Exhibit 4

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ALAMEDA POINT REUSE AREA
DISPOSITION FRAMEWORK ANALYSIS

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City of Alameda

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1.0 SUMMARY

This report presents an analysis of sale versus lease alternatives for buildings at Alameda Point within areas planned for reuse ("Reuse Area"), which is generally located west of Pan Am Way. The report provides:

- A comparison of cash flows generated by lease and sale scenarios at the level of an individual building;

- Order of magnitude estimates of sale proceeds and operating revenues under a range of scenarios for disposition of all or portions of the Reuse Area portfolio; and

- A discussion of non-financial considerations including attraction of quality tenants to Alameda Point and encouraging private investment into buildings.

1.1 Focus on Reuse Area

This report is focused on alternatives for non-residential buildings within the Reuse Area of Alameda Point, generally west of Pan Am way. The Reuse Area is unique from other areas of Alameda Point given it encompasses a historic district on the National Register of Historic Places where buildings are planned for adaptive reuse and existing street alignments cannot be fundamentally changed. This contrasts with areas planned for new development where existing structures are planned to be demolished and replaced with new uses. Likewise, alternatives for existing residential uses within the Reuse Area are not a focus because considerations differ and may be better addressed through a separate effort in coordination with plans for adjacent areas where new residential is planned.

1.2 Overview of Findings

The following discussion provides a summary of the analysis findings:

1. **Individual Building Comparison** – The individual building comparison shows sale and lease alternatives have a similar net present value financial result, taking into account sales proceeds, net lease income during the period the building is held, and incremental tax revenues. Obvious distinctions are that:

    - Buildings sales generates lump sum proceeds that could be used to fund infrastructure.

    - Holding buildings provides a lease revenue stream that can fund operational costs over time.

2. **Hangars** – The former hangars and aircraft-related buildings along Monarch and West Tower are the premium assets within the Reuse Area portfolio. Collectively the hangars generate over 40% of lease revenue base-wide and 90% of revenue within the Reuse Area. The hangars are proven income-generating assets and have the largest potential to generate sales proceeds, estimated in the approximate range of $110 to $160 million[1], or approximately two thirds of the estimated total proceeds for the Reuse Area as a whole. Sales proceeds estimates are preliminary and order of magnitude in nature.

3. **Other Reuse Area** – Aside from the hangars, a substantial portion of the other space in the Reuse Area that is available to be sold is vacant. The vacant Bachelor's Enlisted Quarters (BEQ) represents over half of the building square footage. Aggregate sales proceeds are preliminarily estimated in the approximate range of $50 to $90 million, with vacant building values based on their land value given unknowns regarding rehab costs and because some may not be salvageable. Estimates include the BEQ, although a small portion is still Navy-owned and thus cannot be sold unless the Navy-owned portion were carved out.

4. **Funding Operations** – The ability to fund on-going base reuse expenses was tested under a series of scenarios for disposition of all or portions of the Reuse Area assets. Sufficient lease revenues are estimated to be available for ongoing expenses in each scenario. The loss of lease revenue is partially offset by increased tax revenues and CFD special taxes.

   Theoretically, focusing building sales on vacant properties would produce the most favorable financial result because it adds buildings to the tax roll without forgoing lease revenue. However, remaining vacant space will likely require a larger investment to bring online, impacting marketability and potential proceeds. The City may achieve more favorable results by pursuing disposition of more challenging properties once upgraded infrastructure to serve these properties is underway.

5. **Attracting Private Investment** – Buildings at Alameda Point are being leased in "as is" condition, with tenants responsible for maintenance, repairs, and improvements desired for occupancy, in addition to triple net expenses such as utilities and insurance. Rent credit is sometimes provided for capital repairs. This allows lease revenue to be generated with minimal upfront investment. Alameda has had success fostering a unique array of tenants using this approach, from high-tech startups to Spirits Alley. A drawback to requiring tenants to fund necessary improvements is that the pool of tenants is limited

[1] Estimate includes buildings 11, 12, 20, 21, 22, 24, 25, 41, 400, and 400A. Building 41, 400 and 400A are included, although still Navy-owned, as they have received a Finding of Suitability for Transfer (FOST). Although FOST parcels were deemed suitable for transfer by the Navy, the City has not accepted the transfer due to environmental conditions affecting the sites and has estimated transfer is at least five years away. Building 39 is not included because it is subject to the Tidelands Trust and cannot be sold. Building 5 is not included due to remaining hazardous materials and because it has not received a FOST.

to those willing and able to provide upfront funds, who wish to use the space as is, have a long time-horizon for leasing decisions, or who have an overriding desire to be at Alameda Point. Transformative upgrades to buildings and major investments needed to bring more challenging vacant space online are less likely under a structure where landlord investment is minimized.

A well-capitalized private landlord is likely to approach leasing differently and would generally be incentivized to proactively invest in building upgrades and address deferred maintenance issues where the cost of improvements can be amortized through higher rents. Tenants often prefer to pay a higher rent for space delivered in a quality condition without a need to invest their own upfront capital. Precedents at Alameda Point include Buildings 9 (Kairos Power) and 91 (Almanac), which were significantly upgraded through private investment following a sale to a private party. Major renovations of this scale are predicated on delivery without an encumbrance of an existing long term lease, which prevents recovery of costs through higher rents.

A private owner-user who purchases the building they occupy will have an incentive to maintain the building in good condition and may be more willing to invest in upgrades that fit their own specific needs and budget than they would as a tenant, although buildings previously purchased by end users at Alameda Point (Buildings 40 and Building 23) do not appear to have been substantially upgraded by purchasers based on a review of assessed values.

An alternative to an outright sale is conveyance of a long-term leasehold interest, such as 99-years. This will similarly facilitate private investment in upgrading buildings by providing a mechanism for the private party to achieve a return on their investment through rents and / or a subsequent sale of the leasehold interest. For Tidelands Trust properties, sale is precluded, so a long-term lease structure provides an alternative. Leases could be structured to provide upfront payment if funds for infrastructure are the priority, with the trade-off being reduced payments over time.

6. **New Development Areas** – New Development Areas within Alameda Point are not the focus of this report. New Development Areas are located primarily east of Pan Am Way and include buildings that are planned to be demolished and replaced as new development occurs (see Map 1, page 9). Within New Development Areas, private developers are generally made responsible for completion of new infrastructure pursuant to the terms of disposition and development agreements (DDAs). Buildings within New Development Areas generally will need to be retained until agreements are in place with a developer to complete required infrastructure and redevelop the property. Sale of individual buildings without a commitment to redevelop the property or complete needed infrastructure is not advised as it would fragment ownership and make new development more challenging.

1.3 Infrastructure Needs

Replacement of deteriorating Navy infrastructure at Alameda Point is necessary to support both existing and new uses. Ideally this would occur prior to the 2027 expiration of agreements with East Bay Municipal Utility District to operate existing water infrastructure. On-going use of deteriorating infrastructure comes with a risk of an unexpected failure.

The City's 2020 Master Infrastructure Plan (MIP) for Alameda Point identifies aggregate infrastructure costs of $631 million base-wide[2], encompassing new development areas, the Reuse Area, perimeter flood protection, and parks and open space. Within the Reuse Area specifically, Phase 1 of infrastructure replacement has been funded through $35 million in prior building sales. The cost of Phases 2 and 3 of the Reuse Area backbone infrastructure was previously estimated at approximately $56 million, as of 2019, but has not yet been funded. This $56 million estimate includes backbone streets in the Reuse Area and associated utilities, identified on Map 3 on page 11, but does not include remaining streets that were not designated as backbone streets, which constitute an additional cost that has not been estimated.

As noted above, within New Development Areas, private developers are being made responsible for completion of backbone infrastructure through the terms of disposition and development agreements.

The estimated cost of the MIP improvements equates to an average of approximately $1.7 million per developable acre as of 2020. As disposition proceeds, the City will need to continue to be cognizant of the need to recover at least a fair share of infrastructure costs from each property, either through sale proceeds or a DDA requirement to directly complete the infrastructure. This will enable the City to remain on track to complete the necessary infrastructure.

1.4 Alternatives

The following discussion broadly outline alternatives regarding the Reuse Area assets:

Sale – The City has pursued a strategy of selling individual buildings with use of proceeds to finance infrastructure. With this strategy, the City funds infrastructure through property sales, resulting in a gradual transition to private use and management over time. Amendments to the Surplus Lands Act in 2019 interrupted implementation; however, an exemption from the Surplus Lands Act became effective January 1, 2023. This approach has sometimes been described as the City serving as a "master developer," because the City is completing the infrastructure, but does not entail risks like those a private master developer might take as improvements are only funded when sales proceeds are in hand. As sales occur, funds are accumulated and budgeted

[2] The $631 million cost figure identified in the 2020 Master Infrastructure Plan does not include certain improvements that were already funded or that are being completed through active development projects such as Site A.

strategically as part of the City's regular capital improvement project (CIP) budgeting process. Sale proceeds for the Reuse Area are estimated in the approximate range of $160 to $250 million, not including properties in Tidelands Trust or those that have not yet received a Finding of Suitability for Transfer (FOST) from the Navy[3]. Aggregate estimated proceeds are sufficient to fund Phases 2 and 3 of the Reuse Area backbone infrastructure and contribute to other needs. Once buildings are sold, the City will no longer control leasing decisions, but retains its zoning and land use regulatory powers, consistent with how the City regulates land use for all other private properties in the City.

Long Term Hold – An alternative to selling buildings would be to hold Reuse Area assets over the long term with re-investment of lease revenues in a combination of operational needs and infrastructure improvements. This maintains an on-going revenue stream, City control over the property and leasing decisions, with continued exposure to real estate upsides such as increases in rents and downsides such as a recession or unexpected repair issues. A challenge of a long-term hold strategy would be generation of adequate funding for infrastructure replacement. Existing lease revenue specifically derived from the Reuse Area totals approximately $6 million after deducting an allocable share of third party management costs. Were lease income leveraged through issuance of debt, proceeds are preliminary estimated in the range of approximately $35 to $40 million[4]. Estimated supportable debt is less than estimated infrastructure costs for Phase 2 and 3 of the Reuse Area. Buildings that are currently vacant present an opportunity to build up lease revenues over time or to generate sales proceeds that do not impact existing lease revenues. In broad terms, a long-term hold strategy prioritizes City control and on-going lease income over the pace of infrastructure improvements.

Mixed Sale and Long-Term Hold – Pursuing a mix of building sales and reserving some assets for a longer-term hold blends the two approaches and would provide a mix of sales proceeds to fund capital and lease revenues that could be used for operational needs. A mixed approach can be thought of as a phasing strategy for managing the transition to private ownership over time. An objective would be to balance a range of considerations including selecting assets for sale strategically to maximize their value and realize the benefit of investments the City is making in infrastructure, reserving properties that are currently not well-positioned for sale for a later phase, minimizing risks like failing infrastructure, and ensuring remaining lease revenues are adequate for operational needs while base reuse activities are ongoing.

Portfolio Sale – The entire portfolio could be sold to a private master developer in phases, with the developer made responsible for infrastructure improvements and becoming the beneficiary of the lease revenues. This was explored in the early 2000s as part of a previous proposal for

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[3] Estimate includes Buildings 41, 400, and 400A, which are in Navy ownership but have received a Finding of Suitability for Transfer, although transfer is likely five or more years away.
[4] Assumes 2X debt coverage (results in approximately $3 million in debt service), 6% interest, 30 year term, 12% cost of issuance and debt service reserve fund. The City should consult its municipal advisor regarding any potential debt issuance. This estimate assumes the Reuse Area would need to pay its own way and that revenues from new development areas would not be pledged.

Alameda Point that the City did not move forward with. A private master developer might bring an entrepreneurial approach and institutional investment capital but will require a significant return on investment. Selling the entire portfolio to a master developer would allow the City to shift responsibility for funding and management of infrastructure improvements and oversight of maintenance and leasing to the private developer while limiting the City's role to enforcing the terms of agreements and its normal regulatory role over development projects. Downsides are that the City would lose a significant measure of direct control and flexibility. The value or amount of infrastructure completed may be reduced due to a need to "make room" in the overall financial picture for a substantial developer return. Lease revenues would likely phase out more quickly as property transferred to the master developer in larger phases. Of course, much would depend on the specific terms ultimately agreed to with a private master developer. It's helpful to keep in mind that a primary role for a master land developer is to fund infrastructure and land improvements in advance of there being salable parcels to fund the cost of those improvements, thus requiring a substantial upfront "at risk" investment in land development. In the case of the Reuse Area, the City already has saleable buildings that can be used to fund infrastructure.

1.5 Potential Framework for Selecting Reuse Area Assets for Sale

Should the City resume sales of Reuse Area buildings to generate funds for infrastructure replacement, the following identifies a set of suggested criteria for identifying assets to sell versus hold.

1. **Selection of Reuse Area Assets for Sale** – Following are suggested criteria for prioritizing buildings to be offered for sale:

   a) Expected to generate substantial proceeds.

   b) Benefited by new infrastructure.

   c) Upon vacancy when a potential purchaser will be positioned to make improvements to the building and recover costs through a new lease.

   d) In connection with an opportunity to attract a catalytic user or use providing significant public benefits, jobs, or furthering economic development or other goals for Alameda Point.

2. **Selecting Reuse Area Assets to Hold** – Following are suggested criteria for prioritizing assets to retain:

   a) Public facilities and Tidelands Trust properties, which are needed for public purposes or are not eligible to be sold.

   b) Not benefited by new infrastructure that is complete or underway.

c) Control over leasing decisions to preserve specific uses is strongly desired. For example, uses that provide broader benefits to Alameda Point or the community.

d) Properties that have not been conveyed from the Navy and thus are not yet available to be sold.

The above criteria provide a broad framework for prioritizing assets to sell versus hold; however, the City may wish to maintain sufficient flexibility to take advantage of unique or unexpected opportunities that may present themselves and to continue to adapt as conditions change.

Criteria apply to the Reuse Area only. As discussed above, buildings in the New Development Areas will generally need to be retained until agreements are in place to redevelop the property and complete required infrastructure.

2.0 INTRODUCTION

This report was prepared for the City of Alameda (City) to provide an analysis of sale versus lease alternatives for buildings at Alameda Point within the Reuse Area. A range of considerations related to the decision to lease or sell assets within the Reuse Area are evaluated, including the following:

- Generation of funds for infrastructure improvements,
- Funding of on-going base reuse expenses,
- Generation of tax revenues,
- Attraction of tenants to Alameda Point, and
- Attraction of private investment to improve buildings.

Alameda Point includes areas planned for new development (Development Area) and areas planned for reuse of existing buildings (Reuse Area). The Reuse Area is primarily west of Pan Am Way and the Development Area is primarily east of Pan Am Way. The focus of the analysis is on the Reuse Area where buildings are intended to be adaptively reused. Within the Development Areas, buildings will generally need to be retained until agreements are in place with a developer to complete required infrastructure and redevelop the property. Sale of individual buildings without a commitment to redevelop the property or complete needed infrastructure is not advised as it would fragment ownership and make new development more challenging.

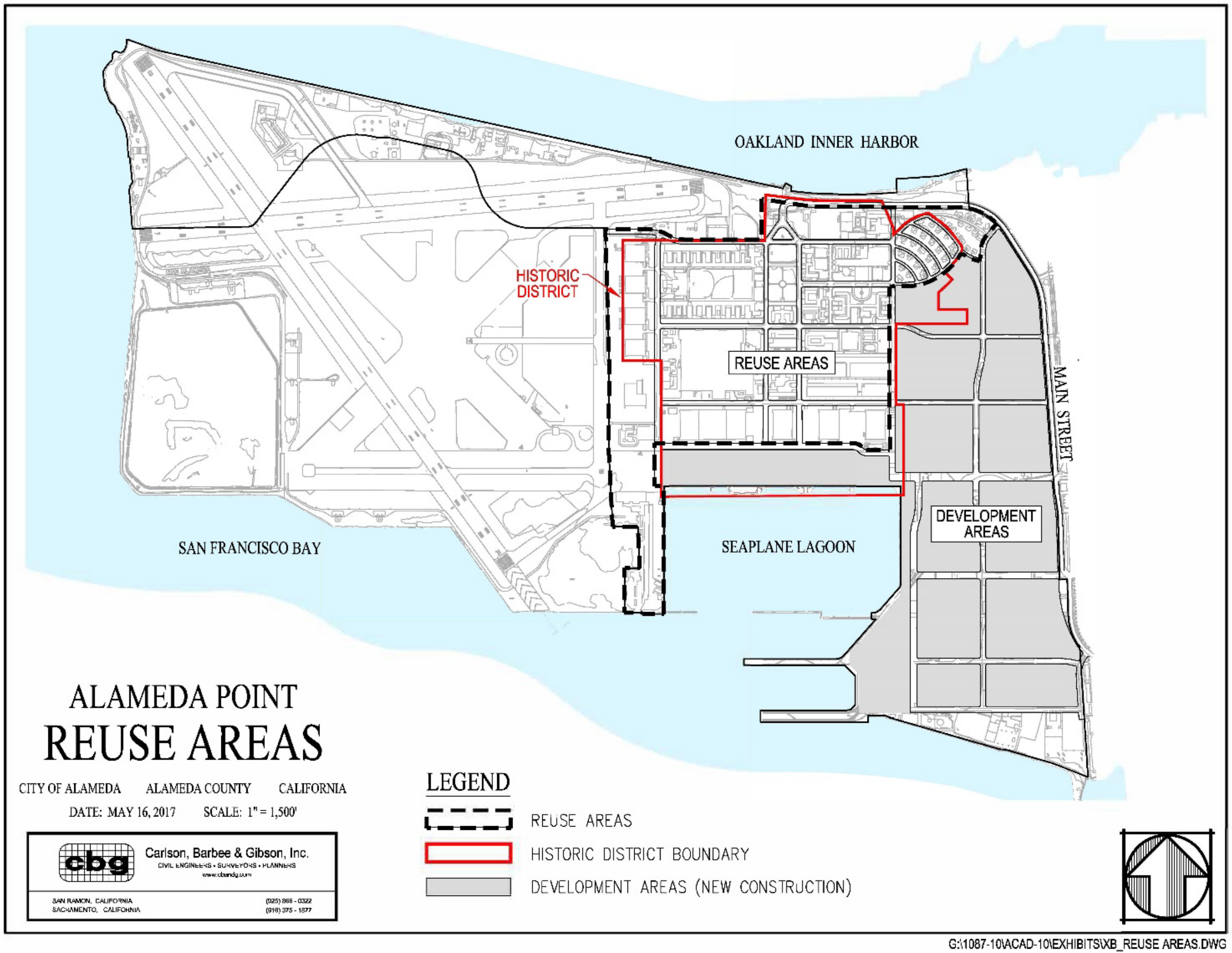
The following pages provide three maps of Alameda Point:

- Map 1 shows the location of the Reuse Area and Development Area.

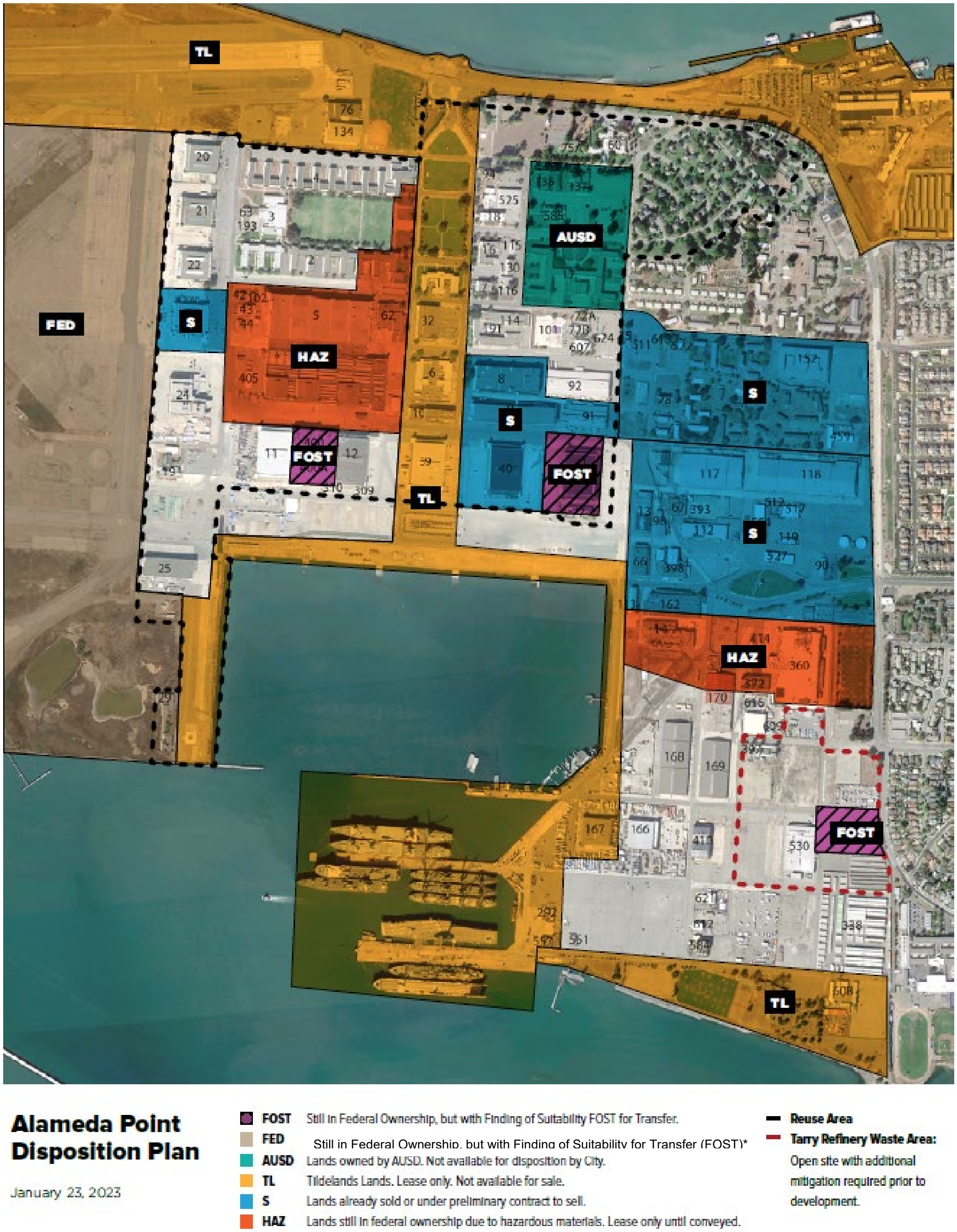
- Map 2 shows ownership and the location of each of the buildings. The map identifies areas subject to Tidelands Trust and thus not available for sale, areas with remaining hazardous clean up, and properties that were previously sold or that have existing disposition plans in place.

- Map 3 shows the backbone infrastructure phasing plan for the Reuse Area. There are three phases identified. The first phase is underway, the second and third phases are not yet funded.

Map 1. Reuse Areas and Development Areas



Map 2. Ownership and Building Location Map



* Although FOST parcels have been deemed suitable for transfer by the Navy, the City has not accepted transfer due to presence of PFAS contamination. Transfer may be 5+ years out.

Map 3 Reuse Area Backbone Infrastructure Phasing

2.1 Existing Lease Income

Table 2-1 provides a summary of existing lease income from Alameda Point by area and property type. Nearly $17 million in gross lease income is generated, before third party property management and maintenance costs. Figures are inclusive of expected leases for Building 11, 19 and 39 that were the subject of recent RFPs. Of the nearly $17 million in annual gross lease income, the Reuse Area generates approximately $7.7 million, the Enterprise Area generates approximately $5.7 million, rental of the paved areas in the Northwest Territories generate $1 million, residential units (including the "big whites") generate $1.86 million, and $0.5 million is from utility recoveries, the Site A and West Midway development sites, and the WETA ferry operations and maintenance facility.

Of the $7.7 million in Reuse Area lease income, $6.9 million (90%) derives from former hangars and other larger aircraft-related buildings (includes $0.95 million from Building 39, which is subject to Tidelands Trust). The hangars have proven to be among the most attractive assets at Alameda Point due to their large clear spans and heights and views to the San Francisco Bay. Other leased buildings within the Reuse Area eligible to be sold (i.e., excluding those subject to Tidelands Trust or with remaining hazardous materials), generate a comparatively modest $0.65 million.

Table 2-1. Gross Lease Income by Area / Property Type

	Annual Gross Rent ($Millions)
1. Reuse Area (Non-Residential)	
Hangars	$5.98
Other Leased Buildings	$0.65
Properties with Incomplete Hazardous Mitigation	$0.10
Subject to Tidelands Trust	$0.95
Subtotal	$7.68
2. Enterprise District / East Side Seaplane Lagoon	
Leased Buildings and Land	$3.16
Properties with Incomplete Hazardous Mitigation	$1.81
Subject to Tidelands Trust	$0.74
Subtotal	$5.71
3. West Midway / Site A Project Sites	$0.16
4. WETA facility	$0.07
5. Northwest Territory License Income	$1.02
6. Water / Utility Reimbursements	$0.27
7. Residential (67 market rate units)	$1.86
Total Gross Lease Income	**$16.77**

Note: Figures represent gross lease income prior to deduction of expenses. Figures include lease income from proposed leases for Buildings 11, 19, and 39. See Table C-5 for detail.

Third party costs of management, maintenance, and security for the leased assets total $3.56 million per year. In addition, $550,000 is for leasing commissions, leaving approximately $12.7 million in net lease income after expenses, as summarized in Table 2-2.

Table 2-2. Summary of Lease Income ($Millions)			
	Commercial	Residential	Total
Annual Gross Rental Income	*$14.91*	*$1.86*	*$16.77*
Third Party Prop Mgmt and Maint.	*($2.79)*	*($0.76)*	*($3.56)*
Leasing Commissions [(1)]	*($0.55)*	*incl above*	*($0.55)*
Net Lease Income	*$11.56*	*$1.10*	*$12.66*

Sources: River Rock FY2022-23 Budget, proposed leases for Building 19, 39 and 11, City of Alameda FY 2022-23 Budget.

[(1)] Commissions budgeted at $550,000 but vary based on leasing activity.

2.2 Existing Uses of Net Lease Income

Table 2-3 summarizes budgeted uses of net lease revenue. Approximately $0.9 million is used for debt service, $3.6 million for base reuse professional services, staff and overhead, $0.4 million for economic development, $0.6 million for public works staff and cost allocation charges and $1.8 million for utilities and equipment repair, of which water charges under an EBMUD agreement are by far the largest expense. Figures exclude the direct third-party property management and leasing costs that are deducted from net lease income in Table 2-2. Approximately $5.3 million remains for capital needs based on $12.7 million in net revenue inclusive of additional income from re-leasing Buildings 11, 19 and 39.

Table 2-3. Use of Net Lease Income ($Millions)		
Base Reuse		
Professional Services, Legal [(1)]	$2.04	Legal, environmental, engineering, water resources, real estate, title etc.
Staff - Allocated to Leasing	$0.33	
Staff - All Other Base Reuse	$0.65	
Cost Allocation Charges	$0.55	
Office Expense	$0.06	
Subtotal	$3.62	
Economic Development	$0.36	staff and cost allocation charges
Lease Revenue Bond Debt	$0.87	continues to 2033
Public Works Staff, Cost Alloc.	$0.64	staff and cost allocation charges
Water, utilities, equip. repair	$1.84	Water expense is largest item
Total Operating Expenses & Debt	**$7.33**	
Available for Capital or Reserves	$5.33	balance of net revenue, $1.4 M budgeted for big whites painting in 22-23
Total	**$12.66**	

Source: Expenses are based on City of Alameda FY 2022-23 Budget.

Available revenues are adjusted to reflect expected leasing of Building 11, 19 and 39. See Appendix Table C-1 for additional details.

[(1)] Property management costs and leasing commissions are deducted in calculating net lease income in Table 2-2 and thus not included here.

2.3 Past Building Sales

The City previously pursued a strategy of selling buildings to fund the cost of replacing failing infrastructure within the Reuse Area. Five buildings within the Reuse Area were sold, as shown in Table 2-4. Approximately $35 million in gross sales proceeds were realized from these sales. Proceeds are being used to fund the first phase of infrastructure replacement within the Reuse Area, currently under construction. Sales occurred through leases with purchase options, a structure that was necessary to allow time for the process of mapping a salable parcel. Purchase options were also included in leases for Buildings 21 and 41 but expired without being exercised.

Table 2-4. Past Alameda Point Building Sales

Building (Tenant Name)	Year (1)	Size SF	Price	Price/SF
Building 23 (Natel Energy)	2015	63,656	$8,000,000	$126
Building 40 sale (Bladium)	2017	105,768	$7,900,000	$75
Building 8 (Storehouse Lofts)	2016	270,000	$10,300,000	$38
Building 91 (Almanac)	2015	40,800	$3,000,000	$74
Building 9 (Kairos Power)	2015	80,907	$5,500,000	$68
Total		561,131	$34,700,000	

(1) Reflects year purchase option price was determined rather than the year the sale closed.

Expansion of the Surplus Lands Act enacted in 2019 interrupted pursuit of the strategy of selling Reuse Area buildings to finance infrastructure. However, enactment of AB 2319 in September 2022 exempts Alameda Point as of January 1, 2023, allowing greater flexibility in the disposition of assets moving forward.

3.0 LEASE AND SALE ALTERNATIVES FOR AN INDIVIDUAL BUILDING

This section provides an illustrative comparison of lease and sale scenarios at the level of an individual building. The purpose is to allow financial results to be compared in a simple manner across a consistent period. The analysis uses an example hangar building that is similar in size to Buildings 11, 12 and 41.

The four scenarios are:

A. Lease for ten years and sell at the end of the hold period.

B. Sell in Year 1, without a renovation by the purchaser.

C. Sell in Year 1, with a subsequent renovation by the purchaser that adds assessed value.

D. 30-year lease, with a renovation by the lessee and a sale the end of the term.

Hold periods vary; however, a sale is assumed at the end of the hold period for all scenarios to recognize the value of the asset in a consistent manner. Results are summarized in Table 3-1. The comparison reflects a projection of the following revenue streams combined:

(1) Lease income,

(2) Sales proceeds,

(3) City tax revenues,

(4) Alameda Point Services District (CFD 17-1) special taxes, which commence at the earlier of five years after sale or issuance of a certificate of occupancy.

Cash flows are converted to a present value to allow comparison of revenues over different time periods. Present value calculations use a 6% discount rate[5] selected to approximate the City's borrowing costs. As shown in Table 3-1, the present value of cash flows under the four scenarios are similar, with all scenarios within 12% of one another.

[5] For example, a dollar received in Year 2 is estimated to be worth 94% as much as a dollar received in Year 1 (94% = 100% - 6% discount rate). Although 6% is somewhat higher than yields reflected in recent trading of the City's tax-exempt debt, a somewhat higher rate was selected due to the recent upward trend in rates and nature of the revenue stream.

Table 3-1. Illustrative Lease and Sale Scenarios for an Individual Building				
Building Type	Hangar			
Building Area	110,000 SF			
	Combined Net Rental Income, Sales Proceeds, and Incremental Tax Revenues ($Thousands)			
	A.	**B.**	**C.**	**D.**
Year	Lease, Sell after 10 Years	Sale in Year 1	Sale in Year 1 + AV added by Renovation	Long Term Lease, Lessee Renovation with Costs Credited, Sale Year 30
1	$112	$19,500	$19,500	($404)
2	$1,103	$62	$62	($372)
3	$1,142	$63	$295	($43)
4	$1,182	$64	$302	($9)
5	$1,223	$65	$309	$27
6	$1,266	$175	$316	$64
7	$1,311	$180	$323	$101
8	$1,356	$184	$331	$140
9	$1,404	$189	$339	$180
10	$25,732	$194	$347	$222
11 to 29	$4,212	$4,838	$8,394	$30,839
30	$330	$328	$554	$70,134
Nominal 30-Year Total	$40,375	$25,842	$31,072	$100,878
Present Value (1)	$24,366	$22,002	$24,326	$21,793

(1) Present value in Year 1 calculated using a 6% discount rate, based on estimated City borrowing cost.
See Appendix Table A-2 for supporting analysis.

Scenario A, where the building is held for ten years before being sold, is most favorable on a present value basis, and is slightly higher than Scenario C where the building is sold immediately and improved by the new owner.

Scenarios B and C, where the building is sold in year 1, are most favorable in terms of maximizing upfront revenues. Once the buildings are sold, on-going revenues are limited to City tax revenues and CFD special taxes, which are less than lease revenues.

Scenario D illustrates a longer term lease in which the City identifies a lessee who will commit to a more significant capital investment in exchange for a longer lease term and a credit against rent payments to amortize the cost. Sales proceeds at the end of the 30-year term are estimated to be enhanced based on the improvements made by the lessee.

Scenarios reflect assumptions noted in Appendix Table A-2. Actual revenues in each scenario are subject to actual lease and sale terms and will depend on future market conditions.

4.0 PORTFOLIO-SCALE ANALYSIS

This section provides an estimate of potential sales proceeds, lease revenues, and tax revenues in a series of scenarios regarding sale of all or portions of the Reuse Area portfolio. Consistent with the individual building analysis in the prior section, the following revenue streams are addressed:

(1) Lease income,

(2) Sales proceeds,

(3) City tax revenues, and

(4) Alameda Point Services District (CFD 17-1) special taxes.

4.1 Scenario Description

The following specific scenarios are addressed as part of the portfolio-scale analysis.

- **Scenario 1: Continue to Lease (Existing)** – Scenario 1 represents the existing condition in which the City continues to lease the assets it currently owns, except the West Midway and Site A project sites are assumed to be sold. Scenario 1 represents a “base case” for comparison.

- **Scenario 2: Sell Entire Reuse Area** – Scenario 2 represents sale of the entire Reuse Area including all buildings potentially eligible to be sold at this time.

- **Scenario 2a: Sell Phase 1 Infrastructure Area** – Scenario 2a reflects sale of buildings served by Phase 1 of the Reuse Area infrastructure improvements currently under construction. This includes Buildings 41 and 92, as well as Building 114 and the site of former Building 101, east of the Storehouse Lofts. Building 41 is held by the Navy, and although it has received a Final Finding of Suitability for Transfer, acceptance by the City is estimated to be five or more years away due to environment conditions affecting the site.

- **Scenario 2b: Sell Phase 1 and 2 Infrastructure Area** – Scenario 2b reflects sale of buildings served by Phase 1 and 2 of the Reuse Area infrastructure improvements. This includes sale of buildings 11, 12, 24, 25, 19, 400 and 400A in addition to those included in Scenario 2a. Building 400 and 400A are held by the Navy, and although they have received a Final Finding of Suitability for Transfer, acceptance by the City is estimated to be five or more years away due to environment conditions affecting the properties.

- **Scenario 3: Retention of Core Leased Portfolio** – Scenario 3 assumes retention a core lease portfolio along Monarch and West Tower generating the majority of lease revenue within the Reuse Area. Buildings to be sold include 41, 92, 525, 29 and those that are currently vacant. This scenario maximizes lease income to the City while focusing disposition on assets that do not generate significant revenue and those that are served by the Phase 1 infrastructure.

- **Scenario 4: Sell Hangars Only** – The hangar buildings are the most marketable assets in the Reuse Area. Scenario 4 illustrates a scenario in which the focus of building sales is on these more marketable assets, except for those on Tidelands.

Table 4-1 summarizes the square footage of non-residential building area to be sold and retained in each scenario.

Table 4-1. Disposition of Non-Residential Building Area by Scenario

	Scenario 1	Scenario 2	Scenario 2a	Scenario 2b	Scenario 3	Scenario 4
Description of Assets Sold	*existing condition*	*Entire Reuse Area, excl. Tidelands / Haz*	*Reuse Area Served by Ph1 Infra*	*Reuse Area Served by Ph1&2 Infra*	*Vacant Bldgs + 41, 92, 525, 29*	*Hangars Only*
Buildings Sold (Sq.Ft.)						
Leased	none	836,812	198,311	602,898	238,329	686,915
Vacant	none	926,647	76,895	289,273	711,660	214,967
Site A / W Midway Sites	563,703	563,703	563,703	563,703	563,703	563,703
	563,703	2,327,162	838,909	1,455,874	1,513,692	1,465,585
Buildings Retained (Sq.Ft.)						
Leased	1,652,513	851,545	1,490,046	1,085,459	1,450,028	1,001,442
Vacant	2,176,650	1,214,159	2,063,911	1,851,533	1,429,146	1,925,839
Public / Quasi Public Uses	234,277	234,277	234,277	234,277	234,277	234,277
	4,063,440	2,299,981	3,788,234	3,171,269	3,113,451	3,161,558
Total (Sq.Ft.)	4,627,143	4,627,143	4,627,143	4,627,143	4,627,143	4,627,143

4.2 Common Assumptions

The scenarios each assume retention of buildings that:

- Are currently used for public purposes, City Hall West, for example.
- Are subject to the Tidelands Trust and not eligible for sale; and
- Have remaining hazardous materials, are in Navy ownership, and have not received a Finding of Suitability for Transfer (e.g., Building 5).

Disposition of the West Midway, Site A, and RESHAP project sites is assumed under all scenarios consistent with existing and proposed Disposition and Development Agreements. Non-residential buildings within these project sites do not generate significant lease income.

All scenarios show results prior to disposition of buildings within the Enterprise District and the 67 existing market rate residential units within the Main Street Specific Plan Area. While these assets are expected to be sold, the assumption is sale would occur as part of later phases of development. The decision whether to lease or sell buildings within the Reuse Area is the current decision point and thus the analysis focuses on how alternatives for the Reuse Area influence existing revenues without assuming other changes. Section 4.5 provides a separate estimate of lease revenues that would remain after disposition of all properties in the Enterprise District and the market rate residential units.

4.3 Order of Magnitude Sales Proceeds Estimate

Table 4-2 provides an order of magnitude estimate of potential sales proceeds in each scenario. Sales proceeds estimates are considered "high level" preliminary ranges. Buildings are assumed to be sold "as is" without any backbone infrastructure obligations (the City would use sales proceeds to fund the infrastructure). Common valuation assumptions are applied for these order of magnitude estimates without individualized assessment of condition or value. Estimates are based on applying a capitalization rate range of 5% to 7%, this is generally consistent with the range reflected in prior building sales at Alameda Point as well as the comparable sales included in a recent appraisal for Building 92. Estimates are toward the lower end of the range of building sales comparisons included in Appendix D. Values for vacant buildings are conservatively estimated based on their underlying land value, without attributing value to the building itself, using a preliminary non-residential land value range of $1 to $2 million per acre. This approach is driven by the fact that vacant buildings may require substantial investment prior to occupancy, and some may not be salvageable and will need to be demolished. Actual proceeds will vary from estimates based on market conditions at the time of sale, the specific features or condition of the building, repair or upgrade costs, conditions placed on sale such as restrictions on use or requirements to make specific improvements, availability of new infrastructure at the time of sale, and other factors.

Table 4-2. Order of Magnitude Sales Proceeds Estimate

Scenario Name	**Scenario 1**	**Scenario 2**	**Scenario 2a**	**Scenario 2b**	**Scenario 3**	**Scenario 4**
Description of Assets Sold	*existing condition*	*Entire Reuse Area, excl. Tidelands / Haz*	*Reuse Area Served by Ph1 Infra*	*Reuse Area Served by Ph1&2 Infra*	*Vacant Bldgs + 41, 92, 525, 29*	*Hangars Only*
Preliminary Sales Proceeds Estimate ($Millions)	none	$159 to $250	$33 to $50	$105 to $156	$61 to $105	$109 to $162
% Estimated Proceeds Derived from Sale of Vacant Buildings *(more uncertain, longer-term)*		*28%*	*22%*	*15%*	*55%*	*8%*

Sale of the entire reuse area (Scenario 2) is estimated to generate approximately $159 to $250 million in proceeds. Sale of buildings served by Phase 1 of the adaptive reuse infrastructure

(Scenario 2a) generates an estimated $34 to $50 million in proceeds, while sale of both the Phase 1 and 2 areas generates $105 to $156 million (Scenario 2b).

Scenario 3 assumes retention of a core lease portfolio comprised of hangars along West Tower and Monarch. Of the remaining buildings to be sold in Scenario 3, over half of estimated proceeds are derived from vacant properties, such as the BEQ, which are likely to be more challenging projects for a potential purchaser to undertake. Accordingly, the estimate of potential sales proceeds at $61 to $105 million is more uncertain and sale of some properties may be best pursued after new infrastructure is in place or underway to remove uncertainty for buyers and improve marketability.

Scenario 4 reflects sale of assets focused on hangars and large aircraft-related buildings, which are the most marketable assets in the Reuse Area portfolio. The buildings are nearly fully leased (or have leases in process), except Building 400, and thus are proven income-generating assets with the surest potential to generate substantial sales proceeds in the near term. The estimated range of proceeds is approximately $109 to $162 million. Since the hangars generate the largest share of lease income, sale of these buildings results in the largest reduction in operating revenues.

4.4 On-Going Lease and Tax Revenue Estimates

Table 4-3 provides an estimate of on-going lease revenues, base reuse expenses, and tax revenues. Lease income decreases with the sale of assets while tax revenues increase as properties are added to the roll and become subject to the CFD special taxes that apply within Alameda Point. Added tax revenues are generally not sufficient to offset the loss of lease revenue, resulting in a net decrease in on-going revenue as leased buildings are sold.

Scenario 2, with sale of the entire Reuse Area that is eligible to be sold, results in a decrease in available lease revenue after expenses of $3.7 million, which is offset by an increase in tax revenue of $3.3 million, for a net decrease in revenue of $0.4 million.

Scenario 3, with retention of the core leased portfolio, results in a $2.1 million increase in net revenue, mainly because the majority of buildings sold are vacant. Sale of vacant buildings does not reduce lease revenues but does increase tax revenues through addition of the properties to the roll and the subsequent improvements assumed to make the buildings useable. On paper, this is a favorable scenario but is likely to be more challenging to implement and will likely take longer to achieve due to reliance on sale of more challenging assets.

Scenario 4, in which only the hangars are sold, is the least favorable from an operating revenue standpoint because it involves the sale of buildings that currently generate the largest share of lease income and does not assume the sale of more challenging assets that would add significant assessed value to the tax roll if improved. However, as noted above, it generates substantial sales proceeds to fund infrastructure.

Table 4-3. On-Going Lease and Tax Revenues ($Millions Per Year)						
Scenario Name	**Scenario 1**	**Scenario 2**	**Scenario 2a**	**Scenario 2b**	**Scenario 3**	**Scenario 4**
Description of Assets Sold	*existing condition*	*Entire Reuse Area, excl. Tidelands / Haz*	*Reuse Area Served by Ph1 Infra*	*Reuse Area Served by Ph1&2 Infra*	*Vacant Bldgs + 41, 92, 525, 29*	*Hangars Only*
Net Lease Income (Table B-2)(1)	$12.5	$7.1	$12.2	$8.3	$12.1	$7.4
Base Reuse Exp (Tbl B-1) (2)	$7.3	$5.6	$6.9	$6.2	$6.5	$6.1
Net Lease Income Available	**$5.2**	**$1.5**	**$5.3**	**$2.1**	**$5.6**	**$1.3**
Delta vs. existing	*none*	*($3.7)*	*$0.1*	*($3.1)*	*$0.4*	*($3.9)*
Added City Tax Revenue (Table B-4a)	none	$1.8	$0.3	$0.8	$1.1	$0.7
Added Services District Taxes CFD 17-1 (Table B-4a)	$0.0	$1.5	$0.2	$0.8	$0.7	$0.8
Total Incremental Taxes	**$0.0**	**$3.3**	**$0.5**	**$1.5**	**$1.7**	**$1.5**
Incremental Taxes + Net Avail. Lease Income	**$5.2**	**$4.8**	**$5.8**	**$3.6**	**$7.3**	**$2.8**
Delta vs. existing	*$0.0*	*($0.4)*	*$0.6*	*($1.6)*	*$2.1*	*($2.4)*

(1) Net of property management, maintenance, and leasing commissions. See Table B-2 for details. Estimate assumes property management costs reduce as assets under management are reduced. Scenario 1 amount varies slightly from net figure cited in Table 2-2 due to removal of income from West Midway and Site A project sites.

(2) See Table B-1 for details. Assumes expenses related to oversight of leased assets are scaled back as assets under management are sold.

Following is a description of the major components of the annual revenue estimates in Table 4-3.

- *Net Lease Income (see Table B-2)* – Existing net lease income is $12.5 million in Scenario 1 after deduction of third party property management, maintenance and leasing commissions, and removing lease income generated by the West Midway and Site A project sites. Net income is reduced as buildings are sold. Third party expenses are assumed to decrease as assets under management are reduced. See Appendix Table B-2 for supporting estimates.

- *Alameda Point Base Reuse Expenses (see Table B-1)* – Base Reuse departmental expenses include staff, debt service, professional services, cost allocation charges, utilities and repair costs. Property management costs and leasing commissions are deducted from net lease income and thus are not included in the Base Reuse expense line item in Table 4-3. Table B-1 provides supporting estimates. Estimates assume debt service, economic development, public works staff, and two thirds of base reuse staff costs are fixed. Approximately one third of base reuse staff resources is dedicated to oversight of leased assets and on-going staff time allocated to this activity is assumed to reduce as buildings are sold. Utility costs, primarily water costs under an EBMUD short term agreement, are assumed to decrease as buildings are sold to fund new infrastructure, as this will allow buildings to connect to the EBMUD system and relieve the City of this expense. Estimates are designed to reflect on-going costs. The City will also likely incur one-time staff and third party costs in the process of selling property that are not specifically included in on-going expense estimates in Table 4-3.

- *City Tax Revenues (see Table B-4a)* – Incremental City tax revenues are realized through addition of properties to the tax roll following sale to a private owner and improvements to the properties after sale adding assessed value. For purposes of this analysis, the tax revenues considered are limited to those directly impacted by ownership, as other revenues such as business licenses accrue to the City whether buildings are leased or sold. Increased assessed values drive three separate City revenue streams, which are included in the estimates presented in Table 4-3:
    a. General Fund property taxes,[6]
    b. City over-ride property tax levy dedicated to the library,
    c. Property taxes in-lieu of vehicle license fees, which increase in proportion to assessed value.

  Assessed value estimates reflect the mid-point of estimated sales prices plus the assessed value estimated to be added by improvements after sale. Improvement values for leased buildings are based on that for previously sold buildings shown in Table D-5, which include a mix of buildings improved after sale as well as buildings that did not undergo major renovation. For vacant buildings, a more substantial renovation is assumed to be necessary to make the buildings useable. The supporting analysis is provided on Table B-4a. Due to uncertainty about the extent of improvements after sale, a separate estimate is provided in Table B-4b without any renovation.

- *Alameda Point Services District Special Taxes (CFD 17-1) (see Table B-4a)* – When buildings transfer to private ownership, they will become subject to special taxes under Alameda's CFD 17-1 services district five years after transfer or following issuance of a certificate of occupancy, if sooner. Special taxes are collected to fund maintenance and service expenses at Alameda Point. Reuse Area properties that have annexed into CFD 17-1 have been assigned to Zone 2, which has a special tax rate of $0.85 per square foot per year for non-residential property for FY 2022-23.

[6] Alameda Point is in a former redevelopment area. Therefore, property taxes are comprised of "residual" and pass through payments to be received by the City through the redevelopment dissolution waterfall.

4.5 Lease Revenue Estimate with Sale of Non-Tidelands Assets

Table 4-4 provides an estimate of lease revenues that would remain near an "end state" assuming sale of all assets except Tidelands, including those within the Enterprise Area, those undergoing remaining cleanup, and the market rate residential. At this point, existing lease revenue debt would presumably have been repaid and base reuse activities would become more limited and focused on stewardship of remaining properties, or transition to funding through tax revenues. As shown, approximately $2 million in annual revenue would remain (current revenue derived from the applicable properties, without inflation to future years) to finance activities at this stage.

Table 4-4. Net Lease Revenue with Sale of Non-Tidelands Assets ($Millions/Year)	
Tidelands Properties	$1.5
Northwest Territories License Revenue	$0.7
Total	$2.2

Note: amounts are net of an allocable share of property management and leasing commissions.

5.0 QUALITATIVE FACTORS

Alameda Point has fostered a unique array of tenants from Spirits Alley to high-tech startups. The decision to continue leasing buildings versus sale to private parties will influence the continued evolution of Alameda Point. This section discusses additional qualitative considerations in the decision to lease or sell, including attraction of tenants, maintenance and improvement of buildings, and economic development.

5.1 Attraction of Tenants

The decision to hold or sell buildings has implications for leasing, investment in improvements, and the types of tenants likely to be attracted to Alameda Point.

The City generally leases buildings at Alameda Point in "as is" condition. Tenants are responsible for maintenance, repairs, and improvements desired for occupancy, in addition to triple net expenses such as utilities and insurance. In some cases, credit toward rent is provided as an offset for capital repairs and improvements that are completed by tenants.

An advantage of placing the burden of capital repairs and improvements on tenants is that it minimizes upfront investment and avoids investing in improvements on a speculative basis. The approach is generally in line with how other public agencies with comparable assets have approached leasing. Public investment into buildings is minimized while generating current lease income to fund base reuse activities and fostering growth of a unique array of tenants at Alameda Point. Drawbacks are that it will tend to limit the pool of tenants who consider Alameda Point and is less likely to result in significant building upgrades.

Placing the burden of improvements on tenants tends to limit the pool of tenants to those who:

1. Are willing to provide upfront funds for necessary repairs or improvements or are interested in use of the space in "as is condition."
2. Can commit to a long enough lease that incurring upfront costs makes financial sense.
3. Have a long enough time horizon in making leasing decisions to allow repairs to occur in advance or are willing to accommodate the work during occupancy.
4. Have a strong commitment to Alameda Point or the space is uniquely suited to their needs.

While Alameda Point has been successful in attracting tenants under these conditions, others may not be interested in leasing under these terms, particularly in situations where improvement needs are more substantial. Where a landlord invests in improvements to deliver the space free of maintenance issues or funds improvements required for tenant occupancy, tenants will pay a higher rent for the space. Benefits of proactive landlord investments include:

- Investing in renovations to upgrade building systems, address deferred maintenance and replacement needs, build out office areas, and otherwise deliver the space in good useable condition will be helpful in attracting tenants that are looking for high quality space and who may not otherwise consider leasing at Alameda Point.

- Completion of repairs and upgrades on a proactive basis will reduce the time required to deliver the space to a tenant, which will be attractive to tenants with a short time horizon for leasing decisions.

- Tenants may prefer a higher rent to leasing space that requires them to fund significant improvements upfront, allowing a tenant's capital to be used for their core business.

- Buildings that are currently in poor condition may be unleasable without a significant speculative investment by the landlord.

5.2 Building Maintenance and Upgrades

Tenants on shorter term leases will generally have less incentive to be proactive about building repairs and replacement needs since they have a shorter term perspective and more limited financial incentive compared to a building owner. A private landlord will have a greater financial incentive to be proactive about maintenance issues and to invest in building upgrades to the extent the cost of improvements can be amortized through higher market rents or add value to the asset with potential to generate a profit upon sale.

Precedents for building sales at Alameda Point to developers include Buildings 8 (Storehouse lofts), 9 (Kairos Power) and 91 (Almanac). Buildings were sold to private parties who then made substantial investments in renovation. Renovations to Buildings 9 and 91 are estimated to have added in the range $24 million and $6 million to the tax roll, respectively, while renovation of Building 8 does not appear to yet be fully reflected on the tax rolls.

A private owner-user who purchases the building they occupy will also have an interest in maintaining the building in good condition. Some owner-users might be more willing to invest in upgrades beyond what can be justified from a pure real estate investment perspective. Owner-users will tend to focus on their own specific needs and priorities and are unlikely to invest in building improvements unless necessary or desired for their own use.

Precedents for building sales to owner-users at Alameda Point include Building 40 (Bladium) and Building 23 (Natel Energy). Assessed values for these buildings appear to reflect inflation of their sale price without a significant addition of assessed value from improvements following the sale.

5.3 Taking Economic Development Considerations into Account in Leasing

As landlord, the City has had an ability to take a broader array of considerations into account in leasing decisions at Alameda Point, beyond purely financial. Staff reports regarding leasing decisions have included information on the number of jobs tenants are projected to add. Tenants have sought to highlight what makes them a desirable business for Alameda or touted the promise of their technology. Through its role as a landlord, the City has had the ability to weigh considerations that extend into an economic development realm, alongside the specific business terms for proposed leases and the credit quality of tenants.

Alameda Point has a track record of nurturing high-tech startups such as Astra Space and Saildrone. Startups typically operate at a loss and rely on successive rounds of venture capital to maintain operations. Given their nature, high-tech startups tend to be more at risk of going out of business, since they depend on securing future rounds of funding, which is subject to conditions in the venture capital markets, investor appetite for risk, and successful development of their product. Should a tenant go out of business during a market downturn, it may prove more difficult to release vacated space, resulting in a loss of income. Credit quality of tenants also affects private owner's ability to borrow against the asset, which in turn affects the ability to finance improvements, financial returns to the owner, and the building value. Because of this, it's possible a private landlord would require more onerous terms for certain tenants to mitigate credit risk or may be less inclined to lease to early-stage startups, depending on market conditions. The flip side is that a private landlord may be in a better position to expedite leasing decisions and make speculative improvements to buildings, which would be beneficial for startups expanding quickly who need to secure space to support their growth and who may be averse to deploying finite venture capital to fund improvements to real estate.

5.4 Water Infrastructure Agreement

The existing Navy infrastructure at Alameda Point does not meet East Bay Municipal Utility District (EBMUD) standards and EBMUD will not accept and operate the water system on a permanent basis until it is replaced. EBMUD is currently operating the system under a "short term agreement". This existing short term agreement does not provide for extension beyond 2027. Should the EBMUD agreement expire before installation of the new water infrastructure, the City would need to contract with another provider to take responsibility for required water testing and would need to seek a modification of the drinking water permit. For this reason, the City's Public Works department has advised that it is in the best interest of the City to replace as much of the aging infrastructure at Alameda Point as possible before expiration of the short term agreement.

Existing buildings are not able to be directly served by EBMUD until infrastructure is replaced. Following replacement of infrastructure, buildings will be required to connect to the EBMUD system and will be required to pay connection charges. The City agreed to pay these charges when incurred, up to a cap, with respect to some prior building sales. The analysis assumes buyers will be responsible for future connection charges.

5.5 Brief Discussion of Outside Examples

The following provides a brief discussion of approaches used by other jurisdictions. None are prefect comparisons. Selections are not intended as a recommendation of a particular model and are provided to add additional context.

- **Port of San Francisco** – The Port of San Francisco has a large portfolio of properties along the San Francisco waterfront extending from India Basin on the southern waterfront to piers at Fort Mason. Much of the property is subject to the Tidelands Trust and thus cannot be sold. The Port receives income from parking, short term leases of existing buildings and property, shipping, and cruise facility charges, long term building leases, and long term ground leases. Major development projects for which a private development partner is responsible for substantial public and private improvements are typically structured as long term ground leases. This structure provides the private partner adequate time to recover the cost of upfront improvements. It also allows private leasehold improvements constructed on the property to be sold to another party while the Port retains ownership of the underlying land. Lease income is used to fund Port staff and operations costs, a range of capital improvement projects along the waterfront, and debt service on bonds. The pandemic and related economic fallout on San Francisco from increased remote work has impacted the Port's revenues, in particular parking revenues, participation rents from leases for restaurants, hotels, and other uses heavily affected by the pandemic.

- **Oakland Army Base** – The City of Oakland has disposed of property within portions of the former Oakland Army base through conveyance of a long term ground lease interest to a development team comprised of the California Capital and Investment Group (CCIG) and Prologis. Major funding for infrastructure improvements, including an intermodal rail terminal, was provided through a State of California Trade Corridor Improvement Fund (TCIF) grant created through Proposition 1B, passed in 2006. The development team managed construction of public improvements but was not responsible for funding. Private development of warehouse and logistics facilities occurred on long-term ground lease parcels with the developer responsible for construction of the private improvements.

- **McClellan Air Force Base** – This former military facility was in service from 1936 until 2001 and served as one of the Air Force's primary aircraft maintenance and logistics facilities in the pacific rim. At closure, there were approximately 7 million square feet of existing commercial and industrial buildings, plus undeveloped land available for future development. The County of Sacramento was granted a Lease in Furtherance of

Conveyance (LIFOC), as occurred in Alameda. The County entered into a purchase and sale agreement in 2001 with private developer McClellan Business Park LLC. The PSA conveyed the County's leasehold interest under the LIFOC and committed to the transfer of fee title as property was conveyed from the Airforce. The purchase price was advanced by the County through a note to the developer to be paid over six years. The developer committed to a set of minimum infrastructure improvements, but it was recognized additional improvements beyond the minimums would be necessary to achieve the planned buildout. Improvements in excess of minimums were eligible to be credited against the purchase price. In effect, the asset was conveyed in a relatively streamlined fashion to a single private entity who assumed the revenues and costs and was permitted to manage it as a large business park. In addition to private capital, public financing tools such as CFD bonds were used. The same developer was part of a master developer team that Alameda was in negotiations with two decades ago but did not move forward with. The property is now known as McClellan Business Park.

6.0 CAVEATS AND LIMITATIONS

While we believe the estimates and projections contained in this report to be reasonable in consideration of the scope of the analysis and the information available to KMA at the time of preparation, no assurances are provided by KMA as to the certainty of projected lease revenues, assessed values, tax revenues, expenses, or sales proceeds. Actual amounts may be higher or lower than projected and are subject to future market conditions, actual terms of lease or sale, specific maintenance or replacement needs, among other factors.

KMA is not advising or recommending any action be taken by the City with respect to any prospective new or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms and other similar matters concerning such financial products or issues). KMA is not acting as a municipal advisor and does not assume any fiduciary duty, including, without limitation, a fiduciary duty pursuant to Section 15B of the Exchange Act. The City should discuss any such information and material contained in this report with internal and/or external advisors and experts, including its own municipal advisors, that it deems appropriate before acting on the information.

Appendix Tables

Part A

Illustration of Sale and Lease Alternatives for an Indivdiual Building

Table A-1
Illustrative Comparison of Lease and Sale Alternatives for an Individual Building
Alameda Point
City of Alameda, CA
$Thousands

Illustrative Lease and Sale Scenarios for an Individual Building

Building Type: Hangar
Building Sq.Ft.: 110,000

	Combined Net Rental Income, Sales Proceeds, and Incremental Tax Revenues ($Thousands)			
	A.	B.	C.	D.
Year	Lease, Sell after 10 Years	Sale in Year 1, No Renovation	Sale in Year 1 + AV added by Renovation	30-Year Lease, Lessee Renovation & costs credited to rent, Sale Yr 30
	Table A-2	Table A-2	Table A-2	Table A-2
1	$112	$19,500	$19,500	($404)
2	$1,103	$62	$62	($372)
3	$1,142	$63	$295	($43)
4	$1,182	$64	$302	($9)
5	$1,223	$65	$309	$27
6	$1,266	$175	$316	$64
7	$1,311	$180	$323	$101
8	$1,356	$184	$331	$140
9	$1,404	$189	$339	$180
10	$25,732	$194	$347	$222
11 to 29	$4,212	$4,838	$8,394	$30,839
30	$330	$328	$554	$70,134
30-Year Total	$40,375	$25,842	$31,072	$100,878
Present Value (1)	$24,366	$22,002	$24,326	$21,793

(1) Present value in Year 1 calculated using a 6% discount rate. Discount rate is intended as generally representative of the City's borrowing costs. Although 6% is somewhat higher than yields reflected in recent trading of the City's tax-exempt debt, a somewhat higher rate was selected due to the recent upward trend in rates and nature of the revenue stream.

Table A-2
Illustrative Comparison of Lease vs. Sale Alternatives for an Individual Building
Alameda Point
City of Alameda, CA
$Thousands

		Year:	1	2	3	4	5	6	7	8	9	10	11 to 29	30
Example Hangar Building			*Page 1 of 4*											
Building Area	110,000	*SF*												
A. Lease, With Sale at End of Hold Period														
Rental Income														
Base Rent (NNN) (w/3.5% esc)	$0.95	/SF/Mo.	$1,254	$1,298	$1,343	$1,390	$1,439	$1,489	$1,541	$1,595	$1,651	$1,709		
PM/Maint. [1]	8%	gross	($100)	($104)	($107)	($111)	($115)	($119)	($123)	($127)	($132)	($136)		
Replace/Repair Reserve	4%	gross	($50)	($52)	($54)	($56)	($58)	($60)	($62)	($64)	($66)	($68)		
City Expense Allocation [2]	3%	gross	($38)	($39)	($40)	($42)	($43)	($45)	($46)	($48)	($50)	($51)		
Cap Impvt / Repair Credit [3]	@50% rent, 8 mo.		($418)	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Leasing Commissions [4]			($536)	$0	$0	$0	$0	$0	$0	$0	$0	$0		
Net Income			$112	$1,103	$1,142	$1,182	$1,223	$1,266	$1,311	$1,356	$1,404	$1,453		
Sales Proceeds at End of Hold Period														
Base Rent (NNN)												$1,709		
Reserves & non-recoverable	5%	gross										($85)		
Net Income												$1,624		
Gross Sales Proceeds	6.5%	exit cap[5]										$24,979		
Sales Com / Seller Closing Cost	4%	sale price										($999)		
Net Sales Proceeds												$23,980		
Incremental Tax Revenues (after sale)														
General Fund Prop Tax	21.90%	of 1%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,249	$80
Library Prop Tax Levy	0.0210%	levy	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$120	$8
Prop Tax In-Lieu of VLF	$0.62	$1000 AV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$354	$23
Transfer Tax (one time)	$12	/$1,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$300	$0	$0
CFD 17-1 (after 5 years)	$0.85	/ SF	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,489	$220
			$0	$0	$0	$0	$0	$0	$0	$0	$0	$300	$4,212	$330
Total Cash Flows		$40,375	$112	$1,103	$1,142	$1,182	$1,223	$1,266	$1,311	$1,356	$1,404	$25,732	$4,212	$330
NPV	6%	discount	$24,366											

Note:

(1) See Table C-2.

(2) Reflects base reuse staff time allocable to management, oversight, budgeting, staff reports, and reporting for leased assets as a share of gross lease revenue.

(3) Illustrative, based on 50% of rent credited, initial 8-months of term.

(4) 5% for first five years of term and 2.5% for Years 6-10 for landlord and tenant broker.

(5) Cap rate assumptions are generally consistent with that assumed for the City's Building 92 appraisal and reflect the data in Table D-1 and D-2. The cap rate at the end of a hold period is estimated at 0.5% above a Year 1 sale to reflect the possibility of somewhat worse market conditions in the future.

Table A-2
Illustrative Comparison of Lease vs. Sale Alternatives for an Individual Building
Alameda Point
City of Alameda, CA
$Thousands

			Year:	1	2	3	4	5	6	7	8	9	10	11 to 29	30
B. Sale, With No Improvements Following Sale															
Sales Proceeds															
Base Rent (NNN)	$0.95	/SF/Mo.		$1,254											
Reserves & non-recoverables	5%	gross		($63)											
Net Income				$1,191											
Gross Sales Proceeds	6%	cap rate		$20,000											
Sales Com / Seller Closing Cost	4%	sale price		($800)											
Net Sales Proceeds				$19,200											
Incremental Tax Revenues															
General Fund Prop Tax	21.90%	of 1%		$44	$45	$46	$46	$47	$48	$49	$50	$51	$52	$1,220	$78
Library Prop Tax Levy	0.0210%	levy		$4	$4	$4	$4	$5	$5	$5	$5	$5	$5	$117	$7
Prop Tax In-Lieu of VLF	$0.62	$1000 AV		$12	$13	$13	$13	$13	$14	$14	$14	$15	$15	$345	$22
Transfer Tax (one time)	$12	/$1,000		$240	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CFD 17-1 (after 5 years)	$0.85	/ SF		$0	$0	$0	$0	$0	$108	$112	$115	$118	$122	$3,156	$220
				$300	$62	$63	$64	$65	$175	$180	$184	$189	$194	$4,838	$328
Total Cash Flows			$25,842	$19,500	$62	$63	$64	$65	$175	$180	$184	$189	$194	$4,838	$328
NPV	6%	discount		$22,002											

Table A-2
Illustrative Comparison of Lease vs. Sale Alternatives for an Individual Building
Alameda Point
City of Alameda, CA
$Thousands

			Year:	1	2	3	4	5	6	7	8	9	10	11 to 29	30
C. Sale + Major Upgrades Following Sale				*Page 3 of 4*											
Sales Proceeds															
Base Rent (NNN)	$0.95	/SF/Mo.		$1,254											
Reserves & non-recoverables	5%	gross		($63)											
Net Income				$1,191											
Gross Sales Proceeds	6%	cap rate		$20,000											
Sales Com / Seller Closing Cost	4%	sale price		($800)											
Net Sales Proceeds				$19,200											
Incremental Tax Revenues						+$400/SF in assessed value added by improvements to site, base building, tenant improvements.									
Assessed Value				$20,000	$20,400	$64,808	$66,104	$67,426	$68,775	$70,150	$71,553	$72,984	$74,444		$110,620
General Fund Prop Tax	21.90%	of 1%		$44	$45	$142	$145	$148	$151	$154	$157	$160	$163	$3,798	$242
Library Prop Tax Levy	0.0210%	levy		$4	$4	$14	$14	$14	$14	$15	$15	$15	$16	$364	$23
Prop Tax In-Lieu of VLF	$0.62	$1000 AV		$12	$13	$40	$41	$42	$43	$43	$44	$45	$46	$1,075	$69
Transfer Tax (one time)	$12	/$1,000		$240	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CFD 17-1 (after COO)	$0.85	/ SF		$0	$0	$99	$102	$105	$108	$112	$115	$118	$122	$3,156	$220
				$300	$62	$295	$302	$309	$316	$323	$331	$339	$347	$8,394	$554
Total Cash Flows			$31,072	$19,500	$62	$295	$302	$309	$316	$323	$331	$339	$347	$8,394	$554
NPV	6%	discount		$24,326											

Table A-2
Illustrative Comparison of Lease vs. Sale Alternatives
Alameda Point
City of Alameda, CA
$Thousands

		Year:	1	2	3	4	5	6	7	8	9	10	11	11 to 29	30
Building Area	110,000	*SF*	*Page 4 of 4*												
D. 30-Year Lease, Lessee Renovation with Rent Credits, Sale at End of Term															
Rental Income															
Base Rent (NNN)	$0.95	/SF/Mo.	$1,254	$1,292	$1,330	$1,370	$1,411	$1,454	$1,497	$1,542	$1,589	$1,636	$1,685	$42,329	$2,955
River Rock PM/Maint. (1)	8%	gross	($100)	($103)	($106)	($109)	($113)	($116)	($119)	($123)	($127)	($131)	($134)	($3,377)	($236)
Replace/Repair Reserve	4%	gross	($50)	($52)	($53)	($55)	($56)	($58)	($60)	($62)	($64)	($65)	($67)	($1,693)	($118)
City Expense Allocation (2)	3%	gross	($38)	($39)	($40)	($41)	($42)	($44)	($45)	($46)	($48)	($49)	($51)	($1,270)	($89)
Rent Credit for Lessee Improvements (3)			($1,208)	($1,208)	($1,208)	($1,208)	($1,208)	($1,208)	($1,208)	($1,208)	($1,208)	($1,208)	($1,208)	($6,039)	$0
Leasing Commissions (4)			($263)	($263)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Income			($404)	($372)	($77)	($43)	($8)	$28	$65	$104	$143	$183	$225	$29,950	$2,513
Sales Proceeds, End of Hold Period															
Base Rent (NNN)	$1.50	/SF/Mo. (5)													$4,666
Reserves & non-recoverables	5%	gross													($148)
Net Income															$4,518
Gross Sales Proceeds	6.5%	exit cap (6)													$69,511
Sales Com / Seller Closing Cost	4%	sale price													($2,780)
Net Sales Proceeds															$66,731
Incremental Tax Revenues															
Added Assessed Value (lessee improvements) (7)			$0	$0	$11,000	$11,220	$11,444	$11,673	$11,907	$12,145	$12,388	$12,636	$12,888	$294,375	$18,776
General Fund Prop Tax	21.90%	share of 1%	$0	$0	$24	$25	$25	$26	$26	$27	$27	$28	$28	$645	$41
Library Prop Tax Levy	0.0210%	levy	$0	$0	$2	$2	$2	$2	$3	$3	$3	$3	$3	$62	$4
Prop Tax In-Lieu of VLF	$0.62	$1000 AV	$0	$0	$7	$7	$7	$7	$7	$8	$8	$8	$8	$183	$12
Transfer Tax (one time)	$12	/$1,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$834
			$0	$0	$33	$34	$35	$35	$36	$37	$37	$38	$39	$889	$891
Total Cash Flows		$100,878	($404)	($372)	($43)	($9)	$27	$64	$101	$140	$180	$222	$264	$30,839	$70,134
NPV	6%	discount	$21,793												

Note:
(1) See Table C-2.
(2) Reflects base reuse staff time allocable to management, oversight, budgeting, staff reports, and reporting for leased assets as a share of gross lease revenue.
(3) Illustrative credit based on $11 M ($100/SF) lessee renovation and cost amortized at 7% interest over 15 years.
(4) 5% for first five years of term and 2.5% for Years 6-10 for landlord and tenant broker.
(5) Prior to escalation. Reflects assumed increase in achievable rent at end of lease term based on lessee improvements.
(6) Cap rate assumptions are generally consistent with that assumed for the City's Building 92 appraisal and reflect the data in Table D-1 and D-2. The cap rate for sale at the end of a hold period is estimated at 0.5% above a Year 1 sale to reflect the possibility of somewhat worse market conditions in the future.
(7) Estimated added assessed value of $100/SF based on lessee upgrades.

Part B

Reuse Area Sale Scenarios

Table B-1
Reuse Area Asset Sale Scenarios - Summary
Alameda Point
City of Alameda, CA

Scenario Name	**Scenario 1**	**Scenario 2**	**Scenario 2a**	**Scenario 2b**	**Scenario 3**	**Scenario 4**
Description of Assets Sold	*existing condition*	*Entire Reuse Area, excl. Tidelands / Haz*	*Reuse Area Served by Ph1 Infra*	*Reuse Area Served by Ph1&2 Infra*	*Vacant Bldgs + 41, 92, 525, 29.*	*Hangars Only*
Preliminary Sales Proceeds Est. ($Millions)	none	$159 to $250	$33 to $50	$105 to $156	$61 to $105	$109 to $162
See Table B-3						
% proceeds from vacant buildings expected to be more challenging to market, uncertain as to value, and likely representing longer-term opportunities.		*28%*	*22%*	*15%*	*55%*	*8%*
	$M/Year	*$M/Year*	*$M/Year*	*$M/Year*	*$M/Year*	*$M/Year*
Estimated Net Lease Income	**$12.5**	**$7.1**	**$12.2**	**$8.3**	**$12.1**	**$7.4**
from remaining assets see Table B-2						
Base Reuse Expenses (1)						
Bond Debt Service (to 2033, $7.5M rem princ.)	$0.9	$0.9	$0.9	$0.9	$0.9	$0.9
Base Reuse Staff: leasing & PM (2)	$0.3	$0.2	$0.3	$0.2	$0.3	$0.2
Base Reuse Staff: all other	$0.6	$0.6	$0.6	$0.6	$0.6	$0.6
Professional Svc/Legal, excl leasing com(3)	$2.0	$1.7	$1.9	$1.8	$1.9	$1.7
Economic Development Staff & cost alloc.	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4
Office Expenses	$0.06	$0.05	$0.05	$0.05	$0.04	$0.04
Cost Allocation Charges (4)	$0.7	$0.5	$0.6	$0.5	$0.6	$0.5
Public Works Staff	$0.5	$0.5	$0.5	$0.5	$0.5	$0.5
Water, utilities, equipment repair/maint (5)	$1.8	$0.8	$1.6	$1.2	$1.3	$1.2
Subtotal Expense	$7.3	$5.6	$6.9	$6.2	$6.5	$6.1
Net Available Lease Income	**$5.2**	**$1.5**	**$5.3**	**$2.1**	**$5.6**	**$1.3**
Incremental Taxes from Sold Buildings (6)						
Property Tax		$1.3	$0.2	$0.6	$0.8	$0.5
Property Tax In-Lieu of VLF		$0.4	$0.1	$0.2	$0.2	$0.1
Library Levy		$0.1	$0.0	$0.1	$0.1	$0.0
Subtotal City Tax Revenue	none	$1.8	$0.3	$0.8	$1.1	$0.7
AP Services Dist. CFD 17-1 (commence 5 years after sale)		$1.5	$0.2	$0.8	$0.7	$0.8
Total Incremental Taxes		**$3.3**	**$0.5**	**$1.5**	**$1.7**	**$1.5**
Incremental Taxes + Net Avail. Lease Income	**$5.2**	**$4.8**	**$5.8**	**$3.6**	**$7.3**	**$2.8**
Delta vs. existing		($0.4)	$0.6	($1.6)	$2.1	($2.4)

Notes:
(1) Not including property management and maintenance charges by RiverRock, which are already deducted from net lease income on Table B-2 . See Table C-1 for expense detail.
(2) Reflects the approximately 34% of base reuse staff time budget that relates to management, oversight, budgeting, staff reports, and reporting for leased assets. Analysis assumes staff time allocable to these activities could be reduced as leased inventory decreases.
(3) Excludes leasing commissions, which are deducted from net lease income. Professional services costs are estimated proportionate to changes in staff and office expenses.
(4) Cost allocation charges for base reuse and public works are estimated proportionate to changes in other expenses incl. RiverRock expenses on Table B-2 but excluding debt service.
(5) Utility and maint service expense estimated to decrease as infrastructure is replaced through sales proceeds, allowing connection to EBMUD service, and reducing water purchase and other expenses. Estimated proportionate to sales proceeds as % of Master Infrastructure Plan budget for utility, street, and transportation ($374M with inflation to 2022).
(6) See Table B-4a. Includes on-going funds, without one-time transfer taxes.

Table B-2
Disposition Scenarios - Building Area and Net Lease Income
Alameda Point
City of Alameda, CA

Scenario Name	**Scenario 1**	**Scenario 2**	**Scenario 2a**	**Scenario 2b**	**Scenario 3**	**Scenario 4**
Assets Sold	*existing condition*	*Entire Reuse Area, excl. Tidelands / Haz*	*Reuse Area Served by Ph1 Infra*	*Reuse Area Served by Ph1&2 Infra*	*Vacant Bldgs + 41, 92, 525, 29.*	*Hangars Only*
Sold Buildings (Sq. Ft.)						
Leased	none	836,812	198,311	602,898	238,329	686,915
Vacant	none	926,647	76,895	289,273	711,660	214,967
Site A / W Midway Sites (primarily vacant)	563,703	563,703	563,703	563,703	563,703	563,703
	563,703	2,327,162	838,909	1,455,874	1,513,692	1,465,585
Retained Buildings (Sq.Ft.)						
Leased	1,652,513	851,545	1,490,046	1,085,459	1,450,028	1,001,442
Vacant	2,176,650	1,214,159	2,063,911	1,851,533	1,429,146	1,925,839
Public / Quasi Public Uses	234,277	234,277	234,277	234,277	234,277	234,277
	4,063,440	2,299,981	3,788,234	3,171,269	3,113,451	3,161,558
Total Building Sq. Ft.	4,627,143	4,627,143	4,627,143	4,627,143	4,627,143	4,627,143
	$M/Year	*$M/Year*	*$M/Year*	*$M/Year*	*$M/Year*	*$M/Year*
Commercial Lease Income						
Lease Income						
Existing Com. Lease Revenue (Table C-4)	$14.9	$14.9	$14.9	$14.9	$14.9	$14.9
Less: Rev from Site A & West Midway areas	($0.2)	($0.2)	($0.2)	($0.2)	($0.2)	($0.2)
Less: Lease Revenue Sold Buildings	n/a	($6.6)	($0.7)	($5.0)	($0.9)	($6.0)
Subtotal Lease Revenue	$14.7	$8.1	$14.1	$9.7	$13.8	$8.8
PM/Maint. Expense within RiverRock Budget						
Vacant Building Expenses (1)	($0.74)	($0.33)	($0.56)	($0.50)	($0.39)	($0.52)
Occupied Building Expenses (2)	($1.19)	($0.60)	($1.05)	($0.76)	($1.02)	($0.71)
General Point-Wide Expenses (3)	($0.59)	($0.59)	($0.59)	($0.59)	($0.59)	($0.59)
Port Ops & NW Territory (3)	($0.28)	($0.28)	($0.28)	($0.28)	($0.28)	($0.28)
Subtotal Com Prop Management Expense	($2.79)	($1.80)	($2.48)	($2.14)	($2.28)	($2.10)
Leasing Commissions (4)	($0.55)	($0.30)	($0.53)	($0.36)	($0.52)	($0.33)
Net Commercial Lease Revenue	**$11.4**	**$6.0**	**$11.1**	**$7.2**	**$11.0**	**$6.3**
Residential Net Lease Income (Table C-3)	**$1.1**	**$1.1**	**$1.1**	**$1.1**	**$1.1**	**$1.1**
Combined Total	**$12.5**	**$7.1**	**$12.2**	**$8.3**	**$12.1**	**$7.4**

(1) See Table C-2 for allocation of RiverRock budgeted expense by type. Vacant building expenses estimated proportionate to vacant building inventory.
(2) See Table C-2 for allocation of RiverRock budgeted expense by type. Occupied building expenses estimated proportionate to occupied building inventory.
(3) See Table C-2 for allocation of budgeted expenses by type. General Point-Wide, Port Ops and NW Territory expenses are not assumed to change with building inventory.
(4) Leasing commissions are budgeted by the City at $550,000 but will vary based on leasing. For purposes of these scenarios, commissions are assumed to average approximately 3.75% of annual gross lease revenue, an estimate that assumes the average lease term is ten years.

Table B-3
High-Level Estimate of Sales Proceeds Range, Reuse Area
Alameda Point
City of Alameda, CA

No.	Existing Tenant	Building Area Sq.Ft.	Leased Area Sq.Ft.	Contract Rent $/SF/Mo	Contract Rent Annual	Estimated Market Rent $/SF/Mo	Estimated Market Rent Annual	Prelim Price PSF Est. (1) Low	Prelim Price PSF Est. (1) High	Proceeds ($Millions) (2) Low	Proceeds ($Millions) (2) High	Reuse Infra Phase	Note
Large Hangars and Aircraft-Related Buildings													
11	Pending	110,561	110,561	$0.95	$1,260,000	$0.95	$1,260,000	$150	- $250	$16	- $27	2	
12	Saildrone, Inc.	110,561	110,561	$0.92	$1,220,593	$0.92	$1,221,000	$150	- $210	$16	- $22	2	
20	Auctions by the Bay	65,547	63,972	$0.46	$350,568	$0.95	$729,000	$150	- $220	$9	- $14	3	
21	St George Spirits	66,014	65,000	$0.64	$496,831	$0.95	$741,000	$130	- $190	$8	- $12	3	
22	Faction Brewing, Proximo Distillers	64,944	64,944	$0.63	$491,530	$0.95	$740,000	$150	- $210	$9	- $13	3	
24	Rockwall Wine, Complete Coach	63,000	55,865	$0.80	$538,312	$0.94	$631,000	$150	- $210	$9	- $13	2	
25	Alameda P Bev (BRIX), Urban Cellars	54,450	36,319	$0.73	$317,235	$0.95	$414,000	$150	- $210	$8	- $11	2	
400A	Google [Navy held w/FOST]	65,400	65,400	$0.76	$599,468	$0.95	$746,000	$150	- $220	$9	- $14	2	
400	mostly vacant [Navy held w/FOST]	192,112	5,000	$0.50	$30,000	$0.32	$730,456	$50	- $70	$9	- $13	2	mostly vac, est @1/3 occ. bldg
41	Wrightspeed, Inc [Navy held w/FOST]	109,293	109,293	$0.51	$673,388	$0.95	$1,246,000	$150	- $220	$16	- $23	1	
	Subtotal	901,882	686,915		$5,977,925		$8,458,456	$121	- $180	$109	- $162		
Other Leased Buildings													
19	Office / Control Tower	20,881	20,881	$1.50	$375,858	$1.50	$375,858	$230	- $310	$5	- $6	2	
92	Food Bank	89,018	89,018			$0.80	$854,573	$130	- $180	$11	- $15	1	to be released by APC per DDA
525	Auctions by the Bay	23,208	23,208	$0.78	$216,876	$0.90	$250,646	$150	- $210	$3	- $5	not incl.	
29	Dreyfuss Capital Partner, Lava Mae	19,480	16,810	$0.28	$56,437	$0.28	$56,437	$50	- $60	$1	- $1	not incl.	
	Subtotal	152,587	149,917		$649,171		$1,537,514	$131	- $177	$20	- $27		
Vacant Buildings													
	BEQ	498,646	none					$34	- $68	$17	- $34	3	Preliminary estimate at $1-$2 M/acre of land as significant improvements are likely required for occupancy and some may need to be demolished. Estimate assumes infrastructure not buyer cost.
	Building 114 / former 101	76,895	none					$78	- $156	$6	- $12	1	
	Bldg 7/15/115/130/116	64,164						$62	- $140	$4	- $9	partial	
	Chapel and Theater	34,927						$86	- $172	$3	- $6	not incl.	
	Other Vacant	34,358	none							not incl.			
		708,990								$30	- $61		
Total		1,763,459	836,832		$6,627,096		$9,995,970			**$159**	**- $250**		
	Subtotals												
	Reuse Area Infra Phase 1	275,206	198,311		$673,388		$2,100,573			$33	- $50		
	Reuse Area Infra Phase 2	616,965	404,587		$4,341,466		$5,378,314			$72	- $106		
	Reuse Area Infra Phase 3	695,151	193,916		$1,338,929		$2,210,000			$43	- $73		
	Vacant Buildings and 92, 525, 29, 41	949,989	238,329		$946,701		$2,407,656			$61	- $105		

Note: Tidelands Trust properties and buildings subject to remaining hazardous conditions are not included in estimates.

(1) Preliminary price PSF range reflects cap rate range of 5% to 7% based on prior sales at Alameda Point and comparable sale data in Table D-4 and Table D-3 and 5% non-recoverable expense and reserve allowance. A wide band is identified based on variation in condition and expected timing of sale over a period of years. An offset is included where significant lease term remains at a lower rent.Building 11 pricing reflects a margin over an unsolicted purchase offer that was received.

(2) High level and preliminary estimate of sales proceeds for planning purposes. Actual proceeds will vary depending on market conditions at the time of sale, property condition, conditions placed on sale, availability of backbone infrastructure at time of sale, among other factors. Estimated proceeds are net of 4% in sales commissions and seller closing costs. Estimates should be revised as market is tested and conditions change.

Table B-4a
Property Tax and Other Revenue - With Improvements to Buildings Following Sale
Alameda Point
City of Alameda, CA

				Assessed Value				Incremental Revenue Following Sale				
No.	Existing Tenant	Building Area Sq.Ft.	Leased Area Sq.Ft.	Existing	Est w/sale(1)	Improvmts after sale(2)	Net Incr.	General Fund Prop Tax 21.9% share of 1%	Library Prop Tax Levy 0.021%	Prop Tax In-Lieu of VLF $0.62 / $1000 AV	CFD 17-1 (after 5 years) (3) $0.85 / SF	Total
Large Hangars and Aircraft-Related Buildings												
11	Pending	110,561	110,561	744,000	22,244,000	14,370,000	$35,870,000	$78,574	$7,533	$22,304	$93,898	$202,309
12	Saildrone, Inc.	110,561	110,561	25,205,000	38,596,000	14,370,000	$27,761,000	$60,811	$5,830	$17,262	$93,898	$177,801
20	Auctions by the Bay	65,547	63,972	506,000	11,533,000	8,520,000	$19,547,000	$42,818	$4,105	$12,154	$55,668	$114,746
21	St George Spirits	66,014	65,000	4,142,000	10,903,000	8,580,000	$15,341,000	$33,605	$3,222	$9,539	$56,065	$102,430
22	Faction Brewing, Proximo Distillers	64,944	64,944	4,777,000	11,630,000	8,440,000	$15,293,000	$33,500	$3,212	$9,509	$55,156	$101,377
24	Rockwall Wine, Complete Coach Works	63,000	55,865	3,204,000	12,482,000	8,190,000	$17,468,000	$38,264	$3,668	$10,862	$53,505	$106,299
25	Alameda P Bev (BRIX), Urban Cellars	54,450	36,319	997,000	9,568,000	7,080,000	$15,651,000	$34,284	$3,287	$9,732	$46,244	$93,546
400A	Google [Navy held w/FOST]	65,400	65,400	678,000	11,500,000	8,500,000	$19,322,000	$42,325	$4,058	$12,014	$55,543	$113,941
400	mostly vacant [Navy held w/FOST]	192,112	5,000	0	11,000,000	24,970,000	$35,970,000	$78,793	$7,554	$22,366	$163,158	$271,871
41	Wrightspeed, Inc [Navy held w/FOST]	109,293	109,293	1,096,000	19,681,000	14,210,000	$32,795,000	$71,838	$6,887	$20,392	$92,821	$191,938
	Subtotal	901,882	686,915					$514,814	$49,354	$146,135	$765,957	$1,476,259
Other Leased Buildings												
19	Office / Control Tower	20,881	20,881	1,944,000	7,444,000	2,710,000	$8,210,000	$17,984	$1,724	$5,105	$17,734	$42,547
92	Food Bank	89,018	0	0	13,000,000	11,570,000	$24,570,000	$53,821	$5,160	$15,278	$75,602	$149,861
525	Auctions by the Bay	23,208	23,208	2,019,000	4,011,000	3,020,000	$5,012,000	$10,979	$1,053	$3,116	$19,710	$34,858
29	Dreyfuss Capital Partner, Lava Mae	19,480	16,810	138,000	1,000,000	2,530,000	$3,392,000	$7,430	$712	$2,109	$16,544	$26,796
	Subtotal	152,587	60,899					$90,215	$8,649	$25,608	$129,590	$254,062
Vacant Buildings												
	BEQ	498,646	0	0	25,500,000	199,460,000	$224,960,000	$492,781	$47,242	$139,880	$423,494	$1,103,397
	Building 114 / former 101	76,895	0	0	9,000,000	30,760,000	$39,760,000	$87,095	$8,350	$24,723	$65,306	$185,474
	Bldg 7/15/115/130/116	64,164	0	0	6,500,000	25,670,000	$32,170,000	$70,469	$6,756	$20,003	$54,494	$151,722
	Chapel and Theater	34,927	0	0	4,500,000	13,970,000	$18,470,000	$40,459	$3,879	$11,485	$29,663	$85,485
	Subtotal	708,990	0	0	45,500,000	269,860,000	315,360,000	$690,805	$66,226	$196,091	$572,956	$1,526,078
Total		1,763,459	747,814					$1,295,834	$124,228	$367,834	$1,468,503	$3,256,399
	Reuse Area Infra Phase 1	275,206	109,293	1,096,000	41,681,000	56,540,000	97,125,000	$212,755	$20,396	$60,392	$233,729	$527,273
	Reuse Area Infra Phase 2	616,965	404,587	32,772,000	112,834,000	80,190,000	160,252,000	$351,037	$33,653	$99,645	$523,980	$1,008,315
	Reuse Area Infra Phase 3	695,151	193,916	9,425,000	59,566,000	225,000,000	275,141,000	$602,704	$57,780	$171,083	$590,383	$1,421,950

(1) Estimated AV based on mid-point of estimated sales price range.

(2) Estimated based on average AV of improvements to buildings that are currently leased of $130/SF based on AV added to previously sold buildings (which reflects some buildings renovated after sale and some not) and $400/SF to buildings that are currently vacant, assuming substantial investment to make the buildings useable.

(3) CFD special tax commences at the earlier of five years after sale or issuance of a temporary or final certificate of occupancy.

Prepared by: Keyser Marston Associates
\\SF-FS2\wp\10\10004\059\Sale vs. lease analysis 1-31-23; 1/31/2023

Table B-4b
Property Tax and Other Revenue - Without Improvements to Buildings Following Sale
Alameda Point
City of Alameda, CA

				Assessed Value				Incremental Revenue Following Sale				
No.	Existing Tenant	Building Area Sq.Ft.	Leased Area Sq.Ft.	Existing	Est w/sale(1)	Improvmts after sale	Net Incr.	General Fund Prop Tax 21.9% share of 1%	Library Prop Tax Levy 0.021%	Prop Tax In-Lieu of VLF $0.62 / $1000 AV	CFD 17-1 (after 5 years) (1) $0.85 / SF	Total
Large Hangars and Aircraft-Related Buildings						*if none*						
11	Pending	110,561	110,561	744,000	22,244,000	0	$21,500,000	$47,096	$4,515	$13,369	$93,898	$158,878
12	Saildrone, Inc.	110,561	110,561	25,205,000	38,596,000	0	$13,391,000	$29,333	$2,812	$8,327	$93,898	$134,370
20	Auctions by the Bay	65,547	63,972	506,000	11,533,000	0	$11,027,000	$24,155	$2,316	$6,857	$55,668	$88,995
21	St George Spirits	66,014	65,000	4,142,000	10,903,000	0	$6,761,000	$14,810	$1,420	$4,204	$56,065	$76,499
22	Faction Brewing, Proximo Distillers	64,944	64,944	4,777,000	11,630,000	0	$6,853,000	$15,012	$1,439	$4,261	$55,156	$75,868
24	Rockwall Wine, Complete Coach Works	63,000	55,865	3,204,000	12,482,000	0	$9,278,000	$20,324	$1,948	$5,769	$53,505	$81,546
25	Alameda P Bev (BRIX), Urban Cellars	54,450	36,319	997,000	9,568,000	0	$8,571,000	$18,775	$1,800	$5,329	$46,244	$72,148
400A	Google [Navy held w/FOST]	65,400	65,400	678,000	11,500,000	0	$10,822,000	$23,706	$2,273	$6,729	$55,543	$88,251
400	mostly vacant [Navy held w/FOST]	192,112	5,000	0	11,000,000	0	$11,000,000	$24,096	$2,310	$6,840	$163,158	$196,404
41	Wrightspeed, Inc [Navy held w/FOST]	109,293	109,293	1,096,000	19,681,000	0	$18,585,000	$40,711	$3,903	$11,556	$92,821	$148,991
	Subtotal	901,882	686,915					$258,018	$24,735	$73,241	$765,957	$1,121,951
Other Leased Buildings												
19	Office / Control Tower	20,881	20,881	1,944,000	7,444,000	0	$5,500,000	$12,048	$1,155	$3,420	$17,734	$34,357
92	Food Bank	89,018	89,018	0	13,000,000	0	$13,000,000	$28,477	$2,730	$8,083	$75,602	$114,892
525	Auctions by the Bay	23,208	23,208	2,019,000	4,011,000	0	$1,992,000	$4,364	$418	$1,239	$19,710	$25,731
29	Dreyfuss Capital Partner, Lava Mae	19,480	16,810	138,000	1,000,000	0	$862,000	$1,888	$181	$536	$16,544	$19,149
	Subtotal	152,587	149,917					$46,777	$4,484	$13,278	$129,590	$194,129
Vacant Buildings, mostly unleasable												
	BEQ	498,646	0	0	25,500,000	0	$25,500,000	$55,858	$5,355	$15,856	$423,494	$500,563
	Building 114 / former 101	76,895	0	0	9,000,000	0	$9,000,000	$19,715	$1,890	$5,596	$65,306	$92,507
	Bldg 7/15/115/130/116	64,164	0	0	6,500,000	0	$6,500,000	$14,238	$1,365	$4,042	$54,494	$74,139
	Chapel and Theater	34,927	0	0	4,500,000	0	$4,500,000	$9,857	$945	$2,798	$29,663	$43,264
	Subtotal	708,990	0	0	45,500,000	0	45,500,000	$99,669	$9,555	$28,292	$572,956	$710,472
Total		1,763,459	836,832					$404,464	$38,775	$114,811	$1,468,503	$2,026,552
	Reuse Area Infra Phase 1	186,188	109,293	1,096,000	28,681,000	0	27,585,000	$60,426	$5,793	$17,152	$158,127	$241,498
	Reuse Area Infra Phase 2	616,965	404,587	32,772,000	112,834,000	0	80,062,000	$175,378	$16,813	$49,783	$523,980	$765,954
	Reuse Area Infra Phase 3	695,151	193,916	9,425,000	59,566,000	0	50,141,000	$109,835	$10,530	$31,178	$590,383	$741,925

(1) Estimated AV based on mid-point of estimated sales price range.

(2) CFD special tax commences at the earlier of five years after sale or issuance of a temporary or final certificate of occupancy.

Part C

Summary Data on Existing Lease Income

Table C-1
Existing Lease Income and Budgeted Uses
Alameda Point
City of Alameda, CA

A. Estimated Net Income From Leases		
Commercial	$11,565,000	Table C-2, includes pending leases
Residential	$1,096,000	Table C-3
Total	$12,661,000	Net of PM/Maint by RiverRock and budgeted leasing commissions
B. Use of Existing Lease Income (Based on 22-23 Mid-Cycle Budget)		
1 Lease Revenue Bond Debt Service	$873,000	continues to 2033
2 Base Reuse		
Professional Services	$2,150,000	Environmental, Engineering, CFD, Economic consulting, Predator Mgmt, Loan
Legal	$440,000	
Less: Leasing Commissions	($550,000)	Budgeted amount, varies based on leasing. Deducted from net lease income.
Professional service, legal, excl leasing	$2,040,000	
Base Reuse Staff - Leasing	$328,000	Management and oversight of leasing, property management.
Base Reuse Staff - All Other	$645,000	
Subtotal	$973,000	
Cost Allocation	$551,000	
Office Expense	$59,000	
Subtotal	$3,623,000	on-going while base reuse in progress
3 Economic Development		
Staff	$317,000	
Cost Allocation	$39,000	
	$356,000	
4 Public Works		
Water, utilities, maint supplies & services	$1,835,000	88% of budgeted expense is for water / EBMUD agreement
Public Works Staff Costs	$512,000	
Cost Allocation	$126,000	
	$2,473,000	
Total Operating Expenses & Debt	**$7,325,000**	
C. Lease Income Available for Capital	**$5,336,000**	$1.4 M budgeted for big whites painting in 22-23

Table C-2
Property Management Costs and Allocation by Type
Alameda Point
City of Alameda, CA

	%gross	Amount	Estimated Allocation by Cost Center Total Dollars				Estimated Allocation by Cost Center Percentage (1)				Note
			Vacant Buildings	Leased Buildings	General AP-wide	MARAD & NW Territory	Vacant Buildings	Leased Buildings	General AP-wide	MARAD & NW Territory	
Gross Rental Income	100%	$14,906,798									assumes Bldg 11, 19, 39 leases includes NW territories revenue
River Rock Budget for FY 2022-23											
RiverRock staff costs	6%	$895,854	$44,793	$716,684	$134,378	$0	5%	80%	15%	0%	
RiverRock Mgmt fee	1%	$220,860	$11,043	$176,688	$33,129	$0	5%	80%	15%	0%	
Maintenance staff	1%	$176,758	$123,730	$53,027	$0	$0	70%	30%	0%	0%	
Maint supplies & repair	1%	$86,862	$60,804	$26,059	$0	$0	70%	30%	0%	0%	
Trash - Maintenance	0%	$5,300	$3,710	$1,590	$0	$0	70%	30%	0%	0%	
Asphalt, fencing, signage	1%	$112,040	$67,224	$44,816	$0	$0	60%	40%	0%	0%	
Cleaning / Janitorial	0%	$32,680	$1,634	$26,144	$4,902	$0	5%	80%	15%	0%	
Landscaping	2%	$228,094	$144,867	$83,227	$0	$0	64%	36%	0%	0%	
Trash - landscaping	0%	$54,000	$34,296	$19,704	$0	$0	64%	36%	0%	0%	
Electric	1%	$147,780	$147,780	$0	$0	$0	100%	0%	0%	0%	
Illegal dumping	0%	$63,000	$0	$0	$63,000	$0	0%	0%	100%	0%	
Security	2%	$349,926	$0	$0	$349,926	$0	0%	0%	100%	0%	
Life Safety	1%	$137,716	$96,401	$41,315	$0	$0	70%	30%	0%	0%	
Port Operations Expense	1%	$160,080	$0	$0	$0	$160,080	0%	0%	0%	100%	assume 60% reduction w/o MARAD
Pier 2 trash	0%	$36,000	$0	$0	$0	$36,000	0%	0%	0%	100%	
NW territories commissions		$85,200	$0	$0	$0	$85,200	0%	0%	0%	100%	
Total Expense	19%	$2,792,150	$736,282	$1,189,253	$585,335	$281,280					
Percent of Expenses		100%	26%	43%	21%	10%					
Percent of Gross Revenue		19%	5%	8%	4%	2%					
Leasing Commissions		$550,000	consistent with 22-23 budget								
Net Commercial Income	78%	$11,564,648									

after property management costs and leasing commissions.

Source: RiverRock 22-23 budget .

(1) Percentage allocations among vacant, occupied, Alameda Point-wide, MARAD and Northwest Territories costs are approximate and have been estimated by KMA based on supporting detail and discussions with River Rock.

Table C-3
Residential Property Net Income
Alameda Point
City of Alameda, CA

	No. Units	%gross	Annual Amount	Annual Per Unit	
Rental Income					
Ranch Homes	29		$949,000	$32,724	
Big Whites	15		$589,000	$39,267	
Townhomes	17		$398,000	$23,412	
Vacant or designated for emergency housing	6		$0	$0	
Gross Rent	67		$1,936,000	$28,896	
water assessment			$68,400	$1,021	
Less: concessions			($48,000)	($716)	
Less: vacancy / credit loss allowance			($96,800)	($1,445)	
Effective Gross Income		100%	$1,859,600	$27,755	
Operating Expense, Maintenance, Property Taxes					
Maint, repair, landscaping		11%	$213,650	$3,189	
Yard maintenance		8%	$143,000	$2,134	
Management Fees		8%	$148,768	$2,220	modified to reflect contract fee @8% gross
Property Tax		6%	$108,000	$1,612	
Other Admin expenses		1%	$22,700	$339	
Unit turnover costs		2%	$42,000	$627	
Capital replacements		5%	$85,800	$1,281	
		41%	$763,918	$11,402	
Net Residential Income		59%	$1,095,682	$16,353	

Table C-4
Building Inventory and Rental Income by Location and Property Category
Alameda Point
City of Alameda, CA

Location and Property Category	Building Area Sq.Ft.	Vacant Sq.Ft.	Leased Area Sq.Ft.	% Leased	Gross Annual Rent	Est of Allocable PM and Maint. Expenses (1)	Estimated Net Income
1. Reuse Area							
Hangars	901,882	214,987	686,895	76%	$5,977,925	$784,992	$5,192,933
Other Leased Buildings	152,587	2,670	149,917	98%	649,171	$132,674	$516,497
Vacant	708,990	708,990	0	0%	0	$193,017	($193,017)
Incomplete Hazardous Mitigation	971,661	958,399	13,262	1%	$99,855	$274,311	($174,456)
Subject to Tidelands Trust	184,494	78,494	106,000	57%	$953,235	$134,723	$818,512
Subtotal	2,919,614	1,963,540	956,074		$7,680,186	$1,519,717	$6,160,469
2. Enterprise District / East Side Seaplane Lagoon Development Area							
Leased Buildings	373,947	0	373,947	100%	$3,157,356	$391,550	$2,765,806
Vacant	143,968	143,968	0	0%	$0	$39,194	($39,194)
Incomplete Hazardous Mitigation	312,766	60,662	252,104	81%	$1,807,536	$267,455	$1,540,081
Subject to Tidelands Trust	78,868	8,480	70,388	89%	$743,686	$82,073	$661,613
Subtotal	909,549	213,110	696,439		$5,708,578	$780,272	$4,928,306
3. West Midway / Site A Project Sites	563,703	527,859	35,844	6%	$162,426	$175,546	($13,120)
4. Public Use and City Facilities	234,277				$66,300	$0	$66,300
5. Northwest Territory and MARAD / Port Operations					$1,018,000	$281,280	$736,720
6. Water / Utility Reimbursements					$271,308	$0	$271,308
7. General AP-Wide Costs					n/a	$585,335	($585,335)
Total	4,627,143	2,704,509	1,688,357		$14,906,798	$3,342,150	$11,564,648

Note: Includes lease income from pending leases for Buildings 11, 19 and 39.

See Table C-5 for building-level detail.

(1) See Table C-2 for basis for allocation of costs. Includes estimated leasing commissions consistent with Table C-2.

Table C-5
Existing Rent Detail by Building
Alameda Point
City of Alameda, CA

Bldg No	Tenant/Description	Building Sq.Ft.	Leased Sq.Ft.	% Leased	Lease Or last FMV adj yr	Lease Expire Date	Max w/ Options	Existing Rent $/SF/Mo	Existing Rent Annual	Note
Page 1 of 5										
1. Reuse Area										
Large Hangars and Aircraft-Related Buildings										
11	Pending	110,561	110,561	100%	2022	2032	2032	$0.95	$1,260,000	proposed terms
12	Saildrone, Inc.	110,561	110,561	100%	2017	2027	2032	$0.92	$1,220,593	Rent per 2022 amendment
20	Auctions by the Bay	65,547	63,972	98%	2012	2022	2032	$0.46	$350,568	fair market reset at option
21	St George Spirits	66,014	65,000	98%	2016	2026	2031	$0.64	$496,831	3% rent adjustments for renewal term
22	Faction Brewing	64,944	32,500	100%	2018	2028	2048	$0.84	$327,730	fair market reset at options
22	Proximo Distillers		32,444		2014	2024	2034	$0.42	$163,800	
24	Rockwall Wine	63,000	40,868	89%	2018	2023	2023	$0.76	$372,808	FMV adjustment in 2018
24	Complete Coach Works		14,977		2015	2020	n/a	$0.92	$165,504	currently MTM
25	Alameda P Bev (BRIX)	54,450	18,159	67%	2014	2024	n/a	$0.87	$190,079	
25	Urban Cellars		18,160		2016	2026	2031	$0.58	$127,155	fair market reset at renewal option
400A	Google [Navy held w/FOST]	65,400	65,400	100%	2016	2023	2035	$0.76	$599,468	fair market reset at options, not yet transferred.
400	Mostly Vacant [Navy held w/FOST]	192,112	5,000	3%				$0.50	$30,000	Not yet transferred, mostly vacant
41	Wrightspeed, Inc [Navy held w/FOST]	109,293	109,293	100%	2015	2022	expired	$0.51	$673,388	MTM rent appears to trend from 2014 lease.
	Subtotal	901,882	686,895	76%					$5,977,925	
Other Leased Buildings										
19	Pending	20,881	20,881	100%	2022	2027	2032	$1.50	$375,858	proposed terms
92	Food Bank	89,018	89,018						n/a	to be released by APC per DDA
525	Auctions by the Bay	23,208	23,208	100%	2017	2023	2033	$0.78	$216,876	fair market reset at option
29	Dreyfuss Capital Partner, Lava Mae	19,480	16,810	86%				$0.28	$56,437	
	Subtotal	152,587	149,917	98%					$649,171	
Total Leased Buildings		1,054,469	836,812	79%					$6,627,096	
Vacant Buildings (most unleasable in current condition)										
2, 3, 4	BEQ	498,646								Unleasable.
114		76,895								collapsed roof, likely to require demolition
16		39,130								Unleasable
18		25,747								formerly Auctions by the Bay
7	multi-suite lab/office	15,072								
Other Vacant Buildings (<10,000 SF)		53,500								
		708,990	0	0%					$0	

Table C-5
Existing Rent Detail by Building
Alameda Point
City of Alameda, CA

Bldg No	Tenant/Description	Building Sq.Ft.	Leased Sq.Ft.	% Leased	Lease Or last FMV adj yr	Lease Expire Date	Max w/ Options	Existing Rent $/SF/Mo	Existing Rent Annual	Note
Page 2 of 5										
Remaining hazardous materials										
42	Pacific Fine Foods	2,969	2,969	100%				$0.77	$27,568	
43	Steeltown Winery, LLC	10,500	5,220	50%				$0.63	$39,290	
44	Wonky and Wonky Kitchen	5,073	5,073	100%				$0.54	$32,997	
5	Building 5	910,382								Not yet transferred
62		42,737								Unleasable
		971,661	13,262						$99,855	
Subject to Tidelands										
39	Group Delphi	110,139	106,000	96%				$0.75	$953,235	Subject of current RFP, offered at $0.95/SF
32		56,640								Unleasable, not yet transferred
10		17,715								Unleasable, not yet transferred
		184,494	106,000						$953,235	
	Reuse Area Totals	**2,919,614**	**956,074**						**7,680,186**	

Note: Not including buildings 8, 9, 17, 91, 23 and 40 which are in private or school district ownership.

Table C-5
Existing Rent Detail by Building
Alameda Point
City of Alameda, CA

Bldg No	Tenant/Description	Building Sq.Ft.	Leased Sq.Ft.	% Leased	Lease Or last FMV adj yr	Lease Expire Date	Max w/ Options	Existing Rent $/SF/Mo	Existing Rent Annual	Note
Page 3 of 5										
2. Enterprise District and East Side Seaplane Lagoon										
Leased Buildings										
168	Maritime Administration	117,419	88,782	100%	??	2026		$0.48	$508,629	
168	Kai Concepts		28,637		2016	2022	n/a	$0.62	$213,052	rent adjusted in 2019, may now be MTM
338	Container Storage, Inc (incl Bldg 608)	53,000	53,000	100%	2005	2021		$1.05	$668,367	may now be MTM
169	Williams Sonoma	86,710	43,355	100%	MTM			$0.50	$260,130	
169	Pacific Pinball		43,355		2016	2023	2024	$0.37	$189,916	
166	Power Engineering Construction	55,471	55,471	100%	2015	2025	2035	$0.57	$376,612	fair market reset at renewal options
616	Astra Space	26,606	26,606	100%	MTM			$0.82	$262,560	
397	Astra Space Inc	18,585	18,585	100%	MTM			$0.70	$156,732	
612	Advanced Roofing Service	4,000	4,000	100%				$0.82	$39,540	
163	Sustainable Technologies	12,156	12,156	100%				$0.25	$36,000	
Site1	NRC / Land								$355,980	small portion is Tidelands
Site2	Amber Kinetics, Inc								$45,600	
Site3	KAI Concepts, LLC								$44,238	
	Total Leased Buildings	373,947	373,947						$3,157,356	
Vacant Buildings										
530		82,251								
410		34,668								
542		15,563								Unleasable
	Other Buildings <10,000 SF	11,486								
	Total Vacant Buildings	143,968								
Remaining hazardous materials										
360	Astra Space	179,070	179,070	100%	ıonth to month			$0.55	$1,178,820	month to month
414	Sustainable Technologies	1,640	1,640	100%						
Site4	Alameda Point Storage / Land				MTM				$192,720	
372		18,513								Unleasable
14	Navigator Systems	61,753	31,394	51%				$0.31	$118,668	
170	Shimmick Corporation	51,790	40,000	77%	ıonth to month			$0.66	$317,328	month to month
	Total with remaining remediation	312,766	252,104						$1,807,536	

Table C-5
Existing Rent Detail by Building
Alameda Point
City of Alameda, CA

Bldg No	Tenant/Description	Building Sq.Ft.	Leased Sq.Ft.	% Leased	Lease Or last FMV adj yr	Lease Expire Date	Max w/ Options	Existing Rent $/SF/Mo	Existing Rent Annual	Note
Page 4 of 5										
Subject to Tidelands										
167	Matson Navigation Company	53,785	53,785	100%	2015	2025	2035	$0.66	$423,442	fair market reset at renewal options
15	NRC	16,603	16,603	100%	MTM			$1.13	$224,244	
557	Vacant Space	5,780								
292	Vacant Space	2,700								
Site5	Astra Space Inc, Pier								$60,000	
Site6	AC Hornet Foundation								$36,000	
	Subtotal Tidelands	78,868	70,388						$743,686	
	Enterprise / East of Lagoon Totals	**909,549**	**696,439**						**$5,708,578**	
3. West Midway and Site A Project Sites										
35	Small Size Big Mind	2,764	2,764	100%				$1.59	$52,725	
78	Vacant Space	17,700	0	0%						
113	Vacant Space	13,115	0	0%						
117	Vacant Space	106,403	0	0%						
118	Vacant Space	170,850	0	0%						
152	Vacant Space	106,949	0	0%						
162	Vacant Space	107,029	0	0%						
459	Turnkey Show Productions	11,493	8,080	70%				$0.31	$30,134	
522	City of Alameda	2,400	0	0%						
Site7	Rain Defense	25,000	25,000	100%				$0.27	$79,568	
	West Midway / Site A Totals	**563,703**	**35,844**						**$162,426**	

Table C-5
Existing Rent Detail by Building
Alameda Point
City of Alameda, CA

Bldg No	Tenant/Description	Building Sq.Ft.	Leased Sq.Ft.	% Leased	Lease Or last FMV adj yr	Lease Expire Date	Max w/ Options	Existing Rent $/SF/Mo	Existing Rent Annual	Note
Page 5 of 5										
4. Public and Quasi-Public Uses										
77	Alameda Naval Air Museum	21,136								
75	City of Alameda- Rec & Parks Dept.	24,736								
1	City Hall West	48,946								
6	Fire Training Facility	39,580								Not yet transferred
60	O Club	29,538								
134	Gymnasium	36,959								
621	City of Alameda- Rec & Park	5,770								
76	Pool	24,736								
494	Alameda Police Dept	2,876								
385	WETA	n/a							$66,300	
	Public and Quasi-Public Total	**234,277**							**$66,300**	
5. Northwest Territory License Income									$1,018,000	
6. Utility Reimbursements									$271,308	
Alameda Point Grand Totals		**4,627,143**	**1,688,357**						**$14,906,798**	

Prepared by: Keyser Marston Associates
\\SF-FS2\wp\10\10004\059\Sale vs. lease analysis 1-31-23; 1/31/2023

Part D

Market Data - Building Values

Table D-1
Prior Alameda Point Building Sales and Purchase Option Pricing
Alameda Point
City of Alameda, CA

Building/Description	Year	Size SF	Rent when option granted (NNN) $/SF/Mo	Rent when option granted (NNN) Annual	Price Total	Price $/SF	Implied Cap Rate	Note
Bldg 11 (SRMErnst 4/2022 offer)	2022	110,561	$0.95	$11.40	$22,112,200	$200	5.7%	offer price, not completed sale
Bldg 11 (SRMErnst 12/2022 offer)	2022	110,561	$0.95	$11.40	$24,876,225	$225	5.1%	offer price, not completed sale
Building 23 (Natel Energy)	2018	63,656	$0.55	$6.62	$8,000,000	$126	5.3%	via 2015 purchase option
Building 40 (Bladium) (1)	2017	105,768	$0.42	$4.98	$7,900,000	$75	6.7%	via purchase option in 2000 lease, price by appraisal.
Building 21 (St. George Spirits)	2016	66,014	$0.54	$6.48	$8,000,000	$121	5.3%	purchase option was not exercised
Building 8 (Storehouse)	2016	270,000	$0.41	$4.87	$10,300,000	$38	12.8%	via purchase option. Substantial improvements after sale
Building 41 (Wright Speed)	2015	109,293	$0.43	$5.16	$8,000,000	$73	7.0%	purchase option was not exercised
Bldg 91 (SRMErnst)	2015	40,800	$0.45	$5.40	$3,000,000	$74	7.3%	via purchase option. Substantial improvements after sale
Bldg 9 (SRMErnst)	2015	80,907	$0.45	$5.40	$5,500,000	$68	7.9%	via purchase option. Substantial improvements after sale
					high:	$225		
					low:	$38		

(1) Indicated rent is based on appraisal conclusion of market rent.

Table D-2
Published Cap Rate Surveys
Alameda Point
City of Alameda, CA

Published Cap Rate Surveys	Cap Rate Average	Cap Rate Range	Report Date
IRR - Oakland			
Class A Industrial	4.50%		2022
Class A flex/industrial	5.5%		2022
RERC			Q1 2022
Warehouse	4.10%	2.7 - 6.0	
R&D	6.10%	5.0 - 8.0	
Flex	6.20%	5.0 - 8.0	
PWC - warehouse - pacific region	3.80%		Q3 2022

Table D-3
Warehouse Building Sales
Alameda Point
City of Alameda, CA

Address	City	Use	% office	Year Built	Sold	Size SF	Price Total	Price $/SF		Reported Cap Rate
47951 Westinghouse Dr	Fremont	Manufacturing	20%	1984	2021	82,408	$29,600,000	$359		5.0%
47550 Kato Rd	Fremont	Warehouse	0%	1973	2021	254,737	$80,008,182	$314		3.5%
42650-42660 Osgood Rd	Fremont	Warehouse	0%	1999	2021	38,760	$8,200,000	$212		4.0%
23520 Foley St	Hayward	Warehouse	0%	1976	2021	20,740	$4,417,880	$213	*	4.9%
1514-1586 Zephyr Ave	Hayward	Warehouse	0%	1994	2022	82,080	$29,017,000	$354		
2953-2999 Teagarden St	San Leandro	Warehouse	23%	1972	2022	60,974	$19,721,847	$323	*	3.7%
3041-3057 Teagarden St	San Leandro	Warehouse	19%	1974	2022	45,024	$14,878,153	$330	*	3.7%
2106-2150 Edison Ave	San Leandro	Warehouse	30%	1971	2021	33,000	$4,857,270	$147	*	5.6%
2050-2090 Edison Ave	San Leandro	Warehouse	0%	1974	2021	31,714	$4,804,139	$151	*	5.6%
2002-2044 Edison Ave	San Leandro	Warehouse	0%	1976	2021	31,000	$4,239,686	$137	*	5.6%
2933-2939 Alvarado St	San Leandro	Warehouse	0%	1970	2022	53,805	$12,250,000	$228		
2701-2747 Merced St	San Leandro	Warehouse	0%	1975	2022	78,520	$26,052,029	$332	*	
2803-2831 Merced St	San Leandro	Warehouse	0%	1955	2022	56,630	$16,847,971	$298	*	
2450 Alvarado St	San Leandro	Warehouse	0%	1961	2022	97,195	$20,260,140	$208	*	
2480-2488 Baumann Ave	San Lorenzo	Warehouse	0%	1968	2022	121,686	$34,750,000	$286		
1200 Whipple Rd	Union City	Warehouse	5%	1963	2022	257,500	$65,657,000	$255		
							Low:	$137		
							High	$359		
							Wtd Avg	$279		

* denotes allocated sale price from multi-building sale.
Source: CoStar

Table D-4
R&D and Light Manufacturing Building Sales
Alameda Point
City of Alameda, CA

Address	City	Use	Year Built	Sold	Size SF	Price Total	Price $/SF	Note
3073 Teagarden St	San Leandro	Light Manufacturing	1973	2022	22,512	$5,800,000	$258	
1387-1401 Marina Way S	Richmond	Light Manufacturing	1991	2022	64,800	$14,750,000	$228	
2161-2179 Harbor Bay Pky	Alameda	Light Manufacturing	2005	2022	2,293	$850,000	$371	
220 Alice St	Oakland	Light Manufacturing	1950	2021	11,250	$3,525,000	$313	
1960-1980 Mandela Pky	Oakland	Light Manufacturing	1950	2021	194,556	$29,816,789	$153	*
1901 Poplar St	Oakland	Light Manufacturing		2021	51,823	$7,725,977	$149	*
26291 Production Ave	Hayward	Light Manufacturing	1972	2021	14,940	$3,518,426	$236	*
16440 Ashland Ave	San Lorenzo	Light Manufacturing	1962	2021	8,000	$2,395,000	$299	
2181-2199 Harbor Bay Pky	Alameda	R&D	2005	2022	3,200	$1,400,000	$438	
1621-1625 Neptune Dr	San Leandro	R&D	1989	2022	7,700	$2,800,000	$364	
1414 Harbour Way S	Richmond	R&D	1932	2022	478,761	$103,652,000	$217	
3114-3120 Diablo Ave	Hayward	R&D	1978	2022	12,559	$3,136,000	$250	
1501 Harbor Bay Pky	Alameda	R&D	1985	2022	33,339	$8,134,500	$244	
474 Roland Way	Oakland	R&D	1969	2022	11,850	$3,550,000	$300	8.7% cap rt
6603 Shellmound St	Emeryville	R&D	1996	2021	33,198	$30,214,113	$910	*
6601 Shellmound St	Emeryville	R&D	1960	2021	29,700	$5,785,887	$195	*
3200 Whipple Rd	Union City	R&D	2000	2021	89,020	$44,223,831	$497	*
3240 Whipple Rd	Union City	R&D	2001	2021	91,124	$41,713,391	$458	*
3280 Whipple Rd	Union City	R&D	2000	2021	76,214	$39,339,227	$516	*
3242-3260 Whipple Rd	Union City	R&D	2000	2021	65,960	$35,553,552	$539	*
1545 E 12th St	Oakland	R&D	2002	2021	3,703	$1,100,000	$297	
1440 4th St	Berkeley	R&D	1948	2021	22,043	$10,025,000	$455	
21212-21270 Cabot Blvd	Hayward	R&D	1982	2021	36,730	$9,070,000	$247	
1391 W Grand Ave	Oakland	R&D	1945	2021	35,000	$5,217,938	$149	*
1424 Harrison St	Oakland	R&D	1984	2021	8,195	$2,500,000	$305	
91 Bolivar Dr	Berkeley	R&D	1984	2021	32,000	$22,588,523	$706	*
2222 3rd St	Berkeley	R&D	1990	2021	3,000	$1,648,098	$549	*
600-630 Bancroft Way	Berkeley	R&D	1971	2021	48,038	$39,453,500	$821	
26203 Production Ave	Hayward	R&D	1973	2021	48,038	$6,669,465	$139	*

Table D-4
R&D and Light Manufacturing Building Sales
Alameda Point
City of Alameda, CA

Address	City	Use	Year Built	Sold	Size SF	Price Total	Price $/SF	Note
3447 Investment Blvd	Hayward	R&D	1972	2021	25,359	$5,972,139	$236	*
3423 Investment Blvd	Hayward	R&D	1972	2021	20,534	$4,835,833	$236	*
3475 Investment Blvd	Hayward	R&D	1972	2021	15,352	$3,615,453	$236	*
26034 Eden Landing Rd	Hayward	R&D	1980	2021	4,709	$1,108,987	$236	*
1350 S Loop Rd	Alameda	R&D	1987	2021	38,921	$7,400,000	$190	5% cap rt
25861 Industrial Blvd	Hayward	R&D	1999	2021	76,020	$38,783,431	$510	*
25821 Industrial Blvd	Hayward	R&D	1998	2021	90,910	$34,258,033	$377	*
25841 Industrial Blvd	Hayward	R&D	2000	2021	73,920	$30,309,335	$410	*
25801 Industrial Blvd	Hayward	R&D	1998	2021	42,855	$22,729,340	$530	*
25901 Industrial Blvd	Hayward	R&D	1999	2021	36,932	$19,081,023	$517	*
25881 Industrial Blvd	Hayward	R&D	1999	2021	51,449	$9,838,836	$191	*
1410 Harbor Bay Pky	Alameda	R&D	2021	2021	100,000	$30,980,500	$310	shell condition
1430 Harbor Bay Pky	Alameda	R&D	2021	2021	92,000	$28,354,500	$308	shell condition
1955 North Loop Rd	Alameda	R&D	2020	2021	38,528	$11,558,500	$300	shell condition
2065 North Loop Rd	Alameda	R&D	2020	2021	37,714	$11,314,500	$300	shell condition
2115 North Loop Rd	Alameda	R&D	2020	2021	35,002	$10,501,000	$300	shell condition
2095 North Loop Rd	Alameda	R&D	2020	2021	31,748	$8,605,000	$271	shell condition
25001 Industrial Blvd	Hayward	Flex	1970	2022	190,286	$52,800,000	$277	
440 25th St	Oakland	Flex	2020	2022	5,500	$3,000,000	$545	
2607 7th St	Berkeley	Flex	1941	2021	12,107	$9,708,018	$802	*
26062 Eden Landing Rd	Hayward	Flex	1980	2021	12,107	$6,010,055	$496	*
26010 Eden Landing Rd	Hayward	Flex	1980	2021	24,200	$5,699,190	$236	*
3401 Investment Blvd	Hayward	Flex	1972	2021	20,112	$4,736,451	$236	*
26046 Eden Landing Rd	Hayward	Flex	1980	2021	16,280	$3,834,001	$236	*
						Low:	$139	
						High	$910	
						Wtd Avg	$323	

Table D-5
Assessed Values of Previously Sold Buildings
Alameda Point
City of Alameda, CA

Building No.	Building SF	FY 2022-23 Assessed Value Secured	Unsecured	Total	AV/SF	Estimated of the Improvement AV Added after Sale ($/SF)	Note
23	63,656	$8,409,360	$1,182,111	$9,591,471	$151	$0	appears to reflect inflation of sale price
40	105,768	$8,470,300	$293,670	$8,763,970	$83	$0	appears to reflect inflation of sale price
8	270,000	$19,189,760	$0	$19,189,760	$71	$30	renovation likely not yet fully reflected
91	40,800	$4,562,167	$5,302,190	$9,864,357	$242	$162	Improvements added AV to roll after sale.
9	80,907	$22,548,814	$9,463,622	$32,012,436	$396	$300	Improvements added AV to roll after sale.
					average:	$98	
					average excl building 8:	$116	
					With escalation at 3%	$130	four years of escalation applied based on timing of prior sales.