

2.13 Approval to Increase the Library Parcel Tax Rates for Fiscal Year 2024-2025.

Recommendation:

Adopt a resolution increasing the Library Parcel Tax rates for fiscal year 2024-2025 by 2.37% over the fiscal year 2023-2024 rates and approving the placement of the Library Parcel Tax on the fiscal year 2024-2025 Santa Clara County Property Tax Roll.

CEQA: Statutorily Exempt, File No. PP17-005 CEQA Guidelines Section 15273, Adjustment to Fees, Rates and Fares without changes to or expansion of services. (Finance)



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Rick Bruneau
Jill Bourne

**SUBJECT: APPROVAL TO INCREASE THE
LIBRARY PARCEL TAX RATES
FOR FISCAL YEAR 2024-2025**

DATE: May 20, 2024

Approved

Date

5/30/24

RECOMMENDATION

Adopt a resolution increasing the Library Parcel Tax rates for fiscal year 2024-2025 by 2.37% over the fiscal year 2023-2024 rates and approving the placement of the Library Parcel Tax on the fiscal year 2024-2025 Santa Clara County Property Tax Roll.

SUMMARY AND OUTCOME

The increase in Library Parcel Tax rates will continue to provide funding to maintain and enhance Citywide library services and facilities through the acquisition of materials, development and delivery of education and digital literacy programs, and to repair, equip, and staff libraries.

BACKGROUND

In August 2004, the City Council adopted Resolution No. 72268 placing a Library Parcel Tax, as provided in the San José Library and Reading Protection Ordinance, on the November 2004 general municipal election ballot. The Library Parcel Tax was approved by the required two-thirds vote of the electorate. The Library Parcel Tax took effect on July 1, 2005, with an expiration date of June 30, 2015.

In August 2005, the City Council adopted Resolution No. 72844, approving the placement of the Library Parcel Tax on the fiscal year 2005-2006 Santa Clara County Property Tax Roll. Library Parcel Tax rates for fiscal year 2005-2006 were set at the same rates that had been charged through the Library Benefit Assessment District: \$25 per single-family or condominium/townhome parcel, and varying rates for other residential, industrial, and vacant parcels.

In March 2014, the City Council adopted Resolution No. 76935, placing a 25-year extension of the existing Library Parcel Tax on the June 2014 special municipal election ballot. The Library Parcel Tax was approved by the required two-thirds vote of the electorate. The passage of the measure extends the Library Parcel Tax for the period beginning July 1, 2015 through June 30, 2040.

Per the San José Library and Reading Protection Ordinance (Chapter 4.79 of the San José Municipal Code), commencing with fiscal year 2006-2007 and by resolution of the City Council, the City Council may increase the Library Parcel Tax rates if the City Council finds that the cost of living in the City of San José as shown on the Consumer Price Index (CPI) has increased over the preceding base period, but in no event shall the increase exceed 3.00%. The base period for calculating the CPI adjustment is the February to February reporting period. The specific CPI required to be used for the calculation is the All Urban Consumers for the San Francisco-Oakland-San José area, with all items included as published by the United States Department of Labor, Bureau of Labor Statistics. The Bureau of Labor Statistics discontinued the San Francisco-Oakland-San José index in 2018. Starting in fiscal year 2019-2020, the Finance Department has used the Bureau of Labor Statistics San Francisco-Oakland-Hayward CPI index to calculate the Library Parcel Tax cost of living adjustment, as the geographical area covered by this index is comparable to San José.

Table 1 below shows the last 10 years of annually approved percentage increases for the Library Parcel Tax per Chapter 4.79 of the San José Municipal Code.

Table 1 – Annual Increases in Library Parcel Tax Rate	
Fiscal Year	Percentage Increase
2015-2016	2.53%
2016-2017	3.00%
2017-2018	3.00%
2018-2019	3.00%
2019-2020	3.00%
2020-2021	2.91%
2021-2022	1.57%
2022-2023	3.00%
2023-2024	3.00%
2024-2025	2.37%

ANALYSIS

Following the methodology used since fiscal year 2006-2007 for the CPI adjustment to the Library Parcel Tax rate, staff recommends an increase of 2.37% for fiscal year 2024-2025. Specifically, as outlined in **Table 2** below, the CPI for All Urban Consumers for the San Francisco-Oakland-Hayward area, as published by the United States Department of Labor

Bureau of Labor Statistics, increased by 2.37% during the period from February 2023 to February 2024.

Table 2 – CPI All Urban Consumers	
CPI February 2024	345.151
Less: CPI February 2023	337.173
Index Point Change	7.978
Divided by previous period CPI	337.173
Percent Change	2.37%
Proposed 2024-2025 Library Parcel Tax Rate Increase	2.37%

The proposed 2.37% increase in the Library Parcel Tax rate will increase the Library Parcel Tax for a single-family or condominium/townhome parcel from \$39.11 for fiscal year 2023-2024 to \$40.03 for fiscal year 2024-2025, reflecting an increase of \$0.92 per parcel. The complete Library Parcel Tax schedule is **attached** to this memorandum (Exhibit – Library Parcel Tax Rates – FY 2023-2024 Actual and FY 2024-2025 Proposed Library Tax Rates). The exhibit shows the current tax schedule and the proposed tax schedule to be placed on the Santa Clara County Property Tax Roll for fiscal year 2024-2025 for all types of parcels. Assuming the same land use classifications and number of parcels as in fiscal year 2023-2024, the approximate tax collection for all land use classifications in fiscal year 2024-2025 will be approximately \$11.0 million, reflecting an increase of approximately \$250,000 over the fiscal year 2023-2024 collections of approximately \$10.7 million.

The collection of the Library Parcel Tax for fiscal year 2024-2025 represents the tenth year of the extended 25 year term of the Library Parcel Tax scheduled to end on June 30, 2040. Currently, the Library Parcel Tax provides approximately 17% of the San José Public Library System’s 2023-2024 Operating Budget and 2% of the 2023-2024 Capital Budget.

EVALUATION AND FOLLOW-UP

The Library Parcel Tax is adjusted each year based on the CPI. No follow-up is required.

BUDGET REFERENCE

The Fiscal Year 2024-2025 Proposed Operating Budget includes the estimated increase of 2.37% in revenue for Library Parcel Tax. Additional details can be found in the Library Parcel Tax Source and Use of Funds on page 870 of the 2024-2025 Proposed Operating Budget.

HONORABLE MAYOR AND CITY COUNCIL

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COORDINATION

This item has been coordinated with the City Attorney’s Office and the City Manager’s Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City’s Council Agenda website for the June 11, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Statutorily Exempt, File No. PP17-005 CEQA Guidelines Section 15273, Adjustment to Fees, Rates and Fares without changes to or expansion of services.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City’s Open Government Resolution.

/s/

RICK BRUNEAU
Director of Finance

/s/

JILL BOURNE
City Librarian

For finance-related questions, please contact Rick Bruneau, Director of Finance, at rick.bruneau@sanjoseca.gov. For library-related questions, please contact Jill Bourne, City Librarian, at jill.bourne@sanjoseca.gov.

ATTACHMENT

Exhibit: Library Parcel Tax Rates – FY 2023-2024 Actual and FY 2024-2025 Proposed Library Tax Rates

EXHIBIT
LIBRARY PARCEL TAX RATES
(FY 2023-2024 Actual and FY 2024-2025 Proposed Library Tax Rates)

Land Use Classification	FY 2023-2024 Parcel Tax Rate	Proposed FY 2024-2025 Parcel Tax Rate (2.37% Increase)
Single Family Parcels	\$39.11/Parcel	\$40.03/Parcel
Condominium/Townhome Parcels	\$39.11/Parcel	\$40.03/Parcel
Other Residential Parcels (Fraternity, Sorority, Boarding, Rooming House, Farm Labor Camp)		
Up to 20 Units	\$14.63/Unit	\$14.97/Unit
21 to 50 Units	\$288.45 + \$9.76/Unit Greater than 20 Units	\$295.28 + \$9.99/Unit Greater than 20 Units
51 to 100 Units	\$586.42 + \$4.88/Unit Greater than 50 Units	\$600.31 + \$4.99/Unit Greater than 50 Units
Over 100 Units	\$830.45 + \$1.96/Unit Greater than 100 Units	\$850.13 + \$2.00/Unit Greater than 100 Units
Multi-Family Residential Parcels		
Up to 20 Units	\$19.67/Unit	\$20.13/Unit
21 to 50 Units	\$392.91 + \$13.06/Unit Greater than 20 Units	\$402.22 + \$13.36/Unit Greater than 20 Units
51 to 100 Units	\$785.71 + \$6.53/Unit Greater than 50 Units	\$804.33 + \$6.68/Unit Greater than 50 Units
Over 100 Units	\$1,112.64 + \$2.60/Unit Greater than 100 Units	\$1,139.01 + \$2.66/Unit Greater than 100 Units

EXHIBIT
LIBRARY PARCEL TAX RATES (Continued)
(FY 2023-2024 Actual and FY 2024-2025 Proposed Library Tax Rates)

Land Use Classification	FY 2023-2024 Parcel Tax Rate	Proposed FY 2024-2025 Parcel Tax Rate (2.37% Increase)
Commercial Parcels		
Less than or equal to 0.5 acre	\$117.30/Acre	\$120.08/Acre
Greater than 0.5 acre to 1.0 acre	\$58.63 + \$78.23/Acre Greater than 0.50 Acre	\$60.01 + \$80.08/Acre Greater than 0.50 Acre
Greater than 1.0 acre to 5.0 acres	\$97.74 + \$58.63/Acre Greater than 1.00 Acre	\$100.05 + \$60.01/Acre Greater than 1.00 Acre
Greater than 5.0 acres to 10 acres	\$332.36 + \$39.11/Acre Greater than 5.00 Acres	\$340.23 + \$40.03/Acre Greater than 5.00 Acres
Greater than 10 acres	\$527.91 + \$9.76/Acre Greater than 10 Acres	\$540.42 + \$9.99/Acre Greater than 10 Acres
Minimum Special Tax per Parcel	\$19.52/Acre	\$19.98/Acre
Professional Parcels		
Less than or equal to 0.5 acre	\$175.96/Acre	\$180.13/Acre
Greater than 0.5 acre to 1.0 acre	\$87.99 + \$117.30/Acre Greater than 0.50 Acre	\$90.07 + \$120.08/Acre Greater than 0.50 Acre
Greater than 1.0 acre to 5.0 acres	\$146.63 + \$87.99/Acre Greater than 1.00 Acre	\$150.10 + \$90.07/Acre Greater than 1.00 Acre
Greater than 5.0 acres to 10 acres	\$498.57 + \$58.63/Acre Greater than 5.00 Acres	\$510.38 + \$60.01/Acre Greater than 5.00 Acres
Greater than 10 acres	\$791.88 + \$14.63/Acre Greater than 10 Acres	\$810.64 + \$14.97/Acre Greater than 10 Acres
Minimum Special Tax per Parcel	\$29.36/Acre	\$30.05/Acre

EXHIBIT
LIBRARY PARCEL TAX RATES (Concluded)
(FY 2023-2024 Actual and FY 2024-2025 Proposed Library Tax Rates)

Land Use Classification	FY 2023-2024 Parcel Tax Rate	Proposed FY 2024-2025 Parcel Tax Rate (2.37% Increase)
Industrial Parcels		
Less than or equal to 0.5 acre	\$58.63/Acre	\$60.01/Acre
Greater than 0.5 acre to 1.0 acre	\$29.36 + \$39.11/Acre Greater than 0.50 Acre	\$30.05 + \$40.03/Acre Greater than 0.50 Acre
Greater than 1.0 acre to 5.0 acres	\$48.88 + \$29.36/Acre Greater than 1.00 Acre	\$50.03 + \$30.05/Acre Greater than 1.00 Acre
Greater than 5.0 acres to 10 acres	\$166.22 + \$19.52/Acre Greater than 5.00 Acres	\$170.15 + \$19.98/Acre Greater than 5.00 Acres
Greater than 10 acres	\$263.93 + \$4.88/Acre Greater than 10 Acres	\$270.18 + \$4.99/Acre Greater than 10 Acres
Minimum Special Tax per Parcel	\$9.76/Acre	\$9.99/Acre
Vacant Parcels		
Less than or equal to 0.5 acre	\$14.62/Acre	\$14.96/Acre
Greater than 0.5 acre to 1.0 acre	\$7.31 + \$9.76/Acre Greater than 0.50 Acre	\$7.48 + \$9.99/Acre Greater than 0.50 Acre
Greater than 1.0 acre to 5.0 acres	\$12.19 + \$7.31/Acre Greater than 1.00 Acre	\$12.47 + \$7.48/Acre Greater than 1.00 Acre
Greater than 5.0 acres to 10 acres	\$41.48 + \$4.88/Acre Greater than 5.00 Acres	\$42.46 + \$4.99/Acre Greater than 5.00 Acres
Greater than 10 acres	\$65.86 + \$1.20/Acre Greater than 10 Acres	\$67.42 + \$1.22/Acre Greater than 10 Acres
Minimum Special Tax per Parcel	\$9.76/Acre	\$9.99/Acre

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE INCREASED LIBRARY PARCEL TAX RATES FOR FISCAL YEAR 2024-2025 BY 2.37% OVER THE FISCAL YEAR 2023-2024 RATES AND APPROVING THE PLACEMENT OF THE LIBRARY PARCEL TAX ON THE FISCAL YEAR 2024-2025 SANTA CLARA COUNTY PROPERTY TAX ROLL

WHEREAS, on August 3, 2004, the City Council (“City Council”) of the City of San José (“City”) adopted Resolution No. 72268, placing a ten (10) year Library Parcel Tax, as provided in the San José Library and Reading Protection Ordinance (Chapter 4.79 of the San José Municipal Code), on the November 2, 2004 General Municipal Election ballot, which was approved; and

WHEREAS, the Library Parcel Tax took effect on July 1, 2005 with an expiration date of June 30, 2015 and provides funding to maintain and enhance Citywide library services and facilities; and

WHEREAS, on March 4, 2014, the City Council adopted Resolution No. 76935 placing an extension of the existing Library Parcel Tax on the June 3, 2014 Special Municipal Election ballot, which was approved, extending the Library Parcel Tax for the period beginning July 1, 2015 through June 30, 2040; and

WHEREAS, beginning in August 2005, the City Council adopted the following resolutions approving the placement of the Library Parcel Tax on the Santa Clara County Property Tax Roll for each Fiscal Year (“FY”):

Resolution 72844	FY 2005-2006
Resolution 73304	FY 2006-2007
Resolution 73844	FY 2007-2008

Resolution 74423	FY 2008-2009
Resolution 74975	FY 2009-2010
Resolution 75420	FY 2010-2011
Resolution 75825	FY 2011-2012
Resolution 76276	FY 2012-2013
Resolution 76657	FY 2013-2014
Resolution 77039	FY 2014-2015
Resolution 77409	FY 2015-2016
Resolution 77780	FY 2016-2017
Resolution 78206	FY 2017-2018
Resolution 78629	FY 2018-2019
Resolution 79134	FY 2019-2020
Resolution 79576	FY 2020-2021
Resolution 80080	FY 2021-2022
Resolution 80563	FY 2022-2023
RES2023-170	FY 2023-2024

WHEREAS, in order for the County of Santa Clara to place the Library Parcel Tax on the FY 2024-2025 Property Tax Roll, the City Council is required to adopt a resolution approving the tax rate for FY 2024-2025; and

WHEREAS, per the San José Library and Reading Protection Ordinance, the City Council may increase the Library Parcel Tax rates if it finds that the cost of living in the City of San José as shown on the Consumer Price Index (“CPI”) has increased over the preceding Base Period, but in no event shall the increase exceed 3.0%; and

WHEREAS, currently, the Library Parcel Tax provides approximately 17% of the San José Public Library System’s Operating Budget and 2% of its Capital Budget; and

WHEREAS, following the methodology used since FY 2006 – 2007 for the CPI adjustment to the Library Parcel Tax rate, the City recommends an increase of 2.37% for FY 2024-2025; and

WHEREAS, the complete Library Parcel Tax schedule is attached to this resolution as Exhibit A and shows the current tax schedule and the proposed tax schedule to be placed on the County Property Tax Roll for FY 2024-2025 for all types of parcels; and

WHEREAS, assuming the same land use classifications and number of parcels as in FY 2023-2024, the approximate tax collection for all land use classifications in FY 2024-2025 will be approximately \$11.0 million or an increase of approximately \$250,000 over FY 2023-2024 collections of approximately \$10.7 million; and

WHEREAS, approval of the increase in Library Parcel Tax rates will continue to provide funding to maintain and enhance City-wide library services and facilities through the acquisition of materials; the development and delivery of education and digital literacy programs; and the repair, equipping, and staffing of libraries;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

1. Pursuant to the provisions of Chapter 4.79 of the San José Municipal Code, the City Council approves the increased Library Parcel Tax rates for FY 2024-2025 as set forth in the attached Exhibit A, including the calculation of the Consumer Price Index adjustment, as more fully described in the memorandum to this Council, presented to this Council for its meeting on June 11, 2024, from the Director of the Finance Department and the Director of the Library Department. Further, the Library Parcel Tax is to be levied on parcels of land in the City of

San José for FY 2024-2025 in accordance with the tax rate schedule for FY 2024-2025 set forth in the attached Exhibit A.

2. The City's Director of Finance shall cause a certified copy of this Resolution to be delivered to the Auditor of the County of Santa Clara for entry in the assessment book of the respective sums in dollars and cents, to be paid as established by this Resolution and Chapter 4.79 of the San José Municipal Code.

ADOPTED this _____ day of _____, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk

**EXHIBIT A
LIBRARY PARCEL TAX RATES
(FY 2023-2024 Actual and FY 2024-2025 Proposed Library Tax Rates)**

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