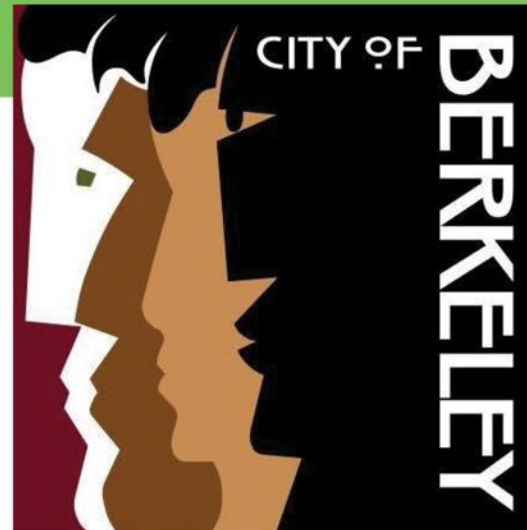# City of Berkeley Vision 2050

Work Session: January 20, 2022

Timeline to November 2022

- **January 2022**
  - Discuss results of community and stakeholder engagement to date, and gain direction from City Council

- **February 2022**
  - Citywide informational mailer
  - Draft *Program Plan*

- **March 2022**
  - Results of Bond Capacity Study to City Council
  - Solicit input on *Program Plan* from Commissions and Public via Large Area Public Meetings

- **April 2022**
  - Continue meetings
  - Follow up scientific survey

- **May 2022**
  - Present to City Council results of scientific survey, draft *Program Plan*, and revenue measure(s) for placement
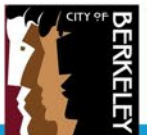
Seeking Direction on These Questions

- Is the November 2022 election the **right time** to include an infrastructure-focused revenue measure or measures?

- If yes, should it be **one** infrastructure-focused measure **or multiple** measures? And what should be the approximate dollar amount of the measure(s)?

- What should the top infrastructure spending **priorities** be for the measure(s)? And should affordable housing and traditional infrastructure both be addressed in such measure(s)?
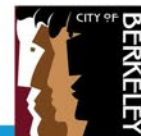
$1.2+ Billon in Infrastructure Need

PARKS, WATERFRONT & CAMPS	$220M
PUBLIC BUILDINGS	$285M
SIDEWALKS	$10M
STREETS & ROADS	$250M
SEWERS	$175M
STORM WATER	$245M
TRAFFIC SIGNALS & PARKING	$15M

Note: These estimates are continuously updated.

Early investments in local infrastructure saves us money in the long-term and protects our quality of life.
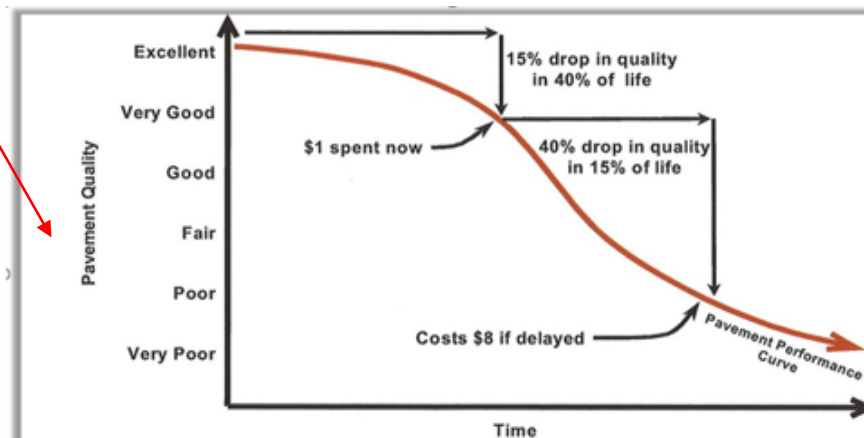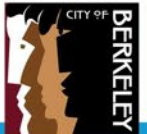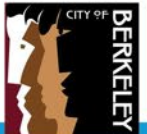
Table 2: Pavement Deterioration and Life Cycle Costs

$1.2+ Billon in Infrastructure Need

This is an undercount, as many City priorities are NOT included….

Measures M, T1, and O were great steps, and they were not enough.

Local Funding Mechanisms

Tax Type	Amount	Est. Total Funding	Avg. Cost Per Year	Tax Basis	Use of Funds	Tax Model	Exemptions
Infra. Bond	$27 per $100,000 AV	$250m	$200	$ Assessed value	Capital only	Most progressive	No
	$54 per $100,000 AV	$500m	$400	$ Assessed value	Capital only	Most progressive	No
Parcel Tax	15¢ per sq foot	$250m (~$12m /yr)	$300	$ per building sq foot	Capital + Maint.	Progressive	Low income/ senior
	30¢ per sq foot	$500m (~$25m /yr)	$600	$ per building sq foot	Capital + Maint.	Progressive	Low income/ senior
Sales Tax	0.5¢ per $1.00	$150m	Varies – 10.75% total rate	Taxable purchases	Capital + Maint.	Least Progressive	Yes*

Essential purchases like groceries and prescription medicine are exempt
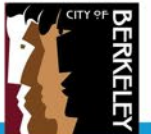
Stakeholder and Community Engagement

- Scientific survey of 500 Berkeley voters

- 20+ meetings with community groups and stakeholders

- 1,024 respondents to an online survey
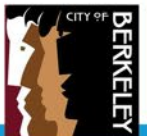
Of the three types of ballot measures tested, the parcel tax is in the strongest position to pass today, followed by a half cent sales tax, and a bond measure. All three measures fall short of the two-thirds threshold with a relatively high level of No votes.
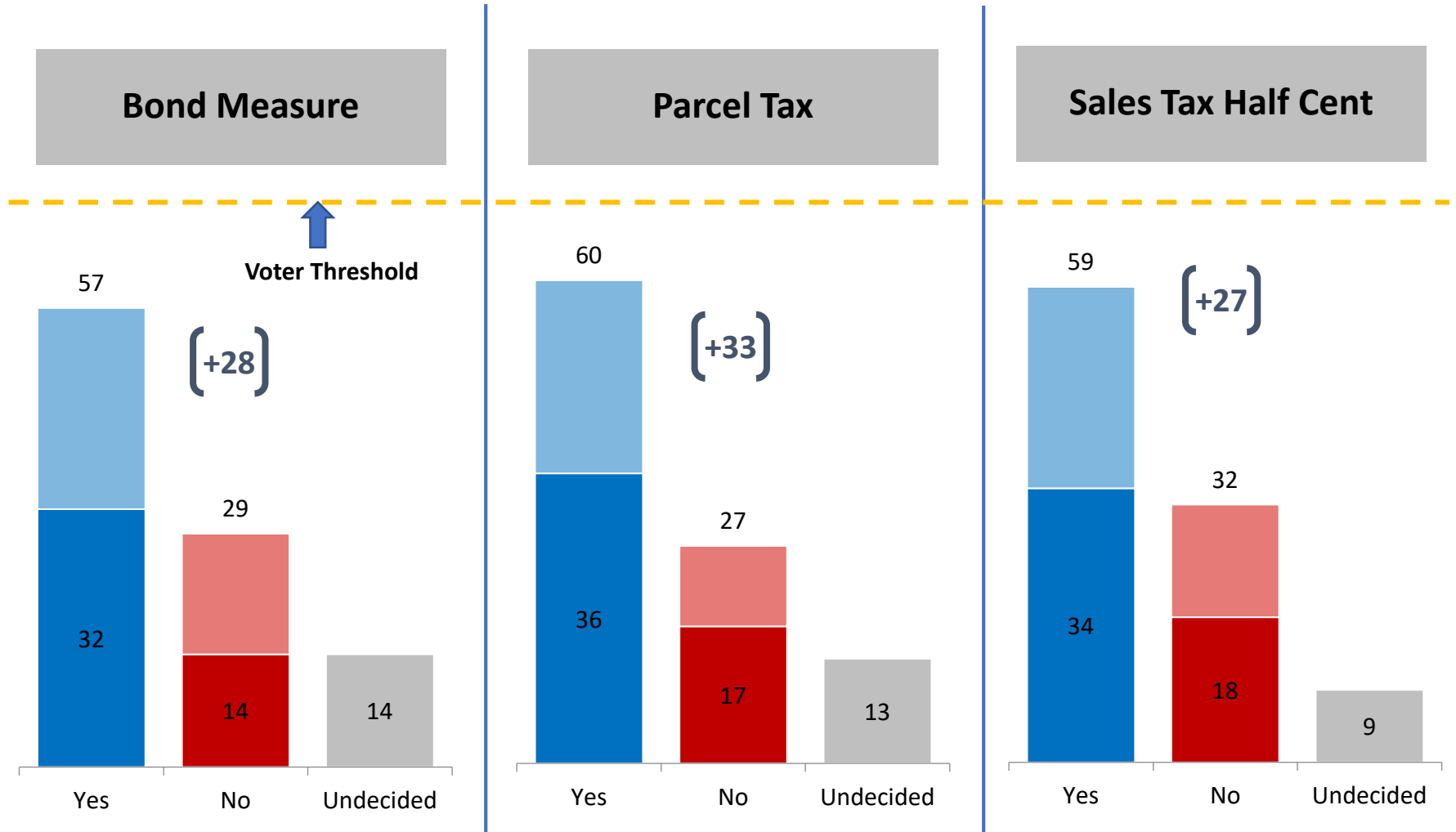
| Bond Measure | Parcel Tax | Sales Tax Half Cent |

Bond Measure

Voter Threshold

57 [+28]

32
29
14
14

Yes   No   Undecided

Parcel Tax

60 [+33]

36
27
17
13

Yes   No   Undecided

Sales Tax Half Cent

59 [+27]

34
32
18
9

Yes   No   Undecided

LRP LAKE RESEARCH PARTNERS
Strategy · Precision · Impact

Top priorities for Berkeley voters are increasing affordable housing, upgrading storm drains, addressing climate impacts like sea level rise, wildfires and drought, and undergrounding utilities. Affordable housing rates highest when it is for low-income and homeless residents. Repairing streets and sidewalks is also a high priority.

Top Tier Investment Priorities

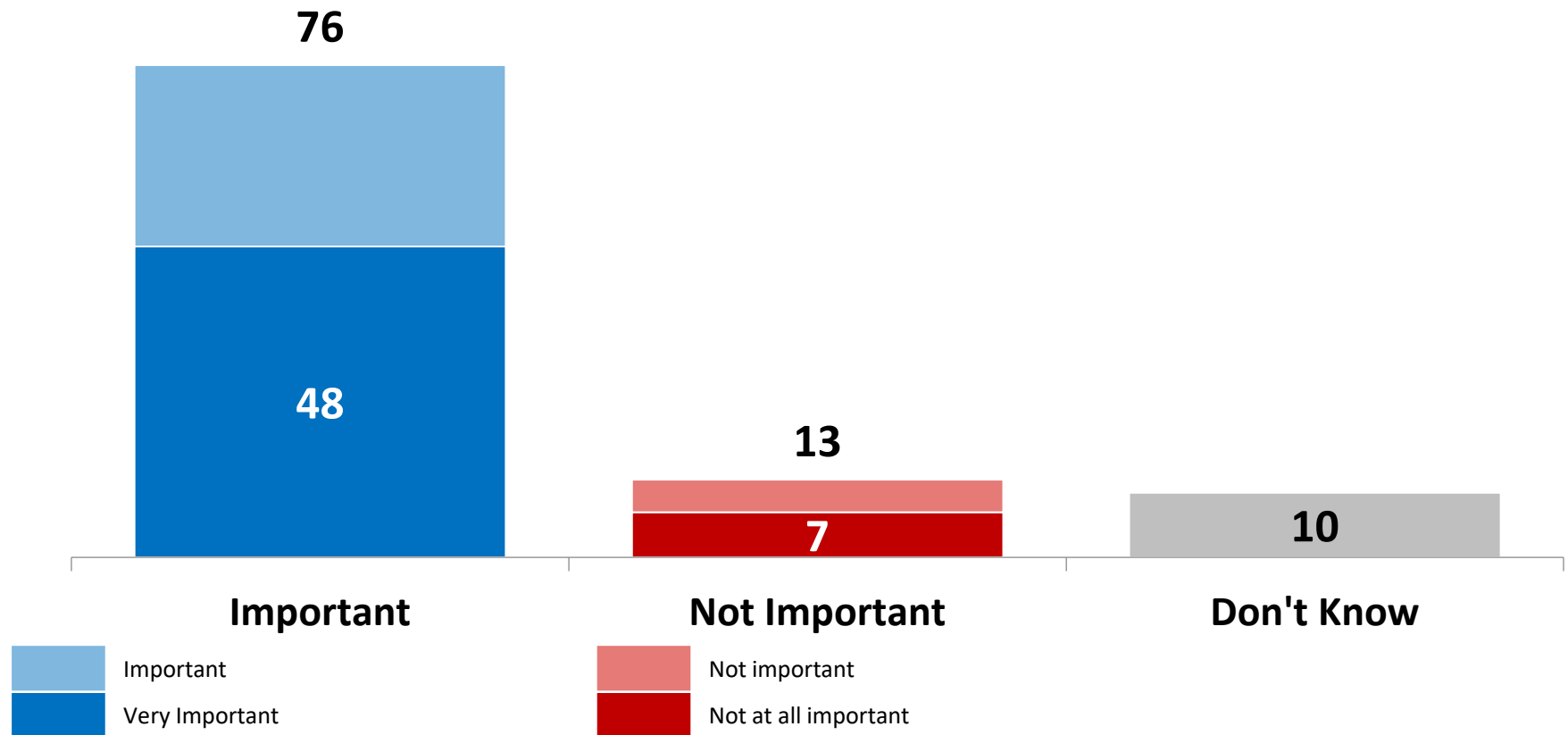| Priority	Extremely Important	Total
Increasing affordable housing for low-income and homeless residents*	54	79
Upgrading storm drains, green infrastructure, and our watersheds to keep pollution from the Bay	31	79
Developing climate change resiliency including protecting against sea level rise, wildfires, and drought	48	78
Increasing affordable housing for low-income residents*	42	75
Undergrounding utilities to help reduce the risk of wildfire	40	73
Repairing deteriorating streets	35	73

■ Extremely Important

*indicates split sample

Q7. The next set of questions is about infrastructure needs in Berkeley. I am going to read you some areas that have been identified as types of infrastructure needing repair, investment, or improvement in the City of Berkeley. For each one, please tell me how important that is to you as a resident of Berkeley – extremely important, very important, somewhat important, not too important or not important at all

LRP LAKE RESEARCH PARTNERS
Strategy · Precision · Impact

Three-fourths of voters think that an infrastructure measure should include an aspect of equity, and half of voters feel that way strongly.
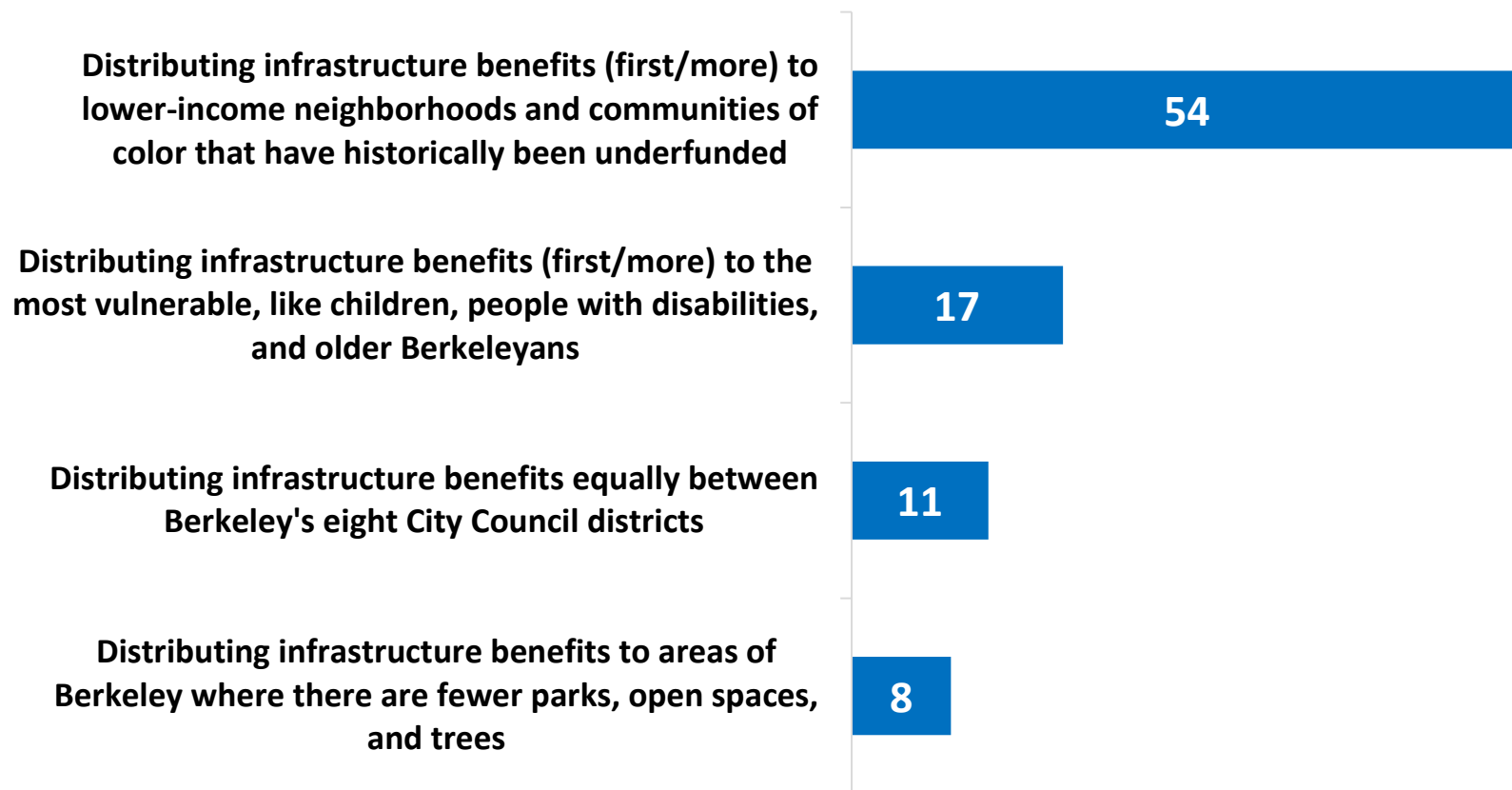
How important is it to you personally that a proposed infrastructure measure include an aspect of equity, whatever that means for you?

Legend:
- Important (light blue)
- Very Important (dark blue)
- Not important (light red)
- Not at all important (dark red)

Categories:
- **Important**: 76 (48 Very Important)
- **Not Important**: 13 (7 Not at all important)
- **Don't Know**: 10

Q16. How important is it to you personally that a proposed infrastructure measure include an aspect of equity, whatever that means for you? Would you say it is very important, somewhat important, not to important, or not at all important?

LRP LAKE RESEARCH PARTNERS
Strategy · Precision · Impact

The definition of equity that resonates with most voters is distributing benefits to lower income neighborhoods and communities that have been underfunded.

What does equity mean to you?

Distributing infrastructure benefits (first/more) to lower-income neighborhoods and communities of color that have historically been underfunded — 54

Distributing infrastructure benefits (first/more) to the most vulnerable, like children, people with disabilities, and older Berkeleyans — 17

Distributing infrastructure benefits equally between Berkeley's eight City Council districts — 11

Distributing infrastructure benefits to areas of Berkeley where there are fewer parks, open spaces, and trees — 8

*In a split sample experiment, the difference between *first* and *more* was not statistically significant

Q17/Q18 Now I am going to read some ways that people have defined equity in Berkeley. Please tell me which definition is most in line with what equity means to you.

LRP LAKE RESEARCH PARTNERS
Strategy · Precision · Impact

Online Survey

- **Solicited input from public**
  - Encouraged participation via meetings and community messages
  - Not randomized

- **1,024 respondents**

- **Top priorities:** % = those ranking the particular item first priority
  - 28.5% – Street Repair
  - 19.2% – Affordable Housing
  - 8.3% – Bike Lanes/Safety
  - 7.5% – Climate Change Resiliency
  - 6.8% – Pedestrian Safety

Respondents were asked to rank their top 3 priorities for how funding from a potential 2022 measure should be spent from a selection of 23 categories.
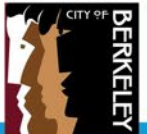
Online Survey

Urgency of Priorities: 1 is extremely urgent, 5 is not urgent

- **Repairing deteriorating streets (1.96)**

- Improving traffic safety (2.25)

- Upgrading storm drains, green infrastructure, and our watersheds to keep pollution from the Bay (2.35)

- Repairing sidewalks to improve pedestrian safety and ADA accessibility (2.37)

- Undergrounding utilities to help reduce the risk of wildfire (2.40)

- Climate change resiliency including protecting against sea level rise, wildfires, and drought (2.42)

- Planting and caring for trees (2.52)

- **Increasing affordable housing for low-income and homeless residents (2.57)**

- Expanding bike lanes and improving bike safety (2.62)

- Upgrading traffic signals, pavement markings, and street signs (2.66)

Respondents were also asked to rate the urgency of various infrastructure priorities using a 5-point scale, with 1 being extremely urgent and 5 being not urgent.
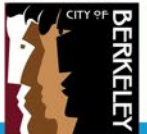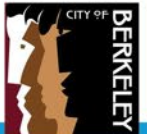
Stakeholder Meetings

Themes and Recurring Points

+ Request for more explanation of the $1.2B in infrastructure need

+ November 2022 was probably the right time for measure

+ Importance of trees, biodiversity, and green space in investment priorities

+ Desire to see an integrated approach to infrastructure investments

+ Support for equity in any measure

+ Some interest in a parcel tax given its ability to fund both capital improvements and ongoing maintenance

▲ Some concern that a "fix-it-first" approach to infrastructure did not align well with Vision 2050 or the City's climate and resilience strategy

▲ Some concern over voters' (mis)trust of the City's financial management

▲ Varying opinions including affordable housing and traditional infrastructure together

▲ Concern about tax burden of bond/parcel tax on new/long-time owners

▲ Concern that ongoing maintenance be adequately funded to ensure whatever is constructed is properly maintained

Potential Measure Options

Option #1:
Single Revenue Measure
	$500 Million Bond:
	    $200 Million - Street repair, traffic safety
	    $150 Million - Affordable housing for low-income and homeless residents
	    $75 Million - Climate change, sea level rise, wildfire prevention and protection
	    $75 Million - Improvements to public buildings and general infrastructure	

Option #2 **Multiple Revenue Measures**	Parcel Tax: $12M annually or $250 Million if Bonded	Street repair, traffic safety
	$150 Million Affordable Housing Bond	Affordable housing for low-income and homeless residents
	$100M Infrastructure Bond	Climate Change, Wildfire Prevention and Protection, and Other Public Infra.
Option :3 **Variations of the Above**	Replace funding mechanisms, raise/lower dollar amounts, or change priorities	
Option #4: **None of the above**	Propose a different election date for a measure or measures, explore a measure not yet explored, or direct staff to do something else	

Bond Capacity Study

What is the premise of this study?

How affordable is the City's long-term debt plan?

The future is fundamentally uncertain, but looking 30 years ahead is really uncertain!

How do we approach this problem?

Bond Capacity Study

We are taking a "risk-aware" approach. We will use computer simulation (the same techniques use by insurance companies, climate scientists and more) to address the questions such as:

What are the chances that the City can repay any given level of debt?

How much more is the City comfortable borrowing, given the likelihood it can afford more debt as well as other liabilities (e.g., pensions)?

How does debt issues by overlapping jurisdictions impact the City's debt capacity?
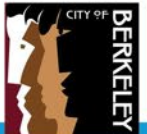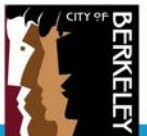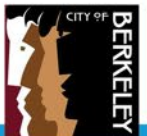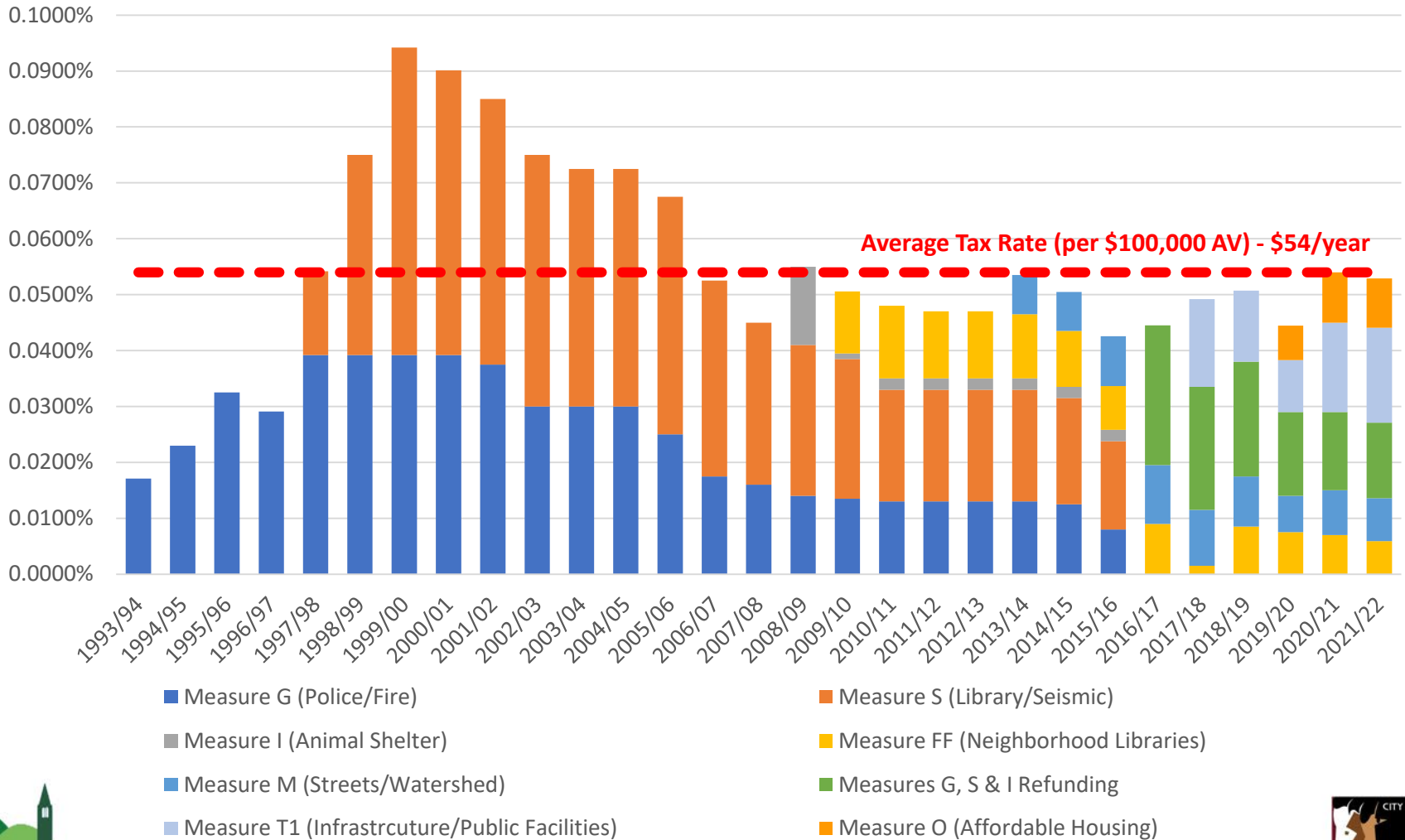
Bond Capacity Study

What makes a risk-aware approach special?

We can simulate a range of outcomes for key variables and see how affordable the City's debt is under different circumstances. Key variables include:
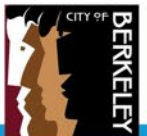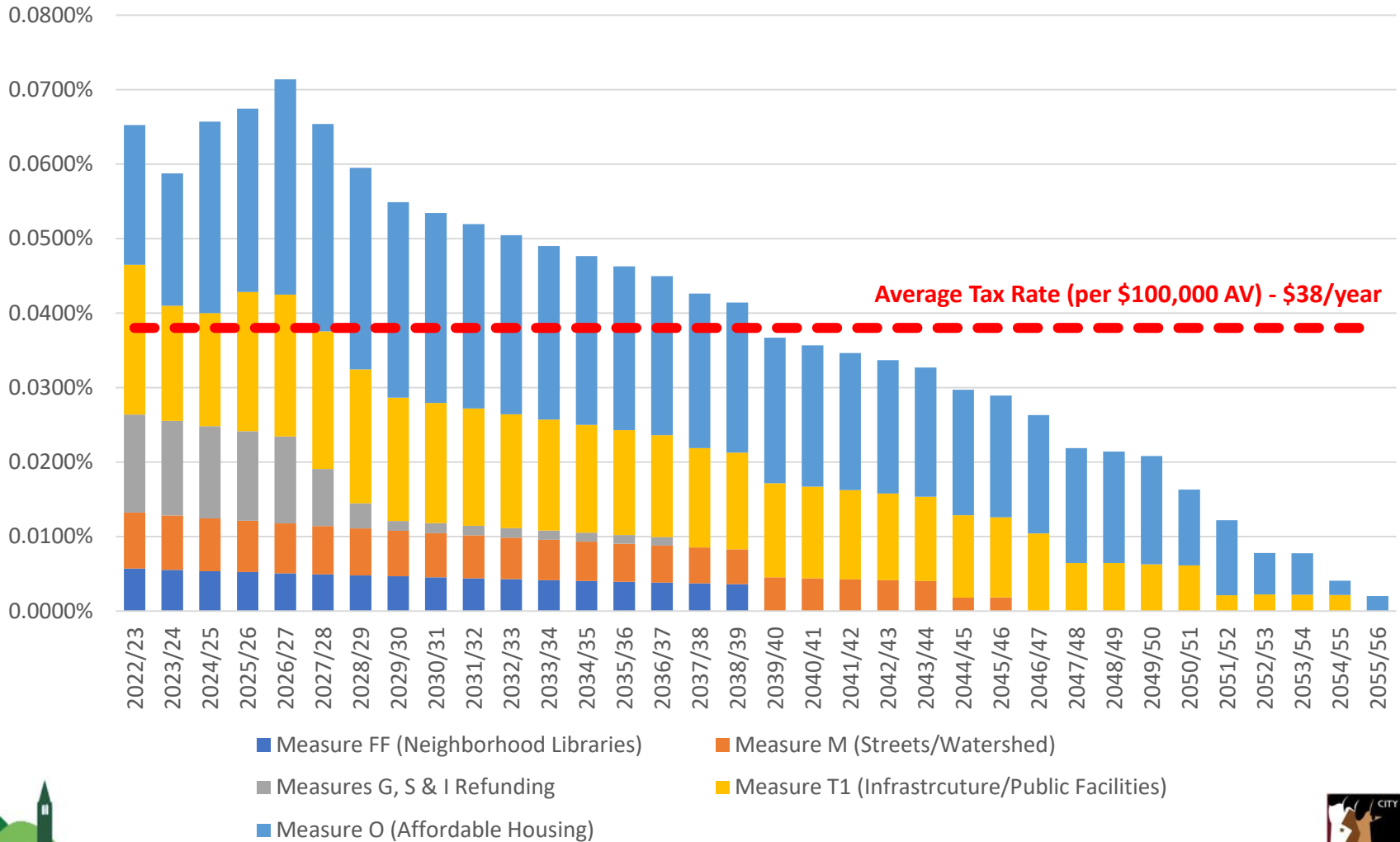
- Amount of debt to issue

- Interest rates

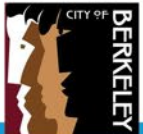- Behavior of overlapping jurisdictions

Historical G.O. Bond Tax Rates

Average Tax Rate (per $100,000 AV) - $54/year

Legend:
- Measure G (Police/Fire)
- Measure I (Animal Shelter)
- Measure M (Streets/Watershed)
- Measure T1 (Infrastrcuture/Public Facilities)
- Measure S (Library/Seismic)
- Measure FF (Neighborhood Libraries)
- Measures G, S & I Refunding
- Measure O (Affordable Housing)

Projected Tax Rates
(All G.O. Bond Authorizations)

Average Tax Rate (per $100,000 AV) - $38/year

Legend:
- Measure FF (Neighborhood Libraries)
- Measure M (Streets/Watershed)
- Measures G, S & I Refunding
- Measure T1 (Infrastrcuture/Public Facilities)
- Measure O (Affordable Housing)

Projected Tax Rates
(All G.O. Bond Authorizations + $250M)

Average Tax Rate (per $100,000 AV) - $65/year

Legend:
- Measure FF (Neighborhood Libraries)
- Measure M (Streets/Watershed)
- Measures G, S & I Refunding
- Measure T1 (Infrastrcuture/Public Facilities)
- Measure O (Affordable Housing)
- $250M Bond Measure

Projected Tax Rates
(All G.O. Bond Authorizations + $500M)

Average Tax Rate (per $100,000 AV) - $95/year

Legend:
- Measure FF (Neighborhood Libraries)
- Measure M (Streets/Watershed)
- Measures G, S & I Refunding
- Measure T1 (Infrastrcuture/Public Facilities)
- Measure O (Affordable Housing)
- $500M Bond Measure

Projected Tax Rates
(All G.O. Bond Authorizations +$750M)

Average Tax Rate (per $100,000 AV) - $125/year

Legend:
- Measure FF (Neighborhood Libraries)
- Measure M (Streets/Watershed)
- Measures G, S & I Refunding
- Measure T1 (Infrastrcuture/Public Facilities)
- Measure O (Affordable Housing)
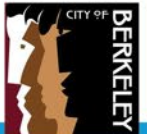- $750M Bond Measure

Discussion on Program Plan

- Long-term program to address Berkeley's infrastructure needs through 2050, including this and future revenue measures and the results each could deliver

- Process for selecting projects and then delivering them

- Ensure Vision 2050, resilience, sustainability, and ongoing maintenance are addressed, not just immediate infrastructure needs

- Explore possibility of a new, but then flat, tax ceiling

- Affordable housing planning dealt with on separate track

- **Does this sound right? Anything missing?**
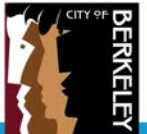
Seeking Direction on These Questions

- Is the November 2022 election the **right time** to include an infrastructure-focused revenue measure or measures?

- If yes, should it be **one** infrastructure-focused measure **or multiple** measures? And what should be the approximate dollar amount of the measure(s)?

- What should the top infrastructure spending **priorities** be for the measure(s)? And should affordable housing and traditional infrastructure both be addressed in such measure(s)?

Questions and Discussion