CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

COUNCIL AGENDA: 05-02-06
ITEM: 5.2

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Albert Balagso
Scott P. Johnson
Larry D. Lisenbee

SUBJECT: **REVIEW OF THE PARK TRUST FUND**

DATE: 04-18-06

Approved

Date 4/18/06

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

RECOMMENDATION

Adoption of the following appropriation ordinance amendments in the Park Trust Fund (Fund 375):

1. Establish a PDO/PIO Fee Refund appropriation to the Department of Parks, Recreation and Neighborhood Services in the amount of $415,000 for the refund of uncommitted PDO/PIO fees and interest to known property owners.
2. Establish a Park Trust Fund Administration appropriation to the Department of Parks, Recreation and Neighborhood Services in the amount of $40,000 to support the hiring of a temporary Analyst in PRNS for the remainder of the fiscal year to continue timely administration of the fund ($20,000) and a review of the draft administrative policies and procedures for the administration of the Park Trust Fund by the City's external auditor Macias, Gini & Co. LLP ($20,000).
3. Decrease the appropriation for the Future PDO/PIO Reserve by $455,000.

CEQA: Not a project.

OUTCOME

Approval of the above recommendations will allow the City to:

1. More accurately set-aside and appropriate the amount needed to administer the Park Trust Fund.
2. Make funds available for the refund of uncommitted PDO/PIO fees and interest to the known property owners of record of the subdivision (or lots or units in the case of non-subdivided

developments) for which the fees were paid as required by City Ordinances.

3. Continue the timely administration of the Fund.

EXECUTIVE SUMMARY

The Department of Parks, Recreation and Neighborhood Services (PRNS) has completed an administrative review of the Park Trust Fund. Since the inception of the Fund in 1988, the fund has received approximately $90.4 million. Revenue sources include: fees paid by developers in lieu of parkland dedication (63%), fees paid by the Redevelopment Agency on behalf of developers through the Low Income Housing Voucher Program (26%), accrued interest (10%), and other miscellaneous revenue (1%).

Of the $90.4 million, $34.2 million has been expended since 1988 on projects in the following manner: 11% land acquisition, 40% park development, 32% park improvements, and 17% renovation. This includes City administrative and indirect project costs. The fund balance as of June 30, 2005, is $56.2 million of which $43.0 million is in committed funds (dedicated to projects) and $13.2 million is in uncommitted funds (i.e. were allocated to projects that are completed or that do not now require additional funding).

The reconciliation exercise did not include fees to be paid by the Redevelopment Agency on behalf of developers through the Low Income Housing Voucher Program since June 30, 2005; staff believes this is approximately $7.9 million that is forthcoming and is not included in this analysis.

The City, through the Parkland Dedication Ordinance (PDO) and the Park Impact Ordinance (PIO), requires that parkland fees, including accrued interest, shall be expended solely for the development or renovation of neighborhood and community serving parks or the neighborhood and community serving developments of regional parks to serve the subdivision (or other appropriate residential development) for which the fees were paid. Parkland fees must be committed by the City for a specific project to serve residents of the subdivision within five years of receipt of payment or within five years of issuance of building permits on one-half of the lots created by a subdivision, whichever occurs later. The review of the Fund indicates that all of the $90 million deposited into the Park Trust Fund (with the exception of $745,000) has been committed within the required timeframe. The funds that have not been committed within the required timeframe should be returned to the property owners of record in accordance with City ordinances to the extent the rightful recipients can be identified.

While the reconciliation did not identify any major discrepancies in the administration of the Fund, it did reveal a need to allocate additional resources to improve recordkeeping, inter-departmental coordination, and the timely disbursement of funds. As such, staff is recommending that a temporary Analyst be hired for the remainder of the fiscal year. Additionally, a budget proposal has been submitted as part of the FY 2006-07 Budget Process to fund 1.0 FTE Analyst position in the Department of Parks, Recreation and Neighborhood Services. It is also recommended that the City's external auditor be retained at a cost not to exceed $20,000 to

review and comment on the proposed policies and procedures that are being developed by the Department of Parks, Recreation and Neighborhood Services to improve administrative oversight of the Fund.

BACKGROUND

On June 21, 2005, the City Council approved staff's recommendation to conduct a comprehensive reconciliation of the Park Trust Fund. The purpose of this review was to provide a historical summary of the administration of the Fund, including a review of allocations, policies, and practices. In addition, staff was asked to respond to a letter from the Home Builders Association (HBA), regarding issues related to the number of parks that have been built since 1990, expenditures on regional parkland from the Park Trust Fund and expenditures on school district property. This report summarizes the results of that analysis as well as makes recommendations for improved administration of the Fund.

Methodology

With the assistance of the Finance Department, the Department of Parks, Recreation and Neighborhood Services conducted a reconciliation of all revenues received into the Park Trust Fund from its inception in 1988 through June 30, 2005. PRNS reconciled total revenues into the Fund over that period, as well as the remaining balance in the Fund as of that date. Major tasks in the reconciliation included: a comparison of PRNS-recorded revenues to records in the City's Financial Management System (FMS) to identify discrepancies; verification of the allocation of funds to projects; verification of expenditures made from the Fund; the alignment of accrued interest to the original allocation of projects; identification of funds not committed within five years for return to the record owners of the subdivision properties from which the funds were derived; re-distribution of the remaining balance in the Fund to projects meeting the required nexus; and establishing policies and procedures for the improved administration of the Fund.

Overview of the Park Trust Fund

The City of San José enacted the Parkland Dedication Ordinance (PDO) in 1988 to help meet the demand for new neighborhood and community parkland generated by the development of new residential subdivisions. The City's PDO is consistent with the State's Quimby Act (Government Code Section 66477).

In 1992, the City Council adopted the Park Impact Fee Ordinance (PIO), which is similar to the PDO, but applies to new non-subdivided residential projects such as apartment buildings. Under the PDO and PIO, housing developers are required to dedicate land, pay a parkland fee in lieu of dedication, or both, for neighborhood and community park or recreational purposes.

Fees paid in lieu of land dedication are deposited into the Park Trust Fund. Money in the Park Trust Fund, (including accrued interest) must be expended solely for acquisition, development or renovation of neighborhood and community-serving parks, or neighborhood and community-

serving elements of regional parks that serve new residents of the development (generally referred to as the "nexus requirement")[1]. Funds in the Park Trust Fund must be committed to a specific project within five years of receiving payment or within five years after the issuance of building permits on one-half of the lots created by the subdivision, whichever occurs later. In the event that the funds are not committed within the required five-year timeframe, the ordinances require that funds be returned to the record owners of the subdivision (or lots or units in the case of non-subdivided developments) for which the fees were paid.

It has been PRNS' practice over the years to conduct an annual allocation exercise to formulate recommendations for the expenditure of monies in the Park Trust Fund. This exercise has included a mapping of fees collected to determine "nexus" for each allocation and the identification of potential park projects for the use of the funds. Fees are committed to either neighborhood and community-serving facilities (located within ¾ mile of the project from which the fees were generated), or the neighborhood and community-serving elements of regional parks (located within two miles from which the fees were generated). PRNS maintains a database of fees collected, project allocations and proposed uses for projects funded through the Park Trust Fund. Funds continue to remain in reserves or ending fund balance until such time as there is sufficient funding to complete a specific project. Actual appropriations are approved by the City Council as part of the annual Parks Capital Budget process.

ANALYSIS

The following section provides an overview of three areas that were evaluated as part of the review of the Park Trust Fund:

1. Reconciliation of Park Trust Fund Balance
2. Administrative oversight
3. Issues raised in the letter from the Home Builders Association dated 2/14/05

Reconciliation of Park Trust Fund Balance

Since the inception of the program in FY 1988-89 through June 30, 2005, a total of $90,366,000 has been deposited into the Park Trust Fund. A total of $34.2 million has been spent on projects. Revenue in the Fund has consisted primarily of in-lieu fees (63%). The remaining balance has consisted of fees paid by the Redevelopment Agency for Low Income Housing Vouchers[2] (26%), accrued interest (10%) and less than 1% for costs incurred by the City for the development of turnkey projects[3]. As of June 30, 2005, the balance in the Park Trust Fund was

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[1] Nexus is established for projects within a ¾ mile radius from the development that generated the fees for neighborhood-serving facilities and two miles for community-serving facilities.
[2] The PDO/PIO fees were paid by the Redevelopment Agency as part of its effort to increase the supply of affordable housing.
[3] Turnkey projects are projects constructed by the developers to satisfy all or part of their PDO/PIO obligation. Developers must pay the City's costs for design review and inspection fees of turnkey projects required by the Department of Public Works. The developers are given credit for these fees against their total parkland obligation.

$56.2[4] million. Table 1 on the following page identifies the Park Trust Fund balance as of June 30, 2005, and is categorized as either "Committed Funds" or "Uncommitted Funds." The following is a description of each of those categories.

Committed Funds

Committed funds (i.e., encumbered, appropriated to projects/reserves or awaiting appropriation through the capital budget process) totaling $43.0 million represent 76% of the fund balance.

Uncommitted Funds

Uncommitted funds totaling $13.2 million, representing 24% of the fund balance consist primarily of unspent funds (accrued interest) and excess administrative set-aside (including short-term parkland lease payments).

[4] The Ending Fund Balance of $56.2 million differs from the 2004-2005 Annual Report Figure of $60.9 million in that it does not include a $5.5 million transfer from the Redevelopment Agency for the Low Income Housing Fee Program that was reflected as part of the year-end close and it does include carryover encumbrances of $789,000.

Table #1: Park Trust Fund Balance as of June 30, 2005

		000s	% of Balance	Recommendation
Committed Funds: Appropriated, encumbered, or disposition of funds is mandated				
1	Encumbered or appropriated to reserve or projects in 2005-06	$30,998	55	• Expend on projects as encumbered or appropriated. • Use reserves to fill funding gaps on current projects (must meet nexus requirements). • Continue to build reserves for acquisition or development.
2	Recently committed funds not yet budgeted	11,600	21	• Budget and expend for projects meeting nexus.
3	Funds not committed within 5 years; project site known	394	<1	• Return to current property owners as required by law.
Total Committed Funds		**$42,992**	76	
Uncommitted Funds:				
4	Unspent funds (balances and accrued interest)	$9,089	16	• Commit and appropriate as part of 2006-2007 budget process. (Attachment A)
5	Excess administrative set-aside	3,780	7	• Reserve $0.5M of administrative set-aside to offset possible future revenue fluctuations. Distribute funds in the amount of $3.3M back to the Council Districts based on the percentage of all fees collected since 1995-96 through 2004-05 and commit funds within the district to community-serving projects.
6	Funds not committed within 5 years; project site unknown	351	<1	• Commit funds to projects that benefit all City residents.
Total Uncommitted Funds		**$13,220**	24	
Total Funds		**$56,212**	**100%**	

- Unspent Funds

As part of the 2006-2007 Proposed Capital Budget, staff has made recommendations on the allocation of unspent funds of approximately $9.089 million, consisting primarily of unspent project savings and accrued interest earnings, on projects that meet the nexus requirement. These recommendations are described in Attachment A and will be reviewed with Council as part of the FY 2006-2007 capital budget process. The rationale used for the recommendations is consistent with PRNS' priorities for developing the 2006-2007 Capital Improvement Program. These priorities are to complete projects that are currently underway, fund projects that are maintenance-friendly, and address health

and safety issues. As such, the majority of the $9.089 million is to be committed to improving or renovating existing parks and facilities.

- Administrative Fees

Excess administrative fees have accumulated due to the practice of taking a percentage of fees from each project rather than projecting the amount needed to administer the program based on the prior year's actual costs and projected future needs. An administrative charge varying from 0 to 15% (fixed at 10% for the past ten years) was imposed on in-lieu fees and reimbursements from the Redevelopment Agency for the Low Income Housing Voucher Program to cover the City's costs in operating the Park Trust Fund. The straight percentage calculation has resulted in an over-accumulation of administrative fees primarily due to a large reimbursement from the Redevelopment Agency in recent years. Developers' payments for the Department of Public Works staff costs to perform plan checks and inspection of turnkey projects were also deposited into the administrative fund. Because costs did not track evenly with payments from the developers, the City oftentimes paid the costs that were reimbursed later by the developers. To prevent a reoccurrence of this over-accumulation, PRNS recommends that the set-aside of administrative fees be based on actual and projected needs.

Additionally, it is recommended in the 2006-2007 Proposed Capital Budget that a reserve in the amount of $500,000 be established. The purpose of the reserve would be to ensure sufficient funding for monitoring the program in the event that revenues fluctuate. Because funds are often carried over from year to year, there is the potential that incoming revenues may not be sufficient to support the level of staffing required to effectively administer projects on an ongoing basis. This reserve will serve as a safeguard to ensure a consistent level of oversight.

Staff cannot determine the particular source of the funds that make up the excess administrative fees and therefore recommends as part of the 2006-2007 Proposed Capital Budget that the remaining set-aside funds ($3.3 million) be redistributed back to the Council Districts based on the percentage of all fees collected from each Council District between FY 1995-96 through FY 2004-05 and committed within the Council Districts to develop or improve either neighborhood and community parks or the neighborhood and community serving elements of regional parks. Attachment B describes the amount that will be returned to each Council District and staff's recommendations on uses.

- Funds Not Committed Within Five Years

The City is required by the PDO and PIO to return parkland fees and accrued interest to the current record owners of the development or property that generated the fees if they are not committed within five-years of receipt of payment. All funds except $745,000 were committed within five years of receipt of payment. This amount includes accrued interest to date and represents less than 1% of all fees collected since 1988.

Of this amount, staff has been unable to identify the development or project that generated $351,000 in fees, due to the loss of records as discussed further below. Since staff is unable to identify the development or project that generated the fees, staff cannot identify the current property owners of record to return the $351,000. As a result, it is recommended in the 2006-2007 Proposed Capital Budget that these funds be committed and budgeted to project(s) that would benefit all City residents such as Happy Hollow Park and Zoo.

In the case of the remaining $394,000 uncommitted funds, the development or project site is known and consequently it is recommended that the fees and accrued interest since June 30, 2005 in the amount of $21,000 should also be returned, for a total reimbursement of $415,000, to the current property owners of record of the development or project that generated the fees as required by the PDO and PIO. Included in this memorandum is a recommendation for the City Council to adopt appropriation ordinance amendments in the Park Trust Fund establishing a PDO/PIO Fee Refund appropriation to the Department of Parks, Recreation and Neighborhood Services in the amount of $415,000 that would allow PRNS to return the uncommitted funds and a corresponding reduction of $415,000 to the Future PDO/PIO Reserve.

Recommended Actions in the 2006-2007 Proposed Capital Budget:

Additionally, staff has incorporated recommendations for the use of currently uncommitted funds in the 2006-2007 Proposed Capital Budget. These recommendations are described below.

1. Commit unspent funds ($9.089 million) to projects that meet the nexus. These commitments will be incorporated into the 2006-2007 Proposed Capital Budget. (Attachment A)

2. Base the set-aside of administrative fees on actual and projected needs.

3. Establish a reserve in the amount of $500,000 as an administrative set-aside in order to offset possible future fluctuation in revenue as part of the FY 2006-2007 Parks Capital Budget Process.

4. Submit, as part of the FY 2006-2007 Parks Capital Budget process, recommendations for the re-allocation of excess administrative set-aside ($3.3 million). These funds are recommended to be distributed back to the Council Districts based on the percentage of all fees collected from each Council District between 1995-1996 through 2004-2005. (Attachment B)

5. Submit, as part of the FY 2006-2007 Parks Capital Budget, recommended allocations in the amount of $351,000, from funds that were not committed within the five year window, to project(s) that benefit all City residents.

Administrative Oversight

Administrative oversight of the Fund is the responsibility of the Department of Parks, Recreation and Neighborhood Services. However, in-lieu fees are paid either to the Department of Planning, Building and Code Enforcement (PBCE) or the Department of Public Works (DPW). Two tracking systems have been used in the past to record and monitor the payment of fees.

The review of the Fund indicates that there has been a loss of records from the early years of the program. In the first ten years of the program, expenditures were made and recorded in the City's Financial Management System (FMS); however, there is no documentation in the Park Trust Fund records of corresponding fees being received. There were six instances in which this occurred for a total of $391,000 in fees. Because there are records of these funds as having been spent, it is assumed that the fees were received by PBCE or DPW even though PRNS does not have records of having received the funds. This discrepancy underscores the need to ensure ongoing reconciliation of records between PBCE, DPW and PRNS. Policies and procedures for the administration of the Fund will be established to improve recordkeeping, inter-departmental coordination and effective monitoring of the Fund.

As noted in Table 1 (page 6 of this report), there is approximately $13.2 million of uncommitted funds in the Park Trust Fund. This is due, in large part, to the lack of an established methodology to commit accrued interest, fees reimbursed to the City for turnkey projects and overhead costs for administration of the Fund. PRNS, with assistance from the Finance Department, is drafting a policy and procedures manual for the administration of the Fund to address the issues identified in this section. It is recommended that the final document be reviewed by the City's external auditor, Macias, Gini & Co LLP, to ensure proper monitoring of the Fund. It is estimated that the cost of such a review would be $20,000 and is expected to be completed within three months.

Included in this memorandum is a recommendation for the City Council to adopt appropriation ordinance amendments in the Park Trust Fund to support the hiring of a temporary Analyst in PRNS for the remainder of the fiscal year to continue timely administration of the Fund ($20,000) and a review of the revised administrative policies and procedures for the administration of the Park Trust Fund by the City's external auditor Macias, Gini and Co. LLP ($20,000). These actions would allow PRNS to improve administrative oversight of the Fund. The source of funds for these appropriations is the Future PDO/PIO Reserve. Together with the reduction of $415,000 for the refund of uncommitted fees described on page 8, this brings the total reduction to the Future PDO/PIO Reserve to $455,000.

Recommended Actions in the 2006-2007 Proposed Capital Budget:

To ensure that proper administrative oversight of the Fund continues, staff has recommended the addition of a 1.0 FTE Analyst position to maintain the reconciliation of the Park Trust Fund as part of the 2006-07 Proposed Capital and Operating Budgets.

Home Builders Association (HBA) concerns

On February 14, 2005, the Home Builders Association sent a letter to the City Council requesting the following:

1. Information on the standard for park development used by the City
2. That credit be given to home builders for improvements that are done on any land that is dedicated to the City for use for parks
3. An accounting of the distribution and expenditure of the Park Trust Fund
4. Number of parks built since 1990
5. Park Trust Fund expenditures on regional parkland
6. Park Trust Fund expenditures on school district properties

The General Plan calls for 3.5 acres of neighborhood/community parklands per 1000 residents, of which recreational school grounds can count up to 2.0 acres per 1000. Currently, the City provides 1.2 acres of neighborhood/community parklands per 1000 residents. If recreational school grounds are included, the figure increases to 3.1 acres per 1000 residents.

Since the inception of the PDO/PIO, 131 acres have been dedicated to the City and approximately 42 of those acres have been developed. During the same time period, the City has acquired an additional 22 acres of parkland from non-PDO/PIO sources and has developed approximately nine of those acres.

Approximately $633,000 was spent on eligible neighborhood-serving elements within regional park facilities. An example is the playground that was installed at Almaden Lake Park.

Staff provided information in response to the Home Builders Association's (HBA) letter regarding the calculation of fees and the use of those fees at a meeting on March 24, 2006.

Aligning Fees to Current Land Values

In-lieu fees have been used primarily for park development and improvement rather than acquisition because fees collected have not been sufficient to cover the cost of land acquisition. In 2002, the City Council approved an increase in in-lieu fees associated with the PDO/PIO to 70% of the 2001 land values as an interim step to setting the fees at 100% of land values. In 2003, the City Council initiated the Getting Families Back to Work Program to mitigate the impacts of the economic downturn. As part of the program, the City Council directed staff not to increase any fees. As a result of fees remaining at 70% of land values and the significant increases in land acquisition costs, the City cannot afford to acquire parkland. Instead, the City

must bank in-lieu fees with the goal of combining fees from multiple projects to acquire new parkland. Until PDO/PIO fees are adjusted to reflect current land values, the City's ability to acquire new parkland utilizing PDO/PIO funds is severely limited.

PRNS is returning to Council in June 2006 with recommendations on amending the language of the PDO and PIO to include additional uses of the funds and most importantly, to align the fees to current land values. The Parks and Recreation Commission unconditionally supports this last recommendation.

CONCLUSION

PDO/PIO fees represent a significant source of revenue for the renovation and improvement of parkland throughout the City of San José. While there are administrative improvements to be made to enhance the overall effectiveness of the Fund, the administrative review and reconciliation of the Fund indicate that funds have been used appropriately. The allocation of dedicated staff in PRNS responsible for ongoing administration of the Fund will help ensure that this level of performance continues.

NEXT STEPS

With the approval of this report, PRNS will return to the City Council in June 2006, with recommendations to amend the language of the PDO/PIO and to adjust the in-lieu fees. The 2005 Residential Land Value Study should be available to staff in mid-April.

PUBLIC OUTREACH

Staff conducting this review and reconciliation met three times with a representative of the Home Builders Association of Northern California (HBA), once with the Government Affairs Director of the Santa Clara County Association of Realtors, and once with members of the HBA Board of Directors and other developer representatives.

Staff also reviewed the reconciliation report with:

- March 22 – Parks and Recreation Commission and Planning Commission Joint Study Session
- March 23 – Project Area Committee (PAC) of the Strong Neighborhoods Initiative
- April 5 – Parks and Recreation Commission approves recommendations
- April 12 – Planning Commission approves recommendations
- April 13 – special meeting with PAC to review specific concerns

COORDINATION

This report has been coordinated with the Departments of Planning, Building and Code Enforcement, Public Works, and the City Attorney's Office.

COST IMPLICATIONS

The annual cost of adding an Analyst is $90,000 and a recommendation to refer the addition of a permanent position to the 2006-2007 budget process is included in the memorandum. This position would be funded through the Park Trust Fund as part of the cost of administering the Fund. Budget actions are proposed in this memorandum to establish a new appropriation in the in the current year in the amount of $40,000 to support the hiring of a temporary Analyst in PRNS for the remainder of the current year ($20,000) and to provide funds for the review of the draft Policies and Procedures Manual by Macias, Gini & Co. LLP ($20,000). The Finance Department's annual cost to implement its tasks is estimated to be five percent of a Senior Accountant position ($6,000). This cost will be supported by the Park Trust Fund and will be included through the annual budget process.

BUDGET REFERENCE

Fund 375 Subdivision Park Trust Fund
Appropriation Number 7845, Reserve Future PDO/PIFO Projects: $20,809,740
Adopted 2005-2006 Capital Budget, page V-927

CEQA

Not a project.

ALBERT BALAGSO Acting Director of Parks, Recreation and Neighborhood Services	SCOTT P. JOHNSON Director of Finance	LARRY D. LISENBEE Budget Director
Business Phone Number: (408) 793-5553	Business Phone Number: (408) 535-7000	Business Phone Number: (408) 535-8100

Attachment A

Recommendations for Allocation of Unspent Funds

Allocation assumptions:

1. Allocate parkland lease revenues to parks that have generated the revenues
2. Assign the funds to an existing reserve currently in budget
3. If there is no existing reserve, the funds were assigned to a known priority project within the nexus
4. If there is no known priority project within the nexus, the funds were assigned to the park with the greatest need (3/4 mile nexus) or a community serving facility (2 mile nexus)
5. In cases where the original commitments were partly budgeted, the unbudgeted portions should remain with the originally committed site

Project	CD	Add to 2005 Collections	Add to Existing Committed/ Appropriated Reserves	Known Priority	Greatest Need	Old Allocations to Remain	TOTAL
Council District 1							
Reserve: Rainbow Park Improvements	1	6,000					6,000
Reserve: San Tomas Improvements	1	7,000					7,000
Reserve: District 1: Community Serving Center	1	1,000					1,000
West Community Center	1			103,000			103,000
Calabazas Park Improvements	1			53,000			53,000
Saratoga Creek Dog Park	1			4,000			4,000
Reserve: Skate Park Development	1				30,000		30,000
Subtotal: District 1		**14,000**	**-**	**160,000**	**30,000**	**-**	**204,000**
Council District 2							
Reserve: Council District 2 Community Center	2	10,000					10,000
Edenvale/Great Oaks Community Garden	2	1,000					1,000
Reserve: Los Paseos Park Improv.	2		120,000				120,000
Reserve: Coy Park Improvements	2		30,000				30,000
Subtotal: District 2		**11,000**	**150,000**	**-**	**-**		**161,000**

Attachment A

Project	CD	Add to 2005 Collections	Add to Existing Committed/ Appropriated Reserves	Known Priority	Greatest Need	Old Allocations to Remain	TOTAL
Council District 3							
Selma Olinder	3	1,000					1,000
Roosevelt Skate Park	3	1,000					1,000
Modern Ice	3	8,000					8,000
Martin Park	3	2,000					2,000
Reserve: Gardner Specific Plan Area	3		31,000				31,000
Reserve: Roosevelt Park Development	3		14,000				14,000
Reserve: Fifth & Younger Park Acquisition & Development	3		25,000				25,000
Reserve: Watson Park MP, Acquisition, & Development	3		4,000				4,000
St. James Park	3			320,000			320,000
District 3 Dog Park Development	3			32,000			32,000
Reserve: Guadalupe Gardens Development	3				63,000		63,000
Floyd & Locust	3				9,000		9,000
Alma Community Center	3				5,000		5,000
6th and Bestor	3				75,000		75,000
Bernal Park	3				21,000		21,000
Subtotal: District 3	**3**	**12,000**	**74,000**	**352,000**	**173,000**	**-**	**611,000**

Council District 4							
Park at Rock Ave. and Oakland Rd.	4	12,000					12,000
Alviso Area Improvements	4	8,000					8,000
Dog Park	4	3,000					3,000
Penitencia Creek	4	2,000					2,000

Attachment A

Project	CD	Add to 2005 Collections	Add to Existing Committed/ Appropriated Reserves	Known Priority	Greatest Need	Old Allocations to Remain	TOTAL
Council District 4 Continued							
Mabury Park Development	4		586,000				586,000
District 4 Park Acquisition	4		207,000				207,000
Townsend Park Youth/Tot Lot	4		8,000				8,000
Cataldi Park Renovation	4		36,000				36,000
Alviso Park Expansion	4		25,000				25,000
Penitencia Creek Trail Reach 2	4			71,000			71,000
Bay Trail	4			21,000			21,000
Penitencia Creek Park: Dog park, Irrigation Repairs, Playground	4			656,000			656,000
Flickinger Park Restrooms	4				28,000		28,000
Noble Park Turf Improvements	4				8,000		8,000
Alviso Area Improvements	4					450,000	450,000
Cataldi Park	4					293,000	293,000
Alviso Park	4				71,000		71,000
Subtotal: District 4		**25,000**	**862,000**	**748,000**	**107,000**	**743,000**	**2,485,000**

Council District 5							
Reserve: Joséph George Neighborhood Park	5	2,000					2,000
PAL Improvements	5	5,000					5,000
Mayfair Pool	5	9,000					9,000
Mayfair Tot lot	5	12,000					12,000
Unprogrammed	5	1,000					1,000
Reserve: Mt. Pleasant Park Renovation	5		26,000				26,000
Reserve: Pala Sports Fields	5		53,000				53,000

Attachment A

Project	CD	Add to 2005 Collections	Add to Existing Committed/ Appropriated Reserves	Known Priority	Greatest Need	Old Allocations to Remain	TOTAL
Council District 5 Continued							
Reserve: So. Alum Rock Ave. Area Parksite Acquisition	5		73,000				73,000
Reserve: McKee Parksite Acquisition	5		62,000				62,000
Plata Arroyo Improvements	5			69,000			69,000
Reserve: Jackson Madden Park Improvements	5				23,000		23,000
Hillview Park	5				3,000		3,000
Reserve: Tot Lot at 1350 San Antonio St.	5				3,000		3,000
Reserve: Lo Bue Park Development	5					228,000	228,000
Mayfair Pool	5					153,000	153,000
Mayfair Spray Ground	5					15,000	15,000
Subtotal: District 5		**29,000**	**214,000**	**69,000**	**29,000**	**396,000**	**737,000**
Council District 6							
Scottish Rite	6	4,000					4,000
Guadalupe Gardens Dog Park	6	3,000					3,000
Reserve: Lincoln Glen	6	1,000					1,000
Reserve: Hamann Park	6	1,000					1,000
Reserve: Cinnabar Commons	6		8,000				8,000
Reserve: Fuller Ave. Open Space	6		22,000				22,000
Reserve: CD 6 Community Center	6		219,000				219,000
Reserve: Evans Lane Area Land Acquisit-ion & Development	6		114,000				114,000
Reserve: Future Park at Scott & Clifton	6			57,000			57,000
Reserve: River Glen Park	6				9,000		9,000

Attachment A

Project	CD	Add to 2005 Collections	Add to Existing Committed/ Appropriated Reserves	Known Priority	Greatest Need	Old Allocations to Remain	TOTAL
Council District 6 Continued							
Reserve: Cahill Park Improvements	6		20,000				20,000
Reserve: CD 6 Land Acq. SE Area	6		18,000				18,000
Rose Garden Enhancements	6					120,000	120,000
Lincoln Glen Improvements	6					74,000	74,000
Subtotal: District 6		**9,000**	**401,000**	**57,000**	**9,000**	**194,000**	**670,000**

Council District 7							
Communication Hill	7	17,000					17,000
Turtle Rock	7	16,000					16,000
Res: Future Park Development - Almaden Apts. $2K	7	2,000					2,000
Uncommitted	7	14,000					14,000
Reserve: Communication Hill Park	7		285,000				285,000
Reserve: Story Rd. Landfill Acqsn/Development	7		17,000				17,000
Reserve: Kelley Park Neighborhood Improvements	7		70,000				70,000
Solari Community Center	7		183,000				183,000
Reserve: CD7 Land Acquisition - South of Fairgrounds	7		57,000				57,000
Barberry Lane Improvements	7			6,000			6,000
New Reserve: Future Dog Park Development	7			67,000			67,000
Tully Sports Fields	7			86,000			86,000
Fair Swim Center	7				12,000		12,000
McLaughlin Park	7				4,000		4,000
Subtotal: District 7		**49,000**	**612,000**	**159,000**	**16,000**	**-**	**836,000**

Attachment A

Project	CD	Add to 2005 Collections	Add to Existing Committed/ Appropriated Reserves	Known Priority	Greatest Need	Old Allocations to Remain	TOTAL
Council District 8							
Ocala Ballfields	8	12,000					12,000
Reserve: Towers/Aborn Acquisition & Development	8		49,000				49,000
Reserve: Evergreen Valley Sports Fields	8		240,000				240,000
Reserve: Falls Creek Park Development	8		85,000				85,000
Reserve: Chelmers Park Development	8		46,000				46,000
Reserve: Fernish Park Improvements	8		9,000				9,000
Reserve: Silver Creek Linear Park	8			113,000			113,000
Boggini Play Equipment & Improvements	8				43,000		43,000
New Reserve: Thompson Creek Park Chain	8				29,000		29,000
Hillstone Park Pedestrian Bridge	8				36,000		36,000
New Reserve: Evergreen Park Improvements	8				220,000		220,000
Brigadoon Park Improvements	8					39,000	39,000
Skateboard Park	8			327,000			327,000
Subtotal: District 8		**12,000**	**429,000**	**440,000**	**328,000**	**39,000**	**1,248,000**

Council District 9							
Butcher Park Improvements	9	1,000					1,000
Reserve: Houge Center Renovation	9		25,000				25,000
Reserve: Dist. 9 Land Acquisition & Development - SE Area	9		712,000				712,000

Attachment A

Project	CD	Add to 2005 Collections	Add to Existing Committed/ Appropriated Reserves	Known Priority	Greatest Need	Old Allocations to Remain	TOTAL
Council District 9 Continued							
Reserve: Dist. 9 Parksite Acq. NW Area	9		89,000				89,000
Reserve: Branham Park Improvements	9		50,000				50,000
Butcher Park Improvements	9			84,000			84,000
Hogue Park Improvements	9			73,000			73,000
Reserve: DeAnza Park Improvements	9				136,000		136,000
Camden Park/ Community Center	9					95,000	95,000
Subtotal: District 9		**1,000**	**876,000**	**157,000**	**136,000**	**95,000**	**1,265,000**
Council District 10							
Cahalan Park	10	1,000					1,000
Reserve: Carabelle Park	10	3,000					3,000
Reserve: Dist.10 Parksite Acquisition	10		127,000				127,000
Fontana Dog Park	10			158,000			158,000
Vista Park Improvements	10			153,000			153,000
Almaden Lake Park Neigh Improvements	10			34,000			34,000
Reserve: Glenview Park Improvements	10				165,000		165,000
Almaden Winery Irrigation	10					20,000	20,000
Cahalan Park	10					49,000	49,000
Reserve: Pfeiffer Park Improvements	10					5,000	5,000
Reserve: Parkview Park III Renovation	10					157,000	157,000
Subtotal: District 10		**4,000**	**127,000**	**345,000**	**165,000**	**231,000**	**872,000**
TOTAL		**166,000**	**3,745,000**	**2,487,000**	**993,000**	**1,698,000**	**9,089,000**

ATTACHMENT B

Recommendations for Allocation of Excess Administrative Set-Aside

Council District	Amount returned	Recommended Use(s)
1	$179,547	Saratoga Creek Dog Park development
2	$99,170	Metcalf Park playground replacement
3	$398,438	Martin Park development
4	$494,261	Reserve for North San Jose development
5	$231,908	Reserve for Joseph George acquisition
6	$455,015	Bascom Community Center development
7	$636,301	Solari Community Center development
8	$251,034	Sports fields development reserve
9	$268,367	Butcher Dog Park development
10	$265,960	Fontana Dog Park renovation
	$500,000	Reserve: Administrative Set-aside

COUNCIL AGENDA: 5/2/06
ITEM: 5.2

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Parks, Recreation and Neighborhood Services

PARKS AND RECREATION COMMISSION

April 5, 2006

Honorable Mayor and City Council
City of San José
200 East Santa Clara Street
San José, CA 95113

Dear Honorable Mayor and Councilmembers:

The Parks and Recreation Commission is pleased to see the Park Trust Fund Reconciliation Report completed satisfactorily. We believe that the findings in this report demonstrate appropriate use of the majority of the $90 million collected in the Park Trust Fund over the past 17 years. More importantly, however, we believe that the closure of this report provides us with the foundation needed to move forward with the critical task of revising language in the City's Parkland Dedication Ordinance (PDO) and Park Impact Ordinance (PIO).

Revisions to the PDO and PIO are necessary to ensure that the citizens of San Jose continue to enjoy a quality of life associated with adequate neighborhood and regional recreational facilities.

The Commission believes that the Reconciliation Report clearly shows that there has been no misappropriation of funds, but that tighter management of these funds should occur. We support the recommendations of staff in the report regarding: 1) using the 14 unknown collections to fund improvements at Happy Hollow Park and Zoo or other regional park facilities; 2) using excess administrative fees to be prorated to each council district in accordance with collected amounts; and 3) hiring of an Analyst position to oversee the Park Trust Fund.

Although the Commission does support an update of the Greenprint this budget year, the update of the Greenprint should not be tied to discussions on the proposed amendments to the PDO and PIO. In essence, we do not support a delay in the needed changes to the PDO and PIO language until this task is completed. We believe that to ensure parks and recreational facilities are keeping up with the continual population growth and increasing densities in our City -- we must make changes to the PDO and PIO immediately. The Greenprint notes that there are discrepancies in the existing level of service for neighborhood/community parkland provided in each council district. All districts are currently underserved, with the exception of three districts (Council Districts 2, 5 and 8). Also, when parkland needs are projected to the year 2020, all districts are deficient in neighborhood/community parkland with the exception of Council District 8.[1] We cannot support the continuation of these discrepancies in parkland contributions.

[1] City of San Jose Greenprint Strategic Plan (August 2000), Community Needs Assessment, Appendix A14

Currently, in-lieu fees associated with developments are set at 70% of 2001 land values and have not been adjusted for five years. This has severely hampered the City's ability to purchase recreational lands from the Park Trust Fund. PDO/PIO fees need to be linked to current land values to ensure that the City's ability to maintain existing park standards is not compromised as land values rise.

We urge you to approve the Park Trust Fund Reconciliation Report and to set a firm timeline to consider adjusting the PDO and PIO language and in-lieu fees to match current land values. These two important Council actions will ensure citizens of San José continue to enjoy the high quality of life they demand and deserve.

Sincerely,

Helen Chapman

Helen Chapman
Chair, Parks and Recreation Commission

COUNCIL AGENDA: 5/2/06
ITEM: 5.2

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

RECEIVED
APR 13 2006
CITY OF SAN JOSE
PLANNING DEPARTMENT

PLANNING COMMISSION

200 East Santa Clara Street, San José, CA 95113

April 12, 2006

Honorable Mayor and City Council
City of San José
200 East Santa Clara Street
San José, CA 95113

Dear Honorable Mayor and Councilmembers:

The Planning Commission, through a joint study session with the Parks and Recreation Commission, is satisfied with the Reconciliation Report of the Park Trust Fund. The in-lieu fees collected under the City's Parkland Dedication Ordinance (PDO) and Park Impact Ordinance (PIO) are deposited into the Park Trust Fund, including interest, are used to acquire and/or develop new neighborhood/community parklands and neighborhood/community elements of regional parks. These funds can also be used to renovate existing neighborhood/community parks.

The Planning Commission supports the recommendations of staff in the report regarding: 1) using the 14 unknown collections to fund improvements at Happy Hollow Park and Zoo or other community-wide park facilities; 2) paying the current landowners of the 14 known projects as called for in the ordinances; 3) using excess administrative fees to be prorated to each Council District in accordance with collected amounts; 4) allocating the interest and remaining balances to projects; and 5) hiring of an Analyst position to oversee the Park Trust Fund and to report out annually on its activities.

Although the Commission does support an update of the Greenprint and the General Plan, the update of the both of these documents should not be tied to discussions on the proposed amendments to the PDO and PIO and the possible changes in the associated in-lieu fees. In May, PRNS staff will bring the proposed language changes to the PDO and PIO and any changes to the in-lieu fee resolution to the Planning Commission for its consideration and recommendations to the City Council.

The Planning Commission urges the City Council to approve the Park Trust Fund Reconciliation Report and take the necessary actions to distribute funds as outlined above.

Sincerely,

Bob Dhillon
Chair, Planning Commission