

CITY OF OAKLAND  
AGENDA REPORT

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**To:** Office of the City Administrator  
**Attn:** Dan Lindheim  
**From:** Police Department  
**Date:** November 16, 2010

**Re: A Report and Proposed Resolution Authorizing the City Administrator, on Behalf of the City of Oakland, to Accept and Appropriate Project Funds In An Amount Not to Exceed Forty Thousand Dollars (\$40,000) from the U.S. Department of Agriculture, Office of the Inspector General, for the FY 2011 Enactment of the Food Stamp and Electronic Benefit Transfer Fraud Investigative Program Within the Police Department**

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**SUMMARY**

This report and resolution authorizes the City Administrator, on behalf of the City of Oakland, to accept and appropriate project funds in an amount not to exceed \$40,000 from the U.S. Department of Agriculture, Office of the Inspector General, for the FY 2011 enactment of the Food Stamp and Electronic Benefit Transfer initiative. The funds will be used to offset sworn overtime and equipment costs to the Police Department's Alcohol Beverage Action Team (ABAT) Unit relative to the delivery of specialty law enforcement operations targeting fraudulent food stamp and Electronic Benefit Transfer (EBT) activities. The proposed program term is October 1, 2010 to September 30, 2011.

**FISCAL IMPACT**

Approval of the proposed resolution will authorize the acceptance and appropriation of project funds from the U.S. Department of Agriculture, Office of the Inspector General, for the Police Department's participation in the FY 2011 Food Stamp and Electronic Benefit Transfer Fraud Investigative program in the estimated amount of \$40,000. Funding will be appropriated to the U.S. Department of Agriculture Special Revenue Fund (2102); Special Operations Unit Division Org. (107710); Special Operations Division Program (PS13), in a Project Account to be determined. Proposed expense allocations are as follows:

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<b>Description and Use of Funds</b>	<b>Amount</b>
Sergeant of Police (Overtime) (\$56.59/hr x 1.5 x 7/hrs/op x 12/ops 1/person)	<b>\$7,130</b>
Police Officers (Overtime) (\$49.05/hr x 1.5 x 5/hrs/op x 12/ops x 4/persons)	<b>\$17,658</b>
<b>Subtotal:</b>	<b>\$24,788</b>
Surveillance Equipment and Supplies	<b>\$15,212</b>
<b>Grand Total:</b>	<b>\$40,000</b>

Central Services Overhead (CSO) charges associated with the \$24,788 for salary and wages equals \$3,381; based on a 13.64% calculation rate. The funding agency, however, specifically disallows indirect costs (CSO). Therefore, the Department requests a waiver for applicable Central Services Overhead charges.

The program manager of this project is the commander of the Special Operations Division.

## **BACKGROUND**

In October 2009, the Police Department's Alcohol Beverage Action Team (ABAT) Unit discovered a supply of food stamp and Electronic Benefit Cards (EBT) during a routine site visit of an alcohol retail establishment in Oakland. The discovery was referred to representatives of the U.S. Department of Agriculture's (USDA) Office of the Inspector General for further investigation. Based upon the subsequent investigation of this matter, the USDA requested the ABAT Unit's assistance in conducting ongoing joint investigations pertaining to possible food stamp and EBT fraud at certain retail and alcohol establishments in Oakland.

## **KEY ISSUES AND IMPACTS**

Food stamp and EBT fraud is widespread. This type of fraud costs millions of dollars each year in tax payer dollars, impacting not only our jurisdiction, but every city throughout our nation. Since early 2010, the ABAT Unit has conducted joint investigatory operations with the USDA which target fraudulent food stand and EBT activities. Retail and alcohol establishments which

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are identified and confirmed for conducting these types of illegal proceedings are invariably prosecuted, and their assets seized to offset illegally procured funds. Further, the Police Department reports these activities to the State of California, Alcoholic Beverage Control division, and requests that liquor licenses be suspended and/or revoked as a result of each proprietor's illegal actions. Residents of Oakland that are determined to have readily participated in the fraudulent activities are likewise reported to Alameda County's Department of Social Services for subsequent removal from the food stamp program, and/or other sanctions, at Alameda County's own internal discretion.

## **SUSTAINABLE OPPORTUNITIES**

### **Economic**

Reducing food stamp and EBT fraud and identifying citizens who are participating in such fraud will have positive impacts on local and county resources.

### **Environmental**

There are no environmental issues associated with this report.

### **Equity**

Targeting retail and alcohol establishments involved in food stamp and EBT fraud will directly benefit legitimate businesses which continually strive to abide by local, state, and federal laws.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

There are no ADA or senior citizen access issues contained in this report.

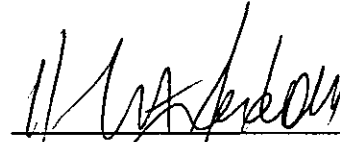
## **RECOMMENDATION**

The Oakland Police Department recommends that the City Council authorize the City Administrator, or his designee, to accept project funds in an amount not to exceed \$40,000 from the U.S. Department of Agriculture, Office of the Inspector General, for the FY 2011 enactment of the Food Stamp and Electronic Benefit Transfer fraud investigative program, and appropriate said funds to the Police Department.

**ACTION REQUESTED BY THE CITY COUNCIL**

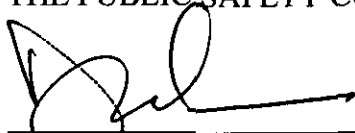
Staff recommends that the City Council approve the resolution.

Respectfully submitted,

  
for Anthony Batts  
Chief of Police

Prepared by: Sgt. Leroy Johnson  
Alcohol Beverage Action Team Unit  
Special Operations Unit  
Bureau of Field Operations

**APPROVED AND FORWARDED TO  
THE PUBLIC SAFETY COMMITTEE:**



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FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

**OAKLAND CITY COUNCIL**

*A. [Signature]*  
City Attorney

2010 NOV -4 PM 1 **RESOLUTION No. \_\_\_\_\_ C.M.S.**

**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR, ON BEHALF OF THE CITY OF OAKLAND, TO ACCEPT AND APPROPRIATE PROJECT FUNDS IN AN AMOUNT NOT TO EXCEED FORTY THOUSAND DOLLARS (\$40,000) FROM THE U.S. DEPARTMENT OF AGRICULTURE, OFFICE OF THE INSPECTOR GENERAL, FOR THE FY 2011 ENACTMENT OF THE FOOD STAMP AND ELECTRONIC BENEFIT TRANSFER FRAUD INVESTIGATIVE PROGRAM WITHIN THE POLICE DEPARTMENT**

**WHEREAS**, it is anticipated that project funds in an amount not to exceed forty thousand dollars (\$40,000) will be received from the U.S. Department of Agriculture, Office of the Inspector General, for the FY 2011 enactment of the Food Stamp and Electronic Benefit Transfer Fraud Investigative Program within the Police Department; and

**WHEREAS**, these U.S. Department of Agriculture (USDA) project funds are to be used to expand law enforcement efforts to offset sworn overtime and equipment costs directly relating to the delivery of specialty law enforcement operations targeting fraudulent food stamp and Electronic Benefit Transfer activities within the City of Oakland; and

**WHEREAS**, the Police Department's primary goal through enactment of the proposed initiative is to work on a collaborative basis with the USDA to identify and abate fraudulent food stamp and EBT activities in Oakland; and

**WHEREAS**, the proposed grant does not allow for indirect costs (Central Services Overhead) charges in the amount of \$3,381, and the Department has requested a waiver of said charges; and

**WHEREAS**, the City Council previously authorized acceptance of similar project funds by Resolution No. 82773 C.M.S. dated May 18, 2010; now, therefore be it

**RESOLVED:** That the City Council hereby authorizes the City Administrator, or his designee, to accept up to \$40,000 in project funds from the U.S. Department of Agriculture, Office of the Inspector General, and appropriate said funds to the Police Department; and be it

**FURTHER RESOLVED:** That the project funds shall be maintained in the U.S. Department of Agriculture Special Revenue Fund: 2102; Special Operations Unit Division Org.: 107710; Special Operations Division Program PS13; with a Project Number to be established; and be it

**FURTHER RESOLVED:** That Central Services Overhead costs of \$3,381 (13.64%) are hereby waived; and be it

**FURTHER RESOLVED:** That the City Administrator, or his designee, is authorized to complete all required negotiations, certifications, assurances and documentation required to accept, modify, extend and/or amend the project funds.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the  
Council of the City of Oakland, California