



Meeting Date: 06/23/15

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Michael More, Financial Services Manager Agenda Item No. L-2Reviewed By: City Manager [Signature] City Attorney [Signature] Finance [Signature] Other (Specify) \_\_\_\_\_**DATE:** June 16, 2015**TO:** City Council**FROM:** Dave Millican, Interim Chief Financial Officer  
Finance Department**SUBJECT:** FY 2015-16 Property Tax Rate for Voter Approved Obligations**RECOMMENDATION**

That City Council adopt a resolution establishing the FY 2015-16 tax rates on property in the City of Oxnard for the payment of voter approved obligations.

**DISCUSSION**

A special municipal election held on October 23, 1951 authorized the City to enroll its fire and police safety employees in the California State Employees' Retirement System (renamed the Public Employees' Retirement System (PERS)), and obligated the City to pay the annual costs of participation in the retirement system. Each year, the City Council adopts a resolution establishing the annual tax rate on property in the City of Oxnard for the payment of this voter-approved obligation, which is exempt from the one percent (1%) tax limitation established by Proposition 13. This tax is referred to as the "Carman Override" based upon the California Supreme Court case *Carman v. Alvord* in which the court ruled that voter approved pension costs constituted debt that could be supported by a tax levy in excess of the 1% maximum allowed by Proposition 13. Only 24 out of 486 cities in the State of California have access to this Carman Override Tax.

Management Partners, in its Phase I Assessment Report dated March 11, 2015, noted that an actuarial review was necessary in order to determine the amount of retirement costs that should be included in the Carman Override Tax levy for FY 2015-16. The City hired Bartell Associates, LLC, to complete this actuarial review. Based upon Management Partners' analysis, the eligible PERS rates of Police and Fire employees' salaries that can be paid by the Carman Override Tax are 30.578% and 34.925%, respectively. Based on the percentages above, the total amount for FY 2015-16 that can be paid by the Carman Override Tax is \$10,510,119.

Based upon final Net Secured Assessed Valuation (AV) in District I (see below) of \$15,556,014,520 in FY 2014-15, the total tax rate to generate \$10,510,119 to contribute toward eligible Police and Fire retirement costs is \$0.067563 per \$100 of AV. As an example, for every \$100,000 in assessed

## FY 2015-16 Property Tax Rate for Voter Approved Obligations

May 1, 2013

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valuation, a property owner will pay \$67.56. The maximum tax rate for the Carman Override Tax is \$0.076637 per \$100 of AV.

The recommended budget for 2015-16 will include approximately 118 fire positions and 235 police positions covered under the voter approved authorization.

### **Tax Districts**

The City has two districts, District I and District IV. District IV consists of property that in December 1969 was annexed to the City, but not to District I. The City's tax rate for voter-approved obligations applies only in District I.

All annexations to the City now also require annexation to Tax District I, making the territory liable for voter-approved indebtedness of the City.

### ***FINANCIAL IMPACT***

The estimated retirement cost for FY 2015-16 for 353 public safety employees is \$17,500,921. A total of \$10,510,119 of this amount is being covered through the Carman Override Tax, resulting in a tax rate of \$0.067563 per \$100 of AV. The remaining balance of \$6,990,802 is budgeted in other operating funds for FY 2015-16.

MM

Attachment No. 1 - Resolution Establishing the FY 2015-16 Property Tax Rate for Voter Approved Obligations

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD  
ESTABLISHING THE FISCAL YEAR 2015-16 PROPERTY TAX RATE  
FOR VOTER APPROVED OBLIGATIONS

**WHEREAS**, Section 2237.2 of the Revenue and Taxation Code requires that within 90 days of the end of the fiscal year, the City report to the County Controller the tax rate and total revenues expected to be generated in the current fiscal year for voter approved obligations; and

**WHEREAS**, the City's adopted budget for the Fiscal Year 2015-16 appropriates monies required to pay voter approved obligations of the City; and

**WHEREAS**, the Ventura County Auditor-Controller provided an estimated assessed valuation of City tax districts for tax rate purposes.

**NOW, THEREFORE**, the City Council of the City of Oxnard hereby determines and resolves that the following amounts of revenue from property taxes are required for the current fiscal year to pay the City's obligation for public safety retirement expenditures:

	<b>Total Property Taxes From Current Tax Rates On Secured Roll Assessed Values</b>
<b>Public Safety Retirement Fund</b>	
Total Public Safety Retirement for FY 2015-16	<u>\$17,500,921</u>
 Total Property Taxes From Current Tax Rates on Secured Roll Assessed Values	 <u>\$10,510,119</u>

The City Council of the City of Oxnard further resolves that for the purpose of raising such revenue the rates of taxation for the different portions of the City are hereby fixed and taxes are hereby levied on the taxable property in the City for the fiscal year beginning July 1, 2015, in the number of dollars upon each one hundred dollars of the assessed value of the property as assessed by the County Assessor and equalized by the Board of Equalization of the County of Ventura as set forth in the following table. The taxes levied upon property in each portion of the City hereinafter described and designated by a tax district number is at the rate set in the column headed by the tax district number which is prefixed to the description of such portion of the City as hereinafter stated.

**TAX DISTRICT I**

All territory included within the boundaries of the City, as originally incorporated, and all territory annexed to the City by action of the City Council by annexation proceedings, excepting there from Annexation No. 69-9.

**TAX DISTRICT IV**

All territory annexed to the City by action of the City Council as described in Ordinance No. 1255, adopted November 12, 1969, to become effective December 12, 1969, known and referred to Annexation No. 69-9 (Rancho La Ribera).

	<b>DISTRICT I</b>	<b>DISTRICT IV</b>
Public Safety Retirement Fund Tax Rate Required (Per Mil)	0.067563	-0-
Total Tax District Tax Rates (Per Mil)	0.067563	-0-

The City Council of the City of Oxnard further resolves that the foregoing tax rate is determined to be necessary to provide revenues required for the stated purpose during the period specified; that the City Council does hereby levy this sum on the property in such tax districts for Fiscal Year 2015-16; that in accordance with Government Code Section 36936.1, the City Clerk is instructed to cause this resolution to be published one time in the newspaper within 15 days after adoption; and that the City Clerk is instructed to transmit immediately to the County Auditor a certified copy of this resolution.

PASSED AND ADOPTED this \_\_\_\_\_ day of June, 2015, by the following vote:

AYES:

NOES:

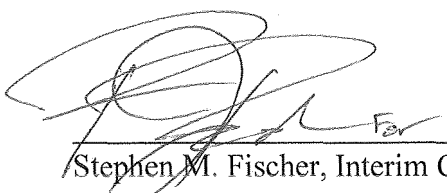
ABSENT:

\_\_\_\_\_  
Tim Flynn, Mayor

ATTEST:

\_\_\_\_\_  
Daniel Martinez, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Stephen M. Fischer, Interim City Attorney