

January 4, 2019

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CITY OF ALAMEDA
CITY MANAGER'S OFFICE

Dave Rudat
Interim City Manager
City of Alameda
2263 Santa Clara Ave.
Alameda, CA 94501

Dear Mr. Rudat,

At the City Council meeting on Jan 2nd information was sought regarding the potential loss of funds for the McKay project if the election was held in November 2020. I wanted to provide clear information on that for you and the council. The impact of delaying the project would have a cascading negative impact on our ability to secure funding. Funding we have already received would need to be paid back if not used in a timely manner, and that would cause other funders to defer their decisions, further delaying the project, or missing out on funding windows entirely.

APC has already secured \$250,000 from Anthem, and \$690,000 from Alameda County for pre-development efforts. Both funds need to be expended within a year or repaid.

APC recently was notified that we were being recommended (subject to Board of Supervisor approval) for \$11.5 million in A-1 Bond Funds. We would lose those funds if we were not able to demonstrate adequate site control by July of 2019.

Kaiser Community Benefits leadership is championing a \$5 million request for the capital costs of constructing the Medical Respite/Primary Care facility. This request is due by 1/10/18 for approval at their March 2018 national Board of Directors meeting. It is likely that Kaiser will pull our project from the projects presented for funding at the March 2018 meeting if there is no resolution of the community issues by this date. Kaiser will wait to present our project to the national Kaiser Board at their June 2018 national Board meeting if there is a special election in April and that the election is resolved in our favor. Should the election be postponed, Kaiser will likely move forward on funding other shovel ready projects instead.

Mercy Housing which is our development partner and would be the lead applicant for our tax credit financing, has informed us they cannot apply for that funding until the initiative is resolved. The tax credit funding is essential for leveraging the rest of the funds needed.

Per the regulations of HHS – the Federal Agency that lawfully transferred responsibility for the property to us, the project must be operational within 2 years of the lease signing (which took place at the end of September) or we will pay a penalty of 1/360th of the market value of the property for every month we go past 2 years. The catch 22 is that the market rate value wouldn't be set until the penalty phase.

In the meantime, we are paying approximately \$20,000 per month in security, insurance, utility and maintenance costs. One of the stipulations of our lease is to separate out utilities with EBRP. That likely could not be done without the funding we are seeking.

All said and done, it is clear that the timing of the initiative was done intentionally to stall and defeat the project, without any real actual interest in creating new parkland. We very much appreciate that the City Council had the wisdom to not only see through this, but also understand that the cost to the City of delaying the election will far exceed the cost of the special election itself.

Please don't hesitate to contact me if you have any additional questions.

Sincerrely,

Doug Biggs
Executive Director
Alameda Point Collaborative