



Consent Calendar

AGENDA 9
ITEM NO. _____

CITY COUNCIL STAFF REPORT

DATE: JULY 24, 2019

TO: HONORABLE MAYOR, AND MEMBERS OF THE CITY COUNCIL

FROM: JENNIFER E. VASQUEZ, CITY MANAGER *JV*

RE: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MAYWOOD FIXING THE AMOUNT OF REVENUE FROM A PROPERTY TAX LEVY APPROVED BY THE VOTERS OF MAYWOOD FOR THE PURPOSE OF OFF-SETTING THE COST TO THE CITY OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) AND MAINTAINING THE RATE OF SUCH TAX AND LEVYING SUCH TAX FOR THE FISCAL YEAR BEGINNING JULY 1, 2019.

RECOMMENDATION

That the City Council approve the attached resolution, establishing the amount of revenue from a property tax levy approved by the voters for the purpose of paying the cost to the City of the Public Employees Retirement System (PERS) and maintaining the rate of such tax and levying such tax for the fiscal year beginning July 1, 2019.

FISCAL IMPACT

The proposed property tax levy of 0.100000 per \$100 assessed valuation remains unchanged from fiscal year 2018-19.

LEGAL REVIEW

The City Attorney's office has reviewed this report.

BACKGROUND

In March 1974, Maywood voters approved a property tax levy of \$0.04 for every \$100 of assessed value as a means to pay for employee retirement benefits. Resolution No. 2670 established such tax initially.

The City is required to set the tax rate annually, by resolution. In order for the tax to be collected, a resolution setting such tax rate must be submitted to the Los Angeles County Assessor's Office every year.

On August 10, 2016, resolution No. 5874 of the City Council of the City of Maywood fixed the tax rate to cover the cost of the Public Employees Retirement System at \$0.100000 per \$100.00 assessed valuation. The approved \$0.100000 per \$100.00 assessed valuation levy has remained unchanged since its adoption in 2016.

DISCUSSION

The projected pension cost eligible to be paid from the tax levy collected this fiscal year 2019-20 amounts to \$1,325,439. The projected revenue from the tax levy at the current approved rate totals \$ 950,000. The total pension cost exceeds the amount anticipated from the collection of taxes by \$375,439. Considering that the Pension Tax Levy was increased from \$.04 to \$0.1 per \$100.00 assessed valuation on August 10th, 2016 for fiscal year 2016-17, and that the adopted budget for fiscal year 2019-20 anticipates coverage of the differential from the General Fund, staff recommends that the pension levy remains unchanged for this fiscal year 2019-20.

Procedurally, the attached proposed resolution requires that the prior year resolution be repealed. Accordingly, Resolution No. 5980, referenced in section 3 of the proposed resolution will be repealed by the adoption of the proposed resolution.

ATTACHMENT(S)

Attachment No. 1- Adopted Resolution No. 5980 fixing the Property Tax Levy for fiscal year 2018-19.

Attachment No. 2 – Proposed Resolution No. 6057 fixing the Property Tax Levy for fiscal year 2019-20.

ATTACHMENT NO. 1

RESOLUTION NO. 5980

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MAYWOOD FIXING THE AMOUNT OF REVENUE FROM A PROPERTY TAX APPROVED BY THE VOTERS OF MAYWOOD CITY FOR THE PURPOSE OF PAYING THE COST TO THE CITY OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) AT THE SAME RATE OF SUCH TAXES AS LAST YEAR AND LEVYING SUCH TAXES FOR THE FISCAL YEAR BEGINNING JULY 1, 2018

WHEREAS, the city of Maywood entered into a contract with the Public Employees Retirement System (PERS) for the operation of a retirement program for Safety Personnel and Miscellaneous Employees; and

WHEREAS, a property tax for the purpose of raising sufficient revenue to fund the city's contribution to PERS was approved by more than two-thirds of the voters who cast ballots on a proposition to create such tax, which election was held on March 5, 1974; and

WHEREAS, the results of such voter approval were reported, canvassed and confirmed in Resolution No. 2670, dated March 12, 1974, incorporated herein by reference as if fully set forth; and

WHEREAS, such property tax was levied for the fiscal years commencing with July 1, 1974 and continuing for 1975, 1976, 1977, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017

WHEREAS, Article 13A, section (b) of the State Constitution, which was enacted by Proposition 13, provides that the 1% limit on the property tax rate is not applicable to *ad valorem* taxes or special assessments to pay the interest and redemption charges on any "indebtedness" approved by the voters prior to July 1, 1978. State courts have held that pension obligations in existence before that date are an Indebtedness, "and that a city may levy an additional property tax to fund those obligations. Such a tax is commonly referred to as a "property tax override.",

WHEREAS, in implementing the provisions of Proposition 13, the State Legislature has enacted Revenue & Taxation Code section 96.31, subsection (b) of which limits the maximum property tax that a city may levy to fund pension obligations at the rate that the City levied such a tax in either the 1982-83 or 1983-84 fiscal year, whichever is higher. The additional property tax rate levied for the City's public employee pension obligations in both the 1982-83 and 1983-84 fiscal years was 0.162181 per \$100 of assessed value.

THEREFORE, BE IT RESOLVED THAT:

COUNCIL AGENDA

ITEM No. 5

SECTION 1. The money necessary to be raised exceeds that amount' collected by taxation upon the taxable properties in the City of Maywood to pay the cost of the Public Employees Retirement System expenses for the fiscal year beginning July 1, 2018 and numerous years prior.

SECTION 2. The current tax rate for support of the cost of the Public Employees Retirement System is hereby fixed at \$0.100000 per \$100.00 assessed valuation.

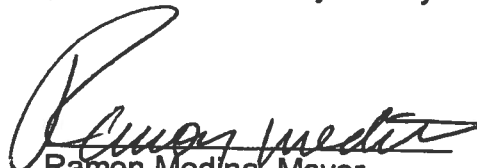
SECTION 3. Resolution No. 5916; which was passed, approved and adopted by Maywood City Council on September 13, 2017; is hereby repealed.

SECTION 4. This Resolution shall take effect immediately upon adoption and will apply to the 2018-19 Fiscal Year.

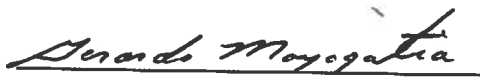

SECTION 5. SEVERABILITY CLAUSE. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutional, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

SECTION 6. The City Clerk shall certify to the adoption of this Resolution and shall cause the same to be published in a newspaper of general circulation as required by law.

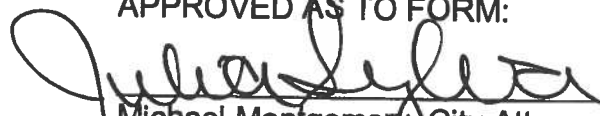
PASSED, APPROVED AND ADOPTED by the City Council of the City of Maywood at a regular meeting held on July 25, 2018.


Ramon Medina, Mayor

ATTEST:


_____, City Clerk


APPROVED AS TO FORM:


Michael Montgomery, City Attorney
Assistant City Attorney

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)
CITY OF MAYWOOD)

I, Granny Mayagustin, City Clerk of the City of Maywood, California, do hereby certify the foregoing Resolution No. 2980 as passed by the City Council of the City of Maywood, signed by the Mayor of said Council and attested by the City Clerk, at a regular meeting and place of the City Council held on the 25th day of July 2018, and that the same was passed by the following vote, to wit:


AYES: ,Lanuza, Alvarez, villarreal and Medina

NAYES: De La Riva

ABSENT:

ABSTAINED:

Granny Mayagustin
City Clerk



ATTACHMENT NO. 2

RESOLUTION NO. 6057

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MAYWOOD FIXING THE AMOUNT OF REVENUE FROM A PROPERTY TAX LEVY APPROVED BY THE VOTERS OF MAYWOOD CITY FOR THE PURPOSE OF PAYING THE COST TO THE CITY OF THE PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) AT THE SAME RATE OF SUCH TAXES AS LAST YEAR AND LEVYING SUCH TAXES FOR THE FISCAL YEAR BEGINNING JULY 1, 2019

WHEREAS, the city of Maywood entered into a contract with the Public Employees Retirement System (PERS) for the operation of a retirement program for Safety Personnel and Miscellaneous Employees; and

WHEREAS, a property tax for the purpose of raising sufficient revenue to fund the city's contribution to PERS was approved by more than two-thirds of the voters who cast ballots on a proposition to create such tax, which election was held on March 5, 1974; and

WHEREAS, the results of such voter approval were reported, canvassed and confirmed in Resolution No. 2670, dated March 12, 1974, incorporated herein by reference as if fully set forth; and

WHEREAS, such property tax was levied for the fiscal years commencing with July 1, 1974 and continuing for 1975, 1976, 1977, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018.

WHEREAS, Article 13A, section (b) of the State Constitution, which was enacted by Proposition 13, provides that the 1% limit on the property tax rate is not applicable to *ad valorem* taxes or special assessments to pay the interest and redemption charges on any "indebtedness" approved by the voters prior to July 1, 1978. State courts have held that pension obligations in existence before that date are an Indebtedness, "and that a city may levy an additional property tax to fund those obligations. Such a tax is commonly referred to as a "property tax override.",

WHEREAS, in implementing the provisions of Proposition 13, the State Legislature has enacted Revenue & Taxation Code section 96.31, subsection (b) of which limits the maximum property tax that a city may levy to fund pension obligations at the rate that the City levied such a tax in either the 1982-83 or 1983-84 fiscal year, whichever is higher. The additional property tax rate levied for the City's public employee pension obligations in both the 1982-83 and 1983-84 fiscal years was 0.162181 per \$100 of assessed value.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MAYWOOD
DOES HEREBY FIND, DETERMINE AND RESOLVE AS FOLLOWS:**

SECTION 1. The money necessary to be raised exceeds that amount to be collected by taxation upon the taxable properties in the City of Maywood to pay the cost of the Public Employees Retirement System expenses for the fiscal year beginning July 1, 2019 and numerous years prior.

SECTION 2. The current tax rate for support of the cost of the Public Employees Retirement System is hereby fixed at \$0.100000 per \$100.00 assessed valuation.

SECTION 3. Resolution No. 5980; which was passed, approved and adopted by Maywood City Council on July 25, 2018; is hereby repealed.

SECTION 4. This Resolution shall take effect immediately upon adoption and will apply to the 2019-20 Fiscal Year.

SECTION 5. SEVERABILITY CLAUSE. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutional, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

SECTION 6. The City Clerk shall certify to the adoption of this Resolution and shall cause the same to be published in a newspaper of general circulation as required by law.

PASSED, APPROVED AND ADOPTED this 24th day of July 2019.


Eduardo De La Riva, Mayor

ATTEST:


Gerardo Mayagoitia, City Clerk

APPROVED AS TO FORM:



Roxanne Diaz, City Attorney

I, Gerardo Mayagoitia, City Clerk of the City of Maywood, do hereby certify that the foregoing Resolution No. 6057 was adopted at a regular meeting of the City Council of the City of Maywood held on the 24th day of July, 2019 by the following vote:

AYES: Marquez, Lara, and DeLaRiva

NOES:

ABSTAINED:

ABSENT: Medina and Alvarez



Gerardo Mayagoitia, City Clerk