

EXTERNAL CORRESPONDENCE

The City Clerk's Office received
the attached correspondence regarding
**Agenda Item #5-J on the
7-15-14 City Council Agenda**



DATE: July 10, 2014

TO: Alameda City Manager John Russo

FROM: BIA|Bay Area Governmental Affairs Executive Director Lisa Vorderbrueggen

RE: Alameda proposed citywide development impact fee program, per City Council agenda of July 15, 2014, item No's 5-J and 5-K.

DEAR MR. RUSSO:

Thank you for providing BIA|Bay Area the opportunity to comment on Alameda's proposed development impact fee program, which is scheduled for a second reading on July 15, 2014.

We would like to reiterate our concerns voiced on July 1 about the impacts such a steep and swift increase will have on project applicants with developments that have been under way for months or years. Contrary to the city's July 1 staff report, four months is a grossly insufficient time period in which to factor major fee increases into high-risk and complex developments.

We again request a one-month continuance in order to discuss mitigations, especially for those projects expected to pull building permits in the next six months and have had little time to prepare for the fee hikes.

In the event the fees go forward as proposed, however, we would ask you and your staff to sit down with BIA representatives within the next 30 days to discuss implementation of the ordinance. In particular, we would like to work with the City to develop a reasonable, equitable and predictable parks credit policy. We are also concerned about reports of lengthy delays within the City for project applicants to obtain project reviews and approvals, which could unfairly push the development timetable past the date in which the higher fees go into effect.

Thank you again for your consideration. BIA looks forward to working with the City of Alameda on these issues as well as the many others that will inevitably surface as the community's development landscape evolves.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Lisa A. Vorderbrueggen', written over a horizontal line.

Lisa A. Vorderbrueggen
Executive Director for Governmental Affairs, Eastern Division, BIA|Bay Area

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cc: Bob Glover, executive officer, BIA|Bay Area
Paul Campos, chief legal counsel and senior vice president for governmental affairs, BIA|Bay Area
Paul McDougall, California Housing and Community Development Department

Lara Weisiger - Development Fee Proposals could very easily result in massive deficits, Audit recommended

From: "Eugenie P. Thomson" <ethomson@islandalameda.com>
To: Lara Weisiger <LWEISIGER@alamedaca.gov>, <mgilmore@alamedaca.gov>, <mezz...>
Date: 7/15/2014 6:02 PM
Subject: Development Fee Proposals could very easily result in massive deficits, Audit recommended
Attachments: Summary of Development Fees for Ala Pt to be adopted July 15th, 2014.pdf; Exhibit 2 to CC 7-1-14- Willda Devt Impact Fee Comparison Surveys page 1 only.pdf

Public Agencies have in the past experienced massive increases in Infrastructure construction costs and often too late. Ask any CA Sales tax authority or ask MTC regarding the SF Bay Bridge; all wished they had evaluated the initial budgets more closely via a independent review by a team of financial, legal, civil engineering and construction experts.

The City of Alameda is rushing its largest financing program in its history without a full audit and without an independent check.

The Nexus Study prepared by Wildan Associates used to set the development fees has not been fully vetted by the public nor has there been an open discussion .

The calculations in the Nexus Study do not track and math errors were found. For example the fees proposed for Alameda Point will not generate sufficient fee revenue and will be short \$170 million. No explanation is provided which projects will not be built as identified in the Civil Engineer's construction cost analysis for the Backbone Infrastructure costs of \$593.68 million in the City's Master Plan for Alameda Point. For Backbone Infrastructure cost see http://alamedaca.gov/sites/default/files/department-files/2014-04-14/mip_final_part16.pdf & See attached pdf for summary.

Also the Citywide fees in Table E.1 in the Nexus Study do not calculate to the total revenue collected as documented in Table E.2 using the forecasts for the residential and commercial growth in Table 2.1. That is, the total revenue for Citywide fees (excl Ala Pt) in table E.2 could not be tracked in the Nexus Study document.

Also the revenue to be collected for each project identified could not be tracked. For example, the Alameda Point Ferry costs in the Nexus Study to be burdened by the fees only add up to \$15 million while the total cost for the Ferry Terminal at Ala Point has been documented at \$25 million. The financial spreadsheets should track how each project would be financed.

Furthermore the basis for the development fees outside of Alameda Point have been greatly reduced by using a high amount of residential units (i.e. 4600 residential units in Alameda excluding Alameda Point see table 2.1 of Nexus Study). No explanation is provided how this high number can be built within the land outside of Alameda Point. If half can only be built, the proposed fee revenue would result in a deficit for those projects identified in the Ala Point EIR

The following questions should be answered and a full audit should be performed via independent experts.

Do not approve the development fee resolution and instead perform an independent audit.

Question 1:

The fees are significantly lower than that approved on July 1, 2014.

Why?

- for **July 1** Resolution for Ala Pt Fees see <http://alameda.legistar.com/gateway.aspx?M=F&ID=7bb2ff3c-a7f9-428d-909e-fe39c0a7711a.docx>

\$1,107,121 per residential/mixed use acre

\$987,966 per commercial acre

- for **July 15** Resolution for Ala Pt Fees see <http://alameda.legistar.com/gateway.aspx?M=F&ID=4308906f-13a2-47bd-9e19-3ccf9846b31f.pdf>

\$978,965 per residential/mixed use acre

\$859,810 per commercial acre

Question 2:

The Citywide fees are significantly below that proposed in the Nexus Study that is referenced in the Council resolution? See attached pdf file.

Why?

Question 3:

The development fees for Alameda Point is per residential/mixed use acre or per commercial acre. While the development fees for the rest of the island are based on a per residential unit or per 1000 square foot of commercial.

Not using a fee based on a per unit basis would not collect a fair share of police and fire safety costs which vary by intensity of use. For example, an Alameda Point development project with an apartment of 20 units per acre will pay the same as a an apartment of 40 units per acre. While their safety and other service costs will be double.

Why?

Question 4:

The fees for Alameda Point on a per acre basis could be challenged as unfair to the developers outside of Alameda Point who will pay more on a per unit basis for police and fire services for example.

Why were the same standards for development fees not used?

Question 5:

The fees to be collected for Alameda Point do not add up to the total infrastructure costs documented in the Master Infrastructure Plan on the City website. Shortfall would be \$170.23 million. No discussion is provided which projects would be eliminated from the Master Infrastructure plan.

Why is this shortfall not fully explained in the Nexus Study? .

See attached spreadsheet.

Question 6:

The fees to be collected for Alameda Point are primarily based on Commercial development. The total proposed fee revenue from commercial development would be \$254.5 million and the total proposed fee revenue from residential would be \$168.94.

What if the commercial development does not happen? What mitigations have been identified to resolve this potential problem?

Question 7: The proposed development fees outside of Alameda Point are based on the assumption that 4600 residential units would be built outside of Alameda Point.

No analysis has been done to illustrate the land capacity exists outside of Alameda Point for such a large number of residential units where these units are feasible and can be built. And the impacts and mitigations evaluated for this new 4600 residential scenario outside of Alameda Point.

Question 8: A check on the project list for transportation projects in the Nexus Study indicates the existing residents or future grants will burden the vast majority of the transportation mitigation costs associated with the future development mitigations.

The pro rata share analysis employed in the Nexus Study should be based on development generated traffic excluding existing traffic volumes because the nexus for these mitigation projects was determined to be a result of future development not existing traffic as per the Alameda Point EIR.

Question 9: A check on the Alameda Point Ferry Terminal Costs in the Nexus Study indicates \$10 million of the total Alameda Point Ferry Terminal cost of \$25 million is not included in the development fee program. Why must the existing taxpayer burden the costs for the new ferry terminal at Alameda Point?? Other projects like the Bus Rapid Transit and the Clement Avenue extension to Tilden Way are mitigation projects and should be burdened by the development.

Question 10: Lastly, the fees in the July 15th resolution are significantly lower than the average fees of other Alameda County cities as documented in the City's Nexus Study Exhibit 2 See attached exhibit 2 survey of other Alameda County cities and comparison with the July 15th proposed fee for citywide development fees.

Why and please explain.

I strongly recommend a full audit of this large infrastructure program via an independent financial check, an independent civil engineer's audit and a legal check for compliance with the Mitigation Fee Act.

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Eugenie P. Thomson P.E.

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		June 14th Nexus Study referenced in the Resolutions of July 1 and July 15th					Total Backbone Infrastructure Construction Costs for Alameda Point	Shortfall (Backbone Construction Cost minus Fees to be collected)
Alameda Point		Total Cost assumed in Nexus Study and allocated	Acreage assumed in Nexus Study	Proposed FEE	July 1, 2014 CC Resolution	July 15, 2014 CC Resolution		
Residential/Mixed Use	Total Fee per Acre	\$189,156,811	171	\$1,107,121	\$1,107,121	\$987,966	\$168,942,186	
	Total Fee per Acre	\$290,013,727	296	\$978,965	\$978,965	\$859,810	\$254,503,760	
Commercial		\$479,170,538					\$423,445,946	
Subtotal							\$593,680,000	\$170,234,054
Source		Note: The infrastructure costs used to establish the fees are significantly lower than in the City's Alameda Point Infrastructure Master Plan, see table 15 in Master Plan and see column to the right. Note: Validation and definition of the net acreage to be sold not discussed in Nexus Study. Note: math error in table 7.4 of Nexus Study do not calculate to the \$479.17 million, these fees calculate to \$479.09 m short approx \$80,000			Table 15 of Alameda Point Master Plan			

Table 1: All Public Facilities Related Development Fee Comparison Survey

	Survey Cities										Alameda		
	San			Walnut									
	Berkeley	Hayward	Leandro	Dublin	Emeryville	Creek	Fremont	Newark	Union City	Average	Current	Maximum	Proposed
<i>Residential Dwelling Units¹</i>													
Single Family	\$ 5,143	\$ 38,399	\$ 26,817	\$ 87,540	\$ 7,628	\$ 25,254	\$ 31,979	\$ 18,592	\$ 22,864	\$ 29,357	\$ 18,287	\$ 30,904	\$ 29,060
Townhome	5,143	35,372	26,817	77,600	7,563	25,160	29,141	18,592	22,864	27,584	17,819	30,904	29,060
Multifamily	5,143	29,975	20,566	58,449	4,213	8,383	20,385	14,315	15,192	19,624	10,578	19,004	19,004
<i>Nonresidential - per 1,000 Sq. Ft.²</i>													
Office	\$ 5,121	\$ 17,756	\$ 9,503	\$ 40,679	\$ 3,635	\$ 11,857	\$ 12,987	\$ 7,490	\$ 3,150	\$ 12,464	\$ 11,864	\$ 12,391	\$ 12,391
R&D	5,121	17,756	9,503	40,679	3,409	11,800	5,647	7,490	3,140	11,658	12,336	12,863	12,863
Retail	5,193	18,716	9,913	71,381	5,973	12,582	12,223	7,490	2,842	16,257	10,461	12,099	10,342
Hotel	5,482	19,186	5,052	74,292	2,673	13,290	4,048	7,490	3,550	15,062	11,965	12,492	12,492

¹ Survey city average for residential units includes all public facilities related fees except for those related to affordable housing/inclusionary zoning/commercial linkage.

² Survey city average for nonresidential building square feet includes all public facilities related fees, including those related to affordable housing/commercial linkage.

Sources: Cities of Alameda, Berkeley, Hayward, San Leandro, Dublin, Emeryville, Walnut Creek, Fremont, Newark, Union City; Willdan Financial Services.

City of Alameda Proposed July 15th Citywide Dev Fee in CC Resolution

\$16,601 per Single Family

\$13,140 per Multi Family Unit

\$4383 per 1000 sq. ft of Retail

\$4892 per 1000 sq. ft of Commercial Office

\$3530 per 1000 sq ft of Warehouse and Manufacturing