



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 Fire Seismic General Obligation Bonds-Election of 1992 (Measure G, 2002 and 2007 General Obligation Refunding Bonds)

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2015 tax rate for funding the debt service on the Fire Seismic General Obligation Bonds (Measure G, 2002 and 2007 General Obligation Refunding Bonds) at 0.0125%.

FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended 0.0125% will result in estimated collections of \$1,855,386 which is sufficient to make the debt service payments totaling \$1,783,538 for FY 2015 (in two installments on September 1, 2014 and March 1, 2015).

CURRENT SITUATION AND ITS EFFECTS

The 0.0125% 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 following years.

It is recommended that the City Council authorize a FY 2015 tax rate of 0.0125%, which will result in the following cost to the average homeowner during FY 2015, as compared to the tax assessed in FY 2014:

<b>Annual Tax</b>		
<b>Assessed Value</b>	<b>FY 2014 Tax</b>	<b>FY 2015 Tax</b>
\$150,000	\$18.59	\$17.88
250,000	31.59	30.38
300,000	38.09	36.63
400,000	51.09	49.13
500,000	64.09	61.63
600,000	77.09	74.13
700,000	90.09	86.63
800,000	103.09	99.13
900,000	116.09	111.63
1,000,000	129.09	124.13

#### ENVIRONMENTAL SUSTAINABILITY

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

#### BACKGROUND

On November 3, 1992, the voters of the City of Berkeley approved the incurring of bonded indebtedness for fire safety and seismic improvements to emergency facilities. This indebtedness was not to exceed an aggregate principal amount of \$55,000,000. Series 'A' bonds in the amount of \$8,000,000 were issued on June 1, 1993; Series 'B' bonds in the amount of \$14,000,000 were issued on July 25, 1995; and Series 'C' bonds in the amount of \$10,500,000 were issued on July 1, 1997.<sup>1</sup>

The indebtedness on the total bonds issued of \$32,500,000 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 pay for, among other things, "repairing and seismic retrofitting of existing fire stations, the Public Safety Building, which contains the City communication center, and the Emergency Operations Center (EOC)."

On November 1, 2002, the City issued \$17,865,000 in General Obligation refunding bonds to refund the 1993 Measure G (Series A) and 1995 Measure G (Series B) General Obligation bonds. In May 2007, the City issued \$4,340,000 in refunding bonds to refund the 1997 Measure G, (Series C) General Obligation bonds.

#### CONTACT PERSON

Robert Hicks, Director, Finance Department, 981-7301

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<sup>1</sup> As a result of the passage of Measure Q by the voters on November 7, 2000, the remaining \$22,500,000 of bonds authorized by the voters on November 3, 1992 will not be issued.

FY 2015 Tax Rate: Fund Debt Service on Fire Seismic  
General Obligation Bonds-Election of 1992 (Measure G,  
2002 and 2007 GO Refunding Bonds)

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Attachments:  
1: Ordinance

ORDINANCE NO. -N.S.

SETTING THE FY 2015 TAX RATE FOR FUNDING THE DEBT SERVICE ON THE FIRE SEISMIC GENERAL OBLIGATION BONDS (MEASURE G, 2002 AND 2007 GENERAL OBLIGATION REFUNDING BONDS) 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 (Measure G, 2002 and 2007 General Obligation Refunding Bonds) is set at 0.0125%.

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 \$1,855,386 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.