



TO: Members of the City Council

FROM: Mayor Arreguín
Councilmember Kesarwani

SUBJECT: Assessing the City's Bonding Capacity and Considering Strategy for Multiple Needs

RECOMMENDATION

Refer to the City Manager to explore various options for a future city bond measure in November 2022 to support the growing need for ~~affordable housing, street improvements, and infrastructure citywide~~ infrastructure investment, including street repaving, Complete Streets infrastructure that promotes bike and pedestrian safety, restoration of public buildings and facilities, and affordable housing citywide. Analysis should include an assessment of the city's long-range capital needs (street repaving, bicycle and pedestrian improvements, and other infrastructure needs, as is being developed through CIP/Vision 2050 planning) and long-term affordable housing needs. The analysis should explore the city's bond capacity and ability to incur further indebtedness, the potential for a single bond measure or multiple bond measures in 2022 or over a phased period, explore budget scenarios at various amounts, and any other mechanisms to maximize and leverage city bonding capacity. Staff analysis should also explore different bond programs and revenue mechanisms employed by other California cities to support affordable housing finance and infrastructure projects.

CURRENT SITUATION AND ITS EFFECTS

Much of Berkeley's infrastructure--streets, sidewalks, stormwater and sewer systems, park facilities, and public buildings--was built more than 75 years ago and is approaching the end of its useful life. If left unaddressed, deteriorating infrastructure--in combination with anticipated climate change impacts--will have serious consequences for the habitability of our community. The problem is large and growing: decades of underinvestment in the City's infrastructure has led to a significant deferred maintenance liability of more than \$1 billion, according to a March 16, 2021 staff report.¹ The federal infrastructure proposal recently introduced by the Biden Administration may present an opportunity for the City of Berkeley to benefit from federal investment in restoring deteriorating infrastructure; however, any federal allocation is unlikely to fully

¹ ["Turning Vision 2050 into Reality: Public Works Capital Improvement Plan for Fiscal Year 2022"](#) (City Council Special Meeting, March 16, 2021)

address the City’s unmet funding needs. Without a local capital plan to address a significant portion of the critical funding shortfall, Berkeley’s infrastructure will continue to deteriorate, quality of life will suffer, and costs will escalate dramatically.

Vision 2050 Taskforce Report Specifies the Development of a Capital Plan to Fund City’s Infrastructure Needs. The Mayor’s Vision 2050 Task Force was launched to encourage long-term planning to meet the serious challenges posed by our aging infrastructure. The Vision 2050 Taskforce Report specified principles and strategies related to the City’s infrastructure, as listed in Exhibits 1 and 2 below, including the development of a capital plan to fund the City’s infrastructure needs.

Exhibit 1: Principles Specified in the Vision 2050 Report

	Guiding Principle	Recommended Action
#1	Support Vibrant and Safe Communities	Infrastructure shall take equity into account and improve the quality of life of all Berkeley residents, including having green open spaces, safe modes of mobility, and being prepared for fires and earthquakes.
#2	Have Efficient And Well Maintained Infrastructure	Infrastructure shall be long lasting, use advanced technologies, and be maintained to provide efficient service.
#3	Facilitate A Green Berkeley And Contribute To Saving Our Planet	Infrastructure shall accelerate the transition to carbon neutrality and include electrification, develop natural streetscapes using green infrastructure.

Source: [City Council Special Meeting, March 16, 2021](#)

Exhibit 2: Strategies Specified in the Vision 2050 Report

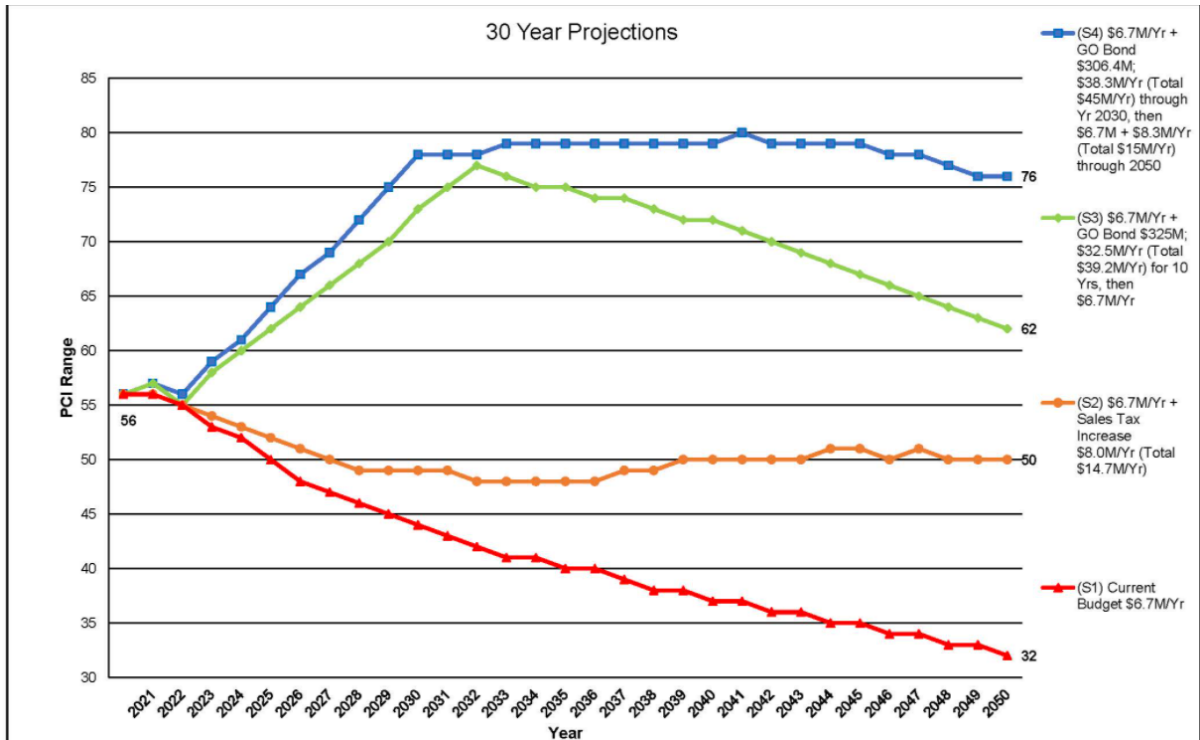
	Planned Strategy	Recommended Action
#1	Use Integrated and Balanced Planning	<ul style="list-style-type: none"> ● Use multi-criteria decision-making ● Use adaptive planning ● Prepare and implement a Dig Once policy
#2	Manage Infrastructure from Cradle to Grave	<ul style="list-style-type: none"> ● Strategy 2 -- A. Institute structured master planning ● Develop an Asset Management Program

#3	Adopt Sustainable and Safe Technologies	<ul style="list-style-type: none"> ● Accelerate the transition to clean energy and electrification ● Implement Complete Streets to provide sustainable and healthy transportation ● Develop natural streetscapes that provide ecosystem services ● Use sensors, data, and advanced technologies ● Prepare a wildfire mitigation and safety plan
#4	Invest in Our Future	<ul style="list-style-type: none"> ● Take advantage of the City’s strong long-term financial position to address Infrastructure needs and commit to reducing large unfunded infrastructure liability by doubling capital expenditures
#5	Prepare the City’s Organization to Implement a Major Capital Program	<ul style="list-style-type: none"> ● Develop an organization that is integrated and has capacity to deliver ● Prepare a program approach with management tools ● Provide independent oversight and reporting

Source: [City Council Special Meeting, March 16, 2021](#)

Berkeley’s Streets Are Among the Most Significant Unfunded Infrastructure Liability. The City’s paving condition has remained for more than ten years in the “at-risk” condition. The at-risk classification of pavement condition refers to pavements that are deteriorated and require immediate attention, including rehabilitative work. At-risk streets are past the point where condition can be improved with preventative maintenance, and ride quality is significantly inferior to better pavement categories, according to the Metropolitan Transportation Commission. Without additional investment, Berkeley streets will be failing by 2050 and require \$1 billion to repair. As shown in Exhibit 3 below, an infusion of \$306 million between now and 2030 would bring Berkeley’s streets into good condition, and if an additional \$8 million is infused annually, keep them in that good condition. Such an infusion may come from a revenue measure or measures.

Exhibit 3: Streets Are Projected to Fail Under Current Funding Level



Source: [“Turning Vision 2050 into Reality: Public Works Capital Improvement Plan for Fiscal Year 2022”](#) (City Council Special Meeting, March 16, 2021)

Additional Funding Needed for Complete Streets Approach to Ensure Safety and Environmental Sustainability. The significant cost for enhancing the pavement condition of Berkeley’s streets does not account for a “Complete Streets” approach, which refers to a design approach (adopted by the City Council in December 2012) in which improvements to the entire street, from sidewalk to sidewalk, are incorporated, such as bike lanes, sidewalk bike racks, transit stops, pedestrian signals, curb ramps, green infrastructure or other amenities to enhance the safety and environmental sustainability of our streets. Complete Streets improvements are recommended in our Bicycle, Pedestrian, and Vision Zero Plans and are critical to ensuring mode shift, eliminating severe and fatal traffic injuries, and reducing the City’s greenhouse gas emissions. Fully funding the 2017 Bicycle Plan would cost an estimated \$63 million², and fully funding the 2020 Pedestrian Plan would cost an estimated \$62 million.³ We note that the City of Berkeley has used diverse funding sources to implement some of the recommendations in the Bicycle and Pedestrian Plans.⁴ However, the vast majority of the recommendations in these plans remain unfunded. A capital plan is needed in order to make significant progress on our Bike and Pedestrian Plans and achieve our goal of becoming a Vision Zero City, with no traffic fatalities or serious injuries. Today,

² [Berkeley Bicycle Plan 2017](#) (City Council Report, May 2, 2017) [PDF]

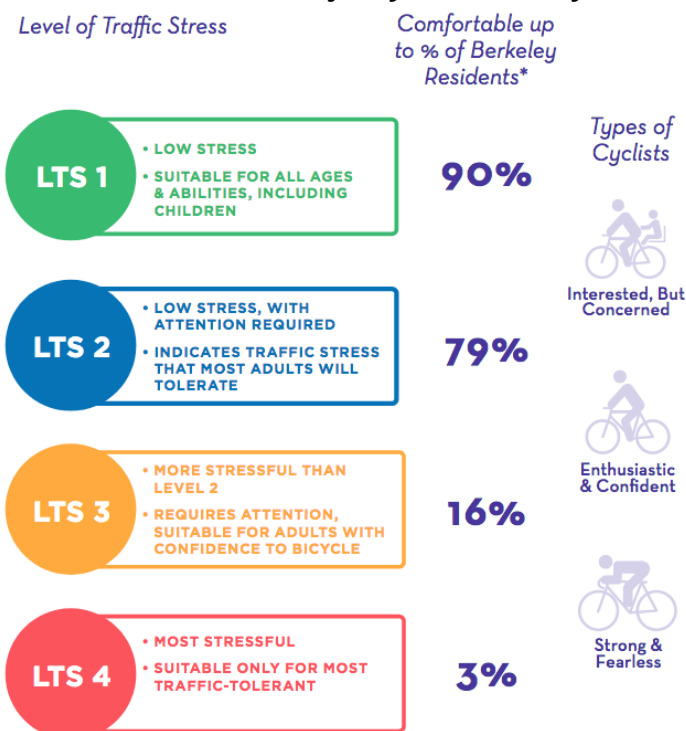
³ [2020 Pedestrian Plan](#) (Revised Draft, November 2020) [PDF]

⁴ [Vision Zero Annual Report](#) (City Council Report, April 27, 2021) [PDF]

collisions involving someone riding a bicycle or walking make up 76 percent of collisions that result in death or severe injury, despite making up just 40 percent of trips in Berkeley.⁵

We note that there is significant interest among Berkeleyans for safe bicycle routes. Ninety percent of Berkeley residents say they already bicycle or would consider bicycling if the right bikeway facility or roadway conditions were available, as shown in Exhibit 4. This amounts to a larger percentage than any other city that has conducted a similar study.⁶

Exhibit 4: The Vast Majority of Berkeley Residents Express Interest in Bicycling



*According to the Berkeley Bicycle Plan Public Survey

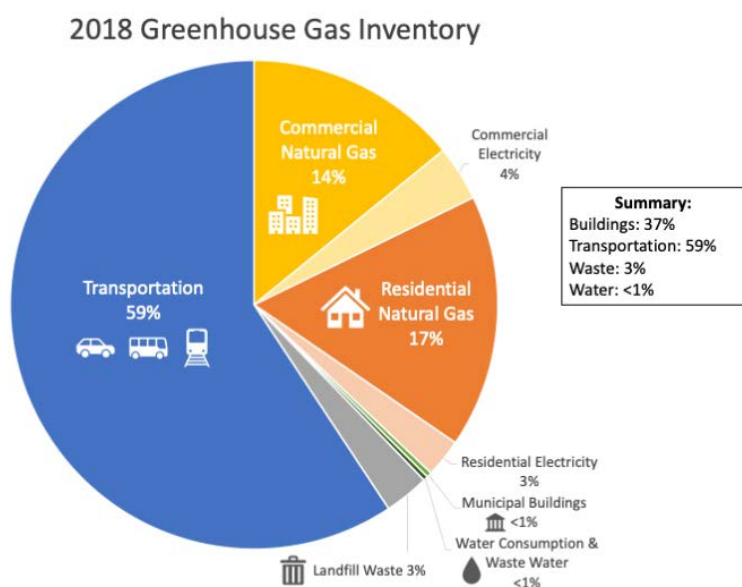
Source: [City of Berkeley Bicycle Plan - Executive Summary](#) [PDF]

If the City were able to deliver on safe bicycle routes and increase the number of residents who shift from driving to biking, then we would also reduce the share of greenhouse gas emissions from the transportation sector, which comprises the single largest source of greenhouse gas emissions, as shown in Exhibit 5.

⁵ [City of Berkeley Vision Zero Action Plan](#) [PDF]

⁶ [City of Berkeley Bicycle Plan - Executive Summary](#) [PDF]

Exhibit 5: Transportation Sector is Single Largest Source of Greenhouse Gas Emissions



Source: [Climate Action Plan and Resilience Update](#) (City Council Report, July 21, 2020) [PDF]

City Has Previously Approved Street and Infrastructure Bond Measures, But at Insufficient Levels. In 2012, Berkeley voters passed Measure M to secure \$30 million in bonds to fund street paving and greening infrastructure projects. In 2016, Berkeley voters approved \$100 million in general obligation bonds to improve aging City infrastructure through Measure T1.

City Auditor's 2020 Streets Audit Report Identifies Two Key Findings. In November, 2020, the City Auditor published an in-depth report specifically addressing the state of our failing streets.⁷ The report identifies that (1) Berkeley streets will continue to deteriorate and deferred maintenance costs will increase without significant additional funding; and (2) our Department of Public Works and City Council are unable to make fully informed and transparent decisions regarding street paving because our street paving policies make no mention of equity issues, are not being adhered to, nor are they guided by clear goals or performance measures.⁸ Failure to address our poor streets impacts our lives both financially and safety-wise. Deteriorating pavement costs users of our roads when they encounter potholes that damage tires, wheels, and suspensions which can also lead to collisions and injuries, or worse; these costs

⁷ ["Rocky Road: Berkeley Streets at Risk and Significantly Underfunded"](#) (Audit Report, November 19, 2020) [PDF]

⁸ ["Rocky Road: Berkeley Streets at Risk and Significantly Underfunded"](#) (Audit Report, November 19, 2020) [PDF]

disproportionately harm lower-income communities. People with disabilities, who make up 15 percent of our residents and visitors, often have unique transportation requirements that may be impacted even more by poor street conditions.⁹

Affordable Housing. The state requirement for cities to update their Housing Element with their respective Regional Housing Needs Allocation will require the City of Berkeley to plan for a significant additional amount of below-market-rate affordable homes. We also note that there is strong community interest in exploring higher levels of affordability at the Ashby and North Berkeley BART stations than have been specified in the City's Memorandum of Understanding with BART.¹⁰

BACKGROUND

The City of Berkeley is experiencing an increasingly urgent need for funding to support affordable housing and public infrastructure. City infrastructure such as roads, civic buildings, and public open space require significant investment. This need is recently evidenced by the dramatic gap between requests and funding capacity for Measure T1 infrastructure bond funds. Additionally, with the prospect of a federal infrastructure bill comes the potential to leverage significant resources and vastly expand the city's ability to address housing and infrastructure needs.

RATIONALE FOR RECOMMENDATION

Development of a capital plan to fund the City's infrastructure needs is an important step to ensuring that the City can move forward in consideration of possible revenue measures.

FISCAL IMPACTS

The Department of Public Works has already budgeted for the analysis of the City's bonding capacity and public engagement at a total cost of \$400,000. The Council and City Manager's development of the FY 2021-22 budget should ensure that these funds are available for this purpose.

ENVIRONMENTAL SUSTAINABILITY

To the extent that the City is able to pursue a bond or other funding mechanism that enables enhanced funding for Complete Streets, the City would be encouraging mode shift from private motor vehicles to biking, walking, micromobility devices, and public transit, thereby reducing the City's greenhouse gas emissions from the transportation

⁹ ["Rocky Road: Berkeley Streets at Risk and Significantly Underfunded"](#) (Audit Report, November 19, 2020) [PDF]

¹⁰ [Approval of a Memorandum of Understanding between the City of Berkeley and BART on Implementation of State Law AB 2923 at the Ashby and North Berkeley BART Stations](#) (City Council Meeting, December 10, 2019) [PDF]

sector.

CONTACT

Mayor Jesse Arreguín

mayor@cityofberkeley.info | 510-981-7100