

NOTES FROM ALAMEDA POINT TENANT/OWNER STAKEHOLDER DEVELOPMENT DISCUSSION

Tuesday, February 7, 2023

I. Presentation

City Manager Ott and Keyser Marston Associates consultant David Doezeema presented an overview of the history of Alameda Point development and elements of the proposed disposition strategy, followed by facilitated group discussion.

II. Discussion Point A: What makes Alameda Point attractive when choosing to lease or buy at Alameda Point?

Key points that attracted tenants and owners to locate at Alameda Point:

- Space: ample amount of space available at Alameda Point for parking, warehouse space, room to scale up for big emergencies (Red Cross), access to waterways, proximity to construction sites, work yards, and hangers, open space and parks.
- Flexibility/Opportunity: potential for live/work, retail, office, etc., rent credit for work done on buildings, discounted lease rates, the amount of space available, add value through redevelopment of buildings, opportunities for more parks, affordable housing and outdoor uses like basketball courts, tennis courts, soccer fields, etc..
- Aesthetic: unique/historic architecture, incredible views of San Francisco Bay and San Francisco skyline, good value; tenants/owners “Love the feel of Alameda”. Alameda Point was described as having a “mystique” and a “speak easy” element.
- Amenities: solid building construction, sewer/water capacity, good value, centrally located within Bay Area region, access to waterways, multiple routes of transportation ease commute (two ferry terminals, bike/walk routes, easy freeway access).
- Investment Opportunity: good value, ability to expand into enterprise zone.
- Support from City: timing with City Council, support from staff on permitting made it “easy to get things done” in Alameda, initial marketing effort by City was very successful and drew businesses.
- Established community: existing housing, parks, and services create a sense of community, with existing tenants providing enrichment and support for greater Alameda community, such as services for specific populations (Operation Dignity) or food-security support from Alameda Food Bank and place-making asset provided by craft industries at Spirits Alley. Many business owners and employees live and work in Alameda.

III. Discussion Point B: What are challenges?

Key challenges existing tenants and owners face/have faced at Alameda Point:

- Leasing Process/Terms:

- high upfront cost and uncertainty as City Council must approve leases.
- for tenants in the new development area that is still Navy owned, lease terms too short to make building improvements feasible.
- lack of term flexibility and opportunities for lease extensions.
- leasing process slow.
- Willing to have raised rents in order to have more cameras and surveillance.
- Streamline lease process. Other cities have a shorter time frame for leases. It would be better if the outline of the lease was approved first to ensure that the process and details are acceptable and correct.
- There were concerns expressed about security, rise in thefts, vandalism/break-ins, slow police response times, illegal dumping (toxic paint, for example) that has increased since start of COVID, feel unsafe walking to/from car at night, concern that drag races/sideshows could return. Alameda Point is under resourced for police and fire. Police can take up to 4 hours to respond to calls. Dumping citations given to tenants, not culprits. One company already had a night guard but is considering expanding daytime coverage because people often wander into their hangar.
- Lack of potable water.
- Ground contamination.
- Compared to other 'destination' spots across the island like Park Street, seems like Alameda Point is an "afterthought". Desire for the same services and amenities at Alameda Point that the rest of Alameda enjoys.
- Displacement of existing tenants from development, sea level rise, gentrification and sterile feel, loss of affordable housing.
- Lack of communication between tenants, owners and City: need to know "what's the plan?"
- Concern about infrastructure and its reliability (e.g. internet).
- Some of the concerns are that hazardous waste prohibits the sell a property, potential buyers are not aware of how the City is conceding incentives with the leases. Other cities around the nation, give a percentage of rent back as an incentive. Tenants also want to have a lease option, but the concept of fair market value is vague. One doesn't know what the purchase price will be and how fair market value is calculated.
- Leasing with City Council is challenging. There needs to be a charter change for majority vote vs. the current four votes.
- Infrastructure is an issue. It is hard to get around in Alameda Point. It's hard to get restaurants to serve food during the daytime hours, there are late food offerings. Retail follows residential, it's hard to help people understand that there is a unique offering here for retail.
- The shuttle service is inferior. We need to the shuttle during the day to help workers get to work. The shuttle is not well utilized. It needs be reevaluated.

- Not enough public transportation, limited daytime service of trolley and busses, limited service on weekends for ferry. Poor public transportation.
- Age of infrastructure.

IV. Feedback regarding the draft mixed portfolio phasing strategy and guiding framework for the Reuse Area:

- Proposed hybrid/phased approach is generally on the right track. Would like to see details of plan and know what incentives, if any, could be offered.
- Current tenant needs greater certainty about timing and plans for the building he occupies in order to plan for the future.
- General agreement, but think the buildings are worth more to the City in the hands of a private developer, as private developer can handle infrastructure, such as for building 9 and 91.
- Package less desirable buildings such as B 2, 3, and 4, that are historic but less functional.
- Longer leases give more certainty to make improvements.
- May be difficult to find institutional capital for 2nd tier buildings until the value at Alameda Point is more established through development of the top tier buildings. Believes that there are other options (besides rental revenue) to create a fund for operating expenses, such as a CFD/bonds. Also thinks private capital will advance development much quicker. Timing is a concern – for example, in a few years there will be a glut of office buildings and developers will try to convert those to R&D. So, now is the time to do R&D.
- Need strategy for entire base, not just reuse area.
- Consider disposition in districts – for example Distillery Row as one larger disposition, or an “arts district” that would sell as a unit instead of selling buildings one at a time. Many developments require more than one building.
- AUSD expressed interest in ensuring infrastructure improvements occur given the land they own will benefit from improved infrastructure. AUSD supports the selloff of buildings that are salable to finance improvements.
- The prospect of the City selling buildings is “scary” and can never be undone.
- Giving existing tenants first opportunity to purchase the buildings they occupy, as well as priority to purchase nearby buildings.
- Maintaining subleasing rights in order to provide opportunities for small businesses.
- Look at Mello Roos funds (as option for CFD but trade off on operational/infrastructure needs).
- Overall preference for private owners/developers because government is too unreliable and often gets entangled in politics and the tenants feel helpless.

- Concern: if there is a negotiated purchase price for a building with the City, and there is a disaster event, are lenders going to redline the area due to flooding or liquefaction. Is there US government assistance to get around the road blocks? Risk factors need to be addressed and explored.
- City should work with the state for infrastructure funding, if this has not happened already.
- The overall approach is a good one. Would like to see the plan. Would like to know what the incentives are.

V. Additional thoughts and suggestions provided by attendees:

- Amenities: add a grocery store.
- Increase security/people presence to decrease crime.
- Redundant internet system.
- Ensure development accounts for existing reliance on autos.
- Parking (and traffic!) is a real concern, especially as housing and retail are added.
- Promotion for the free spirits alley trolley is needed (can the city help with this?).
- Rebranding: Alameda Point has historically had negative connotations associated with it since the base was here and some of those feelings continue today. One attendee shared that a lot of parents wouldn't let their kids cross Webster Street when the base was active, for example. As things start to happen out here, need to make an effort to spin this narrative back to a positive.
- Repairs to the pier are needed!
- Implement green infrastructure. Suggest contacting Christina Hill at the UC Berkeley Landscape Dept. for suggestions on this.
- Preserving small businesses.
- Preserving diversity of use.
- Preserving diversity of aesthetic (i.e. visual charm, personality, and eclectic feeling)
- Preserving large footprints and flexibility of use for light industrial/manufacturing/R&D.
- City to maintain control over types of tenants to avoid being displaced by "big box" types or wealthy tech.
- There is a desire for smaller, artisan type spaces.
- The question was ask if you have a lease shouldn't you have a parcel map and how can you have a lease option if there's not a parcel map.
- Regarding the food truck location, the 40 trucks that are sub tenants there would love to open up and sell food. People would love to stick around and patronize the businesses. This requires access to restrooms, and that is being worked on.
- Provide tours of vacant buildings; would allow for new ideas on uses.
- Interest from tenants to do something more permanent – family fun center (Pumpkin Patch/Xmas farm)
- Access to the local market is key (e.g. Pumpkin Patch/Xmas farm and families/kids).