

**Council Meeting: October 28, 2008**

**SUBJECT:** Approval of Budget Modification No. 16 in the Amount of \$4,000 to Appropriate Set-Aside Funds for Reimbursement of Sunnyvale Heritage Museum for Pacific Gas and Electric Costs per Agreement Dated September 12, 2006

**REPORT IN BRIEF**

Approval is requested for Budget Modification No. 16 to appropriate funds that had been set aside in a reserve fund for the purpose of reimbursing the Sunnyvale Historical Society and Museum Association (SHSMA) for Pacific Gas and Electric Company (PG&E) expenses up to \$4,000 per year for the first five years of operation of the new Heritage Museum located at the Sunnyvale Heritage Center. This is in accordance with the agreement between the City and the SHSMA approved by City Council on June 15, 2004, and modified on September 12, 2006.

**BACKGROUND**

On June 15, 2004, an agreement between City of Sunnyvale and Sunnyvale Historical Society and Museum Association for the Design, Development, Operation and Maintenance of a Heritage Museum at Sunnyvale Heritage Center at the Sunnyvale Community Center was approved by City Council (RTC 04-227). This agreement included a commitment from the City to assist the SHSMA for the first five years following completion of the project and its acceptance by the City by authorizing the City to pay all museum expenses billed by Pacific Gas and Electric Company (PG&E), up to a maximum of \$4,000 annually. The agreement also noted the SHSMA would be responsible for all utility costs in excess of this amount and for other utility costs such as cable and telephone bills. Following the first five years, the SHSMA would become responsible for furnishing all utilities (including, but not limited to, water, gas, electricity, sewer and garbage) at no cost or expense to the City.

On September 12, 2006, a revised agreement between the City of Sunnyvale and the Sunnyvale Historical Society and Museum Association was approved by City Council (RTC 06-284) to clarify the terms of the original agreement relating to ownership and lease of the property, but it did not change the provision that the City will reimburse the PG&E costs as originally stated in the June 15, 2004, agreement.

**EXISTING POLICY**

City Council Policy 7.2.4 Relationships with Outside Groups

**DISCUSSION**

The existing agreement with the Sunnyvale Historical Society and Museum Association follows City Council’s direction and authorizes the City to reimburse the SHSMA up to \$4,000 per year for PG&E costs for the first five years of operation of the new history museum. The new museum opened on September 27, 2008.

**FISCAL IMPACT**

When this agreement was first entered into, a \$20,000 restricted reserve was established in the General Fund to set aside funds to cover future committed expenditures. Budget Modification No. 16 has been prepared to appropriate \$4,000 of these set-aside funds into a new special project for FY 2008/2009 to cover utilities reimbursement expenditures per the agreement. The remaining \$16,000 of this reserve will be budgeted into the future years of this project as part of the development of the FY 2009/2010 Recommended Budget. \$4,000 will be budgeted annually from FY 2009/2010 through FY 2012/2013. Any unused funds will not be carried over to future years, but instead will be returned to the General Fund 20-Year RAP Reserve.

**BUDGET MODIFICATION NO. 16  
FISCAL YEAR 2008/2009**

	<b>Current</b>	<b>Increase (Decrease)</b>	<b>Revised</b>
<b>General Fund</b>			
<u>Expenditures:</u>			
New Special Project – Sunnyvale Historical Museum Utilities Reimbursement	\$0	4,000	\$4,000
<u>Reserves:</u>			
Historical Museum Set-Aside Reserve	\$20,000	(\$4,000)	\$16,000

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center, and Department of Public Safety; posting the agenda and report on the City’s web site;

and making the report available at the Library, Office of the City Clerk, Parks and Recreation Administration, Community Center and Senior Center.

**ALTERNATIVES**

1. Council approve Budget Modification No. 16 in the amount of \$4,000 to reimburse the Sunnyvale Historical Society Museum Association for PG&E bills up to \$4,000 for FY 2008/2009 as stated in the agreement between the City and the Sunnyvale Historical Society and Museum Association dated September 12, 2006.
2. Council does not approve Budget Modification No. 16 in the amount of \$4,000 to reimburse the Sunnyvale Historical Society Museum Association for PG&E bills up to \$4,000 for FY 2008/2009 as stated in the agreement between the City and the Sunnyvale Historical Society and Museum Association dated September 12, 2006.
3. Other action as determined by Council.

**RECOMMENDATION**

Staff recommends Alternative No. 1: Council approve Budget Modification No. 16 in the amount of \$4,000 to reimburse the Sunnyvale Historical Society Museum Association for PG&E bills up to \$4,000 for FY 2008/2009 as stated in the agreement between the City and the Sunnyvale Historical Society and Museum Association dated September 12, 2006

Reviewed by:

David A. Lewis, Director, Parks and Recreation  
Prepared by: Cathy E. Merrill, Assistant to the Director

Reviewed by:

Mary J. Bradley, Director, Finance

Approved by:

Amy Chan  
City Manager