925,637

Project Balances as of February 2017

Measure B Local Streets & Roads (Fund 2211)

Project	CIP Category	Current Unspent Balance	Notes
Citywide Street Resurfacing	Paving	\$3,392,849	Will be fully expended by end of fiscal year 2017/18 for paving contract to be advertised in March/April 2017.
Neighborhood Traffic Safety Program	Neighborhood Traffic Safety	\$1,046,673	\$436K encumbered, remainder programmed to be spent during FY 2017/18 on neighborhood traffic calming, crosswalk enhancements and safe routes to schools.
Peralta Street Streetscape	Grant Matching	\$967,937	Contract awarded, construction start imminent, will be expended through FY 17-18.
Bridge Maintenance Program	Bridge Maintenance	\$798,363	Plans and Specs for 12 bridge maintenance projects are completed, bid spring/summer; will expend full balance during 17/18.
MLK Way Streetscape	Grant Matching	\$797,084	Contract awarded, construction start imminent, will be expended through next FY.
Citywide Preventive Maintenance Resurfacing	Paving	\$625,323	Will be fully expended by end of calendar year 2017 on current contract.
Caldecott Tunnel Mitigation	Grant Matching	\$500,000	Project under construction; fully expended 2017.
HSIP Grant - West MacArthur	Grant Matching	\$493,610	Under construction.
Emergency Roadway Repairs	Emergency Roadway	\$451,339	Winter storm response will fully exhaust this source.
Safe Routes To School Cycle 1	Grant Matching	\$377,545	Contract awarded; construction start imminent, fully expended during FY 17/18.
On Call Emergency Roadway Repairs	Emergency Roadway	\$372,482	Winter storm response will exhaust this source.
High/Courtland/Ygnacio Streetscape	Grant Matching	\$360,000	Contract to be awarded March 2017, construction start imminent, fully expended during FY 17/18.

City Paths and Stairs	Paths and Stairs	\$343,485	Ongoing program; Next project ready for bid advertising.
Lakeside Green Street	Grant Matching	\$338,417	Construction underway, fully expended 17/18.
HSIP Grant - Market Street	Grant Matching	\$329,693	Project under construction, fully expended during FY 17/18.
Council District Paygo	None	\$295,795	Unallocated to projects – appropriated by Council action in prior budgets.
Adeline Bridge Seismic Repair	Grant Matching	\$250,931	Design complete, funds reserved for construction match in 17/18.
Leimert Bridge Seismic Retrofit	Grant Matching	\$192,069	Environmental phase underway, funds are local match.
HSIP Grant - 98th Ave	Grant Matching	\$161,919	Project under construction, fully expended during FY 17/18.
Emergency Roadway – Girvin Street	Emergency Roadway	\$147,138	Ongoing slide remediation; current contract will exhaust this budget in FY 17/18.
7th Street Streetscape Phase 2	Grant Matching	\$109,165	Final design complete, awaiting construction authorization from Caltrans. CON award should be summer/fall 2017.

Measure BB Local Streets & Roads (Fund 2216)

Project	CIP Category	Unspent Balance	Notes
Citywide Paving	Paving	\$7,322,468	Most encumbered in current construction contract to be completed in CY 2017; remaining \$1.8 million to be encumbered in new paving contract to be advertised in March/April 2017 (see Measure B paving).
Curb Ramps	ADA Curb Ramps	\$900,000	Contract award scheduled for April 2017, expended in Calendar year 2017.
Citywide Sidewalk Repair	Sidewalks	\$600,000	Contract award scheduled for June 2017, expended in FY 17/18.

Vehicle Registration Fee (Fund 2215)

Project	CIP Category	Unspent Balance	Notes
Street Resurfacing	Paving	\$398,172	Current construction contract will be fully expended in FY 16/17.

Measure B Bicycle and Pedestrian (Fund 2212)

Project	CIP Category	Unspent Balance	Notes
Bike Facilities Design & Implementation	Bike Facilities	\$827,552	Fully programmed to projects, but expect to carryover \$300K into FY 17/18.
Lake Merritt Ped Paths	Pedestrian Facilities	\$158,151	Contract awarded; construction start imminent, fully expended in FY 17/18.
Pedestrian Facilities CIP	Pedestrian Facilities	\$120,650	Expect to fully expend in FY 16/17 on completion of Pedestrian Plan and projects.

Measure BB Bicycle and Pedestrian (Fund 2216)

Project	CIP Category	Unspent Balance	Notes
Bicycle Facilities Design & Implementation	Bicycle Facilities	\$949,002	Majority allocated to projects and programs to be spent through FY 17/18. \$250K yet to be programmed.
Pedestrian Facilities Design & Implementation	Pedestrian Facilities	\$718,268	Majority to fund priorities of Draft Pedestrian Master Plan (scheduled for Council approval in June 2017).
Lakeside Green Streets	Pedestrian Facilities	\$177,465	Project under construction; fully expended during FY 17/18.