

REPORT TO THE CITY COUNCIL

June 25, 2020

FROM: HENRY FIERRO, Budget Manager
Budget and Management Studies

BY: TODD STERMER, Senior Budget Analyst
Budget and Management Studies

SUBJECT

***BILL – (For introduction and adoption) - Adoption of Property Tax Override Ordinance (Subject to Mayor's veto)

RECOMMENDATION

It is recommended that the Council of the City of Fresno adopt the attached Property Tax Override (PTO) Ordinance which will take effect upon adoption as provided in Charter Section 600(b) and 610(b).

EXECUTIVE SUMMARY

The Proposed FY 2021 Budget assumes a portion of the City's retirement contributions for employees will be funded through a PTO. Adoption of the attached Ordinance allows General Fund resources, which otherwise will have to be applied to funding these retirement costs, to thereby be freed up to fund other General Fund activities. Failure to adopt the attached Ordinance without adding replacement revenues will result in the General Fund being out of balance.

BACKGROUND

The City Council and the Mayor must adopt a budget for FY 2021 by June 30, 2020. That budget assumes a portion of the City's retirement contributions for employees will be funded through a PTO of \$0.032438 per \$100 of gross assessed valuation. General Fund resources, which otherwise will have to be applied to these retirement costs, will thereby be freed up to fund other General Fund activities. This is a routine Budget action adopted by Council annually.

ENVIRONMENTAL FINDINGS

N/A

LOCAL PREFERENCE

N/A

FISCAL IMPACT

Failure by the City Council to adopt the attached Ordinance without adding replacement revenues will result in the General Fund being out of balance.

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF FRESNO, CALIFORNIA,
AUTHORIZING THE LEVY AND COLLECTION OF A
PROPERTY TAX ON TAXABLE PROPERTY IN THE CITY
OF FRESNO FOR PARTIAL FUNDING OF THE FRESNO
FIRE AND POLICE RETIREMENT SYSTEM AND THE
FRESNO CITY EMPLOYEES' RETIREMENT SYSTEM FOR
THE FISCAL YEAR BEGINNING JULY 1, 2020

WHEREAS, Section 96.31 of the Revenue and Taxation Code, a statute enacted prior to August 1, 1985, authorized a local agency to impose a property tax rate to make payments in support of pension programs approved by the voters before July 1, 1978, provided the local agency imposed the property tax rate in the 1982-83 or 1983-84 fiscal year; and

WHEREAS, the Fire and Police Retirement System and the Employees' Retirement System are pension programs approved by the voters before July 1, 1978; and

WHEREAS, the Council duly adopted Ordinance 83-116 on August 16, 1983, authorizing the levy and collection of a property tax fixed, designated and levied as retirement funds at the rate of .032438 per \$100.00 of gross assessed valuation for the 1983-84 fiscal year; and

WHEREAS, the Superior Court of the State of California validated said tax in Action No. 300260—7 (*City of Fresno v. Superior Court* (1984) 156 Cal.App.3d 1137); and

Date Adopted:

Date Approved:

Effective Date:

City Attorney Approval: 

Ordinance No.

WHEREAS, pursuant to Section 7-201 of the Fresno Municipal Code the County of Fresno is authorized to assess equalize, levy and collect ad valorem taxes on taxable property within the City of Fresno.

THE COUNCIL OF THE CITY OF FRESNO DOES ORDAIN AS FOLLOWS:

SECTION 1. The County of Fresno is hereby instructed to levy upon the taxable property of the City of Fresno for the fiscal year beginning July 1, 2020, a property tax which is fixed, designated, and levied as follows:

FIRE AND POLICE RETIREMENT FUNDS AND EMPLOYEES' RETIREMENT FUNDS

SECTION 2. The tax shall be levied at a rate of .032438 per \$100.00 of gross assessed valuation.

SECTION 3. The tax shall be levied and collected pursuant to Section 7-201 of the Fresno Municipal Code.

SECTION 4. The City Controller is authorized and directed to apply the tax proceeds produced by this ordinance only toward indebtedness incurred by the City in maintaining the level of retirement benefits that existed under the Fire and Police Retirement System and the Employees' Retirement System at the time of adoption of the Charter by the electorate of this City in 1957, for all current and future employees, consistent with the decision, holding, findings and final determination of the courts in this action referenced above.

SECTION 5. This ordinance constitutes an ordinance providing for a tax levy on property and may be adopted on the day of its introduction, and shall be effective upon adoption pursuant to Sections 600(b) and 610(b) of the Charter of the City of Fresno.

SECTION 6. This ordinance shall become effective and in full force and effect at 12:01 a.m. on the thirty-first day after its final passage.

CLERK'S CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, YVONNE SPENCE, City Clerk of the City of Fresno, certify that the foregoing ordinance was adopted by the Council of the City of Fresno, California, at a regular meeting, held on the ___ day of _____, 2020.

AYES:
NOES:
ABSENT:
ABSTAIN:

Mayor Approval: _____, 2020
Mayor Approval/No Return: _____, 2020
Mayor Veto: _____, 2020
Council Override Veto: _____, 2020

YVONNE SPENCE, MMC
City Clerk

By: _____
Deputy

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

BY: _____
Raj Singh Badhesha Date
Senior Deputy City Attorney