



AGENDA REPORT


TO: Justin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: Oakland Debt Management Policy

DATE: July 18, 2023

City Administrator Approval


Justin Johnson (Jul 6, 2023 17:24 PDT)

Date: Jul 6, 2023

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Amending And Adopting The Debt Management Policy Of The City Of Oakland.

EXECUTIVE SUMMARY

Adoption of the amended Debt Management Policy (the “Debt Policy”) will allow the City of Oakland (the “City”) to remain in compliance with regulatory requirements. The Debt Policy provides guidelines and internal controls to promote best practices when issuing debt and managing the City’s debt portfolio.

BACKGROUND / LEGISLATIVE HISTORY

On July 5th, 2022, the City Council adopted Resolution No. 89313 C.M.S amending and adopting the City’s Debt Management Policy to include a General Obligation Bond Standard. [Resolution No. 89313 C.M.S.](#) and the City’s General Obligation Bond Standard was adopted prior to availability of the final tax rate.

ANALYSIS AND POLICY ALTERNATIVES

Staff is recommending that the City Council adopt a resolution amending and adopting the Debt Policy of the City. The Debt Policy provides guidelines and internal controls to promote best practices when issuing debt and managing the City’s debt portfolio. Adopting the amended Debt Policy will allow the City to remain in compliance with regulatory requirements.

Amendments to the Debt Policy include grammatical changes, clarification of verbiage, updates to CDIAC reporting requirements and updating language to conform with the actual GO Bond Tax Rate (0.2035%) set in FY22-23 compared to the estimated GO Bond Tax Rate of 0.22%. The Debt Policy is applicable to debt issuances by the City, Oakland Redevelopment Successor Agency, and Oakland Joint Powers Financing Authority.

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The most significant change in the update relates to Resolution No. 89313 and the City's General Obligation Bond Standard. The standard was adopted prior to availability of the final tax rate. At the time of adoption, the FY22-23 tax rate was assumed at 0.22%. The actual FY22-23 tax rate came in at 0.2035%. To avoid ambiguity, staff is requesting an amendment of the Debt Policy to reflect the lower rate as we believe this reflects the actual intent of the Council to maintain the rates at the FY 2022-2023 level.

This report reflects the priority of ***Trustworthy Government***, our intent with the GO Bond Standard language is to mitigate the impact of future issuances on the taxpayers of Oakland and build out a 10-year forward debt capacity schedule. We strive to continue to be transparent and build the Residents' trust in all of our fiscal decision making.

FISCAL IMPACT

The adoption of this policy will result in establishing a goal to maintain valorem property tax rate levied by the City to service its voter-approved indebtedness during each year the City's general obligation bonds are outstanding at or below the FY22-23 tax rate of 0.2035%, as projected by the City on the date of each series of bonds issued, by issuing new bonds as older bonds are retired and/or as the tax base grows.

The benefits of approving and adopting the Debt Policy include maintaining access to capital markets and cost-effective financing.

PUBLIC OUTREACH / INTEREST

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

COORDINATION

This report was prepared by the Finance Department, Treasury Bureau in coordination with the Office of the City Attorney.

SUSTAINABLE OPPORTUNITIES

Economic: This item supports the City's access to capital markets and cost effective financing.

Environmental: There are no environmental opportunities associated with this item.

Social Equity: There are no social equity opportunities associated with this item.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a resolution amending and adopting the Debt Management Policy of the City of Oakland.

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

Respectfully submitted,



[Erin Roseman \(Jul 6, 2023 12:44 PDT\)](#)

ERIN ROSEMAN
Director of Finance, Finance Department

Reviewed by:
Madhukar Kumar, Investment Operations
Manager

Prepared by:
Hang Nguyen, Treasury Analyst III
Treasury Bureau

Attachments (1):

A: City of Oakland Debt Management Policy (Amended)

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