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DEVELOPMENT SAN FRANCISCO

Alex Mehran Jr. talks details of Bishop Ranch redevelopment

Retail and housing will replace the former Chevron headquarters in San Ramon

Sunset's Alexander Mehran Jr. with rendering of 585-acre Bishop Ranch office park and retail center (Sunset, Getty)

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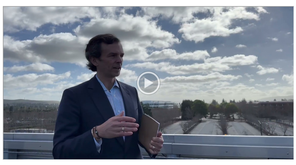
By Emily Landes

JUN 15, 2022, 9:30 PM



Housing, retail and parks will replace the former Chevron headquarters in San Ramon, according to new details released by Sunset Development, which bought the 92-acre parcel abutting its 585-acre Bishop Ranch office park and retail center last fall for just under $175 million.

Sunset CEO Alexander Mehran Jr. said he first approached Chevron about selling its longtime headquarters about a decade ago, and came back to them every few years with the same proposition: "Hey, if you ever want to get a better office space, we could move you into something brand new — you could buy it, you could rent it — and we could redevelop the site in a partnership."

"I think it was always not the right time," he said.

But when the pandemic hit, and the 4,500-person headquarters became half occupied, Mehran saw an opportunity. His father, Alexander Mehran Sr., is "close" with Chevron CEO Mike Wirth and set up a meeting. After seeing Mehran's presentation explaining why the move could be a win-win for both companies, Wirth immediately signed on.

"He's a real forward-looking CEO and he wanted that new workplace," Mehran said. "It didn't go to market or anything like that. It was just a deal we negotiated with them."

Chevron was not interested in owning its new office space. Instead, it will lease 400,000 newly built square feet within the Lakeside area of Bishop Ranch, a commitment to the Bay Area even as its office space is consolidating in Houston, Mehran said.

"I'm not saying they'll never move to Houston," Mehran said. "But one of the best things about this transaction is that we took them out of an older 1980s office space and we're building them a brand new, cutting-edge headquarters."

The recently certified master plans for the Chevron redevelopment means that Sunset can put in more of the housing that Mehran said has been an "obvious" missing component of his family's development, the bulk of which was purchased by his grandfather in 1978 and added to when the opportunity arose over the years.

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Mehran describes the redevelopment plan on site in the video at the top of this story.

The decommissioning of Chevron Park is expected to begin this summer. In its place, San Ramon approved the construction of 2,600 residential homes, 125,000 square feet of retail space, a 2.5-acre park and a perimeter walking greenway that will connect the new community, in the Orchards area of Bishop Ranch, to the Iron Horse walking trail. Seven-story residential buildings will rise close to the road and step down in density toward the rear. It will have a pedestrian-friendly Santana Row-style retail center. Century-old oak trees will remain as part of the redevelopment.

Some of the first housing in Bishop Ranch is already under construction. Summerhill Homes bought 31 acres where five office buildings once stood in early 2022 for $108 million. It has sold about 30 of the 404 townhomes and detached homes it is building there, with the first move-ins expected in March, Mehran said. Thus far, the buyer pool has been 75 percent local and 25 percent from the South Bay, he said, but he expects that to begin widening with the opening of some model complexes, also in March. Senior housing at Belmont Village is also under construction and, next door to that, Related is moving forward with plans to build about 380 units in a seven-story high-end residential development.

Sunset also revealed that it intends to veer away from some of its earlier approved plan. It hopes to turn a surface parking area between its most popular Lakeside office park and its retail and dining hub City Center, where apartments had been planned, into an outdoor performance theater for up to 3,500 attendees surrounded by family-friendly restaurants.

It also will put flex-use spaces it is calling its Studio offerings in its Sycamore, Orchard and Shepherd's Glen areas and build about 10 turnkey office suites of varying sizes so that potential office tenants can try out spaces before they make a long-term commitment.

"The days of people wanting their exact spec office space is over and this is a cool way for them to be able to try something," Mehran said. "If they love it, stay there. If not, get something smaller. Or if it didn't work, move out, and then I get my space that I built to my standard that I think is leasable back again."

Mehran said Sunset is self-financing all of these office updates, which he hopes will drive tenants to its non-Lakeside offerings. Lakeside is 95 percent leased, as is 92 percent of the retail and restaurant spaces in City Center, compared with the low 80s in the rest of the Bishop Ranch.

"I sort of wish we'd figured it out faster and deployed some of these things earlier," he said. "But sometimes we're slow in this business. We'll get it done this year."

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DEVELOPMENT CHICAGO

Ozinga's underground warehouse proposal for 10th Ward still has legs

Alderman Peter Chico opened door for change to mining prohibition in 10th Ward

From left: Mike Ozinga and Alderman Peter Chico (along with a rendering of The Invert Chicago) (Getty, The Invert Chicago, LinkedIn, Facebook)

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By TRD Staff

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The Ozinga family is seeking Chicago City Council's approval to revive an underground warehouse project on the Southeast Side.

Last year, a city zoning official deemed the project, dubbed the Invert, in violation of a Chicago law that placed a ban on mining operations.