Attachment A

Onizuka Air Force Station
Local Redevelopment Authority
Redevelopment Plan

DRAFT

November 19, 2008

This Redevelopment Plan was prepared under contract with the City of Sunnyvale, California with financial support from the Office of Economic Adjustment, Department of Defense. The content reflects the views of the City of Sunnyvale and does not necessarily reflect the views of the Office of Economic Adjustment.

Plan Summary

The Onizuka Air Force Station Redevelopment Plan is an important milestone in City and Air Force planning for the future reuse of the Onizuka Air Force Station, which will close no later than September 30, 2011 as a result of action by the Defense Base Closure and Realignment Commission (BRAC).

The Onizuka Air Force Station Local Redevelopment Authority (LRA) has gone through a comprehensive planning process that has included:

- Application of provisions of the existing Sunnyvale General Plan and Moffett Park Specific Plans;
- Formulation of a Citizens Advisory Committee (CAC) that held public meetings to formulate community reuse objectives and advise the LRA on reuse;
- Extensive public involvement efforts utilizing multiple LRA initiatives for community outreach;
- Consideration of Veterans Affairs' (VA) approved fed-to-fed transfer for four (4) acres and evaluation of the VA transfer impacts upon the feasibility of reuse options for the remainder parcels;
- Evaluation of homeless service providers' Notices of Interest (NOIs) in nearly eight (8) acres, approval of the NOIs, and negotiation of a proposed Legally Binding Agreement with the homeless service providers; and
- Evaluation by an expert consultant team of existing site conditions, potential traffic impacts, and the market potential and development feasibility of multiple reuse options.

Reuse options that were considered by the LRA, based on recommendations by the CAC, include a variety of potential office including those at VA-style densities, mixed-use conference hotel and office, homeless housing and auto retailing development. The impact of VA and homeless service provider reuse of portions of the site was also evaluated.

The evaluation of the site's existing infrastructure and improvements determined that all existing improvements are economically obsolete and would need to be demolished for redevelopment of the site. There are adequate existing utility and infrastructure adjacent to the site, and the costs to reconfigure and enhance these systems, deal with geotechnical issues, and address environmental remediation appears to be comparable to that of other Silicon Valley sites that have been successfully redeveloped.

The LRA seeks to retain certain key historic elements on the site, potentially including one or more satellite dishes as well as the Space Shuttle Challenger memorial, in order to enhance future interpretive exhibits and activities that will commemorate the history of the site.

The primary factors affecting the feasibility of various reuse options include:

- Current market conditions;
- Unusually high demolition costs for the unique and obsolete buildings covering much of the site;

- The Moffett Park Specific Plan's limit on the density of future development to 35 percent Floor Area Ratio; and
- The impact of VA's requested facilities and subdivision of the land into three distinct parcels upon the feasibility of the reuse options, and the redevelopment on the rest of the site.

After considering all factors, and which reuse option would maximize the overall economic development objectives of the City, the LRA recommends auto retailing as the City's preferred reuse option. The LRA will request an Economic Development Conveyance from the Air Force for the entire property, including the VA property proposed for a federal agency to federal agency transfer, with a potential lease by the City to the VA of the facilities it requested.

Following Air Force concurrence with this plan and the potential conveyance, the LRA will prepare an application for an Economic Development Conveyance that spells out in detail how the preferred reuse option would be implemented. Upon acceptance of the application, the City would proceed with the Legally Binding Agreement that would relocate requested homeless housing and services off-site.

The following sections of the Onizuka Air Force Redevelopment Plan consider in turn the issues that need to be addressed pursuant to the BRAC process and in order to implement the LRA's preferred reuse option.

The Onizuka Local Redevelopment Authority wishes to express its thanks to the dedicated staff of the Department of the Air Force, its Real Property Agency and its Center for Environmental Excellence, the Department of Veteran Affairs, and especially the Regional Office of the Office of Economic Adjustment for their technical assistance and support during the duration of this project

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1. Plan Goals and Objectives

Role of this Plan in the BRAC Planning Process

This Plan sets forth the recommendations of the City of Sunnyvale's (City) Onizuka Local Redevelopment Authority (LRA) to the U.S. Air Force for the reuse of the Onizuka Air Force Station at North Mathilda Avenue and California Highway 237 in Sunnyvale, California (Onizuka). The site will close no later than September 30, 2011 as a result of its inclusion in the 2005 list prepared by the Defense Base Closure and Realignment Commission (BRAC).

The Onizuka LRA, comprised of members of the Sunnyvale City Council, is the entity recognized by the Department of Defense as responsible for preparation of the redevelopment plan. This Plan as set forth in the following sections provides for the reuse and redevelopment of real and personal property pursuant to the requirements set forth in the Department of Defense *Base Redevelopment and Realignment Manual* (BRRM, March 2006).

Concurrent with submittal of the plan to the Air Force, the LRA will submit an application to the U.S. Department of Housing and Urban Development regarding homeless housing accommodation, as set forth in the Defense Base Closure and Realignment Act of 1990, as amended (BRAC law). HUD will review the plan and submittal and determine whether it is complete and in compliance, or if there are deficiencies that must be addressed.

The Air Force will make final disposal decisions on Onizuka after it has completed National Environmental Policy Act (NEPA) analysis and associated documentation. The disposal decisions identified in those documents are not contractual commitments and they can be amended. The Air Force will also decide on specific property conveyances as requested by the LRA in the plan. As the BRRM notes, "While the [Air Force] will give deference to the redevelopment plan in preparing the record of decision or other decision documents, it always retains ultimate responsibility and authority to make the final property disposal decisions."

The BRAC process does not affect the City's control over land use and other entitlements as set forth in California planning law. This means that once the Air Force has implemented its property disposal decision(s) for Onizuka, the property recipient(s) will be responsible for securing all necessary approvals from the City in the same manner as any other property owner, including compliance with the California Environmental Quality Act (CEQA).[1]

[1] This does not apply to federal agencies receiving property such as VA, as they generally are not subject to state and local land use laws.

Sunnyvale General Plan and Moffett Park Specific Plan

The City's 1997 General Plan as amended by the 2004 Moffett Park Specific Plan[2] anticipated the continued long-term operation of the Onizuka site by the Air Force. The Specific Plan provides more detailed implementation of the General Plan, and provides Onizuka with a modest development density of no more than 35 percent Floor Area Ratio (FAR)[3], comparable to the historic low-density development pattern in the Moffett Park area.

The Moffett Park Specific Plan excluded Onizuka from the provisions that allow other Moffett Park properties access to a "development reserve" or a transfer of development rights to allow higher density development on targeted parcels. Future development intensification or a change of use on the Onizuka site was not evaluated within the scope the Moffett Park Program (Specific Plan) Environmental Impact Report (pursuant to CEQA) and would require subsequent environmental analysis prior to permit approval involving any intensification or change of use.

The General Plan's economic development goals that are applicable to Onizuka redevelopment include "[sustaining] a strong economy that contributes fiscal support for desired City services and provides a mix of jobs and commercial opportunities," and "[maintaining] and [establishing] policies that promote a strong economy which provides economic opportunities for all Sunnyvale residents within existing environmental, social, fiscal and land use constraints."

The Specific Plan sets forth 11 guiding principles for overall future development in the Moffett Park area, of which the following five are relevant to this stage of the planning process:

Guiding Principle 1.0: Positively influence the Sunnyvale business climate and enhance economic vitality by providing comprehensive land use policies and permitting processes that encourage development of additional needed Class A office space to diversify the industrial base of Sunnyvale.

Guiding Principle 2.0: Encourage and support emerging industries.

Guiding Principle 3.0: Foster cooperative partnerships with businesses, property owners, and the City of Sunnyvale.

Guiding Principle 4.0: Provide opportunity for strategic retention and attraction of business and private investment.

Guiding Principle 5.0: Focus areas of higher intensity development in areas adjacent to public transportation facilities.

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[2] The General Plan is available at http://sunnyvale.ca.gov/Departments/Community+Development/General+Plan/ and the Specific Plan is available at http://sunnyvale.ca.gov/Departments/Community+Development/Planning+Division/Current+Projects+Planning/Moffett+Park.htm

[3] Floor Area Ratio, or FAR, is the total built area of a structure divided by the area of the property it occupies. For example, a one acre (43,560 square feet) site at .35 FAR would allow a structure of 43,560 x .35 = 15,246 square feet.

Guiding Principle 11.0: Preserve Moffett Park for Industrial Uses into the future and prevent erosion of its industrial base to non-compatible uses.

The Specific Plan also contains details that shape the recommendations and requirements of the Redevelopment Plan, including: land use; circulation and transportation; infrastructure; the general environment; urban design; and implementation and administration.

Community Reuse Objectives

The section of the plan on public involvement describes the work of the Citizens Advisory Committee (CAC) established by the LRA to advise it on Onizuka redevelopment. Early in its review, the CAC recommended to the LRA the following goals for guiding deliberations on Onizuka's preferred reuse:

- Partner with the U.S. Department of Veterans Affairs (VA) to pursue disposition and development options that facilitate VA goals to acquire and develop office space on-site or at other more suitable locations, consistent with highest and best use (see the plan section on federal agency requests for further background).
- Seek development options which maximize "highest and best use" and the highest fair market value.
- Seek disposition and development which will appropriately recognize the historic role of the Onizuka mission and achievements in space and in the Cold War, and its seminal impact on the Silicon Valley economy.
- Seek development options which leverage Federal participation in site improvements to ensure the highest development standards, highest and best use, fair market value, and public benefit.
- Seek Office of Economic Adjustment (OEA) predevelopment funding and select planning, disposition and development options which resolve environmental and development issues to accommodate preferred uses.
- Seek alternatives which create maximum employment and other direct benefits for area residents.
- Seek disposition and development which creates a highly visible and widely recognized "landmark class" facility design – identified with Sunnyvale, with an important City entryway, with Onizuka AFS and/or Silicon Valley.

The LRA considered the potential tradeoffs among these goals as it formulated the preferred reuse for the Redevelopment Plan.

Limiting Conditions

This plan's analysis of redevelopment potential and feasibility is based on a thorough analysis of the information made available to the LRA and its consultant team by the Air Force, along with evaluation of information obtained from other sources. Because of national and physical security considerations, the Air Force allowed the LRA and its consultant team only restricted access to Onizuka, its buildings, and

documentation on existing structures and site improvements. This was augmented by discussions with site staff on the unclassified structure and site information that could be shared.

This means that assumptions and findings regarding existing structure and site improvement conditions, demolition costs, redevelopment costs, and other key factors that shape this plan may change significantly once more information becomes available. With the relocation of Air Force and contractor personnel from Onizuka to other sites, the Air Force should make all design, engineering, and as-built information on Onizuka structures and sites available to the LRA, including such complex and heavily modified structures as Building 1003 ("Blue Cube"), to facilitate plan refinement and successful implementation.

In addition, various comments, observations or recommendations are predicated on the VA's willingness or ability to participate in the Onizuka AFS development process and redraw the VA footprint, or relocate the VA to an alternate location removed from the Onizuka AFS property.

2. Existing Conditions Influencing Redevelopment Potential

Onizuka is located in an area known as the Moffett Business Park in the northern portion of the City of Sunnyvale. It is bordered by Innovation Way to the west and the north, North Mathilda Avenue and the Santa Clara Valley Transportation Authority's light rail track to the east and the south, and West Moffett Park Drive and California Highway 237 to the south, as shown in Figure 2-1.

Figure 2-1: Onizuka Regional Location and Site Context

While identified by the Air Force as consisting of approximately 23 acres, the developable portion of the site that guides determination of fair market value is calculated to actually constitute 18.86 acres, as shown in Table 2-1:

Table 2-1: Developable Area, Onizuka Air Force Station, in Acres

Santa Clara County Assessor	**18.86**
Parcel Maps 110-27-036, 037 (Onizuka Air Force Station)	
Army Corps of Engineers as Adjusted	
Total Onizuka Acres per 1959 Map	22.46
Less adjustments as calculated:	
Perpetual easements (100E-1, 107E)	(2.83)
Adjacent tract per 1968 footnote	(0.21)
VTA Light Rail Right-of-Way	(0.49)
Quitclaim Deed PG&E to Rand	(0.07)
Total Adjustments	(3.60)
Developable Area	**18.86**

Sources: Army Corps of Engineers; LFR; BAE, 2008.

Only the easternmost portion of Innovation Way, directly adjacent to Mathilda Avenue, is publicly owned. The remainder of Innovation Way is owned by adjacent private property owners pursuant to their acquisition of property from Lockheed Martin. The LRA's consultant team has been informed by these property owners that the Air Force's existing access to Onizuka is pursuant to a lease that expires in 2012. This means that reuse of Onizuka will require obtaining new rights of access on Innovation Way, either through a lease, dedication, easement, or other agreement. The to-be-determined cost for future access on Innovation Way so that Onizuka can be redeveloped would need to be included in the determination of fair market value.

Existing Structures and Improvements

There are at Onizuka a total of 30 existing structures totaling approximately 612,000 square feet. The most notable structures are the two-story 1964 Headquarters/Administration building (Building 1002 with 50,000 square feet); the five-level 1969 "Blue Cube" Satellite Control Station, one of the tallest structures in Sunnyvale (Building 1003 with 170,000 square feet); and the 1985 two-story Parking Structure that has been partially converted to storage and has had office space added on top of it (Building 10031 with 102,000 square feet) along with the 1986 Parking Structure with the same configuration its companion parking structure (Building 10032 with 99,000 square feet) and a number of satellite dishes. The rest of the facilities consist of a variety of support, facilities operations, maintenance, and other smaller structures. Many of these are steel pre-fabricated "Butler" type buildings.

Based on an initial review by a team of development consultants and civil and structural engineers retained by the LRA, all of the existing structures are to varying degrees functionally obsolete; need considerable seismic reinforcement; do not comply with current planning and building codes and disabled accessibility (ADA) requirements; and/or are uneconomic to rehabilitate. They would not offer, even if rehabilitated, the quality of space, standards of construction or building configuration that users for Silicon Valley commercial space demand.

Seismic retrofit costs were estimated for four structures: Building 1002 office space requested by VA; Building 1003 satellite control station ("Blue Cube"); and Buildings 10031 and 10032 parking structures. These structures total approximately 421,000 square feet and represent nearly 70 percent of the area of existing structures. Total seismic retrofit costs for these four structures are estimated to exceed $15 million.

The adequacy and impact of overall rehabilitation costs was considered at a conceptual level, although the lack of full information on the buildings and future uses precluded development of specific estimates. The VA's identified budget of $10 million for Building 1002 rehabilitation appears sufficient to cover seismic retrofit, code improvements, and other renovation costs, based on rehabilitation costs for older Silicon Valley buildings, even including Davis-Bacon Act and other federal contracting requirements. Costs for renovation of Building 1003, including seismic retrofit, complete replacement of the building exterior, new mechanical, electrical, and plumbing systems, interior reconfiguration, and potential construction of mezzanines to increase occupiable area appears likely to be close to the cost of new construction. However, the building's unique design with high floor-to-floor heights (22 feet plus) and close column spacing provides much less functionality for potential users than new construction. Developers are

generally unwilling to renovate buildings with high costs and limited reuse potential due to the greater cost risk and uncertain economic return associated with such projects.

Private redevelopment of the site is expected to involve demolition of all existing improvements (except for possible retention of certain features such as satellite dishes, the Challenger memorial and VA-rehabilitated structures) with new construction for the new land uses. The demolition of nearly 612,000 square feet of existing buildings on Onizuka is estimated to cost approximately $10.5 million. Of this demolition estimate, approximately $7.4 million is allocated to Building 1003 (the "Blue Cube") because of the unique and complicated design of the building and its steel-walled security precautions. (These figures are net of revenues from recycling the building's steel.)

By comparison, if Onizuka were a typical Silicon Valley redevelopment site of the same size improved with one-story R&D or industrial facilities, the estimated demolition cost would be approximately $1.4 million. The additional $9+ million cost estimate to demolish existing Onizuka structures represents an extraordinary cost that will have an impact on the feasibility of future development.

Cultural Resources

A preliminary report on cultural resources was prepared by the LRA's consultant team. Its findings include that at this time Onizuka cannot be deemed eligible for the California Register of Historic Sites and is not a historic resource for the purposes of CEQA. Because much information about Onizuka is classified, it could later prove eligible for the California Register – especially after the property reaches 50 years in age in 2019.

Onizuka does appear to be eligible for listing as a Sunnyvale heritage resource under Criteria A, B, E, F and L of the Sunnyvale Historic Preservation Ordinance (Ordinance 2558-97). The property appears to be eligible also as a heritage resource district, which would encompass the entire site as well as the buildings. The local ordinance has three levels of significance (in increasing order of significance): heritage resource, designated heritage resource, and local landmark – each with a counterpart for a district. Based on currently available information, the Onizuka site is eligible for potential designation as a local Heritage Resource and/or as a local Heritage Resource District under the Sunnyvale Municipal Code.

Based on the recommendation of the City's Heritage Preservation Commission HPC), the LRA acknowledges that the Onizuka site is eligible for potential designation as a local Heritage Resource under the Sunnyvale Municipal Code. The LRA recommends further evaluation of the historic significance of the buildings, artifacts, and site and possible preservation of a building, artifact, or other appropriate measure to commemorate the site's heritage significance. The Personal Property section of this Plan (see page 37) responds to the HPC recommendation by identifying potential historic artifacts for further heritage evaluation.

Environmental Conditions

The LRA's consultant team reviewed the *April 2007 Final Environmental Baseline Survey Document* (FEBSD) prepared by the Air Force, and conducted additional evaluation of environmental conditions as they may affect redevelopment of the Onizuka site. The FEBSD and BAE analysis assumes that on-site incidents or cases that were closed by regulatory agencies would not be re-opened as part of a proposed future development. In the event that homeless, other residential, or other facilities are located over former release areas or incident locations, the "closed" cases may be re-evaluated by the involved agencies and a more stringent standard for Air Force remediation would be applied.
The consultant team review of the FEBSD identified certain documentation that needs to be compiled as part of the Air Force's property disposition[4]. Resolution of these documentation needs can be handled through Air Force release of the documents, or LRA access to alternative sources of documentation. Resolution of these gaps prior to property transfer is important to facilitate future developer ability to obtain insurance coverages for pollution legal liability, environmental remediation, or other types that investors and lenders are likely to require.

Based upon review of the available documents, it may be advisable to collect samples from storm drains located in the garage area, near the antennae washing area, and the storm drains and/or ditches located near Buildings 1003, 1004, 1006, 1007, 1013, 1025, 1035, 1042, and 10031.

Except for the above storm drain areas, the identified areas of environmental concern are classified in the FEBSD as Areas 1 through 4, meaning they are suitable for deed transfer by the Air Force, subject to approval by the California Department of Toxic Substances Control.

The relatively moderate number of documentation needs and areas proposed for additional sampling are not expected to impede reuse of Onizuka, although it does create a requirement for some additional research and analysis to fully resolve these matters.

On- and Off-Site Infrastructure

As a relatively small site located within a large business park with extensive private commercial development, Onizuka is well served by a combination of private and municipal utilities and infrastructure all adjacent to the property boundary.

The LRA's consultant team reviewed the existing condition of utility infrastructure and capacity at Onizuka. The analysis found that the Onizuka site utility infrastructure is well-suited for all uses and development densities that are consistent with the Specific Plan. Based on the analysis, no extraordinary off-site utility infrastructure costs are anticipated, however there will be costs to reconfigure utilities that are typical of redevelopment projects of the same scale as Onizuka reuse. Typical sewer connection and other development impact fees would be paid. Expenses for minimizing storm water discharge are expected to be comparable to other large developments in the area.

[4] These are identified in the report prepared by LFR, Inc. for the LRA.

Division of the site into multiple parcels as a result of VA's approved federal agency to federal agency transfer will necessitate added cost to create separate utility systems.

Aside from providing service to new structures and site improvements, with costs commensurate with industry standards, additional on- and off-site infrastructure improvement items to be funded by the City through to be determined means could include:

Sanitary Sewer

- Raising up of the on-site 12-inch main's inverts per the Capital Improvement Program planned as part of the Specific Plan.
- Possible contribution to the installation of a sanitary overflow bypass and raising of pipe and invert on West Moffett Park.

Storm Drainage

- Rehab of the 36-inch corrugated metal pipe draining to basins located on Lockheed Martin property.

Transportation Improvements

- Various transportation improvements for the intersection of Mathilda Avenue, State Route 237, and Moffett Park, as set forth in the transportation analysis for the Moffett Park Specific Plan Environmental Impact Report. These improvements will be fully funded through payment of transportation impact fees by new development in Moffett Park that creates increased trip generation.

Geotechnical Analysis

A geotechnical analysis of Onizuka was prepared by the LRA's consultant team. From a development standpoint, the most significant challenge will be the presence of undocumented fills and site utilities (some of which are likely abandoned) from existing development. Some of the Site buildings may be supported on piles which may interfere with the foundation systems selected for new structures. Some or most of the existing utilities can likely be abandoned in place as part of the proposed development scheme. Others utilities may require removal if they significantly interfere with the proposed redevelopment or contain hazardous residues.

New construction will need to account for near surface soils likely to be clays with high expansion potential; strata below surface that are likely to be susceptible to liquefaction and differential settlement; and the potential for naturally occurring asbestos to have migrated from rock formations located up the Coyote Creek Drainage Basin. Access to detailed Air Force geotechnical data and foundation drawings could speed the redevelopment process and save significant costs in site exploration.

Traffic

The LRA's consultant team, working with the City's traffic engineer, prepared a comprehensive transportation and traffic analysis. The analysis evaluated alternative combinations of office and commercial uses permitted by the Specific Plan at different development densities. Of these options, only a mixed-use development with higher density office and a 250-room hotel would generate additional new trips above and beyond those estimated to have been generated from Onizuka's existing 30 buildings and

approximately 612,000 square feet of built space when it was at peak operation by the Air Force.

The analysis included adjustments for redevelopment at Onizuka resulting in increased ridership on VTA light rail (the Lockheed Martin and Moffett Park light rail station are both approximately one-quarter mile from either end of Onizuka). The VTA allows a trip reduction of three percent for employment and nine percent for residential uses located within a 2,000 feet walk of a light rail station. No trip reductions were applied for transportation demand management (TDM) programs; therefore, the analysis is conservative since the City requires TDM programs for office and mixed-use development in the Moffett Park area.

The approach to the analysis for this plan is consistent with the traffic analysis conducted when the Moffett Park Specific Plan was prepared. The Moffett Park Specific Plan EIR assessed impacts from future development of Moffett Park allowed by the Specific Plan (based on traffic levels from existing development, including Onizuka). Mitigations based on the Specific Plan EIR provide for intersection improvements and other transportation improvements to offset the additional impacts from redevelopment. The improvement program is funded through multiple sources, including collection of transportation impact fees from new construction.

The Onizuka site represents only a small portion of the overall trip generating potential of Moffett Park. Therefore, the potential uses represent only a small percentage of the traffic generation proposed in Moffett Park, and would not eliminate or otherwise alleviate the need for planned transportation improvements in the area. This point is illustrated in Table 2-2 below, which shows for key intersections near Onizuka:

- **Baseline**: The projected 2020 levels of service using Sunnyvale's travel demand model including planned and anticipated development in Moffett Park, but no increase in trips from Onizuka above its peak operation by the Air Force; and
- **Denser Onizuka Redevelopment**: Projected 2020 levels of service from development of a mixed-use conference hotel and office project, the one reuse option that would increase Onizuka trip generation above peak operation of Onizuka by the Air Force (all other reuse options considered during the reuse planning process would generate fewer trips than peak Air Force operations).

Table 2-2: Comparison of Moffett Park 2020 Intersection Delays, Level of Service

Intersections	Peak Hour	Baseline		Denser Onizuka Redevelopment	
		Delay (seconds)	Level of Service[1]	Delay (seconds)	Level of Service[1]
H St/Manila Dr	AM PM	48.1 16.1	D B	48.0 16.5	D B
E St/11th Ave	AM PM	33.9 44.9	C- D	33.8 44.7	C- D
Innovation Way/11th Ave	AM PM	22.3 16.0	C C	26.3 17.8	D C
Innovation Way/Moffett Park Dr	AM PM	27.8 27.2	C C	35.9 31.7	D+ C
Mathilda Ave/Java Ave*	AM PM	51.1 67.8	D- E	50.7 69.7	D E
Mathilda Ave/5th Ave	AM PM	24.7 34.3	C C-	24.9 34.6	C C-
Mathilda Ave/Innovation Way	AM PM	13.1 14.5	B B	13.6 15.3	B B
Mathilda Ave/Moffett Park Dr	AM PM	213.5 156.9	F F	216.6 157.5	F F
Mathilda Ave/SR 237 WB ramps	AM PM	n/a	n/a	n/a	n/a
Mathilda Ave/SR 237 EB ramps	AM PM	25.1 13.9	C B	24.8 14.3	C B
Mathilda Ave/Ross Dr	AM PM	19.4 17.7	B- B	19.3 17.8	B- B
Mathilda Ave/Almanor Ave	AM PM	41.9 31.4	D C	41.8 31.4	D C
Mathilda Ave/Maude Ave*	AM PM	55.5 54.2	E+ D-	55.4 54.0	E+ D-
Mary Ave/Maude Ave	AM PM	46.4 61.8	D E	46.1 61.7	D E

[1]Level of Service	*Description*	*Average Control Delay per Vehicle (Seconds)*
A	Operations with very low delay occurring with favorable progression and/or short cycle lengths.	≤ 10.0
B+ B B-	Operations with low delay occurring with good progression and/or short cycle lengths.	10.1 to 12.0 12.1 to 18.0 18.1 to 20.0
C+ C C-	Operations with average delays resulting from fair progression and/or longer cycle lengths. Individual cycle failures begin to appear.	20.1 to 23.0 23.1 to 32.0 32.1 to 35.0
D+ D D-	Operations with longer delays due to a combination of unfavorable progression, long cycle lengths, and high V/C ratios. Many vehicles stop and individual cycle failures are noticeable.	35.1 to 39.0 39.1 to 51.0 51.1 to 55.0
E+ E E-	Operations with high delay values indicating poor progression, long cycle lengths, and high V/C ratios. Individual cycle failures are frequent occurrences.	55.1 to 60.0 60.1 to 75.0 75.1 to 80.0
F	Operations with delays unacceptable to most drivers occurring due to over-saturation, poor progression, or very long cycle lengths.	> 80.0

Sources: VTA's CMP Traffic Level of Service Analysis Guidelines, June 2003, and Transportation Research Board, Highway Capacity Manual, 2000; Fehr & Peers; BAE, 2008.

A mixed-use higher density hotel conference center and office development would result in significant impacts to the Mathilda Avenue intersections at Moffett Park Drive and State Route 237 Westbound ramps. In addition, such a project would exacerbate an existing weaving problem on Mathilda Avenue between Ross Drive and Moffett Park Drive. An applicant for this type of project would be required to pay its fair share of funds for identified improvements for these intersections through payment of the transportation impact fee of approximately $1.4 million[5]. New developments at other Moffett Park area parcels that generate net new peak hour trips will be required to pay transportation impact fees; these fees will be used to fund, among other transportation improvements, mitigation measures associated with further congestion of these Mathilda Avenue intersections.

Development of all other combinations of office and commercial space at Onizuka consistent with the Specific Plan would not generate any net new trips beyond what was generated by Onizuka at its peak operation by the Air Force. This means that these projects would not be required to pay the transportation impact fee. The Onizuka site represents only a small portion of the overall trip generating potential of Moffett Park. Therefore, the potential uses represent only a small percentage of traffic generation proposed for Moffett Park, and would not eliminate or otherwise alleviate the need for planned transportation improvements in the area.

The need for a project specific traffic study would be considered at the time a specific project proposal is submitted to the City for permitting.

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[5] The City and VTA plan to reconfigure the SR 237/Mathilda Avenue ramp intersections consist of these improvements:

- Re-aligning Moffett Park, east of Mathilda Avenue, to connect to 5th Avenue via Bordeaux Avenue;
- Shifting the SR 237 Westbound Off-ramp 150 feet to the north to align with Moffett Park/Mathilda Avenue;
- Removal of SR 237 Westbound On-ramp; and,
- Construction of a direct southbound right-turn on-ramp from Mathilda Avenue to US 101 north.

3. Federal Agency and Homeless Service Provider Requests

Requests for Onizuka Property; Potential LRA Involvement

This section of the plan describes the requests for Onizuka property that have been received in response to the two outreach processes required for all closing military bases: one for federal agencies that resulted in a request from VA; and the other for local agencies that resulted in Notices of Interest from two local homeless service providers. These requests are shown in Figure 3-1 on the following page.

The acreage that has been requested, and the specific locations on the Onizuka site, create profound implications for the feasibility of reuse of the remainder of the site. That impact is addressed in Section 5 of this plan on sustainable land use alternatives and the subsection below on the Notices of Interest.

Veterans Affairs

The VA submitted, and the Air Force approved, a request for Onizuka property pursuant to the federal excess property disposition outreach process that offers excess property to other federal agencies. The VA's request is for Building 1002, a 50,000 square foot office building built in 1964; Building 1018, a 2,200 square foot commercial building built in 1978; and Building 1034, a 4,205 square foot storage building built in 1981. The VA has requested a 2.4 acre site that includes these buildings and sufficient surface parking for 100 vehicles. VA-requested property is shown in Figure 3-1 on the next page.

This space request is part of a larger VA strategy to incrementally resolve a 300,000 gross square foot administrative space shortage at its Palo Alto and Menlo Park campuses as it tries to plan for a major renovation or replacement of those facilities. VA is actively looking at military bases planned for closure to any identify real estate opportunities it cannot access because of Congressional budget and statutory constraints. VA has also requested the Jones Hall Army Reserve Site in Mountain View which is nearer its current campuses. The LRA understands that the VA would use the Onizuka space for administrative and dry-lab research support functions.

The LRA understands from VA that under its small renovation program it can spend up to $10 million to address these issues. The VA as a federal agency is responsible for all aspects of its facilities and does not require planning approvals or building permits from the City for renovation or occupancy. The VA's identified budget of $10 million for Building 1002 rehabilitation appears sufficient to cover seismic retrofit, code improvements, and other renovation costs, based on rehabilitation costs for older Silicon Valley office buildings, even including Davis-Bacon Act and other federal contracting requirements.

The parking area that VA has requested is 68 parking spaces less than what City parking codes require, and would create "spillover" parking impacts on adjacent uses. According to the City's parking codes, the square footage that the VA has requested would require an additional 68 parking spaces (for a total of 168 spaces), or .5 acre of land.

PROGRAM/USE		TOTAL ACREAGE
Charities Housing Requested Area		**1.8 AC**
Residential	31 Units	
Service Space	3,800 SF	
Mid Peninsula Requested Area		**4.2 AC**
Residential	62 Units	
VA Requested Area		**2.4 AC**
Offices (Existing Building 1002 only)	50,560 SF	
Site Remaining for Reuse		**9.76 AC**
TOTAL ACREAGE		**18.86 AC**

Onizuka Site Boundary

Easements

Existing Parcel Line

FIGURE 3-1
EXISTING CONDITIONS

Notices of Interest

The other federally-mandated local outreach process, conducted by the LRA, identifies possible local public agency and community-based agency interests to be considered during the LRA's redevelopment planning process. The local outreach produced two Notices of Interest (NOIs) or requests for portions of the Onizuka site from two non-profit housing agencies: Mid Peninsula Housing Coalition (MPHC) in partnership with Shelter Network (SN); and The Onizuka Partnership composed of homeless service providers led by Charities Housing Development Corporation (Onizuka Partnership). The two NOIs propose to acquire a total of six acres under a total no-cost homeless land conveyance for 91 units of service-enriched housing for Sunnyvale's homeless population, (plus two management units) which the City of Sunnyvale 2005-2010 Consolidated Plan estimated at 299 persons.

The Act charges the LRA with balancing homeless needs with community needs for economic and other development. The Act also requires preparation of a redevelopment plan indicating the support (buildings, property or funding) being made available to requesting homeless service providers (as set forth in this plan). In balancing these needs the LRA analyzed and weighed a comprehensive list of factors. These included public policies such as the Sunnyvale 2005-2010 Consolidated Plan, the Sunnyvale General Plan and the Moffett Park Specific Plan. The LRA analyzed site conditions including the VA impact on the site. The LRA reviewed the homeless NOI submissions to identify technical deficiencies, determine financial feasibility, verify each agency's track record with similar projects, and other project criteria. The LRA also evaluated possible project impacts on the remainder parcel, the surrounding neighborhoods, and the needs of the homeless as set forth in the Consolidated Plan. The LRA hired independent expertise for specific analysis of conceptual reuse options including their capacity to feasibly relocate homeless housing and the VA to other, more appropriate locations and considered the analysis as a factor in its "balancing" considerations. Throughout the process the LRA engaged the homeless service providers at scheduled public meetings for presentation of their projects, facility tours for the Onizuka AFS Citizen's Advisory Committee (CAC) and LRA, and staff interviews. In all, the balancing process involved ten public meetings of the CAC.

The LRA found that the two no-cost homeless conveyances of Onizuka parcels will balance the needs of local homeless (as identified in the NOIs and in the Sunnyvale Consolidated Plan) with the needs of the community for economic development as identified in the Sunnyvale General Plan and the Sunnyvale Moffett Park Specific Plan. As a consequence, the LRA and both non-profit housing agencies agreed upon core terms of a legally binding agreement to approve the NOI requests for two no-cost homeless conveyances.

The LRA finds the needs and projects proposed in the homeless services agency's NOIs for Onizuka to be consistent with the needs of the homeless and the needs for homeless facilities described in the City of Sunnyvale 2005-2010 Consolidated Plan (recent county-wide studies have doubled this estimate.) The analysis conducted by City staff found the NOI-proposed projects to be feasible proposals from experienced and capable agencies that have constructed and managed affordable housing projects with track records of success throughout the region. The NOIs were revised to address technical deficiencies and to ensure compliance with HUD requirements.

The LRA approved terms of a single Legally Binding Agreement (LBA) with the two non-profit housing development corporations (the "agencies") that submitted NOIs on behalf of the homeless. The terms memorialized in the LRA's Homeless Assistance Submission and the LBAs approve the two NOIs for a no-cost homeless conveyance of Onizuka parcels from the Department of Defense for the construction of homeless housing. According to the terms of the LBA, the homeless service providers agree to withdraw their no-cost homeless NOIs at the request of the LRA and in lieu of the land conveyance, accept up to $4.1 million each ($8.2 million total) to compensate their option, predevelopment and purchase costs of parcels at other, more appropriate locations.

To facilitate the LRA's vision for reuse of the entire Onizuka facility, and to expedite homeless housing construction elsewhere at current construction costs, the LRA agrees to advance funds with a bridge loan to each homeless service provider of up to $4.1 million for its option, predevelopment and acquisition of alternative locations before the Onizuka closure in 2011. The LRA's bridge loan to finance residential property purchases elsewhere is conditioned upon Air Force concurrence with LRA redevelopment plan recommendations and disposition strategy which permits the LRA to recoup the loan at a later date from the proceeds of the property's sale. The LBA itself balances the needs of Sunnyvale's homeless with redevelopment objectives as summarized below.

1. LRA agrees to balance homeless needs by approving both homeless service agencies' NOIs at Onizuka AFS for a no-cost homeless conveyance of requested acreage. If the property becomes available or feasible for the LRA's preferred reuse, then the LRA may withdraw the NOI and advance funds for land acquisition at another more appropriate location.

2. When arrangements for the LRA's preferred reuse, recommended disposition, and reimbursement of homeless site costs are completed, the LRA and homeless service providers will withdraw the NOIs.

3. The LRA's reimbursement of each homeless service provider's land cost is capped at $4.1 million regardless of any escalation in property values.

4. The City's financial risk is minimized: should Air Force disapprove the LRA's plan/disposition, or the LRA decide not to relocate the NOI providers, the LRA may leave the NOI encumbrances on the Onizuka AFS property and incur no relocation cost obligations except for their out-of-pocket planning costs.

5. The City will capitalize an LRA loan fund for the LRA to bridge finance acquisition of alternative properties for homeless housing at other, more appropriate locations.

6. The LRA's land financing leverages the construction financing accessed by the homeless service providers to expedite homeless housing at current construction costs -- well before Onizuka's 2011 closure.

7. Subject to an economic development conveyance (EDC), proceeds of Onizuka's sale or development would pay down or repay the LRA's advance, or bridge loan, to the homeless service providers who could then own more appropriate sites free, clear and subject only to their continued use for allowable homeless housing.

8. Homeless agencies share risks with the City if proceeds are insufficient to repay LRA advances or bridge loans: the agencies will be responsible for repaying half of any un-reimbursed advance.

9. Prior City approval of alternate site and project design concepts is a precondition of LRA loans and will be detailed in an LRA-prepared development agreement.

10. The City's entitlement process will address the final homeless housing development as to density, site design, and other development issues.

11. If bridge financing proceeds, LRA staff could prepare and process inter-agency loans and bridge loans consistent with current loan practice.

The LRA has prepared a comprehensive Homeless Assistance Submission (HAS) that documents in more detail the process by which the LRA has considered the NOIs, evaluated the balance between homeless assistance needs and community and economic development needs of the City, and developed the LBA.

4. Public Involvement

Outreach Effort and Public Comment

The LRA initiated outreach strategies to encourage broad community and stakeholder participation in building the consensus for LRA decisions in planning the reuse of Onizuka. A key institution in the LRA's outreach program was the establishment of the Onizuka Citizen's Advisory Committee (CAC) in April 2006. Throughout the planning process the CAC acted as an ongoing advisory body to the LRA. The CAC consisted of 14 members representing residents, public agencies and private sector interests.

In April 2006, the LRA formulated the Onizuka BRAC Communication Plan, a comprehensive multi-channel informational program to provide technical reports, staff recommendations and meeting schedules to residents and stakeholders interested in the direction of reuse planning. The plan also included a web site and outreach to homeless service providers, public benefit-eligible entities and other stakeholders who might wish to participate in the federally mandated Notice of Interest (NOI) process. Individuals and organizations were encouraged to review the web site through regular emails on web site updates, as well as to liaison with both the LRA and the CAC. An objective of these communications was to encourage a community-based consensus on a vision for the civilian reuse of the Onizuka.

The BRAC Communication Plan

The City designed the BRAC Communication Plan to keep the public informed and to encourage public participation in the community reuse planning process. Under the plan, BRAC Project staff formulated content, implemented ongoing communications and maintained a comprehensive listing of specific communications deliverables. (All public outreach exhibits are appended as Exhibits 6a. – 6g. of the Homeless Assistance Submission) BRAC staff responsibilities included:

News Releases: News releases in anticipation of key decision meetings, key outreach, significant decisions or actions.

Fact Sheets: Fact sheets and "Overview Project Plans" inform public officials and area residents. Quarterly articles for City newsletters were prepared throughout the planning process to keep Sunnyvale residents informed of progress and status.

KSUN-15 TV Slides: KSUN-15 is Sunnyvale's local government cable television channel. KSUN slides announced the LRA's and CAC's key decision meetings.

Onizuka BRAC Web pages: (*Onizuka.inSunnyvale.com*) The Onizuka web pages contain comprehensive information about the Onizuka planning process, updates on project milestones, and several outreach channels enabling community members to stay current with the latest project developments. The BRAC program developed, updated and maintained the Onizuka BRAC Web pages as a comprehensive resource for area residents and others interested in Onizuka disposition. The BRAC program notified interested parties of Web page updates (see Exhibit 6.a, Interested Public Data Base). Community outreach and education features found on the BRAC Web pages are highlighted below:

- A "Stay Informed" subscription e-list which provided project announcements
- A link to specific issues of the City of Sunnyvale's *Quarterly Report* – mailed to all city residents – with articles about Onizuka planning activities
- A link to the City of Sunnyvale's Community Events Calendar, listing events and meetings of community interest including Onizuka
- A link to Onizuka-related news releases
- An Onizuka Fact Sheet periodically updated with current project information
- A link to KSUN-15, the City of Sunnyvale's public television channel broadcasting City Council meetings
- Meeting dates, agendas, and minutes for the Onizuka LRA, the Onizuka LRA Executive Committee and Onizuka AFS CAC
- An invitation encouraging participation in the Onizuka planning and consensus shaping process to directly contact the project manager via phone or e-mail
- An overview of the creation and purpose of the national BRAC planning process
- Key steps in the City's BRAC planning and reuse process beginning in 2006 when the Department of Defense designated the City as the Local Redevelopment Authority for Onizuka
- Summary of the historic development of the Onizuka Air Force Station
- Onizuka site information: aerial photos and maps, technical information, facility reports, environmental reports and project plans
- Planning documents including the Consolidated Plan, various specific plans, and related strategies
- Notification and invitation to the Notice of Interest (NOI) workshop and planning information

Quarterly Reports: Below is a sample listing of the Onizuka AFS related articles published in the City of Sunnyvale's *Quarterly Report*, a monthly publication that is mailed to all Sunnyvale households and businesses (Onizuka BRAC *Quarterly Report* articles may be found on the City's Web site at *QuarterlyReport.inSunnyvale.com)*:

Onizuka Citizens Advisory Committee, City Commissions Weigh in on Reuse	Fall 2008
Onizuka AFS Reuse Planning Update	Summer 2008
Sunnyvale Analysis Begins on Onizuka Reuse Options	Winter 2008
Onizuka Reuse Planning Moves Forward	Summer 2007
Sunnyvale to Select Reuse Options for Onizuka	Spring 2007
Onizuka Redevelopment Update	Winter 2007
Community Meets to Help Plan Onizuka Future	Fall 2006
Sunnyvale Community Encouraged to Participate in Onizuka Reuse Plan	Summer 2006
Onizuka Air Force Station Closure	Spring 2006
Onizuka Air Force Station To Be Closed	Fall 2005
DOD Moves To Close Onizuka	Summer 2005

Signage and/or Displays Signage was prepared as required or appropriate for CAC and LRA meetings.

Newspaper Ad Prepared advertisement in the *San Jose Mercury News* and *Sunnyvale Sun* soliciting NOIs in the Onizuka property (published not more than 30 days after declaration of surplus status.)

Public Inquiry Database This activity included sending periodic e-mails to residents, stakeholders and agencies that expressed interest in being added to an information database to receive notification of Onizuka BRAC Web page updates.

Posting of Public Meeting Notices, Minutes and Reports Provided legal meeting notices, agendas, and minutes and posted these per statute and according to Brown Act regulations to the City's Onizuka Web pages and, as appropriate, City Council.

Neighborhood Association Liaison Provided content and schedules to the City's Community Outreach Coordinator to include in communications to surrounding residents.

Onizuka Redevelopment Hotline Dedicated an Onizuka Redevelopment Hotline (408) 730–7739, TDD (408) 730-7501 to provide another opportunity for community comment, information requests or call-backs to discuss any facet of the project.

Public Meetings, Notices and Reports

The primary venue for public input regarding the Onizuka property was the project's policy guiding body, the LRA, and the CAC, which the LRA specifically created to advise the LRA on the site's land reuse. Two City Commissions (Heritage Preservation Commission and Planning Commission) whose jurisdiction touched on specific aspects of the Onizuka project also made recommendations to the LRA.

The BRAC Communication Plan strictly follows the City's statutory meeting, agenda and posting requirements which comply with requirements for minimum advance notification period and specifies the venues for posting notification. Below is a description of the public bodies and advisory groups that provided Onizuka-related recommendations and comments during the planning phase.

Local Redevelopment Authority: In January 2006, Sunnyvale City Council unanimously approved a resolution requesting the Department of Defense recognize the City Council as the LRA for Onizuka. Formally recognized as the LRA, the City Council became the primary community point of contact for all matters relating to the base closure. This includes conducting outreach efforts and designing the comprehensive reuse plan to guide Onizuka's redevelopment. LRA members are listed below:

Assignment/Member
Authority Chair Ron Swegles
Authority Vice Chair John Howe
Authority Member Otto Lee
Authority Member Anthony Spitaleri
Authority Member Melinda Hamilton
Authority Member Christopher Moylan
Authority Member David Whittum

Assignment/Member
Onizuka LRA Executive Committee
Authority Chair Ron Swegles
Authority Vice Chair John Howe
Authority Member Christopher Moylan

Citizen's Advisory Committee: One key step in the early planning process was the establishment of a CAC representing residents and diverse stakeholders within the community. The CAC provided advisory recommendations to the LRA throughout the planning process. CAC members are listed below:

Assignment/Member
LRA Chair, Ron Swegles, Chair
Community Representative, Dean Chu, Vice Chair
LRA Member, John Howe
Mountain View City Council, Nick Galiotto
Organized Labor, Raymundo Ferdin
Sunnyvale Business, Thom Bryant
Sunnyvale Business, Howard Chuck
Sunnyvale Education, Glenn Evans
(Preceded in the position by Geoffrey Kiehl)
Sunnyvale Education, Nancy Newkirk
Homeless Assistance Volunteer, Sarah Wasserman
Community Representative, Robert Lopez
Community Representative, Josephine Lucey
Community Representative, Charles Rogers
Community Representative, Cynthia Cotton
Note: Santa Clara County Supervisors declined representation on the CAC.

Sunnyvale Heritage Preservation Commission: The Sunnyvale Heritage Preservation Commission held a public hearing on August 6, 2008 to review and comment on the preliminary assessment of Onizuka's historic significance. The commission was specifically charged with reviewing and making recommendations regarding landmark sites.

Sunnyvale Planning Commission: The seven-member Sunnyvale Planning Commission conducted a public hearing on July 28, 2008 to discuss and receive public comments on the Onizuka land reuse options and the CAC recommendations. The comments of the commission and the public who spoke at the hearing were forwarded to the Local Redevelopment Authority for consideration. The commission's overall responsibility is to review and make recommendations to the City Council on the City's General Plan, land use, zoning, development ordinances, permits, environmental reviews and related policies procedures.

Community Participation: Public Meetings Schedule

LRA and CAC meetings have provided opportunities for the involvement, participation and comments of community residents and stakeholders. Notices, agenda, minutes, and staff reports have been provided to

the public at the LRA's Onizuka web site, *Onizuka.inSunnyvale.com*. LRA meeting agendas and minutes are also noted on the City Council pages of the City's web site. Appendix A of this plan contains a listing of community outreach activities including a comprehensive listing of Onizuka–related public meetings.

Plan Review, Comment, and Adoption

Draft Onizuka Redevelopment Application: Availability for Public Review and Comment

Meetings of the LRA, the LRA Executive Committee and the CAC on the plan met all statutory notice requirements and provided opportunity for public participation. The CAC held ten public meetings with opportunity for public comment at different stages in the preparation of the redevelopment plan for community input. Pursuant to the Public Meeting Schedule and Communication Plan above, the key steps in the application process (such as LRA approval of the "term sheet" that would inform the LBA) were posted on the Onizuka Web page for presentation and discussion at public hearings.

Adoption of the Final Onizuka Redevelopment Application

The LRA held a study session on November 18, 2008 to provide an opportunity for LRA members and the public to ask questions about the reuse plan and guide development of the final plan. The draft Redevelopment Plan was posted to the LRA's Onizuka BRAC Web page (Onizuka.inSunnyvale.com) approximately three weeks prior to the November 18 study session and five weeks in advance of the LRA's December 2, 2008 public hearing. The time frame sought to ensure time for consideration and resolution of issues prior to LRA adoption of the Final Plan, scheduled for December 9, 2008.

5. Conceptual Land Use Alternatives

Effect of Property Requests - Baseline Feasibility Analysis

Evaluation of LRA-approved conceptual land use alternatives for Onizuka redevelopment must consider the impact of the VA and NOI requests for portions of the property (described in Section 3). These requests – made on a small site of less than 19 acres, without knowledge of what is required to accommodate other reuse options – effectively claim most of vacant and valuable frontage portions of the Onizuka site. The Air Force parcel that is left is the most densely built up middle portion of the site, with large buildings that are very expensive to demolish. This is shown on Figure 5-1 on the following page.

To illustrate the effect of the requests, Table 5-1 presents the relationship between projected fair market value of the remaining 10 acres for office use at the 35 percent FAR allowed by the Specific Plan if they were ready to develop, versus the fair market value taking into account demolition costs. The estimate of excess development costs was developed by comparing projected demolition costs for Onizuka buildings within the 10 acre area, with its densely built up improvements (including Building 1003, the "Blue Cube"[6]) with improvements typical of Silicon Valley redevelopment sites (generally one-story buildings at 25 percent FAR).

Table 5-1: Onizuka Fair Market Value Adjusted for Site Requests

Onizuka Site, acres	18.9
Less VA request, acres	(2.4)
Less VA added parking area, acres	(0.5)
Less NOI Submittals, acres	(6.0)
Site Available for Development, acres	10.0
Land Fair Market Value, 35% FAR Office, per sq.ft. (a)	$13
Unadjusted Land Fair Market Value for Onizuka, 10 acres	$5,662,800
Less Excess Demolition Costs Above Comparable Sites	($9,100,000)
Onizuka Fair Market Value	**($3,437,200)**

(a) See Appendix office pro-forma for calculations supporting value.

Source: BAE, 2008.

The Blue Cube demolition cost is estimated based on review with local demolition contractors to be particularly expensive at an estimated $44 per square foot hard construction costs, due to the complexity of disassembly of numerous rooms within the steel-frame building that consist of welded steel cubes built for security purposes, as well as demolition of other complex building features and remediation of hazardous materials (this figure is net of revenues from sale of scrap steel for recycling). A brief site tour of just the unoccupied portion of the building was available because of classified activities, and no as-built or other plans for the building were made available to the LRA because of Air Force security concerns. Thus, the estimate of demolition costs is preliminary and subject to change based on further evaluation of more detailed information.

The negative fair market value means that if the Air Force were to auction the remaining 10 acres, it should not expect to receive bids from capable and experienced developers, as they would not be able to create a feasible development project without subsidy of $3.4 million or more from some source.

[6] See bottom of page 6 for discussion of the factors making Building 1003 reuse uneconomic.

PROGRAM/USE		TOTAL ACREAGE
Charities Housing Requested Area		**1.8 AC**
Residential	31 Units	
Service Space	3,800 SF	
Mid Peninsula Requested Area		**4.2 AC**
Residential	62 Units	
VA Requested Area		**2.4 AC**
Offices (Existing Building 1002 only)	50,560 SF	
Potential Parcel Boundaries		**18.86 AC**
Parcel 1	4.59 AC	
Parcel 2	3.15 AC	
Parcel 3	4.99 AC	
Parcel 4	6.13 AC	

Onizuka Site Boundary

Easements

Existing Parcel Line

FIGURE 5-1
POTENTIAL PARCEL BOUNDARIES

Options for VA Relocation

VA's request for a federal agency to federal agency transfer of a apportion of the site creates substantial impacts that affect the feasibility of reuse of Onizuka for commercial development, and thereby new economic development to offset the impact of closure. These impacts include the size of VA's footprint (approximately 15 percent of the developable area if adequate parking for VA is provided), and its location within the site which essentially cuts Onizuka into two parcels and makes site planning for the remaining area much less efficient and therefore lowers economic returns.

The LRA has considered a variety of potential off-site alternatives for VA, in order to create more developable area at Onizuka, resulting in a higher potential land value that could offset the extraordinary demolition and relocation costs associated with Onizuka reuse. The resolution of VA's office needs involves ongoing consultation between the LRA, the VA, and Air Force and Congressional offices. Possibilities include lease, acquisition, and/or transfer to VA of an existing older "Class B" office/R&D building in Sunnyvale or another city, potential property swaps or other assistance with expansion at other sites VA is pursuing, and Congressional funding for a comprehensive VA office solution.

While detailed cost estimates await negotiation of a relocation proposal, for discussion purposes the cost of the alternative to acquire, improve, and transfer a suitable building to VA is projected to cost from $15 million to $20 million based on current market prices and typical building rehabilitation budgets.

One option could be a boundary reconfiguration of VA's request, or more preferably the avoidance of parceling altogether. These would make VA's presence more compatible with the City's preferred reuse option. Figure 5-1 shows a shaded potential "Parcel 2" area that illustrates how a more compact footprint could be created for VA that consists of the Building 1002 office space it seeks, and suitable number of spaces for parking in the Building 10031 parking structure.

The City will pursue negotiations with VA, DOD, auto dealerships and other funding sources, and consider other actions that could reduce or offset the development feasibility implications of VA's request. Nevertheless the LRA understands that VA may refuse to relocate, or reconfigure its parking and parcel boundaries, or accept a lease back of office space. Many statutory, regulatory and budget obstacles exist that could prevent a win-win agreement between VA and the LRA on the many options as BRAC regulations cannot address every eventuality for every base closure. In these instances Congressional assistance may be the most appropriate approach to more comprehensively resolve VA office needs.

Options for Homeless Housing and Services Relocation

Section 3 of this plan outlines the terms and conditions of the proposed LBAs entered into between the City and the homeless service providers, with a total potential cost of $8.2 million, to be recovered from the proceeds of future development. Pursuant to the LBAs, the LRA is prepared to withdraw the NOI's and relocate the proposed homeless housing to off-site locations using proceeds of the property provided satisfactory arrangements can be reached with Air Force and the VA.

Implications of Relocating VA and Homeless for the Feasibility of Reuse Options

Redevelopment of the Onizuka site for any reuse option may not be feasible without the relocation of the VA or the reconfiguration of VA parking and boundaries to expand the developable area. The relocation

and/or reconfiguration of the VA as well as homeless service provider requests to enhance the development feasibility of Onizuka reuse presents a range of potential costs. The final cost would be determined as a result of negotiations with the parties, obtaining funding for demolition, infrastructure and relocation costs, and the amount of land value created by reuse.

The cost of relocating the requests could potentially range from minimal if negotiations and other efforts are successful, to up to $28 million if efforts are unsuccessful and a developer is faced with covering all costs of relocation from its own sources. While the LRA has agreed to advance, or bridge finance, the cost of land acquisition for homeless housing at another location, such a loan depends upon the favorable outcome of interagency negotiations.

A specific cost estimate for relocation could be developed during the preparation and negotiation of the business plan required to accompany the LRA's application for an EDC described in Sections 7 and 8 of this plan.

Formulation of Reuse Options

The LRA chose to evaluate a range of commercial reuse options that all assume the entire Onizuka site could be made available for redevelopment. This approach allows the LRA's consultant to: (1) test the development feasibility of the reuse options, including demolition of existing Onizuka structures; (2) identify the extent to which each reuse option could support a land value to potentially offset homeless and VA relocation or reconfiguration; and (3) create reasonable economic development benefits to off-set the loss of economic activity resulting from Onizuka's closure.

(The LRA also considered alternative site concepts for the continued presence VA and homeless housing: (1) a temporary, and/or reconfigured VA presence on Onizuka, with the homeless NOI submittals relocated; and (2) development on the remainder of the site net of VA and homeless NOIs submittals).

The three targeted commercial uses with the greatest potential to offset the economic impacts of Onizuka's closure, and that would best further community and economic development goals and be consistent with the General Plan, Specific Plan, and community reuse objectives, are:

- Auto Center for multiple dealer auto retailing and servicing
- High-quality hotel with integrated conference center (later modified to include an office building)
- Class A corporate office space, in mid-rise buildings at 35 percent FAR

Market Demand

The LRA's consultant team prepared a market overview to assess the potential for the three targeted uses. This analysis was prepared prior to formulation of reuse options as the potential exists to create mixed-use development that incorporates varying amounts of each of the targeted use.

Economic conditions have worsened considerably during the preparation of this plan, with the U.S. experiencing a credit crisis unparalleled since the 1930's and the seeming inevitability of a deep recession that is likely to continue well into 2010 and perhaps beyond. It is not possible at this time to forecast when the credit crisis will be resolved, and when development will pick up following an economic

recovery. The history of previous economic downturns in Silicon Valley suggests that substantial new auto retailing, office, and hotel development will lag economic recovery by several years. Current economic conditions may affect all sectors, reuse options, and/or economic and fiscal projections.

Auto Retailing

Sunnyvale has a long-standing cluster of auto retail dealerships, with nine dealers currently located along El Camino Real. These dealers range from large and successful dealers of imported makes to smaller dealers of domestic makes with declining sales. Initial review by the consultant team of the makes sold in Sunnyvale and the surrounding area, and interviews with multiple dealers, indicate the potential for Sunnyvale to attract potentially three or more new dealerships for mid-range and higher-end imported makes.

The City and surrounding Silicon Valley area support more dealerships than would normally be expected, due to the area's higher incomes and frequent automobile purchases. There is regular relocation of dealers among cities based on opportunities to move to larger, more modern facilities. Freeway adjacent locations with signage are particularly prized.

Existing Sunnyvale dealers have indicated strong interest in relocating to the Onizuka site because of the opportunity to operate in larger facilities, be freeway adjacent (Onizuka is one of the last freeway adjacent site likely to become available in the City), and draw customers from a larger area, resulting in projected average sales increases and employment increases from 20 to 30 percent. Relocation of one or more of Sunnyvale's existing dealers to Onizuka could free up El Camino Real sites for other needed development pursuant to the El Camino Precise Plan. However, during the development of a business plan, further study would be needed to assess and address any impacts of Onizuka Auto Center development on El Camino's remaining auto dealers to ensure that remaining dealerships are not detrimentally affected.

High Quality Hotel and Conference Center

The Onizuka site sits at a gateway to Moffett Park, the City's largest concentration of high-tech companies (including headquarters for firms such as Yahoo!, Juniper Networks, and NetApp). Substantial new office development suggested the need for a high-quality hotel (four- or five-star facility) with associated conference facility to provide an important amenity to serve existing companies within Moffett Park.

There are 15 four- or five-star hotels in the greater Silicon Valley area, including Sunnyvale, with a total of approximately 3,300 rooms. Operating data available for nine of these hotels indicates that as of the 3rd Quarter of 2007 occupancy rates were just over 71 percent, with an Average Daily Rate for rooms of $181. This occupancy rate and average daily room rate is consistent with all U.S. upscale and luxury hotel properties for the same time period. Regionally it lags San Francisco which had a nearly 76 percent occupancy rate for all hotels. There are two conference-only facilities in the area, with limited additional market potential because of competition with existing hotels and in-house corporate facilities.

Hotel development tends to occur later in the economic cycle, and Silicon Valley has historically experienced a cyclical boom or bust economy. Currently there are five planned and proposed new four- or five star hotels within the greater Silicon Valley area, for more than 1,000 rooms. This would result in a

nearly 33 percent increase in room supply, more than the market can absorb in the near-term, and if built would significantly decrease area occupancy rates (including those at existing Sunnyvale hotels and the planned Downtown Sunnyvale and Millennium hotels).

Class A Office/R&D Space

Onizuka has the potential to become a high-value corporate office space as part of Silicon Valley's Sunnyvale submarket. Its location is highly visible at the Highways 237 and 101 interchange and could be considered the "front door" to Moffett Business Park. With synergies derived by nearby corporate office neighbors such as Juniper Networks, Yahoo, and potential future tenants of the nearby new Moffett Towers by Jay Paul Company, Onizuka is in a position to maximize long-term market potential. Superior location makes it likely that redevelopment for office use could support strong rental rates if it occurs at a positive point in Silicon Valley's cyclical boom and bust commercial real estate market.

Following the dot-com bust, the regional and local office market has been in recovery since 2004, with strong positive absorption that started slowing in 2007 to modest levels. As of the end of 2007, vacancy rates were 9.7 percent, with average asking monthly rates of $3.28 per square foot, triple-net[7].

While job growth in Silicon Valley has recovered over the past several years, it has slowed recently and the market may be entering a period of flat or declining land values and rental rates. At the same time, the long term market for office space at the Onizuka site will be strong. Future gains in technology and business services employment will be the primary generator of demand for corporate office space. The timing of resumed job growth will depend on a strong pick-up from current levels of business investment in business-sector high technology goods and services (i.e., business investment in high technology hardware and software and consulting services, versus consumer spending).

LRA Preferred Reuse: Auto Center

The LRA has identified an Auto Center as its preferred reuse option for Onizuka. In deciding the recommended land use for the redevelopment plan the LRA considered all of the elements of a land use decision that would create the greatest benefit for the Sunnyvale community.

This use emerged as the best overall reuse option based on LRA consideration of: (1) the site's superior location and freeway accessibility and visibility; (2) the adequate long-term availability of other Moffett Park sites to meet future demand for office and industrial land uses; (3) site specific goals and objectives identified during reuse planning; (4) ways to minimize additional peak traffic congestion at the Mathilda Avenue entryway to Moffett Park; (5) mitigation of the economic impacts of Onizuka's closure by creating maximize economic benefits for the City; (6) the ability to leverage revitalization and economic development of other City commercial areas; and (7) relative market conditions, project feasibility, economic impacts, and other benefits.

The Auto Center reuse option addresses a unique, one time opportunity created by Onizuka's closure for Sunnyvale to retain and expand existing key City businesses and partner with new firms to diversify

[7] Triple-net means tenants are responsible for their share of utility, maintenance, property tax, and insurance costs.

Sunnyvale's economic base. This option would not exacerbate rush hour congestion as would some of the other reuse options. The economic benefits from this reuse option would benefit all Sunnyvale residents, and also contribute the most to the revitalization of the City's nearby El Camino Real corridor, its historic economic spine.

The conceptual redevelopment plan proposes to remove all existing structures, and potentially to either subdivide or configure the Onizuka site for three or more dealerships. These locations could each be sold or leased directly to auto dealers or the entire area leased or sold to an Auto Center developer. A possible conceptual site plan is shown on Figure 5-2 on the next page.

The economic benefits analysis conducted for the Auto Center (as well as the other targeted uses) include:

- **Projected Land Value Supported by the Project.** This involved BAE preparation of a pro forma (projected financial results) as would be done by a developer. The detailed pro forma is contained in Appendix B to this plan. It includes all costs of development, including demolition of existing Onizuka structures, projected on- and off-site infrastructure improvements, City impact and other development fees, hard and soft construction costs, financing costs, and reasonable developer profit. The total cost of development is then compared to the investment value of the completed and fully leased or sold project, based on current market lease rates and sale prices. The difference between the investment value of the completed project and its development cost represents a residual value that can be attributed to land.

  The pro forma analysis does not include any potential costs of relocation or reconfiguration of VA and homeless service provider requests (this applies to the pro forma analysis for all reuse options). This is because of the currently unknown cost of relocation or reconfiguration, as previously discussed. Excluding this cost from the analysis also provides a clearer understanding of how potential developers, investors, and lenders would evaluate development feasibility.

  This residual land value represents the funds available to potentially offset some of the costs of VA relocation and the LBAs as well as provide a payment to the Air Force as the property owner. A negative residual land value means that a project is not worth what it costs to develop, and that some additional source of subsidy would need to be found before a developer would invest in the project.

- **Economic Impact Created by the Project.** The IMPLAN econometric model, which uses local county input-output factors, was used to project the temporary (construction-period) and permanent new employment that would be created as a result of redevelopment. The model also estimates the increases in regional income that result from direct expenditures (construction and new businesses), indirect expenditures (by firms that benefit from the direct expenditures), and induced expenditures (general increase as direct and indirect expenditures circulate through the local economy). While IMPLAN's outputs are for Santa Clara County as a whole (there is no available econometric model to forecast just City benefits), the largest portion of this economic benefit would occur in Sunnyvale.

- **Fiscal Benefits Generated by the Project.** Projections of permanent increases in property taxes, sales taxes, and transient occupancy taxes (hotel room taxes) that would be received by the City were prepared based on construction expenditures, the investment value of completed development, and the resulting economic activity. Additional projections were made of one-time tax and other fee payments to the City such as transfer taxes that would result from redevelopment.

PROGRAM/USE

Development Area **18.86 AC**

- Showroom/Services (60,000 SF Total)
- Dealer Parcels
- Auto Center Signage
- Display Parking and Showroom Entry
- Street Trees

Note: Building footprints for Showroom/Service is conceptual; dealers will determine future programs. Each dealer parcel will include showrooms, service and parts, offices, inventory and parking. 20% landscape requirement will be addressed in future site planning for individual parcels.

TOTAL ACREAGE **18.86 AC**

- Onizuka Site Boundary
- Easements
- Existing Trees
- Existing Satellite Dishes
- Relocated Satellite Dishes

FIGURE 5-2
AUTO RETAIL CENTER

The findings from the economic analysis for the Auto Center reuse option is presented in Table 5-2:

Table 5-2: Economic Outcomes from Auto Center Redevelopment

Development Return	Amount
Total Land Value Supported by Development (a)	$2.3 million
Land Value per Square Foot	$3 per sq. ft.
Economic Impact	
Non-Recurring Employment	453 jobs
Permanent New Employment	490 jobs
One-Time Economic Impact in County	$64 million
Annual New Economic Impact in County	$71 million
Fiscal Benefit	
One-Time Fiscal (construction) Benefit to City	$1.2 million
Annual New Fiscal Benefits (tax revenues) to City (b)	$2.1 to $2.6 million per year

(a) Amount available for VA relocation, LBA cost recovery, payments to Air Force.
(b) Varies based on mix of relocating Sunnyvale dealers versus those new to the City. Includes new sales taxes from redeveloped El Camino Real sites.

Source: BAE, 2008.

Alternate Land Uses Evaluated

High Quality Hotel Conference Center + Office Mixed-Use Development

The option of creating a 250-room high quality hotel, the largest size that the market overview indicated developers would consider was evaluated. The project would also have a separate 10,000 square foot or larger conference center integrated with the hotel operation. Because a hotel of this size would not utilize the entire Onizuka site, additional Class A office space was incorporated into the project. As a modeling exercise, and to offset the feasibility challenges of high-end hotel development, the assumed office space is at a higher density than would be allowed by the Specific Plan. A conceptual site plan is shown in Figure 5-3 on the next page.

The findings from the economic benefits analysis are summarized in Table 5-3 at the end of this section. This option has substantial negative feasibility, i.e. even with no payment for land, the completed project is worth less than the cost of development. A subsidy of $11 million or more is estimated to be needed for a developer to undertake this project. While this reuse option would generate more new jobs than the Auto Center, these would be predominantly lower wager, less skilled jobs.

It should be noted that the higher density development that is modeled adds significant additional costs for parking structures (in other words, denser development is not always more profitable). However, even a less dense mixed-use and hotel project would still be expected to have negative land value based on current market conditions.

PROGRAM/USE

Development Area		18.86 AC
Five Star Hotel	250 Rooms	
Conference Center	10,000 SF	
Offices at 70% FAR	325,080 SF	
Landscape Area		
Parking Structure	1,269 Spaces	
Surface Parking	463 Spaces	
Street Trees		

Note: Parking areas incorporate 20% landscaping requirement.

TOTAL ACREAGE	18.86 AC

- Onizuka Site Boundary
- Easements
- Existing Trees
- Existing Satellite Dishes
- Relocated Satellite Dishes

FIGURE 5-3
HOTEL, CONFERENCE CENTER AND OFFICE

Office Development at 35 Percent FAR

This option shows the construction of office space on the entire Onizuka site at the 35 percent FAR density allowed by the Specific Plan. A conceptual plan for this option is shown in Figure 5-4 on the following page.

The findings from the economic benefits analysis are summarized in Table 5-3 at the end of this section. While this alternative would support a higher land value and more employment, it does not provide the same overall economic development benefits, particularly fiscal benefits, that would be realized from the Auto Center. This is because the office reuse option does not contribute to the revitalization of the City's nearby El Camino Real corridor.

Impact of VA Presence on Reuse Options

The preceding analysis of reuse options assumes that the entire Onizuka site becomes available due to an off-site alternative acceptable to VA being identified. If the VA occupies its requested Onizuka property, and should the LRA proceed with relocation of the NOI submittals pursuant to the LBAs, it could still be possible to implement scaled-down versions of the reuse options.

Auto Center Development with VA Presence

This modified option could involve development of at least one auto dealership site at the southern end of Onizuka. The ability to develop a second site would depend upon reduction of the VA's footprint for parking at Onizuka; without such reconfiguration there could be a much more limited number of dealers (if any) that would find the site north of the VA-requested property large enough for a modern dealership. The densely built up center portion of Onizuka, including Buildings 1001, 1003, and others would remain as-is until redevelopment in conjunction with future surplus VA occupied property. There are too many variables at present to precisely estimate the potential the economic outcomes from this option, however they may range from approximately one-third to two-third of the economic outcomes identified in Table 5-2 for an Auto Center that occupies the entire Onizuka site.

Office Development with VA Presence

This modified option would use remainder of the site not occupied by VA to develop office space at the 35 percent FAR density allowed by the Specific Plan (including the built up areas around Buildings 1001 and 1003). This option could potentially support as much as nearly $6 million in development land value.

PROGRAM/USE

Development Area		**15.96 AC**
Offices at 35% FAR	287,544 SF	
Landscape Area		
Surface Parking	959 Spaces	
Street Trees		

Note: Parking areas incorporate 20% landscaping requirement.

TOTAL ACREAGE	**18.86 AC**

- Onizuka Site Boundary
- Easements
- Existing Trees
- Existing Satellite Dishes
- Relocated Satellite Dishes

FIGURE 5-4
CORPORATE OFFICE HEAQUARTERS AT 35% FAR

Summary of Economic Analysis for Reuse Options

Table 5-3 provides a side-by-side comparison of the economic outcomes for the three Onizuka reuse options. The first column shows the outcomes for the preferred option of an Auto Center, followed by the mixed-use conference center hotel with office, and finally office at the FAR density allowed by the Moffett Park Specific Plan.

Table 5-3: Comparison of Economic Outcomes, Preferred Reuse Option and Alternatives Redevelopment

Development Return	Auto Center Amount	Mixed-Use Hotel + Office Amount	35% FAR Office Amount
Total Land Value Supported by Development (a)	$2.3 million	($11 million)	$10.6 million
Land Value per Square Foot	$3 per sq. ft.	($13 per sq. ft.)	$13 per sq. ft.
Economic Impact			
Non-Recurring Employment	453 jobs	2,343 jobs	1,057 jobs
Permanent New Employment	490 jobs	4,437 jobs	3,616 jobs
One-Time Economic Impact in County	$64 million	$329 million	$148 million
Annual New Economic Impact in County	$71 million	$1.3 billion	$1.1 billion
Fiscal Benefit			
One-Time Fiscal (construction) Benefit to City	$1.2 million	$6.5 million	$2.9 million
Annual New Fiscal Benefits (tax revenues) to City (b)	$2.1 million to $2.6 million per year	$1.4 million per year	$145,000 per year

(a) Amount available for VA relocation, LBA cost recovery, payments to Air Force.

(b) Varies based on mix of relocating Sunnyvale dealers versus those new to the City. Includes new sales taxes from redeveloped El Camino Real sites.

Source: BAE, 2008.

6. Improvements Needed for Auto Center Reuse

LRA selection of an Auto Center as the preferred reuse retains, expands and strengthens the auto retail sector in the Sunnyvale community as the key strategy to offset the economic impacts of Onizuka AFS' closure. The size and location of the Onizuka facility provides a unique opportunity to strengthen this sector, diversify both the Moffett Park economy and the historic El Camino Real commercial corridor where the auto retail sector is currently located. The reuse of the Onizuka facility for an Auto Center requires – at a minimum – the same level of site clearance and improvement as the other contemplated reuse options. If the VA offices are retained – however temporarily – site clearance would exclude this building but improvements, including alternative parking, would require a site design to integrate the offices and accommodate their reuse.

Site and Infrastructure Improvements

Redevelopment of the Onizuka site into an Auto Center would require demolition of all existing thirty three structures and other improvements. There would be a need for reconfiguration of on-site infrastructure based on the specific final site plan for layout of auto dealer facilities, however the extent of this work and its cost would be typical of development of any new dealer facility. Further detailed analysis may evaluate the economic implications of opportunities for more efficient use of the site through shared parking or other facilities. The infrastructure requirements to serve an Auto Center could be lower than the other considered uses.

Traffic Improvements

Based on the traffic analysis, an Auto Center would generate considerably fewer trips than Onizuka did at its peak usage by the Air Force. The pattern of trip generation for an Auto Center is much more spread throughout the day, without as extensive peaks during am and pm commute periods when compared to office development. No additional traffic improvements would be required for the Auto Center[8].

[8] This finding would also apply to office reuse of Onizuka. However, reuse for a mixed-use conference hotel and office project would create traffic impacts and require payment of the transportation impact fee. See Section 2 of the plan for further discussion.

7. Implementation

Balancing Homeless Assistance and Community Needs

The preferred Auto Center option, with implementation of the LBAs that the LRA has negotiated with the homeless service providers, balances the need of the homeless assistance with the need of the community for economic development. The Homeless Assistance Submission that the LRA will submit to HUD with this plan complies with HUD's requirements for balancing homeless needs and community needs.

The LRA balances the needs of the homeless by approving both homeless NOIs on Onizuka for a combined total of six acres. Implementation of the Auto Center option over the entire site would require that VA withdraw its expression of interest in 2.5 acres, and that the City withdraw homeless housing notices of interest in 6 acres. One back-up scenario could provide for Air Force conveyance of the entire site without subdivision or parcelization. The LRA would then withdraw homeless approvals, negotiate a favorable lease back of facilities to VA pending permanent, comprehensive resolution of VA space needs.

Personal Property

LRA interest is expressed in the following personal property subject to the LRA's on-site inspection and written approval of the referenced property:

1. Air Force personal property in working order that could qualify as a historically significant artifact related to any of the cold war, space, satellite, or science programs in which Onizuka was a participant
2. Headquarters offices furnishings that are suitable for reuse, and other personal property of a general office nature that is in working order
3. Gym, fitness or kitchen equipment
4. Motorized carts and other multi-purpose rolling stock in working order
5. Electrical generation equipment
6. Challenger memorial on site, if it is not considered part of the real property. The LRA wishes to ensure its preservation as a memorial to the lost astronauts, including Ellison Onizuka in whose memory the Air Force Station was named
7. Entryway murals and reception area furnishings
8. Satellite antenna equipment that may be reused for public, academic and other uses, and possible public-private benefit alternatives to the antenna's dismantling and relocation, and all equipment and tools related to their operation and maintenance

Demolition of Existing Facilities

Redevelopment of the Onizuka site would require demolition of all 33 existing economically obsolete structures, at an estimated total cost of approximately $10.5 million. (This would not include VA-requested headquarters offices and related parking facilities if VA is prepared to potentially expend up to $10 million in rehabilitation cost.) Demolition will seek to maximize recycling, including sale of scrap steel. As discussed previously in this plan, the high cost of the required demolition represents an extraordinary burden that impacts development feasibility, as well as the value that the Air Force can expect to receive from the site. The LRA requests the opportunity to review all Air Force design and as-built drawings for Building 1003 (the "Blue Cube") as soon as possible to further refine cost estimates for its demolition, the single largest item in the demolition budget.

Environmental Investigation and Remediation

Transfer of the property from the Air Force and its subsequent redevelopment would be facilitated by supplemental investigation in Air Force files and other sources that need to be made available to the LRA to address data gaps. There are recommendations to perform additional sampling at specific sites as recommended by the LRA's environmental consultant and described in Section 2 of this plan on existing conditions. The LRA requests that the Air Force as the property owner perform this additional investigation and sampling in order to facilitate conveyance and successful reuse of Onizuka. Absent identification of further issues from additional investigation and sampling, it is not expected that there will be a need for site remediation.

Onizuka's structures because of their age are expected to contain significant amounts of asbestos and lead-based paint, and potentially PCB's and other solvents. This will need to be remediated as part of the demolition work, with responsibility falling upon the future developer of Onizuka, and its projected cost has been included in the cost estimate for demolition.

Planning Requirements

The Auto Center use is not included as a planned use in the Moffett Park Specific Plan. Although the Specific Plan supports retail and services uses, modifications to the Specific Plan would be necessary to accommodate an Auto Center. A Guiding Principle of the Specific Plan is "to provide strategic retention and attraction of business and private investment" and a Specific Plan Objective is "to allow for balanced development that minimizes environmental and fiscal impacts to the City."

In addition to amending the Moffett Park Specific Plan to support an Auto Center, an application for a specific development proposal would need to be submitted to the City for review. The application would likely require review by the Planning Commission to assure consistency with a revised Specific Plan to be approved, with conditions of approval set forth the in the Specific Plan.

A separate planning effort would also be needed to evaluate impacts on remaining El Camino Real auto dealers and strategies for ensuring their continued viability.

Transactional Framework and Developer Reimbursements

Transactional frameworks for development of an Auto Center at Onizuka would be created, with more detailed financial analysis, as part of the business plan and application for an Economic Development Conveyance, as described in the next section of this plan.

The Auto Center could be created through sale or ground lease of the site either to a land developer who would clear the site and sell finished lots to individual auto dealers, or through sale or ground lease to an Auto Center developers who would clear the site and either sell finished lots to dealers or rent them improved dealership facilities. The proceeds from this transaction, however, may not be sufficient to recoup all of the City's expenses for the LBAs and off-site alternatives for VA, depending upon final resolution.

The LRA requests Air Force approval of the City's request for a conveyance of the VA-requested site and buildings to the City, with a requirement that the City lease that site and buildings to the VA. Should the Air Force approve this arrangement, then the Auto Center sale or ground lease would either exclude the VA parcel, or make it available for Auto Center use through option or assignment provisions once VA ceases its occupancy at Onizuka.

Conceptually the LRA could select a developer through a competitive public Request for Proposals process. The selected developer would enter into a Development and Disposition Agreement with the LRA that would set forth the details of the required project; developer responsibilities for design, finance, construction and operation; payments to the LRA, including reimbursement of City incurred costs (including VA relocation and LBA cost recovery), as well as overage or percentage payments if certain economic thresholds are exceeded. The specific terms and conditions of the Agreement, including amounts to be paid, would be based on the economics of the proposed project as approved.

LRA Assistance for Targeted Uses

Development of an Auto Center could potentially require assistance from the LRA, for the project to occur. Based on the pro forma analysis, the City would need to advance up to approximately $6 million to $8 million in the form of grants and no-interest loans from its Housing Fund to relocate homeless service providers off-site. There may be additional costs associated with relocation or reconfiguration of VA's request, depending upon the outcome of negotiations between the City and the VA, and the City's pursuit of other sources of assistance. The range of costs for relocation or reconfiguration could range from minimal to up to $20 million or more. These VA-related costs, if substantial, may present a significant obstacle for plan implementation.

Sources and Uses of Available Funds

The LRA, acting on behalf of the City, will pursue multiple sources of funding for LRA Assistance costs. This could include Congressional earmarks and federal grants, as well as public financing. A detailed financing strategy, including a projection of sources and uses of funds would be developed by the City as part of its application for an Economic Development Conveyance, as described in the next section of the plan.

8. Recommended Conveyance and Disposition Strategy

Proposed Economic Development Conveyance

The LRA requests that the Air Force transfer the Onizuka site to the LRA through an Economic Development Conveyance (EDC)[9]. The purpose of the EDC request is to take advantage of the EDC authority's allowed use of proceeds to offset the extraordinary demolition costs of the Onizuka site. This is necessary so that the LRA can feasibly remove the existing impediments, develop the preferred Auto Center option that will generate the greatest overall economic development benefits for the City.

The use of the EDC authority is appropriate for situations such as that faced by Onizuka where the costs of development, including demolition, as well as making the site available through voluntary relocation of VA and entering into the proposed LBAs with homeless service providers, greatly exceed what can be recovered from redevelopment of the Onizuka site as permitted by existing City plans and zoning.

Following submittal of this plan, the LRA will prepare an application for an EDC. That application will contain additional analysis to document the feasibility of the proposed Auto Center, a financing strategy for LRA assistance including sources and uses of funds, and a business plan describing how the EDC and project proceeds will be used to create feasible development and benefit economic redevelopment and job generation efforts.

Disposition Strategy

The LRA proposes a disposition strategy with the following elements:

- Payment of fair market value for the Onizuka site to the Air Force based on an appraisal that meets appraisal standards requiring consideration of unique property characteristics that affect value, such as extraordinary demolition costs.
- Structuring payment of fair market value so that the timing and amount of payment are consistent with the timing and amount of proceeds that the LRA receives pursuant to Development Agreements, as well as the expenditures that the LRA must incur.
- If the LRA is not able to reach a voluntary agreement with the VA for relocation of its activities off-site, the Air Force would convey the Onizuka site and structures to be occupied by the VA to the LRA, with the requirement that the LRA lease that property to the VA[10].
- Solicitation of a developer to create the preferred reuse through a public/private partnership with the LRA, pursuant to agreement between the LRA and the Air Force on the terms and conditions of the solicitation and the subsequent Development Agreement.

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[9] An EDC is one of several conveyance authorities that the Department of Defense has for transferring property at closing bases to local communities, pursuant to base closure and federal surplus property disposition laws.

[10] Pursuant to the provisions of the Department of Defense's Base Redevelopment and Realignment Manual.

Appendices

A separate Technical Report with detailed appendices has been prepared that contains comprehensive analysis of the following items: Onizuka Redevelopment Traffic Analysis; Structural Survey Report; Civil Infrastructure Technical Memorandum; Geotechnical Feasibility Study; and Environmental Analysis Memorandum.

Appended to this Plan are the development pro formas for the land use alternatives evaluated in Section 5, along with the tables containing the analysis of fiscal benefits.

Appendix A: Public Meeting Schedule

The following meetings were held for public involvement during preparation of the redevelopment plan.

Date	**Meeting and Agenda**
January 10, 2006	The Sunnyvale City Council passes resolution requesting that the DoD recognize the Sunnyvale City Council as the Local Redevelopment Authority for Onizuka Air Force Station. • *Resolution Requesting that the Department of Defense Recognize the Sunnyvale City Council as the Local Redevelopment Authority for Onizuka Air Force Station* – City Report
April 6, 2006	The Department of Defense (DoD) -recognizes the City of Sunnyvale as the Local Redevelopment Authority (LRA) for Onizuka Air Force Station.
April 11, 2006	The LRA approves bylaws, makes LRA appointments to the Executive Committee, calls for Citizen's Advisory Committee volunteers, and authorizes an application for grant funding from DoD's Office of Economic Adjustment. • *Convene the Onizuka Air Force Station Local Redevelopment Authority (LRA) to: Approve the LRA bylaws; select LRA officers; select the LRA executive committee; authorize staff to apply for an Office of Economic Adjustment community base reuse planning grant; and approve the Citizen's Advisory Committee (CAC) bylaws and select two LRA members to serve on the CAC* – LRA Report • *Authorize Local Redevelopment Authority Staff to Communicate Positions and Open Dialog Regarding Department of Veterans Affairs Interest in Onizuka Air Force Station Property* – LRA Report
May 16, 2006	The LRA approves the Onizuka LRA reuse planning process and the advertisement requesting NOIs. • *Convene the Onizuka Air Force Station Local Redevelopment Authority (LRA) to Approve the Onizuka LRA Reuse Planning Process and to Approve the Draft Advertisement Requesting Notices of Interest in Surplus Onizuka Property* – LRA Report
June 15, 2006	The LRA Executive Committee appoints CAC members. • *Onizuka Air Force Station (AFS), Citizen's Advisory Committee (CAC) Recruitment* – LRA Report
June 28, 2006	The LRA publishes advertisements in the *San Jose Mercury News* and *Sunnyvale Sun* soliciting NOIs from state and local governments, homeless services providers and other parties interested in the property.
June 29, 2006	The CAC convenes its first special meeting with an opportunity for public comment to begin to advise the Local Reuse Authority in planning for civilian reuse.

Date	**Meeting and Agenda**
July 1- September 13, 2006	The LRA conducts outreach to homeless assistance providers and public benefit entities via letters, e-mails and phone calls to announce availability of Onizuka property and solicit NOIs.
July, 25, 2006	The LRA delegates determination of Evaluation Criteria for Homeless Service Providers submitting NOIs to the Onizuka LRA Executive Committee. • *Delegation of Determining Evaluation Criteria for Homeless Services Providers Submitting Notices of Interest in the Onizuka Site to the Onizuka Local Redevelopment Authority's Executive Committee*, Council Report #06-005
August 23, 2006	Tour conducted of the Onizuka AFS site with the CAC, entities considering NOI submittals, and Sunnyvale Heritage Preservation Commission.
August 24, 2006	The CAC convenes a special meeting with an opportunity for public comment to review homeless service evaluation criteria. • *Determining Information Required of Homeless Services Providers Submitting Notices of Interest in the Onizuka Air Force Station Site* – CAC Report
August 29, 2006	The LRA Executive Committee specifies information to be provided by entities submitting NOIs for Onizuka AFS. • *Determining Information Required of Homeless Services Providers Submitting Notices of Interest in the Onizuka Air Force Station Site,* LRA Report #06-006
September 13, 2006	The Air Force Real Property Agency, the DoD Office of Economic Adjustment, the U.S. Department of Housing and Urban Development and the Local Redevelopment Authority conduct a workshop for homeless assistance providers considering submission of NOIs. • *Onizuka Air Force Station Base Realignment and Closure (BRAC) Process* – PowerPoint Presentation • *Instructions for Completing A Notice of Interest, Onizuka Air Force Station, Local Redevelopment Authority* – PowerPoint Presentation
October 4, 2006	The Sunnyvale Heritage Preservation Commission holds a study session on the historic significance of Onizuka Air Force Station. • *Information Report: Preliminary Assessment of the Historic Significance of Onizuka Air Force Station* – City Report
October 4, 2006	The CAC conducts a second Onizuka site tour with entities considering NOIs.
October 25, 2006	The CAC convenes a special meeting with an opportunity for public comment to review the Overview of Land Use Planning for the Onizuka AFS Site and the Overview of Homeless Needs contained in the *City of Sunnyvale 2005-2010 Consolidated Plan*.

Date	**Meeting and Agenda**
	• *Land Use Planning "Primer" for the Onizuka AFS Site* – City PowerPoint Presentation
December 5, 2006	Two nonprofit housing agencies submit NOIs for acreage to construct housing units.
December 13, 2006	The CAC convenes a special meeting with an opportunity for public comment to review goals for Onizuka's civilian reuse. • *Goals for Onizuka Transition to Civilian Use (Information Only)* – CAC Report
January 25, 2007	The CAC convenes a special meeting with an opportunity for public comment to provide recommendations to the LRA on the conditions of property and the two NOIs submitted by homeless service agencies. • *DRAFT Onizuka BRAC – Preliminary Review of Conditions of Property, and Notices of Interest Received (Information Only)* – City Report
January 30, 2007	The LRA convenes a study session to review and give input on the two NOIs received. • *Onizuka BRAC – Preliminary Review of Conditions of Property, and Notices of Interest Received (Information Only),* LRA Report #07-001
March 21, 2007	The CAC convenes a special meeting with an opportunity for public comment to recommend to the LRA that five reuse options be further analyzed. • *Onizuka Air Force Station Conceptual Reuse Options for Base Realignment and Closure – DRAFT* – City Report
March 27, 2007	The LRA convenes a public hearing to adopt five conceptual reuse options for further analysis: corporate offices, hotel/conference center, auto center, VA-style offices and homeless housing. • *Onizuka Air Force Station Conceptual Reuse Options for Base Realignment and Closure,* LRA Report #07-002
May 8, 2007	The LRA selects LRA Officers and Executive Committee Members. • *Annual Selection of LRA Officers and LRA Executive Committee Members,* LRA Report # 07-003
May 30, 2007	The CAC convenes a special meeting with an opportunity for public comment to review homeless housing issues to prepare for balancing the needs of the homeless with community needs for economic and other development. • *Onizuka Air Force Station: Homeless Housing Notice of Interest, Deficiency Correction Phase, and Alternative Site Strategy (Information Only)* – City Report
June 12, 2007	The LRA reviews the alternative site strategies for the Onizuka site and initiation of NOI deficiency correction phase.

Date	**Meeting and Agenda**
	• *Onizuka Air Force Station: Homeless Housing Notice of Interest, Deficiency Correction Phase, and Alternative Site Strategy (Information Only) LRA Report #07-004*
June 15, 2007	The LRA Executive Committee reappointments Citizen's Advisory Committee members. • *Appointment of Onizuka Air Force Station Citizen's Advisory Committee Members,* LRA Report #07-005 • *Onizuka Air Force Station (AFS), Citizen's Advisory Committee (CAC) Recruitment* – City Report
September 19, 2007	The CAC convenes a special meeting with an opportunity for public comment to review and comment on the alternative site analysis and path forward for reviewing NOIs. • *Alternative Site Analysis for Proposed Homeless Housing and Path Forward for Review Notices of Interest (NOI) Proposals submitted by Homeless Service Providers for Onizuka Air Force Station (Information Only)* – City Report
November 19, 2007	The CAC convenes a special meeting for homeless service providers to present their NOI projects.
January 24, 2008	The CAC convenes a special meeting with an opportunity for public comment to review and make recommendations on balancing the needs of the VA, Homeless and the Community • *Update and Proposed Path Forward for Onizuka AFS: Balancing the Needs of Veterans Affairs, Homeless and the Community* – City Report
January 24, 2008	LRA Executive Committee makes appointments to the CAC. • *Onizuka LRA Executive Committee Appointment of Citizen Advisory Committee Members* – LRA Report
January 24, 2008	LRA staff convenes a meeting of Sunnyvale auto dealerships to survey and identify their retention and expansion needs, plans, and interest in a retail Auto Center at Onizuka.
February 6, 2008	Joint CAC/LRA meeting and tour of low/income and homeless housing similar to NOI proposals at Onizuka.
February 12, 2008	The LRA reviews the proposed path forward and balancing the needs of Veterans Affairs, homeless and the Community at Onizuka AFS. • *Update and Proposed Path Forward for Onizuka AFS: Balancing the Needs of Veterans Affairs, Homeless and the Community,* LRA Report #08-001

Date	**Meeting and Agenda**
March 27, 2008	The CAC convenes a special meeting with an opportunity for public comment to review and unanimously accept Technical Report on Analysis and Feasibility of Conceptual Reuse Options. • *Review and Acceptance of Onizuka Air Force Station Redevelopment Plan - Technical Report: Analysis and Feasibility of Conceptual Reuse Options* – City Report
April 29, 2008	The LRA Executive Committee appoints member to the CAC • *Review Onizuka Air Force Station Citizen's Advisory Committee Membership, Current Vacancy, and Duration* – City Report
June 24, 2008	The LRA reviews proposed terms of agreement with homeless service providers that have submitted Notices of Interest in surplus property at Onizuka AFS. • *Proposed Terms of Agreement with Homeless Service Providers that have Submitted Notices of Interest in Surplus Property at Onizuka Air Force Station* – LRA Report #08-002
July 16, 2008	The CAC convenes a special meeting with an opportunity for public comment to review consultant land use analysis and make recommendation to the LRA. • *Request for Recommendation of Land Re-Use for Onizuka Air Force Station* – CAC Report
July 28, 2008	The Sunnyvale Planning Commission comments on Land Reuse for the Onizuka Air Force Station. • *Request for Recommendation of Land Re-Use for Onizuka Air Force Station* – City Report
August 6, 2008	The Sunnyvale Heritage Preservation Commission reviews consultant's historic analysis report and makes a recommendation to the LRA. • *Preliminary Assessment of the Local Historic Significance of Onizuka Air Force Station* – City Report
August 26, 2008	The LRA selects Officers and Executive Committee Members • *Selection of LRA Officers and LRA Executive Committee Members,* LRA Report #08-003
September 16, 2008	The LRA convenes a closed session to discuss method of conveyance of Surplus Federal Property; Price and Terms of Payment
September 30, 2008	The LRA convenes a closed session to discuss method of conveyance of Surplus Federal Property
September 30, 2008	The LRA convenes a study session to review dates for upcoming LRA meetings and public hearings leading to LRA adoption of the Final Onizuka AFS Reuse Plan. • *Onizuka LRA Study Session Discussion*

Date	**Meeting and Agenda**
October 14, 2008	The LRA convenes a public hearing to Adopt Public Hearing Dates for the Onizuka Air Force Station (AFS) Reuse Plan. • *Adopt Public Hearing Dates for Onizuka Air Force Station (AFS) Reuse Plan* LRA, Report #08-004
November 18, 2008	The LRA holds a study session on the Draft Onizuka AFS Reuse Application
December 2, 2008	The LRA convenes a public hearing to review the Onizuka AFS Reuse Application.
December 9, 2008	The LRA Adopts Onizuka AFS Reuse Application.

Appendix B: Development Pro Formas

The following pages contains the development pro formas, documenting all assumptions, for the LRA's preferred reuse option as well as other reuse options that were considered.

The pro formas are followed by a table containing the detailed fiscal benefit calculations for the same set of reuse options.

Appendix B, Table B-1: Proforma Analysis of Auto Center Alternative

Major Assumptions

Characteristics of Project	
Buildings for Demolition	
Bldg 1003 (Blue Cube) Sq. Ft.	170,000
Other Buildings Sq. Ft.	441,579
Gross Site Area (Acres)	18.86
Less Circulation, Open Space, etc. (Acres)	(0.86)
Net Site Area Available for Dealers (Acres)	18.00
Sale Price of Land Per Sq. Ft.	$25

Development Cost Assumptions (a)	
Demolition Costs	
General Demolition Costs	$7
Demolition Costs for Bldg 1003	$7,400,000
Site Improvements	$2,100,000
Impact, Mitigation, & Other Fees (b)	NA
Soft Construction Costs - % Hard Costs (c)	15%
Developer Profit as % of Total Development Costs	15%

Construction Financing Assumptions	
Interest Rate	7.0%
Period of Initial Loan (Months)	12
Initial Construction Loan Fee (Points)	2%
Average Outstanding Balance	60%
Loan to Cost Ratio	70%
Hard & Soft Costs, Site Costs	$14,479,711
Total Amount of Loan	$10,135,798

Pro Forma Analysis

Development Cost Summary	
Onizuka Land Cost	$0
Demolition	$10,491,053
On & Off-Site Improvements	$2,100,000
Total Hard Construction Costs	$12,591,053
Soft Construction Costs (c)	$1,888,658
Impact, Mitigation, & Other Fees	$0
Finance Costs:	
Interest on Construction Loan	$425,704
Points on Construction Loan	$202,716
Total Development Costs Before Developer Profit	$15,108,130
Developer Profit	$2,266,220
Total Development Cost	$17,374,350

Development Feasibility Analysis	
Revenue from Sale of Land/Parking to Dealers (d)	$19,602,000
Less Total Development Costs without Land	($17,374,350)
Residual Land Value	**$2,227,650**
Residual Land Value per Acre	**$118,115**
Residual Land Value per Land Sq. Ft.	**$2.71**

Notes:

(a) Construction costs estimated based on review of comparable projects.
(b) Fees based on City of Sunnyvale Master Fee Schedule.
(c) Soft construction costs include architects & engineers, legal fees, insurance, contingencies, permits and other miscellaneous services, expressed as percentage of hard construction costs, excluding tenant improvements.
(d) Land sale price based on review of comparable transactions

Appendix B, ˙Proforma Analysis of Hotel, Conference Center & Office

Major Assumptions

Characteristics of Project		
Site Area (Acres)		18.86
Project FAR		0.70
Buildings for Demolition		
Bldg 1003 (Blue Cube) Sq. Ft.		170,000
Other Buildings Sq. Ft.		441,579
Office Component		
Project Characteristics		
Gross Office Sq. Ft.		325,080
Rentable %		95%
Rentable Sq. Ft.		308,826
Rental Rate		
Office Rent - Annual NNN/Sq. Ft. (a)		$36.00
Brokers' Commission for Leasing		3%
Hotel / Conference Space		
Project Characteristics		
Hotel, Restaurant, Spa, & Ancillary Retail Sq.Ft.		187,500
Conference Center Sq. Ft.		10,000
Number of Rooms		250
Revenues & Expenses (b)		
Occupancy		66%
Average Daily Rate (ADR) Per Room		$200
Departmental Revenues Per Available Room		$145
Departmental Expenses Per Available Room		($144)
Undistributed Expenses/Fixed Charges Per Avail Room		($120)
Parking Summary (c)		
Parking Space Size Sq. Ft.		335
Office Parking Distribution	No.	Sq. Ft.
On Site Surface Office	160	53,600
New Parking Structure Office	709	237,515
Total Office Parking Spaces, Sq. Ft.	869	291,115
Hotel Parking Distribution		
On Site Surface Hotel/Conf. Center	303	101,505
New Parking Structure Hotel/Conf. Center	560	187,600
Total Hotel/Conf. Center Parking Spaces, Sq. Ft.	863	289,105
Development Cost Assumptions (d)		
Demolition Costs		
General Demolition Costs		$7
Demolition Costs for Bldg 1003		$7,400,000
Office Construction - Cost per Sq. Ft.		$170
Hotel Hard Construction Costs per Room (e)		$122,000
On & Off-Site Improvement - Cost per Acre		$250,000
Surface Parking - Cost per Space		$5,000
New Parking Structure - Cost per Space		$30,000
Tenant Improvement Allowances per Sq. Ft.		$60
Impact, Mitigation, & Other Fees (f)		
Housing Mitigation Fee Per Sq. Ft. above 0.35 FAR		$8.00
Traffic Impact Fee Per Office Sq. Ft.		$4.29
Traffic Impact Fee Per Hotel Room		$3,357.90
Utility Connection Fees per Sq. Ft.		$2.44
Art in Public Places % of Hard Costs		1.0%
School Impact Fees Per Sq. Ft.		$0.42
Soft Construction Costs - % Hard Costs (g)		20%
Developer Profit as % of Total Development Costs		9%
Construction Financing Assumptions		
Interest Rate		7.0%
Period of Initial Loan (Months)		24
Initial Construction Loan Fee (Points)		2%
Average Outstanding Balance		50%
Loan to Cost Ratio		70%
Hard & Soft Costs, Site Costs		$194,394,060
Total Amount of Loan		$136,075,842

Pro Forma Analysis

Office Development Cost Summary (h)		
Demolition		$6,431,390
On & Off-Site Improvements		$2,890,464
Office Construction		$55,263,600
Tenant Improvements		$18,529,560
Office Surface Parking		$800,000
Office New Parking Structure		$21,270,000
Total Hard Office Construction Costs		$105,185,014
Hotel Development Cost Summary (h)		
Demolition		$4,059,663
On & Off-Site Improvements		$1,824,536
Hotel/Conf. Center Construction		$30,500,000
Office Surface Parking		$1,515,000
Office New Parking Structure		$16,800,000
Total Hard Hotel/Conf. Center Construction Costs		$54,699,199
Soft Construction Costs (g)		$28,270,931
Impact, Mitigation, & Other Fees		$6,238,916
Finance Costs:		
Interest on Construction Loan		$9,525,309
Points on Construction Loan		$2,721,517
Total Development Costs Before Developer Profit		$206,640,885
Developer Profit		$18,597,680
Total Office Development Cost without Land		$145,249,567
Total Office Development Cost without Land Per Sq.Ft.		$447
Total Hotel Development Cost without Land		$79,988,998
Total Hotel Development Cost without Land Per Room		$319,956
Development Feasibility Analysis		
Gross Potential Office Revenue		$10,784,204
Less Administration & Management	3%	($323,526)
Less Vacancy	5%	($539,210)
Net Operating Income		$9,921,468
Sale Price at Capitalization Rate of (i):	6.50%	$152,637,963
Less Sale Expenses	2%	($3,052,759)
Net Office Sale Proceeds		$149,585,204
Gross Potential Hotel Revenue		$20,803,109
Less Hotel Operating Expenses		($15,851,969)
Hotel/Conf. Center Net Operating Income		$4,951,140
Sale Price at Capitalization Rate of (i):	7.50%	$66,015,199
Less Sale Expenses	2%	($1,320,304)
Net Hotel/Conf. Center Sale Proceeds		$64,694,895
Residual Land Value		
Total Completed Project Sales Proceeds		$214,280,099
Less Total Development Cost without Land		($225,238,565)
Residual Land Value		**($10,958,466)**
Residual Land Value per Acre		**($581,043)**
Residual Land Value per Land Sq. Ft.		**($13.34)**
Residual Land Value per Office FAR Sq. Ft.		**$13.34**
Residual Land Value per Hotel Room		**($61,176)**

Notes:

(a) Lease rate based on review of comparable office developments.
(b) Departmental revenues/expenses are for food, beverage, telecom, and rental and other fees. Undistributed/fixed expenses include admin, marketing, utilities, franchise fees, management fees, property taxes, insurance, and capital reserves.
(c) Parking ratios are consistent with City requirements.
(d) Construction costs estimated based on review of comparable projects.
(e) Hotel construction costs are measure per room and include an allowance for conference/meeting space.
(f) Fees based on City of Sunnyvale Master Fee Schedule and analysis of actual fees incurred by Moffett Towers Development.
(g) Soft construction costs include architects & engineers, legal fees, insurance, contingencies, permits and other miscellaneous services, expressed as percentage of hard construction costs, excluding TIs.
(h) Demolition, on & off-site improvements, soft costs, fees, etc. have been allocated between the office and hotel uses based on the construction value of buildings and parking for each use.
(i) Cap rates based on *Korpacz Real Estate Investor Survey*, 4th Quarter 2007.

Appendix B, Table B-3: Proforma Analysis of 0.35 FAR Corporate Office (Entire Site)

Major Assumptions

Characteristics of Project		
Site Area (Acres)		18.86
Project FAR		0.35
Buildings for Demolition		
Bldg 1003 (Blue Cube) Sq. Ft.		170,000
Other Buildings Sq. Ft.		441,579
Office Component		
Project Characteristics		
Gross Office Sq. Ft.		287,540
Rentable %		95%
Rentable Sq. Ft.		273,163
Rental Rate		
Office Rent - Annual NNN/Sq. Ft. (a)		$32.00
Brokers' Commission for Leasing		3%
Parking Summary (b)		
Parking Space Size Sq. Ft.		335
Distribution of Spaces	No.	Sq. Ft.
On Site Surface	959	321,265
New Parking Structure	0	0
Total Parking Spaces, Sq. Ft.	959	321,265
Development Cost Assumptions (c)		
Demolition Costs		
General Demolition Costs		$7
Demolition Costs for Bldg 1003		$7,400,000
Office Construction - Cost per Sq. Ft.		$150
On & Off-Site Improvement - Cost per Acre		$225,000
Surface Parking - Cost per Space		$5,000
New Parking Structure - Cost per Space		$30,000
Tenant Improvement Allowances per Sq. Ft.		$45
Impact, Mitigation, & Other Fees (d)		
Housing Mitigation Fee Per Sq. Ft. above 0.35 FAR		$8.00
Traffic Impact Fee Per Office Sq. Ft.		$4.29
Utility Connection Fees per Sq. Ft.		$2.44
Art in Public Places % of Hard Costs		1.0%
School Impact Fees Per Sq. Ft.		$0.42
Soft Construction Costs - % Hard Costs (e)		20%
Developer Profit as % of Total Development Costs		9%
Construction Financing Assumptions		
Interest Rate		7.0%
Period of Initial Loan (Months)		12
Initial Construction Loan Fee (Points)		2%
Average Outstanding Balance		60%
Loan to Cost Ratio		70%
Hard & Soft Costs, Site Costs		$90,291,400
Total Amount of Loan		$63,203,980

Pro Forma Analysis

Development Cost Summary		
Demolition Costs		$10,491,053
On & Off-Site Improvements		$4,243,500
Office Construction		$43,130,934
Tenant Improvements		$12,292,316
Surface Parking Construction		$4,795,000
New Parking Structure		$0
Total Hard Construction Costs		$74,952,803
Soft Construction Costs (e)		$12,532,097
Impact, Mitigation, & Other Fees		$2,806,500
Finance Costs:		
Interest on Construction Loan		$2,654,567
Points on Construction Loan		$1,264,080
Total Development Costs Before Developer Profit		$94,210,047
Developer Profit		$8,478,904
Total Development Cost with Land		$113,253,870
Total Development Cost per FAR Sq. Ft. with Land		$394
Development Feasibility Analysis		
Gross Potential Office Revenue		$8,478,967
Less Administration & Management	3%	($254,369)
Less Vacancy	5%	($423,948)
Net Operating Income		$7,800,649
Sale Price at Capitalization Rate of (f):	6.75%	$115,565,174
Less Sale Expenses	2%	($2,311,303)
Net Office Sale Proceeds		$113,253,870
Residual Land Value		
Total Completed Project Sales Proceeds		$113,253,870
Less Total Development Cost without Land		($102,688,951)
Residual Land Value		**$10,564,919**
Residual Land Value per Acre		**$560,176**
Residual Land Value per Land Sq. Ft.		**$12.86**
Residual Land Value per Office FAR Sq. Ft.		**$36.74**

Notes:

(a) Lease rate based on review of comparable office developments.
(b) Parking ratios are consistent with City requirements.
(c) Construction costs estimated based on review of comparable projects.
(d) Fees based on City of Sunnyvale Master Fee Schedule and analysis of actual fees incurred by Moffett Towers Development.
(e) Soft construction costs include architects & engineers, legal fees, insurance, contingencies, permits and other miscellaneous services, expressed as percentage of hard construction costs, excluding tenant improvements.
(f) Cap rate based on *Korpacz Real Estate Investor Survey*, 4th Quarter 2007.

Appendix B, Table B-4: Proforma Analysis VA + 0.35 FAR Office (Reconfigured)

Major Assumptions

Characteristics of Project		
Site Area (Acres)		15.96
Project FAR		0.35
Buildings for Demolition		
Bldg 1003 (Blue Cube) Sq. Ft.		170,000
Other Buildings Sq. Ft.		385,174
Office Component		
Project Characteristics		
Gross Office Sq. Ft.		243,326
Rentable %		95%
Rentable Sq. Ft.		231,160
Rental Rate		
Office Rent - Annual NNN/Sq. Ft. (a)		$32.00
Brokers' Commission for Leasing		3%
Parking Summary (b)		
Parking Space Size Sq. Ft.		335
Distribution of Spaces	No.	Sq. Ft.
On Site Surface	818	274,030
New Parking Structure	0	0
Total Parking Spaces, Sq. Ft.	818	274,030
Development Cost Assumptions (c)		
Demolition Costs		
General Demolition Costs		$7
Demolition Costs for Bldg 1003		$7,400,000
Office Construction - Cost per Sq. Ft.		$150
On & Off-Site Improvement - Cost per Acre		$225,000
Surface Parking - Cost per Space		$5,000
New Parking Structure - Cost per Space		$30,000
Tenant Improvement Allowances per Sq. Ft.		$45
Impact, Mitigation, & Other Fees (d)		
Housing Mitigation Fee Per Sq. Ft. above 0.35 FAR		$8.00
Traffic Impact Fee Per Office Sq. Ft.		$4.29
Utility Connection Fees per Sq. Ft.		$2.44
Art in Public Places % of Hard Costs		1.0%
School Impact Fees Per Sq. Ft.		$0.42
Soft Construction Costs - % Hard Costs (e)		20%
Developer Profit as % of Total Development Costs		9%
Construction Financing Assumptions		
Interest Rate		7.0%
Period of Initial Loan (Months)		18
Initial Construction Loan Fee (Points)		2%
Average Outstanding Balance		60%
Loan to Cost Ratio		70%
Hard & Soft Costs, Site Costs		$77,921,029
Total Amount of Loan		$54,544,721

Pro Forma Analysis

Development Cost Summary		
Demolition		$10,096,218
On & Off-Site Improvements		$3,591,000
Office Construction		$36,498,924
Tenant Improvements		$10,402,193
Surface Parking Construction		$4,090,000
New Parking Structure		$0
Total Hard Construction Costs		$64,678,335
Soft Construction Costs (e)		$10,855,228
Impact, Mitigation, & Other Fees		$2,387,466
Finance Costs:		
Interest on Construction Loan		$3,436,317
Points on Construction Loan		$1,090,894
Total Development Costs Before Developer Profit		$82,448,241
Developer Profit		$7,420,342
Total Development Cost with Land		$95,839,436
Total Development Cost per FAR Sq. Ft. with Land		$394
Development Feasibility Analysis		
Gross Potential Office Revenue		$7,175,202
Less Administration & Management	3%	($215,256)
Less Vacancy	5%	($358,760)
Net Operating Income		$6,601,186
Sale Price at Capitalization Rate of (f):	6.75%	$97,795,343
Less Sale Expenses	2%	($1,955,907)
Net Office Sale Proceeds		$95,839,436
Residual Land Value		
Total Completed Project Sales Proceeds		$95,839,436
Less Total Development Cost without Land		($89,868,583)
Residual Land Value		**$5,970,853**
Residual Land Value per Acre		**$374,114**
Residual Land Value per Land Sq. Ft.		**$8.59**
Residual Land Value per Office FAR Sq. Ft.		**$24.54**

Notes:

(a) Lease rate based on review of comparable office developments.
(b) Parking ratios are consistent with City requirements.
(c) Construction costs estimated based on review of comparable projects.
(d) Fees based on City of Sunnyvale Master Fee Schedule and analysis of actual fees incurred by Moffett Towers Development.
(e) Soft construction costs include architects & engineers, legal fees, insurance, contingencies, permits and other miscellaneous services, expressed as percentage of hard construction costs, excluding tenant improvements.
(f) Cap rate based on *Korpacz Real Estate Investor Survey*, 4th Quarter 2007.

Appendix B, Table B-5: Fiscal Benefit Detailed Calculations for Onizuka Reuse Options

Development Program	Auto Center 1 Existing Dealer 2 New Dealers	Auto Center 3 New Dealers	Hotel/Conf/Office Hotel, Conference Center, Office	Corporate Office 35% FAR Office On Entire Site	Corporate Office VA + 35% FAR Office
Office (Sq.Ft.)					
VA Office	-	-	-	-	50,560
Corporate Office	-	-	325,080	287,540	243,326
Hotel (Rooms)	-	-	250	-	-
Retail/Restaurant (Sq.Ft.)	60,000	60,000	-	-	-
Housing (Units)	-	-	-	-	-
Annual Increase in Recurring Tax Revenues to Sunnyvale General Fund					
Property Tax Revenue (a)					
Hard Costs	$31,311,953	$31,311,953	$159,884,213	$74,952,803	$64,678,335
Other Costs	$7,944,000	$7,944,000	$54,395,886	$38,301,067	$31,161,101
Total Property Valuation	$46,267,000	$46,267,000	$214,280,099	$113,253,870	$95,839,436
Annual Increase in Property Tax	**$59,000**	**$59,000**	**$273,000**	**$145,000**	**$122,000**
Transient Occupancy Tax Revenue (b)					
Estimated Hotel Room Revenues	$0	$0	$12,045,000	$0	$0
Annual Increase in TOT Tax	**$0**	**$0**	**$1,084,050**	**$0**	**$0**
Sales & Use Tax Revenue (c)					
Estimated Increase in Sunnyvale Auto Sales	$186,660,000	$252,660,000	$0	$0	$0
Estimated Increase in Retail Sales along ECR	$16,200,000	$0	$0	$0	$0
Annual Increase in Sale Tax	**$2,029,000**	**$2,527,000**	**$0**	**$0**	**$0**
Recurring Increase in Tax Revenues	**$2,088,000**	**$2,586,000**	**$1,357,050**	**$145,000**	**$122,000**
Non-Recurring Revenue Sources					
Construction Tax (d)	$169,000	$169,000	$863,000	$405,000	$349,000
Sales Tax on Construction Materials (e)	$207,000	$207,000	$1,055,000	$495,000	$427,000
Transfer Tax (f)	$25,000	$25,000	$118,000	$62,000	$53,000
Housing Mitigation Fee Revenues (g)	0	0	$910,224	$0	$0
Traffic Impact Fee Revenues (g)	$618,000	$618,000	$2,235,271	$1,234,609	$1,044,770
Utility Connection Fees (g)	$146,400	$146,400	$1,275,095	$701,597	$593,716
Non-Recurring / One-Time Revenues	**$1,165,400**	**$1,165,400**	**$6,456,590**	**$2,898,205**	**$2,467,485**

Notes:
(a) Property Tax Assumptions:
Valuations are based on proforma analysis.
Allocation of base 1% property tax to City General Fund: 12.8% *Per Santa Clara County Controller-Treasurer*
(b) Transient Occupancy Tax Assumptions
Average Daily Rate for hotel rooms: $200 Number of Rooms: 250
Occupancy 66% TOT Tax Rate: 9%
(c) Both Auto Center options assume three dealerships at the Onizuka Site.
Option 2A assumes one existing Sunnyvale dealers would relocate from El Camino Real (ECR) to Onizuka along with two dealership that are new to the City.
Option 2B assumes the Onizuka site would house three dealerships, all of which are new to the City.
Detailed assumptions regarding sales tax revenues are shown in the following tables.
(d) Sunnyvale assesses a tax of 54% of 1% of the total value of all construction work, subject to exemptions for public sector construction projects.
For estimation purposes, this tax has been applied to hard costs as shown above.
(e) Assumes that the contractor obtains a sub permit for the jobsite resulting in a direct allocation of sales tax to the City.
For estimation purposes, two-thirds of hard costs are assumed to be for construction materials subject to sales taxes. (Labor is not subject to sales taxes).
(f) Sunnyvale assesses a tax of $0.55 per $1,000 of assessed value when properties are sold or otherwise transferred, subject to certain exemptions.
Shown above is the amount of transfer tax that would be generated if the property is sold/transferred following development.
(g) Details regarding impact and other fees show on development proformas.

Sources: City of Sunnyvale FY 2007/08 Budget; Santa Clara County Controller-Treasurer; BAE, 2008.

Appendix B, Table B-6: Supplemental Fiscal Analysis Regarding Auto Center Options

		Dealer Mix A	Dealer Mix B
Number of **New** Dealerships that Locate at Onizuka		2	3
Number of **Existing** Sunnyvale Dealerships that Relocate to Onizuka		1	0
Auto Dealerships on El Camino Real -- Existing Conditions			
Average Existing Sales for Top Performing Sunnyvale Dealerships (a)		$66,000,000	
Existing Sales Tax Revenues from these Auto Dealers		$660,000	
Average Site Area for these Auto Dealers on ECR (b)		5.0	
Fiscal Impact of Relocating Auto Dealerships to Onizuka			
Sales Tax Revenue Generation from New Retail on El Camino			
Acres of Land Available for Redevelopment on ECR (c)		5.0	0.0
Potential for New Retail Sq. Ft. on ECR. *Assumes FAR of:*	*0.25* (d)	54,000	0
Potential Sales in New Retail Space (e)		$16,200,000	$0
Potential Sales Tax Generation from New Retail Space		**$162,000**	**$0**
Sales Tax Revenue Generation from Relocation of Auto Dealers to Onizuka			
Increase in Sales at Onizuka Location (f)		28%	28%
Potential Increase in Sales at Onizuka Location from **Existing** Sunnyvale Dealers		$18,220,000	$0
Potential New Sales at Onizuka Location from **New** Dealer		$168,440,000	$252,660,000
Potential Increase in Sales Tax Generation at Onizuka Location		**$1,867,000**	**$2,527,000**
Total Annual Increment of Additional Sales Tax Revenue from Relocation		**$2,029,000**	**$2,527,000**
(Includes Revenues from New Retail on ECR and from Increased Auto Sales at Onizuka)			

Assumptions:
(a) Reflects an average of taxable sales reported by top performing Sunnyvale dealers.
(b) Reflects the average site area of the same Auto Dealers along ECR.
(c) This analysis assumes that relocation of Auto Dealers from ECR to the Onizuka Site would free up sites along ECR for redevelopment.
(d) Analysis assumes an average retail Floor Area Ratio (FAR) on redeveloped sites of 0.25. This assumption is consistent with existing retail FARs in Sunnyvale.
(e) Assumes average retail sales per Sq. Ft. of: $300
(f) Assumed increase in auto sales at Onizuka site, based on estimates provided by Sunnyvale Auto Dealers.

Sources: City of Sunnyvale; BAE, 2008.

Acknowledgments

This redevelopment plan was made possible through the contributions and assistance the LRA received from many individuals and organizations, more than can be fully acknowledged here. The following persons and organizations are identified because of their significant contributions.

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