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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Gerry Garzón
Director of Library Services

SUBJECT: Potential Library Parcel Tax Measure

DATE: December 18, 2017

City Administrator Approval

Date:

12/27/17

RECOMMENDATION

Staff Recommends That The City Council: Receive An Informational Presentation Regarding A Potential June 2018 Library Parcel Tax Measure.

EXECUTIVE SUMMARY

As part of the Fiscal Year (FY) 2017-19 Adopted Policy Budget, the City Council approved budget reductions in the Library's proposed budget in order to balance its overall budget. These reductions were necessary to address a systemic budget shortfall that exists in the Library's Measure Q fund. On Tuesday, January 9, 2018, the Finance and Life Enrichment committees will hear an informational presentation regarding a potential Library parcel tax measure for the June 2018 election. Staff will present the first half of the presentation that will outline the background, how the Library got here, planning and proposed structure and features of a potential library parcel tax measure (**Attachment A**). EMC Research, Inc. will present the second half of the presentation that will summarize the results of public polling conducted during September 20-25, 2017 (**Attachment B**).

BACKGROUND

Measure Q was passed in 2004, which was the reauthorization of the 1994 Library Services Retention and Enhancement Act (Measure O). Measure Q requires a minimum contribution from the City's General Purpose Fund (GPF) of \$ 9,059,989. It was only briefly that both revenue sources provided a equal allocations of funding, as intended. Over the years, Measure Q has provided a greater share of the Library's resources, due to financial pressures on the GPF.

ANALYSIS

In FY 2017-18, the GPF provides 42 percent of the Library's budget and Measure Q provides 58 percent. Increased GPF expenditures beyond the minimum contribution, are for personnel related increases (Cost of Living Adjustments (COLA), Benefits, etc.), Internal Service Funds,

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Finance & Life Enrichment Committees
January 9, 2018

primarily toward the maintenance and custodial of all library facilities, and a \$500,000 operating subsidy as a transfer to Measure Q.

The Library's budget for public services has remained at a status-quo since FY 2012-13 despite significant increases in patron participation in library programs and outreach activities. The Library's collection budget has been flat since 2004 and now represents 6 percent of the budget, far below the 12%-20 percent national standard for libraries. In addition, Oakland has the lowest number of average open hours among neighboring library systems and spends less than half per capita of what Berkeley and San Francisco Public Libraries spend on total expenditures for their residents. Where the Library needs more self-check and automated materials handling equipment to free up staff to work more closely with the public, it cannot implement these efficiencies and other technical enhancements without additional funds.

Service cutbacks since 2009 have included Branch library hours which reverted from 6-day service, back to 5-day service. Bookmobile services were eliminated and funding for the Second Start Adult Literacy program was reduced. In FY 2015-17, one-time funding from the City Council and the remaining Measure Q fund balance closed the library budget gap and prevented drastic reductions. However, the fund balance is predicted to disappear by FY 2017-2018 and the estimated shortfall for next fiscal year is between \$3.5-4.0 million.

The Library Administration has been in discussions with City Administration and elected officials over the last several years to resolve the structural shortfall in Library funding. The Friends of the Oakland Public Library, the Library Advisory Commission, and other Library supporters did not pursue ballot measures in November 2014 and November 2016. It is with that in mind that Library Administration and its supporters, including the Library Advisory Commission, are planning for a parcel tax measure to be put on the ballot in June 2018.

FISCAL IMPACT

There are no direct fiscal impacts to the City of Oakland from the acceptance of this report. The decision to place a measure on the June 2018 ballot will have costs that will be articulated in future reports once staff have better estimates. The adoption of a Library funding measure by the voters in the June 2018 election will have a significant positive fiscal impact on the City of Oakland.

PUBLIC OUTREACH / INTEREST

A telephone and web survey of 735 Oakland likely November 2018 voters, with a subset of 356 likely June 2018 voters, was conducted September 20-25, 2017. With a margin of error of 4.0-5.7 percentage points, when asked if they would vote "yes" to approve a \$75 per parcel tax for 20 years, providing about \$10 million dollars annually to maintain and improve library services throughout Oakland, 73 percent of respondents said "yes" or "leaned yes" (**Attachment B**). In addition, the Library Advisory Commission and Friends of Oakland Public Library have indicated initial support for a parcel tax measure.

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COORDINATION

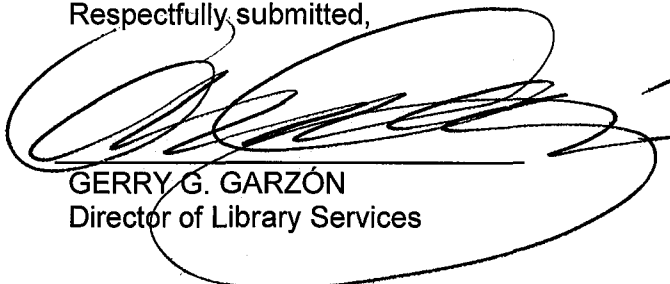
This report was reviewed by the City Attorney's Office and Finance Department.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council: Receive An Informational Presentation Regarding A Potential June 2018 Library Parcel Tax Measure.

For questions regarding this report, please contact Gerry Garzon, Director of Library Services, 510-238-6608.

Respectfully submitted,



GERRY G. GARZÓN
Director of Library Services

Attachments (2):

- A: Oakland Public Library – June 2018 Potential Parcel Tax Measure
- B: EMC Research. – Executive Summary – September 2017 PowerPoint Presentation

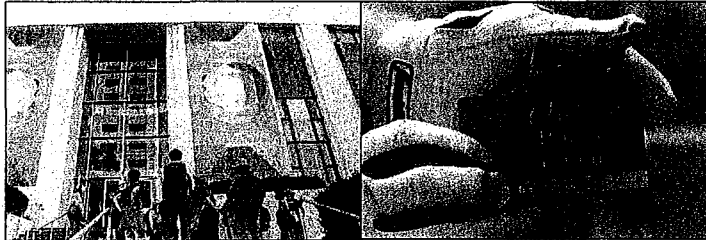
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ATTACHMENT A

Oakland Public Library June 2018 Parcel Tax Measure

Finance and Life Enrichment Committees
January 9, 2018

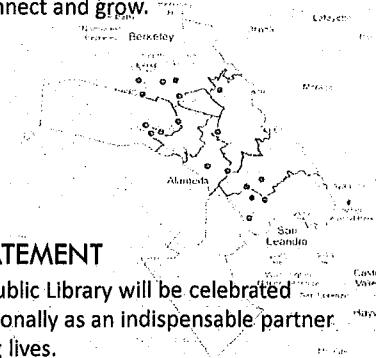


Library Overview

18 Locations across the City.
Services to all ages, with an emphasis on Oakland youth.

MISSION STATEMENT

Your Oakland Public Library empowers all people to explore, connect and grow.




VISION STATEMENT

The Oakland Public Library will be celebrated locally and nationally as an indispensable partner in transforming lives.

THE OAKLAND PUBLIC LIBRARY VALUES...

- Equity
- Quality
- Community
- Partnerships
- Accessibility
- Impact




Library Overview

Number of Employees – 221.07 FTE

Department Budget FY 2017-18 - \$31,464,606



Library Overview

Oakland Public Library Offers:

- 28 story time programs each week to help children ages 0-5 learn to read.
- Class visits for students and their teachers to learn about the free resources available at their library.
- Teen-friendly, safe spaces and programming where young adults can thrive and learn.
- Free summer lunch programs for students during the school break—addressing a large population (three quarters of Oakland students) who are eligible for free and reduced lunches during the school year.
- Safe and welcoming programs to help adults who struggle to read to improve and make progress toward their goals.
- Books, magazines, videos, music, eBooks, streaming movies and music—free to check-out.
- And much more!



Children's Services



WE PUT MORE THAN **1.0 MILLION** CHILDREN'S BOOKS, TOYS, MATERIALS, IN CHILDREN'S HANDS IN FY 2016-17: (44% OF ALL LIBRARY MATERIALS CHECKED OUT)

OVER 156,00 CHILDREN ATTENDED PROGRAMS

Teen Services



Ready, Set, Connect!
Preparing Alameda County Youth between the ages of 16-24 for careers in the Technology Industry.

Almost 30,000 Teens attended 1,400 Programs



Oakland Public Library

Adult Services — 24,000 Adults attended Programs in FY 2016-17

- Second Start Adult Literacy
- Extended Services for Patrons with Disabilities
- Public Meeting Rooms
- Lawyers in the Library
- Tax Preparation Service
- Section 8 Housing Registration
- Affordable Care Act and Medicare Assistance
- Veteran's Resource Center
- Craft Workshops



- Immigrant Rights Workshops
- Citizenship Workshops
- Reader's Advisory
- ESL Conversation Clubs
- Job Search Classes and Resumé Workshops
- Author Talks
- Book Clubs
- Writer's Support Groups
- Grant Writing Workshops
- Genealogy Resources



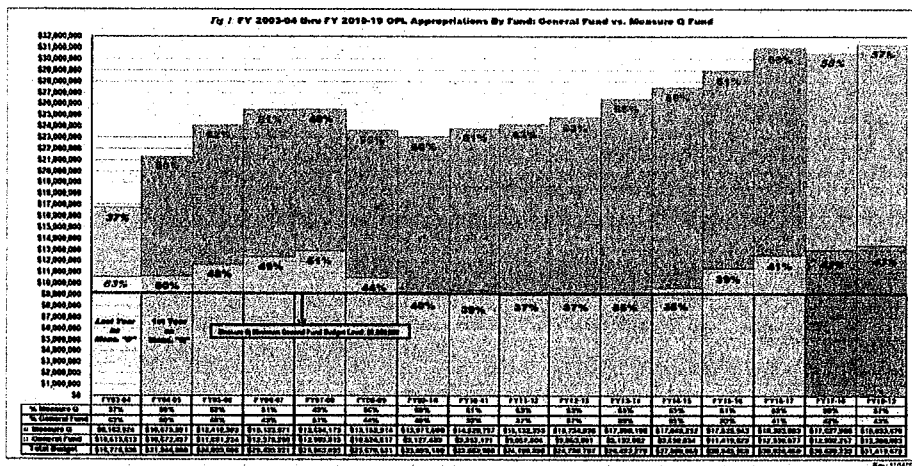
Oakland Public Library

Why A Parcel Tax?

- Over the last 5 years, the Measure Q fund has become increasingly overburdened, and it now faces a \$3.5-\$4.0 million shortfall.
- As a result of the Great Recession in 2008-09 and the resulting decline in City funding sources, branch service was cut from six days per week to only five.
- Oakland Public Library services are partially funded by the City of Oakland's General Purpose Fund which is increasingly constricted.
- Oakland has the lowest number of average open hours among our neighboring Libraries (Berkeley, Alameda County, San Francisco, Contra Costa County).
- It also spends the lowest percentage on buying collections (books, eBooks, children's books, videos, magazines, etc.) for its residents.
- It spends less than 1/2 per capita of what Berkeley and San Francisco Public Libraries spend on total expenditures for their residents.



Budget Comparison



Budget Shortfall

The Library's Annual Projected Measure Q Budget Shortfall in FY 2017-2019 is Projected as follows:

	<u>FY 2017-18</u>	<u>FY 2018-19</u>
➤ Measure Q Expenditures:	\$17,627,966	\$18,033,676
➤ Measure Q Tax Revenue:	\$15,384,906	\$15,800,293
➤ Measure Q Operating Deficit:	(\$2,243,060)	(\$2,233,383)



High Ranking Priorities

The Library's Three-Year Strategic Plan inform its priorities.

- ✓ Reach More People Where They Are
- ✓ Improve Our Physical Spaces
- ✓ Increase Operational Efficiencies
- ✓ Increase Funding
- ✓ Develop, Retain and Attract Quality Staff

Based on these Goals, several priorities rise to the top for the use of new funds:

- **Convert** more TPT positions to Permanent with full benefits.
- **Increase** hours and subsequent staffing at Branch Libraries to allow families, students and children more access.
- **Complement** the iBond funding for Libraries, by purchasing new public desks, furniture, equipment, maker spaces, & technology for patrons.
- **Implement** Self Check & Automated Returns throughout the city.
- **Increase** the lending materials budget for books, children's books, eBooks, Books on CD, e-Audiobooks, streaming music & video, magazines, tablets, laptops, tools, WiFi Hotspots, and toys.
- **Increase** staff training and opportunities for advancement.



Proposed Library Parcel Tax Measure

To maintain, protect and improve library services throughout Oakland, including:

- Providing safe places for children and teens after school;
- Preventing library closures;
- Maintaining youth reading programs and senior services;
- Keeping libraries safe and welcoming;
- Providing evening and weekend hours for students and working families;
- Providing literacy services for adults;

shall the City of Oakland establish a \$75 per parcel tax for 20 years, providing about \$10,000,000 annually, subject to independent audits and citizens' oversight?



Proposed Library Parcel Tax Measure

Based on current funding levels from Fund 2241 (Measure Q) and Fund 1010 (General Fund), the addition of this proposed library parcel tax revenue is projected to provide the following:

- | | |
|---|---------|
| ➤ Prevent branch closures by resolving Measure Q shortfall | \$4.0M |
| ➤ Increase branch hours and convert TPT positions | \$1.5M* |
| ➤ Complement iBond funds with new public furniture & equipment, including leased facilities | \$2.0M* |
| ➤ Self-Service technology & online enhancements | \$1.0M* |
| ➤ Increase book budget and other materials available for check out | \$1.0M* |
| ➤ Children's & Teens, Branch & AAMLO programming | \$0.5M* |

** These are estimated figures based on high ranking priorities and existing needs*



Timeline

Draft Timeline for a June, 2018 Ballot Measure:

- **January 9, 2018** – Information Report to Finance & Life Enrichment Committees with Poll Results & Draft Ballot Language
- **January 23, 2018** – Enabling Legislation Presented to Finance & Life Enrichment Committees
- **January 30, 2018** – Enabling Legislation Presented to City Council for approval
- **February 2, 2018** – City Attorney submit Text of Measure to City Clerk
- **March 9, 2018** – 88 Day Deadline to County



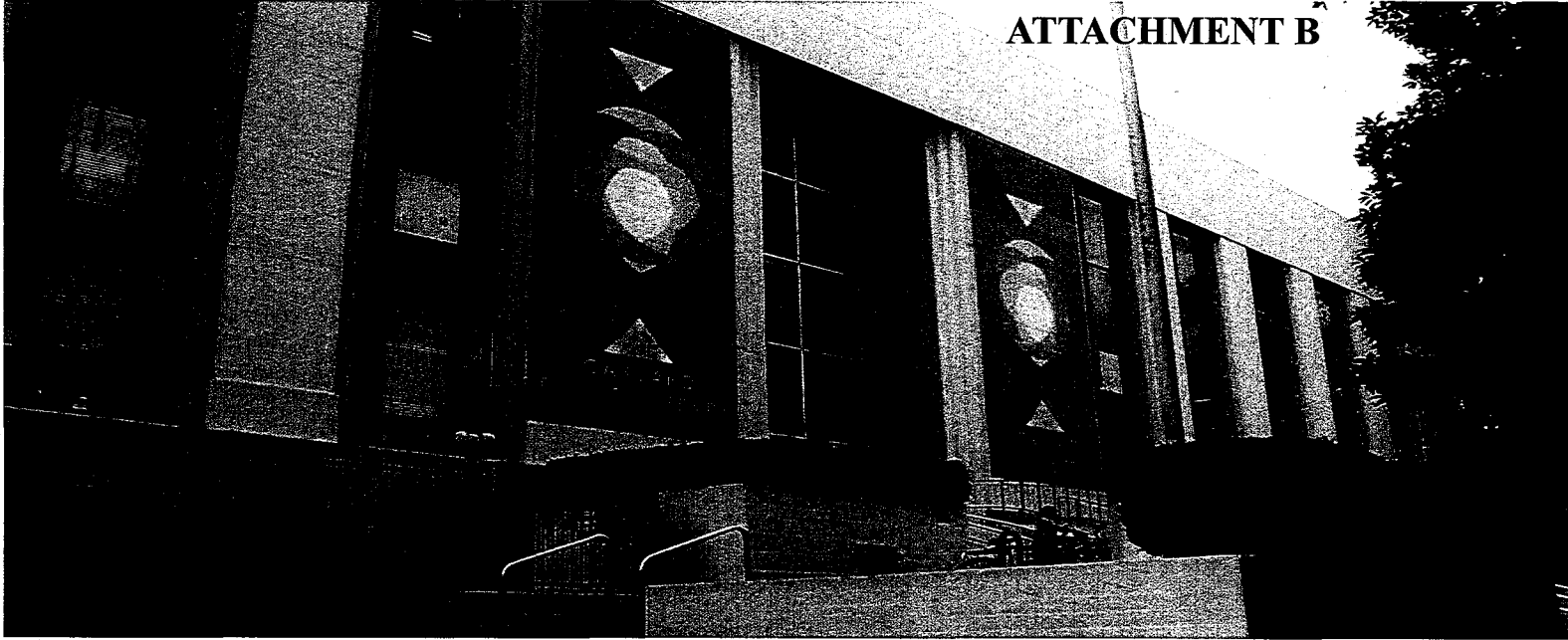
Questions?



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ATTACHMENT B



Hybrid Email-to-Web & Telephone Survey of City of Oakland Voters Executive Summary



MARKET
& OPINION
RESEARCH
SERVICES

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Oakland
Public Library

September 2017

Methodology

- ▶ Hybrid email-to-web and telephone survey of Likely November 2018 voters in the City of Oakland
- ▶ Survey conducted September 20-25, 2017
- ▶ Interviews conducted in English, Spanish and Chinese
- ▶ 735 total interviews; overall margin of error \pm 4.0 percentage points
 - Web - 435 interviews
 - Phone - 300 interviews
- ▶ 356 interviews among likely June 2018 voters; margin of error \pm 5.7 percentage points
- ▶ Where applicable, results compared with a previous phone survey conducted February 2016 (n=400)

Please note that due to rounding, some percentages may not add up to exactly 100%

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Key Findings

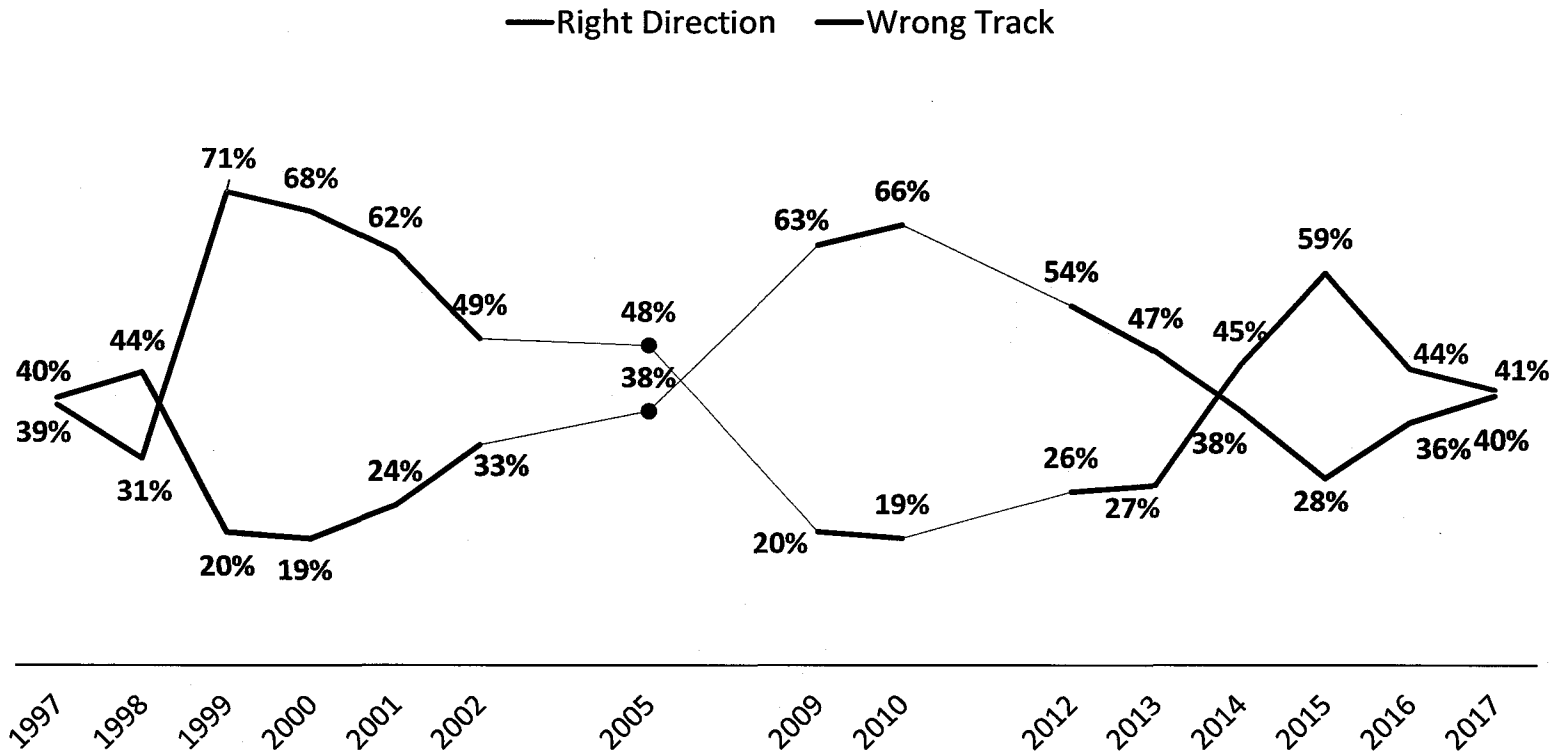
- ▶ Oakland voters are invested in the future of the City's public libraries.
 - The vast majority of Oakland voters have visited an Oakland public library in the last year.
 - Voters approve of the job the Oakland Public Library is doing.
 - More than two-thirds of voters see a need for additional funding for the Oakland Public Library.

- ▶ Voters are willing to tax themselves to improve and maintain library services: support for a potential parcel tax measure is well above the two-thirds threshold needed for passage.

- ▶ Voters prioritize programs that future funding could help pay for, including library services for children and teens, and preventing library closures.

Direction of Oakland

Voter optimism is on the decline.



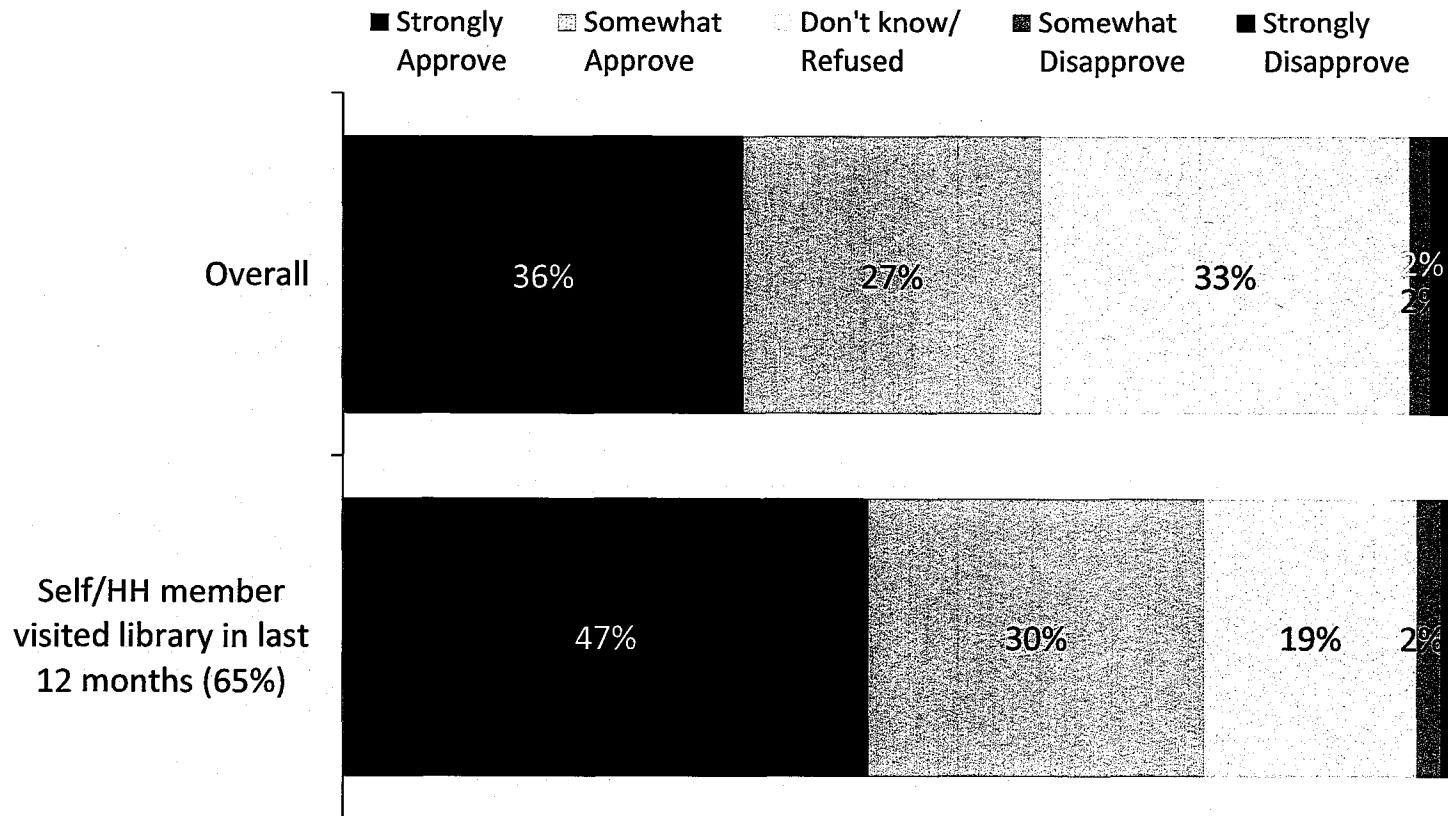
Q4. Do you feel that things in Oakland are generally going in the right direction or do you feel things have gotten pretty seriously off on the wrong track?

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Job Rating by Personal Experience

Two-thirds have personal experience with the library in the last year, and their satisfaction is overwhelmingly positive.



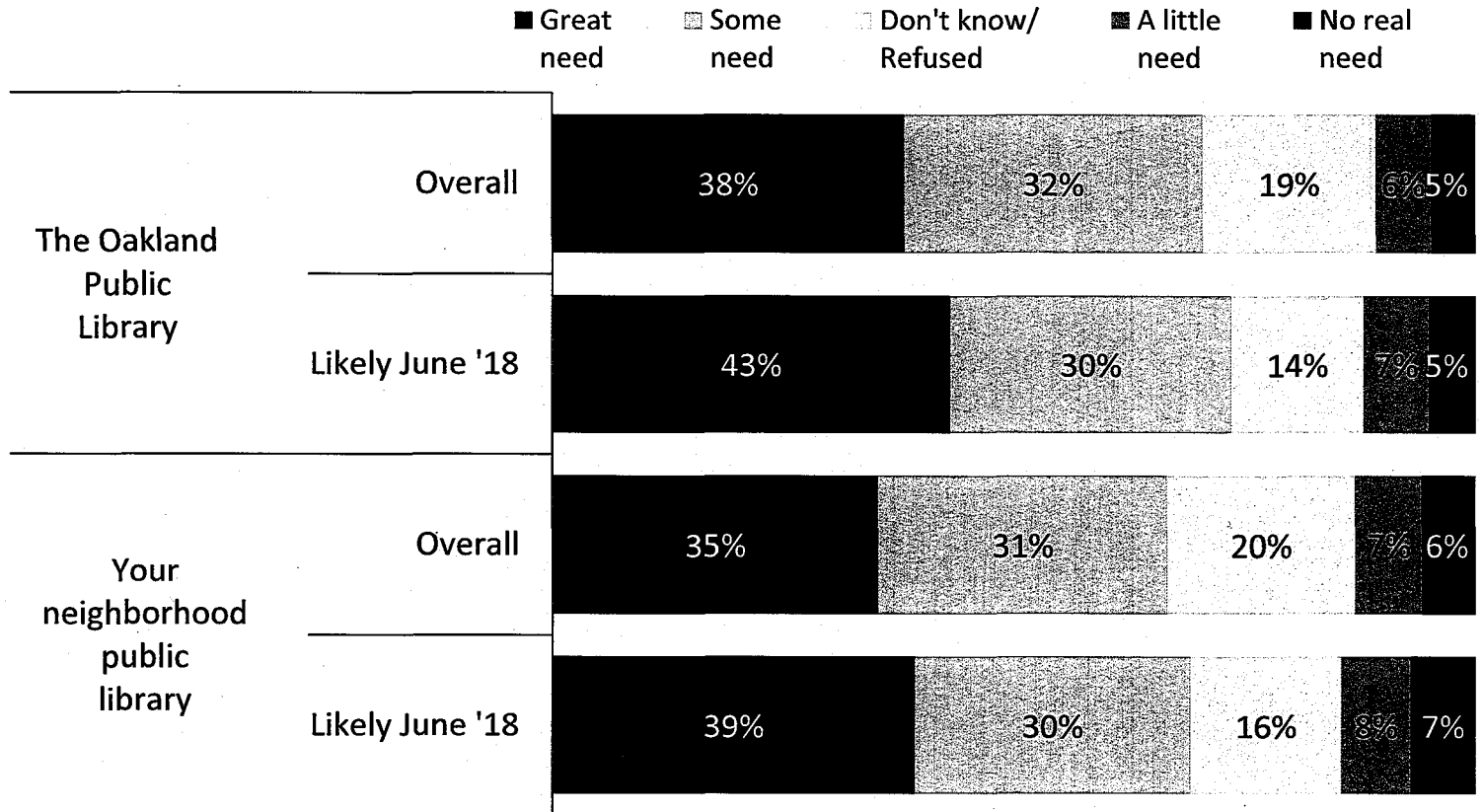
Q5. Do you approve or disapprove of the job the Oakland Public Library is doing?

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RESEARCH

Need for Funding

Oakland voters are aware that the libraries need more money; they will not have to be educated about the issue.



Q6-7. For each of the following, please tell me if you think it has a great need for additional funding, some need, a little need, or no real need for additional funding.

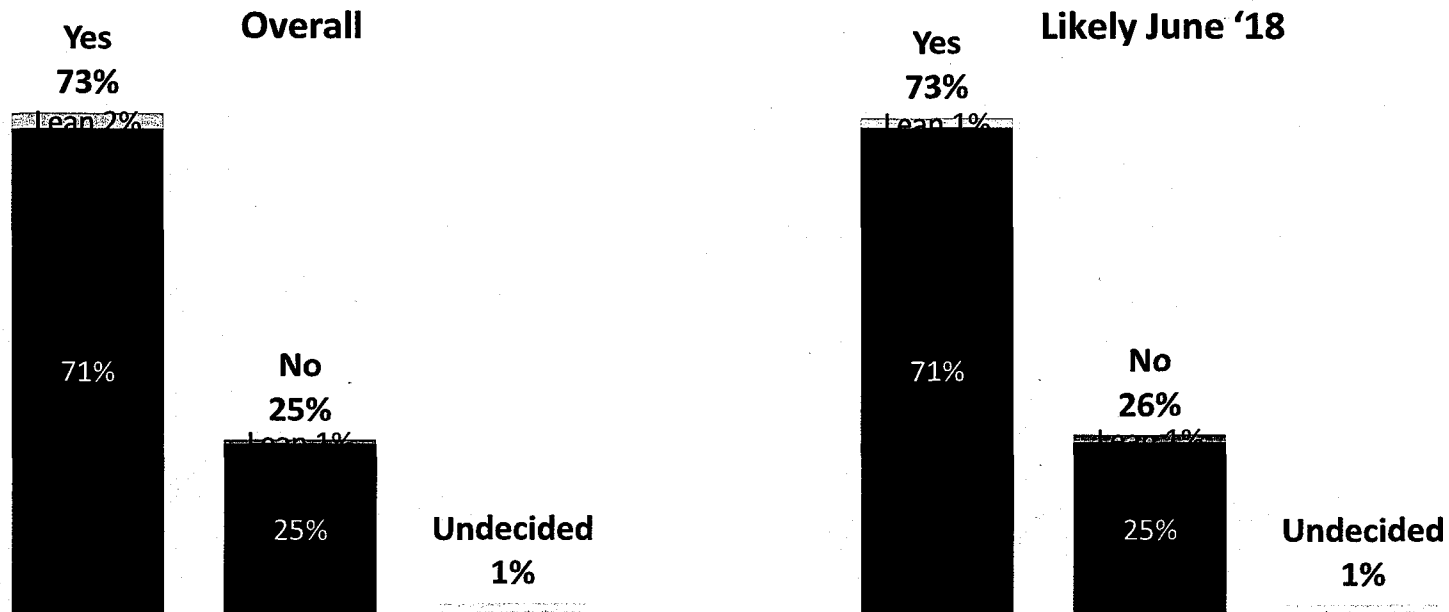
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Initial Support

Initial support for a \$75 parcel tax is above the two-thirds threshold required for passage.

"To maintain and improve library services throughout Oakland, including: Providing safe places for children and teens after school; Providing literacy services for families and adults; Increasing library resources for local schools; Preventing library closures; Maintaining up-to-date books and computers to increase technology access; Keeping libraries safe and clean; shall the City of Oakland establish a \$75 per parcel tax for 20 years, providing about \$10,000,000 annually, subject to independent annual audits and citizens' oversight?"



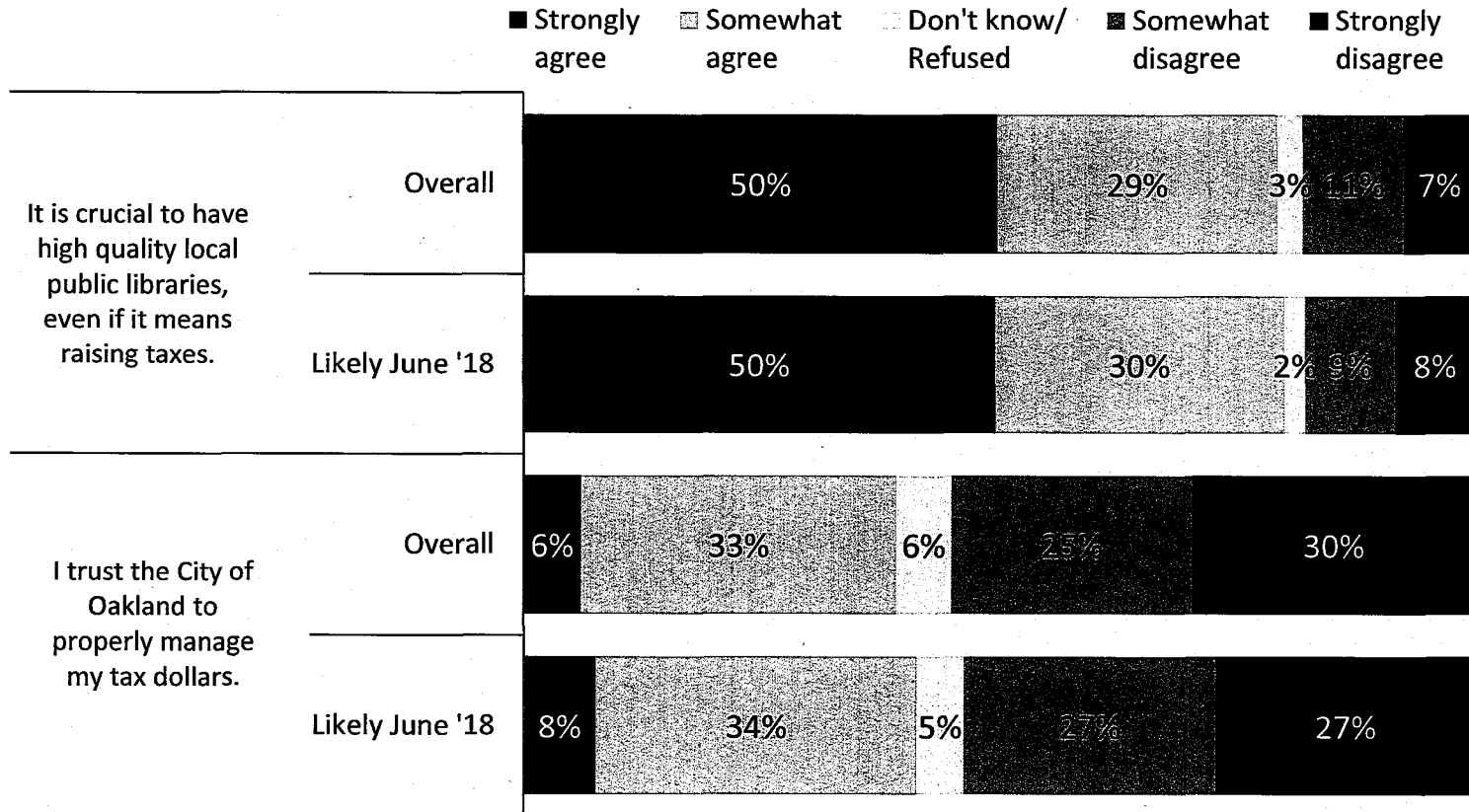
Q8. Now I'm going to read you a measure that may be on a future ballot in Oakland. The measure reads:

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Attitudes Toward Taxes

Half of voters strongly agree that it's crucial to have quality local libraries, even if it means raising taxes. However, trust in the City's tax dollar management is somewhat weak.



Q10-Q12. Please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements.

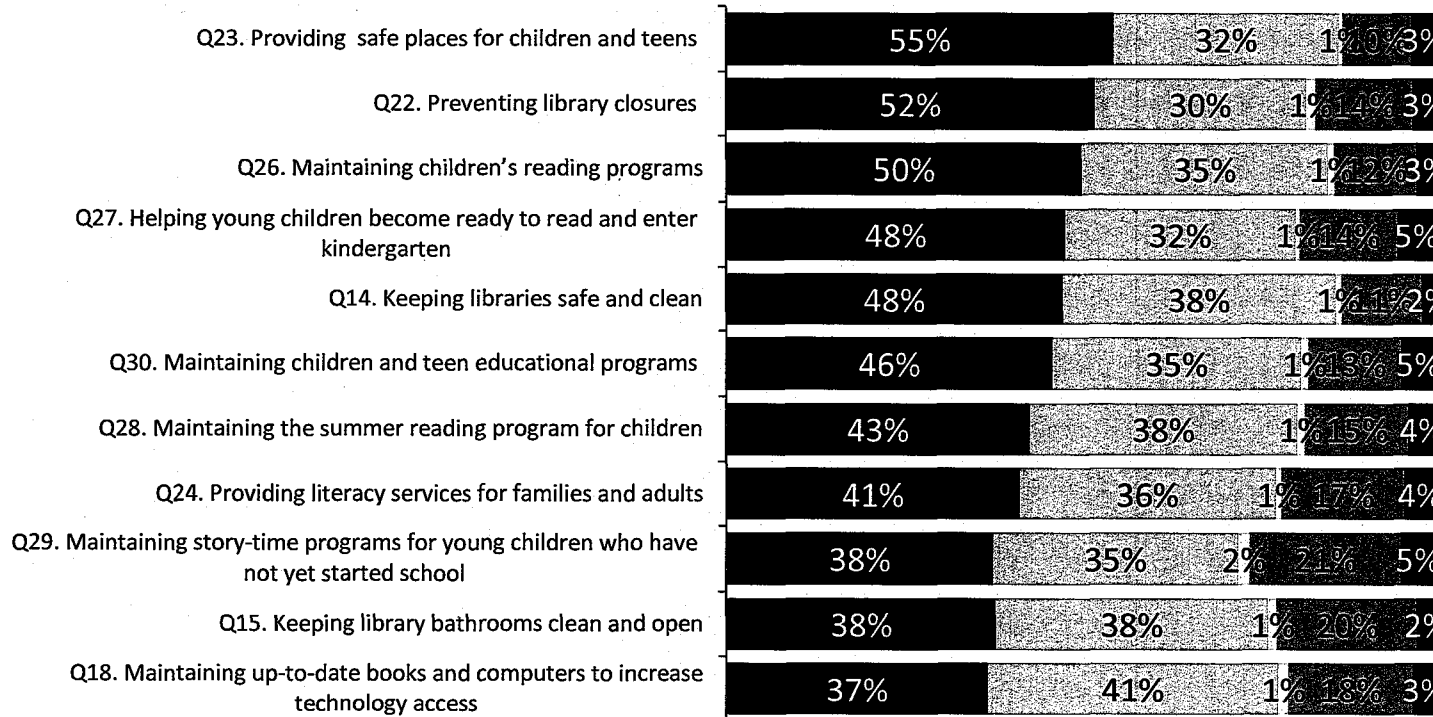
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Measure Components

Keeping libraries open, safe and clean, and providing programs for children and youth resonate strongly with voters.

■ Extremely important ■ Very important ■ (Don't Know/Refused) ■ Somewhat important ■ Not too important



Q13-Q34. I'm going to read you a list of items that could be included in the Oakland Public Library parcel tax measure. After each one, please tell me if that item is extremely important, very important, somewhat important, or not too important to you.

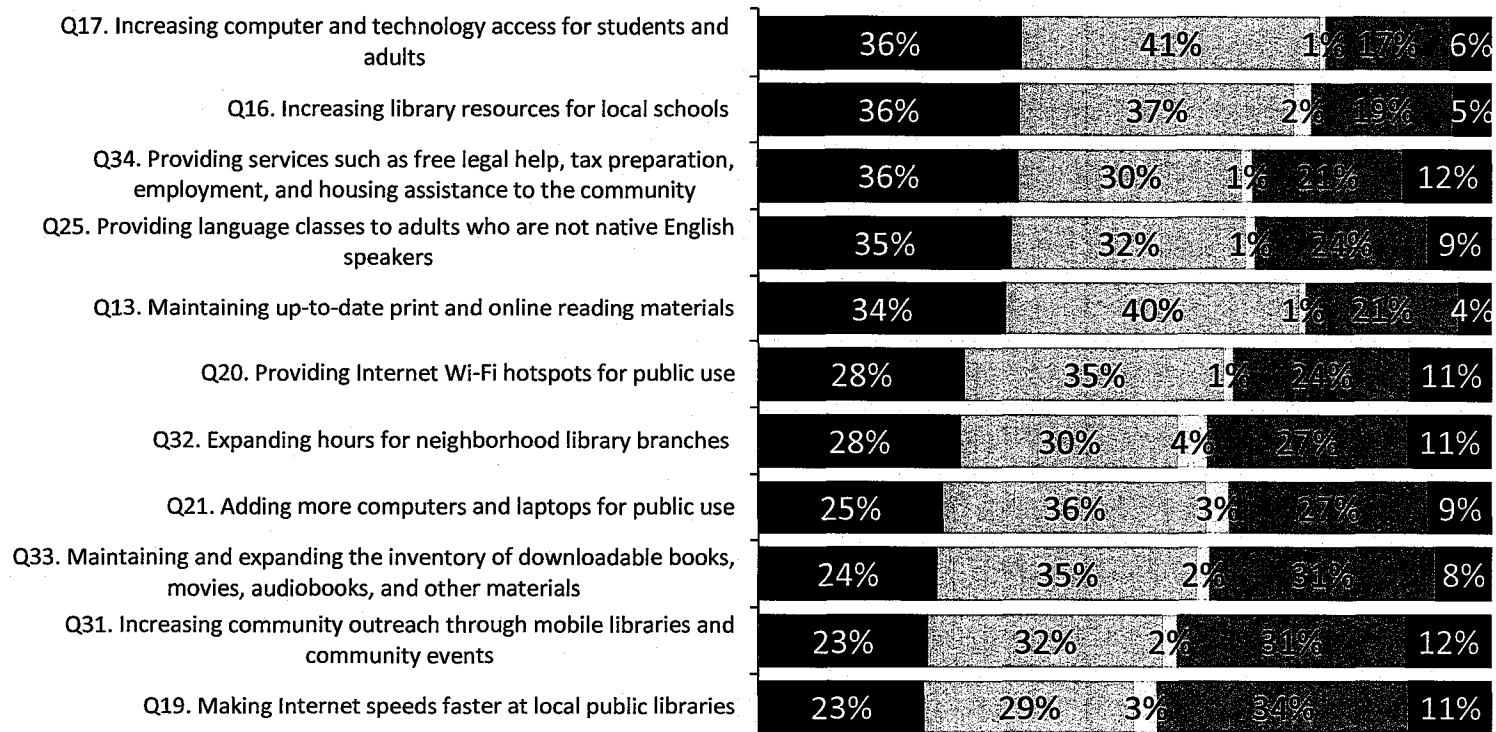
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Measure Components (Cont'd)

Specific projects and programs are all positive, but do not receive the same intensity as the broader goals.

■ Extremely important ■ Very important □ (Don't Know/Refused) ■ Somewhat important ■ Not too important



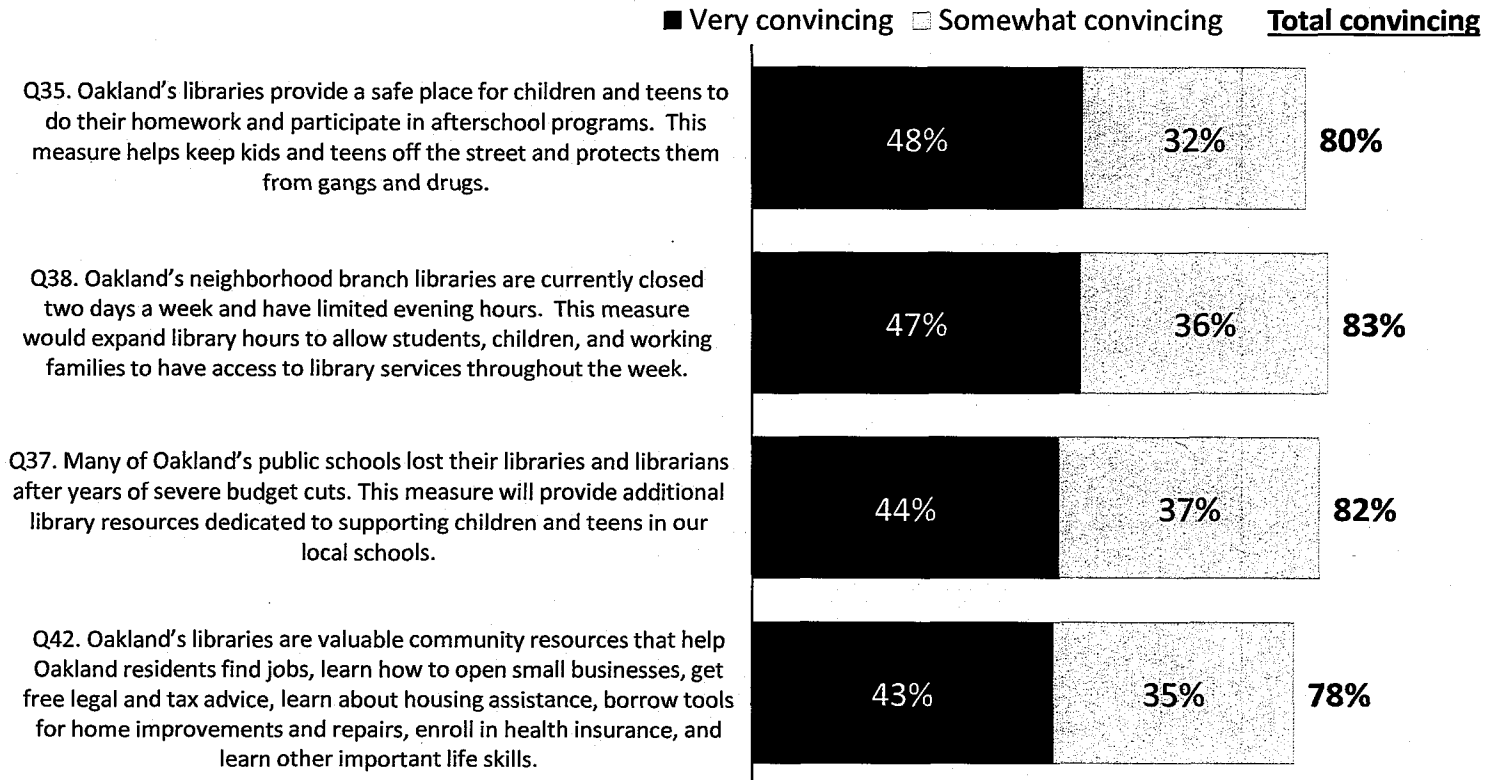
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Support Messaging

Messaging about expanded hours, improved resources and providing safe places for youth resonate widely.



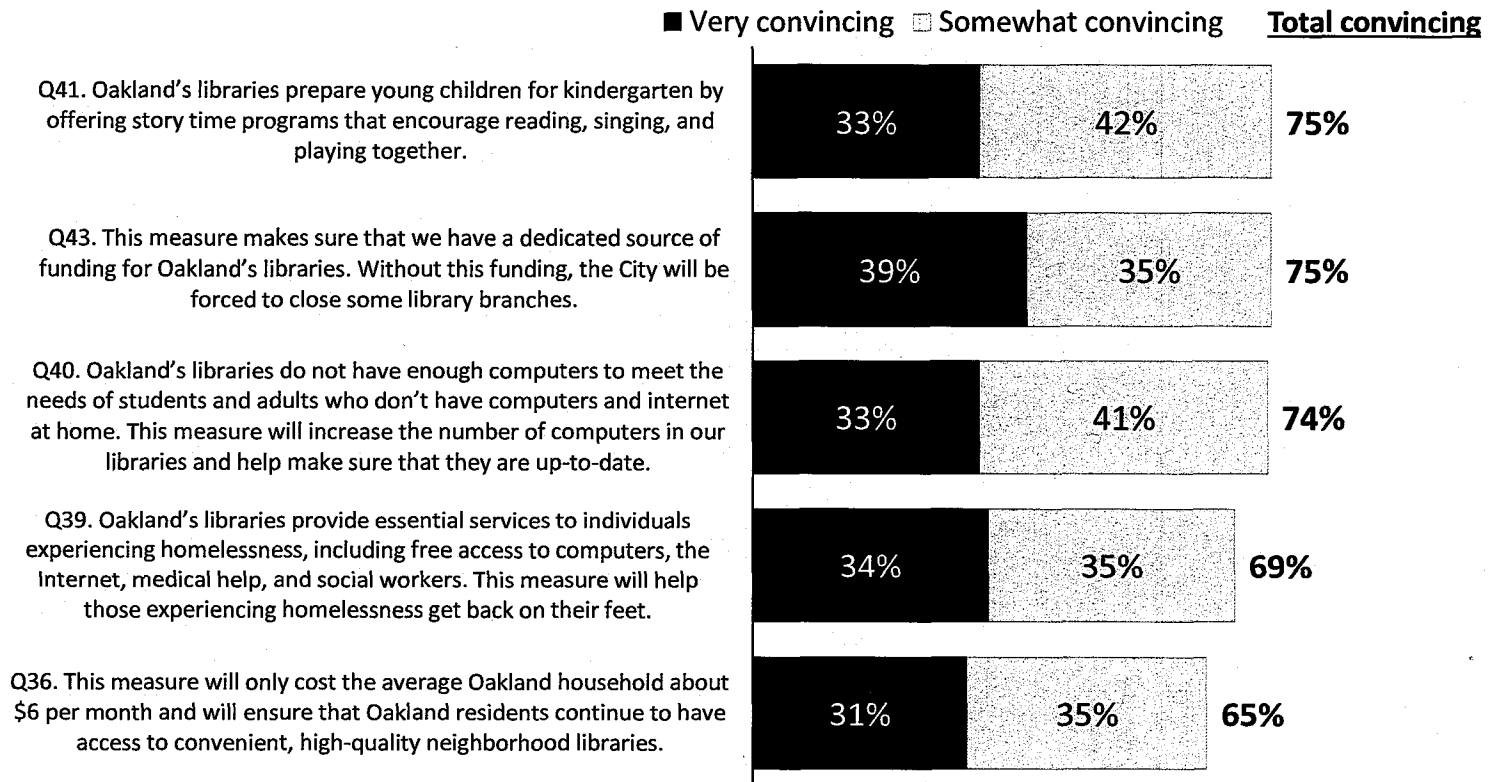
Q35-Q43. Next I'd like to read you statements from people who support an Oakland Public Library parcel tax measure. After each one, please tell me how convincing that statement is as a reason to vote FOR the measure – very convincing, somewhat convincing, not too convincing, or not at all convincing.

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Support Messaging (Cont'd)

Even the cost of the tax is a positive for almost 2/3 of voters..



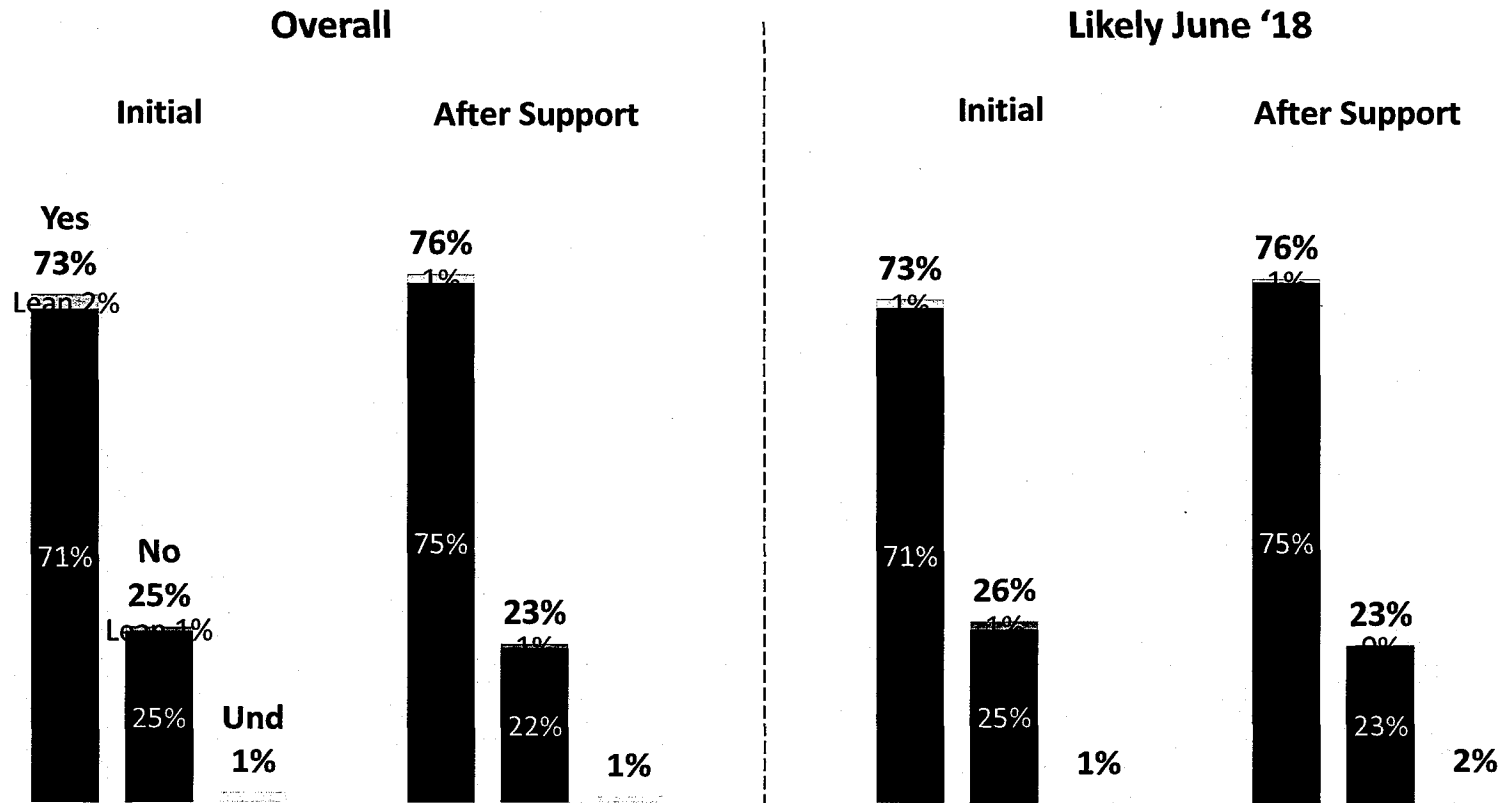
Q35-Q43. Next I'd like to read you statements from people who support an Oakland Public Library parcel tax measure. After each one, please tell me how convincing that statement is as a reason to vote FOR the measure – very convincing, somewhat convincing, not too convincing, or not at all convincing.

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Measure Support After Support Messaging

There is a slight increase in support after voters learn more about the benefits of the measure.



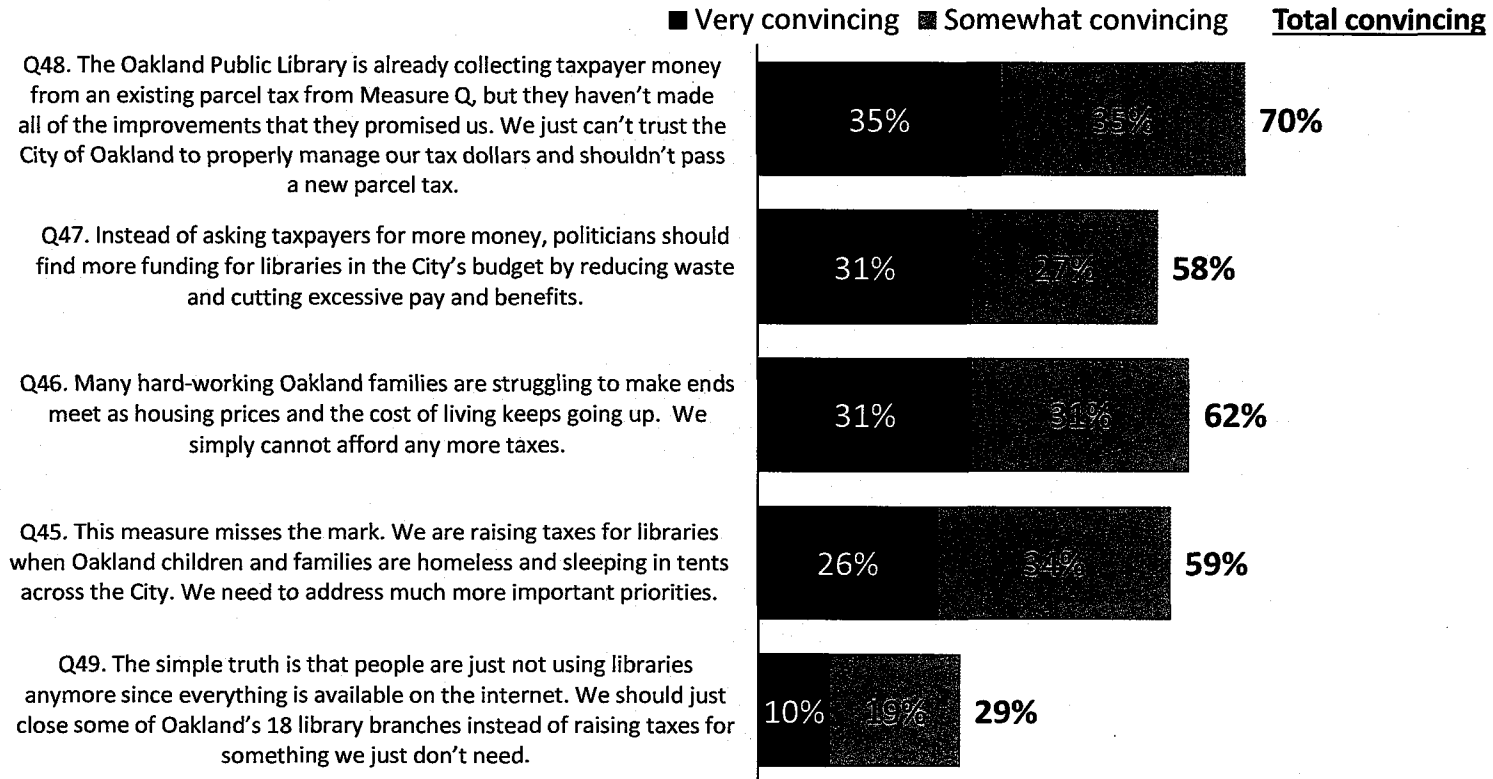
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Q44. Given what you've heard, would you vote yes to approve or no to reject a measure that reads: **DRAFT EMC 17-6532 OPL Parcel Tax Measure** | 13

Opposition Messaging

Potential opposition messages about Measure Q, reducing waste in the City's budget, and the high cost of living are very convincing to about a third of likely voters.



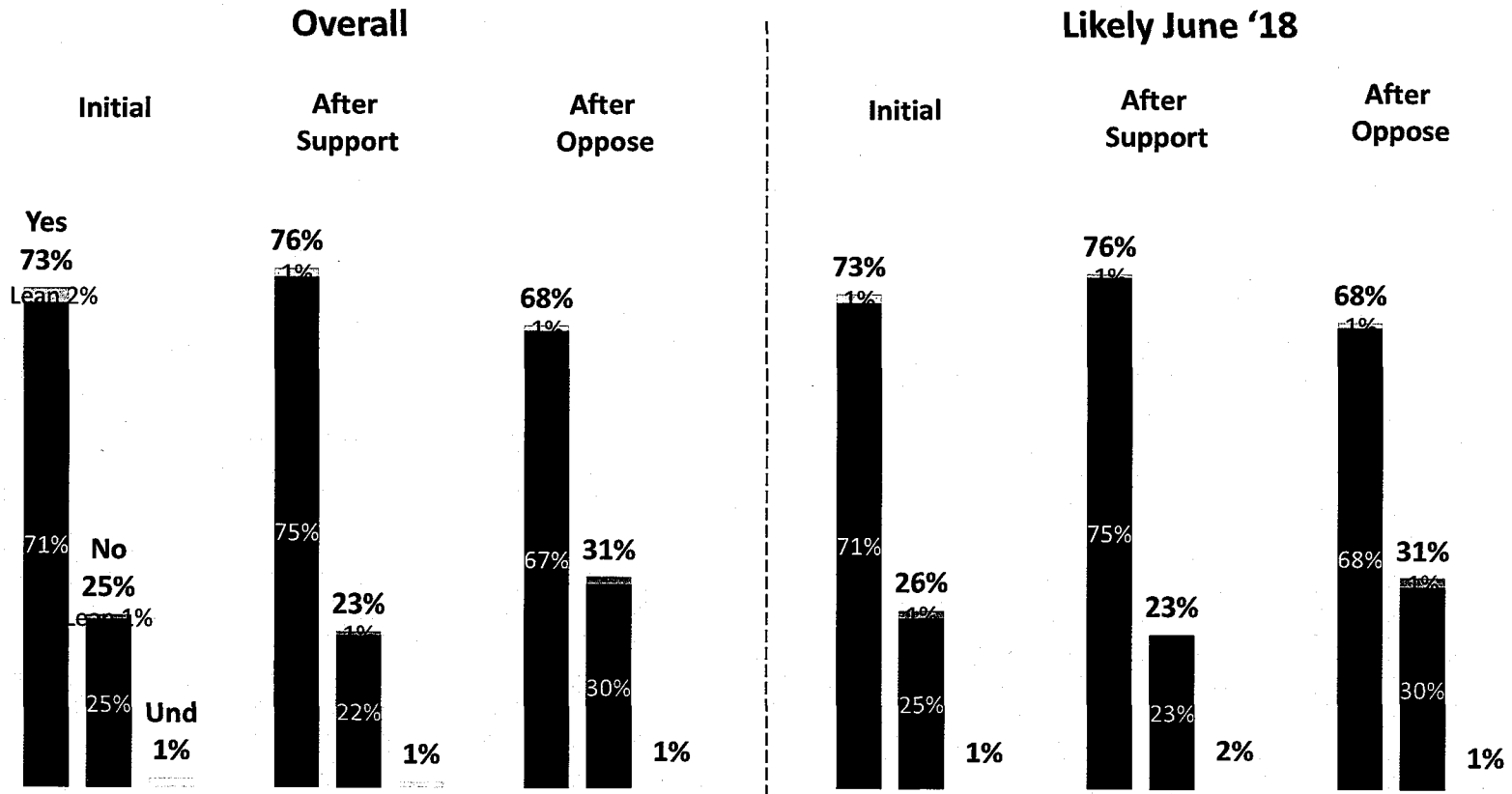
Q45-Q49. Next I'd like to read you statements from people who oppose the Oakland Public Library parcel tax measure. After each one, please tell me how convincing that statement is as a reason to vote AGAINST the measure – very convincing, somewhat convincing, not too convincing, or not at all convincing.

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Measure Support After Opposition Messaging

A significant, vocal opposition effort does diminish support, although it stays just above the two-thirds threshold.



Q50. Given everything you've heard, would you vote yes to approve or no to reject a measure that would establish a \$75 parcel tax to fund Oakland libraries?

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Conclusions

- ▶ Oakland voters are very supportive of the libraries, and recognize the need for more funding.
- ▶ Support for a parcel tax is consistently above the two thirds threshold.
- ▶ Without vocal opposition, a measure should be well positioned for success.
- ▶ Data suggests that a potential measure would be feasible in either June 2018 or November 2018, but the challenge of a potentially crowded ballot in November is worth considering.

Contact



Ruth Bernstein
Ruth@EMCresearch.com
510.550.8922

Sara LaBatt
Sara@EMCresearch.com
510.550.8924

Emily Kirby Goodman
Emily@EMCresearch.com
510.550.8932

Katherine Langer
Katherine@EMCresearch.com
510.550.8927



Tom Clifford
tom@cliffordmoss.com
510.907.3195

Peter Myers
peter@cliffordmoss.com
510.907.3195

