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OAKLAND

2019 APR 11 PM 5:42  
**AGENDA REPORT**

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Ryan Russo  
Director, DOT

**SUBJECT:** Transportation to Schools

**DATE:** April 1, 2019

City Administrator Approval

Date:

4/11/19

**RECOMMENDATION**

**Adopt A Resolution To Provide Transportation To Schools By Allocating \$500,000 In Unexpended Fiscal Year (FY) 2018-2019 City Of Oakland Measure B ACTIA Funds (2211) To AC Transit To Cover Oakland Unified School District Transportation Costs As Follows: \$500,000 For FY 2019-2020.**

**REASON FOR SUPPLEMENTAL REPORT**

This report is in response to a scheduling request submitted by Council President Kaplan at the March 7<sup>th</sup> Rules and Legislation Committee, to allocate \$500,000 of Measure B (Fund 2211) funds to support Oakland Unified School District (OUSD) transportation costs.

Staff does not recommend adoption of the proposed resolution. There are currently no substantial unallocated funds; all funds are dedicated to projects and the staff to deliver those projects.

**ANALYSIS AND POLICY ALTERNATIVES**

Measure B (Fund 2211) and BB (Fund 2216) are transportation-specific sales tax dollars, administered by the Alameda County Transportation Commission and delegated to the City of Oakland to deliver transportation services, such as road repair, sidewalk repair, installation of curb ramps and traffic safety projects. In total, for Local Streets and Roads purposes, Oakland is projected to receive \$22.6 million in funding in Measure B and BB in FY 18/19.

AC Transit also receives funding from both Measure B and BB, to provide transit service throughout Alameda County. AC Transit District is projected to receive \$66.9 million dollars in FY 18/19.

Measures B and BB are primary components of the budget for the Department of Transportation's capital and operating budgets. They are allocated every two years by the City Council through the City's budget process, and as needed during the mid-cycle update. Since the passage of Measure KK bond measure, Measure B and BB funds have been devoted

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largely to provide staffing, not only for the professional staff who develop projects implemented by Measure KK, but also in the significant expansion of in-house street maintenance staff, street tree maintenance staff, and school crossing guards. With the exception of the Measure KK bond measure, Measure B and BB funds provides the entirety of the transportation CIP, and provides funds for street paving, sidewalks, signals, grant matching for transportation grants, and other projects.

In the last mid-cycle budget update in Summer 2018, Council not only adopted a budget to fully allocate all unallocated Measure B and BB funds, it also made adjustments to re-allocate \$7 million in Measure B and BB funding to Oakland Army Base transportation infrastructure to meet funding deadlines on that project. Importantly, that action required removing funding from several capital programs, and it also absorbed any salary "savings" from unfilled positions that would ordinarily return to fund balance for reallocation in the next budget cycle.

The request before the City Council is to allocate unexpended funds. However, these funds are unexpended because capital projects take several years to expend funds devoted to them, and staff positions require dedicated funding in order to be filled. In order to fund this request, City Council must decide to cancel projects that have been allocated funds and divert them to cover this proposal.

While providing transportation to schools is an eligible use of the fund source, the decision to re-allocate \$500,000 of funds has significant implications to the City's transportation infrastructure and the City's residents that rely on that infrastructure. At the Council's direction, staff would need to recommend de-allocation of funding from other worthy projects or programs that Council has previously approved. Staff would either need to recommend de-funding a capital program or removing unfilled staff positions from the adopted budget.

For examples, removal of \$500,000 from the City's Capital Improvement Program would equate to:

- 400 School Safety Crosswalks
- 100 ADA Compliant Curb Ramps
- 50 to 100 Speed Bumps
- 7 to 10 Rapid Flashing Pedestrian Safety Beacons
- 3 Traffic Signal Upgrades
- 1 to 2 Storm Damaged Roadway Repairs

On the staff side, \$500,000 is equivalent to 3-4 fully benefitted positions to deliver street and sidewalk repair services to the City of Oakland.

Given the tradeoffs listed above, staff recommends that OUSD and AC Transit work with other regional and state funders, as they have in the recent past, to investigate options to fill the projected shortfall, and asks that AC Transit and OUSD provide additional information on when this issue must be resolved. Should Council still wish to make this expenditure, staff requests direction from Council to develop funding options and specific budget actions. Staff also

requests that the City Council direct staff to return to Council with a report detailing de-allocation of potential projects or staffing for Council action.

### **FISCAL IMPACT**

The City is currently in the process of developing the FY2019-21 budget. Based on financial projections for the next two fiscal years, Fund 2211 is projected to have a \$135,000 fund balance and Fund 2216 is projected to have a negative fund balance of approximately \$4 million dollars. This is a budgetary negative balance, and not an actual cash negative balance, as it considers all funding commitments for projects and staff against projected funding resources. This negative fund balance projection points out that the City's commitments already exceed our resources. See table below for a history of the fund balance for Fund 2211 and Fund 2216.

### **Fund Balance History**

<b>Date</b>	<b>Description</b>	<b>Fund 2211</b>	<b>Fund 2216</b>	<b>Combined</b>
2017 - July	FY17-19 adoption	\$ 1,289,527	\$ (585,742)	\$ 703,785
2018 - Jan	pre-FY19 mid-cycle adjustment	\$ 532,852	\$ (1,261,909)	\$ (729,057)
	<i>New rev based on ACTC estimates</i>	\$ 376,304	\$ 731,469	\$ 1,107,773
	<i>Added expenditures</i>	\$ 700,000	\$ -	\$ 700,000
2018 - July	FY19 mid-cycle adjustment	\$ 209,156	\$ (530,440)	\$ (321,284)
2019 - Jan	pre- FY19-21 adoption	\$ 135,149	\$ (3,997,158)	\$ (3,862,009)

Given the above information, these two funds require balancing going into the budget. Appropriating an additional \$500,000 puts the funds further in the negative prior to budget adoption.

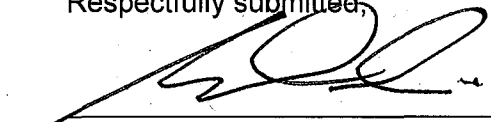
Given the tradeoffs listed above, staff recommends that OUSD and AC Transit work with other regional and state funders to investigate options to address the funding shortfall as has been successful in the recent past.

### **ACTION REQUESTED OF THE CITY COUNCIL**

**Staff Recommends That The City Council Not Adopt A Resolution To Provide Transportation To Schools By Allocating \$500,000 In Unexpended Fiscal Year 2018-2019 City Of Oakland Measure B ACTIA Funds (2211) To AC Transit To Cover Oakland Unified School District Transportation Costs As Follows: \$500,000 For Fiscal Year (FY) 2019-2020.**

For questions regarding this report, please contact Bruce Williams, Funding Program Manager, at 510-238-7229.

Respectfully submitted,

  
*ACTING*

*for* RYAN RUSSO  
Director  
Oakland Department of Transportation

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