



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Josh Rowan
Director, Oakland
Department of
Transportation

SUBJECT: Measure BB Fund Transfer

DATE: November 19, 2024

City Administrator Approval


Jestin Johnson (Nov 21, 2024 06:47 PST)

Date: Nov 21, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Appropriating A One-Time Use Of Fund Balance In An Amount Not To Exceed One Million, Two Hundred And Seventy-Four Thousand Dollars (\$1,274,000.00) From Fiscal Year 2024 Measure BB Fund Balance To Partially Fund The Citywide Resurfacing Program Through The End of Fiscal Year 2025 To Reduce The Program Budget Shortfall And Partially Maintain Construction Schedules.

EXECUTIVE SUMMARY

Oakland Department of Transportation (OakDOT) has more than \$50 million in shovel-ready construction readied for Fiscal Year 2025 (FY25). This construction schedule was based on the City's adopted 2-year FY23-25 budget, which originally funded the paving program at \$51.75 million for FY25. However, the Street Resurfacing Capital Improvement Project (CIP) was reduced to \$6.75 million during the FY25 midcycle budget adjustment process ([Errata Exhibit 1: Errata Detail Changes - 6/25/2024](#)) and subsequently reduced to \$0 as part of the FY25 contingency budget that went into effect in mid-October. Moreover, the delayed and uncertain timing of the next City of Oakland infrastructure bond issuance reduces the immediate availability of cash, above and beyond the budget reduction. This proposed resolution would reappropriate the FY24 Measure BB fund balance to support continued paving construction in FY25, and reduce impacts associated with the above funding challenges.

BACKGROUND / LEGISLATIVE HISTORY

On December 21, 2021, the City Council approved a resolution establishing the current pavement management program, referred to as the 2022 5-Year Paving Plan (5YP) (Resolution No. [88975 C.M.S.](#)). The 5YP includes pavement rehabilitation and preventative maintenance treatments on over 350 miles of Oakland streets. Under the 5YP, the majority of funding is dedicated to local streets while still keeping major streets in good condition. The 5YP local

streets program funding is primarily prioritized by planning area, weighing equity and street condition equally.

The paving program is funded under the Street Resurfacing CIP. For FY23-25, the Street Resurfacing CIP was fully funded by infrastructure bond funds, including Measure KK and Measure U. Measure KK was approved by the voters of Oakland in November 2016 to fund \$600 million in vital infrastructure maintenance improvements, including \$350 million for streets and sidewalks. A subsequent infrastructure bond measure, Measure U, was approved by voters in 2022. Measure U is an \$850 million bond for infrastructure maintenance improvements, with \$290 million for transportation-related projects. OakDOT budgets approximately 80% of expected bond proceeds for paving, with the remaining 20% funding local matching requirements for construction grants, bridge repairs, and other safety projects.

The FY23-25 Budget was adopted on June 28, 2023 (Resolution No. [89804 C.M.S.](#)) and concurrently established the FY23-25 Capital Improvement Program. Funding for the Street Resurfacing was established at \$24 million in FY24 and \$51.75 million in FY25. Subsequently, midcycle adjustments, adopted on June 28, 2024 (Resolution No. [90326 C.M.S.](#)) reduced the budget for the FY25 Street Resurfacing CIP from \$51.75 million to \$6.75 million and reduced to \$0 as part of the FY25 contingency budget that went into effect in mid-October.

Measure BB is a countywide transportation sale tax measure. Measure BB funds can only be used for a specific transportation-related uses. In Oakland, Measure BB supports a range of OakDOT operations, including street, sidewalk, streetlight, and traffic signal maintenance; bicycle and pedestrian programs; and other transportation-related operations and programs. The Measure BB fund balance proposed for reappropriation represents prior fiscal year appropriations that were not spent. The majority of the fund balance proposed for reappropriation is derived from salary savings resulting from budgeted but vacant positions.

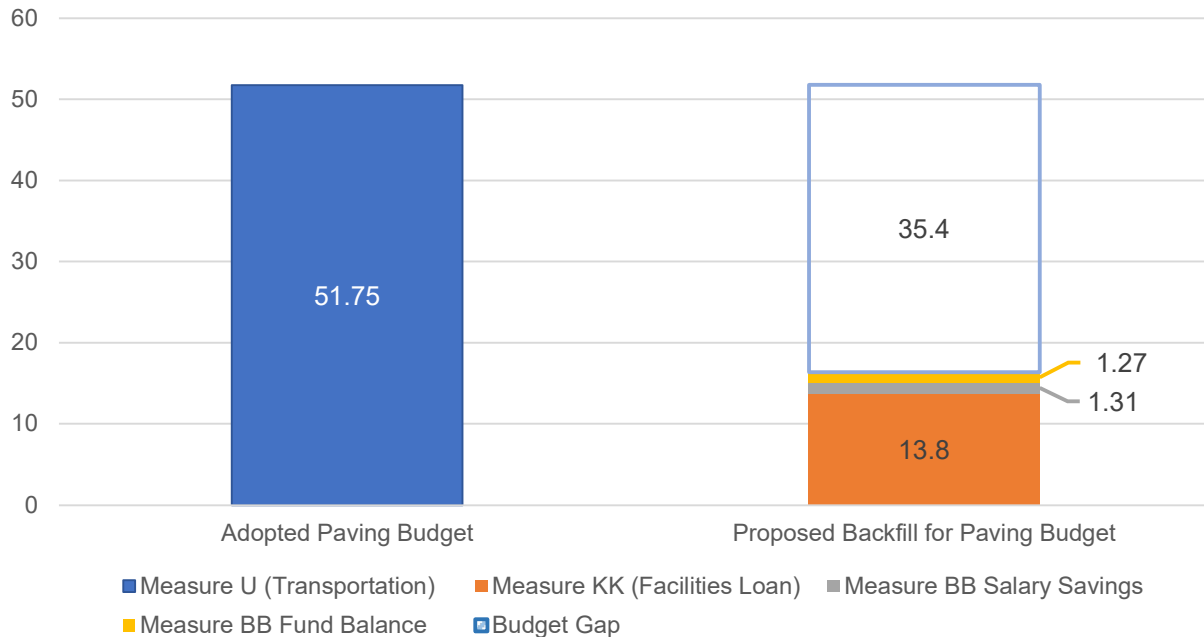
ANALYSIS AND POLICY ALTERNATIVES

OakDOT has a full season of paving projects ready for construction but currently lacks the funds to issue new construction contracts and work orders. Staff recommends addressing this shortfall with any available funding, including the current Measure BB fund balance. Reappropriating the Measure BB funds would not reduce operations, impact projects, or otherwise impact any other DOT program.

Without additional funding, staff expect that fewer than 21 miles will be paved in FY25. Streets planned for construction in FY25 will be pushed to FY26 or later, depending on the date of future unscheduled bond sales. Reduced output in FY25 also risks a cascading effect in which projects that were supposed to be delivered in FY26 and beyond will also see schedule delays, thus increasing the city's overall pavement maintenance backlog.

Staff have identified \$1.274 million in FY24 Measure BB fund balance that could be reappropriated to the paving program. Reappropriation will not impact existing projects or programs, as the fund balance is currently unappropriated.

Figure 1: Street Resurfacing CIP Budget (FY25)



In addition to the proposed \$1.274 million reappropriation, OakDOT has identified \$1.3 million in Measure BB salary savings that could be transferred to the paving program (Figure 1). OakDOT and Oakland Public Works further identified \$13.8 million in existing Measure KK funds earmarked for facilities capital improvement projects that will not need the cash on hand in FY25. These Measure KK funds can be loaned to DOT and repaid upon the next bond sale.

Without a bond sale and with the recommended reappropriation, the total cash available to OakDOT for paving in FY25 would be \$16.37 million of the original budgeted \$51.75 million. As a result, even with the recommended reappropriation, a significant budget shortfall remains compared to the goals established in the 5-Year Plan; the full planned mileage for the year is not likely to surpass 30 miles.

The recommended action of reappropriating Measure BB fund balance to the paving program advances the Citywide priorities of **Vibrant, Sustainable Infrastructure**, as the reappropriation directly supports the paving of streets and **Responsive, Trustworthy Government** by ensuring a subset of paving projects aligned with the priorities of the 2022 5-Year Paving Plan and the published FY25 construction schedule, can proceed on schedule.

FISCAL IMPACT

Approval of this proposed agreement will result in the appropriation of the fund balance within Measure BB (Project 1003469, Fund 2218) to in-queue pavement construction projects, including Project 1006103 (Citywide Pavement Rehabilitation), Project 1006104 (Citywide Pavement Rehabilitation), and Project 1006339 (Citywide Pavement Rehabilitation). The

appropriation may also be used to advance up to five other queued pavement construction and/or complete streets capital projects currently under DOT's management. There is no impact on the General Purpose Fund. There is a cost-benefit to paving streets sooner, as the cost to rehabilitate roadways increases with further pavement deterioration.

PUBLIC OUTREACH / INTEREST

Street repaving is a top infrastructure priority for Oaklanders, and a significant public outreach process was performed toward adopting the 5YP.

COORDINATION

The Office of City Attorney and Budget Bureau have reviewed this report and resolution.

SUSTAINABLE OPPORTUNITIES

Economic: Implementation of the proposed resolution will ensure continuous upkeep and maintenance of the City's roadway infrastructure. Investment in these critical infrastructure assets means that future upkeep and maintenance will be less expensive as roadways will be in better condition for future repairs, saving the city money in the long term. Additionally, projects funded by the Citywide Resurfacing Program require that a portion of the contractors on each project are verified for Local Business Enterprise and/or Small Local Business Enterprise (LBE/SLBE) participation by the Department of Workplace and Employment Standards. Projects being delivered by local contractors will result in dollars being spent locally.

Environmental: The City has a goal of using recyclable materials within asphalt concrete construction to the greatest extent possible and recycling grinding from asphalt paving whenever possible. Projects funded by this resolution will continue to utilize recyclable materials while improving critical infrastructure.

Race & Equity: Paving work supported by the approval of this resolution will follow the racial equity framework of the adopted 5-Year Paving Plan, which uses equity as a metric to prioritize paving projects. Many of the streets forecasted for construction in FY25 are also in equity-priority neighborhoods. Without this resolution, these neighborhoods would receive delays to their proposed infrastructure improvements, exacerbating historical inequities.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)


The actions in this report are not considered a project under CEQA; therefore, CEQA review is not applicable.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Requests That The City Council Adopt A Resolution Appropriating A One-Time Use Of Fund Balance In An Amount Not To Exceed One Million, Two Hundred Seventy-Four Thousand Dollars (\$1,274,000.00) From Fiscal Year 2024 Measure BB Fund Balance To Partially Fund The Citywide Resurfacing Program Through The End of Fiscal Year 2025 To Reduce The Program Budget Shortfall And Partially Maintain Construction Schedules.

For questions regarding this report, please contact Sarah Fine, Paving and Sidewalk Program Manager, at (510) 238-6241.

Respectfully submitted,


Josh Rowan (Nov 20, 2024 13:10 PST)

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