

CITY OF OAKLAND
COUNCIL AGENDA REPORT

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency and Public Works Agency

DATE: February 8, 2005

RE: REPORT ON THE STATUS OF MEASURE DD – THE OAKLAND TRUST FOR CLEAN WATER AND SAFE PARKS GENERAL OBLIGATION BOND PROGRAM; A RESOLUTION AUTHORIZING THE MODIFICATION OF THE MEASURE DD EXPENDITURE PLAN AUTHORIZED BY CITY COUNCIL RESOLUTION 77965; A RESOLUTION AUTHORIZING AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH FRIENDS OF OAKLAND PARKS AND RECREATION FOR ADMINISTRATIVE SUPPORT SERVICES TO THE MEASURE DD COMMUNITY COALITION IN AN AMOUNT NOT TO EXCEED TWENTY THREE THOUSAND SEVEN HUNDRED AND FIFTY TWO DOLLARS (\$23,752) FOR A TOTAL NOT TO EXCEED AMOUNT OF THIRTY NINE THOUSAND SEVEN HUNDRED AND FIFTY ONE DOLLARS (\$39,751) AND A RESOLUTION AUTHORIZING THE APPLICATION, ACCEPTANCE AND APPROPRIATION OF NINE MILLION DOLLARS FROM THE CALIFORNIA COASTAL CONSERVANCY FOR WATER QUALITY IMPROVEMENTS ASSOCIATED WITH THE LAKE MERRITT 12TH STREET IMPROVEMENT PROJECT AND ONE MILLION DOLLARS FOR LAKE MERRITT WATER QUALITY TECHNOLOGIES

SUMMARY

This report provides an update on the Measure DD (Oakland Trust for Clean Water and Safe Parks) bond program and recommends the following resolutions and actions:

- Resolution authorizing the modification of the Measure DD expenditure plan adopted by City Council in Resolution 77965 specific to the Lake Merritt Channel.
- Resolution amending the professional services contract with Friends of Oakland Parks and Recreation to provide administrative support services to the Measure DD Community Coalition from January 2005 to July 2006.
- Resolution authorizing the application for, acceptance, and appropriation of up to 10 million dollars from the California Coastal Conservancy for water quality and habitat improvements associated with the Lake Merritt Water Quality project and the 12th Street Improvement project.
- Approval of specific projects and budget allocations within the Lake Merritt System-wide Improvements category.

- Approval to defer design work associated with improving the Lake Merritt Sailboat House until issuance of Series B and allocate \$1 million of the \$1.25 million in funds appropriated to this project to the Municipal Boathouse project and \$0.2 million to the Lake Merritt Bike/Pedestrian Path project to supplement their current project budget allocations.

Measure DD authorized \$198.25 million in general obligation bonds for Lake Merritt (\$88.25 million), Estuary Waterfront Access, Parks and Cleanup (\$53 million), Lake Merritt Channel projects (\$27 million), Recreation Facilities (\$20 million), and Creeks (\$10 million). Council has previously authorized spending the \$198.250 million in three consecutive series, Series 2003A, Series 2006B, and Series 2010C. Exhibit A lists Measure DD Series A legislated projects completed, underway, and to be completed in Series B and C.

The Measure DD Series A bond was sold in July 2003 (\$71,450,000) with the expectation that 85% of the \$70,579,000 appropriated to projects would be spent or encumbered by July 2006.

The majority of projects are progressing on or ahead of schedule and within budget. However, several projects have real estate and regulatory permitting issues that will likely extend their completion beyond July 2006. These projects include construction of the Bay Trail under the Fruitvale Bridge, construction of the Bay Trail on parcels adjacent to the three bridges, and securing easements for the Bay Trail on the Gallagher and Burk and Hanson Aggregate sites just south of the High Street Bridge.

The following exhibits are attached, and provide detailed project information:

- Exhibit A Project Status Summary
- Exhibit B Project Schedules
- Exhibit C Original 2003 Project Expenditure Plan
- Exhibit C-1 Revised Project Expenditure Plan
- Exhibit D Budget Tracking/Summary of Project Expenditures to Date
- Exhibit E Lake Merritt System-wide Improvement Project Options and Recommendations
- Exhibit F Grant Applications/Funding Requests Summary
- Exhibit G Studio One Interim Program Costs

Staff recommends that Council accept this status report, approve the proposed resolutions reappropriating Measure DD funds for the Lake Merritt Channel projects; approve an amendment to the existing professional services agreement with Friends of Oakland Parks and Recreation; and authorize application of Coastal Conservancy funds for the Lake Merritt Water Quality project and the 12th Street project.

FISCAL IMPACT

There is no fiscal impact to the City's General Fund associated with this status report and requested actions.

Measure DD authorized the issuance of general obligation bonds in the amount of \$198.25 million for the purpose of financing repair, construction and improvement of certain amenities at Lake Merritt, the Lake Merritt Channel, the Oakland Estuary waterfront, creeks, and other cultural and recreational facilities throughout Oakland. The total cost to fully implement all projects described under the Measure is approximately \$362 million. Since this number was calculated in 2003, the construction cost inflation rate has risen from 3% annually to over 6%, so the funding gap has increased. To fully implement all the projects under the bond measure, the City will need to aggressively pursue outside grant funds as well as state and federal appropriations. This will be especially true for projects that would be undertaken in outlying years, due to cost increases associated with inflation. However, the significant local commitment demonstrated by this successful bond measure places the City in a strong position to obtain outside funding. In the event that additional funding is not raised, the project Scope of Work will be revised to reflect available funds from Measure DD only. If this funding is not adequate to complete a reasonable project, staff would return to City Council with recommendations for reducing the scope of work or reprogramming of funds among the Measure DD projects.

Actions requested of City Council involving Measure DD funds include approval of the following:

- Resolution authorizing the modification of the Measure DD expenditure plan adopted by City Council in Resolution 77965 specific to the Lake Merritt Channel. Funds are available in the Measure DD Capital Improvement – Clean Water, Safe Parks Fund (Fund 5320) 7th Street Flood Control Structure (Project C244510) for the reappropriations suggested for the Lake Merritt Channel category of Measure DD.
- Resolution amending the professional services contract with Friends of Oakland Parks and Recreation to provide continued administrative services support to the Measure DD Community Coalition from January 2005 to July 2006. The proposed amendment will increase the value of the contract by \$23,752 from \$14,999 to a total contract amount of \$39,750. Funds are available in the Measure DD Capital Improvement – Clean Water, Safe Parks Fund (Fund 5320) Measure DD Administration (Project C241510) to pay for costs associated with providing support to the Measure DD Community Coalition.
- Resolution authorizing the application for, acceptance, and appropriation of \$10 million from the California Coastal Conservancy for water quality and habitat improvements associated with the Lake Merritt Water Quality project and the 12th Street Improvement project. Funds received from the California Coastal Conservancy will be appropriated to the State of California Grants – Other Fund (Fund 2159) as related projects to Lake Merritt 12th Street (Project C241610) and Lake Merritt Water Quality (Project C241710).

- Specific projects and budget allocations within the Lake Merritt System-wide Improvements category. Funds are available in the Measure DD Capital Improvement – Clean Water, Safe Parks Fund (Fund 5320), Lake Merritt Systemwide Improvements (Project C242110) for Series A projects recommended to be funded as a part of the Lake Merritt Systemwide Improvement Project. Funds for Series B projects will be appropriated as a part of the Series B issuance.
- Defer design work associated with improving the Lake Merritt Sailboat House until issuance of Series B and allocate \$1 million of the \$1.25 million in funds appropriated to this project to the Municipal Boathouse project and \$0.2 million to the Lake Merritt Bike/Pedestrian Path project to supplement their current project budget allocations. Funds are available in the Measure DD Capital Improvement – Clean Water, Safe Parks Fund (Fund 5320) Lake Merritt Sailboat House (Project C242010) for re-appropriation to the Municipal Boathouse and Lake Merritt Bike/Pedestrian Path projects.

Measure DD provides capital improvement funding for a variety of projects including renovation and expansion of parkland, renovation of buildings, construction of a new sports center, new lighting and traffic signals, and acquisition of new open space and land for a waterfront trail. Projects are being designed to meet a high standard of energy efficiency and maintenance sustainability including use of durable, long lasting materials. In order to maintain the appearance and operation of these new and renovated facilities, a significant increase in maintenance funding will be needed as these improvements come on line. California law prohibits the use of general obligation bond funds such as Measure DD for ongoing maintenance or operating expenses, so another source must be identified before the first projects are completed in summer 2006. The estimated costs of these maintenance needs will be provided to City Council as part of the FY 05-07 budget process.

BACKGROUND

On November 5, 2002, Oakland voters overwhelmingly passed by an 80% percent margin Measure DD, (Oakland Trust for Clean Water and Safe Parks). The measure allows the City to sell bonds in order to raise funds for a variety of parks, clean-water protection and youth recreation projects. This significant local commitment is integral to the City's capability to obtain outside funding by providing matching funds. The projects were identified in the bond measure enabling Ordinance 12435 by the following five categories:

- Lake Merritt restoration and water quality improvements - \$88.25 million;
- Estuary waterfront access parks and clean up - \$53 million;
- Lake Merritt-to-Oakland Estuary connection (Lake Merritt Channel) - \$27 million;
- Youth and public recreation facilities - \$20 million; and
- Creeks and waterways restoration and acquisition - \$10 million.

Of the \$198.25 million, current approved expenditures are as follows:

<u>Expenditure Description</u>	<u>Amount</u>	<u>% of Bond</u>
Direct Costs		
Land Acquisition, and Construction	\$135,801,250	68.5
Project Delivery	\$ 49,562,500	25.0
Public Art	<u>\$ 2,973,750</u>	<u>1.5</u>
Total Direct Costs	\$188,337,500	95%
Indirect Costs		
Program Staff	\$5,160,186	2.6
Contract Services	\$1,700,000	1.2
Cost of Bond Issuance	\$ 822,000	0.4
Contract Compliance	<u>\$2,230,314</u>	<u>1.0</u>
(1½% of 75% of bond)		
Total Indirect Costs	\$9,912,500	5%
Grand Total	\$198,250,000	100%

KEY ISSUES AND IMPACTS

The Measure DD Series A bond was sold in July 2003 with the expectation that 85% of the funds would be spent or encumbered by July 2006. The majority of projects are progressing on or ahead of schedule and within budget. Exhibit A provides an overview of project progress in a matrix format and is updated monthly by staff.

The key issues and impacts associated with Measure DD Series 2003A projects are highlighted by funding category, current funding allocation and scope of work as follows:

- Lake Merritt Projects

12th Street - \$9,500,000 - Design

Staff is working with the California Coastal Conservancy on a grant request to be reviewed by the Coastal Conservancy Board in May 2005 for up to nine million dollars in additional project funding. Coastal Conservancy has verbally committed to provide grant funding for the project using a portion of their proceeds from the State of California Proposition 50 water bond. Funding from the Coastal Conservancy is necessary to fully implement the scope of work for 12th Street as envisioned by the Lake Merritt Master Plan. Without Coastal Conservancy funding, the project would not have enough money to construct the proposed bridges over the Channel, construct wetland habitat areas, or provide public access from the Lake to the Channel. Staff is working with the Lake Merritt Breakfast Club to initiate a capital campaign to extend the Necklace of Lights through the 12th Street area of the Lake. A presentation was given to the Club on January 27, 2005 to begin the process.

Water Quality - \$2,000,000

Along with the 12th Street project, application is being made to the State Coastal Conservancy for \$1 million of Proposition 50 funds to implement further water quality technologies at Lake Merritt.

Municipal Boathouse - \$6,500,000

A Request for Proposals to assist the City in obtaining a restaurant concessionaire for the facility was released on December 31, 2004, with a pre-proposal conference held at the boathouse on January 14, 2005. Proposals are due February 15, 2005. Project goals for the building as noted in the Lake Merritt Master Plan state that the selected restaurateur will participate financially in the completion of building interiors associated with the restaurant operation. The restaurateur may also be eligible for funding through the Federal Historic Tax credits program. Several East Bay Rotary Clubs have joined together to raise up to \$120,000 towards the Municipal Boathouse entry staircase which will celebrate Rotary Club's centennial birthday. An official announcement of the gift will come on February 23, 2005 at a formal presentation in front of the Municipal Boathouse. Staff will be working with the Rotary Clubs to define the final project scope and mechanism for accepting the gift of funds.

System-wide Improvements - \$3,350,000

This project provides funding to improve and renovate maintenance facilities, landscaping, docks, restrooms, furnishings, and signage and has become known as the Lake Merritt System Wide Project. City Council appropriated \$3,350,000 for this project in June 2003. Exhibit E contains staff recommendations for allocation of these funds to various specific projects based upon input from the community, city staff and elected officials. Priority was given to projects that supplement and enhance other Measure DD projects, address immediate health and safety concerns, or have received exceptional community support. Once approved, design and construction of these projects can be incorporated into existing projects or be independently initiated with completion concurrent with the master schedule established for all projects in Series 2003A, 2006B, and 2010C.

El Embarcadero Greenlink - \$2,000,000

Friends of Lakeview Library have met several times since the initiation of concept design for this project and have requested staff to incorporate the expansion concept for the Lakeview Library as set forth in the Draft Oakland Library Master Plan. Staff will continue to work with Friends of the Lakeview Library and Oakland Public Library staff as the project moves forward.

- Oakland Waterfront Projects

- The Waterfront Trail project involves land acquisition and trail construction on 19 of the 40 sites along the Estuary in Series A of Measure DD. Several of the sites are privately or Port owned, and negotiations for trail easements are ongoing. The United States Army Corps of Engineers (Army Corps) controls the Tidal Canal, which borders many of the sites from Park Street to High Street. Originally, this area was dry land, and Alameda was a peninsula. Beginning in 1875, the Army Corps of Engineers condemned a strip of land

and dug a canal, making Alameda into an island. Consistent with the San Francisco Bay Trail Project, the Estuary Plan and, most recently, the Oakland Waterfront Trail Feasibility Study, the preferred route is proposed as close to the water's edge as possible. The trail would likely be on new piers that would run out into the water and around the bridges. The waterside route would allow trail users an uninterrupted path away from street traffic. Going into the Tidal Canal, however, requires an encroachment license from the Army Corps.

The Army Corps has licensed many encroachments into the Tidal Canal, including docks and other structures. Many more structures were constructed without licenses, especially in Alameda. In 2000, the Army Corps issued a moratorium on new encroachment licenses and began a long-range planning process for the Tidal Canal to address identified contamination issues and consequent liability issues. Despite the moratorium, the Army Corps granted two encroachment licenses in 2002.

The Army Corps has stated that their goal is to "get out of the landlord business" and transfer ownership of the Canal, preferably to the cities of Oakland and Alameda. The Army Corps has stated that the moratorium on new encroachment licenses is still in effect, and that they will not allow the Waterfront Trail to encroach into the Canal unless the City accepts transfer of the land. They are currently sampling the soil and testing it for contaminants in order to determine what remediation would be necessary prior to any land transfer. There is no funding identified or appropriated for remediation work and relocation associated with physical encroachments.

City staff has been working with the Army Corps to find an acceptable approach to providing access to the Tidal Canal and move forward with construction of the Oakland Waterfront Bay Trail. Land transfer issues such as liability, maintenance, unlicensed encroachments, and toxic soil issues have been discussed but are not resolved. The City has hired an engineering firm to study the different options for constructing a trail around the bridges. At the time of this report, a preferred trail design is being selected, and a formal application for an encroachment license is being submitted. If a license is indeed formally denied, the City is planning to appeal this decision through political channels. Until property rights are obtained, design of the trail around the bridges will pause at the schematic design level.

In addition to the Tidal Canal issue, the City and its consultants will be working closely with the United States Coast Guard and Alameda County (owner and operator of the bridges) to successfully address concerns and objections pertaining to trail routing under the bridges including navigability and safety.

Despite these challenges, design work is continuing at many locations. Hood Design has been hired to prepare design standards and guidelines for the entire trail. Based upon an earlier feasibility study prepared by EDAW, Inc., these guidelines will be used by the City's designers as well as future private developers so that the trail will have consistent design elements throughout its length. The EDAW study was the recent recipient of the

Excellence on the Waterfront Award at the 2004 International Waterfront Center Conference in Milwaukee, Wisconsin.

Brooklyn Basin and Marine Max - \$2,700,000

The City's Real Estate Division made an offer to the Port of Oakland to obtain a long term lease on this site for the purposes of providing public access while improving and maintaining a visual corridor from the freeway to the water. The offer was withdrawn pending discussions between the Port of Oakland and commercial investors with development rights to the site. Regardless of how the site is developed, public access under Bay Conservation and Development Commission (BCDC) will be required.

Park Street Triangle (\$46,000 – Traffic Study)

As a result of conversations between the cities of Oakland and Alameda on January 18, 2005, City Public Works Agency (PWA) transportation division staff submitted a Letter of Intention to the Metropolitan Transportation Commission (MTC) requesting up to \$20,000 in MTC support services. An MTC funded consultant would work with Oakland, Alameda and Alameda County to implement a Stage 1 traffic study consistent with the scope of work identified in prior traffic improvements projects in the area and with the concept presented in the Oakland Waterfront Bay Trail Feasibility Study document. The consultant would also provide cost estimates for a traffic study and related environmental clearance within the vicinity of the Park Street Bridge.

Environmental Remediation

Soil sampling and testing have been conducted at Brooklyn Basin, the Cryer Site, Derby Street, the Oakland Museum Women's Board property, Lancaster Street, Alameda Avenue, and 66th Avenue. Brooklyn Basin and the Cryer Site were found to have seriously contaminated soil. As noted above, the Brooklyn Basin site is currently on hold while the Port negotiates with a private developer. For the Cryer Site, a remediation plan is being developed and will be submitted to the State Water Resources Board in February 2005. Remediation work will be performed in conjunction with the construction work. As additional segments of property along the trail are acquired, further soil sampling will likely be undertaken.

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• Lake Merritt Channel Projects

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Projects along the Lake Merritt Channel include modifications to the 7th Street flood control pump station, construction of a bridge at 10th Street, and improvements to the Channel Park and pathway. Initially, \$4 million was appropriated for the 7th Street pump station. URS Corporation was hired to study the costs and benefits of various options for the pump station. The options vary from minor modifications to the existing pump station to a complete relocation. As a result of that study, it was found that the proposed relocation of the pump station would be very expensive and would result in only minor improvement to the water flow into Lake Merritt. Instead, construction of a bypass channel at 7th Street would allow small boats and large fish to pass around the existing pump station. The existing pedestrian path will also be improved. The URS study also found that a dramatic improvement to the flow of water into Lake Merritt would be

accomplished by replacement of the restrictive culvert pipes at 10th Street with a clear-spanning bridge. Therefore, it is proposed that part of the \$4 million already appropriated be reallocated to begin design work on the 10th Street Bridge and the Channel park/path which were originally scheduled to be designed and built under a later bond series. This change will allow all three Channel projects to be designed and permitted in concert with each other and with the ongoing project at 12th Street. There is no net change to the distribution of Measure DD dollars assigned to the Lake Merritt Channel category. The dollars values of the three projects identified within the Lake Merritt Channel category have been adjusted to reflect new technical information.

The Series 2003A bond funds were appropriated to specific projects by City Council in July 2003. Exhibit C illustrates the expenditure plan that was accepted. Staff recommends that this expenditure plan be modified as shown in Exhibit C-1.

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Additional Funding Needs

To date, five additional funding needs have been identified for Measure DD Series A projects:

- 1) Relocation costs and interim facility(s) rental to maintain Studio One programs during construction;
- 2) Provisions for fire protection of buildings in Lakeside Park;
- 3) Relocation costs and interim facility(s) to maintain Sailboat House programs during construction;
- 4) Cost estimates for the Municipal Boathouse exceed the available project budget by 1 million dollars which is part of the original project funding gap identified in the July 2003 Measure DD Implementation report;
- 5) Cost estimates for the Expansion of Park Borders exceed the available project budget by 2 million dollars, which is part of the project funding gap identified in the July 2003 Measure DD Implementation report.

Studio One - Interim Programming

The desire to maintain Studio One programs and staff during the facility rehabilitation period had been expressed by the Friends of Studio One, the Measure DD Community Coalition and elected officials. The projected construction period is scheduled to begin March 31, 2005 with hazardous materials abatement and conclude in Fall 2006 for a total of twenty months. The Office of Parks and Recreation has been working with Cultural Arts and Marketing Department staff to provide costs and accommodations that would allow current Studio One adult programs and art classes to be run out of the Malonga Casquelourd Center for the Arts. Exhibit G was provided by Parks and Recreation and gives an overview of costs associated with rental of the facility for a twenty-month period and costs for moving equipment and materials to the Casquelourd Center for the Arts and back to Studio One once the renovation is complete. Children's programs that are currently offered at Studio One would be incorporated into existing recreation centers. Staff is working to identify sources of funds that would be available for interim Studio One programs including Measure DD funds.

Lakeside Park Fire Protection

In reviewing schematic plans for a new pavilion in Children's Fairyland, staff discovered that current provisions for fire protection were inadequate (fire hydrants connected to the park's irrigation system) and that additional provisions to provide adequate fire protection to facilities within Lakeside Park including Children's Fairyland structures, the Garden Center and the Sailboat House would be required to meet current life safety codes. Staff recommends that a portion of funds available within the Lake Merritt System-Wide category be assigned to this project. The cost of this improvement is estimated to be \$900,000.

Lake Merritt Sailboat House

There is a desire to maintain Sailboat House programs and staff during rehabilitation of the facility. Parks and Recreation staff will work with PWA Project Delivery staff to determine interim programming options and their associated costs. A strategy will be developed concurrently with facility design which will occur in Series B. Once funding needs are identified, staff will work to identify sources of funds that would be available for interim programs including Measure DD funds.

Municipal Boathouse

Detailed cost estimates recently received by staff indicate that the cost of the Municipal Boathouse project will exceed the funds available. Higher costs at the Municipal Boathouse project can be attributed to unexpected seismic bracing and underwater foundation repair work, the use of high-efficiency heating and cooling systems to reduce maintenance and operating costs, the use of durable materials to reduce ongoing maintenance costs, the use of sustainably harvested wood materials, and costs related to maintaining the historic nature of the building's exterior. At this time, the Municipal Boathouse project can either be scaled back or additional funds can be committed. Scaling back the Municipal Boathouse project is difficult, because the size of the building cannot be reduced. Using cheaper finish materials and building systems would lower the initial cost, but would result in higher maintenance and operating costs and the need to replace elements sooner. A commitment of \$1 million in additional funding is needed in order to complete the project.

Lake Merritt Bike/Pedestrian Path

Detailed cost estimates recently received by staff indicate that the cost of the Lake Merritt Bike/Pedestrian Path project will exceed the funds available by \$2 million. Higher costs can be attributed to an error in the original Lake Merritt Master Plan estimate and higher than expected inflation costs. At this time, the Lake Merritt Bike/Pedestrian Path project can either be scaled back or additional funds can be committed. Scaling back the Bicycle/Pedestrian project is possible, but would result in a half-finished appearance, with large areas of landscaping and pathways receiving no renovation.

In an effort to continue to move projects forward based on project descriptions represented in the Measure DD enabling legislation, staff recommends that design of the

Sailboat House project (\$1,250,000 budgeted in Series A for design) be put on hold and \$1,000,000 of the \$1.25 million budgeted be reprogrammed to supplement the Municipal Boathouse project. Of the remaining \$250,000, \$200,000 would be made available to supplement the Lake Merritt Bike/Pedestrian Path project. The majority of funds that would be made available from putting the design of Sailboat House project on hold are proposed for the Municipal Boathouse project given that both boathouse projects fall within the "Recreation and Youth Activities" description for Lake Merritt within Exhibit A of the Bond Measure enabling language. The remaining \$200,000 begins to defray the budget deficit projected for the Lake Merritt Bike/Pedestrian Path project, with the remainder of funds coming possibly from a portion of the bond interest when it is appropriated.

Bond Interest Allocation

Towards the end of Series A, staff will make recommendations to appropriate any accrued interest to fund project shortfalls which might include funding the design of the Lake Merritt Sailboat House project and supplementing the Lake Merritt Bicycle/Pedestrian Path project. In the meantime, staff will continue to seek additional outside funding sources and investigate other options for funding these improvements.

Project Schedules

Exhibit B shows both the original schedule as provided in the July 2003 report to City Council, as well as the current schedule. As indicated in the Exhibit, despite the complexity of these projects, almost all projects are progressing on schedule or ahead of schedule. These include Studio One, 12th Street Improvements, Municipal Boathouse, Sailboat House, Lake Merritt Path projects, Children's Fairyland, Lake Merritt Water Quality, Creek projects, 7th Street pump station, and the 10th Street bridge. The Waterfront Trail projects face some challenges created by regulatory permits and real estate issues that may impact the schedule. Staff is dealing with these issues and will alert City Council to any changes in schedule. Staff expects that 85% of the funds will be spent or encumbered by July 2006.

Project Expenditures

Exhibit C is the Measure DD Expenditure Plan as adopted by City Council Resolution 77965. Exhibit C-1 shows proposed revisions to Exhibit C. As indicated in Exhibit D, almost all of the projects are progressing within budget, and project expenditures to date total \$3.5 million. Initial project expenditures were primarily City staff costs related to project management, consultant selection, and pre-engineering tasks. As design consultants have been brought on board, non-staff design expenditures have risen quickly. When major construction work begins in Fall 2005, expenditures will increase dramatically.

Fund Development

As noted in the June 2003 report to City Council, the cost to fully implement all projects described under Measure DD was estimated to be approximately \$362 million, with \$198 million being provided by the bond measure. Since that time, the construction cost inflation rate has risen from 3% annually to an annual rate of between 5% and 8%, so the

funding gap has increased further. The City's approach will be to design projects at the conceptual level with the ultimate project scope in mind, so that we can build the best project if funds become available. If additional funds are not forthcoming, staff will proceed with the detailed design work based on a project scope that can be built with the funds available or request Council action for reprogramming of funds. Exhibit F identifies the current funding strategy and identifies the various funding sources that have been secured and that will be pursued in the coming months.

Maintenance Funding

Measure DD funds will address deferred maintenance in some instances and improve and expand parks and public facilities in parks throughout Oakland in others. Ongoing maintenance and operation needs for these facilities and improvements are being analyzed as a part of the Measure DD program to ensure that accurate information pertaining to O&M costs is presented to City Council for their consideration during FY05-07 budget deliberations. New facilities are being designed with durable and low-maintenance materials whenever possible. However, new or expanded facilities and parklands will require additional operating and maintenance allocations. These additional needs will be presented during the ongoing budget presentation to City Council.

Community Participation

The Measure DD Community Coalition has held monthly meetings to cover a variety of Measure DD topics. Members have participated on consultant selection panels, provided input on project implementation, and disseminated project-related information to the community at large. A Measure DD web page is located at www.oaklandparks.org/measure_dd.htm. In addition, as projects have entered the design stage, individual community meetings are being held to provide project design information and receive community input. As agreed by City Council in the Measure DD Implementation report, the City provides financial support to the Coalition for recording and distributing Coalition meeting minutes and coordination of Coalition meeting agendas and speakers for Coalition meetings. Administrative support is provided in an effort to lend assistance and recognize the entirely volunteer membership. Friends of Oakland Parks and Recreation (FOPR) was selected by the DD Coalition and recommended to the City after an open proposal process where non profit organizations and small local businesses were requested to submit fee and work proposals. FOPR's scope of work includes recording and distributing Coalition meeting minutes, coordinating Coalition meeting agendas and speakers for Coalition meetings, creation and distribution of an annual newsletter, maintenance of a webpage on the Friends site dedicated to Measure DD and notification of public meetings, groundbreakings and special events. FOPR is currently under contract with the City to provide such services through December 2004. Staff requests that City Council approve an amendment to the FOPR contract to continue providing support to the coalition through the end of Series A in July 2006.

Public Art

Public Art staff is working to complete a Measure DD Public Art Master Plan which will be available for review in February 2005. While the plan is being completed staff has

been proactive in facilitating connections with artists and designers on current projects that are moving forward. Staff has been approved by the Public Art Commission to contract with Mildred Howard, an internationally known artist with public art all over the county including significant contributions in San Francisco and the East Bay. Ms. Howard will be collaborating with Walter Hood of Hood Design to finalize the design of the Oakland Waterfront site marker, including defining graphic methods for providing historical interpretation of the Oakland waterfront. Staff has also approved the commissioning of a public art piece for placement in Union Point Park along Oakland's waterfront trail by Ned Kahn. Ned Kahn is as a former artist in residence at the San Francisco Exploratorium, currently works as an environmental artist who focuses on activated elemental work with major works commissioned all over the world. He produced a major exhibit "Planetary Landscapes" for Chabot Space and Science Center that is now traveling to science centers throughout the country.

SUSTAINABLE OPPORTUNITIES

Environmental: In general, Measure DD projects will be implemented in a manner to reduce the impact of development on certain ecosystems, promote water and energy conservation, promote a reduction in air pollution and promote environmental goals with the public. Specific to this report, the Lake Merritt Expansion of Park Borders, the Lake Merritt Channel and Oakland Waterfront Bay Trail projects when complete, will reduce air pollution by increasing access to pedestrian and bicycle trails, an alternative to vehicular transportation.

Economic : Measure DD Administrative staff, with Community and Economic Development Agency (CEDA) Workforce Development staff, will work with the California Conservation Corps, the Youth Employment Partnership and other employment programs to incorporate a scope of work within construction contracts primarily along the waterfront which involve youth and adults in the implementation of Oakland projects.

Social Equity: Measure DD projects, when complete, will assist in bolstering the inventory of accessible open space in the flatland neighborhood districts of San Antonio and Fruitvale as a result of construction of the Oakland Waterfront Bay Trail.

DISABILITY AND SENIOR CITIZEN ACCESS

All Measure DD projects will be built in accordance with the standards of the Americans with Disabilities Act (ADA), providing improved access to the affected parks, trails, and buildings.

RECOMMENDATION (S) AND RATIONALE

Staff recommends that the City Council accept this status report and approve projects and amounts specific to the Lake Merritt System Wide project category for Series A and B; approve deferring design work associated with improving the Lake Merritt Sailboat House until Series B and allocating \$1 million of the \$1.25 million in funds appropriated

to the Sailboat House project to the Municipal Boathouse project and \$.02 million to the Lake Merritt Bike/Pedestrian Path project; approve a resolution authorizing the modification of the Measure DD expenditure plan; approve a resolution to amend the Professional Services Agreement with Friends of Oakland Parks and Recreation to provide administrative support to the Measure DD Community Coalition; and approve a resolution to apply for, accept and appropriate funds from the California Coastal Conservancy for the Lake Merritt 12th Street Improvement project and the Lake Merritt Water Quality Improvement project.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council accept this status report approving projects and amounts specific to the Lake Merritt System Wide project category for Series A and B; approve deferring design work associated with improving the Lake Merritt Sailboat House until Series B and allocating \$1 million of the \$1.25 million in funds appropriated to the Sailboat House project to the Municipal Boathouse project and \$0.2 million to the Lake Merritt Bike/Pedestrian Path project; approve resolutions authorizing the modification of the Measure DD expenditure plan, amending the Professional Services Agreement with Friends of Oakland Parks and Recreation to provide administrative support to the Measure DD Community Coalition; and approving the application for and acceptance and appropriation of funds from the California Coastal Conservancy for the Lake Merritt 12th Street Improvement and Lake Merritt Water Quality Improvement projects.

Respectfully submitted,

CLAUDIA CAPPIO
Director,
Community and Economic Development Agency

RAUL GODINEZ II
Director, Public Works Agency

Prepared by:
Kerry Jo Ricketts-Ferris,
Project Manager, Waterfront Open Space

Prepared by:
Joel Peter,
Project Manager, Project Delivery
Division

APPROVED AND FORWARDED TO
THE LIFE ENRICHMENT COMMITTEE

OFFICE OF THE CITY ADMINISTRATOR