



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jon Cicirelli
Margaret McCahan

SUBJECT: SEE BELOW

DATE: March 26, 2019

Approved

D. DSYL

Date

3/26/19

SUPPLEMENTAL

SUBJECT: ACTIONS RELATED TO THE USE OF FUNDS FROM THE SALE OF THE COLEMAN AVENUE PROPERTY AND ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS

REASON FOR SUPPLEMENTAL

To inform City Council discussion, this memorandum provides an overview of the preliminary approach for how sale proceeds for 1123 Coleman Avenue would potentially be allocated as part of the 2019-2020 Proposed budget development process.

ANALYSIS

As described in the Council memorandum, budget actions are recommended to recognize sale proceeds of \$24.8 million associated with the Coleman Avenue property and allocate those funds to the following: transfer \$4.7 million to the Parks and Recreation bond Projects Fund; and allocate \$20.1 million to the 2019-2020 Proposed Budget Planning Reserve. As discussed in the Council memorandum, this allocation of the Coleman sale proceeds is based on revised analysis by the City's bond counsel and allows a much larger proportion of the sale proceeds are unrestricted than originally anticipated in the September 18, 2018 memorandum. This gives the City greater resources and flexibility to help address the diverse service needs requested by the community and necessary to support basic City services.

While fewer sale proceeds are restricted to parks capital projects than originally anticipated, the Administration recognizes that capital needs within the City's parks system remain significant.

Though still subject to change as the 2019-2020 Proposed Budget is currently under development, the Administration’s current approach for the use of the \$20.1 million of Coleman sale proceeds set aside in the 2019-2020 Proposed Budget Planning Reserve includes the following: \$5.1 million associated with the Earthquake practice fields would be allocated to one-time General Fund needs; \$5 million would be allocated to PRNS sports fields projects, \$3 million would be allocated to Re-Use facilities and the PRNS capital projects Strike Team; and \$7 million would be allocated to other General Fund priority projects and programs. The Source and Use of Funds below provides additional detail.

Source of Funds:

Source	Sep. 2018 Memo	Revised Approach
Coleman Sale Proceeds	\$24.8 Million	\$24.8 Million
Total Source	\$24.8 Million	\$24.8 Million

Use of Funds:

Use	Sep. 2018 Memo	Revised Approach
<p>General Fund (Sale of land previously leased by SJ Earthquakes)</p> <p>In the September 18, 2018 memorandum, the proceeds related to the Earthquake practice fields were always intended to be allocated as part of the 2019-2020 Proposed Budget Process.</p>	\$5.1 Million	\$5.1 Million
<p>Parks and Recreation Bond Projects Fund Capital Projects</p> <p>These allocations reflect the amount of funding required to be spent on parks-related capital projects based on bond counsel’s analysis at the time of the September 18, 2018 memorandum (\$19.7 million) and bond counsel’s revised analysis (\$4.7 million).</p> <p>Staff’s preliminary approach for allocating the remaining \$15.0 million is described below.</p>	\$19.7 million	\$4.7 Million

Use	Sep. 2018 Memo	Revised Approach
<p>PRNS Sport Field Projects</p> <p>Key sports fields will require significant rehabilitation in the coming years. An allocation of \$5 million is under review for this purpose and would augment the almost \$21 million set aside in Park Bond Fund/Construction and Conveyance Tax Fund for a Soccer Complex.</p>		\$5.0 Million
<p>Re-Use Facilities Capital Improvements and PRNS Strike Team</p> <p>An allocation of one-time resources of \$3 million is under review and would address urgent capital maintenance needs at re-use facilities as well as fund a re-use facility capital needs assessment. In addition, this funding would support the extension of the PRNS capital projects strike team from December 2019 through June 2021. This eight-member strike team comprised of PRNS maintenance workers has been deployed to help reduce the backlog of deferred maintenance capital park projects.</p>		\$3.0 Million
<p>Other General Fund Priority Projects and Programs</p> <p>Approximately \$7 million would remain for other critical General Fund needs that are under review as part of the development of the 2019-2020 Proposed Budget.</p>		\$7.0 Million
<p>Total Use of Funds</p>	<p>\$24.8 Million</p>	<p>\$24.8 Million</p>

As stated above, these are the Administration’s work-in-progress allocations as it continues to evaluate strategies to bring forward a balanced budget as directed by the Mayor’s March Budget Message for Fiscal Year 2019-2020.

HONORABLE MAYOR AND CITY COUNCIL

March 26, 2019

Subject: Supplemental - Use of Funds from the Sale of Property at 1123 Coleman Avenue

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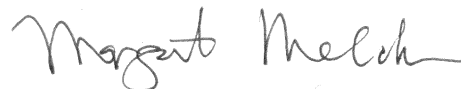
COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

/s/

JON CICIRELLI

Director of Parks, Recreation and
Neighborhood Services



MARGARET MCCAHAN

Budget Director

For questions, please contact Nicolle Burnham, Deputy Director of Parks, Recreation and Neighborhood Services, at (408) 973-5514.