TASK D – VA RELOCATION ANALYSIS
Technical Memorandum

To: Hansom Hom, Director of Community Development  
From: BBP  
Re: Onizuka Auto Center Concept Refinement: TASK D – IDENTIFY OTHER PROPERTIES TO ACCOMMODATE VA  
Date: March 23, 2010

**Project Analysis Question:** Given the Veterans Affairs (VA) space requirements, characteristics of the buildings the VA has requested at the Onizuka Air Force Base, the amount of investment the VA would have to make to acquire and renovate the Onizuka buildings, and the current availability of alternative options off-site, is it reasonable for the City of Sunnyvale to assume the VA will seriously consider releasing its claim on the Onizuka site?

**Finding:** BBP concludes the potential exists that the VA will be motivated to seriously consider off-site options and recommends that the City include in an alternative that assumes the VA releases its claim when refining the Auto-Center concept. The following table shows a comparison of four properties that have been identified as potential off-site options. As the table shows, there are multiple off-site options that compare favorably with the buildings at Onizuka from a location, required investment, size, and availability perspective.

**COMPARISON SUMMARY TABLE**

<table>
<thead>
<tr>
<th>Property Address</th>
<th>Onizuka</th>
<th>2</th>
<th>3</th>
<th>5&amp;6</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Sunnyvale</td>
<td>Mountain View</td>
<td>Sunnyvale</td>
<td>Menlo Park</td>
<td>Santa Clara</td>
</tr>
<tr>
<td>Sq.Ft.</td>
<td>56,965</td>
<td>±64,834</td>
<td>±65,520</td>
<td>Bldg 1 58,887 Bldg 2 60,622</td>
<td>±82,278</td>
</tr>
<tr>
<td>List Price</td>
<td>Per Appraisal ($10M-$12M)</td>
<td>$12,901,966</td>
<td>$11,000,000</td>
<td>No Asking. Owned by GM who is also trying to sell adjacent 15 acre site.</td>
<td>$15,221,430 11,107,530/185 ($135)</td>
</tr>
<tr>
<td>$/SF</td>
<td>$211</td>
<td>$199</td>
<td>$168</td>
<td>$84</td>
<td>$122</td>
</tr>
<tr>
<td>Pricing Comments</td>
<td>Asking price is &quot;very soft&quot;. Believe this could be acquired for $10M.</td>
<td>Price is flexible, should be available for $10M.</td>
<td>It is believed by broker, that both buildings could be acquired for $10M range.</td>
<td>Broker has indicated the owners want to sell this property and would be in the $10M to $11.5M range</td>
<td></td>
</tr>
<tr>
<td>Parking</td>
<td>100</td>
<td>200+</td>
<td>262</td>
<td>478+</td>
<td>329</td>
</tr>
<tr>
<td>Renovations</td>
<td>Significant</td>
<td>Insignificant</td>
<td>Significant</td>
<td>Insignificant</td>
<td>Medium</td>
</tr>
<tr>
<td>Availability</td>
<td>Uncertain</td>
<td>Immediate</td>
<td>Immediate</td>
<td>Immediate</td>
<td>Immediate</td>
</tr>
<tr>
<td>Access to Amenities</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Limited</td>
<td>Good</td>
</tr>
<tr>
<td>Access to Public Transporation</td>
<td>Good</td>
<td>Limited</td>
<td>Limited</td>
<td>Limited</td>
<td>Good</td>
</tr>
<tr>
<td>Site Access</td>
<td>ROW privately owned, current easment expires 2012</td>
<td>No known issues</td>
<td>No known issues</td>
<td>No known issues</td>
<td>No known issues</td>
</tr>
<tr>
<td>Potential to Comply with Security Requirements</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, may have 50' setback</td>
<td>Yes, 25'-38' setbacks</td>
</tr>
</tbody>
</table>
Methodology: To arrive at the above finding, BBP used a three step process.

**Step 1 – Data Gathering**
This step entailed preliminary discussion with representatives of the VA to determine general space requirements, willingness to participate and provide direction/feedback as the City researched alternative sites, and timeline. During these discussions it became clear that the VA was open to considering other properties, could use approximately $10,000,000 in funds budgeted to renovate the Onizuka buildings for off-site acquisitions, and had positive and on-going relationship with John Robbins of Carpenter Robbins. Since John Robbins could provide both expertise on the VA needs and available office space in the consideration area, it was decided that BBP would contract with Carpenter Robbins to survey available properties.

**Step 2 – Alternative Options Survey**
Per the VA, the following consideration factors were used in developing the set of alternative locations:

- Minimum 50,560 square feet of office space plus 6,400 square feet of storage/warehouse space
- Ability to accommodate dry lab usage with substantial computer infrastructure
- Available by June 2011 (earlier availability a plus)
- 160 parking spaces
- Located between Menlo Park and Sunnyvale (Hwy 237), with preference for close proximity to Stanford University
- 50’ set back or ability to fortify ground level
- Preference for highway access and close proximity to retail and services
- Within $10,000,000 budget

Given those parameters, Carpenter Robbins completed a survey of all available properties and identified thirteen (13) properties to be presented to the VA. The results of the survey are included in the appendix of the memo and include:

**Exhibit 1:** A summary table listing key information on each of the properties,

**Exhibit 2:** A map identifying the location of the properties

**Exhibit 3** Sales listing brochures for each property
Step 3 – Presentation of Survey Results to VA

The final step involved meeting with representatives of the VA to present the results of the survey. During that meeting the VA reviewed the thirteen properties, discussed their timeline for initiating design work for the building at Onizuka, and selected four of the thirteen properties for further consideration. The timeline of key dates for the VA is included in the appendix as Exhibit 4. The four properties of interest to the VA are identified both in Findings section above and in Exhibit 1.

Other select comments made by the VA during the meeting included:

- *Options that deliver space as soon as possible would be favorable, the VA is moving the group destined for Onizuka space to temporary space this year*
- *The breakdown of space in prospective building #2 (Clyde Avenue, Mountain View) would enable the VA to occupy 48,400 sf of space for their R&D needs and use the additional 16,434 located in a separate building for another use*
- *The VA is likely to have more expansion needs in the future so options that provide square footage in excess 50,000 sf could be a positive*
- *With almost 120,000 sf of space in two buildings, option #5-6 provide the benefit of giving the VA a single campus, viewed as a significant benefit to VA*
- *The VA has the option of asking for up to $6,000,000 in funds via a “Out of Cycle Minor” request, this was discussed in the context of potentially supplementing the $10,000,000 in renovation/acquisition funds currently identified*

The meeting concluded with the VA discussing potential process for initiating a formal consideration of the properties which would likely include the engagement of a broker and site tours with key VA decision makers.
APPENDIX

Contents:

Exhibit 1: A summary table listing key information on each of the properties,

Exhibit 2: A map identifying the location of the properties

Exhibit 3 Sales listing brochures for each of the thirteen properties

Exhibit 4: VA Timeline
<table>
<thead>
<tr>
<th>Property Address</th>
<th>City</th>
<th>Sq Ft</th>
<th>Price Comments</th>
<th>Pricing Comments</th>
<th>Parking</th>
<th>Year Built</th>
<th>Renovations</th>
<th>Comments from Site Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>3105 &amp; 3115 Alfred St</td>
<td>Santa Clara</td>
<td>±85,170</td>
<td>13,000,000 / 152.64</td>
<td>1974</td>
<td>Significant</td>
<td>This is a 2 property portfolio sale; Consists of one 50,000 sq ft. Industrial warehouse, and one ±35,170 flex building. Might work; Needs substantial rehab</td>
<td></td>
<td></td>
</tr>
<tr>
<td>485 &amp; 495 Clyde Ave</td>
<td>Mountain View</td>
<td>±64,834</td>
<td>$12,901,986 / 199</td>
<td>200 +</td>
<td>1970 renov. 2006</td>
<td>Insignificant</td>
<td>This is a 2 property portfolio sale; Consists of one ±84,400 sq ft. flex building, as well as another ±16,434 sq ft. flex building. Great looking bldg; Minimal amount of improvement; setbacks needs work but parking could be controlled; good access to amenities; limited access to public transportation</td>
<td></td>
</tr>
<tr>
<td>690 E Arques Ave</td>
<td>Sunnyvale</td>
<td>±65,520</td>
<td>$11,000,000 / 167.89</td>
<td>262</td>
<td>1978</td>
<td>Significant</td>
<td>2 Story Flex building near retail and restaurants. Access to HWY 101 and Central Expressway. Would work with substantial rehab; good access to amenities; limited access to public transportation</td>
<td></td>
</tr>
<tr>
<td>189 N Bernardo Ave</td>
<td>Mountain View</td>
<td>±63,270</td>
<td>Est. $18,000,000 / No Asking</td>
<td>1985</td>
<td>Medium</td>
<td>OK; Hard building to get to because of where it is located</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>312 - 313 Constitution Dr</strong></td>
<td>Menlo Park</td>
<td>Bldg 1 58,887 Bldg 2 60,622</td>
<td>No Asking. Owned by GM who is also trying to sell adjacent 15 acre site.</td>
<td>476 +</td>
<td>1989</td>
<td>Insignificant</td>
<td>2 Story Freestanding Office and R&amp;D Buildings; Existing Conference Center with Auditorium. To be sold with 312 and Constitution. TYCO Electronics Campus Facility with security. Owned by GM Properties (1941 padlock); Probably that they will not need substantial upgrades; may have 50 foot setback; may have potential; Access point would be through guard gate to get to buildings. The buildings are sitting on a free and clean parcel, however the parcel next to this has a long documented history that has left &quot;PCB&quot; in the ground. Will require some work on separating utilities from adjacent owner. In 100 year flood plain, but pads may be above flood plain. Poor access and available services.</td>
<td></td>
</tr>
<tr>
<td>433 N Mathilda Ave</td>
<td>Sunnyvale</td>
<td>±90,508</td>
<td>$25,000,000 / $267.36</td>
<td>1974</td>
<td>Insignificant</td>
<td>±95,000 sq ft. R&amp;D Facility on 9.27 Acres. Excellent frontage on Mathilda Ave.. Not going to work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2880 Northwestern Parkway</td>
<td>Santa Clara</td>
<td>±61,192</td>
<td>$10,996,680 / $165</td>
<td>1975</td>
<td>Significant</td>
<td>±61,192 sq ft. on 5.1 acres. Probably requires substantial rehab; Next to an Intel bldg.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2901-2929 Patrick Henry Dr</td>
<td>Santa Clara</td>
<td>±82,278</td>
<td>$15,221,430 / 11,107,530 / $185 ($135)</td>
<td>329</td>
<td>1978</td>
<td>Medium</td>
<td>±82,278 sq ft. Office/R&amp;D building; Outdoor Patio Areas. Attractive one-story office bldg; setbacks 25-38 ft. Definite possibility; not a lot of rehab; good access to amenities, walk able to light-rail stop</td>
<td></td>
</tr>
<tr>
<td>4888-4948 Patrick Henry Dr</td>
<td>Santa Clara</td>
<td>±74,035</td>
<td>$9,694,725 / $135</td>
<td>1981</td>
<td>Significant</td>
<td>±74,035 sq ft. Two Story Office / R&amp;D Building on 3.82 acre. For sale along with the building next to it by CRESA Partners; Building is just &quot;so-so&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2630 Walsh Ave</td>
<td>Santa Clara</td>
<td>±55,000</td>
<td>$7,975,000 / $145</td>
<td>1978 renov. 1980</td>
<td>Significant</td>
<td>±55,000 sq ft. R&amp;D/ Manufacturing building. Setback issues; older &quot;OK&quot; building</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5301 Patrick Henry Drive</td>
<td>Santa Clara</td>
<td>±117,500</td>
<td>Not Listed Would Entertain Sale</td>
<td>1982</td>
<td>Significant</td>
<td>±117,500 sq ft. Life science building; Located in Marriott business park; Close to Transportation and amenities. Setback issues; Substantial Rehab needed;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>313-323 Farnchild Drive</td>
<td>Mountain View</td>
<td>±87,880 (x2)</td>
<td>Not Listed Would Entertain Sale</td>
<td>230</td>
<td>1988</td>
<td>Insignificant</td>
<td>2-story buildings in campus setting; Prime Location and Product. Almost New buildings</td>
<td></td>
</tr>
</tbody>
</table>

**Denotes deemed inconsistent with VA needs and/or budget and excluded from further consideration**
Exhibit 3:

Sales listing brochures for each of the thirteen properties
SECTION 1
FOR SALE/LEASE

3105 & 3115 Alfred Street
Santa Clara, CA

A Two Building Office/Industrial Campus
±85,169 Square Feet

Highlights

- 3105 Alfred Street
  - Single-story ±50,000 SF R&D/Industrial Building
  - New Roof
  - Cold Shell Condition
  - Silicon Valley Power can provide up to 13.5 MVA (3, 12 kV feeders) to this building at additional cost

- 3115 Alfred Street
  - Two-story ±35,169 SF Office Building
  - Steel frame construction
  - Built in 1986
  - 1,200 Amps @ 277/480V
  - Covered Parking

- APN: 224-42-009; ±4.20 Acres
- 3.5/1000 Parking (298 Stalls)
  Based on the Parking Layout on the Enclosed Site Plan
- ML Zoning
- Combo Lockbox to Tour

For information, please contact our exclusive listing agent:

Kalil Jenab
Partner
408-200-8800
kjenab@naibt.com

1550 Technology Drive Suite 600
San Jose, CA 95110
tel 408 436 8000
fax 408 436 3999
www.naibtcommercial.com

This information contained herein has been given to us by the owner of the property or other sources, we deem reliable, we have no reason to doubt its accuracy, but we do not warrant it. All information should be verified prior to purchase or lease.
VA - Southern Peninsula

Portfolio of 2 properties in Santa Clara, CA, having total size of 85,170 SF, and for sale at $13,000,000 ($152.64/SF)

<table>
<thead>
<tr>
<th>Portfolio Information</th>
<th>Sales Contacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale Price: $13,000,000</td>
<td>Cassidy Turley BT Commercial</td>
</tr>
<tr>
<td>Cap Rate: -</td>
<td>1650 Technology Dr</td>
</tr>
<tr>
<td>Sale Status: Active</td>
<td>Suite 600</td>
</tr>
<tr>
<td>Sale Conditions: None</td>
<td>San Jose, CA 95110</td>
</tr>
<tr>
<td>Sale Type: Investment OR Owner/User</td>
<td>(408) 436-9200</td>
</tr>
<tr>
<td>Total Size: 85,170 SF</td>
<td>Kalil Jenab</td>
</tr>
<tr>
<td>Total Land Area: 365,904 SF</td>
<td>Partner</td>
</tr>
<tr>
<td>Days On Market: 687</td>
<td>(408) 200-3800 (phone)</td>
</tr>
</tbody>
</table>

2 Properties in portfolio
Properties cannot be sold individually

Investment Notes
3105 & 3115 Alfred Street to be sold together. Single-story +/-50,000 SF R&D/Industrial Building in cold shell and Two-story +/-35,169 SF Office Building, 4.20 Acre site. ML Zoning. Power can be expanded at 3105 Alfred to 13.5 MVA at additional cost. APN: 224-42-009.

3/4/2010
Page 1
485-495 Clyde Avenue

For Sale / Lease - 64,834± square feet

Equity Office

The information contained herein has been provided by either the property owner or sources we deemed reliable. Although CPS has no reason to doubt its accuracy, we have not independently verified the information and do not guarantee its accuracy. Information (including square footage) should be verified and each property should be analyzed prior to purchase or lease based on individual needs.
485-495 Clyde Avenue

For Sale / Lease - 64,834± square feet

- Two Office/R&D buildings totaling 64,834± sf
- 16,434± sf & 48,400± sf (buildings on separate parcels)
- Server Room / Lab: 990± sf KVA, 480/277 Volt, 3-Phase PDU
  UPS, Dedicated 24/7 Air, 17.5 Ton Unit
- Immediate Access to Highways 101 & 237
- Close Proximity to Light Rail
- Showers
- Bocce Ball Court
- Sport Court w/ Volleyball & Basketball Nets
- Skylights
- Built in BBQ Pit off Break Room
- Golf Course Views
- Landscaped Walkway Throughout

485 Clyde: Rentable Area: 48,400± sf
  Power: 1200 Amps, 277/480 Volts, 3-phase, 4-wire
  Office Buildout: 100%

495 Clyde: Rentable Area: 16,434± sf
  Power: 2500 Amps, 277/480 Volts, 3-phase, 4-wire
  Office Buildout: 70%
  Loading Doors: One grade level door

Equity Office

Brian McClenahan
Steve Horton
Alan Guterman
(408) 615-3400
www.cps-co.com

The information contained herein has been provided by either the property owner or sources we deemed reliable. Although CPS has no reason to doubt its accuracy, we have not independently verified the information and do not guarantee it. All information (including square footage) is subject to verification and each property should be evaluated prior to purchase or lease based on individual needs.