

Attachment B



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: PAR 22-036

December 13, 2022

Introduced: 12/8/2022

Current Status: Agenda Ready

Version: 1

Matter Type: Preliminary Analysis
Report

Receive a preliminary analysis report in response to ***Board Referral No. 2022.23*** seeking to request a County funding contribution for Fiscal Year 2023 and develop a long-range funding source for the Pajaro Park.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive a preliminary analysis report in response to ***Board Referral No. 2022.23*** and:

- a. Direct that staff proceed with completion of referral based on description in this report; or,
- b. Direct that staff:
 1. Proceed with completion of referral based on modifications by the Board; or,
 2. Return to Board with a more comprehensive analysis of referral and anticipated effort for completion; or,
 3. Rescind referral.
- c. Provide further direction, as appropriate.

PRELIMINARY ANALYSIS:

Background:

On November 22, 2022, the Board added Supervisor Phillips' Referral No. 2022.23 (Attachment A) to the Monterey County Board of Supervisors' referral matrix. The referral is seeking to request a County funding contribution for Fiscal Year 2023 and develop a long-range funding source for Pajaro Park.

A chronology that summarizes the recent historical actions is below.

History:

2006 to 2013 - The former Redevelopment Agency of the County of Monterey worked cooperatively with the community of Pajaro to construct the Pajaro Neighborhood Park ("Park"). The Park was built with private donations and \$5,000,000 from a State Department of Parks and Recreation 2006 Parks Bond Act/Proposition 84 grant.

December 4, 2012 - The Pajaro/Sunny Mesa Community Services District ("District"), entered into an Operation and Maintenance Agreement (Attachment B) with the County of Monterey. The District accepted responsibility for the funding and upkeep of the Park until June 30, 2039, contingent upon the project completion and pursuant to grant requirements and deed restrictions.

October 22, 2013 - The District entered into a Real Property Acquisition and Project Transfer Agreement (Attachment C) with the Successor Agency to the Redevelopment Agency of the County of Monterey (“SARDA”). This agreement transferred the Park property to the District upon completion of the project and filing of the Notice of Completion.

December 15, 2015 - The District entered into a Memorandum of Understanding for Operation and Maintenance of the Park (Attachment D) with the County for an annual funding payment of \$25,000 until June 30, 2039. The payment was intended to help offset annual maintenance costs to the District.

October 19, 2021 - The County approved a vacant parcel to be transferred “as-is” via Quitclaim Deed to Berkshire Investments, LLC, for the sale price of \$35,500, pursuant to the Successor Agency’s Long Range Property Management Plan. The County’s portion of net sale proceeds (estimated at \$5,000) was to be distributed to the District for future improvements to the Pajaro Community Park.

Proposed Project Description:

Possible Funding Options

Referral 2022.23 states that the District is requesting approximately \$40,000 to \$60,000, this year to meet its operational and maintenance needs and for the County to determine a long-range funding source. The annual operating funds needed based on previous statements by the District and review of their Fiscal Year 2022, Park expenses is approximately \$59,000 to \$64,000. This amount will increase each year by 3.5% due to rising labor and materials cost. In addition to the annual operating expense, the District has stated that the artificial turf soccer field will need to be replaced soon. The cost to replace the turf is estimated to be between \$500,000 to \$1 million.

Option A - County has limited discretionary funds to use across all departments to support basic governmental functions. Discretionary funds that could be considered for a one-time contribution to the District include General Fund Contingencies and Cannabis Tax Assignment. Using any of these funding sources will require at least a 4/5th vote from the Board of Supervisors. General Fund Contingencies is set aside for unplanned operational needs that arise within a fiscal year. The current balance in contingencies is \$556,260. Cannabis Tax Assignment funds have been used for both ongoing and one-time needs to largely fund Board directed programs. The Cannabis Tax Assignment balance is \$5,843,934. This option would largely be for a one-time contribution for Fiscal Year 2023, to assist the District with current operational expenses.

Option B - District to conduct a rate study or complete an Engineer’s Report to move forward with a Public Hearing and Proposition 218 election to increase property assessments for the Park’s operations and maintenance. While Referral 2022.23 questions whether the District can legally subsidize the Park through its rate payers; staff found no legal requirement precluding the District from conducting a Proposition 218 election with the intent of increasing rates.

While none of the Attachments state that property tax assessments are not allowed, there is some language regarding park user fees in Attachment B and E. Special district property tax assessments are not the same as user fees but are often confused. The discussion of fees relates to the public accessing and using the park, not funding the park through property tax

assessments.

Section 2.g. of Attachment B states, “The CSD shall not charge an entrance fee for public access to the park.” Exhibit B of Attachment E is the Grant Contract for the State Department of Parks and Recreation 2006 Parks Bond Act/Prop 84 funding. Section II.J.2. states, “The GRANTEE shall not discriminate against any person on the basis of residence, and shall not apply differences in admission or other fees on the basis of residence. Fees shall be reasonable and not unduly prevent use by economically disadvantaged members of the public.”

At minimum, it would be beneficial for the District to conduct a rate study or Engineer’s Report to determine the annual operating funds needed for the Parks long-range sustainability. The study/report would outline necessary obligations, maintenance needs and capital improvements, calculate annual increases based on the Consumer Price Index, and determine the necessary rate increases that are needed over the life of the Park. Option B would be beneficial for the long-term funding and sustainability of the Park.

Option C- District could request that the County include Park funding in the annual budget process. This could be done under the County Administrative Office Non-Departmental Budget Unit, Contributions-Other Agencies. Currently, the annual contribution of \$25,000 to the District as stated in Attachment D is funded through this Unit. An option would be to execute an amendment to the MOU, and increase the funding amount. The current revenue sources within the General Fund would be the funding sources staff would evaluate and recommend. Option C would also be beneficial for the long-term funding and sustainability of the Park, however, it would reduce County funding for other programs and departments.

Option D- Monterey County Parks to assume operations and maintenance responsibility for the Park. This option would be the costliest to the County and require more than making an annual General Fund contribution. At a minimum, two (2) new FTE’s would need to be allocated to the Park; one (1) Parks Buildings and Grounds Worker II and one (1) Parks Services Aide II. Annual cost for the positions including salary and benefits would be approximately \$195,437. An initial one-time contribution of \$100,000 to \$200,000, for vehicles, tools and supplies, would also be needed, plus ongoing replacement costs. While this option would provide for long-term funding for the Park, the District would be partially dependent upon the County which could potentially create legal issues and increase liability.

Staff will continue considering further options.

Estimated Project Cost:

Costs associated with the completion of this referral include the cost for staff time and is dependent on the option that is chosen.

Staffing Level Estimate:

It is anticipated that one (1) to two (2) PWF staff, along with CAO-Budget Office staff will be utilized to complete a response to the subject referral. Needs for additional staffing is dependent on the option that is chosen.

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Departmental Challenges:

N/A

Proposed Response Date:

Staff proposes to return to the Board prior to April 2023.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommended action supports the Board of Supervisors' Strategic Initiatives for Health and Human Services and Infrastructure. By partially or fully funding the operations and maintenance of the Park, the County will enable the public to continually use the Park for exercise and recreation and will be able to facilitate the upkeep and longevity of the Park's infrastructure.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Attachments:

Attachment A - Board Referral No. #2022.23

Attachment B - Operation and Maintenance Agreement, 2012

Attachment C - Real Property Acquisition and Project Transfer Agreement, 2013

Attachment D - Memorandum of Understanding for Operation and Maintenance Funding, 2015

Attachment E - Deed Restriction, 2011