



CITY OF OAKLAND

AGENDA REPORT

TO: Elizabeth Lake
Acting City Administrator

FROM: Monica Elise Davis
Deputy City Administrator

SUBJECT: One Year Update To FY 2026-30
Oakland Roadmap

DATE: June 30, 2026

City Administrator Approval


Betsy Lake (Jul 2, 2026 07:13:06 PDT)

Date: Jul 2, 2026

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On The One Year Update To The Fiscal Year 2026-30 Oakland Roadmap To Fiscal Health, A Plan To Address Mid- And Long-Term City Financial Challenges.

EXECUTIVE SUMMARY

On July 15, 2025 the City Council received an informational report on the [Fiscal Year 2026–30 Oakland Roadmap to Fiscal Health](#) (Roadmap), a report that outlines actions required to meet these challenges and restore the City to financial and operational health. This report provides an update on the progress made by the City to meet those goals presented in the plan.

BACKGROUND / LEGISLATIVE HISTORY

On May 15, 2018, the City Council approved an amended Consolidated Fiscal Policy ([Ordinance No. 13487 C.M.S.](#)), which directs staff to prepare a Five-Year Financial Forecast as part of each biennial budget development cycle. In accordance with this requirement, the most recent Five-Year Financial Forecast was presented to the Finance and Management Committee on May 27, 2025, and was subsequently received and filed by the City Council on June 3, 2025.

The Forecast identifies significant fiscal challenges projected through Fiscal Years (FY) 2029-30. While the City's Adopted Budget for FY 2026-27 addresses a portion of these anticipated shortfalls, substantial financial pressures are expected to continue in subsequent fiscal years. In response, the City Administrator has developed the Oakland Roadmap to Fiscal Health (Roadmap), a supplemental report that outlines actions necessary to meet these long-term challenges and restore the City's financial and operational stability.

The Roadmap builds upon strategies initially introduced in the budget balancing report presented to the City Council on December 17, 2024. It further refines those strategies and proposes a three-year plan to address the City's projected mid- and long-term fiscal gaps.

Finance and Management Committee
July 14, 2026

ANALYSIS AND POLICY ALTERNATIVES

This report advances the Citywide priority of a responsive, trustworthy government by delivering current financial data, outward projections, and future proposed financial strategies, increasing transparency and empowering residents, stakeholders, and decision-makers with insights into the City's fiscal health and initiatives to support prudent financial planning for future years.

The Five-Year Forecast projects persistent shortfalls of approximately \$130 million in the General Purpose Fund (GPF) for FY 2025-26 through FY 2030-31, driven by rising expenditures outpacing modest revenue growth during this period. As a result, the City Administrator has proposed a set of strategic initiatives to address these financial challenges and restore the City to fiscal health, outlined in the Roadmap. See (***Attachment A: Oakland Roadmap to Fiscal Health One-Year Update***).

Over the last year, the City has taken steps to improve City services by meeting voter-mandated service levels and improving performance management practices. Although these efforts are ongoing and will continue to be improved through better practices over the coming years, the FY 2026-27 Midcycle Adopted budget continues to support the City's long-term financial goals.

RELATED PLANNING EFFORTS

This agenda item supports multiple Strategic Priorities outlined in the City's 2025–2028 Strategic Plan. Specifically, the ongoing work under the Roadmap to Fiscal Health aligns with the following Strategic Priorities:

1. Streamline Operations

The Roadmap advances several initiatives designed to strengthen operational efficiency, including efforts to modernize revenue collection systems, streamline permitting and regulatory processes, improve procurement and contracting practices, and develop long-term plans for infrastructure, fleet, and system investments. These initiatives support more efficient, less resource-intensive operations across City departments.

2. Foster Cross-Department Collaboration

The coordinated approach to achieving structural balance, meeting voter-mandated staffing and service levels, and preparing contingency plans for federal and state funding relies on extensive cross-departmental collaboration. This includes Finance, Human Resources, City Administrator's Office, Public Works, Planning and Building, and Economic & Workforce Development, all working collectively to advance shared fiscal objectives.

3. Enhance Communication & Coordination

The Roadmap incorporates ongoing monitoring, updates, and reporting to the Mayor, City Council, and the public. The work to evaluate federal and state funding risks, maintain

inventories of grant-supported programs, and coordinate with Alameda County and the Oakland Unified School District further supports this priority.

4. Optimize Workforce Management

Work underway to meet voter-mandated staffing levels, align staffing plans with service delivery requirements, and evaluate long-term strategies to manage pension and benefit costs directly supports workforce optimization. These efforts help ensure sustainable staffing models and long-term workforce planning.

5. Align Budget with Citywide Priorities

Maintaining structural balance, addressing long-term pension and benefit obligations, strengthening revenue collection, and evaluating new revenue options all support aligning the City's budget with core service priorities. The development of multi-year capital and system investment plans also ensures that budget decisions are strategically tied to long-term needs.

FISCAL IMPACT

Pursuit of the Roadmap will allow the City to comply with the Consolidated Fiscal Policy ([Ordinance No. 13487 C.M.S.](#)), as well as applicable provisions of the City Charter and voter-approved ballot measures. Implementation of the Roadmap will also support compliance with the terms and fiscal requirements of the City's Memoranda of Understanding with the Oakland Police and Fire Departments.

PUBLIC OUTREACH / INTEREST

The midcycle budget development process included various opportunities for community input, and that input was also considered in the development of this Roadmap. Additionally, a more concerted discussion with Measure advocates was held to solicit feedback as it relates to this Roadmap.

COORDINATION

This item was prepared in coordination with the Finance Department, Economic and Workforce Development, Planning and Building, and the City Administrator's office.

RACE AND EQUITY

This report does not directly impact race and equity but does support the long-term ability to fund and support affordable housing and homelessness, jobs and economy, public safety and violence prevention, and clean, healthy and sustainable neighborhoods, all of which have equity considerations.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That City Council Receive An Informational Report On The One Year Update To The FY 2026-30 Oakland Roadmap To Fiscal Health, A Plan To Address Mid- And Long-Term City Financial Challenges.

For questions regarding this report, please contact Monica Elise Davis, City Administrator's Office, at 510-495-4810 or Bradley Johnson, Finance Department, at (510) 207-5730.

Respectfully submitted,



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Attachments (1):

A: Oakland Roadmap to Fiscal Health One-Year Update

Oakland Roadmap to Fiscal Health One-Year Update

Following the City of Oakland's presentation of its initial Roadmap to Fiscal Health in December 2024, the City has advanced key initiatives that strengthen its financial foundation and set the stage for the next phase of long-term fiscal transformation. This July 14, 2026 update highlights progress made to date and outlines the strategies now underway to enhance fiscal resilience, modernize fiscal operations, and support sustainable service delivery.

1. Establish a fiscal health executive team to manage these financial initiatives.

A fiscal health executive team has been established to direct and coordinate the City's fiscal initiatives. This team is charged with overseeing the implementation of the plan's strategic projects, monitoring progress across all related efforts, and providing regular reports to the Mayor, the City Council, and the public.

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

The Fiscal Year 2026-27 Adopted Midcycle budget continues to support the City's long-term financial stability by keeping ongoing General Purpose Fund balance expenses better aligned with ongoing revenues. This budget limits the use of General Purpose Fund balance, by using conservative revenue forecasts, and closely monitoring the budget throughout the year. Recent Council amendments also reinforce this approach by supporting balanced solutions that do not rely on one-time resources.

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

One of the key budget proposals was to diversify city revenues and avoid additional service reductions through an additional \$40 million voter adopted tax proposal. The Oakland Public Safety, Cleanliness, and Accountability Act of 2026 (Measure E) went to ballot on June 2, 2026, but was rejected by voters. Although it did not pass, the Revenue team continues to evaluate other revenue options.

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

Oakland voters have established minimum staffing and service levels for several City services, including police, fire, library, park, and select oversight functions and that phased plans would be developed to meet these requirements. Through the Mayor's Fiscal Year 2026-27 Proposed Budget and the City Council's budget amendments, the recently adopted Fiscal Year 2026-27 Midcycle Budget now meets the requirements for Measure Q/C Library Services Retention and Enhancement, Measure Q OPR Preservation, Litter Reduction, and Homelessness Support, and the City Auditor's minimum staffing requirement as per the City Charter Section 403(4). Work continues toward meeting the remaining requirements under Measure NN the Oakland Community Violence Reduction and Emergency Response Act of 2024, and Measure W Democracy Dollars. The City is targeting Fiscal Year 2030-31, or Earlier if feasible in order to achieve full compliance.

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 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 is 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.

Recognizing the continued uncertainty surrounding federal and state funding, the City Administrator's Office continues to monitor emerging fiscal risks and identify strategies that could strengthen the City's preparedness for potential revenue reductions and improve long-term fiscal resilience. As federal and state budget actions continue to evolve, the following activities are underway or may be considered as part of future budget and operational planning efforts:

- Develop and maintain a comprehensive inventory of discretionary federal and state grant-funded programs to identify funding dependencies, award periods, and programs that may be at greatest risk should external funding be reduced, delayed, or rescinded.
- As part of ongoing monitoring efforts, the Citywide Grants Coordinator regularly requests updates from departments regarding actual or anticipated impacts to federally funded programs. Departments are also asked to assess each federally funded grant based on the potential impact that a reduction, delay, or loss of funding would have on departmental operations, cash flow, and service delivery by categorizing each grant as High, Moderate, or Low Fiscal Impact. This information supports the City's ongoing assessment of potential fiscal exposure related to federal grant funding.
- Evaluate citywide services supported by discretionary external funding to better understand operational impacts and identify opportunities to prioritize essential municipal services in the event of funding reductions.
- Evaluate opportunities to align or coordinate programs with Alameda County, Oakland Unified School District, and other governmental or community partners where shared service delivery may improve efficiency, reduce duplication, or maximize available resources.

- Continue coordinating with the City Attorney's Office to monitor federal executive orders, pending litigation, and evolving legal developments that may affect federal funding eligibility or result in the reduction, withholding, or potential claw back of federal grant funds, including funding associated with immigration-related executive actions. This coordination supports the City's ongoing assessment of potential fiscal risks.
- Identify opportunities to diversify funding sources through competitive grant opportunities, philanthropic partnerships, public-private collaborations, and other non-General Fund revenue sources to enhance the long-term sustainability of City programs and services.

The City Administrator's Office will continue monitoring federal and state budget developments, assessing potential fiscal impacts, and evaluating contingency strategies as additional information becomes available. Recommendations for implementation and any necessary mitigation measures will be incorporated into future budget discussions and fiscal planning efforts, as appropriate.

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

The previous report emphasized the importance of reviewing and strengthening the City's fiscal policies as a core component of sound financial management, including a comprehensive evaluation of the City's Consolidated Fiscal Policy by October 2026. Consistent with that direction, this work is currently underway. The City Administrator's Office is assessing the existing policy to identify areas where updates can better support long-term financial sustainability and align with best practices. This review will continue through the summer, with an updated recommendation anticipated in the fall October 2026.

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 of informing 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 remains core with the City's financial stability. The City has made significant progress in strengthening its revenue collection efforts, including the successful onboarding of a new Finance Director, a new Revenue and Tax

Administrator, and an additional employee dedicated to delinquent revenue collection. Efforts to enhance communication and collaboration within the Revenue Bureau and to reinstate the business tax public outreach program are ongoing. Outreach efforts have included mailing more than 75,000 informational postcards to property owners, including commercial, residential, and industrial properties, who were not registered in the City's business tax database, utilizing billboard advertising to increase public awareness, and participating in community events to educate businesses and residents about tax and revenue requirements.

Within the Revenue Bureau, ongoing efforts are focused on strengthening the administration and collection of the City's business tax and vacant property tax. At the same time, enhanced coordination with other City departments continues to improve the collection of fees and fines related to illegal dumping, fire inspections, and code enforcement. The City also completed a comprehensive review and update of the Master Fee Schedule for the following fiscal year.

The City continues to evaluate opportunities to modernize and automate its collections process, including the potential procurement and implementation of a new collections system. In the meantime, staff continue to improve existing collection practices and processes. These initiatives are ongoing and will continue through 2028.

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

Focused economic development is core to providing opportunities for all Oaklanders while fortifying the revenue base needed to support quality city services. To this end, the City prepared the 2025-2029 Economic Development Action Plan, which was presented to Council in September 2025. The plan sets goals to 1) attract and grow key industries; 2) sustain and support businesses; 3) build Oakland's workforce; 4) invest in places; and 5) support Oakland's artistic, cultural, and social activities. The Economic and Workforce Development Department (EWD) Team is now in implementation mode and will be providing a focused update to the Community and Economic Development Committee and City Council in Fall 2026. Updates to EWD's Special Event and Entertainment Venue permitting process are planned for Fall 2026.

To support the implementation of strategies outlined in the plan, multiple City Departments (Planning and Building Department and EWD) are focused on a set of regulatory reform and process improvement initiatives. Planning and Building Department (PBD) has expanded "By Right" Commercial Development citywide, removing the requirement for Conditional Use Permits for several categories of storefront businesses.

This change has reduced permitting timelines significantly—from an average of 10 months to less than two weeks. PBD has also expanded "By Right" Residential Development by eliminating discretionary Design Review for multi-family housing projects of up to 30 units, reducing processing times from an average of 7 months to approximately 2 months. As PBD advances into Phase 2 of the General Plan update, additional opportunities will emerge to: amend the planning code; further streamline the entitlement phase; and accelerate review of housing and other development projects.

PBD has reorganized the permit counter into a hybrid model, offering Monday–Thursday in-person walk-ins and appointments, along with virtual appointments Monday–Friday. We also launched new standalone online applications that are significantly reducing review times for more complex permit types such as business-license zoning, new multifamily and commercial construction, ADUs, and minor design review. PBD is now working to add Express Residential and new SFD/duplex permit to our standalone online roster, while continuing progress on a unified, planning-to-building “one-stop” application, Accela-integrated electronic plan review, direct online Accela requests for post-issuance revisions, and public dashboards that display key performance metrics.

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 continues to work toward implementing a new citywide performance management program, including establishing efficiency and outcome performance measures for all city departments for inclusion in the next biennial budget, proposed to Council in May 2027.