



Agenda Report

25-401

Agenda Date: 6/10/2025

REPORT TO COUNCIL

SUBJECT

Resolution Authorizing an Ad Valorem Tax Levy Based on a Debt Service Estimate to be Provided to Santa Clara County Respecting Unsold General Obligation Bonds for Fiscal Year 2025/26

COUNCIL PILLAR

Manage Strategically Our Workforce Capacity and Resources

BACKGROUND

Measure I, which was passed by more than two-thirds of the City of Santa Clara's (the "City") voters at the November 5, 2024, General Election, authorizes the issuance by the City of general obligation bonds in the total principal amount of \$400 Million (the "Bonds") for the purpose of providing funds for the municipal capital improvements listed in the bond expenditure plan (Attachment 2) approved by the City Council. The first series of Bonds is expected to be issued in late 2025 or early 2026, which will require a property tax to be placed on the Fiscal Year 2025/26 Santa Clara County (the "County") property tax roll to provide for debt service payments of any principal or interest coming due on the Bonds in 2026.

DISCUSSION

California law permits the City to levy property taxes in advance of an anticipated bond issuance based on the estimated debt service requirements for the bonds by providing an adopted a resolution, including a tax rate and bond principal amount, to various County officials prior to the August deadline for finalizing the property tax assessments. City staff, working with the City's municipal advisor, PFM Financial Advisors, has estimated the principal amount of the first series Bonds as \$150 Million, and the per-parcel tax rate as \$28.70 per \$100,000 (0.0287%) of assessed value, to be assessed on all property owners. The attached resolution (Attachment 1) includes these figures and authorizes City staff to provide the resolution and any related information to the appropriate County officials.

The City Council had several questions regarding the Bonds issuance from the May 27, 2025 General Obligation Bonds Study Session. Responses to the questions are included in Attachment 3 to this report.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of a California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Furthermore, the action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental

organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

The per-parcel property tax levy of \$28.70 per \$100,000 (0.0287%) of assessed value in Fiscal Year 2025/26 will generate approximately \$16.80 million and support the estimated first debt service payment due in Fiscal Year 2026/27. Due to the timing of property tax payments, the levy is needed in FY 2025/26 to generate the funds for the debt service payment in FY 2026/27.

COORDINATION

This report has been coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Adopt the Resolution Authorizing an Ad Valorem Tax Levy Based on a Debt Service Estimate to be Provided to Santa Clara County Respecting Unsold General Obligation Bonds for Fiscal Year 2025/26.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Jovan D. Grogan, City Manager

ATTACHMENTS

1. Draft Resolution Authorizing an Ad Valorem Tax Levy Based on a Debt Service Estimate to be Provided to Santa Clara County Respecting Unsold General Obligation Bonds for Fiscal Year 2025/26
2. Bond Expenditure Plan
3. Responses to questions and comments from the May 27, 2025 City Council Roles and Responsibilities In Connection with the Issuance of Measure I General Obligation Infrastructure Bonds Study Session