



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 Measure S General Obligation Bonds, Election of 1996 (2007 Refunding Bonds)

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2015 tax rate for funding the debt service on the Measure S General Obligation Bonds (Election of 1996, 2007 Refunding Bonds) at 0.019%.

FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended 0.019% will result in estimated collections of \$2,821,877 for the Measure S Debt Service Fund, which will be sufficient to make the debt service payments totaling \$2,735,218 for FY 2015 (in two installments on September 1, 2014 and March 1, 2015).

CURRENT SITUATION AND ITS EFFECTS

The 0.019% 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 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 0.019% 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	\$ 28.60	\$ 27.17
250,000	48.60	46.17
300,000	58.60	55.67
400,000	78.60	74.67
500,000	98.60	93.67
600,000	118.60	112.67
700,000	138.60	131.67
800,000	158.60	150.67
900,000	178.60	169.67
1,000,000	198.60	188.67

#### ENVIRONMENTAL SUSTAINABILITY

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

#### BACKGROUND

On November 5, 1996, the voters of the City of Berkeley approved incurring a total of \$49,000,000 bonded indebtedness to ensure the safety of its public and employees and to revitalize downtown.

The indebtedness is payable solely from the levy of an *ad valorem* tax against taxable property in the City. The proceeds were used to restore, expand and make the Main Library earthquake-safe and improve disabled access to it; to internally retrofit and increase disabled accessibility to Martin Luther King Jr., Civic Center Building; and to install landscaping, street improvements, street lighting, and other related capital improvements within the downtown area of Berkeley.

On June 4, 1997 Series 'A' Bonds in the amount of \$10,000,000 were issued; On December 1, 1998 Series 'B' Bonds in the amount of \$25,000,000 were issued; and on August 1, 1999 Series 'C' Bonds in the amount of \$14,000,000 were issued. In May 2007, the City issued \$41,245,000 in refunding bonds to refund the 1997, 1998, and 1999 Measure S (Series A, B, and C) General Obligation bonds.

#### 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 MEASURE S GENERAL OBLIGATION BONDS (ELECTION OF 1996, 2007 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 (Election of 1996, 2007 Refunding Bonds) is set at 0.019%.

Section 2. The Tax Rate will be based on 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 \$2,821,877 needed to make the September 1, 2014 and March 1, 2015 debt service payments on 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.

