



MEMORANDUM

TO: Honorable Mayor & City Council

FROM: Adam Benson
Director of Finance

SUBJECT: FY 2020-21 Midcycle Budget
Development Questions/
Responses #1

DATE: May 29, 2020

PURPOSE

The purpose of this memorandum is to transmit to the full City Council and public, responses to questions raised by City Councilmembers related to the Fiscal Year (FY) 2020-21 Proposed Midcycle Budget. To the extent additional information becomes available on any of the responses below, updates will be provided.

QUESTIONS AND RESPONSES

1) Overall, what are the service and equity impact of the budget amendments, including the reductions in O&M? [Bas]

A breakdown of the service impacts from the proposed actions are noted beginning on page 5 of the staff report. The Proposed Midcycle Amendment limits reductions to services that disproportionately serve communities of color, such as parks and recreation services. The Proposed Midcycle Amendment significantly expands services for Homelessness, Park Maintenance, and preserves expanded investments in affordable housing and illegal dumping, all of which significantly impact communities of color.

2) What is the cost savings of freezing vacant positions? [Bas]

The 89.70 proposed frozen FTE total \$13.3 million in cost savings. In the GPF, the 47.20 FTE proposed frozen FTE amount to \$7 million.

3) What is the projected revenue that may come from the CARES Act and how will that be programmed? [Bas]

The City of Oakland ("Oakland") did not receive a direct allocation from the federal government under the CARES Act. The Governor's May Revised budget includes \$225 million in CARES Act funding for cities over 300,000 population, which includes Oakland. The exact amount of funding available – if any – are unknown until the budget is approved by the State Legislature sometime in June 2020. Staff will return to the City Council with a proposed spending plan once final budget legislation is adopted, at which time the amount of funding and eligible uses of the funds should be known.

4) Are there potential O&M savings resulting from increased staff telework and reduced gas and utility usage? [Bas]

There are unlikely to be significant utility savings from increased telework. Facilities services is required to maintain power to buildings to provide life safety systems. Any building that is partially occupied must also maintain climate control for those workers. Workers using Virtual Personal Networks (VPNs) to access City IT systems from home must have physical PCs turned on at their desks to access this network. There may be some reductions to water usage, however, the majority of City water usage is related to landscaping and park spaces. At this point staff does not expect any notable saving to occur but will analyze utility data when it becomes available.

5) What does this mean in the resolution, and what would this look like in practice: City Administrator may transfer capital appropriations between capital projects that have been approved and funded by the city council if such transfers will enable the more efficient and timely completion of capital projects? [Bas]

The language in the resolution is intended to give Public Works and the Department of Transportation flexibility in the delivery of capital projects. For instance, there a need to accelerate projects to ensure compliance with bond requirements. Another example is when bond funding is supplemented with unanticipated grant funding and the resulting excess funds are required to be spent rapidly based upon bond requirements.

6) What is the status of the homeless advisory commission to oversee Measure W and Measure Q homeless funds, when will it be appointed and have its first meeting? [Bas]

The Homeless Advisory Commission as established by Measure W Vacancy Tax was funded starting July 1, 2020 including staff support positions. The Commission has not yet been seated but recruitment for the staff support is underway. In collaboration, the City Administrator's Office and the Human Services Department will begin soliciting applications for the Commission to align with the requirements of the legislation. With the passage of Measure Q, the Commission will provide advice on homeless funding under both measures. Staff anticipates a seated body with Council approval by September 2020.

7) Which are the 3.5 FTEs being reduced and are they vacant or filled positions? What is the impact of the \$20,000 reduction in Cultural arts grants? What is the transfer of the Pacific Renaissance Garage to DOT? [Bas]

- The proposed frozen FTEs in EWD are vacant. They are Accountant II.AF021 (1.00 FTE), Office Assistant II.SS153 (1.00 FTE), Student Trainee, PT.SS195 (0.50 FTE), and Urban Economic Analyst III.AP348 (1.00 FTE).
- The \$20,764 reduction in Measure C TOT funding for Cultural Arts grants will result in less grant funding available for artists. It may mean fewer artists get grants, a smaller grant award for each artist, or possibly both.
- The Department of Transportation manages most of the garages for the city. The proposed transfer of the Pacific Renaissance Garage from EWD to DOT will increase efficiencies and better align scope of work.

8) What services and contract contingencies are being reduced due to the shortfall in SSBT (HH)? [Bas]

The \$1 million in the Sugar-Sweetened Beverage Tax (SSBT) budget that is being reduced was to be allocated to 1) Diabetes and Obesity programs at the East Oakland Sports Center (purchase of exercise equipment, fitness classes/Instructors and nutrition classes/instructors), 2) purchasing exercise equipment at Oakland neighborhood parks, (e.g., Lake Merritt, Lowell Park, Arroyo Viejo, etc.) and 3) OPRYD's Town Camp efforts to teach Oakland's youth (5-12 year old's) the value of fitness and nutrition.

9) What is the impact of the \$250,000 reduction in year-round lunch? [Bas]

This reduction greatly limits the ability of HSD to provide more organic food for Head Start children, adult groceries for families, and expanded service for summer lunch sites with higher quality food for OPRYD, Library, Oakland Housing Authority sites, and community agencies in neighborhoods with high food insecurity. Specifically, the funds are being used this summer to 1) increase portion sizes; 2) increase quality of offerings; 3) reimburse for non-reimbursable meals; and 4) serve sites that might not qualify under the guidelines. Consistently in survey responses, children and staff indicated the need for larger portions and desire for increased quality. These funds also allow sites to receive specific and varied meals that would not be allowable under the grant. The pandemic's economic impact has intensified the need for these food services. The impacts will start with this year's Head Start food program and impact next summer's 2021 program implementation. The current summer program is using FY 2019-20 funds to provide the augmentation.

10) DVP - What contract services are being reduced? [Bas]

The Department of Violence Prevention and Human Services Department submitted to the City Council renewed grant agreements for 21 nonprofit agencies with reductions of five (5) percent for contract amounts over \$200,000 due to anticipated revenue reductions. A full discussion of this is included in the staff report and attachments accompanying Resolution No. 88120 C.M.S. which was adopted by the City Council on May 19, 2020.

11) Library - What services are being reduced? [Bas]

No services are being reduced at the Library. Costs are being shifted out of the General Purpose Fund and will now be funded in Measure D. In addition, 5.46 FTE vacant part-time positions will be frozen in Measure Q (Library) and there is no anticipated impact on services.

12) OPD - What is OPD overtime this FY relative to budget? Next FY, how will OPD overtime be managed? [Bas]

OPD overtime remains underbudgeted for the current level of services provided especially in the areas of 911 response, walking officers, and special enforcement. Staff will continue to monitor OPD overtime on a monthly basis and implement practice improvements as recommended in the OPD overtime audit. However, it is highly improbable that OPD overtime will be able to stay within budget without substantial budgetary increases in overtime or reduction in service levels.

13) Cannabis - What was the \$400,000 appropriation that is unspent and being moved to grant funding? Is it for workforce development? [Bas]

In the FY19-21 Biennial, Council set aside \$500,000 for "Cannabis Equity TA Funding", most of these funds went unspent. This funding was not for Workforce Development. This reduction will be offset with new State grants recently received in FY2019-20.

14) What are the real-world consequences of the large reductions in Operations & Maintenance (\$12.9M or 1/3 of the GPF reductions) and in contingencies? [Taylor]

A full breakdown of the service impacts from the proposed action are noted beginning on page 5 of the staff report. The service impacts include the anticipated effects of both personnel and O&M reductions.

15) What are the \$\$ savings from the 47.20 FTE freezes in the GPF? The other reductions alone seem to equal over \$53M (the GPF deficit). [Taylor]

The 89.70 proposed frozen FTE amount to \$13.3 million in cost savings across All Funds. In the GPF, the 47.20 FTE proposed frozen FTE amount to a saving of \$7 million.

16) The report says there is a \$9.7M deficit in FY19/20 even after using the VSSF/Rainy Day Fund. How is the remaining deficit balanced? From fund balance? [Taylor]

The City has limited tools to balance an anticipated deficit in the 3rd quarter. The selective hiring freeze and release of part-time employees will result in some salary savings in the final quarter of the year. Staff will also monitor O&M and carryforward project spending and will reduce these expenses when possible. Any significant remaining deficit may need to be addressed through further reduction to expenditures in FY 2020-21 once final year-end actuals are available. This final estimate will be presented in the Fourth Quarter Revenue & Expenditure report which is usually presented in late October.

17) Revenue estimate questions [Taylor]:

The FY 2020-21 revenue estimate was created with the best information available at the time. Like many other cities, it assumes a slow but gradual economic recovery over the fiscal year, with the majority of the recovery happening late in the 4th quarter of FY 2020-21. The goal is to manage risk over all categories.

- **Why don't you expect drop in RETT? Even "pessimistic" estimate is for only a \$5M decline?**

From 2008-2012, when the economy experienced an implosion of the real estate market, massive mortgage defaults, and severe tightening of mortgage lending markets, the City still collected on average \$34 million per year in RETT, at the rate of 1.5% per transaction value, or \$2.83 million per month. Since then, the RETT rate on transactions over \$2 million has increased from 1.5% to 2.5%. This economic crisis is not the same. While we have seen an initial dip in RETT, April 2020 RETT recorded 274 transactions (-33% compared to April 2019), with a total remittance of \$3.9 million (-43%), real estate transactions are expected to continue and increase slowly back to normal levels. If the City experiences steady growth of 8.5% per month in value of tax remittances from April 2020's \$3.9 million, the FY 2020-21 total would be \$89.75 million. We will be monitoring RETT, and ALL revenue streams closely and adjusting the forecast as new data becomes available.

- **The TOT decline is roughly 50% - Do you really believe that 50% of normal "transients" will be "occupying" Oakland in 20/21?**

The forecast assumes slow recovery over the fiscal year and will be monitored on a monthly basis. For example, the forecast assumes some months of only 5% of historical average, however, based on April 2020 remittances that also has a forecasted assumption of 5%, the City received 16.40%.

- **Similar question for parking tax and fines (parking tickets): the estimates contemplate 25% and 8% reductions-how do you anticipate 75% and 92% of normality in 20/21?**

The forecast for parking tax was modeled upon what was experienced during the Great Recession that saw two (2) years of 10% reductions from FY 2007-08. The FY 2020-21 forecast expects an almost 20% decrease relative to FY 2018-19 revenues. This overall decrease assumes significant reductions in parking tax revenues in the first quarter of FY 2020-21 and steady increases throughout the fiscal year as the economy opens back up. We will be monitoring this revenue stream monthly and adjusting the forecast as new data becomes available. The forecast assumes that City parking meters will be in operation and parking enforcement will resume by July 1.

18) What \$1M of Parks & Rec Services are being reduced? (On p.9 of the budget report, it says a \$1M reduction in OPR that had been earmarked for expanded OPRYD services from Measure HH SSBTD Fund (1030). In Exhibit 3, line E8, it says: Reduce Contract Contingencies in Office of OPR Director \$1,000,000.) [Taylor]

See answer to question 9.

19) What is the impact of the \$250,000 Parks & Rec reduction in year-round lunch program? [Taylor]

See answer to question 10.

20) What is the impact of the \$20,000 reduction in Cultural Arts grants? [Taylor]

The \$20,764 reduction in Measure C TOT funding for Cultural Arts grants will result in less grant funding available for artists. It may mean fewer artists receive grants, a smaller grant award for each artist, or possibly both.

21) Does the transfer of 8 OPD Sworn from Measure Z to General Fund result in any issues for meeting Measure Z rules? [Taylor]

The transfer of positions is proposed specifically to continue with Measure Z and MOU requirements regarding budgeting of sworn personnel. The transfer of these officers will not reduce the operations of Measure Z supported policing strategies including Community Resource Officers and Ceasefire.

22) What are the impacts of the Measure Z reductions for violence prevention (\$419k & \$900k reductions)? [Taylor]

The Department of Violence Prevention and Human Services Department submitted to the City Council renewed grant agreements for 21 nonprofit agencies with reductions of five (5) percent for contract amounts over \$200,000 due to anticipated revenue reductions. A full discussion of this is included in the staff report and attachments accompanying Resolution 88120 C.M.S. which was adopted by the City Council on May 19, 2020.

23) State CARES \$ legislation: Is the City involved in lobbying for its allocation and also how the funds are to be used? [Taylor]

The City is actively engaging federal, state, and local government partners for allocations of CARES Act funding. See answer to question 3 concerning use of funds.

24) In order to determine Maintenance of Effort, additional information is needed on all funding in the FY '20-'21 proposed Mid-Cycle Budget for these services with funding source and a comparison chart with the FY '19-'20 Adopted Budget. This will form the baseline for the next 20 years of Measure Q, and is critical to determining whether this budget will be found to be in compliance with the provisions of the parcel tax's enabling legislation as determined in City Auditor and financial audits (Section 4. B and 4.C). [Taylor]

	FY 2019-20 Adopted Budget	FY 2020-21 Proposed Midcycle Budget
Homelessness Services – General Purpose Fund (1010) – Community Housing Services Org	\$1,476,701	\$1,497,005
Water Quality Services – Funds 2421, 2332, 2990, 3100, 5322, & 7760 - Watershed and Stormwater Program, Infrastructure Maintenance: Storm Drain, and Engineer Design: Watershed and Stormwater Program Orgs	\$8,309,436	\$9,409,330

The Parks, Landscape Maintenance, and Recreational Services maintenance of effort language restricts 55% of the estimated revenue allocated to parks, landscape maintenance, and recreational services for the preservation of parks maintenance operational services. As such, the FY 2020-21 Proposed Midcycle Budget allocates 45.12%, or \$6,403,206 of estimated revenue to new enhanced parks maintenance services.

25) The “assumed amount” of Measure Q (Fund 2244) funds being used for existing staff and O&M was about \$7 million dollars. This was funded with “one-time” funding in the FY '19 - '20 adopted budget of \$8 million dollars, leaving about \$1 million dollars to come from funds other than LLAD (2310) or Measure Q (2244). Please ask staff to define the funding that meets the requirements in the Maintenance of Effort language in the bond measure. [Taylor]

The FY 2020-21 Local Measures report estimates the revenue projection for Measure Q to be \$23,354,633 which varies from the EMC Research revenue projection of \$21,000,000. This revenue variance will cover the \$1M funding gap for parks maintenance. In addition, the Proposed Midcycle Budget maintains some of the street lighting costs in the gas tax fund. In accordance with measure language, of the 64% of parks, landscape maintenance, and recreational services, 45% of funding is used for new services and 55% is used for old services.

26) Administration. Measure Q allocates 1% of the Budget to Administration, and this would be \$233,500 for FY '20-'21 Mid-cycle Budget (Section 3(C)(1). Based on a review of the proposed budget, the administrative costs appear to be \$861K, far exceeding the 1% Allocation in Measure Q per Section 3 (C) (1). Please ask staff to provide a chart showing all allocations of funds in Measure Q for Administration. Oversight. As an oversight committee for Measure DD, we are concerned about citizen oversight of Measure Q expenditures. Please advise when an existing board or commission will be charged with this responsibly. [Taylor]

The FY 2020-21 Proposed Midcycle Budget allocates 1% of the Measure Q revenue (less the \$1.2M for evaluation costs, see Part 1, Section 3(C)(1) of the ballot text) for evaluation and auditing services totaling

\$221,546. This funding allows for the addition of 1.00 Full-Time Equivalent (FTE) Business Analyst II to develop and implement a performance tracking system and evaluate the effectiveness of services or programs funded by Measure Q. The evaluation and auditing funding provided by Measure Q are as follows:

- Business Analyst II (1.00 FTE) - \$185,172
- Auditing Services - \$36,374

**The addition of 2.00 FTE Administrative Assistant II was an error on the released document. A revised document to correct this language to "2.00 FTE Construction and Maintenance Mechanic" has been made and is reflected on the current document.*

Please note that associated administrative expenses are eligible in each of the Measure Q allocations groups (Landscape & Park Maintenance, Homelessness, Stormwater) provided that such costs are associated with the provision of the aforementioned services, Section 3(C) of the ballot measure.

27) For the Master fee schedule: please provide option for exempting affordable housing development/construction from fees [Kaplan]

If there were no fee charged for affordable housing projects, the department staff time would still have to be defrayed from some source against the corresponding project for permit processing, plan review, Planning Commission hearing (if necessary), and construction inspections. Therefore, if affordable housing is categorically exempted from fees, then another source of funding will be needed to cover these costs. Since Proposition 26 prohibits one fee payor from subsidizing services for another, the only funding source available to address this cost would be from the General Purpose Fund.

All pertinent fees for affordable housing could be placed on a schedule with a funded account that is debited whenever building or planning services for affordable housing are provided for a specific affordable housing project. The Finance Department would clearly need to be engaged in this process and a realistic allowance be established and encumbered for this purpose as part of the City's budgeting cycle, and equivalent reductions in the General Purpose Fund would be required.

If the City wishes to advance this approach, then staff will need to compile an estimate of probable cost to determine the appropriate size of the allowance and encumbrance.

28) Which city applications/permits can now be completed remotely? What further steps are needed to provide for all such actions to be conducted remotely? [Kaplan]

All applications and permit types for PBD are being processed remotely:

- a. Online through ACA - EMP (trade) for 1-2 units, roofing cards, sewer laterals, excavation, curb-sidewalk-gutter, pre-applications, letter of determinations, zoning clearances
- b. Digital inbox is accepting large files to include structural drawings, plans and applications
- c. Permitinfo@oaklandca.gov accepts applications via email.

Applications are processed as follows:

- i. Applications, plans, structural calculations, and all other documents pertaining to the application are uploaded into the record immediately.
- ii. Staff contacts customers by email and phone to complete the process for issuing the permit or intaking applications submittal both for planning and building.
- iii. Staff approves/stamps plans digitally for both planning and building. (Fire is also partaking in the digital sign offs and issuance of the building applications)
- iv. Permits are digitally signed by applicants and uploaded into system.
- v. Approvals letters, permits, job cards are emailed to customer or mailed.
- vi. These documents are also uploaded immediately to the Accela record.

29) What is the status of the review/audit of the impact fee program? How much revenue in impact fees came in during the last year? What is expected in the coming year? What exemptions, if any, has the administration granted to any of the impact fees since 2015? [Kaplan]

The auditor is currently working with PBD staff on reconciling variances in the Accela system. We expect the audit to be completed in June of 2020.

Actuals and Projected Revenues for Impact Fees

	FY 2019-20 Revenues thru 04-30-2020	FY 2020-21 Projected Revenues
Jobs / Housing Impact Fees	\$4,145,583	\$500,000
Affordable Housing Impact Fee	\$2,674,550	\$3,192,000
Transportation Impact Fees	\$633,295	\$951,705
Capital Improvement Impact Fees	\$837,684	\$584,316

There have been 5 exemptions that the administration has granted on impact fees:

1. September 10, 2015: Dreishbach Enterprises: Jobs/Housing impact fee
2. January 24, 2018: Schnitzer Steel Industries: Transportation and Capital Improvements impact fees
3. August 10, 2018: Coliseum Stage Direct Partners, LLC: Reduction of Jobs/Housing impact fee
4. August 20, 2018: Coliseum Storage Direct Partners, LLC: Reduction of the Capital Improvement impact fee
5. February 21, 2019: Holliday Development, LLC: Reduction of Affordable Housing, Transportation and Capital impact fees

30) What is the status of setting up the Commission on Homelessness? [Kaplan]

The Homeless Advisory Commission as established by Measure W Vacancy Tax was funded starting July 1, 2020 including staff support positions. The Commission has not yet been seated but recruitment for the staff support is underway. In collaboration, the City Administrator's Office and the Human Services Department will begin soliciting applications for the Commission to align with the requirements of the legislation. With the passage of Measure Q, the Commission will provide advice on homeless funding under both measures. Staff anticipates a seated body with Council approval by September 2020.

31) To clarify that budgets for city officials offices have flexibility to use for potentially needed technology to allow remote working (this is not a request for increased funding, but rather, to clarify that official's budgets may be used for these purposes). [Kaplan]

Yes, costs necessary for remote working are allowable uses of City officials' budgets.

32) What projections does the budget proposal make, in terms of potential for revenue from additional leases or sales of city property? [Kaplan]

As a matter of best practice, the Administration's budget proposal does not include revenues from the potential sales or leases of city property as these revenues are speculative. The Administration does not believe these revenues will be realized in FY 2020-21, given the uncertainties in the market and the complicated process for disposition of city property.

33) Provide the total of Fund 2244 proposed Revenue and Expenditures for FY 2020-2021 including the cost for the special election and Alameda County fees to administer the revenue.

In the table below, you will find the Parks Measure Q (Fund 2244) proposed expenditures for FY 2020-21.

Allocation %	Program/Service	FTE	Personnel	O&M	Total	Description
1%	Evaluation and Auditing	1.00	\$ 185,172	\$ 36,374	\$ 221,546	Add 1.00 FTE for parks analytics and approximately \$0.03 million in auditing funding;
5%	Water Quality and Litter Reduction	1.00	\$ 166,366	\$ 941,366	\$ 1,107,732	Add 1.00 FTE and approximately \$0.9 million in O&M to support the Storm Drain Master Plan and device capital design and installation;
30%	Homelessness	3.00	\$ 439,370	\$ 159,998	\$ 599,368	Add 2.00 FTEs in Community Housing Services and 1.00 FTE in DHS Fiscal Operations, and \$0.16 million in O&M funding for the expansion of programs and services to address homelessness by enabling unsheltered and unhoused resident to access temporary, transitional, and/or permanent housing;
	Homelessness	1.83	\$ 347,548	\$ -	\$ 347,548	Transfer 0.83 FTEs in Community Housing Services and funding of 1.00 FTE for ½ year from Human Services;
	Homelessness	3.00	\$ 905,562	\$ -	\$ 905,562	Transfer 3.00 FTE's from the Oakland Police Department Homelessness Unit from the General Purpose Fund; and
	Homelessness	-	\$ -	\$ 756,700	\$ 756,700	Transfer Third Party Contracts in Community Housing Services from Measure HH - SBDT Fund (1030) \$100k and Comprehensive Clean Up Fund (1720) (\$39,600), Transfer St. Mary's Center Contract Contingencies (\$200k), Homeless Ambassador Program(\$350k), and other subsidies (\$67k) from the General Purpose Fund.
	Homelessness	-	\$ -	\$ 4,037,212	\$ 4,037,212	Appropriate approximately \$4.04 million in funding for Third Party Grant contracts for various programs dedicating approximately \$1.74 million to the Henry - Hotel Touraine and the Holland - Grand Hotel, \$1.20 million to family services and family hotel strategy, \$0.50 million in community outreach, \$0.50 million for the Oakland Path Rehousing Initiative, \$0.05 million for the Hope Housing Lease and \$0.05 million in motel vouchers.
64% (55% old, 45% new)	Parks, Landscape Maintenance, and Recreational Services (Old Services)	50.85	\$ 6,291,416	\$ -	\$ 6,291,416	Transfer 50.85 FTEs in various positions from Landscaping and Lighting Assessment District Fund (2310) totaling approximately \$6.3 million
	Parks, Landscape Maintenance, and Recreational Services (Old Services)	8.55	\$ 1,225,858	\$ 78,883	\$ 1,304,741	Transfer 8.55 FTEs and approximately \$0.07 million in O&M from the General Purpose Fund (1010)
	Parks, Landscape Maintenance, and Recreational Services (Old Services)	2.00	\$ 180,918	\$ -	\$ 180,918	Transfer 2.00 FTEs in Landscape Maintenance from Comprehensive Clean-up (1720)
	Parks, Landscape Maintenance, and Recreational Services (New Services)	30.00	\$ 2,968,336	\$ 1,755,334	\$ 4,723,670	Add 30.00 FTEs various Parks and Trees staff totaling approximately \$2.90 million and \$1.75 million in O&M to procure equipment to support newly added staff; and
	Parks, Landscape Maintenance, and Recreational Services (New Services)	6.00	\$ 675,280	\$ 835,557	\$ 1,510,837	Add 6.00 FTEs in Facilities staff and approximately \$0.85 million in O&M for equipment to support newly added staff.
	Parks, Landscape Maintenance, and Recreational Services (New Services)	-	\$ -	\$ 167,383	\$ 167,383	Additional Contingency O&M for staff and equipment
	Election Funding			\$ 1,200,000	\$ 1,200,000	
TOTAL		107.23	13,385,826	9,968,807	23,354,633	

34) One of the primary goals of measure Q was to address the city’s approx. \$8 million funding gap Parks maintenance. The amount generated from the 55% specified in the MOE for Measure Q (Fund 2244) is about \$7 million dollars, leaving about \$1 million dollars to fund with funds other than LLAD (2310) or Measure Q (2244.) Please define the funding source being proposed to comply with the MOE above.

The FY 2020-21 Local Measures report estimates the revenue projection for Measure Q to be \$23,354,633 which varies from the EMC Research revenue projection of \$21,000,000. This revenue variance will cover the \$1M funding gap for parks maintenance. In addition, the Proposed Midcycle Budget maintains some of the street lighting costs in the gas tax fund. In accordance with measure language, of the 64% of parks, landscape maintenance, and recreational services, 45% of funding is used for new services and 55% is used for old services.

35) From Measure Q Ordinance text:

“Homeless Services. For so long as the parcel tax is in effect, if the City’s operative fiscal year budget appropriates less in ongoing, unrestricted revenue, not including any revenue attributable to this parcel tax, to homeless services than is appropriated to direct homeless services from ongoing, unrestricted revenue , and not including any revenue from the Affordable Housing Trust Fund, Fund 1870, in the City’s 19-21 Adopted Policy Budget for

fiscal year 2019-2020, the City may not expend any revenue attributable to this parcel tax on any purposes described in Part 1, Section 3 (A) (5).”The 2019-2020 Budget had \$2,000,000 in General Purpose Funds for Homeless programs. The funding has been removed. Please define the funding source being proposed to comply with the MOE above.

The FY 2019-20 Adopted Budget appropriated \$1,476,701 in General Purpose Fund funding for homeless services. The Parks Measure Q maintenance of effort requirement for homeless services is fulfilled by the continuation and increase of funding to total \$1,497,005 in the General Purpose Fund (1010).

36) From Measure Q Ordinance text:

“Stormwater System. For so long as the parcel tax is in effect, if the City’s operative fiscal year budget appropriates less in ongoing revenue, not including any revenue attributable to this parcel tax, for ongoing operations and maintenance costs of the uses described in Part 1, 3 (A) (6) than is appropriated to those same uses from ongoing revenue in the City’s 19-21 Adopted Policy Budget for fiscal year 2019-2020, the City may not expend any revenue attributable to this parcel tax on any purposes described in Part 1, (3 (A) (6).” Define the Operable budget for the Storm Water program for FY 2019-2020 and how its meeting the MOE requirement above.

The FY 2020-21 Proposed Midcycle Budget meets the maintenance of effort requirement for the Stormwater System program and allocates an additional \$1,107,732 in funding from Parks Measure Q as follows:

- Storm Drain Master Plan Consultant - \$775,000
- Device Capital Costs (Design and Installation) - \$139,850
- Engineer, Assistant I (Office) (1.00 FTE) - \$166,366
- O&M - \$26,516

Watershed and Stormwater Budget	On-going Appropriation
FY 2019 – 20 Adopted Budget	\$8,309,436
FY 2020 – 21 Proposed Midcycle	\$9,409,330

37) Please provide a chart showing all allocations of funds in Measure Q for Administration.

The FY 2020-21 Proposed Midcycle Budget allocates 1% of the Measure Q revenue (less the \$1.2M for election costs, see Part 1, Section 3(C)(1) of the ballot text) for evaluation and auditing services totaling \$221,546. This funding allows for the addition of 1.00 Full-Time Equivalent (FTE) Business Analyst II to develop and implement a performance tracking system and evaluate the effectiveness of services or programs funded by Measure Q. The evaluation and auditing funding provided by Measure Q are as follows:

- Business Analyst II (1.00 FTE) - \$185,172
- Auditing Services - \$36,374

**The addition of 2.00 FTE Administrative Assistant II was a typographical error on the released document. A revision to this document to correct this language to “2.00 FTE Construction and Maintenance Mechanic” has been made and is reflected on the current document.*

Please note that associated administrative expenses are eligible in each of the Measure Q allocations groups (Landscape & Park Maintenance, Homelessness, Stormwater) provided that such costs are associated with the provision of the aforementioned services, Section 3(C) of the ballot measure.

38) Please provide costing and fund source options, to respond to the COVID emergency need for more widespread and reliable internet access, improve communication cybersecurity infrastructure, and public access for internet service/Wi-Fi in Oakland's communities of concern, (including, but not limited to, utilizing fiber-optic installed with the BRT project and with the Port). [Kaplan]

The below are high-level cost estimates to address need for internet access due to the COVID pandemic. A more accurate cost estimate would be determined in the discovery phase once each project has been initiated.

- **Public WiFi (OAK WiFi) to 85% of City (communities of concern) - \$6-7M**
COVID has exacerbated the disparities/disadvantages caused due to a lack of broadband connectivity.
 - Infrastructure remediation- \$2M
 - Public WiFi Buildout- \$4M (only covers areas below Highway 580 along the BRT corridor)
 - 13 zones with about 0.5 sq. miles of reach/zone x \$300k
 - Zones can be positioned to ensure coverage of a desired area and can be added to increase coverage as needed
 - Contingency- \$1M
 - Annual operations- \$1M

- **Cybersecurity Infrastructure- \$2-3M annually**
With COVID forcing the workforce to work remotely, the number of unsecured endpoints has dramatically increased. Working from home has opened multiple vectors for cyberattacks through the heightened dependency on personal devices and home networks
 - Additional security software and networking hardware to address these new endpoints and vulnerabilities- \$2-2.5M
 - Currently the City has approx. \$2.5M in end-of-life (obsolete) networking equipment. As it relates to security, end-of-life equipment does not have support and thus no ongoing security patches
 - Staff augmentation- \$500k
 - This \$500K is for contracting outside security professionals to assist the department as a tactical measure
 - In ITD's Mid-cycle Budget Proposal submitted prior to COVID, we requested for one (1) Information Systems Manager II (Chief Information Security Officer) and one (1) Information Systems Administrator for a total of two (2) dedicated security professionals. Having FTE on staff is the preferred strategic measure – security issues will be ongoing

Outside of any state or federal funding for which this would be an eligible expense, the only source of funds would be the City's general purposed fund.

39) Please provide a rationale for these positions for Park Maintenance. The Proposed Budget is also freezing 4 - FTE Painter Positions, 2 in the 1720 Fund and 2 in the Facilities Fund (4400).

OPW Facilities made the request for 2 painter positions in Measure Q for staffing required to provide increased levels of service/maintenance support for Parks facilities as specified in the proposal (mainly restrooms and outdoor assets). These 2 positions were intended as an augmentation to existing staffing levels at the time of the proposal. Due to the significant baseline budget deficit, the decision was made to freeze these positions. The 2.00 FTE Painters in 1720 perform unrelated duties and these painter positions will be dedicated to Park facilities only.

40) Please define how the deliverable in Measure Q calling for “Cleaning Park Restrooms more than once per day, especially on the weekends” will be met with this staffing level?

The request for two (2) Custodians in Measure Q is to provide a 2-person team dedicated to servicing Park facility restrooms in the afternoons as an augmentation to existing Custodial staff currently performing these services once daily in the mornings. With the addition of 2 Maintenance Mechanics, and 2 Painters, staff will be able to setup a roving team that will not only be able to clean said restrooms and amenities, but they will also be able to properly maintain, provide proactive maintenance, and respond to service requests.

41) Also, please clarify: Page 18 of the staff report states that 6-FTE are being added to Facilities staff 2-FTE painters and 2-FTE Custodians, what are the additional 2-FTE?

The additional 2.00 FTE are Construction and Maintenance Mechanics. Please note the addition of 2.00 FTE Administrative Assistant II was a typographical error on the released document. A revision to this document to correct this language to “2.00 FTE Construction and Maintenance Mechanic” has been made and is reflected on the current document.

42) Please describe the justification for additional administrative positions.

Measure Q adds a significant amount of staff and additional data reporting requirements. The Business Analyst II will create and monitor performance measures and the Administrative Assistant II will assist with the filling/hiring of numerous additional positions.

43) Please provide a Chart for Staffing with O & M and funding source for the FY 2019-2020 and the proposed FY 2020-2021 or each area in Measure Q, Parks, Storm Water, Administration and Homeless Services. It is not possible or transparent to try to define this with the limited information in the Mid-Cycle Budget documents.

See answer to question 33.

44) Please provide a detailed program description for the Parks, Landscape Maintenance, Recreational Services to describe delivery of the promised elements.

- ***Mowing City operated sports fields frequently, every other week or as may be required by the time of the year***

The Park Equipment Operator (PEO) is primarily responsible for mowing lawns and athletic fields in city parks. They are also responsible for turf renovation and assisting irrigation and plumbing staff in digging for underground broken irrigation and plumbing systems. Mowing would be increased to weekly service at larger parks and athletic fields. Improved mowing helps keep lawns healthy and safe for park users. Turf renovation (fertilizing, aeration, etc.) will also be increased to enhance the lawn areas. The PEO will also assist irrigation staff in necessary updates to irrigation systems. Having a properly functioning irrigation system will result in water savings and allow for healthier lawns and plant life.

- ***Collecting of trash and litter several times per week, including Saturdays and Sundays from the City’s most used parks, assuring equitable distribution of resources***

Gardener Crew Leader and Gardeners are responsible for horticulture activities in parks which include - planting, pruning, litter abatement, weed removal, minor irrigation repair and park renovations. Seven to eight parks, including Lake Merritt will have a gardener stationed on site daily. The specific parks will be designated from an equity standpoint. Having gardeners regularly present at larger parks will provide better routine landscape maintenance and litter control. Trails in Open Space areas (ex. Joaquin Miller Park) will receive routine maintenance

which includes litter pickup, brush removal, etc. Staff will work with Trail volunteers on best practices.

- ***Cleaning Park restrooms more than once a day, especially on weekends***

The request for 2 Custodians in Measure Q is to provide a 2-person team dedicated to servicing Park facility restrooms as an augmentation to existing Custodial staff currently performing these services once daily.

- ***Providing dedicated staff at major parks. "Major parks" means City Operated Community Parks, Region-Serving Parks, and Resource Conversation Areas, as those terms are used in the Open Space Conservation & Recreation (OSCAR) Element of the Oakland General Plan***

Tree Trimmer and Tree worker positions are responsible for the care of Oakland's urban forest. There will be improved tree care service in city parks and open space areas such as Joaquin Miller park. Trees along walking paths in parks and trails will receive routine tree maintenance. In addition, trails in Open Space areas (ex. Joaquin Miller Park) will receive routine maintenance which includes litter pickup, brush removal, etc. Gardening staff will work with Trail volunteers on best practices.

45) \$750,000 is proposed in FY 2020-2021 for the much-needed Storm Drainage Master Plan. Will this entire amount be needed in 2020-21 considering the time an RFP process and any other administrative processes? Please clarify.

The City is already engaged in the RFP process to bring on a consultant for the creation of the Storm Drain Master Plan (SDMP) and anticipates being able to contract with the selected consultant before the end of the calendar year. The scope of work for the creation of the SDMP will be aggressively pursued once a contract is executed. Early tasks are anticipated to consist of many hours of resource-intensive fieldwork as the City needs to verify and inspect existing assets before a thorough analysis of the system is possible. This work must be performed by skilled consulting staff and is one of the drivers of the high cost for the creation of the SDMP. Any of the budgeted amount that cannot be spent in FY21 will be spent in FY22 and FY 23.

46) Please provide role and justification for a Full Time Engineer to assist with a Capital Budget of \$191,336 - is this needed. Please clarify.

The Assistant Engineer II (AE II) will assist with functions beyond implementing the \$191,336 capital budget. In the short term, the AE II will assist in the delivery of the SDMP project. They will facilitate review of work products created by the consultant and accelerate the implementation of this endeavor without it causing a detriment to other critically important work. Currently the Watershed and Stormwater Division has only a single engineer to manage stormwater drainage or hydrology tasks for the City. This limits the Division's ability to take on work to only the most essential tasks – generally limited to drainage issues that become a threat to life & safety and compliance with the City's National Pollutant Discharge Elimination System (NPDES) stormwater permit. Expanding Watershed's engineering staff will allow the Division to address more stormwater drainage issues and turnaround projects more quickly to meet the goals and objectives outlined in Measure Q.

47) The Storm Water/Clean Water supporters and advocates for Measure Q were very concerned about the City of Oakland meeting the Regional Water Quality Control Board Permit. Please clarify how will this proposed budget meet some or all of the permit requirements.

This proposed budget directly supports one of the most critical regulatory requirements in the Municipal Regional Permit (MRP) which is the identification of locations for, and the installation and maintenance of

full trash capture (FTC) devices (primarily connector pipe screens which are inlet-based debris screens). These devices average approximately \$2,500 per unit for materials and installation and the maintenance costs average \$300-\$600 per unit depending on the required frequency of cleaning as stipulated in the MRP. Factoring in design and planning costs, this budget will support the installation of a number of devices. Additionally, in the creation of the SDMP the consultants will be tasked with proposing creative solutions as part of identifying projects needed to improve the City’s storm drainage system and enhance its watersheds. These solutions are anticipated to include at minimum the incorporation of green stormwater infrastructure devices that, in addition to complying with the C.3 requirements of the MRP, also help the City achieve its PCB (polychlorinated biphenol) control and trash load reduction requirements. Further, the SDMP will provide a more accurate understanding of the City’s storm drainage system that will improve efficiency and efficacy in responding to illicit discharge or other pollutant loading issues in the system. These efforts are directly in compliance with section C.5 of the MRP.

48) Please describe how/why Measure Q (Fund 2244) is appropriate to fund the additional 3 Police Officer positions and overtime.

Oakland Police Department (OPD) has piloted a homelessness outreach team with one-time funding. The Midcycle budget allocates 3.00 FTE Police Officers and corresponding overtime to expand the homelessness outreach program on an on-going basis.

49) What are the functions and justifications for the funding of positions as stated above from page 18 of the staff report and on page 21 of Exhibit 3 appended to the legislation (Fund 2244)?

The Human Services Department (HSD) proposes to add 1.00 FTE Case Manager I and 1.00 FTE Administrative Assistant II to increase case management services and develop programs and services to enable unsheltered and unhoused residents’ access to shelter.

50) For Line E9 of Exhibit 3, page 21, please provide a detailed description of all "Third-Party Contracts"— totaling almost \$4 million. For Line #10, describe the "Hope Housing Lease."

Program	Description	Funding
Family Services/Family Hotel Strategy	Provides funding to support services and operations for clients at the newly opened Family Shelter (June 2020) serving 20-25 families. This includes but is not limited to employment services and rapid re-housing exit funds. It also supports ongoing services and operations at a permanent location for the shelter once identified, potentially a motel/hotel strategy.	\$1,200,000
Henry – Hotel Touraine and Holland – Grand Hotel	The Holland is funded in FY 2020-21 however will need Measure Q/W funding to sustain the program in subsequent years. The Henry is also operating at a deficit and needs increased funding to maintain its current level of successfully moving clients to permanent housing. These facilities provide 222 beds of transitional housing, which with housing placements can serve up to 400 individuals per year. Meanwhile, these City-owned facilities need on-going major capital repairs that cannot be paid for with the current HUD funding available to the sites. Cont'd	\$1,740,000

HONORABLE MAYOR AND CITY COUNCIL

Subject: FY 2020-21 Budget Development Questions/Responses #1

Date: May 29, 2020

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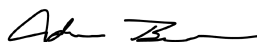
Program	Description	Funding
Henry – Hotel Touraine and Holland – Grand Hotel	Many of the repairs present serious liabilities for the City. It is being recommended that the City use this one time allocation (as subsequent years will be used for operating) to fund capital projects at the two sites including water damage in the electrical room at the Henry and additional funds to complete an HVAC project.	\$1,740,000
Community Outreach	HSD's current outreach capacity is partially funded with Alameda County Whole Person Care dollars which end in December 2020. This proposed funding would allow four positions to continue and would sustain the City's current capacity to perform tasks including basic harm reduction, engagement and assessment of unsheltered individuals, connection to the Coordinated Entry System, encampment census efforts, focused outreach to address specific community issues, support for posting as necessary, and connecting individuals to shelter/housing options as they are available. Given the current health crisis, this work is even more important.	\$500,000
Oakland PATH Rehousing Initiative (OPRI)	This is a proposed expansion of the current partnership with the Oakland Housing Authority providing permanent/ long-term transitional housing for singles and transitional aged youth. The expansion proposed would leverage \$1 million in OHA funding to subsidize rents for 40 homeless families in housing in the community. Measure Q funds would provide the required service match to make this program a reality. This program currently serves 80 singles and 20 transitional aged youth who came directly from the streets. The program has a housing retention rate of 96% after three years.	\$500,000
Motel Vouchers	Motel vouchers would be made available on a short-term basis for homeless families or individuals who are particularly vulnerable on the street until a more permanent program placement can be identified. Distribution would take place in conjunction with street outreach and the Family Front Door.	\$50,000
Hope Housing Lease	This proposed allocation supports an unfunded lease for the Matilda Cleveland property rental that provides transitional housing for thirteen (13) families at any one time in East Oakland. The program's operational budget is funded under a HUD Continuum of Care grant.	\$50,000

51) As the "Homeless Commission" is tasked as the body to oversee the projects and expenditures for both Measure W and Measure Q programs, when will the Homeless Commission be established and when will the Commission commence its delegated functions?

The Homeless Advisory Commission as established by Measure W Vacancy Tax was funded starting July 1, 2020 including staff support positions. The Commission has not yet been seated but recruitment for the staff support is underway. In collaboration, the City Administrator's Office and the Human Services Department will begin soliciting applications for the Commission to align with the requirements of the legislation. With the passage of Measure Q, the Commission will provide advice on homeless funding under both measures. Staff anticipates a seated body with Council approval by September 2020.

For questions, please contact Lisa Agustin, Budget Administrator, at (510) 238-2989.

Respectfully submitted,



ADAM BENSON
Director of Finance