

CITY OF OAKLAND



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Office of the City Auditor  
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August 5, 2016

LaTonda Simmons, City Clerk  
1 Frank H. Ogawa Plaza  
Oakland, CA 94612

RE: Financial Analysis of the Infrastructure Bond Ballot Measure for November 2016

Dear City Clerk:

I am pleased to submit an impartial analysis of the Infrastructure Bond, which proposes a General Obligation bond of \$600 million to fund various infrastructure and affordable housing projects to the November 2016 ballot.

The Office of the City Auditor prepared this analysis in accordance with Municipal Code Section 3.08.210, which requires the Office prepare an impartial financial analysis of each measure qualifying for ballot placement.

If you have any questions, please contact Stephen Lawrence, Assistant City Auditor at 510-238-7609.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brenda D. Roberts", with a stylized flourish at the end.

Brenda Roberts  
City Auditor

## **City Auditor's Impartial Financial Analysis of Infrastructure Bond Ballot Measure**

This Measure authorizes the City of Oakland to issue up to \$600,000,000 in General Obligation bonds to fund various infrastructure and affordable housing projects. The City plans to expend funds as follows:

- Streets, Sidewalks and Pedestrian, Bicycle and Traffic Safety
- Public Safety and Improving Quality of Life  
(Libraries, Parks & Recreation, Fire and Police)
- Housing Anti-Displacement Measures

### Financial Impact

Our estimate is based on the assumption that all of the authorized bonds will be issued within 10 years in five series, so that the entire \$600 million is not issued at one time. Principal and interest on the bonds will be payable from the proceeds of annual tax levies made upon the taxable property in the City.

Beginning with the first issuance, based on the projected issue of \$200 million in the first series of bonds, the estimated annual tax rate per \$100,000 of assessed value will be approximately \$23.55. The average assessed value of a single family residence in Oakland for 2015 was \$434,028, which means the 2017-2018 tax rate for such property is estimated at \$102.21.

Once the last projected series of bonds is issued, the estimated annual tax rate will reach its highest estimated value of \$79.12 per \$100,000 of assessed value, or \$343.40 for the average assessed value of \$434,028 for a single family residence.

Once all bond series are issued, we expect the tax rate to remain at the same level until the projected maturity dates of the bond series. We anticipate the annual estimated tax rate to gradually decrease as each bond series is paid over time.

The actual tax rates and the years in which they will apply may vary from estimates due to the timing of bond sales, the amount of bonds sold, market interest rates at the time of each sale, and actual assessed valuations over the repayment term of the bonds. Additionally, without limitation as to rate or amount, the City Council may levy and collect additional tax sufficient to pay debt service on the bonds in any fiscal year.

The bonds may be used for approved projects and the costs of the issuance and sale of the bonds. There will be other administrative costs associated with this Measure

including a proposed Citizen Oversight Commission; however, these costs cannot be effectively determined until program implementation.