



Office of the City Manager

CONSENT CALENDAR  
June 13, 2023

To: Honorable Mayor and Members of the City Council  
From: Dee Williams-Ridley, City Manager  
Submitted by: Henry Oyekanmi, Director, Finance Department  
Subject: FY 2024 Tax Rate: Fund the Debt Service on the Affordable Housing  
General Obligation Bonds (Measure O, November 2018 Election)

RECOMMENDATION

Adopt first reading of an Ordinance setting the FY 2024 tax rate funding the debt service on the Affordable Housing General Obligation Bonds (Measure O, November 2018) at 0.0250%.

FISCAL IMPACTS OF RECOMMENDATION

The tax levy of the recommended 0.0250% will result in estimated collections of \$4,600,000. This amount will be sufficient to make the debt service payments on the 2020 Series A and 2022 Series B Bonds with debt service due March 1, 2024 and September 1, 2024.

CURRENT SITUATION AND ITS EFFECTS

The 0.0250% tax rate for FY 2024 being set by the City Council is based on the debt service of the Series A and Series B Bonds, the estimated FY 2024 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 2024 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 2024 tax rate of 0.0250% which will result in the following cost to the average homeowner during FY 2024:

Annual Tax		
Assessed Value	FY 2023 Tax	FY 2024 Tax
\$150,000	\$30.00	\$37.50
250,000	50.00	62.50
300,000	60.00	75.00
400,000	80.00	100.00
500,000	100.00	125.00
600,000	120.00	150.00
700,000	140.00	175.00
800,000	160.00	200.00
900,000	180.00	225.00
1,000,000	200.00	250.00

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

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

BACKGROUND

In November 2018, the residents of Berkeley voted for and approved Ballot Measure O, for the sum of \$135,000,000 of General Obligation Bonds to create and preserve affordable housing for low-income households, working families, and individuals including teachers, seniors, veterans, the homeless, and persons with disabilities.

The first series of bonds was issued in April 2020. The second series was issued in May 2022.

CONTACT PERSON

Henry Oyekanmi, Director, Finance Department, 510-981-7326

Attachments:

- 1: Ordinance

ORDINANCE NO. -N.S.

SETTING THE FISCAL YEAR 2024 TAX RATE FOR FUNDING THE DEBT SERVICE ON THE AFFORDABLE HOUSING GENERAL OBLIGATION BONDS (MEASURE O, NOVEMBER 2018 ELECTION) IN THE CITY OF BERKELEY

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

Section 1. The FY 2024 tax rate for debt service on the General Obligation Bonds is set at 0.0250%.

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 2024 property tax bill.

Section 3. This Tax Rate will result in estimated total collections of \$4,600,000 needed to make the March 1, 2024 and September 1, 2024 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 the Maudelle Shirek Building, 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.

