

MINUTES

REGULAR MEETING OF
CITY OF ALAMEDA ECONOMIC DEVELOPMENT COMMISSION
THURSDAY, FEBRUARY 19, 2009
7:30 PM

- CALL TO ORDER AND ROLL CALL

Chair Zuppan called the meeting to order at 7:35 p.m.

Present: Chair Zuppan. Commission Members: Bonta, Breuer, Harrison, Lindsey, Milgram, and Ryan

Absent: Dahlberg

Vacancy: (1)

Staff: Leslie Little, Eric Fonstein, and Rosemary Valeska

2. MINUTES

2.a. Minutes of the Regular Meeting of January 15, 2009

Commission Member Breuer noted a minor correction needed for Item 1.a. Motion (Bonta), seconded, and unanimous to approve the minutes of the Regular Meeting of January 15, 2009 as amended.

3. CONSENT CALENDAR

(None)

4. ORAL COMMUNICATIONS – PUBLIC

(None)

5. UNFINISHED BUSINESS

(None)

6. NEW BUSINESS

6.a. Alameda Point Update Presentation by Base Reuse and Community Development Division Manager

Base Reuse and Community Development Division Manager Debbie Potter gave the presentation. (A copy of the PowerPoint presentation is attached for reference.) Following the presentation, the Chair opened the floor to Commission Members' questions, which are listed below. Ms. Potter's responses are in italics:

- Shouldn't the dates on the "Next Steps" slide read "2009" instead of "2008"? (Harrison) *Yes.*

- What will SunCal do if their ballot measure amending Measure A does not pass? (Harrison) *SunCal could respond with a new Measure A-compliant plan; however, they may not be able to have it ready before the Exclusive Negotiation Agreement (ENA) expires. SunCal has stated that a Measure A-compliant plan is not financially viable.*
- How much capital does SunCal have to start on Phase 1? (Harrison) *We can't really say but SunCal does have a financial partner, D.E. Shaw.*
- What is considered gross income for low-income housing? (Harrison) *The Federal Government sets the definitions for the various housing income levels.*
- The Alameda Point Community Partners' settlement agreement with Oakland Chinatown required \$450,000 in traffic mitigations based on 1,800 homes. Now SunCal is proposing 4,000-5,000 homes – is SunCal prepared to pay Chinatown a lot more? (Breuer) *That would have to be negotiated. SunCal is aware of the settlement agreement. The City is not responsible.*
- The Navy's price of \$108 million was based on 1,000 homes. If 4,000 more homes are proposed, then the value is going to escalate; the Navy could ask for \$250 million. (Breuer) *The Navy will not go over \$108 million. So much more is now known about the land and its constraints.*
- If the Navy's price goes to \$200 million, who would cover the extra funding? (Breuer) *We have not committed to anything yet, as there is no Disposition and Development Agreement yet. The maximum property value at build out would be \$184 million. The project would have to support everything. The private investment will be substantially larger than the public investment.*
- Who is D.E. Shaw connected with? The Securities and Exchange Commission is currently investigating three different hedge funds. Has the City taken a close look at D.E. Shaw? (Breuer) *We have met with representatives of D.E. Shaw and they have met our assurances. We require SunCal to make deposits on a quarterly basis and they have been doing so.*
- How can the Navy own the property? Why does it have to be paid for? (Ryan). *The military owns real estate all over the country. At one time, 25 percent of all military installations were in California. The Federal Government wants full market value for real estate. They will often take the land sale proceeds from a transaction and put it back into the clean-up. With two wars going on, the funds are needed for military reasons. No cost conveyances are a thing of the past.*

- Commission Member Lindsey had no comments or questions at this time.
- Have projections been done on tube capacities, factoring in all proposed development? (Milgram) *The Public Works Department does ongoing monitoring of capacities in the tubes. The cumulative impacts of other development will be analyzed when the EIR is prepared. There will be some impacts that have to be mitigated; people will have to strike a balance.*
- There is already a waiting time of up to 20 minutes in the tubes during rush hour. An hour wait for the tubes could affect property values (Milgram). *We need to have programs to take cars off the streets.*
- There is not a lot of precedent to get Americans to do these things even though she supports these efforts. How the project is marketed will be a factor. (Milgram) *The goal is to market Alameda Point to people who want public transit.*
- How is the Guaranteed Ride Home Program implemented? (Bonta). *The existing program is administered by the County. They use taxi vouchers. The purpose of the program is to encourage people to use public transit who otherwise would not due to concerns regarding child care emergencies or working overtime.*
- Is the new location of Alameda Point Collaborative identified on the site plan? (Bonta) Yes.
- Regarding D.E. Shaw, other than the quarterly deposits being made, are there any other indicators of their financial health? (Bonta) *Last fall we had our financial consultants take another look and they said things looked fine.*
- Do we have the right to review their financials at any time? (Bonta) *The financial consultants can review the financials every six months; however, a request can be made at the staff level.*
- Are there other D.E. Shaw projects? (Bonta). *D.E. Shaw interests are not primarily in real estate; however, they are in another real estate project with SunCal in Albuquerque. They are now moving forward with predevelopment.*
- What would be the next step should the proposed ballot measure amending Measure A fail? (Bonta) *We would keep SunCal's deposit and talk to the Navy about another disposition strategy.*
- Why is a church included on the list of civic spaces? (Zuppan). *A church came up in surveys. It is an amenity that should not be overlooked in a residential development.*
- During the Clinton administration, there were discussions regarding the no-cost conveyance. With the new administration, is there any

possibility of us being able to revisit the purchase price of the property? (Zuppan) *We tried to get a "cashless conveyance" included as part of the stimulus bill but were unsuccessful.*

- Will the Guaranteed Ride Home Program be offered to people who don't live at Alameda Point? (Zuppan) *SunCal is committed to broadening these plans to others in Alameda, e.g., a shuttle to Fruitvale BART.*
- Regarding affordable housing, will there be a preference to current Alameda residents for the lottery? (Harrison) *Alameda residents will receive preference points in the lottery.*
- Traffic will be a major issue. A lot of this is "pie in the sky." Who will pay for these services? (Breuer) *Alameda Point residents and employers will pay for these improvements through an assessment.*
- The EIR will not be done until July or later? (Breuer) *Yes.*
- That will be a problem. Have we looked at other options besides SunCal? Have we looked at a Land Trust model like the Presidio? (Breuer) *We are bound by the ENA and we cannot talk to others.*
- More bases are going with that model (Breuer). *The legislation for the Presidio was a single piece of legislation directly targeted for that land.*
- Regarding transportation, could there be City legislation to limit the number of cars per home in a development? (Milgram) *The City can use other strategies but it would not be easy to restrict the number of cars per residence.*
- Last month, the EDC reviewed a proposed residential parking permit program for the Park and Webster business districts (Harrison) *That might be appropriate for use at the Alameda Point transit nodes.*

The Chair thanked Ms. Potter for her presentation. This item was presented for information, only; no EDC action was requested.

6. b. CIC Goals and FY 21007-08 Activities/Accomplishments

6. c. Development Services Department Activities; Business Development Division work Program

Development Services Director Leslie Little stated that she would like to address items 6.b. and 6.c. jointly. Ms. Little recapped the written materials provided in the agenda packet. She provided an overview of all the reporting that is required for a redevelopment agency. She explained the responsibilities and activities of the three divisions in Development Services. Over the past few years, the department staff has been reduced from a high of 34 to the present 17 plus two contract employees. We have been staffing based on what we believe to be sustainable in the long term.

The State took \$350 million from redevelopment agencies this year, with Alameda's share being \$912,000. If the SunCal project goes through, we will lose the Alameda Point lease revenues. However, as a result of the Federal stimulus package, our CDBG will receive an additional \$325,000. The Chair opened up the floor to Commission Member questions and comments. Ms. Little's responses are in italics:

- Regarding lease tenants at Alameda Point, wouldn't the 30-day termination policy discourage large companies from locating there? (Breuer) *The Navy has certain rules. It would actually be 60 days. We usually get plenty of advance notice prior to remediation work. We get tenants who don't invest a lot of money in their building.*
- Wants to look at our business attraction and business retention priorities (Zuppan). *Business retention is not difficult. We have tried to find out what works with business attraction. Working with East Bay Economic Development Alliance has been productive. Our coalitions with surrounding East Bay cities can also be very productive. We have made friends with good commercial real estate brokers. At our February 26 real estate forum, our topic will be banking and finance. Due to lack of access, Alameda falls behind Berkeley and Emeryville; however, when those cities get too full, then Alameda looks more attractive, e.g., parking. We have gone on site visits with the Mayor. In order to have successful business recruitment, we need owners who are willing to provide tenant improvements. Business Development Division staff found the tenants for the historic theatre. However in most cases, it is more effective to hire a contractor than to do it ourselves.*

The Chair thanked Ms. Little for her presentation. These items were provided for information, only; no EDC action was requested.

6. d. Proposal to Form a Subcommittee for the Purpose of Soliciting Input from the Business Community (not to exceed four members)

The Chair stated that the business associations were supportive of this effort. Commission Members Bonta, Breuer, Harrison, Lindsey, and Milgram volunteered to be part of this effort. The Chair stated that the subcommittee could meet with businesses and then report back to the full EDC. Recommendations would ultimately be forwarded to the City Council.

The Chair suggested the idea of meeting with the business association representatives as an item on an agenda for a regular EDC meeting. Commission Member Bonta stated that subcommittees lend themselves to brainstorming and that a regular meeting may not be the best format for that. He added that the subcommittee meetings could be noticed to prevent quorum problems. Ms. Little stated that DSD staff could assist

with scheduling and noticing subcommittee meetings and also help with the work plan.

Motion (Milgram) and seconded to schedule an initial meeting of the subcommittee to define the purpose, and whether we need one or two subcommittees to focus on business retention, recruitment, and other kinds of commercial business. Discussion followed. Commission Member Harrison stated that he would like the motion to be amended. Commission Member Bonta stated that four members should be specified at this time and the other EDC members would attend the initial meeting. Commission Member Breuer stated that the subcommittee would report back to the EDC. Ms. Little recommended that we set up a noticed working session to begin the strategy on the work program to bring back to the EDC. Ms. Little stated that staff would notice this working session. The original motion was withdrawn.

Motion (Harrison), seconded, and unanimous to accept Ms. Little's recommendation to schedule a working session for the purpose of creating a four-member subcommittee and work plan.

7. REPORTS

The Chair announced that Commission Member Harrison has agreed to be the new EDC representative to the Bicycle Task Force.

8. WRITTEN COMMUNICATIONS

8.a. Upcoming EDC Agenda Items

8.b. Redevelopment Magazine

9. ORAL COMMUNICATIONS – COMMISSION MEMBERS AND STAFF

- Mr. Fonstein reported the following:
 - The City Council recently granted \$200,000 in additional funding to the Façade Assistance Program.
 - The Mayor and staff recently made a site visit to Makani Power at Alameda Point. Makani generates electricity by harnessing wind power through the use of kites, turbine propellers, and power cords.
 - We are working with East Bay EDA to attract a major foreign business to Alameda Point.
 - Angela's Bistro is scheduled to open at the new cineplex location in April.

- The next Real Estate Forum is scheduled for February 26. The theme will be banking and finance. Two EDC Members have indicated their plans to attend.
- At Alameda Towne Centre, Kohl's grand opening is scheduled for April 1, and Panera Bakery will open by late summer.
- Commission Member comments:
 - Commission Member Bonta asked if Everett & Jones Barbecue would be opening on Webster. Mr. Fonstein responded that was correct and the opening should be soon.
 - Commission Member Breuer thanked Mr. Fonstein for his responsiveness in contacting the owner of Cera Una Volta, who had questions regarding signage. He also stated that Joe Jaber has opened a new deli on Maitland, and that he had referred Mr. Jaber to contact Mr. Fonstein.

10. ADJOURNMENT

The meeting was unanimously adjourned at 9:46 p.m.

Respectfully submitted,

Rosemary Valeska
EDC Recording Secretary

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