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OAKLAND

2016 JUN 17 AM 9:57 **AGENDA REPORT**

TO: Sabrina B. Landreth
City Administrator

FROM: Sarah T. Schlenk
Acting Budget Director

SUBJECT: Supplemental, FY 2016-17 Midcycle
Budget - Responses to Questions

DATE: June 14, 2016

City Administrator Approval

Date:

[Signature]
6/16/16

RECOMMENDATION

Receive an informational report transmitting the responses to Council questions regarding the FY 2016-17 Midcycle Budget Proposed Amendments.

REASON FOR SUPPLEMENTAL

This report responds to questions from the City Council regarding the FY 2016-17 Proposed Midcycle Budget. The analysis section below provides responses to Council questions received.

ANALYSIS

1) What are the causes of OPD overtime overspending? Why have additional sworn personnel not reduced overtime spending?

There are several causes of OPD overtime overspending, even with the additional sworn personnel. The first cause is the overtime budget provided. In order for OPD to stay within its allotted budget, the Department would have to dramatically reduce the service level provided to the community. Per one of the recommendations in the OPD Overtime Performance Audit completed in 2015, "OPD should work with the Administration to develop an overtime budget to submit to the City Council that reflects realistic estimates of overtime costs, without reducing service levels."

The subsequent table shows the OPD General Purpose Fund overtime budget versus actual spending since FY 2011-12:

Fiscal Year	Adjusted Budget	Actual	(Shortfall)
FY 2011-12	\$13,424,438	\$18,564,788	(\$5,140,350)
FY 2012-13	\$19,089,669	\$23,491,096	(\$4,401,428)
FY 2013-14	\$14,337,189	\$27,968,524	(\$13,631,335)
FY 2014-15	\$15,571,768	\$31,258,415	(\$15,686,647)
FY 2015-16 *	\$15,441,701	\$28,027,522	(\$12,585,851)

* Third Quarter projected.

As can be seen in the above table, OPD has been spending significantly more than was budgeted since FY 2011-12. In spite of this, OPD has not been provided with additional funding in four of the five years. Notably, OPD sworn personnel received a 6.5% increase in pay during FY 2015-16, yet the OPD overtime budget was not adjusted accordingly.

Another cause of OPD overspending is the number of new officers in mandatory Field Training Officer (FTO) program. OPD had 116 new officers go through the FTO program this year (not counting the 49 still in the program). Each of the new officers takes up four months of salary without actually filling a vacancy in patrol. In addition, these new officers also do not provide salary savings that can be used to offset overtime overspending. So while the sworn count immediately increases after graduation, OPD cannot immediately utilize the new officers to help reduce overtime and fill vacancies.

Another side effect of field training is an increase of extension of shift overtime. New officers often take longer to complete the necessary paperwork at the end of the shift, which seasoned officers do more quickly. This results in extension of shift for not just for the new officer, but also for the seasoned officer who was training the new officer.

An additional cause of overtime overspending is the result of staffing specialized units. For OPD to drive crime reduction, the Department had to keep up staffing in the specialized units. Therefore, the Department's had to use backfill overtime to fill vacancies in patrol.

2) What policies and procedures are being put in place to reduce overtime spending; and what level of overtime spending is expected in FY 2016-17 absent unforeseen events?

In FY 2015-16, more stringent overtime practices were implemented in Patrol. Watch Commanders are now required to exhaust all available citywide resources – on straight time – before authorizing staffing on overtime. Daily conference calls for Command Staff include a review of overtime used in the previous 24-hour period. Weekly meetings for Command Staff include a review of overtime used in the previous weekend. Monthly reports are required from all Commanders and Managers who exceed their overtime budget providing the reasons for the overage.

For 2016-17, overtime reduction will be further enhanced through the expected implementation of a revised Patrol Staffing Schedule and accompanying Six Patrol Area plan. It is anticipated that the revised staffing schedule and area plan will be implemented in January 2017 in coordination with the annual shift assignment. These plans are expected to substantially reduce Patrol overtime through two significant changes. First, maximum available staffing will increase from a current standard of 40 to cover 35 beats to a standard of 48 to cover the same number of beats. A higher maximum available staffing level decreases the need for overtime to cover beats. Second, annual required in-service training will be provided on straight time rather than the current practice of overtime. The revised staffing schedule builds in four to five training days per Patrol sergeant and officer per year. This plan has been provided to the Office of Employee Relations to coordinate a "meet and confer" with the affected bargaining units.

Absent unforeseen events, OPD estimates over \$23 million in overtime will be necessary for FY 2016-17 (a projected reduction of approximately \$5 million). This figure is based on the average overtime spending from January 2016 to May 2016 and includes the approved COLA increase.

3) When will the anticipated New Police Recruit Policies be available?

The OPD Personnel & Training Division is in the final stages of a new policy and procedure concerning the hiring of personnel of all classifications and the accompanying background investigation practices. This includes hiring practices for Police Officer Trainees. The new policy and procedure should be available by July 1, 2016.

4) Is OPD fully reimbursed for the cost of services provided at the Coliseum Complex?

Yes. Per the master fee schedule, OPD charges customers top step per classification plus central services overhead for special events. OPD promptly bills for events held at the Coliseum Complex and are promptly reimbursed for those events.

Below is a chart summarizing the FY 2015-16 Coliseum invoices as of June 9, 2016. Please note all of the invoices have been paid.

Customer	Invoices
AEG	1,909,042
Oakland Coliseum	626,049
Grand Total	2,535,091

5) Please explain how the proposed full time Fire Inspector conversion will impact the capacity of OFD to perform vegetation management.

OFD is proposing to convert 1.0 part-time Fire Suppression District inspector to 1.0 full-time Fire Suppression District Inspector. This position is often referred to as a vegetation management inspector.

When the fire suppression district inspector positions were cut to 1.5 part-time inspectors, OFD staffed these positions each year with 3 part-time fire suppression district inspectors. These part-time employees were hired after July 1 of the Fiscal Year, and were limited to 960 hours. Each year, these positions were rehired. Some individuals returned from the previous years, others were new hires to the city. For each new hire, time was spent training these individuals in the complexities of parcel mapping, property lines, processing and inspections.

Converting this position to a full time Fire Suppression District Inspector will eliminate the need to retrain the inspectors each year. They will be available year around and provide consistency and stability to the program. At this point, this inspector will only be conducting vegetation management inspections, and will not be used to conduct commercial inspections during the off season.

The conversion of this position will increase OFD's ability to conduct inspections as well as improve the quality of inspections, due to the continuity of experience; in addition to having the capacity to follow up on property that has fallen out of compliance outside the wildfire district inspection season.

6) Will the new engineering positions in Measures B & BB impact dollars for capital projects such as road repaving?

There are 4.0 FTE new engineering positions in the midcycle amendment and there is no impact on the funding set-aside for capital projects.

Two Transportation Engineer positions are being added to work on traffic safety capital programs already adopted in the Capital Improvement Plan including Neighborhood Traffic Safety (which faces a backlog of service requests over 2,000) and the Traffic Signal Operation Management program supporting AC Transit's Bus Rapid Transit and Line 51 Transit Performance Initiative projects, citywide signal timing and project coordination.

Two Program Analyst II positions are also being added – one of which is 90 percent funded by a separate grant from the Metropolitan Transportation Commission (MTC) for the Bike Sharing program and only 10 percent from Measure B (Bike/Ped). The other Program Analyst II is added to support a grant for the Bike Master Plan, which is funded through programs already adopted in the Capital Improvement Plan within Measure B/BB..

7) What is the projected year end fund balance for Measures B & BB at the end of the current fiscal year and next fiscal year (FY15-16 and FY16-17)?

Please see **Attachment A**. A staff report is being prepared that will more fully explain these balances.

8) What is the cost of the annual pothole blitz that we currently execute? And what are the costs and operational impacts to doubling these efforts?

All crews in OPW's Streets & Sidewalks Division will spend one week in each Council District. During the blitz, staff typically spends 80% of their time on blitz-related assignments and 20% responding to day to day priorities. Normally the time is split more evenly (50/50) into work tasks, about half associated with potholes and the balance on specialized work handled by the carpentry crew, sidewalk crews, and street crews (patching/base repair/mill & fill/fences/mechanical gutter cleaning, berms etc.).

The entire Pothole Blitz is done with existing fully funded staff. The cost for the budgeted staff and related materials is approximately \$600,000 for the seven week period.

It would be challenging to extend the Pothole Blitz for an additional seven weeks, as other work would be impacted with delays. After the "pothole blitz" staff continues filling potholes, but some of the crews will return to their normal work assignments as noted above.

9) What is the cost of adding a City Council Budget & Finance Analyst?

The cost for 1.00 Senior Council Policy Analyst fully loaded at step 3 is \$158,489 (monthly salary of \$7,966). If the position is costed for 6 months beginning January 1st, the cost would be \$80,800 (due to when the cost of living adjustment is scheduled to be applied). A temporary contract service employee including part-time benefits would cost approximately \$49,000 assuming the same step 3 pay rate as above.

10) Please explain how funding shifts impact available resources.

A common budget balancing method employed in the City of Oakland is to shift expenditures across funding sources. In order to shift an expenditure to an alternate funding source, it must be determined that that the expense is eligible in the receiving funding source. For instance, it would be improper to move a Library expenditure to the Office of Parks and Recreation Self-sustaining Fund. The shift in funding leaves available unallocated resources in the original fund. These unallocated resources are not allocated to an alternate expenditure directly, but

rather contribute to the overall balancing of that fund. For example, the shift of eligible expenditures from the GPF to the Safer Grant frees up funds within the GPF, which was used to fund other recommended expenditures, such as OPD call center positions and the Fire training positions.

11) Please explain the budgeting of advanced funding for the Chabot Space & Science Center.

During FY 2015-16 the City Council approved a resolution to advance a payment to the Chabot Space & Science Center, which was contained within the 2016-17 fiscal year. At the time the Council adopted resolution contained an increased (doubled) appropriation in FY 2015-16 to allow for this transfer. In order to ensure that this advanced payment does not become a one-time double payment the second year payment must be removed from the FY 2016-17 budget.

12) Please clarify the City's policy regarding one-time revenues for ongoing expenditures.

During FY 2015-16 the City Council approved a resolution to advance a payment to the Chabot Space & Science Center which was contained within the 2016-17 fiscal year. At the time the Council adopted resolution contained an increased (doubled) appropriation in FY 2015-16 to allow for this transfer. In order to ensure that this advanced payment does not become a one-time double payment the second year payment must be removed from the FY 2016-17 budget.

13) Can the software program in support of the Rent Adjustment Program (RAP) come from the Rent Adjustment Fund?

Yes, the purchase of a new software system for RAP can be included in the fee supported Rent Adjustment Program Fund (2413); however, until a revised fee is adopted, this cost cannot be absorbed in the current budget for Fund 2413.

14) How much Cannabis derived revenue is included in the Proposed Midcycle Budget and are there any changes to Cannabis Revenue projections based upon recently passed legislation?

The FY2016-17 budget reflects a forecast of approximately \$4.98 million in revenues derived from taxation of cannabis companies, aggregate of business and sales tax. The FY 2016-17 forecast already includes \$225,000 of new business tax revenue anticipated from the recently passed legislation. OMC Section 5.04.110 allows a new business to remit a minimal tax estimate during its first year of operation and then in the second year, declare and remit actual taxes due to the City from the first year of operation, while also declaring and remitting an estimate of taxes due from the

second year of operation. Thus, FY 2016-17 already anticipates an additional \$225,000 in new business tax revenues for cannabis-related businesses.

15) What are the costs of adding additional Parking Control Officers for residential permit zone enforcement and what is the Revenue generated from such additions?

The cost for 1.00 Parking Control Technician (PCT) fully loaded at step 3 is \$82,525. This does not include additional operating and equipment costs necessary to add a position (e.g. vehicles, handhelds, etc). On average a PCT must write 30 tickets per week to generate sufficient revenue to offset costs. Staff would propose analyzing current routes in order to realize efficiencies with existing staff in order to improve enforcement and increase revenue before adding additional positions.

16) Please provide information on the application status of all youth summer jobs grants funding sources and opportunities, both potential and secured. How many summer jobs positions are currently funded?

Economic & Workforce Development has secured an Oakland Housing Agency grant for summer youth jobs and the Mayor's Office will be seeking to raise more funding from donors to support the Classrooms 2 Careers program. Staff anticipates that 266 positions will be funded through the OHA grant, and another 100 will be provided through our fundraising efforts. There are other public and private summer job programs for Oakland youth that would create total opportunities in excess of 2,000 jobs. There are other (non-summer) youth jobs employment grants that staff are investigating.

17) Please provide information regarding the funded status and need of specialized career centers.

A Request for Proposals (RFP) was released January 27, 2016 to create the opportunity for bidders to apply for available funds under WIOA for up to two specialized Sector Access Points, which could include the existing neighborhood centers. Only one current service provider, the Unity Council, applied for the RFP and won an award. The other contract award went to Merritt College. The other existing Neighborhood locations that did not submit a proposal can continue operating next fiscal year using funds available from current FY 2015-16 awards. The specialized career center RFP (Sector Access Points) was the result of guidelines provided by the new federal WIOA program and designed based on best practices around the country.

18)What is the status of the vacant properties registries for retail space and vacant lots?

Planning & Building expects to begin work on the Vacant Properties Registry Ordinance this fall.

COST SUMMARY/IMPLICATIONS

There are no costs or fiscal impacts associated with the acceptance of this report.

COORDINATION

This report was prepared by City Administrator's Office in coordination with staff from various departments to consult on responses regarding specific programs and projects questions.

For questions regarding this report, please contact Bradley Johnson, Assistant to the City Administrator at 510-238-6119.

Respectfully submitted,



SARAH T. SCHLENK
Acting Budget Director

Attachments (1):

A: Measures B, BB, and the VRF Fund Balance analysis

Attachment A

Measure B/BB & VRF Funds - Revenue, Expenditure, and Fund Balance Projection FY15-16 & FY16-17

	Measure B			Measure BB			VRF			Grand Total
	FY15-16 Budget	FY15-16 Projected	FY16-17 Midcycle	FY15-16 Budget	FY15-16 Projected	FY16-17 Midcycle	FY15-16 Budget	FY15-16 Projected	FY16-17 Midcycle	FY16-17 Projected
Fund Balance, Beginning	10,777,594	10,777,594	1,017,953	2,130,225	2,130,225	(155,155)	3,022,593	3,022,593	1,205,511	2,068,309
Revenue	11,536,381	11,833,361	11,967,742	10,984,356	11,223,556	11,203,682	1,638,000	1,740,038	1,638,000	24,809,424
Expenditure	13,167,262	15,020,097	12,603,385	13,508,937	4,617,623	10,303,682	2,105,164	2,919,462	2,388,744	25,295,811
Surplus/(Deficit)	(1,630,881)	(3,186,736)	(635,643)	(2,524,581)	6,605,933	900,000	(467,164)	(1,179,424)	(750,744)	(486,387)
Fund Balance, Ending	9,146,713	7,590,858	382,310	(394,356)	8,736,158	744,845	2,555,429	1,843,169	454,767	1,581,922
Fund Balance Allocated to Capital Projects	8,367,841	6,572,905	-	-	8,891,313	-	1,875,885	637,658	-	-
Fund Balance (Unappropriated)	778,872	1,017,953	382,310	(394,356)	(155,155)	744,845	679,544	1,205,511	454,767	1,581,922

Sources:

Budget - FY15-16 Adopted Budget

Projected - FY15-16 Pre-close P11-16 Data ran 06.08.16

Midcycle - Proposed FY16-17 Midcycle Budget