

City of
SACRAMENTO
Office of the City Auditor

Farishta Ahrary
Interim City Auditor

July 26, 2024

Asha Reed, City Clerk
1 Frank H. Ogawa Plaza
Oakland, CA 94612

RE: FINANCIAL ANALYSIS OF OAKLAND'S MEASURE TO MODERNIZE AND STRENGTHEN THE PUBLIC ETHICS COMMISSION

Dear City Clerk Reed:

I am pleased to submit an impartial analysis of the measure to “Modernize and Strengthen the Public Ethics Commission.” If passed, this Measure would amend several sections of the City Charter and City Code. Revisions with a potential financial impact include: the addition of one Ethics Investigator position and revisions in the composition of specific classifications in the Public Ethics Commission’s staffing; the requirement for the City Council or Council committee to consider all proposals from the Commission regarding amendments to any law the Commission enforces or administers; and the amendment of the Lobbyist Registration Act to restrict local governmental lobbyists from making any payment or incurring any expense that directly benefits an elected City officeholder, candidate or member of their immediate family in which the cumulative value exceeds fifty dollars in a calendar year.

The Sacramento City Auditor’s Office prepared this analysis in accordance with Municipal Code Section 3.08.210, which requires the Oakland Office of the City Auditor to prepare an impartial financial analysis of each measure qualifying for ballot placement. This Measure includes language related to amending the salary review schedule of the City Auditor. To avoid a conflict of interest, the Oakland City Auditor, Michael Houston, requested my office prepare this independent analysis.

If you have any questions, please contact me at 916-808-7266.

Sincerely,

Farishta Ahrary

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Interim City Auditor

SACRAMENTO CITY AUDITOR'S IMPARTIAL FINANCIAL ANALYSIS OF THE BALLOT MEASURE TO MODERNIZE AND STRENGTHEN THE PUBLIC ETHICS COMMISSION

If passed by more than fifty percent of the voters, the Measure would amend several areas of the City Charter and City Code. Revisions with a potential financial impact include: the addition of one Ethics Investigator position and revisions in the composition of specific classifications in the Public Ethics Commission's (Commission) staffing; the requirement for the City Council or Council committee to consider all proposals from the Commission regarding amendments to any law the Commission enforces or administers; and the amendment of the Lobbyist Registration Act to restrict local governmental lobbyists from making any payment or incurring any expense that directly benefits an elected City officeholder, candidate or member of their immediate family in which the cumulative value exceeds fifty dollars in a calendar year.

Financial Impact

This Measure is estimated to cost the City up to an additional \$328,430 annually. Staff salaries and benefit rates may increase over time.

The Measure amends Charter Section 603 (g)(2)(iii) by adding one additional Ethics Investigator in the Commission, increasing minimum staffing levels to 11 full-time employees, effective July 1, 2026. The annual cost of the additional Ethics Investigator for salary and benefits is estimated at \$241,784. Note: the minimum staffing budget may be reduced for one or two years if the City Council finds the City is experiencing an extreme financial crisis, as defined by City Council resolution. We used the negotiated rates effective March 1, 2025, to calculate the financial impact of prospective changes related to Charter Section 603(g)(2)(iii).

The Measure further amends Charter Section 603 (g)(2)(iv) by augmenting the composition of specific classifications in the staffing of the Commission. The current staffing classifications for the Office include one Ethics Analyst I, one Ethics Analyst II, and one Administrative Assistant I. The Measure allows for more flexibility of staffing by adding the classification Administrative Analyst I. The Measure will allow the staffing to be any three of the following: Ethics Analyst I, Ethics Analyst II, Administrative Analyst I, or Administrative Assistant I. The estimated financial impact of this change can range from an annual savings of \$89,584 to an increased annual cost of \$86,646 depending on how the three positions are staffed. We used the negotiated rates effective July 6, 2024, to calculate the financial impact of prospective changes related to Charter Section 603 (g)(2)(iv).

We estimate the new requirement that all Commission proposals be considered by City Council to be negligible as, according to the Commission's Executive Director, most proposals are currently already considered by the City Council.

Additionally, we estimate that the costs related to a potential increase in the number of complaints from lowering the reportable contribution amount from lobbyists from \$240 to \$50, would not be material to this analysis.

Our independent analysis represents the best information available at the time of this impartial analysis.
Actual costs may vary from these estimates.

Farishta Ahrary
Interim Sacramento City Auditor