



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: CONS 16-046, **Version:** 1

DATE: January 26, 2016
TO: Mayor and City Council
FROM: Director of Library and Community Services

SUBJECT:

Approval of a Revised Memorandum of Understanding with the County of Alameda and Hayward Area Recreation and Park District for the Purposes of Collaborating on the South Hayward Youth and Family Center Project

RECOMMENDATION

That Council approves the attached Revised Memorandum of Understanding (MOU) (Attachment I) and authorizes the City Manager to execute the MOU and implement the plans and partnerships described therein.

BACKGROUND

On October 27, 2015, Council engaged in a detailed discussion of the South Hayward Youth and Family Center project and unanimously approved an MOU between the City, the County, and HARD to collaborate on the project. Links to the October 27, 2015 staff report, supporting documents, and video of the proceedings are provided here:

- Staff report and documents: [http://bitly.com/Hayward_staff-report SHFC 2015-10-27](http://bitly.com/Hayward_staff-report_SHFC_2015-10-27)
- Video of proceedings: [http://bitly.com/Hayward_video SHFC 2015-10-27](http://bitly.com/Hayward_video_SHFC_2015-10-27)

DISCUSSION

As reported at the [Council meeting on October 27, 2015](#) <https://hayward.legistar.com/LegislationDetail.aspx?ID=2502636&GUID=524ABADB-7BAA-4152-AABA-880762898B0A&Options=&Search=>, Kaiser Permanente committed to making a donation of \$5 million toward the South Hayward Youth and Family Center project. One of Kaiser's requirements for its donation is the establishment of a governance structure for the project.

The establishment of a governance structure is 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. In addition to these three primary agencies, Tiburcio Vasquez Health Center, Alameda County Office of Education, and/or Hayward Unified School District may also have roles to play depending on the ultimate program mix.

Memorandum of Understanding

At the October 27, 2015 meeting, Council approved a draft MOU between the three primary agencies and directed that the City participate in a joint governance structure with the County and HARD for this project. The draft MOU proposed that the governance structure be approached in two distinct phases: a first phase of governance to oversee project management of the development and construction of the facility itself, followed by a second phase to come later to develop and manage ongoing operations of the new center once it is completed.

After Council approval of the draft MOU on October 27, County legal counsel requested some additional minor changes to the MOU. Most of the requested changes are stylistic in nature; none of the proposed changes are substantive. It is unclear why County legal counsel requested these changes after Council had approved the draft MOU.

One minor change of note proposed by County legal counsel is that the scope of work be divided into three distinct phases, not two, but keeping the overall scope of work the same. Another minor change of note proposed by the County places additional emphasis on collaborative, consensus-based decision making by and between the three agencies in their work together.

The County's requested changes are neither substantive nor do they alter the intent or terms of the proposed agreement in any meaningful way. However, because the County requested these changes after Council had approved the previous MOU on October 27, staff recommends a second Council review and approval of the revised version prior to execution of the Revised MOU.

The Revised MOU was thoroughly vetted and discussed by the three-agency working team. The key participants in the working team are:

City of Hayward

- Mayor Barbara Halliday
- Fran David, City Manager
- Sean Reinhart, Director of Library & Community Services
- David Korth, Neighborhood Services Manager

County of Alameda

- Supervisor Richard Valle
- Ginny DeMartini, District Director for Supv. Valle
- Cindy Burnett, Director of Development, Health and Human Services Agency
- Caroline Judy, Assistant Director of General Services Administration

Hayward Area Recreation and Park District

- Paul Hodges, President, Board of Directors

- John Gouveia, General Manager (to be replaced by incoming General Manager Paul McCreary on February 1, 2016)

The Revised MOU for Council approval is included with this report as Attachment I. For ease of reference, a redline version showing the County's proposed changes is included as Attachment II.

The HARD Board of Directors is scheduled to approve the Revised MOU as presented in Attachment I during its regular meeting of January 25, 2016. The County Board of Supervisors is scheduled to approve the Revised MOU as presented in Attachment I at its meeting of January 26, 2016.

FISCAL IMPACT

As reported at the [Council meeting of October 27, 2015 <https://www.hayward-ca.gov/CITY-GOVERNMENT/CITY-COUNCIL-MEETINGS/2015/CCA15PDF/cca070715full.pdf>](https://www.hayward-ca.gov/CITY-GOVERNMENT/CITY-COUNCIL-MEETINGS/2015/CCA15PDF/cca070715full.pdf), the potential fiscal impact of this project to the City is not yet clearly 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 substantially participate in the overall project would be to retain ownership of the property but allow the land to be used for new center construction.

Ongoing annual operating costs for a new center are estimated to range anywhere from \$3 million to \$8 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 identified.

A very preliminary rough estimate of the cost to construct a new multiservice center is said to be \$26 million; however, that estimate is not based on a site-specific design or on a program delivery model. 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. Whether it would be possible to complete the project for \$16.8 million (as opposed to \$26 million) is not known. Completion of a site-specific design and cost estimate is now underway, and will help shed light on this critically important question.

NEXT STEPS

City staff has held numerous meetings with County and HARD staff to further discuss and develop the many technical details, challenges, and opportunities resulting from the funding work done thus far by Supervisor Valle.

At this time, staff recommends that the Council approve the Revised MOU (Attachment I) and authorize the City Manager to take all necessary steps for its implementation.

Prepared and Recommended by: Sean Reinhart, Director of Library and Community Services

Approved by:



Fran David, City Manager

Attachments:

Attachment I - Memorandum of Understanding (Clean Version) - South Hayward Youth and Family Center Project

Attachment II - Memorandum of Understanding (Redline Version Showing Proposed Edits)