

## **Ballot Question**

Shall an ordinance requiring the City to publish certified biennial reports of its 20-year financial obligations for employee/retiree expenses, capital assets, and “productive capacity of City services”, the present value of those obligations, and the annual expenses needed to meet them, and prohibiting any new or increased debt financing, property-related fee, assessment or tax absent certification of the report by the City Manager or other, independent professional, be adopted?

Financial Implications: Uncertain.

## **TEXT OF MEASURE**

### THE BERKELEY FISCAL ACCOUNTABILITY, CLARITY, TRANSPARENCY AND SUSTAINABILITY ORDINANCE OF 2012

Section xxx.xx Title of Chapter.

This Chapter of the Berkeley Municipal Code shall be known as The Berkeley Fiscal Accountability, Clarity, Transparency and Sustainability Ordinance of 2012 ("The Berkeley FACTS Ordinance").

Section xxx.xx Findings.

- A. The City needs to plan better for its long-term financial needs.
- B. The City needs to avoid short-term measures that worsen its long-term financial problems.
- C. Early planning for baseline expenditure changes is critical to ensuring continued financial stability.
- D. Years of limited funding and deferred maintenance have resulted in an aging City infrastructure that desperately needs replacement, repair and improvement.
- E. The City's projected revenue growth will not keep up with current and projected expenditures for City employees, and unless significant changes are made, there will be substantial decreases in available funding for vital City services.
- F. The City needs to reduce its unfunded liabilities for employee costs, physical infrastructure and capital improvements, better manage its expenditures, and set aside funds adequate to meet long-term financial needs.

Section xxx.xx Purpose.

The purpose of this Chapter is to ensure that a reasonably accurate evaluation of the City's long-term financial obligations is regularly prepared and certified so that the City Council, Berkeley residents, City employees and retirees, and City creditors have the reliable financial information needed for responsible budget preparation and evaluation,

prudent City management, and sensible tax, debt and other revenue planning.

#### Section xxx.xx Report on City's Long-Term Obligations.

A. By March 1, 2013, the City of Berkeley shall prepare and publish a certified report (the "Report") of the City's twenty-year obligations for all employee and retiree expenses, and the City's obligations for prudent capital improvements of the City's physical infrastructure, capital assets, and productive capacity of City services (the "Long-Term Obligations"). The Report shall include a comprehensive evaluation of the Long-Term Obligations and their present value and shall include the likely yearly expenses reasonably needed to meet the City's exposure to such Long-Term Obligations. The Report shall include an appendix that clearly sets forth all significant assumptions relied upon in the Report. On the first Monday in March of each odd-numbered year after 2013, the City of Berkeley shall prepare and publish an updated Report that extends the period covered for an additional two years so that each updated report covers the next twenty-year time period (the "Updated Report").

B. At the time of its publication, the City Manager shall certify in writing that each Report or Updated Report, including its underlying facts, opinions and assumptions, is reasonably accurate and complies with paragraph A above, or in the alternative, the City of Berkeley shall have obtained a certification from a competent, independent professional who has audited the Report or Updated Report, and has found it, including its underlying facts, opinions and assumptions, to be reasonably accurate. The certification shall read: "I have read the report and believe the report, including its underlying facts, opinions and assumptions, is reasonably accurate and complies with paragraph A of The Berkeley FACTS Ordinance."

C. Except as otherwise required by the Charter of the City of Berkeley or the general law of the State, after March 1, 2013, the City of Berkeley shall not incur any debt financing, or impose any new tax, assessment or fee, or increase any existing tax, assessment or fee, or schedule any election to impose or increase any tax, assessment or fee, unless at the time of such action a Report or Updated Report has been prepared, certified and published in compliance with paragraphs A and B above. The term "fee" includes only those property-related fees covered by State Proposition 218.

#### Section xxx.xx Severability.

If any sentence, clause, section or part of this Chapter is found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality or invalidity shall affect only such sentence, clause, section or part of this Chapter and shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Chapter.

End of Chapter