



CITY OF  
**HAYWARD**  
HEART OF THE BAY

**COUNCIL BUDGET AND  
FINANCE COMMITTEE**

**OCTOBER 26, 2011**

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**CITY COUNCIL BUDGET AND FINANCE COMMITTEE MEETING**  
**Wednesday, October 26, 2011**  
**Conference Room 4B**  
**4:00 PM**

**CALL TO ORDER**

**ROLL CALL**

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**PUBLIC COMMENTS:** *(The Public Comment section provides an opportunity to address the City Council Committee on items not listed on the agenda. The Committee 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 Committee 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.)*

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1. Report

Further Exploration of a Potential Financing Measure for the City's Critical Facility Needs

[Staff Report](#)

**COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS**

**ADJOURNMENT**

**NEXT SPECIAL MEETING – 4:00 PM, NOVEMBER 16, 2011**

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*\*\*\*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, 4<sup>th</sup> Floor, Hayward, during normal business hours. An online version of this agenda and staff reports are available on the City's website.\*\*\**

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*Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans Disabilities Act of 1990. Interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the Assistant City Manager at (510) 583-4300 or TDD (510) 247-3340.*

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HAYWARD CITY COUNCIL, 777 B STREET, HAYWARD, CA 94541  
[HTTP://WWW.HAYWARD-CA.GOV](http://www.hayward-ca.gov)



**DATE:** October 26, 2011

**TO:** Council Budget and Finance Committee

**FROM:** Assistant City Manager  
Director of Finance

**SUBJECT:** Further Exploration of a Potential Financing Measure for the City's Critical Facility Needs

## **RECOMMENDATION**

That the Committee reviews and considers plans for a potential facilities bond measure.

## **BACKGROUND**

At the January 4, 2011 Budget and Finance Committee meeting, Bryan Godbe of Godbe Research presented the results from a preliminary survey that tested voter sentiments towards a potential financing measure to fund critical City facility needs, including a new Library and Community Learning Center, a replacement Police facility, a new animal shelter, and new and upgraded Fire Stations. A copy of the complete survey results can be found on the City's website: <http://www.hayward-ca.gov/citygov/meetings/csc/ccipc/2011/CSC-BFCIP012611.pdf#Page=4>.

The survey asked potential voters in the November 2012 election regarding their likelihood to support a facilities bond measure for City of Hayward facilities. The survey began with a general overall question about a facilities bond measure. For a bond measure totaling \$153 million that would replace the current library, replace Fire Stations 7 and 9, replace the police station, and replace the animal shelter, approximately 57% of those polled would support this measure in a November 2012 election. This number falls shy of the 2/3 vote necessary to pass a facilities bond measure. The survey then asked a series of questions to gauge support for different facility improvements. The survey also looked at different election dates for a bond measure with the result that November 2012 yielded the highest level of voter support.

Based on the results of this survey, the Committee had a follow up discussion at the January 26, 2011 meeting. At that meeting, the Committee reviewed additional survey data and a budget and outreach schedule to prepare for, at the earliest, a November 2011 election date and, at the latest, a November 2012 election date. Staff also outlined a process by which facility cost estimates would be completed for the facilities contemplated in the potential bond measure. Due to the faltering economy, the attack on Redevelopment and the staff attention needed to address that crisis, and the intensive work needed to prepare the FY 2012 budget, the November 2011 target was not feasible.

However, work has moved forward on cost estimating for the facilities that could be included in the potential bond measure and the November 2012 election date is still a viable option.

## **DISCUSSION**

The facilities identified for inclusion in a potential bond measure are in significant need of repair, upgrade, and replacement. Not only are the facilities outdated and failing to meet current operational needs, there are also health and safety issues that need to be addressed.

As highlighted in the December 2010 poll results, a November 2012 election date looked most favorable for a potential facilities bond measure. Staff is recommending that we continue vetting this possibility with an eye toward a final decision in early Spring of CY 2012. This allows the City to take the same path as we did for Measure A, which is to act as if November 2012 is the target, gather data to inform the final decision, and not lose time in preparation for November 2012 should the data lead us to a “go” decision.

Without the dedicated revenue source of a bond measure for facility replacement and upgrade, the City will be hard-pressed to identify a source of funds to update these facilities, given the current fiscal challenges faced by the City’s General Fund budget. A facilities bond measure would provide needed and dedicated funding for the facilities upgrades while minimizing the impact to the General Fund operating budget. Just as it is irresponsible to ignore the structural deficit in the General Fund operating budget, it is irresponsible for the City to ignore critical infrastructure needs. It is assumed that a minimum of three years from bond approval would be needed to break ground, even on a project as far along as the Library. Other projects, should they be included in an approved bond measure, could be as far out as five years from the bond approval election date.

As the Committee well knows, there are several decisions and steps that need to occur to even determine if it is prudent to pursue a bond measure. The following discussion presents a high level summary of these steps and decisions, which staff will present in further detail to the Committee at this meeting,

*Outreach and Education Effort:* There is much that the Council, staff, and committed citizens must do to educate the public about the current state of the facilities and the needed upgrades. If the Committee (and ultimately the Council) chooses to move forward with this effort, staff would propose partnering with Tramutola in this education effort, similar to the preparatory steps leading up to Measure A. This would require some dedication of resources in order to proceed in the most effective manner. At this meeting, City staff and staff from Tramutola will review a possible outreach/education schedule beginning in November and continuing through the summer of 2012. Following this concerted education effort, another tracking survey would be conducted in the early summer of 2012. This would confirm for the Council whether it is prudent to move forward with a bond measure in November 2012. The tracking survey will also help the Council to identify the facility upgrades that should be included with any bond measure.

*Facilities Cost Estimating:* Following the Committee meetings last January, a staff team came together to further refine and develop a scope of work for the facilities improvements along with cost estimates. The scope and cost for the Library and Community Learning Center is fairly well developed given the planning effort that occurred throughout 2009 and 2010 on this facility.

However, there was much less information for the Police facility and Fire Station needs. Typically, when developing cost estimates, staff utilizes consulting engineers and architects that specialize in facility upgrades to develop these estimates. However, given that there was no budget for this effort, Public Works Engineering staff worked to develop estimates for the facilities in conjunction with staff from Fire and Police. These estimates were identified as unfunded projects in the Capital Improvement Program and the following provides a high level summary of the estimated costs for the various facility needs:

<i>Library and Community Learning Center</i>	<i>\$53,000,000</i>
<i>Replacement Police Station</i>	<i>\$75,000,000</i>
<i>Upgrades to Fire Stations 1-6</i>	<i>\$11,593,000</i>
<i>New Fire Dept Training Facility</i>	<i>\$8,200,000</i>
<i>Replacement Fire Stations 7 and 9</i>	<i><u>\$11,900,000</u></i>
<i>Total</i>	<i><u>\$159,693,000</u></i>

These numbers do not include estimates to renovate or rebuild the Animal Shelter. If the Council allocated funds, staff could further refine these estimates, which may lead to lower numbers. However, staff believes these estimates provide a fairly conservative estimate for the types of facility upgrades contemplated by these projects and satisfies the data needs at this time. This belief is based on discussions with various industry experts and staff from surrounding communities who have recently updated similar City facilities.

## **FISCAL IMPACT**

As mentioned earlier in this report, the City has numerous critical facility replacement and upgrade needs that cannot currently be funded from the General Fund operating budget. Without the dedicated revenue source of a bond measure for facility replacements and upgrades, the City will be hard-pressed to identify a source of funds to update these facilities, given the current fiscal challenges faced by the City's General Fund budget.

In terms of direct costs to determine if a November 2012 bond measure would be prudent, there are several elements, each of which can occur together or sequentially as decisions are informed by the data:

- 1) **BEGINNING:** To determine if and when a bond measure should be pursued. Education and Outreach Effort: Staff has worked with Tramutola to prepare a budget and timeline for the education and outreach effort necessary for a November 2012 bond measure election. This cost totals \$140,000-\$180,000 and includes a tracking survey conducted by Godbe and Associates in early summer 2012.
- 2) **MIDDLE:** To refine the size of the needed bond measure, should an election date be targeted. Facilities Cost Estimating: If the Council allocates funds, staff could work with consulting engineers and architects to refine the cost estimates prepared by staff. The amount needed for this effort could be between \$150,000-\$200,000.
- 3) **FINISH:** Final costs to secure voter approval once an election date is finalized. Election Costs: Based on recent information from the County Registrar of Voters, the City anticipates spending \$180,000 for the June 2012 election and a roughly similar amount

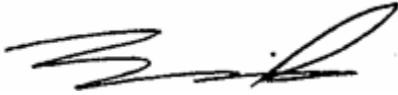
for the November 2012 election. If the City chose to pursue a stand-alone election date (a date when there are no other elections and the municipality would bear the costs), that cost could possibly double.

The most likely source for the education and outreach effort, along with any further cost estimating, could be the money given to the City by Calpine for a new library facility.

#### **NEXT STEPS**

If the Committee recommends that investigation of a November 2012 bond measure should move forward, staff will bring this item to the full Council for discussion and direction in the near term, along with approval of a contract with Tramutola in order to begin the education and outreach effort and the associated funding for at least “the beginning” of this effort.

*Approved by:*



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Fran David, City Manager

Attachments: None