

MINUTES OF THE SPECIAL CITY COUNCIL MEETING
MONDAY- -APRIL 22, 2019- -6:15 P.M.

Mayor Ezzy Ashcraft convened the meeting at 6:17 p.m.

ROLL CALL - Present: Councilmembers Daysog, Knox White, Oddie, Vella,
and Mayor Ezzy Ashcraft – 5.

Absent: None.

AGENDA ITEM

(19-252) Tour of the Enterprise District (Formerly Site B) at Alameda Point; and

(19-252 A) Recommendation to Authorize Staff to Market a 23.9-Acre Portion (Phase 1) of the Enterprise District (Formerly Site B) for Redevelopment Consistent with the City's Goals and Objectives for Commercial Development at Alameda Point.

The Base Reuse and Community Development Director made brief comments.

In response to Councilmember Vella's inquiry, the Base Reuse and Community Development Director stated a smaller portion of the site is being proposed similar to Site A; discussed the logic used for Site A, the size and infrastructure; stated staff wants to maximize the value of the adjacent nine acres closest to the new ferry terminal; the other two parcels will not be clean for several years; the focus will be leasing; Astra could be the first campus at Alameda Point.

Councilmember Oddie inquired whether the smaller areas on the exhibit are not being considered, to which the Base Reuse and Community Development Director responded in the affirmative; stated the Enterprise District is four blocks; the property going out to the water is Tidelands and cannot be sold; the blocks with views adjacent to the park would be developed after the interior parcels.

Councilmember Daysog discussed infrastructure; inquired whether infrastructure would end at West Ticonderoga.

Angelo Obertello, Carlson, Barbee & Gibson, responded the final infrastructure build out includes West Hornet.

In response to Councilmember Daysog's inquiry, Mr. Obertello stated the plan has infrastructure that will be developed in the same corridor at a later date.

The Base Reuse and Community Development Director made brief comments about the tour.

The tour led by John McManus, Cushman & Wakefield, took place from 6:30 p.m. to 7:30 p.m.

The Base Reuse and Community Development Director gave a brief presentation.

Councilmember Vella inquired about the rationale that Nautilus would be a catalyst.

The Base Reuse and Community Development Director responded businesses, such as Natel Energy, have indicated a server farm with data storage capacity close by is very helpful; stated research-oriented companies indicated data service would be very beneficial.

The Assistant Community Development Director noted that she previously provided articles about how other high tech companies tend to gather around data centers.

Councilmember Vella inquired whether other high tech users have expressed a desire to locate here if there is a data center, the Assistant Community Development Director responded the opportunity has not been explored yet; some Nautilus clients have unofficially expressed interest in being located closer to the data center.

John McManus, Cushman & Wakefield, noted creating the infrastructure would allow for smaller parcels to be used; stated a two acre project could not be done in the Enterprise District right now.

Mr. Obertello outlined infrastructure issues with the Water Emergency Transportation Authority building.

In response to Vice Mayor Knox White's inquiry regarding the definition of campus, the Base Reuse and Community Development Director stated a campus would have one user with multiple buildings; Astra would be an example; a campus would have high employment numbers.

Vice Mayor Knox White stated an Alameda Point plan from a while ago showed that all the usable buildings were rented and suggested good buildings be bundled with bad buildings; inquired whether the proposal ensures cherry picking will not be done.

The Base Reuse and Community Development Director responded in the affirmative; stated the 24 acre parcel could be sold subject to the lease of Building 530; the market has been interesting; everyone thought Building 360 would be torn down and Astra has been doing amazing things in the building so far; people have found uses for buildings; the larger parcel would allow buildings to be mixed and matched and also make the infrastructure happen.

Vice Mayor Knox White stated the City is running into issues with the fiscal neutrality policy; inquired whether the proposed Phase 1 would be able to cover infrastructure costs.

The Base Reuse and Community Development Director responded that is the intent; stated two phases of backbone infrastructure are also sequentially occurring in the adaptive reuse area; the issue is timing; the City could escalate the pace of the work by issuing an infrastructure bond; the City has been using building sale proceeds to complete the work; the parcelization is strategic so the infrastructure can pay for itself.

Vice Mayor Knox White stated the Master Infrastructure Plan (MIP) has a phasing plan; inquired whether the proposal is consistent with the phasing, to which Mr. Obertello responded in the affirmative; stated the proposal manages connections to reliable facilities in a sequential order.

Councilmember Oddie inquired whether underground infrastructure would be done for the Astra buildings, to which the Base Reuse and Community Development Director responded in the affirmative.

The Assistant Community Development Director noted Astra could do the work or pay for the City to build it.

In response to Councilmember Oddie's inquiry regarding working in contaminated areas, the Base Reuse and Community Development Director outlined the process.

Councilmember Oddie inquired about Astra staying, to which the Base Reuse and Community Development Director responded Astra is interested in having an option to purchase once the Navy transfers the land.

In response to Councilmember Oddie's further inquiry regarding infrastructure, the Base Reuse and Community Development Director stated long term leases pay the Development Impact Fee and other payments, similar to Nautilus.

Councilmember Oddie inquired about the City not owning the land.

The Base Reuse and Community Development Director responded the City operates under the Lease in Furtherance of Conveyance (LIFOC) for the land that has not been transferred.

The Assistant Community Development Director noted infrastructure might not be able to proceed until after the land has been cleaned.

In response to Councilmember Daysog's inquiry regarding end users, the Base Reuse and Community Development Director stated the City is looking at end users; however, not all end users are land developers; an end user might have to partner with a land

developer or a land developer also might submit a proposal; staff would bring proposals to Council.

Councilmember Daysog inquired whether a land developer could have a concept to develop and sell to an unknown end user.

The Base Reuse and Community Development Director responded such a scenario could occur; stated the process will be open to a wide market.

Councilmember Daysog inquired whether a timeframe needs to be outlined for land developer ideas.

Mr. McManus responded the preference is an end user; stated a model has been used, with the City giving a year or two of capital credit and the company escrows the money to do work, such as a roof; if a project does not work out, the City gets the building back with a new roof; in this case, the City will get around \$30 million in proceeds; if the project does not go forward, the City would get the desired infrastructure; the development might be speculative, but it will create streets, trenches, sewer and have a project timeline or it will not be recommended.

The Assistant City Attorney stated a developer not adhering to a timeline would be found in default to prevent the project from languishing.

In response to Councilmember Daysog's inquiry, the Assistant City Attorney stated a developer could present a plan and have a certain amount of time to find and select users with City approval; staff would ensure details are spelled out.

Councilmember Vella inquired where the City would be if a business expresses a desire to purchase a building and it does not go forward.

The Assistant Community Development Director stated if a business fails, the City would have a turnkey building that has been improved.

In response to Councilmember Vella's inquiry regarding the plume, the Assistant Community Development Director stated the Navy is responsible for cleanup; the City is responsible for putting infrastructure in clean parcels.

The Base Reuse and Community Development Director stated under LIFOC, the City is obligated to take the land once it is clean and there is a finding of suitability for transfer; the City has the ability to lease the property prior to the transfer; the leases can include options to purchase; building leases have to go through an environmental process to ensure people can be in the buildings; Astra has equipment in its building but does not have people there because the environmental regulatory sign-off is still needed, which is why the lease has not gone to Council yet.

Councilmember Oddie stated the developer could be required to do the infrastructure work within a specific amount of time to avoid land banking.

The Base Reuse and Community Development Director stated developers probably feel a lot of the risk has been mitigated since Site A is under construction; Astra is in the area and others are paying fees into an infrastructure fund; marketing makes sense.

Councilmember Oddie inquired whether there is an update on Building 41.

The Base Reuse and Community Development Director stated the building is still owned by the Navy, cannot be sold and can only be leased.

Stated the Council does not have enough information tonight to move forward with the 29 acres; discussed the previous proposals; suggested bringing back the two finalist from the previous proposal to address the full 82 acres; expressed concern over Building 360 being tied up: Richard Bangert, Alameda.

Expressed support for the staff recommendation, which is the most logical next step, and for Cushman & Wakefield; discussed start up Sila Nanotechnologies needing more space; stated land needs to be available: Karen Bey, Alameda.

Mayor Ezzy Ashcraft discussed Sila Nanotechnologies; stated that she supports the staff recommendation, which is well thought out; the City needs to be nimble, cannot rely on a strong economy going forward and has some great tenants; it is time to test the waters again; proposals will take time to develop; she is concerned with land banking; the City can build protection against land banking; the City Council needs to have a discussion about fiscal neutrality; if the City is going to benefit from the redevelopment, the ability to put in needed infrastructure should not be limited to what can be paid for from Alameda Point.

Councilmember Vella stated that she does not have a problem with phasing; questioned when Phase 2 will come back; discussed marketing; stated a vision is needed; she is concerned about connecting infrastructure; there is a benefit to marketing the whole area; she is hesitant to approve leases before seeing the marketing; expressed concern over tying up buildings without a vision; stated phasing makes sense at this time because there are some amazing parcels and problematic pieces would not be developed until much later; she is willing to support the staff recommendation with a couple of caveats, including having a ballpark on Phase 2 timing and having ordinances pertaining to the design and planning process being reviewed and returning to Council; the cumbersome process should be streamlined.

Vice Mayor Knox White stated that he supports the staff recommendation; he would like to stay away from the term campus and does not want to signal the City wants one user; the Economic Development Strategic Plan states that the City should not try to have a campus; Astra is a smaller business that came in and is growing; the City should look at all types of ideas consistent with planning documents; discussed the types of

businesses in different hubs; stated the process will sell land to someone with a viable idea; opening up Alameda Point has been successful; he would like to protect against land banking and likes the phasing plan; in the MIP, sea level rise protections require 100% buildout of Alameda Point; someone could present an idea for more acres.

Councilmember Daysog stated Astra illustrates that the policy allowing staff to seize opportunities has been good; he is glad the process is open to a developer; expressed support of Mr. Bangert's suggestion to approach previous finalists for their thoughts on the process; other successful Alameda Point businesses should also be tapped for their insight and guidance; information gathering could be done on a parallel track; he likes the idea of starting with the 29 acres selected and supports the staff recommendation; encouraged talking to companies for insights; stated that he is open to approaching the previous Site B proposers and likes that the process being open to developers, while seizing end user opportunities.

Councilmember Oddie stated that he likes the idea of phasing without shutting off the option of a larger portion; expressed support for having the area cohesive and protecting against land banking; stated the City has promised fiscal neutrality to voters for 22 years and he would be reluctant to move away from it without hearing from voters; he would be open to changing the policy to address sea level rise, which will impact the whole Island; bringing in people who have thought about it or are doing work at Alameda Point is a good idea.

Mayor Ezzy Ashcraft inquired what Councilmember Oddie means by bringing in people, to which Councilmember Oddie responded the City should talk to them and see if they are interested in just the proposed area or maybe two areas; expressed support for staff's prioritization to require starting with the 29 acre parcel.

Mayor Ezzy Ashcraft stated everyone should be on a level playing field; past proposals should not receive points; discussed the finalists; stated anyone interested can submit a proposal.

The Base Reuse and Community Development Director stated that she heard the idea was to pick people's brain; noted focus groups are sometimes used prior to starting a marketing campaign.

Vice Mayor Knox White stated that he is fine with City staff reaching out to every known developer about the opportunity; the concern is going to three or four developers to ask them to help develop the proposal.

The Base Reuse and Community Development Director stated staff does not plan on having a formal request for proposals process; the intent is the property will be marketed.

Councilmember Vella stated that she does not want a developer outlining what they think should be in the proposal; expressed support for allowing someone to put in a

Phase 1 and Phase 2 proposal; she wants to see Phase 1 actively marketed; developers could also add Phase 2; she does not want to pick anyone early on or show preference for one developer over another; the previous proposals can be used as information to determine if the new proposal is better.

Vice Mayor Knox White inquired whether the marketing information will return to Council or if Council is giving approval tonight.

The Base Reuse and Community Development Director responded staff was anticipating tonight would be the final direction; stated the marketing will be rolling and will not have a due date.

Vice Mayor Knox White discussed the buildings being affordable; stated the City cannot compete with downtown Oakland and Fremont for Class A office buildings; he is willing to entertain building reuse, which is easier to sell; the City's goal is to build a base and start building infrastructure; noted the project will have to make the design work.

Councilmember Daysog stated having the process open to developers is more important than having input from previous proposers.

Councilmember Oddie stated marketing should be done to all; he is curious to see who is interested; the City should be strategic; makers space is popular now, but may not be in the future.

Councilmember Vella requested the final marketing materials be provided to Council.

Mayor Ezzy Ashcraft requested clarification that Councilmember Vella is not suggesting Council edit the marketing materials, to which Councilmember Vella responded that she is not saying Council would be weighing in on the materials.

Mayor Ezzy Ashcraft stated that she heard support for staff's proposal to market the 29 acres as Phase 1; Council would like the question answered about when Phase 2 will move forward; a proposal could contemplate more than the 29 acres; interest from anyone will be entertained.

Vice Mayor Knox White stated protection from land banking should be included in the direction.

Councilmember Vella stated that she would also like to be directed to come back with changes to ordinances outside of approving the matter.

The Base Reuse and Community Development Director noted the area is actually 23.9 acres, not 29 acres.

Vice Mayor Knox White moved approval of the direction outlined.

Councilmember Daysog seconded the motion, which carried by unanimous voice vote – 5.

ADJOURNMENT

There being no further business, Mayor Ezzy Ashcraft adjourned the meeting at 8:45 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Sunshine Ordinance.