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OFFICE OF THE CITY CLERK
OAKLAND

2015 APR 16 AM 1:52

AGENDA REPORT

TO: JOHN A. FLORES
INTERIM CITY ADMINISTRATOR

FROM: Mark Sawicki

SUBJECT: Contract with Keyser Marston &
Associates

DATE: April 6, 2015

City Administrator
Approval

Date

4/14/15

COUNCIL DISTRICT: 7

RECOMMENDATION

Staff recommends that the City Council adopt:

A Resolution Waiving the City's Advertising, Competitive Bid and Request for Proposal/Qualifications (RFP/RFQ) Process And Authorizing A Professional Services Contract With Keyser Marston and Associates, Inc., In An Amount Not To Exceed \$250,000 To Provide Economic Consulting Services To The City For The Coliseum City Project, With An Option To Add An Additional \$50,000

OUTCOME

Adoption of the proposed resolution would allow the City Administrator to enter into a contract with Keyser Marston and Associates (KMA), in an amount not to exceed \$250,000 for the review of the financial analysis, pro forma studies for the stadium and ancillary development, and strategic negotiation advisory services for the Coliseum City Project.

BACKGROUND

Coliseum City will transform the area including and surrounding the Oakland-Alameda County Coliseum Complex into a world-class sports, entertainment, and science and technology complex that will boast a dynamic and active urban setting with retail, entertainment, arts, culture, and live-work uses. The area is centrally located in the East Bay, and has many highly-sought after development assets, including direct freeway access, immediate Coliseum BART and Amtrak access, Oakland Airport Connector and Oakland International Airport access and waterfront views.

As a regional mixed use entertainment destination center, a new Coliseum City development as proposed is expected to become a major economic catalyst for the City and the region, beyond the current sports franchises and could generate thousands of high-quality/high-paying jobs in growth

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industries such as biotechnology, life sciences, research and development, multimedia, green tech, and other growth sectors.

Ultimately, realization of Coliseum City is dependent upon the feasibility of both public and private financing options for various components. The City is in a new Exclusive Negotiating Agreement (ENA) with the County of Alameda and New City Development, LLC to complete additional feasibility analysis and establish a viable public/private deal structure.

Keyser Marston and Associates

KMA's principals average over 30 years of practical experience in advising public and private clients in real estate development issues. KMA's transactional experience, market-based financial analyses, and implementation strategies help ensure successful results.

KMA has a great deal of experience working on similar projects such as negotiating and analyzing AT&T Park and the San Francisco Giants transaction. Additionally, KMA was a core member of the City of Santa Clara team that successfully negotiated a term sheet with the San Francisco 49ers for development of a 68,000 seat stadium to replace Candlestick Park. Keyser Marston was at the forefront of the Santa Clara's effort to identify creative public financing options, including a novel use of a "Community Facilities District" as a mechanism for surrounding stadium hotels to contribute a portion of revenues to finance construction. Keyser Marston also assisted Santa Clara in evaluating the fiscal and economic impacts of Levi's Stadium and was integrally involved in Santa Clara's Disposition and Development Agreement negotiations with the 49ers.

ANALYSIS

The City desires to have KMA available on an as-needed basis for Coliseum City since they are already familiar with the project through a smaller \$25,000 contract and are uniquely qualified and possess strong expertise in economic, financial, and real estate matters related to stadium projects. KMA will provide real estate and financial analysis and will also engage Patrick Cashman, an Oakland certified Small Local Business Enterprise, as a sub-consultant to assist with project management and negotiations.

KMA Scope of Services

The proposed scope of services to be provided by KMA includes, but is not limited to, the following:

- Real estate and financial analysis including testing of land use and development concepts, and review of projected development cost, income and financing for private capital.
- Advise on alternative financing options for a public private partnership, including funding of public improvements and private investment.
- Assistance with business terms for land disposition, including fair market value, and reuse value, ground lease and participating land sales.

- Assistance in negotiations over land disposition or gap financing proposals.
- Review of financial statements and other developer submissions.
- Preparation of reports and materials to satisfy the City of Oakland.

Staff recommends that it is in the best interest of the City to waive the advertising, competitive bidding and Request for Proposal/Qualifications (RFP/RFQ) requirements of the Oakland Municipal Code for this contract and execute a contract with this firm. KMA is already very familiar and has experience in analyzing sports and stadium type projects, possesses the requisite experience for conducting complex financial analysis, and has the available resources and capacity to assist in analyzing and negotiating a highly specialized, large scale project.

COORDINATION

The Office of Economic and Workforce Development has coordinated its efforts with the Bureau of Planning on the Specific Plan and CEQA/EIR process as well as the Office of Public Works, the City Attorney's Office, the Controller's Bureau, major public transit and utility agencies, as well as business, non-profit organizations and community stakeholders for the development of the Coliseum City Project.

COST SUMMARY/IMPLICATIONS

All sources of funding for this recommendation come from redevelopment restricted bond proceeds of the former Oakland Redevelopment Agency. There will be no direct negative impact to the General Purpose Fund. Funds in the amount of \$120,000 are currently available in Coliseum TA Bond Series 2006B-T (Taxable) Fund (5656), Coliseum Redevelopment Organization (94859), Coliseum Project (C366931) and funds in the amount of \$180,000 are currently available in Coliseum TA Bond Series 2006B-T (Taxable) Fund (5656), Planning Organization (84211), Coliseum City Project (P452510) and will be reallocated to a project to be determined for said contract.

SUSTAINABLE OPPORTUNITIES

Economic: Coliseum City could have substantial economic regional impacts that can be characterized in terms of net direct spending, total output, income, and jobs. In addition, the project could have tremendous positive fiscal impacts, which can be measured in both City and county tax revenue increases including property taxes, sales taxes, business taxes, etc. The range and magnitude of fiscal and economic impacts will be analyzed and projected through KMA's scope of services.

Environmental: Coliseum City is envisioned to contribute and enhance smart growth principles to leverage the Coliseum's existing multi-modal transportation amenities and shall be consistent with regional growth policies and state growth mandates SB 375 and AB 32. The project also envisions a regional scale transit-oriented development creating a mix of housing, entertainment, office, retail, and commercial utilizing the Coliseum's extensive mass transit network and thereby reducing the need for automobile reliance.

Social Equity: The East Oakland neighborhood surrounding the Coliseum has long been attributed with social and economic equity issues and has been historically underserved. Coliseum City would ultimately provide positive economic stimulus to the neighborhood by the creation of local job opportunities and would contribute to continued neighborhood job growth and economic stability.

CEQA

The California Environmental Quality Act (CEQ) is not applicable to the contract with Keyser Marston and Associates for Professional Services.

For questions regarding this report please contact Larry Gallegos at 238-6174.

Respectfully submitted,



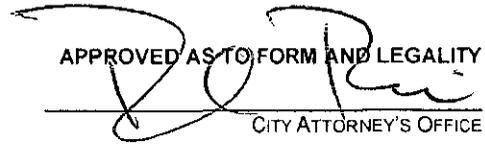
Mark Sawicki
Director of Economic and Workforce Development

Reviewed by:
Patrick Lane, Acting Project Implementation Manager

Prepared by:
Larry Gallegos, Coliseum Area Manager

FILED
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APPROVED AS TO FORM AND LEGALITY

CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A RESOLUTION WAIVING THE CITY'S ADVERTISING, COMPETITIVE BID AND REQUEST FOR PROPOSAL/QUALIFICATIONS (RFP/Q) PROCESS AND AUTHORIZING A PROFESSIONAL SERVICES CONTRACT WITH KEYSER MARSTON AND ASSOCIATES, INC., IN AN AMOUNT NOT TO EXCEED \$250,000 TO PROVIDE ECONOMIC CONSULTING SERVICES TO THE CITY FOR THE COLISEUM CITY PROJECT, WITH AN OPTION TO ADD AN ADDITIONAL \$50,000

WHEREAS, the City of Oakland needs to conduct economic, financial, and real estate analysis for the Coliseum City Project; and

WHEREAS, the City needs responsive services to meet deadlines for the Coliseum City project, and such responsiveness is most effectively provided by Keyser Marston and Associates, Inc. (KMA); and

WHEREAS, the City desires to have outside consultants available on an as-needed basis for Coliseum City that have expertise in economic, financial, and real estate matters; and

WHEREAS, KMA has the expertise, knowledge, and experience to expeditiously provide the services required for Coliseum City; and

WHEREAS, the City Administrator recommends that it is in the best interest of the City to waive the advertising, competitive bid requirements and request for proposal/qualifications (RFP/Q) process for this contract, given the specialized nature of the contract and the expertise and experience of KMA in the field; and

WHEREAS, the City Council finds that the services provided pursuant to the agreement authorized hereunder are of a professional, scientific, or technical nature and are temporary in nature; and

WHEREAS, the City Council finds that this contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

WHEREAS, funds in the amount of \$120,000 are currently available for this contract in Coliseum TA Bond Series 2006B-T (Taxable) Fund (5656), Coliseum Redevelopment Organization (94859), Coliseum Project (C366931) and funds in the amount of \$180,000 are currently available for this contract in Coliseum TA Bond Series 2006B-T (Taxable) Fund (5656), Planning Organization (84211), Coliseum City Project (P452510) and will be reallocated to a project to be determined; now, therefore, be it

RESOLVED. That the City Council authorizes the City Administrator to negotiate and enter into a contract with Keyser Marston and Associates, Inc., in an amount not to exceed \$250,000 to provide economic consulting services for the Coliseum City Project; and be it further

RESOLVED: That the City Administrator is hereby authorized to include an administrative option to increase the contract amount by an additional amount up to \$50,000; and be it further

RESOLVED: That the City Council hereby waives the advertising, competitive bid and request for proposals/qualifications (RFP/RFQ) requirements for this contract, and finds that such waiver would be in the best interests of the City given the specialized nature of the contract and the expertise and experience of KMA in the field; and be it further

RESOLVED: That the City Council hereby authorizes up to \$120,000 in funding from the Coliseum TA Bond Series 2006B-T (Taxable) Fund (5656), Coliseum Redevelopment Organization (94859), and up to \$180,000 in funding from Coliseum TA Bond Series 2006B-T (Taxable) Fund (5656), Planning Organization (84211) to a Project TBD to fund said contract; and be it further

RESOLVED: That the contract shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution, and a copy shall be placed on file with the City Clerk; and be it further

RESOLVED: That the City Administrator or his or her designee is hereby authorized to extend, amend and increase the contract by the authorized amount if required, and shall take whatever action is further necessary with respect to this contract consistent with this Resolution and its basic purpose.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2015

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID and
PRESIDENT GIBSON MCELHANEY

NOES-

ABSENT-

ABSTENTION-

ATTEST _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California