



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 Infrastructure and Facilities General Obligation Bonds (Measure T1)

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2018 tax rate funding the debt service on the Infrastructure and Facilities Improvements General Obligation Bonds (Measure M, November 2016) at 0.0157%.

FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended 0.0157% will result in estimated collections of \$2,670,714. This amount will be sufficient to make the debt service payments on the proposed general obligation bonds issued later in 2017 (estimated to be \$32,000,000) on March 1, 2018 and September 1, 2018.

CURRENT SITUATION AND ITS EFFECTS

The 0.0157% tax rate for FY 2018 being set by the City Council is based on the projected debt service of the first series of bonds, 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 0.0157% which will result in the following cost to the average homeowner during FY 2018:

Assessed Value	FY 2018 Tax
\$150,000	\$23.55
250,000	39.25
300,000	47.10
400,000	62.80
500,000	78.50
600,000	94.20
700,000	109.90
800,000	125.60
900,000	141.30
1,000,000	157.00

ENVIRONMENTAL SUSTAINABILITY

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

BACKGROUND

In November 2016, the residents of Berkeley voted for and approved Ballot Measure T1, for the sum of \$100,000,000 of General Obligation Bonds to make infrastructure and facility improvements. The pace of financing and tax rate will be determined based on the overall growth of the City’s assessed value and the total outstanding general obligation bond debt service such that the total combined tax rate (for general obligation bond repayment will not exceed 0.0492% which represents the 10-year historical tax rate as of June 2016).

The City estimates that the first series of bonds under Measure T1 will be approximately \$32,000,000 and will be issued in the summer of 2017. The collection of the FY 2018 tax for Measure T1 assumes bond debt service in March 1, 2018 and September 1, 2018.

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 INFRASTRUCTURE AND FACILITIES IMPROVEMENTS GENERAL OBLIGATION BONDS (MEASURE T1, NOVEMBER 2016 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 0.0157%.

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 \$2,670,714 needed to make the March 1, 2018 and September 1, 2018 debt service payments on the proposed 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.

