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CITY OF OAKLAND  
CITY COUNCIL

## LEGISLATIVE ANALYST MEMORANDUM

**To:** Finance & Management Committee  
**From:** Sabrina Landreth, Legislative Analyst  
**Date:** June 10, 2008  
**Re:** **Resolution Amending Resolution No. 77923 C.M.S. Regarding The City of Oakland Long-Term Financial Planning Policy To Add A Specific Date When The Five-Year Financial Plan Is To Be Provided to the City Council**

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### SUMMARY

On July 15, 2003, the Council adopted Resolution No.77923 C.M.S. regarding the City of Oakland Long-Term Financial Planning Policy. The attached resolution amends this policy to add a specific date when the Five-Year Financial Plan is to be provided to the City Council.

### BACKGROUND

An informational report presented to the Council in early 2003 presented the recommendations of the Moving Oakland Forward Team #4A on the adoption of a comprehensive set of financial policies by the City. One of these recommendations was to formalize a policy requiring a Five-Year Financial Plan, updated annually. The Council adopted this policy in July 2003. The Resolution requires that the Five-Year Financial Plan be produced and distributed prior to the beginning of any annual budget deliberations by the Council. Since its formal adoption, the Five-Year Financial Plan has not been updated annually.

### DISCUSSION

The City of Oakland's Five-Year Financial Plan is the City Administrator's assessment of future revenues and expenditures over a five year forecast period. The Five-Year Financial Plan includes analysis of economic and demographic data at the national, local and state level, and analyzes revenue and expenditure trends for the General Purpose Fund and other major funds. The Five-Year Financial Plan forecasts major revenue and expenditure components of the various funds. A long-term financial planning policy is intended to help the City make prudent and informed financial decisions on matters such as economic development, tax policy and labor

negotiations. Five-year planning is consistent with current best practices of other governmental entities. The Government Finance Officers Association (GFOA) recommends that all governments regularly engage in long-term financial planning, and that the plan look at least five to ten years into the future.

### **CONCLUSION/ RECOMMENDATION**

It is recommended that the Council amend the City of Oakland Long-Term Financial Planning Policy to add a specific date each year when the updated Five-Year Financial Plan is to be provided to the City Council.

**DRAFT**

City Attorney

OFFICE OF THE CITY CLERK  
6.11.10

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# OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

**RESOLUTION AMENDING RESOLUTION NO. 77923 C.M.S. REGARDING THE CITY OF OAKLAND LONG-TERM FINANCIAL PLANNING POLICY TO ADD A SPECIFIC DATE WHEN THE FIVE-YEAR FINANCIAL PLAN IS TO BE PROVIDED TO THE CITY COUNCIL**

**WHEREAS**, the City of Oakland's Five-Year Financial Plan is the City Administrator's Manager's best assessment of future revenues, expenditures and operating results over a five year forecast period; and

**WHEREAS**, the Five-Year Financial Plan includes analysis of economic and demographic data at the national, local and state level, and analyzes revenue and expenditure trends for the General Purpose Fund and other major funds such as the Landscape and Lighting Assessment District and the Oakland Redevelopment Agency; and

**WHEREAS**, the Five-Year Financial Plan forecasts major revenue and expenditure components of the aforementioned funds; and

**WHEREAS**, a long-term financial planning policy is intended to help the City make prudent and informed financial decisions on matters such as economic development, tax policy and labor negotiations; and

**WHEREAS**, the implementation of a long-term financial planning policy will help the City attain a favorable rating from credit rating agencies; and

**WHEREAS**, the implementation of a long-term financial planning policy should not result in significant increases in staff costs; 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 insure that City of Oakland decision makers have the information to allow them to prudently manage the City's fiscal resources, the City Council hereby adopts the financial policy, as set forth below:

CITY OF OAKLAND LONG-TERM FINANCIAL PLANNING POLICY

*I. Purpose/Definition*

The Five-Year Financial Plan ("Plan") forecasts the City's revenues and expenditures over a five-year period. The Plan focuses on the General Purpose Fund, and other major funds such as the

Landscape and Lighting Assessment District and the Oakland Redevelopment Agency. The intent of the Plan is to allow the City Council and the City Administrator Manager to put current funding decisions in the context of forecasted economic conditions. Specifically, long-term financial planning improves the City's ability to make informed decisions regarding labor negotiations, economic development projects and tax policy. The Plan shall incorporate economic and demographic data at the national, local and state level, as well as other data that aids in forecasting.

Credit rating agencies are likely to favor the City's intention to plan ahead because such planning provides for greater financial stability, and signals a prudent approach to financial management. Five-year planning also brings the City into compliance with current "best practices" of other governmental entities.

## II. General Responsibilities

### City Administrator Manager

The City Administrator Manager shall be responsible for producing an updated Five-Year Financial Plan on an annual basis. The Plan shall be produced and distributed by October 1 of each year, prior to the beginning of any annual budget deliberations by the Council. The Budget Office, under the supervision and direction of the City Administrator Manager currently performs this function.

### Other Departments

Other departments shall be responsible to the City Administrator Manager for providing such information as the City Administrator Manager requires to produce the Plan in a timely manner. Currently, the Budget Office under the supervision and direction of the City Administrator Manager oversees this process.

### The City Council and the City Administrator Manager

The City Council and the City Administrator Manager shall make use of the information contained in the Plan as they consider any action that would have a significant impact on the City's revenue or expenditures over a five-year period.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2008

### **PASSED BY THE FOLLOWING VOTE:**

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

NOES—  
ABSENT—

ABSTENTION—

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