



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT:** APPROVAL TO ESTABLISH THE  
LIBRARY PARCEL TAX  
FOR FISCAL YEAR 2009-2010

**DATE:** May 26, 2009

Approved

*Christine A. Shippy*

Date

*6/2/09*

Council District: CITY-WIDE

## RECOMMENDATION

Adopt a resolution increasing the Library Parcel Tax rates for FY 2009-2010 by 1.17% over the Fiscal Year 2008-2009 rates and approve the placement of the Library Parcel Tax on the Fiscal Year 2009-2010 Santa Clara County Property Tax Roll.

## OUTCOME

The increase in Library Parcel Tax rates will continue to provide funding to maintain and enhance City-wide library services and facilities through the acquisition of materials, development and delivery of homework and educational programs, and the repairing, equipping, and staffing of Libraries.

## BACKGROUND

In August 2004, the City Council adopted Resolution No. 72268, placing a Library Parcel Tax, as provided in the San José Library and Reading Protection Ordinance ("Ordinance"), on the November 2004 General Municipal Election. The Library Parcel Tax was approved by the required two-thirds vote of the electorate. The Library Parcel Tax took effect on July 1, 2005, for Fiscal Year (FY) 2005-2006 until June 30, 2015.

In August 2005, the City Council adopted Resolution No. 72844, approving the placement of the Library Parcel Tax on the FY 2005-2006 Santa Clara County Property Tax Roll. Library Parcel Tax rates for FY 2005-2006 were set at the same rates that had been charged through the Library Benefit Assessment District: \$25 per single-family or condominium/townhome parcel and varying rates for other residential, industrial and vacant parcels.

Per the San José Library and Reading Protection Ordinance, commencing with FY 2006-2007 and by resolution of the City Council, the City Council may increase the Library Parcel Tax rates if the City Council finds that the cost of living in the City of San José, as shown on the Consumer Price Index (CPI) has increased over the preceding Base Period; but in no event shall the increase exceed 3.0%.

The specific CPI required to be used for the calculation is the All Urban Consumers for the San Francisco-Oakland-San José area with all items included as published by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS"). The BLS collects and reports CPI data for the San Francisco-Oakland-San José area for even months on a bi-monthly basis (i.e. February, April, June etc.). For FY 2006-2007, the Ordinance specified the period for measuring CPI from July 1, 2005 (the Ordinance's effective date) through March 31, 2006 (Base Period). However, due to the timing and availability of CPI data published by BLS, the Base Period used was August 2005 through February 2006.

For purposes of calculating any increase to the Library Parcel Tax rates for each fiscal year following FY 2006-07, the Ordinance specifies that the Base Period shall be the period from April 1 through March 31, commencing with April 1, 2006 through March 31, 2007. Therefore, as discussed above, due to the timing and availability of the CPI data, the period used for the FY 2007-08 calculations was February 2006 (the end of the first CPI adjustment period) through February 2007. Thereafter, for CPI adjustments staff has continued to use the February through February time period.

In summary, the table below lists the approximate amount of revenue generated through the Library Parcel Tax starting with FY 2005-2006 and the annually approved percentage increases per the aforementioned ordinance.

<b>Fiscal Year</b>	<b>Approximate Revenue Generated from Library Parcel Tax</b>	<b>Percentage Increase in Library Parcel Tax Rate</b>
2005-2006	\$6.3 Million	N/A
2006-2007	\$6.5 Million	2.00 %
2007-2008	\$6.7 Million	3.00 %
2008-2009	\$6.8 Million	2.77 %

## **ANALYSIS**

Following the same methodology for the CPI adjustment to the Library Parcel Tax rate for FY 2008-2009, staff proposes an increase of 1.17% for FY 2009-2010. Specifically, as outlined in the following table, the CPI for all Urban Consumers for the San Francisco-Oakland-San José area, as published by BLS, increased by 1.17% during the period from February 2008 through February 2009.

CPI February 2009	222.17
Less: CPI February 2008	219.61
Index Point Change	2.56
Divided by previous period CPI	219.61
Percent Change	1.17%
Proposed 2009-10 Library Parcel Tax Rate Increase	1.17%

The proposed 1.17% increase in the Library Parcel Tax rate will bring the Library Parcel Tax for a single-family or condominium/townhome parcel from \$27.00 for FY 2008-2009 to \$27.32 for FY 2009-2010, or an increase of \$0.32 per parcel. The complete Library Parcel Tax schedule is attached to this memorandum (See Exhibit A). The exhibit shows the current tax schedule and the proposed tax schedule to be placed on the County Property Tax Roll for FY 2009-2010 for all types of parcels. Assuming the same land use classifications and number of parcels as in FY 2008-2009, the approximate tax collection for all land use classifications in FY 2009-2010 will be approximately \$6.9 million, or an increase of approximately \$100,000 over FY 2008-2009 collections.

### **EVALUATION AND FOLLOW-UP**

Staff does not anticipate any follow-up at this time.

### **POLICY ALTERNATIVES**

Not applicable.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or

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a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the criteria listed above, the memorandum will be posted on the City's website for the June 16<sup>th</sup> Council Agenda. As stated above, City voters approved the Library Parcel Tax in the November 2004 election by more than the two-thirds required vote, providing this funding for ten years to maintain and enhance Libraries.

### **COORDINATION**

This item has been coordinated with the Library Department, City Attorney's Office, and the City Manager's Budget Office.

### **FISCAL/POLICY ALIGNMENT**

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2, "We must focus on protecting our vital core City services".

### **COST SUMMARY/IMPLICATIONS**

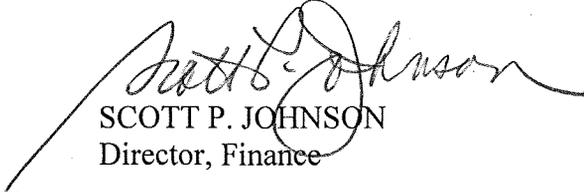
Not applicable.

### **BUDGET REFERENCE**

The Library Parcel Tax provides funding to various appropriations in the 2009-2010 Proposed Operating Budget (Page XI-51) and the 2009-2010 Proposed Capital Budget and 2010-2014 Proposed Capital Improvement Program (Pages V-232-234).

### **CEQA**

Not a project.

  
SCOTT P. JOHNSON  
Director, Finance

For questions please contact Scott P. Johnson, Director of Finance, at (408) 535-7000.

**EXHIBIT A**  
**LIBRARY PARCEL TAX SCHEDULE**  
**(FY 2008-09 Actual and FY 2009-10 Proposed Library Tax Schedules)**

Land Use Classification	FY 2008-09 Parcel Tax	Proposed FY 2009-10 Parcel Tax (1.17% Increase)
<b>Single Family Parcels</b>	\$27.00/Parcel	\$27.32/Parcel
<b>Condominium/Townhome Parcels</b>	\$27.00/Parcel	\$27.32/Parcel
<b>Other Residential Parcels (Fraternity, Sorority, Boarding, Rooming House, Farm Labor Camp)</b>		
Up to 20 Units	\$10.12/Unit	\$10.24/Unit
21 to 50 Units	\$199.10 + \$6.75/Unit Greater than 20 Units	\$201.43 + \$6.83/Unit Greater than 20 Units
51 to 100 Units	\$404.78 + \$3.37/Unit Greater than 50 Units	\$409.52 + \$3.41/Unit Greater than 50 Units
Over 100 Units	\$573.22 + \$1.36/Unit Greater than 100 Units	\$579.93 + \$1.38/Unit Greater than 100 Units
<b>Multi-Family Residential Parcels</b>		
Up to 20 Units	\$13.56/Unit	\$13.72/Unit
21 to 50 Units	\$271.22 + \$9.04/Unit Greater than 20 Units	\$274.39 + \$9.15/Unit Greater than 20 Units
51 to 100 Units	\$542.34 + \$4.51/Unit Greater than 50 Units	\$548.69 + \$4.56/Unit Greater than 50 Units
Over 100 Units	\$768.00 + \$1.80/Unit Greater than 100 Units	\$776.99 + \$1.82/Unit Greater than 100 Units
<b>Commercial Parcels</b>		
Less than or equal to 0.5 acres	\$80.98/Acre	\$81.93/Acre
Greater than 0.5 acres to 1.0 acre	\$40.49 + \$53.99/Acre Greater than 0.50 Acres	\$40.96 + \$54.62/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$67.48 + \$40.49/Acre Greater than 1.0 Acres	\$68.27 + \$40.96/Acre Greater than 1.0 Acres
Greater than 5.0 acres to 10 acres	\$229.43 + \$27.00/Acre Greater than 5.0 Acres	\$232.11 + \$27.32/Acre Greater than 5.0 Acres
Greater than 10 acres	\$364.40 + \$6.75/Acre Greater than 10.0 Acres	\$368.66 + \$6.83/Acre Greater than 10.0 Acres
Minimum Special Tax per Parcel	\$13.49/Parcel	\$13.65/Parcel

Land Use Classification	FY 2008-09 Parcel Tax	Proposed FY 2009-10 Parcel Tax (1.17% Increase)
<b>Professional Parcels</b>		
Less than or equal to 0.5 acres	\$121.46/Acre	\$122.88/Acre
Greater than 0.5 acres to 1.0 acre	\$60.74 + \$80.98/Acre Greater than 0.50 Acres	\$61.45 + \$81.93/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$101.23 + \$60.74/Acre Greater than 1.0 Acres	\$102.41 + \$61.45/Acre Greater than 1.0 Acres
Greater than 5.0 acres to 10 acres	\$344.16 + \$40.49/Acre Greater than 5.0 Acres	\$348.19 + \$40.96/Acre Greater than 5.0 Acres
Greater than 10 acres	\$546.60 + \$10.12/Acre Greater than 10.0 Acres	\$553.00 + \$10.24/Acre Greater than 10.0 Acres
Minimum Special Tax per Parcel	\$20.25/Parcel	\$20.49/Parcel
<b>Industrial Parcels</b>		
Less than or equal to 0.5 acres	\$40.49/Acre	\$40.96/Acre
Greater than 0.5 acres to 1.0 acre	\$20.25 + \$27.00/Acre Greater than 0.50 Acres	\$20.49 + \$27.32/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$33.75 + \$20.25/Acre Greater than 1.0 Acres	\$34.14 + \$20.49/Acre Greater than 1.0 Acres
Greater than 5.0 acres to 10 acres	\$114.72 + \$13.49/Acre Greater than 5.0 Acres	\$116.06 + \$13.65/Acre Greater than 5.0 Acres
Greater than 10 acres	\$182.20 + \$3.37/Acre Greater than 10.0 Acres	\$184.33 + \$3.41/Acre Greater than 10.0 Acres
Minimum Special Tax per Parcel	\$6.75/Parcel	\$6.83/Parcel
<b>Vacant Parcels</b>		
Less than or equal to 0.5 acres	\$10.11/Acre	\$10.23/Acre
Greater than 0.5 acres to 1.0 acre	\$5.05 + \$6.75/Acre Greater than 0.50 Acres	\$5.11 + \$6.83/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$8.43 + \$5.05/Acre Greater than 1.0 Acres	\$8.53 + \$5.11/Acre Greater than 1.0 Acres
Greater than 5.0 acres to 10 acres	\$28.63 + \$3.37/Acre Greater than 5.0 Acres	\$28.96 + \$3.41/Acre Greater than 5.0 Acres
Greater than 10 acres	\$45.48 + \$0.84/Acre Greater than 10.0 Acres	\$46.01 + \$0.85/Acre Greater than 10.0 Acres
Minimum Special Tax per Parcel	\$6.75/Parcel	\$6.83/Parcel