



**CITY OF PACIFIC GROVE**  
**300 Forest Avenue, Pacific Grove, California 93950**

**AGENDA REPORT**

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Patty Maitland, Finance Director

**MEETING DATE:** April 15, 2015

**SUBJECT:** Ordinance to levy a property tax for the Butterfly Habitat Bonds and Resolution to certify compliance with state law concerning the levying of taxes.

**CEQA:** Does not constitute a “project” under California Environmental Quality Act (CEQA) guidelines.

**RECOMMENDATION**

1. Introduce and hold first reading of an ordinance to levy a tax on the assessed value of property in Pacific Grove at the rate of 0.004% to pay the \$92,005 in annual debt service on the 2003 General Obligation Refunding Butterfly Habitat Bonds, and direct publication of a summary of the measure as approved by the City Attorney.
2. Approve a resolution that certifies compliance with state law concerning the levying of taxes.

**DISCUSSION**

The 1990 voter-approved bond measure to acquire and improve the Monarch Sanctuary requires the City of Pacific Grove to levy an annual ad valorem assessment (based on valuation), on property within the City to pay the debt service. The bonds were refunded in 2003 to take advantage of a lower interest rate, which reduced the total cost to the City over the life of the debt. The County of Monterey collects the tax revenue on behalf of the City and requires that all agencies within the County imposing a special property tax levy adopt a resolution certifying that the local agency has met the legal obligations involved in establishing a tax levy. This report recommends adopting such a resolution in addition to the assessment ordinance.

The City makes two debt service payments each fiscal year. The first, which is approximately 88% of the annual payment, is due on August 1<sup>st</sup>. Since the City does not receive property tax revenues until December of each year, the payment schedule creates a cash-flow problem within the fund. The recommended rate of 0.004% provides sufficient funds to pay the \$92,005 debt service for FY 2015-16 with a \$25,000 projected fund balance for the subsequent fiscal year to offset the cash flow issue.

A provision of the bond issuance prohibits the fund balance from exceeding 125% of the following year’s debt service payment. The 125% limit on the Fiscal Year 2015-16 debt service payment is \$115,006. The \$25,000 estimated ending fund balance will not exceed the 125% threshold.

The assessment rate is calculated based on the assessed property valuation and the reserve available in the fund which, when combined, are sufficient to meet the debt service obligation.

The recommended assessment rate is calculated as follows:

Fiscal Year 2015-16 debt service due	\$	92,005
Fiscal year 2014-15 property assessed valuation in PG	\$	2,674,126,098
Tax rate required to pay debt service due		0.004%

The final payment on the debt will be made on August 1, 2017

**FISCAL IMPACT**

The annual debt service payment will be included in the Fiscal Year 2015-16 Recommended Budget.

**ATTACHMENTS**

- 1. Ordinance
- 2. Resolution

RESPECTFULLY SUBMITTED:

REVIEWED BY:

*P. A. Maitland*

*THOMAS FRUTCHY*

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Patty Maitland  
Finance Director

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Thomas Frutchey  
City Manager

**ORDINANCE NO. 15-\_\_\_\_\_**

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE  
LEVYING MUNICIPAL TAXES FOR THE FISCAL YEAR BEGINNING JULY 1, 2015**

**WHEREAS**, Article 33 of the City Charter allows the City to levy an annual assessment on property taxes to pay the debt service on the 1990 General Obligation Butterfly Habitat Bond until 2017; and

**WHEREAS**, in 2003, the City redeemed the above mentioned Bonds and issued the 2003 General Obligation Refunding Butterfly Habitat Bonds resulting in savings to the property taxpayers of the City; and

**WHEREAS**, the City has determined that it is appropriate to levy a taxation rate of 0.004% on the assessed value of all real and personal property in the City of Pacific Grove, County of Monterey, State of California, to be apportioned for the redemption of and payment of interest on the 2003 General Obligation Refunding Butterfly Habitat Bonds for the fiscal year beginning July 1, 2014; and

**WHEREAS**, notice of the public hearing was published; and

**WHEREAS**, in the enactment of this ordinance, the City followed the guidelines adopted by the State of California and published in the California Code of Regulations, Title 14, Section 15000, et seq.

**WHEREAS**, Enactment of this ordinance action does not constitute a “project” as defined by California Environmental Quality Act (CEQA) because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment;

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE:**

SECTION 1. The foregoing recitals are adopted as findings of the City Council as though set forth fully herein.

SECTION 2. The tax rate hereinabove fixed is pursuant to the General Laws of the State of California and Article 33 of the Charter of the City of Pacific Grove, and it includes the principal and interest coming due before the next general tax levy.

SECTION 3. The City Manager is directed to execute all documents and to perform all other necessary City acts to implement this Ordinance.

SECTION 4. In accord with Article 15 of the City Charter, this ordinance shall become effective on the 30th day following passage and adoption hereof.

**PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE**  
this 15th day of April, 2015, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

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BILL KAMPE, Mayor

ATTEST:

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SANDRA KANDELL, Deputy City Clerk

APPROVED AS TO FORM:

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DAVID C. LAREDO, City Attorney

**RESOLUTION NO. 15-xxx**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE  
CERTIFYING COMPLIANCE WITH LAW WITH RESPECT TO THE LEVYING OF  
PROPERTY TAXES FOR DEBT SERVICE**

**FINDINGS**

1. Article 33 of the City Charter allows the City to levy an annual assessment on property taxes to pay the debt service on the 1990 General Obligation Butterfly Habitat Bond, refunded in 2003, until 2017.
2. The City of Pacific Grove requests that the Auditor-Controller of Monterey County enter tax assessments for payment of City issued debt service on the tax roll for collection and distribution by the Treasurer-Tax Collector of Monterey County with the property tax bills for the fiscal year beginning July 1, 2015.
3. The County of Monterey requires all local agencies within the County imposing special tax levies adopt a resolution certifying compliance with law with respect to the levying of property taxes for debt service.
4. In the review of this matter, the City followed the guidelines adopted by the State of California and published in the California Code of Regulations, Title 14, Section 15000, et seq.
5. This action does not constitute a “project” as defined by the California Environmental Quality Act (CEQA) because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE  
CITY OF PACIFIC GROVE:**

1. The foregoing Findings are adopted as findings of the City Council as though set forth fully herein.
2. The City Council hereby certifies that it has, without limitation, complied with all legal procedures and requirements necessary for the levy identified in Ordinance 15-\_\_\_\_, regardless of whether those procedures and requirements are set forth in the Constitution of the State of California, in State statutes, or in the applicable decisional law of the State of California
3. The City Council further certifies that, except for the sole negligence or misconduct of the County of Monterey, its officers, employees, and agents, the City shall be solely liable and responsible for defending, at its sole expense, cost and risk, each and every action, suit, or other proceeding brought against the County of Monterey, its officers, employees, and agents, for the levying or imposition of the taxes identified

- in Ordinance 15-\_\_\_\_, and that it shall pay or satisfy any judgment rendered against the County of Monterey, including all claims for refunds and interest thereon, legal fees, and court costs, and administrative expenses of the County to correct tax rolls.
4. The City Manager is authorized to execute all documents and perform all other necessary City acts to implement the tax levy
  5. This Resolution shall become effective immediately following passage and adoption thereof.

**PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE**  
this \_\_\_\_ day of \_\_\_\_\_, 2015, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

\_\_\_\_\_  
BILL KAMPE, Mayor

ATTEST:

\_\_\_\_\_  
SANDRA KANDELL, Deputy City Clerk

APPROVED AS TO FORM:

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DAVID C. LAREDO, City Attorney