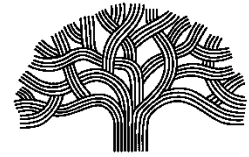


CITY OF OAKLAND



1 FRANK H. OGAWA PLAZA • 3RD FLOOR • OAKLAND, CALIFORNIA 94612

Office of the Mayor
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October 25, 2021

Hon. Keith Carson
President
Alameda County Board of Supervisors
Supervisor.Carson@acgov.org

Via email

RE: Waterfront Ballpark District at Howard Terminal

Dear President Carson:

Thank you for the opportunity to answer questions before the October 26th Alameda County Board of Supervisors meeting. The City's responses are below. In addition, attached, please find a letter I wanted to share with you that I sent to the region's mayors in response to a number of false claims that have been made about this project.

1. What is the total amount of dollars that the City of Oakland is putting into this A's project?

The City of Oakland's financial commitments to the A's project are generally as follows: Affordable Housing, Onsite Infrastructure, Parks, and Open Space: The City will contribute its portion of the incremental property taxes generated by development of the Waterfront Ballpark District to an Enhanced Infrastructure Financing District (EIFD) over the approximately 55-acre Howard Terminal site for a period of 45 years to fund offsite affordable housing construction and preservation, and reimburse the A's upfront, EIFD-eligible costs incurred for onsite construction of affordable housing (in excess of code requirements), parks and open space, and other public infrastructure improvements. As with the County's potential contribution of approximately \$10.58 million per annum, the City's contribution, currently projected at \$11.58 million per annum (both in today's dollars), will be limited to the *actual* incremental taxes directly generated by the project, which may vary from current estimates depending upon the pace and scale of the A's development. Neither City nor County will have any obligation to contribute any amounts in excess of actual, incremental taxes received.

Offsite Infrastructure: The City will implement all offsite infrastructure improvements required to support the buildout of the Ballpark District, estimated by the A's at a total cost of approximately \$352 million, which amount is likely to increase. To fill any gap between the total offsite cost and other funding sources, the City anticipates pledging its additional incremental tax revenues (including property taxes in lieu of vehicle license fees, parking, sales, business license, utility consumption and transient occupancy taxes) to service debt on a \$150 million limited obligation bond to be issued by the City. Neither the County nor the EIFD would have any responsibility for the costs of offsite infrastructure.

2. Identify the specific funding sources the City of Oakland is using to fund the A's project?

See above.

3. What formal actions has the Oakland City Council taken on the Waterfront Ballpark Project to date?

On May 15, 2018, pursuant to Resolution No. 87203 CMS, the City Council approved entering into a Project Expense Payment Agreement with the A's under which the A's agreed to pay for the City's costs in processing the Howard Terminal Project applications.

On June 12, 2019, the City Council passed Resolutions No. 87733 and 87734 CMS, in support of Assembly Bill 1191 (Bonta), "State Lands Commission: Exchange Of Trust Lands: City Of Oakland: Howard Terminal Property: Oakland Waterfront Ballpark Act" and Senate Bill 293 (Skinner), "Infrastructure Financing Districts: Oakland Waterfront Revitalization And Environmental Justice Infrastructure Financing District".

On January 21, 2020, pursuant to Resolution No. 87888 CMS, the City Council approved a "Memorandum Of Understanding Between the City and Port Regarding the Process of Review of Applications for, and, if Approved, the Anticipated Framework of Regulation of the Development Project Proposed by the Oakland Athletics at Howard Terminal".

On July 20 2021, pursuant to Resolution No. 88266 CMS, the City Council approved a non-binding term sheet outlining the key terms to be included in a Development Agreement between the City of Oakland and the Oakland A's related to the Waterfront Ballpark District.

4. What is the status of the term sheet adopted by the Oakland City Council? What outstanding conflicts are there from the term sheet the A's originally proposed?

As directed by Council, staff is working to draft and negotiate a Development Agreement consistent with the Term Sheet approved by Council on July 20, 2021. That Development Agreement, once fully negotiated, will be returned to Council for its consideration and decision, together with other required project approvals, following certification of the project's

Environmental Impact Report. Outstanding business terms relate primarily to the A's contributions to community benefits and the phasing of onsite parks and open space.

5. What are the remaining steps/actions that the City must approve prior to forming the proposed EIFD?

At present, City staff is reviewing the A's resubmittals, made in early October, of a Preliminary Development Plan (PDP) and Tentative Tract Map (TTM) for the project, developing proposed new zoning for the District, preparing responses to the more than 400 comments received to the Draft Environmental Impact Report (EIR), and drafting and negotiating the Development Agreement and associated exhibits. After staff review is complete and the Final EIR is ready, the Planning Commission will hold a public hearing at which it will make a recommendation on the development applications and certification of the EIR. Thereafter, the project will proceed to City Council for Certification of the EIR and decisions on all of the development applications. These actions may take place at a single hearing of the City Council, or they may be considered in series.

In addition, formation of the EIFD itself involves a number of procedural steps, as set out in the enabling legislation:

- Oakland's City Council would adopt a Resolution of Intention to establish the EIFD (Gov. Code §53398.59). The Board of Supervisors would not be required to adopt the Resolution of Intention.
- Concurrently, the City Council would establish the Public Financing Authority (PFA), presumably by resolution (Gov. Code §53398.51.1(b)).
- If both the City and the County are participating affected taxing entities, then the PFA's membership must consist of a majority of members chosen from the legislative bodies of the City and the County, and a minimum of two members of the public chosen by the City Council and the Board of Supervisors.

Once the PFA is established and the City and County have each selected representatives to the PFA, it assumes responsibility for the EIFD formation process and implementation, specifically:

- The public financing authority directs the City or County engineer or other appropriate official to prepare the Infrastructure Financing Plan (IFP; Gov. Code §53398.62(a)).
- The PFA provides notice of and holds three public hearings before considering adoption of the IFP (Gov. Code §53398.66, §53398.69). The PFA can't approve the IFP until each of the City and County have approved it.

6. What is the expected timeline for approval of the actions you've outlined?

The Final EIR will be ready for publication by the end of the year. Our intent is to bring the remaining decisions to the Council for consideration as soon thereafter as possible.

7. What are the specific purposes that County tax increment will be used for under the EIFD?

County tax increment will be used to support the construction of affordable housing in excess of code requirements, parks, open space, and implementation of onsite infrastructure such as remediation of existing toxic contaminants, raising the site to protect against sea-level rise, reinforcing the existing wharf structure, extending the Bay Trail, and building public streets and utilities. Please see p. 7 of Century Urban's memo of September 29, 2021 (attached again for ease of reference) for a detailed breakdown of the expenses currently anticipated to be incurred or reimbursed by the EIFD. This budget would be further refined in the IFP, which (as noted above) must be independently approved by all taxing entities participating in the EIFD.

8. What are the specific plans, costs, and financing partners for the proposed affordable housing that is part of the Waterfront Ballpark Project? How does the city define affordable?

The City defines affordable housing as follows:

"Affordable Housing" means housing that is restricted to occupancy at an affordable rent or an affordable housing cost to moderate-income households, low-income households or very low-income households..." as defined in State law. Oakland Municipal Code 15.72.030

Every developer must either: pay the Affordable Housing and Jobs/Housing Impact Fees; or build new affordable housing units in lieu of paying the fee in accordance with the calculations provided in the Oakland Municipal Code. For the proposed project, assuming full buildout, the fees would total \$74.7 million; the in-lieu construction requirement would yield approximately 209 to 359 units, or 7 – 12 percent of total housing units, depending upon level of affordability.

As set forth in the July 20, 2021 Term Sheet, the proposed project will be required to provide affordable housing, both on and off-site, well in excess of OMC requirements. The project will target a total of 35% affordability as follows:

The number of new on-site affordable units must total at least 15% of all new onsite units (approximately 450 units, assuming full buildout of the project), and provided as follows:

- Onsite units affordable to very-low-income households to be provided in compliance with California Redevelopment Law
- All affordable units to be deed-restricted for a period of at least 55 years
- Affordable housing production to proceed at pace with market rate housing production

The master developer will be responsible for implementing all onsite affordable housing. All developer expenses incurred for construction of onsite affordable housing in excess

of Affordable Housing Impact Fee, and Jobs/Housing Impact Fee requirements and California Redevelopment law may be reimbursed by the EIFD.

In addition, \$50 million in EIFD proceeds to be set aside to support offsite displacement prevention strategies targeting another 600 units (20%), including new construction, preservation, renovation, down payment and senior assistance in the four impacted neighborhoods (West Oakland, Chinatown, Old Oakland, and the Jack London District). The City of Oakland will be responsible for implementing all offsite affordable housing strategies.

9. What are the specific financial contributions from the Oakland Athletics and their affiliates/associates to the Waterfront Ballpark Project?

The Oakland Athletics will be responsible for all costs of constructing and operating the Ballpark, as well as all other vertical development within the project (up to 3,000 residential units, 1.5 million square feet of office space, 275,000 square feet of retail space and a 3,500-seat performing arts center). They will also be responsible for funding all onsite affordable housing, parks, and infrastructure, subject to later reimbursement from the EIFD, if and when tax increment becomes available.

10. Are the Oakland A's contributing financially to the affordable housing units that are part of the Waterfront Ballpark Project? Is there a provision in the development agreement for the Oakland A's to pay in lieu impact fees to meet their obligation to provide affordable housing?

See 8 above. Yes, the Oakland A's will be responsible for implementing all onsite affordable housing. Onsite affordable housing costs in excess of the fees that would otherwise be due pursuant to the OMC (currently estimated at \$74.655 million) will be reimbursable by the EIFD, if and when sufficient tax increment becomes available. The Development Agreement will not allow for payment of fees in lieu of providing affordable housing onsite.

11. At what point, and under what conditions do the A's have full entitlement to the Howard Terminal site?

See 5 above. Following the City's approvals, the Board of Port Commissioners must also approve the real estate agreements, including the Option Agreement, Lease Disposition and Development Agreement and Port Building Permit for the project. The State Lands Commission must approve a Trust Exchange Agreement, and make trust consistency findings for the ballpark and waterfront parks. Finally, BCDC must amend its Seaport Plan to remove the site from Port Priority Use and issue a Major Permit for the project.

12. When the project is completed what is the total cost, over the life of the EIFD, that would have to be covered with City and County property tax revenues?

As set forth on p. 7 of Century Urban's memo of September 29, 2021 (attached again for ease of reference) the expenses currently anticipated to incurred or reimbursed by the EIFD total

approximately \$505 million. This budget would be further refined in the Infrastructure Financing Plan (IFP), which will also set forth the rate of return that will accrue on all outstanding balances to be reimbursed by the EIFD *only* if and when sufficient tax proceeds become available. As noted above, the IFP must be independently approved by all taxing entities participating in the EIFD.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Libby Schaaf". The signature is fluid and cursive, with a large, stylized initial "L".

Mayor Libby Schaaf

Attachment: October 19, 2021 Letter to Mayors

cc:

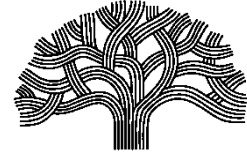
Each Member, Board of Supervisors

Susan Muranishi, County Administrator

Each Member, City Council

Ed Reiskin, City Administrator

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Mayor

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October 19, 2021

Dear Mayors,

On behalf of the City of Oakland, thank you for your support of the Alameda County Board of Supervisors action to opt-in to an Enhanced Infrastructure Financing District (EIFD) for the proposed Waterfront Ballpark District at Howard Terminal.

With this project, the City and County have a once-in-a-generation chance to reimagine how underutilized public lands can be redeveloped to achieve invaluable public benefits. An EIFD using project-generated revenues to help fund infrastructure and safety improvements, public parks, affordable housing, displacement prevention, and other community benefits will make our City and County safer and more resilient, successful, and equitable, while creating thousands of new skilled jobs paying prevailing and living wages.

A project of this magnitude generates a lot of interest and discussion by various stakeholders, and it is essential to inform subsequent action with accurate information. Below are our responses to false claims made in an auto-generated opposition email that many of you received.

Claim vs. Fact

False Claim: “The A’s project is not only a bad deal for Oakland, but for all Alameda County residents, and it would be foolish for our city to ask the county to support a private project that will divert resources away from critical programs and services including public health and safety.”

Fact: The proposed project will add – not divert – resources for critical public health and safety services. It will create \$65M ADDITIONAL, one-time revenues for County services and more than \$5M EVERY YEAR in additional annual revenues for health care, early childhood education and homelessness. These are funds that would not be available “but for” the development of the proposed project. Additionally, the EIFD proceeds will pay for desperately needed affordable housing, public parks and public infrastructure.

False Claim: “It is also irresponsible to pressure Alameda County to commit to funding the Oakland A’s project before the City of Oakland has even reached a final agreement with the team and the Environmental Impact Report is completed.”

Fact: The County’s commitment is needed in order to reach final agreement on a financial plan for the proposed project. Without that commitment, the project will not move forward. The City and the Port, through actions of the City Council and Board of Port Commissioners, have both made public, nonbinding commitments to this project, and we are simply asking the County to do the same. The EIFD would not actually be formed until all regulatory approvals are granted, including all environmental approvals.

False Claim: “These terms leave taxpayers on the hook for over \$400 million for onsite infrastructure exclusively benefiting the A’s private development.”

Fact: The project is paid for with “but for” taxes – the EIFD does not raise taxes, divert existing taxes, or utilize any tax revenues other than those generated onsite by the project itself.

Furthermore, the “taxpayer” in this case is the developer – the A’s. It is the developer’s increased property taxes – resulting from development of the site itself – that will be captured and used to fund the following public benefits:

- 18.3 acres of public parks
- 450 affordable housing units on-site and significantly more in the surrounding area
- 1.5-mile extension of the Bay Trail
- Remediation of existing environmental contamination
- Sea-level rise protection through 2100

False Claim: [These terms] “... rely on the promise of future benefits that depend on the A’s keeping their word.”

Fact: The benefits would be enforced by the City through a binding, enforceable development agreement.

False Claim: [These terms] “...allow for a \$350 million funding gap that will ultimately draw funding away from other county needs.”

Fact: No County funds will be used to fund the \$350 million in offsite infrastructure. This infrastructure will be the sole responsibility of the City of Oakland and will be funded entirely through the City’s own ‘but for’ taxes directly generated by the project as well as federal, state and regional transportation funds.

False Claim: “The terms proposed so far, as well as the Howard Terminal DEIR, do nothing to address the considerable impact this project will have on the operations at the Port of Oakland, which provides good-paying, working-class jobs to tens of thousands of Alameda County residents

and is crucial to the economic success of our entire region. The A's have offered no mitigation measures for the increase in traffic that will clog the port and 880, and the serious conflicts between the 24/7 demands of a working industrial port and new residential or commercial tenants.”

Fact: Howard Terminal is currently used primarily for short-term container and chassis storage. There are approximately 25 FTE employees on the 50-acre property, and the site is no longer suitable for Port maritime shipping and not required for Port operations. See Port for additional information at <https://www.portoakland.com/howard-terminal/faqs/>.

Additionally, the Port of Oakland has been working with various stakeholders to create Seaport Compatibility Measures to ensure the project does not interfere with Port operations and that it mitigates potential impacts such as congestion and increased air emissions; these mitigation measures, which will be required of the project. More information about the Seaport Compatibility Measures can be found at <https://www.portoakland.com/howard-terminal/seaport-compatibility-measures/>

False Claim: After being burned by “Mt. Davis” and other sports debacles, the county made the wise decision to get out of the sports business altogether.

Fact: The County is being asked to help finance critically needed public infrastructure, public parks and affordable housing. The County is not being asked to get back into the sports business. The City and County would have no role in the financing, ownership or management of the proposed Waterfront Ballpark at Howard Terminal, which, unlike the Coliseum, will be entirely privately funded, maintained and operated.

False Claim: The A's proposal for a huge commercial development at the Port of Oakland that includes luxury condos and high-rise office space – and happens to include a ballpark – is a bad deal for our entire county

Fact: The project generates almost \$65 million in one-time and more than \$5.4 million in new annual taxes to County, even after participation in an EIFD over the project site. After the 45-year opt-in period, new annual revenues to the County would increase to approximately \$16 million (measured in today's dollars). As noted above, the new project-generated revenue will provide funding needed to support County's ^[OBJ]early childhood education^[OBJ], homelessness and essential health services.

Additionally, the project will result in 7,100 new full-time jobs and 25,000 construction jobs, and according to Bay Area Council, will result in \$7.3 billion in total economic impact in the first ten10 years.

False Claim: Your constituents are opposed to spending public dollars on private developments: say NO to wasting Alameda County tax dollars to fund the A's luxury project.

Fact: Under state law, EIFD funds can *only* be spent on affordable housing and public improvements of communitywide significance. The public dollars generated by a private development will be expended FOR public benefits, not the other way around.

The facts that I have provided in this letter are supported by thorough financial and legal analyses that were performed by third-party experts and can be accessed on the project webpage at <https://www.oaklandca.gov/projects/oakland-waterfront-ballpark-district>.

Please join the City of Oakland on October 26th to urge the Alameda County Board of Supervisors to adopt a motion declaring their willingness to contribute the County's share of its incremental property taxes for the purpose of financing affordable housing, parks and other infrastructure of communitywide significance.

Sincerely,

A handwritten signature in black ink, appearing to read "Libby Schaaf". The signature is fluid and cursive, with a large, stylized initial "L".

Mayor Libby Schaaf
Oakland CA