

CITY AUDITOR'S IMPARTIAL FINANCIAL ANALYSIS OF MEASURE X

Measure X authorizes the City of Oakland to impose a temporary parcel tax on residents in the City of Oakland for 4.5 years, beginning fiscal year 2011- 12. The tax proceeds may be used for the following:

- Police and Fire services, including, but not limited to investigation and oversight, recruitment, training, equipment, and internal support services;
- Violence prevention services, including, but not limited to, outreach workers;
- Costs of administering the ordinance, including, evaluation, financial reviews, tax calculation and collection

Furthermore, the annual amount of tax proceeds appropriated has two stipulations:

1. A minimum of 75% may be used for any of the Police and Fire services listed above
2. No more than 5% may be used for annual costs of administering the ordinance

Under the proposed parcel tax increase, single-family residential parcels will incur an annual rate of \$360 per parcel; multiple-family residential unit parcels will incur an annual tax of \$245.95 (units vacant for six months or more per fiscal year, may apply to have the rate reduced by 50% to \$122.97 per vacant residential unit located on the parcel); Non-residential parcels are calculated based on the size of the property.

Beginning in November 2008, the City of Oakland maintained a police force of approximately 800 officers and is currently down to 696 officers and will be reduced by another 122 officers should November revenue measures fail to pass.

Financial Impact

In Fiscal Year (FY) 2009-2010, \$13,667,809 in parcel taxes was collected by the City from Single-family, Multiple-Family, and Non-Residential parcel/units. Under the proposed parcel tax increase, the City is projecting to receive \$54,234,580 in parcel taxes for FY 2011-2012, a 296.8 percent increase in parcel taxes from FY 09-10 to FY 11-12. The increase under each classification is shown below:

<u>Classification</u>	<u>Current Assessment FY 09-10</u>	<u>Current Assessment collected FY 09-10</u>	<u>Proposed Assessment FY 11-12</u>	<u>Proposed new Assessment FY 11-12</u>	<u>Proposed % increase</u>
Single-Family	\$90.73	\$7,335,929	\$360.00	\$29,107,800	296.8%
Multi-Family	\$61.98	\$4,900,826	\$245.95	\$19,447,535	296.8%
Non-Residential	\$46.46	\$1,431,054	\$184.38	\$5,679,245	296.8%
	Total	\$13,667,809		\$54,234,580	

The total amount in parcel tax revenue projected for all years is \$248,509,752. However, the projected net revenue after exemptions and fees is \$238,393,376, as illustrated below.

Year	<u>Fiscal Year</u> <u>(FY)</u>	<u>Estimated</u> <u>Revenue</u> <u>prior to</u> <u>exemptions,</u> <u>delinquency</u> <u>& County fee,</u> <u>or County</u> <u>collection</u> <u>fee)</u>	<u>Net</u> <u>Estimated</u> <u>Revenue</u> <u>after</u> <u>exemptions &</u> <u>fees</u>
1	FY 11-12	\$54,234,580	\$50,061,766
2	FY 12-13	\$54,234,580	\$52,160,765
3	FY 13-14	\$54,776,926	\$53,641,689
4	FY 14-15	\$55,324,695	\$54,817,892
½ of 5 th yr	FY 15-16	\$27,938,971	\$27,711,264
	Total	\$248,509,752	\$238,393,376

The estimated increase in revenue will be deposited into a special fund in the City Treasury and shall be appropriated and expended only for purposes authorized in this measure.

Based on our analysis of the data provided by City staff, the projected revenues appear accurate. We relied on the best data available at this time, however actual results may vary from our estimates.

s/COURTNEY A. RUBY, CPA, CFE
City Auditor