COC AGENDA: 11-05-08
ITEM: (b)(2)

COUNCIL AGENDA: 01-XX-09
ITEM:

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Citizen Oversight Committee for Parks and Recreation Bond Projects

SUBJECT: SEE BELOW

DATE: 12-XX-08

Approved

Date

COUNCIL DISTRICT: City-wide
SNI: All

SUBJECT: FY 2007-08 STATUS REPORT ON THE PARKS AND RECREATION BOND PROJECTS (DRAFT FRAMEWORK FOR COC REVIEW)

RECOMMENDATION

Accept this status report on FY 2007-2008 San José Safe Neighborhood Parks and Recreation Bond Projects.

CEQA: Not a project.

OUTCOME

This report provides an opportunity for the City Council to review the status of the San José Safe Neighborhood Parks and Recreation Bond Projects (Parks Bond Program) approved by voters in November 2000. Acceptance of this report concludes the Citizen's Oversight Committee for Park Bond Projects' oversight review of the implementation of the 2007-2008 Parks Bond Program.

EXECUTIVE SUMMARY

In November 2000, the voters approved $228 million in General Obligation Bonds to complete improvements at a number of neighborhood parks (e.g. safety upgrades to 90 playlots, restrooms renovations at 28 parks, improved lighting at various parks) and regional parks (seven projects

including the renovation of the Happy Hollow Park and Zoo); construction/renovation of nine community centers and two sports complexes; and partial development of five trail systems.

The Parks Bond Measure approved by the voters required a Citizen's Oversight Committee (COC) and an annual audit of the Program. In April 2001, the City Council designated the COC oversight review responsibilities for the Program.

Fiscal Year 2007-2008 marks the eighth year of the City's implementation of the Parks Bond Program. At the end of 2007-2008, improvements to sixty-nine neighborhood parks and five of the seven regional parks projects, construction of five of the nine community centers, and three of the five trail projects had been completed.

The construction of two regional park projects (Happy Hollow Park and Zoo – Phases I and II), two sports complexes, four community centers, and two trail projects remain to be completed.

Construction of the Happy Hollow Park and Zoo, the largest improvement project in the Parks Bond Program started in February 2008 and is anticipated to open to the public in the fall of 2009. Construction of the pedestrian bridge and the parking lot is anticipated to start in early 2009.

An evaluation of all potential options, scenarios, and sites for the construction of sports fields continues. This evaluation will ensure that the City delivers the best possible sports parks to the citizens of San José.

The Roosevelt Community Center – Multi-Service and Mayfair Community Center are anticipated to be open to the public in December 2008 and January 2009, respectively. The construction contract for the Seven Trees Community Center and Branch Library was awarded in May 2008 and is anticipated to be completed in the spring of 2010. A construction contract for the Bascom Library and Community Center was approved by the City Council on August 5, 2008; and construction began in September 2008.

The Los Gatos Creek Trail Reach 4 (Lonus Street to Auzerais Avenue) project was completed in October 2007. The remaining trail projects to be completed are the Coyote Creek Trail (Tully Road to Los Lagos Golf Course) project and the Guadalupe River Trail Reach 6 (Woz Way to Virginia Street) project.

The City remains committed to completing all remaining Parks Bond projects within the 2009-2013 Capital Improvement Program. To ensure completion of projects, staff continues to implement cost management strategies which include, but are not limited to requiring that the funding needs for the successful completion of the bond programs be considered prior to funding new capital projects in the City's Capital Budget, placing completion of the Bond programs as a priority over new projects when seeking external federal and state grant funding and re-scoping of projects.

BACKGROUND

In November 2000, the City of San José voters approved a $228 million General Obligation Bond, specifically known as the San José Safe Neighborhood Parks and Recreation Bond (Measure P), for the purpose of acquiring property for and constructing improvements to parks and recreation facilities throughout the City. This bond passed with over a 78 percent approval rating.

On April 10, 2001, the City Council designated the Parks and Recreation Commission as a Committee of the Whole (Committee) to conduct the citizen's oversight review responsibilities associated with Measure P. The Citizen Oversight Committee provides the public with opportunities to understand, review, and address any significant and relevant issues related to the implementation of the parks and recreation bond projects. The responsibility of the Committee is to oversee that the following language on the ballot measure below is carried out:

> "SAN JOSÉ SAFE NEIGHBORHOOD PARKS AND RECREATION BOND:
>
> To improve San José's neighborhood parks' safety and expand recreation opportunities for children, families and seniors, by: installing lighting; reconstructing deteriorating playgrounds and restrooms; preserving open space; constructing trails; constructing new recreational sports facilities; improving Community and Senior Centers; and constructing improvements to regional parks, like Happy Hollow, shall the City issue $228,030,000 in bonds, at the best rates possible, with guaranteed annual audits, a citizen's oversight committee, and no money for parks administrators' salaries."

On November 5, 2008, the Citizen Oversight Committee for the Parks and Recreation Bond Projects conducted a public hearing regarding the current projects under design, or in construction. Cora Velasco from the Department of Parks, Recreation and Neighborhood Services presented information to the Committee regarding the status of bond projects. Mike Ryder from the Finance Department presented the results of the annual City audit as it relates to the Parks and Recreation Bond projects.

This report to the Mayor and City Council provides an update on the status of the Parks and Recreation Bond projects at the end of its eighth fiscal year (2007-2008).

ANALYSIS

At the end of 2007-2008, improvements to sixty-nine neighborhood parks and five of the seven regional parks projects, construction of five of the nine community centers, and three of the five trail projects have been completed. The construction of the Happy Hollow Park and Zoo (Phases I and II), two sports complexes, four community centers, and two trail projects remain to be completed. Following is the status of these remaining projects:

Regional Facilities

Seven regional park projects will be delivered through the San José Safe Neighborhood Parks and Recreation Bond Program. Five projects have been completed - Municipal Rose Garden, Almaden Lake Park Phases I and II, Emma Prusch Memorial Park, and Emma Prusch Memorial Park - LeFevre House.

Happy Hollow Park and Zoo Phases I and II

The Happy Hollow Park and Zoo project modernizes the facility with zoological, ADA, safety, and infrastructure improvements and expands the facility by four acres, consistent with the 1991 Kelley Parks and 1994 Happy Hollow Park and Zoo approved master plans for the site. The major project components continue to include a new park entry and parking, restroom and picnic areas on the east side of Coyote Creek (Roberts landfill), a bridge across the creek to a new entry plaza with public art work, an expanded zoo, new and renovated attractions and new support services such as the café, retail, education, animal medical, and administration facility.

The renovation and expansion of the approximately 12 acres of the Happy Hollow attractions (Phase IIa) are currently 33% complete. Major construction activities in progress include framing, roofing, door frame installation, interior electrical and plumbing and underground utilities. ADA adjustments required the demolition and replacement of the existing pathways in the lower Zoo. The pathways are nearing completion.

Phases IIb and I of the project include the pedestrian bridge as well as the parking lot and other development on the east side of Coyote Creek. In order to determine a more cost effective design for the pedestrian bridge, a consultant was hired to redesign the bridge. On June 24, 2008, City Council approved a proposal to amend the consulting agreement to re-design the pedestrian bridge based on a new concept. The redesign is anticipated to be completed by November 2008, and enter construction in early 2009. Construction is expected to take 12 to 14 months. The design of the parking lot component is also near completion. The construction schedule will coincide with the pedestrian bridge schedule.

Sports Parks

The City is currently in negotiations with San José State University (SJSU) to construct four artificial turf lighted soccer fields on the South Campus property at 10th Street and Alma. These fields would be jointly used and operated by the City and the University. On May 14, 2008, the University's Board of Trustees provided SJSU staff with authority to negotiate this agreement and City Council affirmed this direction on June 24, 2008. Over the next six to eight months, staff will develop the necessary development and operating agreements for the future complex and return to the City Council for final approval of the agreements in early 2009. In addition, staff is in discussions with the East Side Union High School District to place a sports complex on District owned land at Independence High School. A memorandum of understanding between the City and the District is currently being developed and should be presented to the City Council within the next two months.

Community Centers Projects

As stated above, nine community centers will be delivered through the San José Safe Neighborhood Parks and Recreation Bond Program. Five of the nine community center projects have been completed to date. These are: Gardner Community Center - Multi-Service, Berryessa Youth Center (also known as Morrill Community Center), Almaden Community Center Multi Service, Camden Community Center Multi Service, and Southside Community Center Multi Service Centers.

Four community center projects remain to be completed. Following is a status of these projects:

Bascom Library and Community Center (formerly District 6 Community Center)

This 20,000 square foot community center will be co-located with the west branch library at a 2-acre site at 1000 South Bascom Avenue, within District 6. Proposed amenities will include a multi-purpose room, a gymnasium, a game room, a fitness center, staff offices and support spaces.

The construction contract was awarded on August 5, 2008. Construction started in September and is scheduled for completion in summer 2010. This new joint-facility building was designed towards meeting criteria for a LEED silver level facility and has been registered with the USGBC (United States Green Building Council) as targeting silver certification.

Mayfair Community Center

The Mayfair Community Center project is under construction and on schedule to open in January 2009. This will be a new 21,000 square foot building located within Mayfair Park that will serve as the main recreational and educational facility for Council District 5.

The community center will include an early childhood recreation classroom, computer lab, dance and exercise rooms, four classrooms, a multi-purpose room and administrative offices. The proposed plan for the Center includes a full commercial kitchen capable of serving 100 seniors daily. The San José Redevelopment Agency provided $3.2 million towards the classroom design and construction to include an adult education facility, the first priority of the Mayfair Strong Neighborhoods Initiative. This project was awarded on April 24, 2007. The new community center was designed as a “green building” and will be LEED certified once completed.

In addition to the community center, replacement of the existing swimming pool and tot lot, renovation of the park, and installation of a new spray park and skatepark are planned through other funding sources, primarily through the Park Trust Fund.

Roosevelt Community Center – Multi-Service

This 30,000 square foot community center is in the construction phase and is approximately 98% complete. To facilitate efficient implementation, this project was divided into two construction packages: Packages I and II. Package I construction, which includes site work such as demolition, clearing and grubbing, excavation and utilities, was completed in early September

2005. Package II, which includes building work, is still under construction with scheduled completion in November 2008. A grand opening event is being planned for December 13, 2008.

Building amenities include a multi-purpose room, classrooms, a game room, activity rooms, a dance room, a fitness room, an early child care facility, and staff offices. Site improvements include additional parking spaces and related landscaping. The new community center was designed as a "green building" and will be LEED certified once completed.

Amenities for adults and seniors include a multi-purpose room supported by a kitchen, a lounge in the lobby area, a small outdoor terrace on the second floor where seniors can view activities below, and other spaces for intergenerational programming.

Seven Trees Community Center and Branch Library
The Seven Trees Community Center will be a joint facility with the Seven Trees Branch Library. The project will consist of a 20,000 square foot branch library funded by the Library Bond and a 40,000 square foot community center funded by the Park Bond.

The construction contract for base bid and add alternates was awarded on May 20, 2008 in the amount of $25.7 million, plus a 10% contingency in the amount of $2.6 million. The community center and park portion of this joint facility is approximately $12.3 million. The groundbreaking ceremony was held on May 31, 2008 with a spring 2010 anticipated beneficial occupancy. One of the approved add alternates will enable vehicular access to the site directly from Capitol Expressway.

The building program for the 40,000 square foot Community Center includes: two early childhood recreation rooms, crafts room with kiln, game room for teens and seniors, joint Library/Community Center computer lab, three classrooms, banquet room, medium-sized gym (full basketball court that can be converted to two junior high courts), cardio fitness room, weight room, dance/performing arts room, and administrative offices. Park amenities include replacement of the tennis courts, outdoor basketball court, picnic areas, restroom and playground. The existing lit sports field will not be affected, and lit pathways will be added around the perimeter of the entire park and parking facilities will be expanded. The Center will also include a full cook-on-site kitchen to provide for a nutrition program. This project is targeting LEED silver certification.

Trail Projects
Five trail projects will be delivered through the Parks Bond Program. To date, three (3), the San Tomas Aquino-Saratoga Creek Trail Reach 6 project, Los Alamitos Creek/Camden Avenue Intersection Improvement project, and the Los Gatos Creek Trail Reach 4 (Lonus Street to Auzerais Avenue) project, have been completed. An overview of the status of the remaining two projects under development is provided:

Coyote Creek Trail (Tully Road to Los Lagos Golf Course)
This project consists of the development of the Coyote Creek Trail, Reach Coy 12-13, from near the Los Lagos Golf Course (Idlewild Court) to Tully Road.

The scope of the project was reduced to accommodate a more complex and costly trail alignment as defined by the master plan, as well as increasing construction costs. Construction documents were completed and permits secured. The project was bid in August 2008, and the City Council awarded a construction contract in September 2008. Construction is expected to commence in November 2008 with completion anticipated in 2009.

The City Council adopted the completed Master Plan for the entire trail alignment. This approach will ease future development as funding becomes available through other sources.

Guadalupe River Trail Reach 6 (Woz Way to Virginia Street)
This project consists of the development of the Guadalupe River Trail, from Woz Way to Virginia Street. The scope of the project was reduced to accommodate a more complex and costly trail alignment as defined by the master plan, as well as increasing construction costs.

The City Council adopted the completed Master Plan for the entire trail alignment. This approach will ease future development as funding becomes available through other sources.

Staff has worked closely with Caltrans because the project is in close proximity to Highway 87 and traverses through State property. A determination has been made in regards to the agreements and permitting review process to be followed. Construction documents are at the 90% stage and are being reviewed by several offices at Caltrans. Staff anticipates construction will commence in the summer of 2009.

Staff applied for and secured a $700,000 grant from the State of California for this project. The grant addressed a funding shortfall that could have delayed or prevented the project from moving forward. Staff conducted a field visit with the granting agency and offered schematics of the project, as well as Trail Count 2007 indicating the high usage already monitored along the northern reaches of the trail system. As a result, State officials identified an additional $123,000 to permit the City to add more park-like elements to the project's scope. Staff is coordinating with the State to define the additional elements so that they may be installed as part of the construction project.

<u>Use of Bond Proceeds to Administer the Parks Bond Program</u>

In 2007-2008, $661,871 was expended for the cost of City staff assigned to manage the design, construction, and delivery of the Measure P funded projects. These costs are considered "capitalizable" expenses under generally accepted accounting principles and are allowable expenditures from the Measure P bond proceeds.

Project Financing, Revenue and Expenditures

The Parks and Recreation Bond Projects Fund (Fund 471) is supported by the General Obligation (GO) Bond proceeds. The project activity in 2007-2008 was funded through a combination of existing fund balance and bond proceeds issued in 2007-2008.

A total of $228,030,000 in General Obligation Bonds have been issued to fund Parks and Recreation Bond projects through 2007-2008. These bond proceeds, combined with interest earnings of $18,913,202, have provided total revenues of $246,943,202 through 2007-2008. Through June 2008, a total of $185,908,968 of these bond funds have been expended or encumbered. The balance of the funds will be used to complete the projects indicated above. There are no new projects to be funded from the San José Parks and Recreational Bond Act of 2000.

The independent accounting firm of Macias, Gini & Company completed their annual audit of the City funds on October 8, 2008 for the fiscal year that ended on June 30, 2008. The audited financial statement, known as the Comprehensive Annual Financial Report (CAFR), included a review of the Parks and Recreation Bond Projects Fund (Fund 471). As part of the outside auditor's review, any significant issues are identified and commented upon. The CAFR was presented by the Finance Department and the City's independent outside auditors to the City's Public Safety, Finance & Strategic Support Committee (PSFSSC) on October 16, 2008. No significant issues were reported to this Committee regarding the Parks and Recreation Bond Projects Fund (Fund 471). The report was accepted by the PSFSSC.

The CAFR is posted on the City's website (www.csjfinance.org) where the complete report can be found. Copies can also be obtained from the Finance Department on the 13th floor of City Hall at 200 East Santa Clara Street, San José, California. Relevant excerpts from the 2007-2008 CAFR are incorporated in this report as Attachment A.

EVALUATION AND FOLLOW-UP

Staff reports on the status of the Parks Bond Program on an annual basis.

POLICY ALTERNATIVES

Not Applicable.

PUBLIC OUTREACH/INTEREST

❑ **Criteria 1**: Requires Council action on the use of public funds equal to $1 million or greater. **(Required: Website Posting)**

❑ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

❑ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this project does not meet the criteria set above, the City will post the item on the Website. This report was presented in a public meeting held by the Citizen's Oversight Committee for Parks and Recreation Bond Projects on November 5, 2008. Outreach to community groups was conducted through e-mail and regular mail to people listed on the project's interest list.

COORDINATION

This draft report was coordinated with the Finance Department, City Attorney's Office, and the City Manager's Budget Office.

FISCAL/POLICY ALIGNMENT

This report meets the legal commitment and requirement to implement a Citizen's Oversight Committee to review the implementation of the Parks Bond Program and provide the public with opportunities to understand, review, and address any significant and relevant issues related to the implementation of the Program.

COST SUMMARY/IMPLICATIONS

Not applicable.

CEQA

Not a project.

MELANIE RICHARDSON
Chair, Parks and Recreation Commission
And Citizen Oversight Committee

For questions please contact Matt Cano, Division Manager, Parks, Recreation and Neighborhood Services at (408) 535-3580.

Attachment A

City of San Jose
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
For The Year Ended June 30, 2008

	Parks Bond Projects (Fund 471)
REVENUES	
Taxes	-
Intergovernmental	-
Charges for current services	-
Investment Income	4,156,719
Other revenues	-
Total Revenues	4,156,719
EXPENDITURES	
Current:	
Capital Maintenance	-
Capital outlay	28,699,645
Total expenditures	28,699,645
Excess (deficiency) of revenues over (under) expenditures	(24,542,926)
OTHER FINANCING SOURCES (USES)	
Bonds issues	27,815,000
Transfers in	17,363
Transfers out	(274,000)
Total other financing sources (uses)	27,558,363
Net change in fund balances	3,015,437
Fund balances - beginning	113,495,276
Fund balances - ending	116,510,713

Source: FY 2007-2008 Comprehensive Annual Financial Report

City of San Jose
Combining Balance Sheet
Nonmajor Capital Project Funds
For The Year Ended June 30, 2008

	Parks Bond Projects (Fund 471)
ASSETS	
Equity in pooled cash and investments held in City Treasury	-
Receivables (net of allowance for uncollectibles)	6
Due from other funds	-
Advances and deposits	-
Restricted assets:	
Equity in pooled cash and investments held in City Treasury	661
Other investments	131,087,353
Total assets	131,088,020
LIABILITIES	
Accounts payable	1,633,601
Accrued salaries, wages and payroll taxes	81,242
Due to other funds	12,862,464
Advances from other funds	-
Total liabilities	14,577,307
FUND BALANCE	
Reserved for:	
Encumbrances	55,335,646
Noncurrent advances and loans	-
Undesignated	61,175,067
Total fund balance	116,510,713
Total liabilities and fund balance	131,088,020

Source: FY 2007-2008 Comprehensive Annual Financial Report