

REQUEST FOR PROPOSALS
FOR THE GROUND LEASE OF

**2455 CHURCH STREET
OAKLAND, CA**

PRESENTED FOR
OAKLAND UNIFIED SCHOOL DISTRICT



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EXECUTIVE SUMMARY

BACKGROUND AND CONTEXT

The Oakland Unified School District (the “District”) is a public education school district that operates about 86 elementary schools, middle schools, and high schools and 32 district-authorized charter schools in Oakland. The District owns certain real property known as Edward Shands Adult Education Center (“Shands”), located at 2455 Church Street, Oakland, CA, 94605 (the “Property”). The Property is comprised of three parcels: APNs: 39-3272-36, 39-3273-21-3, and 39-3273-14. An aerial view of the Property is included in Exhibit A. The District is currently seeking proposals from qualified proposers for a long-term ground lease of the Shands site.

Beginning September 1980, the Property was home to Edward Shands Adult Education Center that subsequently closed its doors in 2010 due to lack of funding. Since its closing, the Property has been vacant. In November 2019, a 7-11 Committee determined the Property to be considered surplus.

The District applied for and received a waiver from the State Board of Education allowing the District flexibility in the bidding and lease of the Property. As a result, notwithstanding Education Code sections 17455, et. seq., the District is able to use a request for proposal process, and is not bound to select the successful proposal solely on the basis of price.

OBJECTIVES

The District’s objectives are as follows:

- Determine that the contemplated use for the Property aligns with the District’s goal of being sensitive to community and neighborhood needs and concerns while also supporting the District’s goal of enhancing its long-term fiscal sustainability;
- Ground Lease the Property to a company, organization, or developer that addresses the equity-based need to bring more affordable housing and community resources to this area of the city, which has historically suffered;
- Generate resources that can be used within legal parameters to support the students of the District in other ways;
- Obtain assurance that the Lessee has the financial capacity and proven experience to bring the proposed project (as defined in the Lessee’s proposal response) to completion as efficiently and as prudently possible, and;
- Confirm that the Lessee of the Property is supportive of the District’s intent to limit impacts on surrounding neighbors, and has a demonstrated history of working collaboratively with neighborhood leaders, community members, local jurisdictions, and school district staff in which they have completed projects in the past. This will include a commitment to work collaboratively with the Oakland Unified School District. Community input from the September 19, 2019 community meeting is located in Exhibit B.

SITE DESCRIPTION

Property Class:
Commercial

Assessor's Parcel Numbers:
39-3272-36
39-3273-21-3
39-3273-14

General Plan:
Community Commercial

Location:
2455 Church Street
Oakland, CA 94605

Property Size:
1.14 Acres
20,032 Square Feet (building)

Opportunity Zone:
Yes

Current Use:
Vacant

Zoning:
CC-2 Community Commercial Zone 2



PROPERTY OVERVIEW

PROPERTY DESCRIPTION

The Property is comprised of one rectangular and two irregular shaped parcels totaling approximately 1.14 acres in size. It rests in the Havenscourt neighborhood in the City of Oakland. The Property is currently improved with three two-story structures and a one-story structure. The site topography is generally level.

The Property is bordered to the east by a laundromat and dry cleaners, to the north by a large piece of vacant land and to the east by various single-family residential homes. There is a range of surrounding amenities, government services and retail directly south of the site at Eastmont Mall. Access to the Property is via Church Street.

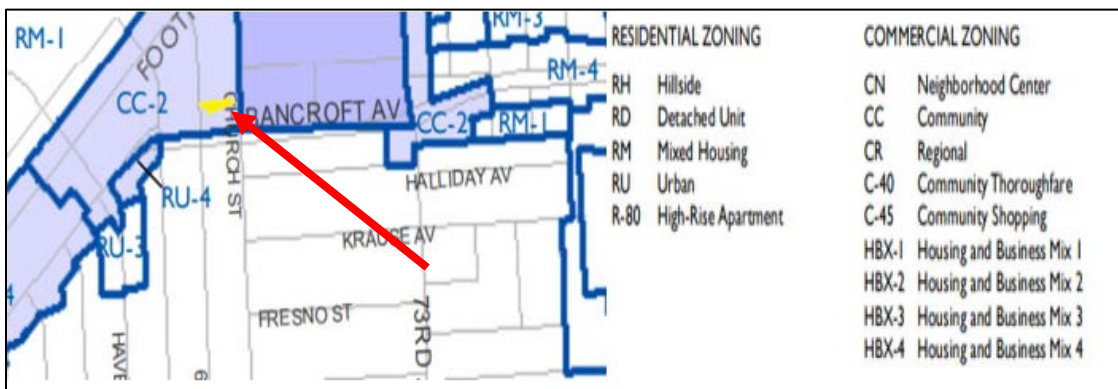
ONSITE STRUCTURES

The three two-story structures are connected via two bridges on the second floor and an additional one-story building on the western side of the Property.



ZONING

The property is zoned CC-2, Community Commercial. According to the zoning code, the purpose of the CC-2 District is to create, maintain and enhance areas with a wide range of commercial businesses with direct frontage and access on the City's corridors and commercial areas.



The following represent the permitted uses and conditionally permitted uses within the CC-2 zoning: Permanent residential, supportive housing, transitional housing, emergency shelter, residential care,

DCG STRATEGIES | EXECUTIVE SUMMARY

community education, essential services, limited child-care, recreational assembly, nonassembly cultural, administrative, general retail, health care activities, consumer cleaning and repair services, and personal instruction and improvement services.

Conditionally permitted uses are permitted only upon granting of a conditional use permit and approval from the City of Oakland. Uses that would require additional approval from the City of Oakland, include but are not limited to bed and breakfast, convenience market, nursery, automobile servicing, group assembly, and fast-food restaurant.

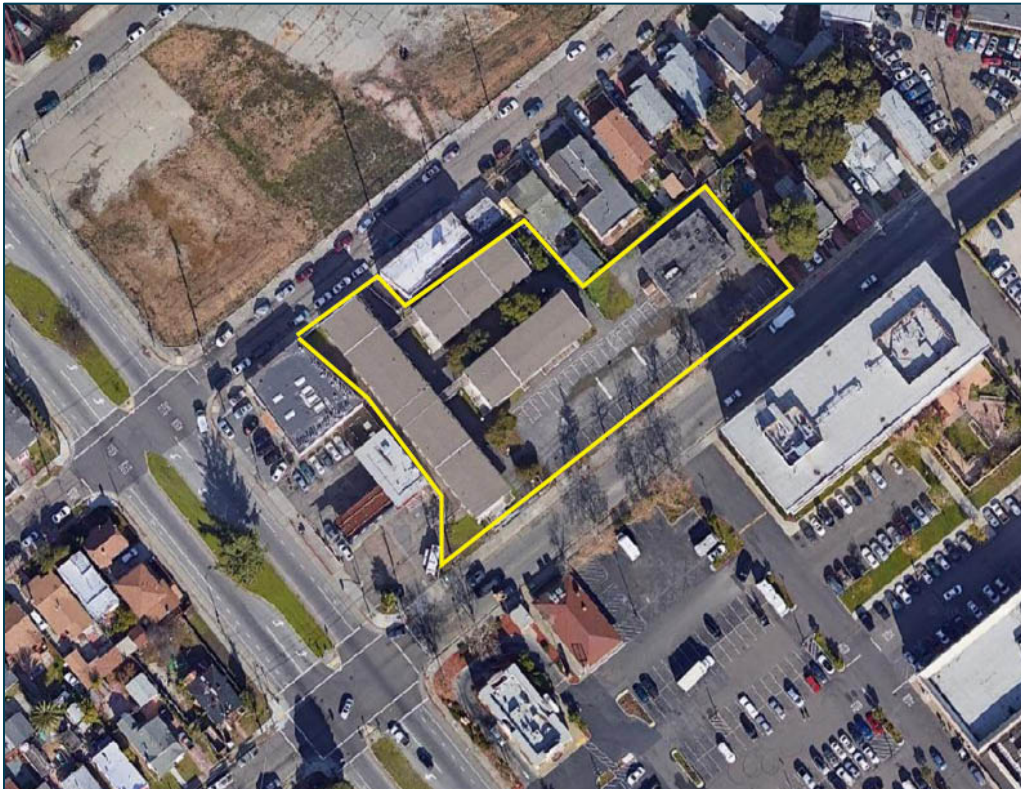
UTILITIES

All typical urban utilities appear to be available onsite. PG&E provides gas and electrical services. The East Bay Municipal Utility District provides sanitary and water. Public safety is provided by the City of Oakland. The status, condition, and sufficiency of the utilities for the intended use would have to be affirmed in the future by the lessee.

OPPORTUNITIES & CONSTRAINTS

Potential opportunities of the Property include but are not limited to (1) its adjacency to the renovated Eastmont Town Center which provides good visibility (2) Proximity to multiple transit opportunities, 1.5 miles to Coliseum BART, access to multiple bus lines and approximately 10 minutes from the Oakland Airport and (3) being located in between Bancroft Avenue and Foothill Boulevard, the Property sees an annual average daily traffic count of over 16,000.

Potential constraints include but are not limited to (1) existing improvements onsite are in poor condition after years of vacancy and limited maintenance.



LEASE OVERVIEW

The District seeks a tenant for a long-term ground lease who will redevelop or rehabilitate the Property for purposes that the Oakland Planning Department determines to be permissible and in line with the District's objectives. While the District will consider all of the uses allowed by right in the CC-2, Community Commercial District, the District's preference is for a project that addresses one or more of the following uses:

- Housing which provides an identifiable benefit to the community
- Space for a nonprofit to serve the community in ways that align with community input goals in Exhibit B
- Office/community use.

Respondents should verify the potential viability of the proposed project with the City of Oakland prior to making a proposal for the Property.

DISCLAIMER

While the information contained herein has been provided in good faith and in an effort to provide prospective respondents with relevant property data, it is not binding on the District and should not be considered a substitute for thorough due diligence investigation by prospective tenants.

The District and DCG Strategies have not made any investigation, and make no warranty or representation, with respect to the income or expenses for the Property, the future projected financial performance of the Property, the Property's development potential, the size and square footage of the Property and improvements, the presence or absence of contaminating substances, PCBs or asbestos (or any other hazardous materials or substances), the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant.

The information contained herein has been obtained from sources we believe to be reliable; however, the District and DCG Strategies have not verified, and will not verify, any of the information contained herein, nor has the District and DCG Strategies conducted any conclusive investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided.

All potential tenants must take appropriate measures to verify all of the information set forth herein.

PROPOSAL REQUIREMENTS

PROPOSER'S RESPONSIBILITIES

The selected proposer will be responsible for payment of all costs and expenses in connection with the project including, but not limited to: any costs associated with preparing their proposal and supporting material; costs associated with securing necessary entitlements and environmental documentation and approval; demolition or rehabilitation of existing buildings, ground clearing, site preparation, and construction of new buildings; maintenance; underground utilities; insurance and taxes; permits and inspection fees; costs and mitigation fees associated with the development including school impact fees; and architectural, environmental, engineering, and other related work. Proposer will be responsible for all brokerage commissions and fees to be paid to any real estate representative on the proposer's behalf, if any. The District will not pay any broker's fees or finder's fees, other than to their representative, DCG Strategies. The selected proposer will be required, if necessary, to:

- Select the necessary multi-disciplinary team;
- Obtain all necessary entitlements and permits;
- Undertake the CEQA submittal process;
- Coordinate, manage, and facilitate the review of the project by City of Oakland; and
- Manage the work effort of the entire entitlement team, the architect, land planner, civil and other engineers, etc.

All proposals will have five required sections and in the order as set forth below. Please label each section and number all pages.

SECTION 1 – LETTER OF INTENT

SECTION 2 – STATEMENT OF QUALIFICATIONS

SECTION 3 – PROGRAM NARRATIVE

SECTION 4 – PROJECT TIMETABLE AND CRITICAL ENTITLEMENT ISSUES

SECTION 5 – FINANCIAL CAPABILITY

SUBMISSION REQUIREMENTS

SECTION 1 – LETTER OF INTENT

All proposals must contain proposed lease terms and agreement structure. A sample Letter of Intent should include, but certainly is not limited to, the terms and conditions below.

The following terms and conditions are proposed for this ground lease:

- 1. Lease Rate:** \$_____ per month, \$_____ annually. Lease payments will begin _____ (describe milestone) and be subject to _____% of annual increases.
- 2. Initial Deposit:** Proposer will make an initial deposit of \$_____ at the time a Ground Lease Agreement is agreed and executed.
- 3. Additional Deposits:** Proposer will make a series of additional deposits with each deposit subject to the Proposer’s unilateral decision to proceed with the transaction. The proposed deposit structure is as follows: _____ (describe amount and timing of deposits).
- 4. Inspections:** Proposer shall be provided with _____ days from mutual execution of the Ground Lease Agreement to enter the Property and conduct whatever physical Due Diligence/Feasibility Analysis Proposer deems necessary and desirable subject to reasonable notice and noninterference with current users of the site. Upon execution of a Ground Lease Agreement, Proposer shall have the right to review any and all documentation relating to the Property, and the District shall promptly deliver to Proposer copies of all such documents in its possession, custody, or control. District staff and agents will cooperate fully with Proposer in providing such information as Proposer may reasonably require, regarding the history, use, and condition of the Property.
- 5. Government Approvals:** Upon execution of a Ground Lease Agreement, Proposer shall be seeking various government approvals as may be required for the redevelopment or rehabilitation of the Property in the manner Proposer intends. The District will cooperate with and assist Proposer as reasonably necessary in submitting applications for such approvals, including signing appropriate documents that may be required by government officials. If Proposer is unable to obtain such approvals in what the parties agree to be a timely and reasonable manner, in Proposer’s sole discretion, Proposer may withdraw from this transaction, and thereafter have no obligations of any kind whatsoever to the other, except as otherwise set forth in the Ground Lease Agreement.
- 6. Other Provisions:** Proposer understands that the District has retained DCG Strategies as its real estate agent in connection with this transaction, and that the District will be solely responsible for any compensation due to DCG Strategies based on its arrangements with the firm. Any compensation due to other real estate agents or brokers engaged or retained by Proposer in connection with this transaction will be the sole responsibility of the Proposer.
- 7. Definitive Lease Agreement:** As expeditiously as possible, Proposer intends to negotiate with the District and agree to a definitive and binding Ground Lease Agreement, but until that has been done, either party may withdraw from this transaction without further obligation of any kind to the other.

- 8. Approval Required by District Authorities:** Proposer understands and acknowledges that the District's execution of the Ground Lease Agreement is conditioned on approval of Board of Education.

SECTION 2 – STATEMENT OF QUALIFICATIONS

This section should include the proposal contact and responsible party information. Identify the lead proposing entity, and list the key team members. Set forth the scale of the site program, lease terms, deposits, and summarize the critical elements of expected project timeline. Overall, demonstrate the proposer's capability to carry out the project.

QUALIFICATIONS

- The name, address, and contact information of firm or individual responding to the proposal.
- Firm Overview - Provide a brief description of organization, year established, number of employees, and types of business conducted.
- List and bios/resumes of relevant team members.
- List of proposed sub-consultants and/or partners, identifying their area of work.

EXPERIENCE

Please include at least two (2), but no more than four (4) examples of successful projects comparable in type, size, and/or location characteristics. Specifically, the following will be evaluated:

- Past experience with the development or management of commercial real estate property types which may include but not necessarily be limited to mixed-use, multifamily, office, and retail buildings.
- Past experience in developing real property with or for non-profits, public school districts and/or community organizations.

SECTION 3 – PROGRAM NARRATIVE

This section should include a narrative description of the project, proposed use and anticipated benefit to the community. Identify the planned improvements in as much detail as is reasonably possible. Include a preliminary site plan. While a detailed completed site plan is not required at this time, a preliminary site plan is necessary to properly evaluate each proposal.

- Project Narrative shall provide a high-level summary of the proposed redevelopment or rehabilitation:
 - Describe how the proposal redevelops or rehabilitates the Property to its full potential consistent with applicable zoning and design guidelines (or if applicable, rezoning) while also addressing the District's objectives set forth in this RFP.
 - For new construction, describe the building(s), height, number of stories, estimated square footage, and square footage devoted to each use.
 - If applicable, describe the possible approach to affordable housing; include proposed population mix.
 - Describe proposed amenities and any anticipated sustainability features for the project.

- Describe approach to rezoning the Property (if applicable) and entitling the site.
- A description of how the development team will approach the project and the team's approach to working with the District and the City of Oakland.
- Detailed description of the proposed development consisting of a site plan illustrating proposed building locations. NOTE: The Site Plan will be considered a Conceptual Plan and will be subject to adjustment and District approval once a Proposer(s) has been selected and the details of the project are finalized through the negotiation process.

SECTION 4 – PROJECT TIMETABLE AND CRITICAL ENTITLEMENT ISSUES

This section should include a general redevelopment or rehabilitation timetable showing the various planning and entitlement steps, duration, estimated starting period, deposit amounts, and any phasing contemplated. As to acquiring the entitlements or permit approvals necessary for execution of the proposed redevelopment or rehabilitation plan, please provide a narrative description of the issues the proposer has identified as critical. Also, please be sure that the timetable of approximate dates for obtaining these entitlements is realistic – in requesting both the narrative and timetable, the goal of the District is to assess the proposer's understanding of the redevelopment or rehabilitation process rather than solicit an unrealistically aggressive schedule for this process (although a realistic ability to expedite the process is seen as favorable).

SECTION 5 – FINANCIAL CAPABILITY

The proposer shall provide a narrative describing the proposer's approach to financing the project. The narrative shall identify any perceived challenges to financing the project and proposed innovations to meet those challenges. The proposer shall include in the narrative the most significant risks to the District and the proposer with respect to financing the project and how those risks can be addressed, mitigated or allocated. The narrative shall also include:

- The name of the entity or entities responsible for financing the project.
- The sources of funding (e.g. grants, notices of funding availability, private equity, tax credits, bonds, commercial loan, bond financing, etc.) and any letters of interest or commitment letters from equity partners, lenders, or other organizations providing funds towards the project.
- The precautions that will be taken to ensure no financial risk or credit risk to the District is incurred based upon the manner of financing the project.

SUBMISSION FORMAT

The proposer shall submit a PDF version of their proposal via email. Proposals should be organized according to the previous section, and should include at least the requested information.

All proposals must be received at or before **4:00 p.m.** on **Monday, November 9, 2020**, via email to Jamil Muchell at jmuchell@dcgstrategies.com **AND** Lauren Jennings at ljennings@dcgstrategies.com. Any proposals submitted after the deadline will not be considered.

The District's contacts for all matters regarding the Property are:

Jamil Muchell
DCG Strategies
7600 Dublin Blvd., Suite 275
Dublin, CA 94568
(925) 464-1979
jmuchell@dcgstrategies.com

Lauren Jennings
DCG Strategies
7600 Dublin Blvd., Suite 275
Dublin, CA 94568
(925) 237-9218
ljennings@dcgstrategies.com

All correspondence regarding the RFP process **must be in writing by email** to Jamil and Lauren.

The District reserves the right to terminate this process at any point prior to the selection of a proposer, and solicitation of proposals in no way obligates the District to proceed with any agreement or development.

RIGHT TO REJECT

At any phase, the District reserves the right to terminate, suspend, or modify the proposal process, reject any or all submittals, and waive any minor irregularities in the proposal process.

EXHIBIT A: PROPERTY AERIAL



EXHIBIT B: COMMUNITY INPUT

ITEMS OF NOTE FOR CONSIDERATION FOR PROPOSALS

The below items were comments of importance to the community and the District as discussed in the September 19, 2019 community meeting. Any proposal should incorporate and address at least one of the below items.

- Mixed-Use Affordable Housing
- Transitional housing
- Housing for displaced OUSD families
- It is owned by the people, is a catalyst site, should be deployed with best interest of the community in mind
- Speaking for homeless women, families - resources for helping women get off the streets
- Partnering with tech companies who do not have input or qualified local communities to provide opportunities for employment opportunities and workforce development
- Retail incubation, culinary incubation, co-working spaces, different types, co-mingling (garment, tech)
- Adult Education as trades etc. w/ community partners
- Co-Op Grocery Store
- Non-Profit incubator
- Don't want it to go to a developer who wants to profit and doesn't care about the local community