



CITY OF
HAYWARD
HEART OF THE BAY

**COUNCIL BUDGET AND
FINANCE COMMITTEE**

JUNE 26, 2013

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CITY COUNCIL BUDGET & FINANCE COMMITTEE MEETING
June 26, 2013
City Hall Conference Room 4B
4:00pm

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS: (The Public Comment section provides an opportunity to address the City Council Committee on items not listed on the agenda as well as items 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, any comments on items not on the agenda will be taken under consideration without Committee discussion and may be referred to staff.)

1. Discuss Financing Mechanisms for the City's Critical Facility Needs
[Staff Report](#)
2. Debrief on the FY 2014 Budget process (*oral presentation*)
3. Draft FY 2014 Meeting Schedule (*to be delivered at meeting*)

COMMITTEE MEMBER/STAFF ANNOUNCEMENTS AND REFERRALS

ADJOURNMENT

NEXT REGULAR MEETING – JULY 24, 2013, 4:00PM, ROOM 4B

****Materials related to an item on the agenda submitted to the Council Committee 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.*

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.

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



DATE: June 26, 2013

TO: Council Budget and Finance Committee

FROM: Assistant City Manager
Director of Finance

SUBJECT: Financing Mechanisms for the City's Critical Facility Needs

RECOMMENDATION

That the Committee reviews and considers the steps necessary to begin planning for a future facilities bond measure to address the City's critical facility infrastructure needs.

BACKGROUND

Over the past couple of years, staff and the Council have been exploring mechanisms for funding the City's critical facility infrastructure needs. In 2011, the City hired Godbe Research to conduct a preliminary survey to test 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/CITY-GOVERNMENT/COUNCIL-STANDING-COMMITTEES/COUNCIL-BUDGET-&-FINANCE-COMMITTEE/2011/CSC-BFCIP012611.pdf>.

For a variety of reasons, the work in 2011 to prepare for a potential ballot measure was put on hold to allow staff and the Council to focus on other critical issues. Recently, advocates for the new library approached the Council to request that this work begin again in earnest and Council directed staff to return to the Council Budget & Finance Committee for a discussion about the process to moving forward on this effort.

DISCUSSION

There are several elements that need to be considered in preparation for a ballot measure or other financing for critical facility needs. Staff has previously identified several key City facilities that 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.

Even in a positive and balanced financial environment, the City does not have the ability to generate a source of funds to update these facilities without additional help from the voters. 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 continue ignoring critical infrastructure needs.

If the Council wishes to move forward towards a 2014 election date, there are several decisions and steps that need to occur. 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,

Facilities Cost Estimating: The most important first step in this process is clearly identifying and costing out the various facility needs. While the Council has had many discussions about a new Library and Community Learning Center, there are other critical facility needs that should be part of this discussion. Public Works staff included funds in the City’s Capital Improvement Program (CIP) to fund a more comprehensive facilities needs assessment that would more comprehensively scope out needed facility improvements at the City’s police building and fire stations. This may include rehabilitation and/or replacements of existing facilities. The scope and cost for the Library and Community Learning Center is fairly well developed given current planning efforts. Further information about the design and costs of the Library will be presented to Council during a work session in July.

In addition, Council has periodically noted that the South Hayward community is in dire need of a community and/or teen center in association with the Matt Jimenez Community Center; and, the animal shelter remains a topic of interest for many, particularly given the heavier demands on it now that surrounding shelters have reduced services and/or closed. In addition, the community frequently asks for a community meeting place, which was lost when Centennial Hall was taken out of service.

Typically, when developing cost estimates, staff utilizes consulting engineers and architects that specialize in facility upgrades to develop these estimates. Staff intends to issue a Request for Proposals in the near future to hire a firm to assist in scoping out the facility needs and associated cost estimates. The current CIP (on the unfunded project list) includes very preliminary estimates developed by Public Works engineering staff, with assistance from Police and Fire staff. However, these are not well grounded and will benefit from the technical review and analysis that an architecture/engineering firm can provide. The following provides a summary from the current CIP of the estimated costs for the various facility needs:

<i>Library and Community Learning Center</i>	<i>\$52,000,000</i>
<i>Replacement Police Station</i>	<i>\$85,000,000</i>
<i>Upgrades to Fire Stations 1-6</i>	<i>\$11,000,000</i>
<i>New Fire Dept Training Facility</i>	<i>\$8,200,000</i>
<i>Replacement Fire Stations 7 and 9</i>	<i>\$14,100,000</i>
<i>Total</i>	<i>\$170,300,000</i>

These numbers do not include estimates to build a community or teen center in South Hayward, replace community meeting space, or to renovate or rebuild the Animal Shelter. The effort to prepare a comprehensive facility needs assessment can run parallel with efforts to test voter sentiments on which, if any, of these projects the community values; and to begin education and outreach efforts regarding the various facility needs that Hayward needs.

Polling/Outreach and Education Effort: As mentioned, the City previously conducted a poll of likely voters to gauge the receptivity of a possible bond measure. Staff would recommend conducting a request for proposals (RFP) to hire a polling firm to again gauge current awareness in the community of the various facility needs and to test voter sentiments regarding a possible bond measure. This effort could cost between \$25,000 - \$50,000. If the Council is interested in moving forward with these efforts, staff would embark on the RFP process to bring a polling firm on board.

In addition, it is incredibly important to identify the need for these facility upgrades to the citizens of Hayward. While City resources cannot be utilized to campaign for a bond measure, there is much that the Council, staff, and concerned citizens can 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 a firm on this education effort. The education and outreach would proceed in parallel with efforts to scope out facility improvements and costs and to gauge voter sentiment. This would require some dedication of additional resources in order to proceed in the most effective manner.

Acknowledging the City's current financial situation, we need to be prudent in our planning for the City's infrastructure needs. While new facilities might be most desirable, upgrades to existing facilities and remodels might be more practicable. Given the financial challenges to the City's General Fund, we need to explore every option for funding our critical infrastructure needs, including presenting the citizens of Hayward with an opportunity to weigh in on the priority of these needs. The education and outreach effort outlined above is an attempt to do this. This effort will also help staff and the Council further understand priorities for the community in terms of the City's infrastructure needs.

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 or other existing City funds. 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.

In terms of the costs to prepare for a possible financing/bond measure, there are several elements:

- 1) *Facilities Cost Estimating:* The current CIP has a budget of \$250,000 to hire an architecture/engineering firm to complete the facilities needs assessment and cost estimates.
- 2) *Polling/Education and Outreach Effort:* A typical budget for the education and outreach effort necessary to effectively inform the public about the City's critical infrastructure

needs could range from \$160,000-\$230,000. This would include the surveys/polling discussed above.

- 3) Election Costs: Based on recent information from the County Registrar of Voters, the City could spend approximately \$200,000 for an election held during the regular municipal election cycle (June 2014 or November 2014). 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 unless the decision was made to utilize a mail-in ballot process.

The most likely source for the education and outreach effort would be the money given to the City by Calpine for a new library facility. Other activities would most likely come from General Fund allocations.

NEXT STEPS

If the Committee recommends that the preparations for a financing/bond measure should move forward, staff will bring this item to the full Council for discussion and direction in the near term along with possible contract awards for the facilities needs assessment and polling/education/outreach activities.

Prepared and Recommended by: Kelly McAdoo, Assistant City Manager
Tracy Vesely, Director of Finance

Approved by:



Fran David, City Manager

Attachments: None