



Napa Valley Corporate Park Napa, California

**An Evaluation of Development
and Marketing Strategies**

**for
Bedford Properties**

**A Panel Advisory Service Report
ULI—the Urban Land Institute
1090 Vermont Avenue, N.W.
Washington, D.C. 20005**

NAPA VALLEY CORPORATE PARK
NAPA, CALIFORNIA

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NAPA, CALIFORNIA
NOVEMBER 14-19, 1982

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ABOUT ULI-THE URBAN LAND INSTITUTE

ULI-the Urban Land Institute is an independent research organization which conducts research; interprets current land use trends in relation to the changing economic, social, and civic needs of our society; and disseminates pertinent information leading to the best and most efficient use and development of land.

Established in 1936 as a nonprofit institute supported by the contributions of its members, ULI has earned recognition as one of America's most highly respected and widely quoted sources of information on urban planning, growth, and development.

Members of the Washington, D.C.-based Institute include land developers, builders, architects, city planners, investors, planning and renewal agencies, financial institutions, and others interested in land use.

Much of the Institute's work is accomplished through the nine Councils, each headed by an Executive Group of distinguished authorities.

- Urban Development/Mixed-Use Council
- Commercial and Retail Development Council
- Industrial and Office Park Development Council
- New Communities and Large-Scale Development Council
- Residential Development Council
- Recreational Development Council
- Federal Policy Council
- Development Policies and Regulations Council
- Development Systems and Services Council

This alignment has resulted from the realization that more specific information on diversified areas will be needed and that there are no fractional solutions to urban problems.

This Panel Advisory Service Report is one of a series of research publications to further the objectives of the Institute and to make generally available authoritative information to those seeking knowledge in the urban field.

Ronald R. Rumbaugh
Executive Vice President

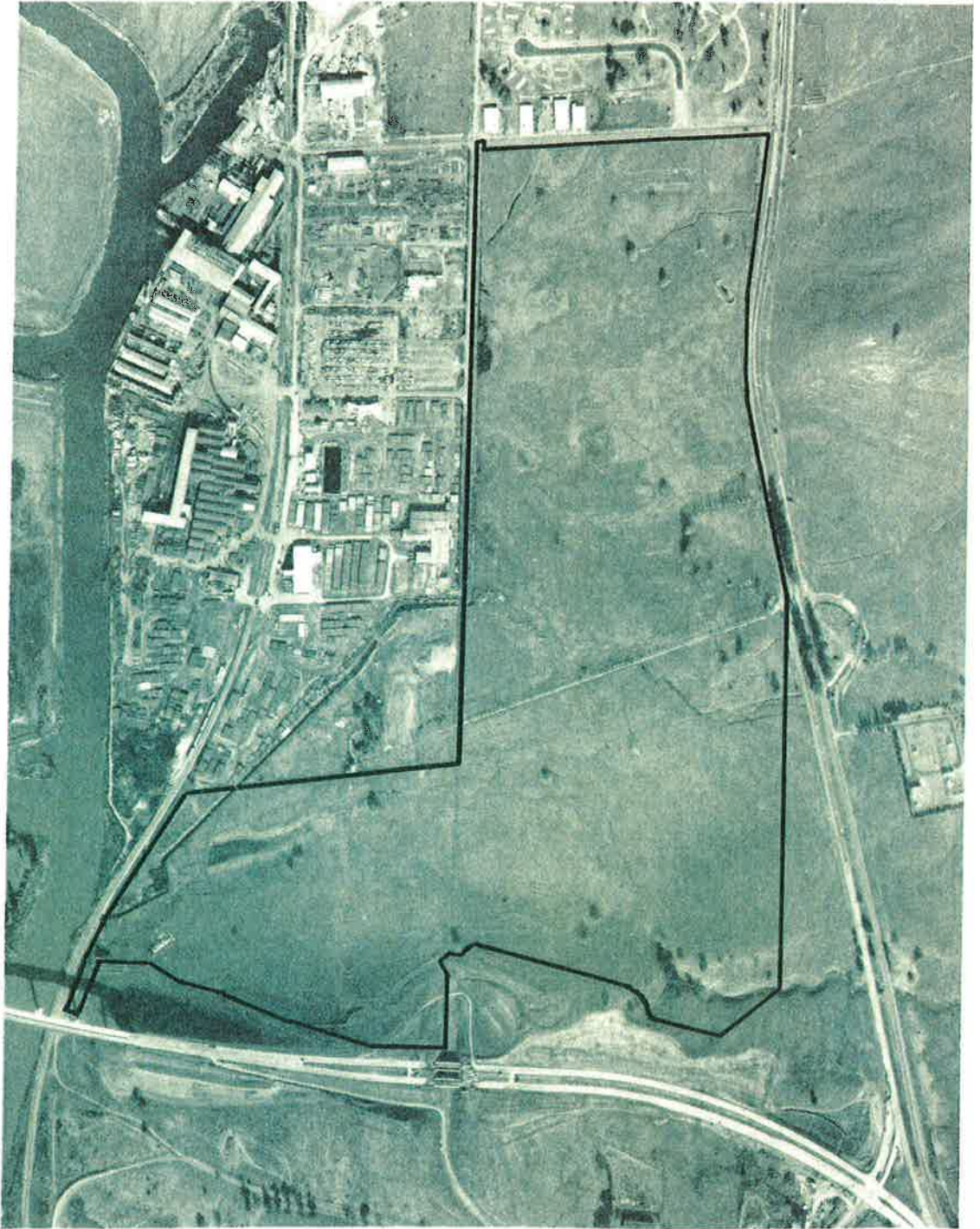
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Aerial photo of Napa project site.

FOREWORD

At the request of Bedford Properties, Inc., a panel of ULI-the Urban Land Institute conducted an evaluation of the development potential, planning considerations, and marketing strategies for a proposed 246-acre industrial park in Napa, California. An oral report was presented on November 19, 1982. This report is the permanent record of the panel's findings and recommendations.

Founded in 1936, ULI is an independent, nonprofit research and educational organization, dedicated to improving the use of land resources. Currently, more than 6,000 firms and individuals from the United States, Canada, and nearly 50 foreign countries are associates and members of the Institute. They include leading residential, commercial, and industrial developers, builders, realtors, architects, public and private planners, landscape architects, public officials, consultants, financial institutions, and major corporations, all of whom are active in creating sound land use practices.

This is the 121st panel assignment undertaken by the Institute since the program was initiated in 1947. Through the Institute's Panel Advisory Service, technical expertise is made available to requesting communities, developers, and organizations. Panel members are selected from ULI's nine councils: Commercial and Retail Development, Industrial and Office Park Development, New Communities and Large-Scale Development, Residential Development, Recreational Development, Urban Development/Mixed-Use, Federal Policy, Development Policies and Regulations, and Development Systems and Services.

The members of the Napa Industrial Park panel were selected because of their expertise and experience with problems of and opportunities for development, planning, and marketing similar to those facing the sponsor of the Napa site. All panel members donate their time, effort, and expertise to the Panel Advisory Service as a personal contribution to further the Institute's work and objectives.

It is the hope of the Institute and the panel members that this report will provide the sponsors with the basis for resolving the planning and development issues raised in a manner that is beneficial to themselves and to the community.



The site looking north with Kaiser plant on the left.

ACKNOWLEDGMENTS

Both personally and on behalf of ULI-the Urban Land Institute, the panel members and staff express their appreciation to Peter B. Bedford and Benjamin T. Lake II, Bedford Properties, Inc., for the opportunity to assist them in evaluating the planning, development, and marketing strategies for Napa Industrial Park, for the many courtesies extended to the panel members during their stay, and for their assistance throughout the assignment. The panel also appreciates the assistance of the many local government and business leaders who were interviewed during the course of the on-site investigation.



Panel members and sponsor view site from scenic overlook.



Panel members during report session.



Panel members boarding plane in San Jose after all-day bus tour of Bay area to view competitive development in the area.

PANEL MEMBERS

John D. O'Donnell, chairman of the panel, is a trustee of ULI-the Urban Land Institute, an executive group member of ULI's Industrial and Office Park Development Council, a member of the Urban Land Research Foundation Board of Directors and Advisory Board of Governors, and managing general partner of O'Donnell, Brigham & Partners of Newport Beach, California.

O'Donnell, Brigham & Partners is involved in industrial development in Seattle, the San Francisco Bay area, and various areas of Orange, Los Angeles, and San Bernardino Counties. The partnership has completed or has under construction over 7,000,000 square feet of warehouse, manufacturing, electronics, and business park space.

Before starting the partnership, Mr. O'Donnell was employed by Coldwell Banker & Company. He graduated from the University of Southern California with a Bachelor of Arts degree.

George Beardsley is an executive group member of ULI's Industrial and Office Park Development Council. He is a partner in Central Development Group, a Denver-based real estate development company specializing in office and commercial development. He is the managing partner of Inverness, an 800-acre business park in Denver's southeast corridor. Mr. Beardsley graduated with honors from Dartmouth College and received a Master's degree in city planning from the University of North Carolina. Before his 15 years in real estate development, he was an urban planning consultant.

Rodger Fagerholm is a member of ULI's Industrial and Office Park Development Council. He is president of the Northwest Division of the Koll Company, where he has directed the company's activities as a developer and contractor in Washington, Oregon, and Idaho. Koll's activities in Washington include construction and development of industrial facilities, office parks, and shopping centers. Since beginning its activities in 1973 in the Pacific Northwest, the Koll Company has built over 6,000,000

square feet of buildings and maintains ownership of approximately 3,000,000 square feet of buildings.

Mr. Fagerholm graduated from UCLA with a degree in engineering. Before joining the Koll Company, he was an active real estate broker in the Pacific Northwest with Coldwell Banker & Company.

Mr. Fagerholm is a member of Lambda Alpha International Honorary Land Economics Fraternity, the National Association of Industrial and Office Parks, and the Young Presidents Organization.

A. Jerry Keyser is a member of ULI's Urban Development/Mixed-Use Council. A real estate consultant since 1961, he is president of Keyser-Marston Associates, Inc., a land use economics consulting firm he founded with Michael Marston in 1973. Mr. Keyser has participated in a wide range of investment analyses concerned with financial feasibility of real estate projects, marketability, development and disposition of land, and policy issues related to real estate development and land use. He is best known for his role in structuring developments that involve the public in creating the opportunity for development or require extensive public approvals. Mr. Keyser has been a consultant on many major projects, including Embarcadero Center retail space and Yerba Buena Center, San Francisco; and the California Business Climate Evaluation for the California Round Table and California Plaza, Los Angeles.

Mr. Keyser holds an undergraduate degree in economics and political science from Cornell University and a Master's degree in real estate and finance from Columbia University. His professional associations include Lambda Alpha International Honorary Land Economics Fraternity, of which he is a director and past president of the Golden Gate Chapter, and the San Francisco Planning and Urban Research Association (SPUR), of which he is a past director.

Roy Potter is a member and has served as vice chairman of ULI's Development Policies and Regulations Council. He is executive vice president of San Diegans, Inc., and was formerly planning director for

the city of Fremont, California, for San Joaquin County, California, and for the National Capital Park and Planning Commission, the bicounty planning agency that serves Montgomery and Prince Georges Counties, Maryland, adjacent to Washington, D.C. During Mr. Potter's service in Fremont, the city won the national A.I.P. award for plan implementation.

Mr. Potter served as director of technological services for the Office of International Affairs, U.S. Department of Housing and Urban Development, serving as a consultant on urban development to the governments of Nigeria, Honduras, and Panama. The U.S. Department of State and two national planning associations selected Mr. Potter as one of nine planners to represent the United States in a cultural exchange program with the Soviet Union. He also served on an international consulting team in Cairo, Egypt, for 6 weeks during 1981.

He has lectured in the United States and abroad and has received the coveted "Top Performer" award from House and Home, the housing industry trade magazine.

Mr. Potter served for 2 years as president of the California Chapter of the American Institute of Planners and as chairman of the National Chapter's Presidents Council. Last year he served as president of the San Diego Chapter of Lambda Alpha International Honorary Land Economics Fraternity. For several years, Mr. Potter served as chairman of the Land Development Advisory Board for San Diego. For the past several years, he has served on the board of directors of the International Downtown Executives Association.

Mr. Potter holds a degree in architecture from Miami University and a Master's degree in city and regional planning from the University of California, Berkeley.

Paul O. Reimer is a trustee of ULI-the Urban Land Institute and a member and former chairman of ULI's Development Systems and Services Council. As professional leader of Reimer Associates, which he founded in 1976, Mr. Reimer guides the activities of his firm in specialized

engineering, planning, and environmental responses to development problems, and in expert testimony on land use and the environment.

As an engineer, Mr. Reimer has been responsible for the planning of several new communities, such as the 1,800-acre Leareno project in Reno, Nevada, the 5,000-acre Rancho Murieta project in Sacramento County, and the 500-acre Foothills project in Palo Alto. He was also project leader for the India Basin urban renewal project in San Francisco and participated in the H.U.D. feasibility review of the Woodlands, a Title VII new town in Houston.

Mr. Reimer served as a member of the Environmental Management Task Force of the Association of Bay Area Governments that prepared water and air quality management plans for the San Francisco region. He has participated in H.U.D.'s "Operation Breakthrough," an urban systems demonstration program, and in the 1978 National Conference on Housing Costs. Mr. Reimer has written articles published in H.U.D.'s Challenge magazine and in Urban Land and has served as keynote speaker for symposia on growth management in Salem, Oregon, and in Dallas, Texas.

Mr. Reimer is a graduate of the University of Nevada in civil engineering. He has received graduate training in city and regional planning through the University of California, Berkeley, and is a registered professional engineer in California and Nevada. He is a member of the National and California Societies of Professional Engineers, the American Society of Civil Engineers, the American Public Works Association, and the National Association of Environmental Professionals.

Sam L. Van Landingham is an executive group member of ULI's Industrial and Office Park Development Council. He is director of development and marketing for the Irvine Company, which owns and is developing approximately 77,000 acres of land in Orange County, California. This planned community features residential villages, major commercial and retail centers, an industrial complex, and a variety of civic, cultural, and recreational amenities. Under Mr. Van Landingham's direction in the past 6 years, the Commercial/Industrial Division has developed or is developing 1.5

million square feet of office space, 500,000 square feet of multitenant industrial space, 775 acres of industrial subdivisions, 650,000 square feet of retail space, and 850 hotel rooms.

From 1972 to 1977, Mr. Van Landingham served as vice president of the Cushman Corporation in Atlanta, where he was responsible for marketing a major urban mixed-use project of 2 million square feet, including high-rise towers, a hotel, and retail and residential condominiums.

Before his entry into real estate development, Mr. Van Landingham was president and general manager of a mechanical contracting firm in Atlanta, which was a wholly owned subsidiary of the Trane Company. He holds Bachelor of Mechanical Engineering and Master of Science in Industrial Management degrees from the Georgia Institute of Technology and has completed studies in real estate appraisal, capitalization theory, investment analysis, and brokerage.

David S. Wolff is a former member and vice chairman of ULI's Industrial and Office Park Development Council. He is general partner of Wolff, Morgan and Company, a Houston-based real estate development and investment firm that he founded in 1970. The company is the largest developer of office and industrial parks in Houston. It owns and/or has under development approximately 3,000 acres of land in the Houston area. Its corporate developments include Park 10, Beltway, Weston, and Interwood.

Mr. Wolff is a founder of and has served on the board of directors of several Houston-area banks, including Beltway Bank, Exchange Bank, and First City Bank/Bear Creek. He presently serves on the board of First City National Bank, Houston's largest. In addition, he has served as vice president and is now treasurer and chairman of the finance committee of the Houston Grand Opera, a performing arts organization whose annual budget is over \$8 million. Along with other civic leaders, Mr. Wolff founded the West Houston Association--a 75-member organization composed of the leading developers, corporations, and financial institutions in the western part of the metropolitan area--and has been its chairman since its inception. Mr. Wolff has also served as a member and director

of various boards and committees for the city of Houston and Harris County.

His secondary business interests include the 1,533-acre Wolff, Morgan Ranch, a working, commercial cattle operation in Independence, Texas, approximately 80 miles northwest of Houston. Mr. Wolff is a graduate of Amherst College and the Harvard Business School.

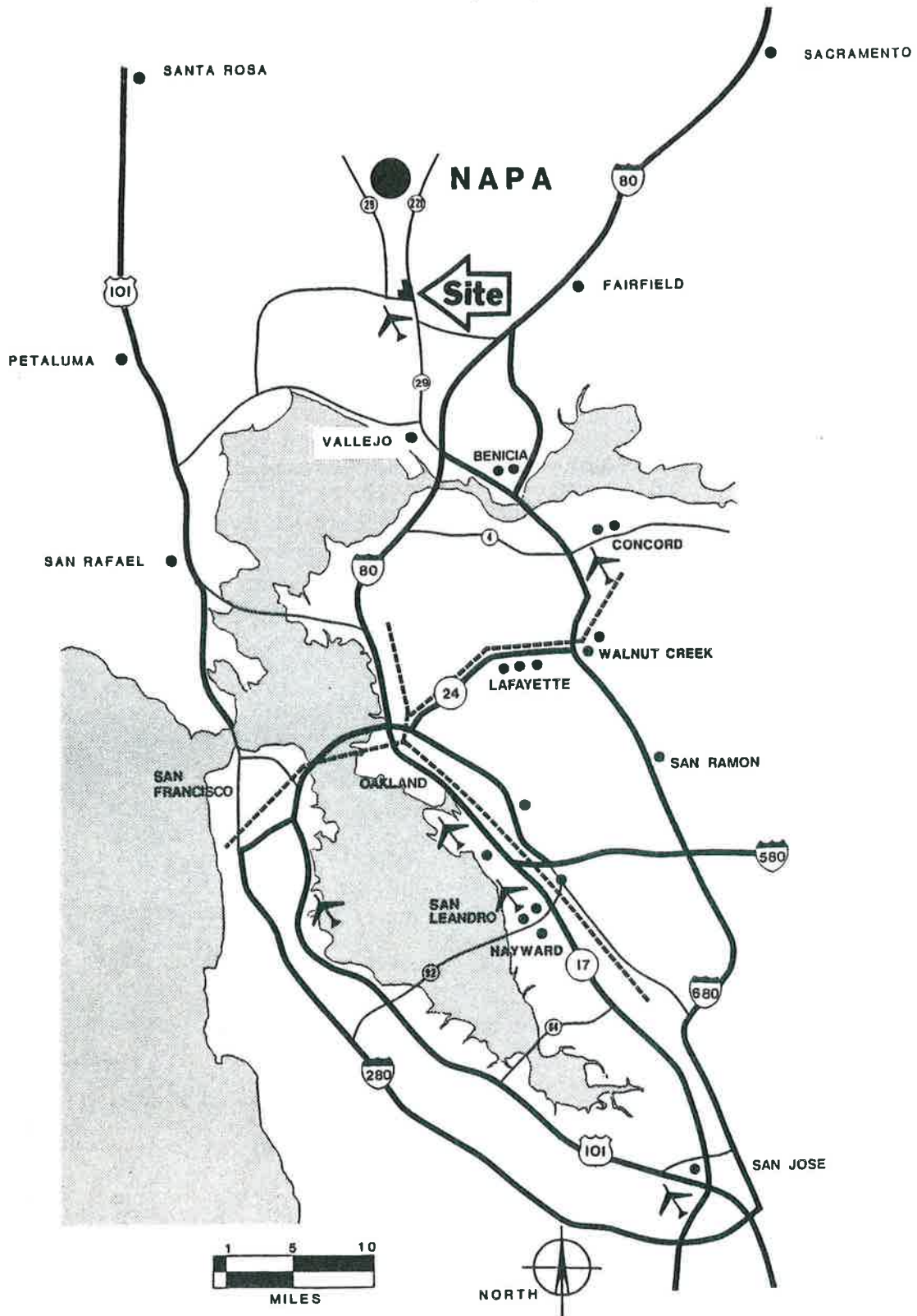
THE PANEL'S ASSIGNMENT

Before contacting ULI to sponsor a panel study assignment, Bedford Properties, Inc., had actively pursued and obtained approval for the development of its Napa, California, property as a quality mixed-use industrial service center park.

Given the expected 10-year period of development, a fundamental question is whether Bedford Properties should proceed with the development plan as currently approved by the city, should sell the land in bulk based upon the current increased values, or should seek modifications of current approvals to improve the overall development. The ULI panel was asked to determine whether the proposed plan will optimize returns over the life of the project.

The sponsor asked the panel to critique the development plan and

- recommend improvements to the land plan proposed by Bedford Properties, Inc.
- determine the site's full economic development potential
- identify the best marketing and implementation strategy for the site, based on panel members' experience.



**SAN FRANCISCO BAY AREA
REGIONAL MAP**

FINDINGS AND RECOMMENDATIONS

The Napa Valley has evolved into one of the treasured landmarks of California. As such, developments of an urban nature should be achieved to complement, preserve, and not threaten what has evolved in Napa Valley--the premier vineyards of the United States.

Unfortunately, the valley's success is also responsible for one of its bigger shortcomings--a one-crop economic base.

Over the last 3 years, both public and private entities have invested heavily in the nearby "I-80 corridor" to encourage orderly and clean albeit dynamic and rapid expansion of both the residential and industrial base. The infrastructure is already in place and financed, if not paid for. One need only drive through the Busch, Chevron, and Grosvenor properties in Fairfield and the various industrial holdings at the I-80/I-505 interchange in Vacaville to predict the future.

To point out that little acreage has been consumed in the last few years is to beg the question--the economy has not lent itself to corporate relocation or expansion anywhere. However, if even the most conservative opinions are to be believed, then exactly the opposite scenario can be described for the future. Houses that cost over \$200,000 in the Santa Clara Valley (the "Silicon Valley") can be bought for \$60,000 to \$80,000 in Fairfield; industrial land that costs \$10 to \$12 a foot in the Santa Clara Valley, \$6 to \$8 in Fremont, and \$4 to \$5 in Pleasanton can be

purchased for \$2 to \$2.50 in the Vacaville area. To believe that this expected development can happen without affecting Napa County and the city of Napa is to believe that one can put his hand in fire and not be burned.

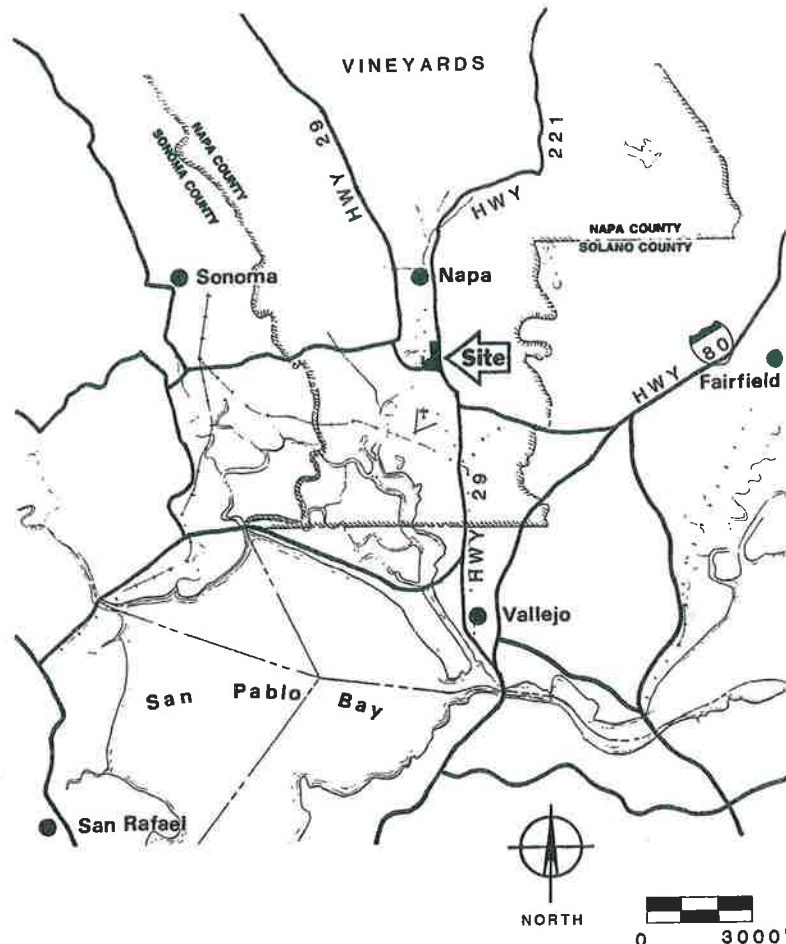
The Bedford organization alone cannot develop the Bedford property. Development must be a mutual endeavor. If the attitude of the Napa community is one of distrust, the endeavor is doomed. Instead, a public/private venture should be mounted based on mutual goals and preconceived ground rules. Standards must be high enough to protect the city's concern but flexible enough to allow the developer to react to the market. The panel finds it inconceivable that neither the county nor the city has a hired employee, backed by an economic development council, to attract and coordinate (not to protect the area from) industrial development.

The panel has taken some significant liberties with the specific plan approved by the city. In its current approved form, the plan does not create an environment conducive to attracting the type of industry the panel foresees locating on the property. For instance, rail service in the park appears unnecessary except for possible access to warehousing for the wine industry.

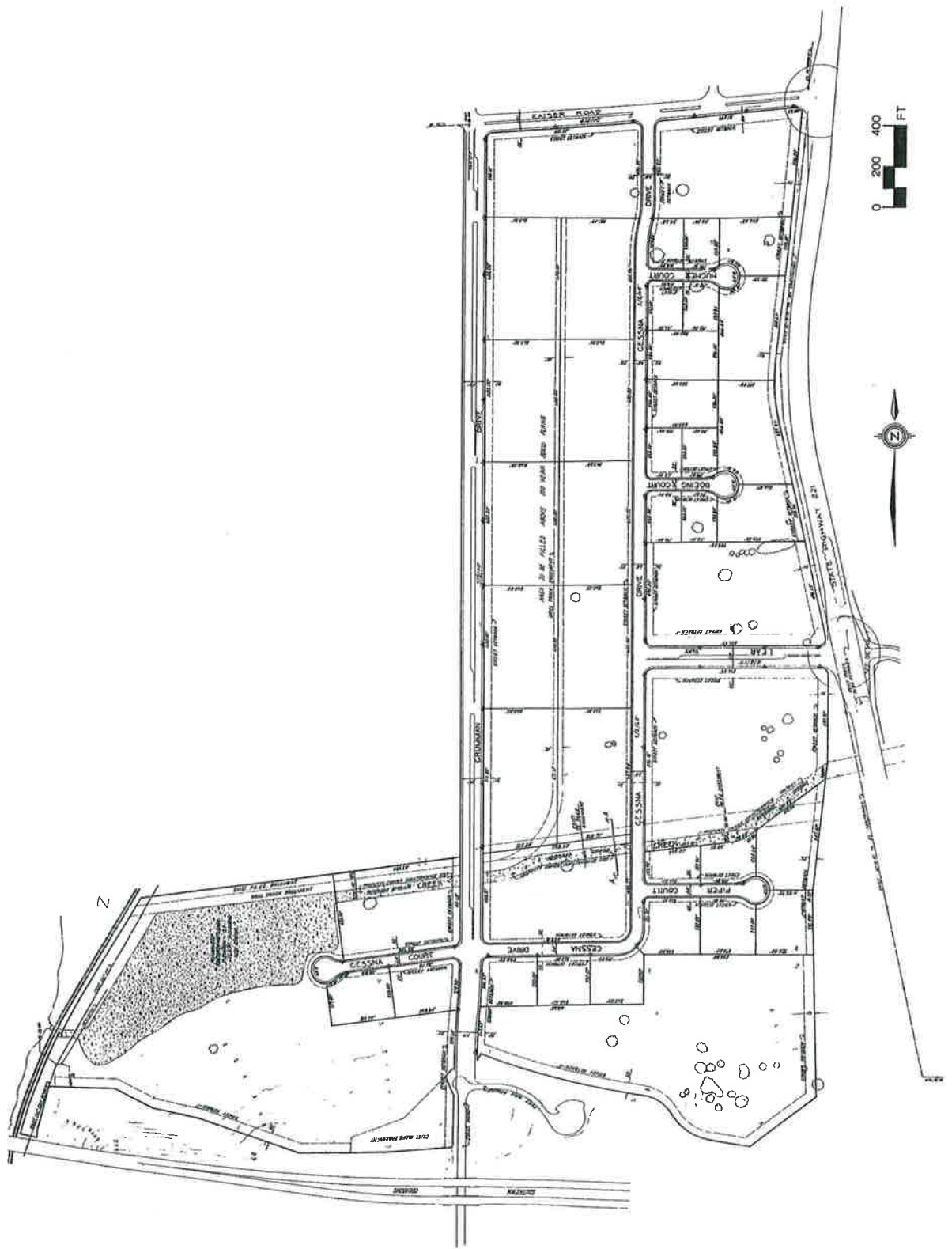
The panel recommends a hotel be incorporated in the plan, as the need for one has been identified. The panel suggests that the property be called the Napa Valley Corporate Park rather than Napa Industrial

Park or Airport North Industrial Park, two previously used but, in the panel's opinion, totally unsuitable names.

If these and other suggestions can be accepted as aspects of controlled growth--because growth there is going to occur, controlled or otherwise--then possibly the city can diversify its industrial base, unemployment can be alleviated, and the residents of Napa and the valley can continue to enjoy the climate, ambience, and high quality of life that is Napa Valley. The panel would proceed with the development of this property with the proposed changes to the plan and with the support of the city and county to encourage economic development.



Area map.



0 200 400 FT



Original plan without modifications as proposed by the panel.

ECONOMIC DEVELOPMENT

The ability to attract industry to Napa Valley Corporate Park is critical to the project. A study commissioned by the developer recommended five industries as primary targets:

1. the wine industry and related support services--warehousing, distribution, tasting rooms, bottling, packaging
2. high-technology assembly--electronics, silicon wafers, computer hardware, telecommunications equipment
3. light nontechnical manufacturing--metal and plastic fabrication, nontechnical assembly
4. process office--data processing, accounting, record storage, clerical processing
5. research and development (R&D)--application engineering, computer software, technology research.

In response to attitudes in the community and considerations of the labor market, the panel believes initial site users should have fewer than 300 employees. Given this focus on smaller users, the panel concurs with the targeted industries identified for the developer, with the reservation that R&D companies generally will prefer locations that are more readily accessible to a major university.

Regional Trends

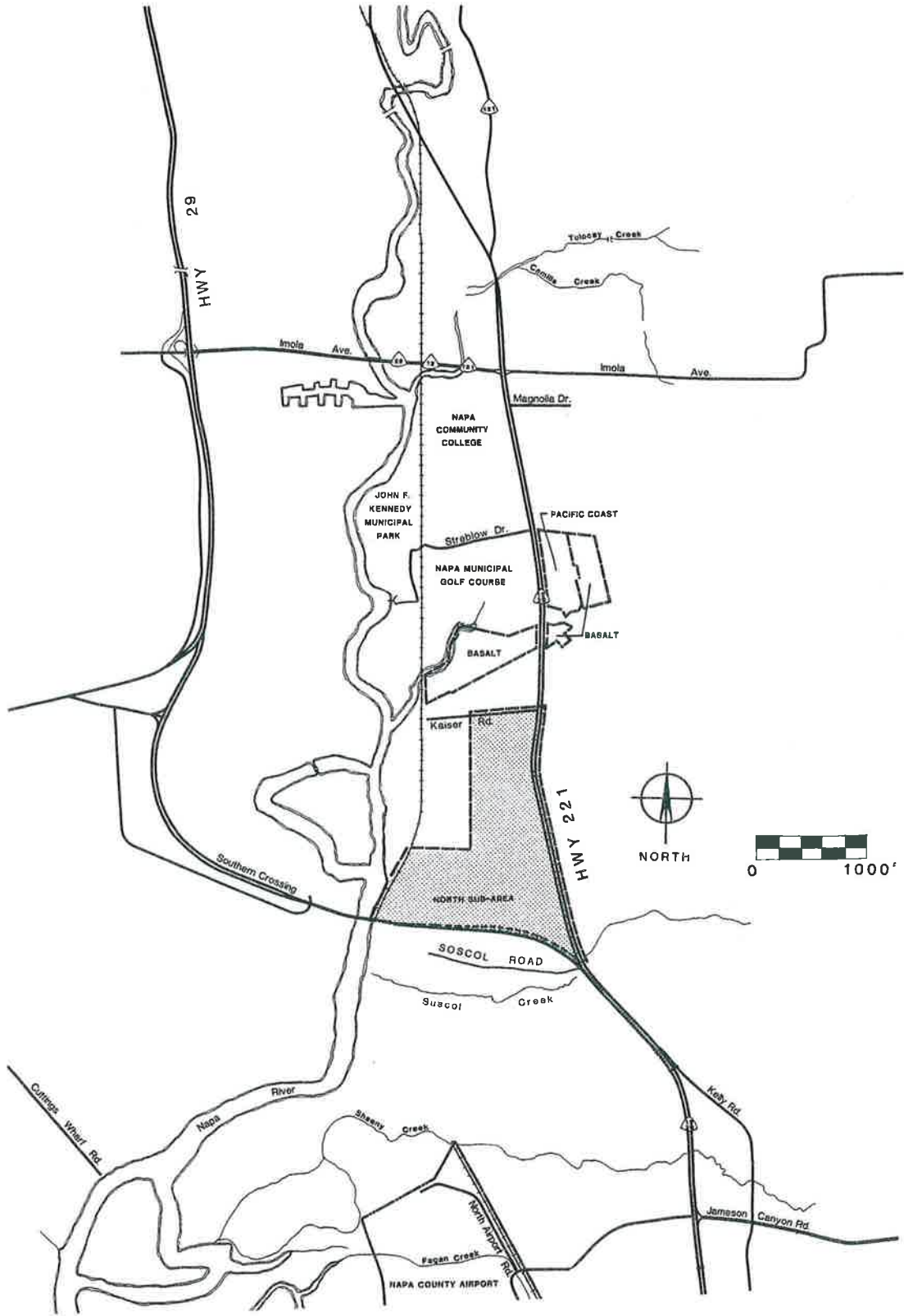
The largest potential markets in the total San Francisco Bay area are high-technology assembly, light manufacturing, and process office, so this report discusses them first. Briefly:

- High-technology industries are concentrated in the Silicon Valley of Santa Clara County.
- Process office industries are concentrated in San Francisco.
- Light manufacturing is concentrated in Oakland/Hayward/San Leandro.

High-technology and process office industries in particular have grown rapidly over the past several years. As a result, both have expanded and relocated in dramatic numbers from their original locations. Within the Bay area, the greatest focus of the expansion and relocation of process offices, led by the Bank of America, is in central Contra Costa/Alameda counties, in the vicinity of Interstate 680 and its intersections with Interstate 580 and California Route 24 in the city of Pleasanton. But other Bay area locations are also competing for these uses.

Competition in Solano County

An additional location becoming significant for these growth segments of the market is the Interstate 80 corridor, with particular focus to date on Solano County. A number of major developers have assembled



Vicinity map.

accommodate small and medium jets, a large and expanding labor supply in the Solano/Napa market, good available infrastructure, a good supply of moderate-, and upper-income housing within reasonable commuting distance of Napa industrial sites, a good history of labor relations and limited unionization, and land prices and rents that are among the lowest in the Bay area. But Napa also has certain disadvantages: the perception that Napa is a remote location, which is aggravated by the lack of any direct 4-lane highway connection to Interstate 80, the limited existing industrial base, nearly 2 hours travel time to Silicon Valley, its reputation for limiting growth and uncertain politics in that regard, limited housing growth within Napa County (the recently passed Measure A in Napa County restricts growth to 134 units per year in nonurban areas of the county), and minimal support for economic and industrial development marketing programs.

The Napa Valley Corporate Park Site Compared to Its Competition in Napa County

Compared to other Napa County locations, Napa Valley Corporate Park has several advantages: excellent access to Highways 29, 12, and 221, which is enhanced by being at the gateway junction of 29 and 221; an attractive physical environment that includes current open space across Highway 221; a site large enough to offer flexibility and the potential for a multiuse park; proximity to the Napa Airport as well as to rail and water (the Napa River is adjacent and navigable); and proximity to downtown Napa. The site also has some disadvantages, however: the negative aesthetics of the adjacent Kaiser plant, including the generation of truck traffic on adjacent Kaiser Road; limited visibility of the site

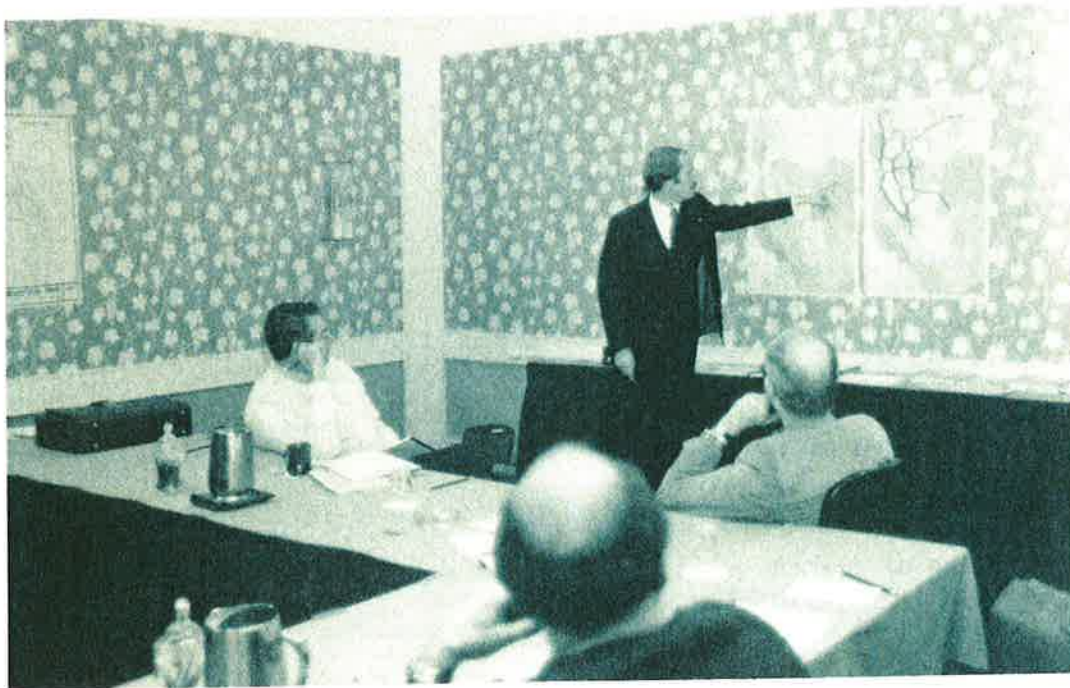
from Highway 29 for traffic proceeding northbound into the Napa Valley; the potential for much lower quality development on adjacent lands within the county to the south unless the county takes significant action to upgrade the lot sizes and standards on which those properties will be developed; and potentially disadvantageous land cost if Napa Valley Corporate Park must compete with nearby properties that would be allowed to develop to significantly lower standards.

The panel would identify Napa Valley Corporate Park as the location for "specialty" uses. A primary attraction of Napa is its appeal to decision makers who would make decisions to locate industries based on "lifestyle" available in Napa and nowhere else.

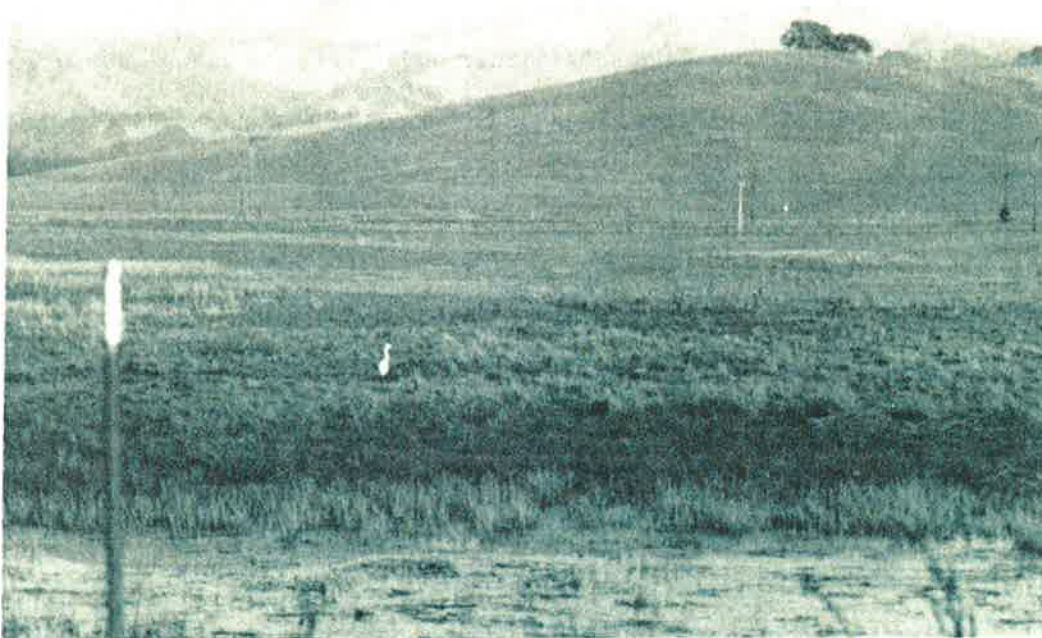
Timing of Development

Given this assessment of the growth trends of the Bay area and the advantages and disadvantages of Napa County in general and the Bedford site in particular, the panel, assuming that construction proceeds in 1983 and excluding transactions that might already be under serious negotiation, believes it is optimistically realistic to expect to complete two development transactions totaling 10 acres by 1984, with a similar absorption of 10 more acres by 1985. After that, absorption should accelerate, so that the panel believes 15 acres per year is realistic for 1986 and 1987 and 20 acres per year for 1988 and 1989. Thus, in the 6 years from 1984 to 1989, the panel sees absorption no greater than 90 acres, which assumes development as well as lot sales. The panel believes that the absorption rate projected by the sponsor is too optimistic and

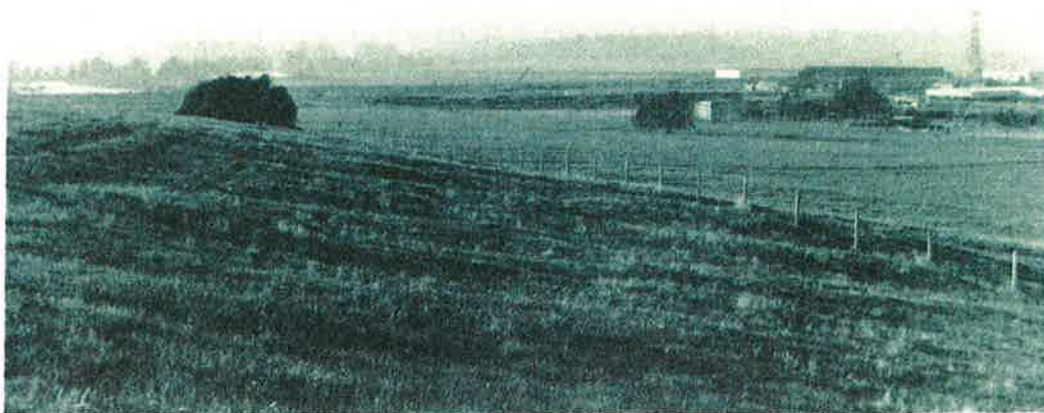
that the lower projected absorption rate will be somewhat mitigated by the higher prices the panel envisions. Obviously, these higher prices can be obtained only if a high-quality image is incorporated throughout the development program.



Panel work session discussing the competitive markets.



View across the site from the Kaiser plant shows the area's scenic beauty--even on a rainy day.



The site looking from the scenic overlook shows visual problem of the Kaiser plant which panel felt needed to be addressed by plan revisions.

DEVELOPMENT ISSUES

Kaiser Steel Plant

The Kaiser plant adjacent to the Bedford site manufactures pipes and tubes and fabricates steel plate products. While it currently operates at reduced capacity and employment because of the national economy and the current reduction in demand for large tube products, Kaiser has continually modernized the plant and expects it to play a major role when the economy improves. Kaiser has recently moved its divisional headquarters from Oakland to a newly expanded office building on the site. It plans further relocations and therefore does not see itself as a potential tenant on the Bedford site. Kaiser has no plans to abandon or relocate the plant. In fact, it is anxious to expand the site and previously explored that possibility with Bedford Properties. It is now exploring the possibility of acquiring from the Basalt Corporation and other owners some 40 acres to the north of its property along the river.

The plant is served by highway, rail, and river barge. Very heavy truck traffic travels to and from the plant. The plant is fully unionized and in busy times operates three shifts with approximately 1,500 employees. The current cutback to approximately 500 employees and the unemployment level in Napa County point out the benefits of diversifying employment by developing light industrial manufacturing in the area.

The panel believes that the adjacency of the Kaiser plant is a significant disadvantage, in terms of environment and image, to the Bedford property and to any effort to market high-quality business development there. For example, the panel feels that it is very important to isolate the truck and employee traffic to the Kaiser property to the north end of the Bedford site on Kaiser Road.

Kaiser management believes it would be difficult or impossible to abandon its road in the easement belonging to Bedford along the western Bedford property line because of the need to accommodate north/south traffic for the plant, which cannot be accommodated elsewhere on its property. Relocating Kaiser's property line to include the current road inside the plant property would be attractive to Kaiser. Doing so would allow all Kaiser traffic to continue to enter the property from Kaiser Road. Kaiser management does not favor a major street connection from the Southern Crossing underpass into Napa, because it has no need for such a public street along its eastern boundary and because it has no requirement for an east/west connection across the Bedford property at the southern Bedford entrance.

However, in the apparently unlikely event of future abandonment or redevelopment, the plant site can be served by the panel's proposed street system for the Bedford property. This plan provides the opportunity for a future street connection directly into the Kaiser property from the south. Internal streets can then be designed to fit a redevelopment plan for the Kaiser property and to tie this point to Kaiser Road on the north end of the plant site.

The panel has made a number of other recommendations elsewhere in this report that will ameliorate the disadvantages of the Kaiser plant's adjacency. The proper execution of these recommendations will be very important to the project's success.

Wine Industry Facilities

The sponsor's expansion plans include a major wine industry facility as a key element in the park. The panel is not convinced that such a facility, to include a tourist center, cultural center, wine-tasting center, wine research institute, and transportation center to transfer from auto to bus or rail, is a very likely prospect. The location is not convenient to visitors' arrivals and departures for the up-county wine country. Representatives of the wine industry whom the panel interviewed were not enthusiastic about the prospect, indicating that such a facility would make more sense north of the city of Napa, at Yountville, for example.

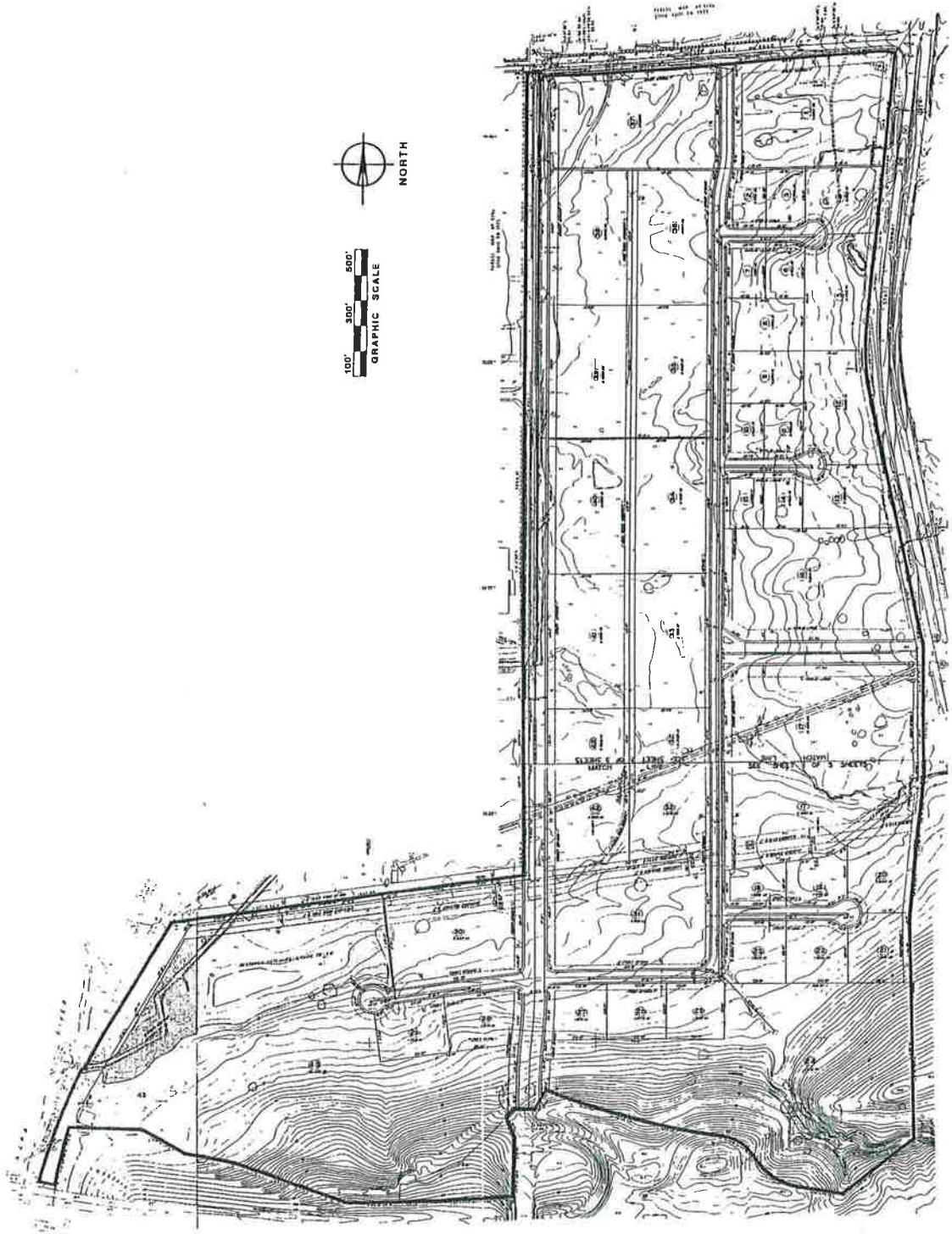
The panel believes that portions of this facility, such as the wine-tasting center and the tourist information center, could be better included in the project as part of a commercial hotel. If Bedford Properties has information that would make this type of center possible, the panel agrees that it could be an advantage for the park and might merit reducing the price for the land or donating it outright.

The panel concurs that a single, large, bonded warehouse for the wine industry would be appropriate and could be accommodated in the plan

to the Kaiser plant. It would, however, have certain disadvantages in terms of urban services if it remains in the county. Development in this area concurrent with the Bedford development, while competitive, might well help both efforts by increasing marketing momentum in the area and by helping to overcome some of the Bay area's negative preconceptions of the Napa area.



Panel discussing development in the county and nearby areas.



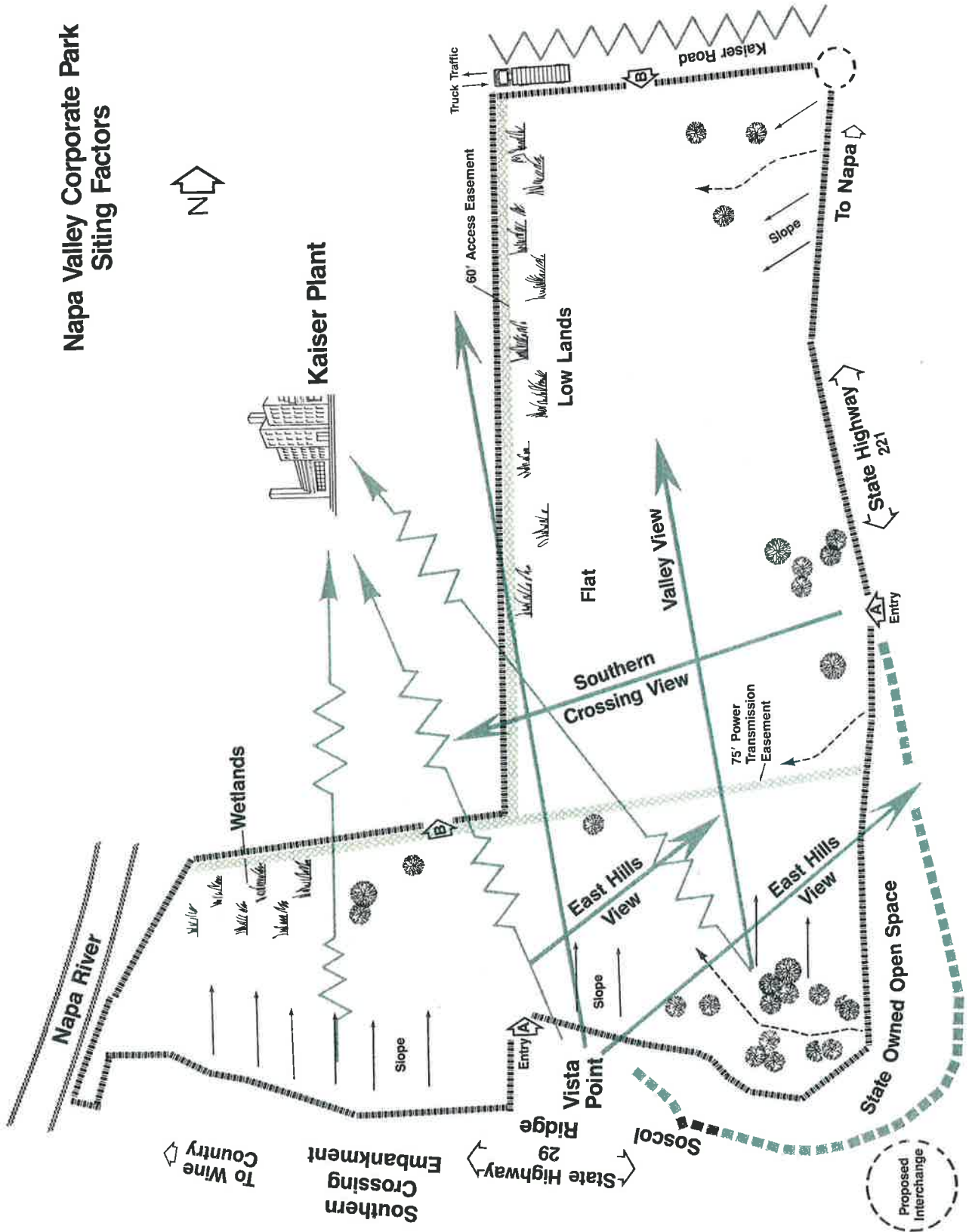
Currently approved tentative map for the site.

LAND PLANNING

The panel, in recommending a modified land plan, identified several actions or concepts that should guide those modifications:

- acquisition or satisfactory control of the wedge of state land over a distance of approximately 1,000 feet south of the proposed Bedford entrance from Highway 221, which can become a natural gateway to the Napa Valley and visual introduction to the sponsor's property
- division of the property into two neighborhoods--a northern neighborhood that accommodates a mix of quality uses in a more traditional office/industrial park setting and a southern neighborhood that accommodates similar uses in a more rural, "campus" setting
- realignment of the internal major street from the Southern Crossing underpass north and eastward through the Bedford property to the north end rather than along a common line between the Kaiser plant and the Bedford property to focus the development away from the Kaiser plant
- reinforcement of the separation between the Kaiser plant and the Bedford land by other techniques of design and development
- addition of landscaping--for example, heavy planting, grading, and ponds--at the entrance and at strategic locations along the internal street system

Napa Valley Corporate Park Siting Factors



- elimination of design strategies that would permit uses and buildings to back on Highway 221
- separation from potentially negative uses on the north side of Kaiser Road
- exploration of the opportunity to include a hotel during the earliest stage of development and therefore the necessity to design the project to create a suitable site for such a use.

Site Factors and Land Use

The panel, in rethinking the sponsor's plan, found it valuable to display those physical features that influence the site's potential and therefore should influence the revisions to the plan. These features are schematically portrayed and represent a "user's guide" to the site. Discussions about the surface features with soils and civil engineers who have worked on the site revealed no underlying conditions or lack of services that precludes the revised plan. However, modifications to the seasonal wetlands and natural drainage courses will require approval from the California Department of Fish and Game.

The panel viewed the revision of land uses for the site in the context of the approved specific plan, and, with the possible exception of the hotel, the panel's proposed modifications are relocations or changes in acreage in response to the realities of marketing rather than a departure from the previously approved specific plan.

Napa Valley Corporate Drive

The approved tentative map indicates Grumman Drive (hereafter referred to as Napa Valley Corporate Drive) as a 4-lane divided road (110 feet right-of-way) extending in a straight line immediately adjacent to the Kaiser plant from an existing road passing under the Southern Crossing at the south end of the project northward through the site to Kaiser Road. This road and its alignment were to be part of a new major north/south arterial extending northward from the site to a connection with Imola Road. In a southerly direction, its alignment was proposed to extend to the airport access road, but no alignment was committed. Discussions with representatives of Napa County suggest that those concerned with protection of the airport and affected property owners do not agree with this southerly alignment.

Based on its investigation, the panel concluded that a northerly extension of this road is questionable. It is favored neither by the Kaiser plant manager nor by the Basalt Corporation plant manager. Specifically, Kaiser is concerned that such an alignment would create unnecessary traffic that would interfere with the access to the Kaiser plant by both trucks and employees' vehicles. The manager of Basalt was specifically concerned that any northerly extension would cause a major conflict between off-road vehicles hauling large rock from its quarry to the Napa River along an existing private haul road. An extension would require an overpass to bridge this haul road with sufficient clearance to allow uninterrupted use of the haul road by the oversized vehicles. The quarry has sufficient resources to be mined for 40 years

and while current mining results in infrequent traffic because Basalt has chosen to exhaust resources at the Marin-McNair quarry first, traffic will rise dramatically when the quarry is in full operation.

The panel thus concluded that the alignment shown on the approved tentative map immediately adjacent to the Kaiser plant would not provide the appropriate service to existing land uses in the immediate area of the site and that northerly and southerly extensions of this roadway beyond the boundaries of the site seem questionable at best. Further, this alignment is quite disadvantageous to the objectives the panel defined for the development of Bedford's property.

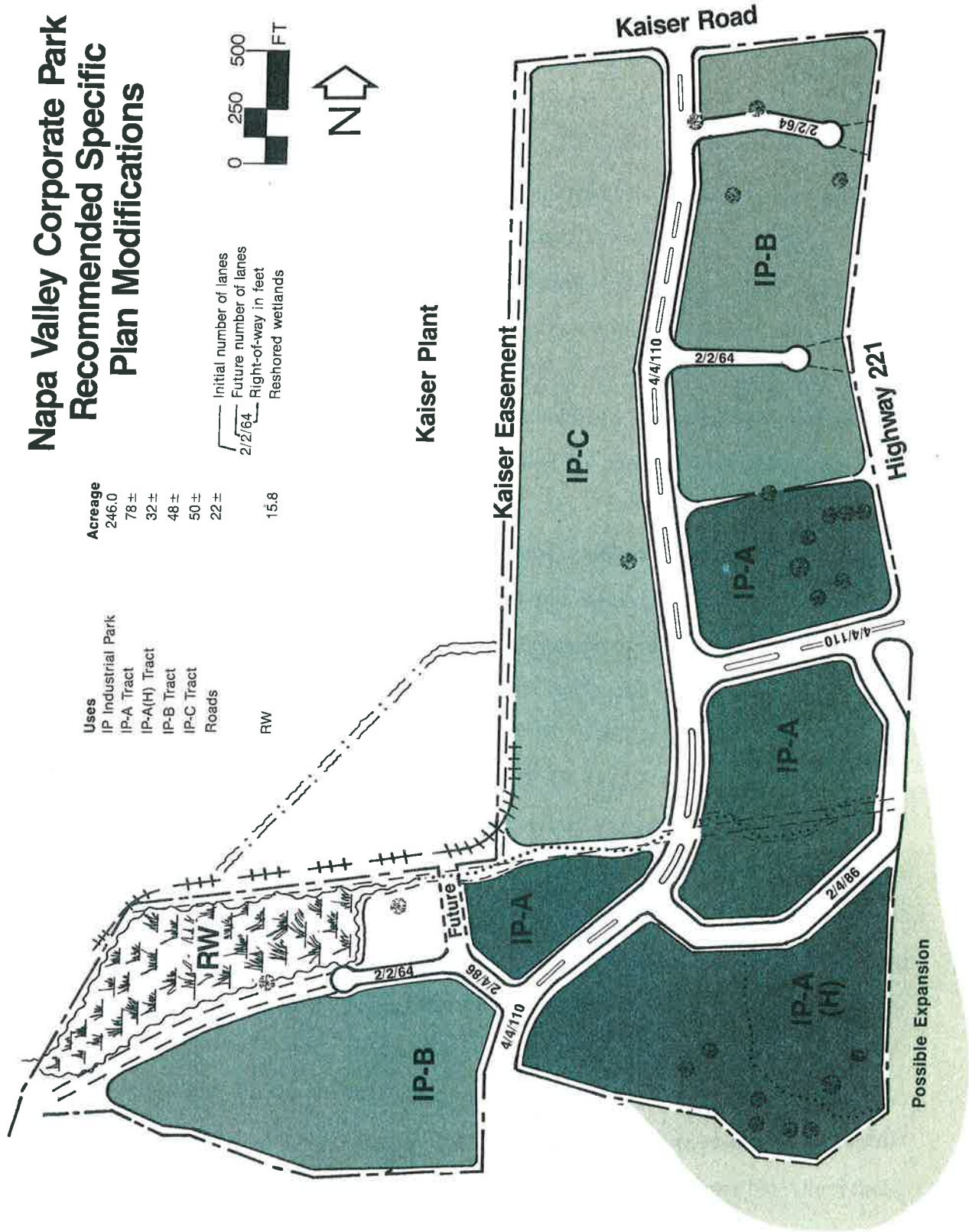
Discussions with the city public works director and other representatives of the city of Napa provided additional information suggesting that the city would be amenable to a realignment of Napa Valley Corporate Drive away from the Kaiser property line, provided that it begins at the existing road under Southern Crossing and extends without interruption as far as Kaiser Road in the final development of the site. This realignment is reflected in the panel's modified plan.

This realignment leaves unresolved questions about the existing 60-foot-wide easement that extends the entire length of the eastern boundary of the Kaiser plant. Approximately one-third of this distance from Kaiser Road is paved and provides the major access for employees as well as significant access for trucks to the Kaiser plant. Discussions with the manager of the Kaiser plant clearly established that Kaiser continues to see a need for access to its property from this easement.

Napa Valley Corporate Park Recommended Specific Plan Modifications

Uses	Acreage
IP Industrial Park	246.0
IP-A Tract	78 ±
IP-A(H) Tract	32 ±
IP-B Tract	48 ±
IP-C Tract	50 ±
Roads	22 ±
RW	15.8

Initial number of lanes
 Future number of lanes
 Right-of-way in feet
 Restored wetlands



With the realignment of Napa Valley Corporate Drive, the most reasonable approach, which would be acceptable to Kaiser and advantageous to the developer, appears to be the transfer of ownership of this easement to Kaiser for appropriate consideration.

Negotiations to achieve this objective should include the provision that Kaiser relocate its existing fence to the east of the transferred easement property and participate in the appropriate modification of existing drainage to ensure that drainage along the easement be moved north or south as required to provide adequate drainage. It should also participate in landscaping and planting vegetation to screen the property. In exchange for resolving this longstanding disagreement, the panel suggests that Bedford Properties and Kaiser establish a mutual agreement regarding the uses that could be located immediately adjacent to the eastern and southern boundaries of the Kaiser property so that the high standards to be set for the Bedford property would not be undermined. Specific arrangements for potential rail access (discussed more fully in another section of this report) should also be part of the negotiations for transferring the easement to Kaiser's ownership.

Additionally, the revised plan shows the potential for future access to the Kaiser property from the south should that property ever become available for redevelopment. The precise location of the alignment at the Kaiser property line can also be determined during these negotiations.

The realigned Napa Valley Corporate Drive, as illustrated on the modified tentative map, would then become the central route for traffic

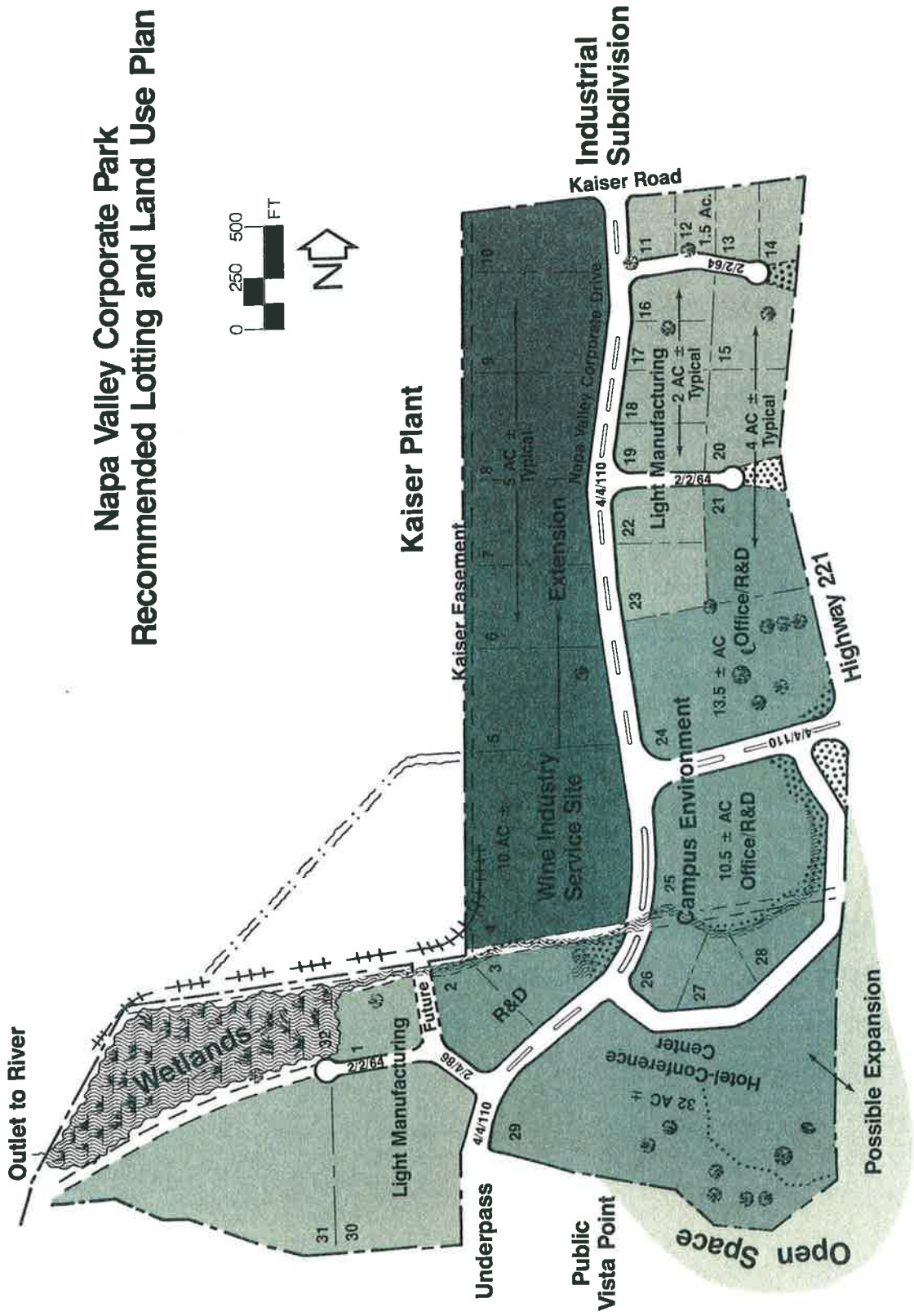
within the development. Its curvilinear alignment is intentional. Beginning at the southern end of the site, the road should curve easterly away from the previously proposed alignment as soon as possible so that vehicles approaching the site from this direction would have a line-of-sight directly to the major design elements recommended as enhancements to this development. Thus, the view of the Kaiser plant would become a peripheral one that would be further screened by the careful use of berming and plants along the curve line. The unattractive views of the Kaiser plant would thus be minimized. The proposed alignment permits a transverse descent across contours, reducing the slope of the roadway. The introduction of additional curves over the distance to Kaiser Road at the northern end is a desirable amenity for a first-class business/ industrial park. It also permits some variation in depth and size of lots for the larger parcels that front this road and back to the eastern boundary of the Kaiser plant.

Rail Service

The tentative map and specific plans propose rail access for the parcels immediately adjacent to the Kaiser plant from a drill track extending from the Southern Pacific Railroad along the southern boundary of the existing Pacific Gas and Electric (PG&E) easement. The panel believes that, while the proposed rail access to a limited number of sites might prove to be somewhat advantageous, it does not appear to be a key element in the marketing program.

Further, rail access is frequently associated within the industrial business community as more appropriate to developments seeking to attract warehousing or heavy manufacturing. As the panel does not recommend these uses for the Bedford property, it recommends that a different approach be taken to protect potential rail access should a possible user be identified that needs rail access. The modified proposed alignment would relocate the access leg of the drill track to the northern side of the PG&E easement on and immediately adjacent to the eastern boundary of the Kaiser plant. During the negotiations with Kaiser for the transfer of ownership of the easement along the eastern boundary, the parties should agree about the provision of access, either by easement or by transferring property for this alignment and about the appropriate curvature required in the southeast corner of the Kaiser property. Such alignment would allow the developer to provide a limited number of sites served by rail east of the wetlands area and south of the Kaiser plant and to the east of the Kaiser plant along the rear of the large lots along Napa Valley Corporate Drive. While these arrangements should be made, the panel recommends that such rail extensions not be made unless it is clearly evident that users can be identified that would find such rail service advantageous. The relocation of the access leg to the north of the PG&E easement should be attractive to the Kaiser plant, because it would allow Kaiser to serve the currently undeveloped southern portion of its site with a rail spur.

Napa Valley Corporate Park Recommended Lotting and Land Use Plan



Navigable Water Access and Wetland Pond

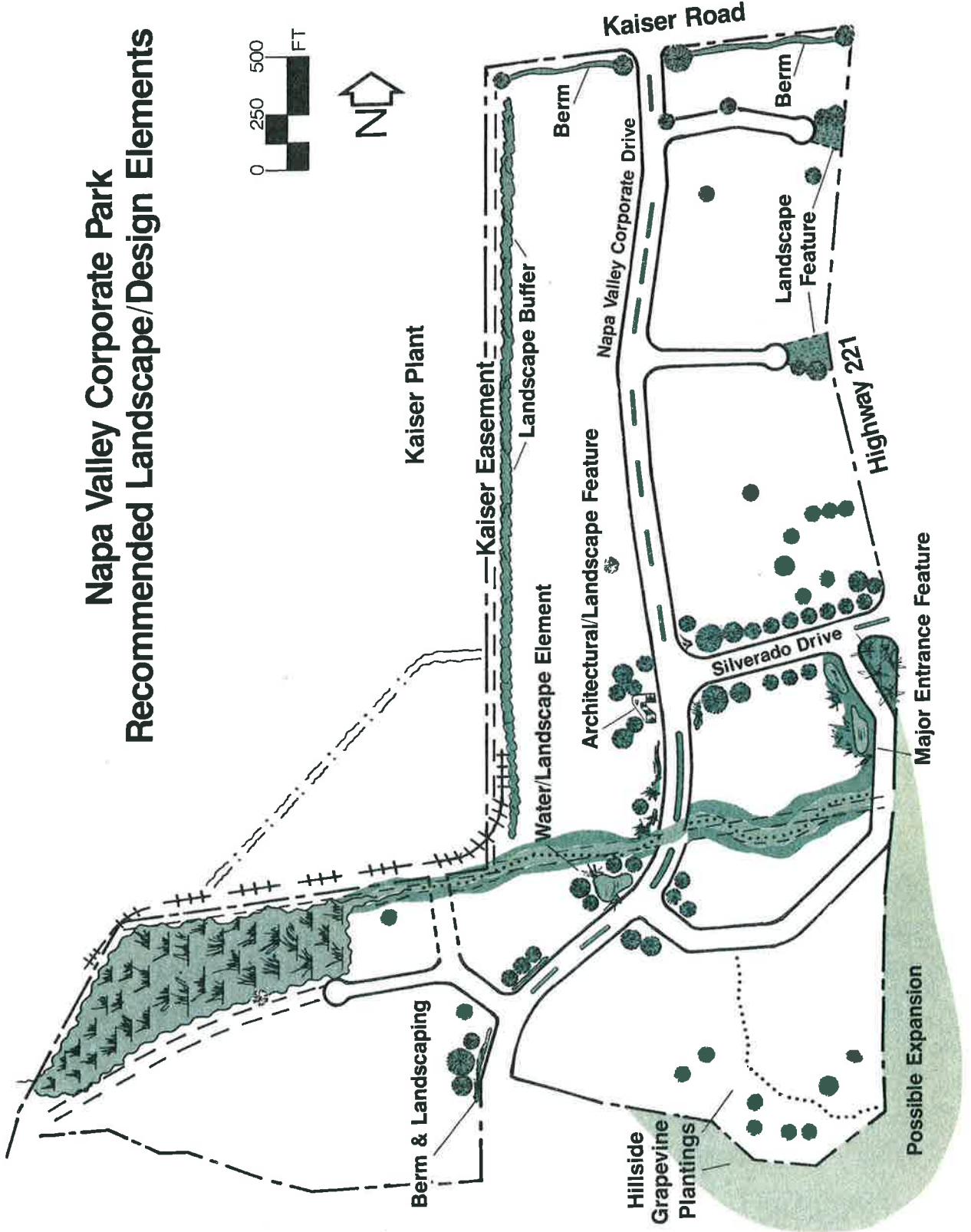
The panel found no evidence of the need to provide access by navigable water for potential users of the site. Indeed, discussions with a representative of the California Department of Fish and Game suggested that any intensive use of access by water would be detrimental to the wildlife refuge and habitat intended for the restored wetlands area. The panel agrees that the presently approved location of the 15.8-acre wetlands area shown on the tentative map is the best location for it, because it provides good open space between the Bedford development and the Kaiser property. However, as development proceeds, Bedford Properties should not totally ignore this unique characteristic of the site. The panel therefore has indicated the potential for street access should such an opportunity be identified as development progresses.

Development Standards and Lot Sizes

The panel believes that potential users will be attracted to the site because of its high standards. Patterns for streets and lots seek to achieve this objective, resulting in a revised pattern for lots that makes all building sites, regardless of size, the highest quality that can be achieved.

The recommended modified lotting pattern provides for a series of 5-acre parcels to the west of Napa Valley Corporate Drive between Kaiser Road and the creek. These parcels could be combined or split to produce larger parcels should users need them. The street and lotting pattern

Napa Valley Corporate Park Recommended Landscape/Design Elements



along State Highway 221 provides for smaller lots, varying from 1½ acres to 4 acres. Two major parcels on either side of the principal new access from State Highway 221 (Silverado Corporate Way) and the much larger parcel at the end of this access would become the prime sites whose use and design would set the tone and image for the entire development. The parcelization to the south of the creek suggests the flexibility that is possible in this second-phase area to provide attractive building sites in a campus setting as the slope of the terrain increases.

Development Standards and Restrictions

Inherent in the revised land plan is the need for very carefully written standards to ensure the quality of development on the site.

- Careful landscaping and berming is proposed along Kaiser Road so that the development might mitigate the lesser development standards being used to the north of Kaiser Road. Restrictions should specify materials for fencing, landscaping, signs, building facades, and other design elements that might be viewed over the top of the berm. Anybody arriving on this site from Kaiser Road would thus see a high-quality development that would stand in contrast to the lesser standards being applied to the north side of Kaiser Road.
- The two cul-de-sacs extending east from the central roadway have been purposely extended beyond the normal length necessary to serve lots adjacent to the state highway right-of-way. Two important design concepts are illustrated by this approach. First, these

extensions create appropriately shaped and oriented lots that abut Route 221, so that the development of these lots will result in their "fronting" on Route 221, even though they actually front on the cul-de-sacs and side on Route 221. Second, these extended cul-de-sacs allow internal features of the project to be seen from Route 221, thus providing drivers on that highway with attractive views of the project's quality architectural and landscape development. A more internalized street pattern would preclude this important visual benefit.

- o At the main entrance to the site from State Highway 221, the modified plan suggests major landscaping with plantings and water to enhance the image of the park and to provide a visual focus that would give a suitable first impression to potential tenants and would enhance the entrance to the city of Napa as well.

- o At the end of the main entrance drive from State Highway 221, Silverado Drive, which has been somewhat realigned to have a less direct line-of-sight to the Kaiser property, the panel recommends another major architectural and landscape design element.

- o While the panel recognizes that it would be advantageous if the wetlands area could be reconfigured to reduce that area immediately adjacent to the Napa River in exchange for variations in the configuration and alignment of the creek as it crosses the property from State Highway 221 to the restored wetlands area, conversation with the representative of the Department of Fish and Game suggests that

doing so would not meet its objectives. However, the panel believes that the design proposed by the sponsor and currently approved for the restored stream does not provide needed visual quality for the site. The revised plan therefore suggests that the stream bed and right-of-way should meander so that the creek becomes an amenity for the site. Adding a walking/jogging track and par course along the creek alignment would provide a recreational amenity. The panel believes that integrating this realignment into the PG&E easement would make better use of the easement and would enhance the project's appearance. At the point where Napa Valley Corporate Drive crosses the creek, the panel proposes an additional water element that would be tied into the stream.

- If the proposed hotel is not feasible, the developer should consider providing other recreational amenities that might have been provided



Combining drainageway, jogging track, and PG&E right-of-way would make better use of the land.

by the hotel, making sure that they are cost-effective and would be used by a large number of employees.

- The panel strongly recommends that grapevines be planted on the hilly areas of the site and on the wedge of state land if rights of use or ownership of it can be achieved. Doing so would subtly tie this project to the northern vineyards and provide visitors to the Napa Valley their first sight of the vines at the southern gateway to the valley.

These design elements, the general development standards for the project, and development standards for individual parcels should be created in conjunction with the CC&Rs. To the extent that they have not already done so, the CC&Rs should include specific development standards for site landscaping and screening, design of parking lots, building and directional signs, on-site building lighting and parking lot lighting, building design and materials, and building appurtenances such as antennas, equipment, and outside storage.

Maintenance and Management Association

These various design elements and special features establish the need to create a property or tenant association as the long-term entity responsible for the maintenance of common facilities--the proposed walking/jogging track and other common recreational amenities, for example--and for the enforcement of the CC&Rs. Associations of this type must be carefully constructed to avoid pitfalls such as inadequate funding to maintain the project at first-class standards and the inability to take on new responsibilities as they are identified.

OTHER FACTORS AFFECTING DEVELOPMENT

State Highway Access

Improvements on state highways are expected to be severely limited in the short term, because state funds are limited. Only the highest priority projects are expected to be built. State officials do not see additional improvements at the Southern Crossing overpass or at the intersection of Southern Crossing with Highway 221 as a high priority in the foreseeable future.

At first the panel tended to view the access points to the site from Route 29 as two separate issues but concluded that they must be viewed as elements of one interchange--not two. In the absence of a full interchange, the access from Route 29 to Route 221 to the property is satisfactory. Given the uncertainty of extending Napa Valley Corporate Drive to the south and the significant cost of providing appropriate access to Southern Crossing at this point, the panel recommends that the developer not expend significant energy or resources to improve an interchange with Southern Crossing at this point unless the public clearly supports it and financing is available. The interchange should be further studied, however, because its present design does not provide good access.

A critical need for the project is identifying Napa Valley Corporate Park at the overpass. This will help overcome the lack of visibility. The suggested name of the main arterial street, Napa Valley Corporate Drive, provides this important identifying factor.

Improvement District

The laws of the state of California enable local governments to establish improvement districts for specific areas of a community. An improvement district may include one property or a number of properties, providing that the great majority of property owners within the district do not object. The local government must find that such a district is within the public interest and beneficial to the public welfare.

To finance an improvement district, municipal bonds would be sold (in this case by the city of Napa) and paid by the property owner(s) over 15 years. The bonds would enable the cost of the public infrastructure for the industrial park to be financed at a competitive advantage over other conventional funding techniques. The city would thus become a partner with the private property owner(s) in the effort to provide a new employment center for people living in the area--a unique opportunity for a public/private partnership. The city would benefit greatly from the increased opportunity for employment, at the same time demonstrating its commitment to the project and its economic development--a commitment that would be useful in marketing the project.

The panel recommends that the city of Napa establish an improvement district to enable tax-free bonds to be sold to pay for public improvements. Only Napa Valley Corporate Park should be included in the district, as the adjoining Kaiser property would not benefit from the public improvements if the panel's recommended development plan is adopted.

The recent move to lower interest rates should make municipal bond financing attractive to the developer and to the city and enable substantial public improvement costs to be spread over a 15-year period. The panel believes that tax-free municipal bonds should be salable in the present market.

Industrial Revenue Bond Financing

Industrial revenue bonds (IRBs) offer a means of financing development at below-market rates for projects that add to the economic base of an area. They could be used to directly assist an industrial user within Napa Valley Corporate Park to finance the development of site and building. The city of Napa is a charter city, therefore requiring only city council approval, and the city council appears receptive to this type of financing. The state has no discretionary approval of IRBs in this case. This is a unique advantage that will be noticed by prospective tenants.

Economic Development Council

For this project to be successful, a high degree of public/private cooperation must be present. The panel suggests that the establishment of an economic development council be considered whose guiding principle would be to protect and enhance the wine industry in the valley but whose goal would be to encourage the establishment of high-technology industry and related uses at the southern gateway of Napa Valley. The establishment of high-quality, high-technology industry will help to guarantee the valley's long-term economic base.

An economic development council should include representatives of the city and county of Napa and the private sector. The staff can be limited to an executive director and secretarial assistance. The budget should be \$100,000 to \$200,000 per year, depending on the marketing program that is developed and on financial support provided by the city, the county, and the private sector.

Suitable housing and cultural amenities have become important factors for successful economic development. The economic development council could provide executives of target industries with tours of the valley and a demonstration of the benefits of living and working in one of the most desirable environments in northern California, if not the entire state. It should direct special attention to the housing needs of executives and employees. While it is expected that those presently unemployed in the valley would constitute a sizable part of the work force for the high-technology industry, many of the managers and professional personnel would need to move to the valley from other parts of the Bay area. Higher-priced housing is available in Napa at costs that are competitive with other Bay area locations. Finding moderately priced housing is more difficult, but it is available in the I-80 corridor. A related role for the economic development council would thus be to pursue improved highway access to I-80.

Excellent efforts are underway to enhance and improve the cultural arts and theater in the area. Cultural events in the area were reported to be superior to those in Carmel, California, for example. The economic development council should emphasize this advantage, and it should encourage public and private funding for the community's cultural base.



A gateway design in San Jose, California.

The economic development council could also be the means by which city and county governments develop a consensus for a "Napa Valley gateway policy." The principal elements of such a policy would be the incentives and regulations necessary to enhance highway corridors that provide gateways to the valley. The California Transportation Department should be encouraged to landscape the rights-of-way on the state highways that are gateways to the valley. While it will not ultimately resolve all differing development standards, a uniformly and mutually funded and administered gateway policy will prevent or ameliorate potential visual blight and serve as a beginning for the establishment of uniformly high development standards in the city and county.

Processing Permits

The city of Napa staff and council members have expressed a willingness to expedite concurrent processing of amended approvals of projects that are clearly within the public interest. The proposed Napa Valley Corporate Park appears to have the support of the city council and the municipal staff. The panel's proposed modifications to the specific plan and tentative map are not substantial, but if Bedford Properties decides to modify its present approvals in line with the panel's recommendations, the specific plan and tentative (including preliminary) map may have to be modified, requiring public hearings by the city planning commission and the city council. The panel encourages concurrent processing of amendments, because time-consuming sequential approvals might lose opportunities to attract initial users.



Panel report session.

MARKETING

The property has certain advantages and disadvantages in terms of marketing. Its strengths are:

- the quality of life in the Napa Valley area
- the strength of the general Bay area market
- the limited competition within Napa Valley itself
- a large available labor supply, as Napa currently has close to 12 percent unemployment
- the ready, available infrastructure and interest by the city of Napa to support this development
- a good supply of executive and affordable housing within reasonable driving distance to the property
- the proximity of Napa Airport for corporate planes, including jets
- a large site with the flexibility and potential for multiple uses
- highly competitive land prices and rents relative to other parts of the Bay area.

The negative aspects of the property are:

- marginal access to the property from the major transportation corridors in the region
- undesirable adjacent uses in both the immediate vicinity (Kaiser) and in the neighborhood (up and down Highways 29 and 221)
- the "pioneering" location, which requires a much stronger than normal marketing effort because of the absence of a present market for this development
- competition from the I-80 corridor, which offers not only superior access, practically unlimited available land, and a good labor/housing market but also high-quality development by a number of strong, capable development organizations
- several other locations in the Bay area for the type of corporation that Bedford will attempt to attract to the project
- Napa's perceived image of no growth.

Having taken into account both the positive and negative aspects of the site, the panel feels that a carefully defined marketing strategy is an absolute requisite for the successful development of this property. Such a strategy would include:

The panel's proposed plan improves the project identity in several ways:

- The major entrance street intersecting with Highway 221 has been realigned to point away from the Kaiser plant to minimize its visual impact upon entering the project.
- The street entering the project from the future Southern Crossing intersection is also directed away from the view of the Kaiser plant. Extensive berming and landscaping is placed at the first curve to further block the view of the plant.
- The design of the southern intersection with Highway 221 and the main entrance road to the park provides a site for a large sign announcing the park and massed landscaping to highlight the project's design theme and to illustrate landscaping standards for the project.
- The program to encourage upgrading the county's design standards along Highways 221 and 29, the gateway to the valley, will enhance on-site efforts to upgrade quality.
- A sign for the park on the southern slope facing the Highway 221/29 interchange and grapevines on the slopes are also good identifying features.

Southern Crossing Entrance

An entrance off Southern Crossing at Napa Valley Corporate Drive would be desirable to establish the identity of the park as a regional location at the gateway to the city of Napa and to Napa Valley, and it might contribute to the early success of the park. This access would have to be redesigned, however, to be advantageous to the park. The entrance is not a requirement for the first phase if the entrance from Highway 221 is properly emphasized.

The Park's Name

The panel suggests that the name of the park be "Napa Valley Corporate Park." "Napa Valley" has a more favorable connotation than Napa alone, and the "valley" component of the name would emphasize the entire valley region and its image as part of the identity of the development.

The panel feels that "Corporate Park" is more appropriate than "Industrial Park" in view of the types of uses the sponsor hopes to attract to the development. For example, a research/technology firm would, the panel believes, be more attracted by a "corporate" identity than by an "industrial" identity.

The name "Napa Valley Corporate Park" symbolizes an image that the panel recommends be carefully developed.

The Park's Theme

The park's theme in terms of image and architecture should emphasize its location in one of the world's unique settings, the Napa Valley wine country. The project must be identified in every possible way with the high quality of life symbolized by the reputation of Napa Valley and its lifestyle.

Street names already suggested in the specific plan should be changed to relate to the valley, its prominent people, the wine industry, and its prestigious quality wines. The panel, as noted earlier, suggests that the main north-south arterial be called "Napa Valley Corporate Drive," and perhaps "Silverado" should be a name of one of the principal streets. The park's theme should be carried out through all signs, correspondence, and publications with uniformly designed logos, formats, and letterheads.

Wine-Tasting Center

The panel does not recommend a separate wine-tasting area or museum as suggested. The location and ambience of the park do not lend themselves to a successful wine-tasting center unless it could be incorporated into a larger destination facility like the proposed hotel. Any associated uses like a museum, an information center, or a mail-order/sales office might, however, be located within and adjacent to a wine-tasting center in the hotel. The hotel creates the draw and might then also be used as

a staging point for bus tours to the wine-growing area. Thus, the panel sees any wine-tasting center as ancillary to a hotel if it can be established.

Wine Research Institute

The panel considered the possibility of dedicating a lot to the Wine Research Institute as a means to attract the wine industry to the park. The panel feels donating a lot to the Wine Research Institute would be a good idea if the parties are firmly committed to developing a significant building on the site. An alternative is to provide space in a speculative building for the Institute's tenancy.

The Park's Image versus the Steel Plant

The panel's proposed plan is designed to ameliorate the negative factors associated with the adjacent Kaiser plant by:

- o moving the original westerly street to the east, allowing backlotting of buildings against the Kaiser property line. Future buildings on this site would buffer the Kaiser site. Landscaping the center median strip would help create a positive image.

- o maintaining the originally planned landscape buffer along the Kaiser property line

- reorienting streets to point views away from Kaiser
- incorporating water into the landscape design to focus the eye within the project
- realigning the creek so that it meanders along the PG&E easement
- backlotting and berming the development along Kaiser Road, which would also minimize the visual impact of existing or planned facilities on the north side of the street.

The panel feels these measures can satisfactorily eliminate the visual impact of the Kaiser plant or other adjacent development as a deterrent to marketing the project.

On-Site Marketing Center

Although the program for land sales, building development, and marketing by itself would not justify a separate sales office, the panel recommends that the requirement for this space be combined with the development of a speculative building sales and leasing program. Such a sales office might be in that speculative building, staffed with a strong, knowledgeable, on-site marketing person and stocked with all necessary sales materials. It would provide the project manager with an office on his frequent trips to the site and to the Napa community. The marketing budget seems inadequate. The marketing of this project requires a Bay area-wide communications program, including trips to the site,

slide presentations, brochures, open houses, and presentations by the sales staff.

In-House Sales Staff

Marketing by in-house staff and a full commitment by Bedford Properties are essential to the project's success. The objective should be to maximize the cooperation and support of the entire brokerage community. This commitment is necessary because of an almost unanimous lack of interest by brokerage firms to take on an exclusive marketing assignment with any meaningful financial commitment by the broker to fund marketing.

Public Relations

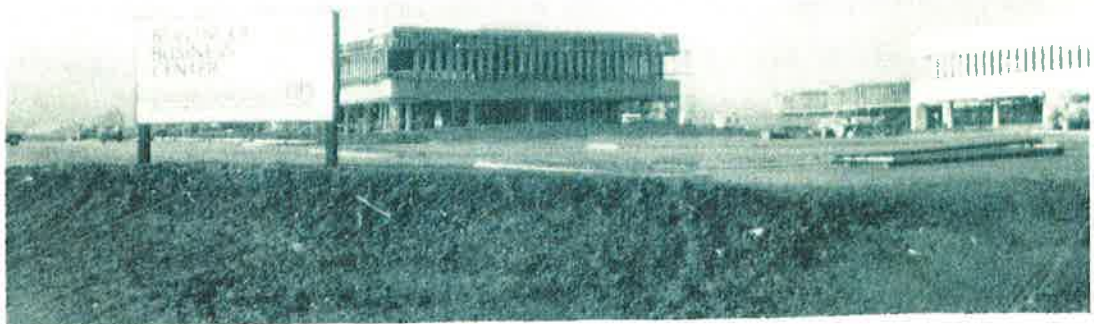
"Public relations" for this development should include not only a newsletter but also a program of local cooperation with such people as the city manager and the mayor and county representatives. Awareness of and interest in the project must be generated among area brokers by hosting special events and functions. The Bedford project manager must become a key member of the local community, and his active involvement in local civic affairs--including the wine industry--to maintain sensitivity to local sentiments and needs is an important part of the public relations effort.

A community workshop might be conducted to gain and maintain the community's acceptance and support of the project. Some of the workshop's objectives could be:

- to explain fully what the project is and what it is not
- to explain the project's economic benefits to the city and the area
- to define job opportunities for existing Napa residents.

Area Economic Development

The development and marketing of Napa Valley Corporate Park must be viewed within the larger Napa-Solano region so that the park has regional identity. To the extent that they can be used for mutual benefit, formal or informal associations should be formed to promote the area. For all the time and effort expended in this regard, the developer should recognize that its prospects will probably be self-generated and should not depend on other sources except a local, efficient economic development council. Napa is part of this northern region but unique in its quality of lifestyle.



Competitive projects abound in the Bay area.

Competitive Developments

One of the dilemmas likely to face Bedford Properties is the absence of other developers in the immediate area to help attract brokers' attention and visits. An unresolved question raised by the panel is whether or not other competitive developments in Napa Valley would aid this property's success. An argument could be made that a limited number of other parks could help the success of this park by giving the total area higher visibility.

Hotel

The panel believes that this site should serve as the location for a hotel to serve the valley and the corporate park. The hotel will be essential to the park's success. It will provide commercial services that will differentiate this development from some of its competition in the I-80 corridor: quality food service, meeting/conference rooms, overnight accommodations, and athletic facilities. Its presence will provide a destination, an identity, a sense of place, for the park. The hotel will bring a number of benefits to the city--semiskilled employment, tax revenue, and a suitable gateway to the city.

This is the only land use proposed by the panel that is not found in previous approvals. Discussions with city officials suggest that the idea might be favorably received. In any case, the developer is not at risk as previous approvals would stand should a request be rejected.

Other Potential Users

As the plan for an expanded facility for the California Department of Fish and Game in Yountville has been rejected, the agency might be a candidate to relocate to Napa Valley Corporate Park, particularly in view of the proposed restoration of the wetlands. The panel also recommends warehousing for wine storage as a feasible use of the park's space. Both these uses are examples of the development's serving the needs of the community.

If the sponsor wishes to urge tenants from outside the area to relocate to Napa, the panel feels that an intensive, carefully executed marketing plan is essential. Consistency in everything from the name of the project to the brochures, the newsletter, the design of the entry, the landscaping, the street names, the building controls, property management, and community relations cannot be overemphasized, particularly in attracting potential users who are not obvious tenants.

Lot Prices

If the panel's proposed plan and marketing program are adopted, lot prices can be increased for several reasons. Lots that no longer face Kaiser and lots that face Highway 221 will be worth more. Many "back corner" lots have been eliminated. The improved appearance of the site will create value. The panel feels that on average, lot prices can be increased to \$2.50 to \$3.50 per square foot, averaging about \$3.00 per square foot. Doing so will increase the tax base and therefore revenue

to the city and defray the increased cost of the panel's proposed plan of action.

To some extent, lot prices higher than those in the I-80 corridor will further differentiate this park as a quality, high-prestige, one-of-a-kind business park. A higher price would establish a higher image of value and exclusiveness.

If the marketing plan is successfully implemented, the panel believes that land appreciation rates of 10 percent per year net or more can be attained.

First Building

Concurrent with the completion of site improvements and the beginning of intensive marketing, the panel recommends that a speculative building be opened for leasing. It would consist of 30,000 square feet of leasable space, divisible into approximately 3,000-square-foot tenant spaces. It would have a rear service court and overhead doors, with 4 parking spaces per 1,000 square feet of leasable area. Tenants would have a generous allowance for finishing their space. The building would cover approximately 25 percent of the lot. With a land cost of \$3.00 per square foot, such a building can be produced for a net rental of \$.70 to \$.80 per square foot.

ECONOMICS OF DEVELOPMENT

It is not realistic for the panel to prepare a meaningful pro forma analysis. However, the following points allow the project as revised by the panel to be compared with the project as submitted to the panel for consideration.

1. The panel believes that optimistic absorption rates will be less than or equal to Stanford Research Institute's "best case" and Bedford's "worst case."
2. Overall costs of improvement will be less by virtue of the reduced street and utility network (10,000 versus 12,500 linear feet).
3. Elimination or reduction of the sites served by rail will reduce cost.
4. Grading required east of the Kaiser property is likely to be reduced by approximately 10 to 20 percent.
5. While costs for landscaping and site amenities such as the entrance and parkway, ponds, berming, and signs will increase approximately \$200,000, the appearance of quality is more likely to attract tenants.
6. The hotel can potentially increase land revenues for investment credits.
7. Higher marketing costs (\$100,000 versus \$20,000) are likely.

SUMMARY CONCLUSIONS

The panel makes the following recommendations:

- Redesign the project to eliminate characteristics originally approved that would tend to identify the park as a site for heavy industrial uses.
- Locate a hotel in the park. In the initial phase, it is second only to the infrastructure and landscaping as a mark of permanence and as an effective tool for marketing.
- Market Napa Valley Corporate Park by differentiating it from sites in the I-80 corridor by identifying the park with the ambience and quality of life of the Napa Valley and creating an exclusive development in a one-of-a-kind location.
- Commit the required corporate dollars and energy to an effective marketing and development program.
- Consider a joint venture for this development with another experienced and staffed high-technology developer.
- Create each facet of the park with a dedication to quality, and maintain the project in the same manner.

- Understand that development may take longer than previously anticipated.
- Realize that this development, because it is a pioneering effort, has a higher-than-average risk factor with the potential for greater-than-average rewards.
- Make a strong attempt to have the city participate in the development by creating an improvement district and by issuing industrial revenue bonds, and be very concerned if these actions or some similar underwriting does not happen.
- Insist that an economic development council be created and funded.
- Encourage qualified developers with good name recognition in the Bay area to enter competition in the Napa area.
- Encourage Napa County to upgrade its lot sizes and standards for development to equal more nearly those of the city and of this project.
- Initiate a speculative building program with the start of development, and continue the program as each building is leased.