

OFFICE OF THE CITY CLERK

2007 JUL 29 PM 1:51

# REDEVELOPMENT AGENCY AND THE CITY OF OAKLAND

## AGENDA REPORT

TO: Office of the City/Agency Administrator  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development Agency  
DATE: July 10, 2007

RE: **An Ordinance Authorizing The Purchase Of Real Property At 5818 International Boulevard (APN 038-3234-012-03 And 038-3234-013-01) From A. Essabhoy, Trustee Of The Essabhoy Trust, For \$790,000, Plus Customary Real Estate Closing Costs, For Redevelopment As A Teen Youth Center, And Accepting And Appropriating A Contribution Of \$790,000 Plus Customary Real Estate Closing Costs, From The Redevelopment Agency Under The Cooperation Agreement For The Purchase Of The Property; And**

**An Agency Resolution Authorizing The Contribution Of \$790,000 Plus Customary Real Estate Closing Costs To The City Under The Cooperation Agreement For The Acquisition Of 5818 International Boulevard.**

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### SUMMARY

An ordinance has been prepared authorizing the City Administrator, or her designee, to enter into and execute a Purchase and Sale Agreement to acquire 5818 International Boulevard (APN 038-3234-012-03 and 038-3234-013-01) (Property) from the property owner A. Essabhoy, Trustee of the A. Essabhoy Trust. The parcel is improved with a 3,868 square foot building last occupied by the City of Oakland as a Head Start Center. The acquisition cost for the property is \$790,000 plus customary real estate closing costs and will be funded from Coliseum Tax Allocation Bond Series 2006B-TE (Tax Exempt) Bond funds. The property will be held by the City of Oakland, and will be occupied by the City of Oakland Office of Parks and Recreation (OPR), for a teen youth center. Staff is also asking that the Redevelopment Agency be authorized to make a contribution of \$790,000, plus customary real estate closing costs, in Agency funds to the City under a cooperation agreement for the acquisition of 5818 International Boulevard.

The Owner has agreed to sell the Property to the City for the fair market value of \$790,000 plus customary real estate closing costs. The purchase price is consistent with the appraised fair market value of the Property. Staff recommends the passage and adoption of this ordinance authorizing the City to purchase the Property and accept a contribution of \$790,000, plus customary real estate

Item #: \_\_\_\_\_

Finance and Management Committee

July 10, 2007

closing costs, from the Redevelopment Agency under the Cooperation Agreement for the purchase of the property.

### FISCAL IMPACT

The Proposed ORA FY2007-09 Budget sets aside \$1,000,000 for Parks and Recreational Facilities in the Coliseum Redevelopment Area. Staff proposes to allocate \$800,000 of the \$1,000,000 in FY2007-08 and \$200,000 in FY2008-09 in Coliseum Tax Allocation Bond (TAB) Series 2006B-TE (Tax Exempt) Bond Fund (9455), Capital Improvement Project – Economic Development Organization (94800).

The City will accept and appropriate this contribution of \$790,000 plus customary real estate closing costs from the Agency under the cooperation agreement to the City's Oakland Redevelopment Agency Projects (Fund 7780), Office of Parks and Recreation - Rainbow Org. (509235).

The Public Works Agency (PWA) will need to provide a cost estimate for custodial, utility, and building maintenance relative to the operation of this new facility.

There are no additional funding sources in PWA for this building. Facility maintenance is provided through the Internal Service Fund (Fund 4400) and each client department (e.g., OPR) contributes towards facility maintenance from their budget. By adding a new unfunded facility to Fund 4400 it will impact service levels at other Parks and Recreation facilities, as well as increase the shortfall in funding for hard costs such as utilities and building maintenance.

### BACKGROUND

The Property is located within the Coliseum Redevelopment Project Area. The general objective for the acquisitions is to gain control of the Property in order to eliminate blight in the area and to reuse the Property for a teen youth center.

The Property consists of the following:

Address	Assessor's Parcel Numbers	Land Area	Building Area
5818 International Blvd.	038-3234-012-03	5,235 square feet	3,868 square feet
5812 International Blvd.	038-3234-013-01	3,113 square feet	
Total		8,348 square feet	3,868 square feet

The City of Oakland owns 5800 International Boulevard. OPR uses this property for the Rainbow Recreation Center. The Property, located adjacent to 5800 International Boulevard, will be used for a teen youth center.

Item #: \_\_\_\_\_

Finance and Management Committee

July 10, 2007

The Property is currently improved with a single story building which has been vacant since Head Start moved out in October 2006. Staff has determined that the Property is blighted, obsolete, and underutilized. There has been no other interest in purchasing or leasing the Property.

The facility includes three (3) rooms suitable for programs, an operational kitchen, an office with computer hook-ups, and men's, women's, and preschool restroom facilities. It is in reasonably good condition and needs minimal, renovation to be usable for program activities. The Property also includes the adjacent parking lot.

The Owners have agreed to sell the Property to the City for the fair market value of \$790,000 plus customary real estate closing costs.

### **KEY ISSUES AND IMPACTS**

The key issue is whether the City should purchase the Property for \$790,000 plus the payment of the customary closing costs.

1. The purchase of the Property presents a unique opportunity for the City to control future use of this Property.
2. The Rainbow Recreation Center (located 5800 International Boulevard) operated by the OPR is located next to the Property providing an opportunity to centralize recreational activities in the neighborhood for teenage youths.
3. The improvements to the Property for the proposed teen youth center are consistent with the Coliseum Redevelopment Plan and will help to eliminate the existing blighted condition and improve public safety for the residents of the Coliseum Redevelopment Project Area.
4. Funding is available in the Coliseum Tax Allocation Bond Series 2006B-TE (Tax Exempt) Bond Fund (9455) to cover the cost of acquisition.

### **PROJECT DESCRIPTION**

The Property at 5818 International Boulevard is located immediately adjacent to Rainbow Recreation Center and can be used for expanded recreation, teen, and community services. By dedicating a center specifically for teen and youth activities, OPR can more effectively address the need for positive alternative activities for youth and teens that build leadership skills in a safe environment and thereby counteract the issues of violence in Oakland. With an additional focus on job readiness activities, college preparation, and academic support, OPR will also be better able to support our young adults in becoming productive members of the community.

Based on current use of Rainbow Recreation Center, there is an increased need for senior, pre-school, youth services in the immediate community. Additionally, there is a need for positive alternative activities for teens. While Rainbow Recreation Center is limited in its ability to handle the increased need for services, the acquisition of the Property will allow increase opportunities to provide recreation and community services in East Oakland.

Item #: \_\_\_\_\_

Finance and Management Committee

July 10, 2007

## **SUSTAINABLE OPPORTUNITIES**

### Economic:

The use of the Property for a teen youth center will maximize and centralize recreational activities already available at the Rainbow Recreation Center. This project will improve neighborhood conditions and make the neighborhood area more attractive to current and prospective residents, tenants and businesses that can provide employment within Oakland.

### Environmental:

The acquisition of the parcels is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b) (3) (no possibility of significant environmental impact), Section 15183 (projects consistent with a General Plan), Section 15301 (existing facilities), and Section 15308 (actions by regulatory agencies to protect the environment) of the CEQA Guidelines.

The acquisition of the Property is expected to contribute to smart growth by stimulating additional neighborhood use of the existing Rainbow Recreation Center and centralizing the recreational activities.

### Social Equity:

The neighborhood has suffered from economic blight and an absence of new construction for an extended period. The proposed acquisition and use of the Property for a youth teen center provides a positive stimulus to the neighborhood where the occupancy of vacant buildings is both welcomed and important to continued neighborhood growth and stability.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

The property was previously used as a Head Start Center and met all of the federal ADA requirements. Seniors and people with disabilities may benefit from the purchase of the Property especially if they have youths in their families that will use the proposed teen youth center. To the extent that the proposed teen youth center involves seniors and people with disabilities, the youths, seniors and people with disabilities in the neighborhood will all benefit from the purchase and use of the Property.

## **RECOMMENDATION AND RATIONALE**

Staff recommends that the City Council approve the Ordinance authorizing the City Administrator to enter into and execute a Purchase and Sale Agreement for the acquisition of the property at 5818 International Boulevard for an amount not to exceed \$790,000 plus customary real estate closing costs; and accept a contribution of \$790,000 plus customary real estate closing costs, from the Redevelopment Agency under the Cooperation Agreement for the purchase of the Property.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council approve the Ordinance and Agency Resolution.

Respectfully submitted,



for

**GREGORY HUNTER**

Interim Director of Redevelopment, Economic  
Development, Housing and Community Development

Reviewed by:

Frank Fanelli, Manager Real Estate Services

Prepared by:

Ed Kawamoto, Real Estate Agent

APPROVED AND FORWARDED  
TO THE FINANCE AND MANAGEMENT COMMITTEE

  
\_\_\_\_\_

Office of the City/Agency Administrator

**NOTICE AND DIGEST**

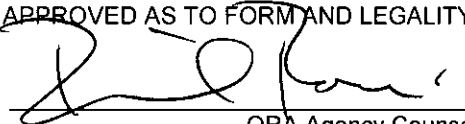
**AN ORDINANCE AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 5818 INTERNATIONAL BOULEVARD (APN 038-3234-012-03 AND 038-3234-013-01) FROM A. ESSABHOY, TRUSTEE OF THE ESSABHOY TRUST, FOR \$790,000, PLUS CUSTOMARY REAL ESTATE CLOSING COSTS, FOR REDEVELOPMENT AS A TEEN YOUTH CENTER, AND ACCEPTING AND APPROPRIATING A CONTRIBUTION OF \$790,000 PLUS CUSTOMARY REAL ESTATE CLOSING COSTS, FROM THE REDEVELOPMENT AGENCY UNDER THE COOPERATION AGREEMENT FOR THE PURCHASE OF THE PROPERTY**

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This Ordinance authorizes the City Administrator to purchase 5818 International Boulevard from A. Essabhoy, Trustee of the Essabhoy Trust.

2007 JUN 29 PM 1:51

APPROVED AS TO FORM AND LEGALITY:

  
ORA Agency Counsel

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

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

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**AN AGENCY RESOLUTION AUTHORIZING THE CONTRIBUTION  
OF \$790,000 PLUS CUSTOMARY REAL ESTATE CLOSING COSTS  
TO THE CITY UNDER THE COOPERATION AGREEMENT FOR THE  
ACQUISITION OF 5818 INTERNATIONAL BOULEVARD**

**WHEREAS**, the Redevelopment Agency wishes to fund the City of Oakland's acquisition costs to purchase two parcels (APN 038-3234-012-03) and (APN 038-3234-013-01) at 5818 International Boulevard in the Coliseum Redevelopment Project Area from the A. Essabhoy Trust so that the City can alleviate general blight and unsafe conditions on those parcels and redevelop those parcels for use as a teen youth center; and

**WHEREAS**, the City and the Redevelopment Agency are jointly implementing projects in the Coliseum Redevelopment Project Area as part of the Redevelopment Plan to reduce blight and reuse vacant buildings in the Redevelopment Area; and

**WHEREAS**, the City and Redevelopment Agency entered into a Cooperation Agreement on July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies, including Redevelopment Agency financial contributions and other assistance to support City public improvements; and

**WHEREAS**, Section 33445 of the California Health and Safety Code authorizes a redevelopment agency to pay for land costs or the cost of installation or construction of publicly-owned facilities, if the legislative body has consented to such funding and has made certain findings; and

**WHEREAS**, the acquisition of the parcels is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b)(3) (no possibility of significant environmental impact), Section 15183 (projects consistent with a General Plan), Section 15301 (existing facilities), and Section 15308 (actions by regulatory agencies to protect the environment) of the CEQA Guidelines; and

**WHEREAS**, there are sufficient funds from the Coliseum Tax Allocation Bond Series 2006B-TE (Tax Exempt) Bond Fund (9455) to complete acquisition of the International Boulevard parcels; and

**WHEREAS**, the City Council is consenting to the use of Agency funding for the acquisition pursuant to Section 33445 of the California Health and Safety Code; now, therefore, be it

**RESOLVED:** That the Agency hereby authorizes a contribution of up to \$790,000 plus customary real estate closing costs in Redevelopment Agency funds, including contingency, to the City under the Cooperation Agreement for the acquisition of the International Boulevard parcels; and be it further

**RESOLVED:** That a total of \$790,000 plus customary real estate closing cost will be allocated from Coliseum Tax Allocation Bond Series 2006B-TE (Tax Exempt ) Bond Fund (9455), Capital Improvement Project – Economic Development Organization (94800) for the purchase of the parcels; and be it further

**RESOLVED:** That such funds shall be placed into the City Project established for the acquisition of the subject parcels; and be it further

**RESOLVED:** That the Agency hereby finds and determines as follows:

1. That the funding of the acquisition of the International Boulevard parcels will benefit the Coliseum Redevelopment Project Area by alleviating blight conditions on those parcels by improving and making use of an unoccupied, vacant building and redeveloping the building for use as a teen center serving Project Area residents ;
2. That since City General Funds are not available for acquisition of these properties, no other reasonable means of financing are available to the City for the acquisition other than Redevelopment Agency funding; and
3. That the use of tax increment funds from the Coliseum Redevelopment Project Area for the acquisition will assist in the elimination of blight in the Project Area by allowing the City to repair the dilapidated condition of the building currently located on the parcels and restore to productive use as a City teen youth recreation center, and is consistent with the implementation plans adopted for the Coliseum Project Area; and be it further



**RESOLVED:** That the Agency Administrator or her designee is hereby authorized to take whatever other action is necessary with respect to the Agency funding of the acquisition consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2007

**PASSED BY THE FOLLOWING VOTE:**

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

NOES-

ABSENT-

ABSTENTION-

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

APPROVED AS TO FORM AND LEGALITY:

  
DEPUTY CITY ATTORNEY

## OAKLAND CITY COUNCIL

ORDINANCE NO. \_\_\_\_\_ C. M. S.

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**AN ORDINANCE AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 5818 INTERNATIONAL BOULEVARD (APN 038-3234-012-03 AND 038-3234-013-01) FROM A. ESSABHOY, TRUSTEE OF THE ESSABHOY TRUST, FOR \$790,000 PLUS CUSTOMARY REAL ESTATE CLOSING COSTS, FOR REDEVELOPMENT AS A TEEN YOUTH CENTER, AND ACCEPTING AND APPROPRIATING A CONTRIBUTION OF \$790,000 PLUS CUSTOMARY REAL ESTATE CLOSING COSTS, FROM THE REDEVELOPMENT AGENCY UNDER THE COOPERATION AGREEMENT FOR THE PURCHASE OF THE PROPERTY.**

**WHEREAS**, the City of Oakland Office of Parks and Recreation operates the Rainbow Recreation Center at 5800 International Boulevard, adjacent to two parcels (APN 038-3234-012-03 and 038-3234-013-01) at 5818 International Boulevard; and

**WHEREAS**, 5818 International Boulevard is currently occupied by a vacant building that belongs to the Essabhoy Trust; and

**WHEREAS**, City staff have identified the site as a blighted, obsolete, and/or underutilized property within the Coliseum Redevelopment Project Area; and

**WHEREAS**, the City wishes to purchase the referenced parcels, pending the results of the environmental review, title search and other due diligence to be completed, for redevelopment as a teen center; and

**WHEREAS**, A Essabhoy, Trustee of the Essabhoy Trust has offered to sell 5818 International Boulevard to the City for a price of \$790,000 plus customary real estate closing costs; and

**WHEREAS**, the City and Redevelopment Agency entered into a Cooperation Agreement on July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies, including Redevelopment Agency financial contributions and other assistance to support City public improvements; and

**WHEREAS**, Section 33445 of the California Health and Safety Code authorizes a redevelopment agency to pay for land costs or the cost of installation or construction of publicly-owned facilities, if the legislative body has consented to such funding and has made certain findings; and

**WHEREAS**, the Redevelopment Agency has authorized a contribution of Agency funds from the Coliseum Redevelopment Project in the amount of \$790,000 plus customary real estate closing cost to the City to purchase the International Boulevard parcels; and

**WHEREAS**, the acquisition of the parcels is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b)(3) (no possibility of significant environmental impact), Section 15183 (projects consistent with a General Plan), Section 15301 (existing facilities), and Section 15308 (actions by regulatory agencies to protect the environment) of the CEQA Guidelines; now, therefore,

**THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:**

**Section 1:** The City Council hereby authorizes the purchase of the 5818 International Boulevard parcels, APN 038-3234-12-3 and 038-3234-13-1, for a purchase price of \$790,000 plus customary real estate closing costs, for redevelopment as a teen center.

**Section 2:** The City Administrator, or her designee, is authorized to negotiate and execute an agreement to purchase the International Boulevard parcels.

**Section 3:** The City hereby consents to and accepts and appropriates to the City's Oakland Redevelopment Agency Projects Fund (7780) a contribution of \$790,000 plus customary real estate closing costs from the Redevelopment Agency under the Cooperation Agreement for the purchase of the parcels.

**Section 4:** The City Council hereby finds and determines as follows:

1. That the funding of the acquisition of the International Boulevard parcels will benefit the Coliseum Redevelopment Project Area by alleviating blight conditions on those parcels by improving and making use of an unoccupied, vacant building and redeveloping the building for use as a teen center serving Project Area residents;
2. That since City's General Purpose Funds are not available for acquisition of these properties, no other reasonable means of financing are available to the City for the acquisition other than Redevelopment Agency funding; and
3. That the use of tax increment funds from the Coliseum Redevelopment Project Area for the acquisition will assist in the elimination of blight in the Project Area by allowing the City to repair the dilapidated condition of the building currently located on the parcels and restore to productive

use as a City teen youth recreation center, and is consistent with the implementation plans adopted for the Coliseum Project Area.

**Section 5:** In accordance with the requirements of City Charter Article IV, the purchase agreement shall be approved as to form and legality by the City Attorney's Office prior to execution and a copy shall be filed with the Office of the City Clerk.

**Section 6:** This Ordinance shall become effective immediately upon final adoption if it receives six or more affirmative votes; otherwise, it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2007

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
                  LA TONDA SIMMONS  
                  City Clerk and Clerk of the Council  
                  of the City of Oakland, California