

CITY OF OAKLAND



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Date: March 25, 2021
To: Members of City Council and Members of the Public
From: Vice Mayor Kaplan
Re: **Resolution: (1) Directing The City Administrator, In Consultation With The City Attorney, To Explore, And Bring Back To Council, Options For Providing Additional Protections For The 7.5% General Purpose Fund (“GPF”) Emergency Reserve, Including But Not Limited To The Creation Of A Separate Fund For The GPF Emergency Reserve; And (2) Clarifying That No Expenditure Of The American Rescue Plan Act (“ARPA”) Funds, Which The City Expects To Receive In The Estimated Amount Of One Hundred Ninety-Two Million Eighty-Four Thousand One Hundred Five Dollars (\$192,084,105), Shall Be Made Except For The Purpose And In The Manner Specified By The City Council Following A Public Process And Public Vote Pursuant To Charter Section 806.**

Dear Colleagues on the City Council and Members of the Public,

The COVID-19 Pandemic greatly impacted the City of Oakland’s revenues and budget outlook and has led to cuts to vital public safety and public services, as well as, the diminishing of our General Public Fund Emergency Reserves. These actions, coupled with the Administration’s over-spending, have significantly endangered our ability to have a healthy and just recovery for our community.

It is important that the City protects its financial integrity through validating and maintaining proper reserves. It is equally important that the budgeting process, including administrative cuts, be done as part of a transparent and public process in which the Council is fully engaged. On March 8, 2021, City Administrator Ed Reiskin announced that the projected General Purpose Fund deficit grew from approximately \$62 million, the amount announced in December 2020 when Administrative cuts were announced, to \$72 million for FY 2020-21. It was also revealed that the Administration may have spent money out of the Emergency Reserve (known as the GPF Reserve) without a public process, including doing so without Council authorization. This fund is meant to shield the City from periodic economic downturns and to be used in case of an emergency. The City of Oakland Consolidated Fiscal Policy (Ordinance No. 13487 C.M.S.) provides that the City shall maintain in each an emergency reserve equal to 7.5% of the General Purpose Fund (“GPF”).

Along with the need to explore options for providing additional protections for the GPF emergency reserve, we must remedy the cuts that hurt and endangered our communities, such as fully restoring

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fire department services (who also handle medical response, and delay can cost lives), violence prevention, and the work aimed at stopping gun violence, and reducing trash and illegal dumping.

The City of Oakland will soon have access to funds that can fill the GPF deficit as well as fund vital community programs and services. The United States Congress recently passed, and President Biden signed into law, the American Rescue Plan Act (“ARPA”). The City of Oakland expects to receive an estimated amount of \$192,084,105 in ARPA funds. The City Council has the authority to make budgetary decisions for the City, as Section 806 of the City Charter states that no expenditure of City funds shall be made except for the purposes and in the manner specified by an appropriation of the Council. Furthermore, the allocation of these funds should be done through a public process, with public input and public vote.

By protecting our financial integrity and transparency and ensuring a public process and public vote on use of funds, the City of Oakland can maintain its fiscal health and put the city on the path to a Just and Equitable Recovery. We must take action to fund vital safety services and programs that will keep our communities safe and healthy through the remainder of this pandemic and beyond, and ensure that decisions are made in a proper and public process.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Rebecca Kaplan", enclosed in a thin black rectangular border.

Vice Mayor Rebecca Kaplan
Oakland City Councilmember At Large