



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 the Debt Service on the Street and Watershed Improvements General Obligation Bonds (Measure M)

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2018 tax rate funding the debt service on the Street and Integrated Watershed Improvements General Obligation Bonds (Measure M, November 2012) at 0.0100%.

FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended 0.0100% will result in estimated collections of \$1,780,250. 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 0.0100% tax rate for FY 2018 being set by the City Council is based on the current 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.

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 0.0100% 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	\$15.75	\$15.00
250,000	26.25	25.00
300,000	31.50	30.00
400,000	42.00	40.00
500,000	52.50	50.00
600,000	63.00	60.00
700,000	73.50	70.00
800,000	84.00	80.00
900,000	94.50	90.00
1,000,000	105.00	100.00

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.

\$15,000,000 of the \$30,000,000 in authorized bonds were issued in 2014, and the remaining \$15,000,000 of bonds were issued in 2016. The tax rate above reflects the debt service payments on the remaining \$29,295,000 principal balance.

CONTACT PERSON

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Attachments:

1: Ordinance

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

SETTING THE FISCAL YEAR 2018 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 2018 tax rate for debt service on the General Obligation Bonds is set at 0.0100%.

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 \$1,780,250 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.

