



MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Katano Kasaine
Finance Director

SUBJECT: FY 2017-19 Budget Development
Questions/Responses #5

DATE: June 15, 2017

City Administrator
Approval

/s/

Date: 6/20/2017

PURPOSE

This memorandum is in response to questions raised by City Councilmembers regarding the Fiscal Year (FY) 2017-19 Proposed Biennial Budget, which was released on April 28, 2017. To the extent additional information becomes available on any of the responses below, updates will be provided.

QUESTIONS AND RESPONSES

- 1) **The June 12 budget supplemental notes a budget reduction from the 3rd academy being budgeted as a continual expense through the end of 18-19 rather than ending in November 2017. However, the proposed budget states on page G-34 “3rd Police Academy to begin at the end of FY 18-19.” Please clarify. Also please confirm that the last Police Academy in the FY17-19 budget is proposed to begin in May of 2019 (i.e. is in the budget for May and June of 2019)? If so, how much in one-time funds would be saved—available for re-purpose—if the proposed police academy slated to begin in May of 2019 is delayed to June of 2019?. [Kalb]**

To clarify, the item identified in Errata number two in the June 12 budget supplemental is unrelated to the 182nd Academy budgeted in FY 2018-19.

Of the \$1,502,385 budgeted expenses for the 182nd Academy in FY 2018-19, \$785,551 are fixed startup costs and \$716,834 are variable costs. Delaying the start of the Academy from May to June of 2019 would result in **temporary savings of \$358,417** or 50% of the variable costs. However, the remaining variable costs would be expensed in the subsequent budget.

2) What would be the financial impact, if any, over the FY17-19 budget cycle of deleting one of the proposed FT civilian fire prevention bureau inspectors slated for FY 17-18 and adding one FT vegetation management fire prevention inspector starting in FY 17-18? [Kalb]

The cost of a Civilian Fire Prevention Bureau Inspector is \$127,528 in FY 2017-18 and \$132,152 in FY 2018-19. The cost of a Fire Suppression District (Vegetation Management) Inspector is \$109,935 in FY 2017-18 and \$113,920 in FY 2018-19. The Civilian Fire Prevention Bureau Inspectors are cost recovering; thus, reducing one of these positions will also equivalently reduce the City's revenue. The Vegetation Management inspectors, however, are not cost recovering.

Adding a Vegetation Management inspectors would require net new General Purpose Fund Costs of \$109,935 in FY 2017-18 and \$113,920 in FY 2018-19. Alternatively, the City could modify the current fee structure for vegetation inspections by charging on the first re-inspection, instead of the second re-inspection, resulting in additional cost recovery.

3) What are the possible eligible sources of funds that can be allocated to reduce our stormwater related trash and move toward compliance with the requirements set forth by the Regional Water Quality Control Board? For each source of funds, please note which of the existing and proposed programs for achieving trash reduction goals (as provided in the May 16th Follow-up Report on Stormwater Trash Load Reduction Compliance) are eligible to use the specific funding source. Please make sure you include Measure KK as a funding source when answering this question. [Kalb]

There is currently no dedicated, recurring revenue source for the Stormwater Program. The proposed Capital Improvement Program includes use of Pavement Program Funds, Transportation Matching Grant funds, and Streetscape funds for installation of the Water Quality Control Board's full trash capture systems and, where appropriate, as integral elements of Transportation projects.

4) What would be the additional cost in the budget to hire one additional crew for litter pickup and illegal dumping pick-up? [Kalb]

The supplemental report for the June 12, 2017, City Council Special meeting (rescheduled for June 19, 2017) titled "FY 2017-2019 Proposed Policy Budget Adoption—Supplemental" (See Exhibit 2a) includes funding for a Keep Oakland Clean and Beautiful crew dedicated to encampment cleaning with a cost as follows:

- FY 2017-2018 One-time: \$350,000
- FY 2017-2018 Ongoing: \$340,000
- FY 2018-2019 Ongoing: \$450,000

This additional crew, and equipment, would provide significant support to the Keep Oakland Clean and Beautiful team who are responsible for illegal dumping, graffiti removal, and homeless encampment clean-ups.

5) What is involved in enhancing our street sweeping operation to better comply with our trash reduction requirements, and how much would have to be added to the budget to achieve this? What would be the eligible sources of funds for this? [Kalb]

Staff are currently exploring two options for enhancing street sweeping operations to better comply with trash reduction. Both options, however, are long-term in nature and will not help the City meet the 70% requirement by July 1, 2017. The first strategy is to develop, within existing resources, a new routing approach (e.g. increase frequency in high trash areas and reduced frequency in low trash generating areas) and make a proposal to the Water Board for new trash reduction credits. The second strategy is to evaluate effectiveness of street sweeping and trash collection operations in conjunction with installation of auto-retractable screens on storm drainage inlets. This study is in progress and should be complete by 2019. If the study shows additional trash reduction and the Water Board accepts the findings, staff would make a proposal for funding the screens in 2019.

6) How much in additional one-time funds each year over two years would it cost to add back a social worker (case manager) for the joint partnership to help OUSD elementary schools reduce chronic absenteeism? [Kalb]

Assuming these positions are limited duration (i.e., temporary) the cost of adding an additional case manager would be \$113,772 in FY 2017-18 and \$118,018 in FY 2018-19 in one-time funds.

7) Is there a non-GPF fund that would be eligible to use to fund a feasibility study on establishing a regional Public Bank? Would the cost of a public bank feasibility study that focuses on a regional or multi-jurisdictional approach be approximately the same as the proposed study that staff already costed out? [Kalb]

No, there are no restricted funding sources for which the costs of a feasibility study to establish a regional Public Bank would be an eligible use. Specific details relating to the options for a public bank were presented to the Finance & Management Committee on June 14, 2017; this item was approved for Council adoption at the June 20th City Council meeting funding by \$100,000 of estimated General Purpose Fund balance.

8) A June 9th press release from the Mayor's office provides a chart with the revised homeless services funding in the proposed 17-19 budget. Please provide a chart which lists all of the recommendations and their costs from the various 2017 "Progress Of Implementation To Aid Homeless Individuals Residing In Oakland" report presented to the Life Enrichment Committee on May 23rd which are not included in the proposed FY17-19 budget. [Kalb]

Recommendations For Homelessness Funding With Proposed Budget Amounts

STRATEGY RECOMMENDATION	ESTIMATED COST	NOTES	PROPOSED FUNDING MAYOR'S 17-19 BUDGET
Encampment Health and Safety			
Health and Hygiene Services in Place Projects	\$180,000/ year	Creation of an additional 10 sites per year	\$100,000 in Mayor's proposed budget supports 5-10 sites
Renew Shelter Emergency Ordinance	None	Facilitates expeditious implementation of shelter/interim housing proposed here	Non-budgetary
Private Sector Coordination	Estimated \$137,000/ year	Staff person at the Program Analyst II level Coordinate donations, landlords, etc.	Not in proposed budget, staff recommends considering private funding sources
Create formal interdepartmental teams with specialization in homeless services	TBD, costs may include dedicated OPD and PWA teams	Staff of team includes: HSD, PWA, OPD, Fire, Transportation, CAO	New PW team included in Mayor's revised budget release (\$1.14M)
Interim Housing			
Safe Haven/ Camping & Parking Sites	\$1,000,000 /year	3 sites serving 40 people each at one time	**\$150,000 from Mayor's proposed budget
Create second Henry Robinson—interim housing tied to rapid permanent housing placements	\$2,000,000/ year for services; leasing costs for non-city owned building would be on top of this amount. Building acquisition possible through housing bond funds from KK or A1.	137 beds, approximately 300 people served over 1 year with 240 getting housed; includes 6 months post housing support (case management and financial assistance)	*** \$200,000 in revised Mayor's budget for services. (\$300,000 proposed request in staff report to LEC on 5/23) \$10M proposed in KK bond
Permanent Housing Development			
Focus on rapid construction program models for deeply affordable units	TBD by HCD, using new bond resources	Stackable micro-units, purchase and renovation of Single Room Occupancy hotels and other similar buildings, etc.	Measure KK and AI potential funding sources
Explore regulatory or financial relief for income restricted second units such as tiny houses		Home owners could have rental units / tiny homes tied to housing homeless residents.	In process with Planning Dept. Measure KK possible.

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STRATEGY RECOMMENDATION	ESTIMATED COST	NOTES	PROPOSED FUNDING MAYOR'S 17-19 BUDGET
Other Options/ Programs			
Coordinated Entry for Oakland	County funded	Will result in expanded street outreach and housing navigation (case management) for the most vulnerable; should lead to increased efficiencies	Under negotiation with Alameda County. Anticipate bringing to Council in Sept.
Employment for unsheltered residents pilot	Estimate \$50,000 for 1 year pilot, serving 45 individuals	Explore program options that use individuals who are homeless under employment training e.g., at Safe Haven sites	Not in proposed budget
Develop significant investment in capital costs and services costs to address homelessness		Explore strategies being used by other cities including: <ul style="list-style-type: none"> • Public -Private campaigns (SF) • Ballot Measures to create dedicated revenue stream for homelessness (San Diego and Berkeley) • Sales Tax (LA) • Air B&B tax (Portland) 	Non-budgetary

** Creates ability to leverage funds from county for encampment response. Request to county will be for \$275,000 match. Timing and final approval by County still TBD. Site not yet secured.

*** Creates ability to leverage additional funding from HUD, Oakland Housing Authority and County sources. Approximate leveraged amount needed is \$1,700,000.

9) In this year's Budget Responses #2, Question #18 asks for an estimate of the full amount of TOT tax due from all STRRs in FY 17-19. The response states "staff cannot provide this information concerning a ... classification of taxpayer that have fewer than 5 members." In other words, your answer indicates that staff would be able to provide such information for a classification of taxpayer with 5 or more members. According to the information available to us, there appear to be at least 7 different STRR businesses (which we will send you in a separate e-mail) operating in Oakland. Therefore, please provide an estimate of TOT revenue for FY 17-19 assuming all STRRs operating in Oakland paid the full TOT tax amount. [Kalb]

Staff recognizes that there are multiple Transient Residential Housing Platforms (TRHP) that allow property owners to list their temporary residential rentals. The City currently has an agreement with only one TRHP to collect Transient Occupancy Tax (TOT) and remit it to the

City on behalf of the property owners. Staff cannot provide an estimate on the amount of TOT that would be collected if all the TRHPs in the City collected and remitted TOT for several reasons. First, some properties are listed on multiple platforms so it is difficult to quantify the potential new TOT revenues available. Second, some TRHPs do not have the functionality to collect the TOT due to differences in how payments are processed (i.e., peer-to-peer networks).

10) For FY 15-17, please provide the total amount of Code Enforcement fines assessed against vacant homes that are blighted, and the total number of public complaints (including separate complaints regarding the same property) of Code Enforcement violations on vacant blighted homes. [Kalb]

For vacant blighted properties, the Planning & Building Department has received a total of 197 public complaints for Code Enforcement violations and a total amount of \$366,000 in civil assessments in FY15-16 and FY 2016-17 year-to-date.

For questions, please contact Sarah T. Schlenk, Budget Administrator, at (510) 238-3982.

Respectfully submitted,

/S/

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Finance Director