

CITY OF OAKLAND
Office of the City Auditor

INVESTIGATION

DATE: November 19, 2019

TO: Mayor Schaaf, President Kaplan, Members of the City Council, City Administrator Landreth, City Attorney Parker, and Oakland Residents

FROM: City Auditor Courtney Ruby, CPA, CFE

SUBJECT: **Oakland Promise Investigation: Response to Whistleblower Allegations and the City Council's Questions**

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OF THE CITY CLERK
OAKLAND
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Background

About Oakland Promise

In 2014, Oakland Promise formed as a partnership between the Oakland Unified School District (OUSD)¹ and the East Bay College Fund (EBCF)² to improve educational and career prospects for Oakland youth and families.

In 2015, the Mayor's Office joined OUSD and EBCF, and assumed a leadership role in collaborating with these organizations, including the Oakland Public Education Fund (Ed Fund)³. The Mayor's Office publicly launched the Oakland Promise multi-agency partnership in January 2016.

¹ Oakland Unified School District (OUSD) administers public education in Oakland. According to its mission statement, the district seeks high academic achievement while serving the whole child, eliminating inequity, and providing each child with excellent teachers, every day.

² The East Bay College Fund (EBCF) was a nonprofit organization. According to its mission statement, EBCF aspired to involve the whole community in providing college access services, scholarships, mentoring, and support networks to assist these young people in realizing their full potential.

³ The Oakland Public Education Fund (Ed Fund) is a tax-exempt nonprofit organization that raises money for Oakland public schools.

For several years, Oakland Promise existed as a partnership of organizations that individually and collaboratively developed programs toward the shared goal of tripling the number of low-income Oakland public school graduates who complete a post-secondary education.

In 2016, the partnership gained more organizational capacity when one of the partner organizations – the Ed Fund – lent its status as an established nonprofit organization to set up a restricted account to receive donations and make payments on behalf of Oakland Promise, an unincorporated association.⁴ This fiscal sponsorship⁵ arrangement enabled Oakland Promise to obtain funding to staff and administer its programs.

On June 27, 2019, the California Secretary of State filed articles of incorporation designating Oakland Promise as an independent nonprofit organization.

Appendix A outlines the evolution of Oakland Promise, including partnership milestones.

Investigation History

In June 2019, the Office of the City Auditor (Office) received multiple whistleblower reports⁶ alleging the Mayor’s Office directed the City Administration to provide unauthorized office space, staffing resources, and financial contributions to Oakland Promise.

The Office performed a preliminary review of these reports to gain an understanding of the allegations and assess whether the allegations met the Whistleblower Program’s criteria to proceed with an investigation. In July 2019, the Office launched a formal investigation of the allegations related to Oakland Promise.

On August 26, 2019, Oakland’s City Council requested the Office of the City Auditor provide information about the allocations of City funds and City facilities to Oakland Promise.

This report addresses the whistleblowers’ allegations and the City Council’s questions, and summarizes the results, findings, and conclusions of this investigation.

⁴ An Unincorporated Nonprofit Association forms whenever at least two individuals agree to pursue a common lawful purpose that is not for profit.

⁵ Fiscal sponsorship refers to the practice of non-profit organizations offering their legal and tax-exempt status to groups—typically projects—engaged in activities related to the sponsoring organization's mission. It typically involves a fee-based contractual arrangement between a project and an established non-profit.

⁶ Included in some of the whistleblower reports were allegations regarding Measure AA. The City Auditor’s policy is to not investigate allegations that are in litigation. During the time of the investigation, Measure AA was in litigation.

Investigation Objectives

The objectives of this investigation were to: 1) determine if the Mayor's Office directed the City Administration to provide inappropriate contributions to Oakland Promise, 2) determine if contributions to Oakland Promise were transparent and accountable to the public, and 3) clarify areas of public concern. To meet these objectives, the Office sought to answer the following questions raised by the whistleblowers and the City Council:

1. Did the Mayor and City Administration follow the Municipal Code in providing work space to Oakland Promise?
2. Does the Mayor's Director of Education work for the City or Oakland Promise? Was the Mayor's Director of Education position authorized and implemented in accordance with City rules? How is this position funded? What are the costs to the City?
3. How was Oakland Promise able to receive financial contributions when it was not a nonprofit organization?
4. What contributions has the City authorized and provided to Oakland Promise? How does the City's share of contributions to Oakland Promise compare to those of Oakland Promise's other partners?

To answer these questions, the Office completed work summarized in the "Methodology" section of this report on page 17.

Investigation Conclusions

This investigation substantiated:

- ✓ **The claim that the Mayor’s Office directed the City Administration to provide work space to Oakland Promise without following Municipal Code requirements (OMC 2.42.110). Specifically, we found:**
 - Employees of an Oakland Promise partner organization used the space for approximately two years, without the City and the partner organization formally agreeing to lease terms, insurance requirements, or rent payments.

- ✓ **Some aspects of the City’s involvement with Oakland Promise were not authorized, lacked transparency, and presented additional risks and costs to the City. For example:**
 - For 16 months, the Mayor’s Office allowed an Ed Fund employee to lead Oakland Promise as the “Mayor’s Director of Education” without executing an agreement to ensure the City’s interests were promoted and protected.
 - Since fiscal year 2017-18, the Mayor’s Office has assigned the City-funded Mayor’s Director of Education position to work for Oakland Promise, without authorization from the City Council as an in-kind contribution to Oakland Promise, and at a cost to the City exceeding \$700,000.

- ✓ **The City’s financial contributions to Oakland Promise – though complex and hard to follow – were neither prohibited nor irregular.**
 - The City Council authorized \$1,518,054 of financial contributions to Oakland Promise through the Oakland Fund for Children and Youth (OFCY)⁷ for the “Brilliant Baby” and “College and Career Access and Success” programs. As of the date of this report, the City paid \$1,117,011 toward these Oakland Promise programs.
 - The City Council has authorized \$2,150,000 from the City’s General Purpose Fund to Oakland Promise’s “K2College” program. As of the date of this report, none of the authorized funding for Oakland Promise’s “K2College” program has been paid.

⁷ The Oakland Fund for Children and Youth “was established in 1996, when Oakland voters passed the Kids First! Initiative (Measure K), an amendment to the City Charter, to support direct services to youth under 21 years of age. In 2009, Measure D replaced Measure K and reauthorized funding for the Oakland Fund for Children and Youth for an additional twelve years (2010-2022). Measure D established OFCY funds as 3% of the City’s unrestricted General Purpose Fund and required a three-year strategic plan to guide the allocation of funds.

Investigation Questions & Findings

1. Did the Mayor and City Administration follow the City's Municipal Code in providing work space to Oakland Promise?

SUMMARY

In 2016, the Mayor's Office directed the City Administrator's Office to provide work space on the 11th floor of City Hall for employees of an Oakland Promise partner organization. The City Administrator's Office provided this space for about two years without a lease or any other formal agreement specifying terms such as rent for the use of the space. This arrangement did not comply with the Oakland Municipal Code (OMC 2.42.110), and contrasts with other third-party organizations that have used City-owned real property.

The Municipal Code requires the City to officially review and authorize the use of City-owned real property by outside entities, and establish lease terms and rent payments

Oakland Municipal Code section 2.42.110 outlines requirements and guidance for the City's handling of outside entities' use of City-owned "real property," which generally gives the City Council the responsibility of approving leases and requires City property to be leased for payment. It further states that rent payments should reflect fair market value unless the City Council determines that renting the space below market value provides compelling benefits to the City or community at large.

For some arrangements, including entities using less than two thousand square feet of leasable space (such as the work space in question), the City Administrator is authorized to negotiate and execute the documents necessary for the lease of such real property.

The Mayor's Office directed the City Administrator's Office to provide space in City Hall without establishing lease terms and rent payments

In 2016, the Mayor's Office directed the City Administrator's Office to provide work space on the 11th floor of City Hall for an Oakland Promise partner organization's employees. The City Administrator's Office provided three work stations equipped with phones and phone extensions, computers, and internet. Up to five employees of this Oakland Promise partner organization used the work space and equipment for approximately two years.

Regarding this work space arrangement, the City Administration did not follow the Municipal Code. The City did not provide us with contracts, resolutions, lease documents, including insurance requirements, or any other authorizing documents related to the use of the space. These documents are important to ensure the City's interests are protected. Additionally, no documents were found formalizing the use of computers, phones, and internet service for the staffers working on behalf of Oakland Promise.

Other third-party entities using City-owned real property have formal agreements and were charged rents

Providing Oakland Promise with space and the use of City equipment without formal consideration, and without terms for compensating the City, is inconsistent with the arrangements the City has with other nonprofits using City owned real property at the Civic Center Complex.

In a June 14, 2019 memo to the Mayor and City Council, the City's Finance Director identified multiple leases to third-party nonprofit tenants at the Civic Center Complex totaling over 24,000 square feet. We found other nonprofits occupying Civic Center space were offered rents below what the market would demand, and the use of space was formally authorized and documented. These nonprofits also provided verification of insurance coverage.

2. Does the Mayor's Director of Education work for the City or Oakland Promise? Was the Mayor's Director of Education position authorized and implemented in accordance with City rules? How is this position funded? What are the costs to the City?

SUMMARY

The Mayor's Director of Education works for Oakland Promise and the position was separately funded by the Ed Fund and the City of Oakland through three different funding sources (See Exhibit 1).

When the Mayor's Office publicly announced the new Director of Education in June 2015, it was not an authorized City position. A person identified as the Mayor's Director of Education physically worked within the Mayor's Office but was employed by the Ed Fund. The terms for this arrangement were not formally developed or agreed upon by the City or the Ed Fund.

During fiscal year 2016-17, the Mayor's Office sought and received authorization from the City Council to add the position of the Mayor's Director of Education, and secured funding for it through a grant from the Ed Fund. The Ed Fund employee, who had already been identified as the Mayor's Director of Education, applied for the new City position and was subsequently hired to fill it. For fiscal years 2017-18 and 2018-19 (right after the Ed Fund grant expired in June 2017), the Mayor's Office secured funding for the position from the City's General-Purpose Fund through the City's biannual budget process.

Adding the Mayor's Director of Education position to the City's workforce has cost the City's General Purpose Fund \$704,374 as of November 7, 2019. The role was previously funded by the Ed Fund at no cost to the City.

The Mayor's Director of Education works for Oakland Promise

The Mayor's Director of Education works on behalf of Oakland Promise. This is apparent from public presentations, witness accounts, and job duties assigned to the Mayor's Director of Education between fiscal years 2015-16, through 2018-19. Yet, Mayor's Office did not specifically identify the Director of Education as an in-kind contribution to Oakland Promise until June 2019. This disclosure was made in a public report to the Joint City Council and Oakland Unified School District Education Partnership Committee.

Initially, the Mayor's Director of Education was not a City employee

Beginning in July 2015, the Mayor's Director of Education worked within the Mayor's Office as an Ed Fund employee. The City Council did not authorize this, and the City Administration did not formalize this arrangement with a written agreement such as a memorandum of understanding (MOU). This arrangement continued for 16 months, until November 2016, when the position was added to the City's workforce.

As Exhibit 1 shows, the position worked for the City of Oakland and the Ed Fund and was funded by three different sources: the Ed Fund, an Ed Fund grant, and the City’s General Purpose Fund.

Exhibit 1: The Mayor’s Director of Education has been an employee for 2 separate organizations and has been funded by three different sources

Employer (funding source)	July 2015- Nov. 2016	Nov. 2016 – Jun. 2017	July 2017 - Present
Ed Fund (Ed Fund)	16 months		
City of Oakland (Ed Fund grant)		8 months	
City of Oakland (General Purpose Fund)			28 months

Source: City Auditor’s summary based on review of financial records, payroll records, grant terms, and City budget documents.

Authorized and formal written agreements are essential for non-employees working within City departments

The arrangement in which an Ed Fund employee worked in the Mayor’s Office without a written agreement, contrasts with how the City has handled other non-employees working within City departments. For example, a City of Portland employee temporarily worked for the City of Oakland between December 2015 and June 2016 to help establish the City’s new Department of Race & Equity. In that case, the City Administration informed the City Council, which unanimously approved a resolution authorizing the City Administrator to enter into a MOU with the City of Portland. The MOU between Portland and Oakland included terms such as compensation, the handling of confidential information, liability issues, and insurance requirements.

A written agreement between the Ed Fund and the City would have provided clarity and transparency to the working arrangement and defined the terms, expectations, and risks for both parties. In addition, an agreement would have been useful in formally outlining the interests being promoted.

The Mayor’s Director of Education position was created and funded by a grant from the Ed Fund for much of Fiscal Year (FY) 2016-17

In September 2016 – three months into FY 2016-17 – the Mayor’s Office sought and received approval from the City Administration to add a new “limited duration grant-funded” City position with the title of “Mayor’s Director of Education.” On October 4, 2016, the City Council passed Resolution 86400, which officially authorized the City Administration to appropriate \$207,000 in grant funds from the Ed Fund to be used to fully fund the position for the remainder of fiscal year 2016-17. At this time, the Mayor’s Director of Education became an official City position. The Ed Fund employee who had previously been identified as the Mayor’s

Director of Education, subsequently applied for the position and was selected to fill it. This arrangement spanned eight months — November 2016 through June 2017.

Since FY 2017-18, the Mayor's Director of Education has been funded from the City's General Purpose Fund resulting in \$704,374 in personnel costs to date

The City Council authorized \$550,093 for the Mayor's Director of Education position in the 2017-19 Adopted Policy Budget through the City Council-approved biannual budget process. Funding for the position was not changed during the 2019-21 budget process, and the position continues to be funded from the General Purpose Fund.

City financial records show that the Mayor's Director of Education has accounted for \$704,374 in direct personnel-related costs from the City's General Purpose Fund between July 1, 2017 and November 7, 2019.

Other employees working for Oakland Promise in City Hall remained employees of Oakland Promise partner organizations.

3. How was Oakland Promise able to receive financial contributions when it was not a nonprofit organization?

SUMMARY

Oakland Promise’s nonprofit partner organizations received contributions directly. For example, the City of Oakland provided funding to the nonprofit organizations, EBCF and the Ed Fund, specifically for Oakland Promise programs (See Exhibit 3). In addition, between 2016 and 2019, the Ed Fund provided fiscal sponsorship for Oakland Promise, allowing the Ed Fund to receive and spend funds on behalf of Oakland Promise. These funding arrangements for Oakland Promise were legitimate.




To better understand the evolution of Oakland Promise and its multi-agency partnership, see Appendix A.

Initially, Oakland Promise was a multi-agency partnership

Oakland Promise was a multi-agency partnership that included the Mayor’s Office, OUSD, EBCF, the Ed Fund, and various other partners.

These individual organizations developed and implemented their own programs, and collaborated on some, including some Oakland Promise programs. Exhibit 2 details some of the organizations that were included in the Oakland Promise partnership, and the different Oakland Promise programs they individually and jointly implemented.

Exhibit 2: A partnership of nonprofits and government agencies led different Oakland Promise programs

Partner organization leads	Sector	Oakland Promise programs
Oakland Unified School District (OUSD)	 Public Education	K2College Future Centers*
East Bay College Fund (EBCF)	 Philanthropy	*College Scholarships and Completion College and Career Access and Success
Oakland Public Education Fund (Ed Fund)	 Philanthropy	Brilliant Baby *Future Centers *College Scholarships and Completion

Source: City Auditor’s summary based on program materials, memoranda, City financial records, and accounts of employees of Oakland Promise partner organizations.

***Note:** Some Oakland Promise programs were led by multiple organizations.

The Ed Fund was Oakland Promise’s fiscal sponsor, lending its status as a nonprofit organization and more

On October 13, 2016, The Ed Fund became a fiscal sponsor of Oakland Promise. The Ed Fund established a restricted account to receive charitable donations of cash and other property, and to make disbursements for Oakland Promise. The fiscal sponsorship agreement was critical to Oakland Promise’s evolution as it allowed Oakland Promise to receive and disburse funds on behalf of the project and retain employees to support each of its individual programs.

The fiscal sponsorship agreement also delegated oversight of program activities to the Project Administrator, who was the Ed Fund employee known as the Mayor’s Director of Education. Ultimately, Oakland Promise, as the sponsored project of the Ed Fund, was subject to the direction and oversight of the Ed Fund Board.

On June 30, 2018, an amended and restated fiscal sponsorship agreement was executed to clarify roles, amend the fee structure, and affirm the continued operation and fiscal sponsorship of the project. At this time, the “Oakland Promise” project was more formally defined in this fiscal sponsorship agreement as The Oakland Promise Leadership Council⁸ (OPLC), an unincorporated nonprofit association. This amended agreement stated the Ed Fund Board of Directors would delegate oversight of program activities to OPLC, subject to the ultimate direction and fiduciary responsibility of the Ed Fund Board. Additionally, the Ed Fund provided administrative, financial, human resources, and grant management services to OPLC for a fee. This fiscal sponsorship agreement with the Ed Fund was terminated effective June 30, 2019.

Oakland Promise is now a registered nonprofit organization

As of June 27, 2019, Oakland Promise is a registered nonprofit as a result of EBCF changing its name to Oakland Promise, modifying its articles of incorporation, and registering with the Secretary of State. The first Chief Executive Officer (CEO) for Oakland Promise assumed her position effective July 1, 2019.

⁸ Oakland Promise retained its name and was not replaced by the “Oakland Promise Leadership Council” outside of the formal fiscal sponsorship agreement.

4. What contributions has the City authorized and provided to Oakland Promise? How does the City's share of contributions to Oakland Promise compare to those of Oakland Promise's other partners?

SUMMARY

The City Council has separately authorized funding to Oakland Promise through the annual grant process for the Oakland Fund for Children and Youth (OFCY), and the City's biannual budget process.

Through the City's annual grant funding process, the City Council authorized \$1,518,054 of OFCY funding for Oakland Promise's "Brilliant Baby" and "College and Career Access and Success" programs between fiscal years 2016-17 and 2019-20. As of September 2019, the City has paid \$1,117,011 of these OFCY funds (See Exhibit 3).

Through the City's biannual budget process, the City Council authorized \$2,150,000 for Oakland Promise's "K2College" program from the City's General Purpose Fund between fiscal years 2016-17 and 2019-21. None of the authorized funding for "K2College" has been spent (See Exhibit 4).

The City's full contributions to Oakland Promise exceed those identified in public reports. The City contributed over \$4 million to Oakland Promise including in-kind contributions (See Exhibit 6).

Oakland Promise was structured as a multi-agency partnership with multiple agencies receiving and spending on Oakland Promise's behalf. We could not compare the City's total financial contributions to Oakland Promise against other agencies without identifying, receiving records and verifying all the individual partners related financial records.

The City authorized grant funding through the Oakland Fund for Children and Youth to Oakland Promise programs

For fiscal years 2016-17 through 2019-20, the City Council authorized funding for Oakland Promise's "Brilliant Baby" and "College and Career Access and Success" programs through OFCY's annual grant process. This funding respectively passed from the City directly to the Ed Fund and EBCF, which individually received funds on behalf of Oakland Promise programs through City Council-approved resolutions. Exhibit 3 details the amounts authorized and spent as recorded in the City's financial records.

Exhibit 3: Between fiscal years 2016-17 and 2019-20*, the City authorized \$1,518,054 from the Oakland Fund for Children and Youth to Oakland Promise programs, and made \$1,117,011 in payments

Fiscal year	EBCF "College & Career Access and Success"		Ed Fund "Brilliant Baby"		Total	
	authorized	spent	authorized	spent	authorized	spent
2016-17	\$213,000	\$210,001	\$133,800	\$127,400	\$346,800	\$337,401
2017-18	\$213,000	\$178,067	\$208,800	\$167,090	\$421,800	\$345,157
2018-19	\$219,390	\$219,388	\$215,064	\$215,064	\$434,454	\$434,452
2019-20*	\$0	\$0	\$315,000	\$0	\$315,000	\$0
Total	\$645,390	**\$607,457	\$872,664	\$509,554	\$1,518,054	**\$1,117,011

Source: City Auditor's summary of City Council-approved resolutions and City financial records

*Note: Fiscal year 2019-20 amounts reflect only part of the current fiscal year's financial records

**Note amounts are rounded up to the nearest dollar making totals minimally different from those in Oracle

The City Council allocated funding to Oakland Promise programs through the City's General Purpose Fund

Funding was authorized from the City's General Purpose Fund to Oakland Promise's "K2College" program through the City's biannual budget process for fiscal years 2016-17 through 2020-21. None of the "K2College" funding has been disbursed as disbursing these funds would have incurred fees in accordance with the fiscal sponsorship agreement. According to Oakland Promise's CEO, the City can disburse these funds to Oakland Promise, now that it is a nonprofit organization.

Exhibit 4: Between fiscal years 2016-17 and 2020-21, the City authorized \$2,150,000 from its General Purpose Fund to Oakland Promise's "K2College" Program

Fiscal Year	Authorized	Spent
2016-17	\$150,000	\$0
2017-18	\$500,000	\$0
2018-19	\$500,000	\$0
2019-20	\$500,000	\$0
2020-21	\$500,000	\$0
Total	\$2,150,000	\$0

Source: City Auditor's summary of information outlined in City budget documents and financial records

The City's full contributions to Oakland Promise exceed those identified in public reports

In August 2015, City Council passed Resolution 85751, authorizing the City Administrator to enter into a memorandum of understanding (MOU) with the East Bay College Fund to implement Oakland Promise. A memo issued from the Mayor to City Council initiating the MOU, stated that the "MOU has no cost implications to the City of Oakland."

It wasn't until June 2019, that a public report summarized the City's financial and in-kind contributions to Oakland Promise.

On June 17, 2019, the Mayor's Office reported contributions from the City of Oakland to Oakland Promise, to the Joint City Council and Oakland Unified School District Education Partnership Committee. The report (Exhibit 5) included the \$1.15 million in financial contributions the City had authorized for K2College between fiscal years 2016-17 and 2018-19.⁹ It also included the in-kind contributions of office space, office equipment, and the Mayor's Director of Education position that had not been previously authorized. The report did not associate any cost to the in-kind contributions. Additionally, the Mayor's Office did not include the \$1,518,054 in City financial contributions authorized through the annual OFCY grant process.

Exhibit 5: The June 2019 presentation of the City's contributions to Oakland Promise by the Mayor's Office

10. Show the direct and indirect financial contributions, including the use of office space, use of city resources (computer, phone, internet, etc.) for how many people, was rent paid? Show these direct & indirect contributions both from City and OUSD

Both the City of Oakland and Oakland Unified School District have been incredible supporters and partners of the Oakland Promise, providing direct dollars and other in-kind services. These include:

City of Oakland:

- \$1.15M total from 2016-19 for Kindergarten to College Program
- 11th Floor of City Hall Office Space from 2016-2018
- Desktop computers, phone, and internet service for approximately 5 Oakland Promise Staff (note: additional Oakland Promise staff had laptops purchased through philanthropically-funded dollars and used the free City of Oakland public wifi)
- Mayor's Director of Education funded by the City for 17-18 & 18-19 (note: the Governing Board and incoming CEO of Oakland Promise, not the Mayor's Director of Education, has decision-making authority on the Oakland Promise now and moving forward. The OUSD Superintendent, Mayor and Mayor's Director of Education are ex-officio non-voting members of the governing board.

Source: Screenshot from the June 6, 2019 informational report presented to the Joint City Council Oakland Unified School District Education Partnership Committee

⁹ On June 24, 2019 the City Council authorized an additional \$1 million from the General Purpose Fund to K2College during the 2019-2021 biannual budget process.

Exhibit 6: The City contributed over \$4 million to Oakland Promise including in-kind contributions

Contributions	Financial/In-kind	Amount
OFCY Brilliant Baby grant	Financial (authorized)	\$ 872,664
OFCY College & Career grant	Financial (authorized)	\$ 645,390
City General Fund for K2College	Financial (authorized)	\$ 2,150,000
Mayor's Director of Education	In-kind (unauthorized)	\$ 704,374
Office space and equipment*	In-kind (unauthorized)	<i>unknown</i>
Total Contributions		\$ 4,372,428

Source: City Auditor's summary of information outlined in City budget documents and financial records, and City Council-approved resolutions

*We did not estimate the value of the 11th floor work space and use of City equipment.

We could not compare the City's total share of Oakland Promise financial contributions to those of other partner organizations

Oakland Promise, as a multi-agency partnership, had contributions made to different partner organizations on its behalf. Therefore, without identifying, receiving records, and verifying all individual Oakland Promise-related financial records, we could not quantify the funds under management by the various partner agencies.

According to Oakland Promise's new CEO, the organization has compiled, and quantified financial transactions made to and by the Ed Fund on behalf of Oakland Promise throughout the years, and those contributions will be verified during an upcoming independent financial audit.

Recommendations

1. The Mayor and the City Administration should comply with the Municipal Code in providing space to other organizations.
2. The City Council should request the Administration to annually report on leases or other arrangements with organizations using City facilities. This report should include the level of subsidy these organizations are receiving from the City.
3. The City Council should develop a formal policy on appropriate justifications for allowing other organizations to use City facilities.
4. The City Council should establish a policy for non-City employees working at City facilities to have a formal agreement that protects the interests of both parties.
5. The City Council should develop a policy that establishes when in-kind contributions of personnel are appropriate. The policy should require such in-kind contributions be formally authorized in advance and any risk to the City appropriately addressed.

Methodology

After completing the preliminary review, the Office conducted an investigation to arrive at the findings and conclusions in this report. This work included:

- Reviewing memoranda of understanding, contracts, etc. related to the City's agreement with third-parties' use of space
- Reviewing the City Charter, City Municipal Code, and administrative procedures
- Reviewing the State Constitution
- Interviewing City staff members
- Interviewing members of the public
- Interviewing staff members of Oakland Promise and partner organizations
- Reviewing City financial records
- Reviewing news articles
- Reviewing relevant meetings of the City Council and committees, as well as related documents

Appendix A: The 5 Year Evolution of Oakland Promise



	Vision	Collaboration	Development	Registration
Milestones	<p>2014: Oakland Promise partnership began</p>	<p>2015: The Mayor’s Office became a strategic leader</p> <p>2015: MOU between City of Oakland and EBCF clarified roles and responsibilities</p>	<p>2016: Oakland Promise publicly launched with 4 programs: Brilliant Baby, K2College, Future Centers, College Scholarships and Completion</p> <p>2016: Fiscal sponsorship agreement defined the “Oakland Promise “project” and the Ed Fund agreed to receive assets and incur liabilities on behalf of Oakland Promise. Mayor’s Director of Education identified as “Project Administrator”</p> <p>2018: Fiscal sponsorship agreement amended. The Oakland Promise Leadership Council (OPLC) identified as “an unincorporated nonprofit association.” New fee schedule is posted</p>	<p>2019: Ed Fund transferred OP assets to EBCF</p> <p>2019: The fiscal sponsorship agreement with OPLC/Oakland Promise dissolves</p> <p>2019: EBCF changed name to “Oakland Promise”</p> <p>2019: “Oakland Promise” became a registered nonprofit organization</p>
Cross-sector partners	<p>OUSD EBCF</p>	<p>OUSD EBCF Ed Fund Mayor’s Office</p>	<p>OUSD EBCF Ed Fund Mayor’s Office</p>	<p>OUSD EBCF Ed Fund Mayor’s Office Oakland Promise nonprofit org</p>
Partners that could receive City money and carry out programs	<p>EBCF</p>	<p>EBCF</p>	<p>EBCF Ed Fund</p>	<p>EBCF Ed Fund Oakland Promise nonprofit org</p>

Source: City Auditor’s summary based on program materials, memoranda, financial sponsorship agreements, legal filings, and accounts of employees of Oakland Promise’s partner organizations.



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