



CITY OF HAYWARD

AGENDA REPORT

AGENDA DATE 03/16/04

AGENDA ITEM _____

WORK SESSION ITEM WS #2

TO: Mayor and City Council
FROM: Director of Community and Economic Development
SUBJECT: Update Regarding Mt. Eden Annexation Study

RECOMMENDATION:

It is recommended that the City Council review and comment on this report.

BACKGROUND:

The purpose of this work session item is to provide an update on the anticipated fiscal impacts associated with annexation and redevelopment of the Mt. Eden study area, along with estimated costs associated with new capital improvements in the area.

The City has contracted with Economic Planning Systems, Inc. (EPS) to conduct a fiscal impact analysis associated with annexation and redevelopment of the Mt. Eden study area (see Exhibit A). The EPS study addressed three scenarios, Alternatives A, B and C, which include residential development representing a range of densities allowed within the existing Medium Density General Plan designation. These alternatives are also consistent with the Mt. Eden Neighborhood Plan rezoning designation.

Under those three alternatives, it was assumed that 375 (100% detached), 475 (50% detached and 50% attached) and 575 (100% attached) new residential units would ultimately be constructed within the study area between 2005 and 2009. Market-rate values for those units were assumed to be \$540,00 for each detached unit and \$375,00 for each attached unit. The analysis also assumed affordable housing units being constructed, consistent with the City's inclusionary housing ordinance. The analysis further assumed non-residential development being built in the study area beginning in 2008. Such development would include R&D/business park uses in the Depot Road island by 2017, light industrial development in the Dunn Road island by 2013, light industrial development in the western portion of the Saklan Road island by 2011 and neighborhood commercial development in the southwest corner of the Saklan Road island by 2009. All assumed future uses are consistent with existing General Plan designations and the estimated amount of non-residential development is assumed to be the same for all three alternatives.

Exhibit B summarizes the EPS analysis and shows that the overall fiscal impact at buildout in the year 2017 would be a net benefit to the City's general fund, ranging from \$107,454 per year under Alternative A to \$132,856 per year under Alternative C. Because the study area is located within Alameda County's Eden Area Redevelopment Plan area, property tax revenues to the City's general fund are not impacted by new development and relate to the value of development that existed when the redevelopment area was formed in 1999/2000.

To address fiscal impacts related to new development, EPS also conducted an analysis regarding potential tax increment funds that would be generated as a result of new development. The attached table (Exhibit C) shows that at anticipated buildout, an estimated \$1.61 to \$1.72 million annual net tax increment would be generated with redevelopment of the study area. If all the tax increment funds were available, they would be sufficient to fund infrastructure improvements for the entire study area. The issue of how much tax increment will be made available for this purpose will need to be resolved with the County.

A key issue in the Mt. Eden area is the construction of needed infrastructure improvements. These include upgrades associated with streets (including new curbs, gutters and sidewalks), storm drain, sanitary sewer, and water systems, and street light and traffic signal facilities. Recognizing this key issue, Alameda County hired a consultant approximately ten years ago to prepare improvement plans for the Mt. Eden area, excluding the Depot Road island. The plans were developed in coordination with the City and show improvements that would meet City standards. The County then analyzed costs associated with implementing those improvements, and shared those cost estimates with the public in a community meeting in 1995.

Recently, the City had the firm of Berryman & Henigar, Inc. (BHI) conduct an analysis on what the current costs would be associated with implementing the County improvement plans. The BHI estimates include improvements to the Depot Road island and two items not addressed in the County's analysis: the extension of a future water line to the west of the Dunn Road island, to connect with an existing line along McCone Avenue, and installation of a new box storm drain culvert under Clawiter Road at West Street. Consistent with what had been presented by the County previously, the BHI total costs apply a 50 percent cost factor to the construction estimate to account for design, construction inspection, survey and rights-of-way acquisition, but do not include costs of financing. No actual right-of-way acquisition cost analysis was conducted.

As Exhibit D shows, current estimates are \$7.3 million for the Saklan Road island improvements (including new box culvert), \$1.9 million for the Dunn Road island improvements (including water line extension) and \$314,355 for improvements to the Depot Road island. Costs represent an increase of roughly 50 percent compared to the County's estimates of ten years ago.

NEXT STEPS:

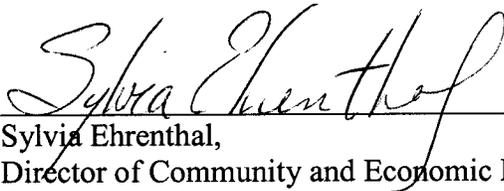
A third community meeting is scheduled at Ochoa Middle School from 7-9 p.m. on Wednesday, March 17, where residents will be updated on the results of these analyses. A public meeting before the Planning Commission to receive comments on the draft environmental impact report is anticipated for this spring. Public hearings before the Planning Commission and City Council regarding the proposed annexation application and rezoning designations are anticipated for this summer.

Prepared by:



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Associate Planner

Recommended by:



Sylvia Ehrenthal,
Director of Community and Economic Development

Approved by:



Jesús Armas, City Manager

- Attachments:
- Exhibit A. Map of Mt. Eden Study Area
 - Exhibit B. Fiscal Impact Analysis Summary
 - Exhibit C. Summary of Tax Increment Projection by Alternative
 - Exhibit D. Preliminary Infrastructure Improvements Cost Estimates

3/9/04

**DUE TO THE LENGTH OR COLOR
OF THE REFERENCED EXHIBIT,
IT HAS BEEN ATTACHED AS A
SEPARATE LINK.**

**Table 2
Fiscal Impact Analysis Summary
Hayward Fiscal Impact Analysis**

Item	Alternative		
	A	B	C
<u>Total Project Revenues</u>			
Property Tax	\$48,553	\$48,553	\$48,553
Sales Tax	\$88,293	\$94,516	\$95,135
Business Tax	\$46,258	\$46,258	\$46,258
Document Transfer Tax	\$34,303	\$34,598	\$31,497
Emergency Facilities Tax	\$28,539	\$32,139	\$35,739
Franchise Fees	\$75,830	\$85,218	\$94,605
Fines and Forfeitures	\$11,212	\$12,600	\$13,988
Motor Vehicle License Tax	\$86,157	\$104,296	\$122,434
Gas Tax Revenue	<u>\$12,831</u>	<u>\$15,533</u>	<u>\$18,234</u>
Total Revenues	\$431,976	\$473,710	\$506,443
<u>Total Project Expenditures</u>			
General Government Administration (1)	\$16,977	\$19,079	\$21,180
Police	\$176,384	\$190,071	\$203,757
Fire	\$58,292	\$58,292	\$58,292
Public Works (2)	\$28,174	\$28,174	\$28,174
Community & Econ. Dev. Dept.	\$7,666	\$8,615	\$9,564
Library	<u>\$37,029</u>	<u>\$44,824</u>	<u>\$52,620</u>
Total Expenditures	\$324,522	\$349,055	\$373,588
NET FISCAL BALANCE	\$107,454	\$124,655	\$132,856

(1) Includes Mayor & Council, City Manager, City Attorney, City Clerk, Human Resources, and Finance & Internal Services.

(2) Includes street maintenance, traffic operations, and street lighting for existing roads. New roads within new subdivisions are assumed to be privately maintained and funded.

Source: Economic & Planning Systems

**Summary of Tax Increment Projection by Alternative
Hayward Fiscal Impact Analysis**

	Alternative A		Alternative B		Alternative C	
	2010	Buildout (2017)	2010	Buildout (2017)	2010	Buildout (2017)
Estimated Assessed Value (new and existing)	\$ 253,364,280	\$318,865,543	\$ 269,929,007	\$ 337,893,206	\$270,489,510	\$ 338,537,048
Gross Tax Increment	\$ 2,235,772	\$ 2,890,785	\$ 2,401,420	\$ 3,081,062	\$ 2,407,025	\$ 3,087,500
Housing Set-Aside	\$ 447,154	\$ 578,157	\$ 480,284	\$ 616,212	\$ 481,405	\$ 617,500
Pass-Throughs	\$ 464,358	\$ 705,403	\$ 498,033	\$ 748,141	\$ 499,173	\$ 749,588
Annual Net Tax Increment	\$ 1,324,260	\$ 1,607,225	\$ 1,423,102	\$ 1,716,708	\$ 1,426,447	\$ 1,720,412

**Preliminary Mt Eden Infrastructure Improvements
Cost Estimates**

	Construction Cost Estimates								
	Street Improvements	Storm Drain	Sanitary Sewer	Water System	Street Light	Traffic Signal	SubTotal	50% Markup	Total
Saklan Island North Subtotal	\$997,981	\$201,876	\$98,435	\$287,690	\$52,500	\$7,000	\$1,645,482	\$822,741	\$2,468,223
Saklan Island South Subtotal	\$1,959,412	\$433,340	\$103,296	\$436,320	\$84,750	\$30,000	\$3,047,118	\$1,523,559	\$4,570,678
SAKLAN ISLAND TOTAL	\$2,957,394	\$635,216	\$201,731	\$724,010	\$137,250	\$37,000	\$4,869,621	\$2,434,810	\$7,304,901
DUNN ISLAND TOTAL	\$615,893	\$326,321	\$48,852	\$149,920	\$24,000		\$1,266,986	\$633,493	\$1,900,479
DEPOT ISLAND TOTAL	\$141,534	\$42,500	\$6,536	\$19,000	\$0	\$0	\$209,570	\$104,785	\$314,355
TOTAL COST ESTIMATES	\$3,714,821	\$1,004,037	\$257,119	\$892,930	\$161,250	\$37,000	\$6,346,177	\$3,173,088	\$9,519,735

Note: Construction cost estimates are based on updated takeoff from 1995 improvement plans. 50% markup is to account for costs for engineering, survey, inspection, right-of-way acquisition, etc.