



AGENDA REPORT

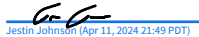
TO: Jestin D. Johnson
City Administrator

FROM: Robin Abad Ocubillo
Citywide Permits Ombuds

SUBJECT: Financial Analysis Support Services

DATE: March 15, 2024

City Administrator Approval


Jestin Johnson (Apr 11, 2024 21:49 PDT)

Date: Apr 11, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt the Following Resolution:

- 1. Authorizing The City Administrator To Negotiate, Award And Execute A Professional Services Agreement With MGT of America Consulting, LLC In An Amount Not To Exceed Three Hundred Thousand Dollars (\$300,000), For A Period Of Two Years That May Be Administratively Extended, For The Purpose Of Financial Analysis Of Certain Regulatory Fee Expenditures Across Multiple Departments; and**
- 2. Waiving The Competitive Process Pursuant to Oakland Municipal Code (“OMC”) Section 2.04.051; and**
- 3. Waiving The Local And Small Local Business Enterprise (L/SLBE) Program Requirements; and**
- 4. Making Appropriate California Environmental Quality Act (CEQA) Findings.**

EXECUTIVE SUMMARY

Approval of this proposed resolution will authorize the City Administrator to enter into a contract for consultant services with MGT of America Consulting, LLC (“MGT”) for an amount not to exceed Three Hundred Thousand dollars (\$300,000) through for a Two-Year Term, which may be administratively extended as to the Term only without a return to City Council. (See **Attachment A** for a copy of the proposed Resolution.)

In 2022, the Planning & Building Department (PBD) selected MGT for consultant services through a competitive process to perform a user fee study using fiscal year 2024 budgeted figures, staffing and operational information associated with fee services housed specifically within PBD. This PBD study is anticipated for completion in May 2024 and will inform the proposed FY24-25 Master Fee Schedule update that will come before City Council for adoption in 2024.

However, multiple City of Oakland departments have jurisdiction and/or administrative responsibility over permit reviews and approvals for various aspects of development services and permits. These include the Department of Transportation (DOT), Public Works (OPW), Economic and Workforce Development (EWD), the Bureau of Fire Prevention (OFD), Office of the City Attorney (OCA), and City Administrator’s Office (CAO). None of those Departments have conducted a comprehensive fee analysis within the last five years as it related to the Development Services

Finance Committee
April 23, 2024

This contract would provide an updated comprehensive fee analysis (“Citywide Fee Analysis”) for all City of Oakland departments that perform deliver Development Services.

BACKGROUND / LEGISLATIVE HISTORY

The ‘Re-imagining Citywide Permitting’ program, housed *Part of the Citywide Re-Imagining Citywide Permitting Initiative*,

In 2022 the Planning & Building Department (PBD) selected MGT for consultant services through a competitive process perform a user fee study using fiscal year 2024 budgeted figures, staffing and operational information associated with fee services housed specifically within that Department. This PBD study is anticipated for completion in May 2024 and will inform the proposed FY24-25 Master Fee Schedule update that will come before City Council for adoption in 2024. This proposed resolution would extend the City’s ability to work with MGT on a Citywide Fee Analysis for PDB and all other departments.

ANALYSIS AND POLICY ALTERNATIVES

Current State

Several City of Oakland departments have jurisdiction over permit reviews and approvals for various aspects of development services and permits. These include the Department of Transportation (DOT), Public Works (OPW), Economic and Workforce Development (EWD), and the Bureau of Fire Prevention (OFD). None of those Departments have conducted a comprehensive fee analysis within the last five years. Consequently, the City does not have, with consistency across all departments, calculations for the cost of providing its current compliment of development services outside of PBD.

Outcomes and Future State

The City Administration desires to conduct the Citywide Fee Analysis in to accomplish the following goals and objectives:

- An updated Citywide Fee Analysis for development services is essential for optimizing the City’s permitting functions.
- The analysis will verify how the City can calibrate fees to the cost of labor performed by the City, ensuring appropriate streams of revenue for the permitting functions.
- The analysis will render a well-documented and defensible cost of service plan that will identify rates that be used to recover billable costs for services and develop user fees that comply with Proposition 26, Proposition 218 and other applicable statutory requirements.
- The study will result in a fee structure easier for all parties to understand.
- The study will explore ways to address affordable housing and limit environmental footprint of future development through modifications and/or reductions to certain development-related fees.

- An updated fee schedule will also evaluate of best practices in other jurisdictions, as well as review and analyze fee rates of other jurisdictions within the region and/or of a similar size to the City of Oakland.

FISCAL IMPACT

Approval of this proposed resolution will authorize the City Administrator to enter into an agreement with MGT, in an amount not to exceed \$300,000. Funding for this will be included in the midcycle budget for FY 2024-25 in the Development Services Fund (2415) across the relevant Departments.

PUBLIC OUTREACH / INTEREST

No outreach was needed for the adoption of this resolution. However, the preceding PBD User Fee Study conducted public outreach related to PBD's development services and fees, which informed the approach to this proposed analysis which will extend to City Departments who also conduct development services activities.

COORDINATION

The Office of the City Attorney reviewed the Report and Resolution as to form and legality. The City Administration also coordinated with other departments, including the Department of Finance, PBD, DOT, OPW, EWD, OFD, and OCA since interdepartmental coordination and participation will be needed through the course of the Citywide Fee Analysis.

SUSTAINABLE OPPORTUNITIES

Economic: The Citywide Fee Analysis will result in several positive implications for the City of Oakland's fee revenue accounting and permit fee charge policies. The goal for this Citywide Fee Analysis, as well as the 2024 PBD Study, was to present a well-documented and defensible cost of service plan that would identify rates that would be used to recover billable costs for services and to develop user fees that the City can be assured fully comply with Proposition 26, Proposition 218 and other applicable statutory requirements. To reach this goal, the Study will:

1. Make the fee structure easier for all parties to understand.
2. Define what it costs the City to provide the various fee-related services.
3. Determine whether there are any services where a fee should be collected.
4. Identify service areas where the City might adjust fees based on the full cost of services and other economic or policy considerations.
5. Develop revenue projections based on recommended increases (or decreases) to fees.

Environmental: No environmental impacts or opportunities are identified in this report since there is no possibility that this Citywide Fee Analysis may impact the physical environment. The Citywide Fee Analysis is for the purpose of setting regulatory fees and information gathering, which are actions that are exempt from the California Environmental Quality Act (CEQA).

Race & Equity: The 2024 Planning and Building Department User Fee Study analyzed the impacts fees can have on perpetuating racial inequities in the City of Oakland. The main goal of that study was to lay the foundation for future areas of focus that the department (and by extension, other Departments engaged in development services and activities) can explore to create more equitable processes, procedures, and services for residents. The study consisted of two main components: The first was a review of fee-related processes, and the second was a series of listening sessions with community partners to better understand from their perspective how fees were impacting the residents of the City of Oakland. This fee study will similarly analyze how Fund 2415 fees, and the multi-departmental services funded by Fund 2415, are serving residents, particularly those most impacted by the costs of those services across departments.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

This action is exempt from CEQA pursuant to the following CEQA Guidelines Sections: 15061(b)(3) (Common Sense Exemption), 15273 (Rates, Tolls, Fairs, and Charges), and 15306 (Information Collection).

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt the Following Resolution:

- 1. Authorizing The City Administrator To Negotiate, Award And Execute A Professional Services Agreement With MGT of America Consulting, LLC In An Amount Not To Exceed Three Hundred Thousand Dollars (\$300,000), For A Period Of Two Years That May Be Administratively Extended, For The Purpose Of Financial Analysis Of Certain Regulatory Fee Expenditures Across Multiple Departments; and**
- 2. Waiving The Competitive Process Pursuant to Oakland Municipal Code (“OMC”) Section 2.04.051; and**
- 3. Waiving The Local And Small Local Business Enterprise (L/SLBE) Program Requirements; and**
- 4. Making Appropriate California Environmental Quality Act (CEQA) Findings.**

For questions regarding this report, please contact Robin Abad Ocubillo at RAbad@oaklandca.gov.

Respectfully submitted,

Robin Abad Ocubillo

Prepared by: Robin Abad Ocubillo, Citywide
Permits Ombuds, City Administrator’s Office

Reviewed by:
Elizabeth Lake, Assistant City Administrator

Attachment:

- A. Proposed Resolution for Council Consideration





4-23-24 PSC [24-0261] Agenda Report City Wide Development Services User Fee Analysis

Final Audit Report

2024-04-11

Created:	2024-04-09 (Pacific Daylight Time)
By:	Tonya Gilmore (tgilmore@oaklandca.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAQHJFvj7Yupv6rPjcwP_Zkm6NAO_MkZuw

"4-23-24 PSC [24-0261] Agenda Report City Wide Development Services User Fee Analysis" History

-  Document created by Tonya Gilmore (tgilmore@oaklandca.gov)
2024-04-09 - 3:05:47 PM PDT - IP address: 209.232.103.110
-  Document emailed to Jestin Johnson (JDJohnson@oaklandca.gov) for signature
2024-04-09 - 3:08:33 PM PDT
-  Document e-signed by Jestin Johnson (JDJohnson@oaklandca.gov)
Signature Date: 2024-04-11 - 9:49:32 PM PDT - Time Source: server- IP address: 76.133.5.53
-  Agreement completed.
2024-04-11 - 9:49:32 PM PDT



City of
Oakland

Powered by
Adobe
Acrobat Sign