CITY OF OAKLAND

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RECOMMENDATION

Staff Recommends The Approval Of This Resolution To Place A Proposed Charter Change On The June 02, 2026 Primary Election Ballot For The City Of Oakland. The Proposed Ballot Measure Would Revise Section 2601 Of The City Of Oakland Charter To Expand Eligibility Of The Police And Fire Retirement System Board Members And To Reduce The Meeting Frequency To No Less Than Quarterly.

EXECUTIVE SUMMARY

This legislation would amend Section 2601 of the City Charter to allow the Oakland Police and Fire Retirement System Board to reduce the frequency of mandatory meetings and expand eligibility to serve on the Board, as recommended and approved by the Oakland Police and Fire Retirement Board.

BACKGROUND / LEGISLATIVE HISTORY

The Oakland Police and Fire Retirement System (the "PFRS System") is a closed defined benefit plan established in 1951 by the City of Oakland's (the "City") Charter. PFRS covers the City's sworn police and fire employees hired prior to July 1, 1976, who chose not to transfer to CalPERS. PFRS was closed to new members on June 30,1976. PFRS provides for the payment of retirement allowances, disability, and death benefits to its members and their beneficiaries. The PFRS System is governed by a board of seven trustees: the Mayor or his/her designee, three Mayoral appointees approved by the City Council, an elected retired member of the Police Department, an elected retired member from the Fire Department, and an elected retired member position which alternates between the Police Department and Fire Department membership. Trustees receive no compensation.

On June 8, 1976, the voters of the City approved Measure R, a Charter amendment to the Retirement Law, which (as later amended) modified the City Charter to close the System.
On August 4, 1981, the Council passed Resolution 59916 C.M.S. authorizing a property tax within the City of Oakland and designating 0.1530 percent for a "1981 Pension Liability Fund" for the purpose of funding the City's obligations to the System. By resolution passed on March 02, 1982, the Council created the 1981 Pension Liability Fund.

On June 7, 1988, more than two-thirds of the qualified voters of the City approved Measure O to provide for an extension of the contribution period for funding Police/Fire retirement liabilities from the year 2016 to the year 2026.

In November 2006, City voters passed Measure M to modify the City Charter to allow the PFRS Board to invest in non-dividend paying stocks and to switch the asset allocation structure from 50% equities and 50% fixed income to the Prudent Person Standard as defined by the California Constitution.

As of the latest actuarial valuation dated July 01, 2024, the PFRS Funded Ratio (market value of assets divided by present value of future benefits) is 90.6 percent on a Market Value of Assets (MVA) basis.

On October 29, 2025, at a regular meeting of the PFRS, the Board reviewed a draft of the proposed amendments to Charter section 2601 and voted to forward the proposed amendments to the City Council for approval to place on the June 2, 2026 ballot for the City of Oakland.

ANALYSIS AND POLICY ALTERNATIVES

The PFRS System is governed by a board of seven trustees (the "PFRS Board"): the Mayor or his/her designee, three Mayoral appointees approved by the City Council, an elected retired member of the Police Department, an elected retired member from the Fire Department, and an elected retired member position which alternates between the Police Department and Fire Department membership. Trustees receive no compensation.

PFRS Board Membership

Three of the Board Members are elected from the membership of the System. As of June 30, 2025, PFRS had 597 retired members and no active members. The average age of the membership is 81, as shown in ***Table 1*** *below*. Since all members of the System are retired, many no longer live in the Bay Area and/or reside in nursing homes. The PFRS Board is governed by California's open meeting law (the Ralph M. Brown Act) and members of the PFRS Board are generally expected, with limited exceptions, to participate in and attend PFRS Board meetings in person, in Oakland, California. Moreover, the PFRS Board cannot execute its duties unless a quorum of the Board is in attendance at a meeting. Due to the age and dispersed demographics of the membership, the PFRS Board may soon be unable to find members of the System able to agree to the in-person meeting requirements to serve on the Board and achieving quorum will become difficult. The PFRS Board seeks to expand the eligibility of the Board to account for its aging membership and to allow the membership to continue to be able to identify candidates willing and eligible to serve on the Board in future years. Accordingly, the Board is seeking a modification to the Charter to allow for the Members to have the option to elect someone who is not a member of the System, if no Retiree is able to serve on the Board that is otherwise eligible for the open seat. All Board members will continue to serve without compensation.

Table 1
PFRS Membership
as of June 30, 2025

	Count	Avg. Age
Police	371	81
Fire	226	83
Total Membership	597	81

Frequency of PFRS' Board Meetings

Section 2601 (b) of the Oakland Charter requires that the PFRS Board meet on a ***monthly*** basis. However, the majority of the critical investment and actuary reports required to make decisions are produced on a quarterly and/or annual basis. Per Section 2619 (6) of the Oakland Charter, the City is required to actuarially fund all liabilities for future benefits for all PFRS members by July 1, 2026. The System is on schedule to meet this deadline. The PFRS Board is seeking the option to reduce potential costs to the System by not facilitating Board meetings deemed non-essential to conduct regular business. As such, the Board is seeking a modification to the Charter to allow for the Board to meet ***no less than quarterly***. This amendment would provide more flexibility and discretion of the board in setting meetings and to account for a likely reduced need for monthly meetings as the PFRS fund heads towards full funding as determined by an actuary. The Board will still have the option to meet monthly if needed.

FISCAL IMPACT

There are no costs or budget implications associated with the proposed Charter changes.

PUBLIC OUTREACH / INTEREST

The City of Oakland PFRS Board and staff worked with the Retiree representation: the Retiree Police Union, Retirement Oakland Police Officer's Association (ROPOA); and the Retiree Fire Union, the Oakland Firefighters Local 55 - International Association of Fire Fighters (Local 55).

COORDINATION

This report was prepared in coordination with the PFRS Board, City Staff and the City Attorney's office.

SUSTAINABLE OPPORTUNITIES

Economic: Whenever possible, the PFRS Board seeks to benefit the local Oakland-based economy. In 2006, the PFRS Board, along with staff, created the PFRS Local Broker provision. This provision mandates that the PFRS Investment Managers consider using Oakland-based brokers for all trades conducted on behalf of the fund based on best execution. This program aims to regenerate some of the commissions generated by the System into the Oakland economy.
Environmental*:* The PFRS Board supports a sustainable environment. On June 29, 2016, the PFRS Board passed Resolution No. 6927 prohibiting PFRS investment managers from investing PFRS funds in any publicly traded company which derives at least 50 percent of its revenue from the mining and extracting of thermal coal.
Race & Equity*:* There are no race and equity opportunities associated with this report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Pass a Resolution on the Council's own motion submitting the ballot measure to amend Oakland Charter section 2601 to the voters to be consolidated with the June 02, 2026, statewide primary election.

For questions regarding this report, please contact Zac Unger, District 1 Councilmember, at (510) 238-7001.

Respectfully submitted,

Zac Unger
District 1 Councilmember

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Attachments (1): Oakland City Council Resolution No. XX C.M.S. (Draft Ballot Measure Resolution)