



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 Animal Shelter General
Obligation Bonds (Measure I, November 2002 Election)

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2015 tax rate for funding the debt service on the Animal Shelter General Obligation Bonds (Measure I, November 2002) at 0.0020%.

FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended 0.0020% will result in estimated collections of \$296,299. This amount plus the amount over-collected in the FY 2009 levy is sufficient to make the debt service payments on September 1, 2014 and March 1, 2015 of \$439,526.

CURRENT SITUATION AND ITS EFFECTS

The 0.0020% 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. An error was made in setting the rate for FY 2009: Instead of the correct tax rate of 0.004%, the ordinance reflected a tax rate of 0.0140%. As a result, the tax rate for FY 2015 is being set at a much lower rate than 0.004% to offset the over-charge in FY 2009. 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 0.0020%, 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	\$2.86	2.86
250,000	4.86	4.86
300,000	5.86	5.86
400,000	7.86	7.86
500,000	9.86	9.86
600,000	11.86	11.86
700,000	13.86	13.86
800,000	15.86	15.86
900,000	17.86	17.86
1,000,000	19.86	19.86

ENVIRONMENTAL SUSTAINABILITY

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

BACKGROUND

In November 2002, the residents of Berkeley voted for and approved Ballot Measure I, in the sum of \$7,200,000 of General Obligation Bonds to acquire property, if necessary, and to construct or rehabilitate a building for an animal shelter that meets the requirements of state law.

The indebtedness on the total bonds issued of \$7,200,000 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 acquire property, and to construct a building for an animal shelter that meets the requirements of state law.

The General Obligation Bonds in the amount of \$7,200,000 were issued on January 9, 2008.

CONTACT PERSON

Robert Hicks, Director, Finance Department, 981-7301

Attachments:
1: Ordinance

ORDINANCE NO. -N.S.

SETTING THE FISCAL YEAR 2015 TAX RATE FOR FUNDING THE DEBT SERVICE ON THE ANIMAL SHELTER GENERAL OBLIGATION BONDS (MEASURE I, NOVEMBER 2002 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 0.0020%.

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 \$296,299 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.

