

APPROVED AS TO FORM AND LEGALITY

DRAFT

CITY ATTORNEY'S OFFICE

## OAKLAND CITY COUNCIL

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

INTRODUCED BY COUNCILMEMBERS REBECCA KAPLAN

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**TO AMEND THE FY2023-2024 BUDGET TO ALLOCATE UP TO \$30 MILLION IN FUND 1100 (SELF-INSURANCE LIABILITY FUND) AND TRANSFER THOSE FUNDS TO THE GENERAL PURPOSE FUND RESERVE (FUND 1011)**

**WHEREAS**, the Consolidated Fiscal Policy of the City of Oakland states it shall be the policy of the Oakland City Council to maintain in each fiscal year a reserve equal to seven and one-half (7.5%) of the General Purpose Fund (Fund 1010) appropriations as adopted in the biennial or midcycle budget and not including prior year carryforwards, encumbrances, or appropriations to Fund Balance for, such fiscal year (the "General Purpose Fund Emergency Reserve Policy"); and

**WHEREAS**, each year, upon completion of the City's financial audited statements, the City Administrator shall report the status of the General-Purpose Funds Emergency Reserve to the City Council and on the adequacy of the 7.5% reserve level; and

**WHEREAS**, if in any fiscal year, the General-Purpose Fund Reserve Policy is not met, the City Administrator shall present to the City Council a strategy to meet the General-Purpose Funds Emergency Reserve Policy. Each year, the City Administrator shall determine whether the 7.5% reserve level requires adjustment and recommend any changes to the City Council; and

**WHEREAS**, prior to appropriating monies from the General-Purpose Funds Emergency Reserve, the City Administrator shall prepare and present such analysis to the City Council. Upon review and approval of the proposed expenditure by the City Council and appropriate fiscal emergency declaration necessary for the use of GPF reserve, the City Administrator will have the authority to allocate from the reserves; and

**WHEREAS**, the Q1 Revenue and Expenditure Report, released on November 8, 2024, recommended fiscal action that will create unnecessary issues regarding Oakland's fiscal state; for example, the report stated, *"Immediate action is necessary to maintain the solvency of the General-Purpose Fund. Revised estimates regarding the City's fiscal condition at the end of FY 2023-24 show the City has already tapped into its emergency reserve. Given there is no possibility of*

*replenishing the reserve this Fiscal Year, following the conclusion of the Audit and publication of Annual Comprehensive Financial Report, the City Council will be required to declare a Fiscal Emergency per the Consolidated Fiscal Policy (CFP.)”;* and

**WHEREAS**, this is contrary to our policy and our past practice. Such an action would be contrary to the best interests of the city of Oakland and the people of Oakland; and

**WHEREAS**, the finance department is recommending adding many millions of dollars to the Liability Fund (fund 1100) for the FY 2024-2025 year, by carrying forward into the Self Insurance Liability Fund for 2024-2025 extra available fund balance that is available as of the end of the FY 2023-2024 Fiscal year; and

**WHEREAS**, the office of the Oakland City Attorney has advised that they do not anticipate any extraordinary increase in litigation-related costs during FY 24-25; and

**WHEREAS**, If the city returned excess unused funds to support the GPF Reserve, the city would be behaving in a more fiscally responsible manner aligned with our policies; and

**WHEREAS**, the finance recommendation would leave insufficient funds in the general fund reserve, to comply with the consolidated fiscal policy, which then triggers their further recommendation to declare a fiscal emergency; and

**WHEREAS**, by restoring funds to the GPF reserve, such a declaration and the impacts of such declaration can be averted, as described in the consolidated fiscal policy above; now, therefore, be it

**RESOLVED:** To amend the FY2023-2025 budget to allocate up to \$30 million in Fund 1100 (Self Insurance Liability Fund) and transfer those funds to the General-Purpose Fund Reserve (Fund 1011).

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FIFE, GALLO, JENKINS, KALB, KAPLAN, RAMACHANDRAN, REID, AND  
PRESIDENT FORTUNATO BAS

NOES –

ABSENT –

ABSTENTION –

ATTEST: \_\_\_\_\_  
ASHA REED  
City Clerk and Clerk of the Council of the  
City of Oakland, California

