



## **MEMORANDUM**

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<b>TO:</b> Honorable Mayor & City Council	<b>FROM:</b> Erin Roseman Director of Finance
<b>SUBJECT:</b> FY 2022-23 Proposed Midcycle Budget Development Questions/ Responses #4	<b>DATE:</b> July 7, 2022

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### **PURPOSE**

The purpose of this memorandum is to transmit to the full City Council and public, responses to , questions raised by City Councilmembers and the public related to the Fiscal Year (FY) 2022-23 Midcycle Budget. To the extent additional information becomes available on any of the responses below, updates will be provided.

For questions, please contact Bradley Johnson, Budget Administrator, at (510) 238-6119.

Respectfully submitted,

s/s

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ERIN ROSEMAN  
Director of Finance

## **QUESTIONS AND RESPONSES**

### **Questions from Council Member Kalb:**

**1. How much would it cost, beyond what we are already spending, to ensure that all encampments that are not slated to be closed receive weekly trash collection, a regularly serviced porta-potty and hand-washing station, and regular deep cleanings.**

Oakland Public Works (OPW) and Human Services Department (HSD) are the City departments responsible for providing these services to encampments sites throughout the city. Past reporting conducted identified 150 to 400 encampments of differing sizes and structures citywide. The cost estimates provided below assume expansion from current service levels to 90 additional encampments sites.

#### **HSD:**

There are currently 53 encampment sites with hygiene setups which include, a regularly serviced porta-potty and hand-washing stations. Based on the differing size of encampments an estimated 90 additional sites at a monthly cost of \$1,700 each could receive sanitation services for an annual cost of \$1,836,000. Additional staff to manage the sites and sanitation contracts would also be required at a total of \$718,000. This staff would include 3 Case Manager I and one Program Analyst III to manage the team. Each case manager currently holds a 30 site workload. The total cost of this proposed expansion would be \$2.6 million.

#### **OPW:**

OPW currently provides services to 74 encampment sites. To expand trash removal and cleaning service to 90 additional sites, OPW estimates a total cost of \$4.9 million<sup>1</sup> per year. This estimate is all inclusive of labor, equipment, and any outside resources for effective implementation.

<sup>1</sup>The cost is based on the annual staffing cost for the 74 encampments currently being serviced, including overtime, for 3 Street Maintenance Leaders and 6 Public Works Maintenance Workers which totals \$1.6M/year. Other estimated annual costs include \$2M for biohazard cleanup, \$600,000 for a beautification contract, and funds for miscellaneous supplies and the maintenance of equipment.

### **Questions from Council President Bas:**

**2. 66th Ave/Safe RV staff: What level of funding is needed for full operation?**

An estimated \$1.7 million is needed for construction and permanent shower trailers, and up to \$2.7 million for operations to contract out to a service provider to run the program for one year. The operations cost is based on a current per RV stall estimate for existing sites of \$21,250 per year. The contract would include all program components such as staff, supplies and operating costs. Last fiscal year, the Council allocated \$1.7 million for this effort, which will cover the construction costs. The Council's midcycle amendments adopted on June 30, 2022, added a total of \$1,102,536 in funds to cover operations for this fiscal year.

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**3. Provide details on how the funds of \$1.3 million will be utilized for the Business License Tax (BLT) implementation.**

The following are details related to the proposed costs totaling \$1.815 million, of which \$500,000 was included in the Mayor's FY 2022-23 Proposed Midcycle Policy Budget Amendment and the remaining \$1,315,000 approved in the Council's Amendments.

For FY 2022-23, staff anticipates on hiring on three (3) to six (6) limited temporary duration employees for a period nine months from October 2022 through June 2023 for the total of approximately \$375,000-\$750,000. In addition, staff anticipates filling the three (3) vacant Tax Enforcement Officer positions and/or adding three (3) Tax Auditor positions to supplement the existing staff resources due to the expected increase in the workload. The cost associated with these positions is approximately \$450,000-\$950,000.

Non-Personnel needs include an additional \$200,000 to be added to the current software contracts which will account for the programming, configuration, and testing of the tax software and other changes associated with the BLT structure. Furthermore, staff anticipates the total cost of approximately \$185,000 (\$160,000 for enhanced outreach activities with the mailing vendors and approximately \$25,000 for the lockbox banking services) and approximately \$50,000 to secure office equipment such as computers, printers, and scanners. The remaining \$55,000 is for contingency purposes including any unaccounted needs and expenses associated with the implementation of the ballot measure.

<b>Category</b>	<b>No. of Positions</b>	<b>Total One-Time Cost (appx.)</b>
Staffing – Limited Duration	3-6	\$375,000
Staffing – Permanent	3-6	\$950,000
Technology Needs	n/a	\$200,000
Mailing Vendor and Banking Services	n/a	\$185,000
Equipment & Supplies Needs	n/a	\$50,000
Contingency	n/a	\$55,000
<b>Total</b>		<b>\$1,815,000</b>

**Questions from Council Member Kaplan:****4. Confirm if we are referring non-criminal calls to civilian responders.**

Currently, Police Communications is not yet transferring non-criminal, non-violent and non-emergent calls to MACRO. Discussions between MACRO program leadership, the Fire Communications and Police Communications divisions are ongoing. The anticipated date that certain categories of non-emergency 911 calls will begin being dispatched from OPD/OFD Dispatch to MACRO responders is Monday July 18, 2022.

**5. Where in the budget, is the \$8 million awarded to the City by the State of CA to ESO Ventures (Resolution 88877 C.M.S)?**

This line item is not included in the FY22-23 Midcycle Budget. The \$8 million is a direct grant that did not in the end require the City to serve as a pass-through. The grant agreement between State Go-Biz and ESO Ventures was signed in December 2021 and payment from the state to ESO ventures was issued in the full amount.

**6. What is the status of HHAP funding, current and next year?**

HHAP funds are fully allocated in FY2021-22 and FY2022-23. Staff estimated a projected savings in the current year of \$556,276, which has now been allocated to fund operations at the 66<sup>th</sup> Ave Safe RV site per the FY 2022-23 Council budget amendments (Council President Bas, CM Fife, CM Gallo, CM Kalb) adopted on June 30.

For FY 2022-23, the midcycle budget fully allocates HHAP funds (Round 2 and Round 3). \$10,424,120 in HHAP Round 2 FY 2020–2025 funds and \$24,066,822 in HHAP Round 3 FY 2023–2025 funds, for a total of \$34,490,942.

**7. Is Measure AA not in the budget?**

There is \$37,389,400 out of Measure AA Funds currently appropriated in the midcycle budget as placeholders. Based on the percentages established in the Charter, \$2,617,258 is allocated for oversight, \$23,181,428 for early education, and \$11,590,714 for Oakland Promise. 1.0 FTE Human Services Manager and 1.0 FTE Administrative Analyst I are budgeted as part of the oversight allocation.

Measure AA has a specific allocation process mandated by the City Charter amendment and is not eligible to be granted by Council directly. However, per the Measure AA guidelines, funding will eventually be prioritized for Public Providers or Early Childhood Education providers like the City's Head Start Program and the Oakland Unified School District. The budget does assume that approximately \$6.0M of AA Funds will eventually flow this fiscal year to offset the one-time General Purpose Fund monies that were invested to maintain the operations of Head Start slots and sites per Council Direction.

**Questions from Council Member Reid:**

**8. What is the full amount needed for redistricting changes outreach and education? How will it be implemented?**

To conduct an effective outreach campaign to educate the community on Oakland's new district boundaries, the City will contract with a consultant to provide strategic community engagement. Staff and possibly the Commission will work with the consultant to create outreach materials explaining the district boundaries. In order to develop a citywide outreach campaign on Oakland redistricting changes in advance of the November election, staff estimates that a minimum of \$60,000 would be required to design and implement this program across multiple print and media platforms to reach a significant number of Oakland residents. This will include

translating the materials into multiple languages and distributing them citywide at events, community meetings, including city and school facilities.

**9. Provide detail on how the Job Readiness Program will be implemented? How many will be served? What specific work will be targeted through grants?**

EWD staff has not yet had the opportunity to discuss this funding with the item sponsors. Based on our current understanding, the intent is to fund a combination of general workforce programming as well as job readiness programs specific to the cannabis industry, with the overarching goal of serving those individuals most impacted by the war on drugs.

**10. Provide a status update on the \$500,000 for traffic safety allocated through the FY21-23 Biennial Budget.**

Funding is being prioritized in the police beats prioritized for the NEST (Neighborhood Enhanced Service Team) initiative – an inter-departmental city initiative led by the City Administrator's office and focused on the police beats experiencing the highest levels of violence in Oakland. OakDOT is collaborating with the City Administrator's Office, Oakland Police Department & the Department of Violence Prevention through this initiative to identify and prioritize locations for pilot engineering interventions in the most impacted areas. The NEST prioritized police beats are as follows: East Oakland: 34X, 30X, 26Y, 33X, 27Y, 35X Central Oakland: 19X West Oakland: 02X, 02Y, 07X. OakDOT will be launching a program webpage by Summer 2022 that includes identified projects and installation timeline. More details on all Council identified traffic safety earmarks can be found at the following link: <https://cao-94612.s3.amazonaws.com/documents/21.23-Earmarks.pdf>

**11. Additional responses from OakDOT regarding CM Kaplan's proposed use of Measure BB funds are provided below.**

**Response to adding an additional \$800K in the FY22-23 Budget for City Councilmember selected traffic calming:**

OakDOT has concerns regarding the operational impacts on OakDOT's Safe Streets Division of another \$800K allocation in discretionary traffic calming funding. Adding more earmarked money to the budget does not increase OakDOT's capacity to deliver this work. This is because OakDOT faces significant vacancies and supply chain issues. These same vacancy issues also are a challenge for delivering projects via contractors. Since April 2021, Oakland City Council has added discretionary funding/earmarks to OakDOT's budget totaling close to \$4 million (\$800K in April 2021 + ~\$3 million in July 2021 which includes ~\$600K for staffing, materials). Combined with staff vacancies, these allocations have created a significant backlog of work meaning that new allocations cannot be spent in this budget cycle.

Adding more earmarked money to the budget does not increase OakDOT's capacity to deliver this work. It diverts OakDOT staff resources from core programs responding to traffic safety service requests submitted by residents that are prioritized in severe crash areas and priority equity communities, safe routes to schools, rapid responses to severe and fatal crashes, and speed bumps. Instead, earmarks refocus those resources on locations identified by Council offices rather than identifying locations through established prioritization processes based on safety and equity. These same staff are delivering the pilot sideshow and violence prevention installations in locations most impacted by large/violent sideshows and community violence.

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They are also delivering the speed limit lowering in support of Safe Oakland Streets. Additional earmarks would compete with and delay these efforts.

More information about these programs is available in the recent Council reports on Traffic Calming:

More information on 2021 earmarks available here:

<https://www.oaklandca.gov/projects/traffic-safety-800k-allocation-oakdot-prioritization-and-process>

<https://www.oaklandca.gov/projects/2021-2023-traffic-safety-earmarks>

A staff preferred option is to allocate these funds to purchase materials for ongoing traffic safety maintenance for signal and street light poles, rectangular rapid-flashing beacons (RRFB) maintenance, and sign poles/aluminum, or to augment our existing core programs, namely the Traffic Calming Program in our CIP. That way, the funds can be spent, consistent with existing data driven prioritization methods, as staff resources become available.

**Regarding programming \$1.3M for Free BRT Weekend Service:**

OakDOT is not opposed to this use in concept and it is an eligible use of these funds. Staff would need additional information regarding the details and implementation.

Measure BB funds have not been used to directly fund bus operations and would need time to work through the payment mechanism. This process could involve development and implementation of an MOU which may take months to establish.

**Additional Information not Directly Requested:**

**12. Fund Balances in Grant Funds 21xx**

Finance Staff cautions the City Council when seeking to appropriate Fund Balance in the City Grants Fund which begin with the numbers 21. These funds are often used for the operations of multiple grants. Any fund balance may be restricted to be used for the purpose(s) or one or more grant programs. Thus, there may be within fund restrictions that cannot be intuited simply by looking at the Fund number and description.