



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Adam Benson
Director of Finance

SUBJECT: FY 2020-21 Proposed
Mid-cycle Budget
Errata No. 3 - Supplemental

DATE: June 19, 2020

City Administrator Approval

Date: June 19, 2020

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Amending Resolution No. 87759 C.M.S., Which Adopted The City Of Oakland's Fiscal Year 2019-21 Biennial Budget, To Make Mid-cycle Budget Adjustments To: (1) Fiscal Year 2020-21 General Purpose Fund Revenue Projections; (2) Fiscal Year 2020-21 General Purpose Fund Appropriations; And (3) Fiscal Year 2020-21 Non-General Purpose Fund Revenue Projections And Appropriations.

REASON FOR SUPPLEMENTAL

This supplemental report outlines the budget adjustments (errata) to the Fiscal Year (FY) 2020-21 Proposed Mid-cycle Budget (Midcycle).

These errata are presented in response to the feedback from Council and the public and incorporates substantial new State and Federal grant revenues. The focus of these errata are reducing the funding and scope of the Oakland Police Department (OPD), eliminating the need for employee concessions, and allocating new restricted grant revenues to address homelessness, workforce training, and COVID-19 relief.

The proposed change reduces funding for the OPD, redirects funding to the City Administrator's Office (CAO), Department of Violence Prevention (DVP), the Human Services Department (HSD), and the Department of Transportation (DOT), and civilianizes some functions within OPD. Specifically, the proposed change:

- Freezes 4.00 FTE vacant Police Officer positions in the Traffic Enforcement Motor Unit and redirects \$1 million in funding from OPD to DVP for the Mobile Assistance Community Responders of Oakland (MACRO) program and contract expansion and restoration;
- Reduces O&M in OPD by \$0.56 million;

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- Transfers 1.00 FTE Police Services Technician II, 27.20 FTE Crossing Guards, PT, and 2.00 FTE Crossing Guards, PPT from OPD Traffic Operations to DOT Crossing Guard Services resulting in an increased Central Services Overhead (CSO) cost of \$0.04 million. To offset, the proposed change adds contributions from the fund balance in Measure BB Local Streets and Roads Fund (2218), Measure BB Bike and Pedestrian Fund (2219), and in Traffic Safety Fund (2416). This amounts to a transfer of \$1.82 million from OPD to DOT;
- Transfers positions and O&M in OPD Neighborhood Services (0.50 FTE Office Assistant I PT, 1.00 Program Analyst III, 2.00 FTE Police Services Technician and 9.00 FTE Neighborhood Services Coordinator) to CAO. This amounts to a transfer of \$2 million from OPD to CAO;
- Transfers 3.00 FTE of sworn police personnel in the OPD Homelessness Unit from Parks Measure Q (2244) to the GPF (1010). Also, in Parks Measure Q (2244), it eliminates \$0.14 million in OPD overtime and adds \$0.90 million in O&M to enhanced encampment management services;
- Civilianizes Public Information and Fleet Compliance functions in OPD. It freezes 2.0 FTE Police Officer positions in the Police Information Technology and Public Information Offices and adds civilian positions (1.0 FTE Public Information Officer and 1.0 FTE Fleet Compliance Coordinator), resulting in \$0.18 million in savings; and
- Civilianizes the Intake and Investigations Sections in OPD Internal Affairs. It freezes 4.00 FTE Police Officers and 1.00 FTE supervising Sergeant of Police in the intake unit and adds 4.00 FTE Intake Technicians and 1.00 FTE Complaint Investigator III. It freezes 4.00 FTE Sergeants in the investigations unit and adds 4.00 FTE Complaint Investigator IIs. These changes would be effective January 1, 2020 to allow time to recruit civilian positions and to align with the annual OPD Sworn draw. The savings would be \$0.5 million over six months.

The proposed change eliminates \$11.2 million in labor concessions in the GPF (1010) and balances with the following:

- Eliminates \$0.45 million for travel for one year;
- Reduces the Oakland Coliseum Lease payment by \$0.125 million;
- Freezes 2.00 FTE in the Finance Department for an additional three months (totaling a one year freeze) impacting payroll operations;
- Reduces funding for settlement claims by \$1 million;
- Appropriates \$5.5 million in revenue from the State's allocation of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) for COVID-19 related expenditures; and
- Appropriates \$3.6 million in anticipated future revenue from FEMA reimbursement.

The proposed change appropriates \$36.9 million of revenue from the State's allocation of the CARES Act in the Cares Act Relief Fund (2071). It adds \$10 million for COVID-19 related expenses (\$4.5 million in FY 2019-20 and \$5.5 million in FY 2020-21) and it adds \$26.9 million to be allocated by Council.

The proposed change transfers 15.00 FTE from the Contract & Compliance Division in the City Administrator's Office to the newly created Department of Workplace and Employment Standards. It freezes 1.00 FTE Director of Contracts & Purchasing, adds 1.00 FTE Deputy

Director of Workplace and Employment Standards, and adds \$0.08 million in O&M to the new department to support completion of a disparity study and supporting systems towards development of a potential race-based contracting program. This transfer impacts the GPF (1010), OBRA: Leasing & Utility Fund (5671), and the Grant Clearing Fund (7760).

The proposed change appropriates the second allocation of the Emergency Solutions Grants (ESG) awarded by the U.S. Department of Housing and Urban Development (HUD) through the CARES Act in the amount of \$19.28 million. It also adds the following services to FY 2020-21: \$1 million for Family Shelter/Family Services, \$5 million for Community Cabins, \$1.05 million for St. Vincent's, \$0.13 million for Outreach, and \$0.95 million for provider and HSD Admin. In FY 2021-22, it adds \$4 million for Community Cabins, \$1.05 million for St. Vincent's, \$1.3 million for Exit Strategies, \$2.00 million for Homelessness Prevention, \$1.8 million to maintain non congregate trailer site, and \$0.95 million for provider admin/HSD admin. The family shelter/services, community cabins, St. Vincent, exit strategies, outreach, and prevention services are being transferred out of the Homeless Housing Assistance and Prevention (HHAP) budget. HHAP is now allocating \$10 million in FY 2021-22 to buy Permanent Supportive Housing (PSH) and Extremely Low Income (ELI) units.

The proposed change increases Workforce Innovation and Opportunity Act grant revenue and expenditures by \$1.33 million for job training in the Workforce Investment Act fund (2195).

The proposed change in Head Start program reclassifies 5.00 FTE Recreation Attendant I, PT as 5.00 FTE Head Start/Early Head Start Instructor, PT in DHS.

The proposed change in the Resolution provides the City Administrator the authority to create fund accounts and projects necessary for recording the appropriations included in this budget.

The proposed change in the Resolution provides the City Administrator the authority to transfer additional appropriations between any departments impacted by reorganizations included in this budget.

The proposed change removes the restoration of labor concessions in Exhibit 4.

The allocations proposed in the errata are in accordance with the amended Consolidated Fiscal Policy (Ordinance No.13487 C.M.S.).

BACKGROUND / LEGISLATIVE HISTORY

On May 26, 2020, City Council first heard a report on the FY 2020-21 Proposed Mid-cycle Budget. Consistent with past practice, these errata amend the Midcycle Budget. These errata reduce funding in OPD, eliminate labor concessions, reduce personnel and O&M expenditures in the GPF (1010), appropriate revenue from CARES Act and FEMA reimbursements, appropriate additional ESG grant revenue and expenditures, and appropriate additional WIOA grant revenue and expenditures. These errata also make cost neutral revisions in some Non-GPF Funds in Exhibits 3.

ANALYSIS AND POLICY ALTERNATIVES

The FY 2020-21 Proposed Mid-cycle Budget may be accessed on the Budget Bureau website (<https://www.oaklandca.gov/topics/budget>) and is included as an attachment on the City's Agenda Management website for this item (<https://oakland.legistar.com/Calendar.aspx>). A hardcopy of the FY 2020-21 Proposed Mid-cycle Budget will also be available in the City Clerk's Office.

FISCAL IMPACT

The fiscal impacts are described in the FY 2020-21 Proposed Mid-cycle Budget. These errata increase grant revenue and expenditures by \$20.62 million, increase CARES Act and FEMA reimbursement revenue and expenditures by \$40.5 million, and makes other cost neutral transfers of funding between departments.

PUBLIC OUTREACH / INTEREST

During the two-year budget, extensive public outreach was completed including a scientific poll, informal survey, and community outreach forums. This Mid-cycle amendment did not require any additional public outreach.

See the City's Budget website for additional information: www.oaklandca.gov/budget.

COORDINATION

The Finance Department worked with all City departments in preparing the FY 2020-21 Proposed Mid-cycle Budget.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed errata increase funding for homelessness, job training, and COVID-19 relief. There may be economic impacts depending on the decisions made by the Mayor and Council.

Environmental: The impact of the City's appropriations can have a considerable effect on the local environment impacts depending on the decisions made by the Mayor and Council.

Race and Equity: The Midcycle is a significant tool for improving race and equity. Budgetary decisions made with equity as a focus can help to mitigate the inequitable circumstances of Oakland residents. The Midcycle specifically emphasizes the area of youth, housing, and homelessness to address social equity.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Amending Resolution No. 87759 C.M.S., Which Adopted The City Of Oakland's Fiscal Year 2019-21 Biennial Budget, To Make Mid-cycle Budget Adjustments To: (1) Fiscal Year 2020-21 General Purpose Fund Revenue Projections; (2) Fiscal Year 2020-21 General Purpose Fund Appropriations; And (3) Fiscal Year 2020-21 Non-General Purpose Fund Revenue Projections And Appropriations.

For questions regarding this report, please contact Lisa Agustin, Budget Administrator at 510-238-2989.

Respectfully submitted,



ADAM BENSON
Director of Finance

Prepared by:
Lisa Agustin, Budget Administrator

Attachment (1):

- Exhibit 1: FY 2020-21 Proposed Mid-cycle Budget Errata No. 3