

Office of the Mayor Mayor Tom Bates

CONSENT CALENDAR April 30, 2013

To: Honorable Members of the City Council

From: Mayor Tom Bates

Subject: Divesting from Publicly-Traded Fossil Fuel Companies and Urging

CalPERS to Divest its Holdings in Fossil Fuel Companies from Statewide

Pension Investments

RECOMMENDATION

1. Direct the City Manager to prepare a resolution for consideration by the City Council divesting the City of Berkeley from publicly-traded fossil fuel companies in the next five years.

2. Adopt a Resolution urging CalPERS to divest its own holdings in fossil fuel companies from statewide pension investments.

FINANCIAL IMPLICATIONS

Unknown

BACKGROUND

On June 2, 2009, the Berkeley City Council unanimously adopted Berkeley's Climate Action Plan. The plan is rooted in the vision for a sustainable Berkeley that emerged from the climate action planning process. The community's target for the year 2020 is to reduce community-wide GHG emissions 33% (below 2000 levels).

In its "Unburnable Carbon" report, the Carbon Tracker Initiative found that fossil fuel companies possess proven fossil fuel reserves that would release approximately 2,795 gigatons of CO2 if they are burned, which is five times the amount that can be released without exceeding 2°C of warming.

The City of Berkeley has a responsibility to protect the lives and livelihoods of its inhabitants from the threat of climate change and its investments should support a future where all citizens can live healthy lives without the negative impacts of a warming environment.

In addition, the City of Berkeley has a history of socially responsible investing. Currently, the City complies with the Nuclear Free Act, Responsible Investment

Ordinance and the Oppressive States Contract Prohibition. These three ordinances and resolutions guide the City's investment policies and make sure that the City's finances are socially responsible and protect the City's finances in order to ensure liquidity and yield objectives.

The Mayor and Councilmember Worthington would like to explore the possibility of a resolution divesting the City of Berkeley from publicly-traded fossil fuel companies in the next five years and continue the City's history of socially responsible investment. In addition, Berkeley City Council should urge CalPERS to join the City in these efforts and divest their own holdings from fossil fuel companies.

CONTACT PERSON

Mayor Tom Bates 510-981-7100

Attachments:

1: Resolution

RESOLUTION NO.

URGING CALPERS TO DIVEST FROM PUBLICLY-TRADED FOSSIL FUEL COMPANIES

WHEREAS, the climate crisis is a serious threat to current and future generations here in Berkeley and around the world; and

WHEREAS, the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report found that global warming is already causing costly disruption of human and natural systems throughout the world including the melting of Arctic ice, the ocean's rise in acidity, flooding and drought; and

WHEREAS, almost every government in the world has agreed through the 2009 Copenhagen Accord that any warming above a 2°C (3.6°F) rise would be unsafe, and that humans can only pour about 565 more gigatons of carbon dioxide into the atmosphere to maintain this limit; and

WHEREAS, for the purposes of this ordinance, a "fossil fuel company" shall be defined as any of the two hundred publicly-traded companies with the largest coal, oil, and gas reserves as measured by the gigatons of carbon dioxide that would be emitted if those reserves were extracted and burned, as listed in the Carbon Tracker Initiative's "Unburnable Carbon" report; and

WHEREAS, in its "Unburnable Carbon" report, the Carbon Tracker Initiative found that fossil fuel companies possess proven fossil fuel reserves that would release approximately 2,795 gigatons of CO2 if they are burned, which is five times the amount that can be released without exceeding 2°C of warming; and

WHEREAS, the City of Berkeley has a responsibility to protect the lives and livelihoods of its inhabitants from the threat of climate change; and

WHEREAS, on June 2, 2009, the Berkeley City Council unanimously adopted Berkeley's Climate Action Plan. The plan is rooted in the vision for a sustainable Berkeley that emerged from the climate action planning process. The community's target for the year 2020 is to reduce community-wide GHG emissions 33% (below 2000 levels); and

WHEREAS, the City of Berkeley believes that its investments should support a future where all citizens can live healthy lives without the negative impacts of a warming environment; and

WHEREAS, students at more than two hundred colleges and universities in the United States have launched campaigns to have their institutions divest from fossil fuel companies.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of Berkeley that the Council urges CalPERS to join the City in these efforts and divest their own holdings from fossil fuel companies.