



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Albert Balagso

SUBJECT: HAPPY HOLLOW CORPORATION AGREEMENT **DATE:** 02-07-07

Approved

Kay Wines

Date

2/12/07

Council District: CW
SNI: Tully/Senter

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to negotiate and execute an agreement with Happy Hollow Corporation to provide promotion and support for Happy Hollow Park and Zoo through events, promotions, and fundraising activities from March 1, 2007 through June 30, 2011 with the option to extend the agreement through June 30, 2013, with no significant increase to the agreement amount.

OUTCOME

Approval of this proposed agreement updates, clarifies and provides for the continuation of a longstanding partnership with HHC to provide programming support, customer convenience services and special event development, promotion and capital support to Happy Hollow Park and Zoo.

BACKGROUND

The Happy Hollow Corporation (HHC) has been a partner organization with the City and the Department of Parks, Recreation and Neighborhood Services since 1961. HHC has been an active participant in developing Happy Hollow Park and Zoo (HHPZ) and the Happy Hollow Park and Zoo Master Plan and the proposed San José Safe Neighborhood Parks and Recreation Bond funded build out. HHC has provided annual funding for 6 –7 positions at HHPZ and provided services to the public that promote community use and awareness of Happy Hollow Park and Zoo. They have also provided funding for minor capital improvements, donated a horse trailer, provided funding and support to accomplish re-accreditation with the American Zoos and Aquarium Association, and provided funds for staff to travel, attend seminars, trainings and conferences.

Under the current agreement HHC provides programming support, customer convenience services and special event development, promotion and support to Happy Hollow Park and Zoo. Programming includes the HHPZ membership program and educational programming. Examples of convenience services include stroller rentals, and the Membership Scholarship Fund. This past year's "Ice Cream Zoofari" which was attended by approximately 300 guests is an example of a special event developed and produced through HHC. Funds generated through these various activities are paid to HHC, which in turn, funds designated City staff positions that support the activities, as well as fund general HHC needs, selected staff training and related travel.

Under the current agreement, the City provides funding support to HHC subject to appropriation of funds. Current appropriations are in the amount of \$1,680 annually for promotional activities including special events, programs and other approved actions. The current agreement, executed in 1999 expires on February 28, 2007.

The HHC has actively participated in the planning and development of the future renovation and expansion of HHPZ, which is funded through the San José Safe Neighborhood Parks and Recreation Bond of 2000, otherwise known as Measure P. Over the past year or more, HHC has been preparing internal fundraising guidelines, identified capital needs intended to compliment the current renovation project and developed suggested sponsorship guidelines in anticipation of undertaking a capital campaign in support of HHPZ.

The proposed agreement continues the successful relationship between HHC and the City, maintaining the vast majority of tenants and provisions currently in place. The agreement further clarifies the role of HHC in the provision of capital resources in coordination with City staff.

ANALYSIS

With minor exceptions, the proposed agreement retains all of the provisions and tenants of the past agreement. The proposed term is from March 1, 2007 through June 30, 2011 (52 months) with the ability to extend the agreement for an additional 2 years with mutual consent. The agreement provides that the City is responsible for, and has final decision making authority for:

- Operating, managing and staffing HHPZ,
- Providing staff support, event assistance, equipment and funding as available in support of HHC activities on a reimbursement basis,
- Providing vision, direction, planning and capital development of the HHPZ,

The City agrees to provide the following assistance to HHC, subject to annual appropriation of funds and approval of the Director of PRNS:

- Payment of on site HHC utilities and phone services as related to park support,
- Provide program support as determined by Director,
- Provide funding support to HHC (\$1,680 in FY 06/07 as referenced below) in support of HHC's efforts to promote the park through events, programs and other approved methods,
- Provide matching capital funding for mutually agreed upon projects,
- Provides collection and accounting of funds generated through designated revenue raising HHC programs and events, and disbursement of funds to HHC.

As noted earlier, the General Fund currently provides HHC \$1,680 for the promotion of HHPZ through events, programs or other approved methods. This amount was established in 1999. It is the intent of Parks, Recreation and Neighborhood Services, as part of the 2007/2008 operating budget development process to seek to increase this amount to \$2,606, based on an estimated average inflationary growth of 5% per year since 1999, subject to the availability of funds.

The HHC continues to maintain responsibility for acting as an advisory to the City in the development and operation of HHPZ, maintaining a tax exempt status and effective Board of Directors, citing cooperative efforts of City in all promotional materials, fund solicitations and activities, and applicable records maintenance. In addition, HHC will continue to provide funding of specific City staff primarily engaged in the provision of HHC programs and services. HHC will reimburse the City 67% of the total cost for six City staff positions (5.75 FTE) assigned to HHPZ. These reimbursements totaling \$290,691 represents the funding of 3.875 FTE's. The City is responsible for funding the remaining 1.875 FTE (of the 5.75). Costs are subject to annual adjustment. The positions funded and support level per position may be modified through mutual agreement, subject to the Directors approval.

A major renovation of Happy Hollow Park and Zoo is scheduled to begin in spring of 2007. In advance of these improvements, HHC has worked toward an alignment allowing HHC to be most effective in support of the developing facility and to provide an effective partnership in the post improvement environment. This includes the development of a "capital campaign" intended to aid in funding park elements not deliverable with current City resources. Portions of this work include a listing of suggested giving levels ranging from \$2,500 to \$1M+ cross referenced with various structures, elements or areas of the future HHPZ available for potential sponsorship. Sponsorships call for variable benefits to a sponsor at those various levels, which may be provided by HHC, or by the City subject to the City's prior approval (such as donor recognition or signage). The proposed agreement calls for HHC and the City to meet each year to discuss ongoing capital campaign projects, prioritize funding needs and insure agreement on items to be funded. Under this structure, naming opportunities on prominent structures may exist for sponsorships at the \$500,000 to \$1M+ levels or key park elements at the \$250,000 to \$499,999 levels. In all cases, granting of any naming rights are subject to City Council prior review and approval. Furthermore, the proposed agreement allows for modification as needed based on future City development of more detailed sponsorship guidelines. The proposed agreement is

consistent with a 1982 voter approved City Charter Amendment, allowing for sponsorship opportunities at HHPZ for periods up to 20 years. The agreement is intended to allow the HHC's capital fundraising efforts to function concurrently with the City's Revenue Generation Policy, Fundraising, Sponsorship and Contribution Guideline (policy 1-17) and further calls on HHC to comply with future City fundraising and sponsorship guidelines, including modifying the proposed agreement if needed.

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)**

This requested action does not fall into any of the categories above. The requested action updates and continues a longstanding partnership with the HHC for support within Happy Hollow Park and Zoo. This memorandum, however, will be posted on the City's website for the February 27 City Council meeting.

COORDINATION

The proposed Agreement has been coordinated with the City Attorney's Office, Planning, the City Manager's Budget Office and the Office of Risk Management.

FISCAL/POLICY ALIGNMENT

This project is consistent with the Council-approved Budget Strategy to “.....be open to alternative ways to deliver services and reduce costs through appropriate community partnerships and public-private partnerships”.

COST SUMMARY/IMPLICATIONS

The General Fund contribution to HHC will be increased from \$1,680 to \$2,606. Approval of the proposed agreement strengthens the HHC ability to fundraise in support of capital project needs at HHPZ.

BUDGET REFERENCE

Not applicable

CEQA

CEQA: Not a project


Albert Balagso,
 Director
Parks, Recreation and Neighborhood Services

For questions, please contact Brian Hartsell, Parks Manager, Parks Recreation and Neighborhood Services at 277-2731.