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April 4, 2017

Andrew Thomas, City Planner  
City of Alameda Community Development Department  
2263 Santa Clara Avenue, Room 190  
Alameda, California 94501-4477

RE: **DA-89-1: Annual Review on Performance of Obligations Under the  
Harbor Bay Development Agreement For Year Ending April 4, 2017**

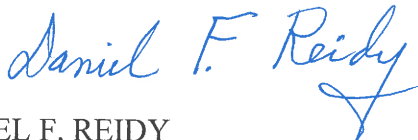
Dear Mr. Thomas:

Enclosed for your Department's review is the Annual Report on Performance of Obligations under Development Agreement DA-89-1 for the year ending April 4, 2017, which is hereby filed with the City of Alameda on behalf of the Harbor Bay Business Park Association, Harbor Bay Isle Associates, and the Property Owners in the Harbor Bay Business Park.

In response to your request, we sent your department an advance draft of this Annual Report on March 6, 2017 to facilitate your department's review of this Annual Report.

As with recent Annual Reports filed in April 2014, April 2015, and April 2016, this Annual Report is also a Short Form Update focused on the compliance of the Harbor Bay Business Park Association, Harbor Bay Isle Associates and the Property Owners in the Harbor Bay Business Park specifically with respect to the requirements of the Harbor Bay Development Agreement DA-89-1 on which there have been activities or developments or which remain open during this year under review. For the years 1990-2013, we submitted comprehensive Annual Reports that went through the Development Agreement section by section, but since most of the actions required of the Harbor Bay parties have been completed in prior years, the longer form of Annual Report is no longer required.

Sincerely,



DANIEL F. REIDY  
Representative for the Harbor Bay Business Park Association and HBIA

Enclosure

cc: Joseph Ernst, srmERNST Development Partners and President of HBBPA  
C. Timothy Hoppen, President, Harbor Bay Isle Associates (HBIA)  
Stephen K. Brimhall, Treasurer of HBBPA and Executive Vice President of HBIA  
Marcy Marks, GS Management Company - Property Manager, HBBPA

**ANNUAL REPORT ON PERFORMANCE OF OBLIGATIONS UNDER  
DEVELOPMENT AGREEMENT DA 89-1  
(APRIL 5, 2016 - APRIL 4, 2017)  
BY  
THE HARBOR BAY BUSINESS PARK ASSOCIATION  
AND  
HARBOR BAY ISLE ASSOCIATES**

This Annual Report documents the performance by Harbor Bay Isle Associates ("HBIA"), the Harbor Bay Business Park Association ("HBBPA"), and the owners of properties in the Harbor Bay Business Park (the "Harbor Bay Business Park Property Owners") in complying with the requirements of Development Agreement DA 89-1 during the year from April 5, 2016 through April 4, 2017. HBIA, HBBPA and the Harbor Bay Business Park Property Owners are the current remaining Harbor Bay Entities as parties of the Development Agreement.

The Annual Reports presented to the City for the years from 1990 through April 4, 2013 were comprehensive summaries of the performance and compliance of the Harbor Bay Entities on each section of the April 1989 Development Agreement, including references to items that were completed in prior years. This Annual Report, similar to the previous ones presented for the years ending April 4, 2014 through April 4, 2016, focuses on the performance of HBIA, HBBPA, and the Harbor Bay Business Park Property Owners specifically during this year under review.

**Section 2.1 Shoreline Park**

Dedication of portions of the Shoreline Park to the City and completion of the public access improvements therein were substantially completed in prior years. An area of 345 lineal feet in Phase III-B of the Shoreline Park contains temporary bicycle paths and pedestrian paths and landscaping in Parcel 4 of Parcel Map 6024 recorded on February 5, 1991. These temporary public access improvements will be replaced with permanent improvements in conjunction with development of the adjacent Parcel 1 of Parcel Map 6024, as provided for in the Development

Agreement and in the relevant BCDC Agreements and approvals. Funds have been reserved in the Harbor Bay Business Park Assessment District 92-1 to complete the permanent landscaping and public access improvements along the Shoreline Park and along the Bayward edge of Harbor Bay Parkway in connection with development of a commercial building structure and other improvements on the privately owned Parcel 1 of Parcel Map 6024.

In 2015, the City's Planning Board and City Council approved a Final Development Plan and Design Review application for a proposed new hotel development and related improvements on Parcel 1 of Parcel Map 6024, including completion of the permanent landscaping and public access improvements in the adjacent Parcel 4 and in the East Meadow Park portion of the Shoreline Park. During this year under review, the property owner of Parcel 1 has had an Application for a BCDC Permit pending before BCDC to obtain its approvals for the proposed new hotel and related public access improvements. During this year under review, the property owner's architects and planners worked with City staff over details of locating public parking spaces and including a fire safety equipment access path from Harbor Bay Parkway to Parcel 4 as part of the updated plans prepared for the BCDC Permit. On March 2, 2017, the BCDC Commission voted to deny the Application for a BCDC Permit for construction of the proposed hotel on Parcel 1 of Parcel Map 6024 and for completion of the related public access improvements planned for Parcel 4 and in the adjacent East Meadow Park portion of the Shoreline Park. One result of this action by BCDC will be a continuance of the delay in achieving completion of the public access improvements in this portion of the Shoreline Park.

During this year under review, ongoing maintenance of the landscaping and other improvements in Phases III-A and III-B of the Shoreline Park which run along the Business Park and into the Harbor Bay Ferry Terminal, including repairs of the bike and pedestrian paths, was funded 50 percent by the Harbor Bay Business Park Property Owners through a special assessment levied on the Business Park parcels located within the City's Island City Landscaping and Lighting District 84-2 (Zone 5), and the maintenance and repair of the landscaping and other improvements in these areas has been arranged for and managed by HBBPA pursuant to a Landscape Maintenance and Management Contract with the City for LLD 84-2 (Zone 5), with

the work performed under the supervision of the City's Public Works Department. On July 5, 2016, the City Council approved another Landscape Maintenance and Management Contract between HBBPA and the City for LLD 84-2 (Zone 5) for 5 additional years for the maintenance of the landscaping and public improvements in the Shoreline Park as well as also along Harbor Bay Parkway, North Loop Road, South Loop Road, the southerly boundary of the New Lagoon and the Harbor Bay Ferry Terminal.

### **Section 2.7 Alameda Harbor Bay Ferry Terminal.**

During this year under review, HBBPA continued to arrange for and manage maintenance of landscaping, the parking lot, and public convenience facilities at the Harbor Bay Ferry Terminal on behalf of the City pursuant to an Operation, Maintenance and Management Agreement for the Harbor Bay Ferry Terminal with the City, including fulfilling the requirements of the Mitigations Monitoring Program related to the land-based portions of the Harbor Bay Ferry Terminal. Also, during this year under review, HBBPA continued to contribute a private maritime subsidy to the operational budget of the San Francisco Ferry Service provided by WETA through special assessments collected from the Harbor Bay Business Park Property Owners calculated on occupied square footage of existing buildings in the Business Park.

### **3.2 Support of Public Transit**

During this year under review, HBBPA has continued to operate its private shuttle bus program that provides bus transport service connecting the Business Park properties with public transit stations at BART and with the Harbor Bay Ferry Terminal during morning and afternoon rush hours. This service is provided free to passengers and is funded out of the assessment dues paid to HBBPA by the Harbor Bay Business Park Property Owners. This transport service is part of the Harbor Bay Business Park's traffic mitigation – TSM program which is managed on behalf of the Harbor Bay Business Park Property Owners by HBBPA and is provided by the Association's transportation contractor ALTRANS.

#### **4.2 & 4.3 Compliance with Development Standards for Density, Maximum Height and Size**

During this year under review, there was construction work performed on a new office building and related improvements for McGuire & Hestor's company headquarters within the Esplanade planned development area, a project which was approved by the City's Planning Board and is in compliance with the permitted density, maximum height and size standards which are set forth in Exhibit "D" of the Development Agreement. There were no development projects undertaken in the Harbor Bay Business Park within this year under review which exceeded the permitted density or level of intensity or permitted maximum height and size of structures as set forth in Exhibit "D."

#### **5.3 Cooperation in Securing Government Permits**

During this year under review, the City staff have been cooperative with the Harbor Bay Property Owners in processing applications for permits for construction of new improvements, for renovations of older buildings in the Business Park, and for updated signage for existing buildings and campuses in the Business Park.

#### **6.1 Annual Review**

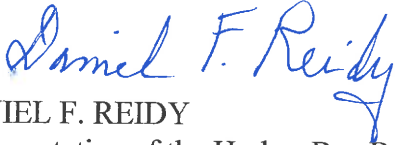
During this year under review, HBIA and HBBPA jointly filed the required Annual Report for the prior year ending April 4, 2016, and the Planning Board reviewed and approved it in Resolution PB-16-13 passed on May 23, 2016.

#### **SUMMARY CONCLUSION**

During this year under review, as detailed in the above sections of this Annual Report, Harbor Bay Isle Associates, the Harbor Bay Business Park Association, and the Harbor Bay Business Park Property Owners have continued to fulfill their obligations and to conduct development and property management activities in compliance with the applicable terms and conditions of the April 1989 Development Agreement, and the City has been cooperative in processing applications for proposed construction and improvements in the Business Park and in

administering landscape maintenance management contracts with the Harbor Bay Business Park Association.

Respectfully submitted,



DANIEL F. REIDY

Representative of the Harbor Bay Business Park Association and HBIA