



DATE: April 24, 2018

TO: Mayor and Council

FROM: City Manager

SUBJECT Authorize the City Manager to Execute Agreements with Local Partners for Operating Specialized Services in the New Library Including: Community Art Gallery, Book Store Gift Shop, and Pocket Café

RECOMMENDATION

That Council approves the attached resolution (Attachment II) authorizing the City Manager to execute agreements for services with local partners for operating specialized services in the new library including: Community Art Gallery, Book Store Gift Shop, and Pocket Café.

SUMMARY

In preparation for the transition to the new library facility in 2018, staff and the Library Commission have developed tentative Third Party Operating Agreements with external community partner organizations for operating specialized services in the new library. This report provides an overview of the proposed agreements and requests that Council authorize the City Manager to execute agreements with local partners for the following specialized services: community art gallery; book store gift shop; and pocket café.

BACKGROUND

On May 26, 2015, Council approved the 21st Century Library and Community Learning Center Project Plans and Specifications, including detailed layouts and descriptions of the Bookstore Gift Shop, Community Art Gallery, and Pocket Café specialized spaces within the new library. At that time, it was envisioned that these functions, none of which exist in the current old Main Library, would be operated in the new library by external community partner organizations. To this end, staff and the Library Commission have identified and developed agreements with suitable partner organizations for Council review.

DISCUSSION

In preparation for the transition to the 21st Century Library facility in 2018, Library staff and the Library Commission have developed Third Party Operating Agreements with external community partner organizations for operating various specialized services in the new library. What follows is an overview of the following Third Party Operating Agreements:

- I. Community art gallery
- II. Bookstore/ gift shop
- III. Pocket Café

I. Community Art Gallery

The new library will feature two wall spaces on the second floor, each approximately 20' in length, which are designed for displays of community artwork. Staff, with the support and advice of the Library Commission, has reached a tentative agreement with Hayward Arts Council and Sun Gallery (Curators) to maintain and curate the community art gallery in the new library. Hayward Arts Council and Sun Gallery currently curate several other community galleries in Hayward, including the John O'Lague Galleria at Hayward City Hall. The general terms of the community art gallery tentative agreement are as follows:

- Curators will curate displays of community artwork in two designated areas (Galleries) of the new downtown library.
- The Galleries are located on the second floor of the new library, each with wall space approximately 20' in length.
- Curators will update the Gallery displays with new artwork at least four times per year, or more often if desired. At least once per year, Curators will display new artworks created by local Hayward youth. At least once per year, Curators will display new artworks created by Hayward residents that are collected through an open Call for Artists that places an emphasis on emerging artists.
- Library will make no compensation to Curators. Curators will be responsible for all costs associated with Galleries, including but not limited to insurance of artworks.
- Curators will handle all aspects of collecting, maintaining and curating the Galleries and related activities, including the costs thereof. Library will bear no responsibility for preparation, setup, cleanup, maintenance, or storage of Galleries and related activities; nor will Library bear any of the related costs.
- All displays and related activities within and associated with the Galleries must comply with all Library policies. Library reserves the right to reject and/or request removal of any display that is deemed contrary to Library policies, at Library's sole discretion.
- Curators acknowledge that the Library is a shared public environment, not just an art gallery, and that Library visitors come to the shared public environment to access shared Library services and resources, and that Library visitors hold many diverse viewpoints and come from many diverse walks of life, and as such, displays in the Galleries will be curated with the understanding that all artwork displayed must be suitable for this broad public audience.

II. Bookstore/ Gift Shop

The new library will feature a brick-and-mortar bookstore/ gift shop (The Bookstore), approximately 500 square feet in size, that is designed specifically for use by the Friends of Hayward Library partner nonprofit organization (The Friends). The sole mission of the Friends is to raise funds to support library services, programs, and other needs. They achieve their mission through various ongoing fundraising efforts, which at present include selling donated used books from a temporary booth near the Hayward Farmers' Market. When the new library opens, the Friends will move their book selling operation into the new bookstore, and they will add Hayward-themed merchandise (e.g., gifts, apparel, stationery, etc.) to their retail inventory. The general terms of the Bookstore tentative agreement are as follows:

- Friends will operate the Bookstore in a designated room of the new downtown library.
- The Bookstore is located on the first floor of the new library, with its own controlled entrance, and is approximately 500 square feet in size.
- Friends will set the Bookstore hours of operation, select and maintain inventory, set pricing, provide cashiering, and all related aspects of the retail operation.
- Friends will make no compensation to Library for use of the Bookstore space; however, all of Friends' proceeds from the Bookstore sales will be donated to the Library for various services, programs and other needs, as recommended by Library and subject to approval by Friends of Hayward Library's board of directors.
- Library will continue to cover the cost of general liability insurance (policy rider) to the Friends, as per past and current practice.
- All displays and related activities within and associated with the Bookstore must comply with all Library policies. Library reserves the right to reject and/or remove any display or activity that is deemed contrary to Library policies, at Library's sole discretion.
- Friends acknowledge that the Library is a shared public environment, not just a Bookstore, and that Library visitors come to the shared public environment to access shared Library services and resources, and that Library visitors hold many diverse viewpoints and come from many diverse walks of life, and as such, all merchandise, signage, displays, and activities in and related to the Bookstore must be suitable for this broad public audience.

III. Pocket Café

The new library will feature a brick-and-mortar Pocket Café serving coffee, beverages, and packaged foods. In December and January, staff solicited a Request for Qualifications (RFQ) to identify a local vendor to operate the Pocket Café. After the completion of the RFQ process, the Library identified, entered into negotiations with, and reached a tentative agreement with local vendor Hippy's Brew to operate the Pocket Café in the new library. Hippy's Brew currently operates a successful coffee bar in Hayward at 21988 Foothill Way. The general terms of the Pocket Café tentative agreement with Hippy's Brew (the Operator) are as follows:

- Operator will operate a Pocket Café in the new downtown library.
- The Pocket Café is located on the first floor of the new library, with its own controlled entrance, and is approximately 400 square feet in size.
- Operator will set the Pocket Café hours of operation, at least 40 hours per week of which will coincide with the Library's hours of operation.
- Operator will be responsible for all aspects of its retail operation, including the costs of staffing, inventory, janitorial, daily maintenance, and related operational expenses.
- Operator will provide for its own general liability insurance, health department compliance and fees, and all other legal and regulatory aspects of the Pocket Café operations.
- Operator will pay rent to Library for use of the Pocket Café space in the amount of \$1 per square foot per month.
- City will procure and install all necessary casework, furnishings, and commercial café equipment in the Pocket Café during the primary construction of the new Library facility. Operator will leaseback the commercial café equipment from City over a period of 60 months by remitting monthly lease payments equal to 1/60th of City's total cost to procure and install the commercial café equipment, less 25% for depreciation. Operator will bear responsibility for all equipment maintenance and repair costs during the leaseback period. Upon full payment by Operator of the agreed upon leaseback amount in full, City will transfer ownership of the commercial café equipment to Operator.
- All retail activities, special events, promotions, signage, and related activities within and associated with the Pocket Café must comply with all Library policies. Library reserves the right to reject and/or remove any display or activity that is deemed contrary to Library policies, at Library's sole discretion, and further reserves the right to terminate the lease agreement for cause should Operator fail to timely and fully correct a policy violation.
- Operator acknowledges that the Library is a shared public environment, not just a Pocket Café, and that Library visitors come to the shared public environment to access shared Library services and resources, and that Library visitors hold many diverse viewpoints and come from many diverse walks of life, and as such, all merchandise, signage, events, displays, and activities in and related to the Pocket Café must be suitable for this broad public audience.

FISCAL IMPACT

The agreements outlined in this report will have no significant impact to the General Fund. Two of the agreements (Bookstore and Community Art Gallery) involve no compensation nor significant impact to City resources. The Pocket Café agreement involves rent payments from the Café Operator to the City in the amount of \$1 per square foot per month to offset the City's facility maintenance costs; and leaseback payments from the Café Operator to the City over five years to offset the City's cost of purchasing and installing the commercial café equipment during library construction. The initial funds for the café equipment will come from the library construction project's equipment budget.

STRATEGIC INITIATIVES

This agenda item supports the Council's Complete Communities Initiative. The purpose of the Complete Communities initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work and play for all. This agenda item supports the following goals and objectives of this Initiative:

Goal 1: Improve quality of life for residents, business owners, and community members in all Hayward neighborhoods.

Objective 2: Foster a sense of place and support neighborhood pride

Objective 3: Increase collaboration with businesses, non-profits and neighborhood groups on placemaking projects.

PUBLIC CONTACT

- **On May 26, 2015**, Council convened a Public Hearing, during which Council approved the 21st Century Library and Community Learning Center Project Plans and Specifications, including detailed layouts and descriptions of the Bookstore, Community Art Gallery, and Pocket Café specialized spaces within the new library.
- **On March 20, 2017**, the Library Commission convened a regularly scheduled public meeting, during which the Commission reviewed and discussed a draft 21st Century Operations Plan including the potential use of Third Party Agreements for operations of the Bookstore, Community Art Gallery, and Pocket Café specialized spaces within the new library.
- **On November 13, 2017**, the Library Commission convened a regularly scheduled public meeting, during which the Commission discussed the 21st Century Operations Plan including the use of Third Party Agreements for operations of the Bookstore, Community Art Gallery, and Pocket Café specialized spaces within the new library.
- **On December 12, 2017**, the City issued a public [Request for Qualifications \(RFQ\)](#) process to identify a local vendor to operate the Pocket Café.
- **On December 18, 2017**, the Library Commission convened a regularly scheduled public meeting, during which the Commission discussed the 21st Century Operations Plan including the Third Party Operating Agreements and the RFQ for a Pocket Café Operator.

- **On January 22, 2018**, the Library Commission convened a regularly scheduled public meeting, during which the Commission discussed the 21st Century Operations Plan including the Third Party Operating Agreements and the RFQ for a Pocket Café Operator.
- **On March 19, 2018**, the Library Commission convened a regularly scheduled public meeting, during which the Commission reviewed the three Third Party Operating Agreements outlined in this report, and unanimously recommended all three agreements to Council for approval.

NEXT STEPS

Should Council approve the resolution in Attachment II, staff will begin negotiations and execution of the Third-Party Operator Agreements noted in this report.

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Recommended by: Sean Reinhart, Library and Community Services Director

Approved by:



Kelly McAdoo, City Manager