

RESOLUTION NO. 2015-72

A RESOLUTION OF THE CITY OF MARINA CERTIFYING
COMPLIANCE WITH STATE LAW WITH RESPECT TO
LEVYING OF SPECIAL TAXES FOR FISCAL YEAR 2015-2016

WHEREAS, The City of Marina requests that the Monterey County Auditor-Controller enter the special tax identified in Exhibit "A" on the property tax roll for collection and distribution by the Monterey County Treasurer-Tax Collector commencing with the property tax bills for fiscal year 2015-2016 ("EXHIBIT A").

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

1. The City hereby certifies that it has, without limitation, complied with all legal procedures and requirements necessary for the levying and imposition of the special taxes identified in **EXHIBIT A** regardless of whether those procedures and requirements are set forth in the Constitution of the State of California, in State statutes, or in the applicable decisional law of the State of California.
2. The City further certifies that, except for the sole negligence or misconduct of the County of Monterey, its officers, employees and agents, the City shall be solely liable and responsible for defending, at its sole expense, cost and risk, each and every action, suit or other proceeding brought against the County of Monterey, its officers, employees and agents for every claim, demand or challenge to the levying or imposition of the special tax identified in **EXHIBIT A** and that the City shall pay or satisfy any judgment rendered against the County of Monterey, its officers, employees and agents on every such action, suit, or other proceeding, including all claims for refunds and interest thereon, legal fees, court costs and administrative expenses of the County of Monterey to correct the tax rolls.

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

AYES, COUNCIL MEMBERS: Amadeo, Brown, Morton, Delgado

NOES, COUNCIL MEMBERS: None

ABSTAIN, COUNCIL MEMBERS: None

ABSENT, COUNCIL MEMBERS: O'Connell

Bruce C. Delgado, Mayor

ATTEST:

Anita Flanagan, Deputy City Clerk

EXHIBIT A

ATTACHMENT TO RESOLUTION NO. 2015-72 OF THE CITY OF MARINA, COUNTY OF MONTEREY, CALIFORNIA, CERTIFYING COMPLIANCE WITH STATE LAW WITH RESPECT TO THE LEVYING OF SPECIAL TAX LEVIED AS AN INCIDENT OF PROPERTY OWNERSHIP FISCAL YEAR 2015-2016

SPECIAL TAX RATE (per \$100 assessed value)
: 2015 General Obligation Refunding Bonds \$.022348

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	\$ 365,843
	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