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OAKLAND  
2014 MAY 22 PM 3:47

# AGENDA REPORT

**TO:** FRED G. BLACKWELL  
City Administrator

**FROM:** Sarah Schlenk  
Interim Budget Director

**SUBJECT:** Violence Prevention and Public  
Safety Tax – Cost of Living  
Adjustment for FY 2014-15 (Measure Y)

**DATE:** May 16, 2014

City Administrator  
Approval

Date

5/22/14

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

Staff recommends that the City Council adopt the proposed ordinance authorizing a 2.2 percent increase for Fiscal Year (FY) 2014-15, consistent with the Consumer Price Index (CPI), to the special parcel tax for the Violence Prevention and Public Safety Act of 2004.

## OUTCOME

Adjustment of the FY 2014-15 special parcel tax for the Violence Prevention and Public Safety Act of 2004, consistent with the Consumer Price Index (CPI).

## BACKGROUND/LEGISLATIVE HISTORY

In November 2004, the City of Oakland voters approved the Violence Prevention and Public Safety Act of 2004. The measure imposes a parking surcharge on commercial parking lots and a parcel tax for the purpose of raising revenue necessary to fund such activities as community and neighborhood policing, violence prevention services with an emphasis on youth, and fire services. The Measure Y legislation authorizes the City Council to levy parcel tax assessments beginning FY 2004-05. A Ballot Initiative in November 2010 saw the passing of Measure BB, which suspended the 739 police officer staffing threshold mandated by Measure Y and allowed for the continued collection of the parcel tax and parking surcharge.

The Measure Y legislation authorizes the City Council to increase the tax rates by a cost-of-living factor beginning in Fiscal Year 2004-05 and continuing each fiscal year thereafter. Staff is proposing a 2.2 percent increase to Measure Y special parcel tax rates for FY 2014-15, consistent with the CPI increase for the San Francisco Bay Area during calendar year 2013. If approved, this would be the fifth CPI increase for Measure Y since its enactment.

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Beginning FY 2004-05 and continuing each fiscal year thereafter, the Measure Y legislation allows the City Council to adjust the tax rates in accordance with the CPI for the immediate San Francisco Bay Area. At no time, however, may the rates be increased by more than 5.0 percent of the tax rates imposed by ordinance during the immediate preceding fiscal year. No rate increases have been requested through FY 2008-09. FY 2009-10 marked the first year that a CPI increase would apply to Measure Y since its enactment. However, although the 0.7% increase was approved in June 2010, no taxes were collected due to the proposed amendment of Measure Y. There was a two year levy in FY 2011-12 as taxes were also levied for FY 2010-11 due to the passing of Measure BB.

HISTORICAL MEASURE Y RATE INCREASES		
Council Action Date	Percent Increase	Effective Date
No Rate Increase Requested	N/A	July 1, 2005
No Rate Increase Requested	N/A	July 1, 2006
No Rate Increase Requested	N/A	July 1, 2007
No Rate Increase Requested	N/A	July 1, 2008
June 16, 2009	3.1%	July 1, 2009
June 07, 2010	0.7%	July 1, 2010
June 07, 2011	1.4%	July 1, 2011
June 19, 2012	2.6%	July 1, 2012
June 18, 2013	2.7%	July 1, 2013

**ANALYSIS**

The proposed ordinance applies an adjustment of 2.2 percent to the current Measure Y special parcel tax amount, effective July 1, 2014. This increase is per the actual change in the San Francisco Bay Area CPI during calendar year 2013. The proposed increase applies on a fiscal year basis (i.e., July 1<sup>st</sup> –June 30<sup>th</sup>).

The following table summarizes the impact of the proposed increases by parcel type:

PROPOSED MEASURE Y TAX INCREASES BY PARCEL TYPE			
PARCEL TYPE	CURRENT PARCEL RATE	PROPOSED INCREASE	FY 2014-15 PARCEL RATE
Single Family Residential Parcels	\$97.62	\$2.15	\$99.77
Multiple Residential	\$66.68	\$1.47	\$68.15
Non-Residential Parcels	\$49.99	\$1.10	\$51.09

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**PUBLIC OUTREACH/INTEREST**

A public hearing on the proposed ordinance to increase the Measure Y special parcel tax is scheduled for Monday, June 2, 2014 at 5:30 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 2014-15 estimated parcel tax revenue from Measure Y is \$15,059,351, including the proposed rate increase. The proposed rate increase represents approximately \$395,913 of the FY 2014-15 estimated revenue. This additional funding is needed to account for increases in personnel costs.

**SUSTAINABLE OPPORTUNITIES**

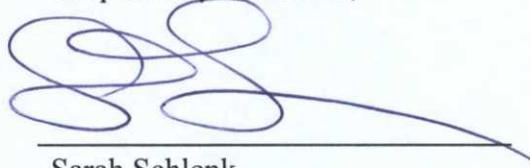
*Economic:* Revenues generated from the Measure Y special tax is relied upon to fund essential City services.

*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.

For questions regarding this report, please contact Chantal R. Cotton at (510) 238-7587.

Respectfully submitted,



Sarah Schlenk  
Interim Budget Director, Budget Office

Reviewed by:  
Osborn Solitei, Controller

Prepared by:  
Chantal R. Cotton, Assistant to the City Administrator

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Approved as to Form and Legality

**DRAFT**

Oakland City Attorney's Office

## OAKLAND CITY COUNCIL

Ordinance No. \_\_\_\_\_ C.M.S.

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**ORDINANCE AUTHORIZING A FISCAL YEAR 2014-15 INCREASE TO A SPECIAL TAX IMPOSED FOR VIOLENCE PREVENTION AND PUBLIC SAFETY SERVICES, IN ACCORDANCE WITH THE CONSUMER PRICE INDEX, AND PURSUANT TO THE VIOLENCE PREVENTION AND PUBLIC SAFETY ACT OF 2004 (MEASURE Y)**

**WHEREAS**, in 2004 the voters of Oakland approved Measure Y, a special tax to fund violence prevention and public safety services; and

**WHEREAS**, Measure Y imposes a special tax on all parcels in the City of Oakland, except where the parcels are otherwise exempt from taxation by Part 3 Section 4 of the Measure; and

**WHEREAS**, Measure Y provides that beginning in fiscal year 2004-2005 and each fiscal year thereafter, the Oakland City Council may increase the tax only upon a finding that the cost of living in the immediate San Francisco Bay Area, as shown by the Consumer Price Index (CPI) for all items, has increased since the 2003-04 index year; and

**WHEREAS**, Measure Y provided 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 Y special parcel tax was held on Monday, June 2, 2014 at 5:30 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 239.65 for calendar year 2012 and 245.02 for calendar year 2013.
2. The cost-of-living in the immediate San Francisco Bay Area as shown by the Consumer Price Index, has increased 2.2 percent from calendar year 2012 to calendar year 2013.
3. The Measure Y special tax rate upward adjustment shall be 2.2 percent, effective July 1, 2014, pursuant to the Measure Y 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, 2014 for FY 2014-15:

<b>PROPOSED MEASURE Y TAX INCREASES BY PARCEL TYPE</b>			
<b>PARCEL TYPE</b>	<b>CURRENT PARCEL RATE</b>	<b>PROPOSED INCREASE</b>	<b>FY 2014-15 PARCEL RATE</b>
Single Family Residential Parcels	\$97.62	\$2.15	\$99.77
Multiple Residential	\$66.68	\$1.47	\$68.15
Non-Residential Parcels	\$49.99	\$1.10	\$51.09

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF, and  
PRESIDENT KERNIGHAN

NOES-

ABSENT-

ABSTENTION-

ATTEST:

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