

CITY OF SAN LEANDRO
CITY COUNCIL SHORELINE - MARINA COMMITTEE

July 5, 2011
4:00 p.m. – 5:30 p.m.

San Leandro City Hall
835 East 14th Street
San Leandro, California
Sister Cities Gallery Room

HIGHLIGHTS

Committee Members: Councilmember Prola, Councilmember Souza, Councilmember Starosciak

City staff present: Interim City Manager Marshall, Public Works Director Bakaldin, Business Development Manager Battenberg, Community Relations Representative Ornelas, Marina Supervisor Snodgrass, Senior Development Specialist Penaranda

Public present: Al Fernandez, Al Frates and Gil Raposo (Shoreline Development Citizens Advisory Committee members), Kathe Frates, Eric Kurhi (Oakland Tribune), Jill Repogle (Patch)

Councilmember Prola called the meeting to order at 4:00 p.m.

1. Presentation by Cal-Coast on Aquatic Park vs. Marina Park Financial Feasibility Analysis.

Business Development Manager Battenberg introduced Ed Miller and Scott Cooper of Cal-Coast, who were present via teleconference. Both gave the presentation of the financial feasibility analysis that they performed to determine if revenue generated from the proposed land-side development could cover the costs to implement and maintain the Aquatic Park or the Marina Park alternatives for the harbor basin. (see attached powerpoint slides). Based on financial information contained in the Harbor Basin Alternatives Study prepared by ESA, Cal-Coast projected that the Marina Park option would require a \$20 million initial capital investment and \$11.5 million for dredging over 20 years, which would result in a net cost to the City of \$11.13 million over 20 years. The Aquatic Park option, which requires a \$13 million initial capital investment, was projected to provide \$6.85 million in net revenue to the City over 20 years.

Councilmember Starosciak asked if the development could stand alone if only Phase 1 was completed without Phases 2 and 3. Mr. Cooper replied negative; residential and professional office development in Phases 1 and 2 were necessary to generate adequate revenue for the project to sustain itself. Phases 1 and 2 could likely stand alone without Phase 3.

Manager Battenberg clarified that TOT (Transient Occupancy Tax) collected at a hotel would typically go to a City's General Fund. She further explained that in order to fund the needed improvements to the harbor basin, the analysis assumes that 100 percent of the TOT in years 1 through 5 and 50 percent of the TOT in years 6 through 10 would be reinvested in the project. In

years 6 through 10, 50 percent would go to the General Fund. After the 10 year period the entire TOT amount would go into the General Fund.

Councilmember Souza asked how service costs to the new development would be funded such as Police and Fire Department staffing. Manager Battenberg replied that property tax and sales tax generated by the development would go to the General Fund to pay for those services. Projections of the property and sales tax revenue stream to go to the City will be provided to the City Council in the future.

Councilmember Starosciak asked if the Marina Inn and the golf club revenue are included in the projections. Manager Battenberg explained that the projections are only for the Harbor Division of the Shoreline Enterprise Fund. The Golf Course and Shoreline Divisions which generate approximately \$500,000 annually are not included in the analysis.

Councilmember Starosciak clarified that the estimated annual difference between the two alternatives was approximately \$900,000 per year. The net cost of the Marina Park option would be, on average, a negative \$550,000 annually versus the Aquatic Park option which would net, on average, a positive amount of \$340,000 annually. Mr. Miller added a marina will always require ongoing dredging.

Councilmember Prola asked if the financial feasibility analysis presumed any Federal funding since there is a Federal Channel that leads to the harbor basin. Director Bakaldin replied negative because there are no assurances or signs that there will be any available Federal funding. He cited that at the present time the U.S. Army Corp is not funding dredging of recreational channels and harbors.

Councilmember Starosciak asked if it was possible to give the Marina Park option a chance, perhaps 10 years, and if funding sources cannot allow it to continue, change course to the Aquatic Park option. Mr. Miller replied that would be an expensive alternative to dredge for the boats and to construct capital improvements for the project and then construct the other alternative.

Councilmember Prola asked if there would be any further dredging after the initial dredge for the Aquatic Park alternative. Director Bakaldin replied that in the Inner Basin Alternatives study by ESA, the Aquatic Park design and construction was to be self-sustaining with the tides, thus dredging would not be necessary after the initial one.

Councilmember Starosciak asked when the new library building would be constructed. Manager Battenberg replied between Phases 1 and 2. The exact timing has not yet been considered. An assumption is that there would be temporary library if construction displaces the existing building.

Manager Battenberg clarified that the Committee's meeting was for information only and that no action was necessary.

Councilmember Starosciak asked that the highlights of this Committee meeting be distributed to the City Council in their July 18, 2011 agenda packets.

2. Discussion Regarding Next Steps in the Shoreline Development Process

Manager Battenberg stated that the next step will be meeting with the Shoreline Development CAC on July 20, 2011. At that meeting it is expected that the CAC will consider approval of a recommended Conceptual Master Plan that includes both the future development of the land as well as the inner basin area. Subsequently in the fall, the CAC's recommendation will go to the City Council at a work session and that would be followed up with the Council's consideration of Approval of a Conceptual Master Plan.

Councilmember Souza asked if the July 20th meeting will be the last Shoreline CAC meeting. Manager Battenberg replied that it will likely be the last CAC meeting for now, however staff would like to see the group stay in place to meet as needed for its input on architecture or other design issues. The CAC has proved to be a knowledgeable and valuable resource in providing the developer and staff constructive input.

3. Public Comments

Al Fernandez stated that the Aquatic Park option would silt-in and become a mudflat. The inner harbor silts-in now. How would the aquatic park be different and not silt-in? Without water flow it is sure to silt-up and become a swamp.

Gil Raposo stated that the construction of the Aquatic Park option must include tidal controls so that water is retained in the inner harbor and that it prevents or minimizes silt from coming inside.

Al Frates asked when the residential units near Marina Boulevard would be constructed. They would be an asset not only for aesthetics at the entry but also security in the evening hours by having residents in the area. Manager Battenberg clarified that those residential units would be constructed in Phase 1.

4. Committee Member Comments

Councilmember Prola stated that the presence of the boats in the harbor create a desirable ambiance and that it was his belief that a hotel-conference center and restaurants would perform better with boats. He cited Horatio's revenues may depend on the nice views of the boats in the harbor. If so, he did not want to lose that.

5. Adjourn – Councilmember Prola adjourned the meeting at 5:03 p.m.