

Oakland Budget Advisory Commission (BAC) recommendations for 2023-25 Budget cycle

The City of Oakland faces an extremely challenging fiscal future over the next few years. It is facing a significant deficit and numerous unfilled positions providing vital services. Hard decisions need to be made to reduce the deficit. The Consolidated Fiscal Policy contains a number of policies to promote fiscal solvency which are proposed to be waived for the next two fiscal years, as they have been waived for several recent years. In meeting the current deficit and adopting the 2023-25 budget it is essential that fully informed actions be taken to ensure long-term fiscal solvency as required by the Consolidated Fiscal Policy. The Budget Advisory Committee offers the following feedback.

Budgeting Process

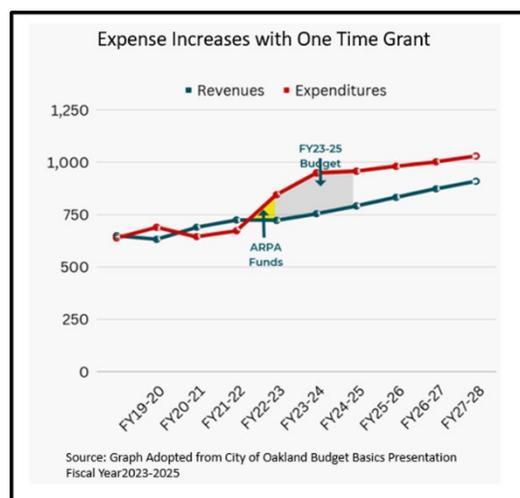
- The current language in the budget is not very lay-person friendly in some sections. Consider lay-person language such as in describing funds by name in addition to the fund number.
- The budget presentation does not touch on some of the major changes including the transfer of staff positions out of the General Fund and use of reserves. It was more of a public relations presentation instead of one to inform decision-making. Future presentations should be more thorough and describe the impact on resident's lives.

Reactions to Current Budget

- The BAC applauds that the current budget does not require layoffs of City staff, continues to invest in affordable housing, and includes Police restructuring to civilianize units as recommended by the Reimagining Public Safety taskforce. The budget also includes a vacancy strikeforce dedicated to filling 340 vacancies across the departments of Public Works, Transportation, Housing and Community Development and more.
- The current fiscal emergency is only partially the result of falling revenues due to COVID and the current Recession. It also reflects rapidly increasing costs over the last three years (as shown in the adjacent chart). Oakland leaders were well aware of this deficit since 2020 and only the Federal bailout prevented the drastic cuts we are now facing. Instead of making prudent and gradual cuts to city services, city leadership chose to “kick the can down the road” and has now created the fiscal emergency we now face. City leadership now has the

opportunity to hit the reset button from decisions made in prior budget cycles.

- Especially of concern was that during the past fiscal year, city leadership chose to reopen the OPOA contract to give wage increases to the police when the contract was nowhere near expiration. This was done in a way that both avoided public input and impacted the city budget for future years, including the FY 23-25 cycle. The BAC recommends that all summaries of tentative agreements be publicly posted in advance of a vote by City Council.



- This budget does not fix the structural deficit and instead uses one-time funds to balance the budget. As a result, the structural deficit will continue into the future. This is not a prudent budgeting practice.
- While the BAC strongly supports civilianizing Police services as recommended by the Reimagining Public Safety taskforce, it may not be realistic to assume that Internal Affairs can be civilianized in one year and thus the budget assumptions for that may not be realistic. We recommend revalidating this assumption against implementation plans to ensure the timeline is realistic.
- It is not prudent to drain all Vital Service Stabilization Funds in the first year when the 5-year forecast shows more trouble to come. City leadership should consider maintaining some of the VSSF. It should also prioritize refunding the VSSF and reserves as soon as possible and before services are restored.
- Preservation of Emergency Reserve – The currently proposed budget does not dip into the Emergency Reserve. It is imperative that the Emergency Reserve be protected in light of future uncertainties.
- Employee Funding by Special Funds – This budget transfers funding for approximately 60 full-time employees to other special-purpose funds, including funds approved by voters. The BAC recommends that, while necessary under current conditions, such funding should be reverted to prior General Funding upon fiscal solvency. When voters approve new funding they are told it will increase services, not that the General Purpose Fund will stop funding the service, and thus service levels will remain constant. This continued behavior by Oakland leaders undermines the ability to raise new future funds.
- Consider a police academy funding plan that only funds the number of academies needed to meet Measure Z staffing levels. Measure Z requires maintaining a staffing level of 678 sworn officers and Oakland currently has 741

sworn officers.

- This budget continues to prioritize Police spending and in fact increases their spending. Oakland continues to spend a higher than average amount per capita on police while achieving below average results. While public safety continues to be a top concern in the Annual Budget Survey, the City should continue to look for methods to decrease the Police spending by civilianizing services as much as possible, making more fiscally prudent use of overtime, and seeking efficiencies in workers compensation insurance
- It is clear from the results of the ballot measure that the community supports the Democracy Dollars program. Therefore Council should fund it as soon as is fiscally prudent.

Recommendations for Future

- While the BAC recognizes that it may be necessary to waive some portions of the Consolidated Fiscal Policy for the next biennial budget, leadership should make complying with the CFP and restoring funding to the Vital Services Stabilization Fund and Other Post Employee Benefits (OPEB) the first priority in the event of a fiscal surplus before restoring services.
- Don't use one-time funding to make long term cost commitments. Federal COVID funding was used to maintain service levels that were non-sustainable long-term.
- In the event that revenues decrease further due to economic conditions the council should consider adopting a further list of cuts so that rapid action can be taken as needed and lessen the effects on the 2023-25 budget. The Council should consider automatic triggers for such action or at a minimum require automatic consideration by the Council when defined thresholds are met (i.e. a specified decrease in revenues).
- BAC recognizes that MOU agreements may be updated outside the budget process. At a minimum, the BAC recommends that all summaries of tentative agreements be publicly posted in advance of a vote by City Council. Where possible, the process should bring in the attributes of a full budget process- such as referring to revenue forecasts for the durations of the agreement, examining tradeoffs with other city expenditures that may contribute to the same function within OPD.
- The proposed budget notes an estimated \$20 million in new revenue from the recently passed business tax reform. The BAC continues to encourage city leadership to identify new sources of revenue.
- As we consolidate, consider more County Coordination, IT Tools and other streamlining.
- Oakland is faced with significant needs and costs associated with homelessness, housing, public health, and alcohol and drug services, and emergency response.

The County of Alameda has a significant responsibility in many of these areas and has significantly greater resources. We recommend that Oakland establish a closer working relationship with Alameda County, leverage their capabilities and not duplicate services. Emergency response is an area to examine carefully. Long term, the City should evaluate if delivery models can maintain fire response times- the primary driver of fire station staffing, while reducing duplication of other emergency responses with the county, where both OFD and county ambulance services respond to the same calls. In the short term, the City should evaluate the impact to OFD staffing from standby time, when county ambulance services are delayed in their response.

- We recommend that the police re-evaluate its beat staffing model to develop a more effective and efficient deployment of police staffing to the areas where they're most needed, i.e. to address violent crimes, and utilize alternate responders to address public safety needs that do not require an armed officer.
- If additional OPD funding is sought through a follow up measure to Measure Z, remove the minimum staffing requirements so that OPD can continue to optimize its service delivery method.

City leaders should gather better, objective data with which to inform future decision making and improve operational performance of OPD. The BAC submitted a April 24, 2022 recommendation to fill and continue funding the OPD Dedicated Standard Public Analyst Position to provide this data. OPD should make public multiple forms of data to assess and improve OPD resource allocation and fiscal accountability, including Quarterly public reports on resource allocation of Patrol Time. OPD should provide more detail in the Calls for Service data to include the number of officers that respond to each incident as recommended by the Reimagining Public Safety Task Force. City leaders should carefully evaluate quarterly overtime reporting to ensure that findings from the audits conducted by the City Auditor in 2019 and 2022 are followed. The BAC also encourages gathering of broader data to better quantify the factors that most impact public safety over time, including ODP staffing, local employment rate, and income disparity, to help inform future decision making.

Passed by the Budget Advisory Commission
MAY 22, 2023