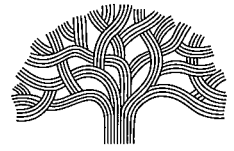


# CITY OF OAKLAND



CITY HALL • ONE FRANK H. OGAWA PLAZA, 4TH FLOOR • OAKLAND, CALIFORNIA 94612

Office of the City Auditor  
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March 8, 2018

LaTonda Simmons, City Clerk  
1 Frank H. Ogawa Plaza  
Oakland, CA 94612

RE: Financial Analysis of Library Parcel Tax Measure for June 2018 Ballot

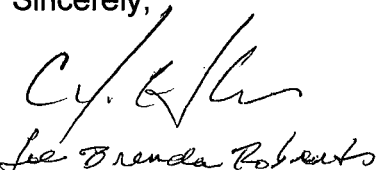
Dear City Clerk:

I am pleased to submit an impartial analysis of the Library Parcel Tax Measure, which proposes to add an ordinance creating a special parcel tax to maintain, protect and improve direct library services throughout Oakland to the June 2018 ballot.

The Office of the City Auditor prepared this analysis in accordance with Municipal Code Section 3.08.210, which requires the Office prepare an impartial financial analysis of each measure qualifying for ballot placement.

If you have any questions, please contact Carlos Hickerson, Assistant City Auditor at 510-238-7609.

Sincerely,

A handwritten signature in black ink, appearing to read "Brenda D. Roberts".

Brenda D. Roberts  
City Auditor

## Summary

This Measure authorizes the City of Oakland to collect an annual parcel tax for twenty (20) years to raise revenue to maintain, protect and improve direct library services.

## Fiscal Impact

The City estimates total new revenue will be approximately \$10 million annually. This new measure will be subject to independent audits and citizen oversight.

This Measure is separate from Measure Q Library Parcel Tax currently in effect. It will increase total parcel taxes to fund library services as shown below.

Unit Type	Proposed Measure Tax Rate (2018 – 2038)	Measure Q FY 2017-18* Tax Rate (2004 – 2024)
Years In Effect	(2018 – 2038)	(2004 – 2024)
Single Family Residential	\$75	\$101.63
Multiple Unit Residential	\$51.24	\$69.42
Non-Residential	\$38.41	\$52.05

\*Rates represent current parcel tax rates, including Consumer Price Index (CPI) increases approved by City Council on May 30, 2017.

All funds collected by the City from this Measure will be deposited into a special fund in the City treasury. The proceeds may only be used for the purposes authorized under the Measure such as, but not limited to 1) providing regular and extended hours 2) upgrading and enhancing library facilities 3) providing a wide range of programs for children, teens and adults and 4) expanding library collections and items necessary to create and maintain a modern learning experience.

Low-income seniors, very low-income residents and other entities can request an exemption or reduction from this tax.

Beginning in Fiscal Year 2019-2020, and each year thereafter, the City Council may increase the tax rates established by this Measure, at its discretion, based on the greater of two factors:

1. Increases in the cost of living adjustment (COLA) for the immediate San Francisco Bay Area using the 2018 CPI as the base year; or
2. An increase in the California per capital personal income using Fiscal Year 2018-2019 as the beginning year.

For any year this tax is in effect, it may only be collected if the City's General Fund appropriation for Library services is maintained at a level that is no lower than the appropriation for fiscal year 2017-2018, which is \$12,992,267.

However, if the appropriation is not maintained at the minimum level, the new tax may continue to be collected if:

- City's reduction to the Library's General Fund is the same proportion of reduction as the City's net General Fund budget for non-safety departments; and
- The City Administrator submits a report to City Council explaining the reduction of the appropriation.

Following any reduction to the Library's General Fund, the tax may be collected in any subsequent year if it receives increases in its appropriation in the same proportion as the non-public safety departments' net General Funds, up to at least the minimum level of \$12,992,267.

We estimate the administrative cost of this Measure to be approximately \$50,000 annually which represents the tax administration, collection and audit fees.

Although our estimates are based on the best data available at this time, the actual total revenue may vary.