

MEMORANDUM



City Manager's Office

Date: May 30, 2016

To: Mayor and Councilmembers

From: Ken Jones, Deputy City Manager, CFO (x8504)

Subject: Potential uses of GPLET lease revenue and land sale proceeds

An item has been placed on the City Council's June 16th Issue Review Session agenda to discuss the possibility of using the GPLET lease revenue and land sale proceeds from the Grigio/Picerne, Zaremba and Liberty developments to increase total Agency Review Grants funding for FY 2016-17, as well as other potential uses of these funds. There is no budgetary need to determine exactly how next year's revenue will be handled at this point, but the City Council has expressed a desire to compare ideas and evaluate recently-proposed uses for the funds.

Background:

At the City Council's direction, we continue to reserve the GPLET lease revenue from the Grigio/Picerne, Zaremba and Liberty developments as well as the land sale proceeds from Liberty. Revenue received through the current fiscal year (2015-16), has been dedicated, by the City Council, to increased park improvements and some cash funding for the downstream dam project. The total amount dedicated for these uses so far is approximately \$6 million.

Current budget situation:

For the next 25 years, we anticipate receiving between \$800,000 and \$1 million per year in GPLET lease revenue from these three developments. For FY 2016-17, we also anticipate receiving over \$2 million in land sale proceeds from the Liberty development. At the City Council's direction, we have budgeted \$3.5 million in 2016-17 for the potential expenditure of these funds. During your March 17th CIP review, the City Council directed staff to set aside approximately \$700,000 of this reserved revenue as a secure funding source for the increased cost of the McClintock Pool project, with the understanding that bond authorization will be sought in November, which would free-up the GPLET revenue again.

Potential spending strategies:

To date, the City Council has used the reserved GPLET and land sale proceeds for specific non-recurring projects. This is a revenue source that is not permanent but is relatively long-term, which provides more flexibility than one-time funding. It still makes sense to avoid dedicating the funding for expenditures that would be considered permanent, like new positions, unless there is a plan to replace the revenue stream when it ends. There were past discussions about using the

proceeds to relocate the Public Works yard from Priest/Rio Salado because Liberty has rights to pursue development of that location (the City has the ultimate say as to whether it wants to retain or sell the site). There have also been discussions about pledging the revenue to park improvements in order to reduce the time it takes to catch-up on deferred maintenance or possibly continuing to hold the money for yet-unidentified future needs. Most recently, there was a proposal to increase funding for the FY 2016-17 Agency Review Grants budget. There are really no restrictions on the use of the funds other than legal restrictions applicable to all City expenditures.

There is no staff recommendation for the use of these funds. At the request of a Councilmember, I have attached a [schedule of unfunded General Fund supplemental budget requests](#) submitted by departments early in the budget process (the titles of the requests are links to detailed descriptions). As always, I would be happy to answer any question you have prior to or during your June 16th meeting.

General Fund Supplemental Requests Not Recommended for Funding

Fund	Department	Description	Total Cost	Offset			Net Fiscal Effect	Recurring	One Time	FTE		
				Expend	Rev	Other Sources				Perm	Temp (Perm)	Temp (One Time)
General	City Attorney	Contracted Assistant City Attorney - Community Development	\$105,797				\$105,797	\$105,797				
General	City Attorney	Support Staff Increase	\$27,066				\$27,066	\$27,066		0.50		
General	Community Development	Planning Technician I/II	\$52,318				\$52,318	\$52,318		1.00		
General	Community Development	Work Study & Paid Internship Program	\$34,320				\$34,320	\$34,320			1.50	
General	Community Services	Escalante Community Center Wage Adjustments	\$27,989				\$27,989	\$27,989				
General	Community Services	Kid Zone Enrichment Program Snack Cost Increase	\$20,610				\$20,610	\$20,610				
General	Community Services	Museum Education Staffing	\$31,003				\$31,003	\$31,003			0.58	
General	Community Services	O&M Funding for Splash Pads/Fountains/Splash Playground	\$37,764				\$37,764	\$36,887	\$877			
General	Community Services	Pyle Assistant Recreation Coordinator	\$64,258	\$28,803			\$35,455	\$35,455		1.00		
General	Human Services	Care 7 Wages	\$79,352				\$79,352	\$79,352				
General	Human Services	Education Coordination Admin Assistant	\$62,367				\$62,367	\$62,367		1.00		
General	Human Services	Social Services Coordinator	\$75,883	\$30,000			\$45,883	\$45,883		1.00		
General	Human Services	Social Services Counselor II	\$81,633	\$30,000			\$51,633	\$51,633		1.00		
General	Internal Audit	Part-Time Audit Associate	\$43,483				\$43,483	\$43,483		0.50		
General	Internal Services	Human Resources Analyst	\$80,454	\$29,653			\$50,801	\$50,801		1.00		
General	Internal Services	Procurement Officer	\$88,025				\$88,025	\$85,025	\$3,000	1.00		
General	Police	Employee Care and Mental Health Coordinator	\$113,625				\$113,625	\$112,552	\$1,073	1.00		
General	Police	Victims Advocate	\$78,889				\$78,889		\$78,889			1.00
General	Pub Works/Police/Hum Serv	Park Security/Homeless Camp Clean-Up Staffing	\$310,798				\$310,798	\$274,298	\$36,500	1.00	0.63	
General	Public Works	Administrative Assistant	\$56,576				\$56,576	\$56,576				1.00
General	Public Works	CIP Sr Civil Engineer/Sr Engineering Associate/Procurement Officer	\$303,312				\$303,312	\$272,012	\$31,300	3.00		
General	Public Works	Contracted Services Fund Increase	\$250,000				\$250,000	\$250,000				
General	Public Works	Inspection Truck	\$27,855				\$27,855	\$1,355	\$26,500			
General	Public Works	Parks Compost	\$43,070				\$43,070		\$43,070			
General	Public Works	Private Utilities Plan Review and Inspection Staffing Shortages	\$208,754				\$208,754		\$208,754			2.00
General	Public Works	Right-of-Way Tree Trimming	\$100,000				\$100,000	\$100,000				
General	Public Works	Service Writer	\$66,574				\$66,574	\$66,574		1.00		
General	Public Works	Storm Damage Cleanup	\$50,000				\$50,000	\$50,000				
General	Public Works	Training Funds (Fleet)	\$15,000				\$15,000	\$15,000				
General	Public Works	Weekend Downtown Pressure Washing of Sidewalks	\$23,220				\$23,220	\$23,220				
General Fund Subtotal			\$2,559,995	\$118,456	\$0	\$0	\$2,441,539	\$1,955,000	\$486,539	14.00	2.71	4.00