



WORKSESSION
December 6, 2018

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Scott Ferris, Director, Parks, Recreation & Waterfront
Phil Harrington, Director, Public Works

Subject: Semi-Annual Report on Measure T1 City Infrastructure Bond Program

SUMMARY

This is the semi-annual report on the implementation of the \$100 million Measure T1 bond program to renovate existing City facilities and infrastructure. On June 27, 2017, City Council approved a list of Phase 1 projects to be completed from FY 2018 - FY 2021. This report provides the City Council with an update on the technical and financial progress of the T1 bond team accomplishments from May 2018 through November 2018.

BACKGROUND

In November 2016, Berkeley voters approved [Measure T1](#)¹ – a \$100 million dollar general obligation bond to repair, renovate, replace or reconstruct the City's aging existing infrastructure, including facilities, streets, sidewalks, storm drains, and parks. Measure T1 passed with 86.5% of the vote.

City Council [authorized the issuance of the infrastructure bond](#)² in order to help address significant and growing unfunded infrastructure needs. Bond funded capital projects will be implemented in addition to projects that are currently funded and proposed for funding in the City's fiscal years 2018 – 2019 capital budget.

¹ See <https://www.cityofberkeley.info/MeasureT1/>

² See https://www.cityofberkeley.info/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/Resolution%20No%2067,795.pdf

After the passage of Measure T1, the City Manager proposed a [three phase implementation plan](#)³ for the Measure T1 program and a list of proposed Phase 1 projects to be considered by the Council, the City's commissions, and the general public.

From December 2016 through June 2017, the City undertook a robust public process to gather input on the proposed projects. In addition to three Measure T1 Workshops for the general public, the Parks & Waterfront and Public Works Commissions invited and received input from the public and other City Commissions. They submitted a [joint report to Council in June 2017](#)⁴ detailing their recommendations. The City Manager incorporated this input and submitted a [final recommended list of projects](#)⁵. Council adopted this list and proposed plan for implementing Phase 1 of the T1 bond program on June 27, 2017.

DISCUSSION

PROJECTS-OVERVIEW

To date, all 34 of the identified Measure T1 projects have started. Since the bonds were sold in November of 2017, many of the projects slated for construction have gone through the planning and design phase. The majority of these T1 projects will start construction in 2019. During the next 12 months, an estimated \$21 million worth of projects will be under construction. Additionally, four of the nine design projects have made significant progress and the other five will make significant progress in the next six months. The City has authorized approximately 25 contracts and/or task orders and held 14 project specific public meetings.

KEY ISSUES

As Phase 1 projects progress, the following issues will require ongoing monitoring and discussion.

³ See https://www.cityofberkeley.info/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/Measure%20T1%20GO%20Bonds%20Recommendations.pdf

⁴ See https://www.cityofberkeley.info/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/Measure%20T1%20-%20Joint%20Commission%20Report%20-%20June%202017%20w%20attachments.pdf

⁵ See https://www.cityofberkeley.info/Clerk/City_Council/2017/06_June/Documents/2017-06-27_Item_49_Implementing_Phase_1.aspx

- 1. Funding Gap:** The funds available for T1 projects is \$35 million due to bond sale limits⁶. The current estimated program cost is \$40,416,000, as calculated below, which leaves a funding gap of \$5,416,000.

Program Cost⁷	\$ 39,365,000
Reductions:	
Bond Transaction Cost Not Incurred	(800,000)
Transfer Station Master Plan (Funded by Zero Waste)	(500,000)
Over-estimated contributions for Art	(49,000)
Additions:	
Estimated additional escalation for construction cost	2,400,000
Revised Estimated Program Cost	\$ 40,416,000

This calculation⁸ includes estimated additional escalation for construction cost. The original escalation rate used for construction was 3% a year. Based on engineer estimates from multiple City projects and the national and local construction indices, the revised estimated escalation is 9% for FY19, 7% for FY20 and 6% for FY 21. Staff will have a more accurate approximation of the program funding gap by spring of 2019, when bids are received for the Live Oak Community Center, North Berkeley Senior Center, Mental Health Building, Adeline Street and Hearst Avenue projects.

Staff, the Public Works Commission and Parks and Waterfront Commission are in the middle of a prioritization process that will be used as the basis for making recommendations to eliminate or reduce this \$5.4 million gap in the T1 budget. Options include reducing project scopes (for example, changing project scope from construction to design) or removing/postponing projects until additional funding is secured. Staff have held three meetings with the Measure T1 Joint Subcommittee to specifically discuss the funding gap issue, options to reduce this gap, and develop a change management process. Staff and commissions are expecting to finalize recommendations in early March and bring them to City Council in May 2019.

- 2. Environmental Sustainability:** Due to the increase in construction costs, the largest T1 projects, North Berkeley Senior Center and Live Oak Community

⁶ This limit is set by the terms of the bond program which requires that the upper limit of bond sales cannot exceed the total debt covered by the current 10-year average tax rate for a Berkeley resident.

⁷ On July 27, 2017, Council approved a list of projects for Phase 1 in the amount of **\$37.365 million**. On January 23, 2018, Council authorized **\$2 million** for the Mental Health Building Renovation project.

⁸ Calculation is based on the estimated construction cost of the following projects: North Berkeley Senior Center; Live Oak Community Center; Strawberry Creek Park Restroom; Rose Garden Drainage; Rose Garden Pergola, Pathways and Tennis Courts; Grove Park, Phase 2; George Florence Play Structure; San Pablo Park Tennis Courts; and San Pablo Park Play Area.

Center, are being scaled back to ensure that the basic seismic, ADA and other code needs are covered in construction. For this reason, as we bid these projects in the coming months, many of the energy upgrades will be listed as additive alternates. Staff has met with the Office of Energy and Sustainable Development (OESD) for clarification regarding the City's sustainability goals and to prioritize elements in major projects. Projects will be designed for current building codes, such as meeting the California Energy Code, and utilize more modern and sustainable technologies. Additional consideration will be given to weighing the up-front cost of energy upgrades against the benefits of lower long-term costs. Sustainability elements and improvements above baseline requirements may require additional funding which has not been identified.

PROJECT-SPECIFIC UPDATES

Attachment 1 provides a list of the 34 approved [Phase 1 projects](#)⁹, including project description, budget, timeline, project manager, and status update. Below is a summary of projects that are currently underway:

- **City-Wide Restroom Needs Assessment:** The consultant is expected to start in January 2019. Staff posted a RFP in July 2018, but did not receive response from any potential vendors, which allowed staff to negotiate on the open market. Staff contacted two vendors and met with them to review their qualifications, similar projects completed and project plan. A vendor was selected and a contract was negotiated and will go to City Council in December.
- **Old City Hall/ Veteran's Building/ Civic Center Park Conceptual Design:** Staff is in the process of getting a proposal for architectural services. A stakeholder kick-off meeting is scheduled for the first quarter of 2019.
- **Transfer Station Master Plan:** This project will be funded by the Zero Waste Fund. A Planning Consultant was selected and a contract was awarded. The next step in the public process will be a stakeholder charrette.

⁹ See https://www.cityofberkeley.info/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/6-27-17%20Adopted%20list%20of%20projects.pdf

Phase 1 projects include a mix of types of projects:

- *Planning* projects will focus on public processes, feasibility studies and analyses that culminate in a preferred project plan and cost estimate. These projects will be ready for the design and construction phase when funding is identified.
- *Planning & Design* projects will include public process, design, permits and bid package, and are intended to produce shove-ready projects for a later phase of T1 funding, grant funding, or other funding.
- *Planning, Design & Construction* projects will be entirely designed and built during Phase 1.

- **West Berkeley Service Center Planning and Conceptual Design:** Staff is in the process of getting a proposal for architectural services. A stakeholder kick-off meeting is scheduled for the first quarter of 2019.
- **Frances Albrier Community Center Planning and Design:** Staff is currently evaluating Architectural Services RFQ's and expect to have a finalized scope of work, executed contract, and begin the public process by the first quarter of 2019.
- **Tom Bates Fields North Field House and Restroom Planning and Design:** Conceptual design is currently being further developed based on public feedback and will be shared with the public again in the winter of 2019. Staff provided information regarding this project and received input from the community at the Semi-Annual Field Users Meeting in April 2018.
- **Willard Clubhouse Planning and Design:** Staff is currently evaluating Architectural Services RFQ's and expect to have a finalized scope of work, executed contract, and begin the public process by the first quarter of 2019.
- **Live Oak Community Center Seismic Upgrade and Renovation:** Conceptual design has been completed and staff will be holding a second public meeting once additional information from FEMA regarding the grant application is available. The initial FEMA grant was waitlisted, but now has been recommended for funding by the California Governor's Office of Emergency Services (Cal OES)
- **North Berkeley Senior Center (NBSC) Seismic Upgrade and Renovation:** Construction is anticipated to start in early 2019. The final design was submitted for permit review. The process for a public hearing started in September 2018 and the Zoning Adjustments Board (ZAB) hearing is expected by January 2019.
- **Strawberry Creek Park Restroom Replacement:** Conceptual designs are being prepared for the spring 2019 community meeting. Phase 1 improvements are funded by Parks Tax and PRW Capital Improvement Fund and began construction in September 2018. The restroom will be added to Phase 2 improvements, also funded by Parks Tax and PRW Capital Improvement Fund. An initial community meeting for Phase 2 improvements was held on May 19, 2018.
- **Mental Health Building Renovation:** The final design was submitted for permit review and is currently out for bid Bids are due back December 18, 2018 and construction will begin after contract execution and Council approval

- **Berkeley Health Clinic Electrical Improvements:** Staff will be using an On-Call Electrical Consultant for this work. The Consultant is working on a proposal for the scope of work.
- **Corporation Yard Roof and Electrical Upgrade:** An existing condition assessment and cost estimate have been completed. The next step will be to identify the exact scope of improvements and complete the design.
- **Marina Corporation Yard Electrical Upgrade:** An existing condition assessment and cost estimate have been completed. The next step will be to identify the exact scope of improvements and complete the design.
- **Public Safety Building Mechanical and HVAC Efficiency Improvements:** Coordination with IT is ongoing to develop the scope.
- **Aquatic Park Tide Tubes:** Staff is entering into a contract with an Engineering consultant to develop the scope and obtain environmental clearance for this work.
- **Berkeley Municipal Pier Planning and Design:** Draft pier study and water-side ferry study is complete. Staff received a proposal for the land side analysis and an MOU is currently being developed with the Water Emergency Transport Authority (WETA) to coordinate scope and secure additional funding to include a land-side study of ferry service to the Berkeley Marina for possible service to the waterfront.
- **Rose Garden Drainage:** Staff held pre-project permitting meeting with environmental agencies. Consultants are preparing permit applications, CEQA documents and preliminary plans. Construction is anticipated to start summer of 2019, pending receipt of environmental permits.
- **Rose Garden Pathways, Tennis Courts, and Pergola:** Construction is anticipated to start after the Rose Garden Drainage project is completed. Survey work is almost complete and Design Development is currently in progress. Work for the pathways and tennis courts has been bundled with Phase 2 of the Pergola Replacement and ADA renovation project. The goal is to leverage other funding sources, combine design effort, and consolidate construction time and park closures. Staff met with the LPC Subcommittee to resume coordination from previous Phase 1 work.
- **Citywide Irrigation System:** Installation of the system, testing, and training for the pilot sites are expected to be completed by April 2019 with full

- implementation anticipated in 2020. A RFP was released in December 2017, and proposals were received in January 2018. The vendor and City have executed a contract in November 2018.
- **Grove Park Field and Restroom Renovation:** A contract with an On-Call Landscape Architect was executed and survey and design is underway. A second public meeting will be scheduled after initial design is complete.
 - **George Florence Park Play Equipment Upgrade:** A contract with an On-Call Landscape Architect was executed and survey and design is underway, with a public meeting on October 20, 2018. Two public meetings have been held and staff is proceeding with the preferred conceptual plan.
 - **San Pablo Park Play Equipment Upgrade and San Pablo Park Tennis Courts Renovation:** A contract with an On-Call Landscape Architect was executed and survey and design is underway. Staff have combined these projects to leverage the design process and consolidate construction timelines. A second public meeting will be scheduled after initial design is complete.
 - **King School Park Green Infrastructure:** Project is not feasible.
 - **Adeline Street and Hearst Avenue:** Construction is expected to begin in the summer of 2019. Design and coordination with utility partners has been completed. Coordination with the Transportation division for a protected bicycle lane is underway. Bidding is anticipated in early 2019.
 - **Monterey Avenue and Ward Street:** Utility coordination is underway. Staff is evaluating options for green infrastructure on Ward Street. On-call Civil Engineering consultant to start design in early 2019.
 - **2nd Street, Hopkins Street, and Bancroft Way:** Staff is performing preliminary studies and confirming scope of work. On-call Civil Engineering consultant to start design in early 2019.
 - **University Avenue (West Frontage Road to Marina Boulevard), Marina Boulevard and Spinnaker Way:** Conceptual design and public process for University Avenue have been completed. Design of University Avenue is in progress and construction is expected to be completed in 2020. Marina Boulevard and Spinnaker Way are in conceptual design.

KEY MILESTONES

Since the previous semi-annual update in May 2018, staff have completed the following:

- Hired a consultant to develop the Measure T1 Policies and Procedures Manual. Staff met with the consultant to review established policies and procedures and discuss best practices. The manual has been completed and was shared with both the Public Works (PW) and Parks & Waterfront (P&W) commissions.
- Presented a program and project update to the Measure T1 Joint Subcommittee on August 6, 2018.
- Met with the Measure T1 Joint Subcommittee to discuss issues regarding change management process and projected funding gap on October 17, 2018 and October 29, 2018.
- Presented the draft semi-annual update report and draft for feedback to PW commission on November 1, 2018 and P&W commissions on November 14, 2018.
- Advertised the Measure T1 website on Berkeleyside in order to create more awareness of the Measure T1 bond program. The banner advertisement ran from May 4, 2018 to June 30, 2018.
- Community Process/Input:
 - Continued to advertise and hold meetings and events to solicit input from the community. Meetings were held for the following projects:
 - May 19, 2018: Strawberry Creek Park
 - June 2, 2018: Berkley Rose Garden Pathways, Tennis Courts, and Pergola; Berkeley Rose Garden Drainage
 - June 9, 2018: San Pablo Park Play Equipment Upgrade and Tennis Court Renovations
 - October 20, 2018: George Florence Park
 - November 27, 2018: George Florence Park (2nd meeting)
 - Upcoming meetings and events include:
 - Live Oak Community Center (2nd meeting): January/February 2019
 - North Berkeley Senior Center Ground Breaking: February 2019
 - Mental Health Building Ground Breaking: February 2019
 - San Pablo Park Projects (2nd meeting): Spring 2019
 - Grove Park (2nd meeting): Spring 2019
 - Strawberry Creek Park (2nd meeting): Spring 2019
 - Old City Hall/Veteran's Building: Winter 2019
 - West Berkeley Service Center: Winter 2019

- Frances Albrier Community Center (2nd Meeting): Winter 2019
- Willard Park: Winter 2019

- As a part of the community input process in planning for Phase 1, the Public Works and Parks, Recreation & Waterfront Commissions obtained feedback from multiple participating City commissions¹⁰ on projects for this phase. Since then, staff have returned to all participating City commissions to provide updates on Measure T1 and to notify them of key issues that staff are facing with the implementation of Measure T1.

- Continued to update the Measure T1 webpage to provide the Community with updates on the status of Phase 1 projects, community meetings and events.

- Continued the procurement of professional consulting services needed for T1 projects. Consultant services are being procured through existing City-wide On-Call Contracts, new City-wide On-Call Contracts, and through project-specific Requests for Qualifications or Requests for Proposals based on expertise required. Procurement is expected to be continuous as projects are developed.
 - Current On-Call Contracts include:
 - Architectural Services (reaching capacity)
 - Civil Engineering Services – Streets and Drainage
 - Electrical Engineering Services
 - Geotechnical Engineering Services
 - Landscape Architectural Services
 - Project Management/Construction Management Services (reaching capacity)

 - Upcoming On-Call Contracts include:
 - Architectural Services (New RFQ)
 - Project Management/Construction Management Services (New RFQ)

¹⁰ Children, Youth and Recreation Commission; Civic Arts Commission; Commission on Aging; Commission on Disability; Community Environmental Advisory Commission; Disaster and Fire Safety Commission; Energy Commission; Housing Advisory Commission; Landmarks Preservation Commission; Transportation Commission; and Zero Waste Commission

BOND PROGRAM MANAGEMENT

T1 Manual

The T1 Management Team, comprised of PRW and PW management, will continue to manage the Measure T1 bond program. The Team continues to meet regularly to review the T1 budget, expenditures, project progress, and to prepare detailed reports for Council, Commissions and the community.

The City worked with a consultant to develop a Policies and Procedures manual for the Measure T1 program. The goal is for the Measure T1 Manual to provide clear, concise guidelines on the management of T1 funds. This work is expected to improve audit-readiness, improve understanding of policies and procedures by staff and the community, and will help prepare the City for future audit.

The manual includes:

- *Purpose and scope*
- *Program description*: phasing, bond requirements and restrictions
- *Program management team organization*
- *Program management*: budgeting, project selection, sequencing, controls, change management, document control and communications
- *Project management*: roles and responsibilities, controls, change management, community engagement and communications.

The manual have been reviewed by the PW and P&W commissions and staff is finalizing the manual based on commission comments. The manual will be posted to the Measure T1 website¹¹ in January 2019.

Financial Audit

Staff plans to hire an external auditor in the next six months (FY 2019) to perform a financial audit on Measure T1 bond expenditures to ensure that expenses are in accordance with bond measure requirements. Audits are planned for every two years and staff expects to have approximately six financial audits during the life of Measure T1.

¹¹ www.cityofberkeley.info/measuret1

Expenditures to Date

As shown in Table 1, \$1,808,470 of T1 funds have been expended to date.

Table 1 – Phase 1 Expenditures to date as of 11/31/18

Category	Sub-Category/Project	Spent	Allocated	Remaining
Staff/ Project Management ¹²		\$ 908,753	\$ 4,200,000	\$ 3,291,247
Facilities, Equipment, Supplies, Services ¹³		\$ 161,021	\$ 400,000	\$ 238,979
Projects ¹⁴	Facilities/Buildings	\$ 357,166	\$ 15,900,000	\$ 15,542,834
	City Wide Safety Improvements	\$ 11,782	\$ 900,000	\$ 888,218
	Park Improvements	\$ 365,495	\$ 6,815,000	\$ 6,449,505
	Green Infrastructure	\$ -	\$ 1,200,000	\$ 1,200,000
	Complete Streets	\$ 4,253	\$ 8,500,000	\$ 8,495,747
Total		\$ 1,808,470	\$ 37,915,000	\$ 36,106,530

Communication

Staff will continue to provide semi-annual updates to the Parks & Waterfront and Public Works Commissions and to City Council. Staff met with both commissions in November to review the semi-annual update and the Measure T1 Policies and Procedures Manual. Staff continues to use the City's [Measure T1 website](#)¹⁵ to update the community on the bond program. This includes an updated [story map](#)¹⁶, providing photos, mapping and summaries of each approved T1 project. Community members can visit the [Measure T1 Phase 1 Project Updates](#)¹⁷ page for project updates, community meeting dates, and quarterly updates. For questions or information about Measure T1, community members are encouraged to email T1@CityofBerkeley.info.

ENVIRONMENTAL SUSTAINABILITY

Measure T1 provides potential opportunities to advance the City's environmental sustainability goals. For example, facility upgrade projects can be designed to not only

¹² Staff/Project Management costs include City staff to plan, manage, and supervise T1 projects; and a full-time analyst to provide direct administrative support for T1 projects. This does not include costs for other supervision and administration, such as other managers, departmental administrative staff, and other support functions like IT, Human Resources, and Finance.

¹³ Facilities, Equipment, Supplies, and Services includes the cost to lease T1's share of office space on the 5th Floor of 1947 Center St., T1-related office furniture, computers, printers, office supplies, copier lease, staff trainings, communication materials, and audits.

¹⁴ Project costs will include all direct project expenses.

¹⁵ See <https://www.cityofberkeley.info/MeasureT1/>

¹⁶ See <https://berkeley.maps.arcgis.com/apps/MapTour/index.html?appid=6a32f8ecb2924aebbb952bd59cb8b7fc>

¹⁷ See <https://www.cityofberkeley.info/MeasureT1Updates.aspx>

improve safety and address deferred improvements, but also to increase resource efficiency and access to clean energy.

FUNCTIONAL ART

In [Resolution 67,795-N.S.](#)¹⁸, Council resolved that 1% of bond proceeds shall be available for functional art integrated into Measure T1-funded projects. The bond proceeds for Phase 1 of Measure T1 was \$35 million, resulting in a 1% functional art contribution of \$350,000. The total amount of \$350,000 has been deducted from Phase 1 Measure T1 projects.

A Request for Qualifications (RFQ)¹⁹ was posted on September 11, 2018 seeking artists to create functional art at the North Berkeley Senior Center and San Pablo Park Tennis Courts and Play Area. A Selection Panel will establish a pool of most qualified candidates by November 2, 2018. These selected candidates will have the opportunity to develop a proposal which will be publicized for public comment in January 2019.

PLANNING FOR PHASE 2

Phase 1 is expected to run through June 2021. The planning and public process for Phase 2 is anticipated to start in July 2019, approximately two years before Council approves Phase 2 projects. Staff will collaborate with the PW and P&W commissions to plan the community input process.

CONTACT PERSONS

Scott Ferris, Parks, Recreation & Waterfront, 510-981-6700

Phil Harrington, Public Works, 510-981-6300

Attachments:

- 1: T1 Project Schedule, Funding and Project Management

¹⁸ See https://www.cityofberkeley.info/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/Resolution%20No%2067,795.pdf

¹⁹ https://www.cityofberkeley.info/uploadedFiles/Finance/Level_3_-_General/18-11241-C%20-%20RFQ%20for%20Functional%20Public%20Art%20for%20NBSC%20and%20SPP-FINAL.pdf