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Commissioner

A G E N D A

Regular Meeting of the Commercial Real Estate Committee
Wednesday, October 3, 2007 – 12:00 Noon
Boardroom

Roll Call

Commissioner Mark **McClure**, Chair
Commissioner Patricia **Scates**
Commissioner Kenneth **Katzoff**

ITEMS FOR DISCUSSION AND POSSIBLE ACTION

CLOSED SESSION – 12:00 p.m.

1. Conference With Legal Counsel – Existing Litigation. Pursuant to subdivision (a) of Section 54956.9. Names of cases: One
2. Conference With Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: (2 Matters)
3. Conference With Real Property Negotiator. Government Code Section 54956.8.

Property: Various Parcels in Jack London Square
Negotiating Parties: Port of Oakland and Ellis Partners
Agency Negotiator: Director of Commercial Real Estate
Under Negotiation: Price and Terms of Payment

Property: Oak to Ninth Area, Oakland
Negotiating Parties: Port of Oakland and Oakland Harbor Partners, LLC
Agency Negotiator: Director of Commercial Real Estate
Under Negotiation: Price and Terms of Payment

Property: 540 Washington Street, Oakland
Negotiating Parties: Port of Oakland and Potomac Association
Agency Negotiator: Director of Commercial Real Estate
Under Negotiation: Price and Terms of Payment

Property: 510 Embarcadero West, Oakland
Negotiating Parties: Port of Oakland and Yoshi's
Agency Negotiator: Director of Commercial Real Estate
Under Negotiation: Price and Terms of Payment

Property: 409 Water Street, Oakland
Negotiating Parties: Port of Oakland and California Canoe Kayak
Agency Negotiator: Director of Commercial Real Estate
Under Negotiation: Price and Terms of Payment

Property: One Hegenberger Road, Oakland
Negotiating Parties: Port of Oakland and Hilton Hotel
Agency Negotiator: Director of Commercial Real Estate
Under Negotiation: Price and Terms of Payment

Property: Various Parcels in Oakland
Negotiating Parties: Port of Oakland and Various Tenants (See attached
"Annual License and Concession Agreement Target Rents
for 07/08")
Agency Negotiator: Director of Commercial Real Estate
Under Negotiation: Price and Terms of Agreement

Property: Vacant Land in the Vicinity of Bay Bridge Toll Plaza
Negotiating Parties: Port of Oakland and CBS Outdoor, Inc.
Agency Negotiator: Director of Commercial Real Estate
Under Negotiation: Price and Terms of Agreement

OPEN SESSION – 12:45 p.m.

Reports

1. Proposed FY 07-08 Objectives, Action Plans and Performance Measurements for Commercial Real Estate Division.
2. Report on the Operations of the Commercial Real Estate Division as of June 30, 2007.

OPEN FORUM

The Committee will receive public comment on non-agenda items during this time. Please fill out a speaker card and present it to the Committee Secretary.

ADJOURNMENT

The next regular meeting will be held on Wednesday, November 7, 2007, at 12:00 Noon

Public Participation

This meeting is wheelchair accessible. To request materials in alternative formats, or to request an ASL interpreter or assistive listening device, please call the Board Secretary, John Betterton, at 510-627-1696 at least three working days before the meeting. Please refrain from wearing scented products to this meeting so attendees who experience chemical sensitivities may attend.

You may speak on any item appearing on the Agenda. Please fill out a Speaker's Card and give it to the Board Secretary before the start of the meeting. All speakers will be allotted a minimum of two minutes.

Should you have questions or concerns regarding this agenda, or wish to review any of the Agenda Related Materials, please contact the Board Secretary, John Betterton, at 510-627-1696, or visit our web page at www.portoakland.com.

To receive Port Agendas and Agenda Related Materials by email, please email your request to board@portoakland.com

ITEM 1



Joyce B. Washington
Director of Commercial Real Estate

September 21, 2007

COMMERCIAL REAL ESTATE COMMITTEE MEMBERS

Commissioner Mark McClure
Commissioner Patricia Scates
Commissioner Kenneth Katzoff

RE: Proposed FY 07-08 Objectives, Action Plans and Performance Measurements for the Commercial Real Estate Division

Dear Committee Members:

Enclosed for your review is a copy of the proposed fiscal year 2007-2008 Objectives, Action Plans and Performance Measurements for the Commercial Real Estate Division, as presented in the Draft Budget Summary report.

If you have any questions or concerns regarding this matter please contact me at (510) 627-1217 otherwise staff will be prepared to discuss this matter with the Committee at the October 3rd meeting.

Sincerely,

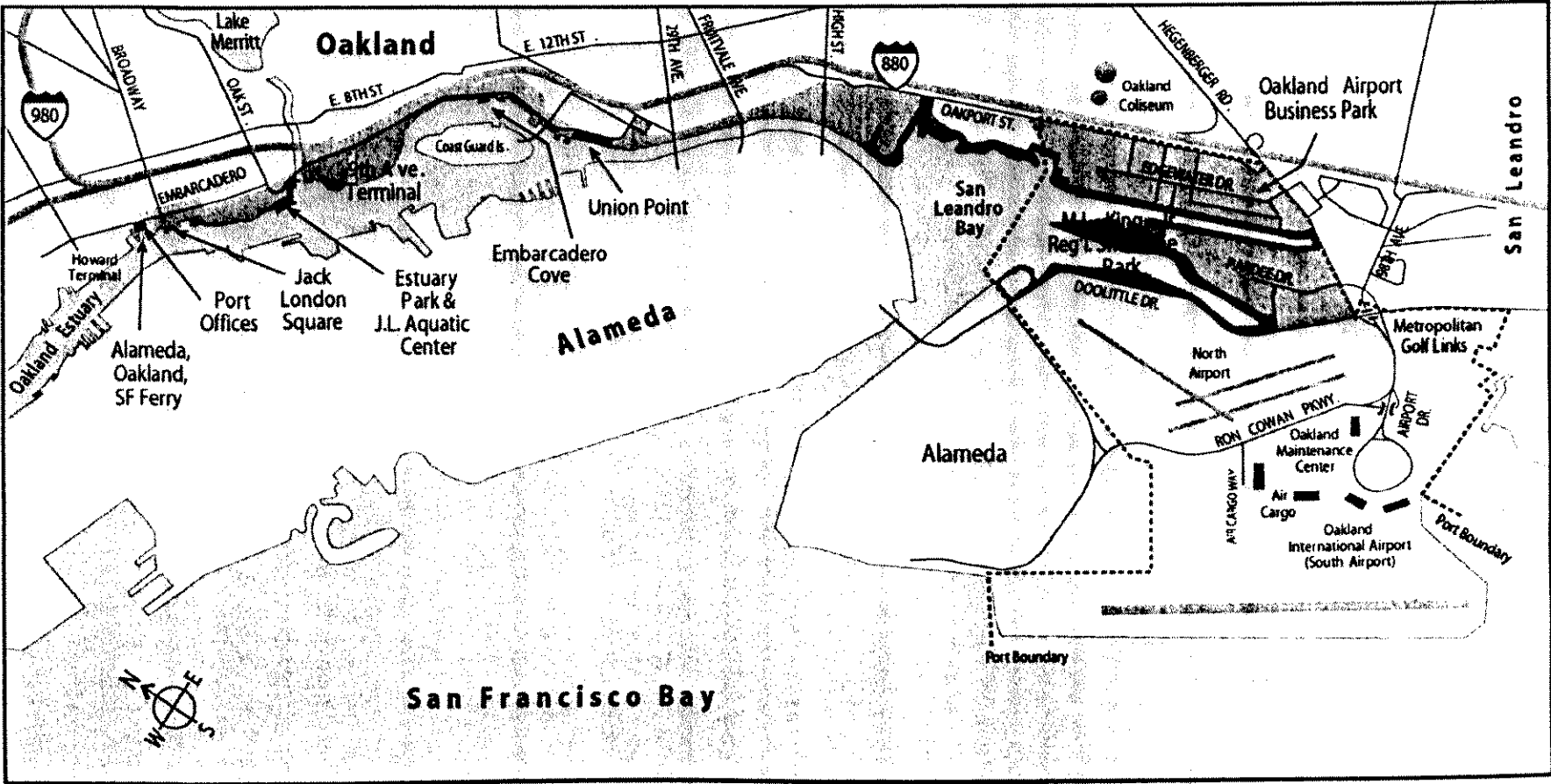
Joyce B. Washington
Director,
Commercial Real Estate Division

Enclosure

cc: Port Commissioners
Omar Benjamin
Joe Wong
David Alexander

DRAFT

Commercial Real Estate



COMMERCIAL REAL ESTATE DIVISION

FUNCTION

The mission of the Port's Commercial Real Estate ("CRE") Division is to care for, promote, develop and enhance Oakland's urban waterfront for economic benefit and public enjoyment. Our customers include:

- The many businesses and individuals who manage, purchase, develop and/or lease Port land, buildings, marinas and other facilities;
- Employees and patrons of those businesses;
- Users of the public spaces such as streets, plazas, piers and promenades; and
- Other Port divisions.

The CRE Division performs several major functions in support of our mission: marketing and managing Port assets; providing information, services and special events to the public; and planning and facilitating new development on the urban waterfront. These functions are broken down in more detail under the Division Objectives and Action Items listed below.

As approved by the Board in March 1999, the CRE Division began the process of selling land in the Airport Business Park to finance urban waterfront redevelopment and beautification, which has become a major focus of the division in recent years.

DIVISION OBJECTIVES, ACTION PLANS, AND PERFORMANCE MEASURES

Goal/Objective/Action Plan	Performance Measure	Actual 2005-06	Anticipated 2006-07	Budget 2007-08	Projected 2008-09	Projected 2009-10
Port-Wide Goal No. 1: Consider our customers and stakeholders first in all that we do by providing services, infrastructure, and support that help them fulfill their goals.						
1. Develop and implement a Port/customer communications strategy.						
a. By June 2008, host semi-annual tenant meetings for all tenants. The meetings would be informational, serving to answer questions from tenants and provide updates on related Port projects. Attendance will be monitored and a log of action items will be kept and executed, as appropriate. A survey to measure meeting relevance and effectiveness will be taken at the end of each meeting.						

Goal/Objective/Action Plan	Performance Measure	Actual 2005-06	Anticipated 2006-07	Budget 2007-08	Projected 2008-09	Projected 2009-10
b. At least every two years, prepare and send a customer survey on Port services to all tenants. First Customer Survey will be sent to tenants by December 2007.	Percentage of "excellent" overall responses from tenant survey.	N/A	N/A	50%	N/A	55%
c. Meet with Airport Business Park representatives and devise a strategy to update and revise the Business Park Standards and Restrictions. Strategy will be developed by December 2007.						
2. Maintain and develop Port infrastructure in CRE that meets the needs of tenants and stakeholders.						
a. Meet quarterly with Harbor Facilities Maintenance Department to review preventive maintenance program. Tour all CRE properties with Facilities Manager to identify any maintenance issues.						
b. Meet at least monthly, with the common area operators of JLS, to ensure management of planned construction and improvements is handled with the least amount of disruption to tenants/customers, construction staging is planned and feasible, and the most convenient possible parking and valet facilities are provided. Notes of the meetings will be logged and assignments made as appropriate.						
Port-Wide Goal No. 2: Develop and maintain relationships of trust and integrity with our community, customers, public agencies, and other stakeholders to maximize benefits to the region.						
1. Develop and implement a stakeholder relationship-building strategy for real estate and projects managed by CRE Division.						
a. Plan for and participate in regular appointed and elected official briefings and tours of Port and CRE Division projects, in collaboration with the Communications Division on a semi-annual basis.						
b. Host, or participate in, the community education and outreach efforts on CRE projects with City of Oakland staff and/or Communications staff, as appropriate on an annual basis.						

Goal/Objective/Action Plan	Performance Measure	Actual 2005-06	Anticipated 2006-07	Budget 2007-08	Projected 2008-09	Projected 2009-10
2. Continue to foster open communications with colleagues at the City of Oakland on CRE projects.						
a. Facilitate, coordinate, and prepare agendas for monthly Community and Economic Development Agency ("CEDA") staff and CRE staff project coordination meetings. Success will be measured by continued attendance by City staff.						
Port-Wide Goal No. 3: Improve the environmental conditions and stewardship at the Port.						
1. Improve environmental conditions at CRE properties and in CRE projects.						
a. Include remediation obligations within real estate transactions with third parties on CRE assets to ensure cleanup of Port properties, on an ongoing basis.						
Port-Wide Goal No. 4: Strengthen the Port's financial condition to a level that enables the Port to provide maximum economic benefits to the City of Oakland, our local community and the region.						
1. Develop and provide real estate and project management services for Maritime and Aviation as required.						
a. Provide ongoing real estate development and project management services for the Maritime Division on the Oakland Army Base property.						
b. Execute Purchase and Sale Agreement for the Oak-to-Ninth Development and related Port agreement obligations of this impending sale/lease by June 2008 (depends on project litigation and public referendum).						
c. Develop or lease the Hegenberger Corridor 6.5-acre parcel by June 2008.						
d. Commence construction of ground lease sites within the JLS Phase II development project ground leases and property sales by December 31, 2007.						
2. Achieve an average annual growth rate of 5% per year through 2011 or a commensurate reduction in expenses for net operating cash flow.						

Goal/Objective/Action Plan	Performance Measure	Actual 2005-06	Anticipated 2006-07	Budget 2007-08	Projected 2008-09	Projected 2009-10
a. By May 2008, develop a proactive tenant retention plan for strategic tenants. The plan shall acknowledge target tenants' business requirements including their existing capacity and expansion needs, business/industry trends, and community issues and needs.						
b. By June 2008, employ efforts to share staff resources between CRE and other Revenue Divisions to more efficiently utilize staff resources and capture operating expense reductions between Divisions when feasible.						
c. Achieve revenue from target performance measures.	Parking Revenue per Parking Space Restaurants Gross Revenue PSF Hotels Gross Revenue per Room Retail Revenue PSF	1,250 392 37,140 215	1,303 417 37,501 229	1,430 430 38,626 240	1,432 442 39,785 252	1,460 456 40,978 265
Port-Wide Goal No. 5: Invest in and implement the most appropriate information technology ("IT") to improve the efficiency and effectiveness of Port operations.						
1. Continuously seek to improve and streamline CRE Division operations through the use of appropriate technology as noted as industry best practices.						
a. Research and acquire a user-friendly GIS land records system for Port real estate by June 2008.						
Port-Wide Goal No. 6: Create a high-performing enterprise by engaging all Port employees to become agents for change and improvement.						
1. Maintain ISO 9001:2000 Certification Status.						
a. On an ongoing basis, comply with all ISO 9001:2000 requirements stipulated in CRE ISO plan, established December 2006.						
2. Improve the knowledge, skills, and abilities of division staff through training, education, and exposure.						
a. Budget for 50% of all professional staff to participate in industry-related education sessions and workshops to expand skill and knowledge in the field of real estate development, logistics, asset management, and related topics annually.						

COMMERCIAL REAL ESTATE DIVISION

OPERATING REVENUE

(\$ Thousands)

	Actual 2005-06	Unaudited 2006-07	Budget 2007-08	Projected 2008-09	Projected 2009-10	
Jack London Square	6,822	6,279	5,993	6,241	6,446	<ul style="list-style-type: none"> • Lower parking revenue at JLS from reduced parking stalls and leasing activity. • Other Areas reflect loss of tenants resulting from the anticipated sale of Oak-to-Ninth parcels. It also reflects transfer of billboard advertising revenue from Public Affairs and non-transportation-related land leases from Maritime.
Marinas	252	49	0	0	0	
Embarcadero Cove	1,446	1,622	1,558	1,607	1,780	
Business Park	897	985	941	967	994	
Distribution Center	257	258	257	257	257	
Other Areas	1,109	1,573	2,450	1,365	1,406	
Subtotal	10,783	10,766	11,199	10,437	10,884	
Bad Debt Reserve	20	(62)	(75)	(76)	(82)	
TOTAL	10,803	10,704	11,124	10,361	10,802	

OPERATING EXPENSES

(\$ Thousands)

	Actual 2005-06	Unaudited 2006-07	Budget 2007-08	Projected 2008-09	Projected 2009-10	
Personnel Services	1,214	1,086	1,178	1,214	1,262	<ul style="list-style-type: none"> • Reflects reprioritization of division expenses to fully fund division staff reorganization.
Contractual Services	5,209	4,823	5,155	5,309	5,522	
Supplies	5	8	10	10	11	
General & Administrative	528	518	557	574	597	
Departmental Credits	(141)	(110)	(152)	(156)	(163)	
TOTAL	6,815	6,325	6,749	6,951	7,229	
Operating FTEs	8.0	7.0	7.0	7.0	7.0	

ITEM 2



Joyce B. Washington
Director of Commercial Real Estate

September 21, 2007

COMMERCIAL REAL ESTATE COMMITTEE MEMBERS

Commissioner Mark McClure, Chair
Commissioner Patricia Scates
Commissioner Kenneth Katzoff

RE: Report on the Operations of the Commercial Real Estate Division

Dear Committee Members:

Enclosed for you review you will find one copy of the Report on the Operations of the Commercial Real Estate Division. Staff will be available to answer any questions and to accept any comments you may have regarding the format, level of detail or the report in general at the Committee Meeting on October 3, 2007.

Please call me with any questions or concerns at (510) 627-1217.

Sincerely,

A handwritten signature in cursive script that reads "Joyce B. Washington".

Joyce B. Washington
Director,
Commercial Real Estate

Enclosure

cc: Port Commissioners
Omar R. Benjamin
Joe Wong
David Alexander