



Office of the City Manager

CONSENT CALENDAR

June 10, 2014

To: Honorable Mayor and Members of the City Council

From:  Christine Daniel, City Manager

Submitted by: Donna Corbeil, Director, Library Services
Robert Hicks, Director, Finance

Subject: FY 2015 Special Tax Rate: Fund the Provision of Library Services

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2015 tax rate for funding the provision of Library Services in the City of Berkeley at \$0.1856 (18.56 cents) per square foot for dwelling units and \$0.2806 (28.06 cents) per square foot for industrial, commercial, and institutional buildings.

FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended \$0.1856 for dwelling units and \$0.2806 for industrial, commercial, and institutional buildings will result in estimated collections of \$16,345,912 for the Library Tax Fund. The increase in the tax rate of \$0.0050 for dwelling units and \$0.0076 for industrial, commercial, and institutional buildings will result in an increase of \$9.50 for the citywide average 1900 square foot dwelling and \$14.44 for all other property.

CURRENT SITUATION AND ITS EFFECTS

The FY 2014 tax of \$.1806 for dwelling units and \$.2730 for all other property are being adjusted by the annual cost of living increase of 2.7874% in the immediate San Francisco Bay Area, as the voters approved the greater of that or the per capita personal income growth in California of -0.23%. In addition, the Board of Library Trustees recommends that the City Council adjust the tax rate by 2.7874%.

It is recommended that the City Council authorize the levy of a special tax of \$0.1856 per square foot for dwelling units and of \$0.2806 for all other property in the City of Berkeley. The tax will result in a cost to residential taxpayers in the following average amounts during Fiscal Year 2015, as compared with amounts for FY 2014:

| Square Feet | Annual Tax – Dwelling Units | | Annual Tax – All Other Properties | |
|-------------|-----------------------------|----------|-----------------------------------|------------|
| | FY15 | FY14 | FY15 | FY14 |
| 1,200 | \$222.72 | \$216.72 | \$336.72 | \$327.60 |
| 1,500 | 278.40 | 270.90 | \$420.90 | \$409.50 |
| 1,900 | 352.64 | 343.14 | \$533.14 | \$518.70 |
| 3,000 | 556.80 | 541.80 | \$841.80 | \$819.00 |
| 3,900 | 723.84 | 704.34 | \$1,094.34 | \$1,064.70 |
| 10,000 | 1,856.00 | 1,806.00 | \$2,806.00 | \$2,730.00 |

BACKGROUND

The Central Library and neighborhood branch libraries received approximately 99% of their FY 2014 funding through a citywide special tax (referred to as the Library Relief Act of 1980) of \$0.1806 per square foot on all improvements to residential real property in the City of Berkeley, and \$0.2730 per square foot on all improvements to industrial, commercial, and institutional real property. The purpose of this voter-approved tax is to provide a stable revenue source to assure the provision of library services at the level which permits library operations six days a week at branch libraries, seven days a week at the Central Library, and which permits the purchase of library materials at levels which are commensurate with the libraries' hours of service, staffing and patron needs.

On November 6, 2012, over 89% of Berkeley voters approved Measure P to re-authorize the City, for a period of four (4) years through FY 2016, to spend the Library Services tax as approved by the voters.

RATIONALE FOR RECOMMENDATION

Adopting the consumer price index in the immediate San Francisco Bay Area would contribute an incremental increase of approximately \$445,981 to projected FY 2015 revenue over that of the per capita personal income growth factor in California.

ALTERNATIVE ACTIONS CONSIDERED

The fiscal impact on the Library Tax Fund of adopting the per capita personal income growth factor in California of -0.23% instead of the consumer price index in the immediate San Francisco Bay Area of 2.7874% would result in a slight decrease to projected FY 2015 library tax receipts over that of FY 2014.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental opportunities or impacts associated with the subject of this report.

CONTACT PERSON

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Attachments:

1: Ordinance

ORDINANCE NO. -N.S.

SETTING THE FISCAL YEAR 2015 SPECIAL TAX RATE TO FUND LIBRARY SERVICES TAX IN THE CITY OF BERKELEY

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. The FY 2015 Tax Rate to support usual and current expenses of operating library services is set at \$0.1856 per square foot for dwelling units and \$0.2806 per square foot for industrial, commercial and institutional buildings.

Section 2. The cost to taxpayers during FY 2015 will be \$222.72 for a 1,200 square foot dwelling and \$556.80 for a 3,000 square foot dwelling.

Section 3. This tax rate will result in estimated total collections of \$16,345,912.

Section 4. The tax imposed by this ordinance does not apply to any property owner whose total personal income, from all sources for the previous calendar year, does not exceed that level which shall constitute a very low income, as established by resolution of City Council.

Section 5. Copies of this Ordinance shall be posted for two days prior to adoption in the display case located near the walkway in front of Old City Hall, 2134 Martin Luther King Jr. Way. Within 15 days of adoption, copies of this Ordinance shall be filed at each branch of the Berkeley Public Library and the title shall be published in a newspaper of general circulation.

