

CITY OF OAKLAND

AGENDA REPORT

2011 MAY 26 PM 7:16

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 Violence Prevention And Public Safety Services, In Accordance With The Consumer Price Index, And Pursuant To The Violence Prevention And Public Safety Act Of 2004 (Measure Y)**

SUMMARY

Attached for City Council consideration is an ordinance authorizing a FY 2011-12 adjustment, consistent with the Consumer Price Index (CPI), to the special parcel tax for the Violence Prevention and Public Safety Act of 2004.

In November 2004, the City of Oakland voters approved the Violence Prevention and Public Safety Act of 2004. The measure imposes a parking surcharge on commercial parking lots and a parcel tax for the purpose of raising revenue necessary to fund such activities as community and neighborhood policing, violence prevention services with an emphasis on youth, and fire services. The Measure Y legislation authorizes the City Council to levy parcel tax assessments beginning FY 2005-06. A Ballot Initiative in November 2010 saw the passing of Measure BB, which suspended the 739 police officer staffing threshold mandated by Measure Y and allowed for the continued collection of the parcel tax and parking surcharge.

The Measure Y legislation authorizes the City Council to increase the tax rates by a cost-of-living factor beginning in Fiscal Year 2005-06 and continuing each fiscal year thereafter. Staff is proposing a 1.4 percent increase to Measure Y special parcel tax rates for FY 2011-12, consistent with the CPI increase for the San Francisco Bay Area during calendar year 2010. If approved, this would be the third CPI increase for Measure Y since its enactment.

A public hearing on the proposed ordinance to increase the Measure Y 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 Y is \$13.9 million, including the proposed rate increases. The proposed rate increase represents approximately \$2.2 million of the FY 2011-12 estimated revenue. Since no taxes were collected in FY10-11 pending the passing of Measure BB, there will be a 2 year levy in FY11-12 as taxes will also be levied for FY10-11 (City Council adopted Resolution No. 83184 C.M.S. on Feb 1, 2011). FY10-11 estimated

Item: _____
City Council
June 7, 2011

(City Council adopted Resolution No. 83184 C.M.S. on Feb 1, 2011). FY10-11 estimated revenue was \$11.7 million, taking into account a 0.7% CPI increase for calendar year 2009. However, it is estimated that FY10-11 revenues will be 15% or \$1.7 million lower than anticipated due to change in property ownership since the last fiscal year.

BACKGROUND

Beginning FY 2005-06 and continuing each fiscal year thereafter, the Measure Y legislation allows the City Council to adjust the tax rates in accordance with the CPI for the immediate San Francisco-Bay Area. At no time, however, may the rates be increased by more than 5.0 percent of the tax rates imposed by ordinance during the immediate preceding fiscal year. No rate increases have been requested through FY 2008-09. FY 2009-10 marked the first year that a CPI increase would apply to Measure Y since its enactment. However, although the 0.7% increase was approved in June 2010, no taxes were collected due to the proposed amendment of Measure Y. There will be a 2 year levy in FY11-12 as taxes will also be levied for FY10-11 due to the passing of Measure BB.

<i>Historical Measure Y Rate Increases</i>		
<i>Council Action Date</i>	<i>Percent Increase</i>	<i>Effective Date</i>
<i>No Rate Increase Requested</i>	<i>N/A</i>	<i>July 1, 2005</i>
<i>No Rate Increase Requested</i>	<i>N/A</i>	<i>July 1, 2006</i>
<i>No Rate Increase Requested</i>	<i>N/A</i>	<i>July 1, 2007</i>
<i>No Rate Increase Requested</i>	<i>N/A</i>	<i>July 1, 2008</i>
<i>June 16, 2009</i>	<i>3.1%</i>	<i>July 1, 2009</i>
<i>June 07, 2010</i>	<i>0.7%</i>	<i>July 1, 2010</i>

KEY ISSUES AND IMPACTS

The proposed ordinance applies an adjustment of 1.4 percent to the current Measure Y special parcel tax amount, effective July 1, 2011. This increase is per the actual change in the San Francisco Bay Area CPI during calendar year 2010. The proposed increase applies on a fiscal year basis (i.e., July 1st – June 30th).

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

Proposed Measure Y Tax Increases by Parcel Type			
Parcel Type	Current Parcel Rate	Proposed Increase	FY 2011-12 Parcel Rate
Single Family Residential Parcels	\$91.38	\$1.25	\$92.63

Item: _____
 City Council
 June 7, 2011

Multiple Unit Residential Parcels	\$62.43	\$0.86	\$63.29
Non Residential Parcels	\$46.80	\$0.64	\$47.44

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 Violence Prevention and Public Safety 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

Item: _____
City Council
June 7, 2011

ORDINANCE AUTHORIZING A FISCAL YEAR 2011-12 INCREASE TO A
SPECIAL TAX IMPOSED FOR VIOLENCE PREVENTION AND PUBLIC
SAFETY SERVICES, IN ACCORDANCE WITH THE CONSUMER PRICE
INDEX, AND PURSUANT TO THE VIOLENCE PREVENTION AND PUBLIC
SAFETY ACT OF 2004 (MEASURE Y)

NOTICE AND DIGEST

This Ordinance authorizes an increase to a special tax imposed by the Violence Prevention and Public Safety Act of 2004 (Measure Y), which was submitted to the voters by Resolution No. 78734 C.M.S. and approved by the voters in November 2004. The Act allows rates to be adjusted for changes in the Consumer Price Index, in an amount not to exceed five percent (5%), as provided in Section 4 of the Resolution. 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 \$91.38 to \$92.63, the Multiple Unit Residential rate would increase from \$62.43 to \$63.29 and the Non-Residential Parcel rate would increase from \$46.80 to \$47.44.

111
CITY OF THE CITY OF OAKLAND
JULY 26 PM 7:16

Approved as to Form and Legality
M. Mordon
Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Ordinance No. _____ C.M.S.

ORDINANCE AUTHORIZING A FISCAL YEAR 2011-12 INCREASE TO A SPECIAL TAX IMPOSED FOR VIOLENCE PREVENTION AND PUBLIC SAFETY SERVICES, IN ACCORDANCE WITH THE CONSUMER PRICE INDEX, AND PURSUANT TO THE VIOLENCE PREVENTION AND PUBLIC SAFETY ACT OF 2004 (MEASURE Y)

WHEREAS, in 2004 the voters of Oakland approved Measure Y, a special tax to fund violence prevention and public safety services; and

WHEREAS, Measure Y imposes a special tax on all parcels in the City of Oakland, except where the parcels are otherwise exempt from taxation by Section 3 of the Ordinance; and

WHEREAS, Measure Y provided that beginning in fiscal year 2005-2006 and each fiscal year thereafter, the Oakland City Council may increase the tax only upon a finding that the cost of living in the immediate San Francisco Bay Area, as shown by the Consumer Price Index (CPI) for all items, has increased since the 1997 index year; and

WHEREAS, Measure Y provided 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 Y 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,

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 Y special tax rate upward adjustment shall be 1.4 percent, effective July 1, 2011, pursuant to the Measure Y 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, 2011 for FY 2011-12:

MEASURE Y TAX INCREASES BY PARCEL TYPE			
Parcel Type	Prior Parcel Rate	Increase	FY 2010-11 Parcel Rate
Single Family Residential Parcels	\$91.38	\$1.25	\$92.63
Multiple Unit Residential Parcels	\$62.43	\$0.86	\$63.29
Non-Residential Parcels	\$46.80	\$0.64	\$47.44

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:

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