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July 14, 2009

HONORABLE CITY COUNCIL
CITY OF OAKLAND

**RE: REQUEST FOR ADDITIONAL INFORMATION ON THE GENERAL FUND
CONTRIBUTION REPORTED IN THE PUBLIC WORKS AGENCY
PERFORMANCE AUDIT**

Dear Chairperson Nadel and Members of the Committee:

Attached is the information you requested at the Public Works Committee on Tuesday, June 9th, 2009 regarding the General Fund contribution reported in the Public Works Performance Audit.

Should you have additional questions, please contact me at (510) 238-3379.

Respectfully submitted,

A handwritten signature in cursive script that reads "Courtney A. Ruby".

COURTNEY A. RUBY, CPA
City Auditor

DATE: June 28, 2009

TO: Courtney Ruby, CPA
City Auditor
City of Oakland

FROM: Gary Goelitz
Vice President
Matrix Consulting Group

SUBJECT: General Fund Contribution to the Public Works Department

BACKGROUND: As noted in page 19 of the Introduction and Executive Summary of the *Performance Audit of the Public Works Agency*, the Agency has a fiscal year 2008-09 budget of \$118,701,366 for all funds. The general-purpose fund provides only \$2,427,861 or 2% of the operating funds for the Agency. All other funding for the Agency comes from other funds such as the Recycling Fund, Comprehensive Clean-up, State Gas Tax, Landscape and Lighting Assessment District, Sewer Service, Equipment, City Facilities, and other funds.

The *Performance Audit of the Public Works Agency* noted that the City's General Fund contribution is less than that of other public works departments in similar cities. In Long Beach, for example, the General Fund provides 17% of the operating funds for the Public Works Department. In Anaheim, the General Fund provides 19% of the operating funds of the Public Works Department. In Fresno, the General Fund provides 26% of the operating funds of the Public Works Department. In Sacramento, the General Fund provides 22% of the operating funds of the Transportation Department (Sacramento does not have a Public Works Department). In Santa Ana, the General Fund provides 5% of the operating funds of the Public Works Department (this lower proportion of General Fund contribution in Santa Ana results from inclusion of a water utility within the Department that significantly increases departmental expenditures and reduces the proportion of General Fund expenditures).

At its meeting of June 9, 2009, the Public Works Committee requested additional information regarding the general fund contributions made to the public works departments in these other cities and their comparability to Oakland. The concern included the impacts of internal service funds (fleet and facilities) on the comparability to Oakland.

DISCUSSION: To assure that the comparison of these cities and their general fund contributions to their public works departments are comparable to Oakland, the fleet and facilities internal service funds from each public works department were excluded. These comparisons are provided below.

- Sacramento.** As noted previously, Sacramento does not have a public works department. It does have a Transportation Department. That department is responsible for engineering; traffic engineering; parking enforcement, meters, and garages; street maintenance including signs, markings, signals and streetlights; and urban forestry. It does NOT include any fleet and facility internal service funds. The general fund provided 22% of the total operating budget funding for the department. The department was authorized 436.95 positions in FY 2008-09.
- Fresno.** The Public Works Department in Fresno includes engineering (GIS, development review, traffic engineering, special districts, etc.); capital management; parking operations (garages, lots, and meters); street maintenance including tree maintenance and median islands; traffic signal and streetlights. It does NOT include any fleet and facility internal service funds. The general fund provided 26% of the total operating budget funding for the department. The department was authorized 338.40 positions in FY 2008-09.
- Anaheim.** The Public Works Department in Anaheim includes engineering (traffic engineering, development review, real property, design); fleet and facility services; public works operations (street maintenance, wastewater collection, street sweeping, sidewalk maintenance, sign maintenance, etc.); and construction management and inspection. Excluding the fleet and facility internal service funds and their revenues, the general fund provided 24% of the total operating budget funding for the department; this is higher than originally reported as a result of the exclusion of the fleet and facility internal service funds. The department was authorized 252 positions in FY 2008-09.
- Long Beach.** The Public Works Department in Long Beach includes facilities management; solid waste collection, recycling, and litter abatement; street sweeping; fleet management; towing; engineering (design, construction management and inspection, etc.); street maintenance; storm drainage maintenance; traffic and transportation; and the airport. Excluding the fleet and facility internal service funds and the airport, the general fund provided 21% of the total operating budget funding for the department; this is higher than originally reported as a result of the exclusion of the fleet and facility internal service funds. The department was authorized 624 positions in FY 2008-09.
- Santa Ana.** The Public Works Department in Santa Ana includes engineering (design, traffic, and construction management / inspection); streets and sidewalk maintenance; traffic signal maintenance; tree and landscaping maintenance; streetlight maintenance; wastewater and stormwater collection maintenance; water distribution maintenance and production; graffiti removal; and street sweeping. It does NOT include any fleet and facility internal service funds. The general fund provided 5% of the total operating budget funding for the department. The department was authorized 205 positions in FY 2008-09.

- **Oakland.** The Public Works Agency in Oakland includes streets, sidewalks, parks, wastewater, stormwater, fleet and facility, streetlight, and vehicle maintenance, litter and graffiti abatement, recycling, and environmental compliance. The Agency was budgeted \$2,427,861 in general-purpose fund operating budget in 2008-09. This excludes the recycling program and comprehensive cleanup fund since those funds cannot be utilized for other purposes without approval of the electorate in Oakland (Proposition 218 limitations). Excluding the fleet and facility internal service funds and their revenues, the general fund provided 3% of the total operating budget funding for the department; this is higher than originally reported as a result of the exclusion of the fleet and facility internal service funds. The department was initially authorized 691 positions in FY 2008-09.

Each of these peer cities – Sacramento, Fresno, Long Beach, Anaheim, and Santa Ana – provide a higher level of general fund operating budget support for their public works departments.

CONCLUSION: While the review of this data should be cognizant of variances in makeup and organization of the public works departments in these peer cities, it should be recognized that essential services such as traffic signal maintenance, signing and striping maintenance, park maintenance, street and sidewalk maintenance are highly dependent upon general fund operating budget support. Oakland will not be able to address the essential asset management challenges without a higher level of general fund operating budget and capital budget support.