


City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION SUSPENDING CONTRIBUTIONS TO THE OTHER POST-EMPLOYMENT BENEFITS TRUST FOR FISCAL YEARS 2019-20 AND 2020-21 PURSUANT TO SECTION 5 OF THE CITY OF OAKLAND OTHER POST-EMPLOYMENT BENEFITS FUNDING POLICY (RESOLUTION NO. 87551 C.M.S.)

WHEREAS, on March 4, 2020, Gavin Newsom, Governor of the State of California, proclaimed a state of emergency to exist in California as a result of the threat of COVID-19 (Proclamation of State of Emergency, March 4, 2020); and

WHEREAS, on March 16, 2020, in response to the COVID-19 pandemic, Alameda County issued a “shelter-in-place” order effective March 17, 2020 – April 7, 2020, directing individuals to stay at home except to provide or receive essential services; and

WHEREAS, on March 19, 2020, Governor Newsom issued Executive Order N-33-20, directing individuals to stay at home except as needed to maintain continuity of operations of the federal critical infrastructure sectors; and

WHEREAS, on March 31, 2020, Alameda County issued Order No. 20-04, which clarified, strengthened and extended the March 16, 2020 shelter-in-place order through May 3, 2020; and

WHEREAS, on April 29, 2020, Alameda County issued Order No. 20-10, which extended the shelter-in-place order through May 31, 2020; and

WHEREAS, General Purpose Fund revenue projections in the City’s Fiscal Year (FY) 2019-20 Adopted Budget are \$655.13 million; and

WHEREAS, as a result of the COVID-19 crisis, FY 2019-20 General Purpose Fund revenues are now projected to be \$640.62 million, which is \$14.51 million less than the revenue projections in the FY 2019-20 Adopted Budget; and

WHEREAS, FY 2019-20 expenditures are expected to be \$666.79 million, resulting in a projected operating budget shortfall of \$26.17 million in FY 2019-20; and

WHEREAS, FY 2020-21 General Purpose Fund revenues are projected to be \$646.23 million; and

WHEREAS, FY 2020-21 General Purpose Fund expenditures are budgeted at \$684.55 million, resulting in a projected operating budget shortfall of approximately \$38.32 million in FY 2020-21; and

WHEREAS, on February 26, 2019, City Council adopted the Other Post-Employment Benefits Funding Policy (Resolution No. 87551 C.M.S.); and

WHEREAS, Section 5.2 of the Other Post-Employment Benefits (“OPEB”) Funding Policy requires the City to contribute 2.5% of payroll above pay-go into the OPEB Trust on an annual basis until the liability associated with the explicit subsidy is fully funded; and

WHEREAS, Section 5.3 of the Other Post-Employment Benefits Funding Policy allows the City to temporarily reduce or defer its supplemental payments above pay-go by City Council resolution in the event of a severe economic downturn; and

WHEREAS, Section 5.3 of the Other Post-Employment Benefits Funding Policy defines severe downturn as a fiscal year in which aggregate General Purpose revenues are projected to be negative and/or less than 50% of forecast growth in the Consumer Price Index for the ensuing fiscal year; and

WHEREAS, the COVID-19 crisis has caused a severe economic downturn resulting in projected deficits in the City’s FY 2019-20 and FY 2020-21 budgets; now, therefore be it

RESOLVED, that the City Council finds and determines that the foregoing recitals are true and correct; and be it

FURTHER RESOLVED, that the City Council hereby authorizes the suspension of contributions into the OPEB Trust for FY 2019-20 and FY 2020-21 to balance the budget and maintain existing services in light of the adverse financial conditions caused by the COVID-19 crisis.

2938589v1

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California