

Ordinance Fact Sheet

TO: CITY COUNCIL DATE: SEPTEMBER 21, 1998
FROM: CITY MANAGER

TITLE OF PROPOSED ORDINANCE: ORDINANCE FIXING THE FY 1999 TAX RATE FOR THE POLICE BUILDING AND JAIL GENERAL OBLIGATION BONDS

PURPOSE OF ORDINANCE: To fix the tax rate for the 1987 and 1993 Police Building and Jail General Obligation Bonds at \$.019562 and to establish procedures for collection and enforcement of said tax.

REASONS WHY LEGISLATION IS NEEDED: In August 1987, the City issued \$17,000,000 in taxpayer approved General Obligation Bonds for the construction of a new police building and jail. In 1993, the City subsequently refunded a portion of the bonds in order to lower annual debt service. The debt service on these bonds is payable from an override on the property tax which is levied annually for the period that the Bonds are outstanding.

Charter Section 905 and California Government Code Section 43632 require that the City Council adopt an ordinance each September which sets the property tax rate for the General Obligation Bonds for that Year and adopts the method of collection and enforcement. The Director of Finance has calculated the necessary property tax override to be \$.019562 per \$100 assessed valuation for fiscal year 1999, based on information provided by the County Auditor-controller. The required tax rate is adjusted each year depending upon changes in assessed valuation, debt service and the amount for reserves from past over-collection. The rate calculated for last year, fiscal year 1998, was \$.017898 or \$17.90 on a \$100,000 assessed value residence.

MEETING OF 9/21/98

AGENDA ITEM NO. 9.A.1.

In general, the rate for fiscal year 1999 is 8.5% higher than the rate for fiscal year 1998. This increase was caused by a decrease in the amount of past over-collections that were applied to offset the amount of tax needed to pay debt service on the bonds. The over collection accumulated during the early years of the bonds (1988 to 1995) and has since been depleted each year. For the fiscal year 1999, the amount of over-collections applied in calculating the tax rate decreased from \$300,000 to \$110,228.

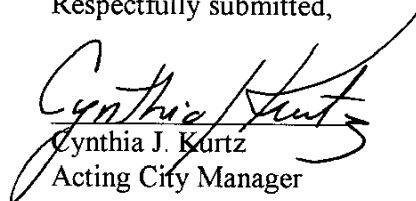
The tax will be collected in accordance with procedures established by the Assessor of the County of Los Angeles.

PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED: The Department of Finance administers the Police Building and Jail General Obligation Bonds.

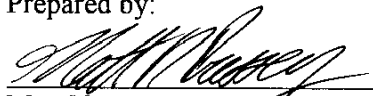
FISCAL IMPACT: Levying this property tax override is necessary so that the City can pay annual debt service on the General Obligation Bonds. For a residence with an assessed valuation of \$100,000, the fiscal year 1999 tax for the General Obligation Bonds will be \$19.56.

POLICY CHANGES: None

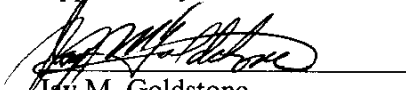
Respectfully submitted,


Cynthia J. Kurtz
Acting City Manager

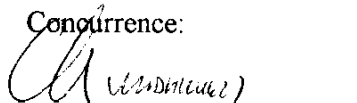
Prepared by:


Matt N. Pressey
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Approved by:


Jay M. Goldstone
Director of Finance

Concurrence:


Nicholas George Rodriguez
Assistant City Attorney