

# REPORT

To the Honorable Chair and Board of Equalization  
From the City Manager

July 10, 2006

## Subject

Submittal of Equalized General Improvement District 1-64 Assessment Roll

## Recommendation

Accept the equalized assessment roll for the General Improvement District 1-64 for the 2006-07 fiscal year.

## Background

Annually a special tax is levied on the property owners in General Improvement District 1-64 (Redwood Shores) for debt service on facilities and reclamation bonds. The amount needed for debt service is distributed among the property owners based on the assessed value of land and improvements based on appraised market value. The market value of property in the district has increased 9.77% in the last year, related to a general increase in residential and commercial property values. The City Council, sitting as the Board of Equalization, accepts the assessment roll and, in a separate action, sets the tax rate required to provide funds for bond service. Because of the increased value of property, the tax rate will decrease.

The Redwood City General Improvement District No. 1-64 was formed by the City Council on May 4, 1964. On June 16, 1964, by a public vote of the landowners in the district, bonds totaling \$106,227,000 for facilities purposes and \$70,168,000 for reclamation purposes were authorized. On December 10, 1968, landowners authorized additional bonds totaling \$20,814,000 for facilities purposes and \$23,508,000 for reclamation purposes. Five series of bonds of each type (facilities and reclamation) were issued in May 1966, June 1967, February 1968, July 1969, and March 1979. Total bond issues amounted to \$18,515,000 for facilities and \$9,510,000 for reclamation. On February 28, 1983 the City Council de-authorized the balance of unissued bonds for facilities purposes in the amount of \$108,526,000. On the same date, the City Council de-authorized \$76,166,000 of unissued bonds for reclamation purposes, leaving a balance of \$8,000,000 authorized and unissued.

Under the terms of the district formation and bond issues, the debt service on the bonds (principal and interest) must be paid solely from a special tax rate levied on the properties within the district. The reclamation bonds are to be paid from taxes levied on the value of the land and the facilities bonds are to be paid from taxes levied on the total value (land and improvements) of the properties.

Each year the Director of Finance, acting as District Assessor, determines the property values for this purpose. The City Council sitting as a Board of Equalization accepts (or alters) the roll as submitted. Each property owner, by a letter mailed on June 9, was advised of the new assessed values as determined by the District Assessor. In the same letter, the property owners were also advised of the public hearing scheduled for July 10.

When the hearing has been held and the City Council sitting as the Board of Equalization has accepted the roll, the property owners have the right to appeal by September 15, 2006. Appeals, if any, will be publicly heard by the Board of Equalization (City Council) on December 4, 2006.

Appeals are filed on a prescribed form available from the Finance Department and City Clerk's Office. The appellant must include evidence in support of his/her appeal for an adjustment of the values. No fee is charged unless the appellant requests a copy of the transcript of the Appeal Board's proceedings. A \$10 fee is collected at the time the appeal is filed if a transcript is requested.

Appeals are investigated to determine the proper assessed values and, if appropriate, the initial assessed values will be adjusted. The Board of Equalization (City Council) will hear appeals on December 4. If any appeals are upheld, the County will then be notified to adjust the tax bills. Last year, there were no appeals filed.

After the roll has been accepted, the Board, sitting as the City Council, will establish the tax rate to generate sufficient funds to meet current debt service. Since the debt service amount remains almost constant during the life of the bonds and the values of the properties increase or decrease due to a combination of several factors (inflation, new construction, and economic conditions), the tax rate is adjusted to compensate for these changes. The total appraised value of real property in General Improvement District 1-64 increased in the current fiscal year by 9.77% due to an increase of 7.06% in the market value of residential property and an increase of 16.20% in commercial property.

It has been the City's practice to engage a private appraiser to perform this appraisal. Mr. Charles B. Warren, ASA, was engaged to determine the assessments based on market values as of January 1, 2006. Market Value is defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to fair sale, with the buyer and seller each acting prudently and knowledgeably, and assumes that the price is not affected by special financing or sales concessions.

The assessed value as determined by the City Council (sitting as the Board of Equalization) is used only for the district's property taxes and has no bearing whatsoever on the general property taxes collected by the County of San Mateo Tax Collector.

GID 1-64 is composed of commercial, industrial, multi-family residential, single family and condominium residential land uses, and land which may be developable and which may be served by off-site improvements.

**Assessed values compared to prior fiscal years**

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>(Decr)/Incr</u>
Land	\$517,048,912	\$523,470,912	\$595,413,162	\$ 684,189,412	14.91%
Improvements	<u>548,847,750</u>	<u>571,039,000</u>	<u>585,147,750</u>	<u>611,662,750</u>	4.53%
Total	\$1,065,896,662	\$1,094,509,912	\$1,180,560,912	\$1,295,852,162	9.77%


The assessed values represent 25% of the adjusted appraised value of \$5,183,408,647<sup>(1)</sup>.

<sup>(1)</sup> The bond agreement specifies that assessed value is 25% of the full cash value of the property.

**Assessed Values by Type**  
**As percent of total valuation**

	Residential	Commercial	Vacant Land
1996-1997	59.8	35.2	5.0
1997-1998	54.7	37.8	7.5
1998-1999	56.8	39.4	3.8
1999-2000	57.7	40.3	2.0
2000-2001	57.1	41.2	1.7
2001-2002	60.6	38.7	.7
2002-2003	60.25	39.4	.35
2003-2004	62.93	36.73	.34
2004-2005	63.76	35.90	.34
2005-2006	70.40	29.32	.28
2006-2007	68.68	31.03	.29

***A copy of the appraisal report has been sent to each council member for review, and a copy is available in the office of the City Clerk.***

  
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Brian Ponty  
District Assessor  
(Finance Director)

  
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Alison Freeman  
Financial Services Manager

  
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Edward P. Everett  
City Manager