

REDEVELOPMENT AGENCY

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OFFICE OF THE CLERK
OAKLAND

AND THE CITY OF OAKLAND

AGENDA REPORT

2010 NOV -4 PM 1:06

TO: Office of the City/Agency Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: November 16, 2010

Re: Resolution Authorizing An Additional \$300,000 Of Agency Funds For A Total Allocation Of \$1,300,000 For The Improvement Of An Agency Owned Site Located At The Northeast Corner Of 66th Avenue And San Leandro Street ("The Property"); Authorizing The Agency Administrator To Award A Contract Or Contracts On The Open Market For Improvements To The Property, Including But Not Limited To Demolition Of Structures, Trailers And Concrete, Removal Of Hazardous Materials And Restoration Of Facilities Such As Utilities, Storm Drainage, Sewage And Water Facilities, Parking Areas And Driveways, In An Amount Or Amounts Not To Exceed , Cumulatively, \$1,300,000.00; Waiving Advertising And Bidding Requirements For Said Work; And Authorizing From The Total Budget of \$1,300,000 A Contribution Of Agency Funds In An Amount Of \$200,000 To The City Under The Cooperation Agreement For Payment Of City Staff Costs For Project Management

City Resolution Accepting And Appropriating Redevelopment Agency Funds Under The Cooperation Agreement In An Amount Of \$200,000 For Payment Of City Staff Costs For Management Of Improvements To The Oakland Redevelopment Agency Site Located At The Northeast Corner Of 66th Avenue And San Leandro Street

SUMMARY

Agency Resolution No. 2009-0014 C.M.S. allocated funds in the amount of \$1,000,000.00 for demolition and utility relocation improvements from Coliseum Tax Allocation Bond Series 2006T for land acquisition. The Agency proposes to allocate an additional \$300,000 for the improvements from the same funding source for a total allocation of \$1,300,000.

Agency staff requests waiver of advertising and bidding requirements and authorization for the Agency Administrator to award a contract or contracts on the open-market for improvements to the Oakland Redevelopment Agency site located at the northeast corner of 66th Avenue and San Leandro Street in an amount or amounts not to exceed, cumulatively, \$1,300,000.00. The work, which includes the demolition of structures, trailers and concrete, removal of hazardous materials and restoration of facilities such as utilities, storm drainage, sewage and water facilities and roads, must proceed expeditiously to prepare the site for development.

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The Agency wishes to complete the site improvements by the summer of 2011 to comply with the schedule expressed in the Proposed Term Sheet for negotiations with Ralphs/Food 4 Less Grocery Company, "Ralphs", for the sale of a portion of the property and the development of the new supermarket and fuel center at the property. The proposed development will augment general fund revenues, enhance economic development in an underutilized area, and create new jobs for Oakland residents.

The Agency also seeks to authorize from the total budget of \$1,300,000 a contribution of Agency funds in an amount of \$200,000 to the City under the Cooperation Agreement for payment of City staff costs for project management.

FISCAL IMPACT

Agency Resolution No. 2009-0014 C.M.S., for the purchase of the property, allocated funds in the amount of \$1,000,000.00 for demolition and utility relocation improvements from Coliseum Tax Allocation Bond Series 2006T (Taxable) Bonds Fund (9456), Capital Improvement Project (CIP) Economic Development Organization (94800), Coliseum Land Acquisition Project (T315820). The Agency proposes to allocate an additional \$300,000 for the improvements from the same funding source for a total allocation of \$1,300,000. The Agency further proposes to contribute \$200,000 of the total to the City for payment of City staff costs for project management, in the Oakland Redevelopment Agency Projects Fund (7780), Capital Improvement Projects Coliseum Organization (94859), in a project to be established.

Improvement of the property through the demolition of existing structures will facilitate the sale of a portion of the property and the establishment of a new supermarket and fuel center at the site. Staff estimates that the one time revenue from the real estate sale will be approximately \$5,000,000, and that annual sales and property tax revenue from the proposed development would be approximately \$85,000. It is the intention of staff that under the terms of the proposed agreement between the City and Ralphs neither the Agency nor the City will be responsible for any ongoing maintenance on the property, and that any improvements will be maintained by the property owners.

BACKGROUND

In 2009, the Redevelopment Agency purchased the property located at 915-939 66th Avenue for the purchase price of \$7,747,102, and an additional \$1,000,000 was approved for customary real estate closing and demolition costs (Agency Resolution No. 2009-0014 C.M.S.). The property consists of 6.3 acres of land with 81,000 square feet of industrial buildings and trailers. On July 20, 2010 the Agency Administrator was authorized by Agency Resolution No. 2010-0097 C.M.S. to negotiate and enter into an Exclusive Negotiating Agreement with Ralphs for the purposes of studying and evaluating the feasibility of, and negotiating terms and conditions for, the possible development of a supermarket and fuel station at the property. The period of the negotiations will be for one year, with the possibility of a three month extension. Staff wishes to

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move forward expeditiously with the demolition of buildings at the site to conform to the schedule of the Proposed Term Sheet, which was Attachment B of the Agenda Report for Agency Resolution No. 2010-0097 C.M.S.

The property adjoins the former Fruitvale Business Center and is intended for commercial development. The property contains two vacant buildings, a 55,000 square foot structure that was previously used as a roofing material supply warehouse and a 25,000 square foot industrial building that is subdivided into several spaces and has been vacant for several years. There are two modular trailers, one of about 1,000 square feet and another smaller unit used for site storage. In their current condition, the vacant buildings and trailers provide an opportunity for criminal vandalism, graffiti, illegal dumping and other blight related problems.

KEY ISSUES AND IMPACTS

The Coliseum Area Redevelopment Project Five-Year Implementation Plan states that, “The Coliseum Project Area has a much lower density of important commercial facilities such as banks and supermarkets compared to Countywide and Citywide averages,”¹ and that the Agency will “Support commercial catalyst developments in accordance with the City’s Economic Development Plan in the Coliseum, by assisting in the clean-up and pre-development of vacant/underutilized parcels...”² Development at this strategic location will allow for greater impact in the area and revitalize the surrounding community with supermarket services in an underserved location.

Staff recommends the expedited demolition of vacant structures and related facilities on the property in order to facilitate supermarket development as previously authorized. To follow the schedule expressed in the Proposed Term Sheet for the Exclusive Negotiating Agreement between the Agency and Ralphs, it will be necessary to execute a construction contract or contracts as soon as possible. Staff solicited bids for portions of the demolition and hazardous materials removal work following the incidence of criminal vandalism, theft, graffiti and trespassing at the property but did not include all technical and other requirements applicable to Agency-owned property in the bid documents. Therefore, the bids are unacceptable and must be rejected.

The Agency does not have sufficient time to complete plans and specifications, advertise, bid and complete the work within the scheduled deadline for sale of portions of the site to Ralphs/Food 4 Less Grocery Company. Therefore, staff recommends that the Agency Board dispense with advertising and bidding for all work needed and authorize the Agency Administrator to negotiate and award a contract or contracts on the open market within the project budget of \$1,300,000.00. If the requirements for advertising and bidding of the demolition work are waived, the Agency will be able to follow the schedule expressed in the

¹ Coliseum Area Redevelopment Project Five-Year Implementation Plan: FY 2009-2014, Page 18

² Ibid., page 18

Proposed Term Sheet for the Exclusive Negotiating Agreement between the Agency and Ralphs. All contractors will be required to meet local business, local hire and other purchasing program requirements.

PROJECT DESCRIPTION

This site is one of several properties the Coliseum Redevelopment Area has purchased as part of an overall strategy to revitalize the Coliseum neighborhoods. In order to move forward with the proposed supermarket development of this site, it is necessary to prepare the site for development. The scope of work involves the demolition of existing structures, trailers, concrete foundations, removal of hazardous materials, and restoration of utilities such as storm drainage, sewage, water system and roads.

SUSTAINABLE OPPORTUNITIES

Economic: The future development of the property is essential to stimulating the revitalization of the greater Coliseum BART Station area, and commencement of the work will provide job opportunities for local businesses and residents. The proposed supermarket is expected to hire 110-120 workers, and the value of the construction for the fuel station and supermarket is projected to be \$12,800,000. In its present condition, the property makes minimal economic contribution to the area. The vacant buildings provide an opportunity for criminal vandalism, graffiti, illegal dumping and other blight related problems.

Environmental: Project construction will adhere to City of Oakland's Recycling and Waste Reduction Policy and require the contractor to re-use existing construction debris on site or recycle for other use.

Social Equity: The proposed development of this site will provide a better use and welcomed contribution to the continued safety, growth, and stability of the neighborhood.

DISABILITY AND SENIOR CITIZEN ACCESS

All construction on the site will comply with ADA and Title 24 Accessibility Guidelines. The demolition phase of the project will have no impact on access for senior citizens or disabled individuals, since there is no public access to the site.

RECOMMENDATION(S) AND RATIONALE

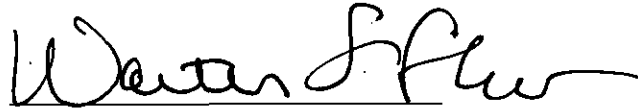
Staff recommends that the Agency adopt the resolution authorizing the Agency Administrator to award a contract or contracts on the open market for improvements to the Oakland Redevelopment Agency site located at the northeast corner of 66th Avenue and San Leandro Street in an amount or amounts not to exceed, cumulatively, \$1,300,000.00, which shall include but not be limited to demolition of structures, trailers, and concrete foundations, removal of hazardous materials and restoration of utilities, storm drainage, sewage and water facilities and roads; and waive advertising and bidding for the work. Staff recommends that the Agency also authorize an additional \$300,000 of Agency funds for a total allocation of \$1,300,000 for the improvement of the property, and authorize from the total project budget of \$1,300,000 a contribution of Agency funds in an amount of \$200,000 to the City under the Cooperation Agreement for payment of City staff costs for project management.

Approval of the accompanying resolutions will allow the Agency to proceed quickly with the demolition of structures and preparation of the site for development and to advance the goals and objectives of the Five Year Implementation Plan to attract new business to the area and develop and improve underutilized parcels in the Coliseum Area Redevelopment Project. In the event that the resolutions are not approved, the Agency will be unable to adhere to the schedule expressed in the Proposed Term Sheet for the Exclusive Negotiating Agreement between the Agency and Ralphs. This outcome would jeopardize the proposed development.

ACTION REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

Staff requests that the Agency Board and the City Council adopt the Agency and City resolutions accompanying this report.

Respectfully submitted,



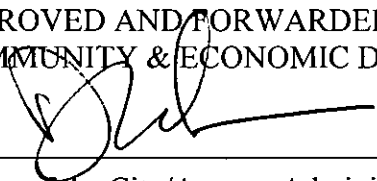
Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by: Gregory D. Hunter, Deputy Director
Community and Economic Development Agency

Larry Gallegos, Redevelopment Area Manager

Prepared by:
Alfred J. Musante, Jr., Urban Economic Analyst IV
Daniel Seamans, Urban Economic Analyst I
Coliseum Redevelopment Area

APPROVED AND FORWARDED TO THE
COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE:

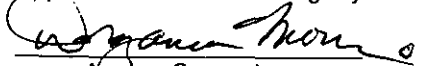


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Approved as to form and legality


Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. _____ C.M.S.

RESOLUTION AUTHORIZING AN ADDITIONAL \$300,000 OF AGENCY FUNDS FOR A TOTAL ALLOCATION OF \$1,300,000 FOR THE IMPROVEMENT OF AN AGENCY OWNED SITE LOCATED AT THE NORTHEAST CORNER OF 66TH AVENUE AND SAN LEANDRO STREET ("THE PROPERTY"); AUTHORIZING THE AGENCY ADMINISTRATOR TO AWARD A CONTRACT OR CONTRACTS ON THE OPEN MARKET FOR IMPROVEMENTS TO THE PROPERTY, INCLUDING BUT NOT LIMITED TO DEMOLITION OF STRUCTURES, TRAILERS AND CONCRETE, REMOVAL OF HAZARDOUS MATERIALS AND RESTORATION OF FACILITIES SUCH AS UTILITIES, STORM DRAINAGE, SEWAGE AND WATER FACILITIES, PARKING AREAS AND DRIVEWAYS, IN AN AMOUNT OR AMOUNTS NOT TO EXCEED, CUMULATIVELY, \$1,300,000.00; WAIVING ADVERTISING AND BIDDING REQUIREMENTS FOR SAID WORK; AND AUTHORIZING FROM THE TOTAL BUDGET OF \$1,300,000 A CONTRIBUTION OF AGENCY FUNDS IN AN AMOUNT OF \$200,000 TO THE CITY UNDER THE COOPERATION AGREEMENT FOR PAYMENT OF CITY STAFF COSTS FOR PROJECT MANAGEMENT

WHEREAS, the Redevelopment Agency is implementing projects in the Coliseum Redevelopment Project Area as part of the Redevelopment Plan to improve the Project Area; and

WHEREAS, the Agency purchased the real property (Assessors Parcel Number: 041-0456-004 & 041-0456-006 for the adjacent railroad spur) located at 915 and 931-939 66th Avenue at the northeast corner of 66th Avenue and San Leandro Street (the "Property") in the Coliseum Area Redevelopment Project; and

WHEREAS, the Property is a 6.3 acre parcel with two vacant structures of 80,000 square feet and two trailers that are currently blighted and in unsafe condition and has been the subject of criminal trespassing and vandalism resulting in the theft of electrical wires and extensive graffiti on the 915 66th Avenue building and the modular trailer; and

WHEREAS, the Property is intended for commercial development and requires preparation of the site for this purpose no later than the summer of 2011; and

WHEREAS, the Agency Board authorized the Agency Administrator to expend up to \$1,000,000.00 for demolition of structures and facilities on the Property when the purchase was authorized (Agency Resolution No. 2009 - 0014 C.M.S.); and

WHEREAS, the Redevelopment Agency is authorized to clear buildings, structures, or other improvements from any real property acquired (Health & Safety Code Sections 33000, et seq.); and

WHEREAS, the City of Oakland on behalf of the Agency conducted a bid solicitation for part of the demolition and hazardous materials removal to expedite a portion of the work, but did not include all technical and other necessary requirements in the bid documents; and

WHEREAS, Oakland Municipal Code, Chapter 2.04, Section 2.04.050.I.5 permits the City Council to dispense with advertising and bidding upon a finding that it is in the City's best interests to do so, and the Agency Board has adopted and follows the purchasing procedures and policies of Oakland Municipal Code Chapter 2.04 (Agency Resolution No. 76-20, adopted July 6, 1976); and

WHEREAS, it is in the Agency's best interests to waive advertising and further bidding for any and all Project work and authorize the City Administrator to negotiate a contract or contracts for the work on the open market within the budget for demolition in order to commence and complete all necessary Property improvements by the summer of 2011, in time to transfer the property to a commercial developer; and

WHEREAS, the Agency Administrator has determined that the contracts authorized hereunder are of a professional, scientific or technical and temporary nature, are in the public interest because of economy or better performance and shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

WHEREAS, the City of Oakland and the Redevelopment Agency entered into a Cooperation Agreement on July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies, including Redevelopment Agency financial contributions and other assistance to support City public improvements; and

WHEREAS, the funding for the demolition of the two buildings and two trailers and the additional work, if any, is available from the Coliseum Area Redevelopment Project Tax Allocation Bond Series 2006B-T (Taxable) Bonds Fund (9456), Capital Improvement Project (CIP) Economic Development Organization (94800), Coliseum Area Land Acquisition Project (T315820); now, therefore, be it

RESOLVED: That pursuant to Oakland Municipal Code section 2.04.050.I.5 and for the reasons stated in the agenda report accompanying this item and above, the Agency Board finds that it is in the best interests of the Agency to waive advertising and bidding requirements for all demolition, hazardous materials removal and utility, road and other construction work necessary to prepare the Project site for development by the summer of 2010, and so waives the requirements; and be it

FURTHER RESOLVED: That the Agency Administrator is authorized to negotiate and award a contract or contracts on the open market in an amount or amounts not-to-exceed, cumulatively, \$1,300,000.00 work on the Oakland Redevelopment Agency property located at the northeast corner of 66th Avenue and San Leandro Street including but not limited to: demolition and removal of structures, trailers and concrete, removal of asbestos, lead paint, soil remediation, site grading, construction or repair of utility connections, preparation of site improvements required for planned future development, and to maintain utility services and roads for access (ingress and egress) to the existing Fruitvale Business Center property east of the Agency site; and be it

FURTHER RESOLVED: That the Agency Administrator is authorized to allocate funds from the Coliseum Area Redevelopment Project Tax Allocation Bond Series 2006B-T (Taxable) Bonds Fund (9456), Capital Improvement Projects Coliseum Organization (94859), project to be established, to pay for the work; and be it

FURTHER RESOLVED: That all bids submitted in response to the City of Oakland's solicitation on behalf of the Agency for demolition of structures and trailers, and all bids submitted for removal of asbestos and lead paint, at the Project site are hereby rejected; and be it

FURTHER RESOLVED: That any and all contractors awarded contracts hereunder shall be required to meet all Agency purchasing requirements such as local and small local business participation, local hiring, apprentice hiring and equal benefits; and be it

FURTHER RESOLVED: That any and all contractors awarded contracts hereunder shall submit good and sufficient performance and payment bonds covering one hundred percent (100%) of their contract prices; and be it

FURTHER RESOLVED: That the Redevelopment Agency hereby authorizes an additional contribution of \$300,000 of Agency funds for a total allocation of \$1,300,000 for the improvement of the property; and be it

FURTHER RESOLVED: That the total project budget of \$1,300,000 will be allocated from the Coliseum Area Redevelopment Project Tax Allocation Bond Series 2006B-T (Taxable) Bonds Fund (9456), Capital Improvement Project (CIP) Economic Development Organization (94800), Coliseum Area Land Acquisition Project (T315820) to the Coliseum Area Redevelopment Project Tax Allocation Bond Series 2006B-T (Taxable) Bonds Fund (9456), Capital Improvement Projects Coliseum Organization (94859), in a project to be established; and be it

FURTHER RESOLVED: That the Agency hereby allocates and contributes \$200,000 to the City under the Cooperation Agreement from the Coliseum Area Redevelopment Project Tax Allocation Bond Series 2006B-T (Taxable) Bonds Fund (9456), Capital Improvement Project (CIP) Economic Development Organization (94800), Coliseum Area Land Acquisition Project (T315820) for payment of City staff costs for project management; and be it

FURTHER RESOLVED: That the Agency Administrator is authorized to execute any amendments, modifications or change orders to contracts authorized hereunder within the limitations of the Project plans and specifications; and be it

FURTHER RESOLVED: That Agency Counsel shall review and approve all agreements as to form and legality, and copies shall be placed on file with the Agency Secretary.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2010

PASSED BY THE FOLLOWING VOTE:

AYES - KERNIGHAN, NADEL, QUAN, DE LA FUENTE, BROOKS, REID, KAPLAN, AND
CHAIRPERSON BRUNNER

NOES -

ABSENT -

ABSTENTION -

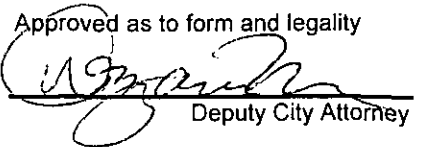
ATTEST:

LATONDA SIMMONS
Secretary of the Redevelopment Agency
Of the City of Oakland, California

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 NOV -4 PM 1:07

Approved as to form and legality


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION ACCEPTING AND APPROPRIATING REDEVELOPMENT AGENCY FUNDS UNDER THE COOPERATION AGREEMENT IN AN AMOUNT OF \$200,000 FOR PAYMENT OF CITY STAFF COSTS FOR MANAGEMENT OF IMPROVEMENTS TO THE OAKLAND REDEVELOPMENT AGENCY SITE LOCATED AT THE NORTHEAST CORNER OF 66TH AVENUE AND SAN LEANDRO STREET

WHEREAS, the Redevelopment Agency is implementing projects in the Coliseum Redevelopment Project Area as part of the Redevelopment Plan to improve the Project Area; and

WHEREAS, the Agency purchased the real property (Assessors Parcel Number: 041-0456-004 & 041-0456-006 for the adjacent railroad spur) located at 915 and 931-939 66th Avenue at the northeast corner of 66th Avenue and San Leandro Street (the "Property") in the Coliseum Redevelopment Project Area; and

WHEREAS, the Property is a 6.3 acre parcel with two vacant structures of 80,000 square feet and two trailers that are currently blighted and in unsafe condition and has been the subject of criminal trespassing and vandalism resulting in the theft of electrical wires and extensive graffiti on the 915 66th Avenue building and the modular trailer; and

WHEREAS, the Property is intended for commercial development and requires preparation of the site for this purpose by the summer of 2011; and

WHEREAS, the City of Oakland and the Redevelopment Agency entered into a Cooperation Agreement on July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies, including Redevelopment Agency financial contributions to the City for City staff costs incurred in support of Agency activities; and

WHEREAS, the Redevelopment Agency has authorized \$1,300,000 in Coliseum Project Area funds for improvements to the property at the northeast corner of 66th Avenue and San Leandro Street, including \$200,000 for payment of City staff costs for management of improvements to

the site; now, therefore, be it

RESOLVED: That the City Council hereby accepts and appropriates under the Cooperation Agreement up to \$200,000 in Redevelopment Agency funds for payment of City staff costs for management of improvements to the property at the northeast corner of 66th Avenue and San Leandro Street in the Coliseum Redevelopment Project Area, and allocates such funds to the Oakland Redevelopment Agency Projects Fund (7780), Capital Improvement Projects Coliseum Organization (94859), in a project to be established; and be it

FURTHER RESOLVED: That the City Administrator or his designee is authorized to take any other action with respect to the above project consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2010

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California