# CITY OF OAKLAND OAKLAND REDEVELOPMENT AGENCY Agenda Report

TO:

Office of the City Manager/Agency Administrator

ATTN:

Deborah Edgerly

FROM:

Community and Economic Development Agency

DATE:

December 9, 2003

SUBJECT:

RESOLUTION AUTHORIZING THE AGENCY ADMINSTRATOR TO ENTER INTO A FIRST AMENDMENT TO THE THIRD AMENDED AND RESTATED EASEMENT AGREEMENT REGARDING THE EXISTING VEHICULAR RAMP SERVICING THE CITY CENTER GARAGE WHICH WOULD: (1) PERMIT MODIFICATION OF THE EXISTING RAMP OR REPLACEMENT OF THE EXISTING RAMP WITH A NEW RAMP; AND (2) ALLOW THE MODIFIED OR NEWLY CONSTRUCTED RAMP TO CONTINUE TO HAVE AN ENTRY AND EXIT ON 11<sup>TH</sup> STREET IN DOWNTOWN OAKLAND

RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A FIRST AMENDMENT TO THE THIRD AMENDED AND RESTATED EASEMENT AGREEMENT REGARDING THE EXISTING VEHICULAR RAMP SERVICING THE CITY CENTER GARAGE WHICH WOULD: (1) PERMIT MODIFICATION OF THE EXISTING RAMP OR REPLACEMENT OF THE EXISTING RAMP WITH A NEW RAMP; AND (2) ALLOW THE MODIFIED OR NEWLY CONSTRUCTED RAMP TO CONTINUE TO HAVE AN ENTRY AND EXIT ON 11<sup>TH</sup> STREET IN DOWNTOWN OAKLAND

#### **SUMMARY**

In the future, Shorenstein Realty Investors Three, L.P., is planning to buy from the Redevelopment Agency and develop a 300,000 sq. ft. office building on Parcel T-5/6 (bound by 11th, 12th, Clay, and 1111 Broadway), which is one of four undeveloped blocks in City Center. The T-5/6 office development will be built over the "Superdock Ramp," which provides access to City Center Garage and to the loading dock that serves the Convention Center, Marriott Hotel, Clorox, and City Center. The existing ramp exits onto 11<sup>th</sup> Street.

A document called the "Third Amended and Restated Easement Agreement" (the "Easement Agreement") governs the rights and obligations of the surrounding property owners, including the City and Agency, regarding the Superdock Ramp. The Easement Agreement contemplates that Shorenstein, when it develops Parcel T-5/6, will move the ramp from 11<sup>th</sup> Street to Clay Street.

Shorenstein has asked to amend the Easement Agreement. The proposed amendment would allow Shorenstein to: (1) modify the existing ramp or replace it with a new ramp; (2) retain the existing entry/exit on 11th Street instead of relocating it to Clay Street; and (3) remove the existing limitation on damages which could be payable to the Marriott Hotel owner or Clorox (other parties to the Easement Agreement) if construction work on Parcel T-5/6 interfered with their access to the Superdock Ramp and the existing underground loading area. The proposed resolutions would authorize the City Manager/Agency Administrator to execute this proposed amendment.

> CED Committee December 9, 2003

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If the existing Easement Agreement is modified, Shorenstein will be able to proceed with development of a 300,000 sq. ft. office building on the T-5/6 site, which is planned for construction before December 31, 2009. In addition, by keeping the Superdock Ramp on 11<sup>th</sup> Street, the proposed amendment would allow Parcel T-5/6 to be designed to have more street level retail and pedestrian activity on Clay Street. This, in turn, will support the Agency's goal of making Clay Street a strong pedestrian link between City Center and Old Oakland.

#### FISCAL IMPACTS

The proposed resolutions would have no fiscal impact. By resolving the ultimate location of the Superdock Ramp, the proposed resolutions would allow Shorenstein to proceed with the design and other preparations that are needed before the Agency can sell Parcel T-5/6.

#### BACKGROUND

In May 2000, the Redevelopment Agency and Shorenstein entered into a Ninth Amendment to the City Center Disposition and Development Agreement (DDA). Under the terms of the Ninth Amendment, Shorenstein was required to develop 2.2 million square feet of office space on four parcels, with the first office building to be constructed on Parcel T-9 (bound by 11<sup>th</sup>, 12<sup>th</sup>, Clay and Jefferson). Shorenstein has completed construction of the T-9 office building, and the building is leasing well despite the down office market.

On August 23, 2002, the Redevelopment Agency and Shorenstein entered into a Tenth Amendment to City Center Disposition and Development Agreement (DDA). Under the terms of the Tenth Amendment, Shorenstein is required to purchase and develop the T-5/6 Parcel by December 31, 2009.

To date, Shorenstein has not notified the Agency when it will purchase Parcel T-5/6. However, the Agency anticipates that Shorenstein plans to build its next office building on Parcel T-5/6, with construction starting in late 2009 or before, per the Tenth Amendment to the City Center Disposition and Development Agreement which was entered into in August, 2002.

The T-5/6 site surrounds a narrow parcel known as the Superdock Ramp (see attached Map). The Superdock Ramp is actually a separate parcel that is already owned by Shorenstein. The ramp provides access to City Center Garage and the City Center Superdock, which is used for loading and deliveries for the Marriott Hotel, Convention Center, Clorox Building, and City Center office development. Accordingly, there is a reciprocal easement agreement (the Easement Agreement) that allows the City, Agency, Clorox, Marriott Hotel and Convention Center, and Shorenstein to each have a nonexclusive easement on the ramp in order to access the Superdock.

## **KEY ISSUES**

## 1. Design Issues for T-5/6

From Shorenstein's perspective, the proposed 300,000 sq. ft. office building for Parcel T-5/6 must achieve the following design goals:

- Provide attractive, well-designed Class A office space that will be competitive in the local market and allow the office development to be profitable.
- Create outdoor gathering areas near the new retail and office spaces that are designed to: (1) allow active pedestrian use (e.g., outdoor concerts, café dining, public assembly, etc.), (2) receive as much sunlight as possible, and (3) provide adequate lighting to encourage nighttime use.
- Ensure easy access to and from public parking and mass transit.
- Provide a variety of retail space alternatives (i.e., sizes and street orientations) that can accommodate a variety of uses over time.
- Design the retail and office spaces to have good visibility and signage.
- Provide passive open spaces as a complement to, and offset from, active spaces.

## 2. Pedestrian Activity on Clay Street

Clay Street physically connects City Center and Old Oakland. If Clay Street can be made more welcoming for pedestrians, it will strengthen the link between the two districts and allow City Center and Old Oakland to become more successful as a combined active area. For this reason, Shorenstein has designed the T-9 office building to focus retail and open space on Clay Street. Shorenstein would like to pursue this same strategy in the design of T-5/6.

If the Easement Agreement is amended to keep the ramp on 11<sup>th</sup> Street, Parcel T-5/6 can be designed to have more street level retail, open space, and other pedestrian amenities on Clay Street. This, in turn, will support the Agency's goal of allowing Clay Street to become a pedestrian link between City Center and Old Oakland.

According to engineering studies obtained by Shorenstein, it appears that truck access from the Superdock Ramp onto eastbound 11<sup>th</sup> Street can be accomplished in accordance with the

standards required by the Environmental Impact Report for City Center.

# 3. Modification of Reciprocal Easement Agreement

Under the current Easement Agreement, when Shorenstein develops Parcel T-5/6 it may relocate the existing ramp from 11<sup>th</sup> Street to Clay Street. The Easement Agreement allows for the exchange of easement rights from the existing ramp (on 11<sup>th</sup> Street) to the new ramp (on Clay Street).

The amendment would require the ramp entrance to remain on 11<sup>th</sup> Street. It would also remove the \$1000 a day limitation on damages for which the owner/developer of Parcel T-5/6 could be liable to the Marriot Hotel or Clorox if the developer's construction work on the T-5/6 Parcel interferes with access to the existing or new 11<sup>th</sup> Street loading ramp or the existing underground loading dock, beyond specified agreed upon hours. Under the amendment, the Marriott or Clorox could recover damages for interference with their access based on estimates of damages for interference from comparable hotel properties located in Northern California.

The proposed amendment must be approved by all parties to the Easement Agreement. Besides the City and the Agency, other parties to the Agreement include Shorenstein, Clorox, and the owners of the Marriott Hotel and Convention Center. If Shorenstein cannot get all parties to sign the proposed amendment, the Agency/City's consent would not take effect and the proposed amendment would fail. Accordingly, the resolutions require that the consent or execution of the proposed amendment by the City and the Agency shall be effective only if all parties to the amendment have executed it within 90 days of passage of the resolutions.

## ENVIRONMENTAL OPPORTUNITIES

Under the Ninth Amendment to the City Center DDA, the Developer must use sustainable or "Green Building" technologies in the design, construction and operation of the new office buildings in City Center. In addition, staff is working with the Developer to design programs to encourage bicycle, car pooling, and mass transit use.

### DISABILITY AND SENIOR ACCESS

The new office building planned for Parcel T-5/6 would comply with all applicable ADA-related and accessibility codes.

## RECOMMENDATIONS

Staff recommends approval of the proposed resolutions to enter into a First Amendment to Easement Agreement. This would modify the City and Agency's easement rights to the Superdock Ramp, in order to permit Shorenstein to change or replace the ramp, and retain an entry/exit on 11<sup>th</sup> Street. The amendment to keep the Superdock Ramp on 11<sup>th</sup> Street will make it possible to attract street

retail on Clay Street, thus allowing Clay Street to develop into a pedestrian link between City Center and Old Oakland. Once the existing Easement Agreement is modified, Shorenstein can proceed with planning of the 300,000 sq. ft. development on Parcel T-5/6.

# ACTION REQUESTED OF THE CITY/AGENCY

That the City and the Agency approve the attached resolutions authorizing the City Manager/Agency Administrator to enter into a First Amendment to Easement Agreement for the Superdock Ramp.

Respectfully submitted,

Daniel Vanderpriem

Director of Redevelopment, Economic Development and Housing and Community

Development

Prepared by:

Jeffrey Chew, Project Manager Downtown Redevelopment Unit

APPROVED AND FORWARDED TO THE COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

OFFICE OF THE CITY MANAGER

Item. 5
CED Committee
December 9, 2003

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# REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No.	C.IVI.5.

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RESOLUTION AUTHORIZING THE **AGENCY** ADMINISTRATOR TO **ENTER** INTO **FIRST** AMENDMENT TO THE THIRD AMENDED AND RESTATED EASEMENT AGREEMENT REGARDING THE EXISTING VEHICULAR RAMP SERVICING THE CITY CENTER GARAGE WHICH WOULD: (1) MODIFICATION OF THE **EXISTING** RAMP REPLACEMENT OF THE EXISTING RAMP WITH A NEW RAMP; AND (2) ALLOW THE MODIFIED OR NEWLY CONSTRUCTED RAMP TO CONTINUE TO HAVE AN ENTRY AND EXIT ON 11TH STREET IN DOWNTOWN OAKLAND

WHEREAS, the Redevelopment Agency of the City of Oakland (Agency), the City of Oakland (City), and Shorenstein Realty Investors Three, L.P. (Developer) are parties to a Disposition and Development Agreement, as amended (DDA) governing the development of a twelve block area of downtown Oakland, bounded by Broadway, 11<sup>th</sup> Street, Martin Luther King, Jr. Way, and 14<sup>th</sup> Street (the "City Center"); and

**WHEREAS**, the Agency owns the property referred to in the DDA as City Center Parcel T-5/6 (within the boundaries of 11<sup>th</sup>, 12<sup>th</sup>, Clay Streets and Broadway) and the Developer has development rights to this site; and

**WHEREAS**, the City Center development includes the City Center Garage which is located between Broadway, Clay, 11<sup>th</sup> and 14<sup>th</sup> Streets; and

WHEREAS, there exists on 11<sup>th</sup> Street an entry and exit ramp to the City Center Garage and the loading dock under the building at 1111 Broadway (the "Existing Ramp"); and

WHEREAS, a Third Amended and Restated Easement Agreement (the "Agreement") dated November 16, 1988, among specified adjacent property owners including the Developer, the City and the Agency, created easements in the Existing Ramp in favor of the parties to the Agreement; and

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- WHEREAS, the Agreement acknowledges that, pursuant to the DDA, the Developer of Parcel T5/6 must replace the Existing Ramp with an entry and exit on Clay Street (the "Future Ramp"); and
- WHEREAS, the Agreement provides that, upon completion of the Future Ramp, the parties to the Agreement will exchange their easement rights from the Existing Ramp to the Future Ramp; and
- WHEREAS, on August 23, 2002, the Agency and the City approved a Tenth Amendment to the City Center DDA; and
- WHEREAS, under the terms of the Tenth Amendment, the Developer must purchase and start construction on the T-5/6 parcel by December 31, 2009 or lose its rights to develop Parcel T-5/6,;and
- WHEREAS, Developer currently is planning to develop a 300,000 square foot office building on Parcel T-5/6; and
- WHEREAS, it is anticipated that the Developer will begin construction on Parcel T-5/6 on or about 2009; and
- WHEREAS, during the course of planning the proposed office building, the Developer has determined that it would be preferable to maintain the entry and exit of the Existing Ramp on 11<sup>th</sup> Street in order to focus retail and open space on Clay Street to attract more pedestrian activity to the area; and
- WHEREAS, the Developer has asked the Agency to agree to amend the Agreement to allow the Developer to (1) either modify the Existing Ramp or construct a new ramp which continues to have an entry and exit on 11<sup>th</sup> Street, and (2) remove a limitation on damages to adjacent property owners if the developer interferes with access to the ramp and underground loading area; and
- WHEREAS, the Agency has determined that retaining an entry and exit on 11<sup>th</sup> Street is preferable to relocating the entry and exit on Clay Street because: (1) Parcel T-5/6 could be designed to have more street level retail; (2) Clay street could be strengthened to create a more integrated pedestrian link between City Center and the Old Oakland area; and (3) the amendment would facilitate successful development of Parcel T-5/6; and
- WHEREAS, the requirements of the California Environmental Quality Act were satisfied by the certification of the Environmental Impact Report ("EIR") by the City's Planning Commission on April 26, 2000 for the Ninth Amendment to the DDA; and
- WHEREAS, on May 16, 2000, in Resolution No. 75711 C.M.S., the City Council confirmed and adopted the EIR; now, therefore, be it

**RESOLVED**, That, in approving the proposed amendment to the Agreement, the Agency is relying on the previously certified EIR; and be it

FURTHER RESOLVED: That the Agency hereby authorizes the Agency Administrator or her designee to execute a First Amendment to the Agreement that would: (1) allow the Developer to modify the Existing Ramp or construct a new ramp which retains an entry and exit on 11<sup>th</sup> Street, as set forth above; and (2) remove a limitation on damages to adjacent property owners if the developer interferes with access to the ramp and underground loading area; and, be it

**FURTHER RESOLVED**, That the amendment shall provide that the Agency's execution thereof shall become effective only if all parties to the Agreement execute the amendment by no later than 90 days from the passage of this resolution; and be it

**FURTHER RESOLVED**: That the Agency authorizes the Agency Administrator or her designee to negotiate and execute any agreements necessary to carry out the intent of this resolution; and be it

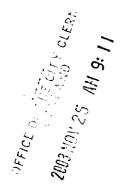
**FURTHER RESOLVED**: That any and all documents necessary to effectuate the intent of this resolution shall be reviewed and approved as to form by the City Attorney's office prior to execution by the Agency Administrator or her designee.

IN AGENCY, OAK	LAND, CALIFORNIA, , 2003
PASSED BY THE	FOLLOWING VOTE:
AYES-	BRUNNER, CHANG, MAYNE, NADEL, REID, SPEES, WAN, AND CHAIRPERSON DE LA FUENTE,
NOES-	
ABSENT-	
ABSTENTION-	
	Attest:
	Ceda Floyd

SECRETARY OF THE REDEVELOPMENTAGENCY
OF THE CITY OF OAKLAND

COMMUNITY & ECONOMIC DEVELOPMENT CMTE

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# OAKLAND CITY COUNCIL Resolution No. C.M.S.

RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A FIRST AMENDMENT TO THE THIRD AMENDED AND RESTATED EASEMENT AGREEMENT REGARDING THE EXISTING VEHICULAR RAMP SERVICING THE CITY CENTER GARAGE WHICH WOULD: (1) PERMIT MODIFICATION OF THE EXISTING RAMP OR REPLACEMENT OF THE EXISTING RAMP WITH A NEW RAMP; AND (2) ALLOW THE MODIFIED OR NEWLY CONSTRUCTED RAMP TO CONTINUE TO HAVE AN ENTRY AND EXIT ON 11<sup>TH</sup> STREET IN DOWNTOWN OAKLAND

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- WHEREAS, the Agreement provides that, upon completion of the Future Ramp, the parties to the Agreement will exchange their easement rights from the Existing Ramp to the Future Ramp; and
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- **WHEREAS**, on May 16, 2000, in Resolution No. 75711 C.M.S., the City Council confirmed and adopted the EIR; now, therefore, be it
- **RESOLVED**, That, in approving the proposed amendment to the Agreement, the City Council is relying on the previously certified EIR; and be it

**FURTHER RESOLVED**: That the City Council hereby authorizes the City Manager or her designee to execute a First Amendment to the Agreement that would: (1) allow the Developer to modify the Existing Ramp or construct a new ramp which retains an entry and exit on 11<sup>th</sup> Street, as set forth above; and (2) remove a limitation on damages to adjacent property owners if the developer interferes with access to the ramp and underground loading area; and, be it

**FURTHER RESOLVED**, That the amendment shall provide that the City's execution thereof shall become effective only if all parties to the Agreement execute the amendment by no later than 90 days from the passage of this resolution; and be it

**FURTHER RESOLVED**: That the City Council authorizes the City Manager or her designee to negotiate and execute any agreements necessary to carry out the intent of this resolution; and be it

**FURTHER RESOLVED**: That any and all documents necessary to effectuate the intent of this resolution shall be reviewed and approved as to form by the City Attorney's office prior to execution by the City Manager or her designee.

IN COUNCIL, OAK	LAND, CALIFORNIA, , 2003
PASSED BY THE	FOLLOWING VOTE:
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NOES-	
ABSENT-	
ABSTENTION-	
	Attest:
	Ceda Floyd

OF THE CITY OF OAKLAND

CITY CLERK AND CLERK OF THE COUNCIL

COMMON TO A ECONOMIC DEVELOPMENT CMTE

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