



Item 4 - Parcel Tax to Fund Oversight Agencies

Ryan McKel, Chair
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Nicolas Heidorn, Executive Director

TO: Public Ethics Commission
FROM: Nicolas Heidorn, Executive Director
DATE: December 13, 2024
RE: Memo Regarding Parcel Tax to Fund Oversight Agencies for the December 16, 2024 Special Meeting

Summary. The Administration is proposing to place a parcel tax on the April 2025 Special Election ballot to fund the City’s independent oversight agencies, which includes the Public Ethics Commission (PEC). The parcel tax is expected to raise \$23.2 million, of which \$7.2 million would be allocated to **fully fund** the PEC, including the Democracy Dollars Program. The proposal will be heard at the City Council’s December 16, 2024, but final action on the proposal would not be until early January 2025, when the new City Council is seated.

The Commission shall review, and may decide to provide comment, on this proposal.

Background. Under the City Charter and Measure W (2022), the City Council is required to provide minimum staffing to the PEC and fully fund the Democracy Dollars Program, which the PEC administers. However, both the Charter and Measure W permit the City to waive these minimum staffing and funding requirements if the Council declares an “extreme fiscal necessity.”

For the FY 23-25, the Council declared an extreme fiscal necessity and eliminated most funding for the Democracy Dollars Program, except for some startup funding to build the software necessary to implement the Program and a Program Manager position.

While the PEC’s minimum staffing requirement was intended to be a floor, it has in many ways acted as a ceiling. The PEC has had only two enforcement staff positions since the passage of Measure CC in 2014, despite a growing caseload. Presently, the PEC has one Enforcement Chief (vacant) and one investigator for 141 complaints, which is an unsustainable caseload that has forced the Commission to place almost half its complaints on hold. Earlier this year, Oakland voters approved Measure OO to increase the PEC’s enforcement staffing by an additional investigator beginning in July 2026, but the funding of this position can also be waived upon the declaration of an extreme fiscal necessity.

This Proposal. The Administration is proposing to place a parcel tax measure on the April 2025 special election ballot (consolidated with the special election to elect a new Mayor and District 2 Councilmember) to fund the City’s independent oversight agencies, which includes the PEC, the City Auditor’s Office, the Office of the Inspector General (OIG), the Police Commission, and the Community Police Review Agency (CPRA). The parcel tax would be

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\$130 for a single family home (less for multifamily), and raise \$23.2 million annually. Of that, \$7.2 million would be allocated to the PEC. (Any unexpended funds would remain in a special fund balance for the oversight agencies.) Additional detail on the proposal may be found in the Department of Finance's staff report and the draft legislation, attached.

PEC staff estimates that the \$7.2 million would be sufficient to fully fund the PEC's current operations, the Democracy Dollars Program, and its Enforcement Program.

Because this proposal would be placed on the ballot by the City Council, it would require a 2/3 vote to pass.

Staff Recommendation. Staff recommends that the Commission support the proposal, which could further the Commission's critical mission of ensuring fairness, openness, honesty, and integrity in Oakland City government. Providing dedicated funding for the Commission would provide stability and reliability for the Commission's core functions, including its Enforcement Program and the Democracy Dollars program, and prevent further budget cuts to its core programs. Dedicated funding also furthers the independence of the Commission, which is important for oversight agencies and is considered a best practice for ethics commissions.

Moreover, if a new tax is not adopted to fund the PEC, given the City's budget situation, there is a significant risk that the Council will not appropriate funds to increase the PEC Enforcement staffing or to fund the Democracy Dollars Program, despite the recent passage of two ballot measures by Oakland residents in support of both policies. In addition, the PEC could be subject to further cuts which would likely necessitate eliminating some of the Commission's core services or functions.

Attachments: Department of Finance Staff Report; Language

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APPROVED AS TO FORM AND LEGALITY

CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION ON THE CITY COUNCIL'S OWN MOTION SUBMITTING TO THE VOTERS AT THE APRIL 15, 2025 SPECIAL MUNICIPAL ELECTION, AN ORDINANCE TO ADOPT A SPECIAL PARCEL TAX TO MAINTAIN THE CITY'S INDEPENDENT OVERSIGHT AGENCIES AND PROGRAMS; REQUESTING CONSOLIDATION OF THE ELECTION WITH ALL SPECIAL MUNICIPAL ELECTIONS TO BE HELD IN THE CITY OF OAKLAND ON APRIL 15, 2025; AND DIRECTING THE CITY CLERK TO TAKE ANY AND ALL ACTIONS NECESSARY UNDER LAW TO PREPARE FOR AND CONDUCT THE APRIL 15, 2025 SPECIAL MUNICIPAL ELECTION

WHEREAS, the revenues received from the Act will be expended exclusively for the benefit of funding the essential operations of the City's Public Ethics Commission (PEC), which encompasses the Democracy Dollars Program, the City Auditor's Office, the Office of the Inspector General (OIG), the Police Commission, and the Community Police Review Agency (CPRA) and related administrative expenses; and now therefore be it

RESOLVED: That the Oakland City Council finds and determines the forgoing recitals are true and correct and hereby adopts and incorporates them into this Resolution; and be it

FURTHER RESOLVED: That the Oakland City Council does hereby submit to the voters, at the April 15, 2025 Special Municipal Election, an Ordinance that shall read as follows:

The people of the City of Oakland do ordain as follows:

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PART 1. General Provisions

SECTION 1. Title and Purpose.

- A. **TITLE:** This Ordinance may be cited as the “Oakland Independent Oversight Agency Act of 2025,” and may be referred to herein as “the Act”, “this Ordinance” or “Measure.”
- B. **PURPOSE:** The taxes imposed under this Ordinance are solely for the purpose of raising revenue necessary to maintain the City’s independent oversight agencies and programs including:
1. The Public Ethics Commission (PEC), inclusive of the Democracy Dollars Program
 2. The City Auditor’s Office
 3. The Office of the Inspector General (OIG)
 4. The Police Commission
 5. The Community Police Review Agency (CPRA);
 6. And to pay for certain administrative expenses related to the taxes.

These agencies have minimum staffing requirements set through the City’s Charter by voter-approved Measures, that require them to maintain a minimum level of staffing and program funding to carry out their duties. Their duties include auditing City services, investigating public corruption, funding public campaign efforts, and ensuring transparency and accountability of fiscal and police operations.

This parcel tax revenue would ensure these independent oversight agencies have dedicated, reliable funding to fulfill their legally mandated roles, maintain minimum staffing levels, and effectively promote ethical governance, fiscal responsibility, and public safety.

SECTION 2. Findings.

This Ordinance is exempt from the California Environmental Quality Act, Public Resources Code section 21000 *et seq.* (“CEQA”), since in accordance with CEQA Guidelines Section 15061, subd. (b)(3), it can be seen with certainty that there is no possibility that the activity authorized herein may have a significant effect on the environment.

SECTION 3. Use of Proceeds.

- A. **Objectives.** The tax proceeds raised by the special tax created by this Ordinance may be used only to pay for costs or expenses relating to or arising from the following independent agencies and programs:

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1. Public Ethics Commission inclusive of the Democracy Dollars Program, its Charter required functions, operational programs, administrative costs, allocated direct and indirect costs.:
 2. The City Auditor's Office, its Charter required functions, operational programs, administrative costs, allocated direct and indirect costs:
 3. The Office of the Inspector General, its Charter required functions, operational programs, administrative costs, allocated direct and indirect costs:
 4. The Police Commission, its Charter required functions, operational programs, administrative costs, allocated direct and indirect costs:
 5. The Community Police Review Agency, its Charter required functions, operational programs, administrative costs, allocated direct and indirect costs:
 - a.
 6. Tax levy and monitoring costs including a financial audit, financial report, financial monitoring, county tax collection cost, costs to place the tax on the property roll, and other tax levy costs & fees specific to this measure.
- B. Uses. The taxes collected pursuant to the special taxes imposed by this Ordinance shall be used exclusively in connection with programs, services, and personnel that further the objectives set forth in Section 3 (A), including but not limited to:
1. Direct Services and Programs:
 - a. Funding the operations, investigations, and oversight programs of the Public Ethics Commission, City Auditor's Office, Office of the Inspector General, Police Commission, and Community Police Review Agency.
 - b. Supporting programs such as the Democracy Dollars Program to expand voter participation.
 - c. Ensuring compliance with transparency, ethics, and accountability mandates.
 2. Personnel Cost:
 - a. Hiring and retaining qualified personnel to perform core functions such as auditing, investigations, compliance, and community engagement.
 - b. Ensuring minimum staffing levels mandated by the City Charter.
 - c. Providing training, professional development, and certification for staff to enhance their effectiveness and maintain legal and professional standards.
 3. Administrative Cost:
 - a. Covering direct and indirect costs required to administer and manage programs, including office operations, internal services costs, and technology upgrades.

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- b. Funding audits, financial monitoring, and performance tracking systems to ensure transparency and accountability.
 - c. Covering administrative fees charged by the County of Alameda for tax collection and remittance.
4. Community Engagement and Outreach:
- a. Organizing public forums, workshops, and educational programs to increase awareness of oversight programs and improve public trust.
 - b. Creating accessible reports and tools to inform the public about City operations, audits, and investigations.
5. Technology and Infrastructure Investments:
- c. Purchasing and maintaining technology systems to support data collection, reporting, investigations, and program implementation.
 - d. Enhancing cybersecurity and data management to protect sensitive information and ensure operational efficiency.
6. Grant and Contractual Services:
- e. Providing grants or contracts to service providers or consultants to support program objectives or conduct specialized reviews.
- C. Allocation. The proceeds of the special tax shall be appropriated during the budget process or by resolution of the City Council.
1. Ninety-five percent (95%) of the proceeds appropriated from this special tax, net of any audit, financial monitoring, collection, and tax levy costs & fees, shall be allocated based on each agency's estimated required percentage share of the General Purpose Fund (GPF) as noted below. Each entity shall first meet its Charter required staffing and allocations before funding other operations and services from this measure. Allocations are as follows:
- a. City Auditor's Office: Twenty-three percent (23%) of the total funds, shall be allocated to the City Auditor's Office.
 - b. Public Ethic's Commission: Thirty-one percent (31%) of the total funds, shall be allocated to the Public Ethics Commission.
 - c. Police Commission: Five percent (5%) of the total funds, shall be allocated to the Police Commission
 - d. Community Police Review Agency (CPRA): Twenty-nine percent (29%) of the total funds shall be allocated to the CPRA.

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e. Office of the Inspector General (OIG): Twelve percent (12%) of the total funds shall be allocated to the OIG.

2. Five percent (5%) of the proceeds appropriated from this special tax, net of any audit, financial monitoring, collection, and tax levy costs & fees, shall be held in reserve to first meet the costs of any charter mandated operations or maintain minimum staffing or operational funding required by the City Charter which cannot be supported in the allocation of the 95% noted above. If all charter mandates are met the 5% shall be allocated to fund balance in the designated special fund. If the fund balance in the designated special fund is equal to seventeen and one half percent (17.5%) of the annual budgeted amount for the fund as a whole, and the 5% is not needed to meet the costs of any charter mandated operations or maintain minimum staffing or operational funding required by the City Charter, then the 5% shall be allocated in the same proportions as the 95% allocation formula set forth in subsection (C)(1) above.

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f. Notwithstanding any of the above, the City Council may approve minor adjustments to the allocations in Section 3(C) as necessary to reflect operational needs in the Adopted Budget Resolution, provided such changes are consistent with the purpose of this Ordinance. For purposes of this subsection, minor adjustments are the percentages outlined in Part 1, Section 3(C) plus or minus two percent (2%) for the City Auditor's Office, plus or minus three percent (3%) for the PEC, plus or minus one percent (1%) for the Police Commission, plus or minus three percent (3%) for the CPRA, and plus or minus two percent (2%) for the OIG.

D. Authorized Uses of Tax Revenues. Except as otherwise expressly authorized by this Ordinance, the special tax authorized and collected pursuant to this Ordinance shall be used only for the purposes set forth in Part 1, Section 3.

SECTION 4. Annual Financial Report& Audit

Annual Financial Report. The City shall comply with the reporting requirements set forth in California Government Code sections 50075.1 and 50075.3. The City will also procure and independent annual financial audit of the measure.

SECTION 5. Special Fund.

A. All funds collected by the City from the special tax imposed by this Ordinance shall be deposited into one or more special funds in the City treasury and appropriated and expended only for the purposes and uses authorized by this Ordinance.

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- B. Any fund balance accrued shall remain within the designated fund. Any unallocated fund balance amount exceeding seventeen and one-half percent (17.5%) of the annual budgeted amount for the fund as a whole may be reappropriated to departments eligible under the Ordinance for the purpose of funding special projects that further the purpose authorized by the Ordinance.
- C. If necessary to meet charter mandated operations or maintain minimum staffing or operational funding required by the City Charter, and any measures passed prior to or concurrent with this ballot measure, the City may use available unallocated fund balance to supplement the revenue from this measure.

SECTION 7. Savings Clause.

If any provision, sentence, clause, Section or part of this Act is found to be unconstitutional, illegal or invalid, such unconstitutionality, illegality, or invalidity shall affect only such provision, sentence, clause, Section or part of this Act and shall not affect any of the remaining provisions, sentences, clauses, Sections or parts of this ordinance. It is hereby declared to be the intention of the city, that the City would have adopted this Act had such unconstitutional, illegal or invalid provision, sentence, clause Section or part thereof not been included herein.

If any tax or surcharge imposed by this Act is found to be unconstitutional, illegal or invalid, the amounts, services, programs and personnel required to be funded from such taxes and surcharges shall be reduced proportionately by any revenues lost due to such unconstitutionality, illegality or invalidity.

SECTION 8. Term of Tax Imposition.

The parcel tax enacted by this Ordinance shall be imposed and levied for a period of Twenty (20) years. The City shall place delinquencies on subsequent tax bills.

SECTION 9. Regulations.

The City Administrator may promulgate appropriate regulations to implement the provisions of this Act.

SECTION 10. Amendment.

Except as otherwise expressly provided herein, the tax rates set forth herein may not be increased by action of the City Council without the applicable voter approval, but the City Council may make any other changes to this Ordinance as are consistent with its purpose, except that the City Council may only change the allocations defined in Part 1, Section 3(C) as provided in that Section.

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SECTION 11. 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 12. Severability.

If any provision of this Act, or part of this Act, or the application of any provision or part to any person or circumstances, is for any reason held to be invalid, the remaining provisions, or applications of provisions, shall not be affected, but shall remain in full force and effect, and to this end the provisions of this measure are severable. If a court were to find in a final, unreviewable judgment that the exclusion of one or more entities or activities from the applicability of the Act renders the Act unconstitutional, those exceptions should be severed and the Act should be made applicable to the entities or activities formerly exempt from the Act. It is the intent of the voters that this Act would have been enacted regardless of whether any invalid provision had been included or any invalid application had been made.

SECTION 13. Conflicting Initiatives.

- A. In the event that this measure and one or more conflicting measures appear on the same City ballot, the provisions of the measure that receives the greatest number of affirmative votes shall prevail in their entirety, and the other measure or measures shall be null and void.
- B. If this measure is approved by the voters but superseded by law by any other conflicting measure approved by voters at the same election, and the conflicting ballot measure is later held invalid, this measure shall be self-executing and given full force and effect.

SECTION 14. Reimbursement.

At the discretion of the City Council, special tax revenues collected by the City pursuant to this Ordinance may be used to reimburse the City for costs incurred in connection with the election seeking voter approval of this Ordinance.

SECTION 15. Liberal Construction.

This Act shall be liberally construed to effectuate its purposes.

SECTION 16. Effective Date.

The tax imposed by this Ordinance shall be effective only if approved by two-thirds of the voters voting thereon, and shall go into effect ten (10) days after the vote is declared by the City Council.

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PART 2. Parcel Tax

SECTION 1. Definitions.

For purposes of this Part 2 only, the following terms shall be defined as set forth below:

- A. "Building" shall mean any structure having a roof supported by columns or by walls and designed for the shelter or housing of any person, chattel, or property of any kind. The word "Building" includes the word "structure."
- B. "City" shall mean the City of Oakland, California.
- C. "Family" shall mean one (1) or more persons related by blood, marriage, domestic partnership, or adoption, legal guardianship, who are living together in a single residential unit and maintaining a common household. Family shall also mean all unrelated persons who live together in a single Residential Unit and maintain a common household.
- D. "Hotel" shall be as defined by Oakland Municipal Code Section 4.24.020.
- E. "Multiple Residential Unit Parcel" shall mean a parcel zoned for a Building, or those portions thereof, that accommodates or is intended to contain two (2) or more residential units, whether or not developed.
- F. "Non-Residential" shall mean all parcels that are not classified by this Act as Single Family Residential or Multiple Residential Unit Parcels, and shall include, but not be limited to, parcels for industrial, commercial and institutional improvements, whether or not developed.
- G. "Occupancy" shall be as defined by Oakland Municipal Code Section 4.24.020.
- H. "Operator" shall be as defined by Oakland Municipal Code Section 4.24.020.
- I. "Owner" shall mean the Person having title to real estate as shown on the most current official assessment role of the Alameda County Assessor.
- J. "Parcel" shall mean a unit of real estate in the City of Oakland as shown on the most current official assessment role of the Alameda County Assessor.
- K. "Person" shall mean an individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.
- L. "Possessory Interest" as it applies to property owned by any agency of the government of the United States, the State of California, or any political subdivision thereof, shall mean possession of, claim to, or right to the possession of, land or Improvements and shall include any exclusive right to the use of such land or Improvements.
- M. "Residential Unit" shall mean a Building or portion of a Building designed for or occupied exclusively by one Family.
- N. "Single Family Residential Parcel" shall mean a parcel zoned for single-family residences, whether or not developed.
- O. "Tax" shall mean the parcel tax created by this Act and further described in Part 2, Section 2, below.

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- P. “Transient” shall mean any individual who exercises Occupancy of a Hotel or is entitled to Occupancy by reason of concession, permit, right of access, license or other agreement for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days. Any individual so occupying space in a Hotel shall be deemed to be a Transient until the period of thirty (30) consecutive days has elapsed.

SECTION 2. Imposition of Parcel Tax.

There is hereby imposed a special tax on all Owners of parcels in the City of Oakland for the privilege of using municipal services and the availability of such services. The tax imposed by this Section shall be assessed on the Owner unless the Owner is by law exempt from taxation, in which case, the tax imposed shall be assessed to the holder of any Possessory Interest in such parcel, unless such holder is also by law exempt from taxation. The tax is imposed as of July 1 of each year on the person who owned the parcel on that date. The tax shall be collected at the same time, by the same officials, and pursuant to the same procedures as the one percent imposed pursuant to Article XIII A of the California Constitution.

The tax hereby imposed shall be set as follows subject to adjustment as provided in Section 4 of this Act:

- A. For owners of all Single-Family Residential Parcels, the tax shall be at the annual rate of \$130.00 per Parcel.
- B. For owners of all Multiple Residential Unit Parcels, the tax shall be at the annual rate of \$89.00 per Residential Unit.
- C. The tax for Non-Residential Parcels is calculated using both frontage and square footage measurements to determine total single-family residential unit equivalents (SFE). A frontage of eighty (80) feet for a commercial institutional parcel, for example, is equal to one (1) single family residential unit equivalent. (See matrix.) An area of six thousand four hundred (6,400) square feet for the commercial institutional parcel is equal to one (1) single family residential unit equivalent. For tall buildings (more than five (5) stories), the single-family residential unit equivalent computation also includes one (1) single family residential unit equivalent for every five thousand (5,000) square feet of net rentable area. The tax is the annual rate of \$130.00 multiplied by the total number of single-family residential unit equivalents (determined by the frontage and square footage).

LAND CATEGORY	USE	FRONTAGE	AREA (SF)	BUILDING AREA (SF)
Commercial/Institutional		80	6,400	N/A
Industrial		100	10,000	N/A

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Public Utility	1,000	100,000	N/A
Golf Course	500	100,000	N/A
Quarry	1,000	250,000	N/A
Tall Buildings > 5 stories	80	6,400	5,000

Example: assessment calculation for a Commercial Institutional Parcel with a Frontage of 160 feet and an Area of 12,800 square feet:

Frontage 160 feet + 80 = 2 SFE

Area 12,800 square ÷ feet 6,400 = 2 SFE

2 SFE + 2 SFE = 4 SFE

4 SFE x \$130.00 = \$520.00 tax

- D. The tax imposed by this Act shall be imposed on each Hotel within the City as follows:
1. Residential Hotels. Rooms in a Hotel occupied by individuals who were not Transients for eighty percent (80%) or more of the previous fiscal year shall be deemed Residential Units and the parcel on which they are located shall be subject to the Parcel tax imposed on Multiple Residential Unit Parcels. The remainder of the Building shall be subject to the applicable tax computed in accordance with the single-family residential unit equivalent formula set forth in Section 2(c) of this Act.
 2. Transient Hotels. Notwithstanding paragraph (1) of this subdivision, if eighty percent (80%) or more of the Operator's gross receipts for the previous Fiscal Year were reported as rent received from Transients on a return filed by the Operator in compliance with Section 4.24.010 of the Oakland Municipal Code (commonly known as the Uniform Transient Occupancy Tax of the City of Oakland), such Hotel shall be deemed a Transient Hotel. The entire Building shall be deemed a Non-Residential Parcel, categorized as commercial/institutional, and shall be subject to the applicable tax computed in accordance with the single-family residential unit equivalent formula set forth in Section 2(c) of this Act, and the parcel tax imposed on Multiple Residential Units shall not apply.

SECTION 3. Exemptions.

- A. Very-Low income household exemption. The following is exempt from this tax: an Owner of a Single-Family Residential Unit (1) who resides in such unit and (2) whose combined family income, from all sources for the previous year, is at or below the income level qualifying as sixty percent (60%) of area median income for a Family of such size under Section 8 of the United States Housing Act of 1937 (42 U.S.C.A. Sections 1437 et. seq.), or successor legislation, for such year. The

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Director of Finance shall set forth procedures for annual applications from Owners for the exemption, which may require information such as federal income tax returns and W-2 forms of owner occupants eligible for the exemption, or procedures for an alternative process.

- B. Senior household exemption. The following is exempt from this tax: an Owner of a single family residential unit (1) who resides in such unit, (2) who is sixty-five (65) years of age or older and (3) whose combined family income, from all sources for the previous year, is at or below the income level qualifying as eighty percent (80%) of area median income for a Family of such size under Section 8 of the United States Housing Act of 1937 (42 U.S.C.A. Sections 1437 et. seq.), or successor legislation, for such year. The Director of Finance shall set forth procedures for annual applications from Owners for the exemption, which may require information such as federal income tax returns and W-2 forms of owner occupants eligible for the exemption, or procedures for an alternative process.
- C. Fifty percent reduction for affordable housing projects. Rental housing owned by nonprofit corporations and nonprofit-controlled partnerships for senior, disabled and low-income households that are exempt from ad valorem property tax pursuant California Revenue and Taxation Code 214(f), (g) and (h) shall be liable for only 50% of the parcel tax. The exemption shall apply in the same proportion that is exempted from ad valorem property tax.
- D. Rebate to tenants in foreclosed single-family homes. The City will provide a rebate of one-half (1/2) of the tax and subsequent increases thereto to tenants in single family homes that have been foreclosed upon who have paid a passed through Parcel Tax. To qualify for this rebate, a tenant must: (1) have lived in the unit before foreclosure proceedings commenced; and (2) be at or below the income level qualifying as sixty percent (60%) of area median income for a Family of such size under Section 8 of the United States Housing Act of 1937 (42 U.S.C.A. Sections 1437 et. seq.), or successor legislation, for such year. The City will provide this rebate for every month that the tax was applied and the tenant occupied the unit. The City will provide this rebate at the end of each year, or when the tenant vacates the unit, whichever is earlier. The City Administrator will promulgate regulations to effectuate this subdivision.
- E. Real property owned by a religious organization or school that is exempt from property taxes under California law is exempt from this tax. To qualify for this exemption, each religious organization or school seeking such exemption shall submit such information required to determine eligibility for such exemption.

SECTION 4. Reduction in Tax Rate; Rate Adjustment.

- A. Subject to paragraph (B) of this section, the tax rates imposed by this Ordinance are maximum rates and may not be increased by the City Council above such maximum rates. The tax imposed by the Ordinance may be suspended, reduced or eliminated by the City

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Council to the full extent allowed by Section 2 of Article XIII C of the Constitution of the State of California.

- B. Beginning for the Fiscal Year 2026-2027, and each year thereafter, the City Council may increase the special parcel tax imposed by a percentage that is up to the greater of:
1. The percentage change in the cost of living in the immediate San Francisco Bay Area, as determined by the twelve-month (12) Annual Percentage Change in the Consumer Price Index (CPI) for all items in the San Francisco Bay Area as published by the U.S. Department of Labor Statistics; or
 2. The percentage change in California per capita personal income, as determined by the California State Department of Finance and shown in the Price Factor and Population Information Report issued annually.

SECTION 5. Duties of the Director of Finance; Notice of Decisions.

It shall be the duty of the Director of Finance to collect and receive all taxes imposed by this Act. The Director of Finance is charged with the enforcement of this Act and may adopt rules and regulations relating to such enforcement.

SECTION 6. Examination of Books, Records, Witnesses; Penalties.

The Director of Finance or the Director of Finance's designee is hereby authorized to examine assessment rolls, property tax records, records of the Alameda County Recorder and any other records of the County of Alameda deemed necessary in order to determine ownership of Parcels and computation of the tax imposed by this Act.

The Director of Finance or the Director of Finance's designee is hereby authorized to examine the books, papers and records of any person subject to the tax imposed by this Act, including any person who claims an exemption, for the purpose of verifying the accuracy of any petition, claim or return filed and to ascertain the tax due. The Director of Finance, or the Director of Finance's designee is hereby authorized to examine any person, under oath, for the purpose of verifying the accuracy of any petition, claim or return filed or to ascertain the tax due under this Act and for this purpose may compel the production of books, papers and records, whether as parties or witnesses, whenever the Director of Finance believes such persons have knowledge of such matters. The refusal of such examination by any person subject to the tax shall be deemed a violation of this Act and of the Oakland Municipal Code and subject to any and all remedies specified therein.

SECTION 7. Collection of Tax; Interest and Penalties.

The tax shall be delinquent if the City does not receive it 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 the tax shall be collected in such a manner as the City Council may decide. The City may place delinquencies on a subsequent tax bill.

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A one-time penalty at a rate set by the City Council, which in no event shall exceed twenty-five percent (25%) of the tax due per fiscal year, is hereby imposed by this Act on all taxpayers who fail to timely pay the tax provided by this Act. In addition, the City Council may assess interest at the rate of one percent (1%) per month on the unpaid tax and the penalty thereon.

Every penalty imposed and such interest as accrues under the provisions of this Act shall become a part of the tax herein required to be paid.

The City may authorize the County of Alameda to collect the taxes imposed by this Act in conjunction with and at the same time and in the same manner as the County collects property taxes for the City. If the City elects to authorize the County of Alameda to collect the tax, penalties and interest shall be those applicable to the nonpayment of property taxes.

SECTION 8. Collection of Unpaid Taxes.

The amount of any tax, penalty, and interest imposed under the provisions of this Act shall be deemed a debt to the City. Any person owing money under the provisions of this Act shall be liable to an action brought in the name of the City for the recovery for such amount.

SECTION 9. Refund of Tax, Penalty, or Interest Paid More than Once, or Erroneously or Illegally Collected.

Whenever the amount of any tax, penalty, or interest imposed by this Act has been paid more than once, or has been erroneously or illegally collected or received by the City it may be refunded provided a verified written claim for refund, stating the specific ground upon which such claim is founded, is received by the Director of Finance within one (1) year of the date of payment. The claim shall be filed by the person who paid the tax or such person's guardian, conservator, or the executor of her or his estate. No representative claim may be filed on behalf of a taxpayers or a class of taxpayers. The claim shall be reviewed by the Director of Finance and shall be made on forms provided by the Director of Finance. If the claim is approved by the Director of Finance, the excess amount collected or paid may be refunded or may be credited against any amounts then due and payable from the person from whom it was collected or by whom paid, and the balance may be refunded to such person, or such person's administrators or executors. Filing a claim shall be a condition precedent to legal action against the City for a refund of the tax; and be it,

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FURTHER RESOLVED: That the City Council of the City of Oakland does hereby request that the Board of Supervisors of Alameda County order the consolidation of all City of Oakland Special Municipal elections to be held on April 15, 2025,; and be it,

FURTHER RESOLVED: That the consolidated municipal elections shall be held and conducted in the manner required in Section 10418 of the California Elections Code; and be it

FURTHER RESOLVED: That in accordance with applicable law, the City Clerk shall fix and determine a date for submission of arguments for or against said proposed Ordinance, and said date shall be posted in accordance with legal requirements; and be it,

FURTHER RESOLVED: That each ballot used at said election shall have printed therein, in addition to any other matter required by law, the following:

AN ORDINANCE

Measure ____. [FINAL BALLOT QUESTION SUBJECT TO CITY ATTORNEY APPROVAL]	Yes	
	No	

FURTHER RESOLVED: That the City Council hereby authorizes and directs the City Clerk of the City of Oakland (the “City Clerk”) at least 88 days prior to the special municipal election, to file with the Alameda County Clerk certified copies of this resolution; and be it

FURTHER RESOLVED: That the City Council does hereby request that the Board of Supervisors of Alameda County include on the ballots and sample ballots recitals the measure language to be voted on by the voters of the City of Oakland; and be it

FURTHER RESOLVED: That the City Clerk is hereby directed to cause the posting, publication and printing of notices, pursuant to the requirements of the Charter of the City of Oakland, Chapter 3.08 of the Oakland Municipal Code, and state law; and be it

FURTHER RESOLVED: That the City Attorney, in accord with the City Attorney's powers and duties is hereby authorized to insert the final ballot question into this resolution after adoption by the Council so that the ballot question constitutes a true and impartial synopsis of the

Item 4 - Parcel Tax to Fund Oversight Agencies

final proposed measure; and to make any changes to the texts of the measure as described herein to conform to any legal requirements or requirements of the County Registrar; and be it

FURTHER RESOLVED: That the City Council does hereby request that the Registrar of Voters of the County of Alameda perform necessary services in connection with said election; and be it

FURTHER RESOLVED: That the City Clerk and City Administrator are hereby authorized and directed to take any and all actions necessary under law to prepare for and conduct the special municipal election and appropriate all monies necessary for the City Administrator and City Clerk to prepare and conduct the special municipal election.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES -

NOES –

ABSENT –

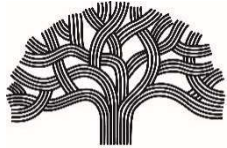
ABSTENTION –

ATTEST: _____

ASHA REED

City Clerk and Clerk of the Council of the
City of Oakland, California

Item 4 - Parcel Tax to Fund Oversight Agencies



CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: April 2025 Special Election Parcel Tax Measures for Independent Oversight Agencies and Essential Services Recovery

DATE: December 12, 2024

City Administrator Approval


Jestin Johnson (Dec 13, 2024 09:24 PST)

Date: Dec 13, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution On The City Council's Own Motion Submitting To The Voters At The April 15 Special Municipal Election, An Ordinance To Adopt A Special Parcel Tax To Maintain The City's Independent Oversight Agencies And Programs; Requesting Consolidation Of The Election With All Special Municipal Elections To Be Held In The City Of Oakland On April 15, 2025; And Directing The City Clerk To Take All Actions Necessary Under Law To Prepare For And Conduct An April 15, 2025 Special Municipal Election.

EXECUTIVE SUMMARY

Staff recommends that City Council hear this resolution for a first reading under the City Charter so that the City Council seated in January can consider the special parcel tax ballot measure for the April Special Election with sufficient time. Staff also recommends that the current City Council preserve this option for the next City Council, even if there are concerns about the viability of the measure, or the current content of this measure.

The proposed Ordinance introduces a special parcel tax specifically designated to fund the essential operations of the City's independent oversight agencies and programs. These entities include the Public Ethics Commission (PEC), which encompasses the Democracy Dollars Program, the City Auditor's Office, the Office of the Inspector General (OIG), the Police Commission, and the Community Police Review Agency (CPRA). Additionally, the revenue collected provides funding for related administrative expenses.

These agencies are mandated by voter-approved City Charter measures such as Measure LL, Measure S1, Measure W, and Measure OO, to maintain specific minimum staffing levels to fulfill their responsibilities. Their functions are critical for the integrity of public services, encompassing the audit of city services, investigation of public corruption, support for public

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Jestin D. Johnson, City Administrator

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campaign financing, and ensuring both fiscal and law enforcement transparency and accountability.

The primary purpose of this measure is to establish a stable, dedicated revenue stream to support these oversight bodies. This funding mechanism is critical to ensure that these agencies can continue to operate effectively and independently, safeguarding public interest and maintaining checks and balances within municipal governance.

REASON FOR URGENCY

Pursuant to Chapter 5, Section 1405 (b) of the California Elections Code, the governing body of a county, city, or district may call a special election for the purpose of submitting an initiative measure to the voters before the date on which the initiative measure would appear on the ballot pursuant to subdivision (a). If the governing body calls a special election pursuant to this subdivision, the election shall be held not less than 88 days nor more than 103 days after the order of the election. In order to ensure that the proposed measure is submitted in time for the April 15 Special Election, it must meet legal requirement of being finalized at 88 days before the election.

BACKGROUND / LEGISLATIVE HISTORY

In 2014, Oakland Voters passed Measure CC, adding Section 603 to the City Charter which created the PEC.

In 2022, Oakland Voters passed Measure W, the Oakland Fair Elections Act, which established the Democracy Dollars -to ensure fair and equal opportunity to participate in elective and governmental processes.

In 2024, Oakland Voters passed Measure OO, which amended City Charter to among other things add additional minimum staffing requirements for the PEC and limit the ability of the City to reduce staffing based on fiscal necessity.

In 2016, Oakland voters approved Measure LL, which established a Police Commission to oversee the Police Department's policies and procedures, and the CPRA to investigate police misconduct and recommend discipline. The Measure LL City Charter amendment allowed for "enabling legislation" that furthers the goals and purposes of Measure LL.

On July 10, 2018 The City Council adopted Ordinance [C.M.S. 13498](#) enabling implementation of the city charter amendment creating the Oakland Police Commission and the CPRA, (2) establishing a civilian inspector general, and (3) requiring an annual report and presentation by the community policing advisory board to the commission.

In 2020, Oakland voters approved Measure S1, which expanded the independence, authority, and staffing of the Police Commission and CPRA, and provided that the OIG reports to the Police Commission.

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On July 11, 2022 City Council Adopted [Resolution No. 89317](#), which among other things added and clarified duties of and provided minimum staffing for the City Auditor. Effective July 2023, the budget for the Office of the City Auditor shall be sufficient to hire at least fourteen full-time equivalent (“FTE”) employees of relevant classifications.

ANALYSIS AND POLICY ALTERNATIVES

The revenue generated from the Independent Oversight Agencies and Programs special parcel tax designated by this measure will be allocated exclusively to support the operations and objectives of the City’s Independent Oversight Agencies and Programs. This allocation will cover operational costs, investigations, and oversight initiatives of these agencies, as well as support programs like the Democracy Dollars Program to enhance voter participation. The funds will ensure compliance with transparency, ethics, and accountability mandates.

Administrative expenses will include both direct and indirect costs related to these services, such as implementation and evaluation of program effectiveness, and covering administrative fees charged by the County of Alameda for tax collection and remittance. The measure will also facilitate the hiring and retention of competent personnel in critical roles such as auditing, investigations, compliance, and community outreach, while maintaining the staffing levels mandated by the City Charter. Currently, these services are supported by the City’s General Purpose Fund (GPF), which allows for reductions in staffing based on fiscal constraints.

FISCAL IMPACT

The proposed Independent Oversight Agencies and Programs special parcel tax measure is projected to generate approximately \$23.22 million annually, adjusted annually as determined by the twelve-month (12) Annual Percentage Change in the Consumer Price Index (CPI) for all items in the San Francisco Bay Area as published by the U.S. Department of Labor Statistics; or The percentage change in California per capita personal income, as determined by the California State Department of Finance and shown in the Price Factor and Population Information Report issued annually.

This revenue will replace funding currently provided by the GPF. The funds will be distributed proportionally based on each eligible agency’s existing share of the GPF, adjusted to meet Charter-mandated staffing levels, a 15% increase in fringe benefits anticipated for Fiscal Year (FY) 2025-26, and a 5% flexible allocation to ensure operational efficiency.

The allocations are as follows:

- **City Auditor’s Office:** 23%, or approximately (\$5.34 million)
- **Public Ethics Commission (PEC):** 31%, or approximately (\$7.20 million)
- **Police Commission:** 5%, or approximately (\$1.16 million)
- **Community Police Review Agency (CPRA):** 29%, or approximately (\$6.73 million)
- **Office of the Inspector General (OIG):** 12%, or approximately (\$2.79 million)

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This strategic distribution ensures that each agency has the resources needed to maintain and enhance services, address rising costs, and meet staffing requirements.

Offsetting Tax Cost with PFRS

For Single Family Residential (SFR) properties, the levy under the 2025 Independent Agencies Parcel Tax Measure is set at \$130. The Police and Fire Retirement System Tax Override which partially funds the unfunded actuarial accrued liability for the retirement benefits of the Oakland Police and Fire Retirement System (PFRS), may be lowered provided sufficient funds exist to cover the cost of the system. PFRS is authorized a maximum levy of 0.1575% Ad Valorem tax on SFR properties. This translates to a tax of \$472.50 for a property with an assessed value of \$300,000, \$315.00 for a property with an assessed value of \$200,000, and \$157.50 for a property with an assessed value of \$100,000. Assuming the PFRS levy can be reduced then comparing the new levy to the existing PFRS tax, the \$130 levy from the 2025 Independent Agencies Parcel Tax Measure would represent an increase only for properties with an assessed value at or below \$82,545, which constitute less than 10% of Oakland's properties. These properties benefit from lower assessed values under California's Proposition 13, which restricts property value increases except in cases of transfer or refinancing. Conversely, over 90% of properties in Oakland would see a reduction in their tax burden relative to the current PFRS levy.

PUBLIC OUTREACH / INTEREST

The proposed measure has been introduced in a City Council meeting, where it is open for public comment. Public notices will be published in local newspapers and on the City's website, detailing the specifics of the proposed measure.

COORDINATION

There has been coordination between the City Administrator's Office, the Office of the City Attorney, and the Finance Department for the preparation of this Staff Report.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed Ordinances introduce a new special parcel tax aimed at securing a stable funding source for Oakland's independent oversight agencies which are essential for maintaining government transparency and accountability, efficiency, and the integrity of municipal services, and a second new special parcel tax aimed at securing a limited duration funding source for essential City services.

Environmental: There are no environmental opportunities associated with this report.

Race & Equity: Maintaining an independent and strengthened oversight for the PEC, which encompasses the Democracy Dollars Program, the City Auditor's Office, the Police Commission, the OIG, and the CPRA will result in increased civilian oversight and increased

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accountability and fairness in services provided by the City, in particular during the democratic election process and in Police Department services.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) (If Applicable)

This is exempt from the California Environmental Quality Act, Public Resources Code section 21000 et seq. ("CEQA"), since in accordance with CEQA Guidelines section 15061, subdivision (b)(3), it can be seen with certainty that there is no possibility that the activity authorized herein may have significant effect on the environment.

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ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution On The City Council's Own Motion Submitting To The Voters At The April 15 Special Municipal Election, An Ordinance To Adopt A Special Parcel Tax To Maintain The City's Independent Oversight Agencies And Programs; Requesting Consolidation Of The Election With All Special Municipal Elections To Be Held In The City Of Oakland On April 15, 2025; And Directing The City Clerk To Take All Actions Necessary Under Law To Prepare For And Conduct An April 15, 2025 Special Municipal Election.

For questions regarding this report, please contact Bradley Johnson, Budget Administrator, at (510) 207-5730.

Respectfully submitted,



Erin Roseman (Dec 13, 2024 07:32 PST)

ERIN ROSEMAN
Director of Finance, Finance Department

Reviewed by:
Bradley Johnson, Budget Administrator

Prepared by Budget & Revenue Management
Bureau(s):
Nathan Bassett
Tiffany Kirkpatrick
Daniel Mariano
Jose Segura

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