



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Angel Rios, Jr.

SUBJECT: SEE BELOW

DATE: October 19, 2015

Approved

Date

10/30/15

COUNCIL DISTRICT: 3

SUBJECT: SAINT JAMES PARK REVITALIZATION STRATEGY

RECOMMENDATION

1. Accept and support the Saint James Park Revitalization Strategy (Strategy) outlined in this memorandum;
2. Direct staff to meet with stakeholders, reporting to the Director of Parks, Recreation & Neighborhood Services, to assist in the implementation of the Strategy;
3. Adopt a resolution to:
 - a. Establish a new Saint James Park Area park fee program to allow high-rise developers to voluntarily pay 50% of their parkland in-lieu fees, and to make a donation credited against the equivalent of the remaining 50% to be used for parks operations, maintenance, and activation; and allow mid-rise developers to voluntarily pay 75% of their parkland in-lieu fees and to make a donation credited against the equivalent to the remaining 25% to be used for parks operations, maintenance, and activation; and
 - b. Authorize the City Manager to execute agreements with developers within the Saint James Park Area (as defined in Attachment A) that are willing to participate in the program on the terms specified in the resolution.
4. Direct staff to return to City Council in winter 2016-2017 with a feasibility study for the potential formation of a special financing district and/or other sustainable funding mechanism for operations, maintenance and capital repairs of Downtown Parks, as well as for all parks within the City of San José. This study should be funded with an appropriate parks capital funding source.

OUTCOME

Saint James Park (Park) is located in the heart of downtown San José at the center of the Saint James Square Historic District. There are currently an estimated 2,704 households within a 1/3 mile radius of the Park with an additional 406 units on the near-term horizon already approved for development. Over the past several years, Saint James Park has seen an increase in social problems and is not actively used by residents outside of specifically planned activation efforts. The goal of the Saint James Park Revitalization Strategy (Strategy) is to take a multi-pronged approach to transforming the park into a vibrant and amazing public space that residents and employees in Downtown and beyond will brag about to their friends and families.

EXECUTIVE SUMMARY

In early 2014, the Department of Parks, Recreation and Neighborhood Services (PRNS) convened a stakeholder group and began to implement steps towards the revitalization of Saint James Park. This stakeholder group meets monthly and has implemented a multi-pronged strategy focusing on (1) park activation; (2) communications; (3) park safety/street life outreach; (4) capital vision and maintenance; and (5) park governance and sustainable funding. The Strategy has resulted in two successful summers of activating the park with family, employee and resident-friendly activities concluding with the successful Viva CalleSJ on October 11th. The team has also partnered with the San Francisco Planning and Urban Renewal Association (SPUR) which has completed a thorough review of potential short and long term governance models. There are a number of committed public and private partners participating in the stakeholder group who are working on several initiatives which will help achieve the long term goal of making the Park a vibrant public space.

As the individual components of the Strategy are implemented, future priorities and workplan items are continuing to emerge. For example, following completion of the community-based capital visioning effort for the park in late 2016, key priorities for capital improvement projects will be solidified. Additionally, PRNS is in the process of developing a public-private partnership to prototype temporary improvements to the park for next summer. These temporary improvements will serve a dual purpose of activating the park as well as informing future long-term capital improvement priorities. Additional workplan items currently underway that will define future steps in the process to revitalize the park include (1) “kick starting” the funding for operations, maintenance and activation by partnering with the development community while simultaneously working on a long-term financial strategy such as a foundation partnership and/or a special parks district; (2) focusing on alternatives that will enhance safety of park users; and (3) establishment of a feeding redirection program for the park. A summary of the Strategy is included as Attachment B of this memorandum.

BACKGROUND

Saint James Park is a historic 7.6 acre park. As noted in the 2002 Master Plan Update, it is historically one of the most important public spaces in downtown San José. The park boundaries date to at least 1848 and it appears that development of the park first began about twenty years later in 1868. The park history is full of significant events including speeches from presidential candidates, social gatherings, and civic events. The Park is listed in the National Register of Historic Places as part of the Saint James Square National Register Historic District. It is also listed as part of the City of San José's Saint James Square Historic District.

Several issues persist at the Park that are negatively impacting enjoyment of this public space. Despite the expansive green space along with benches and a children's playground, the park's neighbors, nearby employees, and other San José residents rarely use the park unless it is activated for a specific activity such as a festival or music event. In early 2014, PRNS convened interested stakeholders and formed the Saint James Park Revitalization team. The team includes a number of committed members, including but not limited to: representatives of multiple city departments, Council District 3 office, the Mayor's Office, the San José Parks Foundation, the San José Downtown Association and the San José Preservation Action Council. Additionally, Downtown residents and citywide park advocates are a committed part of the team. Together, this team has focused on a multi-pronged strategy to revitalize the park and return it to a vibrant public space in the heart of Downtown San José. To date, this has resulted in two consecutive summers of park activation through music, food, games and other events. Funding assistance for these activities has been generously provided by the Knight Foundation and other partners.

In June 2014, the Mayor and City Council approved a memorandum authored by former Mayor Chuck Reed and current Mayor Sam Liccardo. This memorandum directed staff to investigate the creation of a "Downtown Parks District" as a mechanism to help fund much needed maintenance in Downtown parks. After reviewing this direction and obtaining stakeholder feedback, staff is proposing a slightly altered version of the June 2014 recommendation in the analysis section of this memorandum.

In August 2015 SPUR published a report titled "A Roadmap for St. James Park." A link to the report can be found at SPUR's website: <http://www.spur.org/publications/white-paper/2015-08-12/roadmap-st-james-park>. The following quote from the introduction section of the report provides a summary of SPUR's position on Saint James Park:

"Now is the time for the downtown community to take the next steps and for the city to initiate a deliberate phased program of focused stewardship and enhanced resources that can transform St. James Park into the jewel it deserves to be."

For their report, SPUR conducted significant research and stakeholder outreach, which supported a phased approach to revitalizing Saint James Park starting with enhancing city governance through partnership with an advisory board followed by the ultimate transition into a partnership with a more formal foundation or conservancy. City staff attended all of SPUR's feedback

sessions and the City staff recommendations in this memorandum are very much aligned with those of SPUR.

ANALYSIS

Revitalization Strategy

As mentioned in the background section, the Revitalization Team is focusing on a multi-pronged strategy for Saint James Park (Park). The goal is to transform the park into a vibrant and amazing public space that residents and employees in Downtown and beyond will brag about to their friends and families. The key desired outcomes are:

1. Provide for a sustainable funding model for park maintenance, operations, and activation;
2. Develop a strong public-private partnership for ongoing stewardship of the park;
3. Make the park a safe, fun and desired destination that compliments the local neighborhood as well as the broader San José community; and
4. Work in parallel, and together with, the Levitt Pavilion project.

In order to achieve the above outcomes, the Revitalization Team is working on five different areas as follows:

1. Park activation;
2. Communications;
3. Park safety/street life outreach;
4. Capital Vision and maintenance; and
5. Park governance and sustainable funding.

Several key actions have occurred, or are in process, in moving each of the above areas forward over the past year including, but not limited to:

- Public-private partnerships to activate the park over the past two summers through music, games, and food as well as hosting events in the park as part of Viva CalleSJ;
- Safety improvements at the children's playground;
- Starting the capital visioning plan process which will complement the existing master plan to prioritize near, mid and long term improvements;
- SPUR's publishing of their report titled "A Roadmap for St. James Park"; and
- Launch of a new dedicated downtown street outreach team, focusing specifically on homeless individuals at Saint James Park, led by People Assisting the Homeless (PATH), a non-profit social services agency funded through the Housing Department.

Additional ongoing and future workplan items are summarized in Attachment B. The revitalization team is extremely engaged and looking forward to continuing to focus on enhancing and activating the park to make it the jewel that it deserves to be.

Partnering with Development and the Park Impact Fee Program

At the June 17, 2014 City Council meeting, staff received direction to establish a new Downtown Park Fee Program which would be available to developers who agree to enter into a parks maintenance district. Key components of the program as it was proposed in this June 2014 memo were as follows:

High-rise residential (for the first 1,000 units for projects of at least 12 stories or 150 feet):

- Enter into a parkland agreement with the City to pay 50% of parkland fee prior to Certificate of Occupancy (COO); which will be allocated to fund park capital improvements; and
- Agree to participate in the Downtown Parks Maintenance District that will provide ongoing operations and maintenance support for major Downtown parks, with a fee structure that will reflect a net present value of future payments that exceeds the remaining 50% of the fee owed by the developer. Referencing a net present value will ensure that future payments are appropriately adjusted for expected inflation.

Mid-rise residential (for the first 1,000 units for projects 6-11 stories or under 150 feet):

- Enter into a parkland agreement with the City to pay 75% of the parkland fee prior to Certificate of Occupancy (COO); which will be allocated to fund park capital improvements; and
- Agree to participate in the Downtown Parks Maintenance District that will provide ongoing operations and maintenance support for major Downtown parks, with a fee structure that will reflect a net present value that exceeds the remaining 25% of the fee owed by the developer.

After receiving stakeholder feedback for the above program, staff is recommending implementing the above program with the following key changes:

1. *Limit the boundaries and area surrounding, and benefiting, Saint James Park as shown in Exhibit 1:* The purpose of this recommendation is to indicate that this is a special circumstance which is only being pursued because the conditions at Saint James Park warrant immediate attention;
2. *Obtain all fees upfront:* Additionally, based on feedback received from the development community, it is recommended that the portion of credit against the fee intended for operations, maintenance, and activation be paid upfront as opposed to over a period of time. By obtaining this payment upfront, the City will be in a better position to utilize it for cash flow and leverage it as needs and resources change. Additionally, staff is recommending that all fees payments be consistent with the existing ordinance, which typically requires payment prior to building permit issuance; and
3. *Do not "exceed" the net present value:* In the June 2014 direction, since developers would have been allowed to pay a portion of the fee over time, the City would have charged extra so that the final fee payments "exceeded the net present value" of the

original fee owed. Since all fees are being paid up front in this new proposal, staff is not recommending any extra fees be charged.

The table below provides an example of how the fees would be distributed under the Saint James program using the projects within the boundaries shown on Exhibit 1 that are anticipated to move forward over the next decade, assuming 2,150 total units.

Saint James Program	Near Term Developments	Longer Term Developments	Total Potential Funding
Capital Revenues: To be spent on any parks and recreation capital projects within nexus area of the development	\$6.5 million	\$20.9 million	\$27.4 million
Activation, Operations & Maintenance: To be spent solely on Saint James Park	\$2.2 million	\$7.0 million	\$9.2 million

Under this proposal, the “activation, operations and maintenance” funds in the above table would all be spent solely on Saint James Park. While the capital funds above are eligible to be spent on Saint James Park as well, it is recommended that the decision for allocation of these funds continue to follow the current practice which is for staff to recommend allocation of the funding to specific projects as part of the City’s annual budget prioritization process once the fees are collected.

If the development projects near Saint James Park stay on their current schedules, it is anticipated that approximately \$2.2 million will be collected for activation, operations and maintenance over the next two years. If each collection is spread over a ten year period for use of the dollars, this would result in approximately \$150,000 to \$350,000 of additional funding per year over the next few fiscal years for operations, maintenance and park activation. It is also expected that this funding will enhance, as opposed to supplant, existing city funding targeted towards operations, maintenance and activation of Saint James Park.

PRNS is recommending that the City implement this funding plan for Saint James Park in response to the extraordinary situation occurring in Downtown San José. In order to make Saint James Park a vibrant public space, funding is needed now to solve the Park’s many complex problems. Issues such as park rules violations, public safety and security all must be addressed in partnership with the community and require funding to get started. Taking care of these basic park needs, together with capital improvements and enhanced activation, will bring Saint James Park back to the vibrant and active public space it used to be, and the iconic centerpiece that the City deserves.

The City is currently working on a capital visioning effort that will take the 2002 master plan and, in working closely with the community, prioritize short, mid and long term capital improvements for the park. The funding for enhanced activation, operations and maintenance

that will be derived from the actions outlined in this memorandum will compliment these capital improvements with service level enhancements such as increased security, custodial and maintenance activities as well as park activation and events. The funding is intended to provide direct services at the park, as opposed to paying for overhead costs or costs that occur outside of the Park. As an example, direct services for vulnerable populations are already supported by other city funding sources and are not intended to be included in this funding.

Stakeholder Advisory Group

As part of the SPUR report, it was recommended that the City work with stakeholders to obtain their input, and assistance, on the revitalization and future governance of the park. City staff agrees with this approach. The ultimate goal would be for this group to continue to evolve over the years into a formal non-profit or foundation, which would partner with the City on governance of the park. Staff is recommending that this group consist of fifteen to twenty people and include, at a minimum, representatives of the following:

1. Resident(s) near Saint James Park
2. Citywide resident(s)
3. Downtown employees
4. Downtown business owners
5. San José Parks Foundation
6. San José Downtown Association
7. San José Preservation Action Council
8. Developers with projects near the Park
9. SPUR
10. Knight Foundation
11. Downtown Homeless Outreach representative
12. City staff from various departments
13. Parks and Recreation Commission member(s)
14. Council District 3 and Mayor's Office staff

The group will serve the following purposes:

1. Advise PRNS on workplan priorities for advancement of the Strategy;
2. Advance the Strategy for the Park through an investment of time and energy; and
3. Provide support toward the formation of a formal public private partnership for future management of the Park.

In particular, it is important that members of the advisory group be willing to invest time and energy in this effort. This could be through a number of different methods such as volunteering, event organizing, research, and/or fundraising. It is only through a strong and dedicated committee of non-city staff, combined with a commitment from the City, that a true public private governance model can be formed. A great example of community members who have gone "above and beyond" in the advancement of Saint James Park are local residents Jack and Jill Sardegna. In addition to creating and maintaining an incredibly resourceful website on Saint James Park (www.stjamesparksj.org), Jack and Jill organized the "Pirates in the Park" event this past August that drew children and parents to the Park for a fun filled morning of treasure hunts.

Additionally, it is expected that the City will partner with one or more organizations in the use of funding to enhance the Park in order to ensure that resources are leveraged as wisely as possible. As an example, the City may use some of the funding to enhance existing ranger or maintenance services, but the City may partner with another organization for custodial, event, operations and/or other activation services. The sharing of the funds that are not used by the City directly will be distributed through a competitive grant cycle modeled after the City's BEST and Safe Summer Initiative Grant Program practices. PRNS will manage the process inclusive of reviews by key members of the advisory group. The process will conclude with an established pool of qualified services providers authorized to work with the City in supporting Saint James Park activities, with final funding allocations determined by the Director of PRNS. It is anticipated that the initial cycle to award these funds will be completed by mid-2016. Staff will provide annual status reports on status of the revitalization plan and funding allocations to the Neighborhood Services and Education Committee.

Approving this approach will give the City the opportunity to leverage the best qualities of each provider to optimize maintenance, operations and security services as well as events and park activation. Additionally, it is expected that one or more of the advisory group member organizations may engage in this grant process. If this is the case, staff will ensure that they are not part of the development of the grant or in the rating and selection process.

Study of a Citywide Parks District

Conveyed through a variety of enabling laws, municipalities can designate specific areas or 'districts' where residents receive higher levels of service or additional benefit from public facilities and services. In exchange, property owners within the area assume the added cost of new infrastructure or public services. The most common types of Districts include:

- Benefit Assessment Districts (Maintenance Districts, Property and Business Improvement Districts, Community Benefits Districts);
- Mello-Roos Special Tax (Community Facilities Districts or CFD); and
- Special Districts authorized under State Law (Regional Park Districts with their own governance).

Each type of District has unique rules and implementation requirements. However, one commonality is that they all require approval of the assessment or special tax by the property owners within the proposed district. In general terms, assessment districts require majority approval with each property owner's vote weighted by the amount of the assessment, meanwhile community facilities districts for already developed areas such as the Downtown require two thirds vote of all registered voters submitting ballots within the District's boundaries.

At the beginning of stakeholder outreach, staff had intended to recommend to the Mayor and City Council the study of a potential future district for parks in the Downtown area only. This would provide the research necessary for potential long term funding for maintenance of Downtown area parks. However, based on feedback received from the public over the past year,

staff is now recommending a two pronged study. This new study would still research a potential new or modified future funding district for Downtown parks. At the same time, it would also research options, issues, and alternatives for a potential citywide parks district which could support operations, maintenance and capital repairs for all city parks. It is anticipated that this combined study would be funded through an appropriate parks capital funding source such as Construction and Conveyance Tax capital funding and be completed in Winter 2016-2017, at which time staff would return to the Mayor and City Council for discussion on next steps.

Although not in California, the City of Seattle has chosen a holistic approach by establishing a separate citywide district which funds parks operations and maintenance. Formed under Washington State law and through a majority vote of the Seattle residents, the legal framework for Seattle's approach cannot be directly transferred to San José. Nevertheless, Seattle is a good example of how other major and comparably sized American cities are also prioritizing and implementing more sustainable parks operations and maintenance. Within California, the City of Berkeley took this approach, having approved a citywide parks community facilities district in 2014. Meanwhile, Los Angeles County as well as several East Bay communities have, for many years, instituted more special district governance under California State law and other funding models to service parks across broad areas. Staff's recommendation would explore a variety of options as well as scalable case studies to present best available practices for a potential future park district.

EVALUATION AND FOLLOW UP

Staff will return to the City Council through the upcoming budget process to identify funding to perform a study of a potential benefit district, as well as continue to report to the Parks and Recreation Commission on the progress of the Saint James Park Revitalization Strategy.

POLICY ALTERNATIVES

Alternative #1: Do not proceed with the new Saint James Park Revitalization Strategy

Pros: The amount of capital funding available to the City to improve parks in the downtown core area would be higher.

Cons: Maintenance and operations of Saint James Park and as well as the sustainability of new signature park amenities would continue to be a challenge.

Reason for Not Recommending: This alternative is not consistent with the City Council's prior direction to recommend a downtown core high-rise and mid-rise construction program and form a downtown maintenance district.

PUBLIC OUTREACH

City staff meets monthly with an engaged group of residents and other partners to discuss the Saint James Revitalization Strategy and the recommendations in this memorandum are in alignment with the discussions at those meetings. Additionally, staff held an outreach meeting on August 6, 2015 to receive additional feedback from interested stakeholders. Stakeholders at the meeting were in support of revitalizing the park and were very engaged in the discussion.

COORDINATION

This memorandum has been coordinated with the City Manager's Budget Office and the City Attorney's Office.

COMMISSION RECOMMENDATION

On September 2, 2015 the Saint James Revitalization Plan was presented to the Parks and Recreation Commission (PRC). The PRC unanimously supported the plan and indicated their strong desire to see Saint James Park transformed to a vibrant and active public space. However, the PRC also unanimously agreed that they did not support the City utilizing the voluntary credit of parkland in-lieu fees as a funding mechanism to "kick start" this plan.

COST SUMMARY/IMPLICATIONS

As discussed previously in this memorandum, a new program would provide for a redistribution of cash flow between capital projects and operating, maintenance and activation. The operating, maintenance and activation cash flow would be intended to serve as a bridge to provide enhanced parks operations, maintenance and activation for Saint James Park while other funding options are explored, such as the formation of a nonprofit support foundation or an assessment/community facilities district for ongoing enhanced services. If development projects surrounding Saint James Park continue on their current schedule, it is anticipated that approximately \$150,000 to \$350,000 per year could be available beginning in 2016 to enhance the maintenance, operations and activation of Saint James Park.

Additionally, if staff receives direction to further pursue the formation of a district for funding park operations and maintenance costs in the Downtown or Citywide, a detailed engineer's report would be required. It is anticipated that this report would cost between \$50,000 to \$150,000, depending upon the type, size and complexity of the district to be evaluated. Staff will return with a detailed schedule for the study as well as a recommendation on how to allocate the funding for this study as part of the Fiscal Year 2016-2017 budget process. Costs to implement any district recommended by such a study would be additional and would be estimated at a later date based upon further Council direction.

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CEQA

Not a Project, File No. PP10-067(a), Adjustments to fees, rates, and charges.

/s/
ANGEL RIOS, JR.
Director of Parks, Recreation and
Neighborhood Services Department

For questions please contact Matt Cano, Assistant Director, at (408) 535-3580

Attachments:

- A. Saint James Park Fee Program Boundaries (map)
- B. Saint James Park Revitalization Strategy in Brief

Attachment A

Proposed St. James Fund Area



Map produced by David McCormick, San José PRNS, Oct. 2014.

Existing Districts

- St. James Fund District
- Parks

Trails

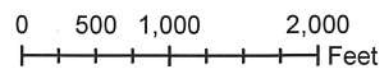
- Open
- Proposed

Active Development Projects

- Anticipated Project
- Mid-rise (6 -11 stories)
- High-rise (12+ stories)

Envision 2040 Landuse

- Commercial Downtown
- Downtown



Attachment B

Saint James Park Revitalization Strategy in Brief

Overall Goal

To transform the park into a vibrant and amazing public space that residents and employees in Downtown and beyond will brag about to their friends and families.

Outcomes

1. Provide for a sustainable funding model for park maintenance, operations, and activation;
2. Develop a strong public-private partnership for ongoing stewardship of the park;
3. Make the park a safe, fun and desired destination that compliments the local neighborhood as well as the broader San Jose community;
4. Work in parallel, and together with, the Levitt Pavilion project.

Strategy Areas and Key Workplan Items

Strategy Area	Workplan Items (not all inclusive)
Park Activation	<ul style="list-style-type: none"> • Develop and implement plan for Summer 2016 activation, focusing on prototyping and use data/information to support future decisions for capital vision.
Park safety/street life outreach	<ul style="list-style-type: none"> • Complete playground safety improvements (October 2015); • Convene Downtown faith organizations and other stakeholders to begin discussions on feeding re-direction program (late 2015); • Establish feeding re-direction program (late 2016).
Capital Vision and maintenance	<ul style="list-style-type: none"> • Community based process to determine capital priorities aligned with existing master plan, Levitt Pavilion process and historical district (complete Fall 2016); • Complete historical permit process for fountain removal/modifications (early 2016); • Secure capital funding through City's annual budget process and other public/private resources (ongoing); • Implement capital projects (ongoing).
Park governance and sustainable funding	<ul style="list-style-type: none"> • Establish Saint James Park Fee Program (November 2016); • Confirm expenditure priorities with stakeholder group (by March 2016); • Establish qualified list of partners for expenditures (by mid 2016); • Begin enhanced operations, maintenance and activation (by Fall 2016) *could be sooner dependent on cash flow from program; • Complete study of Downtown and Citywide parks district and present options to City Council (by early 2017); • Establish framework and implement plan for Foundation establishment for ongoing public private partnership (2016-2018).
Communications	<ul style="list-style-type: none"> • Establish stakeholder group (by January 2016); • Reconfirm teams, leads, specific tasks & plans for each strategy area (by February 2016).