



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 20, 2021**

FROM: FINANCE DEPARTMENT **WARDS: ALL**

SUBJECT: ANNUAL TAX RATE FOR CITY OF RIVERSIDE ELECTION OF 2003 GENERAL OBLIGATION BONDS SERIES 2004 FOR FISCAL YEAR 2021-2022 - RESOLUTIONS

ISSUES:

Adopt a Resolution authorizing the City of Riverside to ascertain and fix the amount of property tax revenue necessary to support the debt service requirements for Fiscal Year 2021/22 for the City of Riverside Election of 2003 General Obligation Bonds, Series 2004 (Fire Bonds), and adopt a Resolution authorizing the City of Riverside to fix the rate of property taxes to be levied for Fiscal Year 2021/22 for said debt service requirements.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution authorizing the City of Riverside to ascertain and fix the amount of property tax revenue necessary to support the debt service requirements for Fiscal Year 2021/22 for the City of Riverside Election of 2003 General Obligation Bonds, Series 2004 (Fire Bonds); and
2. Adopt a Resolution authorizing the City of Riverside to fix the rate of property taxes to be levied for debt service requirements for Fiscal Year 2021/22 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which authorized the City to issue \$20 million of General Obligation bonds to fund the replacement of inadequate and outdated fire facilities.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 \$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 2022 is \$1,560,000 principal and \$271,000 interest for a total annual amount of \$1,831,700. However, staff recommends using \$200,000 in excess funds from the prior year levy to pay down the debt service. Based on these figures, the amount required for the 2021/22 tax levy is \$1,631,700.

The tax rate calculation uses assessed valuation provided by the County Auditor-Controller. The assessed value used for setting the Fiscal Year 2021/22 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 averaged greater than 6% for the past three (3) 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 2020/21, the estimated assessed value for Fiscal Year 2021/22 is \$32,209,966,000. Dividing the amount needed for the 2021/22 tax levy by the estimated assessed value equates to a tax rate of \$.00507 per \$100 of assessed value, or \$5.07 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 2021/22 tax levy will generate \$1,631,700 of General Obligation Bonds revenue. The property tax revenue is programmed into the City’s annual budget in the Debt Service Fund as an offset to Fire Bond principal and interest payments. The levy proposed with this report will cover debt service payments due in February and August of 2022.

In Fiscal Year 2020/21, the General Obligation supplemental tax generated approximately \$1,911,244. The proposed tax rate of \$5.07 per \$100,000 of assessed value for Fiscal Year 2021-2022 is \$0.24 lower than the previous year’s tax rate of \$5.31 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 and Treasury Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Kris Martinez, Interim Assistant City Manager
Approved as to form: Kristi J. Smith, Interim City Attorney

Attachments:

1. Resolution Ascertaining 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