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OAKLAND

2014 MAY 22 PM 3:46

# AGENDA REPORT

**TO:** FRED G. BLACKWELL  
City Administrator

**FROM:** Sarah Schlenk  
Interim Budget Director

**SUBJECT:** Library Services Parcel Tax –  
Cost of Living Adjustment for  
FY 2014-15 (Measure Q)

**DATE:** May 16, 2014

City Administrator  
Approval

Date

5/22/14

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

Staff recommends that the City Council adopt an ordinance authorizing a 2.2 percent increase for Fiscal Year (FY) 2014-15, consistent with the Consumer Price Index, to the special parcel tax for the Library Services Retention and Enhancement Act of 2004.

## OUTCOME

Adjustment to the FY 2014-15 special parcel tax for the Library Services Retention and Enhancement Act of 2004, consistent with the Consumer Price Index (CPI).

## BACKGROUND/LEGISLATIVE HISTORY

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 2.2 percent increase to the Measure Q special parcel tax rates is proposed for FY 2014-15, reflecting the 2013 CPI increase for the San Francisco Bay Area.

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.

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

HISTORICAL MEASURE O/Q RATE INCREASES		
Council Action Date	Percent Increase	Effective Date
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
June 07, 2011	1.4%	July 1, 2011
June 19, 2012	2.6%	July 1, 2012
June 18, 2013	2.7%	July 1, 2013

**ANALYSIS**

The proposed ordinance applies an increase of 2.2 percent to the current Measure Q special parcel tax amount, effective July 1, 2014. This increase is per the actual change in the San Francisco Bay Area CPI during calendar year 2013. 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:

PROPOSED MEASURE Q TAX INCREASES BY PARCEL TYPE			
PARCEL TYPE	CURRENT PARCEL RATE	PROPOSED INCREASE	FY 2014-15 PARCEL RATE
Single Family Residential Parcels	\$91.54	\$2.01	\$93.55
Multiple Residential	\$62.52	\$1.38	\$63.90
Non-Residential Parcels	\$46.88	\$1.03	\$47.91

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**PUBLIC OUTREACH/INTEREST**

A public hearing on the proposed ordinance to increase the Measure Q special parcel tax is scheduled for Monday, June 2, 2014 at 5:30 p.m.

**COORDINATION**

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

**COST SUMMARY/IMPLICATIONS**

The FY 2014-15 estimated parcel tax revenue from Measure Q is \$14,223,664, including the proposed rate increase. The proposed rate increase represents approximately \$373,942 of the FY 2014-15 estimated revenue. This additional funding is needed to account for increases in personnel costs.

**SUSTAINABLE OPPORTUNITIES**

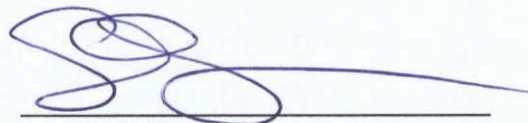
***Economic:*** Revenues generated from the Measure Q special tax is relied upon to fund essential City services.

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

***Social Equity:*** There are no direct social impacts associated with the City Council action requested in this report.

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

Respectfully submitted,



Sarah Schlenk  
Interim Budget Director, Budget Office

Reviewed by:  
Osborn Solitei, Controller

Prepared by:  
Chantal R. Cotton, Assistant to the City Administrator

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**DRAFT**

## OAKLAND CITY COUNCIL

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

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**ORDINANCE AUTHORIZING A FISCAL YEAR 2014-15 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 Monday, June 2, 2014 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 Oakland City Council hereby finds that the Consumer Price Index for all items in the San Francisco Bay Area was 239.65 for calendar year 2012 and 245.02 for calendar year 2013.
2. The cost-of-living in the immediate San Francisco Bay Area as shown by the Consumer Price Index, has increased 2.2 percent from calendar year 2012 to calendar year 2013.
3. The Measure Q special tax rate upward adjustment shall be 2.2 percent, effective July 1, 2014.
4. The following rate structure will be imposed on parcels within the City of Oakland effective July 1, 2014 for FY 2014-15:

<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 2014-15 PARCEL RATE</b>
Single Family Residential Parcels	\$91.54	\$2.01	\$93.55
Multiple Residential	\$62.52	\$1.38	\$63.90
Non-Residential Parcels	\$46.88	\$1.03	\$47.91

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

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF, and  
PRESIDENT KERNIGHAN

NOES-

ABSENT-

ABSTENTION-

ATTEST:

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