City of Gilroy

STAFF REPORT

Agenda Item Title:	**Adopt a Resolution of the City Council of the City of Gilroy Setting the Tax Rate for Fiscal Year 2024-25 (FY25) for the Gilroy Community Library Project Bonds**
Meeting Date:	June 3, 2024
From:	Jimmy Forbis, City Administrator
Department:	Finance
Submitted By:	Harjot Sangha, Finance Director
Prepared By:	Harjot Sangha, Finance Director

STRATEGIC PLAN GOALS Develop a Financially Resilient Organization

RECOMMENDATION

Adopt a resolution of the City Council of the City of Gilroy setting the tax rate for Fiscal Year 2024-25 with respect to the general obligation bonds for the Gilroy Community Library Project.

BACKGROUND

On November 4, 2008, the voters of the City of Gilroy approved ballot Measure F for the construction of public library improvements adjacent to City Hall. Measure F provided for the authorization to issue general obligation bonds for up to $37 million. It was anticipated that the authorization would be split between two series of bonds. The first series was issued in May 2009, and the second series was issued in August 2010.

There is $3 million remaining in unissued authorization available to the City for future use. The city has spent the majority of both the Series A and Series B bond proceeds on the construction of the new library and other library facility improvements. There is approximately $5 million remaining of the bond proceeds.

The bonds were refinanced in FY20 (2019 Series A and 2019 Series B) to take advantage of the low-interest rate environment. The refinancing saved property owners'

interest costs since the refinancing included a lower interest rate on the principal, thus lowering the required levy rate.

As of June 1, 2024, the outstanding principal balance on Series A is $7.0 million and is expected to mature in February 2039. As of June 1, 2024, the outstanding principal balance on Series B is $15.5 million and is expected to mature in February 2040.

ANALYSIS

Staff recommends the FY25 tax rate of $0.013 per $100 of assessed valuation, which represents a tax of approximately $13 per $100,000 of assessed valuation (after applicable homeowner exemptions). As the assessed valuations of properties increase over time, the ad valorem tax rate for the library bond will decrease. The prior year's rate was $0.015 per $100.

FISCAL IMPACT/FUNDING SOURCE

Adopting the tax rate for FY25 will slightly decrease the levy amount for taxpayers from the prior year.

Attachments:

1. Fiscal Year 2024-25 Levy Resolution

RESOLUTION NO. 2024-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GILROY SETTING THE TAX RATE FOR FISCAL YEAR 2024-2025 WITH RESPECT TO GENERAL OBLIGATION BONDS FOR THE GILROY COMMUNITY LIBRARY PROJECT

WHEREAS, more than two-thirds of the electors voting at a special municipal election held on November 4, 2008, voted for a proposition authorizing the issuance by the City of general obligation bonds in the aggregate principal amount of $37,000,000 (the "Bonds") for the purpose of providing funds for the acquisition, construction, and improvement of public library facilities; and

WHEREAS, the City has previously issued the initial series of the Bonds in the aggregate principal amount of $10,500,000 on May 5, 2009, and the second series of the Bonds in the aggregate principal amount of $23,500,000 on August 3, 2010; and

WHEREAS, the City approved the refinancing of the two series of bonds on May 20, 2019 (providing for a reduction in bond debt service starting in tax collection year 2019/20) with the issuance of the 2019 Refunding General Obligation Bonds; and

WHEREAS, pursuant to Section 43632 of the California Government Code, the City Council is required annually to levy and collect a tax sufficient to pay the principal of and interest on the Bonds coming due and payable before the proceeds of a tax levied at the next general tax levy will be available; and

WHEREAS, the City has determined that in order to provide sufficient funds to pay the principal of and interest on the Bonds coming due and payable on February 1, 2025, and August 1, 2025, it is necessary to levy a tax upon all taxable property in the City at the rate of 0.0130% of assessed valuation, based on the estimated assessed values for all rolls (secured, unsecured and utility) for fiscal year 2024-2025.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Gilroy as follows:

Section 1. Levy of Tax. The City Council hereby determines that the tax rate necessary to pay the principal of and interest on the Bonds coming due and payable on February 1, 2025, and August 1, 2025, is 0.0130% of the assessed valuation, and such tax rate shall be and is hereby levied in accordance with all applicable requirements of law.

Section 2. Collection of Tax. The Finance Director is hereby directed to forward a copy of this Resolution to the Auditor-Controller of Santa Clara County, and to the Board of Supervisors of the County, and to take such actions and execute such documents as may be required to cause the tax rate set forth in Section 1 to be placed on the 2024-2025 property tax bill and collected by the County.

Section 3. Application of Tax. As provided in Section 43634 of the California Government Code, all taxes levied pursuant to this Resolution shall be used only for payment of the Bonds and the interest thereon.

Section 4. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED at a Regular Meeting of the City Council of the City of Gilroy on this 3rd day of June 2024 by the following roll call vote:

AYES:	**COUNCIL MEMBERS:**
NOES:	**COUNCIL MEMBERS:**
ABSTAIN:	**COUNCIL MEMBERS:**
ABSENT:	**COUNCIL MEMBERS:**

APPROVED:

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Marie Blankley, Mayor

ATTEST:

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Beth Minor, Interim City Clerk