



City of Arts & Innovation

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL**                      **DATE: JULY 16, 2019**

**FROM: FINANCE DEPARTMENT**                                      **WARDS: ALL**

**SUBJECT: ANNUAL TAX RATE FOR CITY OF RIVERSIDE ELECTION OF 2003 GENERAL OBLIGATION BONDS SERIES 2004 FOR FISCAL YEAR 2019-2020 – RESOLUTIONS**

## **ISSUES:**

Adopt a Resolution ascertaining and fixing the amount of revenue from property taxes necessary to support the debt service requirements of the City of Riverside for Fiscal Year 2019-2020 for the City of Riverside election of 2003 General Obligation Bonds, Series 2004 (Fire Bonds) and adopt a Resolution fixing the rate of property taxes to be levied for said debt service requirements.

## **RECOMMENDATIONS:**

That the City Council:

1. Adopt a Resolution ascertaining and fixing the amount of revenue from property taxes necessary to support the debt service requirements of the City of Riverside for Fiscal Year 2019-2020 for the City of Riverside election of 2003 General Obligation Bonds, Series 2004 (Fire Bonds); and
2. Adopt a Resolution fixing the rate of property taxes to be levied for debt service requirements of the City of Riverside for Fiscal Year 2019-2020 for the City of Riverside election of 2003 General Obligation Bonds, Series 2004 (Fire Bonds).

## **BACKGROUND:**

On November 4, 2003, voters of the City of Riverside approved Measure “G” which authorized the City to issue \$20 million of General Obligation bonds to fund the replacement of inadequate and outdated fire facilities. The City issued the Fire Bonds in June 2004, with debt service payments commencing in February 2005. The bonds are a 20-year obligation, maturing August 1, 2024.

Each year the City Council must adopt two (2) resolutions to set an annual supplemental tax rate on the County tax roll to pay the debt service for the General Obligation Fire Bonds. The first resolution determines the amount of funds required to pay debt service on the bonds for the next calendar year. The second resolution approves the tax rate needed to generate the amount of funds noted in the first resolution for the payment of debt service. Measure “G” limits the supplemental tax rate

to an amount no greater than \$12 per each \$100,000 of assessed valuation and constrains the term of the tax rate to a period of not more than 30 years.

**DISCUSSION:**

The amount of debt service for calendar year 2020 is \$1,380,000 principal and \$405,885 interest for a total annual amount of \$1,785,885. However, staff recommends using \$200,000 in excess funds from prior year levies to pay down the debt service. Based on these figures, the amount required from the 2019-2020 tax levy is \$1,585,885.

The tax rate calculation uses assessed valuation provided by the County Auditor-Controller. The assessed value used for setting the Fiscal Year 2019-20 rate anticipates 3.25% growth in assessed value from the prior year. This is a conservative figure as the actual increase in valuation for Riverside County has been greater than 6% for the past two (2) fiscal years. At the end of the Fiscal Year, Finance Department staff will compare actual collections against this projection and will credit any surplus funds against the following year's debt service payments.

Based on a projected assessed valuation increase of 3.25% from Fiscal Year 2018-19, the estimated assessed value for Fiscal Year 2019-20 is \$29,210,349,555. Dividing the amount needed for the 2019-2020 tax levy by the estimated assessed value equates to a tax rate of \$.00543 per every \$100 of assessed value, or \$5.43 per \$100,000 of assessed value. This is well below the authorized maximum of \$12 per \$100,000 of assessed valuation authorized by Measure "G".

**FISCAL IMPACT:**

Staff estimates that the Fiscal Year 2019-20 tax levy will generate \$1,585,548 of revenue. The property tax revenue is programmed into the City's budget as an offset to Fire Bond principal and interest payments due in February and August of 2020.

In Fiscal Year 2018-19, the General Obligation supplemental tax generated approximately \$1,813,712. The proposed tax rate of \$5.43 per \$100,000 of assessed value for Fiscal Year 2019-20 is \$0.49 lower than the previous year's tax rate of \$5.92 per \$100,000 of assessed valuation. This is primarily due to the prolonged increase in assessed valuation and the amount of excess funds on hand that are available to offset debt service.

Prepared by: Heidi Schrader, Debt Manager  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
Approved by: Carlie Myers, Deputy City Manager  
Approved as to form: Gary G. Geuss, City Attorney

**Attachments:**

1. Resolution Ascertainning and Fixing the Amount Necessary to Pay Debt Service on General Obligation Fire Bonds
2. Resolution Fixing the Rate of Taxes to be Levied for Bonded Indebtedness