

City of Oakland
Memorandum

FILED
OFFICE OF THE CITY CLERK
OAKLAND


2003 NOV 13 AM 11:45

To: Council President De La Fuente and
Members of the City Council
From: Lupe Valdez, City Council Legislative Analyst
Date: November 18, 2003

Re: **REVISED STAFF REPORT RECOMMENDING THE SUBMISSION OF A RESOLUTION SUBMITTING, ON COUNCIL'S OWN MOTION, TO THE ELECTORS OF THE CITY OF OAKLAND, AT THE MARCH 2, 2003 ELECTION, A PROPOSED ORDINANCE EXTENDING THE "LIBRARY SERVICES RETENTION AND ENHANCEMENT ACT OF 1994," AND AMENDING SECTION 2 OF SAID ACT - "USE OF PROCEEDS" - IN ORDER TO EXPAND THE SERVICES FUNDED BY THE ACT; AMENDING SECTION 4 OF THE ACT - "IMPOSITION OF PARCEL TAX" - IN ORDER TO INCREASE THE PARCEL TAX LEVY; AMENDING SECTION 8 OF THE ACT - "MINIMUM LIBRARY APPROPRIATION PREREQUISITE AT FISCAL YEAR 91-92 LEVEL" - IN ORDER TO SET THE MINIMUM GENERAL FUND APPROPRIATION LEVEL AT THE FISCAL YEAR 2000-01 LEVEL; AND AMENDING SECTION 9 OF THE ACT - "TERM OF TAXATION" - IN ORDER TO AUTHORIZE COLLECTION OF THE TAX FOR AN ADDITIONAL 15 YEARS; DIRECTING THE CITY CLERK TO FIX THE DATE FOR SUBMISSION OF ARGUMENTS AND TO PROVIDE NOTICE AND PUBLICATION IN ACCORDANCE WITH THE LAW; AND CONSOLIDATING THE ELECTION WITH THE STATEWIDE PRESIDENTIAL PRIMARY**

I erroneously transposed numbers in the tables depicting the parcel tax funding level scenarios in the original agenda report starting on page 2. The correct dollar number for the current estimated annual revenue generated by Measure O is \$5.14 not \$5.4. The tables in the revised staff report reflect the corrected dollar amount. This is the only significant revision made to the report.

Respectfully submitted,



Lupe Valdez
City Council Legislative Analyst

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ORA/COUNCIL
NOV 18 2003

REVISED
CITY OF OAKLAND OFFICE OF THE CITY CLERK
AGENDA REPORT OAKLAND

2003 NOV 13 PM 4: 27

TO: Office of the City Manager
ATTN: Deborah Edgerly, Interim City Manager
FROM: Oakland Public Library
DATE: November 18, 2003

RE: STAFF REPORT RECOMMENDING THE SUBMISSION OF A RESOLUTION SUBMITTING, ON COUNCIL'S OWN MOTION, TO THE ELECTORS OF THE CITY OF OAKLAND, AT THE MARCH 2, 2003 ELECTION, A PROPOSED ORDINANCE EXTENDING THE "LIBRARY SERVICES RETENTION AND ENHANCEMENT ACT OF 1994," AND AMENDING SECTION 2 OF SAID ACT - "USE OF PROCEEDS" - IN ORDER TO EXPAND THE SERVICES FUNDED BY THE ACT; AMENDING SECTION 4 OF THE ACT - "IMPOSITION OF PARCEL TAX" - IN ORDER TO INCREASE THE PARCEL TAX LEVY; AMENDING SECTION 8 OF THE ACT - "MINIMUM LIBRARY APPROPRIATION PREREQUISITE AT FISCAL YEAR 91-92 LEVEL" - IN ORDER TO SET THE MINIMUM GENERAL FUND APPROPRIATION LEVEL AT THE FISCAL YEAR 2000-01 LEVEL; AND AMENDING SECTION 9 OF THE ACT - "TERM OF TAXATION" - IN ORDER TO AUTHORIZE COLLECTION OF THE TAX FOR AN ADDITIONAL 15 YEARS; DIRECTING THE CITY CLERK TO FIX THE DATE FOR SUBMISSION OF ARGUMENTS AND TO PROVIDE NOTICE AND PUBLICATION IN ACCORDANCE WITH THE LAW; AND CONSOLIDATING THE ELECTION WITH THE STATEWIDE PRESIDENTIAL PRIMARY

SUMMARY

In June 1994, the electorate of Oakland approved, by more than a two-thirds majority, the Library Services Retention and Enhancement Act ("Measure O"). The act imposed a parcel tax on residential and non-residential parcels for the purpose of raising revenue necessary to retain and enhance library services. The term of the 1994 Measure O parcel tax is 15 years commencing December 1, 1994 with a sunset provision for 2009. Due to a number of economic and budgetary factors over the years, the revenue generated through Measure O can no longer maintain the basic library services and needs of the community.

As a result of concern expressed by members of the community, library staff began discussions with constituents, the City Manager and the Mayor, and conferred with the Council regarding the deteriorating level of funding for the Library, and options for addressing it through a reauthorization of Measure O. As a result of those discussions, several scenarios of increased Measure O funding were investigated and tested with results indicating a strong base of support for a significant increase. Consequently staff recommends an increase of the Measure O parcel tax to \$75.00 for single-family homeowner and proportionately for all other properties.

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With Council approval of a resolution, the ballot measure for a reauthorization, increase and extension of the Measure O parcel tax will be submitted to the voters for consideration on the March 2, 2004 election. Upon Council approval of the staff recommendations or an alternative, staff will place the implementing legislation on the Council's December 2, 2003 agenda.

FISCAL IMPACT

During FY 2003-05, Council authorized \$12,185,613 in appropriations from the Measure O fund for library services; however, Measure O revenues during FY 2003-05 are projected at \$10,609,934. The significant increase of FY 2003-05 appropriations above the revenue projections are due in large part to the MOU agreed to by the City with the respective bargaining units. The agreement called for substantial equity increases and cost-of-living adjustments for Library staff. Combined, these changes increased the Library's FY 2003-04 Baseline by \$1.1 million.

In order to maintain minimum Library services, previous years' unexpended Measure O revenue (reserve) is being drawn down during FY 2003-05. At the current level of appropriation, the Measure O reserve will be depleted by the end of FY 2003-05 and will not be able to sustain the current level of services beyond that time without additional revenue.

The Measure O parcel tax generates approximately \$5.14 million annually to maintain library services in the City of Oakland. The current assessment is \$36.06 per residential property, \$18.47 per commercial property (based on a residential property equivalency formula calculated on square footage and frontage), and \$24.63 per unit for multiple-dwelling residential properties.

Following are four parcel tax funding level scenarios and the requisite tax rates and revenue that each will generate.

Scenario 1	Measure O Tax Rate Increase		
	Current Parcel Rate	Proposed Increase	Proposed New Rates
Single Family Residential	\$36.06	\$19.94	\$56.00
Multiple Family Residential	\$24.63	\$13.63	38.26
Non-Residential	\$18.47	\$10.21	28.68
Estimated Annual Revenue Generated	\$5.4 million \$5.14 million	\$2.4 million \$2.85 million	\$7.99 million

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Measure O Tax Rate Increase

Scenario 2

Parcel Type	Current Parcel Rate	Proposed Increase	Proposed New Rates
Single Family Residential	\$36.06	\$33.94	\$70.00
Multiple Family Residential	\$24.63	\$23.19	\$47.82
Non-Residential	\$18.47	\$17.38	\$35.85
Estimated Annual Revenue Generated	\$5.4 million \$5.14 million	\$4.59 million \$4.85 million	\$9.99 million

Measure O Tax Rate Increase

Scenario 3

Parcel Type	Current Parcel Rate	Proposed Increase	Proposed New Rates
Single Family Residential	\$36.06	\$38.94	\$75.00
Multiple Family Residential	\$24.63	\$26.61	\$51.24
Non-Residential	\$18.47	\$19.94	\$38.41
Estimated Annual Revenue Generated	\$5.4 million \$5.14 million	\$5.56 million	\$10.7 million

Measure O Tax Rate Increase

Scenario 4

Parcel Type	Current Parcel Rate	Proposed Increase	Proposed New Rates
Single Family Residential	\$36.06	\$47.94	\$84.00
Multiple Family Residential	\$24.63	\$32.75	\$57.38
Non-Residential	\$18.47	\$24.55	\$43.02
Estimated Annual Revenue Generated	\$5.4 million \$5.14 million	\$6.84 million	\$11.98 million

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The amendment will continue to allow apartment owners to reduce their assessment by 50% each year if they can demonstrate that a majority of their units have remained vacant for a period of 6 months or more during the assessment year.

The amendment will also continue to have a low-income exemption for property owners based on income and number of members within a household.

This amendment requires that for any year during which this tax is in effect, 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 fiscal year 2000-01. The General Fund appropriation for Library services for fiscal year 2000-01 ~~2001-02~~ was \$9,059,989.

BACKGROUND

Since its passage in 1994, Measure O has provided the Oakland Public Library with additional funding that accounted for approximately 32% of the Library's total budget. The supplemental funding under Measure O proscribed that it be used for:

- Keeping the Main Library open 7 days per week and branches open 5 days per week;
- Increasing the library materials budget;
- Providing children's librarians in every library;
- Providing educational and cultural programs for youth;
- Expanding the literacy program; and
- Operating the African American Museum and Library at Oakland (AAMLO).

Needs of the Oakland Public Library

All of the above Measure O requirements have been met. However, over the years, with increased salary, benefits and equity adjustments, and operational and inflationary costs, funding for the above services, both from the city's general fund and the supplemental Measure O funding, has not kept up with expenditures. Over 22 FTE positions and operational and book budget funding have been reduced in order to support remaining services at a minimum level.

Impacts to the Library with the budget reductions and cut staff positions have resulted in:

- Reduced public service hours at all branch libraries with elimination of 6-day, 2-night service at many branches.
- Reduced library materials (book) expenditure by 30%.
- Reduced library magazine and newspaper subscriptions by nearly 275 titles;
- Reduced public service positions at the Main Library in the Children's Room and Adult Services and technical service positions that translate into reduction in programs for the public, longer waits for general assistance, reference and computer assistance service, and patrons waiting longer before new books get cataloged, processed and out on the shelf.

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- Move of the 2nd Start Adult Literacy program from downtown Oakland to the West Oakland branch library in order to reduce Measure O rental expenditures.

Reauthorization of Measure O

In order to address the anticipated shortfall in Measure O, significantly increase the book budget and expenditure level and to restore and enhance hours at the branches, staff recommends the below Scenario 3 funding level that will increase the parcel tax to \$75.00 per parcel. The four options of additional funding that staff considered for increasing the current parcel tax from \$36 per parcel for a single-family homeowner follow:

Scenario 1 (\$7.99 million)– Increase to \$56 per parcel will:

- Maintain the current level of service under Measure O as outlined above;
- Address the current deficit of Measure O; and
- Enhance and expand library collections.

Scenario 2 (\$9.99 million)– Increase to \$70 per parcel will:

- Fund all services as outlined in Scenario 1 above, plus the following:
- Reverse the branch hour cuts that occurred in July, 2004;
- Re-institute public service position cuts that occurred in February 2004 in Main Library, Teen Services, Children's Room, and technical service positions in Cataloging and Processing.

Scenario 3 (\$10.7 million)– Increase to \$75 per parcel will:

- Fund all services as outlined in Scenario 2 above, plus the following:
- Keep neighborhood libraries open a minimum of 5 days per week and increase weekend hours;
- Increase joint educational activities with local schools;
- Enhance after-school homework programs;
- Enhance teen programs;
- Operate the new East Oakland joint school-public library constructed with Proposition 14 funds;
- Expand library-based programs in support of literacy; and
- Upgrade and enhance information technology in all libraries;

Scenario 4 (\$11.98 million)— Increase to \$84 per parcel will:

- Fund all services as outlined in Scenario 3 above, plus the following:
- Expand hours at the branches to allow 6-day service, 2-evenings per week; 7-day service, 4 evenings per week at the Main Library;
- Provide funding for development of Teen Zones in several branches;
- Develop early childhood literacy collections and programs in neighborhood branches with highest needs;
- Institute a program that is solely devoted to outreach, liaison, and networking with local public schools;
- Create job information banks at branch libraries that focus on information, training and skills development;
- Provide funding for five after-school tutoring programs in branches currently without this service; and
- Provide funding for Computer Library Assistant tutoring in all branches and Main.

Based on the above scenarios and the needs of the community and potential tolerance levels for increased parcel tax, at the level of \$75 per parcel for a single-family homeowner, the reauthorization will, once again, as outlined in Scenario 3 above:

- Keep neighborhood libraries open a minimum of 5 days per week and increase weekend hours;
- Retain availability of library services at the Main Library 7 days per week;
- Enhance and expand library collections;
- Retain Children's librarians in every library;
- Increase joint educational activities with local schools;
- Operate the new joint school-public library in East Oakland
- Expand library-based programs in support of literacy and lifelong learning;
- Upgrade and enhance information technology in all libraries;
- Operate an African-American museum and library program;
- Support after-school homework programs; and
- Support teen programs.

Staff is also recommending that the reauthorization authorize collection of the tax for an additional 15 years.

KEY ISSUES AND IMPACTS

If the reauthorization and increased Measure O tax rates are approved at the staff recommended level, the parcel tax will raise approximately \$10.7 million annually based on an assessment of \$75.00 per residential property, and \$51.24 per multi-dwelling residential property, and \$38.41 per commercial parcel (based on a residential property equivalency formula calculated on square footage and frontage).

The reauthorization does not make any significant further changes to the current Measure O ordinance other than 1) increasing the parcel tax; 2) changing the proceeds; 3) updating the minimum general fund commitment for library services to the FY 2000-01 appropriation level; and 4) extending the term of taxation an additional 15 years.

Otherwise, all other regulations and requirements under this reauthorization remain the same as it impacts on imposition of the tax, exemptions permitted, rate adjustments, term, annual audit, examination of books and records, collection of tax, board of review, and citizen's advisory commission.

SUSTAINABLE OPPORTUNITIES

Economic: The additional funding permitted under the reauthorization of Measure O will allow for additional job opportunities for Oakland residents. As well, the libraries returning to their additional hours and services before they were cut in the current budget will help to serve as hubs and anchors to attract residents and others to neighboring retail and business areas in close proximity.

Environmental: There are no environmental impacts known at this time.

Social Equity: The proposed project will provide opportunities to improve the quality of life for all Oakland residents, especially for individuals living in the most underserved neighborhoods in terms of current library services.

DISABILITY AND SENIOR CITIZEN ACCESS

All libraries include ADA access elements in their services and programs as well as ensuring improved accessibility for senior citizen communities. That commitment will continue as part of any increased funding under this measure.

RECOMMENDATION(S) AND RATIONALE

It is recommended that the Council approve this staff report recommending the submission of a resolution submitting, on Council's own motion, to the electors of the City of Oakland, at the

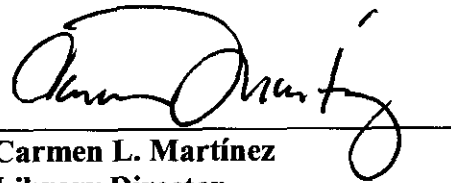
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March 2, 2003 election, a proposed ordinance extending the "Library Services Retention and Enhancement Act of 1994." Upon Council approval of the staff recommendation or an alternative, staff will place the implementing resolution on the Council's December 2, 2003 agenda.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Council approve this report and recommendation.

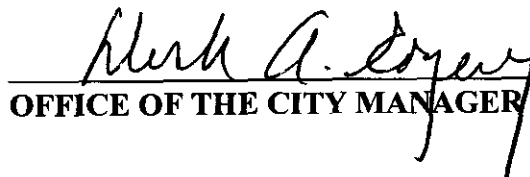
Respectfully submitted,



Carmen L. Martínez
Library Director

Prepared by: Gerard G. Garzón
Administrative Librarian

APPROVED AND FORWARDED TO THE
CITY OF OAKLAND COUNCIL:



Mark A. Soyars
OFFICE OF THE CITY MANAGER

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