





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 the City's citizens and businesses.

# Considerations

- Public improvement benefits
- Essential city services
- Taxpayer risks
- Flexibility or amendment

# Public Improvement Benefits

ALAMEDA POINT REVITALIZATION INITIATIVE

FILED  
MAR 26 2009  
CITY OF ALAMEDA  
CITY CLERK'S OFFICE

SECTION 1. Title.

“To adopt a Development Agreement consistent with state law covering the long term planning of Alameda Point which requires the developer of Alameda Point to fund, or cause the funding of, in an amount not to exceed \$200 million, the construction of public improvements in accordance with the terms of the Development Agreement and the Alameda Point Specific Plan.”

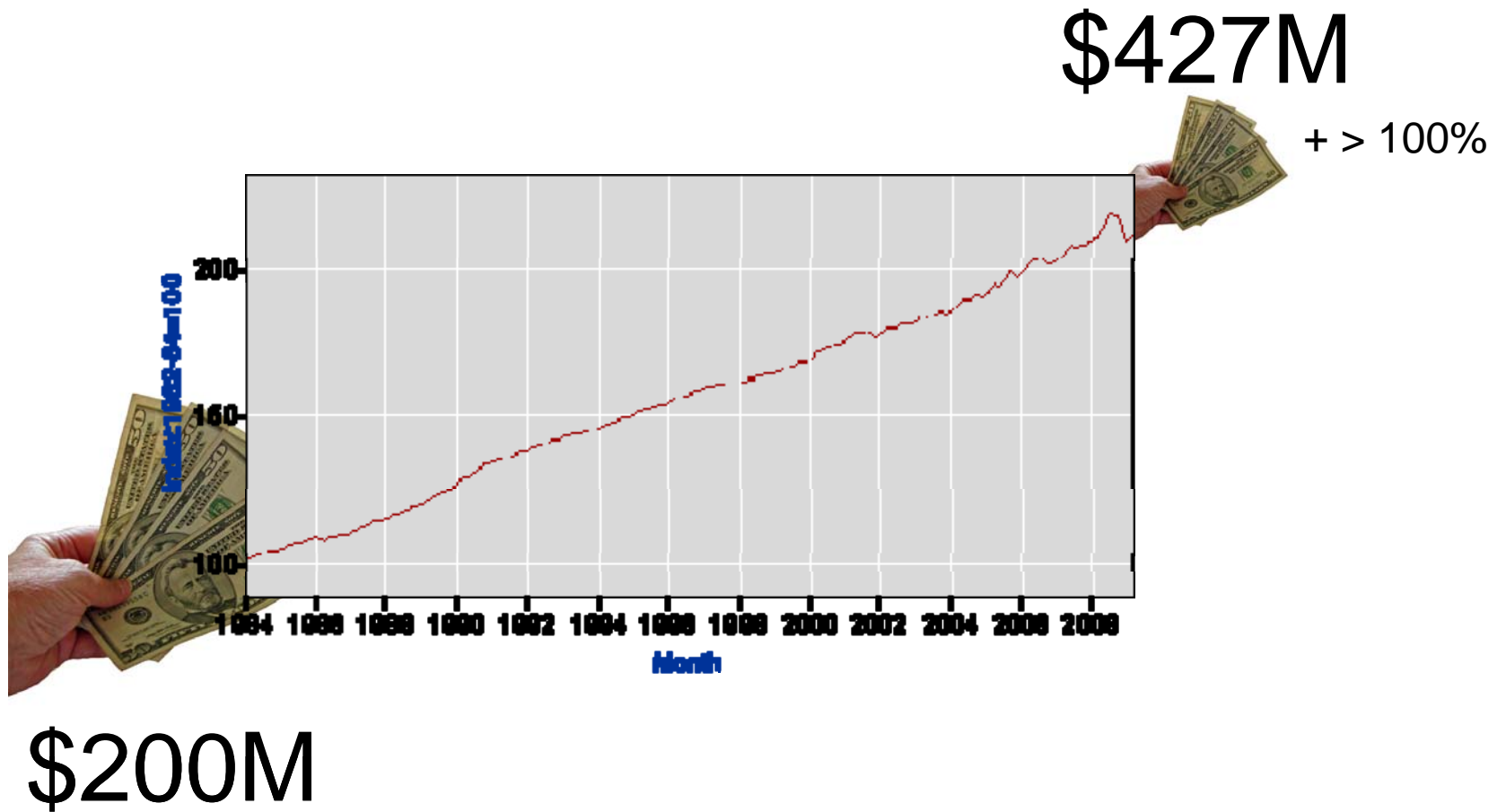
*Alameda Point Revitalization Initiative, Section 3. Purpose and Intent (s) p.5*

local and state laws that are protective of human health and the environment. Additional environmental protection will be provided by enhancing the clean up effort provided by the Navy through remediation of contaminants not addressed in the Navy plan, such as lead, asbestos and contaminants in soil below roadways and buildings that will be relocated or demolished.

(d) The Initiative will pursue a transit-oriented development strategy that supports transit with residential density occurring in close proximity to a new ferry terminal and transit hub. Transit options will be provided and transit usage will be facilitated through resident and business education and incentives.

(e) The Initiative will protect and improve the waterfront by enhancing public views of and access to the waterfront and creatively encouraging the usage of the waterfront by

# Public Improvement Benefits



# Public Improvement Benefits

Exhibit F: Development Agreement

## DEVELOPMENT AGREEMENT (Alameda Point Redevelopment Project)

“Developer shall fund, or advance the funding for, in an amount not to exceed \$200 million, construction of the following public improvements, each in accordance with the Specific Plan:

- Regional Alameda Point Sports Complex. (Phase 1,2,3)
- Parks, publicly-accessible open space and public art within the Alameda Point Project to serve the residents of Alameda Point and surrounding neighborhoods (All Phases)
- Improvements to Seaplane Lagoon frontage. (All Phases)
- Bay Trail extension within the Plan Area. (Phase 3)
- On-site and off-site traffic and transit improvements. (All Phases)
- Ferry terminal and transit hub (Phases 2 & 3)
- Improvements to the existing Fire Station. (Phase 3)
- Branch library. (Phase 3)”

*Alameda Point Revitalization Initiative, Development Agreement, Exhibit 4  
Public Benefits (A)*

# Public Improvement Benefits

“However, since the Initiative includes on-site and off-site traffic and transportation improvements in the public benefit cap, the capital improvements associated with the TDM programs appear to be included in the cap, and it is unclear whether there will be sufficient monies to fully fund all the identified public benefit projects and necessary TDM capital projects.”

*Alameda Point Development Initiative Election Phase II Preliminary Traffic Impact, Executive Summary, Public Benefit Cap, page B*

# Public Improvement Benefits

Exhibit F: Development Agreement

## DEVELOPMENT AGREEMENT (Alameda Point Redevelopment Project)

“No Exactions shall be applicable to the Alameda Point Project except as provided in this Development Agreement.”

*Alameda Point Revitalization Initiative, Development Agreement, Article 2.11.3*

*Exactions p.9*

*1.11.11.3*

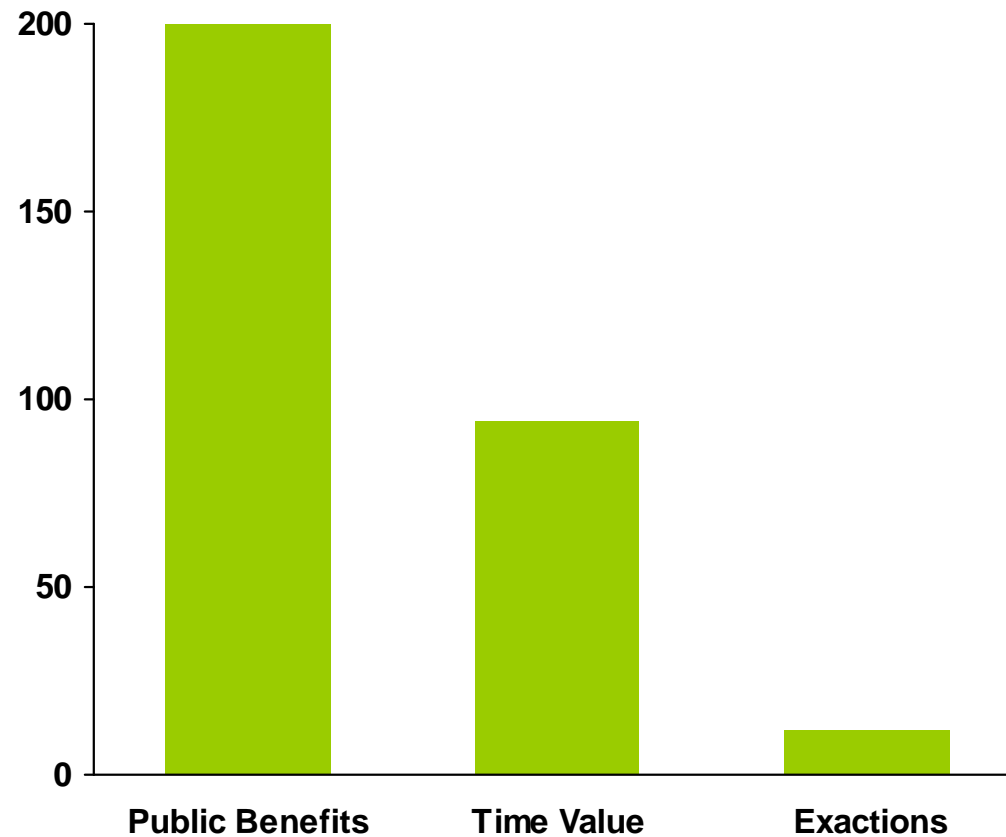
**\$82,360,000**

### RECITALS

“Impact Fees/Exactions. Impact fees are fees charged by the City at the time a building permit is issued for new construction. The fees are intended to offset impacts on citywide municipal facilities associated with new construction. The DA exempts the project from paying many of the City’s standard exactions or impact fees...The DA also requires that the City credit or reimburse police and fire fees to the developer against the value of land dedicated for, and the design and construction of, fire facilities, including equipment, provided by developer.”

*Alameda Point Development Initiative Election Report Executive Summary Part I, Chapter IV. Fiscal Impact, p.18*

# Public Benefits: $\leq$ \$200 million



# Essential City Services

- \$17.7 million General Fund shortfall during development period (~ 25% of current General Fund)
- Post build-out shortfall of \$4.8 million (~8% of current)
- Improvement and equipment costs refunds for fire stations and similar
- Current Point lease revenues used to fund police, fire, and other maintenance/servicing costs transfer to new owner
- Unknown impacts from fee waivers and long-term costs of infrastructure choices made by developer(s)
- “It cannot be determined from the Initiative whether the tax rate cap is sufficient to fund the ongoing maintenance through property assessment alone.”

*Alameda Point Development Initiative Election Report Executive Summary  
Part I, Chapter V Infrastructure, p.26*

# Taxpayer Risks

## **2% Cap on Property Tax**

“Developer and City agree that the total property tax burden (including, without limitation, ad valorem property taxes, special taxes, assessments and other impositions) imposed on the Property or any other portion thereof shall not exceed two percent (2%) of the anticipated fair market value of taxable property within the Property upon completion of all public and private improvements contemplated by the Specific Plan.”

*Alameda Point Revitalization Initiative, Development Agreement, Article 4.6  
Overall Tax Rate Cap, p.12*

# Taxpayer Risks

## **100% of Redevelopment Property Tax Increment to Developer**

“...the Developer’s obligations to provide the Public Benefits set forth in Section A of Exhibit 4 are contingent upon

- (i) The CIC programming the maximum amount of the total non-housing fund redevelopment tax increment allocated and received by the CIC for improvements in, on or under the Property that are of benefit to the property and conform to the requirements of California redevelopment law, less administrative costs...
- (ii) The City’s formation and implementation of a community facilities district in accordance with Section 4.3 of this Development Agreement...”

*Alameda Point Revitalization Initiative, Development Agreement, Article 3.2  
Public Benefits Contingency, p.10*

# Taxpayer Risks

- Litigation risks
  - Renewed Hope 25% affordable housing settlement commitment
  - Toxics or other environmental remediation
  - Oakland Chinatown traffic impact concerns
- Unknown costs related to infrastructure and unique hazards of the Point
- Projected general fund shortfalls
- Unknown impact of possible school

# Flexibility: Tied Hands

“Developer shall have the right to sell, assign or transfer in whole or in part its rights, duties and obligations under this Development Agreement, to any person or entity at any time during the term of this Development Agreement without the consent of City”

*Alameda Point Revitalization Initiative, Development Agreement, Article 9.1  
Right to Assign, p.19*

“Upon the sale, transfer or assignment of Developer’s rights and interests under this Development Agreement pursuant to Section 9.1, Developer shall automatically be released from its obligations and liabilities under this Development Agreement...”

*Alameda Point Revitalization Initiative, Development Agreement, Article 9.2  
Release Upon Transfer, p.20*

“Developer is the non-governmental party to a Development Agreement adopted...by a Significant Landowner...and a “Significant Landowner” is a person, other than a governmental entity or agency thereof, who owns, leases or has a right or option to purchase or lease a significant portion of the real property.”

*Alameda Point Revitalization Initiative, Section 14.4(b) Amendment, p.10*

# Amendment: Tied Hands

“This Initiative may only be amended or repealed in the following circumstances:

- (1) By a majority vote of the voters at a subsequent City election
- (2) Upon written application to the City Council by the Developer or Significant Landowner...
- (3) If federal, state or regional laws, regulations, policies, orders or decisions...operate to frustrate the intent...the City shall consider an amendment ...to achieve ... the original purposes and intent of the Initiative
- (4) On or after the 30<sup>th</sup> anniversary of the effective date of this Initiative...subject to the terms of any applicable development agreement...”

*Alameda Point Revitalization Initiative, Section 14 Amendment, p.10*

“This Development Agreement is being adopted by ordinance by the voters of the City of Alameda pursuant to State Law and local law. This Development Agreement may only be amended in accordance with Section 14 of the Initiative.

Operating Memoranda are not amendments....”

*Alameda Point Revitalization Initiative, Development Agreement, Article 6 Amendments, p.15*

# Conclusion

The Chamber supports the development of Alameda Point, but it does not support this Initiative as it is written.



