TO: Honorable Mayor and Members of City Council
FROM: Patty Maitland, Finance Director
MEETING DATE: October 5, 2016
SUBJECT: Second Reading of an Ordinance Amending the Fiscal Year 2016-17 Budget and Establishing a Special Revenue Fund and Budget for the Coastal Conservancy Grant
CEQA: Does not Constitue a “Project” per California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION
Hold second reading and adopt an ordinance amending the Fiscal Year 2016-17 Budget and establishing a special revenue fund and budget for the Coastal Conservancy Grant.

DISCUSSION
No changes have been made to the ordinance following its approval of the first reading on September 21, 2016. This ordinance was published on October 2, 2016 as required by City Charter.

Pursuant to Council Policy 400-2, the creation of special funds requires approval of the Council upon review of the purpose, revenues, and expenditures associated with such a fund.

Purpose of Establishing the Fund
On March 16, 2016, the Council approved the receipt of grant funds from the State Coastal Conservancy for the construction of the trail system at the Great Tide Pool Site, and for additional public access improvements at the Point Pinos Trail/Esplanade Park Site. The grant is for $250,000 with a matching requirement from the City of $175,000.

Both the Great Tide Pool and Point Pinos Trail/Esplanade Park projects were included in the Fiscal Year 2016-17 Operating and Capital Improvement Budget which Council adopted on June 15, 2016 (see page 16, Item 10 of the FY 2016-17 Adopted Capital Improvement Budget). The matching funds were designated from the Reiko Koo Bequest which the City received in November 2013.

<table>
<thead>
<tr>
<th></th>
<th>Great Tide Pool Trail</th>
<th>Point Pinos Trail</th>
<th>Total Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal Conservancy Grant</td>
<td>$100,000.00</td>
<td>$150,000.00</td>
<td>$250,000.00</td>
</tr>
<tr>
<td>Reiko Koo Bequest</td>
<td>$127,000.00</td>
<td>$48,000.00</td>
<td>$175,000.00</td>
</tr>
<tr>
<td></td>
<td>$227,000.00</td>
<td>$198,000.00</td>
<td>$425,000.00</td>
</tr>
</tbody>
</table>
Revenues and Expenditures of the Special Revenue Fund

Financial transactions of the Coastal Conservancy Grant fund will be reported using governmental fund accounting standards. Revenues, in the form of grant reimbursements and an interfund transfer, will be recognized when earned. Expenditures related to both the Great Tide Pool and Point Pinos Trail/Espalanade Park projects will be recognized when incurred. At year-end, the Coastal Conservancy Grant fund will be reported in the same manner as other special revenue funds the City employs.

Establishing a special revenue fund for the Coastal Conservancy Grant creates separate accounting and financial mechanisms for the administration of the funds. Establishing the special revenue fund does not create a separate or autonomous entity from rest of the City’s operations, but facilitates internal tracking and external reporting/reimbursement processes.

Revenues and expenditures for the Coastal Conservancy Grant fund will be established as follows:

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal Conservancy Grant</td>
<td>$250,000</td>
<td></td>
</tr>
<tr>
<td>Reiko Koo Bequest (City match)</td>
<td>$175,000</td>
<td></td>
</tr>
<tr>
<td>Trail People Contract</td>
<td></td>
<td>$198,000</td>
</tr>
<tr>
<td>Great Tide Pool Trail Construction</td>
<td></td>
<td>$227,000</td>
</tr>
<tr>
<td></td>
<td>$425,000</td>
<td>$425,000</td>
</tr>
</tbody>
</table>

OPTIONS
1. Do nothing.
2. Make modifications to the ordinance

FISCAL IMPACT
An interfund transfer in the amount of $175,000 from the Reiko Koo Bequest Fund 93 will be made to the Coastal Conservancy Grant fund. The revenue and expenditures for the Coastal Conservancy Grant fund will be set at $425,000.

ATTACHMENTS
1. Ordinance

RESPECTFULLY SUBMITTED:  

P. A. Maitland  
Finance Director

REVIEWED BY:

Ben Harvey  
City Manager
ORDINANCE NO. 16-____

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE
AMENDING THE FISCAL YEAR 2016-17 BUDGET AND ESTABLISHING A SPECIAL
REVENUE FUND AND BUDGET FOR THE COASTAL CONSERVANCY GRANT

WHEREAS, the City Council approved the Fiscal Year 2016-17 Budget on June 15, 2016; and

WHEREAS, pursuant to Council Policy 400-2, the creation of special funds requires approval of the Council upon review of the purpose, revenues, and expenditures associated with such a fund; and

WHEREAS, establishing a special revenue fund for the Coastal Conservancy Grant creates separate accounting and financial mechanisms for the administration of the funds; and

WHEREAS, the revenues for the Coastal Conservancy Grant in FY 2016-17 are anticipated to be $425,000 comprised of $250,000 in grant funds and a $175,000 interfund transfer from the Reiko Koo Bequest fund 93; and

WHEREAS, the expenditures for the Coastal Conservancy Grant in FY 2016-17 are anticipated to be $425,000 comprised of $198,000 for the Great Tide Pool Trail and Point Pinos Trail/Esplanade Park projects; and

WHEREAS, in the enactment of this ordinance, the City followed the guidelines adopted by the State of California and published in the California Code of Regulations, Title 14, Section 15000, et seq. Enactment of this ordinance action does not constitute a “project” as defined by California Environmental Quality Act (CEQA) because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment pursuant to the California Quality Act (CEQA), CEQA Guideline Section 15378.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE:

SECTION 1. The foregoing recitals are adopted as findings of the City Council as though set forth fully herein.

SECTION 2. A revenue and expenditure budget for the Coastal Conservancy Grant is established as follows:
SECTION 3. The City Manager is directed to execute all documents and to perform all other necessary City acts to implement this Ordinance.

SECTION 4. In accord with Article 15 of the City Charter, this ordinance shall become effective upon adoption hereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE
this ____ day of ____________, 2016, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED: __________________________
BILL KAMPE, Mayor

ATTEST:

______________________________
SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

______________________________
DAVID C. LAREDO, City Attorney