



CITY OF OAKLAND 16 JUN 3 AM 11:13

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Christine Daniel
Assistant City Administrator

SUBJECT: Adoption of Legislation to Place an
Infrastructure Bond on the November
2016 Ballot

DATE: June 2, 2016

City Administrator Approval

Date:

6-2-16

RECOMMENDATION

Staff recommends the City Council:

Adopt A Resolution On The City Council's Own Motion Submitting To The November 8, 2016 Statewide General Election, A Proposed Ordinance To Authorize Issuance of \$600,000,000 General Obligation Bonds To Fund Various City Infrastructure Projects and Affordable Housing; And Directing The City Clerk To Fix The Date For Submission Of Arguments And Provide For Notice And Publication In Accordance With The November 8, 2016 Statewide General Election

EXECUTIVE SUMMARY/BACKGROUND

As part of the Fiscal Year (FY) 2015-17 Adopted Policy Budget, the City Council approved one-time funding for the development of a potential ballot measure related to improving City infrastructure. In early 2016, the City engaged a consulting firm who then conducted a community survey to assess voter interests in such a measure. On Tuesday, March 22, 2016 and on Tuesday, May 24, 2016 respectively, both the Finance and Public Works Committees heard informational presentations regarding a potential infrastructure bond measure for the November 2016 Election.

At the May 24 Committee meetings, staff presented a proposed General Obligation bond totaling \$600 million that would fund several areas of need at the following funding allocations:

- Streets, Sidewalks and Pedestrian, Bicycle & Traffic Safety \$350 million
- Public Safety and Improving Quality of Life—Libraries, Parks & Recreation, Fire and Police \$150 million
- Housing Anti-Displacement Measures \$100 million

Both the Committees and the public who attended the meetings provided feedback on the content of the potential bond measure. This agenda report provides additional information requested by the Finance and Public Works Committees, as well as a proposed Resolution placing the bond measure on the November 2016 ballot.

Item: 11
Finance & Public Works Committees
JUN 14 2016

ANALYSIS

The following section provides information requested by the Finance and Public Works Committees:

Polling

Members of the Public Works Committee requested to have the City's polling data included with this report. Please refer to Attachment A for a presentation that summarizes the results of public polling conducted by EMC Research during February 14 through February 18, 2016. This information was presented to the March 22, 2016 Finance and Public Works Committees.

Rent Ordinance Pass-Through

Members of the Public Works Committee asked if tax payments resulting from the General Obligation bond could be passed through to tenants as part of a rent increase. Currently, there is no separate pass-through for special taxes or bonds; they are treated the same as every other cost item except capital improvements. Staff is researching how to address in the bond legislation the policy objective of limiting the amount of pass-through of the property tax increase resulting from this bond. A supplemental report will be provided with that information.

Pothole Blitz

Members of the Public Works Committee inquired about current efforts to repair the City's deteriorated roads. As mentioned in prior meetings, while the City has an approximately \$450 million backlog of street paving, one of the techniques that Oakland Public Works (OPW) is able to utilize at current funding levels is to conduct an annual "Pothole Blitz." This is a special effort conducted by Streets & Sidewalks crews that focuses on completing as many of the existing outstanding pothole service requests as possible in a relatively short period of time.

For 2016, OPW will conduct a seven-week Pothole Blitz starting June 13 in City Council District 7. The goal is to address 2,500 potholes by the end of the Blitz. The Pothole Blitz is scheduled to end on July 29 in Council District 1. Please see below for the proposed schedule for the 2016 Pothole Blitz:

Table 1: 2016 Pothole Blitz Proposed Schedule

City Council District	Date
7	June 13 - June 17
6	June 20 - June 24
5	June 27 - July 1
4	July 5 - July 8
3	July 11 - July 15
2	July 18 - July 22
1	July 25 - July 29

In addition to filling potholes, Streets & Sidewalks crews will also perform mill and fill. The milling, removing and replacement process is a two inch grind of the deteriorated pavement that is removed and replaced with new asphalt. This process typically can preserve a street for up to three to five years without sending staff back to these locations to perform pavement maintenance. OPW staff is currently in process of inspecting the streets and will schedule the asphalt mill and fill in each respective City Council District. Also, staff will be completing street patching and crack sealing at selected locations as needed to complete outstanding service requests.

Project Selection Process

Members of the Public Works Committee asked how projects would be selected for bond funding and how the City would ensure the distribution of funds would be equitable. As noted in prior informational presentations given to Finance and Public Works Committees, the City's Capital Improvement Program (CIP) is formally reviewed by the City Council and approved every two years as part of the biennial Policy Budget process. The Fiscal Year (FY) 2017-2019 biennial CIP process would determine which specific capital facilities projects would be prioritized for bond funding in that biennial cycle, within the categories specified in the bond measure. In addition, staff would develop a bond issuance schedule for the City Council's approval and each bond issuance would specifically identify which projects would be funded with that issuance. The principles of "fix it first" and equitable allocation of resources in the community would be applied to each of these project identification processes. The bond legislation has been revised to include the following requirements:

"Projects will be completed as needed according to City Council established priorities, including those set forth within the City's Capital Improvement Plan and additionally, prior to each issuance of bonds, the City Council shall identify for the specific projects included in such issuance:

- (a) How the projects address social and geographic equity, provide greater benefit to under-served populations and in geographic areas of greatest need;
- (b) How the projects address improvements to the City's existing core capital assets;
- (c) How the projects maintain or decrease the City's existing operations and maintenance costs; and
- (d) How the projects address improvements to energy consumption, resiliency and mobility.

(See section 2.C)

Citizen Oversight

Members of the Finance Committee inquired about establishing a citizen oversight commission as part of the proposed bond measure as recommended by the Budget Advisory Commission. In response, staff has added language in the bond legislation requiring a citizen oversight commission, and giving the City Council the ability to establish the commission by Ordinance after the bond measure is approved by voters. The City Council would have the ability to establish a new commission or to assign the role to an existing commission, and would be able to establish the composition and structure of the commission. The role of the Citizen Oversight

Commission would be focused on reviewing relevant financial and operational reports related to the expenditure of the bond proceeds, and providing reports to the City Council.

Finally, in the future Affordable Housing Bond Law ordinance, staff will incorporate many of the recommendations made by EBHO for the housing portion of the bond proceeds.

FISCAL IMPACT

Financial Information

Committee members requested information about the impact on taxpayers from the sale of bonds. The bonds will be issued incrementally based on a bond issuance schedule approved by the City Council. The bond legislation has been revised to reflect a first issuance of not more than \$200 million. (See section 3.) Taxpayers will only pay an amount per Assessed Value (A/V) of their property based on the amount of bonds sold at that time. For example, the first issuance of bonds would be \$200 million, thus the taxpayer owning an average value property of \$434,208 would pay \$113 annually. As bonds continue to be sold over time, for example 10 years, the cost to that same property owner would reach \$368 annually when the City has issued the entire \$600 million in bonds. See Attachment B for a schedule of property owner costs based on a conceptual bond issuance schedule. The schedule assumes an approximate 10 year time period and corresponding increases in interest rates.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends the City Council:

Adopt A Resolution On The City Council's Own Motion Submitting To The November 8, 2016 Statewide General Election, A Proposed Ordinance To Authorize Issuance of \$600,000,000 General Obligation Bonds To Fund Various City Infrastructure Projects and Affordable Housing; And Directing The City Clerk To Fix The Date For Submission Of Arguments And Provide For Notice And Publication In Accordance With The November 8, 2016 Statewide General Election

Respectfully submitted,

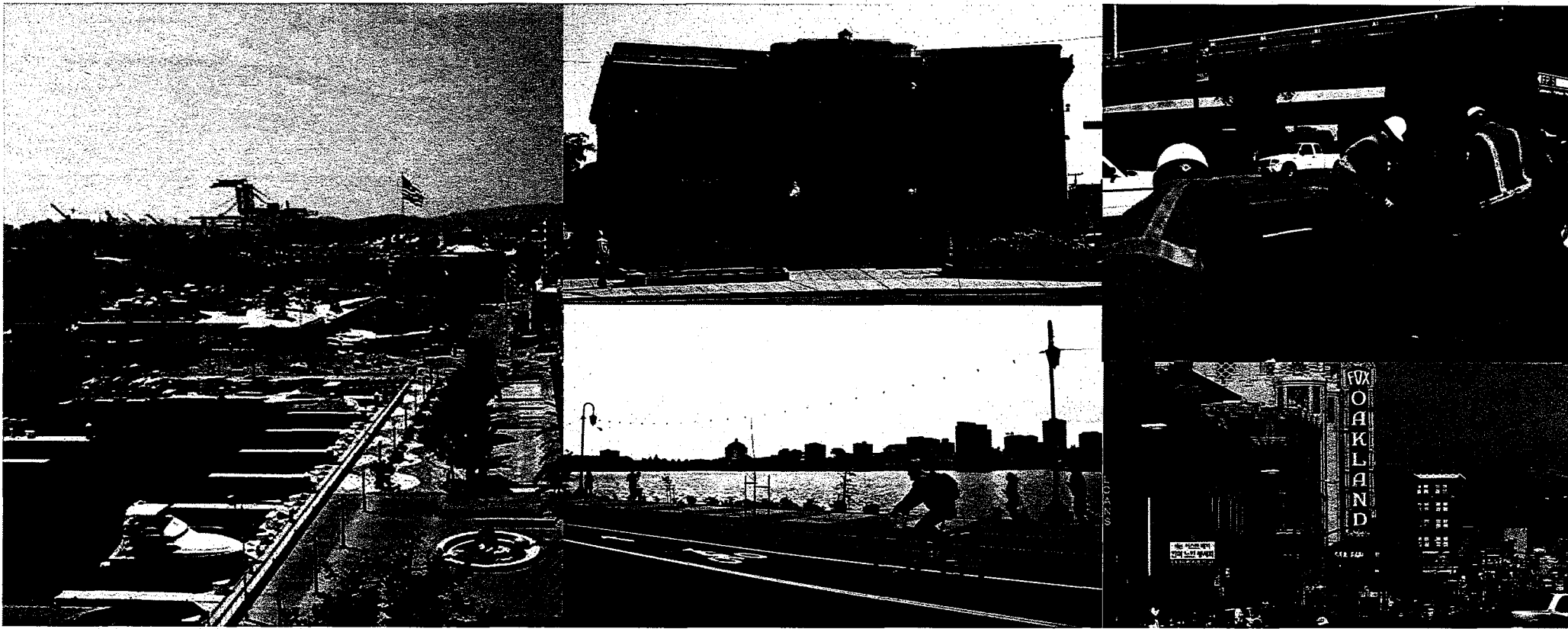


CHRISTINE DANIEL
ASSISTANT CITY ADMINISTRATOR

Attachments (2):

A: February 2016 Public Polling

B: Conceptual Bond Issuance Schedule and Estimated Costs to Property Owners



Telephone Survey Regarding Facilities Improvement Bond

Executive Summary
March 2016



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Methodology

- Telephone Survey of Likely November 2016 Voters in Oakland
- Survey conducted February 14 – 18, 2016
- 606 total interviews conducted citywide
- Margin of Error = ± 3.98 percentage points
- Interviews conducted by trained, professional interviewers in English, Spanish and Chinese
- Respondent demographics reflect those of likely November 2016 voters

Please note that due to rounding, some percentages may not add up to exactly 100%.

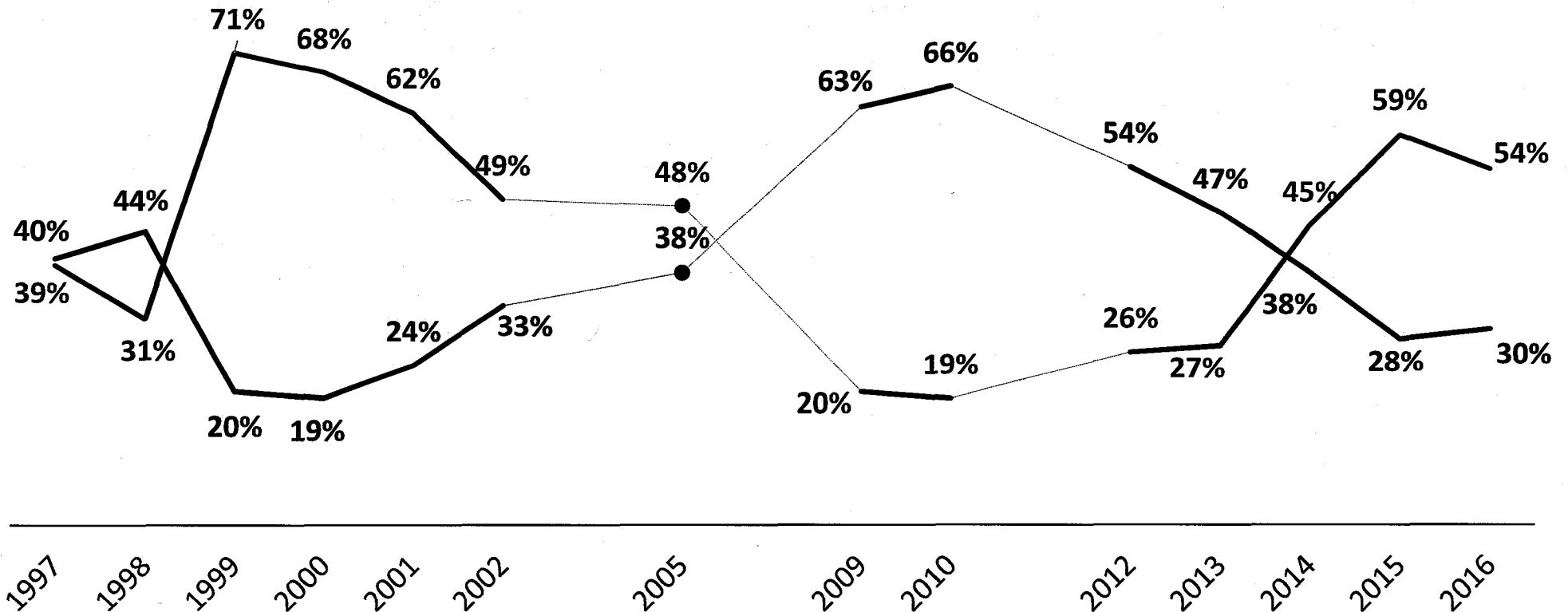
Key Findings

- ▶ A majority of Oakland voters are feeling optimistic about the direction of the City.
- ▶ Support for a potential \$600 million bond measure is above the two-thirds threshold needed for passage.
- ▶ Voters are supportive of the many projects that the bond would pay for, and would allow the City to invest in neighborhoods throughout Oakland, including public safety, affordable housing, infrastructure improvements, and more.
- ▶ Support for the bond is vulnerable to opposition arguments about its cost and complexity.

Direction of Oakland

A majority of Oakland voters remain optimistic about the direction of the City despite a minor drop since last fall.

— Right Direction — Wrong Track



Q4. Do you think things in the City of Oakland are generally going in the right direction, or do you feel that things are pretty seriously off on the wrong track?

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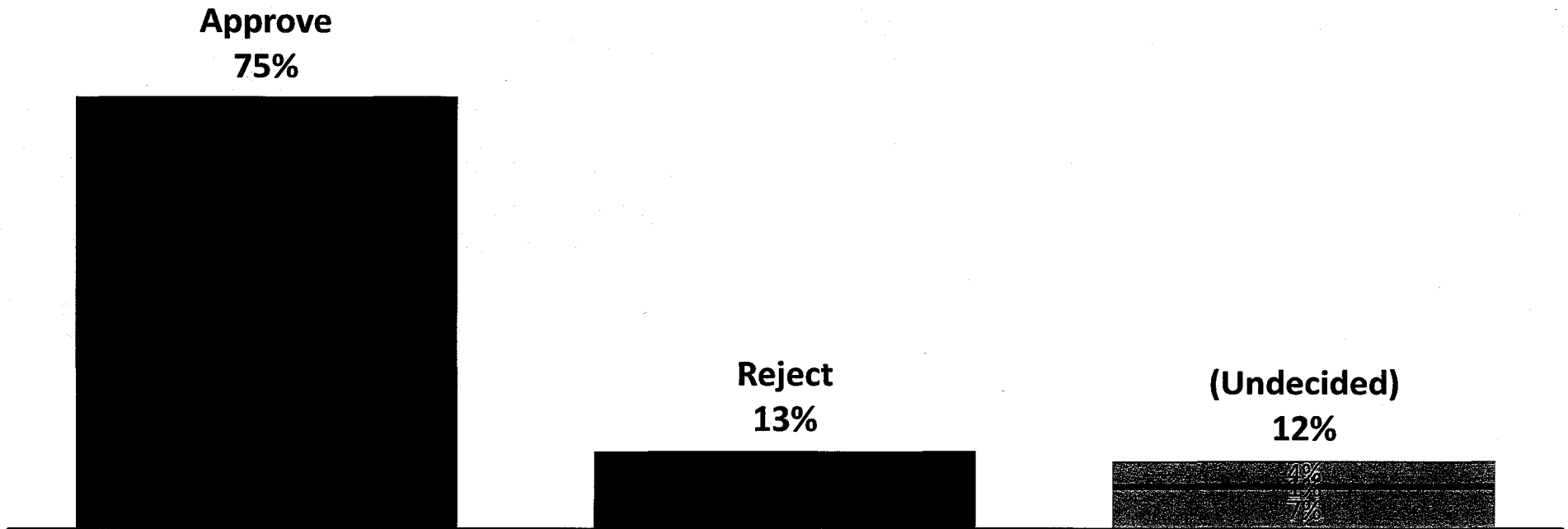


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Initial Vote

Initial support for a \$600M bond measure is above the two-thirds threshold needed for passage.

To improve public safety and invest in neighborhoods throughout Oakland by fixing potholes and repaving streets, rebuilding cracked and deteriorating sidewalks, improving bicycle and pedestrian safety, protecting affordable housing for Oaklanders, and renovating neighborhood recreation centers, playgrounds, playing fields and libraries, shall the City of Oakland issue \$600 million in bonds, subject to annual audits?

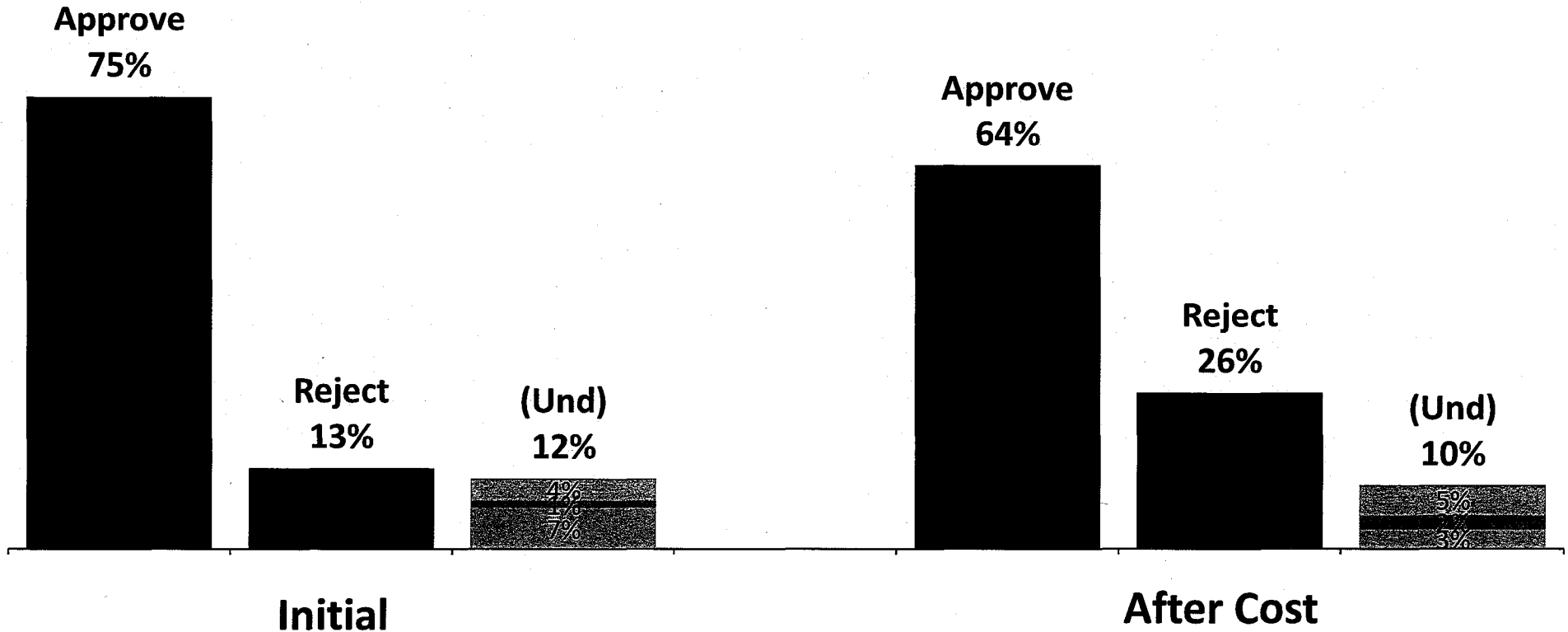


Q6. If the election were held today, would you vote yes to approve or no to reject this measure?

Vote After Cost

As is typically seen in surveys, solid support for the measure drops below the threshold after voters hear what it would cost homeowners.

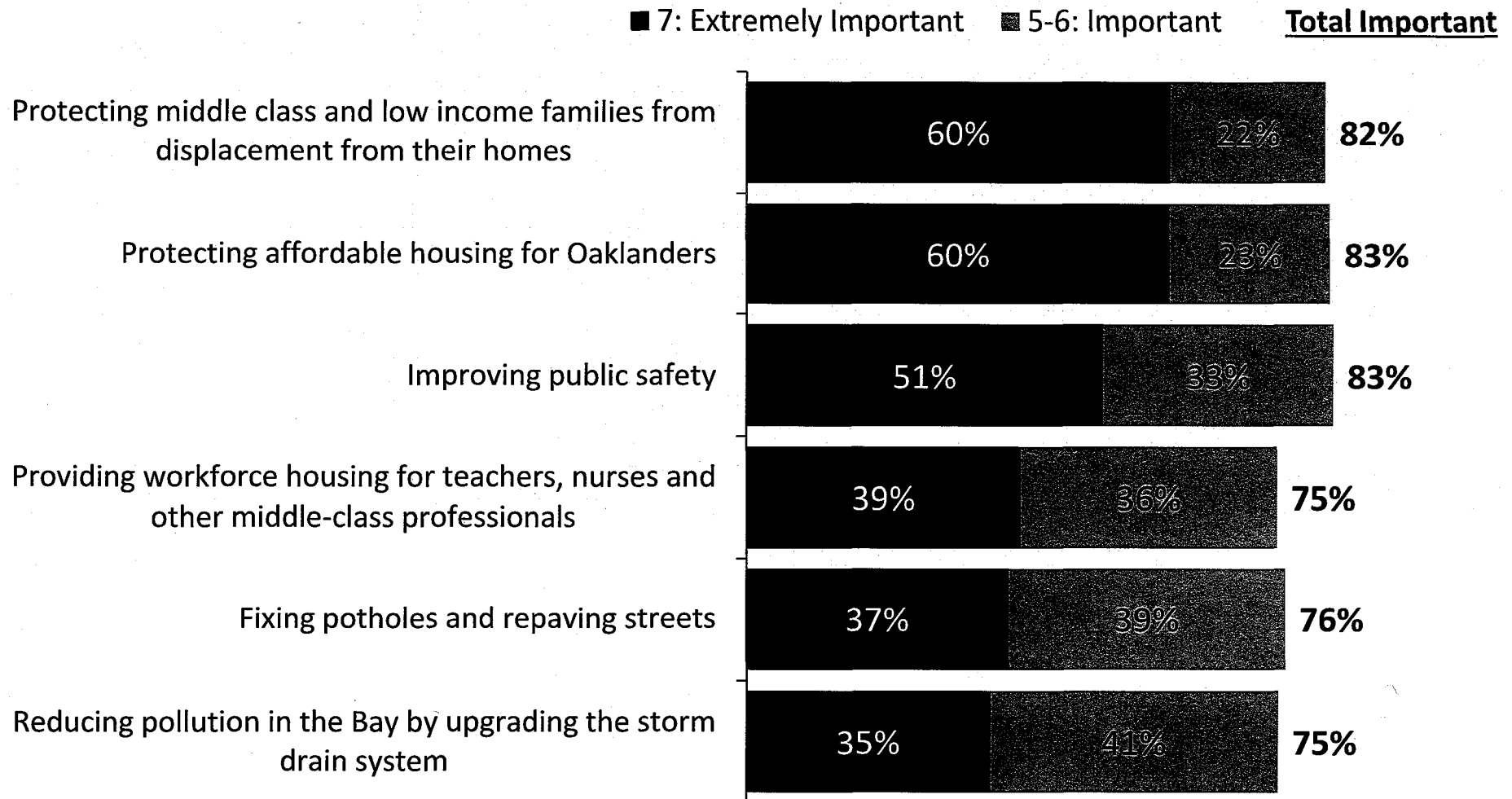
And if you knew this measure would cost homeowners \$85 per \$100,000 of assessed value per year – NOT market value – would you vote yes to approve or no to reject the measure?



Q7. ...Would you vote yes to approve or no to reject the measure?

Funding Priorities

There is strong support for all priorities included in the bond measure.

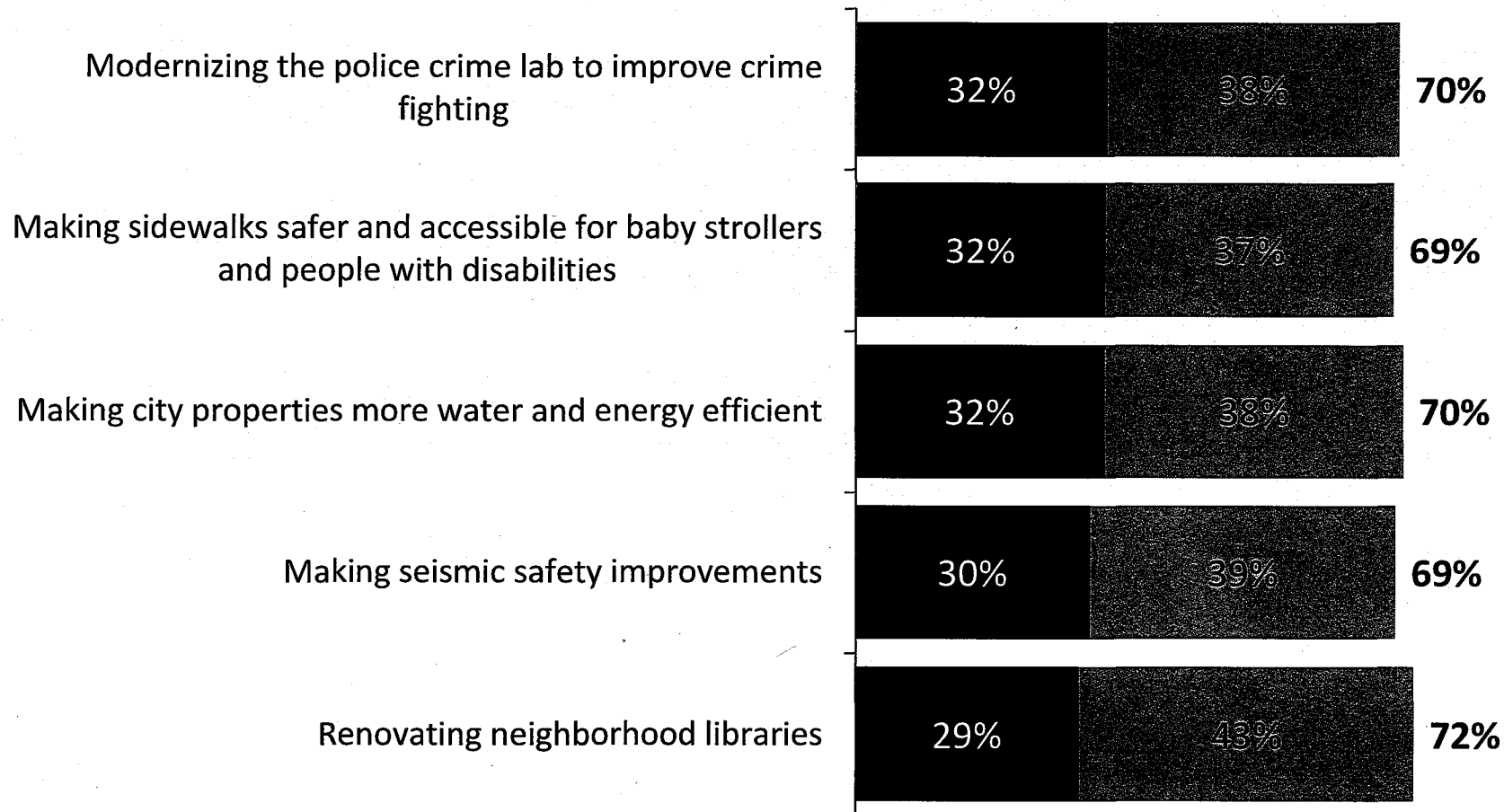


Q8-25. Now I'm going to read you a list of priorities that could be funded by a bond measure. On a scale of one to seven, where one is not at all important and seven is very important, please tell me how important each of the items is to you.

Funding Priorities, cont.

Oakland voters see a need for improvements in a number of diverse areas.

■ 7: Extremely Important ■ 5-6: Important Total Important



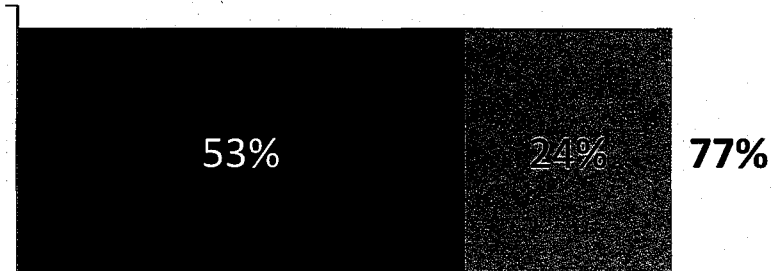
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Support Messages

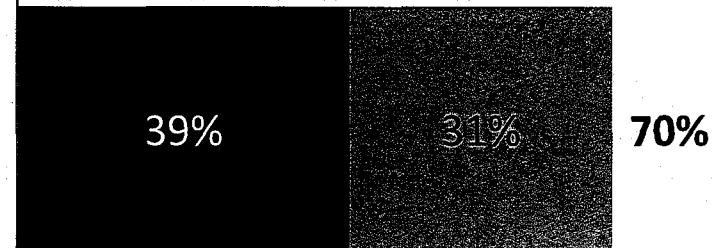
Infrastructure and housing needs are among the most compelling reasons to support the bond.

Much more likely to support
 Somewhat more likely to support
 Total More Likely To Support

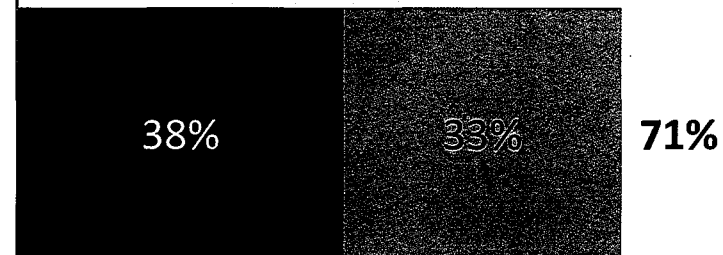
This measure would protect Oakland residents from being forced to move out of affordable housing so we can keep long term residents here in our community.



Our city faces a number of needs: infrastructure, schools, crime, housing, libraries, and more. This is the 1st step in a comprehensive plan to invest in our quality of life and the long-term health of Oakland.



This measure will help make Oakland a safe, vibrant community to live, work, and raise a family by investing in our crumbling infrastructure so it's safer and easier to drive, walk, and bike around our beautiful city.



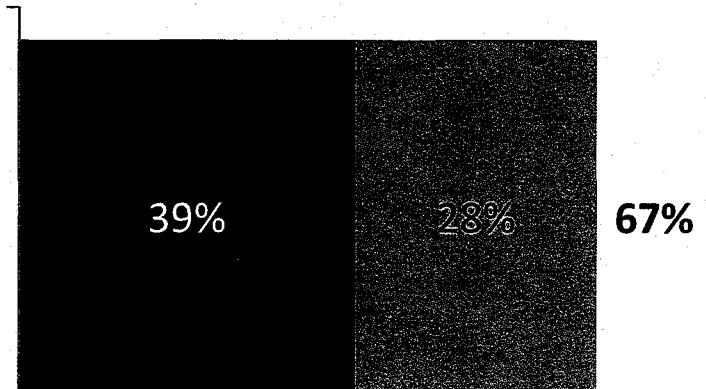
Q26-Q33. Now I'm going to read you some statements that **SUPPORTERS** of the proposed bond measure have said. After each one, please tell me if that statement makes you much more likely to support the measure, somewhat more likely to support the measure, or if it does not make a difference to you

Support Messages, cont.

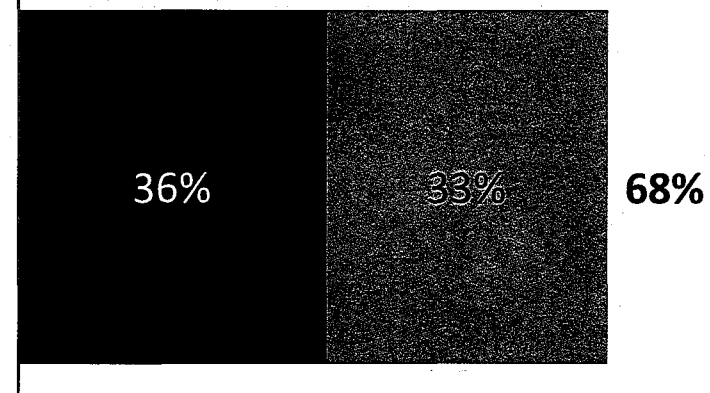
More than two-thirds of Oakland voters found the prospect of cost-savings from road and sidewalk repairs to be a compelling reason to support the bond.

Much more likely to support
 Somewhat more likely to support
 Total More Likely To Support

The average Oaklander spends hundreds of dollars on flat tires and car repairs as a result of potholes and bad roads. This measure will provide funding so the City can keep up with requests and finally repave the roads.



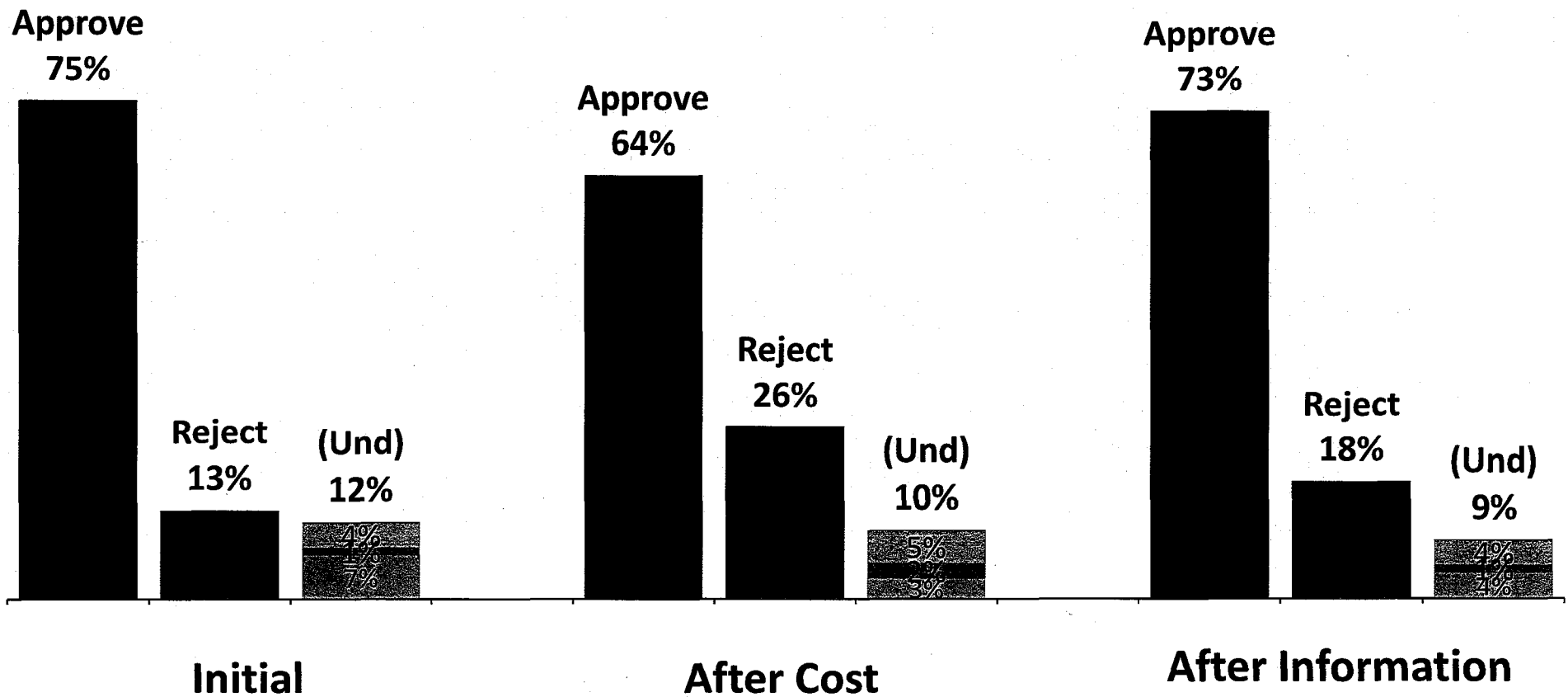
Oakland spends over \$2M/year JUST in trip & fall lawsuits. It's time to fix our broken sidewalks so people aren't getting hurt, & the City isn't spending taxpayer \$\$ on settlements when that \$\$ could be better spent elsewhere.



Q26-Q33. Now I'm going to read you some statements that SUPPORTERS of the proposed bond measure have said. After each one, please tell me if that statement makes you much more likely to support the measure, somewhat more likely to support the measure, or if it does not make a difference to you

Vote After Support

Support for the bond grows after voters hear more information.



Q34. ...Would you vote yes to approve or no to reject the measure?

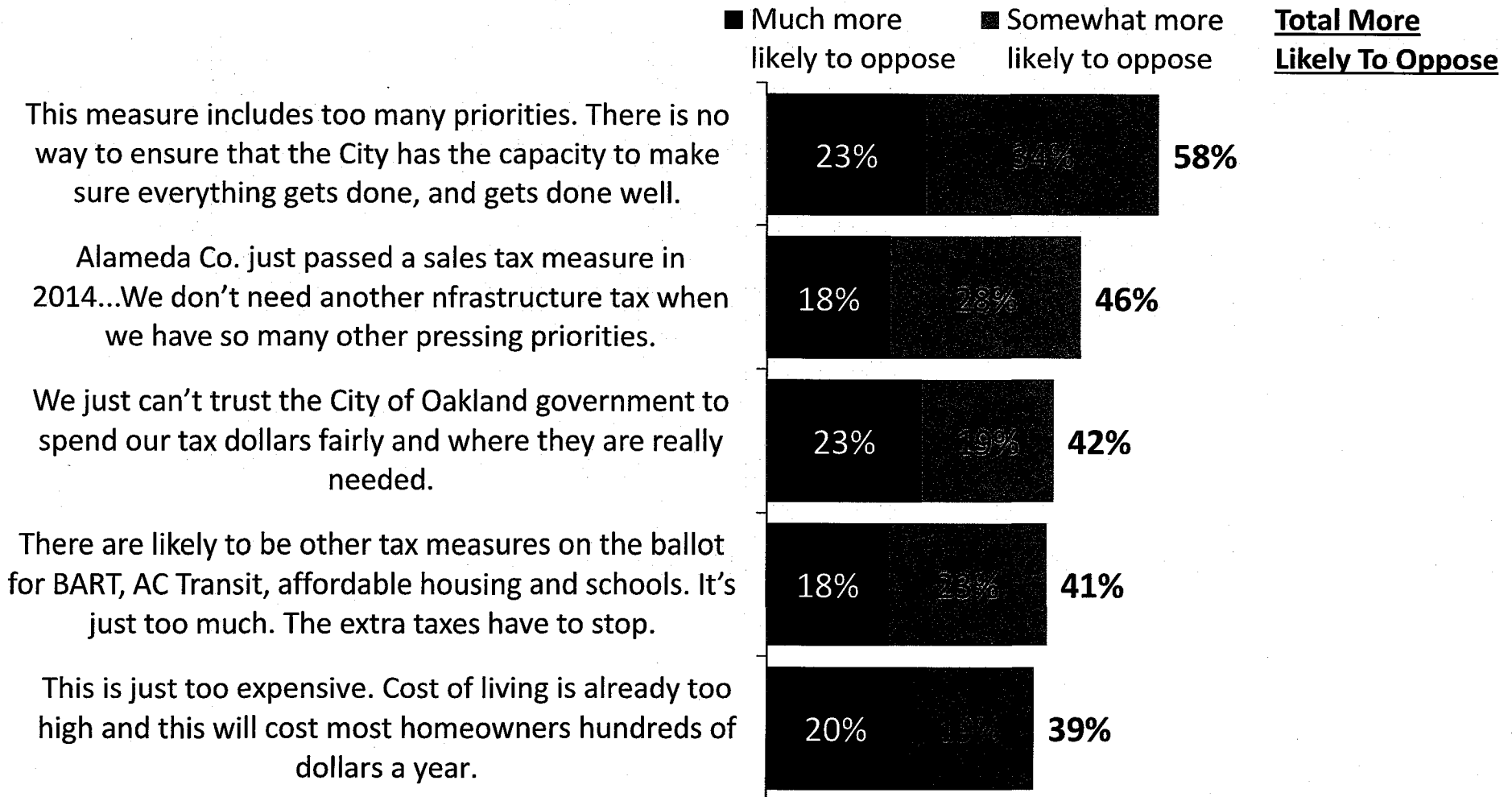
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Opposition Messages

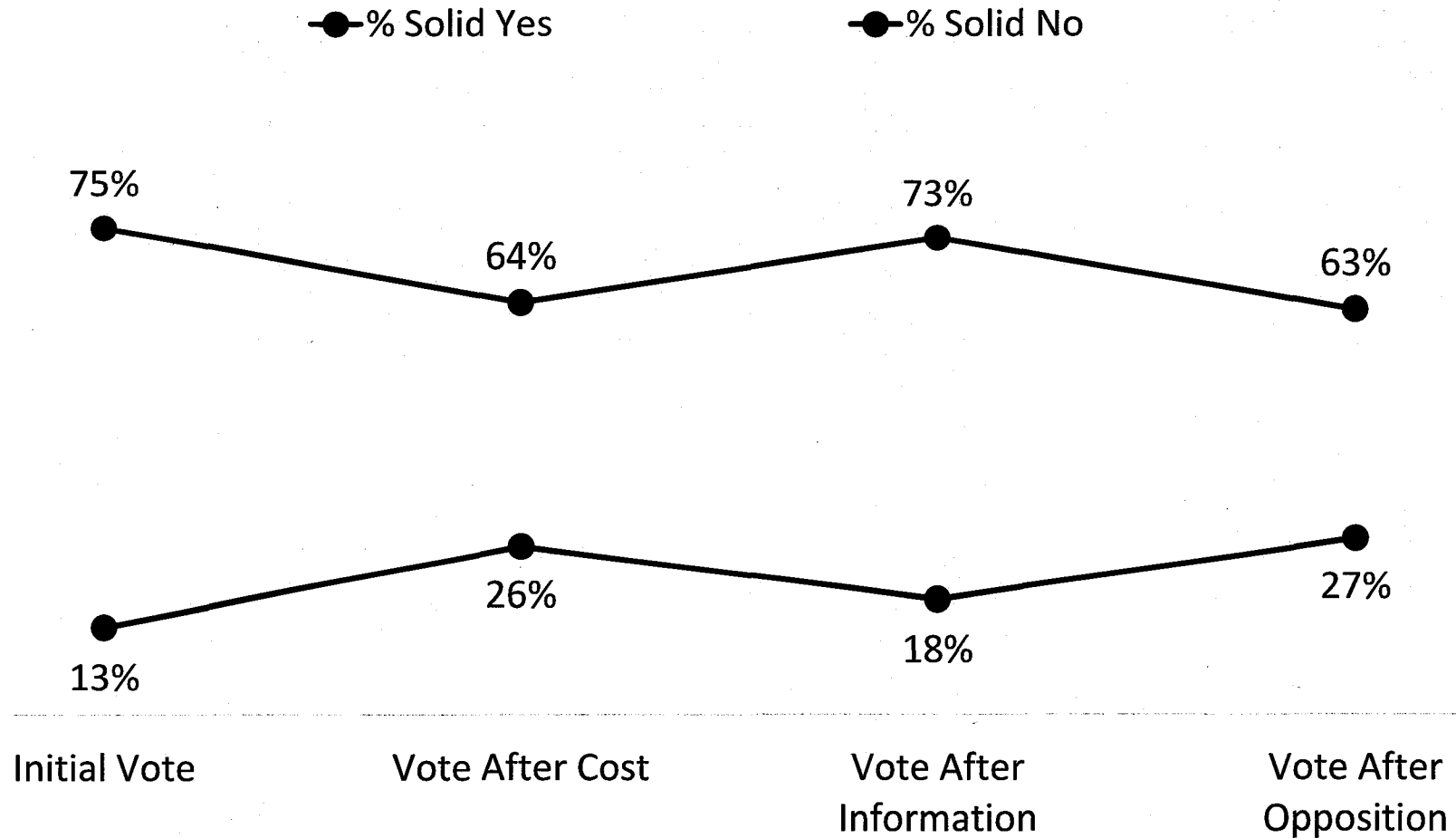
All potential opposition messages are compelling to at least a third of voters.



Q35-Q39. On the other side of the coin, I'd like to read you some things that OPPONENTS of the proposed bond measure have said. After each one, please tell me if that statement makes you much more likely to oppose the measure, somewhat more likely to oppose the measure, or if it does not make a difference to you.

Vote After Opposition

An organized and vocal opposition effort could drive support for a measure below two-thirds.



Q40. ...Would you vote yes to approve or no to reject the measure?

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Conclusions

- ▶ Oakland residents recognize the need for infrastructure improvements in the city.
- ▶ There is strong support for a revenue bond.
- ▶ Polling indicates that the city should consider a measure for November 2016.

Contacts



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General Obligation Bonds (30 years)

Conceptual Bond Issuance Schedule and Estimated Annual Cost to Property Owners

	\$200M GOs		\$100M GOs		\$100M GOs		\$100M GOs		\$100M GOs		\$600M GOs	
	Series 2017	Series 2020	Total	Series 2022	Total	Series 2025	Total	Series 2026	Total			
Estimated Project Fund	\$ 200,000,000	\$ 100,000,000	\$ 300,000,000	\$ 100,000,000	\$ 400,000,000	\$ 100,000,000	\$ 500,000,000	\$ 100,000,000	\$ 600,000,000			
Est. Average Annual Debt Service	\$12,094,266	\$ 6,249,826.60	\$ 18,344,092.37	\$ 6,992,421.43	\$ 25,336,513.80	\$6,992,421.43	\$ 32,328,935.23	\$ 6,992,421.43	\$ 39,321,356.65			
Estimated Cost per \$100K AV	\$25.30	\$ 13.07	\$ 38.38	\$ 14.63	\$ 53.00	\$14.63	\$ 67.63	\$ 14.63	\$ 82.26			
Average AV (\$434,028)	113.16	58.47	171.63	65.42	237.05	65.42	302.47	65.42	367.90			
Median AV (\$250,000)	65.18	33.68	98.86	37.68	136.54	37.68	174.22	37.68	211.91			

Based on Total Gross Assessed Valuation (\$47,800,581,080) for taxable property within the City of Oakland, less Other Exemptions, as provided in the Alameda County Auditor-Controller's 2015-16 Fiscal Year Assessed Valuation Report, dated July 31, 2015.
 Also, based on market data as of June 1, 2016.

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OFFICE OF THE CITY CLERK
OAKLAND

CITY ATTORNEY

16 JUN -3 AM 11:13

OAKLAND CITY COUNCIL**RESOLUTION NO. _____ C.M.S.****INTRODUCED BY VICE MAYOR CAMPBELL WASHINGTON
AND COUNCILMEMBER GUILLEN**

RESOLUTION ON THE CITY COUNCIL'S OWN MOTION SUBMITTING TO THE NOVEMBER 8, 2016 STATEWIDE GENERAL ELECTION, A PROPOSED ORDINANCE TO AUTHORIZE ISSUANCE OF \$600 MILLION GENERAL OBLIGATION BONDS TO FUND VARIOUS CITY INFRASTRUCTURE AND AFFORDABLE HOUSING PROJECTS; AND DIRECTING THE CITY CLERK TO FIX THE DATE FOR SUBMISSION OF ARGUMENTS AND PROVIDE FOR NOTICE AND PUBLICATION IN ACCORDANCE WITH THE NOVEMBER 8, 2016 STATEWIDE GENERAL ELECTION; ACTION TAKEN IN RELIANCE ON PREVIOUSLY CERTIFIED ENVIRONMENTAL IMPACT REPORTS AND CEQA EXEMPTIONS WITHOUT LIMITATION, CEQA GUIDELINES 15162, 15183, 15183.3 and 15378

WHEREAS, the City of Oakland has identified critically needed investment in streets and roads, public facilities and affordable housing as integral to ensuring public safety, quality of life for all Oaklanders and the City's long-term economic vitality; and,

WHEREAS, the City Council recognizes the need to enhance the City's streets, bike lanes, and related infrastructure in order to create a system that is more safe, reliable, and efficient, and meets future demands; and,

WHEREAS, the City Council recognizes that investment in the City's infrastructure, including parks, libraries, public safety buildings, recreation and senior centers is necessary to preserve and enhance the quality of life for all Oaklanders; and,

WHEREAS, Oakland is the one of the most expensive housing markets in the country, just behind San Francisco, New York and Boston, and with rising rents outpacing the increase in incomes faster than any other place in the country, protecting Oakland residents from displacement and providing affordable housing opportunities is necessary to preserve the quality of life for all City residents, to protect the City's low income families, seniors and persons with disabilities, and to ensure the City's long term economic vitality; and,

WHEREAS, pursuant to Article 34 of the California Constitution, voter approval is necessary in some cases to authorize the City to develop, construct and/or acquire "low rent housing", including housing that will be funded by a City general obligation bond; and

WHEREAS, the City has an unfunded capital need of approximately \$2.5 billion;
and

WHEREAS, the City Council proposes a \$600 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; and

WHEREAS, in compliance with the California Environmental Quality Act (CEQA), section 15162, the City has completed a review of the proposed projects (the "Projects") and

WHEREAS, the proposal relies on previously certified Final Environmental Impact Reports (EIRs) in accordance with, among other provisions CEQA Guidelines section 15162, prepared for planning-level policy documents including, without limitation, the City's General Plan, the Lake Merritt Station Area, Broadway-Valdez, West Oakland, and Central Estuary Specific Plans, and various Redevelopment Plans, and each as a separate and independent basis, is also exempt from CEQA on numerous bases, including, without limitation CEQA Guidelines sections 15183, 15183.3 and 15378, and,

WHEREAS, the City Council finds and determines that completion of the Projects is in the public interest and the cost of the Projects will require expenditures of at least \$600 million, an amount greater than the amount allowed by the annual tax levy of the City; and

WHEREAS, the City Council finds and determines it is in the best interests of the City of Oakland to submit to the voters this proposed ordinance to incur bonded indebtedness not to exceed \$600 million for the purpose of financing the Projects; now, therefore be it

RESOLVED, that the Oakland City Council finds and determines the forgoing recitals are true and correct and hereby adopts and incorporates them into this resolution; and be it

FURTHER RESOLVED, that the Oakland City Council does hereby submit to the voters, at the November 8, 2016, Statewide General Election, an Ordinance that reads as follows:

The people of the City of Oakland do ordain as follows:

Section 1. TITLE AND PURPOSE.

(A) Title. This Ordinance shall be referred to as the "2016 Infrastructure Bond."

(B) Purpose. The object and purpose of the authorized indebtedness will be to acquire and make improvements to real property such as improvement and rehabilitation of streets, sidewalks and related infrastructure, renovation and rehabilitation of City facilities including libraries, public safety, recreation, and other buildings, and acquisition, improvement, rehabilitation, preservation, construction and repair of affordable housing.

Section 2. IMPROVEMENT PROJECT PLAN.

(A) Projects to be funded by the total \$600 million in bonds include the following:

1. Streets and Roads Projects, in an amount not to exceed \$350 million, including projects consistent with:
 - (a) Street paving and reconstruction
 - (b) Bicycle and pedestrian improvements; bikeways, sidewalks, paths, stairs, streetscape, curb ramps
 - (d) Traffic calming improvements
2. Facilities Projects in an amount not to exceed \$150 million, including projects consistent with:
 - (a) Fire facilities (\$40 million)
 - (b) Police facilities (\$40 million)
 - (c) Libraries (\$15 million)
 - (d) Parks, Recreation and Senior Facilities (\$35 million)
 - (e) Water, energy and seismic improvements consistent with the City's Energy and Climate Action Plan (\$20 million)
3. Anti-Displacement and Affordable Housing Preservation Projects in an amount not to exceed \$100 million:
 - (a) Funds may be spent on the acquisition, rehabilitation, or new construction of affordable housing as set forth in the Affordable Housing Bond Law Ordinance.

(b) However, should the proposed 2016 Alameda County Affordable Housing Bond pass, the first priority for expenditure of funds for Affordable Housing Projects will be the acquisition and rehabilitation of existing housing as set forth in the Affordable Housing Bond Law Ordinance.

(B) Proceeds from the sale of the bonds authorized by this measure shall be used only for the purposes and projects set forth in Section 1. Proceeds of the bonds may be used to pay or reimburse the City for the costs of City staff when they are performing work on or necessary and incidental to the bond projects. The City may apply bond proceeds designated for affordable housing projects directly to acquire, rehabilitate, preserve or construct affordable housing and/or indirectly as loans, grants, or other disbursements to qualified individuals, non-profit business entities, corporations, partnerships, associations, and government agencies for such affordable housing projects.

(C) The City proposes to finance some or all of the projects described above with proceeds of the bonds. Projects will be completed as needed according to City Council established priorities, including those set forth within the City's Capital Improvement Plan and additionally, prior to each issuance of bonds, the City Council shall identify for the specific projects included in such issuance:

(a) How the projects address social and geographic equity, provide greater benefit to under-served populations and in geographic areas of greatest need;

(b) How the projects address improvements to the City's existing core capital assets;

(c) How the projects maintain or decrease the City's existing operations and maintenance costs; and

(d) How the projects address improvements to energy consumption, resiliency and mobility.

(e) The order in which the projects appear in Section A above is not an indication of priority for funding or completion. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed. Certain construction funds expected from non-bond sources, including state or other grants for eligible projects, have not been secured. Until sources of funding and the costs of all projects are known, the City Council cannot determine the amount of bond proceeds that will be available to spend on each project, nor guarantee that the bonds will provide sufficient funds to allow completion of all described projects. Completion of some projects may be subject to additional environmental or other government approvals by state or local officials. For these reasons, inclusion of a project in the description above is not a guarantee that the project will be funded or completed. The City Council may make changes to the project plan in the future consistent with the City's established priorities.

(D) Contractors and City departments shall comply with all applicable City laws when awarding contracts or performing work funded with the proceeds of Bonds authorized by this measure.

(E) After ten (10) years from enactment of this measure, if funds in any of the above categories have not been obligated or expended, such funds can be transferred to any other categories included in this measure through a City Council Resolution.

Section 3. TAX AND INDEBTEDNESS.

To provide financing for the purposes and projects identified in Section 1 of this Ordinance, the City shall be authorized to issue and sell bonds in an amount up to Six Hundred Million Dollars (\$600,000,000) in aggregate principal amount subject to the accountability safeguards specified in Section 6. The City's first bond issuance will be for an amount no more than \$200 million.

The City's best estimate of the ad valorem tax rate required to be levied on all taxable property in the City to pay debt service on the total amount of the proposed bonds (\$600 million) is projected to average no more than \$69 per year per \$100,000 of assessed property valuation. Such estimation shall not be construed to limit the power and duty of the City Council to cause to be levied and collected a tax sufficient to pay debt service on the bonds in any fiscal year.

Section 4. DEPOSIT OF BOND PROCEEDS.

The net proceeds of the bonds shall be deposited into a special trust account with or established by the treasury of the City of Oakland and shall be allocated and expended at the direction of the City Council for purposes set forth in Section 1 of this Ordinance.

Section 5. FINANCIAL AUDITS AND CITIZEN OVERSIGHT.

As long as any authorized bond proceeds have not been spent, an annual audit shall be performed to ensure accountability and proper disbursement of the bond proceeds in accordance with the objectives stated herein and in compliance with California Government Code sections 53410(c), 53410(d) and 53411.

The City Council shall establish a new Board or Commission or assign to an existing Board or Commission the responsibility for citizen oversight of this measure. This Board or Commission shall review relevant financial and operational reports related to the expenditure of bond proceeds and provide reports to the City Council when necessary.

Section 6. DEBT-SERVICE FUND.

For the purpose of paying the principal and interest on the bonds, the City shall, annually levy and collect a tax sufficient to pay the annual interest on such bonds as it becomes due and such part of the principal that will become due before the proceeds of the next general tax levy is available for the payment of such principal. The City shall establish and separately maintain such collected tax revenues in a Debt-Service fund until the bonds and the interest thereon are fully paid, or until a sum is set apart to pay all amounts that will be due to cover the principal and interest on the bonds in the Treasury of the City of Oakland or held on behalf of the City.

Section 7. Blank

Section 8. ARTICLE 34 AUTHORIZATION.

Pursuant to Article 34 of the California Constitution, the City is authorized to develop, construct and/or acquire up to 2000 rental housing units for low-income households throughout the City if the City is assisting the development, construction and/or acquisition of such units in whole or in part using proceeds from the bonds authorized by this measure.

Section 9. CITY AFFORDABLE HOUSING BOND LAW.

The City shall issue the bonds pursuant to the rules and procedures established by City Affordable Housing Bond Law.

Section 10. EFFECTIVE DATE.

The taxes imposed by this Ordinance shall become effective on [January 1, 2017.]

DRAFT

Section 11. DUTIES OF THE DIRECTOR OF FINANCE.

It shall be the duty of the Director of the Finance to collect and receive all taxes imposed by this Ordinance. The Director of Finance is charged with the enforcement of this Ordinance and may adopt rules and regulations relating to such enforcement.

Section 12. TERM OF TAX IMPOSITION.

The ad valorem taxes enacted by this Ordinance shall be imposed and levied until the authorized indebtedness is fully paid. The City shall place delinquencies on subsequent tax bills.

Section 13. SAVINGS CLAUSE.

If a court of competent jurisdiction finds that any provision, sentence, clause, section or part of this Ordinance is unconstitutional, illegal or invalid, such unconstitutionality, illegality, or invalidity shall affect only such provision, sentence, clause, section or part of this Ordinance, and shall not affect or impair any of the remaining provisions, sentences, clauses, sections or parts of this Ordinance. It is hereby declared that the Council would have adopted this Ordinance if such unconstitutional, illegal or invalid provision, sentence, clause, section or part thereof was not included herein.

Section 14. COMPLIANCE

Under Section 53410 of the California Government Code, the bonds shall be for the specific purposes authorized in this Ordinance and the proceeds of such bonds will be applied only for such specific purposes. The City will comply with the requirements of Sections 53410(c) and 53410(d) of the California Government Code.

Section 15. REIMBURSEMENTS

The City shall be reimbursed for expenditures the City incurred or expected to incur prior to the issuance and sale of any series of the Bonds in connection with the Project. The City Council hereby declares the City's intent to reimburse the City with the proceeds of the bonds for expenditures with respect to the Project (the "Expenditures" or "Expenditure") that are made on and after the date that is no more than 60 days prior to the passage of the Ordinance. The City reasonably expects on the date hereof that it will reimburse the eligible Expenditures with the proceeds of the Bonds.

Each Expenditure was and will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the City so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the City. The maximum aggregate principal amount of the Bonds expected to be issued for the Project is \$600 million. The City shall make a reimbursement allocation, which is a written allocation by the City that evidences the City's use of

proceeds of the applicable series of bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the related portion of the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The City may make exceptions for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and Expenditures for construction projects of at least 5 years.

Section 16. EFFECTIVE DATE.

This Ordinance shall be effective only if it is approved by two-thirds of the voters voting thereon and shall go into effect ten (10) days after the vote is declared by the City Council.

; and be it

FURTHER RESOLVED, that each ballot used at said election shall have printed therein, in addition to any other matter required by law, the following:

[A PROPOSED ORDINANCE AUTHORIZING THE ISSUANCE OF
INFRASTRUCTURE BONDS IN AN AMOUNT NOT TO EXCEED \$600 MILLION
TO IMPROVE PUBLIC SAFETY AND INVEST IN NEIGHBORHOODS.]

MEASURE _____

<p>Measure __. [To improve public safety and invest in neighborhoods throughout Oakland by fixing pot-holes and re-paving streets, rebuilding cracked and deteriorating sidewalks, improving bicycle and pedestrian safety, protecting affordable housing for Oaklanders, and renovating neighborhood recreation centers, playgrounds and libraries, shall the City of Oakland issue \$600 million in bonds, subject to independent citizen oversight and regular audits?] [FINAL QUESTION SUBJECT TO FINAL CITY ATTORNEY APPROVAL]</p>	<p>Yes</p>	
	<p>No</p>	

; and be it

FURTHER RESOLVED, that the City Council does hereby submit to the qualified voters of the City, at the November 8, 2016 election, the ordinance and ballot measure set forth herein; and be it

FURTHER RESOLVED, that the City proposes to rehabilitate, renovate, acquire or construct the real property and real property improvements herein and to issue and

sell general obligation bonds of the City of Oakland, in one or more series, in the maximum amount and for the objects and purposes set forth herein if two-thirds of all qualified voters voting on the ballot measure vote in favor thereof; and be it

FURTHER RESOLVED, that the bonds are to be general obligations of the City of Oakland payable and secured by taxes levied and collected in the manner prescribed by the laws of the State of California; and that all said bonds are to be equally and ratably secured, without priority, by the taxing power of the City; and be it

FURTHER RESOLVED, that the City Council hereby authorizes and directs the City Clerk of the City of Oakland (the "City Clerk") to file certified copies of this Resolution with the Alameda County Clerk at least 88 days prior to November 8, 2016; and be it

FURTHER RESOLVED, that the City Council does hereby request that the Board of Supervisors of Alameda County include on the ballots and sample ballots the foregoing recitals and measure language to be voted on by the voters of the qualified electors of the City of Oakland; and be it

FURTHER RESOLVED, that the City Clerk hereby is directed to cause the posting, publication and printing of notices, pursuant to the requirements of the Charter of the City of Oakland, Chapter 3 of the Oakland Municipal Code, the Government Code and the Elections Code of the State of California; and be it

FURTHER RESOLVED, that in accordance with the Elections Code and the Oakland Municipal Code, the City Clerk shall fix and determine a date for submission of arguments for or against said proposed Ordinance and rebuttals, and said date shall be posted in the Office of the City Clerk; and be it

FURTHER RESOLVED, that upon approval by the voters certain sections of this Ordinance may be codified into the City of Oakland Municipal Code at the direction of the City Clerk; and be it

FURTHER RESOLVED, that this resolution shall be effective immediately upon approval by five members of the Council.

IN COUNCIL, OAKLAND, CALIFORNIA _____, 2016

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GUILLEN, KALB, KAPLAN, REID, CAMPBELL WASHINGTON,
PRESIDENT GIBSON MCELHANEY

NOES

ABSENT

ABSTENTIONS

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council
Of the City of Oakland, California

1903592v1

DRAFT