

**Meeting Date:** 1/14/2014

**Report Type:** Public Hearing

**Report ID:** 2014-00062

**Title: Ordinance: Sacramento Library Parcel Tax Measure [in lieu of Pass for Publication the Ordinance will be published in its entirety within 10 days after adoption as required by Sacramento City Charter section 32(d)]**

**Location:** Citywide

**Issue:** In 2004, more than 70% of Sacramento voters renewed a library parcel tax to facilitate the Sacramento Public Library's (SPL) ability to deliver quality library services to citizens. However, the SPL is facing a severe funding challenge that will result in significant service level reductions within two years if not addressed soon. On December 17, 2013, the City Council directed the City Manager to prepare three library parcel tax options for the June 3 or November 4, 2014 ballot in order to stabilize library funding and avoid deep service level cuts.

**Recommendation:** 1) Pass an Ordinance authorizing placement of a \$12 single-family residential library parcel tax (Option 2), and specified amounts for other uses, for core library services effective upon voter approval; and 2) Pass a Resolution (Option 2) approving ballot measure text for placement on June 3, 2014 ballot.

**Contact:** Leyne Milstein, Director, (916) 808-8491, Department of Finance; Rivkah Sass, Director, (916) 264-2830, Sacramento Public Library; Mark Prestwich, Special Projects Manager, (916) 808-5380, Office of the City Manager

**Presenter:** Leyne Milstein, Director, (916) 808-8491, Department of Finance

**Department:** Finance / City Manager's Office

**Division:** Budget Office

**Dept ID:**

**Attachments:**

1-Description/Analysis

2-Background

3-Option 1 - \$30 Ordinance and Resolution

4-Option 2 - \$12 Ordinance and Resolution

5-Option 3 - \$49 Ordinance and Resolution

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**City Attorney Review**

Approved as to Form  
Michael W. Voss  
1/8/2014 5:00:50 PM

**City Treasurer Review**

Prior Council Financial Policy Approval or  
Outside City Treasurer Scope  
City Treasurer

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 1/8/2014 9:08:28 AM

## Description/Analysis

**Issue Detail:** The Sacramento Public Library (SPL) system is facing a severe funding challenge that will result in significant service level reductions within two years if not addressed soon. In 2004, when the library tax was renewed by more than 70% of Sacramento voters, the tax partially supported the operations of nine libraries. Since that time, the City has constructed three new libraries, resulting in an additional \$2.9 million in operational expenses in fiscal year (FY) 2013/14 and similar amounts annually.

Currently, the parcel tax provides \$4.8 million toward the \$13.4 million FY 2013/14 operating budget, or approximately 36% of the needed resources. Even with this revenue and the \$7.6 million contribution from the City's General Fund, SPL will require a \$464,500 subsidy from its reserve this year in order to maintain existing service levels. This subsidy is projected to grow to \$992,877 in FY 2014/15 as operational expenses, including employee pension costs, health insurance premiums, and other costs, are growing faster than available revenue. This is the case even after steps have been taken to reduce costs, such as reducing library hours and staff. Given one-time reserves are being used at an unsustainable rate for ongoing operational costs, and the parcel tax sun-setting June 30, 2017, a long-term strategy is necessary to ensure library services throughout the city continue uninterrupted and at levels desired by the community into the future.

The three options requested by the City Council are discussed in greater detail in the Background section of the report. Draft ordinances and corresponding resolutions are provided as attachments to the report.

Staff recommends the City Council place the \$12 parcel tax option (Option 2 outlined below) on the June 3, 2014 ballot in order to stabilize library funding.

**Policy Considerations:** A parcel tax requires two-thirds voter approval and must be approved for placement on the June 3, 2014 ballot by January 21.

**Economic Impacts:** Not applicable.

**Environmental Considerations:** Not applicable.

**Sustainability:** Not applicable.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** Placing the \$12 per single-family residential parcel tax (Option 2) on the June 3, 2014 ballot will provide the SPL with the necessary resources to stabilize and sustain operations at all 12 libraries. A 12-year term is recommended in order to align its expiration date with a 10-year renewal of the existing library parcel tax.

**Financial Considerations:** Three libraries were added to the SPL system in 2009 and 2010, resulting in increased operational expenses without a corresponding adjustment in the City's parcel tax or other funding sources. Because of these added libraries and operating expenses that are rising faster than available revenues, the value of the City's library parcel tax has been diluted resulting in an operation that is relying on a one-time fund balance that is rapidly being consumed to support current operations. In order to stabilize funding for the library and address the forthcoming expiration of the existing tax, it is necessary to consider parcel tax options that will provide long-term funding solutions for the desired level of service. Because of current stresses on the City's General Fund, it is not practical to increase the City's existing \$7.6 million contribution without reducing other City services. Delaying a vote from June 2014 to November 2014 postpones the receipt of parcel revenues by a full year given the timing of property tax assessments and billing. For example, this results in a reduction in fund balance of approximately \$2 million for a \$12 annual parcel tax option.

**Local Business Enterprise (LBE):** Not applicable.

## Background

On November 2, 2004, 72.38% of City of Sacramento voters voted to replace the City's library special assessment with an equivalent parcel tax (Measure X). The parcel tax went into effect on July 1, 2007, and will expire on June 30, 2017. The measure includes an annual cost of living adjustment (COLA) tied to adjustments in the consumer price index (CPI) and includes an annual required Maintenance of Effort (MOE) contribution from the General Fund of \$7.6 million. The parcel tax was designed to supplement the City's General Fund contribution to SPL and enhance library services in City branches including expanded services to children, improved technology, additional hours of operation, and new library services. The current parcel tax, which consists of a variety of tax rates depending on property type, is projected to generate \$4.8 million this fiscal year. The current residential parcel tax rates are summarized below:

**Table 1. Current Residential Parcel Tax Rates**

Residential Parcel Types	Amount
Single-Family (SFR)	\$29.92
Multi-Family <sup>1</sup>	
a. 1-4 units (per unit)	\$22.44
b. 5-15 units (per unit)	\$14.96
c. 16+ units (per unit)	\$7.48
Condominiums	\$22.44
Mobile Homes	\$14.96

<sup>1</sup> Add a. plus b. plus c. for total Multi-Family tax per parcel

## **THE CHALLENGE**

The SPL's funding challenge is attributable to several factors. First, since Sacramento voters renewed Measure X, SPL has added three new libraries to the nine libraries in existence when the measure was approved. The operating expenses associated with the new Valley Hi-North Laguna, North Natomas, and Robbie Waters Pocket-Greenhaven libraries have significantly reduced the capacity of the parcel tax to support and maintain library services citywide. Exhibit A below outlines the growth in library usage and operational efficiencies implemented by the SPL in efforts to sustain programs and services. Despite these measures, SPL lacks sufficient resources to adequately provide for refreshing computers, maintaining collections, programming, and maintaining operating hours at all Sacramento City libraries.

Additionally, due to the deep recession, the City's General Fund contribution was reduced temporarily. As a result of these factors and in order to maintain service levels at the expanded number of libraries, it has been necessary for SPL to utilize reserves to fund ongoing operations. In fact, the current FY 2013/14 SPL budget requires a \$464,500 subsidy to balance and maintain service levels. Due to operating expenses rising faster than available funding, the subsidy is projected to grow to \$992,877 in FY

2014/15 and \$1.3 million in FY 2015/16. General Fund library reserves are expected to be exhausted by the conclusion of FY 2015/16 if no adjustments are made.

It's also important to note that Measure U temporary sales tax proceeds currently provide \$507,000 annually toward the City's \$7.6 million MOE General Fund library contribution. Because Measure U funding is set to expire on March 31, 2019, it will be necessary for the City's General Fund to provide an additional \$507,000 annually thereafter to ensure the MOE requirements of the library tax are met; consequently, further stress will be added to the City's General Fund reducing its ability to provide additional contributions without reducing services in other areas.

The following chart identifies the unsustainable nature of the SPL operation moving forward even with continuation of the current parcel tax.

**Table 2. SPL Forecast**

<b>Revenues</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>	<b>FY17/18</b>
General Fund Contribution	7,128,500	7,128,500	7,128,500	7,128,500	7,128,500
Interest, fines/fees, other	534,000	534,000	534,000	534,000	534,000
Measure U MOE Restoration <sup>1</sup>	507,000	507,000	507,000	507,000	507,000
Parcel Tax Revenues <sup>2</sup>	4,928,846	5,024,623	5,122,315	5,221,962	5,323,601
Annual Revenues	13,098,346	13,194,123	13,291,815	13,391,462	13,493,101
<b>Expenditures</b>					
Projected General Fund Expenditures <sup>3</sup>	8,634,000	9,152,000	9,472,000	9,804,000	10,147,000
Projected Parcel Tax Expenditures <sup>4</sup>	4,795,000	5,035,000	5,186,000	5,342,000	5,502,000
Annual Expenditures	13,429,000	14,187,000	14,658,000	15,146,000	15,649,000
Adjusted for Special Tax Annual Results	(133,846)				
Annual Operating Results	(464,500)	(992,877)	(1,366,185)	(1,754,538)	(2,155,899)
Beginning General Fund Fund Balance	2,494,262	2,029,762	1,036,885	(329,299)	(2,083,838)
<b>Ending General Fund Fund Balance<sup>5</sup></b>	<b>2,029,762</b>	<b>1,036,885</b>	<b>(329,299)</b>	<b>(2,083,838)</b>	<b>(4,239,736)</b>

<sup>1</sup>Measure U expires March 31, 2019.

<sup>2</sup>Assumes voter approval of continuation of existing parcel tax. Revenue assumes 2% growth annually.

<sup>3</sup>Assumes 6% growth in FY2013/14 and 3.5% growth annually thereafter.

<sup>4</sup>Assumes 5% growth in FY2013/14 and 3.0% growth annually thereafter.

<sup>5</sup>Current parcel tax is restricted to specific categories of expenditures and cannot be used to close this operational gap.

## **OPTIONS FOR CONTINUED SPL SUPPORT**

Staff has identified three funding alternatives to address the projected funding gap. Each strategy relies on the continued efficient and lean staffing model employed by the library, as well as support from a parcel tax.

Options	June 2014	June 2016	Effect on SPL Services
1		Renew existing parcel tax	Requires reduction of services over time, including closure of libraries.
2	Add \$12 supplemental parcel tax for SFR (with proportional adjustments for other uses)		Stabilizes library funding and immediately corrects deficit.
3	Replace existing SFR \$30 parcel tax with \$49 parcel tax (with proportional adjustments for other uses)	Renew existing parcel tax	Stabilizes library funding and immediately corrects deficit; provide opportunity to increase service levels.

**Option 1: \$30 Renewal** – This option requires renewal of the existing parcel tax in June 2016 or before. Without new revenue exceeding the current parcel tax to cover the cost of the City’s three new libraries, it will likely be necessary significantly reduce service levels, operating hours, and staffing at City libraries, including the option of closing libraries.

**Option 2: \$12 Supplemental Parcel Tax/Renewal** – A supplemental measure will require voter approval on June 3, 2014, along with a renewal of the existing parcel tax in June 2016. This option will provide the library with the necessary resources to stabilize and sustain operations at all 12 libraries.

**Option 3: \$49 Parcel Tax** – A tax of this amount, combined with the \$7.6 million General Fund contribution, will provide the library with the opportunity to immediately correct the funding imbalance and stabilize library funding for the long term by setting aside funds in reserve to be used in later years.

Exhibits B thru E, attached below, demonstrate the effect of Options 2 and 3 on SPL projected net fund balance through FY 2017/18. It is important to note that delaying a vote from June 2014 to November 2014 postpones the receipt of parcel revenues by a full year given the timing of property tax assessments and billing. This results in a reduction in fund balance of approximately \$2 million for the \$12 supplemental option (Option 2) and approximately \$3 million for the \$49 option (Option 3).

Option 2 corrects fund balance challenges through FY 2017/18; however, there may be a need to adjust service levels or the City’s General Fund contribution should the fund balance continue to decline beyond FY 2017/18. Option 3 provides an immediate remedy to the operating gap, resulting in a sustainable long-term funding solution.

**ELECTION PROCEDURES**

Should the City Council place a measure on the June 2014 ballot, a measure must be approved by ordinance by January 21, 2014. The election timeline below outlines additional election deadlines:

Date	Description
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January 21, 2014	Deadline to adopt Ordinance subject to voter approval
January 28, 2014	Council adopts resolutions submitting measure (question/text) to the ballot.
February 28, 2014	Due date for Arguments (not to exceed 300 words). All arguments shall be accompanied by a Statement of Argument Authors form.
March 10, 2014	Due date for Rebuttals (not to exceed 250 words). All rebuttals shall be accompanied by a State of Argument Authors form.
June 3, 2014	Election Day. Polls open 7:00 a.m. to 8:00 p.m.

## Exhibit A – Library Usage and Operational Efficiency

### LIBRARY USAGE INCREASING

The SPL’s fiscal challenges arise at a time patrons are utilizing services at an increasing pace, as evidenced by increases in both general attendance and specific programs. Citizens are using the City’s libraries to learn new skills, search for jobs, prepare young people for school and careers, read for pleasure, and research small business opportunities. In addition, the City’s libraries serve as a community gathering place.

Since 2008, City of Sacramento libraries have experienced significant increases in usage including an 86% increase in program attendance, a 30% increase in the number of residents with library cards, and an 11% increase in the number of visits to City libraries. At the same time service to the public increased, staff in City libraries was reduced by 12.6%.

### SPL OPERATIONAL EFFICIENCY

When comparing SPL with peer California library systems, a 2011 report by the Institute for Museum and Library Services (Institute) determined the Library’s staffing ratios to be very efficient.

#### Per Capita Staffing Ratios

Library Name	Libraries	Population of Service Area	Staff	Staff/1K Population	Librarians/1K Population
Contra Costa County Library	27	951,844	175.2	0.18	0.06
Sacramento Public Library*	28	1,355,916	259.5	0.19	0.06
Orange County Public Library	30	1,521,999	327.0	0.21	0.08
San Diego County Library	35	1,058,778	267.7	0.25	0.07
Los Angeles Public Library	74	3,810,129	937.0	0.25	0.09
San Diego Public Library	37	1,311,882	359.2	0.27	0.07
Long Beach Public Library	13	463,894	133.0	0.29	0.10
San Jose Public Library	21	958,789	300.6	0.31	0.09
County of Los Angeles	90	3,340,309	1143.0	0.34	0.07
San Francisco Public Library	33	812,820	617.0	0.76	0.22

\*Sacramento Public Library includes 16 libraries located outside City limits

The Institute’s 2011 report also concluded the Library’s per capita operating expenditures were among the lowest when compared with these same agencies.

## Per Capita Operating Expenditures

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Library Name	Per Capita Operating Expenditures
Contra Costa County Library	\$24.33
Orange County Public Library	\$25.25
<b>Sacramento Public Library</b>	<b>\$26.38</b>
Long Beach Public Library	\$26.68
San Diego County Library	\$27.99
Los Angeles Public Library	\$29.68
San Jose Public Library	\$32.63
County of Los Angeles	\$34.71
San Diego Public Library	\$54.91
San Francisco Public Library	\$100.17

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## Exhibit B – (Option 2A) – Supplemental \$12 Parcel Tax (June 3, 2014 Election)

<b>Revenues</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>	<b>FY17/18</b>
General Fund Contribution	7,128,500	7,128,500	7,128,500	7,128,500	7,128,500
Interest, fines/fees, other	534,000	534,000	534,000	534,000	534,000
Measure U MOE Restoration <sup>1</sup>	507,000	507,000	507,000	507,000	507,000
Parcel Tax Revenues <sup>2</sup>	4,928,846	5,024,623	5,122,315	5,221,962	5,323,601
<b>Additional \$12</b>		<b>1,905,150</b>	<b>1,935,000</b>	<b>1,973,000</b>	<b>2,013,000</b>
Annual Revenues	13,098,346	15,099,273	15,226,815	15,364,462	15,506,101
<b>Expenditures</b>					
Projected General Fund Expenditures <sup>3</sup>	8,634,000	9,152,000	9,472,000	9,804,000	10,147,000
Projected Parcel Tax Expenditures <sup>4</sup>	4,795,000	5,035,000	5,186,000	5,342,000	5,502,000
Annual Expenditures	13,429,000	14,187,000	14,658,000	15,146,000	15,649,000
Adjusted for Special Tax Annual Results	(133,846)				
Annual Operating Results	(464,500)	912,273	568,815	218,462	(142,899)
Beginning General Fund Fund Balance	2,494,262	2,029,762	2,942,035	3,510,851	3,729,312
<b>Ending General Fund Fund Balance<sup>5</sup></b>	<b>2,029,762</b>	<b>2,942,035</b>	<b>3,510,851</b>	<b>3,729,312</b>	<b>3,586,414</b>

<sup>1</sup>Measure U expires March 19, 2019.

<sup>2</sup>Assumes voter approval of continuation of existing parcel tax. Revenue assumes 2% growth annually.

<sup>3</sup>Assumes 6% growth in FY2013/14 and 3.5% growth annually thereafter.

<sup>4</sup>Assumes 5% growth in FY2013/14 and 3.0% growth annually thereafter.

<sup>5</sup>Current parcel tax is restricted, assumes additional \$12 can be used on all GF operations.

## Exhibit C – (Option 2B) - Supplemental \$12 Parcel Tax (November 4, 2014 Election)

<b>Revenues</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>	<b>FY17/18</b>
General Fund Contribution	7,128,500	7,128,500	7,128,500	7,128,500	7,128,500
Interest, fines/fees, other	534,000	534,000	534,000	534,000	534,000
Measure U MOE Restoration <sup>1</sup>	507,000	507,000	507,000	507,000	507,000
Parcel Tax Revenues <sup>2</sup>	4,928,846	5,024,623	5,122,315	5,221,962	5,323,601
<b>Additional \$12</b>			<b>1,935,000</b>	<b>1,973,000</b>	<b>2,013,000</b>
Annual Revenues	13,098,346	13,194,123	15,226,815	15,364,462	15,506,101
<b>Expenditures</b>					
Projected General Fund Expenditures <sup>3</sup>	8,634,000	9,152,000	9,472,000	9,804,000	10,147,000
Projected Parcel Tax Expenditures <sup>4</sup>	4,795,000	5,035,000	5,186,000	5,342,000	5,502,000
Annual Expenditures	13,429,000	14,187,000	14,658,000	15,146,000	15,649,000
Adjusted for Special Tax Annual Results	(133,846)				
Annual Operating Results	(464,500)	(992,877)	568,815	218,462	(142,899)
Beginning General Fund Fund Balance	2,494,262	2,029,762	1,036,885	1,605,701	1,824,162
<b>Ending General Fund Fund Balance<sup>5</sup></b>	<b>2,029,762</b>	<b>1,036,885</b>	<b>1,605,701</b>	<b>1,824,162</b>	<b>1,681,264</b>

<sup>1</sup>Measure U expires March 31, 2019.

<sup>2</sup>Assumes voter approval of continuation of existing parcel tax. Revenue assumes 2% growth annually.

<sup>3</sup>Assumes 6% growth in FY2013/14 and 3.5% growth annually thereafter.

<sup>4</sup>Assumes 5% growth in FY2013/14 and 3.0% growth annually thereafter.

<sup>5</sup>Current parcel tax is restricted, assumes additional \$12 can be used on all GF operations.

## Exhibit D – (Option 3A) - \$49 Parcel Tax (June 3, 2014 Election)

<b>Revenues</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>	<b>FY17/18</b>
General Fund Contribution	7,128,500	7,128,500	7,128,500	7,128,500	7,128,500
Interest, fines/fees, other	534,000	534,000	534,000	534,000	534,000
Measure U MOE Restoration <sup>1</sup>	507,000	507,000	507,000	507,000	507,000
Parcel Tax Revenues <sup>2</sup>	4,928,846	5,024,623	5,122,315	5,221,962	5,323,601
<b>Additional \$19</b>		<b>3,028,700</b>	<b>3,083,000</b>	<b>3,144,000</b>	<b>3,208,000</b>
Annual Revenues	13,098,346	16,222,823	16,374,815	16,535,462	16,701,101
<b>Expenditures</b>					
Projected General Fund Expenditures <sup>3</sup>	8,634,000	9,152,000	9,472,000	9,804,000	10,147,000
Projected Parcel Tax Expenditures <sup>4</sup>	4,795,000	5,035,000	5,186,000	5,342,000	5,502,000
Additional Resources <sup>5</sup>		750,000	776,250	803,419	831,538
Annual Expenditures	13,429,000	14,937,000	15,434,250	15,949,419	16,480,538
Adjusted for Special Tax Annual Results	(133,846)				
Annual Operating Results	(464,500)	1,285,823	940,565	586,043	220,563
Beginning General Fund Fund Balance	2,494,262	2,029,762	3,315,585	4,256,151	4,842,194
<b>Ending General Fund Fund Balance<sup>6</sup></b>	<b>2,029,762</b>	<b>3,315,585</b>	<b>4,256,151</b>	<b>4,842,194</b>	<b>5,062,756</b>

<sup>1</sup>Measure U expires March 31, 2019.

<sup>2</sup>Assumes voter approval of continuation of existing parcel tax. Revenue assumes 2% growth annually.

<sup>3</sup>Assumes 6% growth in FY2013/14 and 3.5% growth annually thereafter.

<sup>4</sup>Assumes 5% growth in FY2013/14 and 3.0% growth annually thereafter.

<sup>5</sup>Additional funds available for reserve fund to be used in later years.

<sup>6</sup>Current parcel tax is restricted, assumes additional \$19 can be used on all GF operations.

## Exhibit E – (Option 3B) - \$49 Parcel Tax (November 4, 2014 Election)

<b>Revenues</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>	<b>FY17/18</b>
General Fund Contribution	7,128,500	7,128,500	7,128,500	7,128,500	7,128,500
Interest, fines/fees, other	534,000	534,000	534,000	534,000	534,000
Measure U MOE Restoration <sup>1</sup>	507,000	507,000	507,000	507,000	507,000
Parcel Tax Revenues <sup>2</sup>	4,928,846	5,024,623	5,122,315	5,221,962	5,323,601
<b>Additional \$19</b>			<b>3,083,000</b>	<b>3,144,000</b>	<b>3,208,000</b>
Annual Revenues	13,098,346	13,194,123	16,374,815	16,535,462	16,701,101
<b>Expenditures</b>					
Projected General Fund Expenditures <sup>3</sup>	8,634,000	9,152,000	9,472,000	9,804,000	10,147,000
Projected Parcel Tax Expenditures <sup>4</sup>	4,795,000	5,035,000	5,186,000	5,342,000	5,502,000
Additional Resources <sup>5</sup>			750,000	776,250	803,419
Annual Expenditures	13,429,000	14,187,000	15,408,000	15,922,250	16,452,419
Adjusted for Special Tax Annual Results	(133,846)				
Annual Operating Results	(464,500)	(992,877)	966,815	613,212	248,682
Beginning General Fund Fund Balance	2,494,262	2,029,762	1,036,885	2,003,701	2,616,912
<b>Ending General Fund Fund Balance<sup>6</sup></b>	<b>2,029,762</b>	<b>1,036,885</b>	<b>2,003,701</b>	<b>2,616,912</b>	<b>2,865,595</b>

<sup>1</sup>Measure U expires March 31, 2019.

<sup>2</sup>Assumes voter approval of continuation of existing parcel tax. Revenue assumes 2% growth annually.

<sup>3</sup>Assumes 6% growth in FY2013/14 and 3.5% growth annually thereafter.

<sup>4</sup>Assumes 5% growth in FY2013/14 and 3.0% growth annually thereafter.

<sup>5</sup>Additional funds available for reserve fund to be used in later years.

<sup>6</sup>Current parcel tax is restricted, assumes additional \$19 can be used on all GF operations.

**Attachment 3 – (Option 1) Continuation of Existing Parcel Tax – Ordinance and Resolution**

**ORDINANCE NO. 2014-xxx**

Adopted by the Sacramento City Council

January 21, 2014

**AMENDING CHAPTER 3.148 OF THE SACRAMENTO CITY CODE TO EXTEND THE PARCEL TAX FOR LIBRARY SERVICES ON REAL PROPERTY WITHIN THE CITY OF SACRAMENTO**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

**SECTION 1**

On November 2, 2004, the voters of the City of Sacramento approved by a two-thirds vote a parcel tax within the City of Sacramento for the purpose of funding additional library services including children’s programs, homework centers, increased hours, new book funding, and technology in branch libraries. The parcel tax was set at \$26.60 per year for single-family residences and all other properties at specified amounts for 10 years beginning with the 2007-2008 fiscal year. Rate increases are limited to 3% annually, and not more than \$8.00 total during the life of the tax for single-family residences. The last year of the tax is 2016-2017. The tax for a single-family residence for 2013-2014 is \$29.92.

It is the purpose of this ordinance to extend the existing parcel tax, subject to the same annual adjustment as the existing tax, for 12 years beginning in fiscal year 2014-2015. This ordinance shall take effect only upon approval by two-thirds of the voters of the City of Sacramento. In order to stabilize funding for core library services and avoid deep service level cuts, the ordinance removes existing restrictions on the parcel tax revenue to allow use for core library services.

Parcel tax revenue will be used to maintain, to the extent possible, the following:

1. current levels of service;
2. collections, electronic resources and programs;
3. access to technology; and
4. programs and services for children, teens and seniors.

**SECTION 2**

Chapter 3.148 of the Sacramento City Code is amended to read as follows:

**Chapter 3.148 PARCEL TAX FOR LIBRARY SERVICES**

**3.148.010 Parcel tax imposed.**

Ordinance No.

Adopted on

**Attachment 3 – (Option 1) Continuation of Existing Parcel Tax – Ordinance and Resolution**

A parcel tax for library services is imposed upon every parcel of real property in the city. Library services include , without limitation, children’s, and teen-age and seniors programs; open hours ; library staff ; acquisition of books, magazines, newspapers, media, and other library materials; and access to technology at city libraries.

**3.148.020 Tax rates.**

The tax rates for fiscal year 2014-2015 shall be:

<b>Residential</b>		
Single-family		\$29.92
Multi-family	a.	\$22.44 per unit, units 1-4
	b.	\$14.96 per unit, units 5-15
	c.	\$7.48 per unit, units over 15
(Add a. plus b. plus c. for total multi-family tax per parcel)		
Condominiums		\$22.44 per condominium
Mobile Homes		\$14.96 per mobile home
<b>Non-Residential</b>		
Institutional		\$134.65 per acre (first 5 acres)
		\$33.67 per acre (acres over 5)
Professional		\$89.77 per acre (first 5 acres)
		\$22.44 per acre (acres over 5)
Commercial/ Industrial and Recreational		\$44.88 per acre (first 5 acres)
		\$11.23 per acre (acres over 5)
<b>Vacant</b>		
Misc. vacant, parking lots, airports, cemeteries and mortuaries		\$11.23 per acre (maximum taxed area per parcel: 5 acres)
<b>Exempt Uses</b>		
Common area, Agriculture, Utilities, Public Agencies		\$0.00

**3.148.030 Annual adjustment of tax rates.**

The tax rates for fiscal year 2014-2015 set forth in section 3.148.020 shall be increased annually in proportion to the increase in the Consumer Price Index (CPI), San Francisco Area, all items, most recently available prior to the date of increase, provided, however, that this increase shall not exceed three percent in any year.

## **Attachment 3 – (Option 1) Continuation of Existing Parcel Tax – Ordinance and Resolution**

### **3.148.040 Collection by the county.**

The tax shall be collected on behalf of the city by the county auditor. The city clerk shall file with the county auditor a certified copy of a tax roll with a request that the taxes be posted to the county roll for general property taxes. This filing shall occur on or before August 1st of the fiscal year in which the taxes are to be collected. The tax shall be collected at the same time and in the same manner and shall be subject to the same late charges and penalties for delinquency as general property taxes and all laws providing for the collection and enforcement of such property taxes shall apply to the collection and enforcement of the tax. After deduction of the collection charges of the county auditor, the net amount of the taxes collected shall be remitted to the city for transfer to the Sacramento Public Library Authority to be used to provide library services within the city of Sacramento.

### **3.148.050 Parcel tax not to replace general fund contribution.**

The city's current general fund contribution to library services may not be replaced by the parcel tax. If the city general fund contribution to the Sacramento Public Library Authority is reduced below seven million six hundred thirty-five thousand six hundred dollars (\$7,635,600.00), the parcel tax shall not be levied; provided, however, that if the reduction to the city general fund contribution is no more than the same proportion of reduction that is imposed on the city's net general fund budget for non-safety departments (which are all operating departments except police and fire) in any year during the twelve-year period of the tax, then the tax nonetheless may be levied.

(The city's net general fund budget for non-safety departments is the total general fund contribution to their operating budgets excluding expenditures that are offset by fees or other non-tax revenues.) Following any reduction from the minimum level of seven million six hundred thirty-five thousand six hundred dollars (\$7,635,600.00) and for the parcel tax to be levied in any subsequent year, the library must receive increases in its city general fund contribution proportional to the increases in the non-safety departments' net general fund budgets up to at least the minimum level of seven million six hundred thirty-five thousand six hundred dollars (\$7,635,600.00).

### **3.148.060 Twelve-year term.**

The tax shall be imposed beginning with the 2014-2015 fiscal year for a period of 12 years, ending with fiscal year 2025-2026.

### **3.148.070 Low-income rebate.**

**Attachment 3 – (Option 1) Continuation of Existing Parcel Tax – Ordinance and Resolution**

The city manager shall establish a program to rebate any tax imposed by this chapter that is paid with respect to residential property that is the principal residence of the owner, if the gross household income is 80 percent or less of the Sacramento County area median income as published annually by the Secretary of Housing and Urban Development Department.

**SECTION 3**

This ordinance shall take effect only upon approval by two-thirds of the voters of the City of Sacramento voting in an election held on or before June 3, 2014.

**SECTION 4**

Adoption of this ordinance does not affect any administrative or civil prosecutions or proceedings brought or to be brought to enforce the provisions of chapter 3.148 as they existed prior to the effective date of this ordinance. The provisions of chapter 3.148, as they exist prior to the effective date of this ordinance, shall continue to be operative and effective with regard to any obligations or acts occurring prior to the effective date of this ordinance.

Adopted by the City of Sacramento City Council on \_\_\_\_\_ by the following vote:

Ayes:

Noes:

Abstain:

Absent:

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Passed for Publication:

Published:

Effective:

Ordinance No.

Adopted on

**RESOLUTION NO.**

**APPROVING BALLOT MEASURE TEXT TO BE SUBMITTED TO THE  
VOTERS IN A QUESTION RELATING TO  
A PARCEL TAX FOR LIBRARY SERVICES, TO BE INCLUDED WITH  
THE CONSOLIDATED GENERAL MUNICIPAL ELECTION OF  
JUNE 3, 2014**

Adopted by the Sacramento City Council

**BACKGROUND**

- A. On November 2, 2004, 72.38% of City of Sacramento voters voted to replace the City’s library special assessment with an equivalent parcel tax (Measure X).
- B. The parcel tax went into effect on July 1, 2007, and will expire on June 30, 2017.
- C. Measure X was designed to supplement the City’s General Fund contribution to the Sacramento Public Library (SPL) system and enhance library services in City branches.
- D. Since approval of Measure X, the City has constructed three new libraries.
- E. Currently, the library parcel tax provides approximately \$4.8 million toward the \$13.4 million Fiscal Year (FY) 2013/14 operating budget, or approximately 36% of needed resources.
- F. It is necessary to continue the existing tax in order to avoid significant service level reductions that would be necessary if the tax was not extended.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

SECTION 1: That the City Council approves for submittal to the voters at the June 3, 2014 General Municipal Election the following question:

Ordinance No.

Adopted on

**Attachment 3 – (Option 1) Continuation of Existing Parcel Tax – Ordinance and Resolution**

Should library services for all City residents including children, teens, adults and seniors, be preserved, including after-school reading programs, homework assistance, operating hours, 24/7 online access, programs for seniors, and other services, by continuing the existing annual single-family residential parcel tax for twelve years, and specified amounts for other uses, adjusted for inflation, that the State cannot take, with independent financial audits to ensure funds are spent only on City of Sacramento libraries?

YES \_\_\_\_\_ NO \_\_\_\_\_

**Attachment 4 – (Option 2) \$12 Ordinance and Resolution**

**ORDINANCE NO. 2014-xxx**

Adopted by the Sacramento City Council

January 21, 2014

**ADDING CHAPTER 3.150 OF THE SACRAMENTO CITY CODE TO IMPOSE A PARCEL TAX FOR CORE LIBRARY SERVICES ON REAL PROPERTY WITHIN THE CITY OF SACRAMENTO**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

**SECTION 1**

On November 2, 2004, the voters of the City of Sacramento approved by a two-thirds vote a parcel tax within the City of Sacramento for the purpose of funding additional library services including children’s programs, homework centers, increased hours, new book funding, and technology in branch libraries. The parcel tax was set at \$26.60 per year for single-family residences and all other properties at specified amounts for 10 years beginning with the 2007-2008 fiscal year. Rate increases are limited to 3% annually, and not more than \$8.00 total during the life of the tax for single-family residences. The last year of the tax is 2016-2017. The tax for a single-family residence for 2013-2014 is \$29.92.

In order to stabilize library funding and avoid deep service level cuts, it is the purpose of this ordinance to impose an additional parcel tax of \$12.00 per year for single-family residential, and specified amounts for other uses, subject to an annual adjustment, for 12 years beginning in fiscal year 2014-2015. This ordinance shall take effect only upon approval by two-thirds of the voters of the City of Sacramento.

**SECTION 2**

Chapter 3.150 is added to the Sacramento City Code to read as follows:

**Chapter 3.150 PARCEL TAX FOR CORE LIBRARY SERVICES**

**3.150.010 Parcel tax imposed.**

A parcel tax for library services is imposed upon every parcel of real property in the city to assist in funding the core library services provided in the city. Core library services include, without limitation, open hours at city libraries, library staff, acquisition of library materials, and access to technology.

**3.150.020 Tax rates.**

The tax rates for fiscal year 2014-2015 shall be:

Ordinance No.

Adopted on

**Attachment 4 – (Option 2) \$12 Ordinance and Resolution**

<b>Residential</b>		
Single-family		\$12.00
Multi-family	a.	\$9.00 per unit, units 1-4
	b.	\$6.00 per unit, units 5-15
	c.	\$3.00 per unit, units over 15
(Add a. plus b. plus c. for total multi-family tax per parcel)		
Condominiums		\$9.00 per condominium
Mobile Homes		\$6.00 per mobile home
<b>Non-Residential</b>		
Institutional		\$54.00 per acre (first 5 acres)
		\$13.50 per acre (acres over 5)
Professional		\$36.00 per acre (first 5 acres)
		\$9.00 per acre (acres over 5)
Commercial/ Industrial and Recreational		\$18.00 per acre (first 5 acres)
		\$4.50 per acre (acres over 5)
<b>Vacant</b>		
Misc. vacant, parking lots, airports, cemeteries and mortuaries		\$4.50 per acre (maximum taxed area per parcel: 5 acres)
<b>Exempt Uses</b>		
Common area, Agriculture, Utilities, Public Agencies		\$0.00

**3.150.030 Annual adjustment of tax rates.**

The tax rates for fiscal year 2014-2015 set forth in section 3.150.020 shall be increased annually in proportion to the increase in the Consumer Price Index (CPI), San Francisco Area, all items, most recently available prior to the date of increase, provided, however, that this increase shall not exceed three percent in any year.

**Attachment 4 – (Option 2) \$12 Ordinance and Resolution**

**3.150.040 Collection by the county.**

The tax shall be collected on behalf of the city by the county auditor. The city clerk shall file with the county auditor a certified copy of a tax roll with a request that the taxes be posted to the county roll for general property taxes. This filing shall occur on or before August 1st of the fiscal year in which the taxes are to be collected. The tax shall be collected at the same time and in the same manner and shall be subject to the same late charges and penalties for delinquency as general property taxes and all laws providing for the collection and enforcement of such property taxes shall apply to the collection and enforcement of the tax. After deduction of the collection charges of the county auditor, the net amount of the taxes collected shall be remitted to the city for transfer to the Sacramento Public Library Authority to be used to provide core library services within the city of Sacramento.

**3.150.050 Twelve-year term.**

The tax shall be imposed beginning with the 2014-2015 fiscal year for a period of 12 years, ending with fiscal year 2025-2026.

**3.150.060 Low-income rebate.**

The city manager shall establish a program to rebate any tax imposed by this chapter that is paid with respect to residential property that is the principal residence of the owner, if the gross household income is 80 percent or less of the Sacramento County area median income as published annually by the Secretary of Housing and Urban Development Department.

**SECTION 3**

This ordinance shall take effect only upon approval by two-thirds of the voters of the City of Sacramento voting in an election held on or before June 3, 2014.

Adopted by the City of Sacramento City Council on \_\_\_\_\_ by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Ordinance No.

Adopted on

**Attachment 4 – (Option 2) §12 Ordinance and Resolution**

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MAYOR

Attest:

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City Clerk

Passed for Publication:

Published:

Effective:

Ordinance No.

Adopted on

**RESOLUTION NO.**

**APPROVING BALLOT MEASURE TEXT TO BE SUBMITTED TO THE  
VOTERS IN A QUESTION RELATING TO  
A PARCEL TAX FOR CORE LIBRARY SERVICES, TO BE INCLUDED  
WITH THE CONSOLIDATED GENERAL MUNICIPAL ELECTION OF  
JUNE 3, 2014**

Adopted by the Sacramento City Council

**BACKGROUND**

- A. On November 2, 2004, 72.38% of City of Sacramento voters voted to replace the City’s library special assessment with an equivalent parcel tax (Measure X).
- B. Measure X was designed to supplement the City’s General Fund contribution to the Sacramento Public Library (SPL) system and enhance library services in City branches.
- C. Since approval of Measure X, the City has constructed three new libraries.
- D. Currently, the library parcel tax provides approximately \$4.8 million toward the \$13.4 million Fiscal Year (FY) 2013/14 operating budget, or approximately 36% of needed resources.
- E. Even with the parcel tax revenue and a \$7.6 million annual contribution from the City’s General Fund, SPL will require a \$464,500 subsidy from its reserve this year in order to maintain existing service levels. This subsidy is projected to grow to nearly \$1 million in FY 2014/15 as operational expenses, including employee health insurance premiums, pension costs, and other costs, are growing faster than available revenue.
- F. Given one-time reserves are being used at an unsustainable rate for ongoing operational costs, a long-term strategy is necessary to ensure library services continue uninterrupted and at levels desired by the community into the future.
- G. A new \$12 per parcel annual tax, with specified amounts for other uses, is projected to provide adequate resources to stabilize and sustain operations at all 12 libraries.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

SECTION 1: That the City Council approves for submittal to the voters at the June 3, 2014 General Municipal Election the following question:

Should library services for all City residents including children, teens, adults and seniors, be preserved, including after-school reading programs, homework assistance, library operating hours, 24/7 online access, programs for seniors, and other services, by enacting a new \$12 per year single-family residential parcel tax for 12 years, and specified amounts for other uses, adjusted for inflation, that the State cannot take, with independent financial audits to ensure funds are spent only on City of Sacramento libraries?

YES \_\_\_\_\_ NO \_\_\_\_\_

**Attachment 5 – (Option 3) \$49 Ordinance and Resolution**

**ORDINANCE NO. 2014-xxx**

Adopted by the Sacramento City Council

January 21, 2014

**AMENDING CHAPTER 3.148 OF THE SACRAMENTO CITY CODE TO INCREASE AND EXTEND THE PARCEL TAX FOR LIBRARY SERVICES ON REAL PROPERTY WITHIN THE CITY OF SACRAMENTO**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

**SECTION 1**

On November 2, 2004, the voters of the City of Sacramento approved by a two-thirds vote a parcel tax within the City of Sacramento for the purpose of funding additional library services including children’s programs, homework centers, increased hours, new book funding, and technology in branch libraries. The parcel tax was set at \$26.60 per year for single-family residences and all other properties at specified amounts for 10 years beginning with the 2007-2008 fiscal year. Rate increases are limited to 3% annually, and not more than \$8.00 total during the life of the tax for single-family residences. The last year of the tax is 2016-2017. The tax for a single-family residence for 2013-2014 is \$29.92.

It is the purpose of this ordinance to increase the existing parcel tax to \$49.00 per year for single-family residential, and to specified amounts for other uses, subject to the same annual adjustment as the existing tax, and extend the term for 12 years beginning in fiscal year 2014-2015. This ordinance shall take effect only upon approval by two-thirds of the voters of the City of Sacramento.

**SECTION 2**

Chapter 3.148 of the Sacramento City Code is amended to read as follows:

**Chapter 3.148 PARCEL TAX FOR ADDITIONAL LIBRARY SERVICES**

**3.148.010 Parcel tax imposed.**

A parcel tax for additional library services is imposed upon every parcel of real property in the city. Additional library services are library services over and above the basic library services funded by general fund resources of the city, including, without limitation, children’s and teen-age programs such as “homework centers” for students, additional open hours, additional library staff including children’s librarians, acquisition of additional library materials and technology at city libraries.

**3.148.020 Tax rates.**

Ordinance No.

Adopted on

**Attachment 5 – (Option 3) \$49 Ordinance and Resolution**

The tax rates for fiscal year 2014-2015 shall be:

<b>Residential</b>		
Single-family		\$ 49.00
Multi-family	a.	\$36.75 per unit, units 1-4
	b.	\$24.50 per unit, units 5-15
	c.	\$12.25 per unit, units over 15
(Add a. plus b. plus c. for total multi-family tax per parcel)		
Condominiums		\$36.75 per condominium
Mobile Homes		\$24.50 per mobile home
<b>Non-Residential</b>		
Institutional		\$220.50 per acre (first 5 acres)
		\$55.13 per acre (acres over 5)
Professional		\$147.00 per acre (first 5 acres)
		\$36.75 per acre (acres over 5)
Commercial/ Industrial and Recreational		\$73.50 per acre (first 5 acres)
		\$18.38 per acre (acres over 5)
<b>Vacant</b>		
Misc. vacant, parking lots, airports, cemeteries and mortuaries		\$18.38 per acre (maximum taxed area per parcel: 5 acres)
<b>Exempt Uses</b>		
Common area, Agriculture, Utilities, Public Agencies		\$0.00

**3.148.030 Annual adjustment of tax rates.**

The tax rates for fiscal year 2014-2015 set forth in section 3.148.020 shall be increased annually in proportion to the increase in the Consumer Price Index (CPI), San Francisco Area, all items, most recently available prior to the date of increase, provided, however, that this increase shall not exceed three percent in any year.

**3.148.040 Collection by the county.**

Ordinance No.

Adopted on

## **Attachment 5 – (Option 3) §49 Ordinance and Resolution**

The tax shall be collected on behalf of the city by the county auditor. The city clerk shall file with the county auditor a certified copy of a tax roll with a request that the taxes be posted to the county roll for general property taxes. This filing shall occur on or before August 1st of the fiscal year in which the taxes are to be collected. The tax shall be collected at the same time and in the same manner and shall be subject to the same late charges and penalties for delinquency as general property taxes and all laws providing for the collection and enforcement of such property taxes shall apply to the collection and enforcement of the tax. After deduction of the collection charges of the county auditor, the net amount of the taxes collected shall be remitted to the city for transfer to the Sacramento Public Library Authority to be used to provide additional library services within the city of Sacramento.

### **3.148.050 Parcel tax not to replace general fund contribution.**

The city's current general fund contribution to library services may not be replaced by the parcel tax. If the city general fund contribution to the Sacramento Public Library Authority is reduced below seven million six hundred thirty-five thousand six hundred dollars (\$7,635,600.00), the parcel tax shall not be levied; provided, however, that if the reduction to the city general fund contribution is no more than the same proportion of reduction that is imposed on the city's net general fund budget for non-safety departments (which are all operating departments except police and fire) in any year during the twelve-year period of the tax, then the tax nonetheless may be levied.

(The city's net general fund budget for non-safety departments is the total general fund contribution to their operating budgets excluding expenditures that are offset by fees or other non-tax revenues.) Following any reduction from the minimum level of seven million six hundred thirty-five thousand six hundred dollars (\$7,635,600.00) and for the parcel tax to be levied in any subsequent year, the library must receive increases in its city general fund contribution proportional to the increases in the non-safety departments' net general fund budgets up to at least the minimum level of seven million six hundred thirty-five thousand six hundred dollars (\$7,635,600.00).

### **3.148.060 Twelve-year term.**

The tax shall be imposed beginning with the 2014-2015 fiscal year for a period of 12 years, ending with fiscal year 2025-2026.

### **3.148.070 Low-income rebate.**

The city manager shall establish a program to rebate any tax imposed by this chapter that is paid with respect to residential property that is the principal residence of the

**Attachment 5 – (Option 3) §49 Ordinance and Resolution**

owner, if the gross household income is 80 percent or less of the Sacramento County area median income as published annually by the Secretary of Housing and Urban Development Department.

**SECTION 3**

This ordinance shall take effect only upon approval by two-thirds of the voters of the City of Sacramento voting in an election held on or before June 3, 2014.

**SECTION 4**

Adoption of this ordinance does not affect any administrative or civil prosecutions or proceedings brought or to be brought to enforce the provisions of chapter 3.148 as they existed prior to the effective date of this ordinance. The provisions of chapter 3.148, as they exist prior to the effective date of this ordinance, shall continue to be operative and effective with regard to any obligations or acts occurring prior to the effective date of this ordinance.

Adopted by the City of Sacramento City Council on \_\_\_\_\_ by the following vote:

Ayes:

Noes:

Abstain:

Absent:

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Passed for Publication:

Published:

Effective:

Ordinance No.

Adopted on

## **RESOLUTION NO.**

### **APPROVING BALLOT MEASURE TEXT TO BE SUBMITTED TO THE VOTERS IN A QUESTION RELATING TO A PARCEL TAX FOR LIBRARY SERVICES, TO BE INCLUDED WITH THE CONSOLIDATED GENERAL MUNICIPAL ELECTION OF JUNE 3, 2014**

Adopted by the Sacramento City Council

#### **BACKGROUND**

- A. On November 2, 2004, 72.38% of City of Sacramento voters voted to replace the City's library special assessment with an equivalent parcel tax (Measure X).
- B. Measure X was designed to supplement the City's General Fund contribution to the Sacramento Public Library (SPL) system and enhance library services in City branches.
- C. Since approval of Measure X, the City has constructed three new libraries.
- D. Currently, the library parcel tax provides approximately \$4.8 million toward the \$13.4 million Fiscal Year (FY) 2013/14 operating budget, or approximately 36% of needed resources.
- E. Even with the parcel tax revenue and a \$7.6 million annual contribution from the City's General Fund, SPL will require a \$464,500 subsidy from its reserve this year in order to maintain existing service levels. This subsidy is projected to grow to nearly \$1 million in FY 2014/15 as operational expenses, including employee health insurance premiums, pension costs, and other costs, are growing faster than available revenue.
- F. Given one-time reserves are being used at an unsustainable rate for ongoing operational costs, a long-term strategy is necessary to ensure library services continue uninterrupted and at levels desired by the community into the future.
- G. A \$49 per parcel annual tax, with specified amounts for other uses, is projected to provide adequate resources to stabilize library funding for the long term.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

SECTION 1: That the City Council approves for submittal to the voters at the June 3, 2014 General Municipal Election the following question:

Should library services for all City residents including children, teens, adults and seniors, be preserved, including after-school reading programs, homework assistance, operating hours, 24/7 online access, programs for seniors, and other services, by continuing and adjusting the existing annual single-family residential parcel tax to \$49 for twelve years, and specified amounts for other uses, adjusted for inflation, that the State cannot take, with independent financial audits to ensure funds are spent only on City of Sacramento libraries?

YES \_\_\_\_\_ NO \_\_\_\_\_