

City Attorney's Impartial Analysis of Measure Q

Measure Q was placed on the ballot by the San Bruno City Council. If the measure is approved, the City would be authorized to issue up to \$102,000,000 in general obligation bonds to finance the costs of the City improvement projects described in Ordinance No. 1951, consisting of (1) repairing, replacing, and improving the deteriorating stormwater drain system to prevent system failure, flooding, water pollution and sinkholes, (2) repairing and improving the City streets, and (3) constructing and upgrading fire stations to ensure rapid emergency response, accommodate modern fire-fighting and life-saving emergency medical equipment and allow the stations to function during earthquakes and other natural disasters (collectively, the "Improvements").

Principal and interest payments for the bonds will be paid solely from the revenues produced by a new tax on real property in the City. The City estimates that the average tax rate required to be levied to pay debt service on the bonds will be \$0.03 per \$100 (or \$30.00 per \$100,000) of the assessed valuation of the property to be taxed. The actual tax rate will vary over the duration of the taxation period, but the City estimates that the highest tax rate to be levied will be \$0.03 per \$100 (or \$30.00 per \$100,000) of the assessed valuation of the property to be taxed. The City estimates that the tax would initially generate \$3,300,000 annually and that the final fiscal year in which the tax will be collected is 2064/65. The City proposes to issue multiple series of general obligation bonds. The interest rates on the bonds would be capped at a maximum of 12%, but the prevailing market rates may be less.

Proceeds from the sale of the bonds will be held in a separate account solely for financing the Improvements. The final costs, locations, designs, layouts and other components of the Improvements will be determined as plans are finalized, construction bids are awarded, and projects are completed. Therefore, the City cannot guarantee that bond proceeds will provide sufficient funds to complete all needed Improvements. Ordinance No. 1951 provides accountability requirements, which include annual, independent audits and a citizens' oversight committee to ensure that bond proceeds are expended only for the purposes described in Ordinance No. 1951.

Under current law, approval of Measure Q requires 2/3 of the voters in the City voting on Measure Q to vote in favor. Proposition 5, which has qualified for the November 5, 2024 Statewide ballot, would change existing law to lower the required approval threshold to 55%. This change, if approved at the November 5, 2024 Statewide ballot, would apply to Measure Q. A "yes" vote on Measure Q is to approve the bonds and property tax. A "no" vote on Measure Q is to not approve the bonds and property tax.

By: Trisha Ortiz, City Attorney for the City of San Bruno