



DISTRIBUTION DATE: February 9, 2022

MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Erin Roseman
Director of Finance

SUBJECT: Status of Measure KK Projects and
Expenditures Informational Report

DATE: January 26, 2022

City Administrator 
Approval

Date:
Feb 9, 2022

INFORMATION

The purpose of this informational memorandum is to provide City Council with a status update of Measure KK projects and expenditures. On November 8, 2016, the City of Oakland (the “City”) received voter approval authorizing the City to issue \$600 million in general obligation bonds to fund various City infrastructure and affordable housing projects (“Measure KK”). Per Ordinance No. 13403 C.M.S, staff is to bring forth a report on expenditures and programs related to the bonds to City Council semi-annually.

Subsequent to enacting the Measure KK initiative on August 1, 2017, the City issued \$117,855,000 City of Oakland General Obligation Bond (Measure KK, Series 2017 A-1/A-2), the first of multiple series of bonds to finance acquisition and improvements to real property such as streets and sidewalks, facilities, and affordable housing. On February 13, 2020, the City issued the second series, Measure KK, Series 2020 B-1/B-2 in the amount of \$184,890,000.

A total of \$191.4 million of bond proceeds has been spent and \$78.3 million has been committed to the projects and programs for Measure KK as summarized in **Table 1**.

Table 1
Summary of Project Status ⁽¹⁾

Department	Total Funding	Amount Spent	Fund Encumbered	Remaining Balance
Department of Transportation: Streets and Roads (\$350 million)	\$159,195,300 ⁽²⁾	\$106,585,820	\$37,686,955	\$14,923,025
Public Works Department: Facilities (\$150 million)	\$42,649,599 ⁽²⁾	\$18,005,719	\$8,529,692	\$16,022,589
Housing and Community Development: Affordable Housing (\$100 million)	\$100,000,000	\$66,814,605	\$32,139,020	\$1,046,375
SUBTOTAL	\$301,753,800	\$191,406,144	\$78,355,667	\$31,991,486

⁽¹⁾ Spending information of June 30, 2021.

⁽²⁾ Total funding column includes actual fund reallocation of \$20,865,800 out of \$28M authorized per Resolution No. 88651 C.M.S. from OPW to DOW, for reimbursement in anticipation of third tranche of bond issuance in early 2022. Actual total funding for OPW Facilities is \$63,515,399.

BACKGROUND / LEGISLATIVE HISTORY

On November 8, 2016, more than two-thirds of the qualified voters of the City approved Measure KK, authorizing the City to issue \$600 million general obligation bonds “to improve public safety and invest in neighborhoods throughout Oakland by re-paving streets to remove potholes, rebuilding cracked and deteriorating sidewalks, funding bicycle and pedestrian safety improvements, funding affordable housing for Oaklanders, and providing funds for facility improvements, such as, neighborhood recreation centers, playgrounds and libraries.” Projects to be funded include the following:

1. Streets and Roads Projects (\$350 million)
 - a. Street paving and reconstruction
 - b. Bicycle and pedestrian improvements; bikeways, City sidewalks, paths, stairs, streetscape, curb ramps
 - c. Traffic calming improvements

2. Facilities Projects (\$150 million)
 - a. Fire Facilities (\$40 million)
 - b. Police Facility (\$40 million)
 - c. Libraries (\$15 million)
 - d. Parks, Recreation and Senior Facilities (\$35 million)
 - e. Water, energy and seismic improvements consistent with the City’s Energy and Climate Action Plan (\$20 million)

3. Anti-Displacement and Affordable Housing Preservation Projects (\$100 million)
 - a. Funds may be spent on the acquisition, rehabilitation, or new construction of affordable housing as set forth in the [Affordable Bond Law Ordinance](#)

On August 1, 2017, the City issued \$117,855,000 City of Oakland General Obligation Bonds, Measure KK, Series 2017A-1 and Series 2017A-2 (together the “Bonds”) to provide funds for:

- 1) Street paving and reconstruction; bicycle, pedestrian and traffic calming improvements; construction, purchase, improvement or rehabilitation of City facilities including fire, police, library, parks, recreation, and senior facilities; and water, energy and seismic improvements consistent with the City’s Energy and Climate Action Plan, as set forth in Resolution No. 86773 C.M.S., adopted by the City Council on June 19, 2017, as amended by Resolution Nos. 86815 C.M.S. and 86816 C.M.S., each adopted by the City Council on June 29, 2017, and
- 2) Anti-displacement and affordable housing preservation projects, including the acquisition, rehabilitation, or new construction of affordable housing in accordance with the City’s Affordable Housing Bond Law Ordinance and as set forth in Resolution No. 86774 C.M.S. adopted by the City Council on June 19, 2017, as amended by Resolution No. 86814 C.M.S. adopted by the City Council on June 29, 2017.

On February 13, 2020, the City issued \$184,890,000 City of Oakland General Obligation Bonds, Measure KK, Series 2020B-1 and Series 2017B-2 (together the “Bonds”) to provide funds for:

- 1) Street paving, resurfacing and reconstruction; bicycle, pedestrian and traffic calming improvements; and construction, purchase, improvement, or rehabilitation of City facilities including fire, library, parks, recreation, and senior facilities, consistent with the City’s [FY 2019-21 Capital Improvement Program \(CIP\)](#) all as set forth in Resolution No. 87981 C.M.S., adopted by the City Council on December 10, 2019, and
- 2) Anti-displacement and affordable housing preservation programs, including the acquisition, rehabilitation, or new construction of transitional housing and affordable housing for ownership and rent in accordance with the City’s Housing Bond Law and as set forth in Resolution No. 87981 C.M.S., adopted by the City Council on December 10, 2019.

As of June 30, 2021, \$297,255,000 of Measure KK general obligation bonds remains authorized but unissued. The City is in the process of issuing the third series of Measure KK general obligations bonds in the amount not to exceed \$220 million. The bond issuance is anticipated for the first quarter of 2022.

ANALYSIS/POLICY ALTERNATIVES

On August 1, 2017, the City issued the first tranche, or portion, of general obligation bonds for Measure KK in the amount of \$117,855,000 and on February 13, 2020, the City issued the second tranche of general obligation bonds for Measure KK in the amount of \$184,890,000. A total of \$191.4 million of bond proceeds has been spent and \$78.3 million has been committed to the projects and programs for by Measure KK. The bond fund expenditures, as well as the timeline

for the drawdowns of unspent proceeds on Measure KK projects by departments are provided in the following section.

Oakland Department of Transportation (OakDOT)

A total of approximately \$138.3 of Measure KK funds was originally issued to support transportation capital projects, which include paving, complete streets capital projects, curb ramp upgrades to comply with the Americans with Disabilities Act (ADA), sidewalk repairs, and Safe Routes to Schools projects. On May 18, 2021, the reallocation of Measure KK funding set forth in Resolution No. 88651 C.M.S. increased OakDOT's Measure KK funding by approximately \$20.9 to total approximately \$159.2 in tranche 1 and 2. Of this total amount, approximately \$106.6 million has been spent and \$37.7 million is encumbered, which is approximately 91% of the total Measure KK funds allocated in tranche 1 and 2 (**See Table 1**).

Reallocation of Measure KK: OPW-DOT Loan Distribution Background

By March 2021, OakDOT had already spent 93% of Tranche 1 and 39% of Tranche 2 funds. At this time, OakDOT projected increasing funding needs as projects moved into the construction phase, including in-house construction by DOT crews, which constitute most of project spending. Because transportation project spending and OPW's capital facility improvement projects were on a different timeline and cash flow curve, both departments requested Council approval to reallocate up to \$28.0 million of Measure KK bond proceeds from various OPW infrastructure projects to OakDOT for the Citywide Street Resurfacing Program and the Streetscapes/Complete Street Capital Program. This OPW-DOT loan distribution, which was approved on May 18, 2021, does not impact overall project delivery, assuming that third tranche funds are issued before the end of 2021. Rather, it ensures that the mandated 85% spend-down is met before February 2023 and that OakDOT projects ready for construction ahead of schedule can maximize the City's spenddown of existing debt. These funds will be rebalanced in the Series III bond issuance to ensure OPW projects are fully funded.

Measure KK Series 2017 (Tranche 1)

As of June 30, 2021, OakDOT has spent and encumbered 90% of funds allocated and redistributed in tranche 1. OakDOT anticipates that remaining funds will be spent by December 2021. A summary of the allocations and expenditures to date for Measure KK Tranche 1 is summarized in Table 2, including the OPW loan for the Paving Program of \$2,485,500.

Table 2
OakDOT Measure KK, Series 2017 A-1 (Tax-Exempt) Transportation Project Status⁽¹⁾

Program Name	Total Funding⁽²⁾	Funds Spent	Funds Committed	Funds Expended By
Paving & Bike Paving	\$33,735,000	\$30,310,182	\$307,566	Dec-2021
Complete Streets Capital	\$3,250,000	\$2,968,328	\$111,226	Dec-2021
ADA Curb Ramps	\$3,600,000	\$2,748,743	\$151,811	Dec-2021
City Sidewalk Repairs	\$2,000,000	\$1,772,222	\$-	Dec-2021
Safe Routes to Schools	\$500,000	\$500,000	\$-	Dec-2021
SUBTOTAL	\$43,085,000	\$38,299,475	\$570,602	

⁽¹⁾ Spending information as of June 30, 2021.

⁽²⁾ Reflects Council approved reallocations per Resolutions No. 87620 C.M.S and 88651 C.M.S.

Measure KK Series 2020 (Tranche 2)

In the Fiscal Year 2019-2021 Capital Improvement Program (CIP) Adopted Budget, OakDOT's approved Measure KK funding for five capital programs totals \$97,730,000. As per Resolution No. 88651, OakDOT borrowed an additional \$18,380,300 in Tranche 2 funds from OPW for a total allocation of \$116,110,300 to date.

As of June 30, 2021, 91% of Measure KK Tranche 2 funds have been spent and encumbered. OakDOT anticipates all funds to draw down by June 2023. **Table 3** summarizes the expenditure status of OakDOT projects.

Table 3
OakDOT Measure KK, Series 2020 A-1 (Tax-Exempt) Transportation Project Status⁽¹⁾

Program Name	Total Funding	Funds Spent as of 6/30/21	Funds Committed as of 6/30/21	Funds Expended By
Paving	\$92,130,300	\$57,617,395	\$30,748,949	Jun-23
Complete Streets Capital	\$14,980,000	\$4,109,292	\$4,006,705	Jun-23
ADA Curb Ramps	\$4,000,000	\$3,109,886	\$491,492	Jun-23
City Sidewalk Repair	\$2,000,000	\$2,368,699	\$530,170	Jun-23
Neighborhood Traffic Safety/Safe Routes to School	\$3,000,000	\$1,081,073	\$1,339,037	Jun-23
SUBTOTAL	\$116,110,300	\$68,286,345	\$37,116,353	

⁽¹⁾ Financial information as of June 30, 2021

Program Status

- **The Paving Program** has accelerated spending with the approval of on-call contracts and the full engagement of in-house paving crews, and all current funds for paving have been programmed for in-house work or encumbered in contracts. All Tranche 1 and Tranche 2 paving funds are expected to be expended by December 2021 and spring 2022, respectively. A record 76 miles were paved in year 1 and 2 of the 2019 3-year Paving

Plan, exceeding goals for both years. This paving work has also successfully coordinated delivery and funding resources with OakDOT grant funded projects and EBMUD contracts.

Since the adoption of Measure KK, OakDOT's average for miles paved-per-year has tripled, from nine per year to 27 per year. In addition to several miles of local streets paving currently scheduled, more than 6 additional miles of major projects are planned for fall 2021 construction, including:

- West Grand Ave (Mandela to Market)
- West St (W Grand to MLK)
- East 15th St & Foothill (1st Ave to 14th Ave)
- Telegraph (29th to MacArthur) (Grant Coordination)

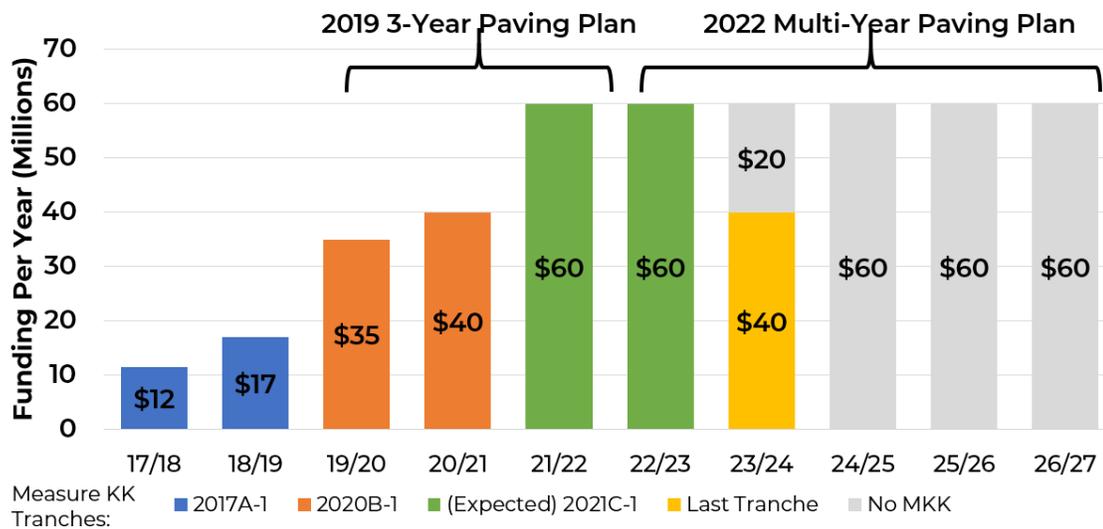
During Spring 2022, two major projects are anticipated for construction, including Broadway (6th to 11th, 20th to Grand Ave) and High St (Foothill to Tompkins); another 10-15 miles of local streets paving is also expected.

Lastly, the following major projects, originally prioritized in the 2019 3YP will be delivered after June 2022 to leverage external funding and due to staffing vacancies:

- 14th St (Brush to Oak) (Active Transportation Program Grant Coordination)
- 52nd St (MLK to Shattuck) (Staff resources)
- 7th St (Mandela to Market) (Active Transportation Program Grant Coordination)
- Broadway (Embarcadero to 6th) (Pending Oakland A's)
- Franklin (6th to Broadway) (Staff resources)
- Grand Ave (Broadway to MacArthur) (Staff resources)
- Lakeside Dr (Jackson to E 12th St) (Staff resources)
- MLK (47th to City Limit) (Staff resources)

A total of 50 miles remain for the last year of the Paving Plan, with about \$60,000,000 in Measure KK to be spent. The expected Measure KK Tranche 3 will fund approximately \$120 million in paving projects, as adopted in the FY21-23 CIP. As the three-year Paving Plan comes to completion, a new five-year Paving Plan is currently being developed. It is anticipated that the existing Measure KK bond will not last through the next Paving Plan (**See Figure 1**), and a new bond will be necessary for the City of Oakland to maintain and continue to improve the existing Pavement Condition Index (PCI) of Oakland streets.

Figure 1 - Paving Measure KK Spenddown



For additional information on paving completed to date, please see the following resources:

- The [Completed Paving Funded by Measure KK map](#) displays project numbers, project locations, miles paved and paving completion date grouped by Measure KK issuances (Tranche 1, shown in blue, and Tranche 2, shown in purple). Other future paving projects prioritized under the three-year paving plan are shown in gray lines.
- The [2019 3-Year Paving Plan Year 2 Update](#) contains a wealth of information regarding major milestones achieved in the second year of the plan. More information on the Paving Program can be found at <https://www.oaklandca.gov/topics/paving>
- The **Complete Streets Capital Projects** category largely funds local match for grant funded projects. The following projects and respective grant sources will begin construction in years 2021 and 2022:
 - Crossing to Safety (Safe Routes to School) – Active Transportation Program (ATP)
 - E. 12th St Bikeway – Alameda County Transportation Commission (ACTC) funds; Transportation Act for Clean Air (TFCA)
 - Telegraph Complete Streets - ATP
 - 19th Street BART to Lake Merritt Urban Greenway - ATP
 - Lakeside Family Streets – One Bay Area Grant
 - Several Highway Safety Improvement Funded Projects (HSIP), Cycles 8-10

- International Blvd Pedestrian Lighting (36th-45th Ave) – Affordable Housing and Sustainable Communities (AHSC)
- East Bay Greenway - Segment II – AHSC; Federal Transit Administration funds
- Coliseum Connections (Bike Lanes along San Leandro Street) – AHSC
- Foothill Blvd Pedestrian Safety Improvements – Transportation Development Act (TDA) Article 3

Other projects are in the planning or design phase. A map of Complete Streets Capital Projects is attached as **Attachment B**, herein.

- **The ADA Curb Ramps and City Sidewalk Repairs programs** are all proceeding in alignment with the paving program.
- **The Safe Routes to Schools program** completed the design of improvements for seven schools, with construction will commence in Spring 2022.

Oakland Public Works (OPW)

A total of \$21,985,000 of Measure KK funds was allocated to 19 public works projects in FY 2017-19. Of the total amount, \$14,610,533 has been spent and \$5,563,286 are committed (encumbered or loaned to DOT per Council Resolution 88651 C.M.S. dated May 5, 2021, in anticipation of a third bond issuance beginning of 2022), which is approximately 92% of the total funds allocated. A summary of the allocations and expenditures to date is in **Table 4**.

Measure KK Series 2017 (Tranche 1)

Table 4
Measure KK, Series 2017 A-1 (Tax-Exempt) Public Works Project Status⁽⁶⁾

Program Name	Total Funding	Funds Spent as of June 30, 2021	Funds Committed	Funds Loaned to DOT⁽⁶⁾	Anticipated Completion Date
Head Start – Arroyo Viejo Remodel	\$225,000	\$188,251	\$11,580	\$25,000	Completed
Head Start – Manzanita Ctr. Renovation	\$750,000	\$723,344	\$0	\$8,500	Completed
OFD Roof Assessment & Replacement ⁽¹⁾	\$855,500	\$855,500	\$0		Completed
OFD Telescopic Apparatus Door Replacements	\$212,000	\$221,252	\$35,397		Completed
OFD Fire Stations CW Renovations ⁽⁴⁾	\$3,000,000	\$1,179,602	\$874,704		Completed
Ballfield Wiring Hazard Mitigation	\$1,000,000	\$1,000,000	\$0		Completed
OFD Apron & Hardscape – Citywide Stations	\$1,600,000	\$1,522,329	\$19,500		Completed
OFD Feasibility Study Right Of Way; New Fire Sta. 4 & 29	\$570,000	\$489,881	\$121,453		FS 29 Complete; FS 4 Dec. 2025
PAB Feasibility Study ⁽⁵⁾	\$200,000	\$3,665	\$29,518		Completed
Animal Shelter – Repl. HVAC & Energy System	\$2,325,000	\$202,361	\$1,794,099		Dec. 2021
Henry Robinson MSC Ctr. – Air Conditioning Replacement ⁽³⁾	\$257,500	\$111,878	\$76,472		Aug. 2022
Main Library Improvements	\$1,675,000	\$441,705	\$15,891	\$904,000	Jun. 2023
Branch Library Renovation – W. Oakland*, Asian, & Brookfield ⁽²⁾	\$2,025,000	\$562,950	\$735	\$1,460,000	On Hold
Dimond Park - Lion Pool Repl.	\$1,015,000	\$999,147	\$16,082		Completed
Head Start – Brookfield Upgrade	\$810,000	\$702,045	\$21,365	\$88,000	Completed
Head Start – Playground Replacement	\$45,000	\$44,358	\$-		Completed
Rainbow Recreation Center Expansion/Addition	\$5,000,000	\$4,973,726	\$11,971		Completed
Tassafaronga Gym Repair	\$420,000	\$395,769	\$1,600		Completed
SUBTOTAL	\$21,985,000	\$14,617,763	\$3,030,367	\$2,485,500	

⁽¹⁾ Partial funds reallocated to complete the Fire Station Apparatus Door Replacements and the Fire Station Apron and Hardscapes at six stations.

⁽²⁾ Projects anticipating extended delivery timeframe: Deliveries of the branch library projects will be impacted pending directions on the scope for the facilities at West Oakland and Asian Branches that are currently on-hold.

⁽³⁾ Henry Robinson MSC facility, existing conditions found through assessment phase determined expanded scope required to address existing conditions.

⁽⁴⁾ Fire Station Renovation project implementation schedule will be extended since the stations will require construction in sequence to meet operational needs, thus extending construction period of the overall project.

⁽⁵⁾ Police Administration Building (PAB) feasibility study has been completed to the extent possible. Further studies are necessary pending further direction and determination of options for future PAB facility.

⁽⁶⁾ Funds loaned to DOT per Council Reso 88651 C.M.S. dated May 5, 2021, in anticipation of a third tranche of bond issuance in 2022.

⁽⁶⁾ Financial information as of June 30, 2021.

FY 2017-19 - Project Status

Fire Department

- Station 4 and Station 29: Consultant teams have been selected for both fire stations. A city owned site at 905 66th Avenue has been identified for the Fire Station 29 and Training, Resiliency, Education, Community Complex (TREC Com) project. Feasibility of the previous proposed site for Station 4 was determined infeasible, thus working to find alternative sites.
- Four projects have been completed.

Parks & Recreation Department

- All projects completed.

Library Department

- Branch Library Renovation – Brookfield Branch: Scope was revised by department. Design team is in contract and scheduled to complete a schematic design this winter. Library reassessing West Oakland and Asian Branch Libraries scope before proceeding with projects.
- Main Library – Scope was revised by department, and design is underway under a new project funded by series 2.

Human Services Department

- Henry Robinson Multi-Services Center Heating Ventilation System – Construction completion is anticipated August 2022.
- Head Start Facilities: All four projects completed.

Police Department

- Police Administration Building (PAB) Feasibility Study: Study complete pending further discussion with City Administrator's Office regarding project funding options.

Water, Energy and Seismic Improvements

Animal Services Center Heating Ventilation and Air Conditioning (HVAC) System Replacement: Construction completion is anticipated March 2022.

As of June 30, 2021, 92% of the FY2017-19 tranche have been spent or committed. Construction funds were loaned to DOT in anticipation of a third tranche of bond issuance in early 2022. If the third bond sale is delayed, construction of projects that loaned funds will be delayed.

Measure KK Series 2020 (Tranche 2)

In the Fiscal Year 2019-2021 Capital Improvement Program Budget, 30 facilities and park projects were approved for Measure KK funds as shown in **Table 5**.

Table 5
Measure KK, Series 2020 (Tax-Exempt) Public Works Project Status⁽¹⁾

Program Name	Total Allocation	Funds Spent as of June 30, 2021	Funds Committed	Funds Loaned to DOT⁽³⁾	Anticipated Completion
Caldecott Trail	\$486,300	\$43,530	\$15,524		Jun. 2023
3 Branch Renovation. W Oak, Asian, Brookf	\$750,000	\$11,332	\$316,495		Jun. 2023
H Robinson Ctr - Air Cond Rpl	\$725,000	\$ 3,873	\$0		Aug. 2022
Feasibility Study Fire Station 4 ⁽²⁾	\$1,200,000	\$8,298	\$1,191,703	\$200,000	Dec. 2021
Mosswood Rebuild	\$4,000,000	\$85,051	3,902		Jun. 2023
Allendale Park Tot Lot	\$262,500	\$ -	\$148,000		Mar. 2022
Arroyo Viejo Rec Ctr	\$3,000,000	\$6,079	\$0	\$2,500,000	Aug. 2028
Brookdale Rec Ctr	\$2,000,000	\$10,566	\$0	\$1,500,000	Aug. 2026
Daca Phase 2 Reno	\$1,500,000	\$137,862	\$157,932	\$1,025,300	Jun. 2023
E Oak Sr Center Reno	\$2,000,000	\$32,999	\$163,113	\$1,500,000	Jun. 2025
Elmhurst Library Reno	\$500,000	\$35,668	34,373		Mar. 2023
Fire Station 29 - New Station ⁽²⁾	\$5,800,000	\$33,185	\$1,800,000	\$3,000,000	Dec. 2025
Head Start Reno - Tassafaronga	\$150,000	\$ - 0	\$0		Dec. 2022
Hoover Library Feasibility	\$500,000	\$19,101	\$0	\$280,000	Jun. 2022
Lincoln Rec Ctr Reno	\$1,700,000	\$147,407	\$578,849	\$950,000	Dec.2024
Main Library - Feasibility	\$700,000	\$23,773	\$0	\$500,000	Jun. 2022
Main Library Reno Phase 2	\$1,475,000	\$12,015	\$133,300	\$1,325,000	Jun. 2023
Museum Collection Ctr	\$4,000,000	\$1,869,378	\$0		On hold
Animal Svc - Floor Replacement	\$1,350,000	\$156,447	\$80,875		April 2023
Head Start Ctr. Reno- San Antonio	\$1,750,000	\$72,206	\$18	\$1,500,000	Sep. 2024
W Oak Library Improvement	\$1,525,000	\$13,063	\$0	\$1,500,000	On Hold
W Oak Sr Ctr Reno	\$1,000,000	\$33,835	\$47,030	\$350,000	Feb. 2023
Holly Mini Park	\$400,000	\$ 1,809	\$0		Sep. 2022
Dimond Tennis Courts	\$300,000	\$ 187,884	\$113,951		Dec. 2021
EOSC Next Phase	\$2,000,000	\$128,828	\$70,723	\$1,500,000	Dec. 2022
Public Restrooms	\$500,000	\$ 109,109	\$294,706		Jun. 2022
Madison Park Irrigation	\$100,000	\$ 36,298	\$25,297		Jun. 2022
Joaquin Miller Ctr Cascade	\$170,000	\$10,000	\$160,000		Dec. 2021
Tool Lending Library	\$420,000	\$48,260	27,742		Apr. 2023
Downtown Senior Center	\$1,175,000	\$117,330	\$88,377	\$750,000	Dec. 2022
FY2019-21 Total	\$41,438,800	\$3,395,186	\$5,451,910	\$18,380,300	

(1) Financial information as of June 30, 2021

(2) \$1.2M reallocated from Fire Station #29 to complete feasibility study and design of Fire Station 4 per Reso 88240 C.M.S. dated July 28, 2020.

(3) Funds loaned to DOT per Council Reso 88651 C.M.S. dated May 5, 2021, in anticipation of a third tranche of bond issuance in early 2022

FY 2019-21 Project Status

Funding from Measure KK Tranche 2 became available to OPW in February 2020, approximately six months after the FY19-21 Adopted CIP, this delay, along with staff shortages, has impacted the project timelines of the Series II projects.

Four of the thirty projects funded in FY 2019-21 are projects that started in FY 2017-19 including Fire Station #4, 3 Library Branch Renovation (Brookfield Branch) project, Main Library Improvements, and Henry Robinson Center HVAC Replacement. Staff has started work on all the remaining 27 projects in series two. The projects are in varying stages of planning and design.

65% of series 2 project funds have been spent or committed as of June 30, 2021.

Housing and Community Development (HCD)

A total of \$100 million of Measure KK funds was allocated to affordable housing projects – a first tranche of bond funds totaling \$55,120,000 in 2017, and the remaining \$44,880,000 in a second bond tranche released in 2020. Eligible expenditures for the bond funds include transitional housing, site acquisition, acquisition and conversion to affordable housing of existing properties, rehabilitation and preservation, and new construction. Of the total amount, \$66,814,605 has been spent and \$32,139,020 is encumbered, which together totals nearly 99% of the total funds allocated. A map of the affordable housing projects funded by Measure KK is included as **Attachment D**, herein.

As part of the 99% of allocated funds, the following programs will identify projects in early 2022:

- \$3,517,588 to acquire and renovate (as needed) transitional and/or homeless housing buildings. Staff is currently preparing a Request for Homekey Proposals for homeless housing to identify projects to apply to the State Homekey program by January 2022. This transitional and/or homeless housing set-aside could provide critical local matching funds for Homekey projects.

The remaining 1% (\$1,046,375) of allocated funds will be expended as follows:

- \$500,000 originally set-aside for a pilot Accessory Dwelling Unit (ADU) Program. In the next quarter, staff is preparing to recommend that this funding be re-programmed to support homeless housing projects or other acquisition and conversion loans. The City is preparing to launch a separate ADU program with \$3 million in funding received from the State's CalHome program. Measure KK long-term affordability restrictions are at odds with State CalHome ADU program regulations, which are geared towards loans to individuals.
- \$546,375 will be dedicated to rehabilitation of affordable housing projects in 2022 or will be deployed through a third round of the Acquisition and Conversion to Affordable Housing Program (ACAH) Notice of Funding Availability (NOFA) (release estimated in Spring 2022).

Note on Interest and Program Earnings: Not incorporated into the current HCD report are allocations for an estimated \$2.4 million in interest earnings and program income. Staff plans to return to Council with a spending plan and appropriation authority for this income, which will comport with general program requirements (including a 5% allowance for administrative expenses). It is likely that this funding will be used to supplement Homekey matches for the upcoming Homekey round, and/or new ACAH/preservation NOFAs.

A summary of the first tranche allocations and expenditures to date is in **Table 7**, and for the second tranche allocations and expenditures in **Table 8**:

**Table 7
Measure KK, Series 2017 A-2 (Taxable) Project Status (Housing)**

Project Name	Total Funding	Funds Spent as of 6/30/2021	Funds Committed	Remaining Funds (Uncommitted)	Anticipated Completion Date ⁽¹⁾
1-4 Unit Housing Programs	\$1,500,000	\$1,050,000	\$450,000	\$0	December 2021
Acquisition of Transitional Housing Facility	\$14,000,000	\$11,475,842	\$2,524,158	\$0	June 2022
New Construction	\$6,319,900	\$2,367,424	\$3,952,476	\$0	Varies, between Jan. 2020 and April 2023
Housing Rehabilitation & Preservation	\$9,288,000	\$6,338,000	\$2,950,000	\$0	Varies, between March 2020 and April 2023
Site Acquisition Program	\$15,649,150	\$15,649,150	\$0	\$0	All funds drawn down
Acquisition & Conversion to Affordable Housing (ACAH)	\$5,342,375	\$3,501,563	\$1,840,812	\$0	June 2022
Accessory Dwelling Units (ADUs)	\$500,000	\$0	\$0	\$500,000	June 2022 (pending reprogramming)
Administration	\$2,400,575	\$2,009,388	\$391,187	\$0	December 2021
Bond Issuer Fee ⁽²⁾	\$120,000	\$120,000	\$0	\$0	
SUBTOTAL	\$55,120,000	\$42,511,366	\$12,108,634	\$500,000	

⁽¹⁾ Dates are based on when funds are anticipated to be 100% drawn down. The Housing Rehabilitation & Preservation and New Construction programs are comprised of 12 different housing development projects, and the length of construction and draw down requirements of other leveraged sources vary project by project. The date listed is the furthest outside date of all projects in each program category; some will be completed prior to this date.

⁽²⁾ In a departure from the previous report, the \$120,000 of bond issuance costs from FY 2018 are separated from HCD Administration costs in the line above.

Table 8
Measure KK, Series 2020 B-2 (Taxable) Project Status (Housing)

Project Name	Total Funding	Funds Spent as of 6/30/2021	Funds Committed	Remaining Funds (Uncommitted)	Anticipated Completion Date ⁽¹⁾
Acquisition of Transitional Housing Facility	\$1,000,000	\$0	\$1,000,000	\$0	June 2022
Housing Rehabilitation & Preservation	\$16,342,375	\$10,127,174	\$5,668,826	\$546,375	Varies, between March 2020 and April 2023
Acquisition & Conversion to Affordable Housing (ACAH)	\$25,058,200	\$14,164,055	\$10,894,145	\$0	June 2022
Administration	\$2,479,425	\$12,099	\$2,467,416	\$0	April 2023
SUBTOTAL	\$44,880,000	\$24,303,328	\$20,030,387	\$546,375	

(1) The dates are based on when funds are anticipated to be 100% drawn down. The Housing Rehabilitation & Preservation and New Construction programs are comprised of 12 different housing development projects, and the length of construction and draw down requirements of other leveraged sources vary project by project. The date listed is the furthest outside date of all projects in each program category; some will be completed prior to this date.

Measure KK Series 2017 (Tranche 1) The \$55,120,000 first tranche of Measure KK bond proceeds will fund projects through the following programs:

Acquisition of Transitional Housing Facility – \$14,000,000 was dedicated to acquiring real property to provide transitional housing opportunities to homeless residents with an emphasis on single room occupancy (SRO) units. The property located at 641 West Grand Avenue (The Holland), was acquired by the City in December 2018 using \$7,015,745 of Measure KK funds out of this program component (pursuant to City Council Resolution No. 13484 C.M.S.). The property contains 70 SROs with the potential to serve up to 140 residents.

In July 2020, in response to both the City’s homeless crisis, and the COVID-19 pandemic, the State of California issued a \$600 million Notice of Funding Availability under Project Homekey, a new grant program for local public entities to rapidly purchase and rehabilitate housing into interim or permanent housing for people experiencing homelessness who are at high risk of COVID-19.

The City and its developer partners jointly applied for over \$36.5 million in Homekey acquisition funding for four projects. All four projects were awarded Homekey funds, with three projects moving forward to acquisition closing before the end of 2020. Measure KK funds from this program were used to provide gap financing for two of the Homekey projects.

First, the City directly acquired Clifton Hall, the former CCA dormitory building at 5276 Broadway in Rockridge, for approximately \$13 million (with \$3,416,667 from Tranche 1). Clifton Hall provides 63 total SRO units over three residential floors: one floor for a family shelter run by East Oakland Community Project, and two floors for permanent housing for people

experiencing homelessness operated by Satellite Affordable Housing Associates, with priority for people exiting Alameda County Roomkey hotels.

Second, the City provided \$1,050,000 from Tranche 1 towards the acquisition of Inn at Temescal, a 22-room motel at 3720 Telegraph Ave. Led by the team of Danco and Operation Dignity, the project provides 21 units of permanent supportive housing for homeless veterans.

The State has issued another Notice of Funding Availability for Homekey Round 2 in September 2021. Staff intends to seek additional Homekey opportunities by leveraging the remaining \$3.5 million of Transitional Housing Measure KK funds (including \$1 million from Tranche 2).

Site Acquisition Program – \$15,649,150 was dedicated to provide loans for the acquisition and related costs associated with developing, protecting, and preserving long-term affordable housing, as well as the acquisition of vacant land and existing infrastructure for preserving long-term affordability. Of the five projects with committed funds, all have drawn down the committed funds and the properties have been acquired. Three of the projects are fully completed (Highland Palms, 10th Avenue Eastlake, and 812 East 24th Street) and two are assembling additional financing to fund the construction of new units (Ancora Place and Longfellow Corner). The latter two projects are anticipated to start construction in 2022 and are expected to complete in 2023/2024.

Housing Rehabilitation & Preservation – \$9,288,000 was dedicated to provide long term loans for the rehabilitation and preservation of affordable rental, homeownership, and supportive housing projects intended to partially fill the gap between development costs and financing available from private and other public sources. Of the four projects with committed funds, Empyrean Towers has drawn down the majority of funding and completed construction in 2020. Fruitvale Studios started construction in 2020 and is expected to complete in 2021. Funding was awarded to the Mark Twain Apartments in March 2021, and that acquisition completed in June 2021, with rehabilitation work planned in 2022. The remaining project, Howie Harp Plaza, has yet to begin rehabilitation. This last project is in the process of assembling additional funding needed to complete their rehabilitation work. Howie Harp Plaza anticipates starting rehabilitation in April 2021 and completing in April 2022.

New Construction of Rental & Ownership Housing – \$6,319,000 was dedicated to provide long term loans for the new construction of affordable rental, homeownership, and supportive housing projects intended to partially fill the gap between development costs and financing available from private and other public sources. Of the eight projects with committed funds, the Camino 23 and 3268 San Pablo Avenue projects have completed construction and drawn down their Measure KK funds. Both the Coliseum Place and Aurora projects commenced construction in January 2020, and are completing construction and close-out activities in 2021. Their remaining balance are held back as part of a retention payment to be released upon the recording of a Notice of Completion, the release of all liens, and compliance with City contracting requirements. Fruitvale Transit Village IIB, and 95th Avenue and International started construction in July/June 2021, respectively. The remaining two projects are in the process of assembling gap financing, working towards a commitment of additional public and private funds to cover total development costs,

followed by breaking ground and the spending down of Measure KK funds. These projects (7th and Campbell and West Grand and Brush) estimate construction completion dates through to 2023.

1-4 Unit Housing Programs – \$1,500,000 has been dedicated to acquisition and rehabilitation of one to four-unit properties, prioritizing health and safety violations, lead based paint remediation, earthquake safety, fire safety, emergency improvements, abatement of code violations. Four projects received commitments in the total amount of \$1,500,000. Three of these loans have closed, and one is in the process of closing their loan.

Accessory Dwelling Unit (ADU) Legalization Pilot Program – \$500,000 has been dedicated for this program. The intention of this program is to provide low-interest loans to carry out work which would legalize unpermitted ADUs. The City was awarded \$3 million in state funding to further this program and is currently awaiting grant documents for these funds. Staff are working with the Mayor's office and its partner on program design and implementation, which will focus on new ADU creation in addition to legalizing unsafe existing ADUs and will target low-income homeowners. As noted above, staff is creating a new ADU program using a \$3 million State grant that does not work with Measure KK restrictions, and will instead seek Council authority to reprogram these funds to supplement homeless housing purchase opportunities or other acquisition/preservation projects.

A projected drawdown schedule of the remaining first tranche Measure KK funds, by quarter, for each of the Housing and Community Development's program is included in **Table 9** of **Attachment A**, herein. The current schedule anticipates that all spending will be completed by April 2023.

Measure KK Series 2020 (Tranche 2)

The \$44,880,000 second tranche of Measure KK bond proceeds will fund projects through the following programs:

Acquisition, Rehabilitation and Preservation of Affordable Housing (\$16,342,375) – A (NOFA) was released in August 2019, and nearly \$11 million in funding was awarded with City Council approval in January 2020. One remaining project from the previous year's NOFA is scheduled for approval in February 2021 by City Council for \$4,776,000, leaving just under \$550,000 in this program. Depending on additional applications received under the Acquisition and Conversion NOFA below, staff may consider moving the remaining funds into that program.

Acquisition and Conversion to Affordable Housing (ACAH) (\$30,000,000) – When combined with funds from Tranche 1, \$30 million has been set-aside for the ACAH program through Measure KK, with a majority (\$25,058,200) from Tranche 2.

ACAH Limited Equity Coop/Community Land Trust Pool: \$12 million in funding from the ACAH pot was reserved for funding awards to limited equity cooperatives and Community Land Trust (CLT) sponsors. Of the January 2020 applicants under this pool, six projects have funding

commitments or reservations, and five of the six projects have closed their acquisition loans with the City, resulting in affordability restrictions being placed on 54 units.

ACAH General Developer Pool: \$18 million from the ACAH pool was reserved for a general development pool (i.e. not limited to cooperative and CLT proposals). Three of the four projects with funding commitments from this pool closed their acquisition and/or rehabilitation loans in 2020, and the remaining project closed in October 2021, resulting in affordability restrictions being placed on 136 units.

A second NOFA for each of the pools was issued in December 2020 for the remaining ACAH project funds, with applications due January 29, 2021. As of June 30, 2021, staff had made funding commitments to three additional projects under that NOFA, which are moving towards loan closing (all in the coop/CLT pool). Three more potential funding commitments are in process (two in the general pool and one in the coop/CLT pool), and a final project from the 2019 funding round received an additional \$84,169 to cover cost overruns.

Acquisition of Transitional Housing Facilities (\$1,000,000): As noted above, the \$1 million dedicated for this program from Tranche 2 will be combined with the \$2.5 million that remains from Tranche 1 for Transitional Housing and/or Homekey projects in 2021-2022.

A projected drawdown schedule of the remaining second tranche Measure KK funds, by quarter, for each of the Housing and Community Development's program is included in **Table 10** of **Attachment A**.

SUSTAINABLE OPPORTUNITIES

Economic: The projects will improve roadways, sidewalks, facilities, and many other improvements to the economic benefit of the City. Also, these projects will generate construction, professional services, and ongoing property management jobs in Oakland. Providing families with affordable housing helps provide financial stability for low- and moderate-income households which could free some household income to be spent on other goods and services in Oakland. Also, providing viable housing creates activity on underutilized parcels which could stimulate demand for goods and services in Oakland.

Environmental: The City's NOFAs for housing development award points to projects that are transit-oriented, with full points reserved for developments where the project location is within 1/3 mile of multiple bus lines or a BART station. In addition, on the new construction projects, applicants were awarded points for exceeding Silver or Gold standard on the LEED (Leadership in Energy and Environmental Design) or Build It Green - GreenPoint Rated Checklist. For projects involving rehabilitation work, as a minimum threshold for funding, projects must comply with Oakland's Green building program. By developing in already built-up areas, infill projects reduce the pressure to build on agricultural and other undeveloped land. Proposed projects that are near public transit enable residents to reduce dependency on automobiles and further reduce any adverse environmental impacts of development.

The environment factor under the CIP prioritization ranks capital projects by their investment in sustainable infrastructure, environmental justice, climate resiliency and alignment with the transportation and land use actions identified in the Equitable Climate Action Plan (ECAP). The environment factor accounts for 11 points out of 100. Measure KK funding directly supports active transportation, better transit access and more sustainable neighborhoods throughout the City.

Race and Equity: As required in the Bond Ordinance, social and geographic equity are considerations in the development of Measure KK capital improvement projects. All resulting projects comply with the Americans with Disabilities Act (ADA) and enhance the City's infrastructure. Capital improvement projects and residential construction work implemented under Measure KK are required to comply with all Local Business Enterprise, Small Local Business Enterprise (LBE/SLBE) and local hire programs with verification by the Social Equity Division of the Department of Contracting and Purchasing. Of the 57 Firms/Vendors/Contractors that have received KK funds, approximately 17 are local businesses. In addition, HCD's loans are made to the borrower affiliates of the affordable housing developers who have applied for funding, and who by and large are community-based, mission-driven organizations. The affordable housing units being acquired, preserved or developed with Measure KK funding also help stave off displacement of existing Oakland residents.

Race & Equity in the Department of Public Works & Transportation CIP Process

OPW and OakDOT continually strive to improve equity in delivery of projects and allocation of resources. One recent example is the development of the two-year Capital Improvement Program. The FY 2019-21 CIP identified a geographic gap in projects requested in deep East Oakland. To address this gap and enhance outreach during the ongoing FY 21-23 CIP, the CIP staff working group contracted with a Community-Based Organization to lead and guide our community engagement strategy. The organization led workshops with Oaklanders living in underrepresented communities, directly supported project submittals, and created awareness around what a capital project is and how they are developed.

Other strategies that were used during the FY21-23 CIP included posting signage and doorhangers in priority neighborhoods, training resident organizers to assist with outreach, conducting Zoom focus group briefings in English and Spanish, and providing additional support for East Oakland residents to submit CIP public requests and text surveys.

Department of Transportation: Social and geographic equity are key drivers of the distribution of Measure KK funding. The equity factor under the CIP prioritization ranks capital projects by their investment in high priority neighborhoods in Oakland. OakDOT's Racial Equity Team (RET) also maintains a Geographic Equity Tool, wherein Black, Indigenous and People of Color (BIPOC) and low-income communities account for 50% of the total weight to identify priority neighborhoods for investments throughout the City; the remaining 50% is attributed evenly to seniors, people with disabilities, single parent households, severely rent burdened and low educational attainment factors. For example, the paving program, which receives approximately 80% of Measure KK funding, delivers paving projects based on pavement condition and benefits

to priority neighborhoods in Oakland. Measure KK is also used as a local match source for transportation grants that require investment in underserved communities such as the Active Transportation Program (ATP).

In addition, other equity metrics used to prioritize Measure KK funding through the CIP include the impact of redlining in historic disinvestment, the growing threat of displacement and gentrification, proximity to and support for new affordable housing developments, disproportionate pollution burden in communities, safety disparities along High Injury Corridors throughout the City, and community-driven requests for capital investments. The equity factor accounts for 16 points out of 100, one of the highest scores among the nine CIP prioritization factors. Not only equity is considered as a standalone factor, it is also a subfactor under six of the nine CIP factors, such as collaboration, existing conditions, environment, health and safety, improvement and economy. Capital projects that ranked high in equity were recommended under the FY 2019-21 Adopted CIP.

Oakland Public Works: Social and geographic equity are key drivers of the distribution of Measure KK funding. The equity factor under the CIP prioritization ranks capital projects by their investment in high priority neighborhoods in Oakland. Under the prioritization process, projects are assessed as to the level of impact the proposed projects provide to the underserved community's economy, recreational and program opportunities, and health/safety impacts. Measure KK funds are also used as a local match source for State and Local grants that require investment in underserved communities. From the first series of Measure KK projects and the approved second series projects, 30 out of the 48 projects are located in neighborhoods of mid to highly disadvantaged communities. Please see the Oakland Public Works Department Measure KK Project Location Map – **Attachment C**.

Housing and Community Development: Social equity objectives are incorporated into the competitive process for receiving Measure KK housing funds. Housing developments funded with Measure KK funds serve a variety of low to moderate income levels, with restrictions between 20-120% of Area Median Income (AMI). However, the distribution of City funds prioritizes projects serving households at 30% of AMI and below in an effort to provide housing opportunities for those with the fewest options. In addition, a partnership with the Oakland Housing Authority allows some developments to serve households at or below 50% of AMI through Project-Based Section 8 assistance. A similar partnership with Alameda County is assisting funding services and operating costs for permanent supportive housing units serving homeless residents, and the State has also provided operating commitments for Homekey projects.

Geographically, developments funded with Measure KK funds are scattered throughout the City (current projects are located in six of the seven City Council districts). In order to promote geographic equity, HCD's NOFAs provide points for location near amenities, and for rental developments located in relatively higher income census tracts (and ownership developments in census tracts with lower than average homeownership rates). In addition, the Acquisition/Rehab and Acquisition/Conversion NOFAs provide points to proposed projects where existing tenants are at risk of displacement, which is more heavily impacting African American neighborhoods.

Finally, owners and managing agents of housing assisted by the City (including Measure KK funds) must undertake affirmative marketing efforts to reach people that are unlikely to apply for housing due its nature, location or other factors, as well as follow the City's Affirmative Fair Marketing Procedures related to non-discrimination during lease-up.

Respectfully submitted,



ERIN ROSEMAN

Director of Finance, Finance Department

For questions, please contact Dawn Hort, Assistant Treasury Administrator, at (510) 238-2994.

Attachments (4):

Attachment A: Table 9 and Table 10

Attachment B: OakDOT Measure KK Project Maps

OakDOT Paving & Complete Streets Capital Program Map

Attachment C: Oakland Public Works Department Measure KK Project Location Map

Attachment D: Housing & Community Development Department Measure KK Project Location Map

Attachment A

**Table 9
Housing Drawdown Schedule – Fund 5331 Tranche –\$12.65 Million Remaining**

Program Name	Jul – Sep 2021	Oct – Dec 2021	Jan – Mar 2022	Apr – Jun 2022	Jul 2022- Apr 2023⁽¹⁾	Total Remaining Balance to Expend	Anticipated Completion Date
Acquisition of Transitional Housing Facility	\$6,570			\$2,517,588		\$2,524,158	June 2022
Site Acquisition						\$0	All funds drawn
Acquisition & Rehab (formerly 1-4 Unit Housing Program, now Acquisition and Conversion to Affordable Housing and ADU Program) ⁽¹⁾		\$1,000,000	\$840,812	\$500,000	\$450,000	\$2,790,812	Jun22
Housing Rehabilitation & Preservation		\$1,000,000	\$1,000,000	\$650,000	\$300,000	\$2,950,000	March 2020 – April 2023
New Construction ⁽²⁾	\$159,746	\$2,000,000	\$1,710,720		\$82,010	\$3,952,476	April 2023
Administrative Costs		\$391,187				\$391,187	June 2021
SUBTOTAL	\$166,316	\$4,391,187	\$3,551,532	\$3,667,588	\$832,010	\$12,608,634	

(1) As noted above, staff is creating a new ADU program using a \$3 million State grant that does not work with Measure KK restrictions, and will instead seek Council authority to reprogram these funds to supplement homeless housing purchase opportunities or other acquisition/preservation projects.

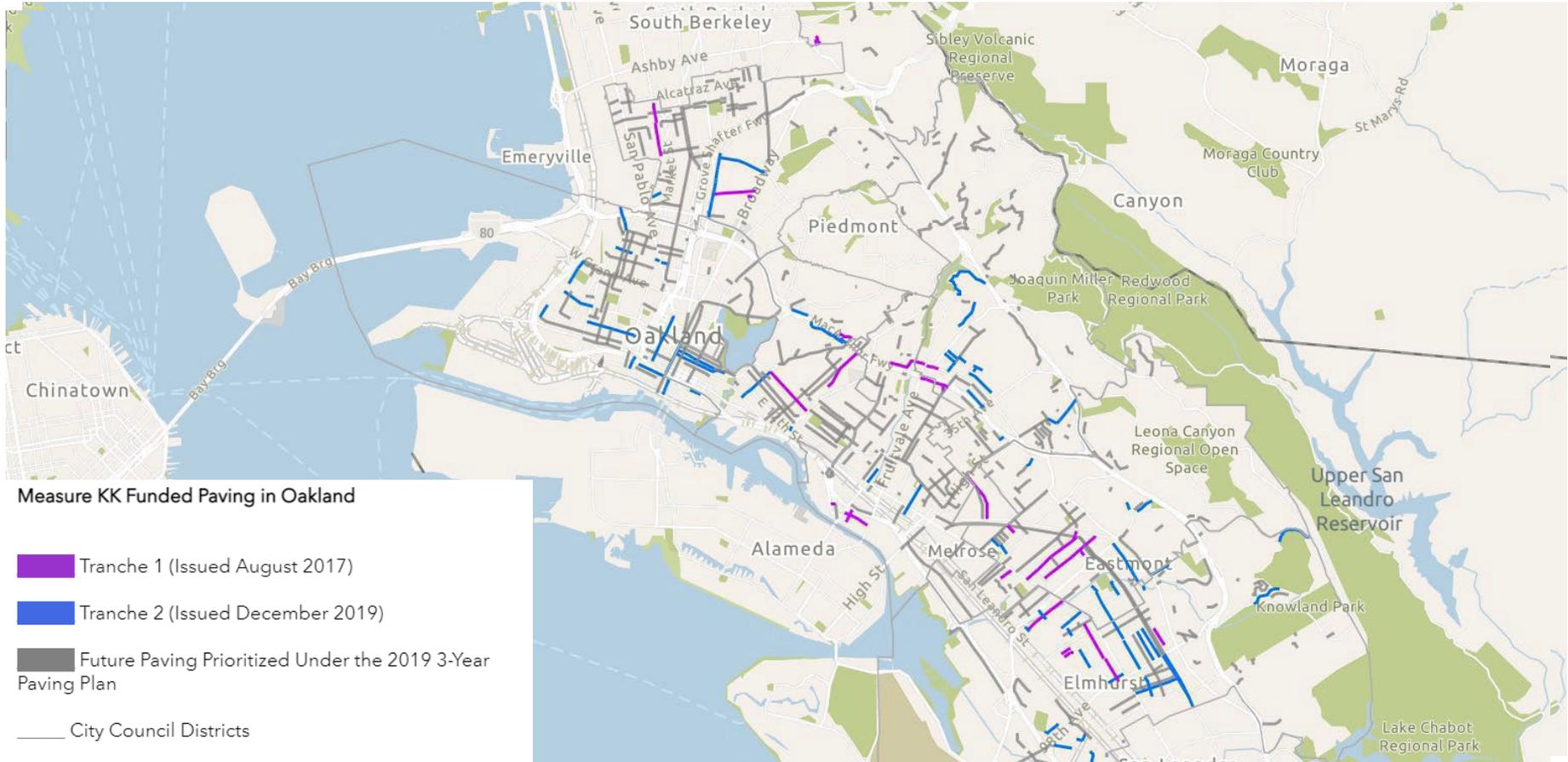
(2) Since the new construction projects take longer to complete than rehab, and several are expected to be completed throughout 2021 and into 2023, this column covers this longer time period. Further, as noted for Table 5, the Anticipated Completion Date reflects the furthest outside date of all projects in the program category; some will be completed prior to this date.

Table 10
Housing Drawdown Schedule – Fund 5333 Tranche - \$32.0 Million Remaining

Program Name	Jul – Sep 2021	Oct – Dec 2021	Jan – Mar 2022	Apr – Jun 2022	July 2022- Apr 2023	Total Remaining Balance to Expend	Anticipated Completion Date
Acquisition of Transitional Housing Facilities			\$1,000,000			\$1,000,000	June 2022
Acquisition and Conversion to Affordable Housing Program	\$1,000,000	\$4,000,000	\$3,000,000	\$2,894,145		\$10,894,145	June 2022
Housing Rehabilitation & Preservation		\$1,000,000	\$2,000,000	\$2,000,000	\$1,215,201	\$6,215,201	March 2020 – April 2023
Administrative Costs	\$400,000		\$400,000		\$1,667,416	\$2,467,416	April 2023
SUBTOTAL	\$1,400,000	\$5,000,000	\$6,400,000	\$4,894,145	\$2,882,617	\$20,576,762	

Attachment B-1: OakDOT's Measure KK Project Maps

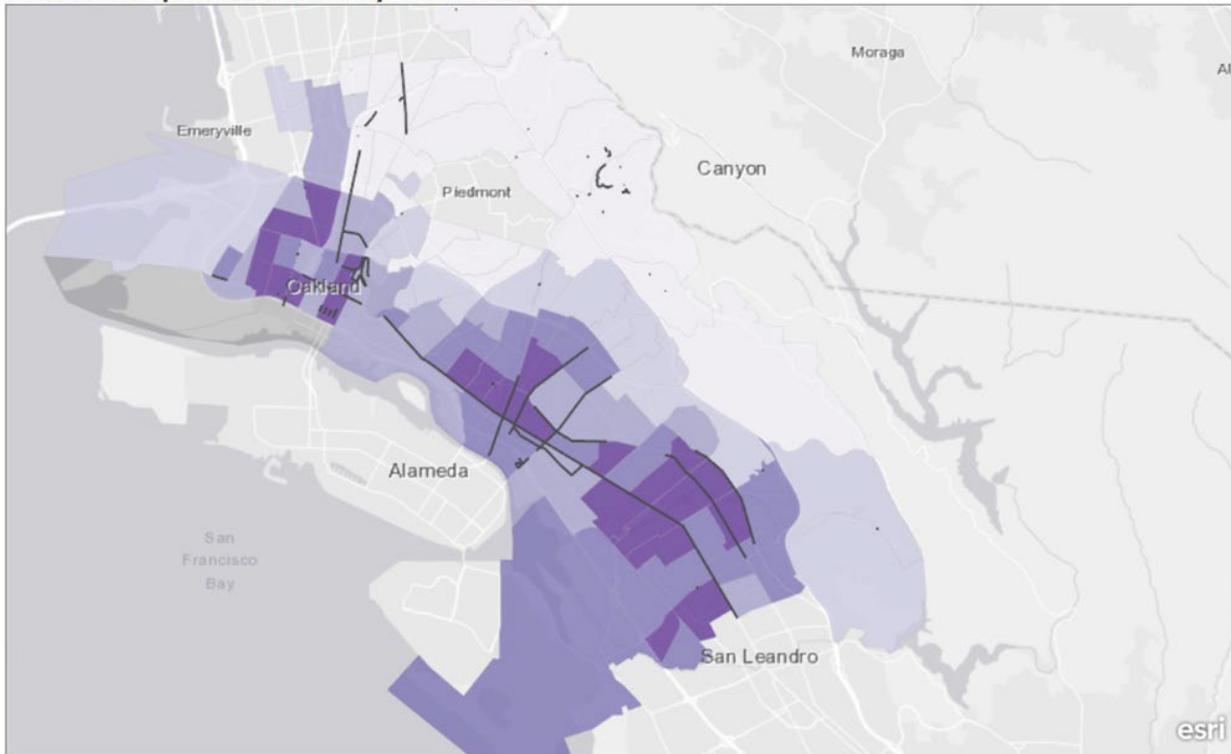
Map A1: Measure KK Funded Paving in Oakland – Tranche 1 and Tranche 2



Attachment Map B-2: Complete Streets Projects funded by Measure KK*

*Some projects not yet mapped

OakDOT CompleteSts Funded by MeasureKK



Legend

Measure_KK_Capital_Projects



Priority Equity Neighborhoods

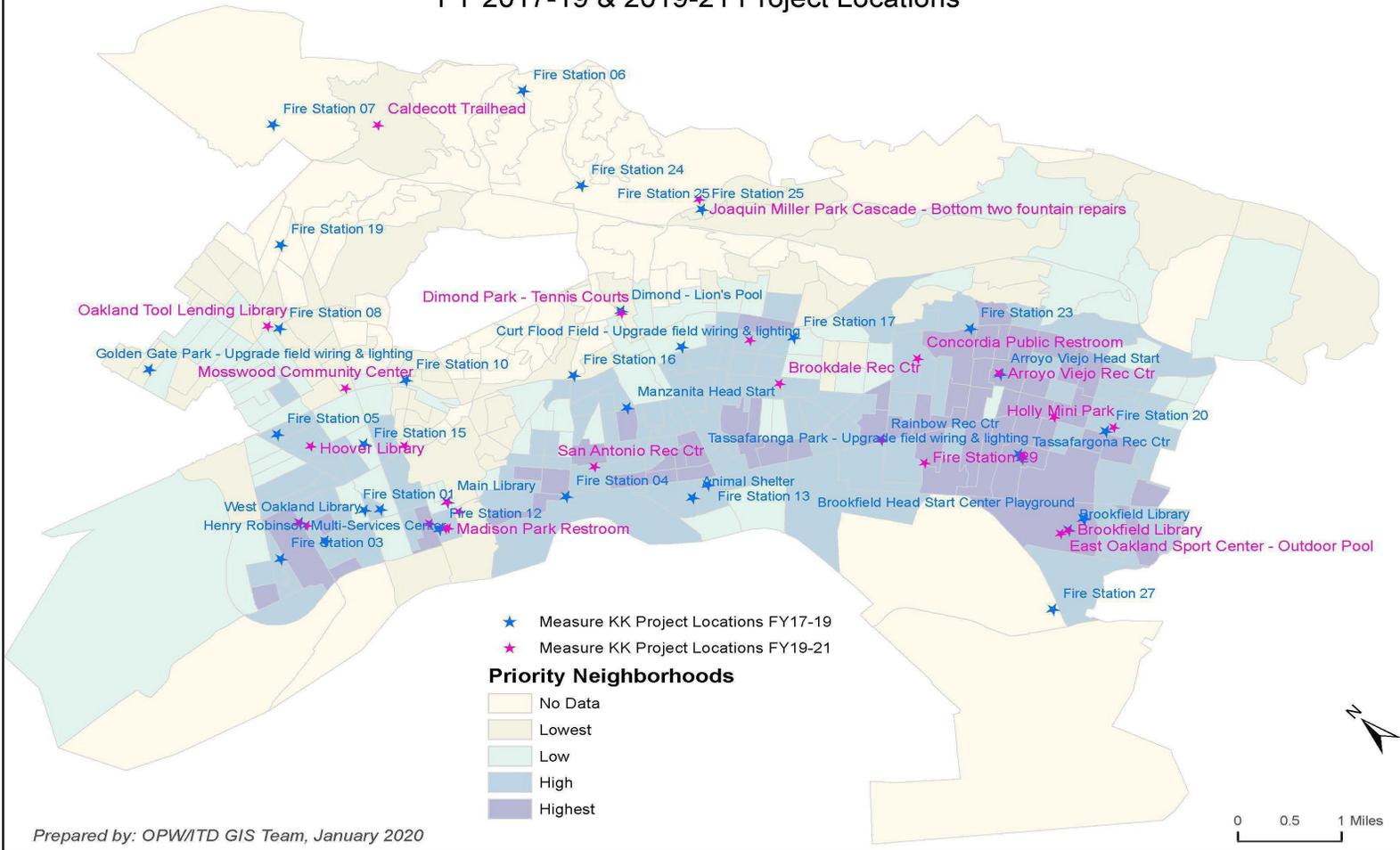
-  Highest
-  High
-  Medium
-  Low
-  Lowest
-  No Data

ATTCHMENT C



Measure KK: Oakland Infrastructure Bond

FY 2017-19 & 2019-21 Project Locations



Attachment D: Map of Affordable Housing Projects Funded by Measure KK – January 2021

