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DATE: September 25, 2007
TO: Mayor and City Council
FROM: Fran David, Acting City Manager
SUBJECT: Additional Fund Appropriation for Cannery Park Expansion Project

RECOMMENDATION

Adopt the attached resolution to appropriate \$550,000 in additional Park-In-Lieu Funds to the Cannery Park Expansion Project.

SUMMARY

Last April, the City Council and Redevelopment Agency adopted resolutions appropriating Redevelopment Agency Tax Allocations Bond proceeds (\$4,670,262) and Park-In-Lieu funds (\$1,500,000) to the Cannery Park Expansion project. The appropriations enabled the Cannery Park Expansion project to begin construction under a contract awarded by the Hayward Area Parks and Recreation District (HARD) last April. The construction project encountered several field conditions which are not able to be resolved within the existing project contingency and HARD has requested a scope change to the project which was not included in the original project budget. Staff recommends an additional allocation of \$550,000 in Park-In-Lieu funds to support both of these elements, as well as to provide an adequate project contingency for the remainder of the construction project.

BACKGROUND

Public Facilities Development Agreement (PFDA): In May 2006, the City and Redevelopment Agency entered into a partnership with HARD and the Hayward Unified School District (HUSD) to construct various public improvements as part of implementation of the Cannery Area Plan. The street improvements are completed, and the new Burbank School and the Cannery Park Expansion projects are under construction. The PFDA sets forth the property disposition and financial agreements with the partnership agencies for both projects. The Cannery Park budget estimate at the time of the PFDA was preliminary, developed almost a year before the project's design was completed and actually bid. As a result, an adjustment to the park expansion budget estimate was recommended and appropriated by the City Council and Redevelopment Agency in April, 2007, in conjunction with the award of the construction contract by HARD.

Previous Cannery Park Expansion Appropriations: On April 3, 2007, the City Council and Redevelopment Agency adopted resolutions which appropriated two sources of funding for the design and construction of Cannery Park, as follows:

1. Appropriated \$4,670,262 in 2004 and 2006 Redevelopment Agency Tax Allocation Bond proceeds; and
2. Appropriated \$1,500,000 in Park In Lieu Funds, with \$250,000 each from Zones B and D and \$1,000,000 from Zone C. Appropriations from Zones B and C are advances, to be repaid from future residential projects in Zone D.

There are five total Park-In-Lieu zones, with funds generally used for park improvement projects within the zone where the revenue was generated. As discussed last spring, funds may be aggregated to support a project which serves a larger geographic area and will draw users from multiple zones. With the expanded park facilities, Cannery Park was determined to be a destination park which would fit such criteria, and therefore eligible for fund appropriations from each of the zones.

DISCUSSION

The additional project appropriation request is in response to two major impacts to the project budget as well as the need to provide an adequate project contingency for a project of this scope.

Changed field conditions: As the park project construction proceeded this summer, two major field conditions surfaced which were not anticipated in the original project design. The first involved various sub-surface elements (not utilities) encountered when the sewer line (to serve the restroom) was constructed across the park to B Street. These elements were not mapped on any documents and were left over from the previous cannery use on the site.

The second was the unacceptable deterioration of the Sulfur Creek box culvert that runs beneath the park. Part of the concrete top of the culvert collapsed and further investigation revealed a significant portion of the culvert roof needed to be replaced. City staff assisted HARD by developing a design and obtaining a contractor to do the work.

Additional project scope: In the original Cannery Park concept plan, the complete renovation of the turf and irrigation throughout the park had not been included as part of the final project scope and budget. Now that the project is under construction, it has become clear that the existing irrigation system, installed almost 20 years ago is inadequate, especially for the new and expanded uses in the park. Additionally, the impact on the existing turf of the ongoing construction has caused HARD staff to conclude that it may not survive the project. Therefore, HARD has requested an expansion of the project scope to now include a complete irrigation and turf replacement at the park.

Project Contingency: The Cannery Park Expansion project is a complex \$4.3 million construction project which requires a sufficient project and construction contingency to enable HARD and Public Works staff to complete the project on time to meet the needs of a unified, joint school site next summer. To ensure that the project continues uninterrupted, additional funding is needed to fund the change orders described and the expanded project scope requested by HARD.

Additional allocation by HARD: The HARD Board of Directors allocated \$84,000 to the Cannery Park projects in their 2007/08 Capital Improvement Program. This allocation will be used to cover the costs of lowering the top portion of the box culvert under the existing park area that did not have sufficient soil cover to support good turf. This work was done by the contractor hired by the City to repair the remainder of the box culvert.

The additional \$550,000 allocation will provide a full project contingency of \$600,000 or about 10% of the \$6,644,857 project cost estimate, which is reasonable for a project of this scope. About \$475,000 of that will be allocated for Change Orders to date as well as the additional project scope (turf and irrigation).

FISCAL IMPACT

Cannery Park is in Zone D and therefore use of Zone D Park-In-Lieu fees is appropriate for this project. The June 30, 2007 current balances and recommended appropriation of \$550,000 is as follows:

<u>Zone</u>	<u>Current Balance</u>	<u>Less Appropriation</u>	<u>Adjusted Balance</u>
C	\$ 647,954	\$ 350,000	\$ 297,000
D	\$ 338,157	\$ 200,000	\$ 138,157

The recommended appropriation from Zone C would be an advance to the project and would be repaid from future residential projects in Zone D.

SCHEDULE (or NEXT STEPS)

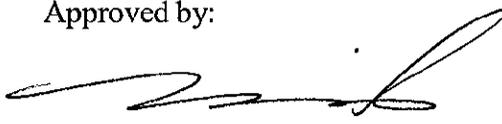
The Cannery Park Expansion project continues and is expected to be completed in early May 2008.

Prepared by:



Lynn Dantzker, Project Manager

Approved by:



Fran David, Acting City Manager

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. 07-

Introduced by Council Member _____

RESOLUTION AMENDING RESOLUTION 07-079, AS AMENDED, THE BUDGET RESOLUTION FOR FISCAL YEAR 2007-08 RELATING TO AN APPROPRIATION OF FUNDS FOR THE CANNERY PARK EXPANSION PROJECT

BE IT RESOLVED by the City Council of the City of Hayward that Resolution No. 07-079, as amended, the Budget Resolution for fiscal year 2007-08, is hereby further amended by approving an appropriation of \$550,000 for the Cannery Park Expansion Project.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2007

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