



# OAKLAND ROADMAP TO FISCAL HEALTH

---

The path to fiscal health for the City of Oakland will require a sustained multi-year effort, moving beyond a focus on maintaining solvency to attaining the fiscal health necessary to provide quality city services, support the City's workforce, and achieve the financial resiliency necessary to weather future financial shocks. This path begins with the adoption of a prudent two-year biannual budget and will proceed through a set of other initiatives over the coming three years. This roadmap, prepared by the City Administrator and building upon plans presented to the City Council in December 2024, provides a summary of these strategic projects and clear, measurable timelines for their completion.

## ***1. Establishing a fiscal health executive team to manage these financial initiatives.***

This plan is comprised of a number of strategic projects involving a broad array of administrators and other stakeholders. In July 2025, the City Administrator established a fiscal health executive team to oversee these complex and interrelated initiatives. The team will oversee the plan's completion, monitor progress, and provide regular reports to the Mayor, the City Council, and the public on progress.

## ***2. Achieve short-term structural balance during the upcoming two-year budget period.***

The adopted budget is a critical first step on the path to fiscal health for the City, bringing ongoing General Purpose Fund expenses into alignment with ongoing revenues over the course of the two-year budget period. It achieves this goal with a balanced set of proposals which, when implemented, will reduce spending, improve revenue collections, diversify the City's revenue base, and avoid the use of reserves and other one-time solutions to mask underlying financial challenges. The City's two-year budget, adopted by the Council in June 2025, achieves this goal.

## ***3. Diversify the revenue base with a new voter-adopted revenue proposal in 2026.***

The proposed budget achieves balance during the two-year budget period through a set of ongoing solutions, including spending reductions, employee compensation freezes, and additional revenues to support city services. One of the key budget proposals is to diversify city revenues and avoid additional service reductions through an additional \$40 million voter-adopted tax proposal in 2026. While this proposal comes with some risk, an additional ongoing solution is needed to achieve structural balance and safeguard city services. Preliminary options have been previously discussed by the Mayor, Council, and the City Administrator in public

meetings. These proposals will be further developed and refined by the City Administrator in October 2025. The Mayor and Council should then consider these proposals and select a preferred option by January 2026, for voter consideration in the June 2026 election. The proposed biannual budget update submitted to the Council in May 2026 will include a contingency budget given the financial risk associated with voter rejection of the measure.

***4. Develop a multi-year plan to meet voter-mandated staffing and service levels.***

Oakland voters have established minimum staffing and service levels for a number of city services, including police, fire, library, park, and select oversight functions. Meeting these requirements would require increased investment of approximately \$50 million annually. Given the financial stress the City is facing, these maintenance of effort requirements have been suspended in recent years, and are again in the adopted budget. The two-year budget proposal funds increase police hiring plans to meet mandated police staffing levels in the coming years. Similar phased plans, accompanied by financial commitments and staffing plans, are needed for each of these service areas. The City Administrator will propose these phased plans by December 2025, for initial consideration in the biannual budget update process.

***5. Develop long-term plans to contain rising pension and other benefit costs.***

Additional financial challenges remain beyond the two-year budget horizon. Absent action, current required payments to CalPERS for retiree pension benefits will continue to drive the City's budget out of structural balance each year through 2032. These costs will continue to rise following the budget period, rising by approximately \$70 million by 2031 and driving significant new shortfalls each fiscal year. There are options to better manage these costs, including working with CalPERS on possible alternative amortization of past pension liabilities, using one-time revenue sources and debt to level the payments over time, and restructuring pension benefits for new employees. The City Administrator will complete a review of these and other options and offer recommendations to the Mayor and Council by March 2026.

In addition to pension benefits, the cost of employee healthcare cost is expected to grow at a rate faster than revenue growth during the mid- and long-term, creating additional budget pressure beyond the two-year budget cycle. The City's current approach to benefit cost-sharing are more generous than general municipal standards and local peer jurisdictions. The City will explore improved cost-sharing and other changes in current and future negotiating cycles to contain these pressures, while preserving quality healthcare services for employees.

***6. Develop contingency plans given the risk of federal and state revenues.***

Federal and state budget proposals, if adopted, would result in the loss of significant revenues used to fund services in Oakland. Similar risks are faced by other governments that provide services to Oakland residents, including the County of Alameda and the Oakland School District. Faced with these uncertainties, the City Administrator will bring to the Council contingency plans to address potential losses, including program reductions required due to the

loss of discretionary state and federal funds. This planning exercise will also include a need to review the alignment of similar or overlapping programs offered by both the City, the County, and other governments, including the provision of homeless services, childcare and family support services, and public health initiatives. This planning will leverage recent and ongoing work to catalog and prioritize an inventory of city services and will include leveraging philanthropic funds to augment available city resources. The results of this planning exercise will be presented with the biannual budget update in May 2026.

### ***7. Review and update the City's governing financial policies.***

Reviewing and strengthening the City's fiscal policies is core to adhering to sound financial management practices and addressing deficiencies noted by rating agencies and others. These policies provide guidelines for key financial activities such as the use of one-time revenues, the use of special funds, management of the City's debt, the maintenance of sufficient reserves to weather financial shocks, and budget policies and practices. In consultation with a financial peer advisory group, the City Administrator will complete a review of the City's Consolidated Fiscal Policy by October 2026 and propose policy amendments to the Mayor and Council for their consideration.

### ***8. Develop long-term investment plans for the City's infrastructure, fleet, and systems.***

While the City works to stabilize its operating budget in the short-term, improved long-term plans are needed to adequately maintain the City's aging infrastructure, systems, and fleet. Absent sufficient and sustained financial investment, deferred maintenance needs will continue to impair city services, impede staff effectiveness, and require more costly future budget outlays. To plan for and mitigate these challenges, the City Administrator will develop ten-year investment plans to address needs in each area and with the intent to inform future two-year budget processes. These multi-year plans will include prioritization of investment needs in each area, constrained against proposed financial strategies available to achieve them. Each of these plans will be proposed to the Council for their consideration in December 2026, in time for consideration by the Council in the subsequent two-year budget process.

### ***9. Maximize collection of existing revenue sources.***

Maximizing the collection of existing available revenues is core to the City's financial stability. The City plans to complete a number of projects to improve current practices and results. These include onboarding a new Finance Director, Revenue and Tax Administrator, and an additional employee focused on delinquent revenue collection, increasing communication and collaboration within the Revenue Bureau, and reinstating the business tax requirement public outreach program. Enhanced coordination between departments and the Revenue Bureau will focus on vacant property and business taxes and fees and fines for illegal dumping, fire inspection, and code enforcement. A critical and comprehensive review of the City's master fee schedule will be completed. Lastly, a procurement and implementation of a new collection

system will assist further automation of the collections process. These projects have various schedules beginning in 2025 and concluding in 2028.

***10. Strengthen the City's revenue base through focused economic development efforts.***

Focused economic development is core to providing opportunity for all Oaklanders while fortifying the revenue base needed to support quality city services. To this end, the City is preparing an Economic Development Action Plan that will be presented to Council by September 2026. The plan sets goals to attract, grow, and retain key sectors; support and attract businesses; build and ready our workforce; invest in place-based efforts; and amplify arts, culture, and social cohesion.

To support the implementation of strategies outlined in the plan, the City is focused on a set of regulatory reform and process improvement initiatives. These include several packages of planned code amendments to streamline the entitlement phase of permit review and expedite the review of housing and other projects, provide additional development opportunities in exchange for the provision of affordable housing and other public benefits, and provide more flexible land-use controls to broaden economic development opportunities. Planned permit process improvement includes reorganization of the permit counter and expanding permit types eligible for rapid processing.

This set of related projects, with links between the City's economic and financial health, will be completed on various timelines from 2025 through 2027.

***11. Improving structures needed to hold the City and its contractors accountable for delivery of city services.***

As established in the City's Strategic Plan, achieving fiscal health and improving city services require improved structures and practices to hold the City and its providers accountable for measurable results. Core to these efforts are commitments to improve the City's contracting process, including proposed revisions to the City's procurement rules and processes necessary to improve the efficiency of the contracting and payment process and inclusion of performance standards and measures in new city contracts, both by July 2026. The City is concurrently working to implement a new citywide performance management program, including establishing efficiency and outcome performance measures for all city departments for inclusion in the next biannual budget, proposed to Council in May 2027.