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Date: March 7, 2019

To: Members of City Council and Members of the Public
From: Council President Kaplan and Councilmember Thao
Re: Resolution Awarding A Contract to Harvey M. Rose Associates, LLC, For Up To \$50,000 To Conduct An Independent Budget And Finance Analysis Of The Proposed Fiscal Year 2019-21 Budget For The City Council In Connection With The Fiscal Year 2019-21 Budget Development Process, And Allocating \$50,000 In Fiscal Year 2018-2019 City of Oakland General Purpose Funds (1010) For the Contract

Dear Colleagues on the City Council and Members of the Public,

As Councilmembers, adopting the budget for City of Oakland is one of our most important functions. Every year we make determinations of how best to use revenue to meet the needs of our residents and in that process, the public expects a comprehensive review. For this reason, we are seeking to contract with Harvey M. Rose Associates, LLC to perform a detailed and independent analysis of the City of Oakland's 2019-2021 Budget.

Harvey M. Rose has the unique background of servicing multiple municipalities and government bodies including: Los Angeles, Santa Clara County, San Francisco, and Oakland. On July 12, 2016, the Finance Committee discussed the matter of a budget analyst for the City Council and set aside funds on the 2016-2017 budget. Months were spent crafting an exhaustive scope of work and RFP process, which found that Harvey M. Rose Associates, LLC had the type of specialized background to perform this work best, memorialized in Resolution No. 86743.

Last time, unfortunately, Harvey M. Rose Associates, LLC, only had an estimated two weeks to perform an extensive analysis and we'd like to ensure that we give our contractor enough time to request the needed documents in working with our city administrator, in order to best support the Council in making the most information budgetary decisions.

Attachment A of the Resolution is a description of the scope of work we are seeking that is an expansion upon the Scope created by Resolution No. 86743. For example, we strive to better understand issues around vacancies, salary savings, of our contract contingencies, administrative projects, of encumbrance and reserve amounts and ask question like are any fund reserves in excess of actual need or an explicit policy choice for how much to keep on reserve?

To make informed decisions and in the spirit of good governance, we sincerely ask for your support on this matter.

Sincerely,

Rebecca Kaplan
Council President

Sheng Thao
Councilmember, District 4

Attachment A

Proposed Scope of Work

Harvey M. Rose Associates (HMR) will provide independent analysis of the City of Oakland's proposed 2019-2021 budget, including the following:

1. Overview of General Purpose revenues and expenditures, including multi-year budget-to-actual analysis of all General Purpose Fund departments
2. Detailed review of the Police and Fire Departments' budgets, particularly focused on overtime
3. Review of Non-Departmental budget, which is third largest General Purpose Fund budget category, after Police and Fire
4. Analysis of major areas of budget year increases, including increases in the number of FTEs over the past three years
5. Analysis of positions, vacancies, and salary savings
6. Analysis of contract contingencies, administrative projects, and other unspecified accounts
7. Analysis of encumbrance and reserve amounts
8. Analysis of information technology and other multi-year projects

HMR proposes to answer the following questions:

- Are there recurring patterns over the last three years of budgeted but unspent activities for which funding could be reduced to provide funding for other purposes?
- What are some of the larger proposed areas of increase for FY 2019-20 and were assumptions used about the speed of hiring new positions or completing projects or other rates of expenditure realistic? Could some proposed new funding be reduced without affecting the actual timing of the new or expanded initiatives?
- Are actual salary expenditures in some departments less than budgeted amounts, indicating higher vacancy and turnover rates than budgeted for and the potential for the City to redirect budgeted salary funding to other purposes?
- Are funds budgeted for nonspecific purposes that could be redirected to other purposes?
- Have any funds from past budget years been encumbered for contracts and projects that are no longer valid?
- Are funds for ongoing projects and contracts included in the budget year when prior years' amounts have not yet been spent?
- Are any fund reserves in excess of actual need or an explicit policy choice for how much to keep on reserve?


HMR will work with the City Administrator, Director of Finance, and City department staff to ask questions and obtain source documents. Timely completion of the tasks noted above is dependent on expeditious provision of requested financial, personnel and other information by City staff.

We will discuss our potential findings and recommendations with the City Administrator, Director of Finance, representatives of analyzed departments, and the President of the City Council and Chair of the Council's Rules Committee to validate our understanding, and will summarize our budget findings and recommendations in a written report. We will provide status updates to City Council members, as requested, and be available to present our budget findings and recommendations in a public hearing.

This work is to be completed by June 30, 2019. Estimated hours to complete these tasks will be 266 with an average hourly rate of \$186, resulting in total fees for this work of \$49,250, as detailed below. Actual fees will be based on actual hours required to complete these tasks but will not exceed \$49,250. These fees are inclusive of all costs.

	Principal in Charge	Principal Analyst	Senior Analyst	Senior Analyst	Total
	\$225	\$190	\$170	\$170	
1. Overview of General Purpose revenues and expenditures	12				12
2. Review of Police and Fire with a focus on overtime		36			36
3. Review on Non-Departmental budget	4		24		28
4. Analysis of major areas of budget year increases	8				8
5. Analysis of positions, vacancies, and salary savings		8	36		44
6. Analysis of contract contingencies, administrative projects, unspecified accounts	4			20	24
7. Analysis of encumbrance and reserve amounts	4			20	24
8. Analysis of information technology and other multi-year projects		6		16	22
9. Prepare findings and recommendations	8	12	8	8	36
10. Review draft with City staff	4	4	4	4	16
11. Finalize report	8	6	6	6	26
Total Hours	52	72	68	74	266
Total Amount	\$11,700	\$13,680	\$11,560	\$12,580	\$49,520

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City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

INTRODUCED BY COUNCIL PRESIDENT KAPLAN AND COUNCILMEMBER THAO

RESOLUTION AWARDING A CONTRACT TO HARVEY M. ROSE ASSOCIATES, LLC, FOR UP TO \$50,000, TO CONDUCT AN INDEPENDENT BUDGET AND FINANCE ANALYSIS OF THE PROPOSED FISCAL YEAR 2019-21 BUDGET FOR THE CITY COUNCIL IN CONNECTION WITH THE FISCAL YEAR 2019-21 BUDGET DEVELOPMENT PROCESS, AND ALLOCATING \$50,000 IN FISCAL YEAR 2018-2019 CITY OF OAKLAND GENERAL PURPOSE FUNDS (1010) FOR THE CONTRACT

WHEREAS, in 2017 the City issued a request for proposals for a qualified consultant to conduct an analysis of the Mayor's proposed budget and the City's budget practices and to report on the findings and analyses to the City Council for its budget deliberations; and

WHEREAS, the City received only one response from, Harvey M. Rose Associates, LLC, a highly qualified firm and pursuant to Resolution No. 86743 C.M.S., awarded a contract to Harvey Rose Associates, LLC, to analyze the following topics: multi-year budget to actual expenditures and revenues with a focus on police, fire, information technology, and planning and building operations and services; major areas of budget year increases, including increases in the number of staff FTEs; salary savings; encumbrance and reserve adjustments; and potential revenue enhancement options, with a focus on property, sales, documentary transfer, utility, and business license fees; and

WHEREAS, the City Council wishes to waive the request for proposal process and again contract with Harvey M. Rose Associates, LLC for budget analysis and related services as set forth in the scope of work detailed in Attachment A, attached hereto, based on the firm's expertise and prior work for the City Council which will enable them to perform the work more efficiently, effectively and expeditiously; and

WHEREAS, the consultant will report to the President of the Council and Chair of the Rules Committee; and

WHEREAS, Oakland Municipal Code Section 2.04.051.B allows the City Council to waive the City's standard request for proposals/qualifications process for award of professional services contracts upon a finding that it is in the City's best interest to do so; and

WHEREAS, funds are available for the proposed contract in General Fund Reserve; and

WHEREAS, the proposed contract is of a professional, technical and temporary nature and the City Administrator has determined that it will not result in the loss of employment or salary by any person having permanent status in the competitive service; now, therefore, be it

RESOLVED: That the City of Oakland shall allocate \$50,000 of unexpended FY 2018-19 City of Oakland General Purpose Funds (1010) to procure contracted services for Budget Analysis of the FY 2019-21 Budget; and be it

FURTHER RESOLVED: That, for the reasons stated above, the City Council hereby finds that waiver of the advertising and request for proposals/qualifications process is in the best interests of the City and hereby waives the requirements for the proposed contract; and be it

FURTHER RESOLVED: That a contract is hereby awarded to Harvey M. Rose Associates, LLC, in an amount up to fifty thousand dollars (\$50,000) to conduct an independent Budget and Finance analysis of the proposed FY 2019-21 budget for the City Council in connection with the FY 2019-21 budget development process in accordance with the scope of work set forth in Attachment A, attached hereto and incorporated as if fully set forth herein; and, be it

FURTHER RESOLVED: That the City Administrator or her designee is hereby authorized to amend the appropriation for the FY 2018-2019 General Purpose Funds (1010) in the amount of \$50,000 to contract with Harvey Rose Associates, LLC; and be it

FURTHER RESOLVED: That in addition to the independent analysis referenced above of the proposed FY 2019-21 Budget, Harvey M. Rose & Associates, LLC, may conduct additional analyses as needed and if directed, pending the availability of funds up to the approved contact amount; and be it

FURTHER RESOLVED: That the consultant will report directly to the President of the Council and Chair of the Rules Committee, and will work collegially with the City Administrator, or her designee, to obtain relevant information including, but not limited to, past budget documents, memoranda, reports and other information as necessary to execute the scope of work in a timely manner; and be it

FURTHER RESOLVED: That the City Administrator and her designees are hereby authorized to take all actions necessary with respect to the proposed contract and any ancillary documents as are consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of the City of
Oakland, California