

POINT MOLATE LAND USE ALTERNATIVES EVALUATION

NOVEMBER 8, 2010
Updated December 1, 2010

POINT MOLATE LAND USE ALTERNATIVES EVALUATION



DESIGN , COMMUNITY & ENVIRONMENT

1625 SHATTUCK AVENUE, SUITE 300

BERKELEY, CALIFORNIA 94709

TEL: 510 848 3815

FAX: 510 848 4315

This Report was prepared by

In collaboration with
Bay Area Economics

TABLE OF CONTENTS

1. INTRODUCTION	1
2. LAND USE ALTERNATIVE SUBMITTALS	9
3. REQUIRED CRITERIA EVALUATION.....	19
4. MEASURED CRITERIA EVALUATION	29
5. CONCLUSION	47

Appendices

- Appendix A: Point Molate Land Use Alternatives Submittal Form
- Appendix B: Land Use Alternative Submittals
- Appendix C: Fiscal Impact Analysis Assumptions
- Appendix D: Industrial Park and Green Development Program and Service Population
- Appendix E: Overview of IMPLAN

List of Figures

Figure 1	LEED Development Conceptual Site Plan.....	14
Figure 2	Light Industrial Conceptual Site Development Plan.....	16
Figure 3A	Golf Course Suitability – Los Verdes Golf Course	24
Figure 3B	Golf Course Suitability – Torrey Pines Golf Course	25

List of Tables

Table 1	Land Use Alternative Submittals	10
Table 2	Summary of Measured Criteria Analysis.....	30
Table 3	Alternative 4: Medical Cannabis Fiscal Impact Analysis.....	33
Table 4	Alternative 4: Medical Cannabis Residual Land Value Analysis.....	35
Table 5	Alternative 13: Industrial/Office Park Fiscal Impact Analysis.....	37
Table 6	Alternative 13: Industrial/Office Park Residual Land Value Analysis.....	39
Table 7	Alternative 18: Green Development Fiscal Impact Analysis.....	41
Table 8	Alternative 18: Green Development Residual Land Value Analysis.....	42
Table 9	Alternative 22: Wildlife Preserve Fiscal Impact Analysis	45

I INTRODUCTION

The City of Richmond (City) and Upstream Point Molate, LLC (Upstream) initiated the Point Molate Land Use Alternatives Process to seek public input on additional land use alternatives for the Point Molate site in August 2010. This outreach process was called for by the Sixth Amendment to the Land Disposition Agreement (LDA) between the City and Upstream. Its purpose is to assess additional land use alternatives beyond those evaluated in the Point Molate Mixed-Use Tribal Destination Resort and Casino Project Draft Environmental Impact Statement/Environmental Impact Report (DEIS/R) prior to City consideration of certification of the DEIS/R.

The Point Molate Mixed-Use Tribal Destination Resort and Casino Project stems from a Request for Qualifications (RFQ) issued by the City in 2003 for the purchase, clean-up, and development of the Point Molate site. As a result of the RFQ process, the City selected Upstream and entered into the original LDA on November 9, 2004.

On July 10, 2009, the City and Bureau of Indian Affairs published the DEIS/R for the Point Molate Tribal Destination Resort and Casino project. The comment period for the DEIS/R closed in late October 2009. Since publication of the DEIS/R, several people have suggested that there may be viable alternative land uses for the Point Molate site that were not considered in the DEIS/R. To respond to these suggestions and ensure that the DEIS/R considers all viable alternatives, the City and Upstream agreed to engage in the Land Use Alternatives Process that is documented in this report.

A. History of Point Molate

Within the last century, the Point Molate site has seen two major uses: a winery and a Navy Fuel Depot. In 1906, the California Wine Association (CAWA) purchased 47 acres on the northern portion of the site to build the Winehaven complex for wine production, distribution, and storage. Full-scale wine production at the Winehaven complex is believed to have started in 1908. After the 18th Amendment to the US Constitution was enacted on January 16, 1920, the majority of wine production at Winehaven ended, as

CAWA could sell wine for only medicinal and sacramental uses. Today, 35 of the original Winehaven buildings are still standing and comprise the Winehaven National Register Historic District.

The next major use of the site was by the US Navy as a Navy Fuel Depot. In 1941, the US Navy obtained the Winehaven site for use a fuel depot to support the Pacific Fleet. After the end of World War II, the Navy Fuel Depot continued operations and played a support role in both the Korean and Vietnam conflicts. By 1990, the base was targeted for closure with the passage of the Base Closure Act. In 1995, the Navy Fuel Depot was officially decommissioned.

In 2003, the majority of the approximately 413-acre project site, of which 140 acres are submerged within the San Francisco Bay, was transferred to the City of Richmond. In that same year, the City commissioned a study entitled “Gaming Market Assessment, Economic, and Social Impact Study: Richmond, CA.” The City provided the Study to Upstream with a request that it be considered as a development alternative. In 2004, Upstream partnered with the Guidiville Band of Pomo Indians to pursue a development project on the site that would include an Indian gaming casino.

B. Land Use Alternatives Process

Per direction from the City Council, the Land Use Alternatives Process was designed to secure and analyze input from the community on other viable land use alternatives for the Point Molate site. The Land Use Alternatives Process included three public workshops and an open invitation to members of the public to submit ideas for land use alternatives, followed by an evaluation of the land use alternative submittals. The intent of the land use alternatives evaluation is to evaluate the alternatives at a sufficient level to allow the City Council to determine whether they should be considered as additional Project Alternatives in the DEIS/R. All members of the public were invited to propose alternative land use ideas. The City, with input from Upstream,

hired Design, Community and Environment (DC&E) to facilitate this process. DC&E's role is described further in Section C, below.

1. Public Workshops

As mandated by the Sixth Amendment to the LDA, the Land Use Alternatives Process has included a total of three public workshops. The first public workshop was held on August 4, 2010 and the second public workshop was held on September 8, 2010. The third public workshop will be held on November 17, 2010.

Approximately 40 people attended the first public workshop. The workshop began with a brief presentation summarizing the purpose of the land use alternatives process, role of the project consultant, DEIS/R alternatives, alternative land uses submittal process, and evaluation criteria. The workshop was then opened up for public comment. Participants raised general questions about the overall Land Use Alternatives Process, as well as provide comments on the evaluation criteria. The evaluation criteria were updated based on public feedback as described in Section D below.

The purpose of the second public workshop was to solicit public input on land use ideas for Point Molate. Approximately 20 people attended the second public workshop. The workshop began with a brief presentation summarizing the purpose of the land use alternatives process, role of the project consultant, DEIS/R alternatives, alternative uses submittal process, and evaluation criteria. A public comment period followed the presentation. General questions were raised about the function of the Land Use Alternatives Process and the evaluation criteria. Following the public comment, the public was invited to present their land use alternative concepts for Point Molate. Two people took the opportunity to present their land use alternative concepts.

The third public workshop will present the land use alternative submittals and a summary of the evaluation of the alternatives.

2. Land Use Alternative Submittals

In addition to the second public workshop, people were able to submit land use alternative ideas via the City website, phone, e-mail, mail, or fax. Submittals were accepted between August 5, 2010 and September 15, 2010. A submittal form was available on the City website and at the library, City Hall, and public workshops to help guide the proposal of each land use alternative concept. The submittal form is shown in Appendix A.

3. Land Use Alternatives Evaluation

Following the first two workshops, all of the land use alternatives were evaluated and this evaluation report was prepared.

4. City Council Review

The City Council will review this report, determining whether any additional land use alternatives should be subject to environmental review.

C. Role of Consultants

As was described above, the Point Molate Land Use Alternatives Process stems from the Sixth Amendment to the LDA between the City and Upstream. DC&E was selected to facilitate the Land Use Alternatives Process through a Request for Proposals (RFP) process overseen by the City with input from Upstream. DC&E's contract is with Upstream rather than the City because the City contracting process would have taken longer and slowed the public process. The contract stipulates that Upstream and DC&E cannot communicate without City involvement, as well as the reverse.

The role of DC&E in this process has been to facilitate the public workshops and to prepare the land use alternatives evaluation presented in this report. DC&E's team included Bay Area Economics (BAE), an economics firm that was tasked with the economic and fiscal analysis of the required and measured criteria as described below.

Following the work of DC&E and BAE, this report was reviewed by both City staff and Upstream. The results presented in this report represent the professional opinions of DC&E and BAE.

D. Evaluation Criteria

The purpose of the evaluation criteria in the Land Use Alternatives Process is to help determine whether a particular idea is a unique and feasible one that the City Council could consider including as an additional Project Alternative beyond those evaluated in the DEIS/R. Each land use alternative concept was evaluated using two types of criteria: required and measured.

1. Required Criteria

A proposed idea must meet this set of criteria to merit further consideration by the City Council.

- ◆ **Financial feasibility.** Both implementation and operation of the idea must be financially feasible, either through project revenue or identifiable outside support, under reasonably foreseeable economic conditions.
- ◆ **Base Reuse Plan.** The idea must satisfy the land use requirements and other goals and objectives specified in the Base Reuse Plan for Point Molate and satisfy the federal legislation authorizing the transfer of the Base to the City of Richmond.
- ◆ **Jobs.** The idea must result in the creation of jobs for Richmond residents.
- ◆ **Parks, open space, and trails.** The idea must supply and provide for the operation and maintenance of the required shoreline trail, shoreline park, and hillside open space as stipulated in the Land Disposition Agreement.
- ◆ **Historic buildings.** The idea must include an economically feasible means to preserve, rehabilitate, and reuse the buildings that make up the historic district.¹

¹ It was not assumed that historic Building 6 would need to be preserved since most of the DEIS/R alternatives fail to preserve this building.

- ◆ **Remediation.** The idea must create the capacity and funding to accomplish remediation of the site, even if costs exceed the \$28.5 million paid by the Navy for this purpose.
- ◆ **Uniqueness.** The idea must be substantially different from Alternatives A through F and their constituent components, as presented in the DEIS/R published in 2009.

2. Measured Criteria

If an idea met all of the Required Criteria, it was evaluated against the Measured Criteria.

- ◆ **City of Richmond finances.** A desirable project will generate revenues for the City of Richmond in excess of annual costs to the City. The greater the net revenues, the more desirable the project.
- ◆ **Payment to City of Richmond for land cost.** A desirable project will compensate the City of Richmond for some or all of the land. The more that can be paid, the more desirable the project.
- ◆ **Job creation.** A desirable project will result in jobs that match the skills and desires of Richmond workers. The more jobs, the more desirable the project.
- ◆ **Off-site economic development.** A desirable project will result in an economic 'ripple effect' such that there are benefits to businesses in Richmond and Contra Costa County whether or not they are directly serving Point Molate development. Measured in terms of off-site job creation in the County.
- ◆ **Social and community services.** A desirable project will benefit the community through the direct and indirect provision of social and community services. The more services, the more desirable the project.

3. Additional Future Review Criteria

If the City Council selects any ideas as new alternatives for further consideration, the City will determine whether the alternative(s) need to be analyzed in a supplemental environmental document to comply with CEQA, which

could include analysis of issues suggested at the August 4, 2010 workshop, such as traffic, air quality (including the public health implications thereof), and noise, depending on the nature of the ideas selected.

POINT MOLATE LAND USE ALTERNATIVES
INTRODUCTION

2 LAND USE ALTERNATIVE SUBMITTALS

In total, the City of Richmond received 28 submittals during the Point Molate Land Use Alternatives Process. Submittals came in a variety of formats, including e-mail, hard copies, telephone, and forms submitted through the City website.

The 28 submittals are numbered 1 through 24 because five of the submittals are grouped as numbers 13a through 13e due to their similarity. Although submittal #13a proposes a second campus for the Lawrence Berkeley National Laboratory (LBNL) and submittals #13b-#13e propose industrial/office parks of varying nature, all the uses could be accommodated in similar building footprints. Therefore, they were analyzed as a single submittal, with the exception of financial aspects unique to the LBNL campus.

The full text and graphic materials constituting the 28 submittals is included in Appendix B of this report. Table 1 describes the land use alternative submittals.

A. Alternatives Submitted That Did Not Include Alternative Uses

Of the 28 submittals, four were not measured against the required or measured criteria because they were comments only and did not constitute land use alternative proposals. A summary of the comments is below.

- ◆ **#1 Bay Trail and Parks and Open Space.** Since all land use alternatives must include the San Francisco Bay Trail, shoreline park, and hillside open space, this submittal was determined to be advisory only and not a land use alternative proposal.
- ◆ **#2 Beautiful Place to Go.** This comment is noted, but was determined to be advisory only and not a land use alternative proposal.
- ◆ **#11 Manage Point Molate Similar to Presidio Trust.** This comment speaks to the management of Point Molate and does not present a land use alternative proposal.

TABLE I **LAND USE ALTERNATIVE SUBMITTALS**

ID	Title	Description
1	Bay Trail	San Francisco Bay Trail along the entire shoreline of the property and a minimum of 35 acres of shoreline park and 156 acres of hillside open space.
2	Beautiful Place To Go	Keep Point Molate as a beautiful place to go; no casino.
3	Base Reuse Plan	Mix of land uses similar to the Point Molate Base Reuse Plan including establishing a winery, restaurant, museum, retail shops, meeting rooms, and performing arts and recording studio in the Winehaven building. This proposal also includes converting the historic winery cottages into a conference center, retreat, bed and breakfasts, and classrooms; converting buildings south of Winehaven into a winery, live/work spaces, warehousing, offices for job training, and light industrial uses; and single and multi family residential on 38 acres of the land south of the development areas.
4	Medical Cannabis	Commercial cultivation, packaging, storage, distribution and sales of medical cannabis within the existing historic buildings.
5	Shoreline Nature Interpretive Center	Shoreline Nature Interpretive Center; preserve Point Molate's natural features.
6	College Campus	College campus similar to a California State University campus or University of California Extension Campus.
7	Mixed Use Development A	Mix of land uses including offices, shops, meeting hall, restaurants, hotel, Ohlone history center, maritime facility, art gallery, pre-school, police station, spa, health club, multi-family housing units, and light manufacturing.
8	Parks and Open Space	Permanently protected and maintained parks and open space.
9	Park with Outdoor Education	Park to preserve and promote natural features, including a teaching garden, outdoor education areas, and therapeutic horseback riding.
10	Casino with Thematic Elements	Casino with thematic elements representing Point Molate's history, including the viticulture industry, Chinese shrimp camps, Native Americans, railroads, whaling, and the Navy Fuel Depot. An example would be to plant a vineyard at the entry to the site or highlight the historic railroad by aligning the tracks to the Casino.
11	Manage Point Molate Similar to Presidio Trust	Consider management of the Point Molate site similar to the Presidio Trust where a corporation controlled by the City is established to manage a new redevelopment area.
12	Citizens for Sustainable Point Molate	Land use plan that complements and preserves natural features and incorporates environmental remediation strategies, low impact development strategies, and sustainable development principles.
13a	Lawrence Berkeley National Laboratory	Site for second Lawrence Berkeley National Laboratory campus.

TABLE I **LAND USE ALTERNATIVE SUBMITTALS (CONTINUED)**

ID	Title	Description
13b	Industrial Office Park	Single or multiple user office/industrial campus for office, research & development, laboratory, studio/media production, software development, light manufacturing, and/or ancillary uses such as food services and retail service.
13c	Alternative Energy Center	Headquarters for alternative energy businesses; a museum, institute, or demonstration center for alternative energy; shoreline park; and limited sleeping accommodations for visitors.
13d	Green Technology Campus	Green technology campus where individuals, academic institutions, and green technology businesses can collaborate together. Some housing for the workforce would be included.
13e	Green Technology Business Park	Green technology business park.
14	Mixed Use Development B	Convert Winehaven Building 1 to a museum, winery, or other use. Rehabilitate cottages to bed and breakfasts. Preserve open space areas. Paint buildings visible from the Richmond Bridge green.
15	Mixed Use Development with Casino	Casino, hotel, library, housing for Pomo Indians, and pier for cruise ships.
16	Baseball Stadium	Sports stadium similar to Lamade Stadium in South Willamsport, Pennsylvania where the Little League World Series is held annually.
17	Municipal Utility Wind Farm	Wind farm, shoreline park, marine biology center, or other educational campus, and renewable energy or arts campus.
18	Green Development	Green development to include restoration of historic buildings; residential units within walking distance of transit hub; hillside open space; retail, religious, educational, and commercial uses; a hotel; regional sports park; ecological park at shoreline; and on-site renewable energy.
19	Mixed Use Development C	Retail shops, bed and breakfasts, small hotels, community centers, open space and trails, conference centers, office space, and industrial uses.
20	Golf Course	World class golf course with luxury and affordable housing, shops, and entertainment center.
21	Retirement Community	Retirement community with markets, shops, and accessible transportation.
22	Wildlife Preserve	Wildlife preserve.
23	Smithsonian Institute Satellite Museum	Smithsonian Institute Satellite Museum.
24	California First Peoples Living Museum	Museum to honor California's Native American heritage.

- ◆ **#12 Citizens for Sustainable Point Molate.** This letter generally describes the goals of the proposal to be submitted, but states that it will be submitted to the City of Richmond under separate cover and not within the timeframe of the Point Molate Land Use Alternatives Process.

B. Amplification of Alternatives

Nine of the ideas that were submitted, including five that are evaluated together, required additional design development before they could be analyzed: Alternative 4, Alternatives 13a-13e, Alternative 18, and Alternative 22. This section describes the work that DC&E conducted to better define these alternatives. The conceptual site plans proposed below were prepared to assist with the analysis of the submittals. DC&E assumes that the site plans would be adjusted to meet project needs and requirements should they be analyzed as a DEIS/R alternative.

1. #4: Medical Cannabis

Although medical cannabis is illegal under federal law, some California cities are permitting medical marijuana facilities within their jurisdictions. Medical cannabis facilities face the inherent risk of federal prosecution and closure.

DC&E based the analysis of the Medical Cannabis proposal upon information regarding the City of Oakland's recent actions that will allow for four industrial-scaled marijuana production facilities within the city limits.¹ The City of Oakland has not placed limitations on the size of the facilities, and has reported receiving proposals for facilities that range in size from 20,000 square feet to 100,000 square feet.² Based upon these proposals, it is estimated that a 100,000 square foot medical cannabis facility could easily be housed in the existing Winehaven Building 1 (the wine storage building), which has an esti-

¹ CBS News, http://www.cbsnews.com/8301-504763_162-20011329-10391704.html, accessed October 27, 2010.

² California Watch, <http://californiawatch.org/watchblog/new-oakland-pot-ordinance-says-grow-big>, accessed October 27, 2010.

mated footprint of approximately 118,000 square feet. This development program is based on the Agramed proposal to develop a similar industrial medical cannabis cultivation facility in Oakland. The remaining 18,000 square feet would be used for laboratory space, grow equipment manufacturing, an edible product bakery, job training center, offices, and retail space. The additional existing historic buildings could be reused to house medical cannabis sales, or other compatible uses, and parking for the facility could be provided on site.

2. #13a-13e: Industrial/Office Park

Alternatives 13a-13e are evaluated as Industrial/Office Park. They are based on LBNL's plan to build a satellite campus within the East Bay. Figure 1 illustrates a potential site plan for an Industrial/Office Park on the Point Molate site. This conceptual site plan is loosely based upon the building footprints in Alternative D of the DEIS/R. The conceptual site plan depicts buildings proposed only on areas that are built upon in the DEIS/R alternatives, and the plan retains all of the existing historic buildings, with the exception of existing historic Building 6. The site plan depicts building footprints that total 551,790 square feet, and assumes that all the building footprints could be 3-story buildings. Thus the proposed plan could accommodate 1,655,370 square feet of campus uses. This site plan also assumes the adaptive reuse of the existing 3-story Winehaven Building 1, which adds an additional 355,400 square feet, for a total of approximately 2,010,770 square feet. The site plan allows for the adaptive reuse of the remainder of the historic buildings, although their square footage is not included in this estimate. The site plan incorporates a total of 5,925 parking spaces within six 8-story parking structures.

The LBNL campus specifications were used as a proxy for the development of the other industrial/office proposals because it is the only published request for office/industrial uses in the East Bay at the current time and is also consistent with what the Point Molate site can reasonably accommodate with a 3-story average building height appropriate to this mix of uses.

As described above, the Industrial/Office Park conceptual site plan includes 3-story buildings and structured parking. Although structured parking is significantly more expensive than surface parking lots, it allows efficient use of the Point Molate site while permitting the required parks and open space. DC&E prepared an order of magnitude assessment on reduced development with surface parking, and determined it had a negative residual land value which could not be overcome. In addition, the higher density conceptual site plan is in the spirit of the alternative energy campus proposals and in line with City of Richmond policies.

3. #18: Green Development

The Green Development proposal incorporates residential development, retail and commercial development, religious and educational facilities, a hotel, open space, a sports park, an urban organic farm, community gardens, native plant nursery, on-site renewable energy, and a transit hub. All construction is expected to be green construction. Figure 2 depicts a conceptual site plan for the Green Development proposal. The conceptual site plan for the Green Development proposal is based loosely on Alternative D of DEIS/R, using the same developable area shown in Alternative D. The residential development is the same as depicted in Alternative D. This residential area includes 340 total units, some of which are townhomes and some multi-family dwellings. The site plan reflects minor changes to the open space programming to accommodate community gardens and urban farmlands. The site plan incorporates 94,530 square feet of ground floor retail and commercial development in six mixed-used buildings. Also included is a 300-room hotel, which is assumed to be the same size as the hotel depicted in Alternative A and D of the DEIS/R. A new transit hub is incorporated into this commercial area, adjacent to the new hotel. A new 21,400 square-foot religious facility is included, and the Winehaven Building 1 is repurposed for educational and community uses. Office space totaling 458,580 square feet is included in eight 3-story buildings and the top floors of the mixed-use buildings. A regional sports complex, based upon the existing Tom Bates Sports Complex in Berkeley, is depicted along the waterfront, and encompasses 547,421 square feet. A new native plant nursery is shown with a 66,000 square foot area. A total of 2,350 parking spaces are provided in two 6-story, and one 8-story parking

structures. Some of this parking would include ground floor retail, and all would be shared among the various commercial uses. It is assumed that alternative energy could be produced on site in the form of solar collection on the tops of the structured parking areas.

4. #22: Wildlife Preserve

DC&E developed details for the Wildlife Preserve proposal based on Safari West in Santa Rosa.³ The Safari West preserve totals 400 acres, and is home to over 400 animals of over 100 species, including some large animals. The preserve also includes 30 tent cabins, a restaurant, and meeting rooms able to accommodate small conferences or events. Although the 278.8-acre land area of the Point Molate site is less than the land area of Safari West, it appears that the acreage is sufficient for a preserve at a smaller scale with likely a reduced variety of animal species. For Alternative 22, a scaled-down version of Safari West, utilizing the historic structures, is envisioned. It is assumed that the historic buildings could be reused for the restaurant, meeting space, event space, staging, and potentially an education center. Additionally, the existing historic cottages could be reused to accommodate overnight guests. Within these buildings, a total of 20 guest spaces are assumed, a 1,000-foot gift shop, and a restaurant.

³ Safari West, <http://www.safariwest.com/>, accessed October 27, 2010.

POINT MOLATE LAND USE ALTERNATIVES
LAND USE ALTERNATIVE SUBMITTALS

3 REQUIRED CRITERIA EVALUATION

Each of the 24 land use alternatives developed during the Land Use Alternatives Process was evaluated using the required criteria described in Chapter 1.

The alternatives were first evaluated against the final required criterion, which states that proposals must be unique and different from those considered in the DEIS/R. Those proposals which were found to be unique were then considered against the other required criteria evaluation.

Land use alternative submittals that met all the required criteria advanced to the measured criteria evaluation. The measured criteria evaluation is discussed in Chapter 4.

A. Proposals Determined Not Unique

Eleven proposals did not meet the required criteria because they were found to be substantially the same as one or more of the alternatives already analyzed in the DEIS/R. Therefore, these proposals did not advance to the remaining required criteria evaluation. A summary of the proposals found not to be unique is below.

- ◆ **#3: Base Reuse Plan.** This proposal recommends mixed-use development including retail, cultural, commercial, residential, and light industrial uses. The suggestion is substantially similar to Alternative D – Non-Trust Acquisition With Non-Gaming Mixed-Use Development, differing only in building footprints and a few uses.
- ◆ **#5: Shoreline Nature Interpretive Center.** This proposal suggests a Shoreline Nature Interpretive Center to preserve the natural features of the site. Since this proposal is largely a park, it was determined to be substantially similar to Alternative E – Total Parkland in the DEIS/R.
- ◆ **#7: Mixed-Use Development A.** This proposal includes a mix of uses including office, retail, commercial, residential, cultural, schools, public, and light manufacturing. This proposal was determined to be substantially similar to Alternative D – Non-Trust Acquisition With Non-

Gaming Mixed-Use Development, which also includes office, retail, commercial, residential, and public uses.

- ◆ **#8: Parks and Open Space.** This proposal is similar to Alternative E – Total Parkland.
- ◆ **#9: Park with Outdoor Education.** This idea suggests a park to preserve the natural features of the site with a teaching garden, outdoor education areas, and therapeutic horseback riding. Although there are elements in this proposal that are different from Alternative E – Total Parkland, they could be included within this alternative and are substantially similar to the alternative.
- ◆ **#10: Casino with Thematic Elements.** This proposal addresses design of the project site, all of which could be included in Alternative A – Mixed-Use Tribal Destination Resort and Casino, Alternative B – Mixed-Use Tribal Destination Resort and Casino With Residential Component, and Alternative C – Reduced Intensity Mixed-Use Tribal Destination Resort and Casino.
- ◆ **#14: Mixed-Use Development B.** This proposal suggests mixed-use development. Although the nature of uses is at a lower intensity, this proposal was found to be substantially similar to Alternative D – Non-Trust Acquisition With Non-Gaming Mixed-Use Development.
- ◆ **#15: Mixed-Use Development with Casino.** This idea proposes a casino, hotel, library, and housing for the Pomo Indians. This proposal is substantially similar to Alternative B – Mixed-Use Tribal Destination Resort and Casino With Residential Component.
- ◆ **#19: Mixed-Use Development C.** This proposal suggests a mix of uses substantially similar to Alternative D – Non-Trust Acquisition With Non-Gaming Mixed-Use Development, which also includes retail, commercial, office, and public uses.
- ◆ **#21: Retirement Community.** This proposal includes a retirement community with markets, shops, and accessible transportation. This proposal was determined to be similar to Alternative D – Non-Trust Acqui-

sition With Non-Gaming Mixed-Use Development, which also includes retail, residential, and public uses.

- ◆ **# 24 California First Peoples Living Museum.** The footprint for a museum could be accommodated within the tribal facilities included in Alternative A – Mixed-Use Tribal Destination Resort and Casino, Alternative B – Mixed-Use Tribal Destination Resort and Casino With Residential Component, and Alternative C – Reduced Intensity Mixed-Use Tribal Destination Resort and Casino.

B. Proposals Subjected to Remaining Required Criteria Evaluation

Thirteen proposals were subjected to the remaining required criteria evaluation. This section is divided into two parts that address 1) proposals that did not meet the required criteria and 2) proposals that met all required criteria.

1. Proposals That Did Not Meet Remaining Required Criteria

Five proposals did not meet one or more of the remaining required criteria. The reasons why these proposals did not advance to the measured criteria evaluation are described below.

- ◆ **#6: University Campus.** A university campus is financially infeasible given the challenge of reduced State funding and competition from nearby colleges. There are no known State or private funds that would allow for construction and operation of a university campus on the Point Molate site.

In addition, the 2008 California State University (CSU) Strategic Plan states that most enrollment growth will occur in a minority of CSU campuses in Southern California and the Central Valley. Given these factors and the relative proximity of California State University, East Bay, a new campus in Point Molate seems an unlikely scenario.

- ◆ **#16: Baseball Stadium.** A baseball stadium is financially infeasible because of nearby facilities and insufficient City funds. The City of Hercules is working with Big League Dreams, a developer of scaled down major

ballparks, to create a ten-field facility, approximately 10 miles from Point Molate. If this ballpark is completed, there would not be sufficient market demand for another comparable facility close by in Richmond.

In addition, ballpark developers typically require Cities to provide the funding to construct the baseball park. The ballpark developer would pay rent, operate the facility, and take a share of the revenues. At this time, the City of Richmond does not have the capital to build a baseball stadium, even if there were no competition from a facility in Hercules.

Proposal #16 specifically suggests a facility similar to the one in Williamsport, Pennsylvania. This is a one-of-a-kind facility that hosts the Little League World Series; there is no need for a second such facility anywhere in the world.

- ◆ **#17: Municipal Utility Wind Farm.** A wind farm is financially infeasible due to the insufficient wind resources at the site. According to an analysis completed by the National Renewable Energy Laboratory (NREL), the Point Molate area has low potential to capture wind power.¹ The NREL analysis rates the suitability of areas to capture wind power on a scale of 1 to 7. Areas with a rating of three or better are considered suitable for utility-scale wind power. The majority of the Point Molate site is rated at one, though the hillier area to the east of the site is rated two. Since there is not enough wind to power a wind farm, there would be insufficient revenue to develop this proposal.
- ◆ **#20: Golf Course.** A golf course is infeasible because there is not sufficient suitable land to develop a world class golf course on the site. The Point Molate site has about 65 acres suitable for a golf course. The remainder of the space within the project site is unsuitable for golf course development because of the adjacency to the shoreline or steep topography. Although some hillsides are not too steep to allow for golf course development, the hillside areas in Point Molate site were not considered available for the golf course due to the parks, open space, and trails re-

¹ National Renewable Energy Laboratory, <http://www.nrel.gov/gis/wind.html>, accessed on October 28, 2010.

quirement included in the required criteria, which specified hillside open space. Figures 3A and 3B depict the area on the Point Molate site suitable for golf course development overlaid onto aerials of two world-class coastal California 18-hole golf courses, Los Verdes Golf Course in Rancho Palos Verdes and Torrey Pines Golf Course in the City of San Diego. As shown in Figures 3A and 3B, both the Los Verdes and Torrey Pines Golf Courses require substantially more land than is available at Point Molate. Given the lack of available land, a world class golf course is considered infeasible.

- ◆ **#23: Smithsonian Institute Satellite Museum.** A Smithsonian Institute satellite museum is infeasible due to a lack of funds and interest from the Smithsonian. The Smithsonian has stated that it cannot finance the construction of a new West Coast facility, and requires a local champion to raise all the funds. This is the case for proposed satellite Smithsonian museums at Sunnyvale's Moffett Field and the Presidio. The Presidio Trust examined this possibility in 2009 and elected not to pursue it. Without a local organizing body, there would be little momentum for a capital campaign. Moreover, the poor access to Point Molate would likely limit visitors, thereby requiring significant operating subsidies.

2. Proposals That Met All Required Criteria

Nine proposals, of which five are evaluated together, met all the required criteria and advanced to the measured criteria evaluation. Below are brief summaries of how the required criteria were met.

- ◆ **#4: Medical Cannabis.** Assuming the medical cannabis facility would receive legislative support from the City, it is potentially financially feasible, particularly due to the high value of medical cannabis and the relatively low capital cost of cultivation facilities. As noted in Chapter 2 of this report, medical cannabis is illegal under federal law, but some California cities are permitting medical marijuana facilities within their jurisdictions. This proposal also meets the Base Reuse Plan's goals, encouraging economic development and a mix of uses, including industrial, retail, and office. The medical cannabis facility would provide for jobs and

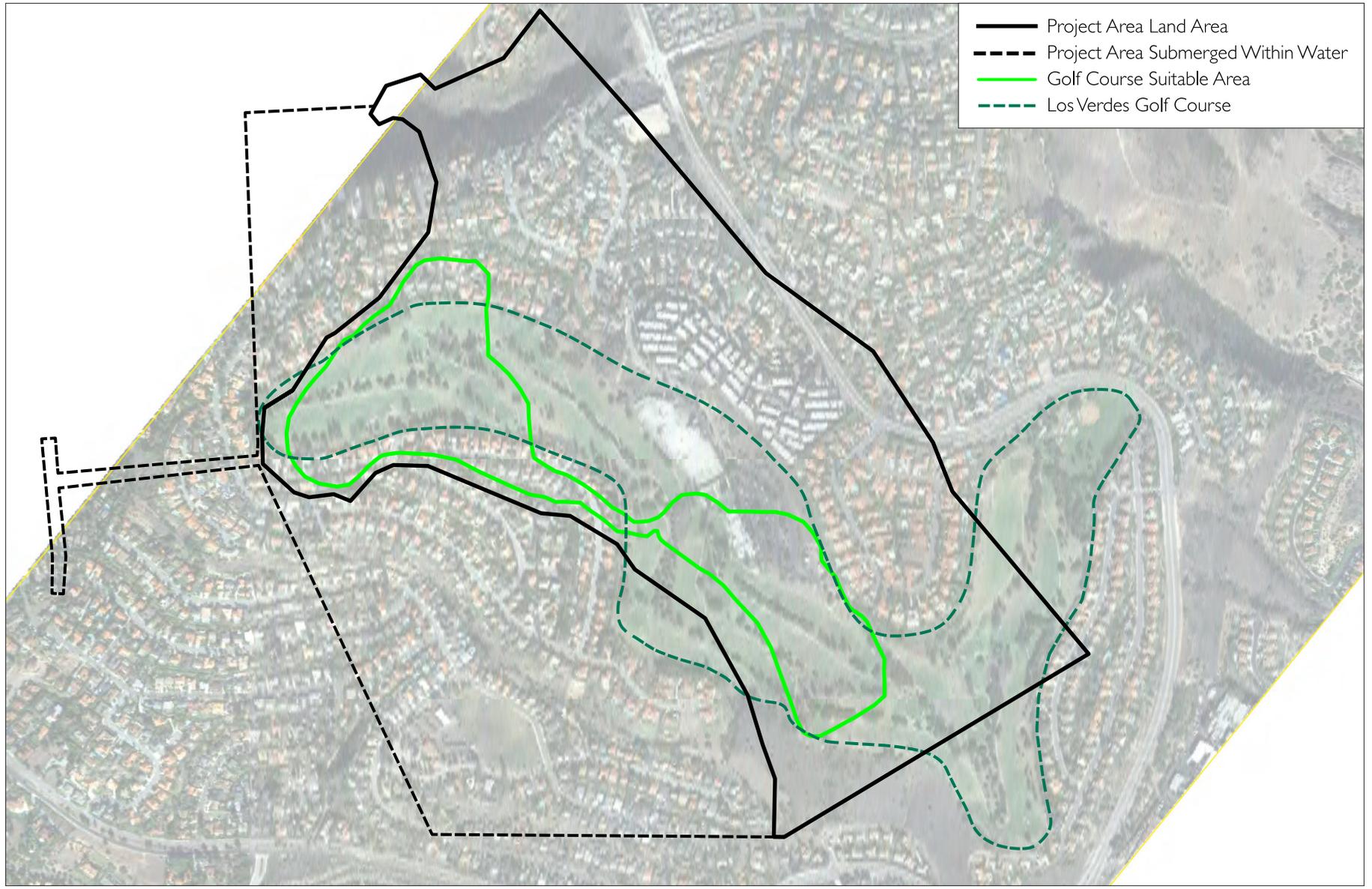


FIGURE 3A

GOLF COURSE SUITABILITY - LOS VERDES GOLF COURSE

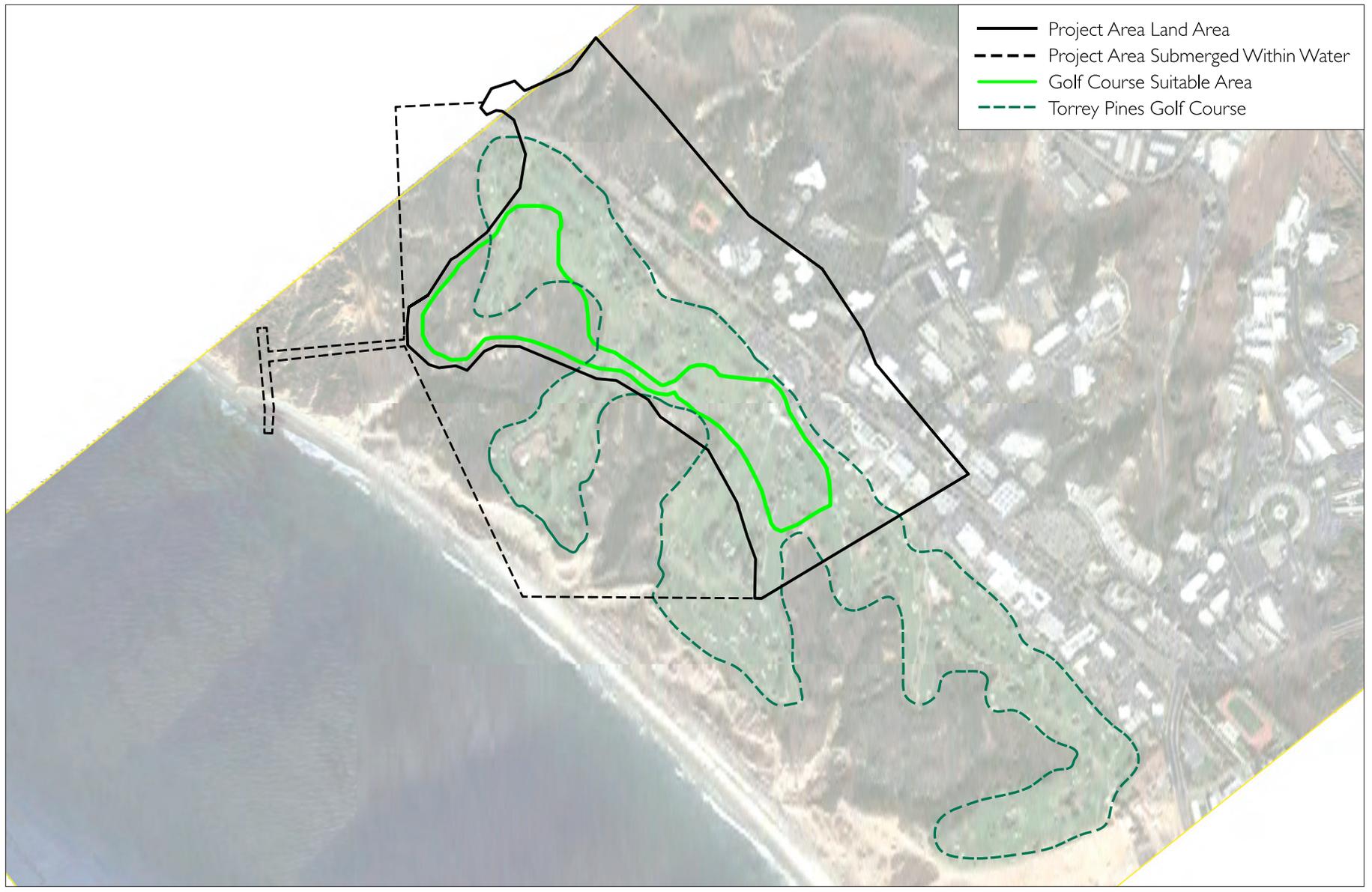


FIGURE 3B

GOLF COURSE SUITABILITY - TORREY PINES GOLF COURSE

generate sufficient revenue to provide for the operation of the trails, parks, and open space, preservation and rehabilitation of historic buildings, and required environmental remediation.

- ◆ **#13a-13c: Industrial/Office Park.** Representatives for LBNL have said that a new LBNL campus will need to accommodate between 750,000 square feet and 2,000,000 square feet² of campus development. As was described in Chapter 2, development of this scale can be accommodated on the Point Molate site. Although an industrial/office park on the Point Molate site would pose competition to other similar facilities in Richmond and would be challenging in the current economic climate, it would be financially feasible in the future when the economy improves. The proposal also meets the Base Reuse Plan's goals, encouraging economic development and a mix of uses, including industrial, retail, and office uses. The industrial/office park would also create jobs and generate sufficient revenue to provide for the operation of the trails, parks, and open space, preservation and rehabilitation of historic buildings, and required environmental remediation.
- ◆ **#18: Green Development.** Although the green development proposal would be challenging in the current economic climate, it is potentially financially feasible when economic conditions improve. In particular, office uses are already experiencing high vacancy in the Richmond area, as well as the Bay Area as a whole; ownership housing is challenging to develop due to reduced demand and difficult financing; and the hotel market in Richmond is untested, particularly without a clear destination in close proximity. This proposal meets the Base Reuse Plan's goals, encouraging economic development and a mix of uses, including residential, retail, office, and public uses. The green development land use alternative facility would create jobs and generate sufficient revenue to provide for the operation of the trails, parks, and open space, preservation and rehabilitation of historic buildings, and the required environmental remediation. Although this proposal is similar to the mixed-use development de-

² The Business Journals, <http://www.bizjournals.com/sanfrancisco/stories/2010/09/13/daily47.html>, accessed October 27, 2010.

scribed in EIR/S Alternative D, it was determined to be unique because it focuses on creating a sustainable, complete community on Point Molate, including transportation, employment, and recreational amenities. This different approach to development distinguished it from Alternative D.

- ◆ **#22: Wildlife Preserve.** The wildlife preserve proposal is potentially feasible if capital and operating costs are borne by a private entity. It should be noted that the Oakland Zoo and San Francisco Zoo both rely heavily on local jurisdictions for on-going operation support. The Oakland Zoo receives 15 percent of its annual budget from the City of Oakland and East Bay Regional Parks District; the San Francisco Zoo receives 20 percent from the City. Due to the limited financial capacity of both these organizations, the analysis assumes that a new private non-profit entity would own and operate the wildlife preserve on the site. This is the model employed by the Fossil Rim Wildlife Center in Glen Rose, Texas, another wildlife park researched for this study. Safari West is a for-profit organization, but it has a separate 501(c)(3) foundation that supports the organization's education and conservation objectives.

This proposal also meets the Base Reuse Plan's goals, encouraging economic development and a mix of uses including retail, commercial, and open space. The wildlife preserve would create jobs and generate sufficient revenue to provide for the operation of the trails, parks, and open space, preservation and rehabilitation of historic buildings, and required environmental remediation.

POINT MOLATE LAND USE ALTERNATIVES
REQUIRED CRITERIA EVALUATION

4 MEASURED CRITERIA EVALUATION

This chapter describes the second-tier evaluation using the measured criteria, which was conducted on four separate proposals, as explained in Chapter 3. The proposals evaluated were:

- ◆ Alternative 4: Medical Cannabis
- ◆ Alternative 13: Industrial/Office Park
- ◆ Alternative 18: Green Development
- ◆ Alternative 22: Wildlife Preserve

Table 2 summarizes the findings from the measured criteria evaluation.

A. *Measured Criteria Assumptions*

This section describes the approach used for each measured criteria.

1. City of Richmond Finances

The financial analysis considers the net revenues that would be generated for the City of Richmond after deducting expected service costs.

The revenue analysis is tailored to the specific development program under each alternative and includes all expected direct revenues to the City (e.g. property taxes, sales taxes, transient occupancy taxes, and utility users taxes).

Costs are calculated on a per-service population basis. Service population is defined as 100 percent of residents plus 50 percent of employees, to account for the fact that residents spend more time within a community and generally generate more revenues from sources such as parking ticket revenues, and require more public services. The City of Richmond 2010-2011 Budget was used as the primary reference for the cost analysis assumptions.

2. Payment for Land

This section analyzed the ability of an alternative to provide payment to the City of Richmond for the value of the land. For Alternatives 4, 13, and 18, BAE prepared a simple static pro-forma that calculates the amount by which

TABLE 2 SUMMARY OF MEASURED CRITERIA ANALYSIS

Criteria	Alternative 4 Medical Cannabis	Alternative 13 Industrial/Office Park	Alternative 18 Green Development	Alternative 22 Wildlife Preserve
1: City Finances	Approx. \$1.3M annual surplus to General Fund. Dependent on tax rate and wholesale value of medical cannabis.	Private development: Surplus of \$164,000 to General Fund. LBNL campus: Assuming no payment in-lieu of taxes by LBNL, expected to have negative impact on General Fund due to absence of property tax revenue. Taking into account "indirect" fiscal impacts would lead to more positive benefits for the City.	Approx. \$1.1M annual surplus to General Fund. TOT from hotel makes up 40% of revenue.	Approx. \$116,000 annual surplus on General Fund.
2: Payment for Land	Supports land value of \$148M to \$439M. Highly dependent on capitalization rate assumed and wholesale value of medical cannabis.*	Private development: Does not support positive land value in foreseeable future. Analysis suggests negative land value on the order of \$200M. Over long term, economic conditions may eventually lead to positive value. LBNL campus: Land value subject to negotiation with City.	Does not support positive land value in foreseeable future. Analysis suggests negative land value on the order of \$200M. Certain elements of development program may be feasible as economy recovers.	Comparable centers do not generate sufficient revenue to cover debt service for a land purchase and other necessary improvements. Therefore, project would rely on individual or organization to purchase the land and construct the facility with cash. At this time, no likely operator/benefactor has been identified.
3: On-site Job Creation	370 jobs	6,800 jobs	1,900 jobs	40 jobs
4: Off-site Job Creation	175 additional jobs in County	4,500 additional jobs in County	1,300 additional jobs in County	24 additional jobs in County
5: Social and Community Services	Up to \$1.3M of additional General Fund revenue.	Up to \$164,000 of additional General Fund revenue.	Up to \$1.1M of additional General Fund revenue.	Up to \$116,000 of additional General Fund revenue.

Source: BAE, 2010.

* The residual land value suggests an income stream available for land payment to be as much as \$148M to \$439M. This amount would exceed the \$50M that Upstream has agreed to pay the City for the land per their negotiated agreement. Alternative 4 could pay for the land as negotiated between the City and Upstream, with excess funds potentially available.

the value of the completed project would exceed total development cost, less land. This dollar amount represents the site's "residual land value," or how much a developer could afford to pay for the property. For Alternative 22, the analysis was based on interviews with comparable wildlife centers, and research into the process of establishing these facilities.

As noted in the attached tables, cost and revenue assumptions were based on published industry sources whenever possible. Costs for site preparation, including infrastructure, earth removal, and other associated costs were estimated by BAE based on information provided by Upstream.¹ In cases where relevant data was unavailable, BAE applied its professional judgment in formulating conservative assumptions, drawing from their 20 plus years of experience in development feasibility analysis throughout the state.

3. On-site Job Creation

On-site job creation estimates were based on job densities at comparable developments. The job projects were based on the building square footage for each alternative. However, the job projections prepared for the DEIS/R alternatives were based on the use of the building and not the building square footage.

4. Off-site Job Creation

For Alternative 4 (Medical Cannabis), off-site job estimates were based on the economic benefits analysis of a comparable medical cannabis facility in Oakland.² The facility is proposed by Agramed, an industrial medical cannabis provider. The analysis of this facility used IMPLAN, an economic input-output model, to estimate off-site job generation.

¹ Upstream provided a preliminary estimate of \$35 million for infrastructure improvements; BAE used a conservative estimate of \$50 million to account for other site preparation activities and costs not yet foreseen by Upstream.

² Industrial Medical Cannabis Cultivation & Manufacturing Facility, Economic Impact Analysis, Oakland, Brion & Associates and Nilsson Consulting, 2010.

For Alternatives 13, 18, and 22, BAE also used IMPLAN to estimate off-site job growth to allow a general comparison between alternatives. BAE used a version of the IMPLAN model that was customized to reflect the economic characteristics of Contra Costa County. Appendix E contains a more detailed overview of IMPLAN and Appendix F describes its assumptions.

5. Social and Community Services

The provision of social and community services is dependent upon City of Richmond General Fund revenues. The more revenue a land use alternative can generate for the City of Richmond, the more money can be directed to social and community services. The 2010-11 City of Richmond budget allocates 5.8 percent of the City's total expenditures, or \$23.7 million, for social and community services, including library and cultural services, parks and recreation, and employment and training services. Although Contra Costa County and other government entities provide social services, such as welfare, mental health, Head Start pre-school programs, and health services, the public comments that provide the basis for this criterion did not closely relate to those types of services. Therefore, they are not evaluated in this section.

DC&E assumed that a portion or the total sum of the net fiscal benefit of each alternative could be used for additional social and community services. The net fiscal benefit represents monies that are in addition to providing base-line services at the same rate currently provided by the City of Richmond. The City could choose to spend a percentage or the total sum of the net fiscal benefit on social and community services. The amount would be a policy choice available to the City.

The land use alternatives were also evaluated based on the social and community services that would be provided within the Point Molate site.

B. Alternative 4: Medical Cannabis

1. City of Richmond Finances

Table 3 outlines the fiscal impact analysis of Alternative 4.

TABLE 3 **ALTERNATIVE 4: MEDICAL CANNABIS FISCAL IMPACT ANALYSIS**

ROW	REVENUES		NOTES
A	Size of Pt Molate Facility (acres)	3.95	Based on Agramed Economic Impact Analysis
B	Size of Cultivation Area (acres)	2.30	Based on Agramed Economic Impact Analysis
C	Marijuana Production (lbs/acre)	9,189	Based on Agramed Economic Impact Analysis
D	Annual Marijuana Production at Pt Molate (lbs)	21,095	Row B x Row C
E	Marijuana Wholesale Value (\$/lb)	\$2,800	Based on Agramed Economic Impact Analysis
F	Gross Annual Revenues	\$59,066,116	Row D x Row E
	Production Tax Rate		
G	Low	1.8%	Based on current City of Oakland tax rate
H	High	5.0%	Proposed rate under Oakland Measure V, Nov 2010.
	Annual Production Taxes to City		
I	Low	\$1,063,190	Row G x Row F
J	High	\$2,953,306	Row I x Row F
K	Non-Production Annual Tax Revenues/Acre	\$103,328	Based on Agramed Economic Impact Analysis
L	Non-Production Annual Tax Revenues	\$407,999	Row A x Row K
M	TOTAL ANNUAL REVENUES, Low Estimate	\$1,471,189	Row I + Row L
	COSTS		
N	New Employees at Pt Molate Facility	370	Based on Agramed Economic Impact Analysis
O	Service Population	185	Row N/2
P	Non-Gen Gov't General Fund Costs/Service Population	\$955	See Appendix C
Q	Non-Gen Gov't General Fund Costs	\$176,687	Row O x Row P
R	Gen Gov't Costs as % of Non-Gen Gov't Costs	8.1%	See Appendix A
S	Gen Gov't Costs	\$14,378	Row Q x Row R
T	TOTAL ANNUAL COSTS	\$191,065	Row Q + Row S
U	NET FISCAL SURPLUS/(DEFICIT), Low Estimate	\$1,280,124	Row M - Row T

Sources:

Industrial Medical Cannabis Cultivation & Manufacturing Facility, Economic Impact Analysis, Oakland, Brion & Associates and Nilsson Consulting, 2010; CA Department of Finance, 2010; BAE, 2010.

Revenues assume an annual production tax on the sale of medical cannabis, as is currently in place in the City of Oakland. Table 3 shows a low and high revenue scenario, depending on the tax level, which ranges from 1.8 percent (current tax in Oakland) to 5 percent (proposed under Oakland Measure V in the November 2010 election). The wholesale value of marijuana is difficult to assess, given the lack of reliable data. This analysis assumes a price of \$2,800 per pound, based on the Agramed Economic Impact Analysis. Interviews with the author of that analysis indicate that this is a conservative figure, as wholesale prices currently exceed \$3,000 per pound. The \$2,800 figure accounts for some diminution in value should expanded supply result in lower overall sales prices.

Assuming the low tax rate of 1.8 percent results in an annual net fiscal surplus of \$1.3 million to the City General Fund. The higher tax rate of 5 percent results in a net surplus of \$3.2 million.

2. Payment for Land

Table 4 summarizes the findings from a residual land value analysis for Alternative 4. As shown, the residual land value suggests an income stream available for land payment to be as much as \$148 million to \$439 million. This amount would exceed the \$50 million that Upstream has agreed to pay the City for the land per their negotiated agreement. Alternative 4 could pay market price for the land, which would have to be established through an appraisal process based on comparable properties and a residual land value calculated following more complete economic study.

This analysis assigns the total value of allowing medical cannabis uses in Richmond to the Point Molate property. However, the Point Molate site is not unique, and there are likely other industrial sites within Richmond that could accommodate a large-scale medical cannabis facility. Moreover, Point Molate offers amenities such as views and an attractive natural setting that may be more valuable and well-suited to other uses. If the City of Richmond makes a policy decision to permit medical cannabis at Point Molate, the value shown in Table 4 would be associated with this decision.

TABLE 4 **ALTERNATIVE 4: MEDICAL CANNABIS RESIDUAL LAND VALUE ANALYSIS**

ROW	DEVELOPMENT PROGRAM		NOTES
A	Size of Pt Molate Facility (sq ft)	172,000	Based on Agramed Economic Impact Analysis
DEVELOPMENT COSTS			
B	Construction Costs/Square Foot	\$300	BAE estimate, based on information from Presidio Trust.
C	Total Construction Costs	\$51,600,000	Row A x Row B
D	On- and Off-site Costs, Infrastructure	\$50,000,000	BAE estimate, based on prelimin. info. from Upstream LLC
E	Total Hard Costs	\$101,600,000	Row C + Row D
F	Soft and Financing Costs (as % of Hard Costs)	30%	BAE estimate, based on industry standards
G	Fees (as % of Hard Costs)	10%	BAE estimate, based on industry standards
H	Total Hard and Soft Costs	\$142,240,000	Rows F and G applied to Row E
J	Developer Fee (as % of Total Development Cost)	10%	BAE estimate, based on industry standards
K	Total Development Cost	\$156,464,000	Row H x (1+Row J)
REVENUE			
L	Gross Annual Revenues - Marijuana Sales	\$59,066,116	Based on Agramed Economic Impact Analysis. See Table 3.
M	Gross Annual Revenues - Other Sales	\$1,000,000	Based on Agramed Economic Impact Analysis
N	Total Gross Annual Revenue	\$60,066,116	Row L + Row M
O	Less Operating Costs	(\$31,000,000)	Based on Agramed Economic Impact Analysis
P	Net Operating Income	\$29,066,116	Row N + Row O
Capitalization Rate			
Q	Low Value	10.0%	BAE estimate
R	Medium Value	8.0%	BAE estimate
S	High Value	5.0%	BAE estimate
Value of Development			
T	Low Value	\$290,661,160	Row P / Row Q
U	Medium Value	\$363,326,450	Row P / Row R
V	High Value	\$581,322,320	Row P / Row S
RESIDUAL LAND VALUE			
W	Low	\$148,421,160	Row T - Row K
X	Medium	\$221,086,450	Row U - Row K
Y	High	\$439,082,320	Row V - Row K

Sources:

Industrial Medical Cannabis Cultivation & Manufacturing Facility, Economic Impact Analysis, Oakland, Brion & Associates and Nilsson Consulting, 2010; BAE, 2010.

It is important to note that this land value is highly sensitive to the wholesale value of medical cannabis. The \$2,800 per pound value is conservative under today's wholesale price for cannabis. However, even if the value dropped, for example, by an additional \$500 per pound, there would still be substantial income created by the proposal, up to \$370 million.

3. On-site Job Creation

Based on the values used in Agramed Economic Impact Analysis, it appears that Alternative 4 would support approximately 370 jobs on-site. These jobs include those associated with the grow facility, the laboratory, manufacturing, bakery, and retail space.

4. Off-site Job Creation

Alternative 4 would support 175 jobs in the County, in addition to the 370 on-site jobs. Altogether, this alternative supports a total of 545 jobs.

5. Social and Community Services

Alternative 4 could generate up to \$1.3 million dollars in General Fund revenue for additional social and community services. This alternative would not provide any additional social and community services at Point Molate.

C. Alternative 13: Industrial/Office Park

1. City of Richmond Finances

As shown in Table 5, a private industrial park would have a neutral to slightly positive impact on the City General Fund. The analysis shows a slight annual surplus of \$164,000. Taking into account the conservative assumptions of this analysis, particularly on the cost side, this finding can be considered a net positive fiscal impact.

In contrast, an LBNL campus of the same dimensions would have a negative fiscal impact on the City General Fund, assuming no in-lieu payments of taxes are provided to the City by LBNL. This negative fiscal impact would occur because the Lab is a federal entity that would not be subject to property

TABLE 5 ALTERNATIVE 13: INDUSTRIAL/OFFICE PARK FISCAL IMPACT ANALYSIS

ROW REVENUES				NOTES
A	Office/R&D Space (sqft)		2,054,000	DC&E development program
B	Property Value (\$/sqft)		\$250	Based on Cassidy Turner/BT Commercial Q2 2010 Investment Report
C	Assessed Value		\$513,500,000	Row A x Row B
D	City Apportionment of 1% Property Tax Post-ERAF		29%	Contra Costa County Auditor-Controller Office
E	Annual Property Tax Revenue		\$1,489,150	Row C x Row D x 1%
F	Employees at Facility		6,847	See Appendix C
G	Work Days Per Employee/Year		250	
H	Average Daily Expenditures		\$15	Based on ICSC, <i>Office Worker Retail Spending Patterns</i> , 2004.
I	Employee-Generated Retail Sales in Richmond		\$25,675,000	Row F x G x H
J	B2B Sales per sqft		\$50	Based on data from comparable office parks
K	Annual Taxable B2B Sales		\$102,700,000	Row J x Row A
L	Annual Sales Tax Revenue		\$1,283,750	(Row I + Row K) x 1%
M	Assessed Value		\$513,500,000	Row A x Row B
N	Annual Commercial Turnover Rate		5%	Assumes one twentieth of commercial spaces turn over per year.
O	Transfer Tax Rate Per \$1,000 in Value		\$7.00	Transfer tax rate is \$8.10/\$1,000 in value, of which \$7/\$1,000 apportioned to Cit
P	Annual Property Transfer Tax Revenue		\$179,725	Product of rows above
		Revenue per	Estimated	
		Service Population	Revenue (a)	
Q	Utility User Taxes (b)	\$0.19	\$395,395	See Appendix C
R	Fines and Forfeitures	\$2.38	\$8,153	"
S	Charges for Services	\$7.43	\$25,439	"
T	Other Taxes	\$61.21	\$209,542	"
U	Licenses & Permits	\$31.80	\$108,861	"
V	Subtotal		\$747,390	Sum of Rows Q to U
W	Total Revenues		\$3,700,015	Row E+L+P+V
	COSTS			
		Cost per	Estimated	
		Service Population	Cost (a)	
X	Public Works	\$94.54	\$323,657	See Appendix C
Y	Planning & Building	\$3.07	\$10,506	"
Z	Library & Cultural	\$49.36	\$168,966	"
AA	Recreation	\$53.89	\$184,485	"
AB	Fire	\$227.69	\$779,444	"
AC	Police	\$509.31	\$1,743,532	"
AD	Office of Neighborhood Safety	\$17.21	\$58,916	"
AE	Subtotal		\$3,269,507	Sum of Rows X to AD
		As % of	Estimated	
		Other Costs	Cost	
AF	General Government	8.1%	\$266,065	See Appendix C
AG	Total Costs		\$3,535,571	Row AE + AF
AH	NET FISCAL SURPLUS/(DEFICIT)		\$164,444	Row W - Row AG

Notes:

- (a) Assumed service population at facility: 3,423 See Appendix D
 - (b) Utility user tax calculated on a per commercial square footage basis rather than on service population.
- Sources: City of Richmond FY 2010-2011 Budget; ICSC, 2004; Cassidy Turner/BT Commercial, 2010; BAE, 2010.

taxes, which represent approximately 40 percent of revenue to the City under the private industrial park scenario.

In reviewing these findings, it is important to note that the methodology is conservative, looking exclusively at the direct fiscal impacts of the development program. Taking into account “indirect” fiscal impacts would lead to more positive benefits for the City. For example, LBNL reports that 669 full-time and 332 part-time employees reside in Berkeley, Emeryville, and Walnut Creek combined. The Lab pays a total payroll of \$74.5 million to these residents,³ who spend money in their respective cities, generating additional indirect fiscal benefits in the form of sales taxes, utility users taxes, and other revenues. Additionally, the presence of a major employer such as LBNL or other tenants of an industrial park can support higher residential values, since employees may choose to live near their place of work. This housing demand from staff can contribute to the local property tax base. Finally, out-of-town visitors to an industrial park or LBNL could supplement the local tax base through hotel stays which generate transient occupancy tax revenue, thereby further adding to the indirect fiscal benefits.

2. Payment for Land

As shown in Table 6, Alternative 13 generates a negative residual land value, indicating that a developer would not be able to pay the City for the land. As economic conditions improve over time, development economics may change to support a positive land value for an industrial park at Point Molate. However, given the site’s limited access, distance from amenities, the City’s historically soft market for Class A office tenants, and the high cost of development on the site, a speculative industrial park of this size is likely to remain a challenging prospect for the foreseeable future.

At this point, the ability of LBNL to pay for land at Point Molate is difficult to assess. LBNL’s plan to expand and consolidate its facilities remains at a nascent stage. In theory, LBNL would be asked to pay market value for the

³ Lawrence Berkeley National Laboratory, Economic Impact Study. CBRE Consulting. March 2010.

TABLE 6 **ALTERNATIVE 13: INDUSTRIAL/OFFICE PARK RESIDUAL LAND VALUE ANALYSIS**

ROW DEVELOPMENT PROGRAM			NOTES
A	Size of Pt Molate Facility (sq ft)	2,054,000	See Appendix D
B	Parking Spaces (structured)	5,925	DC&E estimate based on City parking standards
DEVELOPMENT COSTS			
C	Construction Costs/Square Foot	\$170	BAE estimate, based on RS Means Square Foot Costs
D	Total Construction Costs	\$349,180,000	Row C x Row A
E	On- and Off-site Costs, Infrastructure	\$50,000,000	BAE estimate, based on prelimin. info. from Upstream LLC
F	Parking Costs per Stall	\$25,000	BAE estimate
G	Total Parking Costs	\$148,125,000	Row B x Row F
H	Total Hard Costs	\$547,305,000	Row D + E + G
I	Soft and Financing Costs (as % of Hard Costs)	30%	BAE estimate, based on industry standards
J	Fees (as % of Hard Costs)	10%	BAE estimate, based on industry standards
K	Total Hard and Soft Costs	\$766,227,000	Rows I and J applied to Row H
L	Developer Fee (as % of Total Development Cost)	10%	BAE estimate, based on industry standards
M	Total Development Cost	\$842,849,700	Row L applied to Row K
REVENUE			
N	Lease Rate (monthly/sq ft NNN)	\$2.50	Cassidy Turner/BT Commercial Q2 2010 East Bay Office Report
O	Gross Annual Operating Income	\$61,620,000	Row N x Row A x 12 months
P	Less Operating Costs	2%	BAE estimate, based on industry standards
Q	Less Vacancy	15%	BAE estimate
R	Annual NOI	\$51,144,600	Row P and Q applied to Row O
S	Cap Rate	8%	Cassidy Turner/BT Commercial Q2 2010 Investment Report
T	Capitalized Value	\$639,307,500	Row R / Row S
U	RESIDUAL LAND VALUE	(\$203,542,200)	Row T - Row M

Sources:

Cassidy Turner/BT Commercial, 2010; RS Means, 2010; BAE, 2010.

property. This price would be subject to negotiation between LBNL and the City. It is likely that LBNL would seek to pay a relatively low land value, given the high costs of developing the site.

3. On-site Job Creation

Assuming one employee per 300 square feet of building, the 2.05 million square feet in Alternative 13 would generate approximately 6,800 jobs at Point Molate.

4. Off-site Job Creation

Alternative 13 would support 4,500 jobs in the County, in addition to the 6,800 on-site jobs.

5. Social and Community Services

Alternative 13 could generate up to \$164,000 in General Fund revenue for City of Richmond social and community services. This alternative would not provide any additional social and community services on the Point Molate site.

D. Alternative 18: Green Development

1. City of Richmond Finances

Table 7 shows that Alternative 18 would generate a fiscal surplus of approximately \$1.1 million at buildout for the City General Fund. Transient occupancy tax (TOT) revenues generated by the 300-room hotel make up a major portion of total revenues at 40 percent, and are largely responsible for the strong fiscal performance of this development scenario.

2. Payment for Land

Table 8 indicates that Alternative 18 would generate a negative residual land value, which means that a developer would probably not be able to pay the City of Richmond for the land if this alternative were implemented. This finding is largely due to the high cost of development in Point Molate, relative to the value for each use proposed in the alternative. As noted with

POINT MOLATE LAND USE ALTERNATIVES
MEASURED CRITERIA EVALUATION

TABLE 7 **ALTERNATIVE 18: GREEN DEVELOPMENT FISCAL IMPACT ANALYSIS**

REVENUES					
ROW	PROPERTY TAXES	Quantity	Unit	Per Unit Value	Assessed Value
A	Retail	94,530	sqft	\$200	\$18,906,000
B	Office/R&D Space	458,580	sqft	\$250	\$114,645,000
C	Regional Parklands	13	acres	\$0	\$0
D	Religious Institutions	21,000	sqft	\$0	\$0
E	Hotel	300	rooms	\$60,000	\$18,000,000
F	Plant Nursery	66,000	sqft	\$100	\$6,600,000
G	Housing	340	units	\$425,000	\$144,500,000
H	Total Assessed Value				\$302,651,000
I	Total Assessed Value in Pt Molate			\$302,651,000	Row H
J	City Apportionment of 1% Property Tax Post-ERAF			29%	Contra Costa Co Auditor-Controller Office
K	Annual Property Tax Revenue			\$877,688	Row I x Row J x 1%
SALES TAXES					
L	2008 Contra Costa County Taxable Retail Sales (\$1000s)		\$9,484,307		CA State Board of Equalization
M	2008 Contra Costa County Population		1,048,185		CA Department of Finance
N	2008 Contra Costa County Per Capita Retail Sales		\$9,048		Row L/Row M
O	Estimated Resident Expenditures in Richmond, outside of Pt Molate		25%		BAE estimate
P	Estimated Per Resident Taxable Retail Sales		\$2,262		Row N x Row O
Q	Point Molate Residents		748		See Appendix B
R	Taxable Retail Sales in Richmond by Pt Molate Residents		\$1,692,035		Row P x Row Q
S	Taxable Sales/sqft in Pt Molate Retail Space		\$300		Based on sales at comparable stores
T	Occupancy Rate		90%		BAE estimate
U	Taxable Retail Sales from Pt Molate Retail		\$25,523,100		Row S x Row T x retail sqft in Pt Molate
V	B2B Sales per sqft		\$50		Based on data from comparable office parks
W	Annual Taxable B2B Sales		\$22,929,000		Row V x Office/R&D sqft
X	Total Taxable Sales		\$50,144,135		Row R + Row U + Row W
Y	Sales Tax Revenue to City		\$501,441		Row X x 1%
TRANSIENT OCCUPANCY TAX					
Z	# of Rooms		300		See Appendix D
AA	Average Nightly Rate		\$150		BAE estimate
AB	Occupancy Rate		70%		Industry standard estimate
AC	TOT Rate		10%		City of Richmond
AD	TOT to City		\$1,149,750		Product of rows above x 365 days
ADDITIONAL REVENUES					
AE	Motor Vehicle In-Lieu Fees		\$3.41	\$2,549	See Appendix C, Appendix D
AF	Utility User Taxes				
AG	Households	\$200.00		\$68,000	See Appendix C
AH	Commercial	\$0.19		\$110,516	"
AI	Hotel	\$1,341.38		\$28,169	"
AJ	Fines and Forfeitures	\$2.38		\$4,074	"
AK	Charges for Services	\$7.43		\$12,710	"
AL	Other Taxes (net of TOT)	\$55.91		\$95,625	"
AM	Licenses & Permits	\$31.80		\$54,392	"
AN	Subtotal Additional Revenues			\$376,035	Sum of rows above
AO	TOTAL REVENUES			\$2,904,914	Row K + R + Y + AD + AN
COSTS					
		Cost per Service Population	Estimated Cost (b)		
AP	Public Works	\$94.54	\$161,712		See Appendix C
AQ	Planning & Building	\$3.07	\$5,249		"
AR	Library & Cultural	\$49.36	\$84,423		"
AS	Recreation	\$53.89	\$92,177		"
AT	Fire	\$227.69	\$389,443		"
AU	Police	\$509.31	\$871,142		"
AV	Office of Neighborhood Safety	\$17.21	\$29,437		"
AW	Subtotal		\$1,633,583		Sum of rows above
		As % of Other Costs	Estimated Cost		
AX	General Government	8.1%	\$132,937		Appendix C
AY	TOTAL COSTS		\$1,766,521		Row AW + AX
AZ	NET FISCAL SURPLUS/(DEFICIT)		\$1,138,393		Row AO - Row AY (Total Costs)

Notes:

(a) Assumed service population at facility: 1,710 See Appendix D
Sources: City of Richmond FY 2010-2011 Budget; ICSC, 2004; Cassidy Turner/BT Commercial, 2010; BAE, 2010.

POINT MOLATE LAND USE ALTERNATIVES
MEASURED CRITERIA EVALUATION

TABLE 8 ALTERNATIVE 18: GREEN DEVELOPMENT RESIDUAL LAND VALUE ANALYSIS

COSTS						
	Quantity	Unit	Construction Cost/Unit	Construction Cost	Notes	
Retail	94,530	sqft	\$150	\$14,179,500	RS Means Square Foot Costs	
Office/R&D Space	458,580	sqft	\$170	\$77,958,600	RS Means Square Foot Costs	
Regional Parklands	13	acres	\$560,000	\$7,037,552	Based on Tom Bates Sports Complex	
Religious Institutions	21,000	sqft	\$165	\$3,465,000	RS Means Square Foot Costs	
Hotel	300	rooms	\$140,000	\$42,000,000	HVS Hotel Development Cost Survey, 2008	
Plant Nursery	66,000	sqft	\$50	\$3,300,000	BAE estimate	
Housing	340	units	\$350,000	\$119,000,000	BAE estimate	
Parking Structure	2,350	spaces	\$25,000	\$58,750,000	BAE estimate	
Total Construction Costs				\$325,690,652		
On- and Off-Site Costs, Infrastructure				\$50,000,000	BAE estimate, based on prelimin. info. from Upstream LLC	
Soft and Financing Costs (as % of Hard Costs)				30%	BAE estimate, based on industry standards	
Fees (as % of Hard Costs)				10%	BAE estimate, based on industry standards	
Total Hard and Soft Costs				\$525,966,913		
Developer Fee (as % of Total Development Cost)				10%	BAE estimate, based on industry standards	
Total Development Cost				\$578,563,604	Total Hard and Soft Costs + Developer Fee	
REVENUE						
	Per Unit Revenue	Unit	Gross Revenue	Net Operating Income (a)	Capitalized Value (a)	
Retail	\$2.00	NNN/sf/month	\$2,268,720	\$2,001,011	\$22,233,456	Capitalized Value = NOI/Cap Rate (see Notes)
Office/R&D Space	\$2.50	NNN/sf/month	\$13,757,400	\$11,459,914	\$143,248,928	"
Religious Institutions	\$1.00	NNN/sf/month	\$252,000	\$252,000	\$2,520,000	"
Hotel	\$150	Avg Daily Rate	\$16,425,000	\$2,874,375	\$28,743,750	"
Plant Nursery	\$1.25	NNN/sf/month	\$990,000	\$990,000	\$12,375,000	"
	Per Unit Revenue		Gross Revenue	Marketing Costs	Net Sales Revenue	
Housing	\$425,000	per unit	\$144,500,000	5%	\$137,275,000	Net Sales Revenue = Gross Revenue - Marketing Costs
Total Revenue					\$346,396,134	Capitalized Value + Net Sales Revenue
RESIDUAL LAND VALUE					(\$232,167,470)	Total Revenue - Total Development Cost

Notes:

(a) Based on following:

	Operating Costs	Occupancy Rate	Cap Rate	Notes
Retail	2%	90%	9%	Terranomics Contra Costa Shopping Ctrs Report Mid-Year 2010; BT Commercial Investment Report
Office/R&D Space	2%	85%	8%	Cassidy Turner/BT Commercial East Bay Office Report and Investment Report, Q2 2010
Religious Institutions	0%	100%	10%	BAE estimate
Hotel	75%	70%	10%	PKF Consulting for Operating Costs; Korpacz Real Estate Investor Survey, 2009 for Cap Rate.
Plant Nursery	0%	100%	8%	BAE estimate

Sources: Cassidy Turner/BT Commercial, 2010; RS Means, 2010; Terranomics, 2010; HVS Consulting and Valuation, 2010; City of Berkeley, 2010; BAE, 2010.

Alternative 13, economic conditions may eventually improve to the point where the project may create a positive land value.

3. On-site Job Creation

To estimate the number of jobs created for Alternative 18, BAE used the following assumptions:

- ◆ One employee per 350 square feet of building for the 94,530 square feet of retail.
- ◆ One employee per 300 square feet of building for the 458,580 square feet of office/R&D.
- ◆ One employee per 3 acres of parklands for the 13 acres of parks.
- ◆ One employee per 5,000 square feet of building for the 21,000 square feet of religious institutions.
- ◆ 0.35 employees per room for a 300-room hotel.
- ◆ One employee per 5,000 square feet of building for a 66,000 square feet plant nursery.

Using these assumptions, Alternative 18 would generate approximately 1,900 jobs at Point Molate.

4. Off-site Job Creation

Alternative 18 would support 1,300 jobs in the County, in addition to the 1,900 on-site jobs. Altogether, this alternative supports a total of 3,200 jobs.

5. Social and Community Services

Alternative 18 could generate up to \$1.1 million dollars in General Fund revenue for social and community services.

In addition to the funding provided by this alternative for social and community services, this Alternative includes the following features that benefit the Richmond community:

- ◆ Sports park

- ◆ Community gardens
- ◆ Educational facilities

E. Alternative 22: Wildlife Preserve

1. City of Richmond Finances

As shown in Table 9, Alternative 22 would generate a slight fiscal surplus of approximately \$116,000 annually to the City's General Fund. As with Alternative 18, TOT revenues account for the positive fiscal performance of this alternative.

2. Payment for Land

To understand the ability of a wildlife center to pay the City for land at Point Molate, BAE profiled Safari West in Santa Rosa and the Fossil Rim Wildlife Center in Glen Rose, Texas. These two successful examples of wildlife centers were both founded by affluent individuals with the resources to purchase land, install the necessary improvements, and assemble the wildlife collection, all of which represent a significant capital investment. These operations were originally established as personal interests, rather than business enterprises. Since their inception, both organizations have expanded their activities to include a visitor-serving component, as well as education and conservation activities.

Interviews with directors at these parks found that ticket sales, lodging, food sales, donations, and gift store sales can cover on-going expenses, if managed properly. However, little to no margin remains for debt service. In fact, the Fossil Rim Wildlife Center struggled for many years to remain viable, and was continually subsidized by its owners. Only in the last five to seven years, under a new Executive Director, has it managed to achieve financial self-sufficiency. Moreover, securing financing for such an unusual, capital-intensive, and risky venture would be difficult at best, especially in the current economic climate. In addition, this would have a negative residual land value, which would have to be borne by an owner or organization supporting the wildlife preserve. Therefore, barring a major contribution from a

TABLE 9 **ALTERNATIVE 22: WILDLIFE PRESERVE FISCAL IMPACT ANALYSIS**

ROW	REVENUES			NOTES
A	Size of Gift Store (sqft)		1,000	BAE estimate
B	Taxable Sales per Sq. Ft.		\$250	Based on sales at comparable stores
C	Total Taxable Sales		\$250,000	Row A x Row B
D	<i>Sales Taxes to City</i>		\$2,500	1% of Row C
E	Size of Restaurant (sqft)		2,000	BAE estimate
F	Taxable Sales per Sq. Ft.		\$300	Based on sales at comparable stores
G	Total Taxable Sales		\$600,000	Row E x Row F
H	<i>Sales Taxes to City</i>		\$6,000	1% of Row G
J	Number of Lodging Rooms		20	BAE estimate based on Safari West
K	Average Occupancy		70%	Industry standard estimate
L	Average Nightly Rate		\$250	BAE estimate based on Safari West
M	Transient Occupancy Tax Rate		10%	City of Richmond
N	<i>TOT Revenue to City</i>		\$127,750	Product of Rows J to M x 365 days
O	Total Revenues		\$136,250	Row D + Row H + Row N
COSTS				
		Cost per	Estimated	
		Service Population	Cost (a)	Notes
P	Public Works	\$94.54	\$1,891	See Appendix C
Q	Planning & Building	\$3.07	\$61	"
R	Library & Cultural	\$49.36	\$987	"
S	Recreation	\$53.89	\$1,078	"
T	Fire	\$227.69	\$4,554	"
U	Police	\$509.31	\$10,186	"
V	Office of Neighborhood Safety	\$17.21	\$344	"
W	<i>Subtotal</i>		\$19,101	
		As % of	Estimated	
		Other Costs	Cost	
X	General Government	8%	\$1,554	See Appendix C
Y	Total Costs		\$20,656	Row W + Row X
Z	NET FISCAL SURPLUS/(DEFICIT)		\$115,594	Row O - Row Y

Notes:

(a) Assumed service population at facility: 20 Based on employment at Safari West.

Sources: City of Richmond FY 2010-2011 Budget; HdL Retail Store Taxable Sales Estimates; Dollars and Cents of Shopping Centers, 2008, ULI; BAE, 2010.

motivated individual or an extensive capital campaign spearheaded by an organized group, it can be assumed that a wildlife preserve would be unable to pay for land at Point Molate.

3. On-site Job Creation

Based on research and interviews with Safari West and the Fossil Rim Wildlife Center, a wildlife preserve of the scale proposed in Point Molate would be expected to have 30 to 50 employees on-site.⁴ These include staff associated with the lodging facilities, restaurant, educational services, maintenance, administration, and animal care.

4. Off-site Job Creation

Alternative 18 would support 24 jobs in the County, in addition to the 40 on-site jobs. Altogether, this alternative supports a total of 64 jobs.

5. Social and Community Services

Alternative 22 could generate up to \$63,800 in General Fund revenue for social and community services.

In addition to the funding provided by the proposal for social and community services, this Alternative includes the following features that benefit the Richmond community:

- ◆ Education about wildlife
- ◆ Private recreation

⁴ For the purposes of this analysis, 40 employees are assumed at Point Molate facility.

5 CONCLUSION

Of the 28 submittals, nine proposals, of which five were similar in nature and analyzed together as Alternative 13, met all the required criteria and advanced to the measured criteria evaluation. Therefore, four land use alternatives were analyzed according to the measured criteria. The following conclusions can be made about the four measured alternatives:

- ◆ Only Alternative 4 Medical Cannabis would result in an ability to pay market price for the Point Molate property. This is assuming that the City of Richmond made a policy decision to support the assignment of the full value of approving medical cannabis to the property. However, the Point Molate site is not uniquely suited to cannabis production and there are likely other industrial sites within Richmond that could accommodate a large-scale medical cannabis facility. Moreover, Point Molate offers amenities such as views and an attractive natural setting that may be more valuable and well-suited to other uses. Finally, since medical cannabis is illegal under federal law, the viability of this alternative is questionable.
- ◆ Although Alternative 13 Industrial Park and Alternative 18 Green Development do not support a positive land value given current economic conditions, these alternatives could become financially feasible in the future as the economy improves. The timing of this potential future feasibility is uncertain, but is likely to be prolonged, given the slow economic recovery, the large amount of vacant commercial space in the region, and the need for high lease rates to support the cost of improving Point Molate's access and infrastructure.
- ◆ Alternative 22 Wildlife Preserve would generate insufficient revenue to cover the land purchase and would only be feasible if a wealthy individual or organization provided funding for the purchase of the land and constructed the facility with cash.

POINT MOLATE LAND USE ALTERNATIVES
CONCLUSION