

City Manager's Weekly Report
For the week ending March 28th, 2008

1. Meeting Notes

The next City Council meeting is scheduled for Tuesday, April 1st, beginning with a Closed Session at 4:30 PM.

2. City Manager's Schedule

I will be out of the office beginning Monday, March 31st and returning Monday, April 7th. Leslie Knight will serve as the Acting City Manager during my absence, including directing staff coverage for the City Council meeting on April 1st.

3. Point Molate LDA Status Report

Attached is the annual Point Molate LDA Status Report from Upstream Point Molate LLC. The report covers EIR/EIS activities, federal permitting activities, and negotiations with the Navy regarding the required site remediation, among other issues. The report concludes with the statement from the developer that they are proceeding as planned, in accordance with the Land Disposition Agreement (LDA) of 2004.

<http://www.ci.richmond.ca.us/DocumentView.asp?DID=3002>

4. Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2007

On February 28th, the City issued its Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2007. This document reflects a continuation of the City's financial strengths, including maintaining a balance of \$30 million in General Fund cash, and strong increases in property taxes and sales taxes. This is a good position for the City to be in as it heads into what appears to be an economic downturn, at least at the state and national levels. The City's business-type funds also demonstrate strong financial performances, with the Richmond Housing Authority and Port both reporting an increase in fund balance. The CAFR is available for review on the City's website at:

<http://www.ci.richmond.ca.us/DocumentView.asp?DID=2954>

5. Departmental Budget Hearings

Finance staff along with the City Manager and the Assistant City Manager, concluded the budget hearings with departments to review the first draft of their FY 2008-09 budget submissions on Tuesday, March 25, 2008. Finance staff members

are in the process of compiling all information into the Proposed FY 2008-09 Operating and Capital Improvement Plan Budgets in preparation for distribution to the City Council, in compliance with the recently-adopted ordinance, on May 6, 2008.

6. Recreation Department Highlights for the Month of March

- On Saturday, March 4th, Recreation Administration staff, along with Parks, Vallier Design, and the Recreation and Parks Commission, conducted a day long workshop concerning the re-design of Nichol Park. Participants walked the park and recorded impressions, worked in team groups to discuss design possibilities and future programs. Each work team presented their ideas at the conclusion of the workshop. Recreation staff will take the Commissioners on a tour of Sycamore Valley Park in Danville on Saturday March 29, 2008, to tour their modern recreation, park and athletic facility.
- The Richmond Senior Center held the 1st Annual Black History Month Celebration on Saturday, March 8, 2008. There were **130 participants** in attendance for the displays, entertainment, and traditional southern food.
- **United States Youth Games** – Richmond Youth Sports attended meetings on March 13th and 14th at Lake Merritt for the Youth Games, which will be held in Oakland in July this year. Representatives from New York, New Jersey, South Carolina, Florida and Atlanta came together to finalize the details for this year's games. The City of Richmond Youth Sports has been invited to participate in the 15 and under and 13 and under events, which include basketball, soccer, chess, volleyball, swimming, flag football and tennis. Richmond youth sports highlights can be found on the web at:

www.eteamz.active.com/richmondyouthsports

- **Additional activities:**
 - Richmond Little League commences Saturday March 29, 2008, at 9:00 AM at Nichol Park, (collaboration with PAL, YMCA and National Little League) - **150 participants.**
 - Easter programs last week included: Recreation Complex, breakfast with the Bunny, **80 participants**, Booker T. Anderson egg hunt, **300 participants**, Country Club Vista egg hunt, **40 participants.**
 - Monterey Bay Aquarium, **90 participants,**
 - Golden State Warriors, **25 participants,**
 - SF Giants Playball Luncheon, **13 participants.**
 - DPRC participants performed for the "You Make a Difference Awards Ceremony" at De Jean Middle School and were featured in the West County Times news article on March 7, 2008.



March 25, 2008

Mr. Bill Lindsay, City Manager
Ms. Janet Schneider, Assistant City Manager
Richmond City Hall
1401 Marina Way South
Richmond, CA 94804

RE: Point Molate LDA Status Report

Dear Bill and Janet:

This letter is intended to satisfy our requirement to provide a semi-annual status report on our progress under the Land Disposition Agreement dated November 9, 2004 between the City of Richmond and Upstream Point Molate LLC.

EIS/EIR

We understand that the environmental review under the EIS/EIR is proceeding in a diligent manner and that the City's and the Bureau of Indian Affairs' consultants (AES Environmental of Sacramento) are working on a thorough analysis of the proposed project and three project alternatives. We understand the EIS/EIR consultant team has the information they need to complete their review. Since AES is under the managerial control of the Bureau of Indian Affairs ("BIA") under its MOU with the City, we do not control the pace of work under the EIS/EIR. However, we have been advised that they anticipate that an Administrative Draft EIS/EIR will be available within the next few weeks.

Federal Approvals

Guidiville has filed all necessary applications with the National Indian Gaming Commission and the United States Department of the Interior to have Point Molate declared "restored Indian lands" eligible for gaming under the provisions of the Indian Gaming Regulatory Act. This is a legal determination that the Department of Interior will make based on the review of historical information concerning the Tribe. The federal government is under no deadline to make such an administrative determination. We are hopeful that we will be advised of their decision sometime during 2008.

(510) 596-9501
1900 Powell Street, 12th Floor
Emeryville, CA 94608

Negotiations with Navy

Upstream, with its environmental and insurance consultants, continues to work with the City staff and its consultants in negotiations with the U.S Navy leading to the conveyance of the remainder of the property to the City pursuant to an Early Transfer Cooperative Agreement (“ETCA”) and a Finding of Suitability for Early Transfer (“FOSET”). Based upon a verbal counteroffer received from the Navy on March 18, 2008, the negotiations with the Navy currently leave us approximately \$5 Million short of the funds that we believe will ultimately be needed to complete the remediation of the property, including required insurance costs. Upstream and its partners may be willing to contribute a portion or all of these amounts in the context of an amendment to the Land Disposition Agreement. Final agreement with the Navy will be conditioned on agreement from the Regional Water Quality Control Board (RWQCB) on final approaches to remediation. Given the Navy’s proposed approach to Site 3, it is clear that an Early Transfer will accelerate the completion of remediation of the site, which if otherwise left to the Navy, would take many years (or possibly even decades) to complete.

Project Engineering

Upstream and its engineering consultants have made great progress in identifying viable infrastructure routing and capacities to serve the future project. We have provided this information to the City and to the EIR/EIS consultant. We understand that infrastructure routing and analysis will be further studied in the EIR/EIS.

Funding

Payments to the City of Richmond under the LDA, together with all other predevelopment expenditures that Upstream has made since the LDA was executed in November 2004, now exceed \$16 Million (\$10.5 Million of which was paid to the City under the LDA or the prior Exclusive Right to Negotiate). All of these funds have been spent to advance the redevelopment of Point Molate. Our project budget over the next twelve months indicates that we will expend in excess of an additional \$8 Million (\$5 Million of which is due to the City in January 2009 under the LDA) to continue to advance the project. With our various financial arrangements and partners, we continue to have adequate resources available to fund those costs as they are incurred.

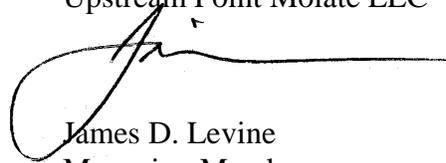
General Plan Update

Upstream continues to monitor Richmond’s General Plan Update process and has met with representatives of the Planning Department and attended some of the community meetings. Upstream believes that two of the three land use alternatives for the San Pablo Peninsula Change Area are generally consistent with Point Molate Base Reuse Plan and the LDA.

In summary, we are proceeding as anticipated under the LDA.

Please call me if you have any questions or comments.

Sincerely,
Upstream Point Molate LLC

A handwritten signature in black ink, appearing to read 'James D. Levine', with a long horizontal flourish extending to the right.

James D. Levine
Managing Member

CC: John F. Salmon
Merlene Sanchez, Guidiville Band of Pomo Indians
Walter Gray, Guidiville Band of Pomo Indians
Michael Derry, Black Oak Development