



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>[Signature]</i> 11/10/2020		GENERAL MANAGER ACTION REQ'D:		
DATE: 11/2/2020		BOARD INITIATED ITEM: No		
Originator/Prepared by: Shannon Dodge Dept: Real Estate & Prop Development <i>Shannon Dodge</i> Signature/Date: 11/09/2020	General Counsel <i>[Signature]</i> 11/10/20 []	Controller/Treasurer <i>[Signature]</i> 11/10/2020 []	District Secretary []	BARC <i>[Signature]</i> 11/9/2020 []

Authorization for the El Cerrito Plaza Station Transit-Oriented Development Exclusive Negotiating Agreement Award

PURPOSE:

To authorize the General Manager or his designee to execute an Exclusive Negotiating Agreement (ENA) with Holliday Development and The Related Companies of California for Transit-Oriented Development (TOD) at the El Cerrito Plaza BART station.

DISCUSSION:

BART owns four parcels constituting approximately 8.3 acres at the El Cerrito Plaza BART Station (the Station) which are primarily occupied by the Station itself and patron surface parking lots on three city blocks (the Property).

The City of El Cerrito developed the San Pablo Avenue Specific Plan, adopted by the City Council in 2014. The Specific Plan established a vision for the larger area and zoned the BART-owned properties adjacent to the station for high-intensity mixed-use development at a maximum of 85' in height. Three of the parcels making up the Property are within the Specific Plan area. The fourth parcel, north of the station and Central Ave., is zoned for mixed-use development with a maximum of 65' in height. However, state law, enacted pursuant to AB 2923, will allow for development up to 7 stories beginning on July 1, 2022.

BART staff hosted two public meetings in 2019 to establish the goals and objectives for TOD on the property, which were subsequently approved by the El Cerrito City Council in November 2019 and reviewed by the BART Board in January 2020. Certain critical decisions still need to be made that will impact development of the Property, including whether it would include a city-funded library as well as the amount of replacement parking to be made available for BART customers. Because of these outstanding issues, staff opted to select a

qualified developer with whom BART and the City could work through these decisions.

On July 21, 2020, staff released a Request for Qualifications for developer teams. A virtual pre-submittal conference was held for interested developers and possible consultants on August 4, and a virtual small business networking session was held on August 14. On September 9, BART received four submittals.

An evaluation committee comprised of four BART and three City of El Cerrito Staff - with guidance from BART's Office of Civil Rights and an independent economic consultant - reviewed the qualifications packages and conducted interviews with all four teams. These teams were:

- AMCAL Equities/Eden Housing
- Holliday Development/The Related Companies of California/Satellite Affordable Housing Associates (SAHA)
- The Republic Family of Companies/The Michaels Organization
- Windflower Development/MidPen Housing

Submittals were scored using criteria in the following categories:

- *Experience with Directly Relevant Projects:* includes master-planned and transit-oriented development; public agency partnerships and complex land transactions; community engagement.
- *Preliminary Development Concept:* addresses BART's goals and objectives for site, while being sensitive to community transition; quantity and depth of affordable housing; demonstration of overall innovation and creativity.
- *Financial Capability:* Resources available to complete pre-development activities; references from public agencies and lenders.
- *Team Member Roles and Responsibilities:* Capacity and skills of team to complete pre-development activities; percentage commitment to small business participation.

Based on the committee scoring on these criteria, as well as the strength of the teams in the oral interview, the top two scoring teams were:

1. Holliday Development/The Related Companies of California/SAHA ("Holliday/Related")
2. Windflower Development/MidPen Housing ("Windflower/MidPen")

While all the teams appeared to be capable of delivering this project, on balance, the Holliday/Related team was overwhelmingly recommended as the strongest performer. Factors impacting this determination included:

- Significant experience with comparable mixed-use, mixed-income, mid-rise projects, including master planned projects and TOD

- Directly relevant credentials of both the firms and their day-to-day staff in working with public agencies, including BART and the City of El Cerrito
- Preliminary development concept aligned with Specific Plan and BART's Goals & Objectives
- Balancing the provision of affordable housing with a realistic approach to generation of revenue for BART
- Successful community engagement strategies with prior relevant projects, and deep knowledge of the surrounding community.
- Proposed small business participation commitment of 10%.

The second ranked team, Windflower/MidPen, provided a strong submittal which reflected excellent urban design and community engagement experience, and had a superior level of small business participation. However, one of the developer partners had only completed a single project (Union Flats at Union City BART), and the proposed development concept was not as strong as the Holliday/Related team. Nonetheless BART staff believe that the Windflower/MidPen team could successfully deliver a TOD since Union Flats, due to its location and components, was very similar to this project.

Given these rankings, staff requests authorization to enter into an ENA to advance a TOD project at El Cerrito Plaza BART Station with a joint venture of Holliday and Related provided that, if BART and Holliday/Related cannot agree upon terms for the ENA, or the ENA process does not result in a satisfactory agreement regarding the TOD project such that the ENA terminates, staff may seek to enter into an ENA with the second ranked team of Windflower/MidPen. This provision will protect BART from a situation where a developer withdraws, and, as a result, the potential TOD is delayed. This is particularly important given the uncertainty associated with the pandemic.

If, at the end of the 24 month ENA period, staff determines that Holliday/Related have substantially met the terms of the ENA, but that it is premature to return to the Board for approval of deal terms, the ENA would allow BART and Holliday/Related to agree to a 12 month extension of the ENA. Any further extension of the ENA would require Board authorization.

FISCAL IMPACT:

If approved, BART staff in the Real Estate and Property Development Department will work with the selected developer to execute an Exclusive Negotiating Agreement and initiate development scoping. BART staff time is programmed into the operating budget and the FY 2021 work plan already. The developer will submit a \$100,000 ENA deposit to compensate the District for BART staff time, consultants, and outside legal fees; the ENA will require Holliday/Related to deposit additional amounts in the event that BART's expenses exceed \$100,000. This action will not have any impact on unprogrammed District reserves.

Since this solicitation process considered qualifications and not proposals, ground lease revenue and ridership increases have not yet been projected. Staff will ensure that the combination of the ground lease and ridership revenues result in a net positive fiscal impact to BART. The BART Board will review the terms of the deal at key milestones to monitor its fiscal impact and will be asked to approve the deal terms of any lease option agreement resulting from negotiations under the ENA.

ALTERNATIVES:

1. Do not authorize staff to proceed with an Exclusive Negotiating Agreement. Staff will not pursue the El Cerrito Plaza TOD further without direction from the Board.
2. Authorize staff to proceed with an Exclusive Negotiating Agreement with a different team.

RECOMMENDATION:

Adopt the following Motion.

MOTION:

Authorize the General Manager or his designee to enter into an exclusive negotiating agreement (ENA) with a joint venture comprised of Holliday Development and the Related Companies of California for a term of 24 months, with an additional 12 month extension option.

If BART and Holliday/Related cannot in good faith negotiate an ENA, or if the ENA terminates by its own terms or due to mutual agreement of the parties, the Board authorizes the General Manager or his designee to enter into an ENA with Windflower and MidPen Housing, or an entity comprised of both, for a term of up to 24 months, with an additional 12 month extension option.