Urban Land Institute

San Francisco

Serving the Greater Bay Area

Point Molate

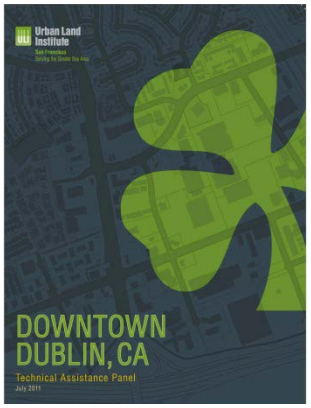
March 10-11, 2016

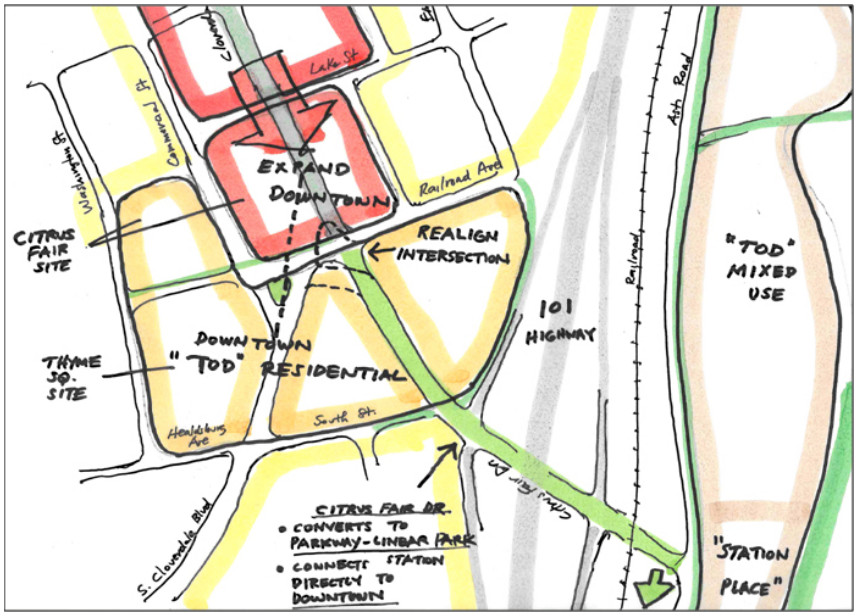
About the Urban Land Institute

- The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.
- Established in 1936, the Urban Land Institute is a nonprofit education and research institute with over 30,000 members across the globe—2,000 here in the Greater Bay Area. Our members form a spectrum of real estate development, land use planning and financial disciplines.
- What the Urban Land Institute, San Francisco does:
  - Provides a forum for sharing of best practices
  - Creates opportunities for young professionals to develop skills and build relationships
  - Organizes and conducts meetings
  - Directs outreach programs
  - Administers UrbanPlan program
  - Conducts Technical Assistance Panels

The Technical Assistance Panel (TAP) Program

- Based on Advisory Services Panel program established in 1947
- 32 Bay Area panels conducted since 2006.
- Provides independent, objective candid advice on important land use and real estate issues
- Process
  - Review background materials
  - Receive a sponsor presentation & tour
  - Conduct stakeholder interviews
  - Consider data, frame issues and write recommendations
  - Make presentation
  - Produce a final report





The Panel

- **Chair: Rick Dishnica**, President, The Dishnica Company
- **Alan Talansky**, EVP, EBL&S Development
- **Amit Price Patel**, Principal, David Baker Architects
- **Tom Lockard**, Former Managing Director, Stone & Youngberg
- **Corinne Stewart**, Associate Principal, AECOM
- **Kelly Kline**, Economic Development Director and Chief Innovation Officer, City of Fremont
- **Alan Billingsley,** Principal, Billingsley Interests
- **Megan Keith**, Urban Planner, AECOM; Writer

Panel Assignment

1. Are there any **additional or different land uses** that you would recommend for the site for a mixed use concept that optimizes synergy between economic development, natural beauty and historic character of Point Molate?
2. What are the **short, mid and long term implementation strategies** to bring the mixed use concept to fruition? What are the specific next steps that need to happen (such as related to: governance, funding, infrastructure, marketing and specific planning)?
3. What **financing mechanisms** are available to the City of Richmond for utility infrastructure development, Winehaven Historic District rehabilitation, environmental restoration, as well as any additional development needed to support future land uses and parkland goals?

The Brothers
Point San Pablo

Site Photos

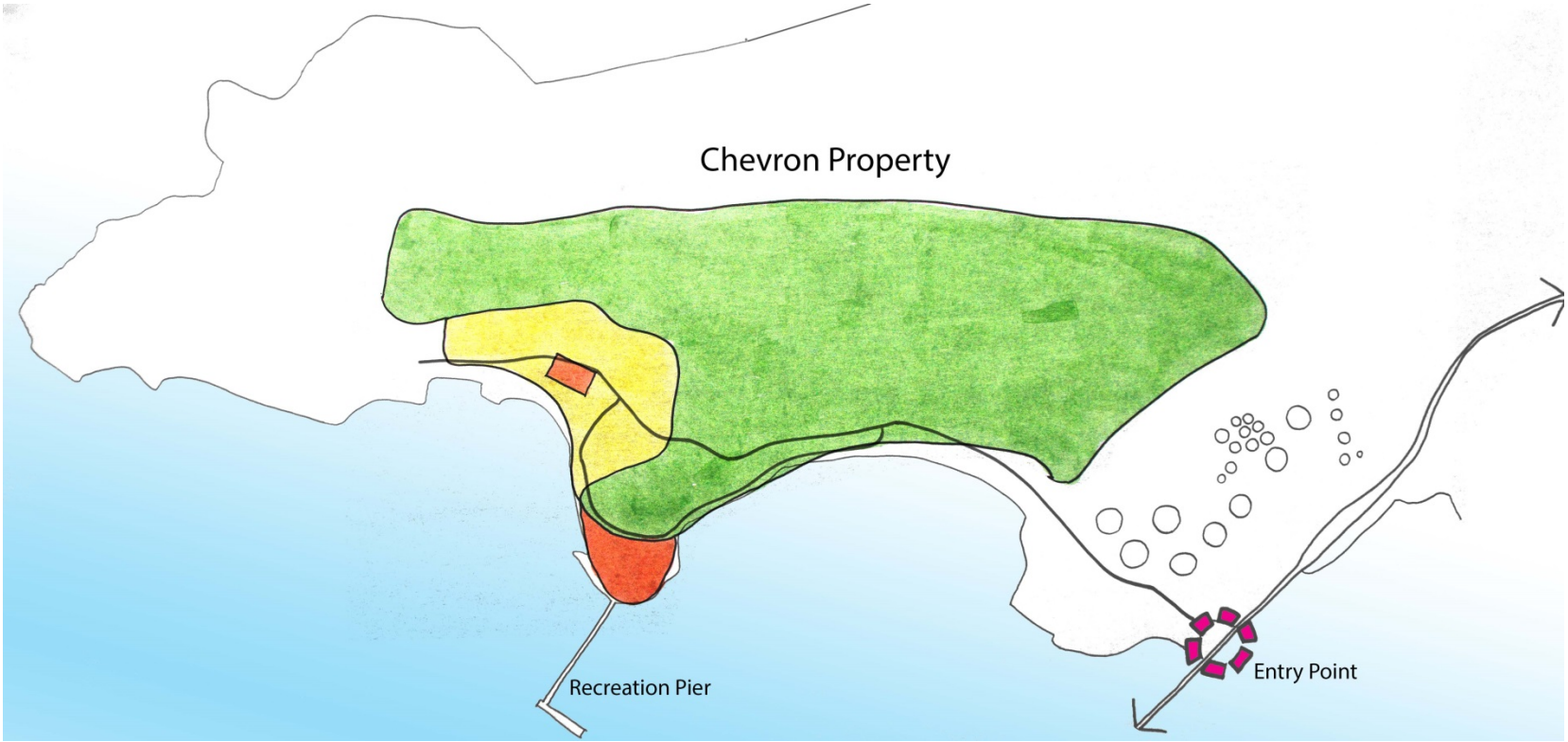
Opportunities and Constraints

Site Assets	Site Challenges
+ Bayfront location and views	- Absence of infrastructure including water, sewer, gas and electric, etc.
+ Park environment	- Transportation access poor
+ Infill location within Bay Area in close proximity to job centers	- Unattractive entrance to site from I-580
+ Benefit from very strong Bay Area economy	- Part of site is fill, making construction more expensive
+ Relative tranquility	- Post remediation condition
+ Strong market conditions	- Site erosion

Site Overview and Planning Considerations

	Access	Infrastructure /Utilities	Market Potential	Politics	Environment
1 Current	**Positive** Access is adequate for this use	**Positive** Low Infrastructure Costs for this use	**Underutilized** Currently spending 500k, no recoup	**Positive** Existing Beach Park	**Neutral** Site Remains as-is
2 Park Plus	**Positive** Access is adequate for this use	**Positive** Limited up-front capital for Infrastructure	**Underutilized** Limited, uses will not recoup costs	**Positive** Enhanced Beach Park and Recreation Opportunities	**Positive** Could enhance stormwater systems, arrest erosion
3 Hotel	**Negative** Access will need to be significantly upgraded for this use	**Negative** High Infrastructure Cost 30-40m	**Underutilized** Use will likely not recoup costs	**Positive** Community Supports this Option	**Neutral** Higher intensity uses can be balanced by enhance stormwater systems, arrest erosion
4 Com/Ind	**Negative** Access will need to be significantly upgraded for this use	**Negative** High Infrastructure Cost 30-40m	**Underutilized** Not a viable short-term use, only long-term- current oversupply in Richmond	**Neutral** Unknown	**Neutral** Focus Development in disturbed areas.
5 Rental Housing	**Negative** Access will need to be significantly upgraded for this use	**Negative** High Infrastructure Cost 30-40m. Uses must be 30 units/acre to pay for infrastructure	**High** High-density, clustered rental housing could be viable	**Negative** Community and Chevron Opposition to Housing	**Neutral** Focus Development in disturbed areas.
6 Mixed Use	**Negative** Access will need to be significantly upgraded for this use	**Negative** High Infrastructure Cost 30-40m. Uses must be 30 units/acre to pay for infrastructure	**High** High-density, clustered rental housing could be viable, coupled w/ hotel & open space	**Negative** Community and Chevron Opposition to Housing	**Neutral** Focus Development in disturbed areas

Site Overview and Planning Considerations



Alternative 1 – Maintain Current Use

- Continue to encourage public access to Point Molate Beach
- City has limited bandwidth to tackle property
- Negative that City incurs operating cost of $500,000 per year and rising
- Option would be an underuse of a special waterfront property

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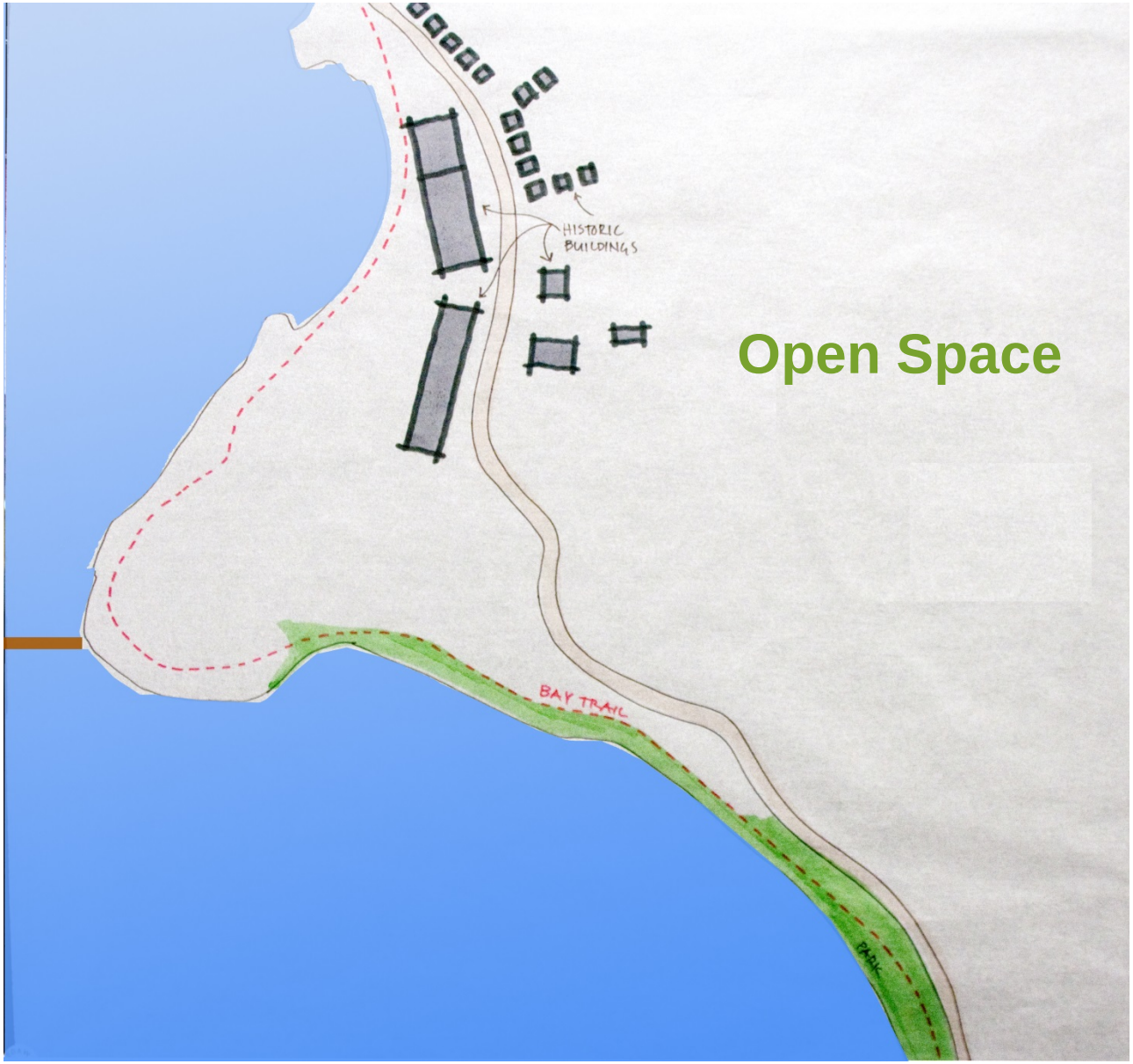
Alternative 1 – Maintain Current Use



Alternative 2 – Park Plus

- Transfer operations of the southern portion of the site to EBRPD
- Access of funds from Park District to upgrade property ($5 MM +)
- Historic District would remain mothballed for future use
- Recreation-oriented and accessory use revenue sources
- Nonprofit/conservancy management
- Limited upfront capital need for this option and would reduce City's operating costs
- Clean energy demo site a possibility
- Politically attractive

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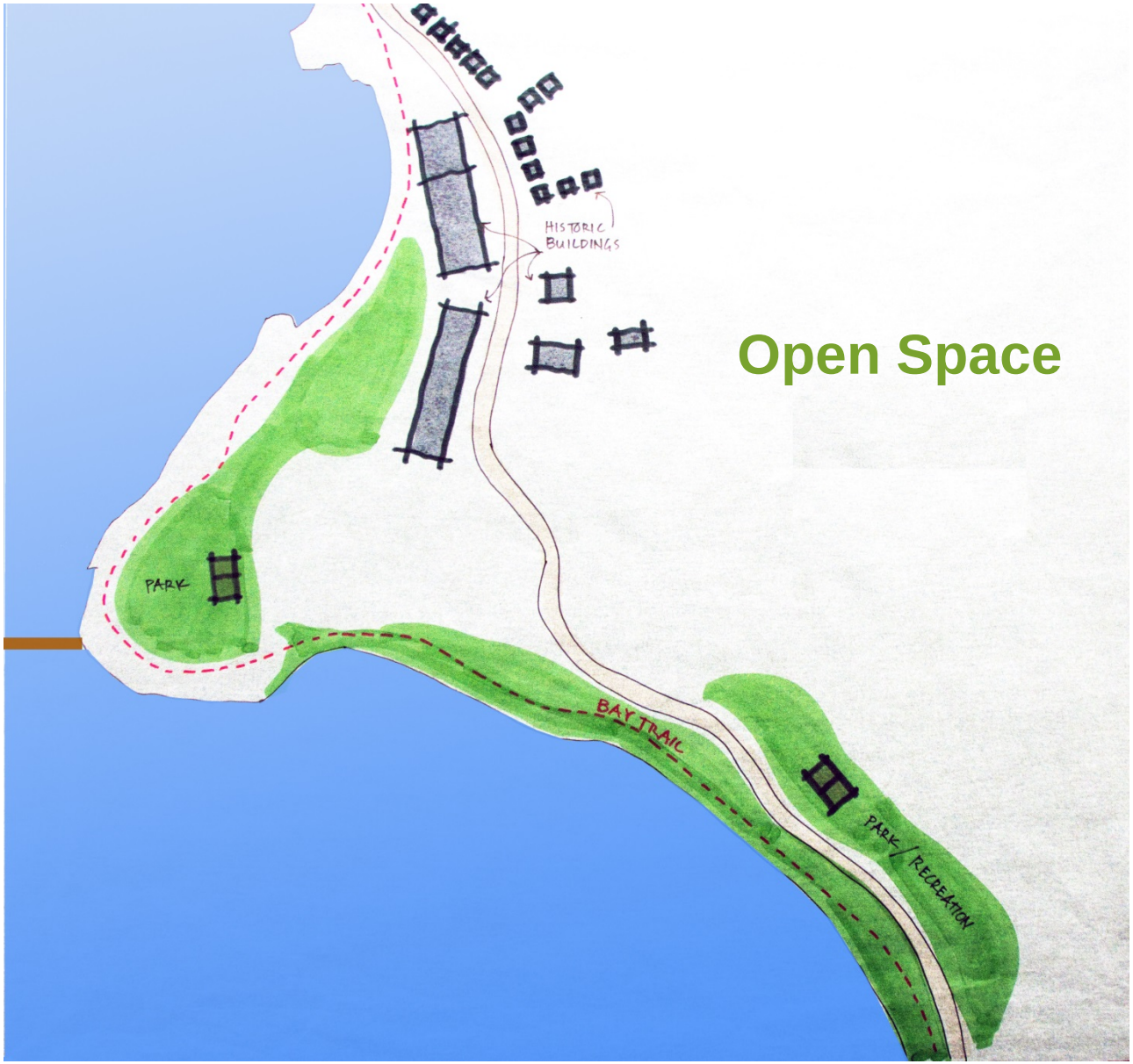
Alternative 2 – Park Plus



Open Space

Alternative 3 – Lodging/Conference Center/Camping

- Use would require considerable investment in infrastructure
- Use would generate limited upfront revenue for property, but could produce more robust longer term operating revenue
- Could be sustainable only in combination with higher revenue generating uses
- Need minimum 100 lodging rooms, maximum 10,000 SF meeting space
- Developer interest possible, given the perceived glamour of such facilities
- Market likely to be local corporate and association small meetings

	Access	Infrastructure /Utilities	Market Potential	Politics	Environment
3 Hotel	**Negative** Access will need to be significantly upgraded for this use	**Negative** High Infrastructure Cost 30-40m	**Underutilized** Use will likely not recoup costs	**Positive** Community Supports this Option	**Neutral** Higher intensity uses can be balanced by enhance stormwater systems, arrest erosion

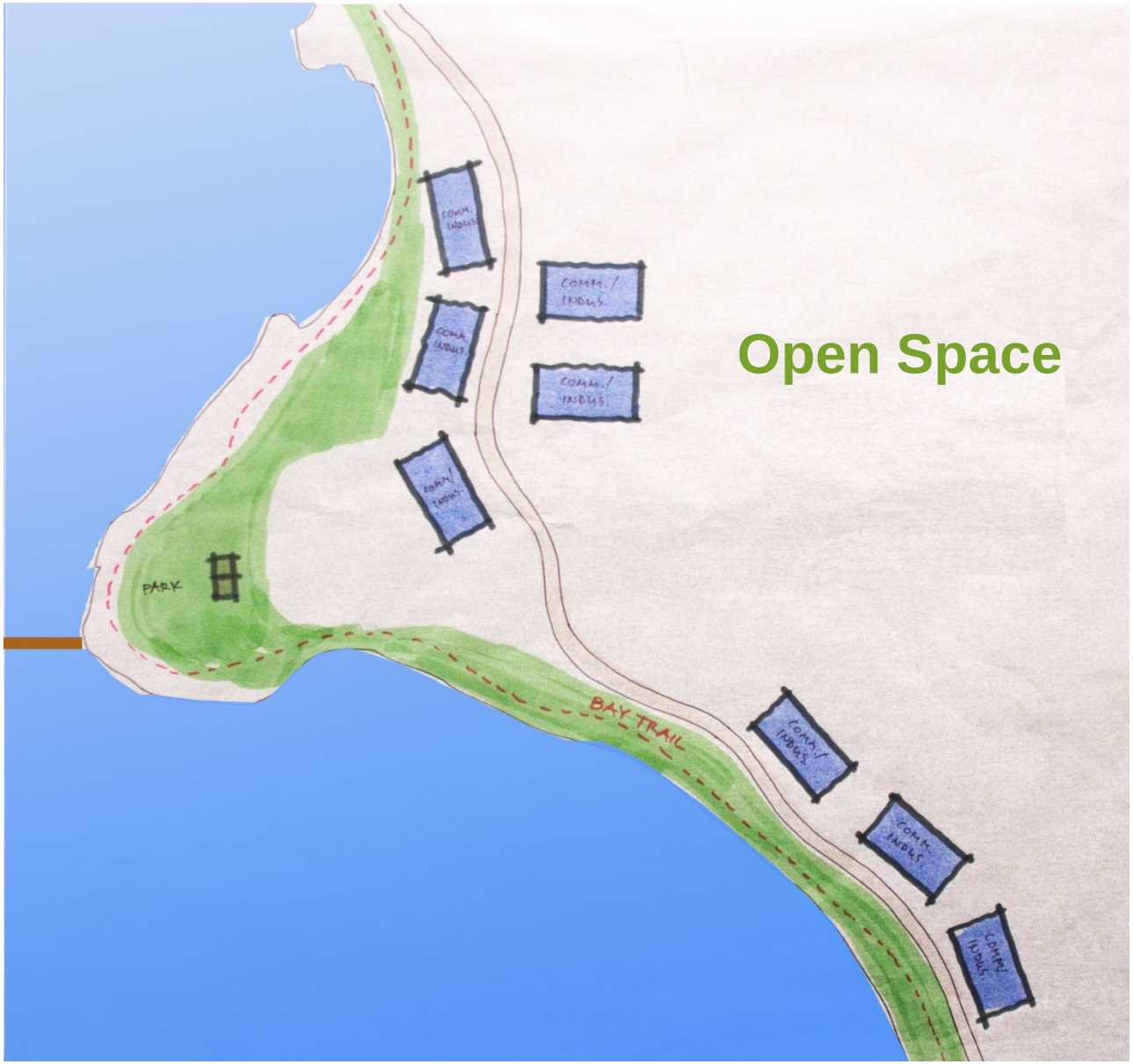
Alternative 3 – Lodging/Conference Center/Camping

Alternative 4 – Commercial/Industrial

- Very limited potential for traditional **office or industrial uses**
- **Access** is a particular problem for these uses/ locationally challenged site
- **Non-traditional uses** could be feasible if provided at relatively low cost in existing buildings (maker space, nonprofit offices, artist space, tech start-ups)

	Access	Infrastructure /Utilities	Market Potential	Politics	Environment
4 Com/Ind	**Negative** Access will need to be significantly upgraded for this use	**Negative** High Infrastructure Cost 30-40m	**Underutilized** Not a viable short-term use, only long-term- current oversupply in Richmond	**Neutral** Unknown	**Neutral** Focus Development in disturbed areas.

Alternative 4 – Commercial/Industrial

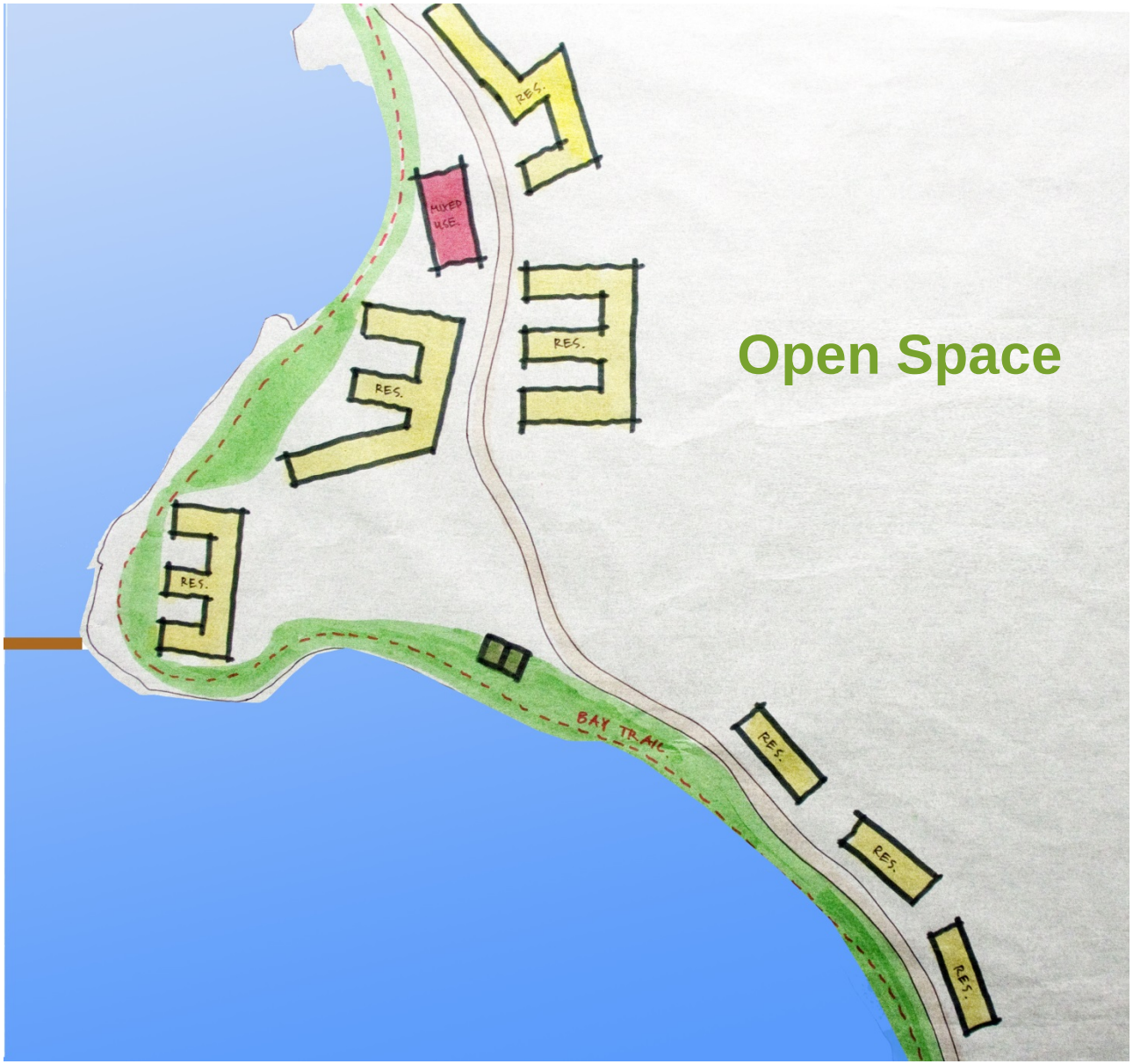


Alternative 5 – Housing

- **Multi-family** housing has considerable potential
- Enormous **housing deficit** in the inner Bay Area
- Proximity to **jobs centers**
- Attractive tranquil **location**
- **Transit-challenged** location, but could be mitigated by a BART **shuttle**, which could be funded by the apartment community
- Housing is the **ONLY** use that could support a substantial **contribution** to infrastructure costs

	Access	Infrastructure /Utilities	Market Potential	Politics	Environment
5 Rental Housing	**Negative** Access will need to be significantly upgraded for this use	**Negative** High Infrastructure Cost 30-40m. Uses must be 30 units/acre to pay for infrastructure	**High** High-density, clustered rental housing could be viable	**Negative** Community and Chevron Opposition to Housing	**Neutral** Focus Development in disturbed areas.

Alternative 5 – Housing

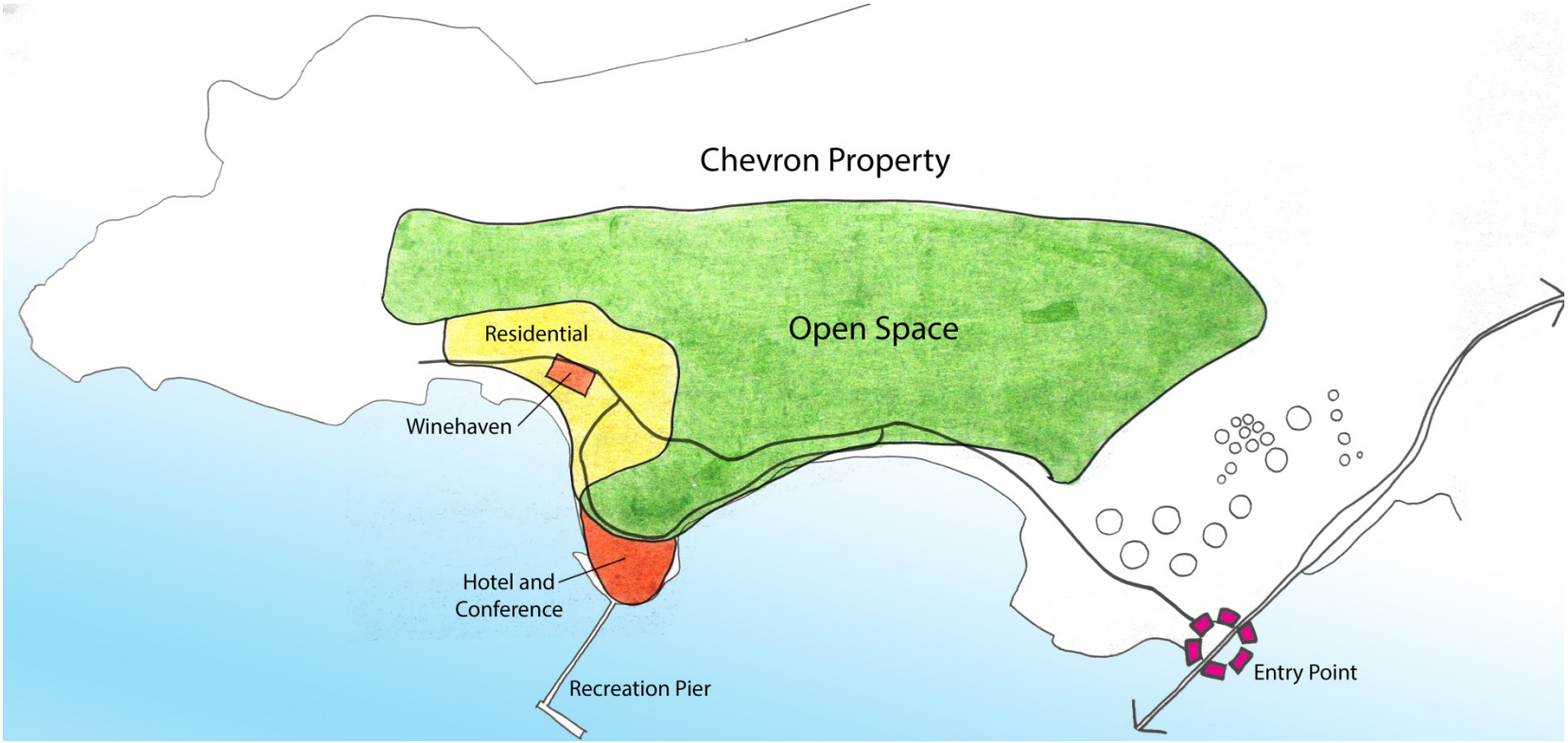


Open Space

Alternative 6 – Mixed Use

- **Housing**
  - Most attractive option from a market and economic perspective
  - Multi-family residential community would be most significant use providing the most economic support for the project
  - Of sufficient scale to create a critical mass and a sense of place
- **Hotel/conference space**
  - A potential use, but probably longer term and more risky
- **Open Space**
  - Southern portion of site under operation of the East Bay Park District
  - Most of northern portion of site would remain open space, particularly on the Bayfront and on the hillside
  - Recreation uses
- **Historic Buildings**
  - Ancillary retail and concessions
  - Synergistic use within Winehaven Building – (possible maker space, start-ups, non-profit offices, artist space)

Alternative 6 – Mixed Use



Alternative 6 – Mixed Use

Methodology for Housing Development Analysis

- 90 acres gross = 60 acres net
- Density: Average 30/units per acre
- Residual Land Value: $25,000/unit

Number of Units	Contribution /Unit	Developer Infrastructure Contribution	Site Infrastructure Needed	Difference
600	$25,000	$15 MM	$30-50 MM	-$15 MM -$35 MM
1200	$25,000	$30 MM	$30-50 MM	$0 - $20 MM
1800	$25,000	$45 MM	$30-50 MM	$15 MM - $5 MM

Point Molate Structural and Governance Framework

- City's **annual cost** of maintaining Point Molate is approximately **$500,000**
- Trust
  - Could move maintenance costs away from the City
  - Presidio Trust model: Federal Government's initial financial support and the physical and economic resources of the Presidio make it unique
  - The City could "right size" a structural and governance structure by assisting in the creation of a separate non-profit corporation to assist in planning, implementing, and financing maintenance and development at Point Molate

Point Molate Structural and Governance Framework

- Trust Recommendations
  - Work with the Trust for Public Land to establish a 501c3 non-profit with a working title of 'Point Molate Trust' (PMT)
  - Governed by a five-person board with the following representation:
    - City Council member
    - Two Richmond citizens
    - Chevron
    - East Bay Regional Park District
  - Seek funding from Chevron, Veolia, other charitable sources, and government (State/Federal sources)
  - Assist the City in planning and fundraising for maintenance and development of Point Molate

Note: City may not be completely liberated from the maintenance costs of Point Molate, but long range goal will be to create an alternative philanthropic source of funds for maintaining and enhancing Point Molate

Point Molate Financing Matrix

Tool	Repayment	Capacity	Authorization	Political Dimension	Additional Observations
General Obligation Bond	Property Taxes (Regional)	~$5 MM	East Bay Regional Parks District, 2/3 regional vote	City/Park District Cooperation	Additional funds possible
General Obligation Bond	Property Taxes (Richmond)	TBD	2/3 local vote	Challenge of achieving a 2/3 vote	Most likely not of value in context of Point Molate
Bridge Toll Revenue Bond	Regional Measure 3, RM3	TBD	Met Transportation Agency, 50% popular regional vote	Regional cooperation and participation	Currently being developed

Point Molate Financing Matrix

Tool	Repayment	Capacity	Authorization	Political Dimension	Additional Observations
State Cap & Trade Funds	Grant Funds	TBD	State Allocation	City and State Cooperation	Amounts and uses being considered
Infrastructure Financing District	Property tax increment	Limited to the City's share of 1% property taxes	Requires creation of district	Non-voted debt. Reduces general fund resources	Limited capacity for meaningful investment in early years
Community Facilities District/ Special Taxes	Special taxes	Limits are defined by property value and maximum tax rate in addition to 1% property taxes	Land owner vote. City issuance	Undesirable for apartment owners	Most likely not of value in context of Point Molate

Point Molate Financing Matrix

Tool	Repayment	Capacity	Authorization	Political Dimension	Additional Observations
Historic Tax Credits	Equity	TBD	Handled by private developer	Applicable to housing	Subject to market acceptance
Moon Shots	Grants	TBD	City or PMT	Staff time	State and federal funds – one time?
Philanthropy	Grant funds	TBD	PMT	City/EBRPD/ non-profit cooperation	Chevron, Veolia, Family, Charity, Membership
Sewer Revenue Bonds	Rate Base	TBD	City Enterprise pledge	Revenue pledge and rate covenant	Most likely not of value in context of Point Molate
Water Revenue Bonds	Rate Base	TBD	EBMUD Pledge	Revenue pledge and covenant	Most likely not of value in context of Point Molate

Implementation

- **Short Term: 0-2 years**
- **Mid-Term: 2-5 years**
- **Long Term: 5+ years**

Implementation

- **Short Term: 0-2 years** **Phase 1 Implementation**
  - Secure $5 MM from East Bay Regional Park District and create Bay Trail connection and enhance Shoreline Park
  - Begin detailed studies to inform development proposals
    - Traffic Access Study
    - Historic Building Inventory and Rehab/Reuse Costs
    - Infrastructure and utility costs
    - Market Feasibility of uses
  - Create new non-profit entity to coordinate amongst partners
  - Seek pro-bono help in creating more prominent profile
  - Seek funds for Point Molate studies and Specific Plan/EIR (TPL)
  - Identify City Lead for Point Molate reporting to City Manager

Implementation

- **Mid-term: 2-5 years Phase 2 Planning**
  - Enhance existing park and assess additional park amenities
  - Undertake Specific Plan/EIR process to rezone land for mixed use
  - Pursue multi-family workforce housing
  - Explore feasibility of Conference Center/lodging and reserve site
  - Explore supporting uses to activate Winehaven/Ancillary structures:
    - Makers
    - Artists
    - Non-profits/Community Organization
    - Amenity retail to serve on-site residential
    - Storage needs for on-site users (lower level of Winehaven)

Implementation

- **Long-term: 5+ years** **Phase 3 Planning**
  - City puts residential land out for public bid
  - Chose preferred mechanism for purchase agreement / private infrastructure obligation:
    - City builds infrastructure funded through land sale
    - Developer builds infrastructure which is reflected in cost of land (recommended)

Conclusion

- Tough choices based on political and economic limitations of the site, but limitations provide clear framework for path forward
- Status Quo faces increasing costs based on continued and significant deterioration
- The City should partner with East Bay Regional Park District
- Trade offs:
  - Role of the historic structures – targeted focus needed
  - Role of Commercial/Industrial Uses
  - Role of Housing as a driver
- All uses will need to be investigated in more detail. Park Plus option is immediately attainable, but won't provide infrastructure. The mixed use option is the clearest path to realize the highest site potential.