MINUTES

REGULAR MEETING OF
CITY OF ALAMEDA ECONOMIC DEVELOPMENT COMMISSION
THURSDAY, MAY 20, 2010
7:00 PM

1. CALL TO ORDER AND ROLL CALL

Chair Bonta called the meeting to order at 7:12 p.m.

Present: Chair Bonta. Commission Members: Breuer and Reeves,

Absent: Commission Members: Dahlberg, Harrison, Lindsey, McKean, and Ryan

Vacancies: (1)

Staff: Eric Fonstein and Rosemary Valeska

Following roll call, the Chair announced that due to lack of a quorum, all action items were automatically continued to the June 17 Regular Meeting.

2. MINUTES

2.a. Minutes of the Regular Meeting of March 18, 2010

Continued to the June 17 Regular Meeting.

2.b. Minutes of the Regular Meeting of April 15, 2010

Continued to the June 17 Regular Meeting.

3. CONSENT CALENDAR

(None)

4. ORAL COMMUNICATIONS – PUBLIC

(None)

5. UNFINISHED BUSINESS

5.a. Request for EDC Endorsement of Draft Bicycle Plan (Public Works Dept.)

Continued to the June 17 Regular Meeting.

6. NEW BUSINESS

6.a. Presentation on SunCal Modified Optional Entitlement Application

The presentation was made by Deputy City Manager Jennifer Ott (DCM).

The Planning Board EIR scoping session was held on May 10. The question arose as to why a scoping session was being held at this time when the Exclusive Negotiation Agreement (ENA) is scheduled to expire in July.

A presentation to the Joint CC/ARRA/CIC regarding SunCal's Modified Optional Entitlement Application was made on May 18. At this meeting, staff recommended that in July, the City should be asked to either extend the ENA or deny the project. The DCM noted that CEQA is a 24-month process at a cost of $2 million, as well as other entitlement costs.

The DCM stated that as we approach the end of the initial three-year ENA term, there has been limited progress on "next steps." In addition, we are still looking at the same basic plan as the one submitted with Measure B. Staff is meeting with SunCal on a weekly basis.

SunCal's Master Plan needs to better address:

- Historic preservation
- Economic development
- A transportation plan that is proactive and not just mitigation measures
- Climate change impacts
- Endangered species impacts, e.g., ten percent of all least term fledglings hatch at Alameda Point; residential development is problematic.

Nick Kosla with SunCal gave the PowerPoint presentation that was prepared for the Planning Board's May 10 EIR scoping session. The Master Plan can be viewed at SunCal's website, www.alamedapointcommunity.com.

Following SunCal's presentation, the Chair noted that the amount of commercial space now being proposed in the modified entitlement application was 1 million sf more than the 3.5 million sf originally proposed in the initiative entitlement application. He asked what the sf/jobs ratio was. Mr. Kosla responded that a commercial market study was done to determine what the area could absorb. Pat Keliher of SunCal was also in attendance. He stated that the standard ratio is 3 jobs per 1,000 sf.

The Chair asked about the proposed transit node and bus routes. Mr. Keliher responded that the proposed transportation plan would get into the details of that. The DCM noted that in the beginning, there would need to

be shuttle busses to BART with dedicated bus lanes – it is a progression. The Chair asked who would fund the shuttle. Mr. Kosla responded that private capital, not public funds, would build the capital projects. The Chair asked if the route from Alameda Point to 12th Street BART be through the Tube and if the route from Alameda Point to Fruitvale BART be via Lincoln Avenue. Mr. Kosla responded yes. The Chair asked about West Oakland BART, as it would be closer to San Francisco. Mr. Kosla responded that a lot of people work in Oakland City Center, not just San Francisco.

Commission Member Breuer asked if the EIR would not yet be completed before the approval of the project. The DCM responded that the City could not approve a project without an EIR. Commission Member Breuer asked that if it would be another 12-24 months for approval of the EIR, how long could the ENA be extended. The DCM responded that the City could extend the ENA as long as SunCal meets their requirements, or the City can approve or deny the project. Staff is recommending direction from the City Council to see if this is a project we want to continue working on.

Commission Member Breuer asked if SunCal "had it in writing" regarding funding for the transportation hub and ferry building. Mr. Keliher responded that SunCal had already submitted that to the City ($15 million for the ferry terminal). The DCM stated that had SunCal submitted a proforma analysis; however, there is no formal agreement until the Disposition and Development Agreement (DDA) is approved. July 20 is the milestone for the DDA - there will need to be either a DDA or a "best and final offer" by SunCal.

Commission Member Breuer stated that SunCal had reserved the right to proceed with either project. The DCM responded that the City has stated that the community needs to know what plan is moving forward for entitlements for a density bonus project. The plan submitted to the City with density bonus allows up to 4,800 residential units. The DCM explained how the density bonus ordinance worked, which is why this part of the project is not Measure A compliant. The applicant has asked for a waiver to certain density standards. Commission Member Breuer asked if the SunCal project would ever be Measure A compliant. Mr. Keliher responded that SunCal had determined the need to cluster density around the transit node. He added that the City may not like this, and SunCal would have to go back to 29 units/acre.

Commission Member Breuer asked about traffic mitigation at Chinatown. The DCM responded that settlement agreement with Chinatown pertained to the Bayport development. At this time, there is no settlement agreement with Chinatown for SunCal's proposal. Mr. Keliher stated that the project would have to pay any settlement with Chinatown.

Commission Member Breuer asked about negotiations with the Navy. They had asked for $105 million. The price may go up due to more

housing being requested. Mr. Keliher responded that the initial term sheet based on the Preferred Development Concept was $108.5 million, to be paid out over the course of the project. The original master developer dropped out, as that project was not financially feasible. SunCal is now in a dialog with the Navy. The project needs to pay $108.5 million. The Navy has not come back with a new number more than that. This will need to come out of the project.

Commission Member Breuer stated that there is a school funding problem in the state and asked how much funding had been set aside for schools to be built on the project. Mr. Keliher responded that SunCal had to negotiate a legally binding mitigation document with the school district. In addition, there are 25 acres set aside for two separate school locations, which can be elementary, middle, or an extension of Encinal High School. SunCal is obligated to deliver finished pads. Commission Member Breuer stated that he was not referring to the site but rather the cost of building a school, which could run $40 million. Mr. Keliher responded that the project would have to pay to build schools. The DCM added that the developer has to pay the school fees. The City would not approve the project without an agreement with the school district.

Commission Member Breuer stated that the Measure B initiative stated that SunCal could sell the property whole or piece-by-piece – “transfer of the right to develop.” The DCM responded that the City would have to approve which builder ultimately buys the property. The City will want to see all provisions of the DDA to make sure we get the project that we were promised. Commission Member Breuer thanked the DCM and the SunCal team for their presentations.

Commission Member Reeves asked if there was still a cap on what SunCal was willing to spend. Chinatown will sue based on his discussions with members of the local business community. Mr. Keliher recommended that the EDC Members look at the fiscal impact report posted on SunCal’s website. Commission Member Reeves stated that there are concerns in the business community that we may be getting a project but will there be the funds to build it? Mr. Keliher responded that there needs to be a new presentation to explain the financing. Commission Member Reeves stated that people need to know that things are going to happen and can be funded. Mr. Keliher responded that this would be addressed in the DDA. The DCM stated that the City will be looking for conformance to the proforma in order to be sure that the City is getting the project as promised.

The Chair asked Mr. Keliher what he personally got out of the Measure B election results. Mr. Keliher responded that people thought that SunCal was not respecting the process. People want an opportunity to vet when more information is available. Also, the initiative was very complex.

The Chair noted that the project now had union support. Mr. Keliher responded that the unions now see that this project can generate a lot of jobs. There was an analysis of the historic buildings that need to be activated so they can be saved. The BEQ represents a $60-70 million rehab project.

Commission Member Breuer stated that this could take 17 years or it may take 50 years, but it needs to be done right and not at the expense of the Alameda taxpayer. He added that he has walked through Harbor Bay to discuss the project and most people don't want that many homes at Alameda Point. California is "car country" and most of this is "pie in the sky." Mr. Keliher responded that this would be studied analytically. A $700,000 transportation study is being done for the EIR. He added that SunCal wants to know the answers, too and they need empirical data.

Commission Member Breuer asked if the funding sources were all from D.E. Shaw. Mr. Keliher responded that It has to come from multiple sources.

The Chair stated that people have been talking about the number of other SunCal projects filing bankruptcy and not moving forward and asked Mr. Keliher what was his response to these cases and what protections should be put in place. The DCM stated that this question was posed by Council Member Matarrese at the May 18 joint meeting. Staff will bring more detailed answers to the City Council on June 1. Mr. Keliher responded that SunCal was Lehman Brothers' biggest development partner. Lehman Brothers imploded and then Oak Knoll imploded. It was out of SunCal's control.

Commission Member Breuer asked who funded SunCal's Albuquerque project. Mr. Keliher responded that it was D.E. Shaw. In that particular case, there was a disagreement among the lenders.

The Chair stated that previously, the amount stated for public benefit had been $200 million and asked what the number was now. Mr. Keliher responded that there was no real number. SunCal needs to final the scope of the sports complex. This will be negotiated with the DDA. The DCM stated that SunCal's proforma is posted on their website. The City has not yet agreed to that. We need to agree to the scope of the improvements. The City is looking at all the numbers in the proforma. We are negotiating a Development Agreement (DA) and a DDA. The DA was part of the ballot initiative.

The EDC Members in attendance concurred that it would be best to wait until City Council decides the ultimate fate of the project before asking SunCal to come back with more financial information.

This item was provided for information, only; no EDC action was requested.

7. REPORTS

(None)

8. WRITTEN COMMUNICATIONS

8.a. Upcoming EDC Agenda Items

9. ORAL COMMUNICATIONS – COMMISSION MEMBERS AND STAFF

Mr. Fonstein reported on the following:

- Instead of the previously discussed joint meeting with the Planning Board, Planning staff will give a presentation to the EDC at the June 17 Regular Meeting. Projects to be discussed include:
  - Draft form-based codes for Park Street North of Lincoln
  - Draft off-street parking regulations for the Park and Webster Street business districts
  - Alameda Landing
- The Public Works Department may request that the EDC endorsement of the Draft Bicycle Plan be rescheduled for the June 17 meeting.

10. ADJOURNMENT

The meeting was unanimously adjourned at 8:50 p.m.

Respectfully submitted,

Rosemary Valeska
EDC Recording Secretary

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