

CITY OF OAKLAND OFFICE OF THE CITY ADMINISTRATOR
AGENDA REPORT

2007 APR 25 AM 10:26

To: Office of the City Administrator
Attn: Deborah Edgerly
From: Budget Office
Date: May 8, 2007

Re: **Ordinance Authorizing A Fiscal Year 2007-08 Increase To A Special Tax Imposed For Library Services In Accordance With The Library Services Retention And Enhancement Act Of 2004 (Measure Q), And Setting June 19, 2007 As The Date For A Public Hearing**

SUMMARY

Attached for City Council consideration is an ordinance authorizing a FY 2007-08 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 3.2 percent increase to the Measure Q special parcel tax rates is proposed for FY 2007-08, reflecting the 2006 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 19, 2007 at 7:00 p.m.

FISCAL IMPACT

The FY 2007-08 estimated revenue from Measure Q is \$11.89 million, including the proposed rate increase. The proposed rate increase represents approximately \$369,489 of the estimated FY 2007-08 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 2007-08 budget in the General Fund is \$12,743,118, thereby meeting this mandated minimum.

Item # _____
Finance & Management Committee
May 8, 2007

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 year.

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	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
<i>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.</i>		
June 16, 2005	1.2%	July 1, 2005
June 8, 2006	2.0%	July 1, 2006

KEY ISSUES AND IMPACTS

The proposed ordinance applies an adjustment of 3.2 percent to the current Measure Q special parcel tax amount, effective July 1, 2007. The increase reflects the actual CPI change for the San Francisco Bay Area for 2006. The proposed increase applies on a fiscal year basis (i.e., July 1st – June 30th).

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

Measure Q Tax Rate Increase			
Parcel Type	Current Parcel Rate	Proposed Increase	FY 2007-08 Parcel Rate
Single Family Residential Parcels	\$77.42	\$2.48	\$79.90
Multiple Unit Residential Parcels	\$52.89	\$1.69	\$54.58
Non-Residential Parcels	\$39.65	\$1.27	\$40.92

SUSTAINABLE OPPORTUNITIES

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

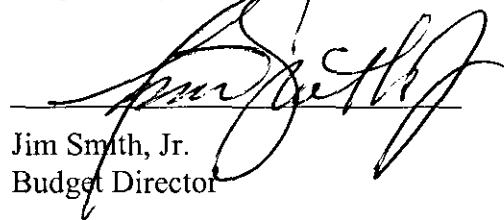
DISABILITY AND SENIOR ACCESS

Measure Q is used to support library services, which are made accessible to persons with disabilities and seniors in accordance with the Americans with Disabilities Act.

RECOMMENDATION

Staff recommends that the City Council adopt the proposed ordinance authorizing a 3.2 percent increase, consistent with the 2006 CPI change, in the tax imposed pursuant to the Library Services Retention and Enhancement Act of 2004.

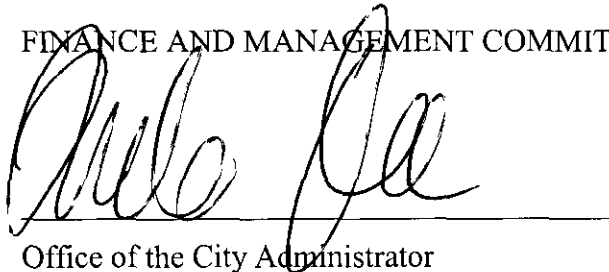
Respectfully submitted,



Jim Smith, Jr.
Budget Director

Prepared by:
Bill Zenoni
Budget Office

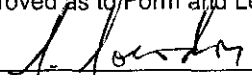
APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

OFFICE OF THE CITY CLERK
OAKLAND

Approved as to Form and Legality


Oakland City Attorney's Office

2007 APR 25 AM 10:26

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE AUTHORIZING A FISCAL YEAR 2007-08 INCREASE TO A SPECIAL TAX IMPOSED FOR LIBRARY SERVICES IN ACCORDANCE WITH 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;

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; 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 202.7 for calendar year 2005 and that the Consumer Price Index for calendar year 2006 was 209.2.
2. The cost-of-living in the immediate San Francisco Bay Area as shown by the Consumer Price Index, has increased 3.2 percent between calendar year 2005 and calendar year 2006.

3. The Measure Q special tax rate upward adjustment shall be 3.2 percent, effective July 1, 2007, pursuant to the Measure Q 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.
4. The following rate structure will be imposed on parcels within the City of Oakland effective July 1, 2007 for FY 2007-08:

Measure Q Tax Rate Increase Analysis			
Parcel Type	Current Parcel Rate	Proposed Increase	FY 2007-08 Parcel Rate
Single Family Residential Parcels	\$77.42	\$2.48	\$79.90
Multiple Unit Residential Parcels	\$52.89	\$1.69	\$54.58
Non-Residential Parcels	\$39.65	\$1.27	\$40.92

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2007

PASSED BY THE FOLLOWING VOTE:

AYES--- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID and PRESIDENT DE LA FUENTE

NOES---

ABSENT---

ABSTENTION---

ATTEST: _____

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

**ORDINANCE AUTHORIZING A FISCAL YEAR 2007-08 INCREASE TO A
SPECIAL TAX IMPOSED FOR LIBRARY SERVICES IN ACCORDANCE
WITH 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 submitted to the voters by Resolution No. 78223 C.M.S. and 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. The proposed changes are a total increase of 3.2 percent for FY 2007-8. Effective July 1, 2007 the Single Family Residential rate would increase from \$77.42 to \$79.90, the Multiple Unit Residential rate would increase from \$52.89 to \$54.58, and the Non-Residential rate would increase from \$39.65 to \$40.92.