

**CITY COUNCIL MEETING
TUESDAY, DECEMBER 15, 2015**

DOCUMENTS RECEIVED AFTER PUBLISHED AGENDA



DATE: December 14, 2015

TO: Mayor and City Council

FROM: Director of Human Resources

SUBJECT: Correction to Resolution Approving a Memorandum of Understanding between the City of Hayward and the Hayward Police Management Unit

The attached document replaces Attachment I of item 5 (CONS 15-389) on the December 15, 2015 City Council Agenda. The Attachment incorrectly states that the Memorandum of Understanding is attached as Exhibit I. The Attachment should state that a copy of the Memorandum of Understanding is available for review and on file in the Office of the City Clerk.

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

Approved by:

Fran David, City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

Resolution Approving the Memorandum of Understanding
between the City of Hayward and the Hayward Police
Management Unit

WHEREAS, the previous Memorandum of Understanding between the City of Hayward and the Hayward Police Management Unit (collectively, "HPMU") expired on June 30, 2015;

WHEREAS, the City and HPMU entered negotiations in May, 2015; and

WHEREAS, the City of Hayward continues to have fiscal challenges and costs related to employee salaries and benefits continue to increase; and

WHEREAS, HPMU recognizes the City's fiscal challenges and continues to contribute toward the cost of CalPERS retirement and currently pay fifteen percent (15%) of which six percent (6%) is a cost share of the employers contribution rate; and

WHEREAS, the City and HPMU have reached a tentative agreement on the terms of an MOU that provides employees with market equity adjustments and recognizes that the members are executive level within the Police Department and future salary discussions will focus on performance and equity; and

WHEREAS, the membership of HPMU ratified the agreement as of November 16, 2015; and

WHEREAS, the proposed changes will cost the City approximately \$477,681 more than projected in the FY 2015 Ten Year Plan for FY 2016, FY 2017 and FY 2018;

NOW, THEREFORE, BE IT RESOLVED THAT THE City Council hereby approves the Memorandum of Understanding between it and HPMU for the period of November 16, 2015, 2015 through June 30, 2019, a copy of which is available for review and on file in the Office of the City Clerk.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2015

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

Staff Report

File #: CONS 15-393

DATE: December 15, 2015

TO: Mayor and City Council

FROM: City Manager

SUBJECT

Amendment to Agreement for Consulting Services with Dutra Cerro Graden

RECOMMENDATION

That Council adopts a resolution authorizing the City Manager to execute an Amendment to Agreement for Consulting Services for Dutra Cerro Graden (DCG).

BACKGROUND

As part of the City's adopted [Economic Development Strategic Plan <http://www.hayward-ca.gov/haywardopenforbusiness/documents/2013/Economic_Development_Strategic_Plan.pdf>](http://www.hayward-ca.gov/haywardopenforbusiness/documents/2013/Economic_Development_Strategic_Plan.pdf), the City is targeting redevelopment of key properties to provide economic revitalization and opportunities to enhance the community with quality development. In order to evaluate targeted sites, and as previously communicated to Council, the City entered into an agreement for consulting services with Dutra Cerro Graden (DCG) for analysis of: 1) City Center, 2) former Mervyn's Headquarters, and 3) Valle Vista - Mission Boulevard site.

The consultant work completed to date has focused on market feasibility of redevelopment and potential strategic options for the City to explore for development of the catalyst/opportunity sites. A presentation was made to City Council on December 16, 2014. Given the various development options, market timing, and current development activity of the three sites, City Council asked that additional analysis and concept studies be focused on the Valle Vista site located off of Mission Boulevard for the development of a catalyst project in South Hayward.

DISCUSSION

The Valle Vista project is complicated as it has multiple ownerships including the State of California, Hayward Area Recreation District, private owners, and the City of Hayward (see Attachment II). In addition, the site is part of the City's [South Hayward Form-Based Code, <http://www.hayward-ca.gov/CITY-GOVERNMENT/SPECIAL-PROJECTS-&-STUDIES/shbfbfc/pdf/2014/140318_SOUTH_HAYWARD_BART_MISSION_BLVD_FBC.pdf>](http://www.hayward-ca.gov/CITY-GOVERNMENT/SPECIAL-PROJECTS-&-STUDIES/shbfbfc/pdf/2014/140318_SOUTH_HAYWARD_BART_MISSION_BLVD_FBC.pdf) which provides

guidance on development within the Mission Boulevard Corridor. The specialized nature of this scope requires an understanding of project management, site planning and visioning, architecture, market analysis, real estate development, construction feasibility, and applicable Federal, State, and local development regulations. City staff engaged DCG to help develop a project concept, engage key property owners, conduct due diligence activities, and produce concept plans and visioning for the project site; along with identifying potential options to implement development of a catalyst project.

In addition, the City has received an unsolicited inquiry from a developer interested in pursuing development on the Valle Vista site consistent with the Council's prior direction on the vision for the site. Staff intends to continue working with this developer to determine whether a feasible project exists. If a deal cannot be negotiated and brought to Council in early 2016 for consideration, staff will continue to pursue further entitlement activities on the site, eventually leading to a request for proposals to solicit interest from other developers. The continued services of DCG will be needed either to assist with taking the properties through the entitlement process or to assist in the negotiations and disposition of the properties with the current developer.

Staff has negotiated an amendment to DCG's existing contract to facilitate these continued activities and for DCG to act as the City's real estate broker in the eventual marketing and sale of these properties. The full scope of work for the DCG contract is included as Attachment III.

FISCAL & ECONOMIC IMPACT

As part of the Adopted FY 2015-2016 Capital Improvement Program, a project fund of \$1 million was established for due diligence and project management of the acquisition and development feasibility of Caltrans lands. The project activities associated with the DCG agreement would be part of the development feasibility of Caltrans lands and would be charged to the project account. If a development project materializes from the City's efforts to acquire and sell the property, the proceeds from the sale would be credited back to the project fund. Since the agreement spans multiple tasks, the scope and fee has been broken down to two distinct phases.

Phase 1: Site Condition, Concept Visioning, and Market Feasibility

Phase 1 required project management and sub-consultant studies and activities by the consultant. DCG has delivered to the City five reports plus concept plans for development of the area, which were shared with Council. These have included the hotel/conference center feasibility study, retail market study, residential market study, and appraisals, among others. The total cost for Phase 1 was \$162,000, which includes payments by DCG to subcontractors.

Phase 2: Project Management, Representation, and Implementation

Phase 2 involves a combination of project management and real estate brokerage services. Since this is a speculative approach with a possibility of a sales transaction not materializing, the compensation for services would be a \$10,000/month for non-brokerage charges for an estimated six-month duration. This could be extended by the City Manager for an additional six months if further work is necessary. If the City property is sold to a developer of a catalyst project, the broker's commission would be 3.5% of

File #: CONS 15-393

the sales transaction amount.


The cost of this recommended agreement is \$307,000 (\$25,000 Original agreement + \$282,000 proposed amendment), in addition to a potential commission of 3.5%, if a successful sales transaction occurs.

In terms of economic impact, the development of a catalyst project could establish a new destination for South Hayward and particularly near the South Hayward BART Station. The intent is to establish a community vision and incorporate place-making elements for South Hayward in order to develop a catalyst project. If a catalyst project is developed, it would spur both direct and indirect economic activity. The total economic benefit would be determined once a development project is identified and the Council determines the use is appropriate for the site and the community.

Prepared by: Micah Hinkle, Economic Development Manager

Recommended by: Kelly McAdoo, Assistant City Manager

Approved by:



Fran David, City Manager

Attachments:

Attachment I
Attachment II
Attachment III

Resolution
Ownership Map
Revised Scope of Services for Valle Vista

HAYWARD CITY COUNCIL

RESOLUTION NO. 15-_____

Introduced by Council Member _____

RESOLUTION AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AMENDMENT TO AGREEMENT FOR CONSULTING SERVICES BETWEEN THE CITY OF HAYWARD AND DUTRA CERRO GRADEN FOR VALLE VISTA CATALYST SITE

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 an Amendment to the Agreement for Consulting Services between the City of Hayward and Dutra Cerro Graden for the Valle Vista Catalyst Site consistent with the terms outlined in the accompanying staff report, in a form to be approved by the City Attorney.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2015

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:
MAYOR:

NOES: COUNCIL MEMBERS:

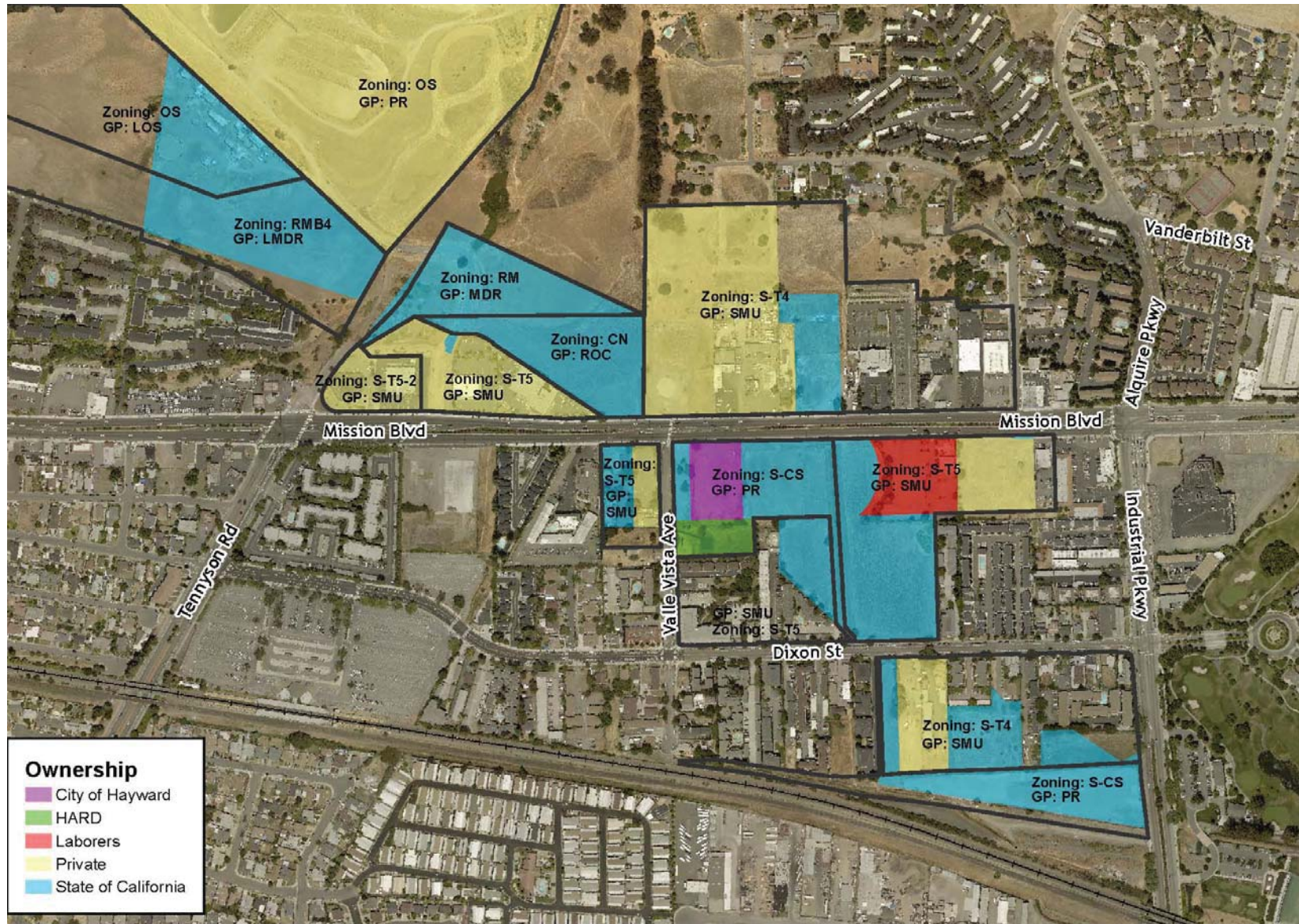
ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward



Scope of Services

In 2014, the City of Hayward engaged Dutra Cerro Graden (“Consultant”) to assess three (3) Catalyst sites: the Mervyn’s site, City Center and the Mission Boulevard property. The Consultant’s scope shall be a continuation of the recommendations and findings presented to the Hayward City Council in October 2014.

Consultant shall provide consulting, project management and brokerage services to design, entitle, subdivide, market and sell a marquee development project (the “Valle Vista Project”) for the original 16.4-acre site, as well as any other expansions of the “Project Area”, generally including those properties within the environs of the west and east sides of Mission Blvd. between Industrial Parkway and Tennyson Road. These owners include:

- Caltrans
- Laborer’s Local Union Hall (located at 29475 Mission Boulevard)
- Hayward Area Recreation Area and Park District
- Private landowners

It is also understood that the Consultant will contract with additional consultants and prospective buyers required to successfully consummate the necessary project visioning and concept plan.

The scope task items for this project are outlined as follows:

PHASE I: (Almost complete including submitted written reports.)

TASK #I.I: GENERAL CONDITIONS AND PROPERTY REVIEW

Consultant shall conduct necessary due diligence on subject property including:

- Verify the current ownership and conditions at the sites in question
- Detail any challenges posed by the properties’ location
- Explore strategies and options to be studied
- The team will undertake a data gathering effort to collect pertinent information related to the properties selected by the City to include, but not necessarily be limited to;
 - Staff reports and City Council meeting minutes
 - Previous studies and investigations
 - Product type and density analyses
 - Outside previous legal analysis and consultant reports
 - General Plans and Zoning Ordinances of subject jurisdictions
 - Specific and/or Concept Plans
 - Development standards
 - Design guidelines

- Work collaboratively with the City to assess current and potential future uses of the properties selected by the City in order to weigh the implications for the policy considerations of the City and the flexibility as allowed under current or impending law
- Obtain an appraisal of the subject properties to arrive at a per acre purchase price
- Obtain a record data base sheet of the site boundary, easements and other encumbrances of record based upon a current preliminary title report
- Check project site's status as it relates to the Williamson Act, FEMA Flood Zone, and Geo-Hazard Zones
- Consult with active builders in the industry to ascertain if proposed product type and densities are viable in the market and specifically, viable in the City of Hayward
- Upon completion of Task Item #1, the Consultant and other consultants shall collaborate with the City to deduce the most effective project from an economic, social, and policy standpoint.

TASK #1.2: CATALYST SITE CONCEPT PLANS AND VISIONING (Partially complete including some submitted reports; work continues)

Upon completion of Task Item #1 the Consultant and Subconsultant shall collaborate with the City to deduce the most effective project from an economic, social, and policy standpoint. In order to do so the Consultant deliverables for this task item shall be:

- Obtain a residential market analysis report to arrive at a realistic residual land value. The initial market analysis will be based on the concept plan presented to Hayward City Council in October 2014. This will provide the Project Team with a baseline starting point as it relates to what the market will bear given the current economic cycle and site location
- Obtain a retail market analysis report to determine if there is significant market demand to justify retail along Mission Boulevard
- Analyze highest and best use of the site in regards to political, market, land use, and physical constraints
- Prepare a preliminary site development layout study for the purpose of density analysis. Consult with Client regarding proposed use, design concept, and site planning
- Iterative design meetings with elected officials and senior city staff to arrive at a site plan that meets the City's vision and is economically feasible
- Develop alternate strategies for site layouts and product type based on knowledge gained from the appraisal, market study and industry insight.
- Provide advice on highest and best use for the site including land use, site plan design, public policy objectives, and product design.

TASK #1.3: CITY COUNCIL REPORT FINALIZATION & PREPARATION

- DCG will meet with City team to confirm the site plan and a mutual understanding of project goals and items to be communicated to the Council
- Explore the financial implications of the complex transaction structure surrounding:
 - The purchase of the land
 - The funding of the open space
 - Overall area improvements required
 - Most viable product type
- Work internally to address the disposition of the property including:
 - The Request for Proposal to be issued to the builder/developer community
 - Terms of a development agreement
 - Terms of the maintenance of the agreed upon open space
 - Contract Negotiation with Selected Buyer

PHASE 2

TASK #2.1: OWNER REPRESENTATIVE AND DAY-TO-DAY PROJECT MANAGEMENT

DCG will act as project manager in terms of working with the prospective buyer to prepare the following for review by the City of Hayward:

- Project Description including, but not limited to, all properties included in the Project Area, Key City Initiatives and Objectives, and Strategic Project Plan
- Preliminary Term Sheet
- Schedule of Important Project Milestones
- Exclusive Right to Negotiate Agreement
- Development Agreement
- Purchase Agreement

TASK #2.2: BROKER SERVICES