

Council Communication

September 15, 2014, Study Session

Discussion of a Resolution in Support of Fossil Fuel Divestment

FROM:

Barbara Christensen, City Recorder, christeb@ashland.or.us

SUMMARY

Southern Oregon Climate Action Now (SOCAN) is asking the Council to support their effort by approving a resolution in support of Fossil Fuel Divestment. The Oregon Short Term Board (OSTB) and the PERS Board both invest in companies identified as having the largest coal, oil and gas reserves found at the Fossil Free Indexes (<http://fossilfreeindexes.com/>). SOCAN would like to see these two boards “divest” from investing any funds in these identified companies.

SOCAN would like the Council to move this resolution forward to a regular Council meeting for approval.

BACKGROUND AND POLICY IMPLICATIONS:

This item was brought forward during Public Forum of the June 17 Council meeting by individuals representing Southern Oregon Climate Action Now (SOCAN) and subsequently discussed at a study session on August 4.

SOCAN representatives have worked closely with the City Recorder’s Office in finding language that the council would support.

This resolution would not make any changes to the City of Ashland Investment Policy as the City does not directly invest in any of these identified companies.

STAFF RECOMMENDATION

n/a

ATTACHMENTS:

Resolution

Question/Answer sheet submitted by SOCAN



RESOLUTION NO. 2014-

A RESOLUTION IN SUPPORT OF FOSSIL FUEL DIVESTMENT

RECITALS:

- A. The climate crisis is a serious threat to current and future generations here in Ashland and around the world.
- B. The Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report found that global warming is already causing costly disruption of human and natural systems throughout the world.
- C. One hundred and fourteen (114) governments in the world have signed the International 2009 Copenhagen Agreement that any warming above a 2°C (3.6°F) rise would be unsafe. Furthermore, scientific analysis suggest that humans can only emit about 565 more gigatons of carbon dioxide into the atmosphere to maintain that limit.
- D. For the purposes of this resolution, a “fossil fuel company” shall be defined as any of the two hundred publicly-traded companies with the largest coal, oil and gas reserves found at the Fossil Free Indexes (<http://fossilfreeindexes.com/>).
- E. 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.
- F. The City of Ashland believes that its investments should support a future where all citizens can live healthy lives without the negative impacts of climate change.
- G. The City of Ashland does not now directly invest in any fossil fuel companies.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. The Oregon Short Term Fund Board should review and consider divestment of directly held or commingled assets that include holdings in fossil fuel public equities and corporate bonds.

SECTION 2. The PERS Board and the Oregon Investment Council should review and consider divestment of directly held or commingled assets that include holdings in fossil fuel public equities and corporate bonds.

SECTION 3. The City shall send a copy of this Resolution, along with a cover letter signed by the Mayor, to the Oregon Short Term Fund Board and PERS Board urging them to review and consider their position on divesting their holdings from fossil fuel companies.

SECTION 4. The State Legislature should consider enacting state legislation that requires consideration of divestment of statewide retirement funds (PERS) from fossil fuel companies and such investments in the future. The City shall send this resolution and a letter of support for consideration of future divestment legislation to elected state officials.

SECTION 5. This resolution was duly PASSED and ADOPTED this ____ day of _____, 2014, and takes effect upon signing by the Mayor.

Barbara Christensen, City Recorder

SIGNED and APPROVED this ____ day of _____, 2014:

John Stromberg, Mayor

Reviewed as to form:

David Lohman, City Attorney

Ashland City Council Study Session
September 15, 2014
Responses to Questions Posed at August 4 Study Session

Prepared by the Divestment from Fossil Fuels Project Team
Southern Oregon Climate Action Now

Background and update on the Unburnable Carbon Report

The “Unburnable Carbon” report was completed in 2012 by The Carbon Tracker Initiative. The Carbon Tracker Initiative is a non-profit financial think tank working to enable a climate secure global energy market by aligning capital markets actions with climate reality. Unburnable Carbon refers to fossil fuel energy sources which cannot be burned if the world is to adhere to a given carbon budget.

Although the original list was assembled by the Carbon Tracker Initiative, to reflect the rapidly changing nature of this field, the top 200 list was revised in April, 2014 by Fossil Free Indexes and is now called the “Carbon Underground 200.” Fossil Free Indexes (FFI) was formed to provide benchmarks and strategies for ethical investing with an initial focus on broad market indexes ex-fossil fuels defined exactly in line with the divestment movement. Embracing the transition to a low carbon economy through responsible investing, and inspired by the growing fossil fuel divestment movement, FFI's aim is to fill the vacuum for index investors who see environmental sustainability as an imperative and seek to divest from the largest fossil fuel companies.

1. Who decides what companies are on the list?

The Carbon Underground 200™ identifies the 100 largest public coal companies, and the 100 largest public oil and gas companies, based on estimates of the potential CO₂ emissions of their reported reserves as of November 2013. The trends evidenced in this report demonstrate that reserve growth continues to be the norm for both the oil and gas and the coal sectors as a whole. The 546 Gt CO₂ emissions potential estimated to be embedded in the reported reserves of the 200 firms – The Carbon Underground 200™ – represents over 400% of the firms’ carbon budget allocation, based on their share of carbon emissions potential of global reserves. This report estimates an updated carbon budget based on the only IPCC climate scenario with a future less than 2° C above preindustrial levels with >66% probability. These estimates broadly confirm growing research on the exposure of public fossil fuel companies, especially those in the coal sector, to potential constraints and revaluation based on stranded assets.

2. Sustainable companies? Sustainable communities? What is meant by these terms?

No longer part of the Resolution.

3. “Commingled funds” are identified. How many times removed to still be a target?

A comingled fund is one consisting of assets from several accounts that are blended together. If a fund invests in one of the fossil fuel companies that has been identified, the resolution asks it no longer be held.

4. What are the financial implications of these changes in investments? Would like financial analysis. How does it affect us in the long term and short term?

The Boards of the Oregon Short Term Fund and PERS have a strict policy that must be followed. For example, the Investment Manual for the Oregon Short Term Fund Board identifies the primary objectives of investment activities, in priority order, to be preservation of principal, liquidity, and yield. (Source:

<http://www.oregon.gov/treasury/Divisions/Investment/Audio/Oregon%20Short%20Term%20Fund%20and%20Policy%20Rules.pdf>). This suggests that the Board is required to assure that preservation of principal and yield are considered in their decisions.

5. **Would like to see reports that are basis of Recitals at beginning of Resolution**

IPCC 5th Assessment Report Working Group II. Climate Change 2014: Impacts, Adaptation and Vulnerability; Summary for Policymakers. http://www.ipcc-wg2.gov/AR5/images/uploads/WG2AR5_SPM_FINAL.pdf

2009 Copenhagen Agreement.

http://unfccc.int/files/meetings/cop_15/application/pdf/cop15_cph_auv.pdf

Scientific analyses that suggest that humans can only emit about 565 more gigatons of carbon dioxide into the atmosphere. This concept was publicized by Bill McKibben in “Global Warming’s Terrifying New Math” in *Rolling Stone Magazine* on July 19, 2012 (<http://www.rollingstone.com/politics/news/global-warmings-terrifying-new-math-20120719>). The original research paper from which the 565 gigaton allowance was established for CO₂ emissions is by Meinshausen and others, titled “Greenhouse-gas emission targets for limiting global warming to 2 degrees C” published in *Nature* in 2009).

Carbon Underground 200TM. <http://fossilfreeindexes.com/the-carbon-underground-2014/>

Unburnable Carbon Report. <http://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/2014/02/PB-unburnable-carbon-2013-wasted-capital-stranded-assets.pdf>

6. **What has Eugene done? What is the wording of their resolution?**

Passed a resolution on July 16, 2014. Barbara has the resolution.

7. **Where does this fit with the Governor’s office and his proposals?**

The governor is focused on moving the State away from investments in fossil fuels. His ten year energy action plan lays out the direction for moving the State off fossil fuels.

http://www.oregon.gov/energy/pages/ten_year/ten_year_energy_plan.aspx

8. **What are other groups doing (non-profits, universities, cities)?**

See list of those who have made a Divestment Commitment below.

Additional questions from Greg Lemhouse (August 13, 2014)

1. **The Copenhagen Accord was in 2009, which is five years ago. Can you provide an update?**

The Copenhagen Agreement presents the views of the delegates representing 114 nations at the 15th session of the Conference of Parties to the United Nations Framework Convention on Climate Change. They agreed that any warming above a 2°C (3.6°F) rise would be unsafe. This position was endorsed by The World Bank in its report “Turn Down the Heat: Why a 4°C increase must be avoided” (2013).

<http://documents.worldbank.org/curated/en/2013/06/17862361/turn-down-heat-climate-extremes-regional-impacts-case-resilience-full-report>. Additionally, this target was incorporated into the 2013-2014 IPCC Fifth Assessment Report (AR5) and the International Energy Agency’s World Energy Outlook Special Report: Redrawing the Energy-Climate Map (2014).

http://www.iea.org/publications/freepublications/publication/WEO_Special_Report_2013_Redrawing_the_Energy_Climate_Map.pdf.

2. Define a fossil fuel company.

See #1 in the first section with Council questions.

3. Fossil fuel companies are contained within mutual funds, and it is not as easy as one might think to liquidate mutual funds.

It is possible that another fund would need to be selected. However, PERS is big enough that some mutual funds might be willing to set up a fossil fuel free “sleeve”. For example, Blackrock is working with NRDC (National Resources Defense Council) to set up a fossil fuel free index fund. This is something that PERS would need to decide.

4. ExxonMobil is a large producer of solar panels, so if you get rid of that company (for example) are you throwing the baby out with the bathwater?

If they make significant changes, then they would no longer be on the Carbon Underground 200™ and would thus not be on the list. However, even with this good work, ExxonMobil is responsible for a significant percentage of fossil fuel warming.

5. Address the fact that fossil fuel companies are getting huge tax subsidies which could be used by them to deal with global warming on their own. [Question not clear. If you want to clarify, we’ll try to respond.]

Divestment Commitments

A growing number of institutions are committing to divest from fossil fuels. This page lists the commitments from colleges and universities, cities, counties, religious institutions, and other institutions. You can click on each name for more information about the type of commitment they're making.

Colleges and Universities

[College of the Atlantic](#)

[Foothill-De Anza Community College](#)

[Foundation](#)

[Green Mountain College](#)

[Hampshire College](#)

[Naropa University](#)

[Peralta Community College District](#)

[Pitzer College](#)

[Prescott College](#)

[San Francisco State University](#)

[Foundation](#)

[Stanford University](#)

[Sterling College](#)

[Unity College](#)

[University of Dayton](#)

Cities

[Seattle, WA](#)

[San Francisco, CA](#)

[Portland, OR](#)

[Eugene, OR](#)

[Berkeley, CA](#)

[Richmond, CA](#)

[Santa Monica, CA](#)

[Boulder, CO](#)

[Santa Fe, NM](#)

[Madison, WI](#)

[Bayfield, WI](#)

[State College, PA](#)

[Ithaca, NY](#)

[Truro, MA](#)

[Provincetown, MA](#)

[Providence, RI](#)

[Cambridge, MA](#)

[Northampton, MA](#)

[Ann Arbor, MI](#)

[Boxtel, the Netherlands](#)

[New London, CT](#)

[Amherst, MA](#)

[Sudbury, MA](#)

[Concord, MA](#)

[Framingham, MA](#)

[Dunedin, New Zealand](#)

[Oakland, California](#)

[Eugene, OR](#)

Counties

San Francisco, CA

Dane County, WI

Religious Institutions

United Church of Christ – National
Massachusetts United Church of Christ
Minnesota United Church of Christ
Evangelical Lutheran Church of Oregon
First Unitarian Church of Salt Lake City, UT
First Parish Unitarian Universalist Church in
Cambridge, MA

Portsmouth South Church Unitarian First
Unitarian Church of Pittsfield, ME
First Unitarian Society of Milwaukee, WI
First Presbyterian Palo Alto, CA
Uniting Church, New South Wales & ACT,
Australia

Dover Friends Meeting, Dover, NH

Melbourne Unitarian Church, Australia
Unitarian Universalist Society of Amherst,
MA

Anglican Diocese of Wellington, New
Zealand

Anglican Diocese of Auckland, New
Zealand

Anglican Diocese of Dunedin, New Zealand

Anglican Diocese of Waiapu, New Zealand

Anglican Diocese of Waikato and Taranaki,
New Zealand

Anglican Church of Aotearoa, New Zealand
and Polynesia

Brighthelm Church, Brighton, UK

Society for Community Work

Episcopal Diocese of Massachusetts, MA

Maine Council of Churches, ME

Trinity St. Paul's United Church, Toronto,
Canada

Quakers in Britain

Diakonia, Sweden

Colorado Ratnashri Sangha

First Unitarian Church, Ottawa

Union Theological Seminary, New York

City

First Religious Society of Newburyport,

MA

Unitarian Society of Northampton &

Florence, MA

Unitarian Universalist Association

Central Philadelphia Monthly Quaker
Meeting, PA, USA

Lansdowne Monthly Quaker Meeting, PA,
USA

Westtown Monthly Quaker Meeting, PA,
USA

Lehigh Valley Monthly Quaker Meeting,
PA, USA

Old Haverford Monthly Quaker Meeting,
PA, USA

Newtown Monthly Quaker Meeting, PA,
USA

Haverford Quarterly Quaker Meeting, PA,
USA

Jamaica Plain Unitarian Universalist, NY,
USA

World Council of Churches

Community Friends, OH, USA

Foundations

[Divest-Invest Philanthropic Group](#)

Sierra Club Foundation
Wallace Global Fund
Jubitx Family Foundation
The Educational Foundation of America
Park Foundation
The Russell Family Foundation
Compton Foundation
KL Felicitas Foundation
The Chorus Foundation
Singing Field Foundation
Nia Community Foundation
The John Merck Fund
The Joseph Rowntree Charitable Trust

Other Institutions

Conservation Breeding Specialist Group
Santa Fe Art Institute
New Progressive Alliance

[Council of Canadians](#)

[Santa Clara Valley Water District](#)

Solidago Foundation
Jessie Smith Noyes Foundation
Granary Foundation
The Schmidt Family Foundation
Ben & Jerry's Foundation
Pax Fund

[Ross Knowles Fund](#)

[Madden Sainsbury Foundation](#)

[Earth Welfare Foundation](#)

[McKinnon Family Foundation](#)

[The Hunt Foundation](#)

[Pace Foundation](#)

[Mullum Trust](#)

[NSRC Fund](#)

[Students' Society of McGill University](#) **[\(pdf\)](#)**

[Island Institute, Maine, US](#)

[British Medical Association](#)