



**DATE:** October 26, 2022  
**TO:** Council Infrastructure Committee  
**FROM:** Assistant City Manager  
**SUBJECT:** Stack Center: Update on Phase I Construction and Budget

**RECOMMENDATION**

That the Council Infrastructure Committee (CIC) reviews this report and receives an update on the Stack Center construction schedule and budget.

**SUMMARY**

The Stack Center is currently one of the largest projects in the City’s Capital Improvement Program. Staff has provided several updates to the Council over the past three years but has not yet provided a report to the CIC. The purpose of this report is to update the CIC on the schedule and budget as the project nears bid issuance for Phase I construction. In addition, this report will lay out possible future decisions for Phase II construction.

**BACKGROUND**

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 seven years, the City and its partners have worked to raise funds and define the vision for this Center. In early 2019, the City entered into a contract with RossDrulisCusenbery, Inc. (RDC) for master planning, design, and construction documents. In July of 2022, the City entered into a contract with Kitchell for construction management services, including assistance with bid preparation.

In addition to design and construction management tasks, staff has concurrently been raising funds and working on the future business model with the selected operator and program providers. To date, the City has received four grants for the project, totaling \$13.7 million. This includes general fund grants from the state and federal governments and a Clean California grant from CalTrans. In addition, staff recently received the news that the City has been awarded a Building Forward grant from the State Library for \$8.558 million.

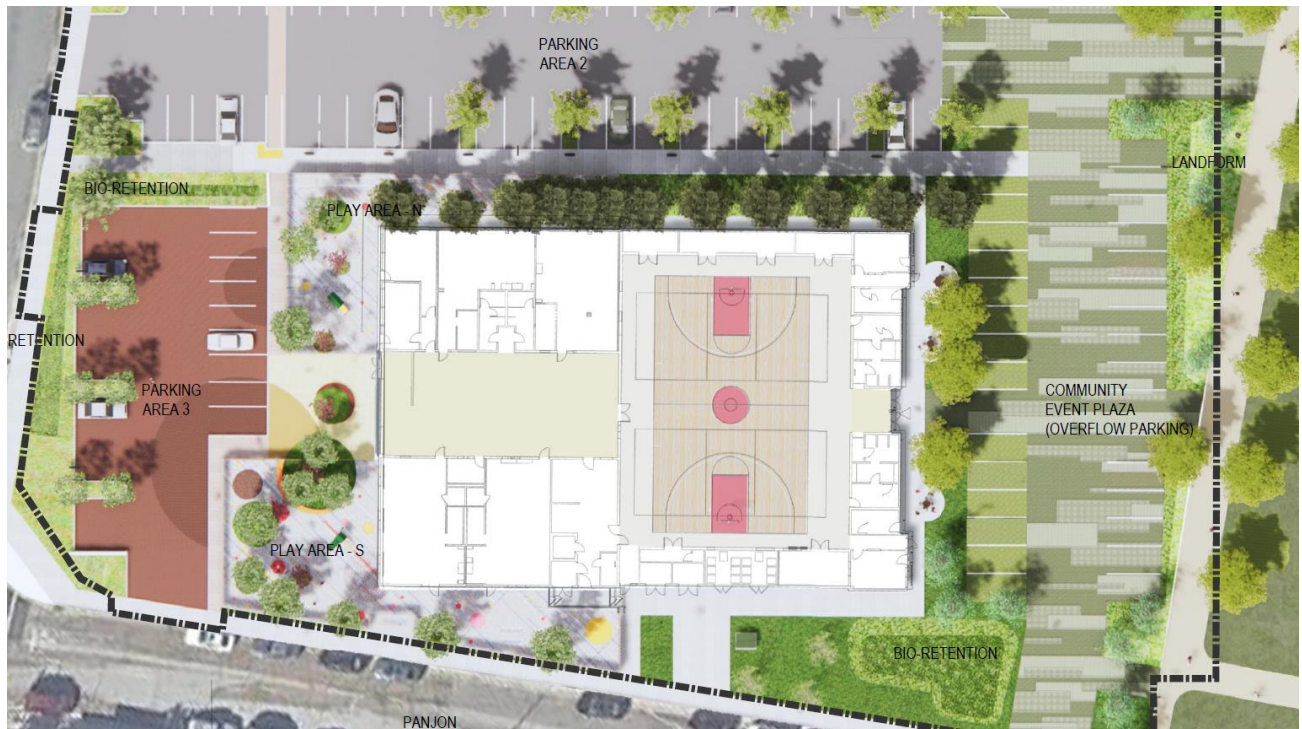
In 2018, the Council authorized the City Manager to execute a facility operator agreement with La Familia and Eden Youth and Family Center (EYFC). There are six subtenants who will have provider agreements with the operator. In addition, the City has a separate lease

with the Hayward Area Recreation and Park District for the gymnasium space contained within the Matt Jimenez Community Center (MJCC). The May 3, 2022 Council report on the Stack Center provides additional background and context.<sup>1</sup>

## DISCUSSION

### Phase I Construction Scope and Timeline

The aerial image below is a rendering of the improvements that will occur as part of Phase I.



**Scope:** The Phase I scope outdoor improvements include two parking areas, the Community Event Plaza, and the two tot yards for the childcare center. The indoor improvements within the MJCC will include the classroom spaces to convert them into the childcare center with child-appropriate restrooms. In addition, based on feedback from Council in September, the architect is working to include an upgrade and expansion to the commercial kitchen in the MJCC to accommodate the Dig Deep Commercial Kitchen Incubator program.

**Timeline:** Construction of Phase I is anticipated to take 12 months. To meet the grant deadline for the Clean California grant, construction must be complete by June 2024. Staff is planning to go to bid in January 2023. However, the bid may be delayed for a month to allow the architect to include the commercial kitchen in the bid, rather than as a separate project. This will save costs.

### Phase I Budget

The City received a revised cost estimate from the architect in September. Between then and February 2021, the estimated cost of Phase I increased by 27%. This is primarily due to

<sup>1</sup> <https://hayward.legistar.com/LegislationDetail.aspx?ID=5636901&GUID=CB6E2136-3BB8-489B-9095-4BC2CD862496&Options=&Search=>

supply chain issues and inflation. As a result, staff worked with the architect to remove some non-essential items, such as repainting the roof of the MJCC.

The budget for Phase I is shown below with the funding sources. The City has sufficient funds to cover Phase I costs, even with the price increases.

	<b>Cost</b>	<b>Funding Source</b>	<b>Funding Amount</b>
Community Events Plaza	2,341,000	Clean California grant	2,341,000
MJCC Upgrades	2,724,000	State general grant	1,000,000
		Federal general grant	1,500,000
		La Vista developer	224,000
Site Work/Parking Lots	3,338,000	Clean California grant	306,000
		Hayward ARPA funds	2,000,000
		La Vista developer	1,032,000
<b>Total</b>	<b>8,403,000</b>		<b>8,403,000</b>

### Phase II Scope and Budget

The aerial image below is a rendering of the improvements that will occur as part of Phase II.



Phase II will include the demolition of the existing Eden Youth and Family Center and the construction of the new two-story building. It will also include a Gateway Plaza at the corner of Ruus and Tennyson, a Program Court with an outdoor amphitheater and stage, and a third parking lot.

*Budget*

The estimated total cost for the design, permitting, and construction management for both phases is approximately \$5.5 million. These ongoing expenses have been funded through the County’s contribution.

After Phase I construction and the costs mentioned in the paragraph above, there is approximately \$19.5 Million remaining in the project, coming from the County’s contribution and the recently received Building Forward grant from the State Library. The current cost estimate for Phase II construction is \$34 million. This cost will almost certainly increase if trends hold. This results in a total funding gap of \$14.5 million. The table below shows the breakdown of the funding gap.

	<b>Cost</b>	<b>Existing Funding</b>	<b>Funding Gap</b>
Demolition	1,200,000	1,200,000	0
Building	26,800,000	18,300,000	8,500,000
Plaza and Program Court	6,000,000	0	6,000,000
<b>Total</b>	<b>34,000,000</b>	<b>19,500,000</b>	<b>14,500,000</b>

Staff is trying various methods to close the gap, including continuing to apply for government grants. In addition, the City hired a fundraising consultant over the summer to do a capacity assessment of donations from private funders. The consultant has completed 25 interviews and will present their findings at the November 7 Stack Center Governance Group meeting. Through this work, the consultant has identified some promising mid-level donors, but no big donors that can give over a million dollars. Because of this, they are cautioning that closing a funding gap of this size through private donations will take a sustained effort and they are suggesting the City help community members form a “Friends of the Stack Center” nonprofit to sustain this effort.

In the meantime, staff recognizes that the \$19.5 million in funding that we do have will continue to lose value as construction costs increase. For this reason, staff is exploring proposing a third phase to the project so these funds can be spent sooner. However, this may be challenging considering the new building likely cannot be constructed in phases.

**ECONOMIC IMPACT**

This project was identified as a key catalyst site as part of the Tennyson Corridor Strategic Initiative. One of the goals of the project is to create a central hub of activity along this stretch of Tennyson Road to increase economy activity and support local businesses. The first phase of the project will include the Commercial Kitchen Incubator Program, which will prioritize small businesses in the surrounding zip code. The second phase of the project will include a

café and rentable spaces fronting Tennyson Road that are designed to be used for hourly programming like fitness classes or a pop-up eatery.

## **SUSTAINABILITY FEATURES**

This project will incorporate all City green building ordinances, including the zero-net-energy requirement for new construction, green infrastructure to collect and filter stormwater, and electric charging stations.

## **FISCAL IMPACT**

There is no fiscal impact from this informational report. The budget and budget gap for this project is show above.

## **STRATEGIC ROADMAP**

This agenda item is a project under the City's Strategic Roadmap priority of Support Quality of Life:

- N13: Oversee the rebuilding of the South Hayward Youth and Family Center

## **NEXT STEPS**

Staff will return to the infrastructure committee in six months to provide an update on the Phase I construction progress and any considerations for Phase II.

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Approved by:



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