



Contra
Costa
County

To: Board of Supervisors

From: Supervisor Mary N. Piepho and Supervisor Karen Mitchoff

Date: March 15, 2016

Subject: Support for the California Public Vote on Bonds Initiative (2016)

RECOMMENDATION(S):

CONSIDER a position of "Support" for the California Public Vote on Bonds Initiative, qualified to appear on the November 8, 2016 ballot as an initiated state statute, as recommended by Supervisors Karen Mitchoff and Mary N. Piepho.

FISCAL IMPACT:

Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **The fiscal effect on state and local governments is unknown and would vary by project. It would depend on (1) the outcome of projects brought before voters, (2) the extent to which the state relied on alternative approaches to the projects or alternative financing methods for affected projects, and (3) whether those methods have higher or lower costs than revenue bonds**

BACKGROUND:

Requires statewide voter approval before any revenue bonds can be issued or sold by the state for projects that are financed, owned, operated, or managed by the state or any joint

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **03/15/2016** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: Candace Andersen, District II
Supervisor

Mary N. Piepho, District III
Supervisor

Karen Mitchoff, District IV
Supervisor

Federal D. Glover, District V
Supervisor

NO: John Gioia, District I
Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 15, 2016

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Ryan Hernandez,
925-674-7824

cc:

agency created by or including the state, if the bond amount exceeds \$2 billion. Prohibits dividing projects into multiple separate projects to avoid statewide voter approval requirement.

BACKGROUND: (CONT'D)

From the Legislative Analyst's Office:

Bonds Are One Source of Funding for Government Projects. Bonds are a way the state and local governments borrow money. Governments sell bonds to investors to provide “up-front” funding for projects (such as infrastructure projects) and then commit to repay the investors, with interest, over a period of time. Governments use bonds to fund projects for a variety of reasons. For instance, bonds are sometimes used to help pay for costly projects that may be difficult to pay for all at once. Bonds spread the costs of projects over time, which may make sense when projects provide services over many years. In addition to bonds, governments in California often use a variety of other funding sources (such as grants, taxes, and fees) to help pay for projects. ***Voters Must Approve Some Types of Bonds.*** General obligation bonds and revenue bonds are two types of bonds issued by state and local governments in California. State general obligation bonds are guaranteed by the state government’s full faith and credit and are generally repaid using the state’s general tax revenues. Local general obligation bonds are typically funded by increased property taxes. The California Constitution requires voter approval of state and local general obligation bonds. Unlike general obligation bonds, revenue bonds are not guaranteed directly by state or local government taxing powers. Instead, revenue bonds are repaid using designated funding streams generally associated with the projects they finance. For example, funding generated by fees or other charges paid by users of a project (such as bridge tolls) are used to repay the project’s revenue bonds. In addition, in some cases, governments pay for a type of revenue bond called a “lease revenue bond,” often through a lease or rent paid from a government’s general tax or special fund revenues. Unlike general obligation bonds, revenue bonds do not require voter approval under existing state law. Some examples of projects that are often funded by revenue bonds include public office buildings, bridges, and water treatment facilities.

Proposal

Requires Voter Approval for Certain Revenue Bonds. The measure requires statewide voter approval for revenue bonds for projects that meet all of the following conditions:

- The total amount of revenue bonds sold for the project exceeds \$2 billion. The measure specifies that the \$2 billion threshold be adjusted annually based on the Consumer Price Index.
- The project funded by the revenue bonds would be funded, owned, operated, or managed by the state, including any joint powers agency or similar body created by the state or in which the state is a member.

ATTACHMENTS

Initiative Text

Attachment B: Initiative Material