



*"Dollars build dreams."*

*Mark Linder, Director Parks,  
Recreation, and Neighborhood  
Services*

### Introduction

One objective of the *City of San José Greenprint for Parks and Community Facilities and Programs* is to establish feasible and effective financing for parks and community facilities, as well as ongoing funding for programs, operations, and maintenance. The financing issue was recognized as a challenge from the start of the strategic planning effort. Nothing that has occurred during development of the strategic plan has reduced this challenge. To address this challenge, the strategic plan has identified a wide range of park and facility requirements, based upon adopted planning goals and community preferences, and quantified the significant financing challenge through development of a detailed program of capital improvements and associated costs.

### Financing Principles

The following seven principles were used to guide the strategic plan financing strategy:

1. *The improvement program should be financially feasible, i.e., funding sources must be identified and quantified that match programmed expenditures.* This principle may mean scaling back or more slowly phasing in the improvement program currently being contemplated.
2. *Program requirements should define facility needs.* Program requirements have traditionally defined facility needs in San Jose. This means that the City's ability to expand

programs largely supported through the General Fund will define the type, function, and phasing of park and recreation facilities. Despite service goals, population growth and other policies, it is increasingly necessary to include funding to support an adequate level of programming and maintenance in order to realize the benefits of constructing a facility.

3. *Maintenance, operations, and depreciation must be considered.* Constructing a facility leads to additional operations and maintenance costs. Additionally, even well maintained park and recreation facilities wear out and need to be renovated and replaced on a regular cycle. Parks and recreation facilities typically have operations, maintenance, and replacement costs that rival or even exceed, on a present-value basis, the initial capital investment. Thus, capital investment must be matched with increased operating revenues, either as commitments of existing funding or increased funding from new sources.
4. *Renovation and maintenance of existing facilities should receive top funding priority.* At the present time, the City has a number of facilities that are in need of renovation. The most effective use of funding is to care for existing facilities and ensure their efficient functioning rather than to create entirely new facilities.

5. *Park and recreation goals established in the strategic plan provide overall guidance for the quality, quantity, and location of park and recreation facilities.* The fact that it may take many years to achieve these goals should not detract from their importance and relevance to the planning process. Residents want the services to be provided in convenient and accessible locations.
6. *New development should be required to pay its fair share of park and recreation improvement costs.* The Parkland Dedication and Parkland Impact Ordinances (PDO/PIO) are intended to serve this purpose. The amendments made to these ordinances in 1998 - intended to have development provide a more proportional share of obtaining parklands and making park and recreation improvements based on the increased number of new residents - substantially increased new development's contribution to park funding.
7. *Innovative ways of meeting park and recreation needs and goals should be pursued.* The cost of achieving park and recreation facility goals and needs suggests that standard techniques will need to be leveraged and augmented in a number of ways. The existing collaboration with the school districts is an example of such innovation, but other opportunities for public-public partnerships and public-private partnerships should be explored.

## Costs of Park and Recreation Improvements

The strategic planning process that has been underway during the past 18 months has assessed San Jose's park and recreation facility needs, has developed a strategy for fulfilling these needs, and has prioritized these needs. The process reflects the large number of facilities needed and the City's ability to fund, build, operate, and maintain these facilities. The overall magnitude of the strategic plan recommendations is illustrated in Table 1, which lists some \$1.2 billion in costs. These costs have been grouped in three investment phases. Phase 1 is the immediate future, 2000-2005, during which \$192 million of improvements are recommended; Phase 2 is the 2005-2010 period, during which \$257 million of improvements are recommended; and, finally, Phase 3 is the 2010-2020 period, during which the majority (61%) of improvements are recommended, totaling nearly \$704 million. The period from 2000 to 2010, which includes Phases 1 and 2, includes recommended improvements of about \$450 million, or an average of \$45 million in capital improvements each year. This is significantly higher than the average cost of improvements over the past ten years.

While strategic plan needs are listed across the range of park and recreation facilities, park acquisition and development make up nearly 50 percent of recommended capital costs. This substantial cost reflects the fact that the City has fallen behind in its efforts to achieve its General Plan goal of 3.5 acres for neighborhood/community parks, 7.5 acres for regional parks and 500 square feet for community centers per 1,000 population. In addition, San Jose still faces substantial growth.

<b>Table 1</b>					
<b>Strategic Plan Capital Investment by Facility Type</b>					
Facility Type	Investment Phase			Total	%
	2000 - 2005	2005 - 2010	2010 - 2020		
Park Acquisitions and Development	\$13,060,000	\$51,100,000	\$459,280,000	\$523,440,000	45.4%
Neighborhood Park Improvements	\$49,060,000	\$14,240,000	\$34,940,000	\$98,240,000	8.5%
School Recreational Facility Improvements	\$3,020,000	\$16,700,000	\$35,060,000	\$54,780,000	4.7%
Sports Facility Improvements	\$12,816,662	\$6,150,000	\$31,704,338	\$50,671,000	4.4%
Regional Park Improvements	\$41,177,000	\$25,997,000	\$17,180,000	\$84,354,000	7.3%
Community Gardens	\$310,000	\$450,000	\$560,000	\$1,320,000	0.1%
Trails Improvements	\$9,870,000	\$30,530,000	\$28,300,000	\$68,700,000	6.0%
Other Recreational Facility Improvements	\$27,140,000	\$12,850,000	\$20,925,000	\$60,915,000	5.3%
Community Center Improvements	\$35,590,000	\$99,060,000	\$76,580,000	\$211,230,000	18.3%
<b>Total Investment Required</b>	<b>\$192,000,000</b>	<b>\$257,100,000</b>	<b>\$704,500,000</b>	<b>\$1,153,700,000</b>	<b>100.0%</b>
% of Total	17%	22%	61%	100%	
* Cost estimates provided by City of San Jose in 2000 dollars.					
Sources: City of San Jose; MIG; EPS					

A key feature of San Jose's park and recreation facility development has been and continues to be the link to City council districts. The strategic plan has reflected this policy in its recommendations. Table 2 illustrates the breakdown of total strategic plan costs by council district. Appendix B provides a detailed listing of the individual projects comprising the park and recreation improvements recommended by the strategic plan and associated capital costs.

One of the City's central policies is that programs and community services drive the type of community facilities to be built. It is also essential that maintenance and operations costs be accounted for as part of the strategic plan. City staff has recently engaged in an intensive effort to accomplish this objective. Table 3 shows annual maintenance costs for the strategic plan recommendations, and Table 4 shows cumulative annual maintenance costs. Appendix C provides a detailed listing of park and recreation improvements recommended by the strategic plan and associated maintenance costs. The magnitude of these costs closely follows the capital costs considered in each phase. These costs reflect expected expenditures by each of the three City departments responsible for park and recreation operation and maintenance expenditures, the Parks, Recreation, and Neighborhood Services Department; the General Services Department; and the Visitor Services and Facilities Division of Conventions, Arts, and Entertainment. By 2010, after the completion of Phases 1 and 2, annual maintenance costs are expected to increase by \$6.7 million (uninflated). In addition to these maintenance costs, there will be additional staffing costs associated with the delivery of programs, and services. As shown in Table 5, these additional staffing costs are expected to total an annual cost of \$10.5 million by 2010 (in today's dollars).

Current combined operating expenditures, excluding program revenues, are approximately \$50 million. Increased operating and maintenance expenditures related to the strategic plan's Phase 1 and 2 improvements, including the additional staffing costs, are approximately \$17.2 million, or 35 percent over existing expenditures. The ability of the City's General Fund to support these costs will determine whether the strategic plan recommended facilities are actually constructed.

## Funding Sources

The City's ability to achieve the strategic plan recommendations as outlined above will, of course, depend upon the availability of funding both for construction of the facilities and for their operation and maintenance. Funding sources are needed to pay for existing facilities and programs as well as for the desired expansion outlined in the strategic plan. At the present time, the City has a well-developed funding mechanism for existing parks, recreation facilities, and programs.

Table 6 provides a summary of funding expected from existing funding sources. Assuming that the forecasts of these sources prove accurate, approximately \$210 million will be available during the next 10-year period. This level of funding is clearly deficient when compared to the strategic plan recommendations. Additional sources of funding will need to be developed.

<b>Table 2</b>						
<b>Strategic Plan Capital Investment by Facility Type</b>						
Facility Type	Investment Phase			Total	%	
	2000 - 2005	2005 - 2010	2010 - 2020			
District 1	\$7,270,000	\$9,600,000	\$24,987,500	\$41,857,500	3.6%	
District 2	\$17,764,000	\$13,599,000	\$218,474,500	\$249,837,500	21.7%	
District 3	\$23,796,703	\$39,628,800	\$106,911,950	\$170,337,453	14.8%	
District 4	\$9,666,000	\$15,838,000	\$60,661,000	\$86,165,000	7.5%	
District 5	\$17,528,662	\$28,342,600	\$46,724,213	\$92,595,475	8.0%	
District 6	\$11,890,000	\$30,341,915	\$27,094,000	\$69,325,915	6.0%	
District 7	\$66,779,000	\$56,427,625	\$44,233,925	\$167,440,550	14.5%	
District 8	\$12,238,000	\$17,276,250	\$17,635,000	\$47,149,250	4.1%	
District 9	\$11,383,160	\$18,289,500	\$13,821,000	\$43,493,660	3.8%	
District 10	\$13,737,000	\$27,740,925	\$143,974,875	\$185,452,800	16.1%	
<b>Total Investment Required</b>	<b>\$192,100,000</b>	<b>\$257,100,000</b>	<b>\$704,500,000</b>	<b>\$1,153,700,000</b>	<b>100%</b>	
% of Total	17%	22%	61%	100%		
* Cost estimates provided by City of San Jose in 2000 dollars.						
Sources: City of San Jose; MIG; EPS						

<b>Table 3</b>					
<b>Annual Maintenance Costs by Phase associated with Strategic Plan Capital Investment</b>					
Facility Type	Investment Phase			Total	% of
	2005 O&M	2010 O&M	2020 O&M	2020 O&M	2020 O&M
	on K facils 2000 - 2005	on K facils 2005 - 2010	on K facils 2010 - 2020	on all K Facils 2000 - 2020	on all K Facils 2000 - 2020
Park Acquisitions and Development	\$320,040	\$2,545,500	\$10,231,100	\$13,096,640	66.0%
Neighborhood Park Improvements	\$30,000	\$235,000	\$132,500	\$397,500	2.0%
School Recreational Facility Improvements	\$53,400	\$202,980	\$500,691	\$757,071	3.8%
Sports Facility Improvements	\$795,000	\$532,500	\$957,500	\$2,285,000	11.5%
Regional Park Improvements	\$33,000	\$57,750	\$74,250	\$165,000	0.8%
Community Gardens	\$3,200	\$24,000	\$32,000	\$59,200	0.3%
Trails Improvements	\$54,814	\$169,054	\$164,056	\$387,924	2.0%
Other Recreational Facility Improvements	\$275,000	\$55,000	\$57,500	\$387,500	2.0%
Community Center Improvements	\$331,246	\$1,014,295	\$956,921	\$2,302,462	11.6%
<b>Annual Maintenance Cost</b>	<b>\$1,895,700</b>	<b>\$4,836,079</b>	<b>\$13,106,518</b>	<b>\$19,838,297</b>	<b>100.0%</b>
% of 2020 Annual Maintenance Cost	10%	24%	66%	100%	--
% of Capital Costs	1.0%	1.9%	1.9%	1.7%	--
* Cost estimates provided by City of San Jose in 2000 dollars.					
Sources: City of San Jose; MIG; EPS					

Facility Type	Investment Phase			% of 2000-2020
	2005	2010	2020	
Park Acquisitions and Development	\$320,040	\$2,865,540	\$13,096,640	66.0%
Neighborhood Park Improvements	\$30,000	\$265,000	\$397,500	2.0%
School Recreational Facility Improvements	\$53,400	\$256,380	\$757,071	3.8%
Sports Facility Improvements	\$795,000	\$1,327,500	\$2,285,000	11.5%
Regional Park Improvements	\$33,000	\$90,750	\$165,000	0.8%
Community Gardens	\$3,200	\$27,200	\$59,200	0.3%
Trails Improvements	\$54,814	\$223,868	\$387,924	2.0%
Other Recreational Facility Improvements	\$275,000	\$330,000	\$387,500	2.0%
Community Center Improvements	\$331,246	\$1,345,541	\$2,302,462	11.6%
<b>Annual Cost</b>	<b>\$1,895,700</b>	<b>\$6,731,779</b>	<b>\$19,838,297</b>	<b>100.0%</b>
% of 2020 Annual Cost	10%	34%	100%	--
% of Capital Costs	1.0%	1.5%	1.7%	--
* Cost estimates provided by City of San Jose in 2000 dollars.				
Sources: City of San Jose; MIG; EPS				

<b>Table 5</b>				
<b>Additional Annual Staffing Costs associated with Planning, Programs and Services</b>				
<b>Item</b>			<b>2010</b>	<b>2020</b>
Parks			\$173,185	\$173,185
Parks/ Community Development Facilities Department			\$278,694	\$278,694
Neighborhood Services			\$218,133	\$218,133
Youth Employment Services			\$449,840	\$449,840
Youth Intervention Services			\$1,590,294	\$1,590,294
Recreation & Community Services			\$6,062,603	\$11,333,331
Regional Parks (1)			\$1,763,200	\$2,336,200
<b>Total</b>			<b>\$10,535,949</b>	<b>\$16,379,677</b>
(1) Regional parks costs also include a maintenance component.				
* Costs provided by City of San Jose in 2000 dollars				
Sources: City of San Jose; MIG; Economic & Planning Systems, Inc.				



<b>Table 6</b>	
<b>Capital Funding Estimate, 2000-2010</b>	
<b>Source</b>	<b>Funding (millions)</b>
C&C	\$88.8
PIO/PDO (1)	\$45.0
General Fund (CIP Contributions)	\$25.0
Santa Clara Open Space Authority	\$4.5
San Jose Redevelopment Agency	\$25.0
State Bond Funds	\$10.0
Federal Grants	\$10.0
<b>Total</b>	<b>\$208.3</b>
(1) Will also provide an estimated 100 acres of parkland during this period.	
*Costs provided in 2000 dollars	
Sources: Regional Transit Authority; City of San Jose; Economic and Planning Systems, Inc.	

## **Dedicated Local Funding Sources**

The City has developed several significant local funding sources dedicated to parks and recreation facilities, including the Construction and Conveyance Taxes and the Park Dedication and Park Impact Ordinances. These sources will continue to form the backbone of park acquisition and development efforts in the City.

## **Construction and Conveyance Taxes**

The Construction Tax and the Conveyance Tax Ordinances (C&C) are charged on new construction and on the conveyance of real property, respectively. The Construction Tax is imposed upon residential, commercial, and industrial development. The tax schedule is based on the type of structure. For example, the Construction Tax is \$150 per single family unit, \$82.50 per multi-family unit, and \$0.08 per square foot for commercial industrial buildings. The Conveyance Tax is imposed at a rate of \$3.30 for each \$1,000 of the value of property conveyed. Both taxes are dependent upon activity in the real estate market, which has been very active recently. In the 1997-1998 fiscal year, the City received almost \$26 million in C&C Taxes. The following year, \$21 million was received. The City's Municipal Code specifies that 64 percent of C&C Tax revenues be expended for park and recreational purposes.

According to the fiscal year 2001-2005 Capital Improvement Program, the City is projecting about \$11.3 million in C&C Tax revenues allocated to park and community facilities development in 1999-2000 and anticipates approximately \$9.8 million annually between 2001 and 2005, for a five-

year total of \$50 million. Unexpected changes in the current development forecasts could alter these projections. As the City approaches General Plan buildout, the pace of development can be expected to slow. However, approximately 94 percent of the C&C tax revenues are from the Conveyance Tax, which is generated from turnover in ownership. As market values appreciate, the Conveyance Tax generated by turnover can be expected to increase. Preliminary estimates suggest that if historical average C&C tax revenues are maintained, the City can expect to receive about \$8.8 million annually in C&C tax revenues between 2005 and 2010 for park and community facilities, or a total of \$94 million between 2000 and 2010.

## **Parkland Dedication and Park Impact Ordinances**

The City requires the dedication of parkland or the payment of in lieu impact fees, which are based on technical assessments of the linkage (nexus) between new development and the demand for park and recreation facilities. The State permits the City to receive 3.0 acre per 1000 population or the equivalent in in-lieu fees. The primary purpose of the Parkland Dedication Ordinance (PDO) and Park Impact Ordinance (PIO) is to obtain parkland to implement the City's adopted service level goals for neighborhood/community parks. Residential projects with 50 or more units can be required to dedicate land in accordance with the goal of 3.0 acres for every 1,000 new residents. Under both the PDO/PIO, up to 50% credit against the total obligation under the PDO/PIO is given for private recreational improvements developed as part of the residential project if the private recreational improvements meet the requirements of the City's crediting schedule.

It is the City's policy, as stated in the proposed 1999-2000 Capital Budget, that the highest priority for the use of PDO/PIO revenues will be acquisition and development of new neighborhood parks that serve the new housing, generating the fees. The strategic plan recommendations reflect this policy.

It should be noted that, unlike the C&C Tax revenues, there are no strict allocations of in-lieu fees by council district since some neighborhoods may span more than one council district. However, the Park In-Lieu Fees must be used to expand, enhance or renovate the recreational opportunities servicing the new development generating the fees. When the fees cannot be used for acquisition and development due to a lack of supply of suitable vacant or underutilized parcels, the fee revenue will be allocated first to development of currently undeveloped neighborhood/community parkland and, second, to renovation of existing neighborhood park facilities to address the impact of new residents.

The PDO and PIO were amended in 1998. At the same time, the Park In-Lieu Fees were revised in order to reflect the cost of land in San Jose based on a land value study. The Park In-Lieu Fees now range between \$3,550 and \$9,400 per single family unit, depending on the MLS zone. Since June 1998, the City has collected about \$4.5 million annually in Park In-Lieu Fees as compared to a total of \$12.7 million collected between 1989 and 1998, or about \$1.4 million annually.

### **Projected Park Dedications and Impact Fees from PDO and PIO**

Based on development projects in the pipeline, the City expects to receive 27 acres of neighborhood parkland over the next two to three years. This compares to about 26.6 acres of neighborhood parks dedicated to the City under the old PDO between 1989 and 1998, or about 3.0 acres per year. It is anticipated that the majority of contributions under the PDO and PIO will be in the form of parkland dedication. Nevertheless, in many cases, in-lieu fees will be accepted and the Park Trust Fund may see some significant increases. It is City policy to budget actual receipts of Park In-Lieu Fees since it is not possible to accurately predict when a project will be built and whether a developer will choose to develop a facility or pay the in-lieu fees.

The City of San José, according to the latest ABAG projections, is expected to add another 163,700 residents by 2010. The PDO and PIO would require dedication of 491 acres of neighborhood/community parkland to serve these new residents, or about 49 acres per year. There would need to be additional funds allocated from the C&C Tax, or from other sources to develop and improve these park acres. Alternatively, the City may receive a lower number of dedicated parkland acres that are improved by developers and turned over to the City ready for public access and enjoyment, known as "turnkey parks." Furthermore, as described above, developers can satisfy their park dedication obligation through private recreational improvements under the PDO and PIO Ordinances.

It is unlikely that the City will achieve 49 acres annually in park dedications because the current real estate boom cannot be expected to continue indefinitely and the City has a limited remaining residential land supply. As land supply dwindles, the City will need to look for redevelopment opportunities and other methods for creating new and/or expanded and improved existing neighborhood/community parks. For example, the City will need to continue its policy of looking for creative joint-use opportunities with other agencies, such as the school districts and the Santa Clara Valley Water District.

It is difficult to project precisely future Park In-Lieu Fee revenues since they depend on several variables including: (1) location of the project in an exemption area to the PDO/PIO requirements; (2) whether the obligation is satisfied by land dedication or payment of in-lieu fees; (3) the extent of private recreational improvements provided in the project; (4) the location of the development, which determines the per unit fee amount; and (5) real estate development activity. Assuming that the current PDO and PIO remain as adopted City policy, and residential development continues at its average historical levels, the City could receive: (1) approximately 100 acres of neighborhood/community parkland by dedication between 2000 and 2010, based on dedication of about 10 acres per year; and (2) \$45 million in Park In-Lieu Fees from residential developers, based on annual receipts of \$4.5 million over the last two years.

## **Operating and Program Revenue Recreation Program Fees and Charges**

The Parks, Recreation, and Neighborhood Services Department collects revenue to offset the cost of programs, such as classes, sports field reservations, gym and fitness center use, community center facility rentals, recreational swimming lessons, and Neighborhood Services Division fee programs. During 1998-99, \$3.1 million in such fees were collected, nearly 80 percent of the direct cost for providing these services. Updated data are not yet available for fiscal year 1999-2000. City policy seeks 100 percent cost recovery for many of these programs. In any case, program revenue can only be expected to defray part (or all) of direct program costs. It will not be a source of capital financing.

## **Visitor Services and Facilities Program Operating Revenue**

The Visitor Services and Facilities Program Operating Revenue Program is funded by fees and General Fund appropriations. The majority of these revenues are derived from parking and admission fees charged in citywide parks and from reservation fees for picnic sites. Some parks are also available for major events, such as festivals and weddings. Approximately one-third of the \$10.2 million in operating costs is covered by parking and admission fees, concession sales, and rental income. Happy Hollow Park and Zoo is at 90% cost recovery and Family Camp is at 100% cost recovery for operations, excluding capital costs.

The Program also administers several public-private joint ventures, including the Raging Waters theme park in Lake Cunningham Park, the Hayes Conference Center, the Ice Centre, Muni-Stadium, Municipal Golf Course, and the new 9-hole Rancho del Pueblo golf course.

**Concession and Lease Revenues**

Concession and lease revenues are funds obtained from businesses that operate on City property. The City currently receives lease revenues from commercial operators in public parks. In Lake Cunningham Park, the City receives about \$205,000 annually from the commercial operator of Raging Waters. The City owns the land and the structures associated with the Raging Waters water theme park, and the private operator pays annual rent to the City for use of the theme park. The lease payments are tied to the financial performance of Raging Waters. When Raging Waters was created, it was originally hoped that the lease revenue and related income from the theme park would be sufficient to cover all operating expenses of Lake Cunningham Park and pay for substantial capital improvements to this largely undeveloped park. However, visitation rates have not increased as expected at Raging Waters. The Lake Cunningham Fund is not entirely self-financing and requires periodic appropriations from City capital funds for needed capital improvements.

The City also receives payments from the operator of the San Jose Municipal Golf Course. The City owns the golf course land and improvements, and the golf course operator is responsible for operating and maintaining the facility and for providing capital improvements. The operator pays monthly rent to the City based upon a percentage of gross receipts.

There may be additional opportunities to develop concession arrangements with private companies. For example, there are vendors in other cities who are developing and operating public sports fields for a share of use-related income.

**Parking Fees**

The City receives about \$350,000 annually from parking fees collected in Lake Cunningham Park, which are dedicated for Lake Cunningham Park improvements and to partially support Lake Cunningham operations and maintenance. The parking revenues collected from Lake Cunningham Park were shared with the commercial operator of Raging Waters. Raging Waters receives \$1.00 of the \$4.00 parking fee per car and the City receives the other \$3.00 per car. This arrangement was instituted for the first five years of a renegotiated agreement with a new term in recognition of Raging Waters' capital investment in new structures, such as a wave pool and additional slide towers. The rental credit has expired with the 2000 season.

Parking fees are also collected in many citywide and regional parks. These fees are used to partially fund park operating and maintenance expenses, as discussed in the section on operating budgets.

**Interest Income**

The City receives about \$500,000 annually from interest income earned on the Park Trust Fund balance of unexpended Park Impact Fee revenues. This amount will fluctuate from year to year as fund balances are drawn down and new Park Impact Fees are collected. The Lake Cunningham Fund and the Emma Prusch Fund also receive interest income of about \$45,000 and \$5,000 annually, respectively. Interest income from district capital funds is transferred to the General Fund. There are some restrictions on use of interest income.

## **Discretionary Local Funding**

### **General Fund Transfers to Capital Improvement Program**

There is currently no policy regarding regular funding by the General Fund for parks and recreational facilities. The amounts fluctuate from year to year, depending on the City's fiscal health. At the height of the recent California recession in 1993, no General Fund transfers were made to the CIP. In 1998-1999, the General Fund contribution to Parks CIP projects totalled \$8.8 million. The General Fund transfer to the CIP for parks and recreational facilities was increased to an estimated \$9.2 million in 2000-2001. The funds were mainly used for improving signage and interpretive displays in regional parks, improving playgrounds, hardscape and turf improvements at neighborhood parks, clean up along trails and creeks, and providing matching grants for pool renovations at schools with City summer swimming programs.

## **Intergovernmental Funding Sources**

### **Santa Clara County Open Space Authority**

In 1994, Santa Clara County residents approved a benefit assessment of \$25 per parcel to fund the Santa Clara County Open Space Authority. The mission of the Authority is to preserve and protect "a well-balanced system of urban and non-urban areas of outstanding scenic, recreational, and agricultural importance." The funds from the assessment revenues are first used to pay for the Authority's operations. Eighty percent are for the Authority's acquisitions within the jurisdiction of the Open Space Authority. The remaining 20 percent is allocated to Open Space Authority participating jurisdictions, based on their share of the total number of

parcels within the assessment district. San Jose, as the largest participating city, receives the largest share of the assessment revenues, or approximately \$450,000 annually from the Open Space Authority.

Until recently all assessment revenues remained unspent while a four-year legal battle ensued between the Open Space Authority and the Santa Clara County Taxpayers' Association regarding the validity of the assessment. Approximately \$1.8 million, representing San Jose's share of the assessment revenues, accumulated while the lawsuit proceeded. In October 1998, the Open Space Authority prevailed and these funds are now available for spending on open space projects. Such projects must be approved by the Open Space Authority's Board. The City did spend \$800,000 of the accumulated Open Space Authority Funds on expansion of the Calero Reservoir County Park. Future funds from the Open Space Authority will most likely be used for acquisition and/or improvements to regional facilities, such as creek trail corridors or open space projects.

### **Redevelopment Agency Tax Increment Funding**

The San Jose Redevelopment Agency has been very active over the last 15 years in the downtown area and has played a significant role in funding many public facilities. The Agency's role is primarily to create economic benefits. Therefore, parks can only be funded by the Agency as part of a broader objective of economic revitalization.

The Agency has played a significant role in the construction and development of the Guadalupe River Park, which is a

multi-agency effort combining flood protection funds from the U.S. Army Corps of Engineers with tax increment funding from the Agency. The entire corridor is a significant regional recreational resource that stretches from the San Francisco Bay to the hills above Santa Clara Valley. The Agency has spent approximately \$65 million of tax increment funding on the downtown section of the Guadalupe River Trail Corridor, which consists of three miles of river corridor and approximately 25 acres of parkland known as the Guadalupe River Park. The total cost of the Guadalupe River Park project, which is a combined recreational and flood control facility, is about \$85 million. The Agency's future involvement in this project is budgeted to another \$5.0 million in planned park design and improvements. Other tax increment funded projects in the downtown area (Council District 3) include the citywide parks, Plaza de Cesar Chavez and St. James Park.

The expansion of redevelopment areas if approved under the Strong Neighborhoods Initiative will provide additional options for the Agency to support future park development as part of economic revitalization.

### **Grant Funding Sources**

#### **Trail Grants**

The City has been successful at attracting grants from a variety of federal, state, and local sources. Two successful examples include trail grants. In 1997-1998, the City received a total of \$734,000 in state, federal, and County grants, mainly for trail improvements and park and historic building

improvements. In 1998-1999, the City received approximately \$1.3 million in state and County grants for capital projects and no federal grants. The City has secured trail grants from the Transportation Fund for Clean Air (TFCA) for improvements to the Guadalupe River Trail, which included South Reach 13 and the Yerba Buena Gap. The City recently was awarded a \$350,000 grant in combined funding from the TDA and the TFCA (administered by the Valley Transportation Authority) for improvements to the Los Gatos Creek Trail. Updated data for fiscal year 1999-2000 are not yet available.

Several emerging state and federal grant programs create new opportunities for the City. The strategic plan creates a framework and details projects for which grant funds can be pursued.

#### **State Bond Grants**

The voters of the State passed Proposition 12, a Park Bond Act that will make capital funds available to local jurisdictions based upon categorical allocations and competitive grant applications. Proposition 13, passed at the same time, will also offer opportunities for open space funding associated with watershed protection.

#### **Federal Program Grants**

The City of San José historically received several grants from the Federal Land and Water Conservation Fund (LWCF) for parkland acquisition and from transportation-related sources for bicycle trails. Recently, the City received \$209,000 in

federal funds comprised of a \$90,000 Federal Emergency Management Act (FEMA) grant for repairs of extensive flood damage at Alum Rock Park and a \$119,000 Intermodal Surface Transportation Enhancements Act (ISTEA) grant for improvements to the Los Alamitos/Calero Creek Trail Corridor. The City also secured a \$445,000 state grant from the Transportation Development Act (TDA), Article 3 for improvements to the Los Gatos Creek Trail.

Additional federal funding opportunities include funds available through the Transportation Equity Act for the 21st Century (TEA-21). In particular, the programs that should be tracked include the Recreational Trails Program, which funds up to 80 percent of project costs on a wide range of motorized and non-motorized trail projects, and the Transportation Enhancement Activities funds, which pay for urban parks landscaping, beautification, and pedestrian facilities, as well as historic facility acquisition and preservation. The proposed Conservation and Reinvestment Act could provide \$2.8 billion in gas and oil-drilling fees annually until 2015 for conservation activities nationally, including the purchase and/or development of urban parks, recreation areas and facilities.

### Private Grants and Endowments

Private grants and endowments are an area that has not yet been developed by the City as a major funding source. With the emerging wealth in the region, it seems that this source, successfully used in other jurisdictions, could be further developed. For example, the Prospect Park Alliance in

Brooklyn, New York, is a private group that has raised funds from for-profit companies and wealthy individuals.

### Financing Strategy

Creation and implementation of a financing strategy is an integral part of the overall *Greenprint for Parks, and Community Facilities and Programs*. The financing strategy addresses the first two phases of the strategic plan, between the years 2000 and 2010. The total cost of parks and recreation projects during this period is in the range of \$400 million (see Table 1). Funding that may be available from existing and likely sources is approximately \$210 million. Thus, a shortfall of at least \$190 million exists. Funding beyond 2010, assuming a base amount of funding similar to the previous 10-year period, would be over \$475 million short. Due to the uncertainties related to existing funding as well as the overall shortfalls, a range of actions should be considered by the City to increase funding available for parks and recreation facility development, as well as ongoing operations and maintenance functions.

1. *Explore City General Obligation Bond Funding.* The City is currently considering a General Obligation Bond of slightly over \$500 million for parks and recreation and other capital improvements.
2. *Amend the PIO/PDO.* The City should review the PIO and PDO in view of the strategic plan and other



developments. A number of changes could increase revenues and/or land dedicated. The options include: (1) adjusting the current policy of exempting residential development in the downtown area and most of the Downtown Frame from the PDO/PIO in view of the number of units being constructed; and (2) annually adjust the in-lieu fee schedule to reflect the cost of land acquisition.

3. *Increases to the C&C Taxes.* The City could consider an increase in taxes associated with the C&C Taxes. This would require approval by two-thirds of the voters.
4. *Pursue Agency Support of Parks and Recreation Projects in Redevelopment Project Areas.* The expansion of redevelopment areas, if approved, under the Strong Neighborhoods Initiative will provide additional options for the Agency to support future park development as part of economic revitalization.
5. *Pursue Joint Use Projects.* Joint use projects have the opportunity to achieve adopted goals and other policies at a reduced cost. The City will need to continue to aggressively pursue joint funding and facility cost-sharing opportunities with the 19 school districts and two college districts within the City of San José, Santa Clara County, the Santa Clara Valley Water District, and private foundations. Joint-funding opportunities for operations and maintenance of community facilities and schoolyards/fields should be explored in addition to capital cost sharing. While a few agreements of this nature have been negotiated for joint use of flood control projects, there are many more opportunities in the City for creating linear parks and trails and establishing key linkages along flood control channels as part of the City's "green infrastructure."
6. *Expand Use of General Plan and Zoning Requirements.* General Plan policies regarding in-fill areas and park-deficient neighborhoods should be reviewed to encourage private provision of parks, urban plazas, trails, linear parks, and greenways, and other amenities in fully developed, park-deficient neighborhoods and in-fill areas. Additionally, consideration should be given to expanding the types of recreational amenities that may be eligible for credit against the PDO/PIO requirements in designated in-fill areas.
7. *Aggressively Pursue State and Federal Grants.* The strategic plan can assist the City in matching future park and recreational facility needs to potential new funding sources. A careful assessment of existing and emerging grant programs should be conducted and matched

between specific grant project criteria and strategic plan projects identified.

8. *Establish a Parks and Community Facilities Foundation.*

Establishing a tax-exempt foundation with key community leaders involved could attract private contributions, endowments, and corporate sponsorships. The community relations benefits of such contributions could be attractive to individuals and businesses in the City, while similar tax benefits would be received for contributions to the City for park and recreational purposes. These foundations vary in their focus from park-specific to citywide activities. Examples include the Prospect Park Alliance in Brooklyn, New York, and the Downtown Partnership in Sacramento.

9. *Consider Voter-Approved Operations and Maintenance*

*Funding Sources.* There are a number of operations and maintenance funding sources available which require voter approval. These mechanisms require a two-third voter approval, which has proven difficult to achieve for many jurisdictions.