

RFQ Developer Selection

159-Acre Development Opportunity
Regional Wastewater Facility

November 18, 2025
Item 8.2

Manuel Pineda

Deputy City Manager

Jeff Provenzano

Director, Environmental Services

Jen Baker

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Kevin Ice

Assistant to the City Manager, City
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Recommended Actions

- Select Prologis Inc. as the preferred developer for the 159 acres of economic development land.
- Select Catellus-Deca as the backup developer for these lands.

Authorize the City Manager, or her designee to:

- Negotiate and execute an Exclusive Negotiating Agreement with the preferred developer for a term of two years with three, one-year option terms at the City's discretion.
- Negotiate and execute an Exclusive Negotiating Agreement with the backup developer if negotiations with the preferred developer fail to provide an acceptable agreement.

Background – 159 Acres at RWF

- Regional Wastewater Facility co-owned by Cities of San José and Santa Clara.
- 159 acres are part of the bufferlands acquired by RWF in 1998.
 - Land is deed restricted to prohibit odor sensitive uses such as residential or hotels.
- Plant Master Plan and EIR adopted in 2013.
 - 159 acres designated for industrial or commercial use (Light Industrial, Office/R&D, Retail, Clean Tech).
 - 40 acres designated for recreation.
 - 180 acres designated for protected burrowing owl habitat (later increased to 201 acres).
- Major development challenges such as 6-foot sewer force main and other underground infrastructure, lack of infrastructure serving site.
- 250 MW available from current supply for Phase I development.
 - Developer to work to secure more supply for later phases.

Plant Master Plan



Background - RFQ Process

- Real estate development consultant engaged via RFQ in August 2024.
 - Consultant Keyser Marston selected due to experience defining and consulting on similar Bay Area projects.
- San José issued RFQ for developer of 159 acres on May 12, 2025.
 - “Biddingo” platform - 19,433 separate recipients.
 - Keyser Marston notified curated list of 231 developers and land brokers.
- Three developer responses submitted.
- September 19, 2025 – Oral presentations heard by Prologis and Catellus-Deca.
 - Trammel Crow was not invited to give an oral presentation.
- TPAC unanimously recommends City Council approval of staff recommendation.

Trammel Crow and Catellus-Deca Submittals

Trammel Crow Submittal:

- 3.2 million square feet of warehouse.
- 54,000 square feet of office space.
- 60,000 square feet of retail space.

Catellus-Deca Submittal:

- 3 million square feet of “flex space” that could be data center, business park, or distribution warehouse.
- 562,000 square feet of retail space located near Highway 237’s Zanker Road exit.

Prologis Submittal

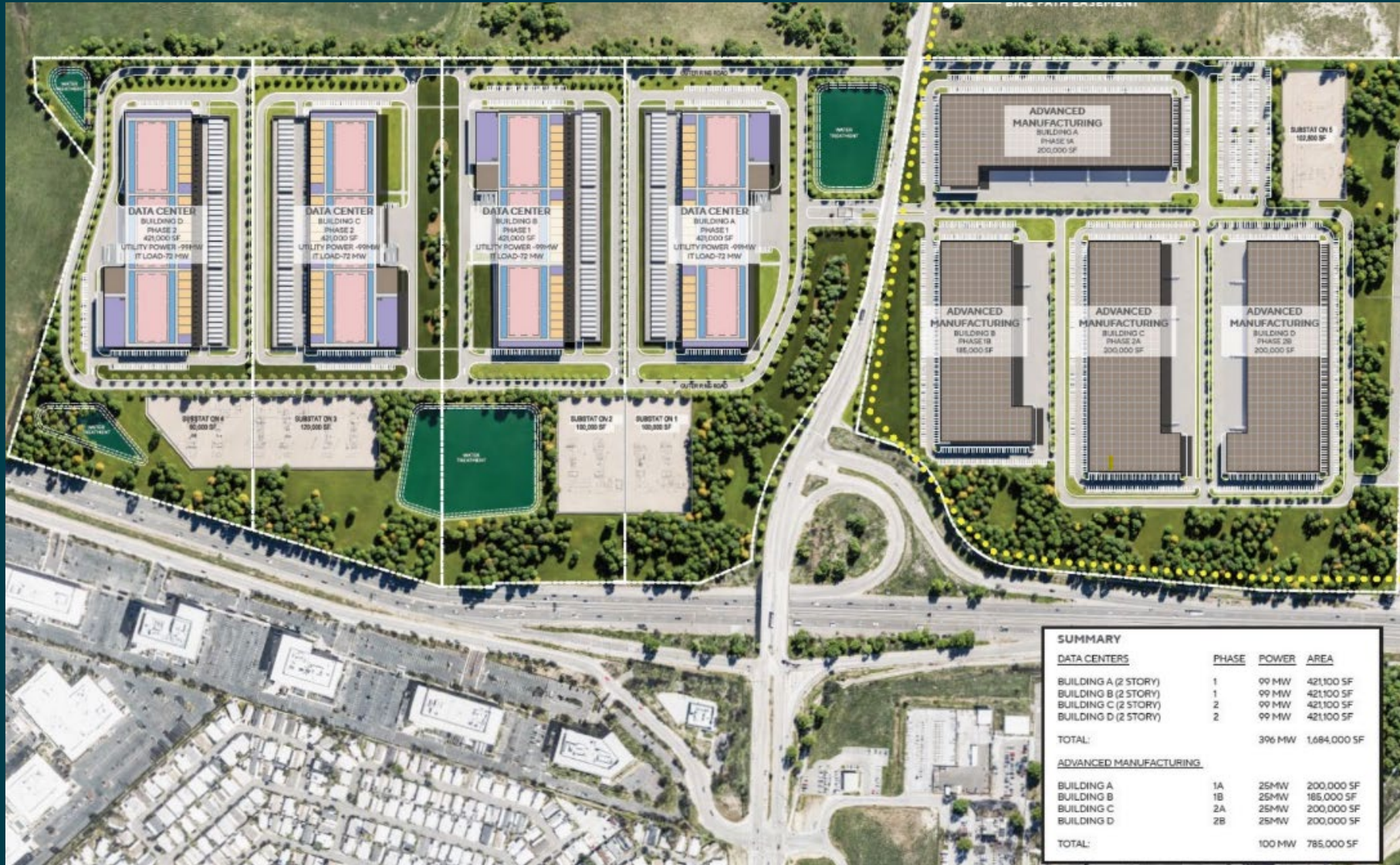
Land Use:

- 1.684 million square feet of data center space on four separate parcels.
- 785,000 square feet of advanced manufacturing space in four buildings.

Key Features:

- Five parcels and five substations; optimized for CA regulations to develop data centers.
- Data centers and advanced manufacturing are highest and best use of the land.
- Experience of team demonstrated by robust portfolio and institutional clients.
- Capacity to self-finance 100% of infrastructure and development costs.
- Reasonable developer's rate of profit (8-13% IRR) and simple ground lease structure.

Prologis Proposal



SUMMARY			
<u>DATA CENTERS</u>			
	PHASE	POWER	AREA
BUILDING A (2 STORY)	1	99 MW	421,100 SF
BUILDING B (2 STORY)	1	99 MW	421,100 SF
BUILDING C (2 STORY)	2	99 MW	421,100 SF
BUILDING D (2 STORY)	2	99 MW	421,100 SF
TOTAL:		396 MW	1,684,000 SF
<u>ADVANCED MANUFACTURING</u>			
BUILDING A	1A	25MW	200,000 SF
BUILDING B	1B	25MW	185,000 SF
BUILDING C	2A	25MW	200,000 SF
BUILDING D	2B	25MW	200,000 SF
TOTAL:		100 MW	785,000 SF

Winning Attributes

- An optimized approach to data center development in California:
 - Including buildings sized to maximize flexibility.
 - Appropriate parcelization of the land - each Data Center is on an individual parcel with an individual substation.
 - A clear path to utilizing the available 250 MW in phase I.
 - A plan to work with PG&E to secure an additional phase of power.
- Full build out would generate an estimated \$27M annually in utility taxes.
- A balanced mix of uses between data center and advanced manufacturing.
- A reasonable internal rate of return for the developer and a corresponding ground lease structure that mitigates risk for the RWF.
- Ability and commitment to finance 100% of project development costs.
- A project team with an extensive book of successful comparable projects.

Next Steps and Timing

- City Manager will negotiate and execute an Exclusive Negotiating Agreement:
 - 90 days to negotiate ENA, with 30-day extensions at City's discretion.
 - Term of ENA is 2 years, with 3 annual extensions at City's discretion.
 - Open negotiations with backup developer if negotiations fail to meet City's terms.
 - ENA to include staff reimbursement agreement.
- Santa Clara's City Council to hear item on 12/16.
 - Santa Clara to sign the ENA
- Under the ENA, Developer will:
 - Prepare land use plan and complete CEQA review.
 - Complete infrastructure and phasing plans.
 - Develop finance structure and negotiate terms of a ground lease.
- Ground lease will return to Council for authorization in 2 to 5 years.

Developer Considerations

Additional areas of focus during ENA period:

- Engage the Alviso community.
- Engage Burrowing Owl habitat stakeholders.
- Engage labor stakeholders.
- Consideration of recreation and park lands.
- Incorporate sustainability measures.

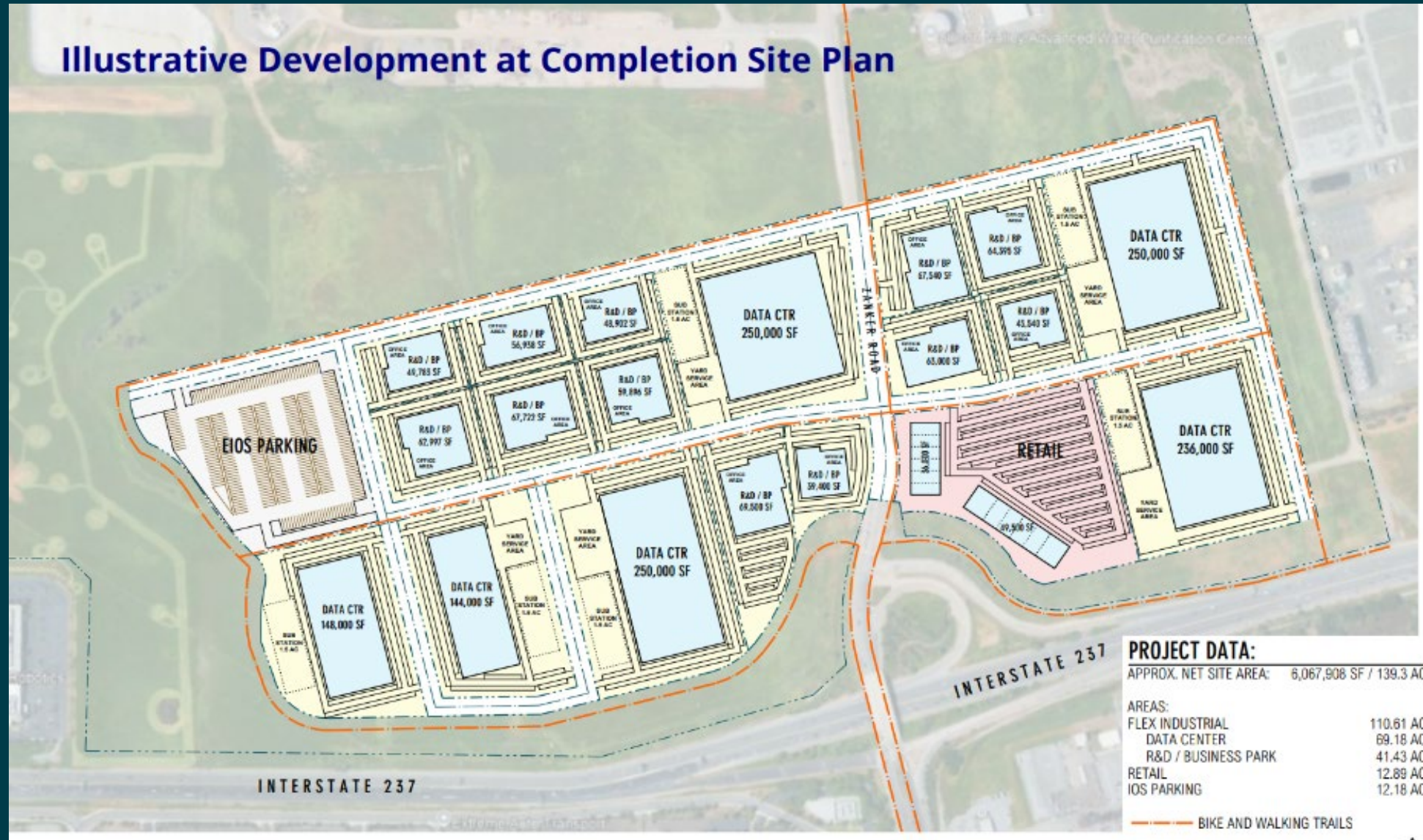
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Catellus-Deca Proposal – 159 Acres at RWF



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