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OAKLAND

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AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Donna Hom

SUBJECT: FY 2013-2015 Proposed Policy Budget

DATE: April 25, 2013

City Administrator
Approval

Deanna Santana

Date

4/25/13

SUPPLEMENTAL

The purpose of this supplemental memorandum is to transmit to the full City Council responses to questions raised at the April 2, 2013 Special City Council Meeting regarding the Fiscal Year (FY) 2013-2015 Proposed Policy Budget.

DISCUSSION

General

- 1) Provide options for how to provide shared prosperity in the event that revenues come in higher than anticipated.

The General Purpose Fund (GPF) revenue estimates for the budget years (FYs 2013-15) are one of the major parameters defining the budget development process. The estimates are based on very careful, detailed analysis by the City's professional staff and outside experts. However, during a dynamic economic period, such as the current recovery, the economy and revenues can change in unpredictable ways. In the event that actual revenues are higher than those budgeted, the City Council can decide midyear to appropriate new revenue to any appropriate general purpose. However, these types of decisions should be weighed in the context of achieving long-term financial stability for the City.

If the City Council's priority is to appropriate a share of the revenue overage to City employees, it could structure such a decision in a variety of ways. An option would be to include in the budget resolution a provision that the City Council would deliberate on the issue of linking increasing employee compensation specifically following the issuance of the FY 2013-14 Second Quarter Revenue and Expenditure Report, which would be the earliest instance in which the City will have a solid estimate of actual year-end revenues. There are also many options regarding the form in which additional compensation to employees could be structured, perhaps the most straightforward being a bonus payment, a flat amount per employee or one proportional to an employee's base compensation, or some hybrid thereof

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The issues of how this could be structured, providing a base amount bonus or a bonus “give back” based on a certain revenue threshold or “trigger,” are both policy matters that the City Council can consider to the extent that the City Council eliminates expenditures included in the proposed budget or if additional revenue is recognized. It is important to note that any of the above options would be subject to meet and confer with the labor unions and subject to bargaining, which should be deliberated in the proper venue, Closed Session. However, it should be noted that if the City Council wishes to pursue this option or any other options listed in the Policy Tradeoffs & Service Buybacks portion of the proposed budget (page A-1), there will be policy tradeoffs with respect to other City services.

- 2) Confirm the current estimate of General Purpose Fund revenue for FY 2013-14, specifically \$430M and \$418M.

As noted above, the GPF revenue estimates for the budget years are one of the major parameters defining the budget development process. GPF revenue estimates for FY 2013-15 were first developed in late summer 2012 for the purpose of developing the Five-Year Financial Forecast. Based on the best information available at that time, staff estimated that GPF revenue for FY 2013-14 would total \$418 million. As is traditional during the budget development process, the revenue estimate is revised once or more to incorporate the most current information. When the estimate was revised in March 2013, the strength of the economic recovery had increased, thereby increasing the revenue estimate for FY 2013-14 to \$430M. In the proposed budget, the detailed information explaining how projected revenue has increased from \$418M to \$430M is located in the Budget Highlights section, page 7, Table 4. This is the final estimate upon which the Proposed Policy Budget is based, and the detailed assumptions and calculations underlying this estimate are outlined in the budget document. Please note that any financial projection is conducted under a certain set of assumptions and at a certain point in time. As such, projections often change as new information becomes available.

- 3) Provide information on evaluations of programs in place, what is the City’s strategic plan, and how well we have done on achieving City Council priorities.

The City Council’s priorities are set by the City Council as part of their legislative authority. As such, the Council may choose to revise your priorities at your discretion. The last instance in which the City Council’s priorities were modified was in the FY 2007-09 budget cycle. The City of Oakland does not have a single overarching strategic plan or prioritization of initiatives underway to meter staff resources and measure results. While some performance measures and various plans exist, there is a lack of institutional linkage to assess strategically efficiencies, effectiveness, and overall performance. Many departments and programs do have their own long-range/strategic plans to guide their planning and operations. There are many mechanisms through which these plans and the City’s activities more generally are evaluated, including monthly, quarterly and bi-annual reports on programs to the City’s various Committees. Outside funding sources, such as the State and federal government, often have performance standards and evaluations or audits required as part of their funding. Some departments’ activities are guided by professional association standards. The City’s

internal and external auditors also often look at performance or management in addition to financial issues during audits. The Administration is also continually working on special projects to analyze and improve the performance of different units, including as suggested by the Council. However, there is no unified, thorough way through which the City measures or audits and reports performance of all of its operations on an ongoing basis. To our knowledge, there has not been a thorough, structured evaluation of how effectively the City Council has met its priorities and the resources to support them.

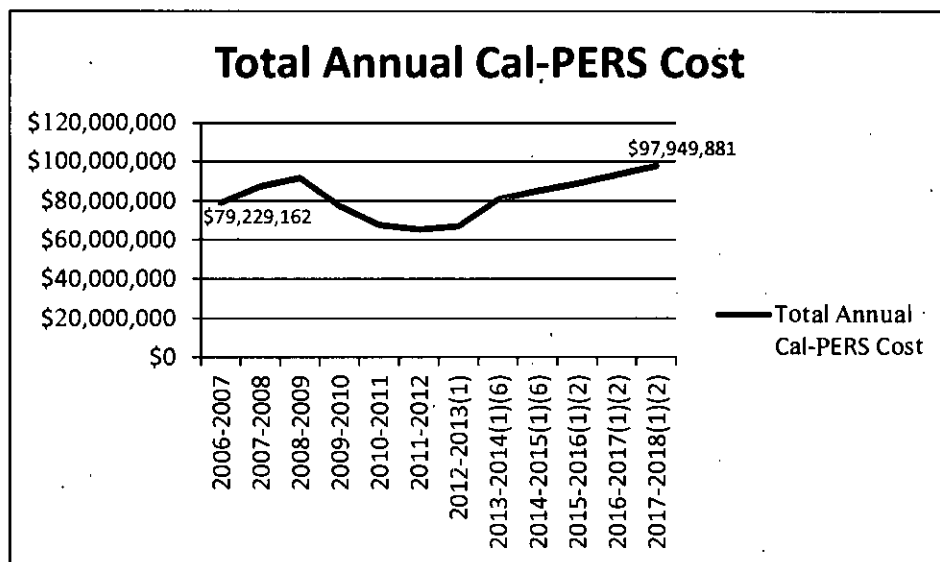
- 4) Provide additional information on some of the key financial challenges that could affect the City, including unfunded liabilities in accrued leave, pension obligations, and negative funds, and how they are addressed in the budget.

The City has a number of long-term liabilities, including related to pension obligations, other post-employment benefits (OPEB), negative funds, deferred capital, and paid leave accrual. The City has published a significant amount of information on the status and magnitude of these obligations over the past year. The Five-Year Financial Forecast contained a thorough listing and discussion of these liabilities. Other publications or presentations such as the Budget Outlook presentation to City Council and employee groups, various information memorandums, and others have provided detail. The proposed budget continues this effort of fully surfacing these issues so that they can be considered when appropriation decisions are made. The table below illustrates the unfunded and long-term liabilities the City faces over time.

City of Oakland Long-Term Liabilities

Unfunded Amount	Descriptions
\$743K	Oakland Municipal Employees Retirement System (OMERS), closed retirement system, unfunded balance as of June 30, 2011
\$743M	California Public Employees Retirement System (Cal PERS), 75% funded. Unfunded balance as of June 30, 2011
\$216M	Police and Fire Retirement System (PFRS), closed retirement system, unfunded balance as of June 30, 2012 was \$426M; issued a bond in July 2012, the current unfunded balance is \$216M, will start the payment in FY 2017-18, \$24.24M
\$520M	Other Post-Employment Benefits (OPEB) has the unfunded actuarial accrued liability (UAAL) of \$520M as of June 30, 2011
\$29.5M	Accrued leaves are funded at 28.7% level, which leaves approximately \$29.5M unfunded as of June 30, 2012 (audited)
\$111M	Of the 173 funds, 54 has negative fund balance as of June 30, 2012 (audited). Of which, \$85M is in the repayment schedule, \$26M is not.

Regarding pension obligations, the dramatically increased employer contributions that are required by CalPERS to boost the funded ratio beginning in FY 2013-14 are accounted for in the proposed budget and the revised five-year forecast it contains. The below table illustrates the total annual Cal-PERS Costs from 2006-2018:



(1) Projections

(2) Covered Payroll is based on FY 2014-2015.

(6) Computed on baseline payroll, projected as of February 1, 2013

The City also recently made a significant payment into the Police and Fire Retirement System (PFRS) fund to increase its funded ratio and pre-pay its annual obligation for five years. The City's future obligations will be mitigated by the implementation of a third retirement tier and recent State legislation. So, although there is still work to be done in funding CalPERS and PFRS, the Administration believes that it has taken prudent steps this fiscal year and in the proposed budget to help ensure adequate funding of these obligations.

The City's situation regarding OPEB liabilities is similar to that of most other public and private organizations. The City has assessed the liability and is performing required reporting. The Administration is crafting a long-term plan to fund this liability, beginning with a proposal that it will advance, when workload permits, to establish a trust to pay for OPEB liabilities.

The City has already taken strong steps to address its negative funds. As reported elsewhere, the City has reduced its negative fund balance from \$138 million to less than \$100 million over four years. The most significant negative funds are on repayment plans. The City must still determine an approach to repaying negative funds that are not reimbursable, but generally we feel that the negative fund challenge is being managed.

As surfaced in the Five-Year Financial Forecast and other documents, the City also has some liabilities related to paid leave accrual and Workers' Compensation. As committed in the forecast, when workload permits, the Administration will analyze these funds and advance a proposal to increase their balances if appropriate through increased accruals.

Overall, the proposed budget continues this Administration's practice of surfacing all major financial issues so that they can be considered and weighed when budget decisions are being made. The Administration believes that the proposed budget strikes the appropriate balance between funding critical operational needs and addressing long term liabilities.

- 5) Provide past projections versus actuals over a ten-year period regarding revenues and expenditures.

The revenue and expenditure projection is part of the budget development process. The projections, like any financial projection, are conducted under a certain set of assumptions and at a point in time. The projections are usually revised on the third quarter of each year when reporting the quarterly revenue and expenditure (R & E) to the City Council. The R & E budget in comparison to actual realization in the past 5 years are listed in Attachment A. It should be noted that the data presented does not reflect the quarterly adjustment. It is noticeable that the recent years projection in the revenue side were much more accurate until 2011-12 due to the dissolution of the Redevelopment Agency, which occurred after the budget was adopted.

On the revenue side, the variance from FY 2007-08 to FY 2011-12 range from was -5.8% due to 7.73%. In FY 2010-12, the variance was 7.73% mainly due to the dissolution of the Redevelopment Agency (9.8% variance) and one-time Business License audit (15.10% variance). On the expenditure side, the variance from FY 2007-08 to FY 2011-12 range from .48% to 2.64%.

- 6) Please develop projections based on the City increasing the Real Estate Transfer Tax (RETT) for homes over \$1.1M by a "modest" amount. What are the pros/cons on increasing RETT?

As background, the City currently taxes Real Property Transfers at a rate of 1.5%. Any increase to this rate would need to be affirmed by a vote of the electorate. The following two methods look at the effect of doubling the Transfer Tax Rate to 3% and applying that new rate to transfers over \$1M. The scenarios look at transfers over the most recent 12 months for which data is available (March 2012 through February 2013):

Method A: If the City would have adopted rate of 3% for the full value of properties over \$1M, the City would have received an additional \$11,670,802 in Transfer Tax revenues. This scenario would apply the higher 3% tax rate to the full \$3M of a \$3M property sale.

Method B: If the City would have adopted a rate of 3% for the amount of a transfer over \$1M, the City would have received an additional \$7,170,802 in Transfer Tax revenues. This

scenario would apply the current 1.5% rate to the first \$1M of a \$3M property sale, and would apply the higher 3% tax rate to remaining \$2M of a \$3M property sale.

It should be noted that either method would substantially increase the volatility of Real Estate Transfer Tax which is already unreliable highly fluctuating revenue stream given its dependence on the quickly changing real estate market. In turn, to forecast the amount of RETT revenues in future years would be difficult. Also, an increase of the RETT could create a deterrent for those interested in purchasing residential or commercial real estate in Oakland.

7) Has the City looked into Developer Impact Fees? What is the legal nexus to implement?

Development impact fees are one-time charges levied upon new development and used by local governments to fund improvements and services required to serve the development. To meet legal requirements, the amount of the fee must be determined by a formula that is consistently applied and based on a proportional distribution of costs following nexus principles. A nexus means that a direct relationship exists between the fee charged to new development and the need for those public improvements. In other words, there must be a relationship between the new development and the need for the new facilities or services being funded by the impact fee. The impact fee must also be proportional to the benefits or impacts caused by new development.

Development Impact Fees have been considered in Oakland, most recently in 2009 when proposals to study such fees were solicited. At the time, the City was considering two types of fees: (1) a transportation impact fee to pay for roadway improvements, bicycle and pedestrian improvements and transit-supportive improvements and (2) a capital facilities fees to pay for public facilities such as police and fire stations, libraries, parks and senior centers and public infrastructure such as lighting and storm drains. A full environmental impact report would have been required as part of the study. The cost to complete that work was over \$750,000. With no funding identified to complete that level of work, the effort was abandoned.

It is estimated that the cost for a complete Transportation Impact Fee nexus study and implementation, assuming Oakland treats the fee as categorically exempt under CEQA, could be completed for \$500,000. The variables that most impact the cost of such a study are the level of detail in the traffic analysis as they relate to known or projected growth and development patterns. The Public Works Agency is prepared to coordinate another request for proposals to complete this work should a funding mechanism be identified. It should be noted that the money to complete this study would be eligible to be reimbursed through the development impact fee, should such a fee ultimately be established.

Development Impact Fees are based upon the costs of providing expansion of the City's transportation systems and related infrastructure to accommodate future development. It can also be used to cover the administrative costs of managing the fee. They are not used to fund

maintenance or operating costs. The revenue that could be generated is unknown at this time and would depend upon the fee methodology established through the nexus study and the level of new development.

- 8) Have the budgets of the Administration, Mayor, and Auditor grown or shrunk comparably to employees of all ranks?

The City Auditor and the Mayor's offices are elected offices. The City Council adopted the budget with the same percentage reduction in the General Purpose Fund category. The City Administrator's Office budget reduction is consistent with the citywide General Purpose Fund reduction guideline. The City Administrator's Office experienced a number of reductions in January 2012, when the City Attorney, City Council, and Mayor's Office were kept whole. With the continuous re-organization since 2008, it is difficult to assess the actual reduction other than reviewing the adopted policy budget document. The documents are available in the following link:

For FY 2012-13 Adopted Amended Policy Budget, use the following link:

<http://www2.oaklandnet.com/oakcal/groups/cityadministrator/documents/report/oak039670.pdf>

Click on FY 2012-13 Adopted Amended Policy Budget, then go to page B-3, which listed significant change by department, position and amounts.

For FY 2011-12, use the same link, then click on FY 2011-12 Adopted Policy Budget, then go to page D-10, which listed significant change by department, position and amounts.

For any adopted budgets prior to FY 2011-13, use the following link and go to the Significant Change section:

<http://www2.oaklandnet.com/Government/o/CityAdministration/d/BudgetOffice/o/BudgetDocuments/index.htm>

- 9) Is the Administration's approach to budget development different, particularly regarding when and how the City involved labor?

During this budget cycle, the Administration implemented a traditional budget development process that is consistent with past practice. Starting in November 2012, the Administration provided the opportunity for representatives of the various labor unions to hear a presentation on the State of the Budget. This presentation provided a review of past and current budget conditions, an overview of the Five Year Financial Forecast and Proposed Budget Baseline, and information about the budget process and timeline. In addition in fall 2012, Administration offered the opportunity for labor unions to engage in bargaining earlier than in past years. Lastly, it should be noted that the Administration has been highly committed to

providing up to date information to all City employees through emails and information memos about the City's budget and current condition.

Administrative Services

- 1) Please provide information on the City's monthly cash flow budget and process.

The City maintains an adequate level of cash for its operation and invests idle cash prudently. The City does not use a cash accounting basis. Instead, the City operates on a modified accrued accounting basis, which means that revenues and expenditures are booked as soon as they are measurable and available. Revenues are considered available if property tax is collected within 60 days of the end of the currently fiscal year. All other revenues are considered available if they are collected within 120 days of the end of current fiscal year. Expenditures are recorded when a liability is incurred. In other words, cash flow is one indicator of the City's financial performance, but not the only one. The cash balance is audited by independent auditor each year and reported in the Comprehensive Annual Financial Statement (CAFR). The latest CAFR for the period ended June 30, 2012 is available in the following link:

<http://www.oaklandnet.com/government/fwawebsite/accounting/CAFR.htm>

On page 23, the "Cash and Investment" was valued at \$302.76 million for the City and \$189.06 million for the Port of Oakland.

In addition, on a quarterly basis, Treasury staff provides a Cash Management Report to the Finance and Management Committee. The latest report was presented to the Finance Management Committee on March 12, 2013 and to the full council on March 19, 2013. The portfolio balance as of December 31, 2012 was \$442.25 million. The report is available in the following link:

<http://oakland.legistar.com/LegislationDetail.aspx?ID=1282915&GUID=BBA049FE-565F-4BFB-A5DD-ED0C34D843D7>

- 2) With respect to new parking meters, how many has the City already installed, and what are staff's assumptions about coverage, equipment, timeline, and related revenues?

Currently, staff is negotiating with a vendor to replace the City's approximately 3,800 single space parking meters with inclusive capabilities such as payment by coin, credit card, debit card (with Visa or Master Card logo) and smart cards. The single-space meters will be wirelessly networked and connected to a web-based management system. Replacement consists of all existing single space meters, and the 500 new meters that were that were approved by the City Council in FY 2011-12 at a total estimated cost of \$3.5M. Wireless

communication is required for credit card transactions, programming, and meter service/repairs. Annual costs would be approximately \$200,000.

Staff has benchmarked other cities that have implemented comparable technology to gauge the impact of new meters on revenue. Oakland currently collects roughly \$2 in citation revenue per \$1 of meter fee revenue. Most cities have experienced an increase in meter fees, and decrease in citation revenue due to users having the ability to pay in a more convenient way (via credit/debit cards). For instance, Berkeley has seen fees increase by 29% while citation revenue has fallen 18%. San Francisco has seen citations fall by 14% and increased meter fee revenue by 15%. The City estimates that citation revenue will fall 20% per meter installed, and meter fee revenue will increase by 15% per installed meter. Given that the City collects more in citations than in meter fees, this will be a net decrease in revenue compared to present values. However, the convenience that smart meters provide individuals by diversifying the types of payments accepted does have a positive economic impact to those surrounding businesses by attracting more individuals to destination areas. Also, it should be noted that if the City does not replace its meters, staff still expects to see a decline in revenues from current values because of the occurrence of vandalism and an inability to cite parkers and non-functioning meters.

Public Safety

- 1) Can the Administration provide information about the 2008 **PERF** Study on Civilianization Recommendations?

In 2008, the Oakland Police Department (OPD) prepared an information report that detailed the steps the City has taken to civilianize positions within the Department (Attachment B). In this report, the Department conducted an analysis of sworn positions suitable for civilianization and identified 47 potential positions, including 4 Sergeants positions in Communications, civilianizing much of internal affairs and establishing civilian administrative positions in Training and in the Technology Unit. None of the positions identified in the 2008 report have been civilianized: Civilian staff have generally decreased over the past 6 years (34% reduction) as the trend has been to eliminate civilian positions in order to preserve sworn positions, when possible. The following additional civilian positions that were not in OPD's 2008 through 2012 budgets, are included in the 2013-15 Proposed Policy Budget:

- 20 Police Services Technicians II (PSTII): These civilian positions will work in the field and will perform functions, such as taking police reports and responding to non-injury traffic collisions. This will free up the time of sworn officers to respond to calls for emergency service.
- The Civilianization of the Office of the Inspector General: The Office of the Inspector General (OIG) is currently managed by a Captain of Police, and is staffed by a mixture of sworn and professional staff. The OIG will move out of the Police Department, and will be managed and staffed solely by civilian staff.

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under the City Administrator's Office. The civilianization of the OIG will free up 2 sworn staff to work in field assignments.

- **Complaint Intake:** The City Council has authorized additional positions in the Citizen's Police Review Board that will allow them to absorb the intake function of the complaint process from Internal Affairs. Eight sworn police officer positions will be able to be diverted back to the Patrol Division.

One of the priority actions described in the 2010 strategic plan is to use civilian personnel to perform tasks currently assigned to sworn personnel. The civilian positions that are included in the FY2013-15 Proposed Policy Budget, particularly the PSTII positions, reflect progress in implementing the civilianization goals that are described in the 2010 Strategic Plan. It should be noted that the option to add 5 Civilian Police Evidence Technicians (PET) is noted on the policy tradeoff list (page A-1) in the Proposed Budget should the City Council wish to pursue that option. At this time, a number of sworn Police Officers work as evidence technicians, due to the shortage of civilian PETs.

2) What are the Police Department's priorities for hiring the 56 FTE civilian support staff, and what is a realistic timeline if funded?

The Police Department has identified the need to fill 56 FTE civilian positions beyond those budgeted in FY 2012-13 to support current staffing levels and service demands. Five Police Communications Dispatchers are included in the proposed budget at a cost of approximately \$550,000 annually. The Police Department has determined, based on its priorities and realistic hiring assumptions, that they would prefer to fill the following positions in FY 2013-14, FY 2014-15, and FY 2015-16, acknowledging funding constraints, policy tradeoffs, and the need to phase hiring.

If approved in the adopted budget, the Police Communications Dispatchers budgeted for FY 2013-14 would have a start date of September 1, because the department has continuous recruitment for those positions. The remaining FY 2013-14 positions would start October 1. If the 18 FY 2014-15 positions are adopted as part of the 2013-15 budget, they could start on July 1, 2014, allowing a year for hiring. Given the start dates and the approximate annual salaries and benefits (based on FY 2012-13 rates), staffing these positions this would require approximately \$1.7 million in salary and benefits in FY 2013-14 and \$3.9 million in FY 2014-15. The approximate annual cost for salaries and benefits at FY 2012-13 rates is the following: Police Evidence Technician - \$90,000; Criminalist II - \$125,000; Criminalist III - \$163,000; Latent Fingerprint Examiner II - \$120,000; Police Communications Dispatcher - \$104,000; Police Communications Supervisor - \$130,000; Police Records Specialist - \$69,000; Police Records Supervisor - \$100,000; and Administrative Analyst II - \$98,000.

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Professional Staff (Civilian)	Gap to Fill Need	2013-14 Budget	2014-15 Budget	2015-16 Budget	Total
Field Operations					0
Police Services Technician II	0				0
Police Evidence Technician	15	5		10	15
Records Management					0
Police Records Specialist	5		5		5
Police Records Supervisor	1		1		1
Crime Lab					0
Criminalist II	2	2			2
Criminalist III	2	2			2
Latent Fingerprint Examiner II	1	1			1
Communications (911)					0
Police Communications Dispatcher	17 (incl 5 in proposed budget)	10 (incl 5 in proposed budget)	5	2	12
Police Communications Supervisor	3		2	1	3
Business Intelligence & Crime Analysis					0
Admin Analyst II	10		5	5	10
Total	56	20	18	18	56

3) Please provide additional information about the 4th Police Scenario.

The April 2, 2013 budget outlook presentation to City Council contained, on a slide titled "Budget Deficit Scenarios," four different police staffing scenarios. These scenarios were 1) the baseline scenario of just one academy during the two-year budget period; 2) one academy per year; 3) two academies per year; and 4) one academy per year, a lateral recruitment for 20 hires in the second year, and the continuation throughout the two-year period of the recently approved contracts with the California Highway Patrol (CHP) and Alameda County Sheriff's Office (ACSO) for supplemental police patrol services.

The fourth scenario was devised as a new option that falls in between two other options, in terms of cost and staffing level achieved, one academy per year and one academy in the first year, two in the second, to illustrate the various combinations that can exist and the impact to the City's shortfall. In terms of staffing levels, it would achieve the same level as one academy per year plus an additional 20 beginning in FY14-15 and continuing thereafter. As shown in the slide introducing the scenario, it results in total GPF expenditures and shortfall that is \$2.4M greater in FY13-14 and \$7.6M greater in FY14-15 compared to one academy per year.

The CHP deployment of 10 officers in five double unit patrol vehicles and two sergeants in a supervisor vehicle, two days per week on varying days as requested in advance by OPD, for 10 hour shifts, will cost \$162,000 for two months (60 days). The annual cost of continuing this contract year-round would be \$972,000. The ACSO deployment of 10 deputy sheriffs in five double unit patrol vehicles and sergeants in a supervisor vehicle, two days per week, will cost \$265,000 for three months (90 days). The annual cost of continuing this contract year-round would be \$1,060,000. Each of the contracts is equivalent to about 5 FTE officers if implemented year round, for a total of 10 between the two.

- 4) Please additional information about an additional 2 year Police Scenario including an OPD-run Police Academy and up to 30 officers paid for by Alameda County in an Alameda County Sheriff's Academy.

The costs for the City to hold one academy per year are documented in the April 2, 2013 budget outlook presentation to City Council, the supplemental agenda report for the Five-Year Financial Forecast of March 22, 2013, and the informational memorandum of March 27, 2013 on Police Officer Academy Costs. Regarding enrolling 40 Police Officer Trainees (POT) in the ACSO's academy (30 graduates), the assumption is that the City would recruit and hire the Police Officer Trainees; the County would provide academy training facilities, instructors, and materials and equipment; the City would pay the POT salaries and benefits during the academy; the City would provide additional Oakland-specific academy training for 8 weeks; and the City would provide field training.

As detailed in the Police Officer Academy Costs memorandum, the pre-academy costs for a typical class of 55 Police Officer Trainees is \$1.12M; academy costs are \$2.725M due primarily to POT salaries and benefits; and field training costs are \$1.173M. There is little scalability in pre-academy activities of recruitment, testing, background check, and character evaluation, meaning it will cost the City a similar amount for that stage for a 40 member academy with ACSO as it would for a City-run academy of 55. It is assumed that ACSO would bear the instructor and materials and equipment costs for the 40 trainees in their academy. The City would still have to pay the cost for POT salaries and benefits. The City would also have to provide 8 weeks of academy training on Oakland-specific issues and tactics, and would have to provide field training upon completion of the ACSO academy.

As such, based on the assumptions above regarding the division of costs between the City and ACSO, and assuming no additional field training officers would be needed, it would cost the City \$3.4M to run its own 40-in academy, and \$3.3M to send its 40 POTs through the ACSO academy. Again, as the County is just bearing the facility, instructor, and materials and equipment costs, and the City still needs to provide 8 weeks of academy training, the savings to the City are limited. (Note that if the ACSO academy could be customized to cover more Oakland-specific issues, and therefore the City needed to provide fewer than 8 weeks of Oakland-specific training, the cost to the City of participating in the ACSO academy could be significantly reduced.)

City of Oakland Costs for Different Police Academy Scenarios

	55 in/40 out City academy	40 in/30 out City academy	40 in/30 out ACSO academy
Pre-Academy	\$1,120,000	\$1,120,000	\$1,120,000
Academy			
POT salary and benefits	\$1,920,000	\$1,396,364	\$1,396,364
POT salary and benefits for eight weeks of OPD-specific academy training	NA	NA	\$465,455
OPD instructor	\$486,000	\$486,000	\$162,000*
Non-OPD instructors	\$30,000	\$30,000	\$10,000**
Training materials and equip	\$289,000	\$210,182	\$0
Field training (included in baseline)	\$0	\$0	\$0
Costs related to new officers	\$214,700	\$156,145	\$156,145
Total	\$4,059,700	\$3,398,691	\$3,309,964
Cost per officer out	\$101,492.50	\$113,289.70	\$110,332.13

*OPD instructor cost due to eight weeks of Oakland-specific academy training performed by the City

**Non-OPD instructor cost due to eight weeks of Oakland-specific academy training performed by the City

If the yield for an ACSO academy is similar to that of the City's own academies, 55 in/40 out (73%), then 40 officers in would result in approximately 30 officers out. As such, the staffing level achieved through one City academy per year (Year 1: 665; Year 2 657) plus a 40-trainee ACSO academy graduating 30 officers per year would be 665+30 = 695 in year 1 (FY13-14) and 695 + 40 (City academy) - 48 (attrition) + 30 (ACSO academy) = 717 in year 2 (FY14-15).

5) What is OPD doing to learn from misconduct and learning from incidents in order to prevent them in the future?

As a part of their vision, OPD is committed to effectively utilizing information and technology to improve management, operations and performance. For example, in Internal Affairs investigations, regardless of whether an instance of misconduct is non-sustained or sustained, the accompanying investigation many of times identifies areas in which additional training is required of the Officer. This can include general areas anywhere from the use of force, investigations, tactical, communication and supervisory skills, to the types of ways to handle those suffering from mental disorders. Another example is OPD's commitment to implementing a second-generation early warning system, known as the Internal Personnel Assessment System (i-PAS). This system is a database for maintaining, integrating, and retrieving the data necessary for identifying Officers with performance issues. Early warning systems are found to utilize data to enhance police accountability by reducing behaviors that can lead to instances of misconduct. The City is currently in the process of hiring a vendor to develop the RFP and manage the implementation process.

Respectfully submitted,

/s/

DONNA HOM
Budget Director

Attachments

- (A) Five Years of R&E Actual and Projected**
- (B) 2008 Information Report on OPD Civilianization**

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OFFICE OF THE CITY CLERK
OAKLAND

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TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Police Department
DATE: December 2, 2008

RE: An Informational Report From the Office of Chief of Police Detailing Steps That Have Been Taken Since Implementation of the Oakland Police Officers' Association (OPOA) Contract to More Effectively Deploy Sworn Officers Throughout the City By Identifying Positions Within the Department That Can or Have Been Civilianized

SUMMARY

As requested by the Rules and Legislation Committee, staff has prepared an informational report detailing the Department's efforts to civilianize sworn positions. This report identifies the number of Full Time Employee (FTE) positions and the sworn classifications supplanted by civilian employees as well as a partial cost assessment of the newly created civilian positions. This report also provides the current status of each position and the challenges with supplanting the sworn positions.

FISCAL IMPACT

The Department conducted an analysis of sworn positions suitable for civilianization and identified 47 potential positions as presented below:

FTE Count	Sworn Classification	Civilian Classification	Assignment	Cost
4	Sergeant of Police	Police Communications Dispatcher, Sr.*	Communications	\$430,376
5	Police Officer	Police Evidence Technician	Patrol	\$442,118
6	Police Officer	Police Services Technician II	Desk Officer	\$438,630
1	Captain of Police	Police Services Manager II	Internal Affairs	TBD
2	Lieutenant of Police	Police Services Manager I	Internal Affairs	TBD
7	Sergeant of Police	Complaint Investigator III	Internal Affairs	\$935,007
10	Police Officer	Complaint Investigator II	Internal Affairs	\$1,153,641
3	Police Officer	Range Master*	Training	TBD
1	Lieutenant of Police	Police Services Manager I	Training	TBD
2	Sergeant of Police	Police Personnel Operations Specialist	Training	\$230,675
4	Police Officer	Administrative Analyst II	Training	\$398,679
2	Police Officer	Systems Analyst III	Information Technology	\$267,145
			Partial Total	\$3,857,641

*New Position

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The cost associated with the Sr. Police Communications Dispatcher is aligned with the Fire Communication Dispatcher, Sr. classification. It is proposed that the existing Police Communications Supervisors assume the responsibilities of the Sergeants of Police, and the Sr. Police Communications Dispatchers assume the responsibilities of the Police Communications Supervisors.

It is recommended that the civilian supervisor positions receive an increase in pay which is 15% greater than a Senior Communications Dispatcher position so they receive compensation commensurate to their newly assumed responsibilities. It is anticipated that the civilian communications supervisors will supplant the four sworn sergeants by July 1, 2009.

The salaries of the Police Services Manager I and II are not yet available to provide costs. The salary of the Range Master classification is unknown since this would be a newly proposed classification.

All salaries are calculated at Step One and burdened according to AI 1303 (Fringe Benefit and Organizational Overhead Rates). Costs do not include any O&M, overtime, or premiums associated with these classifications.

BACKGROUND

On November 3, 1995, the Police Executive Research Forum (PERF) completed a management study of the Oakland Police Department (OPD) and made recommendations for the civilianization of several sworn administrative positions so they could be reallocated to law enforcement functions. The PERF report identified a total of 58 sworn positions that could effectively be civilianized. Some civilianization recommendations have already been implemented, including the Crime Analysis Unit being completely replaced by civilian personnel, as well as eliminating the Mounted Unit, which was completely staffed with sworn personnel.

In April 2008, the Rules and Legislation Committee directed the Department to prepare a report detailing the Department's efforts to further civilianize sworn positions. The report was not presented at that time due to the on-going arbitration between the City of Oakland and the Oakland Police Officer's Association (OPOA). Rescheduling this report was necessary as the OPOA Memorandum of Understanding (MOU) would contain specific language involving the use of non-sworn employees for positions currently filled by sworn personnel.

On March 11, 2008 the interest arbitration decision and award was issued for the MOU between the City of Oakland and the OPOA. Contained within Article DX of the OPOA MOU was a special provision concerning the use of non-sworn employees. Article IX, section C, 1, states, "The Chief of Police or designee may assign or re-assign to non-sworn employees any work which is not required to be performed by a peace officer so long as; (a) the assignment or re-assignment of the work does not result in the layoff of any member of the bargaining unit or the elimination of any currently budgeted bargaining unit position; or (b) there is no adverse impact to officer safety." The issues involving the OPOA MOU will be discussed within the key issues and impacts section of this report.

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KEY ISSUES AND IMPACTS

Progress

The Department has taken steps toward civilianization by planning for the supplanting of the Police Communications Supervisor positions, the Patrol Desk Officer Positions and the Internal Affairs Division's intake officers and supervisors. The four sworn Police Communications Supervisor and the six Patrol Desk Officer positions were specifically written in the OPOA MOU as positions that will not be civilianized until the completion of an immediate dispute resolution procedure. The Police Department is planning to engage in the immediate dispute resolution process with the OPOA after July 1, 2009.

If the Police Department succeeds with the immediate dispute resolution, civilian dispatchers will assume the duties of the sworn sergeants in the Communications Division and the Police Services Technicians (PST) will assume the duties of the Patrol Desk Officers. In preparation for the transition, the Communications Division has already begun to train the potential civilian supervisors by sending them to the Peace Officers Standards and Training (POST) supervisory course, as well as other in-house training opportunities. Several PSTs have already been trained on Patrol Desk Officer functions and can assume those assignments immediately.

The Internal Affairs Division (IAD) is divided into the Administrative Section and the Investigative Section. The Administrative Section consists of sworn intake officers who receive the initial statement and collect initial evidence from the complainant. The Department plans to supplant the sworn intake officer positions and the sworn sergeant supervisor position within the Administrative Section with civilian investigators.

The civilianization working group for IAD is a planning committee composed of members from the Oakland Police Department and the Citizen's Police Review Board (CPRB). The working group meets twice a month on the plan to transition civilian personnel into the sworn and sergeant positions within the IAD Administrative Section. Currently, the working group is reviewing the City Charter to identify potential conflicts and determine the overall cost of the transition. The next step for the working group is to meet with the Office of Personnel Resource Management (OPRM) to reclassify the intake officer and supervisor positions. The anticipated timeline for transition is one to two years.

The Police Department processes crime scenes by utilizing both sworn and non-sworn evidence technicians. The processing of crime scenes can be just as effectively performed by non-sworn Police Evidence Technicians and the three sworn officers currently serving as evidence technicians will be assigned to other duties. For over 20 years, the Department has used non-sworn professional staff to process forensic evidence at crime scenes. Many of the personnel assigned to these duties have developed high levels of expertise in the field, thereby improving the quality of criminal investigations. At the same time, the Department has had trouble recruiting officers to serve in the few remaining sworn evidence technician positions available; the average tenure of these officers in the assignment is relatively short. The OPOA has already agreed to allow the Department to implement this change to its bargaining unit work. In order to

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be successful, the Department must increase the number of non-sworn evidence technicians by five (5) FTEs.

The following table places the civilianization positions into the order of possible implementation:

FTE Count	Sworn Classification	Civilian Classification	Assignment	Timeline
5	Police Officer	Police Evidence Technician	Patrol	Immediate
6	Police Officer	Police Services Technician II	Desk Officer	July 1, 2009
4	Sergeant of Police	Police Communications Dispatcher, Sr.*	Communications	July 1, 2009
10	Police Officer	Complaint Investigator II	Internal Affairs	1-2 years
7	Sergeant of Police	Complaint Investigator III	Internal Affairs	1-2 years
1	Captain of Police	Police Services Manager II	Internal Affairs	TBD
2	Lieutenant of Police	Police Services Manager I	Internal Affairs	TBD
3	Police Officer	Range Master*	Training	TBD
1	Lieutenant of Police	Police Services Manager I	Training	TBD
2	Sergeant of Police	Police Personnel Operations Specialist	Training	TBD
4	Police Officer	Administrative Analyst II	Training	TBD
2	Police Officer	Systems Analyst III	Information Technology	TBD

Challenges

The City of Oakland's current and anticipated budget deficit will significantly impact the hiring of additional civilian staff to supplant sworn positions. The Police Department will absorb the duties of nine civilian lay-offs as a result of the mandated budget cuts, with the potential of losing more positions in FY10. On October 29, 2008, the City Administrator mandated a hard hiring freeze on all vacant non-sworn positions through the 2008-09 fiscal year.

The OPOA will be in direct opposition in the supplanting of the sworn communications supervisor and desk officer positions and will request immediate dispute resolution in an attempt to secure the sworn positions within the Communications and Patrol Divisions.

SUSTAINABLE OPPORTUNITIES

Economic: Civilianizing the Department will increase the number of sworn officers on the street, making it safer and more attractive to those looking to conduct business in the City.

Environmental: By increasing the number of sworn officers patrolling the City, it is anticipated that crime will decrease and environmental conditions associated with crime will be improved.

Social Equity: With more officers responding to calls for service and proactively addressing neighborhood issues, the quality of life will improve throughout the City of Oakland.

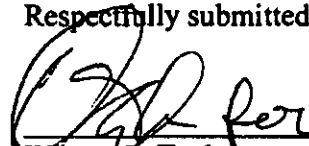
DISABILITY AND SENIOR ACCESS

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

RECOMMENDATION

Staff recommends acceptance of this report.

Respectfully submitted,



Wayne G. Tucker
Chief of Police

APPROVED AND FORWARDED TO
THE PUBLIC SAFETY COMMITTEE:



Office of the City Administrator

Prepared by:
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Bureau of Administration