



Office of the City Manager

CONSENT CALENDAR

April 4, 2017

To: Honorable Mayor and Members of the City Council

From: *DWR* Dee Williams-Ridley, City Manager

Submitted by: Scott Ferris, Director, Parks Recreation & Waterfront

Subject: Catastrophic Reserve Allocation for Berkeley Tuolumne Camp Rebuild

RECOMMENDATION

Adopt a Resolution allocating \$3,300,000 from the City General Fund's Catastrophic Reserve for the Berkeley Tuolumne Camp Rebuild Project.

SUMMARY

Since the 1920s, the City of Berkeley has operated Berkeley Tuolumne Camp in Stanislaus National Forest. The Rim Fire of 2013 destroyed Berkeley Tuolumne Camp. The total estimate to rebuild Camp is \$54.1 million, with a City cost share after anticipated insurance and FEMA grant proceeds of approximately \$3.3 million. This report provides a recommendation to allocate \$3.3 million from the City General Fund's Catastrophic Reserve to restore Berkeley Tuolumne Camp.

FISCAL IMPACTS OF RECOMMENDATION

On January 24, 2017, the City established the General Fund Reserve Policy which created a Catastrophic Reserve to respond to extreme onetime events (Resolution No. 67,821-N.S.). The Catastrophic Reserve Balance was \$10 million as of June 30, 2016.

The recommended action would allocate \$3.3 million of the Catastrophic Reserve for the rebuild of Berkeley Tuolumne Family Camp. The recommended replenishment of these funds would be achieved via annual payments from one or more of the following sources: (a) excess property transfer tax; (b) business license tax receipts in excess of \$17 million; and (c) Camps Fund reserve in excess of a \$1 million prudent reserve balance. Repayment of these reserve funds would begin no more than 5 years from the date of withdrawal, and be completed within 10 years of the date of withdrawal. Repayment may occur sooner if revenue streams can accommodate it.

CURRENT SITUATION AND ITS EFFECTS

In August 2013, the California Rim Fire destroyed the Berkeley Tuolumne Camp (BTC). BTC has been a summer tradition for generations of Berkeley residents. Prior to the fire the Camp served approximately 4,000 campers every year. Except for 17 tent cabins, one restroom and one metal water tank, all camp buildings were destroyed by the fire. Since the Rim Fire of 2013, the City of Berkeley has been working closely with USFS to develop

the design and complete the environmental process for the reconstruction of BTC. Project construction is anticipated to start in 2019, with a goal of re-opening camp in 2021. The total cost estimate for the Berkeley Tuolumne Camp Rebuild Project is \$54,014,894. This cost will be covered primarily by insurance and FEMA and state grant funding, leaving a City cost share of \$3,237,109. The City has concluded Berkeley Tuolumne Camp is not eligible for T1 funding¹.

On January 24, 2017, the City established the General Fund Reserve Policy which created a Catastrophic Reserve Fund for the purposes of sustaining General Fund operations in the case of a natural disaster or other catastrophic event (Resolution No. 67,821-N.S.).

BACKGROUND

Berkeley Tuolumne Camp, established in 1922, is a 15-acre property operated under a Special Use Permit with the US Forest Service (USFS). The camp has served primarily as a family camp, but also offered teen leadership programs, adult hiking camps, and private group rental opportunities. Prior to the fire, BTC had the capacity to host approximately 280 campers, 60 staff members, and 10 counselors-in-training at one time, and served over 4,000 campers each year. The major facilities at the Camp included a Dining Hall; a Recreation Hall, 77 small single-story wood-frame camper tent cabins; staff cabins; maintenance and storage structures; a bridge across the river; parking and loading areas, and electric, water supply, and wastewater utilities.

In August of 2013, the Rim Fire destroyed Berkeley Tuolumne Camp (BTC) and in December was declared a federal disaster. The majority of structures at BTC were destroyed by the fire. Since the fire, the City has been working closely with the USFS to complete an updated master plan in order to rebuild Camp. On March 2, 2015, the City received a letter from the USFS formally accepting the City's conceptual proposal for Berkeley Tuolumne Camp rebuild.

The next steps for reopening BTC include:

- Complete the Master Development Plan and finalize technical and environmental supporting documents;
- Submit the Master Development Plan for State and Federal environmental review – National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA);
- Obtain environmental and other regulatory permits for the project;
- Complete detailed, bid-ready design for the rebuild project.
- Obtain permits from the City of Berkeley and Tuolumne County permit offices.

¹ See [December 22, 2016 Off-Agenda Memo](http://cityofberkeley.info/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/Measure%20TI%20GO%20Bonds%20Recommendations.pdf) at http://cityofberkeley.info/uploadedFiles/Parks_Rec_Waterfront/Level_3_-_General/Measure%20TI%20GO%20Bonds%20Recommendations.pdf

The City currently anticipates beginning construction in 2019, with a goal to re-open camp in 2021. Throughout these steps, the City will continue to work closely with its funding partners to ensure the City recovers costs of the Project as anticipated. The City has concluded that Measure T1 General Obligation Bond Funds cannot be spent on properties that do not have a current valid lease of at least twenty-five years (special permits do not provide lease rights), and therefore cannot be used to fund the Berkeley Tuolumne Camp rebuild effort².

Camps Fund. The Berkeley Tuolumne Camp was the primary source of revenue for the City's Camps Enterprise Fund (Fund 330), which funds all Berkeley camp programming. Revenues from BTC supported the operation, maintenance, and capital improvements for other City camp programs, including scholarships for camp participants. Without Berkeley Tuolumne Camp, the Camps Fund is operating with annual structural deficit, threatening the sustainability of all Berkeley camp programs, including Echo Lake Camp and Berkeley Day Camp. The City has restructured programming and delayed much needed maintenance work at the Camps in order to minimize these losses, and proceeds from insurance have offset some of the lost income³. However, City staff currently estimates that the Camp Fund balance will be exhausted in 2021, and in the absence of proceeds from Berkeley Tuolumne Camp, will operate at a net loss of over \$200,000 per year thereafter.

Catastrophic Reserve. On January 24, 2017, the City established the General Fund Reserve Policy which created a Catastrophic Reserve to respond to extreme onetime events such as earthquakes, fires, floods, civil unrest, and terrorist attacks. The Policy states that the Catastrophic Reserve will not be accessed to meet operational shortfalls or to fund new programs or projects. The General Reserve Fund Policy requires a replenishment schedule to be recommended by the City Manager and adopted simultaneously with the appropriation to withdraw Reserve funds. Use of the General Fund reserves in accordance with the Policy standards requires a two-thirds vote of the City Council. (Resolution No. 67, 821-N.S.).

The Rim Fire that destroyed the Berkeley Tuolumne Camp is a one-time catastrophic natural disaster that has severely impacted the City of Berkeley facilities and services. Repair of the damages caused by this catastrophic event will ensure the continued operation and solvency of all City of Berkeley Camp programs.

ENVIRONMENTAL SUSTAINABILITY

The planning, design, and construction of the Berkeley Tuolumne facilities will demonstrate appropriate restoration of forest landscapes in order to achieve sustainable riverine and upland ecosystems that provide a broad range of benefits to humans and the ecosystem.

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³ See [November 29, 2016 Resident Camps Update / Worksession Memorandum](http://www.cityofberkeley.info/Clerk/City_Council/2016/11_Nov/Documents/2016-11-29_WS_Item_02_Berkeley_Resident_Camps_Update.aspx) at http://www.cityofberkeley.info/Clerk/City_Council/2016/11_Nov/Documents/2016-11-29_WS_Item_02_Berkeley_Resident_Camps_Update.aspx.

All construction activities will implement Best Management Practices (BMPs) to encourage biodiversity, preserve resources, and maintain riparian and other natural habitats. Revegetation/reforestation activities will emphasize enhancing native vegetative cover, minimizing exposed bare soil and erosion, and using Bay-Friendly landscape and irrigation practices to the maximum extent feasible.

The BTC Master Development Plan will be subject to the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) to evaluate and address any potentially significant environmental impacts. All necessary environmental regulatory permits will be obtained prior to any construction activities.

This project will comply with the City's Climate Action Plan in the following ways: enhance urban green and open space to improve the health and quality of life for residents, increased energy efficiency in public buildings, and provide a public resource for community outreach and empowerment.

RATIONALE FOR RECOMMENDATION

The City is coordinating the cost recovery efforts for the Berkeley Tuolumne Camp with the City insurance providers, FEMA, and Cal OES. These sources will provide over \$50M to the City for the rebuild of Berkeley Tuolumne Camp, representing more than 90% of the project cost. The City must provide cost sharing to access these funds and to construct what will ultimately be a City owned asset worth over \$54 million.

The loss of Berkeley Tuolumne Camp revenue has resulted in a deficit in the Camps Enterprise Fund. Without the rebuild of BTC, future camp programming, including programming that occurs within the City, will be severely impacted.

Berkeley Tuolumne Camp was developed by the City of Berkeley nearly 100 years ago. For multiple generations, the City has been a steward of this unique and remote site that provides thousands of families and youth dwelling in an urban environment the opportunity to learn about and live in a natural environment. If BTC is not reconstructed the educational and recreational opportunities that Camp provides to Berkeley youth and families may no longer be available to them.

ALTERNATIVE ACTIONS CONSIDERED

State and federal disaster recovery public assistance grant agreements require City cost sharing in the amount of 6.25% of the total FEMA-eligible project. Therefore there is no feasible alternative which allows the City to access these funds.

CONTACT PERSON

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Attachments:
1: Resolution

RESOLUTION NO. -N.S.

CATASTROPHIC RESERVE ALLOCATION FOR BERKELEY TUOLUMNE CAMP

WHEREAS, on January 24, 2017, Council adopted the General Fund Reserve Policy (Resolution No. 67,821-N.S.); and

WHEREAS, the City's General Fund Reserve Policy includes a Catastrophic Reserve for the purposes of sustaining General Fund operations in the case of a natural disaster or other catastrophic event; and

WHEREAS, the City's Berkeley Tuolumne Camp sustained a catastrophic event when the 2013 Rim Fire destroyed the Camp; and

WHEREAS, construction costs for the City's Berkeley Tuolumne Camp do not include funding of operational shortfalls or new programs or projects; and

WHEREAS, the City Manager has recommended a replenishment schedule via annual payments from one or more of the following sources: (a) excess property transfer tax; (b) business license tax receipts in excess of \$17 million; and (c) Camps Fund reserve in excess of a \$1 million prudent reserve balance; and confirmed that repayment of these reserve funds would begin no more than 5 years from the date of withdrawal, and be completed within 10 years of the date of withdrawal; and

WHEREAS, the City's General Fund Reserve Policy requires a two-thirds vote of the City Council for use of General Fund reserves;

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that funds from the City's Catastrophic Fund will be allocated to the Berkeley Tuolumne Camp Rebuild Project in the amount of \$3,300,000.