



CITY OF OAKLAND

# AGENDA REPORT

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

**FROM:** Adam Benson  
Finance Director

**SUBJECT:** Measure C – Oakland Hotel Tax  
Audit and Program Status Report for  
FY 2018-19

**DATE:** January 3, 2020

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City Administrator Approval

Date:

1/15/20

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## **RECOMMENDATION**

**Staff Recommends That The City Council Receive The Measure C – Oakland Hotel Tax Audit And Program Status Report For The Year Ended June 30, 2019.**

## **EXECUTIVE SUMMARY**

The Finance Department is pleased to present to the City Council the attached Measure C – Oakland Hotel Tax Audit and Program Status Report.

Measure C, Section 4.24.031.E, requires an independent annual audit or review to be performed as provided by Government Code Sections 50075.1 and 50075.3 to assure accountability and the proper disbursement of the proceeds of this surcharge in accordance with the purpose stated in this measure. Government Code Sections 50075.3 (a) and (b) require the Chief Financial Officer to present to the governing board an annual report identifying (a) the amount of funds collected and expended and (b) the status of any project required or authorized to be funded.

Williams, Adley & Company-CA, LLP, an independent accounting firm and subcontractor to Macias, Gini & O'Connell, the City's external auditor, performed the Measure C – Oakland Hotel Tax Audit and Program Status Report for the year ending June 30, 2019 (**Attachment A**). This report also provides the annual program status report for the Measure C programs (Oakland Convention and Visitors Bureau, Oakland Zoo, Oakland Museum of California, Chabot Space and Science Center, and Cultural Arts Programs and Festivals) for FY 2018-19 in accordance with Government Code Section 50075.3 (b).

The Independent Auditor's Report for the fiscal year ended June 30, 2019 reported no findings and did not identify any deficiencies in internal controls.

Finance and Management Committee  
January 28, 2020

**BACKGROUND / LEGISLATIVE HISTORY**

The Oakland City Council approved Resolution No. 81855 C.M.S. on March 17, 2009 submitting the Measure C – Oakland Hotel Tax to the electors at the July 21, 2009 special election. The voters of the City of Oakland approved Measure C in July 2009.

Measure C increased the transient occupancy tax from 11 percent to 14 percent. The additional transient occupancy tax is allocated to the following programs:

Oakland Convention and Visitors Bureau	50.0%
Oakland Zoo	12.5%
Oakland Museum of California	12.5%
Chabot Space and Science Center	12.5%
Cultural Arts Programs and Festivals	12.5%

**ANALYSIS AND POLICY ALTERNATIVES**

The Measure C audit report reflects the independent auditor’s opinion that the Measure C financial schedule of revenues and expenditures fairly presents, in all material respects, Measure C activities in conformity with United States generally accepted accounting principles and in compliance with the purposes for which Measure C was approved by the voters.

The audit disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Table 1** is a summary of Measure C expenditures for FY 2018-19 and FY 2017-18 by category:

**Table 1: Summary of Measure C Expenditures**

	<b><u>FY 2018-19</u></b>	<b><u>FY 2017-18</u></b>
Oakland Convention and Visitors Bureau	\$ 3,231,563	\$ 3,226,324
Oakland Zoo	808,644	807,334
Oakland Museum of California	808,644	807,334
Chabot Space and Science Center	808,644	807,334
Cultural Arts Programs and Festivals	968,746	837,036
<b>Total Expenditures</b>	<b>\$ 6,626,241</b>	<b>\$ 6,485,362</b>

As reflected in these expenditure amounts, Measure C programs receive fixed allocations of revenues and typically expend similar amounts each year. Expenditures for Cultural Arts Programs and Festivals were the exception to this rule and exceeded other programs in FY 2018-19 and FY 2017-18 due to underspending in prior years.

A description of the Measure C programs is provided in **Table 2**. The attached audit report provides further details on program achievements and individuals served during FY 2018-19.

**Table 2: Measure C Summary by Program**

<b>Program</b>	<b>Program Description</b>	<b>FY 2018-19 Expenditures</b>
Oakland Convention and Visitors Bureau	The Oakland Convention and Visitors Bureau (OCVB) promotes the Oakland Convention Center to convention customers and the City to visitors. The incremental Measure C revenue allows the OCVB to market the City as a destination for visitors, develop and promote a branding strategy, and promote the Oakland Convention Center to the travel trades to generate additional sales for the convention business.	\$ 3,231,563
Oakland Zoo	The Oakland Zoo (the Zoo) draws approximately 600,000 visitors per year. The Zoo provides the Zoo-to-community outreach program, which serves the Oakland Unified School District with free programs targeted exclusively to lower economic levels of the community such as Head Start and California Early Childhood Development Centers.	\$ 808,644
Oakland Museum of California	The Oakland Museum of California (the Museum) presents and interprets the art, history, and natural environment of the state of California and it has the most comprehensive collection of objects, artifacts, and art work related to its development. The incremental Measure C revenue allows the Museum to fund additional programs and exhibits that were reduced or eliminated in recent years due to budget reductions.	\$ 808,644
Chabot Space and Science Center	The Chabot Space and Science Center (the Center) is a world class venue for residents and visitors of the City. The incremental Measure C revenue enables the Center to continue to provide important programs such as the Discovery Lab, Techbridge, the Challenger Learning Center, Micronauts, Galaxy Explorers, Summer Camps and Scout Groups.	\$ 808,644
Cultural Arts Programs and Festivals	The City's Cultural Funding program (the Program) was established to fund cultural arts programs and festivals in Oakland to draw residents and visitors to venues citywide, adding vibrancy, fueling community revitalization, and creating jobs. The incremental Measure C revenue allows the City to continue to fund programs and festivals through the Cultural Funding Program and the Art & Soul Festival Program, both managed by the Cultural Arts and Marketing Division.	\$ 968,746
<b>TOTAL</b>		<b>\$ 6,626,241</b>

### **FISCAL IMPACT**

This is an informational report only; there is no fiscal impact. As of June 30, 2019, Measure C fund balance was \$799,948.

### **PUBLIC OUTREACH/INTEREST**

This item did not require any additional public outreach other than the required posting on the City's website.

### **COORDINATION**

This report was prepared in coordination with the Controller's Bureau.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** There are no economic opportunities associated with this report.

***Environmental:*** There are no environmental opportunities associated with this report.

***Race & Equity:*** There are no race or equity opportunities associated with this report.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Receive The Measure C – Oakland Hotel Tax Audit And Program Status Report For The Year Ended June 30, 2019.

For questions regarding this report, please contact Stephen Walsh, Controller at 510-238-4906.

Respectfully submitted,



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ADAM BENSON  
Finance Director  
Finance Department

Prepared by:  
Stephen Walsh  
Controller, Finance Department

Attachment (1):

- A: Measure C – Oakland Hotel Tax Independent Accountant's Report and Budgetary Comparison Schedule for the year ended June 30, 2019