



# AGENDA REPORT


**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Erin Roseman  
Director of Finance

**SUBJECT:** Consolidated Fiscal Policy Revision  
2024

**DATE:** March 26, 2024

City Administrator Approval

  
Jestin Johnson (Mar 28, 2024 18:32 PDT)

Date: Mar 28, 2024

## **RECOMMENDATION**

**Staff Recommends That The City Council Receive An Informational Report Regarding Proposed Substantive Changes To The Consolidated Fiscal Policy**

## **EXECUTIVE SUMMARY**

The Finance Department has enhanced the Consolidated Fiscal Policy (CFP) to integrate various financial policies into its framework. The changes to the CFP include policy enhancements to align with the best practices of local government. The CFP changes include substantive and non-substantive language changes that align with existing practices, removes outdated references, and corrects errors and omissions to ensure compliance with current policies. Given the robust nature of the revisions to this policy, the department will present on limited topics at predetermined Finance and Management Committee meetings to narrow the focus and allow for meaningful discussion.

## **BACKGROUND / LEGISLATIVE HISTORY**

On December 9, 2014, the Oakland City Council adopted [Ordinance No. 13279 C.M.S.](#) 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.

On May 15, 2018, the Oakland City Council adopted [Ordinance No.13487 C.M.S](#) that amended the City's Consolidated Fiscal Policy.

## **ANALYSIS AND POLICY ALTERNATIVES**

The Finance Department conducted a review of its financial policies in accordance with the Oakland Municipal Code (OMC), Government Finance Officers Association (GFOA), Governmental Accounting Standards board (GASB), and Generally Accepted Accounting Principles (GAAP) best practices. Staff has determined that the revisions to the CFP are necessary to ensure the fiscal prudence of the City's resources.

Finance and Management Committee  
April 09, 2024

## **Presentation Timeline**

Staff will present the substantive changes at the following Finance and Management Committee Meetings to allow for thorough discussion and public comment. The topics and proposed committee dates are listed below.

### **Finance and Management Committee – April 9, 2024**

- Debt Management Policy
- Financial Reporting
- Other Post-Employment Benefits (OPEB) Funding

### **Finance and Management Committee – April 23, 2024**

- Revenue Policies
- Ballot Measures
- Grant Administration
- Investment Policy

### **Finance and Management Committee – May 14, 2024**

- Budgeting Policies
- Reserve Funds
- Capital Plan
- Investment Policy (continued)

After the final committee meeting staff will return to City Council on or near May 21, 2024 with legislation recommending the adoption of the revised Consolidated Fiscal Policy.

## **Policy Updates**

### **Debt Management Policy**

To maintain the highest quality debt management program possible, the City has adopted the guidelines and policies set forth in the Debt Management Policy (the “Debt Policy”). The Debt Policy is intended to guide decisions related to debt issued by the City, Oakland Redevelopment Successor Agency, and Oakland Joint Powers Financing Authority, therefore from time to time the Debt Policy is updated to provide guidelines and internal controls to promote best practices when issuing debt and managing the City’s debt portfolio. Below are the proposed additions to the Debt Policy:

1. ***Special Limited Obligations.*** This section was added to provide additional information on land-secured financing to include the City’s Local Goals and Policies for Special Assessment and Mello-Roos Community Facilities District Financing that was adopted in 2015 by Resolution No. 85664 C.M.S.
2. ***Other Obligations.*** This section addresses special circumstances which will allow the City to finance when other forms of financing are appropriate.

3. **Conduit Debt Issuance.** To provide additional clarification under this section, staff included the City's current Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) hearing process.

### **Financial Reporting**

In accordance with the GFOA best practices, a new section titled "Financial Reporting" is added to the proposed CFP. This section outlines the citywide accounting practices and financial reporting requirements. The addition of this section is aimed at ensuring the City's financial reporting policies align with industry standards. Including a dedicated financial reporting section facilitates compliance with regulatory requirements and serves to strengthen stakeholder confidence in the City's financial reporting processes.

### **Other Post-Employment Benefits (OPEB) Funding**

The OPEB policy remains unchanged. The existing standalone OPEB policy is being integrated into the CFP as is.

### **FISCAL IMPACT**

This informational report has no direct fiscal impact. The subsequent adoption of the CFP alters the policies and procedures that guide the City's budget development and fiscal operations, and thus will affect future budgetary decisions of the Mayor and City Council.

### **PUBLIC OUTREACH / INTEREST**

This item did not require any additional public outreach other than the required posting on the City's website.

### **COORDINATION**

This report and resolution were submitted to the City Attorney's Office, City Administrator's Office and Budget Bureau for review and approval.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** There are no direct economic opportunities associated with this informational report.

**Environmental:** There are no direct environmental opportunities associated with this informational report.

**Race & Equity:** There are no direct race or equity opportunities associated with this informational report.

**ACTION REQUESTED OF THE CITY COUNCIL**

**Staff Recommends That The City Council Receive An Informational Report Regarding Proposed Substantive Changes To The Consolidated Fiscal Policy**

For questions regarding this report, please contact Erin Roseman, Director of Finance, at 510-238-2026.

Respectfully submitted,



Erin Roseman (Mar 28, 2024 13:32 PDT)

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ERIN ROSEMAN  
Director of Finance

Reviewed by:

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Attachments (1):

- Attachment A – Consolidated Fiscal Policy Updates: Debt Management Policy, Financial Reporting, and Other Post-Employment Benefits (OPEB) Funding Policy