



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
July 18, 2007**

TO: Mayor and City Council

FROM: Karen L. Majors, Assistant City Manager – Community and Economic Development

SUBJECT: Developer Selection and Exclusive Negotiating Rights Agreement with Howard Goldenberg and Associates for 630 Court Street

DATE: July 13, 2007

RECOMMENDATION:

Adopt Resolution selecting the development team of Howard Goldenberg and Associates for 630 Court Street and authorizing the City Manager to execute the Exclusive Negotiating Rights Agreement (ENRA).

BACKGROUND:

The City of Martinez has sought to sell 630 Court Street to a qualified development team that would purchase the building, undertake the seismic retrofit and rehabilitation of the structure and bring a quality mixed use development to this strategic location in Downtown Martinez for the last several years.

Last February the City of Martinez sent out a Request for Proposals (RFP) for the third time. The City purchased this property from Contra Costa County and has twice before selected a developer to undertake this project. Previously project financing, the historic status of the building and various other issues have prevented prior proposals from moving forward. In January, 2007 this property, also referred to as the Sharkey Building, was added to the State Register of Historic Places. A copy of the RFP is included as an Attachment #2.

Responses to the RFP were due on April 19th, 2007 and the City received 4 submittals. Each submittal was deemed responsive to the requirements of the RFP and each development team was invited to present their proposal to the 630 Court Street City Council Sub-Committee on Friday, June 8, 2007. The development teams were 1) Howard Goldenberg and Associates, 2) Dick Duncan, Bob Schwab and JJ Phair, 3) Martinez Renovations (David Fischer et al) and 4) Ernie Guerrero. The Council Sub-Committee and several City staff reviewed the proposals and participated in the review of the oral presentations including City Manager, Don Blubaugh, Assistant City Manager, Karen Majors, and Public Works Director, Dave Scola. After an extensive review of each proposal and the oral presentations, the Council Sub-Committee selected

the proposal from Howard Goldenberg and Associates as the recommended development team. The Goldenberg and Associates team proposes to: 1) lower and expand the existing basement to a full basement, 2) add a “stepped back”, “garden style” third story, 3) undertake seismic retrofit and building rehabilitation to accommodate office space and a 4,000-5,000 square foot restaurant and bar, and 4) provide the second location for a successful Italian restaurant with a proven track record as a community “gathering spot” and a community spirited business. In addition to the strength of their proposal, the Council Sub-Committee selected Goldenberg and Associates for the following reasons: 1) their extensive experience, 2) their financial capability and 3) the quality and track record of Rocco’s Restaurant. A summary of their proposal is included in Attachment #3

Based upon this recommendation, staff requested Goldenberg and Associates to provide the letter of commitment from their restaurant operator, Rocco Biale and to determine the preliminary technical/structural feasibility of lowering and expanding the basement and adding a third story. The letter of commitment from Rocco Biale is included as Attachment #4 to this staff report and the results of the soils investigation as well as a Phase 2 Hazardous Material Investigation will be completed within the first 45 days of the ENRA.

The purpose of the ENRA is to give both parties a period of time to undertake their due diligence with certainty that if certain milestones are met and a purchase agreement negotiated and approved, the project can move forward. During this time both parties are precluded from negotiating with any other party. The proposed ENRA includes the following major components:

- Negotiating Period: 120 days with a 60 day extension if agreed upon by both parties.
- Negotiating Tasks: Financial Feasibility Analysis
Structural Analysis of basement expansion and third story addition
Phase 2 Hazardous Materials Analysis
Due Diligence
Document Review
Project Review
- Commissions
- Ownership of Documents and Deliverables
- Assignment
- Right of Entry

FISCAL IMPACT:

There is no fiscal impact other than the dedication of staff time to moving this important project forward at this time. When the project moves forward, the City of Martinez will recoup the costs that were incurred acquiring the property from Contra Costa County as well as increased sales and property taxes when the building is sold, renovated and occupied.

ACTION:

Adopt Resolution selecting the development team of Howard Goldenberg and Associates for 630 Court Street and authorizing the City Manager to execute the ENRA.

Attachments:

- 1) Draft Resolution
- 2) RFP for 630 Court Street
- 3) Proposal from Howard Goldenberg and Associates
- 4) Letter of Commitment between Rocco Biale and Howard Goldenberg
- 5) Draft ENRA

APPROVED BY:



City Manager

APPROVED BY:



Department Head

RESOLUTION NO. -07

SELECTING THE DEVELOPMENT TEAM OF HOWARD GOLDENBERG AND ASSOCIATES FOR 630 COURT STREET AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT.

WHEREAS, the City of Martinez acquired 630 Court Street from Contra Costa County; and

WHEREAS, the City has twice previously attempted to enter into a purchase agreement with each developer team but for various reasons neither development team was able to move forward; and

WHEREAS, the City sent out a new Request for Proposals (RFP) to qualified developers with responses due on April 19, 2007; and

WHEREAS, the City received four qualified proposals and the 630 Court Street City Council Sub-Committee reviewed all four proposals and interviewed all four development teams; and

WHEREAS, the City Council Sub-Committee recommends the selection of the development team, Howard Goldenberg and Associates, and approval of the Exclusive Negotiating Rights Agreement (ENRA).

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Martinez approves the selection of Howard Goldenberg and Associates as the development team for 630 Court Street and authorizes the City Manager to execute the ENRA.

* * * * *

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the day of , 2007, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ

Transform this Prime Corner into a Thriving Anchor for Downtown Martinez.



EXECUTIVE SUMMARY

The City of Martinez (owner) seeks an experienced developer and/or design/build team to develop this prominent corner site into a catalyst project within the Martinez Downtown core, building upon its strategic location along Main Street, across from Contra Costa County's administrative and courts complex.

Strategically located at the corner of Court & Main streets in historic downtown Martinez, 630 Court Street is a vacant, 2-story, 5,920 square foot brick building constructed in 1930.

The City is seeking a qualified developer and/or design/build team to transform this prime Downtown site into retail, or mixed-use project. There is particular council interest in a restaurant on this site.

Location: 630 Court Street - In historic Downtown Martinez (Main Street)
A.P.N. #: 373-265-002
RFP Available: **February 20, 2007**
Site Tour: **March 15, 2007**
Proposals Due: **April 19, 2007**
Interviews with Finalists: **May, 2007**
Selection of Developer: **June, 2007**

Contact for Information: Karen Majors, Assistant City Manager
City of Martinez
525 Henrietta Street
Martinez, CA 94553-2394
(925) 372-3514

The Opportunity

The City is highly motivated to offer this prime site to the development team demonstrating a winning combination of concept, experience and financial capability. The goal is to create a project to launch implementation of the City's recently adopted downtown Specific Plan, showcase possibilities of revitalizing downtown Martinez, and serve as an example of other development desired throughout the downtown area. The City is open to considering a project that retains all or a portion of the existing building, is new construction or a combination of both. The unreinforced masonry building is currently on the County's List of Historic Places and the State List of Historic Sites. Accordingly, those project proposals that focus on demolition will be subject to the highest level of environmental review. The City will provide staff and technical assistance to the selected developer to navigate the State's environmental regulations pertaining to altering, rehabilitating or demolishing historic resources.

The City is also in discussions with Contra Costa County that owns the adjoining property at 610 Court Street. The County does not intend to retain this property though relocation of staff housed there is at least 18 months into the future. It is possible that this site could become available. Note there is an intervening property owner that possesses at 8 foot strip between the two properties.

The final sales price will be negotiated at time of proposal selection though for pro forma purposes the base sales price should be \$200,000.

The City's Goals for Sale & Reuse of 630 Court Street

The primary ground floor use of the building will likely serve the daytime crowd of County and City workers, jurors, court-related personnel, and downtown residents. The City is also looking to build evening activity in the Downtown, attracting residents from throughout Martinez and the area to dine, shop, and stroll along its historic streets. Likewise, the City would like to enhance weekend activity, building upon the current draw of new restaurants and shops, a Sunday Farmers' Market, and various special events to offer residents a compelling reason to visit Downtown on Saturdays and Sundays. The Downtown's well-established residential neighborhood has also expressed a strong desire for new amenities to serve their shopping and entertainment needs.

To that end, the City envisions this project as a catalyst project with a ground-floor restaurant and other retail. The upper floor seems ideal for office or residential uses

Downtown Martinez

As one of the oldest towns in the Bay Area, Martinez has a long and colorful history. Serving as Contra Costa County's seat for over 150 years, Martinez is also the birthplace of the martini (first served in 1874), and legendary baseball slugger Joe DiMaggio. John Muir lived here for much of his life; his home is now a National Historic Site. A 50-acre Marina anchors the north end of Downtown where over 38 trains a day pull into our new, award-winning AMTRAK Station.

Building on its core strengths as a civic center, shopping and dining area, historic downtown Martinez is actively working to attract new businesses, create a lively night life and draw new residents to its central core. Along with the City, Main Street Martinez and the Chamber of Commerce are critical players in bringing about the resurgence of downtown Martinez.

The City has recently completed a Downtown Specific Plan to lay the foundation for revitalization efforts. The vision of the plan is to attract more residents into downtown, and thereby create a market for more retailers and services, building upon the already active daytime population. Key elements of the Downtown Specific Plan, plus background information, can be found on the City's website: <http://www.cityofmartinez.org/depts/planning/advance.asp>

According to a 2003 Strategic Economics Study, more than 5,000 employees work in downtown and almost 4,000 residents live in its historic neighborhoods. As the County seat, at least 400 jurors a week come downtown, in addition to 1,700 County and Courts employees. The Contra Costa Community College District and the City of Martinez are also based in the Downtown.

Already home to a 1,000-seat Marina amphitheater, Downtown Martinez is also looking forward to a new 200-seat cabaret theater for the Willows Theater. Contra Costa County has just completed a new 3-story office building across from the AMTRAK Station, while the historic train depot is slated for renovation.

Building/Site Description

Built in 1930, 630 Court Street is a 2-story, 5,920 square foot, un-reinforced masonry building which also contains a partial basement (not included in the square footage). Historically, its uses range from newspaper publishing to a restaurant, saloon, and finally, to offices. Contra Costa County occupied the building from 1964 to 1989, converting the building to records storage in 1990. The building covers 100% of the 3,030 square foot site with no landscaping or on-site parking. However, some on-street parking is available along Court Street to the east and Main Street to the south. The County’s Finance Building and Courthouse are located immediately east on the opposite side of Court Street.

The site is located in Flood Zone X, not a flood area, according to 2002 FEMA Maps, and groundwater can be expected at depths of 5 to 10 feet below ground surface.

The building, if retained, needs seismic strengthening and ADA retrofitting. In addition, it is likely that HVAC, electrical and plumbing improvements, roof repairs, the addition of an elevator, and interior remodeling will be needed.

Zoning, Environmental Conditions & Available Data

Under the Downtown Specific Plan, 630 Court Street lies within the CC-Central Commercial District which allows for retail, restaurant and office uses on the ground floor. (Please note that the City will not allow office use in 630 Court Street’s ground floor.) Multi-family and residential units are permitted above the ground floor. Structures within the central commercial district may exceed 40 feet in height with a use permit. The property also falls under the proposed “Downtown Historic Overlay District” which promotes the preservation and rehabilitation of historic commercial, civic and mixed-use buildings and provides for new infill construction consistent with the historic character of the District.

The City of Martinez conducted a Phase 1 study of the property in May of 2004; the results, which did not reveal any areas of concern, are available for review at City Hall. Additional information is available in Contra Costa County’s January 2004 Appraisal Report, including a Structural Engineer’s Report. .

Selection Process – Timeframe & Steps

The selection process will occur in three phases (see page 2). In the first phase, City staff will thoroughly review each proposal submitted by the deadline and invite some or all of the responsive proposals to a panel interview. In the second phase, a finalist will be selected based upon the interviews and submitted to the City Council, or their designated representatives, for their approval to proceed. Should the City Council direct staff to proceed, in the third phase, City staff, consultants and the finalist will enter into negotiations on a purchase/development agreement. Any proposed purchase/development is subject to final approval by the City Council.

Criteria for Selection

The City will select the proposal demonstrating the strongest combination of relevant development experience, financial capability, track record in successfully implementing building renovations and rehabilitating historic properties, success in tenanting projects with viable, sustainable businesses, compelling site plan and architectural approach, history of successful development projects with public agencies, plus the ability to meet the City’s goals for this important site.

Submittal Requirements

To be considered for this opportunity, each proposal **MUST** be in writing and include the following:

- Discuss the development concept, including the following:
 - ❑ Development approach, extent of rehabilitation/renovation or demolition.
 - ❑ Preliminary site plan showing floor plans and square footage.
 - ❑ Preliminary building elevations or other pictorial representations of the proposed design concept.
 - ❑ All proposed uses, including any proposed outdoor use.
 - ❑ Tenant attraction approach, including preliminary commitments
 - ❑ Architectural approach and compatibility with existing Downtown structures
- Describe relevant development experience, including location(s), photos or renderings, and general description for each project, plus references and contact information for each project.
- Evidence of financial capability, including ability to raise capital for the project, cash/equity, strength of current relationships with financial institutions, overall financial track record including disclosure of non-performing loans, and whether the proposer has had any litigation/legal disputes involving a public entity, development partners or real estate ventures.
- Identify the legal entity that will develop and own the project, including all joint venture/limited partners and percentage interest and capital/equity committed to the project. Describe the intended role of each of the partners in the project, including responsibility for ongoing project management and operations.
- Preliminary schedule for building renovation and/or new construction, tenant improvements, execution of leases and target opening date.
- Preliminary pro forma for the project, from pre-development through completion of the proposed project.
- Discussion of compliance with relevant City zoning regulations, including any planning approvals that may be needed for the proposed project, and CEQA compliance.

Please submit FIVE unbound copies of your complete proposal, no later than 5:00 p.m. April 19, 2007, to:

Karen Majors, Assistant City Manager
City of Martinez
525 Henrietta Street
Martinez, CA. 94553-2394

All submitted materials will be retained by the City of Martinez, so please submit copies of original photographs, renderings or presentation materials. **Please note that mailed copies must be received by the deadline noted above.**

Questions or Need for Additional Information

Please call Karen Majors, Assistant City Manager for Community and Economic Development, City of Martinez, at (925)372-3514 or e-mail kmajors@cityofmartinez.org. General information about Martinez is available on the City's website: www.cityofmartinez.org.

Attachments

- Site Map – 630 Court Street
- Map of Martinez

Each proposer shall be expected to conduct his/her/its own due diligence to confirm the accuracy of any representation herein and to ascertain any and all other information that each proposer deems significant (1) in deciding whether to submit a proposal, and (2) the nature of that proposal, in response to this RFP. And by submitting any such proposal, it will be expressly assumed that the proposer is relying solely upon its own investigation and due diligence, and uses nothing that is stated herein, in submitting and developing the contents of any such proposal.





Goldenberg & Associates
REAL ESTATE INVESTMENTS

4/10/07

Re: 630 Court Street - Martinez, CA

I am pleased to submit with my development partner, J. Allen Sayles Architecture, the following proposal to develop & transform the above referenced property. We have toured the site from both an aesthetic and a structural point of view, have made preliminary cost estimates, and have come up with a plan that we feel best captures the feel and spirit of what the City would like to see, and what the design of the building demands.

The proposed use will include a full service restaurant on the ground floor, al fresco dining on a widened sidewalk, as well as the renovation of the basement for additional seating. The upper floor will be transformed into up to 4 suites for general office use and include an elevator and new restroom facilities. We would also propose a third story addition that would contain three apartments with patios set back from the façade. This, we feel, fulfills one of the City's main requirements to help bring some life to the downtown. It also helps the project economically and offsets a part of the seismic costs.

Our plan includes the renovation of the exterior keeping the sash windows and brick elements as the focus, while adding complimentary color and window awnings. We will ask the City to extend the Court Street sidewalk to allow for patio dining with a covered awning system. The basement will be excavated for increased height and usability. The seismic retrofit required will be incorporated as a design element.

The project fits for the experience we collectively have in the areas of renovation of 1930's structures, leasing, and construction management. We have the capabilities to handle any of the above "in house". No financing is required to acquire the property. A list of banking and accounting references, as well as relevant prior projects for each of us is included for your use. Confidential financial statements can be made available as needed or requested by the City.

We look forward to a formal presentation of our concept, and hopefully the awarding of the Project.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Goldenberg". The signature is written in a cursive style with a large initial "H" and a long, sweeping underline.

Howard Goldenberg,
General Partner
CTA, L/P

March 28, 2007

City of Martinez Economic Development Department Director
City Council of Martinez

Dear Council Members,

Thank you for this opportunity to make a proposal for 630 Court Street. As an Architect, and old building "buff" I love this stuff.

My wife and I live in a restored stable built in the 1930's, about the same time as the Court Street building. It is in the Town of Moraga and was once a part of the 2000-acre estate of Donald Rheem. The abandoned house was vacant for almost 25 years, and the neighborhood kids referred to it as the "haunted" house. Two years ago our remodel project of the old structure of both wood and brick won 2004 Project of the Year as voted by the Design Review Board. We plan to achieve the same standard of excellence with the 630 Court Street brick retail/office building. Restoration, renovation, structural retrofit, and modern systems all require a thoughtful balance. We feel we are the right choice. We have the capital to do the project and do it very well. In the pages that follow, we will lay out a preliminary concept and a construction budget.

We would like to introduce ourselves. The developers are Howard Goldenberg and Allen Sayles. The Marketing team is Ritchie and Ritchie Commercial Vice President Peggy Hartz. Finally, the Architectural team is J. Allen Sayles, Architects and Proven Designs Russ Watson, both Walnut Creek firms. Both Russ and I are experienced in office and commercial architecture. Russ has been the Architect for many projects at Jackson Square in San Francisco that are all, without exception, un-reinforced masonry. I have renovated numerous commercial buildings, three of which I have owned or part owned as well as having being the Architect. I have been in business for myself as an Architect for 25 years, and worked in the construction trade for 35 years total, starting as a carpenter's apprentice in the union hall, and later as a licensed General Contractor. It would be an honor to own and bring this wonderful old brick structure back to life. Our design is a work in progress. The preliminary design attached reflects our first impressions of what would work for this site and space. There are higher, and bigger, uses for this corner, but is bigger, better? What we have is a tasty building that has good basic architecture. It simply needs new bones, building systems and an interior design that works for today's tenants. We think we have the right use for 630 Court Street.

We look forward to developing our ideas with the City's goals for this gem of a property.

Yours Very Truly,

J. Allen Sayles, Architect

630 Court Street
The Project

From Top to Bottom

First: The Rooftop

There is the possibility of developing 3 live or work/live loft type spaces on the roof. These would be stepped back, so as not to compete with the front façade and allow perimeter roof garden patios, similar to what we did with Opal Cliffs in Santa Cruz. We can develop live/work at this time but, we need to provide a street parking solution. Should we be able to provide parking, such as an all day meter/pass to the residents, a third level is worth consideration. Should roof dwellings not be an option, the roof could then be designed to accept photovoltaic panels, like our 1196 Boulevard Way project in Walnut Creek. The sun angles and roof size are ideal for such an installation. Generally, you are looking for a south/southwest at 22-degree angle and about 50% of the floor area. This building is about as ideal as it gets for a photovoltaic situation.

Second: The upper level floor

The upper level is office space. It is ideal for the legal profession or any professional firm. Suites overlook the County records office and the Court House. I am an Architect and would consider moving my offices here in a heartbeat.

The main feature of this floor is that all offices face the street, both Court and Main streets. The second feature is that two stairways will feed the hallway, one from each street. The halls and stairwells have enough windows bringing in natural light, thus requiring little or no artificial light during daylight hours. Access to all floors will be from a common elevator. New restrooms will also have natural and light ventilation.

The offices can accommodate from one to four tenants. The interior walls will simply be demising and, can be moved at will to reflect the tenant's diverse needs. The interior side of the exterior walls will remain brick with exposed tube steel reinforcement as part of seismic upgrades.

Third: The Main Floor

Here are the entrances for the two stairwells and a large restaurant. The building's main entrance has been moved from the corner to Court Street. This accomplishes two goals. The first being, that it eliminates an ADA issue with steps at the corner and provides a more central entrance to the restaurant. Outside dining is provided under heated and lit permanent awnings with an elevated planter/garden around. The final amount and type of outdoor dining is subject to the City's desires for the street use. Inside the restaurant, the center is open. This unique feature allows the restaurant to open up to the floor below. This feature also adds volume and grandeur to the space. Around the perimeter of the restaurant, the Main Street side offers the best sun angles. The exterior wall is ceiling to floor French doors that can be opened on those great weather days to allow an outdoor café experience to the Main Street dining. An iron guardrail sits in front of the French doors due to the elevation change. The exterior wall along the Court Street side, starting with the Main Street is similar to the Main Street with one exception. It opens to the outdoor dining, which allows for great flexibility in both indoor and outdoor dining.

The outdoor dining further enhances and increases the establishment's connection to the street activity.

The core of the main floor is a coffee bar, bar, and kitchen for the restaurant. It has separate and direct access to the street. Restaurants today need about 20% of the total floor area for the kitchen. There is ample room to meet and to exceed these requirements. The restrooms on this level will be exclusively for the restaurants.

The building's exterior is a gem. The balance and proportions are artful and a classic brick retail/office building. The tiles add both detail and color. They are to be preserved and continued. The exterior will simply be rebuilt, as needed, to restore its original quality. The only façade additions will be awnings, which add a subtle color and a 3 dimensional element to a flat façade. The awnings should match the tile color, and will provide both color and dimension. They cast a shadow on the exterior walls and window glazing.

Fourth: The Basement

Here is where we will be different. We will lower the floor level to 8 feet and expand the area to a full basement. This will be a considerable effort and consume the largest chunk of the renovation budget. It is here that the project will shine. The basement begs to be opened up with a grand curving stairwell, bathed with natural light. This allows the restaurant to host large events, with or without involving the whole restaurant. Additionally, it provides an opportunity for an evening venue for a jazz/blues club or occasional nightclub further enhancing the night use. It is also the perfect location for a wine bar. The vacant space under the staircase is a natural for a wine cellar. The balance of the basement will provide much needed circulation and storage space for the entire building.

This finishes the Architectural statement.

Building Site

The Main Street corner as it exists is a tasteful corner. The street trees, lampposts, and street clock are well done. The Court Street side simply needs more of the same. Sidewalk expansion, adding street trees, and a lamp standard, plus high quality paving materials complete the renovation.

The whole Court Street between Main and Escobar is ideal for, and would be worth closing for special weekend events such as a Farmer's Market, Art Fair, Wine or Cheese Festival. I could see a different event there every weekend, and a banner announcing each weekend event, up all week long. I could see high quality paving with removable bollards.

Preliminary Budget for 630 Court Street, Martinez

General Conditions	\$ 50,000.00
EBMUD	20,000.00
PGE	20,000.00
Plumbing	50,000.00
Sitework, 100 lf @ \$500. per lf	50,000.00
Construction Power	2,000.00
Sprinklers, 4/sf	36,000.00
Landscape boxes, 120 lf @ \$20. plf	2,400.00
Excavation	35,000.00
Shoring 260 lf @ \$440. plf	100,000.00
Concrete foundation	200,000.00
Elevator	50,000.00
Masonry	10,000.00
Tile surfaces, 2500 sf	30,000.00
Carpeting	13,000.00
Phone Network	10,000.00
Structural	150,000.00
Carpentry	100,000.00
Roof	10,000.00
Mechanical	25,000.00
Electrical	50,000.00
Painting	25,000.00
Awnings	18,400.00
Insulation	10,000.00
Drywall, 15,000 sf x 2 sf	30,000.00
Hardwood 500 sf @ 15. psf	<u>7,500.00</u>
	\$1,104,000.00

Architectural	\$25,000.00
Title 24, Plumbing, Mechanical, Sprinkler	7,000.00
Electrical	4,000.00
Structural	10,000.00
Civil	4,000.00
Interior Designer	2,000.00
Spec Writer	<u>4,000.00</u>
	\$56,000.00

No restaurant buildout considered above.

Budget for Roof Garden Apartments

3 Apartments at 650 square feet each	\$250/sf	\$162,500.
Common Area, 500 square feet	\$200/sf	\$100,000.
Patios, 600 square feet	\$ 50/sf	<u>\$ 30,000.</u>
		\$292,500.
Miscellaneous		<u>\$ 7,500.</u>

Garden Apartments	\$300,000.
Budget for both projects:	\$1,500,000.

630 Court Street Time Line

1. Review feasibility	90 days
2. Close escrow	90 days same period as above
3. Preliminary drawings and City Planning review	45 days
4. Building review submittal	30 days
5. Bid documents and bidding process	30 days
6. Award contract and begin	180 days
7. Tenant improvement upstairs	30 days
8. Restaurant tenant build-out downstairs,	120 days concurrent with upstairs
	495 days total

A Partial List of Goldenberg Projects

5900 Hollis Street Emeryville, CA

A 165,000 square feet of mixed use, primarily office space. Goldenberg provided construction and takeout financing, lease negotiations, marketing and management services.

2450 Magnolia Street Oakland, CA

Construction of a 50,000 square foot mixed use, light industrial facility in a redevelopment area. This project was a pioneering concept for the Oakland area and was 100% leased by Mr. Goldenberg before completion.

Jelly Bean Court 947 61st Street Oakland, CA

A 29,000 square foot redevelopment project involving the total renovation and expansion of a 1924 unreinforced masonry structure, formerly the Herman-Goelitz candy factory, Jelly Belly. The facility was leased and financed by Mr. Goldenberg, who still retains the largest ownership share in the project, 33%.

Berkeley Industrial Complex 729 Heinz Street Berkeley, CA

A 63,000 square foot mixed used property that Mr. Goldenberg developed and of which he remains the managing partner. Occupancy rates have hovered near 100% for 18 years. The project was sold several years ago.

Folger-Murray Industrial Complex Folger and Murray Streets Berkeley, CA

Renovation and expansion of a four building complex of 50,000 square feet. Until it was sold, Mr. Goldenberg was the managing general partner in charge of construction, leasing, financing and day-to-day management of the project.

630 Court Street
The Project

From Top to Bottom

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Historic Preservation

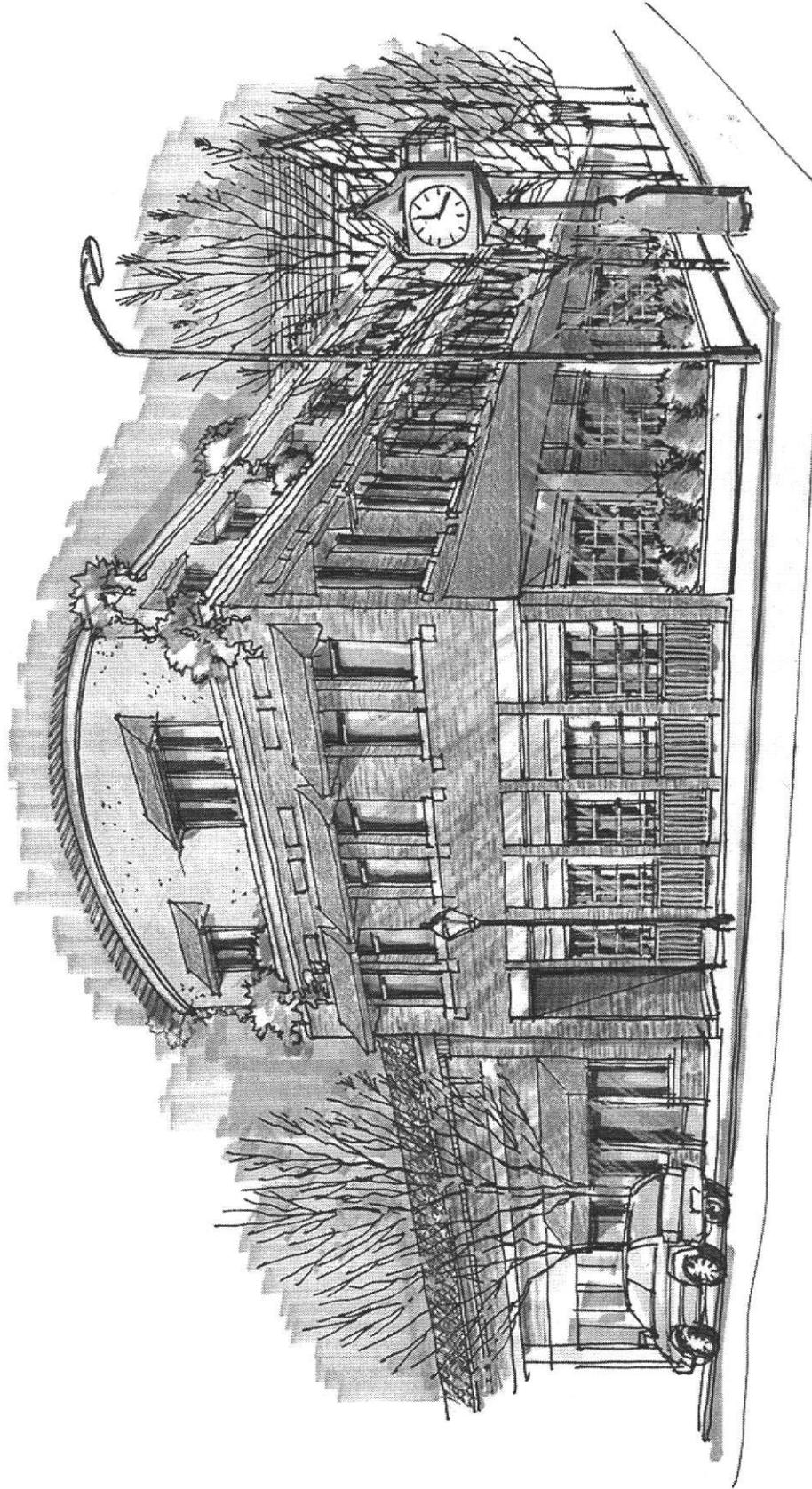
Green Construction

Architecture

Restaurant

Timeline

Finances



SHARKEY BUILDING
630 Court Street Martinez, California

J. ALLEN SAYLES
ARCHITECTS

June 21, 2007

Goldenberg and Associates
101 Hillside Ave.
Piedmont, Ca 94611

Rocco's Restaurant
2909 Ygnacio Valley Rd.
Walnut Creek, CA 94598

Re: Letter of Intent to Lease Space at 630 Court Street, Martinez, CA

Outlined below are some of the terms and conditions upon which Rocco Biale dba Rocco's Restaurant (hereafter "Tenant") has tentatively agreed to lease premises at 630 Court Street, Martinez, CA provided all other terms and conditions in the lease to be drafted are satisfactory.

Landlord:	Goldenberg and Associates
Tenant:	Rocco Biale dba Rocco's Restaurant
Project and Premises:	630 Court Street, Martinez, CA Approximately 3000 Sq. Ft. on the first floor, plus a basement with sq. footage to be determined, and use of an outdoor dining area.
Use:	An Italian style restaurant
Lease Term:	The primary lease term shall be five (5) years with two (2) Five (5) year Options to extend the term. The Option rent will be the then current rate with annual increases.
Base Rent:	The lease rate as agreed by the parties with respect to the first floor, the basement, and the outdoor dining area.
Rent Increases:	Rent shall be increased each year by an agreed upon amount.
Triple Net Costs	In addition to the Base Rent, tenant shall pay Triple Net Costs. Utilities serving Tenant's premises shall be separately metered.

Delivery of Premises:

Landlord shall deliver the space as a "vanilla shell." There will be ADA compliant restrooms. Landlord and Tenant have had a preliminary discussion on the definition of a "vanilla shell" and the responsibilities of the Landlord and the Tenant.

Landlord and Tenant acknowledge that this letter is not intended to be a binding agreement but the basis for the preparation of a lease contract.

Landlord: Goldenberg and Associates

Tenant: Rocco's Restaurant

By



By



EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT
630 Court Street
Martinez, California

THIS EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT (ERNA) is entered into on this day of July, 2007 ("Effective Date") by and between the City of Martinez, a municipal corporation, hereinafter after referred to as "City" and Howard Goldenberg and Associates hereinafter to as "Developer".

RECITALS

1. The City owns real property commonly referred to as 630 Court Street as shown on the map and legal description labeled Exhibit A. Said real property is comprised of land and improvements thereon, namely, a building and other improvements (collectively, the "Property").
2. The City desires to sell the Property to a private developer who will undertake the rehabilitation and seismic retrofit of the building and lease the building for commercial purposes including a restaurant and offices.
3. The City sent out a Request for Proposals (RFP) attached as Exhibit B to potential developers and on April 19, 2007, received four proposals to purchase, renovate and/or retrofit the subject building for commercial use.
4. The City Council Committee and staff tasked with the responsibility of recommending a development proposal to the full City Council, reviewed the proposals, interviewed each development team and selected the Developer as the preferred team. The Committee and staff recommend to the full City Council the selection of Developer as the buyer and developer of the Property (assuming that once signing this ERNA, the City and Developer successfully negotiate and execute a purchase agreement) and that the City enter into this ERNA with the Developer.
5. Developer proposes to renovate, retrofit, and expand the basement, consider the addition and construction of a third floor, and lease the rehabilitated building for office and restaurant use.
6. The City and Developer desire to enter into an agreement for the exclusive right to negotiate a Purchase Agreement (PA) based upon the terms and conditions set forth in this agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

ARTICLE 1 ENCLUSIVE NEGOTIATING RIGHTS

Section 1.1 Good Faith Negotiations: The parties will negotiate diligently and in good faith during the Negotiating Period described in Section 1.2 for the purpose of entering an agreement selling the Property to the Developer. During the specified Negotiating Period, the parties shall use good faith efforts to accomplish their respective tasks outlined in Article 2 to facilitate the negotiation of a mutually satisfactory PA.

As more particularly described below, and among the issues to be addressed in the negotiations are: i) the terms for the transfer of the Property, ii) the physical and land conditions of the Property, iii) the rehabilitation, seismic retrofit and expansion of the building (lowering and expanding the basement and constructing a stepped back third floor), and iv) future use limitations and lease commitments.

Section 1.2 Negotiating Period: The exclusive negotiating period (the "Negotiating Period") under this Agreement will be 120 days, commencing on the Effective Date of the agreement. The Negotiating Period may be extended for up to an additional 60 days by the mutual written agreement of the parties if, in the sole judgment of the City, sufficient progress toward the negotiation of a PA has been made during the initial Negotiating Period. The City Manager is authorized to approve the extension if he determines that sufficient progress has been made and that an extension is warranted.

If a PA has not been executed by the City and Developer by the expiration of the Negotiating Period or the extended Negotiating Period, then this ERNA will terminate. If a PA is executed by the parties then, upon execution the PA, this Agreement will also terminate, and all rights and obligations of the parties pertinent to the Property will be set forth in the PA.

Section 1.3 Exclusive Negotiations: During the Negotiating Period or extended Negotiating Period the City will not negotiate with any entity or individual other than Developer regarding the acquisition, retrofit, rehabilitation and/or future use of the Property.

ARTICLE 2 NEGOTIATION TASKS

Section 2.1 Overview: To facilitate the negotiation of the PA, the parties will use reasonable, good faith efforts to accomplish the tasks assigned to each of them as set forth in this Article 2 in a timeframe that will, to the maximum extent practicable,

facilitate negotiation and execution of a mutually acceptable PA prior to the expiration of the Negotiating Period or extended Negotiating Period.

Section 2.2 Financing: Within 60 days after the Effective Date of the ERNA Developer will provide City with a detailed financial analysis of the acquisition, rehabilitation, retrofit and tenancing of the Property in the form of pro forma. The analysis will include, but will not be limited to, all project costs, projected income and sources of financing. The financial analysis will also include written loan commitments from all financial institutions and/or individuals providing financing to the project.

Section 2.3 Basement and Third Floor Construction, Rehabilitation, and Seismic Retrofit Feasibility Analysis: Within 45 days after the Effective Date of the ERNA, Developer will undertake any and all appropriate soil samplings and other studies necessary to determine the technical and financial feasibility of lowering and expanding the basement and adding a stepped back third floor.

Section 2.4 Phase 2 Analysis: Within 45 days of the Effective Date of this ERNA, Developer will cause to be undertaken and completed a Phase 2 Hazardous Materials Analysis. City will provide the Developer with access to the Property to obtain soil samples and conduct any other investigations Developer deems necessary to determine if any hazardous materials are present.

Section 2.5 Due Diligence Within 90 days after the Effective Date, Developer will (i) complete all other studies, analysis, examinations, and investigations Developer deems necessary in order to determine whether to purchase the Property (coupled with all the other tasks which the Developer is obligated to perform hereunder, these studies, analysis, examinations and investigations shall be collectively called "due diligence"), (ii) based thereon provide the City with a written list of issues that need to be resolved prior to the execution of the PA or addressed in the PA itself and (iii) provide the City a statement that the Developer is satisfied with the due diligence it has undertaken and requires no further investigations, analysis, studies, examinations or due diligence in order to consummate the sale of the Property.

Section 2.6 Documents: Within 7 days of the Effective Date, the City will provide Developer with copies of any and all reports, studies, analyses, and similar documents above and beyond those that have already been provided, that are in the City's possession pertinent to the Property and are requested by the Developer in writing.

Section 2.7 Progress Reports: Due to the short timeframe of the Negotiating Period, commencing one week after the Effective Date and continuing bi-weekly thereafter, the Developer will provide the City with written reports advising City of the progress on the examinations, analysis, investigations and studies being undertaken by the Developer and their results, as well as issues arising from Developer's performance of its due diligence.

ARTICLE 3
GENERAL PROVISIONS

Section 3.1 Limitation on Effect of Agreement. This Agreement will not obligate either the City or Developer to enter into a PA or to enter into any particular PA. By execution of this ERNA, the City is not committing itself or agreeing to undertake disposition of the Property. By execution of this Agreement, Developer is not committing itself to or agreeing to undertake acquisition or exercise of control over the Property. Any PA resulting from negotiations pursuant to this Agreement shall become effective only if and after such PA has been considered and approved by the City Council following conduct of all legally required procedures, and executed by duly authorized representatives of the City and Developer. Until and unless a PA is signed by Developer, approved by the City Council, and executed by the City, no agreement drafts, actions, deliverables or communications arising from the performance of this Agreement shall impose any legally binding obligation on either party to enter into or support entering into a PA or be used as evidence of any oral or implied agreement by either party to enter into any other legally binding document to sell or buy the Property.

Section 3.2 Documents and Deliverables: In accordance with this ENRA, Developer shall be preparing and causing the preparation of reports, studies and analyses (collectively, "reports"). Developer considers the reports envisioned to be prepared pursuant to this ENRA and listed below to be proprietary and confidential and shall not deliver the originals or copies thereof to the City. However, upon their completion, the Developer shall give to the City written notice thereof and afford the City an opportunity to come to the Developer's office and review and study them, but not keep or copy them. The reports that are subject to this confidentiality provision are i) construction soils analysis, ii) phase 2 hazardous materials investigation, iii) appraisal and iv) other financial reports/analyses.

Section 3.3 Notices: Formal notices, demands and communications between the City and Developer will be sufficiently given and are not deemed to be given unless dispatched by certified mail, postage prepaid, return receipt requested, or sent by express delivery or overnight courier service, to the office of the parties shown as follows, or such other address as the parties may designate in writing from time to time:

City: City of Martinez
525 Henrietta Street
Martinez, California 94553-2394
Attn: Karen Majors Assistant City Manager Community and Economic
Development

Developer: Howard Goldenberg and Associates
101 Hillside Avenue
Piedmont, California 94611
Attn: Howard Goldenberg

Section 3.4 Commissions: Except as may otherwise be provided in any PA hereafter executed by the parties, neither party will be liable for any real estate commissions or brokerage fees that may arise from this Agreement or PA resulting from this Agreement. Each party represents that it has engaged no broker, agent or finder in connection with this transaction, and each party will defend and hold the other party harmless from any claims by any broker, agent or finder retained by the other party.

Section 3.5 Assignment: The Developer shall not transfer or assign this ERNA or any part hereof without the prior written consent of the City, which consent may be withheld for no or any reason, except to an affiliated entity of which Developer is a general or controlling party. Action by the Developer to assign or transfer this ERNA or any part hereof, without the prior written consent of the City, shall constitute the termination of this ERNA.

Section 3.6 Right of Entry: The City will cooperate with Developer to provide Developer, and Developer's agents and consultants the right to enter upon the Property, as necessary, for purposes of conducting investigations to facilitate Developer's performance of its due diligence. The form of said right of entry shall be prepared by the City, but shall be subject to the reasonable approval of the Developer.

Section 3.7 Severability: In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this ERNA shall not be affected thereby and shall remain in force and effect to the fullest extent permissible by law.

Section 3.8 Authorization: The persons who execute this Agreement warrant that they have been duly authorized to do so and that by signing this Agreement the party which/who they represent is bound by the terms and conditions hereof.

Section 3.9 Governing Law: This ERNA shall be governed by and construed under the laws of the State of California, and any action brought to enforce its terms and conditions shall be brought in the Superior Court of the County of Contra Costa.

Section 3.10 No Third Party Beneficiaries: This Agreement is made and entered into solely for the benefit of the City and Developer and no other person shall have any right of action under or by reason of this Agreement.

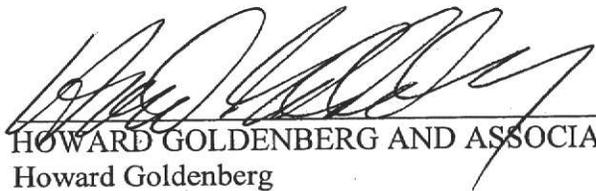
Section 3.11 Counterparts: This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

Section 3.12 Entire Agreements: This instrument contains the entire agreement between the parties regarding the subject of this Agreement, and any other agreement or representation respecting the Property not expressly set forth in this instrument is null and void.

IN WITNESS WHEREOF the parties hereto execute this Agreement on the date first appearing above.

Signatures:

CITY OF MARTINEZ
Donald A. Blubaugh, City Manager



HOWARD GOLDENBERG AND ASSOCIATES
Howard Goldenberg

J. Allen Sayles

Date: _____

APPROVED TO FORM:

Jeff Walter, City Attorney

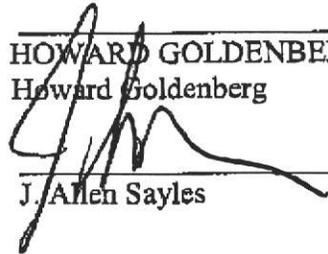
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APPROVED TO FORM:

Jeff Walter, City Attorney