

FILED  
CITY OF OAKLAND  
JUN 7 2011  
CITY CLERK

# CITY OF OAKLAND

## AGENDA REPORT

TO: Office of the City Administrator  
ATTN: P. Lamont Ewell  
FROM: Budget Office  
DATE: June 7, 2011

RE: **Ordinance Authorizing A Fiscal Year 2011-12 Increase To A Special Tax Imposed For Library Services, In Accordance With The Consumer Price Index, And Pursuant To The Library Services Retention And Enhancement Act Of 2004 (Measure Q)**

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### SUMMARY

Attached for City Council consideration is an ordinance authorizing a FY 2011-12 adjustment, consistent with the Consumer Price Index, to the special parcel tax for the Library Services Retention and Enhancement Act of 2004.

In March 2004, the electorate of Oakland approved, by more than a two-thirds majority, the extension of the Library Services and Retention Act, Measure Q (formerly known as Measure O). The act re-authorized and increased a special parcel tax on residential and non-residential parcels for the purpose of raising revenue to retain and enhance library services. The term of the tax is 20 years, commencing July 1, 2004 and ending June 30, 2024.

The Measure Q legislation also authorizes the City Council to increase the tax annually, consistent with the San Francisco Bay Area CPI changes. A 1.4 percent increase to the Measure Q special parcel tax rates is proposed for FY 2011-12, reflecting the 2010 CPI increase for the San Francisco Bay Area.

A public hearing on the proposed ordinance to increase the Measure Q special parcel tax is scheduled for June 7, 2011 at 6:30 p.m.

### FISCAL IMPACT

The FY 2011-12 estimated parcel tax revenue from Measure Q is \$13.1 million, including the proposed rate increase. The proposed rate increase represents approximately \$177,520 of the FY 2011-12 estimated revenue.

The Measure Q legislation stipulates that the City Council may collect this tax only if the General Fund appropriation for Library services is maintained at a level that is no lower than the General Fund appropriation for FY 2000-01, which was \$9,059,989. The Library's proposed FY 2011-12 General Purpose Fund budget is \$3,611,655 for Budget A, \$9,060,000 for Budget B and

Item: **9.3**  
City Council / ORA  
June 7, 2010

\$9,434,202 for Budget C. If Budget A is adopted, then the City will not be able to collect Measure Q taxes and will forfeit \$13 million in anticipated revenues. However, if Budget B or C is adopted then the City will continue to collect Measure Q taxes. Since the final budget will not be adopted until the end of June, this report assumes that Budget B or C will pass. If Budget A is adopted then the contents of this report and ordinance will be deemed null and void since the General Fund appropriation will be lower than what the Measure Q legislation stipulates.

**BACKGROUND**

The Measure Q legislation allows the City Council, upon making proper findings, to increase the tax rate based on cost-of-living changes in the San Francisco Bay Area to a maximum level of five percent over the immediately preceding fiscal year.

The following table summarizes the historical tax rate increases that have been authorized pursuant to City Council action since the legislation was enacted:

<b>Historical Measure O/Q Rate Increases</b>		
<b>Council Action Date</b>	<b>Percent Increase</b>	<b>Effective Date</b>
June 1997	2.9%	December 1997
June 1998	2.1%	December 1998
July 14, 1999	2.7%	December 1999
July 11, 2000	2.5%	December 2000
June 5, 2001	4.5%	July 1, 2001
June 11, 2002	5.0%	July 1, 2002
June 3, 2003	1.6%	July 1, 2003
There was no cost-of living increase for FY 2004-05, since the voters approved a rate increase and extension of the special tax in March 2004.		
June 16, 2005	1.2%	July 1, 2005
June 8, 2006	2.0%	July 1, 2006
June 19, 2007	3.2%	July 1, 2007
June 17, 2008	3.3%	July 1, 2008
June 16, 2009	3.1%	July 1, 2009
June 01, 2010	0.7%	July 1, 2010

**KEY ISSUES AND IMPACTS**

The proposed ordinance applies an adjustment of 1.4 percent to the current Measure Q special parcel tax amount, effective July 1, 2011. This increase is per the actual change in the San

Item: \_\_\_\_\_  
City Council  
June 7, 2011

Francisco Bay Area CPI during 2010. The proposed increase applies on a fiscal year basis (i.e., July 1<sup>st</sup> – June 30<sup>th</sup>).

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

<b>Proposed Measure Q Tax Increases by Parcel Type</b>			
<b>Parcel Type</b>	<b>Current Parcel Rate</b>	<b>Proposed Increase</b>	<b>FY 2011-12 Parcel Rate</b>
Single Family Residential Parcels	\$85.69	\$1.18	\$86.87
Multiple Residential (2 to 4 units)	\$58.53	\$0.81	\$59.34
Non-Residential Parcels	\$43.89	\$0.60	\$44.49

**SUSTAINABLE OPPORTUNITIES**

There are no direct economic, environmental, or social equity opportunities or impacts associated with the City Council action requested in this report.

**DISABILITY AND SENIOR CITIZEN ACCESS**

There is no direct impact to people with disabilities or to seniors associated with the City Council action requested in this report.

**RECOMMENDATION(S) AND RATIONALE**

Staff recommends that the City Council adopt the proposed ordinance.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council adopt the proposed ordinance authorizing a 1.4 percent increase, consistent with the CPI, in the tax imposed pursuant to the Library Services Retention and Enhancement Act of 2004.

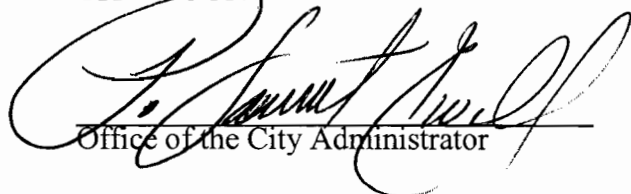
Respectfully submitted,



SABRINA LANDRETH  
Budget Director

Prepared by:  
Janelle Montu  
City Administrator's Budget Office

APPROVED AND FORWARDED TO THE  
CITY COUNCIL

  
Office of the City Administrator

**ORDINANCE AUTHORIZING A FISCAL YEAR 2011-12 INCREASE TO A  
SPECIAL TAX IMPOSED FOR LIBRARY SERVICES IN ACCORDANCE  
WITH THE CONSUMER PRICE INDEX, AND PURSUANT TO THE LIBRARY  
SERVICES RETENTION AND ENHANCEMENT ACT OF 2004 (MEASURE Q)**

**NOTICE AND DIGEST**

This Ordinance authorizes an increase to a special tax imposed by the Library Services Retention and Enhancement Act of 1994 (Measure O) continued by the Library Services Retention and Enhancement Act of 2004 (Measure Q), the latter of which was approved by the voters in March 2004. The Act allows rates to be adjusted for changes in the Consumer Price Index, in an amount not to exceed five percent (5.0%), as provided in Section 7(b) of the original Measure O legislation (Resolution No. 70776 C.M.S.) and continued in the Measure Q legislation (Resolution No. 78223 C.M.S.). The proposed changes are a total increase of 1.4 percent for FY 2011-12. Effective July 1, 2011 the Single Family Residential rate would increase from \$85.69 to \$86.87, the Multiple Unit Residential rate would increase from \$58.53 to \$59.34 and the Non-Residential rate would increase from \$43.89 to \$44.49.

**9.3**  
**ORACOUNCIL**  
**JUN 07 2011**

OFFICE OF THE CITY CLERK  
CITY OF OAKLAND

JULY 26 PM 7:15

Approved as to Form and Legality

*M. Mooradian*  
Oakland City Attorney's Office

## OAKLAND CITY COUNCIL

Ordinance No. \_\_\_\_\_ C.M.S.

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**ORDINANCE AUTHORIZING A FISCAL YEAR 2011-12 INCREASE TO A SPECIAL TAX IMPOSED FOR LIBRARY SERVICES, IN ACCORDANCE WITH THE CONSUMER PRICE INDEX, AND PURSUANT TO THE LIBRARY SERVICES RETENTION AND ENHANCEMENT ACT OF 2004 (MEASURE Q)**

**WHEREAS**, the voters of Oakland in 2004 approved Measure Q, the Library Services Retention and Enhancement Act of 2004, which extended the original Measure O Library Services Retention and Enhancement of 1994, through June 30, 2024; and

**WHEREAS**, Measure Q continued imposition of this special tax on all parcels in the City of Oakland, except where the parcels are otherwise exempt from taxation by Section 6 of the ordinance; and

**WHEREAS**, the Measure Q legislation allows the City Council to increase the tax annually upon a finding that the cost of living in the immediate San Francisco Bay Area, as shown on the Consumer Price Index (CPI) for all items, has increased since the 1994 index year; and

**WHEREAS**, the Measure Q legislation further provides 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 Q special parcel tax was held on June 7, 2011 at 6:30 p.m. in City Hall, One Frank H. Ogawa Plaza, Oakland, California; now, therefore,

**9.3**  
COUNCIL

**JUN 07 2011**

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

1. The Oakland City Council hereby finds that the Consumer Price Index for all items in the San Francisco Bay Area was 224.40 for calendar year 2009 and 227.47 for calendar year 2010.
2. The cost-of-living in the immediate San Francisco Bay Area as shown by the Consumer Price Index, has increased 1.4 percent between calendar year 2009 and calendar year 2010.
3. The Measure Q special tax rate upward adjustment shall be 1.4 percent, effective July 1, 2011.
4. The following rate structure will be imposed on parcels within the City of Oakland effective July 1, 2011 for FY 2011-12:

PROPOSED MEASURE Q TAX INCREASES BY PARCEL TYPE			
Parcel Type	Current Parcel Rate	Proposed Increase	FY 2011-12 Parcel Rate
Single Family Residential Parcels	\$85.69	\$1.18	\$86.87
Multiple Residential (2 to 4 units)	\$58.53	\$0.81	\$59.34
Non-Residential Parcels	\$43.89	\$0.60	\$44.49

5. The City's FY11-13 budget will be passed at the end of June 2011. This ordinance will be deemed null and void **if** the General fund appropriation for Library Services in the Adopted FY11-13 budget is lower than \$9,059,989, as stipulated in the Measure Q legislation.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF, BRUNNER, AND PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST:

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

**9.3**  
OPACOUNCIL

**JUN 07 2011**