

**REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND**  
OFFICE OF THE CITY CLERK  
OAKLAND  
**AGENDA REPORT**      2007 DEC 27 AM 10:45

TO: Office of the Agency Administrator  
ATTN: Deborah A. Edgerly  
FROM: Community and Economic Development Agency  
DATE: January 8, 2008

RE: **Resolution Authorizing The Agency Administrator To Execute A Two-Year Extension, To 2015, For The Pier 7 Temporary Construction Easement Benefiting Caltrans And Burdening Approximately 26 Acres Of Land In The West Gateway Area Of The Former Oakland Army Base To Facilitate Completion Of The Caltrans Bay Bridge Project And To Accept From Caltrans A One Time Easement Fee Of \$10,553,347 In Exchange For The Extension**

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**SUMMARY**

In 2002, as part of the settlement of a lawsuit brought by the Port of Oakland ("Port"), the City of Oakland, the Oakland Redevelopment Agency ("Agency"), and the Oakland Base Reuse Authority ("OBRA"), the California Department of Transportation ("Caltrans") was granted an easement over approximately 26 acres of land in the West Gateway portion of the former Oakland Army Base, located at what is known as Pier 7. The original term of the easement was for eight years, from April 2002 through April 2010, with an option to extend for three additional years, through April 2013. Caltrans paid the Agency and the Port \$11.6 million for the original eight-year easement, as a part of a larger settlement.

Caltrans has contacted staff to notify the Agency that it wishes to exercise its three-year option, and to request an additional two years, extending the easement through April 17, 2015. Caltrans is using the Pier 7 property as a lay-down yard for their Bay Bridge Project, and they anticipate that their project will be delayed by two additional years. In exchange for the three-year option period, and the additional two-year extension, Caltrans has offered the Agency a one time easement fee of \$10,553,347, which represents fair market value for the use of the property.

In order to facilitate the construction of the Bay Bridge Project, staff recommends that the Agency agree to extend the Pier 7 Temporary Construction Easement through April 17, 2015.

Item: \_\_\_\_\_  
CED Committee  
January 8, 2008

## **FISCAL IMPACT**

Caltrans has offered the Agency an easement fee of \$10,553,347, which represents fair market value for the use of the property. The payment will be deposited into the Oakland Redevelopment Agency OBRA Leasing and Utility Fund (9575), General Ledger Organization (08222), OBRA Leasing and Utility Project (S294210), Undetermined Program (0000). If the Agency extends the easement by two years, this will delay the development of the West Gateway Area of the former Oakland Army Base, and the tax increment to be generated by such development. It will also prevent the Agency from leasing the property to any other party.

## **BACKGROUND**

In March 2002, the City of Oakland, the Agency and OBRA sued Caltrans and the Federal Highway Administration ("FHA") challenging Quitclaim Deeds executed by FHA to Caltrans granting to Caltrans a temporary construction easement for Pier 7. The Federal Court action sought to void the conveyances of the Oakland Army Base parcels on numerous grounds including FHA's lack of statutory authority to make the conveyances and its failure to comply with conveyance procedures set forth in various statutes.

Shortly after the lawsuits were filed, the parties reached agreement on terms to settle the claims related to use of Pier 7 for construction lay down purposes, among other matters. The parties agreed to grant Caltrans an easement over the Pier 7 property for eight years, from April 2002 through April 2010, with an option to extend for three additional years, through April 2013. The Port owned the Property through August 7, 2006, at which time this portion of the former Oakland Army Base was transferred to the Agency. As payment for the 8-year easement from 2002 to 2010, Caltrans paid the Agency and the Port \$11.6 million, as a part of a larger settlement. The terms for settlement stipulated that the Agency and Port would each receive a portion of the payment based on the number of years each agency controlled the property—the Port received 3/8, while the Agency received 5/8 of the \$11.6 million.

## **KEY ISSUES AND IMPACTS**

The Settlement Agreement provided that if Caltrans failed to complete its project by April 2010, it could extend the easement by three years, and it would pay the Agency the net present value of \$2.4 million for each additional year. Caltrans has informed the Agency that it will be exercising the three-year option, and has asked the Agency for an additional two years, through April 2015. Caltrans has agreed to pay the net present value of \$2.7 million for the two year extension (2013-2015). Staff has calculated the net present value of the five payments as follows:

April 2010-11	April 2011-12	April 2012-13	April 2013-14	April 2014-15	TOTAL
\$2.4 million	\$2.4 million	\$2.4 million	\$2.7 million	\$2.7 million	<b>\$11.16 million</b>
Net Present Value \$2,197, 752	Net Present Value \$2,103,112	Net Present Value \$2,012,547	Net Present Value \$2,166,618	Net Present Value \$2,073,318	Net Present Value <b>\$10,553,347</b>

If the Agency extends the easement by two years, this will delay the development of the West Gateway Area of the former Oakland Army Base, and the tax increment to be generated by such development.

It will also prevent the Agency from leasing the property to any other party. However, staff does not believe that any other use would generate as much revenue as Caltrans has agreed to pay in exchange for the easement extension.

### SUSTAINABLE OPPORTUNITIES

**Economic:** The local economy will benefit by the jobs created and supported by the continued construction of the bridge.

**Environmental:** Caltrans is constructing the Oakland Touchdown structure for the San Francisco – Oakland Bay Bridge. When completed, this section of the bridge will connect the Skyway to Interstate 80 in Oakland. Work will involve building two roadway sections and a new electrical substation, in addition to extensive relocation of underground utilities. The westbound approach of the Touchdown will be built over the geofill. The geofill is the underlying soil that bridge builders stabilized to support the roadbed created for the Touchdown.

**Social Equity:** There are no social equity opportunities created as the result of the extended construction period for the bridge.

### DISABILITY AND SENIOR CITIZEN ACCESS

The proposed use of the subject property has no direct impact on access by seniors and people with disabilities.

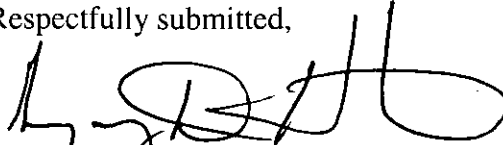
### RECOMMENDATIONS AND RATIONALE

Staff recommends the Agency agree to the two-year extension of the Settlement Agreement, through April 17, 2015, to complete the construction of the San Francisco – Oakland Bay Bridge.

**ACTION REQUESTED OF THE CITY COUNCIL/ REDEVELOPMENT AGENCY**

In order to facilitate the construction of the Bay Bridge Project, staff recommends that the Agency agree to extend the Pier 7 Temporary Construction Easement through April 17, 2015, and accept the one time easement fee of \$10,553,347 in exchange for the extension.

Respectfully submitted,



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

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

Prepared by:  
Ava Jourdain, Real Estate Agent

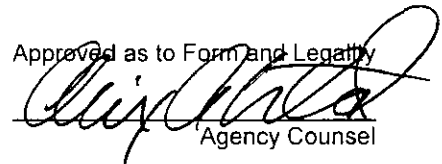
APPROVED AND FORWARDED TO  
THE COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:

  
\_\_\_\_\_  
Office of the City/Agency Administrator

Item: \_\_\_\_\_  
CED Committee  
January 8, 2008

2007 DEC 27 AM 10:43

Approved as to Form and Legality



Agency Counsel

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. \_\_\_\_\_ C.M.S.

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**RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO EXECUTE A TWO-YEAR EXTENSION, TO 2015, FOR THE PIER 7 TEMPORARY CONSTRUCTION EASEMENT BENEFITING CALTRANS AND BURDENING APPROXIMATELY 26 ACRES OF LAND IN THE WEST GATEWAY AREA OF THE FORMER OAKLAND ARMY BASE TO FACILITATE COMPLETION OF THE CALTRANS BAY BRIDGE PROJECT AND TO ACCEPT FROM CALTRANS A ONE TIME EASEMENT FEE OF \$10,553,347 IN EXCHANGE FOR THE EXTENSION**

**WHEREAS**, In 2002 as part of the settlement of a lawsuit brought by the Port of Oakland (Port), the City of Oakland (City), the Oakland Redevelopment Agency (Agency) and the Oakland Base Reuse Authority (OBRA), the California Department of Transportation (Caltrans) was granted an easement over approximately 26 acres of land in the West Gateway portion of the former Oakland Army Base, located at what is known as Pier 7; and

**WHEREAS**, the original term of the easement was for eight years from April 2002 to April 2010, with an option to extend for three additional years to 2013; and

**WHEREAS**, Caltrans paid the Agency and the Port \$11.6 million for the eight-year easement, as part of a larger settlement; and

**WHEREAS**, Caltrans has given notice that it will exercise the three year option to extend the easement; and

**WHEREAS**, Caltrans has requested an additional two year extension to the easement; and

**WHEREAS**, in exchange for the three-year option period and the additional two-year extension, Caltrans has offered the Agency a one time easement fee of \$10,553,347 which represents the net present value of the fair market value for the use of the property; and

**WHEREAS**, the granting of easements and conveyance of properties are exempt from the requirements of the California Environmental Quality Act (CEQA) by Section 15269 (emergency work), Section 15301 (existing facilities) and

Section 15302 (replacement and reconstruction) of the CEQA Guidelines; now, therefore, be it

**RESOLVED**, that the Agency hereby extends the Pier 7 Temporary Construction Easement benefiting Caltrans and burdening approximately 26 acres of land in the West Gateway Area of the former Oakland Army Base to facilitate completion of the Caltrans Bay Bridge Project, through April 17, 2015; extends the Temporary Construction Easement ; and be it

**FURTHER RESOLVED**, that the Agency hereby accepts a one time easement fee of \$10,553,347 in exchange for the extension of the Temporary Construction Easement through April 17, 2015; and be it

**FURTHER RESOLVED**, that the funds be deposited into Oakland Redevelopment Agency's OBRA Leasing and Utility Fund (9575), General Ledger Organization (08222), OBRA Leasing and Utility Project (S294210), 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 15269 (emergency work), Section 15301 (existing facilities) and Section 15302 (replacement and reconstruction) 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 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 consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

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

NOES –

ABSENT –

ABSTENTION –

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