



CITY OF
OAKLAND

OFFICE OF THE CITY AUDITOR
MICHAEL C. HOUSTON, ACTING CITY AUDITOR

CONTACT: DENA L. SHUPE
(510) 238-4975 Office
dshupe@oaklandca.gov

Audit Shows the City Spent Only \$36.5 Million of the Nearly \$53 Million Collected From Property Owners in the First Two Years of Measure Q

The City Lacked a Plan to Meet Goals to Improve Park Conditions and Reduce Homelessness in and Around Parks

OAKLAND, Calif. (December 21, 2023): Today, the Office of the City Auditor released an audit report related to the 2020 Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act. Oakland voters passed the Act in March 2020 as “Measure Q.”

Measure Q (the Act) was proposed and passed to improve park services. Specifically, the Act seeks to improve and increase maintenance, tree, and landscape services throughout Oakland parks; reduce homelessness in and around City parks; decrease disparities in life outcomes of marginalized communities; and reduce litter runoff into waterways.

The audit report, [*Budget Transparency, Performance Management, and Stronger Oversight Needed to Ensure Oaklanders Benefit from the 2020 Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act*](#), is the first of the City Auditor’s biennial audits required by the Act. The audit covered Fiscal Years (FYs) 2020-21 and 2021-22, and had mixed results.

During the 2-year audit period, the City collected nearly \$53 million from taxpayers, but only spent \$36.5 million. As a result of underspending, Measure Q had accrued a fund balance of nearly \$22 million by the end of FY 2022-23. While the overwhelming majority of spending was within allowable Measure Q uses, Acting City Auditor Michael Houston characterized a fund balance of \$22 million as “services not yet delivered to Oaklanders.”

The audit called for improvements in how the City budgets Measure Q funds. For example, the audit found that the way the City carried over unspent Measure Q money to future fiscal years skewed budgeting such that budgeted amounts fell below the required allocations for parks, homelessness services, stormwater quality, or audit and evaluation. The Auditor’s Office made the Budget Bureau aware of this during the audit and indicated they could correct the allocation percentages before the extra funds carried forward are spent.

The audit also found that Measure Q's unclear and counter-intuitive "maintenance of effort" terms allowed for lower spending on existing park services, rather than equal or higher levels of spending. Auditor Houston stated, "lower levels of spending belie the spirit of the legislation."

The audit also found the City did not establish a baseline to measure park conditions. Without understanding baseline park conditions, the City is unable to determine maintenance needs nor is it able to measure the effect of Measure Q spending. Additionally, the City did not define target outcomes, and so far, conducts limited program evaluations. The audit calls for a data-driven strategy that would help identify existing service levels and track improvement. Acting City Auditor Houston stated, "the City needs to adopt and use performance data and performance management to quantify how programs are performing and how much is needed to reach the lofty goals within the Measure. The public deserves to know how it benefits from tax-funded services."

In looking at outcomes, the audit highlights the conditions at parks, for which the largest amount (64 percent) of Measure Q funding is allocated. The audit describes how the City should set meaningful maintenance standards to inform maintenance schedules and ongoing evaluation of park conditions to understand improvements and needs, to ensure equitable access for Oaklanders.

Furthermore, performance measurement can inform oversight on Measure Q spending. The City Council assigned the Commission on Homelessness and the Parks and Recreation Advisory Commission (PRAC) as the citizen oversight bodies for Measure Q. The former oversees funding dedicated to homelessness and litter reduction. The latter oversees funding dedicated to parks, landscape maintenance, recreational services, and services to improve water quality and related litter reduction. The audit found the PRAC met its oversight mandate, but the Commission on Homelessness was not fulfilling its oversight role, meeting infrequently on Measure Q matters, and not completing required annual reports.

Last, the City has not conducted an annual financial audit of Measure Q, despite having a budget for it. California law requires actions to provide assurance that proceeds from special taxes are collected and spent for their intended purposes.

Acting City Auditor Houston stated, "I am glad our audit confirmed Measure Q revenue was applied to its intended uses, and the audit did not identify fraud and abuse. On the other hand, Oakland voters passed this special tax expecting their extra tax dollars would improve parks, and reduce homelessness and litter in or around parks. Unfortunately, we found that the City has not identified to what extent, or even if, Measure Q taxes have made progress towards those goals."

The audit report outlines 16 recommendations to the City Administration, that when implemented, will create a structure for accountability, developing and implementing performance management processes, and regularly reporting performance outcomes to oversight bodies. The City Administration agreed with all the recommendations, and the City Auditor's Office will follow-up on each of the recommendations to monitor progress. Acting City Auditor Houston recognized the Administration stating, "I'd like to thank the City Administrator's Office and the Finance, Human Services, and Public Works departments for their time and

attention during the audit, and for engaging us in productive dialog resulting in feasible, relevant, and impactful recommendations ultimately resulting in a cleaner and safer Oakland for residents, businesses, and visitors.”

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Questions should be directed to Dena Shupe at dshupe@oaklandca.gov.



ABOUT OAKLAND’S ACTING CITY AUDITOR MICHAEL C. HOUSTON

Michael C. Houston became Acting City Auditor on October 14, 2023, upon the resignation of the former City Auditor, Courtney Ruby.

A career public servant, Michael has worked as a government auditor and investigator for over 15 years, first as a performance auditor for the City of San Jose’s independent City Auditor’s Office between 2008 and 2017, and then as the Director of Compliance & Internal Control at Cal State East Bay, where he directed the audit and investigation functions between 2017 and 2019. Michael has worked in the Oakland City Auditor’s Office since 2019, previously serving as the Whistleblower Manager and the Assistant City Auditor.

Michael has a Master of Public Policy degree from U.C. Berkeley, a Bachelor of Arts degree in History from Sonoma State University, and he is a Certified Internal Auditor.

ABOUT THE OAKLAND CITY AUDITOR’S OFFICE

The City Auditor’s Office independently and objectively reviews City operations and services to report to the public on their performance. The Office’s audits include recommendations to management, and those charged with governance and oversight, on how to improve services, reduce costs, and increase public accountability. The Office conducts performance audits in accordance with Government Auditing Standards set by the Government Accountability Office under the U.S. Comptroller General. The City Auditor’s Office operates a Whistleblower Hotline to receive and investigate allegations of fraud, waste, and abuse affecting or involving City of Oakland resources, employees, officials, or contractors. The Office also prepares financial ballot analyses for proposed legislation in accordance with the City Charter, and conducts analyses and reviews requested from the City Council.

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