

ALBANY CALIFORNIA



CITY OF ALBANY
1000 SAN PABLO AVENUE
ALBANY, CA 94706
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Agenda Date: 1 April 2024

MEMORANDUM

To: Albany City Council Members

From: Councilmember Jordan

Re: Removing bonding for schools by City from the Charter

RECOMMENDATIONS

Direct staff to prepare a ballot measure amending Charter section 4.07 to remove reference to using City bonding capacity for school projects.

BACKGROUND

In an email discussion last June of bonding to purchase open space, staff conveyed that the Albany Unified School District's ("District") bonding authorized by the voters counted against the City's bonding limit. As a result, due to the size of the District's current bonding, little of the City's bonding capacity (\$10 million of \$126 million total at the time, which is 8%) was available.

I was subsequently informed by staff that the District's bonding did not count against the City's limit. If I understood the source of the confusion correctly, it was Charter section 4.07, as follows in relevant part with **emphasis** added:

"Money may be borrowed by the issue and sale of bonds, pledged on the credit of the City, for any purpose authorized by law, **including the construction and equipment of schools**. No ordinance providing for the issue of bonds shall be passed without the submission of the bonding proposition to the electors of the City at a regular or special election and the approval of a two-thirds majority of those voting thereon. No bonds shall be issued, **excepting bonds for school purposes**, on the credit of the City which shall increase such bonded indebtedness of the City beyond fifteen percent (15%) of the assessed valuation of the property in the City subject to direct taxation, as shown by the last preceding valuation for City taxes."

My current understanding is that this language allows the City to issue bonds against its capacity to provide capital funding for schools. However this language does not mean any bonds issued by the District are by default against the City's capacity. The District has been issuing bonds pursuant to

the Education Code and outside of the authorization provided for in the Charter section 4.07. Only bonds issued pursuant to Charter section 4.07 would impact the City’s bonding limitations.

In its presentation regarding Council agenda item 10-2 of 2 October 2023, which regarded revenue measures for core City services, staff stated, “Albany Unified School District may issue debt that counts against the City’s debt limit.” Recording of the portion of the presentation regarding City bonding available [here](#).

DISCUSSION

To avoid potential future confusion, I discussed with staff an amendment to Charter section 4.07 to remove reference to the City issuing bonds for school construction and equipment. Staff found this legally feasible and recommended including additional changes if the section is to be amended. These changes will also eliminate the implication the District has authority to itself place a measure on the ballot proposing a bond against the City’s capacity rather than its own, as staff conveyed in its presentation on 2 October 2023.

Suggested deletions and additions in the section are shown by ~~strikeout~~ and underline in the following, respectively.

“Money may be borrowed by the issue and sale of general obligation bonds (“bonds”), pledged on the credit of the City, for any purpose authorized by law, ~~including the construction and equipment of schools~~. No ordinance providing for the issue of bonds shall be passed without the submission of the bonding proposition to the electors of the City at a regular or special election and the approval of a two-thirds majority of those voting thereon. No bonds shall be issued, ~~excepting bonds for school purposes~~, on the credit of the City which in aggregate shall increase such bonded indebtedness of the City beyond fifteen percent (15~~§-0%~~%) of the assessed valuation of the property in the City subject to direct taxation, as shown by the last preceding valuation for City taxes. Every ordinance for the issue of bonds shall provide for a tax levy for each year to meet the annual serial installments of principal and interest, and such amounts shall be included in the tax levy for each year.”

SUSTAINABILITY CONSIDERATIONS

The recommended action does not have sustainability implications.

SOCIAL EQUITY AND INCLUSIVITY CONSIDERATIONS

The recommended action does not have social equity and inclusivity implications.

CITY COUNCIL STRATEGIC PLAN INITIATIVES

The recommended action indirectly relates to Goal 5: Increase revenue to sustain City services. As evident from the above, the confusion created by the current content of Charter section 4.07 risks future misinterpretation regarding the City’s available bonding capacity. Misinterpretation that could cause the City not to pursue bonding to meet a need when it is actually able to do so.

FINANCIAL CONSIDERATIONS

The recommended action incurs expense in the form of staff time to draft the charter amendment, the ballot measure by which it would be placed in front of the voters, the resolution by which this would be done, and the report to Council accompanying the resolution.