

Meeting Date: 1/28/2014

Report Type: Public Hearing

Report ID: 2014-00113

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: The City Manager is recommending a clause be added to the ordinance passed unanimously by the City Council on January 14, 2014, effective upon voter approval, authorizing placement of a \$12 single-family residential parcel tax, and specified amounts for other uses, for core library services on the June 3, 2014 ballot. The added clause will note that the City's current general fund contribution to library services may not be replaced by parcel tax revenues.

Recommendation: Pass 1) an Ordinance authorizing placement of a \$12 single-family residential library parcel tax, and specified amounts for other uses, for core library services effective upon voter approval, which supersedes Ordinance 2014-0002 adopted on January 14, 2014; and 2) a Motion confirming Resolution 2014-00019 approving ballot measure text for placement on June 3, 2014 ballot.

Contact: Leyne Milstein, Director, (916) 808-8491, Department of Finance; Mark Prestwich, Special Projects Manager, (916) 808-5380, Office of the City Manager

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

Department: City Manager

Division: Executive Office

Dept ID:

Attachments:

1-Description/Analysis

2-Ordinance (Clean)

3-Ordinance (Redline)

4-Resolution 2014-0019

City Attorney Review

Approved as to Form

Michael W. Voss

1/23/2014 10:49:45 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 1/23/2014 10:03:43 AM

Description/Analysis

Issue Detail: On January 14, 2014, the City Council unanimously passed an ordinance authorizing placement of a \$12 single-family residential parcel tax, and specified amounts for other uses, on the June 3, 2014 ballot for core library services. The City Manager is recommending the City Council add language to the ordinance that confirms the City's current \$7,635,600 general fund contribution to library services may not be replaced by parcel tax revenues.

The revision to the ordinance duplicates the provision in the existing City Code that requires the City to continue its current level of general fund contribution in order to levy the existing parcel tax. Although the revisions to the ordinance do not affect the resolution approving the ballot measure text, previously adopted by the City Council on January 14 (Resolution 2014-00019), staff is recommending the City Council pass a motion confirming this action.

Policy Considerations: A parcel tax requires two-thirds voter approval.

Economic Impacts: None.

Environmental Considerations: Not applicable.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Adding language to the ordinance confirming the City's current general fund contribution to library services may not be replaced by the parcel tax assures citizens that library tax revenues will be dedicated exclusively for library services.

Financial Considerations: The proposed library parcel tax will stabilize funding for the library, which is currently relying on declining reserves to maintain service levels for a library system that has expanded since the original parcel tax was approved by voters.

Local Business Enterprise (LBE): Not applicable.

ORDINANCE NO. 2014-xxx

Adopted by the Sacramento City Council

January 28, 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 amount of the parcel tax was set at \$26.60 per year for single family residences and at specified amounts for all other properties 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.

This ordinance supersedes the ordinance adopted by the City Council on January 14, 2014 titled “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.”

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:

Residential		
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
Non-Residential		
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)
Vacant		
Misc. vacant, parking lots, airports, cemeteries and mortuaries		\$4.50 per acre (maximum taxed area per parcel: 5 acres)
Exempt Uses		
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.

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 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).

3.150.060 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.

3.150.070 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 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:

MAYOR

Attest:

City Clerk

Passed for Publication:

Published:

Effective:

Ordinance No.

Adopted on

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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:

RESOLUTION NO. 2014-0019

Adopted by the Sacramento City Council

January 14, 2014

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 PRIMARY MUNICIPAL ELECTION OF JUNE 3, 2014

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 Primary 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 _____

Adopted by the City of Sacramento City Council on January 14, 2014, by the following vote:

Ayes: Members Ashby, Cohn, Fong, Hansen, McCarty, Pannell, Schenirer, and Warren

Noes: None

Abstain: None

Absent: Mayor Johnson

Attest:

Shirley A. Concolino

Digitally signed by Shirley A. Concolino
DN: cn=Shirley A. Concolino, o=City of Sacramento, ou=City
Clerk, email=sconcolino@cityofsacramento.org, c=US
Date: 2014.01.22 12:46:20 -08'00'

Shirley Concolino, City Clerk