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OAKLAND

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City Attorney

2014 NOV 20 AM 9:36

**OAKLAND CITY COUNCIL**

**ORDINANCE NO. 13279 C.M.S.**

**ORDINANCE AMENDING THE CITY OF OAKLAND  
FINANCIAL POLICIES, TO ESTABLISH A NEW RAINY DAY  
POLICY AND CONSOLIDATING ALL FISCAL POLICIES  
INTO THE CITY OF OAKLAND CONSOLIDATED FISCAL  
POLICY**

**WHEREAS**, the Government Finance Officers Association (GFOA) recommends that jurisdictions adopt policies in the areas of financial planning, revenue, and expenditure; and

**WHEREAS**, the City has previously adopted policies on subjects including budget balancing, use of volatile revenues, use of one time revenues, process for carryforward appropriations, long term financial planning, and transparency & public participation; and

**WHEREAS**, through its fiscal policies, the City has established reserve funds for emergencies, insurmountable and unanticipated hardship, and for capital improvement; and

**WHEREAS**, the City seeks to establish a reserve fund to stabilize the provision of vital services, protect against service reductions, prevent layoffs, furloughs, and similar measures in times of economic hardship as an element of a rainy day policy; and

**WHEREAS**, the City seeks to adopt procedures to accelerate debt repayment and pay-down unfunded long-term obligations as an element of a rainy day policy; and

**WHEREAS**, City staff recommends the definition of excess Real Estate Transfer Tax should be modified to increase with the overall growth of tax revenues; and

**WHEREAS**, the City's fiscal policies are contained within various ordinances and resolutions that were adopted to address a range of economic situations as they have arisen; and

**WHEREAS**, a single consolidated fiscal policy will communicate the policies relating to City financial matters more clearly to the public, the financial community, and policy makers;

**WHEREAS**, the Consolidated Fiscal Policy will include the policies on budgeting practices, reserve funds, and budget process, fiscal planning, transparency, and public participation; now, therefore

**THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:**

**Section 1.** The Council does find, determine and declare the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

**Section 2.** The City of Oakland Consolidated Fiscal Policy is hereby, amended, approved, and adopted in the form attached hereto as Exhibit 1.

**Section 3.** The previously adopted policies attached hereto as Exhibits 2 through 10 are hereby repealed and replaced by the Consolidated Fiscal Policy.

**Section 4.** In conformance with best practice and sound financial management, the City shall continue to separately maintain and submit for annual review and adoption by the City Council, statements of the City's Debt Policy, Swap Policy and Investment Policy for each fiscal year.

DEC 09 2014

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_


**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF, and PRESIDENT KERNIGHAN - 8

NOES- 0

ABSENT- 0

ABSTENTION- 0

ATTEST:   
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California

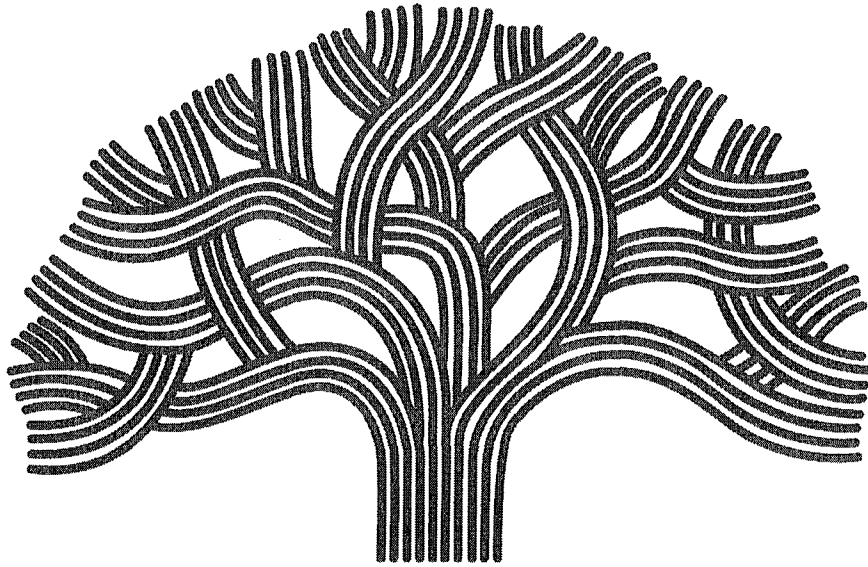
Introduction Date

NOV 18 2014

DATE OF ATTESTATION: 12/12/14

# CITY OF OAKLAND

## CONSOLIDATED FISCAL POLICY



## **Section 1. Budgeting Practices**

### **Part A. General Provisions**

The City's Fiscal Year shall run from July 1<sup>st</sup> through June 30<sup>th</sup> of the subsequent year and the Budget shall be adopted by resolution as provided by the City charter.

The City shall adopt a two-year (biennial) policy budget by July 1<sup>st</sup> of odd-numbered calendar years. The City shall amend its biennial policy budget (midcycle) by July 1<sup>st</sup> of even-numbered years.

### **Part B. Policy on Balanced Budgets**

The City shall adopt balanced budgets, containing appropriated revenues equal to appropriated expenditures. This policy entails the following additional definitions and qualifications:

1. The budget must be balanced at an individual fund level.
2. City policies on reserve requirements for individual funds must be taken into account. The appropriated expenditures to be included in the balanced budget equation must include the appropriations necessary to achieve or maintain an individual fund's reserve target.
3. Appropriated revenues can include transfers from fund balance where such fund balance is reasonably expected to exist by the end of the fiscal year preceding the year of the adopted budget. Transfers from fund balance are not to be counted as revenue if the fund balance is not reasonably expected to exist by the end of the fiscal year preceding the year of the adopted budget. (Note: The precise definition of 'fund balance' will vary from fund to fund, depending on the fund's characteristics and accounting treatment.)
4. Appropriated expenditures can include transfers to fund balance or to reserves.

The City Administrator shall be responsible for ensuring that the budget proposed to the City Council by the Mayor, adheres to the balanced budget policy.

From time to time the City Council may present changes in policy and consider additional appropriations that were not anticipated in the most recently adopted budget. Fiscal produced required that prior to Council approval of such actions the following occur:

1. Identification of a new or existing viable funding source whose time span reflects the timing of the expenditure or lasts until the approval of the next biennial budget.
2. The budget must be amended in such a way as to maintain a balanced budget where appropriated revenues are equal to appropriated expenditures.

Each fiscal year, once prior year information has been made available, the City Administrator shall report to the Council how actual year-end revenues and expenditures compared to budgeted revenues and expenditures in the General Purpose Fund and such other funds as may be deemed necessary.

**Part C. Use of Excess Real Estate Transfer Tax (RETT) Revenues**

To ensure adequate levels of the General Purpose Fund reserves and to provide necessary funding for municipal capital improvement projects and one-time expenses, the City shall require that excess Real Estate Transfer Tax revenues be defined and used as follows:

1. The excess Real Estate Transfer Tax (RETT) revenue is hereby defined: Any amounts of projected RETT revenues whose value exceeds 14% of corresponding General Purpose Fund Tax Revenues (inclusive of RETT).
2. The excess Real Estate Transfer Tax collections, as described in this section, shall be used in the following manner and appropriated through the budget process.
  - a. At least 25% shall be allocated to the Vital Services Stabilization Fund. Until the value in such fund is projected to equal to 15% of General Purpose Fund revenues over the coming fiscal year.
  - b. At least 25% shall be used to fund accelerated debt retirement and unfunded long-term obligations: including negative funds balances, to fund the Police and Fire Retirement System (PFRS) liability, to fund other unfunded retirement and pension liabilities, unfunded paid leave liabilities, to fund Other Post-Employment Retirement Benefits (OPEB).
  - c. The remainder shall be used to fund one-time expenses; augment the General Purpose Fund Emergency Reserve, and to augment the Capital Improvements Reserve Fund.
3. Use of the "excess" RETT revenue for purposes other than those established above may only be allowed by a super majority vote (6 out of 8) of the City Council through a separate resolution.
  - a. The resolution shall be supported by a statement explaining the necessity for using excess RETT revenues for purposes other than those established above and;
  - b. The resolution authorizing expenditures using excess RETT revenue for purposes other than those above shall include a finding of necessity by the City Council; and
  - c. The resolution shall also include steps the City will take in order to return to utilizing one-time RETT revenues as described above.
4. Following the completion of the annual audit, audited revenues will be analyzed to determine whether the appropriate value was transferred to the Vital Services Stabilization Fund and to fund accelerated debt retirement and unfunded long-term obligations. If it is found that insufficient funds were transferred then a true-up payment

shall be made as a part of the next fiscal year's budget process. If the transfers exceeded the actual required amounts, then the amounts in excess may be credited against future allocations in the next fiscal year's budget process.

#### **Part D. Use of One Time Revenues**

1. From time to time, the City may receive "one time revenues", defined as financial proceeds that will not likely occur on an ongoing basis, such as sales of property or proceeds from the refinancing of debt, but not including additional Real Estate Transfer Tax revenues discussed in Section "B" above.
2. Fiscal prudence and conservancy requires that one time revenues not be used for recurring expenses. Therefore, upon receipt of one time revenues, such revenues shall be used in the following manner, unless legally restricted to other purposes: to fund one time expenditures, to fund accelerated debt retirement and unfunded long-term obligations: including negative funds balances, to fund the Police and Fire Retirement System (PFRS) liability, to fund other unfunded retirement and pension liabilities, unfunded paid leave liabilities, to fund Other Post- Employment Retirement Benefits (OPEB); or shall remain as fund balance in the appropriate fund.
3. Use of the "one time revenues" for purposes other than those established above may only be allowed by a super majority vote (6 out of 8) of the City Council through a separate resolution
  - a. The resolution shall be supported by a statement explaining the necessity for using one-time revenues for purposes other than those established above; and
  - b. The resolution authorizing expenditures utilizing one-time revenue for purposes other than those above shall include a finding of necessity by the City Council; and
  - c. The resolution shall also include steps the City will take in order to return to utilizing one-time revenues as described above.

#### **Part E. Use of Unallocated General Purpose Fund Balance.**

Any unallocated General Purpose Fund balance, as projected based upon the 3rd Quarter Revenues and Expenditures forecast, and not budgeted for other purposes, shall be used in accordance with Part D.

#### **Part F. Analysis of Payments for Debt or Unfunded long-term obligations from certain revenues**

When allocating funds to fund accelerated debt retirement and unfunded long-term obligations from excess Real Estate Transfer Tax and One Time Revenues the City Administrator shall

present his or her analysis and recommendations to the Council based on the best long-term financial interest of the City. The term Unfunded long-term obligations shall be clearly defined, as part of the budget process.

**Part G. Criteria for Project Carryforwards and Encumbrances in the General Purpose Fund.**

Previously approved but unspent project appropriations ("carryforwards"), as well as funding reserved to fund purchases or contracts that are entered into in the current year, but are not paid for until the following year ("encumbrances"), draw down funding from reserves. Fiscal prudence requires that such drawdowns be limited in the General Purpose Fund (GPF). Therefore:

1. Funding for non-operating projects and purchases shall be restricted within the General Purpose Fund.
2. In cases when non-capital, operating projects and purchases must be funded in the General Purpose Fund, these shall be included in an annual budget and supported with new annual revenues.
3. Carryover of unspent project carryforwards and encumbrances in the GPF from one year into the next, with no new funding, will be allowed only on an exception basis.
4. In the beginning of each fiscal year, before project carryforwards and encumbrances are carried over from the prior year, and no later than September 1:

The Budget Director shall liquidate all unspent project carryforwards and encumbrances in the GPF and advise affected City departments of said action.

The Budget Director shall provide a report of all unspent project carryforwards and encumbrances to the City Council for review and direction.

5. Departments may request to retain some or all of the liquidated GPF carryforwards and encumbrances only if and when such balances are deemed essential to the delivery of city projects, programs and services, and only if the liquidation of such balances would be in violation of legislative or legal requirements, could lead to health or safety issues, and/or would greatly impact essential City projects, programs and services.
6. A request to retain some or all of the liquidated GPF carryforwards or encumbrances must be submitted in writing to the Budget Director within five (5) working days of receiving an advisory from the Budget Director about said liquidations, and must detail specific reasons necessitating such a request, including but not limited to those stated in item (3) above.
7. The Budget Director, upon review of a department's request, shall recommend an action to the City Administrator within five (5) working days of receiving the department's

request.

8. The City Administrator, in consultation with the Budget Director, shall make a final determination of any and all requests for exceptions by departments, by September 20, and all requesting departments should be so notified by September 30.

#### **Part H. Grant Retention Clauses**

Prior to the appropriation of revenues from any grant outside of the budget process, the City Council shall be informed of any retention clauses that require the City to retain grant-funded staff, services, programs, or operations beyond the term of the grant. The fiscal impacts of such retention clauses shall be disclosed. During the biennial budget process staff shall report to the Council the ongoing projected fiscal impacts of such retention clauses.

#### **Part I. Alterations to the Budget**

Substantial or material alterations to the adopted budget including shifting the allocation of funds between departments, substantial or material changes to funded service levels, shall be made by resolution of the City Council.

#### **Part J. Transfers of Funds between accounts.**

The City Administrator shall have the authority to transfer fund between personnel accounts, and between non-personnel accounts within a department. The City Administrator shall have the authority to transfer funds allocated to personnel accounts to non-personnel accounts within a department provided that cumulative transfers within one fiscal year do not exceed 5% of the original personnel account allocation of that department. The City Administrator shall have the authority to transfer funds from non-personnel accounts to personnel accounts within a department. For the purposes of this section accounts for the provision of temporary personnel services shall be considered personnel accounts.

#### **Part K. Pay-Go Account Expenditures & Grants and Priority Project Fund Expenditures & Grants**

The City Council hereby finds and determines that it is in the public interest to spend Pay-go account fund to facilitate and support programs & services of the City of Oakland, capital improvement projects of the City of Oakland, and programs & capital improvement projects of the public schools and other public entities within the City of Oakland. The Council authorizes Pay-Go account funds to be used for the following purposes:

##### **Capital Improvements:**

1. To pay for or augment funding for a City of Oakland capital improvement project including planning and pre-construction services for projects such as, but not limited to, feasibility studies and design, landscaping, architectural and engineering services and all



services and materials needed to construct a capital improvements such as, but not limited to, contractor services, lumber, concrete, gravel, plants and other landscape materials, fountains, benches, banners, signs, affixed artwork and any other design and decorative elements of the project; and

2. To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or other public entity for use on capital improvement project within the City of Oakland, including planning and pre-construction services for projects such as, but not limited to, feasibility studies and design, landscaping, architectural and engineering services and all services and materials needed to construct a capital improvements such as, but not limited to, contractor services, lumber, concrete, gravel, plants and other landscape materials, fountains, benches, banners, signs, affixed artwork and any other design and decorative elements of the project; and

Furniture, Equipment:

3. To pay for or augment funding for purchase of furniture and equipment, including computer equipment and software, to be used by participants in a program operated by the City of Oakland; and
4. To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or another public entity to be used for furniture and equipment, including computer equipment and software, to be used by participants in a program operated by the public school or public entity.

Pay-go purposes stated above shall operate as restrictions on Pay-go expenditures or Pay-go grants, regardless of the Pay-go account funding source.

Pay-go purposes stated above shall apply to any and all Pay-go expenditures or grants made by the Mayor and each City Councilmember.

All Pay-go expenditures and grants shall be administered by the City Administrator on behalf of the city, and grant agreements shall be required for all such grants.

In accord with the City Council's motion approving the initial allocation of Councilmember Priority Project funds on June 8, 2006, the City Councilmembers must obtain City Council approval for all Priority Project expenditures.

All Priority Project fund grants approved by the City Council and shall be administered and executed by the City Administrator on behalf of the city, and grant agreements shall be required for all such grants.

## Section 2. Reserve Funds

### Part A. General Purpose Fund Emergency Reserve Policy

1. Council hereby declares that it shall be the policy of the City of Oakland to provide in each fiscal year a reserve of undesignated, uncommitted fund balance equal to seven and one-half (7.5%) of the General Purpose Fund (Fund 1010) appropriations for such fiscal year (the "General Purpose Fund Emergency Reserve Policy").
2. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the General Purpose Funds Emergency Reserve to the City Council and on the adequacy of the of the 7.5% reserve level. If in any fiscal year the General Purpose Fund Reserve Policy is not met, the City Administrator shall present to Council a strategy to meet the General Purpose Funds Emergency Reserve Policy. Each year, the City Administrator shall determine whether the 7.5% reserve level requires adjustment and recommend any changes to the City Council.
3. The amounts identified as the General Purpose Funds Emergency Reserve may be appropriated by Council only to fund unusual, unanticipated and seemingly insurmountable events of hardship of the City, and only upon declaration of fiscal emergency. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council, or (2) by a majority vote of the City Council.
4. Prior to appropriating monies from the General Purpose Funds Emergency Reserve, the City Administrator shall prepare and present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council, and appropriate fiscal emergency declaration necessary for the use of GPF reserve, the City Administrator will have the authority to allocate from the reserves.

### Part B. Vital Services Stabilization Fund Reserve Policy

1. Council hereby declares that it shall be the policy of the City of Oakland to maintain a Vital Services Stabilization Fund.
2. In years when the city projects that total General Purpose Fund revenues for the upcoming fiscal year will be less than the current year's revenues, or anytime service reductions (such as layoffs or furloughs) are contemplated due to adverse financial conditions, use of this fund must be considered so as to maintain existing service levels as much as possible, and to minimize associated impacts; and the adopted budget may appropriate funds from the Vital Services Stabilization Fund to preserve city operations; however, the budget may not appropriate more than sixty percent of the reserve balance in any year.

The Mayor and City Administrator and/or their designees will meet and discuss the key features of the Mayor's proposed draft budget with the labor unions, which represent City employees as duly authorized representatives for their respective bargaining units, in

accordance with applicable state labor law, provided the labor unions can respond within the timeline required.

The timeline may be restricted and may require short notice. Reasonable notice shall be provided to the labor unions. Further, information contained in the Mayor's budget prior to release is in draft form and subject to change before a final version is released to the City Council and the public.

3. Any deviations from this policy, including the need to address unusual and temporary increases in baseline expenditures, must be made by Resolution requiring a minimum of 6 votes. The Resolution must include (1) a statement explaining the necessity for the deviation and (2) a plan for replenishing the reserve.

### **Part C. Capital Improvements Reserve Fund**

1. Council hereby declares that it shall be the policy of the City of Oakland to maintain a Capital Improvements Reserve Fund.
2. On an annual basis, an amount equal to \$6,000,000 shall be held in the Capital Improvements Reserve Fund. Revenue received from one time activities, including the sale of Real Property, shall be deposited into the Capital Improvements Reserve Fund, unless otherwise directed by a majority vote of the City Council. Interest earnings on monies on deposit in the Capital Improvements Reserve Fund shall accrue to said fund and be maintained therein.
3. Monies on deposit in the Capital Improvements Reserve Fund may be appropriated by Council to funds unexpected emergency or major capital maintenance or repair costs to City-owned facilities and to fund capital improvement projects through the Five-Year Capital Improvement Program.
4. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the Capital Improvements Reserve Fund. If in any fiscal year the Capital Improvements Reserve Fund threshold of \$6,000,000 is not met, the City Administrator shall present to Council a strategy to meet said threshold.

### **Section 3. Budget Process, Fiscal Planning, Transparency, and Public Participation**

All Timelines apply only to budget development years, normally odd numbered years and not to mid-cycle revisions to an adopted two-year budget.

#### **1. Council Initial Budget Briefing and Priorities Discussion**

**Timeline:** January.

**Requirements:** The Mayor and City Council will hold a bi-annual budget workshop soon after the commencement of the Council term. The workshop will include briefings on estimated baseline expenditures, revenue projections and an overview of the City's budgeting process. The workshop will provide the Mayor and Council with the opportunity to begin discussing priorities for the next budget year based on preliminary projected increases or decreases in the next budget.

#### **2. Five Year Forecast**

**Timeline:** Produced and heard by the Council's Finance & Management Committee in February. Forecast Fact Sheets should be distributed to City community centers and Forecast data should be available on Open Data Portal within two weeks of the Committee hearing.

**Requirements:** Each Budget Cycle, the City Administrator must prepare a Five Year Forecast.

The Five-Year Financial Forecast ("Forecast") is a planning tool that estimates the City's likely revenues and expenditures over a future period of at least five-years, based on appropriate financial, economic, and demographic data. The purpose of the Forecast is to surface all major financial issues and estimate future financial conditions to support informed long-term planning and decision making regarding issues such as expenditures, labor negotiations, economic development policies, and revenue policies. Such planning provides for greater financial stability, signals a prudent approach to financial management, and brings the City into compliance with current best practices of other governmental entities.

The Forecast shall contain the two-year baseline budget for the forthcoming two-year budget period, clearly reflecting projected expenditures to maintain existing service levels and obligations, plus at least an additional three- year forecast of revenues and expenditures. The Baseline Budget shall consist of projected expenditures necessary to maintain existing staffing and service levels, plus an estimate of anticipated revenues for the two-year period.

The Forecast shall also contain information on the variance between prior forecasts and actual amounts, including the factors that influenced these variances. Revenue estimates shall be based on the most current data available; minimally revenue projections shall take into account projected revenue for the current fiscal year, as reflected in the 2nd quarter Revenue and Expenditure Report, with appropriate trending into future years and an explanation as to how such revenue projections were derived.

The report shall include a Five Year Forecast "Fact Sheet" document, which summarizes the Forecast's key findings with simplified text and graphics so as to make this important budgetary information more accessible to the general public. Within two weeks after the Forecast is accepted by the City Council, the City Administrator shall print and distribute the Forecast Fact Sheet to all City libraries, recreation centers and senior centers, including in languages required by Oakland's Equal Access Ordinance. The full Forecast shall also be posted on the City of Oakland's website. Forecast data shall be available in open data format on Oakland's data portal.

### **3. Assessment of Stakeholder Needs, Concerns and Priorities**

**Timeline:** Budget Advisory Committee review prior to survey release. Survey completion by February 15th. Results publicly available within two weeks of survey's close.

**Requirements:** During the prior to Budget Adoption of a budget adoption year, the City Administrator should develop or secure a statistically valid survey for assessing the public's concerns, needs and priorities. Whenever feasible, the City should conduct a professional poll administered to a statistically relevant and valid sample of residents that is representative of Oakland's population in terms of race, income, neighborhood, age, profession, family size, homeownership/renter-ship, etc. If that's not possible, then demographic information should be collected and reported out with the survey results.

Prior to release, the survey questions shall be submitted to the Budget Advisory Committee for review of bias, relevance, consistency in administration, inclusion of benchmark questions, and ability to assess concerns, needs and priorities. The survey instrument, method of dissemination, and any instructions for administration shall be publicly available.

If the City cannot afford a professional survey, an informal survey shall be made available for broad dissemination by the Mayor and Councilmembers through community list serves and other communication channels. A list of those dissemination channels should be publicly available along with survey results. Survey results should be publicly available within two weeks of the survey closes.

In the event that City's statistically valid survey has been completed, the Mayor and City Administrator shall include in their proposed budget a summary of the survey data and a statement regarding how the data was or was not incorporated into the final proposed budget. Informal surveys and their results shall be made public but not included in their proposed budget document.

The City Administrator shall also create an email address, a phone number with voicemail service, and a web-based engagement platform to collect resident input prior to budget development. Furthermore, the City Administrator shall take steps to promote participation, such as issuing a Flyer promoting participation in the survey and methods of participation (survey internet link, email, phone number) and posting such Fliers near publicly available computers in all City libraries, Recreation Centers, and Senior Centers.

#### 4. **Statement of Councilmember Priorities**

**Timeline:** Written submission due by March 15th.

**Requirements:** City Council Members will have the opportunity to advise the Mayor and City Administrator publicly of their priorities. Each Councilmember shall be invited to submit up to seven expenditure priorities in ranked and/or weighted order for changes to the baseline budget as presented in the Five Year Forecast. Councilmember priority statements may either be submitted as part of a report to be heard by the City Council and/or in a publicly available writing to the Mayor and City Administrator. In addition to the priorities, Councilmembers may also submit other suggestions, including revenue suggestions.

#### 5. **Administrator's Budget Outlook Message & Calendar Report**

**Timeline:** Heard by City Council before April 15th.

**Requirements:** The City Administrator shall bring as a report to the City Council a Budget Outlook Message & Calendar no later than April 15th that provides an overview of the budget development process and lists all key dates and estimated dates of key budget events, including, but not limited to the release of the Mayor and Administrator's Proposed Budget, Community Budget Forums, Council meetings, and formal budget passage dates. This publication shall be posted on the City's website and by other means determined by the City Administrator.

#### 6. **Release of Mayor & Administrator's Proposed Budget & Fact Sheet**

**Timeline:** Published and publicly available by May 1st. Heard by City Council and Fact Sheet distributed by May 15th.

**Requirements:** The Proposed Budget must be released by May 1st and shall clearly indicate any substantive changes from the current baseline budget, including all changes to service levels from the current budget. The Proposed Budget shall indicate staffing by listing the number of positions in each classification for each Department, including a listing of each position proposed for addition or deletion. The Council shall hold a public meeting to present the Proposed Budget no later than May 15th in budget adoption years. The full proposed budget document shall be made available online from the City's website, and printed copies shall be available in all City libraries. Additionally, the proposed budget data shall be available in open data format on the City's open data portal by May 1st. Every effort should be made to thoroughly respond to any public request for departmental budget details, such as line item budgets. The requested information shall also be made available on the City's website and open data portal within a reasonable time period following the request.

The Proposed Budget must include a Budget Fact Sheet with easy-to-understand graphics and text explaining the City's overall finances, the Proposed Budget and that year's Budget Calendar. The Fact Sheet shall be published in languages required by Oakland's Equal Access Ordinance. The Fact Sheet shall be printed and made available in all City Recreation Centers and Senior

Centers as well as all City libraries by May 15th or the presentation to the Council, whichever is sooner.

## **7. Community Budget Forums**

**Timeline:** Between May 1st and June 10th

**Requirements:** The Administration and Council shall hold at least three (3) Community Budget Forums at varied times in different neighborhoods away from City Hall. These meetings, organized by the City Administrator's Office shall be scheduled so as to maximize residents' access. These meetings must include sufficient time for question and answer period as well as a presentation of budget facts by City staff. One or more of the meetings must be scheduled in the evening. Another must be scheduled on the weekend. These meetings shall also be scheduled so that Councilmembers have sufficient opportunity to attend a meeting close to their council district. Every member of the City Council shall make their best effort to attend at least one Community Budget Forum. In addition, members of the Budget Advisory Commission shall be requested to attend at least one Community Budget Forum. Translators will be provided by request with forty- eight hours advance notice, per Oakland's Equal Access Ordinance. Sufficient Fact Sheets in all available languages shall be available at all Forums.

Meetings shall be held in ADA accessible facilities served by public transit (BART stop, frequently running bus line, etc.). Every effort shall be made to record the meeting via video or audio. The City Administrator shall prepare an Informational Report summarizing the Community Forum process, to be heard by the City Council at its the next available budget discussion following the final Forum. The summary memo shall attempt to identify key areas of public agreement and disagreement, as well as respond to the most commonly asked questions.

## **8. Budget Advisory Commission's Report**

**Timeline:** June 1st

**Requirements:** The Budget Advisory Committee (BAC) shall be requested to submit published, written report to the full City Council regarding the proposed budget with any suggested amendments no later than June 1 in budget adoption years. If submitted, the statement shall be published as part of the next budget report to the City Council. The BAC is encouraged to provide similar statements during the mid-cycle budget revise and any other significant budget actions.

## **9. Council President's Proposed Budget**

**Timeline:** June 17th

**Requirements:** The City Council President, on behalf of the City Council, shall prepare a proposed budget for Council consideration to be heard at a Special City Council Budget Hearing occurring before June 17th. The Council President may delegate the duty to prepare a budget

proposal to another member of the Council. A costing analysis request for any proposed amendments must have been submitted to the City Administrator at least five working days prior to the Special City Council Budget Hearing. The City Council may schedule additional Special City Council Budget Hearings or Workshops as needed.

#### **10. Council Budget Amendments**

**Timeline:** No later than up to three days prior to final budget adoption

**Requirements:** In addition to the Council President's proposed budget, any Councilmember or group of Councilmembers may submit proposed budget amendments at any time during the budget process. However, the adopted budget shall not contain substantive amendments made on the floor by Councilmembers at the final meeting when the budget is adopted. All substantive amendments must have been published in the City Council agenda packet for at least three days prior to the budget's final adoption. This three-day noticing requirement may be waived by a vote of at least six Councilmembers upon a finding that (1) new information impacting the budget by at least \$1 million dollars came to the attention of the body after the publication deadline making it not reasonably possible to meet the additional notice requirement and (2) the need to take immediate action on the item is required to avoid a substantial adverse impact that would occur if the action were deferred to a subsequent special or regular meeting, such as employee layoffs.

Additionally, a costing analysis request for the proposed budget amendment must have been submitted to the City Administrator at least five working days prior to the budget's final adoption.

#### **11. Process Feedback & Continual Improvement**

**Timeline:** September 30<sup>th</sup> following budget adoption

**Requirements:** The Budget Advisory Commission (BAC) shall be requested to submit an Informational Report to the Council's Finance and Management Committee containing their analysis of the budget adoption process including, but not limited to: 1) the informational quality of the Proposed Budget; 2) the City Administration's and City Council's attention to engaging the public and its impacts on the budget process and product; 3) the level of transparency and open dialogue in all public meetings dedicated to the budget; and 4) opportunities for improving the process in future years. In assessing opportunities for continually improving public participation in the budget process, the Administration, City Council and BAC shall be requested to consider the following guiding principles:

- **Inclusive Design:** The design of a public participation process includes input from appropriate local officials as well as from members of intended participant communities. Public participation is an early and integral part of issue and opportunity identification, concept development, design, and implementation of city policies, programs, and projects.
- **Authentic Intent:** A primary purpose of the public participation process is to generate public views and ideas to help shape local government action or policy.
- **Transparency:** Public participation processes are open, honest, and understandable. There



is clarity and transparency about public participation process sponsorship, purpose, design, and how decision makers will use the process results.

- **Inclusiveness and Equity:** Public participation processes identify, reach out to, and encourage participation of the community in its full diversity. Processes respect a range of values and interests and the knowledge of those involved. Historically excluded individuals and groups are included authentically in processes, activities, and decision and policymaking. Impacts, including costs and benefits, are identified and distributed fairly.
- **Informed Participation:** Participants in the process have information and/or access to expertise consistent with the work that sponsors and conveners ask them to do. Members of the public receive the information they need, and with enough lead time, to participate effectively.
- **Accessible Participation:** Public participation processes are broadly accessible in terms of location, time, and language, and support the engagement of community members with disabilities.
- **Appropriate Process:** The public participation process uses one or more engagement formats that are responsive to the needs of identified participant groups; and encourage full, authentic, effective and equitable participation consistent with process purposes. Participation processes and techniques are well- designed to appropriately fit the scope, character, and impact of a policy or project. Processes adapt to changing needs and issues as they move forward.
- **Use of Information:** The ideas, preferences, and/or recommendations contributed by community members are documented and given consideration by decision-makers. Local officials communicate decisions back to process participants and the broader public, with a description of how the public input was considered and used.
- **Building Relationships and Community Capacity:** Public participation processes invest in and develop long-term, collaborative working relationships and learning opportunities with community partners and stakeholders. This may include relationships with other temporary or ongoing community participation venues.
- **Evaluation:** Sponsors and participants evaluate each public participation process with the collected feedback and learning shared broadly and applied to future public participation efforts.

## **NOTICE AND DIGEST**

### **ORDINANCE AMENDING THE CITY OF OAKLAND FINANCIAL POLICIES, TO ESTABLISH A NEW RAINY DAY POLICY AND CONSOLIDATING ALL FISCAL POLICIES INTO THE CITY OF OAKLAND CONSOLIDATED FISCAL POLICY**

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The Ordinance amends the City's fiscal policies and establishes a City of Oakland Consolidated Fiscal Policy that will include the City's policies on budgeting practices, reserve funds, and budget process, fiscal planning, transparency, and public participation.

# EXHIBIT 2

TO

ORDINANCE AMENDING FINANCIAL POLICIES  
AND ESTABLISHING THE CITY OF OAKLAND'S  
CONSOLIDATED FISCAL POLICY.

**77922 C.M.S. (Balanced Budget)**

Finance and Management Committee  
October 28, 2014

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

*[Signature]*  
CITY ATTORNEY

OAKLAND CITY COUNCIL

2003 JUN 12 PM 5:07

RESOLUTION NO. 77922 C. M. S.

**RESOLUTION ADOPTING THE CITY OF OAKLAND'S POLICY ON BALANCED BUDGETS**

**WHEREAS**, the Government Finance Officers Association (GFOA) recommends that jurisdictions adopt policies that define a balanced budget, encourage commitment to balanced budgets under normal circumstances, and provide for disclosure when a deviation from a balanced budget is planned, or when it occurs; and

**WHEREAS**, unbalanced budgets can lead to increased interest charges, which reduces monies available for operations and services; and

**WHEREAS**, balanced budgets ensure responsible use of the taxpayers' dollars to provide City services; now therefore, be it

**RESOLVED:** that the City Council of the City of Oakland hereby finds, determines, declares and resolves as follows:

**Section 1.** All of the recitals set forth above are true and correct.

**Section 2.** The City Council hereby adopts a balanced budget policy, as set forth below:

CITY OF OAKLAND'S POLICY ON BALANCED BUDGETS

*1. Purpose/Definition*

The City shall adopt balanced budgets, i.e., containing appropriated revenues equal to appropriated expenditures. This policy entails the following additional definitions and qualifications:

1. The budget must be balanced at an individual fund level.
2. City policies on reserve requirements for individual funds must be taken into account. The appropriated expenditures to be included in the balanced budget equation must include the appropriations necessary to achieve or maintain an individual fund's reserve target.
3. Appropriated revenues can include transfers from fund balance where such fund balance is reasonably expected to exist by the end of the fiscal year preceding the year of the adopted budget. Transfers from fund balance are not to be counted as revenue if the fund balance is not reasonably expected to exist by the end of the fiscal year preceding the year of the adopted budget. (Note: The precise definition of 'fund balance'

will vary from fund to fund, depending on the fund's characteristics and accounting treatment.)

II. *General Responsibilities*

The City Manager, shall be responsible for ensuring that the budget proposed to the City Council by the Mayor / City Manager adheres to the balanced budget policy. Currently, the Budget Office under the supervision and direction of the City Manager, performs this function.

III. *Annual Monitoring & Reporting*

Each fiscal year, once prior year information has been made available by the Controller's Office, the City Manager, shall produce a balanced budget report to the Council. The report shall state, for each fund in which current year appropriations exist, whether the actual year-end data from the prior year has caused any individual fund to be in violation of the balanced budget policy. If so, the the City Manager, shall recommend steps to be taken to bring that fund back into compliance with the policy. Currently, the Budget Office, under the supervision and direction of the City Manager performs these functions.

JUL 15 2003

In Council, Oakland, California, \_\_\_\_\_, 2003

PASSED BY THE FOLLOWING VOTE:

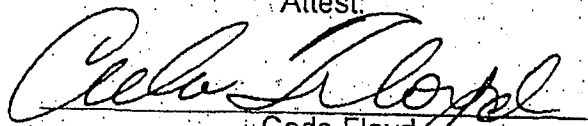
Ayes- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND  
PRESIDENT DE LA FUENTE - 8

Noes- 0

Absent- 0

Abstention- 0

Attest:



Ceda Floyd  
City Clerk and Clerk of the  
Council of the City of  
Oakland, California

# EXHIBIT 3

TO

ORDINANCE AMENDING FINANCIAL POLICIES  
AND ESTABLISHING THE CITY OF OAKLAND'S  
CONSOLIDATED FISCAL POLICY.

**13242 C.M.S. (Financial & Reserve Policy  
with Recent Amendments)**

Finance and Management Committee  
October 28, 2014

2014 JUN 19 PM 4:36

  
CITY ATTORNEY

## OAKLAND CITY COUNCIL

ORDINANCE NO. 13242 C.M.S.

ORDINANCE AMENDING ORDINANCE NO. 13170 C.M.S. WHICH SETS FORTH THE COUNCIL'S GENERAL PURPOSE FUND (GPF) FINANCIAL POLICIES TO AMEND THE REQUIREMENTS FOR AUTHORIZATION TO USE ONE-TIME OR EXCESS REAL ESTATE TRANSFER TAX REVENUES FOR PURPOSES OTHER THAN ESTABLISHED THROUGH THIS ORDINANCE, TO ALLOW AUTHORIZATION OF SUCH USES BY RESOLUTION APPROVED BY A SUPER MAJORITY VOTE OF THE CITY COUNCIL.

**WHEREAS**, on June 17, 2003, the City Council adopted Ordinance No. 12502 C.M.S., which repealed the original reserve policy for the City's undesignated general fund balance and adopted new operating budget and capital improvement budget policies, and a higher minimum level of reserves; and

**WHEREAS**, on June 30, 2009, the City Council adopted Ordinance No. 12946 C.M.S., which revised the amended reserve policy for the City's undesignated general fund balance to clarify the established reserve requirements, establish criteria for the use of GPF reserve, use of excess Real Estate Transfer Tax (RETT) revenue, and use of other one-time revenues, including the requirement to declare a fiscal emergency to use one-time revenue or excess RETT for purposes other than those described by the Ordinance; and to minimize drawdowns from the GPF reserve by previously approved project carryforwards and purchase order encumbrances; and

**WHEREAS**, on October 2, 2012, the City Council adopted Ordinance No. 13134 C.M.S., which allowed one-time revenues to be used on one-time expenditures; and

**WHEREAS**, on June 27, 2013, the City Council adopted Ordinance No. 13170 C.M.S., which allowed excess (one-time) Real Estate Transfer Tax revenues to be used on one-time expenditures; and

**WHEREAS**, using certain one-time revenues or excess RETT on ongoing expenditures from time to time may not rise to the level of declaring a fiscal emergency, however is an action that should not be taken without thoughtful deliberation and strong Council support.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:**

Section 1. The City Council finds and determines the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

Section 2. The Municipal Code is hereby amended to add, delete, or modify sections as set forth below. (section numbers and titles are indicated in **bold type**, additions are indicated by underscoring and deletions are indicated by ~~strike-through~~ type; portions of the regulations not cited or not shown in underscoring or strike through are not changed)

Section 3. Ordinance No. 13170 C.M.S. is hereby amended as follows:

**A. General Purpose Fund Reserve Policy**

1. Council hereby declares that it shall be the policy of the City of Oakland to provide in each fiscal year a reserve of undesignated, uncommitted fund balance equal to seven and one-half (7.5%) of the General Purpose Fund (Fund 1010) appropriations for such fiscal year (the "General Purpose Fund Reserve Policy").
2. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the General Purpose Funds Reserve to the City Council and on the adequacy of the of the 7.5% reserve level. If in any fiscal year the General Purpose Fund Reserve Policy is not met, the City Administrator shall present to Council a strategy to meet the General Purpose Funds Reserve Policy. Each year, the City Administrator shall determine whether the 7.5% reserve level requires adjustment and recommend any changes to the City Council.
3. The amounts identified as the General Purpose Funds Reserve may be appropriated by Council only to fund unusual, unanticipated and seemingly insurmountable events of hardship of the City, and only upon declaration of fiscal emergency. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council, or (2) by a majority vote of the City Council.
4. Prior to appropriating monies from the reserve established by this Ordinance, the



City Administrator shall prepare and present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council and appropriate fiscal emergency declaration necessary for the use of GPF reserve, the City Administrator will have the authority to allocate from the reserves.

## **B. Capital Improvements Reserve Fund**

1. There is hereby established a fund in the Treasury of the City of Oakland to be known as the "Capital Improvements Reserve Fund."
2. On an annual basis, an amount equal to \$6,000,000 shall be held in the Capital Improvements Reserve Fund. Revenue received from one-time activities, including the sale of Real Property, shall be deposited into the Capital Improvements Reserve Fund, unless otherwise provided in Sections C and D and E of this ordinance or otherwise directed by a majority vote of the City Council. Interest earnings on monies on deposit in the Capital Improvements Reserve Fund shall accrue to said fund and be maintained therein.
3. Monies on deposit in the Capital Improvements Reserve Fund may be appropriated by Council to fund unexpected emergency or major capital maintenance or repair costs to City-owned facilities and to fund capital improvement projects through the Five-Year Capital Improvement Program.
4. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the Capital Improvements Reserve Fund. If in any fiscal year the Capital Improvements Reserve Fund threshold of \$6,000,000 is not met, the City Administrator shall present to Council a strategy to meet said threshold.

~~C. Prior to appropriating monies from the reserves established by this Ordinance, the Budget Office shall prepare an analysis of the proposed expenditure and the City Administrator shall present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council and appropriate fiscal emergency declaration necessary for the use of GPF reserve, the City Administrator will have the authority to allocate from the reserves. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council, or (2) by a majority vote of the City Council.~~

**D.C. Use of Excess Real Estate Transfer Tax (RETT) Revenues to Pay for One Time Expenses, Build up the Reserve, Pay Back Negative Internal Service Fund Balances, Establish Set-Asides for Other Post-Employment Benefits (OPEB) and Police and Fire Retirement System (PFRS) Liabilities, and Fund Capital Improvements Projects.**

To ensure adequate levels of the General Purpose Fund reserves and to provide necessary funding for municipal capital improvement projects and one-time expenses, the City shall require that excess Real Estate Transfer Tax revenues be defined and used as follows:

- 1) The excess Real Estate Transfer Tax (RETT) revenue is hereby defined as any annual amount collected in excess of the "normal baseline" collection threshold of \$40 million.
- 2) The excess Real Estate Transfer Tax collections, as described in this section, shall be used in the following manner:
  - a. To pay for one-time expenses, to replenish General Purpose Funds (GPF) reserves until such reserves reach to 10 percent of current year budgeted GPF appropriations.
  - b. After such reserves have been replenished, the order of use of the remaining excess collection is as follows: 50 percent to repay negative internal services funds balances; 30 percent set aside for to fund the Police and Fire Retirement System (PFRS) liability until this obligation is met; 10 percent to establish and fund a trust for Other Post-Employment Retirement Benefits (OPEB); and 10 percent to replenish the Capital Improvements Reserve Funds until it reaches \$10,000,000.
- 3) Any use of the "excess" RETT revenue for purposes other than those established above may only be allowed by a super majority vote (6 out of 8) of the City Council through a separate resolution, upon declaration of a fiscal emergency. For the purposes of this Ordinance, "emergency" may be declared (1) by the Mayor and approved by the majority of the City Council, or (2) by a majority vote of the City Council.
  - a. The resolution shall be supported by a statement explaining the necessity for using excess RETT revenues for purposes other than those established above and
  - b. The resolution authorizing expenditures using excess RETT revenue for

proposes other than those above shall include a finding of necessity by the City Council and

- c. The resolution shall also include steps the City will take in order to return to utilizing one-time REIT revenues as described above.

**E. D. Use of One Time Revenues To Repay Negative Fund Balances in Internal Service and Other Funds, and Provide Criteria for Project Carryforwards and Encumbrances in the GPF.**

- 1) From time to time, the City may receive "one time revenues" defined as financial proceeds that will not likely occur on an ongoing basis, such as sales of property or proceeds from the refinancing of debt, but not including additional Real Estate Transfer Tax revenues discussed in Section "DC" above.
- 2) Fiscal prudence and conservancy requires that one time revenues not be used for recurring expenses that outstanding negative balances in various City funds be paid off, and that municipal capital projects addressing health and safety issues be adequately funded. Therefore, upon receipt of one time revenues, such revenues shall be used in the following manner, unless legally restricted to other purposes: to pay for one-time expenses, to payoff negative fund balances in the Internal Service Fund, to payoff negatives in all other funds, or shall remain as fund balance in the appropriate fund.
- 3) Any use of the "one time revenues" for purposes other than those established above may only be allowed by a super majority vote (6 out of 8) of the City Council through a separate resolution upon declaration of a fiscal emergency. For the purposes of this Ordinance, "emergency" may be declared (1) by the Mayor and approved by the majority of the City Council, or (2) by a majority vote of the City Council.
  - a. The resolution shall be supported by a statement explaining the necessity for using one-time revenues for purposes other than those established above, and
  - b. The resolution authorizing expenditures utilizing one-time revenue for proposes other than those above shall include a finding of necessity by the City Council, and
  - c. The resolution shall also include steps the City will take in order to return to utilizing one-time revenues as described above.

## **F. E. Criteria for Project Carryforwards and Encumbrances in the General Purpose Fund**

Previously approved but unspent project appropriations ("carryforwards"), as well as funding reserved to pay for purchases or contracts that are entered into in the current year but are not paid for until the following year ("encumbrances"), draw down funding from reserves. Fiscal prudence requires that such drawdowns be limited in the General Purpose Fund (GPF). Therefore:

- 1) Funding for non-operating projects and purchases shall be restricted within the General Purpose Fund; capital purchases and projects in particular shall not be funded from the General Purpose Fund.
- 2) In cases when non-capital, operating projects and purchases must be funded in the General Purpose Fund, these shall be included in an annual budget and supported with new annual revenues.
- 3) Carryover of unspent project carryforwards and encumbrances in the GPF from one year into the next, with no new funding, will be allowed only on an exception basis.
- 4) In the beginning of each fiscal year, before project carryforwards and encumbrances are carried over from the prior year, and no later than August 1:
  - The Budget Director shall liquidate all unspent project carryforwards and encumbrances in the GPF and advise affected City departments of said action.
  - The Budget Director shall provide a report of all unspent project carryforwards and encumbrances to the City Council for review and direction.
- 5) Departments may request to retain some or all of the liquidated GPF carryforwards and encumbrances only if and when such balances are deemed essential to the delivery of city projects, programs and services, and only if the liquidation of such balances would be in violation of legislative or legal requirements, could lead to health or safety issues, and/or would greatly impact essential City projects, programs and services.
- 6) A request to retain some or all of the liquidated GPF carryforwards or encumbrances must be submitted in writing to the Budget Director within five

(5) working days of receiving an advisory from the Budget Director Office about said liquidations, and must detail specific reasons necessitating such a request including but not limited to those stated in item (3) above.

- 7) The Budget Director, upon review of a department's request, shall recommend an action to the City Administrator within five (5) working days of receiving the department's request.
- 8) The City Administrator, in consultation with the Budget Director, shall make a final determination of any and all requests for exceptions by departments, by August 20, and all requesting departments should be so notified by August 30.

Section 4. This ordinance shall be effective immediately if passed by the affirmative vote of at six (6) or more City Council members, if this ordinance is passed by the affirmative vote of five (5) City Council members, it will be effective seven (7) days after final passage.

In Council, Oakland, California

JUL 01 2014

2014

PASSED BY THE FOLLOWING VOTE:

Ayes: ~~BRUNO~~ GALLO, KALB, ~~BRUNO~~ MCELHANEY, REID, SCHAAF, AND  
PRESIDENT KERNIGHAN = 6

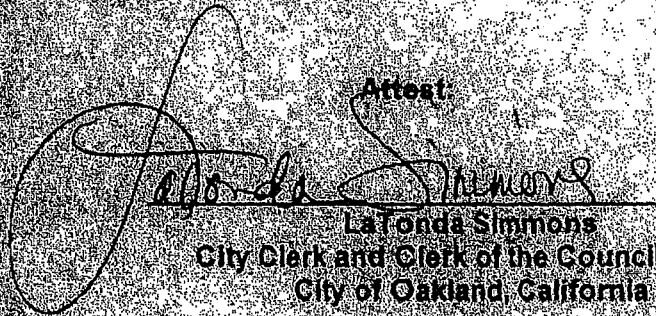
Noes: 0

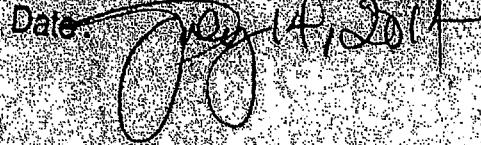
Absent: Kaplan - 1

Abstention: Brooks - 1

Introduction Date  
JUN 17 2014

Attest:

  
LaTonda Simmons  
City Clerk and Clerk of the Council of the  
City of Oakland, California

Date:   
July 14, 2014

**NOTICE AND DIGEST**

ORDINANCE AMENDING ORDINANCE NO. 13170 C.M.S. WHICH SETS FORTH THE COUNCIL'S GENERAL PURPOSE FUND (GPF) FINANCIAL POLICIES TO AMEND THE REQUIREMENTS FOR AUTHORIZATION TO USE ONE-TIME OR EXCESS REAL ESTATE TRANSFER TAX REVENUES FOR PURPOSES OTHER THAN ESTABLISHED THROUGH THIS ORDINANCE, TO ALLOW AUTHORIZATION OF SUCH USES BY RESOLUTION APPROVED BY A SUPER MAJORITY VOTE OF THE CITY COUNCIL.

The Ordinance approves amendments to the City's financial policies contained in Ordinance No. 13170 C.M.S. Based upon a finding of necessity and a super-majority vote of the City Council, the amendments to the ordinance allow the use of one-time revenues and excess real estate transfer tax revenues for purposes other than the restricted uses specified in the Ordinance.

FILED  
OFFICE OF THE CLERK  
CITY OF CHICAGO

2011 JUN 25 AM 11:09

# EXHIBIT 4

TO

ORDINANCE AMENDING FINANCIAL POLICIES  
AND ESTABLISHING THE CITY OF OAKLAND'S  
CONSOLIDATED FISCAL POLICY.

**13170 C.M.S. (Historic Financial &  
Reserve Policy)**

Finance and Management Committee  
October 28, 2014

2013 JUN 10 PM 4:08

  
City Attorney

**OAKLAND CITY COUNCIL**  
ORDINANCE NO. 13170 C.M.S.

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**ORDINANCE AMENDING ORDINANCE NO. 13134 C.M.S., WHICH SETS FORTH THE COUNCIL'S GENERAL PURPOSE FUND (GPF) FINANCIAL POLICIES, TO PERMIT THE USE OF EXCESS REAL ESTATE TRANSFER TAX REVENUES TO PAY FOR ONE TIME EXPENSES**

**WHEREAS**, Ordinance No. 13134 C.M.S., passed October 2, 2012, restricts the use of excess Real Estate Transfer Tax revenues first to increase General Purpose Fund (GPF) reserves from seven and one-half percent (7.5%) to ten percent (10%) of budgeted General Purpose Fund appropriations, and then in specified percentages to reduce negative fund balances, reduce liabilities for the Police and Fire Retirement System (PFRS), pre-fund Other Post-Employment Benefits (OPEB), and replenish the Capital Improvements Reserve Fund; and

**WHEREAS**, the City Council wishes to use excess Real Estate Transfer Tax funds for one time purposes in the Fiscal Year 2013-2015 budget and provide the City Council with greater flexibility in allocating such funds to one time expenditures; and

**WHEREAS**, it is necessary to amend Ordinance No. 13134 C.M.S. to use excess real estate transfer tax revenues for the aforementioned purposes;

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:**

**Section 1.** The City Council finds and determines the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

**Section 2.** The Municipal Code is hereby amended to add, delete, or modify sections as set forth below (section numbers and titles are indicated in **bold** type, additions are indicated by underscoring and deletions are indicated by ~~strike through~~ type; portions of Ordinance No. 13134 C.M.S. not cited or not shown in underscoring or strike through are not changed).

**Section 3.** Ordinance No. 13134 C.M.S. is hereby amended in its entirety as follows as follows:



## **A. General Purpose Fund Reserve Policy**

1. Council hereby declares that it shall be the policy of the City of Oakland to provided in each fiscal year a reserve of undesignated, uncommitted fund balance equal to seven and one-half (7.5%) of the General Purpose Fund (Fund 1010) appropriations for such fiscal year (the "General Purpose Fund Reserve Policy").
2. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the General Purpose Funds Reserve to the City Council and on the adequacy of the of the 7.5% reserve level. If in any fiscal year the General Purpose Fund Reserve Policy is not met, the City Administrator shall present to Council a strategy to meet the General Purpose Funds Reserve Policy. Each year, the City Administrator shall determine whether the 7.5% reserve level requires adjustment and recommend any changes to the City Council.
3. The amounts identified as the General Purpose Funds Reserve may be appropriated by Council only to fund unusual, unanticipated and seemingly insurmountable events of hardship of the City, and only upon declaration of fiscal emergency. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council, or (2) by a majority vote of the City Council.

## **B. Capital Improvements Reserve Fund**

1. There is hereby established a fund in the Treasury of the City of Oakland to be known as the "Capital Improvements Reserve Fund."
2. On an annual basis, an amount equal to \$6,000,000 shall be held in the Capital Improvements Reserve Fund. Revenue received from one time activities, including the sale of Real Property, shall be deposited into the Capital Improvements Reserve Fund, unless otherwise provided in Sections D and E of this ordinance or otherwise directed by a majority vote of the City Council. Interest earnings on monies on deposit in the Capital Improvements Reserve Fund shall accrue to said fund and be maintained therein.
3. Monies on deposit in the Capital Improvements Reserve Fund may be appropriated by Council to funds unexpected emergency or major capital maintenance or repair costs to City-owned facilities and to fund capital improvement projects through the Five-Year Capital Improvement Program.
4. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the Capital Improvements

Reserve Fund. If in any fiscal year the Capital Improvements Reserve Fund threshold of \$6,000,000 is not met, the City Administrator shall present to Council a strategy to meet said threshold.

C. Prior to appropriating monies from the reserves established by this Ordinance, the Budget Office shall prepare an analysis of the proposed expenditure and the City Administrator shall present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council, and appropriate fiscal emergency declaration necessary for the use of GPF reserve, the City Administrator will have the authority to allocate from the reserves. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council, or (2) by a majority vote of the City Council.

**D. Use of Excess Real Estate Transfer Tax (RETT) Revenues to Pay for One Time Expenses, Build up the Reserve, Pay Back Negative Internal Service Fund Balances, Establish Set-Asides for Other Post-Employment Benefits (OPEB) and Police and Fire Retirement System (PFRS) Liabilities, and Fund Capital Improvements Projects.**

To ensure adequate levels of the General Purpose Fund reserves and to provide necessary funding for municipal capital improvement projects and one time expenses, the City shall require that excess Real Estate Transfer Tax revenues be defined and used as follows:

- 1) The excess Real Estate Transfer Tax (RETT) revenue is hereby defined as any annual amount collected in excess of the "normal baseline" collection threshold of \$40 million.
- 2) The excess Real Estate Transfer Tax collections, as described in this section, shall be used in the following manner:
  - a. ~~to pay for one time expenses; to Replenish~~ General Purpose Funds (GPF) reserves until such reserves reach to 10 percent of current year budgeted GPF appropriations;
  - b. ~~After such reserves have been replenished, the order of use of the remaining excess collection is as follows: 50 percent to repay negative internal services funds balances; 30 percent set aside for to fund the~~ Police and Fire Retirement System (PFRS) liability until this obligation is met; 10 percent to establish and fund a trust for Other Post-Employment Retirement Benefits (OPEB); and 10 percent to replenish the Capital Improvements Reserve Funds until it reaches \$10,000,000.

- 3) Use of the "excess" RETT revenue for purposes other than those established above may only be allowed upon declaration of a fiscal emergency. For the purposes of this Ordinance, "emergency" may be declared (1) by the Mayor and approved by the majority of the City Council, or (2) by a majority vote of the City Council.

**E. Use of One Time Revenues To Repay Negative Fund Balances in Internal Service and Other Funds; and Provide Criteria for Project Carryforwards and Encumbrances in the GPF.**

- 1) From time to time, the City may receive "one time revenues", defined as financial proceeds that will not likely occur on an ongoing basis, such as sales of property or proceeds from the refinancing of debt, but not including additional Real Estate Transfer Tax revenues discussed in Section "D" above.
- 2) Fiscal prudence and conservancy requires that one time revenues not be used for recurring expenses, that outstanding negative balances in various City funds be paid off, and that municipal capital projects addressing health and safety issues be adequately funded. Therefore, upon receipt of one time revenues, such revenues shall be used in the following manner, unless legally restricted to other purposes: to pay for one time expenses, to payoff negative fund balances in the Internal Service Fund, to payoff negatives in all other funds, or shall remain as fund balance in the appropriate fund.
- 3) Use of the "one time revenues" for purposes other than those established above may only be allowed upon declaration of a fiscal emergency. For the purposes of this Ordinance, "emergency" may be declared (1) by the Mayor and approved by the majority of the City Council or (2) by a majority vote of the City Council.

**F. Criteria for Project Carryforwards and Encumbrances in the General Purpose Fund.**

Previously approved but unspent project appropriations ("carryforwards"), as well as funding reserved to pay for purchases or contracts that are entered into in the current year but are not paid for until the following year ("encumbrances"), draw down funding from reserves. Fiscal prudence requires that such drawdowns be limited in the General Purpose Fund (GPF). Therefore:

- 1) Funding for non-operating projects and purchases shall be restricted within the General Purpose Fund; capital purchases and projects in particular shall not be funded from the General Purpose Fund.

- 2) In cases when non-capital, operating projects and purchases must be funded in the General Purpose Fund, these shall be included in an annual budget and supported with new annual revenues.
- 3) Carryover of unspent project carryforwards and encumbrances in the GPF from one year into the next, with no new funding, will be allowed only on an exception basis.
- 4) In the beginning of each fiscal year, before project carryforwards and encumbrances are carried over from the prior year, and no later than August 1:
  - The Budget Director shall liquidate all unspent project carryforwards and encumbrances in the GPF and advise affected City departments of said action.
  - The Budget Director shall provide a report of all unspent project carryforwards and encumbrances to the City Council for review and direction.
- 5) Departments may request to retain some or all of the liquidated GPF carryforwards and encumbrances only if and when such balances are deemed essential to the delivery of city projects, programs and services, and only if the liquidation of such balances would be in violation of legislative or legal requirements, could lead to health or safety issues, and/or would greatly impact essential City projects, programs and services.
- 6) A request to retain some or all of the liquidated GPF carryforwards or encumbrances must be submitted in writing to the Budget Director within five (5) working days of receiving an advisory from the Budget Office about said liquidations, and must detail specific reasons necessitating such a request, including but not limited to those stated in item (3) above.
- 7) The Budget Director, upon review of a department's request, shall recommend an action to the City Administrator within five (5) working days of receiving the department's request.
- 8) The City Administrator, in consultation with the Budget Director, shall make a final determination of any and all requests for exceptions by departments, by August 20, and all requesting departments should be so notified by August 30.

**Section 4.** This ordinance shall be effective immediately if passed by the affirmative vote of at six (6) or more City Council members; if this ordinance is passed by the affirmative vote of five (5) City Council members, it will be effective seven (7) days after final passage.

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 27 2013

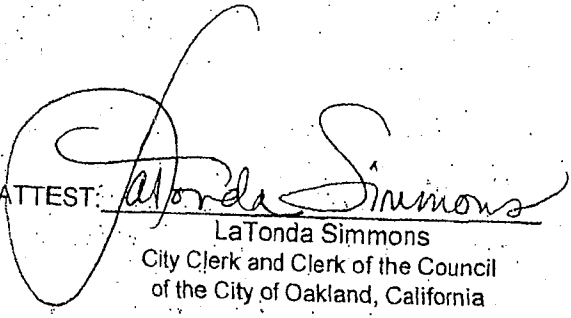
**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, GALLO, GIBSON MCELHANEY, ~~KALB~~, KAPLAN, REID, ~~SCHAAF~~ and PRESIDENT KERNIGHAN - 6

NOES- Schaat - 1

ABSENT- 0

ABSTENTION- Kalb - 1

ATTEST:   
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California

DATE OF ATTESTATION: July 3, 2013

Introduction Date **JUN 13 2013**

# EXHIBIT 5

TO

ORDINANCE AMENDING FINANCIAL POLICIES  
AND ESTABLISHING THE CITY OF OAKLAND'S  
CONSOLIDATED FISCAL POLICY.

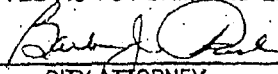
**13008 C.M.S. (Historic Financial &  
Reserve Policy)**

Finance and Management Committee  
October 28, 2014

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

Amended 4-20-10  
APPROVED AS TO FORM AND LEGALITY

INTRODUCED BY COUNCIL MEMBER \_\_\_\_\_  
2010 APR 22 11:51:36

  
CITY ATTORNEY

**OAKLAND CITY COUNCIL**  
**ORDINANCE NO. ~~12496~~ 13008 C.M.S.**

ORDINANCE AMENDING ORDINANCE NO. 12496 C.M.S. WHICH SETS FORTH THE CITY COUNCIL'S GENERAL PURPOSE FUND (GPF) FINANCIAL POLICIES TO ADD A FISCAL POLICY REQUIRING THAT BEFORE THE CITY COUNCIL TAKES ANY ACTION THAT HAS A FISCAL IMPACT OR COST, THE COUNCIL MUST (1) IDENTIFY AND APPROVE THE FUNDING SOURCE TO FULLY FUND THE COST OF THE PROPOSED COUNCIL ACTION, SUCH AS THE APPROVAL OF OR CHANGES TO A POLICY, PROGRAM, SERVICES, OR POSITIONS AND (2) MAKE ANY ADJUSTMENTS TO THE BUDGET THAT ARE NECESSARY TO MAINTAIN A BALANCED BUDGET; AND SETTING FORTH THE COUNCIL'S GPF FINANCIAL POLICIES IN THEIR ENTIRETY, AS AMENDED.

WHEREAS, on June 30, 2009, the City Council adopted Ordinance No. 12946 C.M.S., which revised the amended reserve policy for the City's undesignated general fund balance to clarify the established reserved requirements; establish criteria for the use of GPF reserve, use of excess Real Estate Transfer Tax (RETT) revenue, and use of one-time revenues; and; to minimize drawdowns from the GPF reserve by previously approved project carryforwards and purchase order encumbrances and

WHEREAS, to ensure fiscal prudence and responsibility, the City desires to amend its reserve policy to require that proposed changes to City programs, policies, and services include fiscal impacts and maintain a balanced budget; now therefore,

**THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:**

SECTION 1. The City Council finds and determines the forgoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

SECTION 2. The Municipal Code is hereby amended to add, delete, or modify sections as set forth below (section numbers and titles are indicated in **bold type**; additions are indicated by underscoring and deletions are indicated by ~~strike-through~~ type; portions of the regulations not cited or not shown in underscoring or strike-through type are not changed).

SECTION 3. Ordinance No. 12946 C.M.S. is hereby amended in its entirety to read as follows:

**A. General Purpose Fund Reserve Policy**

1. Council hereby declares that it shall be the policy of the City of Oakland to provide in each fiscal year a reserve of undesignated, uncommitted fund balance equal to seven and one-half percent (7.5%) of the General Purpose Fund (Fund 1010) appropriations for such fiscal year (the "General Purpose Fund Reserve Policy").

2. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the General Purpose Fund Reserve to City Council and on the adequacy of the 7.5% reserve level. If in any fiscal year the General Purpose Fund Reserve Policy is not met, the City Administrator shall present to Council a strategy to meet the General Purpose Fund Reserve Policy. Each year, the City Administrator shall determine whether the 7.5 % reserve level requires adjustment, and recommend any changes to the City Council.

3. The amounts identified as the General Purpose Fund Reserve may be appropriated by Council only to fund unusual, unanticipated and seemingly insurmountable events of hardship of the City, and only upon declaration of fiscal emergency. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council or (2) by a majority vote of the City Council.

#### **B. Capital Improvements Reserve Fund**

1. There is hereby established a fund in the Treasury of the City of Oakland to be known as the "Capital Improvements Reserve Fund".

2. On an annual basis, an amount equal to \$6,000,000 shall be held in the Capital Improvements Reserve Fund. Revenues received from one-time activities, including the sale of real property, shall be deposited into the Capital Improvements Reserve Fund, unless otherwise provided in Sections D and E of this ordinance or otherwise directed by a majority vote of the City Council. Interest earnings on monies on deposit in the Capital Improvements Reserve Fund shall accrue to said fund and be maintained therein.

3. Monies on deposit in the Capital Improvements Reserve Fund may be appropriated by Council to fund unexpected emergency or major capital maintenance or repair costs to City-owned facilities and to fund capital improvement projects through the Five-Year Capital Improvement Program.

4. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the Capital Improvements Reserve Fund to City Council. If in any fiscal year the required Capital Improvements Reserve Fund threshold of \$6,000,000 is not met, the City Administrator shall present to Council a strategy to meet the said threshold.

**C.** Prior to appropriating monies from the reserves established by this Ordinance, the Budget Office shall prepare an analysis of the proposed expenditure and the City Administrator shall present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council, and appropriate fiscal emergency declaration necessary for the use of GPF reserve, the City Administrator will have the authority to allocate from the reserves. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council or (2) by Council majority vote.

**D. Use of Excess Real Estate Transfer Tax (RETT) Revenues To Build Up the GPF Reserve, Pay Back Negative Internal Service Fund balances, Establish Set-Asides for Other Post-Employment Benefits (OPEB) and Police and Fire Retirement System (PFRS) Liabilities, and Fund Capital Improvements Projects.**



To ensure adequate levels of the General Purpose Fund reserves and to provide necessary funding for municipal capital improvement projects, the City shall require that excess Real Estate Transfer Tax revenues be defined and used as follows:

- 1) The "excess" Real Estate Transfer Tax (RETT) revenue is hereby defined as any annual amount collected in excess of the "normal baseline" collection threshold of \$40 million.
- 2) The excess Real Estate Transfer Tax collections, as described in this section, shall be used in the following manner:
  - a. Replenish General Purpose Fund (GPF) reserves until such reserves reach to 10 percent of current year budgeted GPF appropriations.
  - b. After such reserves have been replenished, the order of use of the remaining excess collection is as follows: 50 percent to repay negative internal services funds balances; 30 percent set aside for the Police and Fire Retirement System (PFRS) liability until this obligation is met; 10 percent to establish a trust for Other Post-Employment Retirement Benefits (OPEB); and 10 percent to replenish the Capital Improvements Reserve Fund until it reaches \$10,000,000.
- 3) Use of the "excess" RETT revenue for purposes other than those established above may only be allowed upon declaration of a fiscal emergency. For the purposes of this Ordinance, "emergency" may be declared (1) by the Mayor and approved by the majority of the City Council or (2) by a majority vote of the City Council.

**E. Use of One Time Revenues To Repay Negative Fund Balances in Internal Service and Other Funds; and Provide Criteria for Project Carryforwards and Encumbrances in the GPF.**

- 1) From time to time, the City may receive "one time revenues", defined as financial proceeds that will not likely occur on an ongoing basis, such as sales of property or proceeds from the refinancing of debt, but not including additional Real Estate Transfer Tax revenues discussed in Section "D" above.
- 2) Fiscal prudence and conservancy requires that one time revenues not be used for recurring expenses, that outstanding negative balances in various City funds be paid off, and that municipal capital projects addressing health and safety issues be adequately funded. Therefore, upon receipt of one time revenues, such revenues shall be used in the following manner, unless legally restricted to other purposes: 50 percent to pay off negative fund balances in the Internal Service Fund, and another 50 percent to pay off negatives in all other funds.
- 3) Use of the "one time revenues" for purposes other than those established above may only be allowed upon declaration of a fiscal emergency. For the purposes of this Ordinance, "emergency" may be declared (1) by the Mayor and approved by the majority of the City Council or (2) by a majority vote of the City Council.

**F. Criteria for Project Carryforwards and Encumbrances in the General Purpose Fund.**

Previously approved but unspent project appropriations ("carryforwards"), as well as funding reserved to pay for purchases or contracts that are entered into in the current year but are not

paid for until the following year ("encumbrances"), draw down funding from reserves. Fiscal prudence requires that such drawdowns be limited in the General Purpose Fund (GPF). Therefore:

- 1) Funding for non-operating projects and purchases shall be restricted within the General Purpose Fund; capital purchases and projects in particular shall not be funded from the General Purpose Fund.
- 2) In cases when non-capital, operating projects and purchases must be funded in the General Purpose Fund, these shall be included in an annual budget and supported with new annual revenues.
- 3) Carryover of unspent project carryforwards and encumbrances in the GPF from one year into the next, with no new funding, will be allowed only on an exception basis.
- 4) In the beginning of each fiscal year, before project carryforwards and encumbrances are carried over from the prior year, and no later than August 1:
  - The Budget Director shall liquidate all unspent project carryforwards and encumbrances in the GPF and advise affected City departments of said action.
  - The Budget Director shall provide a report of all unspent project carryforwards and encumbrances to the City Council for review and direction.
- 5) Departments may request to retain some or all of the liquidated GPF carryforwards and encumbrances, only if and when such balances are deemed essential to the delivery of city projects, programs and services, and only if the liquidation of such balances would be in violation of legislative or legal requirements, could lead to health or safety issues, and/or would greatly impact essential City projects, programs and services.
- 6) A request to retain some or all of the liquidated carryforwards or encumbrances must be submitted in writing to the Budget Director within five (5) working days of receiving an advisory from the Budget Office about said liquidations, and must detail specific reasons necessitating such a request, including but not limited to those stated in item (3) above.
- 7) The Budget Director, upon review of a department's request, shall recommend an action to the City Administrator within five (5) working days of receiving the department's request.
- 8) The City Administrator, in consultation with the Budget Director, shall make a final determination of any and all requests for exceptions by departments, by August 20, and all requesting departments should be so notified by August 30.

**G. Requirement That Before The City Council Takes Any Action That Has A Fiscal Impact Or Cost, The Council Must (1) Identify And Approve The Funding Source To Fully Fund The Cost Of The Proposed Council Action, Such As The Approval Of Or Changes To A Policy, Program, Services, Or Positions And (2) Make Any Adjustments To The Budget That Are Necessary To Maintain A Balanced Budget**

From time to time, the City Council may present changes to existing City policy, programs and/or services that may have a cost not anticipated in the most recently adopted or amended policy budget. Fiscal prudence requires that prior to City Council approval of such changes in policy, program, and/or services, the following occur:

- 1) Identification of existing, viable funding source to fully fund the cost of the proposed actions. If new programs and/or initiatives are presented as cost-covering, an analysis of

such cost-coverage be conducted prior to approval of the proposed changes to program, policies or services, and that such analysis of cost-coverage be conducted annually through the life of said program, policy or service change. If cost-coverage of said program, policy and/or services changes is deemed not to be cost-covering in any year per audited financials, it must be re-presented for City Council approval in order for its appropriation to continue. Such program, policy and/or service may be suspended until the City Council re-approves appropriation at the Council's own discretion; and

- 2) Propose any adjustments to the most recently adopted/amended budget necessary to maintain a balanced budget for City Council approval in concert with approval of the proposed changes to program, policies and/or services.

Exceptions to this policy exist if proposed changes to policy, program and/or services are time-sensitive requiring an immediate change in policy or program, such as ongoing programmatic expense as a result of a legal settlement. Such urgency may be determined by a majority vote of the City Council. Staff must return to the City Council within 60 days to present a report analyzing these fiscal impacts and any required proposal for maintaining a balanced budget as necessary for Council review and approval.

**H. Requirement that the City Administrator submit an annual report to identify all grant-funded positions with mandatory retention clauses, showing proposed transfers of said positions and/or related services to the General Purpose Fund in the next fiscal year.**

Grant awards received by City agencies/departments may contain retention clauses requiring the City to retain grant-funded staff, services and/or programs for a specified period after the end of the grant term. Such retention clauses may have a fiscal impact on the General Purpose Fund. This fiscal impact must be disclosed. Each year, during the biennial and mid-cycle budget review and prior to approval of the proposed or amended budgets, staff must provide a report to the City Council delineating possible impacts on the General Purpose Fund of such retained positions, programs, and/or services. Staff must indicate the period of time for which the retention clause applies and must present estimated fiscal impacts for each fiscal year affected.

SECTION 4. This ordinance shall be effective immediately, if passed by the affirmative vote of at least six City Council members; if this ordinance is passed by the affirmative vote of five City Council members, it will be effective seven days after final passage.

IN COUNCIL, OAKLAND, CALIFORNIA, MAY 4 2010, 2010

PASSED BY THE FOLLOWING VOTE:

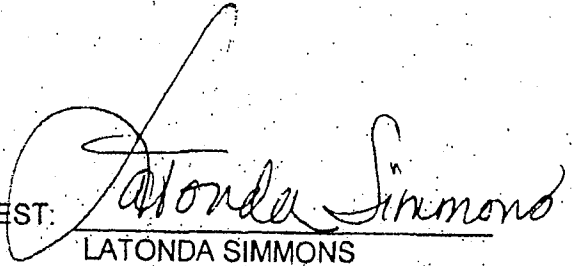
AYES— BROOKS, ~~DE VRIES~~, KAPLAN, KERNIGHAN, NADEL, QUAN, REID and PRESIDENT BRUNNER 7

NOES— 0

ABSENT— 0

ABSTENTION— 0

Excuse - 1 - Delta Friends

ATTEST:   
LATONDA SIMMONS

City Clerk and Clerk of the Council of  
the City of Oakland, California

Introduction Date: APR 20 2010

Date of Attestation: May 21, 2010

# EXHIBIT 6

TO

ORDINANCE AMENDING FINANCIAL POLICIES  
AND ESTABLISHING THE CITY OF OAKLAND'S  
CONSOLIDATED FISCAL POLICY.

**12946 C.M.S. (Historic Financial  
& Reserve Policy)**

Finance and Management Committee  
October 28, 2014

2009 JUN 17 PM 5:14

  
CITY ATTORNEY

## OAKLAND CITY COUNCIL

ORDINANCE NO. 12946 C.M.S.

ORDINANCE AMENDING ORDINANCE NO. 12502 C.M.S. TO CLARIFY GENERAL PURPOSE FUND (GPF) RESERVE REQUIREMENTS; REQUIRE A MAYORAL DECLARATION OF FISCAL EMERGENCY AND APPROVAL BY COUNCIL OR A COUNCIL DECLARATION OF FISCAL EMERGENCY BEFORE THE GPF RESERVE CAN BE DRAWN DOWN; REQUIRE THAT EXCESS REAL PROPERTY TRANSFER TAX REVENUES BE USED TO BUILD UP THE GPF RESERVE, PAY BACK NEGATIVE INTERNAL SERVICE FUND BALANCES, ESTABLISH SET-ASIDES FOR OTHER POST-EMPLOYMENT BENEFITS (OPEB) AND POLICE AND FIRE RETIREMENT SYSTEM (PFRS) LIABILITIES, AND FUND CAPITAL IMPROVEMENTS PROJECTS; REQUIRE THAT ONE-TIME REVENUES BE USED TO REPAY NEGATIVE FUND BALANCES IN INTERNAL SERVICE AND OTHER FUNDS; AND PROVIDE CRITERIA FOR PROJECT CARRYFORWARDS AND ENCUMBRANCES IN THE GPF.

**WHEREAS**, on June 17, 2003, the City Council adopted Ordinance No. 12502 C.M.S., which repealed the original reserve policy for the City's undesignated general fund balance and adopted new operating budget and capital improvement budget policies, and a higher minimum level of reserves; and

**WHEREAS**, to ensure fiscal prudence and responsibility, the City desires to amend its reserve policy to clarify the established reserved requirements and to establish criteria for the use of GPF reserve, use of excess Real Estate Transfer Tax (RETT) revenue, and use of one-time revenues; and

**WHEREAS**, to minimize drawdowns from the GPF reserve by previously approved project carryforwards and purchase order encumbrances, the City wishes to add specific criteria for such carryforwards and encumbrances in the General Purpose Fund; now, therefore,

### THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

**SECTION 1.** The City Council finds and determines the forgoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

**SECTION 2.** The Municipal Code is hereby amended to add, delete, or modify sections as set forth below (section numbers and titles are indicated in **bold type**; additions are indicated by underscoring and deletions are indicated by ~~strike-through~~ type; portions of the regulations not cited or not shown in underscoring or strike-through type are not changed).

**SECTION 3.** Ordinance No. 12502 C.M.S. is hereby amended in its entirety to read as follows:

**SECTION 2A. General Purpose Fund Reserve Policy**

1. Council hereby declares that it shall be the policy of the City of Oakland to provide in each fiscal year a reserve of undesignated, uncommitted fund balance equal to seven and one-half percent (7.5%) of the General Purpose Fund (Fund 1010) appropriations for such fiscal year (the "General Purpose Fund Reserve Policy").

2. Each year, upon completion of the City's financial audited statements, the ~~City Manager~~ City Administrator ~~will~~ shall report the status of the General Purpose Fund Reserve to City Council and on the adequacy of the 7.5% reserve level. If in any fiscal year the General Purpose Fund Reserve Policy is not met, the ~~City Manager~~ City Administrator shall present to Council a strategy to meet the General Purpose Fund Reserve Policy. Each year, the City Administrator shall determine whether the 7.5 % reserve level requires adjustment, and recommend any changes to the City Council.

3. The amounts identified as the undesignated General Purpose Fund Reserve may be appropriated by Council only to fund unusual, unanticipated and seemingly insurmountable events of hardship of the City, and only upon declaration of fiscal emergency. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council or (2) by a majority vote of the City Council.

**SECTION 3B. Capital Improvements Reserve Fund**

1. There is hereby established a fund in the Treasury of the City of Oakland to be known as the "Capital Improvements Reserve Fund" (the "~~Capital Improvements Contingency Fund~~").

2. ~~Commencing with the 2003-05 budget~~ On an annual basis, an amount equal to \$6,000,000 shall be ~~deposited~~ held into the Capital Contingency Improvements Reserve Fund (the "~~Capital Improvements Reserve Requirement~~"). Revenues received from one-time activities, including the sale of real property, shall, ~~unless otherwise directed by Council~~, be deposited into the Capital Improvements Reserve Fund, unless otherwise provided in Sections D and E of this ordinance or otherwise directed by a majority vote of the City Council. Interest earnings on monies on deposit in the Capital Improvements Reserve Fund shall accrue to said fund and be maintained therein.

3. Monies on deposit in the Capital Improvements Reserve Fund shall, ~~unless otherwise directed by Council~~, may be appropriated by Council to fund unexpected emergency or major capital maintenance or repair costs to City-owned facilities and to fund capital improvement projects through the Five-Year Capital Improvement Program only if not already allocated to a specific project.

4. Each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the Capital Improvements Reserve Fund to City Council. If in any fiscal year the required Capital Improvements Reserve Fund threshold of \$6,000,000 is not met, the City Administrator shall present to Council a strategy to meet the said threshold.

~~SECTION 4C.~~ Prior to appropriating monies from the contingency or reserves established by this Ordinance, the Budget Office shall prepare an analysis of the proposed expenditure and the City Administrator shall present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council, and appropriate fiscal emergency declaration necessary for the use of GPF reserve, the City ManagerAdministrator will have the authority to allocate from the contingency or reserves. For the purposes of this Ordinance, "fiscal emergency" may be declared (1) by the Mayor and approved by the majority of the City Council or (2) by Council majority vote.

~~SECTION 5.~~ The City Manager shall annually as part of the budget process prepare and submit to the City Council a report detailing the activity and status of the contingency or reserves established pursuant to this Ordinance. Interim reports may be prepared as requested by the Council.

**D. Use of Excess Real Estate Transfer Tax (RETT) Revenues To Build Up the GPF Reserve, Pay Back Negative Internal Service Fund balances, Establish Set-Asides for Other Post-Employment Benefits (OPEB) and Police and Fire Retirement System (PFRS) Liabilities, and Fund Capital Improvements Projects.**

To ensure adequate levels of the General Purpose Fund reserves and to provide necessary funding for municipal capital improvement projects, the City shall require that excess Real Estate Transfer Tax revenues be defined and used as follows:

- 1) The "excess" Real Estate Transfer Tax (RETT) revenue is hereby defined as any annual amount collected in excess of the "normal baseline" collection threshold of \$40 million.
- 2) The excess Real Estate Transfer Tax collections, as described in this section, shall be used in the following manner:
  - a. Replenish General Purpose Fund (GPF) reserves until such reserves reach to 10 percent of current year budgeted GPF appropriations.
  - b. After such reserves have been replenished, the order of use of the remaining excess collection is as follows: 50 percent to repay negative internal services funds balances; 30 percent set aside for the Police and Fire Retirement System (PFRS) liability until this obligation is met; 10 percent to establish a trust for Other Post-Employment Retirement Benefits (OPEB); and 10 percent to replenish the Capital Improvements Reserve Fund until it reaches \$10,000,000.
- 3) Use of the "excess" RETT revenue for purposes other than those established above may only be allowed upon declaration of a fiscal emergency by the Mayor and a majority vote by the City Council. For the purposes of this Ordinance, "emergency" may be declared (1) by the Mayor and approved by the majority of the City Council or (2) by a majority vote of the City Council.

**E. Use of One Time Revenues To Repay Negative Fund Balances in Internal Service and Other Funds; and Provide Criteria for Project Carryforwards and Encumbrances in the GPF.**



- 1) From time to time, the City may receive "one time revenues" defined as financial proceeds that will not likely occur on an ongoing basis, such as sales of property or proceeds from the refinancing of debt, but not including additional Real Estate Transfer Tax revenues discussed in Section "D" above.
- 2) Fiscal prudence and conservancy requires that one time revenues not be used for recurring expenses, that outstanding negative balances in various City funds be paid off, and that municipal capital projects addressing health and safety issues be adequately funded. Therefore, upon receipt of one time revenues, such revenues shall be used in the following manner, unless legally restricted to other purposes: 50 percent to pay off negative fund balances in the Internal Service Fund, and another 50 percent to pay off negatives in all other funds.
- 3) Use of the "one time revenues" for purposes other than those established above may only be allowed upon declaration of a fiscal emergency. For the purposes of this Ordinance, "emergency" may be declared (1) by the Mayor and approved by the majority of the City Council or (2) by a majority vote of the City Council by the Mayor and a majority vote by the City Council.

#### **F. Criteria for Project Carryforwards and Encumbrances in the General Purpose Fund.**

Previously approved but unspent project appropriations ("carryforwards"), as well as funding reserved to pay for purchases or contracts that are entered into in the current year but are not paid for until the following year ("encumbrances"), draw down funding from reserves. Fiscal prudence requires that such drawdowns be limited in the General Purpose Fund (GPF). Therefore:

- 1) Funding for non-operating projects and purchases shall be restricted within the General Purpose Fund; capital purchases and projects in particular shall not be funded from the General Purpose Fund.
- 2) In cases when non-capital, operating projects and purchases must be funded in the General Purpose Fund, these shall be included in an annual budget and supported with new annual revenues.
- 3) Carryover of unspent project carryforwards and encumbrances in the GPF from one year into the next, with no new funding, will be allowed only on an exception basis.
- 4) In the beginning of each fiscal year, before project carryforwards and encumbrances are carried over from the prior year, and no later than August 1:
  - The Budget Director shall liquidate all unspent project carryforwards and encumbrances in the GPF and advise affected City departments of said action.
  - The Budget Director shall provide a report of all unspent project carryforwards and encumbrances to the City Council for review and direction.
- 5) Departments may request to retain some or all of the liquidated GPF carryforwards and encumbrances, only if and when such balances are deemed essential to the delivery of city projects, programs and services, and only if the liquidation of such balances would be in violation of legislative or legal requirements, could lead to health or safety issues, and/or would greatly impact essential City projects, programs and services.
- 6) A request to retain some or all of the liquidated carryforwards or encumbrances must be submitted in writing to the Budget Director within five (5) working days of receiving an

advisory from the Budget Office about said liquidations, and must detail specific reasons necessitating such a request, including but not limited to those stated in item (3) above.

- 7) The Budget Director, upon review of a department's request, shall recommend an action to the City Administrator within five (5) working days of receiving the department's request.
- 8) The City Administrator, in consultation with the Budget Director, shall make a final determination of any and all requests for exceptions by departments, by August 20, and all requesting departments should be so notified by August 30.

SECTION 4. This ordinance shall be effective immediately, if passed by the affirmative vote of at least six City Council members; if this ordinance is passed by the affirmative vote of five City Council members, it will be effective seven days after final passage.

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 30 2009, 2009.

PASSED BY THE FOLLOWING VOTE:

AYES--- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID and PRESIDENT BRUNNER — 8

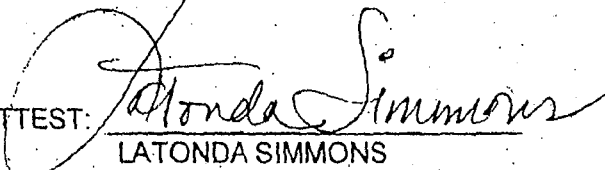
NOES--- 0

ABSENT--- 0

ABSTENTION--- 0

Introduction Date: JUN 16 2009

ATTEST:



LATONDA SIMMONS

City Clerk and Clerk of the Council of  
the City of Oakland, California

Attestation: July 9, 2009

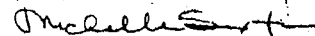
# EXHIBIT 7

TO

ORDINANCE AMENDING FINANCIAL POLICIES  
AND ESTABLISHING THE CITY OF OAKLAND'S  
CONSOLIDATED FISCAL POLICY.

**12502 C.M.S. (Historic Financial  
& Reserve Policy)**

Finance and Management Committee  
October 28, 2014



CITY ATTORNEY

ORDINANCE NO. 12502 C.M.S.

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**AN ORDINANCE ESTABLISHING A GENERAL FUND RESERVE POLICY; ESTABLISHING AND FUNDING A RESERVE FUND FOR THE CAPITAL IMPROVEMENT FUND; AND REPEALING THE PRIOR RESERVE POLICY OF THE CITY.**

**WHEREAS**, the ability to maintain reasonable reserve funds is one of the key financial standards used by rating agencies to evaluate the financial condition of the City of Oakland (the "City"); and

**WHEREAS**, the lack of established reserve funds maintained by the City may have negative implications in the credit markets; and

**WHEREAS**, once a fiscal year has begun, the City has limited ability to significantly increase revenue or decrease expenditures in order to fund unanticipated expenditures during such fiscal year; and

**WHEREAS**, on March 22, 1994, the City Council of the City (the "Council") adopted Ordinance No. 11694 C.M.S. which established a five percent (5%) reserve goal with respect to the City's undesignated general fund balance to pay any unanticipated expenditures, and a one percent (1%) reserve goal to be used to pay claims arising from the City's insurance program;

**WHEREAS**, these amounts are considered to be reserve funds of the City and are unappropriated and identified to the City's creditors as the "Undesignated General Fund Balance;" and

**WHEREAS**, such amounts are insufficient to provide realistic reserves in the event of unanticipated expenditures; and

**WHEREAS**, the Council desires to increase the amounts to be deposited with respect to the existing reserve policies, set new policies with respect to the City's operating budget and the capital improvements budget, and establish a reserve fund with respect to the City's capital improvements budget into which the appropriate amounts are to be deposited;

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF OAKLAND DOES HEREBY ORDAIN AS FOLLOWS:**

**SECTION 1.** The Council finds and determines the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Ordinance.

**SECTION 2. General Fund Reserve Policy**

1. Council hereby declares that it shall be the policy of the City of Oakland to provide in each fiscal year a reserve of undesignated fund balance equal to seven and one-half percent (7.5%) of the General Fund 1010 appropriations for such fiscal year (the "General Fund Reserve Policy").

2. Each year, upon completion of the City's financial audited statements, the City Manager will report the status of the General Fund Reserve to City Council. If in any fiscal year the General Fund Reserve Policy is not met, the City Manager shall present to Council a strategy to meet the General Fund Reserve Policy.

3. The amounts identified as the undesignated General Fund Reserve may be appropriated by Council only to fund unusual, unanticipated and seemingly insurmountable events of hardship of the City.

**SECTION 3. Capital Improvements Reserve Fund**

1. There is hereby established a fund in the Treasury of the City of Oakland to be known as the "Capital Improvements Reserve Fund" (the "Capital Improvements Contingency Fund").

2. Commencing with the 2003-05 budget, an amount equal to \$6,000,000 shall be deposited into the Capital Contingency Fund (the "Capital Improvements Reserve Requirement"). Revenues received from one-time activities, including the sale of real property, shall, unless otherwise directed by Council, be deposited into the Capital Improvements Reserve Fund. Interest earnings on monies on deposit in the Capital Improvements Reserve Fund shall accrue to said fund and be maintained therein.

3. Monies on deposit in the Capital Improvements Reserve Fund shall, unless otherwise directed by Council, be appropriated by Council to fund unexpected emergency or major capital maintenance or repair costs to City-owned facilities and to fund capital improvement projects that have not been included in the annual operating budget or in the City's Capital Improvement Program, only if not already allocated to a specific project.

**SECTION 4.** Prior to appropriating monies from the contingency or reserves established by this Ordinance, the Budget Office shall prepare an analysis of the proposed expenditure and present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council, the City Manager will have the authority to allocate from the contingency or reserve.

**SECTION 5.** The City Manager shall annually as part of the budget process prepare and submit to the City Council a report detailing the activity and status of the contingency or reserves established pursuant to this Ordinance. Interim reports may be prepared as requested by the Council.

**SECTION 6.** Upon final adoption of this ordinance, Ordinance No. 11694 C.M.S. adopted by the City Council on March 22, 1994, is hereby repealed.

**SECTION 7.** After the second reading, this ordinance shall become effective immediately if approved by a two-thirds vote of all members of the City Council, and will become effective 7 days after approval if it is adopted by 5 affirmative votes of the members of the City Council.

**JUN 17 2003**

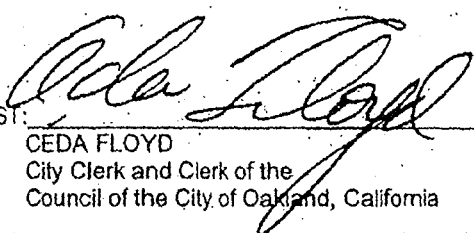
IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2003

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND  
PRESIDENT DE LA FUENTE ~ 8

NOES- 0  
ABSENT- 0  
ABSTENTION- 0

ATTEST:

  
CEDA FLOYD  
City Clerk and Clerk of the  
Council of the City of Oakland, California

**Introduction Date:**

**JUN 03 2003**

# EXHIBIT 8

TO

ORDINANCE AMENDING FINANCIAL POLICIES  
AND ESTABLISHING THE CITY OF OAKLAND'S  
CONSOLIDATED FISCAL POLICY.

**84385 C.M.S. (Transparency and  
Public Participation Policy)**

Finance and Management Committee  
October 28, 2014

2013 JUN 19 PM 1:20

Approved as to Form and Legality

City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. 84385 C.M.S.

INTRODUCED BY COUNCILMEMBER LIBBY SCHAAF

---

**RESOLUTION ESTABLISHING THE CITY OF OAKLAND'S  
BUDGET PROCESS TRANSPARENCY AND PUBLIC  
PARTICIPATION POLICY**

**WHEREAS**, Article VIII, section 801, of the Charter of the City of Oakland provides that the City Administrator shall propose budget recommendations for the next fiscal year under the direction of the Mayor and the City Council in the form, in the manner and at a time as the Council shall prescribe by resolution; and

**WHEREAS**, the City's Adopted Biannual Budget designates how all revenues shall be allocated among City functions, services, and liabilities, such as police, libraries, and employee retirement costs, and bond liabilities; and

**WHEREAS**, the level of core municipal services provided to the public directly impacts the quality of life of the people who live, work and recreate in Oakland; and

**WHEREAS**, every two years, the Mayor and City Administrator release a proposed budget for City Council consideration; and

**WHEREAS**, the City Council, after considering the public's priorities as well as the totality of current and projected revenues and liabilities, must adopt a balanced biannual budget by June 30 in each two-year budget cycle; and

**WHEREAS**, no formal policy currently exists for clearly ensuring minimal levels of transparency or public participation into the development of the budget beyond what is required by Oakland's Sunshine Ordinance; and

**WHEREAS**, public participation and collaboration may enhance local government's effectiveness, expand its range of options, improve the quality of its decisions, and enlist the problem-solving capacities of the general public and organizations outside local government, and

**WHEREAS**, knowledge and talent are widely dispersed in society, and all benefit when those skills and abilities are directed toward common goals; now, therefore, be it



**RESOLVED**, that the City Council of the City of Oakland hereby finds, determines, declares and resolves that all of the recitals set forth above are true and correct; and be it

**FURTHER RESOLVED**, in order to ensure that the public has access to and an ability to participate in the creation of the City of Oakland's biannual budget and that Oakland decision makers have the public feedback to allow them to prudently manage the City's fiscal resources and adopt a budget responsive to public needs and priorities, the City Council hereby adopts the Budget Process Transparency and Public Participation Policy, as set forth below:

### **THE CITY OF OAKLAND'S BUDGET PROCESS TRANSPARENCY AND PUBLIC PARTICIPATION POLICY**

All deadlines apply only to budget development years, normally odd numbered years and not to mid-cycle revisions to an adopted two-year budget.

#### **1. Council Budget Briefing and Priorities Discussion**

**Deadlines:** Late fall.

**Requirements:** The Mayor and City Council will hold a bi-annual budget workshop in late fall of the year preceding the year in which a budget is adopted. The workshop will include briefings on estimated baseline expenditures, revenue projections and an overview of the City's budgeting process. The workshop will provide the Mayor and Council with the opportunity to begin discussing priorities for the next budget year based on preliminary projected increases or decreases in the next budget.

#### **2. Five Year Forecast**

**Deadlines:** Produced by February 1<sup>st</sup> and at least 10 days before the matter is heard by a Council body. Heard by the Council's Finance & Management Committee by February 15<sup>th</sup>. Forecast Fact Sheets should be distributed to City community centers and Forecast data should be available on Open Data Portal within two weeks of Council acceptance.

**Requirements:** Each Budget Cycle, the City Administrator must prepare a Five Year Forecast pursuant to Resolution 81399. The Forecast shall contain the two-year baseline budget for the forthcoming two-year budget period, clearly reflecting projected expenditures to maintain existing service levels and obligations, plus an additional three-year forecast of revenues and expenditures. The Baseline Budget shall consist of projected expenditures necessary to maintain existing staffing and service levels, plus an estimate of anticipated revenues for the two-year period. The Forecast shall also contain information on the variance between prior forecasts and actual amounts, including the factors that influenced these variances. Revenue estimates shall be based on the most current data available; at a minimum, revenue projections shall take into account projected revenue for the current fiscal year, as reflected in the 2nd quarter Revenue and Expenditure Report, with appropriate trending into future years and an explanation as to how such revenue projections were derived.

The Forecast shall also contain information on the variance between prior forecasts and actual amounts, including the factors that influenced these variances.

The report shall include a Five Year Forecast "Fact Sheet" document, which summarizes the Forecast's key findings with simplified text and graphics so as to make this important budgetary information more accessible to the general public. Within two weeks after the Forecast is accepted by the City Council, the City Administrator shall print and distribute the Forecast Fact Sheet to all City libraries, recreation centers and senior centers, including in languages required by Oakland's Equal Access Ordinance. The full Five Year Forecast shall also be posted on the City of Oakland's website. Forecast data shall be available in open data format on Oakland's data portal within two weeks of acceptance by City Council.

### **3. Assessment of Stakeholder Needs, Concerns and Priorities**

**Deadlines:** Budget Advisory Committee review by January 30<sup>th</sup>. Survey completion by March 30<sup>th</sup>. Results publicly available within two weeks of survey's close.

**Requirements:** During the January – March period prior to Budget Adoption of a budget adoption year, the City Administrator should develop or secure a statistically valid survey for assessing the public's concerns, needs and priorities. Whenever feasible, the City should conduct a professional poll administered to a statistically relevant and valid sample of residents that is representative of Oakland's population in terms of race, income, neighborhood, age, profession, family size, homeownership/renter-ship, etc. If that's not possible, then demographic information should be collected and reported out with the survey results.

Prior to release, the survey questions shall be submitted to the Budget Advisory Committee for review of bias, relevance, consistency in administration, inclusion of benchmark questions, and ability to assess concerns, needs and priorities. The survey instrument, method of dissemination, and any instructions for administration shall be publicly available.

If the City cannot afford a professional survey, an informal survey shall be made available for broad dissemination by the Mayor and Councilmembers through community list serves and other communication channels. A list of those dissemination channels should be publicly available along with survey results. Survey results should be publicly available no longer than two weeks after the survey closes.

In the event that City's statistically valid survey has been completed, the Mayor and City Administrator shall include in their proposed budget a summary of the survey data and a statement regarding how the data was or was not incorporated into the final proposed budget. Informal surveys and their results shall be made public but not included in their proposed budget document.

The City Administrator shall also create an email address, a phone number with voicemail service, and a web-based engagement platform to collect resident input prior to budget development. Furthermore, the City Administrator shall take steps to promote participation, such as issuing a Flyer promoting participation in the survey and methods of participation (survey internet link, email, phone number) and posting such Fliers near publicly available computers in all City libraries, Recreation Centers, and Senior Centers.

#### **4. Statement of Councilmember Priorities**

**Deadlines:** Written submission due by April 1<sup>st</sup>.

**Requirements:** City Council Members will have the opportunity to advise the Mayor and City Administrator publicly of their priorities. Each Councilmember shall be invited to submit up to seven expenditure priorities in ranked and/or weighted order for changes to the baseline budget as presented in the Five Year Forecast. Councilmember priority statements may either be submitted as part of a report to be heard by the City Council and/or in a publicly available writing to the Mayor and City Administrator. In addition to the priorities, Councilmembers may also submit other suggestions, including revenue suggestions.

#### **5. Administrator's Budget Outlook Message & Calendar Report:**

**Deadline:** Heard by City Council before April 15<sup>th</sup>.

**Requirement:** The City Administrator shall bring as a report to the City Council a Budget Outlook Message & Calendar no later than April 15<sup>th</sup> that provides an overview of the budget development process and lists all key dates and estimated dates of key budget events, including, but not limited to the release of the Mayor and Administrator's Proposed Budget, Community Budget Forums, Council meetings, and final budget passage dates. This publication shall be posted on the City's website and by other means determined by the City Administrator.

#### **6. Release of Mayor & Administrator's Proposed Budget & Fact Sheet**

**Deadlines:** Published and publicly available by May 1<sup>st</sup>. Heard by City Council and Fact Sheet distributed by May 15<sup>th</sup>.

**Requirements:** The Proposed Budget must be released by May 1<sup>st</sup> and shall clearly indicate any substantive changes from the current baseline budget, including all changes to service levels from the current budget. The Proposed Budget shall indicate staffing by listing the number of positions in each classification for each Department, including a listing of each position proposed for addition or deletion. The Council shall hold a public meeting to present the Proposed Budget no later than May 15<sup>th</sup> in budget adoption years. The full proposed budget document shall be made available online from the City's website, and printed copies shall be available in all City libraries. Additionally, the proposed budget data shall be available in open data format on the City's open data portal by May 1<sup>st</sup>. Every effort should be made to thoroughly respond to any public request for departmental budget details, such as line item budgets. The requested information shall

also be made available on the City's website and open data portal within a reasonable time period following the request.

The Proposed Budget must include a Budget Fact Sheet with easy-to-understand graphics and text explaining the City's overall finances, the Proposed Budget and that year's Budget Calendar. The Fact Sheet shall be published in languages required by Oakland's Equal Access Ordinance. The Fact Sheet shall be printed and made available in all City Recreation Centers and Senior Centers as well as all City libraries by May 15<sup>th</sup> or the presentation to the Council, whichever is sooner.

## **7. Community Budget Forums**

**Deadlines:** Between May 1<sup>st</sup> and June 10<sup>th</sup>

**Requirements:** The Administration and Council shall hold at least three (3) Community Budget Forums at varied times in different neighborhoods away from City Hall. These meetings, organized by the City Administrator's Office shall be scheduled so as to maximize residents' access. These meetings must include sufficient time for question and answer period as well as a presentation of budget facts by City staff. One or more of the meetings must be scheduled in the evening. Another must be scheduled on the weekend. These meetings shall also be scheduled so that Councilmembers have sufficient opportunity to attend a meeting close to their council district. Every member of the City Council shall make their best effort to attend at least one Community Budget Forum. In addition, members of the Budget Advisory Commission shall be requested to attend at least one Community Budget Forum. Translators will be provided by request with forty-eight hours advance notice, per Oakland's Equal Access Ordinance. Sufficient Fact Sheets in all available languages shall be available at all Forums.

Meetings shall be held in ADA accessible facilities served by public transit (BART stop, frequently running bus line, etc). Every effort shall be made to record the meeting via video or audio. The City Administrator shall prepare an Informational Report summarizing the Community Forum process, to be heard by the City Council at its the next available budget discussion following the final Forum. The summary memo shall attempt to identify key areas of public agreement and disagreement, as well as respond to the most commonly asked questions.

## **8. Budget Advisory Commission's Report**

**Deadline:** June 1<sup>st</sup>

**Requirements:** The Budget Advisory Committee (BAC) shall be requested to submit a published, written report to the full City Council regarding the proposed budget with any suggested amendments no later than June 1 in budget adoption years. If submitted, the statement shall be published as part of the next budget report to the City Council. The BAC is encouraged to provide similar statements during the mid-cycle budget revise and any other significant budget actions.

## **9. Council President's Proposed Budget**

**Deadline:** June 17<sup>th</sup>

**Requirements:** The City Council President, on behalf of the City Council, shall prepare a proposed budget for Council consideration to be heard at a Special City Council Budget Hearing occurring before June 17th. The Council President may delegate the duty to prepare a budget proposal to another member of the Council. A costing analysis request for any proposed amendments must have been submitted to the City Administrator at least five working days prior to the Special City Council Budget Hearing. The City Council may schedule additional Special City Council Budget Hearings or Workshops as needed.

## **10. Council Budget Amendments**

**Deadline:** No later than up to three days prior to final budget adoption

**Requirements:** In addition to the Council President's proposed budget, any Councilmember or group of Councilmembers may submit proposed budget amendments at any time during the budget process. However, the adopted budget shall not contain substantive amendments made on the floor by Councilmembers at the final meeting when the budget is adopted. All substantive amendments must have been published in the City Council agenda packet for at least three days prior to the budget's final adoption. This three-day noticing requirement may be waived by a vote of at least six Councilmembers upon a finding that (1) new information impacting the budget by at least \$1 million dollars came to the attention of the body after the publication deadline making it not reasonably possible to meet the additional notice requirement and (2) the need to take immediate action on the item is required to avoid a substantial adverse impact that would occur if the action were deferred to a subsequent special or regular meeting, such as employee layoffs.

Additionally, a costing analysis request for the proposed budget amendment must have been submitted to the City Administrator at least five working days prior to the budget's final adoption.

## **11. Process Feedback & Continual Improvement**

**Deadline:** September 30<sup>th</sup> following budget adoption

**Requirements:** The Budget Advisory Commission (BAC) shall be requested to submit an Informational Report to the Council's Finance and Management Committee containing their analysis of the budget adoption process including, but not limited to: 1) the informational quality of the Proposed Budget; 2) the City Administration's and City Council's attention to engaging the public and its impacts on the budget process and product; 3) the level of transparency and open dialogue in all public meetings dedicated to the budget; and 4) opportunities for improving the process in future years.

In assessing opportunities for continually improving public participation in the budget process, the Administration, City Council and BAC shall be requested to consider the following guiding principles:

- **Inclusive Design:** The design of a public participation process includes input from appropriate local officials as well as from members of intended participant communities. Public participation is an early and integral part of issue and opportunity identification, concept development, design, and implementation of city policies, programs, and projects.
- **Authentic Intent:** A primary purpose of the public participation process is to generate public views and ideas to help shape local government action or policy.
- **Transparency:** Public participation processes are open, honest, and understandable. There is clarity and transparency about public participation process sponsorship, purpose, design, and how decision makers will use the process results.
- **Inclusiveness and Equity:** Public participation processes identify, reach out to, and encourage participation of the community in its full diversity. Processes respect a range of values and interests and the knowledge of those involved. Historically excluded individuals and groups are included authentically in processes, activities, and decision and policymaking. Impacts, including costs and benefits, are identified and distributed fairly.
- **Informed Participation:** Participants in the process have information and/or access to expertise consistent with the work that sponsors and conveners ask them to do. Members of the public receive the information they need, and with enough lead time, to participate effectively.
- **Accessible Participation:** Public participation processes are broadly accessible in terms of location, time, and language, and support the engagement of community members with disabilities.
- **Appropriate Process:** The public participation process uses one or more engagement formats that are responsive to the needs of identified participant groups; and encourage full, authentic, effective and equitable participation consistent with process purposes. Participation processes and techniques are well-designed to appropriately fit the scope, character, and impact of a policy or project. Processes adapt to changing needs and issues as they move forward.
- **Use of Information:** The ideas, preferences, and/or recommendations contributed by community members are documented and given consideration by decision-makers. Local officials communicate decisions back to process participants and the broader public, with a description of how the public input was considered and used.
- **Building Relationships and Community Capacity:** Public participation processes invest in and develop long-term, collaborative working relationships and learning opportunities with community partners and stakeholders. This may include relationships with other temporary or ongoing community participation venues.
- **Evaluation:** Sponsors and participants evaluate each public participation process with the collected feedback and learning shared broadly and applied to future public participation efforts.

.; and be it.

**FURTHER RESOLVED**, that the above policy is intended to ensure the minimal requirements and a baseline for transparency and public participation in the budget process and that the City of Oakland shall continually strive for more robust public participation in all its decision-making; and be it.

**FURTHER RESOLVED**, that this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA,

MAY 21 2013

PASSED BY THE FOLLOWING VOTE:

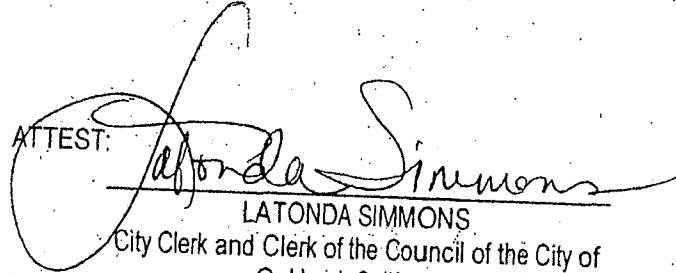
AYES - ~~Simmons~~, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, ~~Reid~~, SCHAAF, AND PRESIDENT  
KERNIGHAN - 6

NOES - Brooks, Reid - 2

ABSENT - 0

ABSTENTION - 0

ATTEST:



LATONDA SIMMONS

City Clerk and Clerk of the Council of the City of  
Oakland, California

# EXHIBIT 9

TO

ORDINANCE AMENDING FINANCIAL POLICIES  
AND ESTABLISHING THE CITY OF OAKLAND'S  
CONSOLIDATED FISCAL POLICY.

**84264 C.M.S. (Long Term Financial  
Planning Policy)**

Finance and Management Committee  
October 28, 2014



2013 AUG 28 PM 4:30

## OAKLAND CITY COUNCIL

RESOLUTION No. 84264 C. M. S.

RESOLUTION AMENDING RESOLUTION NO. 81399 C.M.S. REGARDING THE CITY OF OAKLAND LONG-TERM FINANCIAL PLANNING POLICY TO CHANGE THE NAME OF THE POLICY, NAME OF THE RESULTING PRODUCT, DEADLINE FOR PRODUCTION, AND ADD SOME ADDITIONAL REQUIREMENTS.

**WHEREAS**, the City of Oakland adopted a Long-Term Financial Planning Policy in 2003 that it updated in 2008; and

**WHEREAS**, the policy directed the City Administrator to conduct a forecast by assessing future revenues and expenditures of the General Purpose Fund and other major funds over a five year forecast period; and

**WHEREAS**, the document required by the policy and described as a plan would more accurately be described as a forecast, in that it need not provide a plan of future action for the City; and

**WHEREAS**, the policy's deadline for submitting the document created a conflict with other budgeting processes that take place in the same timeframe; now, therefore, be it

**RESOLVED**, that the City Council of the City of Oakland hereby finds, determines, declares and resolves as follows:

Section 1. All of the recitals set forth above are true and correct.

Section 2. In order to ensure that City of Oakland decision makers have the information required to make current financial decisions in the context of forecasted future conditions, the City Council hereby adopts the financial policy, as set forth below:

## CITY OF OAKLAND LONG-TERM FINANCIAL FORECASTING POLICY

## I. Purpose/Definition

The Five-Year Financial Forecast ("Forecast") is a planning tool that estimates the City's likely revenues and expenditures over a future five-year period, based on appropriate financial, economic, and demographic data. The Forecast focuses on the General Purpose Fund and contains information on other major funds such as the Landscape and Lighting Assessment District. The purpose of the Forecast is to surface all major financial issues and estimate future financial conditions to support informed long-term planning and decision making regarding issues such as expenditures, labor negotiations, economic development policies, and revenue policies. Such planning

provides for greater financial stability, signals a prudent approach to financial management, and brings the City into compliance with current best practices of other governmental entities. The Forecast shall be produced and distributed no later than February 1 of every odd year. The Forecast shall contain the two-year baseline budget for the forthcoming two-year budget period, clearly reflecting existing service levels and obligations, plus an additional three-year forecast. The Forecast shall also contain information on the variance between prior forecasts and actual amounts, including the factors that influenced these variances.

## II. General Responsibilities

### Budget Office

The City Administrator shall be responsible for producing the Five-Year Financial Forecast.

### Other Departments

Other departments shall be responsible for providing in a timely manner such information as the City Administrator requires to produce the Forecast.

### The City Council and the City Administrator

The City Council and City Administrator shall make use of the information contained in the Forecast as they consider actions that would have a significant impact on the City's budget or financial position.

**FURTHER RESOLVED**, that this Resolution shall take effect immediately upon its passage.

In Council, Oakland, California, APR 2 2013, 2013

### PASSED BY THE FOLLOWING VOTE:

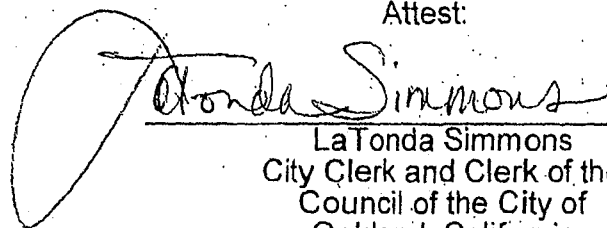
Ayes- ~~BROOKS~~, GALLO, KALB, KAPLAN, ~~MC ELHANEY~~, ~~REID~~, SCHAAF, AND  
PRESIDENT KERNIGHAN - 5

Noes- 0

Absent- Brooks, McElhaney, Reid - 3

Abstention-

Attest:



LaTonda Simmons  
City Clerk and Clerk of the  
Council of the City of  
Oakland, California

# EXHIBIT 10

TO

ORDINANCE AMENDING FINANCIAL POLICIES  
AND ESTABLISHING THE CITY OF OAKLAND'S  
CONSOLIDATED FISCAL POLICY.

**80777 C.M.S. (Historic Fiscal  
Accountability Policy)**

Finance and Management Committee  
October 28, 2014

**OAKLAND CITY COUNCIL**Resolution No. 80777 C.M.S.**INTRODUCED BY COUNCILMEMBER JEAN QUAN****RESOLUTION ESTABLISHING RULES AND REPORTING REQUIREMENTS TO ENHANCE FISCAL ACCOUNTABILITY AND TRANSPARENCY AS FOLLOWS:**

- (1) POLICY AND RULES REGARDING SUBSTANTIAL OR MATERIAL ALTERATION OF FUNDING ALLOCATIONS IN A POLICY BUDGET, AND A POLICY REGARDING THE TRANSFER OF FUNDS BUDGETED TO PERSONNEL ACCOUNTS; AND
- (2) POLICY AND RULES FOR PAY-GO ACCOUNT EXPENDITURES AND GRANTS AND PRIORITY PROJECT FUND EXPENDITURES AND GRANTS; AND
- (3) POLICY AND RULES FOR PRIORITY PROJECT FUND EXPENDITURES AND GRANTS; AND
- (43) ANNUAL REPORTING OF ALL EVENT TABLES PURCHASED BY THE CITY OF OAKLAND; AND
- (54) ANNUAL REPORTING OF ALL CITY OF OAKLAND-FUNDED TRAVEL EXPENDITURES

**WHEREAS**, the City Council wishes to establish several rules and reporting requirements to enhance fiscal accountability and transparency in use of public funds; and

**WHEREAS**, the City Council wishes to establish 1) a general policy regarding changes in allocations made by the City Council in a bi-annual or mid-cycle Policy Budget, and 2) a clear policy regarding the transfer of funds budgeted for personnel that would generally restrict such fund transfers to five percent (5%), and 3) to allow for transfer of funds from personnel accounts to pay for temporary personnel during a budget cycle; and

**WHEREAS**, the City Council wishes to establish a policy and criteria for Pay-go and Project Priority funds to facilitate and support projects and programs that are in the public interest and that benefit the community, specifically, City, school and other public entity capital improvements and programs; and

**WHEREAS**, the City Council wishes to make Event Tables purchased by the City of Oakland known to the public by establishing an annual reporting requirement; and

WHEREAS, the City Council wishes to make travel expenditures for trips paid for by the City of Oakland that involve airline transportation or lodging known to the public by establishing an annual reporting requirement; now, therefore, be it

**RESOLVED:** That the City Council hereby directs the City Administrator to implement the following polices and rules:

1. Substantial Or Material Alteration Of Funding Allocations In A Policy Budget, And Transfer Of Funds Budgeted To Personnel Accounts.

The City Administrator must obtain approval from the City Council before he/she (1) substantially or materially alters the relative agency<sup>1</sup> allocations of funding set out in a Policy Budget, (2) substantially or materially changes the levels of service expressly prioritized and funded by a Policy Budget, including but not limited to layoffs and/or freezes that would substantially or materially (a) change levels of service or (b) affect programs, or (3) eliminates or suspends entirely programs funded by a Policy Budget; and

The City Council hereby directs the City Administrator to obtain review and approval of the full City Council prior to approving any transfer of funds previously allocated by the City Council to personnel accounts to a non-personnel or operations and maintenance account when single or cumulative transfers within a one-year budget cycle exceed five percent (5%) of the original adopted personnel allocation for any given agency or department for all funds; and

The restriction on transfer of personnel funds established herein shall apply to any and all proposed transfers of such funds, with the exception of transfers between personnel accounts (51xxx) and the Temporary Personnel Services Account (54811) which shall not be restricted or included in the 5% calculation in order to make personnel funds available for use in paying for backfill vacancies with temporary personnel until such vacancies can be filled permanently; and

2. ~~Pay-Go Account Expenditures And Grants; Priority Project Fund Expenditure And Grant Approval~~

The City Council hereby finds and determines that it is in the City's interest, the public interest and to the betterment of Oakland businesses, residents and the community to spend Pay-go account funds to facilitate or support programs operated by the City of Oakland or capital improvements projects of the City of Oakland, and programs operated by public schools and other public entities within the City of Oakland and capital improvement projects of the Oakland Unified School District and of other public entities within the City of Oakland; and

The City Council hereby authorizes Pay-go account funds to be used for the following purposes:

Capital Improvements:

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<sup>1</sup> For the purposes of this resolution, departments that do not fall within an agency are considered to be separate agencies

- a) To pay for or augment funding for a City of Oakland capital improvement project including planning and pre-construction services for projects such as, but not limited to, feasibility studies and design, landscaping, architectural and engineering services and all services and materials needed to construct a capital improvements such as, but not limited to, contractor services, lumber, concrete, gravel, plants and other landscape materials, fountains, benches, banners, signs, affixed artwork and any other design and decorative elements of the project; and
- b) To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or other public entity for use on a capital improvement project within the City of Oakland, including planning and pre-construction services for projects such as, but not limited to, feasibility studies and design, landscaping, architectural and engineering services and all services and materials needed to construct a capital improvements such as, but not limited to, contractor services, lumber, concrete, gravel, plants and other landscape materials, fountains, benches, banners, signs, affixed artwork and any other design and decorative elements of the project; and

Furniture, Equipment:

- c) To pay for or augment funding for purchase of furniture and equipment, including computer equipment and software, to be used by participants in a program operated by the City of Oakland; and
- d) To provide a grant to a public school, including a school chartered by the State of California or Oakland Unified School District, or another public entity to be used for furniture and equipment, including computer equipment and software, to be used by participants in a program operated by the public school or public entity; and

Pay-go purposes stated above shall operate as restrictions on Pay-go expenditures or Pay-go grants, regardless of the Pay-go account funding source; and

Pay-go purposes stated above shall apply to any and all Pay-go expenditures or grants made by the Mayor and each City Councilmember; and

All Pay-go expenditures and grants shall be administered by the City Administrator on behalf of the city, and grant agreements shall be required for all such grants; and

3. Priority Project Fund Expenditure And Grant Approval

In accord with the City Council's motion approving the initial allocation of Councilmember Priority Project funds on June 8, 2006, the City Councilmembers must obtain City Council approval for all Priority Project expenditures; and

All Priority Project fund grants approved by the City Council and all Pay-go expenditures or grants shall be administered and executed by the City Administrator on behalf of the city, and grant agreements shall be required for all such grants; and

43. Annual Reporting of All Event Tables Purchased By the City of Oakland

The City Administrator shall publish an annual report, in September of each year, of all Event Tables purchased by the City of Oakland during the prior year; and

54. Annual Reporting Of All City Of Oakland-Funded Travel Expenditures

The City Administrator shall publish an annual report, in September of each year, of all travel expenses for trips involving airline transportation or lodging paid for by the City of Oakland during the prior year; and

The annual travel expense report for trips involving airline transportation or lodging shall include all travel costs paid by the City for such trips, including the purposes of the travel or names of the event, the dates of travel and transportation, lodging and meal costs.

IN COUNCIL, OAKLAND, CALIFORNIA,

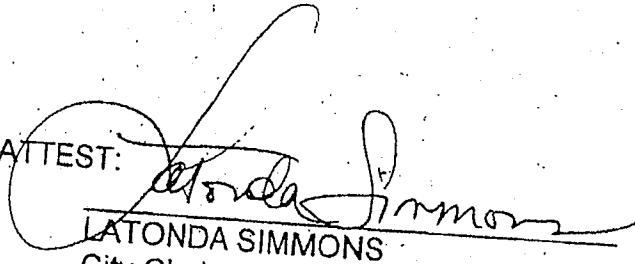
**JUL 17 2007**

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID,  
CHANG, AND PRESIDENT DE LA FUENTE - 8

NOES - 0  
ABSENT - 0  
ABSTENTION - 0

ATTEST:



LATONDA SIMMONS  
City Clerk and Clerk of the Council of  
the City of Oakland, California