



DATE: April 16, 2024

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Stack Center Project: Update on Phasing and Funding Gap

RECOMMENDATION

That Council receives this report on the phasing and budget gap for the Stack Center project and provides feedback.

SUMMARY

Community members and elected officials have long held the dream of building a new South Hayward Youth and Family Center at the corner of Tennyson and Ruus Roads, referred to as the Stack Center. For the past ten years, the City and its partners have worked to raise funds and define the vision for this Center. The purpose of this work session is to give newer Council Members background on this project and outline decisions that will be coming to Council over the next 10 months. In particular, staff is seeking feedback from Council on the funding gap for Phase II construction, which must commence by early 2025 to meet a state grant deadline. The City must either identify sources to close the funding gap by fall of 2024 or scale back the designs with existing funds to meet the grant requirements.

BACKGROUND

Existing Site

The future Stack Center Campus will encompass four-acres of City-owned property that will result in a combined 50,000 ft² of multi-use service space. The existing site is comprised of the current Eden Youth and Family Center (EYFC) and Matt Jimenez Community Center. In 1979, EYFC took over the former Tennyson Elementary School to address the area's disproportionate lack of health care, education, and other social services. Tennyson Elementary was built in the 1950s. There have not been any substantial capital improvements to the buildings since that time.

In the 1990s, the City purchased the EYFC building to keep struggling non-profit service providers afloat. Since that time, EYFC has leased the facility from the City. Services have

remained open, but the non-profit operators have not had additional funding to invest in capital improvements. As a result, the quality of the site has fallen into greater disrepair. In addition, partners and funders have been hesitant to make upgrades to buildings that are long past their useful life.

Matt Jimenez Community Center was built in the 1990s as a Boys & Girls Club on City land. The building was subsequently leased to the Hayward Area Recreation and Parks District (HARD) to operate. In 2020, HARD vacated the front half of the MJCC and plans to only operate the gymnasium portion moving forward.

Efforts to Raise Capital Funds

In 2007, the City and Alameda County began planning for major improvements at this site, which included several community meetings where community partners and residents shared their goal of building a fully new center. However, due to the nationwide economic downturn and the dismantling of local redevelopment agencies, the project was stalled.

In 2012, under the leadership of the late Alameda County Supervisor Richard Valle, the effort was renewed. His office helped hold additional community meetings and secured significant seed funding for the project. In July 2014, the County Board of Supervisors allocated \$9.6 million from District 2's share of one-time residual property tax funds for the Stack Center. In June 2015, the County Board of Supervisors approved the acceptance of a \$5 million grant from the Kaiser Regional Foundation. This total funding amount was reduced by approximately \$600,000 to help fund Mia's Dream Park, which is located on parcels abutting the Stack Center project site.

Over the past three years, City staff has leveraged the County's seed funding to secure an additional \$16,205,902 in state and federal grant funding and \$3,600,000 in other funds. These sources are shown below, along with the construction phases to which they are allocated.

Funding Sources

State and Federal Grants	Grant Amount	Phase
Clean California - Caltrans	\$2,647,000	Phase I
State of CA Natural Resources Agency	\$1,000,000	Phase I
Federal Dept of Housing & Urban Development	\$1,500,000	Phase I
State Library Building Forward Infrastructure	\$8,558,902	Phase II
State's Housing and Community Development	\$2,500,000	Phase II
Total State and Federal Grants	\$16,205,902	
Other Funding Sources		
Alameda County (including \$5 M from Kaiser)	\$14,000,000	Phase I & II
City ARPA Funds	\$2,000,000	Phase I
City General Funds	\$100,000	Phase I
La Vista Developer Contribution	\$1,500,000	Phase I & II

Total Funding including Grants	\$33,805,902
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In addition, the City hired a fundraising consultant in 2022 to assess the viability of securing private donations. The consultant found that there may be up to \$10 million in possible donations for a project of this type in Hayward, but no more than that. One barrier to private fundraising is the relatively low per capita income in Hayward and the need to prioritize keeping critical nonprofit services running, over capital improvements.

The consultant also found that there is insufficient fundraising capacity within existing project partners to conduct the type of relationship building required for large donations of \$100,000 and above. They recommended forming an independent “Friends of the Stack Center” non-profit solely dedicated to raising funds for this project and future operations. Unfortunately, staff has not had capacity to take this on, due to competing priorities.

Governance and Project Partners

In 2015, the City, Alameda County, and HARD formed the Stack Center Governance Group to guide the project and obtain the necessary resources. From the start, the existing nonprofit onsite providers have been project partners, which are EYFC, Tiburcio Vasquez Health Center (TVHC), Kidango, and Alameda County Office of Education (ACOE).

In September 2016, the Stack Center Governance Group issued a Request for Qualifications for Facility Operator and Administrator Services. In March of 2018, Council authorized the City Manager to execute a facility operator agreement with a partnership between La Familia and Eden Youth and Family Center. Since that time, La Familia has been a project partner. In the past few years, the City of Hayward Library Department and the Hayward Arts Council have also joined the partnership to be future service providers.

Selection of an Architect and Construction Management Firm

In June 2018, the City issued a Request for Proposals (RFP) for the creation of a building program and preliminary design. The City received eight proposals. The Stack Center Governance Group evaluated each proposal and ranked RossDrulisCusenbery (RDC) as the highest. In 2019, Council authorized the City Manager to execute a professional services agreement with RDC, which was expanded in 2020 for architecture and engineering services.

Youth Participatory Design Process

One unique component of the design contract with RDC was the inclusion of a participatory design process with a Youth Advisory Group. The process was initially halted do the commencement of the Covid pandemic. In summer of 2020, staff reengaged the nineteen young people selected for the process. All agreed to participate in a digital version and staff redesigned the curriculum to work for digital tools. The process ran from August through December, 2020. Youth were assigned individual work to complete on their own time and the group met for combined discussions twice a month. Youth were given a \$500 stipend to compensate them for their time and were assisted with digital devises and hot spots to ensure they could join online.

A few of the learnings from the participatory design process:

- The pandemic was incredibly socially isolating, and young people are craving active public spaces where they can connect and celebrate. There was a particular focus on creating a place with bright colors and “millions of lights” that reflect the diverse holidays celebrated throughout the neighborhood, such as Diwali and Dia de los Muertos.
- Conversely, many young people in South Hayward live in crowded conditions and are sharing rooms with family members. Currently, there are few, if any, attractive spaces they can walk to get away from the chaos at home. This has been compounded by the pandemic. They have a strong desire for beautify natural spaces that can serve as sanctuaries.
- They have a strong desire for a diverse range of increased recreational opportunities, with a focus on performance arts, crafting and sports like boxing, soccer, and basketball.
- They see a strong connection to food as a way to share diverse cultural heritages and focus on wellbeing.
- They want to prioritize the message of the strength, survival, and resiliency of South Hayward families, many of whom have struggled greatly to immigrate to the United States and who continue to struggle to survive economically, but also contribute greatly as front-line workers and dedicated parents.

Delineation of Construction Phases

In Spring 2022, the City and its partners discussed splitting the Stack Center project into several phases to use grant funds in the near term, rather than prolong construction while the City secured funding for the full project. On May 3, 2022, Council approved the phased approach and directed staff to prepare documents for Phase I construction. The four phases are:

- *Phase I - Childcare Center & South Campus Outdoor Elements:* This phase includes the renovation of the MJCC to become an affordable childcare center, which will be operated by Kidango. It also includes outdoor improvements like the Community Event Plaza, two tot yards for the childcare center, and the reconfiguration of the parking lots. Once Phase I is complete, Kidango’s childcare programming will move in, which will allow the City to demolish the existing Kidango buildings as part of Phase II construction.
- *Phase II - Core and Shell & First Floor Spaces:* Phase II is the largest phase. It includes demolition of the existing Eden Youth and Family Center, construction of the full core and shell of the new north building, and the build out of the first-floor spaces. The first-floor spaces include:
 - A Technology Lab with a sound-proof recording studio, operated by EYFC
 - A Leaning Lab with Adult Literacy and ESL services with private study areas for tutors and learners, operated by the Hayward Library

- Classroom space, operated by ACOE
 - A corner café, which was one of the top requests of community members
 - A makerspace similar to the Downtown Library
 - A large multipurpose space that will be wired to host hybrid City Council meetings, that can also be split into two learning spaces for after-school homework support, events, and popup stores
 - A public lounge with self-service checkouts for library materials, tech-lending library devices, and a rotating art gallery curated by the Hayward Arts Council
 - Three public meeting rooms that can be used by community groups of for legal clinics, particularly for tenant assistance
 - Administrative offices, family restrooms, and a staff lounge
- *Phase III - Second Floor Health Clinic Spaces:* This phase will build out the second-floor spaces, which are:
 - The Pediatric Health and Dental Clinic, operated by TVHC
 - The Behavioral Health Clinic, operated by La Familia
 - A combined family waiting room
 - Additional restrooms
 - *Phase IV - North Campus Outdoor Elements:* The final phase will demolish the remaining building (the existing TVHC Silva Clinic) and create the two plazas:
 - The Gateway Plaza facing Tennyson Road, which will house public art and have outdoor seating for the café, multipurpose room, and Technology Lab
 - The Program Plaza, which includes a raised amphitheater for outdoor movies, separate raised seating with a stage, outdoor seating for the Lounge, and natural spaces with native landscaping.

Finalizing Phase I and Breaking Ground

In July of 2022, Council authorized the City Manager to execute a professional services agreement with Kitchell for construction management services. In June of 2023, Council adopted a resolution approving the plans and specifications and call for bids for The Stack Center Phase I. On December 12, 2023, Council adopted a resolution awarding a construction contract to Rodan Builders, Inc. On February 8, 2024, the City held a groundbreaking and mural unveiling ceremony to celebrate the start of the first phase of construction.

Phase I construction will be complete by July for the outdoor elements and by October for the indoor elements. Staff anticipates the Childcare Center will be ready to occupy and open by the new year. Staff is planning at least two events with project partners to celebrate the openings, one in late summer and the other around the new year.

DISCUSSION

Estimated Cost and Funding Gap

The estimated cost and funding gap for the full project is shown below.

Construction Phase	Estimate Cost	Funding Gap
Design and Permits	\$5,500,000	\$0
Phase I – Childcare Center & South Campus Outdoor Elements	\$8,403,000	\$0
Phase II – Core and Shell & First Floor Spaces	\$34,232,000	\$14,329,098
Phase III – Second Floor Health Clinic Spaces	\$5,306,000	\$5,306,000
Phase IV – North Campus Outdoor Elements	\$5,255,000	\$5,255,000
Total Estimate Cost and Funding Gap	\$58,696,000	\$24,890,098

The cell highlighted in yellow indicates the funding gap for Phase II, which is the most pressing due to a construction deadline attached to grant funding for Phase II. Construction must commence in early 2025 on Phase II to meet that deadline. The design and development permits are complete, so the only limitation at this point is the funding gap.

There are no grant deadlines associated with Phases III and IV. Staff's intention for that remaining funding gap, totaling approximately \$10.5 Million, is to continue seeking grant funds and pursuing outside fundraising opportunities.

Seeking Council Feedback: Funding Options for Phase II

Staff will continue to seek grants and plans to renew private fundraising efforts this spring. However, staff does not realistically anticipate raising \$14 million by this fall. If the City is unable to raise the gap funding from outside sources, staff is seeking Council's preliminary feedback on the following two options for Phase II:

1. Leveraging Measure C funds to finance the gap and then replenish the majority of those funds with future proceeds from the sale of City owned properties (e.g. City Center or 238 properties). Staff projects receipt of approximately \$9 million from the sale of City Center to a developer. If the renewal of Measure C is placed on the November 2024 ballot and is approved by the voters, there would not be a need to replenish these funds and the property sales proceeds could be programmed for other priority uses.
2. Redesigning Phase II to scale down the amenities to only include those items covered by the grant. This redesign could include removing the second story of the building and placing the clinics elsewhere, removing the café, or other value engineering.

Staff will return in November with an update on Phase II funds and options.

Seeking Council Feedback: Business Plan and Center Operations

As summarized above, the City executed a facility operator agreement with La Familia and Eden Youth and Family Center in 2018. That agreement expired in 2021. In the eight years since the agreement was drafted, the project scope, context, and fiscal environment have changed, partially due to the pandemic. Staff has been meeting with La Familia and EYFC since 2021 to create a sustainable business plan that meets the City's goals maximizing

services and affordable programming. Staff now feels that the partnership would benefit from bringing in an outside expert to review the business plan with an eye on maximizing creative revenue streams and bringing in new service partners. The goal is to create a robust operational model that will ensure the Center's future sustainability.

Staff is seeking Council's feedback on setting aside City funds to hire outside assistance for business plan support, which would not exceed \$70,000. If Council is supportive of this approach, staff will discuss it with the Governance Group and return to Council in the next few months with a proposal, if needed.

FISCAL IMPACT

There is no fiscal impact from receiving this report. Based on direction from Council at this work session on the items above, staff will return to Council with further fiscal analysis before taking any action.

STRATEGIC ROADMAP

This agenda item supports the Strategic Roadmap Priorities of "Invest in Infrastructure" and "Enhance Community Safety and Quality of Life". Specifically, this item relates to the implementation of the following project(s):

- N9: Break ground on the Stack Center and continue fundraising for project needs.
- Q21: Work with partners to design programming for the future Stack Center Community Event Plaza

Prepared by: Mary Thomas, Assistant to the City Manager

Approved by:



Kelly McAdoo, City Manager