



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Margaret L. O'Brien  
Director of Finance, Interim

**SUBJECT:** Mayor and Council Budget Priorities

**DATE:** March 25, 2021

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City Administrator Approval 

Date: Mar 25, 2021

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## **RECOMMENDATION**

**STAFF RECOMMENDS THE CITY COUNCIL RECEIVE AN INFORMATIONAL REPORT TO BEGIN DISCUSSING MAYOR AND COUNCIL PRIORITIES FOR THE FISCAL YEAR (FY) 2021-23 BUDGET BASED ON PRELIMINARY PROJECTED INCREASES OR DECREASES IN THE NEXT BUDGET IN ACCORDANCE WITH THE CONSOLIDATED FISCAL POLICY (ORDINANCE 13487 C.M.S.)**

## **EXECUTIVE SUMMARY**

Pursuant to the adoption of the Consolidated Fiscal Policy ("CFP") Ordinance No. 13487 C.M.S., the Mayor and City Council are required to hold a biennial budget workshop to begin discussing priorities for the upcoming two-year budget cycle. Attached are the results of the budget priorities poll (***Attachment A***) which was presented to Council in early March.

## **BACKGROUND / LEGISLATIVE HISTORY**

On December 9, 2014, the City Council adopted the CFP (Ordinance 13279 C.M.S.). The CFP was amended on May 15, 2018, by the City Council (Ordinance 13487 C.M.S.) as part of a regular review of the City's financial policies and to amend the definition of "excess" Real Estate Transfer Taxes.

Section 3.2 of the CFP requires the Council to hold a budget workshop with the purpose of the providing the Mayor and Council with the opportunity to discuss priorities for the coming budget cycle.

## **FISCAL IMPACT**

There is no direct impact from the receipt of this informational report, however adoption of clear budget priorities will have positive benefits on the City's ability to manage financial matters during the coming biennial process.

Special City Council  
March 30, 2021

## **PUBLIC OUTREACH / INTEREST**

The Mayor and members of the City Council may have conducted public outreach in the development of their individual priorities. All involved policy makers have been briefed on the results of the budget priorities poll, a randomized scientific survey of about 1600 residents.

## **COORDINATION**

This report has been prepared in coordination with Department of Finance and City Administrator's Office. The attached priorities documents reflect the work of the Mayor and members of the City Council.

## **SUSTAINABLE OPPORTUNITIES**

***Economic:*** Clearly developed budget priorities can help the City advance its goal of expanding economic opportunity. However, there are no direct economic impacts resulting from the receipt of this report.

***Environmental:*** Clearly developed budget priorities can help the City advance its goal of environmental sustainability. However, there are no direct environmental impacts resulting from the receipt of this report.

***Race & Equity:*** Clearly developed budget priorities are central to the City's goal of advancing racial equity. Without clearly developed budget goals and priorities that are rooted in the values of promoting equity and avoiding additional inequity, the budget process and its outcomes can fail to achieve this key objective. The presence of clear goals grounded in equity can help facilitate a budget process and ultimately an adopted budget that helps to address racial disparities. However, there are no direct racial equity impacts resulting from the receipt of this report.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends the City Council Receive An Informational Report To Begin Discussing Mayor And Council Priorities For The Fiscal Year (FY) 2021-23 Budget Based On Preliminary Projected Increases Or Decreases In The Next Budget In Accordance With The Consolidated Fiscal Policy (Ordinance 13487 C.M.S.)

For questions regarding this report, please contact Margaret L. O'Brien, Interim Director of Finance, at (510) 238-7480.

Respectfully submitted,

*Margaret L. O'Brien*

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Margaret L. O'Brien  
Interim Finance Director

Reviewed by:  
Lisa Agustin, Budget Administrator

Prepared by:  
Bradley Johnson, Asst. Budget Administrator

Attachment (1):  
A: Budget Priorities Poll



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# **2021 City of Oakland Budget Priorities Survey**

*Key Findings from a Survey of Oakland Residents  
Conducted December 17, 2020 to January 7, 2021*



OPINION  
RESEARCH  
& STRATEGY



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# **Why Oakland Regularly Conducts this Survey**

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# Why We Conduct the Budget Survey

- ✓ The Budget Survey is conducted at the direction of the City's Consolidated Fiscal Policy (CFP).
- ✓ The CFP directs the City to conduct a statistically valid survey to assessing the public's concerns, needs and priorities prior to the development of the biennial budget.
- ✓ It further states that the poll should be representative of Oakland's diverse population in terms of race and ethnicity, income, neighborhood, age, profession, family size, homeownership/renter-ship and other characteristics.
- ✓ The CFP states that the Budget Survey is basis and tool for the Mayor and Council to begin discussing priorities for the coming biennial budget cycle.

# Research Process



Budget Advisory Commission (BAC) Meeting to Determine Survey Goals



FM3 Drafts Survey Questionnaire



BAC & Other City Stakeholders Review Questionnaire



Budget Bureau Approves Final Questionnaire



FM3 Conducts Survey



FM3 Presents Draft Results to Mayor and Administrative Staff



FM3 Presents Final Results to Budget Advisory Commission



FM3 Presents Final Results to City Council



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# **Survey Methodology**

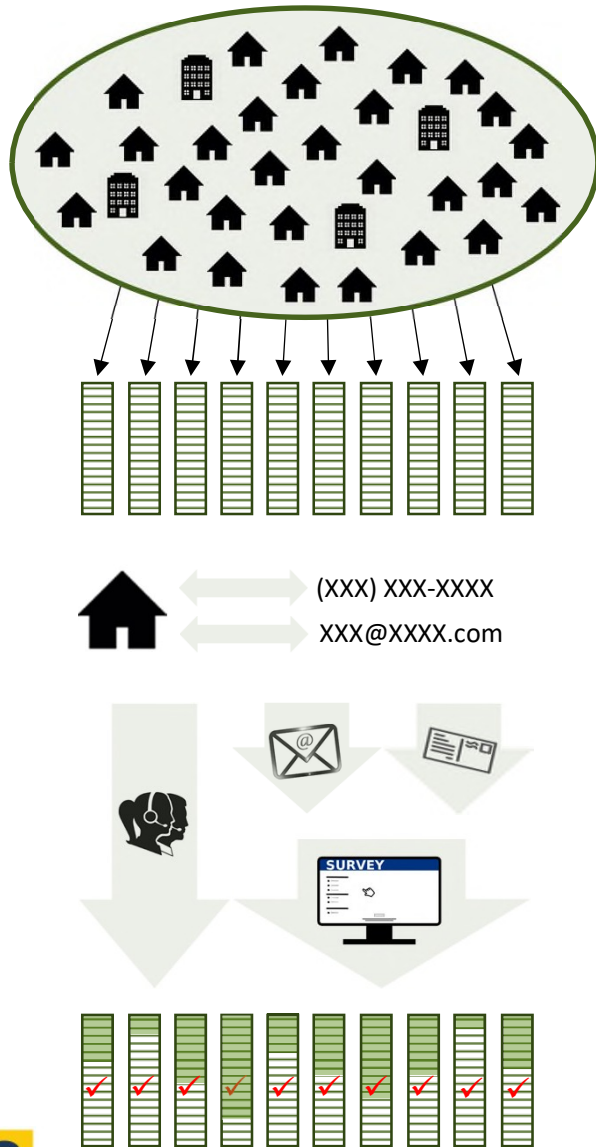


# Survey Specifications



- ✓ 1,862 interviews with randomly selected Oakland residents conducted in English, Spanish and Chinese
- ✓ Conducted Dec. 17, 2020-Jan. 7, 2021, online and via landline/cell phones
- ✓ Participants were invited to participate by phone call, an email, or a postcard
- ✓ Margin of sampling error of  $\pm 2.8\%$  at the 95% confidence interval ( $\pm 6.3\%$  to  $\pm 6.6\%$  in each City Council District)
- ✓ Due to rounding, some percentages do not add up to 100%
- ✓ Selected comparisons to prior research in the city in 2018, 2017, 2015 (voters only), 2005, 2002 and 2000

# FM3's Address-based Survey Approach



A city provides FM3 with a list of residential addresses

FM3 pulls a random sample of stratified clusters; each cluster contains residences with similar geographic characteristics (e.g., postal carrier route, zip code, city council district, etc.).

FM3 uses publicly and commercially available databases to match phone numbers and email addresses to residents living at the addresses.

FM3 contacts residents by phone, email and postcard, completing phone interviews, and inviting email/postcard recipients to take the survey online.

FM3 completes one interview in each cluster and uses US Census-derived demographic quotas to ensure the sample reflects the overall adult universe.

# Profile of Survey Respondents

- The sample was designed to reflect US Census data for adults (ages 18+) by age, gender, Council District, race/ethnicity, and homeowner/renter.
- 20% of Oakland's population is under age 18 (thus not eligible to participate in the survey), and those residents are disproportionately Latino and in lower-income/renter households.
- When response rates were slightly higher for any particular group (such as college-educated residents), data were weighted to match the demographics of residents 18+ in the community.
- Data were also weighted to ensure each split sample was representative.

Demographic Group	Survey Respondents
Men	47%
Women	50%
<i>Ages 18-50</i>	55%
<i>Ages 50+</i>	42%
White Residents	30%
Latino Residents	20%
African American Residents	25%
Asian/Pacific Islander Residents	17%
<i>Residents without a college degree</i>	47%
<i>College+ residents</i>	50%

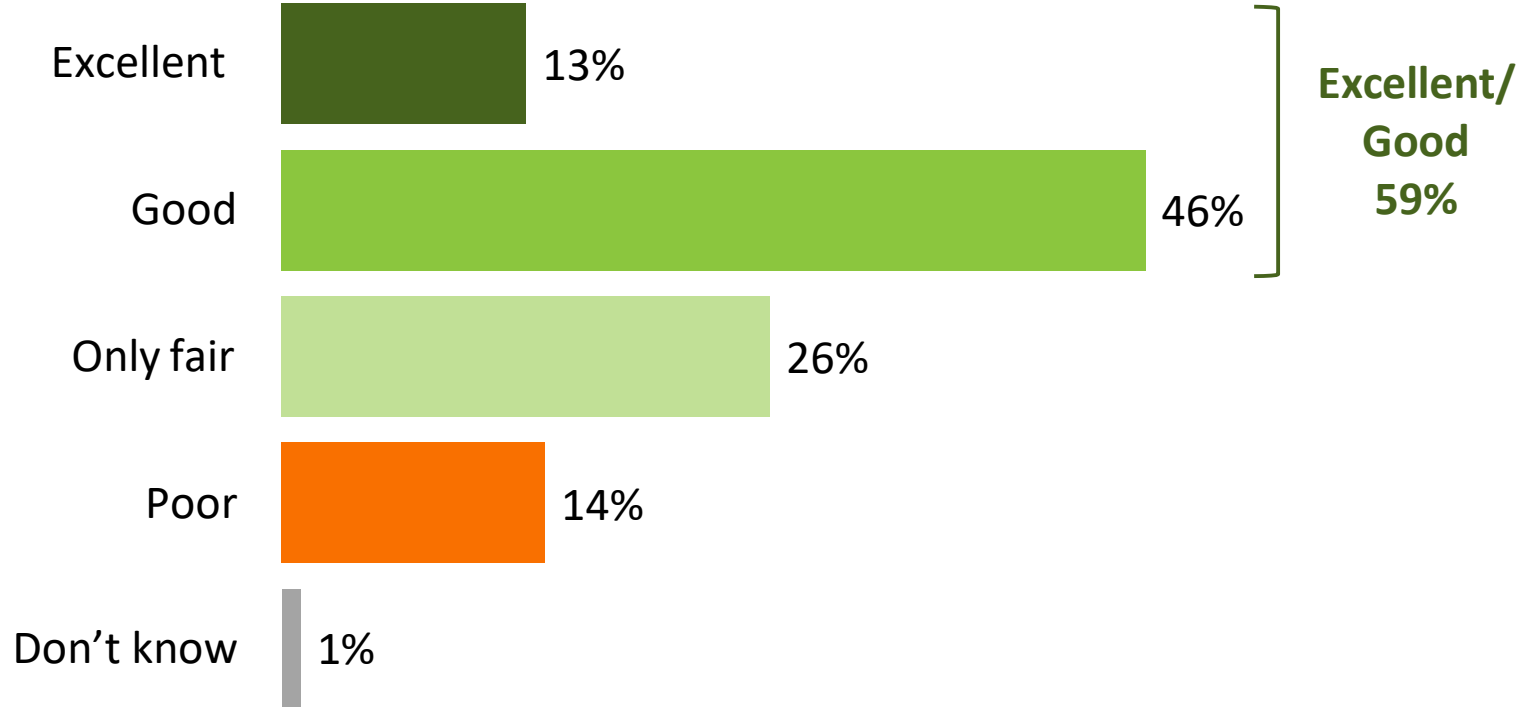


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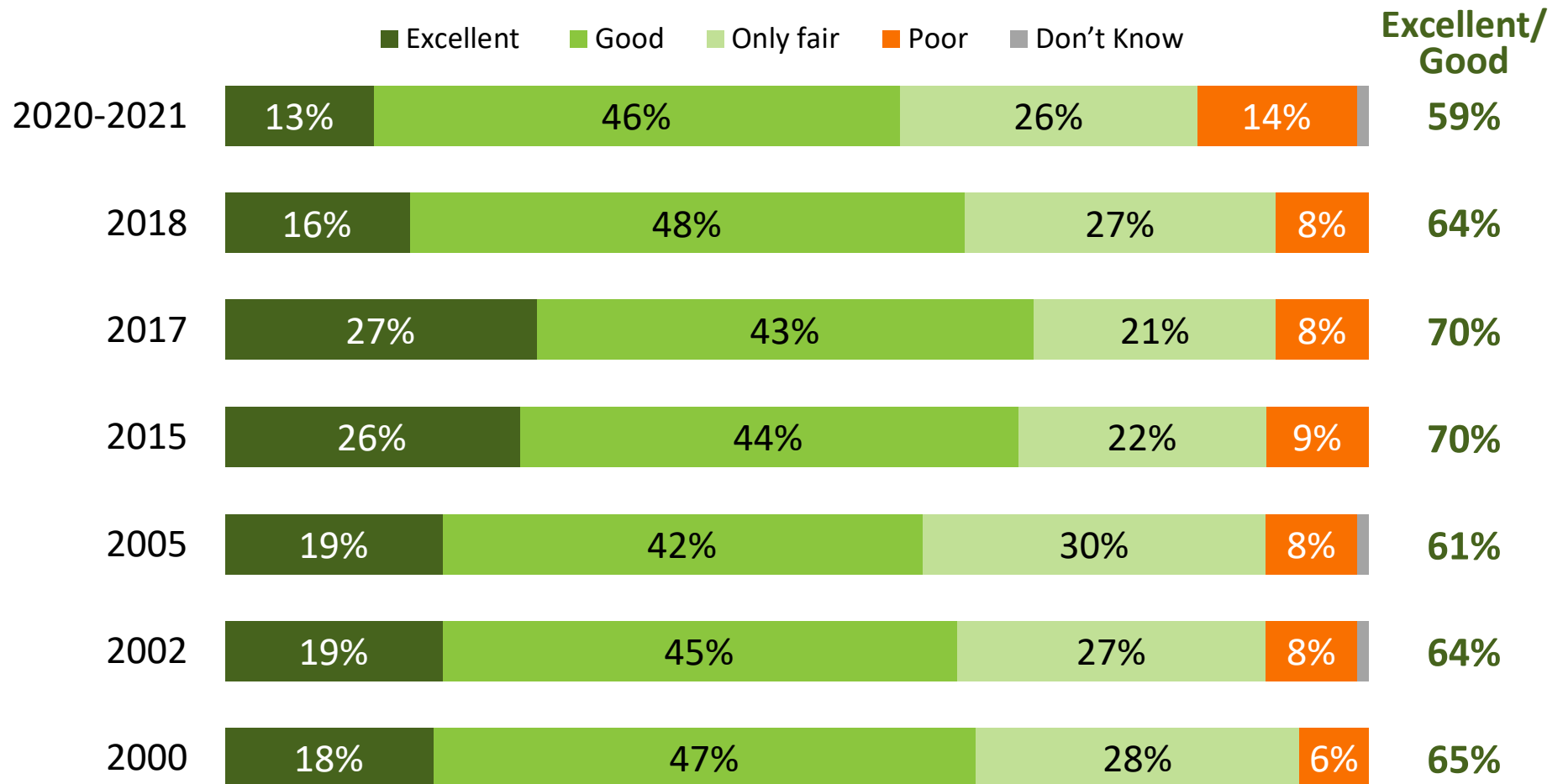
# **Impressions of Life in Oakland and City Government**

# About three in five residents rate Oakland an “excellent” or “good” place to live.

*Generally speaking, how would you rate Oakland as a place to live:  
Is it an excellent place to live, a good place, only fair, or a poor place to live?*

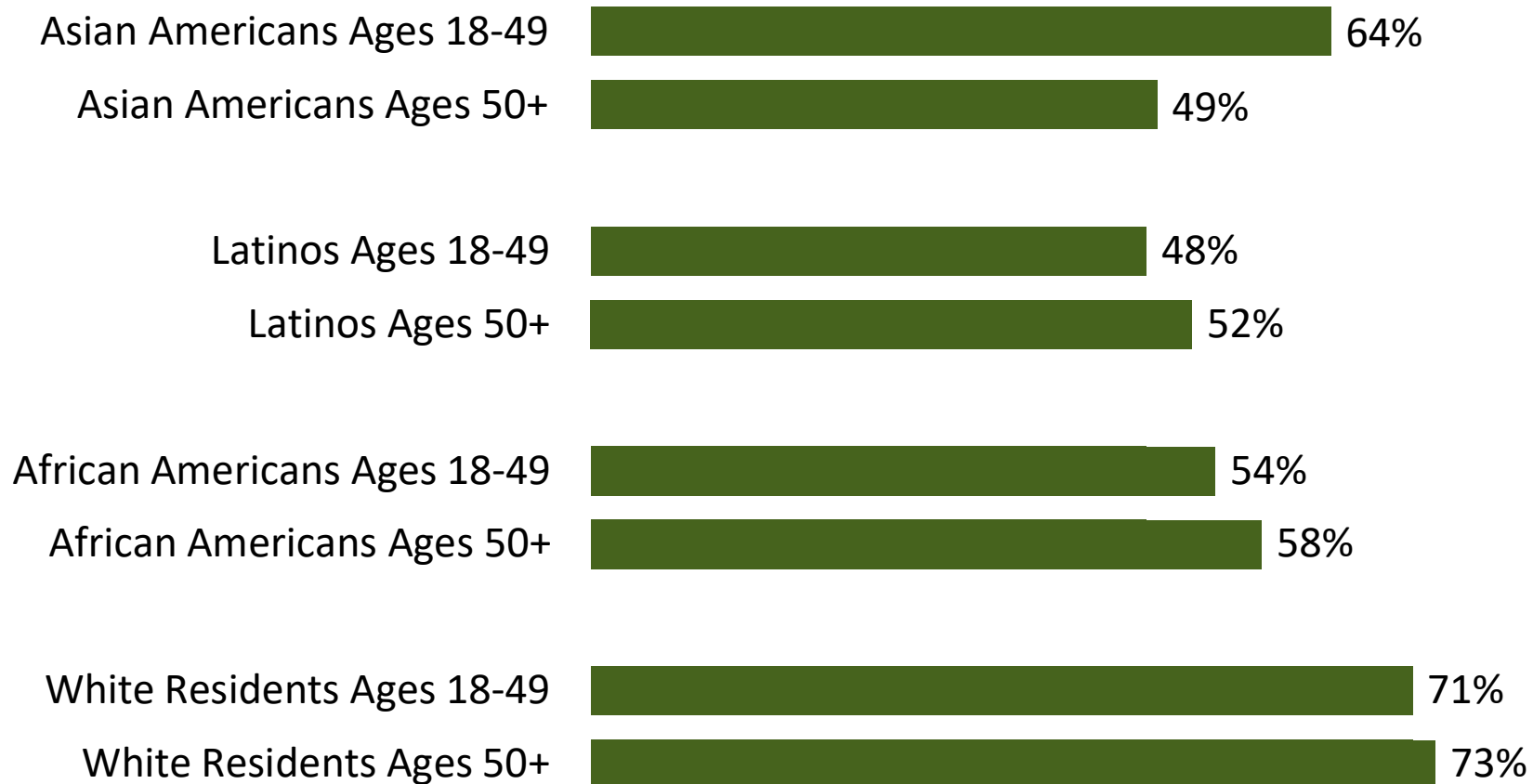


# The share who rated quality of life “poor” has grown in the last two years.



# White residents also report higher quality of life ratings.

*Oakland is an Excellent/Good Place to Live by Race/Ethnicity by Age*



# Hills residents are much more likely to give good marks to quality of life.

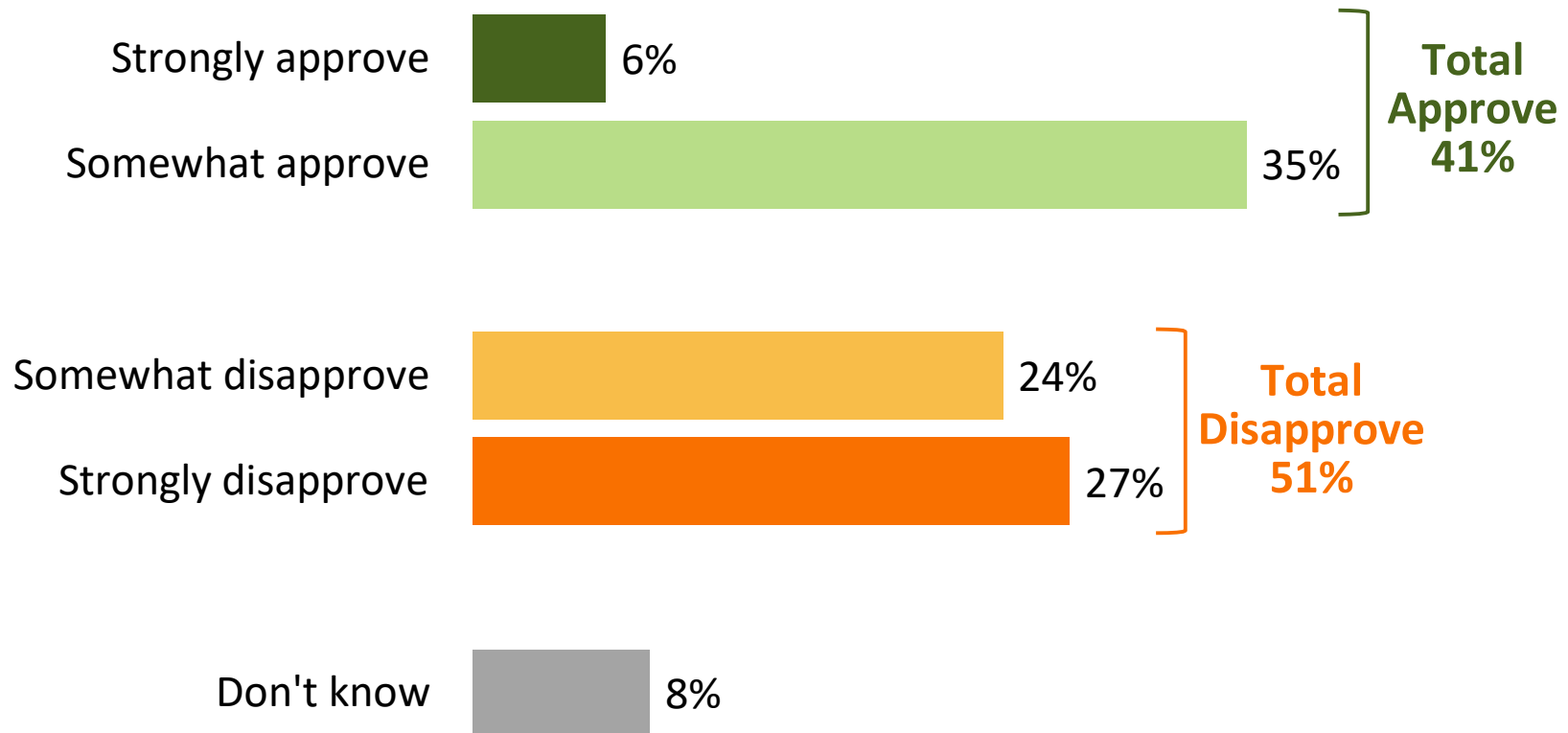
*Oakland is an Excellent/Good Place to Live by Hills/Flats & City Council District*





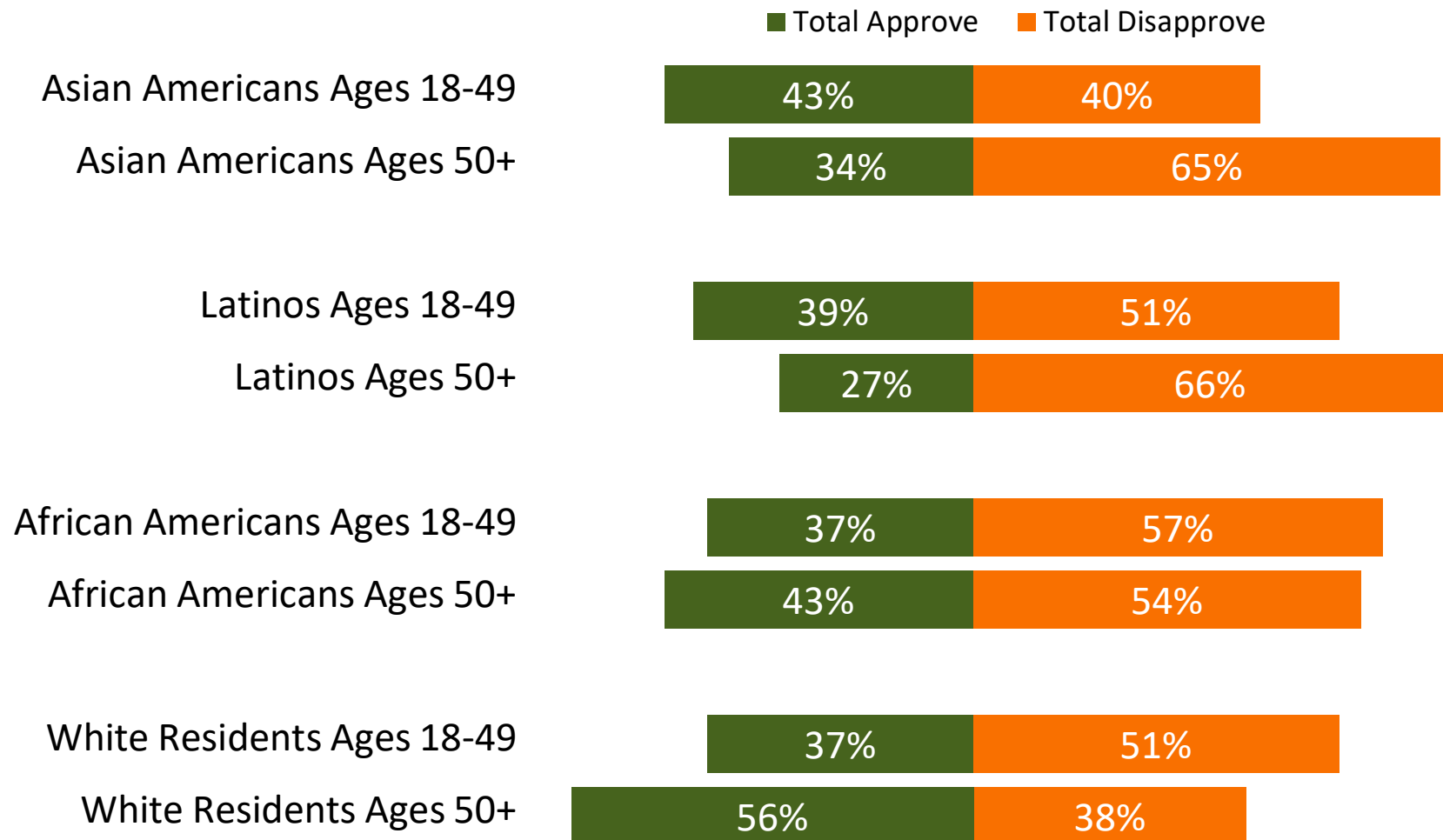
# Half disapprove of the City's work providing services to people who live here.

*Do you approve or disapprove of the overall job being done by Oakland City government in providing services to the people who live here?*



# Older white residents approve of City service provision by a comparatively wide margin.

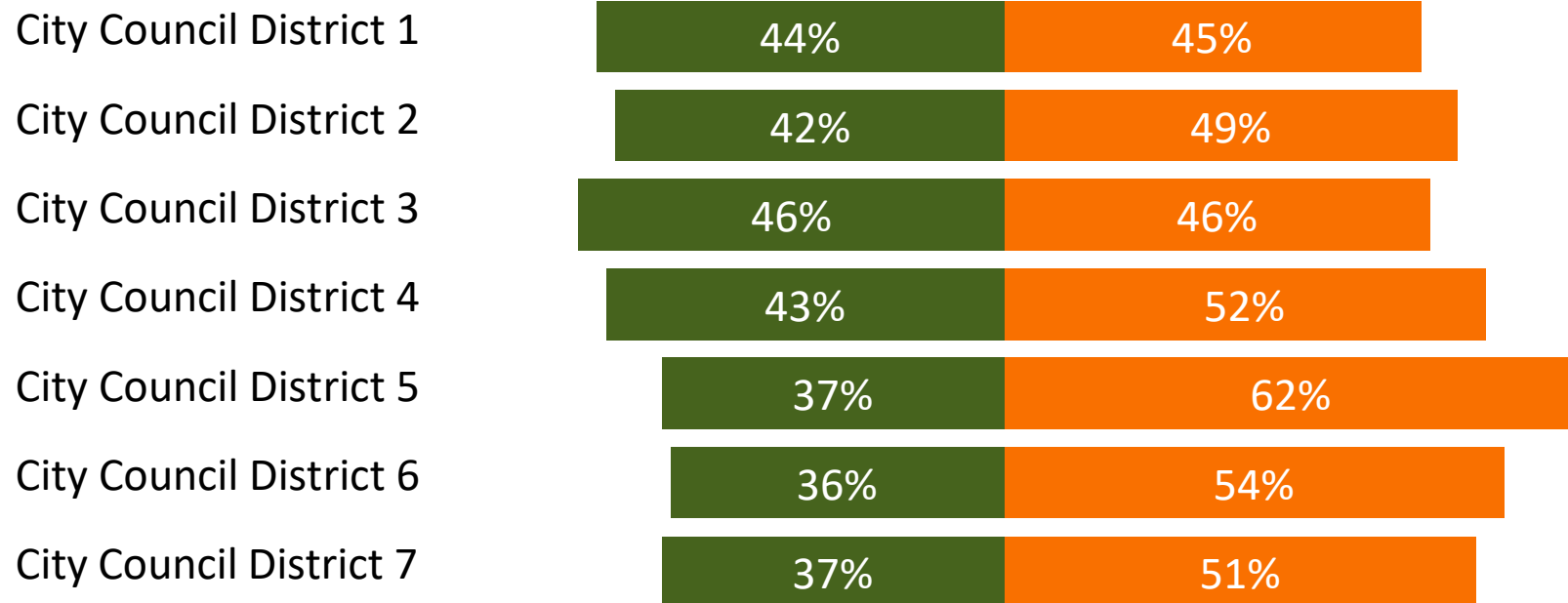
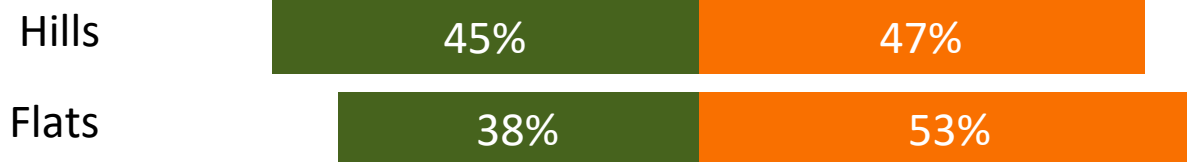
*Approval Rating by Race/Ethnicity by Age*



# Residents of District 5 disapprove by the broadest margin.

*Approval Rating by Hills/Flats & City Council District*

■ Total Approve ■ Total Disapprove





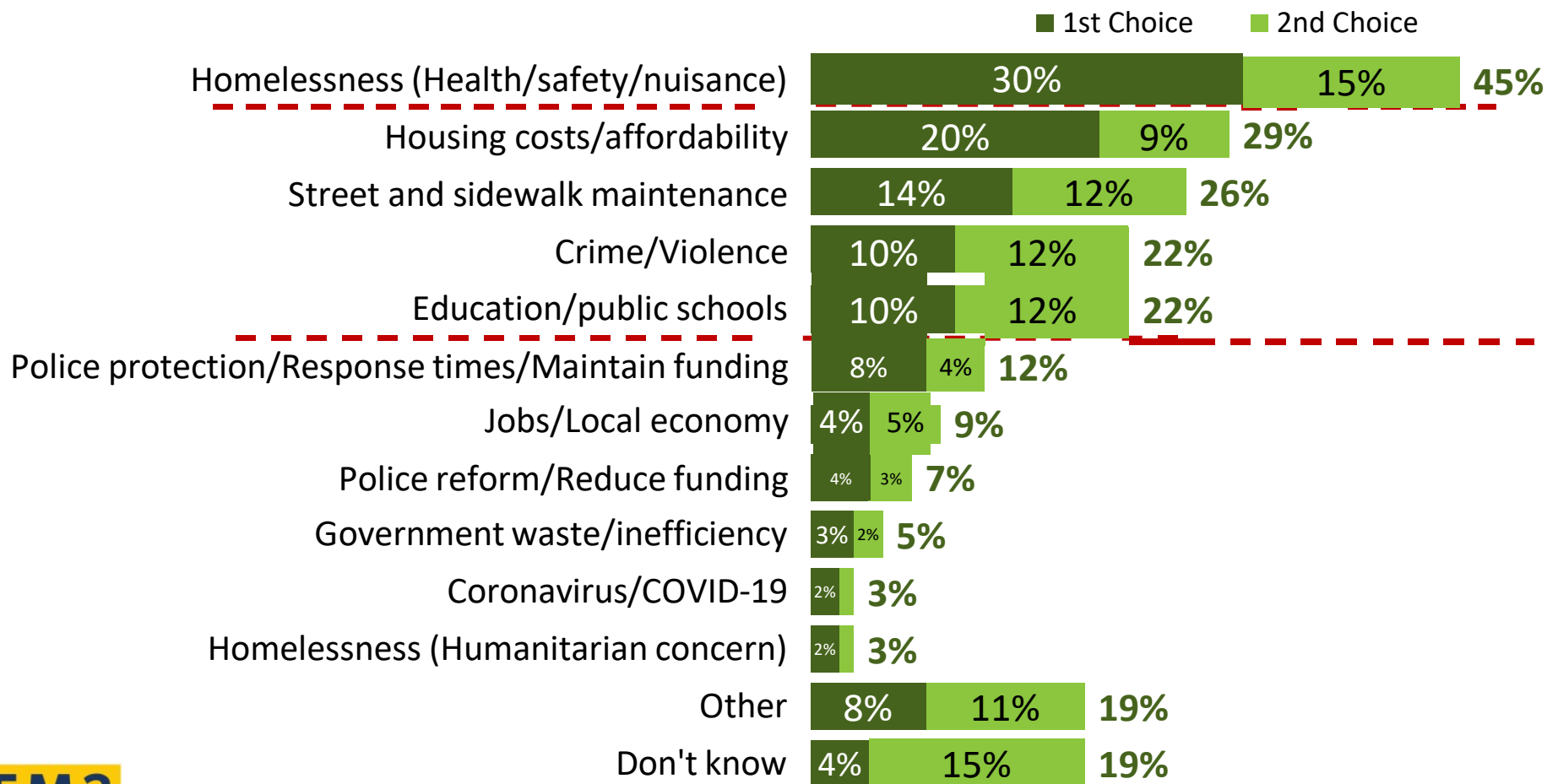
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# **Specific Budget Priorities**

# Homelessness and housing were key issues that residents want to see addressed.

*In the upcoming two-year budget, what are the two most important issues facing Oakland residents that you would like to see prioritized in the City government budget?*

*(Open-Ended; 1<sup>st</sup> Choice 2% and Above Shown)*



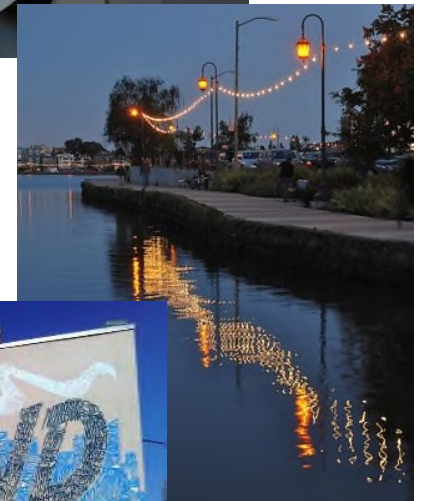
# Concerns about homelessness and street and sidewalk maintenance increased notably.

(1<sup>st</sup> Choice; 2020-2021 3% and Above Shown)

Issues	2000	2002	2005	2015	2017	2018	2020-2021
*Homelessness (Public health/safety)	3%	4%	2%	2%	7%	22%	<b>30%</b>
*Housing costs/affordability	8%	12%	5%	10%	26%	25%	<b>20%</b>
*Street and sidewalk maintenance	3%	4%	4%	8%	7%	6%	<b>14%</b>
*Crime/Violence	19%	26%	22%	20%	15%	11%	<b>10%</b>
Education/public schools	33%	14%	35%	17%	12%	10%	<b>10%</b>
*Police protection/ Response times	--	--	--	--	11%	2%	<b>5%</b>
*Jobs/Local economy	5%	3%	4%	7%	4%	0%	<b>4%</b>
Government waste/ inefficiency	1%	1%	1%	1%	1%	1%	<b>3%</b>
*Police funding (Maintain or increase police funding)	--	--	--	10%	--	--	<b>3%</b>

## Next, respondents were presented with a list of services and asked to make trade-offs.

*Now I am going to mention some of the services the City provides its residents. Due to the impact of COVID-19 on City revenues, this year the City will face some of the hardest choices in years about these services in order to balance its budget. After you hear each one, please tell me whether you think cuts should be made to that service in order to balance the budget, or whether you would be willing to pay additional taxes or fees to maintain or improve that service.*



# Then respondents were pushed further...

*If they were...*

Willing to pay additional  
taxes or fees to maintain  
or improve a service

*They were then asked if they  
would be willing to pay...*

Significantly  
more to  
improve  
that service

OR

A little more  
to maintain  
that service

*If they thought...*

Cuts should be made  
to a service in order  
to balance the budget

*They were then asked if they  
would you be willing to make...*

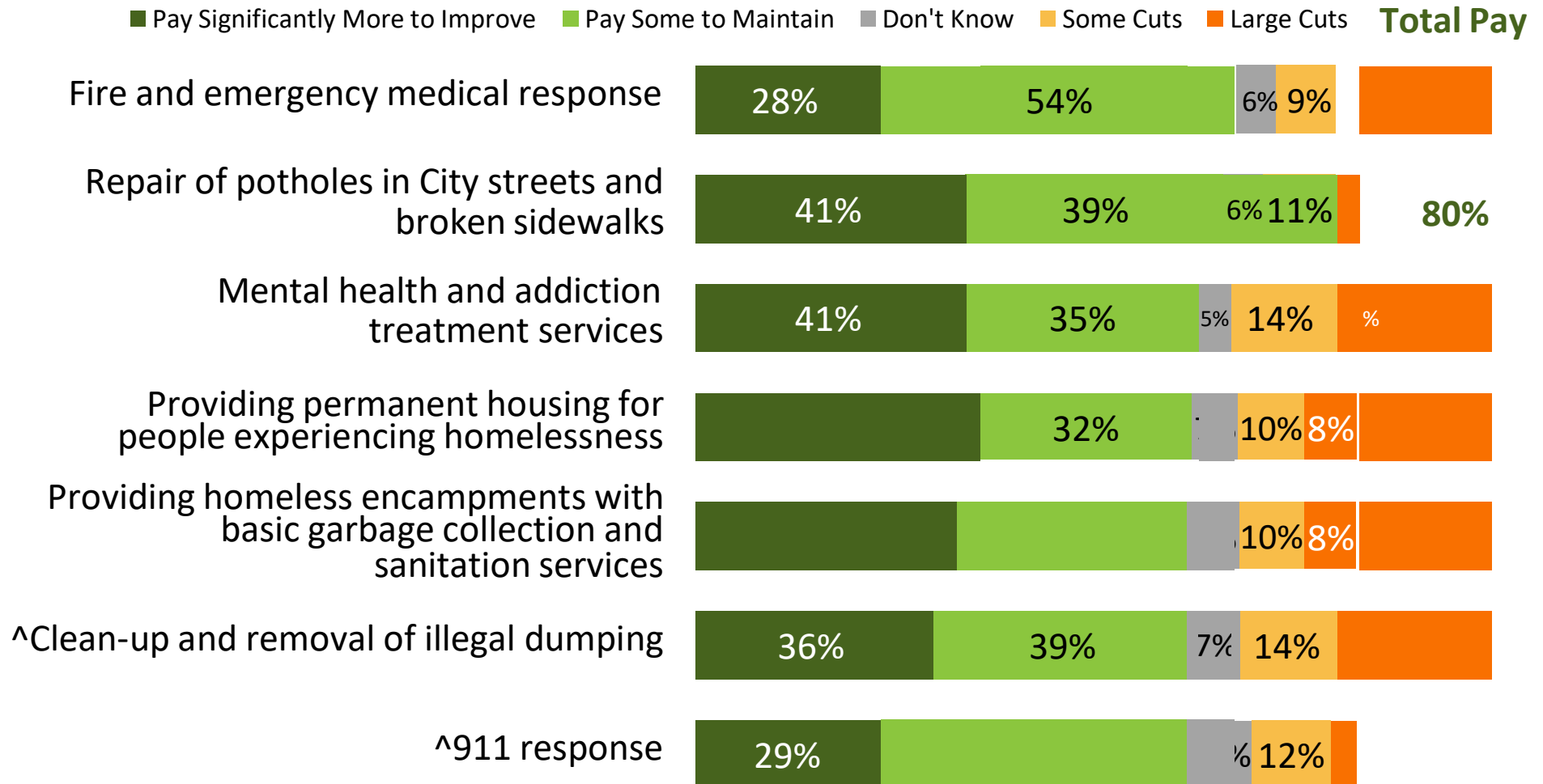
Large cuts  
to that  
service

OR

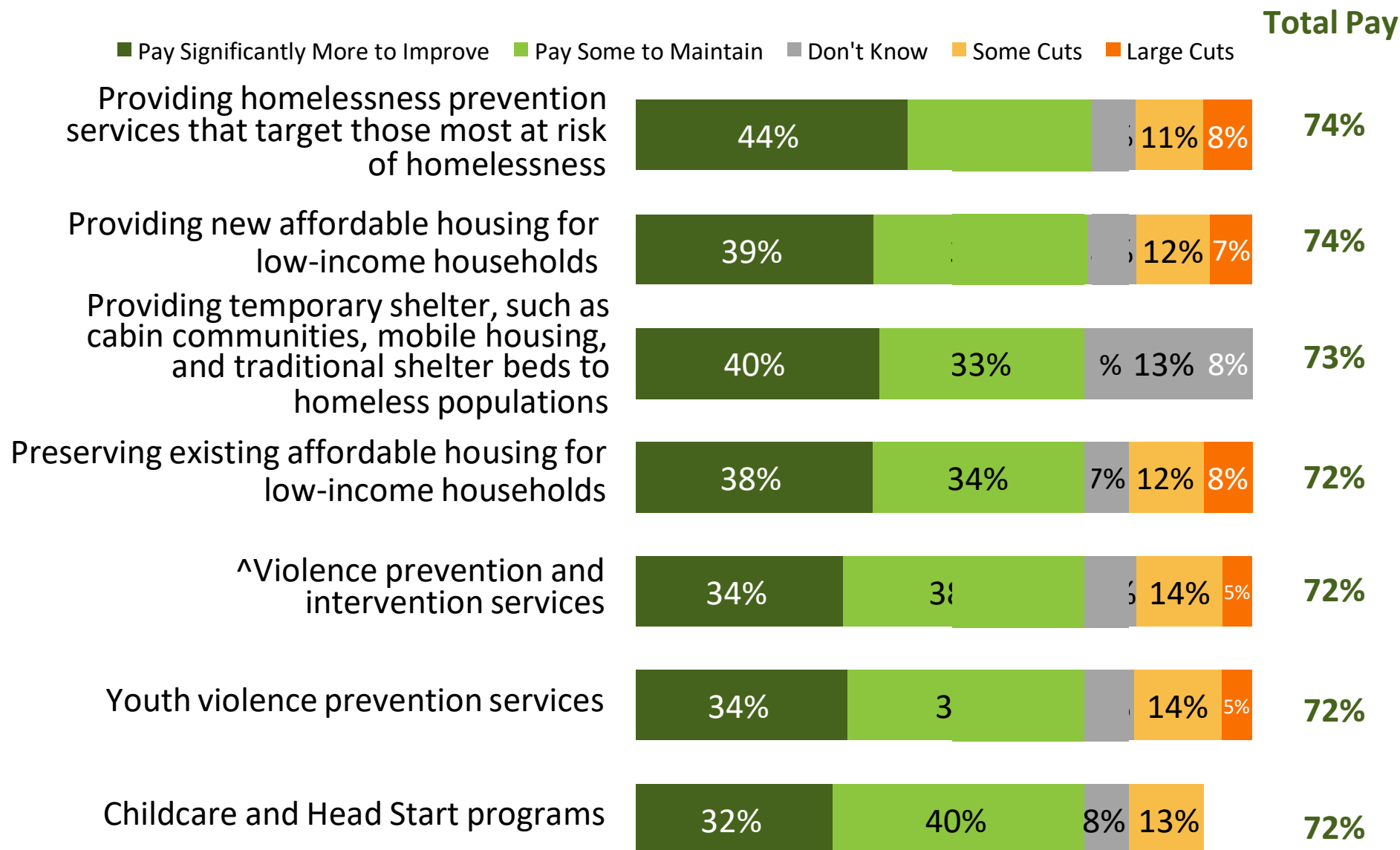
Just some  
cuts to that  
service



# Residents were generally willing to pay more to improve or maintain City services.

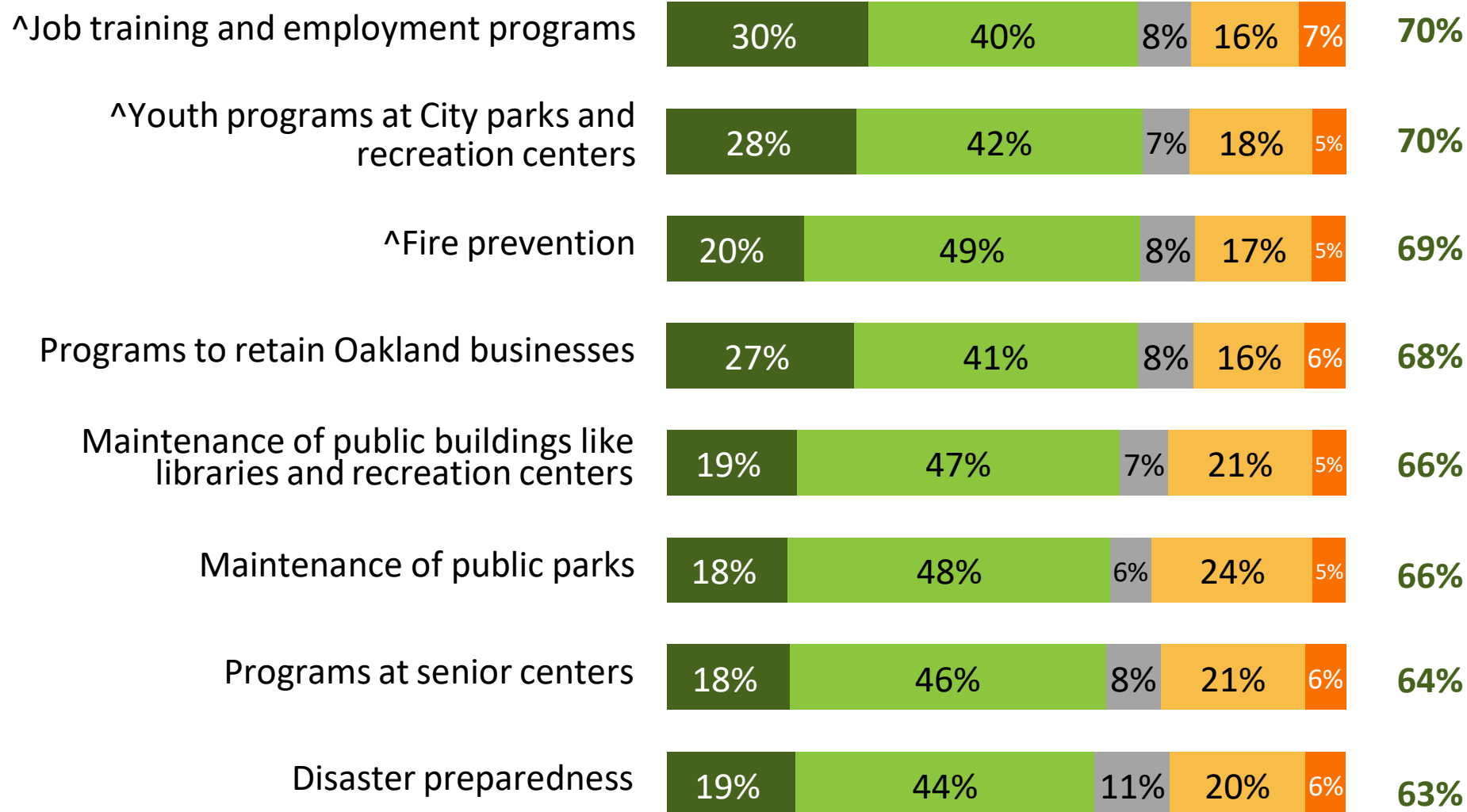


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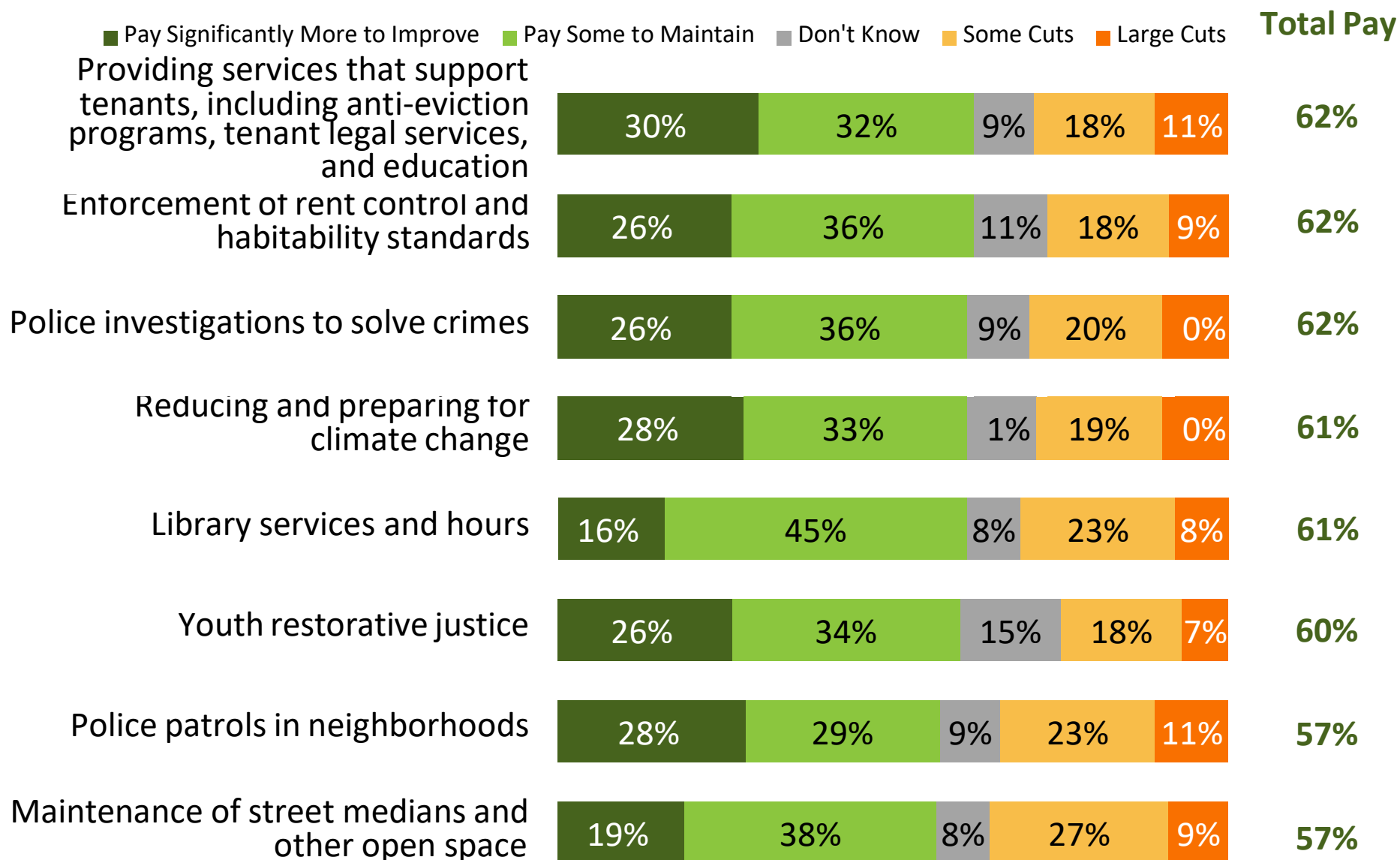


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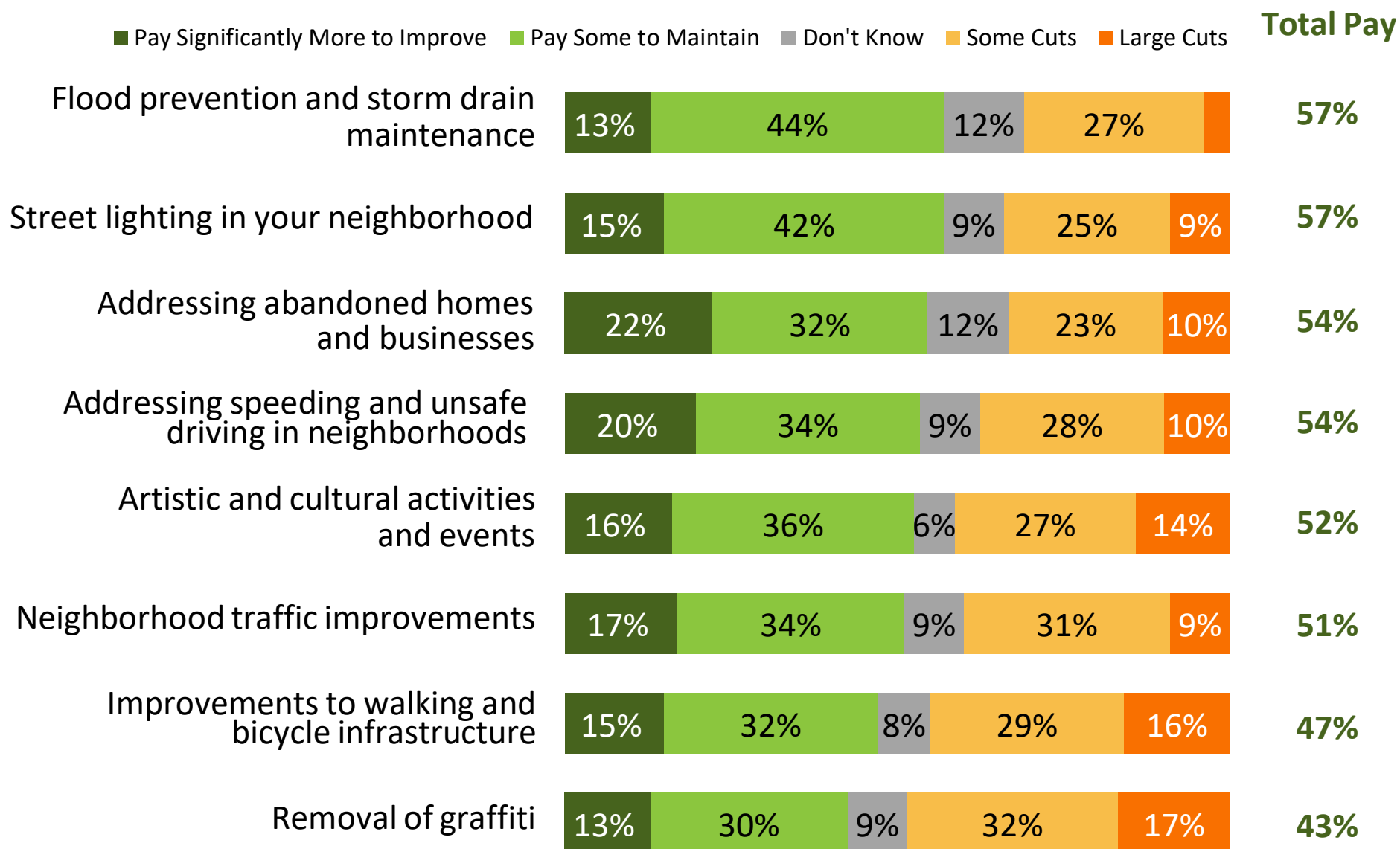
■ Pay Significantly More to Improve
■ Pay Some to Maintain
■ Don't Know
■ Some Cuts
■ Large Cuts
**Total Pay**



# Continued



# Continued

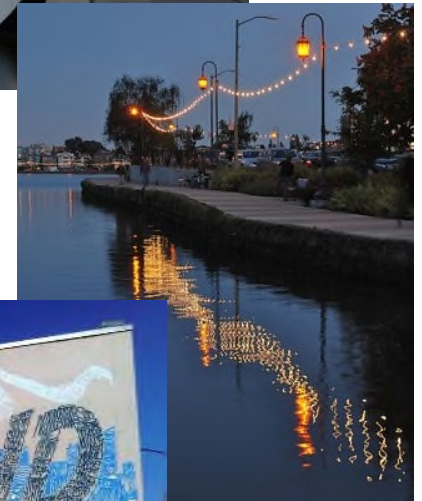


# Another way to rank priorities is by the broadest willingness to cut or pay more.

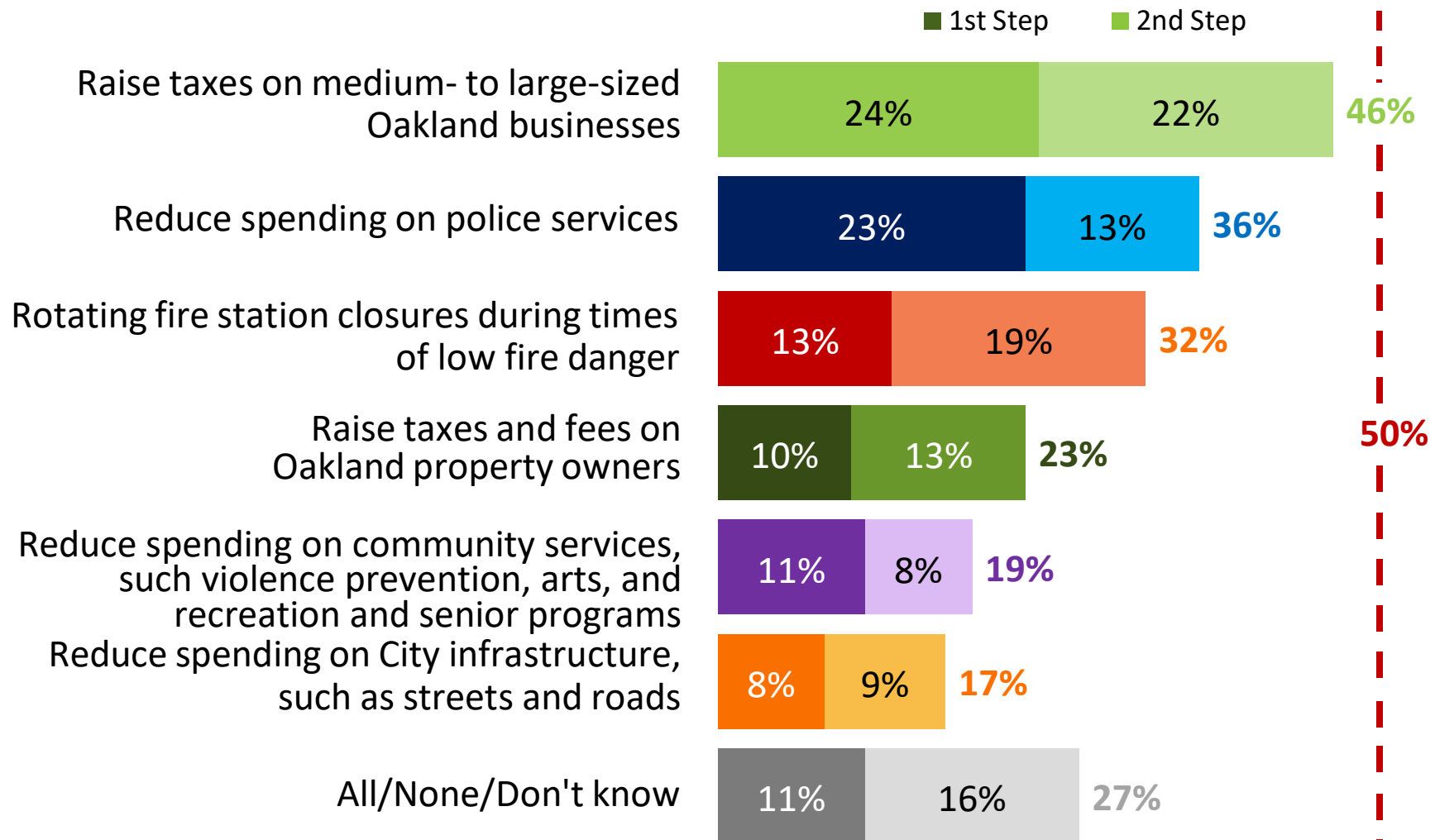
Willing to Pay “A Lot More” to Improve	Willing to Make Large/Some Cuts
Providing homelessness prevention services that target those most at risk of homelessness (44%)	Removal of graffiti (49%)
Providing permanent housing for people experiencing homelessness (43%)	Improvements to walking and bicycle infrastructure (45%)
Repair of potholes in City streets and broken sidewalks (41%)	Artistic and cultural activities and events (41%)
Mental health and addiction treatment services (41%)	Neighborhood traffic improvements (40%)
Providing homeless encampments with basic garbage collection and sanitation services (40%)	Addressing speeding and unsafe driving in neighborhoods (38%)
Providing temporary shelter, such as cabin communities, mobile housing, and traditional shelter beds to homeless populations (40%)	
Providing new affordable housing for low-income households (39%)	
Preserving existing affordable housing for low-income households (38%)	

# Next, respondents were asked to weigh potential steps to address budget shortfalls.

*Over the next couple of years, the City of Oakland will face tens of millions of dollars in budget shortfalls due to the economic impacts of the coronavirus pandemic. Unfortunately, to keep a balanced budget, the City will have to raise taxes and fees and/or make cuts to City services. Please listen carefully, as I am going to read you six potential options, and I would like you to tell me which you feel should be the City's first step to keep a balanced budget.*



# No option received majority support; the top preference was business tax.

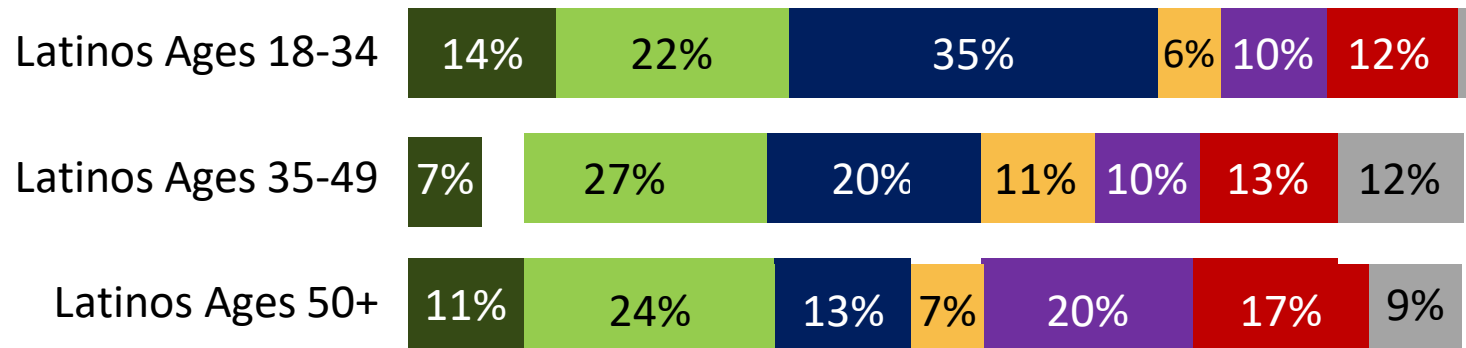
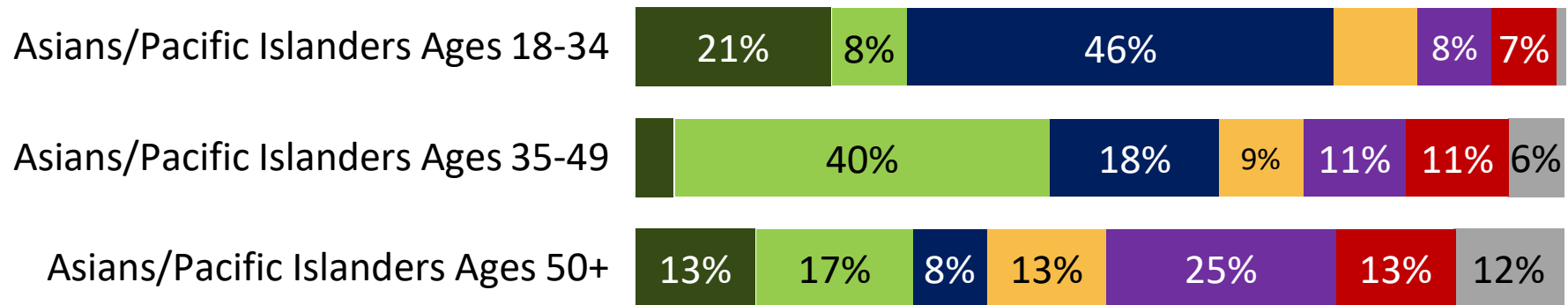




# More than one-third of Latinos under 35 and nearly half of Asian residents under 35 want police cuts as a first step.

*First Step by Race/Ethnicity by Age*

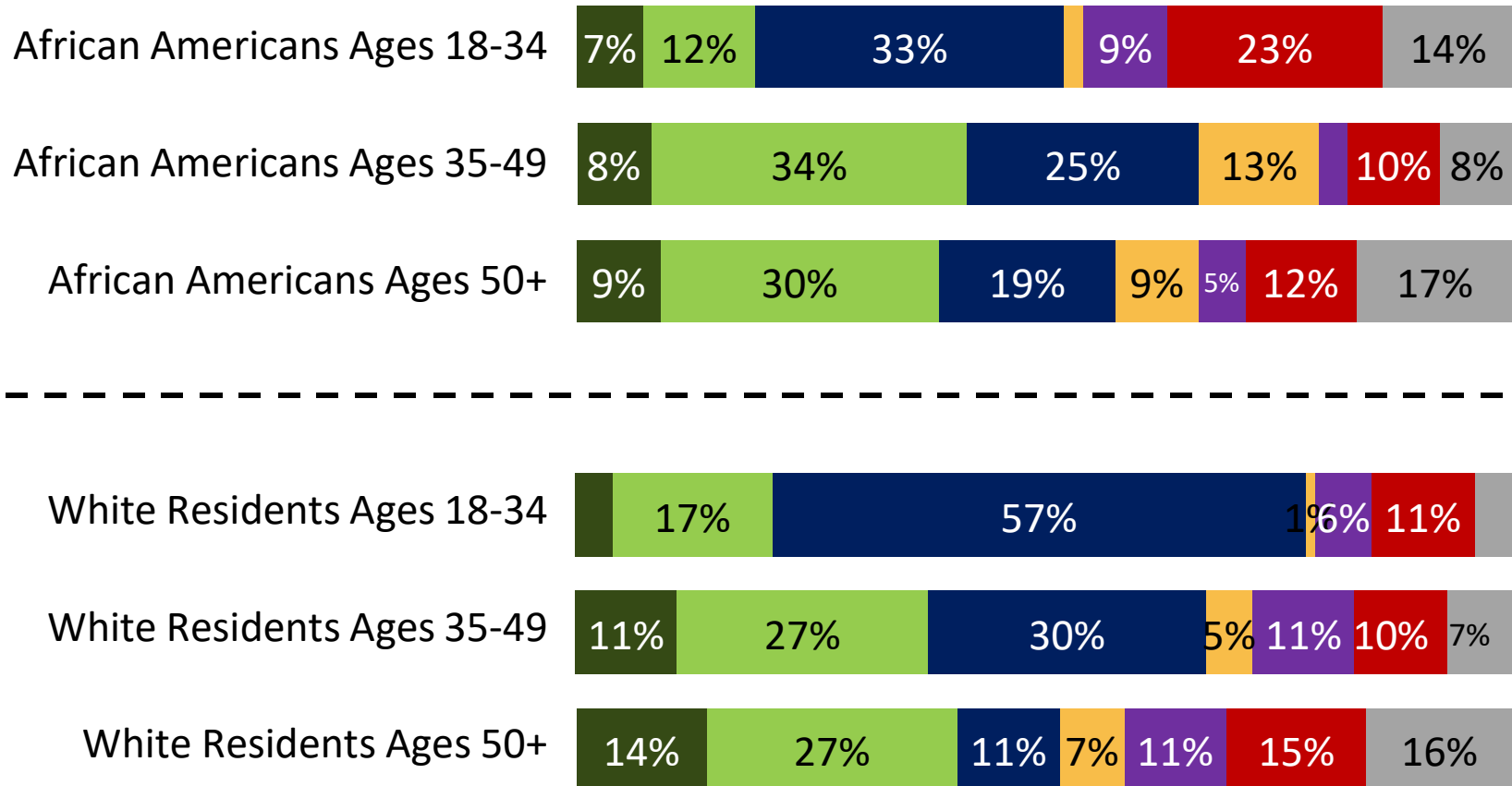
■ Property Taxes ■ Business Taxes ■ Police Cuts ■ Infrastructure Cuts ■ Community Service Cuts ■ Fire Closures ■ All/None/DK



# More than half of white residents under 35 want to see police cuts as a first step; older white and Black residents prefer more revenue.

*First Step by Race/Ethnicity by Age*

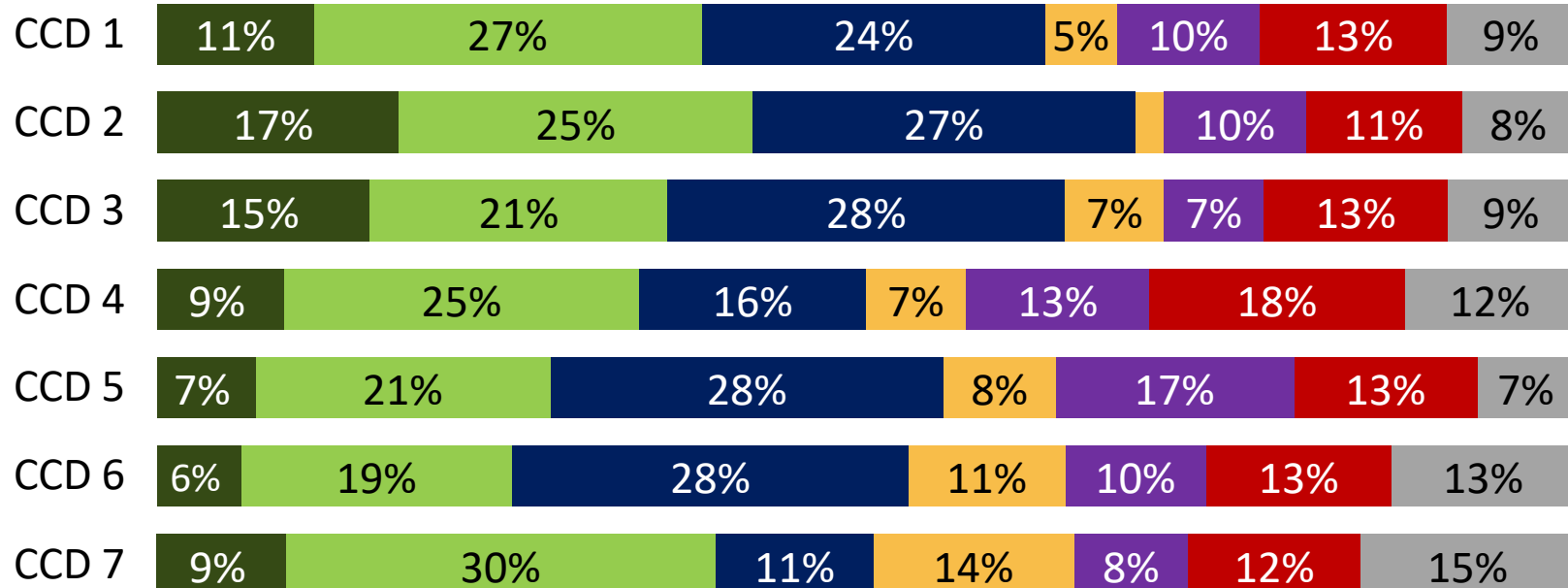
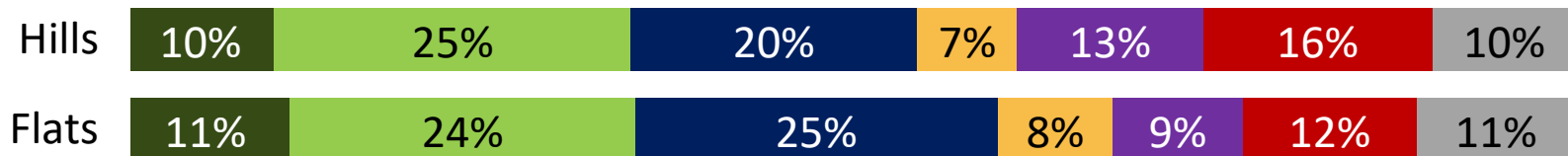
■ Property Taxes ■ Business Taxes ■ Police Cuts ■ Infrastructure Cuts ■ Community Service Cuts ■ Fire Closures ■ All/None/DK



# Except in District 7, residents across districts preferred police cuts and business taxes first.

## *First Step by Hills/Flats & City Council District*

■ Property Taxes ■ Business Taxes ■ Police Cuts ■ Infrastructure Cuts ■ Community Service Cuts ■ Fire Closures ■ All/None/DK



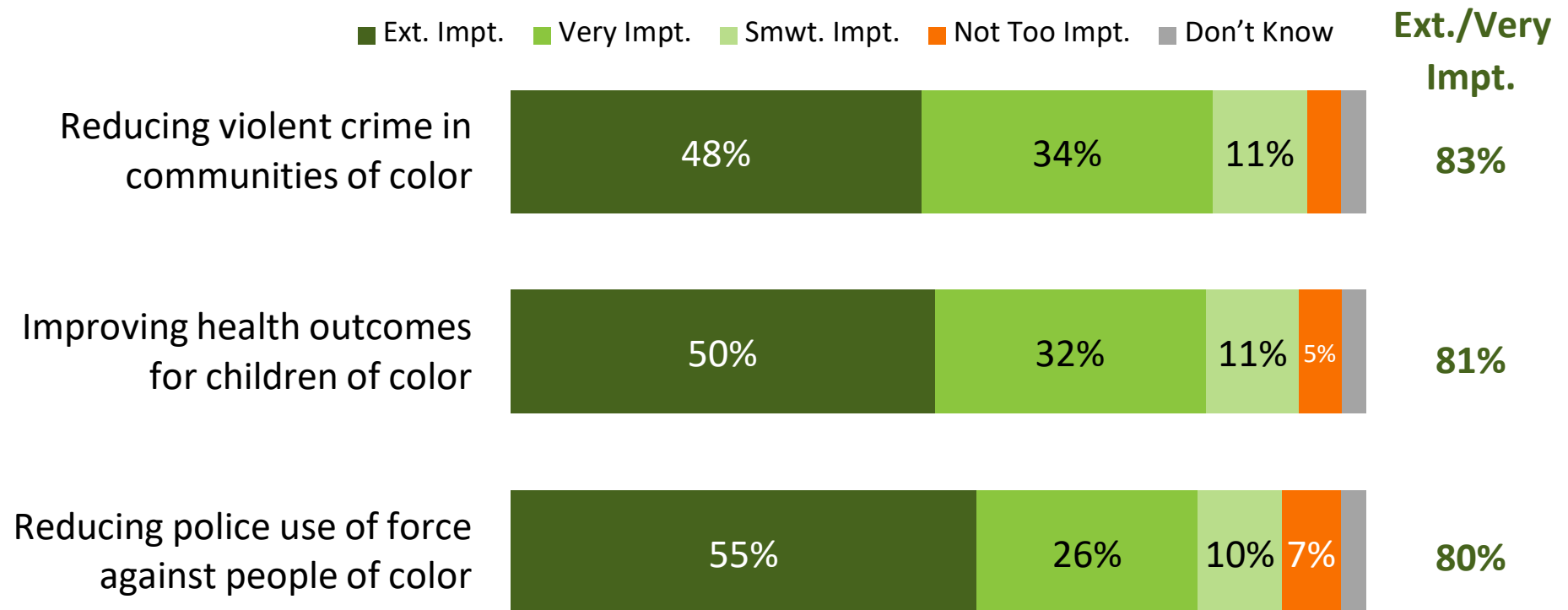


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# **Race and Equity**

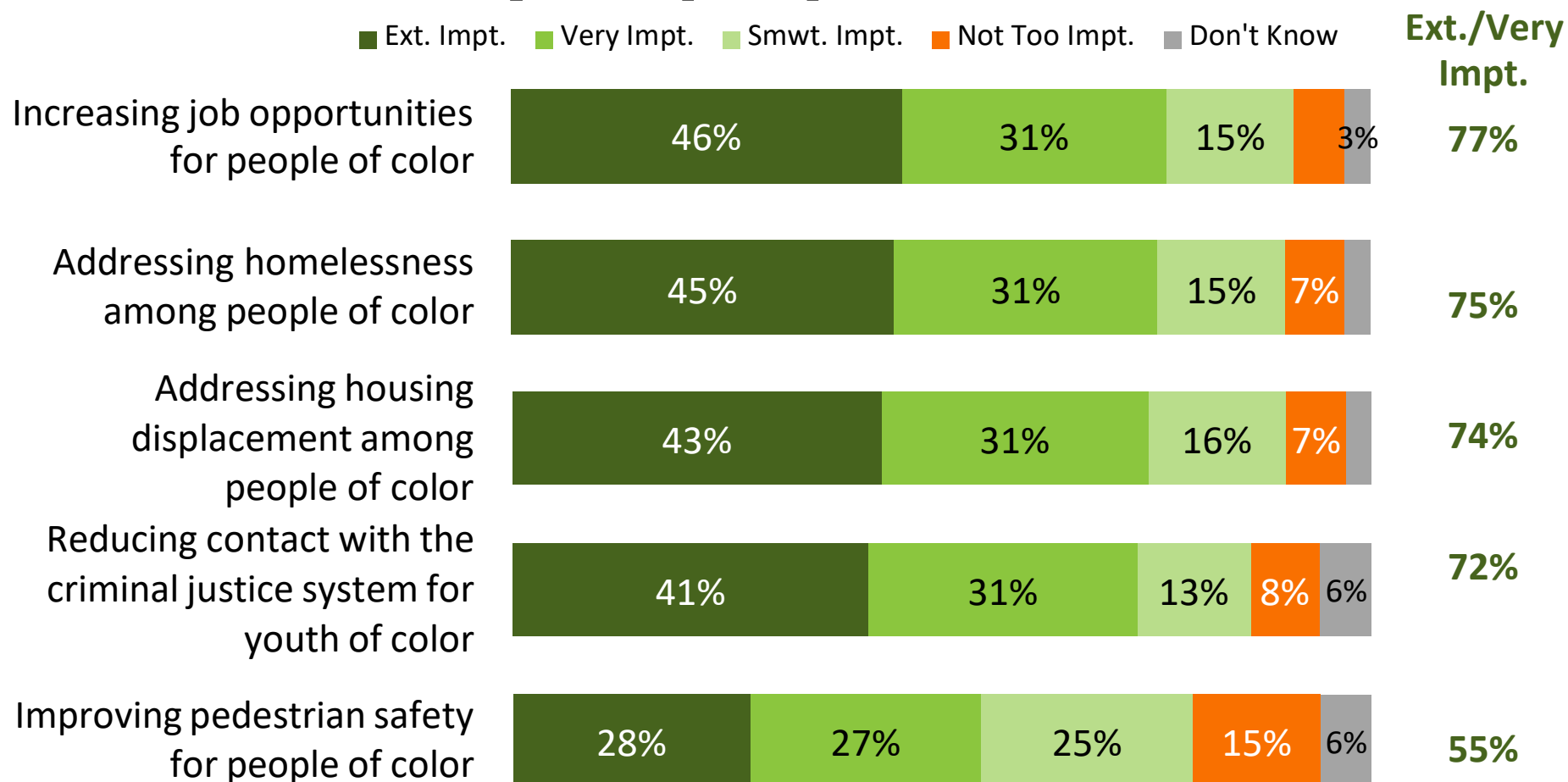
# Reducing violent crime and police use of force in communities of color are key priorities.

*Through its budget, the City can implement the equity principle of “fair and just” through targeted investment in African American, Latino, Asian or Pacific Islander, American Indian or Native American communities that are impacted by racial disparities. I am going to read you a list of different categories of City programs and services, and I would like you to tell me whether you think it is extremely important, very important, somewhat important, or not too important to invest in improving outcomes for each one.*



**Note: This ranking is very similar to prior years.**

# A lower priority relative to these others is improving pedestrian safety for people of color.





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# **Policing and Public Safety**

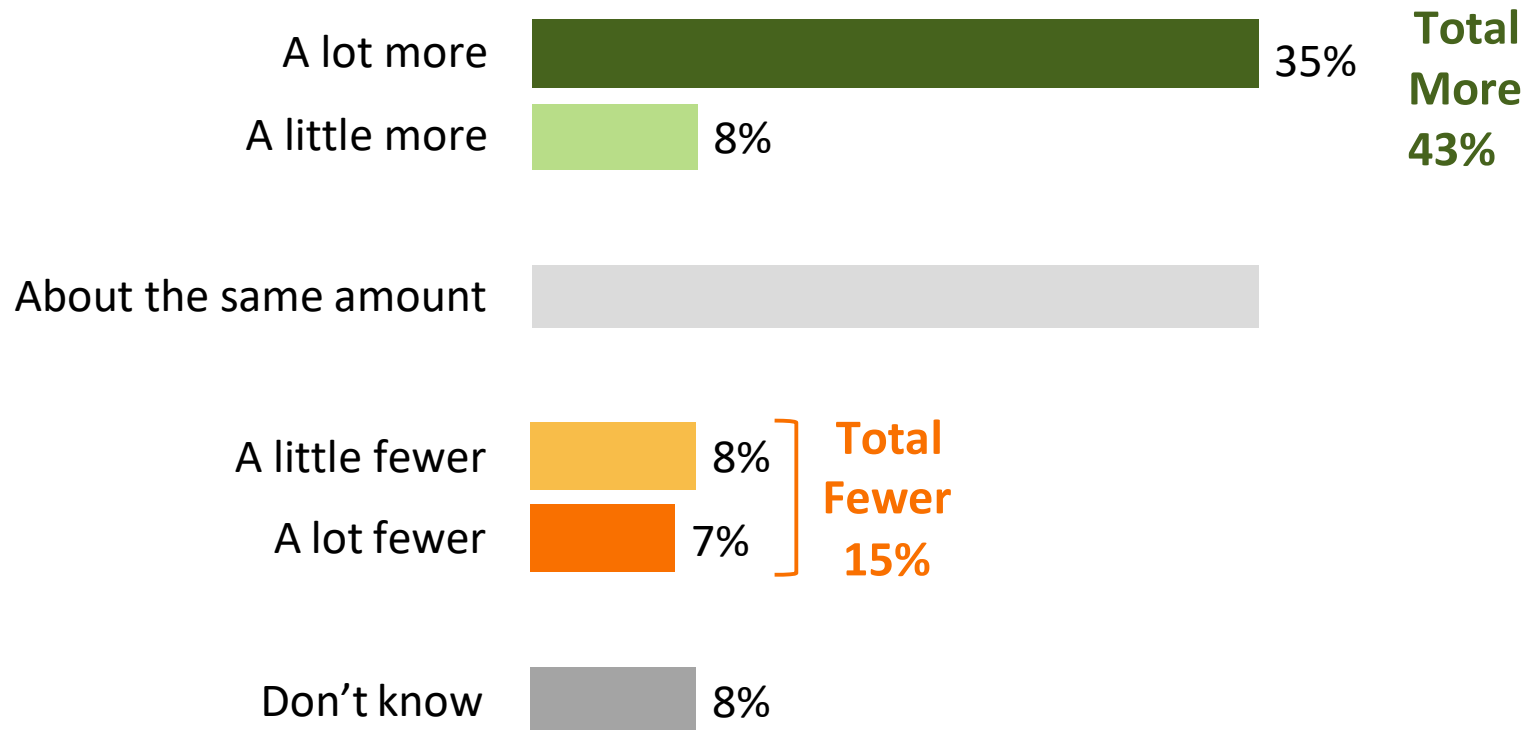


**The survey asked several questions specific to policing and public safety's impact on the budget. These results, along with results from prior questions relevant to this topic, are included on the next slides.**



# A plurality of respondents wanted to see more police patrols and more than one-third wanted to see about the same amount.

*Independent of the City's budget situation, do you feel the City should provide more or fewer police officers patrolling neighborhoods and responding to 911 calls, or should they keep patrols at about the same amount?*



# Majorities of Asian/Pacific Islanders residents ages 35+ prefer more police patrols, as do pluralities of Latino residents.

*Police Patrols Preference By Race/Ethnicity by Age*

■ Total More ■ Total Fewer

Asians/Pacific Islanders Ages 18-34

32%

25%

Asians/Pacific Islanders Ages 35-49

56%

8%

Asians/Pacific Islanders Ages 50+

66%

10%

Latino Residents Ages 18-34

34%

25%

Latino Residents Ages 35-49

39%

11%

Latino Residents Ages 50+

49%

5%

# Pluralities of white and Black residents aged 50 and older prefer more patrols.

*Police Patrols Preference By Race/Ethnicity by Age*

■ Total More ■ Total Fewer

African Americans Ages 18-34

26%

23%

African Americans Ages 35-49

35%

20%

African Americans Ages 50+

49%

7%

White Residents Ages 18-34

23%

44%

White Residents Ages 35-49

27%

22%

White Residents Ages 50+

49%

7%

# Broad pluralities in each Council district prefer more officers to fewer.

*Police Patrols Preference by Hills/Flats & City Council District*

■ Total More ■ Total Fewer

Hills

45%

13%

Flats

42%

16%

City Council District 1

36%

15%

City Council District 2

38%

15%

City Council District 3

35%

20%

City Council District 4

52%

10%

City Council District 5

45%

17%

City Council District 6

51%

15%

City Council District 7

45%

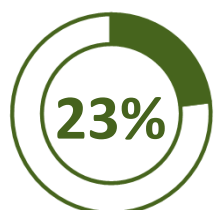
12%

## Oakland residents hold a wide range of opinions on police funding and service levels; few hold strongly entrenched points of view.



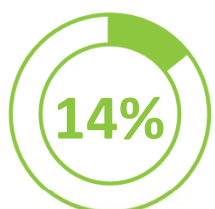
**Reduce Police**

Residents who said they would (in at least 2 of the 3 questions) accept cuts to neighborhood police patrols OR would prioritize reducing spending on police services to balance budget OR feel the City should have fewer officers patrolling and responding to 911 calls



**Increase Police**

Residents who said they would BOTH pay significantly more to improve neighborhood police patrols AND feel the City should have more police officers patrolling and responding to 911 calls



**Maintain Police**

Residents who said they would BOTH pay some more to maintain neighborhood police patrols AND feel the City should keep about the same amount of police officers patrolling and responding to 911 calls

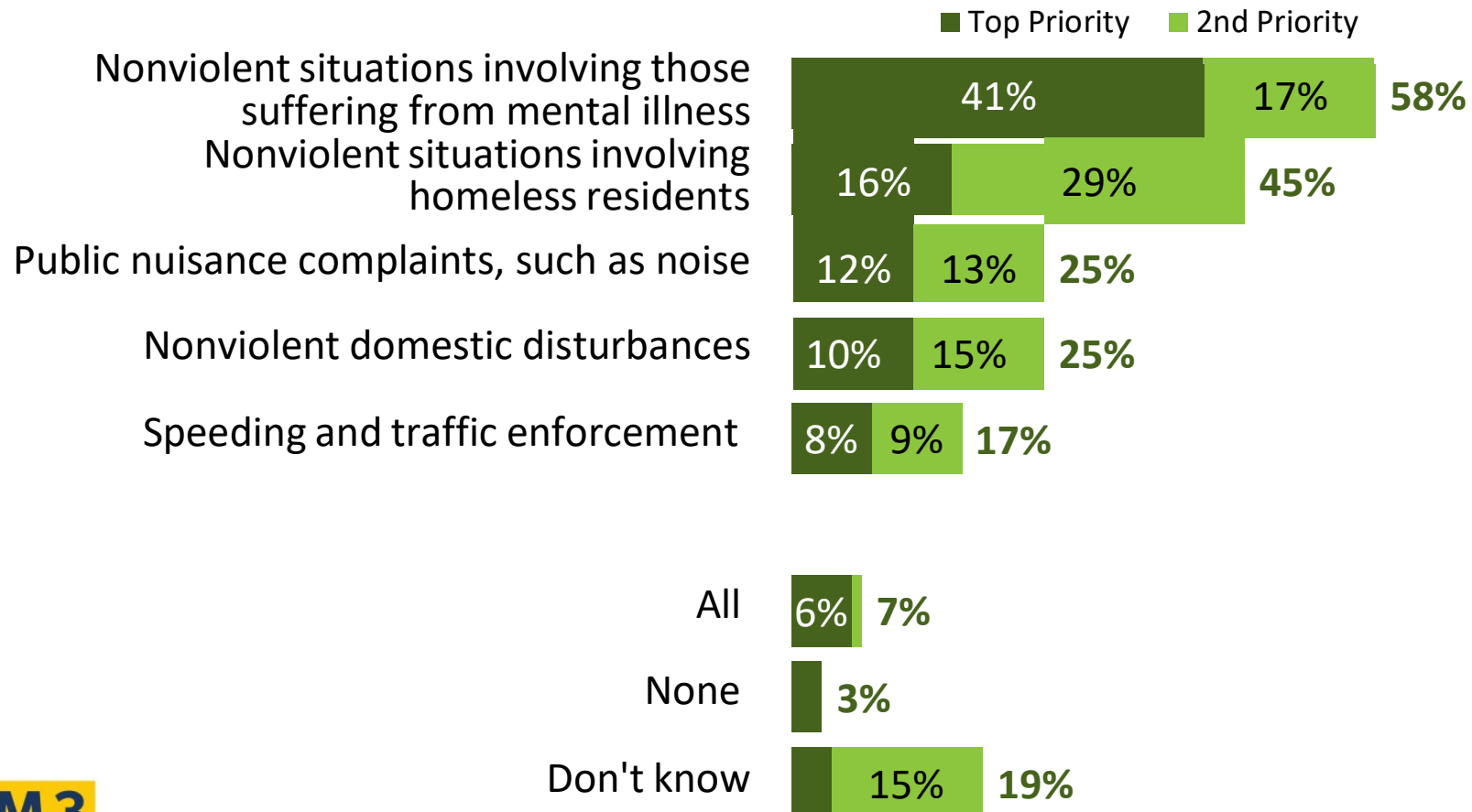


**Uncertain or Mixed Opinions**

Residents who were uncertain or held mixed opinions

# Respondents wanted someone other than police to respond to nonviolent situations with people suffering from mental illness.

*I am going to read you a list of different situations in which the City could have employees other than police officers respond to in the near future. I would like you to tell me which you feel should be the City's top priority for having employees other than police officers respond.*

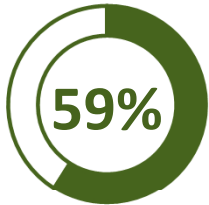




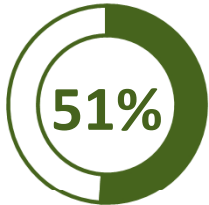
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# Conclusions

# Key Numbers: Big Picture Takeaways



Rate quality of life in Oakland as “excellent” or “good” – down 5 points since 2018 and 11 points since 2017



Disapprove of the City’s job providing services; 41% approve



Rank homelessness or housing costs as the top issue they would like to see prioritized in the City’s budget

## Summary:

It’s clear perceptions of the quality of life, though still positive overall, have declined in recent years. Residents clearly want the City to focus on housing and homelessness, though crime, street and sidewalk repairs, and education are also key concerns.



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# Key Numbers: Budget Tradeoffs

36

The number of city services (out of 38) at least 50% of residents said they would pay more to maintain or improve

2

The number of city services (out of 38) at least 45% of residents said should be cut to balance the budget

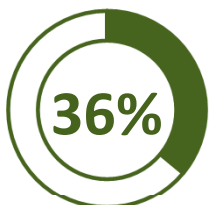
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The number of big picture options for addressing budget shortfalls (out of 6) seen as top priorities by at least 50% of residents

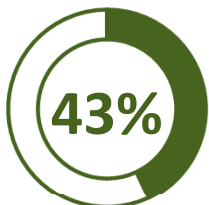
## Summary:

Residents do not have much enthusiasm for budget cuts resulting in service reductions. In fact, many are open to paying more to maintain or improve services. Additionally, while the two most popular “first steps” for balancing the budget are raising medium and large business taxes and reducing spending on police services, none of the options were endorsed by majorities.

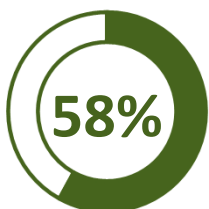
# Key Numbers: Policing and Public Safety



Feel that “reducing spending on police services” should be the first or second step to addressing the City’s budget shortfall



Feel the City should have more police officers patrolling neighborhoods and responding to 911 calls



Feel it should be a priority to not have police officers respond to nonviolent situations with those suffering from mental illness

## Summary:

Views of funding for police and public safety services appear complex. While substantial proportions of residents support making cuts to police services, even greater numbers of residents want to see those services maintained or even expanded. One area of agreement is no longer having police officers respond to nonviolent situations with those suffering from mental illness.

**For more information, contact:**



OPINION  
RESEARCH  
& STRATEGY

1999 Harrison St., Suite 2020  
Oakland, CA 94612  
Phone (510) 451-9521  
Fax (510) 451-0384

**Curt Below**

Curt@FM3research.com

**Miranda Everitt**

Miranda@FM3research.com



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# **Appendix**

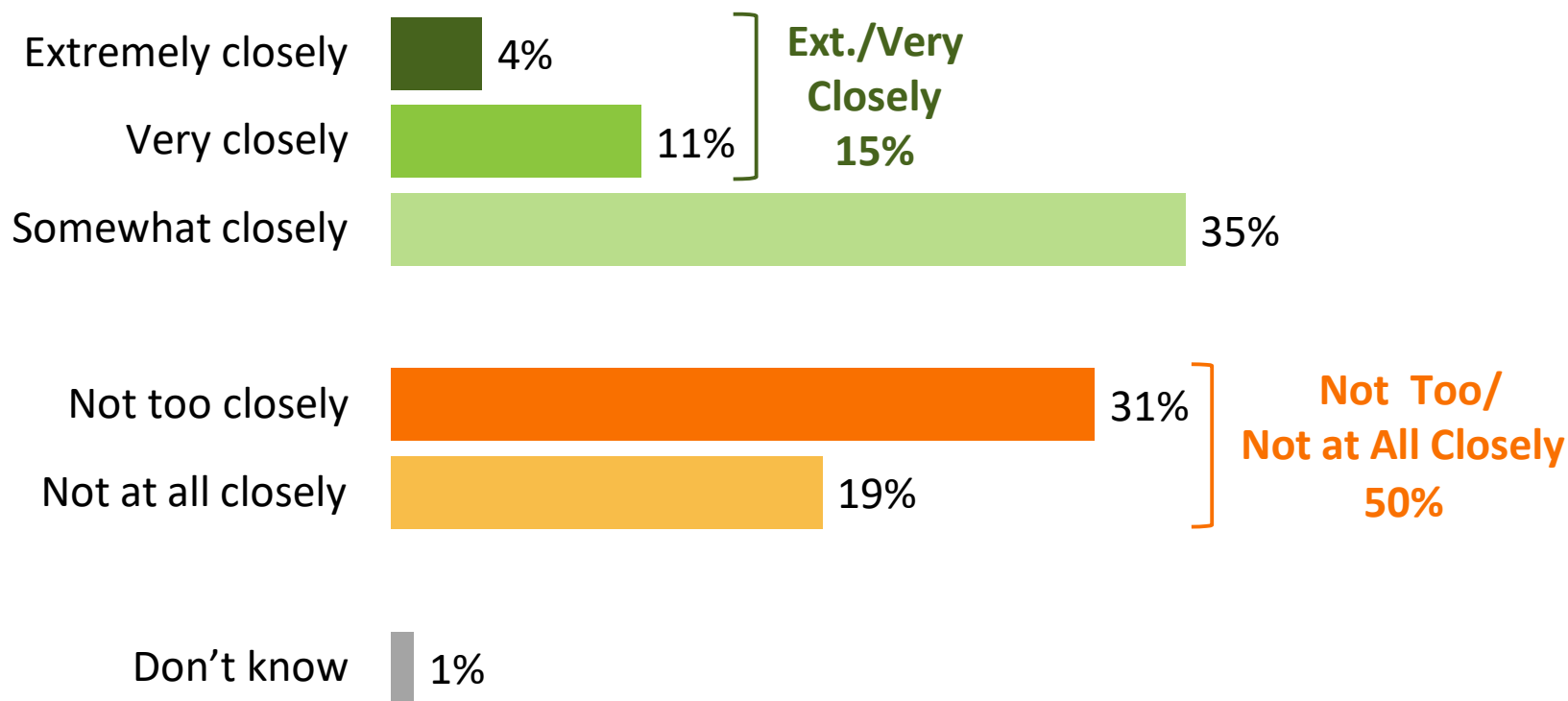


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**OAKLAND**

# **Profile of Survey Respondents**

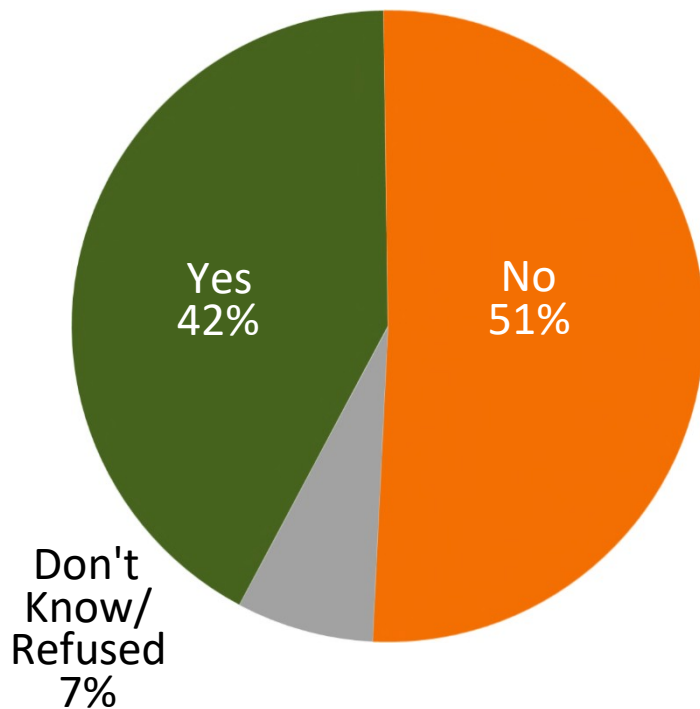
# Relatively few said they follow the Oakland City budget closely.

*How closely do you follow issues related to the Oakland City budget?*

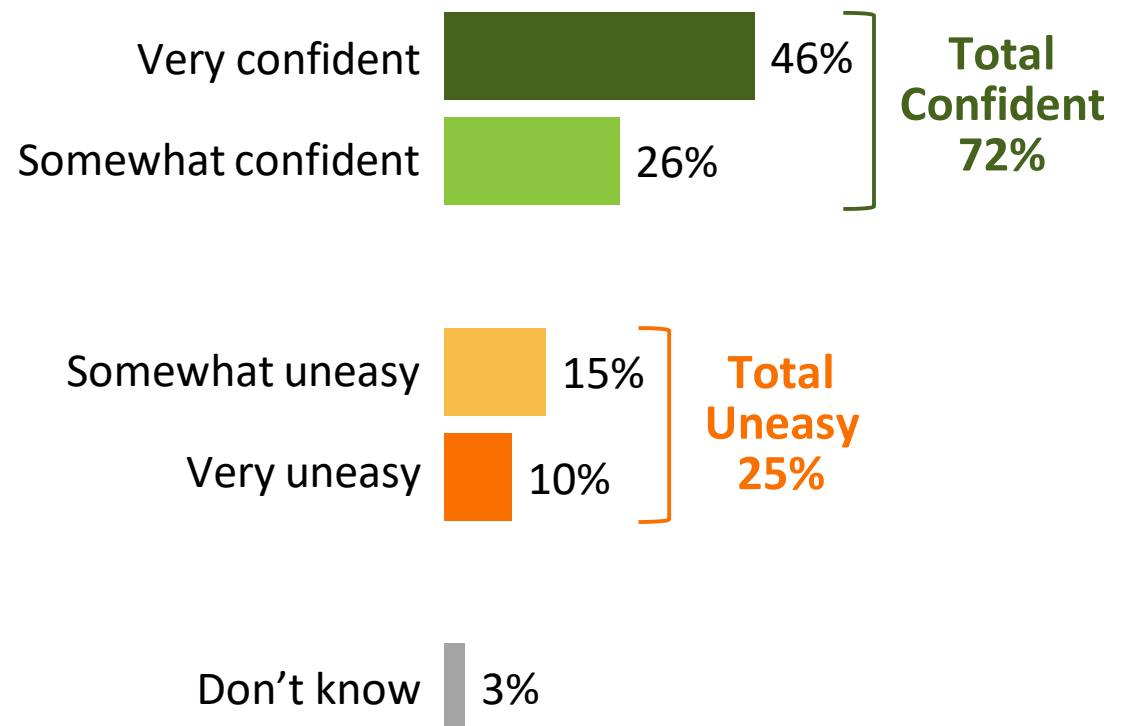


# While most were confident about meeting basic living expenses, more than two in five said they are earning less due to COVID.

*If it were not for the coronavirus pandemic, would you be earning more money than you are now?*

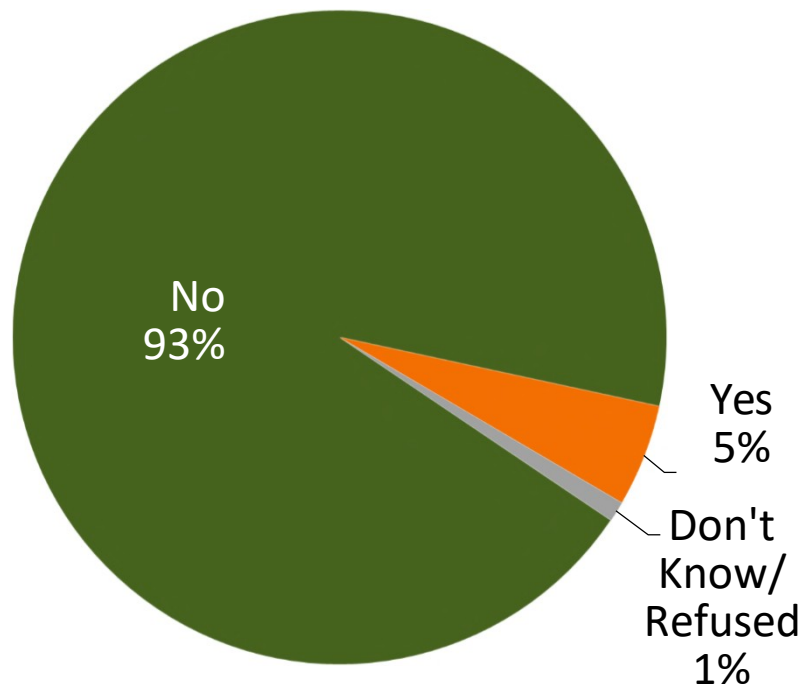


*Thinking about your personal financial situation over the next few months, do you feel confident or uneasy you will be able to meet your living expenses?*



# Five percent reported having personally been without permanent housing in the last year.

*In the last year, have you been without permanent housing, that is, have you slept in a car, outdoors, or stayed temporarily with friends or family?*



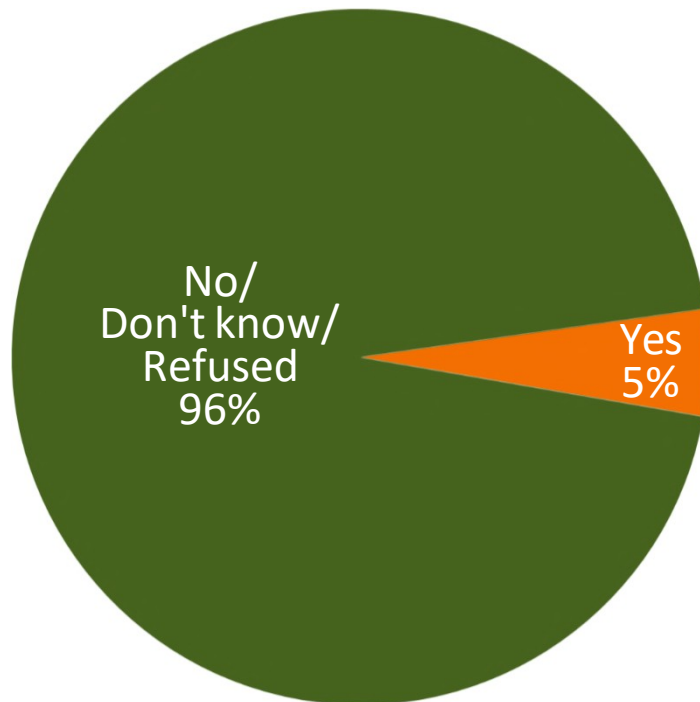
## Who were most likely to lack permanent housing?

- People who know someone who has been incarcerated
- Household incomes <\$30K
- African Americans under 50
- Unemployed and part-time employed residents
- Residents under 30
- 6 to 10 years residing in Oakland



# Five percent had a close tie to a currently or formerly incarcerated person.

*Is anyone in your household currently or formerly incarcerated in jail or prison?*



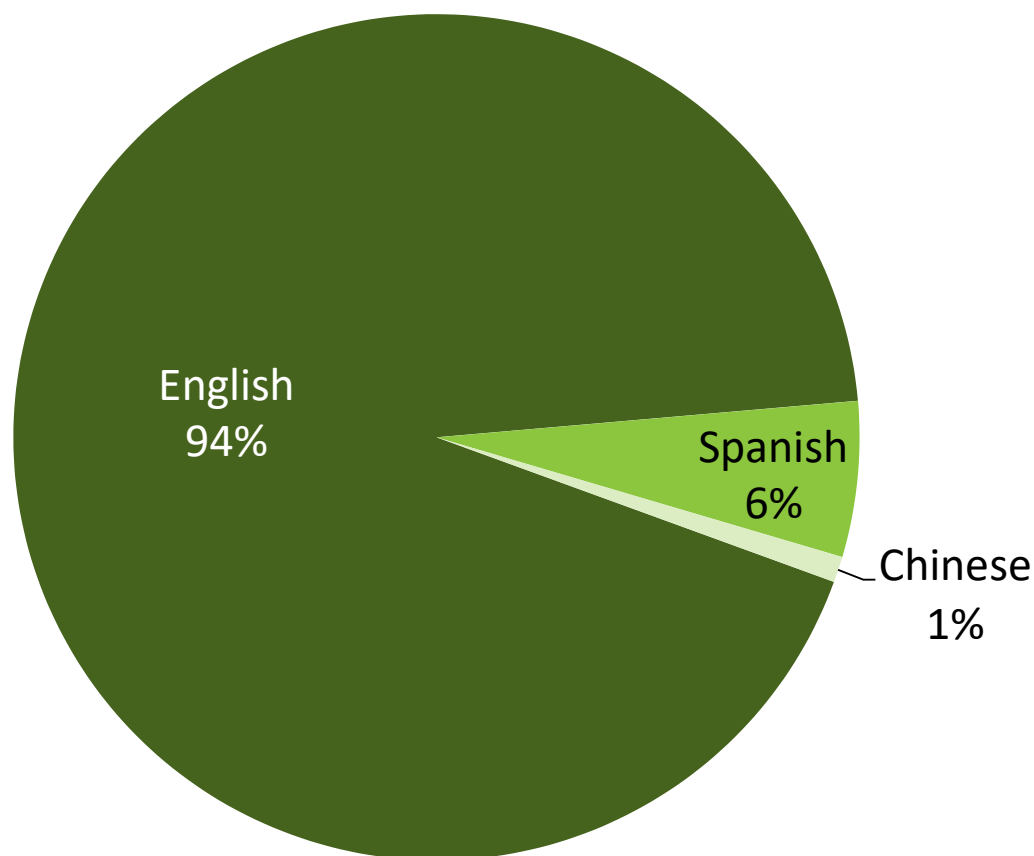
## Who Has a Close Tie to an Incarcerated Person?

- Housing insecure in the last year
- High school educated
- Household income under \$60K
- Residents under 30
- Latinos under age 50

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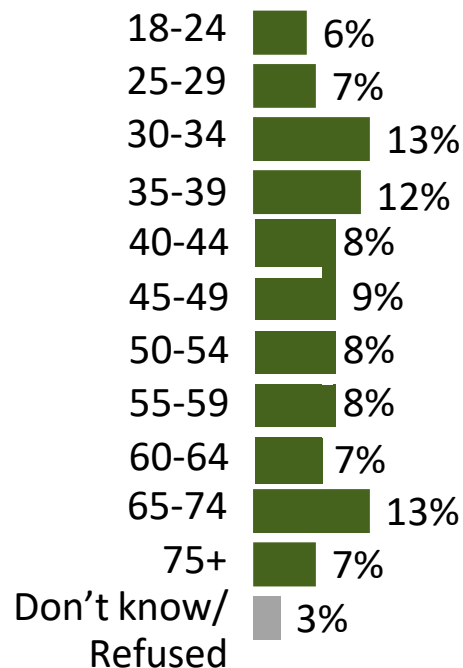
## Seven percent of the interviews were conducted in a language other than English.

*Language of Interview*

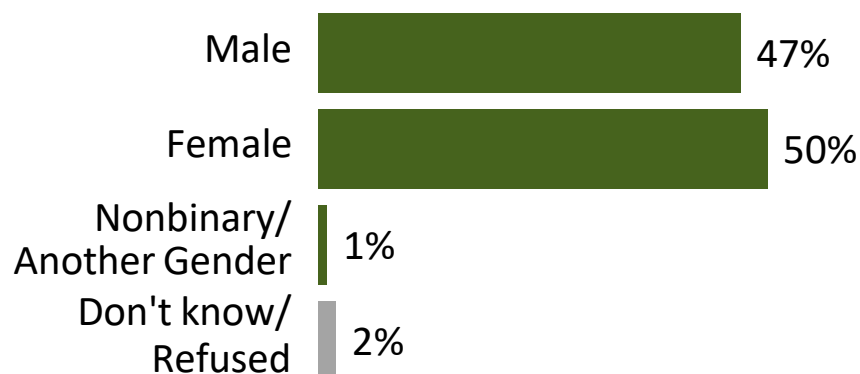


# Age, Race/Ethnicity, and Gender

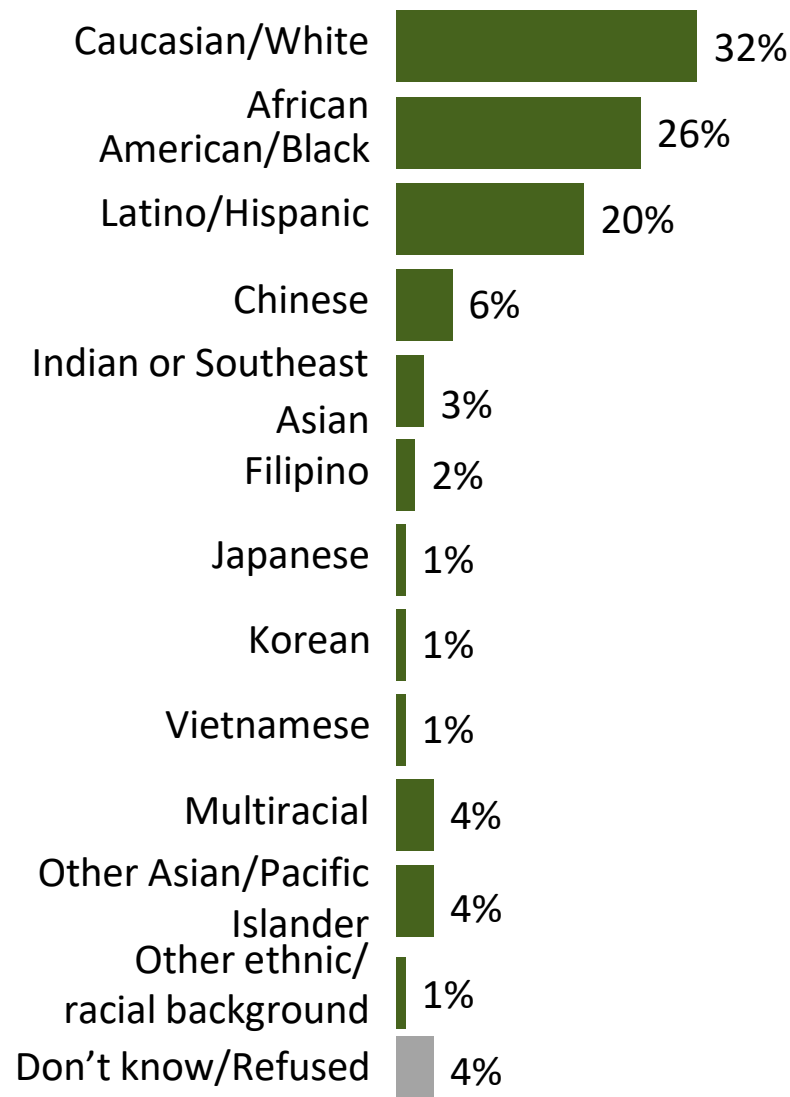
*Age*



*Gender*

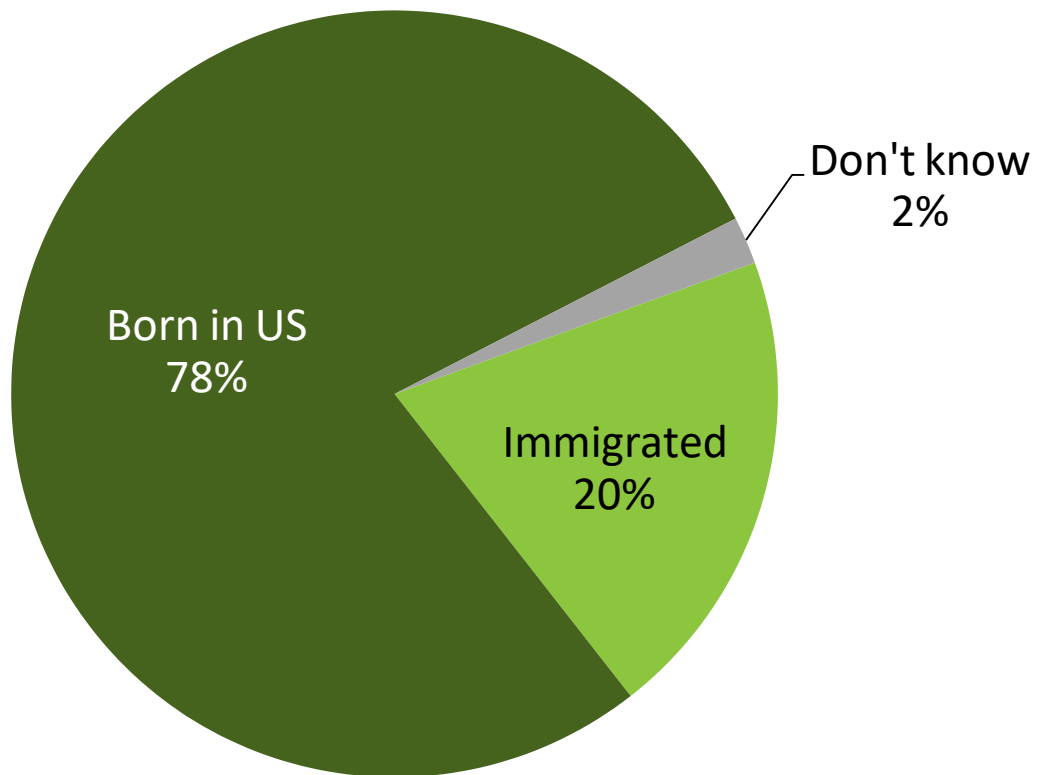


*Race/Ethnicity*



# One in five Oakland residents have immigrated to the United States.

*Were you born in the United States or did you immigrate to the United States?*

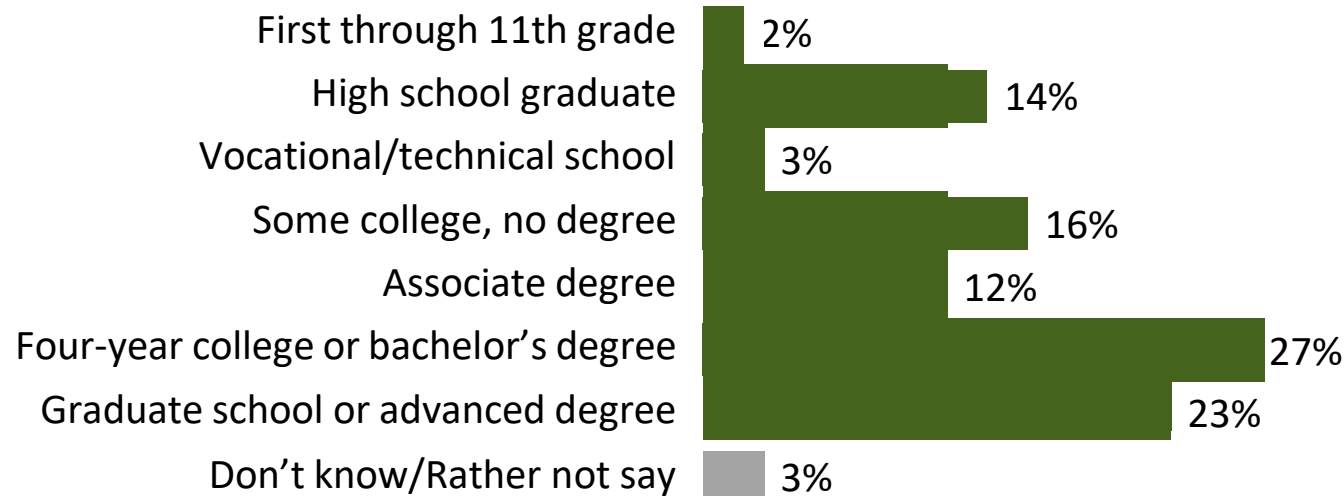


## Who Are Oakland's Immigrants?

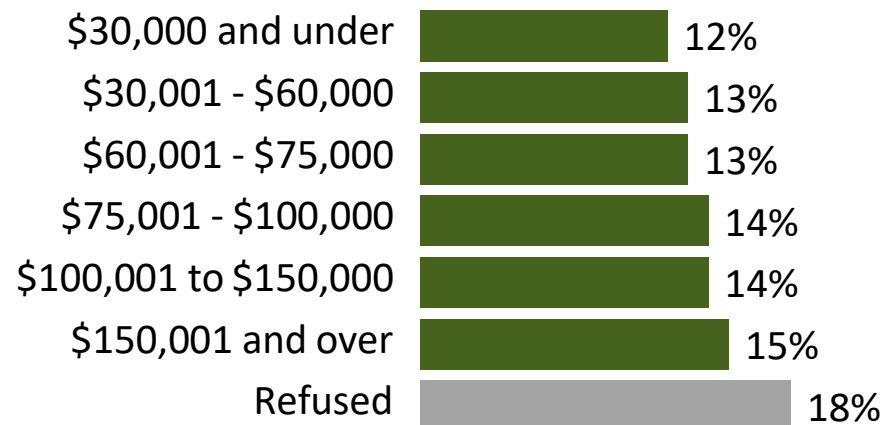
- Non-voters
- Asian/Pacific Islander residents, particularly Chinese residents
- Latinos ages 50+

# Education and Household Income

## *Education*

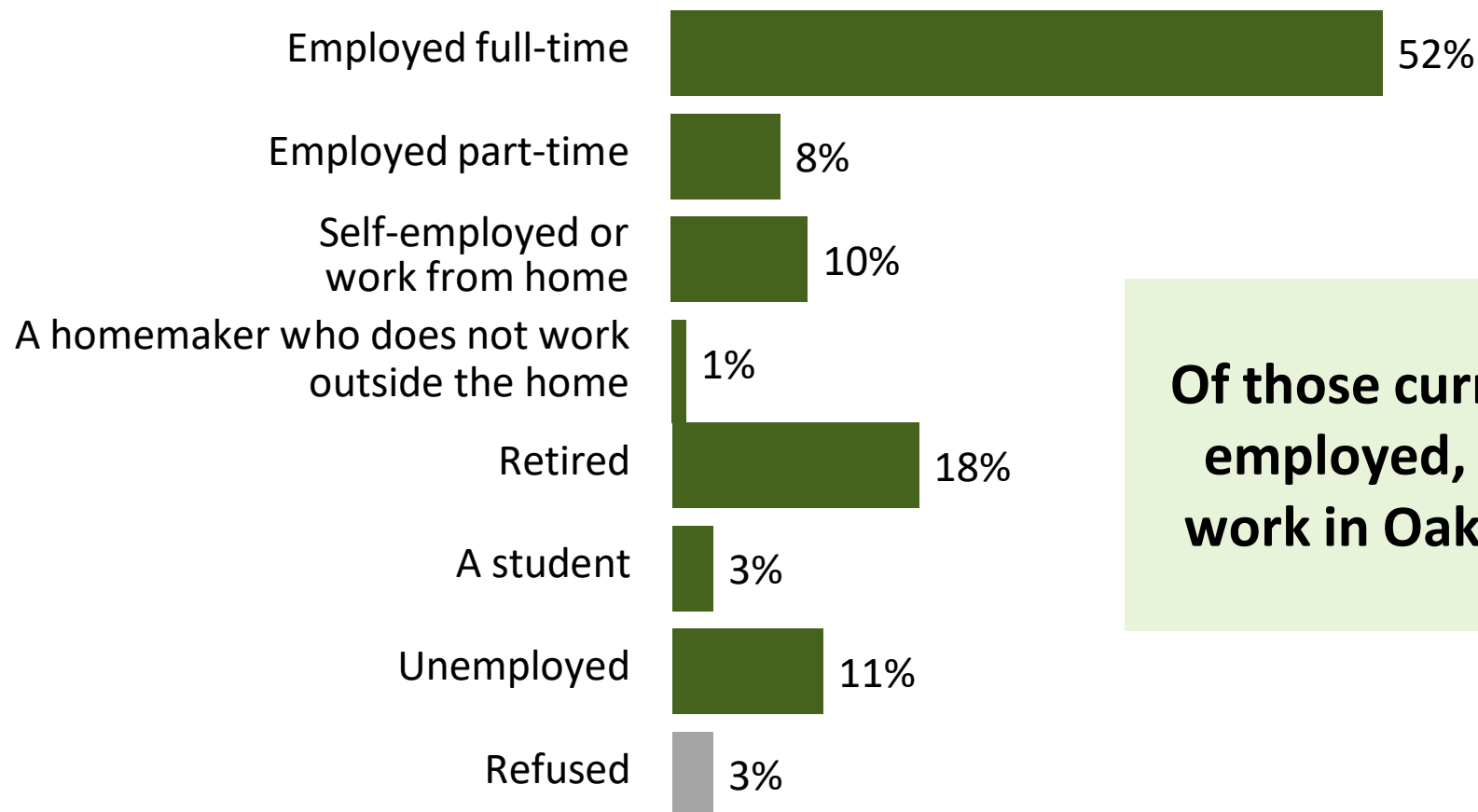


## *Household Income*



# About half were employed full time, and nearly one in five were retired.

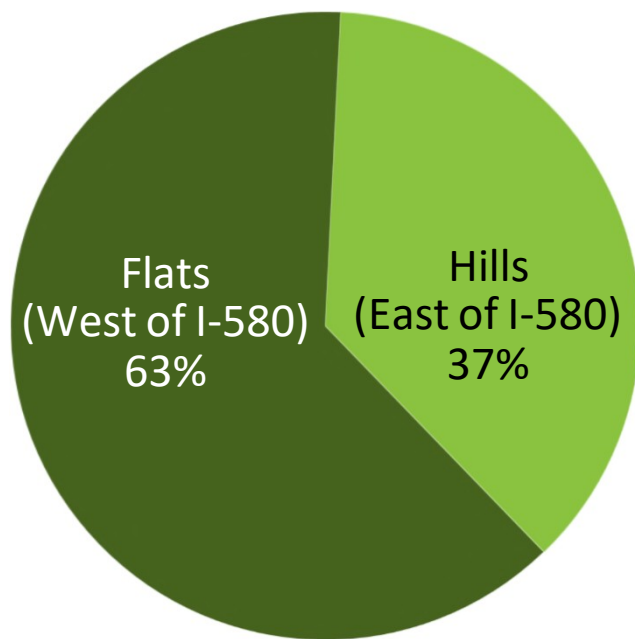
*What is your current employment status?*



**Of those currently  
employed, 45%  
work in Oakland.**

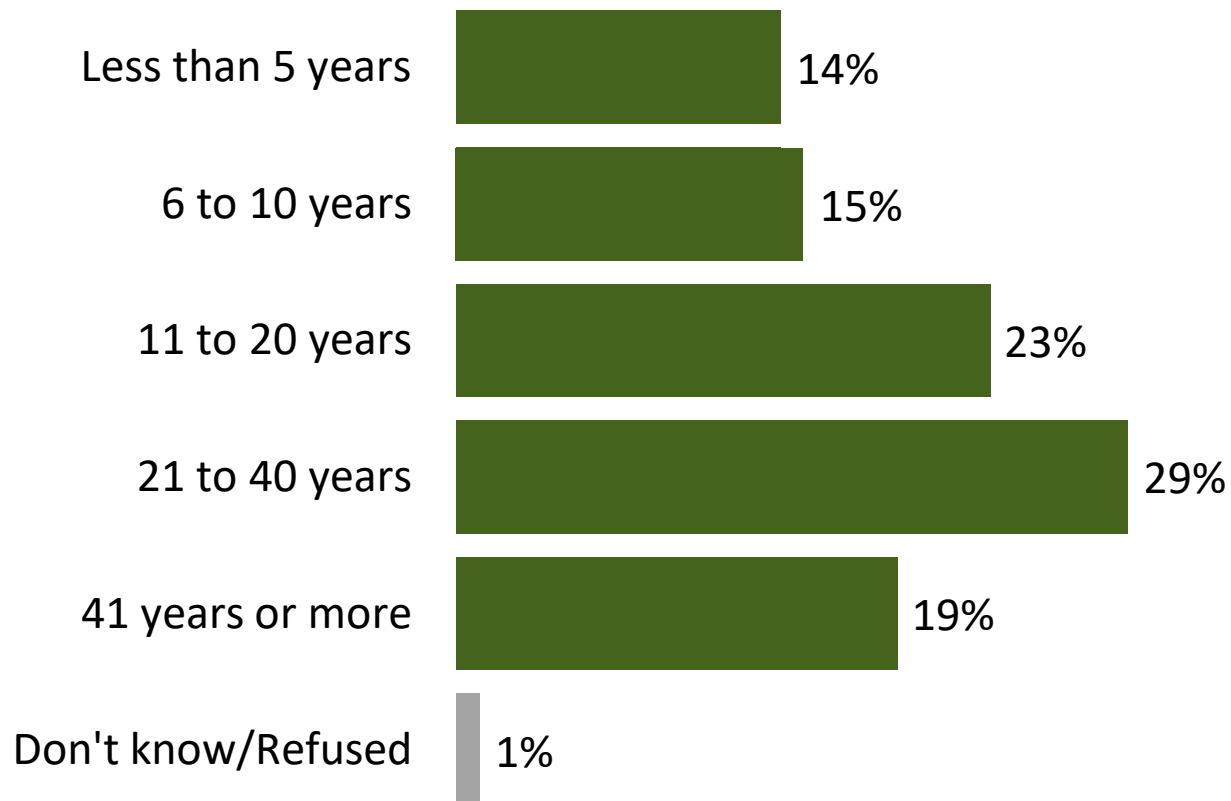
**We also categorized respondents as living in the “flats” west of I-580, or the hills.**

*Hills vs. Flats*



# About half of respondents have lived in the city for at least 20 years.

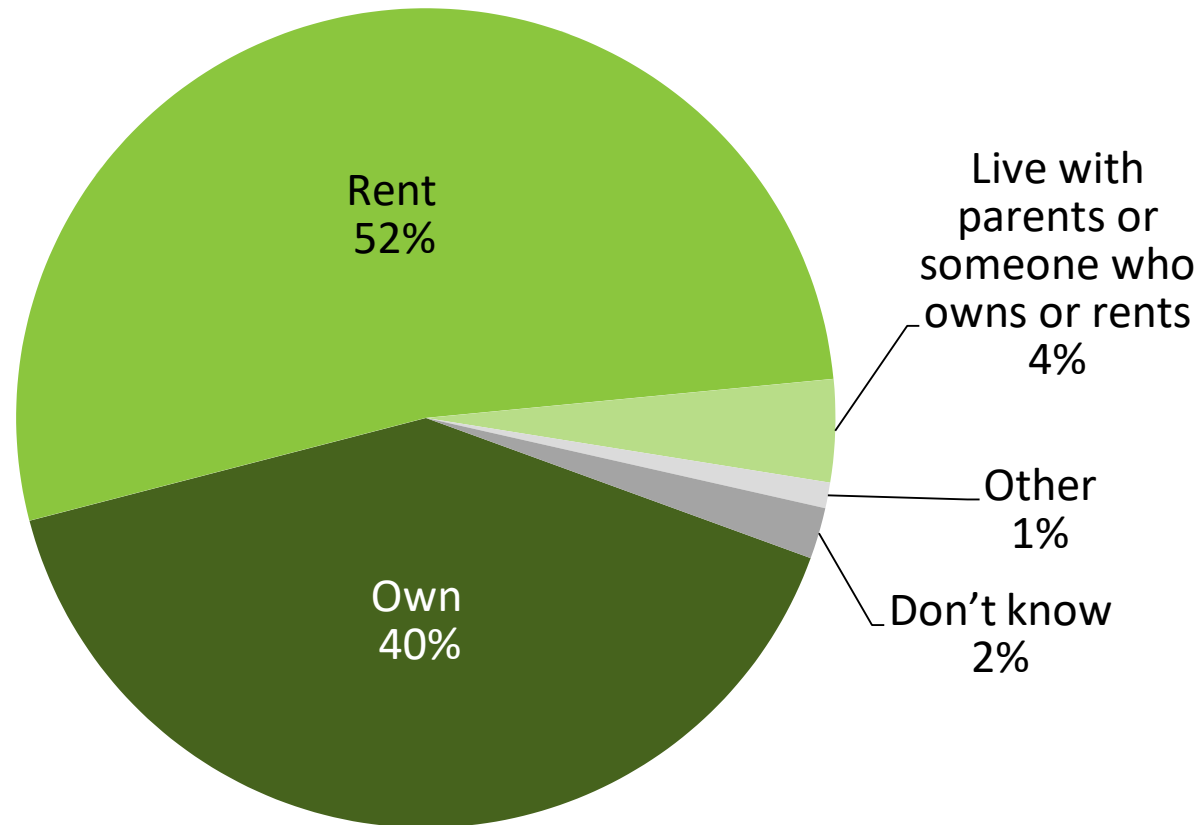
*About how long have you lived in Oakland?*





# Just over half were renters.

*Do you own or rent your home?*



# Race/Ethnicity by Own/Rent by Time in Oakland

Race/Ethnicity	Own/Rent	Time in Oakland	%
Asian/Pacific Islander	Homeowners	<20 years	3%
		21+ years	4%
	Renters	<20 years	7%
		21+ years	3%
Latino	Homeowners	<20 years	3%
		21+ years	4%
	Renters	<20 years	10%
		21+ years	4%
African American	Homeowners	<20 years	2%
		21+ years	7%
	Renters	<20 years	7%
		21+ years	10%
White	Homeowners	<20 years	8%
		21+ years	10%
	Renters	<20 years	11%
		21+ years	4%