

CITY OF OAKLAND
Agenda Report

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2003 OCT -2 PM 1:34

TO: Office of City Manager
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: October 14,2003

RE: (1) AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE FROM THE CITY OF OAKLAND FOR \$419,407, OF A PORTION OF THE FORMER RAILROAD SPUR (A PORTION OF APN 041-3902-013) LOCATED BETWEEN HASSLER WAY AND DAMON SLOUGH WHICH WAS USED FOR VARIOUS REDEVELOPMENT PROJECTS KNOWN AS THE LEXUS AND INFINITI AUTOMOBILE DEALERSHIPS; AND

(2) A CITY ORDINANCE AUTHORIZING THE SALE FROM THE CITY OF OAKLAND TO THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND FOR \$419,407, OF A PORTION OF THE FORMER RAILROAD SPUR (A PORTION OF APN 041-3902-013) LOCATED BETWEEN HASSLER WAY AND DAMON SLOUGH WHICH WAS USED FOR VARIOUS REDEVELOPMENT PROJECTS KNOWN AS THE LEXUS AND INFINITI AUTOMOBILE DEALERSHIPS

SUMMARY

A Redevelopment Agency (Agency) Resolution and City of Oakland (City) Ordinance have been prepared authorizing the City to sell to the Agency for the fair market value of \$419,407 a portion of a former railroad spur ("Railroad Spur") located between Hassler Way and Damon Slough in the Coliseum Redevelopment Project Area (the "Property"), which was used for various Redevelopment Projects, known as the Lexus and Infiniti Automobile Dealerships.

The Port sold the Railroad Spur and an adjoining 22.6-acre parcel ("Adjoining Parcel") to the City via Ordinance No. 11604, dated July 6, 1993 that reduced the Port area. Ordinance No. 11909, dated July 30, 1996 authorized the City to sell to the Agency the Adjoining Parcel to facilitate certain Redevelopment Projects. At the time of the sale, the City did not sell the Railroad Spur to the Agency because it was still in railroad use. The railroad use was subsequently abandoned and the Railroad Spur was then merged with portions of the Adjoining Parcel; the merged Adjoining Parcel and Railroad Spur was then divided into two parcels to create the separate Lexus and Infiniti land development sites.

By a separate Ordinance to be introduced September 30, 2003, the City proposes to sell a portion of the Railroad Spur to the Agency for transfer to the developer of the Infiniti dealership site. This Agency Resolution and City Ordinance are part of an administrative

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process to transfer from the City to the Agency the title of the remaining portion of the Railroad Spur (defined as the "Property") for its fair market value, and allocate land sale proceeds between the City and the Agency that were associated with the Lexus and Infiniti Redevelopment Projects.

Staff recommends adoption of (1) an Agency Resolution authorizing the purchase from the City of Oakland for \$419,407, of a portion of the former Railroad Spur located between Hassler Way and Damon Slough which was used for various Redevelopment Projects known as the Lexus and Infiniti Automobile Dealerships; and (2) a City Ordinance authorizing the sale from the City of Oakland to the Redevelopment Agency of the City of Oakland for \$419,407, of a portion of the former Railroad Spur located between Hassler Way and Damon Slough which was used for various Redevelopment projects known as the Lexus and Infiniti Automobile Dealerships. Adoption of this Ordinance satisfies Mayor and City Council Priority Goal #2 (Develop a Sustainable City) and Goal #3 (Improve Oakland Neighborhoods).

FISCAL IMPACT

This legislation will complete the transfer of title and allocate that portion of the land sale proceeds to the City from the Agency. The land values are based upon the actual sales price to the Lexus and Infiniti Automobile Dealerships.

The former Railroad Spur land value has been calculated as follows:

| | | | |
|---|-------------------------------|---|------------|
| Infiniti portion of Railroad Spur | 8,789 sq. ft. @ \$22/sq. ft. | = | \$ 193,358 |
| Lexus portion of Railroad Spur | 10,275 sq. ft. @ \$22/sq ft. | = | 226,050 |
| Landlocked portion of Railroad Spur anticipated to be sold by City to Agency as part of Infiniti site development | 40,593 sq. ft. @ \$ 1/sq. ft. | = | 40,593 |
| | <hr/> | | |
| | 59,657 sq. ft. | | \$460,001 |

rounded to \$460,000

The portion of the sales proceeds allocated to the City is calculated as follows:

| | |
|--|-------------------|
| Land value for entire former Railroad Spur - | \$ 460,000 |
| Less land locked portion transferred to the City via Infiniti sale - | <u>- 40,593</u> |
| Indicated value for remaining portion of Railroad Spur to be refunded to the City | \$ 419,407 |

The sales proceeds from the Agency sale to Infiniti will be used to reimburse the City for its Rail Spur property used in the transactions. The proceeds from the Agency sale to Infiniti will go into the Coliseum Capital Fund. The sales proceeds of \$419,407 from the City sale to the Agency will go to the General Fund. Funds to purchase the City property will come from Oakland Redevelopment Agency (ORA) Coliseum Capital Fund (Fund 9451, Org. 88659).

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BACKGROUND

The Port previously sold to the City two parcels of land in the Coliseum Redevelopment Area: (1) a parcel containing approximately 22.6-acres of land, defined here as the Adjoining Parcel, and (2) an adjacent parcel used as a railroad spur, defined here as the Railroad Spur parcel. Ordinance No. 11909 authorized the City to sell the Adjoining Parcel to the Agency to facilitate certain Redevelopment Projects. At the time of the transfer, the City retained control of the adjacent Railroad Spur property because it was still in railroad use.

When the railway was subsequently abandoned, the City had not formally transferred the Railroad Spur to the Agency. The Agency sold a 8,789 sq. ft. portion of the former Railroad Spur property to the developer of the Lexus Automobile Dealership and anticipates selling a 10,275 sq. ft. portion to the Infiniti Automobile Dealership (as part of the Infiniti transaction, it is anticipated that the City will transfer a landlocked portion of the Railroad Spur containing approximately 40,593 sq. ft. by a separate ordinance being introduced on September 30, 2003) for a total of 19,064 sq. ft. of the Railroad Spur.

This resolution and ordinance is necessary to confirm the transfer of that remaining portion of the Railroad Spur the Agency transferred to the Lexus dealership, and anticipates transferring to the Infiniti dealership (the "Property"). The former Railroad Spur contains 59,463 square feet, less the 40,593 sq. ft. land-locked portion that was included in the Infiniti transaction and authorized by a separate City Ordinance that was introduced on September 30, 2003. Accordingly, the City will be selling approximately 19,064 sq. ft. of the Railroad Spur to the Agency.

The land value is based upon the actual sales price of \$22 per sq. ft. to the Lexus and Infiniti Automobile Dealerships. The City must sell to the Agency approximately 19,064 sq. ft. of the Railroad Spur to the Agency at a cost of \$419,407, its fair market value.

KEY ISSUES AND IMPACTS

The Agency Resolution and City Ordinance are part of an administrative process to transfer the title and allocate land sale proceeds between the City of Oakland and the City of Oakland Redevelopment Agency that were associated with various Redevelopment Projects.

SUSTAINABLE OPPORTUNITIES

Economic: These Redevelopment Projects are designed to create a positive economic development environment by removing the appearance of blight and establishing a viable framework to support revitalization and the generation of additional sales tax revenue.

Environmental: The Redevelopment Projects and investments by the Redevelopment Agency will be of benefit in attracting more businesses to the area and

encouraging further investment and development by creating a viable economic environment.

Social Equity: The Redevelopment Projects will improve safety, security and the physical appearance of the area, and mitigate negative environmental impacts on the community.


DISABILITIES AND SENIOR CITIZEN ACCESS

Approval of this legislation will have no direct impact on disabled and senior citizen access. However, when the public improvements are constructed they will be required to meet both state and local provisions that will ensure equal access, such as sidewalks and ramps for disabled citizens and senior citizens.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends adoption of (1) an Agency Resolution authorizing **the** purchase from the City of Oakland for **\$419,407**, of a portion of the former Railroad Spur located between Hassler Way and Damon Slough which was used for various Redevelopment projects know as the Lexus and Infiniti Automobile Dealerships; and (2) a City Ordinance authorizing the sale from the City of Oakland to the Redevelopment Agency of the City of Oakland for **\$419,407**, of a portion of the former Railroad Spur located between Hassler Way and Damon Slough which was used for various Redevelopment projects known the Lexus and Infiniti Automobile Dealerships.

Respectfully submitted,


Daniel Vanderpriem, Director, Redevelopment,
Economic Development and Housing Director

Prepared by:
Frank Fanelli, Manager
Real Estate Services

APPROVED FOR FORWARDING TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE


OFFICE OF THE CITY MANAGER

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October 14, 2003

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

OFFICE OF THE CITY CLERK
2003 OCT -2 PM 1:34
-R*

RESOLUTION No. _____ C.M.S.

INTRODUCED BY COUNCILMEMBER _____

AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE FROM THE CITY OF OAKLAND FOR \$419,407, OF A PORTION OF THE FORMER RAILROAD SPUR (A PORTION OF APN 041-3902-013) LOCATED BETWEEN HASSLER WAY AND DAMON SLOUGH WHICH WAS USED FOR VARIOUS REDEVELOPMENT PROJECTS KNOWN AS THE LEXUS AND INFINITI AUTOMOBILE DEALERSHIPS

WHEREAS, the City of Oakland (“City”) owns approximately 19,064 square feet of vacant real property in the Coliseum Redevelopment Project Area (“Property”), which property is more particularly described in Exhibit “A” attached hereto and made a part hereof; and

WHEREAS, concurrently with adoption of this resolution, the City has made certain findings and has agreed to sell the Property for its fair market value of \$419,407 to the Redevelopment Agency of the City of Oakland (“Agency”) for redevelopment; and

WHEREAS, the Agency desires to purchase the Property for its fair market value of \$419,407 from the City for redevelopment purposes; and

WHEREAS, the Agency plans to sell a portion of the Property and adjacent land to the developer of a new Infiniti dealership (“Infiniti sale”), and to place the proceeds therefrom in the Agency’s Coliseum Capital Fund; and

WHEREAS, the Agency will purchase the Property from the City with funds from the Infiniti sale that is deposited into Oakland Redevelopment Agency (ORA) Coliseum Capital Fund (Fund 9451, Org. 88659); and

WHEREAS, the City is the Lead Agency for the sale of this Property for purposes of environmental review under the California Environmental Quality Act of 1970 (CEQA”); and

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; and

WHEREAS, the sale of the Property conforms to the Redevelopment Plan for the Coliseum Area Redevelopment Project adopted on July 25, 1995, and subsequently amended on July 29, 1997, as well as the Five Year Implementation Plan for the Coliseum Area (the “Coliseum Redevelopment Plan”); now, therefore, be it

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RESOLVED: That the Agency hereby finds and determines that the purchase of the Property by the Agency furthers the purposes of the California Community Redevelopment Law, contributes to the elimination of blight in the Coliseum Redevelopment Project Area, conforms to the Coliseum Redevelopment Plan, and furthers the goals and objectives of said Plan in that the sale of the Property will: help redevelop a vacant and underutilized site; stimulate industrial, R&D, and commercial development; provide long-term job training and employment opportunities for Project Area residents; improve transportation, public facilities and infrastructure in the Project Area; enhance neighboring property values; assist neighborhood commercial revitalization; and attract new and retain existing businesses in the Project Area; and be it

FURTHER RESOLVED: That the Agency hereby authorizes the Agency Administrator or her designee to purchase the Property for the fair market value cash price of **\$419,407** paid to the City from the Infiniti sale proceeds deposited in ORA Coliseum Capital Fund **9451**, Org. **88659**; and be it

FURTHER RESOLVED: That the Agency hereby appoints the Agency Administrator or her designee as agent of the Redevelopment Agency to execute any and all documents with respect to the purchase of the Property, including any other documentation as necessary to effectuate the transaction, and take any other action with respect to the Property consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA PASSED BY THE FOLLOWING VOTE

AYES- BROOKS, BRUNNER, CHANG, NADEL, REID, QUAN, WAN, AND
 CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-

abstention-

ATTEST:

CEDA FLOYD
Secretary to the Redevelopment Agency
of the City of Oakland, California

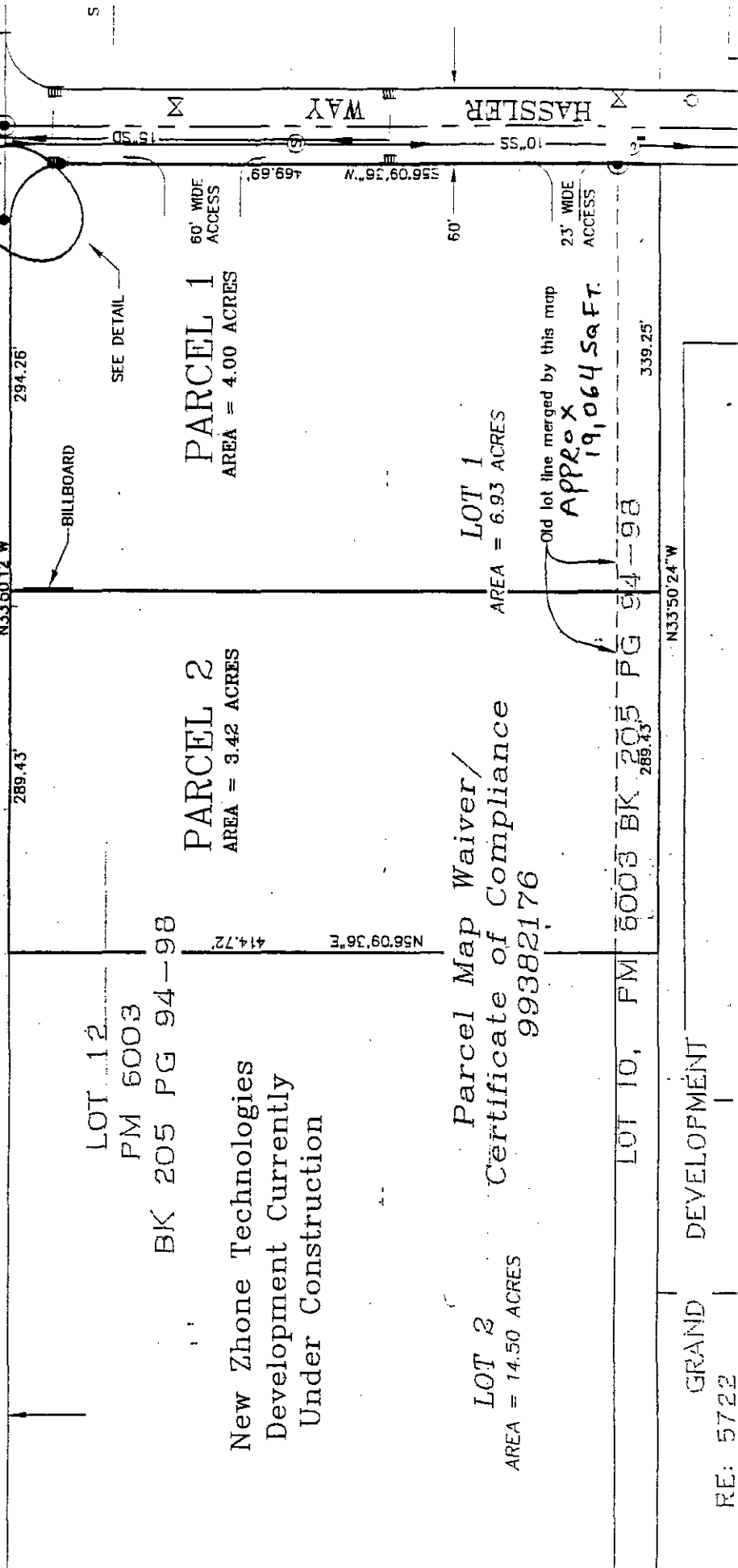
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HIGHWAY 880

ML
BB

LOT 6R OAKPORT STREET (Undedicated)



PARCEL 1
AREA = 4.00 ACRES

PARCEL 2
AREA = 3.42 ACRES

LOT 12
FM 6003
BK 205 PG 94-98

New Zhone Technologies
Development Currently
Under Construction

Parcel Map Waiver/
Certificate of Compliance
99382176

LOT 1
AREA = 6.93 ACRES

Old lot line merged by this map
APPROX
19,064 Sqft.

GRAND DEVELOPMENT

RE: 5722

EXHIBIT A

[Signature]
CITY ATTORNEY
CITY CLERK
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ORDINANCE NO. _____ C. M. S.

A CITY ORDINANCE AUTHORIZING THE SALE FROM THE CITY OF OAKLAND TO THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND FOR \$419,407, OF A PORTION OF THE FORMER RAILROAD SPUR (A PORTION OF APN 041-3902-013) LOCATED BETWEEN HASSLER WAY AND DAMON SLOUGH WHICH WAS USED FOR VARIOUS REDEVELOPMENT PROJECTS KNOWN AS THE LEXUS AND INFINITI AUTOMOBILE DEALERSHIPS

WHEREAS, the City of Oakland (the “City”) owns approximately 19,064 square feet of real property located between Hassler Way and Damon Slough, as more fully described in Exhibit A attached to this Ordinance (the “Property”); and

WHEREAS, the City Council has adopted Ordinance Nos. 10142 and 11602 C.M.S., which establish procedures for the sale and lease of City-owned property; and

WHEREAS, the Property is located within the Coliseum Redevelopment Project Area; and

WHEREAS, the Redevelopment Agency of the City of Oakland (“Agency”) desires to purchase the Property from the City for redevelopment purposes; and

WHEREAS, the \$419,407 sales proceeds that the City receives from the Agency for the sale of the Property will be deposited into the City’s General Fund; and

WHEREAS, Health and Safety Code Section 33220 authorizes any public body, with or without consideration, to sell property to a redevelopment agency to promote redevelopment projects; and

WHEREAS, the City is the Lead Agency for this sale for purpose of environmental review under the California Environmental Quality Act of 1970 (“CEQA”); and

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been met because this transaction is exempt from CEQA under section 15312 of the CEQA Guidelines (sale of surplus government property);

NOW, THEREFORE, THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

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Section 1. Pursuant to Sections 1 and 8 of Ordinance No. 10142 C.M.S., and Sections 4 and 6 of Ordinance No. 11602 C.M.S., it is determined to be in the best interest of the City to sell the Property by negotiated sale to the Agency, since the Property is located in a redevelopment project

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area and the Agency is the agency responsible for promoting redevelopment in Oakland's project areas.

Section 2. The City Council hereby authorizes the conveyance of the Property to the Redevelopment Agency for the fair market price of \$419,407 in cash; the City will deposit the sales proceeds from the Agency into the City's General Fund.

Section 3. The City Manager is authorized to negotiate and execute a grant deed or other agreements or documents as necessary to convey the Property to the Agency upon satisfaction of any pre-conveyance conditions imposed by the City Manager or her designee.

Section 4. The City Manager or her designee is authorized to file a notice of exemption for this action.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2003
PASSED **BY** THE FOLLOWMG VOTE:

AYES **BROOKS**, BRUNNER, CHANG, NADEL, QUAN, REID, WAN, AND
 PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST _____
CEDA FLOYD
City Clerk and Clerk of the Council
of the City of **Oakland**, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND
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NOTICE AND DIGEST

A CITY ORDINANCE AUTHORIZING THE SALE FROM THE CITY OF OAKLAND TO THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND FOR \$419,407, OF A PORTION OF THE FORMER RAILROAD SPUR (A PORTION OF APN 041-3902-013) LOCATED BETWEEN HASSLER WAY AND DAMON SLOUGH WHICH WAS USED FOR VARIOUS REDEVELOPMENT PROJECTS KNOWN AS THE LEXUS AND INFINITI AUTOMOBILE DEALERSHIPS

This ordinance authorizes the City of Oakland to sell to the Redevelopment Agency of the City of Oakland a portion of the former railroad spur located between Hassler Way and Damon Slough in the Coliseum Redevelopment Project Area, for \$419,407.

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**COMMUNITY & ECONOMIC
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HIGHWAY 880

LOT 6R OAKPORT STREET (Undedicated)

289.43'

294.26'

LOT 12
PM 6003
BK 205 PG 94-98

New Zhone Technologies
Development Currently
Under Construction

PARCEL 2
AREA = 3.42 ACRES

BILLBOARD

SEE DETAIL

PARCEL 1
AREA = 4.00 ACRES

60' WIDE
ACCESS

Parcel Map Waiver/
Certificate of Compliance
99382176

LOT 2
AREA = 14.50 ACRES

LOT 1
AREA = 6.93 ACRES

Old lot line merged by this map
APPROX
19,064 sq ft

LOT 10, PM 6003 BK 205 PG 94-98

GRAND DEVELOPMENT

RE: 5722

339.25'

N33°50'24"W

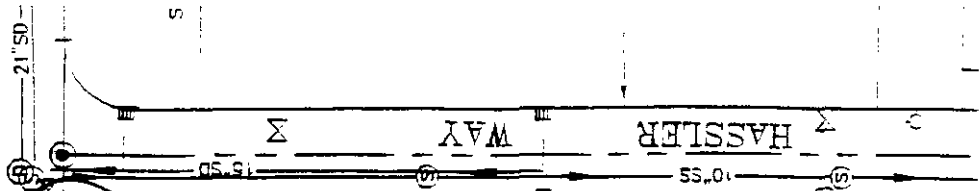


EXHIBIT A