



Runde & Partners, Inc.
Real Estate Valuation and Consulting

APPRAISAL OF
2350 FIFTH STREET – “Bottle Parcel”
ALAMEDA, CALIFORNIA

PREPARED FOR
CITY OF ALAMEDA
ALAMEDA, CALIFORNIA

JULY 2016
16-205



Runde & Partners, Inc.
Real Estate Valuation and Consulting

July 6, 2016

Ms. Nanette Mocanu
Assistant Community Development Director
City of Alameda
2263 Santa Clara Avenue, Room 120
Alameda, CA 94501
510-747-6886
NMocanu@alamedaca.gov

Re: 16-205, Appraisal
2350 Fifth Street (Bottle Parcel)
Alameda, California

Dear Ms. Mocanu:

At your request and authorization, Runde & Partners, Inc. has prepared an appraisal of the above-referenced property. The subject property appraised is located at 2350 Fifth Street in the City of Alameda, Alameda County, California. The site is commonly referred to as the "Bottle Parcel," owing to its irregular shape. The irregular shape is due to the remnant nature of the subject parcel, which resulted when Fifth Street was re-aligned in connection with the residential development to the south on a portion of the former Naval air base. The site is identified by the Alameda County Assessor as APN: 074-1356-023. The site contains approximately 35,556 square feet (0.82 acres) of gross land area. However, due to the highly irregular configuration of the site, the usable area is estimated at approximately 27,650 square feet (0.63 acres). The site is currently vacant and unimproved except for some paving and perimeter fencing.

The purpose of this appraisal is to estimate the as-is market value of the fee simple interest in the subject property. The intended use/user for which this appraisal was contracted is for the exclusive use by Ms. Nanette Mocanu/City of Alameda Community Development Department for assistance with decisions regarding the potential disposition of the property. ***This report should not be used or relied upon by any other parties for any reason.***

EXTRAODINARY ASSUMPTIONS AND HYPOTHETICAL LIMITING CONDITIONS

1. It is the appraiser's understanding that the subject site is affected by known environmental contamination that resulted from the area's historic use as a military installation. In conjunction with the transfer of the site to civilian use, the US Navy was responsible for remediating the site to levels that allow for conventional development including commercial and residential uses. The surrounding areas have since been improved with such uses, and it is our understanding that the environmental contamination affecting the subject site has been remediated in a manner similar to that performed for adjacent and surrounding properties. This appraisal assumes that the remaining environmental contamination would not pose a greater impediment to

development of legally allowed uses than for the surrounding sites such as Bayport and Alameda Point that have recently been developed with housing and retail uses, respectively. However, the appraisers are not qualified to assess environmental contamination, and therefore, the reader is directed to a qualified professional if this matter is of further concern.

2. A preliminary title report was not provided for review in connection with this assignment. This appraisal assumes that there are no easements or restrictions that would adversely impact utility or marketability of title to the subject property.

The use of any hypothetical conditions or extraordinary assumptions in this report might have affected the assignment results.

VALUE CONCLUSION

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the market value of the fee simple interest in the subject property, in its present, as-is condition, as of June 9, 2016, is estimated to be:

SIX HUNDRED NINETY THOUSAND DOLLARS

(\$690,000)

It is our opinion that the above value could be achieved within a 12-month exposure period.

This letter must remain attached to the appraisal report, which is identified on the footer of each page as 16-205 plus related exhibits, in order for the opinion of value set forth to be considered valid.

CERTIFICATION OF THE APPRAISERS

We, the undersigned, hereby certify that, to the best of our knowledge and belief: the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions; we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved; we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; our engagement in this assignment was not contingent upon developing or reporting predetermined results, our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan; our analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of

Professional Appraisal Practice, Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and is in compliance with FIRREA; we have made a personal inspection of the property that is the subject of this report; Stacey L. Thoyre provided significant real property appraisal assistance to the persons signing this report, including inspection, research, analysis and writing. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report Timothy Runde has completed the requirements under the continuing education program of the Appraisal Institute. In accordance with the Competency Provision in the USPAP, we certify that our education, experience and knowledge are sufficient to appraise the type of property being valued in this report. We have not provided services regarding the property that is the subject of this report in the 36 months prior to accepting this assignment.

We are pleased to have had this opportunity to be of service. Please contact us if there are any questions regarding this appraisal.

Sincerely,

RUNDE & PARTNERS, INC.



Timothy P. Runde, MAI, LEED AP
Certified General Real Estate Appraiser
State of California No. AG011358

TABLE OF CONTENTS

I. REPORT SUMMARY	1
A. Property Appraised.....	1
B. Client, Purpose, Intended Use and Intended User	1
C. Scope of Work.....	1
D. Reporting Format.....	1
E. Date of Appraisal and Date of Report.....	2
F. Definition of Terms	2
G. Value Conclusion.....	3
H. Assumptions and Limiting Conditions.....	3
II. AREA AND NEIGHBORHOOD DESCRIPTION.....	6
A. San Francisco Bay Area.....	6
B. Alameda County	6
C. City of Alameda.....	7
D. Neighborhood	8
E. Summary and Conclusion	9
III. MARKET OVERVIEW.....	10
A. Retail Market.....	10
B. Owner-Occupied Residential Market.....	11
C. Residential Housing Supply and Demand.....	13
D. Renter-Occupied Housing Market	14
E. Investment Market.....	16
F. Conclusion.....	16
G. Marketing/Exposure Period	17
IV. PROPERTY IDENTIFICATION AND DESCRIPTION.....	18
A. Site Description.....	18
B. Ownership and Sales History	18
C. Environmental Observations	18
D. Easements and Restrictions.....	19
E. Assessed Valuation and Real Estate Taxes	19
F. Flood Zone and Seismic Information	19
G. Zoning and Land Use Restrictions	20
V. HIGHEST AND BEST USE AND VALUATION METHODOLOGY	21
A. Highest and Best Definition.....	21

TABLE OF CONTENTS, cont'd

B.	Highest and Best Use As If Vacant	21
C.	Methodology	22
VI.	SALES COMPARISON APPROACH	24
A.	Comparable Land Sales.....	24
B.	Analysis	25
C.	Value Conclusion.....	27

TABLE OF EXHIBITS

LIST OF TABLES	Page
Table 1 - Comparable Land Sales	24.1
Table 2 - Land Sales Adjustment Grid	25.1

LIST OF EXHIBITS

Regional Map	following	6
Area Map	following	8
Assessor's Map	following	18
Aerial Map	following	19
Subject and Neighborhood Photographs	following	20
Comparable Land Sales Map	following	24.1

ADDENDA

Description of Environmental Conditions
Qualifications of Appraiser

I. REPORT SUMMARY

A. Property Appraised

The subject property appraised is located at 2350 Fifth Street in the City of Alameda, Alameda County, California. The site is commonly referred to as the “Bottle Parcel,” owing to its irregular shape. The irregular shape is due to the remnant nature of the subject parcel, which resulted when Fifth Street was re-aligned in connection with the residential development to the south on a portion of the former Naval air base. The site is identified by the Alameda County Assessor as APN: 074-1356-023. The site contains approximately 35,556 square feet (0.82 acres) of gross land area. However, due to the highly irregular configuration of the site, the usable area is estimated at approximately 27,650 square feet (0.63 acres). The site is currently vacant and unimproved except for some paving and perimeter fencing. This appraisal addresses the as-is market value of the subject site in its as-is condition.

B. Client, Purpose, Intended Use and Intended User

The client for this appraisal is Ms. Nanette Mocanu, Assistant Community Development Director with the City of Alameda Community Development Department. The purpose of this appraisal is to estimate the as-is market value of the fee simple interest in the subject property. The intended use/user for which this appraisal was contracted is for the exclusive use by Ms. Nanette Mocanu/City of Alameda Community Development Department for assistance with decisions regarding the potential disposition of the property. ***This report should not be used or relied upon by any other parties for any reason.***

C. Scope of Work

The scope of work for this appraisal assignment report is to utilize the appropriate approaches to value in accordance with Uniform Standards of Professional Appraisal Practice (USPAP) to arrive at a market value conclusion. Specific steps undertaken include the inspection of the subject property and the research, verification, and analysis of comparable market data leading to the value indication as reported herein. This assignment incorporates the Sales Comparison Approach to value. The Income and Cost Approaches lack relevance for vacant land and are not typically used by market participants. The most reliable method of estimating land value is the Sales Comparison Approach, which is used in this assignment.

D. Reporting Format

This is a narrative appraisal report.

E. Date of Appraisal and Date of Report

The effective date of valuation is June 9, 2016.

The date of this appraisal report is July 6, 2016.

F. Definition of Terms

1. Market Value (*OCC 12 CFR 34.42 (g)*) (*OTS 12 CFR, Part 564.2 (g)*)

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and acting in what they consider their own best interests;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

2. Fee Simple Interest (*The Appraisal of Real Estate, 13th Edition, 2008, p.111*)

A fee simple interest in valuation terms is defined as "... absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat." It is an inheritable estate.

G. Value Conclusion

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the market value of the fee simple interest in the subject property, in its present, as-is condition, as of June 9, 2016, is estimated to be:

SIX HUNDRED NINETY THOUSAND DOLLARS

(\$690,000)

It is our opinion that the above value could be achieved within a 12-month exposure period.

H. Assumptions and Limiting Conditions

Extraordinary Assumptions and Hypothetical Conditions

1. It is the appraiser's understanding that the subject site is affected by known environmental contamination that resulted from the area's historic use as a military installation. In conjunction with the transfer of the site to civilian use, the US Navy was responsible for remediating the site to levels that allow for conventional development including commercial and residential uses. The surrounding areas have since been improved with such uses, and it is our understanding that the environmental contamination affecting the subject site has been remediated in a manner similar to that performed for adjacent and surrounding properties. This appraisal assumes that the remaining environmental contamination would not pose a greater impediment to development of legally allowed uses than for the surrounding sites such as Bayport and Alameda Point that have recently been developed with housing and retail uses, respectively. However, the appraisers are not qualified to assess environmental contamination and therefore the reader is directed to a qualified professional if this matter is of further concern.
2. A preliminary title report was not provided for review in connection with this assignment. This appraisal assumes that there are no easements or restrictions that would adversely impact utility or marketability of title to the subject property.

The use of any hypothetical conditions or extraordinary assumptions in this report might have affected the assignment results.

General Limiting Conditions

3. It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which he/she is aware prior to utilizing this report or making it available to any third party.
4. No responsibility is assumed for legal matters. It is assumed that title of the property is marketable, and it is free and clear of liens, encumbrances and special assessments other than as stated in this report.
5. Plot plans and maps are included to assist the reader in visualizing the property. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser is assumed by the appraiser.
6. All information has been checked where possible and is believed to be correct, but is not guaranteed as such.
7. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors. It is assumed that no additional soil contamination exists, other than as outlined herein, as a result of chemical drainage or leakage in connection with any production operations on or near the property.
8. In this assignment, the existence (if any) of potentially hazardous materials used in the construction or maintenance of the improvements or disposed of on the site has not been considered. These materials may include (but are not limited to) the existence of formaldehyde foam insulation, asbestos insulation, or toxic wastes. The appraiser is not qualified to detect such substances. The client is advised to retain an expert in this field.
9. Any projections of income and expenses in this report are not predictions of the future. Rather, they are an estimate of current market thinking of what future income and expenses will be. No warranty or representation is made that these projections will materialize.

10. The appraiser is not required to give testimony or appear in court in connection with this appraisal unless arrangements have been previously made.
11. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with the proper written qualification, only in its entirety, and only for the contracted intended use as stated herein.
12. Neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, news sales, or other media without the written consent and approval of the appraiser, particularly as to the valuation conclusions, the identity of the appraiser, or any reference to the Appraisal Institute or the MAI designation.

II. AREA AND NEIGHBORHOOD DESCRIPTION

A. San Francisco Bay Area

The nine-county San Francisco Bay Area is the fifth largest metropolitan area in the United States. As of 2005, the Bay area metropolitan area population was over 6.8 million, rising to more than 7 million as of 2014. The diversified economic base of the Bay Area has traditionally been weighted to finance, technology, and to a lesser extent, manufacturing and transportation. The Bay Area has emerged, particularly over the past 20 years, as a worldwide leader in innovation and so-called knowledge industries. The Bay Area has a highly educated population, ranking third in the nation with nearly 44 percent of adults holding a college degree as of 2010.

The economic outlook for the San Francisco Bay Area continues to be favorable. Despite the historical cyclical nature of the California economy, the Bay Area has a diversified economic base which helps modulate the impacts of national and international economic fluctuations. Employment patterns are generally oriented toward office activities with high levels of skill requirements. Many of these activities, particularly knowledge-based industries like technology and finance, tend to be less vulnerable to the business cycle than other employment sectors such as heavy industry. The chronically high cost of housing is regularly cited a risk to the local real estate market and the regional economy. Housing affordability historically has, and likely will continue to remain, a risk to the long-term viability of the regional economy. At the same time, the Bay Area economy has demonstrated a persistent ability to adapt to a variety of perceived threats by leveraging the appeal of its climate, diverse demography, educated workforce, and historic role as a center of finance and innovation.

B. Alameda County

Alameda County is one of the five counties of metropolitan San Francisco, also known as the San Francisco-Oakland Standard Metropolitan Statistical Area. The western portion of the county, which contains most of the population and economic activity, is situated on the flatland adjacent to San Francisco Bay. The northwestern cities of Alameda including Berkeley, Oakland and San Leandro, are older and most of the growth in the 1980s and early 1990s has occurred in the southern and central cities of Alameda County. The eastern portion of the county is mountainous and largely undeveloped.

Alameda County is the traditional manufacturing, transportation and warehousing center for the San Francisco Bay Area. The county has an advantageous location on the eastern side of San Francisco Bay. Transportation facilities include three transcontinental railroads, the Port of Oakland, extensive freeways, and the Bay Area

A detailed map of the San Francisco Bay Area and surrounding regions in California. The map shows major cities, highways, and geographical features. A red arrow points to San Francisco, labeled 'SUBJECT'. The map includes labels for counties such as Sonoma, Marin, Contra Costa, Alameda, and Santa Clara. Major highways like I-580, I-80, and I-280 are shown. Geographical features include San Pablo Bay, San Francisco Bay, and the Pacific Ocean. The map also shows various cities and towns, including San Francisco, Oakland, Berkeley, San Jose, and San Diego.

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 Certain mapping and direction data © 2010 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario. NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2010 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2010 by Applied Geographic Systems. All rights reserved.

Rapid Transit (BART) system. The county is linked to San Francisco and the west side of the bay by three bridges.

The population of Alameda County continues to grow. The 2010 Census reported the Alameda County population to be 1,510,271, an increase of 4 percent over the 2000 population. The California Department of Finance (DOF) estimated the population of Alameda County to be 1,627,865 as of January 1, 2016 (most recent available), an increase of 1.1 percent from 2015. According to the California Employment Development Department, unemployment was 3.8 percent in Alameda County in May 2016 (most recent available), compared to 4.6 one year earlier.

C. City of Alameda

The city of Alameda is a community situated directly south and west of Oakland, approximately 12 miles east of San Francisco. The northern portion of Alameda is a large island, approximately 10 square miles in size, which is separated from Oakland by a deep water estuary. The southern portion of Alameda is the northern portion of a peninsula located south of the main island. This area, known as Bay Farm Island, is located directly north of the Oakland airport, and consists of residential uses and the Harbor Bay Isle Business Park Development.

Interstate Highway 880 (I-880) is directly across the estuary from Alameda and is accessible via three bridges and one underwater tunnel. Two of the bridges are in the southeastern portion of the island, at Park Street and at High Street. The southern crossing extends from Otis Drive in Alameda to the Metropolitan Oakland International Airport (Doolittle Drive) to the south. The Posey Tube and Webster Street Tunnel comprise a four-lane, two directional traffic arterial extending beneath the estuary at the northern end of Alameda.

Alameda is predominantly a residential community with commercial development along the major traffic arterials. Most of Alameda consists of older homes built in the first half of the 20th century, although the Bay Farm Island portion to the south is developed largely with modern townhouses, condominiums and single-family residential neighborhoods. In the 1980s, two office/R&D parks were developed: one along Webster Street in northern Alameda (Marina Village) and Harbor Bay Isle near the Oakland Airport. The former U.S. Naval Air Station occupies much of the northern portion of the island, while most industrial development is located along the estuary in the eastern section of Alameda. Except for the Harbor Bay Isle Business Park, there are few parcels of vacant land available for new development anywhere in Alameda.

According to the California Department of Finance (DOF), the population in the City of Alameda was 79,277 as of January 1, 2016, an increase of 2.1 percent over 2015.

The Association of Bay Area Governments indicates an increase in population in the next several years for the City of Alameda. ABAG shows a population of 73,812 in 2010 for the City of Alameda, with an increase to 80,300 inhabitants by 2020, an 8.8 percent increase. According to the United States Census, the median household income for the City of Alameda was \$74,606 as of 2013, which is slightly above the 2013 Alameda County median income of \$72,112.

The major employer in the city was historically the Alameda City Air Station and Naval Air Re-Work Facility, followed by Del Monte Corporation, U.S. Steel and the Alameda Hospital. High industrial land values and labor costs have caused a shift in employment patterns towards light industrial and high-tech office uses and away from heavy industrial. The closure of the naval facility has adversely affected employment in Alameda. However, the continued trend toward high technology employment generated primarily by UC Berkeley and the prior resurgence of the Bay Area economy has mitigated the short-term effects of the Naval Base closure. Several technology companies are also creating a base of high technology manufacturing.

D. Neighborhood

The subject site is located just south of Willie Stargell Avenue on the east line of Fifth Avenue. The neighborhood is dominated by several influences, including the College of Alameda, which has a historic presence in the area and occupies the entirety of the land to the east and south of the subject. The College is a long-time institutional use in Alameda, pre-dating most of the development in the area. Land uses of the College immediately adjacent to the subject consist of sports facilities including tennis courts to the south, and a track and field facility to the east.

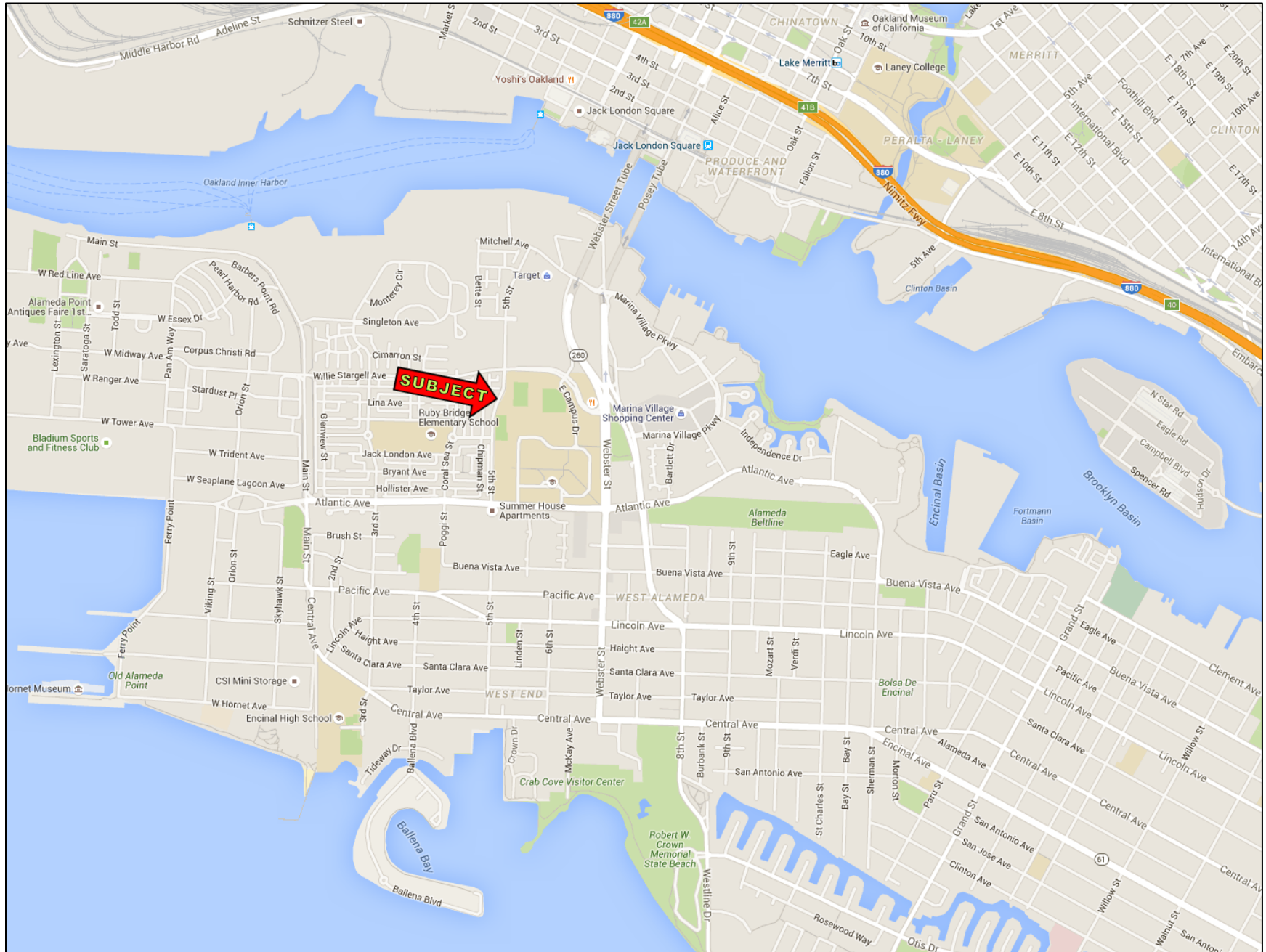
More recently, major residential and commercial developments have occurred in conjunction with the closure of the Alameda Naval Air Station and the subsequent transfer of the site to the City of Alameda.

The Bayport development located across Fifth Street to the west of the subject is a master planned single-family residential community that was built out in the early 2000s. The development extends south of Willie Stargell Avenue to West Atlantic Avenue (Ralph M. Appezato Memorial Parkway), and west to Main Street.

To the northeast of the subject is the Alameda Landing shopping center, anchored by Target, Michaels and Safeway. Rent-restricted multi-family development is currently under construction at the northwest quadrant of Fifth Street and Willie Stargell Avenue.

The progression of development of the former Alameda Naval air station is continuing from east to west. The next phase will involve the land west of Main

NEIGHBORHOOD MAP



Street extending to the waterfront. The northern portion (Parcel A) is primarily residential, while the 82-acre southern portion (Parcel B) is primarily commercial, consisting of campus office and R&D.

E. Summary and Conclusion

The general economy and overall appeal of Alameda County and the City of Alameda are positive. The future outlook for both the County and City is for continued expansion of the job base and continued population growth, but at rates below those experienced in the past. In general, Alameda can be characterized as a stable, predominantly residential municipality, with a slowly expanding commercial base. The overall outlook for the City and the neighborhood are positive.

III. MARKET OVERVIEW

A. Retail Market

The subject's trade area is defined as the City of Alameda. Until recently, there had been no significant retail property development in the City of Alameda since the late 1980s. The overall demographic profile of the area is good, in terms of population and income. The majority of Alameda's abundant single family and multifamily residential developments predominately range in age from approximately 15 to 50 years. The retail market in the City is generally mature, with new construction typically occurring on older retail sites that are either renovated or redeveloped for modern uses.

The newest retail development in Alameda consists of the Alameda Landing development on a portion of the former Navy air base near the Posey Tube. Catellus is the developer, and the development includes a 291,000 square foot center anchored by Target, Safeway and Michaels, 300,000 square feet of lifestyle retail and restaurants, and a 35,000 square foot waterfront retail district. Target opened in 2013, and Safeway and Michaels opened in late 2014. An In-N-Out Burger, Chipotle, T-Mobile, Sprint and Chase Bank have also recently opened.

Prior to Alameda Landing, the most recent retail development consisted of two centers constructed as part of master planned projects in the north and south portions of the City. Harbor Bay Landing is on Bay Farm Island, and it is located at McCartney Road and Island Drive, surrounded by residential neighborhoods. This center contains 110,000 square feet. Anchor tenants include Safeway and CVS Pharmacy. Marina Village Center is at the north end of the North Island, on Marina Village Parkway, near Webster Street. This is a mixed commercial and residential master planned area. This 105,000 square foot center is anchored by Lucky Supermarket and CVS Pharmacy.

The Bridgeside Shopping Center is located at Tilden Way and Blanding Avenue in the northeastern quadrant of the island. The shopping center is anchored by Nob Hill Foods and has several national and regional tenants such as Pet Food Express, Taco Bell, Starbucks, and AT&T Wireless. The center contains 105,118 gross square feet in four buildings as well as a gas station. The shopping center also is situated along the Alameda Estuary waterfront.

Lastly, the South Shore Shopping Center, located at the southeast end of the North Island, completed a major renovation in 2008. An additional 120,000 rentable square feet was added to the existing 477,000 square feet of retail space. Major tenants include Safeway, Trader Joes, Kohls, Bed Bath & Beyond, and Walgreens.

Most of the remaining retail space in the market consists of freestanding buildings, small unanchored strip centers, and retail storefronts in the downtown area and neighborhood commercial districts. While brokerage statistics are not available, our research indicates that the retail market for Alameda is relatively stable with limited vacancy.

Cushman & Wakefield reports a total inventory in the East Bay market of 51.5 million square feet with a 5.6 percent vacancy rate as of the first quarter 2016. The vacant space is almost exclusively found in Class B & C product, reflecting a “flight to quality” trend that has been underway since the market began recovering from the Financial Crisis and ensuing recession. Segmented by product type, the highest vacancy rates are in Neighborhood/Community and Lifestyle categories (5.9 percent), while the lowest (4.9 percent) is reported by Power and Regional categories. The former category also represented the entirety of the negative net absorption reported in the first quarter (260,993 square feet). Average triple net asking rents range from \$21.12 per square foot per year for Lifestyle Centers, to \$30.00 per square foot per Power and Regional Centers.

Geographically, vacancy rates range from a low of 1.2 percent in the South I-80 corridor (Emeryville, Berkeley and environs) to 10.0 percent in Oakland. Asking rents range from \$21.24 per square foot per year in the Highway 4 (East County) submarket to \$46.08 per square foot per year in the South I-80 corridor.

Alameda statistics are not reported separately, and are included in the I-880 corridor results. This submarket is the largest in the East Bay market, representing nearly 16.4 million square feet of space. The reported vacancy rate is 4.4 percent as of the first quarter 2016, and the average asking rent is \$23.16 per square foot. It was only one of two, out of seven East Bay submarkets, to report positive net absorption (58,008 square feet) in the first quarter 2016.

The overall market for commercial/retail space in this area is considered stable and healthy.

B. Owner-Occupied Residential Market

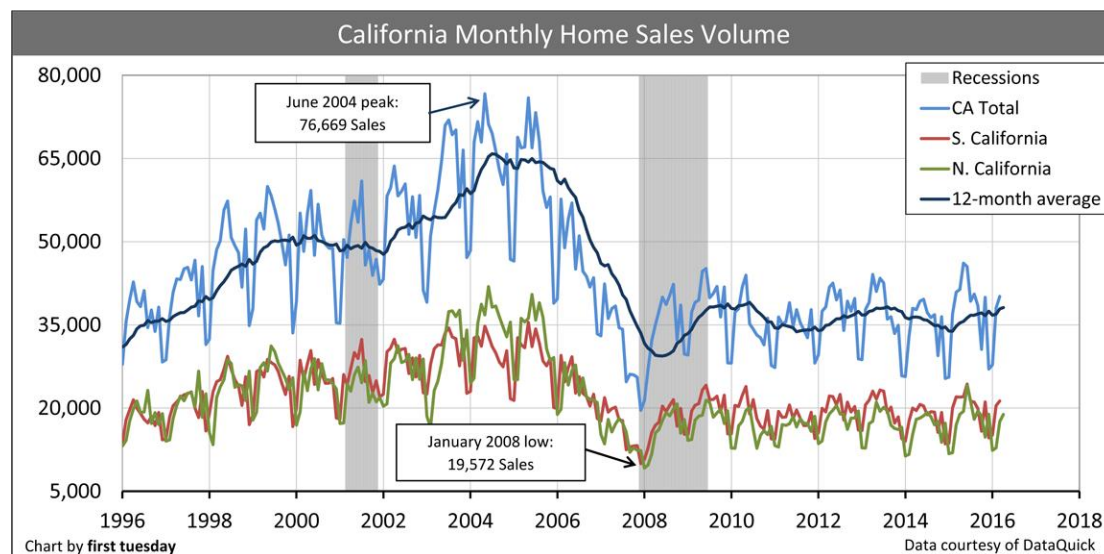
The housing market in the Bay Area has long been one of the most expensive markets in the country. High demand and a shortage of buildable lots have kept Bay area housing costs at roughly two times the national average.

Purchase activity in the region has been strong over the past several years, and statistics suggest that sale prices of detached and attached single family homes are increasing. This has been attributed to two principal factors: overall low interest rates and the small number of available properties for sale and long-term constraints upon

the supply of housing in Alameda. Another factor which is rarely mentioned but which may also buoy the market is the exclusion from capital gains of up to \$500,000 in gain for a couple who sell their principal residence.

The market research firm, DataQuick, reports median home prices of single family homes and condominiums in various zip code areas within the Bay Area. According to DataQuick, the median price of all homes sold in April 2016 (most recent available) in Alameda County was \$685,000. This represents a 7.0 percent increase from a year prior (\$640,000). In the City of Alameda, the median home price in April 2016 was \$850,000, up 9.7 percent over the prior year.

Currently, the residential market is strong, but there is evidence in the larger market of price fatigue, particularly at the upper end of the market. Market observers note headwinds on the horizon including the anticipated rise in the fixed-rate mortgages (Fall 2016), weak homebuyer demographics, failed savings for down payments, and continued tightening of loan standards. On the positive side, employment gains averaging 3 percent per year are cited and generally improving consumer confidence and spending. The chart below demonstrates the relative performance of the California single-family home market in terms of sales volume over the past 20 years, as reported by First Tuesday.



C. Residential Housing Supply and Demand

According to the California Department of Finance, there are estimated to be a total of 32,763 housing units in the city of Alameda as of January 1, 2016 (most recent available). This figure has increased slightly from the 32,430 housing units estimated as of January 1, 2015. Of these, 42 percent are detached single-family homes, 10 percent are attached single-family homes, 18 percent are structures with 2 to 4 units and approximately 29 percent are structures with five or more units. The vacancy rate for housing available is estimated at 4.4 percent according to the DOF.

During recent years, the increase in housing supply has been limited in Alameda due primarily to lack of available vacant land. The City of Alameda Housing Element 2015-2023 Review Draft identifies eleven sites that are considered to be underutilized in terms of their current uses. These sites are in various stages of evaluation, planning and development and could generate as many as 2,245 new residential units in the coming years.

The largest housing development in the market is the Alameda Point project at the former Alameda Naval Air Station. This 510-acre site was transferred from the U.S. Navy to the City of Alameda in June 2013. As of February 2014, the Alameda City Council approved an Environmental Impact Report, General Plan, and Zoning Ordinance amendments. Additionally, a Master Infrastructure Plan has been created to enable reinvestment and redevelopment of the property for a mix of uses, including residential development. The City has approved the General Plan and zoning for up to 1,425 housing units at Alameda Point. This area will be available for residential development during the General Plan planning period of 2015-2023. Other residential projects of note are further along in the development process.

The Alameda Landing development is a large mixed-use project that is currently under construction. The project encompasses a 72-acre site, and was once home to the U.S. Navy's Fleet Industrial Supply Center. The mixed-use development will provide new housing, office space and a retail center. Additionally, a 50,000 square foot waterfront district will be created that includes restaurants and entertainment retail space.

The residential component includes 253 detached and attached homes that have been approved and are complete or currently under construction. The homes are a mix of two- and three-story houses, condos, and townhouses split into three separate neighborhoods. The 91 detached multi-story homes will range from approximately 2,065 to 3,705 square feet with up to six bedrooms and four-and-a-half bathrooms, plus private two-car garages. These homes will start in the high \$800,000s. There will be 56 townhomes that will range in size from 1,727 to 2,293 square feet and have up to four bedrooms. Additionally, 106 urban-style lofts will be built with 1,065 to 2,434

square feet and will have up to three bedrooms and four bathrooms with private garages.

Another major redevelopment project is the Del Monte Warehouse property at 1501 Buena Vista Avenue. Developer Tim Lewis Communities is seeking approvals to redevelop this property with approximately 414 residential units, along with 25,000 square feet of retail space. This project will redevelop the old Del Monte Warehouse into approximately 300 residential units within the original warehouse structure, and approximately 100 additional units may be constructed on the site as well.

Residential development continues in Alameda and throughout the Bay Area, as interest rates remain low and the market continues to be strong. Currently, demand remains strong and prices are either continuing to rise or holding steady. The market has tipped in favor of sellers at this point as aggressive price increases and bidding wars that characterized the residential market during the housing bubble have reappeared. Developers and builders continue to pursue new projects as the housing market remains strong with a revival of housing development due to the lack of affordability in San Francisco, as well as East Bay locations.

D. Renter-Occupied Housing Market

Published market statistics by commercial brokerage firms over the past year, as well as discussions with local property managers and landlords, indicate gains in both rental and occupancy rates across the Bay Area rental housing market. The improving market conditions are driven by strong employment growth in the region. Furthermore, high housing costs in San Francisco, the Peninsula and Silicon Valley are driving tenants to the traditionally more affordable East Bay markets over the past years.

According to the Third Quarter 2015 Oakland-East Bay Apartment Research Market Report by Marcus and Millichap, “The Oakland economy is benefiting from surging employment gains throughout the Bay Area as legions of establishments pay up for the best talent. Rising housing costs in the San Francisco and San Jose metros have led tenants to seek more affordable alternatives, fostering robust rental operations in Contra Costa, Alameda and Solano counties, where the average asking rent can be more than \$1,000 per month less.”

According to the First Quarter 2016 statistics from Cushman & Wakefield, Bay Area vacancy rates climbed 60 basis points in the past 12 months, from 3.6 to 4.2 percent. New construction is reported as the biggest contributor to the vacancy rate uptick, as unemployment continues to decline, from 4.3 percent to 3.9 percent. This unemployment rate is the lowest in 10 years. Total employment in the Bay Area is 3.93 million, an increase of 80,000 over one year ago.

The market-wide average rental rate across all unit types was reported at \$2,482, an increase of 7.1 percent over the prior year, and 37.9 percent since the beginning of the current up cycle in 2012. The rate of increase is decreasing, however.

Market-wide, 23,200 units are under construction, with nearly 8,000 alone in San Francisco, and Santa Clara County not far behind at approximately 7,800 units under construction. Cushman & Wakefield reports tracking more than 300 projects with 82,700 units of potential inventory that are in the entitlement/development pipeline.

The East Bay is the largest single submarket in the Bay Area, with over 192,000 units of the total market's 576,000. In the East Bay market, vacancy is reported at 3.4 percent, with average rents across all unit types of \$2,121. A total of 3,529 units are under construction as of the First Quarter 2016.

In Alameda County, home to more than two-thirds of the East Bay apartment inventory, the average vacancy rate is 3.1 percent, and the average rent across all unit types is \$2,264. Units currently under construction total 2,910.

Cushman & Wakefield expects vacancy rates to rise to nearly 5 percent as new product is delivered to the market. Except for rent-controlled markets (San Francisco, Oakland, Berkeley, Richmond), the new deliveries are expected to result in a flight to quality.

Measure A

In 1973, the voter initiative identified as Measure A was approved by the City of Alameda electorate, which amended the city's charter, and appears today on the charter as Article XXVI. This Charter Amendment states, "There shall be no multiple dwelling units built in the City of Alameda." This voter initiative effectively thwarted new multi-family development in the City of Alameda.

In 1991 this amendment was modified to state: "The maximum density for any residential development within the City of Alameda shall be one housing unit per 2,000 square feet of land." This amendment, together with the original voter initiative, has been incorporated into the city's Planning Code and General Plan. The original initiative, as modified in 1991, is commonly referred to as Measure A. Density bonuses are permitted for certain types of development, including senior housing and rent-restricted housing.

Rent Control Initiatives

The recent strong market conditions leading to market-wide rent increases have reignited interest in expanding rent control ordinances in communities including

Burlingame in San Mateo County, and the City of Alameda. Currently, proponents are attempting to gain adequate signatures to place a rent control initiative on the November ballot in Alameda. While the outcome of these initiatives is uncertain, the forces giving rise to them are not new. The new inventory coming on line in the Bay Area should help to attenuate the pace of rental rate increases giving rise to the forces that underlie these rent control initiatives. However, in cities like Alameda, with significant physical barriers to entry due in large part to the lack of availability of vacant land, as well as legal limitations on new multi-family development such as Measure A, these voter initiatives remain a potential risk to both existing and proposed multi-family housing.

E. Investment Market

According to Cushman & Wakefield's First Quarter Multi-Family Snapshot, a total of 165 multi-family properties changed ownership in the first quarter of 2016, totaling \$1.41 billion. By comparison, 225 projects totaling \$2.33 billion sold in the same prior quarter, and 253 projects totaling \$1.21 billion in the first quarter of 2015.

The average overall capitalization rate was 4.4 percent at the end of the first quarter, 10 basis points higher than the prior quarter. The average GRM (gross rent multiplier) was 15.9 in the most recent quarter, up from 14.5 at the end of 2015. Overall rates are expected to stabilize this year and increase later in the year in step with anticipated interest rate increases.

F. Conclusion

For the foreseeable future, demand for new residential developments in the City of Alameda is considered to be strong. Supply is severely limited, and the Bay Area economic conditions continue to be strong. The proximity of the subject neighborhood to major employment centers, its relative affordability in the Bay Area housing market and limited amount of competitive product are considered to provide a very positive outlook.

Potential risks to the market include the risk of new rent control initiatives fueled by the market-driven rent increases resulting from a physically (island) and legally (Measure A) constrained supply. The same employment and economic growth that is driving the apartment demand that results in the rent increases is also providing the economic rationale for new construction that will, to varying degrees, ameliorate the upward rental pressure.

G. Marketing/Exposure Period

The exposure period is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." Thus it is assumed to have occurred prior to the appraisal date. In contrast the marketing period is the estimated time that it would take to consummate the sale after the appraisal date.

Market sales and conversations with brokers have indicated that properly priced properties, which are actively marketed, can be sold within a 12 month marketing period. Therefore, it is the opinion of the appraisers that the subject property could be sold in its as-is condition in a 12-month active marketing and exposure period.

IV. PROPERTY IDENTIFICATION AND DESCRIPTION

A. Site Description

The subject site is identified by the Alameda County Assessor as APN: 074-1356-023. The site contains approximately 35,556 square feet (0.82 acres) of gross land area. However, due to the highly irregular configuration of the site, the usable area is estimated at approximately 27,650 square feet (0.63 acres), based on aerial measurements from satellite imagery. The usable portion remains irregular in configuration, but it excludes the majority of the “bottle neck” portion of the site that extends north to Willie Stargell Avenue. The site is currently vacant and unimproved except for some paving and perimeter fencing. It is level and at street grade.

The precise nature and condition of the subsurface of the soils is not known; however, judging from the condition and appearance of the subject improvements and adjacent properties, it is assumed that the soil conditions are satisfactory for the construction of conventional building improvements.

The street frontage contains sidewalk, curbs, gutters and street lighting. The property is served with typical urban utilities, including public water and sewer systems. Local companies supply electricity, gas and telephone service. Utilities are provided in sufficient quantity to serve the subject improvements.

B. Ownership and Sales History

Title to the subject site is presently vested in the Community Improvement Commission of the City of Alameda. Title was acquired from the US Navy in conjunction with the de-commissioning of the Alameda Naval Air Station. No other transfers have occurred in the past three years according to our research.

C. Environmental Observations

No environmental reports were provided, other than the descriptive information reproduced in the Addenda. Based on physical inspection of the property, no evidence of any toxic contamination of the site was observed. In addition, there was no evidence of drainage problems or wetland vegetation.

It is the appraiser’s understanding that the subject site is affected by known environmental contamination that resulted from the area’s historic use as a military installation. A description of the contamination affecting the general area is included in the Addenda. In conjunction with the transfer of the site to civilian use, the US Navy was responsible for remediating the site to levels that allow for conventional development including commercial and residential uses. The surrounding areas have



since been improved with such uses, and it is our understanding that the environmental contamination affecting the subject site has been remediated in a manner similar to that performed for adjacent and surrounding properties. This appraisal assumes that the remaining environmental contamination would not pose a greater impediment to development of legally allowed uses than for the surrounding sites such as Bayport and Alameda Point that have recently been developed with housing and retail uses, respectively. However, the appraisers are not qualified to assess environmental contamination and therefore the reader is directed to a qualified professional if this matter is of further concern.

D. Easements and Restrictions

A preliminary title report was not provided for review in connection with this assignment. This appraisal assumes that there are no easements or restrictions that would adversely impact utility or marketability of title to the subject property.

E. Assessed Valuation and Real Estate Taxes

The subject is not assigned an assessed value by the Alameda County Assessor due to the subject's public ownership.

In California, real property is assessed at full market value as determined by the County assessor. A property's assessed value increases by a maximum of two percent annually, as mandated by Proposition 13, until the property transfers or is improved. Upon sale, a property is taxed on the basis of one percent of purchase price plus existing bonded indebtedness.

The ad valorem tax rate for the subject is 1.1747 percent.

F. Flood Zone and Seismic Information

According to Flood Insurance Rate Map Community Panel No. 060002 - 06001C0066G, dated August 3, 2009, and prepared for the City of Alameda, the subject is located in Flood Zone X, which is an area of minimal flood hazard. Flood insurance is not required.

According to governmental geological evaluations, the entire San Francisco Bay Area is located in a seismic zone. No active faults, however, are known to exist on the subject property. Inasmuch as similar seismic conditions generally affect competitive properties, no adverse impact on the subject property is considered. The subject is not located in an Alquist Priolo earthquake zone.

AERIAL MAP



G. Zoning and Land Use Restrictions

The subject parcel has a General Plan land use designation of Public/Institutional/School, and a zoning designation of M-X Mixed Use Planned Development. A variety of uses are permitted in this zoning district. However, any use requires the submission and approval of a Master Plan, which must be approved by the City Council. In this zoning district, the Master Plan determines the development standards and land uses for each parcel in the area. Development and submission of a Master Plan is a fairly onerous and cumbersome process, particularly for an individual site like the subject. Few development guidelines are noted for this district, other than the maximum residential density of one unit per 2,000 square feet of lot area.

Currently, there are no allowed uses of the site until a Master Plan is submitted and approved. The subject represents a remnant portion that was severed from the larger development site to the south (Bayport) when Fifth Street was re-aligned.

SUBJECT & NEIGHBORHOOD PHOTOGRAPHS



Subject view northeast



Subject view southeast



Neighborhood view east to College of Alameda sports fields



Neighborhood view north on Fifth Street

SUBJECT & NEIGHBORHOOD PHOTOGRAPHS



Neighborhood view south on Fifth Street



**Neighborhood view west toward Bayport
development**

V. HIGHEST AND BEST USE AND VALUATION METHODOLOGY

A. Highest and Best Definition

Highest and Best Use is defined as: “The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum productivity.”

Source: The Dictionary of Real Estate Appraisal, 6th Edition, 2015, p.109

B. Highest and Best Use As If Vacant

1. Physically Possible

The subject site represents a remnant portion that was severed from the larger development site to the south (Bayport) when Fifth Street was re-aligned. It is a mid-block parcel with frontage on Fifth Street. The site is level and at grade of the surrounding street. However, it has a very irregular shape, resulting in a portion of the site that is not likely usable for anything other than landscaping. The highly irregular shape gives rise to the site’s common reference as the “Bottle Parcel.”

Based on aerial measurements from satellite imagery, we have estimated the usable site area at approximately 27,650 square feet. The usable portion remains irregular in configuration, but it excludes the majority of the “bottle neck” portion of the site that extends north to Willie Stargell Avenue. Physically, the usable portion of the site is generally functional, but the modified rectangular configuration is sub-optimal from a development standpoint.

Physical considerations place some limitations on the highest and best use, and may influence the ultimate density achievable, as well as the configuration of the improvements.

2. Legally Permissible

The subject’s M-X Mixed Use PD zoning allows a wide variety of uses once a Master Plan has been approved by the City Council. Currently, there are no allowed uses of the site until a Master Plan is submitted and approved. The process of preparing, submitting and attaining City Council approval for a Master Plan is likely to be time-consuming and comparatively onerous for a single parcel development such as the subject.

This type of zoning is typically designed for larger scale development projects such as the adjacent Bayport and Alameda Landing projects. The subject appears to have been excluded from these larger projects when their Master Plans were processed and approved.

In summary, the subject's legal restrictions are considered to be an impediment to the development of the site, although not an insurmountable one.

3. *Financially Feasible*

Of the legally allowed uses, residential development is likely financially feasible in the current market. Related uses such as senior care or rent-restricted housing may also meet basic financial feasibility requirements. The location is not conducive to commercial use, as it is somewhat isolated from the focus of retail development to the north, despite its relative physical proximity. The financial feasibility of other uses such as ancillary parking for neighboring land uses, or additional sports facilities, would depend on the nature of the specific use relative to the neighboring property owner's needs and desires.

4. *Maximally Productive*

In the current market, considering the subject's zoning and its physical constraints, the most productive use is to identify a user and then pursue entitlements for that use. In the interim, holding the site for future development pending identification of a use/user is concluded to be maximally productive.

5. *Conclusion*

Overall, based on these factors, the highest and best use of the subject site is to hold pending identification of a use/user, followed by entitlement and development of that use.

C. Methodology

The valuation of any parcel of real estate is typically derived through three primary approaches to the market value. From the indications of these analyses, and the weight accorded to each, an opinion of value is reconciled. Each approach is more particularly described below.

1. Cost Approach

This approach begins with an estimation of value of land value as if vacant. The replacement cost of the improvements is then estimated, from which is deducted the appraiser's estimate of physical deterioration, functional obsolescence and economic (external) obsolescence, as observed during inspection of the property and its environs. The Cost Approach is based on the premise that, with few exceptions, the value of a property cannot be greater than the cost of constructing a building of similar appeal, quality and utility on a comparable site.

2. Sales Comparison Approach

This approach is based on the principal of substitution, i.e., the value of a property is governed by the prices generally obtained for similar properties. In analyzing the market data, it is essential that the sale prices be reduced to common denominators based on market behavior, in order to relate the degree of comparability to the property under appraisal. The difficulty in this approach is that two properties are never exactly alike.

3. Income Approach

An investment property is typically valued based on its ability to produce income. The operative principal here is the principal of anticipation. Hence, the Income Approach involves an analysis of the property with respect to its ability to produce a net annual income. This estimated income is then capitalized at a rate commensurate with the risks inherent in ownership of the property, relative to the rate of return offered by other investments.

This assignment incorporates the Sales Comparison Approach to value. The Income and Cost Approaches lack relevance for vacant land and are not typically used by market participants. The most reliable method of estimating land value is the Sales Comparison Approach, which is used in this assignment.

VI. SALES COMPARISON APPROACH

In the Sales Comparison Approach, the value of the subject is estimated by comparison with recent sales of similar properties in the subject market area. The most appropriate unit of comparison for this type of property is price per square foot of land area.

The table on the following page lists the recent sales of sites considered similar to the subject. The comparables are summarized in the table on the following page and individually discussed below.

A. Comparable Land Sales

Land Sale 1 is the sale of three contiguous, mid-block, vacant lots that are generally square-shaped. The site is located at 1034 High Street between East 12th and San Leandro Streets in Oakland. It is proximate to both I-880 and the Fruitvale BART station. The combined site contains approximately 12,502 square feet, or 0.29 acres, and is zoned CIX-2, Community Industrial Mix. There was no known environmental contamination at the time of sale according to the listing broker.

In April 2016, the site sold for \$385,000, or \$31 per square foot of land. The buyer reportedly intends to use the site for food truck parking.

Land Sale 2 represents the sale of a mid-block, generally rectangular site containing approximately 112,385 square feet (2.58 acres) of land. The site located is at 1835 Oak Street in Alameda, and was improved at the time of sale with an older metal warehouse building totaling approximately 44,000 square feet. The site is zoned M-2, an industrial zoning, but it is proximate to single-family residential neighborhoods. The seller was a developer who had purchased the property several years ago with the intention of redeveloping it into a mixed-use project. However, the project met with significant community opposition and the seller opted to abandon the redevelopment plan.

In November 2015, the property was purchased for \$3,700,000 by a partial owner-user who plans to occupy approximately 25,000 square feet of the warehouse space for his tire business and lease out the remaining space. Attributing \$30 per square foot for the contributory value of the improvements yields a price per square foot of land area of approximately \$21 per square foot of land.

Land Sale 3 is the sale of a property located at 2203 Mariner Square Loop in Alameda. The property consists of a 96,268 square foot, or 2.21-acre corner parcel improved with a vacant, older 10,246 square foot restaurant building that was built in 1980. The zoning for the property is M-2 PD, which allows for a variety of commercial uses, but does not allow residential. The slightly irregularly shaped

COMPARABLE LAND SALES

Appraisal of 2350 Fifth Street

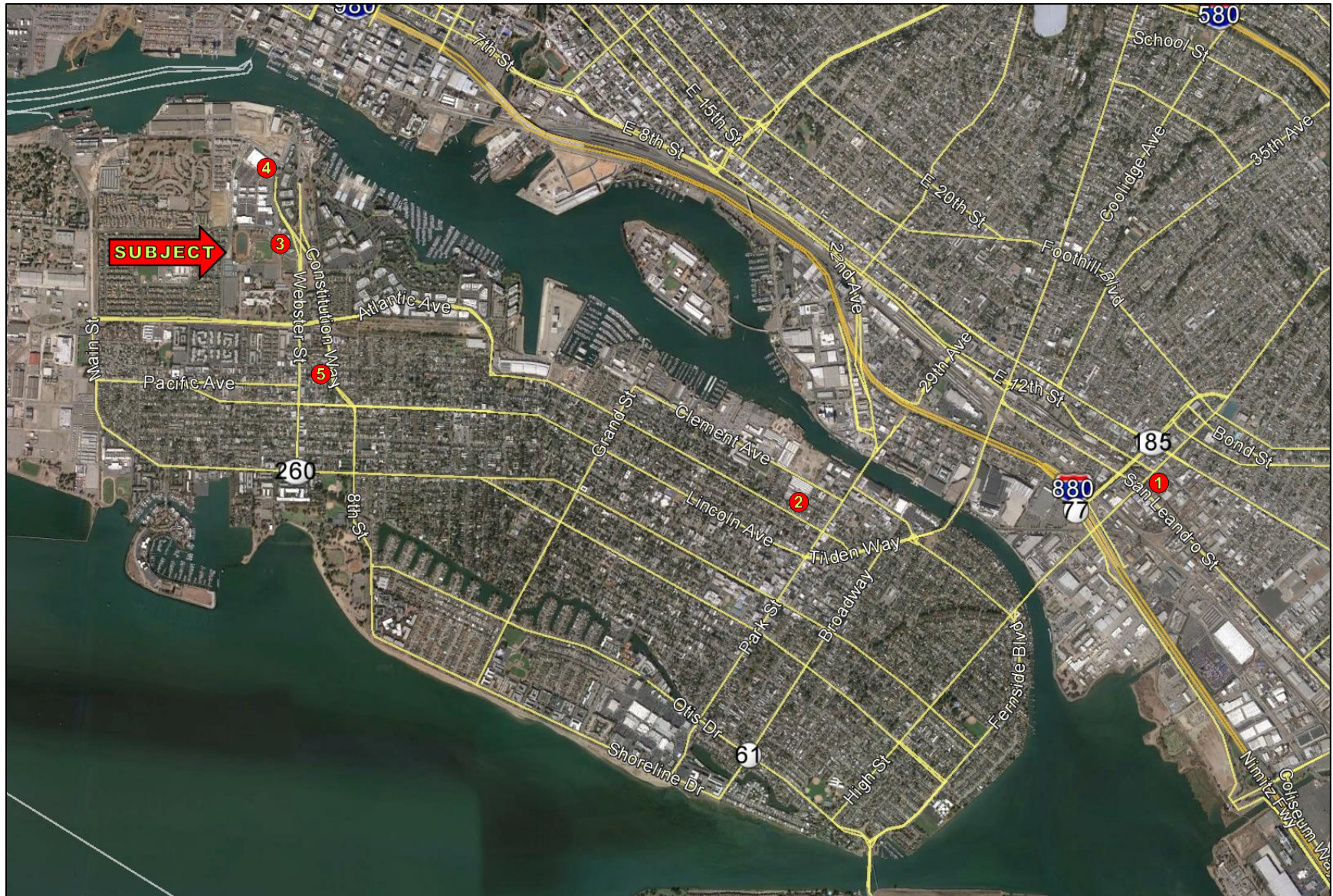
Alameda, California

# Location / APN	Sale Date	Land Area	Price	Price Per SF of Land	Zoning	Grantor/ Grantee Document#	Comments
1 1034 High Street Oakland APNs: 034-2264-014-00, -015-00, 013-00	4/16	12,502 SF 0.29 AC	\$385,000	\$31	CIX-2	Spiropoulos GT & V Trust/ Dy Lani #78692	Unentitled, mid-block site consisting of three contiguous parcels to be used for food truck parking.
2 1835 Oak Street Alameda APN: 071-0222-027-00	11/15	112,385 SF 2.58 AC	\$3,700,000 <u>(\$1,320,000)</u> (1) \$2,380,000	\$33 \$21	M-2	CV Alameda 1 Inv LLC/ 1835 Alameda Property LLC #308826	Rectangular mid-block site improved with a 44,000 SF metal industrial building. Seller had unsuccessfully attempted to entitle for residential use. Buyer is a partial user.
3 2203 Mariner Square Loop Alameda APN: 074-0905-031	3/13	96,268 SF 2.21 AC	\$2,500,000 <u>(\$512,300)</u> (2) \$1,987,700	\$26 \$21	M-2 PD	Enterprise Landing Project, LLC/ Moore Communications.com LLC #116458	Corner site improved with a 10,246 SF restaurant building built in 1980. Buyer has since renovated existing structure to a swim school.
4 SWC Mariner Square Loop & Mitchell Avenue Alameda APN: 074-0905-043-02 (portion)	9/12	448,755 SF 10.30 AC	\$12,279,362	\$27	M-X Mixed-Use PD	Catellus Alameda Dev., LLC/ Target Corporation #295653	Entitled, dual corner site with frontage on three streets. Since improved with 140,000 SF Target store.
5 730 Buena Vista Avenue Alameda APN: 073-0413-033-02 & -029-02	3/12	70,759 SF 1.62 AC	\$3,119,500 <u>(\$946,700)</u> (2) \$2,172,800	\$44 \$31	R-5	Shelley & Barbara Detrick/ Norap Battery, LP #091467	Full-block, 4-corner site at Constitution Avenue. Improved with 18,934 SF former Rite Aid store now subleased by West Marine.
Subject		27,650 SF (usable) 0.63 AC			M-X Mixed-Use PD		

(1) Contributory value of existing improvements estimated at \$30/SF.

(2) Contributory value of existing improvements estimated at \$50/SF.

COMPARABLE LAND SALES MAP



corner site is proximate to a new Target-anchored shopping center that was developed subsequent to the purchase of this property.

This property was purchased in March 2013 for \$2,500,000, or \$26 per square foot of land area. The buyer has subsequently renovated and converted the existing building to a swim school. According to the seller, the property was actively marketed and several offers were received. The highest offer was \$3.2 million from a restaurant user. The seller decided to sell the property at a lower price to a swim school that has been a tenant in the adjacent building, also owned by the seller. Reportedly, the seller will also provide financing for the proposed improvements which are estimated to be in excess of \$1.0 million. The sale price net of the estimated contributory value of the improvements at \$50 per square foot of building area is \$21 per square foot.

Land Sale 4 is the sale of a development site at the southwest corner of Mariner Square Loop and Mitchell Avenue in Alameda. The site also has frontage on Fifth Street. The property consists of a newly created parcel totaling approximately 448,755 square feet, or 10.30 acres. The property is zoned M-X PD, or Mixed Use Planned Development. In September 2012, Target Corporation purchased this property from Catellus Alameda Development, LLC for \$12,279,362, or \$27 per square foot of land area. The buyer has since completed construction of a new 140,000 square foot Target store. The site was entitled for the proposed development at the time of sale.

Land Sale 5 is the sale of the site located at 730 Buena Vista Avenue in Alameda. The comparable is situated on a full-block site bounded by Buena Vista and Pacific Avenues, Constitution Way, and Concordia Street. It is level and at grade of the surrounding streets, and slightly irregular in shape but generally rectangular. The site contains approximately 70,759 square feet, or 1.62 acres. It is improved with an 18,934 square foot commercial building that was built in 1963 and previously occupied by Rite Aid. It is currently occupied by West Marine. The zoning is R-5, or residential, but the existing improvements are reportedly grandfathered.

In March 2012, the property sold for \$3,119,500. The indicated price per square foot paid is approximately \$31 after allocating \$50 per square foot of building area to the existing improvements.

B. Analysis

The sale comparables occurred between March 2012 and April 2016. Over that time period, land values have steadily escalated, but the impact has been most notable for sites that allow residential use. For sites that do not allow residential, or for which residential use is uncertain, the impact has been somewhat more muted. The value of

Comparable Land Sales Adjustment Grid

Appraisal of 2350 Fifth Street
Alameda, California

SUBJECT	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
	1034 High Street Oakland	1835 Oak Street Alameda	2203 Mariner Square Loop Alameda	SWC Mariner Square Loop & Mitchell Avenue Alameda	730 Buena Vista Avenue Alameda
Site Size (SF)	27,650	12,502	112,385	96,268	448,755
Sale Date	4/16	11/15	3/13	9/12	3/12
Zoning	M-X Mixed-Use PD	CIX-2	M-2	M-2 PD	M-X Mixed-Use PD
Sale Price	\$385,000	\$2,380,000	\$2,500,000	\$12,279,362	\$2,172,800
Unadjusted Price/SF	\$31	\$21	\$26	\$27	\$31
Property Rights Appraised	0.0%	0.0%	0.0%	0.0%	0.0%
Financing/Conditions of Sale	0.0%	0.0%	20.0%	0.0%	0.0%
Adjusted Sale Price	\$385,000	\$2,380,000	\$3,000,000	\$12,279,362	\$2,172,800
Adjusted Price/SF	\$31	\$21	\$31	\$27	\$31
Market Conditions	0.0%	0.0%	25.0%	30.0%	30.0%
Price Adj for Mkt Conditions	\$31	\$21	\$39	\$36	\$40
Size	-5.0%	5.0%	5.0%	10.0%	5.0%
Location	0.0%	0.0%	0.0%	0.0%	0.0%
Commercial Appeal	0.0%	0.0%	-5.0%	0.0%	-5.0%
Functional Utility	-10.0%	-10.0%	-20.0%	-20.0%	-20.0%
Development Potential	-10.0%	0.0%	-10.0%	0.0%	-10.0%
Entitlements	0.0%	0.0%	0.0%	-15.0%	0.0%
Total Adjusted %:	-25.0%	-5.0%	-30.0%	-25.0%	-30.0%
Adjusted Unit Value/SF	\$23	\$20	\$27	\$27	\$28

commercial land has also been drawn upward by the generally improving economy and market conditions, as well as the steady upward trend in the residential market. Relative to the comparables, the subject reflects a relatively weak commercial location and a somewhat isolated residential location as it is severed from the Bayport development and surrounded on two sides by College of Alameda sports fields and facilities.

The M-X Mixed Use PD zoning is also considered a detriment for an individual site like the subject, as any development approvals will require a Master Plan preparation, submission and City Council approval.

Functionally, the subject site is below average, even when compared to the usable portion only that excludes the “bottle neck.” The generally triangular shape of the site is inherently less efficient than a more conventional square or rectangular site.

The adjustments to the comparables are summarized in grid format on the following page.

Land Sale 1 is a recent sale of a vacant site in Oakland, near the Fruitvale BART and I-880. While in general, Oakland is considered inferior to Alameda from a land value perspective, this site has superior freeway access and commercial appeal, overall. No adjustment is applied for location. The site is much smaller, supporting a slight downward adjustment. Functional utility is superior, due to its shape. The zoning is more flexible and it would be likely far easier to attain approvals as compared to the Master Plan process required for the subject. The net adjustment is downward, resulting in a unit value indication for the subject of \$23 per square foot of land.

Land Sale 2 is an industrially zoned site in a residential neighborhood that sold to a partial user for continued industrial use after the seller failed to obtain entitlements for a change to residential use. The subject’s location is considered slightly superior supporting an upward adjustment. The subject’s functional utility is considered inferior, supporting a more than offsetting downward adjustment. The net adjustment is downward slightly, to \$20 per square foot of land.

Land Sale 3 is the site of a former restaurant site that sold for conversion to a swim school. It is located in the subject’s immediate neighborhood, but has an industrial zoning. The seller appears to have accepted a somewhat below-market price for the property, and an upward adjustment is applied for this factor. Market conditions support a significant upward adjustment for this early 2013 sale. The site is somewhat larger than the subject, supporting a slight upward adjustment for size. The overall location is considered similar, but the comparable has superior commercial appeal. Significant downward adjustment is applied for both the shape of the subject, as well as the corner configuration of this comparable. Downward

adjustment for the development potential is supported, due to the subject's more onerous entitlement process due to its zoning. The net adjustment is downward, to \$27 per square foot of land.

Land Sale 4 is the site now improved with the new Target store in the Alameda Landing shopping center. The late 2012 date of sale requires upward adjustment for market conditions. The site size warrants upward adjustment. Downward adjustment is applied for both the shape of the site, which is more functional than the subject, as well as the dual corner configuration with frontage on three streets. No adjustment is necessary for development potential, as it has the same zoning as the subject. However, it was fully entitled at the time of sale, supporting additional downward adjustment. The adjusted unit value is \$27 per square foot.

Land Sale 5 is the allocated land value of a site that is improved with a former drug store building. Significant upward adjustment is indicated for the date of sale. The size of the comparable supports a slight upward adjustment. No adjustment is indicated for location, although commercial appeal is superior and a slight downward adjustment is applied for this factor. Functional utility is significantly superior, due to the four corners/street frontages of the comparable, and its more regular shape. The zoning is also considered more flexible, supporting additional downward adjustment. Any impact of the in-place, below-market lease to Rite Aid is considered to be offset by the ultimate redevelopment potential of the zoning (R-5), which permits residential and mixed-use development. The adjusted unit value is \$28 per square foot.

C. Value Conclusion

After adjustment, the comparables reflect a unit value range for the subject site of \$20 to \$28 per square foot of land area. The adjusted range is considered to fairly represent the range of likely sale price outcomes should the property be exposed to the market. A mid-range unit value of \$25 per square foot is concluded and used in this analysis. This unit value is applied to the estimated usable site area of 27,650 square feet. The resulting as-is land value is therefore estimated as follows:

27,650 Square Feet x \$25 per sq.ft. = \$691,250

Rounded: \$690,000

ADDENDA

Current Value: \$0. The Alameda Landing DDA is a successor to the initial DDA applicable to the Alameda Landing Project. Under the Alameda Landing DDA, no net cash payments are made to the Successor Agency in connection with the conveyance of property to Catellus as a result of 100% of the purchase price being credited in consideration of the substantial demolition and infrastructure costs to be incurred by Catellus to make the property suitable for development. Each time a conveyance occurs pursuant to the DDA, a calculation is performed to determine the resulting purchase price applicable to that conveyance parcel. The purchase price amount is then credited 100% toward demolition and infrastructure costs such that no cash is exchanged at conveyance. It was contemplated that the purchase price formula would be a factor in establishing an assessed value on the tax rolls. Excerpts of the DDA with respect to the purchase price formula and crediting of demolition and infrastructure costs are included as Attachment 4. The Successor Agency's real property interest in the Alameda Landing site is assumed to have minimal value given the contractual commitment encumbering the property and requiring conveyance to Catellus with no net cash payment for land.

3.7 Rental Income and Contractual Requirements for Disposition [H&S 34191.5(c) (1) (E)]

No lease or rental income. The majority of the site has been cleared for development and the Successor Agency does not have rights to temporary income generated by the former Navy warehouse structures that remain to be demolished. Upon transfer to the former CIC in 2001, the City retained rights to temporary income to offset service costs of the property until it is redeveloped (including property management, maintenance, security, utilities, etc.).

3.8 History of Environmental Contamination [H&S 34191.5(c) (1) (F)]

There is a history of environmental contamination on the property which has been addressed through remedial actions and land use controls, making the property suitable for development consistent with the plans described above. Contamination on the property was identified through investigations conducted by the U.S. Navy. Further investigations have been undertaken by Catellus. Regulatory oversight is provided primarily by the State Department of Toxic Substances Control. The following is an overview of the known environmental contamination and remedial actions undertaken:

- *Shallow Soil Contamination* – polychlorinated biphenyl (PCB), cadmium impacted soils, and lead were identified on the southern portion of the Alameda Landing site. Remedial actions were taken to remove areas of contaminated shallow soils for regulated offsite disposal. Remedial actions were determined to have successfully removed or reduced contamination to a level protective of human health and the environment and acceptable for suitable planned development.
- *Marsh Crust Contamination* – the marsh crust consists of a layer of historically contaminated sediments buried below approximately 10 to 20 feet of fill material. Contaminants have been found in sediments deposited in the marshlands and tidal flats

that existed prior to being buried under imported fill material as the FISC was being developed. Contaminants were determined to not cause unacceptable risk to health or the environment because their depth makes them generally inaccessible. Land use controls have been implemented to prohibit deep excavation unless proper precautions are first taken to protect health and safety of residents, workers, the environment, and to ensure that excavated materials are handled properly.

- *Groundwater Contamination* – A plume of benzene- and naphthalene-impacted groundwater was identified beneath the southeast corner of the property. Since groundwater is not used as a source of drinking water, the plume is not believed to be a threat to human health when remediation is complete. Remediation efforts have been undertaken including bio-sparging with soil vapor extraction⁵ and institutional controls.

Attachment 5 includes separate chronologies for the soil, marsh crust, and groundwater contamination excerpted from a Navy document which includes details regarding investigations undertaken, remedial action, and related milestones. In addition, Attachment 5 presents a Navy fact sheet on the groundwater contamination.

3.9 Transit Oriented Development and Planning Objectives [H&S 34191.5(c) (1) (G)]

Transit Oriented Development

The Alameda Landing Project incorporates elements of transit oriented development including a mixed-use pedestrian oriented environment accessible by transit. The project is accessible from existing AC Transit bus lines and the Oakland / Alameda Ferry to Downtown San Francisco. A shuttle to BART is a project requirement. The site has been designated as a Priority Development Area⁶.

Advancement of Planning Objectives of the Successor Agency

General Plan Policies – The proposed project is consistent with the City's General Plan policies for a mixed-use development on the site that provides commercial, residential and open space land uses. The project site is zoned Mixed Use Planned Development (MX). The MX Zoning District encourages the development of a compatible variety of land uses, which may include residential, retail, offices, recreational, entertainment, research oriented light industrial, water-oriented, or other uses.

⁵ Biosparging is the injection of air into groundwater to promote degradation of contaminants by microorganisms. Soil Vapor Extraction removes soil vapors by applying a vacuum to the soils through a series of wells.

⁶ Priority Development Areas are infill development opportunity areas which include housing, amenities, and services in a pedestrian-friendly environment served by transit. The areas are designated by FOCUS, a partnership of four Bay Area regional agencies.

ATTACHMENT 5: Environmental Contamination: Excerpts from U.S. Navy Documents

- a. Site Chronologies from Final Five Year Review
 - Alameda Point OU-5/FISCA IR Site 02 Groundwater
 - FISCA IR Site 02 Soil
 - Marsh Crust
- b. Fact Sheet: Remedial Action at OU-5/IR-02 Former Naval Air Station Alameda and FISCA

Final

FIVE YEAR REVIEW

**Alameda Point and Fleet and Industrial Supply Center
Oakland, Alameda Facility /Alameda Annex,
Alameda, California**

NAVFAC Southwest CLEAN IV Program

Contract Number: N62473-09-D-2622

Contract Task Order Number: 0021

Document Control Number: KCH-2622-0021-0007

Prepared for
**United States Department of the Navy (Navy)
Base Realignment and Closure (BRAC)
Program Management Office West**



September 2011

Prepared by



**CH2M HILL Kleinfelder,
A Joint Venture (KCH)**

REVIEW AND APPROVAL

Derek Robinson
BRAC Environmental Coordinator
Alameda Point and FISCA

SEPT. 28, 2011

Date

TABLE G-2
Site Chronology
Alameda Point OU-5/FISCA IR Site 02 Groundwater, 2011 Five-Year Review
Alameda, California

Site ID	Event Month	Event Year	Event	Event Comments
Alameda Point OU-5/ FISCA IR Site 02	--	1998	Preliminary Assessment Report, Naval Supply Center, Alameda Annex and Facility	Identified sites that posed risks to human health and the environment and identified areas where hazardous metals were stored, transferred, processed and disposed. Volatile organic compounds (VOCs) identified in groundwater.
Alameda Point OU-5/ FISCA IR Site 02	--	2001	Environmental Baseline Survey, Zone 16: Housing Zone, Parcels 178-184	Parcel by parcel inventory of property identified known or suspected releases associated with previous activities. Between 1994 and 1995, soil, soil gas and groundwater samples were collected as part of the Environmental Baseline Survey for the Site 25 parcels. VOCs were detected in soil gas, soil, and groundwater samples. Additional soil and groundwater sampling was recommended.
Alameda Point OU-5/ FISCA IR Site 02	--	2002	OU-5 Remedial Investigation	Characterized the nature and extent of contamination. Potential sources of groundwater contamination were identified. Vertical stratification of benzene in groundwater was also indicated.
Alameda Point OU-5/ FISCA IR Site 02	--	2001, 2002	TCRA for USCG North Housing and Estuary Park in IR Site 25	Addressed health risk from polycyclic aromatic hydrocarbon (PAH)-impacted soil by removing upper 2 feet of soil in areas with highest PAH concentrations. Soil was excavated in selected areas without hardscape to a depth of 2 feet below surface, orange plastic fencing was placed, and the soil was replaced with clean fill. A total of 38 trees were removed.
Alameda Point OU-5/ FISCA IR Site 02	--	1996, 1998	Two Removal Actions at IR Site 02	(1) Addressed lead and polychlorinated biphenyls (PCBs) in surface soil; and (2) addressed PCBs in subsurface soil near a sump. This was done by (1) excavating 80 cubic yards (cy) of PCB-impacted and 245 cy lead-impacted surface soil; and (2) excavating 84 cy of PCB-impacted soil near the sump.
Alameda Point OU-5/ FISCA IR Site 02	--	2001	Remedial Action for IR Site 02	Removed and disposed of off-site shallow soil contaminated with PCBs and cadmium to residential standards on the western one-third of the site, and to industrial standards on the eastern portion of the site. Approximately 16,000 tons of soil was excavated to depths ranging from 6 inches to 2 feet and disposed of off-site. Results of confirmation samples from excavations were below cleanup criteria.
Alameda Point OU-5/ FISCA IR Site 02	--	2004	Groundwater RI/FS, IR Site 25/ FISCA IR Site 02	Performed HHRA, identified ARARs, developed and evaluated remedial alternatives. HHRA indicated potential unacceptable risk from hypothetical groundwater ingestion pathway. Alternative analysis indicated Alternative 4 was most favorable.
Alameda Point OU-5/ FISCA IR Site 02	--	2004	TCRA at IR Site 30	Reduced exposure to shallow soil at school and child center areas. Excavated 5 foot by 5 foot area and installed cover materials (pavement, synthetic turf, liners) in uncovered areas.

TABLE G-2
Site Chronology
Alameda Point OU-5/FISCA IR Site 02 Groundwater, 2011 Five-Year Review
Alameda, California

Site ID	Event Month	Event Year	Event	Event Comments
Alameda Point OU-5/ FISCA IR Site 02	--	2004	IR Site 30 Soil Remedial Investigation	Evaluated soil and verified that contamination in the groundwater beneath IR Site 30 is consistent with the OU-5/IR Site 02 plume. Verified that contamination in the groundwater beneath IR Site 30 was consistent with the OU-5/IR Site 02 groundwater plume.
Alameda Point OU-5/ FISCA IR Site 02	--	2005	IR Site 31 Soil Remedial Investigation	Evaluated soil and evaluated if groundwater beneath IR Site 31 had characteristics consistent with the known contaminants of the OU-5/IR Site 02 groundwater plume; or if the data indicated a site-specific release has occurred and contributed unique contaminants to groundwater which are related specifically to previous IR Site 31 activities. Verified groundwater beneath IR Site 31 had characteristics consistent with the known contaminants of the OU-5/IR Site 02 groundwater plume.
Alameda Point OU-5/ FISCA IR Site 02	--	2002-2007	Basewide Groundwater Monitoring	Conducted groundwater sampling and analysis to (1) monitor the status of contaminant plumes in groundwater, (2) determine the potential for natural degradation, (3) determine the groundwater flow direction and gradients, and (4) identify locations where additional wells are needed and locations where existing wells can be abandoned. Select wells were identified for groundwater monitoring
Alameda Point OU-5/ FISCA IR Site 02	September	2007	ROD	The ROD established a cleanup goal of 1.0 µg/L for benzene in groundwater and 100 µg/L for naphthalene in groundwater. It also declared the selected remedial action to be biosparging with soil vapor extraction, nutrients/microorganism enhancement (as required), monitored natural attenuation, and institutional controls. After the cleanup goals are met, institutional controls can be terminated.

Note:

-- = No information available.

TABLE H-2
Site Chronology
FISCA IR Site 02 Soil, 2011 Five-Year Review
Alameda, California

Event Date	Event	Event Comments
Prior to 1920s	Site Development	The property occupied by Fleet & Industrial Supply Center Oakland Alameda Facility/Annex (FISCA), which includes IR Site 02, and surrounding area is undeveloped marshlands and tidal flats along the fringe of San Francisco Bay.
1925 to 1927	Site Development	The marshlands are covered with fill comprising sands and clays of unknown origin.
1920 to 1941	Site Development	The developed area is used as a commercial airport.
1941 to 1966	Site Development	U.S. Government purchases the property for use as a depot: 1941 – Alameda Facility 1966 – Alameda Annex
1964	Site Development	Command of Alameda Facility property transferred to Naval Supply Center (NSC) Oakland.
1980	Site Development	Alameda Annex property transferred to NSC Oakland.
Until 1998	Site Operations	The Defense Reutilization and Marketing Office (DRMO), in conjunction with NSC Oakland, operates a screening lot and temporary equipment storage area on the western portion of area known today as IR Site 02, and a scrap yard for temporary storage of discarded automobiles, stockpiling of scrap metal, and storage of surplus equipment on the eastern portion of IR Site 02.
April 14, 1987	Site investigation	A Site Investigation is conducted by the Navy at the area known as IR Site 02. The Site Investigation (SI) included review of aerial photographs, and collection and laboratory analyses of shallow soil samples from depths of 18 to 30 inches bgs. PCBs and cadmium were detected in soil samples. The SI identified four areas on the site as potential sources of contamination; these areas appeared to be associated with then-ongoing DRMO activities.
April 1, 1988	Preliminary Assessment (PA)	A PA is conducted at the area today known as IR Site 02. The PA did not collect or analyze soil samples, but reviewed available records, and included a site visit, and interviews with employees. The PA found that activities at this site may have impacted the environment, and recommended additional investigations.
December 1, 1992	Resource Facility Assessment (RFA)	The California Environmental Protection Agency (Cal/EPA), DTSC conducts a Resource Conservation and Recovery Act (RCRA) RFA at FISCA. The RFA identified four solid waste management units (SWMUs). The screening lot and scrap yard area used by DRMO was designated as SWMU 1 (today known as IR Site 02), and was recommended for additional investigation.

TABLE H-2
Site Chronology
FISCA IR Site 02 Soil, 2011 Five-Year Review
Alameda, California

Event Date	Event	Event Comments
January 1, 1996	Final Remedial Investigation (RI)	Final RI report for FISCA is issued. The RI reported that site-use related soil contamination had been limited in general to the upper one foot of soil, and designated three specific areas within SWMU 1 (IR Site 02) as candidates for interim remedial action. The shallow soils within SWMU 1 appeared to have been impacted by the screening lot and scrap yard activities, and included PCBs and cadmium. The RI recommended that SWMU 1 be further considered in a Feasibility Study (FS) with respect to soil contamination and potential remedial action alternatives because of potential human health concerns associated with the source and extent of the chemicals identified in shallow site soils, and because of the need for further evaluation of potential human health and ecological risk concerns that may be posed by these chemicals. The Water Board and the DTSC identified interim cleanup goals for PCBs in soil as one milligram per kilogram (mg/kg).
June 20, 1996	Removal Action	First Removal Action – Involved removal of surface soils near Building 366, that was once located on the eastern portions of IR Site 02. About 80 cubic yards of surface soils with PCB concentrations up to 140 mg/kg were removed from an area west of Building 366 and disposed off-site, achieving the interim cleanup goal for PCB.
June 6, 1998	Removal Action	Second Removal Action – About 84 cubic yards of surface soils with PCB concentrations up to 29 mg/kg were removed from an area in the south-central portions of IR Site 02 next to a railroad track, and disposed offsite, achieving the interim cleanup goal for PCB.
September 30, 1998	Site Closure	FISCA is closed under the Base Realignment And Closure (BRAC) Act of 1990.
January 22, 1999	FS	Final FS Report for FISCA is issued. The FS developed, screened and evaluated potential remedial actions that could be implemented at IR Site 02 as a means for reducing human health risks that may be posed by the chemicals of concern that the RI identified in IR Site 02 shallow soils. At the request of the regulatory agencies, the FS recalculated risks for some of the chemicals of concern in IR Site 02 shallow soils on account of receiving new data since the original human health risk assessment (HHRA). PCBs and cadmium in shallow soils of IR Site 02 were retained as the chemicals of concern and targeted for remediation.
January 31, 1999	Remedial Design	Design basis report for removal of contaminated surface soils at IR Site 02 is issued. The report presented the design basis for remedial action, and presented alternative methods for defining the limits of contaminated shallow soils that exceed the cleanup goals and as such that would be removed under the remedial action.
July 17, 2000	Environmental Restrictions in place.	Navy and the City of Alameda execute a "Quitclaim Deed and Environmental Restrictions Pursuant to California Civil Code Section 1471 for FISC Alameda" wherein the Navy transfers the FISCA, which includes IR Site 02, to the City of Alameda. Interim restrictions for IR Site 02 state that the site shall not be used for residential purpose and construction activities shall not begin until the Navy and the DTSC have been properly remediated and that the Navy has recorded a release terminating these Interim Restrictions.

TABLE H-2
Site Chronology
FISCA IR Site 02 Soil, 2011 Five- Year Review
Alameda, California

Event Date	Event	Event Comments
July 17, 2000	Interim Covenant to Restrict Use of Property execution	Navy and DTSC execute an "Interim Covenant to Restrict Use of Property (Environmental Restriction)" for the Fleet and Industrial Supply Center, Alameda Annex, which includes IR Site 02, wherein the use of IR Site 02 is restricted on an interim basis to protect human health and the environment. The Covenant anticipates that some or all of its Interim Restrictions may become unnecessary after adequate investigation and remediation of IR Site 02.
April 2, 2001	Proposed Plan (PP) for Site Remediation	Navy issues its PP for remediating PCB and cadmium impacted shallow soil at IR Site 02 and invites public input into selection of the final remedy. The PP presented six potential remedial action alternatives and identified the preferred remedy as Alternative 4 – Excavation and Offsite Disposal and Land Use Controls (LUCs).
May 9, 2001	Remedial Design (RD)	Final RD for removal of PCB and cadmium impacted shallow soil at IR Site 02 based on the conclusions of the design basis report is issued.
May 14, 2001- May 22, 2001	Remedial Action Activities	Final remedial activities begin at IR Site 02 – the site is surveyed and divided into grid squares, surface soil is sampled as defined in the FSP/QAPP. Soil sampling is completed.
June 25, 2001	Remedial Action Plan/ Record of Decision (RAP/ROD)	The Navy and the State of California (DTSC and Water Board) sign the RAP/ROD. The RAP/ROD states that consistent with and supported by the Final FS of January 1999 for IR Site 02 soil, the Navy and the DTSC, with the concurrence of the Water Board, have selected excavation of IR Site 02 shallow soil containing PCBs and cadmium in concentrations exceeding cleanup goals, and disposal of the excavated soil in a permitted offsite landfill. According to the RAP/ROD, the western approximately one-third of IR Site 02 would be developed for residential use and the eastern approximately two-thirds of IR Site 02 would be developed for industrial and commercial use. Selected residential use cleanup goal for PCBs is one part per million (ppm), and for cadmium it is 12 ppm. Selected industrial use cleanup goal for PCBs is two ppm, and for cadmium it is 450 ppm. The RAP/ROD states that upon completion of the remedial action, the Interim Restrictions prohibiting residential use of IR Site 02 established in the Quitclaim Deed for FISCA dated July 17, 2000 shall be released for the western one-third of IR Site 02, which is the planned residential portion of IR Site 02, but will be retained for the eastern two-thirds of IR Site 02. The RAP/ROD further states that the Interim Covenant executed with the DTSC, dated July 17, 2000, shall release its restrictions for the western one-third of the IR Site 02 which is the residential portion of IR Site 02. The Covenant restrictions shall continue to be in effect for the eastern two-thirds of Site IR-02 which is the industrial and commercial portion of IR Site 02.
July 5, 2001- November 5, 2001	Remedial activities	Remedial soil removal activities begin.
April 23, 2002	Site Management Plan (SMP)	SMP for IR Site 02 is issued by Catellus Development Corporation, the developer of the former FISCA. The SMP provides guidelines and the means for redevelopments of IR Site 02 in a manner protective of the health and safety of site workers, future site residents, nearby residents, and the environment. Regulatory oversight of implementing this SMP would be provided by the DTSC and the City of Alameda.

TABLE H-2
Site Chronology
FISCA IR Site 02 Soil, 2011 Five-Year Review
Alameda, California

Event Date	Event	Event Comments
February 27, 2004	Site Management	DTSC accepts that the remedies selected for PCB and cadmium impacts shallow soils of IR Site 02 have been suitably implemented.
May 10, 2005	Five-Year Review	First Five-Year Review begins.
May 10, 2005- -- June 24, 2005	Site Inspection	Site inspection for first five-year review conducted.
May 10, 2005 -- June 24, 2005	Five-Year Review interviews	Interviews for first Five-Year Review took place.
July 10, 2006	Five-Year Review	Final Five-Year Review report for PCB and cadmium impacted shallow soils of IR Site 02 is issued.
April -- May 2006	Five-Year Review Fact Sheet	Fact sheet for the first Five-Year Review report for PCB and cadmium impacted shallow soils of IR Site 02 is issued.
April -- May 2006	Five-Year Review Public Notice	Public Notice for the first five-year review report for PCB and cadmium impacted shallow soils of IR Site 02 is issued.
April 2008	LUCs	Draft LUC RD being prepared. This LUC RD document pertains to the former FISCA IR Site 02 in Alameda, California. This LUC RD identifies and describes the institutional controls (ICs) in effect at FISCA IR Site 02 and the responsibilities of the stakeholders (the Navy, the City of Alameda, regulatory agencies, developers, and ultimately the transferees) in LUC implementation actions such as enforcement, inspections, and reporting. The institutional control remedy is associated with soils containing PCBs and cadmium in the eastern portion of FISCA IR Site 02.

Notes:

-- = No information available.

TABLE I-2
Site Chronology
Marsh Crust, 2011 Five-Year Review
Alameda, California

Site ID	Event Date	Event	Event Comments
Marsh Crust	Prior to 1920s	--	The properties occupied by FISCA, Alameda Point, and surrounding area exist as undeveloped marshlands and tidal flats along the fringe of San Francisco Bay.
Marsh Crust	1920s - 1930s	--	The marshlands are covered with sand and clay fill of undocumented origin.
Marsh Crust	1920s - 1940s	--	The developed Alameda Facility area is used as a commercial airport.
Marsh Crust	1930	--	The Army acquires the western tip of Alameda Island from the City of Alameda and begins construction.
Marsh Crust	1936	--	The Navy acquires title to the land from the Army and begins building Naval Air Station (NAS) Alameda in response to the military buildup in Europe before World War II. This construction involves filling the natural tidelands, marshes, and sloughs between the Oakland Inner Harbor and the western tip of Alameda Island.
Marsh Crust	1941	--	The Navy acquires more land west of the installation after the U.S. enters World War II.
Marsh Crust	1941 (Alameda Facility)	--	US Government purchases the Alameda Facility property for use as a depot.
Marsh Crust	1945	--	After the end of World War II, the NAS Alameda continued its primary mission of providing facilities and support for fleet aviation activities. While it operated as an active naval base, the installation provided berthing for Pacific Fleet ships and was a major center of naval aviation.
Marsh Crust	1964	--	Command of Alameda Facility property transferred to Naval Supply Center (NSC) Oakland.
Marsh Crust	1966 (Alameda Annex)	--	US Government purchases the Alameda Facility property for use as a depot.
Marsh Crust	1980	--	Alameda Annex property transferred to NSC Oakland.
Marsh Crust	1980's	--	Navy begins investigating sites under the Installation Restoration (IR) Program.
Marsh Crust	April 14, 1987	A Site Investigation is conducted for Alameda Annex.	--

TABLE I-2
Site Chronology
Marsh Crust, 2011 Five-Year Review
Alameda, California

Site ID	Event Date	Event	Event Comments
Marsh Crust	April 1, 1988	A Preliminary Assessment (PA) is conducted for Alameda Annex.	--
Marsh Crust	1993	--	NAS Alameda is identified for closure under BRAC.
Marsh Crust	January 1, 1996	Final Remedial Investigation report for FISCA is issued.	Soil samples were collected during the RI from the Marsh Crust in and around FISCA IR Site 02.
Marsh Crust	June 1, 1996	--	NAS Alameda issues a History & Geology Fact Sheet.
Marsh Crust	April 30, 1997	--	NAS Alameda ceases all naval operations, in preparation for returning the land to the City of Alameda.
Marsh Crust	September 30, 1998	--	FISCA is closed under the BRAC Act of 1990.
Marsh Crust	December 1, 1999	Draft Finding of Suitability for Early Transfer (FOSET)	The FOSET of FISCA to the City of Alameda is issued. The FOSET states that the property transfer will include several interim measures to prevent unacceptable exposure to risks identified for the property, including requiring contractors excavating Marsh Crust soil to prepare soil management plan which describe how excavated soil will be stored, tested, and disposed.
Marsh Crust	March 23, 1999; June 28, 1999; August 9, 1999	RI	RI Reports are issued for Alameda Point Operable Unit (OU)-1, OU-2, and OU-3, which overly the Marsh Crust.
Marsh Crust	February 15, 2000	Marsh Crust Ordinance	The City of Alameda issues its Marsh Crust Ordinance No. 2824, providing standards and procedures to be followed for excavation and pile driving in the Marsh Crust area.
Marsh Crust	March 31, 2000	Final Feasibility Study	FS report for the 'Marsh Crust at Alameda Annex and Alameda Point' is issued.
Marsh Crust	May 25, 2000	Removal Action Work Plan	DTSC approved a Removal Action Work Plan for Marsh Crust at East Housing Area.

TABLE I-2
Site Chronology
Marsh Crust, 2011 Five-Year Review
Alameda, California

Site ID	Event Date	Event	Event Comments
Marsh Crust	June 1, 2000	Proposed Plan (PP)	Navy issues PP for the Marsh Crust at 'Alameda Annex and Alameda Point'. The Navy states in the PP that its preferred remedial alternative is LUCs that would require that proper procedures are followed to excavate soil that would reach the underlying Marsh Crust. The PP also states that the Navy would conduct a review after five years of implementing this remedy to ensure (a) compliance with the LUCs, as required by CERCLA and (b) that the land underlain by the Marsh Crust could be available for residential or industrial use after this remedy is implemented.
Marsh Crust	June 6, 2000	--	The Navy and the ARRA enter into a 'Lease in Furtherance of Conveyance (LIFOC) for Former Naval Air Station Alameda.' The LIFOC addresses Economic Development Conveyance (EDC) parcels, Public Benefit Conveyance (PBC) parcels, federal parcels, and three non-EDC, -PBC, or -federal parcels. Potential digging restrictions subject to negotiation with the ARRA, ICs, and/or land use restrictions are placed on most of the parcels.
Marsh Crust	July 17, 2000	--	The Navy and the City of Alameda execute a 'Quitclaim Deed and Environmental Restrictions Pursuant to California Civil Code Section 1471 for FISC Alameda' wherein the Navy transfers FISC to the City of Alameda with environmental restrictions placed on the use of the property. The City of Alameda agrees that it will comply with the Marsh Crust Ordinance No. 2824 regarding excavation into the Marsh Crust at the former Alameda Point, and the Alameda Annex.
Marsh Crust	July 17, 2000	--	The Navy and ARRA execute a 'Quitclaim Deed and Environmental Restrictions Pursuant to California Civil Code Section 1471 for East Housing Portion of NAS Alameda,' wherein the Navy transfers Alameda Point property to the ARRA with environmental restrictions placed on use of the property. The ARRA agrees that it will comply with the Marsh Crust Ordinance No. 2824 regarding excavation into the Marsh Crust.

TABLE I-2
Site Chronology
Marsh Crust, 2011 Five-Year Review
Alameda, California

Site ID	Event Date	Event	Event Comments
Marsh Crust	July 17, 2000	--	The ARRA and DTSC execute a 'Covenant to Restrict Use of Property (Environmental Restrictions), FISCA, and Alameda Point East Housing, Alameda, California.' Use of the property is restricted to protect human health and the environment. Covenant requires that its restrictions be incorporated into each and all deeds, leases, and subleases of any portion of the property.
Marsh Crust	September - November 2000	--	The Navy issues its Quarterly Report for Alameda Facility and Alameda Annex. The report provides the activities completed for the property in connection with the Marsh Crust investigations.
Marsh Crust	November 9, 2000	--	The Navy issues the Draft Final SMP for FISCA, describing the Marsh Crust and related issues.
Marsh Crust	February 2, 2001	Remedial Action Plan/Record of Decision	The Navy and the State of California sign the Marsh Crust and former subtidal area RAP/ROD. The RAP/ROD states that based on the results of the remedial investigations conducted, the Navy and DTSC, with the concurrence of USEPA and Water Board, have selected LUCs for the Marsh Crust. According to the RAP/ROD, the selected remedy addresses principal threats by restricting future use occupants from excavating into the Marsh Crust and deposits from the former subtidal area. Proper procedures would be required to be used to ensure that workers are not exposed and that the contaminated materials brought to the surface are properly disposed of. The RAP/ROD further states that the remedy of ICs consists of three tiers of LUCs: Environmental Restrictions in Deed with the City of Alameda (July 17, 2000); Covenant to Restrict Use of Property between DTSC and the City of Alameda (July 17, 2000); and the Marsh Crust Ordinance enacted by the City of Alameda (February 15, 2000).
Marsh Crust	February 13, 2001	--	USEPA issues its letter to the Navy agreeing with the selection of LUCs as the established remedy for Marsh Crust.
Marsh Crust	April 23, 2002	--	An SMP is issued by Catellus Development Corporation, the developer of FISCA and the Alameda Point East Housing Area. The Catellus SMP, issued under Marsh Crust Ordinance No. 2824, provides guidelines and the means for redevelopment of these sites in

TABLE I-2
Site Chronology
Marsh Crust, 2011 Five-Year Review
Alameda, California

Site ID	Event Date	Event	Event Comments
			a manner protective of the health and safety of site workers, future site residents, nearby residents, and the environment. Ordinance No. 2824 regulates excavations into the Marsh Crust and handling of materials excavated from below the Marsh Crust threshold depths. Regulatory oversight of implementing this SMP would be provided by DTSC and the City of Alameda.
Marsh Crust	January 1, 2005	--	Navy issues its 'Final Site Management Plan Update for Alameda Annex'. It states that the final RAP/ROD for the Marsh Crust at Alameda Annex and Alameda Point was signed in February 2001, and that the remedy is LUCs including environmental deed restrictions, a covenant to restrict use of the property and Marsh Crust Ordinance 2824 that requires excavation permits and soil management plans for excavations to depths beyond the threshold depths identified in the ordinance.
Marsh Crust	May 2005 - April 2006	First Five-Year Review	Concluded remedy in place was protective.

Notes:
-- = no information available.

FACT SHEET



Remedial Action at OU-5/IR-02 Former Naval Air Station Alameda and FISCA

Alameda, California

October 2008

INTRODUCTION

The Navy is proceeding with the selected remedial action (cleanup) for groundwater at Operable Unit (OU)-5/Installation Restoration (IR) Site-02, Alameda Point and Fleet and Industrial Supply Center Oakland, Alameda Facility/Alameda Annex (FISCA), Alameda, California. Treatment systems will be installed in portions of Marina Village Housing, Shinsei Gardens,

North Village Housing, and the area to the east of Island High School. This fact sheet describes the scope of the groundwater remediation being conducted to reduce the benzene and naphthalene in site groundwater.

The site is safe for children, residents, and others. There are no drinking water wells in this area, and water service to the homes and other buildings is provided by the East Bay Municipal Utility District. The groundwater remediation will address potential long-term risks, including if the groundwater were to be used in the future.

The site will be secured and control measures implemented so that public safety is maintained throughout the construction of the groundwater treatment system. Because North Village Housing is vacant, some roads, such as Kollman Circle, will be closed to traffic in the remediation area. Construction activities will begin in mid-October 2008 and are scheduled to continue until approximately July 2009.

The Navy is conducting environmental actions at OU-5 on Alameda Point and IR-02 on FISCA in accordance with the Comprehensive Environmental Response, Compensation, and Liability Act. After completing a remedial investigation, the Navy conducted a feasibility study in 2004 to evaluate remedial alternatives for OU-5/IR-02. The Proposed Plan described the preferred alternative and solicited public

Regulatory Agencies Concur on ROD

The Navy and its cleanup partners, the U.S. Environmental Protection Agency, the California Department of Toxic Substances Control, and the San Francisco Bay Regional Water Quality Control Board, concurred with the selected remedy presented in the Record of Decision, which was finalized in August 2007.

comments in the remedy selection process. Comments from the public and regulatory agencies were incorporated into the Record of Decision (ROD), which describes the selected remedy.

The selected remedy consists of biosparging with soil vapor extraction (SVE), as required, monitored natural attenuation, and land use restrictions. Biosparging is the injection of air into groundwater to promote degradation of contaminants by microorganisms. SVE is removal of soil vapors by applying a vacuum to the subsurface using a series of wells. These technologies are safe for the residents and public. Monitored natural attenuation consists of monitoring (sampling) the groundwater to track the natural attenuation (breakdown) of contaminants in the groundwater because of the naturally occurring microorganisms.

PROJECT CONTACTS

If you have any questions or concerns about environmental activities, please feel free to contact any of the project representatives:

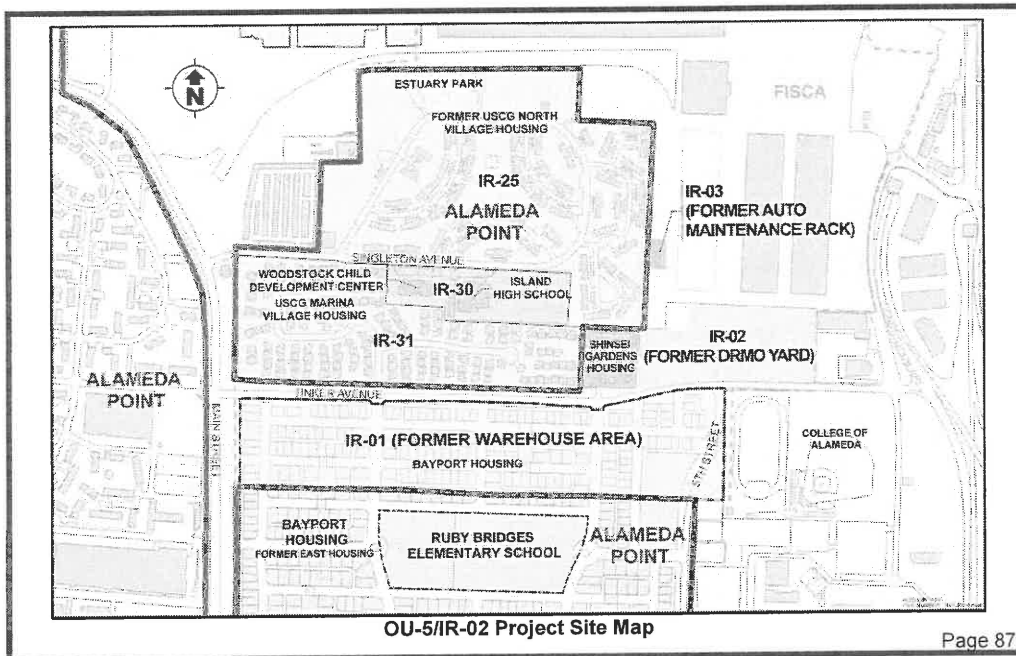
Mr. George Patrick Brooks
BRAC Environmental Coordinator
Department of the Navy
BRAC Program Management
Office West
1455 Frazee Road, Suite 900
San Diego, CA 92108-4310
(619) 532-0907

Ms. Anna-Marie Cook
U.S. Environmental Protection
Agency, Region IX
75 Hawthorne Street
San Francisco, CA 94105-3901
(415) 972-3029

Ms. Dot Lofstrom
Department of Toxic Substances
Control
8800 Cal Center Drive
Sacramento, CA 95826-3200
(916) 255-6449

Mr. Marcus Simpson
Department of Toxic Substances
Control – Public Participation
Specialist
8800 Cal Center Drive
Sacramento, CA 95826-3200
(916) 255-6683

Mr. John West
San Francisco Bay Regional Water
Quality Control Board
1515 Clay Street, Suite 1400
Oakland, CA 94612
(510) 622-2438



OU-5/IR-02 Project Site Map

SITE HISTORY

Naval Air Station Alameda was an active military installation from the 1930s to the 1990s providing facilities and support for fleet aviation activities. OU-5/IR-02 is located in the northeastern portion of Alameda Point, to the east of Main Street.

OU-5/IR-02 includes an area of benzene- and naphthalene-impacted groundwater within Alameda Point and FISCA. As shown on the project site map, OU-5/IR-02 is composed of a portion of IR-25 (former United States Coast Guard [USCG] North Village housing, Estuary Park); IR-30 (Island High School and the Woodstock Child Development Center); IR-31 (USCG Marina Village residential housing); FISCA IR-01 former warehouse area (current Bayport housing); FISCA IR-02 former screening lot, scrap yard, and equipment storage area (western portion currently being developed as Shinsei Gardens housing); and FISCA IR-03 (former automotive drive-up maintenance rack).

INVESTIGATION RESULTS

Pre-design sampling conducted in 2007 provided information for the design and better defined the boundary of the area of groundwater contamination, referred to as the groundwater plume. The groundwater plume is approximately 2,900 by 800 feet, as shown on the groundwater plume map. The remediation will address potential long-term risks, including if the groundwater were to be used in the future.

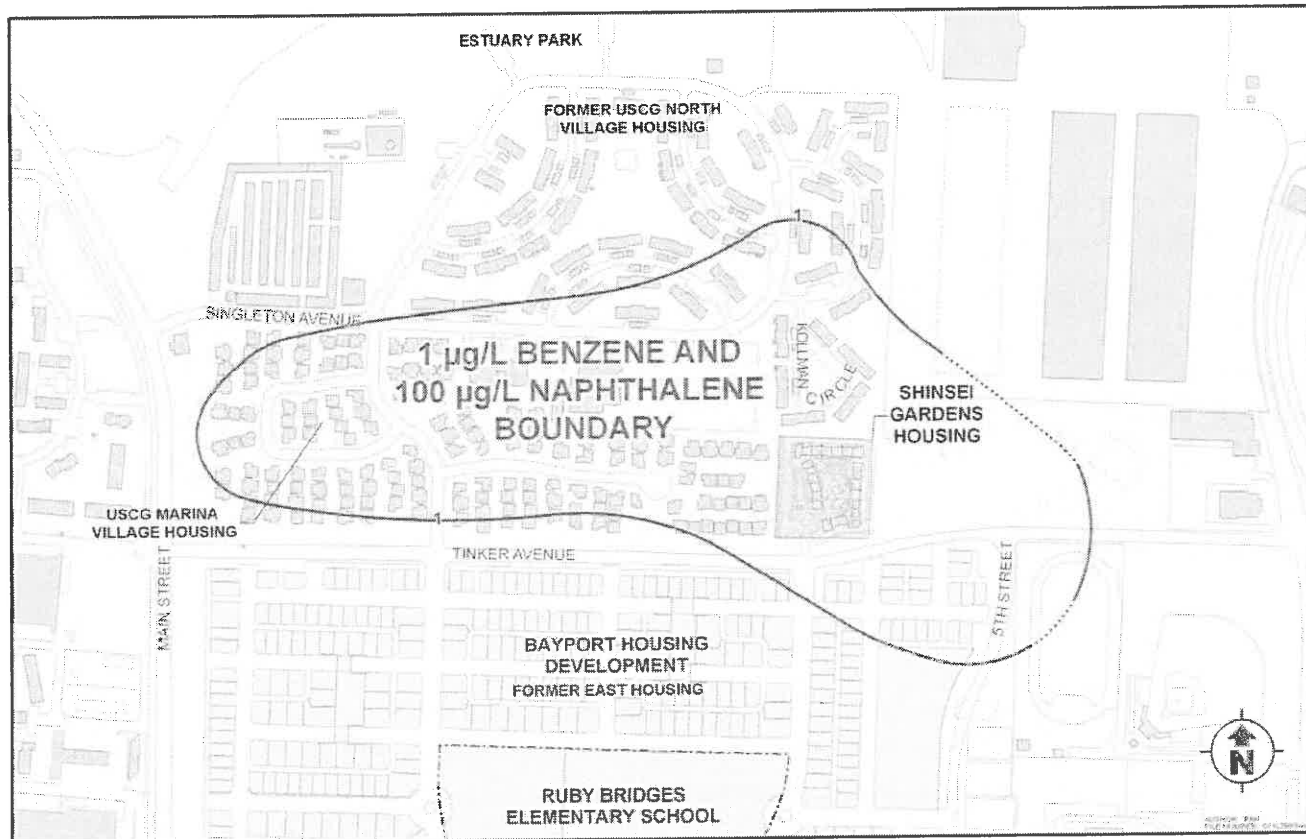
CLEANUP ACTION

The selected remedy consists of biosparging with SVE, as required, monitored natural attenuation, and land use restrictions to limit exposure of future landowner(s) and/or user(s) of the property

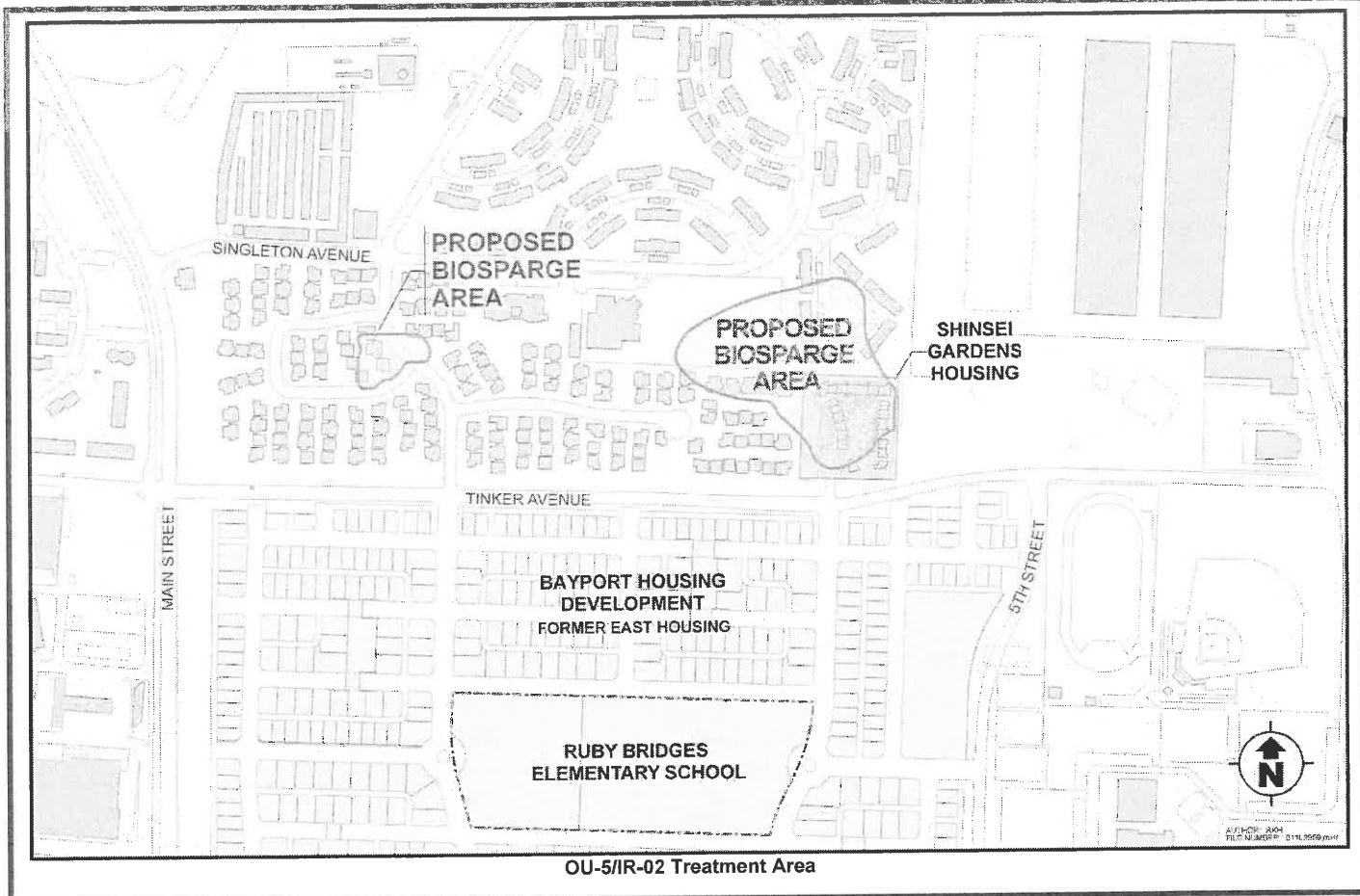
to contaminated groundwater and to maintain the integrity of the remedial action until remediation is complete. The goal of the selected remedy is to reduce benzene and naphthalene to the risk-based remedial goals of 1 and 100 parts per billion, respectively.

Biosparging increases dissolved oxygen in groundwater to enable naturally occurring microorganisms to break down benzene and naphthalene. SVE wells will help capture vapors potentially generated during biosparging, as necessary. Monitored natural attenuation, where naturally occurring organisms break down the contaminants, also is a component of the selected remedy. Historical data indicate that natural attenuation is occurring. Land use restrictions will be implemented and will remain in place until remediation is complete.

Treatment systems will be installed in the two areas within the groundwater plume that have the highest benzene and naphthalene concentrations to maximize removal of the contaminants. The full-scale biosparge/SVE treatment system will cover approximately 6 acres as shown on the Treatment Area figure. This area includes portions of Marina Village Housing, Shinsei Gardens, North Village Housing, and an area to the east of Island High School. The construction will include drilling, installation of wells, trenching, and installation of piping and other equipment. The full-scale system will consist of over 300 biosparge wells on approximately 20-foot centers, 15 SVE wells, and 6 new monitoring wells. The remediation system in Marina Village Housing and Shinsei Gardens will be installed underground, so residents will not be inconvenienced. During the installation of the treatment system, site security and traffic control measures will be implemented to ensure health and safety in the work areas.



OU-5/IR-02 Groundwater Plume



TRAFFIC IMPACTS

The most significant traffic impact will occur during system installation in the Marina Village Housing Area (smaller of the two treatment areas). Well and piping installation (trenching across streets, driveways, and sidewalks) will require temporary lane and sidewalk closures. A traffic control plan will be in effect during system installation to safeguard the public and to minimize the temporary traffic impacts. Traffic impacts are not anticipated during system installation east of Island High School (the larger of the two treatment areas). North Village Housing is vacant, and some of the roads will be closed to traffic in the remediation area. The Shinsei Gardens housing will be under construction during system installation in this area. Measures will be implemented so that public safety is maintained throughout the construction for the groundwater treatment system. Once system installation is complete, operation of the treatment system will not have an impact on traffic.

PROJECT SCHEDULE

The treatment system construction will begin in mid-October 2008 and is scheduled to continue until approximately July 2009. The treatment system is planned to be operated for at least 2 years.

Qualifications of Timothy P. Runde, MAI, LEED AP

California Certified General Real Estate Appraiser No. AG011358

EXPERIENCE & EDUCATION

Tim Runde, MAI, LEED AP, is the President of Runde & Partners, Inc., a full-service real estate appraisal and consulting company headquartered in San Francisco, California. Prior to forming Runde & Partners, Tim was a Partner with Carneghi and Partners, Inc. in the San Francisco office.

Tim has over 25 years of commercial real estate appraisal experience encompassing a wide range of property types, including commercial office, industrial, retail and multi-family assignments. In addition, he has developed expertise in advanced practice areas including condemnation, intangibles, leaseholds, and sustainable, green and high-performance buildings. He regularly provides litigation support and has served as an expert witness in a variety of settings including California Superior Court, U.S. Bankruptcy Court, arbitration, mediation and ad valorem tax appeal proceedings.

Tim received a Master of Science in Real Estate Appraisal and Investment Analysis degree from the University of Wisconsin under the direction of Dr. James Graaskamp. While studying there, he was awarded a Hollander Fellowship with the Wisconsin Housing and Economic Development Authority and worked as a project manager with a national real estate developer.

PUBLICATIONS

Real Property Insights, Volume 22, No. 2, 2015, *Linking Sustainable Improvements to Retail Real Estate Value*

The Appraisal Journal, Spring 2015, *Net Zero Energy Buildings: An Introduction for Valuation Professionals*

The Journal of Sustainable Real Estate (JOSRE), Volume 2, No. 1, 2010, *Integrating Sustainability and Green Building into the Appraisal Process*

TEACHING

Appraisal Institute Instructor
Appraisal Institute Course Reviewer

SPEAKING***Appraisal Institute - National***

- **Appraisal Institute National Conference**
 - July 2015, Dallas, *Green Features – Coming Soon to a Building Near You*
 - August 2014, Austin, *Valuing Net Zero Energy Buildings*
 - August 2012, San Diego, *Cracking the Code on Green Building Rating Systems*
- **Appraisal Institute Webinar**
 - October 2015, *Benchmarking Building Performance*
 - February 2015, *Valuing Net Zero Energy Buildings*

Appraisal Institute - NorCal Chapter

- **Fall Conference;** October 2015, San Francisco, *Developing Green*
- **Fall Conference;** September 2014, San Francisco, *Green Building: Risks & Opportunities*
- **Spring Conference;** March 2014, Modesto, *Green Residential Issues*
- **Fall Conference;** November 2013, San Francisco, *NZE Buildings: Fantasy or Reality?*
- **Fall Conference;** November 2012, San Francisco, *New Building Trends and Technologies*
- **Fall Conference;** November 2012, San Francisco, *New Building Trends/Technologies*
- **Fall Conference;** October 2011, San Francisco, *Case Studies in Green Valuation; Appraising Green Residential Properties*
- **Fall Conference;** October 2010, San Francisco, *Sustainability – Beyond Green Building; Case Studies in Green Building Valuation*
- **Webinar;** December 2010, *Is Green the New Brown for Appraisers? 5 Lessons from the Field*
- **Quarterly Workshop;** November 2010, *Green Building Valuation*
- **GGBC Seminar;** April 2010, San Francisco, *Integrating LEED into the Appraisal Process*

Institute for Professionals in Taxation (IPT)

- **Healthcare Property and Sales Tax Seminar:** April 2012, Nashville,
 - *Case Studies in Highest and Best Use Analysis of Health Care Properties*
 - *Fundamentals of Highest and Best Use, Economic Life and Depreciation for Health Care Properties*

United States Green Building Council (USGBC)

- **Greenbuild International Conference;** November 2015, Washington DC, *An Insider's Guide to Optimizing the Value of NZE Properties*
- **Greenbuild International Conference;** November 2012, San Francisco, *Valuing LEED Buildings: Making the Most of What Matters*
- **USGBC Los Angeles Chapter Webinar;** April 2011, *Valuing Green Real Estate*

International Right of Way Association (IRWA)

- **IRWA Chapter 42 Spring Conference;** April 2016, San Jose, *Eminent Domain Issues for High-Performance Properties*

International Living Future Institute (ILFI)

- **Living Future 2015 Conference;** April 2015, Seattle, *Real Estate Finance and Appraisal*

Buildings New York

- **BuildingsNY Conference;** March 2011, New York City, *Effectively Valuing and Marketing Green Real Estate*
- **BuildingsNY Conference;** June 2010, New York City, *What We See When You Say Green*

PROFESSIONAL OUTREACH

Board Member – Appraisal Institute Northern California Chapter, 2016 – 2017

Conference Chair – **Appraisal Institute Fall Conference**, Northern California Chapter of the Appraisal Institute. 2014

Planning Committee Member – **Appraisal Institute Fall Conference**, Northern California Chapter of the Appraisal Institute. Served 2009 - 2015

Task Force Member, Residential Energy Conservation Ordinance, City of San Francisco Department of the Environment, 2014 -2015

Mentoring, University of Wisconsin-Madison - Wisconsin Real Estate Mentorship Program, 2013 – 2014

Article Peer Reviewer – *The Appraisal Journal* and *International Journal of Strategic Property Management*, 2013 – present

Subject Matter Expert: Valuation of Green Buildings – Background Competence, The Appraisal Foundation. Served 2012 – 2013

Expert Panelist, Department of Energy, Building America Experts Meeting – San Francisco, June 2011

Committee Member – Green the MLS, Build It Green, Served 2010

PROFESSIONAL AFFILIATIONS & STATE CERTIFICATION

MAI Designation: No. 10770, Appraisal Institute

State of California Certified General Real Estate Appraiser No. AG011358

LEED Accredited Professional – BD&C, United States Green Building Council (USGBC)

Appraisal Institute Professional Development Programs

- *Valuation of the Components of a Business Enterprise*
- *Valuation of Sustainable Buildings*



Runde & Partners, Inc.
Real Estate Valuation and Consulting

February 13, 2019

Ms. Nanette Mocanu
Assistant Community Development Director
City of Alameda
2263 Santa Clara Avenue, Room 120
Alameda, CA 94501
510-747-6886
NMocanu@alamedaca.gov

Re: 19-106, Letter Addendum to 16-205
2350 Fifth Street (Bottle Parcel)
Alameda, California

Dear Ms. Mocanu:

At your request and authorization, Runde & Partners, Inc. has prepared a letter addendum to the appraisal report previously prepared by Runde & Partners, Inc. identified as our file no. 16-205 that was prepared for The City of Alameda in July 2016. That report is incorporated herein by reference. The subject property appraised is located at 2350 Fifth Street in the City of Alameda, Alameda County, California. The site is commonly referred to as the "Bottle Parcel," owing to its irregular shape. The irregular shape is due to the remnant nature of the subject parcel, which resulted when Fifth Street was re-aligned in connection with the residential development to the south on a portion of the former Naval air base. The site is identified by the Alameda County Assessor as APN: 074-1356-023. The site contains approximately 35,556 square feet (0.82 acres) of gross land area. However, due to the highly irregular configuration of the site, the usable area is estimated at approximately 27,650 square feet (0.63 acres). The site is currently vacant and unimproved except for some paving and perimeter fencing.

The purpose of this appraisal is to update the original appraisal report estimate of the as-is market value of the fee simple interest in the subject property, reflecting any changes to the property or the market that has occurred since the date of the original report. The intended use/user for which this appraisal was contracted remains the same as for the original report: it is for the exclusive use by Ms. Nanette Mocanu/City of Alameda Community Development Department for assistance with decisions regarding the potential disposition of the property. ***This report should not be used or relied upon by any other parties for any reason.***

Since the date of the original appraisal report, the subject site has been marketed for sale. There is reportedly an interested buyer who has agreed to pay the previously appraised value of \$690,000 but is requesting a credit for the cost of providing public utility service including electricity, gas, water/sewer, and fire protection water service to the site. At the time of the original appraisal,

these public utilities were represented to be in place. However, according to information that has since been provided, municipal utility service does not extend along the subject's street frontage on Fifth Street. Instead, a new joint utility trench is required that would connect to existing utility lines approximately 436 feet to the north, at the intersection of Willie Stargell Avenue. This is an atypical cost for a buyer/owner of a site such as the subject that is otherwise fully improved with urban site improvements including curbs, gutters, sidewalks and street lighting. In otherwise fully developed areas such as this, private property owners are typically expected to pay the cost of lateral connections to the main utility service running along the centerline of the street, but not to extend service along a street. That portion of the utility service is most often expected to already exist in sufficient capacity to service typical properties in the area.

The appraiser was provided with a bid proposal from JWT Engineering, a firm that is reportedly experienced with this type of urban utility work in Alameda. The bid is attached to this letter, as is a separate map that shows the layout of the proposed utility trench along Fifth Street and the lateral connections to the subject site. The JWT Engineering bid notes a total cost of \$409,525. A portion of those costs appear to be directly related to what would be considered public utility infrastructure within the public right-of-way. The remainder appears to be attributable to the private property owner.

The portion of the costs in the bid that do not appear to be attributable to the municipality and instead would be expected to be borne by the typical private property owner of the subject site or a similar site include the lateral connections of the sewer, water, electrical communications and fire hydrant lines, as well as the electrical boxes and transformer pad. These costs apply to a total of 167 feet of trenching and installation (603 feet – 436 feet of joint trench). In addition, there are costs noted for trenching and installation outside of the joint trench, and for electrical service equipment. These costs, which the market would expect to be borne by the private property owner, are estimated at \$119,000 as shown below:

Trenching & Installation of Sewer Lateral:	167 LF X \$250 per LF =	\$ 41,750
Electrical Conduits outside Joint Trench:	50 LF X \$150 per LF =	\$ 7,500
Water Lines outside Joint Trench:	365 LF X \$150 per LF =	\$ 54,750
Water Meter Assembly:		\$ 3,000
AMP Sidewalk Electrical Boxes:		\$ 3,500
AMP Transformer Pad:		<u>\$ 8,500</u>
Total Non-Public Costs:		\$119,000
Total Bid:		<u>(\$409,525)</u>
Net Public Portion:		\$290,525
Rounded:		\$290,000

Therefore, it is our opinion that the public portion of providing utility services to the subject property, as was contemplated to already be in place in the original report, is estimated at \$290,000. The remainder of the costs included in the JWT bid would be expected to be borne by the typical buyer or private property owner of the subject property.

We have also reviewed market activity and market conditions in the area since the date of the original report to ascertain if land values have changed or if demand for properties has changed in a material way that would affect the prior land value conclusion.

In general, market conditions have remained stable and strong, with continued demand and limited supply for virtually all types of real estate in both the Bay Area and Alameda specifically. Our research revealed one new transaction and one sale in contract, as shown in the table on the following page that also includes the two most recent sales from the prior appraisal report.

Land Sale 1 is a listing for a very small corner parcel at Park Street and Buena Vista Avenue. The asking price of \$460,000 is equivalent to \$71 per square foot. It is a level, paved and fenced parcel with a rectangular shape currently used for parking. The small size and commercial appeal, as well as its more functional configuration and corner orientation, all support a much lower unit value for the subject. The subject's zoning status is also inferior as it will require submission of a master plan for the site.

Land Sale 2 is the January 2017 sale of a paved and fenced parking lot at 2300 Clement Avenue, at the corner of Oak Street. The site reportedly has some electrical service but no water/sewer connection, but it is available in the street. This property sold for approximately \$36 per square foot and was not openly marketed although the buyer and seller were reportedly well advised. The buyer was also the long-term tenant of the site and continues to operate an auto body shop across the street. Market conditions support upward adjustment, offset in part by the existing relationship of the buyer and seller and the potential impact of the lack of open marketing. Downward adjustment is indicated for the subject's zoning status.

Land Sales 3 and 4 were included in the previous report and similar adjustments are indicated, although additional upward adjustments are supported to both sales for the continued improvement in the market.

Based on this analysis and considering the overall market conditions, the current market value of the site before considering the public portion of providing utility services is estimated at \$30.00 per square foot. This unit value conclusion is applied to the net usable site area estimated at 27,650 square feet, and results in the following as-is value after considering the cost of providing municipal utilities to the site:

27,650 (Net Usable) sq.ft. x \$30.00 per sq.ft. =	\$829,500
Rounded:	\$830,000
Less Public Share of Providing Municipal Utilities:	<u>(\$290,000)</u>
As-Is Market Value	\$540,000

VALUE CONCLUSION

Based on the research and analyses contained in this report, and subject to the assumptions and limiting conditions contained herein, it is the opinion of the appraisers that the market value of the fee simple interest in the subject property, in its present, as-is condition, as of January 30, 2019, is estimated to be:

FIVE HUNDRED FORTY THOUSAND DOLLARS

(\$540,000)

It is our opinion that the above value could be achieved within a 12-month exposure period.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL LIMITING CONDITIONS***Extraordinary Assumptions***

1. It is the appraiser's understanding that the subject site is affected by known environmental contamination that resulted from the area's historic use as a military installation. In conjunction with the transfer of the site to civilian use, the US Navy was responsible for remediating the site to levels that allow for conventional development including commercial and residential uses. The surrounding areas have since been improved with such uses, and it is our understanding that the environmental contamination affecting the subject site has been remediated in a manner similar to that performed for adjacent and surrounding properties. This appraisal assumes that the remaining environmental contamination would not pose a greater impediment to development of legally allowed uses than for the surrounding sites such as Bayport and Alameda Point that have recently been developed with housing and retail uses, respectively. However, the appraisers are not qualified to assess environmental contamination, and therefore, the reader is directed to a qualified professional if this matter is of further concern.
2. A preliminary title report was not provided for review in connection with this assignment. This appraisal assumes that there are no easements or restrictions that would adversely impact utility or marketability of title to the subject property.

The use of any hypothetical conditions or extraordinary assumptions in this report might have affected the assignment results.

General Limiting Conditions and Assumptions

3. It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which he/she is aware prior to utilizing this report or making it available to any third party.

4. No responsibility is assumed for legal matters. It is assumed that title of the property is marketable, and it is free and clear of liens, encumbrances and special assessments other than as stated in this report.
5. Plot plans and maps are included to assist the reader in visualizing the property. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser is assumed by the appraiser.
6. All information has been checked where possible and is believed to be correct, but is not guaranteed as such.
7. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors. It is assumed that no additional soil contamination exists, other than as outlined herein, as a result of chemical drainage or leakage in connection with any production operations on or near the property.
8. In this assignment, the existence (if any) of potentially hazardous materials used in the construction or maintenance of the improvements or disposed of on the site has not been considered. These materials may include (but are not limited to) the existence of formaldehyde foam insulation, asbestos insulation, or toxic wastes. The appraiser is not qualified to detect such substances. The client is advised to retain an expert in this field.
9. Any projections of income and expenses in this report are not predictions of the future. Rather, they are an estimate of current market thinking of what future income and expenses will be. No warranty or representation is made that these projections will materialize.
10. The appraiser is not required to give testimony or appear in court in connection with this appraisal unless arrangements have been previously made.
11. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with the proper written qualification, only in its entirety, and only for the contracted intended use as stated herein.
12. Neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, news sales, or other media without the written consent and approval of the appraiser, particularly as to the valuation conclusions, the identity of the appraiser, or any reference to the Appraisal Institute or the MAI designation.

CERTIFICATION OF THE APPRAISERS

We, the undersigned, hereby certify that, to the best of our knowledge and belief: the statements of fact contained in this report are true and correct; the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions; we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved; we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; our engagement in this assignment was not contingent upon developing or reporting predetermined results, our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan; our analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, as well as USPAP; we have made a personal inspection of the property that is the subject of this report; no one provided significant real property appraisal assistance to the persons signing this report. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report Timothy Runde has completed continuing education program for Designated Members of the Appraisal Institute. In accordance with the Competency Provision in the USPAP, we certify that our education, experience and knowledge are sufficient to appraise the type of property being valued in this report. We previously provided services regarding the property that is the subject of this report in 2016.

We are pleased to have had this opportunity to be of service. Please contact us if there are any questions regarding this appraisal.

Sincerely,

RUNDE & PARTNERS, INC.



Timothy P. Runde, MAI, LEED AP
Certified General Real Estate Appraiser
State of California No. AG011358

JWT Engineering

474 9th Avenue, San Francisco CA 94118

Ph: (415) 726-3052

Email: willie.tob@hotmail.com

10/25/2018

PROPOSAL

CA License # 1035669

TO:	
Buestad Construction	Attn: Ken Carvalho Tele: (510) 381-3527 kenc@buestad.com

REGARDING:
2350 5th Street, Alameda - Underground Work

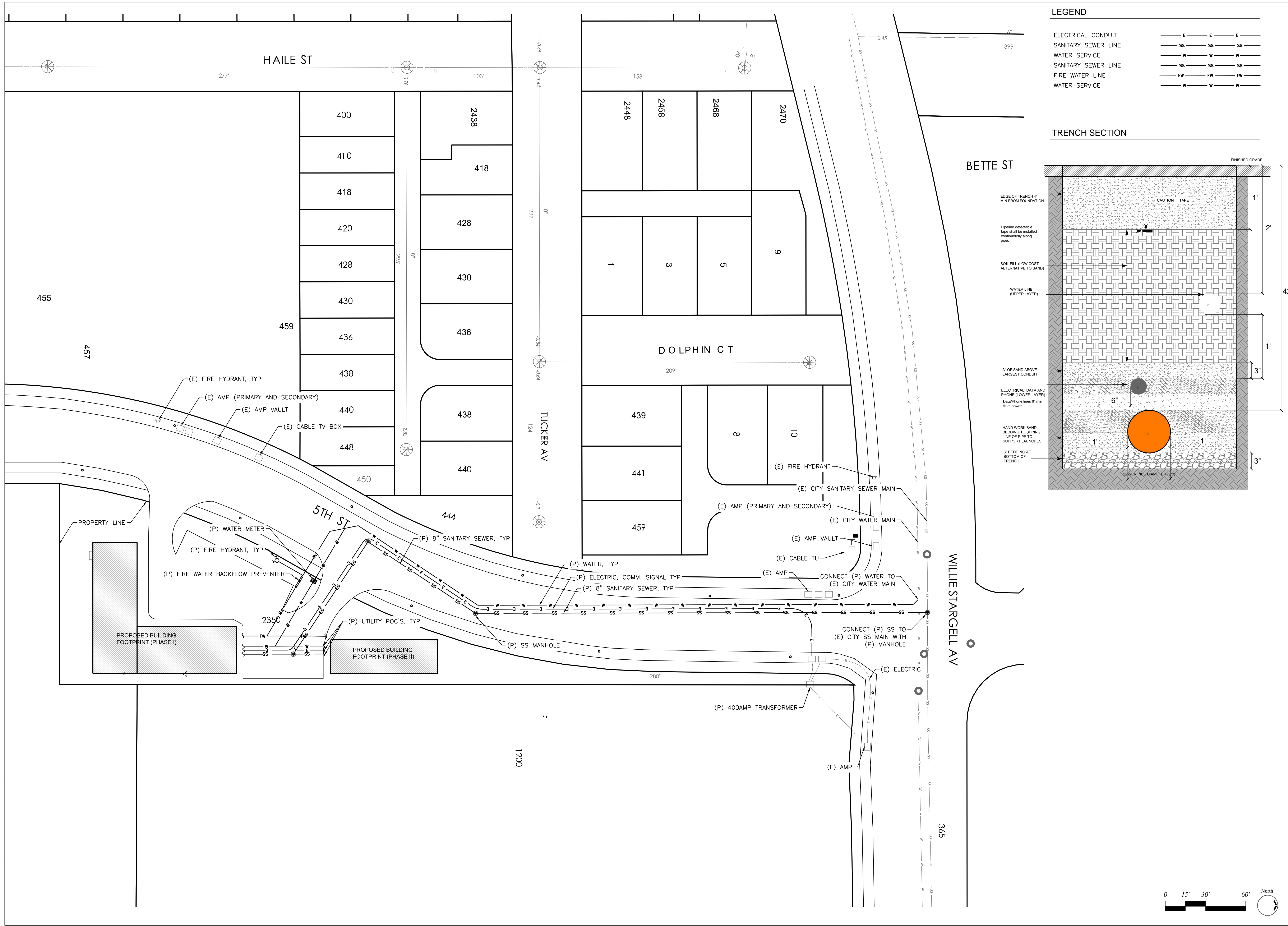
DESCRIPTION	QUANTITY	UNIT	RATE	AMOUNT
Mobilization	1	LS	\$ 7,500.00	\$ 7,500.00
Trenching & Installation of Sewer Lines	603	LF	\$ 250.00	\$ 150,750.00
Installation of Sewer Manhole	4	EA	\$ 7,500.00	\$ 30,000.00
Installation of Electric Conduit within Joint Trench	603	LF	\$ 40.00	\$ 24,120.00
Installation of Communications Conduit within Joint Trench	603	LF	\$ 40.00	\$ 24,120.00
Installation of Water Line within Joint Trench	436	LF	\$ 60.00	\$ 26,160.00
Trenching & Installtion of Electrical Conduits (Outside Limits of Joint Trench)	50	LF	\$ 150.00	\$ 7,500.00
Trenching & Installation of Water Line (Outside of Joint Trench)(Includes Water Main, Water Service, Fire Line, Hydrant	365	LF	\$ 150.00	\$ 54,750.00
Water Tie-in at City Main	1	LS	\$ 17,000.00	\$ 17,000.00
Water Meter Assembly	1	LS	\$ 3,000.00	\$ 3,000.00
Fire Hydrant Assembly	1	LS	\$ 12,500.00	\$ 12,500.00
Fire Water Backflow Assembly	1	LS	\$ 12,500.00	\$ 12,500.00
AMP Sidewalk Electrical Boxes (Assume - AMP DWG REF 1-L-447)	1	LS	\$ 3,500.00	\$ 3,500.00
AMP Transformer Pad (Assume - AMP DWG REF1-L-408)	1	LS	\$ 8,500.00	\$ 8,500.00
AC Pavement Restoration within City ROW	3250	SF	\$ 8.50	\$ 27,625.00
PROPOSAL TOTAL				\$409,525.00

Inclusions Traffic Plans & Traffic Control for Our work Only

AC Restoration in ROW
Temp Pave Sidewalk with 2" AC Cold Mix

Exclusions Permits
Compaction Testing or Engineering
De-Watering (Not Anticipated to Be Required)
Demo or Removal of Underground Concrete (Not Anticipated)
Concrete Sidewalk Restoration
Any Work within Building Footprint
Any On-Site Restoration or Landscaping
Coordination with EBMUD for any Shutdowns
Coordination with AMP for Any Shutdowns

Prepared by: ***William Tobin***
Project Manager



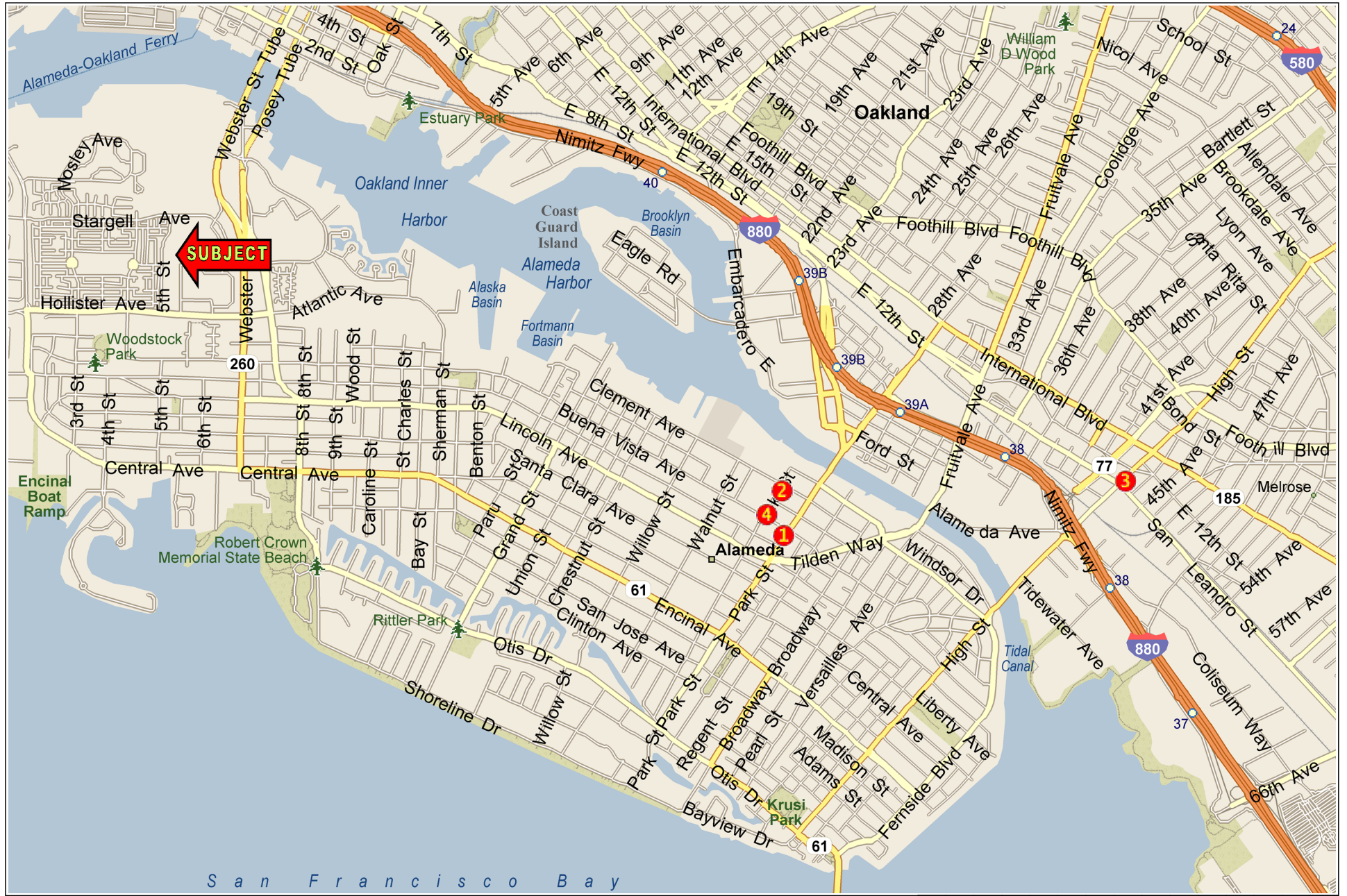
COMPARABLE LAND SALES

Appraisal of 2350 Fifth Street
Alameda, California

#	Location / APN	Sale Date	Land Area	Price	Price Per SF of Land	Zoning	Grantor/ Grantee Document#	Comments
1	1655 Park Street Alameda APN: 071-0200-010-00	Pending	6,469 SF 0.15 AC	\$460,000	\$71 asking	C-M	Leonard A. Goode / N/A	Corner lot, paved and fenced. Currently used for parking.
2	2300 Clement Avenue Alameda APN: 071-0198-001-01	1/17	14,500 SF 0.33 AC	\$515,000	\$36	M-1	NM Tenant & BH 2012 Trust / ACR Real Estate Holdings LLC #4568	Corner lot, paved and fenced. Electrical service but no water/sewer. Purchased by long-term lessee.
3	1034 High Street Oakland APNs: 034-2264-014-00, -015-00, 013-00	4/16	12,502 SF 0.29 AC	\$385,000	\$31	CIX-2	Spiropoulos GT & V Trust/ Dy Lani #78692	Unentitled, mid-block site consisting of three contiguous parcels to be used for food truck parking.
4	1835 Oak Street Alameda APN: 071-0222-027-00	11/15	112,385 SF 2.58 AC	\$3,700,000 (\$1,320,000) (1) \$2,380,000	\$33 \$21	M-2	CV Alameda 1 Inv LLC/ 1835 Alameda Property LLC #308826	Rectangular mid-block site improved with a 44,000 SF metal industrial building. Seller had unsuccessfully attempted to entitle for residential use. Buyer is a partial user.
	Subject		27,650 SF (usable) 0.63 AC			M-X Mixed-Use PD		

(1) Contributory value of existing improvements estimated at \$30/SF.

COMPARABLE LAND SALES



Qualifications of Timothy P. Runde, MAI, LEED AP

California Certified General Real Estate Appraiser No. AG011358

EXPERIENCE & EDUCATION

Tim Runde, MAI, LEED AP, is the President of Runde & Partners, Inc., a full-service real estate appraisal and consulting company headquartered in San Francisco, California. Prior to forming Runde & Partners, Tim was a Partner with Carneghi and Partners, Inc. in the San Francisco office.

Tim has over 25 years of commercial real estate appraisal experience encompassing a wide range of property types, including commercial office, industrial, retail and multi-family assignments. In addition, he has developed expertise in advanced practice areas including sports and entertainment venue valuation, condemnation, intangibles, leaseholds, and sustainable, green and high-performance buildings. He regularly provides expert testimony and litigation support and has served as an expert witness in a variety of settings including California Superior Court, U.S. Bankruptcy Court, arbitration, mediation and ad valorem tax appeal proceedings.

Tim received a Master of Science in Real Estate Appraisal and Investment Analysis degree from the University of Wisconsin under the direction of Dr. James Graaskamp. While studying there, he was awarded a Hollander Fellowship with the Wisconsin Housing and Economic Development Authority and worked as a project manager with a national real estate developer.

PUBLICATIONS

The Valuation of Green Commercial Real Estate (textbook), The Appraisal Institute, Chicago; 2017

The Appraisal Journal, Summer 2017, *The Role of Incentives in Green Building Valuation*

Real Property Insights, Volume 22, No. 2, 2015, *Linking Sustainable Improvements to Retail Real Estate Value*

The Appraisal Journal, Spring 2015, *Net Zero Energy Buildings: An Introduction for Valuation Professionals*

The Journal of Sustainable Real Estate (JOSRE), Volume 2, No. 1, 2010, *Integrating Sustainability and Green Building into the Appraisal Process*

TEACHING

Appraisal Institute Instructor
Appraisal Institute Course Developer
Appraisal Institute Course Reviewer

SPEAKING

Appraisal Institute National Conference: 2018, 2016, 2015, 2014, 2012

Appraisal Institute - NorCal Chapter Fall Conference: 2018 through 2010

Appraisal Institute Webinar

- October 2015, *Benchmarking Building Performance*
- February 2015, *Valuing Net Zero Energy Buildings*

Institute for Professionals in Taxation (IPT), Nashville, 2012

- *Case Studies in Highest and Best Use Analysis of Health Care Properties*
- *Fundamentals of Highest and Best Use, Economic Life and Depreciation for Health Care Properties*

Greenbuild International Conference

- 2015: Washington DC, *An Insider's Guide to Optimizing the Value of NZE Properties*
- 2012: San Francisco, *Valuing LEED Buildings: Making the Most of What Matters*

International Right of Way Association (IRWA) Spring Conference, San Jose, 2016

- *Eminent Domain Issues for High-Performance Properties*

International Living Future Institute (ILFI), Seattle 2015

- *Real Estate Finance and Appraisal*

Buildings New York Conference

- 2011: New York City, *Effectively Valuing and Marketing Green Real Estate*
- 2010: New York City, *What We See When You Say Green*

AWARDS & SERVICE

Outstanding Service Award – Appraisal Institute National Conference 2018

Textbook Reviewer – *Appraisal in Litigation*, 2018

Article Peer Reviewer – *The Appraisal Journal* and *International Journal of Strategic Property Management*, 2013 – present

Appraisal Institute Region 1 Representative – 2017 - present

Board Member – Appraisal Institute Northern California Chapter, 2016 – 2018

Conference Chair – Appraisal Institute Fall Conference, Northern California Chapter of the Appraisal Institute. 2014

Planning Committee Member – Appraisal Institute Fall Conference, Northern California Chapter of the Appraisal Institute. Served 2009 – 2018

Task Force Member, Residential Energy Conservation Ordinance, City of San Francisco Department of the Environment, 2014 -2015

Mentoring, University of Wisconsin-Madison - Wisconsin Real Estate Mentorship Program, 2013 – 2014

Subject Matter Expert: Valuation of Green Buildings – Background Competence, The Appraisal Foundation. Served 2012 – 2013

Expert Panelist, Department of Energy, Building America Experts Meeting – San Francisco, June 2011

PROFESSIONAL AFFILIATIONS & STATE CERTIFICATION

MAI Designation: No. 10770, Appraisal Institute

State of California Certified General Real Estate Appraiser No. AG011358

LEED AP – BD&C, United States Green Building Council (USGBC)

Appraisal Institute Professional Development Programs

- *Valuation of the Components of a Business Enterprise*
- *Valuation of Sustainable Buildings*
- *Litigation*