



Office of the City Manager

09

INFORMATION CALENDAR

July 30, 2024

To: Honorable Mayor and Members of the City Council

From: LaTanya Bellow, Interim City Manager

Submitted by: Terrance Davis, Director, Public Works

Subject: Analysis and Response to Questions regarding Two Pavement/Sidewalk-Related Voter Initiatives on the November 5, 2024 Ballot

INTRODUCTION

At a regular Council Meeting on May 14, 2024, the City Council requested a report, under the provisions of California Elections Code Section 9212, on the two Pavement/Sidewalk related Voter Initiatives citizen initiative that will appear before Berkeley voters on the November 5, 2024 ballot.

The two initiatives are known as:

- **SAFE STREETS** (*Sustainable and Accountable Funding for Equitable Street Transformation, Revitalization, Enhancements, and Essential Traffic Safety (SAFE STREETS) Initiative*)
- **Fix the Streets and Sidewalks**

The Section 9212 report, prepared in response to this request and drafted as an Off-Agenda Memo, is attached.

CURRENT SITUATION AND ITS EFFECTS

As specified in Election Code Section 9212, this report must be presented to City Council no later than 30 days after the date on which the City Clerk certified the sufficiency of the initiative petition. Council requested that this report include:

- Estimated revenue to the City, broken down by the allocations as stated within each measure, in both current year and year of expenditure dollars, based on standard inflation and square footage growth expectations;
- Estimated impact on pavement conditions index (PCI) from each measure, with modeling prepared by the City's paving consultant, assuming the City maintains current street repair funding levels. If modeling is not available or not feasible, provide best estimates based on previous scenario modeling;
- Estimated potential impact on implementation of the Vision Zero Action Plan and related safety plans (Pedestrian Plan, Bicycle Plan, Safe Routes to Schools) from each measure;

- A summary of the staff time and City activities required in each measure;
- An estimate of any additional staff costs generated by each measure that is not funded by the measure;
- Estimated funding levels for the sidewalk repair program from each measure, discuss any alterations to the sidewalk repair program contained in each measure, and discuss any impacts to other City funding as a result; and
- Any other information of interest to the City or the public, as determined by the City Manager.

BACKGROUND

Staff from the Public Works Department have provided analysis and information on the Two Pavement/Sidewalk-Related Voter Initiatives' potential impacts, to the greatest extent possible given constraints on available time and resources.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Environmental impact may vary depending on the course of action and project implementation and phasing.

POSSIBLE FUTURE ACTION

Future action will be dependent on the outcome of these initiatives at the ballot on November 5, 2024.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Overviews of the financial implications of adopting each of the initiatives have been provided in the attached Off-Agenda Memo.

CONTACT PERSON

Terrance Davis, Director Public Works Department

Attachments:

- 1: July 25, 2024 Off-Agenda Memo: Analysis and Response to Questions regarding Two Pavement/Sidewalk-Related Voter Initiatives on the November 5, 2024 Ballot



Office of the City Manager

July 24, 2024

To: Honorable Mayor and Members of the City Council

From: LaTanya Bellow, Interim City Manager

Re: Analysis and Response to Questions regarding Two Pavement/Sidewalk-Related Voter Initiatives on the November 5, 2024 Ballot

Background:

Registered voters within the City of Berkeley will likely be asked to vote on two 50%-threshold voter initiatives to fund street and sidewalk repair on the November 5, 2024 General Election Ballot. Both voter initiatives are intended to improve streets, sidewalks and other related infrastructure, including specific funding allocations, and include typical language regarding background, purpose, exemptions, expiration, oversight, reporting, adjustment of inflation, etc.

The two initiatives are known as:

- **SAFE STREETS** (*Sustainable and Accountable Funding for Equitable Street Transformation, Revitalization, Enhancements, and Essential Traffic Safety (SAFE STREETS) Initiative*)
- **Fix the Streets and Sidewalks**

This brief staff report aims to provide an overview of pertinent issues and address specific questions from the Mayor and City Council. Staff collaborated closely with consultants.

Executive Summary

Important conclusions are listed below and detailed further in this staff report.

- Both voter initiatives are well-structured and would benefit pavement/sidewalk maintenance in the City.
- Neither voter initiative will generate sufficient revenue to achieve the desired and stipulated pavement conditions index rating (PCI) of 70 out of 100.
- All City costs associated the stipulated pavement/sidewalk improvements including collection, oversight, engineering, inspection, planning and reporting are eligible to be reimbursed from voter initiative revenues. These “soft costs” are estimated to be approximately 15%-20% of total costs.

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- Additional FTEs, equipment and consulting services will be required to implement either voter initiative – however, these costs can be fully funded by the measures.
- Annual Year 1 Tax for typical 1,750 Single Family Residence
 - SAFE STREETS = \$297.50
 - Fix the Streets and Sidewalks = \$227.50

Estimated Revenue Generated, City Costs and Stipulated Allocations

The tables below display the 1.) Estimated revenue to the City, broken down by land use, 2.) estimated City costs, and 3.) stipulated allocations by type of infrastructure. Tables 1, 2, and 3 are for the SAFE STREETS voter initiative and Tables 4, 5, and 6 are for the Fix the Streets and Sidewalk voter Initiative.

SAFE STREETS Voter Initiative:

Table 1
Year 1 SAFE STREET Voter Initiative Revenue

SAFE STREETS Initiative 2024:				
<i>Classification</i>	<i>Parcels</i>	<i>Building Square Feet</i>	<i>Rate</i>	<i>Assessment</i>
Residential Parcels	25,250	58,031,516	\$ 0.17	\$ 9,865,358
Commercial Parcels	1,799	20,656,774	\$ 0.25	\$ 5,164,194
Undeveloped	605	-		\$ -
Non-Taxable	1,494	-		\$ -
Total	29,148	77,362,783		\$ 15,029,551

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Table 2
Year 1 SAFE STREET Summary of Associated City Costs

SAFE STREETS Initiative 2024:		
Revenue (a)		\$ 15,029,551
City Expenses		Estimated Costs
Construction Management	Annual	\$ 513,918
Independent Oversight Commission	4/year	\$ 105,573
Reporting		
Public Input meetings	3 Every 3 Years	\$ 41,548
City Manager's Report	Annual	\$ 33,790
Auditors Report	Every 3 Years	\$ 55,944
City Manager Duties	Annual	\$ 25,000
Council Review	Annual	\$ 25,000
Project Related Design	Annual	\$ 146,333
CIP, Paving Plan, Off cycle events	Annual	\$ 114,394
Transportation Element in General Plan	Every 10 Years	\$ 500
Public Works Project Delivery process update	Every 10 Years	\$ 3,112
Collection		
Levy prep	Annual	\$ 15,000
County Collection Fee	Annual	\$ 29,148
Attorneys Allowance	Annual	\$ 10,000
Enforcement	Annual	\$ 10,000
Deductions		
Low Income (2500 units * 0.17 *1,750 sqft)	Annual	\$ 743,750
Management of Low-Income Exemption program	Annual	\$ 10,000
Sum of Annual non-direct costs (b)		\$ 1,883,010
Effective Project Revenue (a-b=c)		\$ 13,146,542
Effective Percentage (c/a)		87%

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Table 3
Year 1 SAFE STREETS Stipulated Allocations

SAFE STREETS Initiative 2024:				
<i>Allocations</i>	<i>Portion</i>	<i>Frequency</i>	<i>Rate</i>	<i>Assessment</i>
Streets and Sidewalks - Streets	45%			\$5,915,943.69
Streets and Sidewalks - Sidewalks and pedestrian paths	15%			\$1,971,981.23
Safety Improvements	30%			\$3,943,962.46
Environmental Enhancements, County Fees,	10%			\$1,314,654.15
Total Revenue (a)	100%			\$ 13,146,542

SAFE STREETS Total Estimated Revenue (14 Years) = \$240,000,000 (assumes 2% CPI)

FIX THE STREETS Voter Initiative:

Table 4
Year 1 Fix the Streets and Sidewalks Initiative Revenue

Fix the Streets and Sidewalks Initiative 2024:				
<i>Allocations</i>	<i>Portion</i>	<i>Frequency</i>	<i>Rate</i>	<i>Assessment</i>
Street Repair, Repaving, Reconstruction	37.5%			\$ 3,836,054
Sidewalk and Pathway Repair	35%			\$ 3,580,317
High Priority Pedestrian Safety	13.5%			\$ 1,380,979
Traffic Calming on Bicycle Boulevards	7%			\$ 716,063
Green Infrastructure and Environmental Enhancements	7%			\$ 716,063
Total Revenues	100%			\$10,229,478

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Table 5
Year 1 Fix the Streets and Sidewalks Summary of Associated City Costs

Fix the Streets and Sidewalks Initiative 2024:		
Revenue (a)		\$ 10,229,478
City Expenses		Estimated Costs
Construction Management	Annual	\$ 428,265
Independent Oversight Commission	Annual	\$ 185,514
Reporting		
CIP, Paving Plan, Off cycle events	Annual	\$ 114,394
Public Works Annual Report	Annual	\$ 33,790
3 Public meetings	Annual	\$ 41,548
City Auditors Report	every 3 years	\$ 55,944
City Manager Duties	Annual	\$ 25,000
Council Review	Annual	\$ 25,000
Project Related Design	Annual	\$ 121,944
Develop baseline use, metrics and Chapter 7.6	One Time/12 Years	\$ 121,106
Programmatic evaluations	Annual	\$ 38,244
Collection		
Levy prep	Annual	\$ 15,000
County Collection Fee	Annual	\$ 29,148
Attorneys Allowance	Annual	\$ 10,000
Enforcement	Annual	\$ 10,000
Deductions		
Low Income (2500 units * 0.13 *1,750 sqft)	Annual	\$ 568,750
Management of Low Income Exemption program	Annual	\$ 25,000
Sum of Annual non-direct costs (b)		\$ 1,848,647
Effective Project Revenue (a-b=c)		\$ 8,380,831
Effective Percentage (c/a)		82%

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Table 6
Year 1 Fix the Streets and Sidewalks Stipulated Allocations

Allocations	Portion	Frequency	Rate	Assessment
Street Repair, Repaving , Reconstruction	37.5%			\$ 3,142,812
Sidewalk and Pathway Repair	35%			\$ 2,933,291
High Priority Pedestrian Safety	13.5%			\$ 1,131,412
Traffic Calming on Bicycle Boulevards	7%			\$ 586,658
Green Infrastructure and Environmental Enhancements	7%			\$ 586,658
Total Revenues	100%			\$ 8,380,831

Fix the Streets and Sidewalks Total Estimated Revenue (12 Years) = \$137,000,000
(assumes 2% CPI)

Responses to Questions

Question 1:

Estimated impact on pavement conditions index (PCI) from each measure, with modeling prepared by the City's paving consultant, assuming the City maintains current street repair funding levels. If modeling is not available or not feasible, provide best estimates based on previous scenario modeling:

Answer 1:

Graph 1, PCI Levels Achieved for Various Funding Scenarios (Attachment 1), prepared by Pavement Engineering Incorporated (PEI), shows PCI levels achieved for various funding scenarios. Please note that the City currently invests approximately \$19 million per year towards pavement/sidewalk maintenance and this investment level will be continued and added to the voter initiative taxes, if approved.

- SAFE STREETS Initiative - Yr. 1 Total Pavement Investment = \$5.9million*+\$19 million= **\$24.9** million
 - SAFE STREETS PCI Achieved = 57 (Fair Condition)
 - *See Table 3
- Fix the Streets and Sidewalks Initiative - Yr. 1 Total Pavement Investment = \$3.1M**+\$19M = **\$22.1** M
 - Fix the Streets and Sidewalks PCI Achieved = 55 (Fair Condition)
 - **See Table 6

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Question 2:

Estimated potential impact on implementation of the Vision Zero Action Plan and related safety plans (Pedestrian Plan, Bicycle Plan, Safe Routes to Schools) from each measure;

Answer 2:

The Vision Zero Action Plan recommends both capital projects and programmatic efforts to eliminate traffic deaths and severe injuries on Berkeley streets. The City currently allocates approximately \$187,500 annually towards the Vision Zero Program for action plan implementation and staffing. Safety projects identified by the Vision Zero Action Plan, including the Martin Luther King Jr Vision Zero Quick Build and the Adeline Street Transportation Improvements Project are funded through grants matched with Berkeley's Measure B/BB funding. Either measure would have significant impact on Vision Zero Action Plan Implementation, particularly in Public Works' ability to plan and construct capital safety projects on high-injury streets, however the SAFE STREETS Initiative is estimated to provide more funding for these efforts, specifically stating that all safety improvements funded through it must be consistent with City adopted plans: Vision Zero Action Plan, Pedestrian Plan, Bicycle Plan, Complete Streets Policy.

SAFE STREETS Initiative – Year 1

Safety Improvements - \$4,508,865

Fix the Streets and Sidewalks Initiative - Year 1

High Priority Pedestrian Safety - \$1,380,979

Traffic Calming on Bicycle Boulevards - \$716,063

Total: \$2,097,042

It should also be noted that sidewalk and pathway repair allocations in both measures also support the goals of the Berkeley Vision Zero Action Plan, Pedestrian Plan, and Safe Routes to Schools program by improving pedestrian safety and connectivity through sidewalk, curb ramps and pathway repair. However, even considering these allocations, the SAFE STREETS Initiative would still result in more overall funding for Vision Zero Action Plan implementation and related safety plans.

Question 3:

A summary of the staff time and City activities required in each measure; and an estimate of any additional staff costs generated by each measure that is not funded by the measure;

Answer 3:

Both measures include language indicating all costs, including "incidental costs" associated with the initiatives are eligible to be paid for by the tax revenue generated from the initiative. We recommend if either voter initiative is approved that the City thoroughly identifies and tracks any associated costs and ensures they are paid from the respective

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initiative's revenues. However, careful review by legal counsel is recommended to identify any costs that may not be included in this memo.

The language for each of the initiatives is as follows:

SAFE STREETS Voter Initiative

7.11.010 F.

"Proceeds of the tax may be used to pay or reimburse the City for actual, verifiable costs of City staff when they are performing work on, or necessary and incidental to, projects funded by the tax, or public input, oversight, and accountability elements required by this chapter. Proceeds of the tax may also be used to pay or reimburse the City for the costs of City Auditor staff time spent auditing the tax expenditures of this measure."

Fix the Streets and Sidewalks Voter Initiative

7.11.10 G.

"Proceeds of the tax may be used to pay or reimburse the City for actual, verifiable costs of City staff when they are performing work on, or necessary and incidental to, such projects."

Summary of Allocations and Associated Costs:

Tables 2 and 4, above, summarize the cost allocations and associated estimated non-direct-project costs for both voter initiatives. Again, all non-project costs should be eligible to be funded by voter initiative revenues. These estimates indicate about three-quarters of the revenue would support direct project costs.

Question 4:

Estimated funding levels for the sidewalk repair program from each measure, discuss any alterations to the sidewalk repair program contained in each measure, and discuss any impacts to other City funding as a result

Answer 4:

Staff estimates that an allocation of approximately \$3.5 million per year (adjusted for inflation) over the next 12 years would eliminate the backlog of sidewalk repairs needed throughout the City. The effect on other City funding would depend on which ballot measure, if any, is implemented. If the City is able to continue contributions over and above any ballot measure revenue, then the 12 year period could be shortened

SAFE STREETS Sidewalk allocation = \$ 1,971,981 per year (See table 3)

Fix the Streets and Sidewalks Initiative = 2,933,291 per year (See table 6)

Question 5:

Any other information of interest to the City or the public, as determined by the City Manager

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Answer 5:

Strict Allocations of Revenue Use

Each voter initiative includes specific funding allocations. See Tables 3 and 6, above which illustrate anticipated revenue for each allocation.

Maintenance of Effort Provisions

Maintenance of Effort (“MOE”) provisions are popular with voters and taxpayers, and they are intended to prevent local agencies from reducing existing discretionary sources of revenue (e.g. general fund) for a particular service when a new revenue source (e.g. special tax) is established. (This is often called “supplanting”). Both voter initiatives contain MOE provisions (see 7.11.020 in Fix the Streets and Sidewalks and 7.11.030 in SAFE STREETS), which add additional constraints and complexity for City budgeting, particularly during financially challenging periods.

Start-Up Timing

Infrastructure-related special taxes often require significant “start-up” time. Approximately 24 to 36 months of ramp-up should be allowed until the annual spending is equal to the annual revenue, and significant project work has been initiated.

Contracting Out or New Full Time Employees (FTE)

The City will need to make strategic decisions regarding the pros and cons of contracting out the project work versus making significant equipment and personnel investments to perform work internally with its own staff. Staff estimate that one additional FTE at the Assistant Civil Engineer level and an Engineering Inspector (with new vehicle) will be required for design and construction management/inspection of the projects to be considered with passage of either ballot measure. These functions could be performed by contracted consultants, but at an approximately 35% higher labor cost and the institutional knowledge that would come with Berkeley staff.

Low-Income Exemptions

Both initiatives include Low Income Exemption provisions which will significantly reduce the overall revenues as shown in Tables 2 and 4, above. Previous experience indicates an estimate of 10% of residences will apply for and receive these exemptions.

Attachments:

1. Graph 1: PCI Levels Achieved for Various Funding Scenarios

cc:

LaTanya Bellow, Interim City Manager
Anne Cardwell, Deputy City Manager
Tasha Tervalon, Interim Deputy City Manager

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Jenny Wong, City Auditor

Farimah Brown, City Attorney

Mark Numainville, City Clerk

Matthai Chakko, Assistant to the City Manager

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Paving Projection Scenarios (Target and Budget)

