

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2009 MAY 29 AM 12:58

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Budget Office
DATE: June 1, 2009

RE: **Ordinance Authorizing A Fiscal Year 2009-10 Increase To A Special Tax Imposed For Library Services In Accordance With The Library Services Retention And Enhancement Act Of 2004 (Measure Q), And Setting June 16, 2009 As The Date For A Public Hearing**

SUMMARY

Attached for City Council consideration is an ordinance authorizing a FY 2009-10 adjustment, consistent with the Consumer Price Index, to the special parcel tax for the Library Services Retention and Enhancement Act of 2004.

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 3.1 percent increase to the Measure Q special parcel tax rates is proposed for FY 2009-10, reflecting the 2008 CPI increase for the San Francisco Bay Area.

A public hearing on the proposed ordinance to increase the Measure Q special parcel tax is scheduled for June 16, 2009 at 7:00 p.m.

FISCAL IMPACT

The FY 2009-10 estimated parcel tax revenue from Measure Q is \$12.87 million, including the proposed rate increase. The proposed rate increase represents approximately \$388,208 of the estimated FY 2009-10 revenue.

The Measure Q legislation stipulates that 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 FY 2000-01, which was \$9,059,989. The Library's Proposed FY 2009-10 General Fund budget is \$10,078,360, thereby meeting this mandated minimum.

Item: _____
City Council / ORA
June 1, 2009

BACKGROUND

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 year.

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

KEY ISSUES AND IMPACTS

The proposed ordinance applies an adjustment of 3.1 percent to the current Measure Q special parcel tax amount, effective July 1, 2009. This increase is per the actual change in the San Francisco Bay Area CPI during 2008. 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 2009-10 Parcel Rate
Single Family Residential Parcels	\$82.52	\$ 2.55	\$85.07
Multiple Residential (2 to 4 units)	\$56.37	\$ 1.74	\$58.11
Non-Residential Parcels	\$42.26	\$ 1.31	\$43.57

Item: _____
 City Council / ORA
 June 1, 2009

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 approve the proposed ordinance.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt the proposed ordinance authorizing a 3.1 percent increase, consistent with CPI, in the tax imposed pursuant to the Library Services Retention and Enhancement Act of 2004.

Respectfully submitted,


CHERYL TAYLOR
Budget Director

Prepared by:
Kirby Smith, Financial Analyst
City Administrator's Budget Office

APPROVED AND FORWARDED TO THE
CITY COUNCIL


Office of the City Administrator

Item: _____
City Council / ORA
June 1, 2009

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Approved as to Form and Legality


Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Ordinance No. _____ C.M.S.

**ORDINANCE AUTHORIZING A FISCAL YEAR 2009-10
INCREASE TO A SPECIAL TAX IMPOSED FOR LIBRARY
SERVICES IN ACCORDANCE WITH THE LIBRARY SERVICES
RETENTION AND ENHANCEMENT ACT OF 2004 (MEASURE Q)
AND SETTING JUNE 16, 2009 AS THE DATE FOR A PUBLIC
HEARING**

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;

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; now, therefore

WHEREAS, a public hearing on this ordinance to increase the Measure Q special parcel tax was held on June 16, 2009 at 7:00 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 216.0 for calendar year 2007 and that the Consumer Price Index for calendar year 2008 was 222.8.

2. The cost-of-living in the immediate San Francisco Bay Area as shown by the Consumer Price Index, has increased 3.1 percent between calendar year 2007 and calendar year 2008.

3. The Measure Q special tax rate upward adjustment shall be 3.1 percent, effective July 1, 2009, pursuant to the Measure Q 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, 2009 for FY 2009-10:

PROPOSED MEASURE Q TAX INCREASES BY PARCEL TYPE			
Parcel Type	Current Parcel Rate	Proposed Increase	FY 2009-10 Parcel Rate
Single Family Residential Parcels	\$82.52	\$ 2.55	\$85.07
Multiple Residential (2 to 4 units)	\$56.37	\$ 1.74	\$58.11
Non-Residential Parcels	\$42.26	\$ 1.31	\$43.57

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST:

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