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OAKLAND

CITY OF OAKLAND 2012 JUL -5 PM 5:25

AGENDA REPORT

TO: DEANNA J. SANTANA
ORSA ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: Approval of Foothill/Seminary DDA by Successor Agency

DATE: July 3, 2012

City Administrator Approval Deanna J. Santana Date 7/3/12

COUNCIL DISTRICT: #6

RECOMMENDATION

Staff recommends that the Oakland Redevelopment Successor Agency adopt the following legislation:

A Resolution Authorizing The Oakland Redevelopment Successor Agency To Enter Into A Disposition And Development Agreement With The City Of Oakland And Sunfield Development, LLC For The Sale Of Property At Foothill Boulevard And Seminary Avenue For No Less Than $6,000 For Development As A Retail Shopping Center, And Authorizing An Agreement With The City Of Oakland To Provide $150,000 For Remediation Of The Site

EXECUTIVE SUMMARY

On May 15, 2012, the City Council approved Ordinance No. 13114 C.M.S., authorizing the City Administrator to enter into a Disposition and Development Agreement (DDA) with Sunfield Development, LLC (Sunfield) to sell City-owned property located at Foothill Boulevard and Seminary Avenue for no less than $6,000 for the development of a neighborhood commercial retail shopping center, and allocating $150,000 to cover the cost of remediating hazardous material contamination on the property. Staff is requesting authorization by the Oakland Redevelopment Successor Agency (ORSA) to enter into the DDA with Sunfield as well. The new development will generate financial benefits for the taxing agencies from property taxes and sales taxes.

The City of Oakland owns eleven contiguous vacant parcels of land on the southwest corner of Foothill Boulevard and Seminary Avenue. These properties were transferred by the former Redevelopment Agency (Agency) to the City in January of 2012, prior to the dissolution of the Agency on February 1, 2012, and are now owned by the City. However, on April 24, 2012, the City received a form letter from State Controller John Chiang purporting to order the City to return all assets transferred by the Agency to the City after January 1, 2011, to the successor agency of the Agency. This letter initiated the so-called clawback process under the dissolution statute, which gives the State Controller the authority to review all asset and fund transfers from the Agency to the City occurring after January 1, 2011, and potentially reverse these transactions. The properties listed as part of the Foothill Seminary development are potentially subject to this process and could be transferred to ORSA for ultimate disposition under the direction of the Oakland Oversight Board.

Given the uncertainty generated by the Controller's letter and the possibility that these properties will be transferred to ORSA, staff recommends adoption of the proposed legislation, substantially the same as legislation previously adopted by Council which approved this transaction by the City in its own capacity, authorizing ORSA as well as the City to enter into the aforementioned DDA. This will protect this transaction from any risk of clawback and will give Sunfield and its lenders, investors, and title insurers the certainty that the sale of the property can go forward whether or not the properties remain with the City under its own auspices or are transferred to ORSA.

Under the dissolution statute, all disposition of property by a successor agency must be approved by the successor agency's oversight board, and such approval would be subject to review by the California Department of Finance. The proposed legislation would also authorize the City as successor agency to submit the proposed disposition of these properties to the Oakland Oversight Board for its approval and direction, which would start the Department of Finance review process.

The City Council as part of its approval of the Foothill and Seminary DDA also approved an allocation of $150,000 for environmental site remediation. These funds were transferred to the City from the Agency prior to dissolution under the Funding Agreement entered into on March 3, 2011. These funds are potentially subject to the Controller's clawback as well. However, the dissolution statute authorizes a successor agency to enter into a new agreement or re-enter into an old agreement with a city, with the approval of the oversight board. The proposed resolution for Foothill and Seminary would authorize ORSA to provide this funding to the developer through an agreement with the City, should these funds get clawed back to ORSA. This would also be subject to the approval of the Oakland Oversight Board and review by the Department of Finance.

Included with this report as ***Attachment A*** is a copy of the City Council report and related legislation, as previously approved by the City Council, for the Disposition and Development Agreement for the Foothill Boulevard and Seminary Avenue neighborhood commercial retail project.

OUTCOME

Approval of the proposed legislation will allow the Oakland Redevelopment Successor Agency (along with the City under its own auspices), to expeditiously execute the Disposition and Development Agreement for the properties located at Foothill Boulevard and Seminary Avenue, if approved by the Oakland Oversight Board and the Department of Finance. This will allow the development of the neighborhood commercial retail center to move forward by giving the development team the certainty and comfort level that they need that ORSA and the City will have the ability to complete this transaction, notwithstanding any clawback risk.

BACKGROUND/LEGISLATIVE HISTORY

On April 24, 2012, the City received a form letter from State Controller John Chiang initiating the clawback process, which, according to State law, gives the State Controller the authority to review all asset and fund transfers from the Agency to the City occurring after January 1, 2011, and potentially reverse these transactions. The properties listed for the Foothill Boulevard and Seminary Avenue development are potentially subject to this process and could be transferred to ORSA for ultimate disposition under the direction of the Oakland Oversight Board.

On May 15, 2012, the City Council approved Ordinance No. 13114 C.M.S., authorizing the City Administrator to enter into a Disposition and Development Agreement (DDA) with Sunfield Development, LLC (Sunfield) to sell City-owned property located at Foothill Seminary for no less than $6,000, and allocating $150,000 to cover the cost of remediating hazardous material contamination on the property.

The project will bring in needed neighborhood retail, help to establish a strong sense of place which will strengthen additional retail demand, and generate both short- and long-term job opportunities for Oakland residents. The property lies at the heart of one of the retail nodes identified in the City-Wide Retail Strategy. This area is also targeted for major streetscape improvements along Foothill Boulevard and Seminary Avenue as well as proposed façade and tenant improvements, all of which will help to revitalize this very important neighborhood retail node. Finally, the development puts an underutilized property to productive economic use and acts as an economic catalyst for this commercial district.

The Central East Oakland area lacks neighborhood retail that provides for daily and general goods and services to the local community. This neighborhood commercial retail shopping center will provide a much needed pharmacy, wellness services, and other neighborhood retail services.

ANALYSIS

The proposed legislation as described above does not change the substantive terms of the transactions already approved by the City Council. The legislation would simply provide for the same project approvals by ORSA as already provided by the City acting in its own capacity. Approval of the proposed legislation at this time will greatly facilitate and accelerate ORSA's ability to present the negotiated development sale to the Oakland Oversight Board for review and approval, and start the Department of Finance review process, followed by entering into the aforementioned DDA with Sunfield for the Foothill Seminary project.

The dissolution statute authorizes a successor agency to dispose of property under the direction of the oversight board "expeditiously and in a manner aimed at maximizing value." Staff believes that the sale of the Foothill and Seminary properties pursuant to a DDA with development covenants requiring expeditious development of the mixed use retail project is consistent with the disposition rules in the dissolution statute because it will maximize value to the taxing entities to a greater degree than a "fire sale" of the property to the highest bidder with no development covenants and no assurance that the property will be improved from its current state. Staff estimates that the developed project will produce $85,372 per year more in property taxes for the taxing entities in the near term than a sale of the property in its current vacant condition without any prospect for imminent development. Also, the project will generate $320,625 per year or $3.2 million over a 10 year period in sales taxes for the taxing entities in the near term, while a sale of the Property in its current condition without any prospect for imminent development would generate no sales taxes to the taxing entities. The net present value over a ten year period accruing to the taxing entities from property taxes and sales taxes is estimated at $ 4 million; well exceeding the value of the write down or the land purchase price.

PUBLIC OUTREACH/INTEREST

The public outreach process for the Foothill Seminary project is described in ***Attachment A***, the previous City Council report on the project.

COORDINATION

Preparation of the staff report and legislation required review by the ORSA general counsel and the Budget Office.

COST SUMMARY/IMPLICATIONS

The financial benefits of the project are outlined in ***Attachment A***.

SUSTAINABLE OPPORTUNITIES

The sustainable opportunities of for the project are outlined in the attached City Council Report.

CEQA

The Foothill Seminary Project was approved by the Planning Commission on October 19, 2011 with a Notice of Exemption (NOE) based on an in-fill exemption (Section 15332) from CEQA.

For questions regarding this report, please contact Gregory Hunter, Neighborhood Investment Officer at (510) 238-2992.

Respectfully submitted,

Fred Blackwell
Assistant City Administrator

Reviewed by:
Gregory Hunter, Deputy Director
Office of Neighborhood Investment

Larry Gallegos, Redevelopment Manager
Office of Neighborhood Investment

Prepared by:
Theresa Navarro-Lopez, Urban Economic Analyst IV

Attachment A: Prior City Council Report and adopted Ordinance regarding the Foothill-Seminary project

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APPROVED AS TO FORM AND LEGALITY

ORSA COUNSEL

OAKLAND REDEVELOPMENT SUCCESSOR AGENCY

RESOLUTION NO. 2012-________

A RESOLUTION AUTHORIZING THE OAKLAND REDEVELOPMENT SUCCESSOR AGENCY TO ENTER INTO A DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE CITY OF OAKLAND AND SUNFIELD DEVELOPMENT, LLC, FOR THE SALE OF PROPERTY AT FOOTHILL BOULEVARD AND SEMINARY AVENUE FOR NO LESS THAN $6,000 FOR DEVELOPMENT AS A RETAIL SHOPPING CENTER, AND AUTHORIZING AN AGREEMENT WITH THE CITY OF OAKLAND TO PROVIDE $150,000 FOR REMEDIATION OF THE SITE

WHEREAS, the City of Oakland owns eleven contiguous vacant parcels of land located at the southwest corner of Foothill Boulevard and Seminary Avenue (the "Property"), consisting of 1.69 acres, as more particularly described in the Council Report presented and approved on May 15, 2012; and

WHEREAS, on September 4, 2009, a Notice of Development Opportunities ("NODO") was issued to solicit development proposals for the Property; and

WHEREAS, of the three proposals received in response to the NODO, the City's review panel awarded the highest number of points to the proposal submitted by Sunfield Development, LLC ("Sunfield"); and

WHEREAS, Sunfield has proposed to develop approximately 26,950 square feet of new neighborhood-serving retail uses with 73 off-street parking stalls (the "Project"); and

WHEREAS, a reuse value analysis undertaken by Keyser Marston Associates, Inc., concludes that, based on a financial feasibility analysis of the proposed Project, the fair reuse value of the Property is nominal; and

WHEREAS, the Property was transferred by the Redevelopment Agency of the City of Oakland to the City of Oakland on January 31, 2012, pursuant to a Purchase and Sale Agreement entered on March 3, 2011; and

WHEREAS, on May 15, 2012, the City Council of the City of Oakland approved Ordinance No. 13114 C.M.S. authorizing a Disposition and Development Agreement (the "City DDA") with Sunfield for the sale of the Property for $6,000 for development of the Project and allocating $150,000 for remediation of the site; and

WHEREAS, the City DDA will set forth the terms and conditions under which the City will sell the Property to Sunfield and by which Sunfield will construct improvements on the Property; and

WHEREAS, on January 10, 2012, the City Council adopted Resolution No. 83679 C.M.S. electing to become the successor agency to the Redevelopment Agency of the City of Oakland pursuant to Health & Safety Code Sections 34171(j) and 34173 upon Redevelopment Agency dissolution; and

WHEREAS, the Redevelopment Agency of the City of Oakland dissolved on February 1, 2012; and

WHEREAS, the City subsequently formed the Oakland Redevelopment Successor Agency ("ORSA") to become the successor agency to the Redevelopment Agency, and ORSA has taken over this role from the City; and

WHEREAS, California Health and Safety Code Section 34177(e) provides for a successor agency to dispose of property of the former redevelopment agency at the direction of the oversight board expeditiously and in a manner aimed at maximizing value for the taxing entities; and

WHEREAS, property and sales taxes generated from the Property and the development of the Project will be distributed to specified taxing entities in Alameda County pursuant to state law; and

WHEREAS, it is estimated that the developed Project on the Property will produce $85,372 more in property taxes for the taxing entities per year in the near term, than a sale of the Property in its current vacant condition without any prospect for imminent development; and

WHEREAS, it is estimated that the developed Project on the Property will generate $607,500 in sales taxes for the taxing entities per year in the near term, while a sale of the Property in its current condition without any prospect for imminent development would generate no sales taxes; and

WHEREAS, ORSA wishes to enter into the City DDA for the Project along with the City to provide for a sale of the Property to Sunfield for development of the Project in the event that the Property is conveyed to ORSA; and

WHEREAS, remediation costs are listed as enforceable obligations on ORSA's approved Recognized Obligation Payment Schedule; and

WHEREAS, Health and Safety Code Section 34178(a) allows a successor agency to enter into an agreement with its sponsoring city with the approval of the oversight board; and

WHEREAS, the sale of the Property to Sunfield for development and operation as a neighborhood-serving commercial retail center will further the health, safety, and general welfare of the residents of the City of Oakland by improving access to local goods and services and bringing a pharmacy and wellness services to the East Oakland community; and

WHEREAS, the development of the Property will eliminate physical blight, bring a vacant property to productive economic use, and act as a catalyst for the Foothill Seminary commercial district, and will generate financial benefits for the City from property taxes, business license, sales taxes, and utility taxes; and

WHEREAS, given the financial feasibility of the proposed Project and the need to make the Project work, the sale of the Property to Sunfield at a nominal cost of $6,000 is necessary; now, therefore, be it

RESOLVED: That the Oakland Redevelopment Successor Agency hereby authorizes and approves the conveyance of the Property to Sunfield Development, LLC, or an affiliated entity approved by the ORSA Administrator, for the price of no less than $6,000, in return for an agreement by the developer to develop and operate the Project as a neighborhood-serving commercial retail center; and be it further

RESOLVED: That the Oakland Redevelopment Successor Agency hereby authorizes the ORSA Administrator to negotiate and enter into an agreement with the City of Oakland to approve the use of $150,000 from the Funding Agreement advance from the Central City East project area within the Central City East Capital Fund (5640) as an allowance to the developer for environmental remediation of the Property; and be it further

RESOLVED: That the Oakland Redevelopment Successor Agency hereby authorizes the ORSA Administrator or her designee to negotiate and execute a Disposition and Development Agreement with Sunfield Development, LLC, or an affiliated entity approved by the ORSA Administrator, along with the City, for the sale and development of the Property consistent with the terms of fhis Resolution, as well as negotiate and execute grant deeds and any other agreements or documents as necessary to convey the Property to Sunfield Development, LLC, upon the satisfaction of any preconveyance conditions imposed by the ORSA Administrator or her designee, should ORSA acquire title to the Property or otherwise be required to execute such documents; and be it further

RESOLVED: That pursuant to Sections 1 and 8(c) of Ordinance No. 10142 C.M.S., the ORSA Board hereby finds and determines that it is in the best interest of ORSA to sell the Property by negotiated sale to Sunfield Development, LLC, at its fair reuse value given the need to redevelop the Property for the benefit of the community; and be it further

RESOLVED: That ORSA further finds and determines that the disposition of the Property for a Project as negotiated under the City DDA will be of benefit to the community and to the taxing entities that will share in the additional property taxes assessed against the Property and the additional sales taxes generated from the Project, and that a sale under such conditions and yielding such benefits will best maximize the value of the Property for the taxing entities; and be it further

RESOLVED: That all agreements associated with the Property and the project shall be reviewed and approved as to form and legality by ORSA General Counsel prior to execution by ORSA, and shall be placed on file with the ORSA Secretary; and be it further

RESOLVED: That ORSA finds and determines that the sale of the Property and the project are exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15332 of the CEQA regulations (in-fill exemption); and be it further

RESOLVED: That this action shall be forwarded to the Oakland Oversight Board for its consideration, and ORSA execution of the City DDA and the agreement with the City are subject to Oakland Oversight Board approval pursuant to state law.

BY SUCCESSOR AGENCY, OAKLAND, CALIFORNIA, _______________, 2012

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: ______________________________

LATONDA SIMMONS
Secretary of the Oakland
Redevelopment Successor Agency

ATTACHMENT A

Prior City Council Report and adopted Ordinance regarding the Foothill-Seminary project

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CITY OF OAKLAND

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: DDA at Foothill and Seminary

DATE: March 26, 2012

City Administrator Approval: Deanna Santana   Date: 4/16/12

COUNCIL DISTRICT: # 6

RECOMMENDATION

Staff recommends that the City Council adopt the following legislation:

> An Ordinance Authorizing A Disposition And Development Agreement With Sunfield Development, LLC, For The Sale Of Property At Foothill Boulevard And Seminary Avenue For S6,000 For the Development of the Property As A Neighborhood Retail Shopping Center, And Allocating $150,000 For Remediation of the Site.

EXECUTIVE SUMMARY

The City of Oakland owns eleven contiguous vacant parcels of land on the southwest comer of Foothill Boulevard and Seminary Avenue. Staff is requesting authorization to enter into a Disposition and Development Agreement (DDA) with Sunfield Development, LLC to sell the property for the development of a neighborhood commercial retail shopping center at a purchase price of $6,000. The DDA will allow the developer to enter into lease agreements with tenants and pursue the development of the property in a timely manner. As part of the DDA authorization, staff is requesting an allocation of $i50,000 to cover the cost of remediating hazardous material contamination on the property.

The new development will generate financial benefits for the City from property taxes, business license taxes, sales taxes, and utility taxes. The project will bring in needed neighborhood retail, help to establish a strong sense of place which will strengthen additional retail demand, and generate both short- and long-term job opportunities for Oakland residents. The property lies at the heart of one of the retail nodes identified in the City-Wide Retail Strategy. This area is also targeted for major streetscape improvements along Foothill Boulevard and Seminary Avenue as well as proposed façade and tenant improvements, all of which will help to revitalize this very important neighborhood retail node. Finally, the development puts an underutilized property to productive economic use and acts as an economic catalyst for this commercial district.

The Central East Oakland area lacks neighborhood retail that provides for daily and general goods and services to the local community. This neighborhood commercial retail shopping center will provide a much needed pharmacy, wellness services, and other neighborhood retail services.

OUTCOME

Authorizing the City Administrator to enter into a Disposition and Development Agreement will allow the developer to move forward with the development of this vacant site and return the property to a productive economic use. This section of East Oakland lacks the basic goods and services needed by residents.

BACKGROUND/LEGISLATIVE HISTORY

The former Redevelopment Agency acquired a total of eleven contiguous parcels of land at the southwest comer of Foothill Boulevard and Seminary Avenue (see ***Attachment A***). The property is located approximately six blocks south of Mills College with primary frontage on Foothill Boulevard, Seminary Avenue, and Bancroft Avenue. This effort has extended over a two and a half year period and resulted in the assembly of 1.69 acres (approx. 73,500 square feet) of land which is zoned Neighborhood Center 3. The size and configuration of the property will allow approximately 26,950 square feet of new neighborhood-serving retail uses with 73 off-street parking stalls. This area is also targeted for major streetscape improvements along Foothill Boulevard and Seminary Avenue as well as proposed façade and tenant improvements, all of which will help to revitalize this very important neighborhood retail node.

On September 4, 2009, a Notice of Development Opportunities (NODO) was issued to solicit development proposals for the property. The former Redevelopment Agency received three proposals and formed a selection committee for the purpose of reviewing the proposals and to conduct in-depth interviews with all three respondents. The committee evaluated the overall feasibility for each proposed project, which was based on multiple categories and ranked them accordingly.

Sunfield Development, LLC ranked first in the initial round of evaluations and its submittal of additional information further solidified the Agency's selection of its project. The Agency entered into an Exclusive Negotiating Agreement (ENA) period which allowed the developer to demonstrate financial capacity, financial feasibility, finalize project design, solidify cost estimates, solicit statements of interest from retail operators, and conduct applicable market feasibility studies for the retail components. In addition to performing these tasks, Sunfield utilized the ENA period to complete the California Environmental Quality Act (CEQA) review and was approved by the Planning Commission on October 19, 2011. The property was conveyed by the Redevelopment Agency to the City in January of this year.

Sunfield Development, LLC

Sunfield Development, LLC is a newly formed company. The company grew out of a team of real estate professionals, including the president, Sid Afshar, who has over 30 years of experience in real estate development and architectural design in California. The developer assembled a strong team with substantial experience and an excellent reputation for developing parking and retail projects, including International Parking Design (IPD), the Oakland-based firm Field Paoli Architects, and the Oakland-based contractor C. Overaa & Company.

The Project

The City's vacant property will be developed into a new neighborhood commercial retail center. The proposal includes two new buildings fronting on Foothill Boulevard with a surface parking lot in the rear along with one additional building pad in the middle of the parking lot and one fronting on Bancroft Avenue. The four buildings will include a total of 26,950 square feet of new commercial space and 73 off-street parking stalls. The buildings fronting on Foothill Boulevard would contain a mix of retail sales, food sales, and potentially a financial services activity (retail bank), with the larger retail building containing a drive-thru, but would not be permitted for a fast-food activity (see ***Attachment B***).

ANALYSIS

Keyser Marston and Associates, Inc. (KMA) was retained to undertake a Section 33433 Report that was required as part of redevelopment law for the transfer of property. This includes an analysis of the estimated value of interest to be conveyed at the highest and best use permitted under the redevelopment plan and reuse value with the conditions, covenants, and development costs analyzed for the sale of the property. (With the demise of redevelopment and the transfer of the property to the City, a formal 33433 Report is no longer required; however the reuse appraisal is needed to establish the fair reuse value of the property to justify the terms of the City sale.)

KMA used the reuse value of the property to determine the sale price of the property to Sunfield. The reuse value is defined as the highest price in terms of cash or its equivalent which a property or development right is expected to bring for a specified use in a competitive open market, subject to the covenants, conditions, and restrictions imposed by the DDA. The proposed DDA outlines the terms of the Agreement (see ***Attachment C***). KMA determined the reuse value of the property based on the anticipated development economics of the proposed project. The private investment supported by the anticipated income is compared with the estimated development costs. Based on the financial feasibility analysis of the proposed project, KMA concluded that the fair reuse value of the property is nominal.

Reuse Value

The reuse land value supported by the project can be estimated as the difference between the total development costs, exclusive of land acquisition, and the private investment supported by the Net Operating Income (NOI). KMA estimated that the private investment supported by the projected rents is approximately $7,335,000, based on an 8.5% return on cost (ROC). An 8.5% ROC allows for an approximately 10% to 15% profit, depending upon the value at completion of the project. The difference between the private investment supported and total development costs of $7,329,000 represents the reuse land value for the property which is estimated at $6,000, as follows:

	Value Rounded
Net Operating Income (NOI) Return on Cost	$632,512 8.5%
Private Investment Supported Less: Total Development Costs	$7,335,000 ($7,329,000)
Estimated Reuse Value	$6,000

Agency Costs

The total cost to the Agency for the eleven parcels is $4.5 million dollars. The $4.5 million includes land acquisition at fair market value, title reports, environmental reports Phase I and II, haz-mat abatement where applicable and demolition of the buildings. The property will be provided vacant to the developer. The properties were purchased because they were blighted and underutilized, a major source of crime in the area, and were deterring revitalization of the commercial corridor and the surrounding community.

City Subsidy

Yovino and Young were contracted by the Agency to undertake an appraisal of the eleven parcels for the proposed neighborhood shopping center. Yovino and Young concluded that the highest and best use of the site is a neighborhood shopping center. The estimated market value of the site, if entitled for development of a specific project, is $2,800,000. The City of Oakland has agreed to provide the site clear of hazardous material. The cost to dispose of soil on the site that has hazardous material is estimated to be $150,000. The property will be sold to the developer at a reuse value of $6,000. Therefore, the subsidy to the project from the City is $2,944,000.

Foothill Seminary Development	
Appraised Value entitled for specific project	**$2,800,000.00**
Plus Cost of hazardous soil disposal	$150,000.00
Minus Sale of properry at reuse value	-$6,000.00
Total City Subsidy	**$2,944,000.00**

Living Wage

The living wage requirements take effect when a "City Financial Assistance Recipient" (CFAR) receives a subsidy in amount of $100,000 or more in a twelve month period, and employs at least 20 employees for each working day in each of twenty or more calendar weeks in the 12 months after occupying or using such property. Sunfield Development's acceptance of the land write down triggers the living wage requirement for themselves and all tenants of the subsequent development. The living wage requirements are in effect for five years after start of construction.

Walgreens will be the anchor tenant, which will provide much needed entry level jobs and services in the Foothill Seminary area. Walgreens will hire up to 17.5 employees at the site for the first two years of operation, which fall in the 2nd and 3rd year of the living wage requirement. Walgreens may increase the number of employees after the 3rd year and at that point, if they reach at least 20 employees, Walgreens will request a waiver. Sunfield Development and their retail broker have attracted muhiple tenants to the project and have secured letters of intent. Of the remaining tenants, none have expectations of hiring more that 10 employees. Neither staff nor the developer anticipate any tenants of the project triggering the living wage ordinance, but will establish monitoring procedures for the term of the living wage requirement.

It is important to note that the Foothill Seminary retail corridor has not seen any major investment for over 20 years and this node was also idenfified in the City of Oakland's Retail Strategy. The Retail Strategy identified the need for "another convenience anchor store such as a drug store to create a stronger customer draw for local residents."

Sunfield Development, LLC will pay prevailing wage during construction of the project.

Anticipated Annual Revenues & Benefits to the Community/City

The benefits to the community include the reuse of a vacant underutilized property to long term economic use. The following list some of the financial benefits to the community and City:

1. *City Sales Tax*: Sales tax is imposed upon every retailer for the privilege of selling tangible personal property at retail. The City receives .0095 of each taxable dollar generated by retailers. The estimated annual sales tax is $57,753.
2. *Jobs Generated*: 106 total jobs with the breakdown as approximately 52 constmction jobs and 54 permanent jobs.
3. *Permit Fees*: apx. $152,000
4. *Business License Tax*: The annual business hcense tax is esfimated to be $9,810.
5. *Utility Tax*: The annual utility tax is estimated is $3,348.
6. *Property Tax*: The property tax estimated to be received annually is $7,000. This is the tax that is received after the AB1290 and County pass through. The property tax will he based on the improvements to the property and the appraised value of the property.

The total revenue to the City in the first year is $229,911. The net present value over a 20 year period accruing to the City is estimated at $1,058,833. (see ***Attachment D***).

PUBLIC OUTREACH/INTEREST

The property is located in Central East Oakland in the Central City East Redevelopment Project Area in the City of Oakland. The Redevelopment Project Area was established in 2003 after neighborhood groups, including merchants, requested that the City Council include the area in a redevelopment project. Residents were frustrated with deteriorating conditions along the commercial corridors in the central and eastern portions of the City and the impact on the adjacent residential areas. Residents cited deteriorated and vacant buildings, prostitution and drug trafficking as specific problems impacting the Foothill Seminary area. Residents in this area have expressed strong interest in supporting neighborhood commercial uses. The present condition of the Foothill Seminary Boulevard area is blighted and has an overall negative impact on the community and neighborhood. The project was presented and support was provided by the Central City East Project Area Committee.

The proposed development was presented to the Planning Commission and approved on October 19, 2011.

COORDINATION

Staff from the Office of Neighborhood Investment (former CEDA Redevelopment Division) and the Department of Planning, Building, and Neighborhood Preservation have worked with Sunfield for the proposed new commercial center. Real Estate staff participated in the acquisition of the eleven parcels.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT (DDA with Sunfield Development, LLC):

Project Delivery (Remediation Allowance)	$150,000
Construction	n/a
Contingency	n/a
Total Project Costs	$150,000

2. COST ELEMENTS OF AGREEMENT/CONTRACT
(DDA with Sunfield Development, LLC):

Sub Project/Phases	$150,000
Management	n/a
Equipment	n/a
Software	n/a
Maintenance	n/a
Service	n/a
Labor Rates	n/a
Taxes and Fees	n/a
TOTAL AGREEMENT/CONTRACT AMOUNT	$150,000

3. SOURCE OF FUNDING:

Funding totaling $150,000 is available from the Funding Agreement advance from the Central City East project area within the Central City East Capital Fund (5640).

4. FISCAL IMPACT:

The allowance for the removal and disposal of soil from the property is estimated to cost up to $150,000 but may be less than this amount. The allowance will be placed in an escrow account for the project and released as the work is completed.

FISCAL/POLICY ALIGNMENT

As part of the negotiation and sale of the property to Sunfield Development, LLC, City staff has proposed to deliver the property clear of hazardous materials. A Phase 2 report for one parcel (2521-2541 Seminary Avenue) estimated the soil disposal costs during development based on specific assumptions. The estimate considers the removal of hazardous waste and soil of unpaved and paved portions of the site at approximately $140,350. City staff is requesting an allowance of $150,000 which includes a 6% contingency cost for the removal of the soil. The $150,000 will come from the former Redevelopment Agency under the Funding Agreement advance from the Central City East project area.

SUSTAINABLE OPPORTUNITIES

Economic: The project will replace an underutilized vacant and blighted property with a new commercial neighborhood retail center which will act as a commercial catalyst for this district. The project will create new permanent employment opportunities as well as temporary construction-related jobs. The project will generate sales tax, property taxes, utility taxes, and business license tax.

Environmental: The project will remove a blighted property from this commercial node and will create an infill neighborhood commercial retail development. The developer will use its good faith efforts to design, develop, and construct the Project to be environmenially sustainable in conformance with the Build it Green commercial checklist.

Social Equity: The project will provide much needed access to retail services for daily goods and services in the Central East Oakland neighborhood and community. The project will bring a pharmacy and health and wellness services and retail lo a neighborhood that is lacking and in need of these services. The area currently lacks the basic goods and services that should be available to residents.

CEQA

The project was approved by the Planning Commission on October 19, 2011 with a Notice of Exemption (NOE) based on an in-fill exemption (Secfion 15332 on the California Environmental Quality Act).

For questions regarding this report, please contact Theresa Navarro-Lopez, Urban Economic Analyst IV at (510) 238-6250.

Respectfully submitted,

Fred Blackwell
Assistant City Administrator

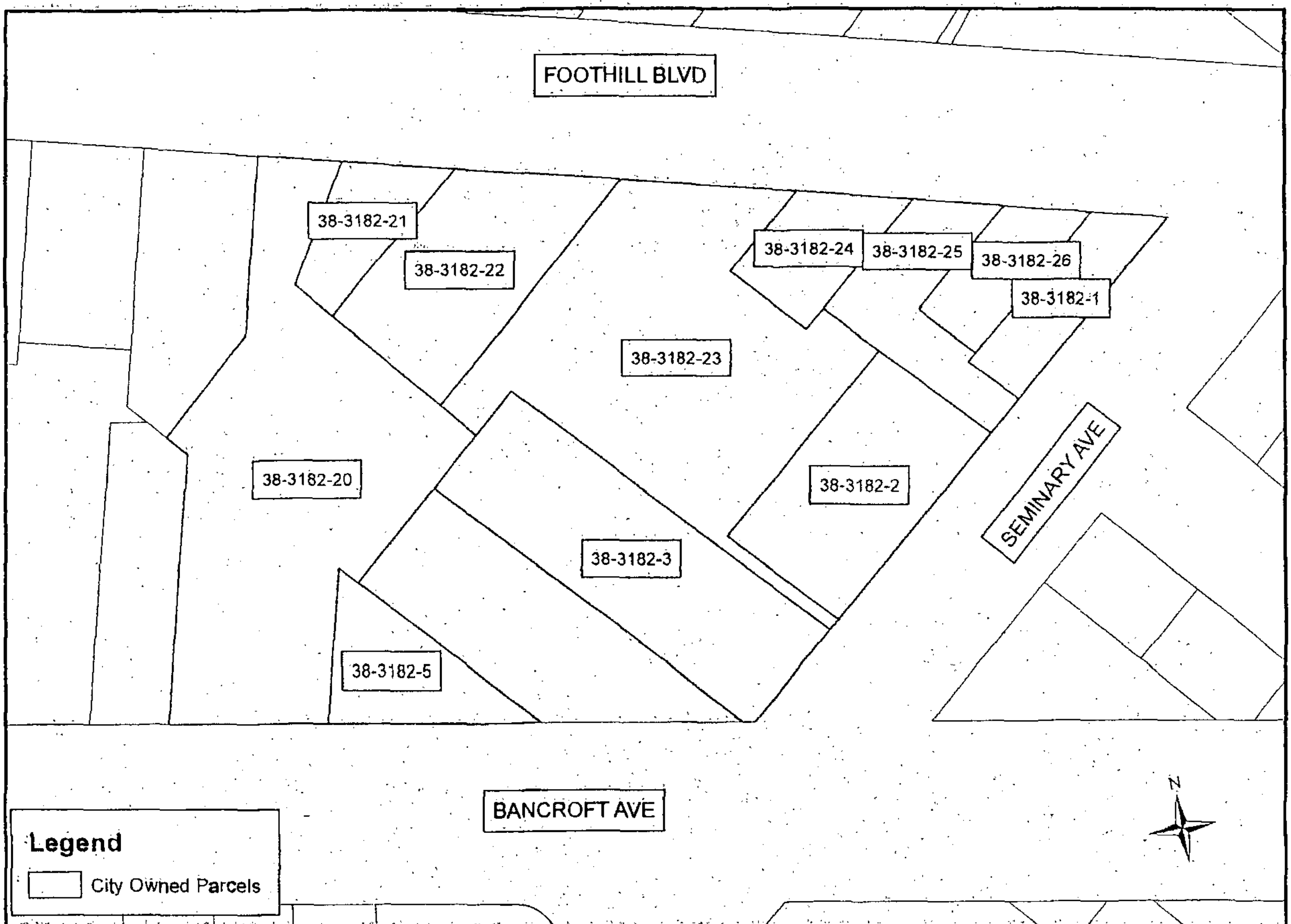
Reviewed by:
Gregory Hunter, Neighborhood Investment Officer
Larry Gallegos, Redevelopment Manager

Prepared by:
Theresa Navarro-Lopez, Urban Economic Analyst IV
Office of Neighborhood Investment

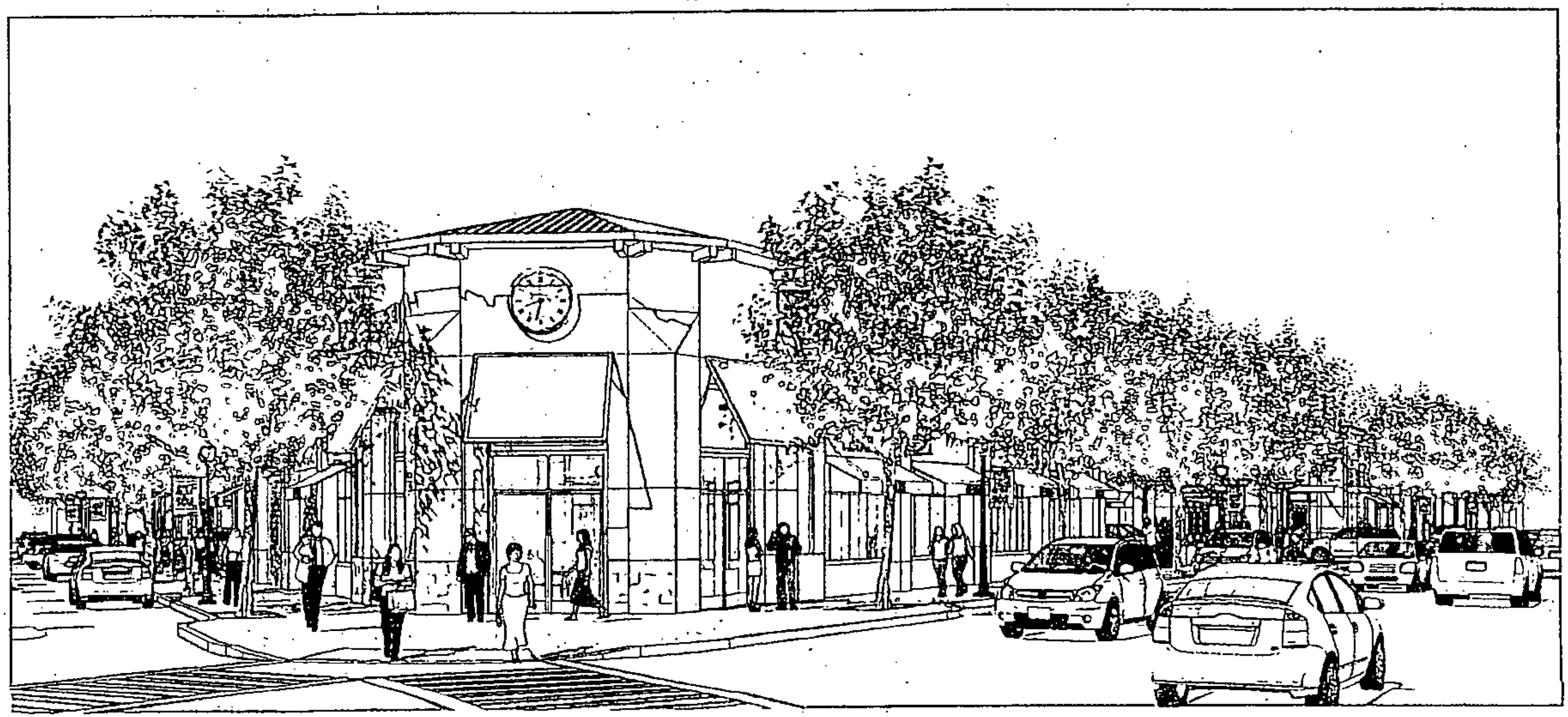
Attachments
Attachment A. Map of City of Oakland Eleven Properties
Attachment B. Site Plan of Seminary Foothill Project
Attachment C. Keyser Marston Associates, Inc. Section 33433 Report
Attachment D. Estimated Revenue to the City of Oakland from Foothill Seminary Development

Attachment A

Foothill Seminary Development Project Parcels



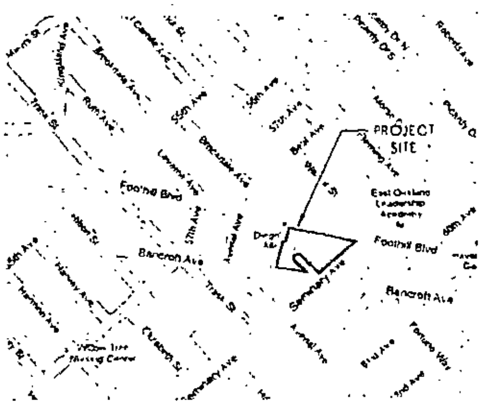
ATTACHMENT B



SEMINARY POINT RETAIL DEVELOPMENT

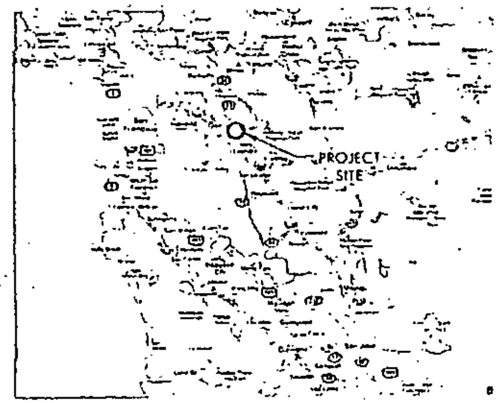
OAKLAND, CALIFORNIA

OCTOBER 19, 2011



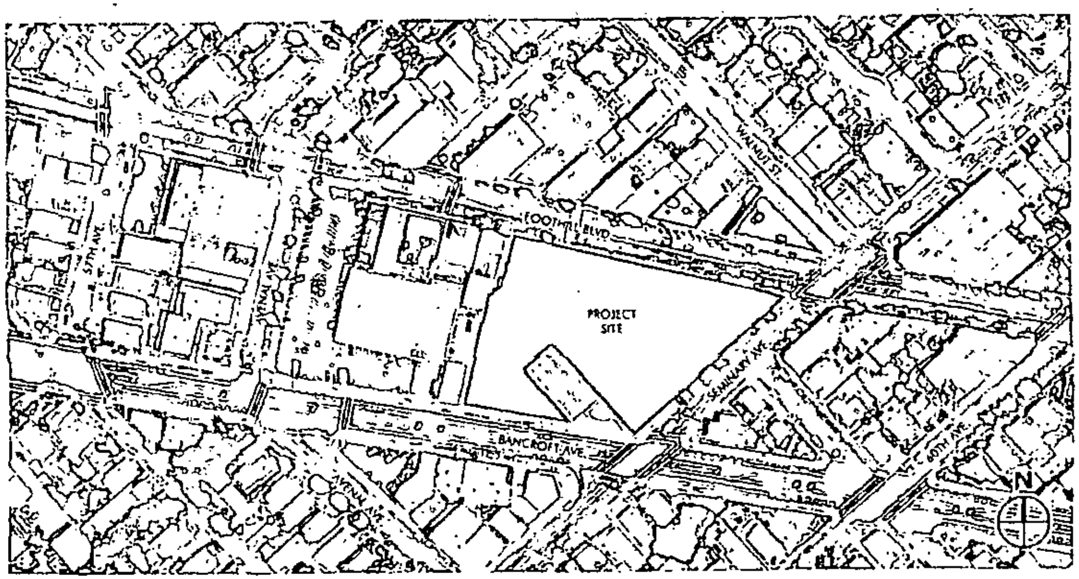
VICINITY MAP

N.T.S.



LOCATION MAP

N.T.S



SITE CONTEXT

N.T.S

PROJECT DESCRIPTION:

THE CITY OF OAKLAND IS GOING THRU URBAN REDEVELOPMENT TO INCREASE VITALITY OF THE CITY. THE SEMINARY & FOOTHILL PROJECT SITE ENCOMPASSES APPROXIMATELY 70,190 S.F AND IS BOUNDED BY FOOTHILL BLVD., SEMINARY AVENUE AND BANCROFT AVENUE IN EAST OAKLAND. THE SITE HAS GREAT POTENTIAL OF BEING DEVELOPED AS A NEIGHBORHOOD RETAIL CENTER. THE SUNFIELD DEVELOPMENT COMPANY PROPOSES TO REDEVELOP THIS SITE WITH ABOUT 30,000 S.F. OF RETAIL AT THE CORNER OF FOOTHILL AND SEMINARY WITH A TOTAL OF APPROXIMATELY 105 PARKING SPACES SERVING SHOPS COMMERCIAL BUILDINGS. PARKING COUNT INCLUDES AVAILABLE STREET PARKING.

IN KEEPING WITH THE EXISTING THE SURROUNDING AREA OF ONE AND TWO STORY LOW RISE BUILDINGS, THE PROPOSED DEVELOPMENT WILL BE COMPRISED OF ONE STORY BUILDINGS. THE BUILDING ARCHITECTURE WITH STUCCO, GLASS, MASONRY WITH WOOD AND STEEL ACCENTS WILL NOT ONLY FIT IN WITH THE CONTEXT OF THE AREA, BUT ALSO HELP TO ESTABLISH DESIGN GUIDELINES FOR FUTURE DEVELOPMENT IN THE AREA. THE FOOTHILL-SEMINARY CORNER ENTRANCE ELEMENT WILL HAVE ATTRACTIVE, ARTICULATED DESIGN FEATURES AND SOLIDIFY THE CORNER AS THE ANCHOR TO THE DEVELOPMENT. THE PARKING LOT WILL BE WELL LIT AND LANDSCAPED TO PROVIDE CONVENIENT AND FRIENDLY PARKING FOR THE CUSTOMERS.

PROJECT DESCRIPTION:

A1	PROJECT DATA
A2	ASSESSOR'S MAP SURVEY
A3	EROSION CONTROL
A4	LANDSCAPE PLAN
A5	SITE PLAN
A6	FLOOR PLAN - BUILDING 1
A7	FLOOR PLAN - BUILDINGS 2 & 3
A8	BUILDING ELEVATIONS
A9	SIGN PLAN
A10	MATERIALS & COLOR BOARD
A11	BUILDING PERSPECTIVE VIEWS
A12	BUILDING PERSPECTIVE VIEWS
A13	SMALL COMMERCIAL GREEN BUILDING CHECKLIST
A14	SMALL COMMERCIAL GREEN BUILDING CHECKLIST

SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Sunfield Sustainable Development

IPD

Revision	Date

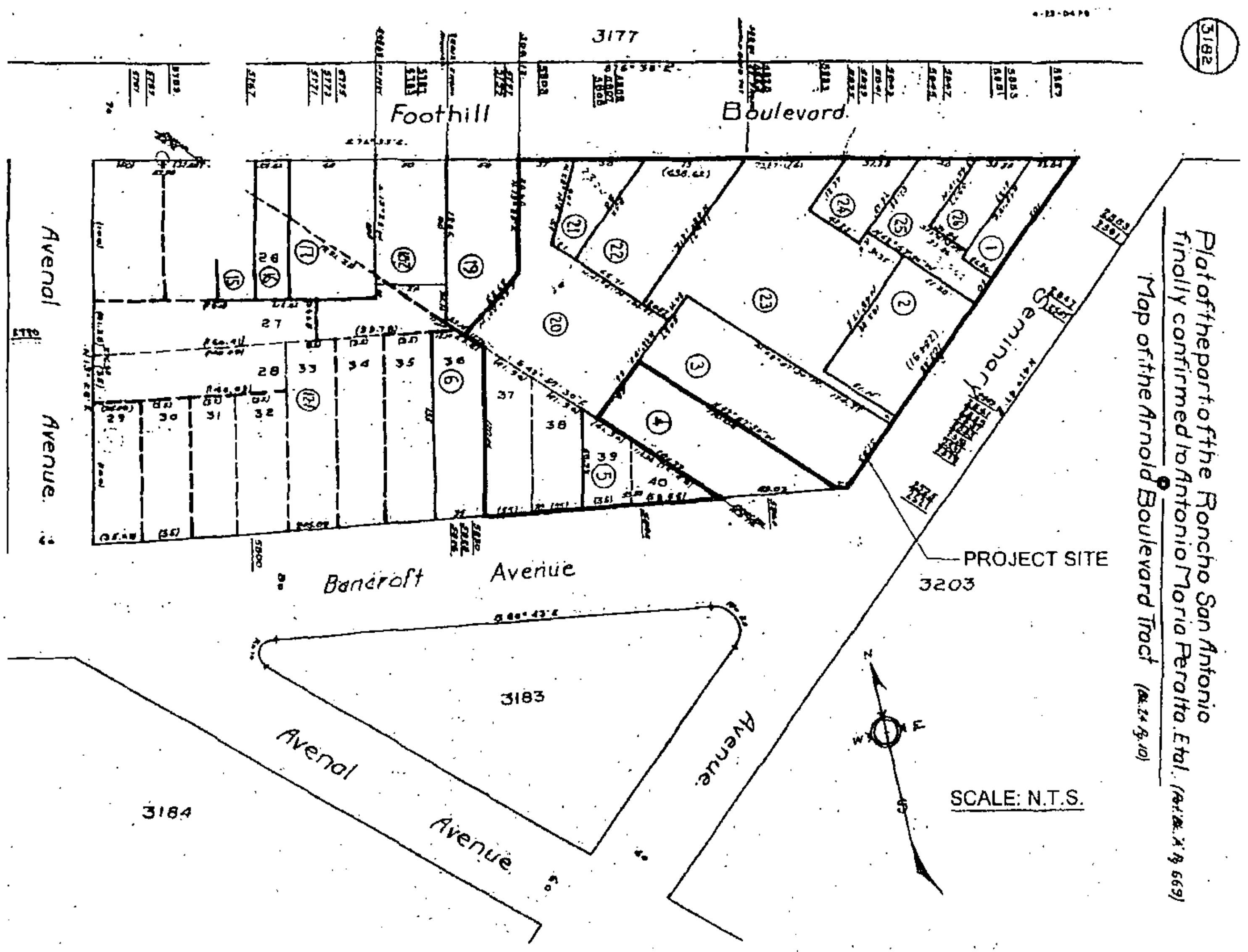
Date	10-19-11
IPD Job No.	09-520
Drawn By	JZ
Checked By	RSC/RNN
Scale	N.T.S

Drawing Title

PROJECT DATA

Drawing No.

A1



SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Revision	Date

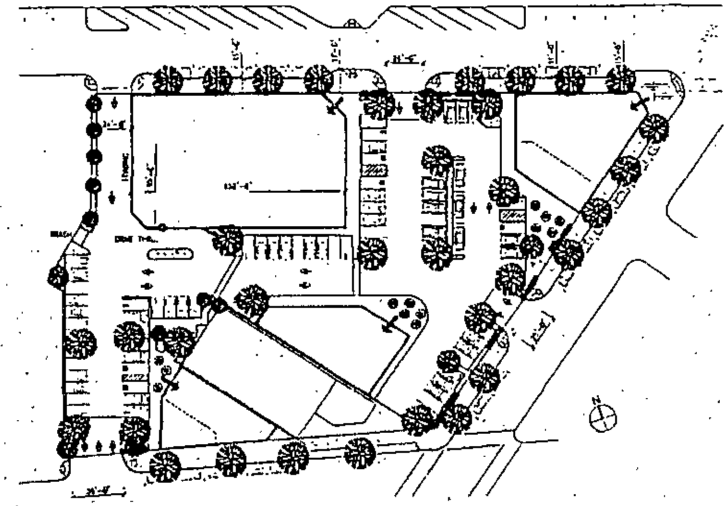
Date	10-19-11
IPD Job No	09-320
Drawn By	RSC
Checked By	RSC/RNN
Scale	N.T.S.

Drawing Title

ASSESSOR S MAP SURVEY

Drawing No.

A2

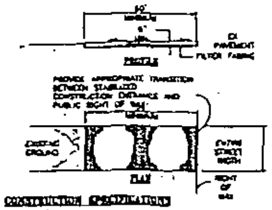


EROSION CONTROL NOTES:

1. CONTRACTOR IS RESPONSIBLE FOR ALL ASPECTS OF "EROSION CONTROL" AND SHALL INSTALL AND MAINTAIN ANY DEVICES AND MEASURES NECESSARY TO THE SATISFACTION OF THE CITY ENGINEER, DURING THE ENTIRE CONSTRUCTION PERIOD.
2. TO MINIMIZE EROSION OF GRADED BANKS, ALL GRADED BANKS SHALL BE HYDROSEEDED, LANDSCAPED OR SEALED BEFORE OCTOBER 1. ANY CONCRETE LINED "V" DITCHES DESIGNED TO PROTECT THE BANKS SHALL BE CONSTRUCTED WHEN THE GRADING OF THE BANKS IS COMPLETED. IF THE PERMANENT STORM DRAIN SYSTEM IS NOT CONSTRUCTED TO ACCEPT DISCHARGE FROM THESE DITCHES BY OCTOBER 1, TEMPORARY DITCHES SHALL BE CONSTRUCTED TO CONTAIN THE STORM WATER AND DIRECT IT, IN A MANNER THAT AVOIDS EROSION OF THE BANKS, TO THE EROSION AND SEDIMENT CONTROL FACILITIES.
3. THE CONTRACTOR SHALL PLACE COARSE DRAIN ROCK AS A GRAVEL ROADWAY (8" MIN THICK FOR THE FULL WIDTH AND 50' LONG) AT EACH ENTRANCE TO THE SITE (SEE DETAIL ON THIS SHEET). ANY MUD THAT IS TRACKED ONTO PUBLIC STREETS SHALL BE REMOVED THAT SAME DAY AND AS REQUIRED BY THE CITY INSPECTOR.
4. ALL EROSION CONTROL MEASURES SHALL BE MAINTAINED UNTIL DISTURBED AREAS ARE STABILIZED AND CHANGES TO THIS EROSION AND SEDIMENT CONTROL PLAN SHALL BE MADE TO MEET FIELD CONDITIONS ONLY WITH THE APPROVAL OF OR AT THE DIRECTION OF THE CITY ENGINEER.
5. DURING THE ENTIRE CONSTRUCTION PERIOD, ALL PAVED AREAS SHALL BE KEPT CLEAR OF EARTH MATERIAL AND DEBRIS. THE SITE SHALL BE MAINTAINED TO MINIMIZE SEDIMENT-LADEN RUNOFF TO ANY STORM DRAINAGE SYSTEM.
6. THIS PLAN COVERS ONLY THE FIRST WINTER FOLLOWING GRADING. PLANS ARE TO BE RE-SUBMITTED FOR CITY APPROVAL PRIOR TO THE SEPTEMBER 1 OF EACH SUBSEQUENT YEAR UNTIL THE SITE IMPROVEMENTS ARE ACCEPTED BY THE CITY.
7. ALL EROSION CONTROL FACILITIES MUST BE INSPECTED AND REPAIRED AT THE END OF EACH WORKING DAY OR DAILY DURING THE ENTIRE CONSTRUCTION PERIOD.
8. ANY SEDIMENT BASINS SHALL BE CLEANED OUT WHENEVER SEDIMENT REACHES THE SEDIMENT CLEANOUT LEVEL INDICATED ON THE PLANS.
9. BORROW AREAS AND TEMPORARY STOCKPILES SHALL BE PROTECTED WITH APPROPRIATE EROSION CONTROL MEASURES TO THE SATISFACTION OF THE CITY ENGINEER.
10. ALL CUT AND FILL SLOPES ARE TO BE PROTECTED TO PREVENT OVERBANK FLOW.
11. THIS PLAN MAY NOT COVER ALL THE SITUATION THAT ARISE DURING CONSTRUCTION DUE TO ANTICIPATED FIELD CONDITIONS. VARIATIONS MAY BE MADE TO THE PLAN IN THE FIELD, SUBJECT TO THE APPROVAL OF THE CITY.
12. HYDROSEED ALL CUT AND FILL SLOPES WHICH ARE STEEPER THAN 5:1 WITH THE FOLLOWING (VOLUMES SHOWN ARE PER ACRES OF SLOPE):

FERTILIZER	500 LBS. 16-8-8
SEED	60 LBS. BLANDO BROME GRASS
	40 LBS. ANNUAL RYE GRASS
	30 LBS. ROSE CLOVER
CHEMICAL TACKIFIER	2000 LBS. WOOD CELLULOSE
	30 LBS. ORGANIC BINDER

13. TO CONTROL EROSION WITHIN THE STREET RIGHT-OF-WAY, FIBER ROLLS, SANDBAGS, EARTH BERMS OR OTHER SUITABLE MATERIALS SHALL BE PLACED WITHIN ALL UNPAVED STREETS DURING THE ENTIRE CONSTRUCTION PERIOD. THESE ROLLS OF FIBER SHALL BE PLACED AT 300-FOOT MAXIMUM INTERVALS OR AS REQUIRED BY THE CITY ENGINEER (SEE FIBER ROLL DETAIL THIS SHEET). THE ROLLS SHALL BE SECURELY ANCHORED IN PLACED BY STAKES OR REBARS DRIVEN THROUGH THE ROLLS WITH THE FIRST STAKE IN EACH ROLL ANGLED TOWARD THE PREVIOUSLY LAID ROLL TO FORCE THEM TOGETHER. THE ROLLS SHALL BE MAINTAINED IN GOOD CONDITION FOR THE ENTIRE CONSTRUCTION PERIOD UNTIL THE STREETS IS PAVED. ROLLS OF FIBER OR OTHER SUITABLE MATERIALS SHALL BE USED TO PREVENT SEDIMENT LADEN RUNOFF FROM ENTERING ANY PARTIALLY COMPLETED STORM DRAIN SYSTEM.
14. WHEN TEMPORARY STRUCTURES HAVE SERVED THEIR INTENDED PURPOSE AND THE CONTRIBUTING DRAINAGE AREA HAS BEEN PROPERLY STABILIZED, THE EMBANKMENT AND RESULTING SEDIMENT DEPOSITS ARE TO BE LEVELED OR OTHERWISE DISPOSED OF AS RECOMMENDED BY THE GEOTECHNICAL ENGINEER.
15. EXISTING STREET CATCH BASINS AFFECTED BY THE CONSTRUCTION SHALL BE PROTECTED USING THE INLET PROTECTION DETAIL PROVIDED.
16. DUST CONTROL MEASURES ARE DESCRIBED IN THE STORM WATER POLLUTION PREVENTION PLAN AND SHALL CONFORM WITH THE CITY REQUIREMENTS.

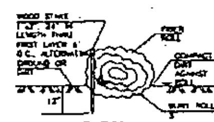


CONSTRUCTION SPECIFICATIONS

1. THE MATERIAL FOR CONSTRUCTION SHALL BE 3 TO 4 INCH ROCK.
2. LENGTH – AS EFFECTIVE, BUT NOT LESS THAN 50 FEET.
3. THICKNESS – NOT LESS THAN EIGHT (8) INCHES.
4. WIDTH – NOT LESS THAN FULL WIDTH OF ALL POINTS OF INGRESS OR EGRESS.
5. WASHING – WHEN NECESSARY, WHEELS SHALL BE CLEANED TO REMOVE SEDIMENT PRIOR TO ENTRANCE ONTO PUBLIC RIGHT OF WAY. WHEN WASHING IS REQUIRED, IT SHALL BE DONE ON AN AREA STABILIZED WITH CRUSHED STONE WHICH DRAINS INTO AN APPROVED SEDIMENT TRAP OR SEDIMENT BASIN. ALL SEDIMENT SHALL BE PREVENTED FROM ENTERING ANY STORM DRAIN, DITCH, OR WATERCOURSE THROUGH USE OF SAND BAGS, GRAVEL BOARDS OR OTHER APPROVED METHODS.
6. MAINTENANCE – THE ENTRANCE SHALL BE MAINTAINED IN A CONDITION WHICH WILL PREVENT TRACKING OR FLOWING OF SEDIMENT ONTO PUBLIC RIGHT OF WAY. THIS MAY REQUIRE PERIODIC TOP DRESSING WITH ADDITIONAL STONE AS CONDITIONS DEMAND AND REPAIR AND/OR CLEANOUT OF ANY MEASURES USED TO TRAP SEDIMENT. ALL SEDIMENT SPILLED, DROPPED, WASHED OR TRACKED ONTO PUBLIC RIGHT OF WAY MUST BE REMOVED IMMEDIATELY.

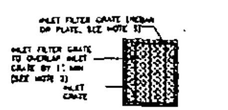
CONSTRUCTION ENTRANCE DETAIL

NOT TO SCALE



FIBER ROLL DETAIL

NOT TO SCALE



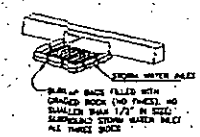
INLET PROTECTION DETAIL (ALL AREAS)

NOT TO SCALE

NOTES:

1. FILTER FABRIC SHALL MEET CAL-TRANS OR A.B.A.G. SPECIFICATIONS.
2. FILTER MATERIAL AND GRATE SHALL OVERLAP INLET ON ALL SIDES BY A MINIMUM OF 1".
3. INLET FILTER GRATE SHALL BE MADE OF 1/2" RE-BARS, CROSS CROSSED AT 6" (WELDED OR TIED TOGETHER WITH WIRE) OR A PLATE WITH A MINIMUM OF 75% OPEN AREA, BOTH OF SUFFICIENT STRENGTH TO PREVENT BENDING WHEN DRIVEN OVER BY A VEHICLE.
4. INLET FILTER GRATE SHALL BE SECURELY ATTACHED TO DRAIN INLET BY WIRE OR TIE-WRAPS (BOND ONLY).

FILTERS SHALL BE INSPECTED WEEKLY AND BEFORE AND AFTER EACH RAINFALL. REMOVE SEDIMENT/DEBRIS. REMOVAL SHALL BE MADE TO ASSURE EFFICIENCY FUNCTIONING OF FILTER SYSTEM.

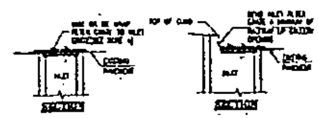


NOTES:

1. THICKNESS OF FILLED BAGS WHEN LAID FLAT SHALL NOT EXCEED 6".
2. ENSURE THERE ARE NO GAPS BETWEEN THE BAGS AND THE FACE OF CURB.
3. REMOVE ACCUMULATED SILT, DIRT AND DEBRIS BEFORE IT EXCEED 3" THICK IN THE GUTTER.
4. INSPECT INLET PROTECTION DAILY DURING EXTENDED RAINFALL PERIODS AND BEFORE AND AFTER EACH RAIN EVENT.

BURLAP SACK CURB INLET SEDIMENT FILTER DETAIL

NOT TO SCALE



INLET PROTECTION DETAIL (PAVED AREAS)

NOT TO SCALE

SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Sunfield Sustainable Development

IPD

Revision	Date

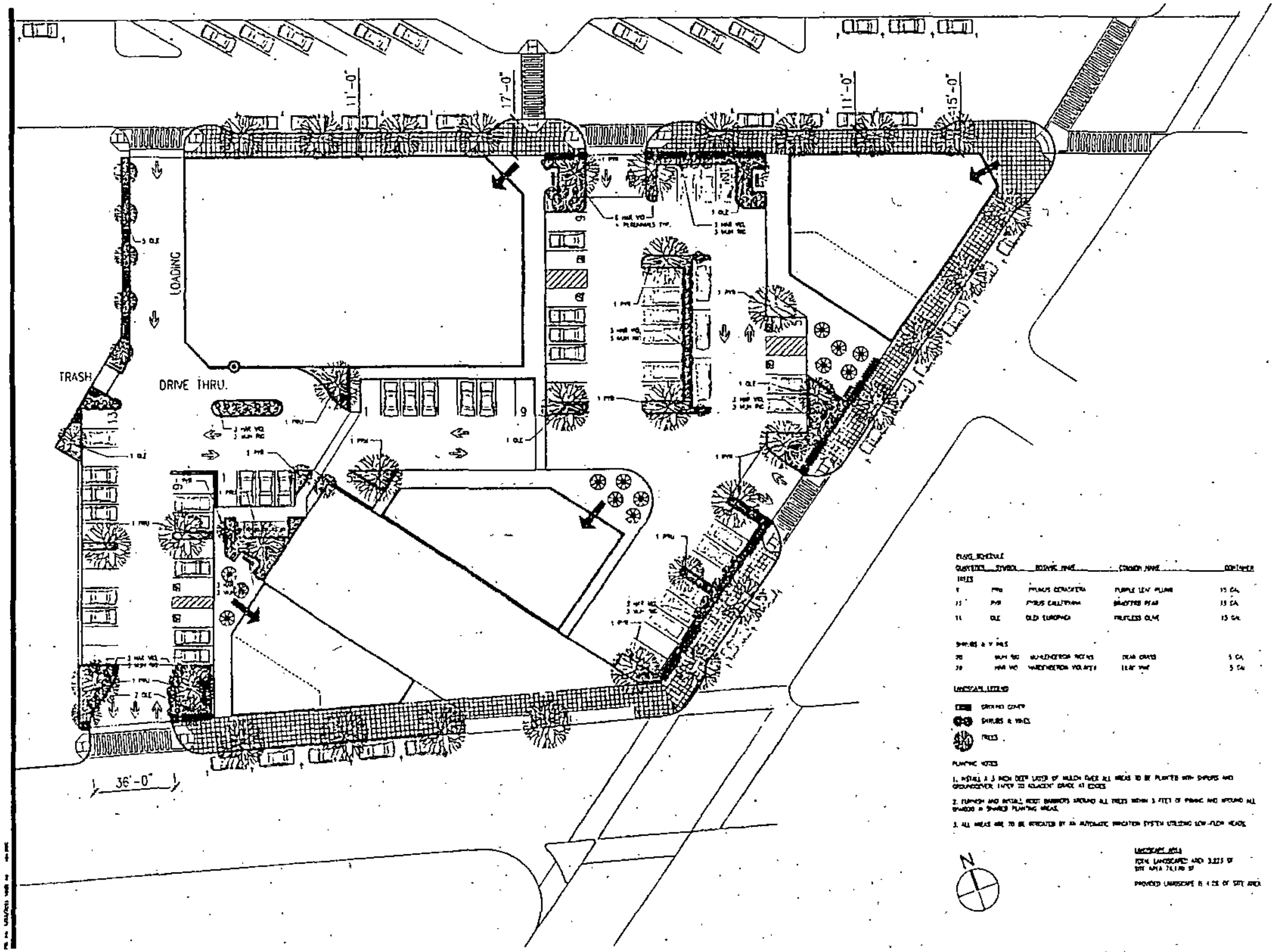
Date	10-18-11
IPD Job No.	09-520
Drawn By	RSC/CP
Checked By	RSC/RNH
Scale	AS NOTED

Drawing Title

EROSION CONTROL

Drawing No.

A3



PLANT SCHEDULE

QUANTITIES	SYMBOL	BOTANIC NAME	COMMON NAME	CONTAINER
TREES				
9	PRU	PRUNUS CERASIFERA	PURPLE LEAF PLUM	15 GAL
13	PYR	PYRUS CALLERYANA	BRADFORD PEAR	15 GAL
11	OLE	OLEA EUROPAEA	FRUITLESS OLIVE	15 GAL
SHRUBS & VINES				
[illegible]	MUH RIG	MUHLENBERGIA RIGENS	DEER GRASS	5 GAL
[illegible]	HAR VIO	HARDENBERGIA VIOLACEA	LILAC VINE	5 GAL

LANDSCAPE LEGEND

GROUND COVER

SHRUBS & VINES

TREES

PLANTING NOTES

1. INSTALL A 3 INCH DEEP LAYER OF MULCH OVER ALL AREAS TO BE PLANTED WITH SHRUBS AND GROUNDCOVER. TAPER TO ADJACENT GRADE AT EDGES.

2. FURNISH AND INSTALL ROOT BARRIERS AROUND ALL TREES WITHIN 5 FEET OF PAVING AND AROUND ALL BAMBOO IN SHARED PLANTING AREAS.

3. ALL AREAS ARE TO BE IRRIGATED BY AN AUTOMATIC IRRIGATION SYSTEM UTILIZING LOW-FLOW HEADS.

LANDSCAPE AREA

TOTAL LANDSCAPED AREA 3,225 SF
SITE AREA 76,170 SF

PROVIDED LANDSCAPE IS 4.2% OF SITE AREA

N

SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Sunfield Sustainable Development

IPD

Revision	Date

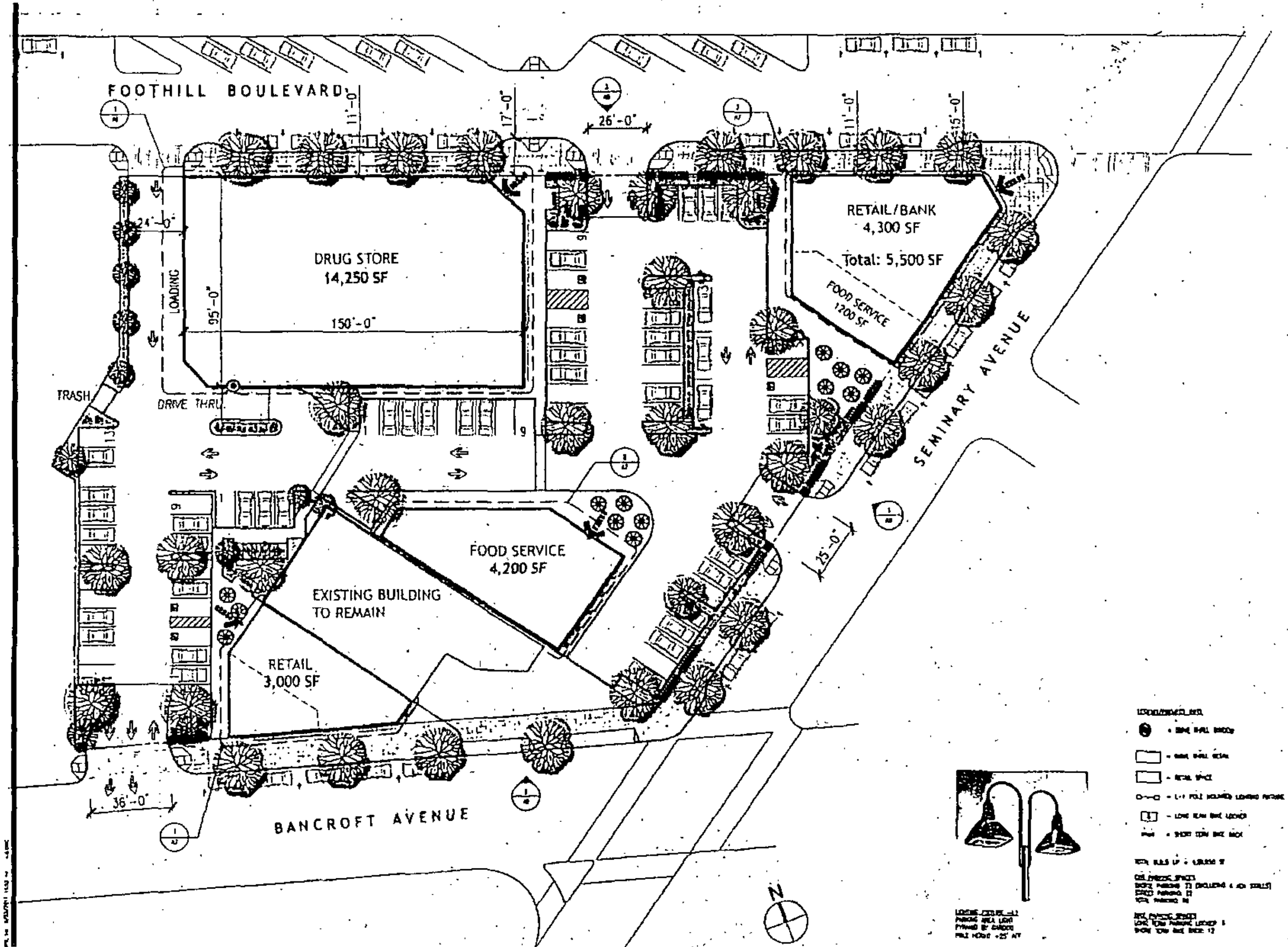
Date	10-19-11
IPD Job No.	09-620
Drawn By	A4
Checked By	RSC/RNN
Scale	1"=20'

Drawing Title

LANDSCAPE PLAN

Drawing No

A4



SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Sunfield

IPD

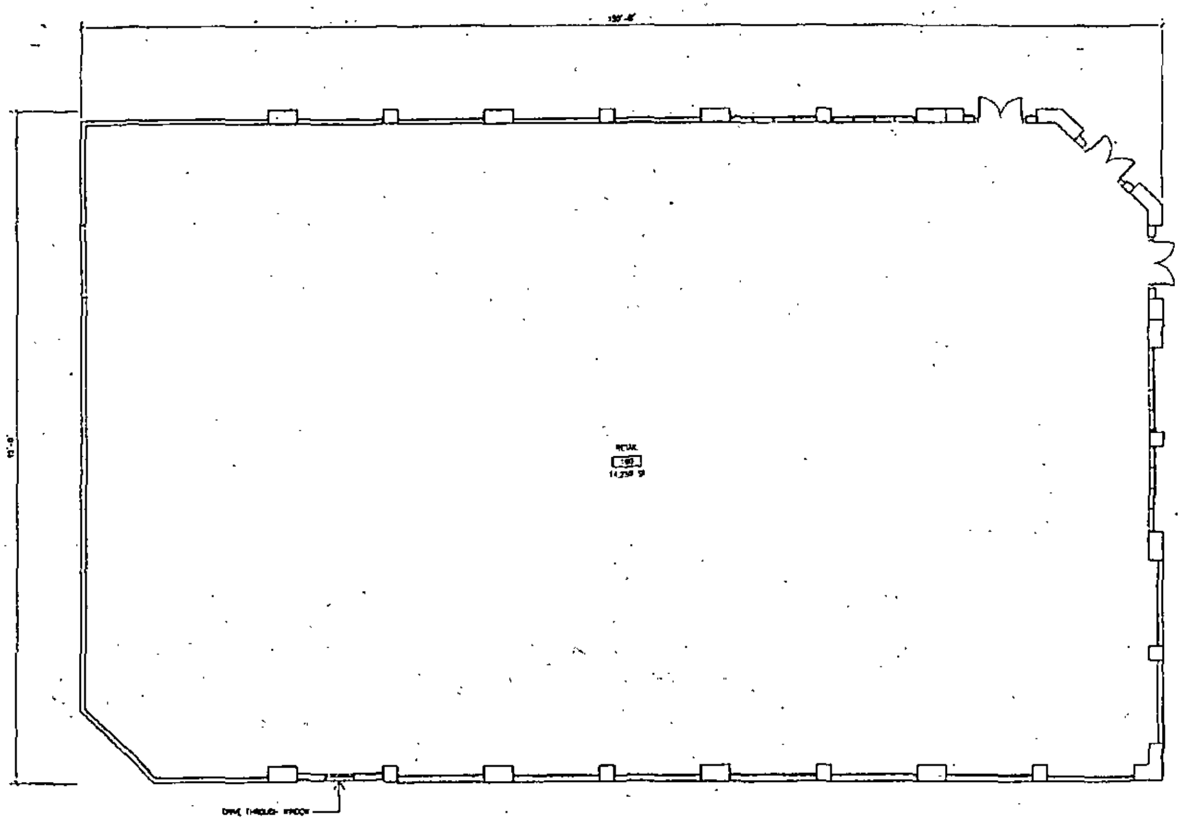
Revision	Date
Date	10-19-11
IPD Job No.	09-520
Drawn By	CP/RNN
Checked By	RSC/RNN
Scale	1"=20'

Drawing Title

SITE PLAN

Drawing No.

A5



FLOOR PLAN - BUILDING 2

SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Revision	Date

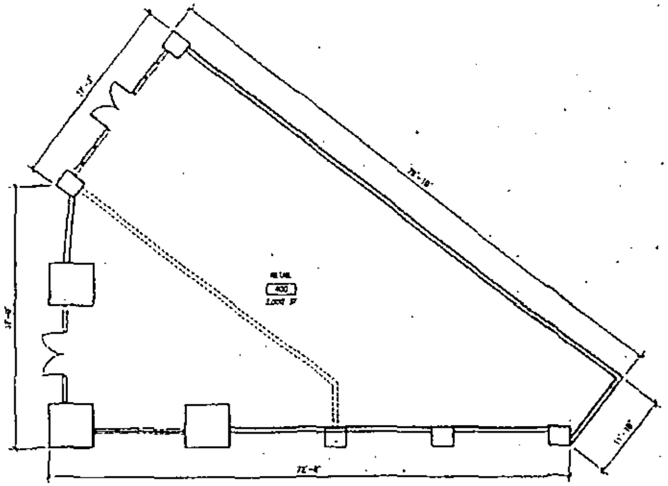
Date	10-19-11
IPD Job No	09-520
Drawn By	DRAWN
Checked By	RSC/RNN
Scale	AS NOTED

Drawing Title

FLOOR PLANS - BUILDING 2

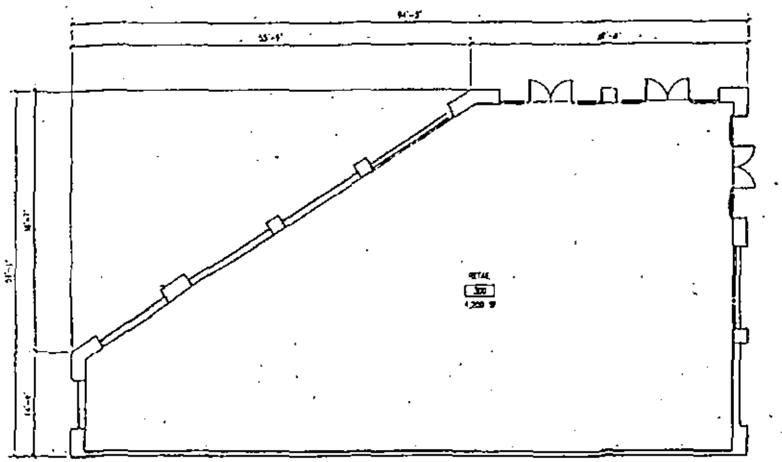
Drawing No.

A6



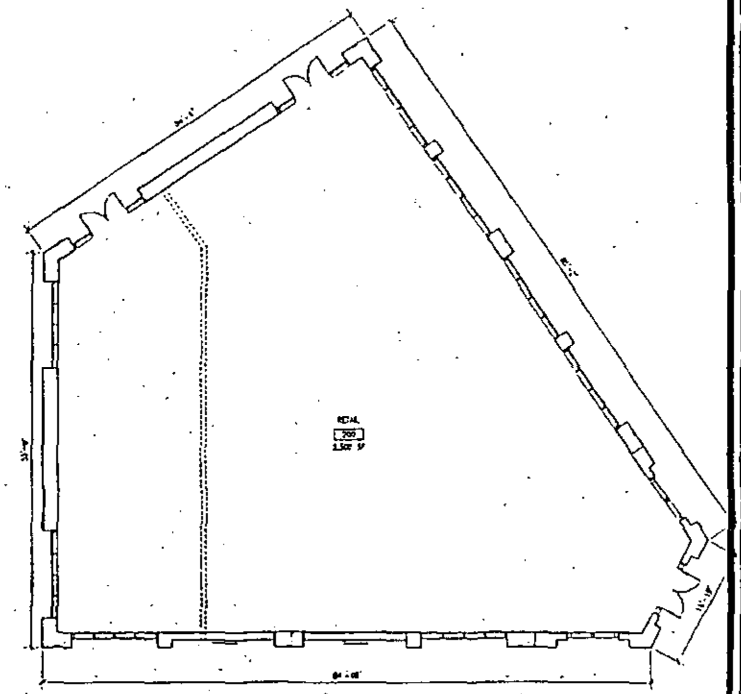
FLOOR PLAN - BUILDING 3

1



FLOOR PLAN - BUILDING 4

2



FLOOR PLAN - BUILDING 1

3

SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Revision	Date

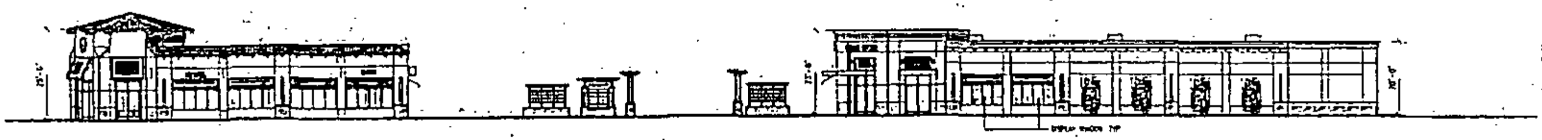
Date	10-10-11
IPD Job No	09-020
Drawn By	DRAWN
Checked By	RSC,RNN
Scale	AS NOTED

Drawing Title

FLOOR PLAN - BUILDING 1,3

Drawing No.

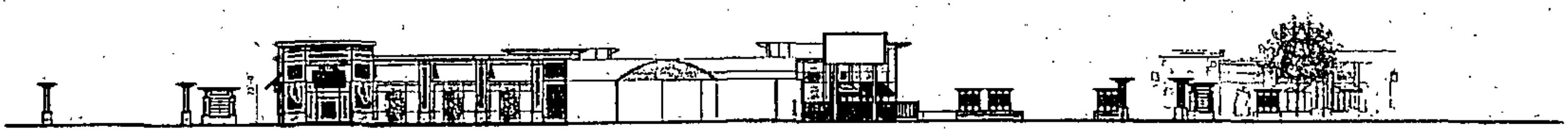
A7



NORTH ELEVATION (FOOTHILL BLVD.)

SCALE: 1/16" = 1'-0"

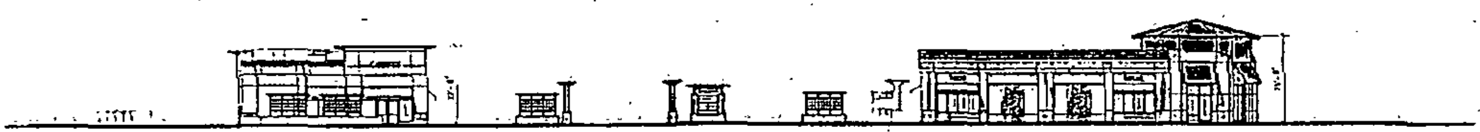
3



SOUTH ELEVATION

SCALE: 1/16" = 1'-0"

2



EAST ELEVATION (SEMINARY AVE.)

SCALE: 1/16" = 1'-0"

3

SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Sunfield

Sustainable Development

IPD

Revision	Date

Date	10-19-11
IPD Job No	09-625
Drawn By	DRAWN
Checked By	RSC/RNN
Scale	AS NOTED

Drawing Title

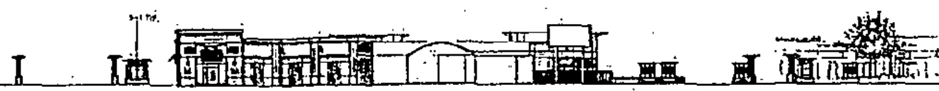
BUILDING ELEVATIONS

Drawing No

A8

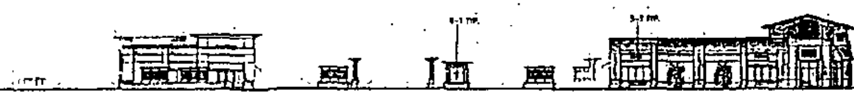
NORTH ELEVATION (FOOTHILL BLVD.)

7



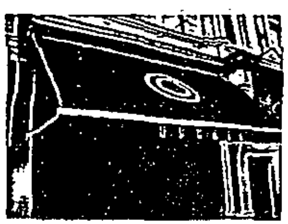
SOUTH ELEVATION (PARKING LOT)

6



EAST ELEVATION (SEMINARY AVE.)

5



DEVELOPMENT SIGN LOCATION TBD

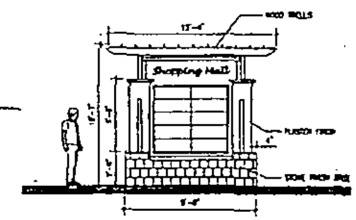
SIGNAGE CALCULATIONS

TOTAL AREA OF SIGN S-1 = [illegible] SQ FT.
TOTAL AREA OF SIGN S-2 = [illegible] SQ FT.
TOTAL AREA OF SIGN S-3 = [illegible] SQ FT.

TOTAL OF ALL SIGNS ON FOOTHILL BLVD. NOT TO EXCEED [illegible] SQ FT
FRONTAGE ON FOOTHILL BLVD = [illegible] LF

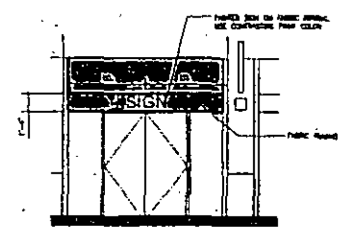
SIGNAGE EXAMPLES

4



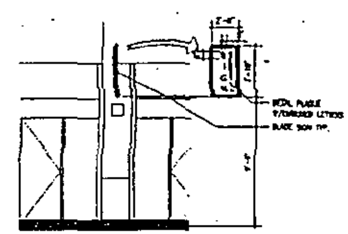
SIGNAGE S-1

3



SIGNAGE S-2

2



SIGNAGE S-3

1

SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

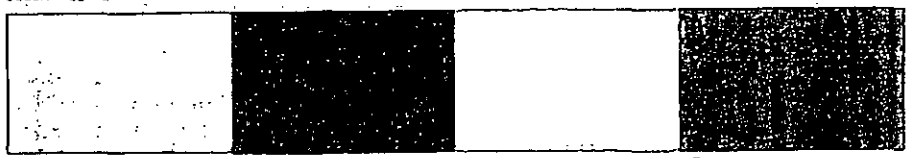
Revision	Date

Date	[illegible]
IPD Job No	[illegible]
Drawn By	[illegible]
Checked By	[illegible]
Scale	AS NOTED

Drawing Title
BUILDING SIGNAGE

Drawing No
A9

COLOR PALETTE

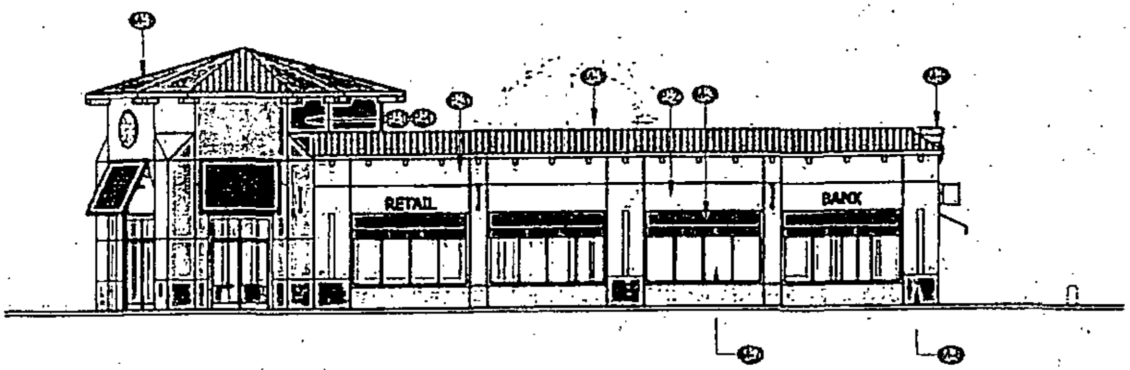


ICI HONEY EWEET

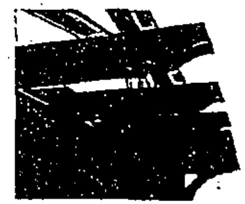
ICI HEMP GOLD

ICI IVORY CREAM

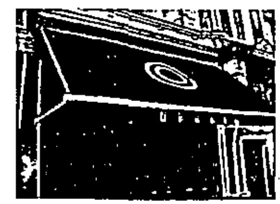
ICI PAGODA SPECIFY



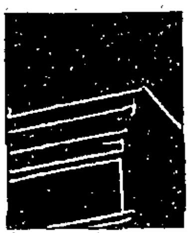
CLAY TILE ROOFING



WOODEN TRELLIS

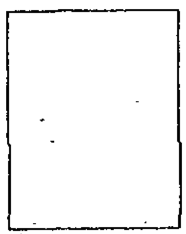


FABRIC AWNING + SIGNAGE

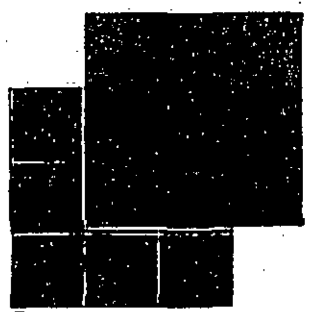


PARAPET W/SMOOTH STUCCO FINISH

WIRE TRELLIS



BLUEGREEN STOREFRONT GLASS



TILE CLADDING
COLOR BOX MUD PIEA/AMPING OUT

STUCCO FINISH
3 COAT STUCCO W/TEXTURE

TRELLIS SUPPORT COLUMN

SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Revision	Date

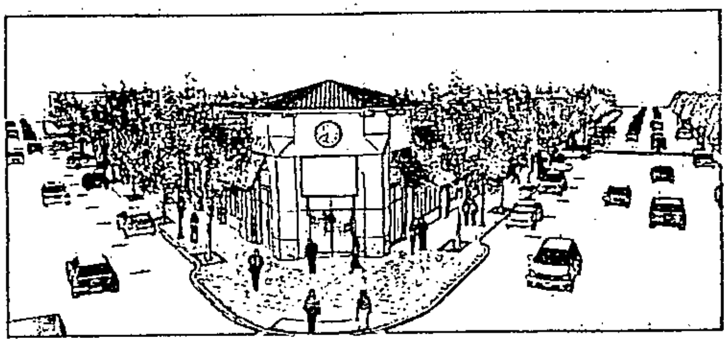
Date	10-18-11
IPD Job No.	09-520
Drawn By	CP/RNN
Checked By	RSC/RNN
Scale	1"=20

Drawing Title

COLOR BOARD

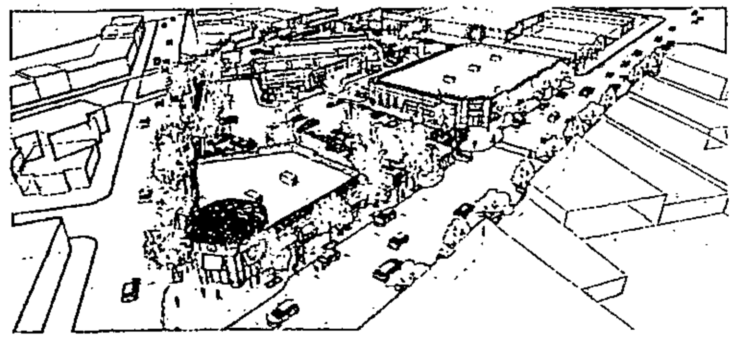
Drawing No.

A10



VIEW FROM FOOTHILL & SEMINARY CORNER

SCALE: 1/16" = 1'-0"



BIRD'S EYE VIEW

SCALE: 1/16" = 1'-0"

FOOTHILL ENTRANCE VIEW

SCALE: 1/16" = 1'-0"

VIEW FROM SEMINARY AVENUE

SCALE: 1/16" = 1'-0"

SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Sunfield

IPD

Revision	Date

Date	10-19-11
IPD Job No	09-620
Drawn By	DRAWN
Checked By	RSC/RNN
Scale	AS NOTED

Drawing Title

BUILDING PERSPECTIVES

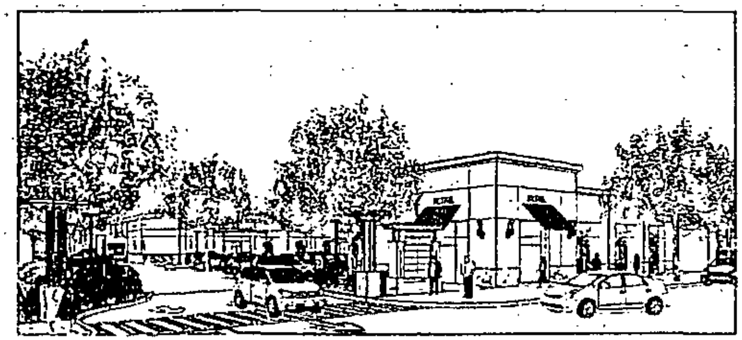
Drawing No.

A11

VIEW TO PARKING PLAZA

VIEW FROM SEMINARY AVENUE

VIEW FROM FOOTHILL BLVD. ENTRY



VIEW FROM BANCROFT STREET ENTRY

SEMINARY POINT RETAIL DEVELOPMENT

Oakland, California

Sunfield

IPD

Revision	Date

Date	10-19-11
IPD Job No	09 520
Drawn By	DRAWN
Checked By	RSC/RNN
Scale	AS NOTED

Drawing Title

BUILDING PERSPECTIVES

Drawing No

A12

ATTACHMENT C

SUMMARY REPORT PURSUANT TO
SECTION 33433
OF THE
CALIFORNIA COMMUNITY REDEVELOPMENT LAW
ON A
DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN
THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND
AND
SEMINARY POINT, LLC

The California Health and Safety Code, Section 33433, requires that if a redevelopment agency wishes to sell or lease property to which it holds title and if that property was acquired in whole or in part with property tax increment funds, the agency must first secure approval of the proposed sale or lease agreement from its local legislative body after a public hearing. A copy of the proposed sale or lease agreement and a summary report that describes and contains specific financing elements of the proposed transaction will be available for public inspection prior to the public hearing. As contained in the Code, the following information will be included in the summary report:

1. The cost of the agreement to the redevelopment agency, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the Agency, plus the expected interest on any loans or bonds to finance the agreement;

2. The estimated value of the interest to be conveyed, determined at the highest and best use permitted under the redevelopment plan;

3. The estimated value of the interest to be conveyed in accordance with the uses, covenants, and development costs required under the proposed agreement with the Agency, i.e., the reuse value of the site;

4. An explanation of why the sale of the property will assist in the elimination of blight; and

5. If the sale price is less than the fair market value of the interest to be conveyed, determined at the highest and best use consistent with the redevelopment plan, then the Agency will provide as part of the summary an explanation of the reasons for the difference.

This report outlines the salient parts of the Disposition and Development Agreement (the "Agreement") entered by and between the Redevelopment Agency of the City of Oakland (the "Agency"), a community redevelopment agency organized and existing under the California Community Redevelopment Law, and Seminary Point, LLC (the "Developer").

The aforementioned Agreement sets forth the terms and conditions under which the Agency will sell the property to the Developer, and by which the Developer will construct certain improvements on the property in conformance with the Central City East Redevelopment Plan. As part of the Agreement the Developer also grants a repurchase option to the Agency to the property as set forth in this Agreement in the event that the Developer does not move forward with the project.

This report is based upon information in the proposed Agreement and is organized in six sections:

I. Summary of the Proposed Agreement – This section includes a description of the site, the proposed development and the proposed major transaction terms of the Agreement.

II. Cost of the Agreement to the Agency – This section outlines the cost of the Agreement to the Agency for costs associated with the Agreement between the Agency and the Developer.

III. Estimated Value of the Interest to be Conveyed – This section summarizes the value of the interest to be conveyed to the Developer.

IV. Consideration Received and Reasons Therefore – This section describes the consideration to be paid by the Developer to the Agency. It also contains a comparison of the consideration and the fair market value at the highest and best use consistent with the redevelopment plan for the interests conveyed.

V. Elimination of Blight – This section includes an explanation of why the sale of the property will assist in the elimination of blight and the supporting facts and materials.

VI. Conformance with Five-Year Implementation Plan – This section describes how the Agreement is in conformance with the Agency's Five-Year Implementation Plan.

I. SUMMARY OF THE PROPOSED AGREEMENT

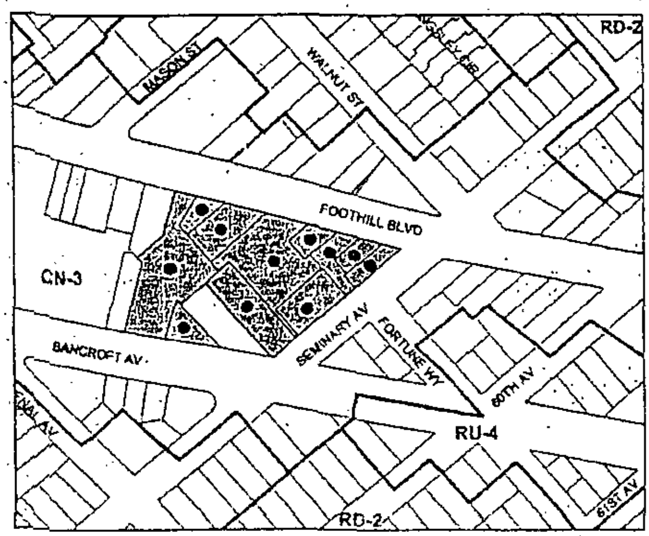
The Redevelopment Agency of the City of Oakland (the "Agency"), a community redevelopment agency organized and existing under the California Community Redevelopment Law, and Seminary Point, LLC (the "Developer") plan to execute a Disposition and Development Agreement (the "Agreement) for the sale of Property (the "Property") currently owned by the Agency. The Property is described in more detail below.

Under the Agreement, the Developer is required to develop a new neighborhood commercial retail shopping center (the "Project") on the Property. The retail Project is described in detail below. As part of the Agreement, the Developer also grants a repurchase option to the Agency to the Property in the event that the Developer does not complete specific milestones of the Project within specific dates.

A. Description of the Property and Project

Property

The Property to be sold to the Developer under the Agreement is an assemblage of eleven (11) contiguous, vacant parcels. These parcels, assembled by the Agency, create a single site of approximately 1.69 acres. As shown in the figure below, the site is located at the south-west corner of the Foothill Boulevard and Seminary Avenue approximately 6 blocks south of Mills College with primary frontage on Foothill Boulevard, Seminary Avenue, and Bancroft Avenue. The Property is located in the Central City East Redevelopment Project Area (the "Project Area".)



Source: Oakland Planning Commission, Staff Report, Oct. 2011.

The Property includes the parcels with the following Assessor's Parcel Numbers (APNs) 038-3182-01, 038-3182-02, 038-3182-03, 038-3182-05, 038-3182-20, 038-3182-21, 038-3182-22, 038-3182-23, 038-3182-24, 038-3182-25, and 038-3182-26. These parcels are in the process of being combined into one single parcel (Parcel Map No. 10030).

Project – Seminary Point

Under the proposed Agreement, the Agency will sell the Property to the Developer, and the Developer is required to construct on the property a neighborhood commercial retail shopping center project in conformance with the Central East Redevelopment Plan. The Developer has already submitted, and the Agency has approved schematic design and outline specifications for the proposed Project which is currently known as "Seminary Point".

The Seminary Point development consists of four new buildings totaling approximately 27,000 square feet of retail space. Building interiors will have a clear ceiling height of 16 feet. Exterior building heights have not yet been finalized. The proposed structure will include a reinforced concrete slab on grade, reinforced wood frame construction, stucco exteriors, sloped flat roof behind a raised parapet. Interior walkways and plaza areas will be concrete and will be separated from the proposed asphalt parking lot by a concrete curb and sloped handicapped ramps were applicable. The depth of the building foundations and parking lot section are pending completion of geotechnical investigation and structural engineering design.

Internal on-site surface parking lot will accommodate 73 off-street parking spaces accessible from four points of access: two from Foothill Boulevard, one from Seminary Avenue, and one from Bancroft Avenue. One of the points of access from Foothill Boulevard will serve as a one-way-in drive thru, which will serve a pharmacy drive thru window for Walgreen's. Another internal drive thru will serve a proposed coffee house. The Internal parking lot will also include foundations for lighting and curbed planter areas.

The proposed Seminary Point development was approved, subject to certain conditions of approval, by the City Planning Commission meeting on November 19, 2011.

B. Agency and Developer Obligations

This section summarizes the salient aspects of the proposed Agreement between the Agency and the Developer.

Agency Responsibilities:

- At close of escrow, the Agency will convey by a grant deed the Property to the Developer for the price of $6,000.
- At the close of escrow, the Developer and the Agency will pay equally the costs of all escrow, recording, and notary fees, title report costs, City real estate transfer tax, and other costs and expenses of escrow, except for ad valorem taxes and assessments, if any, for any period prior to close of escrow.
- The Agency will be solely responsible for the costs of the County of Alameda real estate transfer tax.

- The Property and all structures on the Property will be conveyed in an "as is" physical condition. The Agency is not in any way responsible for the condition of the Property or any structures on the Property, or for removing, demolishing, or relocating any structures, debris, rubble, demolition material, or subsurface construction on the Property, including structures associated with previous City uses of the Property or any underground utility facilities or improvements.
- If the property is not conveyed to the Developer by the closing date set forth in the Schedule, for any reason other than an Agency default, the Agency may retain the Good Faith Deposit in the Amount to be determined by the Agreement as its liquidated damages.
- The Developer and the Agency waive and release each other from any claims, causes of action, liabilities or costs arising from the presence of or associated with the investigation, monitoring or remediation of any hazardous materials contamination on or near the Property, except as otherwise specifically provided in the Agreement, whether or not such contamination was known as of the date of the Agreement.
- The Agency's retains optional rights to repurchase the property upon a Developer default If the Agency elects to exercise its option to repurchase the Property, the Agency will, within 60 calendar days of written notice to exercise such option, provide the Developer with written notice of the Agency's determination of fair market value. If the Developer disputes the Agency's determination of the fair market value, the Developer will notify the Agency of its own determination of the fair market value. The Agreement details the procedure for reconciling the differences in opinion about fair market value.
- The Agency may assign any of its optional rights to repurchase the property to any other entity in its sole discretion.

Developer Responsibilities:

- At the close of escrow, the Developer will purchase the Property from the Agency in its as is condition for $6,000.
- The Developer and the Agency will pay equally the costs of all escrow, recording, and notary fees, title report costs, City real estate transfer lax, and other costs and expenses of escrow, except for ad valorem taxes and assessments, if any, for any period prior to close of escrow.
- The Developer will be solely responsible for the cost of obtaining its title insurance policy.
- The Developer is solely responsible for placing the Property in all respects in a physical condition entirely suitable for the development of the Project (including undertaking any remediation work with respect to hazardous materials); removing or demolishing or otherwise accommodating any structure or improvements on the property; and removing,

demolishing or relocating any telephone cables, as required by the appropriate governmental or public entity as a condition for vacating.

- The Developer is solely responsible for all costs of investigation, removal, cleanup, treatment, transportation, disposal, and monitoring of any contamination by hazardous materials on or near the Property as required in connection with the Project, whether such contamination occurred prior to or following conveyance of the Property to the Developer.
- The Developer and the Agency waive and release each other from any claims, causes of action, liabilities or costs arising from the presence of or associated with the investigation, monitoring or remediation of any hazardous materials contamination on or near the Property, except as otherwise specifically provided in the Agreement, whether or not such contamination was known as of the date of the Agreement.
- The Developer will construct the Project in accordance with the Schematic Design Plans approved by the Agency. Any subsequent material change to the approved Schematic Design Plans must first be submitted to and approved by the Agency.
- The Developer is responsible for all aspects of the Project, including the quality and suitability of the construction plans, the supervision of construction work, and the qualifications, financial conditions, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers.
- The Developer is also solely responsible, at its own expense, for installing any off-site improvements in connection with the Project.
- The Developer will use its good faith efforts to design, develop, and construct the Project to be environmentally sustainable in conformance with the Build it Green commercial checklist published by the U.S. Green Building Council.
- The Developer will abide by the Agency's and City's employment and contracting requirements including, but not limited to, State Prevailing Wage Requirements.
- The Agreement stipulates dates (or states that the dates will be determined) for various milestones associated with the construction of the Project. Specifically, the agreement requires the Developer to file substantially complete applications for all required governmental land use approvals for the Project, submit a Financial Plan to the Agency for its review and approval, and commence and complete construction of the Project per the timeline in the Agreement.
- As a condition precedent to the close of escrow, the Developer will deposit into escrow a fully executed grant deed reconvening fee title to the Property from the Developer to the Agency if development does not occur within the stipulated periods described above.
- If the Agency elects to exercise its option to repurchase the Property, the Agency will, within 60 calendar days of written notice to exercise such option, provide the Developer with written notice of the Agency's determination of fair market value. If the Developer disputes the Agency's determination of the fair markel value, the Developer will notify

the Agency of its own determination of the fair market value. The Agreement details the procedure for reconciling the differences in opinion about fair market value.

- Upon Agency's exercise of the option, the Developer will deliver title to the Property to the agency free and clear of any such liens, leases, mortgages, or encumbrances, except for those already approved by the Agency.

II. COST OF THE AGREEMENT TO THE AGENCY

This secfion presents the total cost of the Agreement to the Agency, as well as the "net cost" of the project after consideration of the project revenues. The net cost can either be an actual cost, when expenditures exceed receipts, or a net gain, when revenues created by the implementation of the Agreement exceed expenditures.

A. Estimated Cost to the Agency

The costs to the Agency of acquiring the eleven (11) parcels that comprise the Property are as follows:

The Agency has spent approximately $4.5M to assemble parcels (title reports, appraisals, environments Phase 1 & 2 reports, acquisition, haz-mat abatement for building where applicable, building demolition where applicable, ongoing maintenance e.g. weed abatement & trash removal, parcel map (consolidating all eleven parcels into one parcel).

The Agency's purchases of these parcels were funded using bond proceeds. Interest on $4.5 million is estimated to be approximately $4.28 million over 30 years at an assumed interest rate of 5%. Principal and interest will be repaid over a 30-year period.

B. Revenues to the Agency

The consideration to be paid by the Developer to the Agency for the Property is $6,000.

C. Net Cost to the Agency

The Agency's cost is approximately $4.5 million, as summarized below:

Estimated Agency Cost (Approx.)	$4,500,000
(Less) Agency Revenue:	
Sale of Property	($6,000)
Net Cost	$4,494,000

III. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE PERMITED UNDER THE REDEVELOPMENT PLAN AND REUSE VALUE WITH THE CONDITIONS, COVENANTS, AND DEVELOPMENT COSTS REQUIRED BY THE DISPOSITION AND DEVELOPMENT AGREEMENT

A. Highest and Best Use

In December 2011, the Oakland Redevelopment Agency commissioned Yovino-Young, Inc. to conduct an appraisal of the collective parcels for the proposed shopping center property.

The appraisal by Yovino-Young concludes that the highest and best use of the subject site is the future construction of a neighborhood shopping center similar to the proposed project. The estimated market value of the subject site, assuming the site is vacant, assembled and available for development to its highest and best use, but not entitled for development of a specific project, is $2,250,000 and, if entitled for development of a specific project, $2,800,000. As noted in the appraisal, the estimated value focuses on recent land transactions to generate a reasonable value indication

B. Reuse Value

Reuse value is defined as the highest price in terms of cash or its equivalent that a property or development right is expected to bring for a specified use in a competitive open market, subject to the covenants, conditions, and restrictions imposed by the Agreement. The Agreement contains specific covenants and conditions designed to ensure that the conveyance of the Property will be carried out in a manner to achieve the City's objectives, standards, and criteria under the Redevelopment Plan.

KMA estimated the reuse value of the Property based on the anticipated development economics of the proposed Project. The private investment supported by the anticipate income is compared with the estimated development costs. The analysis uses the estimated development costs and revenues provided by the Developer and has evaluated the costs and revenues for reasonableness. Based on a financial feasibility analysis of the proposed Project, KMA concludes that the fair reuse value of the Site is $6,000.

Tables 1 through 3 present KMA's residual value analysis for the proposed Project. There are several important considerations in the analysis, including:

1. The specific project described in the Agreement is to be developed. The Developer is required to construct a first class, signature commercial/retail development that incorporates high quality features.
2. Development of the Project must occur shortly after conveyance of the Property. Speculation by holding the land and not developing is not allowed.

3. The location has a downward impact on the reuse value of the Property as illustrated by:
    a. The location has a downward impact on rents. The anchor tenant rent (Walgreens) is at $26 and we are aware of this tenant paying substantially higher rent. The in line shop average annual rent is $26. We are aware of a similar project within approximately 5 miles of this project and the average annual rent for in line shop space is $38, or $12 per sq.ft. higher. The lower achievable rent has a downward impact on the land value supported.
    b. There are extraordinary security costs that are estimated by the Developer to be approximately $10,000 per month.

Development Costs

In estimating development costs, KMA reviewed the financial pro forma submitted by the Developer. KMA made various adjustments to the Developer pro forma based on our experience with similarly sized retail projects. As shown in Table 2, the development costs for the Project, excluding land acquisition, are estimated by the Developer to total approximately $7,329,000. This equates to $272 per rentable square foot (RSF). These costs include the following:

- Land acquisition related expenses (e.g. legal and closing costs) of $20,000.
- Site Improvement costs of $750,000 or $10 per sq.ft. of land area.
- Direct construction costs, such as builder's overhead and profit, tenant improvements and contingency, are estimated to total approximately $5,011,000 million. This equates to $186 per RSF. These costs are inclusive of the requirement to pay prevailing wages during construction as well as compliance with the City of Oakland's Living Wage Ordinance.
- Indirect costs, such as architecture, engineering, public permits and fees, legal and accounting, taxes and insurance, marketing, leasing commissions, developer fee, and contingency, are projected to be $1,275,000, or approximately 25% of direct costs.
- Financing costs, consisting of loan fees and interest during construction, are estimated to be $273,000 or 5.6% of direct costs. The estimated construction loan is $6 million.

Net Operating income

Table 3 presents the estimate of stabilized net operating income (NOI) estimated by the Developer. KMA reviewed the revenue projection and compared it to other similar projects with which we are familiar.

The KMA pro forma analysis considers the Developer's NOI projection and is based on specific lease negotiations with prospective tenants. The NOI projection of approximately $569,468 reflects the following assumptions:

- As stated above, the location has a downward impact on rents. The anchor tenant rent (Walgreens) is at $26 and we are aware of this tenant paying substantially higher rent.. The in line shop average annual rent is $26.10/year (or $2.18/month) per RSF triple net (NNN). The rent is supported by documentation from the tenants. We are aware of a similar project within approximately 5 miles of this Project and the average annual rent for in line shop space is $38, or $12 per sq.ft. higher. The lower achievable rents has a downward impact on the land value supported.
- A vacancy factor of 5% of the in-line shops, excluding the anchor space (Walgreen's).
- Reimbursable expenses and reimbursable revenues from Tenants are included. Reimbursable expenses include common area maintenance (CAM), insurance and property taxes. As part of CAM, there are extraordinary security costs that are estimated by the Developer to be approximately $10,000 per month.
- Annual unreimbursed operating expenses including management fees at 6% of gross rent after vacancy and $.15 of non-reimbursable expenses.

The projected annual net operating income (NOI) is $623,512.

Reuse Value

The reuse land value supported by the Project can be estimated as the difference between the total development costs, exclusive of land acquisition, and the private investment supported by the NOI. As shown in Table 3, KMA estimates that the private investment supported by the projected rents is approximately $7,335,000, based on an 8.5% return of cost (ROC). An 8.5% ROC allows for an approximately 10% to 15% profit, depending upon the value at completion of the Project. The difference between the private investment supported and total development costs of $7,329,000 represents the reuse land value for the Property which is estimated at $6,000, as follows:

	Value (Rounded)*
Net Operating Income (NOI)	$523,512
Return of Cost	8.5%
Private Investment Supported	$7,335,000
Less: Total Development Costs	($7,329,000)
Estimated Reuse Value	$6,000

*Numbers may not add up due to rounding

In conclusion, the estimated Reuse Value is $6,000.

IV. CONSIDERATION RECEIVED AND REASON THEREFORE

The consideration being paid to the Agency for the Properties is less than the highest and best use value of up to $2.8 million.

The Agency has determined that the development of a retail center as stipulated in the Agreement offers the best complementary uses for the Project Area and will best further the overall goals of the Agency's plan for the Neighborhood and to promote the long term vitality of the City. The Agreement between the Agency and the Developer incorporates the following covenants and conditions, which are designed to ensure that the conveyance of the Property will be carried out in a manner to achieve the City's objectives, standards, and criteria under the Redevelopment Plan:

- The Agreement imposes a covenant on the use of the Property so that it can only be used for the development and operation of a retail center.
- The Agreement imposes the obligation on the Developer and its contractors to comply with applicable governmental requirements, including (to the extent applicable) the payment of state prevailing wages and Living Wages during construction.
- The Developer is required to construct a first class, signature commercial/retail development that incorporates high quality features.
- The Developer is required to adhere to the schedule of performance contained in the Agreement, notwithstanding current market and financing conditions for new commercial/retail development.
- The Agreement includes an option agreement that enables the City the right to take back the Property if the Developer fails to meet the development schedule.

Because of such covenants and conditions, the compensation to the Agency is lower than the fair market value at highest and best use.

V. ELIMINATION OF BLIGHT

The Property is located in the Central City East Redevelopment Project Area ("Project Area") in the City of Oakland. The Project Area was established in 2003 after neighborhood groups, including merchants, requested that the City Council include the area in a redevelopment project Residents were frustrated with deteriorating conditions along the commercial corridors in the central and eastern portions of the City and the impact on the adjacent residential areas. Residents cited deteriorated and vacant buildings, prostitution and drug trafficking as specific problems impacting the area.

Residents have expressed strong interest in supporting neighborhood commercial uses. However, the present appearance of Foothill Boulevard gives an overall depressed impression to the entire area. In some areas blight is unchecked. Speeding, reckless drivers and loitering, particulariy at liquor stores has created an environment conducive to crime. Local Neighborhood Crime Prevention Councils are vigilant in their efforts to work with law enforcement to maintain a sense of safety on the corridors and in the surrounding residential areas. The Agency has focused resources on improving the safety and appearance of the street by completing an expanded streetscape program along with improvements in existing buildings.

Despite these efforts, the present conditions have proven to deter legitimate retailers and developers, and only a few marginal businesses have attempted to open recently. Furthermore, the large number of inadequately sized parcels in multiple ownerships prevent the development of contemporary facilities.

Implementation of the proposed Agreement can be expected to assist in the alleviation of blighting conditions through the following:

- Achievement of an environment reflecting a high level of concern for architectural, landscape, and urban design and land use principles appropriate to attainment of the objectives of the Redevelopment Plan and capable of attracting new retailers to the area. Starbucks, Walgreens, The UPS Store, and Subway are among the retailers who haye expressed interest in locating at Seminary Point.
- Provision for increased revenues to the City, including sales, business license, and other fees, taxes, and revenues to the City.
- Provision for tax increment to provide funds necessary to finance rehabilitation and development programs which cannot be accomplished through existing publicly funded programs or by the private sector acting alone to eliminate blighting influences in the Project Area.
- Creation and development of local job opportunities and the preservation of the area's existing employment base.
- Creating a sense of safety in the Area by attracting a constant flow of customers to the area.

VI. CONFORMACE WITH FIVE-YEAR IMPLEMENTATION PLAN

The Redevelopment Plan for the Central City East Redevelopment Project was adopted in 2003. This "Area Plan" provides the Agency with powers, duties and obligations to implement and further the redevelopment, rehabilitation and revitalization of the Project Area. The goals of the Plan include:

A. Stimulating in-fill development and land assembly opportunities on obsolete, underutilized, and vacant properties in the Project Area that present health and safety hazards.

B. Attracting new businesses and retain existing businesses in the Project Area, providing job training and employment opportunities for Project Area residents.

C. Improving transportation, open space, parking, and other public facilities and infrastructure throughout the Project Area.

D. Revitalizing neighborhood commercial areas and strengthening retail in the Project Area.

These goals are to be accomplished through the following strategies:

A. Assembling adequate sites for the development and construction of residential, commercial, industrial, or public facilities;

B. Demolishing or removing buildings and improvements, when necessary;

C. Conveying sites to redevelopers for the development and construction of residential, commercial, industrial, or public facilities; and

D. Promoting redevelopment by private redevelopers or other public agencies for uses in accordance with the Plan.

The 2008-2013 Implementation Plan incorporates the goals delineated in the Area Plan and identifies specific programs and activities to execute the strategies discussed. According to the Implementation Plan the Agency will focus its activities in the near-term on eliminating physical and economic blight conditions through the construction of public improvements and utilities, and assisting the private sector in developing vacant and/or underutilized properties. It is hoped that the Implementation Plan as proposed will encourage further private sector investment in both commercial and residential designated areas.

One of the specific programs during the 2008-2013 period of the Redevelopment Plan is a Land Assembly and Relocation Program. The purpose of this program is to assist private, public, and non-profit developers in assembling small, underutilized and/or poorly configured parcels of property into sites suitable for new development. According to the Implementation Plan the Agency may assist in the selective assembly of land through voluntary purchase, negotiated purchase, or eminent domain. By assembling small parcels, the Agency will reduce the number of inadequate sized parcels in multiple ownerships and provide adequate space to develop contemporary facilities. The program may also include site preparation activities such as demolition and clearance, and assistance for environmental remediation.

The Implementation Plan specifically identifies Disposition and Development Agreement (DDAs) as a tool for providing land write downs or to grant or loan money to assist new retail, commercial, or housing development of expansion of existing facilities.

The sale of the Property to Seminary Point, LLC conforms to the goals and programs stated in the Area Plan as well as the Implementation Plan as described above.

Table 1
Summary
Seminary Point Shopping Center
Oakland, CA

I. Development Program

Site Size	73,616	sq. ft.	1.69	acres

Retail Building Area	Sq. Ft.	
Walgreens	14,250	53%
Financial	4,300	16%
Food Service	1,200	4%
Starbucks	1,800	7%
Drive Thru	1,200	4%
Subway	1,200	4%
Restaurant	2,000	7%
UPS Store	1,000	4%
Total	26,950	100%

FAR	0.37

Parking				
On-site Parking (surface)	73	spaces	2.71	/1,000 SF

II. Development Costs

	PSF	Total
Land	$1	$20,000
Site Improvements	$28	$750,000
Directs, incl. Tenant Improv	$186	$5,011,000
Indirects	$47	$1,275,000
Financing	$10	$273,000
Total	$272	$7,329,000

III. Income

Gross Rents	$26.10	$703,420
Reimbursements	$11.36	$306,025
(Less) Vacancy	($1.18)	($31,719)
Effective Gross Income	$36.28	$977,726
(Less) Expenses	($13.14)	($354,213)
NOI	$23.14	$623,512

IV. Reuse Value

Private Investment Supported @	8.5% ROC	$7,335,000
<Less> Development Costs		($7,329,000)
Reuse Value		$6,000

Prepared by Keyser Marston Associates, Inc.
T:\17\17019\023\Seminary Point Proforma Summary 1_24_12.xls; Summary; 3/30/12

Table 2
Development Costs
Seminary Point Shopping Center
Oakland, CA

Net Rentable Sq. Ft	26,950	
Total number of parking spaces	73	
Parking Ratio (per 1,000sf)	2.71	
Site Area	73,616	

	$/RSF	
Land Acquisition		
Land		$0
Legal & Other [1]	$1	$20,000
Total Land Acquisition	$1	$20,000
Site Improvements		
On-Site [1]	$28	$750,000
Off-Site		$0
Total Site Improvements	$28	$750,000
Direct Costs		
Hard Costs [1]	$142	$3,820,000
Contingency	$6	$229,000
Tenant Improvements [1]	$36	$962,000
Total Directs	$166	$5,011,000
Indirect Costs [2]		
A&E Fees	$11	$288,000
Fees & Permits	$13	$346,000
Accounting & Legal	$2	$58,000
Property Taxes during Const. [1]	$0	$11,000
Broker Commissions [1]	$13	$362,000
Developer Fee	$6	$150,000
Soft Cost Contingency	$2	$60,000
Total Indirects	$47	$1,275,000
Financing		
Construction Loan Int. [1]	$4	$120,000
Debt Placement Fee [1,2]	$4	$120,000
Capital Placement Fee [1,2]	$1	$33,000
Total Financing	$10	$273,000
Total Development Costs	$272	$7,329,000

[1] Based on Developer estimate. Profoma dated 10/19/2011.
[2] Developer's proforma includes Debt and Capital Placement Fees under Indirect Costs.

Prepared by Keyser Marston Associates, Inc.
T:\17\17019\023\Seminary Point Proforma Summary 1_24_12.xls; Costs Summary; 3/30/12

Table 3
Estimated Reuse Value
Seminary Point Shopping Center
Oakland, CA

		Sq. Ft	PSF	Annual Income
I. Income[1]				
Walgreens		14,250	$ 26.32	$375,060
Financial		4,300	$ 28.00	$120,400
Food Service		1,200	$ 25.80	$30,960
Starbucks		1,800	$ 33.00	$59,400
Drive Thru		1,200	$ -	$0
Subway		1,200	$ 30.00	$36,000
Restaurant		2,000	$ 25.80	$51,600
UPS Store		1,000	$ 30.00	$30,000
Gross Rents		26,950	$26.10	$703,420
Reimbursements			$11.36	$306,025
Admin Fee on CAM				$0
Total Gross Income			$37.46	$1,009,445
(Less) Vacancy[2]	5%		($1.18)	($31,719)
Effective Gross Income			$36.28	$977,726
II. Operating Expenses[1]				
Management & Asset Mgt. Fee			($2.47)	($44,108)
Non reimburseable expenses			($0.15)	($4,080)
Reimbursable Expenses			($11.36)	($306,025)
Total			($13.14)	($354,213)
III. NOI			$23.14	$623,512
IV. Reuse Value				
Private Investment Supported @		8.5% ROC		$7,335,000
(Less) Development Costs				($7,329,000)
Reuse Value				$6,000

[1] Based on Developer estimate. Profonna dated 10/19/2011.
[2] Vacancy estimated, excluding Walgreens and including reimbursements

Prepared by Keyser Marston Associates, Inc.
T:\17\17019\023\Seminary Point Proforma Summary 1_24_12.xls; Income Summary; 3/30/12

ATTACHMENT D
FOOTHILL SEMINARY DEVELOPMENT

Foothill Seminary Development - Seminary Point Retail Development	Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Revenue to the City																					
Sales Tax	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753	$57,753
Permit Fees	$152,000																				
Business License Tax	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810	$9,810
Utility Tax	$3,348	$3,348	$9,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348	$3,348
Property Tax	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000
Total	$229,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911	$77,911

Net Present Value	$1,058,833	Discounted Value 4%

Constuction Jobs	52	The formula is development costs of project/$140,000
Permanent Jobs	54	The formula is square feet of retail space/500
Total	106	

Sales Tax	*The formula is + 0.143/square feet*
Permit Fees	*This was provided by building services given the development costs of the project.*
Business License Tax	*The formula is .34/square feet*
Utility Tax	*The formula is .143/square feet*
Property Tax	*The Property tax is 1.17% of $8,537,218 which is $99,885. The share to the City is provided after AB1290 20% pass through the City receives 34.55% of that amount is apx $7,000.*

Assumptions	
Size of Site(Sq Ft)	73,816
Retail Square Feet	28,950
Total Development Cost	$7,329,000
Construction Cost (Hard)	$5,737,218
Land Value of Consideration	$2,800,000

4/9/2012

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2012 APR 17 AM 10: 44

APPROVED AS TO FORM AND LEGALITY

DEPUTY CITY ATTORNEY

ORDINANCE NO. 13114 C.M.S.

AN ORDINANCE AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH SUNFIELD DEVELOPMENT, LLC, FOR THE SALE OF PROPERTY AT FOOTHILL BOULEVARD AND SEMINARY AVENUE FOR $6,000 FOR DEVELOPMENT AS A RETAIL SHOPPING CENTER, AND ALLOCATING $150,000 FOR REMEDIATION OF THE SITE

WHEREAS, the City owns eleven contiguous vacant parcels of land located at the southwest comer of Foothill Boulevard and Seminary Avenue (the "Property"), consisting of 1.69 acres, as more particularly described in the staff report accompanying this Ordinance; and

WHEREAS, the City purchased the Property from the Redevelopment Agency of the City of Oakland in 2012 for development purposes; and

WHEREAS, on September 4, 2009, a Notice of Development Opportunities ("**NODO**") was issued to solicit development proposals for the Property; and

WHEREAS, of the three proposals received in response to the **NODO**, the City's review panel awarded the highest number of points to the proposal submitted by Sunfield Development, LLC ("Sunfield"); and

WHEREAS, Sunfield has proposed to develop approximately 26,950 square feet of new neighborhood-serving retail uses with 73 off-street parking stalls; and

WHEREAS, a reuse value analysis undertaken by Keyser Marston Associates, Inc., concludes that, based on a financial feasibility analysis of the proposed project, the fair reuse value of the Property is nominal; and

WHEREAS, staff is recommending that $150,000 be allocated as an allowance to Sunfield to pay for remediation costs; and

WHEREAS, a Disposition and Development Agreement ("DDA") will set forth the terms and conditions under which the City will sell the Property to Sunfield and by which Sunfield will construct improvements on the Property; and

WHEREAS, the City Council has adopted Ordinance No. 10142 C.M.S., which establishes procedures for the sale and lease of City-owned property which is not surplus; and

WHEREAS, the sale of the Property to Sunfield for development and operation as a neighborhood-serving commercial retail center will further the health, safety, and general welfare of the residents of the City of Oakland by improving access to local goods and services and bringing a pharmacy and wellness services to the East Oakland community; and

WHEREAS, the development of the Property will eliminate physical blight, bring a vacant property to productive economic use, and act as a catalyst for the Foothill Seminary commercial district, and will generate financial benefits for the City from property taxes, business license, sales taxes, and utility taxes; and

WHEREAS, given the financial feasibility of the proposed project and the need to make the project work, the sale of the Property to Sunfield at a nominal cost of $6,000 is necessary; now, therefore

The Council of the City of Oakland does ordain as follows:

SECTION 1. The City Council hereby authorizes the conveyance of the Property to Sunfield Development, LLC, or an affiliated entity approved by the City Administrator, for the price of $6,000, in return for an agreement by the developer to develop and operate the Project as a neighborhood-serving commercial retail center.

SECTION 2. The City Council further allocates $150,000 available from the Funding Agreement advance from the Central City East project area within the Central City East Capital Fund (5640) as an allowance to the developer for environmental remediation of the Property.

SECTION 3. The City Council hereby authorizes the City Administrator or her designee to negotiate and execute a Disposition and Development Agreement with Sunfield Development, LLC, or an affiliated entity approved by the City Administrator, for the sale and development of the Property consistent with the terms of this Ordinance, as well as negotiate and execute grant deeds and any other agreements or documents as necessary to convey the Property to Sunfield upon the satisfaction of any preconveyance conditions imposed by the City Administrator or her designee.

SECTION 4. Pursuant to Sections 1 and 8(c) of Ordinance No. 10142 C.M.S., the City Council hereby finds and determines that it is in the best interest of the City to sell the Property by negotiated sale to Sunfield at its fair reuse value given the need to redevelop the Property for the benefit of the community.

SECTION 5. All agreements associated with the Property and the project shall be reviewed and approved as to form and legality by the Office of the City Attorney prior to execution by the City, and shall be placed on file with the City Clerk.

SECTION 6. The City Council finds and determines that the sale of the Property and the project are exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15332 of the CEQA regulations (in-fill exemption).

SECTION 7. The City Administrator or her designee is hereby authorized to file a notice of detennination with the Office of the Alameda County Recorder and the State Office of Planning and Research, and to take any other action necessary in furtherance of the Project consistent with this Ordinance and its basic purposes.

SECTION 8. The record before this Council relating to this Ordinance includes, without limitation, the following:

A. All staff reports, decision letters and other documentation and information produced by or on behalf of the City, including without limitation the Planning Commission Report, and all notices relating to this Ordinance and the DDA;

B. All oral and written evidence received by City staff and the City Council before and during the consideration of this Ordinance, including without limitation the Planning Commission consideration of general plan conformity;

C. All matters of common knowledge and all official enactments and acts of the City, such as (1) the General Plan; (2) the Oakland Municipal Code, including, without limitation, the Oakland real estate regulations; (3) the Oakland Planning Code; (4) other applicable City policies and regulations; and (5) all applicable state and federal laws, rules and regulations.

SECTION 9. The custodians and locations of the documents or other materials which constitute the record of proceedings upon which the City Council's decision is based are respectively: (a) the Office of Neighborhood Investment, 250 Frank H. Ogawa Plaza, 5th floor, Oakland CA; (b) Planning and Neighborhood Preservation Department, Planning Division, 250 Frank H. Ogawa Plaza, 3rd floor, Oakland CA; and (c) the Office of the City Clerk, 1 Frank H. Ogawa Plaza, 1st floor, Oakland, CA.

SECTION 10. The City Clerk is authorized and directed to retain a copy of the Final Report in the record of proceedings for this Project which shall be maintained by the City Clerk.

SECTION 11. The recitals contained in this Ordinance are true and correct and are an integral part of the Council's decision.

SECTION 12. This Ordinance shall be in full force and effect immediately upon its passage as provided by Section 216 of the City Charter if adopted by at least six members of Council, or upon the seventh day after final adoption if adopted by fewer votes.

IN COUNCIL, OAKLAND, CALIFORNIA, MAY 15 2012, 2012

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, ~~DE LA FUENTE~~, KAPLAN, KERNIGHAN, NADEL, SCHAAF, AND PRESIDENT REID – 7

NOES- De La Fuente – 1

ABSENT- 0

ABSTENTION- 0

ATTEST: LaTonda Simmons

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

Introduction Date APR 30 2012

AN ORDINANCE AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH SUNFIELD DEVELOPMENT, LLC, FOR THE SALE OF PROPERTY AT FOOTHILL BOULEVARD AND SEMINARY AVENUE FOR $6,000 FOR DEVELOPMENT AS A RETAIL SHOPPING CENTER, AND ALLOCATING AND APPROPRIATING $150,000 FOR REMEDIATION OF THE SITE

NOTICE AND DIGEST

This Ordinance authorizes the sale of City-owned real property located at Foothill Boulevard and Seminary Avenue to Sunfieid Development, LLC, for $6,000 for development of a neighborhood commercial retail center on the site. This Ordinance also authorizes the City Administrator to negotiate and enter into a Disposition and Development Agreement with Sunfield Development LLC for this transaction, and makes associated findings with respect to the California Environmental Quality Act (CEQA) and other matters.