



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Albert Balagso
Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: March 5, 2007

Approved

Date

3/7/07

COUNCIL DISTRICT: City-Wide
SNI AREA: N/A

SUBJECT: APPROVAL OF AN AGREEMENT WITH SAN JOSE UNIFIED SCHOOL DISTRICT FOR TURF FIELDS AT LELAND HIGH SCHOOL AND ADOPTION OF APPROPRIATION ORDINANCE AMENDMENTS IN THE CONSTRUCTION TAX AND PROPERTY CONVEYANCE TAX FUND: PARKS PURPOSES COUNCIL DISTRICT 10 AND THE SUBDIVISION PARK TRUST FUND FOR THE YOUTH SPORTS FIELD PROJECT

RECOMMENDATION

1. Approval of an agreement with the San José Unified School District in the amount of \$2,150,000 for the design, construction and joint use of artificial turf fields and support amenities (restrooms, storage and concession area) at Leland High School.
2. Adoption of the following Appropriation Ordinance amendments in the Construction Tax and Property Conveyance Tax Fund: Parks Purposes Council District 10 (Fund 389):
 - a. Increase the Youth Sports Field project by \$479,000; and
 - b. Decrease the Ending Fund Balance by \$479,000
3. Adoption of the following Appropriation Ordinance amendments in the Subdivision Park Trust Fund (Fund 375)
 - a. Establish an appropriation to the Parks, Recreation and Neighborhood Services Department in the amount of \$350,000 for the Youth Sports Fields (District 10) project; and
 - b. Decrease the Reserve: Future PDO/PIFO Projects by \$350,000.

OUTCOME

Through this agreement, the City will acquire access to three artificial turf fields and support amenities. A minimum of 5,000 hours annually will be allocated to the City for City and/or community use. Operational and maintenance costs will be supported through fees generated from community usage during hours assigned to the City.

EXECUTIVE SUMMARY

This memorandum seeks City Council approval to enter into an agreement with the San José Unified School District in the amount of \$2,150,000 for the design, construction and joint use of artificial turf fields and support amenities (restrooms, storage and concession area) at Leland High School; and to adopt appropriation ordinance amendments to provide the funds necessary to effectuate the agreement.

BACKGROUND

Early last fall, staff was asked by Councilmember Pyle to explore the feasibility of a partnership with San José Unified School District ("District") for the conversion of sports fields to artificial turf at Leland High School. The District had been successful with a recent bond measure that would allow them to renovate their fields. However, in light of on-going operational and maintenance costs, the District was interested in converting those fields to artificial turf as well as a collaborative effort with the City for making those fields available for community use. City and District staff have been meeting over the past several months and have reached consensus on a proposal that would require the investment of \$2,150,000 in exchange for the allocation of time to the City for City and/or community use. The purpose of this memorandum is to provide the Council with a summary of the proposed terms and to seek Council approval for the project.

ANALYSIS

The overall scope of the District's project at Leland High School includes the renovation of the football stadium (already completed) and two sports fields to artificial turf as well as the construction of support amenities such as restrooms, storage and a concession area to facilitate community use. The school district's contribution to the project would be \$3,600,976 and the City's contribution would be \$2,150,000.

The term of the agreement would be twenty-five years from the date the agreement is executed. The facility would be managed jointly by the City and the District with a Steering Committee, comprised of equal City/District representation established, to develop an annual workplan and budget to ensure efficient operations and resolve any disputes that may arise. Operating costs (custodial, utilities, routine capital maintenance), shall be shared equally among the parties.

During the school year, the District would be responsible for the facilities until 5:00 p.m., Monday through Friday, to accommodate their athletic programs. The City would be responsible for the facilities from 5:00 p.m. to sunset Monday through Friday and from 8:00 a.m. to sunset on weekends. On school holidays and during the summer months, the City would have responsibility from 8:00 a.m. to sunset, seven days a week. The City would be responsible for providing staff support and scheduling use during hours assigned to the City. The City will collect all fees and use those fees to:

- 1) Support on-going operational and maintenance costs
- 2) Repay the City \$350,000 that is being advanced to the project (from the Council District 10 Construction and Conveyance Tax Fund) in order to build an enhanced concession/storage/bathroom facility at the request of the District. (It is anticipated that this enhancement of this amenity will result in lower maintenance costs over the term of the agreement); and
- 3) Establish a reserve for future replacement of the turf should there be a need to replace the artificial turf prior to the expiration of the agreement.

It should be noted that the agreement requires the City to adopt the District's fees and charges for use of their fields. The current District fee for reservation of an artificial turf surface is \$50 per hour for youth groups and \$125 for adults. This fee includes both the use of the field as well as the on-site personnel assigned to the field. Under this agreement, the City would adopt the District's fees in order to ensure price equity across the District.

The School District has established a workplan for the completion of all of its bond-funded programs. Their goal is to have the fields at Leland High School renovated by September, 2007. Without the City's contribution, the District will not have sufficient funds to convert the two fields to artificial turf (as noted earlier the stadium football field has already been completed) nor build the support amenities. In order to avoid delays to the District's project, Council authorization to invest in this project is required at this time. The item has been placed on the School District's Board agenda for March 23 as a placeholder in the event Council approval is granted.

Funding

To support this project, the Department of Parks, Recreation and Neighborhood Services (PRNS) is recommending the use of District 10 Construction and Conveyance (C&C) tax funds as well as Park Trust Funds. Recent changes to the Parkland Dedication/Park Impact Ordinances now facilitate the use of Park Trust funds on school sites provided they meet the nexus requirement. The funds that will be used come from two collections paid by Summerhill Pierce Ranch for its development on the northwest corner of McAbee Road and Skyfarm Drive. These collections meet that requirement for community-serving facilities.

This memorandum includes a request to appropriate \$829,000 for this agreement (\$479,000 from the Council District 10 Construction and Conveyance Tax Fund, and \$350,000 from the Park Trust Fund). These appropriation actions will supplement existing funding totaling \$1,321,000 (\$1,271,000 in the Council District 10 Construction and Conveyance Tax Fund and \$50,000 in the General Fund) which has already been allocated. As previously mentioned, the City is anticipating being reimbursed \$350,000 that is being advanced to the project in order to build an enhancement concession/storage/ bathroom facility at the request of the District. When received, this funding will be reimbursed to the Council District 10 Construction and Conveyance Tax Fund Ending Fund Balance.

Please note that it is anticipated that the City would fund ½ of the cost to replace the artificial turf on all 3 fields in the event the City and District mutually agree that replacement is warranted during the term of the agreement. The balance of fees collected (after the cost of operations/maintenance and reimbursement of the \$350,000) would be used to partially offset this cost. However, there may be a need for an additional allocation of funds to support the total cost of the replacement. In this event, a request for funding will be brought forward separately for Council consideration at that time.

Level of Collaboration

As negotiated, the terms of the proposed agreement represent a fundamental shift in the level of collaboration between the City and the San José Unified School District. The following is a summary of key attributes of the proposed agreement:

1. **The City's contribution is structured as an investment rather than a grant.** In the past, when the City has contributed to an improvement on a school site, the benefit to the City has not been clearly delineated and has been, in effect, more of a grant than an investment. In this agreement, the City is guaranteed a minimum number of hours in exchange for its contribution. There is a clear benefit for the City and the City will have responsibility for managing that asset.
2. **City costs will be offset by fees generated by the project.** Fees generated during hours assigned to the City will be deposited into a City account. First priority for use of these funds will be to offset the cost of City staff assigned to manage and maintain the facility. As such, the City will benefit from additional sports use with a dedicated source of revenue to offset costs.
3. **The City will manage and schedule use of the property during assigned hours.** In the past, the right to schedule was retained by the District. As a result, instances would occur where City use would be bumped. By retaining the right to schedule, the City will be sure to maintain first priority for use during assigned hours.

The City would establish a precedent for pricing use of artificial turf fields. Until this year, the City has not had artificial turf fields in its inventory. With the recent

acquisition of the Boys & Girls field (Smythe Field) as well as the proposed fields in San José Unified School District, there is now a need to establish such a rate. Staff believes that the District's requirement to maintain equity in pricing is a sound principle. Given the CDBG requirements associated with Smythe Field, staff will continue the \$1.75 per hour rate for Type 1 users at Smythe and work with the Housing Department to establish an appropriate rate for this facility.

CONCLUSION

The Department of Parks, Recreation and Neighborhood Services has a strong tradition of partnering with local school districts to improve service delivery. As proposed, this agreement will enable the City to move forward with joint-use sports field development as envisioned when changes to the Parkland Dedication/Park Impact Ordinances were adopted. Moreover, this agreement represents a new approach to service delivery that leverages mutual assets while minimizing operational costs. The City and the District look forward to utilizing this agreement as a template for future collaborations in other areas of the District.

POLICY ALTERNATIVES

Alternative: City declines to invest in the project.

Pros: Funds could be used for other projects in Council District 10.

Cons: Should the Council not wish to invest, the School District will not be able to afford to install the artificial turf and the City would lose access to the fields.

Reason for Not Recommending: There is a shortage of community sports fields throughout the City—particularly in District 10. The proposed investment will enable the City to quickly expand its inventory and expedite access to the community.

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 item meets Criteria 1: Requires Council action on the use of public funds equal to \$1 million or greater. This memorandum will be posted on the City's website for the March 20, 2007 Council agenda.

COORDINATION

This memorandum has been coordinated with the City Attorney's office and the Department of Planning, Building and Code Enforcement.

FISCAL/POLICY ALIGNMENT

This project is consistent Council-approved 2006-2007 Budget Balancing Strategy principles in that it protects vital core city services and considers alternative service delivery mechanisms (e.g. appropriate partnerships) to reduce costs of delivering needed services to the community.

COST IMPLICATIONS

This agreement would require the investment of \$2,150,000 of which \$350,000 will be repaid to the City through fees collected during the term of the agreement. The City's portion of on-going maintenance and operations costs will also be covered through fees. It is anticipated that the fees will generate at least \$120,000 in revenue during FY 2007-2008 and at least \$130,000 in subsequent years.

3. SOURCE OF FUNDING: 388 – Construction Tax and Property Conveyance Tax
Fund: Parks Purposes Council District 10
375 – Subdivision Park Trust Fund

4. OPERATING COSTS: The proposed operating and maintenance costs of this project have been reviewed and it has been determined that the project will have an annualized operating and maintenance impact of \$100,000, which will be paid for by fees generated through sports fields usage.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	RC #	Total Appn.	Amount for Agreement	2006-2007 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
Current Funding Available							
389	4570	Youth Sports Fields		\$1,271,000	\$1,271,000	V - 497	
001	4570	Youth Sports Fields		\$50,000	\$50,000	V - 497	
Total Current Funding Available				\$1,321,000			
Total Current Funding Recommended*							
389	4570	Youth Sports Fields		\$479,000	\$479,000		
375	4570	Youth Sports Fields (District 10)		\$350,000	\$350,000		
Total Project Funding				\$2,150,000	\$2,150,000		

* Included in this memorandum is a recommendation to establish additional funding totaling \$829,000 to ensure adequate funding to support the City's obligation in the agreement with the San José Unified School District.


 ALBERT BALAGSO
 Director, Department of Parks, Recreation
 and Neighborhood Services


 LARRY D. LISENBEE
 Budget Director

For questions on this memorandum, please contact CYNTHIA BOJORQUEZ at 535-3581.