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May 13, 2003

IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: CITY ORDINANCE AUTHORIZING THE SALE OF 1.7 ACRES OF REAL PROPERTY IN CITY CENTER, BETWEEN JEFFERSON STREET, MARTIN LUTHER KING JR. WAY, 14TH STREET AND THE 13TH STREET PEDESTRIAN WALK, TO THE REDEVELOPMENT AGENCY FOR \$4 MILLION IN CASH PLUS ANY ADDITIONAL NET PROCEEDS OF THE FUTURE SALE OF THE SITE BY THE AGENCY, AND A MATCHING AGENCY RESOLUTION APPROVING THE PURCHASE OF CITY CENTER T-10 SITE FROM THE CITY

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General election of November 5, 1996, we have made an impartial financial analysis of the accompanying Agenda Report and Draft Ordinance. The purpose of our analysis was to ascertain whether the proposed sales price was reasonable. In making our analysis we reviewed (1) the appraisal prepared by a licensed City staff appraiser, and (2) the Exclusive Negotiating Agreement between the Redevelopment Agency and the prospective developer of the site.

SUMMARY

The Redevelopment Agency proposes to purchase from the City the vacant block located west of, and adjacent to, the Ronald V. Dellums Federal Building for \$4 million immediately, plus pay to the City any additional net proceeds that the Agency later receives upon sale of the site to a developer.

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In conjunction with the City's program to develop 10,000 units of housing in downtown Oakland, on January 13, 2003 the Agency entered into an Exclusive Negotiating Agreement with Camden USA, Inc. to develop on the site up to 480 housing units plus a parking garage for the residents. Various state and local requirements must be met over the next several months, and the Agency expects to complete the sale of the site to Camden in the fall of 2003.

FISCAL IMPACT

The sale of the site to the Agency is only a financial transaction between the City and the Agency, and it is being done at this time to give the City the \$4 million that was anticipated in the Fiscal Year 2002/2003 budget.

REASONABLENESS OF THE PROPOSED SALES PRICE

Although a licensed City staff appraiser estimated the Fair Market Value of the site to be \$4,617,000 as of June 11, 2002, the final sales price will not be set until a Disposition and Development Agreement has been approved for the project. However, the Agency expects the sales price to be significantly higher than the \$4 million that it paid to the City. Accordingly, the Agency proposes to pledge to the City all net proceeds from the sale of the site to Camden (i.e., proceeds in excess of the initial \$4 million payment after deducting any closing, environmental remediation, or other costs incurred by the Agency).

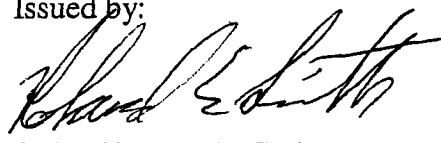
CONCLUSION

The proposed sale of the site the Agency for \$4 million appears to be reasonable.

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Issued by:


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Report completion date:
April 25, 2003