

City Transparency and Accountability Plan

Potential November 2024 City General Obligation Bond Measure

Based on community priorities from voter polling and community outreach, and to meet the City's \$624 M infrastructure needs, staff recommend that the City Council place a General Obligation (GO) bond measure on the November 2024 ballot. Voter polling indicates that the community is equally supportive of either a \$598 M bond measure or a \$298 M bond measure. Because of this voter willingness, and the significant infrastructure needs in Santa Clara, staff is recommending the proposed \$598 M bond measure option. The proposed bond would be up to \$598 M. In a \$598 M scenario, the bond would be funded by leveraging up to an estimated \$29 per \$100,000 of assessed (not market) property value.

As part of the Council presentation, staff will also present the financial breakdown of a potential bond option for \$298 M and is seeking council direction.

Transparency and Accountability

Both community and City Council feedback included guidance on developing a Transparency and Accountability Plan as part of the proposed bond measure. The City's proposed GO bond measure would incorporate stringent transparency and accountability provisions as outlined in the following Transparency and Accountability Plan. Additionally, all components of the City's Accountability and Transparency Plan will meet all requirements for ACA 10.

Transparency and Accountability Plan

1. Council approval of an Expenditure Plan, including project category areas and related spending amounts, concurrent with placing a bond on the ballot. [Ordinance Section 13(b)(i)]
2. Process for making changes to the Expenditure Plan would require:
 - Staff recommendation;
 - Community Oversight Committee review and input; and
 - Unanimous approval from the City Council. [Ordinance Section 13(b)(ii)]
3. A Community Oversight Committee will be formed to ensure compliance with bond measure requirements. The Committee will consist of nine members selected by a lottery process made up of:
 - Seven residents;
 - One small business representative; and
 - One large business representative.

Business representatives shall have experience in budgeting, accounting, finance, and/or audit. Additionally, no business representative shall work for, have previously worked for, or be employed by a firm that provides services to any professional sports teams within the City of Santa Clara. Business representatives need not be residents but must be an owner or employee of a business headquartered within the City. Members appointed to the Committee shall receive educational training about bonds and fiscal oversight.

The role of the Committee shall be to (a) ensure that project implementation is consistent with the bond requirements and the Expenditure Plan, (b) review and report on annual audits, and (c) review and provide recommendations to the City Council on any proposed amendment to the Expenditure Plan. [Ordinance Sections 13(a)(viii) and 13(b)(iv)]

Transparency and Accountability Plan

4. Bond expenditures would be subject to independent annual audit with public auditor presentations to the Community Oversight Committee and Council Audit Committee, along with submittal to the State Auditor for review. [Ordinance Sections 13(a)(iv)-(vii) and 13(b)(v)]
5. Strict prohibition on the use of any bond proceeds for:
 - Levi's Stadium improvements;
 - Any projects for the sole benefit of Levi's Stadium; and
 - Any projects within the 0.5 miles of Levi's Stadium, except improvements in existing residential neighborhoods or business districts designed to be of substantial direct benefit to those areas and not Levi's Stadium; and
 - For the direct or indirect benefit of any professional sports team [Ordinance Section 13(b)(iii)]
6. Funds could only be used for public infrastructure projects that serve the City of Santa Clara. [Ordinance Section 13(a)(ii)]
7. All bond proceeds are to be deposited into a separate account(s) and tracked on a project-by-project basis to facilitate project oversight and legal compliance audits. [Ordinance Section 13(a)(x)]
8. No money could be used for employee salaries or benefits, with the exception of normal and customary personnel charges for project management and delivery services. Project administrative costs shall not exceed 5% of the proceeds from sale of the bonds. [Ordinance Section 13(a)(i)]
9. Annual public presentation on the Expenditure Plan and Project Status Report to the Community Oversight Committee and the City Council presented by the City Manager, or their designee. [Ordinance Section 13(b)(v)]
10. For projects requiring mail notice, increase the requirement for mail notifications to all properties surrounding bond funded projects from 500 feet to 1,000 feet. [Ordinance Section 13(b)(v)]
11. Communications on bond funded projects:
 - City webpage conveying status of all bond funded projects; and
 - Public signage surrounding projects funded by bond proceeds. [Ordinance Section 13(b)(v)]