



AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Adam Benson
Finance Director

SUBJECT: Measure Z – Public Safety and
Services Violence Prevention
Act of 2014 Audit Report

DATE: January 3, 2020

City Administrator Approval

Date:

1/15/20

RECOMMENDATION

Staff Recommends That The City Council Receive The Measure Z – Public Safety and Services Violence Prevention Act Of 2014 Audit Report For The Year Ended June 30, 2019.

EXECUTIVE SUMMARY

The Finance Department is pleased to present to the City Council the attached Measure Z – Public Safety and Services Violence Prevention Act of 2014 Audit and Program Status Report for Fiscal Year (FY) 2018-19.

Measure Z, Part 1, Section 3.4 and Part 2, Section 1, as well as Government Code Section 50075.3 (a) and (b), require the Chief Financial Officer to present to the governing board an annual report identifying: (a) the amount of funds collected and expended and (b) the status of any project required or authorized to be funded.

Williams, Adley & Company-CA, LLP, an independent accounting firm and subcontractor to Macias, Gini & O'Connell, the City's external auditor, performed the Measure Z – Public Safety and Services Violence Prevention Act of 2014 financial audit for the year ending June 30, 2019 (**Attachment A**). This report also provides the annual program status report for the Measure Z programs (Community and Neighborhood Policing, Violence Prevention Services with an Emphasis on Youth and Children, Fire Services, Program Audit and Oversight), for Fiscal Year (FY) 2018-19 in accordance with Government Code Section 50075.3 (b).

The Independent Auditor's Report for fiscal year ended June 30, 2019 did not contain any findings and did not identify any deficiencies in internal controls.

BACKGROUND / LEGISLATIVE HISTORY

On November 2, 2004, Measure Y was passed by Oakland voters, providing approximately \$20 million per year for 10 years to fund violence prevention programs, additional police officers, and fire services from a parcel tax and parking tax surcharge. In November 2014, Oakland voters approved the City's Public Safety and Services Violence Prevention Act of 2014 (Measure Z) which renewed the parcel tax at the same rate of Measure Y per property unit and parking tax of 8.5 percent for 10 years.

Measure Z requires the City to maintain a minimum of 678 sworn police officers unless some sudden, unforeseen event sharply affects the City's financial status. If the City fails to budget for at least this many officers in any given year, the City would be prohibited from levying either the parcel tax or the parking tax. In accordance with Government Code sections 50075.1 and 50075.3(a), and City of Oakland Resolution No. 78734 C.M.S., an independent audit shall be performed to assure accountability and the proper disbursement of the proceeds of the tax and the status of Measure Z programs.

ANALYSIS AND POLICY ALTERNATIVES

The Measure Z audit report reflects the independent auditor's opinion that the Measure Z financial schedule of revenues and expenditures fairly presents, in all material respects, Measure Z activities, in conformity with United States generally accepted accounting principles, and in compliance with the purposes for which Measure Z was approved by the voters. The audit disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Measure Z expenditures for FY 2018-19 by program are summarized below, along with a description of each program. The audit report provides further details on program deliverables during FY 2018-19.

Measure Z revenues collected totaled \$27.8 million in FY 2018-19 and were generated mainly from the parcel tax (\$17.1 million) and parking tax surcharge (\$10.7 million). Expenditures for FY 2018-19 totaled \$26.3 million. At June 30, 2019, Measure Z fund balance was \$5.7 million. **Table 1 below** provides a summary of Measure Z expenditures by program.

Table 1: Measure Z Summary by Program

Program	Program Description	FY 2018-19 Expenditures
Community and Neighborhood Policing	Hire and maintain at least a total of 63 officers assigned to the following specific community policing areas: neighborhood beat officers, school safety, crime reduction team, domestic violence and child abuse intervention, and officer training and equipment.	\$ 13,689,135
Violence Prevention Services with an Emphasis on Youth and Children	Expand preventive social services provided by the City of Oakland, or by adding capacity to community-based nonprofit programs with demonstrated past success for the following objectives: youth outreach counselors, after and in school program for youth and children, domestic violence and child abuse counselors, and offender/parolee employment training.	\$ 9,665,647
Fire Services	Maintain staffing and equipment to operate 25 fire engine companies and seven truck companies, expand paramedic services, and establish a mentorship program at each station.	\$ 2,000,000
Program Evaluation and Administration	<i>Evaluation:</i> Not less than one percent or no more than three percent of funds appropriated to each police service or social service program shall be set aside for the purpose of independent evaluation of the program, including the number of people served and the rate of crime or violence reduction achieved. <i>Audit/Administration:</i> In addition to the evaluation amount, tax proceeds may be used to pay for the audit specified by Government Code Section 50075.3.	\$ 976,998
TOTAL		\$ 26,331,780

FISCAL IMPACT

This is an informational report only; there is no fiscal impact.

PUBLIC OUTREACH / INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

This report was prepared in coordination with the Oakland Police Department, Oakland Fire Department, Human Services, City Administrator's Office, and the City Attorney's Office.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this report.

Environmental: There are no environmental opportunities associated with this report.

Race & Equity: There are no race or equity opportunities associated with this report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive The Measure Z – Public Safety and Services Violence Prevention Act Of 2014 Audit Report For The Year Ended June 30, 2019.

For questions regarding this report, please contact Stephen Walsh, Controller, at (510) 238-4906.

Respectfully submitted,



ADAM BENSON
Finance Director
Finance Department

Prepared by:
Stephen Walsh
Controller
Finance Department, Controller's Bureau

Attachment (1):

A: Measure Z – Public Safety and Services Violence Prevention Act of 2014 Independent Auditor's Report and Budgetary Comparison Schedule For the Year Ended June 30, 2019