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OFFICE OF THE CITY CLERK
OAKLAND

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND
AGENDA REPORT**

2009 JUL -2 PM 7:56

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: July 14, 2009

RE: Resolution Authorizing the Agency Administrator to Negotiate and Enter into an Exclusive Negotiating Agreement for a Term of 360 Days from Agency Approval, Between the Oakland Redevelopment Agency and AMB Property Corporation / California Capital Group and/or Federal Oakland Associates Regarding a Proposed Development of a Mixed-Use Project Consisting of Logistics, Industrial, Office, Project-Serving Retail and Other Uses Mandated by the Agency on Up to 135 Acres of the Former Oakland Army Base

SUMMARY

On June 11, 2009, the City Council (Agency Board) Rules Committee directed staff to prepare a report with action regarding the recommendation of the Interview Panel convened to identify a Master Developer for the former Oakland Army Base, also referred to as the Gateway Development Area (GDA).

The process included two steps: a Request for Qualifications initiated in January 2008, and a Request for Proposals process initiated in September 2008.

The master developer selection process directed by the Agency Board resulted in an Interview Panel (Panel) vote of ten (10) to one (1) recommending an Exclusive Negotiating Agreement (ENA) between the Oakland Redevelopment Agency (the Agency) and AMB Property/California Credit Group (AMB/CCG).

A title change introduced at Rules Committee on June 25, 2009 gives the Agency Board the options of authorizing staff to enter into ENA(s) with AMB/CCG and/or Federal Oakland Associates (FOA).

The Agency Board originally approved 108 acres for master development. The Agency has the option of increasing the area to be considered for master development from the 108 acres as stated in the RFP to 135 acres. The 135 acres includes most of the Agency's property as well as approximately six (6) acres of a freeway frontage parcel that is under consideration for a land exchange with Caltrans.

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The 135 acres excludes approximately 14 acres of open and under-freeway property in the North Gateway Area (Baldwin Yard), which is the Agency's designated parcel for the proposed land exchange with Caltrans. It also excludes 15 acres in the East Gateway Area, which was approved by the Agency Board on November 6, 2007 (Resolution No. 2007-0076) for the development of truck parking and related services with Oakland Maritime Support Services in compliance with the San Francisco Bay Conservation and Development Commission's requirement and intent for ancillary maritime support services on former Oakland Army Base land.

Please refer to *Attachment A: Oakland Army Base Development Areas*. The hatched areas represent the properties under consideration for an exchange with Caltrans. The shaded area represents the 15-acre parcel for the Oakland Maritime Support Services ancillary maritime support project.

The panelists recognized that the proposals submitted by AMB/CCG and FOA were conceptual projects subject to negotiation, refinement, and changes. The panelists wanted the City/Agency to be careful regarding the desired outcomes of the ENA process, which included financial protections for the City, guarantees of completion at each phase, flexibility in development program based upon changing market conditions, a strong preference for industrial development, optimum density, labor peace at all phases, and good jobs accessible to Oakland residents.

The ENA period should, therefore, be structured to explore and agree upon the final development and phasing plans, and all terms and conditions consistent with City and Agency goals and priorities prior to the execution of a Lease Disposition and Development Agreement.

FISCAL IMPACT

There is no fiscal impact to the Agency related to negotiating a development agreement other than staff and other GDA project development costs reflected in the Agency's FY 2009-2011 Policy Budget, Oakland Army Base Operations Fund (9570), Leasing and Utilities Fund (9575), West Oakland Base Reuse Organization (88679), Project (S235320).

The Agency will require AMB/CCG and/or FOA each to deposit funds with the Agency for Project Expense Payments (PEP). These funds will be used to cover project development related third-party contracts, City staff costs, and other expenses necessary to evaluate and thoroughly vet each phase of the proposed development. Specifically, potential PEP related costs include, but are not limited to, *planning, CEQA review, design and engineering review, and traffic analysis*. The PEP funds will be deposited into Oakland Army Base Operations Fund (9570), West Oakland Base Reuse Organization (88679), Project (to be set up).

Funding for ongoing environmental remediation for which the Agency is responsible is currently allocated in OBRA Environmental Remediation Fund (9576), West Oakland Base Reuse

Organization (88679). Additional remediation funding will be available through a Joint Remediation Fund (to be set up by the Agency and the Port), and from remediation insurance.

The Agency estimates that “backbone” infrastructure—new wet and dry utilities, geotechnical improvements, improved and new streets and roads, etc.—for its 161 acres alone will cost between \$100 million and \$130 million, depending on what is developed. Funding for all public infrastructure improvements would come from a combination of public/private sources, including federal stimulus awards, state bond grants, and AMB/CCG and/or FOA equity, the percentage of which remains to be negotiated during the ENA period.

BACKGROUND

In January 2008, the Agency issued a Request for Qualifications (RFQ) to identify prospective teams for future GDA site development. The Agency received 13 proposals, which were thoroughly reviewed by a Technical Advisory Group. Each of the responding teams were then interviewed by a Panel of City officials and external experts. The Panel recommended that four of the responding teams be invited to the next level of the selection process. On July 15, 2008, the Agency Board directed staff to issue a Request for Proposals (RFP) to four developer teams, as follows:

- AMB/California Capital Group
- Federal Oakland Associates
- First Industrial Reality Trust
- ProLogis/Catellus.

First Industrial Reality Trust elected to drop out of the RFP process due to perceived incompatibilities with its business model and what the Agency was seeking. ProLogis/Catellus dropped out for economic reasons. The AMB/CCG and Federal Oakland Associates responded to the RFP, which defined the following goals the Agency is seeking to accomplish:

Gateway Development. The GDA development should capitalize on the property’s waterfront location and result in a stunning gateway to the East Bay.

Job Creation. The GDA development should yield a range of high quality jobs that fit with the varying workforce skills and employment needs of Oakland residents.

Equity Partnership with Local Entities. The GDA development should provide opportunity for equity participation by local entities.

Economic Development and Sector Support. The GDA should be developed with strategic growth industries and support key industry sectors, including port-related goods-movement industries, and targeted emerging sectors such as film and media creation,

innovative technologies, green technologies, trade and logistics, and food-related businesses. Development should promote the health of the local and regional economies and generate thousands of wide-ranging jobs accessible to Oakland residents.

Community Benefits. The GDA development should provide real, long-term benefits to the West Oakland community and the rest of the City by creating new jobs, business opportunities and amenities for local residents.

Labor Relations. The master developer is expected to work collaboratively with organized labor in the development of long-term labor peace agreements.

Green Development. The GDA development should utilize green development principles in design, construction, energy use, and technology as much as possible.

Public Open Space at the Waterfront. The GDA development should coordinate development of the 15.7-acre shoreline open space mandated by the California State Lands Commission with the 15-acre Gateway Park being developed by East Bay Regional Park District to help create a world-class destination and amenity.

Coordination and Support for Port Projects. The Port provides an important economic engine for Oakland and the region; the GDA development should support the Port's competitiveness, and should not hinder its current or future operations.

Government Revenue. The GDA development should generate significant revenue from property tax increment, sales tax, and other proceeds.

Density. Where possible, the GDA development should maximize use of the scarce resource of land and intensify development with multi-story construction.

Project Quality and Delivery. The developer for the GDA must demonstrate an ability to attract equity and debt capital and have a proven track record for a project of this type.

Urban Design. The design for the GDA should be coherent, incorporate distinctive, innovative architecture, ensure a mix of uses, and be flexible enough to evolve over time.

RFP Submissions

FOA and AMB/CCG, both joint ventures between a national and local equity partners, submitted proposals. Please refer to *Attachments B and C* for the Executive Summaries and conceptual illustrations from the FOA and AMB/CCG proposals.

Federal Oakland Associates (FOA)

FOA proposed a mixed-use commercial/retail development totaling over 2 million square feet of gross leasable area (GLA), exclusive of parking. FOA's proposal includes the following components:

- Approximately 600,000 square feet of large format and outlet retail
- An approximately 85,000-square foot entertainment center
- Approximately 700,000 square feet of research and development (R&D) office
- An approximately 275,000-square foot Extended Stay hotel and conference center with an athletic facility
- An approximately 376,000-square foot Artisans' Commons consisting of:
 - 136,000-square foot film and media production facility for the Oakland Film Center;
 - 215,000-square foot wholesale center for the Produce Market;
 - 25,000-square foot artist studio/gallery.
- 12,000-square foot ferry landing
- Approximately 30 acres of open space, including waterfront park, promenades, open air amphitheater, created wetlands, art parks, and "Main Street" treatment of Burma Road.

FOA estimates that the total development cost would be about \$687 million. Approximately \$128 million of the cost would be for utility systems in the public right-of way, traffic, circulation and streetscape improvements to the public roads, open space and landscape improvements in each of the destination activity centers, the parking structure, ferry landing building, a ten percent (10%) contribution to the multiplex theater for partial use as community meeting space, and environmental remediation. These costs are expected to be fully funded through public financing.

AMB Property Corporation/California Capital Group (AMB/CCG)

AMB/CCG proposed a dense, mixed-use commercial and industrial development totaling over 2.4 million square feet of GLA exclusive of parking. AMB/CCG's proposal includes the following components:

- Approximately 506,000 square feet of industrial, transload and logistics uses serving port activities
- Approximately 397,000 square feet of R&D buildings suitable for high tech and green tech office and lab uses
- Up to 34,000 square feet of project-serving retail
- An approximately 133,000-square foot film and media production facility for the Oakland Film Center
- An approximately 205,000-square foot wholesale distribution facility for the Produce Market
- Approximately 1.15 million square feet of Class A office
- Approximately 16.5 acres of waterfront open space

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AMB/CCG estimates that the total development cost would be approximately \$572 million, of which approximately \$70 million is targeted to environmental remediation and infrastructure improvements, such as utilities and public roadways, most of which is expected to be publicly funded.¹

Both developer teams envision a broad mix of sources for the public funding, including tax increment, federal infrastructure funds, federal transportation funds, and various state funds.

Overview of Selection Process

A technical advisory group (TAG) composed of City staff and consultants, with expertise in real estate development, finance, civil and traffic engineering, land use planning and urban design, and other key disciplines, evaluated the proposals from their perspectives. The TAG members' findings were detailed in technical memoranda, then were compiled into a summary matrix which corresponds with the analyses of the RFP goals and objectives. The Summaries of Master Developer Proposal Technical Analyses are included in this report as *Attachments D and E*.

The Panel reviewed the technical memoranda and summary prior to interviewing the developer teams. Most of the panelists had participated in the RFQ process that resulted in the selection of the four teams invited to compete and in the preferred development scenario stated in the RFP. Members of the Panel included representatives from the West Oakland Community Advisory Group, the West Oakland Commerce Association, the Oakland Metropolitan Chamber of Commerce, City of Oakland, the Alameda County Labor Council, and the Oakland African American Chamber of Commerce, also representing the ethnic chambers.

Interviews were conducted on April 2nd and 3rd, 2009. The Panel convened twice to discuss the merits of the proposals.

After extensive deliberation, the Panel voted ten to one to recommend that the Agency enter into an ENA with AMB/CCG. The Panel agreed that the most appropriate uses at the Army Base would include a mix of logistics, light industrial, office and project-serving retail. The Panel also recommended that the Army Base project should maximize the City's ability to support the efficient operations of the Port of Oakland, attract companies in emerging sectors into modern commercial, industrial, R & D, and flex-tech facilities, and assist those companies in the creation of quality jobs.

¹ Kimley-Horn and Associates, under contract with the Redevelopment Agency, estimates GDA backbone infrastructure costs to be approximately \$103,445,000. This estimate does not include improvements to the Port's property or any major off ramp or rail road improvements. To date the Agency has invested \$27,000,000 in land acquisition and conveyance costs, environmental remediation, CEQA review, and infrastructure design, all of which goes toward the value of the property.

KEY ISSUES AND IMPACTS

Interview Panel Considerations

The two teams take different approaches to their proposed development of the GDA. FOA is primarily a retail/commercial land use scenario to take advantage of the site's visibility from major freeways. FOA's development is anchored by a 685,000-square foot retail and entertainment center. Target and Lowe's along with an unspecified outlet mall and theater operator were identified as potential occupants. FOA believes that a retail-oriented project would fill a market niche and help stem the City's retail sales leakage.

On the other hand, AMB/CCG developed its industrial/commercial uses with the Port of Oakland's adjacent functions in mind. AMB/CCG's features a 506,000-square foot logistics center to move freight from ships to trucks as well as to store and/or process orders for goods. The center would remedy the lack of a centrally located logistics facility in the East Bay and would help expand the Port's capacity.

In considering the proposals, the Interview Panel focused on six issues in particular.

1. Long Lasting Benefits to the Larger Oakland Community

The Interview Panel focused on how well either proposal would serve Oakland over time. The GDA is one of the few sizable parcels in the City available for development. It presents a unique opportunity to create the modern, state-of-the-art space necessary to shape Oakland into a 21st century employment center and capture the kinds of employers the residents would like to see in Oakland. An opportunity of this magnitude is unlikely to occur again.

The Panel recognized that more retail in Oakland is certainly desirable and would support the Agency Board's goals for job creation and increased sales tax revenue. Some panelists suggested that FOA's development vision would be better suited for other parts of the City, such as Upper Broadway.

The Panel believed that AMB/CCG's development strategy could lead to the creation of a production-based mixed use development that could house a variety of companies from trade and logistics to green tech and biotech. This kind of development would maximize the quality job generating capacity of the site. AMB/CCG's project would develop the new infrastructure and buildings necessary to attract strategic growth industries, while their development mix of trans-load and logistics facilities and a business park to house innovative technologies and general office needs would better serve labor and employment in Oakland and support the long-term competitiveness of both the City and Port. A logistics center would potentially afford a broader spectrum of durable employment. At the same time, it would foster more partnership opportunities with training programs to prepare Oakland residents for career path employment. The state-of-the-art R&D and flex-tech facilities that

AMB/CCG proposes to develop would enable the City over the coming decades to attract the kinds of commercial and industrial companies that can bring quality jobs in value-added production or R&D in green tech, life sciences, design, or specialty manufacturing.

2. Jobs Generated

AMB/CCG estimates that 3,288 permanent jobs with an average annual wage rate of \$64,000 would be created through its proposed development. AMB/CCG based its estimate on standard wage rates found in the North American Industry Classification System for certain land uses. Although FOA estimates that 4,266 permanent jobs would be created through its proposed development, FOA did not provide the same detail about wage levels that AMB/CCG presented.

3. Developer Capacity

Financial Capacity

Of the developer team members, AMB submitted the most complete and consistent financial information. AMB is a publicly traded Real Estate Investment Trust (REIT). Consequently, more financial information is available for AMB than for the other entities; its financial status is transparent and easily monitored through Securities and Exchange Commission filings and other reporting. In addition to the availability of information for AMB, the company appears to have substantial capacity to raise equity and debt. In a summary from a financial package presented to Wall Street market analysts in the third quarter of 2008, AMB demonstrated a total market capitalization of \$9 billion, with equity of \$4.9 billion, available cash of \$333 million, and \$2.3 billion in combined available credit and line of credit capacity. Despite the current credit crisis, in April 2009, AMB completed the issuance and sale of 47.4 million shares of its common stock in a public offering at a price of \$12.15 per share, generating \$553 million in net proceeds to strengthen the company's balance sheet. The proceeds from the offering were used to reduce borrowings under the company's unsecured credit facilities. Also in April AMB raised another \$175 million in a cash tender offering.

The Agency's economic consultant concluded that, due to lack of sufficient detail and some errors in FOA's financial statements, it was difficult to ascertain whether FOA has sufficient capacity to meet the equity needs anticipated in its proposal.

Team Strength

Both developer teams are very impressive in terms of their inclusion of experienced principals as well as a large array of specialty subcontractors. However, Federal, although experienced in base reuse projects, did not strike the Panel as a retail developer *per se*. Similarly, the strength of EM Johnson Interest appears to be in housing, not retail or Class A

office. In the Panel's view, AMB/CCG is fundamentally stronger for what they propose to do. AMB is a Real Estate Investment Trust (REIT) dedicated to redeveloping infill properties near airports and seaports. CCG is a local developer experienced with complex commercial infill projects in Oakland, most notably, the Rotunda and Fox Theater. CCG does not, however, have extensive experience with ground up construction, and questions were raised about its 85% majority role in the development of the Central and West Gateways. AMB's core competency, broad financial strength, and expertise in infill seaport real estate worldwide are complemented by CCG's local experience and positive track record. Thus the AMB/CCG team, with AMB perhaps having a greater role than proposed, gives them the edge in terms of breadth and depth of experience for their proposed project.

4. Justification for Subsidy

Both teams state that public funding would be required, raising the question of what is a strategic use of public funds. The City has struggled for years to create retail destinations in Jack London Square, Downtown, Uptown and along the 880 freeway, as well as some of the City's neighborhood commercial corridors. One of the obstacles to success has been the City's relative lack of resources to subsidize the availability and cost of parking and land to major retailers. The Panel believes that if the City and Agency were to contemplate subsidies for the development of the GDA, then the subsidies should lay the groundwork for modern, new businesses rather than introduce competition for existing Oakland retail centers.

In addition, since both teams indicate that public funding would come from federal and state as well as local funds, the Panel believes that the project with a regional or national reach is better positioned to obtain regional and national support. AMB/CCG's strategy to align GDA development with the Port's operation and long-term expansion plans gives AMB/CCG's proposed project the broad economic significance that can more effectively leverage federal and state funding.

5. Financial Impact on City

The GDA represents a potentially valuable piece of land, which also bears the challenge of requiring substantial upfront infrastructure costs to render it developable. Each of the development teams incorporates this notion into their proposal. The key differences between the two proposals are that the amount of public funding needed varies substantially (due to the type of development proposed), and the resulting "deal structure" also varies, reflecting the private sector's investment, timing, and methods of compensating the Agency for its land.

FOA envisions either a ground lease or sale of land, and proposes a structure that would pay the Agency for the land after the developer's threshold of 20 percent Internal Rate of Return (IRR) is reached. Cash flows above that IRR threshold would then be shared with the Agency according to several tiers of return to the developer. In addition to these amounts,

the cash flow models show FOA reimbursing itself for its development overhead, as well as collecting a five percent developer fee.

The primary financial benefit of the project would be in the form of taxable retail sales and other tax revenues (e.g., transient occupancy tax and property tax) to the City. FOA's deal structure essentially shifts much of the development risk to the Agency, in exchange for possible future achievement of high returns to the developer and, after that, payment to the Agency.

AMB/CCG proposes a 66-year ground lease with the option to renew for an additional 33 years. Leases would commence for each parcel (East, Central, and West Gateway) upon receipt of building permits. The base annual ground rent would be based on 6.5 percent of the fair market value of each parcel, not to exceed 15 percent of annual Net Operating Income for each building. AMB/CCG's deal structure is typical for valuable land parcels with a clear use and demonstrable short-term market demand. In essence, the proposal suggests that the development team acknowledges payments will be needed to the Agency for its land, and the developer will figure out the combination of equity, debt, public dollars, and resulting returns to its own account as it goes along. This type of structure is common in public-private proposals with large developers who have the ability to access capital from a variety of sources and as such, do not often pre-determine equity and debt. The structure can be refined to limit the Agency's risk, with appropriate development agreement thresholds, deal terms, and other performance benchmarks and mechanisms.

6. Land Use

The Panel recognizes that the GDA is a challenging site and that careful planning is necessary to avoid land use conflicts. In determining which of the proposed uses would be better suited for the OARB, the Panel considered the proposal's necessity for the location, the compatibility with adjacent land uses such as the Port's operations and the East Bay Municipal Utility District's (EBMUD) Waste Water Treatment Plant, and the potential impacts of the proposed uses.

The majority of the panelists expressed that the GDA is not an attractive site for retail. It could be located just as well on Upper Broadway or elsewhere in the City. Moreover, retail in an area with constrained ingress and egress could result in exacerbating the area's already heavy traffic.

In contrast, there is a clear rationale for a logistics center in the GDA near the Port. No other location exists in the City where one could be located. AMB/CCG's development would complement and strengthen the Port's adjacent operations and expansion plans. The proposed uses would also be more consistent with neighboring Port and EBMUD operations, generate fewer vehicular trips, and present less potential for truck traffic conflicts.

Development Area

- The RFP featured a 108-acre site (*Attachment F*), which included at the time of the RFP all land in the GDA not already specified for a development project. After the RFP was issued, some of the projects were placed on hold in response to market conditions. Rather than continuing with these projects or planning new projects outside of the GDA master planning process, staff recommends adding the land from the deferred projects to the RFP area.

Please refer to *Attachment G* for the recommended ENA site boundaries.

Increasing the area available for master planning would aid the developer in producing a more coherent concept for the Army Base and provide the developer with a greater ability to accommodate some uses through a subsidy from other uses.

Land Use Departure

If the Agency were to enter into an ENA with AMB/CCG, it must be noted that AMB/CCG's land use concept contains several conflicts that must be resolved during an ENA process.

One departure from the RFP site map is the Agency Board and BCDC-approved 15-acre set-aside in the lower portion of the East Gateway for the Oakland Maritime Support Services (OMSS) truck depot, which is intended to help remove trucks and their negative effects from the West Oakland community. That project is currently under an ENA and the site was approved by BCDC and the Agency Board explicitly for truck parking and related services adjacent to Port property and thus possible for contiguous development of the Port's 15-acre BCDC requirement and previous Council direction to staff. The AMB/CCG concept that the truck operation be scattered within a small portion of a reconfigured East Gateway and the Central Gateway would not be consistent with the intent of the BCDC requirement. It is clearly understood that many Army Base stakeholders, particularly West Oakland residents, expect a solution to the health hazards trucks pose in their neighborhoods in the form of a truck depot at the Army Base.

AMB/CCG's concept also presumes an 8.4-acre land exchange with the Port of Oakland within the East Gateway. The intent of the exchange appears to be to "square up" the parcel for more efficient development. Ports America, which recently was awarded a 50-year lease to operate Berths 20 – 24 at the Port beginning in January 2010, is interested in seeing the Outer Harbor Intermodal Terminal (OHIT) become a reality. Ports America is actually considering a major investment in the future of systems to convey containers over Maritime Street to near-dock rail within the Port's portion of the East Area. Any potential reconfiguration of the East Area should consider the land needed for the OHIT.

If the Agency were to enter into an ENA with FOA, FOA's land use concept also contains several conflicts that must be resolved during an ENA process. FOA's land use map incorrectly

identifies a portion of the BCDC-approved 15-acre parcel as Port Truck Traffic Turn Around. In addition, FOA's circulation diagram indicates that a future connection to the North Gateway will be sited on third party (Port) property. The Port has been unwilling to allow any Port property to be used for development of a North Gateway connector. Moreover, the third party property identified in the circulation diagram would remove or mostly remove the possibility of the Port developing rail improvements through this area.

Due to the conflict in circulation, FOA's proposal to site part of the Artisans' Commons and the Oakland Produce Market in Building 808 is infeasible. The alignment requirements of a road connecting the East Gateway and North Gateway will require the road to run directly through the existing building, thereby necessitating its deconstruction. FOA will have to rethink its site layout in order to accommodate the Produce Market, truck parking, and its own development plans.

Other Land Use Considerations

The Agency Board has the option of including a substantially larger amount of land for master development than was identified in the RFP. Both master developer candidates suggested that the 16.5 acre North Gateway parcel known as the Subaru Lot be considered for the relocation of selected recyclers from West Oakland. California Waste Solutions (CWS) and Custom Alloy (CASS) have expressed formal interest in getting up to 10 acres each to accommodate their current West Oakland operations. Pacific Coast Container, a current tenant within the East Gateway, has also expressed interest in the Subaru Lot, as has Aaron Metals located in East Oakland.

The Agency Board has already approved land set-asides in the master developer area for a Produce Market (15 acres), Film Center (10 acres) and the Joint Apprenticeship Training Committee (3 acres).

Labor Relations

The GDA represents an important part of Oakland's overall potential to expand and modernize its base of high-quality jobs. Members of the Interview Panel feel strongly that the Agency should impose detailed requirements on the master developer to hire and train Oakland residents. In addition, the Panel suggests that the Agency explore other strategies to address labor and employment, such as requiring a multi-union labor peace agreement, setting a high percentage requirement for local hiring for both construction jobs and permanent jobs, funding for workforce training programs, establishing specific performance standards and reporting requirements, and establishing a standard format for projecting job-creation information. The Panel wants to ensure that efforts that will be made to implement the Agency's priorities of job training, hiring and retention for local residents.

AMB/CCG and/or FOA may be required to agree to the following language in its contract with the Agency:

The parties recognize that should the Agency have a propriety interest in this contract, it will seek to prevent disruptions from labor disputes that may threaten the Agency's propriety interest. Should such a propriety interest exist, the parties agree that as a material condition of this contract, Developer shall cause each employer of employees rendering Services on the premises to sign a labor peace agreement with any labor organization which has informed the Agency that it represents or seeks to represent such employees. A "labor peace agreement" means any written agreement that (a) waives the right of the labor organization and its members to engage in picketing, work stoppages, boycotts, or other economic interference with the Agency's propriety interest in the premises for the duration of the Agency's contract; and (b) provides that any services to be performed by employees of the employer's tenants, subtenants, contractors, or subcontractors will also be done under agreements containing the same labor peace assurance to the extent necessary to protect any such propriety interest. "Services" for this purpose means construction, janitorial, security, building and grounds maintenance, warehousing and distribution, mechanics and truck services, hotel (and any restaurant connected thereto) and grocery sales.

The Alameda County Central Labor Council and the East Bay Alliance for a Sustainable Economy (EBASE) have requested the inclusion of additional terms and conditions within the ENA, most of which is reflected in the draft Community Benefits Term Sheet (*Attachment H*).

ENA

Federal stimulus funding offers a possible funding source for some or the entire backbone infrastructure required to build out the GDA. The prospect of receiving funding increases with a project's readiness. Staff has directed Kimley-Horn, the Agency's engineering consultant, to perform the initial infrastructure planning for the GDA, while verifying the City's environmental clearance to install infrastructure in the OARB. An expedited ENA process would result in the site control transfers required for a master developer to take the lead in infrastructure planning and construction of the utility systems and public roadways.

To further expedite project development, staff desires to retain the services of a highly experienced negotiator and business consultant, under contract with the Agency, to facilitate ongoing negotiations with the goal of maximizing social and financial benefits for the City and its residents. The Port of Oakland recently engaged the services of the Royal Bank of Canada to facilitate its negotiations with Ports America, which resulted in a beneficial business deal.

Consistent with previous Agency Board concerns, the OARB ENA period should commence at the time of Agency approval rather than at signing of the document to avoid delays prior to signing that would create an unduly long period of negotiations inconsistent with the Agency's time limit intent.

The ENA period is intended to result in detailed development plans and long-term deal points among the City/Agency and the developer(s). The ENA period is intended as well to negotiate and refine the development program proposed by the developer(s) as might be necessary. The Agency should not relinquish site control of any area of the GDA until it is confident that the final plans meet its goals and priorities, and that the developer has the capacity and resources to complete each phase and comply with all conditions articulated in the development agreement(s).

PROJECT DESCRIPTION

Staff is recommending an ENA period of 360 days from the date of Agency Board authorization to work with AMB/CCG and/or FOA with GDA site development and infrastructure improvement planning. The conditions and expectations assumed in staff's recommendation consider a variety of very important factors, including but not limited to, the following:

- Adequate Project Expense Payments (PEP) in advance of costs the Agency and City will incur;
- Community participation and benefits, including West Oakland Community Fund and Fair Share Cost Agreement contributions once land is conveyed through a Lease Disposition and Development Agreement (LDDA);
- Strong commitments to local contracting and local hiring;
- Labor Peace Negotiations for construction and long-term business operations;
- Coordination and alignment with Port property development, including infrastructure and transportation systems;
- Commitment in helping to secure funding for infrastructure development from other public and private sources;
- Construction phasing plan and cost estimates for horizontal and vertical construction with optimum density;
- Participation in and full commitment to the development of the Gateway Park Area, which includes the Agency's Shoreline Open Space Park and safe, aesthetically pleasing access by foot, bike and vehicle to the contiguous park areas;
- Sustainable development planning that takes into consideration all feasible approaches and design features for energy efficiency, low carbon emissions, and alternative energy
- Eventual Ground Lease Terms based upon Fair Market Value;
- Guaranties of Completion from financially strong parents or affiliates of the developer entity; and

- Equity participation commensurate with value of Agency's pre-development investments of \$27,000,000, and projected total Project development costs.

The Agency Board should expect AMB/CCG and/or FOA to commit to incorporating these and other Agency priorities into its master development plan.

SUSTAINABLE OPPORTUNITIES

Economic: No economic opportunities apply to the proposed action to execute an ENA. If the project proceeds, however, redevelopment of the Army Base would transform an underutilized site into economically productive use, bringing in thousands of jobs and significantly increasing tax revenues.

Environmental: No sustainable environmental opportunities apply to this particular action. Sustainable issues would be addressed as part of any Lease Disposition and Development Agreement (LDDA) resulting from negotiations during the ENA period.

Social Equity: Although, no social equity opportunities apply to this particular action, CCG is a certified local business and is committed to local hiring. Social equity issues would be addressed as part of any LDDA resulting from negotiations during the ENA period.

DISABILITY AND SENIOR CITIZEN ACCESS

This report does not include the approval of any specific projects or programs. Disability and senior access issues will be addressed when specific development plans are submitted to the City by the developer for review and approval.

RECOMMENDATION AND RATIONALE

The OAB Master Developer RFP Interview Panel recommends that the Agency Board approve a resolution authorizing the Agency Administrator to negotiate and enter into a 360-day Exclusive Negotiating Agreement with AMB Property Corporation/California Capital Group.

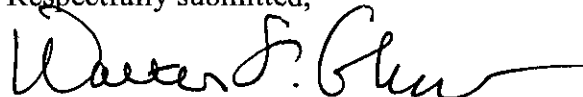
The Agency Board also has the option of approving a resolution authorizing the Agency Administrator to negotiate and enter into an ENA with AMB/CCG and/or Federal Oakland Associates for the development of a mixed-use project.

The selected development team(s) should fulfill Agency goals for the Oakland Army Base Project Area, including the development of an architecturally distinct gateway into Oakland, support for emerging high-tech sectors, creation of a variety of jobs accessible to Oakland residents, and generation of substantial tax and lease revenue.

ACTION REQUESTED OF THE CITY COUNCIL

The Agency Board has the option of adopting a resolution authorizing the Agency Administrator to negotiate and enter into a 360-day Exclusive Negotiating Agreement with AMB Property Corporation/California Capital Group and/or Federal Oakland Associates for the proposed development of up to 135 Acres of the former Oakland Army Base.

Respectfully submitted,

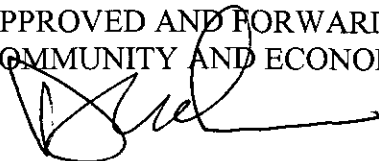


Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by:
Gregory D. Hunter, Deputy Director

Prepared by:
Al Auletta, Redevelopment Area Manager

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



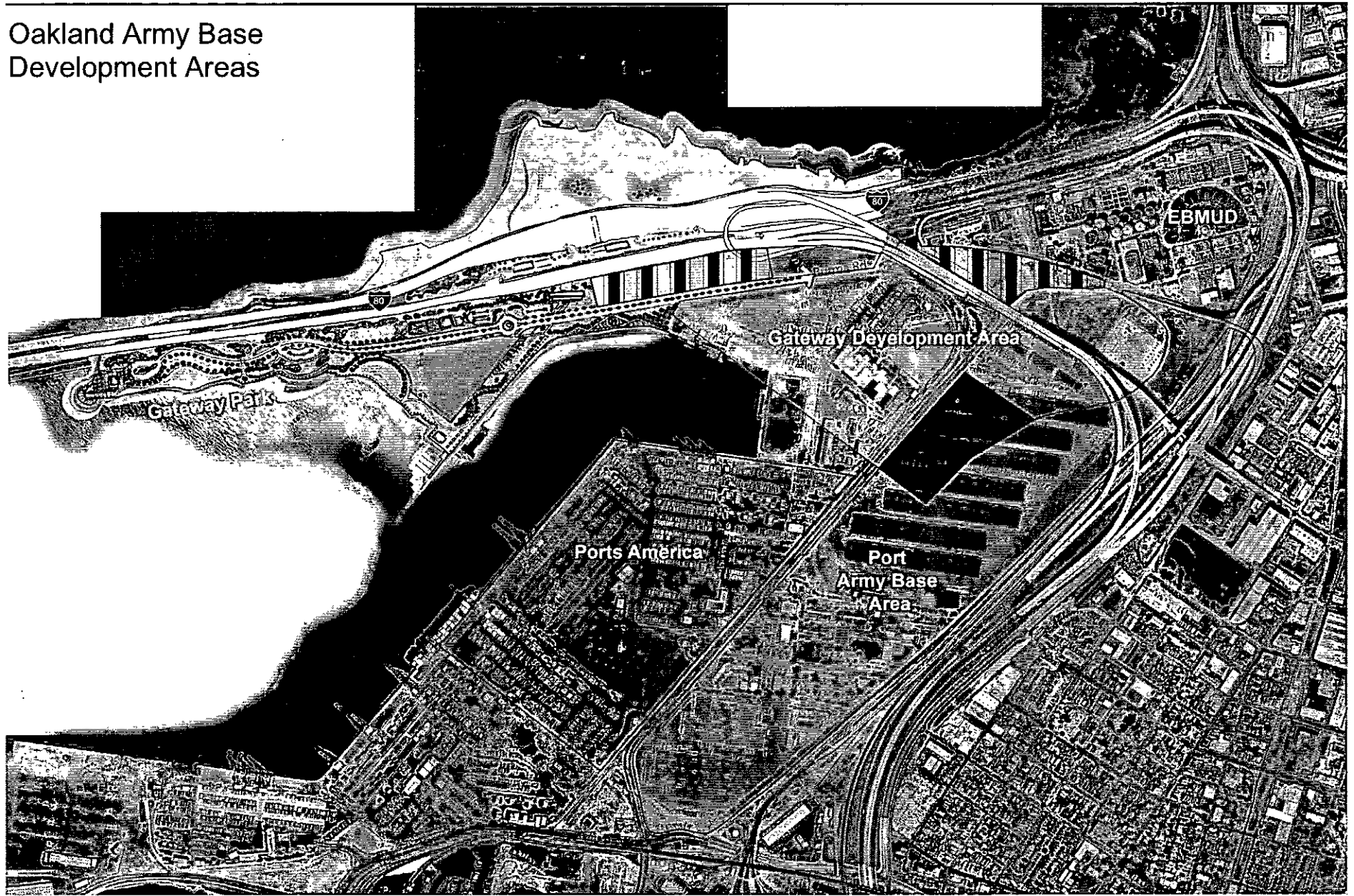
Office of the Agency Administrator

Attachments:

- A: Oakland Army Base Development Areas
- B: Federal Oakland Associates Executive Summary
- C: AMB Property Corporation/California Capital Group Executive Summary
- D: Summary of Master Developer Proposal Technical Analyses: AMB/CCG
- E: Summary of Master Developer Proposal Technical Analyses: FOA
- F: Original RFP Site Map
- G: Recommended ENA Site Boundaries
- H: Community Benefits Term Sheet

Item: _____
Community and Economic Development Committee
July 14, 2009

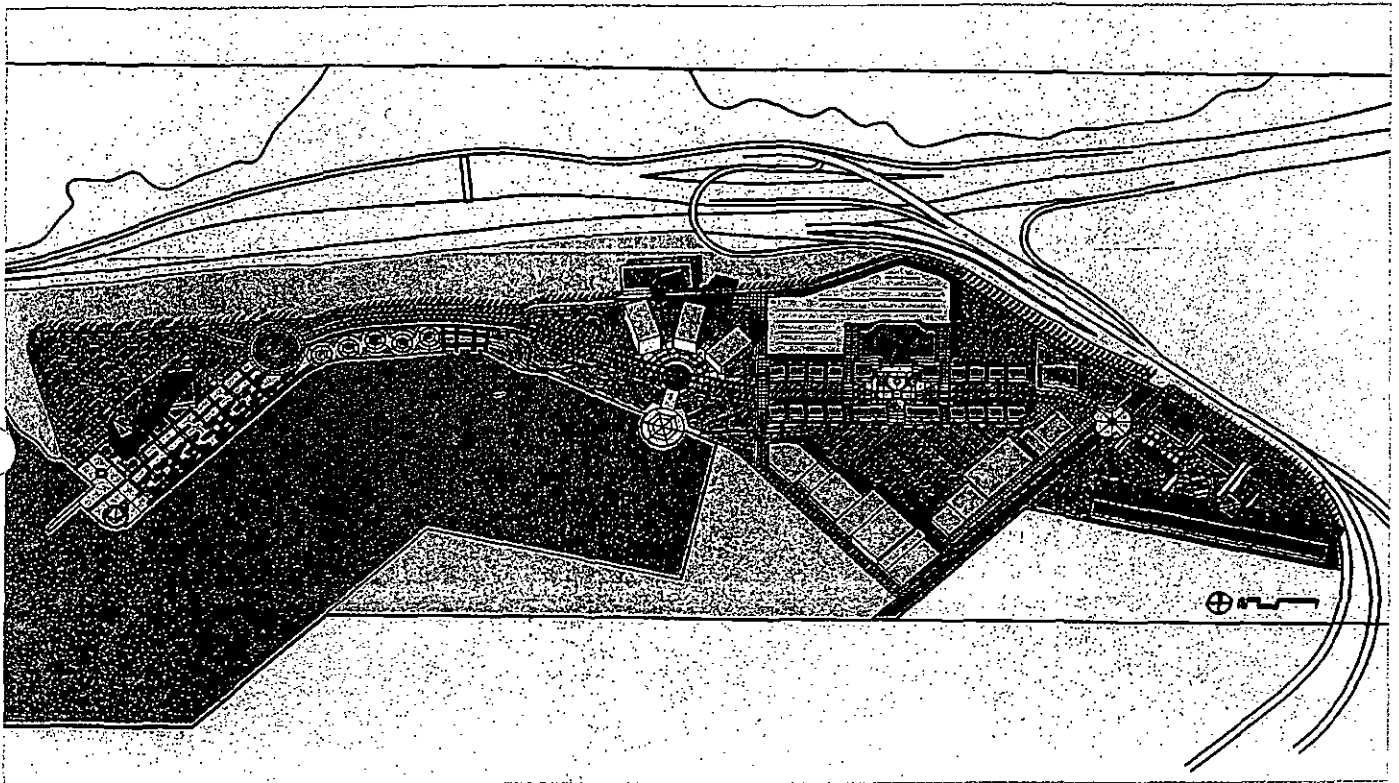
Oakland Army Base
Development Areas



Attachment A

A Mixed-Use Development Proposal For The Gateway Development Area of the Former Oakland Army Base

Prepared for City Of Oakland,
Community and Economic Development Agency
Redevelopment Division



GRAND GATEWAY

January 22, 2009

FEDERAL OAKLAND ASSOCIATES

JOINT VENTURE OF
FEDERAL DEVELOPMENT &
EM JOHNSON INTEREST



Attachment B - Federal Oakland Associates Executive Summary

Executive Summary

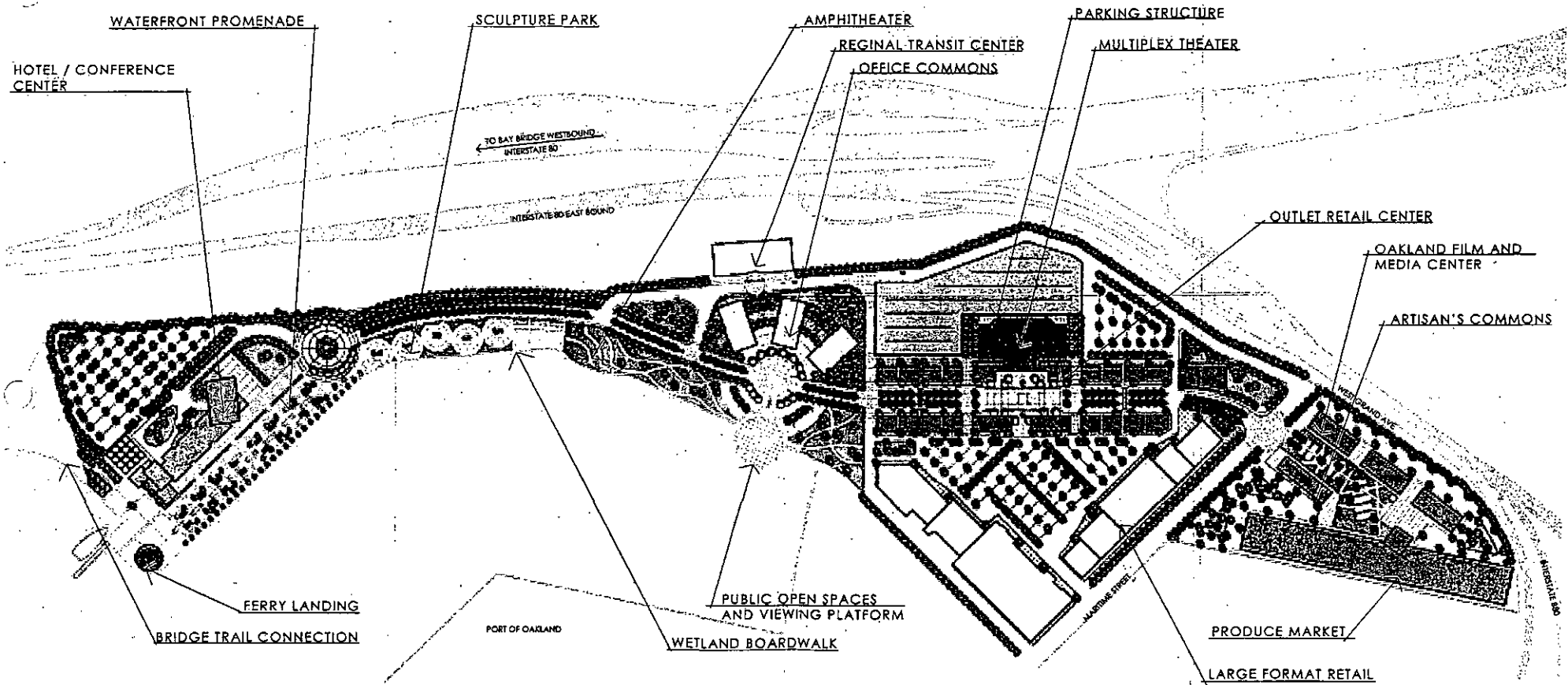
Grand Gateway is a two million square foot mixed-use development on 128 acres that will be built in three major phases and completed in ten years. The development is estimated to cost approximately \$690 million and will consist of the following uses:

Phase	Square Feet	Total
Phase 1		1,061,000
Artisans' Commons	376,000	
• Oakland Film and Media Center	136,000	
• Oakland Produce Market	215,000	
• Artist studios/galleries	25,000	
Outlet Retail	250,000	
Multiplex Entertainment Center	85,000	
Large Format Retail	350,000	
Phase 2		700,000
Green Tech/R&D Office	700,000	
Phase 3		287,000
Hotel/Conference/Athletic Facility	275,000	
Ferry Landing	12,000	
Total	2,048,000	2,048,000

About \$128 million of the total development cost is attributable to hard and soft costs associated with public infrastructure and buildings that are anticipated to be eligible for public funding through one or more public financing vehicles, including an assessment district, tax increment financing, bonds, the upcoming Federal Stimulus Package, and other loan and grant programs at the Federal and State levels. The areas where public funds are targeted include utility systems in the public right-of-way, traffic, circulation and streetscape improvements to the public roads, open space and landscape improvements in each of the destination activity centers, the parking structure for use as public parking, the Ferry Landing building, a contribution to the multiplex theatre for partial use as community meeting space, and environmental remediation.

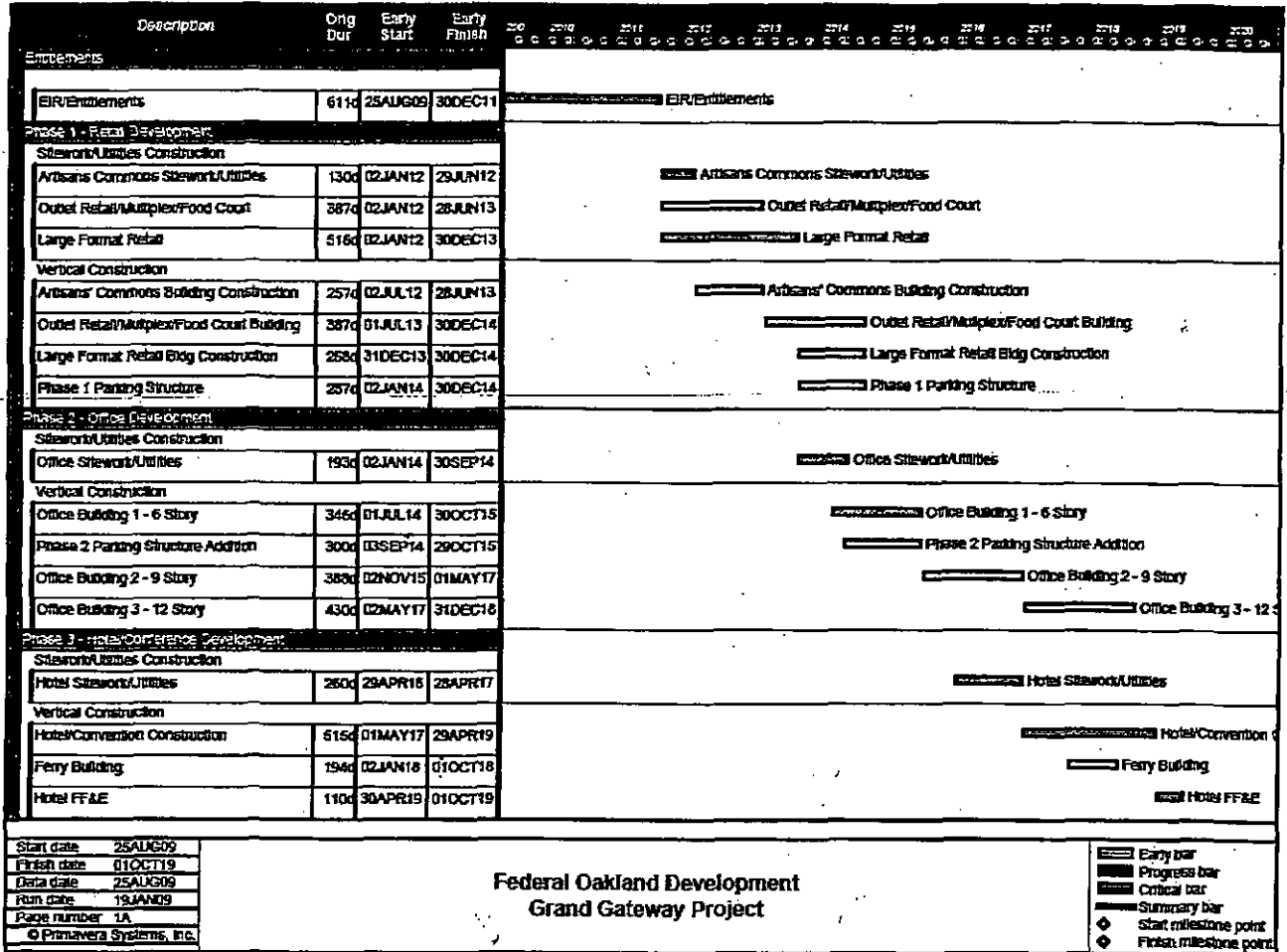
It is our understanding that there are set-aside funds in the City budget to provide up to \$7 million in remaining environmental remediation required for the property. The full scope of work needed to complete environmental remediation is estimated to be about \$10 million and will involve the excavation and off-site removal of contaminated soils, removal of underground storage tanks, treatment of contaminated soils, and remediation of the existing groundwater plume.

The Vision Plan for Grand Gateway is illustrated on the next page:



GRAND GATEWAY
VISION PLAN

Grand Gateway is anticipated to be fully built within a ten-year period from the selection of Federal Oakland Associates as the Master Developer and the commencement of negotiations with the City of Oakland. The proposed construction timeline is itemized by Phase and individual components as illustrated below:



In stark contrast to the other proposal for OAB, Grand Gateway is:

Viable: It is a realistic, mixed-use plan for redevelopment of the Oakland Army Base that can be fully implemented within 10 years because it is based on market sectors that are most viable, especially in the current economic climate, and for which there is expressed, pent-up demand to be located in Oakland.

Financeable: It is a redevelopment plan that can be financed as the credit markets recover because of market fundamentals: the scarcity of and demand for large format retail, outlet retail, and a multiplex entertainment center, to be evidenced by the strength of nearly 100% pre-leasing, which will enable the developer to secure financing and, thereby, clearly demonstrate the financial capacity to implement the plan. The ability to secure financing will be determined by market fundamentals, not by the past history of raising capital, the profile of existing portfolios, balance sheets, or the suitability of the property for industrial development when the industrial market has collapsed and is not expected to recover for at least 10 to 15 years, and there is substantial land in and around the Port that is available for industrial and logistic development.

Diversified and Flexible: It is a diversified combination of land uses that will provide the needed flexibility to meet inevitable fluctuations in the economy and expected cycles in the real estate markets, either of which can undermine the development schedules and projected revenue streams of redevelopment plans that have "all their eggs in one basket".

An Economic Engine that will Maximize Revenues for the City: It is the highest and best use of the property because it will generate the maximum revenues for the City through retail sales taxes, property taxes, land sales, ground lease payments, and business taxes, all of which will provide greatly needed revenues in a time of extraordinary budget crisis.

A Comprehensive Investment in the Community: It represents a sustained, long-term investment in the community through ground-up community outreach and participation in the planning process; through labor agreements, apprenticeships, and minority outreach during construction; through construction and permanent jobs that provide at minimum a living wage and are targeted specifically to hire and train residents of Oakland; through a revolving loan fund for start-up capital and a business incubator; and through equity participation opportunities for small businesses.

A Special Opportunity for West Oakland: It offers a mixed-use plan that will help bridge the proposed development with the West Oakland community because it will significantly reduce the hazards associated with truck pollution, traffic, and parking in residential areas and it offers the opportunity to consolidate recycling in the North Gateway Area, directly adjacent to the proposed development and the existing EBMUD facility.

Complimentary to the Port: It provides an economic engine for the City of Oakland by addressing a market void that will propel economic development without impacting the daily activities of the Port and the continued growth of industrial and logistic uses associated with the Port. The proposed signage, traffic and circulation improvements, including those to Maritime Street, and the multi-modal opportunities for travel to and from Grand Gateway via bus, regional transit center, shuttle, carpool, bicycle and ferry will help to reduce the number of additional daily trips and ease truck mobility.

A String of Pearls that forms an Iconic Gateway: Each day, 400,000 cars stream past OAB from the Bay Bridge, which is itself at the demographic center of the entire Bay Area. This is a one-of-a-kind, prime location that can provide the City with a strong sense of arrival and announce Oakland to the world. Collectively, the project's attractions and amenities will draw tourists, conventioners, commuters, hikers, bikers, customers, clients, tenants, shoppers, day-trippers and residential neighbors every day and night. No industrial project can make this statement nor satisfy such a large community constituency. Through the synergy of five, complementary activity centers, each a destination unto itself, the proposed Grand Gateway development will provide the City with an iconic statement that sends a welcoming message to all who arrive at the City's front door that Oakland is the place for commerce, recreation, entertainment, shopping, and quality, sustainable development.

The Product of a Uniquely Experienced and Diverse Development Team: It will be the next successful development of a team uniquely experienced in public-private partnerships and the redevelopment of 20 out of the 26 military bases in California, 7 military bases nationally, over 30 waterfront projects, over 100 projects in Oakland, and over 10 projects in West Oakland. Federal Oakland Associates is also a uniquely diverse development team of accomplished professionals, many of whom are from minority backgrounds with deep roots in the Oakland community, and is represented by Em Johnson Interests, the local minority development partner and long-time resident of Oakland with a 50 percent equity participation in the project.

FEDERAL OAKLAND ASSOCIATES LLC

A Joint Venture of Federal Development Company and Em Johnson Interest Inc.

January 22, 2009

Mr. Al Auletta
Oakland Redevelopment Agency
Community and Economic Development Agency
250 Frank Ogawa Plaza, Suite 5313
Oakland, CA 94612

RE: GRAND GATEWAY PROPOSAL FOR THE FORMER OAKLAND ARMY BASE

Dear Mr. Auletta,

Federal Oakland Associates is pleased to submit the **Grand Gateway** proposal for the former Oakland Army Base. We are looking forward to working with the City of Oakland on this exciting opportunity to ensure the highest and best use of the property and accomplish the City's economic development goals.

The mixed-use vision for **Grand Gateway** is especially relevant, given the severity of the economic climate facing Oakland and the region, resulting from the national and global credit crisis. The development of the former Oakland Army Base site is not immune to the retrenching and downsizing of corporations and institutions across all sectors of the real estate industry.

The industrial market has been particularly hard hit. Last year, absorption of industrial space declined by 38% and about 1.1 million square feet of inventory was vacated. In 2007, absorption of industrial space declined by 32% and 1.2 million square feet of inventory was vacated. No new warehouses were built in 2008 and only 107,000 square feet of industrial space has been constructed since 2006. Industrial vacancy was 8.5% in Q4 2008, a nearly 100% increase over 2007.

The challenges facing the Port of Oakland reflect the drastic decline in industrial and logistic activity, which is not expected to fully recover for 15 to 20 years. Port container traffic declined by 6.4% last year. This has contributed to budget issues for the Port and the announcement of layoffs.

Large format and outlet retail is one of the few bright spots in these troubled times. Oakland currently loses about \$1 billion in retail sales to surrounding cities each year while large format and outlet retailers are frustrated by their inability to find adequate sites to service the Oakland market. **Grand Gateway** offers the opportunity to correct this market inefficiency; capture a significant portion of retail sales and sales tax dollars for the City of Oakland, and provide thousands of long-term jobs that stay in Oakland.

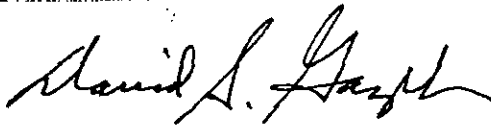
FEDERAL OAKLAND ASSOCIATES LLC

A Joint Venture of Federal Development Company and Em Johnson Interest Inc.

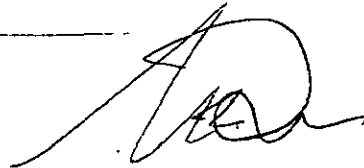
Grand Gateway is a diversified and flexible plan that will maximize revenues to the City and can be implemented within 10 years. It's realistic, financeable, and compatible with the continued growth and health of the Port. It will provide an iconic gateway to the City and significantly mitigate the existing hazards of truck traffic in the West Oakland community.

Federal Oakland Associates is a uniquely experienced and diverse development team, with a long history of established relationships in the community. We appreciate this landmark opportunity to make a difference for the West Oakland community and the City of Oakland on one of the most exiting projects in the Bay Area.

Respectfully,

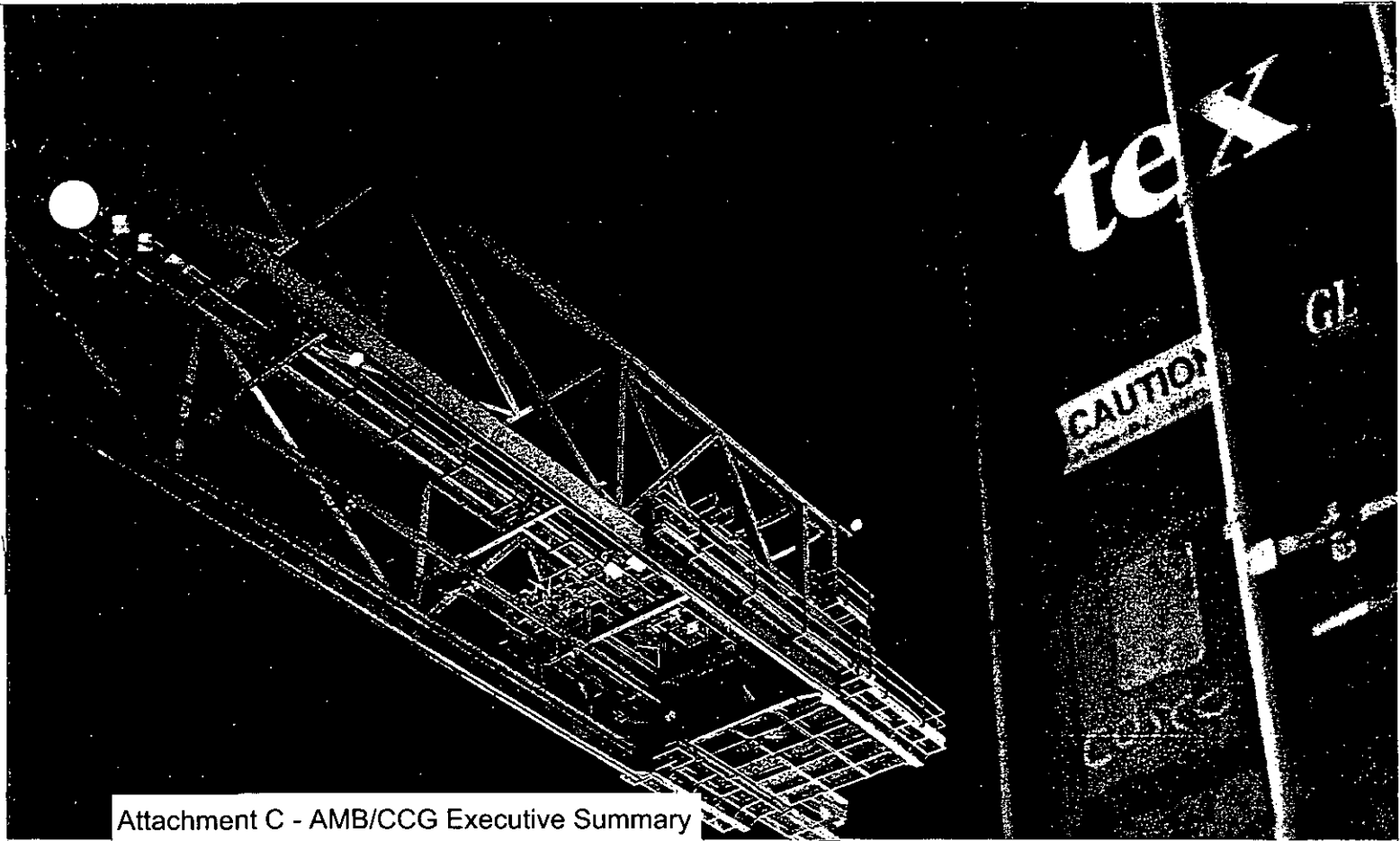


David Gazek
Senior Vice President
Federal Oakland Associates, LLC
Phone: 831.402.3092



Michael Johnson, Em Johnson Interest
Partner
Federal Oakland Associates, LLC
Phone: 415.255.8655

Cc: John Infantino, Federal Development



Attachment C - AMB/CCG Executive Summary



Gateway to Oakland
Redevelopment of the Oakland Army Base
Response to Gateway Development Area Master Developer RFP
January 22, 2009



B. Executive Summary



A joint venture between California Capital Group and AMB Property Corporation



Introduction

Redeveloping the Oakland Army Base is a complex undertaking which will require cooperative public and private partnering, support from the many stakeholders in the Oakland community and a development team with extensive local, national and even global real estate experience. With this in mind, AMB Property Corporation ("AMB") and California Capital Group ("CCG") have formed a joint venture ("AMB/CCG") to pursue the Gateway Development Area ("GDA") project. Together, AMB, a global industrial real estate firm headquartered in San Francisco, and CCG, an Oakland-based infill development firm with deep roots in urban redevelopment, offer a proven team of experienced professionals who can successfully design, entitle, finance and build-out this \$500 million, multi-faceted project over the next 10 to 15 years. Although the project will most certainly evolve over time, we submit this response to the City's Request for Proposal ("RFP") as a framework from which to develop the comprehensive project plan and the corresponding legal documents required between all parties to facilitate making the City's vision for this important gateway location a reality.

Since receiving the RFP from the Oakland Redevelopment Agency ("Agency") in September 2008, AMB/CCG has reviewed the available site information materials and analyzed the Agency's preferred development scenario described in the RFP. Local professionals familiar with the specific site and development conditions were engaged to analyze potential on and off site development costs as well as to prepare multiple site plan options. During this exercise, AMB/CCG and its team recognized the efforts of the City and community stakeholders to create the parameters of a preferred development scenario. As you know, members of the AMB/CCG team participated in the public meetings and provided input during this process.

Based upon the objectives outlined in the RFP and the team's understanding of market demand and the sites development potential, AMB/CCG is proposing a three-phase mixed-use development on the GDA site. The team has designed the proposed project to take advantage of the property's unique location and to advance the City's goals for critical local job creation and economic development, as well as to provide unique partnership opportunities with local entities.

AMB/CCG recognizes that developing the Gateway Development Area will have its unique challenges and is planning accordingly. The joint venture is prepared to work openly and diligently with all interested parties to align the interests of the many stakeholders who have been eager to see this important project advance. Through a cooperative public / private design development format, AMB/CCG is committed to successfully creating an array of community benefits from this unique development opportunity.

AMB/CCG Joint Venture Structure

AMB/CCG have created a flexible joint venture structure wherein the parties will work together to master plan the development and associated infrastructure while separating responsibilities for development of individual components of the project based upon each parties area of expertise. The joint venture will be the entity that has the legal authority to contract directly with the Agency.

Economic interests in individual projects will vary between AMB/CCG, with AMB taking the lead for industrial related development and CCG taking all development responsibilities in the major office, R&D and film center developments. The individual partner interests are 85% CCG and 15% AMB but each specific development type may vary with a range from 0% to 85% for AMB, and from 15% to 100% for CCG. AMB/CCG has set aside up to a 4% interest in each of the individual projects for specific professional team members and for yet to be determined local, minority, small business and women owned businesses contributing to the project.



A joint venture between California Capital Group and AMB Property Corporation



Summary of Project Components

This proposal contains specific mixed-use components which the AMB/CCG team proposes to plan, design, construct and bring to market on the GDA site. The development plan is in direct response to the City's preferred development scenario outlined in the RFP and includes the following uses:

- **Mixed-Use Commercial and Industrial**
 - Approximately 506,000 square feet of industrial, trans load and logistics uses serving port related activities located on approximately 33 acres identified as the East Gateway area of the site
 - Approximately 397,000 square feet of R&D buildings suitable for high tech and green tech office and lab uses located on approximately 17 acres of the Central Gateway area of the site
 - Up to 34,000 square feet of Retail facilities adequate to serve port and immediate project area needs located on the Central Gateway area of the site
- **Film Center**
 - Approximately 10 acres have been reserved for a permanent state-of-the-art film and media production facility in the Central Gateway area of the site
- **Produce Market**
 - Approximately 12 acres have been reserved for construction of a modern wholesale produce distribution facility and a local farmers market open to the public on the Central Gateway area of the site
- **Ancillary Maritime Support Services**
 - Approximately 15 acres have been reserved in the Central Gateway for the ancillary maritime support services sponsored by the City, provided these uses do not compete with the other uses intended for the site as proposed by AMB/CCG
- **Class A Office**
 - Approximately 1.150 million square feet of Class A office plus parking structures located in the West Gateway area of the site
- **JATC Job Training Facility**
 - AMB/CCG will work with the partnership at the neighboring Southern Pacific Train station to accommodate the request for approximately 3 acres to be made available to the Bay Area Joint Apprenticeship Training Committee ("JATC") for a job training facility to be constructed by the JATC. This is addressed in section G of this proposal.
- **Open space development**
 - Approximately 16.5 acres of waterfront located on the peninsula connecting the Central Gateway and the West Gateway areas of the site

While AMB/CCG has responded according to the Agencies request for specific land use allocations, AMB/CCG is proposing the uses be located as outlined above. The proposed uses and master plan details are illustrated in Section G of this proposal. We strongly urge the ORA allow the selected developer time to plan and coordinate appropriate uses with staff to develop a preferred land use plan.

East Gateway Area

AMB will lead the development efforts for this area. The team proposes that the East Gateway Area be designated for industrial, transload and logistics facilities. AMB/CCG believes that concentrating these types of uses in the East Gateway will benefit the City in several ways:

- Currently, San Leandro and Hayward to the South are attracting most of the Port related users due to Oakland's lack of state-of-the art facilities available to desirable companies seeking space as close to the Port as possible. By designating the East Gateway for industrial purposes, the facilities will attract these users who will create new jobs and additional tax dollars as well as eliminating truck traffic in west Oakland.
- Because the East Gateway site is adjacent to the Port of Oakland land designated for these same uses, a synergistic planning process will be possible, creating shared infrastructure planning, a fair and logical allocation of infrastructure costs and finally, the ability to optimize future rail service to the site.



A joint venture between California Capital Group and AMB Property Corporation



All of these advantages will add value to the City's property and help to insure a successful logistics oriented industrial park serving the needs of Port related users.

AMB has been in contact with several local real estate brokers and potential logistics who have expressed interest in locating on the site. For this reason, AMB/CCG is prepared to move forward on this portion of the development immediately, subject to obtaining development approvals, including the right to remove all of the existing structures.

Included in our vision for the East Gateway is our proposal for a minor land swap of approximately 8.4 acres with the Port owned land. This swap is graphically shown in drawing G3 – 5 in section G of this proposal. We feel there are multiple benefits to a land swap including the squaring up of the sites to allow for more efficient site planning and to accommodate future on dock rail.

Central Development Area

The Central Development area contains the largest area of land. CCG will lead the proposed development in this area. The current design contemplates a myriad of mixed-uses of state-of-the-art R&D facilities designed to meet the needs of today's green tech, bio tech and medical device users. The proposed Oakland Film and Media Center and the Oakland Produce Market will also be located in the Central Development Area. CCG has designed a combination of 1-, 2- and 3-story buildings surrounding a small park area to create an attractive campus atmosphere. Due to current market conditions as well as the underlying geotechnical and environmental conditions, AMB/CCG anticipates a long lead time before this area will be developed. In addition, the uses contemplated are expected to create new jobs and additional tax dollars for the City, however CCG anticipates significant State and Federal grants will be required to make the project financially viable. The Central Gateway land has the most significant site constraints that will effect delivery, schedule, and cost.

West Development Area

CCG will lead the proposed development in this area. The West Development Area has been designated for Class A office and associated uses. Alternative uses may include hotel or conference facilities. AMB/CCG understands that the West Development Area may not be available for development until at least 2015 but most likely later due to the Caltrans lease on the site for the Bay Bridge Construction. Notwithstanding the foregoing, the team will work with the Agency to master plan the area, seek future user commitments and ensure adequate infrastructure allocations are contemplated in the master infrastructure plan. The proposed 1,150,000 square foot office complex has the highest density in the GDA and was designed using a floor area ratio of 1.5 times the land area available to develop.

Proposed Timeline and Phasing

The project will be developed in multiple phases. Land conveyance from the Agency to AMB/CCG will occur after obtaining all necessary development approvals, completion of infrastructure improvements and the recordation of a final map parcelizing the individual development areas based upon a master plan approved by the City.

- **Phase I: East Gateway Area:** Based upon anticipated user demand for logistics facilities adjacent to the Port, AMB/CCG propose to commence design development and environmental review as soon as possible. Development of approximately 506,000 square feet of buildings will occur over a three to four year period after entering into the Disposition and Development Agreement ("DDA") between the parties, subject to market demand.
- **Phase II: Central Gateway Area:** This area will be developed in stages based upon user demand and available financing (public and private) for the R&D buildings, the Film Center and the Produce Market developments. CCG anticipates commencing development on these portions of the project within four years, with full area build-out within ten years after entering into the DDA.



A joint venture between California Capital Group and AMB Property Corporation



- **Phase III: West Gateway Area:** Development in this area will not commence until the land is freed from the lease with Caltrans. Further definition of the proposed project and possible development time frames will be discussed between CCG and the Agency at a future date.

Public Financing, Subsidies or Governmental Financial Assistance

Federal, state funding via Transportation Equity Act 2009 (MAP 21), Economic Stimulus II, and Prop 1b, and public financing will be required for portions of the project. AMB/CCG and the Agency will cooperate to identify available sources of State and Federal funds, including but not limited to appropriate grants, tax increment financing, to assist in developing the project.

Publicly-Constructed Infrastructure Required

AMB/CCG anticipates that the major off-site improvements including, but not limited to, the design and construction costs associated with potable water service, sanitary sewer, storm drainage, storm retention, joint trench, electrical substations and public roadways will be paid for by the Agency using funds available from the trust fund created by the Army as part of the base closure and conveyance of the property to the City. AMB/CCG will cooperate with the City in designing the infrastructure and may act as a construction manager to facilitate installation of the required infrastructure.

In addition to the required infrastructure described above, the AMB/CCG plan contemplates the possible construction of the proposed 880 interchange, 7th Street Grade Separation and a new on-dock rail operation. The proposed master plan will protect land areas for these potential improvements as well as working with the Agency to secure funding from available sources. Notwithstanding the foregoing, AMB/CCG expects that the proposed development is in no way dependent on the installation of these additional infrastructure improvements.

Environmental Remediation Required

Based upon the information provided by the Agency, we believe that the underlying environmental condition of the property will require substantial remediation work in the Central Gateway Area and minor remediation work in the East Gateway Area. At this time, our consultants have estimated remediation costs to be less than the funds available under the FOSET agreement with the Army.

Over the past 15 years, AMB has been involved in numerous brown field redevelopment projects. Our in house team of environmental experts is available to work with the Agency and their consultants to determine the appropriate remediation plan to adequately clean-up the Site to commercially reasonable standards.



January 22, 2009

Ms. Margaret Sullivan
City of Oakland
Community and Economic Development Agency – Redevelopment Division, Suite 5313
250 Frank H. Ogawa Plaza, Fifth Floor
Oakland, CA 94612

Re: Request for Proposal, Gateway Development Agency of the Former Oakland Army Base

Dear Ms. Sullivan:

The AMB/CCG joint venture is proud to present to the Oakland Redevelopment Agency our response to the RFP referenced above.

As addressed in the enclosed proposal, we have molded the AMB/CCG vision with the City's requirements and have addressed RFP requirements as close to the letter as possible.

The assembled team offers an ideal blend of considerable development expertise – including numerous, successful brownfield and urban infill development projects – enhanced by firsthand knowledge of this particular site, its opportunities and its challenges.

This visionary proposal is based on thorough analysis of the site challenges, which include environmental, geotechnical, infrastructure, as well as timing in this current economic environment.

We are confident that our team, guided by the thoughtful plan outlined in our proposal, is poised and capable to make optimal use of the site, and to expedite the development to quickly achieve revenue for the City.

It is our hope to be selected to enter into an exclusive negotiating agreement that will create an open line of communication between the City, the Port of Oakland and our team. We look forward to collaborating across entities to address all issues related to this land, and to realize our collective vision.

I am the prime contact for this submittal and my contact information is:

Mr. Phil Tagami
California Capital Group
300 Frank H. Ogawa Plaza, Suite #340
Oakland, CA 94612
T: (510) 268-8500 F: (510) 834-5380
Email: tagami@leaseoakland.com

We would like to thank the city of Oakland, Community and Economic Development Agency for this opportunity to submit our proposal and team qualifications for consideration.

Respectfully,

Phillip H. Tagami
Managing General Partner
California Capital Group












Daniel S. Letter
Vice President
AMB Property Corporation

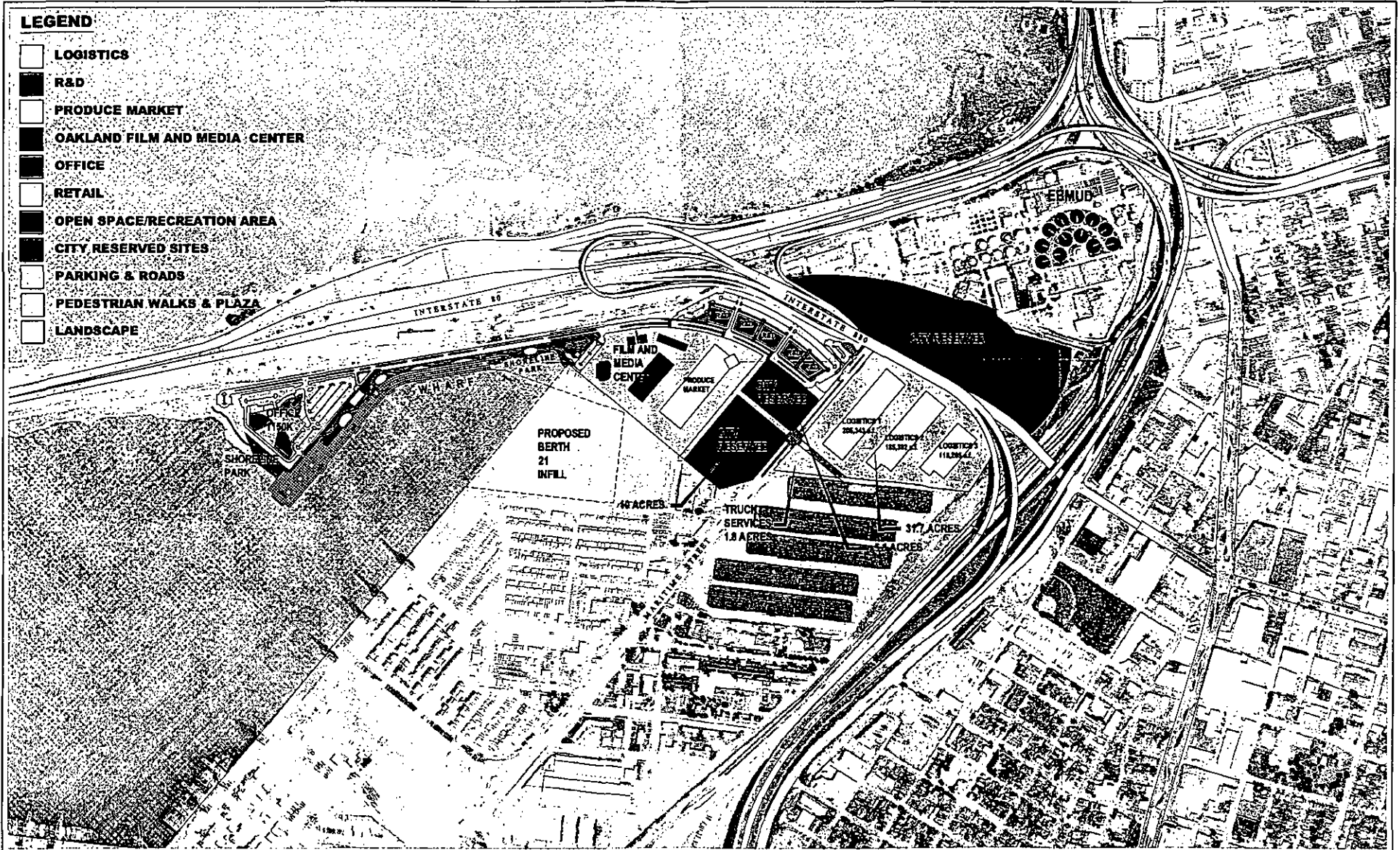


A joint venture between California Capital Group and AMB Property Corporation



LEGEND

-  LOGISTICS
-  R&D
-  PRODUCE MARKET
-  OAKLAND FILM AND MEDIA CENTER
-  OFFICE
-  RETAIL
-  OPEN SPACE/RECREATION AREA
-  CITY RESERVED SITES
-  PARKING & ROADS
-  PEDESTRIAN WALKS & PLAZA
-  LANDSCAPE



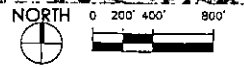
ARCHITECTURAL
DIMENSIONS



OAKLAND ARMY BASE
GATEWAY DEVELOPMENT AREA
OAKLAND, CALIFORNIA

PROPOSED G.D.A. MASTER PLAN

DATE: JANUARY 22, 2008



G3-8

Attachment D - Summary of Master Developer Proposal Technical Analyses: AMB/CCG

AMB/CCG	
DEVELOPER CAPABILITY	
1) Financial Capacity to develop the Site.	The joint venture structure of AMB/CCG does not support the significant projected equity and debt needs of this project. 15% equity participation by the strong financial partner, with 85% by the weaker local partner, is a significant problem. CCG's profit and loss statements and balance sheets for 2006, 2007, and 2008 do not demonstrate sufficient sources of equity needed for the OAB project. Since CCG is not specifically identified in terms of its financial contribution to future components of OAB, it is unclear whether the lack of equity funds today indicates a lack of future capacity to raise equity or debt. AMB/CCG envisions approximately \$70M in public funding.
2) Market Risk	The proposal states that AMB will focus on development of the East Gateway area, with its industrial focus, while CCG will lead the proposed development of the Central Development Business Park area. CCG has no track record in business park development. AMB's development of the TriPoint Business Park in San Jose demonstrates capacity to build a state of the art R&D/Flex, LEED certified business center. Why is AMB not the lead on the Central Gateway as well?
3) Developer Capacity and Performance Risk	This proposal combines a powerful team including AMB, which appears to have ample financial resources and a strong track record for executing complicated projects in urban port areas, as well as a proven local partner in CCG, which likewise has a track record locally in meeting local hiring goals, completing complex projects, and leveraging multiple government funding sources. As a national and international leader in logistics services, proven public-private partnership for Pier 1, and portfolio of office and R & D parks, AMB likely poses less capacity and performance risk for the City of Oakland.
BENEFITS TO CITY - RFP Project Objectives	
1) Gateway Development	
Stunning new gateway to the East Bay.	Neither proposal yet captures the world-class image in terms of its most-defined Phase I plans. This poses a risk to the City that it would not achieve a strong Gateway image for many years if either team were selected based on the proposals A single 3-building office complex at this location is unlikely to create much of a gateway if the remainder of the site is devoted to uses similar to current warehouse distribution activities.
Symbolized vitality, innovation, culture of Oakland.	Uses proposed are not the type that can be used to express the diversity of Oakland culture. Also, they are not "public" uses that will invite visitors to the area.
Integrated village.	Not a strong sense of place. Uses are isolated and freestanding, largely because area (particularly Central Gateway) is designed in an auto-oriented office park format.
Enhance the city's image.	Improvement over current image of this location, but unlikely to make significant shift in City image. Missed opportunity. West Gateway building is visually prominent, but office use is not a "public" draw that will attract regional visitors and be utilized on evenings and weekends. Same concern for Central and East Gateway uses. Waterfront concept is attractive, but not unique.
Create business opportunities.	Numerous business opportunities, but less diversity, due to less diversity in land use mix.
2) Job Creation	
Engine for job creation.	Estimated permanent job creation is 3,288 with an average wage of \$64,000 per year and a total payroll estimated at \$210,231,489.83. Construction jobs not included in estimate.
Strategic industries that will grow over time.	technology into account. The R & D park concept is shown and described almost as a generalized after-thought. This site, however, is located at the center of one of the most vibrant technology regions in the world, and should be developed explicitly with the recognition of its features as a premier address with water views, outstanding access, and proximity to a highly educated labor force.
Sustainable, well-paying jobs that fit varying workforce.	Somewhat focused land use mix will provide less diversity of employment opportunities. Phase II plans for office and R&D will create well-paying jobs
3) Equity Partnership with Local Entities	
Local equity participation.	CCG is certified LBE with City of Oakland. Two LSBE firms invited into partnership. Joint venture structure sets aside additional 4% interest for local, minority, small business and women-owned businesses.
Opportunities for locally-based businesses.	CCG-sponsored 10-session class planned to repeat to seek partners and investors.
Demonstrate nature / percentage of participation.	
4) Economic Development and Target Sector Support (extent required uses and other uses are integrated into plan to assure success)	
	Proposal is responsive to the overall economic objectives of the RFP, proposing a development mix that includes trans load and logistics facilities to support port-related, goods-movement industries and a business park to house innovative and green technologies, biotechnology, and general office needs.
Ancillary Maritime Support Services	Proposal demonstrates an inaccurate understanding of the area the City is required to develop as maritime support services, stating that "the City...required that 21 acres of land be reserved for maritime development." The requirement is that the City reserve 15 acres for maritime-related truck parking (which it is doing in its OMSS facility).

Attachment D - Summary of Master Developer Proposal Technical Analyses: AMB/CCG

AMB/CCG	
	This proposal is quite vague in how and where the planned Oakland Maritime Support Services (OMSS) truck parking and services complex will be sited, since the team's planned construction of the three logistics buildings would fall in the footprint currently planned for OMSS by the City. Executing the logistics center would also require an 8.4 acre land swap; the planned 30 acre OMSS complex, or something equivalent, is jointly and legally required for development by the City and Port by the Bay Conservation and Development Commission. How does the team plan to reconcile this variance from the existing, approved OMSS development plans?
Other Required Uses	Proposal inaccurately presents the size of the RFP area and the amount of RFP acreage that will be dedicated to required uses. (RFP area is 108 acres, not 127 acres; Film Center, Produce Market and Open Space total 41.7 acres, not 65 acres, which is 38.6% of the total, not 51%.)
	Are the film and produce facilities truly compatible with the R&D complex, and/or do they limit the size of the R&D campus?
--Food-related businesses (Produce Market).	Proposed as center piece of Central Gateway. Truck movements and building scale have potential to block or obscure access to waterfront by pedestrian, bicycle and auto users. Placed as an isolated building in space without creating a sense of place or precinct.
	Development costs are more in line than Federal's, but still appear too high for a produce market
	Design appears better suited for R&D than for a wholesale produce terminal served primarily by trucks
	A produce market can generate long lines of trucks. The location for this type of traffic seems impractical. The Market would be better located where AMB/CCG has sited the logistics buildings.
	Neither proposal projects the fast track approach that is needed. The Market is included in Phase II
--Film and media center.	Proposed as center piece of the Central Gateway, on prime gateway site to the waterfront with high freeway visibility. Truck movements and building scale have potential to block or obscure access to waterfront by pedestrian, bicycle and auto users. Placed as a group of isolated building in space without creating a sense of place or precinct.
	How does this team propose to "reuse Bldg. 812" for part of the film center and "salvage deconstruction materials" from two warehouses in the East Gateway, yet this reuse of buildings and materials is not projected to occur until four years later, and even then across Maritime Street in the Central Gateway?
	This proposal has serious logistical problems regarding the Film Center. The Film Center is scheduled for Phase II of the project which has an anticipated buildout of ten years after execution of an LDDA. In the meantime, 30 existing businesses would be dislocated to make way for the logistics buildings with no details of how to deal with the dislocation.
--JATC job-training facility (3 ac).	Proposes locating JATC off project area and off Army Base.
	Does not meet locational criteria of RFP. However, proposal to locate at SP rail station development (close to West Oakland neighborhood) is sensible if space is available.
	Proposal to locate JATC off the Army Base is not consistent with the MOA between JATC and the Agency. AMB/CCG never contacted JATC to discuss surrendering JATC's entitlement to three acres on the Base.
Support key industry sectors.	
--Port-related goods-movement industries.	Complements and strengthens the Port's adjacent operations and expansion plans, emphasizing value added logistics facilities and adjacent uses that will not greatly exacerbate existing high truck-traffic impacts in the area.
	The development scenario proposed by AMB/CCG closely addresses the RFP requirements. One of its three areas of development focuses primarily on creating transload and logistic facilities that support the Port. The proposal states that this will attract logistics businesses from southern East Bay cities into the Port area and eliminate a portion of truck traffic that currently utilizes designated routes near West Oakland and the 880 freeway. This is an important community benefit and it supports environmental goals by the Port to reduce diesel particulate matter by 85 percent by the year 2020.
	The AMB/CCG proposal provides space for trans-load facilities, trucking and other logistics and maritime related industrial uses in the East Gateway which is dependent on a land swap with the Port.
	Appropriately located in the East Gateway. Unfortunate loss of 800-series buildings
--Innovative Green technologies.	Both proposals respond to the RFP's Preferred Development Scenario by including space for green business development on the site, each during Phase 2 development. Neither provides specific details regarding how these green businesses and industries would interact with the development as a whole.
	Building space available for this use: 397,000 sf. Typical suburban low-rise design expression located in area with modest freeway visibility. Building layout poorly integrated into overall plan.
--Bio-tech.	Same as above.
Other uses	
--Retail.	"Support retail" (34,000 sf) to support other project needs and surrounding Port is consistent with the overall program goals of the project (primarily industrial/R&D, office), but the retail program will do little to support other goals of the RFP/City, such as "enhanced City image."
5). Community Benefits	
Wide range of sustainable job opportunities.	Proposal reasonably projects the creation of thousands of sustainable, higher paying jobs accessible to the local West Oakland community and the Oakland region at large;
Job Training	Discusses funding for workforce training programs.
	A thoughtful, fully-articulated approach to job training, career ladders, and relationships with nearby universities and community colleges are all missing from both proposals.
Develop waterfront open space.	
--Open space.	Modest variety of open spaces proposed. Somewhat standard approach to open space treatment. Could be in any location. No strong theme or elements related to the uniqueness of this site.
--Bicycle and pedestrian facilities.	Type and quantity of pedestrian facilities not clearly articulated.
	AMB/CCG shows pedestrian and bike routes with access to the West Gateway and beyond along the waterfront, along Maritime Street, and a connection to the Bay Trail through the center of the Central Gateway.
--Connect to Bay Trail and Gateway Park.	Based on the plans, there is not a clear linkage (or system) of public open space linking the various development areas with the waterfront open space. The assigned uses and their arrangement in the plan in the Central Gateway may conflict with the ability to achieve strong, safe, public open space linkages.

Attachment D - Summary of Master Developer Proposal Technical Analyses: AMB/CCG

AMB/CCG	
--Retail.	Modest retail proposed in text, but not a clearly-articulated approach.
--Other services.	Generally only proposes facilities requested in RFP or other "standard" improvements. Natural shoreline improvements are unique element.
Relocate conflicting businesses.	Clustering such value added services nearer to the working port, along with the proposed Oakland Maritime Support Services truck parking and services center, should lessen trucking and associated impacts in the adjacent community of West Oakland; however, it is unclear how the proposed development will actually reduce overall truck traffic as stated. The competitive facilities in San Leandro and Hayward should still continue to generate the same number of "shuttle trips". In other words, new logistics facilities will add value, but may also add to overall volume and traffic at the Port.
6) Labor Relations	
Labor peace agreement.	Team reports meeting with local labor organizations coordinated through Alameda County Central Labor Council; reports other meetings with Building Trades, ILWU, Teamsters, and Machinists.
7) Sustainable, Green Development	
General	Elements of the proposal such as solar and reflective rooftops, ambitious plans for Personal Rapid Transit (PRT) to connect the base with West Oakland BART, and AMB's impressive track record of green building, multi-story logistics facilities, and remediation of brownfields, give this proposal a clear edge on sustainability issues, though much more details are needed. What are the details of the ambitious and arguably revolutionary PRT? Is CCG working with or would they consider working with Oakland based PRT pioneer CyberTran International? Are the costs for this system included in overall development costs? Similarly, is the solar power in the budget, and how much power will it provide?
Energy: exceed Title 24 by 20%.	Both proposals acknowledge a desire to construct energy-efficient buildings worthy of LEED certification. Neither explicitly commits to official LEED certification. Neither describes a goal or plan to meet a significant portion of the project's power needs with on site renewable energy, nor a carbon-neutral program for the project.
Exemplary levels of walkability, bikability and transit access.	AMB/CCG shows transit route to West Gateway via Burma Road and along West Grand Avenue. They suggest a Personal Rapid Transportation (PRT) system to connect West Gateway to West Oakland but do not provide details. The proposal identifies parking infrastructure for alternative fuel and hybrid vehicles, as well as carpooling to incentivize the use of more efficient vehicles. They propose a no-idling policy for vehicles when on the site but do not indicate how the policy would be enforced. It is not explicitly stated but implied that LED light fixtures for street lighting may be considered.
8) Government Revenue	
Property tax increment.	No property taxes are assumed to be paid on land until the buildings are completed.
Sales tax.	
Lease payments	AMB/CCG proposes a 66-year ground lease with the option to renew for an additional 33 years. Leases would commence for each parcel (East, Central, and West Gateway) upon receipt of building permits. Rental payments would commence upon "lease stabilization" of each building (e.g. 95 percent leased) or 12 months after receipt of certificate of occupancy, whichever occurs earlier. Base annual ground rent will be based on 6.5 percent of the fair market value of each parcel, not to exceed 15 percent of annual Net Operating Income for each building. Base rent will be fixed for the first 10 years, and then adjusted every 10 years thereafter, with each individual adjustment capped at 20 percent. According to these terms, and the Net Operating Income shown for year 10 (2019) of the built project, this would yield approximately \$7.5 million annually at that point to the City of Oakland (approximately \$1.83 per square foot of leasable land per year).
9) Urban Design and Architecture	
Sound urban design and planning principles.	No clearly-articulated framework of development. With the exception of the West Gateway, proposal does not maximize potential for use of freeway frontage and adjacency. Land uses relate to surrounding industrial maritime context, but do not maximize on inherent characteristics of site and location. Internal organization of buildings and spaces does not create a strong sense of place; buildings are placed as individual elements in space. Lack of linked and coordinated system of open spaces and circulation throughout the site. Relationships between pedestrian, vehicular and built features is haphazard.
Integrated land uses.	Uses generally located as individual projects strung along a road. Projects and building placements do not synergistically work together to create a larger whole.
Land uses carefully sited. (Site plan)	Primarily an industrial, R&D, office proposal. As such, location of uses relative to surrounding context may be less critical. However, there is poor internal planning in the relationship between uses.
High standard of design.	Proposal is generally silent on materials and finishes, except as can be gleaned from illustrations. Based on literature and comps, result will be fairly standard industrial, R&D and office buildings reminiscent of the last 15-20 years. No preservation of 800-series buildings.
Architecturally distinctive multi-story development on West Gateway.	Building design is typical to standard office complex with attached parking as might be found in many suburban locations. Building height (28 stories) good; greater height would also be appropriate. Weak landmark at the end of the Bay Bridge. Design shown in plan provides poor relationship to the public promenade. Extensive surface parking adjacent to promenade.
High density.	FAR .51 based on total development program excluding parking of 2,390,992 sf and on site area of 108 acres offered by RFP.
10) Community and Stakeholder Involvement	
Ongoing communication and collaboration with stakeholders.	The proposal exhibits a greater sense of coordination with community concerns and other development activity and priorities in the neighboring community of West Oakland, including initial meetings with the owners of the Pacific Pipe site (and other strategic properties), as well as the proposal to relocate JATC to the Oakland Train Station, redevelopment of which is also being led by CCG.
PROJECT FEASIBILITY	
1) Market Feasibility	

Attachment D - Summary of Master Developer Proposal Technical Analyses: AMB/CCG

	AMB/CCG
	<p>The development of the first phase (506,000 sq ft of buildings) is stated as being three to four years after entering into a DDA between the parties "subject to market demand". The lease on this property commences upon receipt of the building permits, but the rent doesn't start until the buildings are 95% complete. This puts initial rent payments potentially 5 years or more from commencement. The lease term is stated as 66 years with an option for 33 years more. This seems to be an infeasible time period based on potential future needs.</p>
2) Development Feasibility	
	<p>The proposed timeline of land conveyance would seem unacceptable from a City standpoint, as the proposal states that the land will not convey to the developer until after all necessary development approvals, infrastructure improvements and the recordation of a final map parcelizing the individual development areas based upon a master plan approved by the City are completed. This leaves the City with the land for the next few years without any additional revenue, and is viewed by the Port as a matter of simply land-banking.</p>
	<p>Why is Phase II development pushed out to 2014, when the growth markets in biotech, clean and green technologies are demanding space now? Projected timeline for development of the Central Gateway Development Area (to begin in four years, 6-10 year buildout) is completely unacceptable. The Bay Area is seen as the U.S. center for green and renewable energy innovation, and Oakland has an opportunity to become the center for this type of growth business. San Francisco became the center of the Bay Area's biotech community through development of S.F. Mission Bay, and could commandeer green development as well unless Oakland presents a quick challenge to that dominance.</p>
	<p>Proposal demonstrates an inaccurate understanding of the area the City is required to develop as maritime support services, stating that "the City...required that 21 acres of land be reserved for maritime development." The requirement is that the City reserve 15 acres for maritime-related truck parking (which it is doing in its OMSS facility).</p>
	<p>The proposed land swap of approximately 8.4 acres with the Port is not "minor," as characterized by the proposal, but would require legislation and a Public Trust Exchange Agreement by the State Lands Commission; subsequently it would limit the City's use of the parcel to maritime uses and would restrict the proceeds generated by the parcel to trust-consistent uses. In addition, the Port's land in question is currently part of a Port RFQ area.</p>
	<p>The "complete reuse of Buildings 812, 821, 822 and 823" does not require the proposed land swap, as claimed by the proposal.</p>
3) Traffic Circulation, Adjacent Land Uses	
	<p>AMB/CCG plan to improve and reconstruct Maritime Street with center and side landscaping, two travelled lanes in each direction and a bike pedestrian pathway. This improvement is aesthetically pleasing but not practical. First, the proposed center landscaped median would mean eliminating a painted median that would be used as a truck queuing lane to turn into the industrial park, truck services area and terminal facilities. With a new tenant at Berths 20-24 and plans for increased volume, these queuing lines are expected to grow and fully utilize the current center medians. Second, the bike pathways mixed with heavy truck traffic is a dangerous proposal. There is a compelling concern for the safety of bicyclist and pedestrians on Maritime Street. Third, trucks queuing on the curb side waiting to turn into facilities would undoubtedly block bike paths to the south of the GDA.</p>
	<p>AMB/CCG addresses conflicting adjacent land uses and traffic circulation by proposing a land swap with the Port with shared infrastructure planning and development of "on-dock" rail service for the East Gateway. The proposal indicates Port interest in on dock rail service and suggests that East Gateway logistic services would alleviate the loss of warehouse space as the Port implements its development plans. The proposal says rail lines would enable transport of containers from the Harbor directly to the rail lines but does not show how this would be accomplished. The potential conflict with the Port's plan for an Intermodal Terminal does not appear to be addressed. The circulation plan appears to be flawed due to the omission of a roadway connection between the North and East Gateways and circulation around the East Gateway needs to be refined. It is likely that more than four lanes will need to be provided on Maritime Street through the GDA.</p>

Attachment E - Summary of Master Developer Proposal Technical Analyses: FOA

Federal Oakland Associates	
DEVELOPER CAPABILITY	
1) Financial Capacity to develop the Site	<p>Due to the lack of sufficient detail provided, it is not possible to ascertain whether Federal Development has sufficient capacity to demonstrate the equity needs anticipated in its proposal. Additional follow up would be needed. E.M Johnson does provide clear and sufficient detail to understand their financial capacity, and it is apparent that the firm's current net worth is vastly insufficient to fund 50 percent of the equity amount shown in the sources of funds.</p> <p>Public funding requested (tax increment, federal infrastructure funds, federal transportation funds, various state funds, and unidentified local funds) amounted to \$152 and includes a specific City funding request of \$1.2M subsidy for a movie theater.</p>
2) Market Risk	<p>This proposal is anchored in Phase I by a 600,000 square foot retail development, with a suggestion that Target and Lowe's may be potential occupants, along with an unspecified Outlet Mall. Most big box stores own rather than lease their stores. The FOA LLC cash flows submitted envision development of a structure that is then leased to Target, creating a different economic structure than is likely to be achieved. Outlet malls typically desire outlying locations where land is less expensive, translating into lower rental rates for store tenants. Given the total of 54 screens offering first-run movies within a few miles, as well as additional theaters at Grand Lake, Elmwood, Piedmont, and elsewhere, it is not clear which movie theater operator could be attracted to this site, or if demand exists for additional screens</p>
3) Developer Capacity and Performance Risk	<p>Development team lacks experience in large, integrated projects for either the one requested in the RFP or the large retail/office project proposed. This is a major retail project. While principals and managers of both partners have retail experience, retail doesn't appear to be a major focal point of either firm heretofore.</p> <p>There has been insufficient demonstration of the financing capabilities of the Federal Development half of FOA LLC team, due to irregularities on financial statements provided to date.</p>
BENEFITS TO CITY - RFP Project Objectives	
1) Gateway Development	
Stunning new gateway to the East Bay.	Same comment as for AMB/CCG
Symbolized vitality, innovation, culture of Oakland.	<p>The greater use of freeway frontage as shown in this proposal could make a gateway impact, particularly if architecture is of outstanding design. However, the proposal seeks to set an architectural tone, sometimes with images of buildings from around the world that do not match the description of the land use proposed (such as a sweeping architectural statement for an urban hotel, but the actual hotel described is an extended stay hotel not likely to achieve that style).</p> <p>Proposed mix of uses has potential to express the diversity of Oakland. Public nature of land uses can invite visitors and showcase this diversity.</p>
Integrated village.	Strong concept (Grand Blvd and Public Art Promenade) ties the overall development together from East Gateway to West.
Enhance the city's image. Create business opportunities.	<p>Most of frontage development proposed along I-80 provides strong, positive image for City. West Gateway concepts very strong and appropriate with high image development. Uses and configurations for West, Central and East are more publicly-oriented, and will help attract regional visitors. Unique waterfront design concept (sculpture park) will further bolster City image.</p> <p>Broad mix of uses likely to create diversity of business opportunities.</p>
2) Job Creation	
Engine for job creation.	Estimated permanent job creation is 4,266; construction jobs at 2,150. No wage or payroll values provided.
Strategic industries that will grow over time.	See comments for AMB/CCG. Also proposal completely ignores the required focus on "strategic growth industries" that provide "well-paying jobs that meet or surpass Oakland's Living Wage requirements". It is true that Oakland has a tremendous need for high-quality retail development and the accompanying sales tax revenues; however, the Retail Strategy, adopted by the City Council in 2008, focuses retail development on Upper Broadway. There is no reason to provide a competing retail development on the Army Base.
Sustainable, well-paying jobs that fit varying workforce.	<p>The retail jobs that dominate this proposal typically would not meet Oakland's Living Wage requirements.</p> <p>Broad mix of land uses will provide diversity of employment opportunities.</p>
3) Equity Partnership with Local Entities	
Local equity participation.	Joint venture structure notes that Em Johnson Interest, Inc. will form a local affiliation with other Oakland-based partners, including Ronnie Edwards, Merlin Edwards, Surlene Grant, and other as yet to be identified local partners that will have an opportunity to invest. Also part of the team, Bruce Jett Associates and Fine Army By Day have current or pending certifications. No equity percentages are given for these or potential future equity partners.
Opportunities for locally-based businesses.	Response is vague in describing utilization of local, small, minority and women-owned business enterprise firms and does not clearly state its intent in working with the City of Oakland Business Program for procurement opportunities.
Demonstrate nature / percentage of participation.	No equity percentages are detailed for these or potential future equity partners.
4) Economic Development and Target Sector Support (extent required uses and other uses are integrated into plan to assure success)	
Ancillary Maritime Support Services	Unlike the other proposal, leaves intact the currently planned footprint for the Oakland Maritime Support Services truck parking and services complex in the East Gateway.

Attachment E - Summary of Master Developer Proposal Technical Analyses: FOA

	Federal Oakland Associates
Other Required Uses	Proposes the superior option for accommodation of the film cluster and relocation of the produce market via adaptive reuse of existing buildings, with the caveat that Warehouse 808 that is anticipated for reuse by the produce merchants is not currently fully controlled by the City;
--Food-related businesses (Produce Market).	Linked to overall development, but appropriately set in East Gateway away from waterfront. Allows good truck access while minimizing pedestrian conflicts. Reuse of existing 800-series buildings a bonus. Creates a precinct (with the film center) with a sense of place. The proposed site may not be large enough for the Market. Development costs are projected at \$234/sf without any interior buildout (and without land). Soft costs and fees appear astronomical and unaffordable to a user like the Produce Market. See comment for AMB/CCG. Also a wholesale market is probably not compatible in a commons type environment among or near other users such as a film center or R&D type businesses--both from an aesthetic and operational standpoint. Depending on the roads in and out of this film/artisans/produce area, the location for the Market appears to be questionable. The Market would be better located in the north portion of the East Gateway. Neither proposal projects the fast track approach that is needed.
--Film and media center.	Linked to overall development, but appropriately set in East Gateway away from waterfront and prime freeway site. Allows good truck access while minimizing pedestrian conflicts. Reuse of existing 800-series buildings a bonus. Creates a precinct (with the produce market) with a sense of place.
--JATC job-training facility (3 ac).	Proposes locating JATC off project area. Does not meet locational criteria of RFP. Location in North Gateway appears an undesirable afterthought. Removed from neighborhood or quality on-the-job training opportunities.
Support key industry sectors.	
--Port-related goods-movement industries.	The proposal fails to support the long-term competitiveness of the Port. In fact, it completely ignores the existence of the Port, and competing retail traffic could clash with trucks supporting the Port's business. The proposal fails to meet several of the Agency's objectives and preferred development scenario for the developer to provide transload facilities and logistic warehousing that supports the Port's movement of goods and future expansion of facilities. The Federal Oakland proposal does not provide space for trans-load facilities, trucking and other logistics and maritime-related industrial uses but leaves flexibility in their plan to do so. The proposal states that development of additional logistics and intermodal facilities supporting the Port is more appropriately located to the south, east and northeast of the GDA. Not provided.
--Innovative Green technologies.	A focus on retail and entertainment at this site would ensure that Oakland would be unable to build modern commercial facilities that could accommodate the innovative and growth industries (especially clean technology and renewable energy) that are supported by the RFP, the federal stimulus package and industry trends. Both proposals respond to the RFP's Preferred Development Scenario by including space for green business development on the site, each during Phase 2 development. Neither provides specific details regarding how these green businesses and industries would interact with the development as a whole. Building space available for this use: 700,000 sf. Signature design concept with freeway visibility can set forward-looking 21st century image for Oakland. Building layout poorly integrated into overall plan.
--Bio-tech.	Same as above.
Other uses	
--Retail.	Retail is a major component (34%) of the development program (approx. 700,000 sf.). Variety of retail types. Significant opportunity to meet City image goals by capitalizing on highly visible freeway frontage site and attracting regional users for multiple visits. The proposal for big-box retail does suggest a potentially appropriate addition to the mixed-use Commercial and Industrial development mix required by the RFP.
5) Community Benefits	
Wide range of sustainable job opportunities.	
Job Training	Job training partnership with Swinerton Builders referenced; training would involve a partner school, and would offer entry into construction, engineering and design build industries. Project would involve or emulate existing job training programs. Same as for AMB/CCG
Develop waterfront open space.	
--Open space.	Large variety of interesting and appropriate open space uses proposed. Strong theme (art sculptures) relates to specific characteristics of this location. Water-edged treatment could tie the various uses together better, while still allowing diversity of use and experience. Appears to be error in extent of open space (fill area for Berth 21 has not been accommodated). Public viewing platform unnecessary, too large and potentially infeasible.
--Bicycle and pedestrian facilities.	Type and quantity of pedestrian facilities not clearly articulated. Federal Oakland indicates pedestrian accessibility throughout the development and proposes a boardwalk along the waterfront. Access to the Bay Trail is not clear and appears to be provided off-site between Caltrans staging and I-80 and along West Grand Avenue.
--Connect to Bay Trail and Gateway Park.	Very clear system of public spaces linking the entire project to the waterfront open space, extending from the East Gateway to the West Gateway. The design intent is very clear and legible in both the plan and the text.
--Retail.	Abundant quantity and variety of retail proposed. Potential to be great success as a regional draw.
--Other services.	Specifically proposes several unique and appropriate elements: Public Art Promenade, Amphitheatre, Ferry Landing, wetlands boardwalk, viewing platform (not located in project area), nearby transit station at I-80.
Relocate conflicting businesses.	The Federal Oakland proposal asserts that it will cut trucking impacts and support the Port, but literally offers no details to support that claim.
6) Labor Relations	
Labor peace agreement.	Addresses local hire of local low-income and other targeted groups, plus job retention and utilization of City's First Source Hiring Policy. Refers to Labor Peace Agreement.

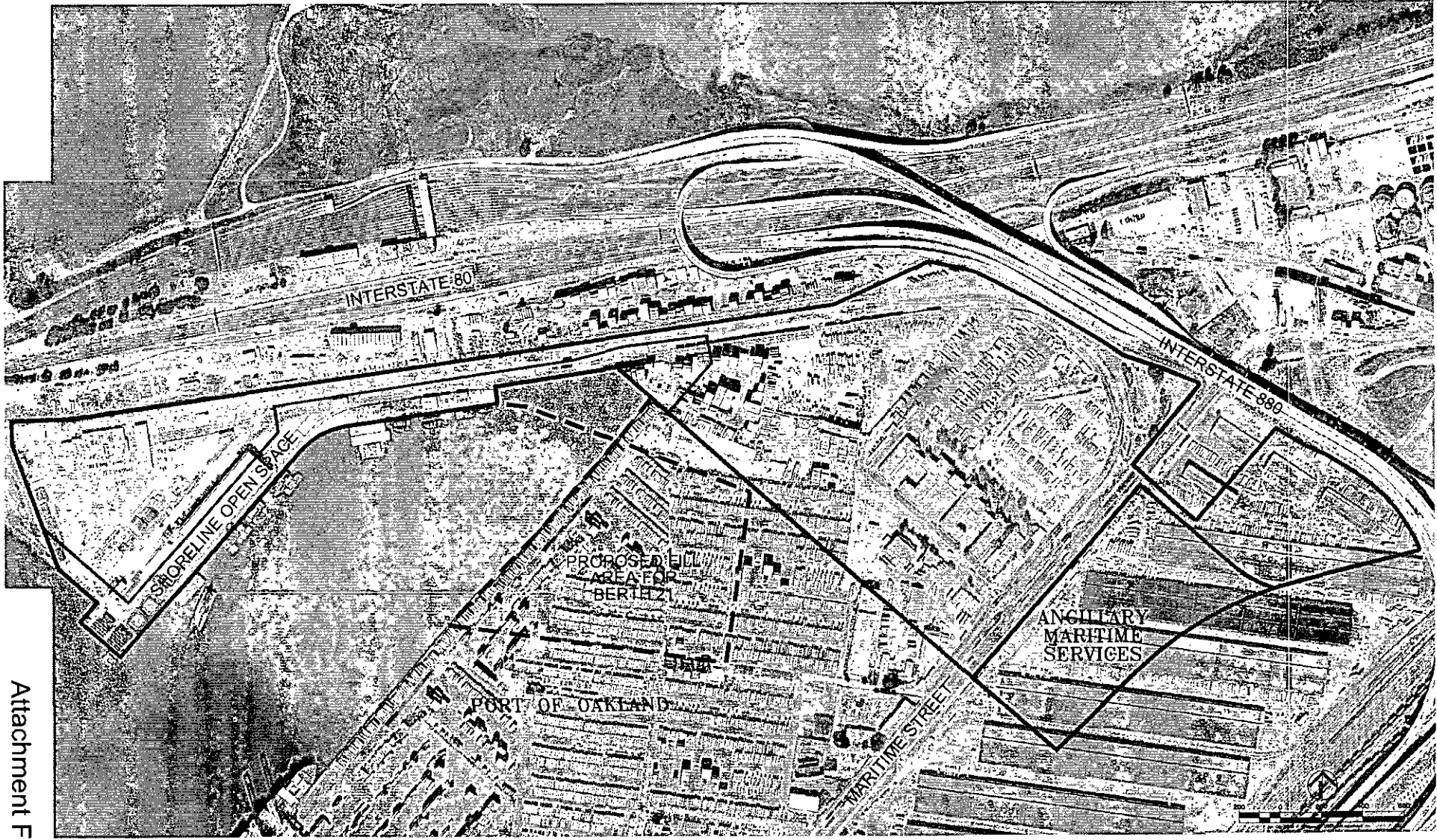
Attachment E - Summary of Master Developer Proposal Technical Analyses: FOA

		Federal Oakland Associates
7) Sustainable, Green Development		
General		<p>Fails to include green building principals in development proposal.</p> <p>Both proposals acknowledge a desire to construct energy-efficient buildings worthy of LEED certification. Neither explicitly commits to official LEED certification. Neither describes a goal or plan to meet a significant portion of the project's power needs with on site renewable energy, nor a carbon-neutral program for the project.</p>
Energy: exceed Title 24 by 20%.		
Exemplary levels of walkability, bikability and transit access.		<p>Federal Oakland says they will pursue the development of a ferry landing on site. The proposal also recognizes the opportunity to pursue development of a transit center on the Caltrans' parcel adjacent to the GDA and says a transit center would link local buses and shuttles, bicycles, regional bus rapid transit systems and ferry transit to the site and making use of the current parking and ride option at the (Bay) bridge toll plaza. The proposal for sustainable transportation development features is based upon its mix of retail, commercial, hotel/conference land uses, and interconnection to multi-modal transportation such as the Ferry Landing, a possible Regional Transit Hub as well as connections to West Oakland BART, future retail and local transit.</p>
8) Government Revenue		
Property tax increment.		
Sales tax.		<p>May provide significant sales tax revenues by building major retail facilities in a prominent location;</p>
Lease payments		<p>FOA LLC envisions either a ground lease or sale of land, and proposes a structure that would pay the City for the land after the developer's threshold of 20 percent Internal Rate of Return (IRR) was received. Cash flows above that IRR threshold would then be shared with the City according to several tiers of return to the developer. The methods for specifying this IRR were not proposed. FOA indicated that the primary financial benefit to the City would come in the form of taxable retail sales and other tax revenues (e.g., transient occupancy tax and property taxes).</p>
9) Urban Design and Architecture		
Sound urban design and planning principles.		<p>Maximizes opportunities of surrounding adjacencies and context. Maximizes utilization of freeway frontage, while also locating less-pedestrian, truck-oriented uses and loading docks adjacent to maritime industrial and rail areas. Overall plan creates a strong sense of place with a strong concept (Grand Blvd and Public Art Promenade) which ties all activity centers of the site together. Legible open space and circulation system. Relationship of buildings and pedestrian-scaled spaces is attractive through most areas of the plan.</p>
Integrated land uses.		<p>Generally synergistic relationship between uses largely due to the strong overall site development concept framework. Opportunities for shared use (particularly parking) are integrated into the concept. Attractive, integrated and walkable pedestrian environments link development, particularly East and Central Gateway. Office Commons should be better integrated into the Central Gateway portion of the project.</p>
Land uses carefully sited. (Site plan)		<p>Generally, land uses well located appropriate to surrounding context and adjacencies; internal adjacencies generally appropriate. Major parking structure facing freeway is problem.</p>
High standard of design.		<p>Proposal goes to great detail (perhaps more than necessary) to describe the materials and finishes of buildings (there should be some flexibility in future design within future guidelines). Materials generally appropriate to location and waterfront gateway industrial character. Preservation of 800-series buildings adds a layer of historic context to the development, which, if feasible, is a definite benefit. Based on illustrations, some (not all) of the proposed design is envisioned to be of a design that will be unique to this place.</p>
Architecturally distinctive multi-story development on West Gateway.		<p>Base on imagery in proposal (no drawings were submitted), intent is highly iconic building design for the site. Height (20 stories) is good, but modest; greater height is appropriate. The iconic design intent would provide appropriate landmark at end of Bay Bridge. Plan devotes about 50% of the site to public use. Hotel-conference center is a use that will provide activity to the site during more hours of the day (beyond business hours). Extensive surface parking adjacent to Gateway Park.</p>
High density.		<p>FAR: .44 based on total development program excluding parking of 2,048,000 sf and on site area of 108 acres offered by RFP.</p>
10) Community and Stakeholder Involvement		
Ongoing communication and collaboration with stakeholders.		
PROJECT FEASIBILITY		
1) Market Feasibility		
		<p>Erroneously states that "the industrial market has collapsed and is not expected to recover for 10-15 years". In fact, "...U.S. companies have shifted toward high-end manufacturing as the production of low-value goods moves overseas." If Oakland is to compete effectively in this industrial shift, we need the type of commercial and industrial space that supports the "green" business parks that these innovative industries demand.</p>
		<p>Multiplex is not a good idea for this site, which is removed from homes and workplaces (aside from those workplaces on site). There are cinemas already nearby in Jack London Square and Emeryville, as well as Embarcadero Center and Metreon in San Francisco. If Oakland was going to have a new cinema, it would be best placed on the Broadway Retail Corridor as part of the lifestyle shopping place or East Oakland, where there are none currently.</p>
		<p>The Broadway Retail Corridor has potential for big box stores, cinema, department stores and assorted smaller format stores. Several large format stores - Costco, Target and Lowe's - have interest in Oakland and could be compatible uses even with a mixed use commercial industrial project.</p>
2) Development Feasibility		
		<p>How will the retail car traffic containing shoppers (who may be unfamiliar with the Army Base area) be kept separate from increasing and expanding Port truck traffic? Stated differently: virtually all of the people using the buildings in the AMB proposal will be "workers", as opposed to "visitors"; workers know how to get where they're working, whereas shoppers may not, and different exits from different freeways will be used to reach the site.</p>
		<p>This plan seeks to isolate itself from the Port and not have complementary land uses. The desire is to block it off from the Port in order to promote higher-density development and draw heavy vehicle and foot traffic into the area. It will attract tourists, commuters, shoppers, clients, tenants, hikers and bikers. This may prove to be incompatible with vital activities of the surrounding area.</p>
		<p>The site plan illustration shows an Office Commons area and a shoreline viewing platform on Berth 9. Part of this development is not feasible as this section of property remains in the possession of the Port of Oakland. It's being utilized for tug boat operations and there are potential plans to fill in this area. The proposed viewing platform extends out into this fill area.</p>

Attachment E - Summary of Master Developer Proposal Technical Analyses: FOA

Federal Oakland Associates	
	The proposal for an Artists' Commons in the East Gateway conflicts with traffic circulation required to serve the development already planned for the East Gateway and the eventual development in the North Gateway. Adaptive reuse of Building 808 in the East Gateway for the Artists' Commons is not feasible because it would interfere with the alignment of a planned connector road between the East and North.
3) Traffic Circulation, Adjacent Land Uses	
	This plan does not foster integrated transportation and goods movement. It will adversely impact Port activities, the region and the community. A more detailed plan on their proposed traffic circulation would be necessary for further evaluation. The plan calls for blocking the northern end of Maritime Street to Port truck traffic in order to ensure the success of the development. This would impede access to the Bay Bridge and other major freeways. The result would be increased truck traffic through West Oakland neighborhoods. This would likely not be suitable to the surrounding community.
	The circulation plan for Federal Oakland places the primary project access too close to West Grand Avenue. Relocation of this access may substantially change the site layout. Conflicts with Port traffic are addressed by proposing separation of Port traffic from Gateway traffic at the south edge of the Gateway but does not specify how the separation would be achieved. The proposal states, "With the construction of the new Truck Parking area, the Port is already planning to control trucks in and around West Oakland streets, so our plan will dovetail well with truck circulation." The proposal includes an office parking structure that would serve retail and multiplex theater uses on weeknights and weekends.

Original RFP Site Map



Attachment F

Recommended ENA Site Boundaries

□ Approximate Boundary Line



Attachment H

COMMUNITY BENEFITS TERM SHEET

1	Landlord:	Redevelopment Agency of the City of Oakland (Agency)
2	Lessee:	To be designated by Developer
3	Agreed Uses:	Film Center, Produce Market, logistics facilities, Class A office, research and development facilities, project-serving retail, waterfront open space, JATC job training facility, recycling facilities, or as Negotiated
4	Community Fund	Lessee shall pay two million dollars (\$2,000,000) into the Landlord-designated Community Fund on or before August 7, 2010.
5	City / Agency Contracting Requirements	Lessee to comply with all City/Agency social justice contracting programs in both construction and operations phases, including, without limitation: prevailing wages, living wages, local and small local business, disadvantaged business program, equal benefits, disabled access, and apprenticeship/job training/first source hiring programs. Lessee must agree to comply with compliance monitoring by Agency.
6	Local Hire, Retention, Job Training & Apprenticeships for Construction Jobs	To ensure that project construction provides the strongest possible training and employment opportunities for targeted residents, a Labor Peace Agreement for project construction shall include requirements for a share of project hours to be worked by targeted residents and by apprentices. The Agency will require all general contractors to develop a plan for satisfying these requirements, and to obtain approval from the Agency of that plan prior to commencement of work. Targeted hiring requirements will be monitored and enforced, perhaps through the Ports MAPLA program.

7	Local Hire and First Source Hiring for Permanent Jobs	<p>In order to advance the Agency’s goal of providing economic opportunities to residents of communities that have borne the brunt of social, economic and health impacts, the Agency will require Lessee to ensure that all project employers participate in a First Source hiring program for operations-phase jobs (i.e., non-construction jobs). This program will require employers to designate a first source system, prior to hiring; consider targeted applicants referred by the first source system; and hire a percentage of targeted applicants. The Agency will designate one or more nonprofit entities to refer applicants as part of the first source system. Targeted hiring requirements will be monitored and enforced through a process to be established by the Agency and similar to the Port of Oakland’s MAPLA program, through which employers and contractors report progress, and challenges are addressed in a collaborative manner by various stakeholders from a particular industry, including community representatives and any relevant labor union(s).</p>
8	Labor Peace	<p>Lessee is required to agree to the following language in its lease agreement with the Agency: The parties recognize that in order to protect the Agency’s proprietary interests in uninterrupted receipt of the income and public services promised under this contract, labor disputes must be prevented. The parties agree that as a material condition of this agreement, Lessee shall cause each employer of employees rendering Services on the premises to sign a labor peace agreement with any labor organization which has informed the Agency that it represents or seeks to represent such employees, unless the Alameda Labor Council advises that such labor organization is not actively organizing in such industry.</p> <p>A “labor peace agreement” means any written agreement which (a) waives the right of the labor organization and its members to engage in picketing, work stoppages, boycotts, or other economic interference with the Agency’s proprietary interests in the premises for the duration of the Agency’s lease; and (b) provides that any services to be performed by employees of the employer’s tenants, subtenants, contractors, or subcontractors will also be done under agreements containing the same labor peace assurance. “Services” for these purposes means janitorial, security, building and grounds maintenance, warehousing and distribution, industrial, mechanics and truck services, retail, hotel (and any restaurant connected thereto), and grocery sales.</p>

9	Performance Standards and Reporting	To assist the Agency in assuring that project development is proceeding in a timely manner towards the Agency's goals, Lessee will be required to submit regular progress reports on satisfaction of various project requirements, including construction progress, financial goals, local hire, employment retention, and small/local business utilization, air quality and environmental health. In the Lease Development & Disposition Agreement (LDDA), the Agency will set goals in each of these areas for each phase of construction and operation of the project. The LDDA will stipulate penalties if goals are not met and incentives if goals are exceeded.
10	Workforce Training	Lessee should be prepared to coordinate with labor, community colleges and local workforce training programs to train workers for both construction and relevant permanent jobs and ensure that programs have resources to advance the Agency's goal of sustainable economic development of surrounding neighborhoods.
11	Community Outreach & Engagement	Lessee is required to create and maintain a program of ongoing communication and collaboration with relevant community stakeholders to ensure that there is community understanding and support for the project.
12	Community Services & Amenities	Lessee should describe how project will result in creation of community services and amenities such as grocery stores, banks and other retail, community centers or child care centers, on or off-site, to benefit the surrounding neighborhoods.
13	Relocation of Polluting and Other Hazardous Uses from West Oakland	Lessee should describe plan to relocate polluting and other hazardous uses from the adjacent West Oakland neighborhoods onto the project area, including recycling facilities and trucking activities. Plan should include analysis of how project will decrease or increase communities' exposure to pollution.
14	Gateway Development	The GDA development should capitalize on the property's waterfront location and result in a stunning gateway to the East Bay.
15	Urban Design Principles & Coherent Development Plan	The design of the GDA should be coherent, incorporate distinctive, innovative architecture, ensure a mix of uses, and be flexible enough to evolve over time.
16	Green Industries	Project should indicate types, numbers and timing of green businesses and industries to be included in project, establish recruitment incentives, and describe potential synergies among industries and how they will interact with whole development.

17	Green, Clean Building	<p>The GDA should be a model for sustainable development in every respect. “Green” development principles should meet or exceed City of Oakland’s Green Building Ordinance and related policies, including design, construction, building materials, use of alternative energy sources, resource efficiency, waste stream diversion, communications technology and transportation. Development plans must meet these standards, including energy generation and/or savings and details of carbon-neutral program.</p> <p>All major facilities constructed on the Project site should achieve energy efficiency levels at least 20% better than Title 24 requirements, and receive certification under the U.S. Green Building Council’s LEED program at a minimum of the LEED Silver level. Project plans should demonstrate higher levels of green building achievement, including potential certification of the Project as a whole under the LEED for Neighborhood Development rating system and/or achievement of additional credits as prescribed under that rating system and other guiding documents such as the Alameda County Waste Management Authority’s Bay-Friendly Landscape Guidelines. A significant portion of the Project’s ongoing energy requirements should be met with on-site clean, renewable energy technologies.</p> <p>Infrastructure should be installed to enable all facilities to use recycled grey water as an alternative to potable water for uses not requiring potable water (e.g., sewage conveyance). Systems should be designed to treat 100% of stormwater on site, and to make use of rainwater and/or recycled water on-site where possible. Potable water should not be used for site irrigation.</p> <p>Project should describe anticipated vehicle use associated with operations and should provide strategies for reducing transportation-related impacts and local air pollution. Studies estimating air pollution from proposed uses of the project site, including associated vehicle travel, and of cumulative impact with adjacent Port uses should be performed and analyzed to increase perspective on the potential air quality impacts of project.</p> <p>All roof and pavement surfaces should have a solar reflectivity index in order to minimize the urban heat island effect.</p> <p>In compliance with the City’s Construction and Demolition ordinance, 100% of concrete and asphalt and a minimum of 65% of all other materials generated should be targeted for reuse or recycling.</p>
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18	Public, Accessible Open Space at Waterfront	Project should demonstrate plan for publicly-accessible connection – by bicycle, foot, and vehicle – from Central Gateway area to future development of the 16.5-acre shoreline open space mandated by the California State Lands Commission and for coordination with the 15-acre Gateway Park being developed by East Bay Regional Park District to help create a world-class destination and amenity.
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FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 JUL -2 PM 7:57

Approved as to form and legality:


Agency Counsel

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

Resolution No. _____ C.M.S.

RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO NEGOTIATE AND ENTER INTO AN EXCLUSIVE NEGOTIATING AGREEMENT FOR A TERM OF 360 DAYS FROM AGENCY APPROVAL, BETWEEN THE OAKLAND REDEVELOPMENT AGENCY AND AMB PROPERTY CORPORATION / CALIFORNIA CAPITAL GROUP AND/OR FEDERAL OAKLAND ASSOCIATES REGARDING A PROPOSED DEVELOPMENT OF A MIXED-USE PROJECT CONSISTING OF LOGISTICS, INDUSTRIAL, OFFICE, PROJECT-SERVING RETAIL AND OTHER USES MANDATED BY THE AGENCY ON UP TO 135 ACRES OF THE FORMER OAKLAND ARMY BASE

WHEREAS, the Redevelopment Agency of the City of Oakland ("Agency") owns approximately 165 acres of real property located in the former Oakland Army Base, which is depicted in Exhibit A attached hereto; and

WHEREAS, the Redevelopment Agency adopted the Redevelopment Plan for the Oakland Army Base Redevelopment Project ("Oakland Army Base Redevelopment Plan") on July 11, 2000; and

WHEREAS, one of the proposed actions included in the Oakland Army Base Redevelopment Plan was the redevelopment of land by private enterprise; and

WHEREAS, the Agency Board directed staff on July 15, 2008 to issue a Request for Proposals to four development teams recommended by a review panel following a Request for Qualifications process; and

WHEREAS, two of the four teams selected to submit full proposals did so on January 22, 2009; and

WHEREAS, the Agency conducted a comprehensive proposal review process with technical review and input from a variety of internal and external experts; and

WHEREAS, an interview panel consisting of six City officials and five external stakeholders interviewed both prospective development teams on April 2, 2009 and April 3, 2009; and

WHEREAS, the interview panel voted ten (10) to one (1) in favor of the Agency entering into an Exclusive Negotiating Agreement with AMB Property Corporation/California Capital Group based upon its proposal for logistics, industrial, office and project-serving retail development; and

WHEREAS, in 2002 the Oakland City Planning Commission certified the Oakland Army Base Redevelopment Plan Environmental Impact Report and the Oakland City Council, Oakland Base Reuse Authority, and Oakland Redevelopment Agency adopted all appropriate California Environmental Quality Act ("CEQA") findings; and

WHEREAS, the City certified a Final Supplemental Environmental Impact Report for an auto mall at the former Oakland Army Base on December 5, 2006, and also adopted an Addendum on December 18, 2007; now, therefore be it

RESOLVED, that the Agency Administrator is authorized to negotiate and enter into an Exclusive Negotiating Agreement with AMB Property Corporation/California Capital Group and/or Federal Oakland Associates for the purposes of studying and evaluating the feasibility of and negotiating terms and conditions for the possible development of logistics, industrial, office, project-serving retail projects and destination retail on up to 135 acres of the East, North, Central and West Gateway Areas in the Oakland Army Base Redevelopment Area as depicted in Exhibit B; and be it

FURTHER RESOLVED, that the planned development shall exclude the 15-acre site within the East Gateway Area approved by the Agency Board on November 6, 2007 (Resolution No. 2007-0076) for the development of truck parking and related services with Oakland Maritime Support Services ("OMSS") in compliance with the San Francisco Bay Conservation and Development Commission's requirement and intent for ancillary maritime support services on the Agency's portion of the former Oakland Army Base, unless alternative accommodations are agreed to by required parties; and be it

FURTHER RESOLVED, that the planned development shall include accommodations as mandated by the Agency Board on July 15, 2008 and as articulated in the Request for Proposals document for a Produce Market, Film Center, and Joint Apprenticeship Training Committee center; and be it

FURTHER RESOLVED, that the material terms of the Exclusive Negotiating Agreement will be consistent with the Term Sheets attached as Exhibits C and D hereto; and be it

FURTHER RESOLVED, that the term of the Exclusive Negotiating Agreement will be for three-hundred and sixty days (360 days) from the date that this Resolution is approved by the Agency Board, with the option to extend said period by an additional ninety (90) days with the approval of the Agency Administrator in his sole and absolute discretion; and be it

FURTHER RESOLVED, that the Agency has independently reviewed and considered the environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the Agency is exempt from CEQA pursuant to

Section 15262 (feasibility and planning studies), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA Guidelines; and be it

FURTHER RESOLVED, that the Agency Administrator or his designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it

FURTHER RESOLVED, that the Exclusive Negotiating Agreement shall be reviewed and approved as to form and legality by Agency Counsel prior to execution; and be it

FURTHER RESOLVED, that the Agency Administrator is further authorized to take whatever action is necessary with the respect to the Exclusive Negotiating Agreement and the project consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

AYES – BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND
CHAIRPERSON BRUNNER

NOES –

ABSENT –

ABSTENTION –

ATTEST:

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

GATEWAY DEVELOPMENT AREA



EXHIBIT A

Proposed Development Area

□ Approximate Boundary Line

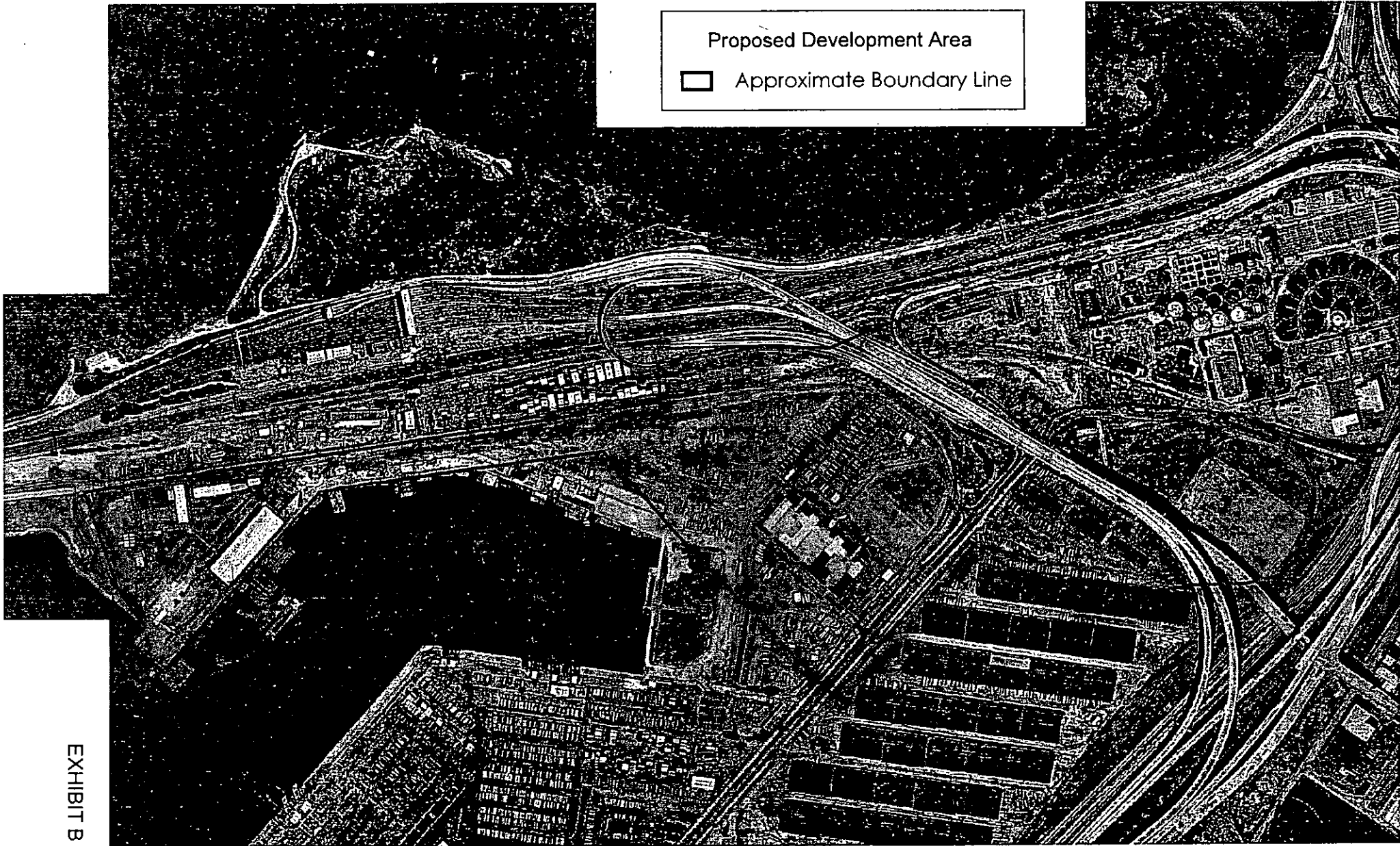


EXHIBIT B

Exhibit C

COMMUNITY BENEFITS TERM SHEET

1	Landlord:	Redevelopment Agency of the City of Oakland (Agency)
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9	Performance Standards and Reporting	To assist the Agency in assuring that project development is proceeding in a timely manner towards the Agency's goals, Lessee will be required to submit regular progress reports on satisfaction of various project requirements, including construction progress, financial goals, local hire, employment retention, and small/local business utilization, air quality and environmental health. In the Lease Development & Disposition Agreement (LDDA), the Agency will set goals in each of these areas for each phase of construction and operation of the project. The LDDA will stipulate penalties if goals are not met and incentives if goals are exceeded.
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18	Public, Accessible Open Space at Waterfront	Project should demonstrate plan for publicly-accessible connection – by bicycle, foot, and vehicle – from Central Gateway area to future development of the 16.5-acre shoreline open space mandated by the California State Lands Commission and for coordination with the 15-acre Gateway Park being developed by East Bay Regional Park District to help create a world-class destination and amenity.
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Exhibit D

REAL ESTATE TERM SHEET

1	LANDLORD:	Redevelopment Agency of the City of Oakland
2	LESSEE:	To be designated by Developer
2A	GUARANTOR FOR LDDA COMPLETION GUARANTY	[Note- Guarantor must be financially strong entity with significant assets to guarantee LDDA Project completion obligation, as determined by Agency]
3	PROPERTY:	Approximately 135 acres of Army Base Property, excluding the OMSS Parcel.
4	AGREED USE:	Film Center, Produce Market, logistics facilities, Class A office, research and development facilities, project-serving retail, waterfront open space, JATC job training facility, recycling facilities, or as Negotiated
5	INITIAL TERM:	66 years Term shall commence on lease execution ("Lease Commencement Date")
5A	TERMINATION RIGHTS	Lessee has no right to terminate Lease. Landlord has right to terminate Lease due to Developer default or breach.
6	LEASE COMMENCEMENT DATE	Lease execution date.
7	RENT COMMENCEMENT DATE	One hundred twenty (120) days from execution of the lease.
8	EXTENDED TERM:	Landlord shall grant, at its sole and absolute discretion one (1) additional thirty-three (33) year option to extend the Lease. Option is at Landlord's sole and absolute discretion and may be exercised at least one (1) year in advance of the end of the current term.
9	POSSESSION:	Upon lease execution and no later than eighteen (18) months after execution of an ENA.
10	RENT:	Fair Market Rent to be determined by an independent MAI Appraiser acceptable to both parties, but in any event not less than \$_____ annually.
11	PAYMENT OF RENT:	Rent shall be paid annually on or before July 1 of each and every year of the term. Lessee shall pay prorated annual rent for Year 1 on the Rent Commencement Date.

12	RENTAL RATE ADJUSTMENT	Rent shall be adjusted each year after the stabilization period or the 5 th year, whichever comes first. Years 6-9 shall increase 3% each year. Every 10 th year of the lease the rent will be determined by an MAI Appraisal and adjusted annually by the CPI Index, however, the rent increase will not exceed 4% annually. In no event shall rent be decreased below the rate at end of immediately preceding rent adjustment period.
13	TAXES/ EXPENSES	Lessee shall pay any and all taxes, including, but not limited to, possessory interest tax. Lessee shall pay any and all expenses associated with the Property.
14	INSURANCE	<p>Lessee pays.</p> <p>Commercial General Liability: \$5,000,000</p> <p>Worker's Compensation: Statutory Limits (no less than \$1,000,000)</p> <p>Employer's Liability: \$1, 000,000</p> <p>Automobile Business Liability: \$1,000,000</p> <p>Pollution Limited Liability: \$1,000,000</p> <p>All coverages are subject to periodic increase as determined by the City's Risk Manager</p>
15	CONDITION OF PROPERTY AT DELIVERY	Lessee shall take delivery of the premises in an As-Is condition subject to any and all existing title exceptions, encumbrances, liens, and real property agreements including, but not limited to, three quitclaim deeds recorded in 2002 by the State of California Department of Transportation and the following unrecorded tenancy agreements: 1) Oakland Maritime Support Services Lease, 2) City of Oakland Winter Shelter License, 3) Oakland Film Center Licenses (sixteen total), 4) Pacific Coast Container Lease, 5) Urban Recycling Solutions, Inc. Lease. Lessee is responsible for identifying and transferring three acres of land in the OARB to JATC per the MOA between Agency and JATC. Any alternative to the transfer of OARB land to JATC is at the sole expense of Lessee.
16	ENVIRONMENTAL REMEDIATION	Lessee shall complete any and all environmental remediation at, on, under or in the Property, including, but not limited to, remediating and removing existing utility infrastructure, and receiving closure letters from environmental regulatory agencies, all no later than August 7, 2013. Agency will reimburse specified costs on terms to be detailed in the LDDA.
17	INDEMNIFICATION	Lessee shall agree to provide standard commercial hold harmless and defend provisions to the City of Oakland and the Redevelopment Agency of the City of Oakland and its employees, officers, directors, shareholders, partners and agents

18	DEED RESTRICTIONS & ENVIRONMENTAL USE RESTRICTITONS	Lessee accepts and acknowledges the Property is subject to: 1) deed restrictions in the transfer deeds, 2) a recorded covenant to restrict use of property, and 3) right of access across the Property to allow for remediation or monitoring by federal and state agencies.
19	UTILITY INFRASTRUCTURE	Landlord does not warrant or guarantee utility service to the Property. Landlord will coordinate with Lessee, Port of Oakland and any other utility service provider the use of existing utility infrastructure. Landlord shall cooperate with Lessee in the development of new utility infrastructure to serve the Property on terms to be negotiated.
20	SECURITY DEPOSIT	To be negotiated
21	LANDLORD'S MAINTENANCE	None. Lessee is responsible for all maintenance.
22	COMMISSION:	Landlord shall not pay or be liable for any commissions or brokerage fees. Lessee shall hold harmless and defend Landlord against any claims for commissions or brokerage fees.
23	SIGNAGE	Lessee may not install or place signage on any existing City street on the Property or within any City street to be created or the public corridor. Lessee may install and place signage on the remaining Property in compliance with City codes
24	TAXES & PUBLIC IMPROVEMENTS MAINTENANCE & INSURANCE	Lessee shall pay all operating expenses to operate the Project in a manner outlined in the lease agreement. Lessee's operation expenses to include all capital expenditures, security and insurance for the Property and Project. Lessee to maintain the Property and Project in first-class condition.
25	FAIR SHARE	Lessee shall be responsible for paying a fair share of any required off-site traffic improvements and/or other mitigations, as determined by the Oakland Army Base Fair Share Allocation Report, pursuant to the Mitigation Monitoring & Reporting Report of the Oakland Army Base Redevelopment Area Plan Environmental Impact Report.
26	COMMUNITY FUND	Lessee shall pay two million dollars (\$2,000,000) into the Landlord-designated Community Fund on or before August 7, 2010.
27	LANDLORD ACCESS	Landlord has the right to enter and inspect the Property and Project after reasonable notification to Lessee.

28	CITY/AGENCY PROGRAMS	Lessee to comply with all City/Agency social programs in both construction and operations including, without limitation, labor peace agreement, prevailing wages, living wages, local and small local business, equal benefits, disabled access, and apprenticeship/job training/first source hiring programs. Lessee must agree to comply with compliance monitoring by Agency.
29	GOOD FAITH DEPOSIT	Developer shall deposit with Agency a _____ dollars (\$) Good Faith Deposit in the form of certified funds or a letter of credit in favor of Agency. If the Parties enter into an LDDA, or Developer negotiates in good faith but fails to reach agreement with Agency, or Agency otherwise declines, in its sole and absolute discretion, to enter into an LDDA, Agency shall return the Good Faith Deposit to Developer. If Developer fails to negotiate in good faith with Agency or fails to fulfill the conditions or meet the obligations set forth in this Agreement as reasonably determined by Agency, Agency may exercise its option to retain the Good Faith Deposit as liquidated damages.
30	PROJECT EXPENSE PAYMENT	Developer shall deposit with Agency _____ dollars (\$) in the form of certified funds from Developer to Agency. Developer shall deposit with the Agency _____ Dollars (\$) of the PEP within three (3) days of the Effective Date of the ENA, and the remaining _____ Dollars (\$) of the PEP in increments of _____ Dollars (\$) within seven (7) days after Agency advises Developer that the PEP balance has fallen below _____ Dollars (\$ _____).
31	EQUITY PARTICIPATION WITH AGENCY	Agency has invested approximately \$27,000,000 in readying the Property for development. Lessee shall match that investment with a minimum equity participation amount of \$27,000,000 prior to any request for Agency funding. Match may include work conducted on project prior to execution of ENA that adds specific value to project going forward. Developer shall match future Agency investment in the development of the Property on a dollar for dollar basis.