

## REPORT FROM

# OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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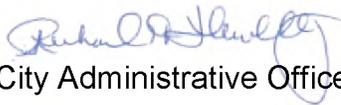
Date: April 13, 2020

CAO File No. 0220-05722-000

Council File No. 19-0926-S3

Council District: All

To: Mayor  
Council

From:  Richard H. Llewellyn, Jr., City Administrative Officer

Reference: 2020-21 Fourth Construction Projects Report

Subject: **2020-21 Fourth Construction Projects Report Addendum**

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## SUMMARY

On April 3, 2020, this Office released the Fourth Construction Projects Report (CPR) for Fiscal Year 2020-21 that provides a status update for major capital projects and financial transactions needed to fund associated expenses (C.F. 19-0926-S3). This addendum is needed to address a time-sensitive item that was identified subsequent to the release of the Fourth CPR.

## RECOMMENDATIONS

That the Council, subject to the approval of the Mayor, authorize the Controller to establish a new cash flow account within the Sites and Facilities Fund No. 209/88, to be used by the Department of General Services to transfer funds into an escrow account to be established for acquisition of Phase II of the Proposition K specified project for the Southeast Valley Roller and Skateboard Rink, with monies to be repaid by Proposition K funding authorized for the project through the forthcoming 2020-21 Proposition K Assessment Report, as follows:

From: Fund 209/88, Account 209/88/88S210 – Various Facilities, \$100,000

To: Fund 209/88, Account TBD - Ph II SE Valley Acquisition Cash Flow, \$100,000

## FISCAL IMPACT

There is no impact on the General Fund in the current fiscal year as a result of the actions recommended in this report addendum, as Special Fund monies will fund the full cost of acquisition. An anticipated impact on the General Fund is anticipated in future years for operational and maintenance costs at the time the new facility becomes operational, which will be addressed through future City budgets.

## DISCUSSION

### **Office of the City Administrative Officer (CAO) – Phase II Southeast Valley Roller Rink Proposition K Recommendation No. 1**

Authority is recommended to establish a cash flow account within the Sites and Facilities Fund to enable the Department to open escrow for Phase II acquisition of the Southeast Valley Roller and Skateboard Rink (SVRSR) project. There is time sensitivity to ensure GSD is able to open escrow prior to June 30, 2020, to avoid a permanent loss of Proposition K funding or the opportunity to acquire property adjacent to the existing Phase I site.

The SVRSR is a Proposition K specified project with a remaining Phase II scope component that the City needs to complete prior to the program's conclusion in 2026-27. Under the first project phase, the City completed acquisition and development of a skate park, located in Council District Six. The remaining Phase II scope for acquisition and construction of a roller rink is recommended to proceed at a property located adjacent to the Phase I skate park.

GSD has reviewed the appraisal reports and determined that the proposed purchase price for the current property is consistent with their professional opinion of market value, inclusive of escrow and title insurance fees. There is sufficient Proposition K funding authority available for the Phase II SVRSR project to fully fund all the associated costs of acquisition, with approximately \$1.7 million in Proposition K funding remaining for site development.

The remainder of the acquisition funds will be recommended for programming as part of the forthcoming 2020-21 Proposition K Assessment Report, which is subject to Council approval. Due to timing considerations, a cash flow source is needed at this time to provide sufficient funds to transfer into escrow to avoid losing the opportunity to purchase a site immediately adjacent to the completed Phase I skate park.

The initiation of the Ph II acquisition is also needed to avoid permanent loss of several millions in program funds. Under the terms of the Proposition K Ballot Measure, the City is required to contractually obligate current-year funding by the close of each fiscal year or permanently forfeit any uncommitted balance. At this time, due to various development barriers including unresolved funding shortfalls, there are no other substitute projects that can be utilized to satisfy the annual funding obligation if the Phase II SVRSR does not proceed. The Sites and Facilities monies recommended as the cash flow source for the initial escrow deposit will be repaid through a transfer of expenditures once the Proposition K funds become available.