

# HARBOR BAY BUSINESS PARK ASSOCIATION

c/o GS Management Company  
5674 Sonoma Drive, Pleasanton, CA 94566  
Telephone: (925) 734-0280  
www.gsmanagement.com

May 12, 2021

Honorable Mayor Marilyn Ezzy Ashcraft and Members of the Alameda City Council  
Attn: City Clerk, Alameda City Hall, 2263 Santa Clara Avenue  
Alameda, California 94501-4477

**RE: Proposed Engineer's Report and Budget for LLD 84-2 (Zone 5) for Fiscal Year 2021-22**

Dear Mayor Ashcraft and Members of the Alameda City Council:

As President of the Board of the Harbor Bay Business Park Association (HBBPA), by this letter I am informing you of the concerns that the HBBPA has about the proposed Engineer's Report for the City of Alameda's Island City Landscape and Lighting District LLD 84-2 and its proposed Budget for Zone 5 that will be coming to the City Council for review and approval in June. Zone 5 of LLD 84-2 is comprised of the Harbor Bay Business Park.

For the last several months, representatives of HBBPA's Board and GS Management have been meeting and communicating with staff of the City Public Works Department over the proposed Budget for LLD 84-2 (Zone 5) for the Fiscal Year beginning July 1, 2021.

Here is a summary list of our concerns about the proposed Budget for Zone 5 in the Engineer's Report for LLD 84-2 for Fiscal Year 2021-22:

[1.] **Capital Improvement Costs:** In the current City-approved Fiscal 20-21 Budget for Zone 5, \$247,878 was budgeted for replacement of a monument sign in FY 20/21, and \$124,636 was projected for FY 21/22 for replacing park benches and park signage, for repairs and upgrades to the public restrooms, including \$100,000 for sod and irrigation replacement in a separate spreadsheet for Capital Improvement Items. In the proposed Budget for Zone 5 for FY 21/22, the **Capital Improvement Costs line item was reduced to zero**, and there was no separate spreadsheet for Capital Improvement Items.

[2.] **Monument Sign Replacement.** The monument sign has not yet been replaced, and City staff has recommended that this project be delayed until the following Fiscal Year. GS Management has been working on getting bids for a small directional sign to be placed in the median of Harbor Bay Parkway, for demolition of the current stone monument sign out at Doolittle Drive, and for a replacement Monument sign to be located at the entry of the Harbor Bay Business Park, and a welcoming sign at the Harbor Bay Ferry Terminal. The bids for

demolition of the exiting monument sign came in at less than \$33,000, and bids for design, manufacture and installation of the new signs came in at less than \$131,000, so the expected costs for new signage will be substantially less than the \$247,878 number in the current City-approved Fiscal 20-21 Budget for Zone 5.

[3.] **Administrative Expenses:** In the current City-approved Fiscal 20-21 Budget for Zone 5, \$114,140 was budgeted for "Misc. Fees," which we were told were funds for City staff's administration of the budget and work in Zone 5 of LLD 84-2. In the proposed Budget for Zone 5 for FY 21/22, the equivalent line item for Administrative Expenses was increased to \$217,995. **The increase of \$103,855 for administrative expenses amounts to a 91.1% increase** over the amount for this line item in the current City-approved Budget for FY 20/21. With this proposed increase, the City's fees for administration of the budget and work for Zone 5 **amounts to 21.7% of the total revenues derived from assessments on the properties** in the Harbor Bay Business Park collected by the County with the property taxes. In the opinion of the HBBPA Board, this deduction of funds at this level from the Zone 5 Budget for City staff salaries is excessive and is not warranted. The HBBPA has a Landscape Maintenance Management Contract with the City whereby HBBPA manages the landscaping maintenance and related repair work of pavements and public improvements in the Harbor Bay Business Park. GS Management is paid to manage the landscape maintenance services and related work in Zone 5 from three funding sources: (1) an allocation of \$5,381.25 per month billed under the "Supervision and Admin" line item in the Zone 5 Budget; (2) an allocation of \$710.85 per month billed under the "Ferry Terminal Lot Maintenance" line item in the Zone 5 Budget; and (3) an allocation of \$1,988.70 per month to the HBBPA, which is paid by HBBPA out of separate funds collected from the HBBPA's members as association assessment dues.

[4.] **Operating Reserve Allocation:** In the proposed Budget for Zone 5 for FY 21/22, **\$251,093 is proposed to be deducted from the funds raised by the levy of assets on the property owners for an Operating Reserve that will not be spent in FY 21/22.** When GS Management staff noticed this item in a prior draft of the Engineer's Report, they asked City staff for clarification. Amanda Eberhart replied that a new City policy was to hold back 50% of the annual levy of the LLD as an Operating Reserve and that "for this upcoming Fiscal Year 21-22 we will be holding 25% of the levy (\$251,093.50) in order to be in compliance with City Policy." GS Management informed our Board that they had not been informed in advance of the City's 50% holdback policy or of the City's intention to hold back 25% of the funds levied on the Zone 5 properties for the next fiscal year. We understand that the City's process for getting funds from the Alameda County Tax Collector and allocating them to accounts for projects in the City is complicated, but we hope that this issue can be addressed in a different way.

[5.] **Contractual Services:** On May 5, 2021, Public Works staff provided HBBPA and GS Management with a 5-Year Fund Balance spreadsheet for Zone 5. For the Contractual Services line item, a column for the City-approved budget for Zone 5 in the FY 20-21 Engineer's Report was \$869,780. For a column labeled "FY 21-22, Proposed Draft Engineer's Report – No

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capital work, and holding reserves," the Contractual Services line item was reduced to \$353,842, which amounts to **a reduction of \$515,938 from the budgeted item for Contractual Services** in the current Budget for FY 20-22.

**HBBPA's Requests for Changes.** By this letter, HBBPA is requesting that before the City Council approves the Engineer's Report for LLD 84-2 for Fiscal Year 2021/2022, the following changes be made in the proposed Budget for Zone 5:

[1.] That the Capital Improvement Costs of \$124,636 for replacing park benches and park signage and for repairs and upgrades to the public restrooms, plus \$100,000 for sod and irrigation replacement in FY 2021-22 that were included in a separate spreadsheet for Capital Improvement Items in the current City-approved Budget for Zone 5 be reinstated in the Budget for Zone 5 for FY 21/22.

[2.] That the Capital Improvement Item of \$247,878 earmarked for replacing the monument sign in the current City-approved Budget for Zone 5 be carried forward in the Budget for Zone 5 for FY 21/22.

[3.] That the Administrative Expenses/Fees item of \$114,140 that was included in the current City-approved Budget for Zone 5 be carried forward at that level or increased only by the current Cost-of-Living percentage in the Budget for Zone 5 for FY 21/22.

[4.] That if funds are held back by the City as an Operating Reserve to cover cash flow until the next set of LLD 84-2 assessments collected by the County with the property taxes are received from the Alameda County Tax Collector, then the Operating Reserve funds should be restored to the then-current Budget for Zone 5 to pay for recurring Contractual Services for work performed in Zone 5 of LLD 84-2.

Sincerely,

/s/ Joseph Ernst  
JOSEPH ERNST  
President of the Harbor Bay Business Park Association

cc: Board Members of the Harbor Bay Business Park Association  
Darlene Beech and Pamela Olson with GS Management  
Liz Acord, City of Alameda Public Works Coordinator  
Amanda Eberhart, Management Analyst, City of Alameda Public Works Department  
Eric Levitt, Alameda City Manager  
Erin Smith, City of Alameda Public Works Director