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MAY 10, 2005

IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: A RESOLUTION AUTHORIZING A GRANT AGREEMENT WITH OPERATION DIGNITY, INC. FOR THE HOMELESS MOBILE OUTREACH PROGRAM (HMOP) IN AN AMOUNT NOT TO EXCEED \$358,620 FOR THE PERIOD OF JULY 1, 2005 THROUGH JUNE 30, 2007 WITH A TWO YEAR OPTION TO RENEW FOR THE PERIOD JULY 1, 2007 THROUGH JUNE 30, 2009 WITHOUT RETURNING TO COUNCIL

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General election of November 5, 1996, we have made an impartial financial analysis of the accompanying Proposed Resolution and Agenda Report.

The City Auditor is elected by the citizens of Oakland to serve as an officer in charge of an independent department auditing City government activities. The independence of the City Auditor is established by the City Charter.

Since the Measure H Charter Amendment specifies that our impartial financial analysis is for informational purposes only, we did not apply Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States. Moreover, the scope of our analysis was impaired by Administrative Instruction Number 137, effective May 21, 1997, which provides only two (2) weeks for us to plan, perform and report on our analysis.

SUMMARY

According to the Agenda Report, the Homeless Mobile Outreach Program (HMOP) provides field outreach to homeless persons living on the streets and in homeless encampments. The

HMOP also works closely with Public Works and other agencies to assist in the maintenance and clean up of homeless encampments. HMOP has been operated by Operation Dignity, Inc., a non-profit organization, continuously since 1999, in successive two-year contracts. According to staff, Operation Dignity has performed well, and there are no other organizations available to do this work.

FISCAL IMPACT

The current contract expires on June 30, 2005. Staff recommends the renewal of the current two-year agreement in an amount not to exceed \$358,620 for the period of July 1, 2005 through June 30, 2007. Moreover, since the program has been operated successfully for more than five years, and the need for services will likely continue beyond 2007, staff recommends approval of a two year renewal with an option that would authorize the program through June 30, 2009.

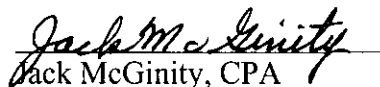
According to staff, neither the initial contract nor subsequent extensions were awarded through the competitive bid process. With approval of the proposed extensions, the contract amounts will total \$1,793,100, as summarized below:

| Contract Periods | Amounts Approved |
|-------------------------|-------------------------|
| 7/1/99-6/30/01 | \$ 358,620 |
| 7/1/01-6/30/03 | 358,620 |
| 7/1/03-6/30/05 | 358,620 |
| 7/1/05-6/30/07 | 358,620 |
| 7/1/07-6/30/09 | 358,620 |
| Total | \$ 1,793,100 |

CONCLUSION

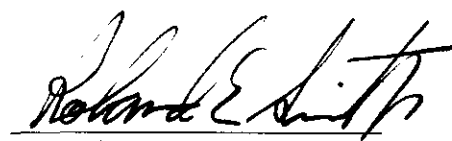
Before approving the Proposed Resolutions, the Council should consider that the contracts between the City and Operation Dignity have not been awarded through the competitive bid process.

Prepared by:


Jack McGinity, CPA

Report completion date:
April 26, 2005

Issued by:


Roland E. Smith, CPA, CFS
City Auditor