



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Rat M. Power</i> 28 Nov 2018		GENERAL MANAGER ACTION REQ'D: Approve and forward to Board		
DATE: 11/15/2018		BOARD INITIATED ITEM: No		
Originator/Prepared by: Susan Shaffer Dept: Real Estate and Property Development <i>Susan Shaffer</i> Signature/Date: 11/26/18	General Counsel <i>[Signature]</i> 11/27/18 []	Controller/Treasurer <i>[Signature]</i> 11/27/18 []	District Secretary []	BARC <i>[Signature]</i> 11/27/2018 []

North Concord/Martinez Station Transit Oriented Development Exclusive Negotiating Agreement Award

PURPOSE:

To authorize the General Manager or her designee to execute an Exclusive Negotiating Agreement (ENA) with Brookfield Residential/Novin Development Corporation for Transit-Oriented Development (TOD) at the North Concord/Martinez BART station.

DISCUSSION:

BART owns approximately 20 acres at the North Concord/Martinez BART station consisting of a parking lot and the transit center (the "BART Property"). Currently, BART staff is engaged with the City of Concord and the community in developing the Concord Community Reuse Project Specific Plan ("Specific Plan"), initiated in 2017, which includes the BART Property. The Specific Plan and EIR and associated entitlements are expected to be completed in mid- to late-2019. The Specific Plan will establish zoning and environmental clearance for the former Concord Naval Weapons Station (the "Base"), the BART Property, and the former Coast Guard property to the south of BART. Through a competitive selection process, the City of Concord had previously selected FivePoint to be the City's master developer for the larger Base Reuse site (exclusive of the BART Property). FivePoint will develop Phase I of the former Base, and the City of Concord has selected DeNova Homes to redevelop the former Coast Guard property.

The BART Property is a key area within the Specific Plan boundaries, but its development interests are not represented by a developer. Given that the Specific Plan encompasses a very large area in comparison to the BART Property, and is being advanced by and funded by the master developer team, BART staff believed that bringing on BART's own development team to have input on the Specific Plan, especially in regard to the BART

Property, would best facilitate achievement of a successful TOD project on BART Property in line with BART's TOD and Affordable Housing policies. For this reason and to ensure that the BART policies will be implemented on the BART Property, BART initiated an early developer solicitation process to advance the development of the BART Property. Based on the anticipated draft Specific Plan and BART policies, the District is seeking a financially feasible, mixed-use development, featuring commercial office, both affordable and market-rate housing and community-engaged design, with a focus on active access and a sustainable long-term parking strategy.

Staff presented updates to the Board on the Specific Plan process and the preliminary goals and objectives for TOD on the BART Property in October 2017 and June 2018. On August 13, 2018, BART staff released a Request for Qualifications (RFQ) for developer teams. On October 5, 2018, BART received three submittals in response to the RFQ.

An evaluation committee comprised of nine individuals from BART, Contra Costa County, County Connection, and Economic and Planning Systems (a BART economic on-call consultant) reviewed the written proposals. Although BART's original intent was to include City of Concord staff and Community Advisory Committee members on the evaluation panel, the City of Concord's attorney determined that these parties had a conflict of interest, so no one from the City participated in the evaluation process. All three development teams were invited to participate in oral interviews on November 13, 2018. These teams were:

- Brookfield Residential/Novin Development Corporation ("Brookfield/Novin")
- Essex Property Trust, Inc. ("Essex")
- The Michaels Organization / The Republic Family of Companies ("Michaels")

Proposals were scored in the following categories:

- *Direct relevant qualifications and experience of Developer Team.* Experience with: master planning and mixed-use development; negotiating and executing complex land transactions; public agency partnerships, particularly transit; and large-scale infrastructure investment.
- *Preliminary development concept and proposed project approach.* Demonstration that: concept meets BART's goals and objectives for site while being sensitive to community transition; approach addresses real estate market context, development phasing and finance, and community concerns; development concept is compatible with the City's Area Plan; and proposed approach shows overall innovation and creativity.
- *Financial capability of Developer Team, including lender references.* Demonstrated ability to secure funding and financing for a long term, multi-phase project; and provided lender references.
- *Roles and responsibilities of Developer Team.* Provided organizational chart that meets required disciplines with relevant project manager experience; and Small

Business (SB) participation commitment percentage.

While all proposals were strong, the Brookfield/Novin team performed more strongly than the others, particularly on the basis of:

- Assembling a strong local development team, which includes prime consultants
- Proposed project alignment with the Area Plan
- Strength of financial partner in Brookfield Residential, and demonstrated commitment to the project
- Innovative and strategic approach to creating an artist district as part of the plan proposal
- Extensive experience with multiple public agencies and large multi-phased projects
- Strong proposed community engagement approach
- Creative phasing and parking approaches
- Past history of working with adjacent developers to finance infrastructure and create community cohesiveness

Given the strength of the Brookfield/Novin developer team, staff requests authorization to enter into an ENA for a period of 24 months with Brookfield/Novin to advance a transit-oriented development project at North Concord/Martinez BART station. If staff determines that Brookfield/Novin have substantially met the terms of the ENA, but are not ready to return to the Board with a project and ground lease option at the end of the 24-month ENA period, the motion includes authorization to extend the ENA term with Brookfield/Novin for an additional 24 months.

FISCAL IMPACT:

If approved, BART Real Estate and Property Development Department staff will work with the selected developer to execute an ENA and initiate work on development scoping. BART staff time (0.5-0.75 FTE) is programmed into the operating budget and the FY 2019 work plan already. BART will receive a \$100,000 ENA fee to compensate some BART staff time and consultant and legal fees during the term of this ENA, with a provision in the ENA that this amount will be increased to compensate for BART's expenses as negotiated. This action will not have any impact on unprogrammed District reserves.

The ground lease terms and ridership increases are yet to be negotiated, but staff will ensure that the combination of the ground lease and off- or reverse-commute 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 ultimately approve the deal terms.

ALTERNATIVES:

1. Do not authorize staff to proceed with an ENA. Staff will not pursue the North Concord/Martinez TOD further without direction from the Board.
2. Authorize staff to proceed with a different team.

RECOMMENDATION:

Adopt the following Motion:

MOTION:

Authorize the General Manager or her designee to enter into an Exclusive Negotiating Agreement (ENA) with the development team comprised of Brookfield Residential/Novin Development Corporation for a term of 24 months, with authorization to extend the ENA term an additional 24 months if key deliverables are met, to advance transit-oriented development at the North Concord/Martinez Station.