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## MEMORANDUM

**TO:** HONORABLE MAYOR &  
CITY COUNCIL

**FROM:** Sarah Schlenk  
Interim Budget Director

**SUBJECT:** FY 2014-15 Midcycle Budget Questions    **DATE:** June 19, 2014  
**Response #3**

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City Administrator

Date

Approval                    /s/ **Donna Hom**

**6/19/14**

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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). We have answered as many questions as possible; however, some questions require more data, analysis, etc. and as such, will be answered through an additional supplemental memo. To the extent additional information becomes available on any of the responses below, we will provide updates accordingly.

### **DISCUSSION:**

#### *General*

- 1. What is the value of the assumed vacancy rate in the budget - which departments are budgeted and at what vacancy rate? How much, for each department is the dollar value of this vacancy assumption? How does the budgeted vacancy compare to the current actual vacancy rate?**

**A:** Please refer to the table below regarding the assumed vacancy rates, and the dollar value of vacancy assumptions for FY 2014-15. The comparison to the actual vacancy rate at any point in time would be misleading since the budget is reduced by the dollar value of vacancy rate, which can be achieved through vacant positions, new hires at a lower salary, back-filling with acting pay, etc. The vacancy rate published in the periodic staff reports to Council reflects the percent of FTE vacant, while the budget methodology results in a dollar value reduction. While one drives the other, they aren't necessarily comparable. Any salary savings achieved throughout the year and projected in the quarterly R&E reports are actually over and above the 4% savings assumed in the budget.

In the case of the City Administrator's Office, staff projects vacancies over and above 4%, so the vacancy factor is proposed to be increased by 1.5% to 5.5% for FY 2014-15 only. At this time, staff does not project savings beyond the 4% for other departments.

**HONORABLE MAYOR AND CITY COUNCIL**

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DEPT	Civilian* Vacancy Rate	All Funds	General Fund
City Administrator	5.50%	\$687,092	\$545,001
City Attorney	4.00%	\$508,446	\$147,140
City Auditor	4.00%	\$49,655	\$49,655
City Clerk	4.00%	\$48,653	\$46,499
City Council	4.00%	\$104,044	\$104,044
Economic & Workforce Development	4.00%	\$330,572	\$82,924
Finance Department	4.00%	\$706,944	\$521,604
Fire Department**	4.00%	\$450,923	\$239,950
Housing & Community Development	4.00%	\$311,661	\$0
Human Resources Management	4.00%	\$221,703	\$158,110
Human Services	4.00%	\$863,737	\$138,565
Information Technology	4.00%	\$484,193	\$364,681
Library	4.00%	\$821,100	\$296,099
Mayor	4.00%	\$59,275	\$56,526
Parks & Recreation	4.00%	\$580,391	\$350,845
Planning & Building	4.00%	\$642,421	\$21,154
Police Department**	4.00%	\$1,768,868	\$1,659,944
Public Works	4.00%	\$3,473,743	\$64,909
<b>Grand Total</b>		<b>\$12,113,419</b>	<b>\$4,847,649</b>

\* The FY 14-15 Mid-Cycle Proposed Budget Assumes a vacancy rate of 0.00% for Sworn and Elected Officials

\*\* Excludes Sworn positons

**Police**

**1. What is the average cost per hour of police overtime?**

**A:** To determine the average cost per hour of Oakland Police Department sworn officer overtime, staff analyzed historical payroll information for FY2011-12 and FY2012-13. The number of overtime paid to Police Officers, Sergeants, and Lieutenants, divided by the number of overtime hours work for those same classifications was roughly \$73 per hour for both fiscal years. It should be noted that Police Captains, Deputy Chiefs, the Assistant Chief, and the Chief of Police do not receive overtime pay and that there are civilian personnel notably Communications Staff and Police Services Technicians who also receive overtime pay.

The estimated cost for one average overtime hour in FY 2014-15 is estimate to be **\$76 per hour**. This is based on the \$73 per hour of prior years' cost with adjustments due to a cost of living increase. \$1,000,000 of additional over time would correspond to roughly **13,150 hours** of overtime annually or roughly **36 hours** per day. This \$76 is an estimate of the cost per hour. The actual cost will vary based upon the rank of the sworn personnel assigned to work overtime, the step of the personnel if they are a police officer (sergeants and lieutenants do not have steps), and any premiums which are included in base salary calculation, for instance education, field training officer, and longevity.

*Library*

1. **Please explain the financial stability of Measure Q funding:**
  - a. **How much revenue is going to be collected this year vs. how much money is predicted to be expended this fiscal year?**
  - b. **How much money is currently in the reserve fund of Measure Q and how much is projected to be the reserve fund balance at the end of this fiscal year?**
  - c. **How was the fund balance used to balance operations in the FY 2013-15 Adopted Policy Budget?**

**A:** (a.) Staff projects that Measure Q revenues will be \$14,328,040 for FY 2013-14. Expenditures are projected to be \$16,784,178. The \$2,456,138 difference is covered through use of Measure Q fund balance (see answer to question C).

(b.) The Measure Q reserve currently has a balance of \$689,750 and is projected to retain that balance through the end of the current (FY 2013-14) Fiscal Year.

(c.) Based on the recently provided Controller's FY 2013-14 year-end Measure Q revenue and expenditure projections, total FY 2013-14 Measure Q Fund (2241) expenditures will exceed total new revenues received by \$2,456,138. As a result, \$2,456,138 from the available Measure Q fund balance of \$5,238,550 will be utilized to balance the FY2013-14 Measure Q Budget for FY 2013-14. This will leave an estimated year-end available Measure Q fund balance of \$2,782,412. This remaining balance will be used to cover a similar operating shortfall projected for FY 2014-15.

*Housing*

1. **In order to increase enforcement of housing regulations, are sufficient on-going revenues available to fund an additional Neighborhood Law Corps attorney in the Rent Adjustment Program (RAP) Fund (2413)?**

**A:** No, the projected operating revenues for the RAP fund are fully budgeted; however, the fund does have a healthy fund balance that could be used to fund a Neighborhood Law Corps attorney on a one-time basis for FY 2014-15. If added, funding for the position would need to be re-evaluated during the FY 2015-17 budget development. The FY 2012-13 unaudited fund balance for Fund 2413 was \$2,461,697, of which approximately \$460,000 is projected to be used during current FY 2013-15 cycle.

***Planning & Building and Fire***

- 1. For the vegetation management and code enforcement positions, are these positions revenue generating and thus would offset the cost of the new positions (cost neutral). If not, what does the position funding look like?**

**A: Vegetation Management:** The Vegetation Management Unit currently employs one (1) full-time Vegetation Supervisor, (1) full-time and three (3) part-time (seasonal) Fire Suppression District Inspectors (FSDI), a total of 3.5 FTEs. The fully burdened annual cost for a full time FSDI is \$99,505. These positions are responsible for enforcing the Wildland Fire Protection Program in the Wildfire Prevention Assessment District. FSDI inspect private buildings and properties, verify code violations and write abatement notices to property owners. In addition, the Vegetation Management Supervisor spends 30% of his/her time conducting inspections and writing abatement notices. *The positions are not cost neutral or revenue generating, because initial inspections are not billed.* Properties that are found not in compliance are re-inspected and assessed a \$303 Re-Inspection Fee. At the time of re-inspection, if the private property has not been brought up to code, FSDI will initiate action, including bidding the work out to a contractor, in order for the property to meet compliance requirements. The property owner is billed for the contractor costs to bring the property into compliance. The property owner is also billed a flat "Fire Hazard Clearance Administrative Fee" totaling \$531 that partially cost recovers for staff administrative time preparing compliance paperwork. The fiscal year projected re-inspection fee and fire hazard clearance administrative fee revenue are already projected in the Fire department budget.

**Code Enforcement:** The Code Enforcement (CE) unit enforces the California Housing Law and the Oakland Municipal Code regulating the maintenance of building used for human occupancy and the surrounding property. There are currently a total of 9.0 FTE CE Inspectors (Specialty Combination Inspectors) dedicated to this effort. The annual fully burdened cost for the 9.0 FTE is \$1.3 million, and revenues received year-to-date for FY 2013-14 total \$350,000. *The positions are not revenue generating as the primary revenue source is in penalties.* The penalties that are not paid, convert to liens against the property, and at this stage, the timing of receiving the revenues is unpredictable and in some cases uncollectable. Code enforcement fees are not intended to be at 100% cost recovery by design. Planning and Building is currently undergoing a fee study analysis to adjust all user fees appropriately in order to maximize cost recovery while maintaining reasonable fee levels per the Grand Jury and Management Partners reports. The findings of the fee study will be presented before the City Council this fall, following summer recess.

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*Economic and Workforce Development*

**1. Can Measure C be charged for the PPT Walking Tours Position?**

**A:** No, Measure C cannot be charged for the PPT Walking Tours position, because walking tours is not considered a cultural arts or festival activity. Measure C allocates 12.5% of the total transient occupancy tax (TOT) surcharge to “cultural arts programs and festivals.”

*Information Technology*

**1. Instead of some or all of the six new proposed Information Technology Department (ITD) positions, can contract or temporary services be utilized for these services in the interim?**

**A:** Based on best practices, for ITD to be appropriately staffed to provide the required service level to City agencies and its residents, an FTE count of approximately 130 should be attained. Currently, there are 69 FTEs in ITD (includes 5 FTEs in the City’s print shop). In order to reach that functional level of 130 FTEs, it is recommended that the City adopts a multi-year ITD hiring plan of 10 to 12 FTEs a year. Currently, the City uses professional services for temporary assistance when ITD needs added resources. If the City cannot appropriately fund ITD in a manner where it can provide necessary services, then it is recommended that through an assessment, the City look into the option of augmenting that role through ongoing professional services in the areas of support and operations.

*Human Resources*

**1. Given the City’s higher than average disability retirement rate, how much higher are the City’s CalPERS payments/rates? What level would the City’s CalPERS payments be if the City’s disability retirement rate was more in-line with the state average? What is the cost of extra Industry Disability Retirements (IDRs)?**

**A:** The City’s Human Resources Management Department (HRM) made a Public Records Act request for retirement data from CalPERS. While the HRM has received some data, the department is seeking clarification of certain data elements. Staff expects the comparison of the City’s “IDR experience” with that of other cities will be completed by June 25. It is anticipated that the City’s IDR incidence will be greater than that of other cities. From the data received, the “extra” cost of this experience can then be concluded.

**Public Works**

**1. How much will it cost to provide lawn mowing for ball/playing fields?**

**A:** The chart below details three options for enhanced mowing/maintenance services at 34 sports fields and parks above the current planned service level of mowing every three weeks. As detailed in the attached, the City has a total 38 sports fields and parks. While the Oakland Unified School District (OUSD) provides mowing services at four of the 38 sports fields and parks, Oakland Public Works (OPW) is still responsible for other maintenance and upkeep at these four sites. OPW proposes the following options to increase the current planned service level. Option 1 provides the cost to mow only the sports fields and associated park every two weeks. Many of the sports fields in Oakland are located within a park (McConnell field is within Arroyo Viejo Park). To be efficient staff would mow the sports field as well as the remaining park space for these sites. Options 2 and 3 provide for mowing at ALL parks (even those without sport fields) and sport fields every two weeks and weekly, respectively.

**Option 1: Mowing Sports Fields Every 2 Weeks (Central Service Overhead not included)**

Activity	Current Service Level	Enhanced Service Level	Staff Required	Staff Cost	Ongoing O&M	Equipment/ 1-Time Costs	Total cost
Mowing	Every 3 weeks	Every 2 Weeks	2.00 FTE	\$171,378	\$2,000	\$213,223	\$386,601

**Option 2: Mowing All Parks and Sports Fields Every 2 Weeks (Central Service Overhead not included)**

Activity	Current Service Level	Enhanced Service Level	Staff Required	Staff Cost	Ongoing O&M	Equipment/ 1-Time Costs	Total cost
Mowing	Every 3 weeks	Every 2 Weeks	3.00 FTE	\$281,970	\$2,500	390,550	\$675,020

**Option 3: Mowing All Parks and Sports Fields Each Week (Central Service Overhead not included)**

Activity	Current Service Level	Enhanced Service Level	Staff Required	Staff Cost	Ongoing O&M	Equipment/ 1-Time Costs	Total cost
Mowing	Every 3 weeks	Weekly	5.00 FTE	\$433,344	\$3,500	507,000	\$943,844

Costs are subject to increase if funded comes from a non-GPF funding source due to central overhead rates. In addition to mowing, Park Equipment Operators are also responsible for assisting plumbers in repairing broken water/sewer lines in parks, grade infields for proper drainage, and general maintenance/upkeep of City parks.

It should be noted that Parks and Recreation also has a Ball field maintenance crew that provides the following services:

1. Game preparation for baseball fields (maintenance is done daily according to games) - dragging infield, lining field, base pad placement (if necessary), cleaning of litter in ball field, dugouts, and bleacher areas.
2. Regular maintenance (done weekly at each field) - litter pickup in and around ball field area, lawn trimming along inner fence line of field, weeding of infield (inner perimeter) and bleacher area, dressing machine for artificial turf fields (San Antonio and Bella Vista, Josie De La Cruz, and Raimondi), adding infield mix when necessary, and lock field and restrooms at end of day.

Spring is one of the busiest times of the year for park maintenance and this is also a critical time of the year to prepare fields for heavy use by youth and adult sports league play. In optimal conditions (warmer weather, moist conditions), grass can grow 2-5 inches per week. It is imperative that staff is available to manage this high growth season.

**2. The Policy Trade-Off chart lists over \$1.7 million for park maintenance equipment. Please provide a breakdown of that funding request.**

A: Please find on the below table the breakdown of the funding request:

<b>Equipment</b>	<b># Units</b>	<b>Cost Per Unit</b>	<b>Total Cost</b>
Crew Truck	10	\$73,500	\$735,000
Crew Truck Monthly rental fee	10	\$5,909	\$59,094
Electric Truck	5	\$47,250	\$236,250
Electric Truck Monthly rental fee	5	\$5,909	\$29,547
60" Mowers	5	\$7,345	\$36,724
Riding Mower and Trailer	3	\$120,750	\$362,250
Mower Monthly Rental Fee	3	\$6,300	\$18,900
Turf Aerator	4	\$8,190	\$32,760
John Deere Gator	8	\$13,230	\$105,840
John Deere Gator Monthly Rental	8	\$368	\$2,940
Miscellaneous Equipment-Power Tools/ Supplies			\$50,000
<b>Total Equipment</b>			<b>\$1,669,305*</b>

\*The original amount of \$1.7 million was rounded up from \$1,669,305

3. **On p. 16, the Policy Trade-Off Items chart lists over \$4.6 million for 56.5 FTE for park maintenance and litter pick-up. Please provide a breakdown of that funding request.**

**A: Priority of Enhanced Service Levels**

1. Park Maintenance – Weekly Routine Maintenance would enhance the overall appeal of park facilities and establish a new standard and level of service (clean, manicured and sustainable landscapes). It would also improve the experience of park patrons and increase the value of property surrounding park facilities.
2. Irrigation – With California’s ongoing drought, the City’s water conservation efforts need to match the new East Bay Municipal Utility District (EBMUD) and California’s watering guidelines (10% - 20% water reduction). The proposed increased staffing levels will allow the City to stay in compliance with the new watering requirements by providing resources for staff to maintain and repair the City’s irrigation infrastructure in a timely manner and replace old sprinkler pipes/irrigation controllers.
3. Litter Pick-up/Sat-Sun Included – This is an ongoing issue in City parks and takes the gardening staff resources away from the routine maintenance that is expected of them. To address this problem, there will be a dedicated park staff crew that will be responsible for the removal of all associated trash in our parks. This will increase the ability to track and monitor frequent “hot spots” within City parks.
4. Mowing – The staff in each of the City’s four work areas will increase from one to two operators. This will result in increased turf mowing, aeration, fertilization and top dressing; and keep City turf areas healthy and playable for sports teams and park patrons.

Below is a breakdown of “Current Planned Service Levels” and current staffing as compared to the additional service that would be provided under the enhanced service levels:

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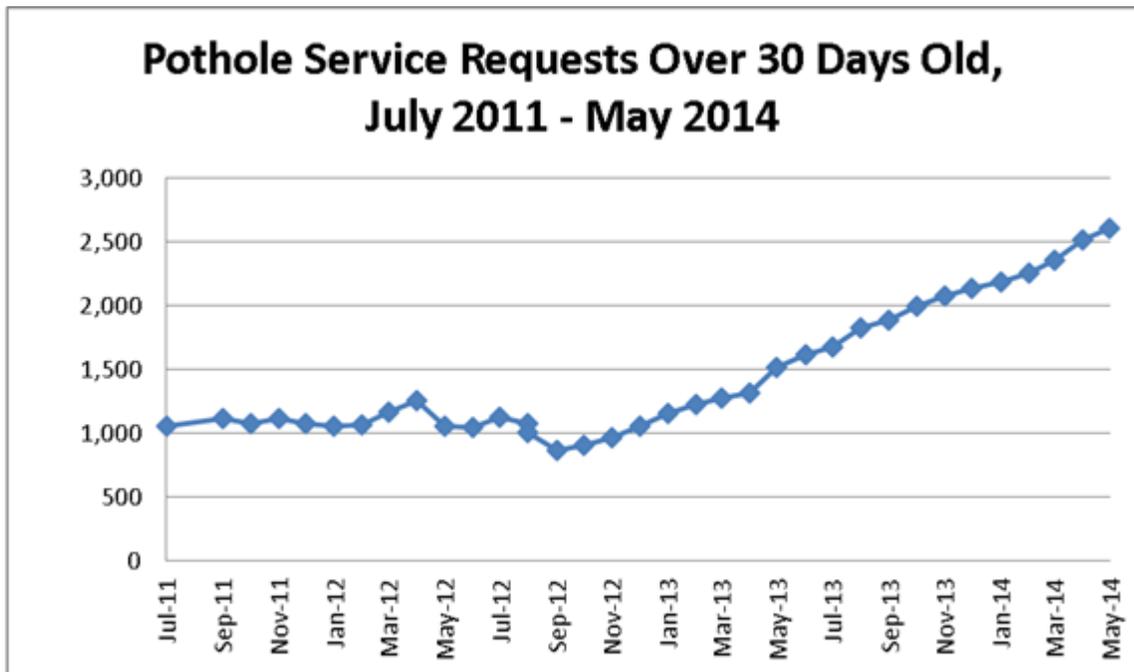
Priority	Activity	Current Planned Service Level	Current Staffing	Enhanced Service Level	Additional Staff Required	Staff Cost	Ongoing O&M	Equipment/ 1-Time Costs
1	<b>Park Maintenance (pruning, edging, weeding, fertilizing, planting)</b>	Routine maintenance at priority locations	Use of 62.5 FTE as needed	Weekly routine maintenance of all park facilities establishing a new standard and level of service (clean, manicured and sustainable landscapes)	16.5	\$1,410,360	\$15,500	\$687,819
2	<b>Irrigation</b>	3-5 days delay depending on workload	4.0	Repairs within 24 hours, updating and replacing aged irrigation pipes, sprinkler heads, and controllers	5.0	\$408,223	\$4,000	\$52,878
3	<b>Litter Pick-up (Sat- Sun included)</b>	1-2 times per week at all major parks/facilities	Included in park maintenance	4-5 times per week at major parks/facilities *	9.0	\$685,176	\$8,000	\$158,256
4	<b>Mowing</b>	Every 3 weeks	5.0	Every 2 weeks	3.0	\$281,970	\$2,500	\$390,550
5	<b>Full time staff at Lakeside park</b>	Lakeside Park only	2.0	Lakeside Park only	8.0	\$607,788	\$8,000	\$120,446
	<b>Full time staff at major parks/facilities</b>	8 major parks/facilities**	0.0	8 major parks/facilities **	8.0	\$619,104	\$8,000	\$103,600
	<b>Open space / Trails</b>	Complaint only	0.0	Routine maintenance	5.0	\$361,278	\$2,500	\$105,756
	<b>Field Supervision</b>		4.0		2.0	\$237,584	\$1,500	\$0
	<b>TOTAL</b>		<b>77.5</b>		<b>56.5</b>	<b>\$4,611,483</b>	<b>\$50,000</b>	<b>\$1,619,305</b>

\*Arroyo, Tassaforonga, Brookfield, Dunsmuir, Rainbow, Joaquin Miller, Dimond, Brookdale, F.M. Smith, San Antonio, Lakeside Park, Frank Ogawa Plaza, Main Library, Rose Garden, Astro Park, Bushrod, Raimondi, Mosswood, DeFremery

\*\*Arroyo Viejo, Brookfield, Bushrod, DeFremery, Dimond, Frank H. Ogawa Plaza, Montclair, Morcom Rose Garden

**4. What is the five (5) year trend on the backlog of pothole and other road repair requests?**

**A.** Insufficient data exists to track the five (5) year trend of the backlog of pothole repair requests inasmuch as the tracking of pothole service requests over 30 days old only started in FY 2011-12. The below chart shows the pothole service requests over 30 days old for the period ending May 2014.



**5. What is the five (5) year trend on the number of miles that the City’s budgeted dollars can repave/reconstruct roads?**

**A:** The below table shows a summary of the previous six fiscal years of paving, miles paved and dollars spent. The variations are due to a mix of street, widths and rehabilitation method (micro-surfacing to full reconstruction) on various projects. On average, it costs \$609,950 to pave one mile of roads.

FY	Centerline Miles Paved*	Dollars (Millions)**	Cost / Mile**
FY 09/10	5.35	\$3,412	\$637,757
FY 10/11	17.52	\$5,484	\$313,014
FY 11/12	7.91	\$4,953	\$626,169
FY 12/13	13.44	\$8,351	\$621,354
FY 13/14	5.73	\$6,279	\$1,095,812
FY 14/15	10.45	\$8,362	\$800,191
Totals:	60.4	\$36,841	
Average	10.07	\$ 6,140	\$609,950

\* Centerline Miles Paved includes single through multi-lane streets.

\*\* Cost includes pavement rehabilitation, curb ramps, curb/gutter repair, striping and other ancillary work.

**6. How much would it cost to reconstruct seven (7) additional streets?**

**A:** For work done under contract, to completely reconstruct a block of a fully deteriorated street could cost anywhere from \$150,000 to \$380,000 per block, depending on the length of the block, or between \$1 million and \$2.7 million for seven additional streets. If less work is needed, such as 2” mill and overlay, the cost would be somewhere between \$35,000 and \$100,000 per block, or \$245,000 to \$700,000 for seven (7) locations. For context, “Mill” means to grind down the existing street and “Overlay” means to lay down a layer of asphalt replacing what was milled.

**7. For the installation/replacement of parking meters item (C16), how much of the \$1,923,649 is one-time vs. on-going?**

**A.** The full \$1.9 million are ongoing expenditures. Per Resolution No. 84804 C.M.S., the City Council authorized the City Administrator to execute a five-year service contract with IPS Group, Inc. in an amount not to exceed \$5,793,980, (including \$2,500,000 for meter equipment/installation/training and \$3,293,980 for wireless data, licensing fees and merchant fees), for the purchase, installation and operation of single space parking meters and equipment. The following adjustments were approved to be made:

1. Adjustments to the adopted Fiscal Year 2014-15 Public Works Department’s Operating Budget in the amount of \$1,980,125 for debt service, wireless data and licensing fees, merchant fees, replacement meters and parts, additional personnel overtime, and other operations and maintenance associated with parking meters; and,
2. Adjustments to the adopted Fiscal Years 2014-15 Operating Budget, increasing budgeted parking meter revenue \$1,794,160, and increasing budgeted parking citation revenue \$209,000.

The additional budget appropriation is for the purchase of 4,300 single space parking meters and equipment expected to be installed by July 31, 2014. The following chart below outlines budget requests for the next five (5) years:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	5-Yr Total
<b>Increased Revenue</b>	<b>2,003,454</b>	<b>2,047,530</b>	<b>2,092,576</b>	<b>2,138,612</b>	<b>2,185,662</b>	<b>10,467,834</b>
<b>Expenses:</b>						
Estimated Debt Service	475,949	475,949	475,949	475,949	475,949	2,379,745
Wireless Data and Licensing Fees	532,668	532,665	532,665	532,665	532,665	2,663,328
Merchant Fee	126,132	126,130	126,130	126,130	126,130	630,652
<b>Maintenance/ Replacement</b>						
-Additional Personnel Cost (OT)	31,000	31,000	31,000	31,000	31,000	155,000
-Single-Space Replacement Parts	30,000	30,000	30,000	60,000	60,000	210,000
-Single Space Full Replacement	27,900	27,900	27,900	55,800	55,800	195,300
-Multi Space Replacement Parts & Units	700,000	721,000	742,630	764,909	787,856	3,716,395
<b>Total Expenses</b>	<b>1,923,649</b>	<b>1,944,644</b>	<b>1,966,274</b>	<b>2,046,453</b>	<b>2,069,400</b>	<b>9,950,420</b>
<b>Net Difference:</b>	<b>79,805</b>	<b>102,886</b>	<b>126,302</b>	<b>92,159</b>	<b>116,262</b>	<b>517,414</b>

**8. If there were a small amount of one-time money available in this budget for OPW, what would be the “best bang for the buck”?**

**A:** Without understand the amount, it is difficult for OPW to determine the best use of one-time funds. The first option would be to increase capacity of our existing paving contracts with the quantity of repaving based on the table in the response above. The second option would be to invest in pothole/mill & fill/crack sealing equipment, which would provide our maintenance crews additional capacity for localized paving projects.

**9. How much would an additional \$1 million buy for additional street resurfacing services?**

**A:** There is not a simple answer to this question as different streets require different treatment. The table below outlines the typical cost for each type of treatment. OPW is bringing a comprehensive report on paving to the City Council in the fall of this year.

<u>Method</u>	<u>Cost (\$/SF)</u>	<u>Short Block</u>	<u>Long Block</u>
Microsurface (not-repaving)	\$2.25	\$18,563	\$50,625
2" Mill/Overlay *	\$4.50	\$37,125	\$101,250
4" Mill/Overlay	\$6.75	\$55,688	\$151,875
<b>Full Reconstruction</b>	<b>\$17.00</b>	<b>\$140,250</b>	<b>\$382,500</b>

\* Typical street repaving treatment

For questions, please contact Alex Orologas, Assistant to the City Administrator, at 238-6587 or at [aorologas@oaklandnet.com](mailto:aorologas@oaklandnet.com).

Respectfully submitted,

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SARAH T. SCHLENK  
Interim Budget Director