

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JOSE CALLING AND GIVING NOTICE OF, ON ITS OWN MOTION, THE SUBMISSION TO THE ELECTORS OF THE CITY OF SAN JOSE AT A SPECIAL MUNICIPAL ELECTION, TO BE CONSOLIDATED WITH THE NEXT GENERAL ELECTION ON NOVEMBER 6, 2018, A BALLOT MEASURE PROPOSAL CALLING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE ACQUISITION, CONSTRUCTION AND COMPLETION OF CERTAIN MUNICIPAL IMPROVEMENTS, INCLUDING AFFORDABLE HOUSING, IN THE CITY OF SAN JOSE

WHEREAS, San José City Charter Sections 1600 and 1601 authorize the City Council to set the date for a Special Municipal Election; and

WHEREAS, the City Council desires to submit to the electors of the City of San José (the “City” or, alternatively, “San José”) at a Special Municipal Election a ballot measure proposal calling for the issuance of General Obligation Bonds for the acquisition, construction and completion of certain municipal improvements including affordable housing in the City of San José, and to place the measure on the ballot for the next General Election on November 6, 2018, a Statewide General Election; and

WHEREAS, as set forth in the City’s 2018-2019 Adopted Capital Budget, the City continues to lack resources required to fully maintain its 911 communications, emergency operations, and police facilities, as well as fire stations, neighborhood streets, roads, bridges, and storm drain system (also referred to as the storm sewer system); and

WHEREAS, the current backlog of unmet and deferred repairs and rebuilding of City infrastructure totals \$1.4 billion; and

WHEREAS, the City's demand for affordable housing to serve the homeless, other vulnerable populations, including seniors, veterans and low-income families, as well as moderate-income families, drastically exceeds the housing supply; and

WHEREAS, with respect to the homeless, this Council has declared a shelter crisis for the past years; and

WHEREAS, the City's 2017 Homeless Census and Survey found that 4,350 San José residents were experiencing homelessness, with 74% of them living unsheltered on any given night, including 643 living in homeless encampments, and these counts are believed to be understated; and

WHEREAS, shelter beds and transitional housing options are insufficient to serve the City's needs, causing people to occupy and sleep on public sidewalks and in public spaces, as well as encampments throughout the City, threatening the public health, peace and safety; and

WHEREAS, there is an existing shortage of affordable housing in the City, as almost half (48%) of San José renters and owners at or below the household area median income paid more than 30% for their housing costs, including 22% of San José renters that paid more than 50% of their income for rent, according to the data for calendar years 2011 through 2015 from the American Community Survey; and

WHEREAS, this Council desires to seek voter approval of the proposed general obligation bond measure in order to be able to finance improvements to address the City's deferred maintenance backlog and the need for affordable housing in San José; and

WHEREAS, this Resolution is consistent with and adopted pursuant to San José Municipal Code Section 14.28.060;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

SECTION 1. The City Council finds that the recitals set forth above are true and correct. A Special Municipal Election is hereby called and ordered to be held in the City of San José on November 6, 2018 to vote on the following ballot measure calling for the issuance of General Obligation Bonds for the acquisition, construction and completion of certain municipal improvements and affordable housing in the City, which shall be issued, pursuant to Chapter 14.28 of the San José Municipal Code and certain provisions of the California Government Code, if two-thirds of the electors voting on the measure vote to approve the measure. The provisions applicable to the proposed General Obligation Bonds are set forth below and in the attached Exhibit A, which is incorporated by reference.

- A. The measure will authorize the City to issue up to \$950,000,000 principal amount of municipal General Obligation Bonds (the “Bonds”), for the purpose of financing the cost of land or improvement of land for, without limitation, the following categories of projects (collectively, the “Projects”). The City Council finds each of the proposed categories of Projects are improvements necessary for carrying out the City’s objects, purposes and powers, including addressing the City’s need for affordable housing, as described below, for the preservation of public health, peace and safety.
 1. The upgrade of 911 communications/ police/ fire facilities to improve public safety and emergency/disaster response which may include a new or renovated modern police and fire 911

communications and dispatch center; construction of Fire Station 37 and the upgrade and/or rebuild of additional fire stations to improve emergency response times; development of safe and secure facilities for storage of crime scene and DNA evidence to help solve serious crimes; upgrade or construction of an emergency operations center for disaster response/public emergency; and community center rehabilitation for shelter purposes in case of disaster/public emergency;

2. The repair of deteriorating bridges;
3. Repaving the City's worst streets and potholes;
4. The repair of the City's storm drain system (also referred to as the storm sewer system) and protecting open space to prevent creek pollution which may include: (a) preserving and enhancing open space to better manage storm water to prevent future flooding and pollution in the creeks resulting from flooding; (b) rehabilitating and installing new pump stations as part of the storm sewer system; and (c) other improvements to the storm sewer system consistent with regulatory and legal requirements that will address creek pollution;
5. Providing housing affordable for families, the homeless, or veterans which may include building and rehabilitating housing that is affordable for working families and individuals earning up to 80% of the area median income (AMI) with no more than 20% of the funding for households earning up to 120% of the AMI. Funds may be used to: (a) acquire land for the development of housing; (b) construct new housing; and (c) acquire and rehabilitate existing apartments or homes to create housing that is restricted to be affordable for the long-term; and
6. Addressing urgent infrastructure needs.

- B. The estimated cost of the Projects to be financed by the Bonds is \$941,850,000 and the amount of indebtedness proposed to be incurred for such purposes is \$950,000,000. The estimated costs of the Projects include land acquisition costs, preliminary design and construction costs, such as architectural, engineering and environmental review, cost of construction, construction management costs (whether by the City or a third party) and a contingency for unforeseen design and construction costs. However, the City cannot guarantee that the Bonds will provide sufficient funds to allow completion of all the enumerated projects. In addition, the estimated costs include costs related to issuance and sale of the Bonds.
- C. The statement of the ballot measure includes the estimates of the average annual tax levy based on assessed value of property in the City and the average amount, on an approximate basis, to be generated while the Bonds are outstanding based on various assumptions that may not occur. Pursuant to California Elections Code Section 9401, a Tax Rate Statement, that outlines in greater detail the estimated property tax impact if the Bonds are issued also is based on assumptions that may not occur, has been prepared, and is attached as Exhibit B and incorporated by reference in this Resolution. The City Council hereby approves the Tax Rate Statement and directs that it be included in the Voter Information Portion of the Sample Ballot and that all official materials provided by the City with respect to the proposed measure comply with California Elections Code Section 9402.
- D. This Council acknowledges the provisions of California Government Code Section 53410 et seq. related to bond accountability and desires to set

forth bond accountability provisions applicable to the Bonds including, but not limited to those provisions. Accordingly, the following will apply if the Bonds are authorized and issued:

1. The specific purpose of the Bonds is to finance the costs of the Projects as set forth in Section 1. B above.
2. The proceeds of the Bonds will be used only for the purposes specified in Section 1. A. above.
3. The proceeds of the Bonds will be accounted for in a separate account. The proceeds of the Bonds may be held by either the City or a trustee for the Bonds, as directed by the City's Director of Finance.
4. The City Auditor is directed to cause a separate audit of the proceeds of the Bonds in connection with the annual audit of the City's financial statements conducted by the City's external auditor.
5. The City's Director of Finance will file an annual report with this Council which will provide information as of June 30th of the prior fiscal year related to the amount of Bonds issued, the amount of ad valorem property tax collected and the status of the Projects.
6. This Council will appoint a committee comprised of residents of the City to provide community oversight over the expenditure of the Bonds. The size, composition and specific responsibilities of the Community Oversight Committee will be determined by separate action of this Council prior to the issuance of any of the Bonds.

SECTION 2. The ballot measure will be placed on the ballot for the November 6, 2018 election with the statement of the measure to be printed in the ballot in the following form:

MEASURE ____

<p>To:</p> <ul style="list-style-type: none"> • Upgrade 911 communications/ police/ fire facilities to improve public safety and emergency/ disaster response; • Repair deteriorating bridges; • Repave worst streets/potholes; • Repair storm drain system/ protect open space to prevent creek pollution; 	<p>YES</p>	
<ul style="list-style-type: none"> • Provide housing affordable for families/ homeless/ veterans; and • Address urgent infrastructure needs, <p>Shall San José issue \$950,000,000 in general obligation bonds with an average levy of 16¢ per \$1,000 of assessed value, averaging \$51,075,000 annually while bonds are outstanding, requiring community oversight/audits?</p>	<p>NO</p>	

SECTION 3. The City Council hereby requests the Board of Supervisors of the County of Santa Clara, California to permit the Registrar of Voters of Santa Clara County to render to the City of San José such services as the City Clerk of the City of San José may request relating to the conduct of the above-described Special Municipal Election with respect to the following matters:

Coordination of election precincts, polling places, voting booths, voting systems and election officers; Printing and mailing of voter pamphlets; Preparation of tabulation of result of votes cast; and all other services necessary to conduct an election.

SECTION 4. The City Council hereby requests that the Registrar of Voters of the County of Santa Clara consolidate the Special Municipal Election called and ordered to be held on November 6, 2018 with any other election that may be held on that date.

SECTION 5. The City Council hereby authorizes the Board of Supervisors of Santa Clara County, California to canvass the returns of the Special Municipal Election.

SECTION 6. The City Council hereby directs the City Clerk to reimburse the County of Santa Clara in full for any of the above-mentioned services which may be performed by the Registrar of Voters, upon presentation of a bill to the City, with funds already appropriated to the City Clerk for election purposes.

SECTION 7. The City Council hereby directs the City Clerk to take all actions necessary to facilitate the Special Municipal Election in the time frame specified herein and comply with provisions of the Elections Code of the State of California, City Charter, Ordinances, Resolutions and Policies regarding the conduct of the Special Municipal Election.

ALTERNATE 1 (FULL TEXT PUBLISHED)

SECTION 8. Pursuant to Section 12111 of the California Elections Code, the City Council hereby directs the City Clerk to: (a) cause a synopsis of the proposed measure to be published at least one time not later than one week before the election in the San José Mercury News, a newspaper of general circulation within the City of San José; (b) consolidate the Notice of Measure to be Voted with the Notice of Election into a single notice; (c) cause copies of the full text of the proposed measure set forth in the attached Exhibit A and copies of the approved Tax Rate Statement (see Exhibit B) to be printed in the Voter Information Portion of the Sample Ballot; (d) cause copies of the Sample Ballot to be mailed to each of the qualified electors of the City of San José; and

(e) do all other things required by law to submit the measure as set forth in Section 2 above to the electors of the City of San José at the Special Municipal Election, including causing the full text of the proposed measure (see Exhibit A) and approved Tax Rate Statement (see Exhibit B) to be made available in the Office of the City Clerk at no cost and posted on the City Clerk's website.

ALTERNATE 2 (FULL TEXT NOT PUBLISHED)

SECTION 9. Pursuant to Section 12111 of the California Elections Code, the City Council hereby directs the City Clerk to: (a) cause a synopsis of the proposed measure to be published at least one time not later than one week before the election in the San José Mercury News, a newspaper of general circulation within the City of San José; (b) consolidate the Notice of Measure to be Voted with the Notice of Election into a single notice; (c) cause copies of the approved Tax Rate Statement (see Exhibit B) to be printed in the Voter Information Portion of the Sample Ballot (d) cause the following statement to be printed in the impartial analysis to be prepared by the City Attorney: "If you would like to read the full text of the measure, see <http://www.sanjoseca.gov/index.aspx?nid=5694> or call 408-535-1260 and a copy will be sent at no cost to you."; and (e) do all other things required by law to submit the measure as set forth in Section 2 above to the electors of the City of San José at the Special Municipal Election, including causing the full text of the proposed measure (see Exhibit A) and the approved Tax Rate Statement (see Exhibit B) to be made available in the Office of the City Clerk at no cost and posted on the City Clerk's website.

SECTION 10. Pursuant to Sections 9282 and 9285 of the California Elections Code, the City Council hereby approves the submittal of direct arguments for and against the ballot measure, if any, [and authorizes the City Council or any member or members of the Council to author and submit a ballot measure argument in favor of the ballot measure] [but determines that rebuttal arguments will not be allowed] OR [and approves the submittal of rebuttal arguments in response to arguments for and against

the ballot measure and authorizes the City Council or any member or members of the City Council to author and submit a rebuttal, if any.]

SECTION 11. The City Council hereby directs the City Clerk to transmit a copy of the measure qualifying for placement on the ballot to the City Attorney for preparation of an impartial analysis.

SECTION 12. The City Council hereby acknowledges that the consolidated election will be held and conducted in the manner prescribed in California Elections Code Section 10418.

SECTION 13. The City Council hereby finds that adoption of this Resolution for placement of the proposed measure on the November 6, 2018 ballot is not a “project” under the California Environmental Quality Act (“CEQA”), because neither this Resolution nor the proposed ballot measure involves any commitment to a specific project which may result in a potentially significant physical impact on the environment, pursuant to Title 14, California Code of Regulations, (CEQA Guidelines) Section 15378(b)(4). The proposed ballot measure is for the creation of government funding mechanisms and other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

ADOPTED this _____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk

EXHIBIT A
FULL TEXT OF GENERAL OBLIGATION MEASURE

If two-thirds of the electors voting on the measure vote to approve the issuance of general obligation bonds by the City of San José at the election held on November 6, 2018, the following provisions will apply:

- A. The measure will authorize the City to issue up to \$950,000,000 principal amount of municipal General Obligation Bonds (the “Bonds”), for the purpose of financing the cost of land or improvement of land for, without limitation, the following categories of projects (collectively, the “Projects”). The City Council finds each of the proposed categories of Projects are improvements necessary for carrying out the City’s objects, purposes and powers, including addressing the City’s need for affordable housing, as described below, for the preservation of public health, peace and safety.
1. The upgrade of 911 communications/ police/ fire facilities to improve public safety and emergency/disaster response which may include a new or renovated modern police and fire 911 communications and dispatch center; construction of Fire Station 37 and the upgrade and/or rebuild of additional fire stations to improve emergency response times; development of safe and secure facilities for storage of crime scene and DNA evidence to help solve serious crimes; upgrade or construction of an emergency operations center for disaster response/public emergency; and community center rehabilitation for shelter purposes in case of disaster/public emergency;
 2. The repair of deteriorating bridges;
 3. Repaving the City’s worst streets and potholes;
 4. The repair of the City’s storm drain system (also referred to as the storm sewer system) and protecting open space to prevent creek

EXHIBIT A
FULL TEXT OF GENERAL OBLIGATION MEASURE

pollution which may include: (a) preserving and enhancing open space to better manage storm water to prevent future flooding and pollution in the creeks resulting from flooding; (b) rehabilitating and installing new pump stations as part of the storm sewer system; and (c) other improvements to the storm sewer system consistent with regulatory and legal requirements that will address creek pollution;

5. Providing housing affordable for families, the homeless, or veterans which may include building and rehabilitating housing that is affordable for working families and individuals earning up to 80% of the area median income (AMI) with no more than 20% of the funding for households earning up to 120% of the AMI. Funds may be used to: (a) acquire land for the development of housing; (b) construct new housing; and (c) acquire and rehabilitate existing apartments or homes to create housing that is restricted to be affordable for the long-term; and
 6. Addressing urgent infrastructure needs.
- B. The estimated cost of the Projects to be financed by the Bonds is \$941,850,000 and the amount of indebtedness proposed to be incurred for such purposes is \$950,000,000. The estimated costs of the Projects include land acquisition costs, preliminary design and construction costs, such as architectural, engineering and environmental review, cost of construction, construction management costs (whether by the City or a third party) and a contingency for unforeseen design and construction costs. However, the City cannot guarantee that the Bonds will provide sufficient funds to allow completion of all the enumerated projects. In

EXHIBIT A
FULL TEXT OF GENERAL OBLIGATION MEASURE

- addition, the estimated costs include costs related to issuance and sale of the Bonds.
- C. The statement of the ballot measure includes the estimates of the average annual tax levy based on assessed value of property in the City and the average amount, on an approximate basis, to be generated while the Bonds are outstanding based on various assumptions that may not occur. Pursuant to California Elections Code Section 9401, a Tax Rate Statement, that outlines in greater detail the estimated property tax impact if the Bonds are issued also is based on assumptions that may not occur, has been prepared, and is attached as Exhibit B and incorporated by reference in this Resolution. The City Council hereby approves the Tax Rate Statement and directs that it be included in the Voter Information Portion of the Sample Ballot and that all official materials provided by the City with respect to the proposed measure comply with California Elections Code Section 9402.
- D. This Council acknowledges the provisions of California Government Code Section 53410 et seq. related to bond accountability and desires to set forth bond accountability provisions applicable to the Bonds including, but not limited to those provisions. Accordingly, the following will apply if the Bonds are authorized and issued:
1. The specific purpose of the Bonds is to finance the costs of the Projects as set forth in Section B above.
 2. The proceeds of the Bonds will be used only for the purposes specified in Section A above.

EXHIBIT A
FULL TEXT OF GENERAL OBLIGATION MEASURE

3. The proceeds of the Bonds will be accounted for in a separate account. The proceeds of the Bonds may be held by either the City or a trustee for the Bonds, as directed by the City's Director of Finance.
4. The City Auditor is directed to cause a separate audit of the proceeds of the Bonds in connection with the annual audit of the City's financial statements conducted by the City's external auditor.
5. The City's Director of Finance will file an annual report with this Council which will provide information as of June 30th of the prior fiscal year related to the amount of Bonds issued, the amount of ad valorem property tax collected and the status of the Projects.
6. This Council will appoint a committee comprised of residents of the City to provide community oversight over the expenditure of the Bonds. The size, composition and specific responsibilities of the Community Oversight Committee will be determined by separate action of this Council prior to the issuance of any of the Bonds.

EXHIBIT B TAX RATE STATEMENT

An election will be held in the City of San José (the “City”) on November 6, 2018, to authorize the sale of up to \$950 million in general obligation bonds of the City to finance the projects identified in the measure. If the bonds are authorized, the City expects to sell the bonds in several series. Principal and interest on the bonds will be payable from the proceeds of tax levies made upon the taxable property in the City. The following information is provided in compliance with sections 9400-9404 of the California Elections Code.

1. The best estimate from official sources of the average annual tax rate that would be required to be levied to fund the bonds issued over the entire duration of the bond debt service, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors is 1.62 cents per \$100 (\$16.18 per \$100,000) of assessed valuation of all property to be taxed. The best estimate of the final fiscal year in which the tax is anticipated to be collected is fiscal year 2056-57.
2. The best estimate from official sources of the highest tax rate that would be required to be levied to fund the bonds issued, and an estimate of the year in which that rate will apply, based on assessed valuations available at the time of the election or projection based on experience within the same jurisdiction or other demonstrable factors is 2.75 cents per \$100 (\$27.46 per \$100,000) of assessed valuation of all property to be taxed. The best estimate of the year in which the highest tax rate will apply is anticipated to be fiscal year 2027-28.
3. The best estimate from official sources of the total debt service, including the principal and interest, that would be required to be repaid if all the bonds are issued and sold is approximately \$1.941 billion.

Voters should note that estimated tax rate is based on the ASSESSED VALUE of taxable property on Santa Clara County’s official tax rolls, not on the property’s market value. Property owners should consult their own property tax bills to determine their property’s assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that the foregoing information is based upon the City’s projections and estimates only, which are not binding upon the City. The actual tax rates and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of

**EXHIBIT B
TAX RATE STATEMENT**

the bonds. The dates of sale and the amount of bonds sold at any given time will be determined by the City based on the need for construction funds and other factors. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each sale. Actual future assessed valuation will depend upon the amount and value of taxable property within the City as determined by the Santa Clara County Assessor in the annual assessment and the equalization process.

Dated: August 7, 2018

APPROVED BY THE SAN JOSE CITY
COUNCIL