

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION:

- 1. Authorizing The Use Of One-Time Revenues To Balance The Fiscal Years 2024-25 Midcycle Budget Pursuant To Section 1, Part D Of The City Of Oakland Consolidated Fiscal Policy (Ordinance No. 13487 C.M.S.)**
- 2. Revising Definitions For The Increasingly Severe States Of “Adverse Financial Condition,” “Extreme Fiscal Necessity,” And “Fiscal Crisis Or Fiscal Emergency”**
- 3. Declaring The Existence Of A Severe And Unanticipated Financial Event That Has Adversely Impacted The General Purpose Fund Such That The City Is Unable To Budget For The Library’s General Purpose Fund Appropriation At The Required Minimum Amount Of \$12,992,267 Pursuant To The “The 2018 Oakland Public Library Preservation Act”. (Measure D)**
- 4. Declaring The Existence Of A Severe And Unanticipated Financial Event That Has Adversely Impacted The General Purpose Fund Such That The City Is Unable To Budget For The Library’s General Purpose Fund Appropriation At The Required Minimum Amount Of \$14,500,000 Pursuant To The Library Services Retention And Enhancement Act Of 1994 As Reapproved In 2022 (Measure C)**
- 5. Declaring A State Of Extreme Fiscal Necessity, To Provide For The Temporary Suspension Of The ‘Park Maintenance’ Maintenance Of Effort Requirements, Pursuant To Section 4 Of “The 2020 Oakland Parks And Recreation Preservation, Litter Reduction, And Homelessness Support Act (Measure Q)**

6. **Declaring A State Of Extreme Fiscal Necessity For The Biennial Budget, Allowing For The Minimum Budget Set-Aside For Public Campaign Financing To Be Suspended, Pursuant To The Oakland Fair Elections Act, Ballot Measure (Measure W)**
7. **Declaring A State Of Extreme Fiscal Necessity For The Biennial Budget, Allowing For The City Auditor Minimum Staffing Budget Set-Aside To Be Suspended, For A Two-Year Budget Cycle, Pursuant To The Government Reform Charter Amendment Of 2022, (Measure X)**
8. **Declaring The Existence Of Severe And Unanticipated Financial Event That Has Adversely Impacted The General Purpose Fund Such That The City In Unable To Budget At The Required Minimum Number Of 678 Sworn Police Personnel Pursuant “The Violence Prevention And Public Safety Act Of 2014” (Measure Z)**

WHEREAS, the City’s local economy and ongoing tax and fee revenues were severely and negatively impacted by the COVID-19 pandemic causing an ongoing reduction to available resources; and

WHEREAS, the current high inflation and high interest rate environment is further negatively impacting City revenues; and

WHEREAS, the City Council desires to provide to the residents the highest service level possible with existing ongoing and one-time revenues; and

WHEREAS, on May 15, 2018, the Consolidated Fiscal Policy was amended to establish and modify the financial policies and budgeting practices of the City of Oakland (Ordinance No. 13487 C.M.S.); and

WHEREAS, the Consolidated Fiscal Policy sets forth, among other things, guidelines for the use of one-time revenues; and

WHEREAS, Section 1, Part D of the Consolidated Fiscal Policy provides that the use of unrestricted one-time revenues for any purpose other than those set forth in Part D must be authorized by City Council resolution; and

WHEREAS, it is necessary to use approximately \$107 million in one-time revenues to fund ongoing expenses in the General Purpose Fund and \$77 million in one-time revenues to fund ongoing expenses in the Non General Purpose Funds in order to balance the FY 2024-25 Midcycle Budget;

WHEREAS, the City Council requested clarification on the definitions of “Adverse Fiscal Condition” and “Extreme Fiscal Necessity” that were initially approved as part of the Resolution 89803 C.M.S.; and be it

WHEREAS, providing clear definitions for the various levels of fiscal stress that the City of Oakland may experience will improve transparency and clarity of the City financial condition; and

WHEREAS, City Charter section 403(4) provides that “[e]ffective July 2023, the budget for the Office of the City Auditor shall be sufficient to hire at least fourteen full-time equivalent (‘FTE’) employees of relevant classifications.”, and further provides that “[t]he minimum staffing budget set-aside may be suspended, for a fiscal year or two-year budget cycle, upon a finding in the budget resolution that the City is facing an extreme fiscal necessity, as defined by City Council resolution or ordinance.”; and

WHEREAS, City Charter section 603(g)(2) mandates a minimum staffing budget for the Public Ethics Commission and allows the Council to suspend the minimum staffing budget set-aside for a fiscal year or a two-year budget cycle, upon a finding in the budget resolution that the City is facing an extreme fiscal necessity, as defined by City Council resolution; and

WHEREAS, City Charter section 604(e)(2) mandates a minimum staffing budget for the Police Commission and Community Police Review Agency and allows the Council to suspend the minimum staffing budget set-aside for the Agency Attorneys for a fiscal year or two-year budget cycle, upon a finding in the budget resolution that the City is facing an extreme fiscal necessity as defined by City Council resolution; and

WHEREAS, Section 3.15.060(E) of the Oakland Fair Elections Act (codified as Oakland Municipal Code Chapter 3.15) which the voters passed in November 2022 election, mandates a minimum budget set aside for the Oakland Democracy Dollars Fund (“Fund”) and for non-staff costs for the Public Ethics Commission to administer the Fund, and allows the Council to suspend the aforesaid minimum budget set-asides for a fiscal year or two-year budget cycle, upon a finding in the budget resolution that the City is facing an extreme fiscal necessity as defined by City Council resolution, provided that the suspension is part of general reduction in expenditures across multiple departments; and

WHEREAS, in light of the extreme fiscal necessity the City is facing, the Council has determined it will be necessary to suspend the Charter-mandated minimum budget set-asides for the FY 2024-2025 budget cycle for the (1) Office of the City Auditor, (2) the Public Ethics Commission, (3) the Democracy Dollars Fund and non-staff costs for the PEC to administer the Democracy Dollars Program, and (4) Agency Attorneys for the Police Commission/Community Police Review Agency; and

WHEREAS, The Library Services Retention and Enhancement Act (Measure C) passed by the voters in 2022 requires the declaration of the existence of a severe and unanticipated financial event that has adversely impacted the General Purpose Fund (GPF) in order to waive the GPF maintenance of effort requirement of \$14.5 million annually; and

WHEREAS, The 2018 Oakland Public Library Preservation Act (Measure D) passed by the voters in 2018 requires the declaration of the existence of a severe and unanticipated financial event that has adversely impacted the General Purpose Fund (GPF) in order to waive the GPF maintenance of effort requirement of \$12,992,267 annually; and

WHEREAS, The 2020 Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act (Measure Q) passed by the voters in 2020 requires the declaration of a state of extreme fiscal necessity, to provide for the temporary suspension of the 'Park Maintenance' maintenance of effort requirements, pursuant to Section 4; and

WHEREAS, The Violence Prevention and Public Safety Act of 2014 (Measure Z) requires the declaration of the existence of severe and unanticipated financial event that has adversely impacted the General Purpose Fund such that the City is unable to budget at the required minimum number of 678 sworn police personnel; and

WHEREAS, Oakland Fair Elections Act, ballot measure (Measure W), passed by the voters in 2022 requires the declaration of a state of extreme fiscal necessity to allow City Council to suspend the minimum budget set-aside for Public Campaign Financing; and

WHEREAS, Oakland Fair Elections Act, ballot measure (Measure W), passed by the voters in 2022 requires the declaration of a state of extreme fiscal necessity, to allow the minimum staffing budget set-aside to be suspended, for a two-year budget cycle; 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 use of \$107 million in one-time revenues to fund ongoing expenses in the General Purpose Fund and \$77 million in one-time revenues to fund ongoing expenses in the Non General Purpose Funds in order to balance the FY 2024-25 Midcycle Budget; and be it

FURTHER RESOLVED, That the City plans to return to using one-time revenues for the purposes set forth in Section 1, Part D of the Consolidated Fiscal Policy once the City's revenues have recovered and the City undertakes a concerted fiscal planning process to address long term sustainability of services; and be it

FURTHER RESOLVED, That the City Council adopts the following revised definition for Adverse Financial Condition: “The first stage of financial uncertainty, when there is an actual or projected deficit that exceeds 5% (but less than 10%) of the current fiscal year’s adopted budget, or in years when the City forecasts significant service reductions to existing service levels such that the implementation of a hiring freeze, or the enforcement of cost savings measures to prevent a significant decrease in essential services, are contemplated due to adverse financial conditions, use of the Vital Services Stabilization Fund “Rainy Day Fund” must be considered to maintain existing services. A significant decrease in essential services is defined as a level of reduction that may result in adjustments to service delivery methods, increased wait time, or minor disruptions to non-essential services, but essential services remain largely operational.”; and be it

FURTHER RESOLVED, That the City Council adopts the following revised definition for Extreme Fiscal Necessity: “An intervening step of fiscal austerity, such as when total projected General Purpose Fund revenues will be less than the current year’s revenues, where there is an actual or projected reduction in total General Purpose Fund revenues, or when expenditure growth dramatically outpaces revenue growth, or when there is an actual or projected deficit exceeding 10% of the current fiscal year’s adopted budget. It is the lessor of a catastrophic situation where the City entity would need to suspend provisions of local laws related to enhanced public services, such as Maintenance of Effort provisions or to prevent a dramatic decrease in essential services, relating to health, safety, and welfare; may include using Vital Services Stabilization Fund “Rainy Day Funds” , suspension of Use of One-time Revenues policy, or suspension of accelerated liability repayments, or layoffs to achieve cost savings must be considered in order to sustain City Services but short of accessing emergency reserve monies. A dramatic reduction is defined as a more pronounced decrease in City services characterized by substantial disruptions or limitation in service availability which may result in layoffs, and service closures to essential services that lead to noticeable hardships for residents and businesses.”; and be it

FURTHER RESOLVED, That the City Council adopts the following definition for Fiscal Crisis or Fiscal Emergency: “Generally, the last and most severe stage of a governmental entity’s financial solvency problems an unusual, unanticipated and seemingly insurmountable event or hardship of the City, one such as a natural disaster, “acts of god” or war, public emergency, or other unforeseen catastrophic event requiring the use of Emergency Reserves to sustain the most basic operations of the General Purpose Fund and maintain basic public health and safety. The City may need to develop a financial plan to alleviate the financial crisis.”; and be it

FURTHER RESOLVED, That the preceding definitions for “Adverse Financial Condition,” “Extreme Fiscal Necessity,” and “Fiscal Crisis or Fiscal Emergency” be incorporated into the City’s Consolidated Fiscal Policy ordinance the next time that ordinance is amended; and be it

FURTHER RESOLVED: That the Council hereby declares that the City is experiencing a severe financial event and state of extreme fiscal necessity as defined in this Resolution, and for the Fiscal Year 2024-2025, Midcycle budget cycle, the Council hereby suspends the Charter mandated minimum budget set aside for the Office of the City Auditor, the Public Ethics Commission, and the agency attorneys for the Police Commission/Community Police Review Agency; and further suspends the minimum budget set aside for Democracy Dollars Fund and non-staff costs related to the Public Ethics Commission's administration of the Oakland Fair Elections Act's Democracy Dollars Program, and

FURTHER RESOLVED: That the Council hereby declares that the City is experiencing a severe financial event and state of extreme fiscal necessity as defined in this Resolution, and for the Fiscal Year 2024-2025, Midcycle budget cycle, the Council hereby suspends the required minimum amount of \$12,992,267 for the Library's General Purpose Fund appropriation pursuant to "The 2018 Oakland Public Library Preservation Act (Measure D) and that the City's reduction of eight percent (8%) to the Library Department's General Fund appropriation is no more than the same proportion of reduction of thirty-four percent (34%) that is imposed on the City's net General Fund budget for non-safety departments for the Fiscal Year 2024-2025, Midcycle budget cycle; and be it

FURTHER RESOLVED: That the Council hereby declares that the City is experiencing a severe financial event and state of extreme fiscal necessity as defined in this Resolution, and for the Fiscal Year 2024-2025, Midcycle budget cycle, the Council hereby suspends the required minimum amount of \$14,500,000 for the Library's General Purpose Fund appropriation pursuant to The Library Services Retention and Enhancement Act of 1994 as reapproved in 2022 (Measure C) and that the City's reduction of \$2.06 million to the Library Departments' General Purpose Fund appropriation is no more than the reduction of \$118.4 million to the City's net General Purpose Fund budget for non-safety departments for the Fiscal Year 2024-2025, Midcycle budget cycle; and be it

FURTHER RESOLVED: That the Council hereby declares that the City is experiencing a severe financial event and state of extreme fiscal necessity as defined in this Resolution, and for the Fiscal Year 2024-2025, Midcycle budget cycle, the Council hereby suspends the 'Park Maintenance' maintenance of effort requirements, pursuant to Section 4 of "The 2020 Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act (Measure Q)

FURTHER RESOLVED: That the Council hereby declares that the City is experiencing a severe financial event and state of extreme fiscal necessity as defined in this Resolution, and for the Fiscal Year 2024-2025, Midcycle budget cycle, the Council hereby suspends the requirement to budget at the required minimum number of 678 sworn police personnel pursuant to Part 1 Section 2 (C)(d)(ii) of The Violence Prevention and Public Safety Act of 2014 (Measure Z); and

FURTHER RESOLVED: That the Council hereby declares that the City is experiencing a severe financial event and state of extreme fiscal necessity as defined in this Resolution, and for the Fiscal Year 2024-2025, Midcycle budget cycle, the Council hereby suspends the minimum budget set-aside for Public Campaign Financing, pursuant to the Oakland Fair Elections Act, ballot measure (Measure W); and be it

FURTHER RESOLVED: That the Council hereby declares that the City is experiencing a severe financial event and state of extreme fiscal necessity as defined in this Resolution, and for the Fiscal Year 2024-2025, Midcycle budget cycle, the Council hereby suspends City Auditor and Public Ethics minimum staffing budget set-asides, pursuant to the Government Reform Charter Amendment of 2022, (Measure X); and be it

FURTHER RESOLVED: That this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

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

NOES –

ABSENT –

ABSTENTION –

ATTEST: _____

ASHA REED
City Clerk and Clerk of the Council of the
City of Oakland, California

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