

**APPROVED**  
**MINUTES OF THE REGULAR MEETING OF THE**  
**ALAMEDA REUSE AND REDEVELOPMENT AUTHORITY**

**Tuesday, April 19, 2005**

**The meeting convened at 6:11 p.m. with Chair Johnson presiding.**

**2-A**

**1. ROLL CALL**

Present: Beverly Johnson, Chair, City of Alameda  
Tony Daysog, Boardmember, City of Alameda  
Doug DeHaan, Boardmember, City of Alameda  
Frank Matarrese, Boardmember, City of Alameda  
Marie Gilmore, Boardmember, City of Alameda

**2. Public Comment on Non-Agenda Items Only.**

There were no speaker slips.

**3. REGULAR AGENDA ITEMS**

**3-A. Study Session of the FY 2005-06 ARRA Budget**

Acting Executive Director, Bill Norton, gave a brief overview about the work session on the ARRA Budget and introduced Development Services Director, Leslie Little, who introduced staff : Nanette Banks, Jennifer Ott, and Stephen Proud.

Leslie Little gave a powerpoint presentation on the Budget Planning for Alameda Point. The presentation focused on transition planning and preparation for the development of Alameda Point. The information presented expresses the existing conditions in the current ARRA budget and also the implications of some of the decisions that have been made during current negotiations. Ms. Little discussed two options to consider: 1) how to transition in the event that the developer (APCP) elects to proceed with the development of Alameda Point and, 2) how to transition if APCP chooses NOT to proceed.

Ms. Little discussed the first scenarios (APCP proceeding), including the Alameda Point Bond, and that the activities that are currently being paid from it would transfer as direct cost to the developer; approximately 18 months. Other responsibilities would also shift to the developer, leasing and property maintenance activities, other financials responsibilities like project related tax increments, and current debt obligation.

The second option was discussed (APCP electing not to proceed). Ms Little noted that this issue is a “structural deficiency” in the ARRA Budget. She stated that there are expenditures that are greater than the revenues at this point. She explained that if the developer doesn’t elect to proceed, the key issues moving forward are: the Alameda Point Bond will be

exhausted some time around Sept and October; there are a number of deferred costs, or capital costs, that are expected would be part of the developer's pro forma; and the debt payments that began to come due in 2006. Also included in the presentation was the current ARRA staff load on the existing ARRA budget.

Ms. Little continued to discuss some challenges to the ARRA budget. She explained that by 2006 and 7 we will have spent down our fund balance and, by 2008, we won't have enough to balance our budget. She discussed how a large part of the ARRA budget is contributed to municipal services -- about 1/2 of what we take in annually, \$10M in revenue. She stated that the presentation is intended to start the conversation about the need to either increase general fund revenue opportunities to tackle some of the costs, or decrease the general fund expenditures out at Alameda Point because we don't have the resources to continue to support them.

Ms. Little discussed the current pro forma and its assumptions regarding new public revenues, primarily in property tax pass thru, the sales taxes, property transfer taxes, etc. with the sale of the homes (new development) = revenues coming into the general fund.

She concluded the presentation, summarizing that staff is preparing for APCP to move forward in the next two months and that we will need to transition quickly negotiate a disposition and development agreement at 18 months and move into an implementation mode; subsequently, if APCP does not move forward, there are implications regarding dealing with long term costs over time. Ms. Little mentioned a subsequent "phase 2" ARRA Budget workshop.

Councilmember de Haan expressed concern with the Navy's inability to fulfill the commitment to the 18 mos. transition period. Stephen Proud addressed his concern by explaining that we are trying to expedite the time line as much as possible, to the extent that the Navy would be able to make the property available to us sooner. He discussed various issues on the timeline that we (ARRA) have to accomplish, specifically the environmental review process.

Boardmembers and staff discussed general leasing issues/opportunities at Alameda Point, with Chair Johnson mentioning activities to attract film productions.

Member Matarrese expressed concern about the "structural problem" of the ARRA Budget, stating that perhaps we've set the system up for failure -- and that we may be providing services that we simply cannot afford given our leasing capability. Leslie Little addressed his concern by explaining that once there is a DDA, the actual costs that are being born by the budget now, would have to be reduced significantly, specifically the municipal services. Member Gilmore asked about insurance expenses. Leslie Little explained that the tenants themselves carry liability insurance as part of their lease requirement.

Member Daysog initiated discussion about the proposed mitigation where the general fund reduces dependency on the ARRA and absorbs 1.8million dollars in expenses. The municipal services funding resources was discussed.

Member Gilmore summarized the challenges of reducing the amount of expenditures in the ARRA budget, by allowing the general fund to absorb those expenditures. Bill Norton replied that staff provided the ARRA Board with this detail to see the impact of the changes on the general fund.

**3-B. Recommendation to Authorize the Executive Director to Direct P.M. Realty, Acting as Property Manager, to Enter Into a Contract with Courtney Giampolini to Waterproof City Hall West (Building One) in an Amount not to Exceed \$966,650**

Nanette Banks provided photos of the extensive water damage in various locations of Building 1(City Hall West). Building 1, like other buildings at Alameda Point, have problems that require a lot of work, specifically asbestos remediation, lead paint and waterproofing, roof and other capital upgrades. Ms. Banks introduced Rick Jones, construction manager from PM Realty Group.

After Mr. Jones explained the problems with the buildings, he and Chair Johnson had conversation about the contractor bidding process and if this process was approved by the ARRA. Ms. Banks explained that in an exhibit to the property management agreement with PM Realty, PM Realty is allowed to use their own process for selecting contractors for us.

Member deHaan, as well as the other boardmembers, expressed concern about the almost \$1M.cost for the building repair. Member Gilmore questioned the long-term “guarantees” to this costly solution. She wanted reassurance that the same problems don’t resurface in a year, after spending \$1M. Mr. Jones explained that there is a 10 yr warranty, which is pretty standard in the industry.

Staff and boardmembers discussed other options for housing City Staff. Bill Norton explained that there is no other space available for city staff to move into. There was also further discussion about window replacements. Mr. Jones stated that 40 windows would be replaced, and the other 200 are aluminum.

Member Daysog stated that the ARRA is in a fiscal crises and as such non-life threatening projects, like waterproofing, I believe need to be delayed especially if the professional opinion is that delay doesn’t result in significant cost increases to the project.

Chair Johnson agreed with Member Daysog but stated that (Building 1) is a workplace for our workers and we can’t have our city employees working in those conditions. She also requested a briefing for discussion of the ARRA board the bidding process and requirements.

The Board approved the staff recommendation.

Staff recommendation accepted and passed by the following voice vote: Ayes-4; Noes-1 (Daysog); Abstentions-0

#### **4. ADJOURNMENT**

Chair Johnson adjourned the meeting at 7:37 p.m.

Respectfully submitted,

Irma Glidden  
ARRA Secretary