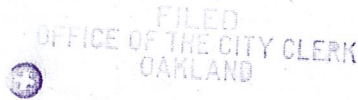


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APPROVED AS TO FORM AND LEGALITY

Amcaulay

CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

RESOLUTION NO. 90555 C.M.S.

RESOLUTION DECLARING AN EMERGENCY PURSUANT TO ARTICLE XIII C, SECTION 2(B) OF THE CALIFORNIA CONSTITUTION NECESSITATING SUBMISSION OF GENERAL TAX MEASURES TO THE VOTERS BEFORE THE NEXT REGULAR ELECTION FOR THE CITY COUNCIL

WHEREAS, the City of Oakland is facing a significant budget deficit and recent financial assessments indicate a severe and immediate fiscal imbalance, jeopardizing the City's ability to sustain critical services; and

WHEREAS, the economic repercussions of the COVID-19 pandemic have profoundly disrupted the City's tax base and fee revenues, creating sustained financial challenges and limiting available resources for critical operations; and

WHEREAS, the City is currently experiencing one of the most substantial General Purpose Fund deficits in its history, requiring decisive action to prevent further erosion of fiscal stability; and

WHEREAS, as of the Fiscal Year (FY) 2024-25 Budget Balancing Agenda Report, the City of Oakland's projected operating budget deficit for Fiscal Year 2024-25 is an estimated \$129.79 million; and

WHEREAS, the \$129.79 million operating deficit is equivalent to a 34.60% reduction in the police department's General Purpose Fund budget; and

WHEREAS, the \$129.79 operating million deficit is also equivalent to the combined elimination of the General Purpose Fund budgets of the following departments:

- Race & Equity, Public Ethics, and Police Commission (100% of the overall budget reduction of each department),
- Animal Services (97.71% overall budget reduction);
- Workplace and Employment Standards (35.06% overall budget reduction)
- Violence Prevention (30.89% overall budget reduction)
- Parks & Recreation (29.49% in their overall reduction),
- Human Services (29.54% overall budget reduction),

- Library (23.43% overall budget reduction),
- Transportation and Public Works departments (22.84% and 1.32% respectively, of the overall budget reduction)
- Information Technology department (14.96% overall budget reduction); and

WHEREAS, the City Council is considering balancing measures to amend the FY 2024-25 Midcycle Budget (FY 2024-25 Budget Balancing Actions); and

WHEREAS, notwithstanding the City Council's FY 2024-25 Budget Balancing Actions, the City will continue to have a structural imbalance because near-term expenditures for vital services and programs will continue to outpace the City's revenue collections; and

WHEREAS, the City Council will be required to call a special municipal election in 2025, which will likely be held on April 15, 2025; and

WHEREAS, the City Council desires to submit to the voters at the next special municipal election one or more proposed ordinances to increase general tax revenues in order to reduce the amount and extent of reductions in vital City services and programs due to the budget deficit; and

WHEREAS, if approved by the voters, the general tax measures will impose or increase general taxes, as that term is defined in Article XIIC of the California Constitution; and

WHEREAS, Article XIIC section 2(b) of the California Constitution requires that the governing body declare an emergency by unanimous vote in order to place a general tax measure on a special election that is not consolidated with a regularly scheduled general election for members of the governing body; now, therefore, be it

RESOLVED: That the City Council finds and determines the foregoing recitals to be true and correct and hereby adopts and incorporates them into this Resolution; and be it

FURTHER RESOLVED: That the City Council hereby finds and declares that an emergency in the nature of a severe budget imbalance exists in the City of Oakland and that these conditions are projected to continue and intensify in the upcoming fiscal years, which justifies placing on the ballot at the next special municipal election, one or more general tax measures in order to increase general tax revenues to the City and protect vital City services and programs; and be it

FURTHER RESOLVED: That the facts justifying this declaration of emergency are as follows:

- A. The City of Oakland ended Fiscal Year 2023-24 with audited General Purpose Fund reserves of \$22.3 million, based on a General Purpose Fund Emergency Reserve balance of \$70.2 million and negative unassigned fund balance of \$47.8 million in the General Purpose Fund.
- B. The City of Oakland's Consolidated Fiscal Policy incorporates a statutory requirement that General Fund reserves be maintained at 7.5% of General Purpose Fund appropriations. Based on the FY 2024-25 Adopted Budget for the General Purpose

Fund of \$807.2 million, General Fund reserves should be at \$60.5 million, but were \$38.2 million short of this requirement at June 30, 2024.

- C. The structural budget imbalance prompted the City to declare a state of extreme fiscal necessity with the FY 2024-25 Midcycle Adopted Budget (Resolution No. 90326 C.M.S.) and the City suspended certain maintenance of effort provisions in order to mitigate the growing financial challenges (Resolution No. 90327 C.M.S.).
- D. The FY 2024-25 Midcycle Adopted Budget included an accompanying Contingency Budget that included temporary reduction measures to reduce the budget deficit if City did not receive revenue receipts from the sale of its fifty percent undivided ownership interest in the Coliseum Complex (the “Coliseum Sale”) by a specific date.
- E. As of the FY 2024-25 First Quarter Revenue and Expenditures report, anticipated revenue shortfalls for FY 2024-25 include \$58 million from the delayed Coliseum Sale, \$7.69 million deficit in Real Estate Transfer Tax revenues, driven by reduced property transactions and lower sales values, \$2.23 million deficit in Transient Occupancy Tax revenues due to decreased hotel activity and reduced room rates, \$1.20 million shortfall in Parking Tax revenues, and \$0.08 million shortfall in Sales Tax revenues.
- F. The City has taken significant measures in accordance with the Contingency Budget to mitigate the fiscal emergency, including imposing hiring freezes for non-sworn positions funded by the General Purpose Fund, delaying new sworn trainee academies for police and fire departments, halting the execution of unfinalized contracts, and restricting discretionary travel.
- G. The budget deficit has significantly impacted the City’s ability to provide essential services. The City has considerably reduced operational and maintenance expenditures to close the budgetary gap. However, these actions are a one-time solution as the City continues to face a structural imbalance where recurring expenditures continue to outpace recurring revenues. The projected revenue shortfalls are exacerbated by increasing public safety costs, rising operational expenses, and reliance on one-time revenues.
- H. The severity of the structural imbalance will likely necessitate additional reductions to City services. Additional reductions to vital services may severely impact the City’s ability to provide essential municipal services such as street and public maintenance, planning and permitting, recreational facilities, and libraries. Curtailing critical essential services such as law enforcement and the fire department, including paramedic services, risks increasing response times in criminal cases, cases of medical emergencies, fires, accidents, or natural disasters will impact the safety, health, and welfare of its residents.
- I. Proposed tax revenues from general tax measures could reduce the extent of the cuts to vital City services. Absent a new source of General Fund revenue, the City’s ability to maintain staff and service levels is uncertain, despite the dramatic decreases in services and budgetary cuts, causing a threat to the public health, safety, and welfare of Oakland’s residents; and be it

FURTHER RESOLVED: That these circumstances constitute an emergency pursuant to Article XIII C, section 2(b) of the California Constitution and necessitate that the Council have the ability to place the general tax measures on the ballot before the next regularly scheduled election for members of the governing body.

IN COUNCIL, OAKLAND, CALIFORNIA,

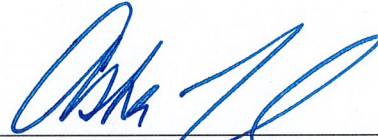
PASSED BY THE FOLLOWING VOTE:

DEC 17 2024

AYES - FIFE, GALLO, JENKINS, KALB, KAPLAN, RAMACHANDRAN, REID, AND
PRESIDENT FORTUNATO BAS - 8

NOES - 0
ABSENT - 0
ABSTENTION - 0

ATTEST:



ASHA REED

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