



# Memorandum

**TO: HONORABLE MAYOR &  
CITY COUNCIL**

**FROM:** Councilmembers  
Sam T. Liccardo  
Nancy Pyle

**SUBJECT: COMMUNITY CENTER  
REUSE POLICY**

**DATE:** April 21, 2008

Approved

Date  
*Nancy Pyle*  
LW.

4-21-08

## RECOMMENDATION

Amend the proposed Council Policy on “Free Use of Community Center Reuse Sites in Exchange for Services that Primarily Benefit San Jose Residents” (Attachment I to the staff memorandum) on page 3, paragraph 1, to allow for a term of five (5) years for any community center whose lease term is not restricted by Article XVII, Section 1700 of the City Charter.

## BACKGROUND

We commend staff’s diligent efforts to craft a revised Community Center Reuse Policy, which ably reflects many months of stakeholder outreach and policy analysis.

One concern arises, however, from staff’s proposal to restrict any property use agreement with a nonprofit to “not more than three (3) years.” (page 3) This restriction appears appropriate where the City Charter’s three-year restriction applies to the lease of parkland, and 6 of our community centers sit on city parks, thereby limiting leases at those sites. For the majority of our community centers, however, the Charter is silent as to the lease term.

The problem arises from a simple concern: nonprofit organizations—or at least the financially responsible organizations that we seek to attract--won’t engage in leases for that short a duration. A November 27, 2006 memorandum that staff prepared for Council’s study session that day makes that fact plain, and we’ve attached excerpts for our colleagues’ review.

Specifically, on pages 8-9 of that memorandum, the staff memorandum reflects “findings” from the “nonprofit and philanthropic community” regarding their intentions and needs with any systematic reuse policy. Staff reported that “Without a funding strategy in place to minimize the nonprofits’ maintenance and operating costs, *or without multiyear agreements (five-year minimum) in place, finding willing nonprofits will be a consistent concern.*” The report continued that “feedback from the nonprofit and philanthropic community indicate[s] . . . *nonprofits would need a minimum five-year operations agreement.*”

In other words, uniformly limiting the lease terms to three years ties our hands—and the hands of our community partners—in a way that virtually guarantees the failure of the proposed Policy.

The Parks Commission has twice considered a proposed revision of the Charter to lengthen the duration of City leases on park land, and voted unanimously to move a proposal forward on April 16, 2008. The Rules Committee will ultimately determine whether Council has the opportunity to decide to put such a measure on the ballot, but regardless of the outcome of that issue, the 11 reuse sites not governed by the Charter restriction should not be bound by the same constraints.

**CITY COUNCIL STUDY SESSION**

on the

**FACILITY RE-USE STRATEGY**

City Hall – Council Chambers

December 8, 2006

1:30 - 4:00 p.m.

**AGENDA**

1. Opening Remarks & Facility Re-Use Overview Albert Balagso, Director, PRNS
2. Facility Re-Use Report Out Angel Rios, Deputy Director, PRNS  
Community & City Panel
  - a. Community Outreach/Engagement
  - b. Facility Conditions Assessment
  - c. Community Process Findings
  - d. Facility Re-Use Options
4. City Council Discussion
5. Public Comments
6. Adjourn

- Without a funding strategy, it is unlikely that the City's proposal would have many interested operators.

## 2. Community Input Findings

Staff found that the general sentiment in the community is clearly against closing any community centers. When challenged with the inconsistency of this sentiment and the approval of the Measure P Bond Act, residents responded that their approval of the Bond Act was with the expectation that no existing centers would be closed. Feedback from the four regional community meetings and individual focus groups indicate:

- The community and Strong Neighborhoods Initiative Project Advisory Committee do not support closing any of their neighborhood-based centers.
- The community generally prefers the City to continue to operate the City's neighborhood-based centers. Neighborhood Associations were the second preferred option.
- While residents appreciate the newer, larger facilities, they do not want to lose access to their neighborhood-based centers.
- Residents expressed concern that nonprofit operated centers could result in higher program fees, or feared the loss of some programs.
- Many residents expressed fear that the closing of their neighborhood-based centers would result in increased gang/drug/graffiti/vandalism/juvenile delinquency activity in their neighborhoods.
- Many residents feared youth would get into trouble if programs currently offered ceased to exist.
- Facility restrooms, where they existed, were considered essential and many residents requested that the restrooms should be open for longer periods of the day.
- Many residents feared a loss of "community" and "family" with the closure of their neighborhood-based centers.

## 3. Nonprofit and Philanthropic Community Findings

As alluded to above, nonprofit agencies felt that the City was attempting to resolve its financial problems on the backs of nonprofits, and would be blamed for not "stepping up" to provide services when the responsibility lies with the City. Without a funding strategy in place to minimize the nonprofit's maintenance and operating costs, or without multi-year agreements (five-year minimum) in place, finding willing nonprofits will be a consistent concern. Feedback from the Nonprofit and Philanthropic Community indicate:

### Nonprofit Community

- Nonprofits want the City to cover Maintenance, A.D.A., Utility, and Major Building Systems Repair Costs.
- Nonprofits may need an operational subsidy.
- Nonprofits would need a minimum five-year operations agreement.

- Nonprofits would need an exemption from the City's Fee Generation Guidelines so that they may follow their own business model. This may result in higher fees, or it could result in lower fees.
- The City must pay for programs it requires a nonprofit to provide in the community.

### **Philanthropic Community**

- The philanthropic community's indirect capacity to absorb costs through grant giving has decreased because of significant declines over the last five years in grant funding, individual giving, the loss of major local corporations, funding elimination, and funding shifts. (e.g., The Valley Foundation is shifting its funding to focus on medical needs and issues.)
- Other funding trends that will affect grant funding include decreased foundation grant budgets as their endowments decline, shift from local support to international support, and local government funding cuts to nonprofits.
- The health of the nonprofit sector faces significant challenges due to its limited fundraising capacity and lack of diverse fundraising sources, staff, and budget downsizing, stagnant nonprofit income coupled with a dramatic rise in the demand for services, rise in the cost of doing business due to health care costs, workers compensation, and inflationary costs.
- Many nonprofits operate "close to the edge." Only two-thirds of nonprofits have operating reserves, and on average, reserves would carry an organization for only six months.

As noted in the Executive Summary, staff is grappling with the following three divergent realities:

1. An increased public demand and expectation for recreation services as the projected population of San José increases,
2. An approximate doubling of community center square footage resulting from the passage of the Measure P Bond in September 2000, and
3. Declining Community Services Division staffing levels (-49.7%) coupled with decreased operational revenues (-25%) since FY 2001-02.

### **Greenprint for Parks and Community Facilities and Programs, A 20-Year Strategic Plan**

There is a vast disconnect between the resources allocated for the operations of community centers, and the staffing standards set forth in the Council approved Greenprint from Parks and Community Facilities: A 20-Year Strategic Plan:

- The existing Community Services Division staffing allocation is 6.75 FTEs per Community Service Area (CSA). Ten separate CSA's correspond to each Council District.