



TOWN OF FAIRFAX

STAFF REPORT

April 5, 2023

TO: Mayor and Town Council

FROM: Heather Abrams, Town Manager

SUBJECT: Adopt Resolution in Support of SB 252 - State Divestment from Fossil Fuels

RECOMMENDATION

Adopt a Resolution in support of SB 252 (Gonzalez), which would prohibit the Public Employees' Retirement System (CalPERS) and the State Teachers' Retirement System (CalSTRS) from investing in fossil fuel companies. Send copies of this Resolution to Governor Gavin Newsom, State Senators Mike McGuire and Lena Gonzalez, and Assemblymember Damon Connolly.

DISCUSSION

Councilmember Ackerman requested that this resolution be added to the agenda for the Council's consideration.

The impacts of human-caused climate change are becoming increasingly unavoidable. Without taking bold and immediate action to reduce our greenhouse gas emissions, the world will heat above 2C by 2100. Such an event would lead to vast ecological destruction and mass extinctions, in addition to increased drought and food crop failures that could destabilized human society, disproportionately impacting those living in poverty.

SB 252, introduced by State Senator Lena Gonzalez, will help meet the State's climate action goals by prohibiting the California Public Employees Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) from investing in fossil fuel companies. Additionally, divestment from such companies must be done by 2030. Currently, CalPERS and CalSTRS have approximately \$11.5 billion invested in fossil fuel companies.

In December 2014, the Council unanimously adopted Resolution 14-45 Requesting CalPERS and MCERA to Divest Holdings in Fossil Fuel Investments.

FISCAL IMPACT

None

ATTACHMENT

Proposed Resolution

RESOLUTION 23-__

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX IN SUPPORT OF SB 252: FOSSIL FUEL DIVESTMENT ACT

WHEREAS, anthropogenic climate change, through rising sea levels, drought, heat waves, extreme precipitation events and increased wildfires is observably affecting human wellbeing, ecosystems, and biodiversity; and

WHEREAS, climate change is an issue of environmental justice, disproportionately affects Indigenous communities, communities of color, and low income communities due to historical oppression, inadequate political power and access to resources for prevention and relief; and

WHEREAS, the International Panel on Climate Change concluded in 2018 that we have 12 years to make dramatic cuts in the use of fossil fuels (coal, oil, gas and tar sands) if we are to keep warming to 1.5° C and avoid more catastrophic change; and

WHEREAS, the fossil fuel industry is the single most powerful obstacle to addressing climate change, using its immense lobbying power in Washington, D.C. and Sacramento to block climate legislation; and

WHEREAS, fossil fuel companies' own scientists knew as early as the 1970s that their products were causing climate change, but the companies kept it secret; and

WHEREAS, to effectively address climate change, most fossil fuel reserves must remain in the ground, never to be used. Such reserves held as investments are liable to become stranded assets. This makes fossil fuel stocks a risky investment; and

WHEREAS, a Corporate Knights study found that if CalPERS and CalSTRS had divested in 2010, by 2019 their assets would have increased by \$11.9 and \$5.5 billion, respectively.

WHEREAS, independent studies by financial consulting firms BlackRock and Meketa have found that divestment reduces risk and improves rather than weakens investment returns; and

WHEREAS, divestment from specific segments or business operations by CalPERS and CalSTRS is already standard practice and is specifically allowed by the California Constitution; and

WHEREAS, the "engagement" strategy preferred by CalPERS and CalSTRS has been largely ineffective in moving fossil fuel companies away from fossil fuel exploration, extraction and distribution; and

WHEREAS, divestment means selling directly held or commingled assets including fossil fuel public equities and corporate bonds, and

WHEREAS, SB 252, introduced by State Senator Lena Gonzalez, will help meet the State's climate action goals by prohibiting CalPERS and CalSTRS from investing in fossil fuel companies and to divest from such companies by 2030;

NOW THEREFORE, BE IT HEREBY RESOLVED, that the Town Council of the Town of Fairfax supports SB 252 : Fossil Fuel Divestment Act.

The foregoing resolution was adopted at a regular meeting of the Fairfax Town Council of the Town of Fairfax held in said Town on the 5th day of April 2023, by the following votes, to wit:

AYES:
NOES:
ABSENT:

Chance Cutrano, Mayor

Attest: _____
Michele Gardner, Town Clerk