DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
January 23, 2006

To: Council Downtown Committee
Council Member Ward, Chair
Council Member Jimenez
Council Member Halliday

THRU: Jesús Armas, City Manager

FROM: Sylvia Ehrenthal, Director of Community and Economic Development

SUBJECT:	Council Downtown Committee Meeting
DATE:	January 23, 2006
TIME:	7:00 - 9:00 p.m.
LOCATION:	Hayward City Hall - Work Session Room 2A

COUNCIL DOWNTOWN COMMITTEE

Monday, January 23, 2006
7:00 p.m.

Work Session Room 2A - Hayward City Hall
777 B Street
Hayward, CA 94541

Public Comments: (Note: For matters not otherwise listed on the agenda. The Committee welcomes under this section but is prohibited by State Law from discussing items not listed on the agenda. Your item will be taken under consideration and referred to staff.)

1. Update on New Burbank School and Expanded Cannery Park

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Please request the accommodation at least 72 hours in advance of the meeting by contacting the Downtown Development Division at (510) 583-4260 or by using the TDD line for those with speech and hearing disabilities at (510) 247-3340.

CITY OF HAYWARD
STAFF REPORT

AGENDA DATE 01/23/06
AGENDA ITEM _____

TO: Council Downtown Committee

FROM: City Manager

SUBJECT: Update on New Burbank School and Expanded Park

There is considerable activity underway in and around the cannery area, consistent with the Design Plan adopted in 2001. Recently, a progress report was presented to the elected officials from the City, School District and HARD. A copy of this report is attached. Although members of the Committee are familiar with the status of the reference projects, this item appears on the agenda to enable members of the public in attendance at the meeting of the Committee to be updated as well.

Jesús Armas

Attachment

CITY OF HAYWARD
STAFF REPORT

AGENDA DATE 1/19/06
AGENDA ITEM _____

TO: Mayor and City Council
President and Members, HARD Board
President and Members, HUSD Board

FROM: City Manager

SUBJECT: Update on New Burbank School and Expanded Cannery Park

When the three agencies met in December 2004, a report was presented concerning the status of the Cannery Area Plan. As part of that presentation, the agencies were presented two general layouts for the new school. The L shaped form for the new elementary school was approved, and staff was instructed to work with members of the Hayward Local Agencies Committee (HLAC) for approval of the architectural treatment of the new school.

The purpose of this meeting is to provide a progress report to the policymakers from the three agencies. In this regard, updated elevations for the new school and the master plan for the expanded Cannery Park accompany this report.

It should be noted that much has occurred since your December 2004 meeting. As a result of approval of the final design of the school, construction drawings have been completed and submitted to the State for its review. In addition to the progress that is being made with respect to the various design and construction aspects of the project, other areas such as environmental assessment and school site approval are also advancing. For example, staff has submitted to the California Department of Education (CDE) a preliminary school plan approval package to expedite the review process. Also, site evaluation from an environmental standpoint continues on schedule. Finally, the HARD/HUSD Joint Use Agreement has been submitted and approved by both governing boards. A draft of the "Master Agreement" between the parties has been completed and is being reviewed by the City, HARD and HUSD. While a number of milestones have been achieved, owing to the complexity of the project and the time required to get approval from various external agencies, the opening date for the school has been changed. Where an opening date of September 2007 was originally contemplated, due to the aforementioned reasons this date has since been modified. The new Burbank School will now open with the start of the 2008 school year. This date is more realistic, and all activities are oriented toward meeting it. Accordingly, the timetable assumes that bids will be solicited in November of 2006, construction contract awarded in January of 2007 with construction commencing March of 2007.

Achieving the next level of design, as noted above, has allowed the architect to provide a more precise estimate of the cost of the new school. Unfortunately, but not surprisingly, the cost of the school has escalated. Also, the scope of the other two major projects, Cannery Park and Public Improvements has evolved and more precise cost estimates are available. With respect to the school, there are several reasons for the cost increases, including an increase in the total square

footage of the school and materials costs such as concrete and steel. Other than the school, Cannery Park has evolved in terms of the scope of the project and consequently the costs have increased. Schedule A, attached, sets out the costs of the Cannery Project, which includes the Burbank School, Cannery Park and the Public Improvements with the most recent estimates as of December 2005. The individual components are discussed below:

Burbank School. The increase in the estimated costs for the Burbank School is almost exclusively in the construction area. For example, preliminary costs were developed based on a school size of 76,763 square feet and using a construction cost of about $216 per square foot. The final design calls for a school of 80,117 square feet based on a construction cost of approximately $283 per square foot. The result is a cost increase of about $5.1 million as a result of construction costs increases (assuming the same size school) and $949,000 due to the increase in size. Other cost areas such as environmental assessment and remediation make up the balance of the additional costs. Taken together these cost items account for the overall increase in the school cost from approximately $22.9 million in March of 2004 to $29.7 million in December of 2005, an increase of $6.8 million.

Cannery Park Improvements The vision for the Cannery Park has changed significantly from the original concept. As the project progressed the HARD Board and staff recognized an opportunity to establish a "destination" park as opposed to an upgrade to the existing park. The project now embodies substantially enhanced picnic and play areas a "water feature", a skate board area and upgraded restrooms. The development of these features has increased construction costs by about $1.7 million. There have been savings in other areas, however, resulting in a net increase in the budget for Cannery Park Improvements of about $900,000 from the March 2004 estimate.

Funding Requirements. It was recognized early on that the total cost of the Cannery Project could not be fully financed by such sources as School or Park Impact Fees. With that understanding, staff worked to identify the cost that would have to be debt financed and also to consider the cash flow implications of the revenue sources that were identified. For example, Park In-Lieu Fees and School Impact Fees will not be available until the Cannery housing development takes place, which will be sometime in 2007-08. Consequently, these revenue sources must be "advanced" to enable the project to have the necessary cash to fund construction.

Schedule A summarizes four key elements of the financial aspects of the Project. Part I notes the cost of the Project as of December 2005. Part II, recognizes certain funding sources that can be used to fund the project. These amounts are deducted from the cost in Part I to arrive at the net funding requirement, or the amount that would need to be financed (if the funding sources were immediately available). Part III adjusts the Net Funding Requirement as developed in Part II for those revenues that will come in after the Project begins construction. This "add back" brings us to the long-term financing need which is shown in Part III as Total Cash Requirement for Cannery Project.

Part IV indicates the results of the first round of financing that was applied in 2004 ($27.1 million) and the estimated second issue that will occur in 2006, ($8 million). These two

financings will generate net funds to the project of approximately $35.1 million, which is the amount needed to balance resources with project requirements. Staff believes that the Hayward RDA has sufficient bonding capacity to support a second financing and plans to seek approval to proceed in early 2006 with funding to take place in March or April 2006.

Other Financial Issues. There are two other financial issues which I would like to bring to your attention. The first concerns a funding source which is identified in Schedule A, as "Developer Contribution". The second deals with mandatory tax increment revenue "pass through" payments from the Hayward RDA to HUSD.

One of the sources that has been shown on Schedule A from the beginning of the project is a Developer Contribution of $5 million. This past November the developer confirmed to the City as part of a Development Agreement that the voluntary contribution of $5 million would be made for the Burbank School. This aspect becomes important when consideration is given to the second financial issue discussed in this section which is the "pass through" payments that will be made by the Hayward RDA to HUSD.

Under existing RDA law, there are certain "pass through" payments that must be made by a Redevelopment Agency to various entities located in a project area. The "pass through" payments represent a level of participation in tax increment growth by the various taxing entities, such as a school district, located in the RDA project area. However, should a Redevelopment Agency construct a school, as is the case with the Burbank School, then 56.7% of the "pass through" amounts to a school district must be retained by the Agency to reimburse it for the construction of the school.

At this time the pass through payments that will be due HUSD and the amount of the "retention" (56.7% of the pass through") can only be estimated. However staff has done some preliminary work based on costs to date and estimates of tax increment revenue. Based on this information, the school cost of $29.7 million, as shown in Schedule A, would be reduced by the Developer Contribution of $5 million, HUSD Surplus Land Sale of $4.2 million and Potential School Impact Fees of $3.5 million (see Schedule A, Part-II Funding Sources). These funding sources total $12.7 million. Deducting these revenue sources from the school cost of $29.7 million leaves a net cost of $17 million. This is the amount that will be reimbursed to the RDA through the retention of 56.7% of the pass through payments that will be made to the school district over the next several years. Based on the estimated average "retention" amount of $490,000 per year the net cost of the school would be reimbursed to the RDA over a period of 35 years.

Hayward Local Agencies Committee. As noted above, staff has worked with the HLAC to finalize the design of the Burbank School and HARD staff has reported to the HLAC on the progress of the Cannery Park design. On January 5, 2006 staff made its most recent report to the HLAC focusing primarily on project cost issues, financing and the project timetable. The HLAC received the report and expressed general concurrence with continuing to implement the project in its entirety and with the recommended funding solution to cover increased costs.

Prepared by:

Perry H. Carter
Acting Assistant City Manager

Approved by:

Jesús Armas
City Manager

Attachment: Schedule A
Burbank School Drawings
Cannery Park Drawings

Cannery Project
Schedule A -- Cost and Funding Requirement
Updated December 2005

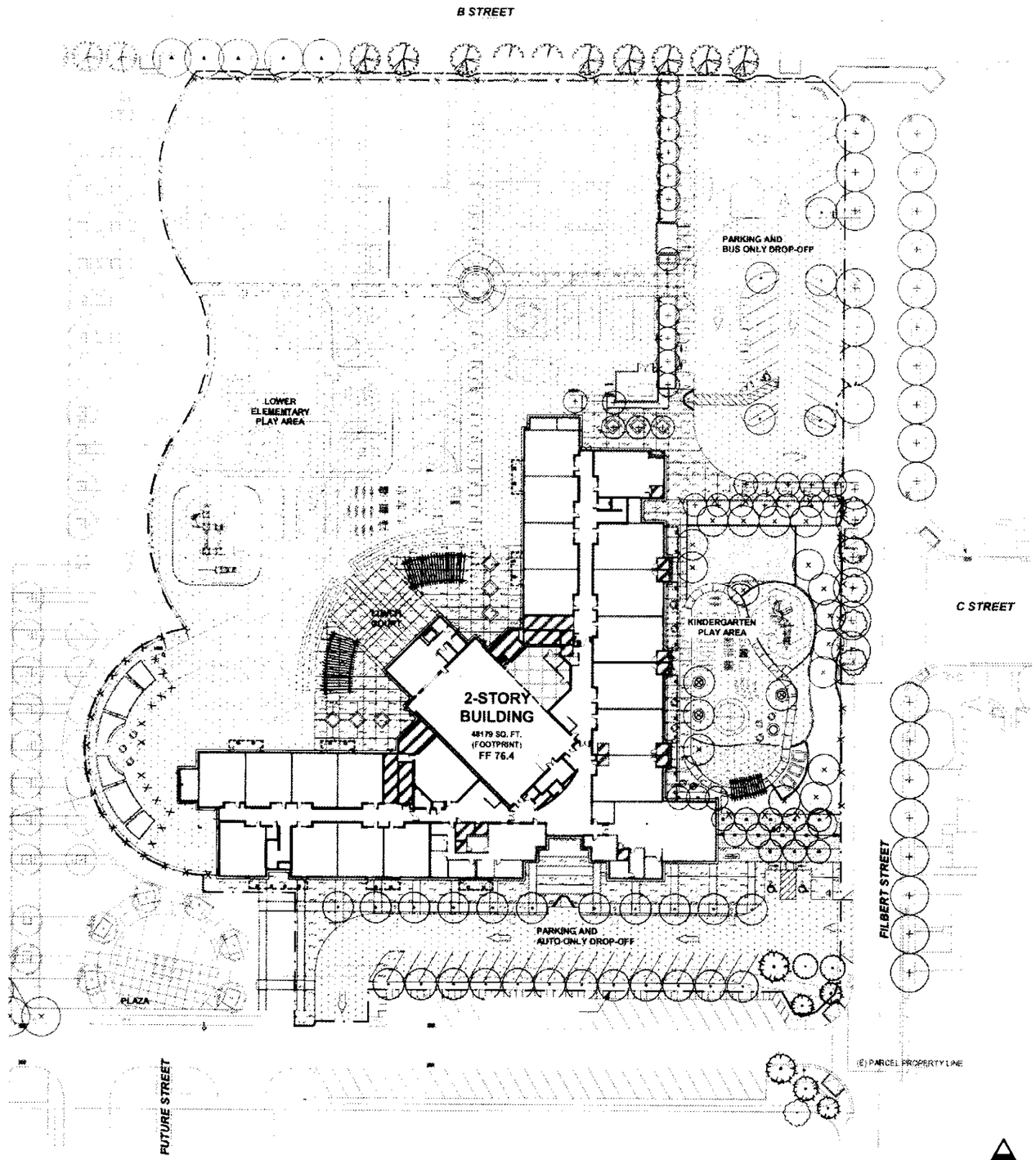
	Amount ($ in Millions)
Part I--Project Costs	
New Burbank Elementary School	$ 29.7
Cannery Park Improvements	4.4
Public Infrastructure	6.0
Total Cost	$ 40.1
Part II-- Funding Sources	
Developer Contribution	$ 5.0
HUSD Surplus Land Sale (3.89 acres @ $25/sf)	4.2
Potential School Impact Fees	3.5
Potential Park In-Lieu Fees	4.4
	$ 17.1
Net Funding Requirement	$ 23.0
Part III--Project Cash Flow Requirements (Certain funding sources will be received after Project is completed)	
HUSD Surplus Land Sale	$ 4.2
Potential School Impact Fees	3.5
Potential Park In-Lieu Fees	4.4
Total Adjustments	$ 12.1
Total Cash Requirement for Cannery Project	$ 35.1

Part IV--Funding Components

Cash Requirement, per above	$ 35.1
Funding sources:	
Bond Proceeds-1st Issue (2004 TABs)	27.1
Funding (Short Fall)	(8.0)
Bond Proceeds-2nd Issue (Preliminary Estimate)	8.0
Cash Surplus (Requirement)	$ -

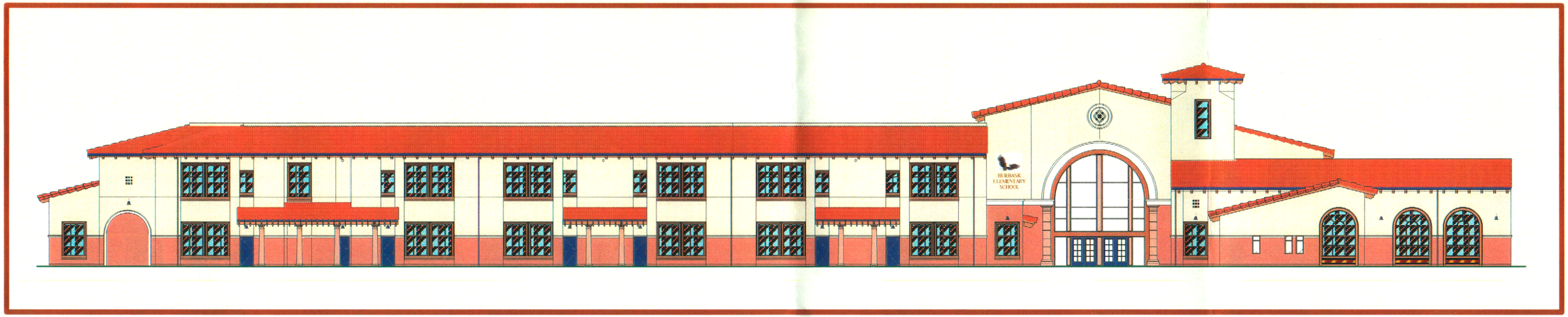
Future Residential
Future Residential
Future Residential
Future Residential
New Burbank School
Expanded Cannery Park
Meekland Ave
Burbank St
B St
Myrtle St
C St
Claire St
Grand St
North
Alice St
Arnold Ct
Lion St
Myrtle St
Optimist St
Kiwanis St
Filbert St
Street
Pamela Ct
Dean St
D St
Rotary St
Meek Ave
Mono St
Elmwood Ln
Redbud Ln
Jerilynn Ln
Amador St
Winton Ave
Myrtle St
Park St
Dotson Ct
Clarendale St
Magna Ave
January 19, 2006
Cannery Area

Cannery Park

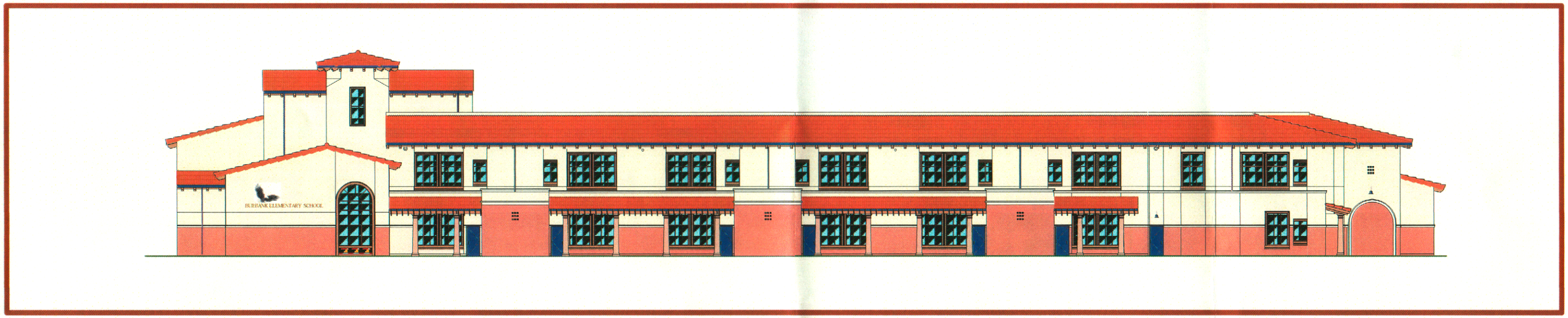


SITE PLAN

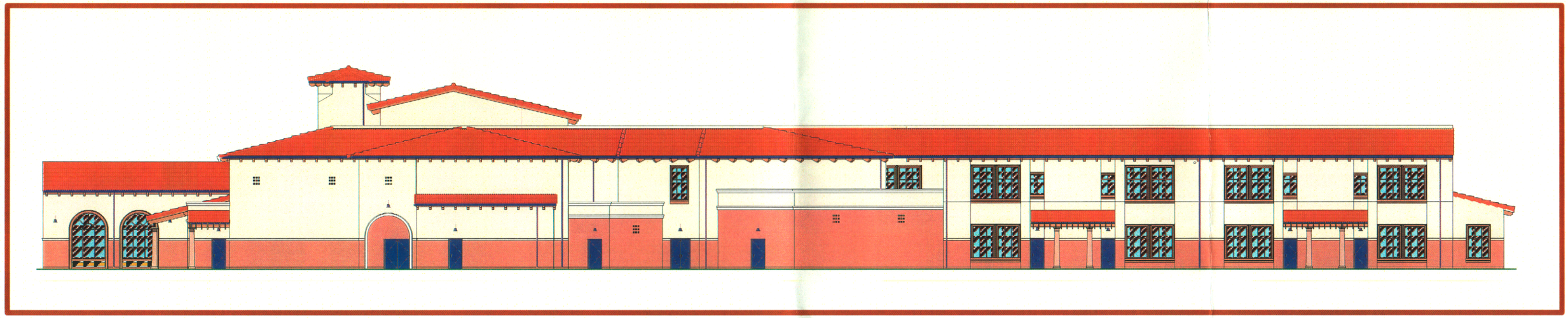
North



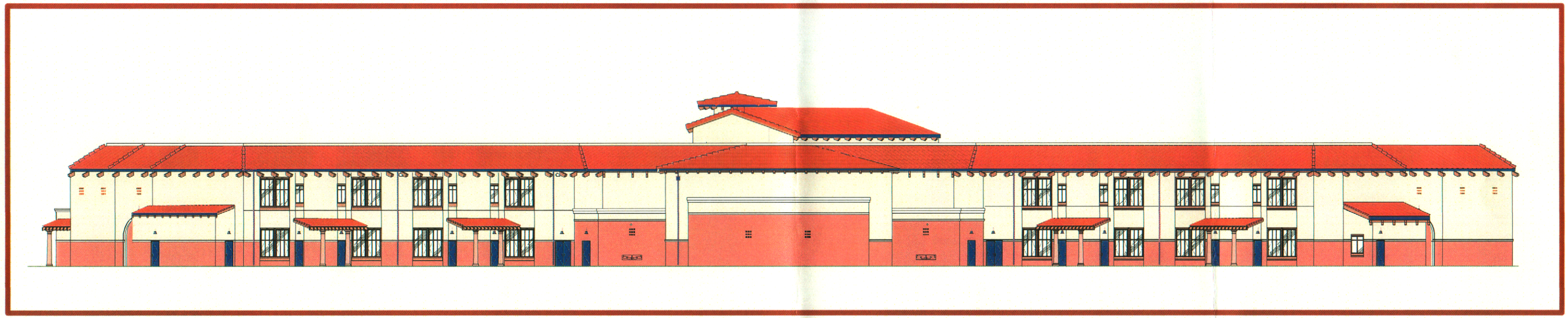
NEW STREET ELEVATION



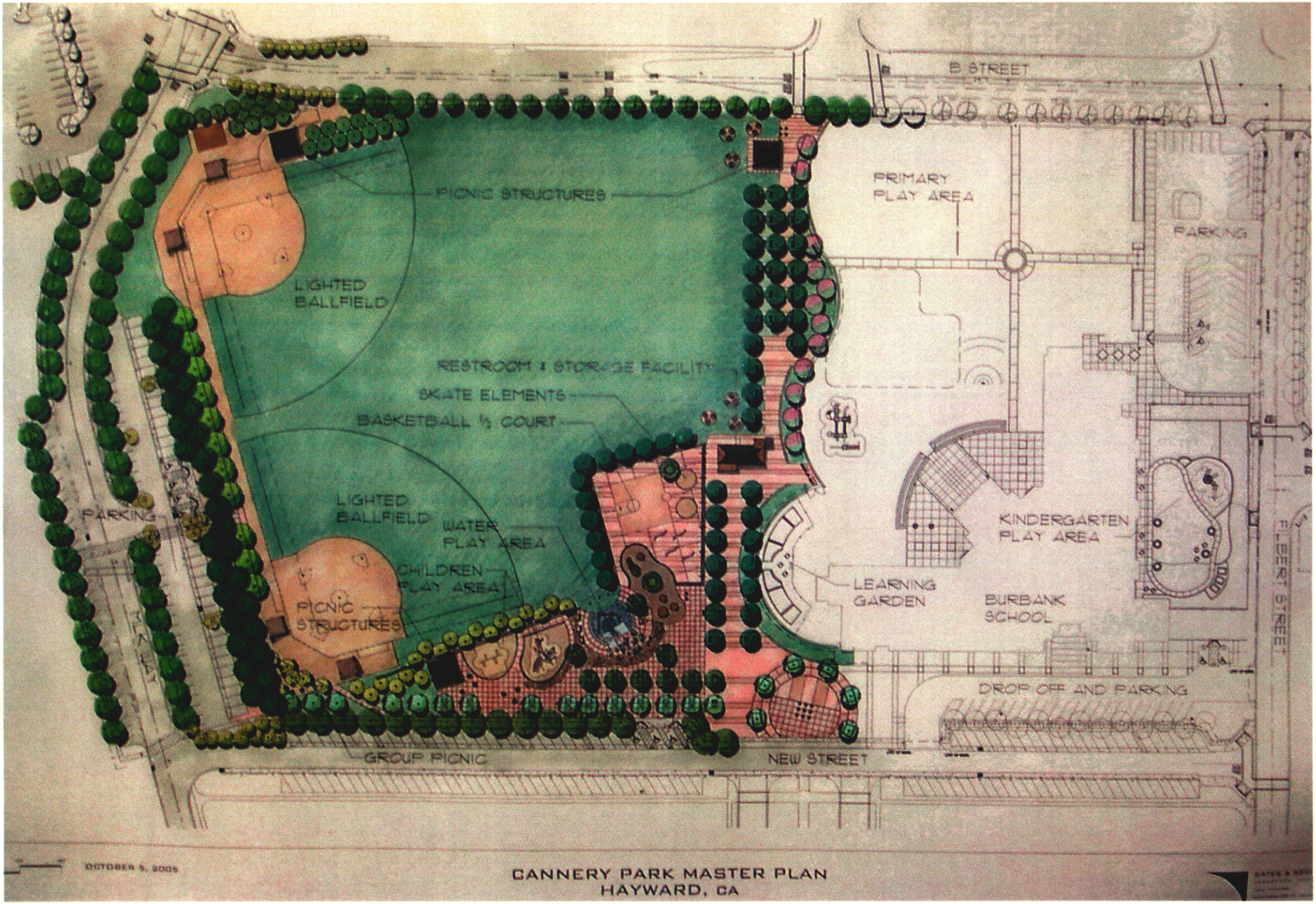
FILBERT STREET ELEVATION



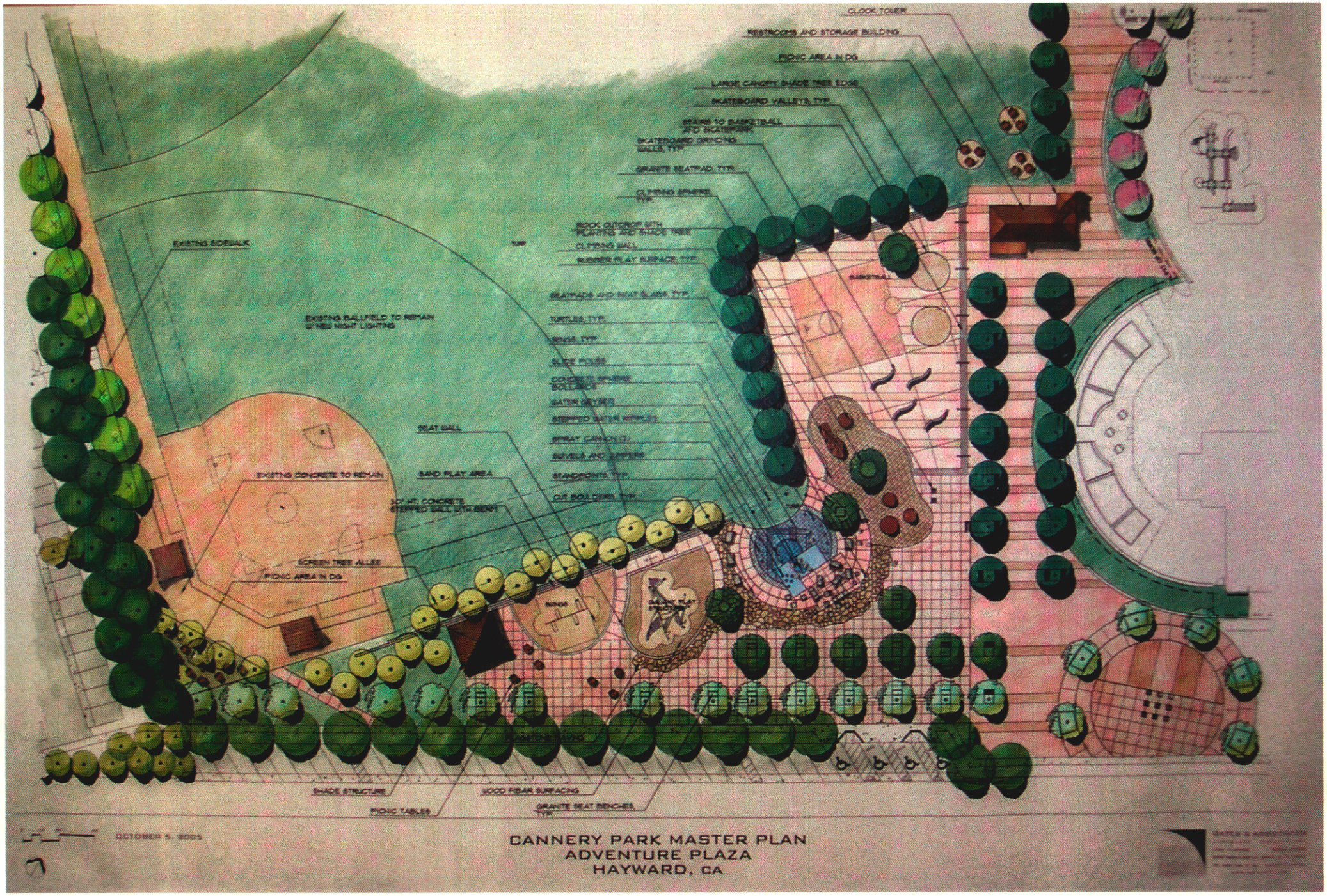
B STREET ELEVATION



NORTHWEST ELEVATION



CANNERY PARK MASTER PLAN
HAYWARD, CA



OCTOBER 5, 2005

CANNERY PARK MASTER PLAN
ADVENTURE PLAZA
HAYWARD, CA