



CITY OF OAKLAND

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2019 APR 11 PM 3:33

# MEMORANDUM

**TO:** HONORABLE MAYOR &  
CITY COUNCIL

**FROM:** Sabrina B. Landreth  
City Administrator

**SUBJECT:** Measure AA Parcel Tax Initial Costs  
of Collection, Management and cost  
of Refunding

**DATE:** April 1, 2019

City Administrator  
Approval

Date: 4/11/19

## INFORMATION

The purpose of this memo is to provide estimated annual costs to collect the Measure AA parcel tax and manage the escrowed funds. Measure AA, the Children's Initiative of 2018, establishes a 30-year parcel tax to fund early childhood education and college readiness programs.

**Measure AA was certified by the City Council in December 2018, but is currently subject to litigation in Alameda County Superior Court. There will be certain costs that must be incurred if the parcel tax revenue is collected and held in escrow while awaiting a final legal ruling.**

The estimated annual out of pocket costs to collect the parcel tax and, if necessary, the Administration will automatically issue refunds should the measure fail are provided below. An estimate of the total should litigation last for 3 years is also provided. (The refund costs assume that collections are refunded to the parcel not the individual tax payer. If it is necessary to issue refunds to individual tax payers, additional costs could be incurred). The Administration would insure the most certain and convenient refund for taxpayers possible in the event one becomes necessary.

Annual Collection \$25-\$30 Million		
Estimated Costs	Annually	Total for 3 Years
County Collection Fee (1.7%)	\$425,000-\$510,000	\$1,275,000-\$1,530,000
Special Tax Consultant	\$26,000	\$78,000
Escrow Account	\$1,000	\$3,000
<b>Total</b>	<b>\$452,000-\$537,000</b>	<b>\$1,356,000-\$1,611,000</b>
Fee to Refund Collections (per parcel basis)	\$560,000	\$560,000
<b>Total Costs</b>	<b>\$1,012,000-\$1,097,000</b>	<b>\$1,916,000-\$2,171,000</b>
Total Potential AA Revenues Collected	\$25,000,000-\$30,000,000	\$75,000,000-\$90,000,000

Item \_\_\_\_\_  
City Council  
April 16, 2019