

Details

File #: 2018-5212 (60 minutes)

Type: Regular Agenda Item

Body: [City Council](#)

On agenda: 2/20/2018

Title: SUMMARY: Consideration of whether to put before the voters on the June 5, 2018 ballot a \$95 million General Obligation Bond measure, which would be assessed at \$23 per \$100,000 of value on all properties in the City of Alameda Adoption of a Resolution Determining that the Public Interest and Necessity Demand the Making of Infrastructure Improvements and Their Financing through the Issuance of General Obligation Bonds [Requires four affirmative votes]; Adoption of a Resolution Amending the General Fund Operating Budget for Fiscal Year 2017-18 for the Cost of Submitting the Measure to the Voters [Requires three affirmative votes]; and Introduction of Ordinance Calling a Special Election and Ordering the Submission of a Proposition Incurring Bonded Debt for the Purpose of Financing Clean Water, Street Infrastructure and Disaster/Emergency Preparedness Improvements Throughout the Geographic Boundaries of the City to the Qualified Voters of the City of Alameda at the Special Municipal E...

Attachments: 1. [Exhibit 1 - Expenditure Plan](#), 2. [Presentation](#), 3. [Correspondence](#), 4. [Resolution - Necessity](#), 5. [Resolution - Budget](#), 6. [Ordinance](#)

Text

SUMMARY: Consideration of whether to put before the voters on the June 5, 2018 ballot a \$95 million General Obligation Bond measure, which would be assessed at \$23 per \$100,000 of value on all properties in the City of Alameda

Adoption of a Resolution Determining that the Public Interest and Necessity Demand the Making of Infrastructure Improvements and Their Financing through the Issuance of General Obligation Bonds [Requires four affirmative votes];

Adoption of a Resolution Amending the General Fund Operating Budget for Fiscal Year 2017-18 for the Cost of Submitting the Measure to the Voters [Requires three affirmative votes]; and

Introduction of Ordinance Calling a Special Election and Ordering the Submission of a Proposition Incurring Bonded Debt for the Purpose of Financing Clean Water, Street Infrastructure and Disaster/Emergency Preparedness Improvements Throughout the Geographic Boundaries of the City to the Qualified Voters of the City of Alameda at the Special Municipal Election to be Held on June 5, 2018. [Requires four affirmative votes] (City Manager 2110)

Body

To: Honorable Mayor and Members of the City Council

From: Jill Keimach, City Manager

Re: Adoption of a Resolution Determining that the Public Interest and Necessity Demand the Making of Infrastructure Improvements and their Financing through the Issuance of General Obligation Bonds; Adoption of a Resolution Amending the General Fund Operating Budget for Fiscal Year 2017-18 for the Cost of Submitting the Measure to the Voters; and Introduction of Ordinance Calling a Special Election and Ordering the Submission of a Proposition Incurring Bonded Debt for the Purpose of Financing Clean Water, Street Infrastructure and Disaster/Emergency Preparedness Improvements Throughout the Geographic Boundaries of the City to the Qualified Voters of the City of Alameda at the Special Municipal Election to be Held on June 5, 2018

BACKGROUND

The City of Alameda has nearly \$300 million in infrastructure needs that are above and beyond both current and projected funding. *Exhibit 1*

The most pressing infrastructure needs identified by the public are: maintaining clean, safe drinking water; preventing Bay pollution; keeping our parks and beaches safe and clean for all users; maintaining and repairing deteriorating streets, potholes and storm drains and water pipes; and properly preparing for disasters. The City Council has received updates on these infrastructure needs in various presentations related to adopted capital budgets in 2015-2017 and 2017-2019.

More than \$110 million of these infrastructure needs relate to the City's storm drain/water infrastructure. The stormwater system keeps pollution out of our beaches and Bay. The City's annual storm water fee has been flat for more than fifteen years and litigation has raised doubts about municipalities' ability to raise these fees. As a result, the City has not replaced a storm water pump station or renewed its drain pipes in many years. At the same time, the City is required by the San Francisco Bay Regional Water Quality Control Board to do its fair share in preventing Bay pollution. These requirements are estimated to cost \$54 million in the next decade. It is not only important for the City to do our part to combat climate change and sea-level rise, but failure to install these measures could also result in the City incurring monetary fines of up to \$100,000 per day.

The City's twenty-one parks and beaches are an important part of what makes living here special for our residents. The City has more than \$31 million in essential park infrastructure needs to improve user safety. These are needs remaining after accounting for recent facilities CIPs and the \$700,000 raised annually for facility CIPs through interdepartmental charges. There is no other dedicated funding source for these projects.

The City has over \$80 million in street, pothole and traffic safety/traffic congestion management needs. The City receives transportation funds such as Measure B/BB, Gas Tax, and Vehicle Registration Fee, yet these infrastructure needs are above and beyond what those funding sources can provide. These needs relate to repairs of the City's streets, potholes and traffic signals among other needs, with a goal of addressing traffic safety and traffic congestion.

Consistent with community concerns and priorities, the City has also had a priority of addressing \$15 million in needs related to effective emergency response and preparing for the next disaster.

Alameda's infrastructure needs are not a surprise. Years of underinvestment in public infrastructure has led the American Society of Civil Engineers to grade the nation's infrastructure at a D+. Americans spend an estimated \$3 billion annually on vehicle repairs attributable to pothole damage; in California, each driver pays an estimated \$800 annually. The state of California has identified \$77 billion in unmet infrastructure needs, Oakland assessed its needs at \$2.5 billion, and Berkeley identified \$358-\$500 million in needs. Oakland and Berkeley voters responded in November 2016 by approving infrastructure bonds of \$600 and \$100 million by margins of 82% and 87% respectively.

The City of Alameda has continued to engage its residents in its planning through an annual quality of life survey and a recent infrastructure needs survey. Staff is pleased to report that respondents continue to feel the City and their neighborhoods are headed in the right direction and City government and Mayor/Council job performance ratings have continued to improve since last year. These surveys consistently show that percentages in the 70 percentiles of respondents are interested in a local funding measure specifically to raise funds for infrastructure repairs focused on protecting clean drinking water, preventing Bay pollution, upgrading parks and beaches, and addressing street/pothole repairs and traffic congestion.

In addition to conducting this public opinion research, staff initiated a community conversation to engage residents and stakeholders further and get more input on these infrastructure needs. Staff submitted letters to the editor of the Alameda Sun and Journal; met with approximately two dozen nonprofit, business, and community groups and various local boards and commissions. The City also produced an online engagement survey and mailer where individuals could join the conversations and share priorities and feedback. This outreach resulted in more than 3,600 Alamedans sharing their priorities regarding Alameda's aging infrastructure. These respondents' top four priorities were consistent with the findings of the two recent telephone surveys: improving traffic safety/flow, repairing potholes and sidewalks, maintaining City streets, and maintaining/repairing public storm drains to prevent flooding and keep pollution out of the Bay.

Awareness of Alameda's infrastructure needs may be heightened due to last winter's unusually heavy rainfall and the Oroville Dam failure; our island city's growing understanding of its vulnerabilities to sea level rise; and recent drinking water quality failures.

DISCUSSION

Staff recommends placing a general obligation bond of \$95 million on the June 5, 2018 ballot. To place the bond on the ballot requires four affirmative votes, and the ballot is successful if two-thirds of voters vote yes. If voters approve this measure, the City of Alameda would tackle a significant amount of unfunded infrastructure needs consistent with the priorities identified by voters: clean water and Bay; safe, clean parks; traffic safety/congestion management and disaster preparedness.

If approved, bonds are likely to be issued in up to four phases which allows projects to better match the timing of collections. The first bond issuance may be in the range of \$30 million and allocated in June 2019 as part of the capital budget adoption. The funds could be used to expedite the City's five-year street/road paving and pothole repair plan, make targeted improvements to prevent flooding, make safety upgrades to our parks and keep them clean for families and users; and address issues related to sea-level rise and Bay pollution prevention. Many of the improvements that could be funded by bond proceeds would last for many decades, including improvements to the City's streets, stormwater pipes, pump stations, and sidewalks. Bond proceeds are restricted to capital projects, so there is no possibility that bond proceeds could fund operations, or for that matter any other purposes.

The proposed Clean Water, Pothole Repair, and Disaster/Emergency Preparedness Measure would heighten transparency and accountability requirements over and above the City's existing budget requirements. First, the Measure would require an annual, independent audit to ensure transparency, accountability and proper disbursement of bond proceeds as promised to the public. It is proposed that the City's Auditor, Treasurer and one City Council appointee, selected via a process similar to Board and Commission members, would review the publicly disclosed audit, as would the City Council, and reports would be posted online and made available to the public. In addition, the City Council would receive an annual report from the Finance Director on proper disbursement of the bond proceeds. Second, the Planning Board and/or Transportation Commission would recommend projects funded with bond proceeds to ensure consistency with the Measure's purpose as promised to voters, and the City Council's adopted guidelines.

It is proposed that the City Council adopt guidelines for project selection consistent with the recommended Spending Guidelines upon certification of election results. These guidelines may include projects that fall within the following categories of community priorities:

- ✓ Clean Bay, Pollution/Flood Prevention, Sea Level Rise
- ✓ Clean Drinking Water & Safe, Clean Parks, and Other Public Infrastructure
- ✓ Street and Pothole Repair, Traffic Safety/Traffic Congestion Management
- ✓ Disaster/Emergency Preparedness

and

- ✓ Focus on deteriorating facilities and infrastructure;
- ✓ Provide community-wide benefits;
- ✓ Advance goals from the City's adopted plans such as: transportation management, climate/sea-level change, disaster/emergency response and preparedness, etc.;
- ✓ Help the City become more environmentally responsible, resilient, and financially sustainable, including lowering or containing future costs to local taxpayers; or
- ✓ Leverage taxpayer dollars to secure additional matching grants or other funding that may otherwise go to other communities.

Ballot Statement and Argument

By approving tonight's item, the City Council is approving for placement the 75-word ballot statement. Also, State election law allows the City Council to determine its interest in authoring an argument regarding the measure for printing in the sample ballot. Arguments of no more than 300 words, signed by no more than five registered voters, are filed with the City Clerk as the Elections Official. Ballot arguments for and against the measure are due in the City Clerk's Office by Thursday, March 8, 2018, Rebuttal arguments, which cannot exceed 250 words, are due in the City Clerk's Office by Thursday, March 15, 2018.

Due to the community interest in this issue, staff recommends that the Council authorize a process permitting a community submittal of the argument. Under Elections Code Section 9282, staff recommends that a ballot argument on this Measure may only be submitted by any individual voter eligible to vote on the Measure, a bona fide association of citizens, or any combination of voters or associations.

Given the level of interest and engagement from the community on this matter, it is strongly recommended that individual Council members not use their current titles when filing written arguments or any rebuttal arguments for or against this Measure.

Finally, any action taken by the City Council this evening to advance this measure to the June ballot is not a vote to support or oppose the measure. While the Council has the right to take a formal position on this measure if it chooses, tonight's action is simply whether to advance the measure forward so Alameda voters have the opportunity to consider it and decide.

FINANCIAL AND COMMUNITY IMPACTS

If the ballot is approved by Alameda's voters, property owners can expect an average levy of \$23 per \$100,000 of assessed value per year for the next thirty years. If approved, the City will be able to address significant infrastructure needs related to storm drains, sea-level rise, upgrades to keep our parks

safe and clean, and pothole and street repairs before these costs increase further. In today's economy it remains important to provide our community with free recreational options, and the City desires to keep our parks clean and safe for all users and families to enjoy. Individual property owners may also benefit from savings from fewer automobile repairs, as Californians pay an estimated \$800 per year in repairs required by potholes and poorly maintained streets and roads.

The bonds are intended to fund capital projects that would not otherwise be completed due to a shortage of funds, and is not intended to be used to maintain spending levels previously supported by other revenue sources, including the General Fund. Baseline funding levels are found in the City's adopted budgets of Fiscal Years 2012 through 2017. If the ballot measure is rejected, the City's public infrastructure will continue to deteriorate over time and cause greater and more costly failures, ultimately costing the City and its taxpayers more in the long-run.

The cost to hold this election is estimated to be \$195,000 to \$310,000 depending on what other Measures are placed on the ballot by other agencies or jurisdictions and requires an amendment to the FY2017-18 budget. Staff recommends increasing the expenditure appropriations of the City Clerk's election budget (2220) by \$310,000. There are sufficient reserves in the General Fund to absorb the cost of this election. A resolution amending the City's FY 2017-18 General Fund operating budget has been prepared for City Council adoption. Any savings from the cost of this election will be diverted back to replenish the General Fund reserve.

MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE

Improvements to the City's streets, sidewalks, storm water system, parks and other public facilities is consistent with the General Plan's directive to improve, enhance, and maintain existing infrastructure. Maintenance and improvement of the City's transportation system is consistent with the Transportation Element of the General Plan and Transportation Choices Plan providing for a safe, efficient transportation system that advances goals of circulation, livability, and choice.

ENVIRONMENTAL REVIEW

This activity is not a project and is exempt from the California Environmental Quality Act (CEQA) pursuant to section 15378 (b)(4) of the CEQA Guidelines, because it involves governmental fiscal activities (approving funding mechanisms), which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

RECOMMENDATION

Adopt a resolution determining that the public interest and necessity demand the making of infrastructure improvements and their financing through the issuance of general obligation bonds; ;

Adopt a resolution amending the General Fund operating budget for Fiscal Year 2017-18 for the Cost of submitting the Measure to the Voters; and

Introduce an ordinance calling a special election and ordering the submission of a proposition incurring bonded debt for the purpose of financing clean water, street infrastructure and disaster/emergency preparedness improvements throughout the geographic boundaries of the City to the qualified voters of the City of Alameda at the special municipal election to be held on June 5, 2018.

Respectfully submitted,
Liam Garland, Public Works Director

Financial Impact section reviewed,
Edwin Gato, Acting Finance Director

Exhibit:

1. Expenditure Outline