



FILED
THE CITY OF OAKLAND
2017 MAY 18 PM 4:57

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Director of Finance

SUBJECT: Measures M, N, Q, and Z FY 2017-18
Cost-of-Living Tax Adjustment

DATE: May 15, 2017

City Administrator Approval

Date:

5/18/17

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance Authorizing A Fiscal Year 2017-18 Increase In Accordance With The Consumer Price Index (CPI), Fixing The Rate Of The Property Tax, And Levying A Tax On Real And Personal Property In The City Of Oakland For Fiscal Year (FY) 2017-18 For Voter Approved Measure M (The Emergency Medical Services Retention Act), Measure N (The 1997 Paramedic Services Act), Measure Q (The Library Services And Retention Act), And Measure Z (The Public Safety And Services Act Of 2014).

EXECUTIVE SUMMARY

The attached ordinance will adjust the FY 2017-18 special parcel tax for the four (4) voter-approved local measures: Measure M (The Emergency Medical Services Retention Act), Measure N (The 1997 Paramedic Services Act), Measure Q (The Library Services And Retention Act), And Measure Z (The Public Safety And Services Act Of 2014). The increase would be consistent with the Consumer Price Index (CPI) of 2016. This report will also set May 30, 2017 at 6.30 pm as the date and time of the Public Hearing.

BACKGROUND / LEGISLATIVE HISTORY

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

Measure M: The Emergency and Medical Services Retention Act

In June 1997, Oakland voters approved, by more than a two-thirds majority, the Emergency Medical Services Retention Act (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

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continuing each fiscal year thereafter. A 3.0 percent increase for the Measure M special parcel tax rate is proposed for FY 2017-18, consistent with the Consumer Price Index (CPI) increase for the San Francisco Bay Area during calendar year 2016. 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.

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 N 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	3.1%	July 1, 2009
June 1, 2010	0.7%	July 1, 2010
June 1, 2011	1.4%	July 1, 2011
June 19, 2012	2.6%	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

Measure N: The 1997 Paramedic Services Act

In June 1997, Oakland voters passed, by more than a two-thirds majority, the 1997 Paramedic Services Act (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. A 3.0 percent increase in the Measure N special parcel tax rates proposed for FY 2017-18 is in line with the Consumer Price Index (CPI) increase for the San Francisco Bay Area during calendar year 2016.

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 immediate preceding fiscal year.

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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 N 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	3.1%	July 1, 2009
June 1, 2010	0.7%	July 1, 2010
June 1, 2011	1.4%	July 1, 2011
June 19, 2012	2.6%	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

Measure Q: The Library Services and Retention Act

In March 2004, Oakland voters 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 3.0 percent increase to the Measure Q special parcel tax rates is proposed for FY 2017-18, reflecting the 2016 CPI increase for the San Francisco Bay Area.

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.

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

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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
June 16, 2009	3.1%	July 1, 2009
June 01, 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
June 17, 2014	2.2%	July 1, 2014
June 22, 2015	2.8%	July 1, 2015
June 7, 2016	2.6%	July 1, 2016

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 tax assessments beginning in FY 2004-05. An additional ballot

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initiative in November 2010, Measure BB, 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 tax assessments beginning FY 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. The proposed legislation for FY 2017-18 includes a 3.0 percent increase to Measure Z special parcel tax rates, consistent with the CPI increase for the San Francisco Bay Area during calendar year 2016.

The Measure Z 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. The table below summarizes the CPI rates from 2009 through 2016 between Measure Y and Measure Z.

HISTORICAL MEASURE Y RATE INCREASES		
Council Action Date	Percent Increase	Effective Date
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
June 17, 2014	2.2%	July 1, 2014

HISTORICAL MEASURE Z 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	2.6%	July 1, 2016

ANALYSIS AND POLICY ALTERNATIVES

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The proposed ordinance applies an increase of 3.0 percent to the current Measure M, Measure N, Measure Q, and Measure Z special parcel tax amount, effective July 1, 2017. This increase is per the actual change in the San Francisco Bay Area CPI during calendar year 2016. The proposed increase applies on a fiscal year basis (i.e., July 1st – June 30th).

Note: The Consumer Price Index – All Urban Consumers is based on the San Francisco-Oakland-San Jose, CA index

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 2017-18 Parcel Rate
Measure M	Single Family Residential Parcels	\$13.99	\$0.42	\$14.41
	Multiple Residential (2 to 4 units)	\$27.97	\$0.84	\$28.81
	Multiple Residential (5+ units)	\$69.95	\$2.10	\$72.05
	Commercial	\$27.97	\$0.84	\$28.81
	Industrial	\$55.95	\$1.68	\$57.63
	Rural	\$13.99	\$0.42	\$14.41
	Institutional	\$13.99	\$0.42	\$14.41
Measure N	Single Family Residential Parcels	\$11.14	\$0.33	\$11.47
	Multiple Residential (2 to 4 units)	\$22.26	\$0.67	\$22.93
	Multiple Residential (5+ units)	\$55.68	\$1.67	\$57.35
	Commercial	\$22.26	\$0.67	\$22.93
	Industrial	\$44.54	\$1.34	\$45.88
	Rural	\$11.14	\$0.33	\$11.47
	Institutional	\$11.14	\$0.33	\$11.47
Measure Q	Single Family Residential Parcels	\$98.67	\$2.96	\$101.63
	Multiple Residential	\$67.40	\$2.02	\$69.42
	Non-Residential Parcels	\$50.53	\$1.52	\$52.05
Measure Z	Single Family Residential Parcels	\$102.36	\$3.07	\$105.43
	Multiple Residential	\$69.92	\$2.10	\$72.02
	Non-Residential Parcels	\$52.42	\$1.57	\$53.99

FISCAL IMPACT

The FY 2017-18 estimated revenue from Measure M is approximately \$2,077,630, including the proposed rate increase. The proposed annual rate increase of 3.0 percent translates to \$60,513 of the total FY 2017-18 estimated revenue. This additional funding is needed to account for increases in personnel costs.

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The FY 2017-18 estimated revenue from Measure N (Fund 2250) is \$1,654,927, including the proposed rate increase. The proposed annual rate increase of 3.0 percent translates to approximately \$48,202 of the total FY 2017-18 estimated revenue. This additional funding is needed to account for increases in personnel costs.

The FY 2017-18 estimated revenue from Measure Q is \$15,384,847, including the proposed rate increase. The proposed annual rate increase of 3.0 percent translates to approximately \$448,102 of the total FY 2017-18 estimated revenue. This additional funding is needed to account for increases in personnel costs.

The FY 2017-18 estimated revenue from Measure Z is \$16,260,882, including the proposed rate increase. The proposed annual rate increase of 3.0 percent translates to approximately \$473,618 of the total FY 2017-18 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.

District Engineer Contract

Per Resolution No. 84814 C.M.S., the contractual agreement with Francisco & Associates, Inc. was previously executed and funding is available to maintain the contract until December 2017. There is no impact on the General Fund and no additional funding is requested.

PUBLIC OUTREACH/INTEREST

A public hearing on the proposed ordinance to increase the Measure M, Measure N, Measure Q, and Measure Z special parcel tax rates is scheduled for May 30, 2017 at 6:30 p.m.

COORDINATION

This report was prepared in coordination with the Office of the City Attorney, the Controller's Bureau, and Francisco & Associates, the City's Contractor, who annually administers special financing districts on behalf of the City.

SUSTAINABLE OPPORTUNITIES

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SUSTAINABLE OPPORTUNITIES

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

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

Social Equity: The funds for each of these measures provide services to all of Oakland and seek to provide services to those most in need.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt An Ordinance Authorizing A Fiscal Year 2017-18 Increase In Accordance With The Consumer Price Index (CPI), Fixing The Rate Of The Property Tax, And Levying A Tax On Real And Personal Property In The City Of Oakland For Fiscal Year (FY) 2017-2018 For Voter Approved Measure M (The Emergency Medical Services Retention Act), Measure N (The 1997 Paramedic Services Act), Measure Q (The Library Services And Retention Act), And Measure Z (The Public Safety And Services Act Of 2014).

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

Respectfully submitted,



Katano Kasaine
Director of Finance

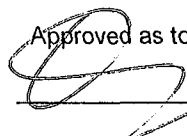
Prepared by:
Sarah Schlenk
Budget Bureau

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FILED
OFFICE OF THE CITY CLERK
OAKLAND

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Approved as to Form and Legality



City Attorney

OAKLAND CITY COUNCIL

Ordinance No. _____ C.M.S.

ORDINANCE AUTHORIZING A FISCAL YEAR 2017-18 INCREASE IN ACCORDANCE WITH THE CONSUMER PRICE INDEX, FIXING THE RATE OF PROPERTY TAX, AND LEVYING A TAX ON REAL AND PERSONAL PROPERTY IN THE CITY OF OAKLAND FOR FISCAL YEAR 2017-18 FOR VOTER APPROVED MEASURE M (THE EMERGENCY MEDICAL SERVICES RETENTION ACT), MEASURE N (THE 1997 PARAMEDIC SERVICES ACT), MEASURE Q (THE LIBRARY SERVICES AND RETENTION ACT), AND MEASURE Z (THE PUBLIC SAFETY AND SERVICES ACT OF 2014)

WHEREAS, the City of Oakland must annually set the property tax levy rates and inform the County of Alameda of these rates by August 14th for inclusion on that year's property tax bill for Measures M, N, Q, and Z; and

WHEREAS, the passage of this ordinance will provide additional documentation needed for the City to levy and collect the Fiscal Year 2017-18 revenues included in the Fiscal Year 2017-2019 Proposed Policy Budget related to Measures M, N, Q, and Z; and

WHEREAS, in 1997 the voters of Oakland approved Measure M, a special tax to fund emergency medical services to impose a special tax on all parcels in the City of Oakland, except where the parcels are otherwise exempt from taxation by Section 3 of the Ordinance, and provided that beginning in Fiscal Year 1998-1999 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 1997 index year; and

WHEREAS, in 1997 Oakland voters approved Measure N, a special tax to fund paramedic emergency services to impose a special tax on all parcels in the City of Oakland, except where the parcels are otherwise exempt from taxation by Section 3 of the Ordinance, and provided that beginning in fiscal year 2000-2001 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 CPI for all items, has increased since the 1997 index year; and

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 imposing 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, allowing 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; and

WHEREAS, the City of Oakland voters passed Measure Z, the 2014 Oakland Public Safety and Services Violence Prevention Act ("Measure Z"), in November 2014, approving a series of taxes to support violence intervention objectives, including police services and programs and services that provide support for at-risk youth and young adults to interrupt the cycle of violence and recidivism, and for youth and young adults at highest risk of violence as guided by data analysis; and

WHEREAS, Measure Z imposes the same special tax from the Violence Prevention and Public Safety Act of 2004 (Measure Y) on all parcels in the City of Oakland, except where the parcels are otherwise exempt from taxation by Part 3 Section 4 of the Ordinance, and provides that beginning in FY 2015-2016 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 2014-15 index year; now, therefore,

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. The City Council hereby finds that the Consumer Price Index for all items in the San Francisco Bay Area was 258.57 for calendar year 2015 and 266.34 for calendar year 2016. Thus the cost-of-living in the immediate San Francisco Bay Area, as shown by the Consumer Price Index (CPI) for all items, has increased 3.0 percent from calendar year 2015 to calendar year 2016 and the increases set forth in the Ordinance conform to that increase.

Section 2. The Measure M, N, Q, and Z special tax rates upward adjustments shall be 3.0 percent, effective July 1, 2017. The following rates shall be levied, effective July 1, 2017, for Fiscal Year 2017-2018 for Measures M, N, Q, and Z as noted below by Measure and parcel type:

Measure	Parcel Type	RATES		
		Current Parcel Rate	Proposed Increase	FY 2017-18 Parcel Rate
Measure M	Single Family Residential Parcels	\$13.99	\$0.42	\$14.41
	Multiple Residential (2 to 4 units)	\$27.97	\$0.84	\$28.81
	Multiple Residential (5+ units)	\$69.95	\$2.10	\$72.05
	Commercial	\$27.97	\$0.84	\$28.81
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	Rural	\$13.99	\$0.42	\$14.41
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	Multiple Residential (5+ units)	\$55.68	\$1.67	\$57.35
	Commercial	\$22.26	\$0.67	\$22.93
	Industrial	\$44.54	\$1.34	\$45.88
	Rural	\$11.14	\$0.33	\$11.47
	Institutional	\$11.14	\$0.33	\$11.47
Measure Q	Single Family Residential Parcels	\$98.67	\$2.96	\$101.63
	Multiple Residential	\$67.40	\$2.02	\$69.42
	Non-Residential Parcels	\$50.53	\$1.52	\$52.05
Measure Z	Single Family Residential Parcels	\$102.36	\$3.07	\$105.43
	Multiple Residential	\$69.92	\$2.10	\$72.02
	Non-Residential Parcels	\$52.42	\$1.57	\$53.99

Section 3. The provisions of this Ordinance are severable, and if any clause, sentence, paragraph, provision, or part of this Ordinance, or the application of this Ordinance to any person, is held to be invalid, such holding shall not impair or invalidate the remainder of this Ordinance. It is hereby declared to be the legislative intent that this Ordinance would have been adopted had such provisions not been included.

Section 4. This Ordinance shall be in full force and effect immediately upon its passage as provided by Section 216 of the City Charter if adopted by at least six members of the City Council, or upon the seventh day after final adoption if adopted by fewer votes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2017

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY
GUILLEN, KALB, KAPLAN, AND PRESIDENT REID

NOES-

ABSENT-

ABSTENTION-

ATTEST:

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

NOTICE AND DIGEST

REGARDING AN ORDINANCE AUTHORIZING A FISCAL YEAR 2017-18 INCREASE IN ACCORDANCE WITH THE CONSUMER PRICE INDEX, FIXING THE RATE OF PROPERTY TAX, AND LEVYING A TAX ON REAL AND PERSONAL PROPERTY IN THE CITY OF OAKLAND FOR FISCAL YEAR (FY) 2017-18 FOR VOTER-APPROVED MEASURE M (THE EMERGENCY MEDICAL SERVICES RETENTION ACT), MEASURE N (THE 1997 PARAMEDIC SERVICES ACT), MEASURE Q (THE LIBRARY SERVICES AND RETENTION ACT), AND MEASURE Z (THE PUBLIC SAFETY AND SERVICES ACT OF 2014).

On Tuesday, May 30, 2017, the City Council of Oakland, California will consider an ordinance authorizing an increase to the special parcel tax imposed for emergency medical services retention, paramedic services, library services and retention, and violence prevention and public safety services in accordance with the Voter-Approved Measure M (The Emergency Medical Services Retention Act), Measure N (The 1997 Paramedic Services Act), Measure Q (The Library Services And Retention Act), And Measure Z (The Public Safety And Services Act Of 2014). The ordinance proposes an increase, effective July 1, 2017, of 3.0 percent consistent with the Consumer Price Index for the San Francisco Bay Area and also authorizes the City to levy the tax at the new rates. The Public Hearing is set for Tuesday, May 30, 2017 at 6:30 p.m., to be held before the City Council in the Council Chambers located on the Third Floor of City Hall, One Frank H. Ogawa Plaza, Oakland, California.