



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Adam Benson  
Director of Finance

**SUBJECT:** Fiscal Year 2020-21 Tax Levy For  
Voter Approved Indebtedness

**DATE:** July 27, 2020

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City Administrator Approval

Date: August 10, 2020

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## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution Fixing The Rate Of Property Tax And Levying A Tax On Real And Personal Property In The City Of Oakland For Fiscal Year 2020-21 For Voter-Approved Indebtedness.**

## **EXECUTIVE SUMMARY**

Adoption of this resolution will permit the City of Oakland (the "City") to collect the Fiscal Year 2020-21 ("FY20-21") property tax revenues for the payment of the City's voter approved outstanding general obligation bonds debt service and Police and Fire Retirement System obligations. The City must annually set property tax levy rates, based on the assessed valuation subject to taxation, and must inform the County of Alameda (the "County") of these rates by August 31<sup>st</sup> for inclusion on the stated year's property tax bill. If the estimated general obligation bond rates need to be adjusted to reflect the actual figures for the assessed valuation, the City Administrator or his designee will be authorized to make the necessary adjustments.

This resolution is submitted during the Summer Recess in order to calculate the property tax levy rates using FY20-21's assessed valuation figures and meet the County's deadline for submitting these rates for inclusion on this year's property tax bill.

## **BACKGROUND / LEGISLATIVE HISTORY**

The proposed resolution has been prepared pursuant to California Government Code and Article VIII, Section 802, of the Oakland City Charter, setting the FY20-21 property tax rate for voter-approved indebtedness. Article XIII A of the California Constitution (Proposition 13) precludes the adoption of a City-wide property tax rate. A County-wide one percent (1%) property tax rate is assessed by Alameda County and apportioned to cities and special districts in accordance with State law.

## **ANALYSIS AND POLICY ALTERNATIVES**

For the City's outstanding general obligation bonds, the required property tax levy rates are calculated annually based on the year's debt service obligations and assessed valuation figures. For the City's FY20-21 voter-approved indebtedness, the rates in **Table 1** are estimated to satisfy the debt service obligations of the indicated general obligation bond series.

**Table 1: Property Tax Rates**

<b>Bond Issue</b>		<b>Property Tax Rates</b>
\$128,895,000	General Obligation Refunding Bonds, Series 2015A	0.0175%
\$26,500,000	General Obligation Bonds, Series 2017C (Measure DD)	0.0019%
\$62,735,000	General Obligation Bonds, Series 2017A-1 (Measure KK)	0.0030%
\$55,120,000	General Obligation Bonds, Series 2017A-2 (Measure KK)	0.0054%
\$140,010,000	General Obligation Bonds, Series 2020B-1 (Measure KK)	- <sup>1</sup>
\$44,880,000	General Obligation Bonds, Series 2020B-2 (Measure KK)	0.0091%
\$64,260,000	General Refunding Obligation Bonds, Series 2020	0.0068%

<sup>1</sup> There is no levy required in FY20-21 for Series 2020B-1 debt service. Series 2020B-1 FY20-21 debt service will be paid using net bond premium generated at issuance of the bonds.

For the City's Police and Fire Retirement System pension liability, the property tax levy rate to fund the City's FY20-21 voter-approved continuing obligations to fund the City's indebtedness to the Police and Fire Retirement System is 0.1575%.

In the event of any changes to the County's assessed valuation data, the proposed resolution allows the City Administrator or his designee to approve any necessary adjustments in the property tax levy rates for the indicated general obligation bonds prior to the County's preparation of the tax bills. The City Council will be notified of any significant changes to the rates estimated in this report.

## **FISCAL IMPACT**

Adoption of this resolution will allow the City to levy and collect the FY20-21 property tax revenues of approximately \$29.9 million which are included in the FY20-21 Adopted Midcycle Budget for the payment of debt service on the City's outstanding general obligation bonds and Police and Fire Retirement System obligations. The property tax rates calculations can be found in Appendix A.

## **PUBLIC OUTREACH / INTEREST**

This item did not require additional public outreach other than the required posting on the City's website.

## **COORDINATION**

This report was prepared by the Finance Department and the legislation has been reviewed by the City Attorney's Office.

## **SUSTAINABLE OPPORTUNITIES**

***Economic:*** Essential City services that serve the public greatly rely upon revenues generated from the voter-approved special tax measures.

***Environmental:*** There are no direct environmental impacts associated with the City Council action requested in this report.

***Race & Equity:*** The funding provided from the tax levies can be used to support Oakland's equity goals and objectives, including programs and services to Oakland's vulnerable population and communities of color. Some voter approved measures provide a mechanism for the exemptions from parcel tax to qualifying low-income households, senior household, affordable housing projects and certain religious organizations and schools.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution Fixing The Rate Of Property Tax And Levying A Tax On Real And Personal Property In The City Of Oakland For Fiscal Year 2020-21 For Voter-Approved Indebtedness.

For questions regarding this report, please contact David Jones, Treasury Administrator, at (510) 238-6508.

Respectfully submitted,



Adam Benson  
Director of Finance

Reviewed by:  
David Jones, Treasury Administrator

Prepared by:  
Jackie Lee, Principal Financial Analyst

Attachment A: General Obligation Bonds Levy Calculations for Fiscal Year 2020-21

ATTACHMENT A

City of Oakland  
General Obligation Bonds

Levy Calculations for Fiscal Year 2020-21<sup>(3)</sup>

Bond Description		Series 2015A (Refunding) 6064	Series 2017C (Measure DD) 6322	Series 2017A-1 (Measure KK) 6330	Series 2017A-2 (Measure KK) 6331	Series 2020B-2 (Measure KK) 6333	Series 2020 (Refunding) 6334	GOB TOTAL
<b>Cash available for debt service as of</b>	<b>6/30/2020</b>							
Cash held by Treasury		3,257,480	594,814	1,303,330	1,041,961	-	2,038,817	8,236,401
Cash held by Trustee		1	39	-	139	54,187	-	54,366
<b>Total cash as of</b>	<b>6/30/2020</b>	<b>3,257,480</b>	<b>594,853</b>	<b>1,303,330</b>	<b>1,042,099</b>	<b>54,187</b>	<b>2,038,817</b>	<b>8,290,767</b>
<b>Debt service payments through</b>	<b>12/31/2021</b>							
DS payments for	FY 2020-21	13,661,175	1,446,431	2,239,056	4,133,405	5,633,402	5,804,601	32,918,071
DS payment for	7/15/2021	1,892,963	447,591	1,119,528	669,303	399,737	598,324	5,127,445
DS payment for	12/31/2021	-	-	-	-	-	-	-
Bank and Bond expenses for	FY 2020-21	11,500	7,500	7,500	7,500	7,500	10,500	52,000
<b>Total debt service through</b>	<b>12/31/2021</b>	<b>15,565,638</b>	<b>1,901,522</b>	<b>3,366,084</b>	<b>4,810,208</b>	<b>6,040,640</b>	<b>6,413,424</b>	<b>38,097,515</b>
<b>Total DS Shortfall</b>		<b>12,308,157</b>	<b>1,306,668</b>	<b>2,062,755</b>	<b>3,768,108</b>	<b>5,986,452</b>	<b>4,374,607</b>	<b>29,806,748</b>
Add: Reserve of DS at	6.00%	819,671	86,786	134,343	248,004	338,004	348,276	1,975,084
Add: Projected delinquencies, unsecured roll at	4.49%	38,539	4,037	6,001	11,627	-	17,215	77,419
Less: Unitary Tax collected as of	FY 2019-20	(988,037)	(104,265)	(153,915)	(297,901)	-	-	(1,544,118)
<b>Balance to be levied on tax roll</b>		<b>12,178,330</b>	<b>1,293,226</b>	<b>2,049,184</b>	<b>3,729,839</b>	<b>6,324,457</b>	<b>4,740,097</b>	<b>30,315,133</b>
<b>Assessed Valuation <sup>(1)</sup></b>		<b>69,396,591,413</b>	<b>69,396,591,413</b>	<b>69,396,591,413</b>	<b>69,396,591,413</b>	<b>69,396,591,413</b>	<b>69,396,591,413</b>	<b>69,396,591,413</b>
<b>Secured tax rate <sup>(2)</sup></b>		<b>0.0175%</b>	<b>0.0019%</b>	<b>0.0030%</b>	<b>0.0054%</b>	<b>0.0091%</b>	<b>0.0068%</b>	<b>0.0437%</b>
Prior year's secured tax rate		0.0199%	0.0021%	0.0031%	0.0060%	0.0000%	0.0089%	0.0400%
Variance		-0.0024%	-0.0002%	-0.0002%	-0.0006%	0.0091%	-0.0021%	0.0036%

Note: Totals may not add up due to rounding.

<sup>(1)</sup> AV is net of 0.85% in secured roll delinquencies.

<sup>(2)</sup> Expected Unitary Tax Revenue for FY 2020-21 not factored into the secured tax rate given the uncertainty of the value of receipt; it will be taken into account for FY 2021-22 tax roll once the monies from County are received.

<sup>(3)</sup> Series 2020B-1 FY20-21 debt service paid using net bond premium generated at issuance.

**Delinquency Calculation**

Unsecured roll (Net AV plus Homeowner's Exemptions)		4,305,835,698	4,305,835,698	4,305,835,698	4,305,835,698	4,305,835,698	4,305,835,698	4,305,835,698
Prior year's tax rate		0.0199%	0.0021%	0.0031%	0.0060%	0.0000%	0.0089%	0.0400%
		858,331	89,913	133,659	258,952	-	383,397	1,724,251
Prior year's delinquency rate, unsecured roll		4.49%	4.49%	4.49%	4.49%	4.49%	4.49%	4.49%
<b>Projected delinquencies, unsecured roll</b>		<b>38,539</b>	<b>4,037</b>	<b>6,001</b>	<b>11,627</b>	<b>-</b>	<b>17,215</b>	<b>77,419</b>

**Projected Unitary Tax Calculation**

Unitary Tax for	FY 2019-20	988,037	104,265	153,915	297,901	-	-	1,544,118
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# OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

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## RESOLUTION FIXING THE RATE OF PROPERTY TAX AND LEVYING A TAX ON REAL AND PERSONAL PROPERTY IN THE CITY OF OAKLAND FOR FISCAL YEAR 2020-21 FOR VOTER-APPROVED INDEBTEDNESS

**WHEREAS**, the City of Oakland must annually set property tax levy rates, based on the assessed valuation subject to taxation, and must inform the County of Alameda of these rates by August 31st for inclusion on that year's property tax bill; and

**WHEREAS**, passage of this resolution will permit the City of Oakland to collect the Fiscal Year 2020-21 tax revenues for the payment of ongoing obligations and indebtedness of the City to the Police and Fire Retirement System and debt service on outstanding City general obligation bonds, as approved by the voters of the City of Oakland; and

**WHEREAS**, this resolution cannot be deferred for Council approval following the Council recess because City must set the rates and inform the County by August 31<sup>st</sup> for inclusion on this year's property tax bill, and City calculates the property tax levy rates using assessed valuation figures from Fiscal Year 2020-2021, which are published by the County annually in early August; now, therefore be it

**RESOLVED:** That a tax of 0.1575% is hereby fixed and levied for Fiscal Year 2020-21 on taxable property, real and personal, within the corporate limits of the City of Oakland, and the tax so levied and the money arising therefrom, when collected, shall be and is hereby identified and expended to fund payment of ongoing obligations and indebtedness of the City to the Police and Fire Retirement System as approved by the voters of the City of Oakland; and be it

**FURTHER RESOLVED:** That an estimated tax of 0.0175% is hereby fixed and levied for Fiscal Year 2020-21 on taxable property, real and personal, within the corporate limits of the City of Oakland, and the tax so levied and the money arising therefrom, when collected, shall be and is hereby identified and expended for debt service payments related to the City of Oakland, General Obligation Refunding Bonds, Series 2015A, as approved by the voters of the City of Oakland; and be it

**FURTHER RESOLVED:** That an estimated tax of 0.0019% is hereby fixed and levied for Fiscal Year 2020-21 on taxable property, real and personal, within the corporate limits of the City of Oakland, and the tax so levied and the money arising therefrom, when collected, shall be and is hereby identified and expended for debt service payments related to the City of Oakland, General Obligation Bonds, Series 2017C (Measure DD), as approved by the voters of the City of Oakland; and be it

**FURTHER RESOLVED:** That an estimated tax of 0.0030% is hereby fixed and levied for Fiscal Year 2020-21 on taxable property, real and personal, within the corporate limits of the City of Oakland, and the tax so levied and the money arising therefrom, when collected, shall be and is hereby identified and expended for debt service payments related to the City of Oakland, General Obligation Bonds, Series 2017A-1 (Measure KK), as approved by the voters of the City of Oakland; and be it

**FURTHER RESOLVED:** That an estimated tax of 0.0054% is hereby fixed and levied for Fiscal Year 2020-21 on taxable property, real and personal, within the corporate limits of the City of Oakland, and the tax so levied and the money arising therefrom, when collected, shall be and is hereby identified and expended for debt service payments related to the City of Oakland, General Obligation Bonds, Series 2017A-2 (Measure KK), as approved by the voters of the City of Oakland; and be it

**FURTHER RESOLVED:** That an estimated tax of 0.0091% is hereby fixed and levied for Fiscal Year 2020-21 on taxable property, real and personal, within the corporate limits of the City of Oakland, and the tax so levied and the money arising therefrom, when collected, shall be and is hereby identified and expended for debt service payments related to the City of Oakland, General Obligation Bonds, Series 2020B-2 (Measure KK), as approved by the voters of the City of Oakland; and be it

**FURTHER RESOLVED:** That an estimated tax of 0.0068% is hereby fixed and levied for Fiscal Year 2020-21 on taxable property, real and personal, within the corporate limits of the City of Oakland, and the tax so levied and the money arising therefrom, when collected, shall be and is hereby identified and expended for debt service payments related to the City of Oakland, General Obligation Refunding Bonds, Series 2020, as approved by the voters of the City of Oakland; and be it

**FURTHER RESOLVED:** That if the estimated General Obligation Bond rates of 0.0175% for Series 2015A, 0.0019% for Series 2017C, 0.0030% for Series 2017A-1, 0.0054% for Series 2017A-2, 0.0091% for Series 2020B-2 and 0.0068% for Series 2020 need to be adjusted to reflect the actual figures for the assessed valuations, the City Administrator is hereby authorized to make the necessary adjustments; and be it

**FURTHER RESOLVED:** That this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR,  
THAO AND PRESIDENT KAPLAN

NOES –

ABSENT –

ABSTENTION –

ATTEST: \_\_\_\_\_

ASHA REED  
Acting City Clerk and Clerk of the Council  
of the City of Oakland, California