



# City of Stockton

## Legislation Text

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**File #: 22-0288, Version: 1**

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### **ADOPT RESOLUTION TO AUTHORIZE APPROPRIATION OF \$10.2 MILLION IN GENERAL FUND DOLLARS TO CITY COUNCIL PRIORITY PROJECTS**

#### RECOMMENDATION

It is recommended that the City Council adopt a resolution to authorize a FY 2021-22 General Fund appropriation and any necessary transfers of \$10.2 million to seven City Council priority projects to improve sidewalks and parks.

It is also recommended that the City Manager be authorized to take appropriate and necessary actions to carry out the purpose and intent of this resolution.

#### Summary

At the Council meeting on November 16, 2021, the City Council discussed Agenda Item 15.1 - Accept the Fiscal Year 2020-2021 Fourth Quarter Budget Status Update, Authorize Budget Amendments, and Make Allocations to General Fund Reserve, and acted to reduce the funds allocated to the Reserve accounts by \$10.2 million for future appropriation following discussion by the Budget/Finance/Economic Council Committee (Council Committee).

At the December 8, 2021, Council Committee meeting, project concepts were provided to staff for further evaluation and cost estimating to determine next steps for appropriation of \$10.2 million from the City's General Fund. At the follow-up meeting held on February 1, 2022, the Council Committee was presented with potential projects and recommended the following allocation of General Funds:

1. Sidewalk Replacement Option C	\$2,500,000
2. Fong Park Phase 2	\$1,566,000
3. Pixie Woods Train Ride	\$830,000
4. Pixie Woods Carousel Ride	\$760,000
5. Pixie Woods Lagoon Dredging	\$945,000
6. Pixie Woods New Amusement Ride	\$500,000
7. Oak Park Pool Option A	\$2,728,500

Based on the above allocation, \$370,500 remains available for contingencies. Attached is the list of all projects presented at the last Council Committee meeting (Attachment A). This list is not comprehensive of all potential projects or items in need of funding.

The Council Committee is recommending that the City Council adopt a resolution to authorize a FY 2021-22 General Fund appropriation of \$10.2 million to the various sidewalks and parks projects.

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DISCUSSION

Background

One of the strategic initiatives developed to support the City's long-term fiscal sustainability was to establish and maintain adequate reserves. The City Council adopted the Reserve and Fund Balance Policy - General Fund on March 29, 2016, that establishes reserves for known contingencies, unforeseen revenue changes, infrastructure failures, and catastrophic events in addition to the operating reserve.

At the Council meeting on November 16, 2021, the City Council discussed Agenda Item 15.1 - Accept the Fiscal Year 2020-2021 Fourth Quarter Budget Status Update, Authorize Budget Amendments, and Make Allocations to General Fund Reserve, and reduced the recommended allocation to the Reserve accounts by \$10.2 million. Instead, the Council action directed the \$10.2 million to Council priority needs with appropriation of the funds to be brought back to the full Council after discussion by the Council Committee.

Delivering another \$10.2 million in parks and sidewalk projects will add to the already heavy load of active projects managed by the Public Works Department. One-time additional dollars from the American Rescue Plan Act, the federal infrastructure bill, and the \$12.6 million in already approved new Council priority projects have caused a spike in activity that is difficult to deliver with existing staff levels in Public Works and supporting departments. Prioritization of grant funded projects may extend the time needed to complete General Fund supported projects.

The \$10.2 million is one-time in nature from unanticipated expenditure savings and revenues therefore it should be used for one-time activities. Recommendations for use of the funds can also include restoring some of the General Fund Reserve categories to previously recommended levels. The Working Capital reserve currently sits at \$37.6 million or 14.7% of expenditures. The recommended level is 16.67% of expenditures which is enough to cover two months of operating expenses. To provide further context, the monthly payroll cost to the General Fund is approximately \$14 million. The Known Contingency reserve is funded at \$41.8 million and was recommended to be funded at \$46.8 million to cover costs associated with retention, recruitment, labor agreements, pensions, new City Hall, and updated technology systems.

Present Situation

At the December 8, 2021, meeting, multiple projects were suggested by the Council Committee for further evaluation and cost estimating. At the follow-up meeting held on February 1, 2022, the Council Committee was presented with potential projects (Attachment A). This is not a comprehensive list of potential projects or items in need of funding.

The Council Committee recommended the following allocation of FY 2021-22 General Funds:

- |                                    |             |
|------------------------------------|-------------|
| 1. Sidewalk Replacement (Option C) | \$2,500,000 |
| 2. Fong Park Phase 2               | \$1,566,000 |
| 3. Pixie Woods Train Ride          | \$830,000   |
| 4. Pixie Woods Carousel Ride       | \$760,000   |
| 5. Pixie Woods Lagoon Dredging     | \$945,000   |

6. Pixie Woods New Amusement Ride	\$500,000
7. <u>Oak Park Pool (Option A)</u>	<u>\$2,728,500</u>
Subtotal	\$9,829,500
Contingency	\$370,500
Total	\$10,200,000

At the February 1 Council Committee meeting, limited information was available to provide a reasonable estimate of cost for the requested “thrill ride” for Pixie Woods Amusement Park. Since then, a determination has been made that a thrill ride is not recommended or suitable for Pixie Woods based on the targeted age demographics and limited setback space required for such a ride. Selecting a new amenity that fits within the theme of Pixie Woods is another consideration. The estimate above for a new amusement ride is based on costs to install a tea cup style ride, relatable version of Disney’s elephant ride, mini Ferris wheel, or large swing. Links to these rides to view examples are available below, respectively:

- [<https://www.zamperla.com/products/midi-tea-cup/>](https://www.zamperla.com/products/midi-tea-cup/)
- [<https://www.zamperla.com/products/mini-jet/>](https://www.zamperla.com/products/mini-jet/)
- [<https://www.zamperla.com/products/mini-ferris-wheel/>](https://www.zamperla.com/products/mini-ferris-wheel/)
- [<https://www.zamperla.com/products/super-happy-swing/>](https://www.zamperla.com/products/super-happy-swing/)

It is recommended that the City Council adopt a resolution to authorize a FY 2021-22 General Fund Reserves appropriation of \$10.2 million to the various sidewalks and parks projects recommended by the Council Committee.

### FINANCIAL SUMMARY

Following are the budget amendments and transactions needed to complete the recommended actions:

Appropriate up to \$10.2 million in FY 2021-22 General Fund Balance to the various sidewalks and parks projects recommended by the Council Committee below.

1. Sidewalk Replacement (Option C)	\$2,500,000
2. Fong Park Phase 2	\$1,566,000
3. Pixie Woods Train Ride	\$830,000
4. Pixie Woods Carousel Ride	\$760,000
5. Pixie Woods Lagoon Dredging	\$945,000
6. Pixie Woods New Amusement Ride	\$500,000
7. <u>Oak Park Pool (Option A)</u>	<u>\$2,728,500</u>
Subtotal	\$9,829,500
Contingency	\$370,500
Total	\$10,200,000

A contingency up to \$370,500 is available for administrative appropriation to the projects above as needed, for a total appropriation not to exceed \$10.2 million.

### Attachment A - List for Funding Consideration