



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: May 4, 2016

SUBJECT: Introduce and hold a first reading of an ordinance that levies a tax on assessed value of property in Pacific Grove for the Butterfly Habitat Bonds and approval of a resolution that certifies compliance with state law concerning the levying of taxes. Adopt resolution of compliance.

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

RECOMMENDATION

1. Hold a public hearing and introduce the first reading of an ordinance that levies a tax rate of 0.0035% on the assessed value of property in Pacific Grove, to pay the annual debt service on the 2003 General Obligation Refunding Butterfly Habitat Bonds.
2. Approve a resolution that certifies compliance with the 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 1st of each year. 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 0.0035% provides sufficient funds to pay the \$92,570 debt service for FY 2016-17 with a \$38,000 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 2016-17 debt service

payment is \$113,973. The \$38,000 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 2016-17 debt service due	\$	92,570
Fiscal year 2016-17 property assessed valuation	\$	2,714,906,521
Tax rate required to pay debt service due		0.0035%

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 2016-17 Recommended Budget.

ATTACHMENTS

- 1. Ordinance
- 2. Resolution
- 3. Public Notice

RESPECTFULLY SUBMITTED:

REVIEWED BY:

P. A. Maitland

Ben Harvey

Patty Maitland
Finance Director

Ben Harvey
City Manager

ORDINANCE NO. 16-_____

**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 0.0035% 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, 2016; 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 thirtieth (30th) day following passage and adoption hereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE
this _____ day of _____, 2016, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

BILL KAMPE, Mayor

ATTEST:

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney

RESOLUTION NO. 16-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 of Pacific Grove (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 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, 2016.
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 16-_____, 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 16-_____, 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 _____, 2016, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

BILL KAMPE, Mayor

ATTEST:

SANDRA KANDELL, Deputy City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney

City of Pacific Grove

PUBLIC HEARING NOTICE

NOTICE IS HEREBY GIVEN THAT the City Council of the City of Pacific Grove will hold a public hearing on **Wednesday, May 4, 2016, at 6:00 p.m.**, at the City Council Chambers in City Hall, 300 Forest Avenue in Pacific Grove, California, to consider an ordinance of the City Council of the City of Pacific Grove levying municipal taxes for the fiscal year beginning July 1, 2016. Copies of the proposed Ordinance are available at the City Clerk's office in City Hall at 300 Forest Avenue.

The City of Pacific Grove does not discriminate against persons with disabilities. Pacific Grove City Hall is an accessible facility. If you require any special accommodations, please contact the City Clerk at (831) 648-3100.

Sandra Kandell
City Clerk

Dated: _____