

  
City Attorney's Office

# OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

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**RESOLUTION:**

- 1. SUSPENDING SECTION 1, PART C OF THE CITY OF OAKLAND CONSOLIDATED FISCAL POLICY (ORDINANCE NO. 13487 C.M.S.), WHICH REQUIRES A CERTAIN PERCENTAGE OF THE CITY'S EXCESS REAL ESTATE TRANSFER TAX TO BE ALLOCATED TO THE VITAL SERVICES STABILIZATION FUND AND USED TO FUND DEBT RETIREMENT AND UNFUNDED LONG-TERM OBLIGATIONS, FOR FISCAL YEARS 2018-19, 2019-20, AND 2020-21; AND**
- 2. AUTHORIZING THE USE OF VITAL SERVICES STABILIZATION RESERVE FUNDS FOR FISCAL YEAR 2020-21 PURSUANT TO SECTION 2, PART B OF THE CITY OF OAKLAND CONSOLIDATED FISCAL POLICY.**

**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 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 \$630.77 million; and

**WHEREAS**, FY 2020-21 General Purpose Fund expenditures are budgeted at \$684.55 million, resulting in a projected operating budget shortfall of \$53.78 million in FY 2020-21; and

**WHEREAS**, on December 9, 2014, City Council adopted the City of Oakland Consolidated Fiscal Policy (Ordinance No. 13279 C.M.S.); 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 creation, maintenance and expenditure of reserve funds to protect against service reductions, layoffs, furloughs, and similar measures in times of economic hardship; and

**WHEREAS**, Section 1, Part C of the Consolidated Fiscal Policy requires the City to allocate at least 25% of its excess Real Estate Transfer Tax to the Vital Services Stabilization Fund and to use at least 25% of its excess real estate transfer tax to fund debt retirement and unfunded long-term obligations; and

**WHEREAS**, the purpose of the Vital Services Stabilization Fund is to ensure the City has funds that can be used in years when the City forecasts that General Purpose Fund revenues will be less than its budgeted revenues, or anytime significant service reductions, such as layoffs or furloughs, are contemplated due to adverse financial conditions; and

**WHEREAS**, it is necessary for the City to use its excess Real Estate Transfer Tax to balance the budget and maintain existing services in light of the projected \$26.17 million deficit in FY 2019-20 and \$53.78 million deficit in FY 2020-21 caused by the COVID-19 crisis; and

**WHEREAS**, it is also necessary for the City to use its Vital Services Stabilization Fund to balance the budget and maintain existing services in light of the projected \$26.17 million deficit in FY 2019-20 and \$53.78 million deficit in FY 2020-21 caused by the COVID-19 crisis; 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 suspends the requirements of Section 1, Part C of the City's Consolidated Fiscal Policy for FY 2018-19, FY 2019-20 and FY 2020-21 and authorizes the use of excess Real Estate Transfer Tax to balance the budget and maintain existing services in light of the adverse financial conditions caused by the COVID-19 crisis; and be it

**FURTHER RESOLVED**, the City plans to return normal contributions to the Vital Services Stabilization Fund, debt retirement and unfunded long-term obligations once the City's revenues have recovered; and be it.

**FURTHER RESOLVED**, that the City Council hereby authorizes the use of approximately \$14.7 million of the Vital Services Stabilization Fund to maintain existing services for FY 2020-21; and be it

**FURTHER RESOLVED**, the City plans to replenish the Vital Services Stabilization Fund from excess Real Estate Transfer Taxes, pursuant to the Consolidated Fiscal Policy formula once the City's revenues have recovered.

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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