

June 20, 2005

UCOP HQ Respondents

Re: Addendum to the Request for Proposals – Office Space for the University of California Office of the President – Issued April 22, 2005 (RFP)

The following additional information is provided to clarify points in the RFP and respond to questions posed by prospective respondents to the RFP. This information will also be posted on our Web Site at:

<http://www.ucop.edu/facil/resg/adsforbid.html>

Please note we would appreciate each respondent providing **eight (8) copies** of their proposal.

Q: Is any occupancy cost information required with the Stage 1 proposal?

A: Yes. A responsive proposal will include the minimum information necessary to make a preliminary judgment on occupancy cost relative to other proposals. As noted in the RFP, occupancy cost is a primary criteria for selection to go to Stage 2 and for ultimately being selected. Thus, while Stage 2 requires a detailed submittal of information necessary to fully quantify the cost differences between proposals, Stage 1 proposals should include an abstract of lease terms with:

- Rent rate noting concessions and/or escalation rates;
- Operating Expense basis, estimated operating expenses (total and UC portion) including property taxes (with projected tax amount broken out); and
- Estimated total cost to install tenant improvements and data/telecom services as specified in the RFP and generally comparable to those in the 1111 Franklin building and the portion of that cost payable by UC (other than as base rent), if any. (It is assumed that any costs to otherwise retrofit the building to meet UC requirements will be paid by the owner; however, if this is not the case, so advise.).

Purchase Option terms (timing and pricing), if applicable, should also be provided.

Q: Has UCOP determined what is meant by a "limited number" of teams to submit for the more detailed Stage 2 Submittal? How many teams will be selected?

A: We will not disclose the number of firms engaged in this competitive process. Typically, it is our expectation that we will have 3-5 finalists but this is ultimately a function of the number of proposals received and their competitiveness.

- Q: Since the Stage 1 Submittal Deadline has been changed to July 1 and selection date of finalists to week of July 18th how will that impact the deadlines for Stage 2? Will those deadlines also slip accordingly by approximately 2 weeks?
- A: The schedule was extended due to an internal conflict. It is our goal to get back on the schedule and in any case obtain Regents approval of the preferred transaction in November as scheduled.
- Q: The employee parking requested in Appendix I (page 24) of RFP is unusually high for an office building of this type (1 space for every 640-760 RSF for the base RFP and 1 space for every 630-680 RSF for the consolidated approach). Will UCOP consider revising this ratio to a more sustainable level if there is very close proximity to public transit such as BART and multiple bus lines?
- A: We would prefer not to. These figures are based on our current experience noting that all of our locations are currently proximate to BART. Proximate, secure parking arrangements may be an acceptable alternative to onsite parking.
- Q: What is the cause of the significant year-to-year variation in the UCOP Franklin building operating expenses, are more details on operating expenses available, and may we meet with your property manager?
- A: The principal reasons for the decline in the most current reporting year are a change in the property manager and contract amount and in the utility area, efficiency programs combined with lower electrical rates. We will provide a more detailed operating expense statement and access to our property manager to Stage 2 respondents.
- Q: Can you provide a set of reduced floor plans for the 1111 Franklin building?
- A: The floor plans are [attached](#).
- Q: What costs, if any, beyond property related items will be considered in the NPV analysis to determine the most cost-effective solution to UCOP's space needs?
- A: Moving expenses, separate location duplicative costs (principally mail operations), and relative refurbishment costs will be considered as applicable. In Stage 2 we will fully quantify these differences in comparing proposals. UCOP will be responsible for relocation costs.
- Q: Does UCOP bear the cost of parking for those employees and if not, what do UCOP employees pay for parking?
- A: They pay market rate except in the garage at 1111 Franklin where the rate is currently \$105/month.

- Q: Are there any parking services provided in the UCOP garage?
A: None, it is exclusively a monthly garage licensed to University employees at 1111 Franklin and 1111 Broadway.
- Q: What is the total number of parking spaces provided at 1111 Franklin?
A: There are 322 spaces in the UCOP monthly parking garage.
- Q: Is the public pay parking element owned by UCOP?
A: No. The hourly garage is an airspace right owned by the City of Oakland and operated by Douglas Parking. The two garages are fully independent operations and spaces. As such, this garage is separately saleable from the University's building and garage.
- Q: In the case of a proposal to purchase the 1111 Franklin property, how will the purchase of the property be treated in the NPV analysis?
A: Assuming the purchase is to occur at the beginning of the analysis period, the price net of the outstanding University debt will be added to the NPV. An exchange of spaces would be treated differently and reflect the financial terms for the new space which presumably would favorably reflect the results of the exchange. Note that the University, with certain exceptions is required to competitively bid the sale of property it owns; an exchange of real property is an exception to this requirement. If the proposal offers a purchase rather than an exchange, the University would consider that a binding offer to purchase (if the transaction was otherwise selected) and using that offer as a minimum bid amount conduct a sealed bid sale.
- Q: Do you account for properties on a depreciated basis and what will the accounting treatment be for a sale as it relates to the evaluation of alternatives?
A: While GASB accounting requires that depreciation be accounted for, we expect our analysis will be on a before tax, undepreciated basis. In other words, as noted above, the relevant factors will be the price paid for the building (or the value of space exchanged).
- Q: What penalties, fees or other charges are related to any sale of 1111 Franklin would be payable by UCOP or a purchaser to the City of Oakland or any other entity and will UCOP negotiate a waiver of the fee?
A: The amount is based on a single fee and in May 2008 the fee is estimated to be \$5,172,086. UCOP will seek to negotiate a waiver of the fee when parameters of the proposed transaction are known. Analysis of any proposal that could trigger the fee will be reviewed with and without the fee.

- Q: What encumbrances and use restrictions apply to the 1111 Franklin property?
- A: There are several encumbrances and restrictions on the property enumerated in the DDA. These include the fee for ceasing to use the property noted elsewhere, a requirement to lease portions of the ground floor for retail purposes and easements for the Broadway access and Podium patio use benefiting the property but with cost sharing agreements. A copy of the DDA will be provided upon request.
- Q: What are the rental and operating cost rates for the existing UCOP leases to be consolidated?
- A: Additional information on those leases is [attached](#) with estimated rent and expense projections.
- Q: What are the terms of the existing retail leases in the Franklin building.
- A: Retail lease terms for the two existing tenants are [attached](#). A third, unleased contiguous space comprises approximately 2600 square feet.

Please feel free to contact us with any additional questions you may have. We look forward to receiving your proposal.

Best Regards,

Gordon J. Schanck
Director—
Real Estate Services Group

Jon Giacomi
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Attachments

[Floor Plans](#)
[Rent and Operating Costs](#)
[Lease Summaries](#)