



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 03/27/07

AGENDA ITEM 10

WORK SESSION ITEM \_\_\_\_\_

**TO:** Mayor and City Council  
Redevelopment Agency Board Members

**FROM:** Director of Community and Economic Development

**SUBJECT:** Consideration of a Second Amended Disposition and Development Agreement and Amended Ground Lease – Cinema Place Hayward

**RECOMMENDATION:**

It is recommended that the City Council and Agency Board adopt the attached resolutions:

- approving the Second Amended Disposition and Development Agreement (DDA) and an Amended Ground Lease with Cinema Place Hayward, LLC;
- authorizing the amendment of the Agency's Repayment Agreement with the City in an amount not to exceed \$135,000 for the repayment of building permit fees;
- appropriating \$1,500,000 from the Agency's tax increment fund balance for the purpose of funding various Site Improvements for the proposed project.

**BACKGROUND:**

The Redevelopment Agency has been working with Blake-Hunt Ventures (the Developer) for several years to develop the Hayward Cinema Place project. The Agency first entered into a Disposition and Development Agreement (DDA) and Ground Lease with the Developer in 2004, and subsequently agreed to a modified project and amended the Agreement in May 2005. The proposed project is a two-story complex, including approximately 21,000 square feet of restaurant and retail space and a 12-screen theater to be located on the Agency-owned site at the corner of B Street and Foothill Boulevard. As part of its agreement with the Developer, the Agency has funded, and the City is currently building, an adjacent public parking garage with 244 spaces.

The Agency's goal for this project is to redevelop the site as a pedestrian-oriented entertainment anchor for the eastern end of the historic downtown area. The project includes seven restaurant/shop spaces on the ground level and one larger restaurant space on the upper level. The parking garage has been sized smaller than what is needed to service the retail complex, in order to encourage patrons to walk from other downtown parking locations and pass other stores along the way. Downtown business owner and merchant interest in the project has been high, and the project has already prompted several property owners to improve their

buildings. The Agency is following up with a new retail attraction program to assist in filling persistent vacancies in some of the buildings in the downtown core.

Recent progress on this project is as follows: The Agency awarded a construction contract for the parking garage in June 2006 in the amount of \$6.7 million. Remaining site demolition work was completed in July and grading and construction of the garage by the Agency/City was started in August. The developer also submitted construction plans to the City in 2006 for the Cinema Place building, and a building permit will soon be issued. Regarding leasing activity, Blake-Hunt currently has signed leases or is negotiating leases for four of the eight shop/restaurant spaces (see attached leasing report). Leases signed or in progress are for Saxby's Coffee, The Tiki Grill, Red Brick Pizza, and a new eat in/take-away delicatessen currently called SRG.

In July 2006, Blake-Hunt reported that the owners of Century Theatres had entered into an agreement to sell the company to Cinemark Theaters. As a result, the theater lease, which had been in final form and awaiting execution by Century, had to be re-submitted and approved by the new owner. The delay caused by the pending sale of Century Theatres set the project back several months. In addition, the Developer met with staff to discuss increases in construction material costs, which caused the construction cost estimate to increase by approximately 28%. The Developer subsequently re-issued a request for bids for the construction contract, and obtained lower bids in return. Currently, the project is estimated to cost a total of approximately \$15.85 million, including approximately \$12.9 million in construction costs. However, a funding gap still remains in the project, and the Developer has requested Agency financial assistance in the amount of approximately \$1.5 million plus a waiver of certain City building fees to eliminate that gap.

**Proposed Agency Assistance:**

The proposed Agency contribution will consist of two elements: 1) the Agency would assume responsibility for the City's building permit fees in an estimated amount of no more than \$135,000; and 2) the Agency would contribute a maximum of \$1.5 million for certain site improvements, demolition costs and a covered walkway along Foothill Boulevard between the new parking structure and B Street.

With regard to the building permit fees, it is proposed that the Agency amend its Repayment Agreement with the City, to include an obligation to repay these fees in the future. The Developer would pay all water, sewer and other utility hook-up fees, the school impact fees, and the cost of inspections.

The Agency is also being asked to provide up to a maximum of \$1.5 million in cash assistance for site improvements, including: 1) site demolition costs (\$310,000); 2) a covered walkway along the edge of the Cinema Place construction site on Foothill Boulevard to connect the new Parking Structure to B Street (\$88,000); and 3) various site costs including on-site paving, landscaping, utility trenching, grease interceptors, and soil vapor barrier (\$1,102,000). The Agency has already paid approximately \$275,000 of the demolition costs pursuant to the

previous DDA terms, and this amount will be credited in the \$1.5 million assistance; however, the demolition costs were not heretofore formally appropriated. The Agency's cash contribution would be made from the Agency's fund balance, which has sufficient funds to cover the requested amount.

The cash contribution would be structured as a loan to be repaid from future sales proceeds of the development, in the event that certain investment return thresholds are met. While Blake-Hunt Ventures has already entered into a Purchase and Sale Agreement for this project as discussed below, this first sale will not meet the necessary level of profit that would trigger a repayment of the Agency's contribution. If subsequent sales take place within the next five years, and if the future owner achieves an Internal Rate of Return on its investment of 15% or greater, then the Agency would be repaid 80% of sales revenue in excess of that 15% return level. The return threshold triggering the repayment of the Agency's loan was established in recognition of the relatively risky nature of this project and the need to attract further construction financing. Based on current estimated rents over a five-year period, the owner would need to sell the development for over \$24 million. It is unknown if this threshold could be achieved.

#### **Ground Lease:**

A change to the Lease Agreement, which deals with the payment of Percentage Rent is proposed. Currently, the Lease calls for the Developer to pay Percentage Rent to the Agency at 5% of total rents received by the Developer in excess of \$660,000. In as much as the project has changed since this level was established in 2005, the proposed revision would raise the threshold rent level from \$660,000 to \$1.3 million. The reason for this change is that while the lease rate which Cinemark is paying is higher than what Century had proposed to pay, the Developer is paying a correspondingly higher cost for the theater's tenant improvements. Additionally, obligation to pay this percentage rent would commence in year six. Even with the increased threshold for payment of Percentage Rent, the Agency would receive an estimated \$8.2 million, or \$2.4 million additional, in total rent during the 50-year lifetime of the Ground Lease versus a previous estimate of \$5.8 million in total rent received under the prior arrangement.

#### **Parking Operation Agreement and Theater Agreement:**

Two additional components of this project are also noteworthy. One is that the DDA calls for the Agency and the Developer to enter into a Parking Maintenance and Easement Agreement ("The Parking Agreement"), and the other is the execution of an Agreement with Century/Cinemark Theaters.

#### **Parking Operation Agreement:**

Under the Parking Agreement, all but approximately 37 of the 244 parking spaces will be set aside for four-hour parking. The remaining spaces would be split between 60 and 90 minute parking. The Developer will pay half the maintenance costs of the parking garage, and will pay

the full cost of providing security for the garage if Developer desires security personnel. The City or Agency may choose to charge for parking, and the Developer may compel the Agency to charge for parking at the Parking Structure at a rate up to four times the going rate for other public parking in the downtown. However, in order to comply with federal tax law regarding the Agency's financing for the garage – the tax-exempt bonds - parking revenues may not exceed the cost of operating the garage. In addition, while there may be charges for parking, movie-goers and retail customers of Cinema Place will receive free, validated parking. The Parking Agreement also spells out certain cross easements between the theater/retail parcel and the parking parcel and specifies maintenance of certain common areas. The Developer will assume routine maintenance of the alley between the garage and the theater, while the Agency/City will maintain Theater Alley driveway area.

### **Theater Agreement:**

Previously, the Agency agreed to a provision requiring a \$5 million payment to Century Theaters in the event that another movie theater opens in the City of Hayward, outside the Downtown Core, over the next 20 years, which forces this theater to close its doors. The provision was agreed to with the understanding that it is incumbent upon the Agency and the City to protect its substantial investment in the downtown revitalization. This Agreement may be assigned if Century assigns its theater lease to another first class theater operation; however, in that event the term of this agreement is reduced to 15 years. The City Council previously approved amendments to the Zoning Ordinance in order to require that theaters proposing to locate outside the Downtown Core area conduct an economic study to determine the economic impacts on theater(s) located in the downtown.

The major pre-conditions for considering the Developer's assistance include execution of the Century/Cinemark lease, and firm commitments for remaining project financing. Cinemark has recently signed a revised lease agreement. In addition, as noted above the Developer has recently entered into an agreement with The Matteson Companies, a real estate investment firm based in Redwood City, to provide the remaining equity and debt financing and to purchase the project upon completion. Under this agreement, Blake-Hunt Ventures will continue to be responsible for completion of the project and installation of the new tenants. Matteson is also proposing to develop the northeast corner of C and Main Street, with condominiums and a small retail component. Staff views the participation by Matteson as a positive development for both the project and the downtown generally. Finally, the Developer has entered into a guaranteed maximum price contract with San Jose Construction for the development of this project. With these project components now in place, staff is prepared to recommend that the Agency Board approve the amended DDA and Ground Lease.

The Developer is now projecting a construction start date of late April 2007. Once construction is underway, it is estimated that the development will take approximately ten months to complete the building shell, another four months to finish the retail shop space tenant improvements; and an additional five months to finish the theater tenant improvements. Therefore, the Cinema Place retail shops and restaurants would be open for business starting in

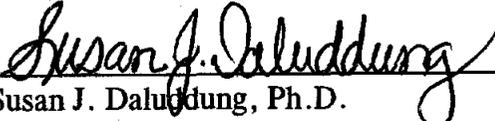
mid-2008, with the theater opening in late fall 2008. Meanwhile, the new parking garage will be completed by June of this year and will be made available to the public.

A notice for the proposed public hearing was published in the Daily Review , and a copy of the proposed Second Amended Disposition and Development Agreement and Ground Lease for the Cinema Place Hayward project and a copy of the Report prepared pursuant to California Health and Safety Code Section 33433 have been placed in the City Clerk's office for public inspection. Finally, Exhibit B of this report summarizes the costs and revenues associated with the proposed Agreement.

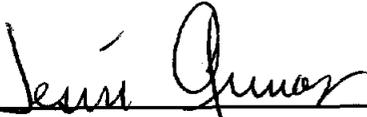
Prepared by:

  
\_\_\_\_\_  
Maret Bartlett  
Redevelopment Director

Recommended by:

  
\_\_\_\_\_  
Susan J. Daluddung, Ph.D.  
Director of Community and Economic Development

Approved by:

  
\_\_\_\_\_  
Jesús Armas  
City Manager

Attachments: Exhibit A - Site Leasing Plan  
Exhibit B - Summary of Agency Costs and Revenue  
Resolutions

**DUE TO THE LENGTH OR COLOR  
OF THE REFERENCED EXHIBIT,  
IT HAS BEEN ATTACHED AS A  
SEPARATE LINK.**

## EXHIBIT "B"

### CINEMA PLACE SUMMARY OF AGENCY COSTS AND REVENUE

#### Projected Gross Agency Costs

As of March 2007 the Agency has expended approximately \$11 million to purchase the Property and bring it to a state of readiness for disposition to the Developer under the terms of the DDA. The Agency's costs to date include:

Land purchases, title & escrow	\$3,441,266
Legal	83,266
Property Maintenance	30,098
Environmental	182,393
Survey	29,115
Economic Consultant	42,258
Site Clearance	<u>275,624</u>
Sub-total	\$4,084,020
Parking Garage Construction Cost	\$7,030,000
• Design - \$310,000	
• Admin., Inspection, Testing - \$\$290,000	
• Construction - \$6,430,000	
Less rental Receipt – Developer	(\$45,836)
Less Rental Receipt (Spirit Halloween Stores)	(\$30,000)
Net to date costs	<b>\$11,038,184</b>

Under the DDA, it is estimated that an additional \$63,000 will be incurred prior to transferring the property to the Developer, as follows:

LegalEconomic	\$15,000
Environmental	\$19,000
Building Fees & Permits	\$132,165
Site Improvement Loan	\$1,500,000
• Demolition - \$310,000	
• Covered Walkway - \$88,000	
• Misc Site Improvements - \$1,102,000	

Total DDA/Lease Costs **\$1,666,165**

**Total All Agency Costs of Proposed Development** **\$12,704,349**  
**(Round to \$12,700,000)**

**Projected Revenue to the Agency**

1. **Revenue from the Lease of Property:** Based on the proposed Ground Lease Terms, and the lease rates projected by the Developer, the total rent received for the Property over the 50-year primary lease term is estimated to be approximately \$8.2 million, or \$1,248,000 when discounted to present value.
2. **Revenue from Tax Increment:** The estimated value of the Retail/Theater Project, including the incremental value of the retail site is estimated to be \$16.8 million. This does not include the parking garage, which is a public facility and is not subject to property taxes. Based on this value, the total revenue stream from property tax increments to the Agency is estimated to be \$3.25 million, or \$1,919,000 discounted to present value.
3. **Reversion Value:** Because the Agency (or its successor, the City of Hayward) will continue to own the land and improvements after the term of the Lease, the Property will have ongoing value. At the end of the lease term, the value of the Project (net of the parking garage) is estimated to be \$40.5 million, or \$1,286,000 discounted to present value.

**Net Cost/Gain to the Agency/City**

The net cost to the Agency is the difference between projected revenues and costs:

<b>Agency Revenue</b>	<b>Present Value</b>
Revenue from the Lease	\$1,248,000
Revenue from Tax Increment	\$1,919,000
Potential Value from Reversion	<u>\$1,286,000</u>
<b>Sub-total Agency Revenue</b>	<b>\$4,453,000</b>
<b>Value of Agency Parking Garage Asset</b> (building @ 7,030,000 + land at \$1,428,000)	<b><u>\$8,458,000</u></b>
<b>Total Agency Revenue</b>	<b>\$12,911,000</b>
<b>Less Estimated Agency Costs</b>	<b>(\$12,700,000)</b>
<b>Net Gain/Loss</b>	<b>\$211,000</b>

# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

Introduced by Council Member \_\_\_\_\_

*me  
3/20/07*

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAYWARD APPROVING AND AUTHORIZING THE EXECUTION OF A SECOND AMENDED DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD AND CINEMA PLACE HAYWARD, LLC**

WHEREAS, the Redevelopment Agency of the City of Hayward (the "Agency") is carrying out the Redevelopment Plan (the "Redevelopment Plan") for the Downtown Hayward Redevelopment Project (the "Redevelopment Project"); and

WHEREAS, on August 13, 2004, the Agency entered into a Disposition and Development Agreement (the "Initial DDA") with Cinema Place Hayward, LLC ("Developer") which provides for the lease and development of certain real property owned by the Agency within the Redevelopment Project (the "Site") with a theatre/retail complex and public parking structure; and

WHEREAS, on October 21, 2005, the Agency and the Developer entered into an Amended and Restated Disposition and Development Agreement (the "First Amended DDA") which superseded the Initial DDA; and

WHEREAS, since the execution of the First Amended DDA, the following has been accomplished with respect to the Site:

1. Demolition of above-ground structures and paving has been completed by the Developer using funds advanced by the Agency for such purpose.

2. Grading on the portion of the Site to be retained by the Agency for construction of a public parking structure ("Garage Parcel") has been completed by the Developer using funds advanced by the Agency for such purpose.

3. The Agency has obtained a letter from the Regional Water Quality Control Board dated July 3, 2006, clearing the Site for construction. Except for on-going monitoring and testing, all remediation of above- and below-ground contamination has been satisfactorily completed by the Agency and the Developer.

4. The Developer has obtained approval of construction drawings for the development of the portion of the Site to be leased to the Developer for the development of a theatre/retail complex (the "Theatre/Retail Complex Parcel") and has submitted a complete application for the construction of the theatre/retail building to the City of Hayward ("City").

5. The Developer has prepared a legal description of the Theatre/Retail Complex Parcel and a subdivision map which upon recordation by the Agency will subdivide the Site into the Garage Parcel and the Theatre/Retail Complex Parcel.

6. The Agency and the Developer have executed the ground lease of the Theatre/Retail Complex Parcel and the Developer has commenced the payment of rent thereunder.

7. The Agency has commenced construction of the public parking structure ("Parking Structure") on the Garage Parcel; and

WHEREAS, due to increased construction costs and other changed circumstances, the Agency and Developer have prepared a proposed Second Amended Disposition and Development Agreement ("Second Amended DDA") which shall supersede the First Amended DDA; and

WHEREAS, the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.) provides in Section 33431 that any sale or lease of Agency property may be made only after a public hearing of the Agency after publication of notice as provided by law; and

WHEREAS, the Community Redevelopment Law provides in Section 33433 that before any property acquired, in whole or in part, with tax increment monies, is sold or leased for development pursuant to a redevelopment plan, such sale or lease shall first be approved by the legislative body after a public hearing, that notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community for at least two (2) successive weeks prior to the hearing, and that the Agency shall make available for public inspection a copy of the proposed sale or lease and a summary of the financial aspects of the proposal; and

WHEREAS, the Community Redevelopment Law provides in Section 33445 that an agency may, with the consent of the legislative body, pay for all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or without the project area, if the legislative body makes certain findings; and

WHEREAS, notice of a joint public hearing by the City Council of the City of Hayward (the "City Council") and the Agency was published in the \_\_\_\_\_ on \_\_\_\_\_, 2007 and \_\_\_\_\_, 2007; and

WHEREAS, the Agency has prepared a summary report (the "Report") pursuant to Section 33433 of the Health and Safety Code describing the cost of the Second Amended DDA to the Agency, the value of the property interest to be conveyed, and other information required by said Sections 33433, and said Report was made available to the public for inspection; and

WHEREAS, an initial study and mitigated negative declaration was previously prepared pursuant to the California Environmental Quality Act ("CEQA") in connection with the approval of the Initial DDA, determining that the proposed project, with the recommended mitigation measures, will not result in significant effects on the environment.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward as follows:

Section 1. With respect to the Second Amended DDA, the City Council hereby finds and determines as follows:

(a) No substantial changes are proposed in the project which will require major revisions of the previous mitigated negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;

(b) No substantial changes have occurred with respect to the circumstances under which the project is undertaken which will require major revisions of the previous mitigated negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or

(c) No new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous mitigated negative declaration was adopted, shows any of the following:

(i) The project will have one or more significant effects not discussed in the previous mitigated negative declaration;

(ii) Significant effects previously examined will be substantially more severe than shown in the previous mitigated negative declaration;

(iii) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or

(iv) Mitigation measures or alternatives which are considerably different from those analyzed in the previous mitigated negative declaration would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

(d) No further environmental analysis or documentation is necessary or required.

**Section 2.** The City Council hereby finds and determines that:

(a) The payment by the Agency of the cost of construction of the Parking Structure and other demolition and site preparation costs as provided for in the Second Amended DDA is of benefit to the Project Area and the immediate neighborhood in which it is located.

(b) No other reasonable means of financing such improvements is available to the community.

(c) The lease of the Theatre/Retail Complex Parcel by the Agency and payment by the Agency of the cost of construction of the Parking Structure will assist in the elimination of blight in the Project Area.

(d) The lease of the Theatre/Retail Complex Parcel by the Agency and payment by the Agency of the cost of construction of the Parking Structure is consistent with the Implementation Plan for the Redevelopment Project.

The foregoing findings are based on the facts contained in the Report and the staff report of the Agency.

**Section 3.** The City Council hereby finds and determines that the consideration to be received by the City Council for the lease of the Theatre/Retail Complex Parcel is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the Second Amended DDA. This finding is based upon the facts and information contained in the Report.

**Section 4.** The City Council hereby approves the lease of the Theatre/Retail Complex Parcel to the Developer pursuant to the Second Amended DDA in substantially the form on file with the Secretary of the Agency and consents to the payment by the Agency of the cost of land for and the cost of construction of the Parking Structure and related demolition and site preparation costs.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2007

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:  
MAYOR:

NOES: COUNCIL MEMBERS:

**ABSTAIN: COUNCIL MEMBERS:**

**ABSENT: COUNCIL MEMBERS:**

**ATTEST:** \_\_\_\_\_  
City Clerk of the City of Hayward

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney of the City of Hayward

# DRAFT

## REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD APPROVING AND AUTHORIZING THE EXECUTION OF A SECOND AMENDED DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD AND CINEMA PLACE HAYWARD, LLC

*mm*  
*3/20/07*

WHEREAS, the Redevelopment Agency of the City of Hayward (the "Agency") is carrying out the Redevelopment Plan (the "Redevelopment Plan") for the Downtown Hayward Redevelopment Project (the "Redevelopment Project"); and

WHEREAS, on August 13, 2004, the Agency entered into a Disposition and Development Agreement (the "Initial DDA") with Cinema Place Hayward, LLC ("Developer") which provides for the lease and development of certain real property owned by the Agency within the Redevelopment Project (the "Site") with a theatre/retail complex and public parking structure; and

WHEREAS, on October 21, 2005, the Agency and the Developer entered into an Amended and Restated Disposition and Development Agreement (the "First Amended DDA") which superseded the Initial DDA; and

WHEREAS, since the execution of the First Amended DDA, the following has been accomplished with respect to the Site:

1. Demolition of above-ground structures and paving has been completed by the Developer using funds advanced by the Agency for such purpose.
2. Grading on the portion of the Site to be retained by the Agency for construction of a public parking structure ("Garage Parcel") has been completed by the Developer using funds advanced by the Agency for such purpose.
3. The Agency has obtained a letter from the Regional Water Quality Control Board dated July 3, 2006, clearing the Site for construction. Except for on-going monitoring and testing, all remediation of above- and below-ground contamination has been satisfactorily completed by the Agency and the Developer.
4. The Developer has obtained approval of construction drawings for the development of the portion of the Site to be leased to the Developer for the development of a theatre/retail complex (the "Theatre/Retail Complex Parcel") and has submitted a complete application for the construction of the theatre/retail building to the City of Hayward ("City").

5. The Developer has prepared a legal description of the Theatre/Retail Complex Parcel and a subdivision map which upon recordation by the Agency will subdivide the Site into the Garage Parcel and the Theatre/Retail Complex Parcel.

6. The Agency and the Developer have executed the ground lease of the Theatre/Retail Complex Parcel and the Developer has commenced the payment of rent thereunder.

7. The Agency has commenced construction of the public parking structure ("Parking Structure") on the Garage Parcel; and

WHEREAS, due to increased construction costs and other changed circumstances, the Agency and Developer have prepared a proposed Second Amended Disposition and Development Agreement ("Second Amended DDA") which shall supersede the First Amended DDA; and

WHEREAS, the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.) provides in Section 33431 that any sale or lease of Agency property may be made only after a public hearing of the Agency after publication of notice as provided by law; and

WHEREAS, the Community Redevelopment Law provides in Section 33433 that before any property acquired, in whole or in part, with tax increment monies, is sold or leased for development pursuant to a redevelopment plan, such sale or lease shall first be approved by the legislative body after a public hearing, that notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community for at least two (2) successive weeks prior to the hearing, and that the Agency shall make available for public inspection a copy of the proposed sale or lease and a summary of the financial aspects of the proposal; and

WHEREAS, the Community Redevelopment Law provides in Section 33445 that an agency may, with the consent of the legislative body, pay for all or a part of the value of the land for and the cost of the installation and construction of any building, facility, structure, or other improvement which is publicly owned either within or without the project area, if the legislative body makes certain findings; and

WHEREAS, notice of a joint public hearing by the City Council of the City of Hayward (the "City Council") and the Agency was published in the \_\_\_\_\_ o n \_\_\_\_\_, 2007 and \_\_\_\_\_, 2007; and

WHEREAS, the Agency has prepared a summary report (the "Report") pursuant to Section 33433 of the Health and Safety Code describing the cost of the Second Amended DDA to the Agency, the value of the property interest to be conveyed, and other information required by said Sections 33433, and said Report was made available to the public for inspection; and

WHEREAS, an initial study and mitigated negative declaration was previously prepared pursuant to the California Environmental Quality Act ("CEQA") in connection with the approval of the Initial DDA, determining that the proposed project, with the recommended mitigation measures, will not result in significant effects on the environment.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the City of Hayward as follows:

Section 1. With respect to the Second Amended DDA, the Agency hereby finds and determines as follows:

(a) No substantial changes are proposed in the project which will require major revisions of the previous mitigated negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;

(b) No substantial changes have occurred with respect to the circumstances under which the project is undertaken which will require major revisions of the previous mitigated negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or

(c) No new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous mitigated negative declaration was adopted, shows any of the following:

(i) The project will have one or more significant effects not discussed in the previous mitigated negative declaration;

(ii) Significant effects previously examined will be substantially more severe than shown in the previous mitigated negative declaration;

(iii) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or

(iv) Mitigation measures or alternatives which are considerably different from those analyzed in the previous mitigated negative declaration would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

(d) No further environmental analysis or documentation is necessary or required.



**ABSENT: AGENCY MEMBERS:**

**ABSTAIN: AGENCY MEMBERS:**

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**Secretary of the Redevelopment Agency**

**ATTEST:**

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**General Counsel**



