



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Albert Balagso

**SUBJECT:** ACCEPTANCE OF DONATION  
FROM HAPPY HOLLOW CORPORATION

**DATE:** 06-02-08

Approved

Date

6/10/08

**COUNCIL DISTRICT:** CW  
**SNI AREA:** Tully / Senter

## RECOMMENDATION

- A. Adoption of a resolution accepting a \$200,000 donation from the Happy Hollow Corporation (HHC), a non-profit corporation for the purpose of funding the Endangered Species Carousel, a new attraction as part of the Happy Hollow Park and Zoo (HHP&Z) bond funded improvements.
- B. Authorize the City Manager to accept a future planned donation of \$400,000 from Happy Hollow Corporation for the purpose of funding the Endangered Species Carousel, a new attraction as part of the Happy Hollow Park and Zoo bond funded improvements.

## OUTCOME

Acceptance of the \$600,000 donation will partially fund the Endangered Species Carousel that is currently not fully funded through the capital funds provided by Bond Measure P.

## BACKGROUND

On January 28, 2002, the City of San Jose retained the Portico Group as the lead consultants 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 completely build-out the HHP&Z master plan.

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. As part of these strategies the HHC has been awarded and entered into a grant agreement with FIRST 5 Santa Clara County (FIRST 5) to specifically fund the Endangered Species Carousel for \$600,000 (\$200,000 awarded in FY 2007-08 and \$400,000 awarded in FY 2008-09).

FIRST 5 supports the healthy growth and nurturing of children prenatal through age 5. By working with parents, community leaders, social service and healthcare agencies, FIRST 5 funds and sponsors essential services for young children and their families. Their mission is to support the healthy development of children through age 5 and enrich the lives of their families and communities. FIRST 5 awarded the grant to Happy Hollow Corporation as they felt Happy Hollow fit their target market as well as met their core value of collaboration whereas they work cooperatively with established systems, services and the community on common goals to maximize effectiveness for children and families.

Council policy 1-17: Revenue Generating and Sponsorship, requires the City Council to approve any donation or sponsorship with a value in excess of the donation or sponsorship amount that may be accepted by the City Manager under Chapter 4.04 of the San José Municipal Code.

### **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 capitol improvement monies allocated by the City. Development of the park is mutually discussed with many improvement projects, attraction additions, exhibit enhancements, etc. being collaborative in nature.

The total cost of the carousel including planning, design and construction, is approximately \$854,000. The grant agreement entered into by HHC and FIRST 5 provides funding over a two year period totaling \$600,000 with the understanding that these funds are to be donated to the City in support of the carousel. The agreement, which was reviewed by City staff, calls for the title to the carousel to vest with the City.

The \$600,000 that will be granted to HHC from FIRST 5 will enhance funding so that City bond funds can be used to fund other necessary elements of the project. The funds anticipated to be received from HHC from FIRST 5 have been included in the 2007-2008 Parks Capital Budget in support of the Happy Hollow Park and Zoo Improvement Project.

The initial donation of \$200,000 (and future donation of \$400,000) is in excess of the approval authority granted the City Manager. The current project plans call for the provision of a small, tasteful sign recognizing FIRST 5 support of the carousel, as was required in the grant agreement

between HHC and FIRST 5. The term of the grant agreement is from July 1, 2007 to June 30, 2008. HHC and FIRST 5 are currently finalizing an agreement for Fiscal Year 2008-09 that addresses the remaining \$400,000. HHC solicitation and acceptance of the FIRST 5 grant was coordinated with City staff and falls within the fund raising and sponsorship guidelines contained within the agreement between HHC and the City, which was approved by Council on February 27, 2007.

### **POLICY ALTERNATIVES**

#### ***Alternative 1: Do not accept the funding:***

**Pros:** None

**Cons:** The project as currently awarded would be short \$600,000 in funding and would require and amendment to the current contract with West Bay Builders to eliminate the carousel from the project.

**Reason for not recommending:** \$600,000 is available to the City as a grant that can provide the carousel, an attraction that adds value to the project.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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 does not meet any of the criteria listed above. This memorandum will be posted on the City's website for the June 24, 2008 City Council Agenda.

### **COORDINATION**

This item has been coordinated with the City Attorney's Office, City Manager's Budget Office, Department of Planning, Building and Code Enforcement and Public Works.

**FISCAL/POLICY ALIGNMENT**

This item is consistent with the General Budget Guidelines and Recommended City of San Jose Budget Principles in the Mayor's March Budget Message to:

- Immediately coordinate and aggressively pursue opportunities for the City (and Community-based organizations with technical assistance from the City) to apply for grants to support programs in priority areas.
- City Staff shall seek out, apply for and effectively administer Federal, State and other grants that address the City's priorities and policy objectives and provide a benefit to the City.

**COST IMPLICATIONS**

The \$600,000 granted by FIRST 5 has already been calculated into the budget model for the construction of the new Happy Hollow Park & Zoo

**BUDGET REFERENCE**

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. for Contract: Phase IIA: Zoo and Attractions	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
Current Funding Available						
471	4787	Happy Hollow Park & Zoo Renovation and Improvements	\$43,911,000	\$31,255,000 *	V-816	02/12/2008 Ord No. 28241

\* \$31,255,000 of the total \$43,911,000 appropriated in the Parks and Recreation Bond Projects Fund in 2008-2009 is available for Phase IIA: Zoo and Attractions. Included within this funding is \$600,000 anticipated from the First Five grant.

**CEQA**

CEQA: Mitigated Negative Declaration, PP05-142.

  
 ALBERT BALAGSO  
 Director of Parks, Recreation  
 and Neighborhood Services

For questions please contact Brian Hartsell, Park Manager at 277-2731.