

FILED
OFFICE OF THE CITY CLERK
OAKLAND

REDEVELOPMENT AGENCY AND THE CITY OF OAKLAND

AGENDA REPORT

2011 JUN 16 PM 5:38

TO: Office of the City/Agency Administrator
ATTN: P. Lamont Ewell, Interim City/Agency Administrator
FROM: Community and Economic Development Agency
DATE: June 28, 2011

RE: A City Resolution Authorizing the City Administrator to Negotiate and Execute an Amendment to the Oakland Army Base Amended and Restated Memorandum of Agreement Among the City of Oakland, the Redevelopment Agency, and the Port of Oakland (the "City-Port MOA") to:

- a) Extend the August 7, 2010 Deadline By Up to Four Years to Fund the West Oakland Community Trust Fund , and
- b) Revise the City-Port MOA to Indicate that the Port's Contribution to the West Oakland Community Trust Fund Can Be Provided by the Port's Developer Rather than Directly by the Port

An Agency Resolution Authorizing the Agency Administrator to Negotiate and Execute an Amendment to the Oakland Army Base Amended and Restated Memorandum of Agreement Among the City Of Oakland, the Redevelopment Agency, and the Port of Oakland (the "City-Port MOA") to:

- a) Extend the August 7, 2010 Deadline By Up to Four Years to Fund the West Oakland Community Trust Fund , and
- b) Revise the City-Port MOA to Indicate that the Port's Contribution to the West Oakland Community Trust Fund Can Be Provided by the Port's Developer Rather than Directly by the Port

SUMMARY

In 2003, the Oakland Base Reuse Authority (OBRA), the City of Oakland, the Oakland Redevelopment Agency ("Agency") and the Port of Oakland ("Port") agreed to a process for creating and funding the West Oakland Community Trust Fund ("Community Fund") to help support economic development in West Oakland. The process, set forth in the Memorandum of Agreement for Oakland Army Base dated July 8, 2003 and amended and restated February 27, 2008 (the "City-Port MOA"), stipulated that contributions to the Community Fund made on or before August 7, 2010 by developers of the Agency-owned portions of the former Oakland Army Base (OAB) would be matched by the Port, with up to a maximum contribution from the Port of \$2,000,000. If no Agency developer paid into the Community Fund by August 7, 2010, the Port would have no obligation to contribute to the Fund after that date.

Item: _____
Community and Economic Development Committee
June 28, 2011

On July 6, 2010, the City Council and Agency Board by Resolutions No. 82868 C.M.S. and No. 20010-0076 C.M.S. authorized the City/Agency Administrator to execute an amendment to the City-Port MOA to extend the deadline indefinitely for funding the Community Fund, but not to amend any other provision of the City-Port MOA. On July 20, 2010, the Port Board approved instead a three- to four-year extension of the funding deadline. In addition, the Port approved revising the City-Port MOA to allow the Port's contribution to the Community Fund to be provided by its selected developer rather than directly by the Port.

To move forward with amending the City-Port MOA, staff requests City Council and Agency Board authorization to negotiate and execute an amendment to the City Port MOA that includes the same provisions approved by the Port.

FISCAL IMPACT

The Community Fund imposes minimal fiscal impact on the Agency. As proposed in the City-Port MOA, a total of \$4,000,000, shared equally between the Agency and the Port, would be contributed to the Community Fund. Developers in contract with the Agency for the Army Base would make the initial contributions, which would trigger the Port's contribution in an equal amount up to a maximum contribution of \$2,000,000.

The Community Fund will entail operating costs for auditing and other expenses. Staffing costs could be absorbed using existing staff resources, but the auditing may require consultant services that would be covered by the Community Fund itself.

BACKGROUND

When the OAB ceased military operation in 1999, OBRA worked with the Agency and community to develop a vision and direction for reuse of the OAB. The *Final Reuse Plan for Oakland Army Base*, the result of that process, defines the goals and conceptual reuse strategy for the OAB. In acknowledgement of the severe economic impact base closure had on the adjacent West Oakland community, the *Plan* contains a commitment to establish a community fund to assist with economic development in West Oakland.

On July 8, 2003, OBRA, the City, the Agency, and the Port entered into a Memorandum of Agreement, which outlined the process for funding the Community Fund. On June 15, 2006, the parties to the City-Port MOA modified it to set August 7, 2006 as the deadline for establishing the Community Fund and August 7, 2007 as the deadline for contributing to the Fund. The Agency established the Community Fund account in August 2006. No funds, however, were contributed. On February 28, 2008, the City-Port MOA was amended and restated to remove OBRA as a party to the MOA, extend the deadline for contributions to August 7, 2010, clarify the process for funding, distinguish between Agency and Port sources of funding, and limit usage of Port contributions to the Fund to uses consistent with the public trust, as determined by the State Lands Commission.

At the time the Port entered into the MOA, it expected to redevelop and fund the redevelopment of the Port-owned portion of the OAB, while the Agency anticipated contracting a third-party developer. Therefore, the MOA was drafted to indicate that the Port would directly contribute its share of the Community Fund, while the Agency's developer would contribute the Agency's share. Since entering into the MOA, the Port has decided to solicit a master developer for its property. To this end, the Port has been negotiating with a potential master developer, AMB Property Corporation/California Capital Group ("AMB/CCG"), the same developer currently in negotiations with the Agency to develop the Agency-owned portion of the OAB.

Given its revised development model, the Port believes that it is necessary to amend the MOA to indicate that the Port's contribution can be provided by its master developer. This revision would make the Port's approach to funding the Community Fund consistent with the Agency's.

KEY ISSUES AND IMPACTS

Although the City/Agency and Port have agreed to extend the deadline for funding the Community Fund, all parties must agree on the term of the extension before it can be memorialized in the City-Port MOA. Furthermore, both the Agency and Port may be ready to enter into development contracts in 2012. The amendment to the City-Port MOA should be negotiated and executed in time to ensure that a mechanism for funding the Community Fund is in place when development contracts are executed. Should the Port not be able to reach an agreement with a developer, the City-Port MOA needs to reaffirm the Port's commitment to funding its share of the Community Fund.

PROGRAM DESCRIPTION

Based on recommendations by the West Oakland Community Advisory Group (WOCAG), staff developed the following general guidelines for when the Community Fund is implemented.

1. Timing and Method of Collecting Funds

Payment of the Agency's portion of its obligation to the West Oakland Community Fund would be required from the developer as a term in any development agreement. Staff recommends that payment occur at the time land suitable for commercial development is conveyed to the developer.

As City/Agency funds are collected, the Port or Port developer will contribute a matching amount up to the maximum Port contribution of \$2,000,000.

2. Use of Funds

The Fund would be available for a variety of uses. Based on both WOCAG and staff recommendations, the Fund would target projects and programs that meet the following criteria:

- **Community Benefit.** Projects and programs that create business and employment opportunities for West Oakland residents; provide services and facilities for youth; improve open space and other public facilities in West Oakland; or provide other concrete community benefits.
- **Geographic Scope.** The Fund would support projects and programs located within the West Oakland District, which includes the area bounded by Interstates 580, 880, and 980.
- **Fund Restrictions.** Projects and programs that comply with the fund restrictions attached to Port funds.
- **Professional Management & Feasibility.** Projects and programs that are professionally managed by established organizations and that can demonstrate financial feasibility and a high likelihood of successful completion.
- **Not Redundant with Basic City Services.** Projects and programs that are not traditionally provided by general City services. For example, decorative banners would be a qualifying use, but basic streetlights or sidewalk repairs would not.

3. Selection Process

Staff would issue a call for proposals, which would be marketed to the West Oakland community through WOCAG, the West Oakland Project Advisory Committee (WOPAC), the West Oakland Commerce Association (WOCA), and other local community groups, posting notices at key West Oakland locations, using local-serving news media and websites (including the City's website), and other community outreach. Proposals would be reviewed by WOCAG and would be scored based on the criteria described above. To assist WOCAG's review, staff would provide a technical appraisal of the proposals. Staff would forward WOCAG's recommendations to the Agency Board, which would make the final decision on awarding funds.

4. Disbursement of Funds

WOCAG recommended that funds be disbursed in the form of an interest-free loan with the possibility of forgiveness if a project or program is not expected to generate revenue but meets defined performance measures. The intent would be to allow the Fund to be

replenished, to the extent possible, so that more projects and programs can be supported in the future. WOCAG recommended that awards be limited to a maximum of \$350,000 per project/program, in order to allow the Fund to be distributed among a wider array of applicants.

5. Administration

In order to prevent the misuse of funds, staff would monitor the progress of all approved projects and programs. All fund recipients would be required to meet a pre-set schedule of performance; provide regular status reports; and submit to annual auditing.

SUSTAINABLE OPPORTUNITIES

Economic: The Community Fund will have a direct and positive economic impact on the West Oakland community. The funding will be used in a variety of community-based efforts including business and employment opportunities and programs for youth.

Environmental: The Community Fund will have positive impacts on the environment by fostering and supporting community based projects and programs that improve the quality of life for the West Oakland community.

Social Equity: The Community Fund will provide access to funds on a more community based level, specific to West Oakland, with extensive opportunities for participation.

DISABILITY AND SENIOR CITIZEN ACCESS

This report does not include the approval of any specific projects or programs. Disability and senior access issues will be addressed when specific development plans are submitted for West Oakland Community Fund financing, and can be identified and incorporated into the proposals as a requirement for funding.

RECOMMENDATION AND RATIONALE

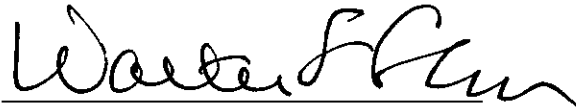
Staff recommends that the City Council/Agency Board authorize the City/Agency Administrator to negotiate and execute an amendment to the City-Port MOA to extend the deadline by up to four years to fund the West Oakland Community Fund and to allow the Port's developer to provide the Port's contribution to the Fund. The Port has approved these revisions.

ACTION REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

Staff requests that the City/Agency Administrator be authorized to negotiate and execute an amendment to the Oakland Army Base Amended and Restated Memorandum of Agreement among the City of Oakland, the Redevelopment Agency, and the Port of Oakland to:

- a) Extend the August 7, 2010 deadline by up to four years to fund the West Oakland Community Trust Fund; and
- b) Revise the City-Port MOA to indicate that the Port's contribution to the West Oakland Community Trust Fund can be provided by the Port's developer rather than directly by the Port.

Respectfully submitted,



Walter S. Cohen, Director
Community and Economic Development Agency

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

Prepared by:
Hui Wang, Urban Economic Analyst III
Redevelopment

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:


Office of the City/Agency Administrator

OAKLAND CITY COUNCIL

Andrew Miller
City Attorney

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE AN AMENDMENT TO THE OAKLAND ARMY BASE AMENDED AND RESTATED MEMORANDUM OF AGREEMENT AMONG THE CITY OF OAKLAND, THE REDEVELOPMENT AGENCY, AND THE PORT OF OAKLAND TO:

- A) EXTEND THE AUGUST 7, 2010 DEADLINE BY UP TO FOUR YEARS TO FUND THE WEST OAKLAND COMMUNITY TRUST FUND**
- B) REVISE THE CITY-PORT MOA TO INDICATE THAT THE PORT'S CONTRIBUTION TO THE WEST OAKLAND COMMUNITY TRUST FUND CAN BE PROVIDED BY THE PORT'S DEVELOPER RATHER THAN DIRECTLY BY THE PORT**

WHEREAS, the Oakland Redevelopment Agency ("Agency") established the West Oakland Community Trust Fund (the "Community Fund") to assist with economic development in West Oakland, the neighborhood most directly impacted by the closure of the Oakland Army Base ("OAB"); and

WHEREAS, the Amended and Restated Memorandum of Agreement for Oakland Army Base ("City-Port MOA") among the City of Oakland ("City"), the Agency, and the Port of Oakland ("Port") provides that a total of \$4 million could be contributed to the Community Fund, with one half of the funding to come from the Port and one half to come from the Agency and the City; and

WHEREAS, the one-half share of the funding attributable to the Agency and the City will be paid by future developers of the Agency's OAB property; and

WHEREAS, the City-Port MOA requires that the Port match contributions made by the Agency's OAB developers, up to a maximum of \$2,000,000, if such contributions are made on or before August 7, 2010, but the Port shall have no obligation to contribute to the Community Fund if no OAB developer contributions have been made by August 7, 2010; and

WHEREAS, on June 30, 2010, the City Council authorized by Resolution No. 82868 C.M.S. an amendment to the City-Port MOA to extend the deadline indefinitely for funding the Community Fund, but not to amend any other provision of the City-Port MOA; and

WHEREAS, on July 20, 2010, the Port Board authorized through Resolution No. 10-97 an amendment to the City-Port MOA to extend the deadline for funding the Community Fund by three or four years and to allow the Port's developer to provide the Port's contribution to the Fund; and

WHEREAS, the City and the Agency wish to amend the City-Port MOA to accept the revisions approved by the Port; now therefore, be it

RESOLVED: That the City Administrator or his or her designee is hereby authorized to negotiate and execute an amendment to the City-Port MOA to:

- a) Extend the deadline by up to four years for the Agency and the Port to fund the West Oakland Community Trust Fund; and
- b) Revise the City-Port MOA to indicate that the Port's contribution to the West Oakland Community Trust Fund can be provided by the Port's developer rather than directly by the Port;

and be it

FURTHER RESOLVED: That the City Administrator or his or her designee is hereby authorized to take all actions necessary to implement the City-Port MOA amendment, consistent with the intent of this Resolution.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF and
PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

FILED
CITY OF THE CITY OF OAKLAND
JUN 16 PM 5:56

Approved as to form and legality

Diana Miller
ORA Agency Counsel

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

Resolution No. _____ C.M.S.

RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO EXECUTE AN AMENDMENT TO THE OAKLAND ARMY BASE AMENDED AND RESTATED MEMORANDUM OF AGREEMENT AMONG THE CITY OF OAKLAND, THE REDEVELOPMENT AGENCY, AND THE PORT OF OAKLAND (THE "CITY-PORT MOA") TO:

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WHEREAS, the one-half share of the funding attributable to the Agency and the City will be paid by future developers of the Agency's OAB property; and

WHEREAS, the City-Port MOA requires that the Port match contributions made by the Agency's OAB developers, up to a maximum of \$2,000,000, if such contributions are made on or before August 7, 2010, but the Port shall have no obligation to contribute to the Community Fund if no OAB developer contributions have been made by August 7, 2010; and

WHEREAS, on June 30, 2010, the Agency Board authorized by Resolution No. 2010-0076 C.M.S. an amendment to the City-Port MOA to extend the deadline indefinitely

for funding the Community Fund, but not to amend any other provision of the City-Port MOA; and

WHEREAS, on July 20, 2010, the Port Board authorized through Resolution No. 10-97 an amendment to the City-Port MOA to extend the deadline for funding the Community Fund by three or four years and to allow the Port's developer to provide the Port's contribution to the Fund; and

WHEREAS, the City and the Agency wish to amend the City-Port MOA to accept the revisions approved by the Port; now therefore, be it

RESOLVED: That the Agency Administrator or his or her designee is hereby authorized to negotiate and execute an amendment to the City-Port MOA to:

- a) Extend the deadline by up to four years for the Agency and the Port to fund the West Oakland Community Trust Fund; and
- b) Revise the City-Port MOA to indicate that the Port's contribution to the West Oakland Community Trust Fund can be provided by the Port's developer rather than directly by the Port;

and be it

FURTHER RESOLVED: That the Agency Administrator or his or her designee is hereby authorized to take all actions necessary to implement the City-Port MOA amendment, consistent with the intent of this Resolution.

IN AGENCY, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

ATTEST:

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