



**CITY OF LOS ALTOS
CITY COUNCIL MEETING
July 14, 2015**

SPECIAL MEETING

Agenda Item # 2

SUBJECT: Introduce and waive further reading of Ordinance No. 2015-410, ordering the submission of a proposition of incurring bonded debt to the qualified voters of the City of Los Altos at a special municipal election to be held on November 3, 2015, for the purpose of the construction and improvement of Hillview Community Center and Park

BACKGROUND

On March 24, 2015, the City Council accepted the Civic Center Master Plan update and Community Center Conceptual Design. The updated plan focuses on re-building the Hillview Community Center and Park as a first phase. This phase will include three areas: 1) replace the 70-year old Hillview Community Center with a new, multi-generational Community Center; 2) build community pool facilities; and 3) improve Hillview Park, sports fields and the surrounding open space.

At its March 24, 2015 meeting, Council identified November 2015 as the preferred date for a potential bond election and directed staff to work with an election consultant and to begin developing a financing strategy. The City engaged Tramutola LLC to assist in developing educational and financing strategies for improvement of the Community Center. At subsequent study session meetings on May 27, 2015 and June 23, 2015, the City Council discussed the merits of having one bond measure or two as well as a targeted dollar amount for the bond. Ultimately, Council provided direction to move forward with one bond measure of between \$60 and \$65 million.

EXISTING POLICY

2009 Civic Center Master Plan and 2015 Update

PREVIOUS COUNCIL CONSIDERATION

March 24, 2015; April 28, 2015; May 27, 2015 and June 23, 2015

DISCUSSION

Bond Election process

There are several steps the City must take in order to call for an election to issue municipal bonds:

1. Adopt a resolution of intention to issue bonds

Government Code Section 43607 states that a City must pass a resolution by a two-thirds vote determining that it is in the public interest or need to construction a certain municipal improvement before a bond can be issued. Council will consider this Resolution at its July 14, 2015 meeting.

2. Introduce an ordinance calling for an election

Government Code Section 43608 states that at a subsequent meeting following the adoption of the resolution of intention, the City Council may pass by two-thirds vote an ordinance (Attachment 2) calling for the bond election. As ordinances typically require two readings, it is recommended that the first reading occur immediately following adoption of the resolution of intention.

Once the ordinance has been introduced, any substantive changes to the ordinance would require it to be re-introduced. Therefore, it is recommended that any changes to the ordinance be done at the July 14, 2015 meeting in order to meet the August 7, 2015 deadline to call for the election.

3. Adopt the ordinance calling the election

Following the first reading of the ordinance calling the election, the City Council must have a second reading to adopt the ordinance. This must take place at a regular meeting held no less than five days after the first reading. Since July 28, 2015 is the last regular meeting before the Registrar of Voters' August 7, 2015 deadline to call for a November 2015 election, it is recommended that adoption of the ordinance occur at that meeting.

Ordinance calling for a November 2015 election

Government Code Section 43610 indicates the following items which must be included in the ordinance to call for an election:

1. Object and purpose of the bond
2. Estimated cost of the improvements
3. Amount of the principal bond
4. Maximum rate of interest of the bonds (this Code Section indicates the rate shall not exceed 8%)
5. Date of the election
6. Manner of holding the election

Ordinance No. 2015-410 has been drafted based on input and advice from Scott Ferguson of Jones Hall, the City's Bond Counsel and includes the required information to call for a November 2015 election. The Ordinance also includes the proposed ballot statement to be submitted to the voters. This statement was drafted by Larry Tramutola based on his many years of experience in developing successful ballot statements.

Bond amount and tax rate statement

The proposed ballot statement identifies a bond amount of \$65 million. This amount was chosen after careful consideration of Council direction provided at the June 23, 2015 Council meeting and the estimated cost of the overall project. This will allow the City to deliver a project that meets the needs and expectations of the community. The \$65 million would be the maximum bond amount authorized and would not be used in its entirety if total project costs are less than anticipated. The

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City will also contribute approximately \$25 million in cash reserves towards the project. This amount will provide the City flexibility in developing the final Community Center and Park plan.

Ballot arguments and impartial analysis

Following adoption of Ordinance No. 2015-410, staff will submit a copy of the Ordinance and a request to consolidate the election to the Santa Clara County Registrar of Voters (ROV) by August 7, 2015. During this time, arguments in favor of and against the bond measure may be drafted. The City Council, or any member or members authorized by the City Council, may submit an argument in favor of the measure. As well, any voter eligible to vote on the measure, or bona fide association of citizens, may submit argument in favor of or against the measure. Written arguments are due to the City Clerk by August 10, 2015. Authors of arguments will not be accepted without the names and signatures of the author or authors submitting it.

If multiple arguments are submitted in favor of or against the measure, the City Clerk will select one argument based on certain criteria set forth in the Elections Code. The City Clerk will forward any arguments for or against the bond measure to the ROV on August 11, 2015. Individuals may then submit rebuttals to arguments in favor of and against a measure to the City Clerk. Rebuttals are due on August 17, 2015. The City Clerk will submit any rebuttals to the ROV on August 18, 2015.

Once Ordinance No. 2015-410 is adopted, the City Council may direct the City Attorney to prepare an impartial analysis of the measure. This impartial analysis is due to the City Clerk by August 17, 2015. Once received, the City Clerk will forward the impartial analysis to the ROV.

PUBLIC CONTACT

Posting of the meeting agenda serves as notice to the general public.

FISCAL/RESOURCE IMPACT

It is unknown at this time the exact cost for holding a bond election in November 2015. The total cost will depend upon the number of elections to be held at the same time. There are sufficient funds in the Community Center Redevelopment Capital Improvement Project CF-01002 to cover the cost of the election.

No City funds or resources will be used in support or opposition of the bond measure.

ENVIRONMENTAL REVIEW

An addendum to the 2010 Civic Center Master Plan Environmental Impact Report was prepared in July 2015.

RECOMMENDATION

Introduce and waive further reading of Ordinance No. 2015-410, ordering the submission of a proposition of incurring bonded debt to the qualified voters of the City of Los Altos at a special municipal election to be held on November 3, 2015, for the purpose of the construction and improvement of Hillview Community Center and Park

Introduce and waive further reading of Ordinance No. 2015-410, ordering the submission of a proposition of incurring bonded debt to the qualified voters of the City of Los Altos at a special municipal election to be held on November 3, 2015, for the purpose of the construction and improvement of Hillview Community Center and Park

ALTERNATIVES

Do not introduce and waive further reading of Ordinance No. 2015-410; this will result in the City being unable to hold a November 2015 election.

Prepared by: Marcia Somers, City Manager with Jon Maginot, City Clerk/Assistant to the City Manager and Jolie Houston, City Attorney

ATTACHMENTS:

1. Ordinance No. 2015-410
2. Tax Rate Statement in Connection with City of Los Altos Hillview Community Center and Park

Introduce and waive further reading of Ordinance No. 2015-410, ordering the submission of a proposition of incurring bonded debt to the qualified voters of the City of Los Altos at a special municipal election to be held on November 3, 2015, for the purpose of the construction and improvement of Hillview Community Center and Park

ORDINANCE NO. 2015-410

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
ORDERING THE SUBMISSION OF A PROPOSITION OF INCURRING
BONDED DEBT TO THE QUALIFIED VOTERS OF THE CITY OF LOS
ALTOS AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON
NOVEMBER 3, 2015, FOR THE PURPOSE OF THE CONSTRUCTION AND
IMPROVEMENT OF HILLVIEW COMMUNITY CENTER AND PARK**

WHEREAS, on July 14, 2015, the City Council adopted, by a two-thirds vote of all its members, a resolution entitled “Resolution of the City Council of the City of Los Altos Determining that the Public Interest and Necessity Demand the Development of Certain Municipal Improvements and Their Financing Through the Issuance of General Obligation Bonds for the Hillview Community Center and Park” (the “Resolution of Necessity”); and

WHEREAS, in order to provide for the issuance by the City of its general obligation bonds to finance the improvements described in the Resolution of Necessity, it is necessary for the City Council to pass an ordinance ordering the submission of the proposition of incurring bonded indebtedness for such purpose to the qualified voters of the City at a municipal election; and

WHEREAS, the City Council desires to submit said ballot measure to the qualified voters of the City at the regular election to be held in the City on November 3, 2015, and to consolidate the bond election with other elections held within the City on that date; and

WHEREAS, the City intends to issue its general obligation bonds to finance the development of the Los Altos Community Center Master Plan Update, now referred to as the Hillview Community Center and Park project, which was reviewed under the California Environmental Quality Act (“CEQA”) and an Environmental Impact Report (“EIR”) was prepared and certified by the City Council on March 9, 2010 (“2010 EIR”); and

WHEREAS, based on the proposed Hillview Community Center and Park project description, knowledge of the project site, the environmental review previously completed, and the following analysis, the City determined that the proposed Hillview Community Center and Park project represents an insubstantial change in the project description as evaluated in the 2010 EIR and would not result in any new significant impacts not previously disclosed in the 2010 EIR, nor would it result in a substantial increase in the magnitude of any significant environmental impact previously identified in the 2010 EIR. For these reasons, an Addendum to the certified 2010 EIR was prepared in July 2015 and a supplemental or subsequent EIR or Initial Study /Mitigated Negative Declaration is not required for the proposed Hillview Community Center and Park project.

NOW THEREFORE, the City Council of the City of Los Altos does hereby ordain as follows:

SECTION 1. CALL FOR ELECTION. The City Council hereby orders that there be submitted to the qualified voters of the City a proposition on incurring a bonded debt (the “Bonds”) for the purpose set forth in this Ordinance, at the regular election to be held on November 3, 2015.

SECTION 2. BALLOT PROPOSITION. The City Council hereby submits to the qualified voters of the City, at the regular election to be held on November 3, 2015, a proposition on issuing the Bonds in substantially the following form:

HILLVIEW COMMUNITY CENTER AND PARK MEASURE

“To replace the 70-year old Hillview Community Center with a new facility to provide needed recreation and activity space and meeting rooms; to meet current handicapped and earthquake safety codes; to build community pool facilities; and to improve Hillview Park, open space and sports fields, shall the City of Los Altos issue \$65,000,000 of bonds at the lowest available legal interest rates with all funds staying in Los Altos to benefit local residents, seniors and children?”

SECTION 3. OBJECT AND PURPOSE OF BONDS. The object and specific single purpose of issuing the Bonds is the construction and improvement of certain public park and recreation facilities (the “Hillview Community Center and Park”), and the proceeds of the Bonds may only be applied to the specific purposes set forth in the ballot proposition.

SECTION 4. ESTIMATED COST OF HILLVIEW COMMUNITY CENTER AND PARK. The estimated cost of the Hillview Community Center and Park is \$65,000,000. The estimated cost includes legal or other fees, and other costs and expenses, which are incidental to or connected with the authorization, issuance and sale of the Bonds.

SECTION 5. PRINCIPAL AMOUNT OF BONDS. The amount of the principal of the Bonds shall not exceed \$65,000,000.

SECTION 6. MAXIMUM INTEREST RATE. The maximum rate of interest to be paid on the Bonds shall be 8% per annum. Said interest shall be payable semiannually except that interest for the first year after the date of the Bonds may be made payable at the end of said year.

SECTION 7. ISSUANCE AND SALE OF BONDS. The City proposes to construct and develop the Hillview Community Center and Park and to issue and sell the Bonds pursuant to Article 1, commencing with Section 43600, of Chapter 4 of Division 4 of Title 4 of the California Government Code, or Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, in one or more series, in the maximum amount and for the objects and purposes set forth above if two-thirds of all qualified voters voting on the proposition set forth above vote in favor thereof. The Bonds will be general obligations of the City payable from and secured by taxes levied and collected in the manner prescribed by laws of the State of California. All of

the Bonds are to be equally and ratably secured, without priority, by the taxing power of the City.

SECTION 8. CONSOLIDATION; MANNER OF CONDUCTING ELECTION.

A bond election now is hereby called for November 3, 2015, and is hereby ordered consolidated with any other election to be held within the City on that date. The election shall be held and conducted, election officers appointed, voting precincts designated, ballots printed, polls opened and closed, ballots counted and returned, returns canvassed, results declared, and all other proceedings incidental to and connected with the election shall be regulated and done in accordance with the provisions of law regulating the election as specified herein. The Board of Supervisors of Santa Clara County and the Santa Clara County Clerk, Elections Division, are hereby requested to order the consolidation of the municipal election hereby called with any other election to be held within the City on said date. The City Council hereby adopts the provisions of subdivision (a) of Section 9285 of the California Elections Code.

SECTION 9. PROCEDURE FOR VOTING ON PROPOSITION. Ballots for the election shall be provided in the form and in the number provided by law. Voters shall be provided an opportunity to vote for or against the proposition on the ballot, in accordance with procedures to be adopted by the authorized officers of the County charged with conducting the election.

SECTION 10. ACCOUNTABILITY REQUIREMENTS. In accordance with Sections 53410 and 53411 of the California Government Code, the City Council hereby adopts the following accountability requirements relating to the Bonds:

- (a) A separate account shall be created and held by the City, into which the proceeds of the Bonds are deposited.
- (b) The chief fiscal officer of the City shall file a report with the City Council no later than January 1, 2016, and at least once a year thereafter, showing the amount of Bond proceeds collected and expended, and the status of the project to be financed from the proceeds of the Bonds.

SECTION 11. BALLOT ARGUMENTS; TAX RATE STATEMENT. Any and all members of the City Council are hereby authorized to act as an author of any ballot argument prepared in connection with the election, including a rebuttal argument. The City Manager is hereby authorized to execute any Tax Rate Statement to be included as part of the official ballot measure.

SECTION 12. IMPARTIAL ANALYSIS. Pursuant to Section 9280 of the California Elections Code, the City Clerk, or his designee, is hereby directed to submit a copy of this ordinance to the City Attorney and the City Attorney, or her designee, is hereby authorized and directed to prepare an impartial analysis of the ballot proposition showing the effect of the ballot proposition on the existing law and the operation of the ballot proposition. Such

analysis shall not exceed 500 words in length and shall comply in all respects with applicable provisions of the California Elections Code.

SECTION 13. OFFICIAL ACTIONS. The City Manager, the Administrative Services Director and the City Clerk, or any of their designees, are hereby authorized to execute any documents and to perform all acts necessary to place the bond measure on the ballot.

SECTION 14. CONSTITUTIONALITY. If any section, subsection, sentence, clause or phrase of this code is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this code.

SECTION 15. PUBLICATION. This Ordinance shall be published once a day for at least 7 days in a newspaper published at least 6 days a week in the City, or once a week for 2 weeks in a newspaper published less than 6 days a week in the City. The first of said publications shall, in either event, be within 15 days after the adoption of this Ordinance.

SECTION 16. EFFECTIVE DATE. This Ordinance shall take effect immediately upon its adoption by two-thirds of all members of the City Council of the City.

The foregoing ordinance was duly and properly introduced at a meeting of the City Council of the City of Los Altos held on _____, 2015 and was thereafter, at a regular meeting held on _____, 2015 passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Janis C. Pepper, MAYOR

Attest:

Jon Maginot, CMC, CITY CLERK

**Tax Rate Statement In Connection With
City of Los Altos Hillview Community Center and Park
(Measure __)**

An election will be held in the City of Los Altos (the "City") on November 3, 2015 on the question of issuing bonds in the principal amount of \$65,000,000 to finance improvements to the Hillview Community Center and Park and build community pool facilities as described in the bond measure. If the bonds are approved, the City expects to sell the bonds in two series of bonds. Principal and interest on the bonds will be paid from taxes levied on taxable property in the City. The following tax rate information is given to comply with Sections 9400-9404 of the Elections Code of the State of California.

Based on estimated assessed valuations available at the time of filing of this statement:

1. The best estimate of the tax rate that would be required to be levied to fund the bond issue during the first fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.00955 per \$100 (\$3.92 per \$100,000) of assessed valuation in fiscal year 2016/17.

2. The best estimate of the tax rate that would be required to be levied to fund the bond issue during the first fiscal year after the last sale of the bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$0.0331 per \$100 (\$33.11 per \$100,000) of assessed valuation in fiscal year 2018/19.

3. The best estimate of the highest tax rate that would be required to be levied to fund the bond issue, based on estimated assessed valuations available at the time of filing this statement, is \$0.0331 per \$100 (\$33.11 per \$100,000) of assessed valuation in fiscal year 2018/19.

4. The best estimate of the average annual tax rate which would be required to be levied to fund the bond issue over the entire life of the bond debt service, based on estimated assessed valuations available at the time of filing of this statement, is \$0.0194 per \$100 (\$19.36 per \$100,000) of assessed valuation. The final fiscal year in which a tax is anticipated to be collected is 2046/47.

Voters should note that the estimated tax rates are based on the *assessed value* of taxable property on the County's official tax rolls, not on the property's market value. In addition, taxpayers eligible for a property tax exemption, such as the homeowner's exemption, will be taxed at a lower effective tax rate than described above. Certain taxpayers may also be eligible to postpone payment of taxes. Property owners should consult their own property tax bills and the County Assessor to determine their property's assessed value and any applicable tax exemptions.

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 estimates are based upon the City's projections and are not binding upon the City. 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 County Assessor in the annual assessment and the equalization process.

Dated: July ____, 2015

City Manager
City of Los Altos