

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2007 NOV 29 PM 7:49

To: Office of the City/Agency Administrator
Attn: Deborah Edgerly
From: CEDA/Real Estate Division
Date: December 11, 2007

Re: An Agency Resolution Authorizing The Purchase Of Real Property Located At 710-73rd Avenue In The Coliseum Redevelopment Project Area For Redevelopment Purposes From James A. and Frances Lee Metz, For A Purchase Price Of \$515,000, Plus Environmental Insurance and Customary Real Estate Closing Costs Not To Exceed \$56,500

SUMMARY

This parcel at 710 73rd Avenue (the "Property") is located in the Oakland Coliseum Redevelopment Project Area, and is included in Phase Three of the Transit Oriented Development Area. The parcel is identified in "Attachment A". The proposed use of the parcel is for a BART Parking Replacement Site. The owners of the property, James A. Metz and Frances Lee Metz have agreed to convey the property, subject to an existing lease, at the appraised value of \$515,000 plus customary real estate closing costs not to exceed \$6,500. The Agency would also purchase environmental insurance for the property for a cost not to exceed \$50,000.

FISCAL IMPACT

The funding for the acquisition of the property is available from the Coliseum Redevelopment Project Area Tax Allocation Bonds, Series 2006 (Taxable) Fund (9456), Capital Improvement Project – Economic Development Organization (94800), Coliseum Land Acquisition – Taxable Bond Project (T315820). Tenant's rent of \$3,000 per month will be deposited into Coliseum Redevelopment Area project funds.

BACKGROUND

The Agency wishes to alleviate general blight and unsafe conditions in the Coliseum Redevelopment Project Area and, in conjunction with BART, pursue the development of a Coliseum Transit Village on the existing BART Coliseum Station parking lot. BART has stated that replacement parking must be identified and acquired in order to proceed with the Coliseum Transit Village development plan. The Agency would propose to use the property as a surface parking lot for BART parking.

Item: _____
Finance and Management Committee
December 11, 2007

KEY ISSUES AND IMPACTS

The property has been appraised and the fair market value of \$515,000 was supported subject to the site being clean of soil and ground water contaminants.

The acquisition of this 22,651 sq. ft. parcel would allow the Agency to combine this parcel with other adjacent, vacant Agency-owned property, providing an opportunity to create a larger parcel that would facilitate development of a surface parking lot. The proposed larger parking lot would better serve the area residents and BART and improve physical conditions in the Coliseum Redevelopment Project Area.

Acquisition of this parcel would contribute to reduction of blight in the Project Area by redeveloping an underutilized parcel and upgrading a blighted, substandard, and obsolete facility into a new parking area to promote the Coliseum Transit Village Project. This acquisition is consistent with the implementation plan adopted for the Coliseum Project Area.

The soil on the property was contaminated; however it has since been remediated via a soil remediation plan. Soil remediation was undertaken, completed and approved by the California Department of Toxic Substance Control (“DTSC”).

DTSC has informed the City that there is ground water contamination of the site. DTSC’s findings suggest that the contamination has been generated by former property owners. Two of those owners, Honeywell and Purex Corporations, have entered a voluntary agreement with DTSC to undertake the clean-up. The details of the voluntary agreement were made available to the City on November 19, and are being reviewed by Environmental Services Division. If the Corporations do not provide the voluntary clean-up to DTSC’s satisfaction, and the property requires additional ground water remediation, the Agency, as owner of the property, will be responsible for the required clean-up. It could be as long as a year before DTSC determines the effectiveness of the clean up by Honeywell and Purex. The cost of such clean up can partially be covered by the Agency securing an environmental insurance policy.

The property is currently occupied by a tenant, Allstate Pallet Company. The Agency may be responsible for tenant relocation if the Agency proceeds with project development prior to the end of the tenant’s lease term. The remaining term of the lease is nine years; however there is a mutual termination clause in the lease. As the result of the BART Airport Connector Project, with construction expected to begin next year, the surface parking lot project will not proceed for a minimum of three years.

PROJECT DESCRIPTION

The Coliseum Redevelopment Project Area was created in 1995 and is a dynamic location for mixed-use transit village, commercial and industrial facilities, and retail development. The area

is a regional transportation hub which includes the Coliseum BART Station, AC Transit routes, the soon to be built Airport Connector and the Coliseum Intercity Rail Station (AMTRAK/Capitol Corridor).

SUSTAINABLE OPPORTUNITIES

Economic: Redevelopment will provide for an enhanced tax base for the City, and provide for employment in a number of industries, including hotel, office, R&D, retail, entertainment and restaurant

Environmental: Former industrial land will be environmentally cleaned, existing blighted developments will be replaced with modern sustainable building construction and major streetscape improvements will be made.

Social Equity: Redevelopment will open employment opportunities to Oakland residents, both in the construction field and commercial areas. In-fill affordable housing in the Redevelopment area will enable residents to be able to easily access nearby transportation.

DISABILITY AND SENIOR CITIZEN ACCESS

The development will provide for all Title 24 requirements for accessibility to disabled and handicapped persons.

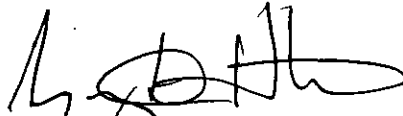
RECOMMENDATION(S) AND RATIONAL

It is recommended that the Agency approve the Resolution authorizing the purchase of real property located at 710 – 73rd Avenue to continue with the redevelopment efforts within the Coliseum Redevelopment Project Area. This parcel represents a key acquisition to satisfy the proposed BART parking requirement for the proposed Coliseum Transit Village.

ACTION REQUESTED OF THE AGENCY

It is requested that the Agency approve the Resolution to acquire the real property located at 710 – 73rd Avenue in the amount of \$515,000, plus closing costs and environmental insurance not to exceed \$56,500.

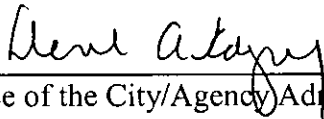
Respectfully submitted,



Gregory Hunter, Deputy Director
Economic Development and Redevelopment
Community and Economic Development Agency

Prepared by: Frank Fanelli, Manager
CEDA Real Estate Division
Community and Economic Development Agency

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City/Agency Administrator

Item: _____
Finance and Management Committee
December 11, 2007

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2007 NOV 29 11:17:59 APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION NO. _____ C.M.S.

AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY LOCATED AT 710-73RD AVENUE IN THE COLISEUM REDEVELOPMENT PROJECT AREA FOR REDEVELOPMENT PURPOSES FROM JAMES A. AND FRANCES LEE METZ, FOR A PURCHASE PRICE OF \$515,000, PLUS ENVIRONMENTAL INSURANCE AND CUSTOMARY REAL ESTATE CLOSING COSTS NOT TO EXCEED \$56,500

WHEREAS, the Oakland Redevelopment Agency (the "Agency") desires to alleviate general blight and unsafe conditions in Coliseum Redevelopment Project Area and, in conjunction with the Bay Area Rapid Transit District ("BART"), to pursue the development of a Coliseum Transit Village on the existing BART Coliseum Station parking lot to better serve the neighborhood; and

WHEREAS, BART has stated that replacement parking must be identified and acquired in order to proceed with the Coliseum Transit Village development plan; and

WHEREAS, the property located at 710-73rd Avenue (APN 041-4173-003-06), depicted on Exhibit A, attached hereto, owned by James A. and Frances Lee Metz, is adjacent to the present BART parking lot in the Coliseum Redevelopment Project Area; and

WHEREAS, the owners of the property wish to sell the property to the Redevelopment Agency to assist the Agency in its redevelopment efforts; and

WHEREAS, Section 33391 of the California Health and Safety Code provides authorization for property acquisition by the Agency; and

WHEREAS, the Redevelopment Agency wishes to acquire the Metz property so that the Agency can redevelop the property for use as a surface parking lot and alleviate blighting, obsolete, and substandard conditions on the property and in the neighboring area; and

WHEREAS, the Agency has negotiated a purchase and sales agreement for the Property whereby the seller will sell the property for \$515,000, plus closing costs not to exceed \$6,500; and

WHEREAS, the property is occupied by a tenant that will continue to lease the site until such time as the property is required for the Coliseum Transit Village Project, and

WHEREAS, the Department of Toxic Substances Control for the State of California ("DTSC") completed remediation of contaminated soil on the Property, and has identified ground water contamination which it believes may be generated on adjacent properties; and

WHEREAS, DTSC has entered a voluntary clean-up agreement with adjacent property owners, Purex and Honeywell Corporations, for ground water remediation, and

WHEREAS, if the voluntary ground water clean-up does not proceed, the Agency may be required to undertake the remediation on the Property, and the cost of such ground water clean-up can be covered by an environmental insurance policy, and

WHEREAS, the estimated premium of the environmental insurance policy will not exceed \$50,000; and

WHEREAS, the requirements of the California Environmental Quality Act ("CEQA") the CEQA guidelines as prescribed by the Secretary of Resources, and the provisions of the Environmental Review Regulation of the City of Oakland have been satisfied; now, therefore be it

RESOLVED: That the Agency hereby finds and determines as follows:

1. That the funding of the acquisition of the 710-73rd Avenue parcel from redevelopment funds will benefit the Coliseum Redevelopment Project Area by creating a larger lot to facilitate development of a surface parking lot to better serve area residents and BART, and improve physical conditions in the Coliseum Redevelopment Project Area;
2. That the Agency's contribution to the cost of acquisition of the Property for parking will assist in elimination of one or more blighting conditions in the project area;
3. That reduction of blight in the Project Area by redeveloping an underutilized parcel and upgrading a blighted, substandard, and obsolete facility into a new parking area to promote the Coliseum Transit Village Project is consistent with the implementation plan adopted for the Coliseum Project Area;
4. That no other reasonable means of financing the acquisition of the Property are available; and be it

FURTHER RESOLVED: That the Agency hereby authorizes the purchase of the property at 710-73rd Avenue (APN 041-4173-003-06) for a purchase price of \$515,000 and customary real estate closing costs not to exceed \$6,500; and be it

FURTHER RESOLVED: That the Agency Administrator is authorized to negotiate and execute a purchase and sales agreement for the purchase of the property, and purchase environmental insurance for the property for an amount not to exceed \$50,000; and be it

FURTHER RESOLVED: That these funds will be allocated from the Coliseum Redevelopment Project Area Tax Allocation Bonds, Series 2006 (Taxable) Fund (9456), Capital Improvement Project – Economic Development Organization (94800), Coliseum Land Acquisition – Taxable Bond Project (T315820); and be it

FURTHER RESOLVED: That any revenue produced by the lease be deposited into Fund (9450) Real Estate Org. (88639) Account (44420); and be it

FURTHER RESOLVED: That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the Agency is exempt from CEQA under Section 15183 (projects consistent with a General Plan), Section 15301(l) (existing facilities with no additional expansion of the existing facility), Section 15308 (actions by regulatory agencies to protect the environment), and Section 15311(b) (accessory building and small parking lot) of the CEQA Guidelines, and directs the Agency Administrator to file a Notice of Exemption with the County of Alameda; and be it

FURTHER RESOLVED: That the purchase and sale agreement shall be approved as to form and legality by Agency Counsel prior to execution and a copy shall be filed with the Agency Secretary; and be it

FURTHER RESOLVED: That the Agency Administrator or her designee is hereby authorized to take whatever other actions are necessary with respect to the purchase of the property consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2007

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

