



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Scott P. Johnson  
Albert Balagso

**SUBJECT: DONATION OF CITY PERSONAL  
PROPERTY LOCATED AT HAPPY  
HOLLOW PARK AND ZOO**

**DATE:** June 4, 2007

Approved

*Kay Wines*

Date

*6/10/07*

**COUNCIL DISTRICT:** CW

**SNI:** Tully/Senter

## RECOMMENDATION

Adoption of a resolution authorizing the Director of Finance to donate surplus City personal property located at Happy Hollow Park and Zoo (HHP&Z) with an estimated value of \$69,800 to the Happy Hollow Corporation (HHC), a non-profit corporation, for the purpose of resale to raise funds for the renovation of Happy Hollow Park and Zoo.

## OUTCOME

Transferring the surplus items to the HHC and allowing HHC to proceed with an auction/sale, will raise community interest regarding the renovation of HHP&Z and provide additional funding for future improvements.

## BACKGROUND

On January 28, 2002, the City of San Jose retained the Portico Group as the lead consultant in the planning, development and implementation of the \$52.3M expansion and renovation of HHP&Z. The build-out of the 1994 HHP&Z and related portions of the 1992 Kelley Park Master Plans was estimated to require approximately \$80M in funding in 2003 dollars. Originally, the bond funds were not scaled at a level to build-out the HHP&Z master plan completely.

Over the last several years, City staff has worked closely with the Portico Group to develop a scope of work that will optimize the planned development of HHP&Z so as to deliver on the promise of Measure P, Parks Bond Program, and provide a functional, high quality expanded facility for residents and visitors to enjoy.

City staff and HHC are seeking various avenues to secure additional funding for the HHP&Z bond project/future improvements in an effort to achieve as much of the project's original scope as possible. Within the year, HHC will embark on a considerable and aggressive Capital Improvement Campaign specifically geared towards the continuation of the build-out of HHP&Z. Furthermore, the City's 2005-2006 Capital Budget identifies current and future funds through the year of 2010 to add specific components (e.g. Heggee Ride, group picnic, and park improvements), which either support the east side improvements under the design of Public Works or were previously removed from the Happy Hollow Park and Zoo project in prior scope reduction exercises. Despite these additional strategies, additional funding for the project is needed in order to achieve as much project scope as is possible.

### ANALYSIS

Throughout the history of HHP&Z a close relationship with the HHC has been maintained. HHC is responsible for securing funds via grants, membership fees, and stroller rental fees for the development and maintenance of the park complimented with limited capital improvement monies (\$40,000 per year) allocated by the City. Development of the park is mutually discussed with many construction projects, attraction additions, exhibit enhancements, etc.

Given the funding needs for the upcoming HHP&Z bond project, staff recommends that many of the nostalgic items (e.g. light fixtures, play structures, rides, etc.) that are to be removed from the park in preparation for HHP&Z bond project be locally auctioned/sold by HHC with the proceeds from the auction/sale to benefit the bond project via future HHC Board actions. A listing of items under consideration for donation to HHZ is attached. The cumulative estimated dollar value of these items is \$69,800. The dollar values indicated represent estimated values only, developed by staff familiar with the amusement park industry, for items of comparable age and condition, intended for personal use or display.

Through the use of volunteer labor, and in coordination with the site operations staff, the HHC is capable of successfully disposing of the items at no cost to the City. This process would include final determination of the items to be disposed of, planning and determination of disposal methodology (personal auction, on-line auction, sale, etc.), marketing and advertising, coordinated removal of items from the park, and final accounting of funds to be used to support future capital improvements. Without action on the part of HHC, standard processes would result in the demolition of the majority of the items under consideration by the construction contractor after receipt of authorization to start construction.

By allowing HHC to proceed with the auction/sale, staff expects to inspire community members to acquire a piece of HHP&Z while contributing to the future of HHP&Z. Furthermore, the additional awareness of the project generated from the proposed HHC action is expected to translate into increased future park use, further benefiting the facility.

In accordance with Municipal Code Section 4.16.205.A, surplus property, which the Director of Finance determines is greater than \$1,500 in value, may be donated by the City Council to a nonprofit corporation. Based on the reasons outlined in this memorandum, staff recommends that the City donate the surplus property identified in the attachment to this memorandum to the Happy Hollow Corporation under the condition these donations shall be "as is", without warranty, express or implied, with the express representation that none of the equipment may meet current standards for use as play equipment. In addition the conditions of transfer will also include a requirement that HHC and any subsequent purchaser defend, indemnify, and hold harmless the City, its officers and employees, from any claim, cause of action, damage, loss, or liability arising out of the condition of the property or its use by the HHC, subsequent transferee or other third party.

### POLICY ALTERNATIVES

**Alternative:** The selected contractor for the completion of the HHP&Z construction project will demolish and dispose of existing equipment.

**Pros:** Materials are dismantled and disposed of/recycled in a seamless manner through the selected contractor. No additional site coordination with the contractor is required to clarify the scope of the disposal efforts.

**Cons:** The potential for a greater amount of material ending up in the landfill exists. The funds recuperated through recycling of metal will be minimal. Also, an opportunity to both engage the community and market the future HHP&Z facility is lost.

**Reason for not recommending:** The alternative fails to creatively leverage City resources by not actively working with Happy Hollow Corporation to dispose of these items at no cost to the City while further generating revenues in support of HHP&Z.

### 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 item does not meet any of the Criteria listed above, this memorandum will be posted on the City's Website for the June 26, 2007 Council Agenda.

**COORDINATION**

The proposed action has been coordinated with the City Attorney's Office and Public Works Department.

**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**

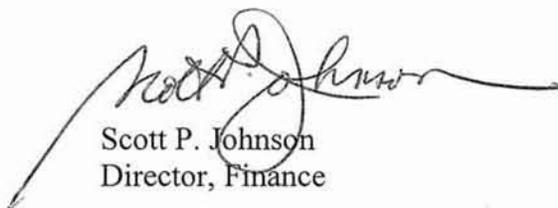
This action will allow revenue generation to support the development of HHP&Z. The existing agreement with HHC ensures that funds raised from the disposition of these items will benefit HHP&Z directly. Some additional staff efforts will be needed to ensure the preservation and removal of these items, but no costs above budgeted levels are expected.

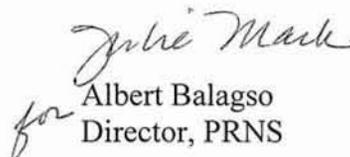
**BUDGET REFERENCE**

Not applicable.

**CEQA**

Not a project.

  
Scott P. Johnson  
Director, Finance

  
for Albert Balagso  
Director, PRNS

For questions, please contact Walter C. Rossmann, Chief Purchasing Officer, at (408) 535-7051.

## HONORABLE MAYOR AND CITY COUNCIL

June 4, 2007

Subject: Donation of Surplus Property - Attachment

Page 5

Quantity	Item Description	Estimated Unit Value	Estimated Total Value
1	Frontier Village Picture Wall	\$1,000	\$1,000
7	Character Light Poles	\$300	\$2,100
1	Hippo Drinking Fountain	\$200	\$200
7	Antique Model A Cars	\$1,500	\$10,500
5	Old 99 Train Cars	\$500	\$2,500
1	Octopus Play Apparatus	\$100	\$100
20	King Neptune's Carousel Characters	\$250	\$5,000
2	King Neptune's Carousel Benches	\$150	\$300
1	King Neptune Carousel Ride (full ride)*	\$2,700	\$2,700
1	Tree House w/Slide	\$2,000	\$2,000
1	Dragon Telephone Booth	\$500	\$500
14	Viking Ship Emblems	\$50	\$700
22	Miscellaneous Signs	\$75	\$1,650
8	Remote Controlled Boats & Controls	\$1,000	\$8,000
1	Remote Controlled Boat Island	\$3,000	\$3,000
1	Shoe House Slide	\$2,000	\$2,000
18	Carousel Horses	\$200.00	\$3,600
3	Carousel Benches	\$100	\$300
1	Classic Carousel (full ride)*	\$1,100	\$1,100
1	Fire Truck	\$1,000	\$1,000
9	Viking Ship Tiki Fountain Heads	\$100	\$900
14	Decorative Entrance Light Posts	\$1,000	\$14,000
1	Tin Man	\$250	\$250
2	Bug playground equipment	\$100	\$200
3	Climbing/crawling apparatus	\$100	\$300
2	Barrel Horse playground equipment	\$100	\$200
1	Snail Climber	\$100	\$100
1	4 Seated Spring Rocker Horses	\$100	\$100
1	Spinning apparatus	\$100	\$100
1	Spring rocker Alligator	\$75	\$75
1	Spring rocker Motorcycle	\$75	\$75
2	Spring rocker Dinosaurs	\$75	\$150
2	Barn slides	\$100	\$200
8	Mirrors in Mirror House	\$150	\$1,200
1	Whistle Stop Trains and Accessories	\$500	\$500
5	Horses (old KNC carousel)	\$300	\$1,500
5	Garbage can heads	\$25	\$125
3	Fish, Seahorse, Snail from KNC	\$200	\$600
1	Frog Water Fountain	\$75	\$75
2	Metal Deer	\$300	\$600
1	Metal Cougar	\$300	\$300
	<b>Total Value</b>		<b>\$69,800</b>