



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: Oakland GO Bonds, Series 2022C
(Measure KK)

DATE: October 29, 2021

City Administrator Approval 

Date: Nov 4, 2021

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 \$220,000,000 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 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 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 \$220,000,000. 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, 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 and Facilities Projects (the "Projects") in an estimated amount of \$212.4 million per the Fiscal Year 2021-2023 Adopted Policy Budget (the "Budget"). The Projects will be detailed in a separate resolution scheduled for City Council approval at a later date, per Measure KK and the Bond Act, and are also included in the Fiscal Year 2021-2023 Adopted Capital Improvement Program (the "CIP"). Debt service on the Bonds is payable from ad valorem taxes levied upon all taxable property in the City.

BACKGROUND / LEGISLATIVE HISTORY

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

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

City Council
November 16, 2021

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 \$600 million in authorized bonds may be issued to fund projects as follows:

1. Streets and Roads Projects, in the amount of \$350 million, including projects consistent with:
 - a) Street paving and reconstruction;
 - b) Bicycle and pedestrian improvements; bikeways, sidewalks, paths, stairs, streetscape, curb ramps;
 - c) Traffic calming improvements; and
2. Facilities Projects in the amount of \$150 million, including projects consistent with:
 - a) Fire facilities (in the amount of \$40 million);
 - b) Police facilities (in the amount of \$40 million);
 - c) Libraries (in the amount of \$15 million);
 - d) Parks, Recreation and Senior Facilities (in the amount of \$35 million); and
 - e) Water, energy and seismic improvements consistent with the City's Energy and Climate Action Plan (in the amount of \$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 Housing Bond Law Ordinance.

The City proposes to finance some or all of the projects described above with proceeds of the bonds issuance. Pursuant to Section 2(C) of Measure KK, projects will be completed according to City Council established priorities, including those set forth within the CIP and additionally, the City Council will identify the Projects and various project details, as outlined in Measure KK, prior to each issuance. A summary of Measure KK General Obligation Bond issuance is included as **Table 1** below.

Table 1: Summary of General Obligation Bond (Measure KK)
 Issuance and Proposed Issuance As of 11/8/2021

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
2020 B-2 (Taxable)	<u>\$44,880,000</u>	Housing
Total:	\$302,745,000	
Proposed 2022C	<u>\$212,400,000</u>	Streets & Facilities
Remaining Authorization after 2022C	\$84,855,000	

ANALYSIS AND POLICY ALTERNATIVES

The ordinance will authorize the issuance and sale of the Bonds which are the third tranche of general obligation bonds issued per Measure KK and the Bond Act. The Bonds will be issued in an aggregate principal amount not to exceed \$220,000,000 in one or more series, which may be taxable or tax exempt. 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, 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 2**.

Table 2: Proposed Financing Schedule

Date	Activity
November 16, 2021	1st reading of ordinance at City Council
January 18, 2022	2nd reading of ordinance Adopt resolution to approve projects Adopt resolution to approve sale and financing documents
Week of February 7, 2022	Pricing of the Bonds
February 24, 2022	Closing of the Bonds

Proceeds of the Bonds will finance Projects in an estimated amount of \$212.4 million per the Budget. The Projects will be approved by resolution of the City Council, per Measure KK and the Bond Act, and are included in the CIP. An estimate of Project funding is included in the following **Table 3**.

Table 3: Estimated Series 2020C Projects

Category	Amount
Streets, Sidewalks and Related Infrastructure	\$138,200,000
City Facilities	<u>\$ 74,200,000</u>
Total Project Funds:	\$212,400,000

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 \$212.4 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 Office of the City Attorney.

SUSTAINABLE OPPORTUNITIES

Economic: The capital improvement projects implemented under Measure KK will be required to comply with all Local Business Enterprise and Small Local Business Enterprise ("LBE/SLBE") and local hire programs with verification by the Social Equity Division of the Department of Contracting and Purchasing. The Projects will improve roadways, sidewalks, parks, public buildings and other facilities to the economic benefit of the City.

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. 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 acquire and make improvements to real property such as acquisition, improvement, rehabilitation, preservation and construction. Projects are reviewed and evaluated to determine how they meet the needs of Oakland's most underserved communities in accordance with the bond requirements.

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 \$220,000,000 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 \(Nov 2, 2021 15:39 PDT\)](#)

Erin Roseman
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