



Memorandum

TO: MAYOR REED

FROM: Vice Mayor Chirco
Councilmember Liccardo
Councilmember Nguyen

SUBJECT: SATELLITE AND NEIGHBORHOOD
COMMUNITY CENTERS

DATE: May 14, 2010

Approved Judy Chirco Date _____

RECOMMENDATION Melissa Logg PH

That the following recommendation be enacted.

BACKGROUND

City-Council Initiated Neighborhood Improvement Reserve Fund/Other Budget Proposals

Program/Project Title: Satellite and Neighborhood Community Centers (specifically, Alma, Alviso, Alum Rock, Gardner, Starbird and Washington)

Amount of City Funding Required: \$250,000.00

Fund Type: General Fund -- Essential Services Restoration Fund

Anticipated Outcomes:

Within the \$500,000 set-aside created in the Mayor's Budget Message, identify \$250,000 to keep the six "Tier 1" community centers—that is, the six centers serving the "highest-needs" population—open until October 31, 2010, or until an earlier date upon which Council will have the opportunity to vote upon the RDA budget and the re-allocation of ending fund balance from FY09-10 to provide for an entire year of funding.

- a. The six (6) community centers--Alma, Alviso, Alum Rock, Gardner, Washington and Starbird--have been identified as "Tier 1" centers by PRNS, which reflects those centers serving the highest-need communities;
- b. The level and type of services provided for those two months will be defined/determined by PRNS.
- c. Additional community centers may be added to the list if funds emerge as a result of employee concessions in the coming weeks, based on Council's direction.

- d. Direct the City Manager and the Executive Director of the Redevelopment Agency to return to Council in October 2010 with specific direction to allocate sufficient funds to maintain services in these centers for the duration of the fiscal year, relying upon any the following sources:
 - i. Funds from the excess ending fund balance, which will be known in October;
 - ii. Unexpended funds remaining from the business license fee incentive program, which will terminate on September 30, 2010;
 - iii. Additional BEST funding for youth programs, allocated through the FY10-11 Redevelopment Agency budget process;
 - iv. Alternative sources and service delivery models, including such efforts already underway from such organizations as Catholic Charities, Santa Clara University/ Sacred Heart, and Boys & Girls Clubs.

Although it has been at least a year that City Hall has known of the serious cuts in store for the FY2010-11 year, many neighborhoods only first caught wind of the closure of their community centers and pools in April of this year, upon the release of staff's proposed budget cuts. The very belated and rushed discussion of these proposals leaves them—and us—facing only a few weeks to find sustainable alternatives to keeping the doors open to their critical gang prevention, senior nutrition, and after-school programs.

In light of the ongoing stream of deficits that we expect in the coming years—including the \$40 million deficit in the year after next—no one should remain under the illusion that we can continue to provide services in the same way to our communities. Finding alternatives, including for-profit and non-profit providers, will take time and creativity. Potential partners have limited capacity to help—particularly with the inability to plan—as they bear the same burdens that have afflicted government and the private sector during the worst recession in the three-quarters of a century. As our rushed efforts to find alternative providers of swim programs begin to bear fruit, community centers pose much more complex, and costly, challenges. Nonetheless, many organizations have expressed a willingness to help, among them Catholic Charities, Boys and Girls Club, and Santa Clara University, in partnership with Sacred Heart Community Services.

Simply, we need more runway to ensure that we can take off with sustainable alternatives to City management of these facilities.

According to the 2010-2011 Proposed Operating Budget, the current budget relies on an Ending Fund Balance Carryover of \$57.7 million. Of course, as we routinely see each fall, additional funds typically emerge from ending fund balance, which as the Budget Director indicates (P. VI-1) will be brought forward later in this process. Under existing Council Policy, that ending fund balance is divided 50% for street and infrastructure repair or maintenance, and 50% to be applied to the following year's budget deficit. A one-time change in Council Policy would be required in that October vote, to carve out a small exception for this funding.

Additionally, depending on what happens in the capital markets and in the courts, the Redevelopment Agency may have capacity to assist through BEST program funding. We will know more during the RDA budget process in the fall. Accordingly, we defer action on the precise source of funding for the remainder of the fiscal year until that time.

Amount of City Funding Change: \$ 250,000.00

Department or Organization: PRNS

Department or Organization Contact:

Name: Albert Balagso

Phone number: (408) 535-3570

E-mail address: albert.balagso@sanjoseca.gov

This change is:

One-time Ongoing

The City Service Area to which the change best relates:

- Community and Economic Development Services
- Environmental and Utility Services
- Neighborhood Services
- Public Safety
- Strategic Support
- Transportation and Aviation Services