



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Julie Edmonds-Mares  
Jennifer A. Maguire

**SUBJECT:** NEW PARK DEVELOPMENT  
PROJECTS

**DATE:** May 23, 2012

Approved

Date

5/23/12

## RECOMMENDATION

1. Release the hold which was placed on new park development on February 9, 2010 and align new park development with the existing approved City Council Budget Principle that states capital improvement projects shall not proceed for projects with annual operating and maintenance costs exceeding \$100,000 in the General Fund without City Council certification that funding will be made available in the applicable year of the cost impact. Certification shall demonstrate that funding for the entire cost of the project, including the operations and maintenance costs, will not require a decrease in basic neighborhood services.
2. Adopt the following amendments to the 2012-2012 Proposed Capital Budget in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District 7 (Fund 385):
  - a. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department for the West Evergreen Park Development project in the amount of \$1,562,000;
  - b. Decrease the Reserve: West Evergreen Park by \$1,562,000.
3. Adopt the following amendments to the 2012-2013 Proposed Capital Budget in the Subdivision Park Trust Fund:
  - a. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department for the West Evergreen Park Development project in the amount of \$353,000;
  - b. Decrease the Reserve: West Evergreen Park by \$353,000.
  - c. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department for the Noble Park Dog Park project in the amount of \$772,000;
  - d. Decrease the Reserve: Penitencia Creek Park Dog Park by \$772,000.

4. Direct the City Manager to return as part of a separate council action with recommendations on how to leverage existing funding sources to front the \$6 million reimbursable State of California Proposition 84 grants awarded to the City for the construction of Del Monte and Antonio Balermino Parks.

## **OUTCOME**

Acceptance of the above recommendations will allow the hold to be released on new park construction as long as the ongoing annual impact of the particular park to the General Fund is \$100,000 or less. This will allow the City to proceed with the development of ten new parks which were previously on hold (Attachment A), plus Del Monte Park. Each of these eleven new parks is at a different stage in their development and readiness. Even though the hold is recommended for immediate release, only three projects are ready to enter the construction phase in 2012-2013. These three projects are: Antonio Balermino, Del Monte and West Evergreen Parks. The remaining projects will enter the design and construction phases as soon their funding has been secured and/or their planning phases have been completed. These projects include: Pellier Park, Montecito Vista Park, Noble Dog Park, River View Park, Martin Park, North San Pedro Park, Tamien Park, and Essex Park.

## **BACKGROUND**

### ***Hold Placed on New Park Development***

On February 9, 2010, the Mayor and City Council approved Item 5.1, which placed a hold through 2010-2011, on the design and construction of new parks and recreation facilities which did not fit within the near term strategies outlined in the Greenprint 2009 Update. It was requested that the Director of Parks, Recreation and Neighborhood Services (PRNS) report back to the City Council on the status of new park construction on regular basis as part of the City's annual budget process. Projects which fit within the approved Greenprint strategies and were not placed on hold, included:

1. Trail projects that advanced the Green Vision of 100 miles of trails;
2. Infrastructure improvement projects that reduce maintenance and operations costs;
3. Land banking for future park development; and
4. Renovation of sports fields to artificial turf to reduce maintenance and operations costs and water consumptions.

### ***November 16, 2010 – Hold Continues But Innovative Mechanisms Approved to Help Identify Maintenance Costs***

On November 16, 2010, the City Council adopted Resolution No. 75638 which provided various mechanisms for proceeding with development of new parks and recreation facilities that would minimize impact to the General Fund. Adoption of Resolution No. 75638 authorized the City

Manager to move forward with the construction of new recreational facilities if non-General Fund funding was identified to provide for a three year park establishment period and/or for long-term maintenance of the new recreational facility. Preferably, the combination of the park establishment period and long term maintenance mechanism would provide for at least a 10 year period before the maintenance of the facility would need to be supported by the City's General Fund. Additionally, the Resolution authorized the following mechanisms to assist with funding for park development and maintenance:

1. The ability to pay for a three year park establishment period with parkland fees and Construction & Conveyance taxes (C&C) as part of the construction bid on the project;
2. The ability to credit a developer's parkland fees if the developer provides an equivalent monetary donation for at least 10 years of park maintenance of the new recreational facility;
3. The ability to exempt donated park establishment services and park maintenance of at least two years from prevailing wage.

On June 14, 2011 the Resolution was amended and restated to clarify that trail projects were not intended to be placed on hold and to allow more flexibility in the ability to provide credit to developers when they are donating at least 10 years of maintenance funding. It is important to note that the City's ability to provide the park fee credit in exchange for donation of at least 10 years of maintenance expires on December 31, 2012.

***Projects That Have Been Released From Hold To Date (i.e., Non-General Fund Dollars have been identified for maintenance)***

Two parks have been opened since February 2010 – Nisich and Newhall Parks – and six new parks are planned to be opened. Table 1 below lists the six parks currently in the planning stage. Each park in Table 1 is moving forward because non-General Fund dollars and/or resources have been identified for the maintenance of the facilities for at least three years. It should be noted that this table does not include land acquisition, infrastructure rehabilitation, artificial sports field conversion or trail projects as these types of projects were not placed on hold:

*Table 1: Parks Already Moving Forward due to Non General Fund Maintenance Sources Being Identified*

Park	Council District	Status	Mechanism to Move Forward
River Oaks Park	4	Under construction	Developer fee credit
Mabury/Commodore Park	4	Under design	Developer fee credit under negotiation
Buena Vista Park	6	Under design	Volunteer maintenance agreement

Vista Montana Parks	4	Under design	Developer maintenance contribution through development agreement
Vietnamese Heritage Garden	7	Under construction	Private organization to maintain
Del Monte Park	6	Master plan completed	Lease revenue from adjacent properties purchased for future park expansion

Additionally, there are ten new parks and/or recreation facilities which PRNS staff has identified that could come on-line within the next four fiscal years assuming full construction and maintenance funding is identified. These projects are listed in Attachment A of this report, along with details on the park size, funding status, council district and key attributes.

***Grant Funding Identified for Two Projects***

On March 26, 2012, PRNS was informed that San José had been awarded \$6 million in State grant funding for the construction of Del Monte Park (\$3.5 million) and Roberto Antonio Balermino Park (\$2.5 million). PRNS staff is currently working with the State to finalize the contract for access to the funding and will return to the City Council for approval of the funding as part of a separate council action.

**ANALYSIS**

***Justification for Request to Release New Parks Projects From Being “On Hold”***

Exhibit 4 of the City Manager’s 2012-2013 Proposed Budget Message lists the Budget Principles as approved by the City Council in 2008 upon which the City’s annual budget is developed. Principle number 8 reads as follows:

*Capital Improvement Projects shall not proceed for projects with annual operating and maintenance costs exceeding \$100,000 in the General Fund without City Council certification that funding will be made available in the applicable year of the cost impact. Certification shall demonstrate that funding for the entire cost of the project, including the operations and maintenance costs, will not require a decrease in basic neighborhood services.*

As shown in Attachment A, each of the new parks currently in the pipeline for development have annual General Fund impacts of less than \$100,000. Additionally, many of these projects are located in underserved areas and there is a tremendous amount of community need and support for moving them forward. For example:

May 23, 2012

**Subject: New Park Development Projects**

Page 5

- Five of the parks are high priorities within the City's Strong Neighborhoods Initiative areas (Del Monte, Antonio Balermino, West Evergreen and Martin Parks);
- Many of these sites have been sitting vacant within our neighborhoods for several years. For example, the Martin Park project is the conversion of a former landfill into a 4.7 acre park. Currently the former landfill is closed and in the middle of a San Jose neighborhood;
- The future site of Antonio Balermino Park has been sitting vacant directly adjacent to affordable housing developments in the City;
- North San Jose is being redeveloped with new housing units and it is critical that parks be provided for the current and future residents. Both Essex and River View Parks are planned in North San Jose;
- In the Berryessa Area, the development of a dog park has been a number one priority for the entire community for several years.

Additionally, all of the new parks in Attachment A are intended to serve current and future residents of San Jose that are currently underserved and do not have adequate access to parks and open space. For these reasons, this memorandum is recommending that the hold on new park construction be released and that new parks should comply with Budget Principle 8, above. Also, as shown in Attachment A, there would be no 2012-2013 General Fund impact associated with this action and impacts to future years will be included in future budget forecasts. Beginning in 2013-2014, the operating and maintenance budget impact is estimated at \$97,394.

#### ***New Park Projects Status – Which Ones Will Move Forward and By When?***

As mentioned in the outcome section of this memorandum, this action would release the hold on all park projects listed in Attachment A. However, each of these projects is at a different stage of readiness and many of them are not ready to move into the design and construction phases immediately. In order for a project to move into the design and construction phases in 2012-2013, full funding must be identified and the planning phases of the project must already be completed. The projects that are ready to advance into the design and construction phases in the coming fiscal year are:

- Del Monte Park
- Antonio Balermino Park
- West Evergreen Park

Additionally, the following projects could potentially move forward to design and construction in 2012-2013 pending resolution of construction funding, planning and developer issues:

- Martin Park (planning is completed, full funding is anticipated in early 2013);
- Montecito Vista Park (fully funded, planning is completed, schedule subject to developer timeline);
- Noble Park Dog Park (planning stage currently underway, fully funded);
- Pellier Park (fully funded, planning is completed, schedule contingent upon Julian Street roadway project);

May 23, 2012

**Subject: New Park Development Projects**

Page 6

- River View Park (fully funded, planning is completed, schedule subject to developer timeline).

The following three projects will not likely proceed to the design and construction phase in 2012-2013 as their master plans have not yet been completed. However staff will work to complete the master plans during the upcoming fiscal year to prepare them for future development:

- North San Pedro Park
- Tamien Park
- Essex Park

Additional information on the status and next steps for the above projects is included in Attachment A. If this memorandum is approved, staff from PRNS and the Department of Public Works will determine schedules for each of the above projects and report back to appropriate City Councilmember as part of pre-existing project coordination meetings and reporting mechanisms with each Council District office.

### ***Funding Plan***

As mentioned in the preceding section, the design and construction phases for Antonio Balermino, Del Monte and West Evergreen Parks will proceed in 2012-2013 and the Martin, Montecito Vista, Noble Park Dog Park, Pellier and River View Parks may possibly proceed. Below is a summary of the funding plans for each of those projects:

- *Antonio Balermino and Del Monte Parks:* PRNS has received State of California Proposition 84 grants for the construction of Del Monte Park (\$3.5 million) and Antonio Balermino Park (\$2.5 million). The master plans for both of these facilities are completed. In order to proceed with the design and construction, the City needs to identify "fronting" funds which will then be reimbursed by the State. Staff is working on alternatives to front this funding and will return to the City Council with a recommendation as part of a separate City Council memorandum.
- *West Evergreen Park and Noble Park Dog Park:* Full funding is currently appropriated via reserves in the Council District 7 Construction and Conveyance Tax Fund and the Park Trust Fund for the West Evergreen Park and Noble Park Dog Park. This memorandum includes a recommendation to re-allocate this funding from reserves to active projects.
- *Martin Park:* Full funding for Martin Park is anticipated to be received in February 2013 through a developer park in-lieu fee payment. Once this funding is received staff will request an appropriation action from the City Council through the 2013-2014 budget process or a separate City Council memorandum;
- *Montecito Vista, River View and Pellier Parks:* These parks are turnkey parks funded by developers so no appropriation actions are required to move these projects forward;

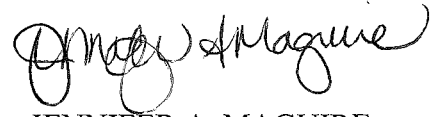
HONORABLE MAYOR AND CITY COUNCIL  
May 23, 2012  
**Subject: New Park Development Projects**  
Page 7

**COORDINATION**

This memorandum was coordinated with the City Attorney's Office and the Department of Public Works.

/s/

JULIE EDMONDS-MARES  
Acting Director of Parks, Recreation and  
Neighborhood Services



JENNIFER A. MAGUIRE  
Budget Director

Attachment

**Attachment A**  
**New Park Development**  
**General Fund Impact and Key Attributes**

Park Name	Council District	Size	Annual O&M Cost (Current Year) <sup>5</sup>	Potential General Fund Impact without inflation (if Authorized July 1, 2012)				Key Attributes			Status and/or Recommended Next Step
				FY 12-13	FY 13-14	FY 14-15	FY 15-16	Fully Funded?	Master Plan Complete?	Turnkey Agreement Completed?	
Antonio Balermينو Park	7	1.8	20,012	0	10,006	20,012	20,012	Yes	Yes	NA	Proceed to design and construction in Fiscal Year 2012-2013
Pellier Park <sup>1</sup>	3	0.75	6,255	0	3,128	6,255	6,255	Yes	Yes	Yes	Proceed to design and construction following resolution of schedule for Julian Street realignment
Montecito Vista Park <sup>2</sup>	7	2	21,680	0	10,840	21,680	21,680	Yes	Yes	Yes	Per agreement with developer, park to be completed prior to February 2015
West Evergreen Park	7	1	13,340	0	6,670	13,340	13,340	Yes	Yes	NA	Proceed to design and construction in Fiscal Year 2012-2013
River View Park	4	5.2	66,500	0	33,250	66,500	66,500	Yes	Yes	Yes	Discuss potential construction schedule with developer
Martin Park <sup>3</sup>	3	4.7	47,000	0	23,500	47,000	47,000	Yes	Yes	NA	Proceed to design and construction phase in Spring of 2013
Noble Park Dog Park <sup>4</sup>	4	1.2	20,000	0	10,000	20,000	20,000	Yes	No	NA	Complete master plan and, if approved, proceed to design and construction phase in Fiscal Year 2012-2013
North San Pedro Park <sup>4</sup>	3	0.8	6,672	0	0	3,336	6,672	No	No	No	Finalize turnkey agreement with developer in Fiscal Year 2012-2013
Tamien Park <sup>4</sup>	3	3	30,000	0	0	15,000	30,000	No	No	NA	Initiate master plan phase in Fiscal Year 2012-2013
Essex Park <sup>4</sup>	4	2.4	29,000	0	0	14,500	29,000	No	No	NA	Initiate master plan phase in Fiscal Year 2012-2013
<b>Totals</b>			<b>260,459</b>	<b>0</b>	<b>97,394</b>	<b>227,623</b>	<b>260,459</b>				

1. While Pellier Park is fully funded for construction of Phase I, the construction schedule is pending finalization of the construction plans to re-align Julian Street.
2. Montecito Vista is the working title for the park. This future park has not yet been officially named by the City Council.
3. Full funding for Martin Park is anticipated in February 2013 per a contractual agreement between the City and Almaden Tower Venture, LLC
4. The acreages and estimated O&M costs for these sites are approximate as the master plans are not yet completed.
5. All annual O&M costs are estimates and will be validated as during the future budget forecasts.