

Alameda Reuse and Redevelopment Authority

Memorandum

To: Honorable Chair and
Members of the Alameda Reuse and Redevelopment Authority

From: Ann Marie Gallant
Interim Executive Director

Date: November 3, 2010

Re: Consider Request from Alameda Point Collaborative to Support their
Community Planning Efforts by Reimbursing Unpaid SunCal Consultant
Expenses and Collateralizing a \$50,000 Loan for Relocation Planning
Studies Should Funds from Private Development Be Unavailable within
36 Months

BACKGROUND

In July 2007, the Alameda Reuse and Redevelopment Authority (ARRA) entered into an Exclusive Negotiation Agreement (ENA) with the developer, SunCal Companies (SunCal), to entitle and facilitate conveyance and development of Alameda Point. In 2009, SunCal placed the Alameda Point Specific Plan and other documents regarding the redevelopment of Alameda Point on the ballot (SunCal Initiative). In February 2010, voters rejected the SunCal Initiative; in July 2010, the ENA with SunCal expired.

The ARRA maintains long-term legally binding agreements (LBAs) at Alameda Point for the reuse of 200 units of former Navy housing with three supportive housing providers that serve the needs of the homeless, women and children in need, and veterans (Housing Providers). These Housing Providers include the Alameda Point Collaborative (APC), Building Futures for Women and Children (Building Futures) and Operation Dignity, respectively. As part of the ENA process, SunCal approached the Housing Providers with the concept of consolidating their housing and related facilities, which currently occupy approximately 30 acres, onto a smaller footprint of approximately 10 acres within Alameda Point. The SunCal Initiative explicitly proposed the consolidation of the Housing Providers within a smaller footprint on page 3-9 of the Alameda Point Specific Plan.

The Housing Providers agreed there were mutual benefits to the potential consolidation of their facilities, such as:

- The Housing Providers would gain new housing that would better serve the needs of the community it serves, including a project designed to integrate housing with supportive services and job training facilities;

- The Housing Providers would benefit from newly constructed housing, compared to the existing adaptive reuse of former Navy housing, which would be more energy efficient, cost effective and blend with the surrounding community more appropriately; and
- Potential developers would gain a more cohesive and efficient urban design on the Housing Providers' existing footprint, as well as a financial benefit by obtaining control of additional land on which to build, thus resulting in more effective and efficient phasing of new infrastructure and development.

As a result, the Housing Providers agreed to conduct a community planning study to review and evaluate the potential for relocation and consolidation, provided SunCal fund this effort. Although the Housing Providers requested funds in advance for the study, SunCal agreed to pay for the study only on a reimbursement basis.

The Housing Providers retained Bruce Fukuji Associates (BFA) to perform the study, and submitted two BFA invoices for work conducted during the ENA process to SunCal for payment. The first BFA invoice of \$11,063 was paid; the second BFA invoice for \$16,162 was submitted to SunCal and has not yet been paid, despite repeated requests by the Housing Providers for reimbursement.

As a result of SunCal's failure to meet its obligations with respect to this study, and given the importance of this community planning process, the Executive Director of APC submitted a letter to staff on October 18, 2010 requesting ARRA assistance to: (1) reimburse the Housing Providers for the \$16,162 BFA invoice; and (2) collateralize a \$50,000 predevelopment loan obtained by the Housing Providers from a nonprofit organization, Corporation for Supportive Housing, to fund the completion of the Housing Providers' community planning process should funds from a private residential development not be available to repay the loan within 36 months (Exhibit 1).

DISCUSSION

As noted above, there are significant mutual benefits to the Housing Providers, the ARRA, and future potential developers in exploring the consolidation of the Housing Providers onto a smaller footprint within Alameda Point. The completion of this community planning process, conducted in concert with the ARRA, will propose a conceptual site plan for the potential consolidation, including project cost estimates; identify financial, legal and planning issues that will need to be addressed in order to implement the proposal; and develop a financing plan for design and construction, including the potential for multiple federal, state, and regional grants. Additionally, the findings from this planning effort are time-sensitive and could affect the vision and project description for Alameda Point anticipated by June 2011.

As a result, staff recommends that the ARRA grant the Housing Providers' request by:

- 1) approving allocation of funds to the Housing Providers for the reimbursement of BFA's invoice of \$16,162 due to SunCal's non-performance; and
- 2) approving collateralization of the \$50,000 predevelopment loan should private development funds not be available within 36 months through a letter agreement to be negotiated by the Interim City Manager.

FINANCIAL IMPACT

Staff recommends funding Housing Providers' BFA invoice of \$16,162 and repayment of the \$50,000 loan from APIP Fund 206 Project Area. The terms and conditions of the loan repayment will be negotiated by the Interim City Manager.

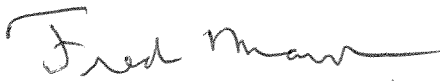
RECOMMENDATION

- 1) Approve allocation of funds to Housing Providers for the reimbursement of BFA's invoice of \$16,162 due to SunCal's non-performance; and
- 2) Approve collateralization of a \$50,000 loan obtained by the Housing Providers for relocation planning studies should private development funds be unavailable within 36 months through a letter agreement to be negotiated by the Interim City Manager.

Respectfully submitted,



Jennifer Ott
Deputy City Manager



Fred Marsh
Controller

JO:dl

Exhibits:

1. Letter to Staff from Alameda Point Collaborative

October 18, 2010

Jennifer Ott
Deputy City Manager
City of Alameda
2263 Santa Clara Avenue
Alameda CA 94501

RECEIVED

OCT 25 2010

CITY OF ALAMEDA
CITY MANAGER'S OFFICE

Re: Relief from Suncal Companies' Failure to Perform and Support of Community Planning Process for Alameda Point Collaborative

Dear Ms. Ott:

I am writing to request your assistance with regard to two matters: 1) the failure of Suncal Companies (SunCal) to meet its obligations to the Alameda Point Collaborative (APC) community; and 2) the support of APC's interest in creating a vision for the future of the APC community at Alameda Point, in concert with the Alameda Reuse and Redevelopment (ARRA).

1) Failure of Suncal to Meet its Obligations to APC

Shortly after the ARRA selected Suncal as the potential Master Developer for Alameda Point, they approached APC with an offer to relocate and rebuild our community in exchange for turning over control of portions of APC-controlled land to them. There are various advantages of conducting such a swap:

- APC would gain new housing that would better serve the needs of the primarily disabled homeless community it serves, including a project designed to integrate housing with supportive services and job training facilities;
- APC would benefit from newly constructed housing, compared to the existing adaptive reuse of former Navy housing, that would be more energy efficient, cost effective and would blend in with the surrounding community more appropriately; and
- The Master Developer would gain a more cohesive and efficient urban design on APC's existing footprint and a financial benefit by obtaining control over additional land to build on, resulting in the more effective and efficient phasing of new infrastructure and development.

In the interest of supporting efforts to advance efforts to redevelop Alameda Point, APC agreed to consider the offer, and requested funds from Suncal to support a thorough review and analysis. Suncal agreed to retain a community planning firm of APC's choice to complete a planning process that would result in a conceptual plan for relocating housing and job training services on a smaller footprint within Alameda Point.

APC and the other supportive housing providers (Building Futures for Women and Children and Operation Dignity) selected the firm of Bruce Fukuji and Associates (BFA), and began a series of workshops and meetings to engage the APC community in planning a consolidation and reconfiguration.

Rather than attempting to build trust with the APC community by providing all of the funds for this process upfront, Suncal insisted on paying on a reimbursement basis. A first invoice from BFA for \$11,063 was reimbursed by Suncal. A second invoice from BFA of \$16,162, reflecting additional work completed on advancing the planning process was submitted to Suncal on June 22nd, but has not yet been paid. It is important to note that all work completed by BFA was performed while the ENA was still in effect.

Despite repeated communications on APC's part, Suncal has still not committed to paying the outstanding invoice. APC believes that this constitutes a breach of contract, and an even more important breach of trust on their part. Because this work was carried out as part of the larger Alameda Point planning process, and because Suncal made specific references to it in their submissions to the ARRA as part of their work under the ENA, we are requesting that the ARRA assist us with the reimbursement of the BFA contract, possibly with funds deposited by Suncal as part of the ENA process.

2) Support Efforts to Plan for the APC Community's Future at Alameda Point

In the course of the community planning work completed to date, it has become clear that there would be significant mutual benefits for both the APC community, the ARRA, and any potential developers to rebuilding and re-locating the APC community within a consolidated footprint at Alameda Point. It has also become apparent that more planning needs to occur among the members of the APC community and the ARRA. To further this process, APC has secured a Project Implementation Loan in the amount of \$50,000 from the Corporation for Supportive Housing. Normally these types of loans are paid back after 3 years with funds from permanent financing or project development fees that become available in the course of implementing the project. We are committed to taking on this loan in order to involve our community in a plan for Alameda Point, but would request that the ARRA consider committing to repaying the loan should no development opportunity arise within the three year time frame for the loan.

Thank you for consideration of our requests, please do not hesitate to contact me at (510)898-7849 or dbiggs@apcollaborative.org if you need any further information.

Sincerely,


Doug Biggs
Executive Director