

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -JUNE 3, 2008- -7:30 P.M.

Mayor Johnson convened the Regular Meeting at 9:30 p.m.

ROLL CALL - Present: Councilmembers deHaan, Gilmore,
Matarrese, Tam, and Mayor Johnson - 5.

Absent: None.

AGENDA CHANGES

None.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS

None.

CONSENT CALENDAR

Councilmember Matarrese moved approval of the Consent Calendar.

Vice Mayor Tam seconded the motion, which carried by unanimous voice vote - 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*08-233) Minutes of the Regular City Council Meeting held on May 6, 2008, and Regular City Council Meeting held on May 20, 2008. Approved.

(*08-234) Ratified bills in the amount of \$2,312,913.93.

(*08-235) Recommendation to set June 17, 2008, as Hearing date for Fiscal Year 2008-2009 Proposition 4 appropriation limit. Accepted.

(*08-236) Recommendation to approve an Agreement with Holland and Knight in the amount of \$96,000 for federal legislative advocacy services. Accepted.

(*08-237) Report on proposed PERS Golden Handshake Retirement under California Government Code Section 20903. Moved to paragraph no. 08-250]

(*08-238) Recommendation to award a Contract in the amount of \$3,571,810, including contingencies, to D'arcy & Harty Construction, Inc., for Cyclic Sewer Replacement, Phase 5, No. P.W. 10-06-22. Accepted.

(*08-239) Recommendation to allocate \$1,210,409 in Proposition 1B Local Streets and Roads Funds, and award a Second Amendment to the Contract in the amount of \$2,965,000, including contingencies, to Gallagher & Burk, Inc., for the repair and resurfacing of certain streets, Phase 28, No. P.W. 04-08-12. Accepted.

(*08-240) Recommendation to accept the work of Bay Line Concrete, Cutting, Coring, and Drilling, Inc. for the Grand Street Bridge and Ballena Boulevard Bridge Repair and Resurfacing, No. P.W. 11-06-24. Accepted.

(*08-241) Recommendation to accept the work of Golden Bay Construction, Inc. for the replacement of curb, gutter, and related improvements to address street ponding Citywide, No. P.W. 02-07-04. Accepted.

(*08-242) Recommendation to accept the work of Power Engineering Contractors, Inc., for the Grand Street Sewer Pump Station, No. P.W. 04-07-16. Accepted.

(*08-243) Resolution No. 14214, "Approving a Third Amendment to the Agreement for Additional Funding from the State California Coastal Conservancy in an Amount up to \$57,000 to Implement Spartina Eradication and Mitigation Measures, and Authorizing the City Manager to Execute All Associated Agreements and Documents." Adopted.

(*08-244) Resolution No. 14215, "Requesting and Authorizing the County of Alameda to Levy a Tax on All Real and Personal Property in the City of Alameda as a Voter Approved Levy for the General Obligation Bonds Issued Pursuant to a General Election Held on November 7, 2000." Adopted.

REGULAR AGENDA ITEMS

(*08-245) Public Hearing to consider collection of delinquent business license fees via the property tax bills.

The Finance Director provided an updated list and a brief presentation.

Councilmember deHaan inquired whether the amount of uncollected business license fees is typical, to which the Finance Director responded in the affirmative.

Councilmember deHaan inquired whether reimbursement comes from the County, to which the Finance Director responded in the affirmative.

Councilmember deHaan inquired whether the City needs to do anything else after the letter is sent, to which the Finance Director responded in the negative.

Bill Smith, Alameda, discussed home businesses.

Councilmember Gilmore moved approval of the staff recommendation.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5.

(08-246) Public Hearing to consider collection of delinquent administrative citation fees via the property tax bills.

The Code Compliance Officer gave a brief presentation.

Mayor Johnson inquired what is the normal process if an appeal is not filed.

The Code Compliance Officer responded the process depends on the complexity of the case; stated sometimes a courtesy call is made or another citation is issued.

Mayor Johnson inquired whether the Municipal Code addresses what to do if an appeal is not filed.

The Code Compliance Officer responded in the negative; stated the Municipal Code simply states that an appeal can be filed within ten days.

Councilmember deHaan inquired how often citations can be given and whether there is a maximum.

The Code Compliance Officer responded most citations are issued every thirty days; stated citations can be issued every seven to ten days if there are safety issues.

Councilmember deHaan inquired whether the Municipal Code allows staff to continue enforcement every seven days.

The Code Compliance Officer responded in the affirmative; stated another option would be to hire a contractor for abatement.

Councilmember deHaan stated that he has not received a copy of the ordinance he requested.

The Building Official stated no minimum or maximum timeframe was set when the ordinance was written; the Administrative Citation fee

provides an enforcement tool.

Mayor Johnson inquired whether staff has worked with the Lafayette Street property owner to remove the trailers since 2001, to which the Building Official responded in the affirmative.

Mayor Johnson inquired whether the trailers have been occupied since 2001.

The Code Compliance Officer responded staff was not aware that anyone was occupying the trailers until today.

Councilmember deHaan inquired when the trailers appeared on the property, to which the Code Compliance Officer responded 2001.

Councilmember deHaan stated that he does not recall seeing the trailers on the property.

The Code Compliance Officer stated twenty-seven calls have been received for Police service since 2007.

Mayor Johnson inquired what the response has been for code enforcement.

The Code Compliance Officer responded the son of the deceased owner has never responded; stated the daughter of the deceased owner is in charge of the estate; the estate's attorney has responded.

Lance Russum, Attorney for the Estate of Juanita Ogle, stated the son is not a tenant of the estate but has occupied the property without permission; the son has been evicted but has come back; the son's appeal rights expired on May 8; the administrator has control of the property because of the eviction and is trying to determine the best way to dismantle the containers; combustible materials are on the property; the Fire Department should inspect the property as soon as possible.

Mayor Johnson inquired when the owner passed away.

Mr. Russum responded June 2007; stated letters were issued in August 2007; he does not think the estate has a responsibility to pay for the citations.

Mayor Johnson inquired whether the property has a mortgage, to which Mr. Russum responded in the negative.

Mayor Johnson inquired whether the estate has assets, to which Mr. Russum responded the estate has no liquid assets now.

Mayor Johnson stated the house is an asset of the estate.

Mayor Johnson suggested continuing the item and setting deadlines; stated the estate has a responsibility not to create blight in the neighborhood; the goal is to get rid of the blight.

The Code Compliance Officer stated staff has agreed to cease issuing additional citations until August.

Mayor Johnson suggested tabling the matter for three months until the trailers are gone, and then address the issue of accumulated fines.

The Code Compliance Officer stated the lien is a judgment lien and would be payable at the time sale.

Councilmember deHaan inquired whether verification can be made on whether anyone is living in the trailers.

Mr. Russum responded the son enters the trailers in the evenings; stated the Police Department has intervened on a regular basis.

Mayor Johnson stated taxpayer resources are protecting the property.

Vice Mayor Tam inquired whether the estate is current with property tax payments, to which Mr. Russum responded the daughter advanced money for property tax payments.

Vice Mayor Tam inquired whether it would be less expensive for the estate if the City did the abatement now versus collecting the fines.

Mr. Russum responded breaking up the trailers for scrap would be easier.

Councilmember deHaan stated that he has concerns with health and safety issues.

The Code Compliance Officer stated blight has become a health and safety issue.

Mayor Johnson inquired why the trailers cannot be removed tomorrow; stated a crane could load the trailers onto a large truck.

Councilmember Gilmore stated the Building Official stated code enforcement would continue, but citations would not be issued

through the end of August; suggested that staff continue to work with the estate and levy fines on the property tax bill to help the City recover costs incurred.

Mayor Johnson stated that the matter should be brought back at the first City Council meeting in September; Council expects blight and health and safety issues to be remedied by September.

The Building Official stated that citations stop if property owners work with the City.

Councilmember Matarrese requested that staff research the cost of bringing in a crane and semi-truck to remove the trailers; stated a decision could be made in August on whether to continue to fine or attach the abatement cost [to the lien].

Mayor Johnson stated Council should consider removing the trailers sooner than August because of health and safety issues.

Mr. Russum stated the administrator's resources could be used to remove the trailers if costs are provided.

Mayor Johnson stated the estate has the responsibility to deal with the blight and danger, not the City.

Councilmember Gilmore moved approval of creating a lien on both properties and not issuing any more citations on the Lafayette Street property until the matter is brought back at the first City Council Meeting in September for review.

Mayor Johnson stated Council would expect the daughter to take care of removing the trailers in the near future.

Councilmember deHaan stated that he is not comfortable with assessing the entire \$9,750 on the Lafayette Street property; intervals of the citations are peculiar.

Mayor Johnson stated the case initiated in 2001; the property has had a lot of neighbor complaints; the Police and Fire Departments have been called numerous times; inquired whether citations were issued in compliance with the ordinance.

The City Attorney responded in the affirmative; stated citations could have been issued more frequently.

Councilmember Matarrese seconded the motion.

Under discussion, Councilmember Matarrese stated that further

citations would not be issued; direction should include removing the trailers as soon as possible and not waiting ninety days for a solution; the issue should come back if not abated; the issue should come back sooner than ninety days if the health hazard continues.

The City Manager clarified that the approach would be to work with the Police Department to make sure that the son is no longer on the property; staff would request a bid for removal of the trailers; the property owner would abate the trailers; updates would be provided before the first City Council Meeting in September if other issues arise.

Councilmember deHaan stated the property owner would need to determine what to do once the bid is received; the City should pay to remove the trailers and encumber the property if the property owner does not agree to remove the trailers; inquired why citations were stopped on the San Jose Avenue property.

The Code Compliance Officer responded a Police Officer encouraged the property owner to start working on plans to convert the unit back into a basement; stated the property owner stopped working with staff once demolition costs were provided; citations stopped because the property was not occupied.

Councilmember deHaan inquired whether citations could continue on the San Jose Avenue property, to which the Code Compliance Officer responded in the affirmative.

Vice Mayor Tam stated that the Lafayette Street and San Jose Avenue citations stopped at the same time.

Mayor Johnson inquired whether the San Jose Avenue property owner intends to abate the unit, to which the Code Compliance Officer responded in the negative.

Mayor Johnson inquired when was the last time staff worked with the property owner, to which the Code Compliance Officer responded prior to July 11, 2007.

Councilmember deHaan requested that the motion be amended to include that both properties be fined \$6,750.

Councilmember Gilmore stated that one property [San Jose Avenue] is more egregious; that she would not accept the proposed amendment to the motion.

Councilmember deHaan requested further information on the San Jose

Avenue property and administrative citation process.

On the call for the question, the motion carried by unanimous voice vote - 5.

(08-247) Public Hearing to consider Resolution No. 14216, "Confirming the Business Improvement Area Report for FY 2008-09 and Levying an Annual Assessment on the Alameda Business Improvement Area of the City of Alameda for FY 2008-09." Adopted.

The Development Services Director gave a brief presentation.

Mayor Johnson opened the public portion of the Hearing.

Proponents (In favor of resolution): Robb Ratto, Park Street Business Association (PSBA); Kathy Moehring.

There being no further speakers, Mayor Johnson closed the public portion of the Hearing.

Mayor Johnson inquired which funds pay for the maintenance, to which the Development Services Director responded Landscape and Lighting District funds.

Mayor Johnson inquired how much is collected.

Ms. Moehring responded approximately \$32,000; stated maintenance costs are approximately \$54,000.

Mayor Johnson stated Webster Street property owners are not paying for the [entire] maintenance; stated the public invested several million dollars and the investment should be maintained.

Ms. Moehring concurred with Mayor Johnson; stated there was not enough time to educate property owners.

Mayor Johnson stated that an attempt was made three years ago to increase the assessment.

Mr. Ratto stated an attempt was made to increase the Business Improvement Assessment (BIA) boundaries; the vote failed.

Ms. Moehring stated the number one priority is to work with property owners to help them understand the importance of increasing the Landscape and Lighting District fees.

Councilmember deHaan moved adoption of the resolution.

Vice Mayor Tam seconded the motion, which carried by unanimous voice vote - 5.

(08-248) Recommendation to allocate \$99,218 in Measure B - Transbay Ferry Funds, and approve a Second Amendment to the Contract in the amount of \$99,218 to Marine Express, Inc. for the Main Street Ferry Terminal Barge Maintenance Project.

The Ferry Services Manager gave a brief presentation.

Councilmember deHaan inquired whether the additional work would bring the Main Street Ferry Terminal Barge up to a satisfactory standard; further inquired whether staff anticipates any further corrections to the barge.

The Ferry Services Manager responded no further work is required; stated the final work would include lifting up the west end of the 70-foot gangway approximately six inches.

Vice Mayor Tam moved approval of the staff recommendation.

Councilmember deHaan seconded the motion, which carried by unanimous voice vote - 5.

(08-249) Recommendation to establish a Fiscal Sustainability Committee.

The Development Services Director gave a brief presentation.

Councilmember Matarrese stated a ten-year plus horizon should be considered; the City of Vallejo is comparable to Alameda and provides a good, real life case study; large and small business expertise is valuable because said businesses have real experience in managing budgets; someone with some actuarial experience could fill the financial seat; the six-month period is aggressive, is meant to start after budget approval and anticipates that the State budget will not be approved in June; the committee would make recommendations regarding the pros and cons of deferring payment and long-term obligations to retirees.

Councilmember deHaan stated the committee would provide a golden opportunity to have highly skilled individuals look at best business practices; the ten-year budget model can be a good tool; good direction would be provided to build on policy; the City Auditor and City Treasurer picked up the challenge; a financially experienced facilitator could be brought in to bring the committee up to speed.

Mayor Johnson inquired what would be the size of the committee, to which Councilmember Matarrese responded eight.

Mayor Johnson inquired whether eight members would be enough.

Councilmember Matarrese stated that he does not have any objections to broadening the committee as long as the focus is kept on the goal.

Mayor Johnson stated the committee is a way to get the public involved in the City's financial issues; questioned whether every member should be required to be a resident; stated Alameda business owners, who are not residents, could be valuable; the committee should decide on whether a facilitator is needed.

Councilmember deHaan stated the intention would be to have a facilitator gather data.

Councilmember Matarrese stated the Chair would drive the meeting, not the facilitator.

Mayor Johnson stated that she is thinking of a secretary.

Councilmember Matarrese stated that he is fine with having an Alameda business owner serve on the committee; the number of members should be set now.

Councilmember Gilmore recommended that the committee not exceed ten.

Councilmember deHaan recommended that the committee not exceed eleven.

Councilmember Matarrese stated that the committee would not be a consensus committee.

Mayor Johnson and Councilmember Matarrese recommended that the committee consist of eleven members.

Vice Mayor Tam inquired whether the labor member would not be someone associated with the City.

Councilmember Matarrese stated that his intention is to include a labor union representative who does not represent City employees because of contract issues and a vested interest.

Vice Mayor Tam stated having a public safety union representative participate would be good because public safety unions make up 60%

of the General Fund budget; the Climate Protection Task Force meetings were open to the public.

Councilmember Matarrese stated the committee meetings would be public and noticed.

Mayor Johnson stated educating the public is one of the purposes of the committee; concerted efforts should be made to let the public know about the committee.

Councilmember Gilmore thanked the sub-committee and staff; suggested having someone from the real estate community serve on the committee or be used as a consultant.

Councilmember Matarrese concurred with Councilmember Gilmore.

Councilmember deHaan stated that heavy financial expertise is needed; tax experts could provide briefings.

Councilmember Gilmore stated that the real estate representative would not have to be on the committee, but could be a consultant.

Councilmember Matarrese stated a real estate representative could be used from a financial standpoint.

Mayor Johnson stated looking longer than ten years is important.

Councilmember Matarrese stated the committee would look at a long horizon, which would not be less than ten years.

Mayor Johnson suggested membership be placed on the next Council agenda.

The Development Services Director stated that she is not sure whether the matter could be brought to Council that fast.

Mayor Johnson stated recommendations could be brought to Council at the first meeting in July and voted on at the same meeting.

Councilmember deHaan stated that Council would hand select the members.

Bill Smith, Alameda, discussed involvement in the community.

Kevin Kennedy, City Treasurer, stated the proposed committee is a good idea; times are tough right now; distinguishing between formal and informal members is important; encouraged Council to keep the committee small and nimble so that things can be accomplished.

Mayor Johnson stated the committee would need to be high profile and should be used to educate the public about budgeting and economic realities.

Kevin Kearney, City Auditor, stated some ideas are already in place; reinventing the wheel is not necessary; information needs to be updated; the main goal is to educate the public.

Councilmember deHaan stated past, good faith decisions are starting to bite the City today; future needs should be reviewed; having everyone [committee members] show up for every meeting would be difficult.

Mayor Johnson stated the committee would not have quorum requirements.

Councilmember Matarrese stated the members should understand that there are expectations to meet twice a month, more or less, and deliver a product within the six-month timeframe.

Councilmember Gilmore thanked the City Treasurer and City Auditor for taking charge and being excited; stated that she agrees educating the public is an important function; citizens do not understand fund source restrictions.

The City Treasurer stated committee members should be tasked with addressing revenues and expenditures; members would gather information independently; members should have no vested interest in issues being discussed; issues need to be reviewed impartially.

Councilmember Gilmore moved approval of moving forward with the Fiscal Sustainability Committee along the lines set out in the staff report; limiting the membership to eleven; and removing the requirement that members be Alameda residents.

Mayor Johnson inquired whether a non-resident 25% cap should be included in the motion.

Councilmember Gilmore stated that she would rather leave the cap up to the committee; the committee should have the flexibility to get the job done.

Vice Mayor Tam seconded the motion.

Under discussion, Vice Mayor Tam stated nominated experts would be performing a community service, which would be greatly appreciated.

(08-250) Report on proposed PERS Golden Handshake Retirement under California Government Code Section 20903. Withdrawn.

ORAL COMMUNICATIONS, NON-AGENDA (Public Comment)

(08-251) Michael John Torrey, Alameda, stated that the Federal Emergency Management Agency (FEMA) would perform a disaster preparedness demonstration in the City of Oakland on June 25, 2008, between 10:00 a.m. and 3:00 p.m.

COUNCIL REFERRALS

None.

COUNCIL COMMUNICATIONS

None.

ADJOURNMENT

There being no further business, Mayor Johnson adjourned the Regular City Council Meeting at 11:40 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL CITY COUNCIL MEETING
TUESDAY- -JUNE 3, 2008- -6:30 P.M.

Mayor Johnson convened the Special Meeting at 6:55 p.m.

ROLL CALL - Present: Councilmembers deHaan, Gilmore,
Matarrese, Tam, and Mayor Johnson - 5.

Absent: None.

The Special Meeting was adjourned to Closed Session to consider:

(08-229) Conference with Labor Negotiators; Agency Negotiators:
Craig Jory and Human Resources Director; Employee Organizations:
All Public Safety Bargaining Units.

Following the Closed Session, the Special Meeting was reconvened
and Mayor Johnson announced that Council received a briefing from
its Labor Negotiators regarding the status of negotiations; no
action was taken.

Adjournment

There being no further business, Mayor Johnson adjourned the
Special Meeting at 7:35 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown
Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL,
ALAMEDA PUBLIC FINANCING AUTHORITY (APFA) AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -JUNE 3, 2008- -7:25 P.M.

Mayor/Chair Johnson convened the Special Joint Meeting at 7:47 p.m. Vice Mayor/Authority Member/Commissioner Tam led the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers / Authority Members / Commissioners deHaan, Gilmore, Matarrese, Tam, and Mayor/Chair Johnson - 5.

Absent: None.

CONSENT CALENDAR

Mayor/Chair Johnson announced that recommendation to authorize the Executive Director to enter into Contracts [paragraph no. 08-33 CIC] was removed from the Consent Calendar for discussion.

Vice Mayor/Authority Member/Commissioner Tam moved approval of the remainder of the Consent Calendar.

Councilmember/Authority Member/Commissioner Gilmore seconded the motion, which carried by unanimous voice vote - 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*08-230 CC/08-32 CIC) Minutes of the Special Joint City Council and CIC Meeting, and the Special Joint City Council, Alameda Reuse and Redevelopment Authority and CIC Meeting held on May 20, 2008. Approved.

(*08-33 CIC) Recommendation to authorize the Executive Director to enter into Contracts with the Park Street Business Association, and the West Alameda Business Association for Fiscal Year 2008-2009.

The Development Services Director gave a brief presentation.

Chair Johnson stated that the Greater Alameda Business Association (GABA) Contract is a small amount; Park Street Business Association (PSBA) and West Alameda Business Association (WABA) members pay fees; understanding how GABA works is important.

The Development Services Director stated GABA does general

advertising and hosts different activities; a part-time person keeps the membership informed, maintains a database, and handles activities.

Chair Johnson inquired whether GABA has membership dues.

The Development Services Director responded that GABA does not have a Business Improvement Area (BIA); stated that she does not know about dues; members sponsor different projects.

Chair Johnson stated it is important to know how much GABA contributes to expenses.

Commissioner Matarrese stated the City's investment in the Associations yields a return to the City in sales and business tax; the staff report notes that there is no impact on the General Fund and the Contract amounts are budgeted from tax increment funds; inquired whether funds come from the CIC budget, to which the Development Services Director responded in the affirmative.

Commissioner Matarrese inquired what is the impact on the CIC budget; further inquired whether GABA businesses qualify since they are not in the redevelopment area.

The Development Services Director responded GABA qualifies; stated funds are part of the 10% of the CIC budget that pays for general activities, staff, and basic overhead costs; there are very few miscellaneous activities that are being funded this year.

Commissioner Matarrese inquired whether the matter should be discussed tonight since the budget has not been adopted.

The Development Services Director responded staff is requesting authorization to do the Contracts; stated the Contracts would not be executed until the budget is adopted.

Commissioner Tam concurred with Commissioner Matarrese; stated the budget sessions have been very painful; a 3% increase is not very much, but some employee contracts are not going to be increased next year; the proposed PSBA budget amount is \$111,446; PSBA is proposing to levy assessments totaling \$88,000; inquired whether PSBA's entire budget would be the combination of \$111,446 and \$88,000.

The Development Services Director responded in the negative; stated the budget includes fundraising also.

Mr. Ratto stated PSBA would raise approximately \$135,000 in special events this year.

Commissioner Tam stated PSBA's BIA annual assessment is \$88,000 and the proposed City grant of \$111,446, which is 20% over the annual assessment; stated WABA's proposed grant is \$101,146 and the BIA is approximately \$32,000, which is almost 300% above; requested an explanation of the difference between the two ratios.

The Development Services Director stated support is meant to take place of economic development activities; the business districts are disproportionate in size; staff is trying to build capacity and help the Associations keep enough staff and help with other contractual activities.

Chair Johnson stated serious conversations need to take place with the business districts; WABA failed to increase assessments; the public contributed millions of dollars; the business districts need to help themselves and be part of the solution.

The Development Services Director stated a classic challenge is trying to bridge the gap between property owners and business owners.

Commissioner deHaan stated the Alameda Landing Disposition and Development Agreement (DDA) requires that businesses be Association members; GABA is a worthy cause and needs to put a budget together to justify the \$12,000 [in grant funds].

The Development Services Director stated information provided by GABA shows the funds support the part-time staff activity.

Commissioner deHaan stated that he would like to defer the staff recommendation until the CIC budget is adopted.

Chair Johnson inquired whether deferring the item would have an impact on PSBA and WABA.

The Development Services Director responded typically installment payments are made in July.

Commissioner deHaan moved approval of continuing the item until adoption of the budget.

Commissioner deHaan stated that he would like to have more defined

information about GABA come back.

Chair Johnson stated that she would like to know how much the members contribute to support the Association.

Commissioner Matarrese stated that GABA is a worthy Association; inquired whether Contracts could be executed in time to meet the requirements if the budget is adopted by the end of the month.

The Development Services Director responded in the affirmative; stated Contracts have been prepared; stated authority needs to be given to execute the Contracts.

Commissioner Tam seconded the motion, which carried by unanimous voice vote - 5.

AGENDA ITEM

(08-231 CC) Resolution No. 14213, "Approving and Authorizing Execution of a Second Amendment of the Disposition and Development Agreement (Alameda Landing Mixed Use Project) with Palmtree Acquisition Corporation." Adopted; and

(08-34 CIC) Resolution No. 08-156, "Authorizing the Executive Director to Enter Into a Second Amendment to the Disposition and Development Agreement (Alameda Landing Mixed Use Project) with Palmtree Acquisition Corporation." Adopted.

The Base Reuse and Community Development Manager gave a Power Point presentation.

Aidan Barry, Catellus Development Group, stated Catellus has entered into an agreement with the Navy and the Department of Toxic Substances Control (DTSC) which allows for the removal of covenants and restrictions that precluded the opportunity to do the mixed - use development; Catellus worked with the City to redesign the waterfront; the Stargell Avenue acquisition involves multiple parties; currently, negotiations are taking place with Target; discussions are continuing with Clif Bar.

Councilmember/Commissioner Matarrese inquired where the hospital demolition is referenced in the report.

The Base Reuse and Community Development Manager responded Page 12 of the Second Amendment, Section D.

Councilmember/Commissioner Gilmore inquired when Catellus would acquire the UP right-of-way; further inquired where Catellus is in terms of deciding whether or not to proceed.

Mr. Barry responded Catellus negotiated a term sheet with UP; stated Catellus is in negotiations on a draft purchase and sale agreement; he hopes to conclude negotiations this month; a formal due diligence effort needs to be done and should be concluded within sixty days; Catellus is running a parallel path of negotiations with the retailers.

Vice Mayor/Commissioner Tam acknowledged the help of former Mayor Bill Withrow and General Counsel of the Peralta Community College District provided in negotiating the four-way agreement; stated that significant expenditures were made, such as the removal of the Faithful; funds were expended to fix some major water leaks; the City helped redesign the waterfront when it was determined that it was not financially feasible to seismically retrofit the area because of pier decay; stated State Transportation Improvement Program (STIP) funds must be requested by February 2009 in order to go before the California Transportation Commission (CTC); inquired what is the level of competition and availability for said funding.

The Base Reuse and Community Development Manager responded assurances have been given that STIP allocations would not be impacted by the State budget.

The City Engineer stated a lot of the projects are large; prioritization is based upon how many people are impacted by the project, how much safety will be enhanced, and where the projects are in the planning process.

Mayor/Chair Johnson stated the question is whether the money is in jeopardy; money will be in serious jeopardy if the City does not move forward with the project.

The Base Reuse and Community Development Manager stated larger projects will start to come on line as the Fiscal Year progresses; opportunities are maximized by getting in before the other projects.

Councilmember/Commissioner Gilmore inquired whether the City would get the money if an application is submitted, to which the Base Reuse and Community Development Manager responded in the affirmative; the City could be in jeopardy if it waits until February 2009.

Councilmember/Commissioner deHaan stated that he is concerned with the timeframe; inquired whether the Clif Bar parcel is pushed into Phase 2 now.

The Base Reuse and Community Development Manager responded all of the office property would be in Phase 3; stated an early office parcel could be the first or second parcel developed.

Councilmember/Commissioner deHaan inquired whether there is any likelihood of keeping the original deadlines, especially retail.

The Base Reuse and Community Development Manager responded Palmtree Acquisition Corporation (PAC) requested that certain timeframes be extended for the performance milestones due to early expenditure of funds.

Councilmember/Commissioner deHaan inquired how close the retail project would be to the original timeframes.

The Base Reuse and Community Development Manager responded PAC's immediate timeframe is a year and a half from now; stated PAC would need to commence with an alternative Phase 1; PAC has another five and a half years to commence on the retail.

Councilmember/Commissioner deHaan inquired what would happen if the Stargell Avenue Extension Project is not constructed.

The Base Reuse and Community Development Manager responded PAC would not have any time extensions; stated everything would go back to the original DDA timeframe.

Councilmember/Commissioner Matarrese stated the most important aspect is obtaining the right-of-way; the stars have lined up and will not line up again; funds would be allocated to the project and would go towards covering upfront reimbursements for acquiring the right-of-way if the developer pulls out or the City terminates the Agreement.

Councilmember/Commissioner Matarrese moved adoption of the resolutions.

Councilmember/Commissioner deHaan seconded the motion with the caveat that the project has a rigid timeframe.

Councilmember/Commissioner Gilmore requested more detail on the

Operating Memorandum.

The Base Reuse and Community Development Manager stated the existing DDA has a section that provides for an ability to do Operating Memorandum if there are technical details that the parties want to work out; the Operating Memorandum will look at property management issues and will deal with a scenario that may present itself in the future; the Operating Memorandum would deal with issues such as fewer lease revenues coming in than property management expenses and how to handle said situation.

Councilmember/Commissioner Matarrese inquired whether the Operating Memorandum would come back, to which the Base Reuse and Community Development Manager responded in the affirmative.

Vice Mayor/Commissioner Tam stated Section D on Page 12 notes that the developer would reimburse the CIC for the cost incurred if the City issues a demolition permit within sixty days; inquired how soon the hospital demolition can start.

The Base Reuse and Community Development Manager responded the demolition would have to be authorized through the budget process; stated the demolition work could commence fairly quickly if funds are authorized; Catellus has already prepared the demolition plans.

Vice Mayor/Commissioner Tam inquired what is the cost estimate for demolishing the hospital, to which the Base Reuse and Community Development Manager responded several million dollars.

Mayor/Chair Johnson stated the Stargell Avenue Extension Project has gone on for years; she appreciates the cooperation of the Peralta Board; inquired whether the Board approved the project.

The Base Reuse and Community Development Manager responded the Board would take action on June 10.

On the call for the question, the motion carried by unanimous voice vote - 5.

(08-232 CC) Adoption of Resolution Authorizing and Directing the Preparation and Execution of Certain Lease Financing Documents, Authorizing the Preparation and Distribution of a Preliminary Official Statement in Connection with the Offering and Sale of Certificates of Participation Relating Thereto, and Authorizing and Directing Certain Actions with Respect Thereto. Continued; and

(08-02 APFA) Adoption of Resolution Approving, Authorizing and Directing Preparation and Execution of Certain Lease Financing Documents and Authorizing and Directing Certain Actions with Respect Thereto. Continued.

The Finance Director gave a brief presentation.

Mayor/Chair Johnson inquired what would be the cost of refinancing.

The Finance Director responded the cost of the additional debt service over the new life of the issue is \$594,658.75.

Mayor/Chair Johnson inquired what would be the cost of issuance, to which the Finance Director responded \$150,000.

Mayor/Chair Johnson inquired whether the total cost would be \$150,000 plus \$594,000.

The Finance Director responded the \$150,000 is included in the \$594,000.

Councilmember/Authority Member Matarrese inquired whether \$150,000 would be spent to save \$203,000, extend the debt a couple years, and pay approximately \$600,000 in interest.

The Finance Director responded \$600,000 would be spent over fifteen years in order to get the first year savings of approximately \$600,000.

Councilmember/Authority Member Matarrese stated that he has a hard time borrowing money and encumbering two extra years on someone in the future.

Mayor/Chair Johnson stated the proposed refinancing would cost the City money.

The Finance Director stated cash would be saved now and would be paid over the next fifteen years.

Mayor/Chair Johnson inquired whether refinancing would cost \$594,000.

The Finance Director responded in the affirmative; stated approximately \$600,000 would be saved in interest.

Mayor/Chair Johnson stated that she would not call it a savings

because the amount is deferred.

Councilmember/Authority Member Gilmore stated that she totaled a \$5.1 million debt; \$6 million would be issued; inquired whether there is some minimum limit.

The Finance Director responded \$6 million is the approximate amount; stated \$5,490,000 would be issued; interest rates change; the numbers are based on estimated interest rates; the interest rates are favorable now.

Councilmember/Authority Member Gilmore stated the matter is a cash flow issue; approximately \$600,000 would not be spent in the first year; \$600,000 would be spent over fifteen years.

Councilmember/Authority Member deHaan inquired whether the loans were refinanced already.

The Finance Director responded only the Police Building was refinanced in 1996.

Councilmember/Authority Member deHaan inquired why the Police Building was refinanced.

The Finance Director responded because interest rates dropped significantly.

Councilmember/Authority Member deHaan stated the City gets into trouble by deferring and refinancing.

Mayor/Chair Johnson inquired when the Police Building was constructed, to which the Finance Director responded 1990.

Mayor/Chair Johnson inquired what was the original planned bond issue.

The Finance Director responded the \$2.8 million bond was issued in 1990 with interest rates of 5.8% to 7.25%.

Mayor/Chair Johnson inquired when the bond would have been paid if not refinanced, to which the Finance Director responded she would guess 2010.

Councilmember/Authority Member Matarrese stated that he is not in favor; savings are not being made on the interest rates and future Councils will be burdened; debt will be deferred if not paid now.

The Finance Director stated budget increases would be needed otherwise.

Mayor/Chair Johnson inquired whether the Library Fund is paid out of the General Fund.

The Finance Director responded approximately 50-55% of Library expenditures are supported by the General Fund, stated the Police Building Bond would have been paid off in 2015, if not refinanced.

Councilmember/Authority Member Gilmore stated the first year savings is approximately \$600,000; inquired how much cash would not be spent the second year, to which the Finance Director responded \$367,000.

Councilmember/Authority Member Gilmore inquired how many more years the repayment would be pushed out, to which the Finance Director responded two years.

Mayor/Chair Johnson inquired what are the fees.

The Finance Director responded \$150,000 for issuance; stated the underwriter's discount is \$41,175.

Mayor/Chair Johnson inquired whether the \$41,175 is in addition to the \$150,000, to which the Finance Director responded in the affirmative.

Vice Mayor/Authority Member Tam stated fees would be rolled back into debt service.

Mayor/Chair Johnson stated money would be borrowed to restructure borrowed money.

Councilmember/Authority Member deHaan inquired what was the interest on the 1996 Police Building, to which the Finance Director responded 4% to 6%.

Councilmember/Authority Member deHaan inquired what was the interest on the Golf Course, to which the Finance Director responded 3.9% to 5.75%.

Councilmember/Authority Member deHaan inquired what the new interest rate would be, to which the Finance Director responded the all in true interest costs is approximately 5%.

Councilmember/Authority Member deHaan inquired whether the interest rate is fixed.

The Finance Director responded the interest rate varies over time; stated everything is taken into account with an all in true interest cost.

Mayor/Chair Johnson stated money would need to be found elsewhere if refinancing is not done; she does not view refinancing as a way to balance the budget.

Councilmember/Authority Member deHaan stated refinancing would be a one-time fix and a deferral.

The Finance Director stated the proposed refinancing was a potential solution for not having sufficient budget capacity to meet all needs.

Councilmember/Authority Member Gilmore inquired whether timing would be impacted if Council and the Commission decide to made a decision to go forward at the end of June.

The Finance Director responded missing the August 1 call date for the Police Building might cost more money, but could be done.

Councilmember/Authority Member Matarrese inquired how much is owed on the police bonds.

The Finance Director responded \$1.5 million; stated Library and Golf is 3.5%; 63% is for Library and 34% is for Golf.

Mayor/Chair Johnson stated \$1 million needs to be spent on renovating the driving range; the City is still paying off the construction debt.

Councilmember/Authority Member Matarrese stated staff should look at paying early because there is no tax deduction for paying interest.

The Finance Director stated the scenario could be reviewed; the net present value of the future debt service versus using the fund balance to pay it off can be reviewed.

Councilmember/Authority Member deHaan inquired whether major refinancing was done in 2002-2003.

The Finance Director responded in 2002 refinancing was done for reconstruction of City Hall; stated tax increment bonds were done for the CIC in 2003.

Councilmember/Authority Member deHaan inquired whether refinancing was done for interest rates only.

The Finance Director responded City Hall reconstruction bonds were refinanced in 2002 and were originally issued in 2000.

Councilmember/Authority Member deHaan inquired what was the impact over the out years.

The Finance Director responded the debt service was the same level every year; the prime motivation for the current proposal is not to get interest rate savings, but deferral.

Mayor/Chair Johnson stated the City needs to look long-term; the report only looks at short-term.

The Finance Director stated staff reviewed the matter from a perspective that the proposal is not good for the long-term, but is what needs to be done in order to have budget capacity for the next two years.

Mayor/Chair Johnson stated direction has been given to always look at long-term.

Vice Mayor/Authority Member Tam stated it does not make sense to spend down the fund balance if the same interest is earned on the fund balance.

Mayor/Chair Johnson stated it does not make sense to use the fund balance because the City has so many other things to pay for with the fund balance, such as deferred health care retirement costs; the City needs to be living within its means and not defer payments.

Councilmember/Authority Member Gilmore stated the amount of money being deferred over the first two years is slightly under a million dollars; the extra money that would be spent over the life of the loan is \$600,000; payments would be extended for two more years; she would like to hear from the City Auditor and City Treasurer.

Mayor/Chair Johnson inquired how much the payments are for the last

two-year extension.

The Finance Director responded the payments for total debt services for all three funds is about \$573,000 each year.

Councilmember/Authority Member Gilmore stated the deferred payments not being made over the first two years are slightly under a million dollars.

Mayor/Chair Johnson stated the added interest and cost of restructuring is an additional \$594,000.

The City Treasurer stated bills should be paid when due.

The City Auditor stated money needs to be spent to refinance; he does not see the benefit in pushing obligations into the future; tough decisions need to be made now.

Councilmember/Authority Member Gilmore stated deferred payments over the first two years are approximately \$1 million; \$594,000 is the delta between what would need to be spent if nothing is done and what would need to be spent for refinancing; inquired whether the savings would be the difference between \$1 million and \$594,000.

The Finance Director responded there is no savings because the \$1 million is part of the calculation of the \$594,000.

Mayor/Chair Johnson stated the non-payment years cannot be counted as savings; inquired whether payments would be higher in the third year because of the restructuring.

The Finance Director responded the payments go up to \$567,00 in year three; in year three payments would be \$610,000 as compared to \$567,000; payments start to decline in 2017 because the 1996 Police Building debt would be paid in 2015; the existing debt service would decline to \$369,000; the new debt service would stay in the \$570,000 range.

The City Treasurer stated the situation is whether to borrow money over the next two years to balance the budget and pay it back over the next twenty years.

Councilmember/Authority Member Gilmore moved approval of tabling the item pending budget discussions.

Vice Mayor/Chair/Authority Member Tam seconded the motion.

Under discussion, Vice Mayor/Authority Member Tam stated that she appreciates the fact that there will be a challenge to define what it means to live within means.

On the call for the question, the motion carried by the following voice vote: Ayes: Councilmembers/Authority Members deHaan, Gilmore, Tam, and Mayor/Chair Johnson - 4. Noes: Councilmember/Authority Member Matarrese.

Councilmember/Authority Member Matarrese stated that criteria needs to be set for when money is borrowed to balance the budget.

Mayor/Chair/ Johnson requested that a policy regarding borrowing money be brought back.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the Special Joint Meeting at 9:29 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Alameda Public Financing
Authority

The agenda for this meeting was posted in accordance with the Brown Act.