

**ALAMEDA POINT
ECONOMIC DEVELOPMENT STRATEGY**

Prepared for:
City of Alameda

Prepared by:
Keyser Marston Associates, Inc.

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I. EXECUTIVE SUMMARY

Keyser Marston Associates (KMA), Field Paoli Architects, and Carlson, Barbee & Gibson, Inc. (CBG) (the Consultant Team) have been retained by the City of Alameda to create an Economic Development Strategy (Strategy) for the former Naval Air Station Alameda (NAS Alameda), commonly referred to as Alameda Point. The Strategy is funded by a grant from the Federal Office of Economic Adjustment.

The emphasis of the Strategy is on identifying opportunities to expand the commercial tenant base, through reuse of existing buildings and development of new commercial space, and to generate new employment opportunities at Alameda Point.

Goal of Economic Development Strategy: Grow the employment and economic base at Alameda Point

The Strategy was developed through the following six tasks:

Task 1	<i>Commercial market analysis</i> to evaluate the opportunities and constraints of Alameda Point for attracting commercial users and new development relative to other local and regional locations. The market study assessed the supply and demand for commercial real estate and evaluated the growth outlook for various industries in the East Bay and the City of Alameda.
Task 2	<i>Alameda Point tenant forum</i> to identify existing industry clusters in Alameda Point and understand the views of the current commercial tenants on the long-term development vision for Alameda.
Task 3	<i>Approach to commercial and institutional groups</i> to assess the potential for attracting large-scale commercial and institutional users interested in relocating, consolidating or expanding at Alameda Point.
Task 4	<i>Adaptive reuse physical and financial analysis:</i> Conceptual building and landscape drawings, and financial analyses for five prototypical buildings at Alameda Point.
Task 5	<i>Industry feasibility testing and interviews</i> to review and ‘market test’ the proposed land use, adaptive reuse, market, and financial assumptions developed in Tasks 1 through 4.
Task 6	<i>Economic development strategy</i> summarizes findings and outlines a clear and detailed strategy for attracting jobs to Alameda Point that integrates the deliverables from Tasks 1-5. This memorandum presents the Economic Development Strategy (Task 6).

It should be noted that the high level financial analysis that was conducted in Task 5 is limited in scope and is only pertinent to the five buildings analyzed. The analysis does not examine the financial feasibility of the redevelopment of Alameda Point as a whole or by sub-areas. KMA recognizes that a comprehensive financing plan for infrastructure is a vital element for the overall redevelopment of Alameda Point. In fact, one of the strategies (Strategy 4.1) included below is to conduct an infrastructure financing plan that assesses the necessary infrastructure improvements and identifies potential funding mechanisms.

Also, while this Strategy focuses on identifying opportunities for development/redevelopment of commercial space (i.e., office, flex, industrial, and warehouse space), Alameda Point may be suitable for other land uses such as recreational, residential and retail. These other uses may in fact enhance development/redevelopment of commercial space. However, the Strategy does not address the potential for recreational, residential, and retail uses. Further analysis is needed to examine their suitability and potential.

Caveat: This Strategy is not a land use, an infrastructure, nor a financing plan for Alameda Point.

Summary of Recommendations

As noted above, the goal of the Economic Development Strategy is to grow the employment and economic base at Alameda Point. To achieve this, KMA makes the following recommendations:

- 1) Enhance Identity and Place Making
- 2) Capitalize on Existing Assets: both tenants and the property
- 3) Encourage New Private Development
- 4) Upgrade Infrastructure

To execute these recommendations, KMA identified numerous strategies and actions, which are summarized in the following tables. The strategies and actions are based on an assessment of the strengths and weaknesses of Alameda Point, and are elaborated in Sections IV through VII of the report.

Goal of Economic Development Strategy: Grow the employment and economic base at Alameda Point.

Recommendation 1: Enhance Identity and Place Making

Strategy	Actions
1.1 Create districts: placemaking	a) Identify and label subareas to address size and complexity b) Name large open spaces, entrances and buildings c) Promote Seaplane Lagoon and Alameda Point history d) Recruit amenities to attract visitors and support workers
1.2 Improve wayfinding/circulation	a) Enhance gateways b) Improve wayfinding elements c) Create user friendly maps
1.3 Craft coordinated marketing/branding approach	a) Define a brand for Alameda Point b) Design a logo and slogan for Alameda Point c) Redesign Alameda Point's website to reflect new branding identity d) Organize events to highlight commercial activity at Alameda Point

Recommendation 2: Capitalize on Existing Assets, both tenants and the property

Strategy	Actions
2.1 Build on existing industry clusters	a) Identify and promote existing industry clusters at Alameda Point b) Support existing tenants and tenant organizations c) Promote complementary uses
2.2 Continue leasing vacant buildings	a) Target industries with high potential for expansion/relocation b) Reinvest rent revenues to make some of the currently vacant buildings more marketable (i.e., clean interior of buildings) c) Establish relocation support program for businesses elsewhere in Alameda (possible option for maritime industries along the Northern Waterfront which may be displaced in the future) d) Streamline leasing process
2.3 Encourage renovation of existing buildings	a) Prepare sub-area Development Guides which identify key issues that a potential business or developer may need to address b) Issue tenant/developer RFPs for commercial subarea c) Allow longer lease terms to promote investment in buildings
2.4 Provide incentives to encourage private investment	Potential incentives are described below. Additional details are presented in Section VIII

Recommendation 3: Encourage New Private Development

Strategy	Actions
3.1 Identify potential development sites and issues that need to be addressed for development to occur	a) Prepare sub-area Development Guides which identify key development issues that a potential end-user may need to address, such as environmental, geotechnical, infrastructure and entitlement issues and layout policies on issues such as community outreach, relocation of existing tenants. Plan for both major users and smaller users. This effort should build on LBNL effort.
3.2 Provide incentives to encourage private investment	Potential incentives are described below. Additional details are presented in Section VIII.

Recommendation 4: Upgrade Infrastructure

Strategy	Actions
4.1 Develop infrastructure financing plan	a) Prioritize infrastructure upgrades and replacement b) Plan for incremental and long term approaches with public and private financing

Incentives to Encourage Private Investment

KMA identified the following potential incentive programs to facilitate and encourage private investment in Alameda Point. The programs are described very broadly in Section VIII. If the City decides to pursue any of these programs an in-depth analysis of the potential costs and benefits will be necessary.

- Stream lined processing: entitlements, zoning, and flexibility for review and approval
- Prepare adaptive reuse zoning
- Consider deferred payment of City development impact fees
- Secure Alameda Point designation for New Market Tax Credits (NMTC)
- Promote existing incentive programs, such as:
 - The Local Agency Military Base Recovery Act (LAMBRA) Program
 - Alameda Municipal Power's Economic Development Incentive Discount (EDID)
- Lease terms: length, rent, discounts (utility and rent)
- Long term ground leases and land sale to attract key anchor businesses
- Development agreements

Potential Sources for Financing Public Capital Costs

In addition to encouraging private investment to finance capital costs, the City should pursue potentially available sources of public financing. The following are some of the potential sources of public funding that may be available to leverage private investment at Alameda Point:

- Infrastructure Financing District (IFD)
- Infrastructure State Revolving Funds (ISRF) and I-Bank loans
- Community Facilities District (CFD)
- Statewide Community Infrastructure Program (SCIP)
- Metropolitan Transportation Commission's Transportation for Livable Communities / One Bay Area Plan
- Alameda County: Measure B 3 Funds
- Growth in Alameda Point rent roll
- U.S. Small Business Administration (SBA) guaranteed loans
- Future State and Federal programs

Potential Private Sector Sources of Funds for Municipal Operating Funds

- Landscaping and lighting districts
- Community Facilities District (CFD)

II. INTRODUCTION

Report Organization

This report is organized into ten chapters. The executive summary is presented in Section I followed by this brief introduction. An overview of Alameda Point, along with an analysis of the strengths and weaknesses is presented in Section III. Sections IV through VII present the recommendations, strategies and actions to expand the employment and economic base at Alameda Point. Section VIII is a brief summary of the various private sector incentives that may be made available to encourage new development and redevelopment of existing buildings. Sections IX and X present some of the potential public sources of funding for capital and operating costs at Alameda Point. Appendix 1 highlights the potential sub-areas for long-term leases.

Limiting Conditions

1. It is assumed that information and data furnished by the client and others are substantially correct.
2. No guarantee is made as to the correctness of estimates or opinions furnished by others.
3. All numerical references should be assumed to be "more or less" and accurate to a degree consistent with their use in the analysis.
4. No liability is assumed on account of matters of a legal nature affecting this property, such as title defects, liens, encroachments, overlapping boundaries, etc.
5. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws.
6. This report does not purport to express any opinion whatsoever as to the feasibility of the project, which is related to matters beyond the scope of work.
7. Reviewers are strongly advised that the pace of absorption and the prices that can be achieved for large land developments will vary substantially over time and that financial results for any specific period are particularly difficult to predict.
8. Any projections in the report represent our professional judgment, but we do not certify that any of the projections will be achieved. Many intervening factors could cause the projections not to be realized.

III. ALAMEDA POINT TODAY

History and Context

Alameda Point encompasses approximately 918 acres of the former NAS Alameda (see Figure 1 below). Alameda Point's boundaries are defined by Main Street to the east, the Oakland/Alameda Estuary to the north and the San Francisco Bay to the south and west.

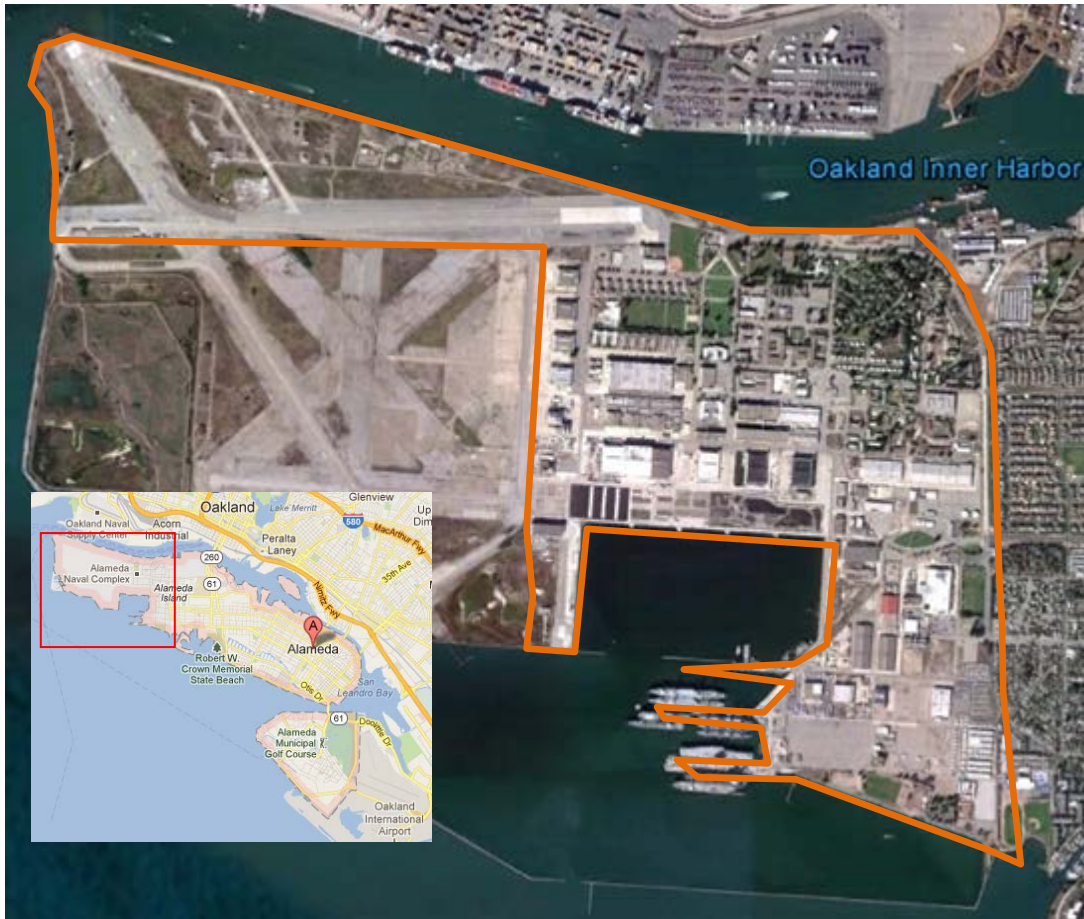
Alameda Point was decommissioned in 1997. Until then, NAS Alameda was a federal facility with approximately 60 military tenant commands for a combined military/civilian workforce of over 14,000 personnel.

In 1996 the City of Alameda adopted the NAS Alameda Community Reuse Plan (Reuse Plan). This was the first step in integrating Alameda Point into the general framework of the City. Since then the City has led numerous planning processes, including a general plan amendment (2003), and a preliminary development concept (2006). During the past ten years, two master developers have evaluated the potential to redevelop Alameda Point (Alameda Point Community Partners 2001-2006 and SunCal in 2007-2010). Both efforts failed for numerous reasons. More recently, Alameda Point submitted a proposal to host a second campus for the Lawrence Berkeley National Lab (LBNL). Alameda Point was a finalist but was not selected.

Today, Alameda Point is home to more than 100 businesses employing approximately 1,000 people. According to the December 2011 rent roll there were approximately 5.29 million square feet of building space in 91 buildings (not including residential buildings). Existing businesses, nonprofits, and government lease approximately 1.8 million square feet of space. Contract rents for commercial space at the end of 2011 were estimated at \$6.6 million per year. Alameda Point is also home to approximately 500 residents.

Alameda Point Overview	
Land Area	918 acres (Excluding runways)
Building Inventory	Approximately 5.3M square feet
Illustrative Attractions (partial list)	USS Hornet, Antiques by the Bay, Bladium, Rock Wall Winery, St. George Spirits, ferry terminal, sports fields/facilities
Existing Businesses	<ul style="list-style-type: none">▪ Lease approximately 1.8M square feet of building space▪ Generate over \$6.6 million in commercial rent revenues per year (excludes residential rent revenue)▪ Over 100 businesses with approximately 1,000 employees▪ Generate approximately \$90,000 in sales tax revenue per year

Figure 1 – Alameda Point



Strengths, Weaknesses, Opportunities, and Challenges

This section is an analysis of the strengths and weaknesses of Alameda Point and the opportunities and challenges that they create. The analysis takes into account internal and external forces impacting Alameda Point as well as the physical, regulatory, and economic context.

This analysis is based on the Consultant Team’s analysis in Tasks 1 through 5¹, as well as the perceptions of representatives of various industries, real estate brokers and developers, and regional trade councils who have a vested interest in the economic sustainability of the region. In general, these perceptions and KMA’s analysis validate each other. The strengths and weaknesses listed below are not ranked in any specific order. Each strength or weakness has consequences (i.e., opportunities and/or challenges) noted in the right column.

¹ See page 1 of the Executive Summary for a description of these tasks.

STRENGTHS	OPPORTUNITIES/CHALLENGES
1. Central location in the Bay Area	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Access to Downtown Oakland and San Francisco, UC Berkeley, and Oakland Airport. ▪ Alameda Point offers an opportunity for East Bay businesses to expand and grow.
2. Deep water access (Seaplane Lagoon)	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Deep water access and adjacent industrial buildings is unique in the inner Bay Area. ▪ Attractive for marine-related companies with good paying jobs. ▪ Provides opportunities for growth of recreational industries or as an amenity to businesses and residents in the area.
3. Potential for large development site in the inner Bay Area	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Creates an opportunity to attract businesses looking for large spaces or searching for development sites. ▪ Neighboring cities are nearing build-out with little vacant land for development. Alameda Point is one of the few large, waterfront development sites available in the Bay Area. ▪ Through the efforts in attracting the LBNL, staff has developed the foundation for creating a catalyst site to attract a major employer. ▪ Cluster of buildings in northern portion of AP offers a campus setting, possibly for either an institutional user or private office spaces.

STRENGTHS	OPPORTUNITIES/CHALLENGES
<p>4. Existing businesses represent a diverse range of industries</p>	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Retaining businesses now at Alameda Point offers a foundation for future growth. ▪ Opportunity to expand current business clusters. ▪ Rent revenue generated by existing businesses could be used to finance portions of needed infrastructure improvements. <p>Challenges</p> <ul style="list-style-type: none"> 🚩 Proactive efforts may be needed to protect some industries, such as the maritime industry or specialty food and beverages production from incompatible uses.
<p>5. Unique buildings and large open spaces [also a weakness]</p>	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Few places in the inner Bay Area offer the features of some of the largest spaces at Alameda Point, such as clear-span, large floor plates with 40' ceiling heights. ▪ “Funky”, alternative spaces such as those found in Alameda Point are attractive to ‘creative’ type businesses and startups. ▪ Large open spaces create opportunities to host special events. <p>Challenges</p> <ul style="list-style-type: none"> 🚩 Uniqueness (e.g., layout, ceiling height, etc.) of some buildings, such as former military dormitory buildings or mess hall, can make adaptive-reuse challenging and expensive.

STRENGTHS	OPPORTUNITIES/CHALLENGES
6. Historic role of Alameda Point	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Historic role with the presence of military ships, the Pan Am building, and other memorabilia offers an opportunity for historic tourism and educational experiences. ▪ NAS Historic District offers unique, memorable campus design. <p>Challenges</p> <ul style="list-style-type: none"> 🚩 Historic elements can make adaptive-reuse challenging and costly.
7. High quality of life	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ For three years in a row, the City of Alameda has been named one of America's Promise Alliance's 100 Best Communities for Young People. Also, According to Money Magazine, the City of Alameda compares favorably to the "best places to live" in America. These accolades, enforce the perception of Alameda as a safe and friendly place to live. ▪ Alameda's image as a safe and welcoming community needs to be reinforced and promoted through a branding campaign/strategy

WEAKNESSES	OPPORTUNITIES/CHALLENGES
<p>1. Aging Infrastructure</p>	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Previous redevelopment attempts focused on a comprehensive, master developer approach to replace infrastructure. Given market realities, a new prioritized, incremental approach may be more suitable. City recently approved funding for a study for an incremental approach to infrastructure upgrades. <p>Challenges</p> <ul style="list-style-type: none"> ✦ Need to upgrade infrastructure and telecommunications. ✦ Existing conditions and unknown costs create uncertainty and complexity in attracting businesses and new investment.
<p>2. Existing buildings require significant investment</p>	<p>Challenges</p> <ul style="list-style-type: none"> ✦ Current rental rates do not support extensive renovations to existing buildings. ✦ Ample supply of commercial space available for sale and for lease elsewhere in the East Bay at competitive rates/prices makes it difficult for Alameda Point buildings to compete in the market. ✦ According to CoStar, vacancy rates at Marina Village and Harbor Bay during the first quarter of 2012 were approximately 29 and 18 percent, respectively.

WEAKNESSES	OPPORTUNITIES/CHALLENGES
<p>3. Large size of existing buildings</p>	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Numerous tenants currently at Alameda Point have 'broken-up' large spaces into smaller spaces that they then sublease to smaller users. This indicates an opportunity for the same to be done in other buildings. <p>Challenges</p> <ul style="list-style-type: none"> 🚩 Demand for large commercial spaces is limited in the East Bay. Also potential tenants in search of large spaces have many options in the market which do not require significant upfront investment.
<p>4. Lack of identity in the market place</p>	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Alameda Point is home to numerous attractions that draw people from all over the Bay Area. ▪ There is an opportunity to better market the existing businesses. <p>Challenges</p> <ul style="list-style-type: none"> 🚩 Alameda Point is not in businesses' "radar screen" and is not well positioned for business development opportunities.

WEAKNESSES	OPPORTUNITIES/CHALLENGES
<p>5. Limited access to amenities</p>	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Existing businesses at Alameda could be promoted more actively. ▪ Large open spaces provide opportunity to encourage temporary, pop-up retail/food businesses (food trucks and cargo container facilities). ▪ Vacant buildings could host pop-up retail/food businesses on a trial basis. <p>Challenge</p> <ul style="list-style-type: none"> 🚩 Webster Street and Alameda Landing are limited in their ability to be considered part of the day-to day amenities of Alameda Point because of distance. 🚩 The knowledge industries that are driving demand for commercial space are willing to pay premium rents in San Francisco and Silicon Valley for access to amenities in order to attract workers. Submarkets, such as Alameda Point, which do not offer the same level of amenities, are at a competitive disadvantage.
<p>6. Perceived entitlement and site development conditions, such as environmental, biological and cultural resource constraints, as well as Navy control of certain areas through 2019</p>	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Making information available about these issues could make development/redevelopment process more manageable. <p>Challenges</p> <ul style="list-style-type: none"> 🚩 These factors introduce uncertainty and additional risks, which create a perception of a complicated development site, which may deter potential developers.

WEAKNESSES	OPPORTUNITIES/CHALLENGES
<p>7. Current real estate market conditions</p>	<p>Challenges</p> <ul style="list-style-type: none"> ✦ Current market rents create ceilings on rents and on the amount of investment supported in buildings at Alameda Point. ✦ The investment required to substantially rehabilitate the buildings is higher than the cost to purchase existing buildings in the market place. ✦ Unless the space at Alameda Point is unique and at an affordable rent, tenants have many choices in the market.
<p>8. Regional access</p>	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ City could promote and/or expand alternative forms of transportation such as ferry, bicycle routes, or a shuttle to BART. <ul style="list-style-type: none"> - Ferry is within walking distance of the northern portion of Alameda Point. - AC Transit service provides limited service. <p>Challenges</p> <ul style="list-style-type: none"> ✦ Distance from the main arteries of the regional transit and transportation networks, such as BART and the I-880 freeway, create a perception of relative isolation.

IV. RECOMMENDATION 1: ENHANCE IDENTITY AND PLACEMAKING

For Task 4 of the Strategy, KMA interviewed several commercial real estate brokers active in the East Bay Market. One of the brokers interviewed commented that “Alameda Point is not on most people’s radar screens.” This opinion was shared by other interviewees and it is supported by the fact that the existing inventory of buildings is currently not tracked by most real estate brokers. This is despite Alameda Point’s central location within the Bay Area, its rich history and access to valuable assets, such as the Seaplane Lagoon, the presence of a diverse range of industries, and Alameda’s reputation as safe and welcoming community.

Alameda Point is not in people’s ‘radar screen’ partly due to the current condition of the buildings, which some brokers consider obsolete. One possible way to put Alameda Point on people’s radar screen would be to conduct extensive renovations of existing buildings to make them competitive with the existing supply in the region. However, in Task 5 KMA evaluated the financial feasibility of extensive renovations to five prototypical buildings. KMA concluded that the East Bay’s commercial real estate market would have to improve significantly (rents would have to increase and available inventory of vacant space would have to decline) before extensive rehabilitation of the buildings is financially feasible. However, while extensive renovation of existing buildings does not appear to be currently supported by the market, there are other approaches to increase Alameda Point’s image in the market.

To increase Alameda Point’s prominence among business leaders, KMA recommends the following strategies and actions to enhance the identity of Alameda Point as a place to do business and to create a sense of place at Alameda Point (i.e., placemaking).

Recommendation 1: Enhance Identity and Place Making	
Strategy	Actions
1.1 Create districts: place making	<ul style="list-style-type: none"> a) Identify subareas to address size and complexity b) Name large open spaces, entrances and buildings c) Promote Seaplane Lagoon and Alameda Point history d) Recruit amenities to attract visitors and support workers
1.2 Improve wayfinding/circulation	<ul style="list-style-type: none"> a) Enhance gateways b) Improve wayfinding elements c) Create user friendly maps
1.3 Craft coordinated marketing/branding approach	<ul style="list-style-type: none"> a) Define a brand for Alameda Point b) Design a logo and slogan for Alameda Point c) Redesign Alameda Point’s website d) Organize events to highlight commercial activity at AP

Strategy 1.1 – Create districts: placemaking

Placemaking is an approach to the planning, design and management of spaces that have local and regional importance. It involves the discovery and implementation of practices that make communities distinctive, economically viable, accessible, and visually pleasing. In the context of Alameda Point successful placemaking would:

- Support economic development for local business enterprises;
- Create and enhance its unique places that distinguish it from generic business parks/centers; and
- Foster meaningful and frequent contact between diverse populations including its residents, businesses, and visitors.

KMA suggests the following actions. Each action is described in more detail below:

- a) Identify sub-areas to address size and complexity
- b) Name large open spaces, entrances and buildings
- c) Promote Seaplane Lagoon and Alameda Point's history
- d) Develop a program to attract additional amenities to draw visitors and support workers at Alameda Point

Action A: Identify and label sub-areas to address size and complexity

The immense scale of Alameda Point in terms of acreage, building size, and open space can leave visitors feeling overwhelmed and sometimes lost. Individual businesses or clusters of businesses can be hidden by Alameda Point's magnitude. As mentioned in Section III, there is a significant amount of business activity at Alameda Point, but many people do not realize it. Also, The built environment and the use and conditions of the buildings vary significantly across Alameda Point. These differences and the large size of Alameda Point dictate that multiple strategies need to be employed to grow employment and fuel demand for commercial real estate.

To facilitate the opportunities and timing for job growth, KMA recommends that Alameda Point should be viewed as having the four sub-areas depicted in Figure 2 (excluding the Northwest Territories). The following two tables provide a snapshot of current conditions at each of these sub-areas, including occupancy, strengths, weaknesses, opportunities, and challenges.

Commercial Space Inventory (Sq. Ft.) at Alameda Point – by Sub-Area

	Total Alameda Point	Campus	Commercial	South of Atlantic	North of Atlantic
Occupied SF	1,838,313	184,547	888,971	625,880	138,915
Total Vacant	2,309,716	843,895	738,923	357,561	369,337
Navy Controlled	1,148,742	0	1,043,435	43,115	62,192
Total	5,296,771	1,028,442	2,671,329	1,026,556	570,444

Source: City of Alameda. December 2011 Rent Roll.

Figure 2 - Alameda Point’s Illustrative Sub-Areas



Source: Keyser Marston Associates, Inc.

Alameda Point Illustrative Sub-Areas Description

	Campus	Commercial	South of Atlantic	North of Atlantic
General Description	<p>Building stock consist mostly of very large, special purpose buildings, such as former dormitories, chapel, clinic, etc. Current condition of buildings do not allow for them to be marketed more aggressively.</p> <p>Some of the smaller buildings in the northeast quadrant of this sub-area are in very poor shape (some have partially burned down) and may need to be demolished.</p> <p>There may be an opportunity to carve out a new development site on the northern end.</p>	<p>Building stock consists mostly of large hangars and industrial/warehouse-type buildings with attractive features such as large floor plates with 40' ceiling heights, and door access with 27'x98' clearance.</p> <p>The area bordering the Seaplane Lagoon may also present an opportunity for new development. However, a portion of this area may be subject to California's Public Trust doctrine, which limits permitted uses.</p>	<p>Building stock consists mostly of large industrial/warehousing spaces. There is also a large area currently occupied by mini-storage facilities.</p> <p>There are large, underdeveloped parcels scattered throughout.</p> <p>The northern portion of this sub-area will be controlled by the Navy through 2019 due to environmental clean-up schedule.</p>	<p>This sub-area consists mostly of residential uses (e.g., Alameda Point Collaborative and Big Whites). The southern portion of this sub-area has 14 industrial/warehouse buildings, most of which are currently vacant.</p>
Illustrative Commercial Tenants	<p>Sub-area currently has the lowest occupancy rate, which is partially explained by the unique configurations of the buildings.</p> <p>Uses of space currently consist mostly of limited office, civic and nonprofit businesses, and business related storage.</p> <p>Auctions by the Bay, In-Touch Biosolutions, Volochem, and Point Source Power.</p>	<p>This is the sub-area with the largest amount of leased space – and if the Navy controlled space is excluded, it also has the highest occupancy rate.</p> <p>Bladium, Rockwall Wines, St. George Spirits, Delphi Productions, Auctions by the Bay</p>	<p>Marine-related industries account for approximately 45% of space leased and rent revenues in this sub-area.</p> <p>NRC Resources, U.S. Maritime Administration, U.S. General Services Administration, Alameda Point Storage</p>	

Strengths, Weaknesses, Opportunities and Challenges by Sub-Area				
	Campus	Commercial	South of Atlantic	North of Atlantic
Strengths	<ul style="list-style-type: none"> Historic military campus Well-constructed buildings Views and open spaces Own, direct entrance 	<ul style="list-style-type: none"> Unique buildings with attractive features such as large floor plates with 40' ceiling heights, and door access with 27'x98' clearance 	<ul style="list-style-type: none"> Large areas of underdeveloped land (i.e., new development opportunity sites.) Large marine related-cluster 	<p>This sub-area consists mostly of residential uses (e.g., Alameda Point Collaborative and Big Whites). It is assumed that this sub-area will continue to have a primarily residential emphasis.</p>
Weaknesses	<ul style="list-style-type: none"> Unique configuration of buildings (i.e., dormitories, mess hall, medical clinic) Large size of buildings. For example, Building 2 is approximately 225,000 sq. ft. Current condition of buildings requires significant investment to make them occupiable 	<ul style="list-style-type: none"> There is a large supply of industrial/warehouse in the I-880 Corridor that competes directly with the space in this area 	<ul style="list-style-type: none"> Northern portion of this area will be controlled by the Navy through 2019 	
Opportunities	<ul style="list-style-type: none"> Opportunity to be developed as an institutional campus for an academic institution or corporation Potential to be marketed with its own unique identity and northern entrance A land assemblage to accommodate a new build-to-suit complex may also be possible 	<ul style="list-style-type: none"> Opportunity to build on its existing market position and tenant base 	<ul style="list-style-type: none"> Opportunity to market a large, waterfront development sites of 10 to 50 acres. One of the last opportunity sites in the East Bay 	
Challenges	<ul style="list-style-type: none"> Current market rents and supply of competitive commercial space in the East Bay do not support extensive renovations to existing buildings 	<ul style="list-style-type: none"> Current market rents and supply of competitive commercial space in the East Bay do not support extensive renovations to existing buildings 	<ul style="list-style-type: none"> Perceived entitlement and site development conditions, such as environmental, biological and cultural resource constraints, as well as Navy control of certain areas through 2019 	

Action B: Name large open spaces, entrances and buildings

Alameda Point is endowed with numerous large open spaces, landmarks (such as the Seaplane Lagoon), and very distinctive access points or gateways. These assets could become part of a vibrant system of plazas, parks, gateways, boulevards and streets which can help generate local economic, cultural, social and leisure activities. These assets should be more actively promoted in order invite greater interaction between people and foster more social and economically active community. Identification and proper naming of these assets is recommended as a starting point.

Please note that the examples (e.g., spaces, buildings, and names) provided below are merely for illustrative purposes. They are not intended specifically as suggestions or recommendations. Further analysis is needed to identify open spaces, gateways, and buildings to be named as well as appropriate names for each. With this caveat the Consultant Team recommends the following:

- 1) **Name the entrances to Alameda Point.** Alameda Point's four main front doors or gateways are the first point of encounter for the public with Alameda Point. They are also points of reference for visitors and tenants alike. Therefore these entrances need to be easily referenced. Potential names may include: "The North Gatehouse Entrance," "The Atlantic Oval Entrance," "Midway Entrance," and "Pacific Avenue Entrance."
- 2) **Name the buildings.** The Navy had identified the buildings at Alameda Point with a numbering system based on the chronological order of their construction and not by location. Today, this identification system creates great confusion and difficulty for visitors. A more coherent numbering system needs to be developed to facilitate navigation and easier identification of buildings. Also, some key buildings within the NAS Alameda Historic District could be could be renamed to highlight the rich history of Alameda Point. The names could originate from Alameda and Navy historical figures, events or locations, such as "Officer Quarters", "Seaplane Lagoon Station" etc. Not every building needs to have a name, but a few key buildings could be named to highlight the rich history of Alameda Point and to further help orient visitors.
- 3) **Name the large exterior spaces.** A review of available maps reveals that there are building names and street names but no names for open spaces except for the Seaplane Lagoon. The "Historical Architectural Resources Inventory" of 1992 by Sally Woodbridge also does not have names for spaces included within the text or maps. Similarly to the names of buildings, the names for large exterior spaces could highlight the rich history of Alameda Point. For example, the large exterior space between Buildings 2, 3 and 4, which is similar to the main space at the University of Virginia and is currently mostly occupied by soccer fields, could become "The Lawn." The main entrance green space could become "The Parade" in a fashion similar to "Parade Grounds" at presidios in

California. The large taxiway adjacent to the Seaplane Lagoon could be called “The Apron.”

- 4) **Name the small exterior spaces.** Similarly to the larger spaces, the smaller spaces or courtyards between buildings and wings of buildings could also be named. In order to identify them before they are given names, they could be labeled, such as “Courtyard 16” for the Building 16 courtyard, “Courtyard 3-North” and “Courtyard 3-South” to the north and south of Building 3, and “Courtyard 2-1” to “Courtyard 2-9” for Building 2 courtyards from The Parade to the west towards Monarch Street.

The names assigned to gateways, buildings, and exterior spaces should be used in all marketing materials as well as any maps and other wayfinding elements. See Figure 3.

Figure 3 - Illustrative names for gateways and large public spaces



Source: Field Paoli

Action C: Promote Seaplane Lagoon and Alameda Point history

The Seaplane Lagoon and Alameda Point's rich history offer an opportunity to create a unique identity to distinguish Alameda Point from generic business parks/centers.

The Seaplane Lagoon

The Seaplane Lagoon is an important asset both as an amenity and as a resource for the marine and recreational industries. For example, representatives of various maritime related industries interviewed for Task 3 indicated that Alameda Point is a strong match for the maritime industry, as there are few places in the Bay Area with affordable industrial space adjacent to deep water access. In fact, marine related businesses currently lease the most space at Alameda Point. Some of these businesses are also among the largest employers at Alameda Point. The Lagoon presents an opportunity to grow this industry and to attract new, emerging subsectors in the marine industry, such as the super-yacht industry or high-tech submergibles.

The Lagoon also presents an opportunity to expand recreational opportunities for Alameda Point businesses and residents. As described above, one of the weaknesses of Alameda Point is limited access to amenities, such as recreation and entertainment. The City should encourage businesses that can offer recreation opportunities at the Seaplane Lagoon.

Military/Naval History

Alameda Point's historic role with the presence of military ships, the Pan Am Building, and other memorabilia offers an opportunity for historic tourism and educational experiences which can help to reinforce a sense of place at Alameda Point. This history should be incorporated into a coordinated marketing/branding campaign for Alameda Point (see Strategy 1.3). Alameda Point's new logo, the redesigned website, marketing materials, and new wayfinding elements (signage, gateways, and maps) should incorporate historical elements.

Action D: Develop a program to attract additional amenities to draw visitors and support workers at Alameda Point

Despite being home to numerous entertainment venues such as Rock Wall Winery, St. George Spirits, and Bladium Sports & Fitness Club, a recurring theme among brokers and industry representatives interviewed for Task 5 is that the limited supply of amenities, such as restaurants, impacts the potential to attract new tenants to Alameda Point.² Therefore, KMA recommends that the City develop a program to a) promote the existing amenities at Alameda Point and b) attract new additional amenities.

² Webster Street and Alameda Landing (currently under construction) are the closest concentration of retail businesses to Alameda Point, but they are limited in their ability to be considered part of the day-to-day amenities of Alameda Point because of their distance from the Point.

Strategies and actions to promote existing amenities are described elsewhere in this report. To attract new amenities, the City could explore the potential to attract food trucks and pop-up stores in cargo containers. Food trucks and cargo containers offer a relatively low cost for food and recreation-oriented businesses to enter markets without significant upfront investments. The example of “Pedal Beach at South Shore Shopping Center (see Figure 4) illustrates how a pop-up store operating out of a cargo container at Alameda Point may work. This tactic has been successfully implemented on a large vacant parcel in San Francisco’s Hayes Valley, where shipping containers provide temporary retail outlets as a ‘place holder’ or ‘proxy’ for more permanent development.

Alternatively a pop up store/restaurant could also be hosted in one of the currently vacant buildings. This could have the added benefit of showcasing how existing buildings could be adapted to new uses.

To attract these types of businesses, the City could establish a program similar to project “Pop-Up NYC” by the New York City Economic Development Corporation in partnership with STORY (a permanent retail space with a new crop of brands and merchandise each month). This program is a competition to promote innovative retail and technology businesses by offering the winners prizes such as a temporary pop-up store, public relations/marketing support, and business mentoring. Project Pop-Up NYC focuses on retail and technology businesses, but a similar program could be developed at Alameda Point for food and recreation businesses.

Figure 4 - Illustrative Example: “Pedal Beach” Pop Up, Container Retail in Alameda



“Pedal Beach” is a bike rental company that is run out of a truck container at the Alameda South Shore Center. In addition to bicycles, customers can rent kites, chairs, umbrellas, skim boards, and hula-hoops. This pop-up shop is part of South Shore Center’s marketing strategy to create opportunities for tenants with unique or variable requirements. Julie Taylor, senior vice president at Cornish & Carey Commercial Newmark Knight Frank, the exclusive leasing agent for South Shore Center, noted that this concept provides shoppers with opportune and seasonal retail services, while enhancing all South Shore Center tenants’ marketing efforts.

Sources: The Registry, “Pedal Beach Rentals Launches Summer Pop-Up Shop at Alameda South Shore Center”, July 16, 2012; and <http://islesay.wordpress.com>

Figure 5 - Other Illustrative Examples of Cargo Container Retail, Food Trucks, and Pop-Up Stores in Industrial Buildings



Sources: <http://inhabitat.com>, <http://somastreatfoodpark.com/>, and <http://www.gq.com>

Strategy 1.2 – Improve wayfinding/circulation

Wayfinding, as defined by the American Institute of Architects (AIA), “relates to knowing where you are and where you are headed; it gives you recognizable cues. It helps you determine the best route in which to quickly and easily navigate to your destination—and then find your way back again.”

Due to its impact on visitor satisfaction, wayfinding and an effective circulation plan can greatly affect how people experience a new environment. For example, intuitive, straightforward signs can prevent the frustration and dissatisfaction of being lost and disoriented. According the AIA, while aesthetic appeal and numerous other factors and conditions shape a person’s experience when visiting a new place, the subtle communication provided by wayfinding contributes significantly to the visitor’s overall impression of the environment.

To improve wayfinding/circulation at Alameda Point, KMA suggests the following actions. Each action is described in more detail below:

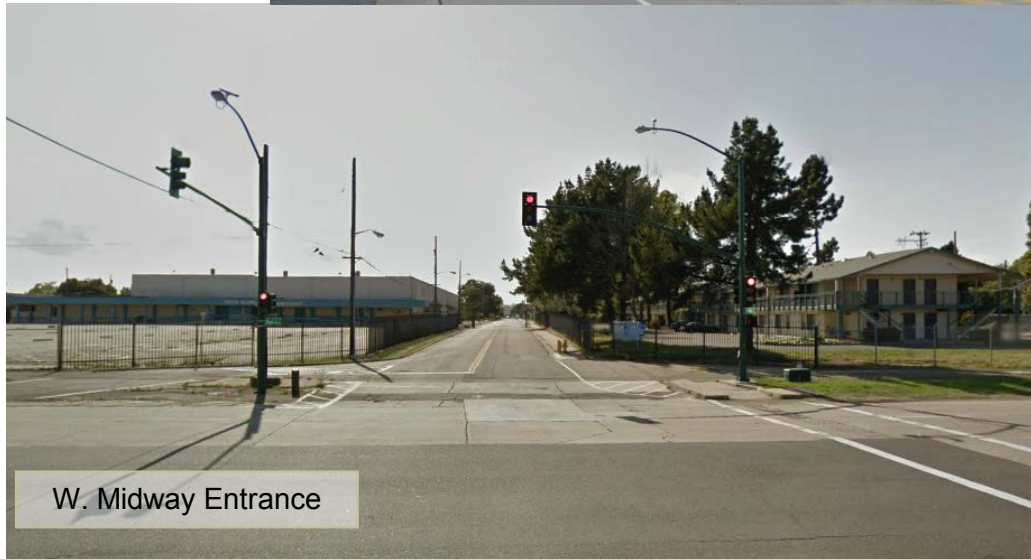
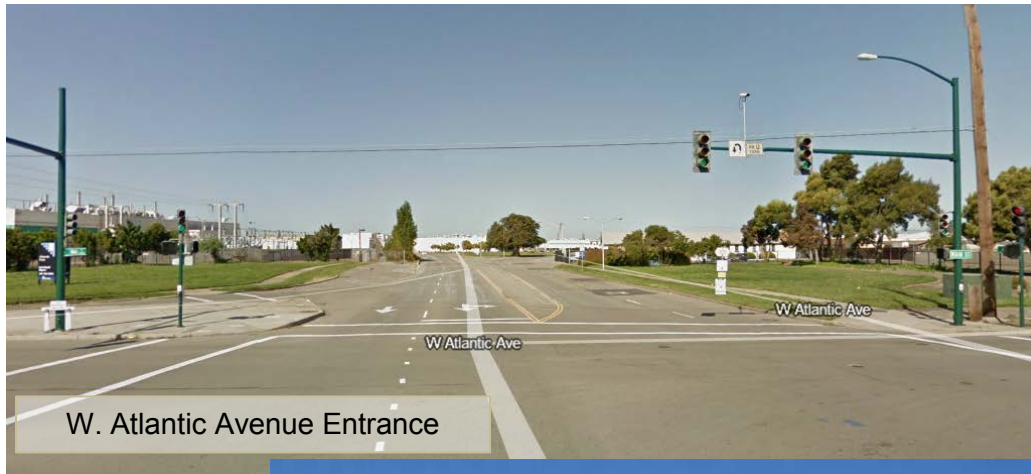
- A. Enhance Alameda Point’s main ‘front doors’ or gateways
- B. Improve wayfinding elements
- C. Create user friendly maps

Action A: Enhance Alameda Point’s Main ‘Front Doors’ or ‘Gateways’

Vehicular routes at Alameda Point funnel into four main “front door” or gateway experiences: Main Street Gateway (north end), W. Midway Ave. (east end, off Willie Stargell Ave), West Atlantic Avenue (east end, off Atlantic Avenue), and W. Pacific Avenue (east end, off Pacific Avenue). The gateways are the first point of encounter the public has with Alameda Point. Therefore, the gateways should announce to visitors that they have arrived, effectively welcome them, and start to establish the ‘Alameda Point experience’. Unfortunately, the current state of the gateways does not achieve any of these welcoming first impressions. Signs marking or acknowledging entrances to Alameda Point are minimal and inconsistent (see Figure 6). In general, Alameda Point’s gateways:

- Are minimal;
- Lack identity;
- Are in disrepair and therefore appear heavy and somber;
- Do not resonate with the character Alameda Point as a historic place or as a place to do business;
- Are not consistent in design; and
- Lack wayfinding information.

Figure 6 - Current Conditions at Alameda Point's Gateways



The contrast with gateways at other former military facilities that have been successfully converted into commerce centers is apparent, such as Mather and McClellan Air Force Bases in Sacramento County or Hamilton Air Force Base in Marin County (see Figure 7).

Figure 7 - Illustrative Examples of Gateways at Other Former Military Bases



McClellan Park, Sacramento County

Source: McClellan Park



Mather Commerce Center, Sacramento Co.

Source: McCuen Properties



Hamilton Field, Marin

Hamilton Field, Marin County. Source: Flickr.com (user: Army.Arch)

Action B: Improve wayfinding elements

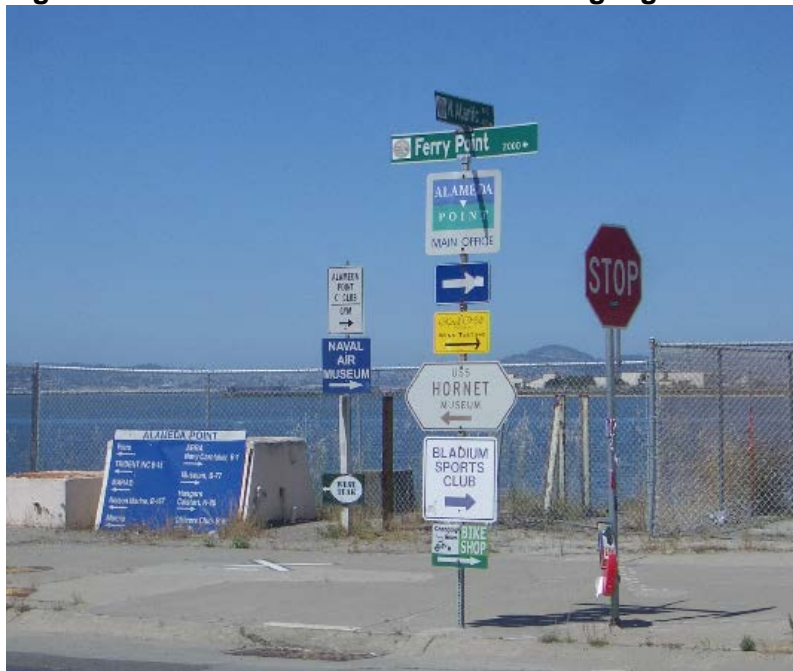
A successful business center is easy to find and get to and get through. However, vehicular and pedestrian directional information and building identification at Alameda Point is nearly non-existent and what little is there is inconsistent and outdated.

A professionally-designed signage program is a relatively low cost investment that could significantly improve the image of Alameda Point. The need for such a signage program is evident in the many signs that have been placed in an impromptu manner at the Lagoon next to the intersection of West Atlantic Avenue and Ferry Point Street (see Figure 8).

Clear directional signs in conjunction with a well thought-out circulation plan can help create a positive experience for people visiting or doing business at Alameda Point. Additionally, a way finding program consistent with the surrounding architecture and the local history may reinforce the branding of Alameda Point as a place to do business. In short, a new wayfinding system for Alameda Point is a practical necessity and an important public relations and economic development tool.

Signage standards and regulations related to way finding could also be incorporated into the Zoning Ordinance for Alameda Point.

Figure 8 - Current Vehicular Directional Signage at Alameda Point



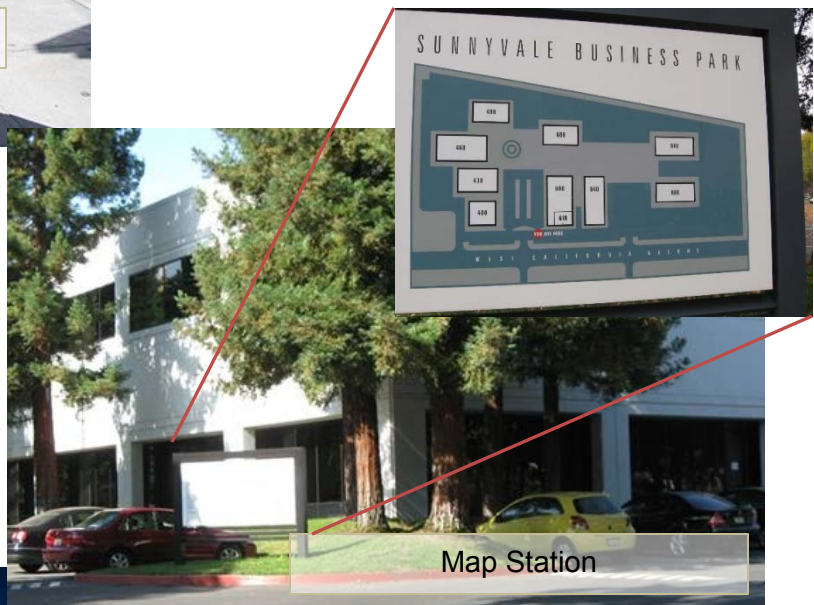
Source: Field Paoli

Figure 9 - Illustrative Examples of Wayfinding Elements



Pedestrian/Vehicular Directional

Source: www.fusion.com



Map Station

Source: <http://www.waymarking.com>



Building Identification

Source: <http://www.hamiltonlanding.com>

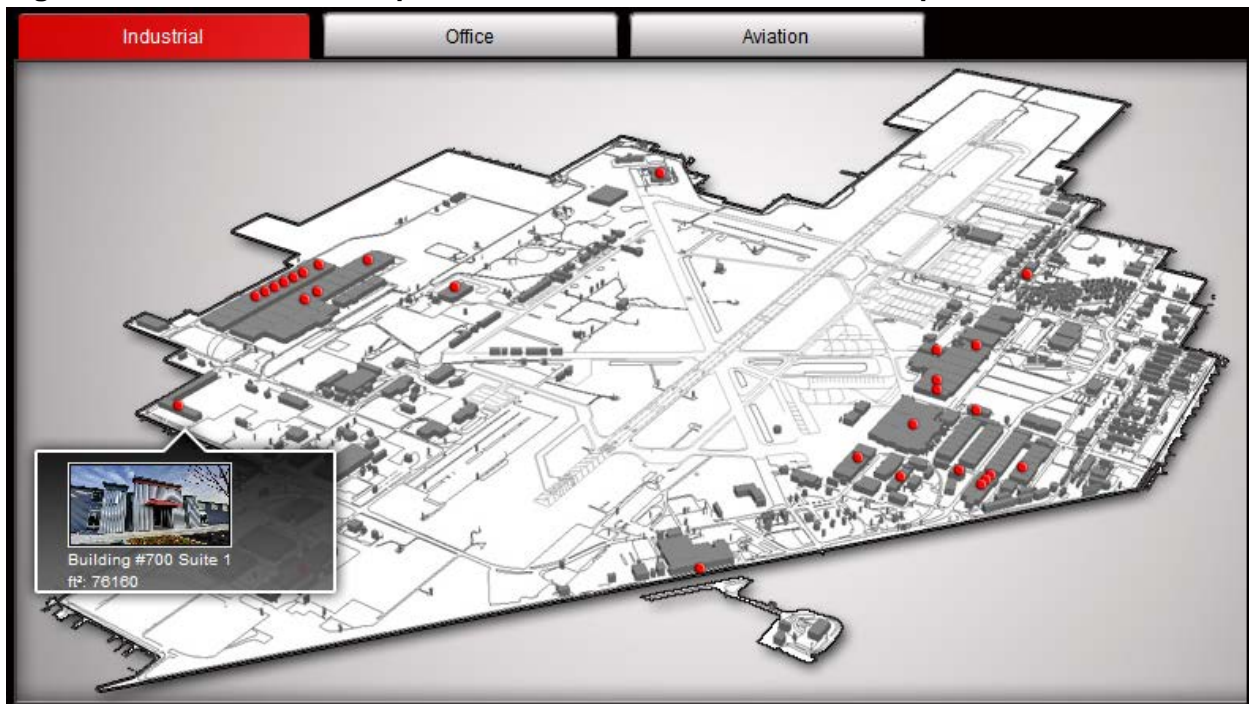
Action C: Create user friendly maps

Maps for Alameda Point should be made available, and – in addition to showing the street grid and the location of existing businesses – should highlight:

- Local businesses or industry clusters
- Available vacant space
- Potential development sites
- Landmarks/historic sites
- Open spaces (e.g., Parade, Apron, etc.)

Maps provide an extra method of orientation to visitors, allowing them to see the organization of the entire area and know what waypoints or landmarks to look for. There are many ways to provide a visitor with a bird's eye view of an environment. Map stations or directories can be placed (and clearly marked) throughout Alameda Point. There are also digital maps, which could be made available on the Point's website, at interactive map stations or through new smartphone applications.

Figure 10 - Illustrative Example of McClellan Park's Interactive Map



Website users are able to search for vacant industrial, office, and aviation space. Building information such as square footage, floor plans, and brochures can be obtained by clicking on any of the buildings.

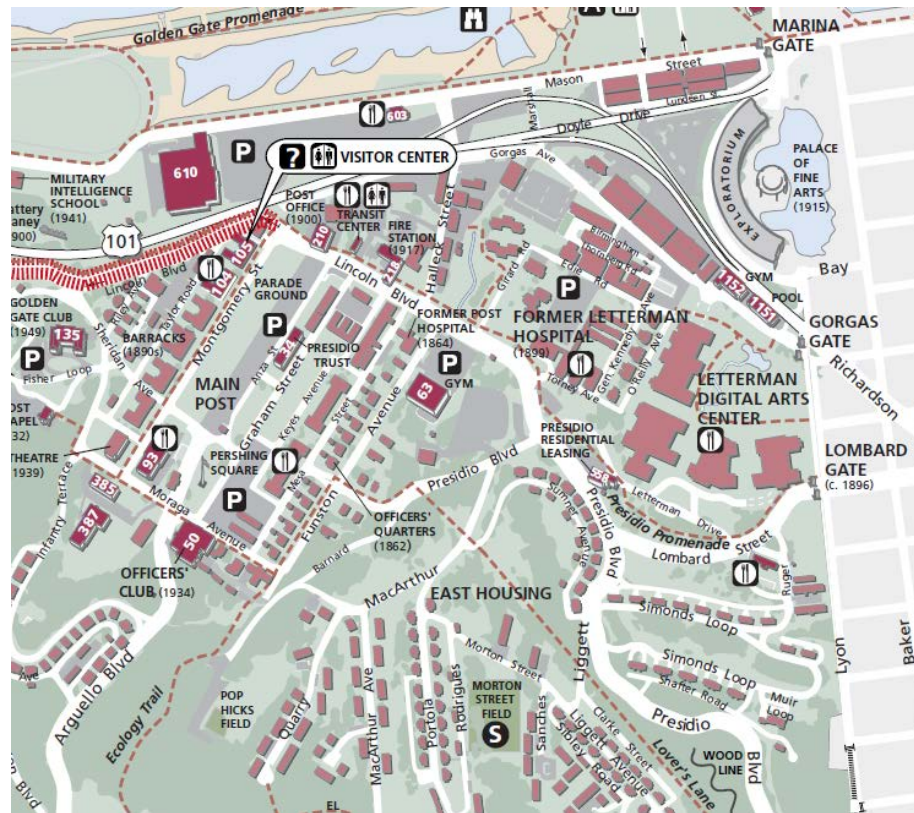
Source: www.mcclellanpark.com

Figure 11 - Illustrative Example of Mather Business Center's Map



Map highlights existing buildings/tenants as well as future development sites.
 Source: McCuen Properties

Figure 12 - Illustrative Example of The Presidio (San Francisco) Map Showing Landmarks, Buildings, and Circulation



Source: <http://www.nps.gov/prsf/planyourvisit/loader.cfm?csModule=security/getfile&PageID=304102>

Strategy 1.3: Craft coordinated branding approach

The competitive real estate environment in the Bay Area makes it important for places – no matter their size or composition – to clearly differentiate themselves and to convey why they are relevant and valued options. This can be achieved through “place branding.”

Mission Bay. SOMA (South of Market). Silicon Valley. Emeryville. These places illustrate how important a brand is for successful economic development. Each of these places invokes a brand (i.e., ideas about its economic conditions, economic clusters, regulatory environment, and quality of life). In general, a brand for a place is derived from existing assets of the place such as its built environment or view. Otherwise, the place brand may be associated with businesses located there, popular public events, or public policies, etc.

KMA recommends crafting a coordinated approach to increase the image of Alameda Point in the commercial investment market. This could be achieved through the following actions:

- A. Define a brand or image for Alameda point and identify and manage all the variables that have an impact on the brand or image;
- B. Create a logo for Alameda Point;
- C. Redesign Alameda Point’s website; and
- D. Organize tenant events and other events that raise awareness about the commercial activities that take place in Alameda Point.

Action A: Define a brand for Alameda Point and identify and manage all the variables that have an impact on the desired brand

KMA recommends defining a desired image or brand for Alameda Point and identifying all the variables that have an impact on that image or brand.

For a brand to succeed, it must be rooted in what is great and unique about Alameda Point. And while it is important that the City leverages all of the assets of Alameda Point, it is important that the City does not sell an image that does not match reality. An effective branding strategy requires that reality lives up to the perception. For example, if the City wants to brand Alameda Point as a tech hub, then it must have the infrastructure, amenities, investment and skilled workforce to back that up.

KMA also recommends identifying all the relevant variables, such as infrastructure and quality of local services that need to be managed in order to achieve a coherent and desired brand identity. Identifying all the variables that affect the Alameda Point’s brand can serve to further define the identity and vision, and provide driving force and direction in the development efforts of Alameda Point. This Economic Development Strategy has already identified many of the strengths that a branding strategy may want to reinforce or promote. However, further analysis

may be needed to identify all of the Point's assets that impact identity, and match them to an audience that values those assets and fill the gaps needed to attract sectors targeted in this economic development strategy.

The derived image or brand can then be promoted through numerous communication channels, such as those outlined in the three actions below.

Action B: Design a logo and slogan for Alameda Point

KMA recommends that a logo and slogan be developed for Alameda Point, which reflect the brand developed in Action A (see above.) The use of slogans and logos can play an important role when it comes to visualizing and implementing place branding efforts. The Logos and slogans will serve to communicate the brand identity to the various target audiences.

McClellan Park, Mather Commerce Center, and Hamilton Landing all have logos that are used not only on communication media, such as marketing brochures, stationary, and website, but also in signage, maps etc. The example for Hamilton Landing (see Figure 13) shows how a logo is used in various media from the website, videos, marketing brochures and is also reflected in the signage throughout the property.

Figure 13 - Illustrative Example of How a Logo for a Place Can Be Used Across Multiple Marketing Media (Hamilton Landing, Marin County)

The figure illustrates the consistent use of the Hamilton Landing logo across various marketing channels:

- Website:** A screenshot of the Hamilton Landing website showing the logo in the top right corner and a video thumbnail for a property tour.
- Building Signage:** A photograph of a large red sign for Hangar 5 at Hamilton Landing, featuring the logo.
- Marketing Brochures:** A brochure for Hangar 3, Suite 210, featuring the logo in the top left corner and a list of highlights.

Marketing Brochure Details:

HANGAR 3, SUITE 210 ★ **OFFICE** ★ **±2,875 SF** ★ **\$2.35 FSG**

HIGHLIGHTS

- Mix of private offices and open space.** Full height glass curtain wall. High open truss ceiling. Improved with open work area, 5 private offices, conference room, breakroom, storage, telecomm/server room.
- Flexibility**
 Raised floor system allows easy, cost effective relocation of HVAC, power, and data outlets. Multiple entry/exit locations.
- Spectacular Work Environment**
 High quality improvements. Abundant nearby amenities. Operable windows. Highly customizable HVAC zones.

See Reverse for Floorplan

For more information on leasing opportunities at Hamilton Landing, contact exclusive agents or go to www.hamiltonlanding.com

Source: <http://www.hamiltonlanding.com>

Action C: Redesign Alameda Point's website

There is a need to redesign the website for Alameda Point to focus on leasing and to promote Alameda Point as a place to do business. The current website for Alameda Point www.thepointatalamedapoint.com is attractive and relatively well designed. However, a redesigned website should include a few improvements, such as:

- 1) Listings: Make the ability to search for and sign up to receive new listings a priority in the website;
- 2) Reflect Alameda Point as a brand;
- 3) Advertise potential unique benefits such as LAMBRA and AMP benefits (see Section VIII for a brief description of these programs);
- 4) Coordinate with City's economic development efforts;
- 5) Include information regarding community (such as demographics of workforce and residents);
- 6) Include clear links to City services (such as permitting);
- 7) Include maps (see section above on maps);
- 8) Promote existing tenants/industry clusters;
- 9) Highlight transportation options (ferry, bus, and bicycle paths); and
- 10) Promote Alameda Point's history.

The following example shows the home page for McClellan Park. The website is primarily used as a leasing tool and it reinforces McClellan's image or brand as corporate community.

In addition to these features, it may be helpful to use website analytics tools to track visitors (i.e., who visited the site, where did they come from, what content are they viewing) and to optimize website for maximum visits and leads.

Figure 14 – Illustrative Website Example: McClellan Park

The image shows a screenshot of the McClellan Park website. The main header is red with the McClellan Park logo and the tagline "CALIFORNIA'S UNIQUE CORPORATE COMMUNITY". A search bar and "Properties" link are in the top right. A navigation menu includes "HOME", "ABOUT MBP", "LEASING AND SALES", "NEWSROOM", and "CONTACT". A large central image shows the entrance to McClellan Park at dusk. A dropdown menu under "ABOUT MBP" lists various amenities and services. Below this, there are sections for "Industrial" and "Office" space, each with a photo and details for a specific building. A map of the park is shown in the bottom right corner.

Promote location as a place to do business

Provide information about amenities and benefits to potential tenants

Include maps

Provide information or link to available space in the first page

Industrial

Office

Building #690
SF: 58,366

Building #338
SF: 4,173

Source: www.mcclellanpark.com

Action D: Organize tenant events and other events to highlight commercial activity at Alameda Point.

The City should consider organizing tenant events to showcase the industry clusters currently located at the base and to promote available space to attract complementary uses. This may be modeled after McClellan Park (former Air Force Base), which organizes an annual business expo to introduce the businesses based at the Park to the Sacramento region. The Expo is a one day event held at one of the hangars. It usually features more than 140 exhibitors, ranging from sole operators to government agencies to major corporations, the McClellan Business Expo gives business owners and the community at large a chance to see and experience the wide range of services and products available to them all in one place, with one visit. The event is one of the largest business-to-business expos in the Sacramento region.

Figure 15 - Illustrative Example: McClellan Park’s Annual Business Expo



Source: www.mcclellanpark.com

V. RECOMMENDATION 2: CAPITALIZE ON EXISTING ASSETS, BOTH TENANTS AND THE PROPERTY

According to an analysis by the Bay Area Council Economic Institute, between 1995 and 2009, approximately 30 percent of new jobs in the City of Alameda were created by the expansion of existing companies located in the City. This is significant because it suggests that businesses currently located in Alameda Point could be important drivers of growth. For this reason, KMA suggests promoting existing industry clusters at Alameda Point.

Fortunately Alameda Point already has a strong commercial tenant base. Despite the condition of existing buildings and infrastructure limitations, Alameda Point is attractive to many businesses. This is significant because it demonstrates that the existing assets of Alameda Point (i.e. the strengths highlighted in Section III) are sufficiently attractive to entice businesses to locate there, and with some further incentives, these assets could help to grow the employment and economic base.

Given these observations, KMA recommends the following:

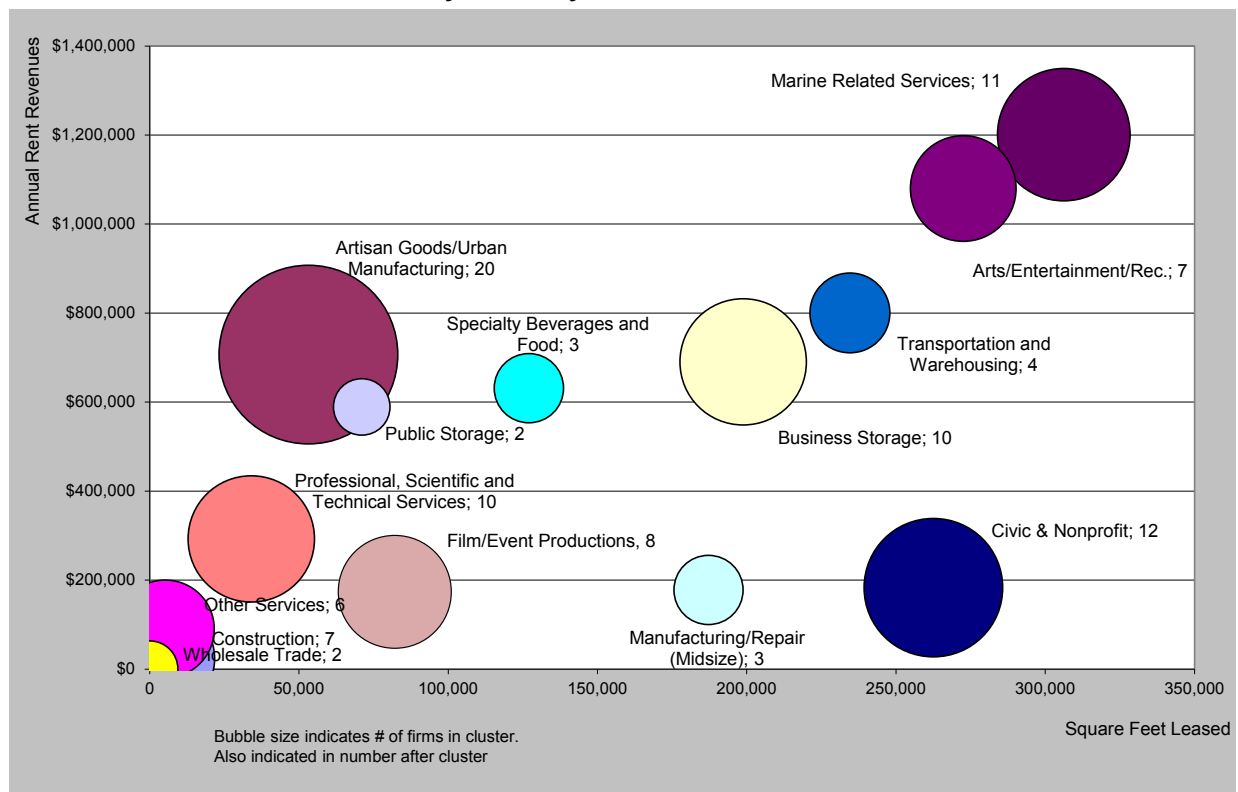
Recommendation 2: Capitalize on Existing Assets, Both Tenants and the Property	
Strategy	Actions
2.1 Build on existing industry clusters	<ul style="list-style-type: none"> a) Market existing industry clusters at Alameda Point b) Support existing tenants and tenant organizations as Ambassadors of Alameda Point c) Promote complementary uses
2.2 Continue leasing vacant buildings	<ul style="list-style-type: none"> a) Target industries with high potential for expansion/relocation b) Reinvest rent revenues to make some of the currently vacant buildings more marketable (i.e., clean interior of buildings) c) Establish relocation support program for businesses elsewhere in Alameda (possible option for maritime industries along the Northern Waterfront which may be displaced in the future) d) Streamline leasing process
2.3 Encourage renovation of existing buildings	<ul style="list-style-type: none"> a) Prepare sub-area Development Guides which identify key issues that a potential business or developer may need to address b) Issue tenant/developer RFPs for commercial sub-area c) Allow longer lease terms to promote investment in buildings
2.4 Provide incentives to encourage private investment	Potential incentives are presented in Section VIII

Strategy 2.1 – Build on Existing Industry Clusters

As noted in Section III, there are more than 100 companies located at Alameda Point employing approximately 1,000 workers. These businesses lease more than 1.8 million square feet of commercial space and generate more than \$6.6 million in annual rent revenues. These companies represent 14 industry clusters. In Task 2 of the Economic Development Strategy, KMA evaluated these industry clusters on various dimensions such as: number of firms, amount of space leased, rent revenue generated, relative contribution to employment and impact on the visibility of Alameda Point. Figure 16 is a graphical representation of three of these dimensions for each cluster.

As shown in Figure 16 there are some industry clusters which have a strong presence in Alameda Point. For example, there are 11 companies in the Marine Related Services that lease over 300,000 square feet of space at Alameda Point and generate over \$1.2 million dollars in annual rent revenue. Other important clusters are highlighted in Action A below.

Figure 16 - Number of Firms, Space Leased, and Rent Revenues Generated by Existing Businesses at Alameda Point, by Industry Cluster



Source: Keyser Marston Associates, Inc.

To build on existing industry clusters, KMA recommends the following actions:

- A. Market existing industry “Clusters” at Alameda Point
- B. Promote existing tenants and tenant organizations as ambassadors of Alameda Point
- C. Promote complementary and compatible uses

Action A: Market existing industry clusters at Alameda Point

KMA recommends leveraging the presence of existing businesses to attract complementary users by promoting strong industry clusters already present in Alameda Point. Based on the outlook for the industry cluster, regional clustering patterns, and the suitability of existing space at Alameda Point to accommodate these businesses (or the attractiveness of Alameda Point as a location to develop new build-to-suit space), KMA recommends promotion the following industry clusters at Alameda Point. More detailed information about each of these clusters in Strategy 2.2.

- 1) Artisan Goods/Urban Manufacturing
- 2) Arts, Entertainment, and Recreation;
- 3) Clean Tech;
- 4) Film/Event Production
- 5) Maritime Industry;
- 6) Specialty Beverages; and
- 7) Specialty Food Production

The City could promote these clusters with distinctive names such as “Antiques Corner,” “Spirits Alley,” “Artisan Runway,” “Recreation Row,” etc.

Despite the diversity of industry clusters in California, most cities focus their business attraction efforts on similar – if not exactly the same business clusters. They typically cover some variation or combination of these clusters:

- Advanced Manufacturing
- Bioscience/Life Science
- Clean Tech
- High Tech/Social Media/Gaming

However, while many cities and regions are pursuing these industries, there are some cities that are actively promoting different industries to make their location stand out from its competitors. The following are recent examples of cities, neighborhoods, and private developers that have tapped into their unique assets and strengths to develop or capitalize on very specific niches:

- Oakland's Food Trail: More than 30 small and medium food and beverage production companies located along the industrial Oakland waterfront.
- Lompoc's Wine Ghetto: A loose collection of wineries, including many production facilities. This unique two-block industrial complex has been almost completely taken over by the wine industry. Its eighteen tasting rooms represent more than 20 local brands.

Additional information on these clusters is provided below.

Industry clusters at Alameda Point could be encouraged/promoted through some of the following:

- 1) Develop a signage program
- 2) Create a website
- 3) Establish a relocation program for businesses in these clusters
- 4) Streamline permitting and leasing process
- 5) Zoning code modifications

This list is not comprehensive, and not all of the tools may be suitable for Alameda Point. They are merely intended to illustrate some of the tools that have been used by other jurisdictions to encourage the expansion of certain clusters. The specific tools/actions to promote specific industries need to be studied further. The "Northwest Washington Marine Industry Cluster Study" and "Food industry Outlook: A Study of Food Industry Growth Trends in Toronto" provide examples of comprehensive strategies to expand specific industry clusters.

Figure 17 - Industry Cluster Example: City of Oakland's Food Trail

See Also "Off the Trail"

- Rayburn Foods**
6195 Coliseum Way
- Dakota Bakeries**
810-81st Ave.
- Dino Torri**
910-81st Ave.
- Colombo Bakery**
580 Julie Ann Way
- Enat Winery**
910 81st Ave.
- Premier Organics**
815-81st Ave.
- Quaker Oats/Gatorade**
5625 International Blvd
- East Bay Restaurant Supply***
49-4th St.
- Just Desserts**
550-45th Ave.

Coming in 2009

- Oakland Brewing Company**
www.oakland-brewing.com
- Coco Délice**
www.cocodelice.com

For information on Oakland's network of food production, suppliers, services, and for business support, contact:

City of Oakland Business Development Services
Margot Ledener Prado, Industrial Specialist
250 Frank Ogawa Plaza, Suite 3315
Oakland, CA 94612
mprado@oaklandnet.com 510.238.6766

Visit: www.business.oakland.com
www.oaklandcb.com

Oakland Food Trail Map and Industrial District Strategy sponsored by the City of Oakland Business Development Services Department through a grant from the US Department of Commerce, Economic Development Administration

CITY OF OAKLAND

SLOW DOWN AND CYCLE, WALK OR RIDE ALONG THE BAY TRAIL'S LATEST FEATURE!

OAKLAND WATERFRONT FOOD TRAIL

Oakland has a long and continuing working waterfront history of food production and distribution. In 1845 Oakland became the western terminus of the transcontinental railway and, with its newly-developed Port, grew economically — transporting railcars of California's bountiful Central Valley products to new national and international markets.

Through its role in delivering California's cornucopia of year-round vegetables, fruit, nuts, rice and grains, Oakland grew to become home to many canneries, smokehouses, roasteries, wineries and bakeries. By the 1950's Oakland was home to some of the West Coast's largest food production facilities such as Del Monte Foods, Granny Goose, Mothers Cakes and Cookies, and large distribution and retail activities including headquarters of the Safeway supermarket chain.

Oakland still forms the backbone of the East Bay epicurean economy with caterers, specialty and artisan food production, small and medium sized product distribution and related restaurant-supply, design, and culinary research companies. Increasingly Oakland's restaurants are able to boast the sale of its homegrown products, with a supplier network of companies that support service, delivery, packaging, distribution and marketing of foods.

California Cereal Products, West Oakland

Enjoy a walk or cycle along Oakland's Waterfront Trail observing the history and presence of these food-related companies. Stop to taste at these (+) businesses which offer on-site food and beverage sales:

- 1 **Crunchy Foods** Biscotti
1070 - 40th St.
www.crunchyfoods.com
- 2 **SF Enterprises** Wholesale
2525 Mandela Parkway
www.sfenterprises.net
- 3 **Hodo Soy Beanery** Soy Products
2867 Adeline St.
www.hodosoy.com
- 4 **Sweet Marias** Coffee Beans
1115 - 21st Ave.
www.sweetmarias.com
- 5 **California Cereal Products** Cereal
1267 - 14th St.
(510) 452-4500
- 6 **Svenhards Swedish Pastries** Pastries
335 Adeline St.
www.svenhard.com
- 7 **Linden Street Brewery** Beer
95 Linden St.
www.lindenbeer.com
- 8 **Barlovento** Chocolates
638 - 2nd St.
www.barloventochocolato.com
- 9 **Vice Chocolates** Chocolates
638 - 2nd St.
www.vicechocolates.com
- 10 **Urban Legend Cellars** Wines
641 - 4th St.
www.urbanlegendwine.com
- 11 **Mr Espresso** Coffee
696 - 3rd St.
www.mrespresso.com
- 12 **Hansen Good Coffee** Coffee
327 Clay St.
www.hansengoodcoffee.com
- 13 **Jack London Market** Food Hall
65 Harrison St.
www.jacklondonmarket.com
- 14 **Blue Bottle** Coffee
300 Webster St.
www.bluebottle.com
- 15 **Prime Smoked Meats** Smoked Meats
220 Alice St.
www.primesmoked.com
- 16 **Peerless Coffee** Coffee
260 Oak St.
www.peerlesscoffee.com
- 17 **Dasha Cellars** Wine
55 - 4th St.
www.dashacellars.com
- 18 **JC Cellars** Wine
55 - 4th St.
www.jccellars.com
- 19 **Numi Teas** Tea
2230 Livingston St.
www.numiteas.com
- 20 **Lost Canyon Wine** Wine
2102 Dennison St.
www.lostcanyonwinery.com
- 21 **Pitco Food** Wholesale Cash & Carry
727 Kennedy St.
www.pitcofoods.com
- 22 **Earthgrains/Sara Lee** Bread
959 Kennedy St.
www.earthgrains.com
- 23 **Veronica Foods/Delizia** Olive Oil
1991 Dennison St.
www.evolveoil.com
- 24 **Con Agra** Flour Mill
2201 E 7th St.
www.conagrafoods.com
- 25 **La Finca Tortilleria** Tortillas
909 King Street
www.la-finca.com
- 26 **Cook Natural Products** Natural Grains
2109 Frederick Street
www.cooknaturally.com
- 27 **Saroni Foods Food** Distribution
727 Kennedy Street
www.saronitotalfoods.com
- 28 **Voile Juice** Juice
510 Derby St.
www.voilejuice.com
- 29 **Restaurant Depot** Cash & Carry
400 High St.
www.restaurantdepot.com
- 30 **Revolution Foods** School Lunch Provider
8383 Capwell Drive
www.revolutionfoods.com
- 31 **Alameda County Food Bank** Foods Dist.
7900 Edgewater Drive
www.acfb.org

From Farm to Factory to Fork—the Oakland Waterfront Trail: A Continuum of Food Production in Oakland

Source: Map and guide for self-guided tour. City of Oakland.

<http://www2.oaklandnet.com/oakca1/groups/ceda/documents/webcontent/dowd008939.pdf>

Figure 18 - Industry Cluster Example: Lompoc's Wine Ghetto



Urban wine tasting at its finest.

lompocghetto.com

/LompocWineGhetto

@GhettoWine

Please Don't Drink & Drive

- Lompoc Transit
805.736.7666
- Lompoc Taxi
805.736.3636
- Promenade Cab
805.616.0032

Tasting Room Hours

<p>1 Ampelos Cellars/Chien Thursday–Sunday 11-5 t. (805) 736.9957 w. ampeloscellars.com</p> <p>2 Arcadian Winery Thursday–Sunday 11-5 t. (805) 688.8799 w. arcadianwinery.com</p> <p>3 Bratcher Thursday–Sunday 11-5 t. (805) 737.3900 w. bratcherwinery.com</p> <p>4 De Su Propia Cosecha Friday–Sunday 11-5 t. (805) 345.9355</p> <p>5 Evening Land Vineyards Thursday–Sunday 11-5 t. (805) 736.9656 w. eveninglandvineyards.com</p>	<p>6 Fiddlehead Cellars Fri. 12-5, Sat. 11-5, Sun. 12-4 t. (800) 251.1225 w. fiddleheadcellars.com</p> <p>7 Flying Goat Thursday–Sunday 11-4 t. (805) 736.9032 w. flyinggoatcellars.com</p> <p>8 Joseph Blair Wines Thursday–Sunday 12-5 t. (805) 618.2072 w. josephblair.com</p> <p>9 Jalama Wines Thursday–Monday 12-5 t. (805) 735.8937 w. jalamawines.com</p> <p>10 La Vie Vineyards Friday–Sunday 11-5ish t. (805) 291.2111 w. lavievineyards.com</p>	<p>11 Longoria Wines Friday–Sunday 11-4:30 t. (866) 759.4637 w. longoriawine.com</p> <p>12 Loring Wine Company Friday–Sunday 12-5 t. (805) 742.0478 w. loringwinecompany.com</p> <p>13 New Vineland/Piedrasassi Friday–Sunday 12-5 t. (805) 736.6784 w. newvineland.com</p> <p>14 Palmina Wines Thursday–Saturday 11-5 Sunday–Monday 11-4 t. (805) 735.2030 w. palminawines.com</p>	<p>15 Samsara Friday–Sunday 11-4 t. (805) 331.2292 w. samsarawine.com</p> <p>16 Stolpman Vineyards Friday–Saturday 11-5 t. (805) 736.5000 w. stolpmanvineyards.com</p> <p>17 Taste of Sta. Rita Hills Thursday–Sunday 11-5 t. (805) 735.8774 w. tasteofstairtahirills.com</p> <p>18 Zotovich Cellars Thursday–Sunday 10-5 t. (805) 736.1600 w. zotovichcellars.com</p>
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To taste outside regular hours, call for appointment

Update: 2012.09.01 This map may be reproduced in its entirety without permission. Do not modify without permission. ©2012 Global Wine Press

Source: <http://www.lompocghetto.com> and Marc Liberts "A Tour of the Lompoc Wine Ghetto", edhat.com updated: Mar 19, 2011, 9:30 AM

Keyser Marston Associates, Inc.
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Action B: Promote existing tenants and tenant organizations as ambassadors of Alameda Point

KMA recommends the promotion of existing tenants and tenant organizations as ‘ambassadors’ of Alameda Point. The City should create opportunities for tenants to come together as a way of creating pride/excitement about Alameda Point.

In a world of too much information, a message has more credibility when it is delivered by a trusted source. Advice and personal experience from an industry peer can strengthen the brand of a community and reach deep into networks that economic development professionals may have a difficult time accessing. This is supported by a survey of top executives responsible for site selection which asks the question “What sources of information influence your perception of a city’s business climate?” The top response was “Dialogue with industry peers”, with 61% of respondents citing it as a factor. To take advantage of this channel in a formal way, many communities are creating ambassador programs as a component of their branding initiatives. Other communities such as McClellan Park (former Air Force Base in Sacramento County) organize tenant “Expos” to promote tenants and to market the base (see Strategy 1.3, Action D).

Alameda Point has a robust tenant base that appears excited to be at Alameda Point. In Task 2 of the Economic Development Strategy, City staff and KMA conducted an Alameda Point tenant forum that was attended by more than 24 business owners and representatives. The tenants who attended the forum were excited to have an opportunity to interact with other tenants and for their voices to be heard. Most tenants indicated that, despite some challenges, they have had a relatively positive experience at the Point and wished to stay there for years to come if given the opportunity. Following the tenant forum, some tenants organized open houses or informal tenant gatherings. Some tenants have also coalesced into informal organizations such as the Alameda Point Entrepreneur Leaders for Sustainable Environmental Development or APELSED. The City should build on these networks and organize events to foment ‘civic pride’ and camaraderie among tenants so they become ambassadors/advocates of Alameda Point.

Action C: Promote complementary and compatible uses

If the City decides to market some of the industry clusters described above it will be important that the City ensures that other industries located at Alameda Point are complementary and compatible.

An interviewee, who is currently operating a specialty food company in Oakland, mentioned that one of the advantages of being based in the Oakland waterfront is that there are other companies that provide services to food-production companies: welders, mechanics, packaging, etc. This illustrates how expanding Alameda Point’s vibrant community of skilled professional

service providers and companies could help to attract other businesses to the area. It also illustrates the importance of being surrounded by complementary businesses.

Additionally, locating near compatible uses is important for some of the target industries recommended below. For example, when Faction Brewery was scouting a location, the owners found a building in the City of Richmond that was ideal for the Brewery's operations. However, an adjacent use (oil bleeding facility) was the primary deterrent for not choosing that location. They instead chose Alameda Point in a location adjacent to St. George Spirits (a similar use). This example illustrates the importance of discouraging uses that may not be compatible with the operations of targeted industries.

Strategy 2.2 – Continue leasing vacant buildings

The large inventory of buildings at Alameda Point (approximately 5.3 million square feet) presents an opportunity to attract a wide range of businesses. This is illustrated by the more than 1.8 million square feet of space that are currently leased by more than 100 businesses across many industries.

To lease vacant buildings, KMA recommends the following actions:

- A. Target industries with high potential for expansion/relocation
- B. Make some of the currently vacant buildings more marketable (i.e., clean up interior of buildings)
- C. Establish relocation support program for businesses in Alameda (possible option for maritime industries along the Northern Waterfront which may be displaced in the future)
- D. Streamline leasing process

These actions are described in more detail below. It should also be noted that this strategy and the proposed actions do not ignore the fact that most of the currently vacant buildings require significant improvements in order to be brought up to code and be leaseable. Strategy 2.3 focuses on actions to encourage the renovation of existing buildings.

Action A: Target industries with high potential for expansion/relocation

In Strategy 2.1, Action A, KMA recommends promoting the following seven industry clusters, which currently have a presence at Alameda Point:

- 1) Artisan Goods/Urban Manufacturing
- 2) Arts, Entertainment, and Recreation;
- 3) Clean Tech;
- 4) Film/Event Production
- 5) Maritime Industry;
- 6) Specialty Beverages; and
- 7) Specialty Food Production

In addition to already having a presence at Alameda Point these clusters represent an opportunity for growth because their positive short- and long-term economic growth outlook as well as the suitability of existing space at Alameda Point to accommodate these businesses. The suggested industries as well as the rationale for KMA's recommendation are described in more detail below. A more detailed analysis is presented in the report prepared by KMA entitled "Approach to Commercial and Institutional Groups" dated May 2012.

Specialty Food Production

Examples: Wonky, Oaktown Jerk

<i>Opportunities</i>	<i>Challenges</i>
<ul style="list-style-type: none">▪ Industry is experiencing robust growth, outpacing other sectors of the economy.▪ Many companies in the Bay Area are outgrowing their current facilities. These companies are usually strongly tied to the local market and prefer to stay in the area.▪ Alameda (Harbor Bay) has a successful track record attracting companies in this industry.▪ Alameda Point offers affordable industrial space at affordable rates and provides an excellent location to serve the Greater Bay Area.▪ There is an opportunity to build on the success of Harbor Bay and the “Oakland Waterfront Food Trail”.▪ Alameda Point is starting to attract businesses in this cluster as evidenced by the recent lease signings by Wonky and Oaktown Jerk.	<ul style="list-style-type: none">▪ Food production companies have very specific space needs, such as floor drains, wastewater disposal systems, and loading docks. It is difficult for small companies to finance significant capital improvements to existing buildings at Alameda Point.▪ Large spaces at Alameda may need to be divided into smaller spaces. Companies typically need spaces smaller than 5,000 square feet.▪ To attract companies in search of sites to develop 30,000 to 35,000 square foot facilities, development sites need to be identified and ready to be developed.

Specialty Beverages (Wine, Beer, and Spirits Production)

Examples: Rockwall Wines, St. George Spirits, Faction Brewery (coming soon to Alameda Point)

<i>Opportunities</i>	<i>Challenges</i>
<ul style="list-style-type: none">▪ Strong East Bay cluster with more than 8 microbreweries and more than 20 wineries.▪ Alameda Point is home to prominent players: Rockwall Wines, St. George Spirits, and soon Faction Brewery. There is an opportunity to develop a corridor/cluster within Alameda Point.▪ Many companies in the Bay Area may be looking to expand in the near future.▪ Micro-distillery industry is still in very early stages and experiencing exponential growth.▪ Alternative models of urban wineries are emerging, which are not yet present in the East Bay: for example make-your-own barrel concept.▪ New production breweries (focus on production and distribution as opposed to direct customer sales) are becoming more common in the East Bay.	<ul style="list-style-type: none">▪ Large spaces at Alameda may need to be divided into smaller spaces. Companies typically need spaces 5,000 to 10,000 square feet.▪ Companies in this industry generally do not have a lot of capital to spend on capital improvements in a building.▪ Not a likely candidate for development of new industrial space, at least in the short- to mid-term.

Marine Related Industries

Examples: Bay Ship & Yacht, NRC Environmental Services, Power Engineering, Delta Sandblasting

Opportunities

- Largest industry in Alameda Point measured in space leased and rent revenue generated. It also includes some of the largest employers at Alameda Point.
- New sub-sectors are emerging such as the super-yacht industry or high-tech submergibles.
- Industry is being pushed out of other Bay Area locating such as San Francisco and Treasure Island.
- Large number of marine slips in Alameda could support marine-related business at Alameda Point.
- Industry representatives indicate that Alameda Point is a great match for the industry. There are few places in the Bay Area with deep water access and affordable industrial space.
- In the short term America's Cup represents an opportunity to raise the visibility of Alameda.
- Companies in this industry may be able to invest in upgrades to existing buildings or new development.

Challenges

- Pier access is limited at Alameda Point (most space is used by MARAD and the USS Hornet)
- Perception of a decaying industry. People associate maritime industry with shipping, which has been severely impacted by recession.

Artisan Goods/Small Urban Manufacturing

Examples: High-end furniture designers, custom kayak construction, natural aromatherapy products

Opportunities

- Demand for locally made products is increasing.
- Small manufacturers account for a large and growing share of all manufacturing employment.
- I-880 Corridor is attractive because it provides access to nearby population and business centers and has historically offered a supply of affordable industrial space.
- Alameda Point has over 20 businesses in this cluster
- Alameda Point offers suitable space (except for size) at competitive, affordable rents for manufacturing uses. It is possible to attract companies to existing buildings with minimum improvements.
- Alameda provides companies with access to workers of various skill levels.

Challenges

- Large spaces at Alameda may need to be divided into smaller spaces. Companies typically need spaces smaller than 5,000 square feet. However there are examples within Alameda Point for how these companies can be accommodated in larger spaces. See Buildings 14 and 29.
- Companies in this industry generally do not have a lot of capital to spend on capital improvements in a building.
- There is ample supply of affordable space available in Oakland, San Leandro, and Hayward.
- Not a likely candidate for development of new industrial space, at least in the short- to mid-term.

In addition to the industries described above, the following clusters have moderate to high potential for relocation/expansion at Alameda Point.

Arts, Entertainment, and Recreation

Examples: Bladium, Antiques/Auctions by the Bay, USS Hornet

None of the people interviewed by KMA in Task 3 had a strong knowledge of this industry. Therefore, we received limited information for the potential for this industry in Alameda Point. However, businesses in this industry currently lease the second most amount of space at Alameda Point and generate the second most amount of rent revenue. These businesses provide amenities to employees of other Alameda Point businesses. Also, because businesses in this industry attract large numbers of visitors to the Point, they help to raise the visibility of the Point as a destination.

The presence of the Bladium (one of the largest entertainment and recreation venues in the East Bay) and Antiques/Auction by the Bay makes Alameda Point an attractive location for other entertainment and recreation businesses to locate there. Approximately 15 percent of the leasing inquiries currently received at Alameda Point are in this category. Inquiries included businesses looking to locate facilities, such as mini-golf, ice hockey, indoor skate parks, indoor bike parks, swimming clubs, etc.

Clean Tech: Renewable Resources (biofuels, wind, and hydro)

Examples: Natel Energy, Makani Power, Power Source Point

Although this clusters is currently relatively modest in size (i.e., employment and space leased), the clean tech industry is thought to have the potential for business and job growth in the East Bay. However, it is unclear how the struggles of the solar-energy industry will impact other renewable energy companies, such as those developing biofuels, wind, and hydro technology. Nevertheless, the recent opening of the Energy Biosciences Institute, the Joint Bio-Energy Institute, and the Joint Center for Artificial Photosynthesis at U.C. Berkeley and LBNL, as well as the continued flow of venture capital to industrial energy (which includes biofuels, wind, and hydro power) companies in the East Bay bode well for capturing businesses in this industry in the region.

The existing buildings at the Point may be suitable for companies in this sub-sector looking for affordable flex space. In fact, Alameda Point already has four companies in this cluster. Even though their footprint is relatively small, their presence at the Point could make it easier to attract similar companies. There is also the potential that these companies that are currently located at Alameda Point could grow and expand their real estate footprint at the Point.

Film/Event Production

Examples: Area 51 Productions, Beyond Productions, Event Productions, Inc.

This industry includes businesses primarily engaged in the production of motion pictures, videos, television program, or commercial, and/or promoting, organizing, and managing live performing art productions. KMA does not have sufficient information to estimate the potential growth of this industry. However, Alameda Point is home to numerous businesses in this industry. This is a good indication that the existing spaces at the Point are suitable for their activities. Also, production of television shows and films made/produced in Alameda Point, such as Mythbusters or the Matrix increases the visibility of Alameda Point.

The clusters described above focus on industries for which the existing buildings at Alameda Point may be suitable. However, there are some growing industries for which the existing buildings at Alameda Point may not be suitable, but for which Alameda Point represents an attractive location to develop build-to-suit space; Specialized manufacturing is one such industry cluster.

Specialized manufacturing

Examples of companies located elsewhere in the City of Alameda: Abbot Diabetes Care, Penumbra, RGB Spectrum

Specialized manufacturing (i.e., manufacturing of medical devices, measuring/control instruments, industrial machinery, electronic components, and other scientific-related products) is one of the few sub-sectors in the manufacturing industry that has experienced and is expected to continue experiencing growth, particularly in the Bay Area. However, existing buildings at Alameda Point are probably not suited to accommodate this type of user. Also, due to a glut of flex space currently in the East Bay market, including Marina Village, demand for new space for high tech manufacturing is most likely five to seven years out.

Nevertheless, if growth in this industry continues as expected, Alameda Point could position itself to accommodate a user looking to build a new facility in the mid to long-term. The main reason for this conclusion is that Alameda is already home to a number of companies in this cluster (see list above).

Action B: Reinvest rent revenues to make some of the currently vacant buildings more marketable (i.e., clean up interior of buildings)

KMA recommends setting asides funds for interior improvements deemed necessary to make vacant buildings more marketable. Improvements may include labor and material costs for debris removal, drop ceilings removal/repair, carpet removal/replacement, and interior painting.

In a competitive market environment with a plethora of leasing options even small factors can make a building less competitive. Currently many of the vacant buildings at Alameda Point are difficult to market due to the blighted condition of the interior of the buildings, some of which feature graffiti, exposed electrical wiring, stained walls and carpeting, and disheveled drop ceilings. In some cases, potential tenants touring some of the buildings at Alameda Point must walk around equipment abandoned by the Navy such as medical and kitchen equipment, or old furniture.

Figure 19 illustrates the current state of the interiors of some of the vacant buildings at Alameda Point. Figure 20 illustrates the conditions of spaces currently available for lease elsewhere in the Bay Area.

Figure 19 - Example of Current State of Interior of Vacant Buildings at Alameda Point



Source: Field Paoli

Figure 20 - Example of Competitive Spaces Available for Lease in Oakland and San Francisco



Source: Loopnet.com. Buildings in Oakland, Potrero Hill and SOMA

Action C: Establish retention/relocation support program for businesses in Alameda (possible option for maritime industries along the Northern Waterfront which may be displaced in the future)

The City should explore the potential for a retention/relocation support program for businesses in Alameda in order to reduce the number of jobs that relocate to other parts of Bay Area. According to an analysis by the Bay Area Council Economic Institute (BACEI), between 1995 and 2009 Alameda businesses relocating elsewhere accounted for approximately 12 percent of jobs (approximately 7,000 jobs) lost in the City. The vast majority of those jobs – over 3,000 - relocated to other cities in Alameda County.³ To reduce the number of jobs lost due to business relocation, the City may offer incentives for businesses to relocate to Alameda Point.

A retention/relocation support program could be made available to businesses currently located in Alameda Point that are considering a move to another location. Such program could also be targeted to specific industries or areas. For example, a program may be developed specifically to retain maritime industries along the Northern Waterfront which may be displaced in the future due to zoning changes and market pressure to help them relocate to Alameda Point.

Action D: Streamline leasing process

The City should consider streamlining the approval process for new leases. According to real estate brokers interviewed for Task 5, many businesses have a short lead time for leasing commercial space. Potential tenants cannot afford to spend time on protracted lease negotiations and approval process, especially given that there are so many alternatives in the market. For businesses looking to expand and potentially relocate, the relocation process is stressful enough. These businesses do not want to complicate the process further by having to spend significant resources negotiating leases or waiting for public hearings for lease approval. The process needs to be efficient and comparable to what a potential tenant may face in market place.

The City should explore the possibility of streamlining the approval process for new leases to be competitive in the market.

³ During this period approximately 12,000 jobs relocated from other parts of the country to the City of Alameda. As a result job growth due business migration (jobs created by businesses moving in less jobs eliminated by businesses moving out) has been positive during this period. However, the impact on job growth could have been larger if the City had managed to retain many of the businesses moving out.

Strategy 2.3 – Encourage renovation of existing buildings

In Task 4, KMA evaluated the financial feasibility of extensive renovations of the buildings so they can be more competitive in the market and also extend their useful life by 30 to 50 years. KMA concluded that rent necessary to support major reinvestment in five selected prototypes at Alameda Point are well above the current market rents and that the investment required to substantially rehabilitating the buildings is higher than the cost to purchase existing buildings elsewhere in the market place. The conclusion of the financial analysis is that the current leasing practice of competitive rental rates and minimal improvements to the buildings will continue until market rents increase and the large supply of vacant space in the East Bay declines.

However, despite these findings, KMA suggested that extensive renovation of existing buildings may still be possible. For example, an end-user with financial resources may find the buildings attractive and the Alameda Point location may uniquely meet its space needs. Alternatively, a commercial developer with experience in rehabilitation projects and an extensive network of potential tenants may find a creative and financially feasible approach to rehabilitate the buildings.

To identify and facilitate opportunities for extensive renovation of existing buildings at Alameda Point, KMA suggests the following actions:

- 1) Prepare “Sub-Area Development Guides” which identify key issues that potential businesses or developers may need to address;
- 2) Issue tenant/developer request for proposals (RFP) for commercial sub-area; and
- 3) Allow longer lease terms to promote investment in buildings.

Action A: Prepare sub-area Development Guides to assist potential investors interested in upgrading existing buildings

One of the weaknesses of Alameda Point often cited by developers, real estate broker, and industry representatives is the uncertainty and additional risks created by entitlement and site development conditions, such as environmental, biological and cultural resource constraints. These factors introduce uncertainty and additional risks which create a perception of a complicated area to redevelop. Making information available about these issues could make development/redevelopment process more manageable.

KMA recommends creating “Sub-Area Development Guides”, which would identify key issues and constraints for potential development sites and adaptive reuse of buildings in different subareas at Alameda Point, such South of Atlantic, Commercial Adaptive Reuse, Campus, and North of Atlantic.

These guides could be developed through a collective effort of City Staff from various departments. Current monthly staff meetings to discuss Alameda Point present an opportunity to consolidate information.

Topics to be address by the handbook may include:

- Entitlements/Zoning
- Infrastructure/telecommunications
- Environmental cleanup process
- Geotechnical issues/soil characteristics
- Tidelands regulations
- Navy control/disposition
- Biological constraints
- Historic significance
- Existing facilities and tenants
- Access/public transportation
- Approvals required for development
- Development incentives (LAMBRA, Utility Discounts, etc.)

The guide could also delineate policies or recommendation on issues such as relocation of existing tenants and community outreach.

This effort should build on the Lawrence Berkeley National Laboratory Second Campus effort, which identified many of the main issues related to development in the South of Atlantic sub-area.

The emphasis of the guides would change by sub-area. For example, guides for the Commercial and/or Campus sub-areas may emphasize issues related to the adaptive reuse of existing buildings, while a guide for the sub-area South of Atlantic may emphasize new development opportunity sites. The guides would be also be used in conjunction with the issuing of request for proposals, as described in the next action item.

Action B: Issue tenant/developer request for proposals (RFP) for commercial sub-area

KMA recommends issuing a request for proposals (RFP) for the rehabilitation/adaptive reuse of selected vacant buildings or group of buildings within the commercial sub-area.

In Task 4, KMA evaluated the financial feasibility of extensive renovations of the buildings so they can be more competitive in the market and also extend their useful life by 30 to 50 years. KMA concluded that rent necessary to support major reinvestment in the selected prototypes at Alameda Point are well above the current market rents and that the investment required to substantially rehabilitating the buildings is higher than the cost to purchase existing buildings elsewhere in the market place. The conclusion of the financial analysis is that the current leasing practice of competitive rental rates and minimal improvements to the buildings will continue until market rents increase and the large supply of vacant space in the East Bay declines.

However, despite these findings, KMA suggested that repositioning of existing buildings may still be possible. For example an end-user with financial resources may find the buildings attractive and the Alameda Point location may uniquely meet its space needs. Alternatively, a commercial developer with experience in rehabilitation projects and an extensive network of potential tenants may find a creative and financially feasible approach to rehabilitate the buildings. For this reason, KMA recommends that the City test market interest by identifying a group of buildings within the commercial sub-area and invite developers and/or potential tenants to propose rehabilitation/adaptive reuse concepts for some of these buildings or the whole commercial sub-area. Depending on the quality and suitability of the proposals received, the City could reserve the right to award the buildings as a single project, group the building into two or more projects, the sub-area as a whole, or nothing at all. If separated into multiple projects, the City could also reserve the right to select more than one respondent.

The RFP should offer flexibility in concept/approach, but in order to ensure collaboration/integration with other development efforts at the Alameda Point, the RFP may, among other issues, delineate issues such as:

- City's goals/objectives for the buildings and the base as whole;
- Encouraged land uses and activities; and
- Expectations on the returns to the City.

Action C: Permit longer lease terms to promote investment in buildings

The general sentiment among real estate brokers and representatives of various industries that were interviewed in Tasks 2, 3, and 5 is that if a tenant is going to invest in significant improvements to a building a long term lease term will be required.

According to real estate brokers, currently the most common lease term for industrial space in the market is five years for a ready-for-move-in building. Leases for office space tend to be shorter (two to five years). However, in order to incentivize current or potential tenants to invest into buildings at Alameda Point, some of which require high level of capital improvements, a lease term of at least 10 years may be needed.

In Task 2 of the Economic Development Strategy, KMA identified areas within Alameda Point that could be targeted for long-term leasing to incentivize private investment. Appendix 1 describes the potential lease terms suggested for various sub-areas in Alameda Point.

Strategy 2.4 – Provide incentives to encourage private investment on the renovation of existing buildings

Potential incentives to encourage private investment to renovate the existing buildings are described in Section VIII.

VI. RECOMMENDATION 3: ENCOURAGE NEW PRIVATE DEVELOPMENT

The consensus among real estate developers and brokers interviewed for Tasks 2, 3, and 5 of the Economic Development Strategy is that Alameda Point offers a unique development opportunity in a world-class waterfront setting. Alameda Point is particularly attractive because there are few large sites available for development in the land-constrained inner Bay Area. Also, the fact that Alameda Point is under single ownership makes it very attractive to a potential user looking for a large development site. Additionally, the City of Alameda is perceived as a safe, welcoming community with good schools and relatively affordable housing opportunities for potential employees.

However, one of the major obstacles to commercial development at Alameda Point is that current market rents do not justify new, multi-tenant, speculative development. A large, special user such as large high tech company may be better positioned to develop there, but the opportunities for this kind of development are limited. Demand from end-users in search of smaller development sites is more likely. Regardless of the type of development, the key to successfully attracting and securing these development opportunities is to have one or multiple development sites that can be actively marketed and ready to go and providing incentives to encourage private investment.

Recommendation 3: Encourage New Private Development

Strategy	Actions
3.1 Identify potential development sites and issues that need to be addressed for development to occur	a) Prepare sub-area Development Guides which identify key development issues that a potential end-user may need to address. Identify environmental, geotechnical, infrastructure and entitlement issues and layout policies on issues such as community outreach, relocation of existing tenants. Plan for both major users and smaller users. This effort should build on LBNL effort
3.2 Provide incentives to encourage private investment	Potential incentives are described in detail in Section VIII

Strategy 3.1 – Identify potential development sites and issues that need to be addressed for development to occur

The process of building a new campus or a new facility is risky and complex. Uncertainty about the costs of development (due to infrastructure, environmental cleanup, or relocation of existing businesses) introduces additional risks to an already complex process and reduces the pool of businesses willing to move forward with new development at Alameda Point. The chances of attracting development opportunities to Alameda Point could be enhanced by identifying, and if

possible addressing the major potential barriers to development such as environmental cleanup, geotechnical issues, infrastructure, and entitlements.

KMA recommends creating “Sub-Area Development Guides”, which would identify key issues and constraints for potential development sites and adaptive reuse of buildings in different subareas at Alameda Point. Potential issues to be addressed by these guides are detailed below.

Action A: Prepare a sub-area development guide which identifies key development issues that a potential end-user may need to address in order to develop a site at Alameda Point

KMA recommends preparing “Sub-Area Development Guides”, which would identify key issues and constraints for potential development sites and adaptive reuse of buildings in different subareas at Alameda Point. These Sub-Area Development guides are described in more detail in Strategy 2.3 Action A.

The development guide for South of Atlantic may emphasize opportunities for new ground up commercial development.

Strategy 3.2 - Provide incentives to encourage private investment in new commercial development

Section VIII describes potential incentive programs to encourage private investment in the development of new commercial space at Alameda Point.

VII. RECOMMENDATION 4: UPGRADE INFRASTRUCTURE

Adequate and efficient infrastructure is an important factor determining a) the location of economic activity and b) the kinds of activities or sectors that can develop in a particular economy. Most of the existing infrastructure (e.g., utilities, telecommunications, streets, public amenities, flood control infrastructure, etc.) at Alameda Point was built by the US Navy, and significant proportions require major rehabilitation or replacement due to its age and condition. Therefore, to convert Alameda Point into a thriving business center, it is necessary to upgrade the existing infrastructure and telecommunications.

Given the expected magnitude of investment needed to upgrade the infrastructure, as well as the limited commercial real estate market and the limited availability of public funding sources, infrastructure upgrades will need to proceed in phases and be flexible to respond to market demand.

Strategy 4.1 – Develop infrastructure financing plan

The broad goals of an infrastructure financing plan for Alameda Point would be to:

1. Evaluate funding mechanisms and their applicability to Alameda Point, and
2. Identify high-priority infrastructure needs and match with funding mechanisms

To be effective, a number of factors need to be considered, including – but are not necessarily limited to – the following:

- *Types of public and private infrastructure to be included.* The City should determine whether elements that are not critical to the economic, environmental, and health needs of Alameda Point residents and businesses but which are important to the development of communities should be included in the plan.
- *Scope of infrastructure financing applications.* The plan should identify funding sources for the provision of 1) new infrastructure, 2) the upgrade of existing infrastructure, and 3) the operation and maintenance of existing and new infrastructure.
- *Need for close cooperation between land-use planning and infrastructure engineering.* Coordination between land use planning and infrastructure planning would ensure proper phasing and adequacy of infrastructure, and allow for cost-sharing with the private sector.
- *Short-term needs and long-term vision.* As a planning document, a financing plan should address visionary long-term plans but also address short-term needs to ensure that the infrastructure continues to properly support existing tenants.

- *Prioritization and timing of infrastructure investment.* For example, need to be designed so that it can be implemented in phases and flexible to respond to market demand.
- *Responsiveness to evolving market demand.* Current market conditions generally do not support speculative new construction or major redevelopment of existing buildings. However, there may be opportunities, such as the LBNL Second Campus which could present themselves, or the market could experience a faster than expected recovery. In either case, the plan should be flexible enough to respond to such opportunities.
- *Financing options.* In addition to private sector funding, public financing of infrastructure is needed to secure lower cost financing mechanisms. In summary, a public private partnership is needed for the financing of infrastructure, such as assessment districts and infrastructure financing districts.

VIII. INCENTIVES TO ENCOURAGE PRIVATE SECTOR INVESTMENT

This section provides a brief overview of potential incentive programs to facilitate and encourage private investment in Alameda Point. The programs are described very broadly. If the City decides to pursue any of these programs an in-depth analysis of the potential costs and benefits will be necessary.

Streamlined processing: entitlements, zoning, and flexibility for review and approval

Entitlement procedures should provide a clear, concise, streamlined and flexible process for the review and approval of development projects. Key aspects of a streamlined process may include early consultation and preliminary review procedures. These features would allow employers and/or developers to discuss a project with City staff, and submit an application to receive initial direction and feedback on a proposed project while it is still in the conceptual design phases. Having streamlined entitlement and review processes as well as design guidelines in place could help clarify, implement, and expedite the vision and entitlement process for future development.

Prepare adaptive reuse zoning

Explore potential for Adaptive Reuse Ordinance to streamline the city's permitting process for those seeking to re-purpose the old buildings and to allow for flexibility in the city's zoning and code requirements. For example, the City of Los Angeles' has created an adaptive reuse ordinance that provides the following incentives for converting office spaces to residential uses. These ideas may be able to be adjusted to promote commercial reuse at Alameda Point:

- Expedited review and approval process for adaptive reuse projects in designated areas.
- Exemption from more restrictive or burdensome updates in planning codes relative to Floor Area Ratios, height, yards, parking, and loading spaces.
- Los Angeles Building Code provides alternative building standards for adaptive reuse projects for issues such as:
 - Building, Mechanical and Electrical code requirements
 - Disabled access compliance
 - Fire life safety regulations
 - Seismic (Structural) retrofit

Consider deferred payment of City development impact fees

In response to the economic downturn and the severe decline in residential and commercial construction, numerous cities across the country introduced impact fee deferral programs to incentivize residential and nonresidential development. These programs vary widely across

jurisdictions, but generally, payment of impact fees is deferred, interest free, typically until final inspection, issuance of a certificate of occupancy, or close of escrow (for residential units). In some municipalities, instead of a lump sum at the end of the deferral period, developers can apply for extended payment plan. The types of fees that can be deferred also vary widely across jurisdictions. Some cities, for example, do not allow certain impact fees, such as fire and public safety facilities impact fees to be deferred.

The City of Alameda may explore the feasibility of implementing a deferred program as a way to incentivize private development at Alameda Point.

Secured New Market Tax Credits area designation for Alameda Point

The New Markets Tax Credit Program (NMTC Program) was established by Congress to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax return in exchange for making equity investments in qualifying projects.

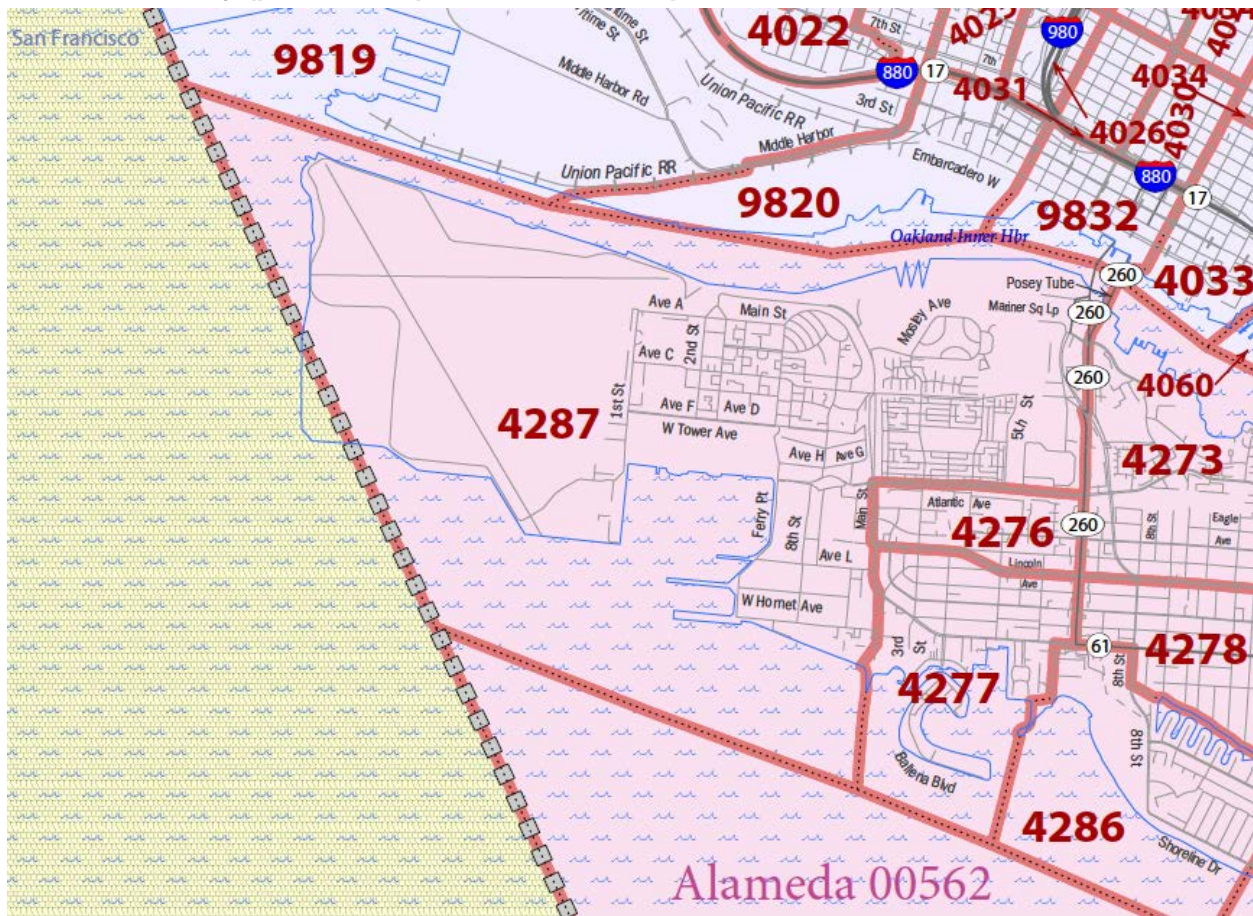
In order to qualify for NMTCs projects must be located within 'low-income communities', which are defined as any population census tract where the poverty rate for such tract is at least 20% or median family income for such tract does not exceed 80% of the greater of statewide median family income or the metropolitan area median family income.

Categorization of low income communities is based on the 2010 Census tracts and the 2006-2010 American Community Survey (ACS) data on income and poverty. The map below shows that Alameda Point is within census tract 4287.⁴ According to an analysis by Novogradac & Company, a national certified public accounting and consulting, this census tract does not qualify for the NMTC program.

It is unclear what steps the City of Alameda needs to take to secure NMTC area designation for Alameda Point, but the City should explore all potential options as this program could enhance the incentives for new investment at Alameda Point.

⁴ The actual Census tract number is "06001428700", where the first two digits correspond to the State, followed by three digits for the County and the remaining six digits for the tract number.

Alameda County (partial view) Census Tract Map



Source: 2010 US Census

Promote existing incentive programs

Alameda Point currently has two incentive programs in place: The Local Agency Military Base Recovery (LAMBRA) and Alameda Municipal Power's Economic Development Incentive Discount (EDID). These programs, which are described below are designed to attract investment and create employment. These programs need to be heavily promoted in marketing flyers, website, printed media, etc.

Tax Incentives: The Local Agency Military Base Recovery (LAMBRA)

The LAMBRA program was developed to attract reinvestment and create re-employment opportunities on certain former military bases in California which were closed in the Base Closure and Realignment process. The program has tax incentives which are similar to those offered in the Enterprise Zone Program. The LAMBRA's boundaries encompass all or part of the former military base and the term of the designation is eight years

Up to 100% Net Operating Loss (NOL) carry-forward. NOL may be carried forward 15 years. Firms can earn \$31,544 or more in state tax credits for each qualified employee hired up to \$2 million per year with a few provisions. Corporations can earn sales tax credits on purchases of \$20 million per year of qualified machinery and machinery parts. Up-front expensing of certain depreciable property, up to \$40,000 annually. Unused tax credits can be applied to future tax years, stretching out the benefit of the initial investment.

Utility Discount Incentives: Economic Development Incentive Discount (EDID)

Alameda Municipal Power (AMP) offers EDID to qualifying businesses for the purpose of business attraction or facility expansion. The program offers rate discounts over five years to new businesses locating to Alameda, or expanding existing businesses expanding within Alameda, where a location outside of Alameda was seriously considered.

Favorable lease terms (length, rent and utility discounts)

KMA recommends structuring lease terms to incentivize private investment in existing buildings. Rent and utility discounts and long-term leases area potential terms that could incentivize investment.

The general sentiment among real estate brokers and representatives of various industries that were interviewed for tasks 2, 3, and 5 of the Economic Development Strategy is that if a potential tenant is going to invest \$150 or more per square foot in basic improvements to a building, they will not want to pay any rent at all or will require substantial rent abatement over multiple years. Rent abatement could be enhanced with utility discounts or other programs to make potential financially feasible.

Also, tenants with the resources to finance the necessary improvements to make the buildings occupiable may require 10-20 years on a lease. The most common lease term for industrial space is 5 years for a ready-for-move-in building. Leases can be shorter for office space. However, people interviewed indicated that 10-year lease terms may not sufficient to entice businesses to invest into the buildings at Alameda Point. If there is a high level of capital improvements required, a lease term of at least 20 years may be needed so the business owner can borrow the funds for the improvements. In Task 2, KMA identified subareas of Alameda Point that could be targeted for long-term leasing. See Appendix 1 for a brief summary of findings.

Long term ground leases and land sale to attract key anchor businesses

As illustrated by the LBNL Second Campus experience, the City may need to consider long term ground leases and/or fee title land sale in order to attract key anchor businesses to Alameda Point. Potential anchor businesses looking to make multi-million dollar investments on a new campus or facility will require property rights such as those provided by fee title or long term leases.

The City should carefully evaluate the pros and cons of fee title sales vs. ground leases. In general, a ground lease provides the following key benefits to the City.

- The City retains long-term, fee ownership to the property.
- Through various provisions in the ground lease documents, the City may retain some element of control over the development and permitted uses of the land. A ground lease may require a tenant to develop, construct and operate a specific type of commercial project and not change the nature of the project without the City's prior approval.

From the tenant's perspective a long term ground lease yields less value than fee simple ownership; however, there are some instances where a perspective tenant may benefit from entering a ground lease vs. fee title purchase. For example, the tenant/developer/user can direct financial resources to the construction of desired improvements instead of directing those resources toward the purchase the site. An additional motivation for the tenant is the fact that the improvements are depreciable, whereas land is a non-depreciable asset. Also, ground rent paid by the tenant may deductible as an ordinary business expense.⁵

The City will need to evaluate the costs and benefits of sale vs. ground lease as potential opportunities to attract key anchor businesses arise.

Development agreements

Development Agreements (DAs) are often used for attracting target land uses. DAs are commonly used to meet targeted benefits and/or land uses, such as: a) require developer to incur unusually substantial costs in order to provide public improvements; or b) projects that will generate at least 500 jobs. DAs are often used with large multi-phase and/or mixed-use developments involving public improvements, services, or facilities installations, requiring several years to complete. DAs typically feature the following:

- *Schedule of performance.* All DAs include a termination date for the effectiveness of the DA. Additionally, many DAs include a schedule of performance that stipulate outside

⁵ Jeffrey C. O'Brien, "Negotiating Long-Term Ground Leases for Build-to-Suit Buildings", Mansfield Tanick & Cohen, P.A. 2011

start and completion dates for the various phases of construction. Failure to meet the performance dates can constitute a “default” or a condition of “non-compliance.”

- *City impact fees.* Impact fees are often a key issue of DA negotiations. Based on KMA’s experience, DAs typically provide that a project will be required to fund only those categories of impact fees that are in place at the time of the execution of the DA (except for fees that are adopted in the future to address new Federal and State laws). While the categories of fees are generally frozen by the DA, the amount of each fee that will be due will be based on the fee schedule in place at the time that the applicable permits are issued.

- *Achieve public benefits that cannot be achieved through existing ordinances and regulations.* DAs enhance the City’s ability to obtain public benefits beyond those achievable through existing ordinances and regulations. An approved DA can expressly identify the public benefits which would exceed those required by existing ordinances and regulations. Targeted benefits could be addressed in a policy document that would be referenced in the sub area Development Guide.

IX. POTENTIAL SOURCES OF PUBLIC FINANCING FOR CAPITAL COSTS

In addition to encouraging private investment to finance capital costs, the City should pursue potentially available sources of public financing. This section presents an overview of some of the potential sources of public funding that may be available to leverage private investment at Alameda Point.

Infrastructure Financing District (IFD)

The Infrastructure Financing District Act of 1990 authorizes Cities and Counties to create IFDs, voluntarily divert tax revenues to the IFD for up to 30 years, and issue bonds to finance regional scale public improvement projects in previously undeveloped areas. Other general provisions of the act include:

- Financed projects must provide benefits to an area larger than the IFD
- Financed projects must have a useful life of 15 years or longer
- Property in an IFD does not have to be blighted
- IFDs cannot overlap existing Redevelopment Project Areas

IFDs can Finance the Purchase, Construction, Expansion, Rehabilitation, Seismic Retrofit or Improvement of streets and highways, ramps and bridges, transit facilities, parking facilities, water and sewer projects, solid waste facilities, flood control, child care facilities, parks, recreational facilities and libraries, and residential dwellings. IFDs cannot finance operations such as on-going maintenance, services and repairs, or operating costs.

Infrastructure State Revolving Funds (ISRF) and I-Bank loans

ISRF provides low cost financing from the California Infrastructure and Economic Development Bank (IBANK) to public agencies for infrastructure projects with loan terms of up to 30 years to be repaid with local tax revenues. Eligible projects include city streets, parks and recreational features, and public transit. Loan amounts can range from \$250,000 to \$10 million per year for a particular project, totaling a maximum of \$20 million per jurisdiction. Example projects include a police station for the City of Hawthorne and a library in Apple Valley.

Community Facilities District (CFD)

A CFD or Mello-Roos District is an area where a special property tax on real estate, in addition to the normal property tax, is imposed on those real property owners within a Community Facilities District. These districts seek public financing through the sale of bonds for the purpose of financing public improvements and services. The property tax paid is used to make the payments of principal and interest on the bonds. The services and improvements that CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire

protection, ambulance services, schools, parks, libraries, museums and other cultural facilities. By law, the CFD is also entitled to recover expenses needed to form the CFD and administer the annual special taxes and bonded debt.

Statewide Community Infrastructure Program (SCIP)

SCIP is a financing program that enables developers to pay most impact fees and finance public improvements via tax-exempt bond issuance proceeds. The program can be used to directly prepay impact fees or, alternatively, to reimburse the developer after fee payment. SCIP is designed to facilitate the timing of development.

Metropolitan Transportation Commission's Transportation for Livable Communities / One Bay Area Plan

The Metropolitan Transportation Commission's Transportation for Livable Communities (MTC's TLC) program supports community-based transportation projects that promote vibrancy in downtown areas, commercial cores, neighborhoods, and transit corridors via enhanced amenities and ambiance that make them places people want to live, work, and visit. MTC has awarded over \$200 million via TLC over the past 13 years.

MTC is in the process of establishing the One Bay Area Plan to replace the existing MTC grant program, which includes TLC. The One Bay Area Plan proposes to shift a larger portion of funds to locally controlled grants versus regional MTC projects, and provides more flexibility in the programs for which funds can be used. The intent of the new Plan is to promote sustainable land use and housing planning by tying county Congestion Management Agency allocations and local grant awards to transportation and housing policy. It is anticipated that up to \$211 million will be available in grants via the One Bay Area Program (versus \$122 million under the existing MTC grant program), of which at least 70% must be spent in FOCUS-designated PDAs.

Priority Development Areas (PDAs) are locally-identified, infill development opportunity areas within existing communities. They are generally areas of at least 100 acres where there is local commitment to developing more housing along with amenities and services to meet the day-to-day needs of residents in a pedestrian-friendly environment served by transit. PDAs are separated into those that are 'Planned' and those that are 'Potential'. The primary difference between these two designations is that a planned PDA has both an adopted land use plan and a resolution of support from the city council or county board. In general, these categories relate to readiness for funding: Planned PDAs would be eligible for capital infrastructure funds, planning grants, and technical assistance while Potential PDAs would be eligible for planning grants and technical assistance, but not capital infrastructure funds. Alameda Point is currently designated a Planning PDA. According to the program's website Potential PDAs will be changed to the Planned category upon the jurisdiction's adoption of the applicable land use plan and resolution.

Alameda County: Measure B 3 funds

Alameda County voters approved a half cent sales tax for the purpose of funding transportation improvements in 1986, which has continued to be renewed over the years. The Alameda County Transportation Authority administers the tax, delivering County transportation projects and distributing funds to cities via set allocations and grants. Alameda Point may be able to use a portion of its allocation of Measure B3 funds for certain transportation-related infrastructure projects, as well as apply for grants as they become available.

Growth in Alameda Point rent roll

Existing commercial leases at Alameda Point currently generate over \$6.6 million in annual rents. Increasing the amount of commercial space leased at Alameda Point could help to generate additional revenues which could be used to finance infrastructure improvements and/or improvements to existing buildings. Strategies 2.2, 2.3, and 2.4 delineate concrete steps to increase the marketability of the buildings and to incentivize the renovation of existing buildings at Alameda Point.

Small Business Administration guaranteed loans

The U.S. Small Business Administration (SBA) offers a variety of loan programs for very specific purposes, including:

- The 7(a) Loan Program includes financial help for businesses with special requirements. For example, funds are available for loans to businesses that handle exports to foreign countries, and for other very specific purposes. Qualifying businesses may use proceeds to purchase land or buildings, and/or to cover new construction as well as expansion or conversion of existing facilities.
- The 504 Loan Program provides approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. 504 Loans are typically structured with SBA providing 40% of the total project costs, a participating lender covering up to 50% of the total project costs, and the borrower contributing 10% of the project costs. Under certain circumstances, a borrower may be required to contribute up to 20% of the total project costs. To be eligible for a 504 Loan, businesses must be operated for profit and fall within the size standards set by the SBA. Under the 504 Program, a business qualifies if it has a tangible net worth not more than \$15 million, and an average net income of \$5 million or less after federal income taxes for the preceding two years prior to application.

The SBA may have other loan programs available to assist businesses looking to expand at Alameda Point.

X. POTENTIAL PRIVATE SECTOR SOURCES OF FUNDS FOR MUNICIPAL OPERATING COSTS

Landscaping and lighting districts

This legislation (Streets & Highways §22500) allows local governmental agencies to form Landscape & Lighting Maintenance Districts for the purpose of financing the costs and expenses of landscaping and lighting public areas. This act can be used by any local agency including cities, counties, and special districts such as school districts or water districts. The many approved uses include installation and maintenance of landscaping, statues, fountains, general lighting, traffic lights, recreational and playground courts and equipment, and public restrooms. Additionally, the Act allows acquisition of land for parks and open spaces, plus the construction of community centers, municipal auditoriums or halls to be financed. Notes or bonds can be issued to finance larger improvements under the Act.⁶

Community Facilities District (CFD) or Mello-Roos District

A CFD or Mello-Roos District is an area where a special property tax on real estate, in addition to the normal property tax, is imposed on those real property owners within a Community Facilities District. These districts seek public financing through the sale of bonds for the purpose of financing public improvements and services. The property tax paid is used to make the payments of principal and interest on the bonds. The services and improvements that CFDs can finance include streets, sewer systems and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities. By law, the CFD is also entitled to recover expenses needed to form the CFD and administer the annual special taxes and bonded debt.

⁶ Source: <http://www.californiataxdata.com/pdf/1972LLact.pdf>

APPENDIX 1 – POTENTIAL SUB-AREAS FOR LONG-TERM LEASES

In Task 2 of the Economic Development Strategy, KMA identified areas within Alameda Point that could be targeted for long-term leasing to incentivize private investment. The table below describes the potential lease terms suggested for various sub-areas in Alameda Point. The terms of leases are assumed to be:

- Short term: 1 to 2 years
- Medium term: 3 to 7 years plus options
- Long term: 10 years plus possible options

Our assessment of the potential leasing areas is based on:

1. Overview of the real estate market;
2. Existing conditions, including:
 - Buildings conditions
 - Environmental conditions;
3. Schedule of transfer of properties from the Navy;
4. Potential to redevelop a large site for a new corporate/institutional campus; and
5. Areas planned for new construction.

Also, KMA assumes that leases are for buildings as opposed to land.

Campus Sub-Area		
Sub-Area (s)	Suggested Lease Term	Rationale
A and C	<i>Long-term</i>	The buildings in this sub-area consist of large, special-purpose buildings, which may require significant investment to adapt them to a new use. Long-term leases would encourage potential tenants to make the necessary investment.
B	<i>Short- to mid-term if leased individually.</i>	It is plausible that potential tenants may be interested in leasing some of the buildings in the Campus sub-cluster individually rather than as part of a larger campus. Short- to mid-term leases would be most appropriate to allow for potential long-term development as a campus if the opportunity materializes. Buildings could be leased on a long-term basis if leased as part of a larger campus site along with Campus sub-areas A and C.
D	<i>Short-term.</i>	This area could be set aside as a potential redevelopment site for a commercial end-user. Existing buildings could be leased on a short-term basis until a new development opportunity arises.

Commercial Sub-Area

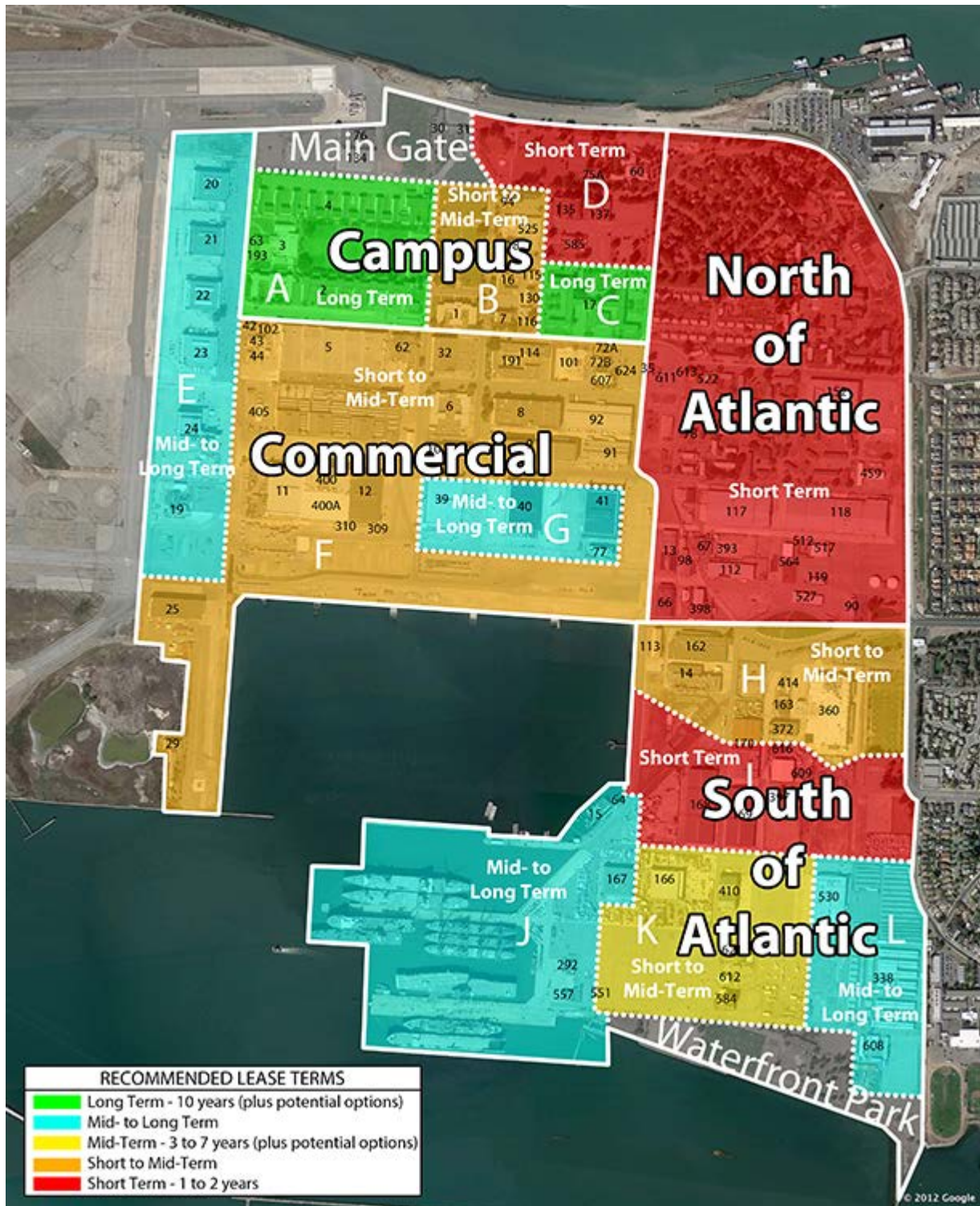
Sub-Area (s)	Suggested Lease Term	Rationale
E	<i>Mid- to long-term</i>	As explained above, there are few places in the Inner Bay Area that offer the features of the buildings in this area. As a result, demand is relatively strong. As of December 2012, only one of the six buildings in this sub-area was vacant. Mid- to long-term leases are recommended to tenants that are compatible and enhance the uses by existing tenants.
F	<i>Short- to mid-term</i>	Many of the buildings in this sub-area are currently leased and those that are vacant are in leasable condition and may not require significant investment by potential tenants to make them suitable for use. There are, however, some exceptions. Building 5 and the second floor of Building 400 will remain under Navy control until 2019 and active environmental cleanup will be conducted during this period. If Building 5 were to be transferred to the ARRA before 2019, it would be a candidate to be leased on a long-term basis. Most other buildings in this sub-area could be leased on short- to mid-term leases.
G	<i>Mid- to long-term</i>	Building 41 in this sub-area needs significant investment (roof and electrical repairs among others) by a potential tenant to make it suitable for use. A long-term lease would encourage potential tenants to make the necessary investment. Building 40 is currently leased (assuming current tenant exercises options) through 2035. Building 39 is located in the in the Public Trust Lands, which restricts uses. If the opportunity to lease to tenant that meets the use restrictions presents itself, a long-term lease may be appropriate. Until then, short- to mid-term leases with current tenant may be appropriate.

South of Atlantic Sub-Area

Sub-Area (s)	Suggested Lease Term	Rationale
H	<i>Short- to mid-term</i>	It is assumed that this area will remain under Navy control until 2019 and active environmental clean-up will be conducted during this period. Long-term leasing may not be appropriate until clean-up activities are completed.
I	<i>Short-term</i>	This area could be set aside as a potential redevelopment site for a commercial end-user. If a larger area is needed, the area could be extended to include sub-area H, and/or sub-area E, if it can be

		transferred from the Navy earlier than currently anticipated. In order to maintain the site available for potential redevelopment, short-term leases may be the best option for existing buildings.
J	<i>Mid- to long-term</i>	This area consists mostly of wharves and piers. This area is also located in the Public Trust Lands which limit its uses. Buildings and piers in this area could be leased to marine-related businesses or other tenants allowed under the Public Trust law on a mid to long-term basis.
K	<i>Short-to Mid-term</i>	If a larger area is needed to accommodate a potential commercial end-user who wants to develop a new campus, this area could be integrated with Sub-Area I.
L	<i>Mid- to long-term</i>	This area could continue to be used for public storage or business related storage.
North of Atlantic Sub-Area		
Sub-Area (s)	Suggested Lease Term	Rationale
All	<i>Short-term leases</i>	It is assumed that this area will be developed mostly as new residential units. Existing commercial buildings could be leased on short-term leases until residential development occurs.

Suggested Lease Strategy



Source: Keyser Marston Associates, Inc.