



Initiative Summary and Additional Points

While the Chamber supports economic development at Alameda Point, it does not support the initiative as written because of the significant economic risks it places on (or transfers to) the City's citizens and businesses.

The initiative caps contributions to initial investments and ongoing maintenance costs for the entire project. If these funds fall short of necessary funding to create or maintain the proposed improvements, continued funding of the initiative's proposed improvements will necessitate a reduction in services important to maintaining Alameda's economic sustainability and attractiveness, or an increase in taxes and fees on existing businesses and citizens to maintain those levels of service.

1. The initiative provides a funding cap for the entire development period of
 - a. \$200 million to the City for all investments made by SunCal or its successor developers and major landowners and lessors (Initiative p. 3 (s), p.5 (s), City summary p.11)
 - b. 2% property tax increment cap on new development, including the City's current base assessment rate of 1.1 % (City summary p.17, p.18)

The caps are not inflation-adjusted, and extend throughout the 25-year development period (plus any extensions due to litigation or environmental remediation). To provide some historical perspective regarding the size of this risk, to purchase goods costing \$200 million 25 years ago would cost more than \$425 million today. The initiative provides the developer(s) and its successors to develop the property at any time deemed feasible in their business judgment. (City summary p.10 Term, p.11 Phasing of Development, historical CPI data)

2. The initiative reduces funds typically available to the City during redevelopment by providing the developer(s) the right of reimbursement or offset against property taxes and fees for
 - a. \$82.4 million in fees and revenues that would ordinarily be collected from the developer on the proposed development (City summary p.19-21)
 - b. Investments made in basic infrastructure such as streets, utilities, and fire station and equipment costs (City summary p.18, Development Agreement)
3. The initiative requires that, to obtain the \$200 million in promised funding for fire station upgrades, transit improvements, recreation areas, and the branch library, in addition to current redevelopment funds that have been allocated for the Point from previous redevelopment property tax increment, the City must transfer all related property tax increment available from this project to the developer(s) -- without any proportion allocated to the customary redevelopment practice of reinvestment in future redevelopment projects that crucial to the success of other business and residential areas. (City summary p.18, Development Agreement)

4. The initiative diverts current Point lease revenues -- used to fund police, fire and other infrastructure services at the Point -- to the developer. (City summary p.18, Development Agreement)
5. The initiative transfers the remaining risk for many other costs to the City's taxpayers, including:
 - defense of the initiative's development proposals in litigation regarding other matters, such as
 - o the Renewed Hope 25% affordable housing settlement commitment (City summary p. 29)
 - o toxics or other environmental remediation issues outside of the Navy's responsibility (City summary p.22-26)
 - o likely action from Oakland regarding traffic impacts (known based on past action and recent statements, second report address traffic)
 - unknown additional costs of utility maintenance due to unique hazards of the proposed Point development related to sewage pump stations and treatment capacity, water resources and capacity, utility repair workers' subsurface-contaminant protection, bioswale limitations and rising seawater on unprotected roadways and other areas (City summary p.22-26)
 - a projected known general fund annual shortfall of \$4.8 million at completion, and at least \$17.7 million during an assumed 15-year development period (before adjustment for inflation) (City summary p.16 - note, not 25-30+ year allowance)
 - unknown impact of a proposed school, including a projected \$24.9 million payable in State impact fees not addressed by the initiative (City summary p.31)
6. Exclusion or significant limitation of the ability of the City or its citizens to request or impose any modification of these terms (Initiative p.10 Section 14(a)(2), City summary p.10 Amendments to Initiative)