

Provide Feedback on the City of Alameda's Approach to Attracting Development to the Enterprise District at Alameda Point

Date: July 20, 2016

To: Members of the Mayor's Economic Development Advisory Panel

From: Michelle Giles, Redevelopment Project Manager

Re: Provide Feedback on the City of Alameda's Approach to Marketing the Enterprise District at Alameda Point

BACKGROUND

In April 2014, at the same time that the City Council directed City staff to issue a Request for Qualifications (RFQ) from developers for the 68-acre mixed-use Site A project, it also authorized the issuance of an RFQ from developers for an 82-acre commercial development site within the Enterprise District at Alameda Point, previously referred to as Site B (Exhibit 1). The City received four qualified responses from developers to the Site B RFQ and on September 16, 2014, the City Council directed staff to negotiate key business and financial terms with two developer finalists. During these negotiations, the developers were not willing to commit to upfront infrastructure, land payments or a milestone schedule for implementing development due to the uncertainty of the commercial market in Alameda and the high cost of infrastructure. As a result, in December 2014 the City Council approved postponing any decision on Site B until 2015 when there would be more certainty about the Site A development and the timing of its infrastructure development, which has the potential of significantly benefiting commercial development sites.

In July 2015 the City Council approved the 68-acre mixed-use Site A project at Alameda Point consisting of 800 housing units and 600,000 square feet of commercial space. The first phase of the Site A project is in the design and construction phase and is comprised of major infrastructure investment, including a new upgraded sewer line from the pump station at the northern boundary of Alameda Point, the "gateway" extension of Ralph Appezato Memorial Parkway, a waterfront park and retail amenities, and a significant contribution towards a new ferry terminal in the Seaplane Lagoon. A key issue raised as part of the Site A planning process has been the strong desire by the City Council and the community to attract new jobs to Alameda Point to balance the housing units being proposed at the former base and elsewhere in the City.

One of the tools to attracting new jobs has been the City's approach to leasing at Alameda Point. The shift from entering into short-term leases until a master developer was found to offering longer term leases and leases with options to purchase for harder to lease, yet uniquely interesting sites in the Adaptive Reuse. Targeting high-profile and attractive tenants, such as Google, and clusters of industries, such as clean-tech, food and beverage manufacturing users and artisan makers, lays the foundation for commercial

expansion and attraction elsewhere in Alameda Point, including the Enterprise District. The Alameda Point leasing program consists of 1.8 million square feet of commercially leased space for approximately 66 businesses and 1,000 employees.

An inter-departmental team of City staff, in concert with its leasing and technical advisors evaluated potential alternatives for a renewed effort to attract commercial development to the Enterprise District, including (1) re-issuance of an RFQ from developers for the Enterprise District (formerly Site B); (2) re-initiation of negotiations with one or both of the two Site B developer finalists; and (3) a new development approach that focuses on attracting a major commercial business or “end user,” instead of commercial developers, leveraging its existing leasing agent relationship with Cushman & Wakefield, an international full-service real estate brokerage house.

The recommendation of the team was to focus on end-users which would allow the City to cast a wider net without foreclosing any opportunities. This approach provides the greatest flexibility in marketing and use of the site until an interested commercial user or developer was obtained. It was also recommended that the City use Cushman & Wakefield to market the site and leverage their existing knowledge and experience at Alameda Point and their many of connections throughout the Bay Area.

On October 20, the City Council directed staff to proceed with the third alternative with a new three-phase approach to attracting development to the Enterprise District by focusing on end users and tied to the progress being made implementing the Site A development over a 24 to 36 month period.

DISCUSSION

The Site A development is the first major development at Alameda Point since the base closed in 1997 and is a significant step toward reclaiming the 18,000 jobs that were lost. It also signifies the changing landscape of the base and highlights opportunities that may not have seemed feasible before. The approved three-phase approach leverages this new reality by following closely the major Site A development milestones and using them to draw attention to the Enterprise District.

This approach is documented in the technical document (Exhibit 2) that gives the background, policy and planning framework for development of the Enterprise District, and a description of the approach to attract complementary and desirable industries consistent with the community’s vision for the Enterprise District contained in the City’s planning documents and with those emerging clusters of existing uses on Alameda Point today. The document also describes the specific tasks/deliverables expected and the metrics by which performance of the attraction efforts of Cushman & Wakefield will be evaluated. This document is not the marketing collateral that is used by the broker. It is an internal document for information purposes only. The marketing brochure (Exhibit 3) is the collateral used by Cushman & Wakefield to market the site.

Below is a more detailed description of the three-phase approach:

1. Awareness Phase – Coordinated with Site a pre-infrastructure work and Phase 1 Closing (9- 14 months)

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

2. Connection Phase – Coordinated with Site A Phase 1 infrastructure development (10- 36 months).

Once the City transfer ownership of the first phase of the Site A project to the Site A developer and the developer commences construction on infrastructure, the second phase of the Enterprise District development strategy would commence: the connection phase. This phase would take advantage of “the buzz” and any media coverage of the Site A ground-breaking to intensify its marketing efforts by creating an Enterprise District Newsletter, providing streaming video of the Site A construction process, hosting a targeted broker event, creating a social media campaign, expanding its contact list to include more end users and developers, and enhancing the connections made with potential leads through personal visits, direct mail, phone canvassing and email.

3. Delivery Phase – Coordinated with Site A Phase 1 infrastructure Completion (18-48 months).

Once key Site A infrastructure improvements are complete and there is much greater certainty about the timing of delivering land that can be developed for a commercial use, the strategy will intensify its outreach highlighting the expedited delivery of this development opportunity and focusing on executing a transaction with a corporate user. Again, this phase will kick-off with an on-site celebration of infrastructure completion, including possibly a BBQ for tenants and prospective users and developers. Other marketing efforts will include expanding the target list to smaller developers and owner/users, intensifying the social media and public relations campaign, and continuing the personal visits, direct mail, phone canvassing and emails with potential users, developers, and brokers.

Some of the on-going marketing efforts of Cushman & Wakefield include: 1) placing articles in regional media outlets; 2) targeted email blasts and presentations to regional brokerage houses; 3) weekly mailers to regional tenants/users; 4) keeping updated information on LoopNet & Costar online marketing portals, as well as their C&W website

Recently, the City has included the Enterprise District on OppSite, another on-line marketing portal that keeps track of inquiries and directs them to the City and to the Cushman & Wakefield.

Staff recommends that the Panel discuss the City's approach to attracting development to the Enterprise District and provide feedback and make suggestions of other ways to attract catalytic developments.

RECOMMENDATION

Provide feedback on the City of Alameda's approach to attracting development to the Enterprise District at Alameda Point

Respectfully submitted,
Jennifer Ott, Base Reuse Director

By,
Michelle Giles, Redevelopment Project Manager

Exhibit:

1. Map of Enterprise District
2. Enterprise District Development Approach Document
3. Enterprise District Marketing Brochure