



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes

**SUBJECT: POTENTIAL GENERAL
OBLIGATION BOND MEASURE**

DATE: July 27, 2018

RECOMMENDATION

- (a) Review and discuss the community survey results regarding a potential general obligation bond ballot measure;
- (b) Adopt a resolution of the City Council calling and giving notice, on its own motion, for a Special Municipal Election to be held on November 6, 2018, to submit to the electors of the City of San José a general obligation bond measure with the following statement of the measure to be printed in the ballot:

General Obligation Bond Measure

To: • 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; • Provide housing affordable for families/ homeless/ veterans; and • Address urgent infrastructure needs, 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?	YES	
	NO	

- (c) Council discussion and consideration of whether the full text of the proposed measure should be printed in the November 6, 2018 Voter's Sample Ballot, pursuant to Elections Code Section 12111, to be incorporated into the resolution (as Exhibit A) calling for the election;

- (d) Council discussion and consideration of whether to print rebuttal arguments in the November 6, 2018 Voter's Sample Ballot, pursuant to Elections Code Section 9285, to be incorporated into the resolution calling for the election;
- (e) Council discussion and consideration of whether to authorize the City Council or any member or members of the City Council to submit an argument in favor of the City measure on the November 6, 2018 Voter's Sample Ballot, pursuant to Elections Code Section 9282, to be incorporated in the resolution calling the election;
- (f) Council discussion and consideration of whether to direct the City Clerk to transmit a copy of the measure to the City Attorney to prepare an Impartial Analysis, pursuant to Elections Code Section 9280; and
- (g) Direct the City Clerk to take all actions necessary to place this measure for a November 6, 2018 Special Municipal Election.

OUTCOME

Adoption of this resolution would result in voter consideration of the recommended general obligation bond measure at the November 6, 2018 General Election.

Staff has prepared the necessary materials, resolution, and ballot language for Council to place the above measure on the November 6, 2018 ballot. The Council meeting on August 7, 2018 is the last regularly scheduled Council meeting before the Santa Clara County Registrar of Voters deadline of Friday, August 10, 2018 for a measure to be placed on the ballot.

BACKGROUND

As detailed 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 drains. The current backlog of unmet and deferred repairs and rebuilding of City infrastructure totals \$1.4 billion.

On June 26, 2018, the City Council accepted a staff report¹ regarding options for placing a citywide general obligation bond measure on the November 6, 2018 ballot. Council gave direction to the City Manager and City Attorney to return to Council no later than August 7, 2018 with draft ballot language and a resolution placing a measure on the ballot authorizing the City to issue general obligation bonds to upgrade 911 communications/police/fire/paramedic facilities to improve public safety and emergency/disaster response; repair deteriorating bridges;

¹ June 26, 2018 staff report: <https://sanjose.legistar.com/View.ashx?M=F&ID=6311376&GUID=454D438A-8CFB-42C8-A611-5BA49E912812>

fix potholes/repave streets in the worst condition; repair storm drains to prevent flooding/waterway pollution; and address urgent infrastructure needs.

Council further directed the City Manager to conduct additional polling to refine the ballot language and finalize the bond amount. Previously, the Council had given direction for this polling to test whether voters would support some portion of a bond measure being spent on workforce housing, affordable housing, or housing for the homeless. Additionally, the City Manager was directed to develop a general obligation bond category list to guide development of potential bond projects, outreach and education, and return to Council on August 7, 2018. Finally, Council reiterated that funding to repair neighborhood streets is a top priority of a potential general obligation bond and that this funding should be called out in the project list.

This report provides the City Council with results and analysis from the third survey, recommendations regarding the next steps for placing a measure on the November ballot (including a timeline of key Registrar of Voter deadlines), and preliminary information about community outreach and education.

ANALYSIS

The State of California Constitution provides that a city may issue general obligation bonds for the acquisition and improvement of real property if authorized by two-thirds of its voters. General obligation bonds are payable only from ad valorem property taxes, which are required to be levied in an amount sufficient to pay interest and principal on the bonds coming due in each year. These property tax revenues are generated from an additional property tax that is distinct from general property tax collections and are dedicated to paying debt service on the bonds and cannot be levied or used for any other purpose. General obligation bonds are generally issued over a period of years and then repaid over a twenty- to thirty-year period from the date of issuance.

As of January 1, 2018, AB 195 amended the Elections Code to require ballot measures that propose a new tax or an increase in a tax rate, including general obligation measures, to include in the 75-word ballot question the amount of money to be raised annually and the rate and duration of the tax to be levied. These requirements are challenging for general obligation bond measure for the following reasons:

- The information is not available at the time the ballot question is placed on the ballot;
- The tax rate imposed each year depends on the amount of debt service to be paid each year and the assessed value of property;
- The amount of debt service payable each year is determined by the interest rate at which the general obligation bonds are sold which is not known until the bonds are sold;
- The requirement limits the language available in the ballot to educate voters on the scope of the general obligation bond; and

- Further, providing this information in the ballot question is unnecessary as the Elections Code requires a Tax Statement to be included in the ballot materials that outlines the estimated impact of approval of the proposed general obligation bonds on property tax bills in greater detail. *(Note: The Tax Statement for the proposed general obligation bonds in the amount of \$950 million is attached as Exhibit B to the resolution placing the general obligation bond measure on the ballot.)*

In light of the challenges AB 195 presents for general obligation bond measures, there have been several efforts to amend AB 195 prior to the August 10 deadline for submitting measures for placement on the November 6, 2018 ballot. The proposed legislation under discussion will suspend the application of AB 195's requirements for general obligation bond measures until after the November 2018 election. As the Legislature is not in session until August 6, 2018, it is nearly impossible that the legislation amending AB 195 will be enacted prior to the August 10th deadline for submission of the general obligation bond measure to the County Registrar of Voters. Therefore, since the June 26, 2018 Council meeting, the Administration developed language for the general obligation measure, and the survey, to comply with the AB 195 requirements.

Community Survey Results

Fairbank, Maslin, Maullin, Metz & Associates (FM3), the City's contracted survey research consultants, conducted a third public opinion survey from July 11, 2018 to July 19, 2018 to assess voter willingness to support a potential general obligation bond measure in November 2018, interviewing 1,200 San José voters in English, Spanish, and Vietnamese on both landlines and cell phones.

The principal goal was to test the electoral viability of a potential general obligation bond options. Due to AB 195 restrictions, the ability to test a variety of items within one measure is severely limited as the 75-word limit is narrowed by the language to address the tax rate and amount raised annually for the life of the bonds. To test the correct mix of projects, FM3 tested three versions of the general obligation 75-word statement. To avoid confusion, each respondent was asked about only one of the following three options (Attachment A includes the three versions surveyed):

- 1) A general obligation bond authorization of \$950 million to support public safety, emergency preparedness, streets and roads, and other urgent infrastructure needs.
OR
- 2) A general obligation bond authorization of \$950 million to support affordable housing, public safety, emergency preparedness, streets and roads, and other urgent infrastructure needs.
OR

- 3) A general obligation bond authorization of \$950 million to support conservation of open for flood and pollution mitigation, public safety, emergency preparedness, streets and roads, and other urgent infrastructure needs.

The survey results are summarized below:

Table 1 – Summary of GO Bond Survey²

Bond Option	Initial	Yes Votes	
		After Positive Arguments	After Negative Arguments
July Survey			
Public Safety & Streets	65%	69%	60%
Public Safety, Streets & Housing	63%	69%	65%
Public Safety, Streets & Open Space	61%	63%	56%

Support for all versions follow the same results from the April 2018 and May-June 2018 surveys, with support around the two-thirds threshold – and fluctuating between the mid-to-low 60s to 70 percent. These results suggest a solid majority of voters – at least three in five – are willing to support a bond measure at this time, support that appears consistent regardless of the specific mixture of investment areas.

With support at these levels, but not quite reaching two-thirds when first presented to voters, there are two ways to increase the likelihood of reaching two-thirds support this November. The first is the emergence of a community-based effort to communicate about the needs and benefits of a bond measure. While the City has no control over the emergence of such an effort, the survey results in the past two surveys do suggest that support exceeding the two-thirds level can be reached with community education and outreach. (In both surveys, different versions of a bond reached 69 and 70 percent “yes” totals after arguments in favor of a measure.) However, it should be noted this level of support only exceeded the two-thirds vote threshold by a few percentage points and was diminished by arguments against a measure, emphasizing the importance of strong community-based communications.

The second way to increase support is to refine the 75-word ballot question voters will read on their ballots to address the highest priority bond investment areas that were identified through the surveys, potentially improving initial reactions to the measure. To better blend the measures and refine the final 75-word ballot question, City staff and FM3 tested various components of the potential bond measure for support. The language testing positively and utilized to formalize the Administration’s final 75-word ballot question are outlined in Table 2.

² Consolidated data from FM3 Survey results from July 11, 2018 to July 19, 2018

Table 2 – Summary of Category Importance Level³

	Importance Level
Public Safety	
Upgrading 911 communications, police, fire and paramedics facilities to improve emergency and disaster response	76%
Building a safe and secure emergency operations center to respond to earthquakes, fires, and other disasters	67%
Streets and Roads	
Repairing deteriorating bridges	72%
Repaving the streets rated to be in the worst condition	71%
Affording Housing	
Providing housing affordable for working families	76%
Providing housing affordable for veterans	76%
Providing housing affordable for families with children	75%
Providing housing to help homeless residents get off local streets, out of creeks and parks, and out from under local freeways	70%
Providing housing for the most vulnerable community members	68%
Flooding and Pollution	
Repairing storm drains to keep pollution from local creeks and Bay	68%
Protecting open space and natural areas to reduce flooding	65%
Miscellaneous	
Addressing urgent infrastructure needs	64%

In conclusion, a general obligation bond measure could pass this November, but will require both clear ballot language and a robust community campaign to emerge to educate and communicate with potential voters. Without these items, and especially without an engaged community campaign, the measure is likely not viable.

Preliminary Project List

On June 26, 2018 staff presented the Mayor and City Council with a list of potential project categories to be funded by the bond measure as well as information on a process that would take place to determine the final project list if the bond measure passes in November. Table 3 provides a summary of project categories and dollar amounts that may be funded from the general obligation bonds based upon the recommended ballot language. The resolution placing the measure on the ballot includes the following project categories and also sets forth findings on the need to finance these project categories, including affordable housing.

³ Consolidated data from FM3 Survey results from July 11, 2018 to July 19, 2018

Table 3 – Summary of Project Categories

Category Number	Project Category	Possible Costs	Potential Projects
1	Streets	\$300,000,000	Rehabilitate and resurface local and neighborhood streets in poor condition (currently identified at 388 miles). This work remains unfunded and unscheduled based on the latest 5-year total funding projections for pavement maintenance. Costs have increased slightly from prior estimates due to continued deterioration of streets.
2	Housing	\$250,000,000	Build and rehabilitate 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. Residents that may benefit include the homeless, seniors, veterans, and working families. Funds may be used to: 1. Acquire land for the development of housing; 2. Construct new housing; and 3. Acquire and rehabilitate existing apartments or homes to create housing that is restricted to be affordable for the long-term.
3	Public Safety, flood/ pollution protection, emergency response and additional infrastructure needs.	\$390,850,000	1. Repair deteriorating bridges; 2. Upgrade or construct a modern Police and Fire 911 Communications and Dispatch Center (new or renovated); 3. 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 will 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. 4. Construct Fire Station 37 and upgrade and/or rebuild additional fire stations to improve emergency response times. 5. Safe and secure facilities storing crime scene and DNA evidence to help solve serious crimes. 6. New or upgraded Emergency Operations Center to respond to earthquakes, fires, and other anticipated and confirmed potential catastrophic disasters. 7. Community center rehabilitations, including making them safe to serve as shelters in disaster response. 8. Additional urgent infrastructure needs.
4	Cost of bond issuances	\$9,150,000	NA
	Total	\$950,000,000	

If the Mayor and City Council approve the resolution placing a general obligation bond measure on the November 6, 2018 ballot, the Administration will continue to refine the list within each category above and return to Council late 2018. The Administration will continue to evaluate projects to be funded from a general obligation bond measure against the following criteria:

- Fiscal Responsibility: Does the project leverage additional funding? Does the project reduce the City's commitment of General Fund dollars? Will implementing this project now save capital or general fund dollars in the future?
- Project Readiness: Is the project scope of work fully understood?
- Public Safety: Does the project directly or indirectly enhance the safety of our residents?
- Leveraging Opportunities: Are there partnership opportunities currently available that would help the City move this project forward?
- Equity: Does this project maximize the City's ability to provide opportunity to our residents who are most in need?
- Community Priorities: Does our community believe that this project is a priority?

Additionally, as mentioned in the June 26, 2018 memo, if the City Council decides to place a general obligation measure on the November 6, 2018 citywide ballot, the Administration will develop educational materials and an outreach strategy in coordination with the City Attorney's Office.

Tax Rate Statement and Bond Accountability

Tax Rate Statement -- Pursuant to California Elections Code Section 9401, a Tax Rate Statement has been prepared, and is attached as Exhibit B of the Council Resolution and as Attachment B to the staff report. The Tax Rate Statement will be included in the Voter's Sample Ballot.

To determine the information contained in the Tax Rate Statement, assumptions were developed and are presented in Table 4. This information is based on the City's projections and estimates and are not binding upon the City. The actual tax rates and years in which they will apply will vary from those presented in the Tax Rate Statement. The variations from the estimates will be the result of the timing of the bond sales, the amount of the bonds sold at each sale and market interest rates at the time of each bond sale, and actual assessed valuation over the term of the repayment of the bonds.

The dates of bond sales and the amount of the bonds to be 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 depends on the bond market at the time of each sale. The amount of taxable bonds to be issued will be dependent on tax analysis at the time of bond issuance; all bonds issued for affordable housing will be sold as taxable bonds. 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.

Table 4 - General Obligation Bond Assumptions

Total GO Authorization	\$950,000,000
Tax-exempt	\$700,000,000
Taxable	\$250,000,000
Number of Bond Issuances (Sales)	5
Years of Bond Issuance	2019, 2021, 2023, 2025 and 2027
Taxable bonds issued only in 2019 & 2023	
Annual Assessed Valuation Growth	3.50%
Average Interest Rate on Tax-exempt Bonds	5.00%
Average Interest Rate on Taxable Bonds	6.00%
Aggregate Cost of Issuance (5 bond issuances)	\$9,150,000
Net Bond Proceeds Available for Projects	\$940,850,000
Amortization Period for each Series	30 years

Based on these assumptions, the Tax Rate Statement includes the following information:

- Average Annual Tax Rate (best estimate) during the entire duration of bond debt service is 1.62 cents per \$100 of assessed valuation of all property to be taxed or \$16.18 per \$100,000 of assessed valuation.
- Final fiscal year (best estimate) in which the tax is anticipated to be collected is FY 2056-57 which will make the debt service payments due during calendar year 2057.
- Highest Tax Rate (best estimate) to be levied to pay the debt service on the bonds is 2.75 cents per \$100 of assessed value of all property to be taxed or \$27.46 per \$100,000 of assessed valuation.
- Year in which highest tax rate (best estimate) will apply is FY 2027-28.
- Total debt service, including principal and interest to be repaid if all the bonds are issued and sold is \$1.941 billion (best estimate).

It is important for voters to note that estimated tax rates are 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. Currently, the approximate **average assessed valuation** of a single-family home in San José is \$500,000, which based on the assumptions above and a 2% growth in assessed value for a homeowner (maximum amount permitted under Proposition 13), the estimated average annual tax would be \$110.79 per year, with an estimated maximum annual tax would be \$160.53.

Bond Accountability -- In addition, as outlined in the resolution, the Council acknowledges the provisions of California Government Code Section 53410 et seq. related to bond accountability and outlines the following bond accountability provisions which will be applicable to the Bonds if authorized by the voters and issued:

- Specific purpose of the Bonds is to finance the costs of the Projects as outlined in the staff report and Section 1. B of the Resolution.
- Proceeds of the Bonds will be used only for the purposes outlined in the staff report and as specified in Section 1. A. of the Resolution.
- 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.
- 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.
- City's Director of Finance will file an annual report with the Council which will provide information as of June 30 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.
- 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.

EVALUATION AND FOLLOW-UP

If Council adopts the recommended resolution, it will be transmitted to the Santa Clara County Registrar of Voters to include on the November 6, 2018 citywide ballot.

PUBLIC OUTREACH

On behalf of the City, FM3 Research conducted three public opinion surveys of registered voters living in San José. Polling was conducted in English, Spanish, and Vietnamese. In addition, this memorandum will be placed on the City's agenda website for August 7, 2018.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and City Clerk's Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

COST SUMMARY/IMPLICATIONS

For the November 2018 ballot, there are run-off elections for two City Council Districts (estimated cost of \$74,000), as well as potential ballot measures under City Council consideration, including this measure. The first ballot measure is the most expensive as it covers the fixed costs of mailing ballot books to all voters as well as absentee/mail ballots to voters who request them. Assuming the general obligation bond measure is the first ballot measure, the estimated cost ranges from \$1.15 million to \$1.28 million. The ballot will include text describing the measure, the City Attorney's Impartial Analysis, and arguments for and against the measure. The City Council can decide between a summary of the text (1 page) or the full text (estimated at 5 pages) of the measure and whether to include rebuttal arguments.

Following is a breakdown of these required costs as well as the optional costs:

Item	Measure Cost
Base Cost	\$1,032,000
Tax Rate Statement (two pages)	40,000
Impartial Analysis (one page)	20,000
Arguments (one page per argument)	39,000
Summary text (one page)	22,000
Total Cost with Required Elements	\$1,153,000
Rebuttals (one page per argument)—optional	38,000
Full text (additional 4 pages)—optional	89,000
Total Cost with Optional Items	\$1,280,000

The total estimated cost for the election will depend on the number of measures the City Council places on the ballot, the information included on the ballot, and the two run-off elections.

Potential Costs	Range
Run-off election only	\$74,000
Run-off election + 1 ballot measure	\$1,227,000 to \$1,354,000
Run-off election + 2 ballot measures	\$1,682,000 to \$1,936,000
Run-off election + 3 ballot measures	\$2,137,000 to \$2,518,000
Run-off election + 4 ballot measures	\$2,592,000 to \$3,100,000

The 2018-2019 Elections and Ballot Measures appropriation totals \$1,856,000. In addition, there is a remaining balance of \$350,000 in this appropriation from 2017-2018 that will be recommended to be rebudgeted as part of the 2017-2018 Annual Report, which will bring the appropriation to \$2,206,000. If necessary, recommended budget actions would be brought forward as part of the 2017-2018 Annual Report to address this funding gap. It is important to note that the election costs are estimates only and will be revised based on the final fee schedule from the County Registrar of Voters and actual registration levels.

CEQA

Not a Project. File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment.

The adoption of the 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 the 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.

A handwritten signature in black ink, appearing to read 'D. Sykes', with a horizontal line extending from the end of the signature.

David Sykes
City Manager

For questions, please contact Lee Wilcox, Chief of Staff, at (408) 535-4873, Julia Cooper, Director of Finance, at (408) 535-7011, or Matt Cano, Director of Public Works at (408) 535-8300.

Attachments:

Attachment A - General Obligation Bond Ballot Measure Options Tested
Attachment B - Tax Rate Statement

Attachment A

General Obligation Bond Ballot Measure Options Tested

Version 1: Public Safety & Streets

To:

- Upgrade 911 communications/police/fire/paramedic facilities to improve public safety and emergency/disaster response;
- Repair deteriorating bridges;
- Fix potholes/repave streets in the worst condition;
- Repair storm drains to prevent flooding/creek pollution; and
- Address urgent infrastructure needs,

Shall the City of San José issue 950 million dollars in bonds with an average levy of 20¢ per \$1,000 of assessed value, generating approximately 49 million, 500 thousand dollars annually to pay back the bonds over 30 years, requiring independent oversight and annual audits?

Version 2: Public Safety, Streets, & Housing

To:

- Upgrade 911 communications/police/fire facilities to improve public safety and emergency/disaster response;
- Repair deteriorating bridges/storm drains;
- Fix potholes/repave worst streets;
- Provide housing affordable for working families and most vulnerable community members; and
- Address urgent infrastructure needs,

Shall the City of San José issue 950 million dollars in bonds with an average levy of 20¢ per \$1,000 of assessed value, generating approximately 49 million, 500 thousand dollars annually to pay back the bonds over 30 years, requiring independent oversight and annual audits?

Version 3: Public Safety, Streets, and Open Space

To:

- Upgrade 911 communications/police/fire/paramedic facilities—improving public safety and emergency/disaster response;
- Repair deteriorating bridges;
- Fix potholes/repave streets in the worst condition;
- Repair storm drains and conserve open space to prevent flooding/creek pollution;
- Address urgent infrastructure needs,

Shall the City of San José issue 950 million dollars in bonds with an average levy of 20¢ per \$1,000 of assessed value, generating approximately 49 million, 500 thousand dollars annually to pay back the bonds over 30 years, requiring independent oversight and annual audits?

Attachment 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 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 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.