

City Attorney Impartial Analysis of Measure N

If adopted by the voters, Measure N would authorize the City of Pacifica ("City") to issue general obligation bonds in a maximum amount of \$33,500,000 to design and construct a new public library. Measure N was placed on the ballot by the City Council of the City of Pacifica.

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General obligation bonds are a form of municipal indebtedness used to finance public improvements and are authorized by the California Constitution and Government Code sections 43600 and 53506 *et seq.* They allow long term borrowing by cities to raise money for real property acquisition and improvements. The City Council determines how to issue general obligation bonds including the date of maturity and denomination of the bonds. Once the bonds are issued the City must repay the amount borrowed plus interest. This repayment is secured by an ad valorem property tax levied on all taxable property in the City. General obligation bonds may only be issued if at least two-thirds of those voting in a municipal election approve a bond measure, like Measure N.

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Measure N limits the principal amount of the bonds to no more than \$33,500,000 and provides that interest on the bonds shall not exceed 8% per year. The best estimate of the tax rate required to fund this bond issue the year after the first bonds are issued is \$17.84 per \$100,000 of assessed valuation in fiscal year 2017-18. Proceeds of the bonds may only be used for the design and construction of a new public library.

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Measure N includes accountability requirements, including that bond proceeds shall be deposited into a separate account created and held by the City, and that the chief fiscal officer of the City shall file an annual report showing the amount of bond proceeds collected and expended and the status of the library project. Measure N would also require the City Council to establish and appoint members to an oversight committee, which would have responsibility for reviewing and reporting on the expenditure of the bond proceeds, and to seek input from the public regarding the scope and design of the library.

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In order to pass, Measure N must receive two-thirds (66 2/3%) of the ballots cast. A "yes" vote would be in favor of authorizing the City to issue general obligation bonds in an amount not to exceed \$33,500,000 for the purpose of designing and constructing a new public library. A "no" vote would be against authorizing the City to issue such bonds.

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/s/ Michelle Marchetta Kenyon  
City Attorney

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