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# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Margaret L. O'Brien  
Revenue & Tax  
Administrator

**SUBJECT:** Supplemental Report Regarding The  
Grand Jury's Revenue Management  
Bureau Investigation

**DATE:** September 13, 2016

City Administrator Approval

Date:

9/14/16

## RECOMMENDATION

Staff Recommends That The City Council Accept This Supplemental Report Regarding The Response to the Grand Jury's Revenue Management Bureau Investigation.

## REASON FOR SUPPLEMENTAL

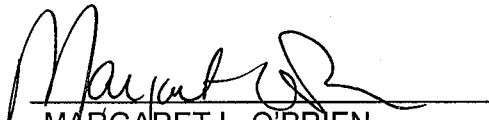
The reason for the supplemental is to supply the City Council with the City Administrator's official response to the Grand Jury's investigation of the Revenue Management Bureau.

## ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends that the City Council accept this Supplemental Informational Report Regarding the Grand Jury's investigation of the Revenue Management Bureau.

For questions regarding this report, please contact MARGARET O'BRIEN, Revenue & Tax Administrator, 510-238-7480.

Respectfully submitted,

  
MARGARET L. O'BRIEN  
Revenue & Tax Administrator,  
Revenue Management Bureau

Attachments: City Administrator's response to the Grand Jury

Item: \_\_\_\_\_  
City Council  
September 20, 2016

# CITY OF OAKLAND



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OFFICE OF THE CITY ADMINISTRATOR  
Sabrina B. Landreth  
City Administrator

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September 21, 2016

Honorable Morris D. Jacobson, Presiding Judge  
Alameda County Superior Court  
1225 Fallon Street, Department One  
Oakland, CA 94612

Dear Honorable Judge Jacobson,

Thank you for the opportunity to respond to the 2015-16 Alameda County Grand Jury Final Report, released on June 21, 2016, which included findings and recommendations regarding City of Oakland Revenue Management Bureau (beginning on page 95 of the report). We appreciate the Grand Jury's work to investigate allegations of various issues within the Revenue Bureau and we provide our responses to the Findings and Recommendations below.

**Finding 16-39:** *City management's failure to effectively communicate process and organizational changes from the period of 2012 through August 2015 caused turmoil in the Oakland Revenue Division and adversely impacted employee morale.*

The City Administration agrees with Finding 16-39.

**Finding 16-40:** *Management turnover and undocumented policies for fee and penalty waivers left the Oakland Revenue Division without clear direction.*

The City Administration partially agrees with Finding 16-40. The City agrees that management turnover and undocumented policies for fee and penalty waivers impacted the implementation of the applicable provisions of the Oakland Municipal Code. The authority to waive penalties and interest on penalties is prescribed in the Oakland Municipal Code. The employees of the Revenue Division do not have the authority vested to them to waive penalties; any lack of clarity about that policy was on the part of management.

**Finding 16-41:** *The lack of current tax collection software license put the city at risk.*

The City Administration respectfully disagrees with this finding because, as further described in response to Recommendation 16-38 below, policies and procedures were established, and adhered to, in order to ensure that the ability to collect local tax revenues was not in jeopardy while a solution to the local tax software issue was being identified.

**Recommendation 16-36:** *The current city of Oakland Finance Director and Revenue & Tax Administrator must update bureau goals and objectives, which must be communicated to employees.*

This recommendation has been implemented.

The Revenue & Tax Administrator is committed to creating an inclusive and open environment in which Bureau employees are provided ownership of their goals and objectives. In February 2016, the Bureau began a comprehensive strategic planning process. This process included all of the Bureau's units and employees. Revenue Operations Supervisors, with the guidance of the Revenue & Tax Administrator, led their staff through problem analysis exercises to create short, mid and long term goals. Every employee was provided the chance to participate and help build the direction of the Bureau. The strategic plan is in its final phase of development and will be disseminated to Bureau employees by the end of the calendar year.

**Recommendation 16-37:** *A new waiver for tax or penalty waivers must be implemented by the City of Oakland. The new policy should clarify to whom a waiver request must be submitted and who has the authority in the absence of the finance director.*

This recommendation has been implemented.

With regards to the collection of tax revenue, the Oakland Municipal Code only provides the Finance Director the authority to waive penalties associated with the collection of local business taxes. The Municipal Code does not provide authority to any employee or officer of the City to waive tax or penalties associated with other tax categories.

Regarding requests for waivers of local business taxes and penalties, a new policy was instituted in December 2016. Verbal requests for waivers of penalties will not be considered. The taxpayer must submit a written request with supporting documentation for a waiver, setting forth the grounds upon which the request is made. In the absence of the Finance Director, the Revenue & Tax Administrator has the authority to consider written requests to waive penalties assessed on business tax accounts. The Revenue & Tax Administrator provides a quarterly update to the City Administrator of all approved waivers.

**Recommendation 16-38:** *The City of Oakland's tax collection software issue must be addressed by either re-authorizing the license for the current software or implementing software from a new vendor.*

This recommendation has been implemented. In November 2015, the City issued a Request for Qualifications/Proposals. A cross-functional team of 19 employees analyzed the proposals and in-house demonstrations received from five vendors. A new system was selected, the Council approved contracting authority, and a contract was negotiated. The new software will go live in November 2016 for the collection of business taxes and March 2017 for the collection of all other local taxes and fees typically collected by the Revenue Management Bureau.

Thank you again for the opportunity to respond to the 2015-2016 Alameda County Grand Jury Final Report concerning the City of Oakland's Revenue Management Bureau.

Sincerely,



Sabrina B. Landreth  
City Administrator

cc: Mayor Libby Schaaf  
Oakland City Council