




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

Subject: FY 2015 Tax Rate: Fund the Debt Service on the Street and Watershed Improvements General Obligation Bonds (Measure M, November 2012 Election)

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2015 tax rate funding the debt service on the Street and Integrated Watershed Improvements General Obligation Bonds (Measure M, November 2012) at 0.007%.

FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended 0.007% will result in estimated collections of \$1,045,022 for the Measure M Debt Service Fund, which will be sufficient to make the debt service payments totaling \$874,689 for FY 2015 (in two installments on September 1, 2014 and March 1, 2015).

CURRENT SITUATION AND ITS EFFECTS

The 0.007% 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.

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 0.007% which will result in the following cost to the average homeowner during FY 2015.

<b>Annual Tax</b>		
<b>Assessed Value</b>	<b>FY 2014 Tax</b>	<b>FY 2015 Tax</b>
\$150,000	\$ 10.01	\$ 10.01
250,000	17.01	17.01
300,000	20.51	20.51
400,000	27.51	27.51
500,000	34.51	34.51
600,000	41.51	41.51
700,000	48.51	48.51
800,000	55.51	55.51
900,000	62.51	62.51
1,000,000	69.51	69.51

**ENVIRONMENTAL SUSTAINABILITY**

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

**BACKGROUND**

In November 2012, the residents of Berkeley voted for and approved Ballot Measure M, for the sum of \$30,000,000 of General Obligation Bonds to accelerate street repaving and rehabilitation consistent with the 5-Year Street Rehabilitation Plan, integrating green infrastructure to the extent feasible. Green infrastructure includes, but is not limited to: (a) surface level bio-retention measures (rain gardens, swales, bio-retention cells, permeable paving, etc.) within the parking strip, planter area of sidewalks, red zone curb-extensions, and in street medians as feasible; and (b) large underground storage pipes, which would fill during storm events and then discharge metered flows into the existing storm drain pipelines.

**CONTACT PERSON**

Robert Hicks, Director, Finance Department, 510-981-7301

Attachments:

1: Ordinance

ORDINANCE NO. -N.S.

SETTING THE FISCAL YEAR 2015 TAX RATE FOR FUNDING THE DEBT SERVICE ON THE STREET AND WATERSHED IMPROVEMENTS GENERAL OBLIGATION BONDS (MEASURE M, NOVEMBER 2012 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 debt service on the General Obligation Bonds is set at 0.0070%.

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 \$1,045,022 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.

