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OAKLAND

2015 MAY 21 AM 11:34

AGENDA REPORT

TO: JOHN A. FLORES
Interim City Administrator

FROM: Kiran Bawa

SUBJECT: Public Safety and Services Violence
Prevention Tax – Cost-of-Living
Adjustment for FY 2015-16 (Measure Z)

DATE: April 20, 2015

City Administrator
Approval

Date

5/20/15

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council adopt the proposed ordinance authorizing a 2.8 percent increase for Fiscal Year (FY) 2015-16, consistent with the Consumer Price Index (CPI), to the special parcel tax for the Public Safety and Services Violence Prevention Act of 2014.

OUTCOME

This adjustment of the FY 2015-16 special parcel tax for the Public Safety and Services Violence Prevention Act of 2014 would be consistent with the Consumer Price Index (CPI).

BACKGROUND/LEGISLATIVE HISTORY

In November 2004, Oakland voters approved the Violence Prevention and Public Safety Act of 2004. The measure imposes a parking surcharge on commercial parking lots and a parcel tax for the purpose of raising revenue necessary to fund such activities as community and neighborhood policing, violence prevention services with an emphasis on youth, and fire services. The Measure Y legislation authorized the City Council to levy parcel tax assessments beginning FY 2004-05. An additional ballot initiative in November 2010, Measure BB, suspended the 739 police officer staffing threshold mandated by Measure Y and allowed for the continued collection of the parcel tax and parking surcharge.

In November 2014, Oakland voters approved the Public Safety and Services Violence Prevention Act of 2014. The measure continued the same parking surcharge on commercial parking lots and the same parcel tax for the purpose of raising revenue necessary to fund activities such as community resource officers, crime reduction teams, fire services, and violence prevention strategies. The Measure Z legislation authorizes the City Council to levy parcel tax assessments beginning FY 2015-16.

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The Measure Z legislation authorizes the City Council to increase the tax rates by a cost-of-living factor beginning in Fiscal Year 2015-16 and continuing each fiscal year thereafter. Staff proposes a 2.8 percent increase to Measure Z special parcel tax rates for FY 2015-16, consistent with the CPI increase for the San Francisco Bay Area during calendar year 2014. If approved, this would be the first CPI increase for Measure Z since its enactment, continuing from the Measure Y parcel tax assessment rate of \$99.77 in FY 2014-15.

The Measure Z legislation allows the City Council to adjust the tax rates in accordance with the CPI for the immediate San Francisco Bay Area. At no time, however, may the rates be increased by more than 5.0 percent of the tax rates imposed by ordinance during the immediate preceding fiscal year. The table below summarizes the CPI rates from 2009 through 2014.

HISTORICAL MEASURE Y RATE INCREASES		
Council Action Date	Percent Increase	Effective Date
June 16, 2009	3.1%	July 1, 2009
June 07, 2010	0.7%	July 1, 2010
June 07, 2011	1.4%	July 1, 2011
June 19, 2012	2.6%	July 1, 2012
June 18, 2013	2.7%	July 1, 2013
June 17, 2014	2.2%	July 1, 2014

ANALYSIS

The proposed ordinance applies an adjustment of 2.8 percent to the current Measure Z special parcel tax amount, effective July 1, 2015. This increase is per the actual change in the San Francisco Bay Area CPI during calendar year 2014. The proposed increase applies on a fiscal year basis (i.e., July 1st – June 30th).

The following table summarizes the impact of the proposed increases by parcel type:

PROPOSED MEASURE Z TAX INCREASES BY PARCEL TYPE			
PARCEL TYPE	CURRENT PARCEL RATE	PROPOSED INCREASE	FY 2015-16 PARCEL RATE
Single Family Residential Parcels	\$99.77	\$2.79	\$102.56
Multiple Residential	\$68.15	\$1.91	\$70.06
Non-Residential Parcels	\$51.09	\$1.43	\$52.52

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PUBLIC OUTREACH/INTEREST

A public hearing on the proposed ordinance to increase the Measure Z special parcel tax is scheduled for Tuesday, June 2, 2015 at 6:30 p.m.

COORDINATION

The report was prepared in coordination with the Office of the City Attorney and Francisco & Associates, the City's Contractor, who annually administers special financing districts on behalf of the City.

COST SUMMARY/IMPLICATIONS

The FY 2015-16 estimated parcel tax revenue from Measure Y is \$15,427,188, including the proposed rate increase. The proposed rate increase represents approximately \$420,196 of the FY 2015-16 estimated revenue. This additional funding is needed to account for increases in personnel costs.

SUSTAINABLE OPPORTUNITIES

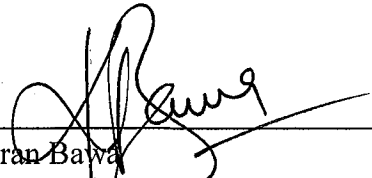
Economic: Essential City services that serve the public greatly rely upon revenues generated from the Measure Z special tax.

Environmental: There are no direct environmental impacts associated with the City Council action requested in this report.

Social Equity: Public safety services are beneficial to all Oakland residents.

For questions regarding this report, please contact Chantal Cotton Gaines at (510) 238-7587.

Respectfully submitted,



Kiran Bawa
Budget Director, Budget Office

Reviewed by:
Osborn Solitei, Controller

Prepared by:
Chantal Cotton Gaines, Asst. to the City Administrator

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Approved as to Form and Legality

Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Ordinance No. _____ C.M.S.

ORDINANCE AUTHORIZING A FISCAL YEAR 2015-16 INCREASE TO A SPECIAL TAX IMPOSED FOR VIOLENCE PREVENTION AND PUBLIC SAFETY SERVICES, IN ACCORDANCE WITH THE CONSUMER PRICE INDEX, AND PURSUANT TO THE PUBLIC SAFETY AND SERVICES VIOLENCE PREVENTION ACT OF 2014 (MEASURE Z)

WHEREAS, in 2014 the voters of Oakland approved Measure Z, a special tax to fund violence prevention and public safety services; and

WHEREAS, Measure Z imposes the same special tax from the Violence Prevention and Public Safety Act of 2004 (Measure Y) on all parcels in the City of Oakland, except where the parcels are otherwise exempt from taxation by Part 3 Section 4 of the Measure; and

WHEREAS, Measure Z provides that beginning in Fiscal Year 2015-2016 and each fiscal year thereafter, the Oakland City Council may increase the tax only upon a finding that the cost-of-living in the immediate San Francisco Bay Area, as shown by the Consumer Price Index (CPI) for all items, has increased since the 2014-15 index year; and

WHEREAS, Measure Z provided that any tax rate adjustment imposed by the City Council pursuant to the ordinance shall not exceed five percent of the tax rate imposed during the immediately preceding fiscal year; and

WHEREAS, a public hearing on this ordinance to increase the Measure Z special parcel tax was held on Tuesday, June 2, 2015 at 5:30 p.m. in City Hall, One Frank H. Ogawa Plaza, Oakland, California; now, therefore,

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

1. The City Council of the City of Oakland hereby determines that the preceding recitals are true and correct and hereby adopts and incorporates them into this Ordinance.

2. The Oakland City Council hereby finds that the Consumer Price Index for all items in the San Francisco Bay Area was 245.02 for calendar year 2013 and 251.99 for calendar year 2014.

3. The cost-of-living in the immediate San Francisco Bay Area as shown by the Consumer Price Index, has increased 2.8 percent from calendar year 2013 to calendar year 2014.

4. The Measure Z special tax rate upward adjustment shall be 2.8 percent, effective July 1, 2015, pursuant to the Measure Z requirement that the rate increase equal the annual CPI increase for the San Francisco Bay Area, and at no time may the increase exceed 5.0 percent of the tax rates imposed by the Ordinance during the immediately preceding fiscal year.

5. The following rate structure will be imposed on parcels within the City of Oakland effective July 1, 2015 for FY 2015-16:

PROPOSED MEASURE Z TAX INCREASES BY PARCEL TYPE			
PARCEL TYPE	CURRENT PARCEL RATE	PROPOSED INCREASE	FY 2015-16 PARCEL RATE
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Multiple Residential	\$68.15	\$1.91	\$70.06
Non-Residential Parcels	\$51.09	\$1.43	\$52.52

6. This Ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise, it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, and
PRESIDENT GIBSON MCELHANEY

NOES-

ABSENT-

ABSTENTION-

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California

NOTICE AND DIGEST

ORDINANCE AUTHORIZING A FISCAL YEAR 2015-16 INCREASE TO A SPECIAL TAX IMPOSED FOR VIOLENCE PREVENTION AND PUBLIC SAFETY SERVICES, IN ACCORDANCE WITH THE CONSUMER PRICE INDEX, AND PURSUANT TO THE PUBLIC SAFETY AND SERVICES VIOLENCE PREVENTION ACT OF 2014 (MEASURE Z)

This Ordinance would authorize an increase of the special tax imposed for violence prevention and public safety services pursuant to Measure Z for Fiscal Year 2015-2016 in the amount 2.8%, which represents the cost-of-living increase based on the San Francisco Bay Area Consumer Price Index from calendar year 2013 to calendar year 2014.