

CITY AUDITOR'S IMPARTIAL FINANCIAL ANALYSIS OF MEASURE I

Measure I authorizes the City of Oakland to impose a temporary parcel tax on residents in the City of Oakland for five years, beginning fiscal year (FY) 2011-12 and ending FY 2015-16. The tax proceeds will be deposited into a special account and may be used to pay for any costs and expenses related to or arising from City:

- Police Services and Police technology
- Fire Services
- Parks and Recreational Services
- Library Services, including technology
- Youth Violence Prevention
- Street and infrastructure repair

The tax rates may not be increased by action of the City Council without the applicable voter approval but the City Council may make any other changes to this Ordinance as are consistent with its purpose. An annual review shall be performed by an independent firm to ensure accountability and proper disbursement of the proceeds in accordance with the objectives stated within the measure. The chief fiscal officer shall prepare an annual report, setting forth the amount of fund collected and expended. Tax proceeds may be used to pay for the audit and annual report.

Under the proposed parcel tax increase, Single-Family Residential Parcels will incur an annual rate of \$80 per parcel; Multiple-Family Residential Unit Parcels will incur an annual tax of \$54.66 per unit; Non-Residential Parcels are calculated by multiplying the annual tax rate of \$40.97 by the total number of Single Family Equivalents (determined by the frontage and square footage).

Financial Impact

Under the proposed new parcel tax, the City is projecting to receive \$12,052,379 in parcel taxes for FY 2011-12. The parcel tax under each classification is shown below:

Office of the City Administrator's Analysis

<u>Classification</u>	<u>No. of Parcels</u>	<u># Units Per Single Family Residential Unit Equivalents</u>	<u>Proposed Assessment FY 11-12</u>	<u>Proposed Assessment FY 11-12</u>
Single-Family	80,855	80,855	\$80.00	\$6,468,400
Multi-Family	16,723	79,071	\$54.66	\$4,322,021
Non-Residential	8,129	30,802	\$40.97	\$1,261,958
Total	105,707	190,728	-	\$12,052,379

The total amount in parcel tax revenue projected for all five years is \$60,261,894. However, the projected net revenue after exemptions and fees is \$55,590,793, as illustrated below.

Office of the City Administrator's Analysis

Year	Fiscal Year	<u>Estimated Revenue prior to low income exemption, delinquency factor & County collection fee</u>	<u>Net Estimated Revenue after exemptions & fees</u>
1	FY 2011-12	\$12,052,379	\$11,118,159
2	FY 2012-13	\$12,052,379	\$11,118,159
3	FY 2013-14	\$12,052,379	\$11,118,159
4	FY 2014-15	\$12,052,379	\$11,118,159
5	FY 2015-16	\$12,052,379	\$11,118,159
	Total	\$60,261,894	\$55,590,793

In its analysis, the City Administration did not factor in taxes imposed on Residential Hotels and tax exemptions for Affordable Housing Projects and Foreclosed Single Family Homes. The City Administration did factor in low income exemptions, delinquencies and the county collection fee.

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 City staff estimates.

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