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AGENDA REPORT

2017 MAY 24 PM 5:38

TO: Sabrina B. Landreth
City Administrator

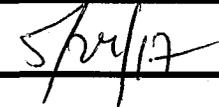
FROM: Katano Kasaine
Director of Finance

SUBJECT: FY 2017-19 Proposed Policy
Budget Adoption

DATE: May 17, 2017

City Administrator Approval

Date:

RECOMMENDATION

Staff Recommend the City Council Approve A Resolution Authorizing The Fiscal Year (FY) 2017-2019 Biennial Budget And Appropriating Certain Funds To Provide For The Expenditures Proposed By Said Budget.

Staff Recommend the City Council Approve A Resolution Authorizing The Use Of One-Time Revenues And Excess Real Estate Transfer Tax Revenues For Purposes Other Than Those Denoted In The City's Consolidated Fiscal Policy Adopting A Finding Of Necessity, And Describing Prospective Steps To Be Taken To Return To The Prescribed Uses Of Said Revenues.

EXECUTIVE SUMMARY

This report provides revisions to the FY 2017-19 Proposed Policy Budget. Exhibits 1 through 3 to the budget adoption resolution provide a comprehensive list of proposed amendments and technical adjustments. Amendments that result in service enhancements include:

1. Revisions within the Finance Department and the Fire Department related to the transfer of fire inspection invoicing and revenue collection responsibilities from Fire to the Revenue Management Bureau, and recognition that a supervisor is needed for span of control by FY 2018-19 to support the increased number of fire inspectors.
2. A set aside of \$5.9 million each year for the Community Advisory Board to make recommendations for allocating the City's general funds to reduce the consumption of sugar sweetened beverages in Oakland, and to address the results of such consumption.
3. Additional funds for Kids First! based on revised revenue projections.
4. Increased funding for the Oakland Museum, Oakland Zoo, Chabot Space & Science Center, the Oakland Convention & Visitor's Bureau, and City cultural programs, based on a projected increase in Transient Occupancy Tax (TOT) revenue within the Measure C Fund (2419).
5. An appropriation of \$50 million from Measure KK Fund (5330) first bond issuance for affordable housing.

Item: _____
Special City Council
May 30, 2017

Additionally, the proposed budget uses a minor amount of one-time Real Estate Transfer Tax (RETT) revenues to support ongoing expenses (approximately \$4 million in FY 2018-19), and proposes to defer deposits into the Vital Services Stabilization Fund for the next two years to preserve critical services. Therefore, the City Council must approve a resolution by super majority vote (6 out of 8), making a finding of necessity to use funds inconsistent with the Consolidated Fiscal Policy (Ordinance No. 13279).

BACKGROUND / LEGISLATIVE HISTORY

The Administration published the FY 2017-19 Proposed Policy Budget on April 28, 2017. The Mayor delivered an oral presentation of the budget on May 2, 2017. On May 16, 2017, staff provided a detailed presentation of the Proposed Budget and provided an initial set of amendments to the proposed budget.

ANALYSIS

In addition to the revision presented on May 16, 2017, the following proposed changes are requested. A comprehensive list of amendments discussed here and in the May 16th report is included as **Exhibit 1-3** to the Budget Adoption Resolution. The first set of changes highlight the amendments that increase services to Oakland residents.

Exhibits 1 and 2 include additional adjustments for Fire inspection and the associated revenue collection within the General Purpose Fund (1010).

Finance Department:

- 1) Transfer a Management Assistant from the Revenue & Management Bureau back to the Fire Department.
- 2) Add 1.0 cost covered Account Clerk II to support Fire inspection fee collection; adjustment to service charges revenue category.

Fire Department:

- 1) Transfer a Management Assistant back to the Fire Department from the Revenue & Management Bureau.
- 2) Add 1.0 Fire Prevention Inspections Supervisor (Vegetation Management Supervisor placeholder classification) in FY 2018-19 to be cost covered through inspection fees; adjustment to service charges revenue category.

Exhibit 3 includes the amendments to all other funds (non-1010).

Fire Department: The WPAD was created in 2004 through Council Resolution No. 78521 C.M.S., identifying and designating the high fire severity zone located in the Oakland hills. In November 2013, the WPAD was placed on the ballot to continue the property tax assessment and activities supported by the District; however, the WPAD failed to earn the affirmative vote of more than 2/3 of the electorate. Thus, the parcel tax expired in 2014. However, the remaining fund balance will not be completely expended by June 30, 2017.

To manage the high fire risk in the Oakland hills this season due to the heavy rains, this amendment reallocates funds previously approved as a grant match within the Fire Suppression Assessment District Fund (2320) and the Wildfire Prevention Assessment District Fund (2321), as well as reallocate General Purpose funds that were transferred to Fund 2321 as part of the FY 2015-17 budget for the Vegetation Management Plan. These funds will be used in FY 2017-18 for: the development of the Vegetation Management Plan; the goat grazing contract; roadside clearance; funding for a fire code inspection database system (One-Step replacement); continued funding for a Program Analyst II for one year (end-dated June 30, 2018); annual notices; and funds to cover the cost of an election for a new assessment district.

Unless budget savings are realized during FY 2017-18, the FY 2018-19 budget does not contain funding for any activities that were historically funded by the WPAD; therefore, no activities have been planned beyond the continued enforcement of the Oakland Fire Code. The second year of the budget will be evaluated with the FY 2018-19 midcycle review. Additionally, as noted above, there are funds set aside to pay for an election for a new assessment district.

Human Services:

- 1) An increased transfer into the Kids First! Fund (1780). These additional funds will be awarded through the next Request for Proposals process for additional services for Oakland youth, which is anticipated to begin in the fall 2018.
- 2) The addition of two Early Childhood Instructors in the Department of Health and Human Services Fund (2128) to facilitate the FY 2017-18 Oakland Head Start program design. The cost is offset by a reduction in funding for contract services.

Measure C: Increase the allocation for the Oakland Museum, Oakland Zoo, Chabot Space & Science Center, the Oakland Convention & Visitor's Bureau (OCVB), and for City programs including Cultural Art grants, Art & Soul, and other Fairs & Festivals. This adjustment is based on a projected increase in TOT revenue within the Measure C Fund (2419). The increase compared to the FY 2016-17 adopted budget is \$111,626 for the first year and \$134,795 for the second year for all groups based on a 12.5 percent allocation. The OCVB receives a 50 percent allocation and the increase compared to the FY 2016-17 adopted budget is \$446,505 for FY 2017-18 and \$539,180 for FY 2018-19.

Housing & Community Development: Appropriate \$50 million from Measure KK Fund (5330) first bond issuance for various loan programs to acquire and rehabilitate housing in order to preserve and secure affordability restrictions on approximately 350 units. The City will spend a minimum of 20 percent of affordable housing bond funds for housing for extremely low-income residents. Between \$10-15 million will be set aside to fund a second transitional housing facility (similar to the Henry J. Robinson Center) for extremely low-income individuals. Up to an additional \$30 million is estimated to be used for projects and programs for individuals and households earning 0%-60% of the area median income (AMI). These funds are in addition to the 25 percent "boomerang" funding projected for the Affordable Housing Trust Fund (1870), totaling \$7.6 million over the two-year budget.

Public Works/Transportation: Add two CIP Coordinators to the Project/Overhead Clearing Fund (7760) to support Infrastructure Bond and grants projects within Public Works. These positions will help ensure timely delivery of various projects proposed in the Capital Improvement Program (CIP).

The following amendments are technical changes or correction with no service impact.

City Attorney's Office: Transfer 0.14 Deputy City Attorney IV from the Central City East Taxable Bond Fund (5643) to the Broadway MacArthur San Pablo Bond Fund (5638).

Information Technology: Adjust the funding source for the Performance, Reporting, Information And Metrics Environment (PRIME) Project, Phase I approved by the City Council on March 21, 2017 in Resolution No. 86646 C.M.S. from the Information Technology Internal Service Fund (4600) to the Municipal Capital Improvements Fund (5501).

Economic & Workforce Development: Transfer various partial positions from the Central City East TA Bonds Series 2006A-T (Taxable) Fund (5643), to the Central District TA Bonds Series 2005 Fund (5612), the Broadway MacArthur San Pablo Bond Series 2006C-T Fund (5638), and the Coliseum TA Bonds Series 2006B-T (Taxable) Fund (5656).

Public Works/Transportation: Transfer an Assistant Engineer II from Public Works to Transportation within the Development Services Fund (2415). Transfer a Senior Construction Inspector (Field) from Transportation to Public Works within Fund 2415.

Non-Departmental: Reflect the increased transfer into the Vital Services Stabilization Fund (1020) based on FY15-16 audited actuals and FY16-17 3rd Quarter projections.

Additionally, the City has not received final grant award amounts for HUD Formula Entitlement Grants, including CDBG, HOME, HOPWA and ESG or from the Department of Labor/Economic Development Department for the Workforce Innovations & Opportunities Act grant. As soon as final information is available, the necessary adjustments will be presented.

FISCAL IMPACT

See the FY 2017-19 Proposed Policy Budget.

PUBLIC OUTREACH / INTEREST

The budget development process includes various efforts for the public outreach and opportunities for community input. The process began with a scientifically conducted poll on budget priorities, which was conducted and presented to the City Council in January 2017. Various public meetings were held with the City Council on the City's financial position priorities. Additionally, the Mayor held several community budget meetings throughout the City during the month of March. Community meetings on the proposed budget are continuing throughout the month of May. Finally, several special budget meetings are scheduled for May and June in City Hall. See the City's Budget webpage for more information:
<https://beta.oaklandca.gov/issues/budget>.

Item: _____
Special City Council
May 30, 2017

COORDINATION

The Finance Department worked with City Administrator's Office and all City departments in preparing the FY 2017-19 Proposed Policy Budget.

SUSTAINABLE OPPORTUNITIES

Economic: See Proposed Policy Budget

Environmental: See Proposed Policy Budget

Social Equity: See Proposed Policy Budget

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommend the City Council Approve A Resolution Authorizing The Fiscal Year (FY) 2017-2019 Biennial Budget And Appropriating Certain Funds To Provide For The Expenditures Proposed By Said Budget.

Staff Recommend the City Council Approve A Resolution Authorizing The Use Of One-Time Revenues And Excess Real Estate Transfer Tax Revenues For Purposes Other Than Those Denoted In The City's Consolidated Fiscal Policy Adopting A Finding Of Necessity, And Describing Prospective Steps To Be Taken To Return To The Prescribed Uses Of Said Revenues.

For questions regarding this report, please contact Sarah Schlenk, Budget Administrator at 510-238-3982.

Respectfully submitted,



KATANO KASAINE
Director of Finance

Prepared by:
Sarah Schlenk, Budget Administrator
Budget Bureau

Attachments (2):

- A) Budget Adoption Resolution with May Revise/Errata (Exhibits 1-3)
- B) Resolution Authorizing the Use of Excess Real Estate Transfer Tax for Purposes Inconsistent with the Consolidated Fiscal Policy

Item: _____
Special City Council
May 30, 2017

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City Attorney

OAKLAND CITY COUNCIL

2017 MAY 24 PM 5:38

RESOLUTION No. _____ C.M.S.

**RESOLUTION AUTHORIZING THE FY 2017-2019 BIENNIAL BUDGET AND
APPROPRIATING CERTAIN FUNDS TO PROVIDE FOR THE EXPENDITURES
PROPOSED BY SAID BUDGET**

WHEREAS, the City Council has reviewed departmental and non-departmental budgets in public hearings in view of estimated resources available for Fiscal Years 2017-2019; and

WHEREAS, the City Council has given careful consideration to the proposed budget for the use of funds for Fiscal Years 2017-2019 as set forth in the FY 2017-2019 Proposed Policy Budget document; and

WHEREAS, the Other Post-Employment Benefits (OPEB) actuarial report as of July 1, 2015 reflects an Unfunded Actuarial Liability (UAL) of approximately \$829.9 million; the City currently makes payments on a pay-as-you-go basis and not meeting the annual required contribution (ARC), which includes the costs for the year and a factor for amortizing the total unfunded actuarial accrued liabilities of the plan for up to thirty years; the City has invested \$4.0 million into the California Employee's Retiree Benefit Trust (CERBT) as of December 2016 to begin funding the OPEB obligations; and

WHEREAS, the City Council has agreed on modifications to the proposed budget as shown in Exhibits __, which together with the proposed budget constitute the 2017-2019 Adopted Policy Budget; now therefore be it

RESOLVED, that the City Administrator is authorized to expend in accordance with the laws of the State of California and the City of Oakland on behalf of the City Council new appropriations for departments and activity programs as incorporated in the FY 2017-2019 Adopted Policy Budget attached hereto; and be it

FURTHER RESOLVED, that the City Administrator may transfer operating appropriations between activity programs during the fiscal year provided that such funds remain within the departments in which the funds were approved by City Council; and be it

FURTHER RESOLVED, that the City Administrator may transfer capital appropriations between the Capital Improvement Program and operating departments to the extent that such transfers are necessary to fund capital-related activities of the operating departments and will remain subject to source funding use restrictions; and be it

FURTHER RESOLVED, that the City Administrator is authorized to make cost-neutral transfers between Oakland Public Works and the Department of Transportation in FY 2017-19 as continued clean-up is identified resulting from the reorganization; and be it

FURTHER RESOLVED, that the City Administrator must obtain approval from the City Council before (1) substantially or materially altering the relative department allocations of funding set out in the Adopted Policy Budget, (2) substantially or materially changing the levels of service expressly prioritized and funded by the Adopted Policy Budget including but not limited to layoffs and/or freezes that would substantially or materially (a) change levels of service, or (b) affect programs, or (3) eliminates or suspends entire programs funded by the Adopted Policy Budget; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to periodically transfer funds between Departments and completed Projects as needed in order to clean-up negative budget balances within the same Fund; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized and directed to calculate all required set-asides and make appropriate adjustments, based on the final adopted budget amendments, as legally required, such as Kid's First!, the Vital Services Stabilization Fund and the 7.5 percent Emergency Reserve; and be it

FURTHER RESOLVED, that the City Administrator may periodically transfer unexpended funds from the Unclaimed Cash Fund (Fund 7440) to the General Purpose Fund (Fund 1010); and be it

FURTHER RESOLVED, the City Administrator is authorized to deposit \$10 million annually in FY 2017-18 and FY 2018-19 from existing accrued medical balances (Fund 1300 - Fringe Benefits) into the California Employee's Retiree Benefit Trust (CERBT) to continue progress in funding the OPEB obligations; and be it

FURTHER RESOLVED, that this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES-- BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, AND PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

GENERAL PURPOSE FUND REVENUE -- MAY REVISE

Revenue Type	FY 2015-16 Actuals	FY 2016-17 Midcycle Budget	FY 2016-17 Midcycle 03 Projection	FY 2017-18 Proposed Budget	FY 2017-18 Proposed Budget REVISED	FY 2017-18 Increase/ (Decrease)	FY 2018-19 Proposed Budget	FY 2018-19 Proposed Budget REVISED	FY 2018-19 Increase/ (Decrease)
Property Tax	158,692,829	159,110,144	170,483,923	180,381,460	182,707,896	2,326,436	187,270,093	190,093,739	2,823,646
Sales Tax	55,234,590	53,318,906	54,105,000	55,998,537	55,998,537	-	57,678,493	57,678,493	-
Vehicle License Fee	165,671	-	-	-	-	-	-	-	-
Business License Tax	75,504,456	72,241,300	72,241,300	79,580,950	79,580,950	-	81,834,879	81,834,879	-
Utility Consumption Tax	50,966,465	50,500,000	50,700,000	51,000,000	50,700,000	(300,000)	51,000,000	50,700,000	(300,000)
Real Estate Transfer Tax	89,594,472	69,851,000	77,670,630	75,822,812	75,822,812	-	77,962,496	77,962,496	-
Transient Occupancy Tax	19,814,310	19,379,450	21,994,000	20,969,980	22,653,820	1,683,840	21,546,654	23,333,435	1,786,781
Parking Tax	10,219,541	12,138,000	10,679,420	10,832,713	11,130,600	297,887	11,157,695	11,436,700	279,005
Local Tax	40,013	-	-	5,900,000	5,900,000	-	5,900,000	5,900,000	-
Licenses & Permits	1,590,174	2,335,747	1,891,000	2,060,303	2,060,303	-	2,064,974	2,064,974	-
Fines & Penalties	21,741,255	24,050,024	22,086,700	21,953,367	22,178,254	224,887	21,965,973	22,400,000	434,027
Interest Income	924,898	740,482	740,482	740,482	740,482	-	740,482	740,482	-
Service Charges	52,938,469	50,108,087	54,426,424	59,115,932	59,186,455	70,523	60,894,058	61,118,431	224,373
Grants & Subsidies	1,524,122	119,435	416,337	119,435	119,435	-	119,435	119,435	-
Miscellaneous	5,396,634	5,149,320	3,300,000	2,088,857	2,088,857	-	5,455,577	5,455,577	-
Interfund Transfers	14,922,885	2,554,207	2,554,207	3,964,207	3,964,207	-	4,774,207	4,774,207	-
Subtotal Revenue	\$559,270,784	\$521,596,102	\$543,289,423	\$570,529,035	\$574,832,608	\$4,303,573	\$590,365,016	\$595,612,840	\$5,247,824
Transfers from Fund Balance	-	28,070,087	28,070,087	-	7,960,726	7,960,726	2,550,000	730,204	(1,819,796)
Grand Total	\$559,270,784	\$549,666,189	\$571,359,510	\$570,529,035	\$582,793,334	\$12,264,299	\$592,915,016	\$596,343,052	\$3,428,036

Budget Adjustments -- May Revise & Errata #1

GENERAL PURPOSE FUND (GPF)	FTE	FY 2017-18		FY 2018-19	
		One-Time Incr./ (Reduce)	On-Going Incr./ (Reduce)	One-Time Incr./ (Reduce)	On-Going Incr./ (Reduce)
Revenue Changes					
Adjustments to Property Tax, UCT, TOT, etc. (see Exhibit 1)			\$4.23		\$5.02
Transfer from Fund Balance for FY15-16 and FY16-17 for long-term obligations Excess RETT true-up (move from FY18-19 to		\$3.35		(\$2.55)	
Adjust service charges to account for changes in Fire inspection per proposed fees			\$0.07		\$0.22
Transfer from Fund Balance for FY15-16 and FY16-17 Excess RETT for Vital Services Stabilization Fund (VSSF) true-up		\$3.35			
Transfer from Fund Balance (available based on Q3 report)		\$1.27		\$0.73	
<i>Net Change to Revenues</i>		\$7.96	\$4.30	(\$1.82)	\$5.25
Expenditure Changes					
FINANCE					
Transfer a Management Assistant back to the Fire Department and add an Account Clerk II to handle Fire inspection invoicing; position cost-covered through proposed inspection fees	-		(\$0.09)		(\$0.10)
HUMAN SERVICES					
Correct classification for Senior Training program coordination from a Senior Services Program Assistant to an Outreach	-		\$0.02		\$0.02
POLICE					
Delete Business Analyst IV and Criminalist II to add Project Manager III to manage both Information Technology and Fleet for the Police Department, as well as lead the Department on several key Negotiated Settlement Agreement tasks and development of a Strategic Plan	(1.00)		(\$0.06)		(\$0.06)
FIRE					
Transfer a Management Assistant back to the Fire Department from the Finance Department and add a Fire Inspector Supervisor (Vegetation Management Supervisor placeholder class) beginning in FY 2018-19; position to be cost-covered through proposed inspection fees	2.00		\$0.16		\$0.32
NON-DEPARTMENTAL					
Healthy Kids (Commission set-aside)			\$5.90		\$5.90
One-time Employee Compensation Set-aside adjustment (\$8.45 million total in FY17-18)		\$2.75		(\$2.98)	
Appropriate FY15-16 audited and FY16-17 Q3 true-up for VSSF		\$3.35			
Kids First! transfer to Fund 1780 correction and true-up			\$0.23		\$0.33
<i>Net Change to Expenditures</i>		\$6.10	\$6.17	(\$2.98)	\$6.41
TOTAL SURPLUS / (SHORTFALL)		\$0.00		\$0.00	

Corrections to Publication**PARKS & RECREATION**

Correct noted reduction to zoo subsidy in FY 2017-18 (page E-11)	-	(\$0.10)	(\$0.19)
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Budget Adjustments -- May Revise & Errata

ALL OTHER FUNDS	FTE	FY 2017-18 Incr / (Reduc)	FY 2018-19 Incr / (Reduc)
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Significant Revenue Changes

Increase the transfer to the Kids First! Fund (1780) from the General Purpose Fund (1010)		\$0.23	\$0.33
Increase in the Transient Occupancy Tax (TOT) associated with Measure C Fund (2419)		\$0.55	\$0.60
Add revenues in Measure KK: Infrastructure and Affordable Housing to Fund (5330) for Affordable Housing Projects		\$50.00	
One-time increase transfer into the Vital Services Stabilization Fund (1020) from the General Purpose Fund (1010) for the FY15-16 and FY16-17 Excess Real Estate Transfer Tax true-up		\$3.35	\$0.00
Transfer from fund balance within the Municipal Capital Improvement Fund (5501) for expenses related to Performance Reporting, Information & Metrics Environment (PRIME), phase I		\$0.50	

Significant Expenditure Changes

CITY ATTORNEY

Transfer 0.14 Deputy City Attorney IV from the Central City East TA Bonds Series 2006A-T (5643) to the Broadway MacArthur San Pablo Bond Series 2006C-T Fund (5638); adjust work order account to balance	(0.14)	\$0.00	\$0.00
Transfer 0.14 Deputy City Attorney IV to Fund 5638 from Fund 5643; adjust work order account to balance	0.14	\$0.00	\$0.00

INFORMATION TECHNOLOGY

Funds required for Performance Reporting, Information & Metrics Environment (PRIME), phase I from Fund 5501 fund balance (correct the funding source)		\$0.50	
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FIRE

Reallocate FEMA grant match within the Fire Suppression Assessment District Fund (2320)		(\$0.45)	
Reallocate FEMA grant match within the Wildfire Prevention Assessment District Fund (2321)		(\$0.43)	
Allocate former FEMA grant match within Fund 2320 and Fund 2321 to the Vegetation Management Plan contract		\$0.79	
Reallocate Fund 2321 funds that were transferred from the General Purpose Fund (1010) per the FY 2015-17 adopted budget		(\$0.50)	
Reallocate other balances within Fund 2321		(\$0.32)	
Allocate available balance within Fund 2321 for the goat grazing contract (\$410k); extend a Program Analyst II position for one year (end-dated June 30, 2018); additional funding for the fire code inspections database system (\$180k); roadside clearance (\$100k); funding for annual notices (\$30k) and set aside funds for election costs associated with establishing a new fire assessment district (\$75k)	1.00	\$0.91	

Budget Adjustments -- May Revise & Errata

ALL OTHER FUNDS	FTE	FY 2017-18 Incr / (Reduc)	FY 2018-19 Incr / (Reduc)
HUMAN SERVICES			
Increase O&M in Kids First! Fund (1780) due to increase in revenues (transfer from Fund 1010)		\$0.23	\$0.33
Add Early Childhood Instructors; reduce contract expenditures in the Department of Health and Human Services Fund (2128)	2.00	\$0.00	\$0.00
ECONOMIC & WORKFORCE DEVELOPMENT			
Increase allocation for Cultural Art grants, Art & Soul and Fairs & Festivals based on projected increase in TOT revenue within the Measure C Fund (2419)		\$0.07	\$0.07
Transfer 0.20 FTE Administrative Services Manager II, 0.25 FTE Development/Redevelopment Program Manager and 0.50 FTE Real Estate Agent from the Central City East TA Bonds Series 2006A-T (Taxable) Fund (5643) to various other redevelopment bond funds; adjust work order account to balance	(0.95)	\$0.00	\$0.00
Transfer 0.20 FTE Administrative Services Manager II to the Broadway MacArthur San Pablo Bond Series 2006C-T Fund (5638) from Fund 5643; adjust work order account to balance	0.20	\$0.00	\$0.00
Transfer 0.25 FTE Development/Redevelopment Program Manager to the Coliseum TA Bonds Series 2006B-T (Taxable) Fund (5656) from Fund 5643; adjust work order account to balance	0.25	\$0.00	\$0.00
Transfer 0.50 FTE Real Estate Agent to the Central District TA Bonds Series 2005 Fund (5612) from Fund 5643; adjust work order account to balance	0.50	\$0.00	\$0.00
HOUSING & COMMUNITY DEVELOPMENT			
Allocate funds for affordable housing projects within the Measure KK Bond Fund (5330)		\$50.00	
OAKLAND PUBLIC WORKS			
Transfer an Assistant Engineer II to the Department of Transportation within the Development Services Fund (2415)	(1.00)	(\$0.21)	(\$0.22)
Transfer a Senior Construction Inspector (Field) to Oakland Public Works from the Department of Transportation within Fund 2415	1.00	\$0.17	\$0.17
Add Capital Improvement Program (CIP) Coordinator positions within the Project/Overhead Clearing Fund (7760) to support Infrastructure Bond and grant projects; cost of roughly \$0.50 million per year is offset by reducing contingency and increasing project recovery	2.00	\$0.00	\$0.00
TRANSPORTATION			
Transfer an Assistant Engineer II to Transportation from Oakland Public Works within Fund 2415; minor reduction in O&M to balance	1.00	\$0.23	\$0.24
Transfer a Senior Construction Inspector (Field) to Oakland Public Works within Fund 2415	(1.00)	(\$0.19)	(\$0.20)

Budget Adjustments -- May Revise & Errata

ALL OTHER FUNDS	FTE	FY 2017-18 Incr / (Reduc)	FY 2018-19 Incr / (Reduc)
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NON-DEPARTMENTAL

One-time increase transfer into the Vital Services Stabilization Fund (1020) from the General Purpose Fund (1010) for the FY15-16 and FY16-17 Excess Real Estate Transfer Tax true-up		\$3.35	\$0.00
Increase allocation for the Oakland Museum, Oakland Zoo, Chabot Space & Science Center and the Oakland Convention & Visitor's Bureau based on projected increase in TOT revenue within the Measure C Fund (2419)		\$0.48	\$0.52

Corrections to Publication

PLANNING & BUILDING

Correct noted increase to contract contingencies with the Development Services Fund (2415) (pages E-26 and G-60)		\$0.85	\$0.85
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OFFICE OF THE CITY CLERK
OAKLAND

2017 MAY 24 PM 5:38

Approved as to Form and Legality


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE USE OF ONE-TIME REVENUES AND EXCESS REAL ESTATE TRANSFER TAX REVENUES FOR PURPOSES OTHER THAN THOSE DENOTED IN THE CITY'S CONSOLIDATED FISCAL POLICY ADOPTING A FINDING OF NECESSITY, AND DESCRIBING PROSPECTIVE STEPS TO BE TAKEN TO RETURN TO THE PRESCRIBED USES OF SAID REVENUES

WHEREAS, on December 9, 2014 the City Council passed Ordinance No. 13279 C.M.S. adopting the City's Consolidated Fiscal Policy; and

WHEREAS, the Consolidated Fiscal Policy establishes criteria for the use of excess Real Estate Transfer Tax (RETT) revenue and the use of other one-time revenues, including the requirement to declare a fiscal emergency to use one-time revenue or excess RETT for purposes other than those denoted in Section 1, Parts C and D, of the Consolidated Fiscal Policy; and

WHEREAS, the Consolidated Fiscal Policy requires a resolution approved by a super majority (six votes) of the City Council to authorize the use one-time revenues and excess RETT for purposes other than those denoted in Section 1, Parts C and D, of the Consolidated Fiscal Policy; and

WHEREAS, the resolution must include (1) a finding of necessity (2) a statement explaining this necessity, and (3) a statement describing prospective steps to be taken to return to using one-time revenues and excess RETT as described in Section 1, Parts C and D, of the Consolidated Fiscal Policy; and

WHEREAS, it is anticipated that the City Council will adopt a budget for FY 2017-19 by June 30, 2017, and appropriate certain funds to provide for the expenditures proposed

by said budget; and

WHEREAS, the proposed FY 2017-19 budget includes uses of one-time revenues and Excess RETT that are inconsistent with Section 1, Parts C and D, of the Consolidated Fiscal Policy, and therefore a resolution as described above is required to approve the FY 2017-19 budget as proposed; now, therefore be it

WHEREAS, the use of one-time revenue for purposes other than those denoted in Section 1, Parts C and D, of the Consolidated Fiscal Policy has decreased over time; and

WHEREAS, the proposed budget includes a minor use of one-time revenue (less than \$250,000) across both years, but with a use of ongoing revenue for one-time expense in FY 2017-18 totaling \$4.08 million and a use of one-time revenue for ongoing expense in FY 2018-19 totaling \$4.33 million.

WHEREAS, the proposed budget suspends the deposit of 25 percent of Excess RETT into the Vital Services Stabilization Fund totaling \$2.13 million in FY 2017-18 and \$2.18 million in FY 2018-19 in order to preserve essential services, such as Park Maintenance and

RESOLVED: That the City finds that a fiscal necessity exists to use one-time revenues and excess RETT revenues to fund expenditures reflected in the proposed FY 2017-19 budget; and be it

FURTHER RESOLVED: That this finding of necessity is supported by the Statement of Necessity attached to this Resolution as *Exhibit 1*, which demonstrates that the use of one-time revenues and excess RETT is necessary for the City to continue to fund and invest over the next two fiscal years in ensuring the current level of maintenance in Oakland parks and open spaces, sustaining staffing levels in sworn police and fire, job training for seniors, and maintaining library operations; and be it

FURTHER RESOLVED: That the City may undertake the following steps in order to return to utilizing one-time revenues, and excess RETT for the purposes described in Section 1, Parts C and D, of the Consolidated Fiscal Policy: review future estimates of revenues and expenditures to analyze long-term fiscal balance; reprioritize expenditures in coming budget cycles so that future investments are made within available resources; seek efficiencies and cost saving mechanisms to reduce ongoing expenditures; evaluate fees and service charges to enhance ongoing revenues and increase cost recovery where possible; continue to develop revenue collection strategies; collaborate

with community groups, City employee unions; and retain subject matter experts to provide innovative solutions to enhance revenues and reduce costs; and be it

FURTHER RESOLVED: That this Resolution shall take effect immediately upon passage by a super majority vote consisting of six of eight City Council members.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, REID, and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

EXHIBIT 1

Statement of Necessity

The City Administrator and the City Council have determined that the use of one-time revenues and excess Real Estate Transfer Tax (RETT) is necessary to support expenditures as detailed in the FY 2017-19 Budget.

The ongoing expenditures supported by these resources include critical investments over the next two fiscal years in ensuring the current level of maintenance in Oakland parks and open spaces, sustaining staffing levels in sworn police and fire, job training for seniors, and maintaining library operations.

These investments include:

- Maintaining current investments in staffing for Park Maintenance throughout the City with General Purpose Fund (1010) funding, despite flat or decreased revenue available from the Comprehensive Clean-up Fund (1720) and the Landscape and Lighting Assessment District Fund (2310).
- Funding to ensure staffing levels in Police and Fire sworn positions do not fall to unacceptable levels.
- Sustaining a scaled down senior training program resulting from the discontinuation of grant funds for the program.
- Continuing a transfer from the General Purpose Fund (1010) to the Measure Q Fund (2241) in order to preserve current service levels at Oakland libraries.

FILED
OFFICE OF THE CITY CLERK
OAKLAND

DISTRIBUTION DATE: 5/24/17

2017 MAY 24 PM 5:39



MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Katano Kasaine
Finance Director

SUBJECT: FY 2017-19 Budget Development
Questions/Responses #3

DATE: May 17, 2017

City Administrator
Approval /s/

Date: 5/24/2017

PURPOSE

The purpose of this memorandum is to transmit to the full City Council and public, responses to questions raised by City Councilmembers related to the Fiscal Year (FY) 2017-19 Proposed Biennial Budget, which was released on April 28, 2017. To the extent additional information becomes available on any of the responses below, updates will be provided.

QUESTIONS AND RESPONSES

- 1) Please provide a list of all the budgeted non-sworn City positions that have been vacant for 5 or more years as of May 1st, 2017, and what would be the savings in the budget if half of these positions (as determined by the City Administrator) were eliminated effective July 1st 2017? [Kalb]

There are few positions that have remained vacant five or more years. The total is seven (listed below). Each of these positions is in a restricted fund; therefore, elimination of these positions will not provide savings, nor can the budget be reallocated to other City purposes.

It is important to note that there may be fiscal management considerations, such as the department's budgeted vacancy factor of 4-6%, or positions may be tied to a funding source that is dependent on the realization of projected revenues or grant-funding.

DEPT	JOB CLASSIFICATION TITLE	FUND*	VACANT DATE	Comments
HSD	Food Program Coordinator, PPT	2102	March 2004	Position reduced to 0.50 FTE in the FY 17-19 Budget
LIB	Librarian I, PPT	2241	August 2011	Position partially funded 0.04 FTE
OPR	Facility Security Assistant	1820	December 2011	
OPR	Recreation Program Director	1820	October 2011	
OPW	Auto Equipment Mechanic	4100	November 2012	
OPW	Drafting/Design Technician, Sr.	7760	December 2010	Moved to Transportation in the FY 17-19 Budget
OPW	Electrical Engineer II	7760	July 2010	

* Please Note that none of the above vacancies are budgeted in the General Purpose Fund (1010).

Below please find the explanations from each Department regarding the aforementioned vacancies:

Food Program Coordinator, PPT – This position is not truly vacant. This position belongs to the Summer Food Service Program, which runs from June through August. Therefore, this position is vacant 9 months each year. During the 3 months of summer, the funding from this position is used (often referred to as “linked”) to support a staff person for the Summer Food Service Program. This staff person works in Head Start September thru May. In effect, this position is not vacant, though it appears to be as there is no employee directly attached to the position number.

Librarian I, PPT – The funding from this position has been used to support other Librarian I PPTs, however this specific position number has not had an employee tied to it due to the low FTE. This position will be cleaned up by attaching the 0.04 FTE to another PPT position.

Facility Security Assistant – This position is self-sustaining funded from fees collected from recreation programs. The Office of Parks & Recreation (OPR) desires to fill the position to support the East Oakland Sports Center, once sufficient supporting fee-based revenues have been collected. OPR requests that the position remain budgeted.

Recreation Program Director – This position is self-sustaining funded from fees collected from recreation programs. OPR desires to fill the position to support enterprise facility rental programs once sufficient supporting fee-based revenues have been collected. OPR requests that the position remain budgeted.

Auto Equipment Mechanic – The position is filled (linked) by Temporary Contract Service Employee (TCSE) while recruitment is ongoing. It has been very challenging finding

qualified candidates at the current pay structure. All the mechanic positions are a high priority for recruitment within Human Resources.

Drafting/Design Technician – The position was last used for a TCSE working on Consent Decree negotiations. The TCSE was vacated in 2015. This position is now part of the Department of Transportation (DOT) and project funded – meaning, the position is not filled unless funding is identified (e.g. grant funds). DOT intends to utilize the position now that there is funding available to support position expense.

Electrical Engineer II – This is a project funded position, and has not had funding for a long time. However, as such, removing the position will not save the City any money or allow funding to be redirected to other purposes. Oakland Public Works requests that the position be left as is until funding is available for a project.

- 2) **Does the City conduct any audit or review of procedures to ensure that attorneys representing clients against the City, lobbyists registered with the City, and developers filing planning applications have a current business license? [Kalb]**

The City's current processes require that contractors issued permits have a valid state contractor's license and a valid City business tax license. If the property owner is a business or elects to have the City issue a permit to another business on his or her behalf (e.g., architect), the current process does not require that the contractor confirm that the 3rd party have a business license. There are not current processes in place to ensure that lobbyists or attorney's representing clients against the City have current business licenses.

- 3) **How much is proposed in the 2017-2019 budget for improvements to the police hiring process, including to implement the recommendations from the police hiring committee? [Kaplan]**

The Proposed FY 2017-19 Budget does not include any additional resources for improvements to the police hiring process. Any improvements and recommendations from the police hiring committee would be implemented using existing resources.

- 4) **Please clarify what funding is included in the proposed budget for efforts to crack down on gun violence and illegal gun dealing? Relative to the prior budget, what funding, staffing and technology are being added or removed from programs to track and crack down on guns and shootings? [Kaplan]**

The Proposed FY 2017-19 Budget does not include any additional resources for efforts to crack down on gun violence and illegal gun dealing. In the FY 2015-17 budget, the City Council included a one-time reduction allocated OPD overtime of \$500,000 per year (\$1 million total) to provide funding specifically for gun violence and illegal gun dealing. Reports on this topic were presented at the November 10, 2015, January 26, 2016, and March 14, 2017 Public Safety Committee meetings and will be presented again at the May 23, 2017 Public Safety Meeting. The FY 2017-19 Budget does not continue this one-time funding. Three positions were funded with one-time funding (two Crime Analysts and one Police Records Specialist). These positions will end when the funds are exhausted. The technology acquired through the funding will continue to be used.

OPD will continue to address gun violence and illegal gun dealing in the course of its standard operations and make full use of the equipment and supplies purchased using the funding from the FY 2015-17 budget cycle.

- 5) In “FY 2015-17 Budget Questions Responses #5” dated June 5, 2015, Question #48 asked “How many frozen positions in revenue division and other departments that impose fines or collect fees would, if filled, collect substantially more than they cost to fund?” The only response from the Budget office was: “There are no frozen positions in the Revenue Management Bureau (current or proposed).” Please answer the original question regarding the City as a whole. [Kalb]

There are no frozen positions in any City department that “collect substantially more than they cost to fund”. The only positions outside the Revenue Management Bureau which meet the criteria that they “collect substantially more than they cost to fund” are the Parking Control Technicians in the Department of Transportation.

- 6) **OPD Overtime – Analysis: What are the causes of police overtime and what is achieved by OPD through these overtime expenditures? Please include categories by total dollars as well as the percentage of total overtime expended during FY 2013-15 budget and FY 2015-17 YTD. [McElhaney]**

Please see the **Attachment A**, which provides the historical monthly breakdown of OPD overtime actual spending by activity for FY13-14 through the second quarter of FY16-17. It also includes a description of each activity category.

- 7) **Head Start: What is the total budget – by sources and uses – for the Head Start division?**

The following funds are used to provide Head Start and Early Head Start full day, full year early childhood education classrooms and partnerships throughout Oakland. It includes providing comprehensive services such as mental health, parent engagement and leadership development, and nutrition.

		<u>FY17-18</u>	<u>FY18-19</u>
1010 - General Fund: General Purpose	01-SALARIES	71,225	73,806
1010 - General Fund: General Purpose	02-DOH	3,518	3,725
1010 - General Fund: General Purpose	04-O&M	245,500	245,500
1010 - General Fund: General Purpose	05-ISF	3,743	3,845
1010 - General Fund: General Purpose Total		323,986	326,876
2102 - Department of Agriculture	04-O&M	545,000	545,000
2102 - Department of Agriculture Total		545,000	545,000
2128 - Department of Health and Human Services	01-SALARIES	9,729,557	10,100,273
2128 - Department of Health and Human Services	02-DOH	513,631	543,875
2128 - Department of Health and Human Services	03-CSO	1,982,066	1,982,066
2128 - Department of Health and Human Services	04-O&M	7,415,336	7,481,462
2128 - Department of Health and Human Services	05-ISF	709,786	724,215
2128 - Department of Health and Human Services Total		20,350,376	20,831,891
2138 - California Department of Education	01-SALARIES	696,018	696,018
2138 - California Department of Education	04-O&M	382,403	382,403
2138 - California Department of Education Total		1,078,421	1,078,421

22,297,783 22,782,188

8) How many FTE's are in the Head Start division?

123.14 FTE's.

9) What is the overhead billed for the Head Start division?

Central Service Overhead (CSO): FY17-18 \$1,982,066; FY18-19 \$1,982,066. Head Start receives equivalent amount of General Purpose Fund Contributions to offset these Central Service Overhead expenditures. Departmental Overhead (DOH): FY17-18 \$517,149; FY18-19 \$547,600.

10) What amounts of General Purpose Funds (GFP) are dedicated to Head Start?

	FY17-18	FY18-19
01-SALARIES	71,225	73,806
02-DOH	3,518	3,725
04-O&M	245,500	245,500
05-ISF	3,743	3,845
05-CSO Subsidy	1,982,066	1,982,066
05-Operations Subsidy	2,138,718	2,620,233
	4,444,770	4,929,175

11) What is the projection for future funding for Head Start?

The grant renews on July 1, 2017. The current adopted federal continuing resolution (CR) *should* allow for full funding. However, the U.S. Department of Health and Human Services (HHS) will only likely provide 50% funding initially, while they await the budget resolution for FY 2017-18 and impact of possible reductions included in that budget. While Head Start enjoys a degree of bipartisan support, it is likely that overall reductions in federal spending will impact the program over the coming years. It should be noted that federal funding has been relatively flat for many years, and as a result without the City's on-going support, services would have to be reduced each year.

12) Did the city ever regain budget cuts to Head Start?

There were not budget "cuts" to Oakland Head Start, but rather through a competitive grant process, another grantee was awarded an area of Oakland to serve. The YMCA of the Central Bay / East Bay was awarded a grant to provide services to children in the 94605 zip code along the MacArthur corridor. Challenges with finding a suitable facility have led to only a portion of these slots (approximately 64 out of 188) being fully implemented thus far. These funds are not re-bid each year, but rather given out in 5-year grants with renewals annually.

13) How many households and children are served by Head Start annually (Please provide the average demographics)?

In the current year, the program serves 1,021 children and their families. The program enrollment for next year is pending negotiations with the Regional Office. Of current families, 52% are single parent families. As self-identified, 47% of families are Black, 31% Latino, 20% Asian, and 2% are "Other".

14) What are the metrics of success for Head Start and what has the division achieved?

The metrics of success for Head Start include a variety of data points that measure school readiness (SR) and achievement of program goals, which are outlined below. The Desired Results Developmental Profile (DRDP 2015) is the assessment tool utilized to gauge the impact in each of the SR goal areas, and specific targeted outcomes are set for the program to meet each program year. Head Start found in program year 2016-17, that over 80% of children made significant progress toward goals according to DRDP.

COGNITION AND GENERAL KNOWLEDGE

Goal 1: Children will build their conceptual knowledge of math understanding, including number, number sense classification, measurement, shapes and patterning.

LANGUAGE AND LITERACY

Goal 2: Children will build their language and literacy knowledge through reciprocal communications progressing from interest in literacy, letter, and word knowledge to phonological awareness.

APPROACHES TO LEARNING

Goal 3: Children will build their complex emotional regulation skills and expand their involvement by engaging in play asking questions, demonstrating initiative, curiosity, and persistence of engagement.

SOCIAL AND EMOTIONAL

Goal 4: Children will develop skills to identify and express feelings, develop healthy trusting relationships, interact with peers, and have awareness of diversity of self and others.

PHYSICAL HEALTH AND DEVELOPMENT

Goal 5: Children will increase health and safety habits, as well as enhance motor skills.

15) What contingency plans exist for the possibility of more severe budget cuts to Head Start? [McElhaney]

Contingency plans for the possibility of more severe budget cuts include a reduction in hours of services and/or site closures. The Human Services Department (HSD) has also worked to secure additional state funding for Early Head Start (CCTR funds), which have allowed the

department to avoid reductions thus far due to escalating costs as discussed above. Similarly, HSD applied for and secured additional state pre-school funds this past year to ensure the City's ability to shift to full day services, as mandated by the Head Start program.

16) What is the outcome of the latest ROPS review by the Department of Finance for FY 2017-18? [Community Member]

The Recognized Obligation Payment Schedule (ROPS) for FY 2017-18 was approved by the Oakland Redevelopment Agency Board on January 17, 2017 (Resolution No. 2017.001, C.M.S). The Oversight Board approved the ROPS on January 23, 2017 without making any changes. The initial letter from the State Department of Finance following their review of the ROPS was received on April 10, 2017. The letter disallowed the following item:

1. Items Nos. 7, 8, and 10 -- CalPERS pension obligation, other post-employment benefits (OPEB) unfunded obligation, and unemployment obligation totaling \$33 million (ROPS 17-18 request of \$1,983,500)
2. Item No. 54 – Moved the funding source for \$273,644 from the Redevelopment Property Trust Fund (RPTTF) to "Other" indicating the Agency should use available cash on hand, before requesting RPTTF.
3. Item No. 426 – West Oakland Loan Indebtedness totaling \$2,717,524 (ROPS 17-18 request of \$1,813,238)
4. Item No. 207 – 9451 MacArthur Blvd- Evelyn Rose Project totaling \$517,500

The City submitted a request to meet and confer and had a phone conference on April 25, 2017. The City subsequently received the final determination letter on May 17, 2017 continuing to deny all items. The result is less funding available for the pension (\$21.12 million) and retiree medical (\$10.65 million) long-term obligations. Additionally, the City will need to determine how the loss of the West Oakland Loan repayment will be handled moving forward, as it is now a negative fund without an identified repayment source. The loss of the reimbursement associated with the MacArthur Blvd- Evelyn Rose project means less funding available for affordable housing projects. All of the documents discussed above are included as **Attachment B**.

17) How many positions per year is Human Resources able to handle for hiring, with current staffing levels? About how many hirings per year can each staff in Human Resources handle? [Kaplan]

In terms of filling positions, Human Resources is tasked with providing eligible lists or conducting recruitments when City departments submit requisitions to fill positions. In 2016, there were 342 personnel requisitions submitted to HR for regular positions (civil service or exempt, not temporary), representing 223 classification titles; of those, 194 required new recruitments. A review of HR's personnel requisitions and related activities the past three years demonstrates that this level of activity is roughly stable – 300-400 positions filled each year; 180 - 200 recruitments conducted each year. When fully staffed, the work is distributed among HR Analysts (three classification levels; 7 positions) and HR Technicians (4); with assistance from six other staff when possible. In 2016, recruitments were completed within 80 days on average (less than 3 months) once the HR Analyst started the recruitment – which is well within our standard. Short staffing in HR creates delays, because departments must wait for a recruitment to be assigned (as much as 90 days during peak times) and

HR's Recruitment & Classification Division has not been fully staffed due to attrition for the past 18 months.

18) What is the amount of one-time/RETT funds that was supposed to go to the VSSF that we are not paying into? [\$2m/year] [Kaplan]

The amount of the suspended transfer to the Vital Services Stabilization Fund is approximately \$2 million per year for a total of \$4 million.

19) Please provide an update on shot spotter [Kaplan/Brooks]

ShotSpotter technology provides gunshot locator systems that provide notification to law enforcement agencies as to the time and place gunshots are heard as well as investigative information such as the number of shots. OPD has been using ShotSpotter technology since 2006 to assist in locating and responding to gunshots in the City of Oakland. ShotSpotter has proven to be an invaluable investigative tool for the Oakland Police Department. In addition to notifying OPD about the location and number of gunshots, OPD investigators are able to use the data to assist in the investigation of the many shootings that continue to occur in Oakland.

The original ShotSpotter contract covered 6.2 square miles of the City (Phase I). The system was expanded in 2012 to cover an additional 6.4 square miles (Phase II). At the request of City Council, ShotSpotter was expanded in Fiscal Year (FY) 2014-15 to include areas 2.78 square miles of Oakland not previously covered (Phase III). This expansion has resulted in a higher ongoing cost to maintain this technology. The ongoing cost to maintain all three phases of ShotSpotter is \$494,000 per year. Phase I (\$84,000) is included in the ongoing baseline budget. An additional \$410,000 per year is needed to maintain Phase II (\$264,000) and Phase III (\$146,000). Two years of one-time funding for Phase II and Phase III was included in the FY 2015-17 Adopted Policy Budget.

The below map provides ShotSpotter coverage areas. Phase I and II have a dark outline while Phase III has a light outline.

Phase I (Activated 2006): 6.2 square miles

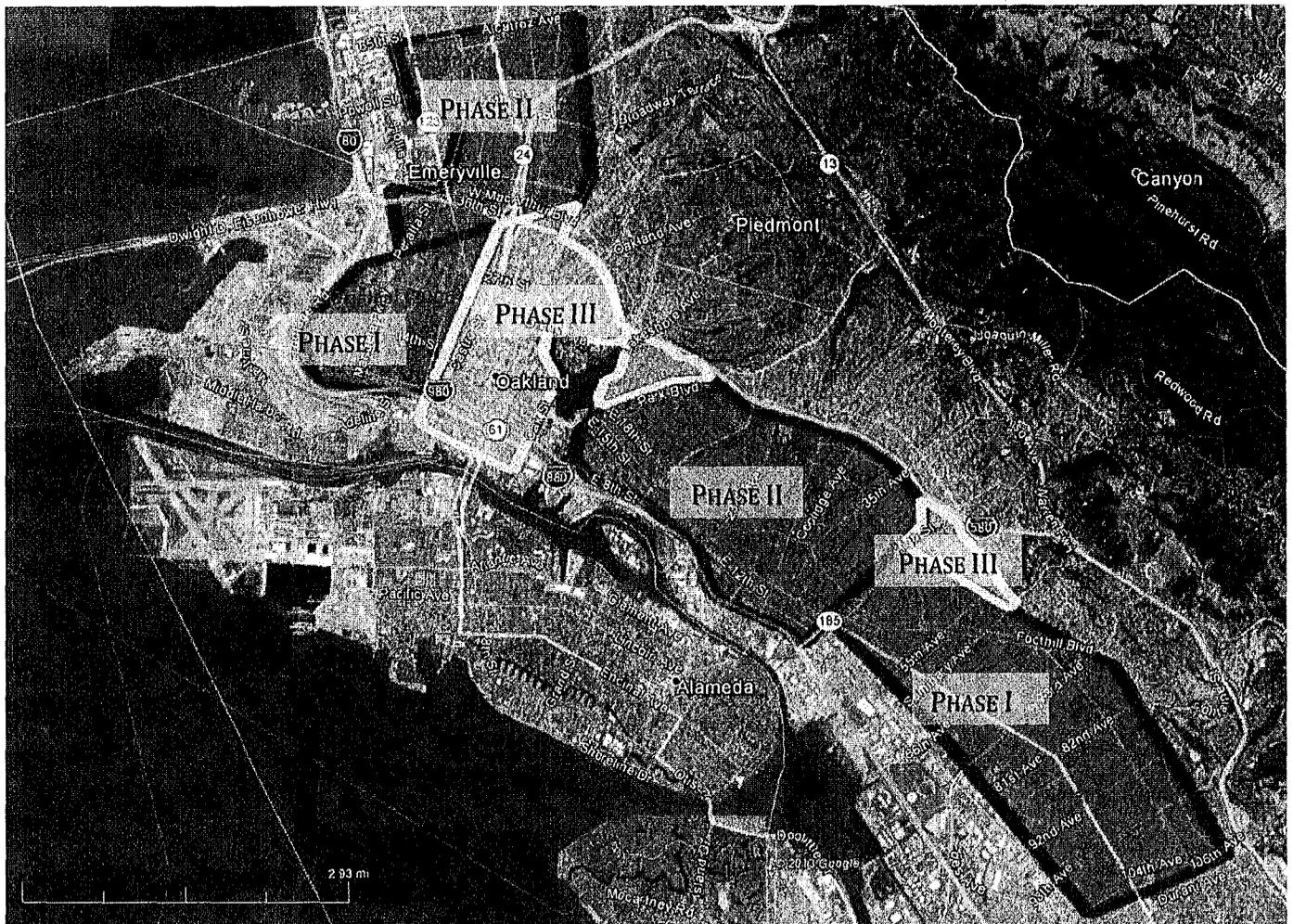
East Oakland: East of High Street to 106th Avenue
West Oakland: East of Highway 980 to Frontage Road

Phase II (Activated 2013): 6.4 square miles

East Oakland: West of High Street to Park Boulevard
North Oakland: North of Highway 580 to Alcatraz Avenue

Phase III (Activated 2015): 2.78 square miles

Downtown Oakland: Jack London Square to about 27th Street
Cleveland Height area: East of Lake Merritt to Highway 580 & Park Boulevard
Maxwell Park: East of High Street to Highway 580 & Mills College



20) What is the service impact of the increase in the vacancy rate from 4%-8.5% for the Library? [Brooks]

While it is difficult completely predict all possible circumstances, there are no specific anticipated impacts to services based upon the increased vacancy rate for the Oakland Public Library (OPL) during the two-year budget cycle. OPL has historically experienced a vacancy rate in excess of the 4.0% rate historically budgeted. In some recent years, the vacancy rate has exceed the 8.5% proposed. Further the renovation and temporary closure of three OPL branches during the next two years will result in temporary savings for OPL. Capturing the fiscal impact of these closures using a change in the vacancy rate, rather than adjustments to specific positions, will give OPL administration the flexibility to best meet the needs of residents.

21) What is the dollar change in fees proposed in order to fund the additional Fire Inspectors? [Kaplan]

The dollar change in fees is not due to hiring additional staff. The current fees are not adequate to cover the full cost of positions required to conduct a fire code inspection. The dollar change in fees for inspections is increasing to \$339 per hour (one hour minimum). It is based on the analysis using Proposition 26 guidelines for full cost recovery. Current fees for this work mostly range between \$50 and \$158 per inspection. This proposed fee is calculated to be cost covering for the inspector and necessary support and supervisory staff.

The expected revenue received from an increased number of inspections conducted at the increased fees would be sufficient to fund the additional positions proposed in the Fire Prevention Bureau. The estimated revenue is \$961,500 in FY17-18 and \$1,789,276 in FY18-19. This information is available at the top of page G-39.

22) Why was funding for the Police Commission reduced by \$400k in Y2? These funds are needed. [Kalb]

The \$1 million set-aside from the FY 2016-17 midcycle budget was an early estimate. Funding for FY 2017-19 includes 2.0 FTE Compliant Investigator II's and 1.0 FTE Complaint Investigator III's and provided funding for legal support, training, startup costs for the additional positions totaling \$334,394 in FY17-18 and 256,880 in FY18-19. The total budget for the Police Commission grows from \$2,327,784 in FY17-18 to \$2,479,482 in FY18-19.

23) How much funding is required for the Park Ranger Program? [Campbell Washington]

The estimated initial cost to restart the Park Ranger Program is \$4,287,105, as provided below.

- Salary and benefits, 10 Rangers: \$1,282,605
- Academy cost: \$2,500,000
- Operations and Maintenance, initial cost: \$504,500 (includes five new vehicles, Information Technology set-up, body worn cameras, radios, and other public safety equipment as well as first year of fuel and annual equipment and supplies)

The annual on-going cost is estimated to be \$1,356,105 (includes salary and benefits, one year of fuel and annual equipment and supplies for 10 Rangers).

The estimated annual salary for each of the 20 Park Ranger positions is \$74,169. This Step 3 estimate is based on the last known salary for Park Rangers (as of June 2007) with four percent annual pay increases for FY 2007-08, FY 2015-16, and FY 2016-17. Benefits are estimated at 72.92 percent. This annual salary estimate may not be competitive in Bay Area law enforcement.

The above cost estimates do not include any supervisory positions. Depending on how, when, and where Park Rangers would be deployed, there may or may not be a need to add the costs of supervisors as well. Finally, if the same one to eight ratio of Sergeant to Officers applies to Park Rangers under the Negotiated Settlement Agreement (NSA), this may further determine whether supervisory positions are required.

24) What are the costs of repairs needed at the Jack London Aquatic Center to ensure the safety and success of the rowing program? [Campbell Washington]

This project is currently on the unfunded list in the Proposed FY 2017-19 Capital Improvement Program (CIP). Page H-2, item 29 is to repair or rehabilitate the docks at the Jack London Aquatic Center (JLAC) with a cost of approximately \$800,000. The project cost is a preliminary estimate, however a more thorough project cost and a defined scope of work could be developed with \$50,000. Additionally, on page I-5 there is an unfunded project totaling \$4.8 million for facility improvements at JLAC. Depending on the nature of the project, Measure KK is a potential source.

25) What is the cost of the Goat Grazing contract for one year? [Campbell Washington]

The goat grazing contract for the current year is \$410,000. This amount is proposed to be covered with remaining Wildfire Prevention Assessment District funds. Historically, costs for goat grazing have been less than \$300,000, on average; however, annual rainfall is the most significant contributing factor to tonnage per acre of fuels present (combustible vegetation). Since the City experienced heavy rain over the winter, a higher cost is anticipated.

26) What is the cost of the Urban Economic Analyst (UEA) that was cut from Economic Development? [Campbell Washington]

The cost is for the UEA IV that is proposed for elimination is \$169,066 in FY 2017-18 and \$175,196 in FY 2018-19.

27) What are historical revenues received by the City from the Port of Oakland? [Guillen]

Please see the table below for historical revenues received by the City for provision of services to the Port of Oakland. The vast majority of these revenues are received in the General Purpose Fund to offset the cost of the Oakland Fire Department. These revenues are matched by equivalent expenditures based upon the actual costs of services provided.

Fiscal Year	Amount
FY 06-07	10,247,951
FY 07-08	9,291,394
FY 08-09	7,773,318
FY 09-10	7,075,041
FY 10-11	7,550,813
FY 11-12	7,325,715
FY 12-13	8,008,752
FY 13-14	7,533,480
FY 14-15	8,396,667
FY 15-16	9,556,444

28) What are the specific administrative and fiscal tasks required to operate Oakland Unite? [McElhaney]

Administrative activities for Oakland Unite include:

- Develop spending plan for Oversight and City Council, including management of a community input process, best practices research, and evaluation review
- Develop and administer Request for Proposals process, including convening review panels of local stakeholders and experts and synthesizing grant recommendations
- Administer, oversee, and monitor contracts with non-profit agencies – negotiate scopes of work, set deliverables, monitor deliverables and expenditures, review invoices, process invoices for payments, conduct annual site visits
- Support grantees in web-based reporting including training on contracts system and participant data entry and data quality assurance activities
- Convene and coordinate direct service provision to ensure integration, including facilitation of grantee provider meetings, shooting and homicide review and response coordination, participant case conferencing
- Provide technical assistance (TA) and training to grantees on program operations and develop TA program with selected contractors based on grantee need
- Oversee and support HSD direct service staff operations such as processing reimbursements, client incentive payments, etc.
- Perform website maintenance and manage communications with grantees and other key stakeholders, including creating content and communication materials
- Conduct planning and research to build partnerships with local stakeholders such as faith/community partners, County Probation and Health Departments, DA's Office, Oakland Police Department, WIOA, etc. to align and strengthen service delivery.
- Conduct fund development activities, including review of available grant opportunities, developing proposals content and partnerships, and writing and submitting grant applications
- Manage state and federal grant funds including all reporting, contracting, monitoring, required site visits and national convening activities
- Participate in the development and implementation of the Measure Z service evaluation, including strategic planning, review of all materials and reports, dissemination and use of findings and managing database contract and development
- Communicate with City Leadership concerning Measure Z service activities, including preparing regular reports for City Council and Oversight Commission

Each of these activities requires fiscal and HR support provided by the HSD Fiscal Manager and Accountant (e.g., budget development, expenditure monitoring, all audit support and oversight, purchase orders, encumbrances, invoicing, payments, and grants management). Additional tasks provided by HSD administrative staff include classification and recruitment functions, human resources, risk management and training, payroll, employee relations, agenda management, front desk staffing, public communications, press releases, etc.

29) Oakland Unite: What positions currently carry out those tasks and how is each position funded (by fund, by whether it's ongoing on one-time funds, and if grant funded, please include end date of the grant)? [McElhaney]

Oakland Unite positions included in the Mayor's Proposed Budget are listed below, along with funding source. Grant funds are all end-dated, as shown, with Measure Z (Fund 2252) funds assumed as ongoing.

JOB CLASSIFICATION	FY 17-18 FTE	Fund	End Date
Administrative Assistant I, PPT	0.80	Measure Z Fund 2252 – Violence Prevention Allocation	n/a
Program Analyst I	1.00	Measure Z Fund 2252 – Violence Prevention Allocation	n/a
Program Analyst II	1.00	Measure Z Fund 2252 – Violence Prevention Allocation	n/a
Program Analyst II	1.00	0.4 Measure Z Fund 2252 – Violence Prevention Allocation, 0.6 GSW grant CA Board of Corrections Fund 2152	GSW ends June 2019
Health & Human Services Program Planner	1.00	Measure Z Fund 2252 – Violence Prevention Allocation	n/a
Health & Human Services Program Planner (split between evaluation and management)	1.00	0.6 Measure Z Fund 2252 – Violence Prevention Allocation, 0.4 Measure Z Fund 2252 – Evaluation Allocation	n/a
Health & Human Services Program Planner	1.00	CalGRIP grant – CA Board of Corrections Fund 2152	CalGRIP ends Dec. 2017
Manager, Human Services	1.00	Measure Z Fund 2252 – Violence Prevention Allocation	n/a
SUBTOTAL – ADMIN POSITIONS	7.80	--	--

In addition to these positions there are 1.8 FTE positions in FY 2017-18, which are funded from competitive grants approved by a separate resolution, as shown below.

JOB CLASSIFICATION	FY 17-18 FTE	Fund	End Date
Program Analyst I	1.00	OJJDP CBVP Grant – Dept. of Justice Fund 2112	June 2018
Program Analyst II	0.80	OJJDP CBVP Grant – Dept. of Justice Fund 2112	June 2018

Acronyms: **GSW** = Golden State Works ; **CalGRIP** = California Gang Reduction, Intervention and Prevention (CalGRIP) ; **OJJDP CBVP** = Office of Juvenile Justice and Delinquency Prevention Community-Based Violence Prevention program

HSD funds the Fiscal Manager (except 0.05 FTE budgeted in MZ), Accountant, Payroll Clerk, and HR Administrator from non-MZ sources that are not end-dated.

30) Please provide a detailed breakdown of what Measure Z (Fund 2252) resources funded in the Human Services Department (HSD) in the FY2015-2017 Budget, including: [McElhaney]

The funding breakdown of Measure Z resources in the Human Services Department (HSD) for FY16-17 are shown below. Please note that FY15-16 was an implementation year and thus is not shown. For additional detail please see the spending plan approved by Council in 2015. As a reminder, costs below reflect both administrative functions and direct service functions.

Uses of Funding: Oakland Unite (Fund 2252 – Measure Z)			
Expenditure Type	FY16-17	FY17-18	FY18-19
Personnel	\$1,932,581	\$2,023,255	\$2,087,723
Supplies & Materials	22,800	9,300	9,300
Utilities	4,400	3,580	3,580
Contract Services	7,528,184	7,466,213	7,711,004
Transportation, Dues, & Education	3,300	11,700	11,700
Internal Service Charges	4,000	0	0
Grand Total	\$9,495,265	\$9,514,048	\$9,823,307

a. How much was spent on Community Based Organizations?

The "Contract Services" line item shows the resources budgeted for contracts with Community-Based Organizations (see "Uses of Funding: Oakland Unite" table, above).

b. How much was spent for how many FTE in Oakland Unite for programming or Services?

Please note that FY15-16 was an implementation year and thus is not shown.

JOB CLASSIFICATION	FY 16-17 FTE	Fund	Budget Amount
Case Manager I	2.00	HSD MZ	\$204,316
Case Manager I	1.00	CalGRIP	\$102,158
Outreach Developer / Lead Case Manager	1.00	HSD MZ	\$118,257
Program Analyst I / City-County Neighborhood Initiative	2.00	HSD MZ	\$220,123
Program Analyst II / Ceasefire & Community Engagement	2.00	HSD MZ	\$261,778
Program Analyst III / Street Outreach	1.00	HSD MZ	\$151,317
SUBTOTAL – HSD DIRECT SERVICE POSITIONS	9.00		\$1,057,949

c. Please also provide a breakdown on programming that is grant funded and include the end date of the grant funding.

Grant	Funder	Est. Amount Remaining	Expiration Date	Focus and Key Partners
Community-Based Violence Prevention	Department of Justice	\$250,000	June 2018	HSD received this grant from the Office of Juvenile Justice and Delinquency Prevention to replicate components of nationally recognized Street Outreach and Ceasefire models.
Youth Violence Prevention Expansion	Department of Justice	\$70,000	Sept. 2017	HSD received this grant from the Office of Juvenile Justice and Delinquency Prevention to increase cross-sector planning and capacity-building around violence prevention.
California Gang Reduction and Intervention	California Board of State and Community Corrections	\$250,000	Dec. 2017	HSD, in partnership with OPD, received state funding to support implementation of the Oakland Ceasefire Program.
Golden State Works Transitional Employment (GSW)	California Department of Corrections and Rehabilitation	\$6.5 million	June 2019	The GSW program enhances maintenance of Caltrans right-of-ways in Oakland while providing formerly incarcerated residents on parole with transitional employment, life skills training, employment search skills, and placement in permanent jobs. Over 90% of the funds provides wages and job placement services, administration is limited to .60 FTE. Allocation of funds structured by CDCR/ CalTrans.

d. How much of Measure Z funds are spent on administering the community-focused violence intervention strategies?

City Council and the Oversight Commission approved a spending plan for Measure Z violence intervention services in winter 2015. Particular services and sub-strategies within that spending plan are explicitly focused on outreach to communities disproportionately affected by violence. These sub-strategies include:

- The City-County Neighborhood Initiative, which works with residents in West and East Oakland to develop leadership skills and community projects.
- The Summer Friday Night Parks program, led by youth leaders from the community that brings out 250-500 people for six Fridays each summer and has been shown to reduce violence in the surrounding community.
- The Homicide Response and Support Network that provides immediate outreach and advocacy as well as long-term support to family members of individuals affected by homicide in Oakland.

Most grantees do some level of community engagement, but other sub-strategies in the current spending plan that involve significant levels of community engagement include Street Outreach and CSEC outreach activities. All grantees are required to participate in at

least three community events per year to share information on their services and the broader violence intervention network.

As a reminder, Oakland Unite has a self-imposed cap of 10 percent for administrative costs associated with administering the community-focused violence intervention strategies funded by Measure Z and held within the HSD budget. This restriction is not legislated, but has been strictly maintained since the inception of both Measure Y and Measure Z.

31) Please provide a detailed breakdown of what Measure Z (Fund 2252) resources funded in the City Administrator’s Office in the FY2015-2017 Budget, including: [McElhaney]

As a precursor to responding to this question and the related sub-questions, it is important to note the Measure Z language related to the funding used for City Administrator’s Office. The Measure Z allocation language, on page 3 of the enabling legislation, reads as follows:

*Section 3B: Allocation: To achieve the objectives stated herein, **three percent (3%) of the total funds collected shall be set aside annually for audit and evaluation of the programs, strategies and services funded by this measure, and to support the work of the Commission established herein (including meeting supplies, retreats, and the hiring of consultants).** Of the remaining ninety-seven percent (97%), the Oakland Fire Department shall be allocated special tax revenue in the amount of \$2,000,000 annually. The tax funds remaining shall be allocated as follows: sixty percent (60%) for purposes described in subsection (C)(1) and forty percent (40%) for purposes described in subsection (C)(3) of this section.*

Note: subsection (C)(1) relates to geographic and community policing and subsection (C)(3) relates to community focused violence prevention and intervention.

The bolded allocation language above relates to the funding that can be used for costs within the City Administrator’s Office. As the language shows, this 3% of total revenue collected can **only** be used for evaluation, auditing, and support for the Commission. This 3% funding cannot be used for direct violence intervention or prevention services, fire services, or policing services as the language does not state such purposes as allowable uses for this portion of the Measure Z funding.

To answer the base, question a breakdown of the Measure Z resources funded in the City Administrator’s Office in the FY 2015-17 budget, see the table below.

Item	FY 15-16 Budgeted	FY 16-17 Budgeted
Staff Support:		
- Assistant to the City Administrator (0.5 FTE)	\$89,888	\$91,174
- Administrative Assistant (0.3 FTE)	39,275	\$39,829
Contract Evaluation Services & O&M for Commission Support.	\$512,484	\$526,326
Auditing Services	18,000	

a. How much was spent on consultants or contracts to complete the evaluation components for Measure Z?

The City Council approved, through Resolution No. 86487 C.M.S., the evaluation contracts for Geographic and Community Policing Services (with Resource Development Associates) and for Community-focused Violence Intervention and Prevention Services (with Mathematica Policy Research) in November 2016. The contracts were officially signed and the consultants began work in the first quarter of calendar year 2017. The evaluation work is currently ongoing. The table below reflects the total authorized contract amounts by fiscal year. The table also shows that funding was used for the Cityspan database, because the database is a critical data source for the Oakland Unite evaluation.

Although it is not funded by the evaluation budget for Measure Z, it is important to note that the Ceasefire Evaluation also began in the FY 2015-17 timeframe. It is funded through the OPD allocation of Measure Z funds. The evaluation is focused on assessing the Ceasefire program.

Contract	FY 16-17	FY 17-18
Evaluation Contract Services	\$442,806	\$478,415
CitySpan Database Support	25,000	50,000

b. How much was spent on personnel, and for how many FTE? What are the duties of those FTE as they relate to Measure Z investments?

Within the City Administrator's Office, 0.80 FTE are partially funded by Measure Z. This includes two staff members, one at 0.50 FTE and the other at 0.30 FTE as shown in the table above. The duties of these two staff members include:

- Preparation of minutes and agenda packet for Oversight Commission meetings
- Troubleshooting and attending to concerns of Oversight Commissioners between meetings
- Writing reports or other documents necessary for the Commission
- Organizing Commission meeting dates and retreats
- Coordinating staff for presentations at meetings and retreats
- Reviewing agenda packet report submissions from other departments to ensure that the materials address the Commission's concerns
- Staffing any sub-committees of the Oversight Commission
- Coordinating Measure Z as a whole and connecting Measure Z-funded departments when necessary
- Coordinating with the Mayor's Office and the City Council offices to ensure that vacancies on the Oversight Commission are quickly filled
- Communicating concerns raised by the Oversight Commission to the City Administrator, City Council, and Mayor
- Maintaining the website and answering concerns raised by the public
- Writing all Request for Proposals for evaluation contracts; coordinating the RFP process; writing the contracts with the evaluation vendors
- Processing invoices related to the evaluation contracts
- Managing the evaluation contracts to ensure compliance with the scopes of work

- Connecting with the City Attorney's Office on legal questions related to Measure Z as a whole
- Coordinating with the Controller's Bureau to ensure that the annual Measure Z financial audit is conducted timely and presented to the Oversight Commission
- Other duties as needed related to the implementation of Measure Z

In addition to these staffers from the City Administrator's Office, the CAO Measure Z allocation is also used for 0.4 FTE of a Planner within the Human Services Department who serves as the main contact person within HSD for the evaluation of violence intervention services. This entails participating in all strategic planning around the evaluation and providing input on materials and products, coordinating with grantees and staff around participation in the evaluation and associated requirements, overseeing grantee data entry including training, developing data entry and data-sharing policies and procedures, and serving as the project manager for the Cityspan database contract.

32) Please provide a detailed breakdown of what Measure Z (Fund 2252) resources funded in the Mayor's Office in the FY2015-2017 Budget, including: [McElhaney]

a. How much was spent on personnel, and for how many FTE? What are the duties of those FTE as they relate to Measure Z investments?

As approved by City Council and the Oversight Commission in the current HSD spending plan for Measure Z violence intervention services, the Public Safety Director position in the Mayor's Office is partially funded through services funding within the Human Services Department. This position works to coordinate citywide efforts across departments involved in violence prevention and intervention, which strengthens the violence prevention efforts of Oakland Unite. The Mayor's Public Safety Director is responsible for coordinating collaborative action by city departments, the school district, community groups and state and federal partners to address the City's comprehensive plans to reduce crime and address quality of life issues, as well as the strengthen the City's partnership with the School District to improve educational outcomes for youth. The total FTE funded by Measure Z in the Mayor's Office is 0.40 FTE (the Public Safety Director).

The budgeted amount of Measure Z resources for this position from the MZ allocation held within Human Services Department is shown below. Please note that FY15-16 was an implementation year and thus is not shown.

Position	FY16-17	FY17-18	FY18-19
Mayor's Public Safety Director	\$88,820	\$90,240	\$93,513

b. How are those duties justified as eligible for Measure Z funding? Please refer to the eligible categories enumerated by the Measure Z legislation.

As explained above, the Public Safety Director provides citywide leadership and coordination related to violence prevention efforts. The Measure Z language in Section 3(C)(3) states the following:

Community-focused Violence Prevention and Intervention Services and Strategies: Coordination of public systems and community-based social services with a joint focus

on youth and young adults at highest risk of violence as guided by data analysis. Invest in and engage the community in collaborative strategies such as...

The language for direct services to those at highest risk of violence emphasizes necessary coordination needed between public systems and community-based social services. The Mayor's Public Safety Director plays a critical role in such coordination. The position is also focused on a Community Safety Initiatives plan which is directly linked to coordinating violence prevention services in the community.

c. What are the savings from the FY2015-17 Budgets from the vacant position of Public Safety Director?

The Budgeted Cost for the Measure Z funded position in the Mayor's office is \$83,313 in FY 15-16 and \$84,506 for FY 16-17. This position is funded from the Violence Prevention and Intervention portion of Measure Z and any prior year savings must be used in accordance with those uses. This position was filled on January 9, 2017.

33) The Department of Transportation (DOT) and the Department of Public Works shared administrative and fiscal staff during the transition period to create the new DOT. Please detail the costs and administrative burdens that would be incurred by similarly housing the DVP's administrative and fiscal operations in the HSD for the first year. [McElhaney]

There is insufficient detail to assess costs for shared administrative structure, as costs depend on the expectations in first year. If work and staffing truly remained unchanged, there would be little to no fiscal impact on maintaining the status quo. However, it's likely that the need to develop and plan for the departmental separation would create new, additional work for current HSD administrative staff not funded by Measure Z/Oakland Unite, such as holding meet and confer meetings with the union, fiscal analysis and development, initiating classification assessments, looking at the impact on the HSD infrastructure, identifying space needs and location for staff, etc.

34) Can the City advance funds to support KK initiatives to address homelessness before the bond funds are issued? [reimbursement agreement required – 60days before bond [Brooks]

Yes, if the project is bond-eligible and the expenditure must occur within 60 days of bond issuance.

35) According to the Budget office's response to Questions 10-11 in "FY 2015-17 Budget Questions Responses #6" dated June 18, 2015, changing the Real Estate Transfer Tax (RETT) rate effective 1/1/12 to a graduated rate similar to San Francisco's (specifically, see Table 1 below) would have resulted in the following unadjusted RETT revenue changes (See Table 2 below): [Kalb]

The Real Estate Transfer Tax values in *Table 1* when applied to the City's real estate transfers would result in changes to RETT revenues as listed in *Table 2*.

Table 1

Amount of Transfer	Tax
\$250,000 or less	\$10 per each \$1,000 portion
More than \$250,000 but less than \$2,000,000	\$15 per each \$1,000 portion (Oakland's Current rate)
\$2,000,000 or more but less than \$5,000,00	\$17.50 per each \$1,000 portion
\$5,000,000 or more but less than \$10,000,000	\$20 per each \$1,000 portion
\$10,000,000 or more	\$25 per each \$1,000 portion

Table 2 below has been updated with the values for FY15-16 and FY16-17 year-to-date.

Table 2

Fiscal Year	Change in total RETT Revenue
FY 11-12	\$(604,835)
FY 12-13	\$1,843,763
FY 13-14	\$8,697,485
FY 14-15	\$7,373,176
FY 15-16	\$18,103,210
FY 16-17 (April)	\$7,834,405

Using the same methodology, please indicate that impact of such a tax rate on RETT for FYs 14-15 (entire year), 15-16, and 16-17 (year-to-date). As an alternative, what would be the additional income to the city in each of those 6 FYs if our RETT was increased to \$17.50 per \$1,000 for real estate transactions of \$1.5 million or more? [Kalb]

Table 3 below reflects the impact to RETT revenues if RETT was increased to \$17.50 per \$1,000 for real estate transactions of \$1.5 million or more.

Table 3

Fiscal Year	Change in total RETT Revenue
FY 11-12	\$912,725
FY 12-13	\$1,675,854
FY 13-14	\$3,455,453
FY 14-15	\$3,364,855
FY 15-16	\$6,516,098
FY 16-17 (April)	\$3,527,789

36) Please explain what efforts are underway to support/provide Youth Summer Jobs? [Community Member]

Working with the Mayor's office, the Oakland Workforce Development Board (OWDB) is actively working to help realize the ambitious goal of helping more than 3,500 young people find both summer and year-round jobs, internships, and other work-based learning (WBL) opportunities. To date, more than 1,500 paid summer and year-round jobs have been secured for Oakland youth, a number that continues to climb almost daily. The Mayor's

Office, the OWDB, and other organizational partners are also working to raise additional funds from private and philanthropic sources to add to the \$625,000 that has already been secured.

To ensure that this work happens at a truly citywide scale, the OWDB has been actively working with many institutional partners, from other city departments that directly hire young people to organizations like Oakland Unified School District (OUSD) to make sure to fully capture information about jobs, internships, and other related work that helps young people connect to the world of work. Under the new regional framework of Earn & Learn East Bay, the end goal of this work is to more seamlessly link and aggregate the myriad activities, programs, and services happening across the City of Oakland that help young people with their educational and career success and create clear entry points for young people to find employment and for business to participate more fully in this important work. By better connecting these different organizations and their respective resources and investments around an aligned regional strategy, the OWDB aims to both enhance coordination and increase private-sector investment into jobs, internships, and other WBL activities for Oakland youth.

For questions, please contact Sarah T. Schlenk, Budget Administrator, at (510) 238-3982.

Respectfully submitted,

/s/

KATANO KASAINÉ
Finance Director

Attachments:

- A: OPD Historical Overtime by Activity
- B: ROPS 17-18 Correspondence with the Department of Finance

**OAKLAND POLICE DEPARTMENT - OVERTIME SPENDING
BY CATEGORY - GENERAL PURPOSE FUND (1010)**

Calendar Year & Month	2013	2013	2013	2013	2013	2013	2014	2014	2014	2014	2014	2014	2014	FY13-14 Total FY Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul *	
Acting Higher Rank	32,854	69,859	61,595	53,488	48,941	45,201	54,090	33,928	62,119	44,253	56,415	32,056	2,920	597,719
Administrative Investigation	49,125	58,432	53,718	44,637	72,303	31,697	45,772	53,512	59,387	42,307	68,019	46,970	6,939	632,819
Backfill	672,778	694,941	579,917	628,578	752,882	657,540	745,706	554,607	551,133	638,214	746,025	621,178	52,869	7,896,368
Callback	111,277	120,230	78,680	85,440	118,389	81,948	96,987	101,593	96,638	81,253	92,296	78,808	6,736	1,150,274
Canine	1,236	2,424	2,029	1,824	2,088	1,596	2,040	1,680	1,680	1,440	1,668	1,104	96	20,904
Community Meetings	2,107	4,636	7,161	4,100	10,021	5,777	6,802	6,088	8,128	5,333	9,460	10,670	416	80,700
Comp Day Award			486	(269)	393									610
Comp Time Earned	16,408	27,549	16,522	18,285	18,267	19,282	15,534	14,921	12,405	17,764	23,660	22,231	3,149	225,977
Court	28,584	40,404	30,408	29,954	37,609	29,644	33,410	42,928	38,805	32,394	42,373	28,552	2,232	417,297
Extension of Shift	366,425	447,207	258,796	261,890	298,786	243,432	389,367	333,856	298,337	327,091	460,824	466,333	28,498	4,180,843
FLSA	31,195	39,606	30,122	41,722	41,375	15,586	45,312	21,321	42,973	37,227	42,821	41,546		430,806
Holiday	157,494	199	192,816	811	415,906	146,008	381,608	351,950	633	1,415	174,676	416		1,823,931
Recruiting/Background	56,126	63,883	58,670	87,123	93,235	67,702	56,627	37,214	58,670	53,573	55,564	45,203	6,361	739,950
Special Enforcement	613,469	635,690	282,106	228,194	420,522	160,778	199,304	202,369	290,834	189,271	352,359	400,799	56,504	4,032,200
Special Events	78,807	236,779	201,515	301,299	297,447	143,706	183,131	78,837	130,589	171,383	138,379	204,008	207	2,166,088
Training	82,419	162,712	92,290	81,357	114,477	164,357	178,350	175,649	216,085	114,336	207,504	150,812	16,224	1,756,572
Grand Total	2,300,304	2,604,552	1,946,834	1,868,433	2,742,640	1,814,255	2,434,039	2,010,452	1,868,417	1,757,254	2,472,043	2,150,686	183,151	26,153,059

**OAKLAND POLICE DEPARTMENT - OVERTIME SPENDING
BY CATEGORY - ALL FUNDS**

Calendar Year & Month	2013	2013	2013	2013	2013	2013	2014	2014	2014	2014	2014	2014	2014	FY13-14 Total FY Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul *	
Acting Higher Rank	32,854	70,676	61,595	53,488	50,083	46,145	55,559	36,310	63,063	44,253	59,231	36,985	3,253	613,495
Administrative Investigation	54,290	62,267	58,989	47,401	75,290	35,720	49,175	56,316	60,921	42,661	72,286	48,086	7,300	670,701
Backfill	681,518	710,778	590,147	644,145	774,860	669,995	768,727	569,405	569,226	660,785	788,042	656,915	58,443	8,142,986
Callback	113,705	123,748	79,383	87,019	122,470	83,608	101,521	108,610	99,800	84,506	98,788	82,330	8,315	1,193,804
Canine	1,236	2,484	1,968	1,824	2,088	1,596	2,040	1,680	1,680	1,440	1,668	1,104	96	20,904
Community Meetings	2,107	4,919	8,187	4,100	10,204	5,777	8,410	7,351	8,482	6,297	11,135	11,214	416	88,598
Comp Day Award			486	(269)	393									610
Comp Time Earned	16,632	27,549	16,522	18,652	18,718	20,902	19,577	16,013	13,038	17,764	24,897	24,104	3,149	237,516
Court	29,221	40,412	30,787	31,408	39,309	31,788	35,634	44,361	41,213	34,914	45,248	30,694	2,232	437,220
Extension of Shift	373,146	457,640	266,461	279,872	317,827	258,641	415,331	376,333	318,593	350,127	493,862	504,409	29,171	4,441,406
FLSA	34,115	41,943	31,585	43,517	45,179	15,774	49,993	24,058	47,896	41,900	50,415	56,560		482,934
Holiday	190,726	199	201,590	811	434,167	151,167	408,403	399,661	633	1,415	182,029	(174)		1,970,627
Recruiting/Background	56,126	63,883	58,670	87,123	93,235	67,702	56,627	37,214	58,670	53,573	55,564	45,203	6,361	739,950
Special Enforcement	628,679	655,681	297,505	236,383	434,521	178,631	224,994	250,611	328,384	231,092	394,191	431,993	59,751	4,352,416
Special Events	78,807	239,107	203,025	301,299	297,447	143,706	184,156	78,837	130,742	171,913	138,379	204,406	207	2,172,033
Training	82,419	162,712	92,867	81,357	115,758	164,569	179,058	175,649	218,953	114,336	208,818	153,515	16,224	1,766,035
Grand Total	2,375,581	2,663,997	1,999,569	1,918,131	2,831,548	1,875,722	2,559,204	2,182,410	1,981,283	1,858,977	2,624,553	2,287,343	194,918	27,331,235

Years and months reflect the Payroll Date of the related expenditure

* When the Month of July Appears at the End of a Fiscal Year the expenditures reflect overtime \$ spent in the month of June, but posted in a July pay period.

**OAKLAND POLICE DEPARTMENT - OVERTIME SPENDING
BY CATEGORY - GENERAL PURPOSE FUND (1010)**

Calendar Year & Month	2014	2014	2014	2014	2014	2014	2015	2015	2015	2015	2015	2015	2015	FY14-15 Total FY Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul *	
Acting Higher Rank	37,957	56,250	35,776	48,392	73,831	62,814	90,026	67,175	63,046	41,808	48,786	61,340	12,679	699,882
Administrative Investigation	31,289	64,765	75,185	74,584	58,707	54,375	89,382	73,716	87,237	77,741	102,012	63,838	11,198	864,030
Backfill	512,118	581,613	444,887	543,393	399,144	419,235	592,224	499,688	510,935	488,684	697,328	582,365	79,780	6,351,396
Callback	59,822	94,562	72,241	67,553	59,096	97,055	97,578	91,434	76,354	66,377	165,254	92,438	9,973	1,049,737
Canine	1,104	1,416	1,152	1,416	1,116	1,104	1,464	1,152	1,152	1,608	1,632	1,356	204	15,876
Community Meetings	1,055	8,648	6,165	11,102	4,070	2,309	5,680	2,562	10,364	6,114	12,435	15,752		86,236
Comp Day Award														
Comp Time Earned	13,440	27,763	11,759	17,766	24,819	17,216	16,476	15,378	11,913	12,645	21,791	21,136	2,755	214,856
Court	28,119	31,936	24,006	37,228	27,812	22,193	26,956	35,352	30,343	37,035	40,804	36,006	4,162	381,953
Extension of Shift	342,932	512,000	352,742	431,845	376,351	533,711	496,348	378,522	344,957	308,323	523,614	359,139	36,635	4,997,118
FLSA	43,105	28,437	32,576	37,500	39,284	34,183	65,769	30,783	42,219	27,616	44,560	47,277		473,310
Holiday	168,032	2,798	224,314	5,361	473,038	177,219	389,663	411,188	2,806	1,370	160,958	3,033	355	2,020,135
Recruiting/Background	29,475	59,031	36,518	62,912	44,344	39,402	68,388	48,897	57,072	51,165	60,394	72,773	7,849	638,222
Special Enforcement	216,422	530,281	436,662	493,409	1,246,447	1,317,934	1,024,886	616,342	439,836	288,467	825,461	581,436	48,226	8,065,810
Special Events	161,399	287,078	291,069	250,919	190,082	283,189	172,773	67,247	150,402	162,759	277,332	327,805	33,661	2,655,714
Training	117,265	109,227	136,316	191,566	75,448	112,087	107,541	135,615	153,284	77,466	81,897	93,303	35,802	1,426,816
Grand Total	1,763,535	2,395,806	2,181,367	2,274,946	3,093,591	3,174,026	3,245,135	2,475,052	1,981,918	1,649,178	3,064,260	2,358,997	283,279	29,941,091

**OAKLAND POLICE DEPARTMENT - OVERTIME SPENDING
BY CATEGORY - ALL FUNDS**

Calendar Year & Month	2014	2014	2014	2014	2014	2014	2015	2015	2015	2015	2015	2015	2015	FY14-15 Total FY Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul *	
Acting Higher Rank	40,788	60,043	40,022	54,137	76,495	66,502	97,436	72,398	69,123	44,526	52,438	64,652	13,528	752,087
Administrative Investigation	33,437	68,809	76,989	77,604	60,842	56,201	90,118	75,118	91,399	81,393	102,805	66,244	12,217	893,175
Backfill	523,920	594,367	462,980	559,544	414,614	428,199	611,622	571,817	560,707	507,150	716,149	596,601	81,528	6,629,179
Callback	64,491	98,775	76,324	69,901	60,775	98,811	98,852	96,173	77,526	68,589	168,003	93,810	10,375	1,082,404
Canine	1,104	1,416	1,152	1,416	1,116	1,104	1,464	1,152	1,152	1,608	1,632	1,356	204	15,876
Community Meetings	1,416	8,648	6,309	11,463	4,215	2,958	5,782	2,930	10,548	6,758	13,858	16,562		91,446
Comp Day Award														
Comp Time Earned	14,739	29,085	11,759	22,037	25,826	17,276	16,476	16,168	12,708	13,444	22,136	21,554	2,755	225,962
Court	29,671	34,150	25,961	39,029	29,808	24,171	30,178	38,891	34,385	40,977	47,125	44,357	5,507	424,209
Extension of Shift	358,118	536,241	371,168	462,829	392,621	562,141	556,405	463,303	400,948	349,667	568,025	392,701	41,833	5,455,800
FLSA	53,686	30,734	36,951	42,923	46,017	40,477	69,807	39,282	51,350	35,041	50,648	56,074		572,991
Holiday	201,257	3,520	232,263	4,639	517,836	182,512	419,362	480,900	2,717	1,370	162,781	3,559	355	2,193,071
Recruiting/Background	29,475	59,031	36,518	62,912	44,344	39,402	70,596	48,897	57,072	51,165	60,394	72,773	7,849	640,430
Special Enforcement	260,026	577,445	480,862	507,336	1,274,286	1,349,402	1,141,304	708,651	498,878	335,307	878,661	607,704	59,378	8,679,240
Special Events	161,399	287,439	291,069	252,017	190,082	283,189	173,987	67,720	150,954	164,294	277,626	328,063	33,661	2,661,498
Training	117,265	109,227	137,604	193,102	75,439	112,087	107,848	135,725	155,781	80,465	81,897	94,039	36,391	1,436,870
Grand Total	1,890,791	2,498,929	2,287,911	2,360,688	3,214,315	3,264,432	3,511,239	2,799,125	2,175,246	1,781,752	3,204,179	2,460,048	305,582	31,754,237

Years and months reflect the Payroll Date of the related expenditure

* When the Month of July Appears at the End of a Fiscal Year the expenditures reflect overtime \$ spent in the month of June, but posted in a July pay period.

**OAKLAND POLICE DEPARTMENT - OVERTIME SPENDING
BY CATEGORY - GENERAL PURPOSE FUND (1010)**

Calendar Year & Month	2015	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	FY15-16 Total FY Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul *	
Acting Higher Rank	60,492	45,927	42,597	82,833	56,720	46,416	75,253	62,025	32,516	55,860	49,712	55,961	8,572	674,884
Administrative Investigation	63,835	66,211	74,595	78,253	49,295	61,607	63,411	54,222	68,613	78,044	92,027	89,370	14,548	854,033
Backfill	792,863	625,785	498,764	706,097	522,371	418,868	527,711	451,926	428,667	529,215	415,722	427,515	99,095	6,444,600
Callback	68,169	96,289	77,372	93,994	93,038	53,730	69,230	58,253	55,943	94,893	44,539	81,403	7,623	894,476
Canine	1,428	1,320	1,248	1,500	1,128	1,324	2,260	1,845	1,845	2,354	2,165	2,222	452	21,092
Community Meetings	3,579	7,168	6,754	4,690	11,503	3,817	5,030	5,585	5,394	6,366	7,018	4,636	196	71,734
Comp Day Award														
Comp Time Earned	14,124	17,454	16,869	18,072	15,045	11,511	17,597	12,178	12,909	15,367	15,138	22,232	3,608	192,104
Court	41,134	41,639	34,571	42,764	34,467	45,633	55,122	48,484	48,345	55,875	49,057	24,873	6,736	529,700
Extension of Shift	405,919	406,510	342,281	503,559	385,308	286,827	403,815	385,393	309,073	427,076	329,948	403,034	66,066	4,654,810
FLSA	43,792	45,002	22,396	44,550	57,904	18,404	38,473	25,075	23,224	31,400	42,600	32,507		423,329
Holiday	144,679	(536)	426,006	913	519,489	193,472	405,593	395,665	15,760	715	1,704	207,759		2,311,218
Recruiting/Background	42,513	39,913	35,771	73,997	64,492	48,699	44,140	40,357	46,591	72,736	74,922	54,616	5,197	643,946
Special Enforcement	422,244	308,214	375,789	574,481	440,033	191,163	244,832	242,073	225,746	282,811	374,475	559,115	46,285	4,287,260
Special Events	216,603	216,050	370,635	227,540	289,827	348,361	121,135	196,960	206,706	378,642	309,329	544,505	47,823	3,474,117
Training	160,587	110,096	179,921	250,034	112,395	171,515	123,511	146,031	96,850	158,345	107,070	50,711	12,542	1,679,607
Grand Total	2,481,962	2,027,042	2,505,570	2,703,276	2,653,016	1,901,346	2,195,113	2,127,071	1,576,184	2,189,699	1,915,427	2,560,460	318,744	27,156,910

**OAKLAND POLICE DEPARTMENT - OVERTIME SPENDING
BY CATEGORY - ALL FUNDS**

Calendar Year & Month	2015	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	FY15-16 Total FY Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul *	
Acting Higher Rank	68,771	48,559	49,306	91,580	62,486	52,421	87,474	72,435	40,844	64,556	54,651	61,427	10,393	764,903
Administrative Investigation	64,775	69,410	76,877	79,357	50,104	64,040	65,068	55,956	68,613	80,853	93,023	90,366	14,548	872,990
Backfill	815,377	647,414	524,539	719,574	546,814	425,555	532,003	455,176	434,957	544,583	423,281	430,471	99,212	6,598,955
Callback	72,797	100,434	85,746	98,197	95,802	54,493	70,395	61,864	57,631	97,933	46,258	85,647	7,623	934,820
Canine	1,428	1,320	1,248	1,500	1,128	1,324	2,260	1,845	1,845	2,354	2,165	2,222	452	21,092
Community Meetings	3,991	7,826	7,876	5,058	12,239	3,817	5,187	5,585	5,480	6,280	7,018	4,765	196	75,317
Comp Day Award														
Comp Time Earned	14,761	19,416	16,943	18,184	14,600	10,124	17,714	12,412	13,355	15,554	15,629	22,232	3,608	194,532
Court	46,293	45,769	39,302	48,846	38,251	50,272	60,301	53,487	53,867	58,163	52,213	26,977	7,249	580,988
Extension of Shift	474,391	448,576	387,102	544,249	403,778	300,111	414,714	400,649	310,145	445,720	341,367	415,934	67,976	4,954,711
FLSA	50,094	52,968	25,479	50,199	71,120	20,029	42,508	28,325	25,605	36,933	46,212	35,705		485,178
Holiday	147,727	(1,173)	473,433	2,998	555,646	197,292	433,251	423,532	854	715	1,704	218,068		2,454,048
Recruiting/Background	42,513	39,913	35,771	73,997	64,492	48,699	44,140	40,357	46,591	72,736	74,922	54,616	5,197	643,946
Special Enforcement	462,239	362,837	421,776	597,470	462,842	208,932	278,000	250,346	231,439	302,642	391,950	565,015	48,194	4,583,682
Special Events	216,603	216,566	370,635	227,540	290,931	348,667	121,763	197,435	206,706	378,642	309,329	546,369	47,823	3,479,008
Training	160,587	110,316	180,068	250,034	112,395	173,198	123,511	146,031	97,131	158,797	107,070	50,711	12,542	1,682,390
Grand Total	2,642,348	2,170,151	2,696,102	2,806,782	2,782,629	1,958,973	2,298,289	2,205,432	1,585,063	2,266,462	1,966,793	2,610,525	325,011	28,326,559

Years and months reflect the Payroll Date of the related expenditure

* When the Month of July Appears at the End of a Fiscal Year the expenditures reflect overtime \$ spent in the month of June, but posted in a July pay period.

**OAKLAND POLICE DEPARTMENT - OVERTIME SPENDING
BY CATEGORY - GENERAL PURPOSE FUND (1010)**

Calendar Year & Month	2016	2016	2016	2016	2016	2016	FY16-17 YTD Q2 FY Total
	Jul	Aug	Sep	Oct	Nov	Dec	
Acting Higher Rank	46,483	43,805	35,845	19,855	33,971	23,808	203,768
Administrative Investigation	73,789	63,249	51,995	46,893	47,100	38,866	321,892
Backfill	514,474	494,615	445,061	410,515	350,599	275,295	2,490,560
Callback	104,660	56,312	56,944	58,303	79,942	34,535	390,695
Canine	2,617	2,655	3,257	2,052	1,845	1,337	13,764
Community Meetings	7,526	4,796	7,353	5,484	6,570	5,869	37,598
Comp Day Award							
Comp Time Earned	26,611	20,331	17,180	14,263	21,724	8,949	109,058
Court	42,481	26,742	46,831	40,431	38,449	11,230	206,165
Extension of Shift	534,996	455,466	322,354	280,851	513,552	293,155	2,400,374
FLSA	34,363	43,090	15,559	33,696	31,619	18,018	176,344
Holiday	213,576	(1,024)	448,401	(4,892)	575,476	34,302	1,265,840
Recruiting/Background	33,374	25,554	34,123	17,372	29,777	18,829	159,028
Special Enforcement	387,269	196,681	315,381	157,399	644,623	349,214	2,050,567
Special Events	154,386	258,741	541,166	339,185	268,240	314,105	1,875,823
Training	34,496	151,100	116,160	114,944	110,213	112,527	639,440
Grand Total	2,211,100	1,842,112	2,457,613	1,536,351	2,753,702	1,540,039	12,340,917

**OAKLAND POLICE DEPARTMENT - OVERTIME SPENDING
BY CATEGORY - ALL FUNDS**

Calendar Year & Month	2016	2016	2016	2016	2016	2016	FY16-17 YTD Q2 FY Total
	Jul	Aug	Sep	Oct	Nov	Dec	
Acting Higher Rank	47,931	44,031	36,569	19,855	33,971	23,808	206,167
Administrative Investigation	73,789	63,249	51,995	46,893	47,100	38,866	321,892
Backfill	514,474	496,247	448,611	413,637	353,416	278,656	2,505,041
Callback	104,986	57,802	57,076	58,655	80,354	34,535	393,408
Canine	2,617	2,655	3,257	2,052	1,845	1,337	13,764
Community Meetings	7,752	4,796	7,353	5,484	6,570	5,869	37,825
Comp Day Award							
Comp Time Earned	26,611	21,146	17,763	14,263	22,843	9,621	112,246
Court	42,653	26,742	46,831	40,655	38,449	11,230	206,561
Extension of Shift	542,461	460,438	328,149	284,798	516,944	296,156	2,428,946
FLSA	34,363	43,090	15,559	33,696	32,174	18,112	176,994
Holiday	214,788	(1,024)	450,940	(4,892)	579,127	34,302	1,273,242
Recruiting/Background	34,472	25,554	34,123	17,372	29,777	18,829	160,126
Special Enforcement	395,923	221,361	336,129	167,615	648,128	351,159	2,120,315
Special Events	154,386	259,369	541,166	340,126	268,240	314,536	1,877,823
Training	34,496	151,100	116,160	114,944	110,213	112,527	639,440
Grand Total	2,231,703	1,876,556	2,491,683	1,555,153	2,769,152	1,549,545	12,473,791

Years end months reflect the Payroll Date of the related expenditure

OPD Overtime Descriptions

Administrative Investigation overtime allows OPD to conduct investigations into potential misconduct or other malfeasance by a member of OPD. Such an investigation may result from a personnel complaint or other Internal Affairs matter. It is also used to perform use of force investigations. Failure to conduct – or complete – such investigations will result in increased mistrust in OPD, lack of compliance with the NSA, and a potential increase in misconduct or other malfeasance.

Backfill overtime allows OPD to fill a position during the absence of the regularly assigned person and meet minimum staffing levels in Patrol. Failure to meet minimum staffing levels in Patrol will result in even longer delays in responding to calls for service and an increased inability to take incident reports and perform preliminary investigations.

Callback overtime allows OPD to request an employee return to work after completing his/her shift and leaving the work site. For example, an investigator may be called back to work to interview a suspect in custody.

Canine overtime allows OPD to meet the requirements of the Memorandum of Understanding between the City of Oakland and the Oakland Police Officers Association pursuant to Article III, Section G 1 c, hereof, Each employee regularly assigned and working as a Canine Handler is authorized to spend and shall be deemed to have spent fifteen (15) hours per month, over and above his/her regularly scheduled hours of work, in ordinary care and informal training of the assigned dog for such ordinary care and training that cannot be performed during regularly scheduled work hours. For those overtime hours incident to caring for the dog only, the employee shall receive overtime compensation at the rate of one and one-half (1 1/2) times the hourly rate of the State of California or City of Oakland minimum wage whichever is higher. This same overtime compensation rate of one and one-half times the State of California or City of Oakland minimum wage whichever is higher per hour shall also be paid for hours in addition to the above referenced fifteen hours for extraordinary care of the dog. Any duly authorized additional work performed by such individual not related to caring for the dog, shall be compensated pursuant to Article III, Section E, paragraph 1 at the rate of one and one-half (1 1/2) times the employee's hourly base rate of pay.

Community Meeting overtime allows OPD to attend general community meetings while ensuring staffing levels are met. OPD's participation in community meetings are an intricate part of the overall goal to strengthen community trust and build relationships.

Comp Day Award overtime allows OPD to meet the requirements of the Memorandum of Understanding between the City of Oakland and the Oakland Police Officers Association pursuant to Article III, Section E, hereof, City agrees to credit each employee with eight (8) hours compensatory leave. Said compensatory leave shall be credited to each employee's record at the beginning of the City's fiscal year.

Comp Time Earned overtime allows OPD to compensate employees for overtime worked by allowing the employee to earn time off in lieu of receiving overtime pay.

Court overtime allows OPD to respond to subpoena or give depositions in job-related court appearance on off-duty hours.

Extension of Shift overtime allows OPD to extend the current shift of an employee to complete critical tasks on an extension or hold-over basis. For example, an employee's shift may be extended to complete an on scene investigation or report related to an incident that just occurred.

FLSA overtime allows OPD to comply with the Federal Labor and Standards Act (FLSA). The City's obligations related to FLSA are contained in Administrative Instruction 124.

Holiday overtime allows OPD to maintain minimum staffing levels during scheduled holidays. OPD must comply with overtime requirements outlined in applicable Memorandums of Understanding for represented employees.

Recruiting/Background overtime allows OPD to recruit members and employees and conduct background investigations for Departmental employment. This task is critical to ensure acceptable staffing levels.

Special Enforcement overtime allows OPD to plan and participate in special actions such as violence suppression projects (such as those related to Ceasefire), special task forces, human trafficking operations, and crowd management events that are not covered by Special Events overtime.

Special Events overtime allows OPD to provide police services at sporting events, concerts, or other events, including overtime for planning, traffic control and enforcement activities.

Training overtime allows OPD to prepare or present a training course and prepare or participate in Police Academy critical incidents.



DEPARTMENT OF
FINANCE

EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 10, 2017

Ms. Sarah T. Schlenk, Agency Administrative Manager
City of Oakland
250 Frank H. Ogawa Plaza, Suite 3315
Oakland, CA 94612

Dear Ms. Schlenk:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Oakland Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) to the California Department of Finance (Finance) on January 25, 2017. Finance has completed its review of the ROPS 17-18.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 7, 8, and 10 – Public Employee's Retirement System, Other Post Employment Benefits, and Unemployment obligations in the total outstanding amounts of \$21,120,833, \$10,654,015, and \$1,256,443, respectively, are not allowed. It is our understanding the agreement entered into on September 1, 1970 is between the California Public Employees' Retirement System and the City of Oakland (City), and the former Redevelopment Agency (RDA) is not a party to the contract. Therefore, these items are not enforceable obligations and the requested amounts of \$1,317,884 and \$665,616 for Item Nos. 7 and 8 are not allowed. No funding was requested for Item No. 10 for ROPS 17-18.
- Item No. 207 – 9451 MacArthur Blvd-Evelyn Rose Project in the total outstanding amount of \$517,500. Finance continues to deny this item. According to the Agency, the repayment to the Low and Moderate Income Housing Fund (LMIHF) is required because the former RDA expended LMIHF funds on an affordable housing project, which was never completed. The RDA ultimately sold the property to another developer in 2002 for development of non-affordable housing. The Agency contended that due to the removal of the affordable housing covenant tied to the property, the Agency is required to pay back the LMIHF funds used. Furthermore, the Agency continues to contend that HSC section 34171 (d) (1) (G) provides that payments owing to the LMIHF are enforceable obligations and are payable to the LMIHF of the housing successor.

However, HSC section 34171 (d) (1) (G) specifically limits repayments to amounts borrowed from, or payments owing to, the LMIHF of the RDA, which had been deferred. The amount that the Agency contends is owed was not a result of funds being borrowed or amounts owed as a result of a deferral. As such, this item does not meet the definition of an enforceable obligation pursuant to HSC section 34171 (d) (1) (G). The Agency provided a letter dated June 30, 2016 addressed to Finance contending the enforceability of the item. However, the letter did not provide any new documentation to support the item is enforceable. Therefore, this item is not an enforceable obligation and the requested \$517,500 in RPTTF funding is not allowed.

- Item No. 426 – West Oakland Loan Indebtedness in the total outstanding amount of \$2,717,524 is not allowed. Finance continues to deny this item. The Agency provided a letter dated June 30, 2016 addressed to Finance contending the enforceability of the item. However, the letter did not provide any new documentation to support the item is enforceable. During the ROPS 16-17 Meet and Confer, the Agency provided a summary of actual expenditures. The summary showed that expenditures incurred by the City started in fiscal year 2011-12, which were in accordance with the list of projects in the First Amendment to Funding Agreement dated March 25, 2011, between the City and the former RDA. Additionally, documents provided by the Agency indicated that contracts entered into by the City were after June 27, 2011. As such, the outstanding balance as of June 27, 2011, continues to be zero for the loan agreement approved by the Oversight Board (OB) in OB Resolution No. 2013-16.

ABx1 26 requires agencies to expeditiously wind down the affairs of the dissolved RDAs and provides successor agencies with limited authority only to the extent needed to implement the wind down of RDA affairs and perform under enforceable obligations. As of June 27, 2011, RDAs were prohibited from creating any new obligations and engaging in any new redevelopment. As of February 1, 2012, the RDA's authority was suspended and the RDA ceased to exist. Any transfers of the RDA's powers to a third party were also impacted by the prohibitions and the dissolution. Since the RDA no longer had the power to take out or make new loans or engage in any other activity to create obligations as of June 27, 2011, these powers could no longer be transferred to a third party. Thus, any specific obligations, whether by the RDA or a third party acting on behalf of the RDA, that did not exist as of June 27, 2011, are not enforceable obligations of the successor agency within the meaning of HSC section 34171 (d) (1). As such, the various contracts entered into by the City with third parties after June 27, 2011, are not obligations of the Agency.

Therefore, for the above reasons, this item is not an enforceable obligation and the requested \$1,832,828 in RPTTF funding is not allowed.

- The claimed administrative costs exceed the allowance by \$139,050. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual Redevelopment Property Tax Trust Fund (RPTTF) distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$1,929,416 for the fiscal year 2017-18.

Although \$2,068,446 is claimed for ACA, only \$1,929,416 is available pursuant to the cap. Therefore, as noted in the table below, \$139,050 of excess ACA is not allowed:

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2017-18	\$ 66,108,332
Less distributed Administrative RPTTF	(1,794,454)
RPTTF distributed for 2017-18 after adjustment	64,313,878
ACA Cap for 2017-18 per HSC section 34171 (b)	1,929,416
ACA requested for 2017-18	2,068,466
ACA in Excess of Cap	\$ (139,050)

- On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), the Agency is required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified from RPTTF to Other Funds in the amount specified below:
 - Item No. 54 – Project Management Costs in the amount of \$1,533,808. This item is an enforceable obligation for the ROPS 17-18 period. However, the Agency has \$273,644 available in Other Funds. Therefore, Finance is approving RPTTF in the amount of \$1,260,164 (\$1,533,808 – \$273,644) and the use of Other Funds in the amount of \$273,644, totaling \$1,533,808 for the ROPS 17-18 period.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 17-18. If the Agency disagrees with Finance’s determination with respect to any items on the ROPS 17-18, except items which are the subject of litigation disputing Finance’s previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on Finance’s website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

The Agency’s maximum approved RPTTF distribution for the reporting period is \$67,617,360 as summarized in the Approved RPTTF Distribution table on Page 5 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2017 through December 31, 2017 period (ROPS A period), and one distribution for the January 1, 2018 through June 30, 2018 period (ROPS B period) based on Finance’s approved amounts. Since Finance’s determination is for the entire ROPS 17-18 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Finance reviews the Agency’s self-reported cash balances on an ongoing basis. The Agency should be prepared to submit financial records and bridging documents to support the cash balances reported upon request.

The Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through June 30, 2016 period (ROPS 15-16). The Agency will report actual payments for ROPS 15-16 on ROPS 18-19, pursuant to HSC section 34186 (a) (1). A prior period adjustment may be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended ROPS 15-16 RPTTF.

Absent a Meet and Confer, this is Finance's determination regarding the obligations listed on the ROPS 17-18. This determination only applies to items when funding was requested for the 12-month period.

The ROPS 17-18 form submitted by the Agency and Finance's determination letter will be posted on Finance's website:

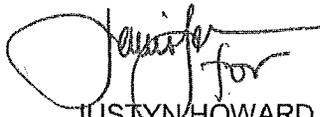
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

Finance's determination is effective for the ROPS 17-18 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Cindie Lor, Supervisor, or Sarah Krtil, Lead Analyst, at (916) 322-2985.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Patrick Lane, Development Manager, City of Oakland
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County

Attachment

Approved RPTTF Distribution For the period of July 2017 through June 2018			
	ROPS A Period	ROPS B Period	ROPS 17-18 Total
RPTTF Requested	\$ 22,447,600	\$ 47,847,816	\$ 70,295,416
Administrative RPTTF Requested	1,034,233	1,034,233	2,068,466
Total RPTTF Requested	23,481,833	48,882,049	72,363,882
RPTTF Requested	22,447,600	47,847,816	70,295,416
<u>Adjustments</u>			
Item No. 7	(658,942)	(658,942)	(1,317,884)
Item No. 8	(332,808)	(332,808)	(665,616)
Item No. 54	(273,644)	0	(273,644)
Item No. 207	(517,500)	0	(517,500)
Item No. 426	(916,414)	(916,414)	(1,832,828)
	(2,699,308)	(1,908,164)	(4,607,472)
RPTTF Authorized	19,748,292	45,939,652	65,687,944
Administrative RPTTF Requested	1,034,233	1,034,233	2,068,466
Excess Administrative Costs	0	(139,050)	(139,050)
Administrative RPTTF Authorized	1,034,233	895,183	1,929,416
Total RPTTF Approved for Distribution	\$ 20,782,525	\$ 46,834,835	\$ 67,617,360



MEET AND CONFER REQUEST FORM

Instructions: Please fill out this form in its entirety to initiate a Meet and Confer session. Additional supporting documents may be included with the submittal of this form—as justification for the disputed item(s). Upon completion, email a PDF version of this document (including any attachments) to:

Redevelopment_Administration@dof.ca.gov

The subject line should state “[Agency Name] Request to Meet and Confer”. Upon receipt and determination that the request is valid and complete, the Department of Finance (Finance) will contact the requesting agency within ten business days to schedule a date and time for the Meet and Confer session.

To be valid, all Meet and Confer requests must be specifically related to a determination made by Finance and submitted within the required statutory time frame. The requirements are as follows:

- **Housing Asset Transfer** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34176 (a) (2).
- **Due Diligence Review** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter, and no later than **November 16, 2012** for the Low and Moderate Income Housing Fund due diligence review per HSC Section 34179.6 (e).
- **Recognized Obligation Payment Schedule (ROPS)** Meet and Confer requests must be made within five business days of the date of Finance’s determination letter per HSC Section 34177 (m) and (o).

Agencies should become familiar with the Meet and Confer Guidelines located on Finance’s website. Failure to follow these guidelines could result in termination of the Meet and Confer session. Questions related to the Meet and Confer process should be directed to Finance’s Dispute Resolution Coordinator at (916) 445-1546 or by email to Redevelopment_Administration@dof.ca.gov.

AGENCY (SELECT ONE):

Successor Agency Housing Entity

AGENCY NAME: Oakland Redevelopment Successor Agency

TYPE OF MEET AND CONFER REQUESTED (SELECT ONE):

Housing Assets Transfers Due Diligence Reviews ROPS Period 17-18

DATE OF FINANCE’S DETERMINATION LETTER: April 4, 2016

REQUESTED FORMAT OF MEET AND CONFER SESSION (SELECT ONE):

Meeting at Finance Conference Call Combination Meeting/Conference Call

DETAIL OF REQUEST

A. Summary of Disputed Issue(s) (*List only the item number and description from the ROPS*)

1. Items No. 7, 8, and 10 -- CalPERS pension obligation, other post-employment benefits (OPEB) unfunded obligation, and unemployment obligation
2. Item No. 426 -- West Oakland Loan Indebtedness totaling \$2,717,524 (ROPS 16-17 request of 1,813,238)
3. Item No. 207 -- 9451 MacArthur Blvd- Evelyn Rose Project totaling \$517,500

B. Background/History (*Provide relevant background/history, if applicable.*)

Please see attached.

C. Justification (*Must be specific and include attachments/documentation to support the Agency's position. Please tie each attachment to the specific line item listed above that it supports.*)

Please see attached.

Agency Contact Information

Name:	Sarah T. Schlenk	Name:	Patrick Lane
Title:	Agency Admin Manager	Title:	Project Manager III
Phone:	510-238-3982	Phone:	510-238-7362
Email:	sschlenk@oaklandnet.com	Email:	plane@oaklandnet.com

Department of Finance Local Government Unit Use Only

REQUEST TO MEET AND CONFER DATE: _____ APPROVED ___ DENIED ___

REQUEST APPROVED/DENIED BY: _____ DATE: _____

MEET AND CONFER DATE/TIME/LOCATION: _____

MEET AND CONFER SESSION CONFIRMED: ___ YES DATE CONFIRMED: _____

DENIAL NOTICE PROVIDED: ___ YES DATE AGENCY NOTIFIED: _____

Form DF-MC (Revised 10/14/2015)

1. ROPS line ##7, 8 and 10: The Oakland Redevelopment Successor Agency (ORSA) is appealing the Department's disallowance of payments for accrued unpaid balances for CalPERS pension benefits, other post-employment benefits (OPEB) obligation, and unemployment obligation totaling \$33,031,291 with a ROPS 17-18 RPTTF request of \$1,983,500.

BACKGROUND:

ORSA has an ongoing outstanding obligation to pay for unfunded pension and other post-employment benefit (OPEB) obligation costs for employees who performed work for the Redevelopment Agency prior to dissolution. Such work was performed pursuant to a 2004 Cooperation Agreement with the City, which (1) provided for City staff services to be provided to the Redevelopment Agency on redevelopment activities, and (2) required the Agency to reimburse the City for all costs incurred and payments made by the City for services rendered to the Agency by the City. Among those costs were pension and OPEB costs for City staff performing work for the Agency. Pension benefits and OPEB are provided to City employees under various labor agreements, and are paid for through agreements between the City and CalPERS. These obligations, totaling \$33,031,291, were accrued but unfunded by the Redevelopment Agency at the time of dissolution. See attached accounting. ORSA has included payments to the City to cover a portion of these liabilities on every ROPS since ROPS #1, and the Department of Finance (Department) has recognized these as enforceable obligations since that time.

JUSTIFICATION:

ORSA has claimed, and the Department has consistently approved, payments for unfunded pension and other post-employment obligations for work done on behalf of the former Redevelopment Agency pursuant to HSC Section 34171(d)(1)(C). This statute defines as an "enforceable obligation" any "legally enforceable payments required in connection with the agencies' employees, including, but not limited to, **pension payments, pension obligation debt service, unemployment payments, or other obligations** conferred through a collective bargaining agreement." The intent of this statute was to acknowledge that the accrued cost of pension and OPEB provided to employees performing work for RDAs were enforceable legal obligations of RDAs required to be funded by successor agencies through the ROPS process.

After approving these payments on every previous ROPS without question, the Department has disallowed payment of these obligations for the first time on ROPS 17-18 on the basis that the contract with CalPERS requiring pension and other post-employment payments was with the City, not the Redevelopment Agency. However, which agency contracts with CalPERS to provide pension

and post-employment benefits is irrelevant to the whether these benefit costs are enforceable obligations of the successor agency under Section 34171(d)(1)(C). The agreement with CalPERS of necessity had to be with the City of Oakland, since the Redevelopment Agency, consistent with nearly all RDAs in California, did not directly employ staff, but instead arranged to obtain staff services from, and provide compensation and benefits to, employees of the City who were dedicated to fulfilling Redevelopment Agency functions. Under the CalPERS agreement, the City was legally required to make payments to CalPERS for pension and OPEB for all City employees, including those assigned to Redevelopment Agency activities. The workers in question, while designated as employees of record of the City of Oakland, were employed to carry out the work of the Redevelopment Agency. The salaries and benefits of these employees were always included in the Redevelopment Agency budget. Similarly, with the Department's blessing, City staff who continue to provide services to complete the remaining Redevelopment Agency projects are included in ORSA's budget. The cost of these employees, including pension and other post-employment costs to the extent unfunded, constitutes a clear "enforceable obligation" of ORSA under Section 34171(d)(1)(C).

The Legislature's intent that such costs constitute enforceable obligations payable by successor agencies is clear from the statute. Section 34171(d)(1) refers to "payments required in connection with the agencies' employees." It does not specify that these permissible payments only include benefits payable to "persons directly hired by a redevelopment agency." If that were the case, only the employee benefit costs for those individuals who worked for the two or three of California's largest redevelopment agencies that directly hired their own staff would be eligible for successor agency funding; the nearly 400 other California cities that like Oakland provided employees to staff redevelopment agency programs and projects pursuant to an arrangement that included the cost of such employees in the redevelopment agency's budget, would be stuck with the obligation to fund these pre-dissolution redevelopment costs.

2. ROPS line #426: The Oakland Redevelopment Successor Agency (ORSA) is appealing the Department's disallowance of the West Oakland Loan Indebtedness totaling \$2,717,524 with a ROPS 17-18 RPTTF request of \$1,832,828.

BACKGROUND:

In a series of resolutions and agreements starting in 2008, the Redevelopment Agency agreed to reimburse the City for the cost of various redevelopment projects undertaken by the City within the West Oakland Redevelopment Project Area as provided for under redevelopment law (e.g., HSC Section 33445). See for example Agency Resolution No. 2008-0094 (attached), which committed the Agency in 2008 to fund \$500,000 for the cost of City work on the West Oakland Teen Center; Agency Resolution No. 2009-0097 (attached), which committed the Agency in 2009 to fund \$650,000 for the cost of City work on streetscape improvements to 7th Street in the West Oakland Redevelopment Project Area; and Agency Resolution No. 2011-0047 (attached), which committed the Agency in 2011 to fund \$442,085 for the cost of various neighborhood project improvements in the West Oakland Redevelopment Project Area. The City financed the cost of this work from General Purpose funds based upon an agreement that the Redevelopment Agency would use redevelopment funds to reimburse the City for its costs. This unpaid debt totaled \$2.69 million as of the dissolution of the Agency in 2012.

ORSA received its Finding of Completion on May 29, 2013. On July 29, 2013, the Oakland Oversight Board approved Resolution No. 2013-016, which found that the loan from the City to the Redevelopment Agency for the West Oakland work was an enforceable obligation, found that the loan's project expenditures were used for legitimate redevelopment purposes, and approved a loan repayment schedule. The staff report to the Oversight Board detailed all of the uses of loan funds. On August 1, 2013, the Department responded via email that it would not be initiating a review of OB Resolution No. 2013-016.

ORSA first included repayment of the West Oakland loan on ROPS 13-14B. In its review of ROPS 13-14B, the Department denied loan repayment on the basis that ORSA must wait until the ROPS residual pass-throughs for fiscal year 2013-14 were known in order to determine whether the repayments conformed to the repayment formula in HSC Section 34191.4(b)(2)(A). In its review of ROPS 14-15A, the Department again denied repayment of the loan because there was no increase in the ROPS residual pass-through the previous two fiscal years and thus repayment was not authorized under the formula, but noted that ORSA "may be eligible for funding beginning ROPS 15-16A."

ORSA once again put the West Oakland loan on ROPS 16-17, having at that point established the maximum repayment amount per HSC Section 34191.4(b)(2)(A). Once again, the Department denied this item, this time on the basis that ORSA had provided insufficient documentation of the principal loan balance. ORSA subsequently provided the requested documentation verifying amounts expended on the work performed in West Oakland. Then, in its final determination following a meet and confer, the Department denied this item for a completely different reason, i.e., the assertion that the contracts for the work entered into by the City with third party contractors were entered into after the enactment of AB 26 and are thus not enforceable obligations, and therefore the "outstanding loan balance as of June 27, 2011, was \$0." The Department's denial of this item on ROPS 17-18 repeats the ROPS 16-17 grounds for denial.

JUSTIFICATION:

ORSA seeks repayment of a City loan under HSC Section 34191.4(b) for funds advanced by the City for redevelopment work performed in the West Oakland redevelopment project area. Per the requirement of HSC Section 34191.4(b)(1), the Oakland Oversight Board's resolution found that the West Oakland loan was an enforceable obligation and was used for legitimate redevelopment purposes. The Department declined review of this action. The Oversight Board resolution is therefore effective, and the City is entitled to repayment of its loan.

We disagree with the Department's most recent denial of repayment for the following reasons. First, under the court's decision in *City of Glendale v. California Department of Finance* (July 28, 2015, Case No. 34-2015-80002145), aka *Glendale II*, the Department may not deny repayment of any portion of a reinstated loan after the loan has been approved by the oversight board without objection from the Department within the statutory review period. Specifically, *Glendale II* held that the Department may not, in connection with a subsequent ROPS review, deny repayment of a loan that had been previously approved by the oversight board without timely objection by the Department. In addition, the court held that the Department must assert all of its objections to reinstated loans in its decision on the oversight board resolution approving the loans, or it waives those objections and cannot assert them later. The court observed that, since the Department had the opportunity to raise any objections when it reviewed the oversight board loan approval resolution, "DOF's objection to the Loan Agreements themselves could have and should have been made when DOF review the earlier Oversight Board resolutions." (*Id* at 8.) This includes the Department's implicit approval of a loan by declining to review the validity of the loan during the oversight board resolution review period, not just express approvals. (*Id.* at 7, 11.)

Please note that the Oakland Oversight Board staff report on the West Oakland loan, which was forwarded to the Department in 2013 along with the Oversight Board resolution approving reinstatement of the loan, cited to an outstanding

loan balance of \$2,689,534.51, and listed each of the City's third party contracts and each contract date. The Department had a full opportunity to question the loan balance amount and the City contract dates at that time; however, the Department instead declined to review the loan, the loan balance, or the contract dates within the statutory review period when it was presented with the Oversight Board's action in 2013. It was a full three years later that the Department first questioned the loan balance as approved. In accordance with *Glendale II*, this objection is untimely as the loan reinstatement has already been approved without objection.

Furthermore, SB 107 included specific language that grandfathered in previously approved loans, such as the West Oakland loan. "The amendment of this section...shall not result in the denial of a loan under subdivision (b) that has been previously approved by the department prior the effective date of the act adding this subdivision." The *Glendale II* court found that the language in SB 107 underscored its conclusion that the Department is estopped from denying previously approved loan repayments:

"Thus, the Legislature's choice not to make statutory amendments regarding reinstated loan agreement retroactive, and its decision to uphold this Court's judgment in prior litigation shows its intent to guarantee that Petitioners would receive payment on the Loan Agreements..."

Second, the Department's rationale that the loan is not repayable because the City contracts are dated after enactment of AB 26 is erroneous. Section 34191.4(b) provides that "...upon application by the successor agency and approval by the oversight board, **loan agreements entered into between the redevelopment agency and the city...shall be deemed to be enforceable obligations** provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes." [emphasis added.] The "enforceable obligation" referred to in Section 34191.4(b) is the loan from the City to the Redevelopment Agency, not the third-party contracts entered into by the City under which the City spent the loan funds. The relevant enforceable obligation to repay the loan was entered into starting in 2008, long before the dissolution law was enacted.

Contrary to the Department's assertions, the Redevelopment Agency did not create any new obligations nor did it transfer any powers after enactment of AB 26. There is nothing in the statute -- either in AB 1484 which is the authority under which the West Oakland loan was reinstated, or in SB 107, which more particularly describes requirements for third-party reimbursement agreements -- that addresses when a city must spend city-RDA loan proceeds or enter into third-party contracts to be funded with the proceeds. The relevant facts are that the City of Oakland provided the loan, and the Oakland Redevelopment Agency agreed to repay the loan prior to dissolution. Although the Redevelopment Agency and ORSA were barred from entering into new contracts after enactment

of AB 26, the City was not. (Furthermore, SB 107's new requirements regarding third-party contracts, even if relevant, do not apply to this loan since this loan was approved prior to the date that SB 107 was enacted, and is subject to the "grandfathering" provision described above.)

In short, the Department's position that the West Oakland loan proceeds cannot have been spent after June 2011, and cannot be repaid, eviscerates its deemed approval of the loan reinstatement and makes that approval and the grandfathering language in SB 107's Section 34191.4(d) meaningless.

3. ROPS line #207: ORSA is appealing the Department's disallowance of funding for the 9451 MacArthur Blvd.-Evelyn Rose Project totaling \$517,500.

BACKGROUND:

This 9451 MacArthur Boulevard site was purchased with Redevelopment Agency Low and Moderate Income Housing Funds (LMIHF) in the mid 1980's. The City worked with an affordable housing developer and expended over \$1 million of LMIHF on predevelopment costs for a proposed affordable housing development on the site. The Redevelopment Agency later determined that it was not going to proceed with an affordable development on the site, and therefore, under redevelopment law, it was required to reimburse the LMIHF for the affordable housing funds expended on the project. A total reimbursement amount was determined with the methodology detailed in a report provided to the Department. The fair market value of the property was only \$500,500. Once the property was sold to a developer at this price for a market rate housing development, those funds were deposited into the LMIHF, and the \$517,500 balance of the funds owed to the LMIHF (i.e. the amount of expenditures exceeding the purchase price) were to be paid from Central City East Redevelopment Project area general tax increment funds. These funds were still owed at the time of dissolution, and continue to be owed to the LMIHF.

The Department originally denied this item on ROPS 16-17 due to its claim that ORSA had provided insufficient documentation of the requirement to repay the LMIHF. ORSA subsequently provided the requested documentation. The Department then denied this item based on its assertion that the amounts owed to the LMIHF from the conversion of the proposed project from affordable housing to market rate housing are not amounts borrowed from or payments owing to the LMIHF that have been deferred within the meaning of HSC Section 34171(d)(1)(G). The Department repeats these grounds for denying this item on ROPS 17-18.

JUSTIFICATION:

ORSA seeks repayment of \$517,500 in funds owed to the Low and Moderate Income Housing Asset Fund (LMIHAF) due to the fact that property acquired with LMIHF funds was later permitted to be developed as market rate housing. State law requires the restoration of funds to the LMIHF (now the LMIHAF) when a site acquired with affordable housing funds is not used for that purpose. See, e.g., HSC Section 33334.16, which requires sites acquired with LMIHF funds that are not developed for affordable housing within a specified time period to be sold, with the proceeds deposited into the LMIHF. Thus, the obligation to repay these funds qualifies as an amount owed to the LMIHAF, and is an enforceable obligation under HSC Section 34171(d)(1)(G).

The Department's denial of this item on ROPS 16-17 and 17-18 is based on its assertion that the amounts owed to the LMIHF from the conversion of the proposed project from affordable housing to market rate housing are not amounts borrowed from or payments owing to the LMIHF that have been deferred within the meaning of HSC Section 34171(d)(1)(G), without explaining why the Department believes the funds are not owed to the LMIHF.

The Department's conclusion is directly at odds with the plain language of the statute. Clearly, the funds owed to the LMIHAF due to the conversion of the site to a use other than affordable housing is a "payment owing to" the LMIHF, because California Redevelopment Law (CRL) requires these funds to be paid back to the LMIHF. Pursuant to the CRL, these funds were owed to the LMIHF as of the date the property was sold for market-rate development in 2002; therefore, as of the effective date of AB 26, the payment was "deferred."

The Department's position is also directly at odds with the court's decision in *Fairfield Successor Agency v. Cohen* (April 28, 2015, Case No. 34-2014-8000193). The *Fairfield* court found that Section 34171(d)(1)(G) requires that **all** amounts owing to the LMIHF are enforceable obligations and must be paid to the LMIHAF:

"...subdivision (d)(1)(G) of section 34171 defines "amounts borrowed from" a former RDA's LMIHF as an enforceable obligation **without specifying a requirement that the amounts were borrowed for a permitted statutory purpose or any other particular purpose**. The **only** requirement specified in subdivision (d)(1)(G) for borrowed LMIHF amounts to qualify as an enforceable obligation is the approval of a repayment schedule by an oversight board....Following such approval, repayments of the borrowed funds or loans **must** be transferred to the Low and Moderate Income Housing Asset Fund administered by the housing successor to the former RDA. ...As is apparent from the plain language of subdivision (d)(1)(G) of section 34171 and subdivisions (d) and (e)(6)(A) of section 34176, the Legislature, in enacting AB IX 26, gave priority to the repayment of loans **of any kind** by the former RDA from its LMIHF and the use of those repayments by the housing successor to the former RDA to meet the affordable housing requirements of the Community Redevelopment Law." [emphasis added]

We should point out that an early version of SB 107 proposed by the Department would have limited the scope of permitted LMIHF repayments in response to the *Fairfield* decision. The Legislature chose not to include this limiting language in SB 107, clearly underscoring the Legislature's intent that repayments of all amounts owing to the LMIHF of any kind qualify as enforceable obligations and must be repaid.

Attachments:

- City of Oakland ORA Pensions and OPEB Share
- ORA Resolution No. 2008-0094
- ORA Resolution No. 2009-0097
- ORA Resolution No. 2011-0047

**City of Oakland
ORA Pensions and OPEB Share**

Misc. Straight Salary Cost	YTD Actuals P06-12	Yr End Actuals FY 2011	Yr End Actuals FY 2010	Yr End Actuals FY 2009	Yr End Actuals FY 2008
ORA Share	4,677,286.02	10,402,897.00	10,719,503.05	9,457,787.50	8,613,574.91
Total Misc.	62,713,774.86	136,418,912.93	137,076,244.75	151,096,395.96	162,311,222.48
% ORA Share	7.46%	7.63%	7.82%	6.26%	5.31%
Average for 5 yrs	6.89%				

Pension
Unfunded Accrued Liability (Misc.) 349,203,921
Annual valuation Report as of June 30, 2010

ORA Share 24,074,269.44

OPEB
Unfunded Actuarial Accrued Liability (Misc.)
As of July 1, 2010 167,247,526.00

ORA Share 11,530,116.82

Misc. Pension & OPEB ORA Share \$ 35,604,386.27

Public Safety Straight Salary Cost	YTD Actuals P06-12	Yr End Actuals FY 2011	Yr End Actuals FY 2010	Yr End Actuals FY 2009	Yr End Actuals FY 2008
ORA Share	604,812.43	1,159,399.96	1,361,084.03	1,228,368.54	889,738.49
Total Safety	44,503,197.16	92,880,215.83	104,663,575.03	109,334,357.98	103,006,307.20
% ORA Share	1.36%	1.25%	1.30%	1.12%	0.86%
Average for 5 yrs	1.18%				

Pension
Unfunded Accrued Liability (Safety) 311,336,831
Annual valuation Report as of June 30, 2010

ORA Share 3,670,665.82

OPEB
Unfunded Actuarial Accrued Liability (Safety)
As of July 1, 2010 210,589,599.00

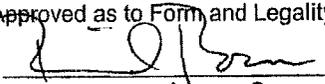
ORA Share 2,482,856.07

Safety Pension & OPEB ORA Share \$ 6,153,521.89

Total Pension & OPEB ORA Share \$ 41,757,908.16

	payments for 20 years, every 6 months		ROPS 95%
Pension	27,744,935.26	693,823.39	658,942.00
OPEB	14,012,972.89	360,324.32	332,808.00

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2008 OCT 16 PM 6:55

Approved as to Form and Legality

Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. 2008 - 0094 C.M.S.

AGENCY RESOLUTION AUTHORIZING A CONTRIBUTION OF WEST OAKLAND REDEVELOPMENT AGENCY FUNDS TO THE CITY OF OAKLAND UNDER THE COOPERATION AGREEMENT IN AN AMOUNT NOT TO EXCEED \$500,000 FOR THE DESIGN AND REHABILITATION OF THE WEST OAKLAND TEEN CENTER AT 3233 MARKET STREET

WHEREAS, the Agency wishes to fund costs for the design and rehabilitation of 3233 Market Street, now owned by the City, for use as the West Oakland Teen Center; and

WHEREAS, the City and Agency entered into a Cooperation Agreement on July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies, including Redevelopment Agency financial contributions and other assistance to support City public improvements; and

WHEREAS, Section 33445 of the California Health and Safety Code authorizes a redevelopment agency to pay for the construction of publicly-owned facilities if the legislative body has consented to such findings and has made certain findings; and

WHEREAS, improvements to public facilities are a redevelopment purpose under Section 33021 of the California Health and Safety Code; and

WHEREAS, a public hearing was held on this funding on November 4, 2008; and

WHEREAS, notice of the public hearing was published pursuant to Health and Safety Code Section 33679, and the summary of the funding proposal required by Section 33679 was made available to the public prior to publication of the notice; and

WHEREAS, the Agency will contribute and utilize Agency funds to reimburse the City's Oakland Redevelopment Agency Projects Fund (7780), Engineer Design-Project Management Organization (92270) City Project to be established for the West Oakland Teen Center; and

WHEREAS, the City Council has consented to the use of Agency funding for the West Oakland Teen Center project pursuant to Section 33445 of the California Health and Safety Code; now, therefore, be it

RESOLVED, That the Agency Administrator is authorized to contribute an amount not to exceed \$500,000, under the Cooperation Agreement to the City of Oakland for the design and rehabilitation of the West Oakland Teen Center at 3233 Market Street; and be it

FURTHER RESOLVED: That \$500,000 in Agency funding will be allocated from the West Oakland Operations Fund (Fund 9590, Organization 88679, Project S324120) for this purpose; and be it

FURTHER RESOLVED: That the Agency hereby finds and determines as follows:

1. That the funding of the West Oakland Teen Center will benefit the West Oakland Redevelopment Project Area by increasing the services available to teens throughout the Project Area, especially in the Hoover-Foster neighborhood, encouraging them to pursue productive activities which will reduce crime and vandalism in the immediate area, and by improving the physical environment for residents, business and property owners in this Project Area;
2. That due to fiscal constraints on the City's general fund and the high number of capital projects competing for limited City funds, the City's Capital Improvement Program budget is unable to provide financing for the West Oakland Teen Center, and therefore no other reasonable means of financing the project is available to the City other than Redevelopment Agency funding;
3. That the use of tax increment funds from the West Oakland Project Area for the West Oakland Teen Center will assist in the elimination of blight in the West Oakland Project Area for the reasons set forth in the staff report accompanying this Resolution; and
4. That the renovation of 3233 Market Street for use as the West Oakland Teen Center is consistent with the Implementation Plan adopted for the West Oakland Redevelopment Project Area; and be it

FURTHER RESOLVED: That the Agency Administrator or his designee is hereby authorized to take whatever action is necessary with respect to Agency funding of the West Oakland Teen Center project consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, NOV 3 2008, 2008

PASSED BY THE FOLLOWING VOTE:

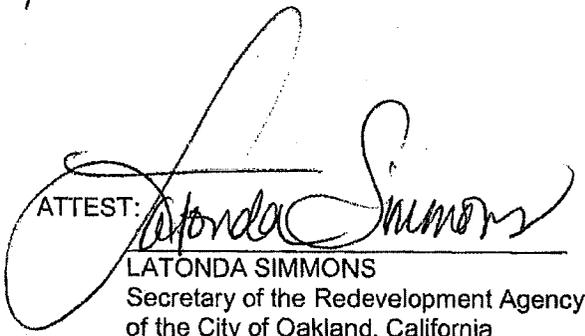
AYES - ~~8~~ KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG, AND CHAIRPERSON DE LA FUENTE - 7

NOES - 0

ABSENT - 0

ABSTENTION - 0

Excused - Brunner - 1

ATTEST: 
 LATONDA SIMMONS
 Secretary of the Redevelopment Agency
 of the City of Oakland, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND
Approved as to Form and Legality
2009 NOV 18 PM 5:56
Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. 2009 - 0097 C.M.S.

AGENCY RESOLUTION CONTRIBUTING AND ALLOCATING AN AMOUNT NOT TO EXCEED SIX HUNDRED FIFTY THOUSAND DOLLARS (\$650,000.00) FROM THE WEST OAKLAND REDEVELOPMENT PROJECT TO THE CITY OF OAKLAND UNDER THE COOPERATION AGREEMENT TO FUND THE CONSTRUCTION OF THE WEST OAKLAND TRANSIT VILLAGE 7TH STREET STREETScape IMPROVEMENT PROJECT

WHEREAS, the Agency wishes to fund a portion of the costs for the construction of the West Oakland Transit Village 7th Street Streetscape Improvement Project by the City of Oakland within the boundaries of the West Oakland Redevelopment Project Area; and

WHEREAS, the City and the Agency entered into a Cooperation Agreement on July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies, including Agency financial contributions to City public improvements; and

WHEREAS, Section 33445 of the California Health and Safety Code authorizes a redevelopment agency to pay for the costs of installation or construction of publicly-owned facilities, if the legislative body has consented to such funding and has made certain findings with respect to such improvements; and

WHEREAS, the West Oakland Transit Village 7th Street Streetscape Improvement Project will include lane reconfiguration, traffic signal modifications, paving, sidewalk and curb and gutter work, street furniture and street lighting, construction of a gateway structure and pedestrian mall canopy, landscaping, public art, construction of new ADA ramps and pedestrian crossings; and

WHEREAS, the City Council is consenting to the use of Agency funding for the West Oakland Transit Village 7th Street Streetscape Improvement Project; now, therefore, be it

RESOLVED: That the Redevelopment Agency hereby authorizes a contribution of funds to the City under the Cooperation Agreement in an amount of \$650,000 in West Oakland Redevelopment Project Area funds for the West Oakland Transit Village 7th Street Streetscape Improvement Project; and be it

FURTHER RESOLVED: That the Agency hereby finds and determines as follows:

- 1) That the funding of the Project will benefit the West Oakland Redevelopment Project Area by improving the appearance of and pedestrian safety and access on 7th Street; and
- 2) That due to fiscal constraints on the City's general fund and the high number of capital projects competing for limited City funds, the City's Capital Improvement Program budget is unable to provide financing for the Project, and therefore no other reasonable means of financing the Project are available to the City other than Redevelopment Agency funding; and
- 3) That the use of tax increment funds from the West Oakland Project Area for the Project will assist in the elimination of blight by improving the functionality and the aesthetic appeal of the streetscape along 7th Street in the West Oakland Project Area and by replacing deteriorated and obsolete City facilities along the street, and is consistent with the implementation plan adopted for the West Oakland Project Area; and be it

FURTHER RESOLVED: That the Agency hereby allocates and contributes Six Hundred Fifty Thousand Dollars (\$650,000) from the West Oakland Operations Fund (9590), West Oakland Base Reuse Organization (88679), Project (S233510), to the City in Project (G313130) under the Cooperation Agreement to fund the West Oakland Transit Village 7th Street Streetscape Improvements project; and be it

FURTHER RESOLVED: That the Agency hereby authorizes the Agency Administrator, or his or her designee, to take all actions necessary with respect to the Agency funding in accordance with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, DEC 8 2009, 20

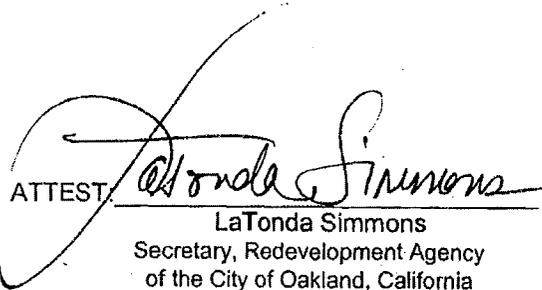
PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND CHAIRPERSON BRUNNER - 8

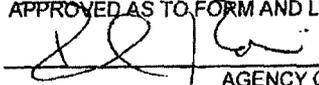
NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST, 
 LaTonda Simmons
 Secretary, Redevelopment Agency
 of the City of Oakland, California

APPROVED AS TO FORM AND LEGALITY:
 12/12/11 9:29

APPROVED AS TO FORM AND LEGALITY:

 AGENCY COUNSEL

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No 2011-0047 C.M.S.

AN AGENCY RESOLUTION AUTHORIZING A TOTAL OF \$442,085 IN FUNDING UNDER THE WEST OAKLAND NEIGHBORHOOD PROJECT INITIATIVE PROGRAM, INCLUDING (A) FUNDING IN AN AMOUNT NOT TO EXCEED \$210,338 FOR (1) CREATION OF MURALS UNDER THE 580 FREEWAY OVERPASS, (2) UPGRADES TO THE ENTRYWAY OF THE CRUCIBLE AT 1260 7TH STREET, (3) TENANT IMPROVEMENTS TO 1485 8TH STREET, AND (4) INSTALLATION OF LIGHTING IMPROVEMENTS AT 716 PERALTA STREET; AND (B) A CONTRIBUTION OF AGENCY FUNDS TO THE CITY UNDER THE COOPERATION AGREEMENT IN AN AMOUNT NOT TO EXCEED \$231,747 FOR (1) INSTALLATION OF MOTION DETECTORS/CAMERAS TO DETER OR APPREHEND ILLEGAL DUMPERS, (2) RENOVATIONS TO ST. ANDREW'S PARK AT 32ND STREET AND SAN PABLO, (3) TREE PLANTING ON SAN PABLO AVENUE, (4) INSTALLATION OF "KEEP OAKLAND BEAUTIFUL" SIGNAGE, AND (5) INSTALLATION OF BIKE RACKS AND SIDEWALK REPAIRS IN FRONT OF 716 PERALTA STREET

WHEREAS, the Redevelopment Agency adopted the West Oakland Project Initiative ("NPI") program on March 4, 2008 (Resolution No. 2008-0011 C.M.S.) to assist in addressing general blight conditions within the West Oakland Project Area, and

WHEREAS, the Redevelopment Agency allocated \$400,000 for a one-year grant cycle of the program as part of the Fiscal Year 2010-2011 Agency budget; and

WHEREAS, there is \$42,085 remaining from previous NPI grant cycles which results in a total of \$442,085 for the 2011 NPI grant cycle; and

WHEREAS, on behalf of the Agency, staff issued a Call for Projects to the community for the third round of the NPI program in January 2011, and received eighteen applications for NPI funding in response; and

WHEREAS, the West Oakland Redevelopment Project Area Committee ("WOPAC") reviewed all applications to the NPI program and made recommendations for funding under the program; and

WHEREAS, under the NPI program guidelines, all improvements proposed to be funded by the program must be submitted to the Agency for review and approval; and

WHEREAS, the projects to be recommended for funding under the 2011 cycle of the NPI program are consistent with and will further the purposes of the West Oakland Redevelopment Plan and its Five-Year Implementation Plan adopted on November 18, 2008 (Resolution No. 2008-0098 C.M.S.); and

WHEREAS, the WOPAC has recommended that \$210,338 of NPI program funds be allocated for the following improvements within the Project Area to be implemented directly by the Redevelopment Agency and/or the project sponsors:

- \$75,000 for the creation of six (6) murals, conceptualized by area youth and installed by artists, under the 580 freeway overpass between MLK Jr. Way and San Pablo Avenue;
- \$57,700 to upgrade the entryway of The Crucible, located at 1260 7th Street, including tree removal, lighting, signage and public art installation;
- \$75,000 to bring 1485 – 8th Street (formerly Jubilee West) up to code to house an existing video and digital arts job training program and allow for expansion to serve other programs;
- \$2,638 to install three outdoor wall-mounted lanterns on private property at 716 Peralta Street to illuminate a dark street front; and

WHEREAS, the funding for the improvements to be implemented by the Agency will be transferred from the West Oakland Operations Fund (9590), Redevelopment Projects Organization (88679), West Oakland Project (\$233510) to new project numbers to be established for each project within the same Fund and Organization; and

WHEREAS, several of the projects to be recommended for funding under the NPI program by the WOPAC will include improvements to City-owned property including public parks and streets; and

WHEREAS, the WOPAC has recommended that \$231,747 of NPI program funds be allocated for the following improvements to City-owned property

- \$75,000 to deploy four (4) portable units of motion detectors/cameras to discourage, document and apprehend illegal dumpers;
- \$75,000 to refurbish St. Andrew's Park located at 32nd Street and San Pablo;
- \$73,297 to plant ninety (90) trees on both sides of San Pablo;
- \$5,000 to install "Keep Oakland Beautiful" ads on billboards and bus stop shelters;
- \$3,450 to install bike racks and repair sidewalk in front of 716 Peralta Street; and

WHEREAS, under the NPI program guidelines, improvements to City-owned property must be implemented by the City of Oakland; and

WHEREAS, the City of Oakland and the Redevelopment Agency entered into a Cooperation Agreement on July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies, including Redevelopment Agency financial contributions and other assistance to support City public improvements; and

WHEREAS, Section 33445 of the California Health and Safety Code authorizes a redevelopment agency to pay for the installation cost or construction of publicly-owned facilities, if the legislative body has consented to such funding and has made certain findings; and

WHEREAS, the City Council is consenting to the use of Agency funding for the improvements to City-owned property under the NPI program pursuant to Section 33445 of the California Health and Safety Code; and

WHEREAS, the funding for the improvements to City property will be transferred from the West Oakland Operations Fund (9590), Redevelopment Projects Organization (88679), West Oakland Neighborhood Projects Initiative Project (T342610) to the Oakland Redevelopment Agency Projects Fund (7780), Neighborhood Projects Initiative Program under project numbers to be established; and

WHEREAS, the Agency Administrator requests authorization to make all required expenditures and to enter into grant agreements with project sponsors to implement all the improvements funded by the NPI Program within the project budgets without returning to the Agency for further approval; now therefore be it

RESOLVED: That the Redevelopment Agency hereby adopts the WOPAC's recommendations for allocating a total of \$442,085 under the 2011 NPI grant cycle and authorizes funding for those improvements identified above; and be it

FURTHER RESOLVED: That the Agency hereby allocates an amount not to exceed \$231,747 in Redevelopment Agency funding from the West Oakland Operations Fund (9590), Redevelopment Projects Organization (88679), West Oakland Neighborhood Projects Initiative Project (T342610) under the Cooperation Agreement for improvements to City owned property; and be it

FURTHER RESOLVED: That the Agency hereby finds and determines as follows:

1. That the funding of the improvements to City-owned property under the NPI program will benefit the West Oakland Redevelopment Project Area, and will assist in the elimination of blighting conditions in the Project Area by addressing needs related to the physical appearance, safety, and

needed renovations to those public facilities and by developing new facilities on underutilized public facilities;

- 2. That due to fiscal constraints in the City's general fund and the high number of capital projects for limited City funds, the City's Capital Improvement Program budget is unable to provide financing for these projects, and therefore no other reasonable means of financing the above projects is available to the City other than Redevelopment Agency funding;
- 3. That the use of tax increment funds from the West Oakland Redevelopment Project Area for the above projects is consistent with the implementation plan adopted for the West Oakland Redevelopment Project Area;

and be it

FURTHER RESOLVED: That for the remaining \$210,338 in program funding that will not be transferred to the City under the Cooperation Agreement, the Agency hereby authorizes the Agency Administrator to make all required expenditures and to negotiate and enter into grant agreements and other agreements with the project sponsors to implement all of the improvements funded by the NPI program within the project budgets without returning to the Agency for further approval; and be it

FURTHER RESOLVED: That the Agency Administrator or his designee is authorized to take any other actions with respect to the above projects and the NPI program consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, JUN 7 2011, 2011

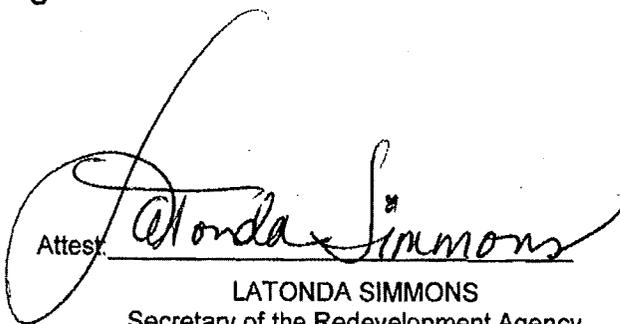
PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF, AND CHAIRPERSON REID - 8

NOES- 0

ABSENT- 0

ABSTENTION- 0

Attest: 

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California



May 17, 2017

Ms. Sarah T. Schlenk, Agency Administrative Manager
City of Oakland
250 Frank H. Ogawa Plaza, Suite 3315
Oakland, CA 94612

Dear Ms. Schlenk:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 10, 2017. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Oakland Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) to Finance on January 25, 2017. Subsequently, the Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 25, 2017.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer, Finance has completed its review of the specific determinations being disputed:

- Item Nos. 7, 8, and 10 – Public Employee's Retirement System, Other Post-Employment Benefits, and Unemployment obligations totaling \$1,983,500 for the ROPS 17-18 period and a total outstanding amount of \$33,031,291. Finance continues to deny these items. Originally, Finance denied these items because the September 1, 1970 and July 30, 2016 agreements are between the City of Oakland (City) and California Public Employee Retirement System (CalPERS); the former Redevelopment Agency (RDA) is not a party to the contract.

During the Meet and Confer, the Agency contended that Item Nos. 7, 8, and 10 are enforceable obligations based on HSC section 34171 (d) (1) (C), which states enforceable obligations include legally enforceable payments in connection with Agency employees such as pension payments and pension obligations. However, absent a contract or agreement, the Agency's responsibility for payment of this obligation is not legally enforceable. Because the agreement provided to Finance is between the City and CalPERS, the Agency's obligation for payment of unfunded pension liabilities is unsupported.

The Agency further contends that pursuant to the July 1, 2004 Cooperation Agreement, the Agency is obligated to reimburse the City for any City employee costs who work full time or part time on RDA activities. However, HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the

former RDA are not enforceable unless entered into within two years of the date of creation of the RDA. The cooperation agreement was not signed within two years of the date of creation of the RDA.

Therefore, these items are not enforceable obligations and the total outstanding amount of \$33,031,291 is not allowed.

- Item No. 54 – Project Management Costs in the amount of \$1,533,808 for the ROPS 17-18 period and a total outstanding amount of \$7,678,079. Finance maintains its previous determination. Finance previously reclassified the requested amount in part by \$273,644 from Redevelopment Property Tax Trust Fund (RPTTF) to Other Funds because the Agency had \$273,644 in unrestricted funds reported on the ROPS 17-18 Cash Balance form. During the Meet and Confer, the Agency stated it should be allowed to retain the funds to alleviate a negative balance within its accounts. However, HSC section 34171 (d) (1) states enforceable obligations and negative balances are not included within the definition. Should the Agency be able to identify an enforceable obligation for which lack of proper funding caused the negative balance, Finance would consider the item on a future ROPS.

Pursuant to HSC section 34171 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. This item is an enforceable obligation for the ROPS 17-18 period. The Agency has \$273,644 available in Other Funds. Therefore, Finance is approving RPTTF in the amount of \$1,260,164 (\$1,533,808 – \$273,644) and the use of Other Funds in the amount of \$273,644, totaling \$1,533,808 for the ROPS 17-18 period.

- Item No. 207 – 9451 MacArthur Boulevard – Evelyn Rose Project in the total outstanding amount of \$517,500. Finance continues to deny this item. During the initial review, the Agency contended that repayment to the Low and Moderate Income Housing Fund (LMIHF) is required because the former RDA expended LMIHF funds on an affordable housing project located at 9451 MacArthur Boulevard, which was never completed. The former RDA ultimately sold the property to another developer in 2002 for development of non-affordable housing. Furthermore, the Agency contended that due to the removal of the affordable housing covenant tied to the property, the Agency is required to pay back the LMIHF funds used. Finance initially denied this item because the funds being borrowed or amounts owed were not the result of a deferral.

During the Meet and Confer, the Agency contended that HSC section 34171 (d) (1) (G) provides that payments owing to the LMIHF are enforceable obligations and are payable to the LMIHF of the housing successor. Additionally the Agency contends that HSC section 33334.16 requires the restoration of funds to the LMIHF when a planned development is not ultimately completed with the appropriate covenants.

Under dissolution law, HSC section 34171 (d) (1) (G) specifically limits repayments to amounts borrowed from, or payments owing to, the LMIHF of the RDA, which had been deferred. The amount the Agency contends is owed was not a result of funds being borrowed or amounts owed as a result of a deferral. As such, this item does not meet the definition of an enforceable obligation pursuant to HSC section 34171 (d) (1) (G) and the requested \$517,500 in RPTTF funding is not allowed.

- Item No. 426 – West Oakland Loan Indebtedness totaling \$1,832,828 requested for ROPS 17-18 and a total outstanding amount of \$2,749,243. Finance continues to deny this item. Finance initially denied this item because the outstanding loan balance at June 27, 2011 was zero. During the Meet and Confer, the Agency restated its opinion that the balance of the loan was \$2,689,534.51. The Agency additionally contends that this item is an enforceable obligation and should be funded with RPTTF since Finance did not initiate OB Resolution No. 2013-016, which found the loan to be for legitimate redevelopment purposes.

It is our understanding the City incurred expenditures in fiscal year 2011-12, which were in accordance with the list of projects in the First Amendment to Funding Agreement dated March 25, 2011 between the City and the former RDA. Additionally, it is our understanding the contracts entered into by the City to complete the projects were after June 27, 2011.

ABx1 26 requires agencies to expeditiously wind down the affairs of the dissolved RDAs and provides successor agencies with limited authority necessary for the wind down of RDA affairs and to perform under enforceable obligations. As of June 27, 2011, RDAs were prohibited from creating any new obligations and engaging in any new redevelopment activities. As of February 1, 2012, the RDA's authority was suspended and the RDA ceased to exist. Any transfers of the RDA's powers to a third party were also impacted by the prohibitions of dissolution law. Since the RDA no longer had the power to take out or make new loans or engage in any other activity to create obligations as of June 27, 2011, these powers could no longer be transferred to a third party. Thus, any specific obligations, whether by the RDA or a third party acting on behalf of the RDA that did not exist as of June 27, 2011, are not enforceable obligations on the successor agency within the meaning of HSC section 34171 (d) (1). As such, the various contracts entered into by the City with third parties after June 27, 2011, are not obligations of the Agency.

Therefore, for the above reasons, the outstanding balance as of June 27, 2011 continues to be zero for the loan approved by OB Resolution No. 2013-016 and the \$1,813,238 requested for ROPS 17-18 is denied.

In addition, per Finance's letter dated April 10, 2017, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

The claimed administrative costs exceed the allowance by \$139,050. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual Redevelopment Property Tax Trust Fund (RPTTF) distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$1,929,416 for the fiscal year 2017-18.

Although \$2,068,446 is claimed for ACA, only \$1,929,416 is available pursuant to the cap. Therefore, as noted in the table on Page 4, \$139,050 of excess ACA is not allowed:

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2017-18	\$ 66,108,332
Less distributed Administrative RPTTF	(1,794,454)
RPTTF distributed for 2017-18 after adjustment	64,313,878
ACA Cap for 2017-18 per HSC section 34171 (b)	1,929,416
ACA requested for 2017-18	2,068,466
ACA in Excess of Cap	\$ (139,050)

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 17-18.

The Agency's maximum approved RPTTF distribution for the reporting period is \$67,617,360 as summarized in the Approved RPTTF Distribution table on Page 6 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2017 through December 31, 2017 period (ROPS A period) and one distribution for the January 1, 2018 through June 30, 2018 period (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 17-18 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Finance reviews the Agency's self-reported cash balances on an ongoing basis. The Agency should be prepared to submit financial records and bridging documents to support the cash balances reported upon request.

The Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through June 30, 2016 period (ROPS 15-16). The Agency will report actual payments for ROPS 15-16 on ROPS 18-19, pursuant to HSC section 34186 (a) (1). A prior period adjustment may be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended ROPS 15-16 RPTTF.

This is Finance's final determination regarding the obligations listed on the ROPS 17-18. This determination only applies to items when funding was requested for the 12-month period.

The ROPS 17-18 form submitted by the Agency and Finance's determination letter will be posted on Finance's website:

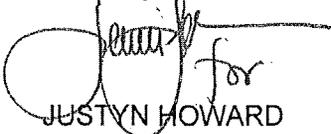
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

Finance's determination is effective for the ROPS 17-18 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Wendy Griffe, Supervisor, or Jared Smith, Lead Analyst, at (916) 322-2985.

Sincerely,

A handwritten signature in black ink, appearing to read "Justyn Howard", with a horizontal line extending to the right from the end of the signature.

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Patrick Lane, Development Manager, City of Oakland
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County

Attachment

Approved RPTTF Distribution For the period of July 2017 through June 2018			
	ROPS A Period	ROPS B Period	ROPS 17-18 Total
RPTTF Requested	\$ 22,447,600	\$ 47,847,816	\$ 70,295,416
Administrative RPTTF Requested	1,034,233	1,034,233	2,068,466
Total RPTTF Requested	23,481,833	48,882,049	72,363,882
RPTTF Requested	22,447,600	47,847,816	70,295,416
<u>Adjustments</u>			
Item No. 7	(658,942)	(658,942)	(1,317,884)
Item No. 8	(332,808)	(332,808)	(665,616)
Item No. 54	(273,644)	0	(273,644)
Item No. 207	(517,500)	0	(517,500)
Item No. 426	(916,414)	(916,414)	(1,832,828)
	(2,699,308)	(1,908,164)	(4,607,472)
RPTTF Authorized	19,748,292	45,939,652	65,687,944
Administrative RPTTF Requested	1,034,233	1,034,233	2,068,466
Excess Administrative Costs	0	(139,050)	(139,050)
Administrative RPTTF Authorized	1,034,233	895,183	1,929,416
Total RPTTF Approved for Distribution	\$ 20,782,525	\$ 46,834,835	\$ 67,617,360