

CITY OF OAKLAND



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Office of the City Auditor
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August 07, 2018

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

RE: Financial Analysis of The Children's Initiative of 2018 Measure for November 2018
Ballot

Dear City Clerk:

I am pleased to submit an impartial analysis of *The Children's Initiative of 2018 Measure*, which proposes to add an amendment to the City Charter creating an annual parcel tax for thirty (30) years on the November 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 dark ink, appearing to read "Brenda D. Roberts", with a long horizontal flourish extending to the right.

Brenda D. Roberts
City Auditor

Summary

This Measure, if adopted by two-thirds of voters, authorizes the City of Oakland to collect an annual parcel tax for a period of thirty (30) years. The use of proceeds would be restricted to the objectives of the Measure: to fund early education and 'Oakland Promise.' The Measure would take effect the day after the vote is declared by Oakland City Council.

The Early Education Fund would provide support to programs expanding access to, or enhancing, early child-care and preschool education.

The Oakland Promise Fund provides support such as mentoring, college savings, and scholarships, to ensure every Oakland public school student graduates high school and college.

The City would designate 62% of revenues collected to the Early Education Fund and 31% to the Oakland Promise Fund. The City estimates 20,000 children would benefit from this funding. The remaining 7% of revenue collected would be deposited into an Oversight, Accountability, and Evaluations Fund.

Financial Impact

The Finance Department estimates approximately \$30 million in revenue would be generated annually. The City would expend approximately \$2.1 million annually to manage the funds and administer the programs.

The parcel taxes as proposed in this Measure are shown here:

Unit Type	Proposed Measure Tax Rate
Single Family Residential	\$198.00
Multiple Unit Residential	\$135.25
Non-Residential	Various rates*

** The tax for Non-Residential Parcels is calculated using both frontage and square footage measurements to determine total single family residential unit equivalents.*

Low-income and senior households, and rental housing owned by nonprofit corporations and nonprofit-controlled partnerships for senior, disabled, and low-income households may request tax exemptions or modifications.

The City would provide a rebate of one half (1/2) of the tax and subsequent increases to tenants in single family homes that have been foreclosed upon who have paid this proposed parcel tax through a pass-through.

The Oakland City Council may increase the parcel tax established by this Measure, each year, beginning in Fiscal Year 2020-21 and thereafter, based on the greater of:

1. An increase in the U. S. Department of Labor San Francisco Bay Area cost of living adjustment, or

2. An increase in the California Department of Finance per capita personal income.

City of Oakland Programs for Youth

The City of Oakland supports various and multiple programs for children and youth. Each year, the City sets aside a portion of its unrestricted General Purpose fund to support programs such as Head Start, which promotes school readiness for children from low income families; and the Kids First! Fund, which provides grants to approximately 150 community-based, non-profits, and Oakland Unified School District programs. In total, the City spends approximately \$36 million each year on such programs that benefit Oakland's youth.

Disclaimer

The Office of the City Auditor has not audited and, as such, has not validated the City of Oakland Finance Department's financial and statistical analysis that supports this Measure. References to this data in our independent analysis represent the best data available at this time.