

October 19, 2009

Ms. Ann Marie Gallant
Interim City Manager
City of Alameda
2263 Santa Clara Avenue, Room 320
Alameda, California 94501-4477

**Re: Comments to Alameda Development Initiative Election Report
Executive Summary, Part 1, dated May 29, 2009**

Dear Ms. Gallant:

In reference to the City's recently posted "Alameda Development Initiative Election Report Executive Summary, Part 1," dated May 29, 2009 (Report), we enclose comments that more thoroughly describe our concerns discussed following posting of the Report. We have taken your suggestion and specified below our issues with the Report. In particular, we believe the narrow scope of the Report, while focusing, as you indicated was required, solely on the text of the Initiative, failed to provide a comprehensive and accurate view of the public/private partnership process that laid the foundation for the documents contained in the Initiative. We will also be submitting for your consideration, at a future date, the comments of our traffic engineer, Jim Daisa, to the Election Summary Part II. Based in the San Francisco East Bay Area, Mr. Daisa of Kimley-Horn is a nationally recognized expert in transit-oriented development and related traffic and parking matters.

While we understand that the City had a concern in describing confidential information contained in the numerous cost analyses, business plans, pro formas, professional consulting studies, infrastructure cost estimates and City directives that were prepared jointly by the developer and the City through months of effort and then peer-reviewed by third-party consultants hired by the City, we believe that it is necessary to describe this work if the public is to understand the context in which the Initiative was prepared. Rather than do so, the Report indicates that no information is available and implies that the Initiative is lacking in key fundamentals. In our view, without breaching confidentiality, the information could have been summarized and used in forming the judgments in the Report. In the absence of this context, the Report, although purporting to be objective, merely raises questions for which the City has answers but felt compelled not to disclose.

Further, City staff has failed to mention in its Report the degree of control which the City and its sister agencies, the Community Improvement Commission of the City of Alameda (CIC) and the Alameda Reuse and Redevelopment Authority (ARRA), retain over the project through control of the land. The Initiative requires the Navy to convey the land to the ARRA and not to a third party.

The Exclusive Negotiation Agreement between the City, the CIC and the ARRA requires these entities to impose numerous conditions on the transfer of the property from the ARRA to developer. These conditions include fiscal neutrality, phasing requirements, remedies in favor of the City for failure to develop in a timely manner, transfer restrictions and affordable housing, just to name a few. Because these types of requirements are not legislative and the ENA requires that they be included in the Disposition and Development Agreement (DDA) which will be the purchase and sale agreement between the CIC and the developer, these were determined to be outside the scope of the Initiative. That does not mean that as the developer, we would seek to avoid these conditions, but only that we expected that they would be handled in the DDA.

The following is our attempt to provide this context for the Report and to correct what we perceive to be its most significant inaccuracies. The comments are identified below by Section of the Report.

I. INTRODUCTION

The Report does not include background information that is needed to understand why an Initiative will be on the ballot. The City selected the developer, SCC Alameda Point, LLC, to partner on the redevelopment of Alameda Point. In furtherance of the City's stated desire to redevelop the property, we have embarked on an ambitious land-planning process leading up to the preparation of the Initiative. This process has been a long collaborative effort between the City, the developer, and, through numerous workshops and meetings, community groups and stakeholders in the City of Alameda. The process has been transparent, iterative and dynamic. The land-use concept that resulted from this community-wide process requires an amendment to the City Charter which is accomplished through a ballot initiative. The various documents that are included in the Initiative support the charter amendment and establish a plan for development of the site based upon this planning effort and the business plan and infrastructure costs developed in conjunction with the City. The inclusion of the Specific Plan and the Public Benefits in the Initiative is intended to provide more certainty to the City, developer and voters of the City of Alameda as to the benefits of the proposed development at Alameda Point.

By narrowly focusing on what is in the Initiative, and setting up a firewall as to other actions that have been taken by the City, the CIC and the ARRA in development of the Alameda Point plan or future actions available to these agencies, the Report does not provide a broader context that describes why certain information is contained in the Initiative and other information is not.

The Initiative is intended to set forth the broad framework for development of the project, including the general plan and specific plan that will set the comprehensive development plan for the site. It does not constrain all future governmental approvals, but rather, sets up a framework in which future project approvals, such as subdivision approvals, conditional use permits and historic reuse approvals will take place. Each of these approvals is subject to State statutory requirements, including subdivision map act and state housing requirements, and to the City's determinations as to public health and safety. Further, as noted in the Report, the City retains discretion to impose mitigation on the project pursuant to CEQA and to impose conditions related to development of the project pursuant to the subdivision map act. While further dedications of land are restricted in the Initiative, the plan includes dedication of 145 acres of land, which as the

Report notes, consists of 13.2 acres of parkland per 1,000 residents versus the 2.9 acres per 1,000 residents in the City currently today.

Most importantly, the Initiative is restricted by law to address only legislative matters. As noted above, the City, CIC and ARRA (Alameda) have required in the ENA that conditions such as the purchase price and the additional terms by which the developer will acquire the property, such as fiscal neutrality, phasing and timing of development restrictions, affordable housing, environmental remediation and the like be included in the Disposition and Development Agreement (DDA). The DDA must be approved by the ARRA and the CIC as a condition to the acquisition of the property by the developer and to the ultimate build-out of the site.

II. INITIATIVE PROCESS

The Section of the Report describing the Initiative Process outlines the initiative process accurately. It does not, however, completely address the question of what will occur if the Initiative fails to win a majority vote of the Alameda electorate. Alameda Point will not be developed until the Navy determines an alternative course of action. The buildings and infrastructure that currently exist will remain and continue to deteriorate. The cost of maintenance to the City and its residents will escalate and the blight will remain. No parks, civic facilities, public amenities, or homes will be built until some undetermined time in the future. Additionally, nearly 10,000 jobs that would be created through the development of Alameda Point will be lost.

III. DEVELOPMENT AND LAND USE CONTROL MECHANISMS

This Section of the Report generally outlines the controlling mechanisms included in the Initiative. While many of the statements are accurate, there are matters raised that are either inaccurate or that require significant context that was not provided. Our concerns are outlined below:

DEVELOPMENT AGREEMENT

Exactions – The statement that the DA exempts the developer from paying City impact fees paid at the time a building permit is issued is only part of the story. It is only certain fees that are exempted, as further described in Chapter IV of the Report. An explanation for the exemption should be included. The cost analyses and infrastructure studies that have been prepared by independent parties retained by the City confirms that the project will be building infrastructure or providing for the particular improvement addressed by the exempted fee (for example, library fees) in an amount equivalent to or, in most cases, in excess of City fees that would have otherwise been collected. Collection of impact fees is a method to ensure that development pays its fair share of costs caused by the impacts of the development. If a development includes infrastructure expenditures that are equivalent to or in excess of the total required fee, it is customary to waive the fee in lieu of the improvements. Fee exemptions have been used in various Alameda developments and are not unique to Alameda Point or this Initiative. In addition, through the commitment to fiscal neutrality, the developer has committed to assuring that there will be no negative fiscal impact to the City. A recent report by a third-party consultant

demonstrates that if executed effectively, at project build-out a positive fiscal impact in excess of several million dollars will be added to the City's General Fund if the Initiative passes.

Public Benefits and Financing – The analysis correctly identifies the developer's commitment to fund public improvements in an amount not-to-exceed \$200 million as a component of the DA. The source of funds for the public benefits is spelled out in detail in Section 8 of the Specific Plan. These sources include private capital, redevelopment funds, and community facilities district financing (CFD). The CFD is a means by which the developer agrees to tax itself and future owners at the site up to 2% of assessed valuation in order to fund infrastructure for the development. The DA commits the City to take the steps to approve this funding source and requires that it commit redevelopment funds generated by the redevelopment of the Alameda Point Project Area, as encouraged by State redevelopment law, to assist in the redevelopment effort.

The \$200 million amount used to cap Public Benefits was not arbitrarily determined; it is derived from the detailed cost analyses performed by independent consultants (including the costs generated by the City's consultants, including traffic consultants), reviewed by the City and used in City negotiations with the Navy. This amount has been determined to be sufficient to pay the projected costs for the project's public amenities over the life of the project. Additionally, independent studies that evaluate revenue generated from tax increment and community facility district financing support the ability to generate \$200 million from these sources. These have also been reviewed by the City and its third party consultants.

Fiscal Neutrality -- The DA commits the developer to "cooperate in good faith" with the City with respect to fiscal neutrality. However, it also is very important to note the DA commits the developer to "cooperate in good faith" with the City to ACHIEVE fiscal neutrality. Fiscal neutrality has been the fundamental basis for the entire plan for redevelopment of Alameda Point. All the economic studies and financial evaluations that have been modeled and prepared for the project require fiscal neutrality. The Exclusive Negotiation Agreement requires the Developer to fund fiscal neutrality prior to getting any revenue from the project and makes this a condition to developer's acquisition of the property. The project described in the Initiative represents a plan that achieves fiscal neutrality utilizing conservative assumptions, independent professional cost estimates and City input. Achieving fiscal neutrality with the plan contained in the Initiative has been vetted and validated. The developer's assurance of fiscal neutrality and the mechanism by which it will be achieved will be a centerpiece of the Disposition and Development Agreement.

Transfer of Rights – The DA provides transfer rights only to parties that take ownership of all or a portion of the property. This is consistent with state law that requires that the Agreement be recorded and that it run with the land. All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in the Development Agreement are binding upon successors and assigns, administrators, representatives, lessees, and all of the persons or entities acquiring the Property or any portion thereof, or any interest therein, whether by operation of law or in any manner whatsoever, and shall inure to the benefit of the Parties and their respective successors and assigns. The DA provides the developer with the right to transfer in whole or in part its entitlement rights under the DA without the City's consent. This is common for large-scale developments such as Alameda Point. It is reasonable to assume that the Alameda

Point community will be constructed by numerous developers simultaneously to achieve an appropriate balance and absorption of product. Individual parcels will be sold and conveyed to builders with expertise in a particular area of development. To achieve a vital and multi-faceted community dynamic during build-out, the master developer must have the ability to transfer in whole or in part its entitlement rights along with its sale of land. Because the ENA clearly required that the DDA include detailed transfer restrictions that will limit the ability of the developer to transfer the property without the consent of the CIC and the ARRA, it was determined that the detailed transfer provisions ought to be addressed in the DDA.

ENVIRONMENTAL IMPACT REPORT PURSUANT TO
CALIFORNIA ENVIRONMENTAL QUALITY ACT

As noted in the text correctly here, but incorrectly in other places, the DA establishes a \$200 million cap on the amount of funds that the developer will be required to pay for public benefits but the Initiative does not establish a cap for CEQA mitigation. The \$200 million cap is for public amenities, not CEQA mitigation measures. CEQA review will be required as a pre-condition to approval of the DDA and, in accordance with State law, Alameda retains rights throughout the CEQA process to impose mitigation measures upon the project. This important fact is omitted in the Report.

IV. FISCAL IMPACT

IMPACTS ON OPERATIONAL BUDGET

Summary Of Fiscal Impacts – This summary contains language that describes the project as having a negative effect on the City’s General Fund. It does not emphasize the important fact that achieving fiscal neutrality is required in the Initiative and is the basis for the entire plan. A critical component that is omitted is that the same impact analysis used to cite potential fiscal deficits if fiscal neutrality is not achieved also indicates that fiscal neutrality will be achieved and funded by the required assessments from Alameda Point property owners. The agreement to provide fiscal neutrality to a city with respect to capital and operational investments is not typically found in development projects and is a significant component of the developer’s pledge to provide a positive outcome for the City from development of the project.

The Summary of Fiscal Impacts, as indicated in an independent analysis commissioned by the City of Alameda, has determined that the impact to the General Fund after build-out of the Alameda Point development will be offset by revenue generated by the Project through such mechanisms as residential and commercial assessments, thereby creating a fiscally neutral community that will have no impact on existing Alameda residents. Additionally, a cushion has been built in, as indicated by the independent analysis commissioned by the City of Alameda, which further safeguards the City in the event the project does not develop as anticipated.

Mitigation of Adverse Fiscal Impacts – The DA incorporates and requires compliance with Existing Laws, including the City policy on fiscal neutrality. As such, the developer will be obligated to comply. As noted above, the details of this policy will be spelled out in the DDA. The proper compliance mechanisms are in place but omitted from the Report.

The Report accurately describes the DA as placing a two percent (2%) overall tax rate cap on the total property tax burden to be imposed on the property within the project area. This cap rate is determined by market acceptance and has been deemed to be a generally acceptable threshold. It is not a rate that is created by the developer to reduce or restrict available funding to the City. This rate has been discussed with market absorption experts, public finance specialists and the City of Alameda and was agreed to be a reasonable cap for the Alameda Point Development.

The statement that the Initiative does not contain sufficiently specific information to determine whether there will be the tax rate capacity necessary to fully mitigate the adverse fiscal impacts described is accurate only when referring solely to the Initiative documents. The analysis fails when it references only the fiscal analysis but neglects to reference all of the other documents prepared and studied as part of the economic modeling for the project (all of which have been prepared for or by the City and/or developer by independent third-party consultants). While inclusion of such documents is not appropriate for inclusion in a land-use Initiative, they certainly are pertinent to a discussion of fiscal impact as they form the basis for the analysis of the project's fiscal impact.

IMPACTS ON CAPITAL BUDGET

Provision of Public Infrastructure —It is accurate that the Initiative does not calculate the total cost of infrastructure for the project. However, the City commissioned independent professional consultants who have peer-reviewed infrastructure assumptions proposed by the project. The statement that “It is unknown whether the \$200 million will be sufficient to fund all of the improvements” is not accurate. Professional cost estimators have determined that the \$200 million is sufficient to fund all public benefit improvements required by the DA.

Funding of Infrastructure

- **Community Facilities District** – The Initiative requires the City to form and implement a Community Facilities District, which is a district authorized by state law to assess property to construct certain public improvements. The CFD, like a bank loan, is a mechanism for funding project infrastructure and is one of the components of fiscal neutrality. However, a CFD results in no taxes or assessments of property outside of the project area. Omitting this important information may imply that the public benefits will not be constructed or that it will impose costs on the City or citizens outside the project area, which is not true. Including language that the public benefits are contingent on the formation and implementation of a CFD without including the obligation on the City to form and implement, does not present an entire representation of the matter.
- **Impact Fees/Exactions** – The funding sources available to mitigate any negative impacts to the City's general fund have been identified in the Project Pro Forma. The December 2008 city-commissioned Fiscal Impact Report identified that any negative impacts to the City's General fund in the initial years of the development would be paid for by the project, thus creating fiscal neutrality. A

March 4, 2009 ARRA presentation confirms this notion by providing a snapshot of the project's performance. According to this presentation by the City, at build-out, the project provides a range of \$500,000 to \$6.5 million as a surplus for the General Fund. This is revenue above and beyond what is required by the City's policy of fiscal neutrality that is paid directly to the City's General Fund. The City-commissioned fiscal impact report also identified that as new development comes into place, additional revenues will be generated through commercial expansion (sports complex, marina, retail space), increased residential development turnover (through higher turnover of smaller detached units) and transit-oriented development. The report determines that these factors will lead to more permanent jobs, new sales tax, and transfer tax in Alameda that will help neutralize any negative impact to the City after build-out.

- **Exemptions from City Impact Fees/Exactions** – It is anticipated the development will be exempt from City fees as it serves the purpose for which the fees were originally intended. For example, revenues generated from the Dwelling Unit Tax & City Wide Development fees are intended to be used for construction of a new library, park & recreational facilities, seismic upgrades and required improvements related to public safety such as traffic signals, street overlays, handicap ramps at intersections, and other traffic safety improvements. Since the joint project pro forma meets the above-mentioned requirements by proactively budgeting for these improvements, the purpose of the fee has already been met or exceeded. As such, these are not funds that would flow to the City in any event.

V. INFRASTRUCTURE

This Section identifies the major infrastructure items addressed in the Specific Plan but ignores all the studies that have been undertaken in support of the infrastructure discussion, and in doing so mischaracterizes the Specific Plan and Ballot Initiative. Contrary to the comments in the Report, the Specific Plan does not require that new infrastructure be constructed according to the standards shown in the Specific Plan rather than City standards. In fact, Section 6.1 of the Specific Plan, states: “. . . new systems for storm drainage, sewage removal, potable and recycled water, energy transmission, and telecommunications are needed. All of these proposed systems will be constructed to current standards while integrating sustainable development and green infrastructure strategies when feasible.”

The City typically reviews issues pertaining to safety, accessibility, flooding, sewer surcharging, capacity, interface with adjacent development, boundary controls, compliance with regulatory mandates, and long-term maintenance demands before accepting public improvements from a private entity. Nothing in the Initiative precludes City review of issues pertaining to safety, accessibility; flooding, sewer surcharging, capacity, interface with adjacent development, boundary controls, compliance with regulatory mandates, and long-term maintenance demands, in fact, all are contemplated as part of subdivision approval, which will require as a pre-condition to approval, formal CEQA review.

The statement that the City is required to accept all future public infrastructure proposed as part of the project once the improvements are completed, whether or not they meet City standards does not accurately reflect the requirements of the Initiative. Public infrastructure must be designed to City standards and go through a review process before approval, installation and acceptance. The exception noted in the Specific Plan is for roads. Currently, the City of Alameda street standards are decades old and do not reflect appropriate standards for a pedestrian-friendly, transit-oriented development which is the primary objective of the Plan Area.

The design strategy for Alameda Point is one of reducing traffic by creating compact neighborhoods, connected walkable design of streets to promote easier walking and bicycling. While the Specific Plan includes street standards that are consistent with an urban transit-oriented development and are common to these types of communities, it also allows for modification of those standards.

VI. SITE GRADING

The Report states that the Initiative fails to provide necessary measures to protect utilities and workers repairing utilities from remaining subsurface contaminants. While technically correct (the Initiative does not address worker safety issues), it is taken out of context. An Initiative is not the proper or appropriate place to address specific safety measures for grading operations, and such provisions are therefore outside the scope of the Initiative. The Initiative does require a subdivision process in which conditions of approval will be developed where such matters will appropriately be addressed. Mitigation measures for protection of utilities and workers can also be developed by the City as part of its CEQA review. Engineers' estimates provided by the developer and peer-reviewed by the City are budgeted to include all necessary measures to protect utilities and workers, such as slurry walls and utilidors. In addition, while the Specific Plan sets forth special and unique zoning provisions for Alameda Point, it also specifies that if no such provision is identified, the matter is subject to the existing City Municipal Code. This is generally the case for building codes and health and safety measures adopted by the City, including the matters discussed in this section.

Geotechnical – The Specific Plan evaluates the overall geotechnical feasibility of the project and identifies specific matters that may require further environmental review during the CEQA and subdivision processes of the project. This was adequately addressed in the Specific Plan. Realignment of utilities, specific locations for shoreline stability options, existing retaining wall stability and associated potential mitigation measures will be addressed in subsequent documents, as set forth in the Specific Plan. An Initiative is not an environmental review document and therefore does not include specific mitigation measures. This is not a deficiency as is implied in this section but instead is outside the scope of the Initiative.

Climate Change – Noting there is insufficient information in the Initiative to determine the mitigation measures that may be implemented to address flooding impacts on existing facilities again suggests that the Initiative should have included specific mitigation measures, — which is inaccurate. Mitigation measures are outside the scope of the Initiative. The Initiative includes a subsequent process that will require the evaluation of flooding impacts on existing facilities, and identifies appropriate measures to mitigate the impacts and a monitoring program to

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ensure compliance. These will be developed as part of the EIR that will be required as a condition of DDA and subdivision map approvals; i.e., as conditions to acquisition and development of the property by developer.

A January 28, 2009 memo, prepared jointly by the Public Works and Planning departments, directed that the City of Alameda and the Alameda Point master developer prepare for sea-level rise and flooding at Alameda Point. To properly mitigate flood hazards at Alameda Point, the City determined that an estimated rise of 18" over 50 years should be provided for in the development plan for Alameda Point. Mitigation measures to address climate change will be a product of an EIR certification, post-election, and will be required to be implemented by state CEQA law. The Initiative does not change that basic requirement. The City and the developer have extensively discussed options to address sea rise. The joint pro forma, peer-reviewed by the City's consultants, reflects increased costs of tens of millions of dollars to mitigate for sea-level rise by mitigation measures that will be subject to the City's Public Works Department and finalized through the CEQA process. In fact, the current proposal to the City allows the flexibility to address current sea-level rise projections and to provide for future increases in sea-level rise over time.

STORM DRAINAGE AND WATER QUALITY

The Initiative clearly provides subsequent processes to further evaluate any potential deficiencies, provide proper measures for mitigation and monitoring for compliance associated with storm drainage and water quality, which are commonly addressed through engineering at the subdivision approval stage. Mitigation measures to address storm drainage and water quality will be a product of an EIR certification by the City, post-election. Mitigation measures developed by the City's Public Works Department will provide protection for the matters specified and will be required to be implemented by state CEQA law. The Initiative does not change that basic requirement.

SANITARY SEWER

The statement that the Initiative sets a cap of \$200 million on public benefits and CEQA mitigations is false. As noted elsewhere in the City's report, the City retains rights throughout the CEQA process to require additional mitigation for project related impacts in addition to the Public Benefits funding.

With respect to water usage, historically, as noted in the Specific Plan, NAS Alameda consumed 2.8 million gallons per day (MGD). The estimated water demand projected at build-out of the Project is approximately 2.3 MGD, less than the Nay's prior use within the Plan Area. Per a March 13, 2009 letter from EBMUD to SunCal Companies, EBMUD will continue to provide water service to the project site, identifying the area not as a new area to be served, but rather a change in use of an existing service. Additionally, the redevelopment of Alameda Point is included in EBMUD's Water Supply Management Program (WSMP) 2040.

STREETS

The Report correctly describes the intent of the Initiative, to provide pedestrian-friendly streetscapes in order to create highly walkable, diverse mixed-use neighborhoods that have direct and convenient access to public transit while providing for traffic flows that will be generated by the project. While certain residential streets are shown with different dimensions than the standards contained in the current City Code, the standards in the Code have not been developed to address these types of communities. Further, as part of future CEQA review, all proposed street widths will be analyzed in terms of capacity and traffic flow as well as fire and life-safety concerns.

Details such as tree species and bio-swales will be designed through the Pattern Book process which must ultimately be approved by the Planning Board and will be engineered in accordance with City subdivision requirements. As noted above, the Initiative clearly specifies that anything not covered within the Initiative is subject to the City's currently effective ordinances — this includes the requirement that the developer comply with the City's Street Tree Master Plan process.

CAPITAL IMPROVEMENTS, MAINTENANCE AND OPERATIONS

In addressing ongoing project maintenance, the Report reiterates the overall tax rate cap of 2% and again states that there is not sufficient detail to determine from the Initiative whether the tax rate cap is sufficient to fund the ongoing maintenance. In the independent study commissioned by the City, ongoing maintenance was assumed and determined to be adequately funded through the annual assessments to be paid only by Alameda Point residents. Neglecting to include this important information implies that there may be a financial impact to existing Alameda residents for the ongoing maintenance of Alameda Point. As noted above, the developer is committed to achieving the City's policy of fiscal neutrality and the Alameda entities, through the DDA, will retain controls which will prevent any type of negative financial impact on existing residents of Alameda.

MASTER DEMOLITION, INFRASTRUCTURE AND GRADING PLAN

The process defined in the Specific Plan for creating an Advisory Agency with respect to subdivisions within Alameda Point and assigning discretionary action authority to it is authorized by California Government Code sections 66415 and 66474.7. This process is widely used throughout the State of California and is viewed positively. Lacking this explanation, the Report implies this process is unique to this Specific Plan and lacks any governmental authority or precedent. Moreover, Section 9.3.1 of the Specific Plan specifically requires the City Council, "by ordinance with sixty (60) days after the receipt of the first tentative map application for the Plan Area, [to] designate at least two other City employees qualified to review future subdivision map applications, each of whom may also act individually as the City's Advisory Agency in the event the Planning Director is not available. The Planning Director and the two other persons designated by the City Council pursuant to this paragraph shall be referred to herein as the 'First Tier Advisory Agency'." The First Tier Advisory Agency, which may at the discretion of the City Council include the City Public Works Director, is required to review all subdivision maps.

As such, the ability of the City Public Works Director to weigh in on matters of engineering, health and safety has not been diminished by the Initiative.

VII. HOUSING

AFFORDABLE HOUSING PROGRAM

It should be noted that the Initiative does not preclude the development from providing 25 percent affordable housing and it is possible to achieve within the parameters established in the Initiative.

VIII. SCHOOLS

This Section addresses schools and the provisions within the Alameda Point Initiative for facilities. It is factual and accurate with respect to the Initiative documents. However, it fails to note that the developer is engaged in ongoing discussions with the Alameda Unified School District to further define school needs and funding sources. The impact of the Alameda Point community on schools will be fully addressed during the CEQA review process of the project.

IX. ECONOMIC DEVELOPMENT

This Section speculates on the various impacts the Initiative could have on the economic development of the City, including existing business districts, attraction and retention of employees and future revitalization. The Report does not contain any background on the interest of the City in strengthening economic development in the City with the revitalization of Alameda Point or in the perceived benefits such revitalization will have on Alameda residents. This point is crucial to the entire economic development discussion. Through various studies and financial analyses the City has indicated that redevelopment of Alameda Point will have a positive impact on the City. The desire for the City to achieve this redevelopment and to alleviate the deteriorating conditions at Alameda Point has served as the foundation for the public/private process over the last two years. Redevelopment intended to spur economic growth is the underlying motive of this revitalization effort. The Report should discuss the basis for these efforts by the City and the CIC and the impacts of failure to redevelopment on the continued viability of the west end of Alameda and the Initiative outlines the best opportunity to achieve this goal.

X. ENVIRONMENTAL REMEDIATION

This Section clearly demonstrates the complexity of the environmental conditions at Alameda Point, a Superfund Site, and points out the Navy's substantial efforts to address contamination at the site. The property is a toxic asset that provides both great opportunity and, if redevelopment does not occur, great risk, for the community. What is not clearly articulated is that the developer has committed to base cleanup through a joint pro forma with the City of Alameda that reflects costs for cleaning up Alameda Point in order to construct the Initiative plan. These costs, clearly reflected in the joint pro forma between the City and the developer, include tens of millions of dollars to clear up lead-based paint and asbestos, protect workers through the use of utilidor,

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environmental remediation that the Navy is not responsible for, pollution insurance, and slurry walls to cut off contamination from spreading. And, as the air and soil contamination that was a byproduct of the recent FISC fire demonstrates, allowing deteriorating lead-based paint- and asbestos-filled buildings to remain at Alameda Point carries a daily risk of even greater contamination. Without redevelopment of Alameda Point, and the monies pledged by the developer to clean up Alameda Point, this condition will continue since it is outside of the scope of the efforts being undertaken by the Navy.

Finally, we noted that the picture shown on the City's web site for the Initiative report is of another development plan for Alameda Point and not of the plan currently described in the Initiative.

XI. CONCLUSION

By failing to address the role of the DDA in the control by the City and its sister agencies of the development and by failing to cite the numerous analyses supporting the framework of the Initiative — including cost analyses, business plans, pro formas, professional consulting studies, infrastructure cost estimates and city directives that were prepared jointly by the developer and the City through months of effort and peer-reviewed by third-party consultants hired by the City — the City provides the impression, falsely, that it has had no role in development of the information supporting the Initiative and does not support development of Alameda Point due to the potential for numerous unknowns.

Development of the site will require many future actions by the City and by the developer. Unfortunately, the position taken by the City in the Report, implying lack of knowledge of the fundamentals supporting the Initiative, does not provide proper context. Further, it gives to the public the false impression that the Initiative lacks a foundation in economic reality.

While the road to successful development at Alameda Point requires many future steps, a commitment to the vision remains as set forth in the Initiative and to creating a vibrant, sustainable and transit-oriented community at the Point that will provide economic benefit to the City. The framework established in the Initiative will allow this vision to finally become a reality.

We would appreciate a clarification of the concerns raised in this letter.

Sincerely,



Pat Keliher
SCC Alameda Point LLC,
A Delaware Limited Liability Company