



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2019 MAY 30 PM 5:27 **AGENDA REPORT**

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Director of Finance

SUBJECT: Status of Measure KK Projects and
Expenditures Informational Report

DATE: May 20, 2019

City Administrator Approval

Date:

5/30/19

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On The Status Of The Affordable Housing and Infrastructure Bond (Measure KK) Projects and Expenditures.

EXECUTIVE SUMMARY

On November 8, 2016, the City of Oakland (the "City") received voter approval authorizing the City to issue \$600 million in general obligation bonds to fund various City infrastructure and affordable housing projects ("Measure KK"). Per Ordinance No. 13403 C.M.S, staff is to bring forth a report on expenditures and programs related to the bonds to City Council semi-annually.

On August 1, 2017, the City issued the first two series of general obligation bonds to finance acquisition and improvements to real property such as streets and sidewalks, facilities, and affordable housing. As of May 9, 2019, a total of \$50.4 million of bond proceeds has been spent and approximately \$23 million has been committed to projects and programs for Measure KK as summarized in Table 1.

**Table 1
Summary of Project Status**

Department	Total Funding	Amount Spent	Fund Encumbered	Remaining Balance
Department of Transportation: Streets and Roads (\$350 million)	\$40,600,000	\$18,530,868	\$3,195,341	\$18,873,791
Public Works Department: Facilities (\$150 million)	\$21,985,000	\$7,407,311	\$900,626	\$13,677,062
Housing and Community Development: Affordable Housing (\$100 million)	\$55,000,000	\$24,481,195	\$18,886,846	\$11,631,959
SUBTOTAL	\$117,585,000	\$50,419,374	\$22,982,813	\$47,378,153

Item: _____
Finance and Management Committee
June 11, 2019

BACKGROUND / LEGISLATIVE HISTORY

On November 8, 2016, more than two-thirds of the qualified voters of the City approved Measure KK, authorizing the City to issue \$600 million general obligation bonds “to improve public safety and invest in neighborhoods throughout Oakland by re-paving streets to remove potholes, rebuilding cracked and deteriorating sidewalks, funding bicycle and pedestrian safety improvements, funding affordable housing for Oaklanders, and providing funds for facility improvements, such as, neighborhood recreation centers, playgrounds and libraries.” Projects to be funded include the following:

1. Streets and Roads Projects in the amount of \$350 million
 - a. Street paving and reconstruction
 - b. Bicycle and pedestrian improvements; bikeways, sidewalks, paths, stairs, streetscape, curb ramps
 - c. Traffic calming improvements
2. Facilities Projects in the amount of \$150 million
 - a. Fire Facilities (\$40 million)
 - b. Police Facility (\$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 the amount of \$100 million
 - a. Funds may be spent on the acquisition, rehabilitation, or new construction of affordable housing as set forth in the Affordable Bond Law Ordinance.

On August 1, 2017, the City issued \$117,855,000 City of Oakland General Obligation Bonds, Measure KK, Series 2017A-1 and Series 2017A-2 (together the “Bonds”) to provide funds for:

- 1) street paving and reconstruction; bicycle, pedestrian and traffic calming improvements; construction, purchase, improvement or rehabilitation of City facilities including fire, police, library, parks, recreation, and senior facilities; and water, energy and seismic improvements consistent with the City’s Energy and Climate Action Plan, as set forth in Resolution No. 86773, adopted by the City Council on June 19, 2017, as amended by Resolution Nos. 86815 C.M.S. and 86816 C.M.S., each adopted by the City Council on June 29, 2017, and
- 2) anti-displacement and affordable housing preservation projects, including the acquisition, rehabilitation, or new construction of affordable housing in accordance with the City’s Affordable Housing Bond Law Ordinance and as set forth in Resolution No. 86774 C.M.S. adopted by the City Council on June 19, 2017, as amended by Resolution No. 86814 C.M.S. adopted by the City Council on June 29, 2017. As of May 20, 2019, \$482,145,000 of Measure KK general obligation bonds remains authorized but unissued.

ANALYSIS/POLICY ALTERNATIVES

On August 1, 2017, the City issued the first tranche of general obligation bonds for Measure KK in the amount of \$117,855,000. A total of \$50,419,374 of bond proceeds has been spent and \$22,982,813 has committed to the projects and programs for by Measure KK. Table 2 below summarizes the bond fund expenditures, as well as, the timeline for the drawdowns of unspent proceeds on Measure KK projects by departments.

Oakland Department of Transportation (OakDOT)

A total of \$40,600,000 of Measure KK funds was allocated to transportation projects, which includes paving, complete streets capital, curbs ramps to comply with the Americans with Disabilities Act (ADA), bicycle street paving, sidewalk repairs, and safe routes to schools. Of the total amount, \$18,530,868 has been spent and \$3,195,341 are encumbered, which is approximately 54% of the total funds allocated. In order to accelerate spending and respond to project funding needs, Oakland Department of Transportation (OakDOT) received Council authorization to transfer \$3.25 million of funding to paving projects from Complete Streets Capital (\$1.75 million) and Safe Routes to Schools (\$1.5 million) in April 2019 (Resolution No. 87620 C.M.S.). A summary of the allocations and expenditures to date, incorporating these recent re-allocations, is in Table 2:

**Table 2
 Measure KK, Series 2017 A-1 (Tax-Exempt) Transportation Project Status**

Program Name	Total Funding	Funds Spent as of 5/9/19	Funds Committed	Anticipated Completion Date
Paving*	\$28,250,000	\$16,161,295	\$1,985,241	Jan-2020
Bicycle Streets Paving	\$3,000,000	\$49,684	\$3,851	Jan-2020
Complete Streets Capital*	\$3,250,000	\$722,280	\$626,802	June-2020
ADA Curb Ramps	\$3,600,000	\$781,008	\$306,568	June-2020
Sidewalk Repairs	\$2,000,000	\$691,004	\$150,000	June-2020
Safe Routes to Schools*	\$500,000	\$125,597	\$122,878	June-2020
SUBTOTAL	\$40,600,000	\$18,530,868	\$3,195,341	

*Reflects Council approved reallocations per Resolution No. 87620 C.M.S.

Table 3 presents the projected spending of Measure KK funds, by quarter, for each Department of Transportation project category. The current schedule anticipates that all spending will be complete by June of 2020.

Table 3
Transportation Drawdown Schedule – \$22.1 Million

Program Name	Apr – Jun 2019	Jul- Sept 2019	Oct – Dec 2019	Jan – Mar 2020	Apr – June 2020	Anticipated Completion Date
Paving	\$4,500,000	\$5,500,000	\$2,088,705	-	-	Jan-2020
Bicycle Street Paving	\$750,000	\$1,500,000	\$700,316	-	-	Jan-2020
Complete Streets Capital	\$500,000	\$500,000	\$500,000	\$500,000	\$527,720	June-2020
American with Disability Act Curb Ramps	\$500,000	\$750,000	\$600,000	\$500,000	\$468,992	June-2020
Sidewalk Repairs	\$250,000	\$350,000	\$250,000	\$250,000	\$208,996	June-2020
Safe Routes to Schools	\$50,000	\$50,000	\$150,000	\$50,000	\$74,403	June-2020
SUBTOTAL	\$6,550,000	\$8,650,000	\$4,289,021	\$1,300,000	\$1,280,111	

Project Status:

- Paving spending is accelerating with the recent approval of on-call contracts and the full engagement of in-house paving crews. Incorporating the recent transfer of \$3.25 million to the paving program in April, 2019, all funds for paving and bike streets paving will either be programmed for in-house work or encumbered in contracts by mid-2019. Paving is seasonal, and all should be complete by the end of the calendar year.
- Complete Streets Capital projects are largely local match for grant funded projects. The 7th Street West Oakland project will complete construction soon, while other projects remain in the design phase. Due to project delays, however, some projects do not need construction funding in 2019-2020, and \$1.75 million in funds was transferred to the paving program in April, 2019.
- The ADA Curb Ramps and Sidewalk Repairs programs are all proceeding, in alignment with the paving program, and are projected to be fully expended by June 2020.
- The Safe Routes to Schools program has nearly completed design on improvements at six schools, and construction will commence in the fall of 2019. The design for the seventh SRTS project - the Thornhill Drive sidewalk project will be finalized by the end of this year. Because construction on that project will not be possible until mid-2020, \$1.5 million of funding was reallocated to paving. Construction funds for the Thornhill project are proposed for the next tranche of funding.

Oakland Public Works (OPW)

A total of \$21,985,000 of Measure KK funds was allocated to 19 public works projects. Of the total amount, \$7,407,311 has been spent and \$900,626 are encumbered, which is approximately 38% of the total funds allocated. A summary of the allocations and expenditures to date is in Table 4.

Table 4
Measure KK, Series 2017 A-1 (Tax-Exempt) Public Works Project Status

Project Name	Total Funding	Funds Spent as of 5/8/2019	Funds Committed/Starts	Anticipated Completion Date
Head Start – Playground Replacement	\$480,000	\$44,357.54	\$0.00	Completed
Rainbow Recreation Center Expansion/Addition	\$5,000,000	\$4,646,676.03	\$83,376.11	Completed
Tassafaronga Gym Repair	\$420,000	\$281,846.64	\$81,867.30	Jun. 2019
Dimond Park - Lion Pool Repl.	\$1,015,000	\$863,981.75	\$79,744.80	Jul. 2019
OFD Roof Assessment & Replacement	\$1,087,500	\$323,563.95	\$8,955.50	Jul. 2019
Head Start – Brookfield Upgrade	\$375,000	\$54,557.97	\$39,801.75	Dec. 2019
Head Start – Arroyo Viejo Remodel	\$375,000	\$48,740.79	\$26,496.79	Dec. 2019
Head Start – Manzanita Ctr. Renovation	\$600,000	\$75,411.40	\$36,056.85	Dec. 2019
OFD Telescopic Apparatus Door Replacements	\$150,000	\$67,611.44	\$75,285.05	Dec. 2019
PAB Feasibility Study ⁽¹⁾	\$200,000	\$38,751.30	\$29,517.50	Dec. 2019
Animal Shelter – Repl. HVAC & Energy System	\$1,650,000	\$93,501.28	\$69,735.49	Aug. 2020
Ballfield Wiring Hazard Mitigation	\$1,000,000	\$163,115.81	\$61,829.50	Aug. 2020
Feasibility Study ROW New Fire Sta. 4 & 29	\$1,000,000	\$46,362.37	\$0.00	Aug. 2020
Main Library Improvements	\$2,350,000	\$173,289.53	\$20,378.75	Aug. 2020
OFD Apron & Hardscape – CW Stations	\$1,000,000	\$113,482.67	\$0.00	Aug. 2020
Henry Robinson MSC Ctr. – Air Conditioning Replacement ⁽²⁾	\$257,500	\$35,961.33	\$28,477.36	Dec. 2020
Branch Library Renovation – W. Oakland*, Asian, & Brookfield ⁽³⁾	\$2,025,000	\$214,276.47	\$95,263.50	Jun. 2021
Fire Stations CW Renovations ⁽⁴⁾	\$3,000,000	\$121,823.35	\$163,831.00	Jun. 2021
SUBTOTAL	\$21,985,000	\$7,407,311.62	\$900,626.25	

⁽¹⁾ Police Administration Building (PAB) feasibility study has been completed to the extent possible, pending further direction and determination of options.

⁽²⁾ Henry Robinson MSC facility, existing conditions found through assessment phase will require prioritization of scope and potentially require expanded scope to address existing conditions.

⁽³⁾ Projects anticipating extended delivery timeframe: Deliveries of the branch library projects will be impacted pending directions on the scope for the facilities at West Oakland and Brookfield.

⁽⁴⁾ Fire Station Renovation project implementation schedule will be extended since the stations will require construction in sequence to meet operational needs, thus extending construction period of the overall project.

Project Status:

Fire Department:

- Feasibility studies for Station 4 is pending contract to begin site feasibility and evaluations.
- Station 29 will proceed with confirming selected site transaction as well as initiate consultant selection process to prepare preliminary planning.
- The station renovations' design is in progress with one station ready for construction permit and issue for bid in summer. The remaining three stations are in design. Additional funds required to complete all stations and schedule may be extended to accommodate operational requirements.
- Station roof replacement are near complete with the last station to be completed in June 2019. Remaining funds may be utilized to complete the apparatus doors if reallocation is approved.
- Two stations remain for the apparatus door replacement. Possible need of additional funds to finish the last two stations. Staff to request reallocation of funds from other completed projects with remaining funds.
- Concrete apron and hardscape project for various stations is under design development for bid to on-call contractors. Estimate construction to begin on some of the stations in late summer.

Parks & Recreation Department:

- Ballfield Wiring Hazard Mitigation project will be issued for bid in June 2019.
- Dimond Park Lions Pool will be completed by July 2019.
- Rainbow Recreation Center is complete and opening event was held on May 18, 2019.
- Tassafaronga Gym Flooring Replacement will be complete and re-open in June 2019.

Library Department:

- Branch Library Renovation – W. Oakland, Asian, & Brookfield: Staff working with Library to prioritize scope based on completed assessments. Library considering reassessing West Oakland conditions and potentially expand scope. The pending revised scoping decision will affect project completion date.
- Main Library – project design complete and issuing for bid in June 2019.

Human Services Department:

- Henry Robinson Multi-Services Center Heating Ventilation System – Existing condition assessment indicates potential in adequate systems and may need to expand project scope to address existing issues as well as requiring additional funds.
- Head Start Facilities: Construction awarded for Arroyo Viejo, Brookfield, and Manzanita facilities. Construction to begin in summer 2019. Playground project complete.

Police Department: Police Administration Building (PAB) Feasibility Study: Study complete pending further discussion with City Administrator's Office regarding project funding options.

Animal Services Center Heating Ventilation System: Design in progress for construction permit review.

A projected drawdown schedule of the remaining Measure KK funds, by quarter, for Oakland Public Works' (OPW) projects is included in Table 5 of Attachment A, herein. The current schedule anticipates that all spending will be completed by June 2021.

Housing and Community Development (HCD)

A total of \$55 million of Measure KK funds was allocated to affordable housing projects, which includes transitional housing, site acquisition, rehabilitation and preservation, and new construction. Of the total amount, \$24,481,195 has been spent and \$18,886,846 is encumbered, which together is approximately 79% of the total funds allocated. The remaining 21% (11,631,958) will be expended as follows:

- \$6,981,958 to acquire two additional transitional housing buildings; two have been identified; and
- \$4,650,000 for programs serving one to four units; some program elements are in the development process.

A summary of the allocations and expenditures to date is in Table 6:

**Table 6
 Measure KK, Series 2017 A-2 (Taxable) Project Status (Housing)**

Project Name	Total Funding	Funds Spent as of 5/8/2019	Funds Committed	Anticipated Completion Date ⁽¹⁾
Acquisition of Transitional Housing Facility (ATHF)	\$14,000,000	\$7,018,041	\$0	December 2019
1-4 Unit Housing Programs	\$6,000,000	\$0	\$1,350,000	January 2020
Site Acquisition Program	\$18,000,000	\$15,269,150	\$2,730,850	February 2020
Housing Rehabilitation & Preservation	\$10,000,000	\$2,164,004	\$7,835,996	December 2020
New Construction	\$7,000,000	\$30,000	\$6,970,000	April 2022
SUBTOTAL	\$55,000,000	\$24,481,195	\$18,886,846	

⁽¹⁾ The dates are based on when funds are anticipated to be 100% drawn down. The Housing Rehabilitation & Preservation and New Construction programs are comprised of 17 different housing development projects, and the length of construction and draw down requirements of other leveraged sources vary project by project. The date listed is the furthest outside date of all projects in each program category; some will be completed prior to this date.

Project Status:

Acquisition of Transitional Housing Facility – \$14,000,000 has been dedicated for acquiring real property to provide transitional housing opportunities to homeless residents with an emphasis on single room occupancy (SRO) units. The property located at 641 West Grand Avenue, was acquired by the City in December 2018 for \$7,018,041.55 (pursuant to City Council Resolution No. 13484 C.M.S.). The property contains 70 SROs with the potential to serve up to 140 residents. It was acquired in turn-key condition and is currently in operation.

The remaining \$6,981,958.45 is available for additional acquisitions. City staff are exploring two potential sites at present which is anticipated to result in full expenditure of these funds by the end of the year.

Site Acquisition Program – \$18,000,000 has been dedicated to provide loans for the acquisition and related costs associated with developing, protecting, and preserving long-term affordable housing, as well as the acquisition of vacant land and existing infrastructure for preserving long-term affordability. Of the six (6) projects with committed funds, three (3) have balances still to draw down. Most of the loan proceeds for Highland Palms and 10th Avenue Eastlake were invested into the fee title of the property. Their remaining balances are to be used for capital improvements/deferred maintenance with estimated expenditures by the fall of 2019. The 2530 - 9th Avenue project includes acquisition and rehabilitation on a larger scale. Measure KK funds will be used to acquire the site. The developer has been in negotiations with the Oakland Housing Authority for the sale of the land and will assume ownership once all sources of financing for the rehabilitation are secured. The acquisition is projected to occur by the end of 2019 with rehab expenditures to follow.

Housing Rehabilitation & Preservation – \$10,000,000 has been dedicated to provide long term loans for the rehabilitation and preservation of affordable rental, homeownership, and supportive housing projects intended to fill the gap between development costs and financing available from private and other public sources. Of the three (3) projects with committed funds, only Emyrean Towers has begun drawing down on allocated cash with close to 50% of funds spent as of May 2019. The remaining two (2) have yet to begin rehab. The developer for Howie Harp is attempting to combine the development scope with a separate building to syndicate a much larger rehab generating additional equity in the form of tax credit financing. A timetable to verify when Howie Harp expenditures will begin is being assessed by the developer. Funding for the Fruitvale Studios is estimated to be expended by December 2019.

New Construction of Rental & Ownership Housing – \$7,000,000 has been dedicated to provide long term loans for the new construction of affordable rental, homeownership, and supportive housing projects intended to partially fill the gap between development costs and financing available from private and other public sources. Of the eight (8) projects with committed funds, only Camino 23 has started construction with 30% of its Measure KK funds spent to date. The remaining balance is held back as part of a retention payment to be released upon the recording of a Notice of Completion, the release of all liens, and compliance with City contracting requirements. The remaining seven (7) projects are in the process of assembling gap financing, working towards a commitment of additional public and private funds to cover total development costs, followed by breaking ground and the spending down of Measure KK funds.

1-4 Unit Housing Programs – \$6,000,000 has been dedicated to various programs related to one to four-unit properties, prioritizing health and safety violations, lead based paint remediation, earthquake safety, fire safety, emergency improvements, abatement of code violations.

- **1 – 4 Unit Acquisition and Rehabilitation:** \$3,000,000 has been designated for this program which consists of low interest or deferred loans to developers seeking to acquire and rehabilitate small properties. To date, four (4) applications totaling \$2,100,000 have been received, and \$1,350,000 has been committed. Additional marketing of this program will be carried out in the coming months to ensure full expenditure of remaining funds available.

- *Owner-Occupied Home Maintenance and Improvement Program:* \$1,500,000 has been designated for this ongoing rehabilitation program designed to maintain affordable housing for low income owner-occupied properties, many which are occupied by persons with disabilities and senior citizens. Staff capacity issues have been the cause of delays in expending these funds, however applications for approximately \$3,000,000 are in hand indicating demand for this program.
- *Rental Rehab Program:* \$500,000 has been dedicated for this program which would provide low interest loans to rental property owners of 1 – 4 units. The program design phase is underway to ensure it adequately meets needs and a market demand.
- *Accessory Dwelling Unit (ADU) Legalization Pilot Program:* \$500,000 has been dedicated for this program. The intention of this program is to provide low-interest loans to carry out work which would legalize unpermitted ADUs, targeting low-income homeowners. Legalized ADUs would be subject to income restrictions. Due to staff capacity issues, staff is contemplating engaging a third party to assist with program design to ensure it can move into implementation by the end of this year.
- *Community Buying Program – Vacant Lot Acquisition:* \$500,000 has been dedicated for this ongoing program. This program has been targeting tax defaulted properties from the County Tax Assessor which are then developed as affordable ownership or rental housing.

A projected drawdown schedule of the remaining Measure KK funds, by quarter, for each of the Housing and Community Development's program is included in Table 7 of Attachment A, herein. The current schedule anticipates that all spending will be completed by December 2020.

FISCAL IMPACT

This item is for informational purposes only and does not have a direct fiscal impact or cost.

PUBLIC OUTREACH / INTEREST

This item did not require additional public outreach other than the required posting on the City's website.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this item.

Environmental: There are no environmental opportunities associated with this item.

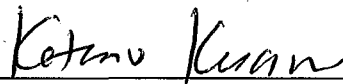
Social Equity: There are no social equity opportunities associated with this item.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council receive an informational report on the status of The Affordable Housing and Infrastructure Bond (Measure KK) projects and expenditures.

For questions regarding this report, please contact Katano Kasaine, Director of Finance, at (510) 238-2989.

Respectfully submitted,



Katano Kasaine
Director of Finance, Finance Department

Reviewed by:
David Jones, Treasury Administrator

Prepared by:
Dawn Hort, Assistant Treasury Administrator
Treasury Bureau

ATTACHEMENT A

**Table 5
Public Works Drawdown Schedule – \$14.5 Million⁽¹⁾**

Program Name	Jul – Sept 2019	Oct - Dec 2019	Jan – Mar 2020	Apr – Jun 2020	Jul – Sept 2020	Oct – Dec 2020	Jan – Mar 2021	Apr – Jun 2021	Anticipated Completion Date
Facilities Capital Improvement Projects	\$1,005,000	2,110,000	3,140,000	2,310,000	2,420,500	1,300,000	1,300,000	950,000	June 2021

⁽¹⁾ \$42,689 of the unused fund is attributed pending further direction and determination of options

**Table 7
Housing Drawdown Schedule – \$30.5 Million**

Program Name	Jul- Sept 2019	Oct - Dec 2019	Jan - Mar 2020	Apr – Jun 2020	Oct - Dec 2020	Jan - Apr 2022 ⁽¹⁾	Anticipated Completion Date
Acquisition of Transitional Housing Facility		\$6,981,958					December 2019
Site Acquisition Program	\$380,000		\$1,342,375				February 2020
1-4 Unit Housing Program – Acquisition & Rehab	\$1,350,000		\$1,650,000				March 2020
Housing Rehabilitation & Preservation	\$2,523,996	\$1,800,000			\$2,800,000		December 2020
1-4 Unit Housing Program – Other Programs			\$500,000	\$1,000,000	\$1,500,000		December 2020 ⁽²⁾
New Construction		\$70,000			\$100,000	\$6,119,900	April 2022
Administrative Costs						\$2,400,575	April 2022
SUBTOTAL	\$4,253,996	\$8,851,958	\$3,492,375	\$1,000,000	\$4,400,000	\$8,520,475	

(1) Since the new construction projects take longer to complete than rehab, and several are expected to be completed throughout 2021 and into 2022, this column covers this longer time period. Further, as noted for Table 6, the Anticipated Completion Date reflects the furthest outside date of all projects in the program category; some will be completed prior to this date.

(2) The \$3,000,000 set aside for 1 – 4 Unit Housing Programs – Other Programs needs additional analysis to confirm start and completion dates. In general terms, staff will have that analysis completed by August 31, 2019, with implementation commencing no later than December 2019 and anticipated full expenditure by December 2020.