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OAKLAND

2018 MAY -4 AM 8:47

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Betsy Lake  
Deputy City Administrator

**SUBJECT:** Oakland Athletics Coliseum ENA

**DATE:** May 2, 2018

City Administrator Approval

Date:

5/3/18

## RECOMMENDATION

**Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator, Or Designee, To Enter Into An Exclusive Negotiating Agreement With The Athletics Investment Group, LLC, Or Affiliated Entity, For Development Of A Ballpark And Ancillary Development At The Oakland-Alameda County Coliseum Complex Site, Accepting And Appropriating A Project Expense Payment And Exclusive Negotiating Fee In Connection With The Agreement, And Accepting And Appropriating A Project Expense Payment For Possible Development Of A Ballpark And Other Development At Howard Terminal Within The Port Area.**

## EXECUTIVE SUMMARY

Staff is recommending that the City Council adopt a resolution authorizing the City Administrator, or designee, to negotiate and execute an Exclusive Negotiating Agreement ("ENA") for a development project at the Oakland-Alameda County Coliseum Complex ("Property") with the Athletics Investment Group, LLC, ("Oakland Athletics") or an affiliate. The ENA period would be for nine months, with a three-month option to extend by the City. The ENA would allow the Oakland Athletics to conduct due diligence, prepare feasibility and market analysis, prepare technical studies, as well as allow the Oakland Athletics and the City to conduct negotiations for development of a new ballpark at the Property along with other ancillary development such as office, retail, hotel and/or residential development.

## BACKGROUND / LEGISLATIVE HISTORY

The subject Property is located at 7000 Coliseum Way also known as the Oakland Alameda-County Coliseum Complex, which consists of approximately 112 acres (APN: 041-3901-008 & 041-3901-009) and is jointly owned by the City and the County (**Attachment A**).

The City and the County have previously entered into a series of ENAs and term sheets with various master developer teams for development of sports facilities and ancillary development on the Coliseum site. The primary goal has always been to try and keep the Oakland professional sports teams in Oakland and spur economic development in East Oakland.

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In December 2017, the County sent a letter to the City renewing their interest in selling their 50% interest in the Coliseum property to the City. The City and County have had some initial discussions and the Board of Supervisors voted in April 2018 to continue negotiations with the City, but have not agreed to any specific structure or terms. On March 25, 2018, the Oakland Athletics sent a letter to the City and County (**Attachment B**) indicating their desire to enter into an ENA with the City and County and to acquire the Coliseum site for the balance of the remaining outstanding bond debt of \$135 million.

In addition, the City and County have also received unsolicited letters of interest: one that proposed to locate a soccer/sports complex on site and stated they would meet the Oakland Athletics price; and one that proposed to locate a corporate campus, but did not state a price.

The Oakland Athletics currently have a license at the Coliseum site that provides them with use of the Coliseum stadium and surrounding parking for baseball until December 31, 2024. The Oakland Raiders have a license agreement that expires at the end of the 2018/2019 season, but are currently in negotiations over a possible extension. Finally, the Golden State Warriors have plans to vacate Oracle Arena after the 2018/2019 season.

The Oakland Athletics have stated their desire to build a new stadium in Oakland. As a result, the Port of Oakland ("Port") authorized an ENA on April 26, 2018, for the purposes of exploring the viability of the Howard Terminal site as a possible ballpark location. At the same time, the Oakland Athletics are interested in studying the feasibility of developing a new ballpark at the Coliseum site to ensure that the team can stay in Oakland.

## **ANALYSIS AND POLICY ALTERNATIVES**

The Coliseum property has the potential to transform into a new local and regional destination featuring a new ballpark anchored site with ancillary development. The Property is centrally located in the East Bay, and has many highly-sought after amenities including direct access to: the I-880 freeway; BART; Amtrak Capitol Corridor; Oakland Airport Connector; Oakland International Airport; waterfront views and surrounding development opportunities.

As a regional sport, entertainment, employment center and destination, the Coliseum property could generate thousands of high-quality/paying jobs in growth industries such as biotechnology, life sciences, research and development, multimedia, green tech and other growth industries. It has the potential of becoming a major economic catalyst for the City and the region, beyond the current sports franchises.

Realization of a new Oakland Athletics ballpark in Oakland is dependent upon additional investigation into the feasibility of both the Howard Terminal site and the Coliseum site, including financing options for various components. For the Coliseum site, the ENA will require the Oakland Athletics to submit deliverables during the term to develop a plan and achieve a financially feasible, privately financed ballpark with ancillary development, based on environmental and technical studies, site plan, phasing plan and complete financial analysis for each project component. In addition, the ENA will allow the Oakland Athletics an opportunity to negotiate a package of community benefits for the area in connection with the project. The preliminary list of community benefits topics, which shall be subject to an equity analysis, include, but is not limited to, the following:

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- Project labor agreement and labor peace
- Local employment and job access provisions, including workforce training, retention of existing workers, and apprenticeship policies
- Living wages, benefits and stable employment opportunities
- Local business and small business contracting policies
- Environmental mitigation measures
- Open space elements
- Sustainable and healthy development measures benefiting the surrounding community
- Transportation infrastructure and transportation demand management programs, including transit affordability and accessibility
- Affordable housing development, including, potentially, funding for housing preservation and anti-displacement protections
- Other community benefits as needed and feasible, to be negotiated

The outcome of the negotiations over community benefits will be reflected in any Lease Disposition and Development Agreement and/or Disposition and Development Agreement entered into between the parties.

### **FISCAL IMPACT**

As a condition of entering a Coliseum ENA, the Oakland Athletics will be required to cover City costs related to staff time, as well as other expenses such as consultants, technical reports, legal costs, etc. The City will require the Oakland Athletics to pay a nonrefundable Exclusive Negotiating Fee as well as a Project Expense Payment ("PEP") in an amount to be determined. All fees and PEP funds will be accepted and appropriated into Miscellaneous Capital Projects (Fund 5999), Project to be determined, for the administration and management of the Coliseum ENA.

In addition, since the Oakland Athletics have entered into an ENA with the Port of Oakland on the Howard Terminal site, the Oakland Athletics will also be required to cover the City's staff time associated with City activities related to the project, as well as other expenses such as consultants, technical reports, legal costs, etc. The City will require the Oakland Athletics to pay a Project Expense Payment ("PEP") in an amount to be determined for this purpose. All PEP funds will be accepted and appropriated into Miscellaneous Capital Projects (Fund 5999), Project to be determined, for the administration and management of City activities related to the Howard Terminal site.

### **PUBLIC OUTREACH / INTEREST**

The City has conducted numerous outreach meetings with a variety of community organizations, neighborhood groups, and business groups as well as outside agencies including but not limited to BART, the Port of Oakland, the Coliseum JPA and the County of Alameda. The property is located in the former Coliseum redevelopment project area and the initial Coliseum Area Redevelopment Plan was originally adopted in 1995 and has been updated

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every five years with extensive community outreach and input. The Coliseum Area Specific Plan and CEQA/EIR process included input from many stakeholders and had nearly three dozen community and public meetings throughout the entire process.

### **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, major public transit and utility agencies, as well as business, non-profit organizations and community stakeholders.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** Potential redevelopment of the Coliseum site could have substantial economic regional impacts which 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.

***Environmental:*** A new ballpark project at the Coliseum would contribute and enhance smart growth principles and would leverage its existing multi-modal transportation amenities and would be consistent with regional growth policies and state growth mandates SB 375 and AB 32. The project would also have the potential of being a new regional transit oriented destination with a mix of housing, entertainment, office, retail and commercial uses 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. A new ballpark anchored project at the Coliseum would ultimately provide positive economic stimulus to the neighborhood by preserving and creating additional local job opportunities and would contribute to continued neighborhood job growth and economic stability.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt A Resolution Authorizing An Exclusive Negotiating Agreement With The Athletics Investment Group, LLC, Or Affiliated Entity, For Development Of A Ballpark And Ancillary Development At The Oakland-Alameda County Coliseum Complex Site, Accepting And Appropriating A Project Expense Payment And Exclusive Negotiating Fee In Connection With The Agreement, And Accepting And Appropriating A Project Expense Payment For Possible Development Of A Ballpark And Other Development At Howard Terminal Within The Port Area.

For questions regarding this report, please contact Larry Gallegos, Area Manager at (510) 238-6174.

Respectfully submitted,



\_\_\_\_\_  
BETSY LAKE

Deputy City Administrator of Real Estate and  
Major Projects

Attachments (2):

A – Site Map

B – Oakland Athletics' Letter dated March 25, 2018

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# ATTACHMENT A





# OAKLAND ATHLETICS

Oakland Athletics Baseball Company • 510-638-4900 • athletics.com • @athletics

March 25, 2018

The Honorable Libby Schaaf, Mayor of Oakland  
Oakland City Council  
1 Frank H. Ogawa Plaza  
Oakland, CA 94612

Dear Mayor Schaaf and City Council Members,

As you know, the Oakland A's have been hard at work over the past two years studying sites for a new privately financed ballpark in Oakland. During this process, we launched our "Rooted in Oakland" campaign publicly reaffirming our long-term commitment to Oakland and the East Bay.

In 2017, we narrowed the choice to three viable locations in Oakland for a privately financed ballpark: Howard Terminal near Jack London Square; the Peralta Community College District Offices near Lake Merritt, and our current home at the Coliseum complex in East Oakland. In September of 2017, we notified the City and the County via letter that the Peralta site was our preferred location for the ballpark and ancillary development. Our intention was an economic deal by the end of 2018, groundbreaking in 2021, and opening day in 2023.

Following significant efforts for community outreach and engagement with the Peralta Community College District and Laney College administration, students, and staff, negotiations on the Peralta site were suspended on December 10, 2017 at the direction of the Peralta Board of Trustees.

This left the A's with only two sites in Oakland: Howard Terminal and the Coliseum.

2018 - our 50<sup>th</sup> Anniversary in Oakland - brought a renewed focus on the viability of the Howard Terminal site as the last downtown location for an A's Ballpark. The evaluation of Howard Terminal remains ongoing and we have had favorable preliminary conversations with various representatives of the Port. Transportation solutions and the costs of large needed infrastructure improvements are major outstanding items for Howard Terminal, along with the numerous public agencies with jurisdiction of this waterfront site.

Of course, significant uncertainty remains on how the various challenges for Howard Terminal can be satisfied. Given our previous experience at Peralta, it has become clear that the A's need to solidify control of the one site in Oakland that offers an assured path for the development of a new privately financed baseball venue - the existing Coliseum complex.

This letter serves as an indication of the A's desire to assume control and purchase the Oakland-Alameda County Coliseum complex in exchange for paying all remaining debt service on the more than \$135 million of debt ultimately owed by the City and County against the Coliseum complex. If consummated, our offer would end the long-standing cash drain from the City and County's general funds caused by ownership of the Coliseum, and ensure that the A's possess one assured route to a new privately financed stadium in Oakland.

We would like to enter a formal exclusive negotiating agreement (ENA) as soon as possible to determine if we can together negotiate and complete a transaction for the benefit of Oakland, Alameda County and the long-term success of the Oakland Athletics.

This is a critical moment for the A's and our community. The venue process has taken too long. We seek your immediate engagement to work with us on a transaction for the Coliseum complex, as we continue to plan for a state of the art privately financed new baseball park in Oakland. The future of the A's is too important to further risk alternate uses of the Coliseum site at this time.

We are grateful for your ongoing reception and support to help keep the A's in Oakland.

Play ball,

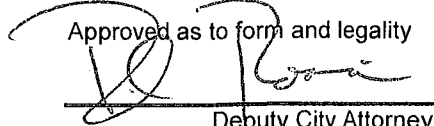


Dave Kaval  
President  
Oakland Athletics



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Approved as to form and legality  
  
Deputy City Attorney

# OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

**RESOLUTION AUTHORIZING AN EXCLUSIVE NEGOTIATING AGREEMENT WITH THE ATHLETICS INVESTMENT GROUP LLC, OR AFFILIATED ENTITY, FOR DEVELOPMENT OF A BALLPARK AND ANCILLARY DEVELOPMENT AT THE OAKLAND-ALAMEDA COUNTY COLISEUM COMPLEX SITE, ACCEPTING AND APPROPRIATING A PROJECT EXPENSE PAYMENT AND EXCLUSIVE NEGOTIATING FEE IN CONNECTION WITH THE AGREEMENT, AND ACCEPTING AND APPROPRIATING A PROJECT EXPENSE PAYMENT FOR POSSIBLE DEVELOPMENT OF A BALLPARK AND OTHER DEVELOPMENT AT HOWARD TERMINAL WITHIN THE PORT AREA**

**WHEREAS**, the City and the County of Alameda ("County") jointly own approximately 112 acres of land in the City of Oakland commonly known as the Oakland-Alameda County Coliseum Complex (the "Coliseum Complex"); and

**WHEREAS**, the Coliseum Complex is a potential site for a proposed new major league baseball ballpark, along with additional development of possible commercial, office, tech/industrial, retail and/or residential uses; and

**WHEREAS**, the City and the Athletics Investment Group, LLC ("Oakland Athletics") desire to enter into exclusive negotiations over development of a project at the Coliseum Complex; and

**WHEREAS**, an Exclusive Negotiating Agreement between the City and the Oakland Athletics will allow the parties to enter into a period of preliminary study and negotiations over possible disposition of the Coliseum Complex and development of a project on the site, understanding that this does not constitute a binding commitment on the part of the City or the County to any developer or project; and

**WHEREAS**, as a condition of entering into the Exclusive Negotiating Agreement, the City shall require that the Oakland Athletics provide a Project Expense Payment ("PEP"), in an amount to be determined, for the purpose of covering City's costs, such as the cost of project and administrative staffing, consultants, experts legal counsel, etc., related to studying the proposed project and negotiating the terms for disposition

of Coliseum Complex for a possible project, and an Exclusive Negotiating Fee, in an amount to be determined, in exchange for the exclusive negotiating rights granted to the Oakland Athletics; and

**WHEREAS**, the Port of Oakland and the Oakland Athletics have entered into an exclusive negotiating agreement for possible development of a ballpark and ancillary development at the site of the Charles P. Howard Terminal within the Port Area, and the Oakland Athletics have submitted or will submit an application associated with such development to the City; and

**WHEREAS**, the City shall require that the Oakland Athletics provide a PEP, in an amount to be determined, for the purpose of covering the City's costs related to considering such a development application in a project at the Howard Terminal site; now, therefore, be it

**RESOLVED**: That the City Council hereby authorizes the City Administrator, or her designee, to negotiate and execute an Exclusive Negotiating Agreement with the Athletics Investment Group LLC, or an affiliated entity approved by the City Administrator, for purposes of studying and evaluating the feasibility of, and negotiating terms and conditions for, the potential development of a ballpark and ancillary development at the Coliseum Complex; and be it

**FURTHER RESOLVED**: That the initial exclusive negotiating period shall be for nine months from the date of this Resolution, with an option to extend said period for an additional three months at the discretion of the City Administrator or his or her designee; and be it

**FURTHER RESOLVED**: That the City Council hereby accepts any Project Expense Payment and Exclusive Negotiating Fee from the Oakland Athletics for development of the Coliseum Complex site and accepts any Project Expense Payment for the Howard Terminal site, and appropriates said funds to Miscellaneous Capital Projects Fund 5999, and Project to be determined later; and be it

**FURTHER RESOLVED**: That the City Council hereby authorizes the City Administrator, or her designee, to negotiate and execute an agreement with the Athletics Investment Group LLC, or an affiliated entity, for the Howard Terminal PEP; and be it

**FURTHER RESOLVED**: That the City Council finds and determines, after independent review and consideration, that this action is complies with the California Environmental Quality Act ("CEQA") because this action on the part of the City is exempt from CEQA pursuant to Section 15262 (feasibility and planning studies), Section 15306 (information collection), and Section 15601(b)(3)(general rule) of the CEQA Guidelines; and be it

**FURTHER RESOLVED**: That the City Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it

**FURTHER RESOLVED:** That the City Council hereby authorizes the City Administrator or his or her designee to negotiate and execute documents and take all other action necessary with respect to the Exclusive Negotiating Agreement, the Coliseum Complex site, the proposed project, the Exclusive Negotiating Fee, and the PEP for both the Coliseum Complex and the Howard Terminal site, consistent with the Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_,

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_

LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California