



ALAMEDA COUNTY COMMUNITY DEVELOPMENT AGENCY

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MEMORANDUM

DATE: June 1, 2017

TO: Castro Valley Municipal Advisory Council

FROM: Eileen Dalton, Director, Economic & Civic Development Dept.

SUBJECT: Responses to Request for Interest/Development Concept for 3295 Castro Valley Boulevard - The Daughtrey Building

Background

On March 1 of this year, the Economic & Civic Development Department (ECD) sent out the Request for Interest/Development Concept (RFI) to solicit development concepts for the former Daughtrey Department Store. The RFI, which reflected the MAC's feedback and guidance from its February 22nd meeting, articulated the following key goals for this catalyst site:

- Development project that offers upscale, high-quality restaurant(s), food-related and retail uses offering new, unique choices
- A catalyst project that will attract new customers, shoppers and diners to downtown Castro Valley
- A project that incorporates the new paseo with opportunities for outdoor dining
- Delivers a transformative design and outstanding architecture
- A highly qualified development team with the vision, experience, and financial capability to deliver an outstanding project
- Experience with public/private partnerships and extensive outreach and public engagement
- Generates new sales and property tax revenues

Responses to the RFI

Six responses successfully met the basic RFI criteria by the March 24th deadline and were invited to the Selection Committee's May 10th and May 12th interviews. Three MAC members (Marc Crawford, Chair, Ken Carbone and Sheila Cunha) and four County staff served on the Selection Committee (Eileen Dalton and Susan McCue with ECD, Sonia Urzua with the Planning Department, and Stuart Cook with the County's Surplus Property Authority).

Based upon its interviews with each of the six development teams, the Selection Committee ranked Main Street Properties first, Bay Area Urban second, and

Alikian/Samson Properties third, and invited these three top-ranked teams to present their proposals during the special June 1st MAC meeting.

The Selection Committee heavily weighted a developer's ability to deliver a contingent-free project. Contingent-free means that a project meets the current zoning for the Daughtrey Building, has secured tenants (as opposed to uses) for a significant amount of the building's square footage, has the funding in place or lending commitments to successfully complete the project, and is able to park the project under the provisions of the current Shared Parking Agreement.

Because the Shared Parking Agreement did not anticipate residential units in the Daughtrey Building, residential (overnight) parking and/or removal of any spaces would require an amendment to the Shared Parking Agreement. The Bay Area Urban proposal would require overnight parking for its residential units, while the Alikian/Samson proposal would require the removal of parking spaces at the rear of the building in order to access the basement parking. To amend the Shared Parking Agreement, a developer would have to try to secure concurrence from the four property owners that are party to the Shared Parking Agreement.

Likewise, the Selection Committee carefully weighted each team's financial capacity to deliver a fully built-out project. Because of the confidential nature of this highly personal financial information, ECD's consultant, ALH Regional Economics, vetted this information and briefed the Selection Committee on their findings.

On May 23rd, the six responsive proposals were posted to ECD's website, along with power point presentations that the three top-ranked teams had shared with the Selection Committee during the interviews. Also posted to the ECD website were an overview of the RFI process and opportunities for public input, including this evening's special MAC meeting.

The Selection Committee's Evaluation Criteria

The Selection Committee ranked the six proposals using the following criteria:

- Development Concept – how well does the proposal conform to concept desired by the community for upscale, high-quality restaurant, food-related and retail uses offering new and unique choices
- Project Goals – how well does the project meet the RFI goals for a catalyst project
- Experience with Public/Private Process – how much experience with other public/private projects, particularly working with the local community
- Development Experience – how strong is the development experience with similar projects
- Architecture/Design – is the architecture outstanding, is the design transformative and does it incorporate the new paseo

- Development Schedule – is the proposed schedule reasonable
- Proposer’s Financial Capacity – how strong is the developer’s financial capacity to deliver

Summary of the Selection Committee’s Three Top-ranked RFI Submittals

#1 – Main Street Properties

This retail-only project features a 24,000 square feet “department store of food” and utilizes the ground floor, second floor mezzanine, and basement. Ground floor tenants are oriented to the new paseo, and include the Castro Valley Marketplace, an organic specialty grocer offering a deli with prepared foods and currently operating in Alameda as the Alameda Marketplace, and stalls and kiosks featuring artisan cheese, wine, fish, meat, poultry, gelato/chocolate, and sushi merchants, plus a florist, a juice bar, coffee, and a bakery/café with outdoor dining on the paseo. The second floor/mezzanine features a cooking school, yoga/pilates studio, a cookware shop and salon/spa. Blind Tiger, a popular Oakland-based restaurant, would use part of the basement for a new Castro Valley Speakeasy restaurant specializing in cocktails and tapas plates. The overall project meets the parking requirement through the shared parking lot currently under construction.

The Alameda Marketplace and the Blind Tiger restaurant are both development partners and secured tenants. Main Street Properties received a 97% score from the Selection Committee.

#2 – Bay Area Urban

Bay Area Urban (BAU) is proposing a mixed-use project featuring 8,750 square feet of retail and a 2,500 square foot courtyard on the ground floor, and nine market-rate residential rental units on the second floor. Proposed retail tenants include the Mexican Restaurant (currently operating in Hayward), the CV Taphouse serving craft beers and cider, and Journey Coffee Co. The basement would be used for office space and storage. The Mexican Restaurant, CV Taphouse, and Journey Coffee would all enjoy use of the interior landscaped courtyard, as well as access to the paseo. BAU is proposing that the residential units park in the shared parking lot which would require an amendment to the Shared Parking Plan. Basement storage for non-tenant use would require some type of land use amendment as well.

The three proposed tenants have a commitment to lease space in the building. BAU received a 79% score from the Selection Committee.

#3 – Alikian/Samson Properties

Alikian/Samson Properties is proposing a mixed-use project with 11,000 to 12,000 square feet of ground floor retail, including an unnamed restaurant and wine bar, Henry’s Coffee and 3 unnamed retail spaces. The second floor would feature 12 to 14 market-rate rental residential units, with an additional 8 for-rent residential units on the third floor. A restaurant and wine bar would enjoy

direct access to the paseo and outdoor seating along the Castro Valley Boulevard frontage is proposed to enliven the street. Residential parking is proposed in the basement level and would require an amendment to the Shared Parking Agreement due to the elimination of several parking spots to access the basement parking. With the exception of Henry's Coffee, the developer does not have commitments for the other food and retail uses. Alikian/Samson Properties received a 67% score from the Selection Committee.

Next Steps

It is expected that the MAC will recommend a "preferred developer" this evening following the development teams' presentations, public input, and discussion by the MAC members.

Following the MAC's recommendation, ECD would then negotiate an Exclusive Right to Negotiate (ERNA) with the preferred developer for consideration by the Board of Supervisors. The ERNA is the basis for a Disposition and Development Agreement (DDA) which would set forth the terms and conditions for development of, and ultimately, sale of the property.

There will be numerous opportunities for public input, beginning with this evening's MAC meeting and followed by an Unincorporated Services Committee meeting prior to the Board's consideration of an ERNA with a preferred developer. The ERNA will include a requirement that the preferred developer hold meetings with and proactively engage the community.

ECD staff will again return to the MAC with a Draft DDA for feedback and guidance, followed the Board of Supervisor's consideration of the DDA. Ultimately, the MAC's Site Development Review process includes public review.

Conclusion

ECD was pleased with the robust RFI response which is consistent with the strong interest that retailers and developers are showing in Castro Valley with its desirable demographics and strategic location. Moving forward with a preferred developer capitalizes on the County's \$4.8 million investment in a new shared parking lot and paseo and fulfills the community's goal to revitalize this prime site in downtown Castro Valley.