

RESOLUTION NO. 2015-71

A RESOLUTION OF THE CITY OF MARINA FIXING AND LEVYING A TAX TO
PAY PRINCIPAL AND INTEREST FOR THE 2015 GENERAL OBLIGATION
REFUNDING BONDS, FOR FISCAL YEAR 2015-2016

WHEREAS, Section 2270 of the Revenue and taxation Code authorizes the City to levy taxes to pay principal, interest and administrative costs on voter-approved bonded indebtedness of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Marina as follows:

1. The City has determined the total cost of the 2015-2016 general obligation bonded indebtedness to be \$407,520 for the 2015 General Obligation Refunding Bonds, less \$41,677 available cash.
2. There is hereby fixed, assessed and levied a tax at the rate of \$.0022348 per One Hundred Dollars of assessed valuation for the 2015 General Obligation Refunding Bonds (0.00022348 per assessed value) on all of the property within the City of Marina subject to the payment of bonded indebtedness of the City.
3. The City Clerk shall transmit to the County Auditor a statement of the rate of taxation so fixed by the City Council and the tax computation worksheet. Transmission of a certified copy of this resolution to the Monterey County Auditor Controller constitutes compliance with this directive.
4. The Tax Collector of the County of Monterey shall collect the aforementioned tax in accordance with Section 2270 of the Revenue and Taxation Code.
5. The net amount of said tax, when collected, shall be paid to the Treasurer of the County of Monterey to be held by him/her as depository of the City of Marina, under the general requirements and penalties provided by law for the settlement of other taxes.

PASSED AND ADOPTED by the Marina City Council at a regular meeting duly held on the 16th day of June 2015 by the following vote:

AYES, COUNCIL MEMBERS:
NOES, COUNCIL MEMBERS:
ABSENT, COUNCIL MEMBERS:
ABSTAIN, COUNCIL MEMBERS:

Bruce C. Delgado, Mayor

ATTEST:

Anita Flanagan, Deputy City Clerk

June 11, 2015

Item No. **8f(2)**

Honorable Mayor and Members
Of the Marina City Council

City Council Meeting
of June 16, 2015

**CITY COUNCIL TO CONSIDER ADOPTING RESOLUTION NO. 2015-,
FIXING AND LEVYING A SPECIAL TAX FOR PRINCIPAL AND
INTEREST PAYMENTS AND ADMINISTRATIVE COSTS ON THE CITY'S
2015 GENERAL OBLIGATION REFUNDING BONDS FOR FISCAL YEAR
2015-16; AND RESOLUTION NO. 2015-, CERTIFYING COMPLIANCE
WITH STATE LAW (PROPOSITION 218) WITH RESPECT TO SPECIAL
TAXES FOR THE 2015 GENERAL OBLIGATION REFUNDING BONDS
TAX LEVY FOR FISCAL YEAR 2015-16**

RECOMMENDATION:

It is requested that the City Council:

1. Consider adopting Resolution No. 2015-, fixing and levying a special tax for principal and interest payments and administrative costs on the 2015 General Obligation Refunding Bonds for fiscal year 2015-16; and
2. Consider adopting Resolution No. 2015-, certifying compliance with State Law (Proposition 218) with respect to special taxes for the 2015 General Obligation Refunding Bonds Levy for Fiscal Year 2015-16.

BACKGROUND:

California Revenue and Taxation Code Section 2270 authorizes the City to levy taxes to pay principal and interest due in the fiscal year on voter-approved bonded indebtedness. On May 12, 2015, the City issued \$7,640,000 general obligation bonds to refund the 2005 General Obligation Library Construction Bond Issue, which had been previously approved by the voters in a special election. Since the 2005 Library Construction Bonds have been fully liquidated, no 2015/16 tax levy is required for that issue. In addition, the 1998 Public Safety Building Construction Bond Issue has sufficient cash available in its debt service fund to fully liquidate that issue when it becomes refundable on August 1, 2015; therefore, no 2015/16 tax levy will be required for that issue. Thus for the 2015/16 fiscal year, only one general obligation bonded debt tax levy will be required. The Monterey County Auditor Controller requires that the Council approve by resolution the amount of the tax levy and submit the tax levy no later than August 3, 2015 for inclusion on the 2015-2016 property tax bills.

Except for the Constitutionally-limited 1% ad valorem tax, the Monterey County Auditor-Controller will not place special taxes on the rolls unless the City Council certifies by resolution that the City is in compliance with Proposition 218, the 1996 '*Right to Vote on Taxes Act*' with respect to each such tax. The Certification Resolution must contain hold harmless and indemnification provisions for administrative expenses of the County associated with collection of the City's special taxes placed on the rolls. This certification, along with a copy of the resolution setting the special taxes and certain other documentation, must be submitted to the County no later than August 3, 2015.

ANALYSIS:

The following table details the computation of the special tax rate for 2015-16:

FY 2015/16 Assessed Values (estimated):*		
Secured:		\$ 1,576,446,154
Unsecured:		60,658,360
	total assessed value	<u>\$ 1,637,104,514</u>
2015/16 General Obligation Debt Service Requirement		
(per \$100 assessed value):	Bond Principal	\$ 85,000
	Bond Interest	317,520
	Trustee & admin Fees	5,000
	Total Debt Service	\$ 407,520
	Less: Cash available	- 41,677
	total required for debt svc	<u>\$ 365,843</u>
	TAX RATE (per \$100 assessed value)	<u>0.022348</u>

* 2015-16 assessed valuations were not available from the County of Monterey at the time of this report. However, due to a recovering economy, 2014-15 assessed values were about 7% higher than the previous year. Therefore, as suggested by the County Assessor, it has been assumed that FY 2015-16 assessed values will increase by 4% from 2014-15 values. These estimated assessed values produce a tax rate of \$22.348 per \$100,000 assessed value for the 2015 refunding bond issue, as shown above.

Prior year comparison: For FY 14-15, the tax levies were \$4.602 and \$27.962 per \$100,000 assessed valuation for the 1998 public safety and 2005 library bond issues, respectively; a combined rate of \$32.564. Savings reflected in the reduced general obligation bonded debt tax rate is a result of favorable interest rates attributable to the 2015 General Obligation Refunding Bonds as compared to the 2005 bonds, which were refunded, as well as the lack of a tax levy for the 1998 refunding bonds.

FISCAL IMPACT:

Revenue collected will be credited to the appropriate debt service fund.

CONCLUSION:

This request is submitted for City Council consideration and possible action.

Respectfully submitted,

Lauren Lai CPA
Finance Director
City of Marina

REVIEWED/CONCUR:

Layne P. Long
City Manager
City of Marina