



SRMERNST • MADISON MARQUETTE
THOMPSON DORFMAN PARTNERS • TRAMMELL CROW RESIDENTIAL

September 27, 2016

Mr. Andrew Thomas
Assistant Community Development Director
Planning Department
2263 Santa Clara Avenue
Alameda, CA 94501

Re: Alameda Point Site A Development Agreement Annual Update

Dear Mr. Thomas,

The City of Alameda, a municipal corporation of the State of California (the “City”), and Alameda Point Partners, LLC, a Delaware limited liability company (“Developer” or “APP”) entered into that certain Development Agreement for the Alameda Point – Site A project dated August 31, 2015 (the “Development Agreement”). APP is submitting this annual review document in accordance with the Development Agreement and pursuant to the requirements of Government Code Section 65864 and Alameda Municipal Code Chapter XXX, Article VII, Code Sections 30-91 through 30-95. This letter will report on activities and developments taking place between September 1, 2015 and August 30, 2016, and contains a summary of the Developer’s efforts toward good faith compliance with the terms of the Development Agreement.

APP has been working with its design team to complete the construction drawings and improvement plans for the site. Improvement plans are being plan checked now with the City of Alameda, and commencement of infrastructure improvements is expected in 2017. Construction documents for vertical improvements will be submitted in late 2016 or early 2017; vertical building construction is expected to start in mid-2017 with first occupancy in late 2018.

As part of the annual update, specific commentary is required on the DDA’s infrastructure construction requirements and the Major Alameda Point Amenities.

INFRASTRUCTURE:

Since approval of the Site A Development Plan in June 2015, APP has worked diligently on Phase I horizontal design, including infrastructure, utility, and public park development. This design process has included City staff, the Department of Public Works, the Historic Advisory Board, the Recreation and Parks Commission, the Planning Board, AC Transit, the Bay Conservation and

Development Commission (“BCDC”), the Regional Water Quality Control Board, and various utility providers, among others.

Improvement plans for all required Phase I infrastructure have been submitted to the City. Review by the Department of Public Works and 3rd party consultants is currently underway. Following the first round of review and commentary, a second submittal of these plans is anticipated in mid-September. Per the milestone set forth in the DDA, APP is targeting approval of these improvement plans in November 2016, with construction commencing soon thereafter.

EBMUD Application

As a Progress Milestone in the DDA, the Developer was required to submit evidence to the City by May 16, 2016 that it had submitted an application for a main line extension with EBMUD, including a fully executed water services agreement and payment of any fees required by such agreement. APP submitted evidence satisfying this DDA milestone on May 13, 2016.

PARKS AND OPEN SPACE:

Phase I of the Site A development includes three public open space areas: the Waterfront Park, the Block 10 Urban Park and the Neighborhood Park.

- The Phase I Waterfront Park consists of 2.63 acres along the northern edge of the Seaplane Lagoon and is part of the larger 7.2-acre park approved as part of the Site A Development Plan
- The Block 10 privately owned public accessible urban landscape will consist of four retail buildings totaling approximately 46,609 square feet and 3.05 acres of publicly accessible privately owned open space
- The Neighborhood Park, approximately 1.35 acres on the northern edge of Phase I, will span the north side of Blocks 6, 7, 8 and 9

Both the Phase I Waterfront Park and the Block 10 Urban Park have received Design Review approval from the Planning Board. The Neighborhood Park will be presented to the Recreation and Parks Commission and the Planning Board in October 2016. APP anticipates submitting improvement plans for the two public parks in September 2016.

VERTICAL:

Since approval of the Site A Development Plan in June 2015, APP has focused on vertical design for Blocks 6, 7, 8, 9, 10 and 11. This design process has included City staff, the Planning Board, the Department of Public Works, the Historic Advisory Board, and the Recreation and Parks Commission.

- **Block 1a** – Block 1a is entitled for 14 townhome units. Design for this block is under development.

- **Block 6** – The 64-unit townhome development designed by KTGy received Design Review approval from the Planning Board on June 27, 2016
- **Block 7** – The 60-unit townhome development designed by Kwan Henmi received Design Review approval from the Planning Board on June 27, 2016
- **Block 8** – The 130 units on Block 8 are divided into two buildings designed by KTGy – a 60-unit senior building and a 70-unit family building. The Planning Board approved the Block 8 Design Review on March 14, 2016
- **Block 9** – The 182-unit multifamily development is being designed by MBH Architects. The design is scheduled to go before Planning Board for comment on September 26, 2016
- **Block 10** – Block 10 consists of four retail buildings, designed by BCV, totaling approximately 46,609 square feet. Planning Board approved the Block 10 Design Review on June 27, 2016
- **Block 11** – The 220-unit multifamily development design by BAR received a Certificate of Approval on March 3, 2016 from the Historic Advisory Board and Design Review approval from the Planning Board on March 14, 2016

SUPPLEMENTAL APPROVALS:

As a condition precedent to the conveyance of property from the City to the Developer, the Developer is required to secure the following Supplemental Approvals:

- A tentative tract map or tentative parcel map
 - **Complete:** The Alameda Point Site A Phase I Tentative Map was recommended for approval by the Planning Board on July 11, 2016 and approved by the City Council on July 19, 2016
- Design review approval for the design of the parks, open spaces and waterfront improvements included in the applicable Phase
 - Waterfront Park
 - **Complete:** Design Review approval by the Planning Board on March 14, 2016
 - Block 10 Urban Park
 - **Complete:** Design Review approval by the Planning Board on June 27, 2016
 - Neighborhood Park
 - **In process:** The Neighborhood Park is scheduled to go before the Planning Board on October 24, 2016 for approval
- Improvement Plans for the Backbone Infrastructure included in the Infrastructure Package for the applicable Phase
 - **In Process:** During July and August 2016, the Developer submitted improvement plans to the City, including Backbone Improvement Plans, as well as plans for the Sewer Pump Station, Off-site Wastewater Trunkline, Storm Drain Outfall, Bulkhead & Ground Improvement, and the Shared Plaza. The City provided commentary on the Backbone Improvement Plans in August and the Developer will resubmit these plans in September
- Grading permit and demolition permit

- **In Process**: The Developer originally submitted applications for Demolition and Grading permits in May 2016. The Developer submitted its third iteration of the Demo and Grading plans in mid-August 2016. Approval is anticipated in September 2016
- Public Improvement Agreement for the Backbone Infrastructure in the applicable Phase
 - **Ongoing**: Upon approval of the Backbone Improvement Plans, the Developer will enter into a Public Improvement Agreement with the City prior to land conveyance
- Will serve letters or other contracts from the utility companies providing utility services to the Property demonstrating that utility service is available for the applicable Phase
 - **Complete**: The Developer has procured will serve letters from all applicable utility providers
- Design review approval for the first Sub-Phase of Vertical Improvements to be constructed as part of the applicable Phase
 - **Complete**: The Developer has achieved Design Review approval for Block 6 (Lot 2), Block 7 (Lot 3), Block 8 (Lots 4 & 12), Block 10 (Lot 6) and Block 11 (Lot 7)

AFFORDABLE HOUSING:

To comply with the Inclusionary Housing Ordinance, the Density Bonus Regulations and the Renewed Hope Settlement Agreement, twenty-five percent (25%) of all residential units at Alameda Point are required to be affordable units: 6% are required to be designated as very low, 10% as low and 9% as moderate income units. Of the 800 total residential units currently planned for Site A, a total of 200 units will be affordable units (48 very low, 80 low and 72 moderate income units).

Assignment to Qualified Affordable Housing Developer

In March, 2016, APP assigned the Affordable Housing Implementation plan to Eden Housing thereby designating Eden Housing as the Qualified Affordable Housing Developer for Site A.

Fulfillment of Affordable Housing Requirements (Distribution of AH Units)

- Block 8: 130 affordable units will be provided through the development of a family building (70 units) and a senior building (60 units) on Block 8. This block will provide 48 very low, 80 low and 2 moderate income units
- The remainder of the moderate units will be allocated in Blocks 1a, 3, 6, 7, 9 or 11

Funding

Affordable housing at Alameda Point Block 8 will be financed from a variety of sources including:

- **Affordable Housing and Sustainable Communities (AHSC) funding**: APP and Eden Housing have applied for \$23.7M across two project applications to fund the development of Block 8's family and senior buildings. The AHSC applications also applied for funding for eligible portions of Site A's sustainable infrastructure such as bike paths, sidewalks and BRT infrastructure. Both the family and senior building were recommended for funding

by the Metropolitan Transportation Commission. Funding decisions will be announced September of 2016.

- **Tax-Exempt Bonds:** Eden Housing secured “Difficult to Develop Area” status by applying for tax exempt bonds in June of 2016.
- **4% Non-Competitive Tax Credits:** Eden Housing will apply for 4% non-competitive tax credits in 2017 and expects to receive the tax credit reservation simultaneous to tax exempt bonds being allocated.

FERRY:

DDA section 5.2 (b) requires that APP “cooperate with the City in the construction of a permitted and operating ferry terminal at Seaplane Lagoon including any necessary parking improvements.” Thus far, with APP’s help the Seaplane Lagoon Ferry project has achieved the following milestones.

Ferry Terminal Plan

The Ferry Terminal Plan including conceptual design, cost estimates and CEQA compliance was approved by Alameda City Council on April 5, 2016.

Memorandum of Understanding (MOU) between the City of Alameda and WETA

The MOU between the City and WETA provides a framework for the collaboration on funding, developing and operating ferry service from Seaplane Lagoon no later than Fiscal year 2020. The MOU was approved by Alameda City Council April 5, 2016, and the WETA Board of Directors approved the MOU on April 7, 2016.

Design / Permitting

The Concept Design for waterside and landside improvements was reviewed by the Alameda Planning Board on May 9, 2016. Additionally, the BCDC Design Review Board completed Design Review for the Seaplane Lagoon Ferry Terminal on June 7, 2016. Furthermore, the Regional Water Quality Control Board and US Army Corps permit applications were submitted in June 2016.

Funding

APP is obligated to pay \$10M towards the costs incurred for the permitting, design and construction of the Seaplane Lagoon Ferry Terminal, the acquisition of vessels or operations.

In August 2016, WETA communicated to the City its decision to allocate funds towards the fabrication of a new vessel to be used for service at Seaplane Lagoon. This decision will be made public at WETA’s boarding meeting on October 6, 2016. Shortly thereafter, a deposit will be made on the vessel and fabrication will begin. The vessel will be complete in 2018 and ready to serve operations at their target commencement date of Q1 2019.

The City of Alameda, aided by APP, is pursuing funds from multiple additional funding sources to supplement the ~\$26M already committed. Additional sources include:

- **Regional Measure 3 (RM3) funds** – A third Regional Measure (RM3) is expected to be added to the ballot in upcoming elections to further increase funds raised by Bay Area tolls for transportation improvements. Assuming voters approve RM3, funds would be expected to be available prior to 2020 and could be used by WETA to fund Seaplane Lagoon ferry operating expenses.
- **Measure BB funds** – Measure BB was an Alameda County ballot measure approved by voters in 2014 which resulted in a 1 percent sales tax in the county dedicated to transportation expenses alone. The City will pursue Measure BB funds for the Seaplane Lagoon Ferry operations and capital needs.

PHASE 0:

Phase 0 activities launched in October 2015 and have continued through the first year of the project. Over 11,000 visitors attended 15 events held throughout the year. Events included community-oriented programming such as a nature walk, coastal cleanup, as well as larger scale productions such as Whimsy and The Soiled Dove, which were designed to attract regional audiences.

Phase 0 activities will have a new home base with the opening of the Container Village on the taxiway, which will feature a café and beer garden. The Year 2 activity schedule is planned for City Council review in November. It will outline the continuation and regular programming of the Seaplane Lagoon area, and the return of the Vau de Vire tent with The Soiled Dove.

TRANSPORTATION DEMAND MANAGEMENT (TDM) PLAN:

Per the DDA, the project is required to join a Transportation Management Association (TMA) and implement much of its Transportation Demand Management (TDM) Program prior to receiving an occupancy permit for the first building. Measures to be implemented ‘Day One’ include:

- Providing a weekday, peak-period shuttle service from the project site to 12th Street BART at 15-minute headways
- Providing AC Transit EasyPasses to all project residents and employees
- Establishing a Parking Pricing program

With delivery of the first building anticipated late 2018, none of the specific measures of the TDM Program have been implemented at this time.

Since approval of the Site A development agreement in June 2015, the Developer has been working with the City of Alameda and fellow developers to form an umbrella TMA encompassing multiple projects across the City. This work has included the negotiation of bylaws, which are currently up for approval with the West Alameda TMA. As part of membership in the TMA, the project will be required to pay an annual per unit and per square foot assessment.

OTHER INFORMATION:

Developer has met regularly during 2015 and 2016 with City staff to ensure that the Development Agreement and all subsequent approvals were being implemented in a timely fashion.

Please let us know if you require additional information regarding the Annual Review.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce N. Dorfman", with a long horizontal flourish extending to the right.

Bruce N. Dorfman
General Partner
Alameda Point Partners, LLC