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# Measure Q Performance Audit

Budget Transparency, Performance Management, and Stronger Oversight  
Needed to Ensure Oaklanders Benefit from Measure Q

Presentation to Finance & Management Committee  
March 12, 2024

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# Audit Team



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# Audit Objectives

1

Determine whether the City spent Measure Q revenue in accordance with the Act

2

Determine whether the City appropriated Measure Q revenue in accordance with the Act

3

Determine whether Measure Q has improved park conditions

4

Assess the oversight of Measure Q activities and expenditures



# Background

Since March 2020, the City of Oakland has collected \$82.5 million in taxes to fund park maintenance, litter reduction, and homelessness intervention in and around City parks. Oakland voters approved Measure Q by a vote of 68 percent. The Measure requires the City Auditor to review the tax's revenues and uses every two years.



# How were parks funded prior to Measure Q?

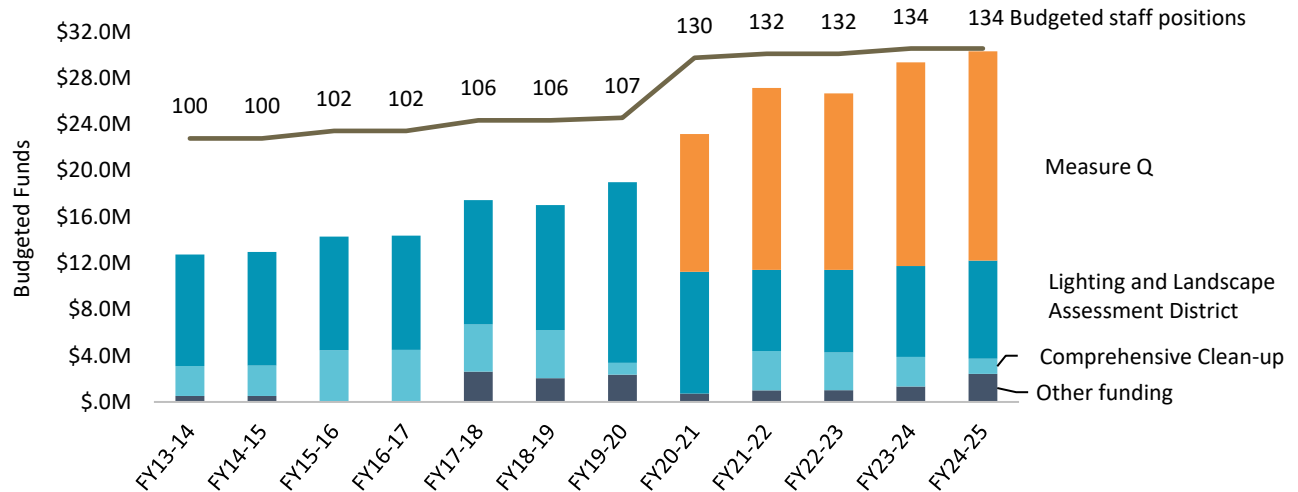




# Prior Funding for Parks

Prior to **Measure Q**, the City primarily funded parks, trees, and ballfields with two different funds: the **Lighting and Landscaping Assessment District Fund (LLAD)** and the **Comprehensive Clean-up Fund**.

With the introduction of Measure Q, budgeted funding for Parks, Trees & Ballfields increased by 22 percent and staffing increased to 134 positions.



# How is Measure Q allocated?





# Measure Q Allocation

The Act prescribes allocation percentages to four different service categories (shown below).

The Act reserves a majority of the revenues, 64 percent, for parks maintenance, 30 percent for homelessness services, 5 percent for stormwater quality, and 1 percent for audit and evaluation.



■ Parks maintenance

■ Homelessness services

■ Stormwater quality

■ Audit and evaluation



FINDING 1

The City Underspent the Measure Q Budget by \$14 Million in FY 2020-21 and FY 2021-22 But Otherwise Spent Funds in Accordance with Measure Requirements

# The City Collected More Revenue Than it Spent

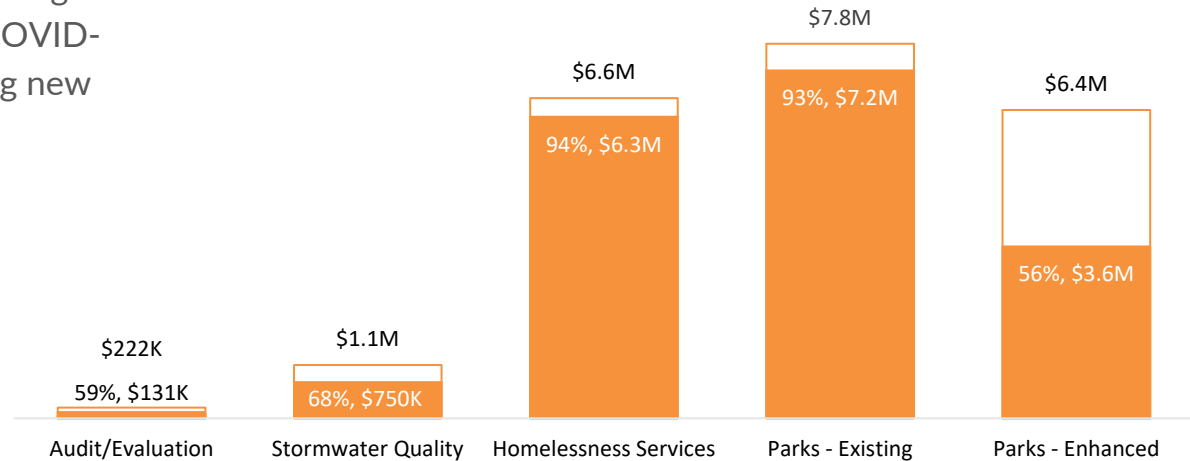
The City's Measure Q revenues and expenditures increased in each fiscal year, with revenues outpacing expenditures.

Category	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
<b>Revenues</b>	\$ -	\$ 25,814,627	\$ 27,059,349	\$ 29,617,066
<b>Expenditures</b>	\$ 326,915	\$ 13,500,144	\$ 22,638,101	\$ 24,249,867
<b>Difference</b>	<b>\$ (326,915)</b>	<b>\$ 12,314,483</b>	<b>\$ 4,421,248</b>	<b>\$ 5,367,199</b>

# The City Budgeted \$23.3 Million And Spent or Encumbered \$19.6 Million in FY 2020-21

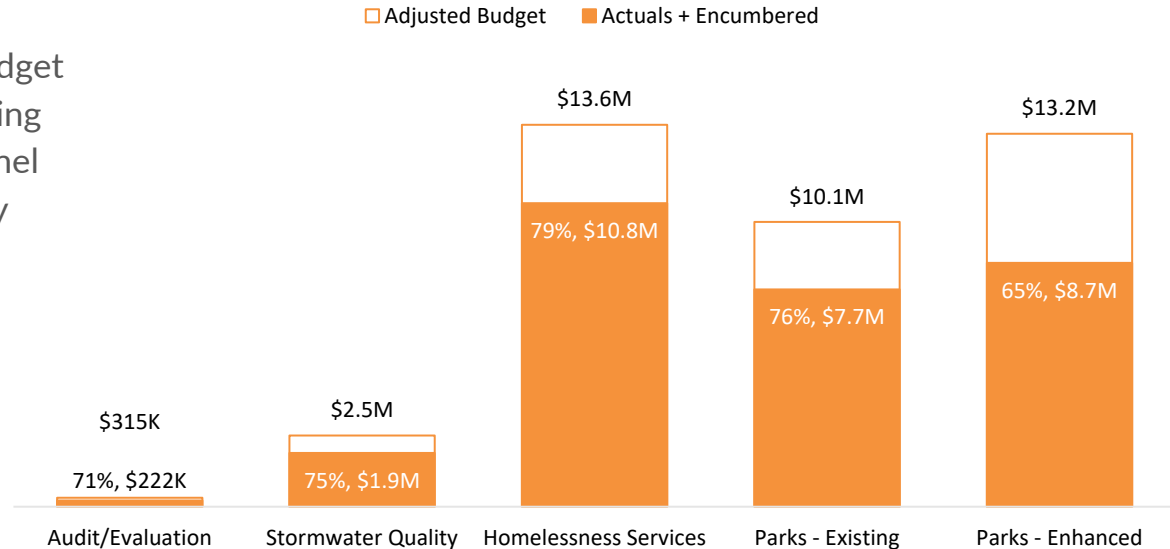
□ Budgeted 
 ■ Actuals + Encumbered

Enhanced parks services budget used was lowest due to COVID-related challenges in hiring new staff.

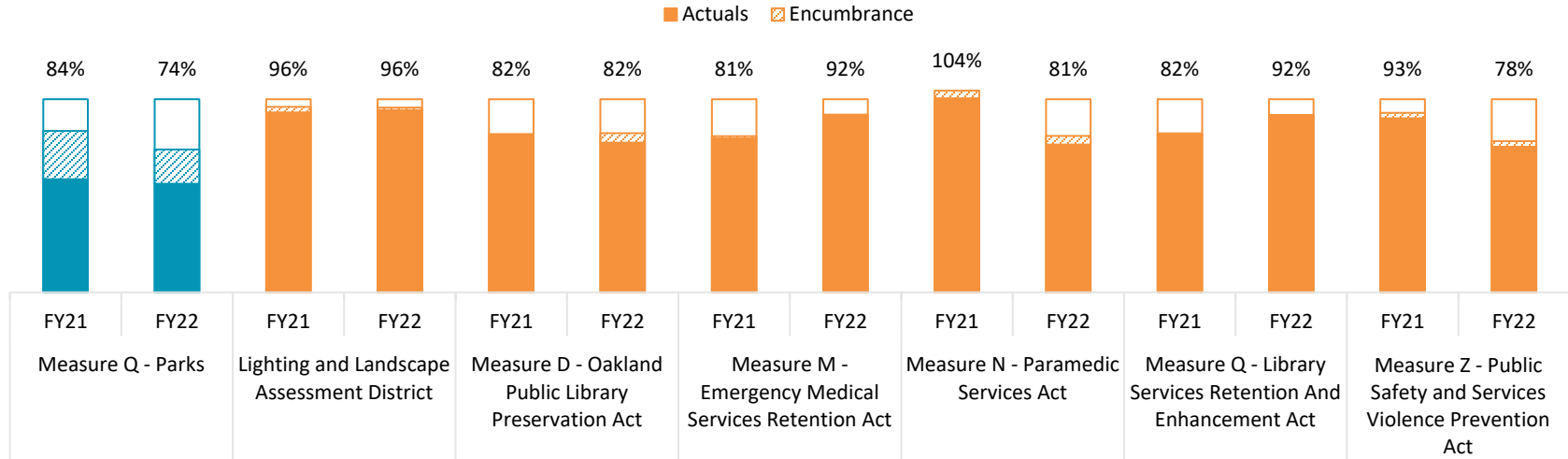


# The City Budgeted \$40.2 Million And Spent or Encumbered \$29.8 Million in FY 2021-22

Enhanced parks services budget used was lowest despite hiring more staff. The non-personnel budget suffered from supply chain issues.



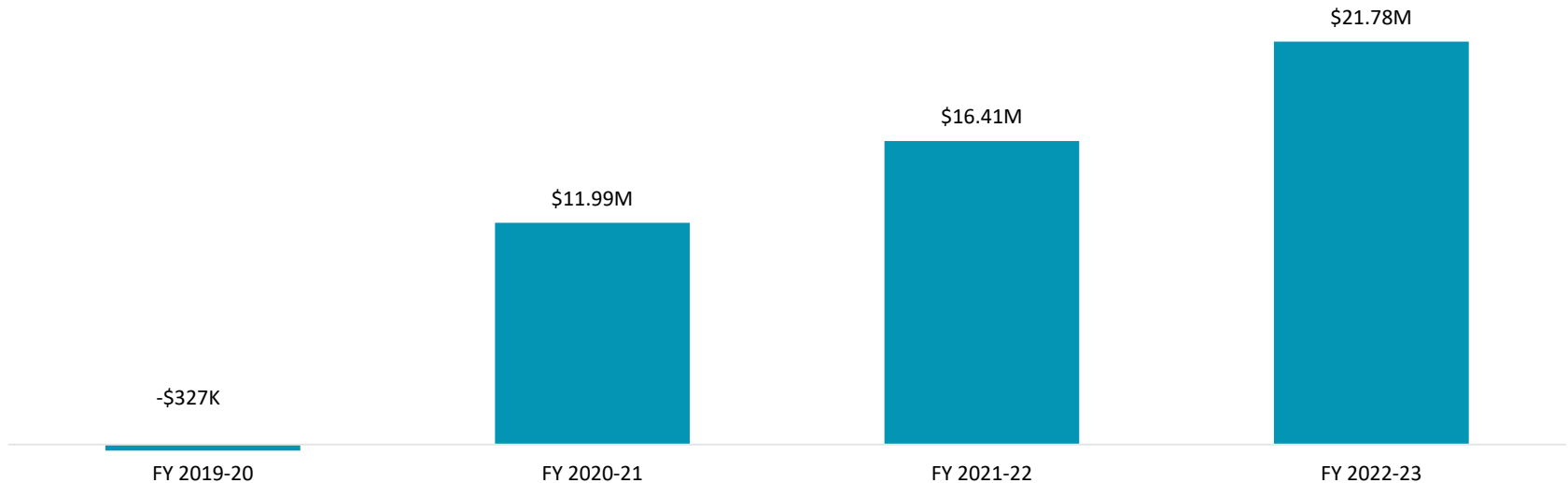
# Compared to Other Special Taxes, the City Encumbered Relatively More Measure Q Funds, Effectively Rolling Over Funds Year Over Year



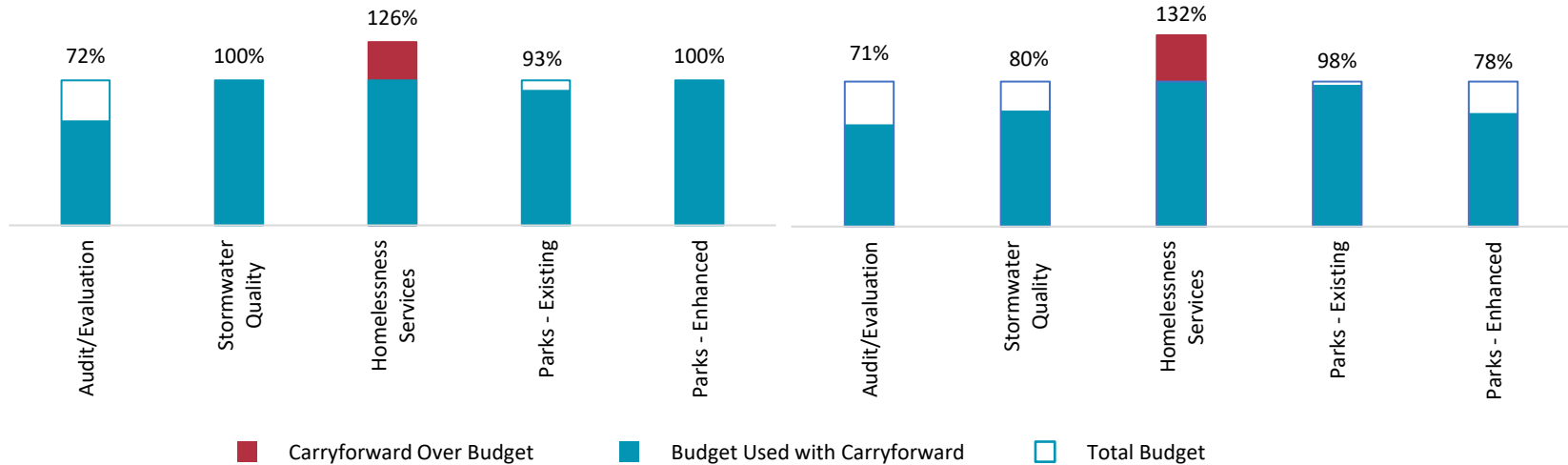




## As a Result of Underspending, Fund Balance Has Grown to Nearly \$22 Million



# The City's Carryforwards for Homelessness Services Went 26 Percent and 32 Percent Over Budget in FY 2020-21 and FY 2021-22





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# Budget-related Recommendations





## Recommendation 1

To prevent misallocated carryforwards, we recommend the Budget Bureau create a procedure to reconcile the appropriations with encumbrances and actuals once the fiscal year is closed. The procedure should check that the carryforwards are not greater than the balance of appropriations and encumbrances plus actuals, so that the carryforwards do not skew categorical spending allocations. The Budget Bureau should cross reference this procedure with the appropriate budget policies.

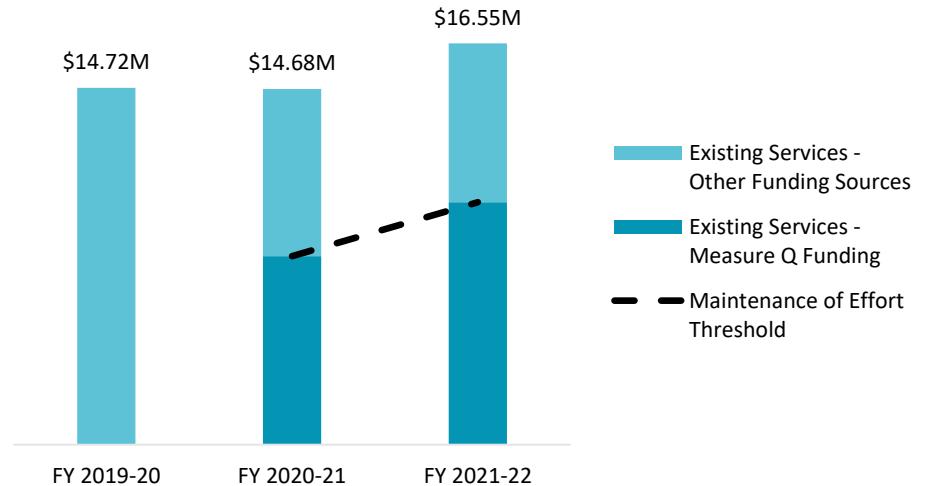
# The Complicated Maintenance of Effort Provision for Parks Contributed to Changing Budgets and Reduced Spending

- The maintenance of effort funding levels for homelessness services and stormwater quality are static (\$880,818 and \$8,309,436)
- Maintenance of effort funding levels for parks maintenance change based on the Budget Bureau's interpretation of the 55% threshold

Program Category	Maintenance of Effort, per Act	FY 2020-21 Threshold	FY 2021-22 Threshold
<b>Existing Parks Services</b>	55%	\$7,775,759 (55%)	\$10,076,921 (55%)
<b>Enhanced Parks Services</b>	45%	\$6,403,206 (45%)	\$8,244,753 (45%)
<b>Total Measure Q Parks Maintenance Budget</b>	100%	\$14,178,965	\$18,321,674

# Service Levels decreased in FY 2020-21

With the 55% maintenance of effort threshold, the funding levels for parks maintenance services in FY 2020-21 were \$40,000 lower than FY 2019-20.







## Recommendation 2

We recommend the City Administrator develop and propose to the City Council for its consideration, a policy for establishing future maintenance of effort thresholds that are simple, easy to interpret, and represent minimum service levels from base levels.

## Recommendation 3

To ensure consistency in interpretation and application, we recommend the Budget Bureau document its methodology for calculating the maintenance of efforts for Measure Q.

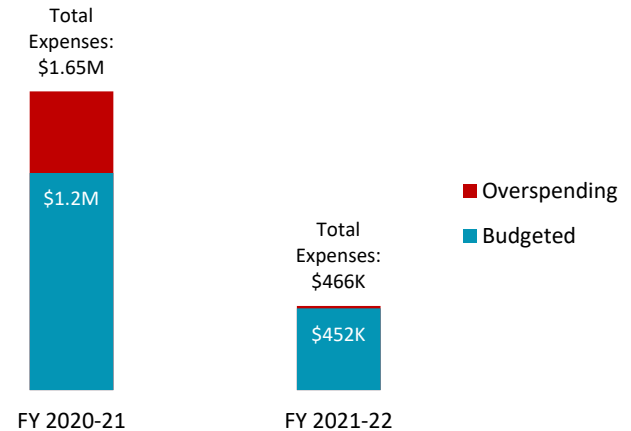
## Recommendation 4

For future special tax programs, we recommend the Budget Bureau create a maintenance of effort methodology and guidelines prior to developing the measures' first budgets.

## Recommendation 5

We recommend the Budget Bureau adjust its budgeting for costs associated with administering the ballot measure to reflect the County's collection fee amount of 1.7 percent of revenue.

### The City Consistently Underbudgeted for Ballot Measure-Related Costs





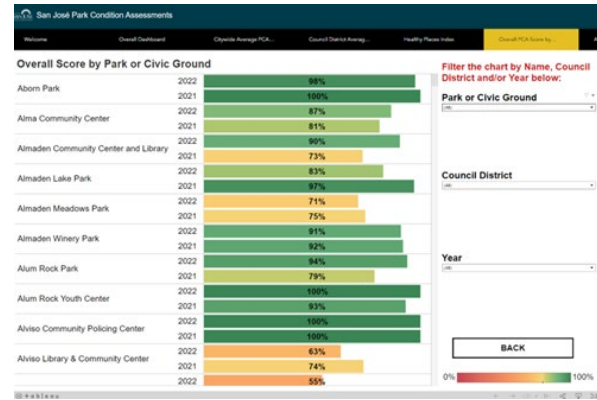
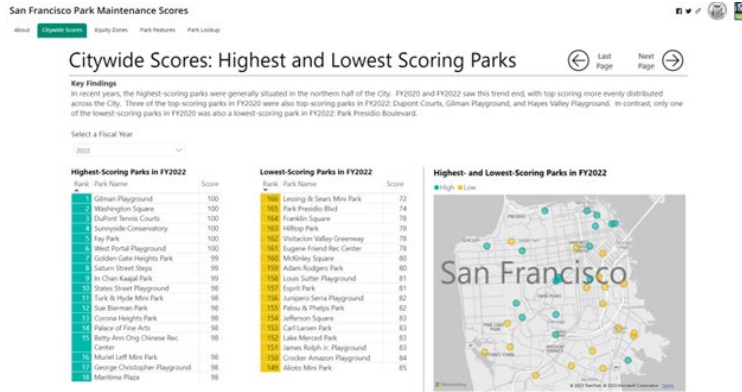
FINDING 2

The City Needs More Performance Data to Evaluate the Effectiveness of Measure Q Funds Towards Improving Park Conditions, Stormwater Quality, and Homelessness Services

# The City Has Reported Out on Limited Outputs

Deliverable	How Deliverable is Reported
Cleaning <b>bathrooms</b> in major parks twice per day	Reported as a monthly count of days that a restroom has been cleaned.
Having <b>dedicated staff</b> at each park	Reported as a sum of labor hours entered from workorders for parks that the department has classified as “major parks”.
Increasing the <b>frequency of mowing</b> fields	Reported as a count of work orders related to mowing ballfields.
Increased <b>litter pick up</b>	Reported as a sum of minutes picking up litter and volume of litter (estimated amount), which are reported on work orders.

# Like San Francisco and San Jose, Oakland Should Develop Outcome Measures to Show Improvement Against a Baseline



# In San Francisco and San Jose, Parks Conditions Drive Equity Decision-Making

## San Francisco Park Maintenance Scores

About [Climate Scores](#) [Equity Zones](#) [Park Features](#) [Park Lookup](#)

### Equity Zones: Annual Park Scores

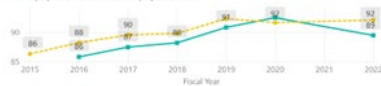
#### Key Findings: Average Scores

Several quarterly park evaluations are averaged together to create a more reliable picture of park maintenance scores for the year. Historically, the average score each year for Equity Zone parks has trailed non-Equity Zone parks. But FY2020 saw Equity Zone parks scoring higher on average than non-Equity Zone parks for the first time (92.4 compared to 91.6). Average scores for Equity Zone parks fell slightly to 89.5 in FY2022, while non-Equity Zone parks scores increased to 92.

[Click here to see Average Scores](#) [Click here to see Minimum Scores](#) [Click here to see Parks Scoring 85+](#) [Click here to see Standard Deviation](#)

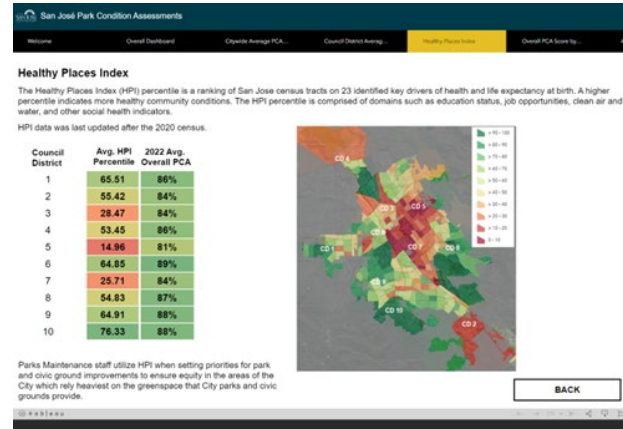
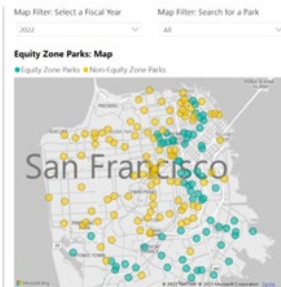
#### Equity Zone Parks: Average Scores

Equity Zone Parks (Blue) Non-Equity Zone Parks (Yellow)



#### Equity Zone Parks: Summary Table

Fiscal Year	Equity Zone Parks				Non-Equity Zone Parks			
	Average Score	Minimum Score	Percent of 85+ Parks	Standard Deviation	Average Score	Minimum Score	Percent of 85+ Parks	Standard Deviation
2022	89	72	33%	5.6	92	74	56%	5.0
2020	92	78	42%	5.2	92	75	49%	5.8
2019	91	77	42%	5.0	92	81	51%	3.7
2018	88	72	34%	5.8	90	71	42%	5.4
2017	87	64	32%	6.9	90	76	48%	5.3
2016	86	65	25%	7.8	88	71	43%	5.2
2015					86	68	43%	6.7





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## One of the Objectives of Measure Q is to Reduce Homelessness in or Around Parks





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# Performance Management Recommendations





## Recommendation 6

To track the effectiveness of Measure Q funds in reaching voter-approved objectives, we recommend the City Administrator's Office, in conjunction with the Public Works and Human Services departments, at a minimum, set a baseline for parks maintenance conditions and the number of people experiencing homelessness in or adjacent to City parks for measurement going forward.

## Recommendation 7

We recommend the City Administrator's Office identify baseline performance related to objectives of City special tax programs and establish outcome measures to periodically report to the City Council.



## Recommendation 8

We recommend the Public Works Department develop outcomes-based park condition standards for all City parks and use those standards to inform its routine maintenance schedule based on the condition standards and what condition levels it can achieve.

## Recommendation 9

We recommend the Public Works Department implement an annual parks condition assessment informed by park condition standards, and report on that annually to the Parks and Recreation Advisory Commission.



## Recommendation 10

We recommend the Human Services Department, in conjunction with the City Administrator's Homelessness Division, develop performance measures, with an emphasis on reducing the number of people experiencing homelessness in or adjacent to City parks, and report on those measures to the Commission on Homelessness.

## Recommendation 11

We recommend the Public Works Department assign staff to report on the progress of stormwater quality projects funded by Measure Q to the Parks and Recreation Advisory Commission.



## Recommendation 12

We recommend the City Administrator's Office periodically evaluate and report on special tax programs' ongoing performance and outcome measures against baseline performance.


**Annual Evaluations of Outcomes Improve Transparency and Public Accountability**

*An annual evaluation of programs that have been funded by the ballot measure would align with Council direction and improve transparency in the effectiveness of Measure Q funding in reaching the goals approved by the voters.*



FINDING 3

# The City Needs to Strengthen its Oversight and Reporting of Measure Q Funds



## Measure Q included a section on planning and accountability, requiring one or more boards or commissions to review reports related to the expenditure of revenue collected

- The PRAC discussed Measure Q expenditures or performance at 18 meetings between October 2020 and June 2022. In contrast, the COH discussed Measure Q in three total meetings.
- Measure Q makes an annual financial audit optional. The City budgeted \$36,000 in FY 2020-21 and \$73,000 in FY 2021-22 to complete a financial audit, though to date, that money has not been spent and a financial audit has not been completed.





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# Oversight Recommendations





## Recommendation 13

To facilitate citizen oversight of homelessness efforts, we recommend the City Administrator's Office bring regular operational and expenditure reports to the Commission on Homelessness, and that the Commission establish a regular agenda item for this purpose.

## Recommendation 14

We recommend the Commission on Homelessness fulfill its statutory obligation by publishing an annual report, pursuant to Oakland Municipal Code Section 4.56.060, including a section on Measure Q.



## Recommendation 15

We recommend the City spend its budget allocation for an annual audit of Measure Q funds collected and expended, as required by California Government Code sections 50071.1 and 50075.3.

## Recommendation 16

We recommend that for future special tax programs, the City Administrator's Office initiate a best practice policy requiring an annual report on revenues, expenditures, and the status of open projects, to make sure that the City satisfies California Government Code sections 50075.1 and 50075.3.



# Questions?

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