



Office of the City Manager

01**Worksession Item**

WORK SESSION
May 16, 2017

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Timothy Burroughs, Assistant to the City Manager
 Subject: Update and Next Steps on Implementation of the Measure T1
 Infrastructure Bond

INTRODUCTION

In November 2016, Berkeley voters approved Measure T1 – a \$100 million dollar general obligation bond to repair, renovate, replace, or reconstruct the City’s aging, existing infrastructure, including facilities, streets, sidewalks, storm drains, and parks. Measure T1 passed with 86.5% of the vote.

City Council authorized issuance of the infrastructure bond in order to help address significant and growing unfunded infrastructure needs, which total over \$500 million. Bond-funded capital projects will be implemented in addition to projects that are currently funded and proposed for funding in the City’s fiscal years 2018 – 2019 capital budget.

The purpose of this report is to provide a summary of the Measure T1 public input process to date and to identify next steps and timeline for providing a recommendation to City Council from staff and the Public Works and Parks & Waterfront Commissions on how to allocate Phase I (fiscal years 2018 – 2021) of Measure T1 funding. Staff and the Public Works and Parks & Waterfront Commissions will provide City Council with a recommendation to consider at its June 27, 2017 meeting.

This report also outlines steps that staff recommends taking to provide transparent financial oversight of Measure T1 funds and ongoing monitoring and reporting of program implementation.

CURRENT SITUATION AND ITS EFFECTS

On December 22, 2016, the City Manager provided a [memo to City Council](#) that identified staff’s initial recommendations for allocating Phase I of Measure T1 funds.¹ The City Manager’s recommendations served as a starting point for gathering public

¹ See http://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_General/Measure%20TI%20GO%20Bonds%20Recommendations%20122216.pdf

input that can inform City Council's direction to City staff on how to allocate Phase I of Measure T1 funds. Key points from the City Manager's December memo are summarized below, as well as a summary of public input on the staff recommendations.

Phasing of Measure T1 Implementation

Staff recommends that the \$100 million infrastructure bond be allocated over three phases spanning 12 years.

- Phase 1: \$32 million for fiscal years 2018 – 2021
- Phase 2: \$40 million for fiscal years 2022 – 2025
- Phase 3: \$28 million for fiscal years 2026 – 2029

Phasing the funds over time is important for several reasons, including to:

- Minimize disruption to the community by staggering renovations to critical facilities, such as senior and community centers
- Maximize the City's ability to obtain and leverage grant funding
- Enable the City to distribute workload over time within the constraints of staff capacity to do the work
- Enable the City to comply with bond requirements that 85% of each phase of bond funding must be spent within three years of bond issuance
- Minimize the costs that the City incurs to issue bonds, which can be up to 3% of the bond value (i.e., it would cost the City more money to issue several smaller bonds)

Initial Staff Recommendations for Phase 1 Projects

Like in cities across the U.S., Berkeley is challenged to keep up with significant infrastructure maintenance and improvement needs. Despite many ongoing improvements, such as seismic upgrades to James Kenney Community Center, reconstructing the Berkeley Rose Garden Trellis, paving streets and repairing sidewalks, renovating Grove Park, installing green infrastructure, and many more, the City is still facing over \$500 million in unfunded infrastructure needs.

Staff has worked to document and address deferred infrastructure improvements for many years. Measure T1 provides an opportunity to accelerate investment in our infrastructure and address several known, deferred needs.

In the City Manager's December 22, 2016 memo, staff proposed a range of Phase I projects that:

- **Improve safety**, such as by doing needed electrical upgrades at the Berkeley Health Clinic and Marina Corporation Yard
- **Address long overdue improvements**, such as roof and restroom improvements at the Willard Clubhouse
- **Benefit many community members**, such as by accelerating street improvements and upgrading facilities used by a wide range of community members

- **Advance environmental sustainability**, by designing multi-benefit improvements that are consistent with the Climate Action Plan, Resilience Strategy, and Bike and Pedestrian Plans
- **Achieve geographic equity**, by distributing Measure T1 and other City capital improvement projects throughout the city
- **Improve disaster preparedness**, by investing in our care & shelter sites and our street network
- **Maximize City dollars by leveraging other funds**, such as a \$2 million FEMA grant to conduct seismic improvements at the North Berkeley Senior Center, Community Development Block Grant funds, and other forms of financing and grants that staff is pursuing.

Based on these criteria, the December 22 memo included a proposed \$32 million package of projects for Phase I of Measure T1 implementation. Phase I proposed projects include a combination of construction projects that can be entirely designed and built within Phase I and planning/design projects that could be constructed in Phases II or III.

Many of the projects will have a community-wide benefit, such as improvements to community centers, senior centers, other City facilities, and parks that are used by thousands of community members every day.

Staff have illustrated the proposed projects, along with existing and planned non-Measure T1 capital projects, in an online story map available on the Measure T1 webpage, here:

<https://berkeley.maps.arcgis.com/apps/MapTour/index.html?appid=6a32f8ecb2924aebb952bd59cb8b7fc>

It is important to note that Phase I Measure T1 projects are in addition to capital projects that are already funded or will be funded by the City's capital improvement budget.

The projects that staff proposed in the December 22, 2016 memo are identified in the table below.

Proposed Project	Project Type	Estimated Cost
<i>Senior and Community Centers</i>		
North Berkeley Senior Center	Planning, design and full construction	\$6,800,000
Live Oak Community Center	Planning, design and full construction	\$4,900,000
Frances Albrier Community Center	Planning and design only (for future construction)	\$750,000
West Berkeley Service Center	Conceptual design process (to inform future detailed design and construction)	\$150,000

<i>Other Deferred Improvements to City Facilities</i>		
Berkeley Health Clinic	Electrical upgrades	\$1,000,000
Public Safety Building	Heating/Ventilation/Air Conditioning upgrades	
Willard Clubhouse	Roof and restroom improvements	
Corporation Yard Equipment Maintenance Facility	Roof improvements	
Marina Corporation Yard	Electrical upgrades	\$300,000
Old City Hall and Veterans Memorial Buildings	Conceptual design process (to inform future detailed design and construction)	
Transfer Station	Conceptual design process (to inform future detailed design and construction)	\$250,000
FACILITIES SUBTOTAL		\$14,150,000
<i>Street Improvement Projects</i>		
Adeline St., from Derby St. to Ashby Ave.	Planning, design, and fully paved	\$5,000,000
Hearst Ave., from Milvia St. to Henry St.		
Bancroft Way, from Milvia St. to Shattuck Ave.		
Hopkins St., from San Pablo Ave. to The Alameda		
Monterey Ave., from The Alameda to Hopkins St.		
2 nd St., from Delaware St. to Addison St.		
Ward St., from San Pablo Ave. to Acton St.	Planning and design only (for future construction)	\$500,000
University Ave. leading to the Berkeley Waterfront		
STREETS SUBTOTAL		\$5,500,000
<i>Green Stormwater Infrastructure</i>		
Permeable pavers at bus stop at Dwight Way and Sacramento St.	Planning, design and full construction	\$100,000
Civic Center Park Bioswale	Planning, design and full construction	\$200,000
San Pablo Park Bioswale	Planning and design only (for future construction)	\$200,000
Willard Park Bioswale	Planning and design only (for future construction)	\$150,000
North Branch Berkeley Public Library Bioswale	Planning and design only (for future construction)	\$150,000

King School Park Bioswale	Planning and design only (for future construction)	\$200,000
GREEN INFRASTRUCTURE SUBTOTAL		\$1,000,000
<i>Parks Improvements</i>		
Grove Park restroom & ball field renovation	Planning, design & full construction	\$1,000,000
San Pablo Park Tennis Courts renovation	Planning, design & full construction	\$800,000
Rose Garden drainage improvements and renovation of pathways and tennis courts	Planning, design & full construction	\$2,000,000
Berkeley Municipal Pier	Planning and design only (for future construction)	\$900,000
Gilman Sports Fields Restrooms and Storage	Planning and design only (for future construction)	\$250,000
Aquatic Park Tide Tubes	Planning and design only (for future construction)	\$250,000
Parks Irrigation System Modernization	Planning, design & full construction	\$750,000
PARKS IMPROVEMENTS SUBTOTAL		\$5,950,000
Staffing to manage Measure T1 Projects - SUBTOTAL		\$4,600,000
Estimated bond issuance transaction cost - SUBTOTAL		\$800,000
PROPOSED PHASE I TOTAL		\$32,000,000

Note that the costs included in the table above are best estimates. These estimates are likely to change once projects are further scoped and go out for bid, and will depend on costs associated with gathering community input on project planning and design and the prevailing costs for labor and materials, which fluctuate depending on market conditions.

Also note that there are many projects proposed for Phase I. Staff estimates that the equivalent of at least five full-time employees would be needed to effectively implement this scale of work. Additional staff may be needed if projects are added to the proposed list.

Summary of the Public Input Process for Phase I of Measure T1 Implementation

In January 2017, staff launched a public input process to gather commission and community input on staff's initial proposal for infrastructure improvement projects to be implemented in Phase I.

Since January 2017, City staff has participated in over 20 commission and commission sub-committee meetings to provide background on the Measure T1 General Obligation bond and to invite and encourage commission and community-member input. Staff and

the Public Works and Parks & Waterfront Commissions also held three public workshops.

Approximately 78 community members attended the March 18 workshop, focused on improving parks and City facilities; approximately 34 community members attended the March 25 workshop, focused on improving streets and stormwater infrastructure; and approximately 25 community members attended the April 8 workshop, focused on gathering additional public input on Phase I.

The input gathered at the workshops, as well as input City staff received from community members over email (T1@cityofberkeley.info) and input submitted by other commissions, was distributed to the Public Works and Parks & Waterfront Commissions after the third workshop. Every comment staff received is documented.

Themes that emerged from public comment to date include:

- Climate action: Integrate implementation of the Climate Action Plan into Measure T1 implementation by increasing energy and water efficiency and renewable energy use, reducing reliance on fossil fuels, reducing solid waste, and minimizing environmental impact to the Bay and other natural resources
- Watershed Management Plan: Integrate implementation of the Watershed Management Plan into Measure T1 implementation
- Bicycle infrastructure: Measure T1 implementation should help to advance the Bicycle Plan by integrating bicycle infrastructure into street improvements
- Improved streets and sidewalks: Improve safety by accelerating street and sidewalk repair and use bond funding for street improvements that go beyond surface sealing, such as street reconstruction, overlays, and green infrastructure projects
- Improved storm drains: Accelerate improvements to storm drains to reduce flooding
- Improved play equipment and restrooms in parks: Upgrade outdated play equipment and restrooms in parks
- Disaster preparedness and safety: Integrate seismic improvements and disaster preparedness and recovery elements into infrastructure upgrades
- Seniors and disabled: Integrate improvements that meet the needs of seniors and those who are disabled
- Equity: Use an equity lens when investing Measure T1 dollars; T1 funds should be invested in projects that help to address historic and existing social and racial inequities
- Landmarks: Measure T1 is an opportunity to improve many of Berkeley's landmarks
- Leveraged funds: Seek additional grants and other sources of funding to leverage with Measure T1 funds. Also consider opportunities to leverage T1 funding to create affordable housing and advance equity goals
- Long-term infrastructure planning: Develop a "program plan" that identifies a long-term, integrated strategy for making infrastructure improvements beyond Phase I of Measure T1 implementation
- Resilience: Invest in multi-benefit improvements when upgrading facilities, streets, parks and the stormwater system

- Transparency and accountability: The City must transparently monitor and report on Measure T1 implementation progress.

These themes are consistent with the City’s intent to allocate Measure T1 funds in a manner that creates multiple benefits for our community and advances sustainability, equity, preparedness, and fiscal responsibility.

In addition to these themes, some community members also offered more specific recommendations for improvements to particular streets, parks, and facilities. Every comment staff received is documented and provided to the Public Works and Parks & Waterfront Commissions.

The Public Works and Parks & Waterfront Commissions, which are the two lead commissions for the Measure T1 public input process, are currently in the process of reviewing all public input received, and staff expects that the two commissions will recommend changes to the initial list of infrastructure improvements included in the December 22 memo to Council. Staff looks forward to reviewing their input and working together to develop a joint recommendation to City Council for the June 27 Council meeting.

Staff also appreciates the Public Works and Parks & Waterfront Commissions’ collaboration to date on designing and participating in the three Measure T1 public workshops. Commissioner input leading up to the workshops and their presence at the events was extremely valuable. Staff also appreciates the numerous additional hours commissioners have spent at commission and sub-committee meetings working to gather and provide input on Phase I of Measure T1 implementation.

Next Steps for Preparing a Phase I Recommendation for City Council

Outlined below is a timeline and next steps for preparing a joint staff and Public Works and Parks & Waterfront Commission recommendation for Phase I of Measure T1 implementation for City Council.

Date	Action
5/16/17	City staff provides an update to City Council at a Council Work Session on Measure T1 activities to date
6/27/17	City Council considers the commission and staff recommendation for allocation of Phase I of Measure T1 funds and provides direction to staff
After 6/27/17	Commissions and staff begin to design the public input process for Phases II and III, develop an infrastructure program plan, issue Phase I bonds, and begin Phase I capital improvements

Summary of Financial Oversight and Monitoring and Reporting on T1 Implementation

The City must provide transparent and detailed financial oversight of Measure T1 funds and ongoing monitoring and reporting of program implementation. Staff will identify and track key program implementation milestones as well as program performance metrics.

Measure T1 requires annual reports on program implementation to City Council. Staff proposes to provide more frequent semi-annual reports to City Council.

With assistance from the City's bond counsel, financial advisor, and Finance Department, staff semi-annual reports to City Council will include detailed descriptions of Measure T1 expenditures and leveraged funds, progress on T1-funded projects, and next steps. Semi-annual reports to City Council will also be transmitted to the Public Works and Parks & Waterfront Commissions.

Staff will also provide regularly updated Measure T1 implementation information via the City's website and quarterly news releases on the City's homepage and social media.

Reporting on bond expenditures will also be included in the City's Comprehensive Annual Financial Report (CAFR), which is required by state law.

BACKGROUND

On November 8, 2016, Berkeley voters passed the Measure T1 infrastructure bond with 86.5% of the vote. Measure T1 authorizes the City to issue \$100 million of general obligation bonds to repair, renovate, replace, or reconstruct the City's aging infrastructure and facilities, including sidewalks, storm drains, streets, parks, and buildings.

The City's aging infrastructure and deferred maintenance needs have been well documented in a series of reports to City Council:

- At an [April 4, 2017 worksession](#), the Parks, Recreation & Waterfront Department provided a capital update and identified more than \$112,000,000 in unfunded needs.²
- At the [October 18, 2016 worksession](#), the Public Works and Parks, Recreation and Waterfront Departments presented a report that detailed over \$500,000,000 in unfunded need.³
- In an [April 5, 2016 off-agenda report](#), Parks, Recreation & Waterfront detailed capital and major maintenance projects and unfunded needs.⁴

² See http://www.ci.berkeley.ca.us/Clerk/City_Council/2017/04_Apr/Documents/2017-04-04_WS_Item_02_Update_on_Parks_Capital_Improvement_Projects.aspx

³ See http://www.cityofberkeley.info/Clerk/City_Council/2016/10_Oct/Documents/2016-10-18_WS_Item_01_Update_on_Capital_Improvements.aspx

⁴ See http://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-

- A [January 19, 2016 report](#) to Council on City care and shelter sites described \$16.8 million in needs at senior centers and community centers for seismic upgrade & deferred maintenance repairs.⁵
- The Council-adopted [FY16 - FY17 Capital Improvement Program](#) provided an overview of planned projects and unfunded needs.⁶
- In two March 24, 2015 worksession reports, [Parks, Recreation & Waterfront](#) and [Public Works](#) presented capital improvement and major maintenance needs and 5-year plans.⁷
- On November 15, 2011 the City Auditor issued its report: [Failing Streets: Time to Change Direction to Achieve Sustainability](#). The objective of this audit was to “determine what it would take to raise the City’s Pavement Condition Index from ‘at risk’ to the mid-range of ‘good.’”⁸

On January 31, 2017, City Council provided direction to staff for facilitating a robust public process for the implementation of Measure T1. City staff has engaged over a dozen commissions in the public input process to date, and is working closely with the two lead commissions – the Public Works and Parks & Waterfront Commissions – to gather public input for all phases of Measure T1.

Limitations on Use of Measure T1 Bond Funds

The table below summarizes how bond funds can and cannot be used.

YES	NO
Improvements to existing infrastructure	Constructing new facilities that are not part of an improvement to existing infrastructure (Constructing restrooms or green stormwater infrastructure projects as part of improvements to an existing park is ok)
Improvements to property owned or in a long-term lease to the City	Improvements to property that is now owned by the City or not in a long-term lease to the City

[General/Parks%20CIP%20Plan%20FY16-FY19%20040516.pdf](#)

⁵ See http://www.ci.berkeley.ca.us/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/2016-01-19%20WS%20Item%2001%20Seismic%20Upgrade%20Needs.pdf

⁶ See <http://www.ci.berkeley.ca.us/uploadedFiles/Manager/Budget/FY%202016%20and%20FY%202017%20Final%20Adopted%20CIP%20Book.pdf>

⁷ See http://www.ci.berkeley.ca.us/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/2015-03-24%20WS%20Item%2001%20Parks%20Recreation.pdf and http://www.ci.berkeley.ca.us/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/2015-03-24%20WS%20Item%2002%20Public%20Works.pdf

⁸ See http://www.ci.berkeley.ca.us/uploadedFiles/Clerk/Level_3_-_City_Council/2011/11Nov/2011-11-15_Item_09_Failing_Streets.pdf

Paying for staffing required to manage Measure T1-funded projects	Paying for staffing to do general outreach related to Measure T1
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ENVIRONMENTAL SUSTAINABILITY

Measure T1 is an opportunity to advance the City’s environmental sustainability goals. For example, facility upgrade projects will be designed and constructed to not only improve safety and address deferred improvements, but also to increase resource efficiency and access to clean energy. Measure T1 also provide an opportunity to accelerate investment into green stormwater infrastructure and street improvements that advance the goals of the City Bike and Pedestrian Plans.

POSSIBLE FUTURE ACTION

City staff and the Public Works and Parks & Waterfront Commissions will submit a recommendation on allocation of Phase I of Measure T1 funds for City Council consideration at its June 27, 2017, City Council meeting.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Bond proceeds will cover costs directly related to bond-funded projects. Fund 607 has been established to track all bond revenues and expenditures.

CONTACT PERSON

Timothy Burroughs, Assistant to the City Manager, 510.981.7437

Attachment:

- 1: Resolution No. 67,795-N.S. Text of Bond Measure

RESOLUTION NO. 67,795–N.S.

AUTHORIZING THE CITY OF BERKELEY TO INCUR BONDED DEBT AND ISSUE A GENERAL OBLIGATION BOND FOR IMPROVEMENTS TO EXISTING CITY INFRASTRUCTURE AND FACILITIES

WHEREAS, this resolution is adopted pursuant to and in conformance with Chapter 7.64 of the Berkeley Municipal Code; and

WHEREAS, the City's existing infrastructure is critical to protecting the public safety and welfare and enabling the residents of Berkeley to have a high quality of life:

- Streets and sidewalks provide for transportation and accessibility for both the general public and public safety personnel.
- Storm drains and green infrastructure projects protect the public from flooding and improve the quality of runoff into San Francisco Bay.
- Senior Centers provide important services for the City's seniors, including educational courses, activities, social support, emergency shelters in disasters, and meals.
- Parks and recreation centers and facilities provide recreational, educational and social opportunities and support for children and families, and recreation centers can also function as emergency shelters in disasters.
- The City's public buildings and other facilities are both important cultural resources in themselves and provide public services to the residents of Berkeley.

WHEREAS, the City's existing infrastructure and facilities, including the types of infrastructure and facilities listed above, are in need of significant repair, renovation, replacement, or reconstruction (the "Improvements") so that the public can continue to benefit from them; and

WHEREAS, existing funds and funding sources are inadequate to pay for the Improvements that are necessary in the short term; and

WHEREAS, the City's existing and future infrastructure is critical to protecting the public safety and welfare; and

WHEREAS, documented existing infrastructure and facility needs substantially exceed \$100,000,000; and

WHEREAS, the City Council has therefore determined that the public interest requires additional funding for the Improvements.

NOW THEREFORE, BE IT RESOLVED by the People of the City of Berkeley that the public interest requires the issuance of a general obligation bond in the amount of \$100,000,000 to fund the Improvements.

BE IT FURTHER RESOLVED the People of the City of Berkeley that:

A. Proceeds of bonded indebtedness shall be used to fund the Improvements. In addition, 1% of the bond proceeds shall be available for functional art integrated into Improvements that are paid for by bond proceeds, as and to the extent determined by the City Council.

B. Each year as part of the budget process the City Manager shall provide to the City Council a comprehensive report of funds received pursuant from any bonded indebtedness authorized by this resolution and how they have been expended in an equitable manner throughout the City, listing all specific projects on which they have been expended.

C. Subcommittees of the Public Works Commission and the Parks and Waterfront Commission shall engage in a robust public process to obtain input, and will jointly report to the City Council on an annual basis regarding projects funded by the bond and bond expenditures.

BE IT FURTHER RESOLVED the People of the City of Berkeley that:

A. The estimated cost of the Improvements to be funded by any bonds issued pursuant to this measure is \$100,000,000, although the total cost of all identified infrastructure and facility needs is substantially in excess of \$100,000,000.

B. The amount of the principal of the general obligation indebtedness (the "Bonds") to be incurred shall not exceed \$100,000,000.

C. The estimated cost may include legal and other fees and the cost of printing the Bonds and other costs and expenses incidental to or connected with the issuance and sale of the Bonds.

D. The proceeds of the Bonds authorized to be issued by this resolution shall be used to finance construction of the Improvements and functional art integrated into the Improvements, to pay any fees and costs in connection with the issuance of the Bonds, including but not limited to, legal fees and bond printing costs.

E. The maximum rate of interest to be paid on the Bonds shall not exceed six percent (6%).

This is to certify that the foregoing is a true and correct copy of Resolution No. 67,795-N.S. and the same was adopted by a vote of the electorate of the City of Berkeley on November 8, 2016.

Attest: 
Mark Numainville, City Clerk