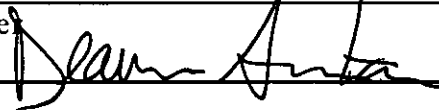


# AGENDA REPORT

TO: DEANNA J. SANTANA  
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: OMSS Lease and/or Proiogis CCIG Waiver    DATE: November 22, 2013

City Administrator Approval  Date 11-25-13

COUNCIL DISTRICT: #3

## RECOMMENDATION

Staff recommends that the City Council accept this Informational Report:

Presenting the City's Execution of a Lease with Oakland Maritime Support Services, Inc., or a Related Entity, for Approximately 17 Acres of Land in the Central and North Gateway Areas of the Former Oakland Army Base; and/or

Presenting the Agreement of Proiogis CCIG Oakland Global, LLC ("Developer"), Master Developer for the Former Oakland Army Base, in Which it Waives its Rights Under the Lease Disposition and Development Agreement Between the City and Developer (Effective December 4, 2012) to Exclusively Negotiate Regarding Property Designated for Truck Parking and Related Services at the Former Oakland Army Base

## EXECUTIVE SUMMARY

By the date of this Special Council meeting, the City of Oakland will have either entered into a binding lease with Oakland Maritime Support Services, Inc. ("OMSS"), or received from Proiogis CCIG Oakland Global, LLC an agreement to defer entering into exclusive negotiations for approximately 17 acres of land designated for truck and related services in the Central and North Gateway Areas of the former Oakland Army Base.

Under the Lease Disposition and Development Agreement ("LDDA") between the City and Proiogis CCIG Oakland Global, LLC ("Developer"), Developer has the right to enter into exclusive negotiations for ninety (90) days with the City for the 17 acres of land if the City has not entered into a binding lease for the property by December 4, 2013. The City desires to continue negotiating a long-term ground lease with OMSS for the property, and Developer has expressed its willingness to defer the City's obligation for a period of six months and to provide the City with the option to extend the waiver an additional six months in two three-month increments if required. If the City has not received Developer's agreement in writing to waive its right to negotiate for the property as described above prior to this meeting date, the City would enter into the lease with OMSS.

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The lease would be effective as of December 3, 2013 for the term of one year. Staff will advise the Council at the meeting of either the exact date of execution or the receipt of Developer's agreement.

### **OUTCOME**

The lease provides the City and OMSS with sufficient time to complete the negotiation of an LDDA and a long-term ground lease for the 17-acre site.

The Developer's agreement to defer its right to enter into exclusive negotiations for the 17-acre site for a period of six months would also provide the City and OMSS with sufficient time to complete the negotiation of an LDDA and ground lease between the City and OMSS for the site

### **BACKGROUND/LEGISLATIVE HISTORY**

In 2012, the City and Developer entered into an LDDA for the development of public and private improvements on approximately 160 acres of the former Oakland Army Base. The LDDA contemplated that the City and Developer would enter into ground leases for approximately 108 acres of the Army Base (the "Lease Property") in phases as public improvements were completed. Excluded from the Lease Property was the approximately 17-acre site in the Central and North Gateway Areas due to the City's desire to continue its negotiations with OMSS for the development of a trucking facility on that 17-acre site. The City had been negotiating with OMSS to develop the facility in the East Gateway Area of the Army Base, but master planning for the Army Base determined that the 17-acre site was a more appropriate location for trucking services.

Section 1.5.1.1 of the LDDA put a time limit on the amount of time the City and OMSS had to negotiate and execute a lease for the new location. It states that if the City has not entered into a binding lease for the 17-acre site within one year of the effective date of the LDDA (December 4, 2012), then the Developer has the right to negotiate exclusively with the City for ninety (90) days to enter into a ground lease for the site.<sup>1</sup>

### **ANALYSIS**

The City and OMSS have not completed negotiation of an LDDA and a long-term ground lease. A one-year lease for the 17-acre site requires OMSS to pay fair market rent for the property when it becomes available for occupancy by OMSS. In the interim, the City and OMSS can pursue negotiations for an LDDA and a long term ground lease.

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<sup>1</sup> The LDDA provides that the City would not be liable if it ultimately decided after conclusion of negotiations that it did not wish to execute a lease with the Developer.

Developer has agreed to waive this right for six months and to provide the option for a six month extension. This waiver provides the City and OMSS with the time necessary to complete the negotiation of an LDDA and a long-term ground lease for the 17-acre site.

### PUBLIC OUTREACH/INTEREST

The West Oakland community has had a long term interest in the development of a trucking facility at the Army Base, and more than 50 community members came out in support of OMSS at the first reading of an ordinance authorizing the City Administrator to negotiate and execute an LDDA and ground lease with OMSS.

### COORDINATION

The Army Base staff of the Office of Neighborhood Investment is coordinating with the City Attorney's Office, the City Administrator's Office, OMSS and Developer. This report has also been reviewed by the Budget Office.

### COST SUMMARY/IMPLICATIONS

There are no cost implications to the lease with OMSS or Developer's agreement to waive temporarily its right to negotiate a ground lease for the 17-acre site.

### SUSTAINABLE OPPORTUNITIES


**Economic:** This information report does not provide any additional economic benefits or opportunities.

**Environmental:** This information report does not provide any additional environmental benefits.

**Social Equity:** This information report does not provide any additional social equity benefits.

For questions regarding this report, please contact HUI WANG, URBAN ECONOMIC ANALYST, at (510) 238-7693.

Respectfully submitted,



FRED BLACKWELL  
Assistant City Administrator

Prepared by:  
Hui Wang, Urban Economic Analyst  
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December 3, 2013