



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jill Bourne, Library Director  
Toni Taber, City Clerk

**SUBJECT:** CONTINUATION OF  
LIBRARY PARCEL TAX

**DATE:** February 10, 2014

Approved

Date

2/20/14

## RECOMMENDATION

- A. Adopt a resolution of the City Council calling and giving notice, on its own motion, a Special Municipal Election to be held on June 3, 2014, to submit to the electors of the City of San José the following measure:

### MEASURE \_\_\_\_\_

#### **San José Libraries Local Funding Continuation Measure**

To continue existing, voter-approved funding for all San José's libraries and services, including: open hours; librarians; updated books/research materials; access to computers/technology; children's reading programs, story times, teen/senior programs; and adult literacy/job readiness, shall the City of San José continue its library parcel tax for another 25 years, subject to independent annual audits and citizens oversight, with no change in the existing voter-approved tax rate formula?	YES	
	NO	

- B. Council discussion and consideration of whether the full text of the proposed ordinance should be printed in the sample ballot pursuant to Elections Code Section 12111.
- C. Council discussion and consideration of adopting provisions to permit any member or members of the City Council to submit arguments, pursuant to Elections Code Section 9282.
- D. Council discussion and consideration of adopting provisions to permit rebuttal arguments, pursuant to Elections Code Section 9285, and if rebuttal arguments are permitted, then permitting any member or members of the City Council to submit a rebuttal argument.
- E. Adopt a resolution stating the City Council's intention that the base General Fund level of funding support for the Library Department will, to the extent possible, not fall below that of fiscal year (FY) 2013-2014, or 3.59% of the departmental budgets in the General Fund.

## **OUTCOME**

Approval of the recommendation will result in the placement of the San José Libraries Local Funding Continuation Measure on the ballot for Special Election on June 3, 2014, ensuring the continued funding to: preserve access to library resources for local students, educators, parents, and seniors; prevent libraries from closing and children's reading programs from being eliminated; provide safe places for children after school; provide library services for local schools without their own libraries; and keep libraries safe and clean.

## **BACKGROUND**

In November, 2004, an advisory vote of the San José electorate supported (with a 67.18% affirmative vote) the establishment of a ten-year Library Parcel Tax to contribute directly to the Library's budget. The revenues were to provide needed funding for the San José Public Library System, and replaced an expiring Library Benefit Assessment District formed to acquire new books, magazines, computers, and other materials; to improve educational programs and other services for children, adults, and seniors; and to repair and upgrade libraries.

Prior to the advisory vote on the 2004 Library Parcel Tax, the Council approved a resolution declaring the Council's intent to maintain the current City funding levels for the Library Department in the event that the Library Parcel Tax was enacted. This was done to assure the voters that parcel tax revenues would not simply replace budgeted general funds, but, rather, that these special dedicated funds would augment general funding sources of the city, allowing for stability and potential growth in Library sources and services. Staff is recommending that Council adopt a similar resolution that the base General Fund level for the Library Department will, to the extent possible, not fall below that of FY 2013-2014, or 3.59% of departmental budgets in the General Fund.

Fiscal year 2014-15 will be the tenth and final year of collection of the current Library Parcel Tax. If continued funding through the Library Parcel Tax is not approved, the Library Department will lose almost \$8 million annually. By Resolution No. 76907, the City Council previously called for a General Municipal election to be held on June 3, 2014. Staff recommends that a Special Municipal Election be called for the same date and that the Library Parcel Tax measure, described below, be placed on the June 3, 2014 ballot.

## **ANALYSIS**

### **Proposed Measure**

The proposed 25 year continuation of the Library Parcel Tax will be an annual special tax in the form of a parcel tax. The parcel tax requires approval by a two-thirds majority of voters. Recent

residential surveys indicate widespread community approval of the Library and the willingness of the voters to continue support for dedicated funding at the same levels as have been paid for the past nine years.

The rate schedule and the types of properties charged are proposed to continue in the same form as the current Library Parcel Tax fees and formula. As such, these fees would only increase by the same rate of the Bay Area Consumer Price Index (CPI), and no more than three percent annually. The current FY 2013-2014 rate per single-family or condominium/townhouse parcel is \$29.84. This rate could potentially increase by up to 3% in FY 2014-2015. The ordinance will use, for illustration purposes, the 2013-2014 tax rate schedule for the property classifications subject to the proposed tax, attached to this memo as Exhibit A, because the 2014-2015 rates have not yet been calculated.

The City Attorney's Office will separately distribute the ordinance that, if approved by the voters, would continue the Library Parcel Tax. The proposed ordinance also makes a revision in the base period of the timing of the CPI adjustment to February-through-February, to reflect the fact that CPI data for the All Urban Consumers for the San Francisco-Oakland-San José area with all items included as published by the U.S. Department of Labor, Bureau of Labor Statistics (BLS) is only calculated every other month (for even months). This change is merely a documentation of a change that was made administratively in 2007.

The proposed parcel tax and cost of living adjustment will maintain specially funded services at their current level. It will not meet all of the current needs of the City's library system and the community's demand for branch libraries to be opened at least five or six days per week.

#### Use of Library Parcel Tax

The Library Parcel tax proceeds will continue to be deposited in the Library Parcel Tax Fund (Fund 418) and will be spent exclusively on library purposes, including:

1. The acquisition of library books and materials and related costs to maintain library collections at all libraries;
2. Development and delivery of educational support programs for all age groups to support literacy and lifelong learning;
3. The repair, equipping, and staffing of libraries; and
4. The cost of collection and administration of the Library Parcel Tax.

#### Oversight and Reporting

The Library and Early Education Commission, acting in its assigned role as Library Parcel Tax Oversight Committee, will continue to report annually to the City Council regarding expenditure of the Library Parcel Tax proceeds. The expenditure of these proceeds will also be reviewed annually by the City's external auditor in connection with the preparation of the City's Comprehensive Annual Financial Report.

### Need for Continued Funding – Impacts

San José's neighborhood libraries continue to play a critical role in our community. In 2013, residents made nearly 6,000,000 visits to San José libraries, more than 200,000 children, teens, and adults attended library workshops, and more than 89,000 children and adults participated in library literacy programs.

The current Library Parcel Tax has provided needed funding for more than 840,000 new books and materials added to the public collection. In addition, it has funded nearly two-thirds of all computers used by the public for general and school-related research and more than 50 staff who provide library services to local children and families.

If continued funding from the Library Parcel Tax is not approved before the sunset date in 2015, the Library Department will lose nearly \$8 million annually and would not be able to offer its current level of service beginning in FY 2015-2016. Without the continued dedicated Library funding, the City's library system and customers will likely experience the following impacts:

- Reductions in open hours or the closure of Library branches;
- The inability to purchase books and other library materials needed annually. This will result in a library collection that is no longer current and up-to-date;
- Outdated and worn materials will not be replaced;
- The inability to maintain and keep current with library technology, such as self-service checkout machines and computers for homework, skill development, job searching, and other public uses;
- Over fifty staff positions eliminated;
- Elimination or reductions of Literacy programs and other important children's services;
- Longer delivery delays of library materials to customers and critical lapses in technology maintenance would occur; and
- Elimination or reductions of services for customers wanting to improve their English, improve their reading skills, and obtain citizenship.

### Declaration of Council Intent Regarding Library Funding

The proposed continuation of the Library Parcel Tax is essential to ongoing operating and capital funding for the San José Library Department. During recent years, when General Fund support decreased due to a number of external factors, the Library Parcel Tax provided stability to prevent even more drastic cuts to essential library public services. While it is understood that Council will adopt an annual budget that is based upon available General Fund revenues at the time, the commitment to a maintenance-of-effort will provide a clear statement of intent that general funding for library services will continue. To assure voters that funding from parcel tax revenues will not replace budgeted general funds, a resolution is recommended that states the Council's intent that the base General Fund level of funding support for the Library Department

will, to the extent possible, not fall below that of fiscal year 2013-14, or 3.59% of departmental budgets in the General Fund.

Placement of Measure on the Ballot

In order to place the Library Parcel Tax on the June 3, 2014 ballot, the Council must call a Special Municipal Election.

Measure Costs

The Registrar of Voters estimates the City's total cost of the June 3, 2014 elections excluding any measures at \$924,979. This estimate includes elections for the position of Mayor, and Councilmembers in Districts 1, 3, 5, 7 and 9 and does not include the costs of the candidate statements, which are paid for by the candidates.

In adopting a resolution calling a special election for the Library Parcel Tax measure, the Council may consider certain options which affect the cost of the election. The estimated total cost of the Library Parcel Tax ballot measure will be approximately \$505,219. This includes the costs for the City Attorney's Impartial Analysis, arguments for and against the measure, rebuttal arguments, and the full text of the measure. A breakdown of the costs is detailed below:

Item	Library Parcel Tax Measure
Base Cost	\$297,152
Impartial Analysis	\$20,807
Arguments	\$41,613
Rebuttals	\$41,613
Full Text (5 pages estimate)	\$104,034
<b>Total Cost Measure</b>	<b>\$505,219</b>

The Council has appropriated \$1.8 million in the General Fund for election costs in FY 2013-14 (Appropriation 3955 – Elections and Ballot Measures), which is sufficient to cover the Mayor and City Councilmember election costs as well as the library ballot measure.

Impartial Analysis

Under Elections Code Section 9280, the City Attorney "shall prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure." The Impartial Analysis appears preceding the arguments for and against the measure in the voter's handbook and is limited to 500 words. The cost for this one page analysis is estimated at \$20,807 per page. The deadline to submit the Impartial Analysis to the City Clerk is 12:00 Noon, Tuesday, March 18, 2014.

Ballot Arguments

Arguments for and against a ballot measure may be submitted that are 300 words or less (Elections Code Section 9282). The deadline to submit ballot arguments to the City Clerk is 12:00 Noon, Tuesday, March 11, 2014. Only one argument for and one argument against will be printed in the Sample Ballot. A ballot argument must be accompanied by the printed name and signature or printed names and signatures of the author or authors submitting it, or, if submitted on behalf of an organization, the name of the organization and the printed name and signature of at least one of its principal officers who is the author of the argument. In addition, no more than five signatures will appear with any argument. In case any argument is signed by more than five authors, the signatures of the first five shall be printed (Elections Code Section 9283.)

If more than one argument for or against is submitted, the Elections Code establishes a priority order, shown below (Elections Code Sections 9282 and 9287):

1. The legislative body, or member or members of the legislative body authorized by that body.
2. The individual voter, or bona fide association of citizens, or combination of voters and associations, who are the bona fide sponsors or proponents of the measure.
3. Bona fide associations of citizens.
4. Individual voters who are eligible to vote on the measure.

The ballot arguments are generally one page per side, two pages total, and the estimated cost is \$20,807 per page per measure or a total of \$41,613.

#### Rebuttal Arguments

In addition, the Council has the discretion to permit rebuttals to arguments to be printed in the Sample Ballot. Rebuttal arguments must be 250 words or less (Elections Code Section 9285). The Council determined not to allow rebuttal arguments for Measure E—Cardroom Gaming in the November 2012 election, and costs were reduced accordingly. The Council, however, did permit rebuttal arguments for Measure B in the June 2012 election, and for Measure D—Minimum Wage Initiative in the November 2012 election.

If the Council chooses to permit rebuttals to arguments, the deadline to submit rebuttal arguments to the City Clerk is 12:00 Noon, Tuesday, March 18, 2014. The City Clerk will send a copy of an argument in favor of the measure to the authors of any argument against the measure and a copy of an argument against the measure to the authors of any argument in favor of the measure immediately upon receiving the arguments. The author or a majority of the authors of an argument relating to a measure may prepare and submit a rebuttal argument or may authorize in writing any other person or persons to prepare, submit, or sign the rebuttal argument, but no more than five persons may sign the rebuttal (Elections Code Section 9285).

Rebuttal arguments are generally one page for each side, two pages, at a cost of \$20,807 per page. The total estimated cost of rebuttal arguments is approximately \$41,613.

### Full Measure Text in the Sample Ballot

In order to reduce elections costs, over the past few years, the City Council has decided not to include the full text of ballot measures in the sample ballot. Alternatively, the full text of the measure(s) is available on the City's web page in multiple languages or is provided to any person upon request to the City Clerk. The City Attorney's Impartial Analysis would include the following statement:

"If you would like to read the full text of the measure, see [www.sanjoseca.gov/clerk/elections/Election.asp](http://www.sanjoseca.gov/clerk/elections/Election.asp) or call 408-535-1260 and a copy will be sent at no cost to you." The City Clerk will send, without charge, a copy of the full text of any or all City measures to any person requesting a copy.

The full text of the measure is estimated to take 5 pages, at a cost of \$104,034. The cost would be reduced \$83,227 by not including the full text.

### PUBLIC OUTREACH

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

While this action does not meet any of the above Criteria, this memorandum will be posted on the City's website for the March 4, 2014 City Council Agenda.

Additionally, the Library will continue efforts to share information about the use of the Library Parcel Tax with the community, specifically noting the services and materials that are funded directly by this revenue source. Electronic and hard-copy information will be posted on the Library's website and in all branch locations and at several public service points at the King Library to ensure that the community is aware of the Department's utilization of this dedicated funding source. Library staff who attend regular or periodic meetings of neighborhood-based organizations and community groups will share this information in person in the form of brief presentations or updates.

**COORDINATION**

The Library Department has coordinated this memo with the City Manager's Office, the City Attorney's Office, the Office of the City Clerk, and the Finance Department.

**COST IMPLICATIONS**

If the proposed library parcel tax ballot measure is not approved by City Council for voter consideration, or should the voters not pass the measure by a two-thirds affirmative vote, the net cost implication to the City is a loss of \$8 million annually in funding dedicated to library services.

See the above section on "Measure Costs" for the costs related to placement of measure on the ballot.

**CEQA**

Exempt, File No. PP04-07-219.

/s/  
TONI J. TABER, CMC  
City Clerk

/s/  
JILL BOURNE  
Director, Library Department

For questions, please contact Jill Bourne, Library Director, at 408-808-2150.

For questions regarding election costs and timelines, please contact Toni J. Tabor, City Clerk, at 408-535-1260.

Attachment





**EXHIBIT A**  
**2013-2014 LIBRARY PARCEL TAX RATES**

<b>Land Use Classification</b>	<b>Tax Rate</b>
<b>Single Family Parcels</b>	\$29.84//Parcel
<b>Condominium/Townhome Parcels</b>	\$29.84/Parcel
<b>Other Residential Parcels (<i>Fraternity, Sorority, Boarding, Rooming House, Far Labor Camp</i>)</b>	
Up to 20 Units	\$11.19/Unit
21 to 50 Units	\$220.03 + \$7.46/Unit Greater than 20 Units
51 to 100 Units	\$447.31+ \$3.73/Unit Greater than 50 Units
Over 100 Units	\$633.45 + \$1.50/Unit Greater than 100 Units
<b>Multi-Family Residential</b>	
Up to 20 Units	\$15.00/Unit
21 to 50 Units	\$299.71 + \$9.99/Unit Greater than 20 Units
51 to 100 Units	\$599.32 + \$4.98/Unit Greater than 50 Units
Over 100 Units	\$848.70+ \$1.99/Unit Greater than 100 Units
<b>Commercial Parcels</b>	
Less than or equal to 0.5 acres	\$89.49/Acre
Greater than 0.5 acres to 1.0 acre	\$\$44.73 + \$59.67/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$74.56 + \$44.73/Acre Greater than 1.00 Acres
Greater than 5.0 acres to 10 acres	\$253.52 + \$29.84/Acre Greater than 5.00 Acres
Greater than 10 acres	\$402.68 + \$7.46/Acre Greater than 10.00 Acres
Minimum Tax per Parcel	\$14.90/Parcel
<b>Professional Parcels</b>	
Less than or equal to 0.5 acres	\$134.22/Acre
Greater than 0.5 acres to 1.0 acre	\$67.13 + \$89.49/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$111.85 + \$67.13//Acre Greater than 1.00 Acres
Greater than 5.0 acres to 10 acres	\$380.31 + \$44.73/Acre Greater than 5.00 Acres
Greater than 10 acres	\$604.02 + \$11.19/Acre Greater than 10.00 Acres
Minimum Tax per Parcel	\$22.39/Parcel

**EXHIBIT A**  
**2013-2014 LIBRARY PARCEL TAX RATES**

<b>Land Use Classification</b>	<b>Tax Rate</b>
<b>Industrial Parcels</b>	
Less than or equal to 0.5 acres	\$44.73/Acre
Greater than 0.5 acres to 1.0 acre	\$22.39 + \$29.84/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$37.29 + \$22.39/Acre Greater than 1.00 Acres
Greater than 5.0 acres to 10 acres	\$126.77 + \$14.90//Acre Greater than 5.00 Acres
Greater than 10 acres	\$201.33 + \$3.73/Acre Greater than 10.00 Acres
Minimum Tax per Parcel	\$7.46/Parcel
<b>Vacant Parcels</b>	
Less than or equal to 0.5 acres	\$11.18/Acre
Greater than 0.5 acres to 1.0 acre	\$5.58 + \$7.46/Acre Greater than 0.50 Acres
Greater than 1.0 acre to 5.0 acres	\$9.31 + \$5.58/Acre Greater than 1.00 Acres
Greater than 5.0 acres to 10 acres	\$31.64 + \$3.73/Acre Greater than 5.00 Acres
Greater than 10 acres	\$50.25 + \$0.93/Acre Greater than 10.00 Acres
Minimum Tax per Parcel	\$7.46/Parcel