



Office of the City Manager

ACTION CALENDAR
June 24, 2003

To: Honorable Mayor and
Members of the City Council

From: Weldon Rucker, City Manager

Subject: Setting The Fiscal Year 2004 Tax Rate For The Fire Seismic General Obligation Bonds (Measure G, Series C) and the 2002 General Obligation Refunding Bonds

RECOMMENDATION:

Adopt first reading of an Ordinance setting the Fiscal Year 2004 Tax Rate for the Fire Seismic General Obligation Bonds (Measure G, Series C) and the 2002 General Obligation Refunding Bonds at 0.0300%.

CURRENT SITUATION AND ITS EFFECTS:

The 0.0300% tax rate for FY 2004 being set by the City Council is based on the estimated 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 Fiscal Year 2004 bond year will be retained in the fund to pay future obligations, the tax impact of any over-collection will be reversed in the following year.

Based on the rate discussed above, the cost to the homeowner during Fiscal Year 2004 will be \$20.40 for a home assessed at \$75,000 and \$57.90 for a home assessed at \$200,000. The Fiscal Year 2004 tax rate does not exceed the maximum tax rate included in the November 1992 ballot measure. The maximum tax rate projected in the November 1992 ballot measure was \$26.66 for a \$75,000 home and \$75.66 for a \$200,000 home.

SETTING THE FISCAL YEAR 2004 TAX RATE
FOR THE FIRE SEISMIC GENERAL OBLIGATION
BONDS, MEASURE G, SERIES C and the 2002 GENERAL
OBLIGATION REFUNDING BONDS

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BACKGROUND:

On November 3, 1992 the voters of the City of Berkeley approved the incurring of bonded indebtedness for fire safety and seismic improvements to emergency facilities. This indebtedness was not to exceed an aggregate principal amount of \$55,000,000. Series 'A' bonds in the amount of \$8,000,000 were issued on June 1, 1993; Series 'B' bonds in the amount of \$14,000,000 were issued on July 25, 1995; and Series 'C' bonds in the amount of \$10,500,000 were issued on July 1, 1997.¹

The indebtedness on the total bonds issued of \$32,500,000 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 pay for, among other things, "repairing and seismic retrofitting of existing fire stations, the fire administration building, the Hall of Justice, which contains the City communication center, and the Emergency Operations Center (EOC)."

On November 1, 2002, the City issued \$17,865,000 in General Obligation refunding bonds to refund the 1993 Measure G (Series A) and 1995 Measure G (Series B) General Obligation bonds.

FINANCIAL IMPLICATIONS:

The tax levy of the recommended 0.0300% will result in collections of approximately \$2,500,000 which, with the surplus in the Fire Seismic debt service fund, is sufficient to make the debt service payments on March 1 and September 1, 2004.

The cost to the homeowner during Fiscal Year 2004 will be \$20.40 for a home assessed at \$75,000 and \$57.90 for a home assessed at \$200,000. The Fiscal Year 2004 tax rate does not exceed the maximum tax rate included in the November 1992 ballot measure. The maximum tax rate projected in the November 1992 ballot measure was \$26.66 for a \$75,000 home and \$75.66 for a \$200,000 home.

CONTACT PERSON:

Robert Hicks, Deputy Director of Finance, 981-7339.

Approved by:



Frances David, Director of Finance

Approved by:



Reginald Garcia, Fire Chief

¹ As a result of the passage of Measure Q by the voters on November 7, 2000, the remaining \$22,500,000 of bonds authorized by the voters on November 3, 1992 will not be issued.

ORDINANCE NO.

-N.S.

AUTHORIZING THE SETTING OF THE FISCAL YEAR 2004 TAX RATE FOR THE FIRE SEISMIC GENERAL OBLIGATION BONDS (MEASURE G, SERIES C) AND THE 2002 GENERAL OBLIGATION REFUNDING BONDS

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. The Fiscal Year 2004 tax rate for the General Obligation Bonds (Measure G, Series C) and the 2002 General Obligation Refunding Bonds is set at 0.0300%.

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 Fiscal Year 2004 property tax bill.

Section 3. This Tax Rate will result in total collections necessary to make the March 1, 2004 and September 1, 2004 debt service payments on the General Obligation Bonds.

Section 4. Copies of this bill shall be posted for two days prior to adoption in the glass case located near the walkway in front of Old City Hall, 2134 Martin Luther King Jr. Way. Within fifteen 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.