



STAFF REPORT

Date: July 12, 2016
To: Bryan H. Montgomery, City Manager
From: Deborah Sultan, Finance Director
SUBJECT: Approve Resolution Modifying the Police Services Tax Rate Schedule

Approved and Forwarded to the City Council:


Bryan Montgomery, City Manager

Background and Analysis

Prior to City incorporation, the County created a Police Services Special Tax to help pay for the cost of police services. Upon incorporation, the City continued the tax structure. In 2002, it adjusted the applicable tax rate by the change in the cost of living since incorporation and put a cost of living escalator into the tax. In 2004, the City Council approved a resolution to adjust the current tax rate and to change the method of automatically adjusting the tax rate based on the annual increase in the Sheriff's contract amount for Oakley police services. Beginning May 2016, the City established its own police department and no longer contracts with the Sheriff's office to provide public safety. A new method of determining the new tax rate each year is required. The City expects the transition from the Sheriff's contract to its own police department will allow the City to better control the cost of police services and increase the service levels.

In order to ensure that revenue grows at a rate sufficient to cover the cost of providing police services, staff is proposing to change the method of automatically increasing the rate back to a cost of living escalator while reserving the opportunity to adjust the rate in the following year if the CPI adjustment is insufficient to reimburse the City.

Fiscal Impact

By recalculating the Police Services Tax to a change in the cost of living, the current tax rate of \$975.84 for a single-family home would increase to \$1,002.18 annually based upon the attached schedule.

Recommendation

Staff recommends approval the attached resolution to adjust the current tax rate and to change the method of automatically adjusting the tax rate from "Cost of Service" increase to the increase in "Cost of Living" reserving the opportunity to adjust the rate the following year if the CPI adjustment is insufficient to reimburse the City.

RESOLUTION NO. __

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY
APPROVING MODIFICATIONS TO SCHEDULE FOR POLICE SERVICES TAX,
PREVIOUSLY ADOPTED ON MARCH 22, 2004**

WHEREAS, on March 22, 2004, the City Council adopted a schedule for the police services tax to adjust the annual tax amount per parcel by the change in the City's cost of obtaining police services pursuant to its contract with the Contra Costa County Sheriff's Department for zones created beginning July 1, 2002; and

WHEREAS, as of May 6, 2016, the City has its own police department and no longer contracts with the Contra Costa County Sheriff's Department for its police services; and

WHEREAS, the City Council desires to revise said schedule for police services taxes to adjust the annual tax per parcel by the increase in the Consumer Price Index for all Urban Consumers for the San Francisco-Oakland-Bay Area to become effective July 1, 2016 and;

WHEREAS, the City Council desires to incorporate into said schedule for police services tax an automatic adjuster by the change in the Consumer Price Index; and

WHEREAS, the purpose of this resolution is to change the basis of how increases to such tax are calculated.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Oakley hereby resolves that the schedule for police services tax, which is attached hereto as Exhibit A is adopted and effective immediately; and

BE IT FURTHER RESOLVED THAT, the tax rates shown in Exhibit A shall be automatically adjusted on July 1 of each year, beginning on July 1, 2016 by the increase in the Consumer Price Index for all Urban Consumers for the San Francisco-Oakland-Bay Area and applying that rate to the prior year amounts for each property use code category. However, the City Council reserves the right to itself the opportunity to adjust the rate in the following year if the CPI adjustment is insufficient to reimburse the City for the costs of providing levels of police services as approved by the City Council.

PASSED AND ADOPTED by the City Council of the City of Oakley at a meeting held on the 12th of July, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

APPROVED:

Kevin Romick, Mayor

**CITY OF OAKLEY SCHEDULE FOR POLICE SERVICE TAX
FOR FISCAL YEAR 2016/2017**

PROPERTY USE CODE CATEGORY	EXPLANATION	FY15/16 TAX PER PARCEL	FY16/17 TAX PER PARCEL
11	Single Family Residence – 1 res., 1 site	\$975.84	\$1,002.18
12	Single Family Residence – 1 res., 2 or more sites	\$975.84	\$1,002.18
13	Single Family Residence – 2 res., on 1 or more sites	\$1,561.34	\$1,603.48
14	Single Family Residence – other than single fam. Land	\$975.84	\$1,002.18
15	Misc. Improvements – 1 site	\$975.84	\$1,002.18
16	Misc. Improvements – 2 or more sites	\$975.84	\$1,002.18
17	Vacant – 1 site	\$487.92	\$501.08
18	Vacant – 2 or more sites	\$487.92	\$501.08
19	Single Family Residence – Det. W/common area	\$975.84	\$1,002.18
20	Vacant – Multiple	\$487.92	\$501.08
21	Duplex	\$1,561.34	\$1,603.48
22	Triples	\$2,342.02	\$2,405.24
23	Fourplex	\$3,122.68	\$3,206.98
24	Combinations	\$975.84	\$1,002.18
25	Apartments (5 –12 Units)	\$3,915.54	\$4,021.24
26	Apartments (13 – 24 Units)	\$10,148.68	\$10,422.68
27	Apartments (25 – 59 Units)	\$19,516.70	\$20,043.64
28	Apartments (60+ units)	\$46,840.06	\$48,104.74
29	Attached PUDs: Cluster Homes, Condos, etc.	\$975.84	\$1,002.18
30	Vacant – Commercial	\$487.92	\$501.08
31	Commercial Stores – Not Supermarkets	\$1,951.68	\$2,004.36
32	Small Grocery Stores – (7-11, etc.)	\$2,927.52	\$3,006.56
33	Office Buildings	\$1,951.68	\$2,004.36
34	Medical, Dental	\$1,951.68	\$2,004.36
35	Service Stations, Car Wash	\$1,951.68	\$2,004.36
36	Garages	\$1,951.68	\$2,004.36
37	Community Facilities (Recreational, etc.)	\$3,903.34	\$4,008.72
38	Golf Courses	\$1,951.68	\$2,004.36
39	Bowling Alleys	\$975.84	\$1,002.18
40	Boat Harbors	\$2,439.60	\$2,505.46
41	Supermarkets – (not shopping centers)	\$2,927.52	\$3,006.56
42	Shopping Centers	\$3,903.34	\$4,008.72
43	Financial Buildings – (Ins., Title, Banks, S&L)	\$975.84	\$1,002.18
44	Motels, Hotels & Mobile Home Parks	\$4,879.18	\$5,010.90
45	Theaters	\$2,195.64	\$2,254.92
46	Drive-in Restaurants	\$1,463.76	\$1,503.28
47	Restaurants	\$1,463.76	\$1,503.28
48	Multiple & Commercial	\$1,463.76	\$1,503.28
49	New Car Agencies	\$1,463.76	\$1,503.28
50	Vacant Land (not part of Ind. Park or P. & D.)	\$365.94	\$375.82
51	Industrial Park	\$2,927.52	\$3,006.56
52	Research & Development	\$1,463.76	\$1,503.28
53	Light Industrial	\$1,463.76	\$1,503.28
54	Heavy Industrial	\$1,463.76	\$1,503.28
55	Mini Warehouses (public storage)	\$2,927.52	\$3,006.56
56	Misc. Improvements	\$2,927.52	\$3,006.56
61	Rural, Res., Improvement 1A-10A	\$731.88	\$751.64
62	Rural, w/o structure 1A-10A	\$731.88	\$751.64
70	Convalescent Hospitals / Rest Homes	\$1,463.76	\$1,503.28
73	Hospitals	\$1,463.76	\$1,503.28
74	Cemeteries / Mortuaries	\$1,463.76	\$1,503.28
75	Fraternal & Service Organizations	\$1,463.76	\$1,503.28
76	Retirement Housing Complex	\$4,879.18	\$5,010.90
78	Parks & Playgrounds	\$2,927.52	\$3,006.56
85	Public & Private Parking	\$1,463.76	\$1,503.28
87	Common Area	\$1,463.76	\$1,503.28
88	Mobile Homes	\$731.88	\$751.64
89	Other (split parcels in different tax code areas)	\$731.88	\$751.64
99	Homeowner's Association Owned Common Areas	\$594.14	\$610.18

The tax rates shown in this schedule shall be automatically adjusted on July 1 of each year, beginning on July 1, 2016 by the increase in the Consumer Price Index for all Urban Consumers for the San Francisco-Oakland-Bay Area and applying that rate to the prior year amounts for each property use code category. However, the City Council reserves the right to itself the opportunity to adjust the rate in the following year if the CPI adjustment is insufficient to reimburse the City for the costs of providing levels of police services as approved by the City Council.

CALCULATION OF COST OF LIVING INCREASE

Percent increase from FY 2015-16 in the San Francisco-Oakland-Bay Area Consumer Price Index for all Urban Consumers.

2.70%