

**CITY OF CLOVERDALE  
CITY COUNCIL  
RESOLUTION NO. 058-2018**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLOVERDALE SETTING  
THE AD VALOREM TAX RATE FOR PUBLIC EMPLOYEE RETIREMENT SYSTEM  
RETIREMENT BENEFITS FOR FISCAL YEAR 2018-2019**

**WHEREAS**, the City of Cloverdale has entered into a contract with the Public Employees' Retirement System of the State of California for the provision of retirement and related benefits to the employees of the City of Cloverdale, and pursuant to previously established voter authorization, the City of Cloverdale is authorized to establish the levy for the current fiscal year in order to fund its responsibilities under the contract; and

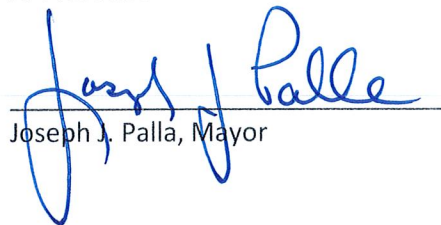
**NOW, THEREFORE BE IT RESOLVED** by the City Council that an Ad Valorem tax rate for fiscal year 2018-2019 be levied upon property in the City of Cloverdale for the above purpose in an amount of \$0.107 per one hundred dollars of full assessed valuation; and

**BE IT FURTHER RESOLVED** that the County Assessor, Auditor, Tax Collector and other appropriate officials of the County of Sonoma are hereby authorized and directed to spread the specified assessment upon the tax rolls of all taxable property within the City of Cloverdale in the County of Sonoma, and to receive, collect, and disburse the same in accordance with law and the agreement between the City of Cloverdale and the County of Sonoma.

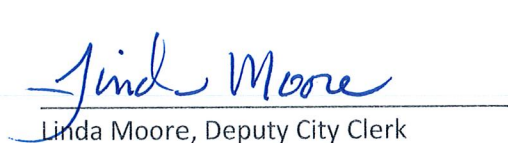
**IT IS HEREBY CERTIFIED** that the foregoing Resolution No. 058-2018 was duly introduced and legally adopted by the City Council of the City of Cloverdale at its regular Meeting held on this 28th day of August 2018, by the following roll call vote: (Ayes- 5; Noes-0; Absent-0; Abstain- 0)

AYES: Councilmember Bagby, Vice Mayor Russell, Councilmember Brigham, Councilmember Wolter, and Mayor Palla  
NOES: None  
ABSENT: None  
ABSTAIN: None

APPROVED:

  
\_\_\_\_\_  
Joseph J. Palla, Mayor

ATTESTED:

  
\_\_\_\_\_  
Linda Moore, Deputy City Clerk

City of Cloverdale PERS Retirement Tax Rate Calculation  
Fiscal Year 2018-2019

<u>Classic Members</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Earnings subject to PERS - Classic Members	\$ 1,497,987	\$ 890,809	\$ 2,388,796
18/19 PERS Rate - Employer Paid	16.409%	29.556%	
Less After Added Benefits	2.510%	8.207%	
Net PERS Rate to be Funded by Tax	13.899%	21.349%	
Normal Contribution - Classic Members	208,205	190,179	
Employer Payment of Unfunded Liability	310,278	318,847	
Amount to be funded by Tax	\$ 518,483	\$ 509,026	\$ 1,027,509

<u>New Members</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Earnings subject to PERS - New Members	\$ 973,540	\$ 450,816	\$ 1,424,356
18/19 PERS Rate - Employer Paid	6.842%	12.141%	
Net PERS Rate to be Funded by Tax	6.842%	12.141%	
Normal Contribution - New Members	\$ 66,610	\$ 54,734	
Employer Payment of Unfunded Liability	\$ 219	\$ 398	
Amount to be Funded by Tax - New Members	\$ 66,829	\$ 55,132	\$ 121,960

Amount to be Funded by Tax - Total	\$ 585,312	\$ 564,157	\$ 1,149,469
<i>(increase of 13.2% over 2017/2018)</i>			
Reserves for Rate Stabilization			625,000
<i>(increase of 16% over 2017/2018)</i>			
Total Requirements			\$ 1,774,469
Less Available Balance at July 1, 2018			(716,569)
Less Other Revenue Sources (Estimates based on prior year)			-
Unitary			(265,624)
Total Tax Requirement for FY 2018-19			\$ 792,276

	Secured	Unsecured	Total
Property Values - Fiscal Year 2018-19 Tax Roll	1,102,141,789	44,852,711	\$ 1,146,994,500
Less RDA Increment			\$ (405,603,625)
Cloverdale DS Net Value			\$ 741,390,875
Total Requirements			\$ 792,276

Tax Rate (Requirements divided by DS Net Value times 100)

***Property Tax Rate per \$100 of Assessed Value***

10.7%



**City Council**  
**Agenda Item Summary**

Agenda Item: 3  
Meeting Date: August 28, 2018

<b>Agenda Section</b> Consent	<b>Staff Contact</b> Susie Holmes, Finance Manager
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**Agenda Item Title**

Annual Adoption of a Resolution to Approve the Ad Valorem 2018/2019 Tax Rate for Inclusion on Property Tax Bills to Fund CalPERS Retirement Expenses

**Summary:**

In 1974, the voters of the City of Cloverdale approved a tax to pay for Public Employees’ Retirement System expenses. A tax rate must be computed and approved by the City Council each year and transmitted to the County Auditor-Controller’s Office for inclusion on the property tax bills. The Tax rate must be set by Resolution by the City Council (Attachment 1).

Staff has computed the tax rate of \$0.107 per one hundred dollars of assessed value (Attachment 2). The calculation includes fiscal year 2018/2019 Auditor Certified Values provided by the County, the projected CalPERS retirement expenses, the PERS rates for safety and miscellaneous members and the reserve requirement. The value of benefits added after the voters approved the tax has been subtracted from the PERS rates before calculating the City’s tax requirements. These “after added” benefits are paid by other available revenues in the General Fund, Enterprise Funds and required contributions from employees. Also, the City has seventeen (17) Public Employee Pension Reform Act “PEPRA” members that are required under state law to pay 50% of the cost of their benefits, which helps reduce the amount of tax required from the voters.

Last year, the Council agreed to establish a rate stabilization reserve fund of \$540,000, which was approximately 53% of the estimated expenditures for the fiscal year. Revenues came in slightly higher based on assessed values, than projected, ending the year with an estimated reserve balance of \$716,500.

All tax calculations are projections, the City’s annual tax revenue may be higher or lower, based on assessed values as determined by the Sonoma County Assessor. The employee retirement expense estimates are extrapolated from the budget and rates established by CalPERS. Actual expenses may be higher or lower based on actual payroll costs, employee additions or turn-over, and whether new hires are “Classic” or “PEPRA” members.

**Conclusion:**

Retirements costs increased 13.2% over FY 2017/2018. Continuing a tax rate of \$0.107 per one hundred dollars of assessed value, the same rate as the previous two years, would allow for an increased reserve balance of \$625,000. This increase in reserve would preserve rate stabilization at approximately 54% of anticipated expenditures for 2018/2019. Maintaining the reserve will offset projected increased future costs of the unfunded accrued liability and enable the tax rate to be maintained at a consistent level over time. Maintaining a minimum 50% retirement fund reserve balance is imperative to ensure adequate cash flow is available to pay bi-weekly retirements costs as tax increments payments are received from the County in January and April.

Staff recommends that the City Council adopt Resolution No 057-2018 setting a tax rate at 10.7% or \$0.107 per one hundred dollars of assessed value for 2018/2019.

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**Options:**

None recommended.

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**Budget/Financial Impact:**

The existing tax rate of 10.7% or \$0.107 per one hundred dollars of assessed value, should generate about \$793,545 for the PERS retirement program expenses, and maintain the reserve level at \$625,000 or 54% of expenditures.

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**Subcommittee Recommendation:**

The Finance Administration and Police Subcommittee reviewed the proposed Ad Valorem Rate at their meeting on August 23, 2018.

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**Recommended Council Action:**

Adopt Resolution No. 057-2018 Setting the Ad Valorem Tax Rate for Public Employee Retirement System Retirement Benefits for Fiscal Year 2018/2019.

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**Attachments:**

1. Resolution No. 057-2018
  2. Attachment A-PERS Rate Calculation setting the rate at .107% per one hundred dollars of assessed value
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