

DATE ISSUED: August 4, 2004

REPORT NO. 04-169

ATTENTION: Honorable Mayor and City Council
Docket of August 10, 2004

SUBJECT: Tax Rate Ordinance for Fiscal Year 2005

SUMMARY

Issue – Shall the City Council adopt an ordinance setting tax rates for Public Safety Communications Bond Interest and Redemption and Zoological Exhibits?

Manager's Recommendation – Adopt the ordinance.

Other Recommendations – None.

Fiscal Impact – Funding is appropriated in the Fiscal Year 2005 Budget for Public Safety Communication Bonds, \$2,333,935, and for Zoological Exhibits, \$9,188,632.

BACKGROUND

It is necessary to set a tax rate to provide sufficient funds to pay interest and redemption on outstanding Public Safety Communications Bonds for capital improvements, to be paid off in annual installments by Fiscal Year 2012. On June 5, 1990, voters approved the issuance of \$25,500,000 of general obligation bonds for the Public Safety Communications Project. This project included new Police and Fire communications centers, new Police and Fire/Emergency Medical Services computer police field units and 800 megahertz radio systems. As of June 30, 2004, the outstanding principal amount is \$14,390,000.

The tax levied for Zoological Exhibits is mandated by the City Charter. The zoological exhibits in Balboa Park are financed from a fixed property tax levy (\$.005 per \$100 of assessed valuation) as authorized by Section 77A of the City Charter.

The following is a comparison of Fiscal Year 2004 and Fiscal Year 2005 tax rates:

| <u>Purpose</u> | <u>FY 2004 Tax Rate Per \$100 AV*</u> | <u>FY 2005 Tax Rate Per \$100 AV*</u> |
|-----------------------------------|---|---|
| Public Safety Communication Bonds | 0.00180 | 0.00170 |
| Zoological Exhibits | 0.00500 | 0.00500 |

*Assessed Valuation

The tax rate for the Public Safety Communications Bond is reduced as a result an increase in assessed valuation. When assessed valuation increases, the amount necessary to pay the interest and redemption of the bonds may be achieved with a lower tax rate, since the rate is applied to a higher base. The tax rate for Zoological Exhibits remains unchanged consistent with City Charter Section 77A.

The Charter of San Diego, Section 75 requires that an annual Tax Levy be adopted by ordinance no later than the last day of August of each year.

Respectfully submitted,

Lisa Irvine
Financial Management Director

Approved: Patricia T. Frazier
Deputy City Manager

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