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DATE: June 17, 2008

TO: Redevelopment Agency Board Members

FROM: Director of Community and Economic Development

SUBJECT: Authorization to Enter into Contract for Financial Consulting Services Related to the City Center Campus Project with Economic Research Associates and Appropriation of Funds

RECOMMENDATION

That the Agency Board adopts the attached resolutions authorizing the Executive Director to enter into a contract with Economic Research Associates to provide financial consulting services for the City Center Campus project, and appropriating \$32,000 for this purpose.

BACKGROUND

On January 29, 2008, the Agency Board authorized staff to enter into an Exclusive Negotiating Agreement (ENA) with the Mika Realty Group (Mika) for a proposed mixed use development at the City Center Campus. The ENA was executed on May 5, 2008, and it provides a seven month timeframe to negotiate a development agreement with Mika. In order to assist staff in negotiating a Disposition and Development Agreement, it is recommended that a financial consultant be hired to evaluate Mika's pro forma development costs and to analyze the terms of sale. Additionally, under California Redevelopment Law, if the Agency sells real property to a private party at less than market value, a land residual analysis is required to substantiate the write-down. To that end, staff issued a Request for Proposals (RFP) for a financial consultant with demonstrated expertise in representing public agencies in hotel/conference center development and housing development. Two consultants, both with significant relevant experience, submitted proposals. It is recommended that staff contract with the lower cost bidder, Economic Research Associates, at a cost of \$32,000.

FISCAL IMPACT

Funding this contract would reduce the Agency's tax increment fund balance by \$32,000. The Agency currently has more than sufficient tax increment for this expenditure. In addition, the Developer has submitted a \$75,000 good faith deposit that will serve to defray this cost. It is anticipated that the financial consultant would assist the Agency in analyzing and structuring a development agreement with Mika.

PUBLIC CONTACT

Discussion about the City Center Campus has occurred at the following public meetings:

City Council/Agency Board, January 16, 2007 – Authorized one-year extension of tentative tract map for Centennial Towers and agreement to issue Request for Proposals (RFP) for redevelopment of former 11-story City Hall and adjacent Centennial Hall and City parking structure.

Council Downtown Committee, February 26, 2007 – Directed staff to enter into professional services agreement to prepare site for sale/development.

Council Downtown Committee, March 26, 2007 – Reviewed and commented on conceptual development site plan alternatives.

City Council/Agency Board Work Session, May 8, 2007 – Reviewed and commented on conceptual development site plan alternatives to be included in RFP.

Hayward Redevelopment Area Committee, October 10, 2007 – Reviewed and commented on RFP issued by staff for the site – no action taken.

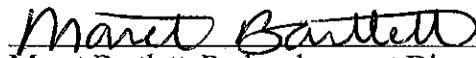
City Council/Agency Board Work Session, January 8, 2008 – This project was discussed in terms of the Agency priorities.

City Council/Agency Board, January 29, 2008 – Authorized ENA with Mika Realty Group for mixed use development.

NEXT STEPS

If negotiations with Mika are concluded within the seven month negotiating period established in the ENA, a development agreement could be entered into as of Fall 2008.

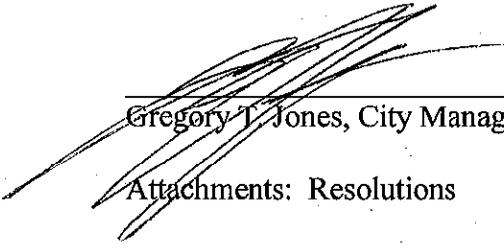
Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


Susan S. Daluddung, Ph.D.
Director of Community and Economic Development

Approved by:



Gregory T. Jones, City Manager

Attachments: Resolutions

