Recreation Center Master Plan Timeline

**January 22, 2019**
- Regular Meeting
  - Accepted Conceptual Design from Burks Toma Architects
  - Concept 3 (Conceptual Starting Point) was preferred
  - $54M Recreation Center, $17M Park Improvements

**April 29, 2019**
- Study Session
  - Policy Direction given for “Build-to-Budget” of $40M total project ($5M for Design and $35M for Construction)

**August 5, 2019**
- Regular Meeting
  - Discussion of Funding Options for Recreation Center Master Plan Project

**Spring 2020**
- Regular Meeting
  - Present Conceptual Design “Build-to-Budget”
  - $40M total project cost for adoption

**Spring 2020**
- Regular Meeting
  - Authorization from City Council for the Issuance of RFP for Design (Plans and Specifications)
  - Followed by Award of Contract by City Council

**Spring 2021**
- Regular Meeting
  - Approval of Plans and Specifications by City Council
City-Controlled Resources

- **General Fund (GF)** = $44M - 50% GF Reserve - $10M Levee Contingency = $12M
- **Capital Asset Acquisition and Replacement Fund (CAARF)** = $39.9M - $7M (Earmark for Workforce Housing) = $32.9M
  - $1.1M growth annually from PJCC loan payments through 2038
  - Combined use of CAARF and GF could save in interest (e.g. $14.6M interest for $20M Lease Revenue Bond for 30 years)
- **Community Benefits Fund** = $819,000
- **Construction and Demolition Fund** = $734,000
  - Could be used for Energy Efficiency Items
Financing Options

- **Lease Revenue Bond (LRB)**
  - Lease with a Public Financing Authority
  - New revenue source needed

- **Assessment District** – Must find a specific benefit, problematic

- **General Obligation Bond** – 2/3 vote required and more costly than LRB

- **Grants & Sponsorships** – No certainty, but will apply if/when available

- **Public/Private Partnerships** – Met with three (3)
  - Project Manager at Risk (PMAR) may be used
  - Model for financing would be more expensive than LRB
### Financing Options

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Debt of $11M Annual/Total Debt Service over 30 years</th>
<th>Debt of $20M Annual/Total Debt Service over 30 years</th>
<th>Debt of $30M Annual/Total Debt Service over 30 years</th>
<th>Debt of $40M Annual/Total Debt Service over 30 years</th>
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<tbody>
<tr>
<td>Scenario 1</td>
<td>$639,852/ $19,195,560</td>
<td>$1,154,088/ $34,622,640</td>
<td>$1,725,460/ $51,763,800</td>
<td>$2,296,833/ $68,904,990</td>
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<td>Scenario 2</td>
<td>$1,154,088/ $34,622,640</td>
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<td>$2,296,833/ $68,904,990</td>
<td>$34,622,640/ $1,154,088</td>
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### Notes/Comments
- **Assessment District Bond**
  - Not recommended as it requires "specific benefit" findings by an assessment engineer. Assessment must be proportional to "special benefit". Weighted majority protest procedure.
- **General Fund Lease Revenue Bond/Certificates of Participation**
  - $639,852/ $19,195,560
  - Not subject to voter approval, however, requires sufficient General Fund resources for debt service payments.
  - Total interest cost to General Fund for Lease Revenue Bond/Certificates of Participation:
    - Scenario 1: $8,195,569
    - Scenario 2: $14,622,630
    - Scenario 3: $21,763,810
    - Scenario 4: $28,904,989
  - Total interest paid in 30 years from the General Fund.
- **GO Bonds (least expensive debt financing option)**
  - Avg. $8.08 per $100K AV/ $34,673,674
  - Avg. $12.12 per $100K AV/ $52,016,000
  - Avg. $16.15 per $100K AV/ $69,322,791
  - Ballot measure to be placed at a San Mateo County election cycle; 2/3 voter approval.
- **Grants**
- **Sponsorships**
- **Public Private Partnership**
  - A P3 construction delivery method (Project Manager at Risk) may be a benefit to guarantee a maximum construction cost and a timely delivery of the project. A P3 model for financing does not appear to provide advantages over the City’s existing funding options.

### Revenue Measures to Pay Debt Service

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<tr>
<th>Revenue Measure to Pay Debt Service</th>
<th>Potential Sources Voter Approved New Money (annual)</th>
<th>Scenario 1 Debt of $11M Annual/Total Debt Service over 30 years</th>
<th>Scenario 2 Debt of $20M Annual/Total Debt Service over 30 years</th>
<th>Scenario 3 Debt of $30M Annual/Total Debt Service over 30 years</th>
<th>Scenario 4 Debt of $40M Annual/Total Debt Service over 30 years</th>
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<td>Transient Occupancy Tax Increase (each 1%); Current rate is 12% (effective 7/1/19)</td>
<td>1% =391,000 2% = $782,000 2% = $782,000 2% = $782,000</td>
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<td>Simple voter majority and at the time of a City Council election if General Tax. If dedicated for Recreation Center purpose only, 2/3 voter approval.</td>
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<td>Sales Tax (District Add On Tax) Increase (each 1/4%)</td>
<td>1/4% =730,000 1/2% = 1,460,000 1/2% = 1,460,000 3/4% = 2,190,000</td>
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Subcommittee Recommendation

- **TOTAL PROJECT COST OF $40 MILLION**
  - $5M from General Fund (design)
  - $15M from Capital Asset Acquisition and Replacement Fund (to be repaid in future years with repayment terms to be determined with each proposed budget process)
  - $20M in General Fund Lease Revenue Bonds
Which funding source(s), and how much from each, is the City Council interested in considering for this project?

1. General Fund Reserve (up to $12 Million)?
2. Capital Asset Acquisition and Replacement Fund (up to $32.9 Million)?
3. Community Benefits Fund (up to $819,000)?
4. Construction and Demolition Fund (up to $734,000)?
5. Lease Revenue Bond?
   • Increase in TOT of 2% and Sales Tax of 0.5%?

City Clerk will read the Minute Order based on your input to these policy questions.