

CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov



CITY OF
HAYWARD
HEART OF THE BAY

Agenda

Tuesday, December 13, 2016

7:00 PM

Council Chambers

City Council

Mayor Barbara Halliday
Mayor Pro Tempore Sara Lamnin
Council Member Francisco Zermeño
Council Member Marvin Peixoto
Council Member Al Mendall
Council Member Elisa Márquez
Council Member Mark Salinas

**CONCURRENT MEETING OF THE SPECIAL JOINT HAYWARD CITY
COUNCIL/HAYWARD HOUSING AUTHORITY/HAYWARD REDEVELOPMENT
SUCCESSOR AGENCY/HAYWARD PUBLIC FINANCING AUTHORITY/HAYWARD
AREA RECREATION AND PARK DISTRICT AND THE HAYWARD GEOLOGIC
HAZARD ABATEMENT DISTRICT BOARD**

CALL TO ORDER Pledge of Allegiance: Council Member Lamnin

ROLL CALL

CLOSED SESSION ANNOUNCEMENT

PUBLIC COMMENTS

The Public Comment section provides an opportunity to address the City Council on items not listed on the agenda or Information Items. The Council 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 Council 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.

ACTION ITEMS

The Council will permit comment as each item is called for the Consent Calendar, Public Hearings, and Legislative Business. In the case of the Consent Calendar, a specific item will need to be pulled by a Council Member in order for the Council to discuss the item or to permit public comment on the item. Please notify the City Clerk any time before the Consent Calendar is voted on by Council if you wish to speak on a Consent Item.

CONSENT

1. [MIN 16-112](#) Minutes of the Special City Council Meeting on November 29, 2016

Attachments: [Attachment I Draft Minutes of 11/29/2016](#)

2. [CONS 16-744](#) Fire Stations 1-5 Improvements: Approval of Plans and Specifications and Call for Bids

Attachments: [Attachment I Staff Report](#)
[Attachment II Resolution](#)

3. [CONS 16-753](#) Amendment to the Professional Services Agreements with Valbridge Property Advisors and with The Schmidt-Prescott Group, Inc. for the Appraisal of Excess Property in the Route 238 Bypass Corridor
- Attachments:** [Attachment I Staff Report](#)
 [Attachment II Resolution](#)
 [Attachment III Resolution](#)
4. [CONS 16-754](#) Adoption of an Ordinance Establishing a Building Code for the City of Hayward; Regulating the Construction, Alteration, Repair, and Maintenance of Structures; Providing for the Issuance of Permits and Collection of Fees; Repealing Ordinances No. 13-21, 13-22, 13-23, 15-08, 15-16, 16-01; Chapter 10, Article 23; Chapter 9, Article 2, and all Amendments Thereto
- Attachments:** [Attachment I Staff Report](#)
 [Attachment II Summary of Ordinance Published on 12/09/16](#)
5. [CONS 16-755](#) Adoption of an Ordinance Establishing a Fire Prevention Code for the City of Hayward; Adopting the California Fire Code, 2016 Edition, Prescribing Regulations Governing Conditions Hazardous to Life and Property from Fire or Explosion; Providing for the Issuance of Permits and Collection of Fees; Providing for Penalties for Violation, and Repealing Ordinance No. 13-20, as Amended, and All Other Ordinances and Parts of Ordinances in Conflict Therewith
- Attachments:** [Attachment I Staff Report](#)
 [Attachment II Summary of Ordinance Published on 12/09/16](#)
6. [CONS 16-756](#) Adoption of Fiscal Year 2017 Statement of Investment Policy and Delegation of Investment Authority
- Attachments:** [Attachment I Staff Report](#)
 [Attachment II Resolution City](#)
 [Attachment III Resolution Housing Authority](#)
 [Attachment IV Resolution Successor Redevelopment](#)
 [Attachment V Resolution Public Financing Authority](#)
 [Attachment VI Hayward Investment Policy Memo](#)
 [Attachment VII FY 2017 Statement of Investment Policy](#)

7. [CONS 16-764](#) Designation of a City Representative and an Alternate for the East Bay Community Energy Authority Board of Directors

Attachments: [Attachment I Staff Report](#)
 [Attachment II Draft Resolution](#)

8. [CONS 16-769](#) New Garin Reservoir and Pump Station Improvements: Approval of Plans and Specifications, and Call for Bids

Attachments: [Attachment I Staff Report](#)
 [Attachment II Resolution](#)

WORK SESSION

Work Session items are non-action items. Although the Council may discuss or direct staff to follow up on these items, no formal action will be taken. Any formal action will be placed on the agenda at a subsequent meeting in the action sections of the agenda.

9. [WS 16-073](#) Joint Work Session with Hayward City Council and Hayward Area Recreation and Park District Board of Directors: South Hayward Family Center Project Update and Discussion (Report from Director of Library and Community Services Reinhart)

Attachments: [Attachment I Staff Report](#)
 [Attachment II MOU Governance Group 2016](#)
 [Attachment III Parcel Map](#)
 [Attachment IV Parcel Ownership Details](#)
 [Attachment V Proposed Location](#)

10. [WS 16-074](#) General Fund Ten-Year Plan Review (Report from Acting Finance Director Claussen)

Attachments: [Attachment I Staff Report](#)
[Attachment II General Fund Ten-Year Plan Summary](#)
[Attachment III 20 Year Snapshot](#)

LEGISLATIVE BUSINESS

11. [LB 16-110](#) Transmittal of the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016; and Memorandum on Internal Control and Required Communications (Report from Acting Finance Director Claussen)

Attachments: [Attachment I Staff Report](#)
[Attachment II Resolution](#)
[Attachment III Memorandum on Internal Control](#)

PUBLIC HEARING

12. [PH 16-113](#) Adoption of a Resolution of Intention to Approve an Amendment to the City of Hayward Contract with the California Public Employees Retirement System (PERS) and Introduction of An Ordinance to Approve the Contract Amendment and Authorize Staff to Execute the Contract (Report from Director of Human Resources Collins)

Attachments: [Attachment I Staff Report](#)
[Attachment II Resolution of Intent](#)
[Attachment III Ordinance Amendment to the Contract](#)
[Attachment IV Exhibit to the Ordinance](#)

CITY MANAGER'S COMMENTS

An oral report from the City Manager on upcoming activities, events, or other items of general interest to Council and the Public.

COUNCIL REPORTS, REFERRALS, AND FUTURE AGENDA ITEMS

Oral reports from Council Members on their activities, referrals to staff, and suggestions for future agenda items.

**City Council Meeting Adjourns and Reconvenes into the Meeting of the
Hayward Geologic Hazard Abatement District**

HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT MEETING

1. [MIN 16-109](#) Minutes of the Joint City Council/Hayward Geologic Hazard Abatement District Board Meeting on October 25, 2016

Attachments: [Attachment I GHAD Draft Minutes](#)

2. [PH 16-116](#) Conduct a Public Hearing on the Proposed Assessment for La Vista Development, Accept the Canvass of Votes and if Allowed by the Votes, Confirm the Assessment, and Order the Levy and Collection of the Assessment (Report from GHAD Manager Harrell and GHAD Attorney Curtin)

Attachments: [Attachment I Hayward GHAD Staff Report](#)
[Attachment II Hayward GHAD Resolution 16-05](#)
[Attachment III Hayward GHAD Resolution 16-06](#)

ADJOURNMENT**NEXT SPECIAL MEETING, JANUARY 10, 2017****PUBLIC COMMENT RULES**

The Mayor may, at the beginning of the hearing, limit testimony to three (3) minutes per individual and five (5) minutes per an individual representing a group of citizens or organization. Speakers will be asked for their name before speaking and are expected to honor the allotted time. Speaker Cards are available from the City Clerk at the meeting.

PLEASE TAKE NOTICE

That if you file a lawsuit challenging any final decision on any public hearing or legislative business item listed in this agenda, the issues in the lawsuit may be limited to the issues that were raised at the City's public hearing or presented in writing to the City Clerk at or before the public hearing.

PLEASE TAKE FURTHER NOTICE

That the City Council adopted Resolution No. 87-181 C.S., which imposes the 90-day deadline set forth in Code of Civil Procedure section 1094.6 for filing of any lawsuit challenging final action on an agenda item which is subject to Code of Civil Procedure section 1094.5.

****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, 4th Floor, Hayward, during normal business hours. An online version of this agenda and staff reports are available on the City's website. Written comments submitted to the Council in connection with agenda items will be posted on the City's website. All Council Meetings are broadcast simultaneously on the website and on Cable Channel 15, KHRT.****

Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the City Clerk at (510) 583-4400 or TDD (510) 247-3340.

Assistance will be provided to those requiring language assistance. To ensure that interpreters are available at the meeting. Interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the City Clerk at (510) 583-4400.



CITY OF HAYWARD

Hayward City Hall
777 B Street
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File #: MIN 16-112

DATE: December 13, 2016

TO: Mayor and City Council

FROM: City Clerk

SUBJECT

Minutes of the Special City Council Meeting on November 29, 2016

RECOMMENDATION

That the City Council approves the minutes of the Special City Council meeting on November 29, 2016.

ATTACHMENTS

Attachment I Draft Minutes of 11/29/2016



**MINUTES OF THE SPECIAL CITY COUNCIL MEETING OF THE CITY OF
HAYWARD
Council Chambers
777 B Street, Hayward, CA 94541
Tuesday, November 29, 2016, 7:00 p.m.**

The Special City Council meeting was called to order by Mayor Halliday at 7:00 p.m., followed by the Pledge of Allegiance led by Mayor Halliday.

Mayor Halliday announced that the meeting was going to be conducted pursuant to California Government Code Section 54953(b) regarding teleconferencing of meetings. Mayor Halliday noted that Council Member Lamnin would be participating via teleconference from Plainview Diner in Plainview, New York.

ROLL CALL

Present: COUNCIL MEMBERS Zermeño, Márquez, Mendall, Peixoto, Salinas
MAYOR Halliday
VIA TELECONFERENCE: COUNCIL MEMBER Lamnin
Absent: None

COUNCIL REPORTS, REFERRALS, AND FUTURE AGENDA ITEMS

Mayor Halliday noted that she had received correspondence from San Francisco regarding sanctuary cities.

Council Member Zermeño asked staff to consider extending the tree lights on B Street all the way to the BART Station.

Council Member Márquez spoke about the traffic at Southland Mall and asked staff to consider signage and other mitigating measures.

CLOSED SESSION ANNOUNCEMENT

City Attorney Lawson announced the City Council convened in closed session regarding a conference with legal counsel pursuant to Government Code 54956.9 regarding anticipated litigation; and noted there was no reportable action.

PUBLIC COMMENTS

Ms. Betty DeForest, Hayward resident, was concerned that the contract for the South Hayward Parish's grant was received four months after the grant was approved; and noted that the funds were not available until the contract was signed.

Ms. Kim Huggett, Hayward Chamber of Commerce President, announced downtown holiday events for December 3, 2016: Light Up the Season, 5th Annual SantaCon Hayward, and 2016 Passport Program.

Mr. Robert Severo inquired about the implications of passage of November 2016 Ballot Measure EE related to cannabis, and he expressed desire to participate in policy discussion.

Ms. Araceli Orozco spoke about the Spanish speaking speakers who addressed the Council at a prior Council meeting; and asked the Council to add rent control to a future Council agenda.

PUBLIC HEARING

1. Consideration of Resolution to Adopt the 2016 Hayward Local Hazard Mitigation Plan as an Appendix to the Hazards Elements of the 2040 Hayward General Plan (Report from City Manager McAdoo) **(PH 16-111)**

Staff report submitted by Management Analyst James, dated November 29, 2016, was filed.

City Manager McAdoo announced the report and introduced Fire Chief Contreras and Management Analyst James, who provided a synopsis of the report.

Discussion ensued among Council Members and City staff regarding: the proposed Local Hazard Mitigation Plan (LHMP); FEMA Hazard Mitigation Grant Program funding; funding for addressing the needs of vulnerable populations such as seniors and disabled; recycled water project; soft story buildings and their vulnerability; data related to exposure of urban land to multiple hazards; and a citywide Community Emergency Response Team (CERT) Program.

Council Members thanked staff for the community engagement and offered the following recommendations: continue the social media campaign, add Instagram and Snapchat, and consider bilingual outreach through these channels; when identifying funding sources for a registry list, utilize local non-profit resources; and continue to use LHMP as a catalyst to engage various stakeholders and demographic representatives of the community.

Mayor Halliday opened the public hearing at 8:07 p.m.

Ms. Araceli Orozco, Hayward resident, recommended that staff coordinate with the Hayward Unified School District (HUSD) to provide workshops and communicate important information to the community via telephone and text message alerts.

Mr. Ernie Pacheco, Hayward resident, asked for mechanisms for renters to be involved in helping identify funding for owners to do needed retrofit.

Mayor Halliday closed the public hearing at 8:13 p.m.

Mayor Halliday complimented staff on the progress related to mitigation efforts and urged staff to continue to collaborate with the various stakeholders such as schools.



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Council Member Lamnin appreciated the ongoing communication and suggested that the needed survey could be accomplished via a summer job program.

It was moved by Council Member Márquez, seconded by Council Member Mendall, and carried by roll call, to adopt the following:

AYES: COUNCIL MEMBERS Zermeño, Márquez, Mendall, Peixoto, Salinas
MAYOR Halliday
VIA TELECONFERENCE: COUNCIL MEMBER Lamnin
NOES: None
ABSENT: None

Resolution 16-212, "Resolution to Adopt the 2016 Hayward Local Hazard Mitigation Plan as an Appendix to the Hazards Element of the 2040 Hayward General Plan"

City Manager McAdoo introduced new Assistant City Manager, Maria Hurtado, who was attending her first Council meeting.

LEGISLATIVE BUSINESS

2. East Bay Community Energy - Introduction of Ordinance to Join Joint Powers Authority (Report from Utilities and Environmental Services Director Ameri) **(LB 16-105)** (Item continued from November 15, 2016)

Staff report submitted by Environmental Services Manager Pearson, dated November 29, 2016, was filed.

Utility and Environmental Services Director Ameri announced the report and introduced Environmental Services Manager Pearson who provided a synopsis of the report.

Discussion ensued among Council Members, City staff, Alameda County Senior Planner Bruce Jensen from the Alameda County Planning Department, and Seth Baruch from Carbonomics regarding: hydroelectric power and transmission infrastructure; governance of the Joint Powers Authority (JPA) and its administrative cost; "voting shares vote" structure; the East Bay Community Energy (EBCE) scenarios two and three and reduction in greenhouse gas that would impact other areas of the environment; business plan and JPA Board process; the City of Newark and City of Pleasanton possibly not joining the EBCE; power of the Authority restricted to the power possessed by the City of Emeryville; and the public benefit programs.

It was recommended that the meetings of the JPA Board be televised and its meetings centrally located for the benefit of interested parties.

Mayor Halliday opened the public hearing at 8:58 p.m.

Mr. Steven Dunbar noted that there were some risks involved with joining the Joint Powers Authority that Pleasanton had identified related to distribution charges, contract terms, and fluctuation in the market cost of energy.

Mr. Ernest Pacheco, with Communications Workers of America, urged the Council to join the JPA and he recommended scenario four to achieve greenhouse gas emission reduction and job creation.

Ms. Jessica Tovar, with East Bay Clean Power Alliance, urged the Council to become a member of the East Bay Community Energy Authority, noting the program would create more jobs, would be economically viable and good for the environment. Ms. Tovar submitted a document for the record.

Mr. Derick Lee, PilotCity Founder and ZipPower Chief Community Officer, supported the JPA Agreement, and supported EBCE's scenario four for its economic opportunity.

Mayor Halliday closed the public hearing at 9:11 p.m.

Council Member Mendall, also the City's Delegate to the Alameda County Steering Committee, offered a motion per staff's recommendation noting the action would offer power choices to Hayward residents.

Council Members Márquez and Zermeño seconded the motion.

Council Member Mendall acknowledged the efforts led by Mr. Ernest Pacheco for the past ten years related to the Community Choice Aggregation (CCA) program.

Council Member Zermeño, also Council Sustainability Committee member, recognized Mr. Pacheco's participation, and his efforts toward CCA.

Mayor Halliday thanked all for their participation helping reduce greenhouse emissions.

Council Member Salinas supported the motion, noting the action would position the City to be a progressive city in reducing greenhouse emissions.

Council Member Márquez, also the City's Alternate to the Alameda County Steering Committee, thanked all for their efforts to join the East Bay Community Energy Authority and for recommending a Business Plan.

It was moved by Council Member Mendall, seconded by Council Members Márquez and Zermeño, and carried via roll call, to adopt the following:



**MINUTES OF THE SPECIAL CITY COUNCIL MEETING OF THE CITY OF
HAYWARD
Council Chambers
777 B Street, Hayward, CA 94541
Tuesday, November 29, 2016, 7:00 p.m.**

AYES: COUNCIL MEMBERS Zermeño, Márquez, Mendall, Peixoto, Salinas
MAYOR Halliday
VIA TELECONFERENCE: COUNCIL MEMBER Lamnin
NOES: None
ABSENT: None

Resolution 16-213, "Resolution Authorizing the City Manager to Execute the East Bay Community Energy Joint Exercise of Powers Agreement"

Introduction of Ordinance 16-, "An Uncodified Ordinance of the City Council of the City of Hayward Authorizing Participation in Alameda County's Community Choice Aggregation Program"

CITY MANAGER'S COMMENTS

City Manager McAdoo made two announcements: 1) The Hayward Police Department's outside assessment of the Commission on Accreditation for Law Enforcement Agencies (CALEA) on December 5, 2016 in the Hayward Council Chambers; and 2) clarified that the Book Shop on B Street was not issued an eviction notice and the affected parties were addressing options.

COUNCIL REPORTS, REFERRALS, AND FUTURE AGENDA ITEMS

Mayor Halliday announced three events for December 3, 2016 in downtown Hayward: the Light Up the Season; the 5th Annual SantaCon Hayward; and the 2016 Passport Program organized by United Merchants of Downtown Hayward.

ADJOURNMENT

Mayor Halliday adjourned the meeting at 9:23 p.m.

APPROVED:

Barbara Halliday
Mayor, City of Hayward

ATTEST:

Miriam Lens
City Clerk, City of Hayward



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: CONS 16-744

DATE: December 13, 2016

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT

Fire Stations 1-5 Improvements: Approval of Plans and Specifications and Call for Bids

RECOMMENDATION

That the Council adopts the attached resolution (Attachment II) approving the plans and specifications for the Fire Stations 1-5 Improvements Project and calls for bids to be received on January 24, 2017.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution



DATE: December 13, 2016
TO: Mayor and City Council
FROM: Director of Public Works
SUBJECT

Fire Stations 1-5 Improvements: Approval of Plans and Specifications and Call for Bids

RECOMMENDATION

That the Council adopts the attached resolution (Attachment II) approving the plans and specifications for the Fire Stations 1-5 Improvements Project and calls for bids to be received on January 24, 2017.

BACKGROUND

On June 3, 2014, voters approved Measure C which authorized the City of Hayward to increase the sales tax rate in the City by one-half cent for twenty years to restore and maintain City services and facilities, including updating aging neighborhood fire stations, firefighting, and emergency medical services; improving police services to neighborhoods; replacing the aging library with a 21st century facility; repairing potholes and streets; and other City services. Based on the facility needs assessment report completed on October 10, 2014 by RossDrulisCusenbery (RDC) for Fire Stations 1-6 and the Fire Training Center, it was determined that substantial upgrades are needed in these aging facilities. Fire Stations 1-5 require renovation. Fire Station 6 and the Fire Training Center will be reconstructed and expanded to meet the demands of the area it serves and provide training services for firefighting personnel. On October 18, 2016, staff provided an update to Council of this project.

DISCUSSION

Fire Station 1 is a two-story 14,780 square foot building constructed in 1995. This station serves the downtown area. Fire Station 2, located on West Harder Road, is a 4,795-square foot building constructed in 1958, which serves commercial and residential neighborhoods. In 1995, an addition was made to the station to house the department's fire extinguishing maintenance and filling room. This station also has a separate building for the maintenance and repair of the department's self-contained breathing apparatus equipment. Fire Station 3, on Medinah Street, is a 3,465-square foot building constructed in 1956 that serves the commercial and residential neighborhoods in South Hayward. In 1995, an addition was made to house the department's radio repair and maintenance room. Fire Station 4, located on

Loyola Avenue, is a 3,460-square foot building constructed in 1956 and serves central Hayward. In 1995, an addition to this station was made to provide a supplemental office area and washroom. Fire Station 5, located on Skyline Drive, is a 3,950-square foot building constructed in 1975. The station was renovated in 2002 to add a ladder maintenance shop and a weight room. Renovation of Fire Stations 1-5 includes making seismic and safety upgrades, energy efficiency, operational, and modernization improvements.

Providing safe fire stations for the occupants and the public is one of the City's top priorities. The first priority is seismic retrofitting in order to meet the life safety structural performance level to prevent collapse and loss of life in a seismic event. Fire Stations 1-5 will need structural and seismic upgrades that include reinforcement of exterior and interior walls. Additionally, Fire Stations 1, 2 and 4 are in a liquefaction zone which requires modification to the existing foundation to mitigate liquefaction-induced settlement. Other safety improvements at the stations will include abatement of material containing asbestos and lead, relocation of turnout gear to new turnout rooms with lockers, and new vestibule areas to separate exhaust fumes in the apparatus bay from sleeping quarters.

Renovation for these stations are also needed to improve energy efficiency. For Fire Stations 2-5, upgrades include changing the internal and exterior light fixtures to LED, attic and wall insulation, new doors, new double pane windows, new skylights, and HVAC replacement. These fire stations will have photovoltaic panels added on the roof for additional energy efficiency. These "green" improvements will offset approximately 70% or more of the existing energy consumption. Photovoltaic panels are not currently included as part of the renovation for Fire Station 1 because the building is already energy efficient with newer windows and insulated walls. Additionally, due to the limited space taken by mechanical equipment on the roof, photovoltaic panels will need to be installed over new carport structures. This is estimated to cost an additional \$350,000, which staff will ask Council to consider at a future date if funds become available.

All stations will have improvements to their response times and the station alerting systems. Existing overhead sectional exit apparatus doors will be replaced with faster operating, low-maintenance, four-fold doors. Lastly, for Fire Stations 1-4, GPS-based traffic signal pre-emption systems will be added to the stations and at the traffic signals on street intersections near these fire stations. Fire Station 5 does not require this system because there are no nearby signalized intersections.

Other improvements will include making upgrades to each building to comply with ADA accessibility requirements, including upgrades in the showers and washrooms, and casework replacement in the office area. Kitchens will also be updated with new appliances and counter tops. The walls and floors will be replaced. Finally, utility upgrades, including replacing old sewer, water, gas lines and electrical panels will be made.

Because of the extensive hazardous material abatement and renovation, the work will be disruptive to the crews working within the stations. Therefore, temporary housing arrangements must be made for various fire stations. Construction at Fire Stations 1, 2, and

3 will start at about the same time. During construction, Fire Station 2 fire personnel and apparatus will be temporarily housed at the larger Fire Station 6. Fire Station 3 personnel and apparatus will be temporarily housed at the new Fire Station 7. When the renovation work for Fire Station 1 is completed, crews from Fire Station 5 will be temporarily housed in Fire Station 1. Similarly, when the renovation work for Fire Station 2 is completed, crews from Fire Station 4 will be temporarily housed in Fire Station 2.

This project is categorically exempt from environmental review under Section 15301(a) of the California Environmental Quality Act guidelines for interior and exterior alterations of existing facilities.

FISCAL IMPACT

The project will be entirely funded by Measure C funds. The estimated project costs are as follows:

Description	Current Estimated Cost
Construction	\$7,680,000
Design	\$820,000
Fixture, Furniture & Equipment	\$1,200,000
Construction Administration, Inspection and Testing	\$800,000
TOTAL	\$10,500,000

The Adopted FY17 CIP includes \$10,200,000 for these projects in the Measure C Fund. After bids are received, it will be determined if adequate funds are available or if an additional appropriation will be needed.

SUSTAINABILITY FEATURES

1. Water: Installation of water efficient plumbing fixtures.

The project includes the installation of water efficient plumbing fixtures to reduce water consumption.

2. Environment: Bay-Friendly Landscaping & Storm Water Treatment.

This project will implement Bay-Friendly Landscaping techniques to use native plants and climate appropriate plants at the Fire Stations.

3. Energy: Replace windows, installation of LED lighting, skylights, and PV panels.

This project will install energy efficient windows, LED lighting, skylights, and PV panels providing electricity and maintenance cost savings.

PUBLIC CONTACT

No public contact has occurred associated with this action.

NEXT STEPS

Fire Stations 1-5 Renovation

Open Bids
Award Contract
Begin Work
Complete Work

January 24, 2017
February 21, 2017
March 2017
April 2018

Prepared by: Yaw Owusu, Assistant City Engineer

Recommended by: Morad Fakhrai, Director of Public Works

Approved by:



Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 16-

Introduced by Council Member _____

RESOLUTION APPROVING PLANS AND SPECIFICATIONS FOR THE FIRE STATIONS 1-5 IMPROVEMENTS PROJECT, PROJECT NOS. 07476, 07477, 07478, 07479, AND 07480 AND CALL FOR BIDS

BE IT RESOLVED by the City Council of the City of Hayward as follows:

WHEREAS, those certain plans and specifications for the Fire Stations 1-5 Improvements Project, Project Nos. 07476, 07477, 07478, 07479, and 07480 on file in the office of the City Clerk, are hereby adopted as the plans and specifications for the project; and

WHEREAS, the City Clerk is hereby directed to cause a notice calling for bids for the required work and material to be made in the form and manner provided by law; and

WHEREAS, sealed bids therefor will be received by the City Clerk's office at City Hall, 777 B Street, 4th Floor, Hayward, California 94541, up to the hour of 2:00 p.m. on Tuesday, January 24, 2017, and immediately thereafter publicly opened and declared by the City Clerk in the Conference Room, 2A, located on the 2nd Floor of City Hall, Hayward, California.

NOW, THEREFORE, BE IT RESOLVED, that the City Council will consider a report on the bids at a regular meeting following the aforesaid opening and declaration of same.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the project is categorically exempt under section 15301(c) of the California Environmental Quality Act Guidelines for the operation, repair, maintenance, or minor alteration of existing facilities.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2016

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



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: CONS 16-753

DATE: December 13, 2016

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT

Amendment to the Professional Services Agreements with Valbridge Property Advisors and with The Schmidt-Prescott Group, Inc. for the Appraisal of Excess Property in the Route 238 Bypass Corridor.

RECOMMENDATION

That Council adopts the attached resolutions authorizing the City Manager to execute an amendment to the professional services agreements with Valbridge Property Advisors and with The Schmidt-Prescott Group, Inc. for the appraisal of excess property in the Route 238 Bypass Corridor.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution
Attachment III	Resolution



DATE: December 13, 2016

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT

Amendment to the Professional Services Agreement with Valbridge Property Advisors and with the Schmidt-Prescott Group, Inc. for the Appraisal of Excess Property in the Route 238 Bypass Corridor

RECOMMENDATION

That Council adopts the attached resolutions authorizing the City Manager to execute an amendment to the professional services agreements with Valbridge Property Advisors and with The Schmidt-Prescott Group, Inc. for the appraisal of excess property in the Route 238 Bypass Corridor.

BACKGROUND

In the mid-1960s, the California Department of Transportation (Caltrans) purchased over 400 parcels of property for the construction of the then-planned 238 Bypass Freeway project. In 1971, local interest groups filed a lawsuit to stop the project. Caltrans subsequently declared the project dead and abandoned.

DISCUSSION

On January 12, 2016, Council authorized the City Manager to complete negotiations with Caltrans for the purchase of specific parcels of land along the 238 Bypass Corridor that they had declared to be excess.

In order to determine the fair market value of each group of excess Caltrans properties, the City and Caltrans agreed to utilize the valuations from two independent appraisal firms, Valbridge Property Advisors (Valbridge) and The Schmidt-Prescott Group, Inc. (SPG). Accordingly, the City entered into an agreement for basic and additional appraisal services with each firm in an amount not-to-exceed \$74,000.

After developing their preliminary appraisals and providing the City and Caltrans with their initial valuations, it became apparent that additional work would be necessary to obtain valuations for each property group from the two appraisal firms that reflect a more accurate value for the properties. The City and Caltrans staff has provided Valbridge and SPG with

additional instructions for the appraisal and with additional environmental and geotechnical reports to help refine their appraisals.

The additional appraisal work required from Valbridge and from SPG will require an increase to each of their agreements in an amount not-to-exceed \$40,000 for each agreement.

FISCAL IMPACT

An additional \$80,000 is required for these appraisals. There is sufficient funding in the 238 Bypass Property Disposition Project in the Capital Improvement Program to support the contract increase. One-half of appraisal expenses for the Route 238 Bypass properties will be reimbursed by Caltrans.

SUSTAINABILITY FEATURES

The action taken for this report will not result in physical development, purchase or service, or a new policy of legislation. Any physical work will depend upon future Council action.

PUBLIC CONTACT

No public contact has occurred associated with this action.

NEXT STEPS

The appraisals are to be completed during January 2017.

Prepared by: Yaw Owusu, Assistant City Engineer

Recommended by: Morad Fakhrai, Director of Public Works

Approved by:



Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 16-

Introduced by Council Member _____

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AMENDMENT TO THE AGREEMENT WITH THE SCHMIDT-PRESCOTT GROUP, INC. FOR ADDITIONAL SERVICES ASSOCIATED WITH THE ROUTE 238 BYPASS PROPERTY APPRAISALS

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to negotiate and execute, on behalf of the City of Hayward, an amendment to the agreement with The Schmidt-Prescott Group, Inc. for additional professional services associated with the Route 238 Bypass appraisals, in an additional amount not-to-exceed \$40,000 in a form to be approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2016

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

HAYWARD CITY COUNCIL

RESOLUTION NO. 16-

Introduced by Council Member _____

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AMENDMENT TO THE AGREEMENT WITH VALBRIDGE PROPERTY ADVISORS FOR ADDITIONAL SERVICES ASSOCIATED WITH THE ROUTE 238 BYPASS PROPERTY APPRAISALS

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to negotiate and execute, on behalf of the City of Hayward, an amendment to the agreement with Valbridge Property Advisors for additional professional services associated with the Route 238 Bypass appraisals, in an additional amount not-to-exceed \$40,000 in a form to be approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2016

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



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: CONS 16-754

DATE: December 13, 2016

TO: Mayor and City Council

FROM: City Clerk

SUBJECT

Adoption of an Ordinance Establishing a Building Code for the City of Hayward; Regulating the Construction, Alteration, Repair, and Maintenance of Structures; Providing for the Issuance of Permits and Collection of Fees; Repealing Ordinances No. 13-21, 13-22, 13-23, 15-08, 15-16, 16-01; Chapter 10, Article 23; Chapter 9, Article 2, and all Amendments Thereto

RECOMMENDATION

That the City Council adopts the Ordinance introduced on December 6, 2016.

ATTACHMENTS

Attachment I Staff Report

Attachment II Summary of Ordinance Published on 12/09/16



DATE: December 13, 2016
TO: Mayor and City Council
FROM: City Clerk

SUBJECT

Adoption of an Ordinance Establishing a Building Code for the City of Hayward; Regulating the Construction, Alteration, Repair, and Maintenance of Structures; Providing for the Issuance of Permits and Collection of Fees; Repealing Ordinances No. 13-21, 13-22, 13-23, 15-08, 15-16, 16-01; Chapter 10, Article 23; Chapter 9, Article 2, and all Amendments Thereto

RECOMMENDATION

That the Council adopts the Ordinance introduced on December 6, 2016.

BACKGROUND

The Ordinance was introduced by Council Member Peixoto at the December 6, 2016, meeting of the City Council with the following vote:

AYES: Council Members: Zermeño, Márquez, Mendall, Peixoto, Lamnin, Salinas
Mayor Halliday
NOES: None
ABSENT: None
ABSTAIN: None

The summary of the Ordinance was published in the Hayward Daily Review on Friday, December 9, 2016. Adoption at this time is therefore appropriate.

Prepared and Recommended by: Miriam Lens, City Clerk

Approved by:

Kelly McAdoo, City Manager

PUBLIC NOTICE OF AN INTRODUCTION OF ORDINANCE
BY THE CITY COUNCIL OF THE CITY OF HAYWARD

AN ORDINANCE ESTABLISHING A BUILDING CODE FOR THE CITY OF HAYWARD;
REGULATING THE CONSTRUCTION, ALTERATION, REPAIR, AND MAINTENANCE OF
STRUCTURES; PROVIDING FOR THE ISSUANCE OF PERMITS AND COLLECTION OF FEES;
REPEALING ORDINANCES NO. 13-21, 13-22, 13-23, 15-08, 15-16, 16-01; CHAPTER 10,
ARTICLE 23; CHAPTER 9, ARTICLE 2, AND ALL AMENDMENTS THERETO

THE CITY COUNCIL OF THE CITY OF HAYWARD DOES ORDAIN AS FOLLOWS:

Section 1. In accordance with state law, effective January 1, 2017, Ordinances No. 13-21, 13-22, 13-23, 15-08, 15-16, 16-01; Chapter 9, Article 2; and all amendments thereto, is hereby repealed and in substitution thereof a new Building Code for the City of Hayward is hereby enacted as Chapter 9, Article 1, to read as follows:

BUILDING CODE
OF THE CITY OF HAYWARD

SECTION 1.00
2016 CALIFORNIA BUILDING CODES, ADOPTION BY REFERENCE.

SECTION 2.00
SUMMARY OF LOCAL AMENDMENTS

SECTION 3.00
LOCAL AMENDMENTS TO THE CA BUILDING CODE BY CHAPTER

CALIFORNIA BUILDING CODE CHAPTER 1: SCOPE AND ADMINISTRATION LOCAL
AMENDMENTS

CALIFORNIA BUILDING CODE CHAPTER 4: SPECIAL DETAILED REQUIREMENTS BASED
ON USE AND OCCUPANCY LOCAL AMENDMENTS

CALIFORNIA BUILDING CODE CHAPTER 9: FIRE PROTECTION SYSTEMS LOCAL
AMENDMENTS

CALIFORNIA BUILDING CODE CHAPTER 17: STRUCTURAL TESTS AND SPECIAL
INSPECTIONS LOCAL AMENDMENTS

CALIFORNIA BUILDING CODE CHAPTER 19: CONCRETE LOCAL
AMENDMENTS
CALIFORNIA RESIDENTIAL CODE CHAPTER 6: WALL CONSTRUCTION
LOCAL AMENDMENTS

CALIFORNIA RESIDENTIAL CODE CHAPTER 6: WALL CONSTRUCTION LOCAL
AMENDMENTS

Introduced at the meeting of the Hayward City Council held December 6, 2016, the above-entitled Ordinance was introduced by Council Member Peixoto.

This Ordinance will be considered for adoption at the special meeting of the Hayward City Council, to be held on December 13, 2016, at 7:00 p.m., in the Council Chambers, 777 B Street, Hayward, California. The full text of this Ordinance is available for examination by the public in the Office of the City Clerk.

Dated: December 9, 2016
Miriam Lens, City Clerk
City of Hayward



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: CONS 16-755

DATE: December 13, 2016

TO: Mayor and City Council

FROM: City Clerk

SUBJECT

Adoption of an Ordinance Establishing a Fire Prevention Code for the City of Hayward; Adopting the California Fire Code, 2016 Edition, Prescribing Regulations Governing Conditions Hazardous to Life and Property from Fire or Explosion; Providing for the Issuance of Permits and Collection of Fees; Providing for Penalties for Violation, and Repealing Ordinance No. 13-20, as Amended, and All Other Ordinances and Parts of Ordinances in Conflict Therewith

RECOMMENDATION

That the Council adopts the Ordinance introduced on December 6, 2016.

ATTACHMENTS

Attachment I Staff Report

Attachment II Summary of Ordinance Published on 12/09/16



DATE: December 13, 2016
TO: Mayor and City Council
FROM: City Clerk

SUBJECT

Adoption of an Ordinance Establishing a Fire Prevention Code for the City of Hayward; Adopting the California Fire Code, 2016 Edition, Prescribing Regulations Governing Conditions Hazardous to Life and Property from Fire or Explosion; Providing for the Issuance of Permits and Collection of Fees; Providing for Penalties for Violation, and Repealing Ordinance No. 13-20, as Amended, and All Other Ordinances and Parts of Ordinances in Conflict Therewith

RECOMMENDATION

That the Council adopts the Ordinance introduced on December 6, 2016.

BACKGROUND

The Ordinance was introduced by Council Member Peixoto at the December 6, 2016, meeting of the City Council with the following vote:

AYES: Council Members: Zermeño, Márquez, Mendall, Peixoto, Lammin, Salinas
Mayor Halliday
NOES: None
ABSENT: None
ABSTAIN: None

The summary of the Ordinance was published in the Hayward Daily Review on Friday, December 9, 2016. Adoption at this time is therefore appropriate.

Prepared and Recommended by: Miriam Lens, City Clerk

Approved by:

Kelly McAdoo, City Manager

PUBLIC NOTICE OF AN INTRODUCTION OF ORDINANCE
BY THE CITY COUNCIL OF THE CITY OF HAYWARD

AN ORDINANCE ESTABLISHING A FIRE PREVENTION CODE FOR THE CITY OF HAYWARD; ADOPTING THE CALIFORNIA FIRE CODE, 2016 EDITION, PRESCRIBING REGULATIONS GOVERNING CONDITIONS HAZARDOUS TO LIFE AND PROPERTY FROM FIRE OR EXPLOSION; PROVIDING FOR THE ISSUANCE OF PERMITS AND COLLECTION OF FEES; PROVIDING FOR PENALTIES FOR VIOLATION, AND REPEALING ORDINANCE NO. 13-20, AS AMENDED, AND ALL OTHER ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT THEREWITH

THE CITY COUNCIL OF THE CITY OF HAYWARD DOES ORDAIN AS FOLLOWS:

Section 1. Effective January 1, 2017, Ordinance No. 13-20, and all amendments thereto, is hereby repealed and in substitution thereof a new fire code for the City of Hayward is hereby enacted as Chapter 3, Article 14, to read as follows:

SEC. 1. FIRE PREVENTION CODE OF THE CITY OF HAYWARD, ADOPTION OF CALIFORNIA FIRE CODE.

SEC. 2. ESTABLISHMENT AND DUTIES OF THE FIRE PREVENTION OFFICE.

SEC. 3. DEFINITIONS.

SEC. 4. ESTABLISHMENT OF LIMITS OF DISTRICTS IN WHICH STORAGE OF FLAMMABLE OR COMBUSTIBLE LIQUIDS IN ABOVEGROUND TANKS IS TO BE PROHIBITED.

SEC. 5. ESTABLISHMENT OF LIMITS IN WHICH BULK STORAGE OF LIQUEFIED PETROLEUM GASES IS TO BE RESTRICTED.

SEC. 6. ESTABLISHMENT OF LIMITS OF DISTRICTS IN WHICH STORAGE OF EXPLOSIVES AND BLASTING AGENTS IS TO BE PROHIBITED.

SEC. 7. ESTABLISHMENT OF LIMITS OF DISTRICTS IN WHICH THE STORAGE OF COMPRESSED NATURAL GAS IS TO BE PROHIBITED.

SEC. 8. AMENDMENTS MADE IN THE CALIFORNIA FIRE CODE.

SEC. 9. APPEALS.

SEC. 10. FEES.

SEC. 11. PENALTIES.

SEC. 12. REPEAL OF CONFLICTING ORDINANCES.

SEC. 13. VALIDITY.

SEC. 14. DATE OF EFFECT.

Section 2. In accordance with the provisions of Section 620 of the City Charter, this ordinance shall become effective 30 days from and after the date of its adoption.

Introduced at the meeting of the Hayward City Council held December 6, 2016, the above-entitled Ordinance was introduced by Council Member Peixoto.

ATTACHMENT II

This Ordinance will be considered for adoption at the special meeting of the Hayward City Council, to be held on December 13, 2016, at 7:00 p.m., in the Council Chambers, 777 B Street, Hayward, California. The full text of this Ordinance is available for examination by the public in the Office of the City Clerk.

Dated: December 9, 2016
Miriam Lens, City Clerk
City of Hayward



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: CONS 16-756

DATE: December 13, 2016

TO: Mayor and City Council
Hayward Housing Authority Board
Hayward Redevelopment Successor Agency Board
Hayward Public Financing Authority Board

FROM: Acting Director of Finance

SUBJECT

Adoption of Fiscal Year 2017 Statement of Investment Policy and Delegation of Investment Authority

RECOMMENDATION

That the Council adopts the attached resolutions reaffirming the updated Fiscal Year 2017 Statement of Investment Policy and extending the delegation of investment authority to the Director of Finance.

ATTACHMENTS

- Attachment I Staff Report
- Attachment II Resolution-City - Reaffirming Statement of Investment Policy and Renewing Delegation of Authority to Make Investments
- Attachment III Resolution-Housing Authority - Reaffirming Statement of Investment Policy
- Attachment IV Resolution-Hayward Successor Redevelopment Agency - Reaffirming Statement of Investment Policy and Renewing Delegation of Authority to Make Investments
- Attachment V Resolution-Hayward Public Financing Authority - Reaffirming Statement of Investment Policy and Renewing Delegation of Authority to Make Investments
- Attachment VI Memorandum from PFM Asset Management dated October 21, 2016 regarding the City of Hayward Investment Policy Review
- Attachment VII FY 2017 Statement of Investment Policy (red-line version)



DATE: December 13, 2016

TO: Mayor and City Council
Hayward Housing Authority Board
Hayward Redevelopment Successor Agency Board
Hayward Public Financing Authority Board

FROM: Acting Director of Finance

SUBJECT

Adoption of Fiscal Year 2017 Statement of Investment Policy and Delegation of Investment Authority

RECOMMENDATION

That the Council adopts the attached resolutions reaffirming the updated Fiscal Year 2017 Statement of Investment Policy and extending the delegation of investment authority to the Director of Finance.

BACKGROUND

The City's Statement of Investment Policy (the Policy) requires that staff submits to the City Council for approval any recommended changes to the Policy. In addition, the State statutes that govern investment activity require the City Council to annually affirm the Statement of Investment Policy and to annually confirm the delegation of investment authority, which in the City of Hayward, is to the Director of Finance.

DISCUSSION

In coordination with PFM Asset Management (the City's investment portfolio management consultant), Finance Department staff have reviewed the City's Policy and recommend two minor adjustments. These changes have been reviewed by the Investment Advisory Committee and the Council Budget and Finance Committee and both bodies concur with the recommendations. The changes are summarized below and shown in a red-line version of the Policy (Attachment VI):

1. In August, the California Legislature approved Senate Bill 974 which, among other things, clarifies the rating language in California Government Code Section 53601. In the past, although it was assumed that a rating requirement of "A", for example, included securities rated A- and A+, California Government Code was not explicitly clear on this matter. SB974 addresses this issue and updates the rating language in

California Government Code Section 53601 so that the requirement of “A”, for example, includes A- and A+ rated securities. While SB974 does not go into effect until January 1, 2017, staff has incorporated the new language into the Policy.

2. The State Treasurer’s Office increased the limit that can be held in each Local Agency Investment Fund (LAIF) account as set by the Pooled Money Investment Account (PMIA) policy. The City proposes to adopt the policy of the PMIA as it relates to the deposit limit. LAIF currently has a maximum deposit limit of \$65 million per agency account. The City would like to change its policy so that its limits match those established by the State Treasurer. Currently, the City of Hayward has three general accounts: City of Hayward, the Hayward Housing Authority and the Hayward Public Financing Authority. It is not the intent of staff to invest the maximum amount in all three accounts. Instead, staff will pursue a diversified portfolio that conforms to the City’s Investment Policy.

FISCAL IMPACT

There is no fiscal impact related to approving the recommended changes to the Statement of Investment Policy.

PUBLIC CONTACT

The recommended changes to the Statement of Investment Policy were discussed by the Investment Advisory Committee during its quarterly meeting on October 17, 2016, and by the Council Budget and Finance Committee on November 16, 2016.

Prepared and Recommended by: Dustin Claussen, Acting Director of Finance

Approved by:



Kelly McAadoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 16 -

Introduced by Council Member _____

RESOLUTION REAFFIRMING THE STATEMENT OF
INVESTMENT POLICY AND RENEWING THE
DELEGATION OF AUTHORITY TO MAKE INVESTMENTS
TO THE DIRECTOR OF FINANCE

WHEREAS, by Resolution No. 15-223, dated November 17, 2015, the City Council adopted a Statement of Investment Policy for the City of Hayward; and

WHEREAS, under section 53607 of the California Government Code, the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

NOW, THEREFORE, BE IT RESOLVED that the FY 2017 Statement of Investment Policy is hereby reaffirmed as amended, and that the authority of the Director of Finance, or his or her designee, to make investments pursuant to the Policy is hereby renewed.

BE IT FURTHER RESOLVED that the Director of Finance and his/her successors in office is authorized to order the deposit or withdrawal of money in the accounts of the City of Hayward, the Public Financing Authority, the Successor Agency of the Redevelopment Agency of the City of Hayward, and the Housing Authority within the Local Agency Investment Fund of the State of California for the purpose of investment in accordance with the provisions of Section 16429.1 of the California Government Code; and further authorized to delegate responsibility for daily deposits or withdrawals of money in the above referenced accounts as required to ensure proper functioning of the fiscal operations of the City and these agencies.

IN COUNCIL, HAYWARD, CALIFORNIA December 13, 2016

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

HOUSING AUTHORITY OF THE CITY OF HAYWARD

RESOLUTION NO. HA 16-_____

Introduced by Board Member _____

RESOLUTION REAFFIRMING THE STATEMENT
OF INVESTMENT POLICY AND RENEWING THE
DELEGATION OF AUTHORITY TO MAKE
INVESTMENTS TO THE DIRECTOR OF FINANCE

WHEREAS, by Resolution No. HA 15-05, dated November 17, 2015, the Housing Authority Board of Directors adopted a Statement of Investment Policy for the City of Hayward; and

WHEREAS, under section 53607 of the California Government Code, the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

NOW, THEREFORE, BE IT RESOLVED by the Housing Authority Board of the City of Hayward that the FY 2017 Statement of Investment Policy is hereby reaffirmed as amended, and that the authority of the Director of Finance, or his or her designee, to make investments pursuant to the Policy is hereby renewed.

BE IT FURTHER RESOLVED that the Director of Finance and his/her successors in office is authorized to order the deposit or withdrawal of money in the accounts of the Housing Authority of the City of Hayward within the Local Agency Investment Fund of the State of California for the purpose of investment in accordance with the provisions of Section 16429.1 of the California Government Code; and further authorized to delegate responsibility for daily deposits or withdrawals of money in the above referenced accounts as required to ensure proper functioning of the fiscal operations of the City and these agencies.

IN COUNCIL, HAYWARD, CALIFORNIA December 13, 2016.

ADOPTED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS:

CHAIR:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ATTEST: _____
Secretary of the Housing Authority
of the City of Hayward

APPROVED AS TO FORM:

General Counsel of the Housing Authority for
the City of Hayward

REDEVELOPMENT SUCCESSOR AGENCY OF THE
CITY OF HAYWARD

RESOLUTION NO. RSA- 16-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAYWARD,
ACTING AS THE GOVERNING BOARD FOR THE REDEVELOPMENT
SUCCESSOR AGENCY OF THE CITY OF HAYWARD REAFFIRMING THE
STATEMENT OF INVESTMENT POLICY AND RENEWING THE
DELEGATION OF AUTHORITY TO MAKE INVESTMENTS TO THE
DIRECTOR OF FINANCE

WHEREAS, by Resolution No. RSA 15-09 dated November 17, 2015 the Redevelopment
Successor Agency of the City of Hayward adopted a Statement of Investment Policy; and

WHEREAS, pursuant to legislation enacted by the State legislature, the Redevelopment
Agency was dissolved effective February 2012; and

WHEREAS, under section 53607 of the California Government Code, the authority of the
legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so
purchased, may be delegated for a one-year period by the legislative body to the treasurer of the
local agency, who shall thereafter assume full responsibility for those transactions until the
delegation of authority is revoked or expires, and shall make a monthly report of those transactions
to the legislative body. Subject to review, the legislative body may renew the delegation of
authority pursuant to this section each year.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward,
acting as the governing body of the Redevelopment Successor Agency of the City of Hayward, that
the FY 2017 Statement of Investment Policy is hereby reaffirmed as amended, and that the
authority of the Director of Finance, or his or her designee, to make investments pursuant to the
Policy is hereby renewed.

BE IT FURTHER RESOLVED that the Director of Finance and his/her successors in
office is authorized to order the deposit or withdrawal of money in the accounts of the
Redevelopment Successor Agency within the Local Agency Investment Fund of the State of
California for the purpose of investment in accordance with the provisions of Section 16429.1 of
the California Government Code; and further authorized to delegate responsibility for daily
deposits or withdrawals of money in the above referenced accounts as required to ensure proper
functioning of the fiscal operations of the City and these agencies.

HAYWARD, CALIFORNIA December 13, 2016

ADOPTED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS:
CHAIR:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ATTEST: _____
Secretary of the Redevelopment Successor Agency
of the City of Hayward

HAYWARD PUBLIC FINANCING AUTHORITY

RESOLUTION NO. 16 -

Introduced by Board Member _____

RESOLUTION AFFIRMING THE STATEMENT OF INVESTMENT POLICY
AND RENEWING THE DELEGATION OF AUTHORITY TO MAKE
INVESTMENTS TO THE DIRECTOR OF FINANCE

WHEREAS, by Resolution No. HPFA 15-02, dated November 17 2015, the Agency Members adopted a Statement of Investment Policy for the Hayward Public Financings Authority for the City of Hayward; and

WHEREAS, under section 53607 of the California Government Code, the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Hayward Public Financing Authority that the FY 2017 Statement of Investment Policy is hereby affirmed as amended, and that the authority of the Director of Finance, or his or her designee, to make investments pursuant to the Policy is hereby renewed.

BE IT FURTHER RESOLVED that the Director of Finance and his/her successors in office is authorized to order the deposit or withdrawal of money in the accounts of the Hayward Public Financing Authority within the Local Agency Investment Fund of the State of California for the purpose of investment in accordance with the provisions of Section 16429.1 of the California Government Code; and further authorized to delegate responsibility for daily deposits or withdrawals of money in the above referenced accounts as required to ensure proper functioning of the fiscal operations of the City and these agencies.

IN COUNCIL, HAYWARD, CALIFORNIA December 13, 2016.

ADOPTED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS:

MAYOR:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ATTEST: _____
Secretary of the Hayward
Public Financing Authority

APPROVED AS TO FORM:

General Counsel of the Hayward
Public Financing Authority



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

50 California Street
Suite 2300
San Francisco, CA 94111

Attachment VI

415 982-5544
415 982-4513 fax
www.pfm.com

October 21, 2016

Memorandum

To: Dustin Claussen, Acting Director of Finance
City of Hayward

From: Monique Spyke, Director
PFM Asset Management LLC

Re: Annual Investment Policy Review

We have completed our annual review of the City's Investment Policy (the "Policy"). We have provided a marked-up version of this Policy for your review and have summarized our changes below.

Section VIII. Permitted Investment Instruments:

In August, the California Legislature approved Senate Bill 974 which, among other things, clarifies the rating language in California Government Code Section 53601. In the past, although it was assumed that a rating requirement of "A", for example, included securities rated A- and A+, California Government Code was not explicitly clear on this matter. SB 974 addresses this issue and updates the rating language in California Government Code Section 53601 so that it is clear that a requirement of "A", for example, includes A- and A+ rated securities. While SB 974 does not go into effect until January 1, 2017, we have incorporated the new language into the Policy at this time as editing policy language now does not result in noncompliance with California Government Code and will provide greater clarity to the Policy's rating requirements.

We also updated the current LAIF statutory limit.

Please feel free to contact me with any questions or for further discussion.



FY ~~2016~~2017
Statement of Investment Policy

Finance Department
[Acting Director of Finance, ~~Tracy Vesely~~Dustin Claussen](#)
*Policy Recommended Changes: ~~October 24~~November 16, 2014*2016
*Policy last amended: ~~February 4~~November 17, 2014*2015

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FY ~~2016~~-2017 - Statement of Investment Policy

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FY ~~2016~~-2017 - Statement of Investment Policy**I. Introduction**

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. Activities that comprise good cash management include accurate cash projections, the expeditious collection of revenue, the control of disbursements, cost-effective banking relations, and arranging for a short-term borrowing program that coordinates working capital requirements and investment opportunities.

- A. Included** – Funds included in this Statement of Investment Policy are described in the City's annual financial report, and include: General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Funds, Internal Service Funds, Fiduciary Funds, Housing Finance Agency Funds, Successor Hayward Housing Authority funds, and Hayward Redevelopment Agency Successor Agency funds. The Statement of Investment Policy applies to all transactions involving the financial assets and related activity of the foregoing funds.
- B. Excluded** – The following funds are excluded from the Statement of Investment Policy: Deferred Compensation Fund assets and monies held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of the City, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements may be invested in accordance with the ordinance, resolution, indenture or agreement approved by the City Council which govern the issuance of those bonds, or lease installment sale, or other agreement, rather than this Statement of Investment Policy.

II. Statement of Objectives

It is the policy of the City of Hayward to invest public funds not required for immediate day-to-day operations in safe and liquid investments with maturities under five years, in conformance with the California state statutes governing the investment of public funds. Investments are intended to achieve a reasonable rate of return while minimizing the potential for capital losses arising from market changes or issuer default.

 FY ~~2016~~-2017 - Statement of Investment Policy

In managing the City of Hayward's Investment Portfolio, the City's primary objectives are safety, liquidity, and yield.

1. **Safety** – Safety of principal is the foremost objective of the City, followed by liquidity and yield. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they are from securities defaults or erosion of market value.
2. **Liquidity** – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.
3. **Yield** – The City may establish a performance benchmark based on current investment objectives and constraints. The investment portfolio shall be managed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's policy constraints and cash flow requirements. The City should not take undue risk to obtain above-market rates of return.
4. **Diversification** – The City's investment portfolio will be diversified to avoid concentrating investments in specific security types or in individual financial institutions.

While the City will not make investments for the purpose of trading or speculation as the dominant criterion, the Director of Finance shall seek to enhance total portfolio return by means of active portfolio management.

III. Use of State Investment Guidelines

Government Code Sections 53601, 53607, and 53646 of the State of California regulate investment practices. It is the policy of the City of Hayward to use the State's provisions for local government investments as the base for developing and implementing the City's investment policies and practices.

IV. Delegation of Authority

The responsibility for conducting the City's investment program is hereby delegated to the Director of Finance, who has established written procedures for the operation of the investment program, consistent with this Statement of Investment Policy. The Finance Director has further authority, with consent of the City Council, to engage the services of one or more external investment managers to assist in the management of the City's investment portfolio in a manner consistent with the City's Statement of Investment Policy. Such managers must be registered under the Investment Advisors Act of 1940.

FY ~~2016~~-2017 - Statement of Investment Policy**V. Investment Advisory Committee**

The City Manager will appoint an Investment Advisory Committee (IAC). The IAC shall, at minimum, consist of the Assistant City Manager, Director of Finance or Deputy Director of Finance, City Attorney or Assistant City Attorney, one department head, and a minimum of one non-City employee that possesses financial skills to be chosen by the City Manager as available.

The IAC shall meet at least quarterly for the purpose of overseeing the implementation of the City's investment program and assuring it is consistent with the Statement of Investment Policy as approved by the Council. The committee shall include in its discussions such topics as economic outlook, portfolio diversification and maturity structure, potential risks to the City's funds, approval of authorized financial institutions, and the performance of the investment portfolio. Written investment procedures must be approved by the IAC.

VI. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program or impair their ability to make impartial decisions.

All members of the City's IAC shall annually file Statements of Economic Interests (SEIs or Form 700) with the California Fair Political Practices Commission.

VII. Investment Policy Adoption

The City's Statement of Investment Policy shall be annually reviewed and approved by the Investment Advisory Committee and thereafter shall be reviewed and approved by the City Council at a public meeting.

VIII. Standard of Prudence

All participants in the investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. Nevertheless, in a diversified portfolio, it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

The standard of prudence to be used by investment officials shall be the "prudent investor standard," which states:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a

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like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Investment officers acting in accordance with written procedures and the Statement of Investment Policy, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this Policy.

IX. Reporting

The following investment activity reports will be completed.

A. Monthly

While there is no legislative requirement for monthly investment activity reporting, the Director of Finance shall post a monthly investment and transaction summary to the City's public website that will be available to the City Manager, Investment Advisory Committee, City Council Budget & Finance Committee, City Council, and the general public.

The investment summary will list investment transactions executed during the month, and will report key aspects of the investment portfolio, including the following information about each investment instrument: issuer, par amount, purchase price, sales price, realized gains and losses, maturity dates, credit ratings, and the percentage of the portfolio by each type of investment.

B. Periodic

While there is no legislative requirement for quarterly investment activity reporting, the Director of Finance shall submit periodic investment reports to the City Manager, Investment Advisory Committee, City Council Budget & Finance Committee, and City Council.

A periodic report shall include all components of the City's monthly report, highlight key aspects of information contained in the investment reports, and inform readers of economic conditions affecting the portfolio. The report will present recent investment performance and future investment strategy; disclose any perceived threats to portfolio quality, security or liquidity; compare the portfolio performance to that of the City's established performance benchmark, state compliance with the Investment Policy and include a statement denoting the ability to meet expenditure requirements for the next six months.

C. Annual

While there is no legislative requirement for submission of an annual investment report, the Director of Finance shall present a comprehensive annual report on the investment program and investment activity no later than 180 days following the end of the fiscal year. This report shall be presented to the Investment Advisory Committee. The annual report shall include a performance summary, shall suggest policies and improvements that might enhance the investment program, and include an investment plan for the

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ensuing fiscal year. In conjunction with its review of the annual investment report, the Investment Advisory Committee shall review and reaffirm the Statement of Investment Policy of the City, whether or not specific policy modifications are suggested.

Following the annual review of the Statement of Investment Policy by the Investment Advisory Committee, the Investment Policy shall be submitted to the City Council, together with any changes recommended by the Investment Advisory Committee. The City Council shall consider any such recommended changes and approve the Statement of Investment Policy at a public meeting of the City Council.

X. Investment Instruments

A summary and description of authorized investment instruments is below.

INVESTMENT INSTRUMENT SUMMARY				
Security Type	Maximum Maturity	Min Credit Quality	Authorized Investment Limit	Per Issuer Limit
A. US Treasury Notes/Bills	5 Years	None	100%	100%
A. US Agencies–Fully Backed	5 Years	None	100%	100%
B. US Agencies–Sponsored	5 Years	None	100%	40%
C. Banker’s Acceptance (BA)	180 days	A-1	40%	5%
D. Commercial Paper	270 days	A-1	25%	5%
E. Negotiable Certificates of Deposit	5 Years	“A”	30%	5%
F. Repurchase Agreements	1 Year	None	20%	20%
G. Medium Term Notes (MTN)	5 Years	“A”	30%	5%
H. Money Market Fund	N/A	AAAm	20%	10%
I. Alameda County Investment Pool	None	None	10%	10%
J. LAIF	None	None	\$50M \$65M per account	N/A
K. Collateralized Certificates of Deposit	5 Years	None	25%	20%
L. Municipal Bonds	5 Years	“A”	20%	5%
M. Supranationals	5 Years	“AA”	30%	30%
N. Asset-Backed Securities	5 Years	“AA”	20%	5%

The following sections describe individual investment types. The sections specify a percentage limitation for a particular category of investment. That percentage is applied on the date of purchase. A later increase in a percentage resulting from a change in values or assets shall not constitute a violation of the Policy restriction.

Unless stated otherwise in the Policy, no more than 5% of the City’s portfolio may be invested in securities issued by any one issuer.

A. United States Treasury Notes, Bonds, Bills, or Certificates of Indebtedness, or

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those for which the faith and credit of the United States are pledged for the payment of principal and interest with a final maturity not exceeding five years from the date of trade settlement.

CA Govt Code 53601(b)

- B. Federal Agency or United States Government-Sponsored Enterprise (GSE) Obligations**, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies, or United States government-sponsored enterprises with a final maturity not exceeding five years from the date of trade settlement. There is no limit to the amount of the City's portfolio that may be invested in federal agency or GSE securities, except that the aggregate investment in federal agency mortgage-backed securities shall not exceed 20% of the City's total portfolio. Furthermore, the aggregate investment in any one federal agency or GSE issuer shall not exceed 40% of the City's total portfolio.

CA Govt Code 53601(f) and CA Govt Code 53601(o)

- C. Banker's Acceptances**, otherwise known as bills of exchange or time drafts, that are drawn on and accepted by a commercial bank with a final maturity not exceeding 180 days from the date of trade settlement, rated at least "A-1" or the equivalent by a nationally recognized statistical-rating organization (NRSRO). The aggregate investment in banker's acceptances shall not exceed 40% of the City's total portfolio.

CA Govt Code 53601(g)

- D. Prime Commercial Paper** with the highest letter and numerical rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph 1 or paragraph 2 below:

- (1) The entity meets the following criteria:
- is organized and operating in the United States as a general corporation;
 - has total assets in excess of five hundred million dollars (\$500,000,000); and
 - has debt other than commercial paper, if any, that is rated in a rating category of at least "A" or higher by a NRSRO.
- (2) The entity meets the following criteria:
- is organized within the United States as a special purpose corporation, trust, or limited liability company;
 - has program wide credit enhancements including, but not limited to, over-collateralization, letters of credit, or surety bond; and
 - has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Eligible commercial paper shall have a final maturity not exceeding 270 days from the date of trade settlement. The aggregate investment in commercial paper shall not exceed 25% of the City's total portfolio. Furthermore, the City may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.

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CA Govt Code 53601(h)

- E. Negotiable Certificates of Deposit** issued by a nationally- or state-chartered bank, a savings association or a federal association as defined by Section 5102 of the California Financial Code, a state or federal credit union, or by a federally-licensed or state-licensed branch of a foreign bank with a final maturity not exceeding five years from the date of trade settlement. Deposits are limited to institutions which have long-term debt rating in a rating category of at least "A" or the equivalent by a NRSRO. The aggregate investment in negotiable certificates of deposit shall not exceed 30% of the City's total portfolio.

CA Govt Code 53601(i)

- F. Repurchase Agreements** with a final termination date not exceeding 360 days from the date of trade settlement collateralized solely by United States Treasury, federal agency, or United States government sponsored enterprises permitted by this Statement of Investment Policy. The purchased securities (the "collateral") shall have a minimum market value of 102% of the dollar value of the funds invested. The market value of the collateral securities shall be marked-to-the-market daily and the value shall be adjusted no less frequently than weekly. No substitution of collateral shall be allowed without the prior approval of the Finance Director. All collateral securing repurchase agreements must be delivered to the City's custodian bank or handled under a tri-party repurchase agreement. The City or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement.

Approved repurchase agreement counterparties shall have a repurchase agreement counterparty credit rating of at least "A-1" or the equivalent and a long-term credit rating of at least "A" or the equivalent by a NRSRO. Repurchase agreement counterparties shall execute a City approved master repurchase agreement with the City. No more than 20% of the City's total portfolio shall be invested in repurchase agreements.

CA Govt Code 53601 (j)

- G. Medium-Term Notes** issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States, with a final maturity not exceeding five years from the trade settlement, and rated in a rating category of at least "A" or the equivalent by a NRSRO at the time of purchase. The aggregate investment in medium-term notes shall not exceed 30% of the City's total portfolio.

CA Govt Code 53601 (k)

- H. Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C.

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Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either:

- (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest NRSROs, or
- (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years of experience managing money market mutual funds and with assets under management in excess of \$1,000,000,000.

The purchase price of shares shall not exceed 20% of the City's total portfolio and shall not include any commission that the companies may charge. Furthermore, no more than 10% of the City's total portfolio may be invested in any one money market fund.

CA Govt Code 53601 (l)

- I. Alameda County Investment Pool.** The City's maximum investment in the Alameda County pool is limited to 10% of the City's total aggregate portfolio.

CA Govt Code 53684

- J. State of California's Local Agency Investment Fund (LAIF).** The City's participation in LAIF shall conform to State Regulation. The City maintains a total of three LAIF investment accounts and may invest up to ~~\$50-65~~ million in each account. In general, it is the City's intention to use investment in LAIF as a temporary repository for short-term funds needed for liquidity purposes. The Finance Director shall maintain appropriate information concerning LAIF's current investment policies, practices and performance on file. The Finance Director shall also maintain files on LAIF's requirements for participation, including, but not limited to, limitations on deposits or withdrawals and the composition of the portfolio.

CA Govt Code 16429.1

- K. Collateralized Certificates of Deposit** in FDIC-insured financial institutions located in California with a maximum maturity no longer than five years from the date of deposit. Deposits are limited to banks who have a long-term debt rating in a rating category of at least "A" or the equivalent and a short-term debt rating of at least "A-1" or the equivalent by a NRSRO. The City may waive collateral for any portion of its deposit that is covered by federal deposit insurance.

Money shall not be deposited in any state or federal credit union if a member of the legislative body of the City, or any person with investment decision making authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the City, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

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The amount on deposit shall not exceed the total paid-up capital (to include capital notes and debentures) and surplus of any depository bank, or the total of the net worth of any savings and loan association. However, deposits in collateralized certificates of deposit shall not exceed 25% of the City's total portfolio, nor shall the City deposit more than 20% of its total portfolio in the collateralized certificates of deposit of any one bank.

CA Govt Code 53649

- L. Municipal Bonds** issued by the state of California and any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or any local agency, or by a department, board, agency or authority of the state or any local agency.

Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

The aggregate investment in municipal bonds may not exceed 20% of the City's total portfolio.

CA Govt Code 53601(c), CA Govt Code 53601(d), and CA Govt Code 53601(e)

- M. Supranationals** defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a final maturity not exceeding five years from the trade settlement, and eligible for purchase and sale within the United States. Supranationals shall be rated in a rating category of at least -at least "AA" or the equivalent by a NRSRO at the time of purchase.

The aggregate investment in supranationals may not exceed 30% of the City's total portfolio.

CA Govt Code 53601(q)

- N. Asset-Backed Securities** defined as all mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, and consumer receivable-backed bonds, with a final maturity not exceeding five years from the trade settlement.

Asset-backed securities shall be rated in a rating category of a-at least "AA" or the equivalent by a NRSRO at the time of purchase. Additionally, securities eligible for investment under this subsection shall be issued by an issuer whose debt is rated in a rating category of at least "A" or the equivalent by a NRSRO at

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the time of purchase.

The aggregate investment in asset-backed securities may not exceed 20% of the City's total portfolio.

CA Govt Code 53601(o)

XI. Prohibited Investments

Investments not specifically approved by this Statement of Investment Policy are prohibited, including inverse floaters, range notes, mortgage derived interest-only strips, and securities that could result in zero interest accrual if held to maturity.

XII. Credit Downgrade

The minimum rating criteria for particular investment categories is applied on the date of purchase. The City may from time to time be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed rating category for that given investment type, the securities shall be reviewed and a plan of action shall be recommended by the Director of Finance or investment manager. The Director of Finance may consult the Investment Advisory Committee on the action to be taken and shall advise its Chairman and Members of the final disposition of the matter either by e-mail or fax.

If an investment advisor is used, the investment advisor will immediately notify the Director of Finance if a purchased security has been downgraded below accepted minimums specified herein, or if the security is placed on negative credit watch, where downgrade could result in a rate drop below acceptable levels of that fact. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further drop, and market price of the security. The City Council will be advised of the situation and intended course of action by e-mail or fax.

XIII. Maturity and Diversification

Maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled to permit the City to meet all projected obligations.

The City may not invest in a security that exceeds five years from the date of purchase unless City Council has granted express authority to make that investment no less than three months prior to the investment.

XIV. Internal Controls

The Finance Director shall establish a system of internal controls. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City. Controls deemed most important

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include:

- **Clearly delegating authority to subordinate staff members.** Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
- **Separating transaction authority from accounting and record keeping.** By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
- **Delivery versus payment.** All trades where applicable will be executed by delivery vs. payment (DVP). This ensures that securities are deposited in the eligible financial institution before the release of funds. A third party custodian as evidenced by safekeeping receipts will hold securities.
- **Avoiding physical delivery securities.** Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
- **Confirming telephone transactions for investments and wire transfers in writing.** Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.
- **Developing wire transfer agreements with the lead bank or third party custodian.** This agreement should outline the various controls and security provisions, and delineate responsibilities of each party making and receiving wire transfers.

XV. Banks and Security Dealer Selection

The Investment Advisory Committee shall approve all financial institutions from which securities are purchased or sold.

In selecting financial institutions for the deposit or investment of City funds, the Finance Director shall consider the creditworthiness of institutions. The Finance Director shall continue to monitor financial institutions' credit characteristics and financial history throughout the period in which City funds are deposited or invested.

Only primary government securities dealers that report to the New York Federal Reserve shall be used for the purchase of repurchase agreements. (It is acknowledged that inclusion on the primary dealer listing of the Federal Reserve Bank of New York is not a guarantee of creditworthiness.)

Effective October 14, 1987, the City shall be prohibited from investing funds with any person who is knowingly or intentionally engaged in the development or production of nuclear weapons. Person is defined as any person, private corporation, institution or other entity, which is within the jurisdiction of the City of Hayward.

If a third-party investment advisor is authorized to conduct investment transactions on the City's behalf, the investment advisor may use its own list of approved broker/dealers and financial institutions for investment purposes.

XVI. Risk Tolerance

The City recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

The Director of Finance shall periodically establish guidelines and strategies to control risks of default, market price changes and illiquidity. All investment reports shall specifically address whether current investment results have been affected by any of the foregoing risks, and shall explain what actions investment officials have taken to control or correct for such risks.

A thorough investigation of any money market fund or investment pool, including LAIF and the Alameda County Pool, is required prior to investing, as well as on an ongoing basis. The following information should be obtained and analyzed:

- I. A description of eligible investment securities
- II. A written statement of investment policies and objectives
- III. A description of interest calculation and their distribution, and the treatment of gains and losses
- IV. A description of how the securities are safeguarded and how often the

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- securities are priced and the program audited
- V. Information about the size and frequency of deposits and withdrawals allowed, and how much notice is needed for withdrawals
- VI. A schedule for receiving statements and portfolio listings
- VII. A fee schedule, as well as how and when the fees are assessed
- VIII. The rating of the pool/fund
- IX. Information about investment advisers, including registration with the Securities and Exchange Commission, length of experience and total assets under management

In addition to these general policy considerations, the following specific policies will be strictly observed:

1. All investment funds will be placed directly with qualified financial institutions. The City will not deposit or invest funds through third parties or money brokers.
2. A competitive bid process, utilizing financial institutions approved by the Investment Advisory Committee, will be used to place investment purchases. Based on annual evaluation, securities dealers, banks, and other financial institutions will be dropped or continued on the eligibility list. The following criteria will be used in the evaluation:
 - a. Number of transactions competitively won
 - b. Prompt and accurate confirmation of transactions
 - c. Efficient securities delivery
 - d. Accurate market information account servicing

If a third party investment advisor is authorized to conduct investment transactions on the City's behalf, the investment advisor may rely on its review process and use its own list of approved broker/dealers for investment purposes.

3. The Finance Director may designate an official to manage investments and designate a second official to perform investment management during absences of the primary designee. The Finance Director shall ensure that competent investment management is maintained and shall ensure that, if both designated investment officials are replaced or are simultaneously absent, any temporary replacement(s) shall be closely supervised, indoctrinated in the requirements of this Statement of Investment Policy, and given written investment procedures regulating the authority to invest in maturities beyond six months by means of appropriate controls and restraining requirements.
4. In order to assist in identifying "qualified financial institutions," the Finance Director shall forward copies of the City's Statement of Investment Policy to those financial institutions with which the City is interested in doing business and require written acknowledgement of the policy.

XVII. Safekeeping and Custody

To protect against potential fraud and embezzlement, the assets of the City shall be secured through third-party custody and safekeeping procedures.

The investment official shall be bonded to protect the public against possible embezzlement and malfeasance. An independent auditor shall review safekeeping procedures annually. The auditor may conduct surprise audits of safekeeping and custodial procedures.

All cash and securities in the City's portfolio shall be held in safekeeping in the City's name by a third party bank trust department, acting as agent for the City under the terms of a custody agreement executed by the bank and the City.

All securities will be received and delivered using standard delivery versus payment (DVP) procedures; the City's safekeeping agent will only release payment for a security after the security has been properly delivered. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools, and (ii) money market funds, since the purchased securities are not deliverable.

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Appendix A

Comparison and Interpretation of Credit Ratings¹

Long-Term Debt Ratings

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Best Quality Grade	Aaa	AAA	AAA
High Quality Grade	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-
Speculative Grade	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-
Low Grade	B1 B2 B3	B+ B B-	B+ B B-
Poor Grade to Default	Caa	CCC+	CCC
In Poor Standing	- -	CCC CCC-	- -
Highly Speculative Default	Ca C	CC -	CC -
Default	- - -	- - D	DDD DD D

Short-Term/Commercial Paper Investment Grade Ratings

Rating Interpretation	Moody's	Standard & Poor's	Fitch
Superior Capacity	P-1	A-1+/A-1	F1+/F1
Strong Capacity	P-2	A-2	F2
Acceptable Capacity	P-3	A-3	F3

¹ These are general credit rating guidelines and are for information only.

Appendix B

Glossary

ASK PRICE: The price at which a seller offers to sell a security to a buyer.

ASSET-BACKED SECURITIES: Bonds created from various types of consumer debt. Returns on these securities come from customer payments on their outstanding loans. The primary types of asset-backed securities are mortgages, home equity loans, auto loans, leases, credit card receivables and student loans.

BANKERS' ACCEPTANCE: A letter of credit issued in a foreign trade transaction which allows exporters to receive payment prior to importation of their goods. Banks provide short-term financing to facilitate the transaction and may sell the obligation to a third party. Bankers' Acceptances are secured by the issuer of the bill, while the underlying goods also serve as collateral.

BANK DEPOSITS: Collateral in the form of currency that may be in the form of demand accounts (checking) or investments in accounts that have a fixed term and negotiated rate of interest.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID PRICE: The price at which a buyer offers to purchase a security from the seller.

BOND: A debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate called a coupon payment. Bonds are used by companies, municipalities, states and the U.S. government to finance a variety of projects and operating activities.

BROKER: A broker aligns buyers and sellers of securities and receives a commission when a sale occurs. Brokers generally do not hold inventory or make a market for securities.

CALIFORNIA LOCAL AGENCY OBLIGATIONS: Bonds that are issued by a California county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

CD (CERTIFICATE OF DEPOSIT): Time deposits issued by a bank, savings or federal credit union, or state-licensed branch of a foreign bank. Negotiable Certificates of Deposits rely on the credit rating of the issuing entity.

COLLATERAL: Securities, evidence of deposit, or other property that a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank

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to secure deposits of public monies.

COLLATERALIZATION: Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

COMMERCIAL PAPER: Short-term unsecured promissory note issued by a company or financial institution. Commercial paper is issued at a discount and matures at face value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more NRSROs.

COUNTY POOLED INVESTMENT FUNDS: The aggregate of all funds from public agencies placed in the custody of the county treasurer or chief finance officer for investment and reinvestment.

COUPON: The annual rate of interest that a bond's issuer promises to pay the bondholder, expressed as a percentage of the bond's face value.

CREDIT RISK: Credit risk is the likelihood that an issuer will be unable to make scheduled payments of interest or principal on an outstanding obligation.

CUSTODIAN: An agent such as a broker or a bank that stores a customer's investments for safekeeping. The custodian does not have fiduciary responsibilities.

DEALER: A dealer, as opposed to a broker, acts as a principal in security transactions, selling securities from, and buying securities for his/her own position.

DEFAULT: To default is to fail to repay principal or make timely interest payments on a bond or other debt investment security, or failure to fulfill the terms of a note or contract.

DELIVERY VERSUS PAYMENT (DVP): A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: The weighted average time to maturity of a bond where the weights are the present values of future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates.

FIDUCIARY: An individual who holds something in trust for another and bears liability for its safekeeping.

FLOATING RATE INVESTMENTS: Notes whose interest rate is adjusted according to the interest rates of other financial instruments. These instruments provide protection against rising or falling interest rates, but may pay lower yield than fixed rate notes.

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FUTURES: Commodities, which are sold in the present time and are to be delivered at a future date.

INTEREST ONLY STRIPS: Securities with cash flow based entirely on the monthly interest payments received from a mortgage, Treasury, or bond payment. No principal is included in these types of securities.

INVERSE FLOATING RATE INVESTMENTS: Variable-rate notes (such as inverse floating rate notes) whose coupon and value increase as interest rates decrease.

INVESTMENT PROGRAM: The process of modern portfolio management. The process includes establishing investment policy, analysis of the economic and capital markets environment, portfolio monitoring and rebalancing, and measuring performance.

LIQUIDITY: The ease with which investments can be converted to cash at their present market value. Liquidity is significantly affected by the number of buyers and sellers trading a given security and the number of units of the security available for trading.

LOCAL AGENCY BONDS: These bonds are issued by a county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

LOCAL AGENCY INVESTMENT FUND (LAIF): A voluntary investment fund open to state and local government entities and certain non-profit organizations in California in which organization pools their funds for investment. LAIF is managed by the State Treasurer's Office.

MARKET RISK: Market risk is the risk that investments will change in value based on changes in general market prices.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract which includes provisions specific to the governmental agency that is signed by an authorized officer with each counterparty. A master agreement will often specify details to the nature of transactions, the relationship of the parties to the agreement, parameters pertaining to the ownership and custody of collateral, and remedies in the event of default by either party.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTES (MTN): Unsecured, investment-grade senior debt securities of major corporations that are sold either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to

 FY ~~2016~~-2017 - Statement of Investment Policy

market opportunities or to investor preferences.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MORTGAGE-BACKED SECURITIES: A debt instrument with a pool of real estate loans as the underlying collateral. The mortgage payments of the real estate assets are used to pay interest and principal on the bonds.

MORTGAGE PASS-THROUGH SECURITIES: A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUTUAL FUNDS: An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

Money market mutual funds invest exclusively in short-term (1-day to 1-year) debt obligations such as Treasury bills, certificates of deposit, and commercial paper. The principal objective is the preservation of capital and generation of current income.

OFFER: The price asked by a seller of securities. See Ask Price and Bid Price.

OPTION: A contract that provides the right or obligation, depending on the buyer or seller's position within the contract, to buy or to sell a specific amount of a specific security within a predetermined time period at a specified price. A call option provides the right to buy the underlying security. A put option provides the right to sell the underlying security. The seller of the contracts is called the writer.

PORTFOLIO: A collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRINCIPAL ONLY STRIPS: Securities with cash flow based entirely on the principal payments received from an obligation.

RANGE NOTES: A range note is a bond that pays interest if a specified interest rate remains above or below a certain level and/or remains within a certain range.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price.

REPURCHASE AGREEMENT (RP, Repo): A contractual transaction between an investor and an issuing financial institution (bank or securities dealer). The investor exchanges cash for temporary ownership or control of collateral securities, with an agreement between the parties that on a future date, the financial institution will

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repurchase the securities.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held by the bank in the customer's name.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION (SEC): A federal government agency comprised of five commissioners appointed by the President and approved by the Senate. The SEC was established to protect the individual investor from fraud and malpractice in the marketplace. The Commission oversees and regulates the activities of registered investment advisers, stock and bond markets, broker/dealers, and mutual funds.

STATE OBLIGATIONS: Registered treasury notes or bonds of the 50 United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the 50 United States.

STRIPS: Bonds, usually issued by the U.S. Treasury, whose two components, interest and repayment of principal, are separated and sold individually as zero-coupon bonds. Strips are an acronym for Separate Trading of Registered Interest and Principal of Securities.

SUPRANATIONALS: International financial institutions that are generally established by agreements among nations, with member nations contributing capital and participating in management. Supranational bonds finance economic and infrastructure development and support environmental protection, poverty reduction, and renewable energy around the globe.

TRUSTEE: An individual or organization, which holds or manages and invests assets for the benefit of another. The trustee is legally obliged to make all trust-related decisions with the trustee's interests in mind, and may be liable for damages in the event of not doing so.

U.S. AGENCY OBLIGATIONS: Federal agency or United States government-sponsored enterprise obligations (GSEs), participations, or other instruments. The obligations are issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Issuers include: Fannie Mae, Farmer Mac, Federal Farm Credit Banks, Freddie Mac, Federal Home Loan Banks, Financing Corporation, Tennessee Valley Authority, Resolution Trust Funding Corporation, World Bank, Inter-American Development Bank, and PEFCO.

U.S. TREASURY OBLIGATIONS (TREASURIES): Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all

FY ~~2016~~-2017 - Statement of Investment Policy

other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury Bills: All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury Bills (T-bills). The Treasury currently issues 3-month and 6-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth cash flows.

Treasury Notes: All securities issued with initial maturities of 2- to 10-years are called Treasury Notes (T-notes), and pay interest semi-annually.

Treasury Bonds: All securities issued with initial maturities greater than 10-years are called Treasury Bonds (T-bonds). Like Treasury Notes, they pay interest semi-annually.

YIELD: The rate of annual income return on an investment, expressed as a percentage. Yield does not include capital gains.

Income Yield is obtained by dividing the current dollar income by the current market price for the security.

Net Yield or **Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

ZERO-COUPON BOND: A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-coupon bonds are typically issued at a discount and repaid at par upon maturity.



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: CONS 16-764

DATE: December 13, 2016

TO: Mayor and City Council

FROM: City Manager

SUBJECT

Designation of a City Representative and an Alternate for the East Bay Community Energy Authority Board of Directors

RECOMMENDATION

That Council adopts the attached resolution appointing Council Member Mendall as the City's representative, and Council Member Marquez as the City's alternate representative, to the East Bay Community Energy Authority Board of Directors.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Draft Resolution



DATE: December 13, 2016
TO: Mayor and City Council
FROM: City Manager

SUBJECT

Designation of a City Representative and an Alternate for the East Bay Community Energy Authority Board of Directors

RECOMMENDATION

That the City Council adopts the attached resolution appointing Council Member Mendall as the City's representative, and Council Member Marquez as the City's alternate representative, to the East Bay Community Energy Authority Board of Directors.

BACKGROUND

On October 4, 2016, the Alameda County Board of Supervisors established the East Bay Community Energy Authority to provide electrical energy to customers in participating jurisdictions while seeking to reduce greenhouse gas (GHG) emissions, offer competitive electrical rates and foster local economic benefits such as jobs creation, community energy programs and local power development. Information about East Bay Community Energy (EBCE) is available at www.EBCE.org.

On November 29, 2016, Council adopted Resolution No. 16-213 authorizing the City Manager to execute a Joint Powers Agreement (JPA) to become a member of the East Bay Community Energy Authority. On December 6, 2016, Council approved Ordinance No. 16-21 to join the East Bay Community Energy Authority. Previous reports to the Council and the Council Sustainability Committee are available at <http://www.hayward-ca.gov/cce>.

DISCUSSION

The EBCE Board of Directors will consist of one elected official from each participating jurisdiction. In addition, the chair of the EBCE Citizens Advisory Committee will be a non-voting member of the Board. The Board is expected to have its first meeting in January 2017. The meeting schedule and frequency will be decided by the Board.

Article 4 of the EBCE JPA specifically requires that the appointment to the JPA Board be made by the "governing body." As such, staff is bringing this item forward for Council approval.

NEXT STEPS

Upon Council adoption of the attached resolution, staff will provide a letter to the County advising of Council's action.

Approved by:

A handwritten signature in black ink, appearing to read "Kelly McAdoo". The signature is written in a cursive, flowing style.

Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 16-

Introduced by Council Member ____

RESOLUTION APPOINTING COUNCIL MEMBER MENDALL AS THE CITY OF HAYWARD REPRESENTATIVE TO THE BOARD OF DIRECTORS FOR THE EAST BAY COMMUNITY ENERGY AUTHORITY

WHEREAS, the County of Alameda adopted Ordinance No. 7,514-N.S. on October 4, 2016, creating the East Bay Community Energy (EBCE) program; and

WHEREAS, on November 29, 2016, the Hayward City Council adopted Resolution No. 16-213 authorizing the City Manager to execute a Joint Powers Agreement (JPA) to become a member of the East Bay Community Energy Authority; and

WHEREAS, on December 6, 2016, the Hayward City Council approved Ordinance No. 16-21 to join the East Bay Community Energy Authority; and

WHEREAS, Council Member Mendall has been the City's representative on the EBCE Steering Committee, which guided the formation of the EBCE Joint Powers Authority; and

WHEREAS, Council Member Marquez has been the City's alternate on the EBCE Steering Committee; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that the Council hereby appoints Council Member Mendall as the City of Hayward representative to the Board of Directors for the East Bay Community Energy Authority; and

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the Council hereby appoints Council Member Marquez as the City of Hayward alternate to the Board of Directors for the East Bay Community Energy Authority.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2016

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



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: CONS 16-769

DATE: December 13, 2016

TO: Mayor and City Council

FROM: Director of Utilities & Environmental Services

SUBJECT

New Garin Reservoir and Pump Station Improvements: Approval of Plans and Specifications, and Call for Bids

RECOMMENDATION

That Council adopts the attached resolution (Attachment I) approving the plans and specifications for the New Garin Reservoir and Pump Station Improvements and calling for bids to be received on March 7, 2017.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution



DATE: December 13, 2016

TO: Mayor and City Council

FROM: Director of Utilities & Environmental Services

SUBJECT

New Garin Reservoir and Pump Station Improvements: Approval of Plans and Specifications, and Call for Bids

RECOMMENDATION

That Council adopts the attached resolution (Attachment I) approving the plans and specifications for the New Garin Reservoir and Pump Station Improvements and calling for bids to be received on March 7, 2017.

BACKGROUND

On May 26, 2015, Council approved Resolution No. 15-086, revising Conditions of Approval No. 58 and No. 120 related to project water system improvement. The revision stipulates that the City will build a new 0.75 million-gallon water storage reservoir and upgrade the existing Garin Pump Station to accommodate the La Vista development. Subsequently, on June 23, 2015, Council also approved the Final Map for Tract 7620 – La Vista Development and authorized the execution of the Subdivision Agreement.

To ensure that the required water system improvements are built in a timely manner and to provide a greater degree of control over the design and construction of critical infrastructure, it is particularly important that the tank be designed with attention to all details and constructed with high quality materials. Further, as the tank will be constructed on what is now City property, and will be adjacent and connected to an in-service City tank, it is preferable that the work be done under staff's supervision. This will ensure the City has maximum flexibility and prerogative to direct the contractor on how and when to do the work. Staff discussed the possibility of the City administering the design and construction of the improvements with La Vista, L.P., representatives, and they are supportive and agreed to this approach.

On June 15, 2015, the City entered an agreement with La Vista, L.P., that the City will be reimbursed for all costs associated with the design and construction of the water storage reservoir and pump station upgrades. La Vista, L.P., shall pay to the City a fee for each new single-family residence prior to issuance of building permit to fully reimburse the City for design and construction costs. La Vista, L.P., also provided funds in the amount of \$300,000

for the design of the improvements, and a repayment schedule has been established, whereby La Vista, L.P., would pay a per-dwelling-unit fee to the City prior to the issuance of each building permit for a residence. This fee would be separate and distinct from, and in addition to all other applicable development-related fees and charges. The proposed per dwelling fee, which includes a 5% per year interest, has been calculated at \$20,534. The fact that building permits will not be issued without payment of this fee provides a safeguard to limit the risk of non-payment. The reimbursement agreement also included an option to delay the bid process and construction of the improvements until the Developer has paid at least \$1,500,000 in reimbursement fees (equivalent to the issuance of seventy-three building permits). The agreement between the City and the Developer which governs this arrangement has been filed with the Alameda County Recorder's Office.

On September 15, 2015, Council approved Resolution No. 15-172, authorizing the City to enter into a Professional Services Agreement with Kleinfelder, Inc. for design services and technical support during construction.

DISCUSSION

Based on the facts that the development's infrastructure improvements are under construction and the developer is in the process of applying for building permits, it is reasonable to assume that home construction will soon begin. Furthermore, while the plans and specifications are not fully finalized yet, bidding the project at this time, and not delaying it through the holidays, will allow the contractors to prepare and submit bids during the winter months when they are not otherwise busy with construction work. This can help the project potentially receive more bids and thus a more competitive low bid. The schedule will also allow construction to begin in the spring and take advantage of the summer dry season.

ECONOMIC IMPACT

There are no economic impacts to Hayward customers. All of the construction costs will be paid by the developer as agreed upon with La Vista, L. P., and in accordance with the terms of the agreement mentioned in this report. The developer will reimburse the City for all costs, with interest, as building permits are issued for the new homes.

FISCAL IMPACT

The estimated project costs are as follows:

Professional Engineering Services – Consultant	\$300,000
Design Administration – City Staff	\$50,000
Testing and Inspection Services (Estimated)	\$100,000
Construction Contract (Estimated)	\$3,259,000
Administrative Change Orders (Estimated)	\$163,000
Total:	\$3,872,000

A total of \$2,850,000 has been appropriated for this project in the Water System Capital Improvement Fund. As shown above, the current total estimated cost to design and construct the water reservoir exceeds this amount. The original estimates were based on conceptual design. These costs are typically developed when project definition is at the planning stage. Expected accuracy for a planning stage estimate typically ranges from 50% below or above the actual cost. The current estimate in this case is approximately 35% higher. The extent of the funding shortfall will be determined after the construction bids have been received. Staff will request that Council appropriate additional funds from the Water System Capital Improvement fund balance at the time of award. Adequate fund balance is available to cover the necessary appropriation. As mentioned previously, La Vista L.P. will be responsible for reimbursing the City for all costs related to this project.

PUBLIC CONTACT

City staff has worked closely with representatives of La Vista, L.P., through all elements of this project. There is no material impact on other Hayward residents and businesses.

NEXT STEPS

Following Council approval, and finalizing plans and specifications, staff will advertise the project for public bidding. Staff will return to the City Council for award of the construction contract after bids have been received and reviewed. The following schedule has been developed for this project:

Receive Bids	March 7, 2017
Award Construction Contract	April 4, 2017
Construction Completion	March 2018

Prepared by: Tay Nguyen, Assistant Civil Engineer

Recommended by: Alex Ameri, Director of Utilities & Environmental Services

Approved by:



Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 16-

Introduced by Council Member _____

RESOLUTION APPROVING PLANS AND SPECIFICATIONS FOR THE NEW GARIN AND PUMP STATION IMPROVEMENTS, PROJECT NO. 07183, AND CALL FOR BIDS

BE IT RESOLVED by the City Council of the City of Hayward as follows:

WHEREAS, those certain plans and specifications for the New Garin and Pump Station Improvements, Project 07183, on file in the office of the City Clerk by February 7, 2017, are hereby adopted as the plans and specifications for the project;

WHEREAS, the City Clerk is hereby directed to cause a notice calling for bids for the required work and material to be made in the form and manner provided by law;

WHEREAS, sealed bids therefore will be received by the City Clerk's office at City Hall, 777 B Street, Hayward, California 94541, up to the hour of 2:00 p.m. on Tuesday, March 7, 2017, and immediately thereafter publicly opened and declared by the City Clerk in Conference Room 4D, City Hall, Hayward, California.

NOW, THEREFORE, BE IT RESOLVED, that the City Council will consider a report on the bids at a regular meeting following the aforesaid opening and declaration of same.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2016

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



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: WS 16-073

DATE: December 13, 2016

TO: Mayor and City Council
Hayward Area Recreation and Park District Board of Directors

FROM: City Manager, City of Hayward
General Manager, Hayward Area Recreation and Park District

SUBJECT

Joint Work Session with Hayward City Council and Hayward Area Recreation and Park District Board of Directors: South Hayward Family Center Project Update and Discussion

RECOMMENDATION

That Hayward City Council (Council) and Hayward Area Recreation and Park District (HARD) Board of Directors (Directors) review this report and provide direction to staff on the questions and discussion points contained herein.

ATTACHMENTS

- | | |
|----------------|--|
| Attachment I | Staff Report |
| Attachment II | MOU South Hayward Family Center Governance Group |
| Attachment III | Parcel Map |
| Attachment IV | Parcel Ownership Details |
| Attachment V | Proposed Location |



DATE: December 13, 2016

TO: Mayor and City Council
Hayward Area Recreation and Park District Board of Directors

FROM: City Manager, City of Hayward
General Manager, Hayward Area Recreation and Park District

SUBJECT: Joint Work Session with Hayward City Council and Hayward Area
Recreation and Park District Board of Directors: South Hayward Family
Center Project Update and Discussion

RECOMMENDATION

That Hayward City Council (Council) and Hayward Area Recreation and Park District (HARD) Board of Directors (Directors) review this report and provide direction to staff on the questions and discussion points contained herein.

SUMMARY

Council and HARD Directors are aware of recent developments regarding the City-owned property at 680 West Tennyson Road and the adjacent properties, some owned by the City and some owned by HARD, in and around Tennyson Park, and the extraordinary efforts led by Alameda County Supervisor Richard Valle to secure funding to replace the deteriorating Eden Youth and Family Center facility with a newly constructed family-focused multiservice facility.

This report provides information and updates on the project's progress to date, and seeks direction from Council and HARD Directors on key policy areas related to the project including the future use and disposition of City-owned and HARD-owned land within the project area, the process for selection of a facility operator, identification of potential "anchor tenants," development opportunities related to the project, and other policy considerations.

BACKGROUND

I. About the properties and facilities at the current site

The Eden Youth and Family Center facility is located at 680 West Tennyson Road on a prominent corner of the intersection with Ruus Road. The property is a former elementary school campus on 2.53 acres which the City has owned since the late 1970s. The City has

leased the 680 West Tennyson property to a 501(c)(3) nonprofit organization, also named Eden Youth and Family Center, since 1979.

The EYFC nonprofit organization (EYFC) operates the campus as a family multiservice center. The campus includes several programs operated by various partner agencies including:

- The Silva pediatric and dental clinic operated by Tiburcio Vasquez Health Center
- A child care and early childhood development program operated by Kidango
- The Community School, an alternative high school education program operated by the Alameda County Office of Education (ACOE) for youth who are expelled from a school district or who are wards of the court or status offenders under the supervision of the Juvenile Court, Probation Department, or Social Services Agency
- The Intel Computer Clubhouse, a teen computer center operated by EYFC
- A youth probation reporting center operated by Alameda County Probation Department
- A tattoo removal referral program operated by California Offender Program Services
- Also located on the campus, but operated independently from EYFC, is the Hayward Day Labor Center.

Situated next to the EYFC is the Matt Jimenez Community Center facility (MJCC), located on 1.03 acres at 28200 Ruus Road. The MJCC facility was formerly owned and operated by the Boys and Girls Club nonprofit organization. The property and facility are now wholly owned by the City and operated by HARD to provide youth-focused recreation programs.

Immediately adjacent to these City-owned properties is Tennyson Park, which is operated and maintained by HARD. The park's amenities include an athletic field, a playground, a skate park, and restrooms. Tennyson Park is comprised of multiple contiguous parcels, some owned by HARD and others owned by the City. The park is situated on 9.64 acres behind a row of commercial properties that block views and access into the park from Tennyson Road.

Also located nearby on Huntwood Avenue is the recently constructed and City-owned Fire Station #7 and Firehouse Clinic. The Fire Station is operated by the City; the Firehouse Clinic is operated by Tiburcio Vasquez Health Center, Inc. (see maps, Figures A1 and A2).

Figure A1. Map showing 680 West Tennyson Road and surrounding properties.

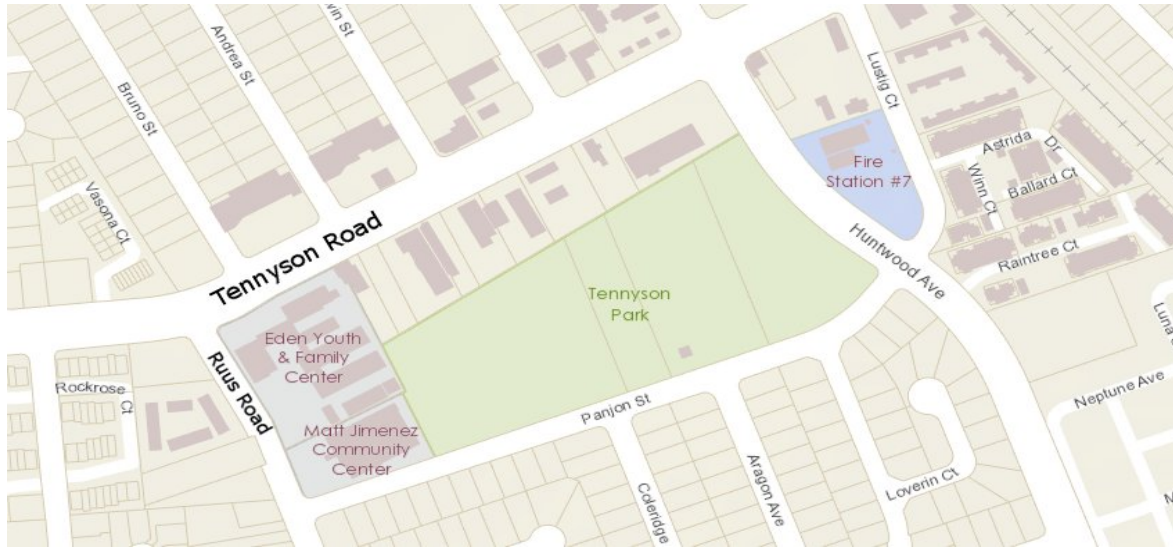


Figure A2. Satellite view of 680 West Tennyson Road and surrounding properties.



II. About the effort to rebuild a new family multiservice center

In early 2013, recognizing that the EYFC Facility was in need of replacement, Supervisor Valle and former Mayor Sweeney initiated a collaborative effort to build a new multiservice facility at 680 West Tennyson Road. The initial conceptual model for this effort was the youth center model used by the County in other locations, such as the Ashland REACH Center, which was newly constructed by the County at the time and had recently opened to much acclaim.

In addition to engaging community partners and visioning efforts to develop the new facility concept, the Supervisor's early efforts were focused on securing a "legacy" donation from Kaiser Permanente toward the construction of a new multiservice center and pediatric clinic to replace the aging Facility. Kaiser was in the final stages of closing its Hayward hospital at that time (2013).

On June 23, 2014, the Alameda County Board of Supervisors tentatively committed \$9.6 million in County funds toward the new facility construction.

On March 26, 2015, Supervisor Valle convened a “town hall” meeting at Palma Ceia Baptist Church, during which he confirmed that Kaiser Permanente had pledged \$5 million toward the project. At the same meeting, he confirmed that the \$9.6 million in County funding had been secured. He also announced that ACOE, which operates the Community School, had pledged \$2.2 million toward the project construction, making for a total combined amount of \$16.8 million in secured funding and pledges.

At that time (2015), no formal estimate of the total project cost of the new center had yet been undertaken, but an informal estimate was offered as a reference point: \$26 million.

III. Governance Group and Memorandum of Understanding

Council met in [work session on July 7, 2015](#)¹ to discuss the efforts to develop and build a new multiservice facility and provide direction to City staff regarding next steps.

At Council’s direction and under the leadership of Mayor Halliday, HARD Director Hodges, and Supervisor Valle, the three primary stakeholder agencies – the City of Hayward, the County of Alameda (County), and the Hayward Area Recreation and Park District (HARD) – formed a Governance Group for jointly steering and developing the project.

The establishment of a governance structure was especially important because there are three primary public agencies with key stakes in the project and site – the City as the property owner and primary jurisdictional authority over the site; HARD as the owner-operator of Tennyson Park and the operator of the MJCC facility; and the County as the primary capital fundraising agency and operator of multiple youth centers elsewhere in Alameda County.

The Governance Group and staff developed a formal Memorandum of Understanding (MOU) between the three agencies for the purposes of further collaborating on the project’s development. The MOU stipulates that the governance structure will be approached in three distinct phases: a first phase of governance to oversee project management of the development; a second phase to oversee the design and construction of the facility itself; and a third phase to develop and manage ongoing operations of the new center once it is completed.

The MOU for the first phase was formally authorized by the governing bodies of the three respective agencies on January 25, 2016 (HARD), January 26, 2016 (County), and January 26, 2016 (City). A copy of the MOU is included with this report as Attachment II.

IV. Pre-conceptual design and cost estimate

¹ URL: <http://citydocuments.hayward-ca.gov/weblink/0/doc/188877/Page1.aspx>

During the initial discussions of the Governance Group in the latter part of 2015, it soon became apparent that a more concrete estimate of the project's potential construction cost was needed in order to better understand the extent of capital fund development that would be required to successfully complete the project. To that end, the Governance Group determined that it would be in the best interest of the project to seek the assistance of an architectural firm to help develop a more concrete, though still preliminary, conceptual cost estimate for the proposed South Hayward Family Center facility.

The Governance Group determined that the City should take the lead to engage the desired architectural cost estimating services, in part because the City's procurement processes are generally faster and more nimble than the County's, and in part because the City fortuitously already had a qualified firm under contract for the 21st Century Library project. This contract was able to be quickly amended to include the needed professional cost estimating services.

The resulting conceptual estimate determined that the total project cost to construct a new 35,000 square foot multiservice community family center facility with a similar mix of services and functions as the current facility, would be approximately \$28-\$31 million if construction were to begin in 2018. This conceptual cost estimate should not be considered definitive by any means – a final cost estimate would only come after the determination of the final service mix, and completion of a programming study to inform the site plan and schematic design – but it provides a realistic starting point for understanding and addressing the financial scope of the South Hayward Family Center endeavor, and the extent of the capital funding gap.

In the course of developing the conceptual cost estimate, the architects proposed various site options for the facility, including building a new facility on the site of the current EYFC Facility, on a site within Tennyson Park due east from the current EYFC facility and near the MJCC facility, and on the opposite side of Tennyson Park on the corner of Huntwood Road and Panjon Street. Staff will present a visual review of the location options at the December 13, 2016 meeting. The Governance Group's recommended option is discussed in more detail later in this report.

V. Facility Operator Request for Qualifications (RFQ)

As the Governance Group delved deeper into discussions about possible operating models and service providers in the new facility, it became clear that a facility operator needed to be identified and selected before final decisions were made about facility design, service delivery models and providers. This is because such critically important decisions can have significant impact on an operator's ability to effectively manage the facility. To this end, the Governance Group developed and on August 1, 2016, the City, County and HARD jointly issued a [Request for Qualifications \(RFQ\) for a Facility Operator and Administrative Services](#)².

² URL: <http://library.hayward-ca.gov/discover/news/aug16/city-county-and-hard-seek-qualifications-rfq-south-hayward-family-center>

The full RFQ packet is available online at the above link as a reference. The deadline for submittals was September 15, 2016. The purpose of the RFQ was to gain a better understanding of what potential operators, if any, are interested in the opportunity, and to gather information about their qualifications for the role. The RFQ also specifically inquired about potential respondents' ability to sustain the facility operations through revenue generation, and to invest capital funding toward the construction project. The RFQ was not for the purposes of selecting an operator; it was only to assess qualifications and collect information. The RFQ is a standard precursor to a competitive Request for Proposals (RFP) that potentially could be released at a later date should Council and the other members of the Governance Group so direct, but the RFQ places no obligation on the City, County, or HARD to proceed with an RFP.

Three responses to the RFQ were received. The three RFQ respondents are all locally based nonprofit agencies with experience managing community multiservice facilities in Hayward: La Familia, Eden Youth and Family Center, and YMCA of the East Bay. Based on the responses and qualifications provided by the three respondents, the Governance Group determined that there are experienced and qualified respondents interested in the opportunity, enough to justify moving forward with a competitive RFP for facility operator and administrative services. Further discussion of potential next steps in the RFQ/RFP process can be found later in this report.

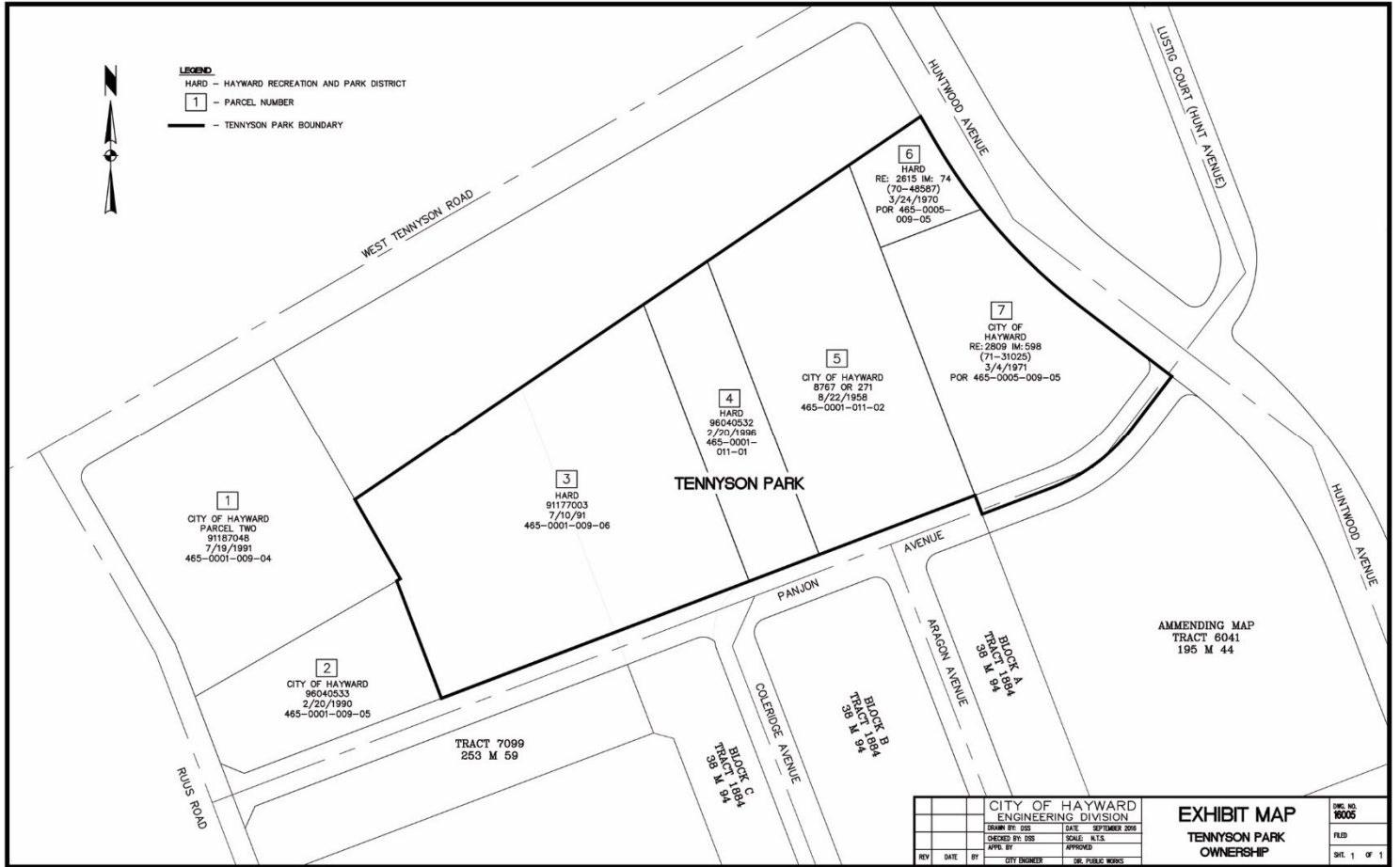
DISCUSSION

What follows are several key policy considerations and proposed next steps about which City and HARD staff seek direction from the Council and HARD Directors:

1) City and HARD land ownership

As described earlier in this report, the EYFC facility and property and MJCC property and facility are owned by the City. The Tennyson Park property is comprised of multiple contiguous parcels, some of which are owned by HARD, and some of which are owned by the City. (See Figures B1 and B2.)

Figure B1. Parcel map showing ownership of site parcels. (Also provided in larger format as Attachment III).



According to City records, the property on which the skate park stands (Parcel 6) is owned by HARD, but the parklands around the skate park (Parcels 5 and 7) are owned by the City. The land beneath the children’s playground, which is the proposed location of the Mia’s Dream Park universally accessible playground to be funded in part by HARD Measure F1 funds, is owned by the City. The parklands on the eastern half of Tennyson Park (Parcels 3 and 4) are owned by HARD (see Figure C for additional reference).

Figure B2. Parcel ownership details (reference Figure B1.)

PCL No.	APN	CURRENT OWNER	DATE	PRIOR OWNER	REMARKS
1	465-0001-009-04	City of Hayward	7/19/1991	Hayward Unified School District	Eden Youth & Family Center (HUSD acquired title from private owner in 1921/1941)
2	465-0001-009-05	City of Hayward	2/20/1996	Hayward Recreation and Park District	Matt Jimenez Community Center (HARD acquired title from HUSD in 1991) (Land swap agreement between HARD and City)
3	465-0001-009-06	Hayward Recreation and Park District	7/10/1991	Hayward Unified School District	Tennyson Park (Conveyance included 465-0001-009-06 and 465-0001-009-05) (HUSD acquired title from private owner in 1921/1941)

PCL No.	APN	CURRENT OWNER	DATE	PRIOR OWNER	REMARKS
4	465-0001-011-01	Hayward Recreation and Park District	2/20/1996	City of Hayward	Tennyson Park (City of Hayward acquired title from private owner in 1958) (Land swap agreement between HARD and City)
5	465-0001-011-02	City of Hayward	8/22/1958	Carmar Home Developers	Tennyson Park (Private owner sells to City in 1958)
6	Portion of 465-0005-009-05	Hayward Recreation and Park District	3/24/1970	William Jones / Virginia Jones	Tennyson Park (Private owner sells to HARD in 1970)
7	Portion of 465-0005-009-05	City of Hayward	3/4/1971	Aaron Dinaburg	Tennyson Park (FOC awards fee title to City in 1971)

HUSD = Hayward Unified School District
HARD = Hayward Recreation and Park District
FOC = Final Order of Condemnation

In light of the planned construction projects for this group of properties and ownership thereof, it may be advisable for the City and HARD to engage in mutually beneficial land swaps to align the ownership of land parcels with ownership of facilities built on them. The City and HARD have engaged in similar land swaps on multiple occasions in past years, in order to assemble adjacent parcels under single ownership, facilitate projects, conform to statutory and regulatory requirements, and simplify recordkeeping.

Key policy question #1: Staff seeks direction from Council and HARD Directors if there is interest in pursuing an equitable land swap that maintains the amount of parkland available for residents in the area, for example by exchanging Parcels 5 and 7 (currently owned by the City) for Parcels 3 and 4 (currently owned by HARD), and incorporating some parkland elements in a portion of Parcel 1.

2) Recommended Facility location

In the course of developing the conceptual cost estimate, the architects proposed various site options for the facility, including building a new facility on the site of the current EYFC Facility, on a site within Tennyson Park due east from the current EYFC facility and near the MJCC facility, and on the opposite side of Tennyson Park on the corner of Huntwood Road and Panjon Street. Staff will present a visual review of the location options at the December 13, 2016 meeting. The Governance Group's recommended option, the second option, is discussed here in more detail. This was also the preferred location of the HARD Board when they received a project update earlier this year.

Figure C. Recommended facility location. (Also provided in larger format as Attachment V).



Figure C, above, shows a diagrammatic view of one option where a new facility potentially could be located in relation to the existing assets in the vicinity and with respect to the potential future development opportunities the site has to offer. The proposed South Hayward Family Center facility, labeled “Community Center Site” in the diagram, is shown as a single story, 35,000 square foot building near the Matt Jimenez Community Center on the western edge of Tennyson Park. The existing Matt Jimenez Community Center, which would be preserved, is labeled in the diagram as “MJYC.” To help show the scale and potential of the site, a proposed soccer field is shown where one could potentially be constructed in the park. Also shown at the right of the diagram for reference is the approximate proposed location of the Mia’s Dream Park, a universally accessible children’s playground which is being funded separately by the HARD Foundation and private funds, and is not considered part of the South Hayward Family Center construction project budget. At the top left of the diagram on the prime corner of Tennyson Road and Russ Road is shown one of many possible configurations of potential retail development that could be pursued to activate that prominent corner and

help meet the strong demand for commercial space on the Tennyson Corridor while bringing new retail services to the neighborhood.

Key policy question #2: Are the Council and HARD Board members supportive of the proposed site layout and general location of the SHFC facility as recommended by the Governance Group and shown in Figure C?

3) Facility Operator RFP

At the November 7, 2016 Governance Group meeting, agencies who responded to the Facility Operator RFQ (La Familia, YMCA, and EYFC) expressed a desire to conduct market feasibility studies to assess their capabilities to generate operating revenues and capital investment toward the South Hayward Family Center project if they are selected as the operator, in preparation for responding to a potential Facility Operator RFP. In response to the request, the City offered to reimburse 50% of the costs of each study, up to \$10,000 total City contribution per study. In exchange, the City will receive copies of the study results. Studies must be submitted to the City by February 15, 2017 in order to qualify for the 50% reimbursement. The information contained in the studies could potentially be used to help inform and strengthen the RFP, if one is issued. The Governance Group agreed to this approach, and staff recommends that the City issue a Facility Operator RFP on behalf of the City, County, and HARD in early March after the study results are completed.

Key policy question #3: Confirm Governance Group recommendation to proceed with issuance of a Facility Operator RFP (further and more specific details to be determined by the Governance Group) based on the timeline outlined in this report.

4) Identification of “anchor tenants”

At the November 6, 2016 meeting, the Governance Group discussed concerns and questions that were raised about the status of the Community School operated by Alameda County Office of Education (ACOE). Specifically, the question was whether or not the Community School would be guaranteed a space in the new facility if the ACOE board formally committed construction funds toward the project.

Earlier in this report, it was noted that ACOE in 2015 offered a verbal pledge of \$2.2 million toward the costs of the South Hayward Family Center construction project. As of the date of this report, that pledge has not been brought to the ACOE Board for a formal vote to appropriate the pledged funds. There was some discussion among the Governance Group about how many square feet could be constructed with \$2.2 million, and whether ACOE would consider increasing its investment according to the amount of space it would need in a new facility. The ACOE Board is scheduled to take up this question and potentially vote on appropriating funds for this project in January 2017.

Also in the Governance Group discussions, there was acknowledgment that in past years, disruptive behaviors by some Community School students may have adversely impacted other services at EYFC, Matt Jimenez Community Center and Tennyson Park, but it was also

recognized that in recent years the school's new administration has been doing a better job to contain and mitigate those issues. There was discussion about other viable Hayward area sites for the Community School that had been identified and considered in the past, and an affirmation from ACOE that their interest was to fully assess the South Hayward Family Center facility opportunity first, before moving on to assess other viable sites.

After a full and robust discussion, the Governance Group decided to recommend to Council and HARD Directors granting "anchor tenant" status in the South Hayward Family Center facility to the ACOE Community School. "Anchor tenant" status is essentially a guarantee of a service contract or a tenant agreement in the new facility, which is the purview of the governing bodies of jurisdiction, i.e. Council and/or HARD. Should Council and/or HARD Directors so direct, City and HARD staff will work with ACOE to develop and bring back a formal agreement for Council's and/or HARD Directors' approval at a later date.

Similarly, the Governance Group decided to recommend granting "anchor tenant" status to Tiburcio Vasquez Heath Center (TVHC), the presumed operator of the pediatric health and dental clinic in the new facility. Should Council and/or HARD Directors so direct, City and HARD staff will work with TVHC to develop and bring back a formal agreement for Council's and/or HARD Directors' approval at a later date. These two tenants were selected for this status based on their ability to bring capital funding to the new facility and/or the unique value add of the services provided by these tenants to the overall goals of the new center.

Staff acknowledges the importance of the other tenants currently located in the facility. Instead of making a commitment to these current tenants at this time, staff recommends waiting until the facility operator is selected and further site planning and service mix evaluation is completed. The City will then work with each tenant to identify and secure a space to continue their services in Hayward after the new facility is completed, whether in the new facility or in a suitable alternative location.

Key policy question #4: Confirm Governance Group recommendations to grant "anchor tenant" status to the ACOE Community School and Tiburcio Vasquez Health Center in the new facility.

5) Proposed project timeline

At the December 5, 2016 Governance Group meeting, a proposed project timeline for calendar year 2017 was reviewed and discussed. The proposed timeline contains approximate dates by when certain key actions for the project's development are intended to be carried out.

Figure D. Proposed project timeline.

<u>Approx. Date*</u>	<u>Proposed timeline element*</u>
12/13/16	Joint Council / HARD work session to review project progress**
12/16/16	Advisory Task Force meeting**
1/9/17	Governance Group meeting
2/6/17	Governance Group meeting
2/15/17	Market feasibility studies due
2/27/17	Governance Group meeting
3/6/17	Facility Operator RFP issued
4/3/17	Governance Group meeting
4/21/17	Facility Operator RFP responses due
4/28/17	Facility Operator RFP review panel
5/8/17	Facility Operator RFP review panel recommends operator to Governance Group
5/22/17	Council and/or County and/or HARD formally award operator contract
6/6/17	Governance Group meeting with Advisory Task Force and Facility Operator to identify potential tenants/service providers**
6/26/17	Develop RFP for architectural design services
7/10/17	Governance Group meeting
7/18/17	Joint Council / HARD work session to review project progress**
8/7/17	Governance Group meeting
8/28/17	Architectural Design RFP issued
9/11/17	Governance Group meeting
10/2/17	Governance Group meeting
10/27/17	RFP responses due
11/6/17	Governance Group meeting
11/13/17	Architectural Design RFP panel reviews
12/4/17	Architectural Design RFP review panel recommends architect to Governance Group
12/11/17	Award of Architectural Design contract by Council and/or County and/or HARD
1/8/17	Architectural design work begins

* All dates and timeline elements are tentative and subject to change
 ** Additional meetings may be added to schedule as needed

All dates and timeline elements listed in Figure D, above, are tentative and subject to change. Additional meetings or elements may be added to the timeline as needed and appropriate.

FISCAL IMPACT

As reported at previous Council meetings about this project, the potential fiscal impacts of this project to the City and HARD are not fully known. The City of Hayward has no available funding for construction or operations of a new multiservice center. The properties owned

by the City have considerable value due to their size and their prime locations in the heart of the Tennyson Corridor and proximity to services including Tennyson Park.

One possible way for the City to financially participate in the overall project would be to leverage the development opportunities presented by the prime corner parcel at Tennyson and Ruus, which could generate operating and/or capital funds for the South Hayward Family center project while also bringing new desirable services to the neighborhood.

A very preliminary conceptual estimate of the cost to construct a new multiservice center is \$28-\$31 million; however, that estimate is not based on a specific architectural design or on a program delivery model, and could change as those details are developed. Primarily through Supervisor's Valle's extraordinary efforts, approximately \$16.8 million in capital funding has been identified to date, much of it in the form of pledges that are contingent upon various requirements. County staff have been working on a proposal to a major private foundation for a possible \$3 million gift toward the project construction, but no pledge or gift has been secured as of yet.

Ongoing annual operating costs for a new center are estimated to range anywhere from \$3 million to \$5 million or more, depending on numerous factors including the types of services offered, the operational model put into place, and whether or not revenue generation is part of the model. At this time, no sustainable source of operating funding has yet been secured; however, Supervisor Valle is currently working with the Board of Supervisors to identify County funding sources that could potentially be allocated toward the operations of a new facility.

The Facility Operator RFP, if it is issued as recommended, would require that the operator present a sustainable operating revenue plan, but the extent of operating revenue support the operator can generate will not be known until RFP responses are received. Similarly, the RFP, if issued, would include a request for a capital investment by the operator, but it is not clear how much capital investment to expect nor how much capital investment will be offered until RFP responses are received.

NEXT STEPS

Staff requests that Council and HARD Directors provide feedback and direction for future action by the individual elected bodies in response to the policy considerations outlined in the discussion section of this report:

- 1) City and HARD land ownership
Key policy question #1: Staff seeks direction from Council and HARD Directors if there is interest in pursuing an equitable land swap that maintains the amount of parkland available for residents in the area, for example by exchanging Parcels 5 and 7 (currently owned by the City) for Parcels 3 and 4 (currently owned by HARD), and incorporating some parkland elements in a portion of Parcel 1.
- 2) Recommended facility location

Key policy question #2: Are the Council and HARD Board members supportive of the proposed site layout and general location of the SHFC facility as recommended by the Governance Group and shown in Figure C?

3) Facility operator RFP

Key policy question #3: Confirm Governance Group recommendation to proceed with issuance of a Facility Operator RFP (further and more specific details to be determined by the Governance Group) based on the timeline outlined in this report.

4) Identification of “anchor tenants”

Key policy question #4: Confirm Governance Group recommendations to grant “anchor tenant” status to the ACOE Community School and Tiburcio Vasquez Health Center in the new facility.

5) Proposed project timeline

Provide any feedback on the proposed project timeline.

City and HARD staff, with the guidance of the Governance Group and under the direction of Council and HARD Directors will continue to work with counterpart County staff and other key stakeholders to further discuss and develop the many technical details, challenges, and opportunities of this project.

Should Council and/or HARD directors so direct, staff will develop and bring back for approval any requested action items, for example “anchor tenant” agreements, land exchanges, or requests for proposals, etc., that the Council and/or HARD Directors may identify for further action in response to this report.

Prepared by: Sean Reinhart, Director of Library and Community Services

Recommended by: Paul McCreary, General Manager (HARD)

Approved by:



Kelly McAdoo, City Manager

Memorandum of Understanding

Between

CITY OF HAYWARD
(CITY)

And

COUNTY OF ALAMEDA
(COUNTY)

And

HAYWARD AREA RECREATION AND PARK DISTRICT
(HARD)

RECOGNITION

On the 26th day of January, 2016, authorized representatives of City of Hayward (CITY), County of Alameda (COUNTY) and Hayward Area Recreation and Park District (HARD) (and collectively, "Parties") made and entered into this Memorandum of Understanding.

RECITALS

WHEREAS, the Parties mutually recognize the South Hayward community's need for a youth and family center; and

WHEREAS, the Parties desire to work together to plan, finance, construct, and operate a new youth and family center to be called the "South Hayward Youth and Family Services Center"; and

WHEREAS, the South Hayward Youth and Family Services Center development project (Project) is in need of multi-agency governance during all three phases of the Project's development; and

WHEREAS, the CITY, the COUNTY and HARD are committed to working together to determine jurisdictional authority of the project, the identification of immediate and long-term resources for the project, and how to ensure that the project enhances and integrates with existing services in the areas; and

C-2016-5

WHEREAS, the areas being considered are within the boundaries of the CITY and as such the CITY maintains interest in ensuring effective and responsive services for the citizens; and

WHEREAS, the COUNTY is the deliverer and operator of similar centers elsewhere in Alameda County and as such brings expertise in the engagement of youth and families in decisions relevant to the Project; and

WHEREAS, the CITY is the owner of the Project property (“the Property”) and has primary jurisdictional authority over the site; and

WHEREAS, HARD is the partial owner of the Tennyson Park property adjacent to the Property and is the operator of the Matt Jimenez Community Center facility located on the Property; and

WHEREAS, the CITY, the COUNTY, and HARD recognize the need to partner and collaborate to oversee and direct the funding, design, and construction of a new South Hayward Youth and Family Services Center; and

WHEREAS, the CITY, the COUNTY, and HARD recognize that the formation of a Governance Group is of critical importance to the Project and to obtain the resources needed to complete and sustain it; and to ensure that the South Hayward Youth and Family Services Center successfully serves the Hayward community in conjunction with the existing Matt Jimenez Community Center, Tennyson Park, and Hayward Fire Station and Community Health Clinic; and

WHEREAS, the CITY, the COUNTY, and HARD have mutually agreed to form a Governance Group, comprised of authorized representatives from each agency, for the purposes of establishing and defining the aforesaid partnership and collaboration;

NOW THEREFORE, the CITY, the COUNTY, and HARD agree as follows:

AGREEMENT

(1) Term. This MOU shall become effective January 26, 2016, and shall remain in effect until the parties have negotiated and adopted a superseding agreement, or terminated in accordance with Article 6 of this MOU.

(2) Governance: The Governing Group is required to maintain a high level of interagency coordination, expertise, focus, nimbleness, and commitment to intensive investment of time and effort. To this end, the Governing Group will be comprised of one elected official and one senior staff member from each of the three primary stakeholder public agencies (the CITY, the COUNTY and HARD). Each agency will select its own representatives and shall notify the other partner agencies of its selections. These selections shall be made with the recognition that the Governing Group thus formed could potentially evolve into a Joint Powers Authority (JPA) or

similar governance agreement, if so needed and recommended by the Governing Group to the member agencies for adoption at a later date.

(3) Decision-making. It is the intent of the partnership to make decisions in a collaborative manner and by consensus, recognizing that support from each of the three jurisdictions is critical for the development of the project. The decisions made by the Governing Group are advisory in nature, and shall not be binding on the parties unless and until approved by each party's governing body. It is the parties' intent that the decisions and recommendations of the Governing Group with respect to the scope of issues identified in Article 4 will be memorialized in an agreement or agreements to be presented for approval by each party's governing body after consensus is reached. To facilitate the continued work of the Governing Group, the parties may also elect to modify the terms of this MOU pursuant to Article 10, or execute a superseding MOU or similar agreement, as needed.

(4) Scope. The Governing Group shall be responsible for deliberating, reaching agreement and making recommendations on the following phases:

Phase I: Conceptual Program/Project Development

- a) Articulate the vision of the Project and ensure that all members of the Group are in alignment with the vision.
- b) Resolve fund development shortfalls and develop financing mechanisms for the construction phase of the Project.
- c) Clarify legal and legislative issues, formulate policy recommendations, and identify governing actions needed to implement the Project.
- d) Define and finalize the Project requirements, including location, site footprint and ownership.
- e) Agree upon the types and scope of public services to be provided in the new facility.

Phase II: Construction Services Procurement and Plan of Finance for Construction and Operations

- a) Review and participate in RFP processes for selection of Bridging Architect, and Design Build entity.
- b) Develop a plan to secure sustainable operating funding for the facility and establish the governance and administrative structures to support facility operations and maintenance.

Phase III: Ongoing Operations and Governance

- a) Agree upon changes, if any, to the structure of the Governing Group in Phase III

- b) Identify issues to be resolved by the parties during Phase III.
- c) The Governance Group will use an open and transparent selection process to identify a qualified operator for the new facility through the use of an open and transparent selection process.

(5) Advisory Task Force. During Phase I, the Governing Group shall organize and convene an Advisory Task Force within sixty (60) days of the execution of this MOU. The Advisory Task Force shall be comprised of key South Hayward community stakeholders including residents, service organizations, service recipients, and business representatives. The Advisory Task Force shall:

- a) Build upon, but not duplicate, the voluminous community engagement work that has already been done for the Project.
- b) Advise the Governing Group on the types and scope of services to potentially be provided in the new facility, as indicated by the community engagement work referenced above.
- c) Advise and make recommendations to the Governing Group on service-related issues pertaining to the proposed South Hayward Youth and Family Services Center and adjacent related facilities including Matt Jimenez Community Center and Tennyson Park.

The Advisory Task Force shall be comprised of no more than fifteen (15) total members. Each party may appoint up to five (5) members each to serve on the Advisory Task Force.

(6) Termination. Each party to this MOU can terminate its involvement upon thirty (30) days' written notification to the other parties. In the event only one party terminates its involvement in accordance with this provision, the MOU shall remain in force and effect as between the remaining two parties. The MOU shall terminate upon two parties' exercise of the right to terminate in accordance with this provision or upon mutual agreement of all parties in writing.

(7) Indemnification. The CITY, the COUNTY, and HARD agree to mutual indemnification as follows:

- a) CITY will indemnify, defend, protect and hold harmless COUNTY and HARD, their respective officers, agents, and employees, from and against any and all liability, damage, expense cause of action, suits claims, and judgments arising from injury to or death of persons or loss of or damage to personal property based on performance pursuant to this MOU, unless such liabilities and obligations have arisen by reason of the negligence of willful misconduct of COUNTY or HARD, their officers, agents and employees.

- b) COUNTY will indemnify, defend, protect and hold harmless the CITY and HARD, their respective officers, agents, and employees, from and against any and all liability, damage, expenses, causes of action, suits claims, and judgments arising from injury to or death of persons or loss of or damage to personal property based on performance pursuant to this MOU, unless such liabilities and obligations have arisen by reason of the negligence of willful misconduct of the CITY or HARD, their officers, agents and employees.

- c) HARD will indemnify, defend, protect and hold harmless the COUNTY and the CITY, their respective officers, agents, and employees, from and against any and all liability, damage, expense causes of action, suits claims, and judgments arising from injury to or death of persons or loss of or damage to personal property based on performance pursuant to this MOU, unless such liabilities and obligations have arisen by reason of the negligence of willful misconduct of the COUNTY or the CITY, their officers, agents and employees.

(9) Accountability. The CITY, the COUNTY, and HARD shall collaboratively evaluate the success of the partnership on a regular schedule to be determined; and shall regularly and timely provide reports of the Project's progress to the governing bodies of their respective agencies.

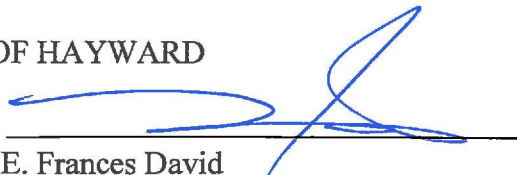
(10) Amendments. This MOU may be amended and/or modified only by mutual agreement of all three parties, and any such amendments or modifications must be in writing and signed by duly authorized representatives of all three parties.

(11) Whole Agreement. This MOU has six (6) pages including the signature pages. This MOU constitutes the entire understanding and agreement of the parties. This MOU integrates all of the terms and conditions mentioned herein or incidental hereto with respect to all or part of the subject matter hereof.

(12) Counterparts. This MOU may be executed in counterpart.

IN WITNESS HEREOF, the parties hereto have entered into this agreement to be executed the day and year herein above first written.

CITY OF HAYWARD

By: 
E. Frances David
City Manager

Date: 2/18/2016

Approved as to Form:

CITY OF HAYWARD

By: Michael S. Fann Date: 2/17/16
Michael Lawson,
City Attorney

Attest:

CITY OF HAYWARD

By: Miriam Lens Date: February 22, 2016
Miriam Lens,
City Clerk

HAYWARD AREA RECREATION AND PARK DISTRICT

By: Paul McCreary Date: February 22, 2016
~~John Gouveia~~ Paul McCreary
General Manager

COUNTY OF ALAMEDA

By: Scott Haggerty Date: 2/3/16
Scott Haggerty
President, Board of Supervisors

Approved as to form:

COUNTY OF ALAMEDA

Donna R. Ziegler
County Counsel

By: Andrew J. Massey Date: 1/19/16
Andrew J. Massey
Deputy



LEGEND

- HARD - HAYWARD RECREATION AND PARK DISTRICT
- 1 - PARCEL NUMBER
- TENNYSON PARK BOUNDARY

1
CITY OF HAYWARD
PARCEL TWO
91187048
7/19/1991
465-0001-009-04

2
CITY OF HAYWARD
96040533
2/20/1990
465-0001-009-05

TRACT 7099
253 M 59

3
HARD
91177003
7/10/91
465-0001-009-06

TENNYSON PARK

4
HARD
96040532
2/20/1996
465-0001-011-01

5
CITY OF HAYWARD
8767 OR 271
8/22/1958
465-0001-011-02

6
HARD
RE: 2615 IM: 74
(70-48587)
3/24/1970
POR 465-0005-009-05

7
CITY OF HAYWARD
RE: 2809 IM: 598
(71-31025)
3/4/1971
POR 465-0005-009-05

AMMENDING MAP
TRACT 6041
195 M 44

BLOCK A
TRACT 1884
38 M 94

BLOCK B
TRACT 1884
38 M 44

BLOCK C
TRACT 1884
38 M 94

RUS ROAD

WEST TENNYSON ROAD

PANJON AVENUE

COLERIDGE AVENUE

ARAGON AVENUE

HUNTWOOD AVENUE

LUSTIG COURT (HUNT AVENUE)

HUNTWOOD AVENUE

CITY OF HAYWARD ENGINEERING DIVISION		
DRAWN BY: DSS	DATE: SEPTEMBER 2016	
CHECKED BY: DSS	SCALE: N.T.S.	
APPD. BY	APPROVED	
REV	DATE	BY
		CITY ENGINEER
		DIR. PUBLIC WORKS

EXHIBIT MAP
TENNYSON PARK
OWNERSHIP

DWS. NO.
16005
FILED
SHT. 1 OF 1

TENNYSON PARK OWNERSHIP

PCL No.	APN	CURRENT OWNER	RECORDING DATA	DATE	PRIOR OWNER	REMARKS
1	465-0001-009-04	City of Hayward	91187048	7/19/1991	Hayward Unified School District	Eden Youth & Family Center (HUSD aquired title from private owner in 1921/1941)
2	465-0001-009-05	City of Hayward	96040533	2/20/1996	Hayward Recreation and Park District	Jimenez Community Center (HARD aquired title from HUSD in 1991) (Land swap aggrement between HARD and City)
3	465-0001-009-06	Hayward Recreation and Park District	91177003	7/10/1991	Hayward Unified School District	Tennyson Park (Conveyance included 465-0001-009-06 and 465-0001-009-05) (HUSD aquired title from private owner in 1921/1941)
4	465-0001-011-01	Hayward Recreation and Park District	96040532	2/20/1996	City of Hayward	Tennyson Park (City of Hayward aquired title from private owner in 1958) (Land swap aggrement between HARD and City)
5	465-0001-011-02	City of Hayward	Book 8767 Page 271	8/22/1958	Carmar Home Developers	Tennyson Park (Private owner sells to City in 1958)
6	Portion of 465-0005-009-05	Hayward Recreation and Park District	RE: 2615 IM: 74	3/24/1970	Willam Jones / Virginia Jones	Tennyson Park (Private owner sell to HARD in 1970)
7	Portion of 465-0005-009-05	City of Hayward	RE: 2809 IM: 598	3/4/1971	Aaron Dinaburg	Tennyson Park (FOC awards fee title to City in 1971)

HUSD = Hayward Unified School District

HARD = Hayward Recreation and Park District

FOC = Final Order of Condemnation



South Hayward Multi Service Family Center

DIAGRAM - FOR ILLUSTRATIVE AND DISCUSSION PURPOSES ONLY - NOT APPROVED OR FINAL

The above illustration shows a diagrammatic view of one option where a new facility potentially could be located in relation to the existing assets in the vicinity and with respect to the potential future development opportunities the site has to offer. The proposed South Hayward Family Center facility, labeled "Community Center Site" in the diagram, is shown as a single story, 35,000 square foot building near the Matt Jimenez Community Center on the western edge of Tennyson Park. The existing Matt Jimenez Community Center, which would be preserved, is labeled in the diagram as "MJYC." To help show the scale and potential of the site, a proposed soccer field is shown where one could potentially be constructed in the park. Also shown at the right of the diagram for reference is the approximate proposed location of the Mia's Dream Park, a universally accessible children's playground which is being funded separately by HARD Measure F1 and private funds, and is not considered part of the South Hayward Family Center construction project budget. At the top left of the diagram on the prime corner of Tennyson Road and Russ Road is shown one of many possible configurations of potential retail development that could be pursued to activate that prominent corner and help meet the strong demand for commercial space on the Tennyson Corridor while bringing new retail services to the neighborhood.



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: WS 16-074

DATE: December 13, 2016

TO: Mayor and City Council

FROM: Acting Director of Finance

SUBJECT

FY 2016 General Fund Ten-Year Plan Review

RECOMMENDATION

No action required. Staff is requesting that the City Council reviews and comments on this report on the General Fund Ten-Year Plan as updated to include FY 2016 Preliminary Year End Results and known changes to FY 2017 revenues.

ATTACHMENTS

- Attachment I Staff Report
- Attachment II General Fund Ten-Year Plan Summary
- Attachment III 20 Year Snapshot



DATE: December 13, 2016
TO: Mayor and City Council
FROM: Acting Director of Finance
SUBJECT

General Fund 10 Year Plan Review

RECOMMENDATION

No action required. Staff is requesting that the City Council reviews and comments on this report on the General Fund Ten-Year Plan as updated to include FY 2016 Preliminary Year End Results and known changes to FY 2017 revenues.

BACKGROUND

The results of the FY 2016 Comprehensive Annual Financial Report (CAFR) will be presented to Council later this evening. Attachment II to this report contains FY 2016 year-end results for the General Fund and an update to the General Fund Ten-Year Plan revenue projections.

The City Council adopted the FY 2016 Operating Budget on June 23, 2015, initially projecting a balanced budget for the General Fund. This projection was modified over the course of the fiscal year, projecting a \$5.8 million budget gap when updated in the second quarter (mid-year) as presented to City Council on March 15, 2016. The large increases to projected expenditures related to staffing expenses of approximately \$2.8 million (+\$1 million for new labor agreements, +\$1 million in overtime, +\$0.8 million for settlements & unbudgeted grant related staffing), \$1.5 million in litigation settlements, and another \$1.4 million in non-staffing and grant related expenses.

While the City did not finish the year with the projected gap of \$5.8 million, there was still a use of General Fund Reserves of approximately \$855 thousand in FY 2016. Currently, the General Fund Ten-Year Plan projects a deficit beginning in FY 2017 which increases in future years. Staff is currently reviewing the assumptions used in preparing the General Fund Ten-Year Plan for FY 2017 and beyond based on FY 2016 results and will recommend further adjustments to revenue and expenditure projections as part of the FY 2017 mid-year budget process.

DISCUSSION

Fiscal Year 2017 Projection Adjustments

Revenues

Staff has updated the General Fund Ten-Year Plan document as shown in Attachment II with known changes to key revenue sources as discussed below:

Property Tax – Based on the continued increase in property taxes received over previous fiscal years and increases to assessed valuation in preliminary property tax, projections for FY 2017 received from the County Auditor/ Controllers Office have been increased by \$1.015 million in the projection.

Sales & Use Tax – Sales tax revenues have been decreased slightly from previous projections. While the economy has continued to improve, the loss of key businesses within the City and the eroding sales tax base have not allowed this revenue source to see increases as one might expect.

Charges for Services – While the City may see a slight increase to this revenue source due to newly adopted rates for the City's user fees, the projection has not been adjusted to reflect these changes; at this time, there are too many variables to do so accurately.

Staff is working to identify new revenue sources and ways of augmenting existing revenues. Staff will be bringing to Council for consideration a variety of ways to attempt to increase revenue including the possibility of increasing the City's transient occupancy tax rate (Hayward's is one of the lowest in the area at 8.5%), an update to the City's Business License Tax Ordinance, a change in the Real Property Transfer Tax rate, application of Utility Users Tax for "over the top" television and possible applications of the recently voter approved taxation of adult use (non-medical) marijuana should Council decide to allow for this.

Expenses

The expenditures in this projection have not been adjusted, because the budgeted amounts have not changed. This will be done as part of the FY 2017 mid-year budget process.

Fund Balance

Attachment III to this report shows historical and projected General Fund fund balance for fiscal years 2007-2026. Looking back, 2007 saw the lowest fund balance at \$23.5 million and fund balance peaked in FY 2011 at \$47.9 million. During the FY 2016 budget process, Council adopted a policy to maintain balances of at least 20% of General Fund annual expenditures. While this has been achieved from 2007-2016, projections do not show this as a continuing trend. Council is aware that expenditures are growing at a rate that is outpacing revenue growth. Changing this trend is one of the greatest challenges the City faces in the coming fiscal years.

Revenue increases from any of the above mentioned possibilities will not be enough to offset the drastic increase to expenditures in the out years of the projection to cover the rising costs of employee benefits, specifically those related to healthcare (including the possibility of the Cadillac Tax in FY 2020) and funding of CalPERS & OPEB liabilities.

Balancing the budget is a top priority for staff. Doing so without significant changes in service levels to the citizens of Hayward, although incredibly challenging, is an overarching principle considered in this effort.

PUBLIC CONTACT

Staff presented a draft of the preliminary FY 2016 General Fund Year-End Review to the Council Budget and Finance Committee on November 16, 2016.

NEXT STEPS

Staff will present the FY 2016 Comprehensive Annual Financial Report (CAFR) to City Council at the regularly scheduled December 13, 2016 Council meeting. Staff will also present an FY 2017 Mid-Year Review at the March 14, 2017 City Council meeting.

Prepared and Recommended by: Dustin Claussen, Acting Director of Finance

Approved by:

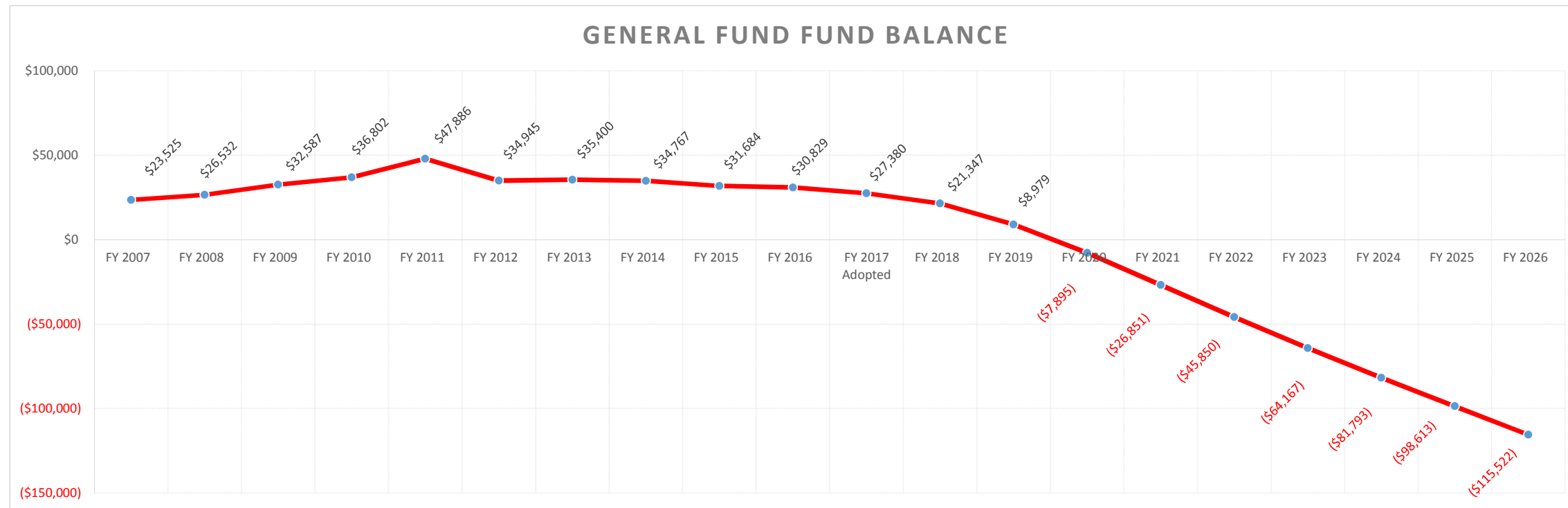


Kelly McAadoo, City Manager

**General Fund 20 Year Fund Balance Snapshot Projection
FY 2017**

Dollars in \$1,000

	PY10 Actual FY 2007	PY9 Actual FY 2008	PY8 Actual FY 2009	PY7 Actual FY 2010	PY6 Actual FY 2011	PY5 Actual FY 2012	PY4 Actual FY 2013	PY3 Actual FY 2014	PY2 Actual FY 2015	PY1 Actual FY 2016	Year 1 Adopted FY 2017 Adopted	Year 2 Projected FY 2018	Year 3 Projected FY 2019	Year 4 Projected FY 2020	Year 5 Projected FY 2021	Year 6 Projected FY 2022	Year 7 Projected FY 2023	Year 8 Projected FY 2024	Year 9 Projected FY 2025	Year 10 Projected FY 2026
Total Revenues	109,457	112,160	120,687	122,306	131,626	119,979	123,741	130,717	135,567	154,262	145,580	147,252	150,052	152,200	156,471	160,899	165,496	170,258	175,205	179,366
Total Expenditures	(109,000)	(119,119)	(114,632)	(118,091)	(121,145)	(122,508)	(123,467)	(131,264)	(137,302)	(155,117)	(149,029)	(153,285)	(162,420)	(169,074)	(175,427)	(179,898)	(183,813)	(187,884)	(192,025)	(196,275)
Beginning Fund Balance	23,067	23,525	26,532	32,587	36,802	47,886	34,945	35,400	34,767	31,684	30,829	27,380	21,347	8,979	(7,895)	(26,851)	(45,850)	(64,167)	(81,793)	(98,613)
Restatement Adjustments to Fund Balance		9,966						(86)	(1,348)											
Change to Reserves	458	(6,959)	6,055	4,215	11,084	(12,941)	455	(547)	(1,735)	(855)	(3,449)	(6,033)	(12,368)	(16,874)	(18,956)	(18,999)	(18,317)	(17,626)	(16,820)	(16,909)
Ending Fund Balance	23,525	26,532	32,587	36,802	47,886	34,945	35,400	34,767	31,684	30,829	27,380	21,347	8,979	(7,895)	(26,851)	(45,850)	(64,167)	(81,793)	(98,613)	(115,522)





CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: LB 16-110

DATE: December 13, 2016

TO: Mayor and City Council

FROM: Acting Director of Finance

SUBJECT

Transmittal of the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016; and Memorandum on Internal Control and Required Communications

RECOMMENDATION

That the Council adopts the attached Resolution (Attachment II) to receive and file the City's Comprehensive Annual Financial Report (CAFR) and the Memorandum on Internal Control and Required Communications for the fiscal year ended June 30, 2016.

ATTACHMENTS

Attachment I Staff Report

Attachment II Resolution

Attachment III Memorandum on Internal Control and Required Communications

Attachment IV Comprehensive Annual Financial Report (CAFR), to be provided prior to meeting



DATE: December 13, 2016

TO: Mayor and City Council

FROM: Acting Director of Finance

SUBJECT

Transmittal of the Comprehensive Annual Financial Report for the Year Ended June 30, 2016; and of the Memorandum on Internal Control and Required Communications

RECOMMENDATION

That the Council adopts the attached Resolution (Attachment II) to receive and file the City's Comprehensive Annual Financial Report (CAFR) and the Memorandum on Internal Control and Required Communications for the fiscal year ended June 30, 2016.

BACKGROUND

The City's independent external auditor, Maze and Associates, has completed its audit of the City's financial records for the fiscal year ended June 30, 2016. Maze was selected as the City's independent external audit firm in early 2011 after a thorough proposal review process. Maze and Associates has over twenty-eight years of municipal auditing experience with more than 200 government agencies. In addition to the audited financial statements, the auditors have completed and provided the required Memorandum on Internal Control and Required Communications. The City's Comprehensive Annual Financial Report (CAFR) represents all funds of the City, including the General Fund, Water, Sewer, Airport, and all other enterprise and special revenue funds.

Auditing standards require auditors to formally communicate the results directly to the agency's governing body. The purpose being to establish direct and effective two-way communication with the Council and staff, to convey audit matters, the scope of work, difficulties, adjustments to financial statements, or any possible disagreements with management.

DISCUSSION

Comprehensive Annual Financial Report – Staff is pleased to report that, as in previous years, the auditor's opinion on the financial statements for fiscal year 2016 is without

exception and is unmodified (formerly referred to as “unqualified”). That is, the auditor’s report is not restricted (modified) in any manner, nor does it take exception with any of the information contained in the City’s financial statements. While a modification (known before as a qualification) or exception is not necessarily detrimental, the ability to report that the City’s financial statements continue to earn a “clean opinion” is a positive statement about the City’s financial management and oversight.

Staff will be submitting the fiscal year 2016 CAFR to the Government Finance Officers Association (GFOA) award program, which is a prestigious national award recognizing conformance with the highest standards for preparation of local government financial reports. The City of Hayward has received this award for the last twenty-nine consecutive years.

Communication Letters from Auditors – The Required Communications letter is intended to identify any communication issues and present new accounting standards pronouncements that may affect the audit. The auditor did not report any difficulties in performing the audit or any disagreements with management.

The second letter presented to management is the Memorandum on Internal Control. This letter has two major objectives: (1) to advise the governing body or City Council of any significant deficiencies or material weaknesses in the City’s systems of internal financial controls; and (2) to communicate to the Council any opportunities for improved controls or efficiencies that the auditors noted during the course of their audit. This letter may also advise the Council of upcoming accounting regulations, which may affect the City’s financial records. Staff’s responses to the auditor’s comments and recommendations are noted in the Letter.

FY 2016 Finding

The audit identified one Significant Deficiency relating to access to specific areas of the City’s general ledger system. A significant deficiency is a deficiency, or a combination of deficiencies, in internal controls that if ignored could, but in this case did not, lead to a material misstatement. A significant deficiency is less severe than a material weakness, yet important enough that it needs to be communicated to Council formally. As seen in the Recommendation portion of Finding 2016-01 of Attachment III, controls have been put into place to mitigate the risks identified in the conditions prior to the completion of the audit.

2016-01 Access to Vendor and Employee Databases The audit noted that two employees who processed payroll also had access to the employee database. In addition, there were several employees, who were not responsible for processing payroll or disbursements, that had access to the employee or vendor database.

The City agrees that this condition existed at the time of the interim audit. In the months between the interim and final phases of the audit, the City changed access for many of the employees noted during audit testing. As noted in the Management Response, of Attachment III in the area where exceptions remained, specifically in the payroll area, additional controls have been implemented to detect any errors that could cause a misstatement in the affected areas.

FY 2015 Finding

As part of the audit protocol, the auditor includes findings from the previous fiscal year (fiscal year 2015) to allow for a final management response and, if cleared, to confirm that the findings are no longer valid. Of the item noted surrounding bank reconciliations (Finding 2015-01), the audit noted that one bank reconciliation was completed and reviewed over 60 days after the month end. In addition, a few of the bank reconciliations had no date indicating when the preparation or review process took place. Furthermore, the City had only reconciled its investment accounts once in fiscal year 2016. During the final phase of the audit in October 2016, the auditors noted that the reconciliations of bank and investment accounts were performed timely.

The City agrees that these conditions existed in June during the interim phase of the audit, but have since changed procedures to prevent future reoccurrences.

FISCAL IMPACT

There is no direct fiscal impact resulting from the approval of the annual audit.

PUBLIC CONTACT

On September 28, 2016, Maze & Associates presented to the Council Budget and Finance Committee an overview of the fiscal year 2016 audit process and the role of the external auditor. On November 16, 2016, staff presented a preliminary, unaudited fiscal year 2016 General Fund summary to the Council Budget and Finance Committee.

Prepared by and Recommended by: Dustin Claussen, Acting Director of Finance

Approved by:



Kelly McAdoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 16-

Introduced by Council Member _____

RESOLUTION ACCEPTING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016; AND THE MEMORANDUM ON INTERNAL CONTROL AND REQUIRED COMMUNICATIONS

WHEREAS, the audit of the financial statements and internal controls of the City of Hayward has been completed for the year ended June 30, 2016 by the City's independent auditors, Maze & Associates.

BE IT RESOLVED by the City Council of the City of Hayward that the City Council accepts and files the Comprehensive Annual Financial Report for the Year Ended June 30, 2015; and the accompanying Memorandum on Internal Control and Required Communications letters.

HAYWARD, CALIFORNIA _____, 2016

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

**CITY OF HAYWARD
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2016**

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**CITY OF HAYWARD
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For The Year Ended June 30, 2016

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MEMORANDUM ON INTERNAL CONTROL

To the City Council of
the City of Hayward, California

We have audited the basic financial statements of the City of Hayward for the year ended June 30, 2016, and have issued our report thereon dated **BFS Opinion Date**. In planning and performing our audit of the basic financial statements of the City of Hayward as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist and that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Pleasant Hill, California
DATE

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CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF SIGNIFICANT DEFICIENCIES

2016-01 Access to Vendor and Employee Databases

Criteria: To maintain internal control, employees involved in payroll and disbursement processing should not have editing rights to the employee and vendor databases. Access to these databases should be granted on an as-needed basis.

Condition: During our audit, we reviewed the financial system access log and noted that two employees who processed payroll also had access to the employee database. In addition, we noted that several employees, who were not responsible for processing payroll or disbursements, were granted access to the employee or vendor database.

Effect: Unauthorized changes to the databases may occur and not be detected in a timely manner.

Cause: In the City's general ledger system, employees who process payroll must have "full access" function and process payroll, including access to the employee database. There are several employees who have access to employee and vendor database because of the nature of their functions.

Recommendation: The City should review the access of the financial system. Access to the databases should only be granted if necessary, and to employees who cannot process transactions in the respective modules. In June, 2016, the City created controls to monitor for any changes in the vendor database; the Purchasing Manager receives notification anytime a change is made to the vendor database.

Management Response: The City changed the access for many employees noted during audit testing in the Payroll module from full access to inquiry only, which will not allow that employee to make changes in the system. In addition, the Accounting Manager reviews payroll each time it is processed checking specifically for changes made to the payroll database.

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CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking effect in the next few years. We have cited them here to keep you abreast of developments:

Effective in fiscal year 2016-17:**GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68***

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

GASB 74 – *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*

The objective of this Statement is to improve the usefulness of information about post-employment benefits other than pensions (other post-employment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

GASB 77 – *Tax Abatement Disclosures*

This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues.

GASB 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 80 – *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

GASB 82 – *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Effective in fiscal year 2017-18:

GASB 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

GASB 81 – *Irrevocable Split-Interest Agreements*

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

STATUS OF PRIOR YEAR
SIGNIFICANT DEFICIENCIES**2015 -- 01: Timeliness of Bank, Investment, and Escrow Accounts Reconciliations and Journal Entries Posting**

Criteria: Reconciliations of bank, trustee, and investment accounts should be completed after each month-end and promptly after receipt of the account statements. In addition, amounts reported in the quarterly Investment Reports should correspond with the City's general ledger.

Additionally, journal entries and relevant supporting documentation relating to the reconciliation of these accounts should be maintained and posted in a timely manner.

Condition: During the interim phase of the City's Financial Statement audit, conducted in June 2015, we noted the following:

Many of the City's bank, investment, and trustee accounts were not reconciled to the monthly statements and in a timely manner. In addition, reviews of the reconciliations were not timely.

The City's Investment Report for the quarter ending March 31, 2015 did not match the amounts in the City's general ledger.

We tested forty journal entries in the current fiscal year and noted that five journal entries were not posted to the general ledger within thirty days from the time of preparation. In addition, there was one journal entry that did not have appropriate supporting documentation.

Effect: Errors, mistakes and unauthorized transactions may not be detected and remedied in a timely fashion.

Cause: The City encountered a combination of difficulties in the past few fiscal years, including the citywide financial system conversion, as well as key staffing changes and shortages.

Recommendation: We communicated the above conditions to the City staff during the interim phase of the City's Financial Statement audit. At the time of our communication, the City had already begun the process of training staff to take over the reconciliation duties of cash, trustee and investment accounts, as well as assigning additional staff to post journal entries. These conditions appear to have been resolved by the time we returned for the final phase of the City's Financial Statement audit in November 2015.

Current Status: Recommendation partially implemented.

Out of the bank reconciliations we examined during the interim phase of the audit in June 2016, we noted that one bank reconciliation was completed and reviewed over 60 days after the month end. In addition, a few of the bank reconciliations had no date indicating when the preparation or review process took place. Furthermore, the City had only reconciled its investment accounts once in fiscal year 2016.

During the final phase of the audit in October 2016, however, we noted that the reconciliations of bank and investment accounts were performed timely.

CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

STATUS OF PRIOR YEAR
SIGNIFICANT DEFICIENCIES

Management Response: The City agrees with this recommendation and recognizes the importance of timely reconciliation of bank and investment accounts. The City's bank accounts are reconciled on a regular and timely basis; furthermore, proof of the timing of said reconciliation is now apparent on the face of the documents. The City has implemented procedures to reconcile investment accounts to the general ledger on a quarterly basis.

2014 – 02: Accurately and Timely Reconciliations of Bank, Investment, and Escrow Accounts

Criteria: Bank account reconciliations are an important element of the City's internal control structure. Bank reconciliations should be completed after each month-end and usually within 30-45 days of receipt of the bank statements, and subsequently reviewed in a timely manner for accuracy. The investments and trustee accounts should also be reconciled to statements and the general ledger on a monthly basis in order to maintain effective controls.

In addition, for monitoring purposes, both the preparer and the reviewer of the reconciliation should sign the date the document to leave a proper audit trail.

Condition: During the year, many of the City's bank, investment, and trustee accounts were not reconciled to the monthly statements in a timely manner. In addition, reviews of the reconciliations were not timely. In testing of the reconciliation items, the City could not provide supporting documents to some of the items. Also, there were reconciliation items that have been outstanding since 2013 that should have been booked by the City into its general ledger. In addition, we found that the City's Investment Report for the quarter ending March 31, 2014 did not agree to the City's general ledger.

Effect: The City's book balances of the above accounts did not reflect the correct balances during the year. Errors, mistakes and unauthorized transactions in these accounts would not be detected and remedied in a timely fashion.

Cause: The City encountered a combination of difficulties in the past few years, including the financial system conversion, staff changes, and shortages. The City is currently in the process of training new staff to take over the reconciliation duties.

Recommendation: The following changes are recommended:

- Implement procedures to ensure all cash, investment, trustee and escrow account reconciliations are prepared and reviewed in timely manner with proper sign off.
- Cross-train employees to perform and review the reconciliations.
- Ensure proper maintenance of supporting documents for all financial transactions and establish standard procedures to investigate reconciliation discrepancies in a timely manner.

Current Status: See Current Status of Significant Deficiency 2015-01.

REQUIRED COMMUNICATIONS

To the City Council of
the City of Hayward, California

We have audited the basic financial statements of the City of Hayward for the year ended June 30, 2016. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

The following Governmental Accounting Standards Board (GASB) pronouncements became effective, but did not have a material effect on the financial statements:

GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*

The following pronouncement became effective and required modifications to the notes to financial statements.

GASB Statements No. 72 – *Fair Value Measurement and Application*

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Estimated Fair Value of Investments: Cash and investments held by the City at June 30, 2016 were measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2016. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2016.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 5 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

- *Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 12 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the City Council.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated DATE.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information which accompany the financial statements, but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

This information is intended solely for the use of City Council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Pleasant Hill, California
DATE



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: PH 16-113

DATE: December 13, 2016

TO: Mayor and City Council

FROM: Human Resources Director

SUBJECT

Adoption of a Resolution of Intention to Approve an Amendment to the City of Hayward Contract with the California Public Employees Retirement System (PERS) and Introduction of An Ordinance to Approve the Contract Amendment and Authorize Staff to Execute the Contract

RECOMMENDATION

That the City Council adopts the Resolution of Intention to approve an amendment to the City of Hayward's contract with CalPERS and introduction of an Ordinance to approve the contract amendment and authorize staff to execute the contract

ATTACHMENTS

- Attachment I Staff Report
- Attachment II Resolution Authorizing Intention to Approve Amendment to the Contract between the City and CalPERS
- Attachment III Ordinance Authorizing an Amendment to the Contract between the City and CalPERS
- Attachment IV Exhibit to the Ordinance - Sample Amendment to CalPERS Contract



DATE: December 13, 2016

TO: Mayor and City Council

FROM: Director of Human Resources

SUBJECT

Adoption of a Resolution of Intention to Approve an Amendment to the City of Hayward Contract with the California Public Employees Retirement System (PERS) and Introduction of An Ordinance to Approve the Contract Amendment and Authorize Staff to Execute the Contract

RECOMMENDATION

That the City Council adopts the Resolution of Intention to approve an amendment to the City of Hayward contract with the California Public Employees Retirement system (PERS), introduces an ordinance to approve the contract amendment, and authorizes staff to execute the contract.

BACKGROUND

On June 25, 2013, the City Council adopted Ordinance 14-01 approving the amendment to the City of Hayward's CalPERS public safety contract for PEPRAs Fire members. This negotiated amendment required PEPRAs Fire members (employees hired on or after January 1, 2013) to pay a total of 15% toward retirement costs. The intent was for these employees to contribute the same 15% that classic members pay, which would be comprised of the employee share (determined by PEPRAs), which at the time was 11.25% and the difference of 3.75% as cost sharing. The breakdown of the contributions would change depending on what the PEPRAs mandated amount was, but would never exceed 15% total employee contribution.

Similarly, on July 12, 2015, the City Council adopted Ordinance 15-20 approving the amendment to the City of Hayward's CalPERS public safety contract for PEPRAs Police members. This negotiated amendment required PEPRAs Police members (employees hired on or after January 1, 2013) to pay a total of 15% toward retirement costs. Again, the intent was for these employees to contribute the same 15% that classic members pay, which would be comprised of the employee share (determined by PEPRAs), which at the time was 12.75% and the difference of 2.25% as cost sharing. The breakdown of the contributions would change depending on what the PEPRAs mandated amount was, but would never exceed 15% total employee contribution.

DISCUSSION

The existing CalPERS contract for safety members (sworn police and fire) requires payment of the required published employee rate plus an additional contribution to equal a total of fifteen percent (15%) of their salaries for the employees' share of retirement costs. Effective July 1, 2016, the employee rate for PEPRA Fire members decreased from 11.25% to 9.75%, which per the terms of the agreement would mean that the cost share portion would increase from 3.75% to 5.25%. The employee rate for PEPRA Police members also decreased from 12.75% to 12.00%, which per the terms of the agreement would mean that the cost share portion would increase from 2.25% to 3.00%.

Government Code Section 20516, which allows for cost sharing, provides that the language in the MOU "shall specify the exact percentage of member compensation that shall be paid toward the current service cost of the benefits by members. The member contributions shall be contributions over and above normal contributions otherwise required by this part and shall be treated as normal contributions for all purposes of this part."

CalPERS believes this language requires a specific numerical number in the agreement that shows the exact percentage of the cost share deduction. Although CalPERS approved the current agreements at the time the contract was amended, it has since determined that any changes to the breakdown of the CalPERS contributions must be specific so that the percentage amounts are broken down into numerical values. To implement any changes to the retirement program, it is necessary to amend the City's existing contracts with CalPERS each time there is a change to the rates. In order to provide employees with credit for their full 15% contribution, a side letter clarifying the PEPRA cost sharing language was required and the clarifying language for both Local 1909 and HPOA was adopted by Council on November 15, 2016. The City does not agree with this interpretation of the law and Human Resources is working with the City Attorney's office to dispute this and possibly avoid the need for a formal contract amendment each time the PEPRA contribution changes.

The Resolution authorizes staff to work with CalPERS to amend the public safety contract to amend the cost sharing provision. The proposed Ordinance approves the amendment and authorizes staff to execute the contract effective February 20, 2017.

FISCAL IMPACT

There is no fiscal impact associated with this report. Both PEPRA Fire and PEPRA Police members will continue to contribute 15% to fund their CalPERS pensions, as previously agreed to (Resolution 13-097, Resolution 14-122). However, the disagreement with CalPERS over the need to amend the City's contract each time the percentages change results in substantial staff work from Human Resources and three separate action items before the City Council at three different meetings.

NEXT STEPS

Human Resources staff will work with the bargaining units and Finance Department staff to complete the contract amendment process. The final reading of the Ordinance will be presented during a Public Hearing on January 17, 2017. If approved, the Ordinance will take effect on February 16, 2017. The contract amendment will be effective February 20, 2017.

Prepared by: Ali Adams, Human Resources Analyst II

Recommended by: Nina S. Collins, Director of Human Resources

Approved by:



Kelly McAadoo, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 16-

Introduced by Council Member _____

RESOLUTION AUTHORIZING INTENTION TO APPROVE AN AMENDMENT TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION, CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM AND THE CITY OF HAYWARD

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law: and

WHEREAS, one of the steps in the procedure to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change: To provide Section 20516 (Employees Sharing Additional Cost) for an additional 1.5% for new local fire members in the International Association of Firefighters Local 1909 and 0.75% for new local police members in the Hayward Police Officers' Association.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that it does hereby give notice of its intention to approve an amendment to the contract between the City of Hayward and the Board of Administration, California Public Employees' Retirement System ("CalPERS") a copy of said amendment being attached here to as an "Exhibit 1" and by this reference made a part hereof, and to authorize staff to work with CalPERS to finalize such contract amendments.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2016

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

ORDINANCE NO. 17-

AN ORDINANCE AUTHORIZING THE AMENDMENT OF THE CONTRACT BETWEEN THE CITY OF HAYWARD AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM.

THE CITY COUNCIL OF THE CITY OF HAYWARD DOES ORDAIN AS FOLLOWS:

Section 1. Provisions.

1. That an amendment between the City Council of the City of Hayward and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit, and by such reference made a part hereof as though herein set out in full.
2. The City Manager of the City of Hayward is hereby authorized, empowered, and directed to execute said amendment for and on behalf of the City of Hayward.

Section 2. Severance. Should any part of this ordinance be declared by a final decision of a court or tribunal of competent jurisdiction to be unconstitutional, invalid, or beyond the authority of the City, such decision shall not affect the validity of the remainder of this ordinance, which shall continue in full force and effect, provided that the remainder of the ordinance, absent the unexcised portion, can be reasonably interpreted to give effect to the intentions of the City Council.

Section 3. Effective Date. In accordance with the provisions of Section 620 of the City Charter, this ordinance shall become effective 30 days from and after the date of its adoption.

INTRODUCED at a regular meeting of the City Council of the City of Hayward, held the 13th day of December, 2016, by Council Member _____.

ADOPTED at a regular meeting of the City Council of the City of Hayward, held the 17th day of January, 2017, by the following votes of members of said City Council.

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

APPROVED: _____
Mayor of the City of Hayward

DATE: _____

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward

**EXHIBIT**

California
Public Employees' Retirement System

**AMENDMENT TO CONTRACT**

Between the
Board of Administration
California Public Employees' Retirement System
and the
City Council
City of Hayward



The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective October 1, 1950, and witnessed August 7, 1950, and as amended effective January 16, 1952, January 1, 1956, April 1, 1959, January 1, 1960, November 1, 1962, April 1, 1965, December 1, 1969, July 1, 1973, July 16, 1973, June 1, 1978, April 23, 1979, January 12, 1981, March 9, 1981, July 11, 1986, October 10, 1988, June 21, 1991, June 19, 1992, March 8, 1996, January 1, 2001, April 1, 2001, July 1, 2001, August 26, 2002, May 23, 2008, July 4, 2011, February 24, 2014, July 27, 2015 and June 27, 2016 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 16 are hereby stricken from said contract as executed effective June 27, 2016, and hereby replaced by the following paragraphs numbered 1 through 16 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members, age 62 for new local miscellaneous members, age 50 for classic local safety members and age 57 for new local safety members.

2. Public Agency shall participate in the Public Employees' Retirement System from and after October 1, 1950 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Local Fire Fighters (herein referred to as local safety members);
 - b. Local Police Officers (herein referred to as local safety members);
 - c. Employees other than local safety members (herein referred to as local miscellaneous members).

5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
 - a. **PERSONS EMPLOYED AFTER JANUARY 16, 1952 AS CROSSING GUARDS; AND**
 - b. **PERSONS EMPLOYED AFTER JANUARY 30, 1959 AS PART-TIME LIFEGUARDS AND PART-TIME LIBRARY AIDES.**
6. The percentage of final compensation to be provided for each year of credited prior and current service for classic local miscellaneous members in employment before and not on or after August 26, 2002 shall be determined in accordance with Section 21354 of said Retirement Law, subject to the reduction provided therein for service on and after January 1, 1956, the effective date of Social Security coverage, and prior to December 30, 1980, termination of Social Security, for members whose service has been included in Federal Social Security (2% at age 55 Full and Modified).
7. The percentage of final compensation to be provided for each year of credited prior and current service for classic local miscellaneous members in employment on or after August 26, 2002 shall be determined in accordance with Section 21354.4 of said Retirement Law, subject to the reduction provided therein for service on and after January 1, 1956, the effective date of Social Security coverage, and prior to December 30, 1980, termination of Social Security, for members whose service has been included in Federal Social Security (2.5% at age 55 Full and Modified).
8. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).
9. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local safety member shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).
10. The percentage of final compensation to be provided for each year of credited prior and current service as a new local safety member shall be determined in accordance with Section 7522.25(d) of said Retirement Law (2.7% at age 57 Full).
11. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 21573 (Third Level of 1959 Survivor Benefits) for local safety members only.

- b. Sections 21624 and 21626 (Post-Retirement Survivor Allowance) for local safety members only.
- c. Section 20042 (One-Year Final Compensation) for classic members only.
- d. Section 21635 (Post-Retirement Survivor Allowance to Continue After Remarriage) for local safety members only.
- e. Section 21024 (Military Service Credit as Public Service).
- f. Section 21027 (Military Service Credit for Retired Persons).
- g. Section 21551 (Continuation of Pre-Retirement Death Benefits After Remarriage of Survivor).
- h. Section 21022 (Public Service Credit for Periods of Lay-Off) for local miscellaneous members only.
- i. Section 21547.7 (Alternate Death Benefit for Local Fire Members Credited with 20 or More Years of Service) for local miscellaneous members only.
- j. Section 20903 (Two Years Additional Service Credit).
- k. Section 20965 (Credit for Unused Sick Leave) for local fire members only.
- l. Section 21547.7 (Alternate Death Benefit for Local Fire Members Credited with 20 or More Years of Service).
- m. Section 20516 (Employees Sharing Cost of Additional Benefits):

Section 21362.2 (3% @ 50) effective January 1, 2001 and Section 20042 (One-Year Final Compensation) effective January 12, 1981 for classic local fire members. The employee cost sharing contribution is not to exceed 15.607%. The maximum employee cost sharing contribution is the normal cost plus the increase in the accrued liability due to the benefit improvement amortized over 20 years. In no event shall the employee cost sharing contribution attributable to the unfunded liability remain in effect beyond June 30 preceding the 20th anniversary of the effective date of the additional benefits. Therefore, after June 30, 2020, in any given contribution year, the maximum employee cost sharing contribution cannot exceed 5.986%.

Section 21362.2 (3% @ 50) effective July 1, 2001 and Section 20042 (One-Year Final Compensation) effective April 23, 1979 for classic local police members. The employee cost sharing contribution is not to exceed 13.882%. The maximum employee cost sharing contribution is the normal cost plus the increase in the accrued liability due to the benefit improvement amortized over 20 years. In no event shall the employee cost sharing contribution attributable to the unfunded liability remain in effect beyond June 30 preceding the 20th anniversary of the effective date of the additional benefits. Therefore, after June 30, 2021, in any given contribution year, the maximum employee cost sharing contribution cannot exceed 5.505%.

n. Section 20516 (Employees Sharing Additional Cost):

From and after February 24, 2014, 3.75% for new local fire members.

From and after July 27, 2015, 2.25% for new local police members.

From and after June 27, 2016, 2% for local miscellaneous members in the Hayward Association of Management Employees Group, International Federation of Professional and Technical Engineers Local 21, Unrepresented Group, and Council Appointed Employee Group.

From and after the effective date of this amendment to contract, 5.25% for new local fire members in the International Association of Firefighters Local 1909.

From and after the effective date of this amendment to contract, 3% for new local police members in the Hayward Police Officers' Association.

The portion of the employer's contribution that the member agrees to contribute from his or her compensation, over and above the member's normal contribution ("Cost Sharing Percentage"), shall not exceed the Employer Normal Cost Rate, as that rate is defined in the CalPERS Actuarial Valuation for the relevant fiscal year. If the Cost Sharing Percentage will exceed the relevant Employer Normal Cost Rate, the Cost Sharing Percentage shall automatically be reduced to an amount equal to, and not to exceed, the Employer Normal Cost Rate for the relevant fiscal year.

12. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on June 1, 1978. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
13. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.
14. Public Agency shall also contribute to said Retirement System as follows:
 - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21573 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local safety members.
 - b. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
 - c. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - d. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
15. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

16. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL
CITY OF HAYWARD

BY _____
ARNITA PAIGE, CHIEF
PENSION CONTRACTS AND PREFUNDING
PROGRAMS DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

PLEASE DO NOT SIGN "EXHIBIT ONLY"
PLEASE DO NOT SIGN "EXHIBIT ONLY"



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: MIN 16-109

DATE: December 13, 2016

TO: Geologic Hazard Abatement District Board

FROM: GHAD Clerk

SUBJECT

Minutes of the Joint City Council/Hayward Geologic Hazard Abatement District Board Meeting on October 25, 2016

RECOMMENDATION

That the Hayward Board of Directors approve the Minutes of the Joint City Council/Hayward Geologic Hazard Abatement District Board Meeting on October 25, 2016

ATTACHMENTS

Attachment I GHAD Minutes of October 25, 2016

**MINUTES OF JOINT CITY COUNCIL/HAYWARD GEOLOGIC HAZARD
ABATEMENT DISTRICT BOARD MEETING
OF THE CITY OF HAYWARD
Council Chambers
777 B Street, Hayward, CA 94541
Tuesday, October 25, 2016**

The Joint City Council/Hayward Geologic Hazard Abatement District Board meeting was called to order by Board Member Lamnin at 7:00 p.m., followed by the Pledge of Allegiance led by Board Member Lamnin.

ROLL CALL

Present: BOARD MEMBERS Zermeno, Marquez, Mendall, Peixoto, Lamnin, Salinas

Absent: BOARD MEMBER Halliday

CONSENT

1. Minutes of GHAD Portion of Special Meeting on September 25, 2016 (MIN 16-093).

A motion was made by Board Member Mendall, seconded by Member Marquez and carried unanimously to approve the minutes.

PUBLIC HEARING

2. Consideration of Resolution to Approve Hayward GHAD Plan of Control for the La Vista Development (No. 16-03) and Declare the GHAD's Intent to Order an Assessment for the La Vista Development and Set a Public Hearing for December 13, 2016 to Consider the Proposed Assessment and any Protests thereto (No. 16-04) (PH 16-108).

Staff report submitted by GHAD Manager and GHAD Attorney dated October 25, 2016, was filed.

It was moved by Board Member Salinas, seconded by Board Member Marquez, and carried unanimously to adopt the following:

HGHAD 16-03 "Resolution Approving the Hayward Geological Hazard Abatement District Plan of Control for the La Vista Development"

It was moved by Board Member Marquez, seconded by Board Member Salinas, and carried unanimously, to adopt the following:

HGHAD 16-04 “Resolution of Intention to Order an Assessment for the La Vista Development within the Hayward GHAD and Set a Public Hearing for December 13, 2016 to Consider the Proposed Assessment and Protests Thereto”

ADJOURNMENT

GHAD Board Member Lamnin adjourned the meeting at 8:45 pm.

APPROVED:

Sara Lamnin, Board Member,
Geological Hazard Abatement District

ATTEST:

Patricia E. Curtin
Secretary, Geological Hazard Abatement District



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

File #: PH 16-116

DATE: December 13, 2016

TO: Geologic Hazard Abatement District Board

FROM: GHAD Manager and GHAD Attorney

SUBJECT

Conduct a Public Hearing on the Proposed Assessment for La Vista Development, Accept the Canvass of Votes and if Allowed by the Votes, Confirm the Assessment, and Order the Levy and Collection of the Assessment

RECOMMENDATION

Staff recommends that the GHAD Board take the following actions:

1. Open and conduct a public hearing on the proposed assessment;
2. Close the hearing and consider any protests against the assessment;
3. Direct the GHAD Clerk to tabulate the assessment ballot;
4. Adopt Resolution No. 16-05 Accepting the Canvass of Votes; and
5. If the vote allows, adopt Resolution No. 16-06 Confirming the Assessment and Ordering the Levy and Collection of the Assessment.

ATTACHMENTS

Attachment I Hayward GHAD Staff Report
Attachment II Hayward GHAD Resolution 16-05
Attachment II Hayward GHAD Resolution 16-06

HAYWARD
GEOLOGIC HAZARD ABATEMENT DISTRICT (GHAD) BOARD
STAFF REPORT

BOARD MEETING DATE: December 13, 2016
TO: Hayward GHAD Board of Directors
FROM: GHAD Manager and GHAD Attorney
SUBJECT: Conduct a public hearing on the proposed assessment for La Vista development, accept the canvass of votes and if allowed by the votes, confirm the assessment, and order the levy and collection of the assessment

RECOMMENDATIONS

Staff recommends that the GHAD Board take the following actions:

1. Open and conduct a public hearing on the proposed assessment;
2. Close the hearing and consider any protests against the assessment;
3. Direct the GHAD Clerk to tabulate the assessment ballot;
4. Adopt Resolution No. 16-05 Accepting the Canvass of Votes; and
5. If the vote allows, adopt Resolution No. 16-06 Confirming the Assessment and Ordering the Levy and Collection of the Assessment.

BACKGROUND

The La Vista development includes 179 single-family residential lots and additional improvements including a park, trails, water quality pond, dual use detention basin and water quality/detention basin. Due to the potential for geologic hazards and related ongoing maintenance, the conditions of approval for the La Vista development required that it be included within a GHAD. To satisfy this requirement, the developer of the La Vista development petitioned the City Council to form the GHAD. On March 1, 2016, the City Council adopted Resolution No. 16-030 forming the GHAD and appointed itself to serve as the GHAD Board of Directors.

On October 25, 2016, the GHAD Board, pursuant to Resolution No. 16-03, adopted the Plan of Control for the La Vista development and pursuant to Resolution No. 16-04, declared its intent to order an assessment and set a hearing for December 13 to consider the proposed assessment.

At the December 13 hearing, the GHAD Board will hear and consider any protests against the proposed assessment. If a majority of the property owners within the La Vista development protest the assessment, the GHAD Board is precluded by law from ordering the assessment. There is only one landowner within the La Vista development and GHAD boundaries. As required by law, on October 31, 2016, the ballot on the proposed assessment was mailed to the landowner. The landowner may vote either to approve or reject the assessment. The ballot will be presented to the GHAD Board at its hearing on December 13.

The Engineer's Report (attached as Attachment A to proposed Resolution No. 16-06) recommends an assessment limit of \$1,502 per single family residential unit (fiscal year 2016/2017 dollars). The annual assessment limit would be adjusted annually based on the San Francisco-Oakland-San Jose Consumer Price Index (CPI). The assessment will allow the GHAD to fund estimated administrative, monitoring, maintenance, and repair expenses within the La Vista development.

FISCAL IMPACT:

The developer of the La Vista development is responsible for funding all activities undertaken by the GHAD up and until the GHAD Improvements, as defined in the Plan of Control, are accepted by the GHAD. Thereafter, the GHAD is funded 100% through assessments levied on properties within the GHAD.

ENVIRONMENTAL REVIEW:

Under State law, GHAD formation is exempt from review under the California Environmental Quality Act (CEQA) (Pub. Res. Code § 26559). Also, improvements caused to be undertaken under the GHAD Law and all activities in furtherance or in connection therewith are exempt from review under CEQA (Pub. Res. Code § 26601).

ATTACHMENTS:

1. Resolution No. 16-05 Accepting Canvass of Votes.
2. Resolution No. 16-06 Confirming Assessment and Ordering Levy and Collection Thereof.

**BOARD OF DIRECTORS
HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT (GHAD)**

RESOLUTION NO. 16-05

**RESOLUTION ACCEPTING CANVASS OF VOTES FOR LA VISTA
DEVELOPMENT WITHIN THE HAYWARD GHAD**

WHEREAS, on December 13, 2016, the Hayward GHAD (GHAD Board), held a public hearing on a benefit assessment proposed to be levied on real property located within the La Vista development. After the close of the public hearing, the GHAD Clerk opened the sealed ballot that had been submitted and not withdrawn, prior to the close of the hearing and tabulated it in support of or in opposition to the proposed assessment. In tabulating the ballots, the GHAD Clerk weighted it according to the proportional financial obligation of the affected property.

NOW, THEREFORE, the GHAD Board hereby resolved and orders that:

1. The GHAD Board accepts the Canvass of Votes from the GHAD Clerk showing the benefit assessment passed as follows:

<u>Total Landowner</u>	<u>Voted</u>	<u>Yes</u>	<u>No</u>
------------------------	--------------	------------	-----------

2. This Resolution shall become effective immediately upon its passage and adoption.

HAYWARD, CALIFORNIA, DECEMBER 13, 2016

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

EXCUSED:

ATTEST: _____
Clerk of the GHAD Board

**THE BOARD OF DIRECTORS
HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT (GHAD)**

RESOLUTION NO. 16-06

**RESOLUTION CONFIRMING ASSESSMENT FOR THE HAYWARD GHAD AND
ORDERING LEVY AND COLLECTION THEREOF**

WHEREAS, on March 1, 2016, the Hayward City Council adopted Resolution No. 16-030, approving and ordering the formation of the Hayward GHAD and appointed itself as the Board of Directors of the Hayward GHAD (GHAD Board);

WHEREAS, on October 25, 2016, pursuant to Resolution No. 16-03, the GHAD Board approved the Plan of Control for the La Vista development and pursuant to Resolution No. 16-04, ordered the levy and collection of an assessment based on the Plan of Control and Engineer's Report attached hereto and incorporated herein as Attachment A in order to pay for the cost and expenses of maintaining and operating GHAD improvements acquired or constructed pursuant to Public Resources Code sections 26500 *et seq.*;

WHEREAS, Resolution No. 16-04 declares the GHAD Board's intention to assess the property within the La Vista development for fiscal year 2016/2017 and for subsequent years, all or a part of the amounts set forth in the Engineer's Report, and prepared pursuant to the provisions of Public Resources Code section 26651 and Article XIII(D), Section 4 of the California Constitution; the annual assessment amount is recommended at \$1,502/residential unit which will be adjusted annually based on the San Francisco-Oakland-San Jose Consumer Price Index (CPI);

WHEREAS, on October 31, 2016, notice of the December 13, 2016 public hearing was delivered to the landowner within the La Vista development; and

WHEREAS, Resolution No. 16-04 directs the GHAD Clerk to deliver all the assessment ballots received from the record owner to the GHAD Board prior to the start of the public hearing on December 13; at this same hearing the GHAD Board will consider all protests against the proposed assessment and tabulate the assessment ballots; in tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation on the affected property; if there is no majority protest, the GHAD Board shall authorize the assessment.

NOW, THEREFORE, the GHAD Board hereby resolves and orders that:

1. The GHAD Clerk caused notice to be provided of the December 13, 2016 public hearing in accordance with Public Resources Code sections 26651 through 26653 and Article XIII(D) Section 4 of the California Constitution.

2. The public hearing was held before the GHAD Board on December 13, 2016 at 7:00 p.m. at Hayward City Hall, 777 B St., Hayward, California. At the hearing, the GHAD Board heard and considered any and all protests to the proposed assessment. At the hearing, the

GHAD Clerk delivered to the GHAD Board the ballot received from the record owner of the La Vista property within the Hayward GHAD. The GHAD Board tabulated the ballot and weighted it according to the proportional financial obligation on the affected property. The GHAD Board then closed the hearing.

3. Based upon the tabulation of the ballot, the GHAD Board finds that there is no majority protest. Therefore, the GHAD Board is authorized to levy the proposed assessment pursuant to Public Resources Code section 26653 and Article XIII(D), Section 4 of the California Constitution.

4. The GHAD Board hereby orders that the costs and expenses of maintaining and operating the GHAD improvements within the La Vista development be absorbed by the property within that development.

5. The GHAD Board further confirms the assessment, as set forth in the Engineer's Report, and orders the levy of the assessment against the property in with the La Vista development as provided in that Engineer's Report.

6. The GHAD Board further orders that the amounts set forth in the Engineer's Report (including an annual adjustment to reflect the percentage change in the Consumer Price Index over the previous twelve month period), shall be assessed against the La Vista property within the Hayward GHAD at the time the City issues the residential building permits and for subsequent fiscal years.

7. The GHAD Board further directs the GHAD Manager to finalize the Engineer's Report consistent with this Resolution No. 16-06 and attach it to the official version of this Resolution as retained by GHAD Clerk.

8. The GHAD Board further orders that the assessment shall be levied and collected in the following manner:

(a) The GHAD Clerk shall cause to be recorded a Notice of Assessment, in substantially the form attached as Attachment B, as provided for in Section 3114 of the California Streets and Highways Code, at which time the assessment shall attach as a lien upon the property.

(b) Thereafter, the assessment shall be payable at the same time and in the same manner as general taxes on real property within the Hayward GHAD are payable.

(c) All funds generated by the assessment, and all interest earned on the assessment, shall be segregated and deposited in separate account for the exclusive benefit of the Hayward GHAD, as directed by the Treasurer. Said funds shall not be deposited with or credited to the City or any of its departments, including the City Finance and Management agency or the City Treasury.

9. This Resolution shall become effective immediately upon its passage and adoption.

HAYWARD, CALIFORNIA, DECEMBER 13, 2016

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

EXCUSED:

ATTEST: _____
Clerk of the GHAD Board

Attachments: Attachment A (Engineer's Report dated October 17, 2016)
Attachment B (Notice of Assessment)

ENGINEER'S REPORT

for

**HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT
LA VISTA DEVELOPMENT
HAYWARD, CALIFORNIA**

October 17, 2016

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ENGINEER'S REPORT

**HAYWARD
GEOLOGIC HAZARD ABATEMENT DISTRICT**
(Pursuant to the Public Resources Code of the State of California, Section 26500 et seq.)

CERTIFICATION OF FILING

The Hayward Geologic Hazard Abatement District ("GHAD") shall provide monitoring and maintenance of improvements related to geologic hazard management and other responsibilities as a landowner, within the La Vista Development in the Hayward GHAD and levies and collects assessments in order to perform its activities.

The GHAD responsibilities, which are the subject of this report and the Plan of Control, are defined as any activity necessary or incidental to the prevention, mitigation, abatement, or control of a geologic hazard, construction, maintenance, repair, or operation of improvement; or the issuance and servicing of bonds issued to finance any of the foregoing (Section 26505).

This report consists of eight parts, as follows:

- I. INTRODUCTION
- II. BACKGROUND
- III. GEOLOGIC HAZARD ABATEMENT DISTRICT DIAGRAM
- IV. SERVICE LEVELS
- V. DESCRIPTION OF GHAD-MAINTAINED IMPROVEMENTS
- VI. ASSESSMENT METHOD
- VII. ASSESSMENT LIMIT - BUDGET PROJECTION
- VIII. PROPERTY OWNER OR DEVELOPER RESPONSIBILITIES

The undersigned respectfully submits the enclosed Engineer's Report.

Date: October 17, 2016

By: ENGEO Incorporated

_____, GE
Paul C. Guerin

I HEREBY CERTIFY that the enclosed Engineer's Report was approved and confirmed by the GHAD Board.

Patricia E. Curtin
Clerk of the Board
Hayward Geologic Hazard Abatement District
Hayward, California

ENGINEER'S REPORT

for

**HAYWARD GEOLOGIC HAZARD ABATEMENT DISTRICT
LA VISTA DEVELOPMENT
HAYWARD, CALIFORNIA
for the
ESTABLISHMENT OF AN ASSESSMENT LIMIT**

I. INTRODUCTION

The Hayward City Council formed the Hayward Geologic Hazard Abatement District (“GHAD” or “District”) on March 1, 2016 (Resolution No. 16-030), under the authority of the California Public Resources Code, Division 17, Section 26500 et seq. Members of the Hayward City Council act as the Board of Directors of the GHAD.

II. BACKGROUND

The developer of the La Vista development (“Project”) has submitted the Hayward GHAD Plan of Control – La Vista Development (“Plan of Control”) that describes the GHAD’s responsibilities to permanently monitor and maintain GHAD improvements within the GHAD and within Easement Areas “M” and “TBD”. This Engineer’s Report describes the establishment of an assessment level to fund GHAD activities necessary or incidental to geologic hazard mitigation, abatement and control.

III. GEOLOGIC HAZARD ABATEMENT DISTRICT BOUNDARIES

The boundaries for the GHAD are shown in the plats (Exhibit A) and legal description (Exhibit B).

IV. SERVICE LEVELS

The GHAD’s activities are those that are necessary or incidental to the prevention, mitigation, abatement, or control of geologic hazards including construction, maintenance, repair, or operation of any improvement; and the issuance and servicing of bonds issued to finance any of the foregoing.

The GHAD provides for the administration and review of facilities within the budgeted limits, including the following services:

1. Oversight of GHAD operations, including reporting to the GHAD Board of Directors.

2. In conjunction with the County Assessor's Office, setting the annual levying of assessments on the property tax rolls.
3. Engagement of technical professionals to perform the monitoring duties as described in the Plan of Control.
4. Performance of GHAD maintenance activities in accordance with the Plan of Control. These maintenance activities include:
 - General maintenance of the surface drainage improvements within the GHAD Boundary and Easements "M" and "TBD", such as the concrete V-ditches. The GHAD is also responsible for general maintenance of storm drain inlets and outlets in open space, subdrain outlets, and risers. Inspection and maintenance of concrete-lined drainage ditches.
 - Monitoring and maintenance of measurement devices, such as piezometers, inclinometers, and tiltmeters, if any.
 - Maintenance of existing property line/boundary fencing.
 - Inspection and maintenance of surface water quality treatment, water quality pond, and detention basins within the Project.
 - Maintenance of retaining wall east of Alquire Parkway at the northwest corner of the Moita property.
 - Maintenance of two CDS water quality treatment units along Tennyson Road.
 - Maintenance of roads associated with the water quality pond and the detention basins.
 - Maintenance of roads/trails over public water mains on the GHAD owned parcels.
 - Maintenance of debris benches and walls.
 - Maintenance of subdrains, including, but not limited to, those shown on Appendix A, Figure 3.
 - Maintenance of storm drain inlets, outfalls and pipelines within the GHAD owned parcels and a portion of the public park area.
 - Maintenance of trails (other than City-owned public trails) within the GHAD owned parcels.

- Maintenance of slopes including Hayward Concentrated Fault Zone.
 - Maintenance of vegetation control for fire suppression.
 - Maintenance of slopes including subdrains and surface drainage within Easements “M” and “TBD”.
5. The GHAD will also have maintenance, monitoring and repair responsibilities for slopes, which will include natural, reconstructed or partially reconstructed landslides.
 6. Preparation of annual GHAD budgets and other documents and reports for consideration by the GHAD Board of Directors.

V. DESCRIPTION OF THE IMPROVEMENTS MAINTAINED BY THE GHAD

The GHAD-maintained improvements are described in the Plan of Control. In general, these improvements include water quality facilities; drainage systems, including concrete-lined ditches in developed areas and open space; open-space storm drain inlets and outlets; subdrains and outlets; retaining walls; access roadways; and improvements within Easements “M” and “TBD”.

VI. ASSESSMENT METHOD

With the exception of Easements “M” and “TBD”, the improvements and GHAD responsibilities described in Section V are distributed within the limits of the GHAD. The improvements described in this document will confer the following special benefits to the assessed parcels:

1. Protection from slope instability
2. Protection from erosion due to uncontrolled surface water
3. Protection of water quality
4. Protection from wild land fires associated due to unmanaged vegetation

The GHAD assessment is distributed among all residential property owners within the GHAD. The improvements and responsibilities listed in Section V provide specific benefits to the properties within the GHAD and the improvements are constructed for the benefit of those assessed and not the general public.

As listed above and in Section 7.0 of the Plan of Control, the GHAD will monitor and maintain non-irrigated vegetation management, slopes, surface and subsurface drainages within Easements “M” and “TBD”. Although this area is outside the GHAD boundary, the maintenance of these facilities is necessary to reduce the potential for uncontrolled stormwater infiltration, erosion, and other potential geologic hazards that could affect properties and improvements within the Project.

Single-family residential lots are assessed as one unit. There are a total of 179 residential units within the Project. The total number of equivalent residential units within the GHAD was considered in light of the annual GHAD budget in developing the annual assessment amount. The Engineer hereby finds that residential properties within the GHAD receive substantially proportional special benefit.

A financial analysis was performed to provide a framework for an operating budget for the on-going abatement, mitigation, prevention and control of geologic hazards within the GHAD. In preparation of the budget, several factors were considered including:

- Site geology
- Remedial grading
- Proximity of geologic hazards to proposed residences
- Improvements or structures
- Site access considerations
- Elements requiring routine maintenance, including:
 1. Surface drainage facilities
 2. Graded slopes
 3. Retaining walls
 4. Bioretention and detention basin facilities
 5. Trails and fire breaks

VII. ASSESSMENT - BUDGET

The purpose of this Engineer's Report is to establish the assessment level and the apportionment of the assessment within the GHAD as required under Proposition 218. The annual budget in each subsequent fiscal year will apprise the GHAD Board of Directors of the estimated budget for the upcoming year.

Based on the estimated expenses for on-going operations, and allowing for larger (approximately \$750,000) geologic events at 10-year intervals, a budget was prepared for the purpose of estimating initial assessment levels (Exhibit B).

The Engineer recommends an annual assessment limit for the GHAD of \$1,502.00 per single-residential unit (Fiscal Year 2016/17 dollars). The proposed initial assessment level will be automatically adjusted annually on June 30 to reflect the percentage change in the San Francisco-Oakland-San Jose Consumers Price Index for All Urban Consumers.

While the assumptions and estimated expenses listed in Exhibit B were used to determine the assessment levels for the GHAD, they do not represent the actual budget for any one year of the GHAD's operation, since assessment of the individual parcels will be based on the issuance of building permits, which will occur over a number of years. In addition, the Engineer anticipates that the projected expense amounts will be reached over time and that these amounts will be inflation-adjusted in the year that the expenses occur.

VIII. PROPERTY OWNER OR DEVELOPER RESPONSIBILITIES

The property owner or developer of the Project is responsible for managing and maintaining the La Vista portion of the GHAD until the GHAD accepts responsibility for the GHAD Improvements as set forth in the Plan of Control. In addition, the property owner or developer is responsible for funding any necessary GHAD functions or business undertaken for the GHAD that the GHAD Officers or Board of Directors determine are necessary before the GHAD accepts the GHAD Improvements. If the property owner or developer fails to fund all or a portion of these costs, these costs shall be covered by the funds generated by and for the GHAD (i.e., through the assessment) and the developer shall be required to reimburse the GHAD for such costs before the GHAD can accept monitoring and maintenance responsibilities for the GHAD Improvements.

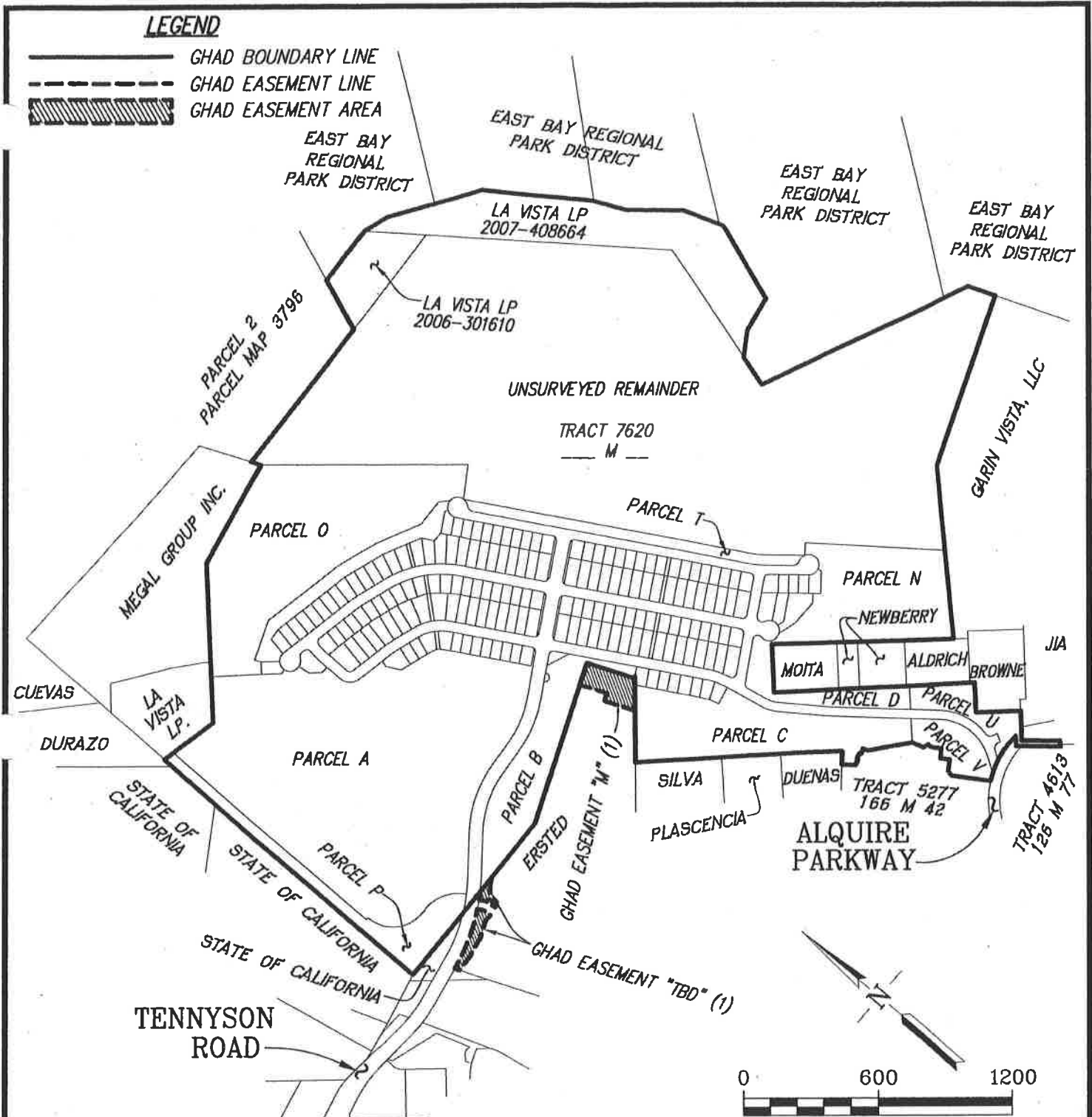
The GHAD may utilize funds generated by or for the GHAD to conduct any necessary GHAD functions or business for the GHAD before the GHAD accepts the GHAD improvements. Such functions and business can include periodic reporting to the GHAD Board of Directors and work performed by GHAD Officers to verify the GHAD is implemented in accordance with the Plan of Control and GHAD Law. Such an undertaking does not render the GHAD liable or responsible for the GHAD improvements during this period of time. The GHAD only becomes responsible for maintenance once the GHAD improvements are accepted by the GHAD in accordance with the requirements set forth in the Plan of Control.

EXHIBIT A

Legal Description and Plats to Accompany Legal Description

LEGEND

-  GHAD BOUNDARY LINE
-  GHAD EASEMENT LINE
-  GHAD EASEMENT AREA



(1) HAYWARD TENNYSON, LLC EASEMENTS MAINTAINED BY THE HAYWARD GHAD.

SHEET 1 OF 3 SHEETS

EXHIBIT A
PLAT TO ACCOMPANY LEGAL DESCRIPTION
FOR
GEOLOGIC HAZARD
ABATEMENT DISTRICT
CITY OF HAYWARD, ALAMEDA COUNTY, CALIFORNIA

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RJA
RUGGERI-JENSEN-AZAR
 ENGINEERS • PLANNERS • SURVEYORS
 4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
 PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE: 1" = 600'	DATE: 09-30-2015	JOB NO.: 053019
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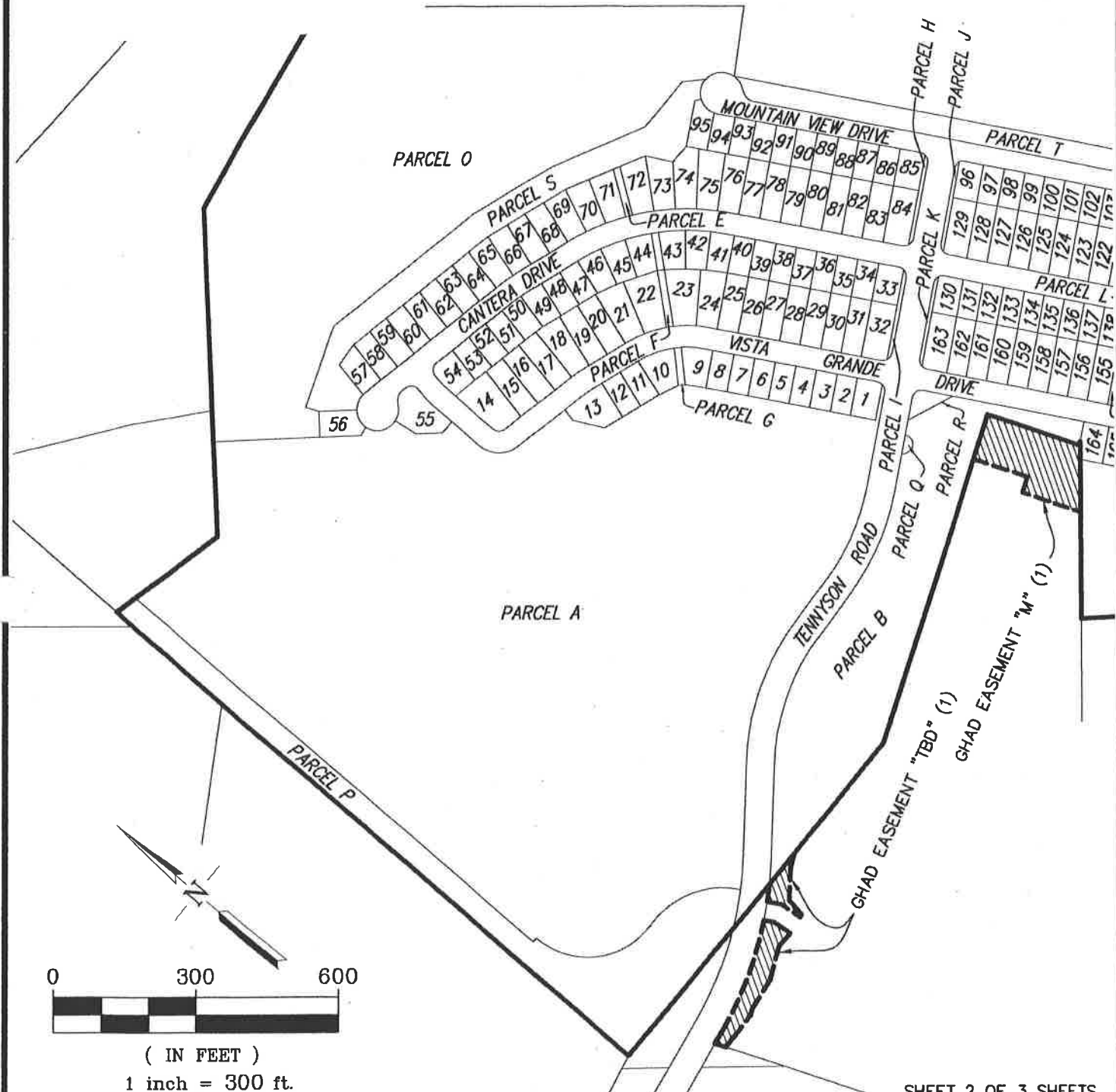
LEGEND

-  GHAD BOUNDARY LINE
-  GHAD EASEMENT LINE
-  GHAD EASEMENT AREA

UNSURVEYED REMAINDER

TRACT 7620

— M —



SHEET 2 OF 3 SHEETS

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EXHIBIT A
PLAT TO ACCOMPANY LEGAL DESCRIPTION
FOR
GEOLOGIC HAZARD
ABATEMENT DISTRICT
CITY OF HAYWARD, ALAMEDA COUNTY, CALIFORNIA



RUGGERI-JENSEN-AZAR
 ENGINEERS • PLANNERS • SURVEYORS
 4690 CHABOT DRIVE, SUITE 200 PLEASANTON, CA 94588
 PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE:
 1" = 300'

DATE:
 09-30-2015

JOB NO.:
 053019

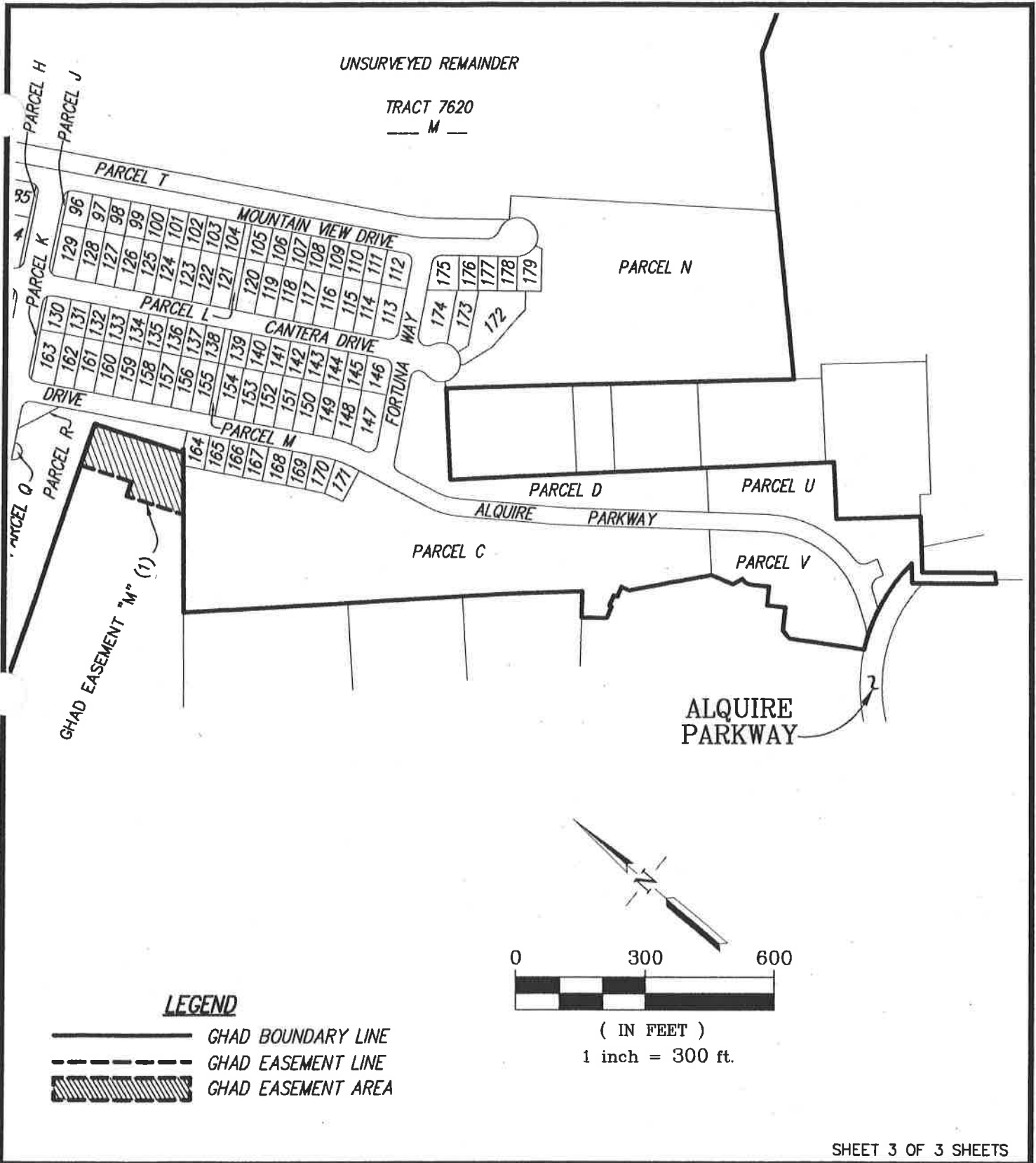


EXHIBIT A
PLAT TO ACCOMPANY LEGAL DESCRIPTION
FOR
GEOLOGIC HAZARD
ABATEMENT DISTRICT
CITY OF HAYWARD, ALAMEDA COUNTY, CALIFORNIA

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 PHONE: (925) 227-9100 FAX: (925) 227-9300

SCALE: 1" = 300'	DATE: 09-30-2015	JOB NO.: 053019
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EXHIBIT "A"

Real Property situate in the City of Hayward, County of Alameda, and State of California; and being all of Lots 1 thru 179 & all of Parcels A thru V as created by that certain map entitled "Tract 7620" and filed on _____ and recorded in Book ____ of Maps at pages ___ through ___, Official Records of said County, and all of the certain parcel described as Parcel Two in a Grant Deed to La Vista L.P. recorded on August 7, 2006 under document number 2006-301610 Official Record of said County, and all of that certain parcel of land described in the Grant Deed to La Vista L.P. recorded on November 30, 2007 under document number 2007-408664 Official Records of said County.

End of Description

Prepared by:

Scott A. Shortlidge, L.S. 6441

Date

EXHIBIT B

Hayward GHAD Budget

La Vista Development

EXHIBIT B
Hayward Geologic Hazard Abatement District
La Vista Development

Budget

ASSUMPTIONS

Total Number of Single Family Residential Units	179
Annual Assessment per Unit (FY 2016/2017 Dollars)	\$1,502
Annual Adjustment in Assessment (estimated)	3.0%
Inflation (estimated)	3.0%
Investment Earnings (estimated)	4.5%
Frequency of Large-Scale Repair (years)	10
Cost of Large-Scale Repair (current \$)	\$750,000

ESTIMATED ANNUAL EXPENSES IN FY 2016/17 DOLLARS

Administration and Management	\$ 18,000
Additional GHAD Staff, Memberships, Assessment Roll, and Budget	\$ 9,250
Site Monitoring Program	\$ 10,250
Slope Stabilization, Erosion, and Minor Repairs	\$ 20,000
Detention Basin Facility Maintenance	\$ 15,300
Sediment Removal - Concrete Structures	\$ 12,500
Vegetation Control – Open Space	\$ 8,000
Subdrain Maintenance	\$ 500
Trail and Fence Maintenance	\$ 2,436
Open Space Management – Conservation Easement Activities	\$ 15,000
Concrete lined Drainage Ditch Replacement	\$ 20,000
Detention Basin/Water Quality Improvement Replacement	\$ 800
Open Space Storm Drain Replacement	\$ 13,800
Retaining Wall, Fence, and Trail Replacement	\$ 2,690
Major Repair (Annualized)	\$ 75,000
Misc & Contingency (10%)	<u>\$ 14,853</u>

Total \$ 238,379

NOTICE OF ASSESSMENT

Pursuant to the requirements of Section 3114 of the Streets and Highways Code, the undersigned Clerk of the Hayward Geologic Hazard Abatement District State of California, hereby gives notice that a diagram and assessment were recorded in the office of the County Recorder of Alameda County as provided for in said section, more particularly described on that certain assessment diagram filed in accordance with the section in Book ____ of Maps of Assessments and Community Facilities Districts at Page ____ in the Office of the County Recorder of the County of Alameda and relating to the following described real property (commonly known as La Vista development):

The land referred to is situated in the County of Alameda, City of Oakland, State of California, and is described as follows:

Real Property situate in the City of Hayward, County of Alameda, and State of California; and being all of Lots 1 thru 179 and all Parcels A thru V as created by that certain map entitled "Tract 7620" and filed on _____ and recorded in Book _____ of Maps at pages ____ through ____, Official Records of said County, and all of the certain parcel described as Parcel Two in a Grant Deed to La Vista L.P. recorded on August 7, 2006 under document number 2006-301610 Official Record of said County, and all of that certain parcel of land described in the Grant Deed to La Vista, L.P. recorded on November 30, 2007 under document 2007-408664 Official Records of said County.

Notice is further given that upon the recording of this notice in the Office of the County Recorder, the several assessments assessed on the lots, pieces and parcels shown on said filed assessment diagram shall become a lien upon the lots or portions of lots assessed respectively.

Reference is made to the assessment diagram and assessment roll recorded in the office of the County Recorder of Alameda County.

Dated: _____

Owner Notification:

ATTEST: