



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jon Cicirelli
Kim Walesh
Jim Shannon

SUBJECT: SAN JOSÉ AL FRESCO
ACTIVATION

DATE: June 8, 2020

Approved

Date: 6/8/2020

RECOMMENDATION

1. Approve the following amendments to the 2020-2021 Proposed Operating Budget in the General Fund:
 - a. Increase the estimate for Revenue from Local Agencies by \$189,000; and
 - b. Establish the San José Al Fresco Activation City-Wide Expenses appropriation to the Parks, Recreation, and Neighborhood Services Department in the amount of \$189,000.

BACKGROUND

This Manager's Budget Addendum responds to an information request made by the City Council during the City Council Budget Study Session on May 15, 2020. The City Council directed staff to report on the following:

- 1) The expected net cost to the City for the current model for *Viva CalleSJ/Viva Parks*, as included in the 2020-2021 Base Budget;
- 2) The amount of any sponsorship or other external revenue collected in 2019-2020 that remains unspent due to activation cancellations;
- 3) The feasibility of repurposing Measure B funding previously identified for *Viva CalleSJ* for other open streets programs, including San José "Al Fresco" and, if Measure B funding is not allocated for applicable uses, determine if the funding must be returned; and
- 4) The identification of alternative approaches to support San José Al Fresco activation, as well as street and park activation given social distancing limitations.

In accordance with the Department's ActivateSJ strategic plan, that was accepted by the City Council on December 10, 2019, the Parks, Recreation and Neighborhood Services Department's (PRNS) mission is to connect people through Parks, Recreation and Neighborhood Services for an Active San José. PRNS is focused on placemaking and public life as a part of that strategic plan as it seeks to achieve departmental goals and community outcomes of health, wellness and economic stimulation. Placemaking is the process of intentionally creating quality places,

wherein people want to live, work, play, and learn. The intent is to facilitate community building, encourage civic ownership of public spaces, and increase opportunities for engagement in public life.

In alignment with the PRNS's vision of *healthy communities that inspire belonging*, staff's approach to placemaking has been one based on inclusivity, taking advantage of San José's built environment and community programs to promote public life opportunities that are available to all residents. PRNS's showcase event, *Viva CalleSJ* has elevated San José as a national leader in placemaking through open streets by reimagining how our community interacts with city streets. *Viva Parks*, another key placemaking program, provided 51 neighborhood activations last summer in 17 neighborhood parks in disadvantaged communities across five Council Districts throughout east and downtown San José. Both of these programs promote public health by using "upstream" approaches to prevent and address obesity, violence and crime within our community by fostering greater trust among neighbors, building social cohesion across the city, and increasing physical activity. These programs underpin the PRNS's ActivateSJ guiding principles of equity and access and public life.

Due to the COVID-19 pandemic, the need to maintain the social distancing necessary to protect public health is expected to continue for an extended period of time. Large gatherings of closely-grouped individuals will likely be the last activity to resume. As a result, and in response to the significant General Fund budgetary shortfall anticipated for the following year, the 2020-2021 Proposed Operating Budget includes the elimination of the Placemaking and Activation allocation that funds the *Viva CalleSJ* and *Viva Parks* programs, which was scheduled to be funded on a one-time basis in 2020-2021. Any alternative activations of public spaces need to carefully consider social distancing requirements and will need to look much different than previous events.

ANALYSIS

1) Net Cost of the Current Placemaking Team Staffing Model

The 2019-2020 Adopted Operating Budget authorized the Placemaking and Activation program in PRNS for two years. In 2019-2020, the budgeted net program cost was \$784,409, which included expenditures of \$1,025,909 million offset by grant and sponsorship revenue of \$241,500, including \$144,000 from Measure B. An additional \$500,000 was placed in reserve to help offset costs in 2020-2021, with the hope that sponsorship and grant funding would increase.

Table 1 below identifies the individual cost components and assumed revenue loss included as a reduction proposal in the 2020-2021 Proposed Operating Budget (see Placemaking and Activation Elimination proposal that can be found on page VII-230). The direct net cost to the General Fund would have otherwise been \$855,000.

TABLE 1 – Net Cost of Placemaking Team and Activation Included as a Reduction Proposal in the 2020-2021 Proposed Operating Budget

Classification	FTE	Cost
Recreation Superintendent	1.0	\$219,320
Events Coordinator I	3.0	\$387,398
Recreation Leader PTU	3.0	\$112,728
San Pedro Square Events Coordinator I PTU	0.5	\$37,317
Total Personal Services Cost	7.5	\$756,763
Total Non-Personal/Equipment Cost		\$242,000
Total Cost		\$998,763
Measure B Revenue Offset		(\$144,000)
Net Costs in 2020-2021 (Prior to the reduction proposal)		\$854,763

2) Unspent External Revenue/Sponsorships from 2019-2020

There are no unspent grant or sponsorship revenues available in 2019-2020. While several agreements totaling \$126,400 were in negotiations in late winter for the May 2020 Viva CalleSJ event, those discussions and commitments ceased once the County of Santa Clara instituted its Shelter-in-Place order on March 17, 2020. Consequently, the associated revenues were never received.

May 2020 Viva CalleSJ Sponsorships/Grants Lost Due to COVID-19:

Agency	Amount
County of Santa Clara Public Health	\$22,500
Google	\$25,000
Jay Paul	\$20,000
AARP	\$10,000
San Jose Clean Energy	\$10,000
Local 393	\$10,000
Bay Area Quality Management District	\$10,000
Lyft	\$5,000
eBay foundation	\$5,000
Bicycle Blue Book	\$2,000
The Health Trust	\$2,500
Booth space revenue	\$4,400
Total Lost Sponsorships/Grants for May 2020 Viva CalleSJ	\$126,400

There an annual allocation of \$144,000 for the Viva CalleSJ Program from the Valley Transportation Authority (VTA) 2016 Measure B funds that is discussed further below. The

contract execution occurred recently and PRNS will seek reimbursement for activities that occurred in 2019. No funds have been reimbursed from VTA for any previous events.

3) Feasibility of Repurposing Measure B Funding

In accordance with the 2016 Measure B half-cent sales tax measure passed by voters, the Valley Transportation Authority (VTA) intends to allocate funding under the Bicycle and Pedestrian Education and Encouragement program category to activities that promote, educate or encourage safe walking or bicycling for residents or visitors of every age and ability and, communicate the benefits of walking and bicycling.

The Department confirmed with VTA and the Department of Transportation (DOT) that the annual allocation of \$144,000 for the Viva CalleSJ Program may be repurposed to multiple smaller open street activation events that promote walking and biking and are centered around neighborhood business districts, working al fresco/outdoor dining concepts into its activation program as the main focus or draw. These city-wide activations with Al Fresco will require the same experience and skills offered by the PRNS Placemaking staff to be successful, in coordination with the Office of Economic Development (OED), DOT, Police Department, and other City departments. To be eligible for Measure B Education and Encouragement reimbursement, these events must actively work to promote safe walking and biking, and have a clear measure of effectiveness. The VTA must pre-approve activities and their corresponding goals/metrics for guaranteed reimbursement. DOT will work closely with PRNS and OED to develop the workplan and submit for approval prior to any event.

If Placemaking is not funded for 2020-2021, the VTA Measure B balance of \$144,000 would default back to (DOT); staff would need to renegotiate the workplan associated with the funding and could potentially be spent on supporting the Walk and Roll school program.

4) Alternate approaches to support San José Al Fresco and other activation efforts

Three options to support San José Al Fresco and other activation efforts are described below. Due to immediate funding limitations, only Option 1 is recommended as part of this memorandum.

The Emergency Order signed by the City Manager on June 4, 2020 launched the first phase of San José Al Fresco. Phase 1 is the temporary relaxation of existing regulations to allow the use of outdoor areas next to businesses – both sidewalks and private lots – for expanded business operations. To meet new County health requirements, there will likely be a variety of proposed Al Fresco initiatives that contemplate expansion of outdoor dining and business operations into adjacent public parking spaces and/or roadways. These activities may vary in duration and frequency. As Al Fresco initiatives are identified, staff from the pertinent City department(s) will need to engage and respond.

Option 1 – Al Fresco 2020. This option recognizes revenues of \$189,000 – Measure B grant funding of \$144,000 and a grant from County of Santa Clara Public Health of \$45,000 to promote healthy living – and allocates these revenues to a new San José Al Fresco Activation

City-Wide Expenses appropriation. This seed funding will help support public activation efforts surrounding the San José Al Fresco initiative. While the Coronavirus Relief Fund is currently anticipated to allocate \$300,000 to support an Al Fresco program in the form of supplies and materials to close streets to facilitate outdoor dining¹, additional marketing and activation support, especially in areas outside of the downtown core, will help drive program success. As staff continues to develop the Al Fresco delivery model, this funding can be leveraged in the future to support program implementation, and could be added to if additional grant and sponsorship funding is realized. Option 1 is recommended with this memorandum.

Options 2 and 3 below would restore the PRNS Placemaking and Activation Team on a one-time basis in 2020-2021. Dependent on the level of resources allocated, PRNS would coordinate with OED and other department partners and external stakeholders to reimagine City-led activation programming including *Viva CalleSJ*, *Viva Parks* and other opportunities along the *San José Al Fresco* continuum. A phased plan to coordinate activations in accordance with State and County health orders and City reopening timelines would be a key deliverable. All social distancing requirements would need to be built into street, park, and public space activations. In addition, the team would prepare communication and marketing efforts to create awareness of all health guidelines and update those as re-opening orders are announced.

Event Coordinator and Recreation Leader positions are integral to planning and coordinating placemaking events. Stakeholders in the business, bike/pedestrian, park advocacy, and neighborhoods communities continue to seek guidance on future open streets and park activations. Coordinating these various partners necessitates a management-level leader to convene and direct the complex nature of placemaking, including the framing of a new collaborative approach that fits the needs of an evolving City public life as we find our way through and out of the current COVID-19 pandemic. To deliver a high-quality placemaking strategy, a complete team of a manager, coordinators/planners, and activation field staff is necessary.

Option 2 – Al Fresco 2020 and Viva CalleSJ 2021. Option 2 provides the management, coordination, and implementation of a modified Viva CalleSJ model focused in some of the city’s business districts to support economic stimulation and recovery. Together with other pertinent city staff, the PRNS Placemaking team will engage in identifying the areas of the city in which full street closures could be most beneficial to the surrounding neighborhood and business community. To ensure equitable city-wide implementation of this opportunity, PRNS will coordinate with OED and reach out to businesses and under-resourced neighborhood business associations where support and engagement is critical. Option 2 is the minimum staffing model necessary to implement Al Fresco-related activation initiatives in three to five commercial districts in the city. Al Fresco reduces the economy of scale from Viva CalleSJ due to the activation of different unconnected locations around the City at different times and in different intervals versus a contiguous open streets activation all at once. This results in staff and non-personal/equipment resources being stretched to multiple

¹ [MBA #20, Coronavirus Relief Fund and Resident Assistance](#)

locations. Option 2 includes provisions for a modified/reduced version of Viva CalleSJ in May 2021, but does not include resources for Viva Parks. Resources for DOT and the Police Department to support Al Fresco activations are included within the Coronavirus Relief Fund.

Option 2 – Al Fresco 2020 and Viva CalleSJ 2021

Staffing	Proposed FTE	Costs
Recreation Superintendent	1.0	\$219,320
Events Coordinator I	1.0	\$129,132
Recreation Leader PTU	2.0	\$75,152
Personal Services Allocation	4.0	\$423,604
Non-Personal/Equipment Allocation	N/A	\$65,000
Cost Total		\$483,604
VTA Measure B Revenue		(\$144,000)
County of Santa Clara – Public Health Revenue		(\$45,000)
Revenue Total		(\$189,000)
Net Cost		\$294,604

Option 3 – Al Fresco 2020, VivaCalleSJ 2021, and Viva Parks 2021. Option 3 would provide the management, coordination and implementation of open street and park activations such as elements of San Jose Al Fresco 2020, Viva CalleSJ in May 2021, and Viva Parks 2021. This staffing level would accommodate a maximum of 15 park activations. The number of Al Fresco initiatives or activations would be determined in consultation with DOT, Police Department, OED, and community partners.

Option 3 – Al Fresco 2020, VivaCalleSJ 2021, and Viva Parks 2021

Staffing	Proposed FTE	Costs
Recreation Superintendent	1.0	\$219,320
Events Coordinator I	2.0	\$256,912
Recreation Leader PTU	2.0	\$75,152
Personal Services Allocation	5.0	\$551,384
Non-Personal/Equipment Allocation	N/A	\$242,000
Cost Total		\$793,384
VTA Measure B Revenue		(\$144,000)
County of Santa Clara – Public Health Revenue		(\$45,000)
Revenue Total		(\$189,000)
Net Cost		\$604,384

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PRNS continues to engage its past, current, and potential partners to explore their receptivity to renewing and/or repurposing their prior grant and sponsorship commitments and intentions in light of the City's hope to continue a reimagined placemaking and public life effort. Commitments are limited to those provided by the Santa Clara County Public Health Department and VTA Measure B due to the uncertainty with health orders and the future of placemaking. At this time, only \$189,000 from VTA and the County is recommended to be recognized as available revenue in 2020-2021. If Placemaking events are funded in 2020-2021, additional revenue adjustments may be brought forward later in the fiscal year once agreements to support activations are executed.

Potential 2020-2021 Additional Sponsorship/Grant Revenue:

Agency	Amount
Stanford Children's Health	\$25,000
Google	\$25,000
AARP	\$10,000
San Jose Clean Energy	\$10,000
Bay Area Quality Management District	\$10,000
Satellite Homes	\$ 9,000
Lyft	\$5,000
Total	\$94,000


Option 1 is recommended in this memorandum, which includes the recognition of committed grant revenue of \$189,000 that is allocated to a City-Wide expenses appropriation. This allocation will serve as seed funding as staff develops public activation efforts surrounding Al Fresco. Options 2 and 3 require additional resources to fully implement, which are not identified at this time.

COORDINATION

This memorandum was coordinated with the Department of Transportation.

/s/
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/s/
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