TO:      HONORABLE CITY COUNCIL

FROM:    CITY MANAGER               DEPARTMENT: COMMUNITY SERVICES

DATE:    AUGUST 7, 2006              CMR: 310:06

SUBJECT: UPDATE ON PROGRESS TO FORM A PUBLIC-PRIVATE PARTNERSHIP TO CONSTRUCT A PLAYGROUND AT HERITAGE PARK

This report is informational; no Council action is requested at this time.

BACKGROUND
At its June 12, 2006 meeting, Council approved a Colleagues Memo by Vice Mayor Kishimoto and Council Member Mossar directing staff to work with the Friends of Palo Alto Parks (Friends) and a local resident team to develop a public/private partnership that would complete a playground project in Heritage Park. Staff was instructed to return to Council before the August break for final approval of a partnership.

DISCUSSION
As discussions began between the Friends and the local neighborhood group, it was determined that the Friends were not in a position to take on the responsibility for a project of this type. Instead, the Friends wished to act as the fundraising arm for the project, but not as the project manager, or taking on the liability associated with the construction of the playground. In order to move forward, the local neighborhood group is forming a Limited Liability Company (LLC). Once this business entity is in place, a letter of intent or other binding agreement will be negotiated delineating the understanding between the City and the LLC. The letter of intent will include specifics of the financial partnership, exact location of the site, details of a short term lease, and other pertinent information.

To date, staff has worked with the neighborhood team to locate a site for the playground and identify possible playground vendors and architects. The neighborhood team has held a public meeting to communicate its intentions and to receive feedback from the park’s neighbors. Staff has also worked with the City Attorney’s office to develop a draft letter of intent that will be negotiated with the LLC, once formed.

RESOURCE IMPACT
City funding for this project will be requested from Park Development Impact fees. All indications are that the total cost of the project should not exceed $150,000, making the City’s responsible for approximately $75,000 of funding.
**POLICY IMPLICATIONS**
A Park Improvement Ordinance will be required for park development.

**ENVIRONMENTAL REVIEW**
Environmental review will be performed at the time the project is presented to Council.

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