



Agenda Report

August 20, 2018

TO: Honorable Mayor and City Council

FROM: City Manager

SUBJECT: **UPDATE ON THE ARROYO ADVISORY GROUP AND ACTION TO SUPPORT EFFORTS TO ENHANCE AND IMPROVE THE ARROYO SECO ("One Arroyo" Project)**

RECOMMENDATION:

It is recommended that the City Council:

1. Receive and file the Arroyo Advisory Group's "One Arroyo Final Report."
2. Endorse the One Arroyo Foundation's Capital Campaign to raise \$7M in support of the One Arroyo capital improvement projects.

BACKGROUND:

In February 2018, the Arroyo Advisory Group (AAG) presented to Council its preliminary findings related to the development of a trail concept study, community outreach, priority projects and confirmation of a vision for the future of the Arroyo Seco. At that time, the AAG outlined its plans for the next phase of the effort, which included a recommendation to undertake a fundraising assessment; exploration of the possibility of creating a limited purpose non-profit focused on the funding, creation and maintenance of a trail; and development of a final report summarizing the recommendations and conclusions of the AAG since it began meeting in February 2017.

The AAG is pleased to present to the City Council the One Arroyo Final Report (Attachment A). The report provides work summaries of each of the AAG committees as well as final recommendations for the both the City and the One Arroyo Foundation (One Arroyo) to pursue, both independently and in collaboration with one another. The AAG's approach to developing its recommendations was underscored by the group's belief that the Arroyo Seco is one of the city's most precious natural resources, but

could be an even more valuable one if restoration of certain aspects and thoughtful enhancement of others were undertaken and significantly improved maintenance, overall, were assured.

The recommendations developed by the AAG fall into three main categories- future projects, funding strategies, and ancillary considerations/recommendations. Folded into each of these recommendations are implications for next steps related to the One Arroyo effort.

Future Projects:

Foundational to the "One Arroyo" vision is an end-to-end connected trail. When considering a paradigm shift in how projects are funded and delivered, the AAG recommended to Council on February 5, 2018 two demonstration projects. The trail demonstration projects, "Woodlands Loop" and "Streamside Walk," are located at key connection points which transition into and out of the Central Arroyo. The proposed demonstration projects incorporate a variety of design solutions to establish minimum connections, enhance the trail user experience, and foster a deeper connection to the Arroyo and Arroyo watershed. Having shovel-ready projects will help to position the City for future public and private funding opportunities. As such, the AAG is recommending that that City identify a funding source, either in part (to be matched with private fundraising dollars) or in whole so that the demonstration projects can proceed through the City's usual process, allowing for public input as to the details of the One Arroyo capital improvement projects.

Funding Strategies:

As reported to Council in February, the AAG recognized that the One Arroyo vision will take time to realize, likely a generation or longer, and that its success will depend on finding new sources of funding. The AAG commissioned a fundraising assessment study and has begun the process of forming the One Arroyo Foundation, a limited purpose non-profit entity focused on the fundraising, construction, and maintenance of the trails. Dr. James Erickson, a retired professor and vice chancellor of the University of California with over 50 years of experience in advising charitable institutions, conducted the fundraising study on behalf of the AAG. Based upon 85+ interviews with leaders and involved citizens, Dr. Erickson is recommending, and believes that there is capacity for, a \$7 million private fundraising campaign in support of the trail demonstration projects, of which \$2 million would be set aside for an endowment for maintenance.

Moving forward, the One Arroyo Foundation will serve as the primary driver to the One Arroyo effort, leading the fundraising campaign in support of One Arroyo capital improvement projects. Similar civic philanthropic models exist throughout the country which accentuate the capability of public-private partnerships to add value to public improvements; examples include Heritage Services in Omaha, Nebraska as well as the Legacy Campaign initiated locally by the Rose Bowl Operating Company. In light of this, the AAG recommends that the One Arroyo Foundation expand its Board of

Directors, establish its own infrastructure to proceed with fundraising activities, commence a private fundraising campaign for the demonstration projects, and work with the City to ensure that all funds raised on behalf of the effort are spent in conformance with local ordinances and any other laws, as applicable.

In addition to a private philanthropic effort, the AAG also worked with a trail development/public funding consultant to identify public funding opportunities and develop a funding strategy for the design and construction of the projects. One budget approach for funding the design and planning phase of the demonstration projects would require an earmark from a future allocation of County Measure A and County Proposition A funds. The AAG recognizes that there are several priority park projects throughout the city but should Council want to test the alternate funding approach recommended through this effort then a commitment, in part or in whole, will be needed to attract additional private and public dollars.

The trail development/public funding consultant also researched availability of non-governmental grant opportunities and concluded that while options do exist for trail construction, they are limited in scope and typically involve smaller amounts of funding. That being said, it would be logical for the One Arroyo Foundation to apply for these grants as soon as the project is more specifically defined.

Ancillary Considerations/Recommendations:

Throughout the course of the AAG's outreach and engagement with the community, there were numerous requests from the public to volunteer for projects on an ongoing basis. Based on public feedback, the AAG began to explore long-term opportunities to supplement the City's Parks & Natural Resources staff with landscaping and maintenance initiatives. The AAG has recommended that the City seek partnerships with interested and qualified organizations such as the Arroyo Seco Foundation to lead, manage and coordinate volunteer service projects within the Arroyo Seco.

ENVIRONMENTAL:

The action proposed herein is receipt and filing of a report, and not approval of or commitment to a construction project. Therefore, no environmental review is required at this time. However, environmental review would be required prior to the City's commitment to a construction project. Environmental review of the demonstration projects will take place as they move forward through preliminary design and study and at a time when their potential environmental effects may be known and analyzed.

FISCAL IMPACT:

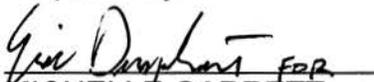
As part of a prior phase of the One Arroyo effort, the AAG raised private philanthropic funds to support their efforts. The balance of those dollars will be made available to the One Arroyo Foundation. It is anticipated that the design and planning process for the "Woodlands Loop and "Streamside Walk" projects will cost an estimated \$600,000. The balance of \$40,000 from phase three of the One Arroyo effort will be transferred from the RBOC's "One Arroyo" separate project account to the CIP project accounts for the future design work that will be needed for the demonstration projects. Other possible sources for the remaining design and planning funds needed include the County Measure A and Proposition A allocations that will become available in the fall of 2018, as well as private philanthropic funds.

Respectfully submitted,



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City Manager

Prepared by:



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Attachment A: One Arroyo Final Report