



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: Fiscal Year 2023-24 Tax Levy For
Voter Approved Indebtedness

DATE: July 24, 2023

City Administrator Approval


Jestin Johnson (Aug 4, 2023 10:53 PDT)

Date: 8/4/2023

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Fixing The Rate Of Property Tax And Levying The Tax On Real And Personal Property In The City Of Oakland For Fiscal Year 2023-24 For Voter-Approved Indebtedness.

EXECUTIVE SUMMARY

Adoption of the proposed resolution will permit the City of Oakland (the “City”) to collect the Fiscal Year 2023-24 (“FY23-24”) property tax revenues for the payment of the City’s voter approved outstanding general obligation (“GO”) bonds debt service and Police and Fire Retirement System (“PFRS”) 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 31st for inclusion on the stated year’s property tax bill. If the estimated GO 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 FY23-24’s assessed valuation figures, which become available in early August, and meet the County’s August 31st 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 FY23-24 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.

Pursuant to California Government Code Section 5403, the City may levy a tax in an amount sufficient to pay estimated principal and interest on an upcoming issuance of bonds which is

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expected to have payments due before the proceeds of the next succeeding tax will be available.

ANALYSIS AND POLICY ALTERNATIVES

The Citywide priority advanced by this recommended policy action meets the goal of a responsive, trustworthy government.

For the City’s outstanding GO bonds, the required property tax levy rates are calculated annually based on the year’s debt service obligations and assessed valuation figures. The City’s General Obligation Bonds, Series 2023 are anticipated to be sold in the fall of 2023. Principal and interest on such bonds will become due within FY2023-24 but actual amounts are not available until the sale of the bonds – after the setting of the levy. As such, estimates for the Series 2023 Bonds are included in the calculation of the FY2023-24 indebtedness.

For FY2023-24, the property tax levy rate required to fund the City’s continuing obligations and indebtedness to PFRS is 0.1483%.

For the City’s FY2023-24 voter-approved indebtedness, the rates in **Table 1** are estimated to satisfy the debt service obligations of the indicated GO bond series and obligations and indebtedness to PFRS.

Table 1: Property Tax Rates

Bond Issue		Property Tax Rates
\$128,895,000	General Obligation Refunding Bonds, Series 2015A	0.0034%
\$26,500,000	General Obligation Bonds, Series 2017C (Measure DD)	0.0014%
\$62,735,000	General Obligation Bonds, Series 2017A-1 (Measure KK)	0.0023%
\$55,120,000	General Obligation Bonds, Series 2017A-2 (Measure KK)	0.0041%
\$140,010,000	General Obligation Bonds, Series 2020B-1 (Measure KK)	0.0040%
\$44,880,000	General Obligation Bonds, Series 2020B-2 (Measure KK)	0.0056%
\$64,260,000	General Obligation Refunding Bonds, Series 2020	0.0018%
\$198,645,000	General Obligation Bonds, Series 2022C-1 (Measure KK)	0.0132%
\$101,345,000 ¹	General Obligation Bonds, Series 2023A (Measure U)	0.0171% ¹
\$52,580,000 ¹	General Obligation Bonds, Series 2023D (Measure KK)	0.0023% ¹
	Police and Fire Retirement System obligations	0.1483%
Total Levy Rate		0.2035%¹

¹Preliminary estimate.

The estimated levy rate is in compliance with the City’s Debt Management Policy, and at the time of sale, the Series 2023 Bonds will be structured to maintain compliance with the policy.

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 FY23-24 property tax revenues of approximately \$46.4 million, which are included in the FY 2023-2025 Adopted Policy Budget, for the payment of debt service on the City's outstanding general obligation bonds and \$124.6 million for the payment of Police and Fire Retirement System obligations. The property tax rate calculations can be found in **Attachment A**.

PUBLIC OUTREACH / INTEREST

This item did not require 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: To the extent authorized by the individual measure, the funding provided from 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, other than the general obligation bond 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 The Tax On Real And Personal Property In The City Of Oakland For Fiscal Year 2023-24 For Voter-Approved Indebtedness.

For questions regarding this report, please contact Dawn Hort, Assistant Treasury Administrator, at (510) 238-2994.

Respectfully submitted,



[Erin Roseman \(Aug 3, 2023 15:01 PDT\)](#)

ERIN ROSEMAN
Director of Finance
Finance Department

Reviewed by:
Dawn Hort, Assistant Treasury Administrator
Treasury Bureau

Prepared by:
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Treasury Bureau

Attachment A: General Obligation Bonds Levy Calculations for Fiscal Year 2023-24

Attachment A

City of Oakland General Obligation Bonds

Levy Calculations for Fiscal Year 2023-24

Bond Description Fund Number		Series 2015A (Refunding) 6064	Series 2017C (Measure DD) 6322	Series 2017A-1 (Measure KK) 6330	Series 2017A-2 (Measure KK) 6331	Series 2020B-1 (Measure KK) 6332	Series 2020B-2 (Measure KK) 6333	Series 2020 (Refunding) 6334	Series 2022C-1 (Measure KK) 6335	Series 2023 (Measure U)	Series 2023 (Measure KK)	GOB TOTAL
Cash available for debt service as of	6/30/2023											
Cash held by Treasury		2,829,411	584,181	1,353,533	1,039,956	2,354,705	445,812	2,869,415	7,087,871	-	-	18,564,885
Cash held by Trustee		4,890	466	515	1,613	891	2,110	2,386	1,808	125,000	30,000	169,679
Total cash as of	6/30/2023	2,834,301	584,647	1,354,048	1,041,569	2,355,596	447,922	2,871,801	7,089,679	125,000	30,000	18,734,564
Debt service payments through	12/31/2024											
DS payments for	FY 2023-24	5,501,175	1,448,431	2,239,056	4,132,780	3,932,700	4,956,517	5,800,027	10,442,650	1,342,575	635,342	40,431,253
DS payment for	7/15/2024	1,317,338	403,966	1,119,528	547,140	1,966,350	225,722	454,475	7,053,700	13,087,742	1,314,500	27,490,460
DS payment for	12/31/2024	-	-	-	-	-	-	-	-	-	-	-
Bank and Bond expenses for	FY 2023-24	9,000	8,500	8,500	8,500	8,500	8,500	8,000	8,500	12,750	12,750	93,500
Total debt service through	12/31/2024	6,827,513	1,860,897	3,367,084	4,688,420	5,907,550	5,190,739	6,262,502	17,504,850	14,443,067	1,962,592	68,015,213
Total DS Shortfall		3,993,212	1,276,250	2,013,036	3,646,851	3,551,954	4,742,817	3,390,701	10,415,171	14,318,067	1,932,592	49,280,650
Add: Reserve of DS at	6.00%	330,071	86,906	134,343	247,967	235,962	297,391	348,002	626,559	80,555	38,121	2,425,875
Add: Projected delinquencies, unsecured roll at	3.70%	21,499	2,212	3,655	6,523	6,560	5,522	9,466	23,673	-	-	79,110
Less: Unitary Tax collected as of	FY 2022-23	(1,473,039)	(153,196)	(247,471)	(447,804)	(447,804)	(377,098)	(2,274,373)	-	-	-	(5,420,785)
Balance to be levied on tax roll		2,871,742	1,212,171	1,903,564	3,453,537	3,346,672	4,668,632	1,473,796	11,065,403	14,398,622	1,970,712	46,364,850
Assessed Valuation ⁽¹⁾		84,031,476,087	84,031,476,087	84,031,476,087	84,031,476,087	84,031,476,087	84,031,476,087	84,031,476,087	84,031,476,087	84,031,476,087	84,031,476,087	84,031,476,087
Secured tax rate ⁽²⁾		0.0034%	0.0014%	0.0023%	0.0041%	0.0040%	0.0056%	0.0018%	0.0132%	0.0171%	0.0023%	0.0552%
Prior year's secured tax rate		0.0125%	0.0013%	0.0021%	0.0038%	0.0038%	0.0032%	0.0055%	0.0138%	0.0000%	0.0000%	0.0461%
Variance		-0.0091%	0.0001%	0.0002%	0.0003%	0.0002%	0.0024%	-0.0037%	-0.0006%	0.0171%	0.0023%	0.0091%
Note: Totals may not add up due to rounding.												
(1) AV is net of 1.71% in secured roll delinquencies.												
(2) Expected Unitary Tax Revenue for FY 2023-24 not factored into the secured tax rate given the uncertainty of the value of receipt; it will be taken into account for FY 2023-24 tax roll once the monies from the County are received.												
Delinquency Calculation												
Unsecured roll (Net AV plus		4,641,991,893	4,641,991,893	4,641,991,893	4,641,991,893	4,641,991,893	4,641,991,893	4,641,991,893	4,641,991,893	4,641,991,893	4,641,991,893	4,641,991,893
Prior year's tax rate		0.0125%	0.0013%	0.0021%	0.0038%	0.0038%	0.0032%	0.0055%	0.0138%	0.0000%	0.0000%	0.0461%
		581,043	59,783	98,786	176,288	177,309	149,245	255,837	639,811	-	-	2,138,102
Prior year's delinquency rate,		3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%
Projected delinquencies, unsecured		21,499	2,212	3,655	6,523	6,560	5,522	9,466	23,673	-	-	79,110
Projected Unitary Tax Calculation												
Unitary Tax for FY 2022-23		1,473,039	153,196	247,471	447,804	447,804	377,098	2,274,373	-	-	-	5,420,785