Central City East Project Area Committee  
Monday February 7, 2011 PAC Meeting  
Patten University, 2433 Coolidge Avenue, Student Activity Center

(The minutes are in draft form until approved by the PAC)

Gloria Jeffery of the Project Area Committee (PAC) chaired the meeting. The meeting started at 6:33 p.m.

I. Roll Call

a. Gloria Jeffery made the announcement to the PAC that PAC Member Kenneth Harvey had passed away on Saturday, February 5, 2011. The funeral services for Mr. Harvey are scheduled for Monday, February 14, 2011 at 11:00 a.m. at the Bethenny Mission Baptist Church near 55th Avenue and Adeline Street. A moment of silence was observed in his memory.

b. See attached roster of attendance.

II. Open Forum

a. No speakers.

III. Approval of the January Minutes

Motion (by Charles Chiles, seconded by Jean Blacksher): To approve the January 10, 2010 PAC Meeting minutes with the requested changes.

Vote: Motion approved by consensus.

IV. Administrative Items

a. Nominations for PAC positions.

i. No nominations.

b. PAC member attendance and absence status.

i. No updates were given at this time.

c. Announcements from PAC community organizations

i. Frank Rose informed the PAC that he had been contacted from an attorney that works in the City Attorney’s Office in the Neighborhood Law Corps (NLC) unit. The attorney sought information on what the individual PAC members and their community organizations are doing to curtail the activities along MacArthur. There is an interest in coordinating efforts between the various organizations and the NLC. Gloria Jeffery responded that the PAC as a body has not done anything about the motels, but that some of the PAC member
organizations and community groups have, and that they would work on inviting the NLC attorney to the individual meetings.

ii. Preston Turner announced that the march on High Street in January was well attended by neighboring residents. Some PAC members and some of Oakland’s elected officials, including the Mayor attended the march. Approximately 200 people showed up.

d. Council Item and Staff updates:

i. Theresa Navarro-Lopez informed the PAC that there were no current items scheduled for Committee or Council.

ii. Meg Horl provided a brief update on the Notice of Funding Availability (NOFA) process. The NOFA proposals are still being evaluated by staff, with the plan to bring the item to the Community and Economic Development Committee meeting on March 8th, and to bring the item to the City Council on March 15th.

V. Redevelopment Agency’s Response to Governor’s Proposal

a. Gregory Hunter presented to the PAC a summary of the Governor’s proposal to eliminate Redevelopment in the State of California, and discussed what Oakland Redevelopment Agency staff is doing in this situation. Gregory clarified that there are currently more questions than answers in regards to the Governor’s proposal at this time, as the Governor has provided little information. The Governor’s proposal will eliminate Redevelopment with the various funds going to schools, local agencies, various redevelopment related debt (bond debt service as an example) and other possible sources. The state will create a “Successor Agency” to ensure that the bond debt will be paid off and that any additional cleanup related to Redevelopment’s dismantling. It is unclear what this means for Agencies existing committed and uncommitted funds/resources, including tax increment, bond funds, land and other sources of revenue.

b. Gregory Hunter continued that ORA funds $27 million of the Agency’s and the City’s personnel costs, covering Agency Staff, City staff, the Mayor’s Office, the City Council, the City Attorney’s Office and others. Gregory is uncertain how the eradication of Redevelopment would fully impact the various personnel throughout the City. Gregory also discussed certain tactics that other Agencies are using to attempt to protect their funds. However, it is unclear if any of these measures will fully protect the funds and there are no plans currently for the ORA to engage in those measures.

c. Gregory spoke of key projects in CCE that he plans to do as much as possible to ensure they continue. Gregory spoke of two development sites in CCE (Foothill/Seminary project and the 73rd/Foothill project). He is focused on maintaining the streetscape projects, even at the expense of paying for staff. He clarified that the State proposal would most likely eliminate any Redevelopment-related Affordable Housing projects. Finally, Gregory stated that ORA staff will not panic and plans to move forward in a wise and responsible manner.
d. Ray Leon from Council president Larry Reid’s office spoke and gave a quick account of Council president Reid’s trip to Sacramento, where he met with six state legislators to get a feel for their concerns with maintaining and/or eliminating Redevelopment. He stated that some legislators did agree that Redevelopment is beneficial to development in California. Ray encouraged all who would be willing to contact their local legislators and show support for Redevelopment. Gregory Hunter stated that if the PAC members were to do their own individual letter writing campaign, he would request that they copy Agency staff on those letters. Tom Thurston inquired as to who the letters should be targeted to and who in Redevelopment should receive the copies. Gregory responded that staff will provide a list of possible recipients and that any letters could be copied to Theresa Navarro-Lopez.

e. Bari Scott asked for more clarification as to whether existing Agency projects are in trouble. Gregory responded that it depends upon what stage the project is in and what type of agreement is drawn up between the Agency and its partners. He gave the example that an Exclusive Negotiating Agreement (ENA) may not be considered binding; whereas a Disposition and Development Agreement (DDA) could be considered more binding. The MacArthur Transit Village is an example of a DDA. Gregory stated that the Agency and the City Attorney’s Office are looking at the legal strength of all of the Agency’s agreements, especially the various professional services agreements for the Design portion of the various CCE streetscape projects.

f. Charles Chiles asked that if the Governor’s Budget is passed, what would the fallout be and how long before it unfolds. Gregory Hunter responded that if the Budget passes there will most likely be a legal fight, but it is unclear as to how long the fight will take and where the funding for legal services would come from.

g. Frank Rose inquired about the various Redevelopment audits he had heard about that are happening statewide. Gregory responded that 18 Redevelopment Agencies are currently being audited, but Oakland is not one of the 18. The Agencies are being audited to see if there has been a misuse of funds and to see how Redevelopment Agencies have been using their tax increment funding to improve their communities.

h. Eugene Smith asked whether the Governor’s actions would be temporary or permanent. Gregory responded that the elimination of Redevelopment would be permanent and that only a portion of the reclaimed Redevelopment funds would be returned to their respective local entities. Gregory clarified that of the existing $110 million in Redevelopment Funds in Oakland, approximately 25% goes to Affordable Housing; approximately 22% goes to various Public Agency Pass-Throughs; approximately 23% pays for Personnel; some goes to Debt Service for Bonds; and the remainder goes to Programs and Projects.

i. Tom Thurston inquired as to whether the Bond funds would be more flexible in their uses if the worst case scenario were to occur and Redevelopment Agencies were to be eliminated. Gregory responded that his preference would be that as much increment and bond funds stay with the ORA and with Agency related projects or expenditures for as long as possible; but nothing can truly be determined at this time, this is all speculation.
j. Etha Jones inquired as to whether CCE is at a standstill, in terms of being able to move forward with new projects, while waiting to hear from the State. She gave the specific example of the International Transit Plan/Transit Oriented Development. Gregory responded that staff will have to look at what agreements are in place per project, and how secure those agreements are, to see if those projects are protected. If not, then what agreements would need to be put in place in order to protect them? Staff is also looking at protecting funds for existing programs, like the Façade and Tenant Program.

k. Gloria Jeffery stated that CCE has been doing some land banking, and she inquired as to what would happen to the land if Redevelopment goes away. Gregory stated that the Agency is evaluating all Agency-owned parcels and looking at what would be necessary to incentivize development on those sites. He expressed concern regarding setting aside too little, or too many, funds to properly incentivize redevelopment.

l. Gregory Hunter clarified that by March 1st, the Governor must have the specifics of his proposal submitted, in order to receive legislative due process. He must also be cognizant of what support is necessary, as he must also place the tax ballot initiatives up for a vote. Gregory stated that the elimination of Redevelopment would most likely stifle development in Oakland for 5-years, and would negatively impact employment and economic development. The Governor’s proposal would also eliminate the Enterprise Zones, which would negatively impact those businesses that benefit from those tax credits, as well as negatively impact their ability to employ local residents.

m. Frank Rose asked about potential new programs and new requests for funding. Gregory responded that new requests should be submitted and business should continue as usual for as long as possible. Nothing is known about when and what exactly will happen, so things should move forward as usual for as long as possible.

n. Elise Kimberly, a member of the audience, inquired as to what the Governor’s proposal will do in regards to the various improvements around Lake Merritt, as well as the Kaiser Center. Gregory clarified that the Governor’s proposal won’t affect the Measure DD Improvements along the southeast portion of Lake Merritt, but they could impact the East 18th Streetscape project. Gregory stated that, in regards to the Kaiser Center, the Agency is still in negotiation with the Peralta School District.

VI. CCE Budget Update

a. Larry Gallegos gave an update on the Budget. He presented CCE’s expenditures to date and compared the expenditures of some of the more established programs with the newer ones. He stated that the Fiscal Year 2011-2013 CCE budgets are projected to have a significant shortfall, and that staff is planning to address those shortfalls by possibly implementing cuts on some existing programs.

b. Tom Thurston asked what the project management strategy was to have the programs that have not expended funds operate more effectively and be managed better. Larry Gallegos responded that the current project management strategy would be to recommend that available funding go towards the Streetscape projects, as they are CCE’s main focus. Gregory Hunter added that staff would look to honor their
c. Gloria Jeffery inquired as to the impact of the Governor’s proposed elimination of Redevelopment on the management of existing long-term projects like the streetscapes. Gregory Hunter responded that he was unsure as the Governor’s proposal is still undefined. However, he speculated that the proposed “Successor Agencies” may have to administer the projects and programs. He allowed that the “Successor Agencies” may end up being the respective Cities, themselves. One of the options that may occur will be for the City to have a “bare-bones” type of staffing, with just enough staff to accommodate the existing projects and programs until the funds are fully expended and/or the project is complete. There is also the possibility of the City outsourcing the project and/or program management, in that situation.

d. Etha Jones suggested that the $2.5 million in funds that was set aside for predevelopment of the Victory Ballpark could instead go towards balancing the proposed Budget for FY 2011-13. Larry responded that staff will look at every potential option to address the deficit.

e. Lynne Ching requested clarification regarding the decrease in tax increment and as to why some Streetscape projects are funded by taxable bond funds. Larry responded that the actual tax increment received was less than the projected tax increment for the Fiscal Years. The streetscapes that receive funding from taxable bond funds do so because it aided in balancing the deficit during the mid-cycle adjustment process for the FY 2009-2011 Budget.

f. Gloria Jeffery stated that a goal should be to utilize funds reserved for specific projects as quickly as possible. However she also wanted to focus on all possible efforts to expedite any potential projects that will generate revenue and get money to come back to CCE. She would like staff to revisit that at a later time. Frank Rose stated that the PAC could also look at efforts that deliver long term impacts, such as prevention-related projects. Gloria responded that those are also worth considering; however the immediate need is for projects that can quickly increase CCE’s revenue so that the PAC could then address issues such as blight reduction, crime and the Weed & Seed program.

VII. Baseball Park Update

a. Larry Gallegos presented and discussed the various questions that members of the PAC had submitted previously regarding the Ballpark. He also quickly revisited some of the basic background information regarding the Ballpark.

b. Jean Blacksher expressed concern that the Ballpark may not be a legitimate use of Redevelopment funds. She also inquired as to what blight the Ballpark is abating; and if blight wasn’t the main factor in justifying the use of Redevelopment funds, then what was the main criteria for using the funds. Larry Gallegos responded that the main focus of Redevelopment is the elimination of blight in the target area. The ballpark was in the Redevelopment area and that some of the parcels are blighted. The infrastructure in the target location is also in need of improvement.
c. Tom Thurston stated that another consideration is that the Victory Ballpark Stadium would be a higher economic use of the side and would lead to economic development within the Area.

d. Eugene Smith inquired as to what an alternative (as opposed to the Ballpark) for development would be at that site. Gregory Hunter responded that staff is going through the Environmental Impact Report will look at other potential alternatives for development. He stated that he also feels the area is blighted and currently stifles potential development. The proposed ballpark will drive economic development.

e. Ross Ojeda inquired as to what CCE will get out of this predevelopment effort and what the timeframes are; he expressed specific concern for a $2 million line item for “studies.” Larry Gallegos responded that staff are looking at the potential best uses for the site and initially were allowing for a potential quick agreement with Major League Baseball (MLB) to move forward with the Ballpark and with potential studies. As MLB did not give a quick response, staff has been encouraged to move forward more cautiously and judiciously. If the Exclusive Negotiation Agreement between MLB and Redevelopment would have been signed quickly, then staff would have been able to move quickly to develop specific studies. As MLB has not moved quickly, all initial timelines and proposed costs have been adjusted.

f. Gloria Jeffery inquired as to whether the $2.5 million committed to the Ballpark would now be reclaimed back into the “uncommitted” bond funds. Larry responded that the funds are still committed to the Ballpark in case the MLB discussions work out and staff moves forward on the Ballpark. If things do not develop, then CCE can reclaim or reallocate those funds.

Motion (by Charles Chiles, seconded by Jean Blacksher): To extend the meeting by 15 minutes and continue to discuss the Ballpark.

Vote: 6 Ayes, 8 Nays, 0 Abstentions. Motion fails.

VIII. Items for the Next Meeting

a. None were discussed.

IX. Adjournment

a. Gloria Jeffery closed the meeting with more words remembering Ken Harvey. The meeting was adjourned, in Ken Harvey’s memory, at 8:35 p.m.