TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: COMMUNITY SERVICES
DATE: JULY 9, 2007 CMR: 298:07


RECOMMENDATION
Staff recommends that the City Council approve the attached Budget Amendment Ordinance to accept and expend a $192,572 matching donation from the Friends of Heritage Park, LLC, for the benefit of playground equipment, amenities and new recreational structures at Heritage Park.

BACKGROUND
On June 18, 2007, Council approved an agreement between the Friends of Heritage Park, LLC, for the design, construction and installation of playground facilities and other improvements at Heritage Park (CMR:230:07) as part of Capital Improvement Project PG-07000. This agreement provides a mechanism for the City to establish a trust account for the funds that will be used for this public/private partnership. The City has transferred $75,000 in Park Development Impact Fees that were previously approved by the Council into this jointly managed project account. Now that the final costs of the projects have been identified, the City expects to receive the donations from the Friends of Heritage Park, LLC, to provide the full funding for this project. The proposed Budget Amendment Ordinance provides the necessary authorization from Council to amend the budget to reflect the anticipated revenues and expenses.

DISCUSSION
Staff worked cooperatively with the Friends to develop an agreement and right-of-entry to provide the Heritage Park, LLC exclusive access to that portion of the park undergoing construction. The Council-approved agreement specifies policy and procedural guidelines for the Heritage Park, LLC to follow regarding design, construction, safety,
liability, as well as payment details. The agreement follows similar public/private partnership agreements that provide for authorized non-profits to manage the improvement of City facilities.

As part of the agreement that was approved by Council on June 18, 2007, the Friends provided a detailed budget that corresponds to a phased construction plan that demonstrates that all expenses for the project have been anticipated and adequately provided for. The budget also includes a contingency amount to cover unforeseen construction or design expenses. The timeline and associated budget have been reviewed by staff to ensure that the project is viable and that the project can be successfully completed with minimal disruption to the park or neighbors.

Under the terms of the agreement, the Friends will provide accumulated donation funds to the City to be deposited into a City-managed trust account. The Friends will be able to order the equipment, supplies and materials necessary for this project. When invoices for materials or contracts need to be paid, the Friends will present reviewed and authorized invoices to the City for processing of payment. This method of jointly reviewed payments ensures that all expenses are completely covered for the project.

**RESOURCE IMPACT**
The attached BAO requests an appropriation of expenses which is offset by the donation revenue and consequently has no impact on the Budget Stabilization Reserve. The funds necessary to match the donation ($75,000) have been budgeted in the Capital Improvement Project (CIP PG-07000) budget for 2007-2008. CMR 230:07 discussed the on-going $6,000 annual costs that are anticipated for the maintenance and inspection of the Heritage Park playground.

**POLICY IMPLICATIONS**
This report does not represent any change to existing City policies.

**TIMELINE**
Funds will be expended in the 2007-2008 Budget.

**ENVIRONMENTAL REVIEW**
The program is not a project as defined by the California Environmental Quality Act and is not subject to CEQA requirements.

**ATTACHMENTS**
Attachment A: Budget Amendment Ordinance