

CITY OF OAKLAND

BUDGET ADVISORY COMMISSION

Notice is hereby given that a Special Meeting of the City of Oakland Budget Advisory Commission (BAC) is scheduled for **Monday, February 22, 2021** at **5:30 PM.**

Pursuant to the Governor's Executive Order N-29-20, all members of the Budget Advisory Commission will join the meeting via phone/video conference and no teleconference locations are required.

Commission Members:

Jay Ashford, Ken Benson, Carrie Crespo-Dixon, Ed Gerber,
Vincent Leung, Joseph Macaluso, John McKenna, Kasheica McKinney, Caitlin Prendiville,
Sarah Price, Brenda Roberts, Michael Silk, Marchon Tatmon, D2 – Vacant, D3 - Vacant

City's Representative(s):

Ecaterina Burton & Jose Segura– *Finance Department*

Meeting Agenda:

1. Administrative Matters [5 minutes]
 - Welcome & Attendance
2. Review/Approval of Ad-Hoc Committee's Draft Report on Budget Shortfall [40 minutes]
 - Commission, City Staff
 - Attachment: Ad-Hoc Committee's Draft Report
3. Quick Update on Reimagining Public Safety Task Force [10 minutes] – Brenda Roberts
4. Open Forum [10 minutes]
5. Adjournment

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Attachments:
Ad-Hoc Committee's Draft Report

Hi there,

You are invited to a Zoom webinar.

When: Feb 22, 2021 05:30 PM Pacific Time (US and Canada)

Topic: Special Meeting of the City of Oakland Budget Advisory Commission (BAC)

Please click the link below to join the webinar:

<https://zoom.us/j/91567760229>

Or iPhone one-tap :

US: +16699006833,,91567760229# or +13462487799,,91567760229#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592
or +1 312 626 6799 or +1 929 205 6099

Webinar ID: 915 6776 0229

International numbers available: <https://zoom.us/u/afyOSPXZO>

Budget Advisory Commission Recommendations for Budget Actions

February 16, 2021

The City of Oakland is facing an extremely challenging fiscal future. Oakland faces a very significant deficit, numerous unfilled positions that provide vital services and scheduled labor negotiations. Numerous solutions must be considered to both reduce the budget and increase revenues.

Oakland has a choice to take action and handle this financial crisis soon or to face the fall-out of inaction. The Budget Advisory Commission stresses that inaction presents great risks to Oakland's financial future. While Federal funding, future increases in revenue and a quick economic recovery are all possible, they are not reliable solutions for the short and medium term crisis that Oakland confronts. It is in the best interest of the Council to make these difficult decisions soon rather than risk Oakland's financial independence and standing in the municipal credit markets.

The Consolidated Fiscal Policy as adopted by the Council contains policies to promote fiscal solvency, which were waived for the current fiscal year. In meeting the current deficit and adopting the 2021-23 budget, it is essential that fully informed actions be taken to ensure long term fiscal solvency as required by the Consolidated Fiscal Policy.

While it is highly possible that the Federal Stimulus package will provide some relief, it will still be necessary for the Council to make many significant decisions to meet this crisis. Early decision making is highly desirable to establish greater certainty for all affected parties. To accomplish this the Budget Advisory Commission recommends the City Council take the following actions:

1. **Balanced Budget:** Amend the current Budget to balance it by 4/30/2021, prior to the release of the Mayor's proposed budget on 5/1.
2. **Federal Stimulus:** Determine to use any federal stimulus monies over multiple years. As soon as possible allocate these monies between the 2020-21 and 2021-22 FYs. The BAC recommends taking a longer-term view toward any stimulus monies received, with a target of right-sizing services now with the objective of avoiding catastrophic service reductions later.
3. **Revenue Estimates:** No later than 5/15/21 adopt an agreed set of revenue estimates and assumptions for the 2021-23 biennial budget.
4. **Adhering to the CFP:** While recognizing that it may be necessary to waive some portions of the Consolidated Fiscal Policy for the next biennial budget, amend the Policy to increase funding of the Vital Services Stabilization Fund and Other Post Employee Benefits (OPEB) to minimize the effects of future fiscal challenges, prior to the restoration of services to pre-pandemic levels.
5. **Use of One-Time Revenues:** Although BAC supports efforts to identify one-time revenues, the BAC would also caution that such revenues will be insufficient to cover the projected FY 20-21 deficit and doubly insufficient to cover the projected FY 21-23 deficit. Given the size of these deficits and protracted economic uncertainty, the BAC cautions against the establishment of significant new spending initiatives without dedicated revenue sources. The City should undertake

no new programs which require added funding until fiscal solvency has been achieved, unless funded from transfers from existing programs or new revenues.

6. **Contingency Scenarios:** Although the Council may consider future revenue initiatives to resolve longer structural budget shortfalls, such revenue measures represent uncertain outcomes, and we recommend that the Council prepare contingency scenarios if they do not occur.
7. Adopt the above policy recommendations by formal Council action.