

DISTRIBUTION DATE: 6/26/14



MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Sarah Schlenk
Interim Budget Director

SUBJECT: FY 2014-15 Midcycle Budget Questions **DATE:** June 26, 2014
Response #4

City Administrator

Date

Approval /s/ **Donna Hom**

6/26/14

The purpose of this memorandum is to transmit to the full City Council and public, responses to questions raised by City Councilmembers regarding the Fiscal Year (FY) 2014-15 Proposed Midcycle Policy Budget (proposed budget). To the extent additional information becomes available on any of the responses below or in previous supplemental memos on the proposed budget, we will provide updates accordingly.

DISCUSSION:

General

- 1. Please explain the detail behind Item B2, on Exhibit 1, titled “Adjustment to Various Ongoing Revenue Categories” in Errata #1 (published as a supplemental report on June 19, 2014).**

A: Line B2 within Exhibit 1 in the proposed budget shows a net **decrease** for various revenue categories totaling \$2,929,565. The revenue categories and proposed increases/decreases are provided in the chart below with the applicable line and amount from Exhibit 1 referenced on the right hand side.

As evidenced by the chart below, the \$2.9 million decrease is the net result of increases and decreases in several revenue categories, and some revenue categories are split between more than one line within Exhibit 1.

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GPF Revenues	FY 2014-15 Adopted Budget	FY 2014-15 Proposed Adjusted	Variance FY14-15 Adopted to FY14-15 Proposed	Exhibit 1 Line	Variance Amount
Property Tax	\$ 151,358,000	\$ 148,846,000	\$ (2,512,000)	B2	(2,512,000)
Sales Tax	\$ 50,360,000	\$ 50,360,000	\$ -	N/A	-
Business License Tax	\$ 61,017,000	\$ 60,616,020	\$ (400,980)	B2	(400,980)
Utility Consumption Tax	\$ 50,000,000	\$ 50,000,000	\$ -	N/A	-
Real Estate Transfer Tax	\$ 41,980,000	\$ 53,000,000	\$ 11,020,000	B1	11,020,000
Transient Occupancy Tax	\$ 12,936,000	\$ 14,883,000	\$ 1,947,000	B2	1,947,000
Parking Tax	\$ 9,466,000	\$ 8,178,000	\$ (1,288,000)	B2	(1,288,000)
Licenses & Permits	\$ 1,455,731	\$ 1,935,731	\$ 480,000	B2	480,000
Fines & Penalties	\$ 21,568,807	\$ 23,268,807	\$ 1,700,000	B2/B5	<\$1.1M dec>/\$2.8M inc
Interest Income	\$ 740,482	\$ 740,482	\$ -	N/A	-
Service Charges	\$ 44,169,082	\$ 46,956,242	\$ 2,787,160	B2/B11/C16/F2	\$60k/\$664k/\$2M/\$60k
Internal Service Funds	\$ -	\$ -	\$ -	N/A	-
Grants & Subsidies	\$ -	\$ 119,435	\$ 119,435	B2	119,435
Miscellaneous Revenue	\$ 4,824,320	\$ 4,349,320	\$ (475,000)	B2	(475,000)
Interfund Transfers			\$ -		
SUB-TOTAL	\$ 449,875,422	\$ 463,253,037	\$ 13,377,615		
Transfers from Fund Balance	\$ 9,997,044	\$ 26,496,787	\$ 16,499,743	B2/B3/B4	\$240k/\$15.76M/\$500k
TOTAL	\$ 459,872,466	\$ 489,749,824	\$ 29,877,358		

2. **The adopted FY 2013-15 Biennial Budget included \$3.96M (from the 7.5% Reserve Fund) that could be spent on one-time expenditures. Does a fiscal emergency need to be declared to spend these funds? What are the restrictions surrounding the expenditure of these funds?**

A: No, a fiscal emergency does not need to be declared for use of these funds. However, the City Council must specify within the budget resolution that it is appropriating these funds from reserve for another specific purpose. There are no restrictions regarding the use of these funds if the City Council specifies that it is appropriating them for another purpose. If the proposed use is for ongoing expenditures, the City Council must also adopt the separate resolution authorizing the use of one-time funds by a six (6) vote super-majority.

Fire

1. What will be service level and budgetary impact if one (1) additional Vegetation Management Inspector is added to the Vegetation Management Unit and what is the cost if the position is funded in September 2014?

A: The Fire Administration believes an additional Fire Suppression District Inspector (1.0 full-time equivalent (FTE)), will allow increased capacity for the enforcement of non-compliant properties for both private improved and unimproved property. The fully loaded cost of this position would be \$106,821 (at step 5 due to reinstatement right from layoff). Last year, over 1,000 properties were out of compliance at the close of the inspection season. This addition, if approved, would bring the total staffing for the Vegetation Management Unit to 4.50 FTEs (3.0 full-time staff and 3.0 Temporary Part Time (TPT) positions at 1.5 FTEs). However, the Fire Administration believes that a full assessment regarding appropriate staffing must take place once the Fire Marshal is appointed and the Assistant Fire Marshal position is unfrozen and filled. The recruitment of the Civilian Fire Marshal, funded by the City Council in March 2014, is undergoing.

To put the vegetation management program into the historical perspective, in FY 2008-09, the Assistant Fire Marshal (sworn) position was frozen due to budget constraints. This position supervised the Vegetation Management Unit and will become "un-frozen" by July 1, 2014. In FY 10-11, the Vegetation Management Unit was reduced from 5.0 FTE to 3.5 FTE employees, 2.00 full-time positions (one supervisor and one inspector) and 1.50 TPT FTE (3 seasonal personnel).

From the service level perspective, while adding one inspector helps the program in the Unit's enforcement effort, this still leaves inadequate resources for the entire inspection and enforcement needs. The following information below offers details regarding the current service model:

- 27,000 Total number of inspections within the Fire District
 - 21,249 private property inspections conducted by 11 Fire Engine Companies
 - 5,841 vacant lots inspected by Vegetation Management Inspectors
- Vegetation Management Inspections take place between May and July of each year
- 11 Fire Engine Companies responsible for an average of 64 inspections per day per engine company (4.0 FTEs)
- 2.0 FTE and 3.0 seasonal part-time vegetation management inspectors (total of 3.5 FTEs) responsible for:
 - 5,847 vacant lots, city parcels, CalTrans parcels and 23 Oakland Unified School District (OUSD) parcels
 - Supervisor is also responsible for overseeing goat grazing, complaint investigations, conducts enforcement inspections and appeals hearings, and department-wide training and contract management
 - Approximately 15% of the properties inspected by sworn staff are referred to the Vegetation Management Unit.

A more thorough assessment will take place when the Fire Marshal is appointed to the position.

Information Technology

1. Will any of the 6 new proposed Information Technology Department (ITD) positions be working on projects that could be funded from special funds?

A: ITD is in the process of developing an internal service fund for FY 15-16 that would charge departments for ITD services based on a methodology that has yet to be determined. Through the internal service fund, both General Purpose Fund (GPF) and special funds, also referred to as non-GPF funds, will be funding not just the six (6) proposed new positions, but all ITD services provided to that department.

The proposed new staff will assist with a number of important ITD projects, as well as support essential ITD services such as: email; help desk support; financial systems maintenance; and network maintenance/support. Recent on-going interruptions in the City's email system, voicemail, and network issues are all examples of the need for additional ITD staff. With dedicated full-time staff, ITD can improve delivery for existing ITD services and be in a position to implement new improvements based on changing user needs.

Public Works

1. Which "hot-spot" areas within the City receive regular illegal dumping removal? What are the costs per crew?

A: There are approximately 100 locations in four (4) identified areas which are defined as "hot-spots" throughout the City. Hot-spots can be a single site like a dead end street or they may be several blocks long. The number of hot-spot locations has not changed much over the last decade, however, the response time for reported illegal dumping has improved. The cost to add a crew is shown in the table below. Adding this crew would increase our capacity to resolve 10% more work orders per year. However, increasing activity in the hotspot locations will not solve the problem of bad behavior of illegally dumping on the streets of Oakland. The City's new enforcement program may act as deterrent for future bad behavior. Please refer to the table below for various costs (next page):

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Personnel Costs:			
	Job Classification	Each Per Year	Total
	Public Works Maintenance Worker (1.0 FTE)	\$94,260	\$94,260
	Street Maintenance Leader (1.0 FTE)	\$119,816	\$119,816
Total Personnel Cost (Fully Burdened)			\$214,076

Equipment , Operation and Maintenance Costs	One-Time	Ongoing
25 Cubic yd Packer Truck	\$225,000	\$61,092

Total Personnel and O&M Costs:	First Year	Thereafter
	\$500,168	\$275,168

For questions, please contact Alex Orogas, Assistant to the City Administrator, at 238-6587 or at aorogas@oaklandnet.com.

Respectfully submitted,

/s/
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Interim Budget Director