

Site A Status Report

Alameda Point

City Council Meeting
May 19, 2015

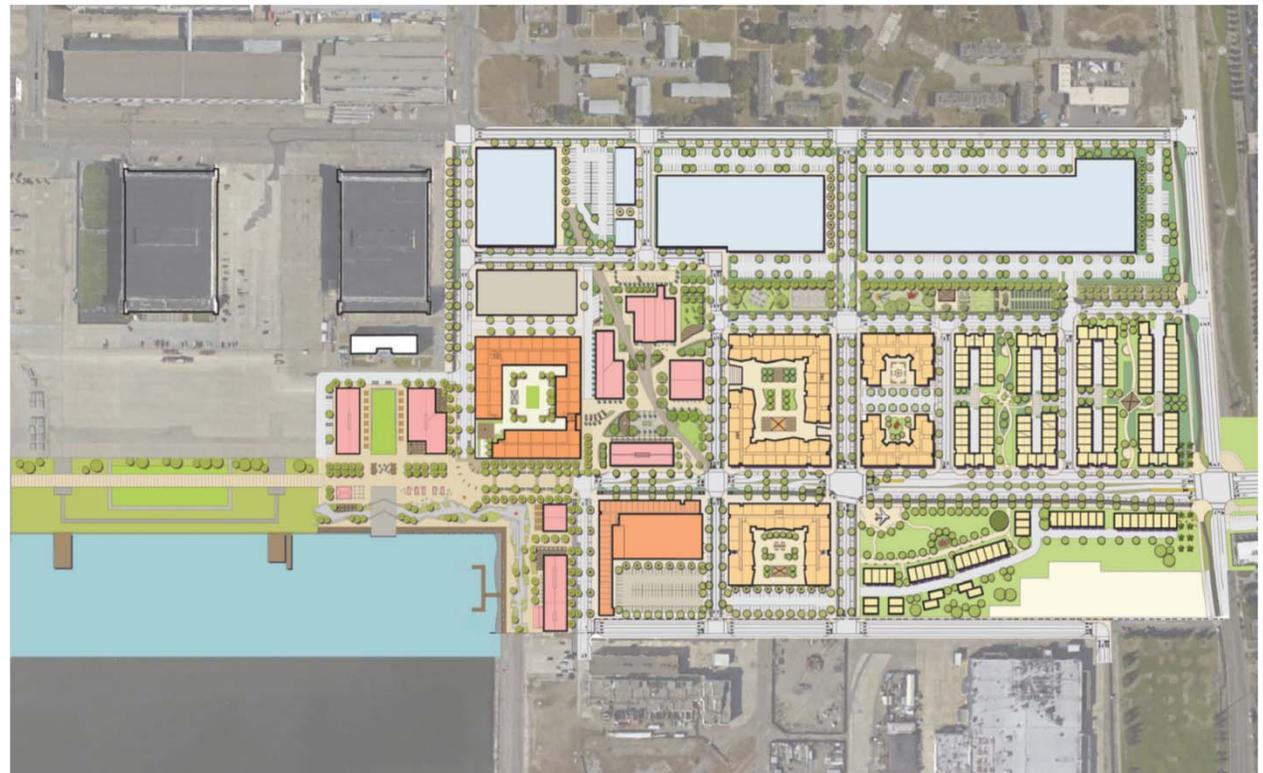


Presentation Overview

1. May 11th Planning Board Actions
2. Review Upcoming June 16th City Council Meeting Documents and Process
3. Present Summary of Site A Financing Plan
4. Present Approach to Fiscal Neutrality and Summary of Alameda Point and Site A Fiscal Impact Analysis

May 11th Planning Board Actions

1. Approved Development Plan
2. Recommended City Council Approval of Development Agreement
3. Provided Final Comments on TDM Compliance Strategy



June 16th City Council Meeting: Recommended Approvals

- **Disposition and Development Agreement**
 - TDM Compliance Strategy
 - Affordable Housing Implementation Plan
 - Milestone Schedule
 - Phasing Plan
 - Infrastructure Package
 - Leases for Buildings 117 and 118
 - Master Tidelands Trust Lease for Building 113 and Two Restaurant Pads
 - Subdivision Improvement Agreement/Public Improvement Agreement
 - License Agreement for Phase 0 Activities
- **Development Agreement**
- **Multifamily Housing Waiver**

Proposed Milestone Schedule

- Overall Term of DDA: 20 Years (2035)
- Project Milestone Schedule: 15 Years (2030)
- Phase 1: Less than 5 Years (2015-2019)
- Phase 2: Less than 5 Years (2022-2026)
- Phase 3: Less than 5 Years (2026-2030)

Potential Extensions to Milestone Schedule

- Major Milestones
 - Closing on Transfer of Land
 - Completion of Infrastructure
 - Completion of Vertical
 - Progress Milestones for Everything Else

Potential Extensions to Milestone Schedule

- **Potential Extensions on Major Milestones**
 - Overall Cap: 10-year cap on extensions (25 years overall term - 2040)
 - Extension Payments: Limited to 5 out of 10 years
 - Economic Force Majeure: High bar comparable to recent recession
 - Standard Force Majeure: Major issues outside of APP/City control
 - Navy Delay: Delay in the City obtaining land from Navy not subject to the cap

Site A Financing Plan

- Overview of Land Development Cash Flow Analysis
- Sources of Funds
 - Land Sale Proceeds
 - Community Facilities District Bond Proceeds
 - Developer Equity
- Uses of Funds
 - Predevelopment Costs
 - Land Payments
 - Phase 0
 - Site Preparation
 - Infrastructure Costs
 - Professional Services
 - Developer Overhead

Site A Financing Plan (cont.)

- Return Requirements and Profit Participation
 - Windfall Protection
 - City Shares in Profit Once APP Obtains Market Rates of Return
 - 18% Internal Rate of Return, and
 - 1.6 Cash Flow Index
 - No Guarantee to APP of Market Rates of Return
 - Increasing Share of Profits by City:

| IRR Threshold | Profit Participation |
|---------------|----------------------|
| 18% | 10% |
| 20% | 20% |
| 22% | 30% |
| 25% | 50% |

Estimated Monthly Rental Rates

| Rental Category | 1 Bedroom | 2 Bedroom | 3 Bedroom |
|-------------------------------------|------------------------------------|--------------------------------------|------------------------|
| Very Low Income (Below 50% AMI) | \$854 (\$32,800- \$37,500) | \$1,013 (\$41,850- \$46,450) | \$1,167 (\$46,450) |
| Low Income (Below 80% AMI) | \$1,382 (\$52,480- \$60,000) | \$1,641 (\$66,960- \$74,320) | \$1,892 (\$74,320) |
| Moderate Income (Below 120% AMI) | \$2,085 (\$78,720- \$90,000) | \$2,478 (\$100,440- \$111,480) | \$2,858 (\$111,480) |
| Estimated Market Rents | \$2,625 | \$3,150 | \$3,850 |

Approach to Fiscal Neutrality

- Comply with City's Fiscal Neutrality Policy for Alameda Point
- Analyze Net Fiscal Impacts of Alameda Point
- Use Reasonably Conservative Assumptions
- Mitigate Negative Impacts through Special Taxes and Developer Payments
- Develop Consistent Approach for Each Incremental Development

Approach to Fiscal Neutrality (*cont.*)

1. Determine net fiscal impacts of entire Alameda Point with all planned facilities using conservative assumptions
[Result: (\$900,000)]
2. Assign each incremental development their fair share
[Result: Site A Fair Share = (\$311,000)]
3. Estimate net fiscal impacts of each incremental development by phase and off-set with one-time revenues **[Result: No additional mitigation required for Site A]**
4. Determine temporal impacts from significant single tax generators **[Result: No additional mitigation required for Site A]**

Results of Fiscal Impact Analysis: Alameda Point

| Categories | Annual |
|-----------------------|---------------------|
| Revenues | \$9.8M |
| Expenditures | (\$10.7M) |
| Net Fiscal Impact | (\$0.9)/(\$900,000) |
| Site A Pro Rata Share | (\$0.3)/(\$311,000) |

Results of Fiscal Impact Analysis: Site A

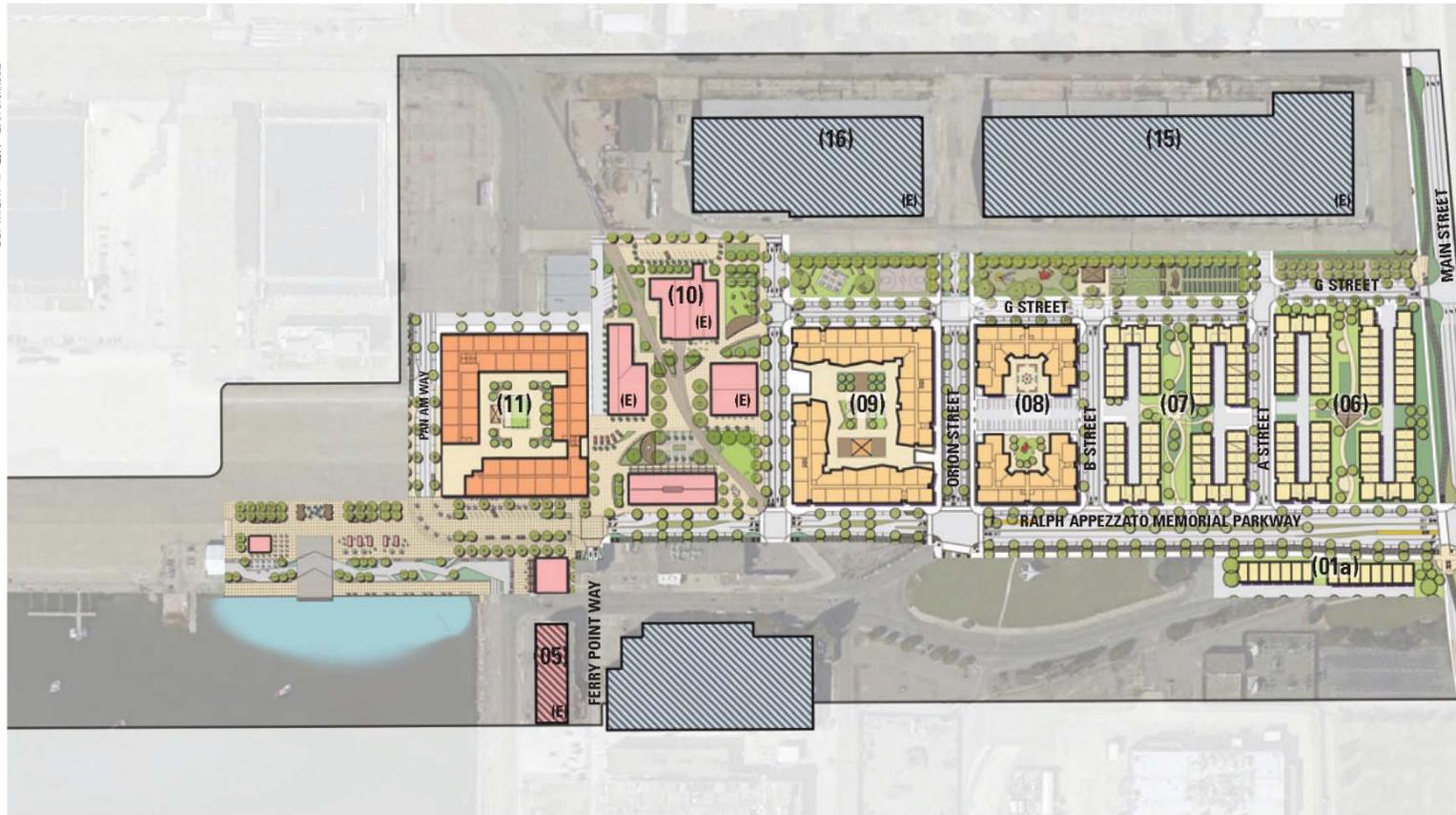
| Category | Phase 1 | Phase 2 | Phase 3 | Total |
|---|-----------------------------------|---------------------|---------------------|---------------------|
| Revenues | \$2.1M | \$1.3M | \$0.5 | \$3.9M |
| Expenditures | (\$2.6M) | (\$0.7) | (\$0.2) | (\$3.5M) |
| Net Fiscal Impact | (\$0.5)/ (\$500,000) | \$0.6/ \$600,000 | \$0.3/ \$300,000 | \$0.4/ \$400,000 |
| Cumulative Net | (\$0.5)/ (\$500,000) | \$0.1/ \$100,000 | \$0.4/ \$400,000 | \$0.4/ \$400,000 |
| Fiscal Mitigation | \$0.2/ \$200,000 | \$0.3/ \$300,000 | \$0.3/ \$300,000 | \$0.3/ \$300,000 |
| Net of Mitigation | (\$0.3)/ (\$300,000) | \$0.4/ \$400,000 | \$0.7/ \$700,000 | \$0.7/ \$700,000 |
| One-Time Property Transfer Taxes (For-Sale Residential) | \$1.1M | \$0.8/ \$800,000 | | |
| Additional Mitigation | No Additional Mitigation Required | | | |

Q & A



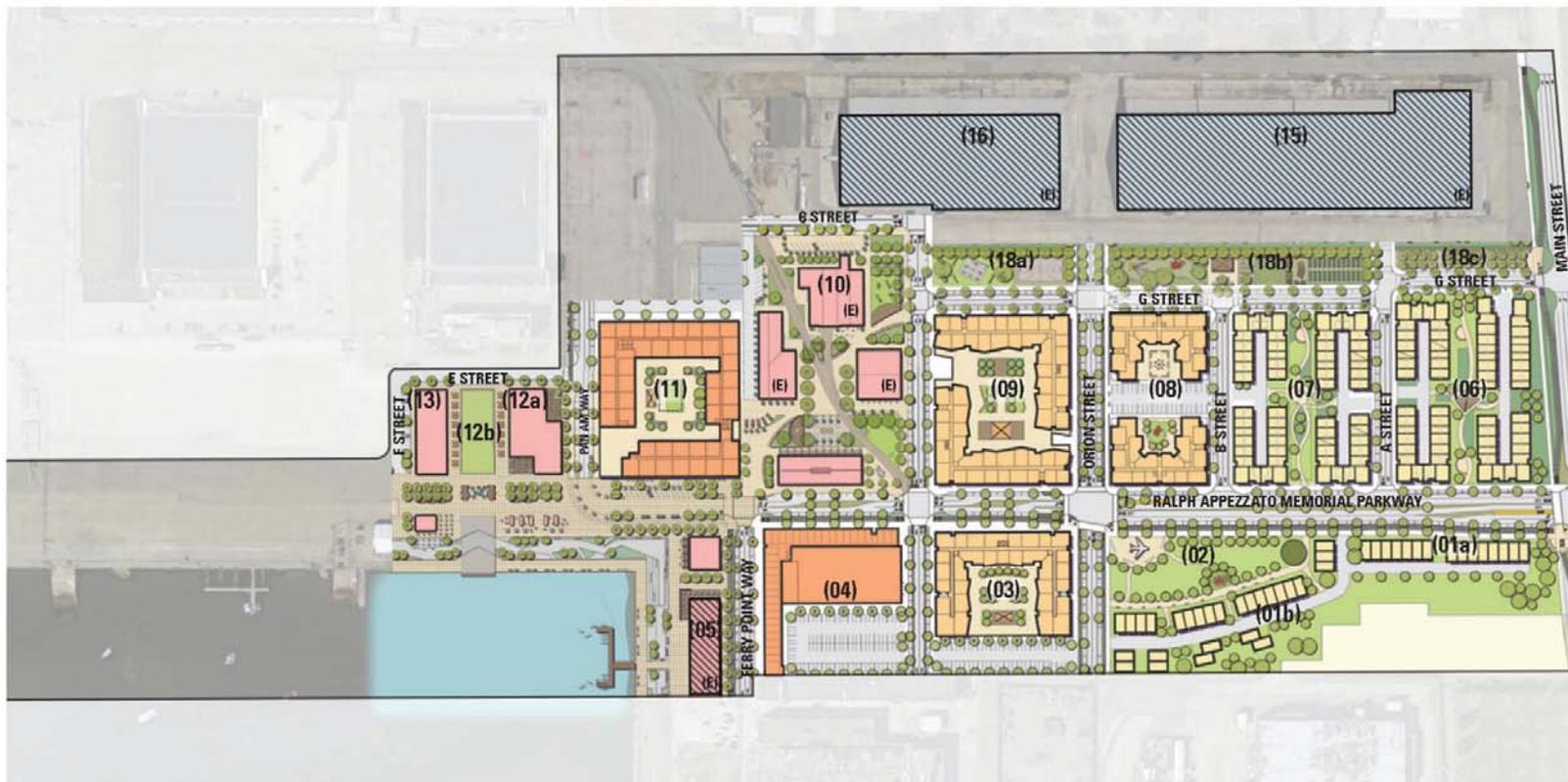
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Site A Phase 1



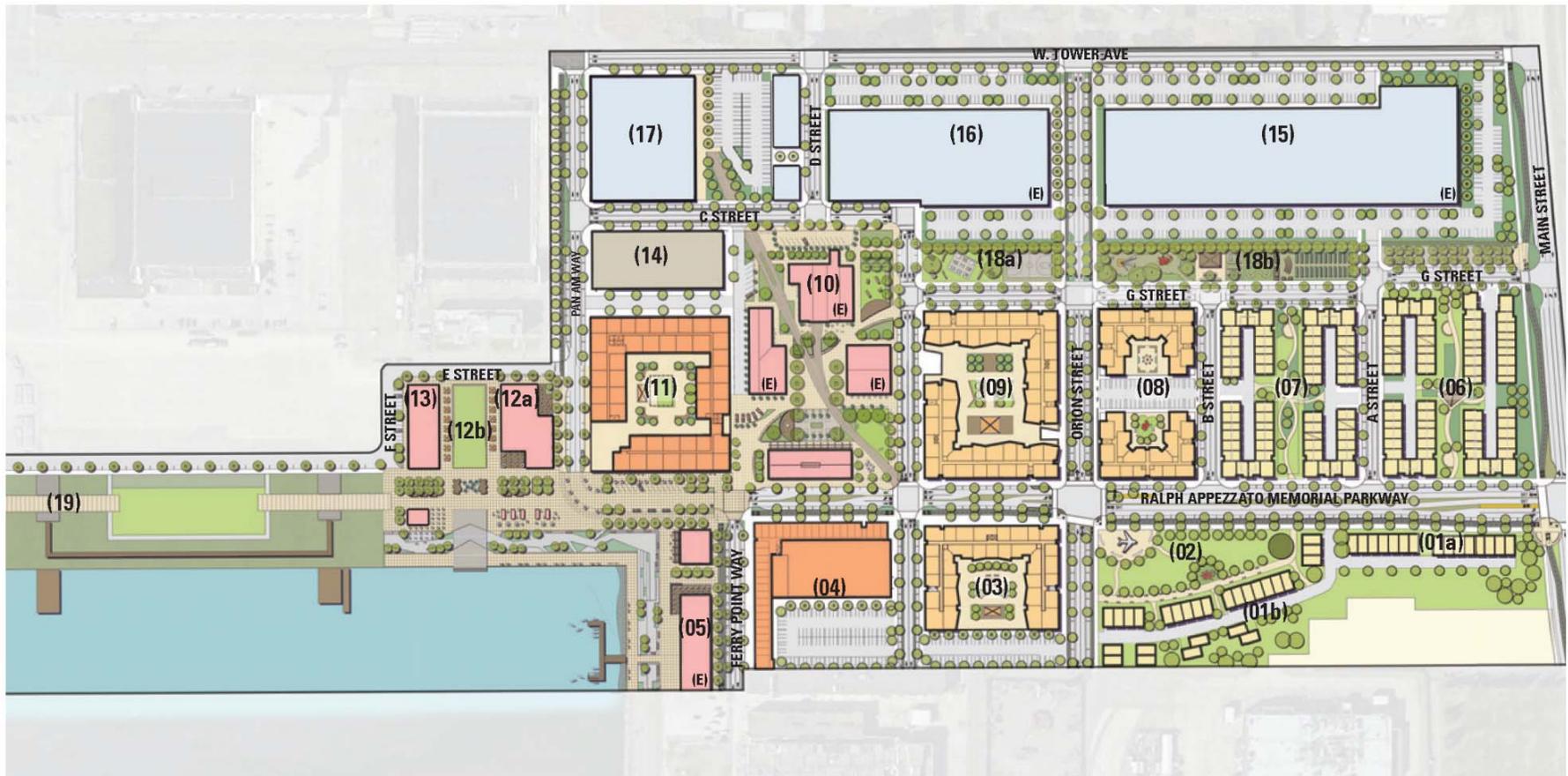
ILLUSTRATIVE SITE PLAN - PHASE 1

Site A Phases 1-2



ILLUSTRATIVE SITE PLAN - PHASE 2

Site A Phases 1-3



ILLUSTRATIVE SITE PLAN - PHASE 3

Tidelands Trust Lease Premises

