

2011 JAN 13 PM 6:04

CITY OF OAKLAND
AGENDA REPORT

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Finance & Management Agency
DATE: January 25, 2011

RE: Resolution Authorizing the City Administrator to Enter into a Sole- Source Service Agreement To Direct Bill the Property Owners For The Special Tax Imposed For The Purpose of Violence Prevention and Public Safety Services In Accordance With The Violence Prevention Act of 2004 (Measure Y) With a Cost Not To Exceed \$580,000; Or, To Place The Special Tax Levy on the Tax Roll On August 10, 2011

SUMMARY

Staff seeks City Council approval of resolution authorizing the City Administrator to choose from two options to collect the special tax imposed for the purpose of Violence Prevention and Public Safety Services in accordance with the Violence Prevention Act of 2004 (Measure Y).

The Finance & Management Agency offers recommendations to implement Measure BB passed by Oakland voters on November 2, 2010. On November 2, 2004, Oakland voters approved Measure Y with specific restrictions. One restriction declares that the City may not collect the taxes "in any year that the appropriation for staffing of sworn uniformed police officers is at a level lower than the amount necessary to maintain the number of uniformed officers employed by the City for the fiscal year 2003-2004 (739)." Measure BB suspends this provision, allowing the City to collect the Measure Y Funds even if the City has not appropriated funding for 739 sworn police officers, as originally specified in Measure Y.

Staff requests City Council approve and consider two options to collect the Measure Y Funds:

- Option I: Enter into a sole-source service agreement with a consultant to direct bill the individual property owners for the Special Tax Levy.
- Option II: Place the Special Tax Levy on the 2011 tax roll on August 10, 2011.

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FISCAL IMPACT

Option I cost proposal is projected at \$580,000 and will be funded from the revenues collected for Measure Y. Option II proposal will have a loss of approximately \$50,000 in investment interest resulting from placing the Special Tax Levy on the 2011 tax roll, which would be charged to the Measure Y Fund.

BACKGROUND

On November 2, 2004, Oakland voters approved Measure Y, the Violence Prevention and Public Safety Act of 2004. Measure Y was adopted to raise revenue necessary to retain and enhance services and programs to prevent violence and crime, increase employment among youth and young adults, and to enhance fire safety in the City of Oakland. The funds are generated through parcel taxes and from parking tax surcharges on the rental of parking spaces. Measure Y established an \$88 per year parcel tax totaling \$19 million in funds every year for ten years for violence prevention programs and 63 police officers. However, in order to collect the funds, the measure required the City to appropriate funding for 739 police officers.

Measure BB suspended that provision of Measure Y, allowing the City to collect the taxes even if it does not appropriate funds for a minimum number (739) of sworn police officers including other technical amendments.

KEY ISSUES AND IMPACTS

In July 2010, the City Council faced a FY 2010-11 General Fund deficit of \$41.6 million. The magnitude of this deficit limited the City Council's ability to appropriate funding for 739 police officers as required by the Measure Y legislation. The City of Oakland stopped collecting Measure Y funds as of July 1, 2010. The City Council provided gap funding for violence prevention programs until December 31, 2010. City Council placed Measure BB on the November 2, 2010, ballot. Measure BB includes a provision suspending Section 4 of Part 2—the requirement that the City not collect the taxes “in any year that the appropriation for staffing of sworn uniformed police officers is at a level lower than the amount necessary to maintain the number of uniformed police officers employed by the City for the fiscal year 2003-2004 (739)”. On November 2, 2010, Measure BB passed with 70% of the vote thus allowing the City to collect Measure Y taxes. The current Measure Y violence prevention programs continue to be funded until June 30, 2011.

Since the August 2010 deadline was passed to place the tax levy on tax roll, staff proposes and seeks City Council approval to consider two options for collecting the Measure Y funds:

Option I

Enter into a sole-source service agreement with a consultant to direct bill the individual property owners for this special tax. Staff has received two proposals from consultants who specialize in property assessment with the lowest proposal being \$439,543, but would also require an additional \$140,000 for Wells Fargo services related to lockbox and transaction cost, which the City staff would be responsible for managing for a total cost of approximately \$580,000. In addition, an in-house proposal was considered, but this option would cost the City \$370,000 to implement plus a potential loss of approximately \$500,000 in revenue while redeploying Revenue Management staff to work on this project. Furthermore, having internal staff assigned to this project during the business tax renewal period would dramatically impact customer service for over 65,000 businesses since the same staff is dedicated to answering phones, responding to emails and helping walk-in customers.

Option II

Place the Special Tax Levy on the August 10, 2011 tax roll. This option ensures that all properties will be assessed by placing two line items on the tax roll, one for Measure "Y" 2010 and one for Measure "Y" 2011. In addition, a Notice of Special Tax Levy could be recorded with the County Recorder's Office for the owner of record as of November 2, 2010. This would ensure properties sold before the tax roll is placed will be notified of the assessment during the escrow process, which will "red flag" escrow companies to collect the tax before closing escrow. However, waiting to place the tax on the 2011 tax roll will create a negative fund balance until revenues are collected in FY 2011-2012, but the delay in funds collected will not impact the City's ability to meet its Measure "Y" obligations for FY 2011-12.

Additionally, City staff has consulted with external auditors, Macias & Gini, and they concluded that if the Measure Y Fund became negative for one year it would not trigger negative financial audit findings as this fund is covered by a secured revenue source.

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 impact on disabled or senior citizen access.

RECOMMENDATION (S) AND RATIONALE

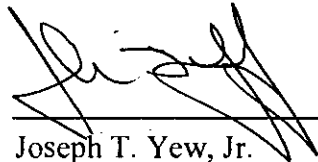
Staff recommends that the City Council approve **Option II** of this resolution authorizing the City Administrator to place the Special Tax Levy on the tax roll on August 10, 2011, which could save the City approximately \$580,000 in implementation costs.

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ACTION REQUESTED OF THE CITY COUNCIL

Staff requests City Council to ⁽⁴⁾ approve the above recommendation to place the Special Tax Levy on the 2011 tax roll on August 10, 2011, for the purpose of Violence Prevention and Public Safety Services in accordance with the Violence Prevention Act of 2004 (Measure Y).

Respectfully submitted,



Joseph T. Yew, Jr.
Finance Director/Treasurer
Finance & Management Agency

Prepared By:
David McPherson
Revenue and Tax Administrator

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

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FILED
OFFICE OF THE CITY CLERK
OAKLAND

Approved as to Form and Legality

Kathleen Helen Boyd
Deputy City Attorney

2011 JAN 13 PM **OAKLAND CITY COUNCIL**

Resolution No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO A SOLE- SOURCE SERVICE AGREEMENT TO DIRECT BILL THE PROPERTY OWNERS FOR THE SPECIAL TAX IMPOSED FOR THE PURPOSE OF VIOLENCE PREVENTION AND PUBLIC SAFETY SERVICES IN ACCORDANCE WITH THE VIOLENCE PREVENTION ACT OF 2004 (MEASURE Y) WITH A COST NOT TO EXCEED \$580,000; OR, TO PLACE THE SPECIAL TAX LEVY ON THE TAX ROLL ON AUGUST 10, 2011

WHEREAS, the City of Oakland (the City) citizens are committed to a community-oriented approach to violence prevention in Oakland; and

WHEREAS, preventing violence and ensuring public safety requires an integrated system of social-services intervention, long-term crime-prevention programs, police services and fire-safety and paramedic support; and

WHEREAS, Section 4 of Part 2 of Measure Y provides that the City may not collect the taxes “in any year that the appropriation for staffing of sworn uniformed police officers is at a level lower than the amount necessary to maintain the number of uniformed police officers employed by the City for the fiscal year 2003-2004 (739)”; and

WHEREAS, Measure BB, placed on the November 2, 2010, ballot by the City Council, includes a provision suspending Section 4 of Part 2; and

WHEREAS, Measure BB was passed by the Oakland voters on November 2, 2010; and

WHEREAS, the Finance and Management Agency offers a recommendation to implement Measure BB passed by Oakland voters on November 2, 2010; and

WHEREAS, the Finance and Management Agency offers two (2) options for collecting the Measure Y Funds; and

WHEREAS, Option I would cost the City \$580,000 and would be funded out of the revenues collected from Measure Y; and

WHEREAS, Option II will have a loss of approximately \$50,000 in investment interest resulting from placing the Special Tax Levy on the August 10, 2011, which would be charged to the Measure Y Fund; now therefore, be it

RESOLVED, that the City Administrator is hereby authorized to execute Option II of this resolution to place the Special Tax Levy on the August 10, 2011 tax roll.

**IN COUNCIL, OAKLAND, CALIFORNIA,
PASSED BY THE FOLLOWING VOTE:**

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

NOES -

ABSENT -

ABSTENTION -

ATTEST:

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