AGENDA REPORT

TO: Honorable Mayor and members of the City Council and the Public		**FROM:**	Councilmember Rebecca Kaplan At-Large District Council President Nikki Fortunato Bas District 2
SUBJECT:	CIP Budget Amendments	**DATE:**	December 9, 2024

RECOMMENDATION

Councilmember Rebecca Kaplan and Council President Nikki Fortunato Bas recommend that the City Council adopt:
RESOLUTION 1) AMENDING RESOLUTION NO. 90326 C.M.S., WHICH ADOPTED THE MIDCYCLE BUDGET AND THE FISCAL YEAR 2023-2025 CAPITAL IMPROVEMENT PROGRAM (CIP), TO ALLOCATE FUNDING FROM PROPOSED 2025 MEASURE KK AND MEASURE U BOND ISSUANCES TO NEW AND EXISTING CITY INFRASTRUCTURE PROJECTS AND AFFORDABLE HOUSING PROJECTS AND MAKE OTHER RELATED AMENDMENTS TO FUND 2218 (TRANSPORTATION); 2) AUTHORIZING THE CITY ADMINISTRATOR TO CREATE NEW FUNDS FOR THE 2025 BOND FUNDING AS NECESSARY; AND 3) DIRECTING THE CITY ADMINISTRATOR TO SCHEDULE A REPORT TO THE CITY COUNCIL REGARDING THE TIMING FOR IMPLEMENTING A 2025 BOND ISSUANCE
RESOLUTION (1) ALLOCATING $10,000,000 IN FUNDS FROM MEASURE U HOUSING BOND FUNDS TO FUND NEW CONSTRUCTION OF MULTIFAMILY RENTAL AFFORDABLE HOUSING PROJECTS, AND (2) AUTHORIZING THE CITY ADMINISTRATOR TO MAKE DEVELOPMENT LOANS UNDER THE NEW CONSTRUCTION OF MULTIFAMILY RENTAL AFFORDABLE HOUSING PROGRAM, HOMEKEY AND RAPID RESPONSE HOMELESS HOUSING, ACQUISITION AND CONVERSION TO AFFORDABLE HOUSING AND REHABILITATION OF THE EXISTING AFFORDABLE HOUSING WITHOUT RETURNING TO COUNCIL, CONTINGENT ON FUNDING AVAILABILITY

EXECUTIVE SUMMARY

In Adopting Resolution No. 90326 C.M.S., the Oakland City Council adopted the Fiscal Year 2024-2025 Midcycle Budget and Capital Improvement Program ("CIP"). The CIP is the City's plan for the construction, repair, and replacement of the City's capital assets, including libraries,

public safety facilities, sewers, recreation centers, parks, and transportation and street improvements.

A variety of important expenditures in the CIP were intended to be covered through the issuance of bonds based on measures that the voters have approved. Subsequently, the planned issuance in the fall of 2024 was deferred. This item coming now is intended to provide clarity and a path forward for intended and important capital improvement projects, including some revisions to prior projects, reinstating projects, and authorizing a future bond issuance, as well as use of some non-bond funds.

The City Council intends to issue bonds in 2025 to further the adopted CIP. The amendments will update the most recently published CIP Budget list to include additional projects, reconfirm prior projects, modify existing projects, remove projects that have since been cancelled, and increase the amount for affordable housing. The proposed amendments allocate future bond funding to a new bond fund. The fund number to be assigned in the future, and will include subsequent tax analysis of the proposed projects.

On June 4, 2024, the Oakland City Council adopted the Oakland Safety Facilities Plan, resolution 90266 C.M.S.[1] Identifying sites for acquisition, development, and improvements, authorizing Oakland's City Administrator to enter into negotiations for specified improvements to existing safety facilities and acquisition and development of new safety facilities. The Safety Facilities Plan identifies multiple locations, provides for improved space and access, and includes sites in East Oakland (e.g., the Coliseum Area/Hegenberger corridor), as well as West Oakland, adjacent to BART, and easy transportation access. This will enhance personnel access to where they need to be, and enable an improved response to public needs.

The proposed amendments include the opportunity to restore and move forward with essential pedestrian and bicycle safety projects, street paving, affordable housing, public safety facilities, recreation facilities and parks, and more, to better serve our communities, and ensure timely delivery of planned projects. This includes the improvement and development of certain public safety infrastructure projects and updates funding allocation to advance a new 911 communication dispatch center, multi-departmental training facility, and both new and improved fire stations, as well as improvements to existing libraries and more.

The proposed amendments to the Budget (Exhibit A) amend the Capital section of the Budget to allocate funding from proposed 2025 Measure KK and Measure U bond issuances, as well as other available funds, e.g., in special transportation funds, to enable city infrastructure projects, affordable housing projects, and other core needs. The amendments also authorize the City

[1] https://www.oaklandca.gov/topics/capital-improvement-program#about-the-capital-improvement-program-cip

Administrator to create new fund numbers and take the next steps as necessary for a 2025 bond issuance and to return to Council at a future date with more details.

These proposed amendments are attached as Exhibit A.

This will enable the administration to take the necessary steps to efficiently pursue the development of new facilities and enhance identified existing facilities. By incorporating partnerships and multi-departmental facilities in accessible locations, we can better serve our public and workforce.

In addition to identifying these new and modified safety facilities, the proposed amendments clarify plans for the bond-funded Capital Improvement Program more broadly, including previously identified projects.

All projects proposed for bond funding are analyzed before they are issued, and the proposed projects that are the subject of these amendments would be part of that process. By advancing action toward the Council-approved recommended projects, we enable action toward more efficient public services. Thus, we expedite and execute the public's needs and reduce the harms and costs of maintaining outdated facilities, and the harms from facilities that are in bad condition.

BACKGROUND AND LEGISLATIVE HISTORY

For many years, Oakland safety personnel, consultant reports, and the public have expressed the need for improved and up-to-date public facilities. By providing state-of-the-art facilities, we can strengthen our ability to respond promptly to calls for service, prevent hazards, solve crimes, attract and retain personnel, and improve conditions and safety for our workforce and the public. This Resolution amends the CIP section of the Budget to allocate funding from the proposed 2025 Measure KK and Measure U bond issuances to new and existing city infrastructure projects, affordable housing projects, and other projects, including new locations, as identified previously by Council action. The Resolution also directs the City Administrator provide a report back to Council detailing the timeline and next steps for the 2025 bond issuance.

The City typically develops a new CIP Budget every two years for inclusion in the overall City Budget, and the assets identified for repair, replacement, or purchase in a budget cycle become CIP Projects.

Measure BB passed the two-thirds required voter approval on the November 4, 2014, ballot. It increased the local transportation sales tax from one-half cent to one cent and will extend it for 30 years until 2050. Measure BB special transportation funds, which are also used for various capital projects and can absorb some of the projects removed from bond funding.

On November 8, 2016, the City of Oakland voters approved Measure KK, authorizing $600 million in general obligation bonds to fund various City infrastructure and affordable housing projects.

On November 8, 2022, Oakland voters passed Measure U, the 2022 Affordable Housing Infrastructure Bond ("Measure U"), an $850 million general obligation bond to invest in vital infrastructure projects to improve public safety, protect and provide affordable housing, and preserve the quality of life in all neighborhoods throughout Oakland.

On September 17, 2024, pursuant to City Council Resolution No. 90419 C.M.S., City Council provided authorization to make funding commitments to eligible affordable housing activities through competitive processes for its primary affordable housing funding programs, HCD staff issued a New Construction NOFA on September 20, 2024 with approximately $66,000,000 in affordable housing funding available, and on November 4, 2024, received 24 applications from affordable housing developers for affordable rental applicants seeking nearly $412,000,000. At the time of writing of this report, review and scoring of the NOFA applications is underway, but HCD staff anticipates that allocating the additional $10 million in Measure U Bond funds will increase the ability to make funding commitments in January 2025 to prime affordable housing developments for State funding competitions in early 2025.

A review and tax analysis is performed for projects proposed for bond funding prior to the bond issuance, and the projects that are the subject of these amendments will undergo analysis by bond counsel prior to final authorization for bond funding.

SUSTAINABLE OPPORTUNITIES

Economic:

The resolution can boost the local economy by creating job opportunities and constructing new buildings. These projects will create ongoing jobs, stimulate economic activity, and increase the City's revenue and well-being. Funds saved from maintaining older facilities can support these actions.

Environmental:

The project identified in this resolution can improve infrastructure to meet new environmental standards conscious of climate change and health concerns. By developing facilities as part of transit-oriented development, they reduce vehicle miles traveled and congestion and improve access.

Social Equity:

Investing in developing and revitalizing public facilities, infrastructure, and affordable housing throughout the city can significantly improve essential needs and services, including services in parts of the city that have historically been under-served. Improved 911 communications dispatch center and other project facilities can improve conditions for the workforce while also helping to resolve the disparate impact that hard-hit communities face when such services are inadequate and create job opportunities in underutilized areas. By improving access to jobs and services and enhancing transit access, the services for under-served communities are improved

ACTION REQUESTED OF THE CITY COUNCIL

Councilmember Rebecca Kaplan and Council Nikki Fortunato President Bas recommend adopting the following resolution:

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For questions regarding this report, please get in touch with Michael Alvarenga, Legislative Analyst, at malvarenga@oaklandca.gov

Respectfully submitted,

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