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OFFICE OF THE CITY CLERK  
OAKLAND

2018 JUL -3 AM 10:41

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Mark Sawicki  
Director, EWD

**SUBJECT:** Supplemental: Sale of Derby Avenue  
Property to Pacific West Communities

**DATE:** June 25, 2018

City Administrator Approval

*Christina For SBZ*

Date:

*7/2/18*

## RECOMMENDATION

**Staff Recommends That The City Council Adopt An Ordinance Authorizing The City Administrator Or Designee, Without Returning To The City Council, To Negotiate And Execute A Disposition And Development Agreement And Related Documents Between The City Of Oakland And Pacific West Communities, Inc., Or A Related Entity, On Terms and Conditions Described Herein, For The Sale Of The Derby Avenue Property (APN 025-0720-002-01) At The Appraised Fair Market Value Of \$500,000 For The Development Of An Aspire Public Charter School**

## REASON FOR SUPPLEMENTAL

Staff is supplementing and amending its previously submitted report to include the following:

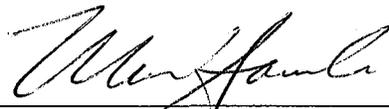
1. Since the prior scheduling of this item, staff requested and received an update addendum to the original appraisal of the Property from Yovino Young Inc., with a fair market value of \$500,000 (a \$50,000 increase). The DDA term sheet (**Attachment B**) has been updated to reflect the new fair market value amount, and the update addendum has been added to the appraisal (**Attachment E**).
2. Staff notes that the Property was purchased and held by the former Oakland Redevelopment Agency for economic development and was never in or intended for City use.

Item: \_\_\_\_\_  
City Council  
July 10, 2018

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt An Ordinance Authorizing The City Administrator Or Designee, Without Returning To The City Council, To Negotiate And Execute A Disposition And Development Agreement And Related Documents Between The City Of Oakland And Pacific West Communities, Inc., Or A Related Entity, On Terms and Conditions Described Herein, For The Sale Of The Derby Avenue Parcel (APN 025-0720-002-01) At The Appraised Fair Market Value Of \$500,000 For The Development Of An Aspire Public Charter School.

Respectfully submitted,



MARK SAWICKI  
Director, Economic and Workforce  
Development

Reviewed by:  
Larry Gallegos, Area Manager

Prepared by:  
Kimani Rogers, Urban Economic Analyst IV

Attachment Updates (2):

B: DDA Term Sheet

E: Derby Avenue Parcel Appraisal Update Addendum

# ATTACHMENT B



## DDA TERM SHEET DERBY AVENUE (APN #: 025-0720-002-01)

May 16, 2018

Note- This term sheet shall serve as the basis for the negotiations of a detailed final Disposition and Development Agreement (“DDA”) between the City and Pacific West Communities, Inc., an Idaho corporation (the “Developer”) and/or affiliated entities. The terms hereof are not binding on the Parties until the Developer and the City, pursuant to City Council authorization, have executed a mutually acceptable DDA for the proposed project.

1	<b>OWNER</b>	City of Oakland
2A	<b>DEVELOPER</b>	Pacific West Communities, Inc., an Idaho Corporation (or “Developer”) and/or affiliated entities
2B	<b>NO ASSIGNMENT</b>	Except as may be set forth in the DDA, Developer shall have no right to assign the DDA nor the development of the Project.
3	<b>COMPLETION GUARANTY</b>	<p>Developer to provide City a Completion Guaranty as part of DDA and as a condition to closing. Guarantor must be a financially strong entity with significant assets or capital sufficient to complete the development of a charter school (the “Project”), pursuant to criteria set forth in the DDA, and acceptable to the City in its sole and absolute discretion. The Guarantor shall guarantee Project completion, as determined by City. Developer will identify the Guarantor within 90 days after DDA approval.</p> <p>A “Form of Guaranty” will be included as an attachment to the DDA and will need to be executed by the City-approved guarantor at close of escrow.</p>
4	<b>PROPERTY</b>	Approximately 9,000 square foot parcel owned by the City: APN #: 025-0720-002-01 located on Derby Avenue, between International Boulevard and East 15 <sup>th</sup> Street in Oakland, California (the “Property”).

5	<b>PROJECT DESCRIPTION</b>	The proposed development project will be comprised of the Property and two additional parcels currently owned by the developer and includes the construction of a three-story education center that will serve as a kindergarten through eighth grade public charter school. The education center would have a total floor area of approx. 48,559 square feet, in addition to a 9,500 square-foot outdoor play/recreation area and a 3,013 square-foot indoor multi-purpose room.
6	<b>PURCHASE PRICE</b>	The purchase price shall be <u>\$500,000.00</u> (Five Hundred Thousand Dollars and No Cents) which is based on the agreed upon fair market value appraisal completed by Yovino Young Incorporated, dated June 7, 2018.
7	<b>TERMS OF PAYMENT/ CLOSING</b>	The full purchase price amount will be due to the City and payable in cash or certified funds submitted into escrow 3 business days before close of escrow. Escrow to close in accordance with the schedule of performance contained herein. (Item #10).
8	<b>GOOD FAITH DEPOSIT</b>	Upon execution of the DDA, Developer will provide to the City a \$50,000 Good Faith Deposit. Good faith deposit shall only be refundable to the developer in the event of a material default by the City, subject to the terms and conditions of the DDA. Subject to the next sentence, said good faith deposit shall be credited to the purchase price at closing. If the Developer fails to close under the DDA terms, (unless extended in writing by the City), or for reasons beyond the Developer's control (excepting financial ability), or the Developer otherwise defaults on any obligation under the DDA, the City shall retain the Good Faith Deposit as liquidated damages.
9A	<b>DEFAULT</b>	DDA to include City's standard remedies including, without limitation, right to terminate transaction upon Developer's default.
9B	<b>CITY'S REPURCHASE OPTION/DEED RESTRICTION</b>	Repurchase Option/Deed Restriction to be determined by the City Attorney.

10	<p><b>SCHEDULE OF PERFORMANCE TARGET DATES</b></p>	<p><b>Within 30 Days of DDA Execution</b></p> <p>Developer shall submit 2 years of unaudited financial statements, prepared by its internal controller, according to standard general accounting principles, for the Developer or related entity for City review and submit an update 60 days prior to close of escrow. However, City reserves the right to have a third party consultant provide an independent review of the financials.</p> <p><b>Within 60 Days of DDA Execution</b></p> <p>Developer shall submit evidence of funds/equity commitments for land acquisition for City review. If close of escrow is 45 days beyond initial submittal, Developer must submit an update 30 days prior to close of escrow. Developer shall identify a Guarantor and controlling entity that is satisfactory to the City in its sole and absolute discretion.</p> <p><b>Note:</b> Due to the project involving the construction of a public school, by state law jurisdiction over designs, construction plans, and all inspections including permitting for the construction is held by the California Division of the State Architect (DSA). Verification of DSA approval will replace standard City requirements for building permits and approval.</p> <p><b>After Close of Escrow DDA</b></p> <p>Commence Construction - Within 30 days after close of escrow and proceed diligently thereafter.</p> <p>Complete Construction – By January 1, 2020.</p>
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11	<b>TITLE INSURANCE</b>	Developer to secure title insurance policy, if desired, at its own cost and expense from Old Republic Title, 555 12 <sup>th</sup> Street, Suite 2000, Oakland, CA 94607 – Attn: Niels Povlsen
12	<b>CLOSING COSTS</b>	Developer shall pay all escrow fees and closing costs including, without limitation, city and any other county taxes.
13	<b>LIMITATIONS ON PROPERTY RIGHTS</b>	<p>Without limiting Developer’s title review contingencies, Developer accepts and acknowledges the Property may be subject to deed restrictions and recorded covenants to restrict use of property, as applicable in the DDA.</p> <p>Developer to comply with provisions of the Central City East Redevelopment Plan.</p>
14	<b>CONDITION OF PROPERTY AT DELIVERY</b>	Developer agrees to accept the Property “as is” in its current condition without warranty express or implied by the City, including without limitation, with respect to the presence of hazardous materials known or unknown on or near the Property.
15	<b>ENVIRONMENTAL REMEDIATION</b>	<p>Environmental Notice. The City hereby gives notice to the Developer that, to the best of its knowledge the Developer is aware of all environmental concerns associated with the site, including that the Project site is listed as an active school cleanup site on the State “Cortese” list pursuant to Government Code Section 65962.5. The Developer is working with the California Department of Toxic Substance Control (DTSC) and has gone through the DTSC’s Removal Action Workplan (RAW) process, with an approved RAW issued by DTSC on June 30, 2017. DTSC has accepted the oversight role, and the Developer is working with DTSC to remediate the project site prior to construction. The Planning Commission affirmed that the project meets the eligibility requirements for CEQA Guidelines Section 15183 and 15183.3 on April 4, 2018.</p> <p>The City shall not be liable for any previously identified or unforeseen environmental remediation costs.</p>

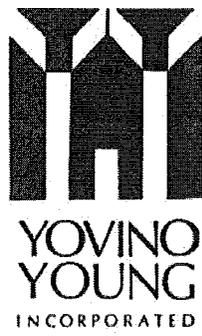
16	<b>INDEMNIFICATION</b>	Developer shall provide standard commercial indemnification, hold harmless and defend provisions (including, without limitations environmental indemnity)  + to the City of Oakland and its Councilmembers, employees, officers, directors, partners and agents. City and Developer to negotiate the various levels of indemnification as part of the DDA.
17	<b>NO COMMISSION</b>	City shall not pay or be liable for any commissions or brokerage fees. The parties shall hold each other harmless and defend against any claims for commissions or brokerage.
18	<b>SIGNAGE</b>	Developer may not install or place signage on any existing City street outside the Property or in the public corridor, without prior approvals and proper permits. Developer may install and place signage on the remaining Property in compliance with City codes, or other applicable codes or regulations.
19	<b>DEVELOPER MAINTENANCE/ STANDARD OF PROPERTY</b>	Developer to maintain the Property and Project in first-class condition and shall ensure that the Property does not violate the City's Blight Ordinance.
20	<b>FINAL CONSTRUCTION PLANS</b>	Drawings for the project have been submitted to the California Division of the State Architect (DSA) and are approved for construction.
21	<b>PAYMENT &amp; PERFORMANCE BONDS</b>	Payment and Performance bonds in the amount of 100% of estimated construction cost, or equivalent security as determined by the City
22	<b>RIGHT OF ENTRY</b>	Developer shall have the right to enter the Property prior to transfer to conduct any investigation, testing at Developer's cost and pursuant to its ENA with the City. Developer shall have the right to Use the Property for purposes of completing the Work described in the Agreement, subject to providing the City with indemnity, insurance and other terms set forth. Notwithstanding prior sentence, the Developer shall not do any invasive testing without the consent of the City.

23	<b>FINANCING</b>	The DDA shall include an objective standard (experience, size, etc.) of what an "Approved Lender" is, subject to administrative approval. The DDA shall include customary mortgagee protections in favor of an Approved Lender.
24	<b>SALE OR REFINANCE OF IMPROVEMENTS</b>	<p>The DDA shall include non-exclusive criteria regarding the "reasonableness" standard for City consent that will include, without limitation, City's sole and absolute right to withhold consent to any change in permitted uses, and City's right to consider proposed assignee's financial capacity, general business reputation, and experience in the allowed uses.</p> <p>Developer shall have no transfer rights prior to completion of construction of the Project, except for as permitted in #27 below</p>
25	<b>TAXES</b>	Developer shall be solely responsible for the payment of any taxes, levies, assessments, fees or charges that may be assessed against the Property or Pacific West Communities or the City with respect to the Property, the occupation or operation thereof, the revenue derived there from, or any personal property or fixtures located thereon arising from the Project's construction and operations (collectively referred to as "Taxes").
26	<b>STANDARD CONDITIONS</b>	The DDA shall include standard City conditions, including completion guaranty executed on or before the Closing Date; approval by City of financing plan, assignment and transfer, amendments to project and project approvals, copies of all required regulatory approvals, and insurance policies; and default, notice and cure, and termination provisions.
27	<b>PERMITTED TRANSFERS</b>	<p>Prior to Project completion, the Developer shall not have the right to assign or transfer all or any portion of its rights and obligations under the DDA, other than to an Affiliate Transfer.</p> <p>An Affiliate Transfer shall not require consent (but will require prior notice to and review by City) and shall mean a transfer to an entity or entities for which the Developer maintains control as defined in the DDA.</p>

28	<b>OFF-SITE IMPROVEMENTS</b>	Developer to be responsible for the cost of any off-site improvements and relocation of all existing utilities and easements in advance of the Project.
29	<b>CAPITAL IMPROVEMENT</b>	The City's Capital Improvement Impact Fee (a "CI Requirement") and Transportation Impact Fee (a "TI Requirement") as well as other Impact Fees may apply to the Project pursuant to approved City Ordinances.

DRAFT

**REVISED**



*UPDATE APPRAISAL ADDENDUM*

Derby Avenue  
North of International Boulevard  
Oakland, California

June 7, 2018

G. MICHAEL YOVINO YOUNG  
MAI, SRA, ASA, FSVIA  
PRESIDENT



ALISON J. F. TEEMAN  
LLB  
VICE-PRESIDENT

June 7, 2018

Larry Gallegos  
Area Manager  
City of Oakland  
250 Frank Ogawa Plaza  
Oakland, CA 94612

APPRAISAL REPORT - UPEDATE ADDENDUM

Re: Derby Avenue, north of International Blvd  
Oakland, California  
APN: 025-0720-002-01  
Our Reference No. 180265

Dear Mr. Gallegos:

At your request and authorization, we have completed an appraisal of the above-referenced property consisting of an unimproved non-corner parcel containing  $\pm 9,000$  square feet.

The purpose of the appraisal is to estimate the market value of the property under its highest and best use. The intended use of this report is to assist the City of Oakland in a decision regarding a possible disposition of the property by sale.

This analysis and report updates my original appraisal report on this property, dated effective May 1, 2017, with the report submitted June 1, 2017. This update report includes by reference all descriptive and factual information contained in the original report, including general limiting conditions and assumptions, and definition of market value. Any new or changed information is presented herein.

It is assumed that the reader of this update addendum has a copy of the original report, without which this report cannot be properly understood. We have determined that since the intervening period between the two valuation dates is less than 13 months, that changing market conditions do not render the updated analysis invalid, and moreover, since the purpose, function and intended use of the appraisal remain the same, the update addendum is an appropriate form for communicating the current appraisal results.

(continued)

To: Larry Gallegos  
Re: Derby Avenue



Page 2.  
6/7/18

This Appraisal Report is defined and regulated in Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2018. The appraisal has been performed in accordance with standards and requirements of USPAP, and the Code of Professional Ethics of the Appraisal Institute.

We have concluded that the highest and best use of the property is for redevelopment with a multi-unit residential (or mixed use) complex of up to 8 units.

Based on this investigation and analyses, it is my opinion that the market value of the property, as of June 1, 2018, and subject to the Assumptions and Limiting Conditions contained in Section 4 of this report, is:

**FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00)**

Attached as Exhibit C is a statement of the professional qualifications of the appraiser. Thank you for providing us this opportunity to be of service.

Very truly yours,  
YOVINO-YOUNG, INCORPORATED

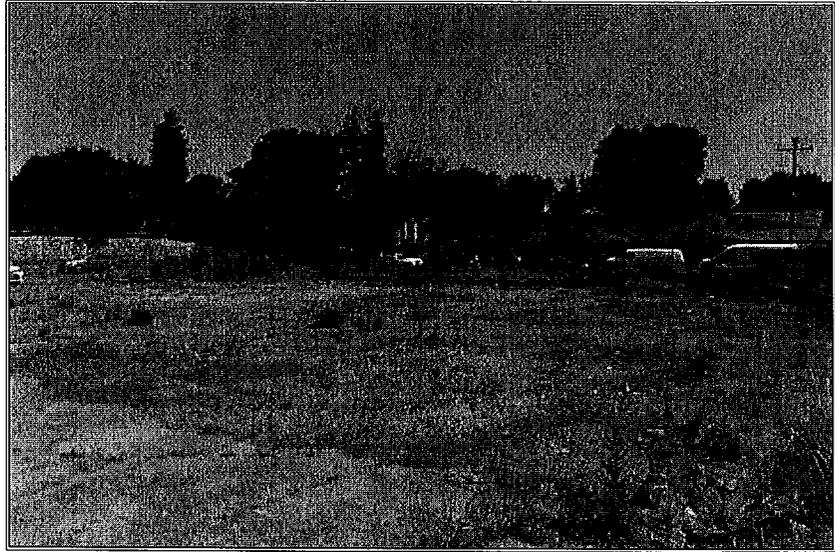
A handwritten signature in black ink, appearing to read 'Peter D. Overton', is written over a horizontal line.

Peter D. Overton, MAI  
Appraiser  
Certified General R.E. Appraiser,  
California State License No. AG002631

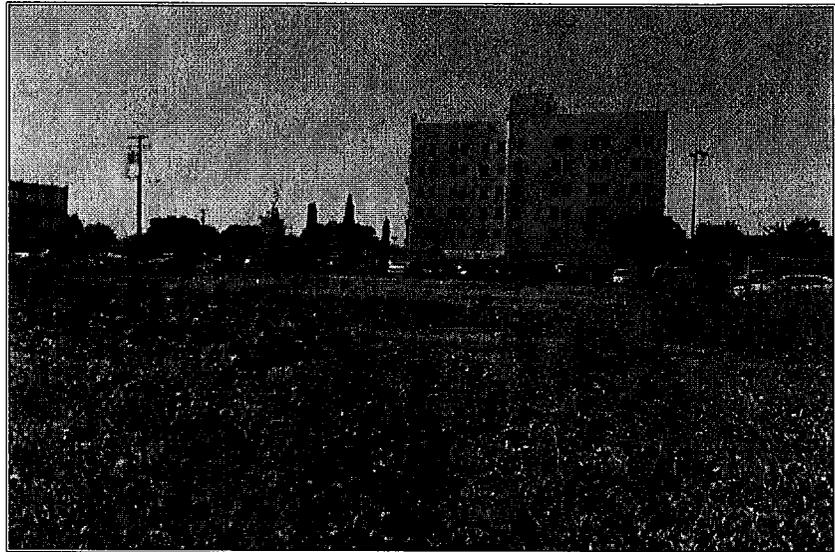
PO:po

Subject Property  
Derby Avenue, North of  
International Boulevard,  
Oakland, California

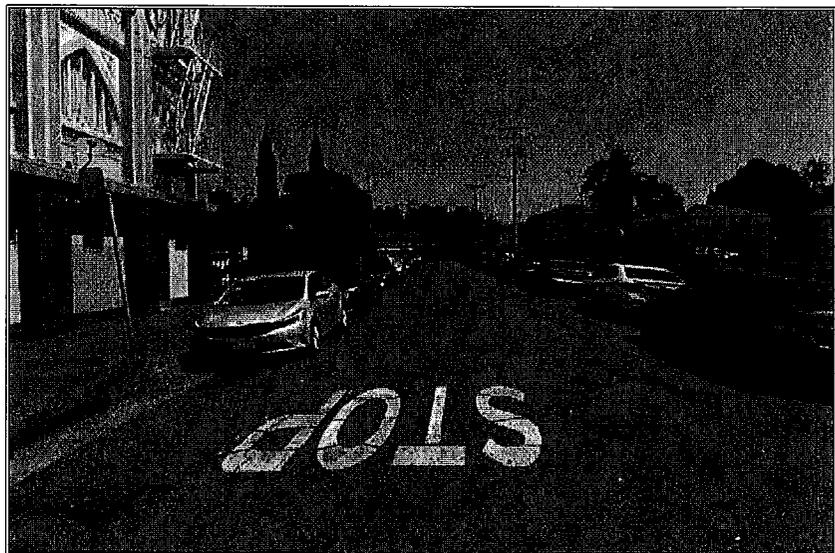
Front of Subject; looking  
northeasterly from Derby  
Avenue



looking southwesterly  
from East 15th Street



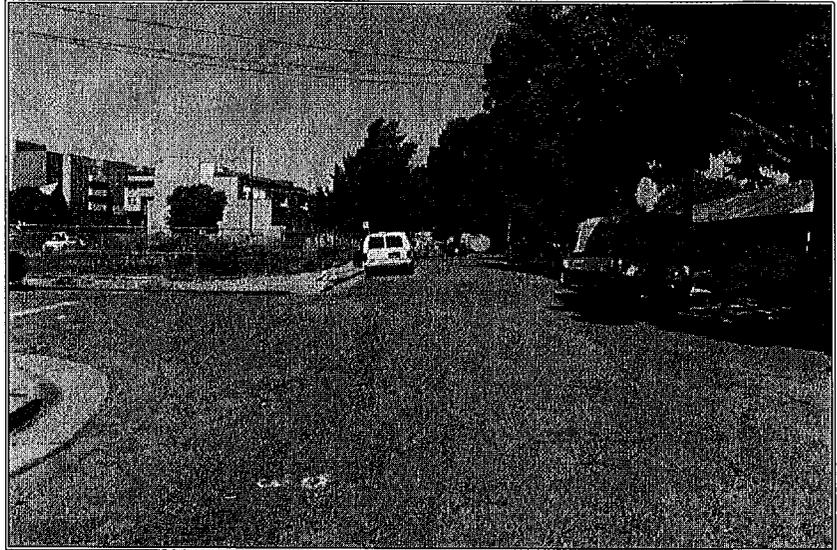
Derby Avenue looking  
northeasterly



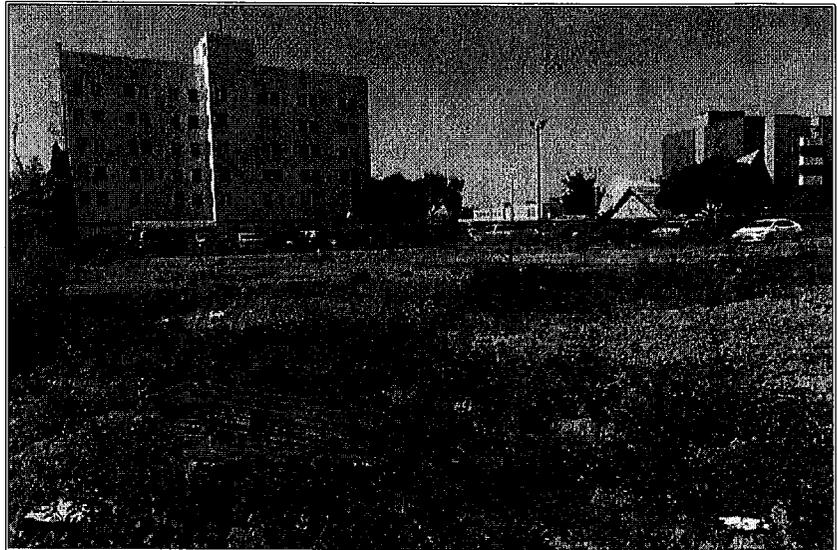
Yovino-Young Inc.  
Our Reference No 180265

Subject Property  
Derby Avenue, North of  
International Boulevard,  
Oakland, California

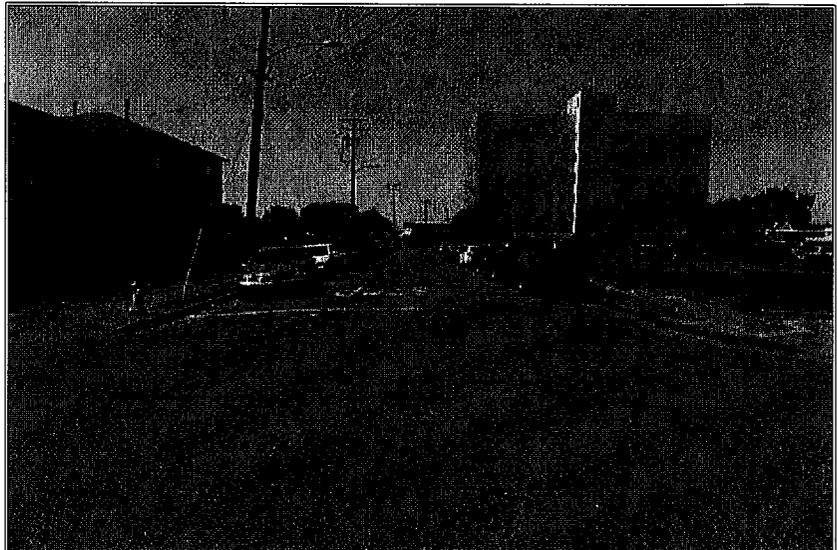
East 15th Street looking  
northerly



Looking westerly from  
Derby Avenue



Derby Avenue looking  
southwesterly





1. SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

**Subject Property:** Derby Avenue, north of International Blvd, Oakland, Alameda County, California. The property consists of an unimproved non-corner parcel containing ±9,000 square feet (sf).

**Marketing/Exposure**

**Time:** Six to nine months.

**Special Conditions of Appraisal:** None

**Value Conclusion:** \$450,000



2. SCOPE OF APPRAISAL ASSIGNMENT

**Client:** Larry Gallegos  
Area Manager  
City of Oakland  
250 Frank Ogawa Plaza  
Oakland, CA 94612

**Intended User:** City of Oakland

**Purpose:** Estimate market value of the subject property under its highest and best use.

**Intended Use:** Assist client in a decision regarding a possible disposition by sale of the property.

**Rights Appraised** Fee simple

**Effective Date:** June 1, 2018

**Valuation Methodology:** Replacement Cost; Not Applicable  
Sales Comparison; Applicable  
Income Capitalization; Not Applicable

**Extent of Research & Analysis:** Physical inspection and verification of land areas, identification and analysis of applicable land use controls (zoning), analysis of market conditions relevant to the subject property, investigation into relevant market sales of comparable vacant properties, qualitative analysis of sales data, leading to conclusions supporting an estimate of market value.

**Report Type:** Appraisal Report (USPAP 2.2)



### 3. IDENTIFICATION OF THE PROPERTY

The subject property is known as Derby Avenue, north of International Blvd, Oakland, Alameda County, California. The appraiser was provided with a deed dated 1/30/2012.

Legal Description(s):	See Exhibit A in addenda
Owner of Record:	City of Oakland

### 6. DESCRIPTIVE DATA

#### Economic Base, Employment and Income

The following table summarizes certain salient demographic indicators for the City, Region, State and Nation. (Source: ABAG, Census Bureau, Bureau of Labor Statistics).

Sites	City of Oakland	Alameda County	SF Bay Area	California
Median Age	36.2	37.4	38.6	35.7
Median Household Income	\$49,721	\$74,221	\$75,989	\$60,883
Average Family Income	\$56,926	\$92,746	\$90,220	\$69,332
Average Household Size	2.49	3.30	2.69	2.9
Unemployment Rate	3.3%	3.2%	3.0%	4.3%
Median Home Value	\$757,000	\$874,000	\$820,000	\$542,000
Population Age 25+: Bachelor's Degree (%)	20.60%	24.69%	25.62%	19.56%

The unemployment rate in Oakland, CA, was 7.8% in March of 2015, which is a dramatic decrease since 3<sup>rd</sup> quarter 2012, when it was over 16%. As of June 2016, the job growth had resulted in a further decrease to 5.5% for Oakland. Future job growth over the next ten years is predicted to be 18.46% (per decade), or 1.85% annually.



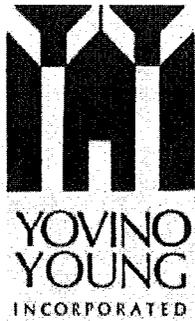
7. HIGHEST AND BEST USE

In standard appraisal methodology, highest and best use is usually defined as:

"The use, from among the reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible and that results in the highest present land value."

In this assignment, the property is only considered "as vacant". It has a size and configuration suitable for development with any legally permissible use under the existing RM-4 zoning ordinance. In this case, the most intensive use would be development of a multi-unit complex with maximum of 8 units.

As noted above, the proposed development of the subject property within an assemblage with two other adjacent parcels could theoretically result in higher than market price paid for its acquisition. However, this appraisal does not premise the value of the property on this proposed use.

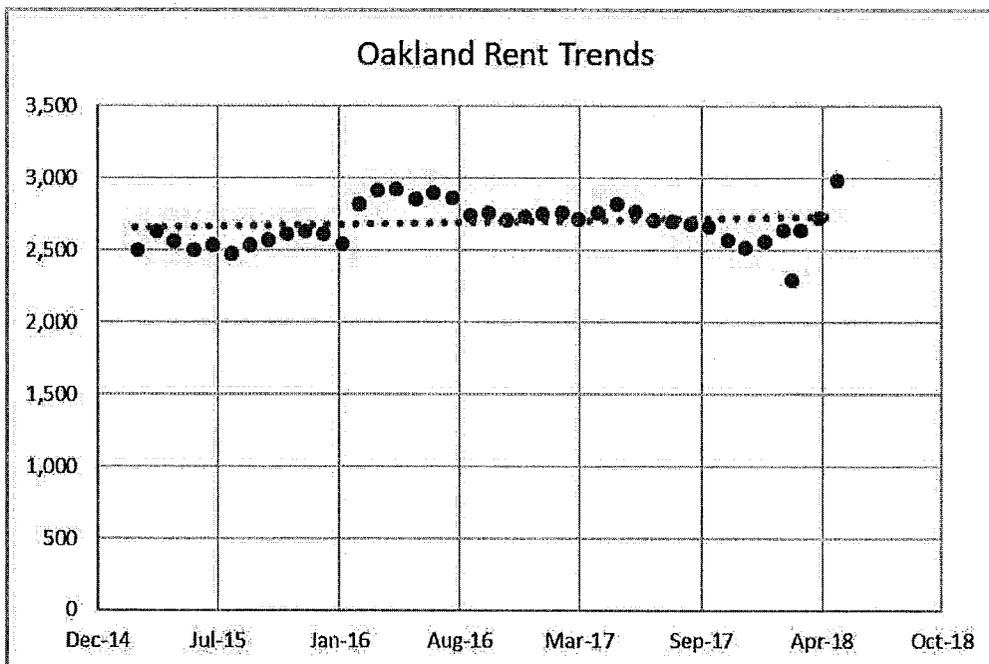


8. MARKET CONDITIONS

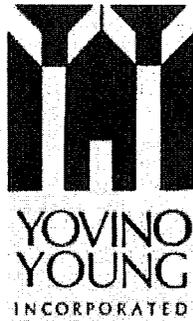
The local market for vacant residential land suitable for development with multi-unit residential complexes is currently very strong, due to the perceived opportunities for profit from a chronic under-supply of housing. These conditions, coupled with the strong job market and economic performance in the region has led to an imbalance in supply and demand, since there are few easily available opportunities to develop new residential units except for infill sites like the subject properties.

It is not clear at this time when the market cycle will peak, or if it will continue in its growth phase for one or two more years. Hence, it is not unusual for developers to seek opportunities with even great urgency in order to complete the development cycle before there is another broad economic downturn, or a change in the market cycle.

Rental rates for apartments have continued to escalate, The average apartment rent over the prior year in Oakland has increased by almost 10%. Under these conditions, the prospect of successful development of new units remains strong.



Source: Rent Jungle



9. SALES COMPARISON APPROACH - LAND

The subject exists in a competitive market context of well-located development sites suitable for multi-unit residential development.

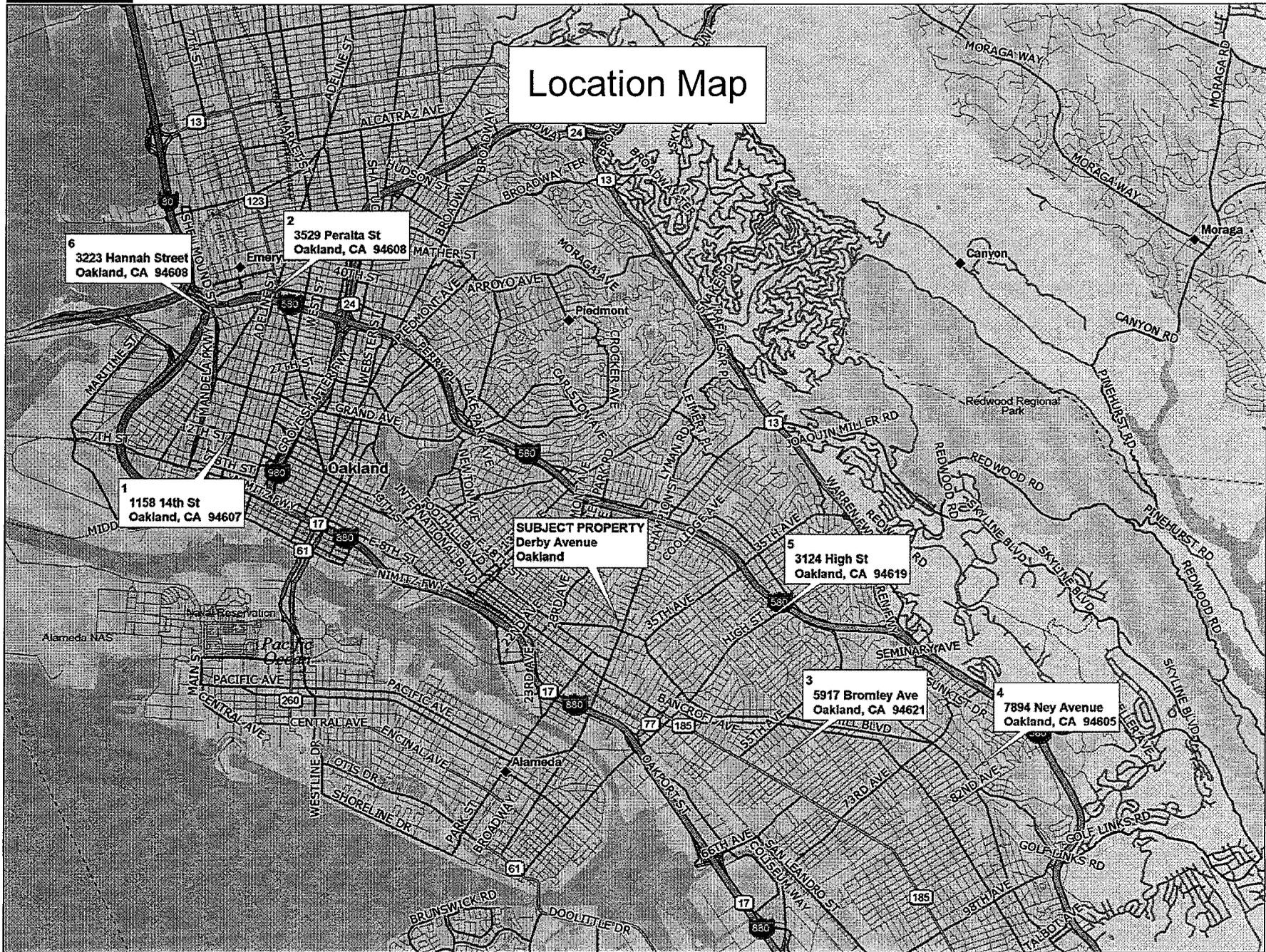
The accompanying table provides a summary of the market transactions deemed instructive in this valuation. The primary indices extracted from the data is price per square foot of land (\$/□-Site), and price per living unit (\$/Unit). However, given the heterogeneous nature of available and recent market transactions involving vacant residential sites, the price per square foot index (\$/□) was found to be the most reliable and instructive. We have also included a price per developable unit (\$/Unit) analysis which supports our conclusions, since the price per unit is inversely related to the projected housing density (Units per Acre) of the comparables.

Data sources include Costar, NDC-Data, local brokers and developers, and the East Bay Regional MLS.



<b>Market Data Summary</b>						
	<b>Property Address</b>	<b>Sale Price</b>	<b>Status</b>	<b>SF</b>	<b>Buyer</b>	<b>Zoning</b>
	<b>APN</b>	<b>Sale Date</b>	<b>Doc.No.</b>	<b>\$/SF</b>	<b>Seller</b>	<b>Shape</b>
<b>1</b>	<b>1158 14th St, Oakland</b>	\$785,000	Sold	<b>12,968</b>	Phua Lee Family Living	RM-4/S-20
	005-0378-028,029,030,031,032,033	4/29/2016	109251	<b>\$60.53</b>	Arrece Jameson	Rectangular
	<i>Property includes six parcels and was previously entitled for development with six large townhouses. Per listing agent, buyer considered development with up to 11 residential units per zoning regs, but will probably opt to develop 6 townhomes.</i>					
<b>2</b>	<b>3529 Peralta St, Oakland</b>	\$650,000	Sold	<b>11,365</b>	3529 Peralta LLC	RM-2
	007-0613-005-04	2/22/2018	36842	<b>\$57.19</b>	David Ken	Triangular
	<i>Location in gentrifying mixed residential / industrial district of West Oakland</i>					
<b>3</b>	<b>5917 Bromley Ave, Oakland</b>	\$524,000	Sold	<b>17,990</b>	Bradley Miller	RM-4
	015-1350-038	9/2/2016	224060	<b>\$29.13</b>	Comm 1st Dev Fund	Rectangular
	<i>Rectangular non-corner site located in residential neighborhood. Vacant site previously developed with apartments.</i>					
<b>4</b>	<b>7894 Ney Avenue, Oakland</b>	\$340,000	Sold	<b>13,550</b>	Fajad Azimzadeh	RM-3
	040A-3420-039	1/22/2018	282094	<b>\$25.09</b>	Tranvu LLC	Irregular
	<i>Long, relatively narrow parcel located mid-block across the street from Parker Elementary School</i>					
<b>5</b>	<b>3124 High St, Oakland</b>	\$650,000	Pending	<b>22,780</b>	Marcano & Miranda	RM-4
	032-2032-163	7/12/2017	150435	<b>\$28.53</b>	Chujun Liao	Rectangular
	<i>Rectangular non-corner, level site in residential neighborhood. High Street is a principal east / west feeder street.</i>					
<b>6</b>	<b>3223 Hannah Street, Oakland</b>	\$660,000	Sold	<b>9,975</b>	Fire of Stars Investment LLC	RM-2
	007-0597-018,019,020	1/24/2018	013440	<b>\$66.17</b>	Between the Tides LLC	Rectangular
	<i>Purchase of three adjacent parcels forming 9,975 sf site. Location is in "Dogtown" area, a gentrifying neighborhood adjacent to Emeryville north of West Oakland. Property had sold 29 months earlier for \$425,000 indicating +/-2% per month increase in price.</i>					
<b>Sub</b>	<b>Derby Avenue, north of International Blvd, Oakland</b>	n/a	n/a	<b>9,000</b>	City of Oakland	RM-4
	025-0720-002-01	6/8/2018	n/a			Rectangular

# Location Map



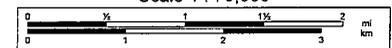
Data use subject to license.

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www.delorme.com



Scale 1 : 75,000



1" = 1.18 mi

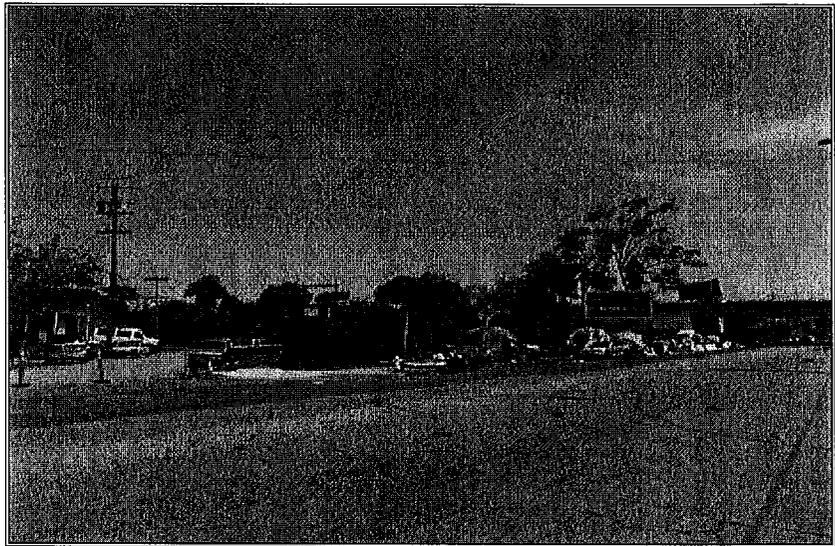
Data Zoom 11-4

*Subject Property  
Derby Avenue, North of  
International Boulevard,  
Oakland, California*

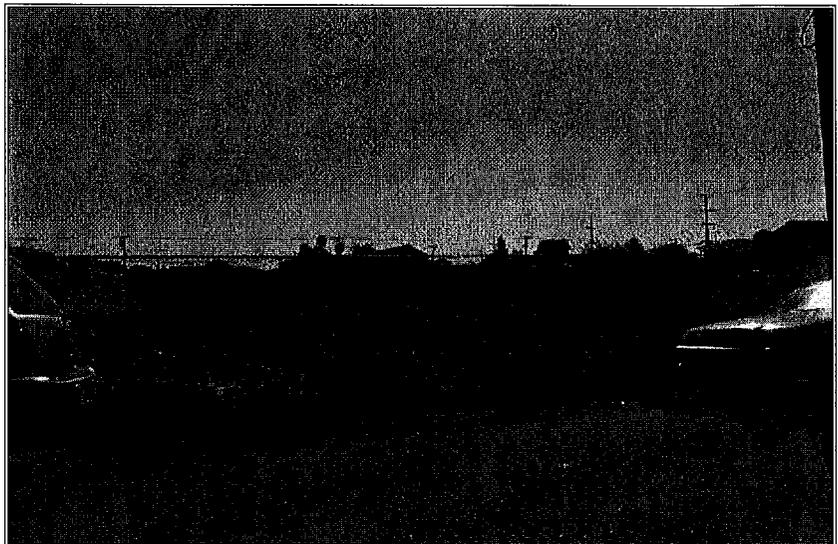
*Sale One  
1158 14th St, Oakland*



*Sale Two  
3529 Peralta St, Oakland*



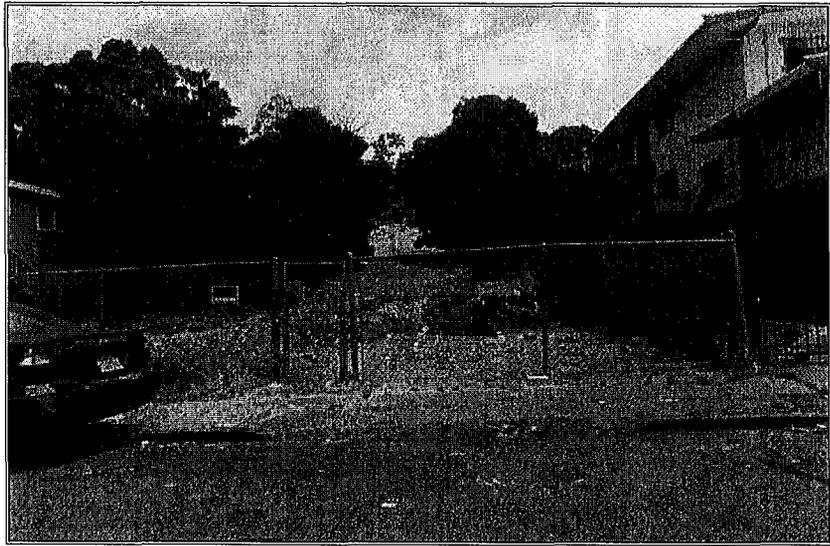
*Sale Three  
5917 Bromley Ave, Oakland*



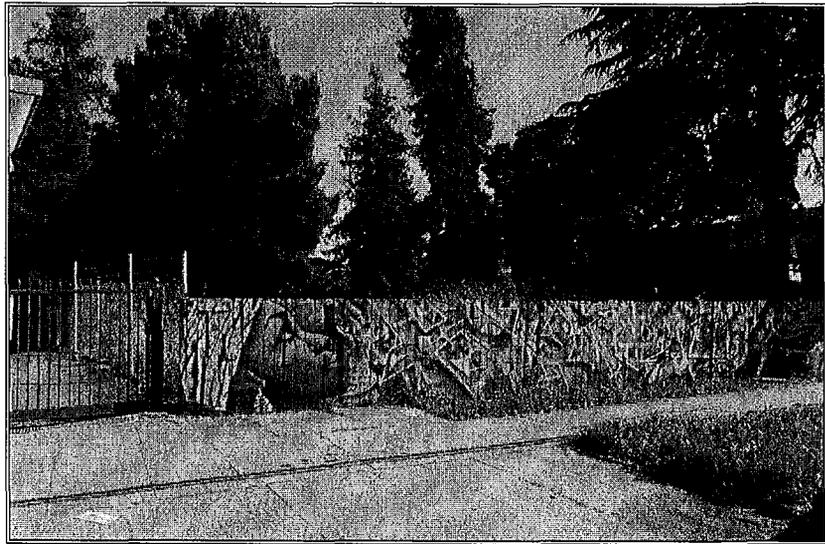
*Yovino-Young Inc.  
Our Reference No 180265*

Subject Property  
Derby Avenue, North of  
International Boulevard,  
Oakland, California

Sale Four  
7894 Ney Avenue, Oakland



Sale Five  
3124 High St, Oakland



Sale Six  
3223 Hannah Street,  
Oakland



Yovino-Young Inc.  
Our Reference No 180265



Sale One, 1158 14th Street, Oakland, is located  $\frac{1}{2}$  mile northeast of the West Oakland BART station, and is somewhat larger in size. It is comprised of six parcels and was previously entitled for development with six large townhouses. Per listing agent, buyer considered development with up to 11 residential units per zoning regulations, but will probably opt to develop six townhomes. The listing broker received a variety of offers, and the transaction closed within 35 days of listing. The sale price was  $\pm 10\%$  over asking. The property has the same zoning as the subject. It is adjacent to single family residential properties.

Sale Two, 3529 Peralta St, Oakland, is an 11,365, triangular corner site in gentrifying mixed industrial residential district of West Oakland. The property is zoned HBX-2, and could be developed with 12 units. The location is inferior to the subject's Fruitvale setting near BART.

Sale Three, 5917 Bromley Avenue, Oakland is a rectangular non-corner site in the same district as Sale Two. It is level parcel containing  $\pm 17,990$  sf. The property has been previously developed with an apartment complex. This location is inferior to the subject's Fruitvale district setting.

Sale Four, 7894 Ney Avenue, Oakland is a long narrow upslope lot in a residential district east of MacArthur Boulevard in east Oakland. The property is zoned RM-3 and could be developed with up to nine units. The location, across the street from a public elementary school campus, is inferior. The topography and utility of the site are also inferior to the subject.

Sale Five, 3124 High Street, Oakland is a rectangular non-corner site containing over  $\frac{1}{2}$  acre. Under its RM-4 zoning this property could possibly be developed with up to 20 units. This location is considered inferior to the subject setting, due to heavy traffic exposure on High Street though it has easy access to Hwy. I-580. Neighborhood services are inferior.

Sale Six, 3223 Hannah Street, Oakland is non-corner site in the "Dogtown" at the north end of west Oakland adjacent to Emeryville. This mixed residential and industrial district has been gentrifying for a couple of decades. It is considered equivalent to the subject's location. It is comprised of three adjacent parcels. The RM-2 zoning would allow a total of 5 units. The sale had previously been listed and sold in August of 2015 for a price of \$425,000. The recent sale at \$660,000 suggests a rate of market appreciation of  $\pm 2\%$  per month.



Adjustments to the data were made for location, site utility, conditions of sale, market conditions, and immediate expenditures. A further adjustment to the data was made separately for each subject property for size and scale.

Summary of Adjustments	#1	#2	#3	#4	#5	#6
Derby Avenue, Oakland	1158 14th St, Oakland	3529 Peralta St, Oakland	5917 Bromley Ave, Oakland	7894 Ney Avenue, Oakland	3124 High St, Oakland	3223 Hannah Street, Oakland
Sale Price	\$785,000	\$650,000	\$524,000	\$340,000	\$650,000	\$660,000
Adjustments to the Data	1	2	3	4	5	6
Unadjusted Price/SF	\$60.53	\$57.19	\$29.13	\$25.09	\$28.53	\$66.17
Rights Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted Price	\$785,000	\$650,000	\$524,000	\$340,000	\$650,000	\$660,000
Financing Terms	Cash/Conv.	Cash/Conv.	Cash/Conv.	Cash/Conv.	Cash/Conv.	Cash/Conv.
Adjusted Price	\$785,000	\$650,000	\$524,000	\$340,000	\$650,000	\$660,000
Conditions of Sale	\$0	0	0	0	0	0
Adjusted Price	\$785,000	\$650,000	\$524,000	\$340,000	\$650,000	\$660,000
Immediate Expenditures	\$0	none	none	none	none	none
Adjusted Price	\$785,000	\$650,000	\$524,000	\$340,000	\$650,000	\$660,000
Time (Market Conditions):	25%	3%	21%	4%	11%	4%
Adjusted Price	\$983,180	\$672,590	\$634,641	\$355,272	\$720,541	\$689,213
Current Cash Equiv. Price	\$983,180	\$672,590	\$634,641	\$355,272	\$720,541	\$689,213
Adjusted Price/SF	\$76	\$59	\$35	\$26	\$32	\$69
Location	0%	10%	20%	0%	20%	0%
Topography	0%	0%	0%	5%	0%	0%
Access	-5%	0%	0%	0%	0%	0%
Utility	0%	0%	0%	5%	5%	10%
Entitlements	-10%	0%	0%	0%	0%	0%
Net Adjustments	-15%	10%	20%	10%	25%	10%
Subtotal:	\$64	\$65	\$42	\$29	\$40	\$76
Size (Scale)	2%	1%	5%	3%	8%	1%
Indicated Values	\$66	\$66	\$44	\$30	\$43	\$76



<b>Price Per SF Analysis:</b>						
Value Indications	Mean Area (Comps)		Subject			
	14,771		9,000			
	Unadjusted		Adjusted			
	\$/SF		\$/SF			
Mean \$/sf	\$54		\$62			
Max \$/sf	\$76		\$108			
Min \$/sf	\$31		\$32			
Variance Max/Min	2.42		3.36			
Concluded Index (\$/SF)		\$54	9,000	\$486,000		
<b>Price Per Unit Analysis:</b>						
	#1	#2	#3	#4	#5	#6
Adjusted Price	\$854,126	\$749,570	\$799,606	\$437,103	\$969,628	\$762,241
No Units	11	12	13	9	20	5
Price/Unit	\$77,648	\$62,464	\$61,508	\$48,567	\$48,481	\$152,448
Units Per Acre	37	46	31	29	38	22
Mean Price/Unit	\$75,186					
Mean Units/Acre	34					
Subject Units/Acre	39					
Concluded Price/Unit	\$63,000	8	\$504,000			

In both analyses, most emphasis was placed on Sales One and Five due to their recent dates of sale, and zoning (development density). Equal weight is placed on both indices. The concluding value indication by the sales comparison approach is:

\$500,000.

This value conclusion is approximately 11% above that of the prior appraisal and reflects a price appreciation rate of ±0.8% per month, which is reflect in the price differential between the two sale transactions involving Comparable 6. It is also consistent with anecdotal evidence of general price appreciation across almost all real estate market segments in the East Bay.



10. VALUE CONCLUSIONS

The sales comparison approach was the methodology utilized in the appraisal which resulted in the following conclusions:

Appraisal Premise	Market Value
As Is	\$500,000

The conclusions are based on analysis of competitive properties which sold within the last 24 months, and which had similar physical and zoning characteristics. This property type is in demand due to the limited supply of such sites, and the housing units which may be developed on them. I am confident that the underlying data and the appraisal analysis are sound and yield a credible estimate of market value.

I conclude that market value of the subject property, subject to the Limiting Conditions and Assumptions in Section 4 of the original report, as of June 1, 2018 is as follows:

**FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00)**

Marketing Time & Exposure Period

In concluding at the opinions of market value for the subject property, marketing and exposure periods are analyzed. The exposure period is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." Thus it is assumed to have occurred prior to the date of valuation.

In contrast, the marketing period is the estimated time that it would take competitive properties to sell subsequent to the date of valuation.

For the subject, a reasonable exposure period is concluded at 9-12 months. A marketing period of 12 months is concluded for typical properties similar to the subject (allowing time for typical marketing efforts, due diligence, and close of escrow).



11. CERTIFICATION

This appraisal is conveyed in an Appraisal Report format (USPAP 2-2). The signatory below certifies that, to the best of his or her knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the property was personally inspected unless otherwise indicated by designating a signatory to this report as a "Supervising Appraiser".
- the reported analyses, opinions, and conclusions are limited only by the stated assumptions and limiting conditions, and are the personal, impartial, and unbiased work product of the named appraisers.
- there are no past, present, or prospective interests, adverse interests, or bias with respect to the property that is the subject of this appraisal, nor any personal interest with respect to the parties involved.
- the acceptance of, engagement in, and compensation for this assignment are not contingent upon developing or reporting a predetermined or stipulated result, a predetermined value or direction of value that may favor the cause of the client, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- the analyses, opinions, and conclusions were developed, and this report prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), and for members, the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The preparation and use of this report is subject to the requirements of the Appraisal Institute relating to review by duly authorized representatives.
- unless otherwise identified in this report, no one provided significant professional assistance to the persons signing this report.
- all appraisers licensed by the Office of Real Estate Appraisers (OREA) of the State of California are required to complete a minimum level of continuing education to be eligible for license renewal on specified dates. The signatories to this report are currently licensed and have met all current requirements of the Office of Real Estate Appraisers.
- as of the date of this report, signatories who are members of the Appraisal Institute have completed the requirements of the continuing education program and are currently recertified.



- As of the date of this report, Peter D. Overton, MAI, has completed the requirements under the continuing education programs of the Appraisal Institute.

- As of the date of acceptance of this assignment, the undersigned had provided services as an appraiser with respect to the subject property within the previous three years.

Attached as Exhibit C is a statement of the professional qualifications of the appraiser.

Thank you for providing us this opportunity to be of service. This report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and with our agreement and understanding of the nature and requirements of the appraisal assignment.

We will retain all relevant data and research material in file should you require further appraisal services concerning this property.

Very truly yours,  
YOVINO-YOUNG, INCORPORATED

A handwritten signature in black ink, appearing to read "Peter D. Overton", is written over a horizontal line.

Peter D. Overton, MAI  
Appraiser  
Certified General R.E. Appraiser,  
California State License No. AG002631

**LEGAL DESCRIPTION**

**PARCEL THREE:**

Lots 6, 7, 8 and the Southwestern 15 feet of Lot 9 in Block "C", as said lots and block are shown on the Map of "Wetherbee Business Subdivision, Oakland, Alameda County, Calif. 1924", filed April 16, 1924, in Book 4 of Maps, Page 39, in the office of the County Recorder of Alameda County.

APN: 025 -0720-002-01

<b>SALE NO. ONE</b>		<b>PROPERTY TYPE: LAND</b>	
<b>STREET ADDRESS:</b>	1158 14th St	<b>ASSESSOR'S NUMBER:</b>	005-0378-028,029,030,031,032,033
<b>CITY:</b>	Oakland	<b>DOCUMENT NUMBER:</b>	109251
<b>ZIP:</b>	94607	<b>STATUS:</b>	Closed
<b>SALE PRICE:</b>	\$785,000	<b>LISTING PRICE:</b>	\$715,000
<b>PENDING DATE:</b>	29-Apr-2016	<b>LISTING DATE:</b>	3/18/2016
<b>SELLER:</b>	Arrece Jameson	<b>BUYER:</b>	Phua Lee Family Living Trust
<b>FINANCING:</b>	All cash	<b>RIGHTS TRANSFERRED:</b>	Fee Simple

**SALE COMMENTS:** Normal marketing of vacant site generated multiple offers and increase in sale price over asking

<b>Site Area (SF):</b>	12,968	<b>Zoning:</b>	RM-4/S-20
<b>Shape:</b>	Rectangular	<b>Topography:</b>	Level
<b>Street Frontage:</b>	125 feet on 14th Street, 105 feet on Adeline St		
<b>Probable Use:</b>	Apartment Development	<b>No. Units:</b>	11

**PROPERTY COMMENTS:** Property includes six parcels and was previously entitled for development with six large townhouses. Per listing agent, buyer considered development with up to 11 residential units per zoning regs, but will probably opt to develop 6 townhomes.

**ANALYSIS OF TRANSACTION:**

**Effective Sale Price:** \$785,000  
**UNIT INDICES:**  
**\$/SF:** \$60.53  
**\$/UNIT:** \$71,364  
**Data Source:** Costar, MLS, NDC data, listing agent Nolan Jones 510-867-4806

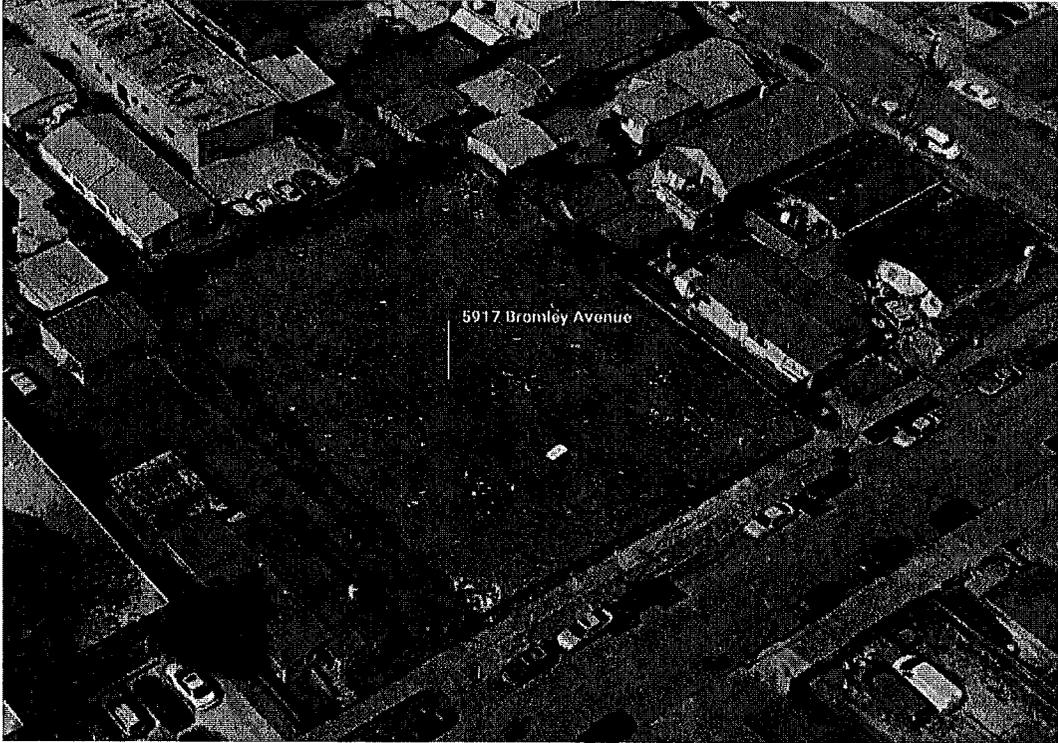


<b>SALE NO. TWO</b>		<b>PROPERTY TYPE: LAND</b>	
<b>STREET ADDRESS:</b>	3529 Peralta St	<b>ASSESSOR'S NUMBER:</b>	007-0613-005-04
<b>CITY:</b>	Oakland	<b>DOCUMENT NUMBER:</b>	36842
<b>ZIP:</b>	94608	<b>STATUS:</b>	Closed
<b>SALE PRICE:</b>	\$650,000	<b>LISTING PRICE:</b>	\$750,000
<b>RECORDING DATE:</b>	22-Feb-2018	<b>LISTING DATE:</b>	12/1/2017
<b>SELLER:</b>	David Ken	<b>BUYER:</b>	3529 Peralta LLC
<b>FINANCING:</b>	All cash	<b>RIGHTS TRANSFERRED:</b>	Fee Simple
<b>SALE COMMENTS:</b>	Normal marketing all cash sale		

<b>PROPERTY DESCRIPTION:</b>			
<b>Site Area:</b>	11,365	<b>Zoning:</b>	RM-2
<b>Shape:</b>	Triangular	<b>Topography:</b>	Level
<b>Street Frontage:</b>	167 feet on Harlan St; 183 feet on Peralta St		
<b>Probable Use:</b>	Single Residence	<b>No. Units:</b>	12
<b>PROPERTY COMMENTS:</b>	Location in gentrifying mixed residential / industrial district of West Oakland		

<b>ANALYSIS OF TRANSACTION:</b>	
<b>Effective Sale Price:</b>	\$650,000
<b>UNIT INDICES:</b>	
<b>\$/SF:</b>	\$57.19
<b>\$/UNIT:</b>	\$54,167
<b>Data Source:</b>	NDC Data, MLS, Listing Broker; John Allen 510-421-0084



SALE NO. THREE		PROPERTY TYPE: LAND	
STREET ADDRESS:	5917 Bromley Ave	ASSESSOR'S NUMBER:	015-1350-038
CITY:	Oakland	DOCUMENT NUMBER:	224060
ZIP:	94321	STATUS:	Closed
SALE PRICE:	\$524,000	LISTING PRICE:	\$399,000
RECORDING DATE:	2-Sep-2016	LISTING DATE:	7/24/2015
SELLER:	Comm 1st Dev Fund	BUYER:	Bradley Miller
FINANCING:	All Cash	RIGHTS TRANSFERRED:	Fee Simple
SALE COMMENTS:	Conventional sale of vacant parcel. 59 days on market		
PROPERTY DESCRIPTION:			
Site Area:	17,990	Zoning:	RM-4
Shape:	Rectangular	Topography:	Level
Street Frontage:	125 feet on Bromley Ave		
Probable Use:	13 townhouses	No. Units:	13
PROPERTY COMMENTS:	Rectangular non-corner site located in residential neighborhood. Vacant site previously developed with apartments.		
ANALYSIS OF TRANSACTION:			
Effective Sale Price:	\$524,000		
UNIT INDICES:			
\$/SF:	\$29.13		
\$/UNIT:	\$40,308		
Data Source:	Costar, MLS, NDC Data, Seller - Paul LeJoy 510-299-0093		
			

<b>SALE NO. FOUR</b>		<b>PROPERTY TYPE: LAND</b>	
<b>STREET ADDRESS:</b>	7894 Ney Avenue	<b>ASSESSOR'S NUMBER:</b>	040A-3420-039
<b>CITY:</b>	Oakland	<b>DOCUMENT NUMBER:</b>	282094
<b>ZIP:</b>	94605	<b>STATUS:</b>	Closed
<b>SALE PRICE:</b>	\$340,000	<b>LISTING PRICE:</b>	\$388,000
<b>RECORDING DATE:</b>	22-Jan-2018	<b>LISTING DATE:</b>	9/12/2017
<b>SELLER:</b>	Farjad Azimzadeh	<b>BUYER:</b>	Tranvu LLC
<b>FINANCING:</b>	35% down; Conv 1st TD	<b>RIGHTS TRANSFERRED:</b>	Fee Simple
<b>SALE COMMENTS:</b>	Conventional sale; 92 days on market.		

<b>PROPERTY DESCRIPTION:</b>			
<b>Site Area:</b>	13,550	<b>Zoning:</b>	RM-3
<b>Shape:</b>	Irregular	<b>Topography:</b>	Sloping
<b>Street Frontage:</b>	50 feet on Ney Avenue		
<b>Probable Use:</b>	Residential Development	<b>No. Units:</b>	9
<b>PROPERTY COMMENTS:</b>	Long, relatively narrow parcel located mid-block across the street from Parker Elementary School		

<b>ANALYSIS OF TRANSACTION:</b>	
<b>Effective Sale Price:</b>	\$340,000
<b>UNIT INDICES:</b>	
<b>\$/SF:</b>	\$25.09
<b>\$/UNIT:</b>	\$37,778
<b>Data Source:</b>	MLS, NDC Data, Broker Jon Rizzoti 510-917-2858



<b>SALE NO. FIVE</b>		<b>PROPERTY TYPE: LAND</b>	
<b>STREET ADDRESS:</b>	3124 High St	<b>ASSESSOR'S NUMBER:</b>	032-2032-163
<b>CITY:</b>	Oakland	<b>DOCUMENT NUMBER:</b>	150435
<b>ZIP:</b>	94619	<b>STATUS:</b>	Closed
<b>SALE PRICE:</b>	\$650,000	<b>LISTING PRICE:</b>	\$650,000
<b>RECORDING DATE:</b>	12-Jul-2017	<b>LISTING DATE:</b>	3/2/2017
<b>SELLER:</b>	Chujun Liao	<b>BUYER:</b>	Marcano & Miranda
<b>FINANCING:</b>	n/a	<b>RIGHTS TRANSFERRED:</b>	Fee Simple
<b>SALE COMMENTS:</b> Conventional Listing and sale of property			
<b>PROPERTY DESCRIPTION:</b>			
<b>Site Area:</b>	22,780	<b>Zoning:</b>	RM-4
<b>Shape:</b>	Rectangular	<b>Topography:</b>	Level
<b>Street Frontage:</b>	85 feet on High Street		
<b>Probable Use:</b>	Multi-Unit residential	<b>No. Units:</b>	20
<b>PROPERTY COMMENTS:</b>	Rectangular non-corner, level site in residential neighborhood. High Street is a principal east / west feeder street.		
<b>ANALYSIS OF TRANSACTION:</b>			
<b>Effective Sale Price:</b> \$650,000			
<b>UNIT INDICES:</b>			
<b>\$/SF:</b>	\$28.53		
<b>\$/UNIT:</b>	\$32,500		
<b>Data Source:</b>	MLS, NDC Data, Listing Broker, Fanny Li 510-303-2228; Michael Pagones 51-301-3557		
			

<b>SALE NO. SIX</b>		<b>PROPERTY TYPE: LAND</b>	
<b>STREET ADDRESS:</b>	3223 Hannah Street	<b>ASSESSOR'S NUMBER:</b>	007-0597-018,019,020
<b>CITY:</b>	Oakland	<b>DOCUMENT NUMBER:</b>	217270
<b>ZIP:</b>	94608	<b>STATUS:</b>	Closed
<b>SALE PRICE:</b>	\$660,000	<b>LISTING PRICE:</b>	\$695,000
<b>RECORDING DATE:</b>	24-Jan-2018	<b>LISTING DATE:</b>	8-Dec-2017
<b>SELLER:</b>	Between the Tides LLC	<b>BUYER:</b>	Fire of Stars Investme
<b>FINANCING:</b>	All cash	<b>RIGHTS TRANSFERRED:</b>	Fee Simple
<b>SALE COMMENTS:</b>	Conventional sale.		

**PROPERTY DESCRIPTION:**

<b>Site Area (SF):</b>	9,975	<b>Zoning:</b>	RM-2
<b>Shape:</b>	Rectangular	<b>Topography:</b>	Level
<b>Street Frontage:</b>	75 feet on Hannah Street		
<b>Probable Use:</b>	Multi-unit Residential	<b>No. Units:</b>	5
<b>PROPERTY COMMENTS:</b>	Purchase of three adjacent parcels forming 9,975 sf site. Location is in "Dogtown" area, a gentrifying neighborhood adjacent to Emeryville north of West Oakland. Property had sold 29 months earlier for \$425,000 inidcating +/-2% per month increase in price.		

**ANALYSIS OF TRANSACTION:**

<b>Effective Price:</b>	\$660,000
<b>UNIT INDICES:</b>	
<b>\$/SF:</b>	\$66.17
<b>\$/Unit:</b>	\$132,000
<b>Data Source:</b>	MLS, Costar, Listing Broker Ann Bruff 510-594-7455



## PROFESSIONAL QUALIFICATIONS

PETER D. OVERTON

### PROFESSIONAL CREDENTIALS

Certified General Real Estate Appraiser (License No. AG002631).  
Recertified to 08/12/18 BREA, State of California

Designated Member of the Appraisal Institute

MAI; Appraisal Institute #11878

Qualified as Expert Witness - Alameda County Superior Court

### EDUCATION

Department of Architecture, MIT, Cambridge, Massachusetts, 1964-65.

B.A. Knox College, Galesburg, Illinois, 1965-1969

### Professional Courses Completed:

AIREA - Real Estate Appraisal Principles Course 1A1	1986
AIREA - Basic Valuation Procedures Course 1A2	1987
AI - Capitalization; Theory & Techniques 1B_A	1991
AI - Capitalization; Theory & Techniques 1B_B	1991
AI - Case studies in Real Estate Valuation 2-1	1992
AI - Report Writing & Valuation Analysis 540	1994
AI - Eminent Domain Seminar	1995
IRWA - Easement Valuation	1996
IRWA - Legal Aspects of Easements	1996
AI - Detrimental Conditions	1998
McKissock - Regression Analysis	1999
AI - USPAP 410-420	2000
AI - Highest and Best Use / Market Analysis	2005

### EXPERIENCE

All types of appraisal assignments in the San Francisco Bay Area with an emphasis on commercial, industrial, office, complex residential, and special purpose properties.

1986-1987 Mitch Durell & Associates Real Estate Appraisers

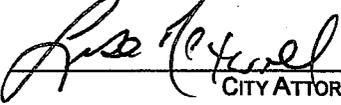
1987-1989 Dawson & Jones Inc. Real Estate Appraisals

1989-1990 Clyde Standley & Associates, Real Estate Appraisers

1990-Present Senior Appraiser

Yovino-Young Incorporated, Berkeley, California

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CITY ATTORNEY

## OAKLAND CITY COUNCIL

ORDINANCE NO. \_\_\_\_\_ C.M.S.

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**AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE, WITHOUT RETURNING TO THE CITY COUNCIL, TO NEGOTIATE AND EXECUTE A DISPOSITION AND DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS BETWEEN THE CITY OF OAKLAND AND PACIFIC WEST COMMUNITIES, INC, OR A RELATED ENTITY, ON TERMS AND CONDITIONS DESCRIBED HEREIN, FOR THE SALE OF THE DERBY AVENUE PARCEL (APN 025-0720-002-01) AT THE APPRAISED FAIR MARKET VALUE OF \$500,000 FOR THE DEVELOPMENT OF AN ASPIRE PUBLIC CHARTER SCHOOL**

**WHEREAS**, City of Oakland, a municipal corporation ("City"), owns an approximately 9,000 square-foot parcel (the "Property") with no street address, identified as APN#: 025-0720-002-01, located on the northwest side of Derby Avenue between East 15<sup>th</sup> Street and International Boulevard; and

**WHEREAS**, Pacific West Communities, Inc., an Idaho corporation ("Developer"), is proposing to purchase the Property from City; and

**WHEREAS**, on October 6, 2015, the City Council, pursuant to Resolution No. 85805 C.M.S, authorized an Exclusive Negotiating Agreement ("ENA") with Developer for a period of twelve (12) months with the option by the City Administrator or his/her designee in his/her sole discretion to extend for an additional six (6) months; and

**WHEREAS**, Developer has diligently completed its project deliverables pursuant to the terms of the ENA; and

**WHEREAS**, Developer submitted a proposal to purchase the Property and to combine the Property with adjacent parcels owned by Developer, which are identified as APN 025-0720-007-02 and APN 025-0720-001-00, to develop a three-story Aspire ERES Academy charter school with a total floor area of 48,559 square feet (the "Project") on the Property; and

**WHEREAS**, the proposed purchase price for the Property is Five Hundred Thousand Dollars (\$500,000); and

**WHEREAS**, City staff will negotiate the terms and conditions under which City will enter into with Developer a Disposition and Development Agreement ("DDA") and related transaction documents for the sale and development of the Property for the Project, which DDA will include the following material terms: purchase price; terms and timing of closing; a

good faith deposit; a schedule of development performance; an "as is" Property condition at closing; a completion guaranty; recordation of a memorandum encumbering title to the Property conveyed to Developer memorializing Developer's obligations (until all are met) to record the parcel map, pull building permits and commence construction by the dates in the DDA; and a deed restriction requiring the site to be used in perpetuity for a school; future property maintenance requirements for the site; and other typical DDA conditions/requirements; and

**WHEREAS**, the Property is located in the Central City East Project Area and was owned by the former Oakland Redevelopment Agency ("Agency") prior to its dissolution pursuant to AB IX 26 and AB 1484 (collectively, "Redevelopment Dissolution Act"); and

**WHEREAS**, disposition of the Property is governed by (1) the Long Range Property Management Plan prepared by the Oakland Redevelopment Successor Agency ("ORSA") and approved by the ORSA Oversight Board and the State Department of Finance, and (2) the Master Agreement for Taxing Entity Compensation entered into by City and taxing entities pursuant to the Redevelopment Dissolution Act; and

**WHEREAS**, California Government Code Section 52201 ("State Law") requires that before any real property formerly owned by ORSA is sold or leased for economic development purposes, the sale or lease must first be approved by the legislative body, i.e., City Council, by resolution after public hearing; and

**WHEREAS**, a public hearing of City Council was held to hear public comments on the sale of the Property to Developer for the Project; and

**WHEREAS**, notice of the time and place of the public hearing was given by publication in a newspaper of general circulation in Alameda County at least once a week for at least two (2) successive weeks prior to the public hearing; and

**WHEREAS**, as required by State Law, City made a report available to the public for inspection, no later than the first date of publication of the notice for the hearing, that contains: (i) a copy of the proposed sale of the Property, and (ii) a summary of (a) the cost of the agreement to City, (b) the estimated value of the Property determined at the highest and best use permitted under City general plan or zoning, (c) the estimated value determined at the particular use with the conditions, covenants and development costs required by the sale, with an explanation of the reasons for the difference between the purchase price and the fair market value, and (d) an explanation, with supporting facts and materials, of why the sale of the Property will assist in the creation of economic opportunity; and

**WHEREAS**, the Property was purchased and held by the former Oakland Redevelopment Agency for economic development and was never in or intended for City use; and

**WHEREAS**, City commissioned and received a copy of an independent appraisal by Yovino Young Inc., a City on-call appraisal firm, which firm is a Member of the Appraisal Institute (MAI), which estimated the fair market value of the Property at \$500,000; and

**WHEREAS**, In April 2018, the City Planning Commission voted to: 1) affirm staff's environmental determination of CEQA Guidelines Section 15183 and 15183.3 and the analysis completed in the Land Use and Transportation Element (LUTE) and Central City East Redevelopment Plan (CCERP) Environmental Impact Reports (EIR), which analyzed environmental impacts associated with additional development; and 2) approve the Planning Code permits for Regular Design Review, Major Conditional Use Permit, Minor Conditional Use Permit, and Variances to approve the Project.; and.

**WHEREAS**, City Council adopted Resolution No. 85324 C.M.S. in December 2014 to establish a general policy to lease rather than sell City property; and

**WHEREAS**, Staff has made the necessary findings regarding justification for a sale instead of a long term ground lease, since Developer is required to purchase the Property to qualify for State Proposition 1D financing, which requires that the project school site be controlled by one (1) party; and

**WHEREAS**, to facilitate the development with Developer, staff is recommending that the City transfer the Property through a DDA rather than a Lease and Development Agreement; and

**WHEREAS**, City staff recommends a sale of the Property instead of a ground lease because a sale is necessary to promote the economic development goals of City for the following reasons: 1) it is a State requirement of Proposition 1D bonds that the property is owned entirely by the entity receiving financing from the State for the development of the Aspire school; 2) School Facility Program Regulations (Section 1859.173) require that title to the project facilities be held by the school district, a local government entity or a charter school; and 3) the City owns one of the three parcels that is required for the construction of the school and these parcels must be merged into one legal lot owned by one party for the Project to be permitted and constructed as approved. The City would have to purchase the two adjoining parcels for the Project site to maintain compliance with this State requirement, and the City does not have the funds for this purchase; now therefore:

Council of the City of Oakland does ordain as follows:

**SECTION 1.** City Council hereby finds, pursuant to Resolution No. 85324 C.M.S., that it is in the best interest of City to sell rather than lease the Property for the reasons stated above, and hereby authorizes the City Administrator or his/her designee to negotiate and execute documents for the conveyance of the Property to Developer pursuant to the terms and conditions of the documents described in Section 2 hereof for the purchase price of \$500,000.

**SECTION 2.** City Council hereby authorizes the City Administrator or his/her designee to negotiate and execute with Developer a DDA for the sale and development of the Aspire Charter School Project, including without limitation, all exhibits and other transaction documents related thereto, which DDA/transaction documents shall include: (1) a purchase price of \$500,000; (2) terms and timing of closing; (3) a good faith deposit of \$50,000; (4) a schedule of development performance; (5) an "as is" property condition at closing; (6) a completion guaranty; (7) recordation of a memorandum encumbering title to the Property conveyed to

Developer memorializing Developer's obligations (until all are met) to record the parcel map, pull building permits and commence construction by the dates in the DDA; (8) a deed restriction requiring the site to be used in perpetuity for a school; (9) future property maintenance requirements for the site; and (10) other typical DDA conditions/requirements, in consultation with the City Attorney's Office to facilitate the sale and development of the Property for the Project, to consummate the transaction under the DDA in accordance with this Ordinance, and to otherwise effectuate the purpose and intent of this Ordinance and its basic purpose. Developer shall also be required, prior to close of escrow, to satisfy or waive the conditions precedent to the sale of the Property, as determined by the City Administrator or his/her designee, and satisfy any pre-conveyance conditions imposed by the City Administrator or his/her designee on Developer.

**SECTION 3.** City Council hereby authorizes the City Administrator or his/her designee to accept and appropriate (1) the \$50,000 deposit from Developer upon execution of the DDA and the \$450,000 balance of the purchase price in the Central City East TA Bonds Series 2006A-T (Taxable) Fund (5643), CCE Land Acquisition Project (1000151); and (2) a \$25,000 project expense payment ("PEP") from Developer upon execution of the DDA in Central City East TA Bond Series 2006A-T (Taxable) Fund (5643) Project.

**SECTION 4.** City Council hereby finds and determines that the sale of the Property for the Project will assist in the creation of economic opportunity in City by (1) retaining a total of 51 full-time Oakland jobs with additional positions and hiring expected at the new school location; and (2) generating approximately 109 temporary full-time construction jobs associated with the construction of the Project.

**SECTION 5.** City Council hereby finds and determines that the consideration for the sale of the Property at the agreed upon purchase price is not less than the fair market value for the Property at the use for the Project with the covenants, conditions and development costs related to the sale, and is in the best interest of the City given the need to redevelop the Property for the benefit of the community.

**SECTION 6.** City Council hereby finds that the Property is exempt from the Surplus Land Act (California Government Code Sections 54220-54320).

**SECTION 7.** All agreements and documents associated with the conveyance of the Property for the Project shall be reviewed and approved as to form and legality by the Office of the City Attorney prior to execution by City, and shall be placed on file with the City Clerk.

**SECTION 8.** The recitals contained in this Ordinance are true and correct and are an integral part of City Council's decision.

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**SECTION 9.** This Ordinance shall be in full force and effective immediately upon final adoption, as provided by Section 216 of the City Charter, if adopted by at least six (6) members of Council, or upon the seventh day after final adoption if adopted by fewer votes.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2018

**PASSED BY THE FOLLOWING VOTE:**

**AYES-** BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, and PRESIDENT REID

**NOES-**

**ABSENT-**

**ABSTENTION-**

**ATTEST:** \_\_\_\_\_  
**LATONDA SIMMONS**  
City Clerk and Clerk of the Council  
of the City of Oakland, California

**AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE, WITHOUT RETURNING TO THE CITY COUNCIL, TO NEGOTIATE AND EXECUTE A DISPOSITION AND DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS BETWEEN THE CITY OF OAKLAND AND PACIFIC WEST COMMUNITIES, INC, OR A RELATED ENTITY, ON TERMS AND CONDITIONS DESCRIBED HEREIN, FOR THE SALE OF THE DERBY AVENUE PARCEL (APN 025-0720-002-01) AT THE AGREED UPON SALES PRICE OF \$500,000 FOR THE DEVELOPMENT OF AN ASPIRE ERES ACADEMY CHARTER SCHOOL**

**NOTICE AND DIGEST**

This Ordinance authorizes the disposition of the Derby Avenue parking lot property, identified as assessor's parcel number 025-0720-002-01, to Pacific West Communities, Inc. for the development of the Aspire Charter School project, which shall consist of a three-story campus building with a total floor area of 48,559 square feet. This Ordinance authorizes the City Administrator to negotiate and enter into a Disposition and Development Agreement, and related transaction documents, with Pacific West Communities, Inc. for this transaction.