

**REPORT TO MAYOR AND COUNCIL
SITTING AS THE LOCAL REUSE AUTHORITY****TO THE HONORABLE MAYOR AND COUNCIL
SITTING AS THE LOCAL REUSE AUTHORITY:**

DATE: February 10, 2015

**SUBJECT: INTRODUCTORY PRESENTATIONS BY MASTER DEVELOPER
CANDIDATES ON IMPLEMENTATION OF THE CONCORD REUSE
PROJECT AREA PLAN****Report in Brief**

In January 2014, staff commenced a one year selection process to identify a master developer for Phase 1 implementation of the Concord Reuse Project Area Plan (“Area Plan”). The process has three distinct phases, the first being a qualifications review of interested parties. A Request for Qualifications (RFQ) was issued by the Local Reuse Authority (LRA) on January 17, 2014. Over one hundred individuals representing twenty-two different development companies and professional services firms attended a mandatory pre-submittal conference (January 31, 2014) and optional site tours on February 3 and February 4, 2014. On March 18, 2014, the LRA received eight qualification packages. Each submittal was independently reviewed by an eight person review panel. A short list of four firms was recommended by staff and approved by the Council on June 10, 2014.

On June 20, 2014, the top four firms were invited to submit a formal proposal as part of the second step in the selection process. The top four firms in alphabetical order were Catellus Development Corporation, FivePoint Communities/Lennar, J.F. Shea Company, and SunCal Corporation. On November 20, 2014 the LRA received three proposals which were found responsive to the request for proposal (RFP). J.F. Shea Company declined to submit a proposal. On February 10 and 11, 2015 each of the three proposers will provide the Council and the public with an introduction to their vision for implementing the adopted Concord Reuse Project Area Plan. Each firm will be given a total of two hours which will include a 45 minute presentation and one hour and fifteen minutes for public and Council comments and questions. Questions will be compiled by topic and written answers provided at a later date. This will be the first of three sessions with the candidate firms. A second public study session will be scheduled in late February/early March and the recommendation of the LRA evaluation board for a short list of two firms is anticipated to be presented to Council in mid-to-late March at a public meeting. Proposals and supporting information were made available to the Council and public on February 3, 2015. As additional information is received, including answers to questions, it will be posted on the City’s project web site.

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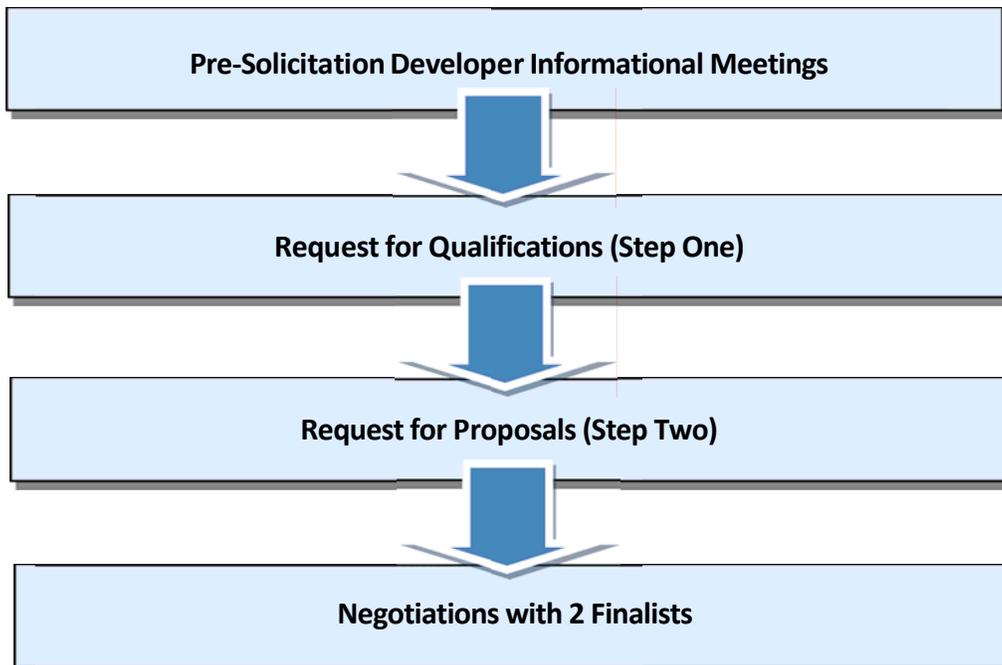
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Background

The selection of the master developer to launch the implementation of the Area Plan is clearly one of the most crucial steps in successfully transforming the former military base to civilian use, and realizing the Area Plan's projected economic, fiscal, urban design and environmental benefits. Not only must the LRA identify and successfully negotiate with the development company best suited to the task, the process of selecting that company must be done in a way that is perceived by the Navy, the development community and the public as objective and fair. From the LRA's perspective, it is also important that this selection be accomplished in a timely way, so that the selected master developer is available to provide input during the final steps of the negotiation of the Economic Development Conveyance with the U.S. Navy (i.e., the legal mechanism by which the land formally transfers to LRA control), and then be in position to commence work as soon as the LRA gains control of the site, or relevant portions of it. To that end, a Request for Qualifications (RFQ) was prepared to start the process outlined in the figure below. The RFQ was issued to a list of eighty-nine firms compiled by LRA staff and consultants in order to maximize interest and response. In addition, five professional publications received and published public notice announcements of the availability of the RFQ. The RFQ was also posted on the City's project website, and publically noticed in the Contra Costa Times and San Francisco Chronicle. A recommended short list of firms to receive the Request for Proposals (RFP), the second step in the process, was approved by the Council at the June 10, 2014 Council meeting. An RFP was issued to the shortlisted firms and proposals were received on November 20, 2014. A summary of the overall master developer process is illustrated below.

Area Plan Master Developer Selection Process



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Discussion

A Request for Proposal (RFP) was issued on June 20, 2014 to the four firms short-listed by the Council on June 10, 2014. The four firms, Catellus Development Corporation, Lennar Urban¹ J.F. Shea Company and SunCal Development Corporation met with staff and conducted an extensive due diligence process at the beginning of their proposal preparation. At a point approximately half-way through the proposal preparation period, J.F. Shea notified the LRA Executive Director that they would not be submitting a proposal. The three remaining firms submitted proposal materials in accord with the RFP on November 20, 2014. Staff believes that all three proposals have merit. That said, all three proposals are very different in their approach to the first stage of development, and one proposal varies from the arrangement of some of the residential land use layout set forth in the Area Plan.

Staff therefore engaged each submitter in a clarification process to make sure there would be ultimate consistency with the community and Council vision for the reuse of the Base. The questions and answers from the clarification process are being prepared and will be provided to the Council and public after the meetings on February 10 and 11. A two page information sheet on each submittal has been prepared by staff to aid the Council and the public in comparing the three submittals. (See Attachment 1) Additionally, the proposals from each of the three firms can be viewed at www.concordreuseproject.org. There will be subsequent study sessions and public meetings for questions, comments and potential refinements to the proposals later in February and into early March.

The presentations tonight which are about vision and land use, should be considered introductory in nature; it is the beginning of a decision process, not the end. Subsequent meetings will focus on fiscal/financial issues. Questions raised in the meeting or received in writing by February 24, 2015, will be compiled by topic and answered in writing. Answers will be posted on the project website at www.concordreuseproject.org. The LRA's goal remains to reduce the number of firms to two and to negotiate a term sheet before selecting a single firm. Staff is projecting to have one firm selected in May/June. The LRA has formed an evaluation board that will review all submittals and make a recommendation on the two firms with which to conduct initial negotiations to the Council for their consideration.

The evaluation board is made up of the following individuals:

- Mark Coon, City Attorney
- Jovan Grogan, Deputy City Manager
- Victoria Walker, Director - Community and Economic Development
- Karan Reid, Director - Finance

¹ The original submission of qualifications was the team of FivePoint Communities and Lennar Urban with FivePoint as the lead. They requested that Lennar Urban take the lead with support from FivePoint. The LRA determined this was acceptable.

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- John Montagh, Manager – Housing and Economic Development
- Steve Voorhies, Parks Manager
- Craig Labadie, Special Counsel to the LRA
- Paul Silvern, Real Estate Advisor to the LRA

The evaluation board will commence deliberations on February 24, 2015 and are tasked to make a recommendation to the Council in late March.

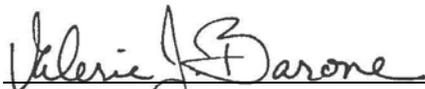
Fiscal Impact

There is no direct fiscal impact to the City at this time.

Recommendation for Action

Staff recommends that the City Council, sitting as the LRA, hear the presentations and take questions/comments from the public, provide their own comments/questions and direct staff to prepare answers.

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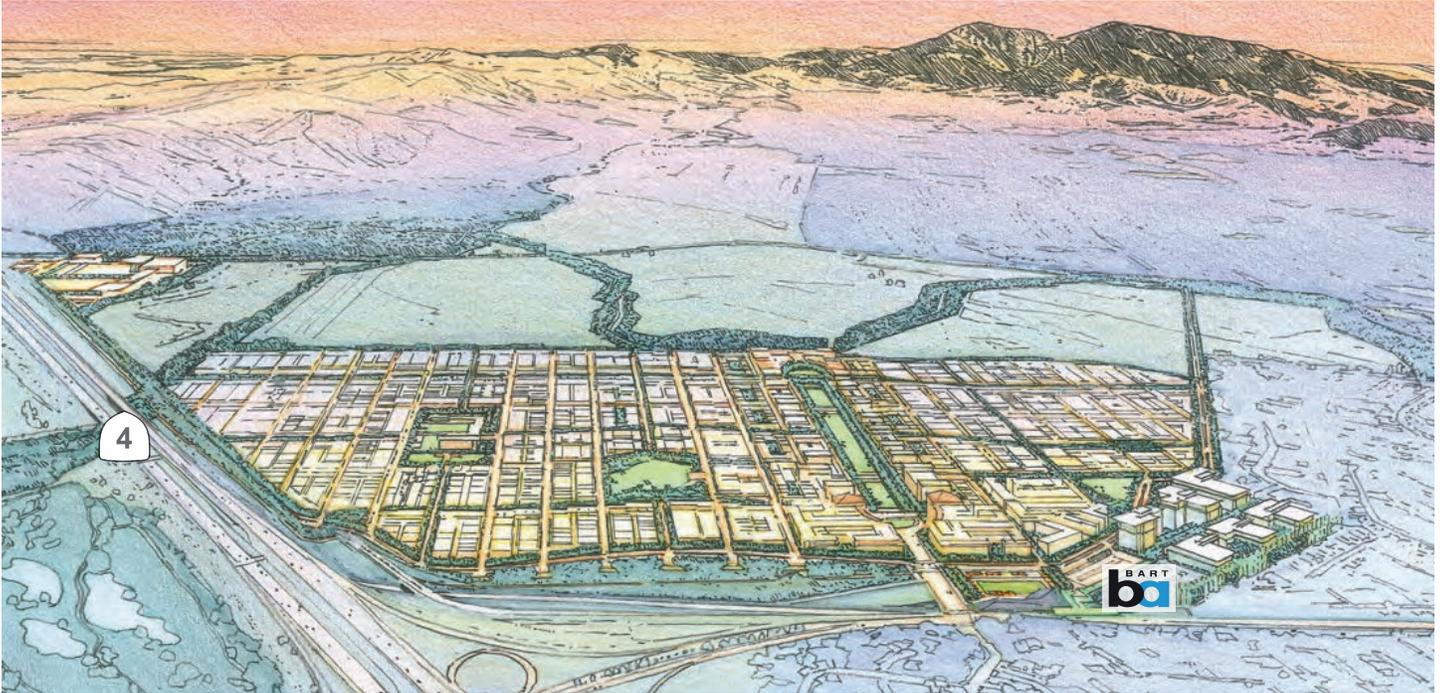


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Reviewed by: Mark S. Coon
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Attachment 1: Proposal summaries prepared by City of Concord staff

Concord Reuse Project Catellus Proposal



Los Medanos Transit Village Bird's-Eye Artist Rendering

Firm Description

Catellus was established in 1984 when two railroads, Santa Fe Industries and Southern Pacific Company, merged their non-core real estate assets into an independent company, the Santa Fe Pacific Realty Corporation ("Santa Fe"). With sites positioned strategically next to the Country's busiest seaports and urban centers, Santa Fe transformed large parcels of blighted or underutilized land in some of the nation's fastest growing cities like San Francisco, Los Angeles, and Chicago. Today, Catellus (the successor to Santa Fe) is an independent private company with over 30 years of experience developing large complex projects involving a variety of real estate product types, diverse stakeholders, complicated regulatory environments, and challenging construction conditions.

Flagship Projects:

- **Mueller, Austin, TX:** 700-acre mixed-use municipal airport redevelopment, with 5,900 homes and 4.4 million commercial square feet.
- **Mission Bay, San Francisco, CA:** 303-acre mixed-use landfill and rail yard redevelopment, with a new UC San Francisco campus, 6,900 dwelling units, 5.1 million commercial square feet, and a 500-room hotel.
- **Alameda Landing, Alameda, CA:** 72-acre mixed-use Naval Air Station redevelopment, with 300 dwelling units and up to 700,000 square feet of office and retail.

Acreage	431
Dwelling Units	4,285
% Affordable	25%
Commercial Sq. Ft.	333,324
Schools	1
Parks	63 acres
Community Centers	1 (with school)
Infrastructure Start	2017
Buildout Year	2027
Total Development Cost	\$642m
Land Secured Financing	\$105m
Public Financing	\$91m
Net Land Sales Revenues	\$619m

Proposer's Key Team Members

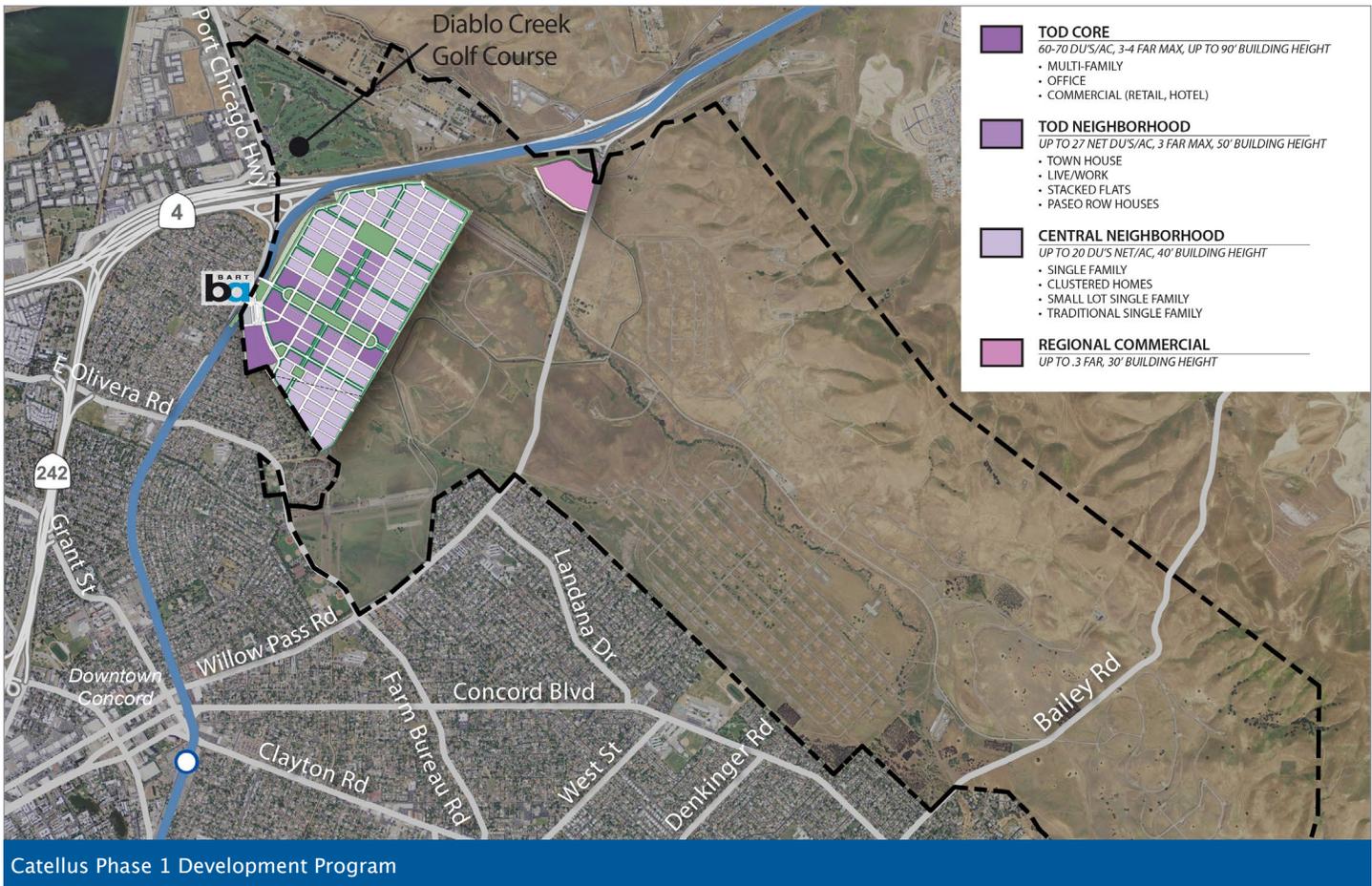
Engineering: BKF, Langan Treadwell Rollo

Planning & Design: ROMA, BCV Architects

Remediation: Iris Environmental

Legal: Cox, Castle & Nicholson

* Based on developer submittals for the developed portion of the Concord Reuse Project to be transferred to the City from the U.S. Navy. The submittals do not include the Area Plan's Conservation Open Space, expected to be transferred from the U.S. Navy to the East Bay Regional Park District.



Phase 1 Development Concept

The focus of the proposal is around the North Concord BART station, creating a transit-oriented village. Key features:

- A Town Center near BART would include office, retail, multi-family residential, and a hotel.
- Development of the BART parking lot would add additional commercial area, likely high-intensity office and commercial uses jointly developed with BART. This would take place only with market demand, agreement with BART (as property owner), and an approach to replacement parking.
- A diversity of housing including mixed-use multi-family buildings (with local-serving ground floor retail), a variety of attached housing including stacked flats, and townhouses, and small-lot single-family homes.
- Located entirely northwest of Willow Pass Road, nearly all within a 15-minute walk of the BART station.
- Organized using a grid pattern, over existing topography moderated through grading, designed for solar access.
- Highest density around a new Los Medanos Boulevard that connects to Port Chicago Highway, a new parkway perpendicular to Los Medanos, and the BART station.
- Commercial uses near Highway 4 anchored by a supermarket and linked to the BART area.

Lower-density 'Village' neighborhoods and Campus development would happen in later phases.

Community Benefits

- Affordable housing: 25% of all units
- Community parks (not including 2,700 acre regional park):
 - BART Transit Plaza—green, tree-canopied space near BART
 - Neighborhood parks and school park.
 - Central Park—a community-wide resource with new Los Medanos Boulevard on either side.
 - Hilltop Park—occupying the high point of the ridgeline.
 - Diablo Creek Golf Course—remains unchanged.
 - Willow Pass Park Extension—mirror image of a portion of the existing park (not pictured).
 - Greenway—connection to regional park and Willow Pass Park.
- Schools and community facilities: Land set aside for combined elementary school and community center.
- Labor: Catellus has experience with Project Labor Agreements and expects that such an agreement could be reached in Concord, recognizing the 'Hire Concord First' provision.

Financial Plan

Catellus proposes a partnership with the City that establishes incentives to maximize project amenities and meet stakeholder objectives. Catellus' approach to land development optimizes land sales revenue by selling to a broad range of homebuilders while balancing the timing of project sources and uses in a disciplined manner. This "open book" partnership defines project benefits and costs together with the City. Upfront payment for the land or payment based on a share of future land development profit would be negotiated. Catellus is not a homebuilder and therefore would make decisions which are in the best interest of the master plan, not homebuilding objectives.

Concord Reuse Project Lennar Proposal



Vision by Lennar, Bird's-Eye View

Firm Description

Founded in 1954, Lennar today is a publicly traded, diversified developer that operates across the United States. Its projects range from master-planned single-family home developments to urban mixed-use communities, and it has experienced multi-family and commercial divisions. Lennar has partnered with Local Reuse Authorities (LRAs) on multiple complex redevelopment projects at former military bases, including in the Bay Area and Southern California.

Flagship Projects:

- **Hunters Point Shipyard, San Francisco, CA:** 775-acre mixed-use redevelopment of shipyard, with 12,000 homes and 3.5 million square feet of commercial space, and 875,000 square feet of retail.
- **Marine Corps Air Station, El Toro, CA:** 4,700-acre mixed-use redevelopment of air station, with 9,500 homes and 4.9m square feet of commercial space. Includes the 1,200-acre El Toro Great Park.
- **Mare Island, Vallejo, CA:** 653-acre mixed-use redevelopment of naval shipyard, with 1,400 homes and 7 million square feet of commercial and industrial space.

Acreage	1,010
Dwelling Units	5,920
% Affordable	25%
Commercial Sq. Ft.	6,347,345
Schools	2
Parks	114 acres
Community Centers	3
Infrastructure Start	2017
Buildout Year	2031
Total Development Cost	\$900m
Land Secured Financing	\$248m
Public Financing	\$57m
Net Land Sales Revenues	\$1.2b

Proposer's Key Team Members

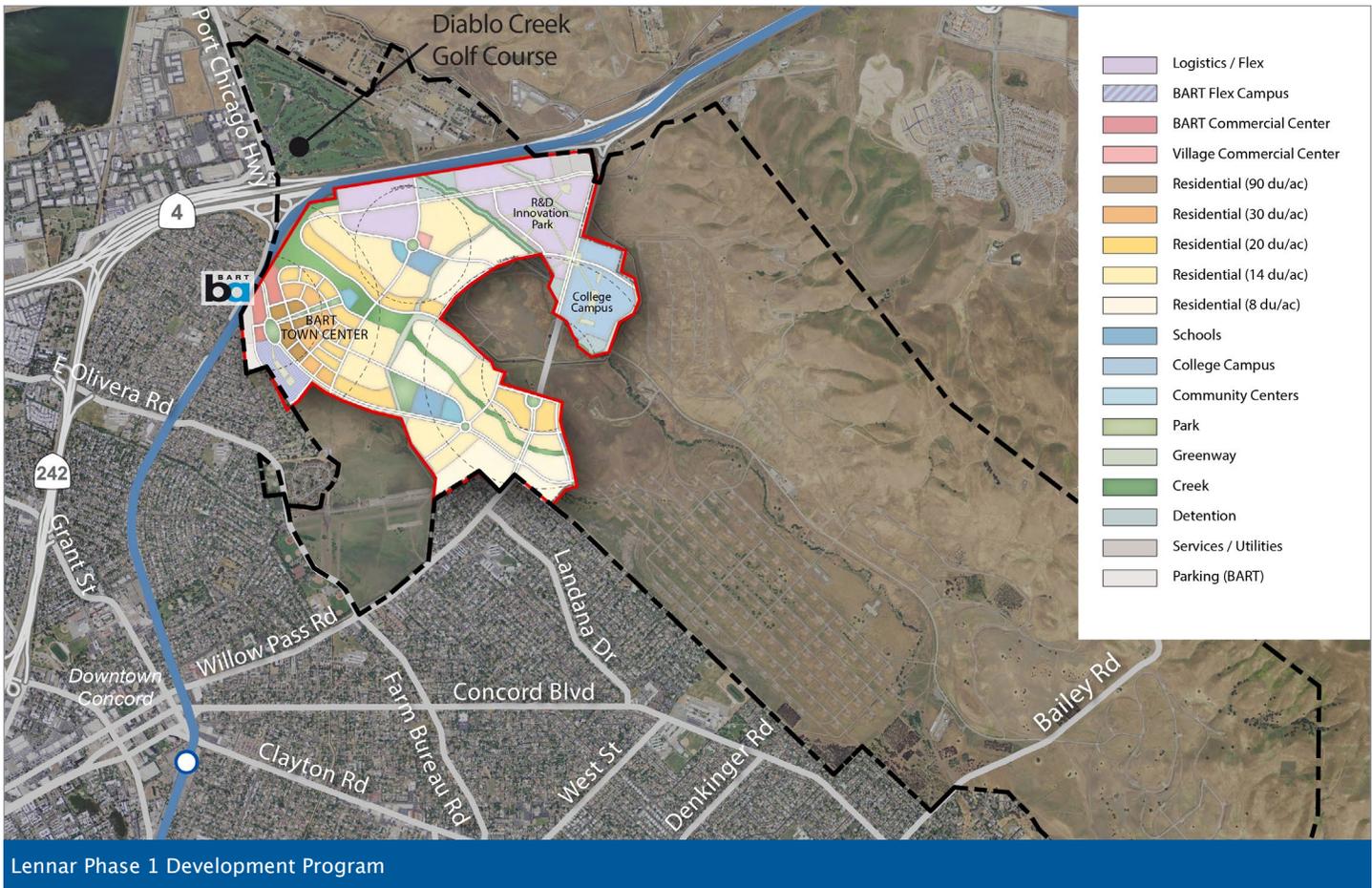
Engineering: CBG, ENGEO

Planning & Design: Calthorpe Associates, Atelier Ten

Remediation: ERM

Legal: Perkins Coie, Paul Hastings

* Based on developer submittals for the developed portion of the Concord Reuse Project to be transferred to the City from the U.S. Navy. The submittals do not include the Area Plan's Conservation Open Space, expected to be transferred from the U.S. Navy to the East Bay Regional Park District.



Phase 1 Development Concept

The first phase encompasses much of the northern part of the site, with the main commercial area focused around the BART station. Key features:

- Wide range of residential uses, from single-family to high-density multi-family housing.
- Located on both sides of Willow Pass Road, but primarily to the northwest; most high-density housing within ½ mile of BART.
- Site topography, the BART station, and key waterways drive layout of land uses on the site.
- Highest residential densities around BART, along with lower-intensity office or educational uses.
- Logistics/flex area along Highway 4 could be distribution/ fulfillment facilities and/or small-scale manufacturing; freeway commercial uses could include an anchor such as an outlet mall.
- College campus located off Willow Pass Road—no specific college tenant identified.

Later phases could include:

- Solar farm to the south of first phase ('Bunker City' area) is conceptual, pending further development of the idea.
- Development of the BART parking lot would be consistent, moderate-intensity office or residential uses jointly developed with BART—would take place only with market demand and agreement with BART (as property owner) and an approach to replacement parking.
- Development of the Willow Pass Village.

Community Benefits

- Affordable housing: 25% of all units.
- Community parks (not including 2,700 acre regional park):
 - Diablo Creek Golf Course—remains unchanged.
 - Ellipse Park and connecting greenway.
 - Ridgetop Park and portions of greenways connecting to other parts of the site.
 - Neighborhood Frame.
 - Up to 5 additional parks.
- Schools and Community Facilities: 1 K-5 and 1 K-8 school and three community centers.
- Labor: Lennar has experience with Project Labor Agreements and working relationships with trade unions in the Bay Area, and also commits to meeting or exceeding the 'Hire Concord First' goals.

Financial Plan

Lennar's financial plan for Phase 1 development focuses on private debt and equity, project-generated public financing, and project-generated land sales to support the cost of infrastructure land development and developer profit. As a vertical developer, Lennar may also build out some portions of Phase I itself. While the initial projections of financial return do not fall within Lennar's typical thresholds, the company is confident that after more detailed planning and further negotiations with the City, if selected, Phase 1 development will result in a market-responsive return on its investment.

Concord Reuse Project SunCal Proposal



SunCal Bird's-Eye View

Firm Description

Headquartered in Irvine, California, SunCal is a large, privately owned master plan developer specializing in large-scale master-planned and mixed-use communities. Over the last 75 years, it has worked on large, complex residential, commercial, and mixed-use projects with extensive affordable housing components and transit-oriented development. SunCal has a strong military background and is working on other base reuse projects. SunCal has grown nationally since the great recession, when it was affected by the bankruptcy of one of its financial partners, Lehman Brothers, and has repurchased several assets lost during that time period.

Flagship Projects:

- **Dublin Crossing, Dublin, CA:** 189-acre transit-oriented master-planned community, will include up to 1,995 homes and up to 200,000 square feet of commercial space. Largest-ever federal land exchange with the U.S. Army.
- **Amerige Heights, Fullerton, CA:** 293-acre mixed-use development, with 1,150 homes and 1.3 million square feet of office, retail, and industrial space.
- **Potomac Shores, VA:** 1,920-acre mixed-use master-planned resort destination, with approximately 3,800 homes and 3.7 million square feet of commercial space.

Acreage	466
Dwelling Units	3,170
% Affordable	25%
Commercial Sq. Ft.	777,000
Schools	1
Parks	111 acres
Community Centers	3
Infrastructure Start	2017
Buildout Year	2027
Total Development Cost	\$765m
Land Secured Financing	\$195m
Public Financing	N/A
Net Land Sales Revenues	\$895m

Proposer's Key Team Members

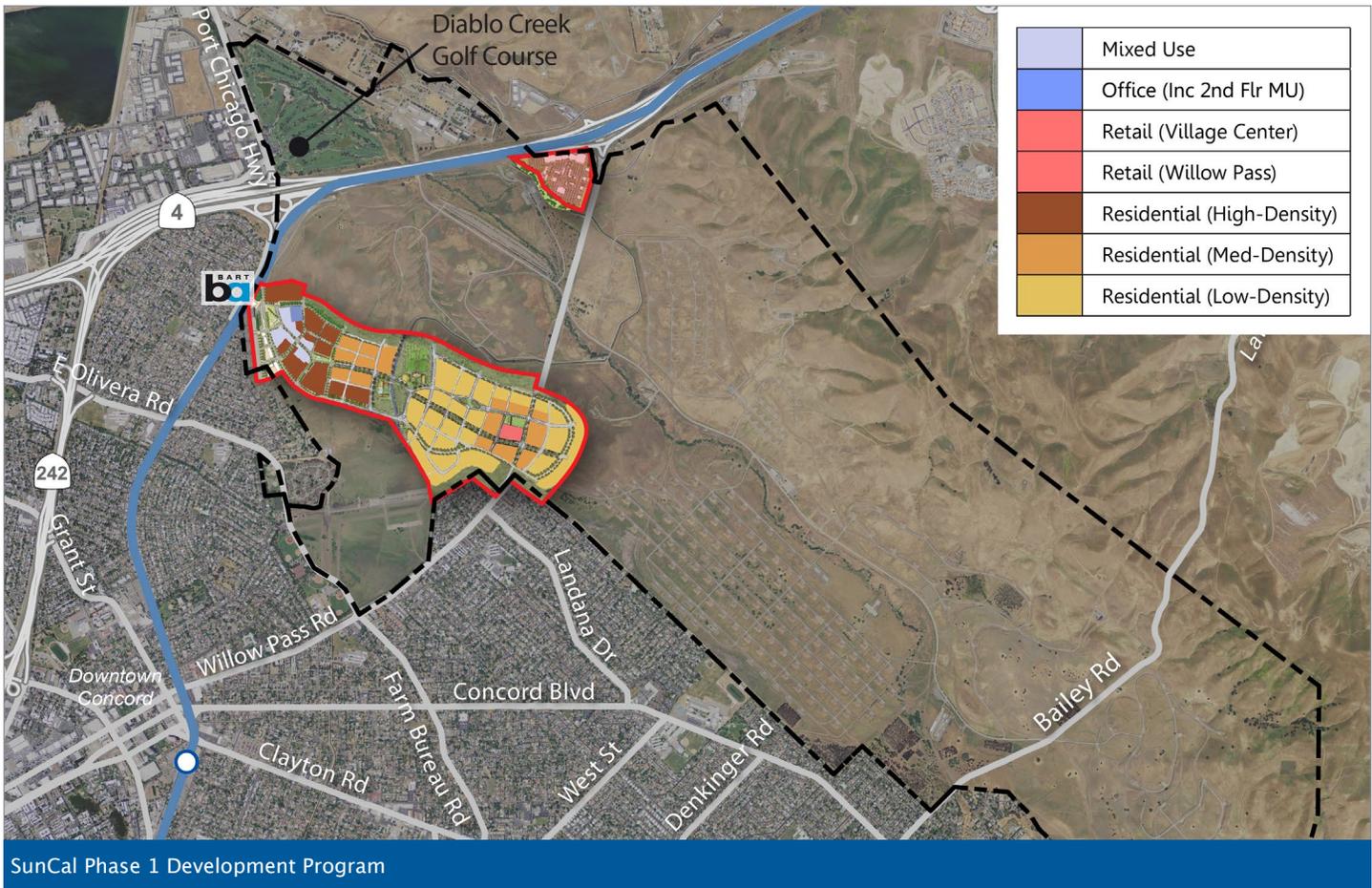
Engineering: ENGEO, Cardno, RJA

Planning & Design: William Hezmalhalch, Hart Howerton, Gates

Remediation: Cardno, Dawson Technical

Legal: Cox, Castle & Nicholson

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Phase 1 Development Concept

The first phase encompasses much of the northern part of the site, with the main commercial area focused around the BART station. Key features:

- Primarily low- and medium-density residential uses, with the exception of affordable housing and limited additional multi-family housing.
- Located on both sides of Willow Pass Road, along a new Los Medanos Boulevard, primarily on the northwest side of Willow Pass.
- Would work with BART to define a vision for potential development where BART surface parking is currently located.
- Topography significantly reduced to support walkability, and most development is within a 5-minute walk of one of three neighborhood centers: BART, Canal District (public, limited commercial), and Willow Pass Village.
- One-to three-story development in 5-minute walk distance around BART, reflecting market demand and development types supported by surface (rather than structured) parking; some taller, 5-story housing beyond that radius.
- Urban agricultural opportunities throughout—including orchards and/or vineyards as part of the neighborhood frame, community gardens, and agricultural opportunities as temporary uses before development is completed.

Community Benefits

- Affordable housing: 25% of all units.
- Community parks (not including 2,700 acre regional park):
 - Diablo Creek Golf Course—remains unchanged.
 - Willow Pass Park Extension—mirror image of a portion of the existing park (not pictured).
 - Greenway—connection to Conservation Open Space.
 - Parks in the Canal District.
- Schools and Community Facilities: 1 elementary school and 1 community center or other city facility.
- Labor: SunCal would work with the City to maximize opportunities for local firms, building upon their relationships with many organized labor unions and umbrella organizations.

Financial Plan

SunCal made a preliminary offer to the City based on its financial plan for land development. This payment would serve as all or a portion of the City's payment to the U.S. Navy for the property. Although the offer is based on a rate of return that may be below SunCal's typical threshold, and is based on aggressive assumptions about home sale prices that would need to be reviewed further, SunCal has debt and equity investors that are very interested in participating in the project based on today's market conditions. They are confident that returns will improve as more information becomes available and project assumptions are refined.