

**CITY OF OAKLAND  
COUNCIL AGENDA REPORT**

OFFICE OF THE CITY CLERK

2005 OCT 27 PM 12: 02

TO: Office of the City Administrator  
FROM: Budget Office  
DATE: November 8, 2005  
RE: Report from the Budget Advisory Committee for the First Quarter of FY 2005-06

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**SUMMARY**

This document transmits the Budget Advisory Committee's (BAC) first quarterly report for FY 2005-06. Staff recommends consideration of the BAC's recommendations.

**FISCAL IMPACT**

There are no fiscal impacts resulting from the BAC's recommendations.

**BACKGROUND**

The BAC consists of 15 members, with four appointed by the Mayor, seven appointed by Councilmembers for each of the seven Districts, one by the Community and Economic Development Committee Chairperson, two by the Finance and Management Committee Chairperson, and one by the At-Large Councilmember. The Budget Advisory Committee's primary focus over the last month has been an evaluation of the Oakland Police Officers Association (OPOA) Memorandum of Understanding (MOU). The BAC will be focusing on redevelopment and on the Lighting and Landscaping Assessment District (LLAD) in the coming months.

**RECOMMENDATION**

Staff transmits and recommends City Council's consideration of the BAC's recommendations.

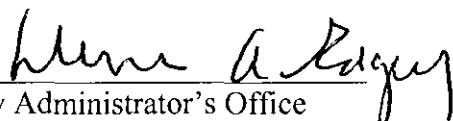
Respectfully submitted,



CHERYL L. TAYLOR  
Interim Budget Director

Prepared by:  
Deborah Spaulding  
Principal Financial Analyst

Forwarded to the Finance & Management Committee

  
City Administrator's Office

Item # \_\_\_\_\_  
Finance & Management Committee  
November 8, 2005

Budget Advisory Committee Report for the First Quarter of the 2005 Fiscal Year

October 24, 2005

The Budget Advisory Committee (BAC) hereby submits this report for the first quarter of the 2005 Fiscal Year. This report consists of recommendations regarding the upcoming negotiations on the Memorandum of Understanding (MOU) between the Oakland Police Officers Association (OPOA) and the City of Oakland.

Recommendations regarding the Oakland Police Officers Association & City of Oakland Memorandum of Understanding (MOU) Negotiations.

The Police Department's overtime spending is one of the highest in the state and one of the largest issues impacting the City's budget. As such, the Budget Advisory Committee (BAC) endorses the preparation being done by the City Administrator in advance of the upcoming negotiations for the extension of the Memorandum of Understanding (MOU) between the City of Oakland (City) and the Oakland Police Officers' Association (OPOA).

Many of the issues that need to be addressed are very well summarized in the report submitted by the PFM Group entitled "Oakland Police Department Overtime Assessment, April 19, 2005." We will not repeat these recommendations but rather would like to focus on what we are recommending should be the objective of the negotiations from the state point of the City and Citizens of Oakland.

The cost of operating the Oakland Police Department is determined primarily by the cost of labor. BAC both recognizes and appreciates the work performed by the rank and file of the Oakland Police Department (OPD). The City is clearly under financial pressure and needs to be able to have the maximum amount of flexibility in how it utilizes all of its employees, including its Police.

Overtime in OPD has been clearly shown to be excessive in terms of the overtime that has been budgeted. It is interesting to note that the unbudgeted overtime for OPD is comparative to the amount of unbudgeted revenue from the Transfer Tax. The City knows that it can't depend on the Transfer Tax to continue at the very high levels that it has been running for the last few years. BAC acknowledges the current efforts of the Chief and OPOA in reducing overtime costs from the original year-end projection, through implementing stricter controls on overtime.

BAC recognizes that it does not have the insight into the mechanics of running OPD to be able to make recommendations other than the ones included in the report referred to above. BAC does recommend that the thrust of the negotiations from the City's perspective should be to address the current MOU in such a matter that keeps the future

growth of OPD labor costs, including retirement and other benefit charges, in step with the City's ability to pay and at the same time allowing the City to meet other pressing needs.

The City has to negotiate a new MOU with OPOA to allow for the following:

- Maximize the amount of the flexibility that the Chief and his staff have in scheduling police officers so that overtime can be kept within budget, i.e., 4 day a week schedules to 5 days a week.
- Participation by the individual police officers in funding their retirement in the same manner that other City employees are currently required to do.
- Increased flexibility with temporary job assignments

BAC endorses the spirit of the recommendations made by the PFM Group but also recognizes that all of these recommendations will be subject to negotiations. BAC only hopes that the City and OPOA will negotiate in good faith, keeping in mind that the interests of the City and its citizens need to be represented in these negotiations.

The Finance and Management Committee should have input in the approach to be taken by the City in managing these MOU negotiations as the new MOU will be a major determining factor in the City's future fiscal challenges. Any changes in the MOU have to be evaluated in terms of their impact on future City budgets before they are finalized.

BAC recognizes that the MOU negotiation process will be difficult but the Chief of Police needs to have the flexibility to manage OPD if he is to be successful in managing the total cost of running the department.

The study of OPD's budget and overtime spending is one of the most important issues the Budget Advisory Committee has undertaken. OPD overtime spending impacts other department's budgets and thus financial ability to carry out their core service goals. The BAC will continue to monitor and track the Police Department spending, and will review the quarterly Revenue & Expenditure reports. The BAC is looking to see significant positive, collaborative and constructive change.

Respectfully Submitted,

Benjamin Scott  
BAC Chairperson

Re. Budget Advisory Committee Report for the Third Quarter of the 2005 Calendar Year  
Date: October 24, 2005  
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### Current and Future Projects

The BAC is currently gathering and reviewing information on Redevelopment in Downtown Oakland as well as the Landscape Lighting Assessment District. We expect to spend the next few meetings gathering information. We will then complete a report on one or both of the topics for the next quarterly BAC report.

We will then be reviewing our options for our next project. Suggestions are always welcome.