



City of San Leandro

Meeting Date: May 7, 2018

Presentation

File Number: 18-209

Agenda Section: ACTION ITEMS

Agenda Number: 10.B.

TO: City Council

FROM: Jeff Kay
Interim City Manager

BY: City Council

FINANCE REVIEW: Not Applicable

TITLE: Staff Report for Overview of Potential November 2018 Public Safety Parcel Tax Measure

BACKGROUND

In November 2010, San Leandro voters authorized Measure Z, a local ¼-cent general sales tax revenue measure that was designed to temporarily stabilize the City budget in the midst of the Great Recession. Measure Z provided a reliable, voter-approved funding source for public safety and other essential City services for seven years. As Measure Z approached expiration, San Leandro voters authorized its extension at a half-cent rate for 30 years through passage of Measure HH in November 2014. The stated purpose of Measure HH was to preserve current City service levels for a range of public services, including public safety and anti-gang programs, library programs, services for children and youth, as well as various other general City programs and services. In conjunction with Alameda County Measure BB, Measure HH also provides significant financial support towards the City's ongoing street and road repair efforts.

While Measure HH has enabled the City to maintain existing service levels, the City continues to face a growing backlog of new and emerging needs that may not be sufficiently addressed through existing revenue sources. Such needs include major renovations to aging public safety infrastructure (e.g. police and fire protection facilities), deteriorating playground and park equipment in need of replacement, human services challenges related to the homeless and other at-risk and low-income community members, and community interest in enhanced artistic and cultural amenities.

Although local sales tax receipts in recent years have been robust, sales tax is an inherently volatile source of revenue that will generally rise and fall in direct correlation with broader regional economic cycles. Should the economy slow down or contract in future years, the City's revenue base could similarly face steep declines, thereby causing the need for future budget cuts and associated disruptions in service levels. A diversified revenue base is essential to maintain the

sustainability of the City's budget.

As a result of the above factors, and in an effort to further diversify the City's revenue base while supporting new services, in November 2016, San Leandro voters authorized the following three general purpose revenue measures:

- 1) Measure NN: A cannabis business tax of up to 10% of gross receipts (currently set by the City Council at 6% of gross receipts);
- 2) Measure OO: A modified business license tax that reduced fees for small businesses, while charging up to 10% of gross receipts for parking lots, and also charging \$100 per 1,000 square feet of real property that is used for warehouse businesses; and
- 3) Measure PP: A modified transient occupancy tax of up to 14%.

As outlined at the April 9, 2018 City Council work session, the City continues to face a long-term structural deficit that is largely a function of legacy retirement benefit obligations over which it has minimal direct control. Although the City has launched various initiatives to contain costs, including the Prioritization of Unfunded Liability Liquidation (PULL) program as well as the recent launch of the Cost and Revenue Efficiency (CARE) Team, it is unlikely that the City's longer term financial challenges can be surmounted in the absence of some combination of ongoing expenditure reductions coupled with new sources of revenue.

In addition to the City's long-term operating deficit, the City also faces a number of emerging needs in the realm of public safety services. For example, a number of the City's existing fire stations were constructed many decades ago and are in need of significant capital improvements and structural repairs in order to bring them up to modern standards. The City's public safety building is also in need of significant repairs and upgrades. Although \$9 million has been appropriated in the adopted Capital Improvement Program budget for modernizing this facility, it is conceivable that actual costs could exceed estimates due to the current highly-competitive bidding environment. There also remains over \$650,000 in funding needs for new fire department vehicles and medical equipment that have been deferred from the current year budget that the City will need to purchase within approximately two years. Due to recent changes in the First Responder Advanced Life Support (FRALS) contract that is administered at the County level, the City also faces about \$350,000 in new ongoing costs towards ambulance services. Finally, the City needs to identify approximately \$400,000 towards the cost of new radios for the Police Department to achieve compliance with the requirements of the East Bay Regional Communications System Authority.

In addition to the above existing needs that have been identified to support current service levels, there has been a desire expressed by some members of the City Council and the community to explore increased staffing levels in the Police Department. The local fire fighters' union has also highlighted a desire to explore adding a fourth crew member on some or all of the local fire companies that serve San Leandro. Based on current projections, it is estimated that each additional Police Officer costs the City an average of \$270,000 when accounting for fully-loaded salary, benefits and retirement costs, and adding an additional crew member to *each* fire or

engine company could cost approximately \$1 million per year (the City currently maintains 5 fire engines and 2 ladder trucks).

Based on these factors, at the April 2, 2018 City Council meeting, the City Council directed city staff to return with an analysis of the tasks that would be necessary to bring forward for voter consideration a potential public safety parcel tax as part of the upcoming November 2018 ballot.

It is also important to note that given the current budgetary environment, expanded staffing for either the Police or Fire Department is not feasible absent new ongoing funding or significant cuts to other City services. Furthermore, even if a new parcel tax measure were to include an annual cost of living adjustment, it is unlikely that annual increases in revenues from such a tax would keep pace with the currently forecasted annual increases in public safety pension and retirement benefits costs that would be associated with any new staffing. For both police and fire, personnel costs are certain to see substantial increases over the next several years.

Overview of Potential Public Safety Parcel Tax & Steps Involved in Placing it on the November 2018 Ballot

Under the California Constitution, any proposed special parcel tax requires a two-thirds (2/3) affirmative vote of the electorate in order to pass, which is a significant threshold that requires public support across a broad cross-section of the local electorate. Such a parcel tax is not an ad valorem (value-based) property tax, but rather, is an excise tax levied on the availability and use of a particular public service. Therefore, a property's value may not be a factor in determining the amount of the tax that the property will pay. Furthermore, the revenues raised by the tax would be dedicated towards specific purposes, such as police and fire services and capital, tracked in a designated account that is separate and discrete from General Fund revenues.

Parcel taxes may also be structured such that the City has the option to concurrently adopt general administrative guidelines in the measure that would allow for potential discounts for certain at-risk populations such as residential properties owned by lower-income seniors or the disabled. In addition, state law allows for modified rates for certain parcels based on their anticipated use of the particular public services that would be funded by the tax. Therefore, the tax rate could vary based on parcel size, or the specific use of the parcel. For example, different rates could be applied to commercial properties, mixed-use properties, or vacant land. In addition, parcel taxes typically include a sunset date, which would stipulate an end date for the tax that could only be extended through a subsequent vote by the electorate. Therefore, before placing such a measure on the ballot, it would be important for the City to fully evaluate a wide range of potential tax structures, rates, sunset provisions and the associated revenues derived from each option so that the City Council would be able to make an informed decision about how to structure the proposed measure.

Potential On-Going Revenue:

Based on an analysis of readily accessible parcel tax data, staff estimates that a potential parcel tax could be structured to generate between \$3 million to \$6 million annually. This very preliminary estimate is based on the estimates of existing parcel tax data that was derived from 2010 census data. Nevertheless, given the inherent complexity of parcel taxes and the technical expertise

necessary to fully evaluate them, it would be crucial for the City to retain the assistance of a financial consultant in advance of placing such a measure on the ballot.

Steps involved in Bringing Forward a Successful Revenue Measure

As outlined above, parcel taxes by nature are significantly more complicated than sales tax measures, and are more challenging to pass due to the two-thirds super-majority threshold. As a matter of best practice under optimal circumstances, the process of fully exploring a new tax measure would commence at least one year prior to the targeted election date, similar to the approach that was executed in advance of Measure HH, the City's ½-cent sales tax that was adopted by voters in November 2014. Such a timeline is recommended so that the viability of the measure may be fully evaluated and explored. A number of important related steps that would typically be completed and in advance of ballot placement include:

- Identifying and hiring a public affairs consultant to guide development of the measure and related procedures and outreach efforts
- Identifying and hiring a financial consultant to analyze various parcel tax structures and the anticipated revenues that could be derived from each
- Hiring a public opinion research company (a.k.a. a pollster) to develop and execute a telephonic and online survey of likely voters in order to gauge potential public support for the tax measure at a range of rates and durations, as well as to identify related funding priorities
- Development and distribution of informational materials and public outreach efforts, e.g. town hall meetings, opportunities for public feedback and identification of concerns, etc.
- Development of a draft spending plan and budget priorities list that would be used to guide the expenditure of any funds that are derived from the measure
- Development of staff report, ballot language, draft resolution and ordinance placing the measure on the ballot, along with the City Attorney's analysis
- Opportunities for input and guidance from the Mayor and City Council or City Council Committees (if time allows) as key milestones are approaching

Furthermore, in order to meet the deadlines established by the Alameda County Registrar of Voters, the City would need to complete all of the above steps and the City Council would need to formally adopt a resolution and ordinance placing such a tax measure by August 2018. As a practical matter since the City Council typically does not meet in August, all of these steps would need to be completed no later than the last City Council meeting in July 2018, i.e. within approximately the next two and one-half months.

Additionally, per State law, City resources and staff time associated with such an endeavor would be limited to providing only factual, non-partisan information about the measure, and could not be used to advocate for public support for the measure.

Furthermore, given that the measure would require a two-thirds super-majority vote of the electorate to secure passage, it would be most likely to pass if a robust campaign infrastructure were in place that would be able to provide resources, volunteers, and significant funding in order to advocate for the measure's passage. The City could not play a role in the advocacy efforts; however, the City Council may wish to consider whether or not there are existing advocates in the

community who could improve the likelihood of a potential measure passing.

Other related factors that could impact whether the City Council wants to place this tax measure on the ballot could include:

- Whether or not the City Council is unified in its support for the measure
- Whether or not there are any other competing tax measures on the same ballot
- Public perceptions that the City has done all it can to live within its means and address budget shortfalls in advance of seeking additional revenue
- How well the identified funding priorities align with public sentiment
- Whether voters understand the complexities and nuances of the proposed tax structure

It should also be noted that the City previously pursued a similar public safety parcel tax measure as part of the November 2004 ballot, known as Measure DD. The measure ultimately garnered 50.5% support, and therefore failed to surpass the two-thirds threshold that would have been necessary for success.

The 2004 tax measure was structured as follows, with a 5.5 year sunset provision:

Commercial/Industrial:	\$16.00 per 1,000 square feet of parcel area
Residential-Single family homes/townhomes/condos:	\$78.00 per parcel
Residential-Multi-Family/Mobile home properties:	\$46.80 per unit
Unimproved:	\$4.00 per thousand square feet of parcel area
Non-profit education/Places of worship:	\$13.00 per thousand square feet of parcel area
Exempt:	\$0.00

The 2004 measure also contained a provision offering a 40% discount to low-income seniors aged 65 and over, based upon a codified index, such as PG&E's CARE program to determine eligibility. The measure also would have allowed for annual inflation adjustments based upon the regional Consumer Price Index (CPI). If the measure had been successful, it was forecast to generate approximately \$3.5 million annually. A summary of this unsuccessful measure is attached.

Estimated City Costs Associated with Above efforts

Given the inherent complexity and technical expertise associated with the development of a parcel tax, if the City Council seeks to proceed further, staff would strongly recommend retaining a financial services consultant to assist in developing an analysis of various parcel tax rates and durations in advance of conducting a public opinion survey. Based on initial dialogue with one such consultant, it is estimated that such an analysis could cost \$10,000 to \$15,000.

Hiring a public opinion research company to test potential voter support for such a measure at a range of different rates and sunset provisions would also be required. Based upon costs associated with such a voter survey in advance of Measures HH and OO, PP, & NN, the cost for such a poll could range anywhere between \$35,000-\$45,000, depending on the number of questions asked and the number of languages in which the survey questions would be translated.

In addition, similar to the procedures implemented for Measures HH, OO, PP, and NN over the last two election cycles, staff would also recommend the retention of a public affairs consultant to assist in coordinating all of these efforts, as well as developing factual public outreach materials and other associated work in advance of ballot placement. Such assistance typically costs in the order of up to \$7,000 per month.

Lastly, based on prior elections, it is anticipated that the election costs associated with adding a parcel tax to the ballot could result in at least an additional \$50,000 in charges from the Registrar of Voters. The majority of these charges are associated with printing and translation costs for the various components of the measure, including the measure text, arguments for and against, and rebuttals to the arguments for and against.

Summary of Potential One-Time Budget Impacts Associated with Ballot Placement:

Public Affairs Consultant (based on 7,000/month):	\$28,000
Financial Consulting Assistance (\$300/hour):	\$10,000
Public Opinion Survey:	\$45,000
Election Costs:	\$50,000
 Estimated Total:	 \$133,000

SUMMARY AND RECOMMENDATIONS

Although it may be technically feasible to complete all of the procedural steps necessary to bring forward a parcel tax measure for consideration by the voters as part of the November 2018 ballot, staff has serious concerns regarding the amount of time that remains available to conduct a sufficient and credible level of analysis and public outreach that would be necessary in advance of ballot placement.

Furthermore, it remains unknown what other competing measures may appear on the same ballot, and it is unclear whether an unsuccessful attempt at the ballot could negatively impact the prospects for future funding requests from the electorate. Nevertheless, staff is prepared to prioritize moving forward with such an endeavor if so directed by the City Council.

Finally, the City Council and the community have not yet had an opportunity to engage in the discussions required to assess needed and desired staffing levels for public safety services relative to available funding. For example, a recent Standards of Coverage Review conducted by Citygate Associates found that current staffing is generally sufficient to meet response time standards. The Council will need to consider the propriety of adding safety staffing given the significant increases in salary and benefit costs anticipated in the near future. It may also wish to consider technology and potential “force multipliers” that may be available to address safety needs at lower costs. Once desired staffing levels were determined, it would be prudent to establish priorities for expenditure of potential revenues between police and fire, staffing and capital, and future service expansion vs. unfunded legacy obligations. Should the Council ultimately move forward with a public safety parcel tax - either now or in the future - all of these factors should be considered in a plan for expenditure of the new revenues.

Attachment(s) to Staff Report

- Summary of San Leandro Measure DD (2004)

PREPARED BY: Eric Engelbart, Deputy City Manager, City Manager's Office

This is an archive of a past election.

See <http://www.smartvoter.org/ca/alm/> for current information.



Alameda County, CA

November 2, 2004 Election

Measure DD

Police and Fire Parcel Tax

City of San Leandro

Tax - 2/3rds Approval Required

13,352 / **50.5%** Yes votes 13,065 / **49.5%** No votes

See Also: [Index of all Measures](#)



Results as of Dec 15 1:28pm, 100.0% of Precincts Reporting (58/58)

Information shown below: [Impartial Analysis](#) | [Arguments](#) | [Full Text](#)

Shall the current level of police and fire protection services be maintained at a minimum of 94 sworn police officers and a minimum of 7 fire companies by adoption of an ordinance imposing a parcel tax in an annual amount of \$78 for single-family residences, \$46.80 per multi-family unit and \$16 per thousand square feet for industrial and commercial properties, such parcel tax to end after five and one-half years?

[Suggest a link related to Measure DD](#)

Links to sources outside of Smart Voter are provided for information only and do not imply endorsement.

Impartial Analysis from San Leandro City Attorney

The San Leandro City Council has placed a measure on the November 2, 2004 ballot asking voters to adopt an ordinance that would allow the City to impose a special tax on real property owners to help fund police and fire protection services within the City.

If approved by the voters, this tax would be collected from property owners annually. The amount of the tax varies depending on a property's use as follows:

- Commercial/Industrial
\$16.00 per thousand square feet
- Residential-Single Family
\$78.00
- Residential-Multi-Family/Mobile home
\$46.80 per unit
- Unimproved
\$4.00 per thousand square feet
- Non-profit education/Places of worship
\$13.00 per thousand square feet
- Exempt
\$0.00

The City Manager may adjust these tax rates annually by the percentage increase, if any, in the Consumer Price Index.

The ordinance provides that the City will adopt administrative guidelines to assist in implementing this tax. The administrative guidelines will address how the taxing category for mixed-use property will be determined, address procedures to allow lower income senior citizen residential property owners to apply for a tax reduction, and will address matters related to the interpretation and enforcement of the ordinance.

The ordinance provides a claims procedure for requesting a tax refund, and imposes penalties for untimely or unpaid taxes.

This tax is a special tax. If approved by the voters, this special tax becomes effective on January 1, 2005. The ordinance will be repealed 5 1/2 years after the effective date unless previously extended by the voters. The ordinance specifies that proceeds from this special tax may only be used to fund police and fire protection services as that term is defined in the ordinance. As this tax is a special tax, it requires a "yes" vote of two-thirds of the voters to pass.

s/JAYNE W. WILLIAMS
City Attorney

Arguments For Measure DD

Over the past 10 years San Leandro's population has grown by more than 10,000 (14%). Today, the total of our sworn police officers and firefighters is six fewer than we had 10 years ago. Through efficient management of limited financial resources, the Police and Fire Departments have been able to respond to increasing numbers of service calls to maintain an effective level of public safety in the community.

- At 1.2 officers per 1,000 population, San Leandro's police staffing is 33% lower than the average police staffing level throughout Alameda County. The City's population is still growing. In a perfect world we would be adding, not eliminating police officers.
- San Leandro's level of fire staffing is also significantly lower than the County-wide average. We have 7 fire companies housed in 5 stations throughout the City. Cutting one company (9 firefighters and a ladder truck) would increase response times and risk loss of life and property.
- The safety and well-being of San Leandro residents is at risk. We're not adding personnel; this Public Safety measure will allow us to maintain the level we have today.
- For less than 22 cents a day, we will maintain our current level of public safety protection and retain some of the finest police officers and firefighters in the Bay Area. Faced with

Arguments Against Measure DD

Unless you are a Non-Subsidized taxpayer, a renter living with-in the city, or a city home-owner, then Vote No on Measure DD.

Bear in mind, multi-family landlords, industrial and commercial property owners as a group, pay little or no tax. Businesses pass on all cost for their service or products on down to their customers. First come "rent" increases, then comes "homeowners" property tax increases, and followed by tax/cost increases due to public mandated products or services, such as Gas, Electricity, Telephone, Water and Gasoline.

Again, with a disingenuous move, the city created a meaningless budget based on their "public safety parcel tax." In an effort to instill fear in the voters, the City is complaining again about lost tax revenue, which is not realized but only predicted. Also, the city continues using their same old ideas, of cutting police, fire and city libraries . . .!

Let us not overlook voters of San Leandro, who themselves, have lawfully provided their own tax repeal ballot measure marked (G) for the past November 7, 2000 City election. At that time, city voters had the historic opportunity to repeal a tax that was a city enacted property tax, "without voters approval." The supporter's without unlimited cash_ cannot compete with the city's financial resources

reduced revenue and increased costs, the City has already cut \$2.7 million from its libraries, parks, streets and recreation services. If this Public Safety measure is not approved, **the City will be forced to eliminate one fire company (9 firefighters) and 15 sworn police officers, plus support personnel.** Reductions of this magnitude would place in danger the lives of residents and public safety professionals.

- Vote Yes on Measure DD.

s/SHELIA B. YOUNG Mayor
s/ROBERT H. GLAZE Councilman
s/ORVAL BADGER Vice Mayor
s/GLENDA NARDINE, RN Councilmember

Rebuttal to Arguments For

The strategy in proponent's argument is to overwhelm and impress the voter with meaningless numbers and statistics. Their intent is to injure and inconvenience as many citizens as possible to make the taxpayer more sympathetic to there Tax Increase.

- This measure is a culmination of fiscal mismanagement, pandering officials, and public employee avarice. The public safety pitch is being used again because it sells well. It's superb marketing. However, it's a facade to conceal systemic management shortcomings.
- The true agenda is to insure a stream or revenue at a level of largess that all at city hall are accustomed. This includes isolating all city employees from outside competition, job performance, accountability, and real cost scrutinty.
- San Leandro has fewer officers now than ten (10) years ago because city management failed to allocate funds when the federal money expired.
- In the real world, (the private sector) few, if any, can afford to provide retirements of highest salary, with C.O.L.A. and medical also, remain solvent and/or competitive (fire and police personnel). San Leandro can't either. This is non-subsidized taxpayer bailout!

Why is the non-subsidized taxpayer who always is asked to give? If a reduction in number of public safety personnel is going to jeopardize their lives, they should consider a wage and benefit concession. Berkeley's city employees made concessions. Are city employees immune? Ask the airline employees about wage and benefit concessions. That's the real world!

along with their total opposition and controlled election propaganda.

San Leandro already has their Real Property Transfer Tax in force, and are seeking the voters approval for a similar so-called Public Safety Parcel Tax. Another tax that flies smack in the face of a renter's and homeowner's private property rights.

No person, homeowner or renter and taxpayers should be penalized for San Leandro's lack in faith in taxpayer equality: The renter or homeowner of property is taxed more than enough. Do not be fooled by city political maneuvering.

Vote No on Measure DD.

s/LOU FILIPOVICH
s/HELEN BASSETT
s/THOMAS HUDSON
s/ALBERT E. PALADINI

Rebuttal to Arguments Against

53% of San Leandro's General Fund Budget pays for police and fire protection! The City Council **has already cut all non-public safety departments by \$2.7 million.** Police and fire services are currently at minimum acceptable levels; the City Council has budgeted to maintain those departments at their current staffing for six months by using one-time reserve funds. In order to continue maintaining the current level of public safety protection for 2005, **\$3.25 million from the Public Safety Parcel Tax is needed.** Voting yes for this critical Public Safety measure will provide the funds required to maintain 94 sworn police officers and 63 firefighters, plus key support personnel. The funds cannot be used for any other purpose and must be kept in a special fund dedicated to public safety uses. The public safety parcel tax will expire in 5 1/2 years.

San Leandro has kept its level of police and fire personnel constant since 1997, despite a growing population and an increased number of calls for service. If Measure DD does not pass, our City will be forced to eliminate one fire company (9 firefighters) by taking one of the City's two ladder trucks out of service. We will also be forced to eliminate police officers and Police Department support staff.

This is not a "scare tactic." We need your support to help maintain adequate public safety protection for all who live and work in this community.

This Safety Parcel Tax lacks guaranteed "sunset" provisions!

Vote NO on Measure DD.

s/LOU FILIPOVICH
s/HELEN BASSETT
s/ALBERT E. PALADINI
s/ALBERT J. ROSENGA, JR.

Please vote "Yes" on Measure DD.

s/SHELIA B. YOUNG Mayor
s/ROBERT H. GLAZE Councilman
s/GLENDA NARDINE Councilmember
s/ORVAL BADGER Vice Mayor

Full Text of Measure DD

ORDINANCE NO. 2004-__

AN ORDINANCE OF THE VOTERS OF THE CITY OF SAN LEANDRO ESTABLISHING A SPECIAL TAX FOR POLICE AND FIRE PROTECTION THE PEOPLE OF SAN LEANDRO, DO ORDAIN AS FOLLOWS:

SECTION I: PURPOSE, INTENT AND AUTHORITY.

It is the purpose and intent of this Ordinance to authorize the levy of the tax on owners of real property that are within the city limits of the City of San Leandro ("City") in order to provide funding for police and fire protection to serve the property and persons within the City.

This Ordinance is adopted pursuant to Government Code section 53978. The tax proposed herein shall be effective only if approved by two-thirds of the voters, as further specified herein. The tax is a special tax within the meaning of Section 4 of Article XIII A and Article XIIC of the California Constitution because it will be used for specific purposes.

Because the burden of this tax falls upon property owners who have developed their property, or whose nondevelopment of property necessitates municipal services, this tax is an excise tax. This tax is not determined according to nor in any manner based upon the value of property. Rather, it is based on the privilege of using and the use of police and fire services by developed and some undeveloped properties and on the availability of police and fire services to developed properties within the City.

The revenues raised by this tax are to be used solely (a) for the purposes of obtaining, furnishing, operating, and maintaining police protection equipment or apparatus, for paying the salaries and benefits of police protection personnel, and for such other police protection service expenses as are deemed necessary for the benefit of the residents of the City; and (b) for the purposes of obtaining, furnishing, operating, and maintaining fire protection equipment or apparatus, for the costs of fire protection personnel provided by the County of Alameda, or provided by the City's own employees, and for such other fire protection service expenses as are deemed necessary for the benefit of the residents of the City.

SECTION II: FINDINGS.

The City Council ("Council") recognizes that residentially and non-residentially developed parcels both use police and fire protection services. The Council has, therefore, determined that the tax should be imposed on both residentially and non-residentially developed properties, and that the tax on each type of property should be proportionate to their use of the services.

The apportionment of the tax to various types of properties is based, in part, on the intensity of police and fire protection services requested for different kinds of land uses and on the average number of occupants of a parcel of each type of property. The Council finds that users of residential property typically generate more calls for service from the police and fire departments. Therefore, it is appropriate for the residential property owners to bear a higher percentage of the burden on residential property owners.

The rates are not tailored to individual use both because such tailoring is not administratively feasible and because the City must make police and fire protection services available to all parcels and owners of parcels equally.

The Council finds that lower income residential property owners may be disproportionately affected by this tax, as a higher proportion of these owners will be on a fixed income. The Council has determined that it is appropriate to permit lower income residential property owners to apply to the City for a reduced tax rate.

The Council finds that the operators of non-educational facilities and places of worship operate without a margin for profit and in a manner that provides many community benefits. The Council has determined that owners of property used for non-profit educational uses and places of worship shall be subject to the tax at a lower rate than that charged to other improved parcels.

Parcels that are unimproved contain no occupants who may avail themselves of police services, but they generally require some police and fire protection services to protect property and may be the response site of rescue calls to either or both the police and fire departments. Accordingly, the Council has determined that owners of unimproved parcels shall be subject to this tax at a lower rate than is placed on improved parcels.

By approving this Ordinance, the People of the City of San Leandro confirm and adopt these findings in this Section II.

SECTION III. DEFINITIONS.

The following definitions shall apply throughout this Ordinance.

- A. "Developed" shall be defined in administrative regulations adopted pursuant to this Ordinance.
- B. "Fiscal year" means the period of July 1 through the following June 30.
- C. "Occupied" shall be defined in administrative regulations adopted pursuant to this Ordinance.
- D. "Lower income residential property owner" shall be defined in administrative regulations adopted pursuant to this Ordinance.
- E. "Mixed use" shall be defined in administrative regulations adopted pursuant to this Ordinance.
- F. "Multi-family" shall mean 2 or more residential units.
- G. "Parcel" means the land and any improvements thereon, designated by an assessor's parcel map and parcel number and carried on the secured property tax roll of Alameda County.
- H. "Police and Fire Protection Services" means obtaining, furnishing, operating, and maintaining police protection equipment or apparatus, paying the salaries and benefits of police protection personnel, and such other police protection service expenses as are deemed necessary by the City Council for the benefit of the residents of the City; and (b) obtaining, furnishing, operating, and maintaining fire protection equipment or apparatus, paying the County for fire protection personnel, and such other fire protection service expenses, including capital expenses, as are deemed necessary by the City Council for the benefit of the residents of the City.
- I. "Unimproved" shall be defined in administrative regulations adopted pursuant to this Ordinance.

SECTION IV: AMOUNT AND LEVEL OF TAXES.

The tax on each parcel of real property in the City shall depend on the use code assigned to the property by the Alameda County Assessor. The tax per year on each parcel in the City shall not exceed the amount applicable to the parcel, as specified below.

No later than July 15 of each year, City Manager shall determine the amount of taxes to be levied upon the parcels in the City for the then current fiscal year as set forth below.

Description	Associated Use Codes 1	Rate
Commercial/	31, 32, 33, 34, 35, 36, 37, 38,	\$16.00
Industrial	39, 41, 42, 43, 44, 45, 46, 48, 49, 67, 68, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 92, 93,	per thousand square feet

	94, 95, 96, 97, 98, 99	
Residential-Single Family	11, 12, 13, 14, 15, 16, 17, 18, 73	\$78.00
Residential-Multi family/ Mobile home	19, 21, 22, 23, 24, 25, 26, 27, 28, 29, 71, 72, 74, 75, 76, 77, 78, 79, 91	\$46.80 per unit
Unimproved	08, 09, 10, 30, 40, 60, 70	\$4.00 per thousand square feet
Non-profit education/ Places of worship	64, 66	\$13.00 per thousand sq. ft.
Exempt	03, 04, 05, 07, 47, 61, 63, 65	0.00

1 See Exhibit A, in sample ballot, for description of use codes.

The tax on mixed-use property shall be based on the predominant use of the property. The exact procedure for determining the predominant use shall be defined more specifically in administrative guidelines adopted pursuant to this Ordinance.

The City Council shall adopt administrative guidelines that will allow lower income residential property owners to apply for and receive a reduction in the tax not to exceed 40% of the amount of the tax paid by the property owner.

As authorized by Government Code section 53739(b), annually each July, the City Manager shall adjust the tax rates for each land use type listed in this Section by applying the percentage increase, if any, in the annual Consumer Price Index for Urban Wage and Clerical Workers (CPI-W) for the San Francisco/Oakland Bay Area. The taxes levied on each parcel pursuant to this Article shall be a charge upon the parcel and shall be due and collectible as set forth in Section V, below.

SECTION V: COLLECTION AND ADMINISTRATION.

The tax levied and imposed by this Ordinance shall be due and payable on July 1 of each year. If the City elects to have the County collect this tax it may be paid in two installments due no later than December 10 and April 10. The tax shall be delinquent if not received on or before the delinquency date set forth in the notice mailed to the Owner's address as shown on the most current assessment roll of the Alameda County Tax Collector and shall be collected in such a manner as the City Council may decide.

The City is authorized, at its option, to have the taxes imposed by this Ordinance collected by the County of Alameda in conjunction with and at the same time and in the same manner as the County's collection of property taxes for the City of San Leandro. If the City elects to so collect the tax, penalties and interest shall be those applicable to the nonpayment of property taxes.

Regardless of the method of collection, in no event shall anything herein be construed to impose a tax lien on the Parcel to secure payment of the tax.

SECTION VI: USE OF TAX PROCEEDS.

All proceeds of the tax levied and imposed hereunder shall be accounted for and paid into a special revenue account designated for support of Police and Fire Protection Services only.

SECTION VII: DETERMINATION OF USES.

The records of the County Assessor of the County of Alameda and the records of the City may be used to determine the actual use of each parcel of real property for purposes of determining the tax hereunder.

SECTION VIII: EXEMPTIONS.

The tax imposed hereby shall not apply to the owner of any parcel that, for any reason, is legally exempt therefrom.

SECTION IX: REFUNDS-CLAIM REQUIRED.

Any person claiming a refund of the tax for any reason not provided for herein shall first file a written claim with the City Clerk on a form specified by the Clerk. Such claim must be filed no later than 100 days after payment of the tax. All claims must be filed by the person who paid the tax or his or her guardian, conservator, or the executor of his or her estate. No claim may be filed on behalf of other taxpayers or a class of taxpayers. Filing of a claim shall be a condition precedent to legal action against the City for a refund of the tax.

SECTION X: UNTIMELY OR UNPAID TAXES.

A one-time penalty not to exceed 25 percent (25%) of the tax due is hereby imposed on all taxpayers who fail to pay the tax provided by this Ordinance when due. The penalty shall become a part of the tax debt herein required to be paid. In addition, if the tax remains unpaid as of July 1 of the following year, an additional penalty of one and one half percent per month shall accrue on all amounts unpaid. Every penalty imposed and such interest as accrues under the provisions of this Ordinance shall become a part of the tax herein required to be paid.

The amount of any tax or penalty imposed under the provisions of this Ordinance shall be deemed a debt to the City. Any person owing money under the provisions of this Ordinance shall be personally liable for such amount in any action brought in the name of the City for the recovery of the amount owed. The City will be entitled to recover from the person against whom such an action is brought its costs incurred in connection with such action including its reasonable attorney's fees.

SECTION XI: APPROPRIATIONS LIMITATION.

In no case shall the revenues generated by the tax levied and imposed by this Ordinance exceed the limitation established by Article XIII B of the Constitution of the State of California.

SECTION XII: ADMINISTRATIVE INTERPRETATION.

The Council may, by resolution, adopt guidelines for administrative matters related to the interpretation and enforcement of this Ordinance. Such guidelines may establish new use codes or may modify use codes listed in Section IV. Such guidelines may additionally provide for administrative remedies for challenges to the tax imposed by this Ordinance.

SECTION XIII: SAVINGS CLAUSE.

If any provision, sentence, clause, section or part of this Ordinance is found to be unconstitutional, illegal or invalid, such finding shall affect only such provision, sentence, clause, section or part, and shall not affect or impair any of the remaining parts of the Ordinance. The City Council finds and declares that it would have adopted each and every provision of this Ordinance, even if it had not adopted any other provision.

SECTION XIV: AUTHORITY FOR ORDINANCE.

This Ordinance is enacted pursuant to the authority of Government Code Section 53978, Government Code Section 50077, and Article XIII D, Section 3(a) of the California Constitution.

SECTION XV: CHALLENGE TO TAX.

Any action to challenge the tax imposed by this Ordinance shall be brought pursuant to Government Code Section 50077.5 and Code of Civil Procedure Section 860 et seq.

SECTION XVI: ELECTION REQUIRED FOR TAX TO BE EFFECTIVE.

This Ordinance shall take effect immediately following adoption. Notwithstanding the effective date of this Ordinance, the tax proposed by this Ordinance shall not become effective until the date set forth in Section XVII.

SECTION XVII: EFFECTIVE DATE AND REPEAL DATE OF TAX.

If this Ordinance is approved by two-thirds of the voters voting at the November 2, 2004 municipal election, the tax shall become effective on January 1, 2005. This Ordinance is repealed five and one-half (5 1/2) years after the effective date unless extended by the voters.

APPROVED by the following vote of the People of the City of San Leandro on November 2, 2004:

ADOPTED by Declaration of the vote by the City Council of the City of San Leandro on _____, 2004:

Members of the Council:

AYES:

NOES:

ABSENT:

ABSTAINING:

SO ORDERED

ATTEST:

s/Shelia Young, Mayor s/Marian Handa, City Clerk

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City of San Leandro

Civic Center
835 East 14th Street
San Leandro, California

File Summary

File Number	Title	Current Status
18-209	Presentation Staff Report for Overview of Potential November 2018 Public Safety Parcel Tax Measure Introduced: 4/19/2018 Meeting Date: 5/7/2018 Department: City Manager's Office Drafter: Eric Engelbart	Agenda Ready Controlling Body: City Council Sponsor(s): City Council