

**Recommendation to
Place Alameda Clean Water,
Pothole Repair, Disaster
Preparedness Bond
On June 2018 Ballot**



February 20, 2018



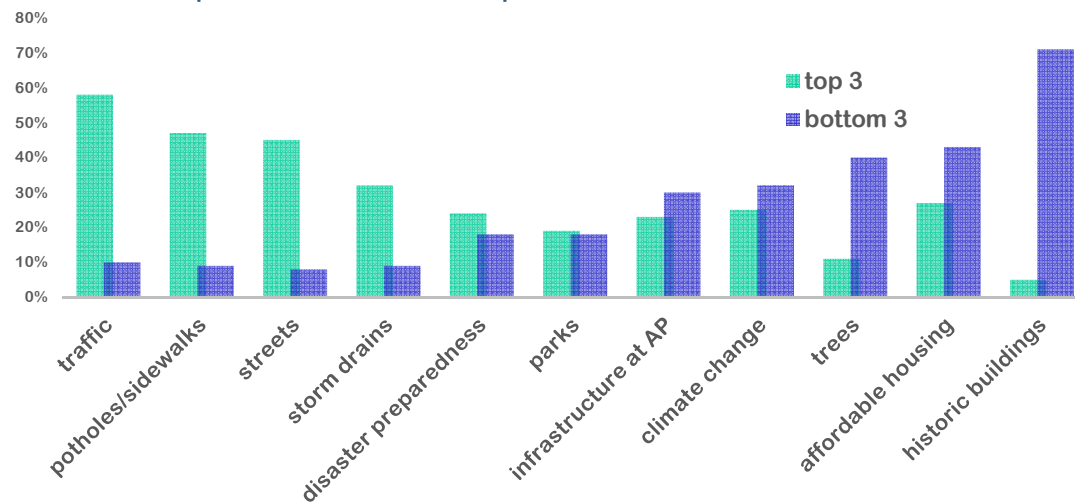
Why Are We Here?

- Over 2/3s of respondents in a 2018 survey approve of the job City Government is doing, approval ratings are also up for the Mayor and City Council, and by more than a 2 to 1 margin, feel the City is going in the right direction.
- Many Alamedans want the City to address our **aging infrastructure**, particularly as it relates to clean water in our Bay and repairing potholes to relieve traffic congestion.
- Other cities have been successful in raising local funds through infrastructure bonds (San Francisco, Oakland, Berkeley, Orinda).



Engaging the Community

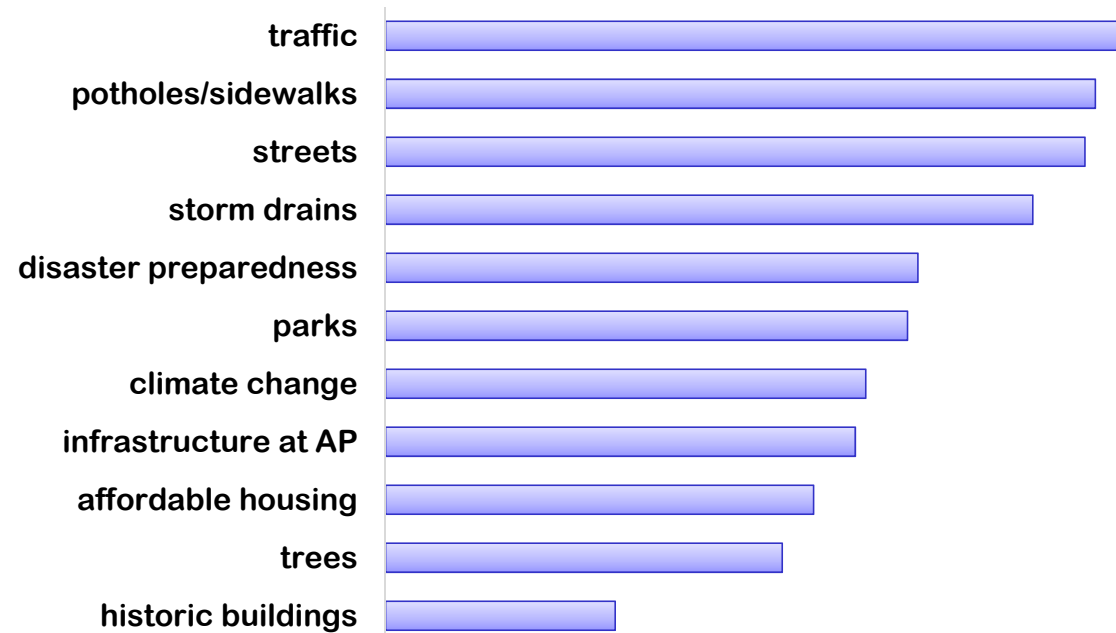
- Engagement survey distributed via City website, social media, mail, email, in-person meetings, traditional media
 - Hundreds of respondents in two scientific phone surveys
 - **3,686** completed engagement surveys (online 2,519; mail 1,068; in person 99) and two dozen presentations (more feedback continues to be received)
 - Wide range of priorities -- some respondent's top priorities were other respondent's bottom priorities





Engaging the Community

Average Ranking of Community Priorities





Clean Water, Street Repair, and Disaster Preparedness Needs

Clean Bay, Pollution/Flood Prevention, Sea Level Rise

The stormwater fund is almost out of capital funds.

Storm drain pipes, pump stations, lagoons, culverts	\$56,000,000
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Essential infrastructure upgrades	\$54,000,000
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Source: Storm Drain Plan Update (2017), NCE Estimate (2017)	\$110,000,000
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Clean Drinking Water, Safe/Clean Parks, and Other Public Infrastructure

These are needs beyond those currently funded.

Clean drinking water measures	\$21,000,000
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Park repairs, safety upgrades	\$31,000,000
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Repairs/safety upgrades to other public infrastructure	\$26,000,000
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Source: Condition Assessments	\$88,000,000
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Street/Pothole Repairs and Traffic Safety/Traffic Congestion Management

These are needs beyond those funded through existing transportation funds.

Pavement, sidewalks, streetlights and trees, and medians	\$53,000,000
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Traffic safety/congestion management	\$17,000,000
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Source: MTC Streetsaver, 2017-19 Capital Budget, Staff Estimates	\$80,000,000
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Disaster Preparedness/Emergency Response Needs

These are needs beyond those currently funded.

Repairs/upgrades to deteriorating public safety/fire stations	\$15,000,000
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Source: Condition assessments	\$15,000,000
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Clean Water, Street Repair, and Disaster Preparedness Infrastructure Needs	\$293,000,000
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Financing Facts

- Requires a 2/3 vote
- Restricted to capital projects on public infrastructure, can't displace current General Funding levels
- Heightened accountability and transparency – can only be spent on specified uses, not other purposes
- Likely 3 phases with ~\$30 million bond issuances
- Annual cost: \$23 per \$100,000 of assessed value



Local Benefits & Accountability

- Project Labor Agreement applies, ensuring well-paying union jobs (also known as Project Stabilization Agreement)
- City Council sets guidelines for eligible projects
- With so much uncertainty in federal government, this local funding source can ensure we can address vital City needs
- If we wait, later repairs can be 2-3x the cost.
- Stringent fiscal accountability is recommended to ensure money is spent as promised to the community.

Community Driven Ballot Process

- Due to the high level of community interest it is recommended that the Ballot Argument be authored and submitted by community representatives.
- Council members may author arguments for or against Measure without titles, to keep the focus on the community.





Infrastructure Bond Planning & Viability

- ❖ Our team specializes in preparing long-range revenue strategies for local government
 - LEG has successfully enacted passage of multiple measures on a single ballot
- ❖ To prepare any 2/3's requirement measure for voter consideration, the following should occur:
 - Statistically valid public opinion research should be conducted, and all past statistically valid research analyzed
 - The community should be engaged in a robust process to share their views/priorities
 - Measure viability should be retested shortly before any action to place a measure on the ballot
 - The conceptual measure should be refined to reflect voter views and maximize viability

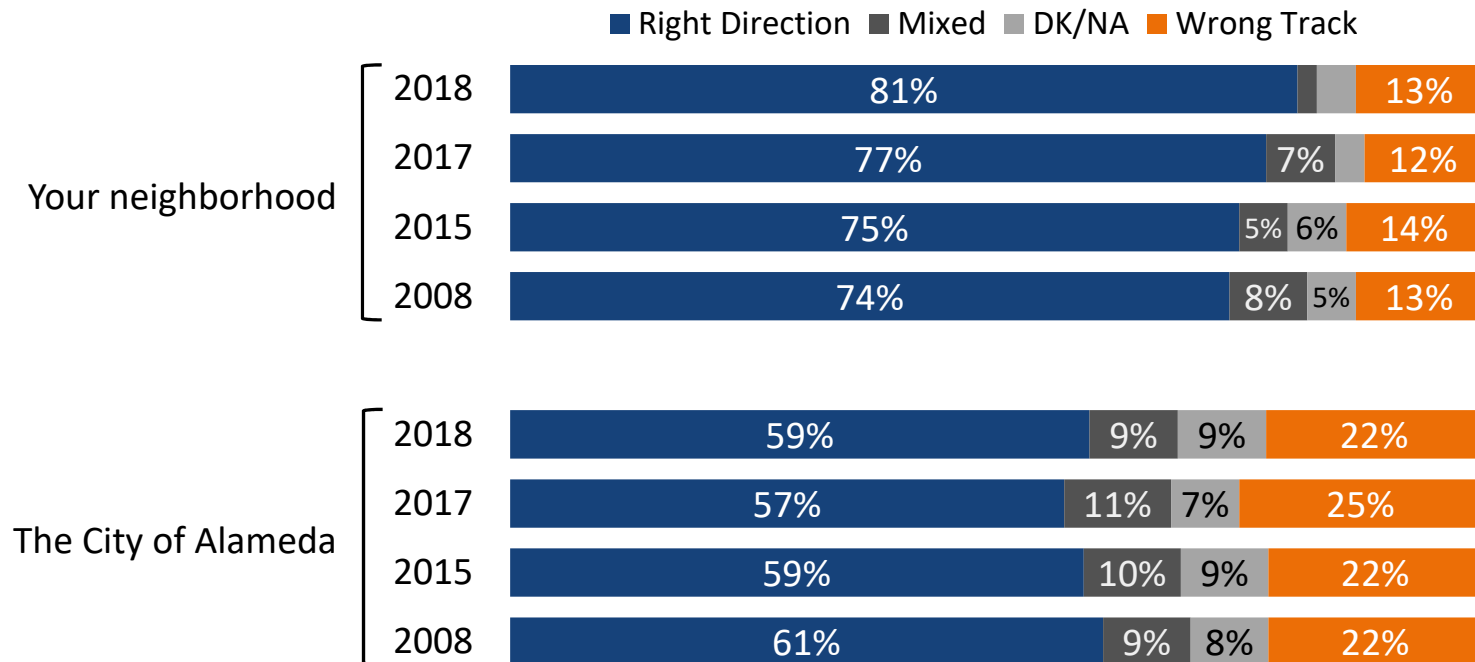
Methodology of February 2018 Survey



- ❖ 400 interviews with likely June 2018 Alameda voters
- ❖ Conducted January 29-February 1, 2018 via landline and cell phones
- ❖ Margin of sampling error of $\pm 4.9\%$
- ❖ Due to rounding, some %s do not add up to 100%
- ❖ A July 2017 Alameda survey looked at a similar infrastructure bond
 - A \$95 million bond received a 75% “yes” vote; a 15% “no” vote; and 9% were undecided.
 - This survey updated the 75-word ballot language now required by AB 195.

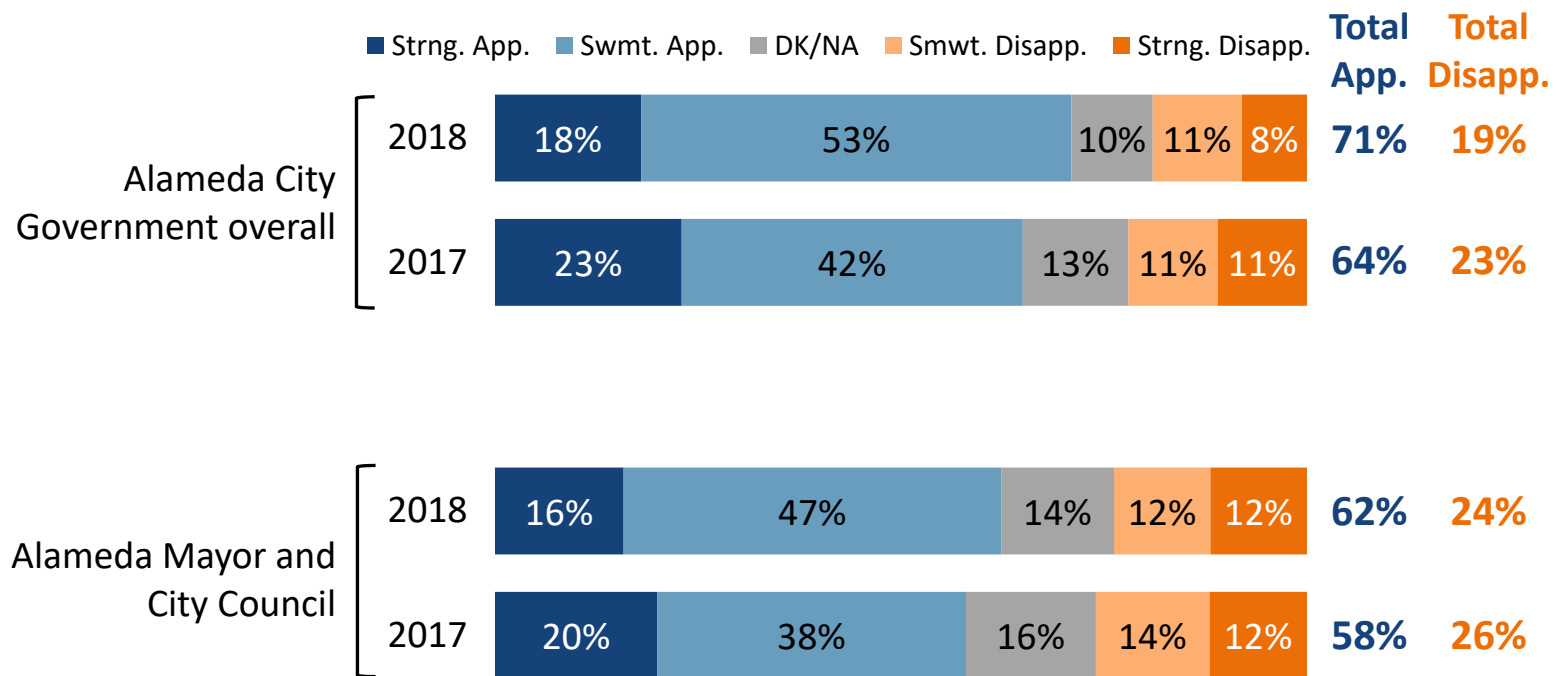
Majorities continue to feel optimistic about the direction of the City, and particularly their own neighborhoods.

Would you say that things in _____ are generally headed in the right direction, or do you feel that things are pretty seriously off on the wrong track?



Perception of City Government Continues to be Positive.

*I am going to read you a brief list of public officials and agencies.
Please tell me whether you approve or disapprove of the job each is doing.*



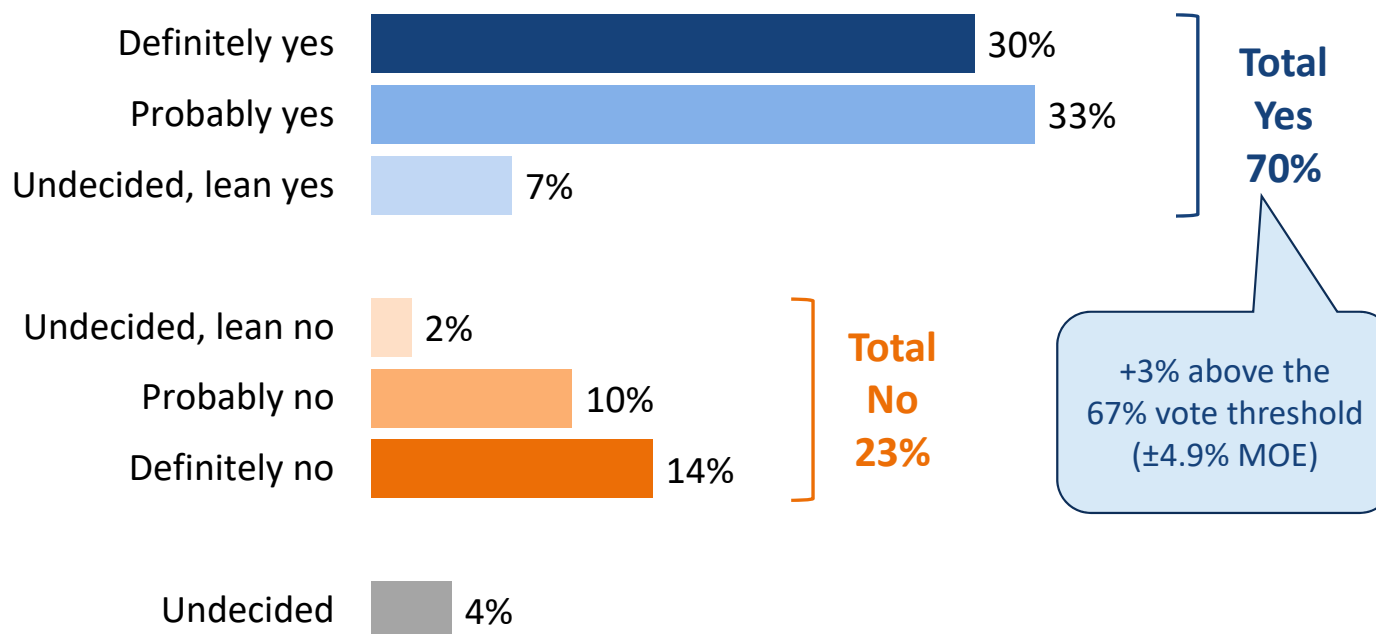
Hypothetical Infrastructure Bond Language

(Language approved by City Attorney; two-thirds vote threshold)

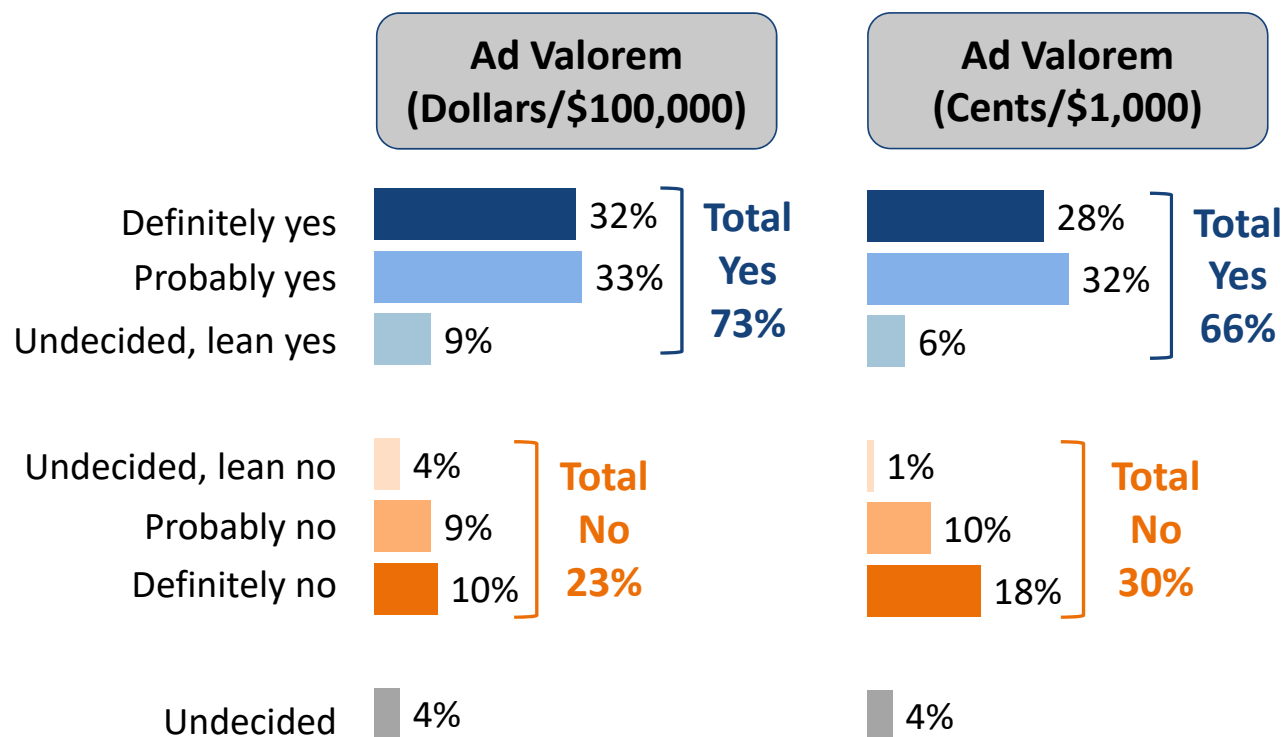
City of Alameda Infrastructure Bond.

To repair deteriorating streets, sidewalks, and potholes; upgrade storm drains to prevent street flooding and keep pollution from the Bay; upgrade public facilities to address earthquake safety; and address parks and other infrastructure needs, shall the City of Alameda issue \$95 million in bonds with an average levy of (HALF SAMPLE C: \$23 per \$100,000) (HALF SAMPLE D: 23¢ per \$1,000) of assessed value, generating approximately \$6 million annually to pay back the bonds over 36 years, requiring independent oversight and published audits?

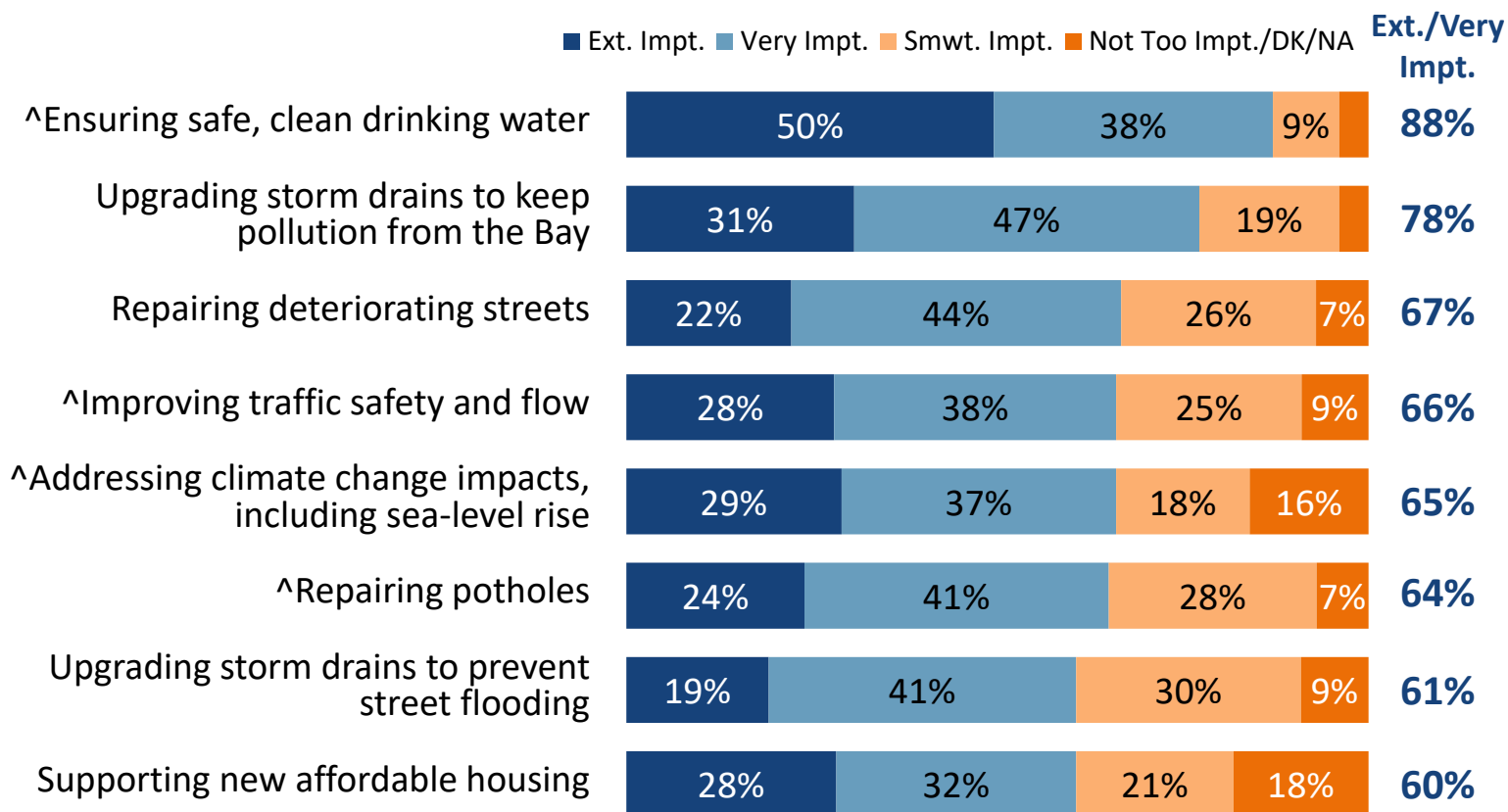
Seven in ten respondents indicated they would vote “yes” on a bond. The new requirements did affect the “definite yes,” vote.



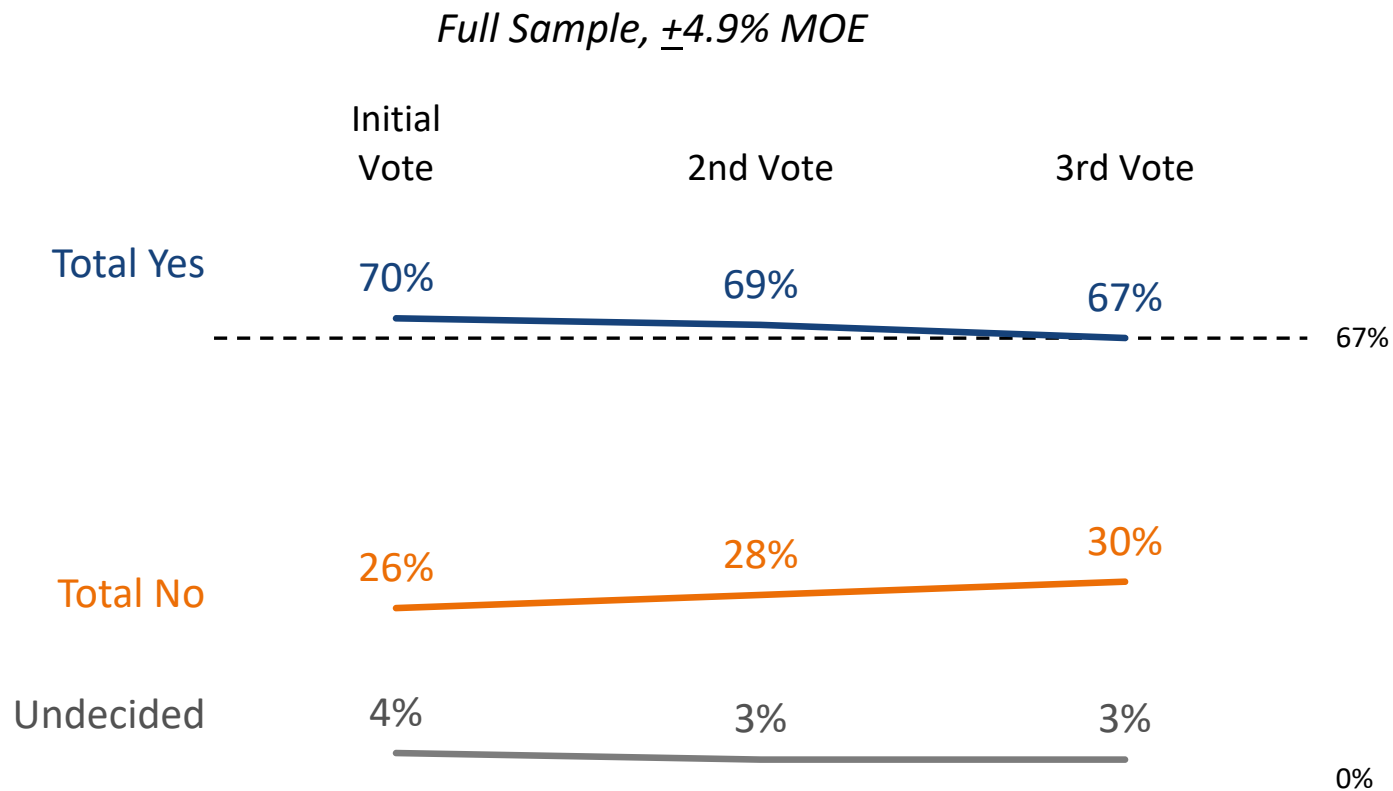
The dollars per \$100,000 assessed home value description of the ad valorem rate generated more comparative support.



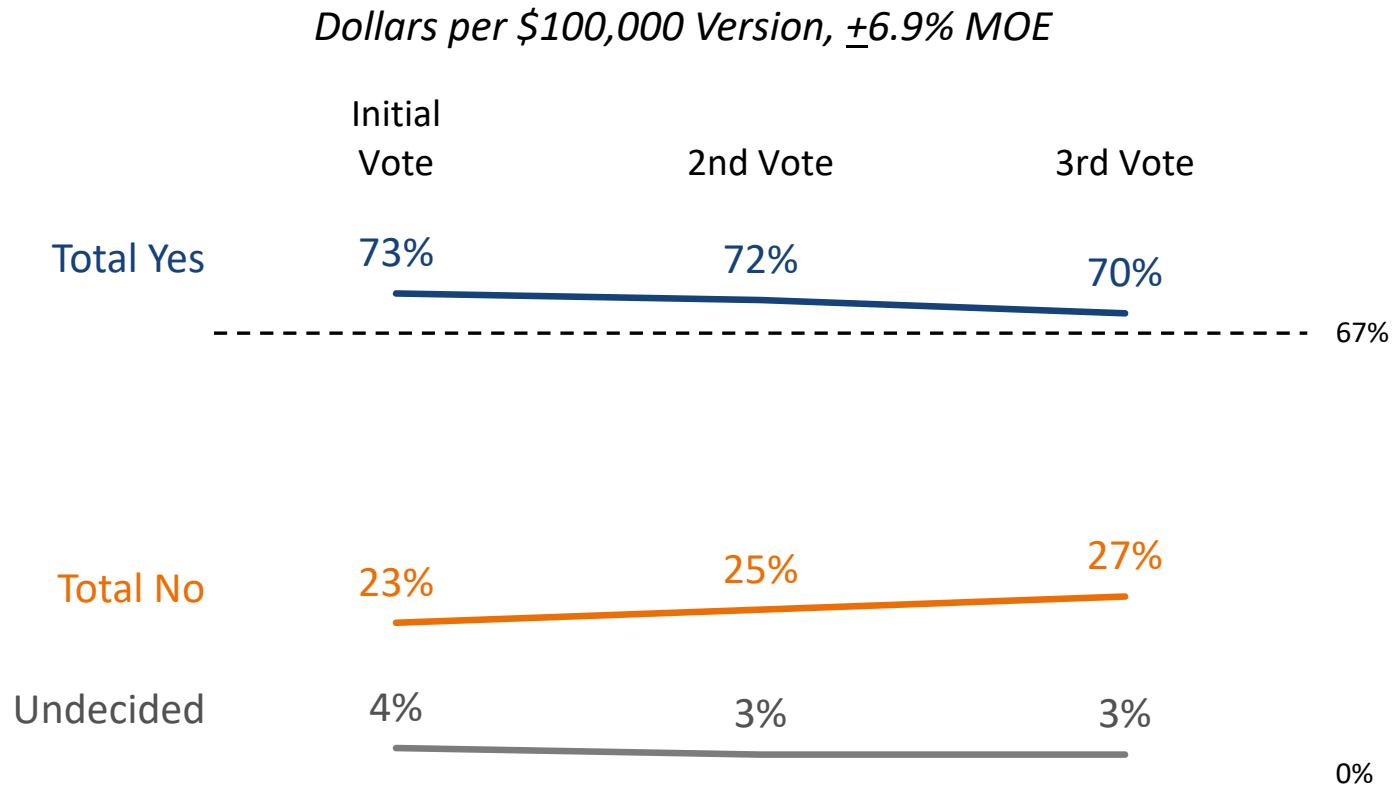
Ensuring clean drinking water and keeping pollution out of the Bay were top investment areas.



After providing additional information, support ended right at the vote threshold.



Support for the version using dollars per \$100,000 assessed home value version ended just above the vote threshold...



Information of Most Interest to Respondents

(Ranked in Order of Effectiveness)

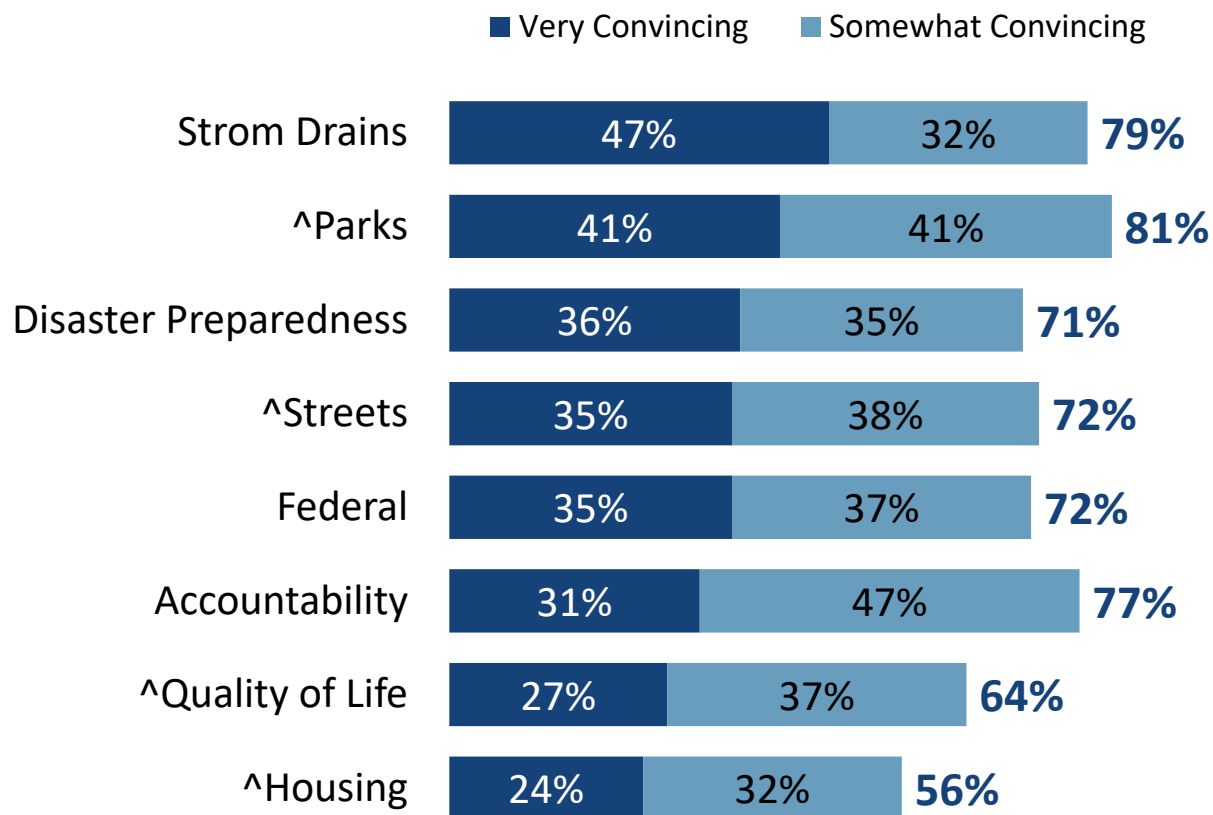
(STORM DRAINS) State Water Board regulations and other factors require Alameda to make \$45 million in repairs and maintenance to the City's deteriorating storm drain system. This measure will help make these repairs and maintain our storm drains, preventing street flooding, keeping pollution from spilling into the Bay, and avoiding state fines.

^(PARKS) Alameda's 21 community and neighborhood parks and beaches are an important part of what makes living here special. This measure will help repair and upgrade our parks, including helping to keep pollution out of our beaches and Bay, so our parks, beaches and waters are safe and clean for our residents to enjoy.

(DISASTER PREPAREDNESS) Last winter's record rains, which caused tens of thousands of dollars in flooding damage on the island, are a preview of what we can expect with climate change. This measure will help the City prepare the community for the next disaster, such as an earthquake or flooding.

^(STREETS) Alameda has a backlog of \$25 million worth of street maintenance and road repair projects. This measure is needed to repair potholes and improve traffic flow to limit congestion.

Repairing storm drains and keeping the Bay, beaches and parks clean resonated strongly.



Conclusions/Next Steps

- ❖ The City's residents clearly value their quality of life, and want significant infrastructure projects addressed
 - Furthermore, voters are willing to pay to address these projects before they become more expensive in the future
- ❖ Comparable measures have over-performed on Election Day
- ❖ Since completing interviews the consulting team has refined the measure language to more specifically address stated priorities in the statistically valid February opinion research study and the feedback received in the City's community engagement



Financing Options for Infrastructure Projects

- ▶ City Funds/Reserves
 - ✓ City Budget Approval Process
 - ✓ No Tax Impact on Property Owners
 - ✓ Reserve Contributions (Cash)
- ▶ General Obligation Bonds
 - ✓ Voter-Approved
 - ✓ Tax Applied to all Properties based on Assessed Value (Not Market Value)
- ▶ Special Tax/Assessment Bonds
 - ✓ Voter-Approved
 - ✓ Tax Applied Based on Designated Formula (SF Residential, Multi-Family, Commercial, etc.)



General Obligation Bond

- ▶ Voter Approval Requires 2/3rds Affirmation
- ▶ Authorization establishes maximum bond amount (not tax rate)
- ▶ GO Bonds supported exclusively from ad valorem property tax collections (supplemental tax above 1%)
- ▶ Property Tax collected until all bond debt service is paid
- ▶ Property Tax revenues can **only** be used for debt service (no City expenses or capital projects)

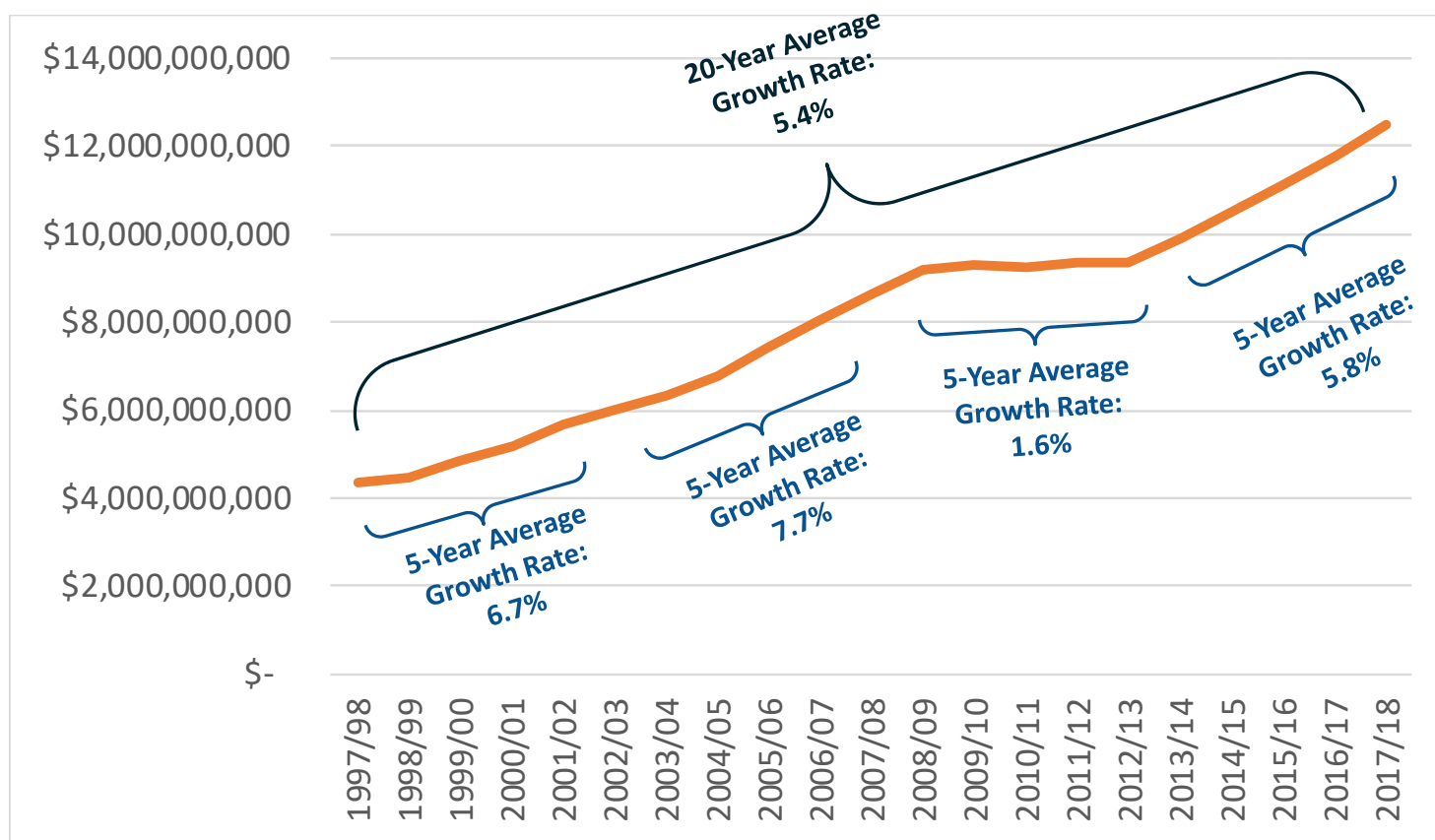
Legal Debt Capacity

- ▶ City has statutory bonding capacity of \$1,709,534,936
 - ✓ Based on 15% of 2017/18 Assessed Value
- ▶ Existing General Obligation Bond Debt - \$7,925,000
 - ✓ 2013 General Obligation Refunding Bonds – Library
- ▶ 2018 Bond Capacity - \$1,701,609,936

Tax Impact of General Obligation Bond

- ▶ Bond Authorization - \$95,000,000
- ▶ Annual Debt Service ~\$6,050,000
 - ❖ Series of Bond Issues over multiple years
- ▶ Tax Collection Period – 36 years

Historical Assessed Value Growth

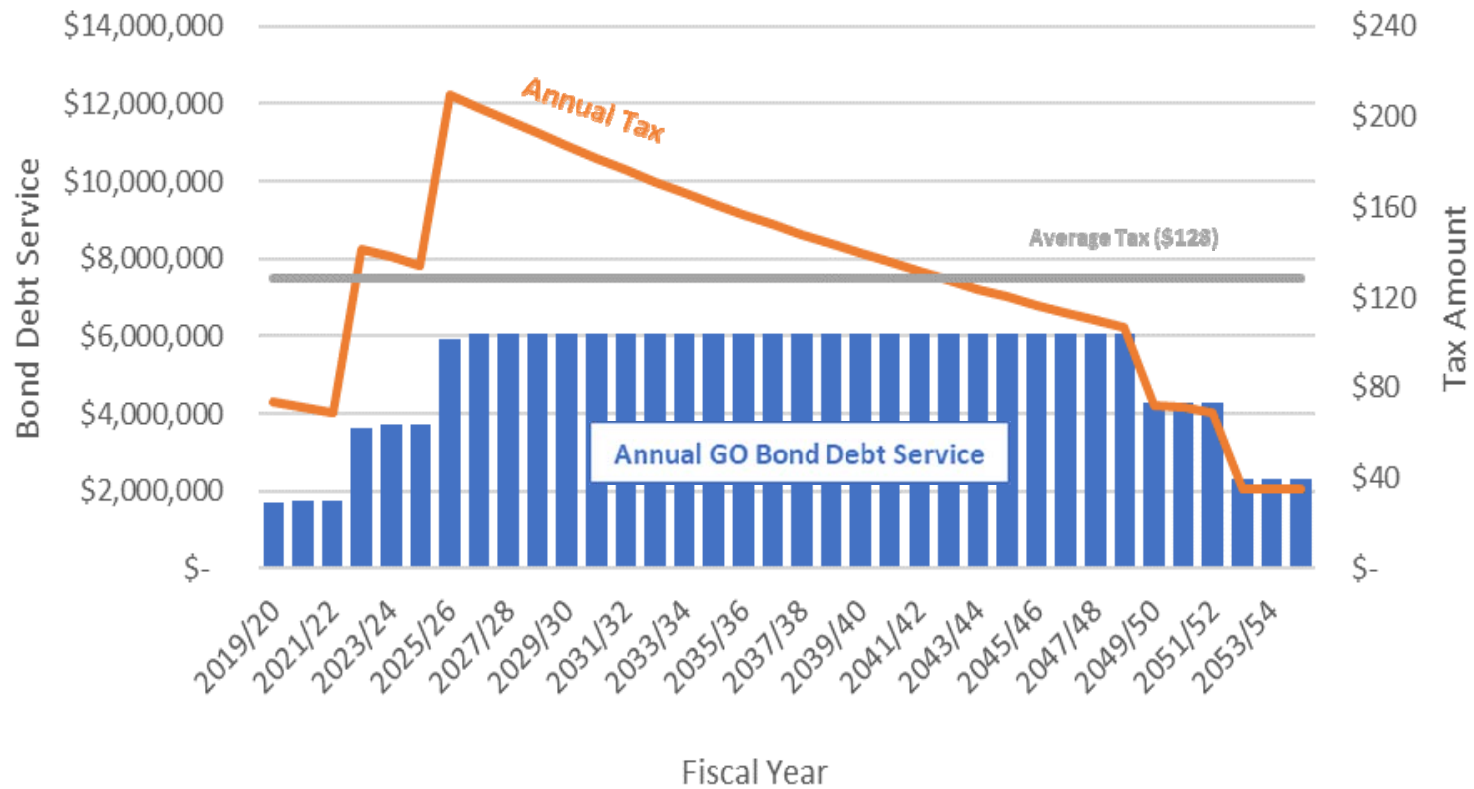


Tax Impact of General Obligation Bond

Alameda Average Residential Assessed Value - \$550,000

Bond Amount	Per \$100,000 of Assessed Value			Average Cost per Resident		
	1st Year Tax	Maximum Tax	Average Tax	1st Year Tax	Maximum Tax	Average Tax
\$95 Million	\$13	\$38	\$23	\$73	\$210	\$128

Ad Valorem Tax On Average Residential Home (\$550,000 A.V.)



An aerial photograph of a green steel truss bridge spanning a wide river. In the background, a city skyline is visible under a hazy sky, with a large bridge structure in the distance. The word "CONCLUSION" is written in large, white, sans-serif capital letters across the middle of the image.

CONCLUSION

- ✓ Vote on whether to place clean water, pothole repair, and disaster preparedness measure on June ballot (tonight).
- ✓ If placed, decide on ballot argument process (tonight).
- ✓ If placed tonight, then 2nd reading on March 6.
- ✓ If the June vote is successful, City Council adopts project guidelines immediately following certification of election results.