



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>5 June 2019</i> <i>Robert M. Pomeroy</i>		GENERAL MANAGER ACTION REQ'D: Approve and forward to the Board		
DATE: 5/31/2019		BOARD INITIATED ITEM: No		
Originator/Prepared by: Paul Voix Dept: Real Estate and Property Development <i>Paul Voix</i> 6/4/19 Signature/Date:	General Counsel <i>[Signature]</i> 6/4/19 []	Controller/Treasurer <i>[Signature]</i> 6/5/19 []	District Secretary []	BARC <i>[Signature]</i> 6/4/2019 []

WEST OAKLAND STATION DEVELOPMENT - EXCLUSIVE NEGOTIATING AGREEMENT EXTENSION

PURPOSE: To obtain Board authorization to: extend the Exclusive Negotiating Agreement with China Harbour Engineering Company, Ltd. for development at the West Oakland BART Station through December 31, 2019, and authorize staff, if necessary, to further extend the Exclusive Negotiating Agreement through June 30, 2020.

DISCUSSION: On December 4, 2014, the Board of Directors authorized the General Manager or her designee to enter into an Exclusive Negotiating Agreement (ENA) with China Harbour Engineering Company, Ltd. (CHEC), for development at the West Oakland BART Station (Project). The BART property that is the subject of the ENA is currently the site of 413 parking spaces serving the West Oakland BART Station.

On June 23, 2016, the Board authorized an extension of the ENA to June 30, 2017. On July 27, 2017, the Board authorized another extension of the ENA to June 30, 2018, and authorized staff to further extend the ENA through June 30, 2019. Staff exercised that authority and extended the ENA through June 30, 2019 in July 2018. Pursuant to the resulting ENA, as amended, CHEC has to date paid the District \$150,000 in ENA fees.

On February 6, 2019, the CHEC development team was successful in securing City of Oakland (City) entitlements for the following Project Improvements:

- 762 high density residential units (240 classified as affordable - over 31%)
- 382,460 square feet of office space
- 75,000 square feet of retail

- Up to 400 parking spaces for the development

The proposed Project, now called Mandela Station at West Oakland BART, takes advantage of Planned Unit Development (PUD) and State Affordable Housing density bonuses. As a result, City entitlements allow for building heights to exceed those specified in the City's 2014 West Oakland Specific Plan (Specific Plan). While the Specific Plan had established a 100-foot height limit for development at the intersection of 7th Street and Mandela Parkway, the recent City entitlements would permit construction of a 320-foot tall building at the intersection of 7th and Mandela. A rendering of the City entitled Project is attached.

On April 15, 2019, CHEC submitted a draft Preliminary Development Plan Amendment to the City that, if approved as drafted, would further increase the Project's density by adding another 200,000 square feet of office space and increasing maximum height of the 5th and Mandela development area to 216 feet, up from the 100-foot height limit established in the Specific Plan.

To date, the developer has achieved the following thresholds:

- Preliminary Development Plan Approval
- Planned Unit Development Approval
- Specific Plan Addendum (CEQA) Clearance

Additionally, the development team has continued with their community engagement efforts and is actively applying for available housing funds for the Project.

In order to complete the ENA phase, BART and CHEC must develop transaction terms for the Board's consideration which will be based on a real estate appraisal report that has been commissioned and is currently in progress. At this time, a request to extend the ENA is needed to complete the appraisal and subsequent negotiations of a term sheet which is projected to be presented to the Board in Fall 2019.

Strategic Urban Development Alliance, JRDV Urban International, Keystone Development Group, and other entities continue to play key roles as part of the CHEC development team.

If the ENA extensions are approved by the Board, any proposed agreement for the Project that results from negotiations will be brought back to the Board for approval.

The Office of the General Counsel will approve the ENA amendments establishing the extensions as to form.

FISCAL IMPACT: CHEC will pay the District \$50,000 total for the extensions of the ENA. That amount is intended to defray consultant costs and outside counsel fees associated with the negotiation of a potential Option Agreement. Any negotiated Option Agreement will require CHEC to reimburse BART for all outside counsel expenses incurred during

subsequent negotiations.

ALTERNATIVES: Do not authorize extension of the ENA with CHEC. If the extension is not authorized, direction would be required as to whether and how negotiations would continue.

RECOMMENDATION: Adoption of the following motion.

MOTION: The General Manager or her designee is authorized to enter into an amendment to the Exclusive Negotiating Agreement (ENA) with China Harbour Engineering Company, Ltd., for development at the West Oakland BART Station extending the ENA's term through December 31, 2019 and, if necessary, enter into a subsequent amendment to the ENA extending its term through June 30, 2020.

