



# STAFF REPORT

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August 7, 2024  
File Number 0480-40

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## SUBJECT

**ESTABLISHING THE PROPERTY TAX RATE AND FIXED CHARGE ASSESSMENTS FOR GENERAL OBLIGATION BONDED INDEBTEDNESS**

## DEPARTMENT

Finance

## RECOMMENDATION

It is requested that the City Council adopt Resolution No. 2024-111 to establish the property tax rate and fixed charge assessments for bonded indebtedness for Fiscal Year 2024/25.

Staff Recommendation: Approval (Finance: Christina Holmes, Director of Finance)

Presenter: Christina Holmes, Director of Finance

**ESSENTIAL SERVICE** – Yes, Internal Requirement, Debt Repayment

**COUNCIL PRIORITY** – Internal Requirement, Debt Repayment

## FISCAL ANALYSIS

A total of \$4,836,250 will be needed for the annual debt service payments for the General Obligation Bonds. This represents \$1,085,625 due in March 2025 and \$3,750,625 due in September 2025.

## PREVIOUS ACTION

The City Council certified the results of the November 2, 2004, election approving Proposition P on December 1, 2004. On July 12, 2006, the City Council authorized the issuance and sale of the General Obligation Bonds ("Bonds"). The Bonds provided financing for the construction of three new fire stations, a replacement of Fire Station 1, and a combined Police and Fire Headquarters Facility.

The City of Escondido General Obligation Bonds, Election of 2004, Series A (Fire, Police, and Emergency Response Measure) were refunded on June 9, 2015 by the issuance of the General Obligation Refunding Bonds Series 2015. The Bonds mature on September 1, 2036. Prior year's Resolution No. 2023-93 was adopted on August 9, 2023.



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### BACKGROUND

General Obligation Bonds are secured by the legal obligation to levy an ad valorem property tax upon taxable property within the City of Escondido ("City") in an amount sufficient to pay the yearly debt service (principal and interest) payment. The debt service payment for March 2025 is \$1,085,625 and the debt service payment for September 2025 is \$3,750,625. The City is required to set a tax rate to meet these financial obligations. The assessed value for property in Escondido is used as the basis for applying the levy to taxable properties.

The starting point for calculating the property tax levy is the current year taxable assessed value. To this assessed value amount, a delinquency factor is applied. The City's fiscal year 2023/24 delinquency rates for secured and unsecured property are estimated to be 2.90 percent and 1.99 percent, respectively, and the five-year average delinquency rates were 1.83 percent and 2.59 percent.

For Fiscal Year 2024/25, the City has used a 3 percent delinquency factor in calculating the property tax rate for both secured and unsecured property. The delinquency factors used in calculation of the property tax rate for the past five tax years 2019/20 to 2023/24 were 2.5 percent, 3.0 percent, 3.0 percent, 3.0 percent, and 3.0 percent respectively.

Description	FY 2023/24	FY 2024/25	% Increase
			(Decrease) in Valuation
Secured Assessed Valuation	\$20,809,203,975.00	\$21,759,922,668.00	
Less Delinquency Factor	(624,276,119.25)	(652,797,680.04)	
Net Collectible Secured	20,184,927,855.00	21,107,124,987.96	4.57%
Unsecured Assessed Valuation	667,737,444.00	694,954,568.00	
Less Delinquency Factor	(20,032,123.32)	(20,848,637.04)	



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Net Collectible Unsecured	647,705,320.68	674,105,930.96	4.08%
TOTAL ALL NET COLLECTIBLE	\$20,832,633,175.68	\$21,781,230,918.92	4.55%

The County of San Diego has provided to the City the estimated 2024/25 Fiscal Year assessed valuations to be used for the tax rate computation. A two-year comparison of the City's secured and unsecured assessed valuations, as adjusted by the applicable annual delinquency factor, is shown below. The net collectible assessed valuations increased by approximately 4.55 percent. This increase in net collectible assessed value will cause a decrease in the calculated property tax rate for fiscal year 2024/25.

In order to collect the required debt service, the property tax rate will be set at 0.01619 per \$100 of assessed value. This represents \$16.19 per \$100,000 of assessed value, resulting in a decrease of \$1.29 when compared to last year's property tax rate of \$17.48.

### RESOLUTIONS

- Resolution No. 2024-111
- Resolution No. 2024-111 Exhibit "A" Certificate and Calculation of Property Tax Rate for fiscal year 2024/25