



AGENDA REPORT

TO: Steven Falk
Interim City Administrator

FROM: Adam Benson
Director of Finance

SUBJECT: FY 2020-21 Cost-of-Living Tax
Adjustment, Fixing Rate of Tax, and
Levying Tax

DATE: May 11, 2020

City Administrator Approval

Date: 5-13-2020

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance 1) Authorizing A Fiscal Year 2020-21 Increase In The Rate Of Property Tax Imposed By Voter-Approved Measures; And 2) Fixing The Rate Of The Property Tax And Levying A Tax On Real And Personal Property In The City Of Oakland For Fiscal Year 2020-21 For The Emergency Medical Services Retention Act Of 1997 (Measure M), The Paramedic Services Act Of 1997 (Measure N), The Library Services Retention And Enhancement Act Of 2004 (Library Measure Q), The 2014 Public Safety And Services Violence Prevention Act (Measure Z), The 2018 Oakland Public Library Preservation Act (Measure D), And The 2020 Oakland Parks And Recreation Preservation, Litter Reduction, And Homelessness Support Act (Parks Measure Q).

EXECUTIVE SUMMARY

The adoption of this ordinance will:

- Adjust the Fiscal Year (FY) 2020-21 rate of special parcel tax for the following voter-approved local measures consistent with either the Consumer Price Index (CPI) of 2019 or the change in California per Capita Personal Income as of 2019:
 - Measure M (The Emergency Medical Services Retention Act of 1997),
 - Measure N (The Paramedic Services Act of 1997),
 - Measure Q (The Library Services Retention and Enhancement Act of 2004),
 - Measure Z (The 2014 Public Safety and Services Violence Prevention Act), and
 - Measure D (2018 Oakland Public Library Preservation Act)
- Fix the rate of the property tax; and
- Levy a tax on real and personal property in the City of Oakland.

Measure Q (The 2020 Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act) will be levied for the first time based on the voter approved Fiscal Year 2020-21 special tax rates.

City Council
May 19, 2020

BACKGROUND / LEGISLATIVE HISTORY

This background section contains the history of the local voter-approved Measures M, N, Z, D, Library Measure Q, and Parks Measure Q.

Measure M: The Emergency and Medical Services Retention Act of 1997

In June 1997 Oakland voters approved, by more than a two-thirds majority, the Emergency Medical Services Retention Act of 1997 (Measure M). Measure M imposed a parcel tax for the purpose of raising revenue necessary to retain and enhance emergency dispatch and medical services in the City of Oakland and to replace funding from a previous assessment imposed by the City that was invalidated by Proposition 218. The Measure M legislation authorizes the City Council to increase the tax rates by a cost-of-living factor beginning in Fiscal Year 1998-99 and continuing each fiscal year thereafter. At no time, however, may the rates be increased by more than 5.0 percent of the tax rates imposed by ordinance during the immediately preceding fiscal year. A 3.3 percent increase for the Measure M special parcel tax rate is proposed for Fiscal Year 2020-21, consistent with the Consumer Price Index (CPI) increase for the San Francisco Bay Area during calendar year 2019.

The following table summarizes the historical tax rate increases that have been authorized pursuant to City Council action since the legislation was enacted.

Measure M Historical Rate Increases		
Council Action Date	Percent Increase	Effective Date
July 11, 2000	4.2%	July 1, 2000
June 5, 2001	4.5%	July 1, 2001
June 11, 2002	5.0%	July 1, 2002
June 19, 2003	1.6%	July 1, 2003
June 10, 2004	1.8%	July 1, 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	3.10%	July 1, 2009
June 1, 2010	0.70%	July 1, 2010
June 1, 2011	1.40%	July 1, 2011
June 19, 2012	2.60%	July 1, 2012
June 18, 2013	2.7%	July 1, 2013
June 17, 2014	2.2%	July 1, 2014
June 22, 2015	2.8%	July 1, 2015
June 7, 2016	2.6%	July 1, 2016
June 26, 2017	3.0%	July 1, 2017
June 5, 2018	3.2%	July 1, 2018
May 21, 2019	3.9%	July 1, 2019

Measure N: The Paramedic Services Act of 1997

In June 1997 Oakland voters passed, by more than a two-thirds majority, the Paramedic Services Act of 1997 (Measure N). Measure N imposes a special parcel tax for the purpose of raising revenue necessary to increase, enhance and support paramedic emergency services in the City of Oakland. The Measure N legislation authorizes the City Council to increase the tax rates by a cost-of-living factor after the third year of its imposition (FY 2000-01) and continuing each fiscal year thereafter. Beginning FY 2000-01 and continuing each fiscal year thereafter, the Measure N 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 immediately preceding fiscal year. A 3.3 percent increase in the Measure N special parcel tax rates proposed for Fiscal Year 2020-21 is in line with the Consumer Price Index (CPI) increase for the San Francisco Bay Area during calendar year 2019.

The following table summarizes the historical tax rate increases that have been authorized pursuant to City Council action since the legislation was enacted:

Measure N Historical Rate Increases		
Council Action Date	Percent Increase	Effective Date
July 11, 2000	4.2%	July 1, 2000
June 5, 2001	4.5%	July 1, 2001
June 11, 2002	5.0%	July 1, 2002
June 19, 2003	1.6%	July 1, 2003
June 10, 2004	1.8%	July 1, 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	3.10%	July 1, 2009
June 1, 2010	0.70%	July 1, 2010
June 1, 2011	1.40%	July 1, 2011
June 19, 2012	2.60%	July 1, 2012
June 18, 2013	2.7%	July 1, 2013
June 17, 2014	2.2%	July 1, 2014
June 22, 2015	2.8%	July 1, 2015
June 7, 2016	2.6%	July 1, 2016
June 26, 2017	3.0%	July 1, 2017
June 5, 2018	3.2%	July 1, 2018
May 21, 2019	3.9%	July 1, 2019

Measure Q: The Library Services Retention and Enhancement Act of 2004

In March 2004 Oakland voters approved, by more than a two-thirds majority, the Library Services Retention and Enhancement Act of 2004 (Library Measure Q), which extended the original Library Services Retention and Enhancement Act of 1994 (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 authorizes the City Council to increase the tax annually, consistent with the San Francisco Bay Area CPI changes. 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 5.0 percent over the immediately preceding fiscal year. A 3.3 percent increase to the Measure Q special parcel tax rates is proposed for Fiscal Year 2020-21, reflecting the 2019 CPI increase for the San Francisco Bay Area.

The following table summarizes the historical tax rate increases that have been authorized pursuant to City Council action since the legislation was enacted:

Measure O/Q Historical 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	3.10%	July 1, 2009
June 1, 2010	0.70%	July 1, 2010
June 07, 2011	1.40%	July 1, 2011
June 19, 2012	2.60%	July 1, 2012
June 18, 2013	2.70%	July 1, 2013
June 17, 2014	2.2%	July 1, 2014
June 22, 2015	2.8%	July 1, 2015
June 7, 2016	2.6%	July 1, 2016
June 26, 2017	3.0%	July 1, 2017
June 5, 2018	3.2%	July 1, 2018
May 21, 2019	3.9%	July 1, 2019

Measure Z: The Safety and Services Violence Prevention Act of 2014

In November 2004 Oakland voters approved the Violence Prevention and Public Safety Act of 2004 (Measure Y). This revenue structure for Measure Y was carried into the Public Safety and Services Violence Prevention Act of 2014 (Measure Z). Measure Y imposed a parking surcharge on commercial parking lots and a parcel tax for the purpose of raising revenue necessary to fund activities such as community and neighborhood policing, violence prevention services with an emphasis on youth, and fire services. The Measure Y legislation authorized the City Council to levy parcel taxes beginning in Fiscal Year 2004-05. In November 2010 an additional ballot measure to Amend the Violence Prevention and Public Safety Act of 2004 (Measure BB) was passed and suspended the 739 police officer staffing threshold mandated by Measure Y and allowed for the continued collection of the parcel tax and parking surcharge.

In November 2014 Oakland voters approved Measure Z with the same revenue structure as Measure Y. Measure Z continued the same parking surcharge on commercial parking lots and the same parcel tax for the purpose of raising revenue necessary to fund activities such as Community Resource Officers, crime reduction teams, fire services, and violence prevention strategies (Oakland Unite). The Measure Z legislation authorized the City Council to levy parcel taxes beginning Fiscal Year 2015-16.

The Measure Z legislation authorizes the City Council to increase the tax rates by a cost-of-living factor beginning in Fiscal Year 2015-16 and continuing each fiscal year thereafter and in accordance with the CPI increase for the 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 immediately preceding fiscal year. This proposed ordinance includes a 3.3 percent increase to Measure Z special parcel tax rates for Fiscal Year 2020-21, consistent with the CPI increase for the San Francisco Bay Area during calendar year 2019.

The following table summarizes the CPI rates from 2009 through 2019 for Measure Y and Measure Z.

Measure Y Historical Rate Increases		
Council Action Date	Percent Increase	Effective Date
June 16, 2009	3.10%	July 1, 2009
June 7, 2010	0.70%	July 1, 2010
June 7, 2011	1.40%	July 1, 2011
June 19, 2012	2.60%	July 1, 2012
June 18, 2013	2.7%	July 1, 2013
June 17, 2014	2.2%	July 1, 2014
Measure Z Historical Rate Increases		
Council Action Date	Percent Increase	Effective Date
City Council did not approve the 2.8 percent CPI increase for FY 2015-16, since the voters approved the existing tax rate as Measure Z in November 2014.		
June 7, 2016	2.60%	July 1, 2016
June 26, 2017	3.00%	July 1, 2017
June 5, 2018	3.20%	July 1, 2018
May 21, 2019	3.90%	July 1, 2019

Measure D: The 2018 Oakland Public Library Preservation Act

In June 2018 Oakland voters passed, by more than a two-thirds majority, the 2018 Oakland Public Library Preservation Act (Measure D). Measure D imposes a special parcel tax for the purpose of raising revenue necessary to maintain, protect and improve direct library services throughout the City of Oakland. The Measure D legislation authorizes the City Council to increase the tax rates by a cost-of-living factor beginning in FY 2019-20 and continuing each fiscal year thereafter.

Measure D provides that beginning in FY 2019-20 and continuing each fiscal year thereafter, the City Council may adjust the tax rates by an amount not to exceed the increase in either 1) the cost of living in the immediate San Francisco Bay Area as shown on the CPI, or 2) the change in the California per Capita Personal Income as determined by the California Department of Finance. The latter of these two indices referenced was used to determine the proposed increase in tax rates. A 3.9 percent increase in the Measure D special parcel tax rates proposed for Fiscal Year 2020-21 is in line with the change in the California per Capita Personal Income as determined by the California Department of Finance for calendar year 2019.

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 D Rate Increases		
Council Action Date	Percent Increase	Effective Date
May 21, 2019	3.9%	July 1, 2019

Measure Q: The 2020 Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act

In March 2020 Oakland voters passed, by more than a two-thirds majority, the 2020 Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act (Parks Measure Q). The Parks Measure Q imposes a special parcel tax for the purpose of raising revenue necessary to fund services for parks, landscape maintenance, recreational services; services to address homelessness and enable unsheltered and unhoused residents to access temporary shelters, transitional and supportive housing, and permanent housing; and services and projects to address water quality and litter reduction, including the maintenance and cleaning of stormwater trash collection systems throughout the City of Oakland. The Parks Measure Q provides that beginning in the fiscal year 2020-21, and each of the subsequent twenty years, the City Council shall levy an amount equal to or less than the maximum special tax rates in any given year. The maximum special tax rates may be increased commencing with Fiscal Year 2021-22 and each subsequent year thereafter based on the greater of the CPI for the immediate San Francisco Bay Area or the change in the California per Capita Personal Income as determined by the California Department of Finance. This proposed ordinance levies the Parks Measure Q for the first time.

ANALYSIS AND POLICY ALTERNATIVES

The proposed ordinance applies an increase of 3.3 percent to the current Measure M, Measure N, Library Measure Q, and Measure Z special parcel tax amounts and an increase of 3.9 percent to the current Measure D special parcel tax amounts, effective July 1, 2020. The 3.3 percent increase for Measures M, N, Z, and Library Measure Q are per the actual change in the San Francisco Bay Area CPI during calendar year 2019, and the Measure D increase is based on the change in the California per Capital Personal Income. The proposed increases apply on a fiscal year basis (i.e., July 1st – June 30th). In addition, this proposed ordinance authorizes the levy of the newly approved Parks Measure Q for the first time in Fiscal Year 2020-21 based on the voter approved special tax rates.

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

Measure	Parcel Type	RATES		
		Current Parcel Rate	Proposed Increase	FY 2020-21 Parcel Rate
Measure M	Single Family Residential Parcels	\$15.45	\$0.51	\$15.96
	Multiple Residential (2 to 4 units)	\$30.91	\$1.03	\$31.94
	Multiple Residential (5+ units)	\$77.30	\$2.58	\$79.88
	Commercial	\$30.91	\$1.03	\$31.94
	Industrial	\$61.83	\$2.07	\$63.90
	Rural	\$15.45	\$0.51	\$15.96
	Institutional	\$15.45	\$0.51	\$15.96
Measure N	Single Family Residential Parcels	\$12.30	\$0.41	\$12.71
	Multiple Residential (2 to 4 units)	\$24.60	\$0.82	\$25.42
	Multiple Residential (5+ units)	\$61.53	\$2.06	\$65.39
	Commercial	\$24.60	\$0.82	\$25.42
	Industrial	\$49.23	\$1.64	\$50.87
	Rural	\$12.30	\$0.41	\$12.71
	Institutional	\$12.30	\$0.41	\$12.71
Measure Q (Library)	Single Family Residential Parcels	\$109.00	\$3.60	\$112.60
	Multiple Residential	\$74.45	\$2.46	\$76.91
	Non-Residential Parcels	\$55.83	\$1.84	\$57.67
Measure Z	Single Family Residential Parcels	\$113.04	\$3.73	\$116.77
	Multiple Residential	\$77.22	\$2.55	\$79.77
	Non-Residential Parcels	\$57.89	\$1.91	\$59.80
Measure D	Single Family Residential Parcels	\$77.93	\$3.00	\$80.93
	Multiple Residential	\$53.24	\$2.05	\$55.29
	Non-Residential Parcels	\$39.91	\$1.54	\$41.45
Measure Q (Parks)	Single Family Residential Parcels	\$0.00	\$0.00	\$148.00
	Multiple Residential	\$0.00	\$0.00	\$101.08
	Non-Residential Parcels	\$0.00	\$0.00	\$148.00

Note: *The Consumer Price Index – All Urban Consumers is based on the San Francisco-Oakland-San Jose, CA index. The California per Capital Personal Income is as determined by the California Department of Finance.

FISCAL IMPACT

The Fiscal Year 2020-21 estimated revenue from Measure M is approximately \$2,317,778 including the proposed rate increase. The proposed annual rate increase of 3.3 percent translates to \$74,043 of the total Fiscal Year 2020-21 estimated revenue. This additional funding is needed to account for increases in personnel costs.

The Fiscal Year 2020-21 estimated revenue from Measure N is \$1,845,846, including the proposed rate increase. The proposed annual rate increase of 3.3 percent translates to approximately \$58,967 of the total Fiscal Year 2020-21 estimated revenue. This additional funding is needed to account for increases in personnel costs.

The Fiscal Year 2020-21 estimated revenue from Library Measure Q is \$17,411,677, including the proposed rate increase. The proposed annual rate increase of 3.3 percent translates to approximately \$556,229 of the total Fiscal Year 2020-21 estimated revenue. This additional funding is needed to account for increases in personnel costs.

The Fiscal Year 2020-21 estimated revenue from Measure Z is \$18,411,799, including the proposed rate increase. The proposed annual rate increase of 3.3 percent translates to approximately \$588,179 of the total Fiscal Year 2020-21 estimated revenue. This additional funding is needed to account for increases in personnel costs and community services. Note: The aforementioned parcel tax estimated revenue is not the only revenue source under Measure Z. There is also the parking surcharge rate of 8.5 percent, which remains constant even with parcel tax rate increases. However, the parking revenue is projected to increase as the result of increased off-street parking usage.

The Fiscal Year 2020-21 estimated revenue from Measure D is \$12,760,257, including the proposed rate increase. The proposed annual rate increase of 3.9 percent translates to approximately \$473,057 of the total Fiscal Year 2020-21 estimated revenue. This additional funding is needed to account for increases in personnel costs.

The Fiscal Year 2020-21 estimated revenue from the recently approved Parks Measure Q is \$23,354,633.

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 Office of the City Attorney, the City Administrator's Office, the Finance Department, and Francisco & Associates, the City's Contractor, who annually administers the tax measures on behalf of the City.

SUSTAINABLE OPPORTUNITIES

Economic: Essential City services that serve the public greatly rely upon revenues generated from the voter-approved special tax measures.

Environmental: There are no direct environmental impacts associated with the City Council action requested in this report.

Race & Equity: The funding provided in each of these measures can be used to support Oakland's equity goals and objectives, including programs and services to Oakland's vulnerable population and communities of color. Some measures provide a mechanism for the exemptions from parcel tax to qualifying low-income households, senior household, affordable housing projects and certain religious organizations and schools.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt An Ordinance 1) Authorizing A Fiscal Year 2020-21 Increase In The Rate of Property Tax Imposed By Voter-Approved Measures; And 2) Fixing The Rate Of The Property Tax And Levying A Tax On Real And Personal Property In The City Of Oakland For Fiscal Year 2020-21 For The Emergency Medical Services Retention Act Of 1997 (Measure M), The Paramedic Services Act Of 1997 (Measure N), The Library Services Retention And Enhancement Act Of 2004 (Library Measure Q), The 2014 Public Safety And Services Violence Prevention Act (Measure Z), The 2018 Oakland Public Library Preservation Act (Measure D), And The 2020 Oakland Parks And Recreation Preservation, Litter Reduction, And Homelessness Support Act (Parks Measure Q).

For questions regarding this report, please contact Brittany Hines at 510-238-7078.

Respectfully submitted,



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Director of Finance

Prepared by:
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