

**Central City East Project Area Committee
Monday June 6, 2011 PAC Meeting
Patten University, 2433 Coolidge Avenue, Student Activity Center**

(“Notes of the Gathering” due to lack of quorum)

Gloria Jeffery of the Project Area Committee (PAC) chaired the meeting. The meeting started at 6:40 p.m.

I. Roll Call

- a. See attached roster of attendance.

II. Open Forum

- a. No speakers.

III. Approval of the April Minutes

Motion (by Robert Cox, seconded by Eugene Smith): To approve the April 4, 2011 PAC Meeting minutes.

Vote: By Consensus. Motion Passed.

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. Laura Jerrard reminded the PAC that she was their representative for the Lake Merritt Area Plan and then proceeded to give an update on the Plan’s development process. A draft of the Plan was up for review, and the PAC had 1 month to provide any feedback. Laura expressed concern for the Plan’s proposal for the Oakland Unified School District site, and requested that members review and possibly suggest alternatives. Gloria Jeffery requested clarification as to the PAC’s role and interaction with the Lake Merritt Area Plan. Kimani Rogers reminded the PAC that they had provided partial funding for the Lake Merritt Area Plan in 2009.

- ii. Kathy Chao invited the PAC to a Lao Family hosted Opening Reception of a Historical Park exhibit on June 9, 2011 from 4 to 6 pm, at the Lao Family offices at 2325 East 12th Street.
 - iii. Larry Gallegos informed the PAC that the owners of 8603 - 8701 Hillside are having a grand opening and barbeque on site Saturday, June 18th. Larry reminded the PAC that they had provided a \$250,000 grant to the complex to conduct necessary improvements.
- d. Council Item and Staff updates:
- i. Theresa Navarro-Lopez updated the PAC regarding the Design & Build item that was recently passed by the City Council, as well as the Implementation Plan & PAC extension item that is scheduled to go before the CED committee on June 28th.
 - ii. Meg Horl provided an update on Housing events throughout CCE. She informed the PAC about the groundbreaking of an affordable housing development at 720 East 11th. This project was being developed by RCD, and was supported by the PAC via the NOFA process. The project should be completed by September of 2012.
 - iii. Meg also gave updates of other Affordable Housing related sites in CCE. The former OCHI property at Marin Way Court was recently obtained by a new owner. Kenneth Henry Court on Foothill and 64th was recently obtained by Satellite Housing in May via the foreclosure process; it was acquired for approximately \$1.4 million and was aided by CCE NOFA funds. The CCE NOFA-approved AmCal project will be going up for California State tax credits on June 22, and will compete with other Oakland projects.
 - iv. Next, Meg informed the PAC of the new affordability levels set by HUD (Housing and Urban Development, a federal agency) in April. Meg provided the PAC with a handout that broke down the new levels. Gloria Jeffery asked for clarification regarding the levels, especially how this may impact returning military veterans. Meg described how the levels cover any individual who earns up to a set amount, with the lowest level being “Extremely Low” at \$19,400 or less, annually.
 - v. Charles Chiles expressed concern that there were not enough projects that focused on regular families, and that an exorbitant amount of projects have focused on Senior Housing. Meg responded that there are options for Affordable Housing for families, and that she will provide to the PAC website information that the PAC members can provide to any interested families that are seeking affordable housing options. She stated that individuals could also call “211” and they would be able to gather information regarding Affordable Housing options that way, as well.
 - vi. Larry Gallegos gave a quick budget update to the PAC. He stated that, at that time, there were no major changes or developments. Gregory Hunter stated

that, at the State level, a number of proposed bills had not gotten out of committee or received the necessary support. Most bills that are being brought forth are looking at the reform of Redevelopment, and not its elimination. He provided basic information for one such bill, AB 1250, and stated that the Oakland Redevelopment Agency will most likely support that bill.

V. CCE PAC Renewal to July 2012

- a. Kimani Rogers explained that the PAC must be renewed, in order to still operate. He stated that Redevelopment law requires that after its initial 3 years, each PAC must be renewed on an annual basis, or they can no longer function. He reminded the PAC that they have voted to renew themselves for the last 4 years.
- b. Gregory Hunter also introduced the idea that the PAC may shift to a bi-monthly meeting schedule, with the ability to call special meetings if necessary. Jean Blacksher inquired as to whether having fewer meetings would save a significant amount of CCE funds. Gregory responded that he is unsure of the amount of funds that would be saved, but that he would recommend any savings go towards CCE programs.
- c. Eugene Smith inquired further as to the level of savings. Gregory responded that the amount of funds saved may not be sizable, but the most notable change would be towards the amount of staff time saved.
- d. The PAC agreed to agendaize this item for the following month's meeting.

Motion (by Robert Cox, seconded by Eugene Smith): To support staff's recommendation to extend the CCE PAC from July 2011 to July 2012.

Vote: 14 Ayes, 0 Nays, 0 Abstentions. Motion Passed Unanimously.

VI. Kaiser Convention Center Acquisition

- a. Larry Gallegos presented the item. He informed the PAC that the City is exploring multiple options to balance its budget, and that up to this point CCE has mostly gone unscathed in budget-balancing measures. Currently, one of the Oakland Budget balancing measures was to have the Oakland Redevelopment Agency (ORA) purchase certain properties from the City. The City is proposing that the ORA purchase the Kaiser Convention Center, which was appraised at \$29 million. The Kaiser Center is located within the Central District but shares its boundaries with the CCE area. It was decided that the Central District Redevelopment Area would pay for \$13 million of it, and CCE would pay for \$16 million. The item will be discussed at the June 7, 2011 City Council meeting's discussion on the Budget, and Larry encouraged all PAC members to attend and communicate their feelings regarding this action.
- b. Laura Jerrard inquired as to whether there was any likelihood that the Kaiser Center would be useful and provide financial opportunities. Larry responded that their have been multiple options discussed and various groups contacted for the use of the Kaiser

Center, including: Live Nation; the WNBA; the Oakland Symphony; the Oakland Ballet; etc. Gloria Jeffery inquired as to the status of these talks. Gregory Hunter has responded that the negotiations have mostly stopped at this point. The main issue is that these organizations do not appear to have the funds to operate the Center and that ticket sales alone won't generate the revenue necessary to make it feasible.

- c. Gregory Hunter also stated that negotiations with other organizations were impacted by the amount the City would need to invest in the Center in order to bring it up to a usable condition, and the site would only generate minimal income as a result. He listed improvements that needed to be made, as well as possible marketing options for the site.
- d. Tom Thurston expressed concern that some appraiser estimated that the property was worth \$29 million and asked as to how the number was reached. Gregory Hunter stated that that question had been raised previously, and that the appraisal appears to be based on the "replacement value" of the Center, which was assessed at \$29 million. Also, the Kaiser Center can not be torn down due to its landmark status.
- e. Jean Blacksher expressed concern that although the Kaiser Center is not within the CCE Area, CCE funds are being used to acquire this site. Gregory responded that ORA has previously used funds from one Redevelopment area to pay for improvements or items in another area. He gave the example of the Central District paying for improvements to Madison Park in CCE.
- f. Sheryl Walton asked if the Agency's plan is to sell the Center or lease it out. Gregory responded that the plan is to lease it out. Sheryl then expressed concern that there was no guarantee that any funds raised by the use would go to CCE. Gregory responded that the funds would most likely be split between CCE and Central District. However, the site wouldn't generate any additional tax increment, as it would be owned by the Agency.
- g. Eugene Smith expressed his concern that the CCE area hasn't fulfilled its responsibility to improve sites within its own area and yet is now looking to fund improvements outside its area. He felt that the Agency and the PAC should focus their funds on fulfilling their commitments to the CCE area. Gregory responded that we haven't met those obligations yet, but that CCE is in year 8 of a 35 year plan and the Agency is still working towards that long term goal. The existing projects and programs in CCE are doing well: the streetscape projects are properly funded; the Façade and Tenant Improvement Programs are adequately funded and active; the development projects are receiving the necessary funds for predevelopment costs; etc.
- h. Ross Ojeda stated that he didn't feel that the property could have a productive use, as no one has sought to acquire it through other measures. He also expressed concerns about property maintenance and operations; he felt there were a lot of unknowns and missing parts in order for this effort to be effective and productive. Gregory responded that this is clearly a budget balancing process and that there is currently no clear plan to use the property, yet. The Agency is exploring all possible options.
- i. Andy Nelsen stated that he felt this was clearly about using Redevelopment funds to solve the General Fund budget issues; however he is not convinced that this move does

anything for the building's benefit. He expressed concerns regarding the remaining taxable Bond Funds. Larry Gallegos responded that the Bond fund currently has approximately \$34.5 million. This action would reduce the amount to \$18.5 million. An additional \$14 million is dedicated to the streetscapes, leaving approximately \$4.5 million to \$5 million.

- j. Lynne Ching inquired as to what decided the proportion of funds CCE was to pay versus the amount Central District was to pay; she also expressed her concern regarding the depletion of the bond funds. Gregory responded that the proportion of each area's contributions was based on available funds. He also stated that all Redevelopment Areas with bond funds have been asked to contribute to the shoring up of the City's budget with their bond funds.
- k. Jean Blacksher wanted assurances that the Kaiser Center will not just sit there vacant and with no improvements if the Agency acquires it, thus negatively impacting the neighborhood. Gregory responded that the Agency would work to find an operator. He stated that Peralta Community Colleges has also expressed an interest in utilizing the space. Gregory expanded that improvements will need to be made to the Center to meet Fire Health and Safety Code requirements, and those would most likely be funded by a future bonding effort, possibly by the Central District later this year. CCE will be unable to bond again for at least another 2 years.
- l. Tom Thurston expressed his concern with the appraisal and the use of the "replacement value" method, and he inquired as to whether other methods were used and if additional amounts were reached. Gregory responded that other methods were explored and that the additional values that were reached ranged from \$10 - \$14 million. Tom stated that he feels the Fair Market Value is usually based upon the lowest appraisal, and would support the effort if the Agency were acquiring the Kaiser Center for \$10 million, but he will not support the replacement value amount.

Motion (by Al Parham, seconded by Tom Thurston): To support staff's recommendation to use \$16 million of CCE funds to purchase the Kaiser Convention Center.

- m. Sheryl Walton sought to add a Friendly Amendment to the motion:

Motion (with Friendly Amendment from Sheryl Walton) To support staff's recommendation to use \$16 million of CCE funds to purchase the Kaiser Convention Center but to only pay amount proportional (55%) to the total based upon a Fair Market Value price of \$14 million, thus changing the CCE contribution to \$7.7 million.

- n. Al Parham rejects the Friendly Amendment.

Motion (by Al Parham, seconded by Tom Thurston): To support staff's recommendation to use \$16 million of CCE funds to purchase the Kaiser Convention Center.

Vote: 1 Aye, 13 Nays, 0 Abstentions. Motion does not pass.

VII. CCE Retail Development

- a. Aliza Gallo gave a quick update on development in CCE. She spoke of the development sites at 2777 Foothill Boulevard, 3600 Foothill Boulevard, 73rd and MacArthur, Foothill/Seminary, etc. She also stated that the plan is to look for additional grocery sites throughout CCE. Finally, she mentioned that the Parkway District businesses are looking to potentially create a Business Improvement District (BID).

VIII. Potential Items for Next Meeting

- a. Gloria Jeffery reminded the PAC that the semiannual Budget and Vision Updates were scheduled.
- b. Kimani Rogers stated that the PAC meeting frequency item will also be added to the Agenda.

IX. Adjournment

- a. Meeting adjourned at 8:37.