



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Sara L. Hensley

SUBJECT: SEE BELOW

Date: 03-04-04

Approved

Date

Council District: 7

SNI Area: Tully-Senter

**SUBJECT: MURRAY-HAYDEN URBAN PARKS AND YOUTH SERVICE PROGRAM
GRANT APPLICATION FOR TULLY-SENTER SCHOOL HUB PROJECT**

REASON FOR ADDENDUM

Applications for this one-time competitive grant program were due by December 15, 2003. The City of San José (City) submitted an application by the required deadline, seeking funding for the Tully-Senter School Hub Project. The State has completed its initial review of the application and has requested additional information/assurances to complete the City's application, including a land tenure/lease agreement for which City Council approval is required. This information must be forwarded to the State on or before March 12, 2004.

RECOMMENDATION

Adopt a resolution authorizing the City Manager to negotiate and execute a Memorandum of Understanding (MOU) setting forth the proposed form of lease agreement the City would propose to enter into with the Franklin-McKinley School District (School District) for a term of at least 20 years, and the terms of use and maintenance of property for the Tully-Senter School Hub Project.

BACKGROUND

The Tully-Senter Strong Neighborhood Advisory Council identified the need for a school hub as its number-one priority, providing space for multiple service providers at J.W. Fair Middle School. The facility is proposed to be located on a school campus that already functions as an

important focal point, or “hub” for community services, and Fair Middle School meets this criteria. The cost to construct a typical facility is estimated to be up to \$8.6 million.

Funds for this proposal are being sought from several sources. The City submitted an application requesting \$2.5 million under the Murray-Hayden Urban Parks and Youth Service Grant Program (Murray-Hayden) to offset a portion of the estimated \$8.6 million associated with construction of the proposed center. The San José Redevelopment Agency currently has \$200,000 budgeted in 2003-2004 for the programming and conceptual design of the proposed center. An additional \$1.4 million is estimated to be needed for additional design development, construction documentation and construction of the project in 2004-2005.

Further, the Franklin-McKinley Education Foundation (Foundation) has submitted an application for \$2.5 million in Community Development Block Grant funding. The School District is also preparing an application for \$1.5 million in State school joint-use facilities grant funding. Lastly, the Foundation is seeking an additional \$1.0 million in funding from private grant sources. An award of the requested \$2.5 million from the Murray-Hayden Urban Parks and Youth Service Grant Program would fill the gap in the current funding strategy necessary to construct the proposed facility. Funds for operation of the facility would come from private sources.

ANALYSIS

Murray-Hayden is a one-time \$47 million grant program under Proposition 40, the 2002 State Resources Bond. This grant program is competitive and funds are awarded to proposed projects statewide based upon the criteria set out in the program. Applications can be received by the State only from heavily urbanized counties, cities within urbanized counties, heavily urbanized cities, regional park districts, recreation and park districts, and non-profit organizations within heavily urbanized cities and counties. This program can fund acquisition and development, development and rehabilitation of parks, park facilities, environmental enhancement projects, youth centers, or environmental youth service centers that are within immediate proximity of a neighborhood that has critical lack of park or open space lands or deteriorated park facilities that are in an area of significant poverty and unemployment and have a shortage of youth services.

Based in part on census information and studies completed by the San Jose State University, Department of Urban Planning as described above, the Tully-Senter School Hub Project was selected for a Murray-Hayden application because it is believed to optimize all project award criteria established within the program. On December 9, 2003, the City Council authorized the submission of the grant for the Tully-Senter School Hub Project. In December 2003, the City submitted an application for funding (\$2.5 million) for the above referenced proposal.

On February 6, 2004, the State of California Department of Parks and Recreation (State) acknowledged receipt of the City’s application and identified six areas of concern or need for

additional information for the application to remain under consideration for funding. The State requested the following: 1) change in the Resolution submitted to address inconsistencies with the application; 2) submission of an Initial Study on the proposal; 3) documentation of land tenure consistent with that required by the grant (20-year minimum is required by the State for a grant of this amount); 4) identification of a proposed program site on a topographic map; and 5) development of a cost estimate including details of non-construction costs and construction costs. A deadline of no later than the close of business March 12, 2004 was set for the information packet to be postmarked or delivered to the State.

The issue of land tenure for this project consistent with the requirements of the grant is complex, since the plan for the facility involves multiple partners, and the funding for the project is wholly contingent upon future approvals by various funding sources. The facility is proposed to be built on land held by the School District. The City intends to have the proposed facility operated and maintained by a non-profit agency, such as the Franklin-McKinley Education Foundation (Foundation) to eliminate potential operating cost impacts for the City. On February 18, 2004, a group, selected by community representatives, selected the Foundation as its preferred future facility operator.

As the grant applicant, the State requires the City to demonstrate that it has land tenure, and the City would be held responsible for the 20-year obligation to operate and maintain the facility, or to assure that another entity is available to operate the facility in conformance with the terms of the agreement and consistent with the use set out in the grant. If the facility is not operated for 20 years for the purpose identified in the grant application, the State's grant agreement would obligate the City to repay the State a pro-rated portion of the grant award. This obligation was not known or discussed in the request to City Council for authorization to apply for the grant in December.

In an effort to shape a response that will be acceptable to the State, PRNS staff and the City Attorney's Office held a conference call with the State grant officer and program supervisor for the Murray-Hayden Program. The State has agreed to accept a proposed draft lease if dates have been set for consideration by the governing bodies of the City and the School District. Staff is requesting authorization for the City Manager to negotiate and execute the MOU setting forth a form of lease acceptable to the City and School District relative to the use and maintenance of property for the Tully-Senter School Hub Project. If the Murray-Hayden grant request is awarded to the City, and the City is ready to move forward on the proposal, the grant agreement and a lease will come before City Council for consideration.

PUBLIC OUTREACH

Development of the Tully-Senter Strong Neighborhoods Initiative (SNI) Plan incorporated numerous community meetings and workshops. This plan identified a range of services and programs that address important unmet needs in the Tully-Senter SNI area. The development of

HONORABLE MAYOR AND CITY COUNCIL

03-04-04

Subject: Murray-Hayden Urban Parks and Youth Service Program Grant Application for the Tully-Senter School Hub Project

Page 4

a multi-purpose school hub community center to house programs addressing the community's many needs was the community's top priority. The SNI process included approximately 450 participants. The San Jose State University needs assessment reached 187 potential users, and 46 local service providers. In addition, outreach for the assessment included a large community meeting (translation offered in Spanish and Vietnamese), focus groups with youth and seniors, and in-person surveys with parents of school children and low-income seniors.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the Budget Office and the San José Redevelopment Agency.

COST IMPLICATIONS

It is estimated that a typical school-hub community center will cost \$6.0 to \$8.6 million to construct. The City will be requesting \$2.5 million, the maximum amount allowed under Murray-Hayden for this center. The City intends to assign as much of the ongoing operational and maintenance costs as possible through sublease to a non-profit agency that will operate the facility.

CEQA

Exempt, PP03-12-370.

SARA L. HENSLEY
Director of Parks, Recreation
and Neighborhood Services