



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

Courtney A. Ruby, CPA, CFE
City Auditor

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

March 1, 2022

Asha Reed, City Clerk
1 Frank H. Ogawa Plaza 2nd Floor
Oakland, Ca 94612

RE: FINANCIAL ANALYSIS OF THE “EXTENSION OF THE LIBRARY SERVICES RETENTION AND ENHANCEMENT ACT OF 1994”

Dear City Clerk Reed:

I am pleased to submit an impartial financial analysis of the proposed 30-year extension of the *Library Services Retention and Enhancement Act of 1994* to raise revenue to retain and enhance library services.

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 should have any questions, please contact Michael C. Houston, Assistant City Auditor, at (510) 238-3114.

Sincerely,

A handwritten signature in black ink, appearing to read "Courtney A. Ruby". The signature is fluid and cursive, with a large loop at the end of the last name.

COURTNEY A. RUBY, CPA, CFE
City Auditor

Summary

This Measure, if passed by two-thirds of the voters, extends the Library Services Retention and Enhancement Act of 1994 for thirty (30) years to raise revenue to retain and enhance library services. First passed by the voters in 1994, this annual parcel tax was previously extended in 2004 as Measure Q.

The proceeds may only be used for the 12 objectives in the legislation. Uses include, but are not limited to, funding to keep Oakland neighborhood libraries open, operating the African American Museum, and providing services at libraries for the unhoused, seniors, and youth.

Financial Analysis

The City estimates total new revenue from extending the Library Services Retention and Enhancement Act will be approximately \$18 million in the first year. Revenue generated in subsequent years will depend on: 1) the number of properties subject to the Act, 2) whether annual tax adjustments are implemented pursuant to the terms of the proposed legislation, and 3) whether the City appropriates the minimum General Fund appropriation for library services, as described below.

This Measure extends the current tax rates being collected under Measure Q. The rates by parcel types are shown below:

Table: Parcel Assessments

Parcel Type	Current Measure Q Amount (FY 2021-22)	Proposed Tax Amount (FY 2022-23)
Single Family Residential	\$114.50	\$114.50
Multiple Unit Residential (per unit)	\$78.22	\$78.22
Non-Residential	\$58.65	\$58.65

Source: City Auditor's summary of legislation

Low-income homeowners, non-profit residential hotels, schools, hospitals, churches, and land used for agricultural purposes may apply to be exempt from this tax.

Beginning in Fiscal Year 2023-2024, and each year thereafter, the City Council may increase the tax imposed by a percentage based on a prescribed index not to exceed five percent.

For each year this tax is in effect, it may only be collected if the City's General Fund appropriation for library services is at least \$14,500,000. However, if the appropriation is not maintained at the minimum level, the tax may continue to be collected if:

- a severe and unanticipated financial or other event occurs that so adversely impacts the General Purpose Fund the City is unable to budget for the Library's General Purpose Fund appropriation at the required minimum amount of \$14,500,000; and
- City's reduction to the Library's General Fund is no more than the reduction to the City's net General Fund budget for non-safety departments.

The City Administrator must submit a report to City Council explaining the reduction of the appropriation.

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

The annual financial cost to the City includes administering and collecting the tax required by the legislation and required oversight. We estimate this total annual cost to be approximately \$135,000.

Our analysis of financial impact is based on current dollars and the best data available at this time.