

December 4, 2002

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
December 10, 2002

TYCO PROJECT PLANNING FOR ALLOCATION OF FUNDS RECEIVED

Recommendation:

1. That the City Council direct staff to return with proposals to resurface 2nd Street from Beach Drive and to refurbish the three beach restrooms (2nd Street, 14th Street & 22nd Street – Pier restrooms are included as part of the Phase III Project); and,
2. That the City Council review the following information and provide direction to staff on allocation of revenues generated as a result of agreements with Tyco Inc..

Background:

The approval of the project agreement and execution of the project has resulted in the City receiving \$1.9 million dollars. These funds have been received. In addition, a payment of \$275,000 is due before the end of the year for repaving of 2nd Street from Beach Drive to Valley Drive. Beginning in January of 2004, the City will receive \$75,000 per quarter (\$300,000 per year) for the duration of the lease.

During the approval process, certain projects were set to receive funding from the initial \$1.9 million dollar payment. The beach restrooms, including the Pier restrooms, were allocated \$800,000. The remaining funds have not been allocated and, as a result, the City Council needs to provide direction to staff on the use of these funds. Several possible uses can be considered and you may wish to involve the Commissions in the process.

The most notable project that will be coming up soon is the Pier Phase III. The additional cost of the lifeguard tower and the cost associated with it needs to be considered. This has been a long-term project and it might be a good idea to get the bids in before the final decision is made on the allocation of these funds.

The second most pressing need is repair of streets. The long term funding that the Tyco agreement provides will allow the City Council to allocate funds on a consistent basis so that we are able to maintain an active street repair program over the years.

Considering the potential revenue reductions from the state, it would seem prudent to wait until we have the mid-year budget review and some idea of the approach the state will take. This would still provide time to program these funds with input from the several Commissions and the public.

Respectfully submitted,

Stephen R. Burrell
City Manager