

IMPARTIAL ANALYSIS OF MEASURE R

Under the California Constitution, Health and Safety Code, and other related statutes, fire protection districts may issue general obligation bonds for very limited purposes. These bonds are sold to the public and constitute a debt of the district. They are repaid by the levy of an *ad valorem* tax, which is calculated based on the current assessed value of each property and collected at the same time as other county taxes on real property.

Under existing law, the sale of such bonds must be approved by at least two-thirds (66.67 percent) of voters within the boundaries of that district. However, if Proposition 5 passes in the State of California concurrently in this election, only 55% voter approval will be needed for fire districts.

Measure R was placed on the ballot by the Central Fire District of Santa Cruz County (“the District”). The District proposes the sale of general obligation bonds in an amount not to exceed \$221,000,000, which would raise an estimated \$11,600,000 annually.

Voters are referred to the full body of the measure for the complete Bond Project List, which includes, but is not limited to:

- Fire Station Improvement Projects, which may include constructing, modernizing, and /or improving the outdated fire stations in Soquel, Capitola, and La Selva Beach;
- Projects to Support Fire District Operations, such as constructing a new firefighter training facility; improving staff offices, training rooms, and other facilities; and acquiring or replacing fire apparatus and capital equipment; and/or
- Acquiring land for the construction or relocation of fire stations, and training and support services facilities.

The law does not allow these types of bond funds to be used for salaries or other operational expenses.

The District must follow certain accountability measures. This includes: 1) using the funds for the specific purposes and projects stated; 2) depositing the proceeds into a special account, and 3) the filing of annual reports by the Fire Chief as well as by an independent financial auditor. The Board also will establish and appoint a Citizens’ Oversight Committee to review expenditures.

At the time of filing, the District estimated the average annual tax rate at approximately \$29 per \$100,000 of assessed property value per year. The best estimate of the highest tax rate to be levied is approximately \$49 per \$100,000 of assessed property value per year. If all bonds are issued, the total debt service to be repaid, including principal and interest, would be \$470,000,000.

A “yes” vote on Measure R is a vote to authorize the Fire District to issue and sell bonds in the amount of \$221,000,000 to be repaid by an annual ad valorem tax placed on real property.

A “no” vote on Measure R is a vote against the issuance of the proposed general obligation bonds.

DATE: August 16, 2024

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