



Office of the City Manager

CONSENT CALENDAR
April 20, 2021

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Rama Murty, Acting Budget Manager
 Subject: Measure T1 Loan

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to loan \$1,500,000 from the Capital Improvement Fund to the Measure T1 Fund in FY 2021 to complete Phase 1 projects and appropriate funds to repay this loan and previous loans from the Parks Tax, Measure BB – Local Streets & Roads, and Mental Health Realignment Fund from the Phase 2 Measure T1 bond proceeds once they become available.

FISCAL IMPACTS OF RECOMMENDATION

The resolution approves a loan of \$1,500,000 in FY 2021 to the Measure T1 Fund from the Capital Improvement Fund. The loan funds are currently in the FY 2021 Capital Improvement Fund budget and will be transferred to Measure T1 Fund. The appropriation of the funds in the Measure T1 Fund will be included in the Second Amendment to the FY 2021 Annual Appropriations Ordinance (“AAO #2”). The Phase 2 Measure T1 bond sale is expected to be completed in May 2021 and the repayment of this loan and previous loans made by the Parks Tax Fund, Measure BB Local Streets & Roads Fund, and Mental Health Realignment Fund will be included in FY 2021 AAO #2.

CURRENT SITUATION AND ITS EFFECTS

The cost to complete all Phase 1 T1 projects is approximately \$41.8 million. The City’s T1 cash on hand is \$36.685 million, which includes \$35 million in bonds sold and \$1.685 million of estimated earned interest. This leaves an estimated funding gap of \$5.115 million. In March 2019, Council authorized \$5.3 million from the General Fund in FY 2021 to cover the gap and complete the Phase 1 projects.

With the advent of COVID-19 pandemic emergency, the City faced a \$28 million FY 2021 General Fund budget shortfall that would eventually increase to \$39 million after adding other necessary funding allocations. With the budget shortfall and the need for \$5.3 million to be used for FY 2021 operational needs, staff had to develop alternative strategies to fund Phase 1 projects without drawing on the additional General Fund allocation. These strategies included delaying selected Phase 1 projects, borrowing funding from Parks, Recreation & Waterfront (“PRW”) Department and Public Works

(“PW”) Department special funds to be reimbursed by the Phase 2 Measure T1 bond sale, and accelerating the Phase 2 public process and bond sale.

On December 13, 2016, Council approved Resolution 67,681-N.S. authorizing the City to use bond proceeds to reimburse project expenditures that occurred prior to the bond sale. The Resolution did not limit this to the General Fund, but applies to any funding source for T1 project costs.

On September 15, 2020, Council approved Resolution 69,547-N.S. authorizing the City Manager to loan \$600,000 from the Parks Tax Fund and \$600,000 from the Measure BB – Local Streets & Roads Fund to the Measure T1 Fund for a total of \$1.2 million in FY 2021 to complete Phase 1 projects.

On December 1, 2020, Council approved Resolution 69,627-N.S. authorizing the City Manager to loan \$198,400 from the Mental Health Realignment Fund balance to complete the Phase 1 Mental Health Adult Clinic renovation project and that authorizes the City Manager to repay the loan to the Mental Health Realignment Fund balance from the Phase 2 Measure T1 bond proceeds once they are available.

It is now expected that once these funds are spent that an additional \$1,500,000 will be needed to complete the Phase 1 projects. Funding is available in the FY 2021 Capital Improvement Fund and can be loaned to the Measure T1 Fund.

With the Phase 2 bond sale expected to be completed in May 2021, the loans to Measure T1 Fund from the Parks Tax Fund, Measure BB – Local Streets & Roads Fund, and the Capital Improvement Fund can be appropriated in AAO #2 and repaid in FY 2021.

Authorizing a loan of \$1,500,000 and completing the Phase 1 Measure T1 projects is a Strategic Plan Priority Project, advancing our goal to provide state-of-the-art, well-maintained infrastructure, amenities, and facilities.

ENVIRONMENTAL SUSTAINABILITY

Actions included in the budget will be developed and implemented in a manner that is consistent with the City’s environmental sustainability goals and requirements.

RATIONALE FOR RECOMMENDATION

The recommendation allows the City to complete the Phase 1 Measure T1 projects in a timely manner. Should City Council not approve this loan, the City would have to stop construction on various T1 projects.

CONTACT PERSON

Rama Murty, Acting Budget Manager, City Manager’s Office, 981-7000

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Attachments:
1: Resolution

RESOLUTION NO. ##,###-N.S.

MEASURE T1 FUND LOAN FROM CAPITAL IMPROVEMENT FUND

WHEREAS, Measure T1 cost to complete all Phase 1 T1 projects is approximately \$41.8 million and the City's T1 cash on hand is \$36.685 million leaving a gap of \$5.115 million; and

WHEREAS, in March 2019, Council authorized \$5.3 million from the General Fund for FY 2021 to cover the gap and complete Phase 1 projects; and

WHEREAS, with the advent of COVID-19 pandemic emergency, the City faced a \$39 million FY 2021 General Fund budget and could not afford to advance \$5.3 million for T1 projects; and

WHEREAS, staff had to develop alternative strategies to fund Phase 1 projects without drawing on the additional General Fund allocation including delaying selected Phase 1 projects, borrowing funding from Parks, Recreation, and Waterfront and Public Works special funds to be reimbursed by the Phase 2 Measure T1 bond sale, and accelerating the Phase 2 public process and bond sale; and

WHEREAS, on December 13, 2016, Council approved Resolution 67,681-N.S. authorizing the City to use bond proceeds to reimburse project expenditures that occurred prior to the bond sale and did not limit this to the General Fund but applies to any funding source for T1 projects; and

WHEREAS, on September 15, 2020, Council approved Resolution 69,547-N.S. authorizing the City Manager to loan \$600,000 from the Parks Tax Fund and \$600,000 from the Measure BB – Local Streets & Roads Fund to the Measure T1 Fund for a total of \$1.2 million in FY 2021 to complete Phase 1 projects; and

WHEREAS, on December 1, 2020, Council approved Resolution 69,627-N.S. authorizing the City Manager to loan \$198,400 from the Mental Health Realignment Fund balance to complete the Phase 1 Mental Health Adult Clinic renovation project and that authorizes the City Manager to repay the loan to the Mental Health Realignment Fund balance from the Phase 2 Measure T1 bond proceeds once they are available; and

WHEREAS, it is now expected that once these funds are spent that an additional \$1,500,000 will be needed to complete the Phase 1 projects and these funds are available in the FY 2021 Capital Improvement Fund budget; and

WHEREAS, with the Phase 2 bond sale expected to be completed in May 2021, the loans to Measure T1 Fund from the Parks Tax Fund, Measure BB – Local Streets &

Roads Fund, the Mental Health Realignment Fund, and the Capital Improvement Fund can be appropriated in the Second Amendment to the FY 2021 Annual Appropriations Ordinance and repaid in FY 2021.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to loan \$1,500,000 from the Capital Improvement Fund to the Measure T1 Fund in FY 2021 to complete Phase 1 projects and appropriate and repay this loan and previous loans from the Parks Tax, Measure BB – Local Streets & Roads, and Mental Health Realignment Fund from the Phase 2 Measure T1 bond proceeds once they become available.

