



DATE: June 16, 2026

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt Resolutions Authorizing the City Manager to Execute Amendment No. 2 to the Memorandum of Understanding with the Hayward Area Recreation and Park District to Eliminate the Measure C Funding Contribution and Execute an Amendment to the Master Lease Agreement to Include La Vista Park

RECOMMENDATION

That City Council adopts the attached resolutions (Attachment II and III) to:

- 1) Authorize the City Manager to negotiate and execute Amendment No. 2 to the Memorandum of Understanding (MOU) with the Hayward Area Recreation and Park District (HARD) to eliminate the \$5.2M of Measure C funding contribution, and
- 2) Authorize the City Manager to execute an amendment to the Master Lease Agreement (MLA) between the City and HARD to add La Vista Park.

SUMMARY

Since 2017, the City and HARD have worked toward a shared vision of constructing and operating La Vista Park, a new destination park in South Hayward, east of the intersection of Mission Boulevard and Tennyson Road. The addition of a destination park will create a much-needed amenity and attraction for South Hayward, the City, and the entire region.

On June 17, 2025, City Council awarded the construction contract to DeSilva Gates LLC (DGC) in the amount of \$32,850,547. Staff and DGC have collaboratively worked in partnership with HARD and undertaken cost-saving value engineering efforts to reduce construction costs by \$5.2 million while maintaining all park features, usability, and safety. In January 2025, the City and HARD executed an MOU to outline each agency’s contribution to the project. The City now desires to amend the MOU to eliminate the \$5.2M of Measure C funding contribution.

On July 1, 2023, the City and HARD entered into a MLA for the operation and maintenance of park sites identified in Exhibit A of the MLA. The MLA originally included 31 park sites. The City now desires to amend the MLA to add La Vista Park to the list of leased park properties.

FISCAL IMPACT

There are no impacts to the General Fund, and if Council approves this item, the current \$5.2M allocation for this project from Measure C will be removed.

The adopted FY26 Capital Improvement Program (CIP) budget includes a total project budget appropriation of \$42,769,000 (Fund 405 – Capital Projects (Governmental)) for the design and construction of La Vista Park, including a \$5.2M transfer from Measure C. This transfer can be eliminated as discussed later in this report. As outlined below, HARD is contributing over \$15 million in bond funds to the project.

The breakdown for the project costs is as follows:

Construction Contract	\$32,850,547
Value Engineering Cost Savings	(\$4,091,750)
<u>Construction Contingency</u>	<u>\$3,942,066</u>
<i>Construction Subtotal</i>	<i>\$32,700,863</i>
Construction Management by City Staff	\$878,137
Administration	\$10,000
Geotechnical Inspection, Testing and Reporting	\$1,840,000
<u>Previously Incurred City Costs</u>	<u>\$2,140,000</u>
Total Project Cost	\$37,569,000

The funding sources for the project are as follows:

Fees from La Vista Development	\$2,140,000
HARD Bond Funds	\$15,400,000
Offsite Tree Mitigation	\$585,000
<u>Park-in-Lieu Funds</u>	<u>\$19,444,000</u>
Total Funding Sources	\$37,569,000

In addition to the value engineering cost savings, adjustments were made to the project delivery cost to achieve a total project savings of \$5,200,000, as shown in the cost comparison table later in this report.

BACKGROUND

In 2005, the La Vista residential development including 179 new single-family homes to be built at the South Hayward site east of and up the hill from the terminus of Tennyson Road and Mission Boulevard was approved. The original project included the construction of an approximately 30-acre new public park. The original 30-acre park site on land donated by the developer was expanded to almost fifty acres in size by the addition of twenty acres of the former Caltrans Route 238 property right-of-way acquired by the City.

As part of the park development effort, geotechnical investigations identified areas of weak existing landslide material that required stabilization to provide a suitable foundation for the park improvements. On April 26, 2022¹, Council authorized the approval of the plans and specifications and call for bids for the Keyway Grading Project. This project was intended to remove and replace weak existing landslide areas with stronger backfill based on recommendations from the geotechnical report prepared for the project. However, due to high bids, Council later authorized the rejection of all bids. The construction of the keyway is now included with the overall park construction.

The adopted FY23 CIP budget included a total project budget appropriation of \$23.27M (Fund 405) for the design and construction of the La Vista Park Project. In February 2023, the engineer's estimated cost for construction of La Vista Park without contingency was \$25M. With construction contingency, project design, administration, inspection and testing, the total estimated project cost was over \$35M, which was greater than the appropriated budget. Staff prepared alternate bids within the bid package that would have allowed the project to be phased into multiple phases depending on how the bids were received. It was intended that at least the first phase would be awarded in 2023 to construct a majority of the park features and the subsequent phases would be constructed in the future when additional funding was obtained.

In June 6, 2023, three (3) construction bids were received for the project ranging from \$41,927,606 to \$47,323,996. With the low bid far exceeding the available budget, the project was fiscally infeasible. As a result, City Council directed staff to reevaluate and revise the scope of the project to allow a project with a reduced scope to proceed and then rebid the project.

The final design of La Vista Park is a 39-acre site that incorporates the following items and park elements. Grading and park improvements previously proposed within the large mapped landslide area were eliminated from the project design:

- Site grading and construction of the slope stabilization keyway
- Installation of on-site utilities including water lines, sewer lines, and storm water lines
- Installation of new electrical service and infrastructure with pedestrian lights, including infrastructure for the future security camera system by HARD
- Installation of irrigation system, trees, and hydroseeding of the entire project site
- Installation of offsite asphalt and concrete sidewalk on Tennyson Road
- Installation of the Foothill trail
- Installation of on-site asphalt, decomposed granite, and gravel paving
- Installation of decorative boulders
- Installation of park signage, vehicular swing gates, and bollards
- Installation of picnic tables, BBQs, benches, and trash and recycle receptacles

¹ [CITY OF HAYWARD - File #: CONS 22-251 \(legistar.com\)](#)

- Installation of bike racks and drinking fountains
- Installation of turf sod at the soccer field and amphitheater
- Installation of concrete slide structures, exercise equipment, play equipment, and basketball courts
- Installation of fencing for area separation
- Installation of automated restrooms and maintenance shed
- Installation of a dog park

City staff presented the revised scope of La Vista Park Project to reduce both the scope and the cost to City Council on March 19, 2024². On April 1, 2024, a similar presentation was made to the HARD Board of Directors regarding the revisions made to the La Vista Park scope. The HARD Board of Directors requested execution of an MOU between HARD and the City to solidify project funding, park operations, and maintenance, including capital replacement of park improvements. Once the project re-design was complete, the project plans were routed to HARD for review. The MOU referenced above was executed in January 2025 and amended in July 2025 (Attachments IV and V, respectively).

On December 17, 2024³, City Council approved the plans and specifications for the project and called for construction bids to be received. On April 23, 2025, four bids were received with base bids ranging from \$32,850,547 to \$34,945,319. DGC submitted the low bid in the amount of \$32,850,547, which was 24.3% above the engineer's estimate of \$26,437,784. Due to the number of bids received and the narrow range among them, staff determined that the bids are reasonable and reflective of current market conditions.

In evaluating the bid, City staff recommended allocating Measure C funds to cover the additional construction costs related to the keyway in order to move the project forward towards construction. At the time of award, City staff had the full intention of partnering with the selected contractor to perform value engineering related to the keyway and therefore, substantially reduce and, ideally, eliminate the Measure C contribution of \$5.2M to the Project. Value engineering would seek options to perform the construction work in a way that would reduce the cost without impacting the features and quality of the final project. However, in order to start negotiating with the low bidder on any value engineering, the City needed to award the project to the low bidder first.

On June 17, 2025, City Council awarded the construction contract to DGC in the amount of \$32,850,547 and authorizing an Administrative Construction Contingency budget of \$3,942,066, for a total not-to-exceed contract amount of \$36,792,613.

² <https://hayward.legistar.com/LegislationDetail.aspx?ID=6576771&GUID=B60038B7-692E-4854-B6D6-FA1A96C53DF2&Options=&Search=>

³ <https://hayward.legistar.com/LegislationDetail.aspx?ID=7059333&GUID=9822652E-85BA-4488-A872-8A02782DF6CA&Options=&Search=>

DISCUSSION

La Vista Park MOU

After the construction contract was awarded to DGC, staff engaged DGC and the project design team, including geotechnical engineering firm Langan, in value engineering discussions. These efforts focused on achieving cost reductions without impacting the City's General Fund or Measure C while preserving all park features, usability, and safety elements included in the project design and approved by City Council. Through multiple design iterations, the slope stability keyway was revised to a wider section and eliminated the need for geogrid and cement treatment. The permeable material within the keyway was also replaced with a more efficient and lower-cost alternative. In addition, the contractor revised its intended means and methods for keyway construction to improve production efficiency for additional cost savings.

To further reduce impacts on Measure C, staff reviewed prior project expenditures to refine the previously allocated project design and reduced construction administration costs. A portion of those costs was reallocated to construction management services to be performed by City staff to better reflect actual project expenditures and anticipated remaining work.

The cost savings efforts are summarized below.

<i>Construction Cost Savings</i>	
Eliminate Geogrid and Cement Treatment	(\$3,006,750)
Substitute Permeable Material	(\$485,000)
<u>Alternate Keyway Construction Method</u>	<u>(\$600,000)</u>
Total Construction Cost Savings	(\$4,091,750)

Construction Cost Comparison

<i>Description</i>	<i>Original</i>	<i>Revised</i>	<i>Difference</i>
Construction Contract	\$32,850,547	\$28,758,797	(\$4,091,750)
Construction Contingency	\$3,942,066	\$3,942,066	---
Total Construction Cost	\$36,792,613	\$32,700,863	(\$4,091,750)

Project Delivery Cost Comparison

<i>Description</i>	<i>Original</i>	<i>Revised</i>	<i>Difference</i>
Design	\$998,387	---	(\$998,387)
Administration	\$998,000	\$10,000	(\$988,000)
Construction Management by City Staff	---	\$878,137	\$878,137
Geotechnical Inspection/Testing/Reporting	\$1,840,000	\$1,840,000	---
Previously Incurred City Costs (includes <u>Design & Administration)</u>	<u>\$2,140,000</u>	<u>\$2,140,000</u>	---
Total Project Delivery Cost	\$5,976,387	\$4,868,137	(\$1,108,250)

Total Project Cost Savings **(\$5,200,000)**

Master Lease Agreement

The MLA between the City and HARD became effective on July 1, 2023, and established the framework for HARD's operation and maintenance of park sites identified in Exhibit A of the MLA. As La Vista Park is currently under construction and will ultimately be operated and maintained by HARD upon completion, staff recommends amending the MLA to add La Vista Park to the list of leased park properties. This amendment will ensure the park is incorporated into the existing operational and maintenance framework established between the City and HARD.

ECONOMIC IMPACT

The addition of a destination park to the South Hayward community will create a much-needed amenity and attraction for this part of the City. This will likely result in increased visitors to the area as well as more dollars spent on local businesses. In addition, there have been numerous studies that indicate that the addition of open space or parkland has a positive impact on home values in the surrounding areas.

STRATEGIC ROADMAP

This agenda item supports the Strategic Roadmap of Invest in Infrastructure. Specifically, this item relates to the implementation of the following project:

Project N14, Part N14b: Construct La Vista Park

SUSTAINABILITY FEATURES

The La Vista Park has been designed to be among the most environmentally sustainable parks within the City. As part of the design, park areas will require less irrigation and native grass and plants will be used throughout the park. Park structures will be constructed from natural materials rather than traditional fabricated structures. Bio-retention filtration areas will collect and retain stormwater runoff prior to discharging it into the storm drainage system.

PUBLIC CONTACT

City staff has been in contact with neighboring residents to answer questions and address concerns related to the construction activities.

NEXT STEPS

If Council approves the resolutions to amend the MOU and MLA with HARD, staff will route the amendments to be executed by the City Manager.

Prepared by: Sammy Lo, Senior Civil Engineer

Reviewed by: Dave Hung, Acting Deputy Director of Public Works

Recommended by: Alex Ameri, Director of Public Works

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott". The signature is fluid and cursive, with the first name "Jennifer" and the last name "Ott" clearly distinguishable.

Jennifer Ott, City Manager