



# CITY OF SAN MATEO

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[www.cityofsanmateo.org](http://www.cityofsanmateo.org)

## Agenda Report

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Agenda Number: 15

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**TO:** City Council  
**FROM:** Drew Corbett, City Manager  
**PREPARED BY:** Finance  
**MEETING DATE:** June 03, 2019

**SUBJECT:**  
Fiscal Year 2019-20 General Obligation Bond - Tax Rate Levy

### RECOMMENDATION:

Adopt a Resolution to levy the property tax rate of \$0.0071 per \$100 of assessed value (equates to \$7.10 per \$100,000 assessed value) for the voter-approved General Obligation Bond annual debt service payment.

### BACKGROUND:

General Obligation Bonds (GO Bonds) are typically issued to finance government improvements benefiting the community as a whole. These obligations require 2/3rd voter approval and are secured by an annual tax levy on all assessed property within a jurisdiction. Due to the strength of this security pledge, General Obligation Bonds are typically the lowest cost form of public financing.

In 1999, voters approved a \$35 million bond issue to finance construction of a new main library and improvements to the City's branch libraries. These bonds were issued in two series, \$12 million in 2000 (GO Bonds, Series 2000) and the remaining \$23 million in 2004 (GO Bonds, Series 2004A). The total outstanding balance of these two bonds as of June 30, 2012 was \$29.16 million. In February 2013, City Council authorized the refinancing of these two bond issues. General Obligation Refunding Bonds, Series 2013, were issued for \$27.295 million and resulted in net present value savings of \$8.4 million over the life of the remaining outstanding bonds. Correspondingly, starting in 2014, this refinancing reduced the annual assessment rate paid by property owners by approximately 20%.

An annual resolution is required to provide the County the authority to include this levy on the annual tax roll. The proposed tax levy for the 2019-20 fiscal year is calculated to be \$7.10 per \$100,000 of assessed value, which represents an 8.4% reduction from the prior year levy of \$7.70 per \$100,000 of assessed value. The recommended reduction in the tax levy is due to the projected growth in the City's assessed value from 2018-19 to 2019-20. The City's total net taxable assessed valuation for fiscal year 2018-19 increased by 8.4% to \$26.72 billion, compared to the prior year's \$24.65 billion. The levy rate for 2019-20 assumes a 7% increase in assessed value, bringing the total to \$28.59 billion. This calculation of the tax levy is sufficient to meet debt service requirements as shown in Attachment 2.

### BUDGET IMPACT:

The recommended General Obligation Bond tax rate of \$0.0071 per \$100 of assessed value for fiscal year 2019-20 is estimated to raise adequate funds, approximately \$2.038 million, to meet the annual debt service requirement for the General Obligation Refunding Bonds, Series 2013, originally issued for library capital projects.

### ENVIRONMENTAL DETERMINATION:

Levying this tax is not a project subject to CEQA, because it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

(CEQA Guidelines Section 15378(b)(4).)

**NOTICE PROVIDED**

All meeting noticing requirements were met.

**ATTACHMENTS**

Att 1 – Proposed Resolution

Att 2 - GO Bond Debt Service Tax Rate Calculations and Historic GO Bond Tax Rates

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