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OFFICE OF THE CITY CLERK
OAKLAND

2017 JUN -8 AM 10:00

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Director of Finance

SUBJECT: FY 2017-19 Proposed Policy
Budget Adoption - Supplemental

DATE: June 2, 2017

City Administrator Approval

Date:

6/8/17

RECOMMENDATION

Staff Recommend the City Council Approve A Resolution Authorizing The Fiscal Year (FY) 2017-2019 Biennial Budget And Appropriating Certain Funds To Provide For The Expenditures Proposed By Said Budget.

Staff Recommend the City Council Approve A Resolution Authorizing The Use Of One-Time Revenues And Excess Real Estate Transfer Tax Revenues For Purposes Other Than Those Denoted In The City's Consolidated Fiscal Policy Adopting A Finding Of Necessity, And Describing Prospective Steps To Be Taken To Return To The Prescribed Uses Of Said Revenues.

REASON FOR SUPPLEMENTAL

The purpose of this supplemental report is to submit an additional amendment to the FY 2017-19 proposed budget.

BACKGROUND / LEGISLATIVE HISTORY

The Administration published the FY 2017-19 Proposed Policy Budget on April 28, 2017. The Mayor delivered an oral presentation of the budget on May 2, 2017. On May 16, 2017, staff provided a detailed presentation of the Proposed Budget and provided an initial set of amendments to the proposed budget for the General Purpose Fund (1010). On May 30, 2017, an additional set of amendments were published for all funds that included amendments from May 16, 2017.

Item: _____
Special City Council
June 12, 2017

ANALYSIS

After further careful analysis of the budget, staff identified that the current Oakland Police Training Academy (a third or supplemental academy paid for with one-time funds to begin at the end of the current fiscal year) was budgeted as a continual expense through the end of FY 2018-19, rather than ending in November 2017. **The attached *Exhibit 2a* removes this expense from the Police Department budget totaling \$2.54 million in FY 2017-18 and \$4.59 million in FY 2018-19, for a total of \$7.13 million over two years.**

Removing this expenditure no longer makes it necessary for the City to suspend the deposit of 25 percent of the excess real estate transfer tax into the Vital Services Stabilization Fund (1020) in order to preserve the Parks Maintenance positions. The attached exhibit restores the mandated deposit, leaving **\$0.54 million in one-time funds available in FY 2017-18 and \$2.57 million in one-time funds in FY 2018-19 for a total of \$3.11 million in one-time funds over two years.**

In addition to restoring the mandated deposit, the attached *Exhibit 2a* proposes the following changes consistent with Council deliberations and the City's priority to address homelessness:

\$1.84 million to fund:

- \$500,000 to start up the Proactive Rental Inspection & Renters Rights Education Program;
- \$1,140,000 to add a dedicated encampment cleaning crew; and
- \$200,000 to fund the city's share of first-year operational costs of a second Henry Robinson/Navigation Center.

Note that these changes bring Oakland's total investment in Homeless Services, Anti-Displacement and Affordable Housing to approximately \$185 million. Compared with FY 2015-17 budget and previous county funding levels, this represents roughly a 50% increase in funding for homeless services, more than double the dedicated funding for renters' services, and twelve times more funding to preserve and create affordable housing.

This leaves \$1.27 million in one-time funds available for appropriation toward other one-time City Council priorities.

Other Proposed Changes (*Exhibit 3a*):

\$200,000 additional Measure KK/Infrastructure bond issuance to fund a feasibility study, including surveying potential replacement sites for the Police Administration Building.

Unfreezing an Emergency Medical Services Coordinator position by shifting its funding source to Alameda County Grants Fund 2160.

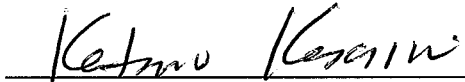
ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends the City Council determine how to appropriate the additional \$1.27 million in one-time funds over two years and otherwise adopt the proposed budget.

Because the proposed budget uses one-time funds for the on-going expenses of certain park maintenance workers, as well as the new dedicated encampment clean-up crew, staff recommends the City Council approve a Resolution Authorizing The Use Of One-Time Revenues Adopting A Finding Of Necessity, And Describing Prospective Steps To Be Taken To Return To The Prescribed Uses Of Said Revenues.

For questions regarding this report, please contact Sarah Schlenk, Budget Administrator at 510-238-3982.

Respectfully submitted,



KATANO KASAINÉ
Director of Finance

Prepared by:
Sarah Schlenk, Budget Administrator
Budget Bureau

Attachments (2):

- 1) Exhibit 2a: General Purpose Fund (GPF)
- 2) Exhibit 3a: All Other Funds

Budget Adjustments -- Errata #2

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GENERAL PURPOSE FUND (GPF)	FTE	FY 2017-18 One-Time Incr / (Reduc)	FY 2017-18 On-Going Incr / (Reduc)	FY 2018-19 One-Time Incr / (Reduc)	FY 2018-19 On-Going Incr / (Reduc)
Revenue Changes					
Reallocate Use of Fund Balance from Fiscal Year FY 2018-19 to FY 2017-18		\$0.73		(\$0.73)	
<i>Net Change to Revenues</i>		<i>\$0.73</i>	<i>\$0.00</i>	<i>(\$0.73)</i>	<i>\$0.00</i>
Expenditure Changes					
POLICE					
Eliminate FY16-17 "3rd academy" costs that was continued into FY18-19 beyond the required number of months (should have only been funded through November 2017)	-	(\$2.54)		(\$4.59)	
HUMAN SERVICES					
Add funding for the City's share of first-year operational costs of a second Henry Robinson/Navigation Center	-	\$0.20			
PLANNING & BUILDING					
Add funding to start up the Proactive Rental Inspection & Renters Rights Education Program	-	\$0.38		\$0.12	
PUBLIC WORKS					
Add funding for a dedicated encampment cleaning crew Illegal Dumping Crews related to Homeless Encampments	-	\$0.35	\$0.34		\$0.45
NON-DEPARTMENTAL					
Transfer Excess Real Estate Transfer Tax to the Vital Services Stabilization Fund (1020)		\$2.00		\$2.03	
<i>Net Change to Expenditures</i>		<i>\$0.39</i>	<i>\$0.34</i>	<i>(\$2.45)</i>	<i>\$0.45</i>
TOTAL SURPLUS / (SHORTFALL)		\$0.00		\$1.27	

Budget Adjustments -- Errata #2

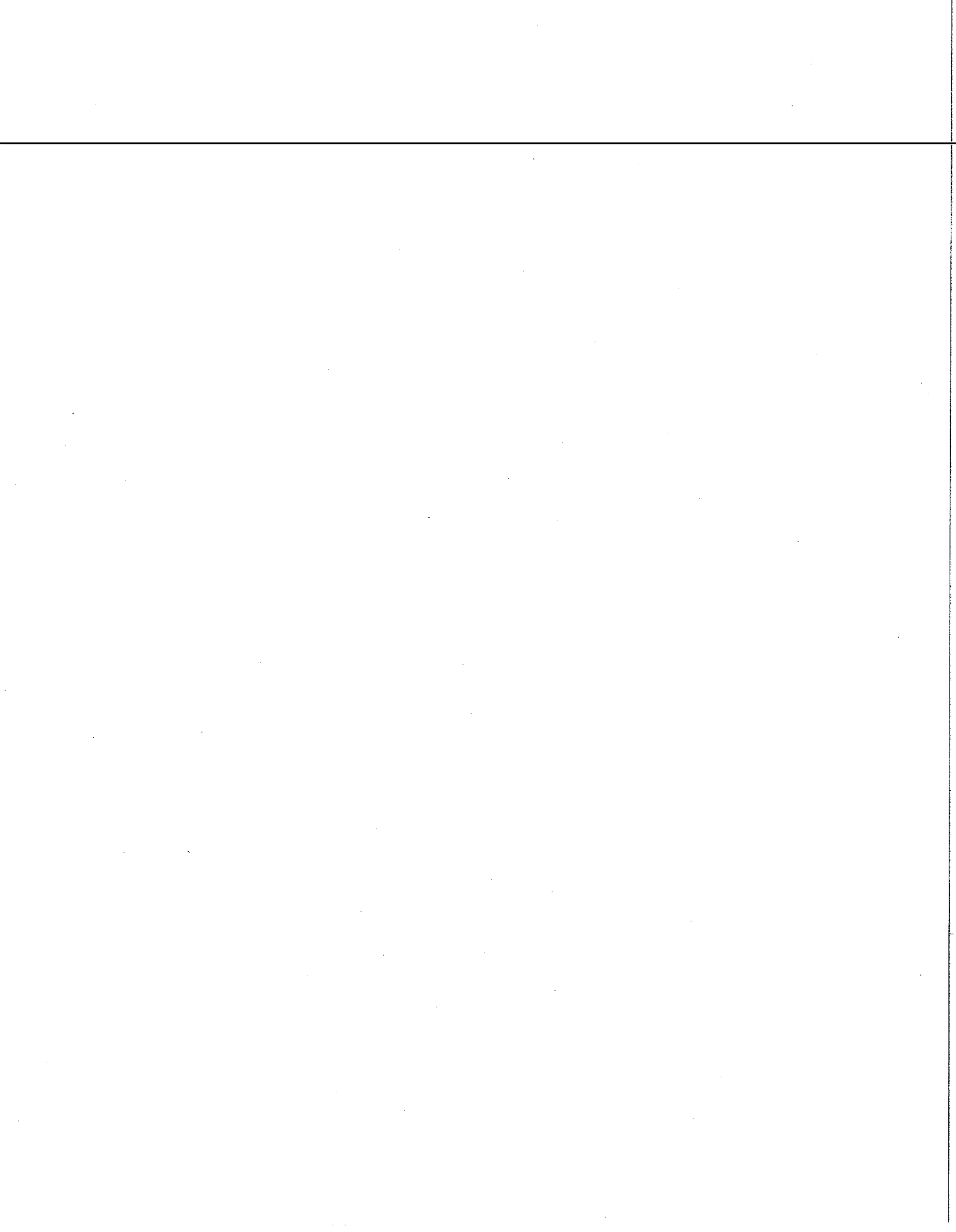
ALL OTHER FUNDS	FTE	FY 2017-18 Incr / (Reduc)	FY 2018-19 Incr / (Reduc)
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Significant Revenue Changes

One-time transfer into the Vital Services Stabilization Fund (1020) from the General Purpose Fund (1010) for FY17-19, 25 percent Excess Real Estate Transfer Tax		\$2.00	\$2.03
Increase Transfers from Fund Balance in the County of Alameda: Grants Fund (2160).		\$0.21	\$0.22
Increase in Measure KK Infrastructure and Affordable Housing (Fund 5330) revenues to fund Phase II Feasibility Study and Right of Way Acquisition for the Police Administration Building (PAB).		\$0.20	

Significant Expenditure Changes

FIRE			
Unfreeze an Emergency Medical Services Coordinator in the Emergency Dispatch Service Supplemental Assessment (Measure M) Fund (2412) and transfer the position to the County of Alameda: Grants Fund (2160)	1.00	\$0.21	\$0.22
NON-DEPARTMENTAL			
One-time increase transfer into the Vital Services Stabilization Fund (1020) from the General Purpose Fund (1010) for FY17-19, 25 percent Excess Real Estate Transfer Tax		\$2.00	\$2.03
CAPITAL IMPROVEMENT PROGRAM			
Phase II Feasibility Study and Right of Way Acquisition Options for the Police Administration Building (PAB) in Measure KK Infrastructure and Affordable Housing (Fund 5330).		\$0.20	





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June 8, 2017

Dear President Reid and Members of the Oakland City Council,

Homelessness and housing insecurity are the most pressing problems we're facing today. We don't need to tell anyone who travels our streets that homelessness has reached a crisis level in Oakland. Everyone Home's recent point-in-time count tells us we have 1,902 homeless residents living on Oakland's streets and another 859 living in shelters, cars or temporarily on couches. Every Oaklander deserves safe, affordable housing. Every resident struggling with disabilities, mental illness or addiction deserves dignity and care.

I write to clarify how this proposed two-year budget invests **\$185 million to tackle homelessness** in the immediate and long term, including key investments by the county, as well as new strategies.

Enhanced Cleaning & Hygiene Services In-Place:

First, we're immediately improving our routine cleanups around encampments and adding health and hygiene services in-place. Based on the lessons we learned from the Compassionate Communities pilot led by Councilmember Gibson McElhaney, this budget proposes bringing serviced port-a-potties and trash pick-up, that when matched by county funds will allow us to improve health and hygiene for approximately 400 unsheltered residents a year, as well as for the communities around them. Due to newly available funds and clear calls from the Council to do more, this budget recently added a new \$1.14 million dedicated crew to work solely on compassionately cleaning at ALL encampments, as well as the areas around them.

The \$500,000 proposed in this budget, along with requested funds to Alameda County, will allow us to not only enhance existing continuum of care services, like mobile health, counseling and food services, but also will let us transition unsheltered individuals and communities to Oakland's first Safe Haven Outdoor Navigation Center, as we wait to place residents into transitional and then permanent housing. **These are new services we've never provided before.**

Mental Illness and Addiction:

Alameda County Social Services provides basic safety net programs (e.g., General Assistance) and shelter funding, while its Health Care Agency provides mental health services for the seriously mentally ill and substance abuse treatment services and supports transitional and permanent supportive housing. Everyone Home implements the County's HUD Continuum of Care process for permanent housing totaling more than \$35 million annually. The County Health

Care Agency recently received a MediCare waiver to conduct the Whole Person Care Pilot – new funding to serve the highest utilizers of our health care system. Focusing on MediCal eligible ~~clients who are homeless and have complex health needs,~~ **this new grant will expand street outreach to the most medically vulnerable, increase housing navigation services, and provide support for those in permanent housing.** It will also expand landlord outreach and incentives to encourage landlord participation and further support coordinated entry.

New Outdoor Safe Haven and Permanent Navigation Centers:

Navigation Centers are proven low-barrier-to-entry facilities with services that help homeless residents transition successfully to independence. Our existing Henry Robinson House has been extremely successful, taking individuals from the streets, providing brief transitional housing, and existing more than 80% of its residents into permanent housing. The proposed budget invests up to \$10 million to acquire a new “navigation-center style” transitional housing facility in Oakland – allowing us to bring 600 residents a year into safe, supportive housing. While this is being built, we will also fund a shorter-term Safe Haven Outdoor Navigation Center offering supervised camping with services. This budget also includes \$200,000 for start-up operations which should leverage up to \$1.8 million in other funds. **This will MORE THAN DOUBLE our current impact of transitioning people off the streets and into permanent housing.** We will also continue to support the **Family Front Door** and **Operation Vets Home** that provide special care and incentives to get families and veterans into permanent housing.

Preventing Homelessness by Fighting Displacement:

Finally, we’re determined to prevent homelessness in the first place by fighting displacement with stronger renter protections and services. Thanks to this City Council’s leadership, Oakland has expanded just cause eviction and rent control laws to protect 1000s more renters, as property owners now must petition to raise rents above the cost of living. **This budget MORE THAN DOUBLES the dedicated funding for renter services and enforcing renters’ rights. It also funds the start-up costs of a new Proactive Rental Inspection and Renters Rights Education Program.** These services should protect 4,000 Oakland families from displacement this year alone.

Building & Protecting Permanent Affordable Housing:

This budget proposes another \$40 million to acquire and/or rehab permanent and permanent supportive housing, which includes housing for 20% AMI. Additionally, there’s \$54 million from Alameda County’s Measure A1 and \$19.5 million from the city to build more permanent affordable housing. **This means we have TWELVE TIMES the money for affordable and homeless housing than we did in our last budget.**

Here is a summary of these proposed expenditures in the 2017-19 Budget:

Proposed 2017-19 Budget for Homeless Services, Anti-displacement & Affordable Housing	
Immediate Homelessness Relief & Care	
Rapid Rehousing, Shelters & Services	\$25,215,444
New Services In Place & Outdoor Safe Haven Navigation Centers	\$500,000
New Dedicated Encampment Cleaning Crew	\$1,140,000
County Investments in Oakland Homeless Services	
Estimated Oakland-share Continuum of Care*	\$17,500,000
Estimated Oakland-share Whole Person Care	\$7,000,000
Mid-term Homelessness Solutions	
New Acquire/Rehab Add'l Navigation Center (KK i-bond)	\$10,000,000
New Add'l Navigation Center Operations - City match**	\$200,000
Anti-Displacement/Homelessness Prevention & Affordable Housing	
Renter Protections & Services (more than doubled from 2015/17)	\$9,600,000
New Anti-displacement Acquire and/or Rehab Permanent and Permanent Supportive Housing which includes housing for 20% AMI (KK i-bond)	\$40,000,000
New Proactive Rental Inspections & Rights Education	\$500,000
New (County A1) Affordable Housing Development	\$54,000,000
City Affordable Housing Development	\$19,502,571
TOTAL	\$185,158,015
*doesn't include county funding for mental health and chemical dependency care	
** this should leverage approx. \$1.8 million in on-going operational funds from other sources including County, HUD and OHA	

Next Steps & Community Engagement:

Just as the causes of homelessness are complex, the work to tackle it is as well. Everyone Home is the collaborative body that helps maximize and coordinate city and county resources. Oakland has offered to host their summit this summer to update our region's Plan to End Homelessness.

Please encourage your interested constituents to visit EveryoneHome.org and join any of their working groups or sign up for action alerts to help us end homelessness.

Sincerely,



Libby Schaaf
Mayor, City of Oakland

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SPECIAL MEETING OF
THE OAKLAND CITY COUNCIL

JUN 1 2 2017