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June 10, 2019

President Rebecca Kaplan and
Members of the Oakland City Council
Via E-mail

Re: 2019 -2021 Oakland City Budget

Dear President Kaplan and City Council Members:

Make Oakland Better Now! urges your consideration of the following issues concerning President Kaplan's proposed budget changes:

Accountability and Transparency: Revenue forecasts and risk assessments

The Mayor's budget sources the 5-year financial forecast including revenue and expenditure risks. Oaklanders deserve the same detail and risk analysis in alternative budgets, especially those proposing higher revenues; what are the sources and how sensitive are receipts to economic and political factors? Council President Kaplan's proposal offers little detail and no risk assessment regarding new revenues. Furthermore, while suggesting somewhere in the neighborhood of an additional \$100 million in revenue, it provides virtually no information in support of claimed revenue sources.

The current budget process is unhelpful: no standardized revenue/spend assumptions, inaccurate forecasts and a compressed timeframe

Most legislative processes ensure apples-to-apples comparison of alternative budgets because each one applies the same methods forecasting receipts and spending. Applying that process in Oakland would enable citizen's to accurately contrast President Kaplan's proposal against the Mayor's.



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- For example, President Kaplan's budget counts as new revenue \$7 million spent in the previous year on OPD overtime. It's not possible to recapture that expense as revenue; casting doubt over the entire proposal's budget balance.
- Oakland has a decades-long history of mayors' budgets that chronically under-forecast revenues and (some expenses). But "sand-bagging" the revenue picture by simply publishing unsupported income contentions unnecessarily limits the city's policy and program options during the budgeting cycle, while also limiting transparency.

Oakland takes a few months to complete a budget; enough time to review and decide spending priorities but insufficient time to fully explore revenues. Revenues are generally taken as "given" despite the fact that Oakland's budget chronically underestimates receipts. Adding months and more accurate revenue estimates gives the city time to fully consider and money to support alternative proposals.

City Spending needs: pay down un-funded obligations lacking dedicated revenues

Our current elected officials did not create the problem of unfunded liabilities. And they (and our unions) are to be commended for renegotiating benefits and dedicating \$10,000,000 a year towards OPEB. Yet the budgeted funding policy exacerbates the inherited problem; paying less than the actuarially determined contribution grows those future liabilities. The city's negative fund balances, additional PERS payments and unfunded liabilities total in the \$100's of millions without designated long-term revenues to pay them. Other than urgent operating priorities (for example homelessness), new unrestricted revenue, especially one-time receipts, must go towards these un-funded obligations. This is City policy as adopted by the Council and does not appear to be followed in President Kaplan's proposal.

MOBN perspective on some specifics from the President's Proposed Budget.

MOBN! Believes the following proposals deserve priority funding or serious further study



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- Homelessness: Oakland must address homelessness in more comprehensive ways. We need far more than the three weeks between now and the end of the budget process to determine what additional steps should be taken, and how they should be taken.
- Police Department audit: this is something the City Auditor can conduct, and we would encourage council to make sure the City Auditor's office has the resources to make it happen.
- Wildfire funding. What is the revenue source? At what rate? Citywide or where wildfire risk is greatest?

These issues should be major elements of the Council's agenda in the coming months, but there are no proposals of sufficient detail to include them in the budget process.

MOBN! respectfully disagrees with the President Kaplan's Proposal Budget on

- Reinstating Council Pay-Go. Under Pay-go, council members are absorbed providing a specific result when they should instead focus on the organizational/systemic failures.
- OPD Staffing and expenses
 - OPD Overtime: The problem here is not OPD overtime – it is that overtime has not been adequately budgeted. OPD's reports on overtime demonstrate that this has been a function of MOU requirements, of court requirements, and of OPD contributions to public safety, all of which should have been included in budgets. So the solution is to adequately budget the overtime not to cut the OPD budget.
 - OPD Staffing: While the proposal does not discuss what the impact of the proposed budget reduction would be, it would almost certainly result in either sworn or unsworn staffing reductions. Both would be very damaging to public safety. MOBN! is still committed to staffing OPD at the level that has been budgeted. As to sworn staff, recent reports show current staff at 738 sworn officers versus the budgeted 792. Clearly, long term, hiring the officers they are budgeted for



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will reduce overtime. Moreover, a reduction in unsworn officers would likely increase 911 dispatcher response time, reduce civilian Ceasefire support, or both, and probably increase the unbudgeted overtime as sworn officers are required to fill in for some responsibilities previously covered by unsworn personnel.

Sincerely,

The Make Oakland Better Now! Board

