



Office of the City Manager

CONSENT CALENDAR

June 10, 2014

To: Honorable Mayor and Members of the City Council

From:  Christine Daniel, City Manager

Submitted by: Robert Hicks, Director, Finance Department

Subject: FY 2015 Tax Rate: Fund Debt Service on Neighborhood Branch Library Improvements Project General Obligation Bonds-Election of November 2008

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2015 tax rate for funding the debt service on the Neighborhood Branch Library Improvements Project General Obligation Bonds (Measure FF, November 2008) at 0.0100%.

FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended 0.0100% will result in estimated collections of \$1,492,054 which is sufficient to make the total debt service payment of \$1,607,369 for FY 2015. (In two installments on September 1, 2014 and March 1, 2015 with the balance paid from the surplus in the Library Improvement Projects debt service fund.)

CURRENT SITUATION AND ITS EFFECTS

The 0.0100% tax rate for FY 2015 being set by the City Council is based on the debt service, the estimated FY 2015 assessed values for all rolls (secured, unsecured and utility), a delinquency reserve of 5%, and the surplus remaining in the fund. Since Alameda County does not release final assessed value figures until early August, the City is using preliminary values. Staff is confident that the preliminary values will not be materially different from the County's final figure. The City must establish a tax rate that will be sufficient to make debt service payments even if there are unusual levels of delinquency. The tax rate in FY 2015 is a decrease in the rate charged in FY 2014.

Because all taxes collected from the general obligation levy will be deposited in a special fund, and collections not used to pay debt service for the FY 2015 bond year will be retained in the fund to pay future obligations, the tax impact of any over-collection will be reversed in the following years.

It is recommended that the City Council authorize a FY 2015 tax rate of 0.0100% which will result in the following cost to the average homeowner during FY 2015, as compared to FY 2014:

Annual Tax		
Assessed Value	FY 2014 Tax	FY 2015 Tax
\$ 150,000	\$ 16.45	\$14.30
250,000	27.95	\$24.30
300,000	33.70	\$29.30
400,000	45.20	\$39.30
500,000	56.70	\$49.30
600,000	68.20	\$59.30
700,000	79.70	\$69.30
800,000	91.20	\$79.30
900,000	102.70	\$89.30
1,000,000	114.20	\$99.30

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

BACKGROUND

In November 2008, the residents of Berkeley voted for and approved Ballot Measure FF, in the sum of \$26,000,000 of General Obligation Bonds to renovate, expand, and make seismic and access improvements at the four neighborhood branch libraries (excluding the Central Library).

The indebtedness on the total bonds issued of \$26,000,000 is payable solely from the levy of an ad valorem tax against taxable property in the City. The proceeds of the bonds were used to renovate, expand, and make seismic and access improvements at the four neighborhood branch libraries (excluding the Central Library).

\$10,000,000 of the \$26,000,000 in authorized bonds were issued on April 14, 2009, and the remaining \$16 million of bonds were issued on August 3, 2010. The tax rate above reflects the debt service payments on the entire \$26 million of bonds issued.

CONTACT PERSON

Robert Hicks, Director, Finance Department, 981-7301

Attachments:
1: Ordinance

ORDINANCE NO. -N.S.

SETTING THE FY 2015 TAX RATE FOR FUNDING THE DEBT SERVICE ON THE NEIGHBORHOOD BRANCH LIBRARY IMPROVEMENTS PROJECT GENERAL OBLIGATION BONDS (MEASURE FF, NOVEMBER 2008 ELECTION) IN THE CITY OF BERKELEY

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. The FY 2015 tax rate for the debt service on the General Obligation Bonds is set at 0.0100%.

Section 2. The Tax Rate will be based on the estimated assessed values for all rolls (secured, unsecured, and utility) and will become a part of the FY 2015 property tax bill.

Section 3. This Tax Rate will result in estimated total collections of \$1,492,054 needed to make the September 1, 2014 and March 1, 2015 debt service payments on the General Obligation Bonds.

Section 4. Copies of this Ordinance shall be posted for two days prior to adoption in the display case located near the walkway in front of Old City Hall, 2134 Martin Luther King Jr. Way. Within 15 days of adoption, copies of this Ordinance shall be filed at each branch of the Berkeley Public Library and the title shall be published in a newspaper of general circulation.

