

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF CITY OF SUNNYVALE MEASURE E

CITY ATTORNEY'S IMPARTIAL ANALYSIS STARTS HERE→

The Sunnyvale City Council placed Measure E on the ballot. If approved, Measure E would authorize the City to issue general obligation bonds of up to \$290,000,000 to design and construct a new Main Library on Olive Avenue across from City Hall. General obligation bonds are a form of long-term borrowing authorized by the California Constitution and Government Code to fund public improvements. The City will repay the principal and interest on the bonds by an annual property tax levied on all taxable property within the City (known as an "ad valorem" tax) based on the current assessed value (not market value) of each property.

If voters approve Measure E, the proceeds from sale of the bonds will be restricted to capital costs for design and construction of the new Main Library and demolition of the current library. The bond proceeds will be deposited into a separate fund and cannot be spent on City employee salaries or operating expenses. Measure E has accountability requirements including a Citizens' Oversight Committee and annual completion of independent performance and financial audits.

Measure E limits the principal amount of the general obligation bonds to a maximum of \$290,000,000. Interest on the bonds will be determined by market conditions when bonds are issued, but cannot exceed the statutory maximum of 12%. The City's best estimate, based on currently available data, is that the average bond interest rate will be approximately 4% with a bond term of 25 years.

Measure E sets a maximum tax rate of \$27.47 per \$100,000 of assessed property value each year that the bonds are outstanding. The tax rate is recalculated each year but cannot exceed this maximum. The tax rate will decrease each year if total citywide assessed value increases. The yearly tax is calculated by dividing a property's assessed value by 100,000 and multiplying by the tax rate. For example, for a property with \$1,000,000 (one million dollars) assessed value, the maximum yearly tax would be \$274.70. For \$10,000,000 (ten million dollars) assessed value, the maximum yearly tax would be \$2,747.

Under current law, Measure E must be approved by two-thirds (66 2/3%) of Sunnyvale voters to pass. However, if Assembly Constitutional Amendment No. 1 (known as "Proposition 5"), a state measure on the November 2024 ballot, passes in a statewide election, then Measure E can be approved by 55% of Sunnyvale voters. If Measure E passes pursuant to the 55% threshold in Proposition 5, the City will comply with all requirements of Proposition 5 and any state legislation implementing Proposition 5.

A "YES" vote is a vote in favor of authorizing the City to issue general obligation bonds in an amount not to exceed \$290,000,000 for the purpose of designing and constructing a new Main Library.

A "NO" vote is a vote against authorizing the City to issue such bonds.





Rebecca Moon
City Attorney

The above statement is an impartial analysis of Ordinance or Measure E. If you desire a copy of the ordinance or measure, please call the elections official's office at 408-730-7483 and a copy will be mailed at no cost to you.

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