



METROPOLITAN
TRANSPORTATION
COMMISSION

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Memorandum

TO: Commission

DATE: May 18, 2011

FR: Deputy Executive Director, Policy

RE: Status Report on the Strategic Planning for a Joint Regional Agency Co-location Facility

In September 2009, the MTC Commission authorized staff to explore alternatives for a joint regional facility to house MTC, the Association of Bay Area Government (ABAG) and the Bay Area Air Quality Management District (Air District). After a competitive selection process, a contract was awarded by the Air District in June 2010 to CB Richard Ellis (CBRE) to provide real estate advisory services and to develop a strategy to improve inter-agency cooperation through co-location in a joint regional facility.

CBRE conducted an analysis of the each agency's existing facilities, operational requirements, sustainability and environmental objectives, and financial objectives. CBRE also developed real estate scenarios and conducted preliminary research of the Oakland and San Francisco markets. The results of their findings and recommendations were presented to each agency's governing board in November/December 2010. At that time, the boards authorized staff to proceed with selecting a broker through a competitive procurement process to represent the agencies and to identify viable options in Oakland and San Francisco markets, with MTC as the lead agency for this phase.

On January 26, 2011, the MTC Commission authorized staff to enter into a contract with CB Richard Ellis to provide commercial real estate services, with compensation in the form of a commission paid by the seller and fully contingent upon the close of escrow services. The contract includes optional services to be separately paid for by each agency if such agency elects in its sole discretion to use services for: 1) project management, and 2) disposition of existing assets, should a real estate transaction be approved.

Additionally, the Commission authorized staff to obtain consultant assistance, in an amount not to exceed the Executive Director's authority up to \$100,000, to assist MTC with an independent evaluation of the financial impacts and opportunities related to real estate transactions involved in this potential co-location. A contract was awarded to Cushman Wakefield for this scope of work. Finally, the CBRE contract was amended to include \$25,000 for preliminary space programming services.

On March 14, 2011, CB Richard Ellis (CBRE) distributed, via email and a dedicated webpage (www.cbre.com/regionalfacility) a Request for Proposal (RFP) to owners, developers, brokerage firms and other interested parties seeking proposals that met criteria as listed in Attachment A. The closing date for submittal of proposals was April 1, 2011. CBRE received 11 proposals containing 12 options. CBRE has completed initial due diligence assessments to confirm the merits of each proposal.

CBRE will present their findings and short-list recommendations in closed session to each agency's governing board for consideration by the Air District (May 18th), the ABAG (May 19th) and MTC Commission (May 25th). Upon authorization to proceed and subject to receipt of sufficient financing, CBRE will commence real estate negotiations with one or more of the following properties resulting in a non-binding Letter of Intent:

Potential Addresses; Owned by the Corresponding Parties as listed:

- 1945 Broadway Street, Oakland CA: Sears Development Company, to be developed with Phelps Development and SUDA (Owner) (John Guillory, Northbridge Partners - Negotiator)
- 1221 Broadway Street, Oakland CA: The Clorox Company (Owner) (Craig Zodikoff, CresaPartners - Negotiator)
- 1100 Broadway Street, Oakland CA: SKS Investments, LLC (Owner) (Ken Meyersieck, Colliers - Negotiator)
- 875 Stevenson Street, San Francisco CA: Shorenstein Realty Services, LP (Owner) (Jim Collins, Shorenstein Realty Services, LP - Negotiator)
- 390 Main Street, San Francisco, CA: Angelo, Gordon & Co., L.P. Amerimar Enterprises, Inc and Barnes RHPO Partners, LLC (Joint Venture) (John Jenson, Grubb & Ellis - Negotiator)

CBRE will present the proposed terms and conditions for the recommended final option in closed session for review and approval by all three governing boards at a future board meeting.

Ann Flemer

Attachment

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Attachment A

Property Criteria

The proposed properties must meet criteria from both occupancy and financing perspectives as described in section II, and such other factors as the Agency[ies] deem appropriate.

A. Project Size

- The building must be 350,000 rentable sq. ft. or greater

B. Contiguous Availability

- There must be 150,000 – 200,000 usable sq. ft. of contiguous space available for near-term occupancy with the balance of the building available for development of long-term future government purposes

C. Occupancy Timelines

- The contiguous space should be available for occupancy within 24 months
 - Longer occupancy timelines may be considered

D. Location

- The property is located within the city of Oakland or San Francisco
- The property is located within ½ mile of BART and other major forms of mass public transit

E. Public Meeting Space

- The property must allow for Public Assembly
- The property must accommodate one or more boardrooms for public meetings (minimum 3,500 square feet) of up to 38 public officials

F. Code Compliance

- The property must meet or be able to meet current Seismic, ADA and other code compliance without extraordinary cost

G. LEED

- The property must have the ability to achieve LEED qualifications/certification

H. Purchase Option

- The preference is for an immediate purchase
 - Short-term leases with a fixed purchase option may be considered