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OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND

AGENDA REPORT

2011 JUN 24 PM 1:28

TO: Office of the City Administrator
ATTN: P. Lament Ewell, Interim City Administrator
FROM: Budget Office
DATE: June 28, 2011

RE: Technical Budget Adjustments and Additional Responses to Council Questions

SUMMARY

The purpose of this report is to provide additional budget-related information requested by the City Council and to present technical adjustments to the FY 2011-13 Proposed Policy Budget.

DISCUSSION

Senior Centers

As presented at previous Council Budget hearings by the Department of Human Services, staff has revised the Budget A and Budget B proposals for the Senior Centers so that there will be no closure days at the Centers, but they will instead operate with reduced hours in order to achieve the necessary savings. Details of the revised proposal are as follows:

- Reduce City-run Senior Center hours to 30hrs/week
 - o No closure days
 - o Reduce to 6hrs/day (9-3, M-F) from 7.5hrs/day (8:30-4, M-F)
 - o 20% fewer classes (approx. 16-32 classes/week from 20-40 classes/week)
 - o Less service hours for support groups & socialization
- Staff Changes
 - o Reduce (4) Center Directors to 3.20FTE from 3.76FTE
 - o Reduce (4) Custodians to 3.00FTE from 4.00FTE
 - o Reduce (4) administrative support positions to 1.28FTE from 3.20FTE
 - Effect is 12hrs/week per site; keep 2 administrative assistants to be shared between two sites each

REVISED OPTIONS A & B

OPTION A	Operating Schedule	Weekly Hours	Staff Hours			SAVINGS - OPTION A			
			SC Dir.	Custodian	Admin.	SC Dir.	Custodian	Admin.	TOTAL
Original Proposed	M-W8:30-4 Th/F 11 - 1	26.5	28.5	26.5	18	\$ 85,364	\$ 73,946	\$ 91,788	\$ 251,097
Revised Proposal	M - F 9 - 3	30	32	30	12 ^a	\$ 52,719	\$ 63,023	\$ 137,680	\$ 253,422

a - Two Administrative Assistants @ 24hrs/week, each covering two centers (12hrs/center)

OPTION B	Operating Schedule	Weekly Hours	Staff Hours			SAVINGS - OPTION B			
			SC Dir.	Custodian	Admin.	SC Dir.	Custodian	Admin.	TOTAL
Original Proposed	M-Th 8:30-4 F 11 - 1	32	32	32	24	\$ 53,584	\$ 52,071	\$ 47,338	\$ 152,983
Revised Proposal	M - F 8:30 - 3:30	35	36	30	20	\$ 15,009	\$ 63,023	\$ 76,488	\$ 154,520

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East Oakland Sports Complex

The FY 11-12 Proposed Budgets A and B presented a 6 month delay in the opening of the East Oakland Sports Complex from July 1, 2011 to January 1, 2012. It was believed at the time of presenting the Proposed Budgets that the delay was necessary to achieve the budget savings of \$500,000 in the General Purpose Fund necessary to balance the budgets.

However, staff's further analysis concludes that the East Oakland Sports Complex can open on July 1, 2011 based on the following factors:

1. The presented budgets included a duplication of funding for the maintenance of the facility. There were funds in both the Office of Parks and Recreation (OPR) and Public Works Agency (PWA) for maintenance activities (e.g., custodial, building maintenance, materials). With a reduction of the budget in OPR to remove the duplication of funding, there is a savings of \$267,000.
2. OPR will delay the hiring of two Recreation Program Director positions until December 31, 2011, with a savings of \$72,000.
3. OPR staff is expecting to close the facility for 10 business days during the year, including an anticipated mandatory shutdown, with an anticipated savings of \$30,000.
4. PWA will eliminate a vacant Painter position producing a savings of \$124,000 in Fund 4400-City Facilities and translates to a savings in the General Fund in the OPR budget (in the account used to pay Fund 4400).

The total estimated savings is \$493,000 in the General Purpose Fund. In addition, there are expected savings on the maintenance contract services and utilities during the 10 days of closure.

The total estimated budget to open the East Oakland Sports Complex on July 1, 2011 is roughly \$1.2 million for FY 11-12. This includes the OPR budget of \$760,700 for aquatic, cultural arts and fitness programming and the PWA budget of \$465,000 (\$350,000 for maintenance contract services and \$115,000 for utilities).

In addition, if the City Council approves the pending contractual agreement for maintenance services for the new East Oakland Sports Center (EOSC) effective July 1, 2011, the Public Works Agency will need a transfer of funding from Personnel to O&M. The PTEs were originally added to support the EOSC but is not sufficient to provide the level of services required. The positions are vacant.

PROPOSED (April 28):

2ND POS#	CLASS	FY 2011-12		FY 2012-13		
		FTE	BURD	FTE	BURD	
32345	Stationary Engineer	1.00	\$123,701	1.00	\$125,656	Cut
32346	Custodian, PPT	1.00	\$72,974	1.00	\$74,134	Cut
32347	Custodian, PPT	1.00	\$72,974	1.00	\$74,134	Cut
32348	Custodian, FT	0.50	\$31,315	0.50	\$31,316	Cut
		3.50	\$300,965	3.50	\$305,250	
O&M:						
30635.	53111 - Misc Util		\$55,500		\$111,000	Revise per chart below
NP, IN02	53719 - Miscellaneous Services		\$33,500		\$57,000	Revise per chart below
	54611 - Repair and Maintenance		\$54,000		\$73,000	Revise per chart below
	54919 - Services: Misc Contract		\$20,300		\$44,300	Revise per chart below
TOTAL BUDGETED COSTS		3.50	\$464,265	3.50	\$606,050	

CONTRACT SERVICES:

ACCOUNT	FY 2011-12		FY 2012-13	
	FTE	AMT	FTE	AMT
O&M:				
		\$84,265		\$111,000
30635, NP, IN02		\$30,000		\$30,000
		\$0		\$115,050
		\$350,000		\$350,000
TOTAL COSTS		\$464,265		\$606,050

Fund 7760 – PWA Overhead Project A167710

PWA requests adjustments to rebalance the internal overhead fund due to technical adjustments in other funds. The changes in staffing levels in PWA directly impact the recovery of overhead funds. Thus, as positions are reduced the overhead fund also needs to be reduced.

Currently in Budget A and B (year 2), the PWA overhead will be slightly under-recovered by the so there needs to be a reduction in Fund 7760, Project A167710. The proposed adjustments downgrade an Accountant III, reconfiguring workload accordingly, and decrease O&M.

Oakland Museum of California

Adjustments to revenue and expenditure in PWA are needed to correspond with the pending agreement between the city and the Museum Foundation. The adjustments in revenue reflect the expectation that the Museum Foundation will reimburse the city up to \$900,000 (utilities and staffing) in services in FY 11-12; and up to \$500,000 in services (utilities) in FY 12-13. The expenditure adjustments reflect a transfer of \$900,000 from the 56113 (ISF) account to 54919 that will be used as payment to the Museum Foundation as part of the agreement.

Reduction in Fund 4400 - Facilities - FY 2012-13

POS#	CLASSIFICATION	FY 11-12		FY 12-13	
		FTE	BURD \$\$	FTE	BURD \$\$
3621	Stationary Engineer			(1.00)	(\$139,287)
3625	Stationary Engineer, Chief			(0.25)	(\$49,362)
	O&M - 30534, 52919, non-proj, IN02				(\$98,553)
	O&M - 30634, 54612, non-proj, IN02				(\$51,900)
		0.00	\$0	(1.25)	(\$339,102)

The LLAD fund is structurally balance in the Proposed Budget A, B & C with \$18.52 million in expenditures and \$18.57 million in revenues (FY11-12), and \$18.6 million in expenditures and \$18.6 million in revenues (FY12-13). Recently, the City Council approved the Professional Services Agreement for the Museum Foundation to provide services at the Oakland Museum of California. This agreement produces a savings to the City in the LLAD that is budgeted in the Museum for landscaping, since the City will no longer perform the landscaping tasks. Thus, PWA requests to have the LLAD funding in the Museum transferred to PWA and be used for park maintenance activities throughout the City. This request includes the transfer of two (2) filled positions and some O&M finding.

Move LLAD Funded FTE/O&M From Museum

POS#	CLASSIFICATION	FY 11-12		FY 12-13	
		FTE	BURD \$\$	FTE	BURD \$\$
S154	Gardener Crew Leader	1.00	\$104,189	1.00	\$106,072
17986	Gardener II	1.00	\$37,840	1.00	\$89,427
	O&M		\$60,000		\$60,000
		2.00	\$252,030	2.00	\$255,500

Parking Division Reorganization

One of the significant changes to the Finance and Management Agency (FMA) in the FY 2011-13 Proposed Budget is the consolidation of the Parking Division into the Revenue Division. The consolidation was proposed to utilize Revenue Division resources to augment the accounting and fiscal oversight processes of parking citation and meter revenue. The proposal would provide savings through workload realignment and position eliminations and contribute to FMA's 15% departmental reduction target.

Recent review of proposals regarding installation of new parking meters prompted revisions to the original Parking Division reorganization. Various vendors have submitted proposals that would replace all of the city's single space meters with new meters containing credit card processing capabilities. The Budget Office and FMA management discussed workload reductions in parking meter collection and maintenance from implementation of new meters, and are proposing freezing two vacant positions in the Meter Operations unit. Savings from freezing

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the positions would be offset by restoration of eliminations in the Parking Administration, Parking Citation Assistance Center, and Parking Enforcement units. Below is a summary of the position revisions:

- Freeze vacant Parking Meter Repair Worker
- Freeze vacant Parking Meter Collector
- Eliminate vacant Administrative Services Manager II instead of Human Resources Manager (Parking Division Manager)
- Downgrade vacant Account Clerk III to Account Clerk II instead of eliminate
- Downgrade Parking Enforcement Supervisor II to Parking Enforcement Supervisor I instead of eliminate Parking Enforcement Supervisor I
- Removes elimination of Office Manager

Summary of reorganization cost savings:

Alternative Proposal	1010	1010	1750	1750
	FY 11-12	FY 12-13	FY 11-12	FY 12-13
Eliminate Administrative Services Manager II	178,494	191,175		
Eliminate Administrative Assistant I	75,261	77,789		
Reduce Enforcement Supervisor II > Enforcement Supervisor I (step 5)	33,136	33,704		
Eliminate Enforcement Supervisor I (1.10 FTE)	112,769	114,941		
Reduce Accountant III > Accountant II (step 1)	19,435	20,151	12,955	13,433
Reduce Account Clerk III > Account Clerk II (step 1)	37,470	38,437	(12,956)	(13,433)
Freeze Parking Meter Repair Worker	76,806	78,345		
Freeze Parking Meter Collector	71,568	72,990		
Total	605,940	627,532	-	-
Target	617,237	636,736	-	-

Office of the City Clerk

The Office of the City Clerk’s proposal has been revised to remove the downgrade of the Assistant City Clerk and instead downgrade the Account Clerk II to an Administrative Assistant II, reduce O&M, and transfer 0.17 FTE of the Assistant City Clerk to Fund 7780 which is the consistent fund proportion for that office. This proposal is cost-neutral.

Revenue Division Reorganization

City Council has requested additional information regarding the proposed Revenue Division Reorganization. Please see the summary below.

Tax Compliance Section

The Revenue Division proposes to eliminate the Tax Enforcement Officers (TEO) in the Tax Compliance Section. Currently, TEOs spend 40% of their time enforcing business tax

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requirements by conducting field inspections on commercial, construction and delivery service businesses. In addition, they spend 35% of their time processing Notice of Determination and 25% finding new leads through various sources. Due to new data mining strategies which has been implemented in the Revenue Division it has reduced over 90% of the manual processes which had been historically conducted by TEOs. Furthermore, due to the consolidation of Customer Service functions and the streamlining of the Notice of Determination process the number of TEOs required to assist in this process have been reduced. Currently, the TEOs assigned to the Tax Compliance Section reflect \$1.03 in identified additional revenue for each \$1 of staff cost. Revenue lost from reductions in the Tax Compliance Section can be mitigated through technological and operational efficiencies.

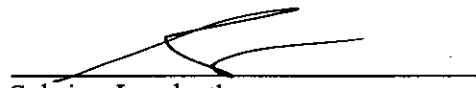
Revenue Division Audit Section

The Revenue Division has recently filled Tax Auditor II vacancies which require special skills in order to conduct Financial, Forensic, GIS and IT Audits. Currently, the Tax Auditor is assigned to the Audit Section reflect \$6.50 in identified additional revenue for each \$1 of staff cost. Furthermore, due to their unique skills they are also involved in other special projects such as Ballot Measures, Real Estate Transfer Tax Transactions and other Revenue Enhancement Strategies. These combined functions have resulted in \$14 in identified additional revenue for each \$1 of staff cost.

ACTION REQUESTED OF THE CITY-COUNCIL

Staff requests that the City Council accept the technical adjustments to the FY 11-13 Proposed Budget.

Respectfully submitted,



Sabrina Landreth

Budget Director

APPROVED AND FORWARDED TO THE
CITY COUNCIL:


Office of the City Administrator

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