



City of Alameda

Use Priorities for Alameda Point Buildings 41, 92, 24 and 11

Mayor's Economic Development Advisory Panel
December 13, 2023

- 1. Study Session Purpose**
- 2. Background Materials & Data Review**
 1. Policy Documents
 2. March 2023 Disposition Strategy
 3. Current Alameda Point Leasing Profile
- 3. Q&A**
- 4. Building Use Priorities - Initial Recommendations & Discussion**

Study Session Purpose



- City intends to lease or sell at least four buildings in Reuse Area in next 18 months
- Seeking EDAP and Council feedback on high level priorities for selection and negotiation process
- Builds on March 2023 Disposition Strategy Special Study Session

Properties
for Sale



Building 41

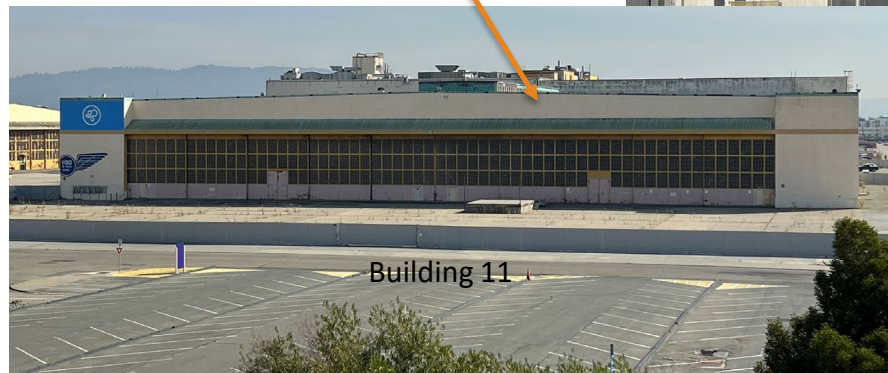


Building 92

Properties
for Lease



Building 24



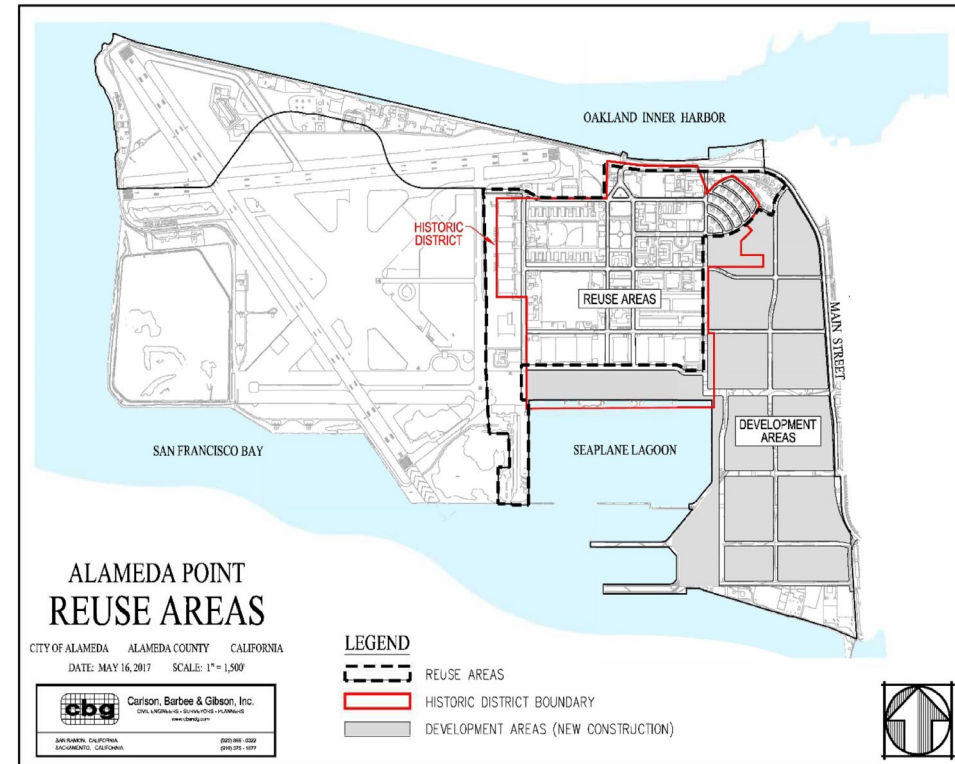
Building 11

- Discuss unique aspects of Historic Reuse Area real estate and infrastructure that affect the pool of prospective users
 - City will discuss other areas and issues at Alameda Point in 2024, including Enterprise District, Residential use potential
- Establish shared understanding of tradeoffs in pursuing different priorities
- Provide up front guidance for staff and brokers to inform selection and negotiation prior to Council review
- Receive early Council direction on priorities, reducing risk to prospective tenants or buyers of negotiating costly legal agreements prior to Council action

Background – Development vs. Reuse Areas

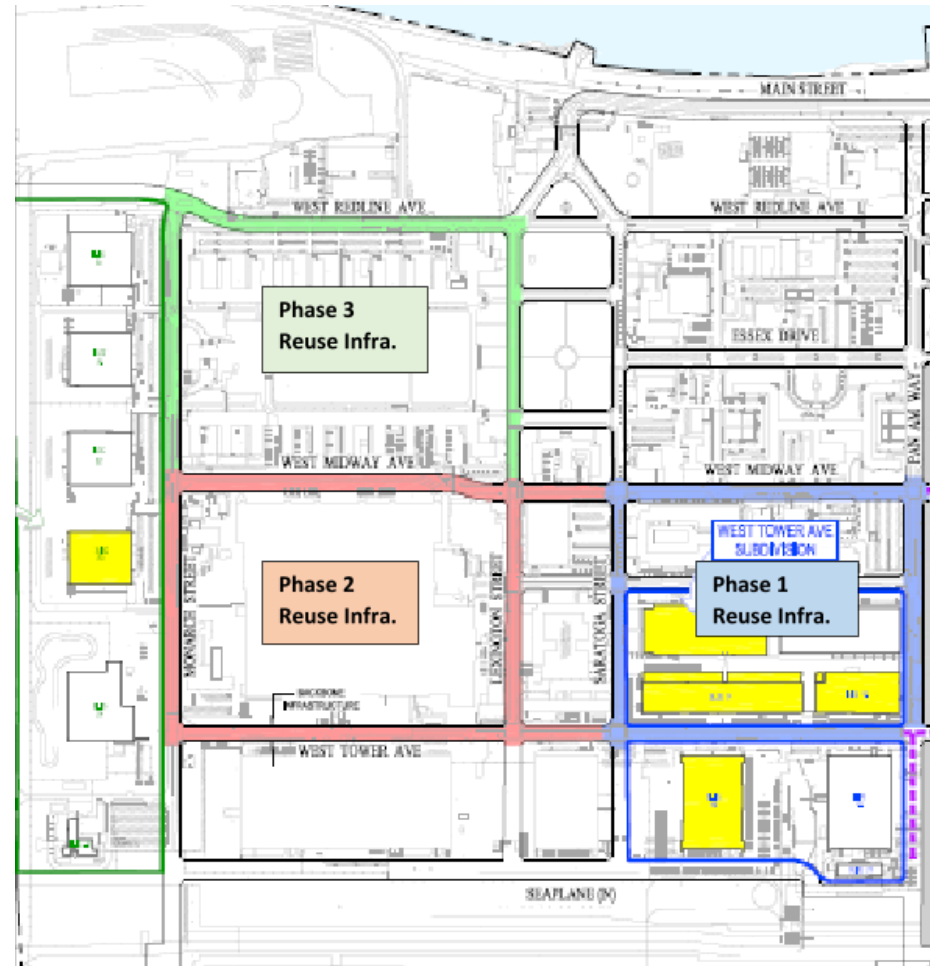


- **Master Infrastructure Plan:** Defines different implementation approaches due to site characteristics and constraints
- **Reuse Areas:** Building sales will fund infrastructure
 - Nationally Registered Historic District inhibits significant building demolition and large-scale new development
 - Single buildings / small parcels unable to support large cost of infrastructure
- **Development Areas:** Infrastructure funded by new development
 - Economy of scale enables infrastructure development to be funded by private developers (e.g. Site A, West Midway Projects)



Importance of Backbone Infrastructure Replacement

- **Existing Infrastructure is over 70 years old** – Aging infrastructure results in reduced reliability of service and increased repair costs
- **Precursor to new construction and long-term use** – Cannot facilitate long-term private use or build new housing, parks, or businesses without new infrastructure with total costs estimated at approximately \$700 million or \$2 million per acre



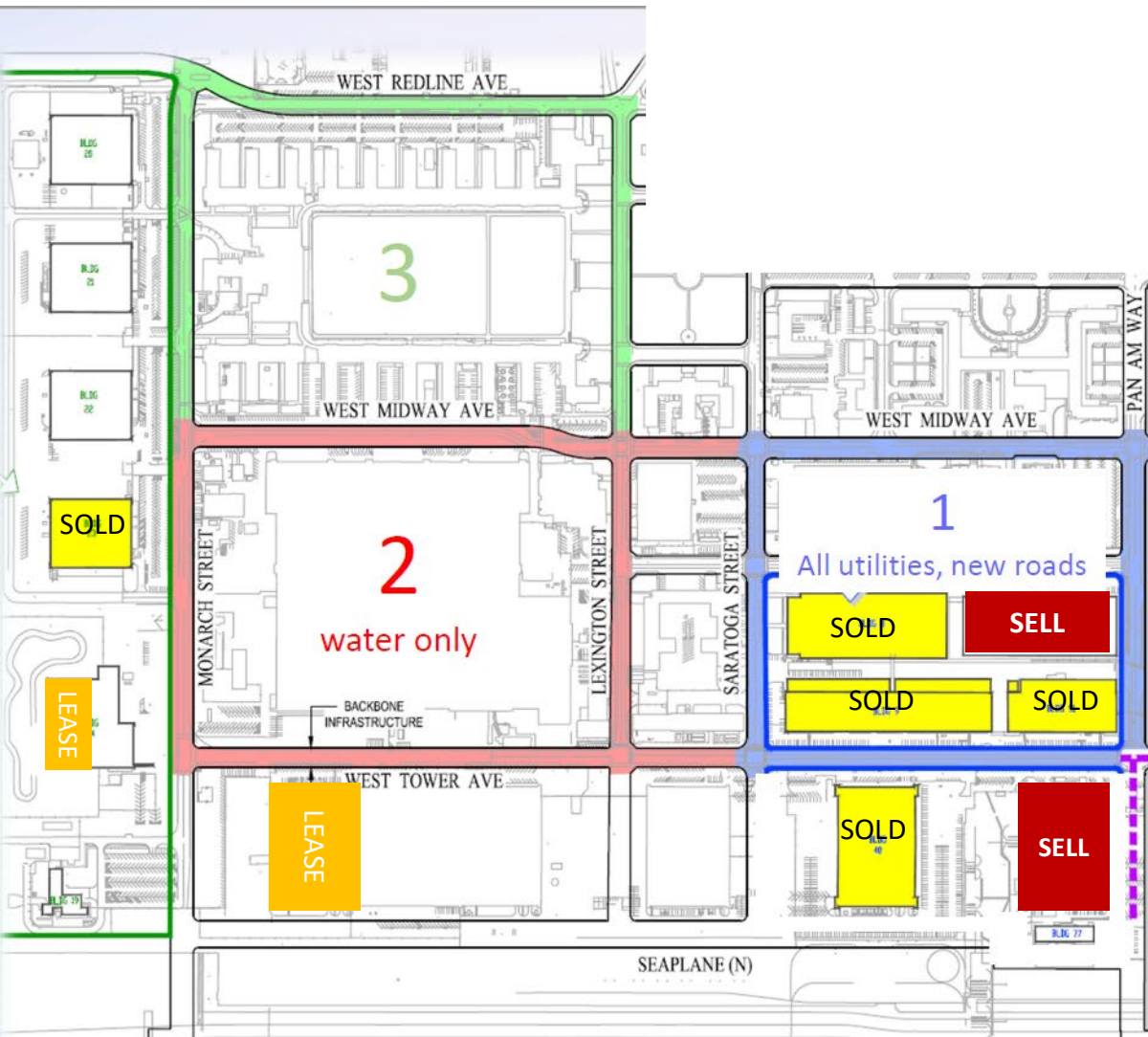
March 2023 Disposition Strategy



March 2023 Disposition Strategy

Goals

- Maximize land value and sale proceeds by selling adjacent to new infrastructure
- Retain high-value leasing assets until operational costs are **reduced** - continue leasing of hangars until adjacent backbone infrastructure has been completed
- **Maintain flexibility** - provide ability to be nimble, opportunistic



Disposition Strategy Part II – Priority Uses

2018 Economic Development Strategic Plan Priority Sectors:

- **Life Sciences**

Businesses innovating in biology, medicine and agriculture

- **Clean Tech, Green Tech, High Tech**

Businesses that research, develop and/or produce products that enhance environmental sustainability and advance technological innovation

- **Blue Tech and Maritime**

Industrial & commercial maritime businesses such as ship building & repair, recreational marinas, “blue tech” research and development, engineering, software, and advanced manufacturing

- **Retail and Restaurants**

Local and experiential retail (dining, personal services and fitness)

- **Tourism and Hospitality**

Visitor destinations such as museums, Spirits Alley, recreational activities with an emphasis on waterfront

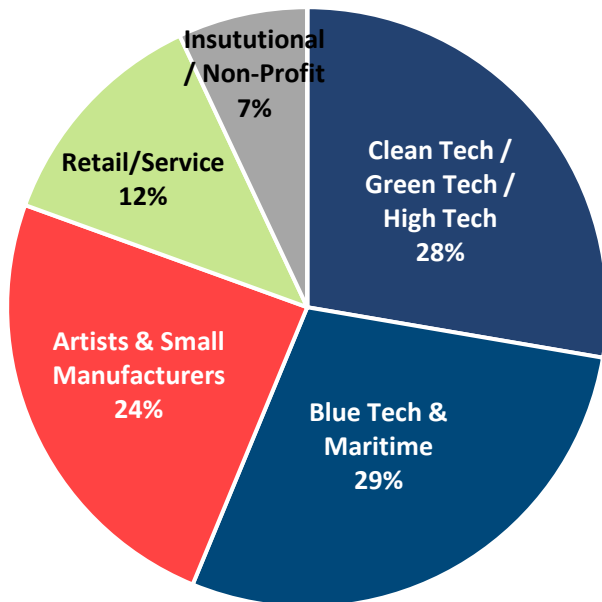
- **Artists and Small Manufacturers**

Artists, “makers”, small manufacturers drawn to historic environment and unique buildings. Emphasis on food and beverage sector

Alameda Point Businesses Concentrated in Priority Sectors

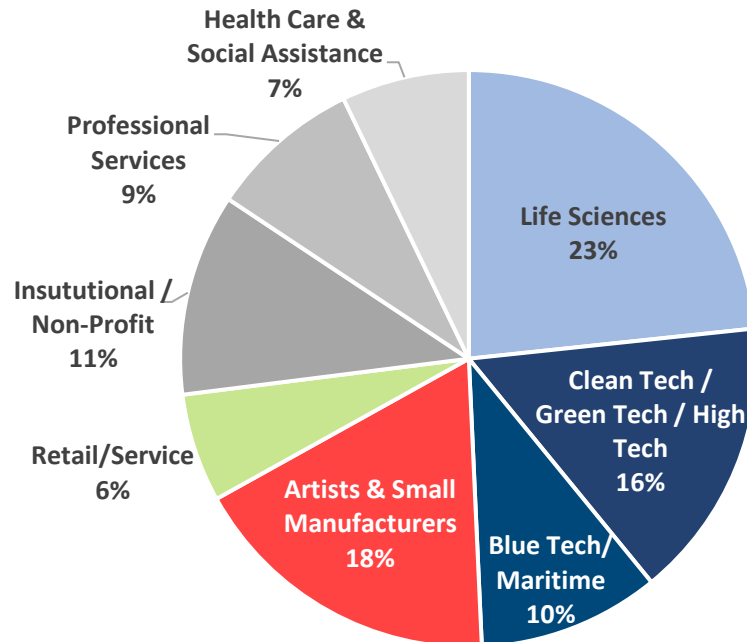


Alameda Point Tenant Mix by Square Feet
(Office, Industrial, Flex Space)



~2 million occupied sq. ft.*
~1,700 jobs
1,200 square feet per employee

Citywide Tenant Mix by Square Feet
(Office, Industrial, Flex Space)



~7 million occupied sq. ft.*
~23,000 jobs
300 square feet per employee

- Concentration of businesses in the City's priority industry clusters
- No life sciences presence in Alameda Point
- Significantly lower job density – focus on large spaces for R&D, manufacturing

* Data excludes retail storefronts and jobs

– Profile of Interested Businesses

- Life sciences, aerospace, aeronautics, autonomous vehicle research, blue tech, energy
- Mostly startups with large VC investments, limited business history (1-5 years) and weaker financials. Some tenant prospects with moderate to strong financials

– Advantages:

- Competitive for R&D space due to large unencumbered floor plates, tall clearances, robust infrastructure

– Disadvantages:

- Significant capital investment required to rehabilitate is a major hindrance that limits pool of tenants
- City RFP and lease approval process is seen as cumbersome

- Alameda Point leases should be fair market value unless other policy considerations are prioritized
- Need to maximize potential proceeds from sale of buildings to fund needed infrastructure, parks
- Rents currently in range of \$1.00-\$2.00/sf/month due to condition and potential uses
- Tenants need to be able to secure up front capital to rehabilitate buildings; City generally includes lease credits to offset costs
- Private developers / owners are better able to secure this capital and absorb risk. They lower barriers to entry for tenants.

Questions?

Use Prioritization

- Impressions from December 8 tour
- Staff Initial Recommendations:
 - Add goal to Disposition Strategy focused on Economic Development priority sectors
 - No animal testing on public land, but other life science uses welcome
 - Consider the Geographic Context of Individual Buildings
 - Consider more “people-dense” uses in core mixed use area
 - Reinforce Spirits Alley along Monarch Street
 - Outlying areas for R&D / Innovation (less “people intensive,” allow for noisier, messier types of research)

Recommended Priorities – Geographic Context



A. Financial return

- Highest financial offer
- Greatest capital improvements to building
- Stable tenant as demonstrated by longevity, access to capital, other measures of financial strength

B. Economic contributions to Alameda Point or City

- Expand local Alameda businesses
- Focus on Economic Development Strategic Plan clusters
- Innovation
- Job Growth or Quality (number/concentration, or type (eg middle-skill))
- Small / independent / woman-owned / minority-owned businesses

C. Placemaking & Community Benefits

- Active retail / consumer presence
- Nonprofits / businesses with social or environmental mission

Prioritization Exercise



What role do you see the Reuse Area playing in bolstering the City's goals?

What do you envision are the greatest priorities to the City when leasing/selling buildings in the Reuse Area?

Financial Return

Financial Strength / Risk

City Economic Contributions

Placemaking & Community Benefits

Other

How would you evaluate a proposal from a lessee or investor, to ensure the City achieves its priorities?

Consider the sub-bullets on previous slide as examples

Other recommendations on the evaluation & selection process?