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August 2, 2022

Asha Reed, City Clerk
1 Frank H. Ogawa Plaza
Oakland, CA 94612

RE: Financial Analysis of “New Infrastructure Bond” November 2022 ballot measure

Dear City Clerk Reed:

I am pleased to submit an impartial financial analysis of the “New Infrastructure Bond,” ballot measure which if approved by two-thirds of voters, will authorize the City of Oakland (City) to issue up to \$850,000,000 in General Obligation bonds to fund various projects.

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

If you have any questions, please contact Assistant City Auditor, Michael Houston at 510-238-3114.

Sincerely,

A handwritten signature in black ink, appearing to read "Courtney A. Ruby". The signature is fluid and cursive, with a large loop at the end.

Courtney A. Ruby, CPA, CFE
City Auditor

Summary

This measure, if approved by two-thirds of voters, will authorize the City of Oakland (City) to issue up to \$850,000,000 in General Obligation bonds to fund various projects. This bond measure will prioritize projects for housing, transportation, and paving, and needed repairs of the public infrastructure and safety facilities. The general spending plan is summarized as follows:

Category	Amount
Affordable Housing Preservation	\$350 million
Transportation	\$290 million
Citywide Facility Preservation and Improvement	\$210 million

The spending plan is not a guarantee that any specific amounts will be spent on particular projects.

Principal and interest on the bonds will be payable from the proceeds of annual property tax levies on taxable properties in the City.

Financial Analysis

The City's current bond policy is to keep the property tax rate levied on voter-approved indebtedness at or below the estimated fiscal year 2022-2023 tax rate of 0.22%, as projected by the City on the date of bond issuances, by issuing new bonds as older bonds are retired and/or as the tax base grows, though the actual property tax rate levied in each fiscal year may vary based on other factors.

Currently, the property tax rate levied by the City to pay voter approved indebtedness is 0.201%. This rate includes 0.157% for pension obligation bonds scheduled to be paid off in fiscal year 2026-27. If this measure does not pass, the debt service rate will be reduced by 0.157%, or by approximately \$157 per \$100,000 assessed valuation in fiscal year 2026-27. If this measure does pass, the property tax rate levied on voter-approved indebtedness should be at or below the estimated fiscal year 2022-2023 tax rate of 0.22% per the City's current policy.

Until authorized bond proceeds have been spent, the measure is subject to annual audits, and citizen oversight.

The annual financial cost to the City includes administering and collecting the tax and oversight. We estimate this amount to be approximately \$200,000 annually.

Our independent analysis is based on the best information available at this time.