



## Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julia H. Cooper  
Jill Bourne

**SUBJECT: APPROVAL TO INCREASE THE  
LIBRARY PARCEL TAX RATES  
FOR FISCAL YEAR 2021-2022**

**DATE:** June 2, 2021

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Approved		Date	06/03/21
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### **RECOMMENDATION**

Adopt a resolution increasing the Library Parcel Tax rates for fiscal year 2021-2022 by 1.57% over the fiscal year 2020-2021 rates and approving the placement of the Library Parcel Tax on the fiscal year 2021-2022 Santa Clara County Property Tax Roll.

### **OUTCOME**

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.

### **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. 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 FY 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 3.0%. 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 U.S. Department of Labor, Bureau of Labor Statistics (“BLS”). BLS discontinued the San Francisco-Oakland-San José index in 2018. Starting in fiscal year 2019-2020, the Finance Department has used the BLS 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.

The table below shows the last ten (10) years of annually approved percentage increases for the Library Parcel Tax per Chapter 4.79 of the Municipal Code.

<b>Annual Increases in Library Parcel Tax Rate</b>	
<b>Fiscal Year</b>	<b>Percentage Increase</b>
2012-2013	3.00%
2013-2014	2.45%
2014-2015	2.45%
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%

## **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 1.57% for fiscal year 2021-2022. Specifically, as outlined in the table below, the CPI for All Urban Consumers for the San Francisco-Oakland-Hayward area, as published by the U.S. Department of Labor, BLS, increased by 1.57% during the period from February 2020 to February 2021.

CPI February 2021	304.387
Less: CPI February 2020	299.690
Index Point Change	4.697
Divided by previous period CPI	299.690
Percent Change	1.57%
Proposed 2021-22 Library Parcel Tax Rate Increase	1.57%

The proposed 1.57% increase in the Library Parcel Tax rate will increase the Library Parcel Tax for a single-family or condominium/townhome parcel from \$36.31 for fiscal year 2020-2021 to \$36.88 for fiscal year 2021-2022 or an increase of \$0.57 per parcel. The complete Library Parcel Tax schedule is attached to this memorandum (Exhibit A). The exhibit shows the current tax schedule and the proposed tax schedule to be placed on the County Property Tax Roll for fiscal year 2021-2022 for all types of parcels. Assuming the same land use classifications and number of parcels as in fiscal year 2020-2021, the approximate tax collection for all land use classifications in fiscal year 2021-2022 will be approximately \$10.1 million or an increase of approximately \$160,000 over fiscal year 2020-2021 collections of approximately \$9.9 million.

The collection of the Library Parcel Tax for fiscal year 2021-2022 represents the seventh year of the extended twenty-five-year term of the Library Parcel Tax scheduled to end on June 30, 2040. Currently, the Library Parcel Tax provides approximately 20% of the San Jose Public Library System's 2020-2021 Operating Budget and 10% of 2020-2021 Capital Budget.

## **CONCLUSION**

Approval of the increase in Library Parcel Tax rates will continue to provide funding to supplement the maintenance and enhancement of 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.

### **EVALUATION AND FOLLOW-UP**

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

### **CLIMATE SMART SAN JOSE**

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City’s website for the June 15, 2021 City Council Agenda.

As stated above, City voters approved to extend the Library Parcel Tax in the June 2014 election by more than the two-thirds required vote, providing this funding for another period of 25 years beginning July 1, 2015 through June 30, 2040 for the purpose of maintaining and enhancing City-wide library services.

### **COORDINATION**

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

### **COMMISSION RECOMMENDATION/INPUT**

This item does not require any input from a board or commission.

### **FISCAL/POLICY ALIGNMENT**

This Council item is consistent with Council approved Budget Strategy Memo General Principle #2, “We must focus on protecting our vital core City services.”

### **BUDGET REFERENCE**

The fiscal year 2021-2022 Proposed Operating Budget includes the estimated increase of 1.57% in revenue for Library Parcel Tax. Additional details can be found in the Library Parcel Tax

HONORABLE MAYOR AND CITY COUNCIL

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Page 5

Source and Use of Funds on page X-59 in the 2021-2022 Proposed Operating Budget, and the 2021-2025 Proposed Capital Budget (Pages V-178 to V-181).

**CEQA**

Statutorily Exempt, File No. PP17-005, CEQA Guidelines Section 15273 - Rates, Tolls, Fares, and Charges.

/s/  
JULIA H. COOPER  
Director of Finance

/s/  
JILL BOURNE  
Director of Library

For finance specific questions, please contact Julia H. Cooper, Director of Finance, at (408) 535-7011. For library specific questions, please contact Jill Bourne, City Librarian, at (408) 808-2150.

**EXHIBIT A**  
**LIBRARY PARCEL TAX RATES**  
**(FY 2020-2021 Actual and FY 2021-2022 Proposed Library Tax Rates)**

<b>Land Use Classification</b>	<b>FY 2020-2021 Parcel Tax Rate</b>	<b>Proposed FY 2021-2022 Parcel Tax Rate (1.57% Increase)</b>
<b>Single Family Parcels</b>	\$36.31/Parcel	\$36.88/Parcel
<b>Condominium/Townhome Parcels</b>	\$36.31/Parcel	\$36.88/Parcel
<b>Other Residential Parcels (Fraternity, Sorority, Boarding, Rooming House, Farm Labor Camp)</b>		
Up to 20 Units	\$13.59/Unit	\$13.80/Unit
21 to 50 Units	\$267.70 + \$9.07/Unit Greater than 20 Units	\$271.90+ \$9.21/Unit Greater than 20 Units
51 to 100 Units	\$544.22 + \$4.54/Unit Greater than 50 Units	\$552.76 + \$4.61/Unit Greater than 50 Units
Over 100 Units	\$770.69 + \$1.83/Unit Greater than 100 Units	\$782.79 + \$1.86/Unit Greater than 100 Units
<b>Multi-Family Residential Parcels</b>		
Up to 20 Units	\$18.26/Unit	\$18.55/Unit
21 to 50 Units	\$364.64 + \$12.13/Unit Greater than 20 Units	\$370.36 + \$12.32/Unit Greater than 20 Units
51 to 100 Units	\$729.17 + \$6.06/Unit Greater than 50 Units	\$740.62 + \$6.16/Unit Greater than 50 Units
Over 100 Units	\$1,032.57 + \$2.42/Unit Greater than 100 Units	\$1,048.78 + \$2.46/Unit Greater than 100 Units

**EXHIBIT A**  
**LIBRARY PARCEL TAX RATES (Continued)**  
**(FY 2020-2021 Actual and FY 2021-2022 Proposed Library Tax Rates)**

<b>Land Use Classification</b>	<b>FY 2020-2021 Parcel Tax Rate</b>	<b>Proposed FY 2021-2022 Parcel Tax Rate (1.57% Increase)</b>
<b>Commercial Parcels</b>		
Less than or equal to 0.5 acre	\$108.87/Acre	\$110.58/Acre
Greater than 0.5 acre to 1.0 acre	\$54.43 + \$72.61/Acre Greater than 0.50 Acre	\$55.28 + \$73.75/Acre Greater than 0.50 Acre
Greater than 1.0 acre to 5.0 acres	\$90.72 + \$54.43/Acre Greater than 1.00 Acre	\$92.14 + \$55.28/Acre Greater than 1.00 Acre
Greater than 5.0 acres to 10 acres	\$308.45 + \$36.31/Acre Greater than 5.00 Acres	\$313.29 + \$36.88/Acre Greater than 5.00 Acres
Greater than 10 acres	\$489.93 + \$9.07/Acre Greater than 10 Acres	\$497.62 + \$9.21/Acre Greater than 10 Acres
Minimum Special Tax per Parcel	\$18.13/Acre	\$18.41/Acre
<b>Professional Parcels</b>		
Less than or equal to 0.5 acre	\$163.31/Acre	\$165.87/Acre
Greater than 0.5 acre to 1.0 acre	\$81.67 + \$108.87/Acre Greater than 0.50 Acre	\$82.95 + \$110.58/Acre Greater than 0.50 Acre
Greater than 1.0 acre to 5.0 acres	\$136.08 + \$81.67/Acre Greater than 1.00 Acre	\$138.22 + \$82.95/Acre Greater than 1.00 Acre
Greater than 5.0 acres to 10 acres	\$462.70 + \$54.43/Acre Greater than 5.00 Acres	\$469.96 + \$55.28/Acre Greater than 5.00 Acres
Greater than 10 acres	\$734.89 + \$13.59/Acre Greater than 10 Acres	\$746.43 + \$13.80/Acre Greater than 10 Acres
Minimum Special Tax per Parcel	\$27.25/Acre	\$27.68/Acre

**EXHIBIT A**  
**LIBRARY PARCEL TAX RATES (Concluded)**  
**(FY 2020-2021 Actual and FY 2021-2022 Proposed Library Tax Rates)**

<b>Land Use Classification</b>	<b>FY 2020-2021 Parcel Tax Rate</b>	<b>Proposed FY 2021-2022 Parcel Tax Rate (1.57% Increase)</b>
<b>Industrial Parcels</b>		
Less than or equal to 0.5 acre	\$54.43/Acre	\$55.28/Acre
Greater than 0.5 acre to 1.0 acre	\$27.25 + \$36.31/Acre Greater than 0.50 Acre	\$27.68 + \$36.88/Acre Greater than 0.50 Acre
Greater than 1.0 acre to 5.0 acres	\$45.37 + \$27.25/Acre Greater than 1.00 Acre	\$46.08 + \$27.68/Acre Greater than 1.00 Acre
Greater than 5.0 acres to 10 acres	\$154.26 + \$18.13/Acre Greater than 5.00 Acres	\$156.68 + \$18.41/Acre Greater than 5.00 Acres
Greater than 10 acres	\$244.94 + \$4.54/Acre Greater than 10 Acres	\$248.79 + \$4.61/Acre Greater than 10 Acres
Minimum Special Tax per Parcel	\$9.07/Acre	\$9.21/Acre
<b>Vacant Parcels</b>		
Less than or equal to 0.5 acre	\$13.58/Acre	\$13.79/Acre
Greater than 0.5 acre to 1.0 acre	\$6.79 + \$9.07/Acre Greater than 0.50 Acre	\$6.90 + \$9.21/Acre Greater than 0.50 Acre
Greater than 1.0 acre to 5.0 acres	\$11.32 + \$6.79/Acre Greater than 1.00 Acre	\$11.50 + \$6.90/Acre Greater than 1.00 Acre
Greater than 5.0 acres to 10 acres	\$38.51 + \$4.54/Acre Greater than 5.00 Acres	\$39.11 + \$4.61/Acre Greater than 5.00 Acres
Greater than 10 acres	\$61.13 + \$1.12/Acre Greater than 10 Acres	\$62.09 + \$1.14/Acre Greater than 10 Acres
Minimum Special Tax per Parcel	\$9.07/Acre	\$9.21/Acre