CITY OF
HAYWARD
HEART OF THE BAY

City Council Agenda

March 20, 2012

Mayor Michael Sweeney
Mayor Pro Tempore Barbara Halliday
Council Member Olden Henson
Council Member Marvin Peixoto
Council Member Bill Quirk
Council Member Mark Salinas
Council Member Francisco Zermeño

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CITY COUNCIL MEETING FOR MARCH 20, 2012
777 B STREET, HAYWARD CA 94541
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CLOSED SESSION
Closed Session Room 2B – 5:00 PM

1. **PUBLIC COMMENTS**

2. Conference with Labor Negotiators
   Pursuant to Government Code 54957.6
   - Lead Negotiators: City Manager David, City Attorney Lawson, Assistant City Manager Morariu, Human Resources Director Robustelli, Finance Director Vesely, Police Chief Urban, and Assistant City Attorney Roufougar
     Under Negotiation: All Bargaining Units

3. Conference with Legal Counsel
   Pursuant to Government Code 54957.6
   - Pending Litigation
     Franklin Sunseri v. City of Hayward c/o JT2 Integrated Resources
     Workers' Compensation Appeals Board Case No. ADJ3810992

4. Conference with Legal Counsel
   Pursuant to Government Code 54956.9
   - Pending Litigation
     Nanette Dillard v. Alameda County Associated Community Action Program Governing Board
     Alameda County Superior Court No. RG11572661

5. Adjourn to City Council Meeting

CITY COUNCIL MEETING
Council Chambers - 7:00 PM

CALL TO ORDER **Pledge of Allegiance** Mayor Sweeney

ROLL CALL

CLOSED SESSION ANNOUNCEMENT

PROCLAMATIONS American Red Cross Month
Art IS Education Month

PUBLIC COMMENTS: *(The Public Comment section provides an opportunity to address the City Council on items not listed on the agenda or Work Session, or Informational Staff Presentation items. The Council welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Council is prohibited by State law from discussing items not listed on the agenda, your item will be taken under consideration and may be referred to staff.)*

NON-ACTION ITEMS: *(Work Session and Informational Staff Presentation items are non-action items. Although the Council may discuss or direct staff to follow up on these items, no formal action will be taken. Any formal action will be placed on the agenda at a subsequent meeting in the action sections of the agenda.)*

WORK SESSION (60-Minute Limit)

1. Proposed General Plan Update Process Overview ***(Report from Development Services Director Rizk)***
   Staff Report
   Attachment I Western Cities Article
   Attachment II Lettter from OPR
   Attachment III Northern News Article
   Attachment IV Possible Organization of General Plan
   Attachment V General Plan Costs

ACTION ITEMS: (*The Council will permit comment as each item is called for the Consent Calendar, Public Hearings, and Legislative Business. In the case of the Consent Calendar, a specific item will need to be pulled by a Council member in order for the Council to discuss the item or to permit public comment on the item. Please notify the City Clerk anytime before the Consent Calendar is voted on by Council if you wish to speak on a Consent Item.)*

CONSENT

2. Approval of Minutes of the City Council Meeting on February 28, 2012
   Draft Minutes

3. Highland 250-Highland 500 16-inch Transmission Main Replacement and Highland 250 Pump Station Upgrade: Approval of Addendum No. 1 and Award of Contract
   Staff Report
   Attachment I Resolution
   Attachment II Location Map
   Attachment III Bid Summary

4. Request for Assignment of the Purchase and Sales Agreement between the City of Hayward and Urban Dynamic, LLC to KB Home South Bay, Inc. for the Construction and Sale of Fifty-Seven Detached Single-Family Homes on Property Located at 353 B Street
   Staff Report
   Attachment I Resolution
   Attachment II Site Map
   Attachment III Letter

5. Council Priorities for FY 2013
   Report
   Attachment I
   Attachment II
   Attachment III
   Attachment IV
   Attachment V

The following order of business applies to items considered as part of Public Hearings and Legislative Business:

- *Disclosures*
- *Staff Presentation*
- *City Council Questions*
- *Public Input*
- *Council Discussion and Action*

LEGISLATIVE BUSINESS

6. New Cogeneration Power System at the Water Pollution Control Facility: Authorization for the City Manager to Negotiate and Execute a Contract for Design, Construction, and Maintenance ***(Report from Public Works – Utilities and Environmental Services Director Ameri)***
   Staff Report
   Attachment I Resolution (Award)
   Attachment II Resolution (Appropriate & Transfer)
   Attachment III Cogen NPV Spreadsheet
   Attachment IV Project Location Map

COUNCIL REPORTS, REFERRALS, AND FUTURE AGENDA ITEMS

Oral reports from Council Members on their activities, referrals to staff, and suggestions for future agenda items

ADJOURNMENT

NEXT MEETING – 7:00 PM, TUESDAY, MARCH 27, 2012

PUBLIC COMMENT RULES: *The Mayor may, at the beginning of the hearing, limit testimony to three (3) minutes per individual and five (5) minutes per an individual representing a group of citizens or organization. Speakers will be asked for their name and their address before speaking and are expected to honor the allotted time. A Speaker's Card must be completed by each speaker and is available from the City Clerk at the meeting.*

PLEASE TAKE NOTICE *that if you file a lawsuit challenging any final decision on any public hearing or legislative business item listed in this agenda, the issues in the lawsuit may be limited to the issues that were raised at the City's public hearing or presented in writing to the City Clerk at or before the public hearing.* ***PLEASE TAKE FURTHER NOTICE*** *that the City Council has adopted Resolution No. 87-181 C.S., which imposes the 90 day deadline set forth in Code of Civil Procedure section 1094.6 for filing of any lawsuit challenging final action on an agenda item which is subject to Code of Civil Procedure section 1094.5.*

****Materials related to an item on the agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, City Hall, 777 B Street, 4th Floor, Hayward, during normal business hours. An online version of this agenda and staff reports are available on the City's website. Written comments submitted to the Council in connection with agenda items will be posted on the City's website. All Council Meetings are broadcast simultaneously on the website and on Cable Channel 15, KHRT. ****

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the City Clerk at (510) 583-4400 or TDD (510) 247-3340.

Please visit us on:

CITY OF HAYWARD
HEART OF THE BAY

DATE: March 20, 2012

TO: Mayor and City Council

FROM: Development Services Director

SUBJECT: Proposed General Plan Update Process Overview

RECOMMENDATION

That Council reads and comments on this report and provides direction to staff regarding a comprehensive General Plan update.

SUMMARY

Hayward's General Plan was last updated in 2002, and in 1986 before then. While there is no legal standard for when a general plan must be updated (other than for the Housing Element of the General Plan), the standard practice according to State guidelines is to do a comprehensive update every ten years. A comprehensive General Plan update will be a significant, multi-year project for the City of Hayward. Depending on staffing and financing, staff hopes the General Plan update would officially begin in July 2013 and that the new Plan would be adopted by December 2016. The three and a half-year project is expected to cost approximately $2.8 million, which also includes associated staff costs.

Development of the new General Plan will require significant public outreach and will be updated to reflect several new State requirements as well as current best practices. Issues to be addressed in the new General Plan include sustainability and climate action, consideration of existing neighborhood plans, transportation and circulation, public health, and possibly addressing the easternmost portion of the City that was identified for detachment in the 2002 General Plan. An Environmental Impact Report (EIR) on the proposed General Plan is also required.

This report includes an overview of the State requirements for general plans, why the General Plan should be updated, the proposed process for developing the new General Plan, ideas for the organization of the new document, estimated cost, financing challenges, tentative schedule, and anticipated public outreach associated with the project.

BACKGROUND

What is a General Plan? –The California Supreme Court has called the general plan the "constitution for future development." The general plan expresses a community's development goals and embodies public policy relative to the distribution of future land uses, both public and private. According to the General Plan Guidelines from the Governor's Office of Planning and Research, the purpose of a general plan is to:

- Identify the community's land use, circulation, environmental, economic, and social goals and policies as they relate to land use and development.
- Provide a basis for local government decision-making, including decisions on development approvals and exactions.
- Provide citizens with opportunities to participate in the planning and decision-making processes of their communities.
- Inform citizens, developers, decision-makers, and other cities and counties of the ground rules that guide development within a particular community.

General Plan Content Requirements – Since 1937, California law has required counties and cities to adopt general plans. Over the years, the State has added requirements for specific elements of a general plan. Following is a list of the seven mandated Elements, the year in which they became required, and a short description of the required content for each Element:

1. Land Use – 1955

   The land use element functions as a guide to planners, the general public, and decision-makers as to the ultimate pattern of development for the City at build-out. It is required to address: the type, intensity, distribution, and location of each class of land use proposed by the Plan; community design principles; flood hazard areas; open-space areas; severe slopes; public and private parks; the equitable distribution of parks and recreational facilities; wildlife habitats; agricultural land; relationship to local zoning, subdivision, and building ordinances; airports and relationship to the local Airport Land Use Compatibility Plan; school facilities; public facilities; liquid and solid waste facilities; relationship to the capital improvements program; and general plan designations to allow compliance with State requirements regarding the provision of low and moderate income housing.

2. Circulation – 1955

   The circulation element is an infrastructure plan addressing the circulation of people, goods, energy, water, sewage, storm drainage, and communications. By statute, the circulation element must correlate directly with the land use element. The circulation element also has direct relationships with the housing, open-space, noise, and safety elements. Mandatory circulation element issues as defined in statute are: major thoroughfares; transportation routes; terminals; and other local public utilities and facilities.

   The circulation element may also address: streets and highways; public transit routes, stops, and terminals; bicycle and pedestrian routes and facilities; truck routes; railroads and railroad depots; paratransit; airports; parking facilities; transportation system management; and emergency routes.

3. Housing – 1967

   Unlike the other mandatory elements, the housing element is subject to detailed statutory requirements regarding its content and must be updated every eight years. The housing element is also subject to mandatory review by the California Department of Housing and Community Development (HCD). The Housing Element must show that the city's regional housing needs allocation (RHNA) can be accommodated by including an inventory of appropriately zoned developable properties. The housing element must also include a housing program, which outlines a series of actions to meet statutory requirements such as the preservation of existing and facilitation of new affordable housing.

4. Conservation – 1970

   The conservation element provides direction regarding the conservation, development, and utilization of natural resources. Its requirements overlap those of the open-space, land use, safety, and circulation elements. The conservation element is distinguished by being primarily oriented toward natural resources.

5. Open Space - 1970

   The open-space element guides the comprehensive and long-range preservation and conservation of "open space land." Open-space land is defined in statute as any parcel or area of land or water that is essentially unimproved and devoted to open-space use. Along with the housing element, the open-space element has the most detailed statutory intent and, next to land use, is the broadest in scope. Because of this breadth, open-space issues overlap those of several elements and the open-space element is commonly combined with other elements.

6. Noise – 1971

   The purpose of the noise element is to limit the exposure of the community to excessive noise levels. Local governments must "analyze and quantify" noise levels and the extent of noise exposure through actual measurement or the use of noise modeling. Existing and anticipated future noise level contours must be mapped and the conclusions of the element used as a basis for land use decisions. The element must include implementation measures and possible solutions to existing and foreseeable noise problems. Furthermore, the policies and standards must be sufficient to serve as a guideline for compliance with sound transmission control requirements.

7. Safety – 1971

   The aim of the safety element is to reduce the potential risk of death, injuries, property damage, and economic and social dislocation resulting from fires, floods, earthquakes, landslides, and other hazards. Other locally relevant safety issues, such as airport land use, emergency response, hazardous materials spills, and crime reduction, may also be included. Some local jurisdictions have even chosen to incorporate their hazardous waste management plans into their safety elements.

State law does not require that a general plan be organized according to the required elements. The required elements may be organized to fit the needs of the local jurisdiction. The ultimate organization

does not need to be determined at this time – in fact it may be desirable to determine the organization after the visioning process, which is described later in this report. In addition, State law permits the inclusion of optional elements that address needs, objectives, or requirements particular to that city or county. Hayward's current General Plan includes the following elements/chapters: Land Use, Circulation, Economic Development (an optional element), Housing, Community Facilities and Amenities (an optional element), Conservation and Environmental Protection (includes content required for conservation, open space, noise, and safety elements), and Public Utilities and Services (an optional element). Additional content required for a noise element is included in the current General Plan as Appendices 'M' and 'N.'

Other optional elements that are common in general plans throughout California include administration/governance, air quality, climate change, design, historic preservation, parks and recreation, and seismic. The general plan must be periodically updated to assure its relevance and usefulness. The zoning ordinance, development standards, design guidelines, public capital improvements, and other City development actions and policies must all be consistent with the general plan.

History of Hayward's General Plan – The City of Hayward adopted its first General Plan in 1953 and it was updated in 1965, 1974, 1986, 1998 (Circulation Element only) and 2002. In 1986 and 2002, the General Plan was prepared primarily by staff, though consultants were used for more technical analyses. The EIRs for the 1986 and 2002 updates were completed by consultants. Also, the City hired a consultant to prepare the 1998 Circulation Element and EIR. When the 2002 General Plan update project was done, the Advanced Planning section of the Planning Division was staffed by one Senior Planner, one Associate Planner, and one full-time paid Planning Intern. Today, the section has only one Senior Planner.

DISCUSSION

Why update the General Plan Now? – While there are no specific legal requirements for updating a general plan, the State's General Plan Guidelines state that "a general plan based upon outdated information and projections is not a sound basis for day-to-day decision making and may be legally inadequate. As such, it will be susceptible to successful legal challenge."

As discussed in the attached article from Western Cities, titled *Why Now is a Smart Time to Consider Updating Your General Plan* (see Attachment I), the current economy presents a unique opportunity. The lower volume of development proposals allows staff and decision makers more time to consider long-range policies. Also, as consultants have less work during the slow economy, responses to RFPs may be priced lower than during good economic times. The article provides a brief overview about the general plan update process and considerations and also introduces *Reinventing the General Plan*, a project of the California Planning Roundtable, which is discussed later in this report under the *Organization of the General Plan* heading.

Ramifications of not Updating the General Plan – If the General Plan is not updated, the City will have to rely upon out-of-date policies when reviewing development proposals. The General Plan would not include the Council's current priorities, especially those around sustainability, climate action, and climate adaptation. The Circulation Element would remain out of compliance with current State guidelines (i.e. Complete Streets policies) and may cause the City to be ineligible for grant funding.

The City's Climate Action Plan would not be updated and would remain without a certified environmental document. As discussed later in this report, if the CAP has a certified environmental document, then it may be used to help streamline environmental analysis of new development projects.

As referenced in the attached letter from the California Office of Planning and Research (OPR) dated June 15, 2011 (see Attachment II), Government Code Section 65040.5(a) requires OPR to notify cities with general plans that have not been revised within the last eight years. The OPR letter states that, "General Plans that have not been revised within the past eight (8) years are not necessarily legally inadequate. However, the California Supreme Court has stated that local governments have an implied duty to keep their general plans current (*DeVita v. County of Napa*, 9 Cal 4th 763 (1995)). Additionally, local governments must review and revise their general plans as often as they deem necessary or appropriate (Government Code section 65103(a))." The letter further states that, "Additionally, OPR is also required to report to the Attorney General, cities and counties with general plans that have not been revised in ten (10) years (Government Code section 65040.5(b))." While cities do have a responsibility to maintain up-to-date general plans, the Supreme Court has recognized that cities have wide latitude in determining how and when to update their general plans.

Scope of the General Plan – Much has changed since the adoption of the current General Plan in 2002. The City Council has developed priorities that were not considered in the current General Plan. Public safety, cleanliness, and "green and sustainable" are all much clearer and focused priorities than they were ten years ago. The City's fiscal stability and economic development are also much higher priorities. Hayward has established a Sustainability Committee and adopted a Climate Action Plan. Finally, with SB 375 and the development of the regional Sustainable Communities Strategy, the General Plan can be revised to implement, at a local level, policies needed to reduce emissions from cars and light trucks.

There are generally two schools of thought regarding the content of a general plan. One is to include only the State-mandated topics and address other topics in separate, stand-alone documents. The other approach is to include every topic of interest to community stakeholders. As noted in a recent article that appeared in the *Northern News* titled "*The once and future General Plan"* (see Attachment III), including too many topics "puts planners in the position of drafting policies they cannot implement." The author also notes that, "The general plan should not become the clichéd kitchen sink for every municipal policy document." However, staff is of the opinion that the general plan should be comprehensive and should reflect Council priorities. Furthermore, policies contained in the general plan carry more weight, as consistency with the General Plan is required for approval of tracts, use permits and other development applications.

Staff intends to develop a General Plan that specifically fits the needs of Hayward by crafting a document that includes the content that is important to Hayward in an easy-to-use format, while still meeting State requirements. Staff has reviewed model general plans such as those profiled on the *Reinventing the General Plan* website[1], which is a project of the California Planning Roundtable. Staff has identified several new issues as well as updates to current General Plan content that may be addressed in the new General Plan, possibly and where appropriate, as optional elements:

[1] http://reinventingthegeneralplan.org/

- *Neighborhoods* - A possible new section that would update the policies contained in the City's neighborhood plans that were developed between 1987 and 1998. Updating each plan individually would be a very time consuming and costly undertaking. Staff proposes that a section/element of the General Plan include a historic narrative as well as new/restated policies from the neighborhood plans. One issue that may be addressed is whether or not the current neighborhood boundaries are still appropriate. This would also be a way to get the residents of each neighborhood involved in the overall General Plan update process. See later discussion regarding health and "quality of life" issues.
- *Sustainability* – While there should be a section devoted to the topic of sustainability, climate action, and adaptation to climate change, sustainability policies and initiatives would also be integrated throughout the General Plan. The actions identified in the 2009 Climate Action Plan (CAP) could be revisited and reprioritized. Furthermore, emissions thresholds against which to measure new development might be added to the CAP. This new General Plan section or element could serve as an index to easily locate the sustainability-related policies that are located in other elements in the Plan.
- *City Boundaries* – The new General Plan could address the current inconsistency between Hayward's city limits and its Sphere of Influence (SOI). As it has for decades, Hayward's boundary currently extends to Pleasanton, but the SOI stops short of Palomares Road. (The SOI should and typically would extend beyond the city limits.) The current General Plan, adopted in 2002, includes a set of Ridgelands Area Policies (Appendix J). Policy 7 states that Hayward "shall detach the area consisting of those parcels with frontage on Santos Ranch Road or otherwise lying east of the brow of Pleasanton Ridge…and shall annex comparable area from the County." The General Plan could also address the City's long term intentions with respect to possible annexations along this northern boundary, as well as other areas that share boundaries with Unincorporated Alameda County.
- *Historic Preservation* – The City's recently adopted Historic Preservation Program (specifically the context statement and inventory) can be incorporated into the General Plan.
- *Health* – As a member of the Healthy Cities Campaign, Hayward can address public health in the General Plan. The Healthy Eating, Active Living Cities Campaign is a partnership between the League of California Cities and the California Center for Public Health Advocacy and can assist with development of a Health Element and/or integrating health-related policies throughout the General Plan. As an alternative to a health element, these health-related policies could be integrated into a broader "Quality of Life" element that would address such issues, crime and safety, in addition to childhood health and obesity, and other neighborhood-related issues. If this approach is taken, there may not be a need for a separate neighborhoods element.
- *Circulation Element* – While not a new section, this element would be substantially revised to be compliant with OPR's Circulation Element/Complete Streets Guidelines, which were released in December 2010.
    - *Complete Streets Policy* – The City will need to adopt a Complete Streets policy consistent with that being developed by the Alameda County Transportation Commission. A Complete Streets policy ensures that streets are designed and operated with *all users* in mind - including bicyclists, public transportation vehicles and riders, and pedestrians of all ages and abilities. Consistency with the Complete

Streets Guidelines will make Hayward eligible for funding through the Alameda County Transportation Commission's 2012 Transportation Expenditure Plan; as well as through the regional One Bay Area grants, which will be administered by the Association of Bay Area Governments and the Metropolitan Transportation Commission.

- *Pedestrian Plan* – A new Pedestrian Master Plan and an updated Bicycle Master Plan should be incorporated into the Circulation Element. The former is a requirement for eligibility for the One Bay Area grants.
- *Airport Land Use Compatibility* – The City of Hayward must determine that the Hayward General Plan is consistent with the Hayward Airport Land Use Compatibility Plan (ALUCP), which is scheduled for adoption by the Alameda County Airport Land Use Commission this spring, or must amend its General Plan to be consistent, within 180 days of adoption of the ALUCP. This determination would not be required if Council adopts a resolution overriding the ALUCP.

- *Hazards* -
  - Flood Hazards - Assembly Bill 162 (2007) requires cities and counties to address flood hazards not only in the conservation element of the general plan, but also in the land use, housing, and safety elements, effective upon the next revision of the housing element on or after January 1, 2009.
  - Incorporate the recently adopted Local Hazard Mitigation Plan, which identifies potential hazards, assesses vulnerability to the hazards, and identifies specific actions that can be taken to reduce the risk from the hazards.

- *Air Quality* – An air quality element could address the Bay Area Air Quality Management District's (BAAQMD) CEQA Guidelines, which call for health risk assessments for development projects located within 1,000 feet of a major roadway. According to the BAAQMD, Hayward is an impacted community due its air quality and demographic characteristics and BAAQMD strongly encourages impacted communities to develop Community Risk Reduction Plans (CRRP). A CRRP takes a comprehensive, community-wide approach to reducing local air pollution emissions and exposures so that health risk assessments do not have to be prepared for individual development proposals.

- *Implementation Plan* – A final chapter in the General Plan would identify a plan of action for implementing the updated General Plan. This might include a plan for initiating annexations or detachments identified in the General Plan.

Process for Updating the General Plan – As a first step in updating the General Plan, staff will engage Mintier-Harnish to conduct a Do-It-Yourself workshop for staff (see http://www.generalplans.com/). Staff has spoken with the staffs of two cities that held the workshop and found that they had very positive experiences and highly recommended Mintier-Harnish. While the three-day workshop is designed to train city staff to prepare a general plan on their own, staff currently plans to only engage the firm to conduct a one-day session that would focus on project management to enable staff to develop a comprehensive Request for Proposals and a more detailed budget and work scope. The workshop would also address strategies for public outreach and for managing a working group, such as use of technology, social networking, etc. While staff expects that the hiring of additional consultants will be necessary for at least some aspects of the General Plan, such as certain technical studies and the EIR, the workshop is expected to help staff determine

the best balance of consultant versus staff preparation to keep costs as low as possible, while still developing a top quality General Plan. The cost of the Do-It-Yourself workshop is not expected to cost more than $15,000 and will be funded by a recommended General Plan Update fee for FY13 should Council approve the new fee (see later discussion regarding the proposed fee).

Staff recommends that a working group be established to help guide the General Plan update process. The group would meet more frequently at the beginning of the update process and at key phases. Members of the group would include residents from various neighborhoods, business owners, members of the Chamber of Commerce, representatives from the Hayward Unified School District, the Hayward Area Recreation and Park District, local colleges, health centers, Alameda County staff, and representatives from various City Departments. All members would be welcome at all meetings; however, key members would be asked to attend meetings pertaining to their expertise or their organization's interests. Following is an outline of the process staff proposes:

- Hold initial visioning meetings in four to five neighborhoods throughout the City. Three to four neighborhoods would be invited to each meeting so that all neighborhoods are invited to attend at least one meeting. If residents are not able to attend the meeting closest to their home or neighborhood, they would be welcome to attend another meeting. The visioning meetings may help to shape the update process as well as the content of the new General Plan.
- During the visioning meetings, staff would seek volunteers to serve on the working group.
- Develop a vision and a list of issues identified during visioning meetings. Review with Working Group, Council and Planning Commission.
- Review current General Plan and prepare background reports, including a market analysis.
- Prepare a draft set of goals and policies; review with Working Group, Council and Planning Commission.
- Develop alternatives to be considered for the General Plan; review with Working Group, Council and Planning Commission.
- Hold a second round of neighborhood meetings to present alternatives.
- Prepare Draft General Plan and technical analyses, including a fiscal impact analysis.
- Hold meetings throughout the community to present the Draft General Plan.
- Prepare Draft Environmental Impact Report.
- Present Draft EIR (will incorporate information from previously prepared background reports).
- Present Final General Plan and Final EIR.

Organization of General Plan – There are many options regarding organizing the General Plan content, and staff will review examples of Plans from other similar jurisdictions to provide a future recommendation for content. One option for Hayward would be to organize the new General Plan around the City Council's adopted set of priorities – Safe, Clean, Green, Organizational Health, Land Use, and Fiscal Stability. Each of the six priorities could be a chapter of the General Plan that

would also include the mandated elements. In Attachment IV, staff has provided a table showing the possible organization of the plan if organized by Council priorities.

ENVIRONMENTAL REVIEW

As required by the California Environmental Quality Act (CEQA), an EIR would be prepared for the new General Plan. By incorporating the CAP into the General Plan, the CAP will be analyzed in the EIR, which will allow streamlined environmental review for new development projects. The Bay Area Air Quality Management District's CEQA Guidelines[2] and Section 15183.5 of the CEQA Guidelines allow a project's impact relative to greenhouse gas (GHG) emissions to be considered less than significant if it is consistent with an adopted qualified GHG Reduction Strategy (may be a Climate Action Plan). This can eliminate the need to do a detailed GHG analysis for many new development proposals, which can reduce costs for preparation of applications by developers and reduce application processing time. CEQA Guidelines require that a GHG Reduction Strategy or Climate Action Plan must be adopted following the certification of an EIR. In Hayward's case, an amended CAP might be adopted as a stand-alone document along with the updated General Plan or it could be incorporated into the updated General Plan.

Because the Housing Element must be updated by September 2014 before the General Plan is anticipated to be updated, it is expected that a Mitigated Negative Declaration (MND) would be developed and adopted for the Housing Element, as was done for the current Housing Element. When the EIR is completed for the General Plan, it would incorporate the Housing Element and environmental impact analysis from the MND.

FISCAL IMPACT

As reflected in the table below, staff estimates the cost of the upcoming General Plan update will be approximately $1.53 million, excluding in-house staff costs, and a total of $2.76 million, including staff costs. Other similar-sized cities throughout California were surveyed and staff found costs ranging from $800,000 to $2.9 million; however, those costs do not include in-house staff costs (see Attachment V). Of all the cities surveyed, only the Cities of Fremont and San Carlos tracked and estimated costs for staff time. However, all the cities surveyed had more than one planner assigned to the project full-time.

[2] See Section 4.3 at http://www.baaqmd.gov/~/media/Files/Planning%20and%20Research/CEQA/BAAQMD%20CEQA%20Guidelines_May%202011_5_3_11.ashx

The estimated cost of $2.76 million assumes the project is completed in three and a half years and is broken out as follows:

Estimated Budget for General Plan Update	
Staff Time	
Senior Planner (half time)	$350,000
Associate Planner (full time)	$630,000
Other Staff	$255,000
Total Staff Time	**$1,235,000**
Mintier's DIY Workshop	$15,000
Consultant Fees – General Plan/Technical Studies	$900,000
Consultants Fees – Environmental Impact Report	$350,000
Miscellaneous Costs (outreach materials, notices, newspaper ads, printing, etc.)	$10,000
Subtotal	$2,510,000
10% Contingency	$251,000
Grand Total	**$2,761,000**

The above costs assume that the Senior Planner in Advance Planning would spend fifty percent of his time on the General Plan update and that the City would hire a temporary Associate Planner for three and a half years to work on the project full time. The remainder of the staff cost is attributed to a variety of staff from several departments who would be assisting with the project at various points. If the City implements staff reductions associated with efforts to balance the budget, then the time to complete the General Plan update will need to be extended.

Staff will be proposing for the FY2013 Master Fee Schedule a surcharge on building permits to pay for the General Plan update. Staff will recommend that Council adopt a 14% General Plan Update surcharge fee on building permit fees. Many other agencies have adopted a similar fee and this data will be presented when staff brings forward the fee for approval. Annual revenue from building permit fees is projected to be approximately $1.5 million. Assuming that building permit revenues grow at 3% per year after FY13, a 14% fee would generate $2.8 million in approximately eleven years. If adopted, the General Plan fee would become effective on July 1, 2012. The cost of the General Plan update would need to be provided by a currently unidentified funding source (General Fund, Revenue Bond, etc.), to be repaid over time by the General Plan Update fee. Also, staff is recommending this project be part of the Capital Improvement Program (CIP) for next fiscal year, which is scheduled for adoption in May or June with the City's two-year budget.

The potential impact to the City's General Fund will be approximately $2.8 million if the proposed fee is not adopted. The proposed General Plan fee is expected to generate approximately $2.8 million over eleven years. Assuming the General Plan is completed by December 2016, the revenue collected from the General Plan Update fee by that date is projected to be approximately $1 million. The remaining $1.8 million would be paid back to the unidentified funding source referenced above during Fiscal Years 2017 through 2024. Since the budget for the General Plan update includes staff costs, the General Plan fee's reimbursement of the estimated $605,000 staff cost would be a positive impact to the

General Fund The following table illustrates the estimated cash flow based on the projected revenue from the proposed General Plan fee and the estimated expenses. As shown in column 'F', the General Fund would be fully reimbursed by the early part of Fiscal Year 2024, at which point in time the process would likely repeat and the fee would continue.

A	B	C	D	E	F
FY	Projected Revenue on 14% Fee	Cumulative Revenue	Projected Expenses (including staff time)	Yearly Balance (B - D)	Cumulative Balance
13	$215,040	$215,040	$41,000	$174,040	
14	$221,491	$436,531	$520,000	-$298,509	-$124,469
15	$228,136	$664,667	$650,000	-$421,864	-$546,333
16	$234,980	$899,647	$950,000	-$715,020	-$1,261,353
17	$242,029	$1,141,677	$600,000	-$357,971	-$1,619,323
18	$249,290	$1,390,967		$249,290	-$1,370,033
19	$256,769	$1,647,736		$256,769	-$1,113,264
20	$264,472	$1,912,208		$264,472	-$848,792
21	$272,406	$2,184,614		$272,406	-$576,386
22	$280,578	$2,465,193		$280,578	-$295,807
23	$288,996	$2,754,188		$288,996	-$6,812
24	$297,666	$3,051,854		$297,666	$290,854
Totals	**$2,754,188**		**$2,761,000**		

SCHEDULE

As indicated in the tentative schedule below, staff hopes that the General Plan update will officially begin in July 2013 and that the new Plan will be adopted by December 2016. Staff anticipates preparation for the General Plan update to occur in the second half of FY2013 and will return to Council for project approval and appropriation of funds in the early part of calendar year 2013.

Items in italics are actions outside direct control of the City of Hayward

Fiscal Year	Timeframe	Action/Task
Prep Year FY 12	March 20, 2012	Council Work Session to discuss Scope, Process, & Budget
	March 22, 2012	Planning Commission Work Session to discuss Scope & Process
	April 17, 2012	City Council Scheduled to Adopt New Fee Schedule for FY13
	May/June 2012	Council Adopts Budget and Capital Improvement Program
Prep	July 2012	Begin Collecting GP Fee

Fiscal Year	Timeframe	Action/Task
Year FY 13	*September 2012*	*ABAG will adopt the Final Regional Housing Needs Allocation*
	February 2013	Council Adopts Resolution to Authorize Project & Appropriate Funds
	March 2013	Mintier-Harnish Do-It-Yourself Workshop
	April 2013	*MTC will adopt the final RTP and SCS*
	March/April 2013	Issue RFP/Select Consultant
	June 2013	Council Adopts Resolution to Award Contract
Year 1 FY 14	July 2013	Project Kick-off
	Q1, Q2 - FY 14	Visioning (Neighborhood Meetings)
	Q4 - FY 14	Formulate/Present Vision and Identification of Issues
	Q1 thru Q4 - FY14	Review current GP & prepare background reports (incl. market analysis)
Year 2 FY 15	Q1, Q2 - FY 15	Draft Goals, Policies, Alternatives
	September 2014	*Housing Element must be revised and adopted*
	Thru Q4 - FY 15	Outreach and Select Alternative
	Q4 FY 15	Prepare Fiscal Impact Analysis
Year 3 FY 16	Q1, Q2 - FY 16	Draft General Plan
	Q3, Q4 - FY 16	Prepare DEIR
Year 4 FY 17	Q1 - FY 17	FEIR
	December 2016	Certify EIR and Adopt New General Plan

PUBLIC CONTACT

One of the first steps in updating the General Plan will be to develop a community vision. Staff expects to conduct significant community outreach to gather ideas and input during this first phase, and to also use input from development of the South Hayward BART/Mission Boulevard Form-Based Code, the Mission Boulevard Specific Plan/Form-Based Code (anticipated to be adopted by this fall), and the future Downtown Plan. Staff also expects to hold many public meetings as policies are drafted, alternatives formulated, and then during review of the draft General Plan, draft EIR and final adoption of each. Staff also intends to use social media and web-based forums to collect ideas and distribute materials. Such media may include on-line surveys, Facebook, Twitter, YouTube, a wiki site and other similar technologies. The Office of Planning and Research (OPR) offers the following guidelines for public participation:

- Public participation processes take time and resources. Dedicate adequate staff time and other resources to the process.
- Community members should be included in the general plan process as soon as possible. A visioning process, focus groups, or an advisory committee can be used to identify issues and involve the community before the process is designed.
- Participants need to know up front what they can expect from their participation and what the process sponsors will do with the information that comes out of the process.
- It is critical to understand the issues that are important to different segments of the community, including residents, business owners, and elected decision-makers. Address their issues and concerns during the process. Make sure that all stakeholder groups feel that they have an opportunity to give input early in the process.
- The process should be simple and transparent; participants should be updated frequently as the process moves forward.
- The process should be designed to meet the needs of your community. No two processes should be the same. Questions to consider include: Will community members need childcare in order to attend meetings? Are residents more likely to participate on a weekend or early in the morning due to work obligations? Will providing refreshments influence more people to attend? How do community members get their information? How comfortable are they with technology? Is translation necessary?
- The entire process should be documented. This includes keeping a record of and reporting on all groups that have been contacted, any information that is used to inform the process, and all decisions that are made. Documentation can be done through media stories, a website, newsletters, or other materials in order to keep the public informed.
- The process should be as engaging, interactive, and fun as possible.

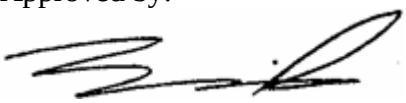
NEXT STEPS

This information will be presented to the Planning Commission during a work session on April 12, 2012. Depending on Council direction, staff anticipates returning to Council in February of 2013 with a formal proposed process and detailed budget to seek project authorization and funding.

Prepared by: Erik J. Pearson, AICP, Senior Planner

Recommended by: David Rizk, AICP, Development Services Director

Approved by:



Fran David, City Manager

Attachments:

Attachment I	Western Cities Article – *Why Now is a Smart Time to Consider Updating Your General Plan*
Attachment II	OPR Letter dated June 15, 2011
Attachment III	Northern News Article – *The once and future General Plan*
Attachment IV	Possible Organization of General Plan by Council Priority
Attachment V	General Plan Costs for Other Cities

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Why Now Is a Smart Time to Consider Updating Your General Plan

BY EVA SPIEGEL AND JUDE HUDSON

Eva Spiegel is communications director for the League and can be reached at espiegel@cacities.org. Jude Hudson is editor in chief of Western City and principal of the Sacramento-based strategic communication consulting firm Hudson + Associates; she can be reached at jude@surewest.net. Dan Carrigg, the League's legislative director, also contributed to this article.

California law requires every city and county to periodically update its General Plan, the document considered by many to be the Constitution for land-use decisions at the local level. But in today's economic climate, most local officials are focused on budget cuts and balancing their agency's budget. At first glance, updating the General Plan may not seem like a high priority. It's a costly exercise, and finding the necessary funds can be difficult. However, now is an excellent time to begin updating your General Plan.

Why a General Plan Update Is Worth Doing Now

The economic downturn has provided a new opportunity for local governments to focus on their general plans. During periods of economic growth, high volumes of impending or proposed development often create immense pressure on local officials to move ahead quickly. Making decisions under such duress doesn't allow much time for considering the potential impacts that may result later. The current economic downturn gives local officials and their communities the breathing room to think long term about the future, without the constant distractions and pressures of project-driven priorities associated with boom periods. When things are slow and little development is occurring, there are fewer hot issues to fight about — which are exactly the sort of issues that tend to muddy the water and confuse conversations about long-term planning. During this type of lull, it's possible to take the time to develop a General Plan that's carefully crafted with thoughtful community input and expert assistance.

In today's economy, the consulting services that support General Plan updates are priced much more attractively as planning consultants

and others who assist with these projects compete for work. The chances of getting high-quality assistance for a good price are greatly improved right now — a plus for cities and counties seeking the best value for their scarce dollars.

Another thing to think about is that the update process offers the chance to re-examine the economic assumptions underlying the General Plan. Many economists expect that the post-recovery economy of the near future will be unlike the booming pre-recession economy. They predict a “new normal.”

Cities and counties are well advised to consider these factors when planning ahead. Economic assumptions made just three or four years ago may likely be invalid. For example, one popular way to fund infrastructure has been through Mello-Roos districts, which involve working with a developer and issuing bonds. This approach worked well during past booms in communities where rapid growth appeared to be a given and it seemed safe to assume that ever-expanding, lower-density housing would continue to be developed at a brisk pace. However, not only did the pace of development slow dramatically, but those very types of lower-density developments were subsequently hit hard by waves of foreclosures. Thus, a General Plan that assumes rapid ongoing low-density development in such a community may be outdated, and its assumptions may need to be re-evaluated. In a related vein, communities that are built out and focused on infill may find it timely to re-examine their General Plan’s assumptions related to density.

A General Plan is more likely to withstand pressure to change it when it has been updated in a comprehensive way with public input and all the necessary environmental documents have been completed. Such a plan can work well for residents and community activists because they know what they want and have agreed to in terms of their collective vision for the future. When the public is engaged in the planning process and the updated General Plan reflects that, a win-win situation ensues. Not only does the community have a clear picture of its priorities, but developers also benefit from the certainty that community members are essentially on the same page. A solid, updated General Plan also helps entrepreneurs and business people better understand what the community wants. And when the baseline environmental work has been completed as part of the update process, projects consistent with local plans are likely to enjoy broader community support.

Going About It the Right Way: Public Engagement

State law requires local governments to involve the public in developing and updating the General Plan, and it’s one of the most significant ways that residents engage in local government decision-making. Using many different techniques and tools throughout the update process helps cities and counties to ensure the participation of the largest possible cross section of the community. The goal is to engage more than just “the usual” people who attend public meetings. Local governments use public noticing, print and broadcast media, the Internet and more to promote and attract public participation. Residents can offer public comments on proposed policies at town hall meetings and other forums, as well as at city council meetings and hearings conducted by the local planning commission.

A broad range of resources on land-use planning (www.ca-ilg.org/landuse) and civic engagement (www.ca-ilg.org/engagement) is provided for local officials by the Institute for Local Government (ILG), the nonprofit research arm of the League and the California State Association of Counties. ILG promotes good government at the local level with practical, impartial and easy-to-use resources for California communities.

“More public engagement occurs in the planning area than in any other activity that cities or counties are involved with,” reports Terry Amsler, ILG’s Public Engagement and Collaborative Governance program director. “Rather than simply using traditional engagement approaches where the public is brought in later in the process to review plans that have already been drafted, now communities involve people early in the process to think through planning issues, consider their priorities and envision what kind of community they want to have.”

In Richmond, the city sent staff out in a van into neighborhoods to reach out with information about the General Plan update process and also used a website to solicit comments from residents. “Community residents typically are not expert planners, but they have information to provide and play an important role,” Amsler observes.

“In updating the General Plan, members of the community partner with experts,” says Steve Sanders, director of ILG’s Land Use and Healthy Neighborhoods programs. “Residents bring to the table their preferences, values and hopes for the community’s future quality of life. Planners and professionals bring a way of translating that into actual plans and processes.”

“It’s a major decision, and it’s appropriate to involve the public in it,” says Tom Pace, long-range planning manager with the City of Sacramento’s Community Development Department. About 4,500 Sacramento residents participated in Sacramento’s recent General Plan

update. “While we initially set out to have robust public involvement, the city council really expanded the effort to reach out into every nook and cranny to engage people who aren’t normally involved in local government or planning issues,” Pace explains. The city advertised on Hmong radio stations, made presentations at African-American churches and held 25 town hall meetings, including some that specifically targeted high-school and college students. In addition, when the draft plan was released the city held four open houses throughout the community to solicit feedback.

In Southern California, the City of Ontario is creating an entire new downtown in its airport area where 250 acres of land stand vacant. It will take 20–30 years to fully plan and develop, but it represents Ontario’s vision of its future with high-density mixed-use zoning and access to transit, including a stop on the light-rail system linking the city with Los Angeles.

Ontario used multiple techniques to engage the community in developing this vision, first conducting interviews with council members, city commissioners and department heads to identify issues that will affect the city over the next three decades. City officials met with local business leaders to focus on economic development aspects and held a five-hour workshop for residents that focused on the future of the new downtown. In the area surrounding the airport, city staff talked to hundreds of residents in meetings about the proposed major land-use changes.

“It’s not just about the built environment but also about what happens in it — the services, social activities and more,” says Ontario Planning Director Jerry Blum. Ontario is committed to revisiting its plan annually. “By ensuring that the council is involved in looking at policy directions each year, it then becomes the community’s plan, not just the Planning Department’s plan,” Blum adds. “It’s important that this plan is sustainable for many future councils and their staff.”

Be Prepared for the Costs

A well-executed General Plan creates a blueprint for the community’s future growth and, ultimately, its quality of life. So it’s not surprising that updating the General Plan is an expensive project for local governments. Some county general plans cost upward of $10 million, and large cities’ general plans sometimes run into the millions. The City of Sacramento spent about $4 million on its plan update, and Ontario spent $3 million, plus staff time for both cities. The City of Santa Monica spent $2.3 million plus staff time. The more expensive general plans typically take the city in a new direction and include extensive analyses beyond the required environmental impact report (EIR). The cities of Ontario and Sacramento both executed these types of plans.

A city of 100,000 might expect to spend $800,000–$900,000 on a General Plan. The EIR is actually one of the most expensive components of the entire process and can cost $200,000 on the low end. Even a city of just 5,000 may spend at least $400,000–$500,000 on its General Plan.

The Advantages of Starting Now

Despite the financial challenges, there are some solid reasons to begin a General Plan update now rather than later. As noted earlier, services are priced more competitively in today’s economy. But just as important, the slower housing market means that local governments are able to operate without the pressure traditionally exerted by a list of pending projects. Making sound, informed decisions is easier in an environment where community discussions can be conducted without the looming prospect of imminent development. It’s a good idea to have the necessary conversations about planning for the future when elected officials and community members alike are not overwhelmed by political pressure and numerous competing development proposals.

While these are hard times, local officials who nevertheless take a proactive stance on updating the General Plan will find their communities better prepared when the economy eventually turns around. Savvy local leaders will look for less expensive ways to begin the process and take advantage of the free and low-cost resources provided by the Institute for Local Government and others (for additional information, see “More Resources Online” at right). Lay the groundwork now to develop a solid long-term plan that unites your community in realizing its vision for the future.

Some Background on General Plans

A General Plan must include seven specific elements — land use, circulation, housing, conservation, open space, noise and safety. It may also contain other

permissive elements related to land-use development, including (but not limited to): urban design; economic and fiscal development; capital improvements and public facilities; air quality; energy; flood management; geothermal resources; and water. Yet the General Plan process offers a great deal of latitude to create a vision for the community that reflects its residents' unique needs and those of the surrounding region.

State law requires that local governments update their general plans periodically but doesn't specifically define how often. The housing element, however, which is one of the seven mandatory elements, must be updated every five to eight years, depending on which update requirement applies to the region in question. All general plans must also include an Environmental Impact Report (EIR) to satisfy the California Environmental Quality Act.

Local governments traditionally drafted their general plans focused solely inside the city limits or county lines, but that has changed. Today, taking neighboring cities and the region as a whole into consideration is an essential part of the process. General plans are increasingly being drafted in the context of regional sustainable communities strategies that address greenhouse gas reduction through land-use, housing and transportation planning (for more information, see "City Officials Think Regionally to Tackle Transportation, Housing and Environmental Issues."

A General Plan update typically takes 12–18 months, but can last as long as five or six years depending on the circumstances. The City of Ontario adopted its General Plan, called the Ontario Plan, in 2010 following a four-year process. The previous update was completed in 1992. The City of Sacramento began its General Plan update in 2004 and adopted the plan in March 2009. In both instances, the cities extensively engaged residents in the update and used the General Plan to create a long-term vision going beyond issues of land use.

Experts advise local government officials to examine their General Plan at least every 10 years. Economic and other conditions change, and projects approved by the city or county must be consistent with the General Plan. Regularly updating the plan enables a local government to consider and plan for the community's needs based on thoughtful analysis, public input and current conditions.

Helpful Resources From the Institute for Local Government

- SB 375 and Regional Planning
- Planning Sustainable Communities
- Understanding the Basics of Land Use and Planning
- Participating Effectively in the Planning Process
- Understanding the Basics of Land Use and Planning: A Guide to Planning Healthy Neighborhoods
- Understanding the Basics of Land Use and Planning: A Glossary of Land Use and Planning Terms
- Demystifying Land Use Terminology for the Public: Public Hearing One-Pagers
- Public Engagement and Collaborative Governance (Intro)
- Public Engagement: Planning, Housing, & Redevelopment
- Principles of Local Government Public Engagement
- Involving Youth in Local Planning (Western City)

California Planning Roundtable Launches "Reinventing the General Plan"

Long-range planning is the key mechanism for communities to identify and pursue great visions for their future. Recently, however, many communities have struggled with significant political, fiscal and legal barriers to effective long-range planning. These challenges are compounded by the requirements of SB 375 and the impact of an ongoing economic downturn.

That is why the California Planning Roundtable, an organization of planners from the public, private and academic sectors, has launched a project called Reinventing the General Plan. It includes an online "incubator" at www.ReinventingTheGeneralPlan.org that provides models and examples of outstanding general plans. The incubator's purpose is to catalyze innovative thinking for staff, city leaders and the public about the potential of the General Plan.

The project's blog, at www.ReinventingTheGeneralPlan.org/Blog/, offers a way to share stories of General Plan experiences and ideas for its reinvention. The California Planning Roundtable also welcomes submissions of other models for inclusion on the site.

STATE OF CALIFORNIA

GOVERNOR'S OFFICE *of* PLANNING AND RESEARCH

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GOVERNOR

KEN ALEX
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JUN 16 2011

Development Services Department

June 15, 2011

Mr. David Rizk, AICP, Director, Development Services Department
City of Hayward
Development Services
777 B Street
Hayward, CA 94541-5007

Dear Mr. Rizk:

Pursuant to State statute, the Governor's Office of Planning and Research (OPR) is required to notify cities and counties with general plans that have not been revised within the last eight (8) years (Government Code section 65040.5(a)). Our records indicate that the City of Hayward's General Plan has not been revised in the past eight (8) years or longer.

For purposes of this notification, a revision is considered to be a comprehensive update of at least five (5) of the seven (7) mandatory general plan elements, which have been adopted by the local legislative body. According to our records, the mandatory elements of the General Plan for the City of Hayward were last updated during the years noted.

Land Use:	2002
Circulation:	2002
Housing:	2010
Conservation:	2002
Open Space:	2002
Safety:	2002
Noise:	2002

If this information is incorrect, please contact Cuauhtémoc Gonzalez at the OPR State Clearinghouse via email cuauhtemoc.gonzalez@opr.ca.gov or phone (916) 445-0613 so that we may update our records.

As part of our process to identify jurisdictions with general plans that have not been revised in eight (8) years, OPR surveyed local government planning agencies in the 2010 Annual Planning Survey for current information regarding their general plans. In addition, OPR reviewed General Plan Annual Progress Reports, public notices from the jurisdictions, environmental document filings, as well as websites of individual jurisdictions.

General plans that have not been revised within the past eight (8) years are not necessarily legally inadequate. However, the California Supreme Court has stated that local governments have an implied duty to keep their general plans current (*DeVita v. County of Napa*, 9 Cal. 4th 763 (1995)). Additionally, local governments must review and revise their general plans as often as they deem necessary or appropriate (Government Code section 65103(a)). The general plan statutes do not provide a mandatory minimum time

1400 10th Street P.O. Box 3044 Sacramento, California 95812-3044
(916) 445-0613 FAX (916) 323-3018 www.opr.ca.gov

frame for revision of elements, except for housing elements, which must be revised based on the schedule established in Government Code Section 65588. In addition, Government Code sections 65302 and 65302.1 require certain information be included in general plan elements at the time a jurisdiction next revises its housing element.

Additionally, OPR is also required to report to the Attorney General, cities and counties with general plans that have not been revised in ten (10) years (Government Code section 65040.5(b)). We will report your jurisdiction to the Attorney General only if your general plan becomes 10-years old. If our records indicate that your general plan has not been revised in ten (10) years, we will report this information to the Attorney General in late July 2011.

If you would like to make corrections to our records, please respond by July 15, 2011. This will allow us to update our records prior to notifying the Attorney General of general plans that have not been revised in ten (10) years. If you have any questions or require additional information, please contact Cuauhtémoc Gonzalez at cuauhtemoc.gonzalez@opr.ca.gov or by phone at (916) 445-0613.

Sincerely,

Ken Alex
Director

NORTHERN NEWS

APA CA American Planning Association California Chapter Northern
Making Great Communities Happen

A Publication of the Northern Section of the California Chapter of APA

DECEMBER 2011/JANUARY 2012

The once and future General Plan

By Barry Miller, AICP

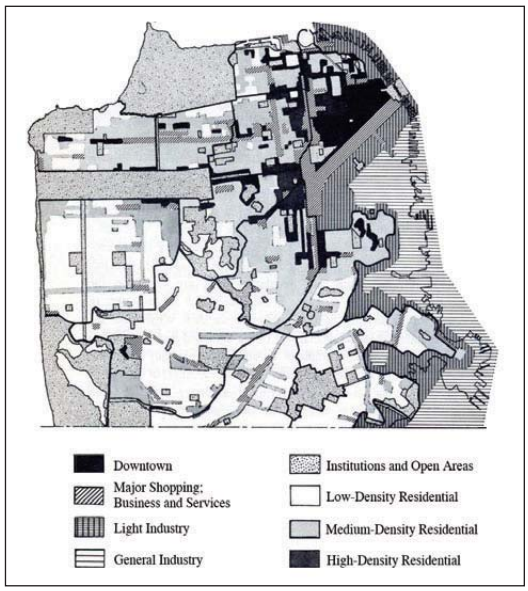
The modern California general plan has been with us for 40 years. Save for a minor revision in 1984 (dropping the "seismic safety" and "scenic highways" elements), we are operating under the same content requirements that have guided general plans since 1971. The state has nearly doubled in population since then, and there have been enormous physical, social, economic, political, and technological changes. These changes suggest it may be time for a paradigm shift, if not a wholesale reinvention of the general plan as we know it.

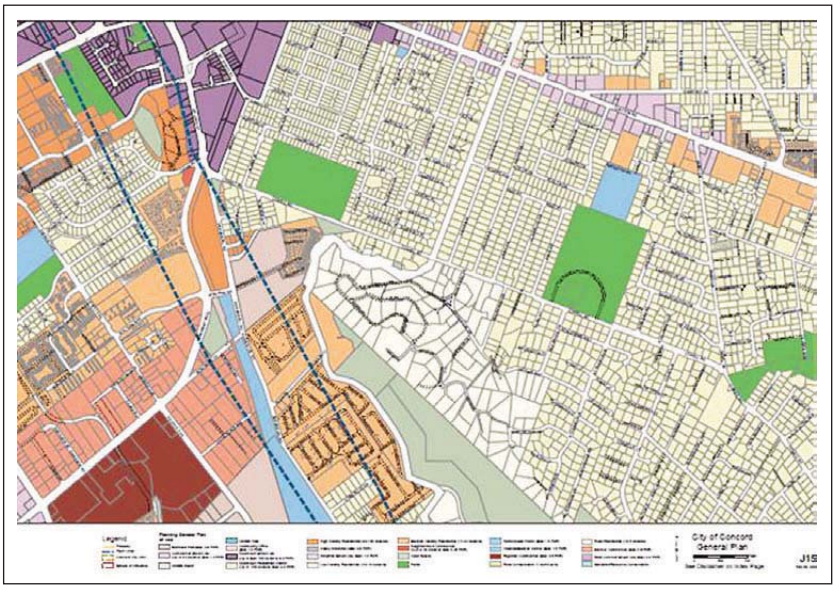
The California Planning Roundtable kicked off the discussion by highlighting best practices around the State and asking local planners to think about ways to keep their plans relevant and effective. (See related article on page 16.) It may be helpful to look at the reasons the rules need to change. The list below offers my perspective. Consider it food for thought as California's "second planning revolution" begins.

1. Big data. According to IBM, ninety percent of the data in the world today was created in the last two years. Access to information has reshaped the way we plan. With the touch of a finger, we can call up detailed aerial photos and street-level views of every block in our community. We can summon an encyclopedia of local demographics, history, and science. We can manipulate and communicate data on a scale never imagined before.

The challenge for planners is not to be overwhelmed. It's easy to get lost in data and miss the big picture, or to rely too much on data and not enough on intuition. As planners, we must stay ahead of the curve and constantly develop new methods, strategies, and communication tools to utilize information and technology. The 2003 General Plan Guidelines do not recognize the resources available to us today and need to be updated on a more regular basis.

2. Subject creep. Early general plans focused on land use and transportation. Over time, their scope evolved to include housing, conservation, and hazards. State provisions for "optional" elements have enabled countless additional topics, creating more interesting and responsive plans.





Then and Now. *General Plans from the 1940s through the 70s used a few categories and conceptual shapes to convey big picture concepts. (San Francisco General Plan, 1953, at left). With the advent of GIS, the diagrams now resemble zoning maps, with dozens of categories and parcel-level detail. (Concord General Plan, 2007, at right).*

(continued on page 12)

Call for Nominations 2012 APA–California Northern Section Awards

Now is the time to think about those plans, projects, and programs that you want to celebrate! An application form and submission details are provided at http://goo.gl/Wpex8 Applications are due Friday, March 16, 2012.

We invite you to apply for an award in one of the categories below:

Outstanding Planning Awards

- Comprehensive Planning
- Planning Implementation
- Planning Project
- Innovation in Green Community Planning
- Focused Issue
- Best Practices
- Grassroots Initiative
- Neighborhood Planning

Distinguished Leadership and Service Awards

- Distinguished Leadership
- Distinguished Service

Planner Emeritus Network Honor Awards

Planning Achievement Awards

- Advocacy/Social Change/Diversity Planning
- Contribution to Women and Families
- Education Project
- Academic Award

Journalism and Media Awards

Environmental Awards

The Awards will be presented on Friday, May 11, 2012. Please contact Awards Co-Directors Eileen Whitty at ewhitty@ebmud.com or Andrea Ouse at Andrea.ouse@lsa-assoc.com for more information. ■

Worth a look: Seattle Comp Plan 2011, short video, 6:30. (Set to HD and go full screen.) http://bit.ly/vivilS

The once and future General Plan

(continued from page 1)

As the spectrum of topics has grown, general plans have drifted from their original mission (not necessarily a bad thing). We have more holistic plans that recognize the interconnected nature of development issues. But where do we stop? Among the topics now addressed in general plans are juvenile justice, educational quality, and health care. Venturing into such subjects puts planners in the position of drafting policies they cannot implement.

More significantly, subject creep has led to extremely long plans. It is not uncommon today to find general plans that exceed 1,000 pages or consist of multiple volumes. Their bulk reduces their utility and accessibility. The answer is not to stop planning for these topics, but rather to recognize that the general plan may not be the best place for them. The general plan should not become the clichéd kitchen sink for every municipal policy document.

3. Evolution of the map. The general plan diagram was conceived during an era of colored pencils and press-on letters. It was intended to be interpreted broadly and designed to be legible on an 8.5 x 11 page or a foldout. Even our General Plan Guidelines emphasize the generalized nature of plan diagrams and their intent as a foundation for more detailed zoning maps.

GIS has made general plan diagrams precise, to the point they effectively have become zoning maps. Designations are snapped to parcel lines, reducing any element of uncertainty. This is magnified (figuratively and literally) through online PDF files that enable Internet users to zoom in on their properties.

The response of some general plans has been to develop a new family of diagrams to convey the big picture in a way the old plan map no longer can. These plans feature "change maps" which highlight areas that will grow and areas that will stay the same, and "strategy diagrams" that illustrate future city form. Such maps complement the general map nicely, and can communicate the plan's intent in a more understandable way.

4. Telescoping geography. General plans in California's counties and larger cities cover vast geographic areas. Plans covering the entire jurisdiction are often so broad that they do not provide enough detail to guide localized decisions. These jurisdictions may resort to multiple geographic tiers in their plans, telescoping from the city (or county) to planning areas (which in aggregate comprise the entire jurisdiction) or to "focus areas" which may comprise just a few large parcels.

For example, Fremont's new plan contains a 200-page "Community Plan Element" which divides the 90 square mile city into 11 subareas. Each subarea is profiled in the Element, and place-based policies are provided. Within each subarea, smaller "special study areas" are discussed. A benefit of this approach is that it provides a framework for existing area plans and a context for future area plans. It also helps make the plan more meaningful for residents. The downside is that the plan can become overly specific and lengthy.

5. Fiscal distress. The framework for the modern general plan was established long before fiscal crises gripped local governments. There

(continued on next page)

Job ads update

Northern News is no longer publishing job ads. Instead, as a free service to its members, APA California Northern Section is posting relevant job ads via the LinkedIn APA Northern Group, http://linkd.in/tMwfnm. We will also continue to feature job ads on our website, http://bit.ly/uyq63G. **All job ad postings are free of charge.**

Public agencies and private companies wishing to advertise employment opportunities to members of the planning, environmental, and related professions should complete the form at http://bit.ly/tAXWhl. Employers may also submit their ad copy to Darcy Kremin, AICP, at darcy.kremin@cardno.com.

MTC's cost-benefit analysis confirmed that the benefits of BART to Silicon Valley heavily outweigh its considerable costs, and it performs extremely well on reducing greenhouse gas emissions and transportation costs.
—*Sam Liccardo, http://bit.ly/w43QpS*

The once and future General Plan

(continued from previous page)

even was a time when federal grants were provided for preparing general plans. Even as resources shriveled, the cost of doing a general plan ballooned. One to two million dollar price tags are now common in mid- and large-sized cities.

Fiscal distress has impacted general plan practice in several ways. More communities are deferring their plan updates, treating the plan's horizon year as the target for updates rather than updating on a five- or ten-year cycle. Others are doing "housekeeping" updates which simply edit baseline data and projections while carrying existing policies forward.

Cities are also seeking creative ways to conduct their plan updates. Some are preparing their plans in-house or hiring limited-duration contract planners. Others are hiring consultants — not to write their plans, but to train staff in plan writing and procedure.

6. The role of CEQA. When it comes to general plans, CEQA often feels like the tail wagging the dog. The EIR routinely consumes a larger share of the budget than the plan itself, and its findings can become the primary focus of the general plan effort. At best, CEQA provides technical rigor and gives plans a strong, defensible factual basis. At worst, it takes the imagination out of planning and shifts the focus to a series of baffling analytical and legal machinations.

Traffic modeling is the biggest culprit. We build, run, and tweak the model, and run it repeatedly, relying on tenuous assumptions to reach conclusions that will shape countless future decisions. Air quality, greenhouse gas analyses, and noise studies bring more black boxes to the mix. This volleys the conversation away from planners and into the court of engineers, scientists, and attorneys. The shift has become more pronounced since the advent of climate change legislation and new air quality rules.

The answer is not to abandon general plan EIRs or to diminish the role of CEQA. However, we should make sure the Plan drives the EIR and not vice versa.

7. RHNA, RHNA, RHNA. The last decade has seen ascendance of the housing element as a driver of the general plan update. Housing— always the oddball element—must be certified by the State, updated on a regular schedule, and structured to satisfy a rigorous checklist. The Regional Housing Needs Assessment (RHNA) process, along with other legislative requirements, has pushed this element even further to the fringe.

For many communities, preparing a housing element has become a high-stakes game with HCD. Cities and counties pursue their certification letter with vigor, offering excruciating detail on obscure topics to satisfy State reviewers. This single element has become almost as lengthy as all other elements of the General Plan combined. Worse, cities concoct policies and actions that may not reflect local context. The fundamental role of the general plan as a broad "constitution" for development has given way to the ordinance-like quality of this element.

The upside is that the Housing Element keeps local governments on their toes. The RHNA process compels cities to address social equity and smart growth, and to maintain a regional perspective as they plan. Additional flexibility at the State level would improve the process and enable more realistic housing solutions.

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OBITUARY—*Al Boeke, Sea Ranch developer, 88*

While flying along the Sonoma Coast 100 miles north of San Francisco in 1962, architect and planner Al Boeke envisioned a residential community that would blend with and preserve the area's natural beauty. A year later, as vice president of planning and development for Oceanic Properties (a division of Castle & Cooke, a real estate entity of the Dole Food Company), Mr. Boeke purchased the land and assembled a design team. Principal designers included Bay Area architects Charles Moore, Joseph Esherick, William Turnbull, Jr., and landscape architect Lawrence Halprin. Their vision led to the development of Sea Ranch, founded in 1965.

Sea Ranch now has a population of 1,305 (2010 Census) and just over 1,800 homes, including one owned by Mr. Boeke. He died there on Nov. 8.

Alfred A. Boeke was born in Denver, Nov. 20, 1922. His family moved to California, and he received his bachelor's degree in architecture from the University of Southern California in 1948.

See Dennis Hevesi, "Al Boeke, architect who sought ecological harmony," The New York Times, *Nov. 16, 2011, http://nyti.ms/vUAzuI. Also see* Wikipedia, *"Sea Ranch, California," http://bit.ly/sXj22N.* ■

To suggest that redistricting can ever be entirely divorced from politics is overselling the case. Death, taxes, and lawsuits in redistricting are the only things certain in life. —*Keesha Gaskins, Brennan Center for Justice, NYU. http://usat.ly/vN72zG*

The once and future General Plan

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8. Measuring progress. Measurement has always been an essential part of shorter-range strategic planning. It has had less of a role in comprehensive planning, which focuses on long-term, intangible outcomes. A number of factors have brought the two closer together, with general plans now placing more emphasis on measurable results.

The Housing Element, for example, requires quantified objectives for production and assistance. Greenhouse gas emissions measurements, solid waste diversion rates, VMT reduction, and walkability scores have also found their way into plans. Public demand for government accountability is driving the demand for measurement, and has given rise to "scorecards," budgets, and capital improvement programs within plan documents.

9. Bye bye LOS. For years, roadway level of service (LOS) provided the basis for land use choices, transportation plans, growth management strategies, and capital improvement programs. LOS was the undisputed benchmark for determining how much growth a city could support and where it should occur.

Today, planners and elected officials are rejecting LOS or replacing it with new benchmarks that recognize more than vehicle speed and delay. Standards are being developed to consider transit, bicycle, and pedestrian trips, with the goal of creating multi-modal transportation systems. Where this brave new world of transportation planning will lead us is still unclear.

10. Public input. Rounding out the top 10 is the changing concept of public input in the planning process. Input used to be solicited through newspaper-advertised town hall meetings.

It is hard to attract participants to such meetings today, and planning meetings are often populated by (affectionately) "the usual suspects." When we do attract a crowd, participants are focused on their short-term needs. Rarely are they willing to ponder what their city should be like in 20 years.

Meanwhile, the Internet and social media are revolutionizing public participation, reaching audiences that public workshops never could. Commission meetings can be streamed at any time of the day or night. Input is provided through online surveys, links to general plan websites, blogs, and tweets. General plan updates have their own Facebook pages and YouTube videos. Planning has become accessible to everyone, giving planners a unique opportunity to educate and learn at the same time. We've only just begun to explore the limitless opportunities.

WHAT'S NEXT? Even with all the above, the general plan framework created four decades ago has been remarkably resilient. The legislation of the 1970s gave us great latitude in plan drafting and organization. This flexibility has also allowed cities and counties to adapt their plans to changing times and evolving priorities.

Where we go next is another question and perhaps the topic for another article. Updating the General Plan Guidelines is an important first step. At the same time, we should start rethinking the template we've been using for the last four decades. In doing so, we can put California back on the cutting edge of national best practices and ultimately allow planners to better serve their communities.

Barry Miller, AICP, is a planning consultant in Oakland. He can be reached at Barry@BarryMiller.net ■

WHAT'S INSIDE

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Governor Brown on high-speed rail: "You can't make an omelet unless you break the egg. I want to see the first segment completed in short order. You can't build something like this in one jump. We have the first step paid down. We're in for a rough ride for the next couple of years in terms of the budget, but we're going to promote investments in the state; they're crucial." http://lat.ms/toqmlv

Reinventing the GP—worth a look

At a meeting in Cambria, California, in July 2008, members of the California Planning Roundtable discussed how they might encourage the state of California to begin its mandated redrafting of the General Plan Guidelines — something the state has failed to do thus far. Perhaps the Roundtable could assist the state in updating the guidelines, or even draft new guidelines with or without the state's cooperation.

From that discussion three years ago, a product and an ongoing process evolved to guide communities in better ways to prepare general plans.

California communities are facing crises on many fronts, including climate change, financially strapped governments, congestion, unaffordable housing, and job loss. The general plan is the single best tool to help communities tackle these issues in a comprehensive way. But the General Plan is too often costly, complex, and ineffective.

Supported by APA California, the California Planning Roundtable has undertaken to "reinvent the general plan" and revitalize it as an essential tool to help California communities tackle 21st century issues. You can see an online "incubator" that highlights the most innovative, exciting, and reproducible features of six general plans at http://bit.ly/uRY4Cc.

Reinventing the General Plan delves into these plans, pinpointing their most innovative and compelling features. Links direct users to exemplary maps, images, text, and ideas. Ultimately, the incubator is a place where individuals and communities can find specific guidance to transform their thinking and help them produce general plans that achieve better vision, communication, and action.

The Roundtable recommends that cities and counties follow 10 principles in updating their general plans:

1. Create a vision.
2. Manage change.
3. Make life better.
4. Build community identity.
5. Promote social equity and economic prosperity.
6. Steward and enhance the environment.
7. Engage the whole community.
8. Look beyond local boundaries.
9. Prioritize action.
10. Be universally attainable.

These principles are fleshed out on the website, followed by a presentation of the best aspects of six general plans. Featured thus far are the general plans of the cities of Sunnyvale, Ontario, San Diego, Sacramento, and Truckee, and the county of Marin. Readers can search the models for specific tags such as climate change, graphics, or web strategies.

Users are invited to submit other examples of outstanding plans or those with unique groundbreaking elements. To ask about *Reinventing the General Plan* or to submit a model, contact the *Reinventing the General Plan* team at http://bit.ly/rNTr1l.

In the following table, the Council priorities are listed on the left and the right column indicates the content that would be included in each chapter.

City Council Priorities FY 2013 (as listed in the February 21, 2012 agenda report)	**Corresponding GP Elements** (Elements in **Red** are required)

Safe
• Improve public safety in targeted areas
  ○ Downtown
  ○ Neighborhoods
  ○ Entertainment areas
  ○ Retail areas
  ○ BART Stations
• Continue consistent, determined use of the SMASH Program
• Reduce gang violence in Hayward
  ○ Continue implementation of a continuous and focused gang enforcement strategy
  ○ Develop a gang injunction program for use as appropriate
  ○ Support gang prevention and intervention programs through the schools and other agencies
  ○ Partner with all applicable agencies and organizations to reduce gang activity in Hayward
• Improve safety of school campuses and routes to/from schools
  ○ Partner with HUSD to improve training and operations of school campus safety personnel
  ○ Enhance curfew and truancy enforcement
• Improve the ambiance of, and shopping experience in, all major retail areas, particularly Downtown and in malls and centers.
• Improve Disaster Preparedness and disaster response in the organization and within the community
• Continue to abate homeless encampments in the community
	Safety
	Noise
	
	Education (and child care)
	Climate Adaptation (sea level rise)

Clean
• Strengthen code enforcement and eliminate blight citywide
• Continue the Neighborhood Partnership Program.
  ○ Revise Strategic Plan to incorporate strategies for the next phase of the program
  ○ Implement next phase of program
• Strengthen and expand KHCG Task Force into neighborhood organizations
• Decrease litter in the city
• Decrease illegal dumping
• Prevention and rapid abatement of graffiti
• Improve graffiti prevention through increased use of public art in retail and commercial areas
	Housing
	
	Air Quality
	Arts/Culture (mural program)
	Community Design

• Control and/or regulate car sales in the Public ROW	

Green
• Continue implementation of the Climate Action Plan
• Increase Hayward's sustainability as a community in all aspects of urban life
• Continue efforts to increase the overall tree inventory throughout the community
• Develop, and implement residential and commercial energy efficiency and renewable energy programs, including non-General Fund financing components.
• Increase use of clean and green energy such as solar photovoltaic and bio-gas-to-energy production at utility facilities
• Increase use of recycled water
• Continue to implement the "Healthy City" program and to gain national and state recognition
  ○ Partner with other agencies to fight obesity among Hayward youth
  ○ Pursue and implement a model "urban gardening" program throughout the community
• Work with partners to successfully implement the Promise Neighborhood grant, and to secure multi-year funding
• Through partnership with other agencies and organizations, develop and support the necessary elements to provide high quality educational opportunities for all throughout the community
• Continue efforts to eliminate long-term homelessness in Hayward and to identify housing for individuals when and where appropriate.
	Open Space
	Conservation
	
	Energy
	Climate Action
	Health & Wellness

Organizational Health
• Ensure a safe and healthy work environment
• Implement the selected Financial Enterprise/Enterprise Resource Planning (ERP) system
• Improve the organization's ability to apply business process analysis in decisionmaking.
• Redesign and deploy the City's WEB page
• Continue staff development and succession planning
• Develop an employee attraction and retention program
• Strengthen the organization's ability and capacity to manage disasters.
• Continue the development, adoption, and maintenance of strategic plans for key functions
  ○ Finance Functions (develop)
  ○ Economic Development (update & implement)
  ○ Police (update & maintain)
	Economic Development

Land Use • Continue implementation of the 238 Settlement Agreement • Implement a 238 Corridor land disposition strategy	**Housing (2)** **Land Use** **Circulation**

• Adopt and implement Mission Boulevard Corridor Form-Based Code • Redesign and update gateways and corridors; partner with County where appropriate • Continue implementation of South Hayward BART TOD Project • Revise the City's Sign Ordinance • Develop a Downtown Specific Plan • Develop framework, scope, budget, and funding for updating the General Plan • Continue implementation of Airport development projects including CA Air National Guard reuse • Continue to implement Historic Preservation Program elements • Continue to implement Housing Element program elements • Continue to participate in development of a regional Sustainable Communities Strategy • Update the City's Subdivision Ordinance	

Fiscal Stability
• Implement programs and fiscal policies to resolve long-term structural deficit
• Protect and maximize local revenues
• Increase community property values
  o Increase academic performance in Hayward schools in partnership with HUSD and the community
  o Brand, market, and promote the community of Hayward
• Determine strategy and funding options for economic development efforts following dissolution of Redevelopment Agency
• Protect City's assets and key interests in the wake of the State's elimination of the Redevelopment Agency
• Strengthen and protect Hayward's business community
  o Engage in and succeed at aggressive economic development
  o Protect and promote Hayward's industrial base
  o Strengthen Chamber & business/industrial partnerships
• • Seek and secure outside funding
  o Grants
  o Appropriations
  o Federal & State programs
• Develop long term facilities master plan to identify and evaluate City facility needs and funding options
	Economic Development (2)

Survey of Other Cities - Cost to Prepare General Plan Update

Jursidiction	Adopted	Population	Time to complete	staff time spent	consultant cost	Total cost
Fremont	2011	215,000	4 years	about $1 million - Avg. 2.0 FTE for 4 years	$1.35 million	$2.3 million
Rancho Cucamonga	2010	168,000	2.5 years		$1.2 million	$1.2 million
Ontario	2010	164,000	4 years	3 planners	$2.9 million	$2.9 million
Richmond	March 2012 *	103,701	6 years *	4 people (part time) + 1 contract planner	$2.1 million	$2.1 million
Redwood City	2010	76,000	2.5 - 3 years	Approx. 1.1 FTE	$1.5 million	$1.5 million
Visalia	2013 *	127,000	3 years *		$1.1 million	$1.1 million
Lancaster	2009	145,000	3 years	4 staff members assigned to project	$800,000	$800K
Vacaville	2012 *	97,000	2.5 years *	Approx. 1.5 FTE	$1.67 million	$1.67 million
Irvine	2006	212,000	3 – 4 years		$1 million	$1 million
Walnut Creek	2006	66,000	3 years		$1 million	$1 million
Chico	2011	87,000	3.5 years			$1.54 million
Mountain View	May 2012 *	74,066	4.5 years *	3.5 planners assigned to project	$700K for EIR; $950 for GP	$1.65 million
San Carlos	2009	28,000	2 years	Approx. $750K worth of staff time	$550K	$1.3 million
Murrieta	2011	100,000	18 months			$1.5 million
Hayward (proposed)		146,000	3.5 years	Estimated $1.1 million	Estimated $1.7 million	$2.8 million

* - adoption date and time to compelted are anticipated

MINUTES OF THE CITY COUNCIL MEETING OF THE CITY OF HAYWARD
City Council Chambers
777 B Street, Hayward, CA 94541
Tuesday, February 28, 2012, 7:00 p.m.

The City Council Meeting was called to order by Mayor Sweeney at 7:00 p.m., followed by the Pledge of Allegiance led by Council Member Quirk.

ROLL CALL

Present:	COUNCIL MEMBERS Zermeño, Quirk, Halliday, Peixoto, Salinas, Henson MAYOR Sweeney
Absent:	None

CLOSED SESSION ANNOUNCEMENT

Mayor Sweeney reported that the Council met pursuant to Government Code 54957.6, regarding Labor Negotiations, and there was no reportable action.

PRESENTATION

The Business Recognition Award was presented to La Quinta Inns & Suites. La Quinta Inns & Suites has been doing business in Hayward since 1997. This award was given in recognition of the contribution the company has made by: locating and providing excellent service in Hayward, providing job opportunities to local residents, committing to community involvement, and contributing to the overall economic well-being of the community. Sales Manager, Randi Callahan, received the award and thanked the City for such recognition.

PUBLIC COMMENTS

Mr. Tom Silva, property manager of Tampa Square Apartments, reported that at the intersection of Tampa Avenue and Forselles Way, and along Forselles Way, the streets are in dire need of repair and requested that funding be allocated in the upcoming fiscal budget. Mr. Silva, representing the Rental Housing Owners (RHO) Association of Southern Alameda County, asked for the Council's support in consideration of self-certification for the Residential Rental Inspection Program. Mr. Silva submitted a "Section 8 Rent" check and shared the certification process landlords complete each month and suggested the check be used as a guide. Mr. Silva added that the RHO would be submitting amendments to the City's Residential Rental Inspection Ordinance.

Mr. Jim Drake, Franklin Avenue resident, expressed concern about why trees located on Harder Road were dying. Mr. Drake also suggested implementing fines for restaurants that wash kitchen equipment and allow rinse water to run into storm drains.

CONSENT

1. Larrabee Sidewalk Repair – Woodland Avenue to Garin Avenue: Approval of Plans and Specifications and Call for Bids

> Staff report submitted by Assistant City Engineer Owusu, dated February 28, 2012, was filed.

It was moved by Council Member Henson, seconded by Council Member Peixoto, and carried unanimously, to adopt the following:

> Resolution 12-022, "Resolution Approving Plans and Specifications for the Larrabee Sidewalk Repair – Woodland Avenue to Garin Avenue Project, Project No. 5182, and Call for Bids"

2. Authorization for the City Manager to Execute a Master Programs Funds Agreement with the Alameda County Transportation Commission

> Staff report submitted by Transportation Manager Frascinella, dated February 28, 2012, was filed.

It was moved by Council Member Henson, seconded by Council Member Peixoto, and carried unanimously, to adopt the following:

> Resolution 12-023, "Resolution Authorization the City Manager to Execute a Master Programs Funding Agreement with the Alameda County Transportation Commission"

LEGISLATIVE BUSINESS

3. Approval of the City's Participation in the Alameda County Waste Management Authority's Ordinance to Regulate the Use of Carryout Bags and Promote the Use of Reusable Bags

> Staff report submitted by Solid Waste Manager Dahle-Lacaze, dated February 28, 2012, was filed.

Director of Public Works - Utilities and Environmental Services Ameri provided a synopsis of the staff report.

In response to Council Member Zermeño's inquiries, Director of Public Works Ameri indicated that restaurants were exempt from the ordinance because of health and safety safeguards; the 90-day limited-time promotion of reusable bags at no charge was to promote compliance; and staff had not received comments in opposition to the ordinance.

Council Member Peixoto asked about enforcement actions in order to comply with the ordinance and the City's responsibility with the Oro Loma Sanitary District service area. Director of Public Works Ameri noted that City staff would assist the Alameda County Waste Management Authority by contacting store managers and distributing literature. It was noted that the City would be responsible for coordinating compliance of businesses that are in incorporated Hayward, including those in the Oro Loma Sanitary District.

Council Member Henson mentioned staff had researched other municipalities regarding regulating single-use plastic bags and had incorporated best practices for a well-balanced policy. Mr. Henson said the objective was to discourage the use of single-use plastic bags by educating various entities and helping them adhere to the ordinance, which would result in minimal enforcement. He pointed out that participation in the program would not impact the General Fund and Public Works Director Ameri added that the county-wide Stormwater Fund may contribute to the program.

Council Member Salinas noted that the California Grocers Association and the Hayward Chamber of Commerce supported the ordinance. Mr. Salinas suggested that non-profit agencies help disseminate information to the public. Mr. Salinas also mentioned the need for a strong enforcement mechanism and suggested incorporating a public relations component to help garner county-wide public awareness of the program.

Mayor Sweeney opened the public hearing at 7:30 p.m.

Mr. Gary Wolff, Executive Director of Stopwaste.org, noted the County's Stormwater Program had financial constraints and could not contribute toward the implementation of the program, but might be able to contribute in subsequent years. Mr. Wolff noted the implementation of the program would help in reducing the cost of stormwater management.

Council Member Halliday referred to a Daily Review article entitled "Deluge of Garbage Polluting S.F. Bay," which indicated that single-use plastic bags made up 8% of pollution in the Bay and that Hayward was a major contributor. Ms. Halliday also referred to a consumer column in the newspaper that discussed reusable bags and sanitation issues. Mr. Wolff mentioned that reusable bags should be washed as needed and noted that studies found that bacteria count in reusable bags was not significant.

In response to Council Member Salinas' question of how to measure the success of the program, Mr. Wolff replied direct measures of success would be seen in the reduction of single-use plastic bags during the annual coastal clean-up day, during street sweeping, and other stormwater activities.

Mr. Glenn Kirby, Fairway Park resident and former member of the Alameda County Source Reduction and Recycling Board, commented on the positive partnership between the City and Alameda County Waste Management Authority, and how the program would be a great benefit for the County. He urged the Council to support the staff recommendation.

Mayor Sweeney closed the public hearing at 7:44 p.m.

Council Member Henson offered a motion per staff recommendation noting the presence and support of representatives of Stopwaste.org and the Alameda County Source Reduction & Recycling Board, signified the importance of the program. Mr. Henson urged the Council's support.

Council Member Halliday seconded the motion and thanked Council Member Henson, the Alameda County Waste Management Authority, and City staff for their efforts in developing the program. Ms. Halliday said she found it disturbing that Hayward, along with other cities, contribute to polluting the Bay and noted this program would help reduce waste. Ms. Halliday noted all the exemptions in the ordinance were appropriate.

Council Member Quirk appreciated the efforts of Council Member Henson and the Alameda County Waste Management Authority for developing the program and for obtaining the support of the California Grocers Association.

Council Member Peixoto supported the motion and shared his own experience while he was in Europe where the practice of bringing one's own shopping bag was already in place.

It was moved by Council Member Henson, seconded by Council Member Halliday, and carried unanimously, to adopt the following:

> Resolution 12-024, "Resolution Approving Participation of the City of Hayward in Alameda County Waste Management Authority Ordinance No. 2012-2 to Regulate the Use of Single-Use Carryout Bags and Promote the Use of Reusable Bags"

4. Approval of City's Participation in Phase 1 of Alameda County Waste Management Authority Ordinance No. 2012-1 Regulating Recycling by Multi-Family Residences, Businesses and Self-Haulers

> Staff report submitted by Solid Waste Manager Dahle-Lacaze, dated February 28, 2012, was filed.

Director of Public Works - Public Utilities and Environmental Services Ameri provided a synopsis of the staff report.

In response to Council Member Peixoto's question if a cost analysis had been conducted to determine if it would beneficial for the City to participate in the recycling program under the legislation of Assembly Bill 341 (AB 341), as opposed to the Alameda County Waste Management Authority's Ordinance No. 2012-1, Director of Public Works Ameri responded that it would be more cost effective for the City to participate under the Authority's program and added that the Authority would be responsible for enforcing the program.

Council Member Henson mentioned AB 341 was an important component to this process, but said he supported a county-wide recycling program. Mr. Henson pointed out the key components to the program were education and outreach. Mr. Henson supported the staff recommendation and urged Council's support in approving the City's participation.

Council Member Zermeño supported the City's participation in Phase 1 of the ordinance and asked if there were benefits of having variable rates for residents and businesses. Director of Public Works Ameri noted that the current Waste Management of Alameda County (WMAC) Franchise Agreement did not have direct cost impacts for non-compliant businesses; however, he mentioned that variable rates for residents and businesses could be reviewed by Council in preparation of the next WMAC Franchise Agreement.

Council Member Salinas commented this was a county-wide effort and met the Council's "Green" priority. In response to Mr. Salinas' question of how success would be measured, Director of Public Works Ameri responded when the 68% participation rate increased to 90%, and when the diversion rate increased.

Mayor Sweeney opened the public hearing at 8:15 p.m.

Mr. Tom Silva, representing the Rental Housing Owners Association (RHO), submitted documents for the record. Mr. Silva supported the ordinance, but voiced concerns about proper notification for businesses and the waivers for ordinance requirements. He suggested adding "reasonable accommodation" to the list in the "StopWaste.Org Mandatory Recycling Ordinance FAQ's." Mr. Silva said the RHO participation demonstrated its commitment.

Mr. Gary Wolff, Executive Director of Stopwaste.com, noted that the staff report listed cities that confirmed participation in Phase 1 of the ordinance and added that the vast majority of the County would be participating in the recycling program.

Mr. Glenn Kirby, Fairway Park resident and former member of the Alameda County Source Reduction and Recycling Board, noted that the Alameda County Waste Management Authority Board enacted a county-wide ordinance that satisfied and went beyond the State's requirements and would benefit the jurisdictions in the county. Mr. Kirby urged the Council to support the City's participation.

Mr. Arthur Boone, Berkeley resident, co-chair of the Zero Waste Committee of the Sierra Club and President of the Northern California Recycling Association, spoke about the time when smoking was allowed at restaurants and how they are now smoke-free. Mr. Boone said a mandatory recycling ordinance made sense now, as did an anti-smoking ordinance then, and encouraged the Council to support the ordinance.

Mayor Sweeney closed the public hearing at 8:25 p.m.

Council Member Henson offered a motion per staff recommendation. Mr. Henson said he appreciated the speakers' comments and suggested that staff work with the Rental Housing Owners Association (RHOA) regarding space constraints. Mr. Henson spoke about the challenges of getting multi-family residences on board with the recycling process.

Council Members Halliday and Zermeño seconded the recommendation.

In response to Council Member Salinas' question regarding adding the "reasonable accommodation" to the ordinance, Director of Public Works Ameri indicated that legitimate concerns would be resolved in accordance with provisions already in the ordinance. Mr. Salinas supported the motion on the floor.

Council Member Quirk thanked Mr. Silva for informing the Council of notification issues. It was noted that the opt-out provision was for the City Council only and not for individual property owners.

Council Member Halliday commended the work done toward adopting the ordinance and noted that expanding the recycling program was a positive step. Ms. Halliday suggested that when new construction for residential and/or business is approved, the City also consider adequate space for recycling services. It was noted that space concerns could be addressed with the provisions in the ordinance. Ms. Halliday emphasized the importance of sending proper notification to residences and businesses.

It was moved by Council Member Henson, seconded by Council Members Halliday and Zermeño, and carried unanimously, to adopt the following:

> Resolution 12-025, "Resolution Approving Participation of the City of Hayward in Phase 1 of Alameda County Waste Management Authority Ordinance No. 2012-1 Regulating Recycling by Businesses, Multi-Family Residences, and Self Haulers"

5. Bay Area Regional Interoperable Communications System (BayRICS) Update and Request for Authorization to Join the BayRICS Joint Powers Authority and Execute a Site Agreement with Motorola Solutions, Inc.

> Staff report submitted by Technology Services Director Priest, dated February 28, 2012, was filed.

Technology Services Director Priest provided a synopsis of the staff report.

In response to Council Member Peixoto's questions regarding the proposed antennas/towers and visual and health concerns, Technology Services Director Priest noted that staff could work with Motorola Solutions, Inc., to camouflage the towers, but deferred to health professionals regarding health concerns. Mr. Peixoto requested staff conduct proper notification to all individuals that could

potentially be impacted and suggested going beyond the 300-foot radius and conducting additional outreach.

Technology Services Director Priest confirmed for Council Member Henson that with the Technical Advisory Committee and the governing board of the Bay Area Regional Interoperable Communications System Joint Powers Authority (BayRICS JPA) in place, he was confident that all technical issues would be addressed. Mr. Priest spoke about the ability to utilize the new towers for other technology purposes and explained how interconnectivity could be maintained if the City went offline, with the exception of Fire Stations 5 and 8.

Council Member Halliday commented about the potential cost impact to the City. Technology Services Director Priest explained the administrative fee to join the JPA would be funded by the East Bay Regional Communications System Authority (EBRCSA), but the City would be responsible for the ongoing utility costs for the four to five sites. Ms. Halliday commented about keeping costs under control and concurred with Council Member Peixoto about effective notification to the community. She asked when the public would have the opportunity to comment on the project, and Assistant City Attorney Conneely responded that each site review would follow the standard process for telecommunication facility approval, and confirmed this would allow referral to the Planning Commission when needed.

Council Member Salinas mentioned this item was prompted by the 911 event where there was a communication problem between first responders not being aligned with one system. He pointed out that funds have been allocated at the federal level to build systems throughout the nation. Mr. Salinas said he attended a meeting where the stated goal was to create a seamless nationwide link where there would be instantaneous connection in the event of a national emergency. Mr. Salinas inquired what other cities/regions were doing and how they compared to Hayward's system.

Mayor Sweeney opened the public hearing at 9:06 p.m.

Mr. Bill McCammon, Executive Director of the East Bay Regional Communications Systems Authority (EBRCSA), spoke about the D Block Funding as part of the extension of the payroll tax provision passed by Congress. He said there would be funding for a nationwide system that would effectively resolve regional issues.

In response to Council Member Peixoto's inquiry about potential health issues from the towers, Mr. McCammon responded that the technology was the same 4G technology used for cell phones and the proposed sites were removed from densely populated areas.

Mr. David Kozicki**,** Deputy with Alameda County Sheriff's Office, Office of Homeland Security and Emergency Systems, pointed out the project was part of a national initiative. Mr. Kozicki shared information about the progress of cities throughout the country and the ability of technology to provide data and interconnect public safety personnel. In response to Council Member Salinas'

question about how the proposed system compared to other jurisdictions, Mr. Kozicki said the technology was the same and had to be interoperable throughout the nation.

Mayor Sweeney closed the public hearing at 9:16 p.m.

Council Member Zermeño offered a motion per staff recommendation and commented it was in line with the Council's "Safe" priority.

Council Member Salinas seconded the motion.

Council Member Henson thanked the speakers and Technology Services Director Priest and City Manager David for their efforts. Mr. Henson concurred with Council Member Salinas that as a result of 911, it was important to have a seamless communications system, and, he noted that the U.S. President Obama's broadband initiative would provide further funding for these efforts. Mr. Henson fully supported the recommendation.

In response to Mayor Sweeney's questions regarding the possible reduction in the National Telecommunications and Information Administration (NTIA) $50.2 million grant that was awarded to Motorola, Deputy Kozicki said the reduction may cause the removal of the public access component and that Motorola was requesting additional funds from the NTIA. Deputy Kozicki noted he was confident that Motorola would pick up the cost of mediation absent permit fees. In response to the Mayor's concerns of what would happen if the Authority was terminated, Assistant City Attorney Conneely said that as a member of the JPA, the City could potentially be liable for obligations. Mr. McCammon confirmed that the Board had adopted a Conflict of Interest Code.

It was moved by Council Member Zermeño, seconded by Council Member Salinas, and carried unanimously, to adopt the following:

> Resolution 12-026, "Resolution Authorizing the City Manager to Negotiate and Execute a Joint Powers Agreement with the Bay Area Regional Interoperable Communications System Joint Powers Authority (BayRICS JPA) and a Related Site Access Agreement with Motorola Solutions, Inc."

COUNCIL REPORTS, REFERRALS, AND FUTURE AGENDA ITEMS

Council Member Zermeño encouraged youngsters to pursue a college and/or university education.

Council Member Salinas announced that Hayward will be kicking off Women's History Month with a Hayward Honors Women event on March 8, 2012, at City Hall from 5:00 p.m. to 7:00 p.m. He noted that Glad Tidings Church was sponsoring the refreshments for the event.

Council Member Peixoto reported he attended a Community Fuel Reduction Planning Session conducted by the Fire Department. Mr. Peixoto noted that the Fire Department had received a $50,000 grant to improve wildfire safety around the Ward Creek Drainage and Fairview area.

ADJOURNMENT

Mayor Sweeney adjourned the meeting at 9:27 p.m., in memory of Dorothy Bell, a longtime resident of South Hayward and a member of the South Hayward Democratic Club. Mayor Sweeney asked staff to work with Dorothy Bell's family to find a suitable place to plant a tree in her memory.

APPROVED:

_____
Michael Sweeney, Mayor, City of Hayward

ATTEST:

_____
Miriam Lens, City Clerk, City of Hayward

CITY OF
HAYWARD
HEART OF THE BAY

DATE: March 20, 2012

TO: Mayor and City Council

FROM: Director of Public Works – Utilities & Environmental Services

SUBJECT: Highland 250-Highland 500 16-inch Transmission Main Replacement and Highland 250 Pump Station Upgrade: Approval of Addendum No. 1 and Award of Contract

RECOMMENDATION

That Council adopts the attached resolution:

1. Approving Addendum No. 1 to the project scope of work, providing minor revisions to the Plans and Specifications; and
2. Awarding the contract for this project to Platinum Pipeline, Inc., in the amount of $940,800.

BACKGROUND

The Highland 250 Pump Station transmits water from the Highland 250 to the Highland 500 Reservoirs through a 16-inch Concrete Cylinder Pipe (CCP). CCP is a steel pipe combined with a layer of reinforced cement mortar coating both the inside and outside. This water main was constructed in the 1950s and is in poor condition. This is a backup pipeline to take water from the Highland 250 zone to the Highland 500 zone when the primary pipeline is out of service. The primary pipeline is from the Walpert Reservoir to the Highland 500 Reservoir through a much newer water main constructed in 1999 along Second Street and Campus Drive. This project will replace the existing 16-inch CCP with a new 18" Welded Steel Pipe (WSP) and will also upgrade the existing Highland 250 Pump Station with new piping and valves to improve pumping efficiency.

On January 10, 2012, Council approved the plans and specifications for the project and called for bids to be received on February 14, 2012.

DISCUSSION

This project will replace the existing CCP with a new 18-inch Welded Steel Pipe (WSP) by open trench method. A trench of approximately three feet in width will be excavated to the depth of the

existing pipe. Once the water main is exposed, it is removed and replaced with new WSP. When the pipe installation is complete, the opened trench is backfilled, compacted, and paved to match the original pavement section, as appropriate.

The vast majority of the pipe replacement work on Highland Boulevard will be done within six feet from the edge of the road. The travel width on Highland Boulevard is 30 feet, which will permit two-way traffic on Highland Boulevard during much of the construction. At locations where more room is needed or during truck loading operations, flaggers will be used to allow through traffic to pass. Due to low traffic volume on Highland Boulevard, traffic backup is not expected to be a problem when flaggers are being used. Parking will be restricted at the specific area where pipe replacement work is being done during construction hours. The entire street will be reopened for normal access and parking after working hours.

This project will also upgrade the Highland 250 pump station to improve pumping efficiency. The pump station currently consists of three pumps, two of which have ten-inch valves and piping at the outlet, while one pump has eight-inch piping. The pump with eight-inch valves and piping will be upsized to ten-inch. Furthermore, the 90° elbows connecting the main line and pumps will be replaced with 45° elbows. This will facilitate a smoother flow in the piping system and require less power to operate the pumps.

On February 14, 2012, the City received fourteen bids. Platinum Pipeline, Inc., submitted the low bid in the amount of $940,800, which is approximately 27.6% below the Engineer's Estimate of $1,300,000. Mountain Cascade submitted the second lowest bid in the amount of $1,000,000. The bids ranged from $940,800 to $1,472,000.

All bid documents and licenses are in order. Staff recommends award of contract to the low bidder, Platinum Pipeline Inc., in the amount of $940,800.

FISCAL IMPACT

The estimated project costs are as follows:

Design (by City staff)	$ 80,000
Construction	940,800
Inspection & Testing During Construction	100,000
Total:	$1,120,800

The FY 2012 Capital Improvement Program (CIP) includes $1,400,000 for the Highland 250-Highland 500 16-inch Transmission Main Replacement Project and $400,000 for the Highland 250 Pump Station Upgrade Projects in the Water System Replace Replacement Fund for a total funding of $1,800,000. These two projects have been combined in a single project for bidding.

PUBLIC CONTACT

Staff has obtained the needed Right-of-Entry from affected property owners. In addition, notices will be provided to all affected businesses, residents and property owners along Highland Blvd.

during construction to inform them of the nature and purpose of the work, potential impacts, work schedule, and City contact for additional information.

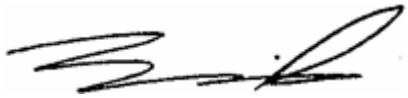
SCHEDULE

Award Contract	March 20, 2012
Begin Work	April, 2012
Complete Work	October, 2012

Prepared by: Thomas Lam, Associate Civil Engineer

Recommended by: Alex Ameri, Director of Public Works –Utilities and Environmental Services

Approved by:



_____

Fran David, City Manager

Attachments:

Attachment I – Resolution
Attachment II – Project Location Map
Attachment III – Bid Summary

HAYWARD CITY COUNCIL

RESOLUTION NO. 12-

Introduced by Council Member _____

RESOLUTION APPROVING ADDENDUM NO. 1 MODIFYING THE PLANS AND SPECIFICATIONS FOR THE HIGHLAND 250 - HIGHLAND 500 16-INCH TRANSMISSION MAIN REPLACEMENT AND HIGHLAND 250 PUMP STATION UPGRADE PROJECT, PROJECT NOS. 7045 AND 7052, AND AWARDING THE CONTRACT TO PLATINUM PIPELINE, INC.

WHEREAS, by resolution on January 10, 2012, the City Council approved the plans and specifications for the Highland 250 - Highland 500 16-inch Transmission Main Replacement and Highland 250 Pump Station Upgrade Project, Project Nos. 7045 And 7052, and called for bids to be received on February 14, 2012; and

WHEREAS, on February 14, 2012, fourteen bids were received ranging from $940,800 to $1,472,000; Platinum Pipeline, Inc. of Dublin submitted the low bid in the amount of $940,800, which is 27.6% below the Engineer's Estimate of $1,300,000; and

WHEREAS, Addendum No. 1 was issued to provide minor revisions to the plans and specifications; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that Addendum No. 1 is hereby approved and adopted as part of the plans and specifications for the project.

BE IT FURTHER RESOLVED that Platinum Pipeline, Inc., is hereby awarded the contract for the Highland 250-Highland 500 16-inch Transmission Main Replacement and Highland 250 Pump Station Upgrade Project, Project Nos. 7045 And 7052, in accordance with the plans and specifications adopted therefore and on file in the office of the City Clerk of the City of Hayward, at and for the price named and stated in the final proposal of the hereinabove specified bidder, and all other bids are hereby rejected.

BE IT FURTHER RESOLVED that the City Manager is hereby authorized and directed to execute an agreement with Platinum Pipeline, Inc., in the name of and for and on behalf of the City of Hayward, in an amount not to exceed $940,800, in a form to be approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2012

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

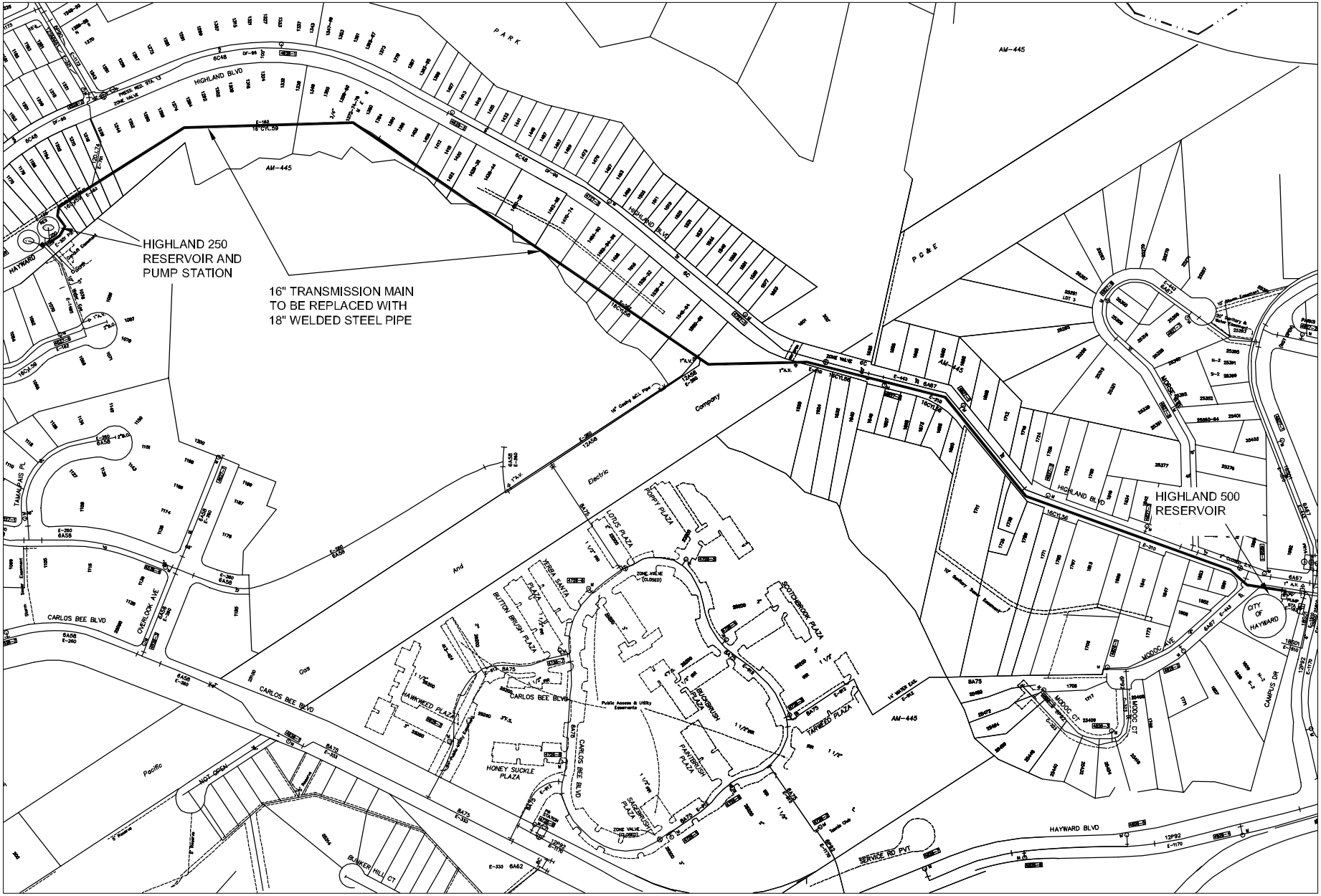
ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

_____
City Attorney of the City of Hayward



LOCATION MAP

CITY OF HAYWARD
CONSTRUCTION OF 250-500 16" TRANSMISSION MAIN REPLACEMENT &
HIGHLAND 250 PUMP STATION UPGRADE
PROJECT NOS. 623-7045 & 7052
BIDS OPENED: 2/14/12

(NUMBER OF BIDS RECEIVED - 14)

BID SUMMARY				ENGINEER'S ESTIMATE		Platinum Pipeline, Inc. PO Box 2429 Dublin, CA 94568 (925) 829-6565 (925) 829-7575 Fax		Mountain Cascade, Inc. 555 Exchange Court Livermore, CA 94550 (925) 373-8370 (925) 373-0940 Fax	
ITEM	QTY.	UNIT	DESCRIPTION	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	1	LS	MOBILIZATION	30,000.00	30,000.00	8,000.00	8,000.00	48,000.00	48,000.00
2	1	LS	TRAFFIC CONTROL	20,000.00	20,000.00	2,000.00	2,000.00	25,000.00	25,000.00
3	1	LS	TRENCH SHORING AND TRENCH SAFETY	20,000.00	20,000.00	1,000.00	1,000.00	2,000.00	2,000.00
4	4,400	LF	18" WELDED STEEL PIPE (0.188" IN THICKNESS)	235.00	1,034,000.00	167.00	734,800.00	155.00	682,000.00
5	3	EA	18" GATE VALVE	4,000.00	12,000.00	14,000.00	42,000.00	15,000.00	45,000.00
6	1	EA	10" GATE VALVE	4,000.00	4,000.00	3,000.00	3,000.00	2,000.00	2,000.00
7	1	EA	10" CONTROL VALVE	15,000.00	15,000.00	13,000.00	13,000.00	12,000.00	12,000.00
8	4	EA	1" AIR VALVE	5,000.00	20,000.00	2,000.00	8,000.00	2,000.00	8,000.00
9	1	LS	CATHODIC PROTECTION	20,000.00	20,000.00	25,000.00	25,000.00	24,000.00	24,000.00
10	1	LS	RESTORE PRIVATE/PUBLIC PROPERTY IMPROVEMENTS	20,000.00	20,000.00	2,000.00	2,000.00	50,000.00	50,000.00
11	1	LS	RECYCLING IMPLEMENTATION	3,000.00	3,000.00	2,000.00	2,000.00	2,000.00	2,000.00
12	1	LS	ADMINISTRATIVE CHANGE ORDERS	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
			TOTAL		**1,298,000.00**		**940,800.00**		**1,000,000.00**

CITY OF HAYWARD
CONSTRUCTION OF 250-500 16" TRANSMISSION MAIN REPLACEMENT &
HIGHLAND 250 PUMP STATION UPGRADE
PROJECT NOS. 623-7045 & 7052
BIDS OPENED: 2/14/12

(NUMBER OF BIDS RECEIVED - 14)

BID SUMMARY				ENGINEER'S ESTIMATE		Ranger Pipelines, Inc. PO Box 24109 San Francisco, CA 94124 (415) 822-3700 (415) 822-3703 Fax		MDF Pipeline 7172 Regional Street #307 Dublin, CA 94568 (925) 462-1440 (925) 462-1480 Fax	
ITEM	QTY.	UNIT	DESCRIPTION	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	1	LS	MOBILIZATION	30,000.00	30,000.00	30,540.00	30,540.00	50,000.00	50,000.00
2	1	LS	TRAFFIC CONTROL	20,000.00	20,000.00	3,000.00	3,000.00	1,200.00	1,200.00
3	1	LS	TRENCH SHORING AND TRENCH SAFETY	20,000.00	20,000.00	2,000.00	2,000.00	2,000.00	2,000.00
4	4,400	LF	18" WELDED STEEL PIPE (0.188" IN THICKNESS)	235.00	1,034,000.00	184.00	809,600.00	166.00	730,400.00
5	3	EA	18" GATE VALVE	4,000.00	12,000.00	7,500.00	22,500.00	12,700.00	38,100.00
6	1	EA	10" GATE VALVE	4,000.00	4,000.00	1,000.00	1,000.00	1,800.00	1,800.00
7	1	EA	10" CONTROL VALVE	15,000.00	15,000.00	8,000.00	8,000.00	12,800.00	12,800.00
8	4	EA	1" AIR VALVE	5,000.00	20,000.00	800.00	3,200.00	2,600.00	10,400.00
9	1	LS	CATHODIC PROTECTION	20,000.00	20,000.00	10,000.00	10,000.00	31,500.00	31,500.00
10	1	LS	RESTORE PRIVATE/PUBLIC PROPERTY IMPROVEMENTS	20,000.00	20,000.00	15,000.00	15,000.00	88,000.00	88,000.00
11	1	LS	RECYCLING IMPLEMENTATION	3,000.00	3,000.00	500.00	500.00	100.00	100.00
12	1	LS	ADMINISTRATIVE CHANGE ORDERS	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
			TOTAL		**1,298,000.00**		**1,005,340.00**		**1,066,300.00**

CITY OF HAYWARD
CONSTRUCTION OF 250-500 16" TRANSMISSION MAIN REPLACEMENT &
HIGHLAND 250 PUMP STATION UPGRADE
PROJECT NOS. 623-7045 & 7052
BIDS OPENED: 2/14/12

(NUMBER OF BIDS RECEIVED - 14)

BID SUMMARY				ENGINEER'S ESTIMATE		Sierra Mountain Construction Inc 55 New Montgomery St, Suite 30 San Francisco, CA 94105 (415) 896-2859 (800) 507-5295 Fax		K.J. Woods Construction Inc. 1485 Bayshore Blvd #149 San Francisco, CA 94124 (415) 759-0506 (415) 468-1359 Fax	
ITEM	QTY.	UNIT	DESCRIPTION	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	1	LS	MOBILIZATION	30,000.00	30,000.00	45,000.00	45,000.00	28,000.00	28,000.00
2	1	LS	TRAFFIC CONTROL	20,000.00	20,000.00	15,000.00	15,000.00	10,000.00	10,000.00
3	1	LS	TRENCH SHORING AND TRENCH SAFETY	20,000.00	20,000.00	20,000.00	20,000.00	25,000.00	25,000.00
4	4,400	LF	18" WELDED STEEL PIPE (0.188" IN THICKNESS)	235.00	1,034,000.00	154.00	677,600.00	195.00	858,000.00
5	3	EA	18" GATE VALVE	4,000.00	12,000.00	13,500.00	40,500.00	12,000.00	36,000.00
6	1	EA	10" GATE VALVE	4,000.00	4,000.00	2,000.00	2,000.00	1,700.00	1,700.00
7	1	EA	10" CONTROL VALVE	15,000.00	15,000.00	12,500.00	12,500.00	11,000.00	11,000.00
8	4	EA	1" AIR VALVE	5,000.00	20,000.00	2,200.00	8,800.00	2,500.00	10,000.00
9	1	LS	CATHODIC PROTECTION	20,000.00	20,000.00	58,000.00	58,000.00	30,000.00	30,000.00
10	1	LS	RESTORE PRIVATE/PUBLIC PROPERTY IMPROVEMENTS	20,000.00	20,000.00	95,000.00	95,000.00	9,300.00	9,300.00
11	1	LS	RECYCLING IMPLEMENTATION	3,000.00	3,000.00	1,500.00	1,500.00	5,000.00	5,000.00
12	1	LS	ADMINISTRATIVE CHANGE ORDERS	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
			TOTAL		**1,298,000.00**		**1,075,900.00**		**1,124,000.00**

CITY OF HAYWARD
CONSTRUCTION OF 250-500 16" TRANSMISSION MAIN REPLACEMENT &
HIGHLAND 250 PUMP STATION UPGRADE
PROJECT NOS. 623-7045 & 7052
BIDS OPENED: 2/14/12

(NUMBER OF BIDS RECEIVED - 14)

BID SUMMARY				ENGINEER'S ESTIMATE		J&M, Inc. 6700 National Dr Livermore, CA 94550 (925) 724-0300 (925) 724-0160 Fax		Preston Pipelines, Inc. 133 Bothelo Avenue Milpitas, CA 95035 (408) 262-1418 (408) 262-1870 Fax	
ITEM	QTY.	UNIT	DESCRIPTION	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	1	LS	MOBILIZATION	30,000.00	30,000.00	60,000.00	60,000.00	97,500.00	97,500.00
2	1	LS	TRAFFIC CONTROL	20,000.00	20,000.00	16,675.00	16,675.00	20,000.00	20,000.00
3	1	LS	TRENCH SHORING AND TRENCH SAFETY	20,000.00	20,000.00	24,883.00	24,883.00	12,500.00	12,500.00
4	4,400	LF	18" WELDED STEEL PIPE (0.188" IN THICKNESS)	235.00	1,034,000.00	177.00	778,800.00	188.00	827,200.00
5	3	EA	18" GATE VALVE	4,000.00	12,000.00	12,395.00	37,185.00	12,750.00	38,250.00
6	1	EA	10" GATE VALVE	4,000.00	4,000.00	2,186.00	2,186.00	2,000.00	2,000.00
7	1	EA	10" CONTROL VALVE	15,000.00	15,000.00	14,321.00	14,321.00	12,500.00	12,500.00
8	4	EA	1" AIR VALVE	5,000.00	20,000.00	1,335.00	5,340.00	1,250.00	5,000.00
9	1	LS	CATHODIC PROTECTION	20,000.00	20,000.00	24,290.00	24,290.00	50,000.00	50,000.00
10	1	LS	RESTORE PRIVATE/PUBLIC PROPERTY IMPROVEMENTS	20,000.00	20,000.00	97,675.00	97,675.00	10,000.00	10,000.00
11	1	LS	RECYCLING IMPLEMENTATION	3,000.00	3,000.00	10,000.00	10,000.00	15,000.00	15,000.00
12	1	LS	ADMINISTRATIVE CHANGE ORDERS	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
			TOTAL		**1,298,000.00**		**1,171,355.00**		**1,189,950.00**

CITY OF HAYWARD
CONSTRUCTION OF 250-500 16" TRANSMISSION MAIN REPLACEMENT &
HIGHLAND 250 PUMP STATION UPGRADE
PROJECT NOS. 623-7045 & 7052
BIDS OPENED: 2/14/12

(NUMBER OF BIDS RECEIVED - 14)

BID SUMMARY				ENGINEER'S ESTIMATE		Con-Quest Contractors, Inc. 290 Toland Street San Francisco, CA 94124 (415) 206-0524 (415) 206-0528 Fax		W. R. Forde Associates 984 Hensley Street Richmond, CA 94801 (510) 215-9338 (510) 215-9867 Fax	
ITEM	QTY.	UNIT	DESCRIPTION	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	1	LS	MOBILIZATION	30,000.00	30,000.00	120,000.00	120,000.00	35,000.00	35,000.00
2	1	LS	TRAFFIC CONTROL	20,000.00	20,000.00	5,000.00	5,000.00	30,000.00	30,000.00
3	1	LS	TRENCH SHORING AND TRENCH SAFETY	20,000.00	20,000.00	10,000.00	10,000.00	25,000.00	25,000.00
4	4,400	LF	18" WELDED STEEL PIPE (0.188" IN THICKNESS)	235.00	1,034,000.00	203.00	893,200.00	236.00	1,038,400.00
5	3	EA	18" GATE VALVE	4,000.00	12,000.00	16,000.00	48,000.00	12,000.00	36,000.00
6	1	EA	10" GATE VALVE	4,000.00	4,000.00	3,600.00	3,600.00	2,500.00	2,500.00
7	1	EA	10" CONTROL VALVE	15,000.00	15,000.00	16,500.00	16,500.00	18,000.00	18,000.00
8	4	EA	1" AIR VALVE	5,000.00	20,000.00	3,650.00	14,600.00	3,500.00	14,000.00
9	1	LS	CATHODIC PROTECTION	20,000.00	20,000.00	25,000.00	25,000.00	6,500.00	6,500.00
10	1	LS	RESTORE PRIVATE/PUBLIC PROPERTY IMPROVEMENTS	20,000.00	20,000.00	38,000.00	38,000.00	5,000.00	5,000.00
11	1	LS	RECYCLING IMPLEMENTATION	3,000.00	3,000.00	1,000.00	1,000.00	3,000.00	3,000.00
12	1	LS	ADMINISTRATIVE CHANGE ORDERS	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
			TOTAL		**1,298,000.00**		**1,274,900.00**		**1,313,400.00**

CITY OF HAYWARD
CONSTRUCTION OF 250-500 16" TRANSMISSION MAIN REPLACEMENT &
HIGHLAND 250 PUMP STATION UPGRADE
PROJECT NOS. 623-7045 & 7052
BIDS OPENED: 2/14/12

(NUMBER OF BIDS RECEIVED - 14)

BID SUMMARY				ENGINEER'S ESTIMATE		Tidelands Construction PO Box 607 Brentwood, CA 94513 (925) 516-4600 (925) 516-4602 Fax		Ghilotti Construction Company, Inc. 246 Ghilotti Avenue Santa Rosa, CA 95407 (707) 585-1221 (707) 585-1601 Fax	
ITEM	QTY.	UNIT	DESCRIPTION	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	1	LS	MOBILIZATION	30,000.00	30,000.00	59,000.00	59,000.00	61,800.00	61,800.00
2	1	LS	TRAFFIC CONTROL	20,000.00	20,000.00	20,000.00	20,000.00	1,000.00	1,000.00
3	1	LS	TRENCH SHORING AND TRENCH SAFETY	20,000.00	20,000.00	10,000.00	10,000.00	16,000.00	16,000.00
4	4,400	LF	18" WELDED STEEL PIPE (0.188" IN THICKNESS)	235.00	1,034,000.00	224.00	985,600.00	235.00	1,034,000.00
5	3	EA	18" GATE VALVE	4,000.00	12,000.00	15,000.00	45,000.00	13,850.00	41,550.00
6	1	EA	10" GATE VALVE	4,000.00	4,000.00	1,800.00	1,800.00	1,600.00	1,600.00
7	1	EA	10" CONTROL VALVE	15,000.00	15,000.00	13,000.00	13,000.00	13,000.00	13,000.00
8	4	EA	1" AIR VALVE	5,000.00	20,000.00	2,200.00	8,800.00	2,300.00	9,200.00
9	1	LS	CATHODIC PROTECTION	20,000.00	20,000.00	30,000.00	30,000.00	32,600.00	32,600.00
10	1	LS	RESTORE PRIVATE/PUBLIC PROPERTY IMPROVEMENTS	20,000.00	20,000.00	55,000.00	55,000.00	50,000.00	50,000.00
11	1	LS	RECYCLING IMPLEMENTATION	3,000.00	3,000.00	1,000.00	1,000.00	1.00	1.00
12	1	LS	ADMINISTRATIVE CHANGE ORDERS	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
			TOTAL		**1,298,000.00**		**1,329,200.00**		**1,360,751.00**

CITY OF HAYWARD
CONSTRUCTION OF 250-500 16" TRANSMISSION MAIN REPLACEMENT &
HIGHLAND 250 PUMP STATION UPGRADE
PROJECT NOS. 623-7045 & 7052
BIDS OPENED: 2/14/12

(NUMBER OF BIDS RECEIVED - 14)

BID SUMMARY				ENGINEER'S ESTIMATE		California Trenchless, Inc. 11875 Dublin Blvd, Suite C240 Dublin, CA 94568 (925) 361-7046 (510) 266-1543 Fax		Stoloski & Gonzalez, Inc. 727 Main Street Half Moon Bay, CA 94019 (650) 726-7119 (650) 726-9055 Fax	
ITEM	QTY.	UNIT	DESCRIPTION	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	1	LS	MOBILIZATION	30,000.00	30,000.00	15,000.00	15,000.00	69,500.00	69,500.00
2	1	LS	TRAFFIC CONTROL	20,000.00	20,000.00	5,000.00	5,000.00	27,000.00	27,000.00
3	1	LS	TRENCH SHORING AND TRENCH SAFETY	20,000.00	20,000.00	20,000.00	20,000.00	11,000.00	11,000.00
4	4,400	LF	18" WELDED STEEL PIPE (0.188" IN THICKNESS)	235.00	1,034,000.00	257.00	1,130,800.00	265.00	1,166,000.00
5	3	EA	18" GATE VALVE	4,000.00	12,000.00	15,000.00	45,000.00	14,000.00	42,000.00
6	1	EA	10" GATE VALVE	4,000.00	4,000.00	3,500.00	3,500.00	2,700.00	2,700.00
7	1	EA	10" CONTROL VALVE	15,000.00	15,000.00	15,000.00	15,000.00	3,600.00	3,600.00
8	4	EA	1" AIR VALVE	5,000.00	20,000.00	7,000.00	28,000.00	3,200.00	12,800.00
9	1	LS	CATHODIC PROTECTION	20,000.00	20,000.00	20,000.00	20,000.00	16,900.00	16,900.00
10	1	LS	RESTORE PRIVATE/PUBLIC PROPERTY IMPROVEMENTS	20,000.00	20,000.00	5,000.00	5,000.00	15,000.00	15,000.00
11	1	LS	RECYCLING IMPLEMENTATION	3,000.00	3,000.00	1,000.00	1,000.00	5,500.00	5,500.00
12	1	LS	ADMINISTRATIVE CHANGE ORDERS	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
			TOTAL		**1,298,000.00**		**1,388,300.00**		**1,472,000.00**

CITY OF
HAYWARD
HEART OF THE BAY

4

DATE: March 20, 2012

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Request for Assignment of the Purchase and Sales Agreement between the City of Hayward and Urban Dynamic, LLC to KB Home South Bay, Inc. for the Construction and Sale of Fifty-Seven Detached Single-Family Homes on Property Located at 353 B Street

RECOMMENDATION

That the City Council approves the Request for Assignment of the Purchase and Sales Agreement between the City of Hayward and Urban Dynamic, LLC to KB Home South Bay, Inc. for the sale of certain real property located at 353 B Street for the potential development of fifty-seven detached single-family homes, and adopts the attached resolution (Attachment I) authorizing the City Manager to negotiate and execute the Assignment for the Purchase and Sales Agreement evidencing such transaction.

BACKGROUND

For the past year, staff has been in the process of negotiating and finalizing a Purchase and Sales Agreement with Urban Dynamic, LLC. These negotiations have been prolonged by numerous circumstances: first, the transfer of the property from the Redevelopment Agency to the City in March 2011, resulting in the conversion of a draft Disposition and Development Agreement to a Purchase and Sales Agreement; second, the request by Urban Dynamic, LLC, for a sales price reduction; and third, the current request to assign the Purchase and Sales Agreement to KB Home South Bay, Inc.. During this time frame, Urban Dynamic, LLC, was undergoing the entitlement process concluding with the Planning Department and City Council approvals. The following outlines key project milestones:

- July 2008: The Agency acquired the Burbank Residual School site from the Hayward Unified School District (HUSD) in July 2008. The site was conveyed to the Agency pursuant to the Public Facilities Development Agreement between the Agency, the City, HUSD, and the Hayward Area Recreation District (HARD), as partial payment to the Agency for funding the construction of the new Burbank Elementary School. The site is approximately 3.84 acres and it is an entire City block bounded by B and C Streets to the North and South, respectively, and Myrtle and Filbert Streets to the East and West, respectively (see Attachment II).

- May 2009: After an Exclusive Negotiating Agreement (ENA) with Citation Homes Central was terminated, the Agency received an unsolicited proposal from Urban Dynamic, LLC, to purchase the site for $4.0 million dollars.

- June 29, 2010: Prior to the transfer of the land from the Redevelopment Agency to the City, the Agency Board authorized the Executive Director to enter into an Exclusive Negotiating Agreement (ENA) with Urban Dynamic, LLC, for a ninety-day period to prepare initial development plans, to have the site appraised, to determine its market value, and to potentially negotiate the basic terms of a Disposition and Development Agreement (DDA). Upon execution of the ENA, Urban Dynamic, LLC, paid the Agency a $50,000 non-refundable deposit for Agency incurred expenses. The deposit shall be credited to the purchase price at close of escrow. The ENA required Urban Dynamic, LLC's commitment to design and innovative "green" building standards, while maintaining economic feasibility.

- January 18, 2011: The Agency Board authorized the Executive Director to grant a ninety-day extension to the Exclusive Negotiating Agreement with Urban Dynamic, LLC, at which time the developer increased their deposit by $45,000.

- March 2011: The Redevelopment Agency transferred the property to the City and assigned the Exclusive Negotiating Agreement to the City as well.

- May 26, 2011: The Planning Commission approved the Rezoning and Tentative Tract Map.

- June 28, 2011: The Agency Board authorized the Executive Director to Negotiate and Execute a Contract with TRC Solutions, Inc. (TRC) to prepare a Removal Action Completion Report (RAC) to address remaining groundwater contamination on the site.

- June 28, 2011: The City Council approved the rezoning and tentative map for the site. As part of the approval, Urban Dynamic, LLC will add green elements not required by the City's Green Building Ordinance. The City's Green Building ordinance requires homes to meet a minimum of 50 point on the GreenPoint Rated checklist. Conditions of Approval requires each home to achieve a minimum of 100 points on the GreenPoint Rated checklist or have LEED silver designation.

- June 28, 2011: The City Council approved the sale of the Residual Burbank School Site to Urban Dynamic, LLC for $4.0 million dollars.

- December 20, 2011: The City Council approved a request from Urban Dynamic, LLC to reduce the Purchase Price of the Burbank Residual School site from $4.0 million to $3.6 million due to a decline in average home prices and other economic conditions. The request was supported by a market analysis completed for the project.

DISCUSSION

On February 9, 2012, Urban Dynamic, LLC requested that their Purchase and Sales Agreement be

assigned to KB Home South Bay, Inc. due to challenges financing the project (see Attachment III: Letter to City Manager). The Purchase and Sales Agreement does allow for the Assignment with all terms and conditions being transferred to KB Home, subject to the City's approval.

Since Urban Dynamic, LLC's initial request for a price reduction in December 2011, and now the assignment request, they have not proceeded with project entitlements. Upon approval of the assignment request, KB Home South Bay, Inc. will resume work on the entitlement process. An updated "Project Milestones" schedule indicates that KB Home South Bay, Inc. will submit grading and improvement plans on April 2, 2012. First phase of construction is scheduled for February 23, 2013, followed by five construction phases with the last phase completed by October 25, 2014. The entire project is expected to close by May 1, 2015.

The key deal points that would transfer to KB Home South Bay, Inc. include the following:

Soil Clean-up & Removal Action Work Plan: On May 10, 2011, TRC Solutions, Inc. (TRC), presented the results of their soils investigation study to the City. The study identified four locations that contain arsenic, lead, and/or mercury levels exceeding approved levels for residential communities. Updated soil testing has modified the original removal strategy which may require an increase in soil removal from four locations to ten or eleven locations. Upon completion of the soil removal, TRC will prepare a Removal Action Completion (RAC) Report for submission to the Department of Toxic Substance Control (DTSC) for regulatory approval. TRC will work with the City to obtain a "No Further Action" (NFA) certification letter from DTSC.

The contract amount for remediation of the site and obtaining clearance from DTSC is $62,000, and it is staff's expectation that this amount will not increase dramatically as a result of the additional soil removal based on updated soils testing. A change of staff at TRC resulted in a delay in the completion of the mitigation work. However, completion of the remediation work should coincide with KB Home South Bay, Inc.'s submission of grading and improvement plans.

- Development Fees and Charges: Development Fees and Charges are fixed at current rates and will be due at the close of escrow for the sale of each unit as follows: Building Construction & Improvement Tax at $750 per unit; Supplemental Building Construction & Improvement Tax at $1,200 per unit; Park-Dedication-in-lieu Fees at $11,953 per unit; Inclusionary Housing In-Lieu Fees at $80,000 per inclusionary unit; and Sewer and Water Connection Fees at $7,255 per unit.

- Prevailing Wages & Use of Local Contractors: KB Home South Bay, Inc. shall be required to pay all contractors and subcontractors performing improvements on the Site prevailing wages for each craft and classification as determined by the Director of the Department of Industrial Relations. KB Home South Bay, Inc. will use reasonable efforts to retain Hayward-based contractors and subcontractors for construction of the project.

- Inclusionary Housing Ordinance: In January 2011, the City Council adopted an Ordinance providing interim relief from the Inclusionary Housing Ordinance effective until December 31,

2012. The Relief Ordinance allows a developer to pay an inclusionary housing in-lieu fee "by right" rather than providing the units on-site. In this particular case, the applicant has indicated they will pay the in-lieu fee as allowed for in the Relief Ordinance. The in-lieu fee cost is $80,000 per affordable unit for a total of six units. A total of Four Hundred Eighty Thousand Dollars ($480,000) will be paid for the project Fees will be paid upon issuance of building permits with the exception of the first phase where fees will be paid at the conclusion of construction in conjunction with issuance of building permits issued for the second phase.

- Green Features: As agreed at the outset and as noted above, Urban Dynamic, LLC, has designed the project to include the following "green features": (1) All homes would have a charging station within garages for electric vehicles; (2) Buyers will be offered a baseline solar energy package of 2.5Kw and the potential for upgrade to a 4.0Kw system depending on the floor plan and orientation; (3) Solar water heater technology will also be made available as an optional feature for the homes; and (4) the applicant will be seeking environmental and resource conservation recognitions and designations, such as LEED Neighborhood Design.

- Underground Service: All service to dwellings shall be "underground service" designed and installed in accordance with Pacific Gas and Electric Company, AT&T (phone) Company, local cable company, and City regulations. All facilities necessary to provide service to the dwelling, including transformers and switchgear, shall also be undergrounded, as approved by the Planning Commission as a condition of project approval.

FISCAL AND ECONOMIC IMPACT

Based on the terms of the Purchase and Sales Agreement, Urban Dynamic, LLC will purchase the site for $3.6 million. The close of escrow will occur when assignment to KB Home South Bay, Inc. is complete and DTSC issues a No Further Action letter expected by the end of April 2012. Staff will report back to the City Council regarding the disbursement of the funds as the process for dissolving the Redevelopment Agency becomes clearer.

PUBLIC CONTACT

June 29, 2010: In a public hearing, Redevelopment Agency Board authorized an Exclusive Negotiating Agreement with Urban Dynamic, LLC, for a Proposed Residential Development at the Residual Burbank School.

November 18, 2010: Property owners within a 300-foot radius of the project site were notified of meeting to be held November 18; two residents attended this meeting and expressed their support for the proposed project.

January 18, 2011: In a public hearing, the Redevelopment Agency Board authorized an extension of the Exclusive Negotiating Agreement with Urban Dynamic, LLC.

January 24, 2011, and April 25, 2011: Neighborhood Partnership Meetings were held at the Burbank Elementary School; Urban Dynamic, LLC shared the plans for the proposed site informally after the public meeting with interested members of the community.

There have also been numerous public hearings and community meetings held in conjunction with the approvals of the project entitlements and design.

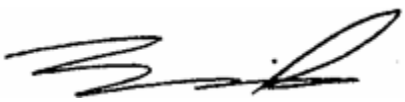
NEXT STEPS

Staff will work with Urban Dynamic, LLC, and KB Home South Bay, Inc. to execute the Assignment of the Purchase and Sales Agreement. KB Home South Bay, Inc. will continue to work toward complying with the conditions of approval to allow approval of a precise development plan, approval of a final map, and to ultimately allow for construction of the project. The close of escrow will occur on or before May 18, 2012, or as soon the NFA certification letter is issued by DTSC, which could be as early as mid-April._ Final Map approval is expected by July 17, 2012. Phase I construction is scheduled to begin April 26, 2013, and project completion is scheduled forJune 30, 2015.

Prepared by: Gloria Ortega, Project Manger

Recommended by: Kelly McAdoo Morariu, Assistant City Manager

Approved by:



_____

Fran David, City Manager

Attachments:

Attachment I:	Resolution
Attachment II:	Site Map
Attachment III:	Letter to Fran David, City Manager from Perry Hariri, Urban Dynamic, LLC

HAYWARD CITY COUNCIL

RESOLUTION NO.

Introduced by Council Member_____

RESOLUTION APPROVING THE ASSIGNMENT AND ASSUMPTION OF THE PURCHASE AND SALE AGREEMENT FOR THE RESIDUAL BURBANK PROPERTY FROM URBAN DYNAMIC, LLC TO KB HOME SOUTH BAY, INC.

BE IT RESOLVED that the City Council of the City of Hayward hereby authorizes the City Manager to negotiate and execute all documents necessary to effectuate the assignment and assumption of the Agreement for Purchase and Sale of Real Property, relating to the residual Burbank school property located at 353 B Street, from Urban Dynamic, LLC, to KB HOME South Bay, Inc., in a form approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA_____, 2012

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:
MAYOR:

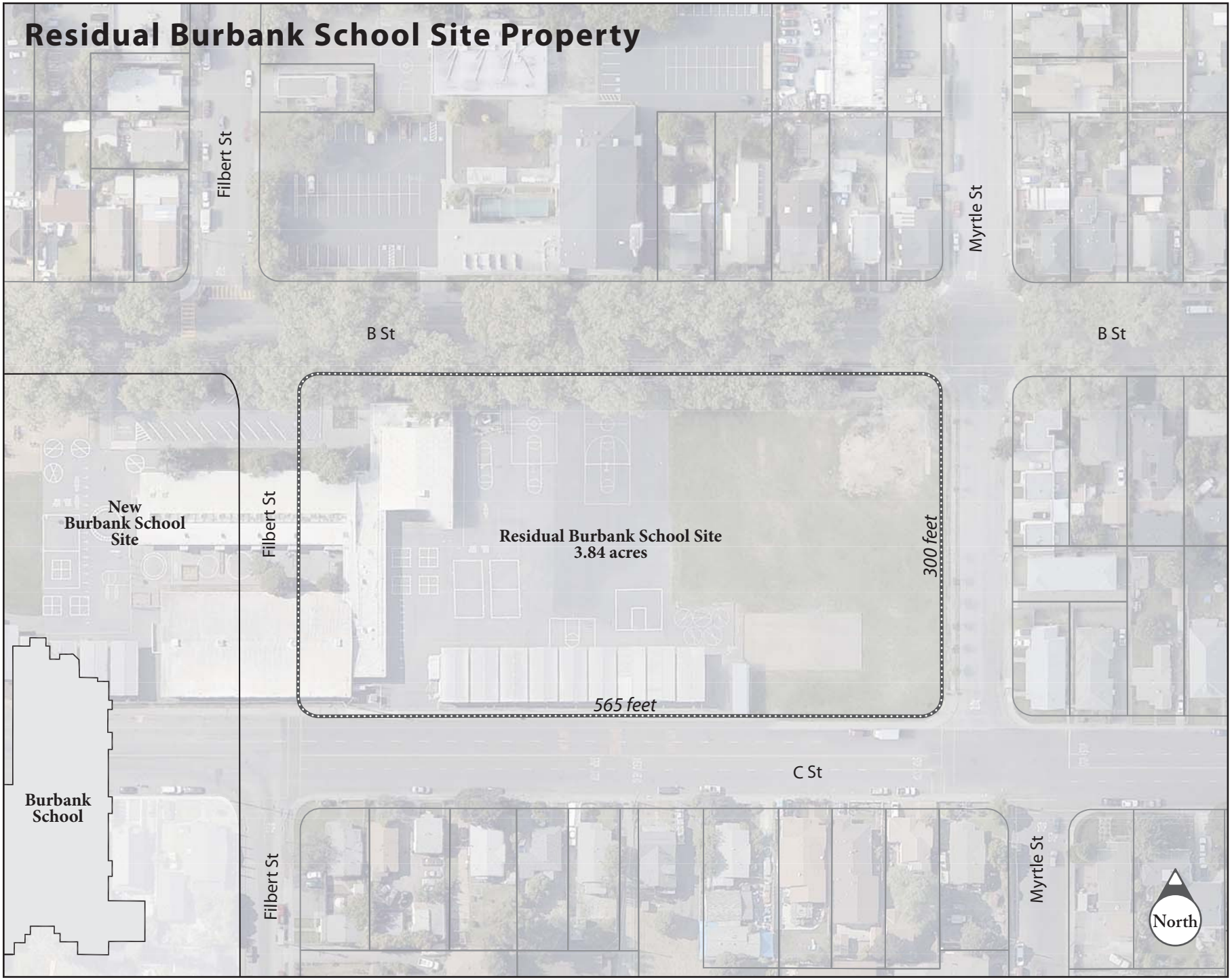
ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST:
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward


Residual Burbank School Site Property
Filbert St
Myrtle St
B St
B St
New
Burbank School
Site
Filbert St
Residual Burbank School Site
3.84 acres
300 feet
565 feet
C St
Burbank
School
Filbert St
Myrtle St
North

February 9, 2012

Fran David, City Manager
City of Hayward
777 B Street
Hayward, CA 94541

Re: Residual Burbank Elementary School Site (the "Property")
Request for Assignment of Purchase and Sale Agreement to KB Home

Dear Ms. David:

As discussed with Staff and in previous correspondence with the City of Hayward (the "City"), we are in the midst of unprecedented difficult real estate market and economic conditions where there is a scarcity of capital with reasonable terms for new home construction. Nevertheless, Urban Dynamic, LLC remains committed to its obligations to the City to complete the 57-home community on the former Burbank School site (the "Property"), in accordance with the development plan and schedule (the "Project") presented in the Purchase and Sale Agreement for the Property.

In order to mitigate the uncertainty of development capital and to insure the successful completion of the Project as contemplated, Urban Dynamic, LLC believes it is in the best interest of the City and the Project for Urban Dynamic, LLC to enter into a business arrangement with KB Home to complete the development and construction of the Project.

KB Home is one of the most uniquely qualified builders available to complete this Project as one the largest, well capitalized, and well recognized publicly traded homebuilders in the nation with a successfully history of completing several quality residential communities in the City. As a publicly traded homebuilder, KB Home is able to finance internally the acquisition of the Property and the construction of the Project without reliance on uncertain and ever changing external sources of financing.

390 Bridge Parkway, Suite C Redwood Shores, CA 94065
650-551-0200 / 650-591-3634, fax

Urban Dynamic, LLC is confident that KB Home is the best qualified and capable partner for Urban Dynamic, LLC and the City and is committed to fulfilling the obligations of the Purchase and Sale Agreement.

The Purchase and Sale Agreement contemplated a scenario whereby the assignment of the rights and obligations outlined in the Agreement might be warranted. Indeed, in pertinent part, section 1.4.2 "...[N]othing herein shall be deemed to prevent:

> C. An assignment to an entity which assumes the obligations of Buyer pursuant to this Agreement, subject to the prior written consent of Seller, which shall not be unreasonably withheld; "

Accordingly, we hereby respectfully request your recommendation to the City Council for consent to Urban Dynamic, LLC's assignment of its rights and obligations pursuant to the Purchase and Sale Agreement for the Property to KB Home.

Respectfully submitted,

URBAN DYNAMIC, LLC

By: Perry Hariri
Its: Principal

cc Gloria Ortega
Kelly Morariu

CITY OF
HAYWARD
HEART OF THE BAY

DATE: March 20, 2012

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Council Priorities for FY 2013

RECOMMENDATION

That Council adopts the attached resolution approving the Council Priorities for FY 2013

BACKGROUND

Each year, Council establishes and affirms their priorities for staff to help guide the development of the upcoming annual budget, and to provide a platform for assessing work productivity and performance at the end of each year. Attached for Council's reference are the currently adopted FY 2012 Council Priorities (Attachment II); the recommended Council Priorities for FY 2013 as discussed by Council at the work session of January 17, 2012 (Attachment III); the revised recommended Council Priorities for FY 2013 as discussed on February 21, 2012 (Attachment IV); and the final recommended version incorporating all changes based on the aforementioned discussions with Council for adoption at this meeting (Attachment V).

As in FY 2012, the main priorities are "Safe," "Clean," and "Green." The supporting priorities are "Organizational Health," "Land Use," and "Fiscal Stability." These are implemented through the every-day operations of the organization, and specifically through the major programs and initiatives shown below each priority in the respective charts.

DISCUSSION

The changes, deletions, and additions discussed here reflect differences from the document discussed by Council on February 21, 2012. These changes, deletions, and additions are based on Council's discussion and direction and on final feedback from City departments.

- **SAFE**
  - The document reverts to the FY 2012 language related to the gang injunction program.
  - Two additional goals have been added to reduce residential burglaries and "urban mining."

- Improving the shopping experience has been clarified.
- Language related to reducing unacceptable social behaviors including panhandling has been added.

➢ **GREEN**
- Promise neighborhood grant implementation and high quality educational opportunities have been deleted here and incorporated under Fiscal Stability.
- "Urban gardening" has been changed to "urban agriculture" to more accurately reflect the work being done by the agency-community partnership.

➢ ORGANIZATIONAL HEALTH – A goal has been added to capture the work being done as part of the FY 2013 budget to measure identifiable progress on important programs such as economic development and others.

➢ LAND USE – The Housing Element item has been deleted.

➢ FISCAL STABILITY
- Work on the Promise Neighborhood Grant has been added as previously reflected under "Green."
- The high quality education opportunities goal has been moved here from "Green."
- In partnership with others to improve academic performance of all K-12 students has been added here.

FISCAL IMPACT

There is no immediate fiscal impact emanating from this report at this time. Upon Council adoption of priorities for FY 2013, staff will construct the FY 2013 and FY 2014 recommended budget to support these priorities to the extent possible within available resources.

ECONOMIC IMPACT

Likewise, there is no immediate economic impact emanating from this report at this time. However, as Council priorities are refined and adopted, it is expected that Council has placed strong emphasis on economic development. Similarly, many of the actions, activities, and programs identified herein, would, if successfully implemented, positively impact the economic health of the community.

NEXT STEPS

The adopted and affirmed priorities will guide the development of the City Manager's recommended FY 2013 budget, which will be presented to Council on May 1, 2012.

Prepared and Approved by:

Fran David
City Manager

Attachments:

Attachment I:	Resolution adopting the FY 2013 Council Priorities
Attachment II:	Council Priorities for FY 2012
Attachment III:	January 17 Work Session Draft of Council Priorities for FY 2013
Attachment IV:	February 21 Work Session Draft of Council Priorities for FY 2013
Attachment V:	Council Priorities for FY 2013 as Recommended for Council Adoption

HAYWARD CITY COUNCIL

RESOLUTION NO.

Introduced by Council Member

RESOLUTION ADOPTING THE CITY COUNCIL PRIORITIES FOR FISCAL YEAR 2013 AND DIRECTING THE CITY MANAGER TO PREPARE A RECOMMENDED BUDGET FOR FISCAL YEAR 2013 IN SUPPORT OF THE ADOPTED PRIORITIES

WHEREAS, each year the City Council establishes and affirms its priorities to assist staff in developing the budget for the upcoming year; and

WHEREAS, for FY 2013 the Council has reaffirmed its commitment to its top priorities from FY 2012, which are “Safe,” “Clean” and “Green,” with supporting priorities of “Organizational Health,” “Land Use” and “Fiscal Stability;” and

WHEREAS, the Council FY 2013 Priorities are implemented through the everyday operations of the organization and through major programs and initiatives, all of which are reflected in the annual budget for the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that the Council hereby adopts its priorities for FY 2013, as more specifically set forth in the accompanying staff report and as may be amended from time to time.

BE IT FURTHER RESOLVED that the City Council hereby directs the City Manager to prepare a recommended budget for FY 2013 in support of the Council’s FY 2013 Priorities.

IN COUNCIL, HAYWARD, CALIFORNIA_____, 2012

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST:
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward

SAFE	CLEAN	GREEN
✣ Improve public safety in targeted areas - Downtown - Neighborhoods (SMASH) - Entertainment areas - Retail areas - Schools - BART Stations ✣ Reduce gang violence in Hayward - Develop and implement an improved gang enforcement strategy, including a gang injunction program - Enhance Curfew & Truancy Ordinances - Support gang prevention and intervention programs ✣ Develop School Partnerships ✣ Improve Disaster Preparedness and disaster response in the organization and within the neighborhoods ✣ Complete and Adopt Multi-Jurisdictional Local Hazard Mitigation Plan	✣ Strengthen code enforcement citywide (SMASH) ✣ Implement Neighborhood Partnership Program beyond Phase I ✣ Strengthen and expand KHCG Task Force into neighborhood organizations ✣ Decrease litter in the city ✣ Decrease illegal dumping ✣ Prevention and rapid abatement of graffiti ✣ Improve graffiti prevention through increased use of public art in retail and commercial areas ✣ Control car sales in the Public ROW ✣ Reduce and clean up homeless encampments and address related issues ✣ Eliminate blight throughout	✣ Continue implementation of the Climate Action Plan ✣ Increase Hayward's sustainability as a community ✣ Fund and implement residential and commercial energy efficiency, photovoltaic, and hot water solar programs ✣ Continue development of residential and commercial energy conservation programs ✣ Position Hayward and gain recognition as a "Healthy City" under the national and state program ✣ Increase use of clean and green energy such as solar photovoltaic and bio-gas to energy production at utility facilities ✣ Increase use of recycled water

Organizational Health	Land Use	Fiscal Stability
• Ensure a safe and healthy work environment • Complete implementation of the Computer Aided Dispatch & Records Management System • Select Financial Enterprise/Enterprise Resource Planning (ERP) system and begin implementation • Improve the organization's ability to apply business process analysis in decision-making • Redesign the City's WEB page • Continued staff development and succession planning • Develop an employee attraction and retention program • Continue the development, adoption, and maintenance of strategic plans for key functions - Finance Functions (develop) - Economic Development (implement) - Police (update & maintain)	• Continue implementation of the 238 Settlement Agreement • Resolve all zoning and related issues in the Corridor and develop a 238 Corridor land disposition strategy • Adopt and implement South Hayward BART Form-Based Code • Adopt and implement Mission Boulevard Corridor Specific Plan/Form-Based Code • Improve gateways and corridors • Continue implementation of South Hayward BART TOD Project • Revise the City's Sign Ordinance • Update Downtown Plan • Plan for update of the General Plan • Continue implementation of Airport development projects including CA Air National Guard reuse • Continue to implement Historic Preservation Program elements • Develop a housing strategy and implementation plan • Pursue and support City Center Project	• Implement programs to resolve long-term structural deficit • Protect local revenues • Increase community property values - Increase academic performance in Hayward schools in partnership with HUSD and the community - Brand, market, and promote the community of Hayward • Strengthen and protect Hayward's business community - Engage in and succeed at aggressive economic development - Protect and promote Hayward's industrial base - Strengthen Chamber & business/industrial partnerships • Seek and secure outside funding - Grants - Appropriations - Federal & State programs • Explore Public Facilities Bond Measure; develop supporting data

SAFE	CLEAN	GREEN
✣ Improve public safety in targeted areas - Downtown - Neighborhoods (SMASH) - Entertainment areas - Retail areas - BART Stations ✣ Reduce gang violence in Hayward - Continue implementation of a continuous and focused gang enforcement strategy - Develop a gang injunction tool for use as appropriate - Support gang prevention and intervention programs through the schools ✣ Improve safety of school campuses and routes to/from schools - Partner with HUSD to improve training and operations of school campus safety personnel - Enhance curfew and truancy enforcement ✣ Reduce negative impact and unacceptable social behaviors of various individuals or groups on commercial and retail areas of the community with an emphasis on the Downtown ✣ Improve Disaster Preparedness and disaster response in the organization and within the neighborhoods	✣ Strengthen code enforcement citywide (SMASH) ✣ Evaluate Neighborhood Partnership Program revise Strategic Plan to incorporate strategies for the next phase of the program, and implement ✣ Strengthen and expand KHCG Task Force into neighborhood organizations ✣ Decrease litter in the city ✣ Decrease illegal dumping ✣ Prevention and rapid abatement of graffiti ✣ Improve graffiti prevention through increased use of public art in retail and commercial areas ✣ Eliminate blight throughout the city	✣ Continue implementation of the Climate Action Plan ✣ Increase Hayward's sustainability as a community ✣ Develop, fund, and implement residential and commercial energy efficiency and renewable energy programs, including financing components. ✣ Position Hayward and gain recognition as a "Healthy City" under ~~the~~ national and state programs ✣ Increase use of clean and green energy such as solar photovoltaic and bio-gas to energy production at utility facilities ✣ Increase use of recycled water

Organizational Health	Land Use	Fiscal Stability
• Ensure a safe and healthy work environment • Implement the selected Financial Enterprise/Enterprise Resource Planning (ERP) system • Redesign and deploy the City's WEB page • Continue~~d~~ staff development and succession planning • Develop an employee attraction and retention program • Continue the development, adoption, and maintenance of strategic plans for key functions - Finance Functions (develop) - Economic Development (update & implement) - Police (update & maintain)	• Conclude implementation of the 238 Settlement Agreement • Implement a 238 Corridor land disposition strategy • Adopt and implement Mission Boulevard Corridor ~~Specific Plan/~~Form-Based Code • Redesign and update gateways and corridors; partner with County where appropriate • Continue implementation of South Hayward BART TOD Project • Revise the City's Sign Ordinance • Develop a Downtown Specific Plan • Develop framework, scope, budget, and funding for updating the General Plan • Continue implementation of Airport development projects including CA Air National Guard reuse • Continue to implement Historic Preservation Program elements • Begin update of the Housing Element for the General Plan • Continue to participate in development of a regional Sustainable Communities Strategy • Update the City's Subdivision Ordinance	• Implement programs to resolve long-term structural deficit • Protect local revenues • Increase community property values - Increase academic performance in Hayward schools in partnership with HUSD and the community - Brand, market, and promote the community of Hayward • Determine strategy and funding options for economic development efforts following dissolution of Redevelopment Agency • Protect City's assets and key interests in the wake of the State legislation to eliminate the Redevelopment Agency • Strengthen and protect Hayward's business community - Engage in and succeed at aggressive economic development - Protect and promote Hayward's industrial base - Strengthen Chamber & business/industrial partnerships • Seek and secure outside funding - Grants - Appropriations - Federal & State programs • Develop long term facilities master plan to identify and evaluate City facility needs and funding options

SAFE	CLEAN	GREEN (Sustainable)
✚ Improve public safety in targeted areas - Downtown - Neighborhoods - Entertainment areas - Retail areas - BART Stations ✚ Continue consistent, determined use of the SMASH Program ✚ Reduce gang violence in Hayward - Continue implementation of a continuous and focused gang enforcement strategy - Develop a gang injunction program for use as appropriate - Support gang prevention and intervention programs through the schools and other agencies - Partner with all applicable agencies and organizations to reduce gang activity in Hayward ✚ Improve safety of school campuses and routes to/from schools - Partner with HUSD to improve training and operations of school campus safety personnel - Enhance curfew and truancy enforcement ✚ Improve the ambiance of, and shopping experience in, all major retail areas, particularly Downtown and in malls and centers. ✚ Improve Disaster Preparedness and disaster response in the community ✚ Continue to abate homeless encampments in the community	✚ Strengthen code enforcement and eliminate blight citywide ✚ Continue the Neighborhood Partnership Program. - Revise Strategic Plan to incorporate strategies for the next phase of the program - Implement next phase of program ✚ Strengthen and expand KHCG Task Force into neighborhood organizations ✚ Decrease litter in the city ✚ Decrease illegal dumping ✚ Prevention and rapid abatement of graffiti ✚ Improve graffiti prevention through increased use of public art in retail and commercial areas ✚ Control and/or regulate car sales in the Public ROW	✚ Continue implementation of the Climate Action Plan ✚ Increase Hayward's sustainability as a community in all aspects of urban life ✚ Continue efforts to increase the overall tree inventory throughout the community ✚ Develop and implement residential and commercial energy efficiency and renewable energy programs, including non-General Fund financing components. ✚ Increase use of clean and green energy such as solar photovoltaic and bio-gas-to-energy production at utility facilities ✚ Increase use of recycled water ✚ Continue to implement the "Healthy City" program and to gain national and state recognition - Partner with other agencies to fight obesity among Hayward youth - Pursue and implement a model “urban gardening” program throughout the community ✚ Work with partners to successfully implement the Promise Neighborhood grant, and to secure multi-year funding ✚ Through partnership with other agencies and organizations, develop and support the necessary elements to provide high quality educational opportunities for all throughout the community ✚ Continue efforts to eliminate long-term homelessness in Hayward and to identify housing for individuals when and where appropriate.

Organizational Health	Land Use	Fiscal Stability
• Ensure a safe and healthy work environment • Implement the selected Financial Enterprise/Enterprise Resource Planning (ERP) system • Improve the organization's ability to apply business process analysis in decision-making. • Redesign and deploy the City's WEB page • Continue staff development and succession planning • Develop an employee attraction and retention program • Strengthen the organization's ability and capacity to manage disasters. • Continue the development, adoption, and maintenance of strategic plans for key functions - Finance Functions (develop) - Economic Development (update & implement) - Police (update & maintain)	• Conclude implementation of the 238 Settlement Agreement • Implement a 238 Corridor land disposition strategy • Adopt and implement Mission Boulevard Corridor-Form-Based Code • Redesign and update gateways and corridors; partner with County where appropriate • Continue implementation of South Hayward BART TOD Project • Revise the City's Sign Ordinance • Develop a Downtown Specific Plan • Develop framework, scope, budget, and funding for updating the General Plan • Continue implementation of Airport development projects including CA Air National Guard reuse • Continue to implement Historic Preservation Program elements • Continue to implement Housing Element program elements • Continue to participate in development of a regional Sustainable Communities Strategy • Update the City's Subdivision Ordinance	• Implement programs and fiscal policies to resolve long-term structural deficit • Protect and maximize local revenues • Increase community property values - Increase academic performance in Hayward schools in partnership with HUSD and the community - Brand, market, and promote the community of Hayward • Determine strategy and funding options for economic development efforts following dissolution of Redevelopment Agency • Protect City's assets and key interests in the wake of the State's elimination of the Redevelopment Agency • Strengthen and protect Hayward's business community - Engage in and succeed at aggressive economic development - Protect and promote Hayward's industrial base - Strengthen Chamber & business/industrial partnerships • Seek and secure outside funding - Grants - Appropriations - Federal & State programs • Develop long term facilities master plan to identify and evaluate City facility needs and funding options

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CITY OF
HAYWARD
HEART OF THE BAY

DATE: March 20, 2012

TO: Mayor and City Council

FROM: Director of Public Works – Utilities and Environmental Services

SUBJECT: New Cogeneration Power System at the Water Pollution Control Facility: Authorization for the City Manager to Negotiate and Execute a Contract for Design, Construction, and Maintenance

RECOMMENDATION

That Council adopts the attached resolutions that:

1. Authorize the City Manager to negotiate and execute a contract with WM Lyles Group for design, construction, and long-term maintenance of a new cogeneration power system at the Water Pollution Control Facility (WPCF) in an amount not to exceed $12,150,000 for design and construction and $700,000 per year for maintenance for ten years;

2. Increase the transfer from the WPCF Replacement Fund to the Sewer Capital Improvement Fund from the currently approved $2,550,000 to $3,750,000;

3. Transfer $2,000,000 from the Wastewater Operating Fund to the Sewer Capital Improvement Fund; and

4. Appropriate additional funding of $2,000,000 from the Sewer Capital Improvement Fund for this project.

SUMMARY

The WPCF cogeneration power system, which utilizes bio-gas to provide power to the WPCF has been in operation since 1982 and is reaching the end of its useful life. Staff has also determined that this system will be unable to meet future emission standards without either significant additional investment or severe reductions in energy output. Staff evaluated two replacement alternatives and, based on energy production, cost, and impacts on the environment, recommends that the City install fuel cells, a very clean, green, but new and innovative process for converting methane to electric power. The total initial cost for the proposed project is expected to be $12.75 million. The project also includes a ten-year operations and maintenance component at a cost of $700,000 per year. Most of the needed funding is appropriated in the Sewer Capital Improvement Fund. Staff proposes appropriation of an additional $2 million from

the fund balance and transfer of $2 million from the Wastewater Operating Fund to the Sewer Capital Improvement Fund for this project.

BACKGROUND

The WPCF is the largest City-owned consumer of electric energy purchased from Pacific Gas and Electric (PG&E). The WPCF used a total of 8,271,097 kilowatt hours (kWh) of energy in CY 2011, which is equivalent to an electrical demand for 1,170 average residential units in California. Electric energy is supplied to the WPCF from three sources: PG&E, cogeneration, and solar power in the amounts shown below for calendar year 2011:

	Annual Energy (kWh)	Energy Contribution
Cogeneration	3,356,837	41%
Solar	1,593,838	19%
PG&E	3,320,422,260	40%
Total WPCF Demand:	8,271,097	100%

Co-generated power, named for simultaneous generation of electric power and heat, is a process whereby bio-gas, generated at the digesters and captured as part of the treatment process at the WPCF, is utilized as fuel. Methane is a major component of bio-gas, and bio-gas is considered a renewable energy resource. Like most wastewater treatment plants in the Bay Area, the WPCF has utilized bio-gas for many years to fuel internal combustion engines to provide electric energy and reduce the need to purchase energy from PG&E. In addition to the cost saving benefit, there are significant environmental advantages to cogeneration in that the alternatives for disposing of biogas are to discharge it to the atmosphere or to flare (burn) it off as a large open-air flame. Methane is a potent greenhouse gas; releasing it into the air is contrary to the City's policies, including the Climate Action Plan. Flaring the gas would also produce harmful gases and waste a good energy resource.

The WPCF purchased and installed the existing co-generation engines in 1982. The engines have undergone numerous rebuilds over the years and are practically at the end of their useful life. Additionally, emission control technology used at that time is now considered outdated, inefficient, more polluting, and, thus, unacceptable. Installation of emission control systems that meet the requirements of the Bay Area Air Quality Management District (BAAQMD) has caused the efficiency rating (conversion of biogas to electrical energies) to be degraded to around 20%, a very low value. In addition, BAAQMD regulations regarding air emissions have become exceedingly stringent, and the existing co-generation emission technology will not meet regulatory permit limits in 2012 and beyond, unless their power output is severely curtailed or major investments are made for devices to capture exhaust pollutants.

All of these factors have prompted staff to research the most cost effective and environmentally sustainable alternatives to the existing cogeneration system. This year-long effort included visits to other treatment plants, extensive literature review, meetings with industry representatives, and data evaluation. Two technologies emerged for consideration: internal combustion engine generators (ICE) and fuel cells. Further information about each technology will be provided in the following discussion; however, in general, staff has concluded that, regardless of which technology is finally employed, increased output from a more efficient, modern cogeneration system would more effectively leverage the value of solar power production, as well as decrease energy charges by

reducing power demand over a 24-hour period. By increasing clean and green energy self-generation (cogeneration and solar), staff anticipates the WPCF could achieve self-sufficiency when energy production and usage is averaged over a period of a year.

On a separate but related note, Council recently approved plans for construction of a receiving station at the WPCF to accept waste fats, oils, and greases (FOG). These constituents, delivered by truck from off-site, are the principal energy source for increasing biogas production. The projected amount of increased gas production from FOG processing is difficult to estimate at this time, as it is related to the amount of FOG delivery and energy content; however, staff anticipates that the receiving station project can yield up to 20% more bio-gas than currently produced.

DISCUSSION

Key Concepts and Definitions

Cogenerated power, and the technology available to produce it, is a highly specialized and technical field. In order to assist the City Council in evaluating its options, the following technical information is provided to explain the key concepts of cogeneration, as well as advantages and challenges associated with each of the two technologies under consideration.

Bio-gas. Bio-gas (digester gas), generated by the digestion of solids at the WPCF, contains energy in the form of methane. This energy can be converted to electrical energy with varying efficiencies and exhaust emissions. Digester gas has about one-half to two-thirds the amount of methane as in natural gas, and about one-half to two-thirds the energy per unit volume. Digester gas also contains impurities that are largely absent from natural gas, such as siloxanes, volatile organic carbon, and hydrogen sulfide, which are detrimental to the process of energy conversion. Thus, the two options being considered for cogeneration at the WPCF will each require bio-gas cleaning or "conditioning" to remove impurities.

Cogeneration Options. There are two processes whereby the energy in bio-gas is converted to electrical energy: fuel combustion and fuel cells.

- Fuel Combustion: Historically, bio-gas has been combusted in an internal combustion engine and in some gas turbines that in turn spins a mechanical generator to produce electric power. The generator is like an electric motor run in a reverse mode. Internal combustion engines, which have been used at the WPCF for thirty years, were among the first cogeneration technologies and have improved in efficiency and reduced emissions over time, and are still considered a viable option.
- Fuel Cell: A fuel cell uses a chemical process whereby methane energy in gas is converted to electric energy. While the process itself has been in use for a number of years, it is relatively recent that methane in digester gas has been used as the fuel. Fuel cells produce direct current electricity (as do solar panels) and require an inverter for conversion to alternating current. Fuel cells are considered an emerging technology for cogeneration at wastewater treatment plants, a promising alternative that has experienced varying degrees of practical success, as discussed below. The clear advantage of fuel cells over Internal Combustion Engines (ICE) is that they produce very little harmful nitrogen oxides emissions.

Electric Efficiency. Electric efficiency is the ratio of energy output from a cogenerator, divided by the energy input. The input energy is the methane within digester gas and is limited by bio-gas production from the plant digesters. The cogenerator and operating efficiency depends upon which option is selected. The expected efficiencies for new units are 47% for fuel cell and 40% for ICE. Fuel cell technology offers higher efficiency and will go further in offsetting the WPCF's reliance on purchased power. Both of these efficiency values will decrease in time, but replacing stacks for fuel cells and performing an engine rebuild for internal combustion engines can restore some of the lost efficiencies.

Waste Heat. The difference in energy between system input (digester gas) and output (electric energy produced) is thermal energy, commonly referred to as waste heat. Normally, waste heat from electric generation, for internal combustion or fuel cells, is dissipated directly into the atmosphere. At the WPCF, as at other treatment plants, most of the waste heat is captured and used to heat the digesters to a desirable temperature to aid in the digestion process. Neither option will provide enough waste heat during the three coldest winter months for proper digester temperature and supplemental heat must be provided by burning natural gas in the plant boilers. Fuel cells will necessitate the purchase of somewhat more natural gas to fuel an existing boiler to generate heat as fuel cells generate less waste heat because of their higher efficiency.

Air Emissions. One of the major differences between ICE and fuel cells is the amount of harmful emissions to the atmosphere after the conversion of digester gas to other forms of gas as they pass through the cogeneration process. Emission standards for ICE, particularly for Nitrogen Oxides (NOx), have become increasingly restrictive and difficult to achieve with older technologies. The more recent solution to controlling these pollutants is to treat them in the exhaust. For example, South Coast Air Quality Management District (SCAQMD) has implemented requirements for Selective Catalytic Reduction (SCR) emission control technology, which reduces NOx and particulate matter through the injection of ammonia into the engine gas exhaust, converting the NOx into an inert gas. It is reasonable to expect that this stricter emission standard could eventually become the standard in the Bay Area and; for this reason, SCR is included in the ICE proposal costs. While it is the best available technology today, SCR is relatively expensive to install and maintain, and decreases the overall ICE efficiency.

The following table compares the expected exhaust emissions from fuel cells, typical ICE (without SCR technology), and ICE with sufficient SCR to meet the South Coast District air quality standards:

Contaminant	Fuel Cell	Internal Combustion Engine (ICE)	
		Without SCR Emission Control Technology	With SCR Emission Control Technology
Nitrogen oxides (NOx)	0.01	1.9	0.3
Carbon monoxide (CO)	0.1	7.8	0.3

Operation and Maintenance.

In the case of fuel cells, the supplier would be responsible for monitoring and operating the fuel cell and the gas conditioning equipment remotely, and for correcting any operational problems. In

addition, the supplier also would be responsible for equipment maintenance. The most common and costly maintenance issue with fuel cells is that the stacks degrade with time and become less efficient. The fuel cell supplier would be responsible for replacing stacks whenever the electrical efficiency falls by more than 10%, which is expected to occur at intervals of no more than 5 years. The cost of new stacks for the specified fuel cell can be as high as $2.5 million. WPCF staff would not be involved in any aspect of fuel cell and gas conditioning operation and/or in gas conditioning and fuel cell maintenance.

With ICE, City staff would be responsible for monitoring and operating both the cogenerator and gas conditioning. Staff would also be responsible for notifying the cogenenerator manufacturer whenever there are operational difficulties. The ICE supplier would be responsible for correcting all equipment, cogeneration unit and gas conditioning system, correcting malfunctions, and performing maintenance including periodic overhauls of the ICE. The ICE complete overhaul, which can occur at intervals of no more than five years, can cost as much as $500,000.

In either case, the City would enter into a ten-year maintenance agreement, with associated costs. These costs, which are discussed in the Fiscal Impact section of this report, would be funded in the annual Wastewater Operating Fund, as they are annual operational and maintenance costs and should be largely offset by electrical energy costs.

Use of ICE and Fuel Cells at Wastewater Treatment Plants. ICE is a commonly utilized cogeneration technology, currently in use at many wastewater treatment facilities. In general, it is considered reliable and relatively straightforward to maintain. However, a major disadvantage is the higher level of emissions, which has caused some agencies to look to fuel cells as a cleaner and greener alternative.

Currently, forty-five fuel cells are used for cogeneration at twenty locations in California. At the California State University campus in Hayward, PG&E installed a fuel cell using natural gas as a source of electric power. Of the forty-five fuel cells, twenty-two utilize digester gas, most of which is generated at wastewater treatment plants. Locally, Dublin San Ramon Services District has installed fuel cells using digester gas to augment its engines.

Staff has visited, communicated with, and learned from many of the wastewater treatment sites with fuel cells, and determined that varying degrees of success have been achieved. Unlike ICEs, fuel cells are very sensitive to their operational environment, such as gas feed availability and purity, and changes in power demand on the electric distribution grid that they serve. These sensitivities can be mitigated but will require careful planning and operational control related to bio-gas generation, treatment, and use.

Contractor Selection and Recommendation

On October 21, 2011, City staff released a request for proposals (RFP) to design and construct a replacement for the existing ICE. The RFP was addressed to Design-Build Entities (teams of contractors, engineers, suppliers) and made available on the City's website by direct notification to some seventy firms. Each firm was invited to consider one of two upgrade options, fuel cells or ICE, that would comply with impending air regulations. Each proposal had to include a guaranteed operating rate (the percentage of time that the system is in service) and associated maintenance costs to ensure that guarantee, with liquid damages to be assessed if the operating rate is not met. Staff,

with assistance from Carollo Engineers, technical consultants for the co-generation project, developed criteria to evaluate proposals and defined the selection criteria in the RFP.

On December 6, the City received four proposals, one from a fuel cell team, WM Lyles Group, and three from ICE teams: Overaa & Co.; GSE Construction; and Stellar J. Attachment III includes proposal summary information for each proposal. Proposals were evaluated by a point system as defined in the RFP. For example, operational parameters consider emissions and overall cogeneration facility efficiency. Financial status considers financial resources, bonding capacity, and pending claims/disputes for each proposer. The most heavily weighted criteria, 20-year "Present Worth Life Cycle Cost Benefit," is based upon specific costs identified and required in the proposals. This is further explained under Economic Impacts. The following table summarizes the scores assigned by staff after reviewing proposals for each of the teams:

	MAX POINTS	WM Lyles Group	Overaa & Co.	GSE Construction	Stellar J
Project Understanding	5	5	5	5	5
Project Team and Qualifications	10	9	6	10	10
Operational Parameters	10	10	5	5	5
Present Worth Life Cycle Cost Benefit	65.00	65.00	63.95	41.33	57.39
Detailed Scope of Work	5	4	5	4	4
Financial Status	5	4	5	5	5
Totals:	100.00	97.00	89.95	70.33	86.39

As can be seen in the table above, and in more detail in the Economic Impact discussion below, the fuel cell proposal from WM Lyles Group and the ICE proposal from Overaa & Co. were competitive in the "Present Worth Life Cycle Cost Benefit" analysis. Although its gross cost is higher, the fuel cell option has the edge, due to the higher amount of grant funds that would be available, as discussed in the next section. In addition to a competitive cost, the fuel cell proposal also offers the following benefits:

- Fuel cells generate negligible NOx emissions; therefore, unlike ICEs, this technology does not carry the risk of being unable to meet the anticipated required reductions in NOx emissions promulgated by the California Air Resources Board.

- Fuel cells are capable of higher efficiency; that is, more power and energy production from the same amount of available gas.

Another added benefit is that fuel cells run much quieter than ICE systems, contributing to a better work environment.

As noted earlier, fuel cells are an emerging technology for power cogeneration, especially using bio-gas and, as such, are subject to certain risks, including the fact that currently there is only a

single company that manufactures and services bio-gas fuel cells. WM Lyles Group has seen significant erosion in its market value in recent years. Staff has discussed this important point with Carollo Engineers, the City's consultant, and with Fuel Cell Energy, the supplier of fuel cell technology to WM Lyles and the company that would be responsible for operation and maintenance of the fuel cell system. The feedback has been that, while there is a potential for the company to cease to exist as it is structured now, there are two factors that mitigate this possibility:

1. The fuel cell, as a very clean and green technology, has potential and promise for growth and wider application and therefore will not be allowed to cease to exist; and

2. Fuel Cell Energy is in partnership with POSCO Power, a well-funded South Korean energy company that utilizes Fuel Cell Energy's technology in the Asian markets, including significant installations in South Korea. It is believed that POSCO Power will not allow Fuel Cell Energy's technology to be abandoned.

Given the above, staff believes that the risks can be reduced and mitigated to acceptable levels with a well-structured long-term operations and maintenance agreement. For example, the agreement can be secured with a surety instrument to protect the City's investment and structured to give the City the option of extending it by another ten years with the same terms and conditions as the original agreement. If Council approves this item, the mitigations and risk reduction strategies will be part of contract negotiations. In the event that the negotiations prove unsuccessful, staff will return to Council with options for Council direction.

On balance and based on the available information, fuel cells will best meet the City's long term energy production and emission reductions goals. While fuel cells are not commonly used at wastewater treatment facilities, they have been recently selected by other wastewater treatment plants in the Bay Area, including a similar size system in the City of San Jose. Staff, therefore, recommends that the City negotiate a contract with WM Lyles to design and construct a cogeneration facility.

Self-Generation Incentive Program (SGIP) Grant

Staff has investigated available financial resources to improve the economic feasibility of cogeneration. On November 26, 2011, staff applied for a Self-Generation Incentive Program (SGIP) grant provided by the California Public Utilities Commission (CPUC) and administered by PG&E. SGIP monies were budgeted by the State for both cogeneration options considered in the RFP. However, the City was limited to pursuing grant funds for only one technology, and because the grant funding for fuel cell technology is significantly larger, staff determined that it would be in the City's best interest to apply, initially, for the larger grant funds. PG&E recently notified the City that up to $5 million has been reserved for future rebates for the City's fuel cells, based on the performance of the system. The first 50% would be received when the City demonstrates that the cogenerator performs as stated in the SGIP application. The remaining 50% must be earned over the initial 5-year operating period in which cogeneration uptime is a consideration.

SGIP funding for ICE would be limited to $2,625,000 and would require another application and approval. Staff has further learned that applications for the ICE option have exceeded the SGIP budget for this option through CY 2012. CY 2013 is probably the earliest SGIP monies would be available for competitive application, and the eligible amount would be 10% less than in CY 2012,

or $2,362,500. Regardless of the technology, the SGIP grant would be obtained in the two parts as described above.

ECONOMIC IMPACT

Regardless of which technology is selected, there will not be an initial additional sewer rate increase related to the cost of the new cogeneration system because existing sewer funds and already budgeted sewer revenues would be utilized. As an integral part of the WPCF system, however, the new cogeneration system will eventually contribute to sewer service rate increases. Staff currently expects that future rate increases in the fund, including installation, operation, and maintenance of the new cogeneration system, will be in the 3% to 5% per year range over the next ten years.

The economic impact analysis for cogeneration is quite complex as it must consider the market value for each unit of energy produced, as well as the maximum power purchases from PG&E in each billing period. These variables are also influenced by regulatory factors governing export of excess energy to PG&E from cogeneration systems. At this time, solar energy in excess of the WPCF's needs is exported to PG&E and credited against PG&E energy imported to the WPCF at equal value. The City's existing agreement with PG&E limits energy exports to one megawatt of solar energy and does not allow export of cogenerated power. Since the planned cogeneration upgrade, combined with energy produced by the solar system, would usually produce more energy than the WPCF currently demands, staff is evaluating strategies to allow for additional exports. WPCF demands are also expected to increased in the future, which would reduce the amount of energy available for export to PG&E

The detailed cost analysis presented below includes consideration of the cost offset for purchasing energy from PG&E, project development, cogeneration operation and maintenance, and the SGIP grant. As both benefits and cost have annual amounts that can change with time, they were converted into an equivalent present worth (PW). Over a period of twenty years, calculations that assume escalation of 3% per annum for operation and maintenance costs, 5% for energy, and a 5% interest rate, results in a *present worth net benefit* as shown below for the engineer's estimate of the fuel cell and ICE options, as well calculations for the WM Lyles fuel cell proposal and the proposal for the highest ranked ICE, received from Overaa.

"Present Worth Life Cycle Cost Benefit" is the difference between all of the City's initial capital and long-term operations and maintenance costs and the benefits derived from the use of energy produced during the same time period.

Life Cycle Cost Calculation	Engineer Est Fuel Cell	WM Lyles Fuel Cell	Engineer Est ICE	Overaa ICE
SGIP Grant	5,000,000	5,000,000	2,625,000	2,362,500
Present worth (PW) of 20-yr energy savings	26,324,160	26,324,160	19,867,680	19,905,528
Gas conditioning system capital cost	(1,500,000)	(3,371,596)	(1,500,000)	(2,000,000)
Cogeneration system capital cost	(8,000,000)	(8,777,109)	(3,500,000)	(4,760,585)
Emission control system capital cost	0	0	(300,000)	(184,274)
PW of 20-yr gas conditioning maintenance cost	(1,652,496)	(2,523,638)	(1,120,577)	(2,170,231)

Life Cycle Cost Calculation	Engineer Est Fuel Cell	WM Lyles Fuel Cell	Engineer Est ICE	Overaa ICE
PW of 20-yr cogeneration facility maintenance cost	(6,383,032)	(7,004,314)	(2,453,921)	(3,219,885)
PW of 20-yr emission control system maintenance cost	0	0	(558,870)	(595,750)
PW of 20-yr natural gas cost for heat deficit	(28,300)	(28,300)	0	0
PW of 20-yr NG cost to maintain design KW output	(415,680)	(415,680)	(282,940)	(282,940)
Present Worth Life Cycle Cost Benefit for Cogen Alternative = Life Cycle Savings - Life Cycle Costs	**13,344,660**	**9,203,530**	**12,776,380**	**9,054,370**

Assumptions:

1. Fuel cell efficiency reduction based on most recent information from FCE equal to 3.79% average for 5 years
2. Engine efficiency reduction assumed to be 5% at the end of 5 years or 2.5% average
3. Fuel cell and ICE would operate at design KW load by using additional natural gas fuel
4. Gas conditioning maintenance cost is based on siloxane levels in RFP Appendix D
5. ICE SGIP grant amount is reduced by 10% for 2013 in the Overaa ICE calculation

Based on the analysis summarized in the table, the fuel cell option has a present worth life cycle cost benefit of $9.2 million, which is more favorable than the best ICE proposal by approximately $200,000.

FISCAL IMPACT

The estimated project costs to design and construct a cogeneration system using fuel cell technology are as follows:

Consultant services (Carollo Engineers)	$ 250,000
Co-generation design-build (fuel cell option)	12,150,000
Digester gas analysis	50,000
City project administration	100,000
Construction management and inspection	200,000
Total:	$12,750,000

The adopted FY 2012 Capital Improvement Program (CIP) includes a total of $10.75 million in the Sewer Capital Improvement Fund ($10.5 million) and the WPCF Replacement Fund ($250,000) for design and construction of the cogeneration system. Staff proposes an appropriation of an additional $2 million from the Sewer Capital Improvement Fund for a total of $12.75 million for design and construction activities. The adopted FY 2012 CIP includes a transfer of $2.55 million from the WPCF Replacement Fund to the Sewer Improvement Fund for 50% of the City's cost of the new cogenerator, which was estimated at $5.1 million ($10.5 million total cost, less a $5.4 million SGIP grant) when the CIP was adopted last June.

The following table summarizes the funding sources and amounts:

	Fund	Amount	Purpose
Current adopted CIP appropriation	Sewer Capital Improvement	$10,500,000	Design and construction
Additional appropriation	Sewer Capital Improvement	$2,000,000	Design and construction
Current adopted CIP appropriation	WPCF Replacement	$250,000	Consultant assistance
Total CIP appropriation		**$12,750,000**	

In order to avoid a future year deficit in the Sewer Capital Improvement Fund, from which needed future projects are to be funded, staff further recommends: 1) a transfer of $2 million from the Wastewater Operating Fund; and 2) an increase of $1,200,000 (from the currently approved $2.55 million to $3.75 million) in the transfer from the WPCF Replacement Fund to the Sewer Improvement Fund. These transfers are an appropriate use of operating and replacement funds because current users will benefit from efficient energy generation and reduced reliance on purchased power. Staff has determined that there are sufficient fund balances in the Operating Fund and the WPCF Replacement Fund to accommodate these transfers without a near-term impact on rates and the City's ability to implement needed sewer system replacement projects. The following table summarizes the approved and proposed fund transfers for the cogeneration project:

	Fund		Amount
	From	To	
Approved in Adopted CIP	WPCF Replacement	Sewer Capital Improvement	$2,550,000
Proposed	WPCF Replacement	Sewer Capital Improvement	$1,200,000
	Wastewater Operating	Sewer Capital Improvement	$2,000,000
Total Transfers to Sewer Capital Improvement Fund			**$5,750,000**

In addition to capital costs, there will be ongoing maintenance expenses associated with each of the cogeneration components. Assuming that the City Council approves the fuel cell alternative, the City would enter into a ten-year maintenance agreement with the supplier at an annual cost of about $700,000. The majority of this cost is associated with replacing the stacks every five years or so, when efficiency decreases to below a certain level. This annual cost would be budgeted in the Wastewater Operating Fund and would be largely offset by a corresponding reduction in the cost of purchased power. The operating budget currently includes more than $1 million for electrical power purchases, which has been carried forward from previous years. The cost of PG&E power is

expected to increase, and without alternative sources, it would be necessary to increase the budget allocation in future years. Now that the solar project is performing as expected, and with the anticipated increase in cogenerated power, it will be possible to reduce the budget for purchased power by about half. Thus, the annual cost of the maintenance of the cogeneration system is not expected to have a significant impact on sewer rates.

PUBLIC CONTACT

No public contact is planned for the project. All work will be done inside the WPCF boundary, which is located in an industrial or commercial area. There will be no impact on the neighbors or the public.

SCHEDULE

Assuming the City Council concurs with staff's recommendation, and once a contract with WM Lyles is executed, staff anticipates that construction time could be as much as twenty-two months to accommodate acquisition and installation of fuel cell units. The estimated schedule for this project is summarized as follows:

Approval for City Manager to negotiate contract with Design Build Entity	March 20, 2012
Begin Contract Negotiations	May 7, 2012
Notice to Proceed	June 4, 2012
Complete construction	April 2014

Prepared by: Don Clark, Senior Utilities Engineer

Recommended by: Alex Ameri, Director of Public Works –Utilities & Environmental Services

Approved by:

Fran David, City Manager

Attachments:

Attachment I - Resolution
Attachment II - Resolution (Appropriation)
Attachment III - Project Proposal Summary
Attachment IV - Project Location Map

ATTACHMENT I

HAYWARD CITY COUNCIL

RESOLUTION NO. 12-

Introduced by Council Member _____

RESOLUTION AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH WM LYLES GROUP TO DESIGN AND BUILD A NEW COGENERATION SYSTEM AT THE WATER POLLUTION CONTROL FACILITY, PROJECT NO. 7508

WHEREAS, the Water Pollution Control Facility (WPCF) generates electric energy on site (co-generation) that provides 40 percent of the total WPCF electric energy needs using renewable biogas as engine fuel; and

WHEREAS, the existing cogeneration equipment is obsolete and the cogenerators operate at low efficiency; and

WHEREAS, Bay Area Air Quality Management District regulations have implemented more stringent air quality emission standards, and the existing co-generation emission technology would require installation of emission control systems with resultant decrease in efficiency to meet regulatory permit limits in 2012 and beyond; and

WHEREAS, proposals were received from Design-Build Entities on December 6, 2011 to design and build a new cogeneration system; and

WHEREAS, staff has determined that using fuel cell technology would best serve the City's interest.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is authorized to negotiate and execute an agreement with WM Lyles Group to design and build a new cogeneration system for the New Cogeneration System at the Water Pollution Control Facility, Project No. 7508, in an amount not to exceed $12,150,000, and to negotiate and execute a ten-year contract for maintenance for both the gas conditioning system and the cogeneration system in an amount to not exceed $712,100 in the first year and amounts not to increase by more than 3 percent per year in subsequent years, in a form to be approved by the City Attorney.

BE IT FURTHER RESOLVED, that the City Manager is also hereby authorized and directed to negotiate and execute all necessary documents to implement and carry out the purpose of this resolution, and to undertake all actions necessary to take and complete the cogeneration system project.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2012

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

_____
City Attorney of the City of Hayward

HAYWARD CITY COUNCIL

RESOLUTION NO. 12-

Introduced by Council Member _____

RESOLUTION AMENDING RESOLUTION 11-094, BUDGET RESOLUTION FOR CAPITAL IMPROVEMENT PROJECTS FOR FISCAL YEAR 2012 TO TRANSFER $2,000,000 FROM THE WASTEWATER OPERATING FUND TO THE SEWER CAPITAL IMPROVEMENT FUND; INCREASE TO $3,750,000 THE TRANSFER FROM THE WATER POLLUTION CONTROL FACILITY REPLACEMENT FUND TO THE SEWER IMPROVEMENT FUND; AND APPROPRIATE ADDITIONAL FUNDING OF $2,000,000 FROM THE SEWER CAPITAL IMPROVEMENT FUND TO THE NEW COGENERATION SYSTEM AT THE WATER POLLUTION CONTROL FACILITY, PROJECT 7508

BE IT RESOLVED by the City Council of the City of Hayward that Resolution No. 11-094, Budget Resolution for Capital Projects for Fiscal Year 2012, is hereby amended by approving a transfer of $2,000,000 from the Wastewater Operating Fund (Fund 612) to the Sewer Capital Improvement Fund (613), increasing the transfer from the WPCF Replacement Fund (616) to the Sewer Improvement Fund (613) to $3,750,000 and approving an additional appropriation of $2,000,000 from the Sewer System Capital Improvement Fund (Fund 613) to the Co-generation System, Project No. 7508.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2012

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

_____
City Attorney of the City of Hayward

20 Years Life Cycle Cost/Benefit Analysis for Cogen Alternavies

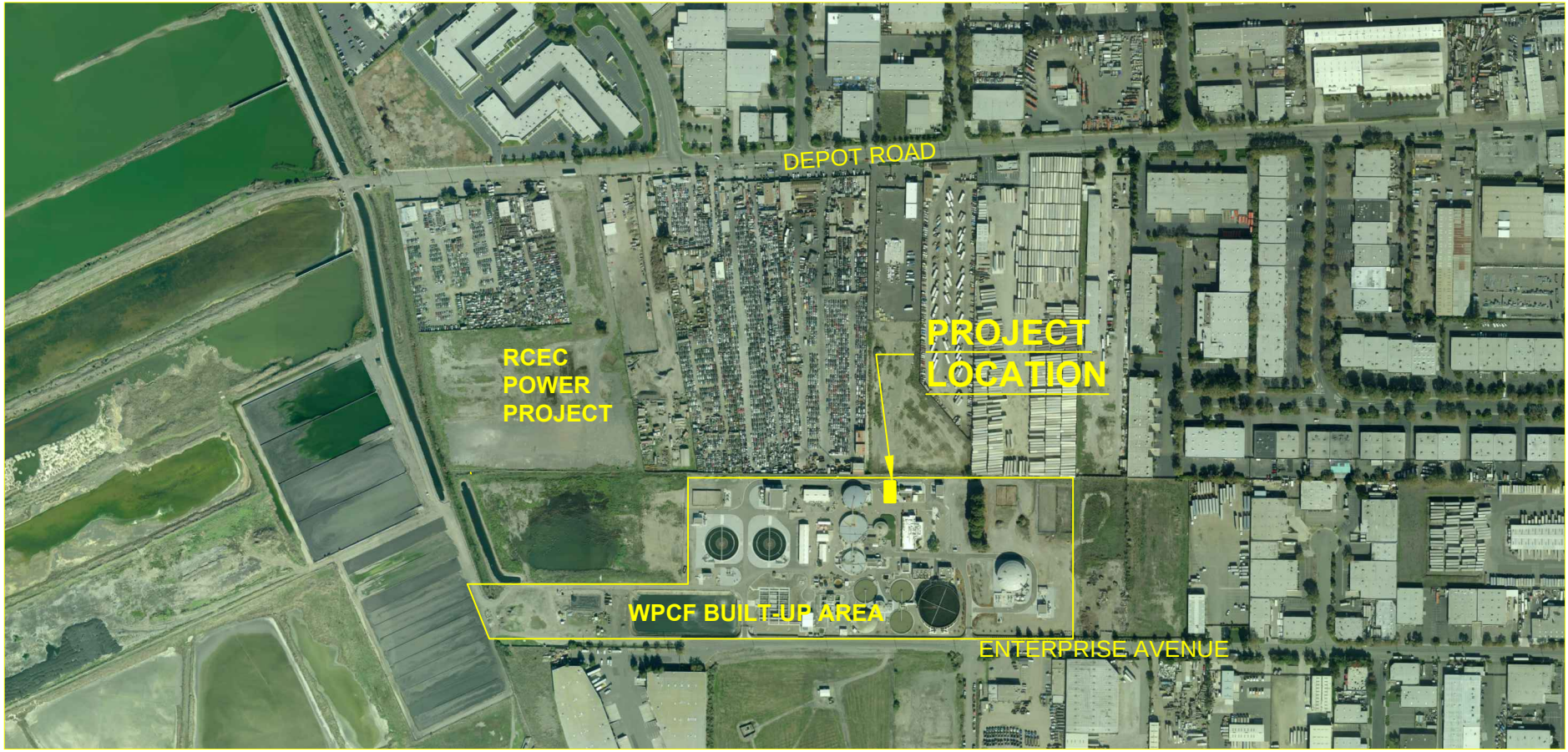
Description of Item	Bid Alternative A Fuel Cell	WM Lyles Fuel Cell	Bid Alternative B IC Engine	GSE IC Engine	Overaa IC Engine	Steller J IC Engine
Design-build cost for gas conditioning system	$1,500,000	$3,371,596	$1,500,000	$2,190,000	$2,000,000	$2,064,367
1st year maintenance agreement cost for gas conditioning system based on 10-year maintenance agreement cost and 3% annual escalation (A)	$116,500	$177,915	$79,000	$383,000	$153,000	$227,325
Design-build cost for complete cogeneration system (IC engine alternative meeting 2012 emission requirements as defined in Appendix C)	$8,000,000	$8,777,109	$3,500,000	$2,597,000	$4,760,585	$3,500,779
1st year maintenance agreement cost for cogeneration system based on 10-year maintenance agreement cost and 3% annual escalation (B)	$450,000	$493,800	$173,000	$280,000	$227,000	$255,811
Design-build cost for CEMS, SCR/CO emission control systems for IC engine alternative (meeting anticipated future emission requirements defined in Appendix C)	$0.00	$0.00	$300,000	$438,000	$184,274	$464,660
1st year maintenance agreement cost for CEMS, SCR/CO emission control systems for IC engine system based on 10-year maintenance agreement cost and 3% annual escalation (C)	$0.00	$0.00	$39,400	$102,000	$42,000	$64,900
Net KW output based on 290 scfm of digester gas at 550 BTU/scfm (P)	1,318	1,318	1,050	1,049	1,052	1,049
Cogeneration facility guaranteed availability (H)	95%	95%	90%	90%	90%	90%
NG cost per year for heat deficit (F)	$1,415	$1,415	$0	$0	$0	$0
NG cost per year to maintain design output KW (G)	$20,784	$20,784	$14,147	$14,147	$14,147	$14,147
Energy rate per kWh (D), $/kWh	0.12	0.12	0.12	0.12	0.12	0.12
kWh produced per year (E) =PxHx8760	10,968,400	10,968,400	8,278,200	8,270,320	8,293,970	8,270,320

Life Cycle Cost Assumptions						
Energy Escalation Rate (Ee)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Maintenance cost escalation rate (Me)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
NG cost Escalation rate (Ne)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Future worth Interest Rate (i)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Life cycle Cost Calculation	Bid Alternative A Fuel Cell	WM Lyles Fuel Cell	Bid Alternative B IC Engine	GSE IC Engine	Overaa IC Engine	Steller J IC Engine
SGIP Grant	$ 5,000,000.00	$ 5,000,000.00	$ 2,625,000.00	$ 2,362,500.00	$ 2,362,500.00	$ 2,362,500.00
Present worth (PW) of 20 year Energy savings = DxE+ [DxEx19x(1+Ee)^19/(1+i)^19]	$ 26,324,160.00	$ 26,324,160.00	$ 19,867,680.00	$ 19,848,768.00	$ 19,905,528.00	$ 19,848,768.00
Gas conditioning system capital cost	$ (1,500,000.00)	$ (3,371,596.00)	$ (1,500,000.00)	$ (2,190,000.00)	$ (2,000,000.00)	$ (2,064,367.00)
Cogeneration system capital cost	$ (8,000,000.00)	$ (8,777,109.00)	$ (3,500,000.00)	$ (2,597,000.00)	$ (4,760,585.00)	$ (3,500,779.00)
Emission control system capital cost	$ -	$ -	$ (300,000.00)	$ (438,000.00)	$ (184,274.00)	$ (464,660.00)
PW of 20-yr gas conditioning maintenance cost = A+[Ax19x(1+Me)^19/(1+i)^19]	$ (1,652,496.10)	$ (2,523,638.14)	$ (1,120,576.76)	$ (5,432,669.59)	$ (2,170,230.93)	$ (3,224,495.08)
PW of 20-yr Cogeneration facility maintenance cost = B+[Bx19x(1+Me)^19/(1+i)^19]	$ (6,383,032.15)	$ (7,004,313.95)	$ (2,453,921.25)	$ (3,971,664.45)	$ (3,219,885.11)	$ (3,628,555.19)
PW of 20 yr Emission control system maintenance cost = C+[Cx19x(1+Me)^19/(1+i)^19]	$ -	$ -	$ (558,869.93)	$ (1,446,820.62)	$ (595,749.67)	$ (920,575.08)
PW of 20 yr NG cost for heat deficit = F+[Fx19x(1+Ne)^19/(1+i)^19]	$ (28,300.00)	$ (28,300.00)	$ -	$ -	$ -	$ -
PW of 20 Yr NG cost to Maintain design KW output = Gx20	$ (415,680.00)	$ (415,680.00)	$ (282,940.00)	$ (282,940.00)	$ (282,940.00)	$ (282,940.00)
Present Worth net benefit for Cogen Alternative = Life cycle Savings - Life cycle costs	**$ 13,344,660.00**	**$ 9,203,530.00**	**$ 12,776,380.00**	**$ 5,852,180.00**	**$ 9,054,370.00**	**$ 8,124,900.00**

Assumptions:

>. Fuel cell efficiency reduction based on most recent email from FCE equal to 3.79 % average for 5 years
>. Engine efficiency reduction assumed to be 5 % at the end of 5 years or 2.5 % average with no efficiency reduction due to SCR
>. Fuel cell and ICE would operate at design KW load by using additional NG fuel
>. GCS maintenance cost is based on Siloxanes levels from Appendix D sample data and most recent proposals
>. ICE SGIP grant amount is reduced by 10 % per SGIP rules because the current SGIP application is based on fuel cell and a new application based on ICE will have to be submitted which will is not expected to be approved until 2013.


DEPOT ROAD
RCEC
POWER
PROJECT
PROJECT
LOCATION
WPCF BUILT-UP AREA
ENTERPRISE AVENUE