



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: April 2025 Special Election Parcel Tax
Measures for Independent Oversight
Agencies and Essential Services
Recovery

DATE: December 12, 2024

City Administrator Approval


Jestin Johnson (Dec 13, 2024 09:24 PST)

Date: Dec 13, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution On The City Council's Own Motion Submitting To The Voters At The April 15 Special Municipal Election, An Ordinance To Adopt A Special Parcel Tax To Maintain The City's Independent Oversight Agencies And Programs; Requesting Consolidation Of The Election With All Special Municipal Elections To Be Held In The City Of Oakland On April 15, 2025; And Directing The City Clerk To Take All Actions Necessary Under Law To Prepare For And Conduct An April 15, 2025 Special Municipal Election.

EXECUTIVE SUMMARY

Staff recommends that City Council hear this resolution for a first reading under the City Charter so that the City Council seated in January can consider the special parcel tax ballot measure for the April Special Election with sufficient time. Staff also recommends that the current City Council preserve this option for the next City Council, even if there are concerns about the viability of the measure, or the current content of this measure.

The proposed Ordinance introduces a special parcel tax specifically designated to fund the essential operations of the City's independent oversight agencies and programs. These entities include the Public Ethics Commission (PEC), which encompasses the Democracy Dollars Program, the City Auditor's Office, the Office of the Inspector General (OIG), the Police Commission, and the Community Police Review Agency (CPRA). Additionally, the revenue collected provides funding for related administrative expenses.

These agencies are mandated by voter-approved City Charter measures such as Measure LL, Measure S1, Measure W, and Measure OO, to maintain specific minimum staffing levels to fulfill their responsibilities. Their functions are critical for the integrity of public services, encompassing the audit of city services, investigation of public corruption, support for public

Special City Council
December 16, 2024

campaign financing, and ensuring both fiscal and law enforcement transparency and accountability.

The primary purpose of this measure is to establish a stable, dedicated revenue stream to support these oversight bodies. This funding mechanism is critical to ensure that these agencies can continue to operate effectively and independently, safeguarding public interest and maintaining checks and balances within municipal governance.

REASON FOR URGENCY

Pursuant to Chapter 5, Section 1405 (b) of the California Elections Code, the governing body of a county, city, or district may call a special election for the purpose of submitting an initiative measure to the voters before the date on which the initiative measure would appear on the ballot pursuant to subdivision (a). If the governing body calls a special election pursuant to this subdivision, the election shall be held not less than 88 days nor more than 103 days after the order of the election. In order to ensure that the proposed measure is submitted in time for the April 15 Special Election, it must meet legal requirement of being finalized at 88 days before the election.

BACKGROUND / LEGISLATIVE HISTORY

In 2014, Oakland Voters passed Measure CC, adding Section 603 to the City Charter which created the PEC.

In 2022, Oakland Voters passed Measure W, the Oakland Fair Elections Act, which established the Democracy Dollars -to ensure fair and equal opportunity to participate in elective and governmental processes.

In 2024, Oakland Voters passed Measure OO, which amended City Charter to among other things add additional minimum staffing requirements for the PEC and limit the ability of the City to reduce staffing based on fiscal necessity.

In 2016, Oakland voters approved Measure LL, which established a Police Commission to oversee the Police Department's policies and procedures, and the CPRA to investigate police misconduct and recommend discipline. The Measure LL City Charter amendment allowed for "enabling legislation" that furthers the goals and purposes of Measure LL.

On July 10, 2018 The City Council adopted Ordinance [C.M.S. 13498](#) enabling implementation of the city charter amendment creating the Oakland Police Commission and the CPRA, (2) establishing a civilian inspector general, and (3) requiring an annual report and presentation by the community policing advisory board to the commission.

In 2020, Oakland voters approved Measure S1, which expanded the independence, authority, and staffing of the Police Commission and CPRA, and provided that the OIG reports to the Police Commission.

On July 11, 2022 City Council Adopted [Resolution No. 89317](#), which among other things added and clarified duties of and provided minimum staffing for the City Auditor. Effective July 2023, the budget for the Office of the City Auditor shall be sufficient to hire at least fourteen full-time equivalent (“FTE”) employees of relevant classifications.

ANALYSIS AND POLICY ALTERNATIVES

The revenue generated from the Independent Oversight Agencies and Programs special parcel tax designated by this measure will be allocated exclusively to support the operations and objectives of the City’s Independent Oversight Agencies and Programs. This allocation will cover operational costs, investigations, and oversight initiatives of these agencies, as well as support programs like the Democracy Dollars Program to enhance voter participation. The funds will ensure compliance with transparency, ethics, and accountability mandates.

Administrative expenses will include both direct and indirect costs related to these services, such as implementation and evaluation of program effectiveness, and covering administrative fees charged by the County of Alameda for tax collection and remittance. The measure will also facilitate the hiring and retention of competent personnel in critical roles such as auditing, investigations, compliance, and community outreach, while maintaining the staffing levels mandated by the City Charter. Currently, these services are supported by the City’s General Purpose Fund (GPF), which allows for reductions in staffing based on fiscal constraints.

FISCAL IMPACT

The proposed Independent Oversight Agencies and Programs special parcel tax measure is projected to generate approximately \$23.22 million annually, adjusted annually as determined by the twelve-month (12) Annual Percentage Change in the Consumer Price Index (CPI) for all items in the San Francisco Bay Area as published by the U.S. Department of Labor Statistics; or The percentage change in California per capita personal income, as determined by the California State Department of Finance and shown in the Price Factor and Population Information Report issued annually.

This revenue will replace funding currently provided by the GPF. The funds will be distributed proportionally based on each eligible agency’s existing share of the GPF, adjusted to meet Charter-mandated staffing levels, a 15% increase in fringe benefits anticipated for Fiscal Year (FY) 2025-26, and a 5% flexible allocation to ensure operational efficiency.

The allocations are as follows:

- **City Auditor’s Office:** 23%, or approximately (\$5.34 million)
- **Public Ethics Commission (PEC):** 31%, or approximately (\$7.20 million)
- **Police Commission:** 5%, or approximately (\$1.16 million)
- **Community Police Review Agency (CPRA):** 29%, or approximately (\$6.73 million)
- **Office of the Inspector General (OIG):** 12%, or approximately (\$2.79 million)

This strategic distribution ensures that each agency has the resources needed to maintain and enhance services, address rising costs, and meet staffing requirements.

Offsetting Tax Cost with PFRS

For Single Family Residential (SFR) properties, the levy under the 2025 Independent Agencies Parcel Tax Measure is set at \$130. The Police and Fire Retirement System Tax Override which partially funds the unfunded actuarial accrued liability for the retirement benefits of the Oakland Police and Fire Retirement System (PFRS), may be lowered provided sufficient funds exist to cover the cost of the system. PFRS is authorized a maximum levy of 0.1575% Ad Valorem tax on SFR properties. This translates to a tax of \$472.50 for a property with an assessed value of \$300,000, \$315.00 for a property with an assessed value of \$200,000, and \$157.50 for a property with an assessed value of \$100,000. Assuming the PFRS levy can be reduced then comparing the new levy to the existing PFRS tax, the \$130 levy from the 2025 Independent Agencies Parcel Tax Measure would represent an increase only for properties with an assessed value at or below \$82,545, which constitute less than 10% of Oakland's properties. These properties benefit from lower assessed values under California's Proposition 13, which restricts property value increases except in cases of transfer or refinancing. Conversely, over 90% of properties in Oakland would see a reduction in their tax burden relative to the current PFRS levy.

PUBLIC OUTREACH / INTEREST

The proposed measure has been introduced in a City Council meeting, where it is open for public comment. Public notices will be published in local newspapers and on the City's website, detailing the specifics of the proposed measure.

COORDINATION

There has been coordination between the City Administrator's Office, the Office of the City Attorney, and the Finance Department for the preparation of this Staff Report.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed Ordinances introduce a new special parcel tax aimed at securing a stable funding source for Oakland's independent oversight agencies which are essential for maintaining government transparency and accountability, efficiency, and the integrity of municipal services, and a second new special parcel tax aimed at securing a limited duration funding source for essential City services.

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

Race & Equity: Maintaining an independent and strengthened oversight for the PEC, which encompasses the Democracy Dollars Program, the City Auditor's Office, the Police Commission, the OIG, and the CPRA will result in increased civilian oversight and increased

Jestin D. Johnson, City Administrator

Subject: April 2025 Special Election Parcel Tax Measures for Independent Oversight Agencies
and Essential Services Recovery

Date: December 12, 2024

Page 5

accountability and fairness in services provided by the City, in particular during the democratic election process and in Police Department services.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) (If Applicable)

This is exempt from the California Environmental Quality Act, Public Resources Code section 21000 et seq. ("CEQA"), since in accordance with CEQA Guidelines section 15061, subdivision (b)(3), it can be seen with certainty that there is no possibility that the activity authorized herein may have significant effect on the environment.

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Special City Council
December 16, 2024

ACTION REQUESTED OF THE CITY COUNCIL

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For questions regarding this report, please contact Bradley Johnson, Budget Administrator, at (510) 207-5730.

Respectfully submitted,



Erin Roseman (Dec 13, 2024 07:32 PST)

ERIN ROSEMAN

Director of Finance, Finance Department

Reviewed by:

Bradley Johnson, Budget Administrator

Prepared by Budget & Revenue Management
Bureau(s):

Nathan Bassett

Tiffany Kirkpatrick

Daniel Mariano

Jose Segura