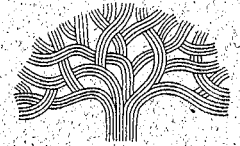


CITY OF OAKLAND



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

Office of the City Auditor
Courtney A. Ruby, CPA
City Auditor

(510) 238-3378
FAX (510) 238-7640
TDD (510) 238-3254
www.oaklandauditor.com

December 2, 2019

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

RE: Financial Analysis of “The 2020 Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act” measure

Dear LaTonda:

I am pleased to submit an impartial analysis of “*The 2020 Oakland Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act*” measure, which proposes to add an amendment to the City Charter creating an annual parcel tax for twenty (20) years on the March 2020 ballot.

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

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

Sincerely,

 Courtney A. Ruby, CPA, CFE
City Auditor

Summary

The measure, if approved by two-thirds of the voters, authorizes the City of Oakland to impose an annual parcel tax for 20 years to provide funding for 1) maintaining and improving parks, landscape maintenance, and recreational facilities and services, 2) providing homeless services, and 3) reducing trash and litter in the City's watershed and storm drain system.

Financial Impact

The City estimates that it would receive approximately \$21 million in FY 2020-21 by imposing the following tax rates on the parcel types shown below:

Type of Parcel	Annual Tax Rate
Single-family	\$148.00
Multiple residential units	\$101.08 per residential unit
Non-residential/residential hotels/transient hotels	Various rates based on established formulas

Revenues from this parcel tax will be deposited into a restricted fund(s) and allocated for spending in the following service categories, net of any collection and tax levy costs and fees:

Service Categories	Tax Allocation Percentage	Estimated Amount for FY 2020-21*
Parks, Landscape Maintenance and Recreational Facilities and Services	Not less than 64%	\$13.4 million
Homeless Services	30%	\$6.3 million
Water Quality and Related Litter Reduction Services	5%	\$1.1 million
Audit and Evaluation of the Strategies and Services	1%	\$0.2 million

*Finance staff estimate that the FY 2020-21 allocation may be reduced by \$1 million due to costs associated with the election.

The City Council may approve minor variations to these allocations in the future.

Central Services Overhead costs (the City's cost of internal services such as human resources, information technology, legal, accounting, etc.) may not be recovered from this revenue. The City, however, may recover other administrative costs from the tax revenues.

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

Beginning in FY 2021-22, the City Council may annually increase the tax rates based on the greater of the Consumer Price Index for the San Francisco Bay Area or the percentage change in California's per capita personal income.

The City may impose a one-time penalty, for delinquent tax payments, at a rate up to 25 percent of the tax due each fiscal year. Additionally, the City Council may assess interest at the rate of one percent per month on unpaid taxes and penalties.

The measure includes maintenance of effort language, which requires the City to maintain a minimum level of funding for each service category, in order to spend the revenues received in any year this tax is in effect. The minimum level of funding for each service category will be based on FY 2019-20 funding levels for these services.

In the event of an extreme fiscal crisis, the City Council may approve a resolution to forego the maintenance of effort requirements and still spend the tax revenues.

The measure is subject to biennial audits by the City Auditor, annual financial audits, and citizen oversight.

References to information in our independent analysis represents the best information at the time of this analysis.