City of Alameda

Study Session on the Future Development of the Enterprise District

City Council
October 1, 2024

Enterprise District - Session Objectives

- Provide background on the vision for and history of development of the Enterprise District in Alameda Point.
- Discuss the real estate and market dynamics of building a large scale jobs-rich development.
- Review staff recommendations for advancing the development process.

Land Use Visions approved by Council

2013 Concept Plan

107 acres for new high-quality research and development, industrial, manufacturing and office uses.

New construction to accommodate modern uses and specialized industry needs.

Maximum height of 100 feet (40 feet near Main Street).

2014 Zoning Amendment

Office, research and development, bio-technology, high tech manufacturing, light and heavy industrial, maritime, commercial, community serving and destination retail, on-line sales, other uses.

Facilitate job growth and limit intrusion of uses that would (hinder) productive and successful employment and business use.

2014 Zoning Map Amendment

Enterprise District History

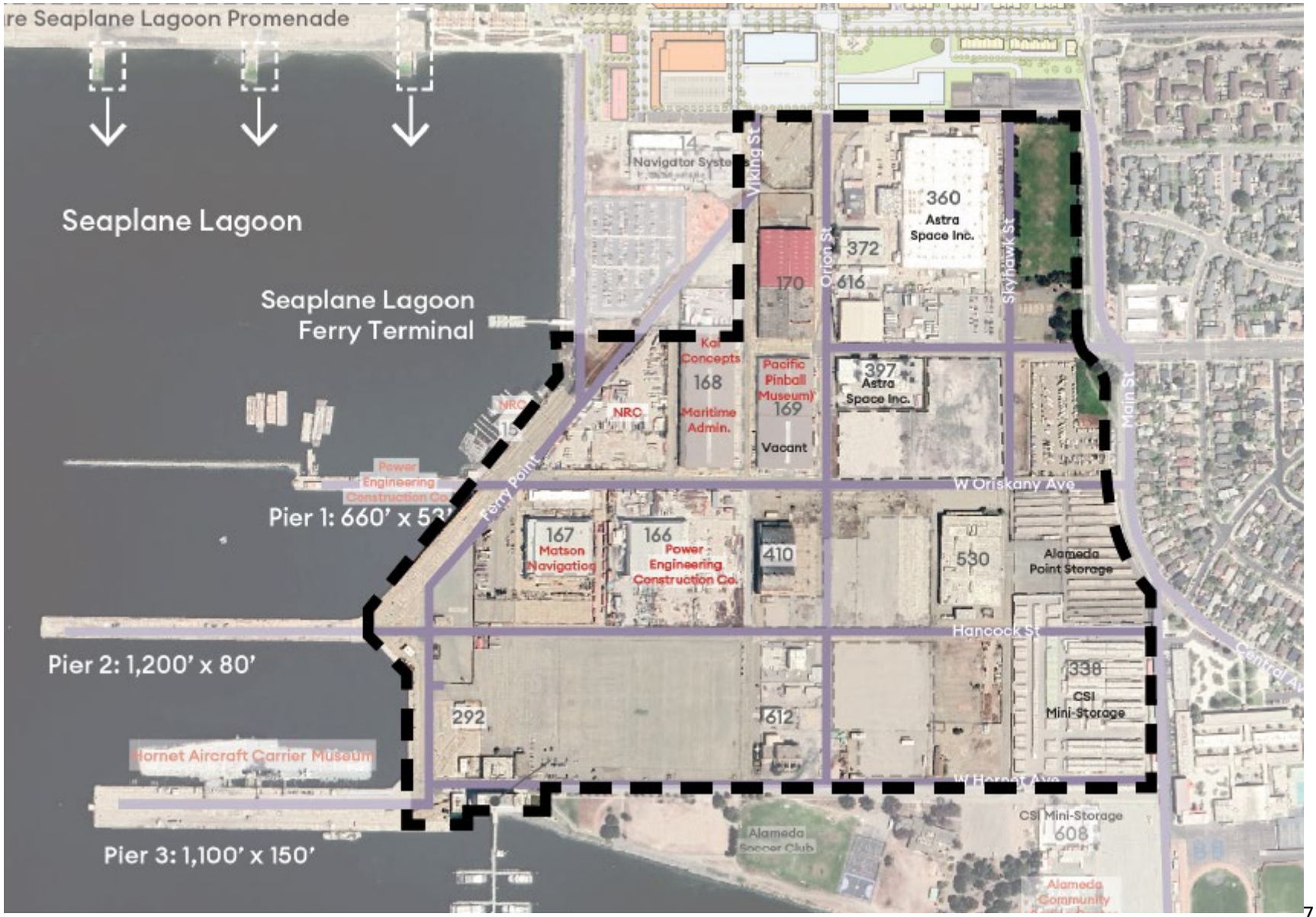
- Pre-2014 Planning efforts including zoning / EIR, concept plan, Waterfront/Town Center Precise Plan, Community Facilities District (CFD) and Transportation Management Plan, Master Infrastructure Plan
- 2014 Requests for Qualifications for “Site A” and “Site B” (Enterprise District) developers
  - Determination to postpone Site B until Site A infrastructure commitments were achieved
  - Developers did not want to commit to up front infrastructure
- 2019 Request for Proposals for ~24-acre property in Enterprise District
  - Held up by Surplus Land Act Changes and Tarry Refinery Waste

2018 Economic Development Strategic Plan

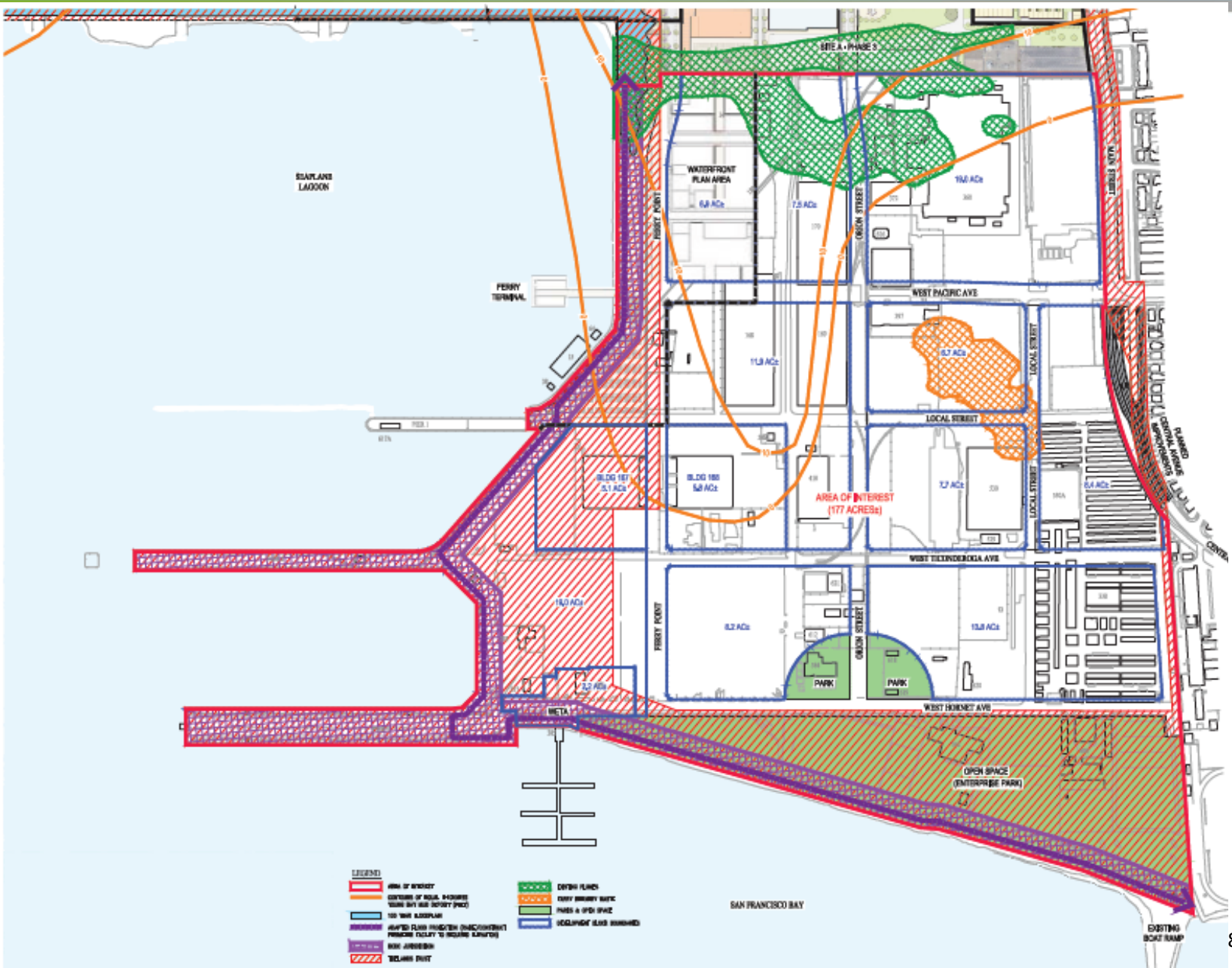
Economic Development is rooted in the 2018 Economic Development Strategic Plan. Our focus for retention, expansion, and growth of businesses are in six major sectors:

1. Life sciences
2. Clean, green and high tech
3. Blue tech and maritime
4. Retail and restaurants
5. Tourism and hospitality
6. Artists and small manufacturers

Current Tenants

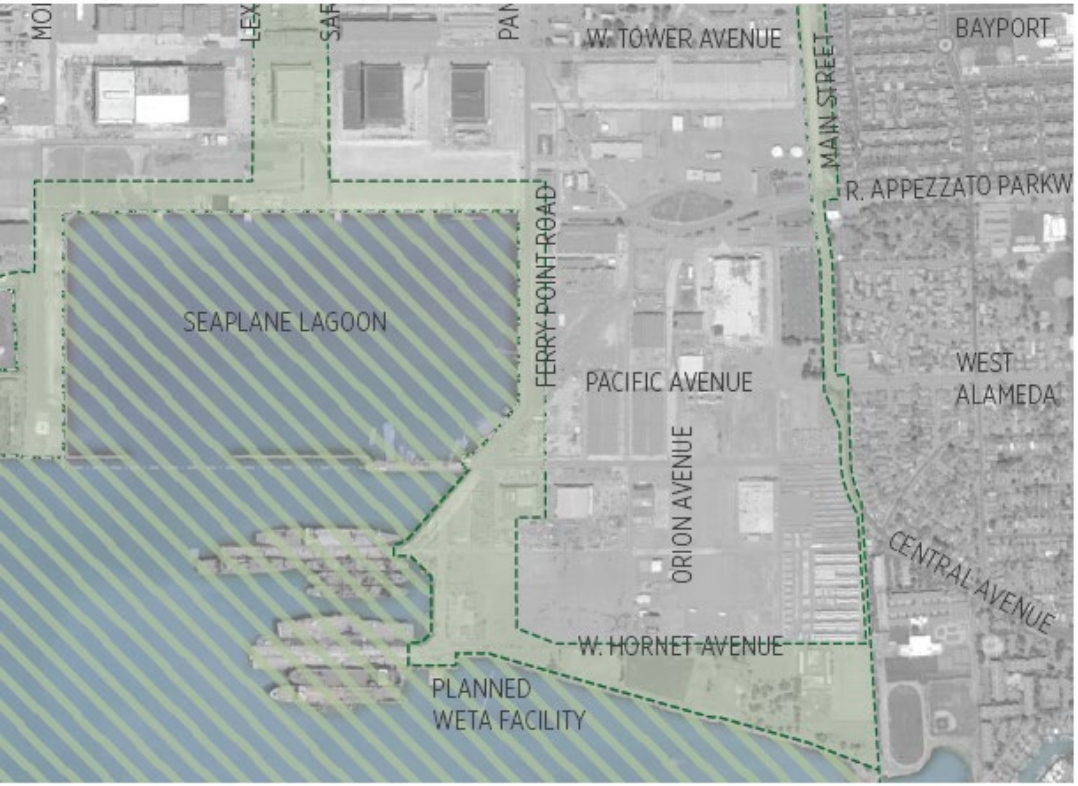


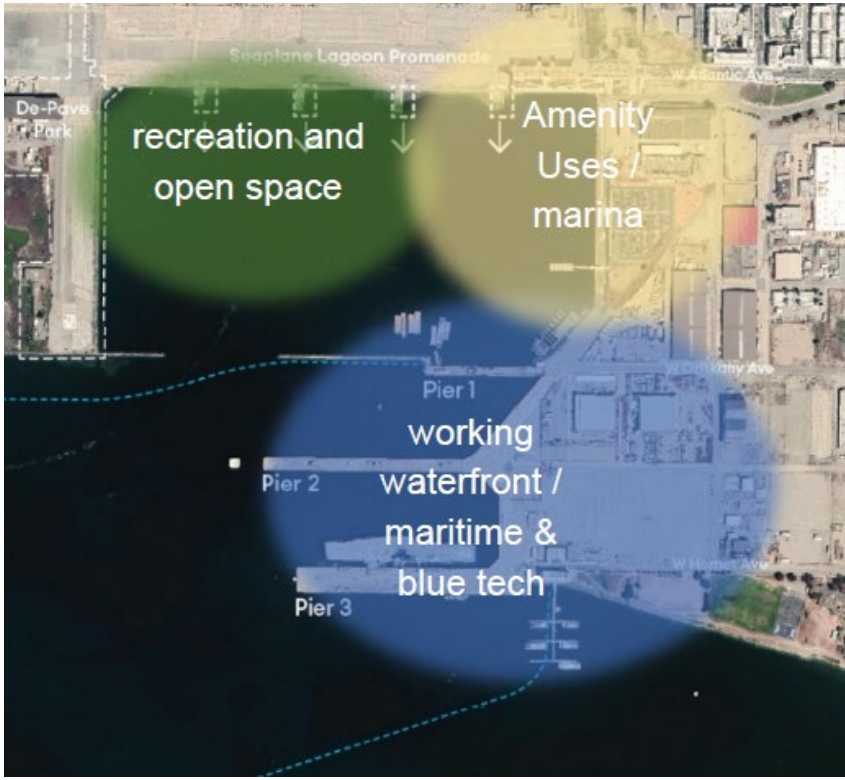
Physical Considerations



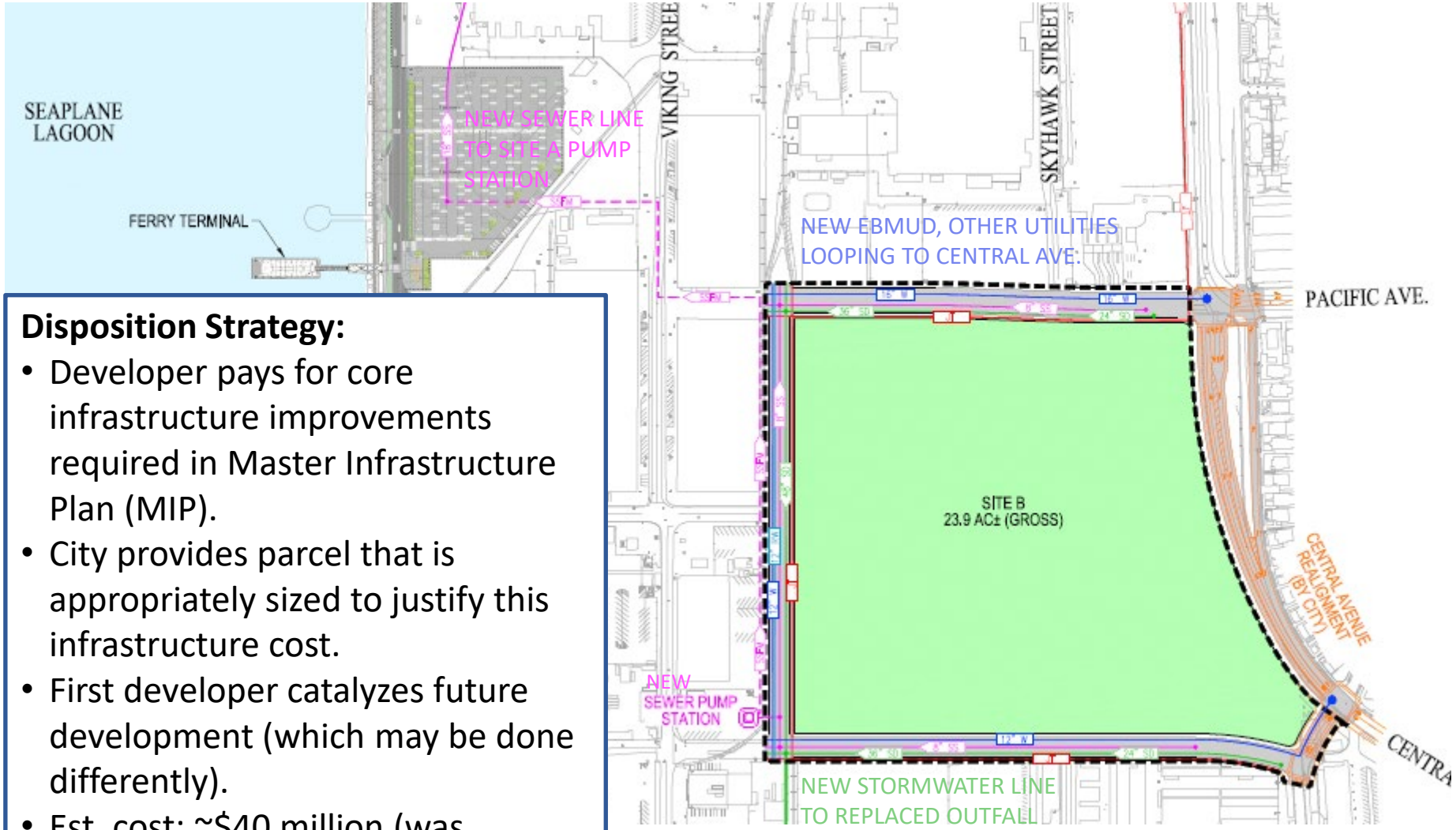
Waterfront Conceptual Roles

State Lands in Public Trust





Infrastructure Needs & 2019 Disposition Strategy



Disposition Strategy:

- Developer pays for core infrastructure improvements required in Master Infrastructure Plan (MIP).
- City provides parcel that is appropriately sized to justify this infrastructure cost.
- First developer catalyzes future development (which may be done differently).
- Est. cost: ~$40 million (was estimated at $26 million in 2019)

Source: CBG Civil Engineers, 2019, updated 2024

Status Since 2019

The City has addressed the 2019 barriers to development, but now faces a post-pandemic market reality.

Structural / Administrative Changes:

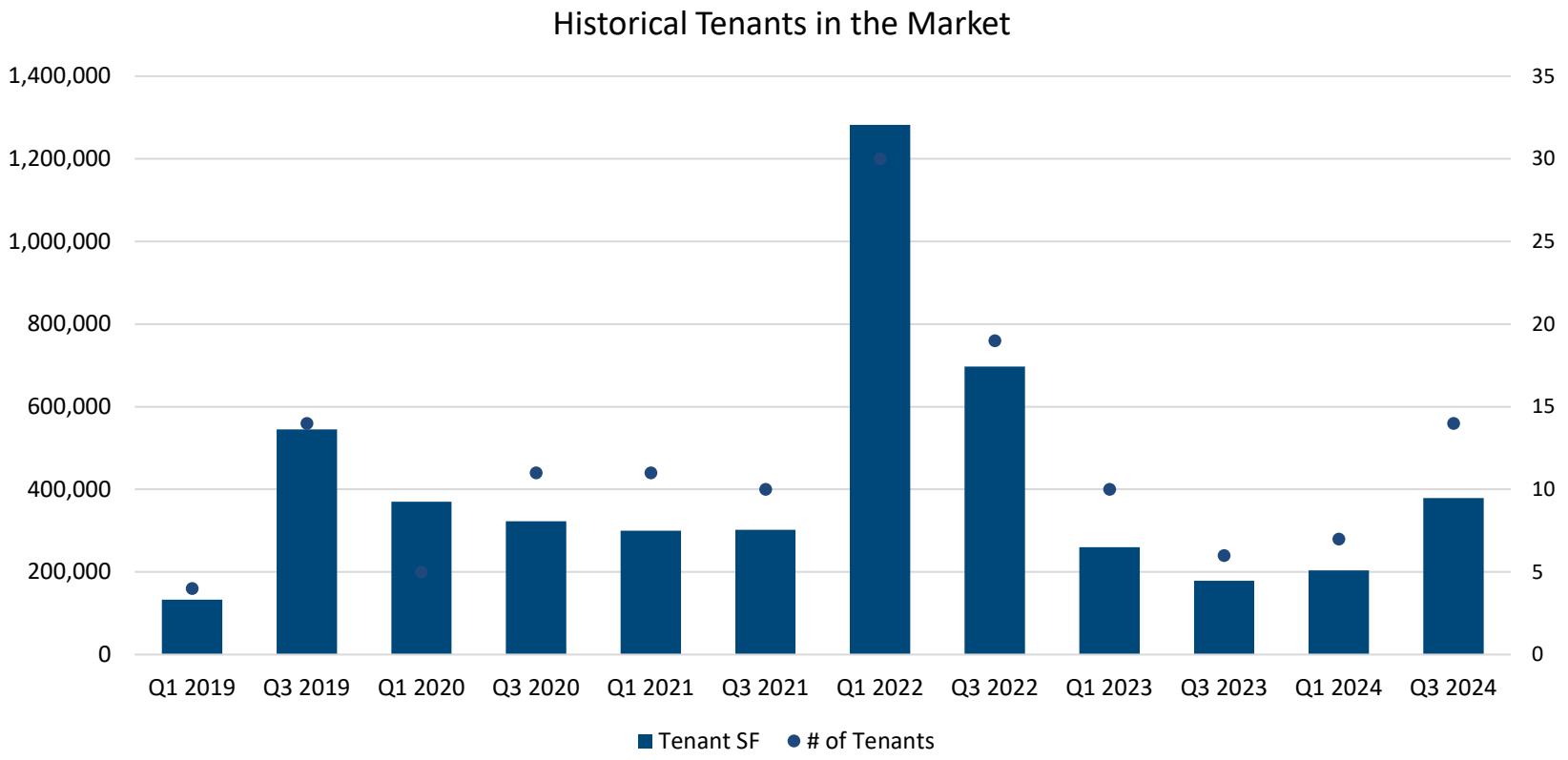
- AB 2319 (Bonta, 2022) addressed limitations of Surplus Land Act in Alameda Point
- City working with Chevron on Tarry Refinery Waste remediation plan
- Initial Site A infrastructure completed
- Astra not as strong a consideration as in 2019
- Central Avenue Improvements underway

Market Changes:

- High interest rates / lower risk development climate
- Post-pandemic office vacancy rates
- High East Bay life science vacancy rates (37%)
- Land prices stable to declining

Market and Economic Trends

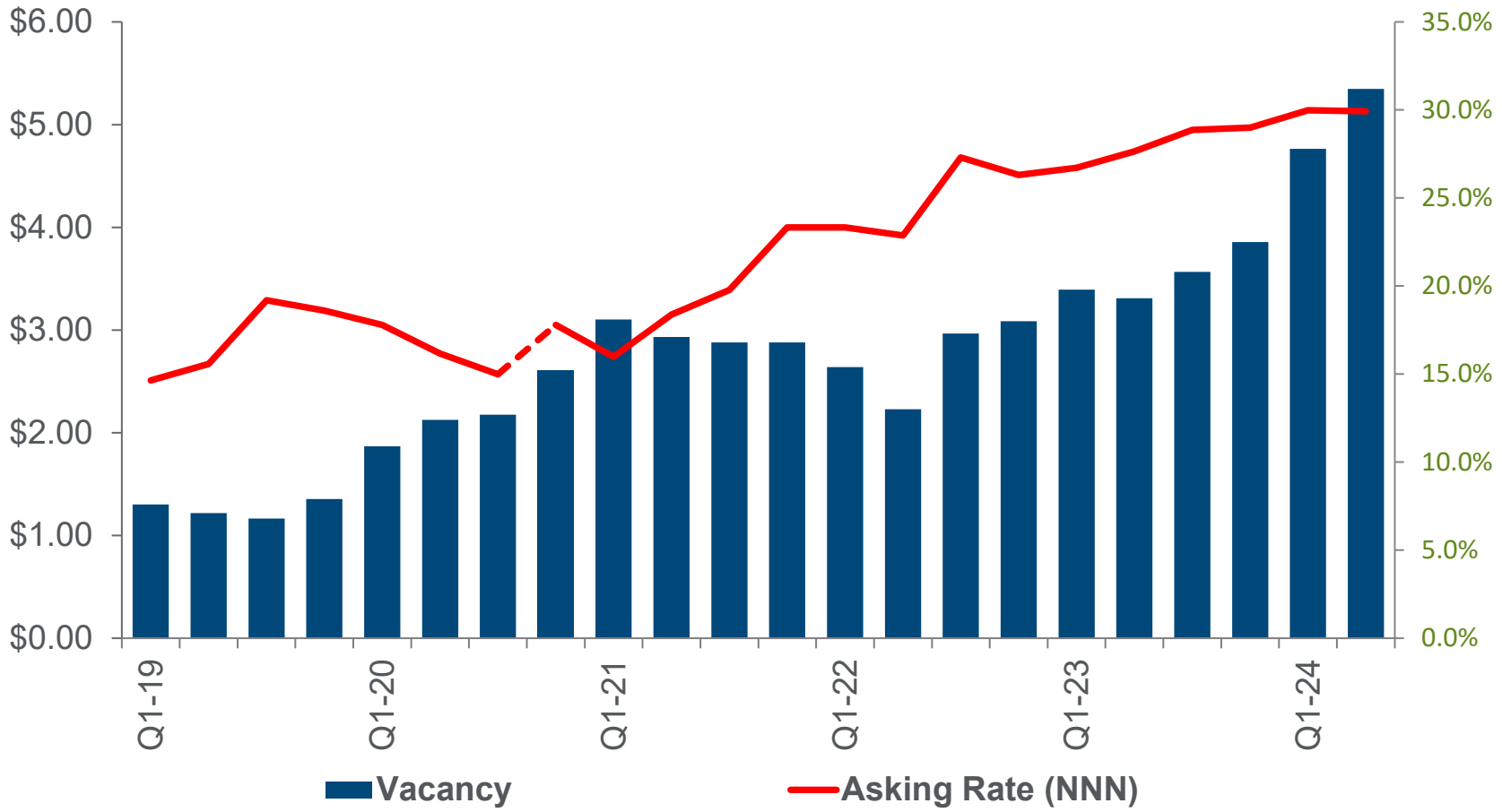
Life Science demand has cooled…



SOURCE: Cushman & Wakefield, 2024

Market and Economic Trends

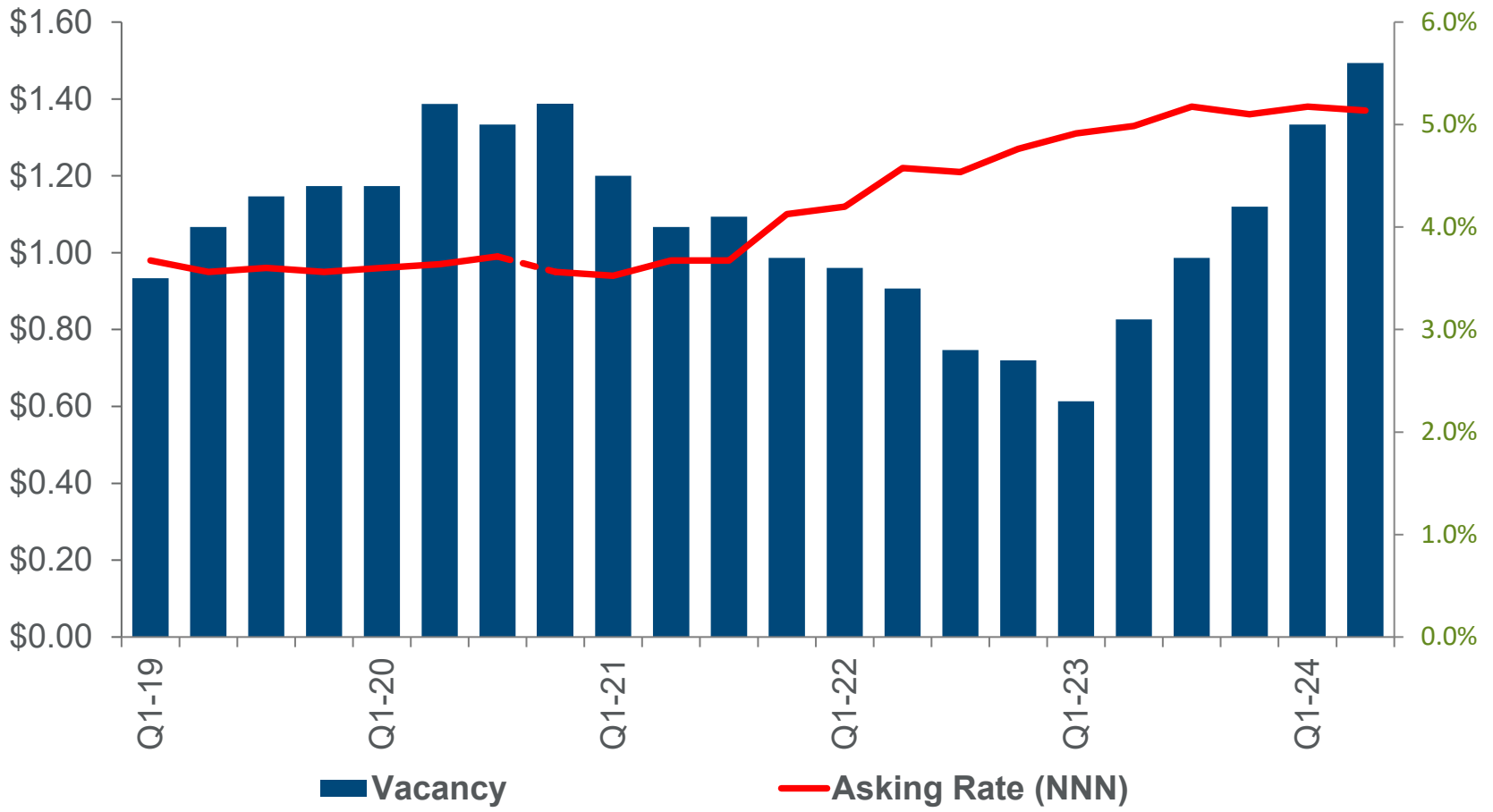
While vacancy rates for life science space in the East Bay are very high.



SOURCE: Cushman & Wakefield, 2024

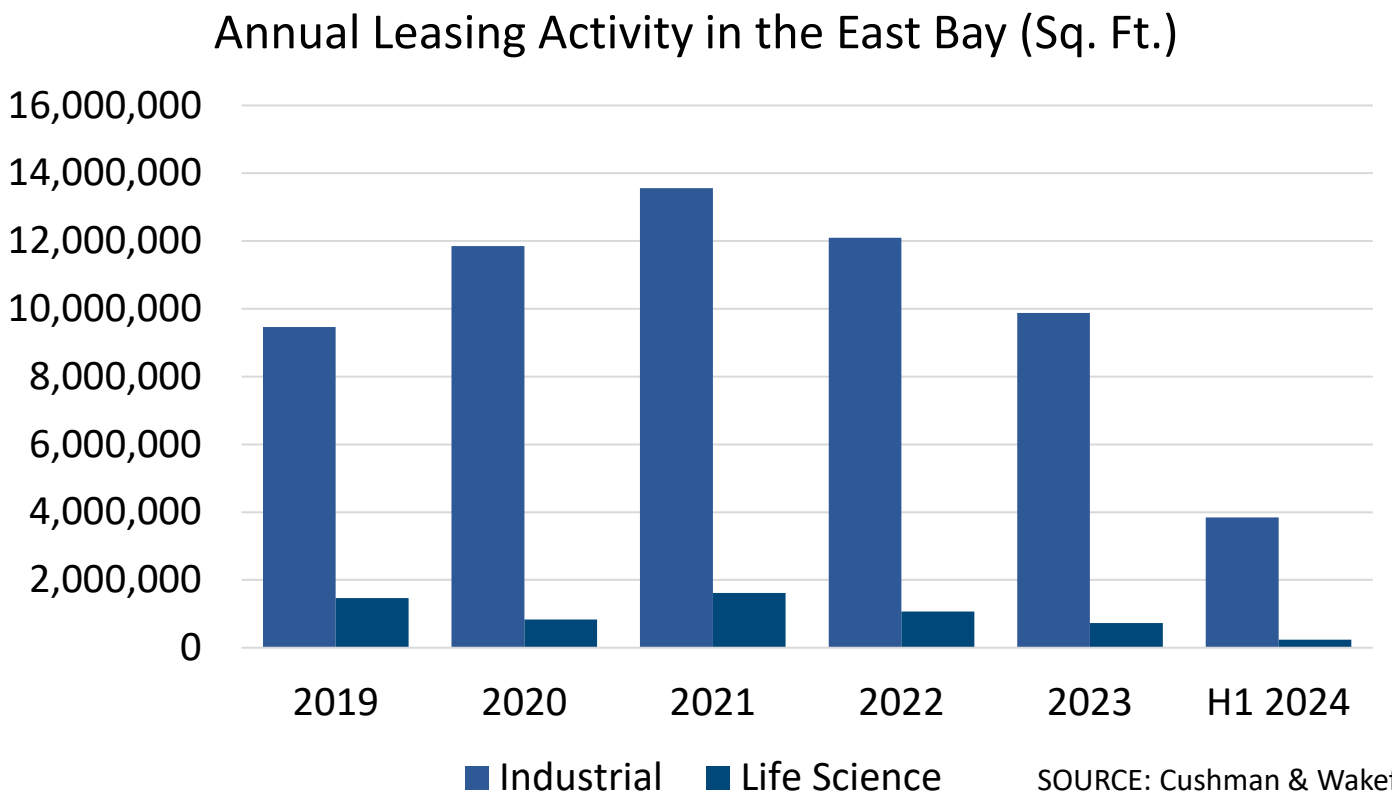
Market and Economic Trends

Vacancy rates for industrial space in the East Bay have also risen over the last year and rents have stabilized.



SOURCE: Cushman & Wakefield, 2024

Market and Economic Trends



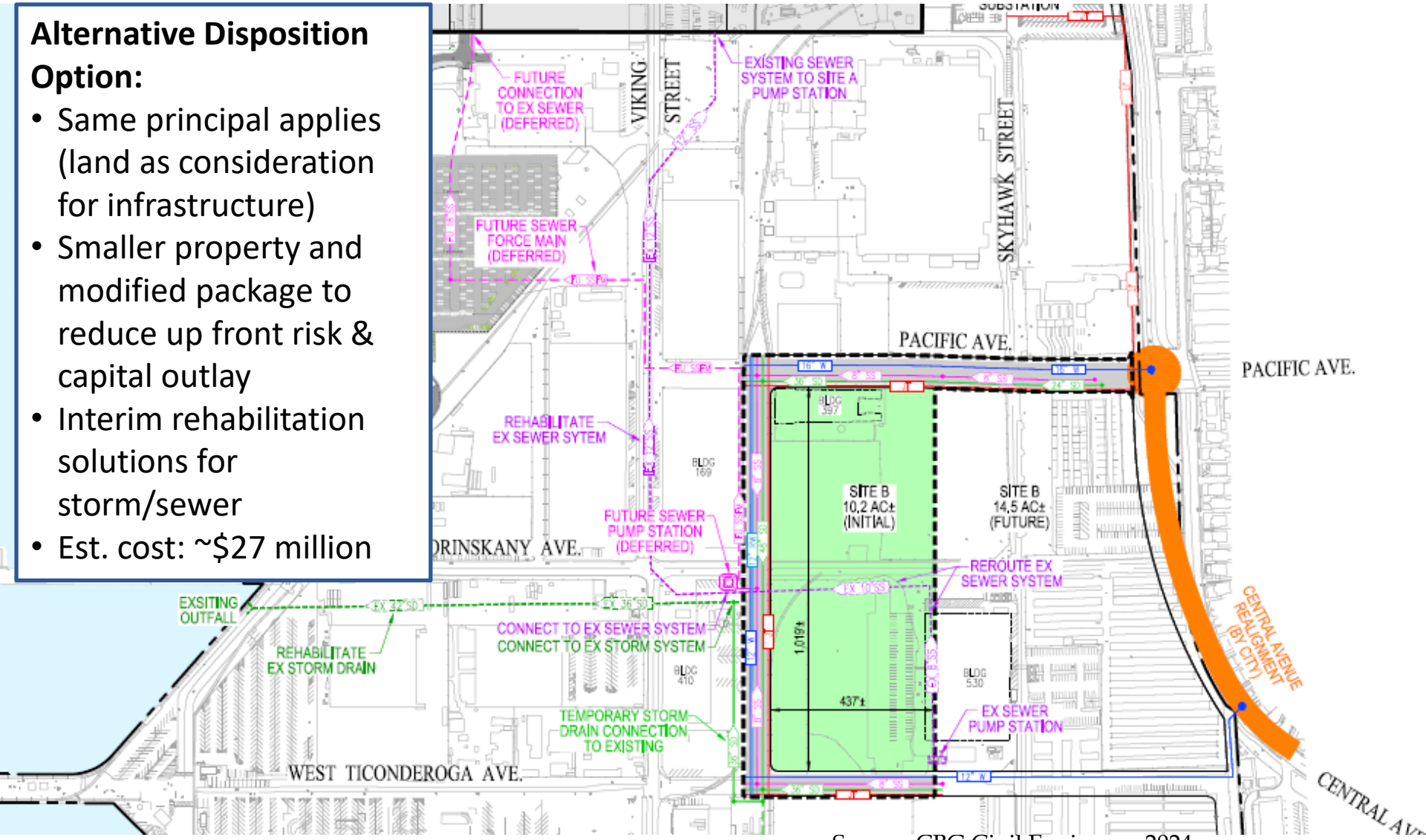
SOURCE: Cushman & Wakefield, 2024

Staff Conclusion: the City's best opportunity today is to find a specific tenant looking to build a specialized campus, rather than pursuing speculative development.

Alternative Phase I Disposition - 2024

Alternative Disposition Option:

- Same principal applies (land as consideration for infrastructure)
- Smaller property and modified package to reduce up front risk & capital outlay
- Interim rehabilitation solutions for storm/sewer
- Est. cost: ~$27 million



Source: CBG Civil Engineers, 2024

Alternatives for Advancing Development

1. **Competitive RFP, RFQ for Master Developer for Entire District**
   a. Keep existing zoning
   b. Allow for changes such as adding residential
2. **Competitive RFP, RFQ for 10 or 24-acre areas shown**
3. **Competitive Marketing Approach similar to private sector**

Staff believe option 3 offers best approach for attracting a tenant and meeting the current market realities.

Staff Recommendation #1: Aggressive Marketing

Aggressive marketing in early 2025

- Staff & Broker team to spend last two months of 2024 preparing a marketing and information package with clear due diligence package & parameters (see #2)
  - Transparent core infrastructure package
  - Finalize tarry refinery waste remediation with Water Board
- In addition to standard brokerage marketing, will focus on:
  - Local word of mouth & press
  - Proactive industry engagement
- This is a more conventional, private sector approach
- This offer process is competitive but not time-bound (where typical RFP/Q has a deadline, usually 6-8 weeks min)
- Pursuing offers received remains at discretion of the City Council

Staff Recommendation #2: Development Parameters

Staff proposed parameters for development:

- **Infrastructure Replacement:**
  - Development must pay for and build core infrastructure needed to support the project.
  - The first development must be large enough to provide a meaningful core infrastructure to catalyze other projects.
- **Zoning**
  - Current zoning is primary guardrail to enable and restrict development.
- **Timing**
  - City will not entertain speculative development at this time – must be a timeline for construction and viable financing and business plan resulting in short term project delivery.
- **Preferred Uses**
  - 2018 Economic Development Strategic Plan Sectors are top priority.
  - Minimum job/people density of 1,000 square feet per person.
  - No storage, data center or other uses with few to no employees or visitors.

Process Upon Receiving an Offer

1. Staff would evaluate against the Development Parameters to ensure it meets the City's vision.
2. Staff would conduct due diligence on:
   - Financial viability of the offer
   - Qualifications of Proposer to deliver
   - Anticipated community / public process
   - Likelihood / competitiveness of other offers
3. Meeting(s) with City Council to discuss, receive feedback and direction
4. Council considers Exclusive Negotiating Agreement process offering time for transparent public outreach and review, due diligence, advancing concept, negotiating deal terms prior to Council considering Disposition and Development Agreement in public meeting