



# CITY OF HAYWARD

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[www.Hayward-CA.gov](http://www.Hayward-CA.gov)

## Cover Memo

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**File #:** LB 16-033, **Version:** 1

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**DATE:** April 5, 2016

**TO:** Mayor and City Council

**FROM:** Development Services Director

**SUBJECT**

Increase Funding for Downtown Specific Plan

**RECOMMENDATION**

That Council adopts the attached resolution (Attachment I) approving an additional \$230,000 (\$305,000 total) for the Downtown Specific Plan project based on information provided in this staff report.

**SUMMARY**

The contract with the original firm retained to complete the Downtown Specific Plan, Dyett & Bhatia, was terminated "for convenience" on Monday October 19, 2015, due to a variety of factors, including delays in submittals and lack of vision for this important document. Staff is working with the Alameda County Transportation Commission (ACTC), manager of the project grant funding, to retain the next ranked firm to complete all remaining aspects of the project, anticipated to be completed by no later than February of 2018.

Because of poor performance from the original consultant, the need for additional scope of work, increased of costs in the market since the contract was originally awarded, and the need to add a zoning code element to the Plan, estimated costs to complete the Downtown Specific Plan have increased above original staff estimates. Additionally, after repeated requests, the prior consulting firm failed to produce a detailed community engagement strategy, which is a key element of the project, ensuring community participation in all phases of the project.

Finally, ACTC rejected a request from City staff to provide additional funding above the original \$950,000 grant funds awarded to the City for this project. ACTC staff has requested that the project funding shortfall be addressed prior to executing a contract with Lisa Wise Consulting to complete work on the Downtown Specific Plan project. Therefore, staff is requesting an additional \$230,000 in addition to the \$75,000 already approved by Council (as matching grant funds) to fund completion of the Downtown Specific Plan.

**BACKGROUND**

The Downtown Specific Plan will provide a community-supported vision for the Downtown, specific development and zoning standards, and implementation measures to realize the Plan's goals and objectives. The Plan area has two supermarkets, several cafes and restaurants, a drugstore and a movie theater with excellent transit connectivity. The plan will build upon existing strengths and continue efforts to energize the City's emerging Downtown. This effort will also bring the Downtown Specific Plan into compliance with the updated General Plan and provide implementation strategies for some of the over-arching policies in the General Plan, including providing clarity of land use.

Much of the work completed by the previous consulting firm provided some generalized background information as a basis to launch or undertake other project tasks; however, this basic information needs additional work ensuring all remaining project tasks have the depth and volume of information needed to make key project decisions related to Plan formation. For example, additional data collection and analysis is needed related to the economic assessment of existing sites within the plan area to provide a foundation for appropriate massing of key blocks in the Downtown core and surrounding supporting areas.

While evaluating work completed for the project, all remaining project tasks, and desirable project outcomes; and the reality that a year has gone by since the original pool of consulting firms submitted proposals for the project, the cost of preparing planning studies and documents has gone up like all things in the booming Bay Area economy. Also, the most desirable and sought after consulting firms are busy with similar projects, which may lead to a premium attached to the cost of their services. The next ranked team as approved by ACTC pursuant to their rules and processes, Lisa Wise Consulting (LWC), is available to complete the Downtown Specific Plan project. The new consulting firm has outstanding qualifications and City and ACTC staff have worked with this consulting firm to substitute some team members with others better suited to Hayward's Downtown Specific Plan project.

LWC has completed several local projects that have been judged to be useful tools in bringing about successful change to key areas within some Bay Area cities, specifically for the cities of Richmond, Petaluma, Livermore, and Benicia. Most of these projects have been used as case studies at the most recent American Planning Association California Chapter Conference (Oakland, CA) as successful examples of how to effectuate meaningful change to the long-term growth and development of key areas of various Bay Area cities. Details regarding these projects can be found [here](http://www.lisawiseconsulting.com/site/proj_planning_OLD.html).  
<[http://www.lisawiseconsulting.com/site/proj\\_planning\\_OLD.html](http://www.lisawiseconsulting.com/site/proj_planning_OLD.html)>

## **DISCUSSION**

The revised project scope put together by LWC (Attachment II) is more robust than the previous scope. For example, LWC is proposing a comprehensive community engagement strategy with more ways to reach Hayward's diverse community and there is a stronger emphasis on the economic analysis of various key elements of the project. As it relates to the economic analysis of key opportunity sites within the Plan area, a much stronger, thoughtful and quantitative analysis will be done related to these sites. Not only will the project sub consultants have more relevant experience, but the primary consultant, Lisa Wise of LWC, specializes in the economics of what will work and what will not work in the Plan area. It will be clearly articulated that some opportunity sites may be better suited to incorporating successful ground-floor uses than other sites within the Plan and this will be based upon a strong and understandable economic analysis.

The Downtown Specific Plan Task Force will play a key role in helping develop and formulate a new vision for Downtown Hayward through eleven planned meetings with City staff and the LWC team. Only one previous Task Force meeting occurred back in June of 2015: the prior consulting team conducting some elementary SWOT exercises (Strengths, Weaknesses, Opportunities and Treats Analysis). Rudimentary discussion about opportunity sites and perceived transportation issues were carried out with little to show for work conducted by the Task Force.

For most of the duration of this project, the Task Force will meet bimonthly (with meetings projected to start in June, 2016 pending contract approval by ACTC) working on key issues associated with Specific Plan formation. During the last five months of the project, the Task Force will be meeting monthly reviewing an administrative draft zoning code, several administrative and final draft specific plan documents, and final environmental impact report documents within the context of previous work completed by the Task Force. Guidance of the Task Force by City staff and the LWC team will help realize the overarching General Plan goal of a vibrant, dynamic and economically robust Downtown Hayward through the Specific Plan process and ultimately by adoption by Council of a final development plan.

LWC is excited about the project and has assembled a top notch team that will produce a Specific Plan that will invigorate Downtown Hayward, build upon previous successes and provide for “user-friendly” understandable code regulations. The planned CEQA analysis will consist of a Program Environmental Impact Report (EIR) that will have already evaluated impacts within the Plan area with minimal need for additional CEQA analysis when projects actually are submitted for entitlements.

Lisa Wise, AICP, is currently the Chairman of the Board of the Form-Based Code Institute (FBCI), based out of Washington D.C. FBCI is a non-profit professional organization dedicated to advancing the understanding and use of form-based codes, which have now evolved into “SmartCodes”. Specifically, “smart codes” contain elements such as performance-based measures, form-based elements, and conventional or traditional (Euclidian) zoning code elements.

FBCI seeks the widespread adoption of well-crafted and effective codes and interacts with professionals across a wide range of disciplines to foster discussion and reach consensus on the highest standards for form-based codes. Lisa also has over twenty-five years of professional experience in land development codes, specific plans, housing policy, financial feasibility analysis and economic assessment of land use. This expertise and innovative approach will be applied to the development of our Downtown Specific Plan through LWC as our consultant.

## **ECONOMIC IMPACT**

Creating a new Specific Plan for the long-term growth and development of Downtown Hayward will bring a mix of successful uses creating a new and exciting place for Bay Area residents to frequent as they do with other cities such as Berkeley, Concord, Fremont and Santa Rosa. More customers, residents and visitors frequenting Downtown Hayward once the Specific Plan is completed and implemented will bring more revenue to Hayward via increased sales tax and eventual increases in property tax via new building construction.

Also, having a Plan and code that clarifies the community vision will help streamline the development review process, which is critical for new developers and tenants interested in investing in our Downtown.

## FISCAL IMPACT

This funding request for an additional \$230,000 (\$75,000 grant matching fund was previously approved) will have a direct impact on the City's General Fund. In order to offset this General Fund impact, as well as provide a consistent stream of revenue to support Advanced or long-Range/Policy Planning activities, staff is developing a new 16% Policy Planning Fee that will equal 16% of most building permit fees be established in the Fiscal Year 2017 Master Fee Schedule.

This 16% Policy Planning Fee, which is in line with what other cities, such as in Fremont (15%), (15% on zoning certificates and use permits), and San Rafael (35.5%), would replace the existing 12% General Plan Update Fee, which was adopted to pay off the costs of updating the General Plan that was done in 2014, and building up reserves for the next General Plan update. The General Plan Update Fee is currently 12% of most building permits (building permits for solar projects are precluded from such fees).

The proposed new 16% Policy Planning Fee, which would still include revenue to cover costs for General Plan Updates, is anticipated to generate as much as \$390,000 per year. This proposed fee increase would help off-set the costs of all long-range planning, not just the General Plan update; and will come forward as part of the update of the Master Fee Schedule later this spring. The following display demonstrates the likely impact of the new fee under development.

	Fee on a \$50K Tenant Impr.	Fee on New 1,500 sf House	Fee on New 2,500 sf House	Water Heater
0% (no planning fee)	\$816	\$2,111	\$2,866	\$54
Current Fee: 12%	\$98	\$253	\$344	\$6.48
Proposed Fee: 16%	<u>\$131</u>	<u>\$338</u>	<u>\$459</u>	<u>\$8.64</u>
<b>Difference:</b>	<b>\$33</b>	<b>\$85</b>	<b>\$115</b>	<b>\$2.16</b>

Ultimately, the City may see eventual additional return of this revenue through implementation of the Downtown Specific Plan by increased construction and accompanying/additional building permit fees, increase sales tax and property tax revenue.

## PUBLIC CONTACT

The Downtown Specific Plan project, once up and running again, will have extensive public outreach as part of the Plan development process. Stakeholder interviews, workshops, a charrette, and joint City Council and Planning Commission meetings will also occur. Task Force meetings will be an integral part of a way to participate in the Downtown Specific Plan process. Additionally, presentations to the Economic Development Committee, the Chamber of Commerce and other associated downtown business groups will occur. The project team will reach out to Downtown building owners, commercial real estate brokers, neighborhood/homeowners' associations, Cal State East Bay, BART, and AC Transit to afford opportunities for input and participate in the plan process.

City staff will be working with the consultant team to use a dedicated project website and social media to provide updated information on Plan development as well as solicit continuous input on the project.

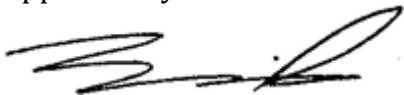
## NEXT STEPS

Should the additional funding be approved, ACTC staff will complete contract execution with Lisa Wise Consulting and work will commence on the Downtown Specific Plan. A Task Force meeting will be scheduled and advertised on the project website, "Imagine Downtown." Staff will be providing regular updates to Council and the Commission regarding the project and opportunities will also be afforded to evaluate and provide input during development of the Downtown Plan document through joint meetings with the Planning Commission.

As part of the process to bring the new fee forward, staff will conduct outreach to all relevant stakeholders prior to the hearing when the FY 2017 Master Fee Schedule is scheduled to be presented to Council for consideration and adoption. Prepared by: Damon Golubics, Senior Planner

*Recommended by:* David Rizk, AICP, Development Services Director

Approved by:

A handwritten signature in black ink, appearing to read "Fran David", with a stylized flourish at the end.

Fran David, City Manager

**Attachments:**

Attachment I	Draft Resolution
Attachment II	Draft Revised Project Scope