



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: Oakland GO Bonds, Series 2023
(Measures DD, KK, U)

DATE: June 12, 2023

City Administrator Approval


Jestin Johnson (Jun 29, 2023 21:14 PDT)

Date: Jun 29, 2023

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance Providing For The Borrowing Of Funds And The Issuance And Sale Of General Obligation Bonds In An Amount Not To Exceed \$165,000,000 And Approving Certain Related Matters.

EXECUTIVE SUMMARY

Adoption of the proposed ordinance will authorize the issuance and sale of one or more series of general obligation bonds (the "Bonds"), which may be taxable or tax exempt and have one or more maturities, per the Oakland Trust for Clean Water and Safe Parks Bond Ordinance, which was approved by more than two-thirds of the qualified voters of the City at the November 5, 2002 General Election ("Measure DD"); the 2016 Infrastructure Bond Ordinance, which was approved by the voters of the City of Oakland at the November 8, 2016 General Election ("Measure KK"); and the 2022 Affordable Housing and Infrastructure Bond Ordinance, which was approved by the voters of the City of Oakland at the November 8, 2022 General Election ("Measure U"); and the City of Oakland Affordable Housing and Infrastructure Bond Law Oakland Municipal Code Chapter 4.54 (the "Bond Act"). The Bonds will be issued in an aggregate principal amount not to exceed \$165,000,000. The aggregate principal amounts of Bonds to be issued under each of Measure DD, Measure KK, and Measure U shall be finally determined by the City Administrator or the Director of Finance. The terms and provisions of the Bonds, the sale of the Bonds, and the forms of agreements relating to the Bonds, including but not limited to forms of an official notice of sale, bond purchase agreement, fiscal agent agreement or other related agreements, will be scheduled for consideration by the City Council at a later date.

Proceeds of the Bonds will finance Streets and Roads Projects, Facilities Projects, and Affordable Housing Preservation Projects (the "Projects") in an estimated amount of \$165 million per the Proposed Fiscal Year 2023-2025 Policy Budget (the "Biennial Budget"), which is anticipated to be adopted by June 30, 2023. The Projects will be detailed in a separate resolution scheduled for City Council approval at a later date, and are also included in the Proposed Fiscal Year 2023-2025 Capital Improvement Program (the "CIP"), which is anticipated to be adopted with the Biennial Budget. Debt service on the Bonds is payable from ad valorem taxes levied upon all taxable property in the City.

Finance and Management Committee
July 11, 2023

BACKGROUND / LEGISLATIVE HISTORY

Pursuant to Section 219 of the Charter of the City, an ordinance is required to authorize the borrowing of money.

Measure DD, the Oakland Trust for Clean Water and Safe Parks is a \$198,250,000 general obligation bond measure passed by Oakland voters in November 2002. Per Measure DD, the bonds may be issued to fund projects as follows:

• Lake Merritt and Water Quality Improvements	\$88,250,000
• Estuary Waterfront Access, Parks and Clean-up	\$53,000,000
• Lake Merritt to Estuary Connection Channel	\$27,000,000
• Youth and Public Recreation Facilities	\$20,000,000
• Creeks and Waterways Restoration	<u>\$10,000,000</u>
Authorization Total	\$198,250,000

Measure KK authorizes the issuance of Infrastructure Bonds in an amount not to exceed \$600 million to be used to acquire and make improvements to real property, such as improvement and rehabilitation of streets, City-maintained 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.

Per Measure KK, the bonds may be issued to fund projects as follows:

• Streets and Roads Projects	\$350,000,000
• Facilities Projects	\$150,000,000
• Anti-Displacement and Affordable Housing Preservation Projects	<u>\$100,000,000</u>
Authorization Total	\$600,000,000

On November 8, 2022, qualified voters of the City approved Measure U, which authorized the issuance of Affordable Housing and Infrastructure Bonds in an amount not to exceed \$850 million to fund affordable housing and housing preservation projects, transportation projects, and various city infrastructure.

Per Measure U, the bonds may be issued to fund projects as follows:

• Affordable Housing Preservation Projects	\$350,000,000
• Transportation Projects	\$290,000,000
• Citywide Facility Preservation and Improvement Projects	\$210,000,000
Authorization Total	\$850,000,000

The City proposes to finance some of the projects described above with proceeds of the bonds issuance. Pursuant to Section 2(C) of Measure KK and Section 3(C) of Measure U, projects will be completed according to City Council established priorities, including those projects set forth

within the CIP, and additionally, the City Council will identify the Projects and various project details, as outlined in Measures KK and U, prior to each issuance.

A summary of Measures DD and KK General Obligation Bond issuances is included as **Table 1** below.

Table 1a: Summary of General Obligation Bond (Measure DD)
 Issuance As of 6/30/2023

Bond Series	Par Amount	Purpose
2003A (Tax-Exempt)	\$71,450,000	Parks & Facilities
2009B (Tax-Exempt)	\$64,545,000	Parks & Facilities
2017C (Tax-Exempt)	\$26,500,000	Parks & Facilities
Total:	\$162,495,000	

Table 1b: Summary of General Obligation Bond (Measure KK)
 Issuance As of 6/30/2023

Bond Series	Par Amount	Purpose
2017A-1 (Tax-Exempt)	\$62,735,000	Streets & Facilities
2017A-2 (Taxable)	\$55,120,000	Housing
2020B-1 (Tax-Exempt)	\$140,010,000	Streets & Facilities
2020B-2 (Taxable)	\$44,880,000	Housing
2022C-1 (Tax-Exempt)	\$198,645,000	Streets & Facilities
2022C-2 (Taxable)	\$13,670,000	Streets & Facilities
Total:	\$515,060,000	

A summary of unissued authorization is summarized in **Table 2** below.

Table 2: Summary of General Obligation Bond Authorization Issued and Unissued
 As of 6/30/2023

Measure	Authorization Amount	Issued Authorization	Unissued Authorization
Measure DD	\$198,250,000	\$162,495,000	\$35,755,000
Measure KK	\$600,000,000	\$515,060,000	\$84,940,000
Measure U	\$850,000,000	-	\$850,000,000
	\$1,648,250,000	\$677,555,000	\$970,695,000

ANALYSIS AND POLICY ALTERNATIVES

The ordinance will authorize the issuance and sale of the Bonds which are the fourth tranches of general obligation bonds issued per Measures DD and KK, and the first tranche of general obligation bonds issued per Measure U. The Bonds will be issued in an aggregate principal amount not to exceed \$165,000,000 in one or more series, which may be taxable or tax exempt. The aggregate principal amounts of Bonds to be issued under each of Measure DD, Measure KK, and Measure U shall be finally determined by the City Administrator or the Director of Finance. The terms and provisions of the Bonds, the sale of the Bonds, and the forms of agreements relating to the Bonds, including but not limited to forms of an official notice of sale, bond purchase agreement, fiscal agent agreement or other related agreements, will be scheduled at a later date for consideration and approval by resolution of the City Council. A proposed financing schedule is included in the following **Table 3**.

Table 3: Proposed Financing Schedule

Date	Activity
July 18, 2023	1st reading of ordinance at City Council
September 19, 2023	2nd reading of ordinance Adopt resolution to approve projects Adopt resolution to approve sale and financing documents
Week of October 2, 2023	Pricing of the Bonds
October 18 2023	Closing of the Bonds

Proceeds of the Bonds will finance Projects in an estimated amount of \$165 million per the Budget. The Projects will be approved by resolution of the City Council and are included in the CIP. An estimate of the amount issued per authorization is included in the following **Table 4**. An estimate of Project funding is included in the following **Table 5**.

Table 4: Estimated Issuance per Authorization

	FY 2023/24
Measure DD	\$ ⁽¹⁾
Measure KK	\$54,000,000
Measure U	\$111,000,000
Total	\$165,000,000

(1) No funding is allocated to Measure DD for FY2023/24 but is included in this Ordinance to provide flexibility due to the timing of when this report was written and the Biennial Budget has not yet been adopted.

Table 5: Estimated Series 2023 Projects

Category	Amount
Streets, Sidewalks and Related Infrastructure	\$54,000,000
City Facilities	\$36,200,000
Affordable Housing and Infrastructure	\$74,800,000
Total Project Funds:	\$165,000,000

Principal and interest due (i.e. debt service) on the Bonds is payable from ad valorem taxes levied upon all taxable property in the City.

FISCAL IMPACT

The Bonds are payable from ad valorem taxes levied upon all taxable property in the City. The City Council is authorized and obligated to levy and collect annually ad valorem taxes in an amount sufficient to pay the principal and interest due on the Bonds (i.e. debt service). Fees related to the issuance of the Bonds will be paid from bond proceeds and contingent upon closing of the transaction.

Proceeds of the Bonds will finance the Projects in an estimated amount of \$165 million. This funding is included in the Budget.

PUBLIC OUTREACH / INTEREST

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

COORDINATION

This report was prepared by the Finance Department in coordination with the Department of Transportation, Oakland Public Works Department, Department of Housing and Community Development, Information Technology Department and the Office of the City Attorney.

SUSTAINABLE OPPORTUNITIES

Economic: The capital improvement projects implemented under Measure DD, Measure KK, and Measure U will be required to comply with all Local and Small Local Business Enterprise ("L/SLBE") and local hire programs with verification by the Department of the Workplace and Employment Standards. The Projects will improve roadways, sidewalks, parks, public buildings, storm drainage and other facilities to the economic benefit of the City. In addition, the affordable housing funds will be utilized to funds loans for the new construction, acquisition and other projects providing affordable and deeply affordable, restricted units for extremely low to moderate income households.

Environmental: This item will provide funding to acquire and make improvements to real property such as improvement and rehabilitation of streets, sidewalks and related infrastructure and renovation and rehabilitation of City facilities including libraries, public safety, recreation and other buildings, as well as affordable and deeply affordable housing developments located near transit, services and employment. Projects receive priority for funding partially based on their ability to achieve high scores using Leadership in Energy & Environmental Design ("LEED") or Alameda County's Green Point Rating system. . Transportation and public works projects that invest in sustainable infrastructure and resilience strategies also receive priority for funding. In addition, projects receive priority for funding partially based on their ability to achieve high

scores using Leadership in Energy & Environmental Design (“LEED”) or Alameda County’s Green Point Rating system.

Race and Equity: This item will provide funding to affordable housing developers to acquire and make improvements to real property such as acquisition, improvement, rehabilitation, preservation and construction. Additionally, universal access to reliable internet service is imperative to ensuring equitable connectivity across Oakland. Projects are reviewed and evaluated to determine how they meet the needs of Oakland’s most underserved communities in accordance with the bond requirements. In addition, transportation and public works projects that address safety and public health in priority communities are prioritized for funding. Equity is represented by both a standalone prioritization factor and as a sub-factor identifying disparities within other prioritization factors including Health and Safety, Existing Conditions, Environment and Improvement.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Requests That The City Council Adopt An Ordinance Providing For The Borrowing Of Funds And The Issuance And Sale Of General Obligation Bonds In An Amount Not To Exceed \$165,000,000 And Approving Certain Related Matters.

For questions regarding this report, please contact Erin Roseman, Director of Finance, at (510) 238-2026.

Respectfully submitted,



[Erin Roseman \(Jun 29, 2023 15:53 PDT\)](#)

ERIN ROSEMAN
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