



Memorandum

**TO: NEIGHBORHOOD SERVICES &
EDUCATION COMMITTEE**

FROM: Albert Balagso

SUBJECT: See Below

DATE: 01-28-08

Approved

Date

1-29-08

**SUBJECT: STATUS REPORT ON FUNDING FOR THE REMAINING PARKS BOND
PROJECTS**

RECOMMENDATION

Accept this report on the status of funding for the remaining park bond projects.

OUTCOME

This report provides an opportunity for the Neighborhood Services & Education Committee to review the status of the Parks Bond Program.

BACKGROUND

In September 2007, at a City council/Senior Staff Strategic Planning meeting, staff was directed to report back to the Neighborhood Services & Education Committee by February on the status of funding for the remaining Park Bond projects.

Construction costs were extremely volatile over the prior three years, creating a large variability between initial project budgets and actual costs and raising concerns about the viability of completing the bond program as originally envisioned using only bond funds and interest.

The Parks Bond has delivered a large number of projects in its initial years of implementation by constructing neighborhood-focused, smaller scale projects. All of the 69 neighborhood park projects, 5 of the 9 community center projects, 4 of the 7 regional park projects, and 4 of the 6 trail projects have been completed.

In order to address cost escalation, the Park bond program has reduced scopes and added supplemental funding to remaining projects. In FY 2006-2007, the Parks Bond program augmented the project budgets on the four remaining community centers, the Happy Hollow Park and Zoo project, and two of the trail projects while simultaneously reducing scope on all projects. The supplemental funding was made possible due to savings on the earlier bond projects, interest earnings and funding from other sources such as the Park Trust Fund,

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Construction & Conveyance Tax Fund and the Redevelopment Agency. These strategies successfully addressed the funding issues at the time, but questions remained as to how additional cost increases could be addressed should costs continue to escalate. Of the remaining projects to be completed, four are currently under construction (Happy Hollow Park & Zoo Phase 2a, Almaden Lake Park, Roosevelt Community Center and Mayfair Community Center) and seven remain to be awarded.

ANALYSIS

In the last several months the outlook for project delivery has moderately improved. Construction costs have started to flatten resulting in a more favorable bidding climate. The contract awards for the most recent community center, Mayfair, came in at less than the budgeted amount. However, the bid results for the construction of a bridge to span Coyote Creek as part of the Happy Hollow Park & Zoo project came in well above estimated amounts.

The Solari Community and Bascom Community Center projects are both being designed as joint facilities with the Library Bond program and are currently on budget and scheduled to be awarded this Spring. In addition, the Coyote Creek Trail extension from Tully to Los Lagos is on budget.

The Guadalupe River Trail, Reach 6, project is currently estimated to be approximately \$700,000 over budget based upon the latest project cost estimate. On October 16, 2007 council approved for staff to submit a grant for \$700,000 under the California River Parkway Grant Program (Proposition 50). Staff anticipates hearing back from the State on this application by June 2008. If this grant is denied, then an alternative funding source will be required to complete this project.

Staff is currently in discussions with the East Side Union High School District and San Jose State University to place the two sports complexes (softball and soccer) on their property. Preliminary discussions indicate that both sports complexes could be constructed within the \$25.6 Million currently available for these projects at these locations.

On November 20, 2007, the City Council awarded a \$39,255,000 contract to West Bay Builders, Inc. for the construction of the Happy Hollow Park & Zoo. This is the largest project in the Park Bond program and it is now moving forward in the construction phase. This will leave approximately \$10.9 Million available to construct the bridge and parking lot. Initial bid results for the bridge construction were higher than the available budget and staff is currently investigating alternative project delivery options. At this time, it is anticipated that additional funding will be required to deliver this project.

Approximately \$1.8 Million remains in the Park Bond contingency reserve for the remaining projects to be awarded. Further updates will be provided once the analysis of the Happy Hollow bridge is completed.

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POLICY ALTERNATIVES

Not applicable.

PUBLIC OUTREACH/INTEREST

This item does not meet any of the special outreach criteria below.

- 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)**

COORDINATION

This memorandum has been coordinated with the City Manager's Office and the Department of Public Works.

COST SUMMARY/IMPLICATIONS

Not applicable.

BUDGET REFERENCE

Not applicable

CEQA

Not a project.



ALBERT BALAGSO

Director of Parks, Recreation & Neighborhood Services