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2012 MAY 23 PM 4:15

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Sabrina Landreth
Budget Director

SUBJECT: Library Services Parcel Tax – Measure Q
Cost of Living Adjustment for FY 2012-13

DATE: April 24, 2012

City Administrator
Approval

Date

5/15/12

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council adopt an ordinance authorizing a FY 2012-13 adjustment, 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 2012-13 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 2.6 percent increase to the Measure Q special parcel tax rates is proposed for FY 2012-13, reflecting the 2011 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.

Item: _____
City Council
June 5, 2012

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

ANALYSIS

The proposed ordinance applies an increase of 2.6 percent to the current Measure Q special parcel tax amount, effective July 1, 2012. This increase is per the actual change in the San Francisco Bay Area CPI during 2011. 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 Q Tax Increases by Parcel Type			
Parcel Type	Current Parcel Rate	Proposed Increase	FY 2012-13 Parcel Rate
Single Family Residential Parcels	\$86.87	\$2.26	\$89.13
Multiple Residential (2 to 4 units)	\$59.34	\$1.54	\$60.88
Non-Residential Parcels	\$44.49	\$1.16	\$45.65

Item: _____
 City Council
 June 5, 2012

PUBLIC OUTREACH/INTEREST

A public hearing on the proposed ordinance to increase the Measure Q special parcel tax is scheduled for June 5, 2012 at 6:30 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 2012-13 estimated parcel tax revenue from Measure Q is \$13.5 million, including the proposed rate increase. The proposed rate increase represents approximately \$342,081 of the FY 2012-13 estimated revenue.

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.

CEQA

This report is not a project under CEQA.

For questions regarding this report, please contact Kirsten LaCasse, Assistant Controller, at (510) 238-6776.

Respectfully submitted,



SABRINA LANDRETH
Budget Director, Budget Office

Reviewed by:
Osborn Solitei, Controller

Prepared by:
Kirsten LaCasse, Assistant Controller
Budget Unit – Office of the Controller

Item: _____
City Council
June 5, 2012

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Approved as to Form and Legality

M. Mendenhall

Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Ordinance No. _____ C.M.S.

ORDINANCE AUTHORIZING A FISCAL YEAR 2012-13 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 June 5, 2012 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 227.47 for calendar year 2010 and 233.39 for calendar year 2011.
2. The cost-of-living in the immediate San Francisco Bay Area as shown by the Consumer Price Index, has increased 2.6 percent from calendar year 2010 and calendar year 2011.
3. The Measure Q special tax rate upward adjustment shall be 2.6 percent, effective July 1, 2012.
4. The following rate structure will be imposed on parcels within the City of Oakland effective July 1, 2012 for FY 2012-13:

PROPOSED MEASURE Q TAX INCREASES BY PARCEL TYPE			
Parcel Type	Current Parcel Rate	Proposed Increase	FY 2012-13 Parcel Rate
Single Family Residential Parcels	\$86.87	\$2.26	\$89.13
Multiple Residential (2 to 4 units)	\$59.34	\$1.54	\$60.88
Non-Residential Parcels	\$44.49	\$1.16	\$45.65

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

11

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 ORDINANCE AUTHORIZING A FISCAL YEAR 2012-13 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)

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 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 (Resolution No. 78223 C.M.S.). The proposed changes are a total increase of 2.6 percent for FY 2012-13. Effective July 1, 2012 the Single Family Residential rate would increase from \$86.87 to \$89.13, the Multiple Unit Residential rate would increase from \$59.34 to \$60.88 and the Non-Residential rate would increase from \$44.49 to \$45.65.

11

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NOTICE OF PUBLIC HEARING OAKLAND

2012 MAY 23 PM 6:16
REGARDING AN ORDINANCE TO INCREASE THE SPECIAL TAX FOR
LIBRARY SERVICES IN ACCORDANCE WITH THE CONSUMER PRICE
INDEX AND PURSUANT TO THE LIBRARY RETENTION AND
ENHANCEMENT ACT OF 2004

On June 5, 2012, the City Council of Oakland, California will consider an ordinance authorizing an increase to the special parcel tax imposed for library services in accordance with the Library Retention and Enhancement Act of 2004 (Measure Q). The ordinance proposes an increase, effective July 1, 2012, of 2.6% consistent with the Consumer Price Index for the San Francisco Bay Area. The Public Hearing is set for Tuesday, June 5, 2012 at 6:30 p.m., to be held before the City Council in the Council Chambers located on the Third Floor of City Hall, #1 Frank H. Ogawa Plaza, Oakland, California.