TASK D – VA RELOCATION ANALYSIS

Technical Memorandum

bbp ASSOCIATES

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

	Onizuka	OFF-SITE OPTIONS			
		2	3	5&6	9
Property Address	1080 Lockheed Martin Way	485 & 495 Clyde Ave	690 E Arques Ave	312 -313Constitution Dr	2901-2929 Patrick Henry Dr
City	Sunnvyale	Mountain View	Sunnyvale	Menlo Park	Santa Clara
Sq.Ft.	56,965	±64,834	±65,520	Bldg 1 58,887 Bldg. 2 60,622	±82,278
List Price	Per Appraisal ($10M-$12M)	$12,901,966	$11,000,000	No Asking. Owned by GM who is also trying to sell adjacent 15 acre site.	$15,221,430 11,107,530/ $185 ($135)
$/SF	$211	$199	$168	$84	$122
Pricing Comments		Asking price is "very soft". Believe this could be acquired for $10M.	Price is flexible, should be available for $10M.	It is believed by broker, that both buildings could be acquired for $10M range.	Broker has indicated the owners want to sell this property and would be in the $10M to $11.5M range
Parking	100	200 +	262	478 +	329
Year Built	1969	1970 renovated. 2006	1978	1989	1978
Renovations	Significant	Insignificant	Significant	Insignificant	Medium
Availability	Uncertain	Immediate	Immediate	Immediate	Immediate
Access to Amenities	Good	Good	Good	Limited	Good
Access to Public Transporation	Good	Limited	Limited	Limited	Good
Site Access	ROW privately owned, current easment expries 2012	No kown issues	No kown issues	No kown issues	No kown issues
Potential to Comply with Security Requirements	Yes	Yes	Yes	Yes, may have 50' setback	Yes, 25'-38' setbacks

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

Exhibit 1 - Summary Table of Surveyed Properties

	Property Address	City	Sq.Ft.	Price Comments Price/Sq.Ft.	Pricing Comments	Parking	Year Built	Renovations	Comments from Site Visits
1	3105 & 3115 Alfred St	Santa Clara	±85,170	13,000,000 / 152.64			1974	Significant	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
2	485 & 495 Clyde Ave	Mountain View	±64,834	$12,901,966 199	Asking price is "very soft". Believe this could be acquired for $10M.	200 +	1970 renov. 2006	Insignificant	This is a 2 property portfolio sale; Consists of one ±48,400 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
3	690 E Arques Ave	Sunnyvale	±65,520	$11,000,000 167.89	Price is flexible, should be available for $10M.	262	1978	Significant	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
4	189 N Bernardo Ave	Mountain View	±63,270	Est. $18,000,000 No Asking			1985	Medium	High Image Building; Lots of Glass and campus setting. Probably OK; Hard building to get to because of where it is located
5-6	**312 - 313Constitution Dr	Menlo Park	Bldg 1 58,887 Bldg. 2 60,622	No Asking. Owned by GM who is also trying to sell adjacent 15 acre site.	It is believed by broker, that both buildings could be acquired for $10M range.	478 +	1989	Insignificant	2 Story Freestanding Office and R&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); Probable 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 "PCB" 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.
7	433 N Mathilda Ave	Sunnyvale	±93,506	$25,000,000 $267.36			1974	Insignificant	±95,000 sq.ft. R&D Facility on 9.27 Acres; Excellent frontage on Mathilda Ave.. Not going to work
8	2880 Northwestern Parkway	Santa Clara	±61,192	$10,096,680 $165			1975	Significant	±61,192 sq.ft. on 5.1 acres. Probably requires substantial rehab; Next to an Intel bldg.
9	2901-2929 Patrick Henry Dr	Santa Clara	±82,278	$15,221,430 11,107,530/ $185 ($135)	Broker has indicated the owners want to sell this property and would be in the $10M to $11.5M range	329	1978	Medium	±82,278 sq.ft. Office/R&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
10	4888-4948 Patrick Henry Dr	Santa Clara	±74,035	$9,994,725 $135			1981	Significant	±74,035 sq.ft. Two Story Office / R&D Building on 3.82 acre. For sale along with the building next to it by CRESA Partners; Building is just "so/so"
11	2630 Walsh Ave.	Santa Clara	±55,000	$7,975,000 $145			1978 renov. 1980	Significant	±55,000 sq.ft. R&D/manufacturing building. Setback issues; older "OK" building
12	5301 Patrick Henry Drive	Santa Clara	±117,500	Not Listed Would Entertain Sale			1982	Significant	±117,500 sq.ft. life science building; Located in Marriott business park; Close to Transportation and amenities. Setback issues; Substantial Rehab needed;
13	313-323 Fairchild Drive	Mountain View	±67,860 (x2)	Not Listed Would Entertain Sale	It is probable that the owner would seek $300 per SF, putting this bldg out of desired price range.	230	1998	Insignificant	2-story buildings in campus setting; Prime Location and Product. Almost New buildings

Denotes deemed inconsistent with VA needs and/or budget and excluded from further consideration

**2 Buildings sit on 8.25 Acres as part of a larger parcel. Both buildings are currently offered together or for individual sale. Partition of sing parcels and acquisition of additional 13.5 acres can be added at $18-$20 psf

Onizuka - VA Alternatives

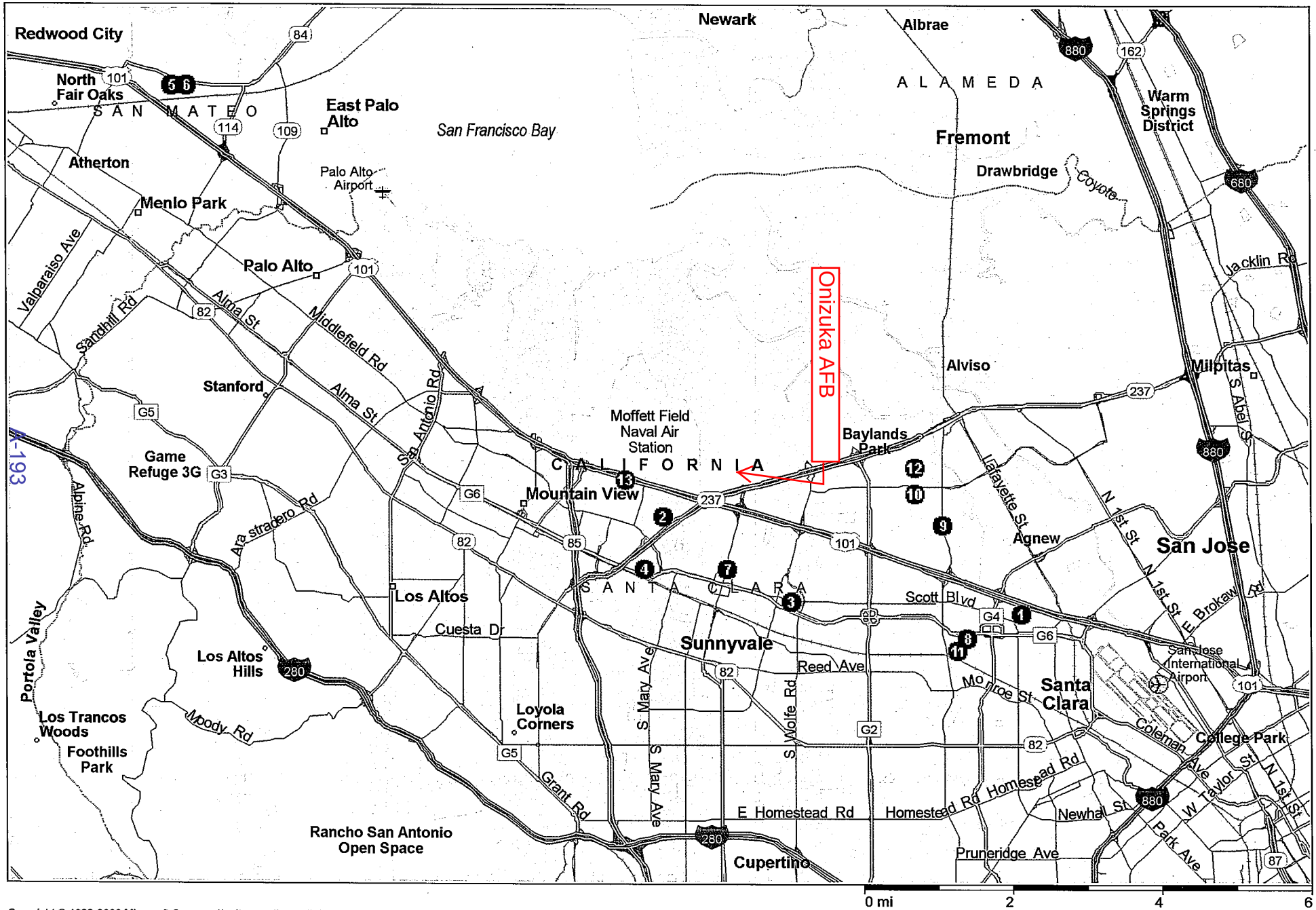

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Exhibit 3:

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

3105 Alfred Street

3115 Alfred Street

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

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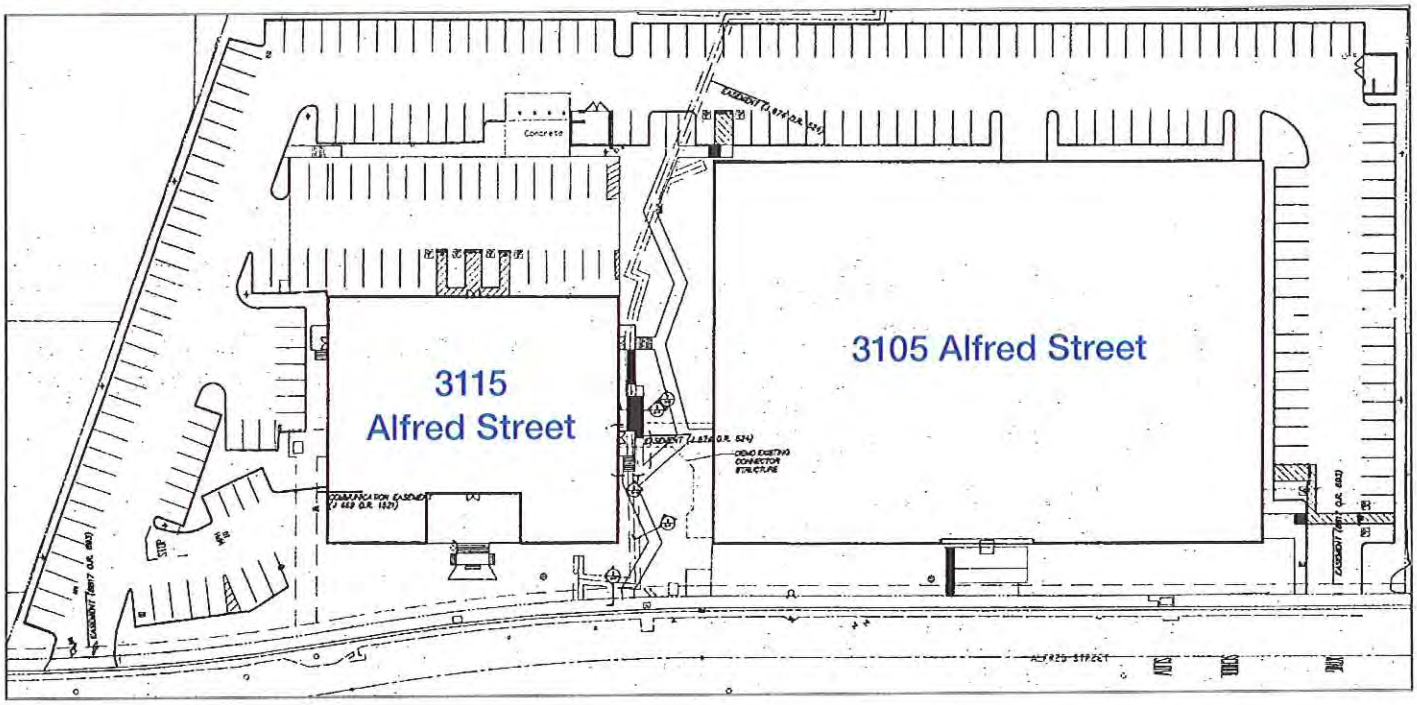
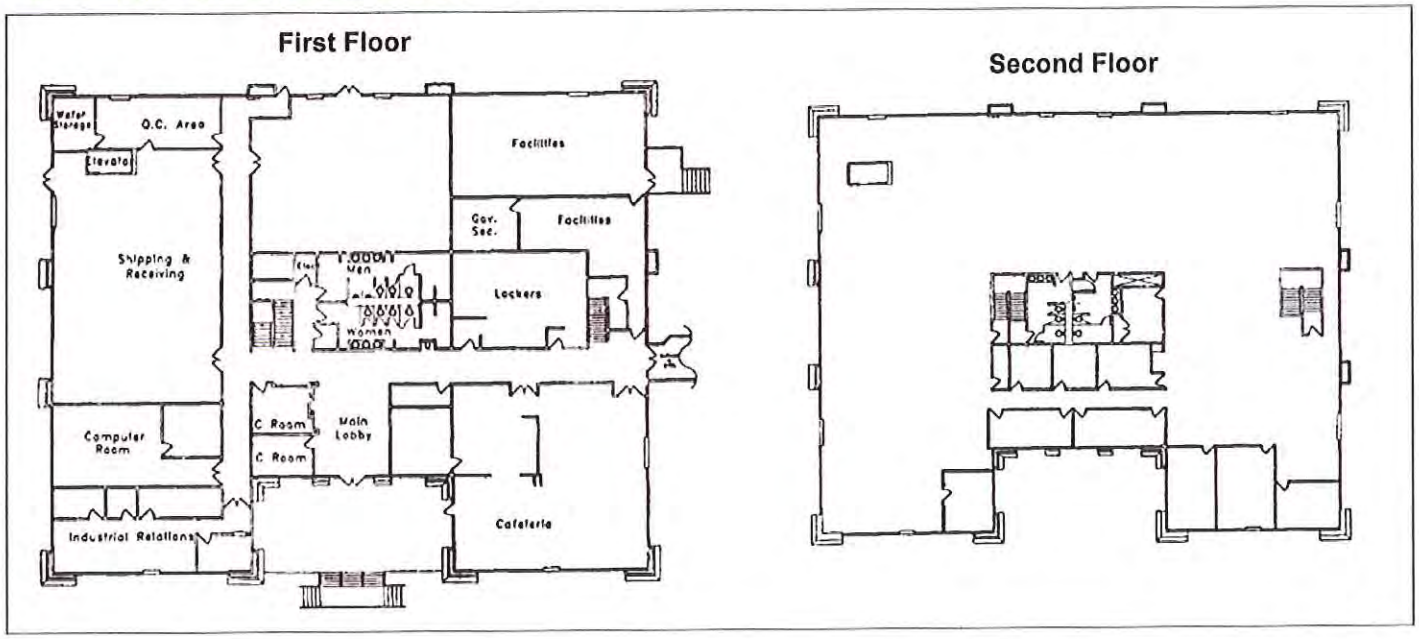
3105 & 3115 Alfred Street
Santa Clara, CA

Site Plan - 3105 & 3115 Alfred Street



Floor Plan - 3115 Alfred Street



NOT TO SCALE

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1

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)

Portfolio Information

Sale Price: **$13,000,000**
Cap Rate: **-**
Sale Status: **Active**
Sale Conditions: **None**
Sale Type: **Investment OR Owner/User**

Total Size: **85,170 SF**
Total Land Area: **365,904 SF**
Days On Market: **687**

2 Properties in portfolio
Properties cannot be sold individually

Sales Contacts

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Kalil Jenab
Partner
(408) 200-8800 (phone)
(408) 436-3699 (fax)

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.

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SECTION 2

485-495 Clyde Avenue

Mountain View R&D

Cover

Highlights

Floor Plans

Site Plan

Photos

Local Amenities

For Sale / Lease - 64,834± square feet

Equity Office

commercial property services
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485-495 Clyde Avenue

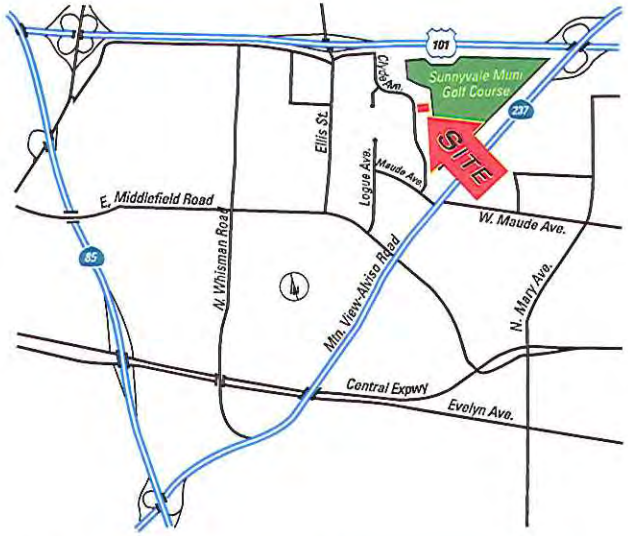
Mountain View R&D

Cover
Highlights
Floor Plans
Site Plan
Photos
Local Amenities

A-201

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



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