

Introduction of Ordinance to Approve Two Leases with Kai Concepts, LLC for a Portion of Building 168 and a Portion of Pier 1, Located in Alameda Point

January 20, 2026



Proposed Leased Premises



Building 168 - 1651 Viking Street

Building 168

- Former Navy storage warehouse, located at 1651 Viking Street in Alameda Point
- Built in 1946
- Located within Enterprise District
- Non-historic structure and not within tidelands
- Conveyed to City in 2013
- B168 is divided into two suites (City's other tenant is MARAD)
- Lease Includes approximately 28,636 SF of interior space and 17,270 SF of adjacent yard space



Pier 1

Pier 1

- Located within Enterprise District
- Conveyed to City in 2016
- State Tidelands property
- Not contributing historic structure
- Located on South side of Seaplane Lagoon
- Non-exclusive use of a portion of the pier for launching and retrieval of watercraft
- Power Engineering also leases the pier (no conflicts of uses)



Kai Concepts, LLC.

Kai Concepts has been operating at Alameda Point since 2013 and has remained a tenant in good standing

- The Alameda Point business employs a professional team of engineers, sailors, and software developers.
- They build and test Kites for large-scale propulsion in waterborne transportation and E-Foils for water sports innovation.
- The adjacency of B168 to Pier 1 provide efficiency for the business in developing and testing watercraft designs.
- Kai's use is consistent with General Plan policies for Alameda Point and the Enterprise-1 subdistrict and consistent with the Alameda Municipal Code zoning requirements for the premises.
- Current lease for B168 expired October 2025, and Pier 1 license expired August 2025



New Lease Terms

- **Use:** Research and development of kite powered watercraft
- **Premises:** 28,636 SF of interior space, 17,270 SF exterior space at B168, plus a non-exclusive portion of Pier 1 used to launch and retrieve watercraft
- **Term:** 60-months (5 years) w/ no renewal option
- **Monthly Base Rent:** \$27,150 combined (building and pier) w/ annual 3% increases
- Increase of 3% over current (combined) Base Rent
- Tenant is responsible for all utilities, taxes and fees
- City has exclusive Right to Terminate occupancy of B168 with six (6) months prior notice; Pier 1 lease includes a relocation right with 90-day notice to allow flexibility for future uses.
- Lease rate reflects fair market value (FMV) for the use, given the shorter-term duration and City's termination right

Months	B168 Monthly Rent	Annual Rent	Pier 1 Monthly Rent	Annual Rent
1-12	\$23,000	\$276,000	\$4,150	\$49,800
13-24	\$23,690	\$284,280	\$4,275	\$51,300
25-36	\$24,401	\$292,812	\$4,403	\$52,836
37-48	\$25,133	\$301,596	\$4,535	\$54,420
49-60	\$25,887	\$310,644	\$4,671	\$56,052
Total Base Rent for B168 & Pier 1 use over full 5-year term: \$1,729,740				

Recommendation

Approve the first reading of the ordinance authorizing the Interim City Manager to execute the two new leases for B168 and the non-exclusive portion of Pier 1, with Kai Concepts on the terms described in the staff report.

Rationale

- Contributes significant base lease revenues of \$1,729,740 over five years, supporting the operating expenses of City-owned Alameda Point properties.
- Provides space for existing, long-term tenant in good standing, to perform blue tech and maritime R&D in alignment with the City's Economic Development Strategic Plan.
- The shorter-term nature of the lease and termination right will not interfere with the City's plans for future redevelopment of the Enterprise District with more job-intensive uses. This would be one of the later-to-develop areas due to its western location.
- Tenant will continue to maintain the premises as occupied, thus reducing security concerns at Alameda Point.