



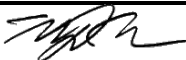
AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: Informational Report on Measure Q
and Measure W Expenditures

DATE: March 31, 2022

City Administrator Approval 

Date: Apr 1, 2022

RECOMMENDATION

Staff Recommends That City Council Receive An Informational Report From The City Administrator Detailing How The Vacant Property Tax Act (Measure W) And Oakland Parks And Recreation Preservation, Litter Reduction, And Homeless Support Act (Parks Measure Q) Revenues Have Been Spent Since The City Began Collecting Revenues On Both Measures, Including A Breakdown Of All Programs, Projects, And Services Funded By Revenues From These Measures; And Information Regarding The Most Current Fund Balance In Fund 2270 And Fund 2244 And How Much Of The Available Monies Can Be Directed Towards Efforts To Assist The City's Homeless Populations

EXECUTIVE SUMMARY

This report details the City of Oakland's (the City) historical spending and revenues collected to date for Measure Q and Measure W. The City created respectively Fund 2270 for Measure W revenues and expenditures and Fund 2244 for Measure Q revenues and expenditures. City Council has allocated all available funding each year revenue has been collected. For FY 2021-22, based on incoming revenues and current expenditures, both Funds 2270 and 2244 are projected to end with negative fund balances. Specifically, Fund 2244 is projected to have a **-\$1.2 million** fund balance and Fund 2270 is projected to have a **-\$4.18 million** fund balance.

BACKGROUND / LEGISLATIVE HISTORY

Voters passed Measure W in November 2018 to place a property tax on vacant properties to raise additional funding around illegal dumping and homelessness. Voters passed Measure Q in March 2020 to place a parcel tax to raise additional funding for Oakland's parks, litter reduction, and homelessness programming.

On February 18, 2020, City Council Resolution No. 13584 C.M.S., to codify and establish Measure W, the Vacant Property Tax.

On June 2, 2020, City Council Resolution No. 13595 C.M.S., to adjust the tax rates of various measures, including the new Measure Q for parks and homelessness.

On June 30, 2020, City Council Resolution No. 13605 C.M.S., to create an exemption for distressed property owners around paying their Measure Q parcel tax.

On November 10, 2020, City Council Resolution No. 13622 C.M.S., to modify the Oakland Parks and Recreation Advisory Commission so this Commission has oversight over Measure Q.

On December 1, 2020, City Council Resolution No. 88422 C.M.S., to establish tax rates for properties subject to Measure W. Starting with FY 2020-21, the City began to collect revenues for Measure W.

On June 15, 2021, City Council Resolution No. 13652 C.M.S., to increase the annual tax rate for local measures, including Measure Q.

In addition, City Council approved budget expenditures for Measure Q in the FY 2020-21 Midcycle Budget cycle through 88174 C.M.S in June 2020. The FY 2021-23 Biennial Budget cycle was the first opportunity for City Council to allocate budget expenditures for both Measure Q and Measure W, which they approved through Resolution No. 88717 C.M.S. in June 2021.

ANALYSIS AND POLICY ALTERNATIVES

Revenues

FY 2020-21 was the first year where the City could fully collect revenue for Measure Q and Measure W. **Table 1** on the following page summarizes all revenues collected to date and FY 2021-22 year-end projections for Measure Q (Fund 2244) and Measure W (Fund 2270).

Table 1: Historical Revenue Collection for Measure Q and Measure W

Fund	FY19-20 Revenue Actuals	FY20-21 Revenue Actuals	FY 2021-22 Revenues			FY21-22 Projected Year-End Net Revenue	Total Estimated Revenues
			FY21-22 Revenue Actuals through December 2021	Q2 FY21-22 Year-End Revenue Estimate	Less Authorized FY21-22 Budgeted Use of Fund Balance		
Measure Q - OPR Preservation, Litter Reduction, Homelessness Support Act Fund (2244)	-	25,814,627	13,975,932	39,684,089	(12,719,715)	26,964,374	52,779,001
Measure W - Vacant Property Tax Fund (2270)	1,478	4,704,060	4,399,277	10,950,216	(5,349,885)	5,600,331	10,305,868

As of the FY 2021-22 Q2 Revenue & Expenditure report, net of FY 2021-22 authorized budgeted use of fund balance, Measure Q is estimated to collect \$26.96 million in revenue and Measure W is estimated to collect \$5.6 million in revenue by year-end. Measure Q is estimated to bring in a total of \$52.78 million over its two years of collection. Measure W is estimated to bring in a total of \$10.31 million.

Expenditures

City Council has allocated budget to several City Departments to fulfill the services designated in Measure Q and Measure W.

Table 2 below summarizes all spending to date for Measure Q (Fund 2244). The FY 2021-22 YTD Actuals shows spending for the first half of the fiscal year. Spending is broken down by department and expense type to provide a detailed breakdown of Measure Q expenditures.

Table 2: Historical spending for Measure Q (Fund 2244) by Department Division

Department	FY19-20 Expenditure Actuals	FY20-21 Expenditure Actuals	FY21-22 Expenditure YTD Actuals through Dec 2021	Total
Capital Improvement Projects			-	-
92245 - Engineer Design: Watershed and Stormwater Program			-	-
54000 - Contract Service Expenditures			-	-
92270 - Engineer Design: Project Management			-	-
54000 - Contract Service Expenditures			-	-
City Administrator			62,183	62,183
02141 - Homelessness			62,183	62,183
51000 - Employee Personnel Service Expenditures			62,183	62,183
52000 - Supply and Material Expenditures			-	-
54000 - Contract Service Expenditures			-	-

Department	FY19-20 Expenditure Actuals	FY20-21 Expenditure Actuals	FY21-22 Expenditure YTD Actuals through Dec 2021	Total
02151 - City Administrator Call Center			-	-
51000 - Employee Personnel Service Expenditures			-	-
City Clerk	326,915	873,085		1,200,000
03121 - City Clerk	326,915	873,085		1,200,000
53000 - Service Expenditures		873,085		873,085
54000 - Contract Service Expenditures	326,915			326,915
Finance Department		7,539	3,753	11,292
08241 - Accounts Payable		3,785		3,785
54000 - Contract Service Expenditures		3,785		3,785
08421 - Revenue: Audit		-	-	-
54000 - Contract Service Expenditures		-	-	-
08721 - Treasury: Operations		-	-	-
44000 - Interest, Rent, and Concession		-	-	-
08811 - Budget Unit		3,754	3,753	7,507
54000 - Contract Service Expenditures		3,754	3,753	7,507
Human Services Department		3,074,738	1,144,722	4,219,460
78111 - Department of Human Services: Administration			78,882	78,882
51000 - Employee Personnel Service Expenditures			75,560	75,560
56000 - Internal Service / Work Order Expenditures			192	192
58000 - Other Expenditures and Project Budget Accounts			3,130	3,130
78199 - DHS Fiscal Operations		30,507	10,758	41,265
51000 - Employee Personnel Service Expenditures		-	10,020	10,020
56000 - Internal Service / Work Order Expenditures			318	318
58000 - Other Expenditures and Project Budget Accounts		-	419	419
59000 - Proprietary Budgetary Offsets and Operating Transfers		30,507	-	30,507
78411 - Community Housing Services		3,044,231	1,055,083	4,099,313
51000 - Employee Personnel Service Expenditures		27,410	63,047	90,457
52000 - Supply and Material Expenditures		58,138	24,701	82,839
53000 - Service Expenditures			4,260	4,260
54000 - Contract Service Expenditures		2,957,542	958,679	3,916,220
56000 - Internal Service / Work Order Expenditures			205	205
58000 - Other Expenditures and Project Budget Accounts		1,141	4,191	5,332
Non Departmental and Port		341,542	-	341,542
90591 - City-Wide Activities		341,542	-	341,542
54000 - Contract Service Expenditures		341,542	-	341,542
Oakland Parks and Recreation Department			794	794

Department	FY19-20 Expenditure Actuals	FY20-21 Expenditure Actuals	FY21-22 Expenditure YTD Actuals through Dec 2021	Total
<i>502237 - Poplar Recreation Center</i>			-	-
57000 - Capital Acquisitions			-	-
<i>503238 - San Antonio Recreation Center</i>			-	-
52000 - Supply and Material Expenditures			-	-
<i>509232 - Brookdale Recreation Center</i>			794	794
52000 - Supply and Material Expenditures			794	794
<i>509290 - Ball Fields Maintenance</i>			-	-
56000 - Internal Service / Work Order Expenditures			-	-
Oakland Public Works Department		9,203,241	7,304,938	16,508,178
<i>30121 - PWA Fiscal Services</i>		443,448	229,152	672,600
54000 - Contract Service Expenditures		443,448	229,152	672,600
<i>30181 - Management Information Systems</i>		131,398	111,346	242,744
51000 - Employee Personnel Service Expenditures		115,064	92,604	207,668
56000 - Internal Service / Work Order Expenditures			7,024	7,024
58000 - Other Expenditures and Project Budget Accounts		16,334	11,718	28,052
<i>30234 - Facilities Planning and Development</i>			-	-
54000 - Contract Service Expenditures			-	-
<i>30245 - Watershed and Stormwater Program</i>		11,921	119,465	131,386
51000 - Employee Personnel Service Expenditures		-	9,870	9,870
54000 - Contract Service Expenditures		11,921	102,036	113,957
56000 - Internal Service / Work Order Expenditures			6,310	6,310
58000 - Other Expenditures and Project Budget Accounts		-	1,249	1,249
<i>30551 - Facilities: Administration</i>		185,530	542,271	727,801
52000 - Supply and Material Expenditures		5,243	3,877	9,120
54000 - Contract Service Expenditures		900	2,950	3,850
56000 - Internal Service / Work Order Expenditures		9,399	23,710	33,108
57000 - Capital Acquisitions		169,989	511,734	681,722
<i>30555 - Facilities: Roving Custodial - OPR</i>		4,432	-	4,432
51000 - Employee Personnel Service Expenditures			-	-
52000 - Supply and Material Expenditures		4,432	-	4,432
54000 - Contract Service Expenditures			-	-
58000 - Other Expenditures and Project Budget Accounts			-	-
<i>30556 - Facilities: Maintenance</i>		-	80,856	80,856
51000 - Employee Personnel Service Expenditures		-	27,620	27,620
52000 - Supply and Material Expenditures		-	11,261	11,261
53000 - Service Expenditures		-	-	-
54000 - Contract Service Expenditures		-	6,936	6,936
56000 - Internal Service / Work Order Expenditures			31,655	31,655

Department	FY19-20 Expenditure Actuals	FY20-21 Expenditure Actuals	FY21-22 Expenditure YTD Actuals through Dec 2021	Total
57000 - Capital Acquisitions		-	-	-
58000 - Other Expenditures and Project Budget Accounts		-	3,384	3,384
30557 - Facilities: Structural			-	-
57000 - Capital Acquisitions			-	-
30558 - Facilities: Electrical/ Project			10,544	10,544
52000 - Supply and Material Expenditures			10,544	10,544
30651 - Park Building Maintenance: Administration		110,244	69,151	179,395
51000 - Employee Personnel Service Expenditures		97,638	54,900	152,538
56000 - Internal Service / Work Order Expenditures			8,020	8,020
58000 - Other Expenditures and Project Budget Accounts		12,606	6,231	18,837
30652 - Landscape Maintenance		8,122,932	5,756,658	13,879,589
51000 - Employee Personnel Service Expenditures		6,103,147	4,127,587	10,230,734
52000 - Supply and Material Expenditures		124,771	23,260	148,032
53000 - Service Expenditures			-	-
54000 - Contract Service Expenditures		1,814	10,776	12,590
55000 - Travel and Education Expenditures			-	-
56000 - Internal Service / Work Order Expenditures		561,899	415,380	977,279
57000 - Capital Acquisitions		468,343	674,161	1,142,504
58000 - Other Expenditures and Project Budget Accounts		862,958	505,493	1,368,450
30654 - Tree Services		193,336	385,495	578,831
51000 - Employee Personnel Service Expenditures		160,525	330,583	491,108
52000 - Supply and Material Expenditures		11,188		11,188
56000 - Internal Service / Work Order Expenditures			14,973	14,973
58000 - Other Expenditures and Project Budget Accounts		21,623	39,939	61,562
30674 - Illegal Dumping			-	-
54000 - Contract Service Expenditures			-	-
Total	326,915	13,500,144	8,516,390	22,343,449

Public Works and Human Services are the two main recipients of Measure Q funding. Human Services is responsible for providing services around homelessness in Oakland. Public Works is using Measure Q funding to support park maintenance at various parks across the city and to support stormwater management citywide.

Table 3 below summarizes all spending to date for Measure W (Fund 2270). The FY 2021-22 YTD Actuals shows actuals for the first half of the fiscal year. Spending is broken down by department and expense type to provide a detailed breakdown of Measure W expenditures.

Table 3: Historical spending for Measure W (Fund 2270) by Department

Department	FY18-19 Expenditure Actuals	FY19-20 Expenditure Actuals	FY20-21 Expenditure Actuals	FY21-22 Expenditure Actuals through Dec 2021	Total
City Administrator			303,747	144,446	448,193
<i>02111 - City Administrator: Administration</i>			303,747	23,961	327,708
51000 - Employee Personnel Service Expenditures			303,747	21	303,768
56000 - Internal Service / Work Order Expenditures				23,940	23,940
<i>02141 - Homelessness</i>				120,485	120,485
51000 - Employee Personnel Service Expenditures				120,485	120,485
Finance Department	35,318	384,061	1,338,179	368,226	2,125,785
<i>08222 - General Ledger</i>			225,262		225,262
51000 - Employee Personnel Service Expenditures			225,262		225,262
<i>08411 - Revenue: Administration</i>	35,318	245,532	539,577	86,552	906,978
51000 - Employee Personnel Service Expenditures		866	61,316	16,315	78,497
53000 - Service Expenditures		-			-
54000 - Contract Service Expenditures	35,318	244,666	478,261	66,256	824,501
56000 - Internal Service / Work Order Expenditures				3,981	3,981
59000 - Proprietary Budgetary Offsets and Operating Transfers		-			-
<i>08421 - Revenue: Audit</i>		99,249	328,112	139,192	566,554
51000 - Employee Personnel Service Expenditures		99,249	328,112	126,694	554,056
56000 - Internal Service / Work Order Expenditures				12,498	12,498
59000 - Proprietary Budgetary Offsets and Operating Transfers		-			-
<i>08721 - Treasury: Operations</i>		39,280	245,228	142,482	426,991
51000 - Employee Personnel Service Expenditures		39,280	122,969	66,623	228,873

Department	FY18-19 Expenditure Actuals	FY19-20 Expenditure Actuals	FY20-21 Expenditure Actuals	FY21-22 Expenditure Actuals through Dec 2021	Total
54000 - Contract Service Expenditures			122,260	71,460	193,720
56000 - Internal Service / Work Order Expenditures				4,399	4,399
Housing and Community Development Department			-	-	-
89939 - Municipal Lending			-	-	-
54000 - Contract Service Expenditures			-	-	-
Human Services Department			48,415	259	48,674
78411 - Community Housing Services			48,415	259	48,674
51000 - Employee Personnel Service Expenditures			38,617	-	38,617
54000 - Contract Service Expenditures			-	-	-
56000 - Internal Service / Work Order Expenditures				259	259
58000 - Other Expenditures and Project Budget Accounts			9,799		9,799
Oakland Public Works Department			1,653,194	2,779,548	4,432,742
30674 - Illegal Dumping			1,494,925	2,646,790	4,141,714
51000 - Employee Personnel Service Expenditures			1,169,485	1,346,967	2,516,452
52000 - Supply and Material Expenditures			1,071	-	1,071
53000 - Service Expenditures			10,203	1,037,955	1,048,158
54000 - Contract Service Expenditures			1,943	-	1,943
56000 - Internal Service / Work Order Expenditures			90,568	261,868	352,436
57000 - Capital Acquisitions			221,654	-	221,654
30676 - Litter Enforcement			158,269	132,758	291,027
51000 - Employee Personnel Service Expenditures			65,099	21,265	86,364
53000 - Service Expenditures			-		-
54000 - Contract Service Expenditures			93,171	109,841	203,011
56000 - Internal Service / Work Order Expenditures				1,652	1,652
Total	35,318	384,061	3,343,535	3,292,480	7,055,394

Public Works and Human Services are the two main recipients of Measure W funding. Human Services is responsible for providing services around homelessness in Oakland. Public Works is using Measure W funding to clean up illegal dumping and litter.

Fund Balance

The City's FY 2021-22 Q2 Revenue and Expenditure report indicates that Measure Q (Fund 2244) and Measure W (Fund 2270) are both projected to end in a negative fund balance by year-end.

Measure W is projected to collect \$1.40 million less than anticipated in revenue, due to a higher number of delinquencies and the new valuation of properties from Alameda County that are under \$10,000. On the expenditure side, Measure W is projected to have \$1.63 million in savings, as **Table 4** shows below:

Table 4: FY 2021-22 Measure W Projected Expenditures by Department (\$ in millions)

Agency / Department	FY 2021-22 Adjusted Budget	FY 2021-22 Q2 YTD Actuals	FY 2021-22 Q2 Year-End Estimate	Year-End \$ (Over) / Under Adjusted Budget
City Administrator	0.56	0.14	0.41	0.15
Finance	0.82	0.37	0.73	0.09
Human Services	2.27	—	2.11	0.17
Housing & Community Development	0.50	—	0.50	—
Public Works	8.20	2.78	6.98	1.23
Total Expenditures	12.35	3.29	10.72	1.63

Measure Q is projected to collect \$0.54 million less than anticipated in revenue, based on the current six months of fiscal data. On the expenditure side, Measure Q is projected to have \$0.07 million in savings, as **Table 5** shows below:

Table 5: FY 2021-22 Measure Q Projected Expenditures by Department (\$ in millions)

Agency / Department	FY 2021-22 Adjusted Budget	FY 2021-22 Q2 YTD Actuals	FY 2021-22 Q2 Year-End Estimate	Year-End \$ (Over) / Under Adjusted Budget
City Administrator	2.40	0.06	2.33	0.07
Finance	0.11	—	0.11	—
Parks, Recreation & Youth Development	0.25	—	0.25	—
Human Services	10.24	1.14	10.24	—
Public Works	25.39	7.30	25.39	—
Transportation	—	—	—	—
Non Departmental	0.92	—	0.92	—
Capital Improvement Projects	0.93	—	0.93	—
Total Expenditures	40.22	8.52	40.15	0.07

Despite the savings anticipated for both Measure Q and Measure W on the expenditure side for FY 2021-22 (**Table 4 and Table 5**), the funds are still projected to have a negative ending fund balance. This is because the fund balance at the beginning of FY 2021-22 represents the remaining unspent allocations from FY 2020-21 that City Council has already obligated to pay for services. Year-end estimates assume all budgeted funding to be expended by the end of FY2021-22 as **Table 6** shows:

Table 6: Estimated Ending Fund Balance for Measures Q and W

Fund	FY21-22 Audited Beginning Balance	FY21-22 Revenue Year-End Estimate	FY21-22 Expenditure Year-End Estimate	FY21-22 (Use of) / Contribution to Fund Balance	FY21-22 Estimated Ending Fund Balance
Measure Q - OPR Preservation, Litter Reduction, Homelessness Support Act Fund (2244)	11,987,568	39,684,089	40,150,815	(12,719,715)	(1,198,873)
Measure W - Vacant Property Tax Fund (2270)	942,623	10,950,216	10,720,275	(5,349,885)	(4,177,321)

*The revenue year-end estimate includes carryforwards and use-of-fund-balance

As such, the City's Q2 Revenue and Expenditure report indicate that Measure Q (Fund 2244) is projected to end FY 2021-22 with a negative \$1.2 million fund balance and that Measure W (Fund 2270) is projected to end with a negative fund balance of \$4.18 million. This negative fund balance should be mitigated through careful management of current year appropriations and correct actions in the Midcycle Budget Process.

Conclusion

The City's Measure Q and Measure W funds are recent new revenue sources. In the Fourth Quarter Revenue & Expenditure Report that was presented to the City Council on December 21, 2022, both Measure Q and Measure W had negative available balances of -\$2.19 Million and -\$4.55 Million respectively. Given current spending trends, Measure Q (Fund 2244) and Measure W (2270) are projected to have negative fund balances at the end of the current Fiscal Year as well. Due to the full appropriation of resources, neither Measure has available funding for additional services in the current FY 2021-22 or, FY 2022-23, unless Council redirects departments to change or reduce currently funded commitments. Staff recommends that any such changes occur after the Third Quarter information is available, and as a part of the FY 2022-23 Midcycle Budget Process.

PUBLIC OUTREACH / INTEREST

No outreach was deemed necessary for this informational report beyond the standard City Council agenda noticing procedures.

COORDINATION

This report was prepared in coordination between the Finance Department, the City Administrator's Office and various departments.

SUSTAINABLE OPPORTUNITIES

Economic: No direct economic opportunities have been identified.

Environmental: No direct environmental impacts have been identified.

Race & Equity: No direct Race & Equity opportunities have been identified in this informational report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that City Council receive an informational report from the City Administrator detailing how the Vacant Property Tax Act (Measure W) and Oakland Parks And Recreation Preservation, Litter Reduction, and Homelessness Support Fund (Parks Measure Q) revenues have been spent since the City began collecting revenues on both measures, including a breakdown of all programs, projects, and services funded by revenues from these measures; and information regarding the most current fund balance in Fund 2270 and Fund 2244 and how much of the available monies can be directed towards efforts to assist the City's homeless populations.

For questions regarding this report, please contact Bradley Johnson, Budget Administrator, at (510) 238-6119.

Respectfully submitted,



Erin Roseman
Director of Finance
Finance Department

Reviewed by:
Bradley Johnson
Budget Administrator

Prepared by Budget Bureau staff:
Ecaterina Burton

