



Staff Report

Date: May 26, 2026

To: City Council Sitting as the Local Reuse Authority

From: Valerie J. Barone, City Manager

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Subject: **Considering Acceptance of a Term Sheet with U.S. Navy for the Economic Development Conveyance Property at the former Concord Naval Weapons Station; Acceptance of Revisions to the BCUS Acquisitions LLC (Brookfield) Term Sheet; and Adoption of Amendments to the Exclusive Negotiating Agreement with BCUS Acquisitions LLC (Brookfield).**

CEQA: Not a project/exempt pursuant to Public Resources Code Section 21065, CEQA Guidelines Sections 15060(c), 15061(b)(3), and/or 15378.

Report in Brief

The City Council, sitting as the Local Reuse Authority (LRA), is considering three documents related to the Reuse Project at the former Concord Naval Weapons Station (CNWS). The three documents, working together, support forward motion on the land use entitlement and project implementation phases of the project. The documents that are the subject of this staff report are:

1. The Term Sheet between the LRA and U.S. Navy establishing the price and terms of payment to the federal government for the Economic Development Conveyance (EDC) Property. [Navy Term Sheet]
2. Revisions to the previously accepted Brookfield Term Sheet regarding disposition and development of the EDC Property to be consistent with the Navy Term Sheet. [Brookfield Term Sheet]

3. Amendments to the Exclusive Negotiating Agreement (ENA) between the LRA and Brookfield to extend the term of the ENA and be consistent with the Navy Term Sheet. [Brookfield ENA]

The Navy Term Sheet and revisions to the Brookfield Term Sheet and Brookfield ENA will be further summarized in this report and are included as Attachments 1-3.

Recommended Action

1. Accept the Term Sheet between the LRA and U.S. Navy and authorize the City Manager to execute the document;
2. Accept the revisions to the Brookfield Term Sheet;
3. Adopt the 2nd Amendment to Brookfield ENA; and
4. Make the CEQA determinations as provided in this staff report.

Background

The LRA has successfully arrived at a financial agreement with the U.S. Navy after two years of negotiations. Our Master Developer, Brookfield, also supports the negotiated agreement. The agreement is represented by the Navy Term Sheet found in Attachment 1. Both the LRA and the U.S. Navy are considering their approval of the Navy Term Sheet concurrently.

The Navy Term Sheet establishes, for the first time, the price and terms of payment for the approximately 2,422 acres of property to be redeveloped by the Reuse Project under the Economic Development Conveyance. The balance of the approximately 5,038 acres planned under the Reuse Area Plan (2012) has, or will be, transferred to the East Bay Regional Park District or Contra Costa County as no-cost Public Benefit Conveyances.

Reaching agreement on the price and terms of payment for the EDC Property is a key milestone as it allows for more financial clarity around project costs, which in turn allows the LRA and Brookfield to proceed with the drafting of a Specific Plan for the Reuse Project as overall project financial feasibility is better understood. The price and terms of payment to the Navy are summarized in the Analysis section below and found in Attachment 1.

The Navy Term Sheet is an agreement that will be further refined in a subsequent EDC Memorandum of Agreement (EDC MOA), between the LRA and Navy addressing property conveyance based on the Navy Term Sheet, but in the format required by federal regulations. Similarly, the Brookfield Term Sheet is an agreement that will be further refined in a future Disposition & Development Agreement (DDA). Both documents (the EDC MOA & the DDA) will be negotiated in parallel with the Specific Plan entitlement process and become operative once the project is approved in the future by the City Council.

Revisions to the Brookfield Term Sheet are necessary because its provisions were negotiated and accepted in 2024 before the Navy's required land price and terms were known. To meet the Navy's price and terms, and maintain the financial viability of the project, the timing of certain infrastructure and community benefits have been shifted or deferred. Those changes will be summarized in the Analysis section below and found in the red-lined version of the Brookfield Term Sheet in Attachment 2.

The Brookfield ENA established a 4-year schedule for both Navy negotiations and completing the Specific Plan entitlement process including the negotiation of the DDA by March 2028. Because Navy negotiations have taken longer than expected, an additional time of 19 months is estimated to be required to reach the final approvals envisioned in the ENA. The proposed schedule amendments can be found in Attachment 3.

Analysis

The following analysis highlights the key terms of each document. Please refer to each Attachment for the full terms, revisions, or amendments.

Navy Term Sheet [Attachment 1]

The Navy Term Sheet articulates the price and terms for the initial property transfer, which is approximately 1,000 acres, and subsequent property transfers.

The financial consideration the Navy will receive is based on Brookfield's Conceptual Preliminary Land Use Plan which includes five (5) development phases over a roughly 30-year timeframe (See Exhibit B in Attachment 1, Navy Term Sheet) and the matching confidential financial proforma.

The financial payments to be made to the Navy are broken into four (4) categories:

1. A deposit of \$4.6 million at the close of the initial property transfer in 2030.
2. Four annual Guaranteed Deferred Payments of \$10 million plus interest as payment for land in Phases 1-3 of the Conceptual Land Use Plan; the payments occur annually beginning in 2033 and ending in 2036.
3. Gross Land Proceeds payments of 10% from Phase 4 land transfers and 12% from Phase 5 land transfers.
4. Fifty percent (50%) of the LRA's share of profit participation in all development phases that achieve an Internal Rate of Return for Brookfield above 18%.

If the project financially performs to plan, the Navy should receive approximately \$628 million over a thirty-year build-out of the project. The overall financial performance of the project is best summarized in Exhibit B of the Brookfield Term Sheet [Attachment 2.]

The Navy Term Sheet also sets timelines for the negotiation of two implementing documents.

1. A Lease in Furtherance of Conveyance (LIFOC) to shift security and maintenance responsibilities for the entire EDC Property from the Navy to the LRA (funded by the Master Developer) as early as practical, but no later than initial property transfer (2030). This LIFOC will provide the LRA/Master Developer the ability to conduct pre-development construction such as wetlands creation and infrastructure installation prior to transfer of the initial or subsequent properties.
2. An EDC MOA which is the comprehensive agreement between the LRA and Navy with the specific terms and conditions for the conveyance of the property based on the Navy Term Sheet, but in more detail and final form, as required by federal regulations. The EDC MOA is to be negotiated and executed within 90 days of Navy Term Sheet approval and Navy reserves the right to change conveyance methods should the EDC MOA not be executed within 12 months.

Another key provision of the Navy Term Sheet includes the Navy's continued leadership of the remediation (clean-up) process under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The Navy is working to prepare the various contaminated sites, including Site 22 (Bunker City), for the uses outlined in the LRA's adopted Area Plan.

Lastly, under the Navy Term Sheet and subsequent EDC MOA, the LRA will agree to reinvest any proceeds it receives from the sale or lease of property back into the project for a period of 12 years starting at the date the property transfers to the LRA. Because property is expected to transfer from the Navy to the LRA in phases over time there will be multiple, rolling 12-year reinvestment requirements.

Please refer to the Navy Term Sheet (Attachment 1) for the complete terms and conditions.

Brookfield Term Sheet [Attachment 2]

Revisions to the Brookfield Term Sheet are necessary because its provisions were negotiated and accepted in 2024 before the Navy's required land price and terms were known. In order to meet the Navy's land price and terms, and maintain the financial viability of the project, the timing of certain infrastructure and community benefits have been shifted or deferred.

Before reviewing the necessary deferrals, it is important to note key items (not a complete list) that **are not** being deferred or changed.

1. The Project's overall residential unit count of 12,272 adopted in the Area Plan (2012).

2. The commitment to 25 percent affordable housing.
3. The legally binding agreements provide 16 acres for permanently supportive housing and 10 acres for Food Bank expansion.
4. The commitment to 6 million square feet of all types of commercial space to support job creation.
5. The 868 acres of local parks, paths, and bike ways – supplementing the 2,600 acres of the Thurgood Marshall Regional Park – Home of the Port Chicago 50.
6. The timing and financial contributions towards the Community Center/Library project.
7. The local labor terms and the Project Labor Agreements with both the Building Trades Council and the Carpenter’s Union.

These community goals for the project are only made possible by reaching an agreement with the Navy. The agreement with the Navy is made possible by carefully balancing the timing of each project component and community benefit so that each phase and, the project overall, remains financially feasible and attractive to future investment.

The revisions in the Brookfield Term Sheet are more specifically found in Attachment 2, which is a “red-lined” or marked-up version of the previously adopted document.

Most of the revisions in the Brookfield Term Sheet correct terminology, update dates, improve footnote accuracy, or make minor changes to acreages or unit counts in specific project Phases to be consistent with the confidential financial proforma associated with the Navy Term Sheet.

The deferrals in the revised Brookfield Term Sheet are:

1. The Veterans Land Set Aside – 4 acres are deferred from Phase 1 to Phase 3. *(Site will be identified in the Specific Plan process allowing fundraising for design and construction to begin at entitlement.)*
2. The Tournament Sports Park – A \$5 million financial contribution to the park’s development costs is deferred from Phase 1 and merged with the Phase 2 \$15 million contribution, creating a \$20 million contribution in Phase 2. *(The Project’s overall contribution for this park is \$100 million.)*
3. LRA participation in the profit model formula is now to be split fifty-fifty with the U.S. Navy. *(A term consistent with Navy Term Sheet.)*
4. The repayment of the LRA \$15 million loan to the project is deferred from Phase 1 to Phase 3. *(This deferral improves the fiscal integrity of Phase 1 which incurs significant up-front infrastructure costs.)*

5. Certain Backbone Infrastructure (listed below) is deferred from Phase 1 to Phase 2: *(Please see Brookfield Term Sheet – Exhibit C – Backbone Infrastructure by Development Phase.)*
 - a. Construction of the Evora Road connection from Port Chicago to Mt. Diablo Creek and Diablo Creek Golf Course repair
 - b. Construction of the Evora Road bridge at Mt. Diablo Creek
 - c. Construction of the Kinne Culvert at Mt. Diablo Creek
 - d. Creation of a Potable Water Storage Reservoir of approximately 1.65 Million Gallons Day

The Term Sheet also includes changes to the Reimbursement paragraph “e.” under section 7. Infrastructure. The new language allows Brookfield to negotiate with the LRA on how they get paid back by the Project for any funds paid to Navy related to Phase 1, 2, or 3 if they (Brookfield) end up not being the Master Developer of the Phase covered by the payment. The language spells out the ability to negotiate on this concern; it does not spell out a solution. This issue will be negotiated and resolved in the future Disposition and Development Agreement (DDA) to be considered by the City Council in the future.

Exhibit B in the revised Brookfield Term Sheet is a financial overview of the proposed project providing a summary sheet and cash flow analysis consistent with the confidential financial proforma used as the basis for the Navy Term Sheet agreement. The exhibit shows sources and uses of cash over the approximately 30-year life of the project using a 3 percent inflation factor; community benefits; projected return by phase; and the profit participation structure.

The sources of cash are estimated to be \$7,475.5 million and the uses of cash (project costs) are estimated to be \$5,419.5 million with a net cash flow of \$2,056 million over the life of the project.

Brookfield’s 2024 Term Sheet was accompanied by a preliminary fiscal impact analysis projecting the project’s impact on future City revenues and service costs, and the impact from potential uses of public financing (such as Community Facilities Districts). LRA consultants determined that given the stage the project is at, the project appears to meet the LRA’s goal of “fiscal neutrality” – i.e. no negative financial impact on the General Fund. While certain elements of the project’s schedule have changed and shifted in time the spending or uses of cash, the overall project in units, square footage, community benefits and infrastructure remains the same in this revised Brookfield Term Sheet as found in the 2024 Brookfield Term Sheet. The Navy Term Sheet, by setting the price and terms of payment for the property transfer, clarifies what was formerly a financial estimate in the 2024 Brookfield Term Sheet and confidential financial proforma. In the future, as the project is further refined in the Specific Plan and before City Council

consideration of the entitlements, Brookfield and the LRA will update the fiscal impact analysis.

Brookfield ENA [Attachment 3]

A second amendment to the exclusive negotiating agreement with Brookfield is necessary to extend and match the current estimated schedule for the completion of the Specific Plan, Disposition & Development Agreement and the EDC MOA with the Navy.

The current ENA sets a deadline of March 2028 to complete all entitlements and agreements. As stated above, because Navy negotiations took longer than initially anticipated, the Navy Term Sheet now contemplates additional time to complete entitlements and reach initial property transfer. We currently estimate that all entitlements and agreements will be submitted for Council consideration in the summer of 2029.

The second amendment extends the ENA to December 31, 2029 (see Section 2), which provides a six-month buffer against the anticipated schedule above. There are also two automatic 3-month extensions through June 30, 2030, if progress is being made, and the ability to ask the City Council for further extensions, if merited (see Section 3.3)

Financial Impact

Funding for the negotiation of the Navy Term Sheet, Brookfield Term Sheet revisions, and Brookfield ENA amendments are coming from funds provided by Brookfield under the terms of our administrative reimbursement agreement.

The project overall, should it achieve build-out as envisioned in these documents over the next thirty-plus years, will provide significant community benefit facilities, generate needed housing at all levels of affordability, create numerous job generating commercial centers, establish a source of sales and property tax revenue for general city services, repay the LRA's loans to the project, and provide the possibility for modest profit sharing when Brookfield receives a return over 18% in any phase.

Environmental Determination

The City filed a notice of exemption (NOE) on March 21, 2024 ([CEQA Notice of Exemption](#)) following the March 19, 2024 Council approval of the original Brookfield Term Sheet and first amendment to the Brookfield ENA ([Agenda Staff Report for - Consideration of BCUS Acquisitions LLC's Term Sheet \(19101\)](#)). Taking action on the attached Brookfield Term Sheet and Brookfield ENA is a preliminary step that does not bind the City to approve the conceptual land use plan it is based upon. The DDA, Specific Plan, and associated land use approvals will be developed over the coming months and will be the subject of a subsequent EIR, or other applicable CEQA documentation as may be required by law, all of which are subject to review by City and the City retains its discretion to act on those entitlements. Also, the City and Brookfield have expressly acknowledged in the Brookfield Term Sheet that the CEQA process

could necessitate adoption of an alternative development plan and/or mitigation measures that could alter the ultimate project.

The potential environmental effects of the Navy's land transfers to the LRA have already been evaluated in the Navy's National Environmental Policy Act ("NEPA") *Final Environmental Impact Statement for the Disposal and Reuse of the Former Naval Weapons Station Concord Seal Beach Detachment Concord, Concord, California* and the 2017 NEPA Record of Decision; the 2017 Section 7 of the Endangered Species Act Biological Opinion; and the 2017 Section 106 of the National Historic Preservation Act Memorandum of Agreement ("NEPA Determination"). The Navy Term Sheet reflects a subsequent financial/business arrangement between the City and Navy, but even if it were a project, it is subject both to that NEPA Determination as well as the CEQA determination addressed below.

Accordingly, pursuant to Public Resources Code Section 21065, CEQA Guidelines Sections 15060(c), 15061(b)(3), and/or 15378, Council action on the Brookfield Term Sheet, Brookfield ENA, and the Navy Term Sheet are exempt and do not constitute a "project," do not commit the City to a definite course of action, do not constitute discretionary approval of a specific project, and will not result in a direct or reasonably foreseeable indirect physical change in the environment, and in the alternative is exempt from CEQA as each falls within the "common sense" exemption set forth in CEQA Guidelines Section 15061(b)(3), excluding projects where "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." In addition, the NEPA Determination applies to Council action thereon. This determination reflects the City's independent judgment and analysis. Individual projects will undergo CEQA analysis as necessary.

Public Contact

The City Council Agenda was posted.

Attachments

1. Execution Version Navy Term Sheet
2. Red-lined Revision of Brookfield Term Sheet
3. 2nd Amendment of the Brookfield Exclusive Negotiating Agreement