

Office of the Mayor

SUPPLEMENTAL AGENDA MATERIAL for Supplemental Packet

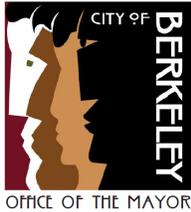
Meeting Date: January 20, 2022

Item Number: 1

Item Description: Discuss Vision 2050, Infrastructure Priorities, Stakeholder and Community Engagement, and City's Bonding Capacity; and Seek Direction on November 2022 Revenue Measure(s)

Submitted by: Mayor Jesse Arreguín

The Mayor is submitting written feedback to staff questions posed in the staff report for City Council and staff consideration.



To: Honorable Members of the City Council and City Manager
From: Mayor Jesse Arreguín
Subject: Response to Staff Questions on 2022 Revenue Measure

Responses to Staff Questions

1. Is the November 2022 election the right time to include an infrastructure-focused revenue measure or measures?

Yes. 2022 is absolutely the right time to include an infrastructure-focused revenue measure. The longer we delay planning for and securing funding to address the deterioration of streets, deferred maintenance of other public facilities and infrastructure and address our affordable housing challenges, the more it will cost the City and it will further degrade our quality of life. Another community survey is needed to study a variety of revenue amounts and packages of priorities. The results of a second survey coupled with the Program Plan and community input will help inform proceeding with a measure(s) and crafting the language of the measure(s).

2. If yes, should it be one infrastructure-focused measure or multiple measures? And what should be the approximate dollar amount of the measure(s)?

See below.

3. What should the top infrastructure spending priorities be for the measure(s)? And should affordable housing and traditional infrastructure both be addressed in such measure(s)?

Questions 2 & 3 can be responded to jointly since addressing priorities will depend on the ability to meet the need of each category of investment.

Based on the current and previous staff reports, significant infrastructure needs for the City can be roughly broken down into four categories, similar to Option 1 presented by staff in their report. The most clearly defined needs at this point are streets/traffic safety and housing. Based on the information available it is clear that investments of at least

\$200M would have a significant impact. It is less clear how to prioritize categories 3 (climate) and 4 (parks, marina, civic buildings, etc.). *The following framework represents a change from Option 1 and could provide a path forward.*

A general baseline for a General Obligation Bond could fund:

1. \$200M Streets and Traffic Safety
 - This amount can transform our streets into “good condition.”
 - Our [2017 Bicycle Plan outlines \\$37M](#)¹ [PDF] of capital costs for Tier 1-3 projects.
2. \$200M for Affordable Housing
 - The [April 27, 2021, memo on City Affordable Housing](#)² [PDF] is a reasonable baseline for evaluating housing needs. Based on these needs and the experience with Measure O (\$135M) a \$200M goal for affordable housing represents another significant step forward.
3. \$75M+ Climate Change, sea level rise, wildfire prevention and protection
 - Top priorities based on polling should be green infrastructure, undergrounding, improving storm drains, and climate resiliency projects.
 - More funding here could be justified by a more detailed breakdown of capital needs and clarification on what fits into this category.
4. \$75M+ Other Public Infrastructure (Parks, Marina, Civic Buildings, etc.)
 - The needs within this category far exceed the likely funding achieved through this measure. Prioritization will be necessary and challenging. For example, here are a couple significant projects that could be included in this category:
 - The cost for the [preferred concept design for the Civic Center Plan](#)³ [PDF] alone is \$56M.
 - At the marina, [landside needs are estimated at \\$23M, and waterside needs from \\$64M to \\$108M](#)⁴ [PPT].

¹ https://www.cityofberkeley.info/uploadedFiles/Public_Works/Level_3_-_Transportation/Berkeley-Bicycle-Plan-2017-Ch6_Implementation.pdf

² https://www.cityofberkeley.info/Clerk/City_Council/2021/04_Apr/Documents/2021-04-27_Item_31_City_Affordable_Housing_Funds_Ashby_and_North_Berkeley_BART_Station_Areas_and_Future_Housing_Funding_Notices_of_Funding_Availabilit_.aspx

³ https://www.cityofberkeley.info/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/Civic%20Center%20Visioning-%20Executive%20Summary.pdf

⁴ https://www.cityofberkeley.info/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/Council%20Worksession%202021-02-16-BMASP-Pier-Ferry%20-%20Draft%20v7.pdf

Based on the clear needs for streets and housing, and the significant but less defined needs for climate resilience and public commons investments, staff should pursue the following approaches.

- A. Survey on General Obligation Bond options that would fund both infrastructure and affordable housing
 - a. Options should include various bond sizes (e.g. \$250M, \$400M, \$500M) based on needs with the upper limit defined by the results of the bond capacity study.
 - In exploring the upper end of these bonds, it would be helpful to better understand what the impact of \$150M invested in climate and other infrastructure would be vs. \$250M or more.
 - b. Benefits of a “one bond” strategy:
 - It will be easier to present one funding plan to residents.
 - This approach may allow the city to plan for a larger bond spreading the bond issuance and debt service over an extended period of time, to align with a developed Program Plan and also to amortize the tax payments to reduce the overall tax burden.
 - Also this would allow a comprehensive approach to respond to the priorities expressed in surveys and in community outreach.

- B. Study a General Obligation Bond and Parcel Tax Measure
 - a. Given the additional challenge of passing two separate measures, this approach should only be pursued if the value of having a dedicated maintenance revenue is clearly justified and staff feels we can still make significant strides toward our needs for streets and housing.
 - b. A Parcel Tax could allow revenues to be bonded against and provide an annual stream for maintenance.
 - c. Parcel Taxes also allow for a senior and/or low-income homeowner exemption. By reducing the amount of the GO bond and allowing for a parcel tax, the City could potentially reduce the tax burden on seniors and low-income residents and create a revenue stream which can be used over time.

- d. Staff suggests something like a \$300M GO bond on affordable housing/climate change/other public infrastructure, and then a parcel tax for streets/traffic safety in the amount of 30 cents per square foot option, with a portion of the new revenue being bonded against (perhaps \$150M) and a portion used pay-as-you-go for annual maintenance funding.
 - i. Does this approach generate significant and/or “better” investment in streets and traffic safety than pursuing a GO bond?

Ultimately, staff should survey and solicit community input on these two revenue measure options to inform future Council decision making in the Spring/Summer.

4. In addition, staff seeks to learn what City Council would like to see incorporated in the upcoming Vision 2050 Program Plan for which public input will be solicited in March and April.

In addition to the key elements described in the staff report, it would be helpful to see a plan that provides a clear guide and strategy for investing in essential city infrastructure like streets, sewer and storm drains with asset management or life-cycle principles integrated. Additionally, the plan should outline a process and framework for developing and approving one-time capital projects with equity as a guiding lens.