



## *LIBRARY ADVISORY COMMISSION REPORT*

**TO:** Library Advisory Commission  
Oakland Public Library

**SUBJECT:** Measure Q FY 2015-2016  
Year-End Report (Unaudited)

**FROM:** Gene B. Tom,  
Chief Financial Officer, OPL

**DATE:** October 24, 2016

### **RECOMMENDATION**

Staff recommends that the Library Advisory Commission (LAC) accept the *Fiscal Year 2015-2016 (FY 2015-16) Measure Q Fund Year-End Report (Unaudited)*, under its authority as the oversight committee appointed by the City Council, to review the City's expenditures of parcel tax revenues collected pursuant to the *Library Services Retention and Enhancement Act of 1994, as amended in 2004* (Measure Q).

### **OUTCOME**

This is an informational report.

### **BACKGROUND/LEGISLATIVE HISTORY**

On June 7, 1994, the electorate of Oakland approved ballot Measure O, the Library Services Retention and Enhancement Act (Measure O), authorizing the assessment of a new annual parcel tax on residential and non-residential real estate parcels in Oakland, for the purpose of raising additional revenue that could only be used for library services for a 15 year period, commencing December 1, 1994 with a sunset provision in 2009. A key provision of the act stipulated that the tax could only be collected if the General Purpose Fund (GPF) appropriation for Library services was maintained at a level that was no lower than the GPF appropriation for FY 1990-91, \$7.8 million. However, although Measure O authorized the City Council to increase the Measure O tax rate annually in order to adjust for inflation (capped at 5% per year), the minimum GPF support level remained fixed at \$7.8 million.

By 2003 however, it became apparent that even with the additional revenue provided through Measure O, the library needs of the community could not be maintained with the City's limited available funds. After considering several different options, including the closure of several branch libraries, the Oakland City Council determined that providing the level of library services that the community was demanding, would not be possible without significant additional revenue. Since the City Council's authority to increase the Measure O tax rate was limited, a proposal to amend Measure O was put before the electorate in March 2004 as Measure Q.

The passage of Measure Q, by more than the required two-thirds majority, served as confirmation that the community viewed the Oakland Public Library as an essential public service. While Measure Q extended the term of the tax by 15 years, through June 30, 2024 and increased the City's minimum required level of GPF support for library services from \$7.8 million to \$9.06 million (the library's GPF appropriation for FY 2000-01), the increase in the parcel tax rate approved under Measure Q resulted in a 110% increase in the amount of annual revenue collected in the first year. In addition, the amendments added two new provisions:

- 1) That the City establishes a Reserve Fund with a portion of available Measure Q parcel tax revenue collected.

**Attachment B**

- a. On January 1 of each year, the restricted fund balance in the reserve fund must equal five percent (5%) of the total amount of Measure Q tax revenue collected by the City in the previous fiscal year.
  - b. Measure Q Reserve Fund expenditures require City Council approval.
- 2) That the City Council designates a body composed of Oakland citizens to review the expenditures of Measure Q Funds.

On June 15, 2005, City Council Resolution 79291 C.M.S. formally designated the LAC as the required oversight committee for Measure Q Fund (Fund 2241).

**CITYWIDE FY 2015-16 MEASURE Q BUDGET, EXPENDITURES & REVENUES**

For FY 2015-16, which began on July 1, 2014 and ended on June 30, 2015, the Citywide Measure Q Budget was:

- **FY 2015-16 Citywide Measure Q Operating Budget:**
  - Oakland Public Library \$17.504 million 98.37%
  - Information Technology Department 0.244 million 1.37%
  - City Administrator 0.041 million 0.23%
  - Finance Department 0.005 million 0.03%
  - Total Measure Q Budget **\$17.794 million**

For FY 2015-16, Actual Unaudited Measure Q expenditures were:

- **Actual FY 2015-16 Measure Q Expenditures:**
  - Staff: \$12.40 million 80.92%
  - Materials: 1.72 million 11.21%
  - Other O&M: 1.21 million 7.87%
  - Total Measure Q Expenditures **\$15.32 million**

For FY 2015-16, Actual New Available Measure Q revenues were:

- **Actual FY 2015-16 Measure Q Revenue Received:**
  - New Parcel Tax Revenue Available \$14.84 million
  - City Council Prior-Year Set-aside 0.50 million
  - Total Measure Q Revenues **\$15.34 million**

Although actual fiscal year Measure Q expenditures were \$2.48 million less than the \$17.80 million budgeted, actual new Measure Q Revenue received in FY 2015-16 was only \$14.84 million, \$475,000 less than actual Expenditures of \$15.32 million. However, this fiscal year operating deficit was anticipated during budget development, and as a result, the City Council had already set-aside an additional \$500,000 from the prior year's General Purpose Fund surplus.

Additional FY 2015-16 Measure Q budget, expenditure and encumbrance detail is provided in *figure 1* below:

**FY 2015-16 YEAR-END**  
**CITYWIDE MEASURE Q BUDGET, EXPENDITURES & ENCUMBRANCES**

Figure 1

<b>Expenditure Category</b>	<b>Department</b>	<b>Budget (Appropriation)</b>	<b>Encumbrances (Budget Carried into FY 2016-17)</b>	<b>Actual Expenditures</b>	<b>Expenditures + Encumbrance</b>	<b>% of Budget Utilized</b>
<b>Personnel</b>	Oakland Public Library	\$13,419,769	\$0	\$12,138,023	\$12,138,023	90.45%
	Info. Technology Dept.	\$243,954	\$0	\$257,994	\$257,994	105.76%
	<b>Sub-Total Personnel</b>	<b>\$13,663,723</b>	<b>\$0</b>	<b>\$12,396,017</b>	<b>\$12,396,017</b>	<b>90.72%</b>
<b>Materials</b>	Oakland Public Library	\$2,161,613	\$466,859	\$1,717,158	\$2,184,016	101.04%
	<b>Sub-Total Materials</b>	<b>\$2,161,613</b>	<b>\$466,859</b>	<b>\$1,717,158</b>	<b>\$2,184,016</b>	<b>101.04%</b>
<b>O&amp;M</b>	Oakland Public Library	\$1,922,994	(\$363)	\$1,199,356	\$1,198,993	62.35%
	City Administrator	\$41,183	\$735	\$6,328	\$7,063	17.15%
	Finance Department	\$4,610	\$0	\$0	\$0	0.00%
	<b>Sub-Total O&amp;M</b>	<b>\$1,968,786</b>	<b>\$372</b>	<b>\$1,205,684</b>	<b>\$1,206,056</b>	<b>61.26%</b>
<b>Grand Total</b>		<b>\$17,794,122</b>	<b>\$467,230</b>	<b>\$15,318,859</b>	<b>\$15,786,090</b>	<b>88.72%</b>

Figure 1

Respectfully submitted,

/s/

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**Gene B. Tom,**  
Library Chief Financial Officer