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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

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June 14, 1988

Budget and Finance Committee
Sacramento, California 95822

916-449-5704

Honorable Members in Session:

SUBJECT: REPORT BY THE FACILITY REVIEW COMMITTEE ON THE
POSSIBLE FUNDING OF THE SIM PARK COMMUNITY CENTER
EXPANSION, A MEADOWVIEW COMMUNITY CENTER, THE
RENOVATION OF CLUNIE COMMUNITY CENTER, AND A NEW
BELLE COOLEGE BRANCH LIBRARY

SUMMARY

During the hearings on the Proposed Capital Improvement Program (CIP) for 1988-1993, the Committee requested the City's Facility Review Committee (FRC) to report on June 21, 1988 on the possibility of including four additional projects specified by the Committee. The subject projects are: 1) the expansion of the Sim Park Community Center; 2) a new Meadowview Community Center; 3) the renovation of the Clunie Community Center; and 4) a new Belle Coolege Branch Library. This report outlines a method of funding all four projects within the next five years.

BACKGROUND

The 1988-1993 Proposed CIP departed from past practice in not including projects the City has identified as desirable and/or necessary but for which a definite financing plan is yet to be developed in the latter years of the plan. The Proposed CIP is instead a financial recommendation in that it includes only those projects with certain funding. As the result of this change in approach, a number of large projects which depend on the General Fund no longer appeared in the Proposed Plan.

The City's Facility Review Committee has initiated a comprehensive study of the City's facility needs and the options that exist for funding them. This study focuses primarily on those facilities for which the General Fund will bear the principal financial responsibility for construction and/or operation. All those projects presented in the CIP hearings as "unfunded" General Fund projects are incorporated in this review. The FRC will develop guidelines and policies

for the prioritization of capital projects and discuss relationships of competing projects.

The Budget and Finance Committee requested the FRC to submit an advance report on June 21, 1988 to which specifically discusses the options for funding four additional capital projects in the 1988-1993 Capital Improvement Program. The projects are: Sim Park Community Center Expansion; Belle Cooleedge Branch Library; Meadowview Community Center; and Clunie Community Center Renovation.

A subcommittee of the Facility Review Committee has subsequently studied:

- the intended purpose and service area of each of the proposed facilities or improvements;
- the projected capital and operating costs associated with each project;
- the current status of the projects;
- the environmental processing required for each;
- potential funding sources beyond General Fund cash or debt financing;
- the availability of staff to assume project management responsibility for these projects; and
- the impact of project expenditures on the five year General Fund projections.

Attached as Exhibit I to this report is a brief discussion of each of the four identified projects. The total project cost is also indicated and reflects updated estimates made by the Department of General Services for the purpose of this report.

FINANCIAL DATA

Based on our Midyear Review and presentations during the CIP hearings, the projected status of the General Fund does not indicate a capacity to assume major new debt service obligations or operating expenses for several years. Overlaying the funding requirements for these four projects on the 5 year General Fund projections produces a best "fit" if debt service payments do not begin until fiscal year 1991-92 when the General Fund is projected to be in an improved condition.

A summary of the capital and operating budget requirements associated with the subject projects is provided as Exhibit II. The operating budget requirements are presented with the assumption of full debt financing and thus represent the "worst case" future circumstance for the General Fund. To the extent that other funding sources can be applied to the projects, the General Fund debt service obligation will diminish.

In addition to project and operating costs, the FRC examined

potential funding sources. Without a new revenue source such as a General Obligation Bond Issue, Facility Benefit Assessment or Mello Roos District, funding for the subject projects have a direct impact on the General Fund. Likewise, the program and operating expenses will be a General Fund responsibility.

A listing of all the identified sources of potential capital improvement funds and the "best case"/"worst case" scenario for each source is presented as Exhibit III. When applied against the total capital funding requirement, the difference represents the amount to be debt financed. The total debt financed portion ranges from approximately \$2.5 million to \$6.7 million.

The Facility Review Committee has outlined a proposed funding schedule which will: 1) complete all four projects within the period of the Proposed 1988-93 CIP; 2) initiate activity in the 1988-89 fiscal year as facility management staff become available for new project assignments; 3) utilizes all current funding sources and anticipates the potential for other sources; and 4) minimizes the impact on the General Fund.

FUNDING AND PROJECT SCHEDULE

1988-1989

Sim Park Community Center Expansion Design *	69,556
Belle Cooleage Branch Library Design Phase I	180,860
Meadowview Community Center Site Selection and Acquisition	100,000

TOTAL	\$ 350,416

1989-90

Sim Park Community Center Expansion Construction **	549,538
Belle Cooleage Branch Library Design Phase II	180,861
Construction Phase I ***	829,100
Meadowview Community Center Design	286,833
Clunie Community Center Renovation Design	207,726

TOTAL	\$2,054,058

1990-91

Belle Cooleage Branch Library Construction Phase II	1,539,756
Meadowview Community Center Construction **	1,781,441
Clunie Community Center Renovation Construction	1,495,541

TOTAL	\$4,816,738

- * The amount budgeted reflects the fact that this project presently has a \$29,000 balance.
- ** No assumption has been made about the receipt of Economic Development grant funds. If awarded the schedule may require modification.
- *** The amount budgeted anticipates receipt of Library Bond Act funds and reflects the local match in 89-90 and the State funds in 90-91.

The schedule outlined above is also illustrated by the time line presented as Exhibit IV of this report.

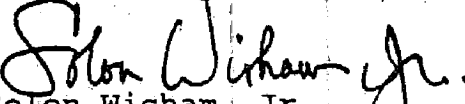
The Facility Review Committee has reviewed the proposal presented in this report. The FRC is reluctant to support the funding of these projects in advance of the scheduled November Facility Needs and Financing Report.

It is critically important to note that the financial structure described above is based on a number of assumptions: the forecast of improved City revenues between now and 1991; a national economic recession does not damage the health of the local economy which the City of Sacramento so depends upon; and that other City needs such as improved public safety services or staffing the new central library do not become a higher priority. With all these admonitions, this report describes how the four building projects can be accomplished.

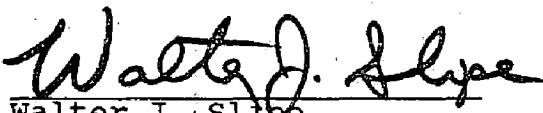
RECOMMENDATION

It is recommended that the Budget and Finance Committee review the information contained in this report and make a final Committee recommendation to the City Council on this matter.

Respectfully submitted,


Solon Wisham, Jr.
Assistant City Manager

Recommendation Approved:


Walter J. Slipe
City Manager

Districts 3, 4, 6, 7, and 8
June 21, 1988

BRIEF DISCUSSION OF FOUR CIP PROJECTS FOR 6/21/88 REPORT

SIM PARK COMMUNITY CENTER EXPANSION (\$648,811)

- EXPANSION OF AN EXISTING FACILITY
- SERVES A LOW INCOME AREA
- PRIOR FUNDS HAVE BEEN BUDGETED (\$40K WITH A \$29K BALANCE)
- OBVIOUS COMMUNITY INTEREST IN THE PROJECT
- LOWEST CONSTRUCTION AND OPERATING COSTS OF THE FOUR SUBJECT PROJECTS
- ECONOMIC DEVELOPMENT FUNDS POSSIBLE
- SOME ADDITIONAL QUIMBY MONEY MAY BE AVAILABLE (\$49K)
- EXPECTED TO REQUIRE AN EXPANDED NEGATIVE DECLARATION

BELLE COOLEGE BRANCH LIBRARY (\$2,730,577)

- NEW FACILITY WHICH REPLACES SPACE CURRENTLY RENTED
- NEW BRANCH WILL BE COMMUNITY RATHER THAN NEIGHBORHOOD AND SERVE AREAS PRESENTLY NOT SERVED (POCKET, GREENHAVEN, ETC)
- PROJECT CONTAINED IN THE LIBRARY MASTER PLAN
- SERVES A MIDDLE TO HIGH INCOME AREA
- FUNDS FOR SITE ACQUISITION PREVIOUSLY BUDGETED AND EXPENDED (\$733K)
- IS PART OF A COMBINED PARK/LIBRARY PROJECT AND PARK SITE DEVELOPMENT FUNDS ARE CONTAINED IN THE 5 YEAR CAPITAL PLAN
- HIGHEST CONSTRUCTION COST OF THE FOUR PROJECTS
- STRONG POSSIBILITY OF STATE PARTICIPATION IN FUNDING CONSTRUCTION COSTS (NOV BALLOT MEASURE)
- MAY REQUIRE ADDITIONAL ENVIRONMENTAL DOCUMENTATION DUE TO CHANGE OF LOCATION OF BUILDING ON THE SITE

MEADOWVIEW COMMUNITY CENTER (\$2,068,274)

- NEW FACILITY REPRESENTING AN EXPANSION OF CURRENT PROGRAMS AND THIS HAS THE HIGHEST OPERATING COSTS OF THE FOUR PROJECTS
- SERVES A LOW INCOME AREA
- NO PRIOR FUNDS HAVE BEEN BUDGETED
- NO SPECIFIC SITE HAS BEEN SELECTED ALTHOUGH CONSTRUCTION IN PROXIMITY TO OTHER PUBLIC FACILITIES HAS BEEN DISCUSSED (DIFFICULT TO PROCEED WITH DESIGN)
- APPLICATION HAS BEEN MADE FOR ECONOMIC DEVELOPMENT GRANT FUNDS
- A PORTION OF THE PROCEEDS FROM THE SALE OF A PARK SITE AT FLORIN AND FREEPORT MAY BE AVAILABLE FOR THIS PROJECT AFTER COSTS OF RELOCATING CURRENT PARK SITE USERS (PERHAPS \$500-\$600K)

- HUNTINGTON PARK MITIGATION FEES MAY BE PAID IN THE PROJECT PERIOD (\$75K)
- SMALL AMOUNT OF QUIMBY FUNDS ARE AVAILABLE (\$17K)
- WILL REQUIRE A FULL EIR

CLUNIE COMMUNITY CENTER RENOVATION (\$1,703,267)

- IMPROVEMENTS TO AN EXISTING FACILITY
- CONSTRUCTION DRAWINGS WERE COMPLETED 6 YEARS AGO BUT NEED TO BE UPDATED FOR CURRENT BUILDING USE AND CODE REQUIREMENTS
- FACILITY SERVES DUAL COMMUNITY CENTER AND LIBRARY FUNCTION
- PCS AND LIBRARY NEED TO REACH AGREEMENT ON FUTURE USE PRIOR TO FINAL DESIGN
- SERVES A MIDDLE TO HIGH INCOME AREA
- NO SOURCE OF FUNDS UNIQUE TO THIS PROJECT HAS BEEN IDENTIFIED
- NEGATIVE DECLARATION SHOULD BE ADEQUATE

BUDGET REQUIREMENTS

Exhibit II

I. Capital Improvement Funding Requirements

1. Sim Community Center Expansion	
Design	99,273
Construction	549,538
Total	648,811
2. Meadowview Community Center	
Land Acquisiton	100,000
Design	286,833
Construction	1,781,441
Total	2,168,274
3. Clunie Center Renovation	
Design	207,726
Construction	1,495,541
Total	1,703,267
4. Belle Cooleage Branch Library	
Design	361,721
Construction	2,368,856
Total	2,730,577
TOTALS BY EXPENSE CATEGORY	
Land	100,000
Design	955,553
Construction	6,195,376
TOTAL	7,250,929
Less Available Balance in Sim Park Project	-29,717
FUNDING REQUIREMENT	<u>7,221,212</u>

II. Debt* and Operating Requirements: First Year Figures

	Debt	Operating Costs	TOTAL
1. Sim Community Center Expansion	80,000	42,000	122,000
2. Meadowview Community Center	280,000	191,000	471,000
3. Clunie Center Renovation	209,000	42,000	251,000
4. Belle Cooleage Branch Library	353,000	125,000	478,000
TOTALS	<u>922,000</u>	<u>400,000</u>	<u>1,322,000</u>

* Assumes 100% Debt Financing

CAPITAL PROJECT FUNDING

TOTAL CAPITAL \$ REQUIREMENTS:	<u>7,221,212</u>	<u>7,221,212</u>
FUNDING SOURCES:	LOW	HIGH
1. GENERAL FUND CIP	170,000	170,000
2. CURRENT QUIMBY (SIM)	49,000	49,000
3. CURRENT QUIMBY (MEADOWVIEW)	17,000	17,000
4. PROPERTY SALE (MEADOWVIEW)	0	600,000
5. HUNTINGTON PARK (MEADOWVIEW)	75,000	75,000
6. PROPOSITION 70 BOND ACT	200,000	1,000,000
7. ECONOMIC DEVELOPMENT GRANT (SIM & MEADOWVIEW)	0	1,354,000
8. LIBRARY BOND ACT (COOLEGE)	0	1,500,000
TOTAL	<u>511,000</u>	<u>4,765,000</u>
FINANCING REQUIREMENT	<u>6,710,212</u>	<u>2,456,212</u>

Community Centers/Library Time Line

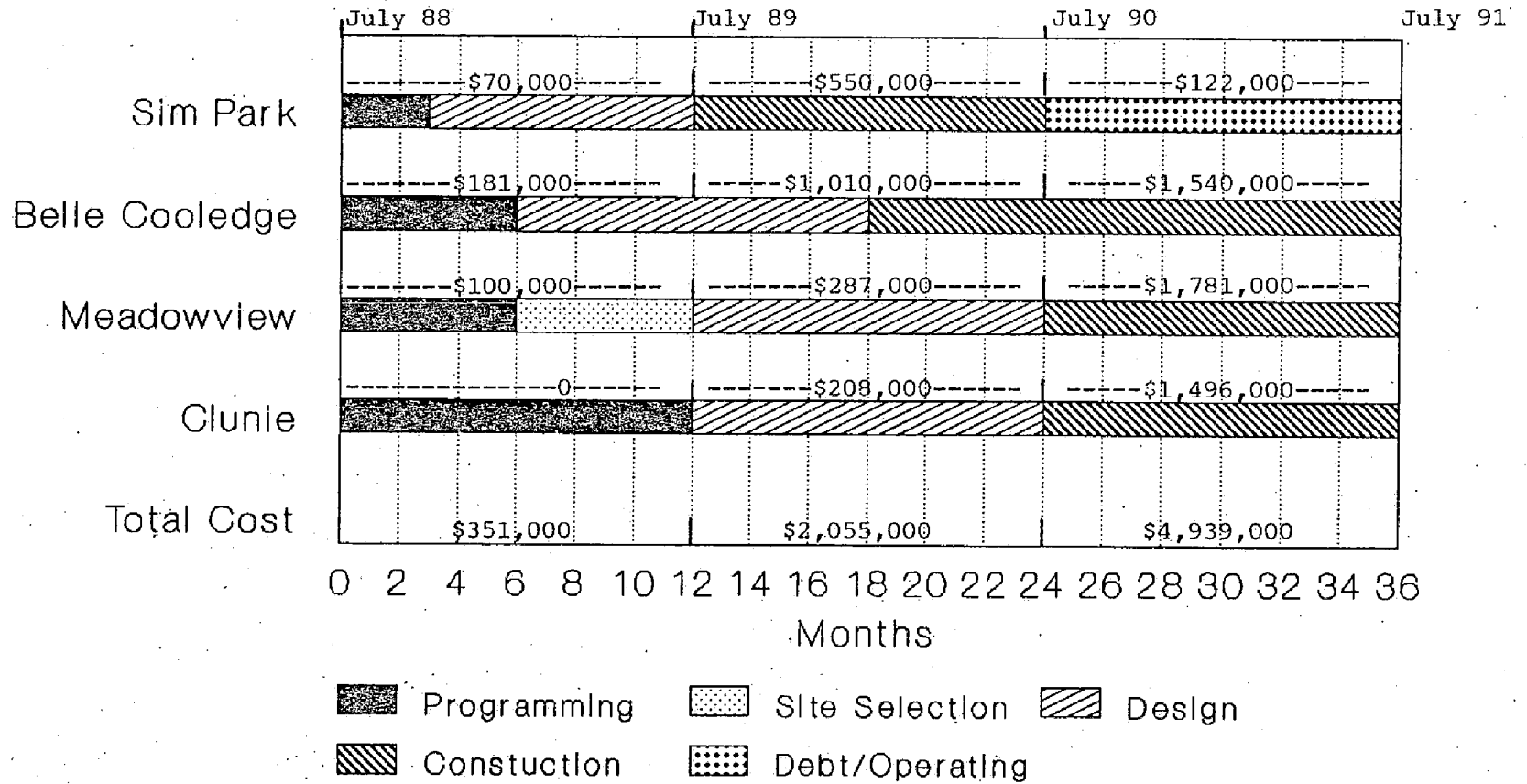


chart 1

GENERAL PURPOSE
5-YEAR FUND BALANCE PROJECTION
SUMMARY OF REVENUES, APPROPRIATIONS AND CHANGES IN FUND BALANCES FOR FISCAL YEARS 1987-93
SUMMARY

(\$ in 000's)	1987-88 APPROVED	1987-88 MIDYEAR	1988-89 ESTIMATE	1989-90 ESTIMATE	1990-91 ESTIMATE	1991-92 ESTIMATE	1992-93 ESTIMATE
Beginning Fund Balance (Deficit)	5,216	8,001	4,343	0	0	(1,322)	(1,808)
Current Revenues	155,014	151,823	162,386	174,288	187,589	201,653	216,704
	160,230	159,824	166,729	174,288	187,589	200,331	214,896
Current Operating	157,279	152,569	166,934	176,617	185,736	195,245	205,098
CIP Cash Projects	2,051	2,051	1,079	1,000	1,000	1,000	1,000
.7% CPI Difference			854	897	942	989	1,038
TOTAL Current Requirements	159,330	154,620	168,867	178,514	187,678	197,234	207,136
TOTAL CURRENT SURPLUS (Deficit)	(4,316)	(2,797)	(4,223)	(4,225)	(89)	4,420	9,568
OTHER FUND SOURCES (Uses)	(900)	(861)	2,138	9,388	3,357	0	0
(1) ENDING FUND BALANCE (Deficit)	0	4,343	0	5,163	3,267	3,097	7,760

Reserve for Economic Uncertainty	5,800	6,084	6,486	6,486	6,486	6,486	6,486
Percent of Current Resources	3.74%	4.01%	4.00%	3.72%	3.46%	3.22%	2.99%

Police Substation & Central Library

(2) Other Expenditures							
Central Library							
One Time Cost				(3,618)	(350)		
On Going				(68)	(2,000)	(2,600)	(2,730)
(3) Police Substation							
One Time Cost				(603)			
On Going Cost				(\$874)	(\$918)	(\$964)	(\$1,012)
Subtotal				(5,163)	(3,268)	(3,564)	(3,742)
Bell Cooleage Library (\$2,730,577)							
Debt					(353)	(353)	(353)
On Going Operating					(125)	(131)	(138)
Meadowview Community Ctr (\$2,168,274 includes land)							
Debt					(280)	(280)	(280)
On Going Operating					(191)	(201)	(211)
Sim Park Community CTR (\$648,811)							
Debt					(80)	(80)	(80)
On Going Operating					(42)	(44)	(46)
Clunie Community Center (\$1,703,267)							
Debt					(209)	(209)	(209)
On Going Operating					(42)	(44)	(46)
Subtotal					0	(1,322)	(1,342)
Adjusted Fund Balance					0	(1,322)	(1,808)
							2,655

GENERAL PURPOSE
5-YEAR FUND BALANCE PROJECTION
SUMMARY OF REVENUES, APPROPRIATIONS AND CHANGES IN FUND BALANCES FOR FISCAL YEARS 1987-93
SUMMARY

(\$ in 000's)	1987-88 APPROVED	1987-88 MIDYEAR	1988-89 ESTIMATE	1989-90 ESTIMATE	1990-91 ESTIMATE	1991-92 ESTIMATE	1992-93 ESTIMATE
Beginning Fund Balance (Deficit)	5,216	8,001	4,343	0	0	(122)	(590)
Current Revenues	155,014	151,823	162,386	174,288	187,589	201,653	216,704
	160,230	159,824	166,729	174,288	187,589	201,531	216,114
Current Operating	157,279	152,569	166,934	176,617	185,736	195,245	205,098
CIP Cash Projects	2,051	2,051	1,079	1,000	1,000	1,000	1,000
.7% CPI Difference			854	897	942	989	1,038
TOTAL Current Requirements	159,330	154,620	168,867	178,514	187,678	197,234	207,136
TOTAL CURRENT SURPLUS (Deficit)	(4,316)	(2,797)	(4,223)	(4,225)	(89)	4,420	9,568
OTHER FUND SOURCES (Uses)	(900)	(861)	2,138	9,388	3,357	0	0
(1) ENDING FUND BALANCE (Deficit)	0	4,343	0	5,163	3,267	4,297	8,978

Reserve for Economic Uncertainty	5,800	6,084	6,486	6,486	6,486	6,486	6,486
Percent of Current Resources	3.74%	4.01%	4.00%	3.72%	3.46%	3.22%	2.99%

Police Substation & Central Library

(2) Other Expenditures							
Central Library							
One Time Cost				(3,618)	(350)		
On Going				(68)	(2,000)	(2,600)	(2,730)
(3) Police Substation							
One Time Cost				(603)			
On Going Cost				(\$874)	(\$918)	(\$964)	(\$1,012)
Subtotal				(5,163)	(3,268)	(3,564)	(3,742)
Bell Cooledge Library (\$2,730,577)							
Debt						(353)	(353)
On Going Operating						(125)	(131)
Meadowview Community Ctr (\$2,168,274 includes land)							
Debt						(280)	(280)
On Going Operating						(191)	(201)
Sim Park Community CTR (\$648,811)							
Debt					(80)	(80)	(80)
On Going Operating					(42)	(44)	(46)
Clunie Community Center (\$1,703,267)							
Debt						(209)	(209)
On Going Operating						(42)	(44)
Subtotal				0	(122)	(1,324)	(1,344)
(3) Adjusted Fund Balance				0	(122)	(590)	3,892