

REPORT

**To the Honorable Mayor and City Council
From the City Manager**

July 11, 2005

Subject

Bond Service Tax Rates – 2005-2006 General Improvement District 1-64

Recommendation

It is recommended that the attached ordinance setting the tax rates for General Improvement District No. 1-64 be introduced.

Background

The Finance Department has computed the tax rates required for bond interest and redemption in General Improvement District 1-64, using the Assessment Roll for the District as equalized by the City Council sitting as the Board of Equalization.

Assessed values compared to prior fiscal years

	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>Incr/(Decr)</u>
Land	\$498,390,162	\$517,048,912	\$523,470,912	\$ 595,413,162	13.74%
Improvements	<u>532,357,750</u>	<u>548,847,750</u>	<u>571,039,000</u>	<u>585,147,750</u>	2.47%
Total	\$1,030,747,912	\$1,065,896,662	\$1,094,509,912	\$1,180,560,912	7.86%

Appraised values have increased due to a general increase in residential property values.

The recommended tax rates for bond service costs per \$100 assessed valuation compared to prior years are:

	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Reclamation						
Bonds	0.1458	0.1139	0.1362	0.1272	0.1241	0.1077
Facility						
Bonds	0.1466	0.1230	0.1359	0.1278	0.1245	0.1139

The recommended 2005-2006 tax rate for Reclamation Bonds is 13.22% lower than in the previous year. The recommended rate for the Facility Bonds is 8.51% lower. The lower rates for the current year are due to debt service being spread over a greater appraised base. Although lower, the rate will not necessarily yield a lower assessment, due to varying percentages of increase/decrease between residential and commercial property types.

The impact of the rate change is illustrated by the following example where the market value of a home has increased 21.8% from the preceding year. For a four bedroom, 3 bath house with an appraised value of \$780,000 in January 2004 (land value \$350,000 and improvement value \$430,000) and a current appraised value of \$950,000 in January 2005

7A-2

(land value \$500,000 and improvement value \$450,000), the total tax would be as shown below:

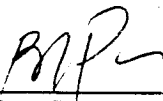
	<u>2004-05</u>	<u>2005-06</u>	<u>Incr/(Decr)</u>	
	\$	\$	\$	%
Reclamation Bonds Assessment	108.59	134.63	26.04	23.98
Facilities Bonds Assessment	<u>242.78</u>	<u>270.51</u>	<u>27.73</u>	11.42
Total	351.37	405.14	53.77	15.30

It should be noted that Reclamation Bond debt service is levied on land only while Facility Bond debt service is levied on both land and improvements. The bonds are a general obligation of the General Improvement District No. 1-64 and will mature on July 1, 2008. They are payable from taxes levied only within the district boundaries.

Bond taxes have been levied on the basis of an annual tax roll developed strictly for the General Improvement District No. 1-64 each year since the 1968-69 fiscal year. The amount of district taxes is calculated by the District Tax Collector (the City's Finance Director) and is collected by San Mateo County at the same time and on the same bill as other city, county and special district taxes.

The required total tax is computed as follows:


	<u>Reclamation Bonds</u>	<u>Facility Bonds</u>
Gross Bond Service		
Principal	\$555,000	\$1,145,000
Interest	21,300	117,000
District Assessment	21,200	29,300
Other Bond Service Costs	<u>53,514</u>	<u>53,476</u>
Total Expenses	651,014	1,344,776
Deduct		
Interest Earnings	<u>(10,000)</u>	
Amount to be levied	<u>\$641,014</u>	<u>\$1,344,776</u>



Brian Ponty
District Assessor
(Finance Director)



Alison Freeman
Financial Services Manager



Edward P. Everett
City Manager

ORDINANCE NO. _____

AN ORDINANCE FIXING THE AMOUNT OF MONEY TO BE RAISED BY TAXATION UPON THE TAXABLE PROPERTY WITHIN GENERAL IMPROVEMENT DISTRICT NO. 1-64 TO PROVIDE FUNDS FOR GENERAL IMPROVEMENT DISTRICT NO. 1-64, AND FIXING AND LEVYING THE TAX RATE THEREFOR

THE COUNCIL OF REDWOOD CITY DOES ORDAIN AS FOLLOWS:

SECTION 1. GENERAL. The following general and special tax rates for General Improvement District No. 1-64 hereinafter set forth are hereby levied and fixed, for the fiscal year July 1, 2005 - June 30, 2006, in the amounts set forth herein as follows, to wit:

(a) One Million Three Hundred Forty-Four Thousand Seven Hundred Seventy-Six and no/100 dollars (\$1,344,776.00) for the payment of principal and interest on Redwood City General Improvement District No. 1-64 Facilities Bonds, Series A, B, C, D, and E for deposit in the Redwood City General Improvement District No. 1-64, Facilities Bond Principal and Interest Fund, and for payment of costs incurred in assessment and administration of the district, and the special tax rate therefore is hereby levied and fixed at \$0.1139 on each One Hundred Dollars (\$100.00) of the assessed value of all taxable real property within the limits of General Improvement District No. 1-64 as said District was established by Resolution No. 4274 , adopted by the Council of the City of Redwood City on May 4, 1964, together with all territory thereafter annexed thereto, as said value has been established in accordance with Ordinance No. 1290, adopted by the Council of the City of Redwood City on January 30, 1967.

(b) Six Hundred Forty-One Thousand Fourteen and no/100 dollars (\$641,014.00) for the payment of principal and interest on Redwood City General Improvement District No. 1-64 Reclamation Bonds, Series A, B, C, D, and E, for

deposit in the Redwood City General Improvement District No. 1-64 Reclamation Bond Principal and Interest Fund, and for payment of costs incurred in assessment and administration of the district, and the special tax rate therefor is hereby levied and fixed at \$0.1077 on each One Hundred Dollars (\$100.00) of the assessed value of all taxable land within the limits of General Improvement District No. 1-64 as said District was established by Resolution No. 4274 adopted by the Council of the City of Redwood City on May 4, 1964, together with all territory thereafter annexed thereto, as said value has been established in accordance with Ordinance No. 1290, adopted by the Council of the City of Redwood City on January 30, 1967.

SECTION 2. REPEAL. All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed.

SECTION 3. SEVERABILITY. If any section, sentence, clause or phrase of this ordinance is for any reason held by a Court of competent jurisdiction to be invalid, such decision shall not affect the validity of portions of this ordinance, and the City Council hereby declares that it would have adopted said ordinance and each section, sentence, clause and phrase thereof, irrespective of the fact that any one or more section, sentence, clause or phrase be declared invalid.

SECTION 4. TRANSMITTAL TO COUNTY. The City Clerk is hereby directed to transmit certified copies of this ordinance to the Auditor of the County of San Mateo in accordance with Section 51551 of the Government Code and to such other County officials as may find it convenient or necessary to utilize this ordinance.

SECTION 5. EFFECTIVE IMMEDIATELY. Pursuant to Redwood City Charter Section 16, this ordinance shall take effect and be in force upon its adoption.

* * * * *