



Enterprise District - Approach to Development



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1. Background

In April 2014, the City issued an RFQ for development of an 82-acre commercial site within the Enterprise District at Alameda Point (Exhibit 1). The City received four complete, qualified responses from developers and began negotiations with two finalists. Negotiations on key business and financial terms were at an impasse when neither developer team would commit to financing upfront infrastructure or land payments and were not willing to adhere to a milestone schedule for implementing development. The developers stated the uncertainty of the commercial market in Alameda and the high cost of infrastructure were barriers to committing to business terms with a finite timeline.

At the same time, the City issued an RFP for the 68-acre Site A mixed-use development site and in July 2015 approved a development agreement for 800 housing units, 600,000 square feet of commercial space and major infrastructure investment. The Site A development is currently in the design and entitlement phase and is expected to break ground by the end of 2016.

The City has considered various options to renew the effort to attract commercial development to the Enterprise District, including: re-issuing an RFQ, and re-initiation of negotiations with one or both of the two previous developer finalists. Instead, the proposed development approach will focus less on developers and more on “end user” businesses and take advantage of the infrastructure efficiencies and amenities offered by the progress being made by the adjacent Site A development. This approach leverages the City’s existing relationship with Cushman and Wakefield as the leasing agent for Alameda Point and avoids the situation where a single developer has rights over the land for an extended period of time. Visibility and exposure of the unique large-scale land opportunity in the Enterprise District will intensify with each of three major milestones reached at Site A – 1) closing on the land; 2) commencing construction of infrastructure, and 3) completion of infrastructure.

2. Enterprise District Planning Vision and Goals

Almost 20 years ago, when the federal government closed Naval Air Station (NAS) Alameda, over 18,000 jobs were immediately lost. The Enterprise District is seen as one of the primary opportunities to attract new commercial development, regain those jobs and create an economic engine that will rebalance jobs and housing on the island and greatly mitigate peak hour traffic congestion.

Planning Framework

In 2014, the Alameda Point Zoning Amendment was approved with the objective of guiding private investment for the rehabilitation and improvement of existing infrastructure, structures, and open spaces. As shown on the map below, the Zoning Amendment established the Enterprise District’s land use planning framework and created four sub-areas to address constraining elements within and adjacent to the Enterprise District site. Each sub-area has slightly different allowed uses and intensities of use.

Zone 1 - This area occupies the bulk of the site and provides land for employment and business uses, including office, R&D, bio-technology and high tech manufacturing and sales, light and heavy industrial, maritime, community serving and destination retail, and similar and compatible uses.

Zone 2 – This area to the north and abutting Site A, allows the same uses as Zone 1, with a greater focus on office uses and uses that are more compatible with the Waterfront Town Center.

Zone 3 – This area acts as a buffer along Main Street and the residential neighborhoods to the east. This area has a lower intensity to create a more seamless integration between the Enterprise District and the existing neighborhood and allows the possibility for some residential.

Zone 4 - This area abuts the piers and Seaplane Lagoon and permits only working waterfront uses.



Together, these sub-areas are intended to create opportunities for catalytic commercial uses with spin-off potential to other areas of Alameda Point and increased job creation overall. It is likely development would begin in Zone 2, taking advantage of the efficiencies of locating adjacent to the Site A waterfront development and existing infrastructure improvements in Main Street. Zone 1 and 3 would be the focus of the next stage of development for large campus-type users with emphasis on job and sales tax generators. The attraction of maritime and waterfront uses to Zone 4 will be on-going and will build upon the existing maritime uses within the sub-area. The proposed Seaplane Lagoon Ferry Terminal with 3-4 commuter routes to and from San Francisco is highly anticipated by the development community will be a major boost to the area once construction is completed and operations begin in 2020.

Existing and Proposed Industry Clusters

Over the last five years, City staff has taken a strategic approach to attracting new commercial businesses and development, including targeting clusters of industries and uses consistent with the community's long-term vision for Alameda Point that generate high-end and high-tech jobs; become amenities for all of Alameda Point and the City, as a whole; attract visitors; and create momentum and place-making benefits for new development opportunities. As part of this strategic approach, the City has entered into more long-term leases and/or leases with options to purchase in certain parts of Alameda Point, such as the adaptive reuse area where the long-term preservation of historic buildings is a key consideration and the tidelands maritime areas that have limited new development potential.

This approach to industry clusters is a key development strategy for attracting commercial uses and maximizing the value of all uses within the new development areas of Alameda Point. Existing high profile and attractive individual tenants, such as Google, and clusters of industries, including clean-tech, food and beverage manufacturing users and artisan makers, lay the groundwork for commercial expansion and attraction opportunities in the Enterprise District.

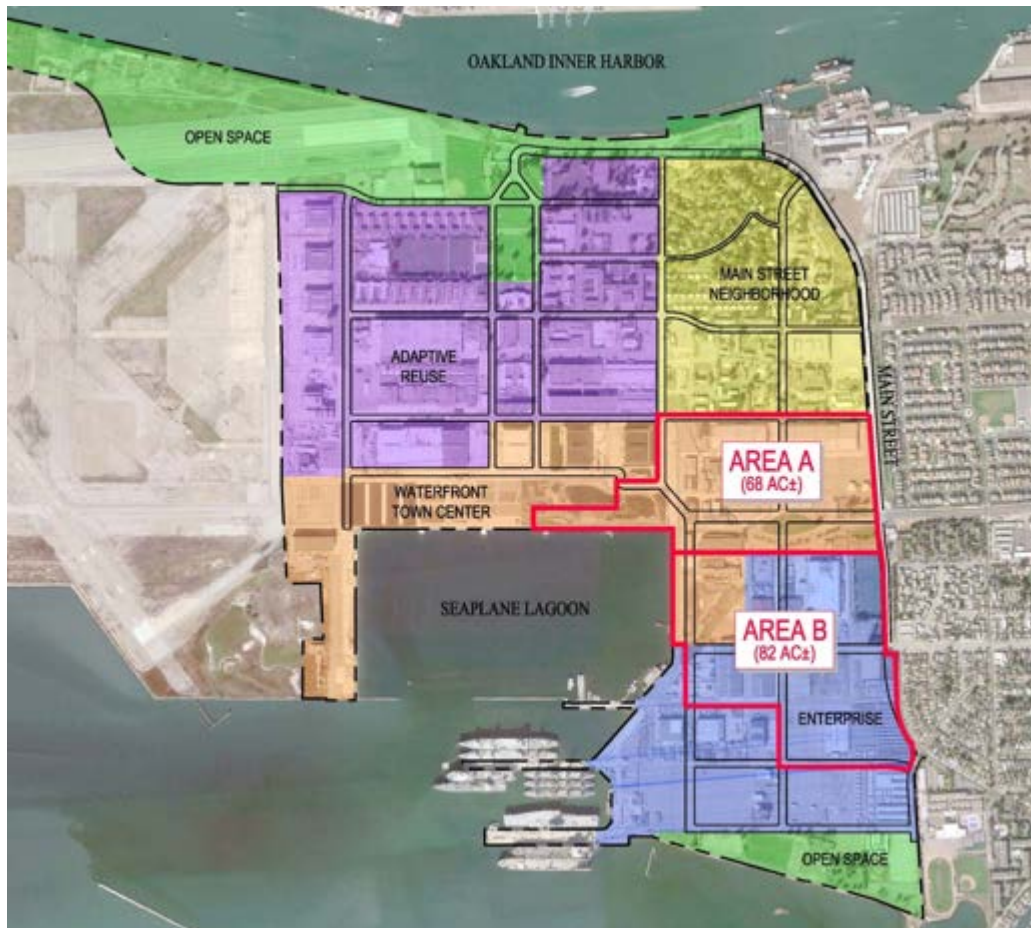
Below is a map that shows the locations of existing and future industry clusters at Alameda Point.



The following section describes in greater detail the approach to new development in the Enterprise District.

3. Approach to New Development in Enterprise District

The approach has three phases tied to the progress being made implementing the Site A development over the next 9 to 48 months. A map of Site A and its geographical location relative to Site B is shown below.



The three phases of the new strategy are described below:

❖ **Awareness Phase**

Coordinated with Site A pre-infrastructure work and Phase 1 Closing (9-14 month duration)

This phase has begun and focuses on raising awareness of the Enterprise District opportunity. It includes developing a marketing brochure, refreshing and re-launching a marketing and outreach campaign with a focus on the commercial brokerage community, and identifying initial corporate or institutional users that may be an appropriate fit for the Enterprise District. This phase corresponds to the Pre-Infrastructure Phase of the Site A development.

❖ **Connection Phase**

Coordinated with Site A Phase 1 Infrastructure (10-36 months duration)

Once the City transfers ownership of the first phase of Site A to the Site A developer and the developer commences construction on infrastructure, the second phase of the Strategy, the Connection Phase, commences. This phase will take advantage of the buzz created by Site A ground-breaking by creating an Enterprise District Newsletter, providing streaming video of the Site A construction process, hosting a targeted broker event, creating a social media campaign, expanding its contact list to include more end users and developers, and enhancing the connections made with potential leads through personal visits, direct mail, phone canvassing and email.

❖ **Delivery Phase**

Coordinated with Site A Phase 1 Infrastructure Completion (18-48 month duration)

Once key Site A infrastructure improvements are near completion and there is greater certainty about the timing of delivering land that can be developed for commercial use, outreach will intensify. Since commercial end users require site delivery on an expedited time frame (as opposed to residential developers, who can be willing to spend more time on site preparation), this amplification of marketing will highlight the increasing

and impending readiness of this development opportunity. Again, this phase will kick-off with an on-site celebration of infrastructure completion, including possibly a BBQ for tenants and prospective users and developers. Other marketing efforts will include expanding the target list to smaller developers and owner/users, intensifying the social media and public relations campaign, and continuing the personal visits, direct mail, phone canvassing and emails with potential users, developers, and brokers.

4. Roles & Responsibilities

The clear delineation of roles and responsibilities of the parties involved in implementation of the Approach will help to define expectations and clarify who is responsible for the various tasks and decisions needed to make the approach successful. The three parties involved in the Approach are:

- **City Council** - property owner and the ultimate decision-maker for any development proposed for the Enterprise District. The City Council has the ability to authorize RFQs from developers or “end users,” approve disposition and development agreements, revise zoning, and condition plans, as appropriate, to achieve the desired goals for job creation at the Enterprise District.
- **Cushman & Wakefield (C&W)** – an international full-service real estate brokerage house. C&W is highly qualified, maintains relationships throughout the Bay Area and the country with numerous commercial brokers, developers, and users, and specializes in marketing and brokering large-scale commercial land and development transactions, such as the VF Outdoor Campus in Harbor Bay in Alameda.

The current listing agreement with C&W was entered into on June 1, 2015 and expires on December 31, 2018. C&W is responsible for obtaining satisfactory purchasers and /or lessee(s) for specific buildings and lands within Alameda Point at a sale price and lease rate to be determined by the City. To this end, C&W advertises City property at its own expense and will receive a 5% commission upon the transfer or closing of title to the property.

C&W is responsible for executing day to day operations of the approach and serves as the front line point of contact for new interest in the Enterprise District, participates in transactional negotiations when appropriate, and provides input and expertise to changes in the marketing approach.

- **City staff**- responsible for providing ongoing oversight of the approach, participating in key user and developer meetings, leading transactional negotiations, evaluating ongoing progress, and recommending modifications to the new development approach, as appropriate.

5. Deliverables and Metrics

As part of this approach, City staff and C&W will furnish the City Council with progress updates every six months to allow for in-flight modifications. The City Council will assess performance of the approach and determine whether to make changes or stay with the current approach. Below are the deliverables for each phase of the approach.

Phase 1: Deliverables

- Produce new Enterprise District specific marketing piece
- Public Relations effort- article in regional press
- Modify website to reflect new Enterprise District availability
- 2 Enterprise District specific broker blasts per month (~750 recipients Bay Area wide)
- Two regional brokerage house visits per month to make presentations
- Weekly targeted mailer to regional group of tenants/users (25 weekly)
- Weekly phone follow-up to end user mailing recipients
- Keep information active on LoopNet & Costar online marketing portals
- Keep information active on C&W website
- Inquiry tracking

Metrics:

- # articles placed
- # broker blasts
- # visits to brokerages
- # targeted mailings to regional tenant groups/users
- # follow-up calls to end-user mail recipients
- # inquiries

Phase 2: Deliverables

- Launch streaming video of Site A infrastructure work
- Periodic email updates on Site A construction
- Media blitz to capture focus on Site A groundbreaking
- Production of "Enterprise Newsletter"
- On-site broker events (bus tour, lunch with raffles)
- 2 Enterprise District specific broker blasts per month
- Weekly targeted mailer to regional group of tenants/users (25 weekly)
- Weekly phone follow-up to end user mailing recipients
- Expanded target list
- Continued social media
- Continued personal visits and phone canvassing
- Monthly marketing reports (to include inquiry tracking)

Metrics:

- # email updates on Site A Construction
- Press releases
- Newsletter
- # of broker events;
- Attendance at broker events
- # targeted mailers to regional tenants/user groups
- # follow-up calls to end-user recipients
- # inquiries

Phase 3: Deliverables

- Site A Ribbon cutting event
- Tenant barbecue
- Expand target list to include smaller developers and end users
- 2 Enterprise District specific broker blasts per month
- Weekly targeted mailer to regional group of tenants/users (25 weekly)
- Weekly phone follow-up to end user mailing recipients
- Ongoing PR and social media
- Continued personal visits and phone canvassing
- Monthly marketing reports (to include inquiry tracking)

Metrics:

- Attendance at Site A ribbon cutting
- attendance at tenant barbecue
- # of broker blasts send
- # of targeted mailings to regional groups of tenants/users
- # phone follow-ups to mailing recipients
- # of inquiries

6. Conclusion

The new approach will be evaluated every 6 months and is designed to be flexible and nimble to be able to change based on market conditions and interest and feedback expressed by users, brokers and/or developers. Success will ultimately be determined by the Enterprise District's ability to attract job generators to the base and to complete negotiations that have real financial commitments and timelines for completion.