



Office of the City Manager

CONSENT CALENDAR  
June 13, 2017

To: Honorable Mayor and Members of the City Council  
From: Dee Williams-Ridley, City Manager  
Submitted by: Henry Oyekanmi, Director, Finance Department  
Subject: FY 2018 Tax Rate: Fund Debt Service on Neighborhood Branch Library Improvements Project General Obligation Bonds (Measure FF)

#### RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2018 tax rate for funding the debt service on the Neighborhood Branch Library Improvements Project General Obligation Bonds (Measure FF, November 2008 Election) at 0.0015%.

#### FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended 0.0015% will result in estimated collections of \$325,000. This is a significant decrease from the prior year (0.0090%) due to the application of a one-time fund balance of \$1,331,025 which is unspent bond proceeds after completion of all the Measure FF projects. This amount (along with existing funds on hand) is sufficient to make the debt service payments on March 1, 2018 and September 1, 2018.

#### CURRENT SITUATION AND ITS EFFECTS

The 0.0015% tax rate for FY 2018 being set by the City Council is based on the debt service, the estimated FY 2018 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 2018 is a decrease in the rate charged in FY 2017.

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 2018 bond year will be retained in the fund to pay future obligations, the tax impact of any over-collection will be credited against future debt service payments and the required levy.

It is recommended that the City Council authorize a FY 2018 tax rate of 0.0015% which will result in the following cost to the average homeowner during FY 2018, as compared to FY 2017:

| Annual Tax     |             |             |
|----------------|-------------|-------------|
| Assessed Value | FY 2017 Tax | FY 2018 Tax |
| \$150,000      | \$13.50     | \$2.25      |
| 250,000        | 22.50       | 3.75        |
| 300,000        | 27.00       | 4.50        |
| 400,000        | 36.00       | 6.00        |
| 500,000        | 45.00       | 7.50        |
| 600,000        | 54.00       | 9.00        |
| 700,000        | 63.00       | 10.50       |
| 800,000        | 72.00       | 12.00       |
| 900,000        | 81.00       | 13.50       |
| 1,000,000      | 90.00       | 15.00       |

#### 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 \$16,000,000 of bonds were issued on August 3, 2010. The tax rate above reflects the debt service payments on the remaining \$23,030,000 principal balance.

The City's Board of Trustees for the Library approved a resolution on April 19, 2017 notifying the City Manager of the completion of the Branch Library Improvement Project and the transfer of all remaining monies from the Capital Project Measure FF Fund

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Branch Library Improvements Project General Obligation  
Bonds (Measure FF, November 2008 Election)

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(308) to the Library Debt Service Fund (714). These funds will be applied during the debt service cycle including the September 1, 2017 and March 1, 2018 payment dates.

CONTACT PERSON

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Attachments:

1: Ordinance

ORDINANCE NO. #,###-N.S.

SETTING THE FY 2018 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 2018 tax rate for the debt service on the General Obligation Bonds is set at 0.0015%.

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 2018 property tax bill.

Section 3. This Tax Rate will result in estimated total collections of \$325,000 needed to make the March 1, 2018 and September 1, 2018 debt service payments on the outstanding 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.