



Office of the City Manager

CONSENT CALENDAR

June 12, 2018

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Henry Oyekanmi, Director, Finance Department

Subject: FY 2019 Tax Rate: Fund the Debt Service on the Infrastructure and Facilities General Obligation Bonds (Measure T1, November 2016 Election)

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2019 tax rate funding the debt service on the Infrastructure and Facilities Improvements General Obligation Bonds (Measure M, November 2016) at 0.0127%.

FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended 0.0127% will result in estimated collections of \$2,450,615. This amount will be sufficient to make the debt service payments on the outstanding general obligation bonds issued in 2017 with debt service on March 1, 2019 and September 1, 2019.

CURRENT SITUATION AND ITS EFFECTS

The 0.0127% tax rate for FY 2019 being set by the City Council is based on the projected debt service of the first series of bonds, the estimated FY 2019 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 2019 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 2019 tax rate of 0.0127% which will result in the following cost to the average homeowner during FY 2019:

Assessed Value	FY 2018 Tax	FY 2019 Tax
\$150,000	\$23.55	\$19.05
250,000	39.25	31.75
300,000	47.10	38.10
400,000	62.80	50.80
500,000	78.50	63.50
600,000	94.20	76.20
700,000	109.90	88.90
800,000	125.60	101.60
900,000	141.30	114.30
1,000,000	157.00	127.00

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).

CONTACT PERSON

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Attachments:

- 1: Ordinance

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

SETTING THE FISCAL YEAR 2019 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 2019 tax rate for debt service on the General Obligation Bonds is set at 0.0127%.

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 2019 property tax bill.

Section 3. This Tax Rate will result in estimated total collections of \$2,450,615 needed to make the March 1, 2019 and September 1, 2019 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.

