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OFFICE OF THE CITY CLERK
OAKLAND

2010 JUN 10 PM 5:53

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND
AGENDA REPORT**

TO: Office of the Agency Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: June 22, 2010

RE: An Agency Resolution Authorizing The Purchase Of Real Property At 7001 Snell Street, In The Coliseum Redevelopment Project Area, From Union Pacific Railroad, For \$295,350, And Authorizing Up To \$250,000 For Demolition, Environmental Remediation, Fencing, And Real Estate Closing Costs

SUMMARY

Approval of the Redevelopment Agency is requested to purchase an estimated 19,690 square foot carve out of a larger 51,008 square foot parcel located at 7001 Snell Street, Oakland (APN # 041-44170-005-3) through a negotiated Real Property Purchase and Sale Agreement. The subject property is owned by Union Pacific Railroad (UPRR) and is located in the Coliseum Redevelopment Project Area. The purpose of this acquisition is important to the overall Coliseum Transit Village including the nearby Lion Creek Crossings Phase IV project for future development of Carshare and transit parking and to enhance the blighted area with a landscaped greenbelt area. The Agency will fund the purchase price of \$295,350 plus related acquisition costs from the Coliseum Area Tax Allocation 2006B-T Bond Series. Staff recommends the Council adopt the attached Resolution to authorize the acquisition of the subject property.

FISCAL IMPACT

Staff is proposing the following Agency funding sources for this acquisition: \$295,350 plus the cost of environmental site remediation of \$190,000, demolition costs of \$35,000, fencing costs of \$15,000, and real estate closing costs up to \$10,000, will be allocated from the Coliseum Area: Tax Allocation Bond Series 2006B-T (Taxable) Fund (9456), Capital Improvement Project (CIP) Economic Development Organization (94800), Coliseum Area Land Acquisition -Taxable Bond Project (T315820).

BACKGROUND

Union Pacific Railroad has offered to sell excess land to the Agency through a negotiated sale. The larger parcel that includes the active right-of-way totals 51,008 square feet. The 19,690 square foot portion of the parcel that the Agency wishes to acquire is located within the Coliseum Redevelopment Project Area. The subject land was previously leased to a private

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party by UPRR for warehouse space and the property is improved with a metal warehouse of no value.

The Subject Property is sited adjacent to the entrance for the Lion Creek Crossings development and at the entrance to what could in the future be the Coliseum Transit Village. It is the Agency's goal to develop a pleasant visual entrance to both of the above locations, on this site, as well as provide a small number of landscaped parking spaces and Carshare and Zipcar parking for the BART station and residents. UPRR has stated that the site cannot be developed for residential use and that a fence must be erected along the property line between the tracks and any development proposed by the Agency. The Agency has accepted these conditions for acquisition. The subject parcel presents a unique opportunity to gain site control for future redevelopment and the ability to enhance the visual attractiveness for the surrounding community.

KEY ISSUES AND IMPACTS

The acquisition of this property is expected to occur prior to the end of September 2010, in accordance with an agreement with the State of California HCD TOD Program Manager. The total land area for the property to be purchased is approximately 19,690 square feet. The seller has accepted the Agency's purchase offer price of \$295,350 (\$15.00 per square foot). The appraised value was established at \$25 per square foot in 2008 and in 2009, UPRR offered the property to the Agency for \$25 per square foot with the actual area to be determined by survey. The Agency paid for a Phase I and Phase II environmental study on the property and determined that the remediation costs would be in the range of \$190,000. Based on the area under discussion at that time, a counter offer was made to UPRR at \$15 per square foot, to discount for the cost of remediation. Current appraisals in the area determine that the value range is between \$20 and \$28 per square foot before discount for the cost of remediation of environmental conditions. The Agency recently paid \$28.23 per square foot for property at 905 66th Avenue near San Leandro Street, as indicated in the appraisal report dated October 21, 2008. In addition to the acquisition price, the Agency will have to pay the remediation costs, calculated at \$190,000, demolition costs estimated at \$35,000, fencing costs at \$15,000 and real estate closing costs of \$10,000.

PROJECT DESCRIPTION

The address is 7001 Snell Street. The cross street is 69th Avenue. The property is a corner lot, flat, with a warehouse building, considered of no value. The parcel size is 51,008 and the Agency is acquiring 19,690 square feet. The warehouse building will be demolished by the Agency and the area improved with parking, landscaping and a fence that will provide security from the railroad tracks. The parcel is adjacent to rail and BART tracks, which land locks the parcel on the west lot line. Access to the property will be along 69th Ave. and Snell Street. It is in the Agency's best interest to acquire the subject property at the negotiated price to

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accommodate plans for future redevelopment. The subject parcel presents a unique opportunity to gain site control for future development and the ability to adequately service the surrounding community. The subject property is across the street from Lion Creek Crossing (formerly Coliseum Gardens), a major affordable housing development and adjacent to the BART Coliseum Station.

SUSTAINABLE OPPORTUNITIES

Economic: The Agency plans to improve the site for redevelopment to serve the neighborhood. This project will improve neighborhood conditions and thus make the area more attractive to current and prospective residents, as well as businesses that can provide employment within Oakland. By creating an attractive addition to the community, over time the property values will increase and result in increased property tax revenues.

Environmental: Development of the site poses no negative environmental impact. The project will improve the aesthetic street level and aerial views of the corner of 69th Avenue and Snell Street. The property will be cleaned of any existing hazard materials and or soils.

Social Equity: The Agency's effort to control this site is consistent with the goals of the Coliseum Redevelopment Area 5 year implementation plan. The purchase of the Property will enable the Agency to provide a positive stimulus to the neighborhood for growth and stability.

DISABILITY AND SENIOR CITIZEN ACCESS

The acquisition of the subject property has no direct impact on access by seniors and people with disabilities. The new project will be ADA compliant.

RECOMMENDATION AND RATIONALE

Staff recommends the adoption of the following legislation: A Resolution Authorizing the Purchase of Real Property at 7001 Snell Street, Oakland from the Union Pacific Railroad, for a price of \$295,350, plus other costs totaling \$250,000. Approving the Resolution will allow the Agency to implement improvements and development in this under served area.


ACTION REQUESTED OF AGENCY

The Agency is requested to adopt the Resolution authorizing the purchase of real property at 7001 Snell Street, Oakland from the Union Pacific Railroad, for a price not to exceed \$295,350, plus environmental costs, fencing, demolition and real estate closing costs for a total expenditure of \$545,350.

Respectfully submitted,



Walter Cohen, Director
Community and Economic Development Agency

Reviewed by: Gregory Hunter, Deputy Director
Economic Development and Redevelopment 

Reviewed by Frank Fanelli, Manager
Real Estate Division

Prepared by: William Wilkins
Real Estate Services Division

APPROVED FOR FORWARDING TO
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



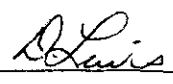
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Approved As To Form And Legality:



Agency Counsel

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

RESOLUTION No. _____ C.M.S.

**AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL
PROPERTY AT 7001 SNELL STREET, IN THE COLISEUM REDEVELOPMENT
PROJECT AREA, FROM UNION PACIFIC RAILROAD, FOR \$295,350, AND
AUTHORIZING UP TO \$250,000 FOR DEMOLITION, ENVIRONMENTAL
REMEDICATION, FENCING, AND REAL ESTATE CLOSING COSTS**

WHEREAS, the Coliseum Redevelopment Plan adopted by the City Council on July 29, 1995, includes alleviation of general blight and unsafe conditions as a goal for the Coliseum area; and

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

WHEREAS, Section 33391 of the California Community Redevelopment Law (Health & Safety Code Sections 33000, et seq.) authorizes a redevelopment agency to purchase real property in a project area for purposes of redevelopment; and

WHEREAS, real property located at 7001 Snell Street, Oakland, (Assessors Parcel Number: 041-04170-005-3) (the "Property") is within the Coliseum Redevelopment Project Area; and

WHEREAS, the Property consists of a railroad owned parcel which is currently blighted and underutilized, encompassing approximately 51,008 square feet, including an excess area of 19,690 square feet outside of the required railroad right-of-way (the "Parcel"), as shown on the attached Exhibit A; and

WHEREAS, Union Pacific Railroad ("UPRR"), the owner, offered to sell the portion of the Property outside the required right-of-way to the Agency at a negotiated value of \$295,350, reduced in consideration of the cost of site remediation, to assist the Agency in its redevelopment efforts in the Coliseum Redevelopment Project Area; and

WHEREAS, the sale by the Owner was not induced, the sale price is a negotiated price based on the fair market value as established by an appraisal, less the cost of \$190,000 for site remediation, and no federal funds will be used for acquisition of the Parcel; and

WHEREAS, Phase I and Phase II environmental investigations have been completed for the Parcel and the cost of site remediation is estimated at \$190,000; and

WHEREAS, the Agency will execute a purchase and sale agreement with the Owner to acquire the Parcel for \$295,350, and will bear the costs for environmental site remediation; and

WHEREAS, the estimated cost of real estate closing is \$10,000, the cost to construct a fence is \$15,000, and \$35,000 is estimated for demolition costs; and

WHEREAS, the Agency issued and received proceeds from the Coliseum Area Redevelopment Project Taxable Tax Allocation Series 2006-T bonds for the Coliseum Area Redevelopment Project to be used for, among other things, the acquisition of vacant, blighted, obsolete and or underutilized properties; and

WHEREAS, the funding for the acquisition of the Parcel is available from the Coliseum Area: Tax Allocation Bond Series 2006 (Taxable) Bond Fund (9456), Capital Improvement Project (CIP) Economic Development Organization (94800), Coliseum Area Land Acquisition –Taxable Bond Project (T315820); and

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now, therefore, be it

RESOLVED: That the Agency hereby authorizes the Agency Administrator to negotiate and execute a Purchase and Sale Agreement for the purchase of the 19,960 square feet Parcel located at 7001 Snell Street for an amount of \$295,350, plus environmental site remediation costs of \$190,000, and authorizes \$10,000 for the cost of real estate closing, \$15,000 for construction, and \$35,000 for demolition costs; and be it

FURTHER RESOLVED: That \$545,350 will be allocated from the Coliseum Area: Tax Allocation Bond Series 2006 (Taxable) Bond Fund (9456), Capital Improvement Project-Economic Development; Organization (94800), Coliseum Area Land Acquisition –Taxable Bond Project (T315820); and be it

FURTHER RESOLVED: That the Agency Administrator or his designee is hereby authorized to negotiate, execute and amend all agreements and take whatever other actions are necessary with respect to purchasing the Parcel, consistent with this Resolution and its basic purposes; 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 15061(b) (3) (activity covered by the general rule, no significant effect on the environment),

Section 15304 (b) (new landscaping) and Section 15311 (b) (small parking lot accessory to an institutional facility) of the CEQA Guidelines; and be it

FURTHER RESOLVED: That the Agency Administrator or his designee shall cause to be filed with the County of Alameda a Notice of Exemption and an Environmental Declaration (California Fish and Game Code Section 711.4) for this action; and be it

FURTHER RESOLVED: That Agency Counsel shall review and approve all documents and agreements related to this acquisition as to form and legality, and a copy shall be placed on file with the Agency Secretary.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2010

PASSED BY THE FOLLOWING VOTE:

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

NOES-

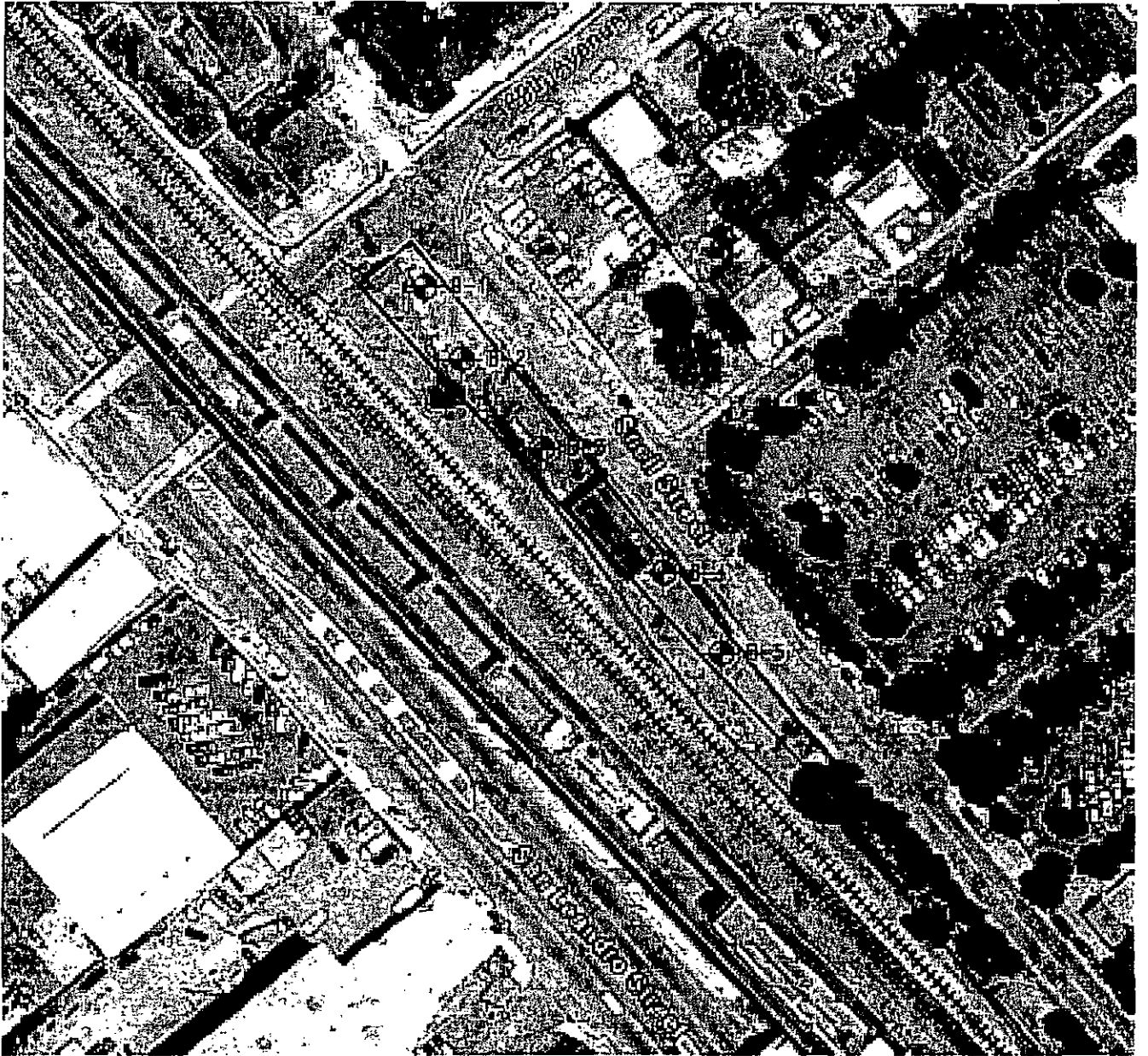
ABSENT-

ABSTENTION-

ATTEST: _____

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

EXHIBIT "A"



701 Snell Street, Oakland CA