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February 13, 2007

Finance Committee
Oakland City Council
Oakland, California

RE: A Report and Resolution Establishing Procedures for Reviewing Offers for Donations and Gifts of Real Estate and for Recommending that the City Council Accept or Decline Such Offers for Real Property Valued in Excess of \$ 500,000 Dollars

Dear Chairperson Quan and Members of the Committee:

Summary

At the request of the Public Works Committee, staff was directed to develop procedures and protocol for reviewing offers for donations of real estate and for presenting such offers to the City Council for either acceptance or rejection. The Committee also requested that the Councilmember of the district where the parcel is located be informed about the offer soon after it has been made.

There may be a negative fiscal impact if land is donated to the City because it would go from a private property on the tax roll to being owned and maintained by the City.

Staff is recommending that all parcels offered to the City go through a standard review process and that the appropriate Councilmember be consulted. After City staff has evaluated the property those parcels valued at \$500,000 or higher would be presented to the City Council for acceptance or rejection.

Fiscal Impact

Determining the fiscal impact for specific parcel donations is determined on a case by case basis. Considerations to be taken into account include the future use of the parcel, the impact the donation will have on adjacent parcels, and community needs.

In general, if a property is donated to and accepted by the City, the City does not pay property taxes on the parcel so a decrease in City revenue is anticipated. Other issues that could have a fiscal impact are liens against the property, liability issues (e.g., toxic soils) and the annual cost of ongoing care and maintenance of the parcel.

At the Public Works Committee meeting, the Committee discussed the possibility of covering maintenance costs for certain individual parcels through public fundraising programs.

Background

The current process for offers of real estate donations requires the custodial agency to identify a program and program funding for the donation before the property can be considered. Once that is accomplished, the City performs its due diligence on the property. In instances where the City does not have a program or use for the property and/or due diligence demonstrates that the property will carry operational, maintenance or liability problems, for example requiring expensive procedures to clear title or remove hazardous materials, staff rejects such offers without Council review. If staff determines the donation is feasible, they proceed to Council with a recommendation and ordinance to accept the property.

Program Description

Staff proposes that each specific parcel offered to the City would require staff to write up a report (Attachment A) and make a recommendation to either accept or reject the offer, noting any proposed conditions. CEDA Real Estate Division will administer the process and send the 'check list' to City agencies and at the same time ensure that the impacted Councilmember is contacted and informed of the offer. The Real Estate Division will review the returned "check list", and notify any potential custodial agency/department and the property owner that the due diligence portion of the review must be paid for, performed, and presented to the City for review prior to forwarding a recommendation to City Council. The due diligence costs will be borne by the proposed donor as a requirement of donation.

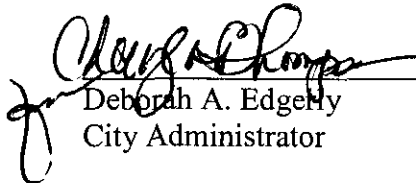
The Real Estate Division will either undertake its own research or contract for the services of specialists to research the soils conditions, deed restrictions, title and ownership issues and any outstanding liens that are identified through the due diligence data gathering process. Real Estate will complete the due diligence within its purview, and other areas will be reviewed by departments with the required expertise, such as environmental issues.

Offers of real property with a fair market value under \$500,000 shall be accepted or rejected administratively, based on the findings and recommendations of staff. The impacted Councilmember will be informed of the decision. Properties with a declared market value in excess of \$500,000 shall be forwarded to the City Council, via the appropriate Council Committee, for final disposition.

Recommendation

Staff recommends that the Council adopt the report and resolution recommending that all parcels offered to the City go through a standard review process and that the impacted Councilmember be consulted. Offers for donations of parcels valued at \$500,000 or greater will be presented to the City Council after City staff has evaluated the property and made its recommendations for a determination of acceptance or rejection.

Respectfully submitted,



Deborah A. Edgerly
City Administrator

Prepared by:
Niccolo De Luca
Deputy City Administrator
Office of the City Administrator

Attachment

CITY OF OAKLAND

Inter-Office Memo

DRAFT

TO: Various City Departments and affected Councilmember
FROM: _____, CEDA Real Estate Division
DATE: _____
RE: Gift of Land Protocol

The attached parcel of land has been offered to the City of Oakland.

Your input is requested as to whether your Department/Agency has any public interest or need for this property or can identify existing City infrastructure or program(s) that may require that the property be accepted.

Please return this notice to the CEDA Real Estate Division attention
_____ by _____.

Parcel # _____ (map and parcel information attached)
Location /Address _____
Owner _____
Approximate current value _____
Current use _____

Our department is:

___ Not interested in the parcel. ___ Interested is using the parcel

Proceed with the acceptance of this property for the following reasons*:

Date: _____

Name: _____
Title _____

*include criteria such as intrinsic value, historic value, cost of maintenance, income potential, proposed use, access, etc.:

Attachment: map

DRAFT

ATTACHMENT A

OAKLAND CITY COUNCIL

DRAFT

City Attorney

OFFICE OF THE CITY CLERK
CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

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A RESOLUTION ESTABLISHING PROCEDURES FOR REVIEWING OFFERS FOR DONATIONS AND GIFTS OF REAL ESTATE TO ACCEPT OR DECLINE SUCH OFFERS FOR REAL PROPERTY AND REQUIRE COUNCIL ACTION ON THOSE PROPERTIES VALUED IN EXCESS OF \$500,000 DOLLARS

WHEREAS, private and public entities on occasion offer to gift land parcels to the City of Oakland; and

WHEREAS, current practice is to make an administrative decision as to whether to accept such a gift based on whether the City can assume the cost of maintenance and go before Council for acceptance only; and

WHEREAS, the potential donation of parcels with high value or in a key location could trigger the City Council's willingness to explore covering maintenance, or determining public interest in fundraising to cover the cost of maintenance; now, therefore be it

RESOLVED: That new protocols for an internal process will be administered by CEDA Real Estate to assess parcels of land that are offered to the City; and be it

FURTHER RESOLVED: That potential gifts of land parcels of any value shall trigger a notification to requisite city agencies and departments and the Councilmember of the district where the parcel is located; and be it

FURTHER RESOLVED: That the proposed donor of the parcel or the sponsoring Agency/Department of the parcel shall pay the due diligence costs prior to any action being formalized by staff or going to the City Council; and be it

FURTHER RESOLVED: That potential gifts of land parcels assessed at \$500,000 or more shall be brought to the City Council for final acceptance or refusal of the proposed gift.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

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