



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.

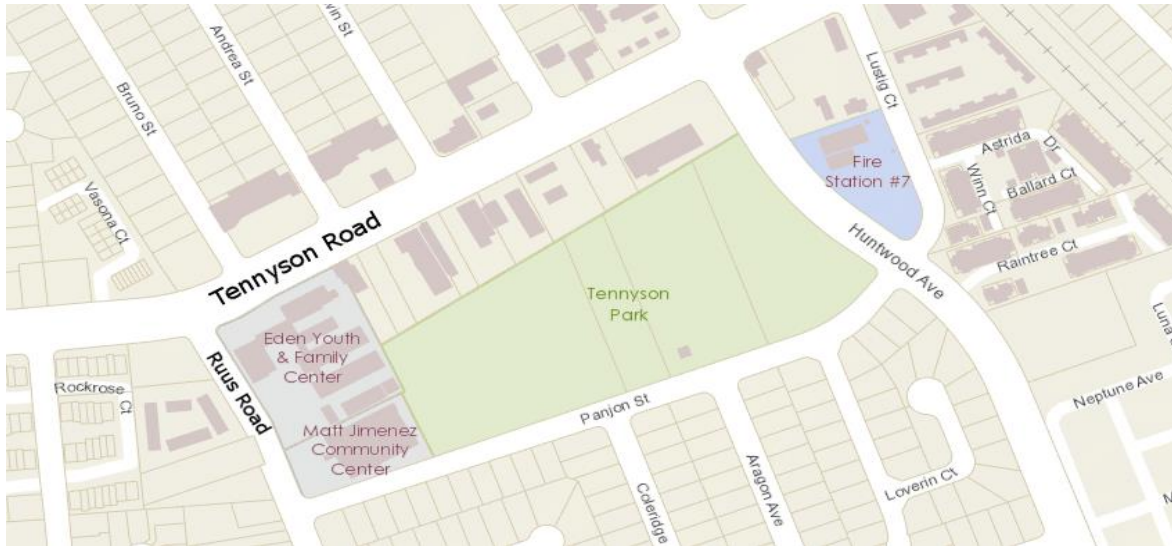


Figure A2. Satellite view of 680 West Tennyson Road and surrounding properties.



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](http://library.hayward-ca.gov/discover/news/aug16/city-county-and-hard-see-qualifications-rfq-south-hayward-family-center)².

² URL: <http://library.hayward-ca.gov/discover/news/aug16/city-county-and-hard-see-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.

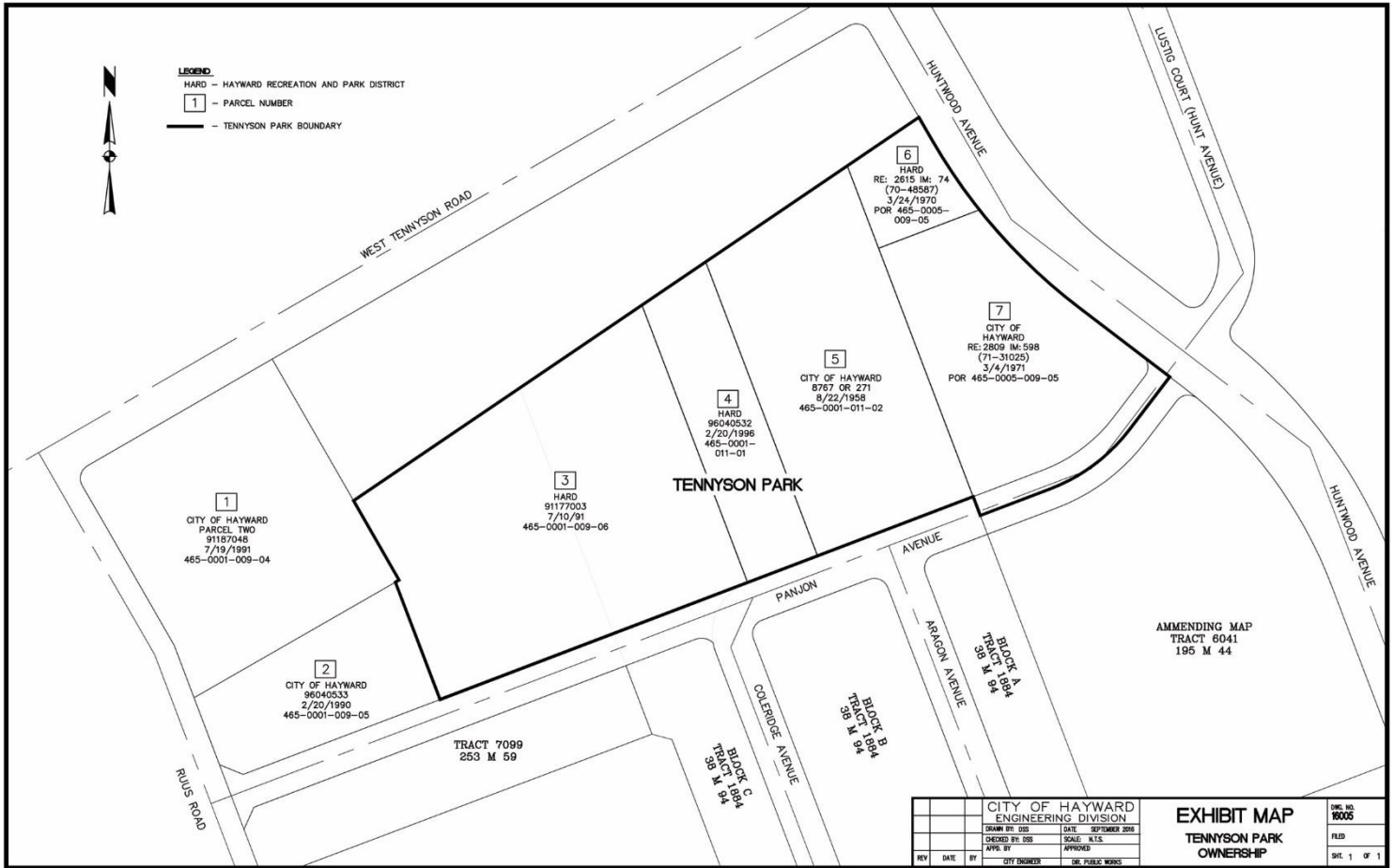
DISCUSSION

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.

* All dates and timeline elements are tentative and subject to change

** Additional meetings may be added to schedule as needed

<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