

**DRAFT**

CITY ATTORNEY'S OFFICE

**OAKLAND CITY COUNCIL**

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

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**RESOLUTION DECLARING AN EMERGENCY PURSUANT TO ARTICLE XIIC, 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**, the City of Oakland's projected operating budget deficit for Fiscal Year 2024-25 is estimated to exceed \$93 million, representing a substantial shortfall that significantly impacts the City's ability to fund vital operations and services; and

**WHEREAS**, the \$93 million deficit is equivalent to a 25% reduction in the police department's general purpose fund budget; and

**WHEREAS**, the \$93 million deficit is also equivalent to the combined elimination of the general purpose fund budgets of the following departments:

- Race & Equity (100% overall budget reduction),
- Public Ethics (100% overall budget reduction),
- Parks & Recreation (29.5% in their overall reduction),
- Human Services (29.5% overall budget reduction),
- Library (23.4% overall budget reduction),
- Transportation departments (22.8% overall budget reduction); and

**WHEREAS**, the City Council will consider calling a special municipal election to 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 year, which necessitates 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 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 an audited General Purpose Fund balance deficit of \$47.8 million with a general fund reserve of \$22.3 million.
- B. The City of Oakland's Consolidated Fiscal Policy adopted a statutory requirement for the emergency reserve to be maintained at 7.5% or \$60.5 million. Based on the FY 2024-25 Adopted Budget (\$807.2 million), the emergency reserve has a shortfall of \$38.2 million.
- C. The structural budget imbalance prompted the City to declare a state of extreme fiscal necessity through the FY 2024-25 Midcycle Adopted Budget (Resolution No. 90326 C.M.S.) and suspended certain maintenance of effort provisions under the FY 2024-25 Execution of Maintenance of Effort Waivers (Resolution No. 90327 C.M.S.) to mitigate the growing financial challenges.
- 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. The Contingency Budget reductions adjusted the FY 2024-25 Adopted Budget to \$758.2 million (Adjusted Budget), requiring a reserve balance of \$56.8 million. This has resulted in a \$34.5 million shortfall in the reserve fund.
- F. FY 2024-25 General Purpose Fund (GPF) expenditures are projected to total \$851.6 million, exceeding the Adjusted Budget of \$758.2 million by \$93.4 million, representing a 12.3% deficit.
- G. 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.
- H. 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 discretionary travel.
- I. 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. 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.
- J. Proposed tax revenues from general tax measures could reduce the extent of the cuts to 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.

**FURTHER RESOLVED:** That these circumstances constitute an emergency pursuant to Article XIIC, 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:

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