



Onizuka LRA Meeting: January 26, 2010

SUBJECT: Award of Contract to Refine the Auto Center Concept and Prepare a Business Plan for Economic Development Conveyance of the Onizuka Air Force Station (F0910-36)

BACKGROUND

Approval is requested to award a contract to Basile Baumann Prost Cole & Associates, Inc. (BBPC) of Annapolis, Maryland in an amount not to exceed \$302,920 to refine and further analyze the market and financial feasibility of the Auto Center reuse concept (Phase I), and to prepare a business-operational plan for submittal to the Department of Defense (DOD) to support an economic development conveyance of the Onizuka Air Force Station (AFS) to the City (Phase II). Approval is also requested for a contingency in the amount of \$2,080 in order to fully utilize allotted grant funding of \$305,000 to complete both phases of work.

When the DOD slated the Onizuka AFS for closure, it formally recognized the Sunnyvale City Council as the Local Redevelopment Authority (LRA) to plan for the facility's conversion to civilian use in 2011. On December 9, 2008 the LRA adopted the Onizuka AFS Final Redevelopment Plan, which identified a landmark-quality Auto Center as the preferred reuse and recommended an economic development conveyance (EDC) of the property from the Air Force to the City for this purpose.

Base Realignment and Closure (BRAC) regulations require that an application for an EDC be accompanied by a business-operational plan that demonstrates project feasibility. Since the LRA's last meeting on December 9, 2008 the Office of Economic Assistance (OEA) has awarded the LRA a grant of \$652,579 to conduct additional market, financial, environmental and historic resource analysis, refine the Auto Center concept, and prepare the business-operational plan. Of this amount, \$305,000 was specifically allocated for retaining a consultant team to assist staff with this work.

DISCUSSION

Under this contract, BBPC (consultant) will provide the City of Sunnyvale with a plan to execute the redevelopment of the Auto Center concept. To achieve this objective there are many complex issues that must be further analyzed and resolved to determine if the BRAC-required business operational plan can be financially feasible.

The consultant's scope of work is divided into two phases. Phase I will consist of the following:

- Conduct additional public outreach to auto dealers and business organizations to assess the interest and feasibility of the Auto Center concept;
- Refine the Auto Center concept with consideration of two additional models for expanding the number of potential auto dealerships at the site;
- Prepare refined site and architectural plans for the Auto Center models;
- Update the market analysis for the auto industry to reflect the latest economic data and market trends;
- Conduct additional environmental and infrastructure analysis to assess the impact on project feasibility;
- Further explore the historic resources at the site and identify possible mitigation measures for preserving and documenting these resources;
- Comprehensively evaluate the financial feasibility of the Auto Center concept and suggest possible financing methods and strategies;
- Work with auto dealers to determine their financial capacity, business terms and conditions for participation in the project;
- Identify and evaluate alternatives for relocating the VA's request for office space at the site to another location; and
- Analyze the economic, market and fiscal impacts if existing auto dealers on El Camino Real were to relocate to the Onizuka site.

The LRA will review the Phase I work and if it determines that an Auto Center is financially feasible and beneficial for the City, the consultants will be directed to proceed with the Phase II work to prepare a business-operational plan. It is anticipated that Phase I will be completed and brought to the LRA for review in May 2010. Staff anticipates that the business-operational plan and EDC application will be submitted to DOD in mid to late 2010.

The Request for Proposals (RFP) process was utilized for this contract because, unlike an Invitation for Bids, it allows for consideration of factors in addition to cost during proposal evaluation. In this instance, staff determined that proposals would be evaluated based upon the following criteria:

- Adherence to the RFP requirements
- Depth of pertinent skills/experience
- Detail and creativity in products/services offered
- Management plan and timeline for project completion

The RFP was mailed to thirty-one economic, planning and real estate development consulting firms and was broadcast to other potential proposers through the DemandStar by Onvia public procurement network. The RFP was also posted on the City's Onizuka Redevelopment website. The following five responsive proposals were received on November 24, 2009:

- Basile Baumann Prost Cole & Associates, Annapolis, MD
- Bay Area Economics, Emeryville, CA
- CB Richard Ellis, San Francisco, CA
- M.C. Furhman & Associates, LLC, Haddonfield, NJ
- Project Management Advisors, Inc., South San Francisco, CA

Proposed costs for the project ranged from \$299,250 to \$305,848, depending upon each proposer's understanding of the City's needs and its approach to meeting those needs. Following a comprehensive review of the written proposals by staff from the Departments of Community Development and Finance and the Office of the City Manager, all five firms were invited for onsite interviews, with follow-up interviews being conducted for the top two proposers. The evaluation team unanimously agreed that BBPC offered the best value to the City. The key determinants for selecting the BBPC team were their grasp of the project challenges, their breadth of prior experience with other BRAC bases, and their depth of direct experience with the OEA, DOD, Air Force and VA.

FISCAL IMPACT

The consultant contract will not impact the City's General Fund. Consultant costs for Auto Center refinements and preparation of an EDC Business-Operational Plan are OEA-approved for reimbursement under its grant of \$652,579 to the City, of which \$305,000 was allocated for work under this contract. Phase I costs are \$228,920 and Phase II costs are \$74,000. A small contingency in the amount of \$2,080 is requested in order to utilize the full compliment of grant funding. If necessary, the LRA may seek further augmentation of the OEA grant to address any unforeseen gaps in analysis.

PUBLIC CONTACT

Public contact was made by posting the LRA agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

RECOMMENDATION

It is recommended that the LRA:

1. Authorize the City Manager to award a contract to Basile Baumann Prost Cole & Associates, Inc. (BBPC) of Annapolis, Maryland in substantially the same format as the attached draft and in an amount not to exceed \$302,920 to refine and further analyze the market and financial feasibility of the Auto Center reuse concept, and to prepare a business-operational plan for submittal to DOD to support an economic development conveyance of the Onizuka AFS to the City; and
2. Approve a contract contingency in the amount of \$2,080.

Reviewed by:

Mary J. Bradley, Director of Finance

Prepared by: Pete Gonda, Senior Management Analyst, Finance

Prepared by: Robert Switzer, BRAC Project Manager

Reviewed by:

Hanson Hom, Director, Community Development

Approved by:

Gary M. Luebbers, City Manager

Attachments

- A. Draft Consultant Services Agreement

ATTACHMENT A

**DRAFT
CONSULTANT SERVICES AGREEMENT
BETWEEN THE CITY OF SUNNYVALE AND BASILE BAUMANN PROST COLE & ASSOCIATES,
INC. TO PREPARE CONCEPTUAL REFINEMENTS TO THE PREFERRED AUTO CENTER REUSE
AND A BUSINESS-OPERATIONAL PLAN FOR AN ECONOMIC DEVELOPMENT CONVEYANCE
(EDC) OF THE ONIZUKA AIR FORCE STATION**

THIS AGREEMENT dated _____ is by and between the CITY OF SUNNYVALE, a municipal corporation ("CITY"), and BASILE BAUMANN PROST COLE & ASSOCIATES, INC. ("CONSULTANT").

WHEREAS, CITY is in need of specialized services in relation to preparation of conceptual refinements to the preferred auto center reuse and a business-operational plan for an economic development conveyance (EDC) of the Onizuka Air Force Station located in the City of Sunnyvale, California;

WHEREAS, CONSULTANT possesses the skill and expertise to provide the required services;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Services by CONSULTANT

CONSULTANT shall provide services in accordance with the Request for Proposals (RFP) and with Exhibit "A" attached and incorporated by reference. CONSULTANT warrants that the RFP and proposal referenced and made a part of this agreement sets forth methods, means and products which fulfill Local Redevelopment Authority obligations under applicable requirements of State and Federal statutes, codes and regulations.

2. Time for Performance

The term of this Agreement shall be the date of contract execution through completion of the services described in Exhibit "A", unless otherwise terminated. Extensions of time schedules may be granted by the Project Manager only upon Federal action to extend submission dates or upon City rescheduling of public meeting dates.

3. Duties of CITY

CITY shall supply any documents or information available to City required by CONSULTANT for performance of its duties. Any materials provided shall be returned to CITY upon completion of the work.

4. Compensation and Invoicing

CITY agrees to pay CONTRACTOR as full compensation for the services rendered pursuant to this Agreement Two Hundred Twenty-Eight Thousand Nine Hundred Twenty and no/100 Dollars (\$228,920.00) for Phase I and Seventy-Four Thousand and no/100 Dollars (\$74,000.000) for Phase II for a total amount not to exceed Three Hundred Two Thousand Nine Hundred Twenty and no/100 Dollars (\$302,920.00). CONSULTANT shall submit invoices to CITY no more frequently than monthly for services provided to date. Payment shall be made within thirty (30) days upon receipt of an accurate, itemized invoice by CITY's Accounts Payable Unit.

5. Ownership of Documents

CITY shall have full and complete access to CONSULTANT's working papers, drawings and other documents during progress of the work. All documents of any description prepared by CONSULTANT shall become the property of the CITY at the completion of the project and upon payment in full to the CONSULTANT. CONSULTANT may retain a copy of all materials produced pursuant to this Agreement.

6. Records Retention; Right to Audit

CONSULTANT shall retain all records relating to this Agreement for a period of three years after CITY makes final payment and all other pending matters are closed. CONSULTANT shall grant to CITY, the Federal grantor agency, the Comptroller General of the United States, and/or any of their duly authorized representatives access to any books, documents, papers, and records of CONSULTANT which are directly pertinent to this Agreement for the purpose of making audit, examination, excerpts and transcriptions.

7. Conflict of Interest

No officer or employee of CITY shall have any interest, direct or indirect, in this Agreement or in the proceeds thereof. During the term of this Agreement CONSULTANT shall not accept employment or an obligation which is inconsistent or incompatible with CONSULTANT's obligations under this Agreement.

8. Confidential Information

CONSULTANT shall maintain in confidence and at no time use, except to the extent required to perform its obligations hereunder, any and all proprietary or confidential information of CITY of which CONSULTANT may become aware in the performance of its services.

9. Compliance with Laws

- (a) CONSULTANT shall not discriminate against, or engage in the harassment of, any City employee or volunteer or any employee of CONSULTANT or applicant for employment because of an individual's race, religion, color, sex, gender identity, sexual orientation (including heterosexuality, homosexuality and bisexuality), ethnic or national origin, ancestry, citizenship status, uniformed service member status, marital status, family relationship, pregnancy, age, cancer or HIV/AIDS-related medical condition, genetic characteristics, and physical or mental disability (whether perceived or actual). This prohibition shall apply to all of CONSULTANT's employment practices and to all of CONSULTANT's activities as a provider of services to the City.
- (b) CONSULTANT shall comply with all federal, state and city laws, statutes, ordinances, rules and regulations and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of the Agreement.

10. Independent Contractor

CONSULTANT is acting as an independent contractor in furnishing the services or materials and performing the work required by this Agreement and is not an agent, servant or employee of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONSULTANT. CONSULTANT is responsible for paying all required state and federal taxes.

11. Indemnity

CONSULTANT shall indemnify, defend, and hold harmless the CITY, its officers, officials, employees and volunteers from and against all claims, damages, losses and expenses, including attorney fees, arising out of the performance of the services described in Exhibit "A", caused in whole or in part by any negligent act or omission of CONSULTANT, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of the CITY.

12. Insurance

CONSULTANT shall take out and maintain during the life of this Agreement policies of insurance as specified in Exhibit "B" attached and incorporated by reference, and shall provide all certificates and endorsements as specified in Exhibit "B".

13. CITY Representative

Robert Switzer as the City Manager's authorized representative shall represent CITY in all matters pertaining to the services to be rendered under this Agreement. All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative.

14. CONSULTANT Representative

Ralph Basile shall represent CONSULTANT in all matters pertaining to the services and materials to be rendered under this Agreement; all requirements of CONSULTANT pertaining to the services or materials to be rendered under this Agreement shall be coordinated through the CONSULTANT representative.

15. Notices

All notices required by this Agreement, other than invoices for payment which shall be sent directly to Accounts Payable, shall be in writing, and shall be personally delivered, sent by first class with postage prepaid, or by sent by commercial courier, addressed as follows:

To CITY: Robert Switzer, Onizuka Project Manager
 Community Development Department
 CITY OF SUNNYVALE
 P. O. Box 3707
 Sunnyvale, CA 94088-3707

To CONSULTANT: Ralph Basile
 Basile Baumann Prost Cole & Associates, Inc.
 177 Defense Highway Suite 10
 Annapolis, MD 21401

Nothing in this provision shall be construed to prohibit communication by more expedient means, such as by telephone or facsimile transmission, to accomplish timely communication. However, to constitute effective notice, written confirmation of a telephone conversation or an original of a facsimile transmission must be sent by first class mail or commercial carrier, or hand delivered. Each party may change the address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of two

days after mailing, unless such date is a date on which there is no mail service. In that event communication is deemed to occur on the next mail service day.

16. Assignment

Neither party shall assign or sublet any portion of this Agreement without the prior written consent of the other party.

17. Termination

If CONSULTANT defaults in the performance of this Agreement, or materially breaches any of its provisions, CITY at its option may terminate this Agreement by giving written notice to CONSULTANT. If CITY fails to pay CONSULTANT, CONSULTANT at its option may terminate this Agreement if the failure is not remedied by CITY within thirty (30) days after written notification of failure to pay.

Without limitation to such rights or remedies as CITY shall otherwise have by law, CITY also shall have the right to terminate this Agreement for any reason upon ten (10) days' written notice to CONSULTANT. In the event of such termination, CONSULTANT shall be compensated in proportion to the percentage of services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. CONSULTANT shall present CITY with any work product completed at that point in time.

18. Entire Agreement; Amendment

This writing constitutes the entire agreement between the parties relating to the services to be performed or materials to be furnished hereunder. No modification of this Agreement shall be effective unless and until such modification is evidenced by writing signed by all parties.

19. Miscellaneous

Time shall be of the essence in this Agreement. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision. This Agreement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement.

ATTEST:

CITY OF SUNNYVALE ("CITY")

By _____
City Clerk

By _____
City Manager

APPROVED AS TO FORM:

("CONSULTANT")

By _____
City Attorney

By _____

EXHIBIT A SCOPE OF WORK

TASK A – Community Outreach

A.1 Working Meetings (2+) with City Staff (BBPC, DE, HOK)

Objective - Meet with City staff to kick-off project, provide project updates, and present findings.

- Meetings with Staff (1) (Kickoff Meeting) – Engage with other team members and meet with City staff to define goals, timeline, and potential encroachments on such goals and timelines. Share strategic information with all team members encompassing dealer's and manufacturer's attraction to the project and any/all hot buttons that will generate participation by dealer's and manufacturers.
- Develop overall framework and protocols for Concept Reuse Study.
- Finalize project schedule and deliverables and key meetings dates, locations and attendees.
- Identify and/or confirm key goals and drivers for all stakeholders.
- Gather key data, previous studies and drawings files to use for project.
- Meetings (2) with Staff – Provide City staff with a progress briefing and receive input/direction after analysis is complete and prior to completion of the Phase I report.
- Note: If LRA or City staff requests additional working meetings, those meetings will be billed at either:

A: \$1,900 per meeting if consultant team is in area completing project analysis or tasks

B: \$8,600 per meeting if a separate trip is required

Result → Obtain sufficient information and base documents to proceed immediately into our analysis work. Create a clear template for Client, Stakeholder and Consultant Project Team expectations, schedule and deliverables. Update City staff after Phase I analysis is complete and prior to completion of the Phase I report.

A.2 Auto Dealer Outreach Meetings (2 Group Meetings) (BBPC, DE, HOK)

Objective – Introductory and Final Group Meeting(s) with Auto Dealerships: Comprehensive City/Consultant discussion to ensure existing auto dealers, or other candidates, understand the concept, the process for analysis and assessment of their prospects for participation, and El Camino mitigation strategy.

Tasks/Meeting Descriptions:

- Identify contact information for auto-dealers/auto-manufacturers to be consulted.
- Prepare preliminary informational materials to explain details of the auto center concept.

EXHIBIT A SCOPE OF WORK

- Initial Meeting: Kick-off meeting – Introduce project team, plan of analysis, objectives and schedule to El Camino Real Dealers.
- Analysis and Data Gathering Meetings: Individual meetings with auto-dealers (see Task B.2 for detail).
- Final Meeting: Wrap-up meeting with El Camino Real Dealers – present results of analysis, participation requirements, and validate LRA recommendations.

Result → Formal introduction and final presentation of findings to local auto dealers

A.3 LRA Meetings (BBPC, DE, HOK)

Objective – Two (2) public meetings with LRA to present conclusion of analysis

- Meetings with LRA (2) – Effectively communicate the refined feasibility findings on the statistical and financial viability of the Onizuka Project including manufacture and dealer level of interest, participation, and willingness to move forward. Demonstrate the refined economic impact findings surrounding the community and the project including employment displacement and creation effects directly and indirectly. City staff and Consultant to determine schedule of the two public meetings.
- Note: If LRA or City staff requests additional working meetings, those meetings will be billed at either:
 - A: \$1,900 per meeting if consultant team is in area completing project analysis or tasks
 - B: \$8,600 per meeting if a separate trip is required.

Deliverable → Powerpoint presentation of Phase I findings for LRA approval of EDC application

TASK B – Refine Auto Center Concept

B.1 Prepare Refined Facility Design (HOK, DE, BBPC)

Objective – Provide City of Sunnyvale with conceptual site plans and corresponding narrative for three scenarios.

It is expected that the three concepts will generally follow those described on page 6 of the attached RFP. During the project the consultant team will provide refinement of the three concepts based on the completed analysis and research.

Tasks:

- Prepare Refined Facility Design (3 options) – Evaluate comparative conceptual designs to practicality while consulting with HOK in facilities and properties designs and layouts for real use

EXHIBIT A SCOPE OF WORK

functionality, practicality, and approved manufacturer and dealer specification requirements. Work with dealerships to include day-to-day usage process that will attract and engage maximum manufacturer and dealer participation.

- Prepare 3 options based on existing, previously prepared and new project information
- Provide design evaluation and consideration for the possible incorporation of existing antennae into redevelopment plans and/or other appropriate memorials to Onizuka's space, science and security heritage
- Create and document preliminary site plans including the garage, vehicle storage facilities, ROW acquisitions, and estimated budget costs for implementation.

Results → Technical Memorandum of 3 conceptual site plans with narrative and design data and 25 copies of reports with project descriptions denoting technical compliance (zoning, etc.) as described in the RFP. Findings will be summarized in the Phase I report.

B.2 Refine Existing Market Analysis (DE, BBPC)

Objective – Review regional supply / demand environment for automobiles and evaluate the feasibility of increasing the total supply auto dealerships at this location.

Tasks:

- Evaluate automobile market supply and demand data for the appropriate trade area. Given the data, determine supportable number of automobile dealerships in the Sunnyvale trade area and on-site.
- Evaluate source data utilized and merge any/all new source data discovered that will enable refined assessment. Analyze employment scope impact, industry scope impact, and community scope impact on Auto Center induced vacancies on El Camino Real and on the proposed Onizuka Project site.
- Expected Data Sources include: N.A.D.A., Manheim Auto Auctions, Adessa Auto Auctions, General Motors (all divisions including OEM's), Toyota North America, Nissan North America, Ford Motor Company, Volkswagen America, Reynolds & Reynolds, ADP, Microsoft DMS, Dealer Track, CNCDA, California DMV
- Define the next steps that ensure participation and involvement
- Automobile market analysis will consider the supply and demand environment from 2010 through 2016

Deliverable → Technical Memorandum - Evaluation of whether additional auto dealerships can be supported in the region and on the site based on the supply/demand environment. Market projection will enable team to adequately project the number and type of supportable dealerships based on variable (sales) and fixed (service) forecasts during the 2010 – 2016 time horizon. Findings will be summarized in the Phase I report. (*Note: Consultant will provide 25 copies and 1 electronic copy of all technical memoranda.*)

EXHIBIT A SCOPE OF WORK

B.3 Environmental and Infrastructure Analysis (L-G)

Objective – Review all existing environmental and infrastructure analysis and estimate all costs of environmental remediation and infrastructure improvements required for reuse for the three conceptual scenarios.

- Review of all completed environmental and infrastructure studies.
- Confirmation that completed infrastructure analysis is adequate.
- Conduct analysis and research as described on page 16 of the March 20, 2008 "Technical Report: Analysis and Feasibility of Conceptual Reuse Options":
 - Document clarification and acquisition
 - Grease trap and storm drain conditions analysis
 - Comprehensive building materials survey.
- Describe additional environmental mitigations and/or infrastructure improvements or extensions anticipated to be required for the refined Auto Center models analyzed. Identify the extent to which any costs for improvement may be eligible for EDC proceeds per 32 CFR Part 174.9 and BRRM C5.5.7.2. to ensure project feasibility, and/or may require or qualify for further public subsidy. Identify the following costs, and any other anticipated infrastructure and environmental mitigation costs:
 - a) Right of way acquisition costs, if any, for Innovation Way.
 - b) Parking garage rehabilitation and seismic upgrade, or a new parking facility for the vertical configuration.
 - c) Other on-site and off-site infrastructure improvements
 - d) Site remediation

Deliverable: Technical Memorandum – Analysis of all environmental conditions and required remediation costs and infrastructure costs given expected reuse program. (*Note: Consultant will provide 25 copies and 1 electronic copy of all technical memoranda.*)

EXHIBIT A SCOPE OF WORK

B.4 Historic Review (Page & Turnbull)

Objective: Evaluate Historical assessment and recordation completed by the Air Force and recommend strategy and cost for appropriate memorial of identified historic significance.

Tasks:

- Attend one meeting each with the client, Air Force, and City's Heritage Preservation Commission, and Directors of the LRA.
- Review of list/report prepared by the Air Force which will contain a narrative and photographic record of all of the historical artifacts from the Onizuka site
- Estimate the cost of maintaining all or subset of artifacts/memorials at identified area museums
- Estimate the cost and required process of arranging a local showing/display for all artifacts that have already been removed from the site.

Deliverable: Memorandum summarizing prior research and analysis and future work and costs, and cost eligibility to implement recommended historic memorial plan. Findings will be summarized in the Phase I report. (Note: Consultant will provide 25 copies and 1 electronic copy of all technical memoranda.)

B.5 Refine Project Feasibility Analysis (BBPC)

Objective – Prepare detailed financial analysis, pro forma, and development plan for each of the three development scenarios, as refined, to identify total project costs, residual land value, participation terms and income projections, identification of sources of capital.

Tasks: Note these tasks will be repeated for each of the three scenarios

- Identify and Estimate Projects Costs
 - Site acquisition
 - Acquisition of additional parcels for inventory storage (depending on scenario)
 - Demolition existing buildings
 - Design and legal costs
 - Sitework (grading, infrastructure, roads, etc.)
 - Construction of parking tower / Renovation of existing buildings for inventory storage (depending on scenario)
 - Compensation to VA and homeless assistance agencies for withdrawal of request (will be determined by results of Task D)
 - Forecast of project schedule
- Forecast of Project Income
 - Number of dealership pads
 - Number of dealership pads if VA is retained on site (depending on scenario)
 - Financial terms of sale/lease of dealerships pads (per results of Task B.2)

EXHIBIT A SCOPE OF WORK

- Evaluate Financial Feasibility
 - Determine if potential project income exceeds project costs.
 - If project income exceeds costs, determine if return on investment is sufficient to attract private sector developer.
 - If project costs exceed income or return is insufficient to attract private capital, identify the dollar amount of the funding gap (*note that the funding gap can also be thought of as the public subsidy needed to make the project feasible*).
 - Compare calculated residual land value for each scenario with BAE estimates, or provide another approved financial approach.

- Identify Strategies to Achieve Financial Feasibility including government subsidy resources that would address any funding gap
 - Federal/State funding programs
 - Tax strategies (tax abatement)
 - Direct public investment (included but not limited to bond financing)

- Development Impact Assessment
 - Tax impact (construction material purchases, retail sales tax, property tax, etc.)
 - Job retention and creation (on-site jobs, El Camino Real, and spin-off jobs)
 - Municipal service and maintenance costs

- Critical Comparison and Recommendation of most favored/feasible concept

Deliverable → Technical Memorandum - Comprehensive development plan for each scenario and comparison of the key analysis of metrics (alignment with dealer requirements, likelihood of attracting private sector developers, amount of public subsidy required, ability to compensate VA and NOI, economic and fiscal impacts of project). Findings will be summarized in the Phase I report. (*Note: Consultant will provide 25 copies and 1 electronic copy of all technical memoranda.*)

TASK C - Dealer Capacity Assessment (DE, Johnson & Associates)

C.1 Determination of Dealership Participation

Objective – Given the results of the market analysis, determine which existing dealers and new dealers can participate and business terms of participation for each group. Identify key issues and terms that must be addressed to ensure participation from both existing and new auto dealerships.

EXHIBIT A SCOPE OF WORK

Tasks:

- Meetings (5-7) Manufacturers – Meet with manufacturers identifying open points and/or moveable points (dealership locations), levels of participation that may subsidize current and/or future dealers that currently exist and/or can be created to support the Onizuka Project.
- Meetings (7-10) Dealers - Meetings with current dealers that are strategically aligned with manufacturers within the PMA (product market area) sharing statistical, financial, and expense data that defines and demonstrates the economic impact to their current business models and community economic resolve. Meetings with potential outside dealer participants sharing statistical, financial, and expense data that will demonstrate the potential viability and profitability of the Onizuka Project.
- Analysis of data and information obtained from both research and interviews

Deliverable → Technical Memorandum - List of the key design issues that must be addressed to insure project attracts automobile dealers. List of key business terms (including financial assistance) that must be addressed to ensure the project can attract existing El Camino Real automobile dealers. List of key business terms (including financial assistance) that must be addressed to ensure the project can attract new automobile dealers. Findings will be summarized in the Phase I report. *(Note: Consultant will provide 25 copies and 1 electronic copy of all technical memoranda.)*

C.2 Determination of Financial Capacity to Participate

Objective – Comprehensive discussion with auto dealers to ascertain credit requirements and needs for participation.

Tasks:

- Determine financial requirements of participation.
- Identify and ascertain contact information on auto dealers likely to participate.
- Formulate questionnaire for dealers including insight on character, capacity, capital, collateral and conditions.
- Review material collected.
- Synthesize information collected for analysis.
- Identify and obtain relocating and new dealers tentative commitment levels, financing sources and requirements, and manufacturer requirements for involvement in Auto Dealer Center Concept.

Deliverable → Technical Memorandum - Provide thorough understanding of the auto-dealer credit and financial requirements in general terms of participation, evaluation of local dealers ability to obtain required funding for participation, identification of participation requirements (including financial assistance) for local dealers gleaned from both independent analysis of operations and meetings with the local dealers, identification of participation requirements (including financial assistance) for non-local dealers gleaned from both independent analysis of operations and meetings with the non-local dealers. Findings will be

EXHIBIT A SCOPE OF WORK

summarized in the Phase I report. (Note: Consultant will provide 25 copies and 1 electronic copy of all technical memoranda.)

C.3 Summary – Dealer Capacity Assessment

Objective – Provide final report summarizing findings of market analysis, research on dealer operations, discussion of business terms with dealers, and evaluation of potential dealers capacity to participate.

Report will include:

- Verification of supportable dealerships in Sunnyvale trade area (from task B.2)
- Identification of participation requirements (including financial assistance) for local dealers gleaned from both independent analysis of operations and meetings with the local dealers.
- Identification of participation requirements (including financial assistance) for non-local dealers gleaned from both independent analysis of operations and meetings with the non-local dealers.
- Tentative commitment levels from local and non-local dealers

Deliverable – Dealer Capacity Assessment

TASK D – Identify Other Properties to Accommodate VA (BBPC)

Objective – Identify, evaluate, and determine the cost of other site options available to meet requirements of VA.

Tasks:

- Meet with VA to detail space and deal requirements and requests
 - Existing square footage or development potential
 - Security setbacks
 - Location
 - Proximity to transportation
 - Proximity to amenities
 - Parking
- Identify all properties/sites that meet VA requests and fall within one or both of the following geographic areas:
 - Within City limits of Sunnyvale, CA
 - Within 10 minute drive time of existing Palo Alto Health Care Campus
- Project costs for each potential property
 - Acquisition/leasing costs
 - Renovation costs
 - Construction costs
- Identify occupancy schedule

EXHIBIT A SCOPE OF WORK

- Input data from pro forma to identify appropriate deal structure (e.g., EUL, lease-back, etc)
- Communicate results to LRA and VA
 - Summary of available properties
 - Comparison of available properties with option at Onizuka site
 - Discussion of VA options including terms for releasing claim on Onizuka site
 - Request commitment from VA regarding claim on Onizuka site

Deliverable → Technical Memorandum - A consolidated summary report detailing key characteristics of each relocation option including: location, related costs, occupancy schedules, space description, etc. As requested, the report will include a map identifying all options. Findings will be summarized in the Phase I report. (Note: Consultant will provide 25 copies and 1 electronic copy of all technical memoranda.)

TASK E - Analyze Auto Center Impacts on Existing Retail Firms, Commercial Areas (BBPC)

Objective - Determine key economic-fiscal impacts of implementing the auto center concept at the Onizuka site on the City of Sunnyvale, and on El Camino Real retail auto dealerships and property owners.

Tasks:

City of Sunnyvale

- Identify timing, structure, and amount of any public investments (tax abatement, public bond financing, etc.) required to provide business terms that will ensure sufficient participation by auto dealers at the Onizuka site. These costs could include both incentives to encourage relocation to Onizuka and assistance to the auto dealers that choose to remain at El Camino Real corridor.
- Forecast economic & fiscal impact of the feasible Onizuka scenarios and dealer capacity on: the vacated dealership parcels on El Camino Real, remaining dealerships at El Camino Real, and the Onizuka Auto Center.
 - Retail automobile sales
 - Retail sales (non-auto)
 - Property tax (based on investment at Onizuka site and analysis of comparably zone parcels for vacated dealership parcels on El Camino Real)
 - Construction spending (Onizuka Site) and on El Camino Real parcels to be redeveloped
 - Number of direct (permanent, non-construction) jobs created by the project
 - Number of indirect (permanent) jobs created as a result of new investment on Onizuka and on El Camino Real
 - Average wage for direct and indirect jobs
 - Annual spending generated by project and on El Camino Real during normal operations (at build out)

EXHIBIT A SCOPE OF WORK

Retail Auto Dealerships

- Evaluate the supply and demand for automobiles in the appropriate trade area to determine the supportable number of auto dealerships.
- Identify auto-specific scale and proximity attributes that determine success or failure of auto dealerships.
- Comment on the feasibility of each scenario based on the market analysis and review interdependence issues.
- Recommend minimum number of feasible dealerships at both Onizuka site and El Camino Real and identify their fiscal impact by comparison with the current situation.

(Note: this analysis will be completed as part of task 5.2 Refine Existing Market Analysis)

Property Owners

- Identify development potential of vacant parcels at El Camino Real site caused by the relocation of auto dealers.
- Retail market analysis – quantify the amount of supportable retail square footage based on retail trade area supply/demand environment.
- Review existing zoning to determine if modifications are required to allow mixed use at the vacated parcels.
- Estimate value of sites within the retail market, and the value of redeveloped parcels.

Deliverable → Technical Memorandum - Details the projected impacts of each scenario and clearly presents the costs/benefits of each option. The report will provide the City of Sunnyvale with a comparative evaluation of how the various options will impact each of stakeholder groups identified. *(Note: Consultant will provide 25 copies and 1 electronic copy of all technical memoranda.)*

TASK F – Phase I Final Report (BBPC Team)

Objective: Provide final consolidated report summarizing findings of tasks B, C, D, and E.

Tasks:

- Prepare draft report and submit to client.
- Obtain comments from client.
- Prepare final report.

Deliverable → Delivery of one final bound project report and twenty five (25) copies included electronic copy

EXHIBIT A SCOPE OF WORK

TASK G – PHASE II Prepare Business-Operational Plan and Associated Deliverable

Phase II shall proceed only with the LRA's prior written authorization, as noted above. If the LRA approves one of the refined options and elects to prepare a B/O Plan, then the analysis shall further develop the selected option by providing additional deliverables to the LRA as follows (not all of which will necessarily be included in the actual EDC submittal to DOD).

The consultant team shall develop a B/O Plan which will summarize findings and conclusions from Phase I analysis and include the following information:

G.1 Market and Employment Issues

A general description of refined Auto Center concept and likely number of businesses and employment given primary and regional labor markets.

1. Current market and employment conditions within the auto industry generally, trends for 2015 through 2025, and likely trends for Auto Center dealerships.
2. Auto Center business and employment impacts (attraction, retention and expansion) compared with such impacts if VA and NOI uses were not relocated.
3. Describe auto related employment within the primary and regional labor market using available labor and demographic data, including numbers of jobs, employment rates, occupations, occupational skills, etc.
4. Compare automotive employment data with Moffett Park Office/R&D employment data. For each, identify the shares of local sector employment, space, and other impacts on community employment and needs.
5. Illustrate a comparison of Auto Center and Moffett Park/RD time frames for build-out and job retention/generation. Illustrate how the EDC/Auto Center will stabilize the local absorption and unemployment rates within the automotive sector, and strengthen the economic base by retaining, diversifying, expanding, or capitalizing businesses and employment within the automotive sector.
6. Discuss the cost-effectiveness of public dollars to be spent at Onizuka AFS on automotive jobs retained, created, expanded.

G.2 Real Estate Market and Valuation Issues

1. Describe current local and regional real estate market conditions that support or challenge an Auto Center, or the negotiated value for withdrawal of NOIs, or VA compensation.
2. Identify the land and project values that the LRA creates through its entitlement authority (withdrawal of NOIs, control, ownership, inclusion of identified auto dealers participants, end users, financing, development agreements,

EXHIBIT A SCOPE OF WORK

etc.) and how it is essential to feasibility. Estimate fair market value of the AF remainder parcel as affected by the VA and NOI foot prints.

3. Identify implications for land and project values, project feasibility, and economic impact created by VA's requested fed-to-fed transfer and setback boundary amendments for the now-surplus property. (The 50 foot boundary adjustment increases the VA site from 2.4 to 4.41 acres.) Describe similar NOI implications and impacts. Describe how VA and NOI impacts justify the proposed EDC footprint compared with other options for a smaller EDC footprint of non-VA/NOI properties.

G.3 EDC Project Proceeds Executive Summary

1. Explain how the B/O Plan illustrates that EDC authority and conveyance are the only conveyance mechanisms that can result in feasible redevelopment of the installation given market, property, financial and development conditions.

a. Explain why other mechanisms such as public or negotiated sales and public benefit conveyances could not accomplish the job generation goals.

b. Evaluate the advantages and disadvantages of an EDC to determine if it is the most appropriate means of conveying the Onizuka AFB property to the LRA. Compare the advantages and disadvantages with other conveyance mechanisms from the perspective of the LRA, Veterans Affairs and Air Force.

2. Estimate the EDC's net proceeds over 15-year time period and how they would address obstacles to development. The B/O Plan should provide a pro forma and cash flow analysis to demonstrate the need for and use of EDC proceeds to close any financial gaps that will enhance the project's feasibility, while accommodating auto dealership in feasible participation scenarios. Identify any proposed consideration or payment to the DOD and VA.

3. Prepare a description, cost estimate and financial justification for public investments in infrastructure, land clearance, parking facilities, etc., possibly to be included in the B/O Plan.

G.4 Assess Public Investment Needs, Authority and Prospects

1. Describe appropriate public/private financing authority and strategies (e.g., existing redevelopment resources, industrial development, or other bond financing, etc.) to underwrite project costs and implement the B/O Plan, including appropriate grants for land clearance. Identify their influence on project feasibility and EDC cash flow.

2. Generally describe the economic status of the City/LRA and demonstrate that the community possesses the financial resources, market conditions, public private funding opportunities and governing authority to assure the successful redevelopment of the property.

3. Building upon prior City, Redevelopment Agency, and consultant technical and budget reports, describe community dependence on taxes for basic services, and the fiscal importance of the auto sector, and the Auto Center specifically, to the fiscal condition of the community.

EXHIBIT A

SCOPE OF WORK

G.5 Assess Private Investment Needs and Prospects

Assess the prospects for private capital investment in Auto Center facilities under the B/O Plan.

1. Working with the housing developers which submitted homeless housing proposals, identify factors and documentation which create positive prospects for private investment in construction of housing at Onizuka AFS or other locations.
2. Identify any documentation that demonstrates the positive environment for capital investment that is created by interested auto dealerships (surveys, assessments, letters of intent, etc).
3. Identify other factors which create positive prospects for private investment in the Auto Center.

G.6 Demonstrate Financial Feasibility and Identify the EDC Deal Structure

1. Set forth the financial elements of the B/O Plan and evidence of resources, etc. Prepare key terms of an LRA "Request for Developer Expressions of Interest" that would demonstrate evidence of LRA/developer resources to be used in solicitation of developer interest upon Air Force approval of the EDC application:

- a. Identify the financial documentation required of existing dealers.
 - b. Identify financial documentation of LRA/Developer financing capacity.
 - c. Identify evidence of guaranties, bank commitment letters, letters of credit or other private sector resources.
 - d. Describe the amount and type of consideration offered (i.e. whether the consideration is in cash or in-kind) and the proposed terms under which the LRA will compensate Air Force, VA, the City and NOIs.
 - e. Describe any financing needed to acquire the property, and demonstrate appropriate qualifications for financing, schedule and readiness to tender stakeholder payments as proposed.
 - f. Prepare a definitive development time-table, phasing schedule and cash flow analysis considering VA development options.
2. List requirements for real property conveyance under the EDC B/O Plan. Highlight unique legal, political and financial factors that the LRA would require of the AF as a condition of transfer or feasibility. Propose payment structure and terms of payment to DOD or to VA, including how and when the LRA would assume control of the property.

Exhibit B

INSURANCE REQUIREMENTS

CONSULTANT shall obtain, at its own expense and from an admitted insurer authorized to operate in California, the insurance coverage detailed below and shall submit Certificate(s) of Insurance to the City of Sunnyvale, Purchasing Division, 650 West Olive Ave, PO Box 3707, Sunnyvale, CA 94088-3707; fax (408) 730-7710.

CONSULTANT shall take out and maintain during the life of the contract **Workers' Compensation insurance** coverage to statutory limits as may be required by law.

CONSULTANT shall take out and maintain during the life of the contract such **Commercial General Liability Insurance** as shall protect CONSULTANT, CITY, its officials, officers, directors, employees and agents from claims which may arise from services performed under the contract, whether such services are performed by CONSULTANT, by CITY, its officials, officers, directors, employees or agents or by anyone directly or indirectly employed by either. The amount of insurance shall not be less than the following: Single Limit Coverage Applying to Bodily and Personal Injury Liability and Property Damage: \$1,000,000.

The liability insurance shall include, but shall not be limited to:

- Protection against claims arising from bodily and personal injury and damage to property, resulting from CONSULTANT's or CITY's operations and use of owned or non-owned vehicles.
- Coverage on an "occurrence" basis.
- Broad form property damage liability. Deductible shall not exceed \$5000 without prior written approval of CITY.
- Notice of cancellation to CITY's Purchasing Division at least thirty (30) days prior to the cancellation effective date.

The following endorsements shall be attached to the liability insurance policy, and copies shall be submitted with the Certificate(s) of Insurance:

- The policy must cover complete contractual liability. Exclusions of contractual liability as to bodily injuries, personal injuries and property damage must be eliminated.
- "CITY, its officers, officials, employees and volunteers" must be named as an additional named insured with respect to the services being performed under the contract. Simply indicating on the certificate that the certificate holder is named as additional insured is not acceptable; an endorsement must be provided.
- The coverage shall be primary insurance so that no other insurance effected by CITY will be called upon to contribute to a loss under this coverage.