



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow

**SUBJECT: FIRST AMENDMENT TO THE
OUR CITY FOREST OPERATING
GRANT AGREEMENT**

DATE: October 10, 2018

Approved

Date

10/12/18

RECOMMENDATION

Approve the First Amendment to the Operating Grant Agreement between the City and Our City Forest, which will provide an additional \$120,000 in one-time funds to Our City Forest for expanded fund-raising activities and increase the total grant amount including these one-time funds from \$179,014 to \$299,014.

OUTCOME

Approval of this action will amend the current operating grant with Our City Forest to provide an additional \$120,000 in one-time funding to increase fundraising activities and improve the organization's support from private and philanthropic sources and reduce their dependence on City budgetary allocations.

BACKGROUND

Our City Forest (OCF) is a San Jose-based non-profit organization whose mission is to cultivate a green and healthy Silicon Valley by engaging community members in the appreciation, protection, growth and maintenance of our urban ecosystem, in particular the City's community forest. The City of San José has a longstanding partnership with OCF that dates back to 1994. The scope of this partnership includes two ongoing grants and other one-time funding agreements that are used and managed by the Environmental Services Department (ESD), Parks, Recreation, and Neighborhood Services (PRNS) and the Department of Transportation (DOT). Our City Forest provides a wide array of services for the City of San José which include but are not limited to the following:

- Plant, establish and care for trees in City park-strips, medians, neighborhood parks, community centers and libraries.

- Organize volunteers and conduct over 50 neighborhood tree planting events each year to increase both the public's awareness of the community forest and reinforce a sense of community.
- Provide education and awareness training about the community forest to local schools, community groups, and individual residents.
- Leverage City funding to obtain additional funding from various state and federal grants, and private donors for programs and services that contribute to a healthy community forest.
- Recruit and train AmeriCorps service members as urban forestry and outreach specialists that assist the community with their tree care needs.

The City currently provides financial support to OCF in multiple ways. The first is an annual operating grant in the amount of \$179,014 that is used for general operating expenses and other expenses as appropriate. The second is an annual "matching grant" in the amount of \$120,000 to be used as matching funds for the Federal AmeriCorps program. The third is an annual fee-for-service contract that ranges from \$50,000 to \$150,000 through which OCF is paid for tree planting and other services provided to the City based on the needs of the City and the ability of OCF to perform the work. The fourth is a recently approved one-time grant of \$175,000 for the relocation of OCF office space through June 2019. The fifth is a pending grant in the amount of \$105,000 for renewal of a lease at fair market value with the SJ Airport for the OCF Nursery facility. Lastly, the City provides various one-time funding opportunities through all City departments for various programs and projects, such as the BeautifySJ program.

Given the financial needs of OCF and the budgetary challenges that the City has in allocating additional on-going funding to OCF and other community forest needs, it is important that OCF diversify and expand its revenue streams to reduce its reliance on City funding. To address this, the Mayor's June Budget Message for Fiscal Year 2018-2019, which was approved by the City Council on June 12, 2018, directed the City Manager to allocate \$120,000 in one-time funding to OCF for the purpose of increasing fund development activities and improving the organization's support from private and philanthropic sources. The proposed amendment to the OCF operating grant agreement will provide the funding for OCF to accomplish this.

ANALYSIS

The \$120,000 one-time grant will allow OCF to devote specific and additional staffing resources to enhance and diversify its ongoing revenue streams without diverting existing funds used to deliver core services. OCF will focus on increasing revenues from grants, corporations, individuals, tours and events, nursery sales, and other opportunities.

This grant will be successful if the resulting fundraising activities result in a growth in private and philanthropic revenues. As a condition of this agreement and one-time grant, OCF will be required to provide quarterly reports that document year-over-year change in revenue for unrestricted uses and the source of those revenues as well as audited annual financial statements. The following table describes the targets established in the agreement for new funds to be raised by OCF from November 1, 2018 to October 31, 2019.

Time period	Revenue Generated
0-3 Months	\$15,000.00
3-6 Months	\$25,000.00
6-12 Months	\$60,000.00
Total	\$100,000

EVALUATION AND FOLLOW-UP

As stated above, OCF will be required as a condition of the amended agreement to provide quarterly reports that document year-over-year change in revenue for unrestricted uses and the sources of those revenues, as well as audited annual financial statements. Payment of the additional \$120,000 will be made in two installments. The first installment will be due upon execution of the agreement amendment and the second payment will occur in February but is dependent on receipt of the required quarterly reports that document all new funds applied for and received as a direct result of fund development operations.

No additional City Council follow-up is anticipated at this time.

PUBLIC OUTREACH

This memorandum will be posted to the City Council's Agenda website for the October 23, 2018 City Council meeting.

COORDINATION

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

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

The recommendation is in accordance with the direction set forth in the Mayor's June Budget Message for Fiscal Year 2018-2019. The release of the funds and the resulting grant agreement align with the Strategic Framework for the San Jose Community Forest Management Plan and the Transportation and Aviation Services CSA Outcome related to preserving and improving transportation assets and facilities.

COST SUMMARY/IMPLICATIONS

The recommendation included in this memorandum would allocate \$120,000 of City funds to be used by OCF to reduce their dependence on City budgetary allocations and improve their overall fiscal stability while allowing for future growth. No additional ongoing costs are anticipated at this time.

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the recommendation.

Fund #	Appn#	Appn Name	Total Appn	Amt. for Contract	2018-2019 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	0512	Non-Personal/ Equipment – Department of Transportation	\$ 15,683,838	\$299,014	VIII-336	06/19/2018 30124

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment

/s/
JOHN RISTOW
Acting Director of Transportation

For questions, please contact Russell Hansen, City Arborist, at (408) 794-1914.