TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: City Manager

DATE: June 17, 2002

CMR: 296:02

SUBJECT: ADDITIONAL INFORMATION ON OPTIONS FOR COUNCIL ACTION BASED UPON RESULTS OF SECOND COMMUNITY SURVEY

RECOMMENDATION

Staff recommends that the City Council review the options provided in CMR:280:02 and the additional information provided in this report and provide direction to staff as to the projects to be included in a November 2002 bond issue for community facilities or, alternatively, provide direction to delay consideration of a bond measure.

BACKGROUND

At its June 10 meeting, the City Council received the results of the second community survey on support for a November 2002 bond measure for renovation and expansion of various community facilities. Staff had also provided the Council with a staff report detailing potential options that the Council might wish to consider as a result of the survey findings. At the meeting, the Council provided staff with additional options or variations on options that it wished to discuss at its June 17 meeting.

DISCUSSION

At its June 10 meeting, the City Council asked staff to provide pros and cons for other options for action on the proposed community facilities bond. Those options included:

- Building a new Mitchell Park Library and Community Center and transferring some systemwide services from Main Library to Mitchell Park Library to
provide an opportunity to improve services at both Main and Mitchell Park Libraries (shown as a variation on Option 4 in CMR:280:02)

- Developing a Children’s Facilities Bond that would include the Option 4 facilities as well as children’s classrooms at the Art Center (again, shown as a variation on Option 4 from CMR:280:02)
- Exploring options for participating in the Art Center renovation and expansion project
- Considering a delay in the bond measure to November 2003

Time did not permit staff to prepare a comprehensive discussion of the issues related to the Council discussion of June 10. However, staff will be prepared with additional information on each of the Council-identified options on June 17. This report provides staff’s summary of the pros and cons of the Council-identified options.

Option 4 a: Move some functions/services from Main to Mitchell, providing an opportunity to augment collections at Main:

- Keep full build out footprint at Mitchell Library (53,900 sf), but reduce programs identified earlier, resulting in 6,900 sf made available for transfer of services/programs from Main Library.
- Possible service transfers would be back files of periodical collection, centralized reference and reference collection, local history area, volunteer coordinator, and other administrative functions.

- Pros:
  - Provides up to 6,900 square feet for new materials expansion at Main Library upon opening of expanded Mitchell Park Library
  - Mitchell Park Library becomes City’s most comprehensive library, serving all ages

- Cons:
  - Increase in intensity of use at Mitchell Park site; would need to ensure that services transferred do not exceed impact of those studied under Mitigated Negative Declaration for Mitchell Park Center.
  - Additional costs to retrofit Main Library space
  - Mitchell Park Library not as centrally located for citywide access

Option 4 b: Children’s Bond Measure: Reduced Mitchell Park Library, Reduced Children’s Library, Art Center children’s classrooms

Note: Staff looked carefully at the opportunities for reducing the Children’s Library project and will be prepared with information at the Council meeting on Monday night as to why it believes this is not viable. The cost estimates in the
Resource Impact of this report consequently still reflect a $6.5 million cost for Children’s.

- **Pros:**
  - Arts community support
  - Survey shows support for children’s programs
  - Under $50 million
  - Public/private partnership for Art Center

- **Cons:**
  - No improvements to Main Library

**Art Center Options**

- Do not include Art Center in November bond measure and require Art Foundation to raise any funding for project through private donations

  - **Pro:** Less complicated bond measure and lower cost

  - **Con:** Lose support of arts community for November bond measure, and possibly to raise $5 million of private funding

- Do not include Art Center in November bond measure; instead, Art Foundation will raise $5 million and the City will pledge matching funding to a maximum of $5 million, some of which can come from infrastructure fund. This commitment of matching funding is contingent on the bond measure passing. The Infrastructure Management Plan includes funding for Mitchell Park Library and Community Center and Children’s Library. Staff estimates the total earmarked for these facilities as $2 to $2.5 million.

  - **Pros:**
    - Makes the bond measure less complicated and lowers cost of overall measure
    - Gives the City 5 years to come up with its share of the money
    - Retains support of arts community for November bond measure
    - Provides motivation for private funding

  - **Cons:**
    - Only $3 to $3.5 million is available in Infrastructure Reserve that had previously been allocated to the Children’s and Mitchell Park Community Center and Library; the additional funds would have to be identified, and there are other competing General Fund priorities.
o Current Phase 1 project is estimated to cost $13 to $18 million; Foundation may need to reconsider priority of building new gallery space and then renovating and remodeling existing gallery space to provide classroom space and focus on the less expensive alternative of Phase 3 construction of classrooms only
o Advocates for Main Library may prefer to have the Infrastructure Reserve funding allocated to Main Library renovations since it is also proposed to be left off the November bond measure

Bond Election Timing

November 2002
➤ Pros
   o Higher turnout election
   o A lot of preparatory work has been done
   o There is some momentum
   o More time will only create more debates and more options and more paralysis
   o Opportunity for compromise is now
   o Shows decision-making and leadership on the part of Council
   o No competing tax measures
   o Possibility of state matching funds for Mitchell Park Library

➤ Cons
   o Has newspaper coverage and debate lessened support?
   o Will a good campaign be able to be put together?
   o If the measure fails what impact will it have on the storm drainage fee?
   o Economy is stagnant, increasing uncertainty on the part of voters

November 2003
➤ Pros
   o Storm drainage fee could go first
   o More time to make a decision
   o Avoids tough decision for a year
   o Fewer overall issues on the ballot

Cons
   o More time to debate
   o Plans won't be better by waiting
   o Costs may be higher
   o Unknown future issues may be competing on the ballot
   o Supporters seem willing to compromise now, they may not be willing to one year from now
RESOURCES IMPACT

The estimated resource impact of the original Option 4 (updated) and the new Options 4a and 4b in terms of capital costs for a bond measure is:

**Option 4:**

- Mitchell Park Library and Community Center (reduced): $37.5 million
- Children’s Library: $6.5 million
- Bond Financing: $0.8 million
- Total: $44.8 million
- Cost per $100,000 of Assessed Valuation: $25

**Option 4a:**

- Mitchell Park Library and Community Center: $40.5 million
- Children’s Library: $6.5 million
- Main Library renovation (estim.): $1.5 million
- Bond Financing: $0.8 million
- Total: $49.3 million
- Cost per $100,000 of Assessed Valuation: $28

**Option 4b:**

- Mitchell Park Library and Community Center: $37.5 million
- Children’s Library: $6.5 million
- Art Center matching funds: $5.0 million
- Bond Financing: $0.8 million
- Total: $49.8 million
- Cost per $100,000 of Assessed Valuation: $28

Staff has presented an option of committing Infrastructure Reserve funds to provide matching funding for private donations to renovate the Art Center. Including Mitchell Park Library and Community Center and Children’s Library renovation and expansion as a debt-finance project provides the Council with the following additional options for the monies in the Infrastructure Management Plan (IMP):

- Decrease the amount of debt issued for the Mitchell Park Center and Children’s projects
- Allocate the funding in the IMP to other IMP projects, such as repairs to the Main Library and branch libraries
- Allocate the funding to other new infrastructure projects (e.g. SOFA park, park restrooms, etc)
It is important to note that the capital costs above do not include furnishings (an additional $3 million) or the operating costs for the expanded facilities. Staff will be prepared on Monday night to provide estimated costs for staffing just the Mitchell Park and Children’s Library expanded services.

Prepared By: 
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City Manager Approval: 
Frank Benest, City Manager

Attachment 1: CMR:280:02
Attachment 2: Proposed Reduction to Children’s Library Project