

**CITY OF OAKLAND AND
OAKLAND REDEVELOPMENT AGENCY** 2005 JUN 16 PM 9:13
AGENDA REPORT

TO: Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: June 28, 2005

RE: **RESOLUTION AUTHORIZING AGENCY ADMINISTRATOR TO NEGOTIATE AND EXECUTE EXCLUSIVE NEGOTIATING AGREEMENT WITH THE OAKLAND BASE REUSE AUTHORITY, OAKLAND REDEVELOPMENT AGENCY AND COSTCO WHOLESALE CORPORATION FOR A TERM OF 180 DAYS TO DEVELOP A WHOLESALE AND RETAIL GENERAL MERCHANDISE FACILITY IN THE NORTH GATEWAY DEVELOPMENT AREA OF THE FORMER OAKLAND ARMY BASE**

SUMMARY

Staff seeks authority for the Redevelopment Agency Administrator to negotiate and execute an Exclusive Negotiating Agreement (ENA) with the Oakland Base Reuse Authority (OBRA), Oakland Redevelopment Agency (ORA) and Costco Wholesale Corporation for developing a Costco complex on the Subaru Lot within the North Gateway Subarea in the Oakland Army Base (OARB) Redevelopment Project Area [see Attachment 1]. Costco representatives, although still reviewing the ENA, have indicated as of the writing of this report, that they have no major concerns with the proposed Agreement. In the interest of expediting negotiations between all parties, this report summarizes the major provisions of the ENA and requests authorization to negotiate and execute an ENA for a term of 180 days. Following that action, staff will report back to the ORA regarding a Disposition and Development Agreement (DDA) and other actions necessary to move the Costco project closer to fruition.

FISCAL IMPACT

Other than staff costs, there is no fiscal impact to the ORA or City related to negotiating an ENA. The ENA stipulates that the project proponents would provide \$250,000 to fund a Project Expense Payment account (PEP) to cover any third party contracts necessary to facilitate their proposed development and the ORA's and OBRA's review.

For the past two years OBRA has financed in excess of \$300,000 for preliminary property appraisal, utility infrastructure, traffic, environmental remediation, site planning, environmental review and other analyses that have facilitated staff's understanding of the Costco proposal

and/or the feasibility of using the Subaru Lot for a wholesale and retail general merchandise facility. Reimbursement of OBRA by the project sponsors for past expenditures is anticipated to be reflected in the land sale price ultimately negotiated with the project sponsor.

BACKGROUND

In November 2004 OBRA purchased from the U.S. Army Reserves 19.032 acres of Army Base property north of West Grand Avenue known as the Subaru Lot.¹ (OBRA provided the down payment and signed an interest-free promissory note that is due in four years. OBRA makes no payments during the first two years; however, its first payment is due in November 2006.) Immediately following acquisition, OBRA sold approximately 2.51 acres of the Subaru Lot to the Port of Oakland per earlier agreements between the ORA, OBRA and the Port. Title to the remaining Subaru acreage, along with other portions of the former Army Base, will transfer to the ORA in August 2006, after which the ORA will be responsible for development of its portion of the Base.

In Spring 2003, the ORA directed staff to respond favorably to Costco's unsolicited proposal to build a new Costco store on the Subaru Lot. Costco proposes to build a new warehouse club facility to serve the residents of Oakland and the Bay Area. This will include 150,000 square feet of a full-service warehouse and retail complex, including a gas station, a one-hour photo facility, a bakery, a fresh meat and produce department, an optical department, a pharmacy and a retail center including a furniture sales component. Costco predicts that the sales volume from this club will generate approximately \$840,000 per year in new sales tax revenue to the City, and employ up to 350 people, most of whom would be hired from the local area. Costco has pledged to make real property improvements that would generate property tax increment based on a \$25 million value.

After considering drafts of non-binding Letters of Intent discussing the parties' (ORA, OBRA and Costco) respective development responsibilities, in late 2004, Costco indicated it wanted to enter a contractually binding ENA rather than a nonbinding letter of intent. In January 2005, Costco sent the Community and Economic Development Agency (CEDA) a draft ENA. Because the Base is currently under title by OBRA and OBRA is currently responsible for ensuring that all regulatory and other matters affecting development of the Base are addressed in any development opportunity, OBRA along with the ORA would be a party to the ENA. On March 21, 2005, the OBRA Governing Body authorized its Executive Director to negotiate and enter into an ENA with the ORA and Costco Wholesale Corporation.

The City Attorney's office reviewed the Costco ENA draft, prepared a revised draft based upon the ORA's standard ENA format, and forwarded said draft to Costco for review.

¹ The Army used a third party contractor, DTC, to sell the property. Accordingly, OBRA's payment obligations technically accrue to DTC.

As of the writing of this report, staff has received indications that Costco has no major concerns with the proposed ENA provisions. A summary of the ENA provisions ("Costco Project Term Sheet") is submitted as Attachment 2 of this report. Costco has stated that it will not proceed with negotiations unless an ENA is in place. An ENA does not require the ORA or OBRA to allow Costco to develop the site. The ENA only requires that the ORA and OBRA negotiate exclusively and in good faith with Costco.

KEY ISSUES AND IMPACTS

ENA Project Benefits and Considerations

The proposed ENA would allow staff to formally explore development of a project that furthers the economic development of the City by providing 150,000 square feet of new commercial services and resources, and generating approximately \$840,000 per year in new sales tax revenue. It also, however, prohibits the ORA or OBRA from negotiating with any other party for development of the Subaru Lot for a period of 180 days.

Local Opportunities

The development that could result from the ENA is expected to employ up to 350 people, most of whom would be hired from the local area. Although these jobs are non-union, according to Costco representatives, the jobs pay \$10.50 per hour and employees earn higher wages than their counterparts working for union grocers, establishments. No more than 50% of the warehouse employees are part-time and all employees, whether full- or part-time, receive benefits.

Economic Development

In addition to the above-referenced sales tax revenue and employment-generating potential, a Costco store would significantly further the City's economic development objectives for the former Army Base. As the first major development expected on the site, Costco could be a major catalyst project that attracts other development opportunities to Base. This is particularly important given the Base's significant acreage, its high visibility from the East Bay Bridge, its locational asset as a western gateway to the City, and its accessibility from the I-880, I-80 and I-580 freeways (approximately 300,000 cars pass the site on a daily basis).

ENA Issues

The first installment payment for the Subaru Lot is due November 2006 shortly after the ORA assumes title to the property from OBRA. A confirmed agreement (e.g. a Disposition and Development Agreement) from Costco to purchase the site would allow the ORA to use funds that would normally be set aside to cover the land acquisition expense to be redirected to other

Redevelopment Area activities. Thus a key issue to be discussed during the ENA period is Costco's purchase price for the Subaru Lot. The negotiated purchase amount will cover the required installment payment and other financial obligations affecting development of the property. Other key ENA issues will be 1) the extent of developer responsibilities for traffic and utility infrastructure needed for the site; 2) any public finance obligations of the ORA; 3) the timetable for initiating development; and 4) coordination with other Base-related activities expected to commence in August 2006.

Community Concerns

Costco's interest in locating on the Base is known by several West Oakland community groups and organizations. Representatives of some of these entities have expressed concern regarding whether the Base is an appropriate location for the project, traffic congestion issues, and the potential use of the Subaru Lot by other users such as trucking business currently operating in West Oakland.

OARB Land Use Analysis

The Gateway Development Area of the Oakland Army Base in general is subject of a comprehensive land use economic, market feasibility and site planning analysis underway by an OBRA consulting team. The analysis examines a number of prospective land uses, including the wholesale and retail general merchandise category ascribed to Costco stores. Although the results of the analysis will be presented in detail in a separate report, preliminary findings indicate Costco activities in a power center configuration as one land use activity that has strong market feasibility for the Base both in the short term (now through year 2010) and long term (post 2010). The analysis indicates that retailers thrive on high visibility, a prominent characteristic of the former Army Base site.

SUSTAINABLE OPPORTUNITIES

The ENA allows the ORA and OBRA an opportunity to negotiate sustainable features that could be incorporated into the project. Such features would be identified in the Disposition and Development Agreement that--pending successful ENA negotiations and completion of other pre-development requirements--would follow after the ENA period. The DDA would be subject to ORA review prior to execution by the ORA and Costco.

Economic

There are no economic opportunities that apply the proposed action to execute an ENA. However, local employment and community economic benefits are issues that can be addressed in a Costco DDA should the project proceed.

Environmental

There are no sustainable environmental opportunities that apply to this particular action. Sustainable issues would be addressed as part of the DDA resulting from negotiations during the ENA period.

Social Equity

There are no social equity opportunities that apply to this particular action. Social equity issues would be addressed as part of the DDA resulting from negotiations during the ENA period.

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 to the City by the developer for review and approval.

CONCLUSION

Execution of an ENA will allow the ORA and OBRA to formally pursue a project that can yield tremendous economic, employment and other benefits to the City. An ENA has been prepared and transmitted to Costco Wholesale Corporation for review. A summary of ENA provisions is attached to this report. The proposed 180-day time period is intended to allow the ORA and OBRA to work through major negotiation points with Costco Corporation, yet (should agreement not be reached) also allow the ORA and OBRA to consider other opportunities prior to the November 2006 installment due date. Staff is requesting authorization for the Agency Administrator to negotiate and execute the ENA in order to proceed with these important negotiations.

RECOMMENDATION AND RATIONALE

Staff recommends that the Agency authorize the Agency Administrator to negotiate and enter into an Exclusive Negotiating Agreement with the OBRA/ORA and Costco Wholesale Corporation. A Resolution to approve the authorization has been prepared.

Deborah Edgerly
Re: CEDA-- ENA with Costco Wholesale Corporation

ACTION REQUESTED OF THE AGENCY

Staff recommends that the ORA approve the Resolution authorizing the Agency Administrator to negotiate and enter into an Exclusive Negotiating Agreement with Costco Wholesale Corporation and the OBRA on the general terms described in this report.

Respectfully submitted,



Dan Vanderpriem
Director of Redevelopment, Economic
Development, Housing and Community
Development

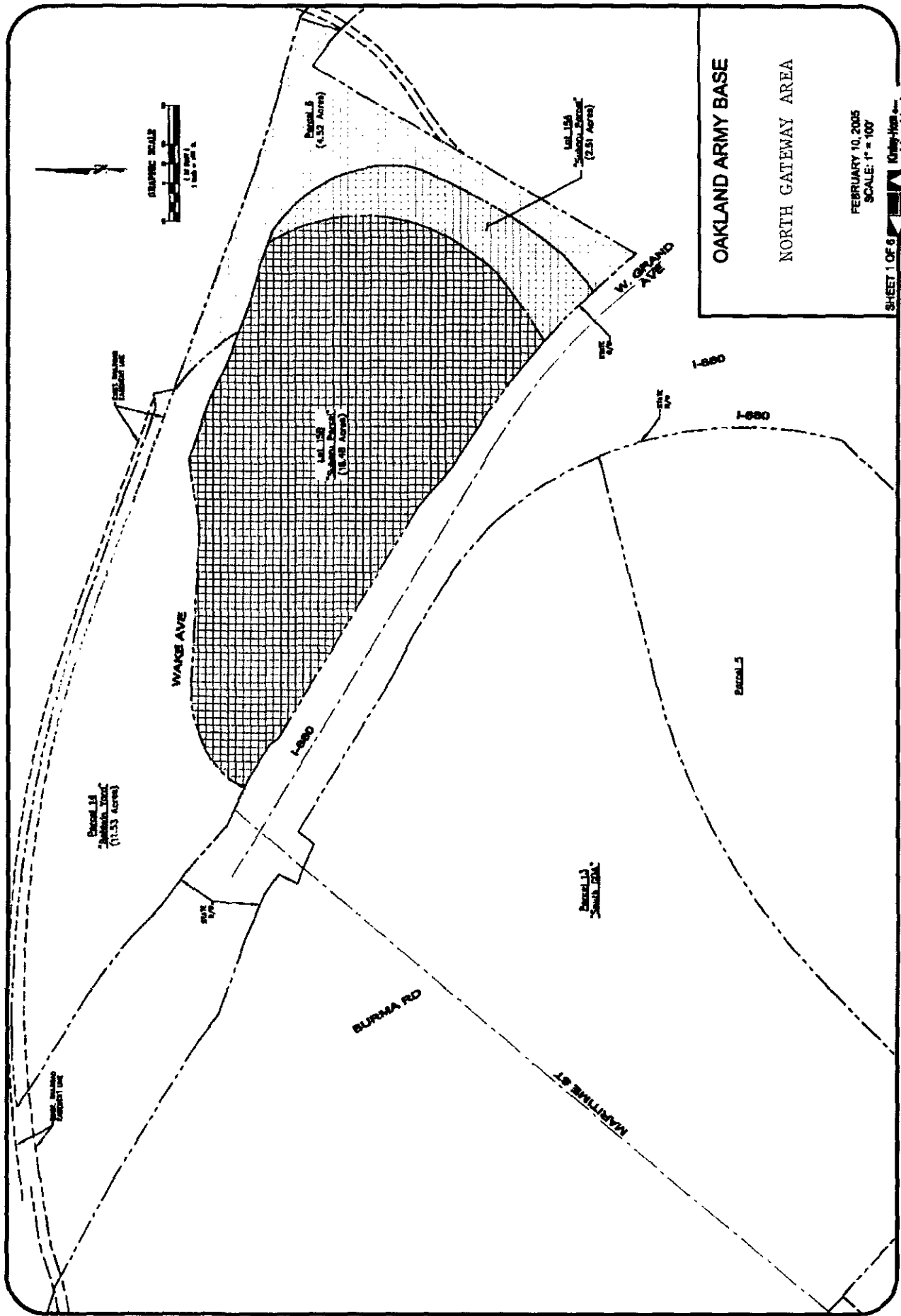
Prepared by:
Aliza Gallo, Executive Director
Oakland Base Reuse Authority

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:

Cheryl A. Thompson
OFFICE OF THE AGENCY ADMINISTRATOR

Attachments:

1. North Gateway Area Map
2. Summary of ENA Provisions (Costco ENA Project Term Sheet)



OAKLAND ARMY BASE

NORTH GATEWAY AREA

FEBRUARY 10, 2005
SCALE: 1" = 100'

SHEET 1 OF 6
KIMLEY-HORN & Associates, Inc.

Attachment 2

COSTCO ENA PROJECT TERM SHEET

▪ **ENA Parties**

The Parties to the ENA are the Oakland Base Reuse Authority, Oakland Redevelopment Agency, and Costco Wholesale Corporation

▪ **ENA Period**

The ENA would be in effect for a 180-day term. Project proponents must return to the City Council for any time extension.

▪ **Project Site**

The subject site is the Subaru Lot located in the northwestern portion of the Gateway Development Area of the Oakland Army Base (see Attachment 1: Map). Costco has requested 15 acres of the Subaru Lot.

▪ **Project Description**

Costco proposes to build a new warehouse club facility to serve the residents of Oakland and the Bay Area. This will include 150,000 square feet of a full-service warehouse and retail complex, including a gas station, a one-hour photo facility, a bakery, a fresh meat and produce department, an optical department, a pharmacy and a retail center including a furniture sales component.

▪ **Good Faith Negotiations**

During the ENA term, the parties will use their best their best good faith efforts to, without limitation, agree on:

- (1) the scope of the Developer's² development obligations;
- (2) any public finance responsibilities of the Agency;
- (3) the terms and conditions under which the Agency will convey the Property to Developer for development;
- (4) the process for securing the Agency's construction documents approvals;
- (5) the schedules for the performance of the Developer's development obligations and the other elements to be included in the DDA; and
- (6) the form of a DDA which the Agency staff can recommend to the Agency Commission and to the City Council of the City of Oakland ("City").

▪ **Exclusive Negotiations**

OBRA and the Agency shall not solicit proposals from third parties or negotiate with third parties for the development of the Subaru Lot prior to the termination of the ENA or execution of a DDA, whichever occurs first. OBRA or Agency shall, however, have the right to rent, lease, license or use all or any portion of the Subaru Lot for uses that would not materially adversely affect Costco's rights under the ENA.

▪ **Good Faith Deposit and Project Expense Payment**

In consideration for OBRA and Agency entering into the ENA, Costco shall make a deposit of Three Hundred Thousand Dollars (\$300,000) with OBRA. Of this amount,

² For purposes of the ENA, the term "Developer" refers to Costco Wholesale Corporation.

\$50,000 is a Good Faith Deposit due within ten (10) days of the date of the ENA, and \$250,000 is a Project Expense Payment ("PEP") due within three (3) days of the date of the ENA for purposes of reimbursing OBRA for third party expenses as set out in the ENA.

Good Faith Deposit

- Good Faith Deposit shall be retained by OBRA without any obligation to pay interest thereon. Payment of the \$50,000 Good Faith Deposit shall be in the form of a check in favor of the OBRA, in form and content reasonably satisfactory to OBRA and drawn by an institution reasonably satisfactory to OBRA
- Good Faith Deposit shall not be applied to any predevelopment expenses for this Agreement. If the Parties enter into a DDA, or Developer negotiates in good faith but fails to reach agreement with Agency, or Agency otherwise declines to enter into a DDA, OBRA shall return the Good Faith Deposit to Developer.
- If Developer fails to negotiate in good faith or fails to fulfill the conditions or meet the obligations set forth in the ENA, OBRA and Agency may exercise their option to retain the Good Faith Deposit as liquidated damages as set out in the ENA.

Project Expense Payment

- The \$250,000 PEP shall be in the form of a check from Costco to OBRA, in form and content reasonably satisfactory to OBRA and drawn by an institution reasonably satisfactory to OBRA.
- The PEP shall be used to pay Agency's and OBRA's actual third-party expenses related to planning a project and negotiating a DDA. Allowable activities include, but are not limited to, master planning and urban design; project management; legal fees; cost estimating; appraisals, preparation of the California Health and Safety Code 33433 Report and other studies and documents required under California Redevelopment law; and any other such reasonable project-related third-party costs as may be required by OBRA.
- Any unused portion of the PEP is refundable
- PEP funds may be used on other items with the mutual consent of Developer and Agency and OBRA Staff.

▪ Schedule of Performance

1. General Provisions

During the term of the ENA period, parties will attempt to reach agreement on the scope of the Developer's development obligations; public finance responsibilities of the Agency; terms and conditions under which the Agency will convey the property to the Developer; the process for securing the Agency's construction documents approvals; the schedules for the performance of the Developer's obligations and the form of a DDA which the Agency and OBRA can recommend for approval.

2. Initial Submittals

Within thirty (30) calendar days of the commencement of the Negotiation Period, Developer shall submit to Agency and OBRA the following:

- a) A description of the specific financial structure and legal structure of the proposed development in a form that reasonably satisfies Agency and OBRA that the Project is feasible. This shall include, without limitation, a written description of the specific and general roles, responsibilities, and obligations of Developer, Developer's members or partners, and any other person or entity participating in the legal entity established by Developer for purposes of developing the Project. Additionally, the written description of roles, responsibilities, and obligations shall identify the principals and other personnel, to the extent identified, from each participating party by name, title or position, and areas of responsibility within the development entity.
- b) Copies of balance sheets and income/loss statements, prepared in accordance with generally accepted accounting principles, and other financial documentation as reasonably requested by Agency and OBRA covering the last two years of Developer, any parent, affiliates or subsidiary corporations or other entities (if such subsidiaries or affiliates will be participating in the Project) Developer's members or partners, and any other entity participating in the legal entity established by Developer for purposes of developing the Project. Include in this submission any funding sources known at the time of execution of this Agreement.
- c) All documents related to its corporate, LLC, or partnership status, and the status of any parent, affiliates or subsidiary corporations or other entities (if such subsidiaries or affiliates will be participating in the Project) and its members or partners, including but not limited to articles of incorporation, by-laws, partnership agreements, operating agreements, joint venture agreements, lists of members of board of directors, and proof of good legal standing.
- d) A detailed description, including references, of the Project development team's experience. The team shall cover at a minimum, the architect and engineer, the general contractor and the marketing and real estate firm for the proposed undertaking. Developer will supply Agency and OBRA with a roster of Developer's Project development team and Agency and OBRA will request the information it needs based on the roster.
- e) A written statement concerning any litigation, arbitration, administrative proceedings which Developer or Developer's partners or members is a party that may have an impact on the negotiations. Developer shall provide to Agency and OBRA copies of any litigation documents or filings in connection with such litigation within five (5) calendar days of Agency's and OBRA's written request.

- f) A list of lenders and investors that Developer has utilized for similar projects in the past. Developer will furnish any lending, capital, or equity commitments to the extent that Developer has secured any such commitments during the term of this Agreement.

3. Master Planning and Agency/OBRA and Community Review

Within sixty (60) calendar days of the commencement of the Negotiation Period, Developer shall complete an Administrative Draft Master Plan (the required contents of which will be provided by Agency and OBRA at the effective date of this Agreement), which shall be reviewed with Agency and OBRA and the Community as follows:

- a) At execution of this Agreement, OBRA shall provide to Developer all existing environmental, geological, engineering and other reports within OBRA's possession or control pertaining to the condition of the Property with the exception of such material that the Agency and OBRA deem confidential. Agency and OBRA agree that it will describe to Developer to the extent required by laws governing confidentiality of public entity records material that Agency and OBRA deem confidential.
- b) The issues to be studied in the process of refining the Administrative Draft Master Plan include:
- A site plan with
 - location and design of access road to project
 - building placement on site, massing and elevations
 - parking, delivery, and circulation layout
 - Public Improvements

For purposes of this subparagraph, the term "public improvements" shall include, without limitation, such matters as:

 - Any permanent closure, rerouting, narrowing or widening of any existing public streets or sidewalks, or creation of any new streets;
 - Any parking facilities, public parks, public pedestrian ways, plazas or other public amenities;
 - Any traffic signals that may need to be replaced or installed;
 - Any street lights that may need to be replaced or installed;
 - Any utility infrastructure and improvements; and
 - Any act that may be required to be performed as a mitigation measure under any environmental document for the Project or as a condition to the issuance of any governmental permit for the Project and any other improvement currently anticipated to be required to develop the Project.
 - Landscape and Buffering areas
 - Signage Height and Appearance
 - Façade Color and Materials
 - Impact of adjacent Rail Lines and Overhead Freeway Facilities on Project

- Regulatory Development Requirements and/or Restrictions applying to the Project Site
 - Compatibility with prospective Oakland Army Base development(s) on Baldwin Yard and/or other parcels adjacent to Project Site.
 - Responses to other issues raised by Agency and OBRA.
 - Any anticipated spin-off of any development activities to other entities, including the identity of the activities and information on the entities similar to that provided by Developer
 - The Administrative Draft Master Plan shall indicate proposed phasing, and specifically describe the proposed scope of the initial and subsequent phases of the Project.
- c) Unless the Parties have agreed in writing that this requirement has been met prior to execution of this Agreement, within Ninety (90) days of commencement of the Negotiation Period or 30 days following completion of the Administrative Draft Master Plan, which ever occurs first, developer shall conduct two or more design charrettes with Agency and OBRA and the Developer's design team, to refine the Administrative Master Plan and create a Draft Master Plan.
- d) Within 20 days of receipt of the Administrative Draft Master Plan, Agency and OBRA shall review the Plan and forward comments to the Developer.
- e) Within one hundred and fifty (150) calendar days of the commencement of the Negotiation Period, Developer shall conduct at least two public meetings with members of the community to review and comment on the Draft Master Plan, and shall modify the Draft Master Plan as appropriate and submit the revised plan as a Final Master Plan

4. Environmental Review and Zoning Permits

- a) Following the completion of the Administrative Draft Master Plan and within ninety (90) calendar days of the commencement of the Negotiation Period Developer will retain an environmental and professional design consultant, who shall be subject to Agency's and OBRA's reasonable approval, to prepare all necessary environmental documentation required to conduct environmental review under the California Environmental Quality Act ("CEQA") for the Project at Developer's expense to prepare the required environmental documentation. Agency and OBRA will direct the consultants and the environmental review. Except as otherwise specifically provided for below, all environmental documents shall be prepared within the time periods required by CEQA.
- b) Based on the Administrative Draft Master Plan, Developer shall develop within ninety (90) days of the commencement of the Negotiation Period, a description of the entire Project suitable for environmental review purposes.

- c) Based on the Administrative Draft Master Plan, Developer, Agency and OBRA shall within one hundred (150) days of the commencement of the Negotiation Period, agree to a schedule for implementing the CEQA actions described below:
- Notice of Preparation and Planning Commission Scoping Session
 - First (Complete) Administrative Draft EIR
 - Publication of Draft EIR and Planning Commission Hearing on Draft EIR
 - First (Complete) Administrative Draft Final EIR
 - Publication of Final EIR
 - Planning Commission Hearing on Certification of EIR
- d) By the end of the Negotiation Period, Developer will use its best efforts to have initiated necessary CEQA environmental review procedures. and provide funding for the required CEQA documentation.

5. Project Design, Financing, and Other Submissions

- a) Within seventy (30) calendar days of completion of the Final Master Plan Developer shall submit to Agency and OBRA building floor plans, exterior elevations, a landscaping plan, rendering(s), a color and materials board, and other materials as requested by the Agency and OBRA.
- b) Within one hundred ten (110) days of the commencement of the Negotiation Period, Developer shall submit:
- (i) Detailed and itemized project pro-formas that are linked to the schedule for construction. Pro-formas shall include a development budget, a statement describing the sources and uses of funds, a 20-year cash flow analysis, and an annotated operating budget to a level of detail reasonably acceptable to Agency and OBRA.
 - (ii) A detailed development schedule for construction of the project.
 - (iii) A list of all public improvements, if any, presently anticipated or required for the entire Project and initial phase.

6. Agency/OBRA Submittals to Developer

Provided that Developer is in compliance with the material provisions of this Agreement, within one hundred twenty days (120) days of the commencement of the Negotiation Period, Agency shall submit to Developer a draft DDA that includes, but is not limited to:

- the scope of the Developer's development obligations;
- any public finance responsibilities of the Agency;

Deborah Edgerly

Re: CEDA-- ENA with Costco Wholesale Corporation

- the terms and conditions under which the Agency will convey the Property to Developer for development;
- the process and schedule for completing CEQA review
- the process for securing the Agency's construction documents approvals;
- the schedules for the performance of the Developer's development obligations and the other elements to be included in the DDA; and
- the form of a DDA which the Agency staff can recommend to the Agency Commission and to the City Council of the City of Oakland ("City").

H. Miller

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2005 JUN 16 PM 9:13

RESOLUTION No. _____ C.M.S.

RESOLUTION APPROVING AN EXCLUSIVE NEGOTIATION AGREEMENT BETWEEN THE OAKLAND REDEVELOPMENT AGENCY, THE OAKLAND BASE REUSE AUTHORITY AND COSTCO WHOLESALE CORPORATION FOR A TERM OF 180 DAYS TO DEVELOP A WHOLESALE AND RETAIL GENERAL MERCHANDISE FACILITY IN THE NORTH GATEWAY DEVELOPMENT AREA OF THE FORMER OAKLAND ARMY BASE

WHEREAS, the Redevelopment Agency adopted the Redevelopment Plan for the Oakland Army Base Redevelopment Project ("Oakland Army Base Redevelopment Plan ") on July 1, 2000; and

WHEREAS, one of the goals included in the Oakland Army Base Redevelopment Plan was subdividing the site into parcels suitable for modern, integrated development; and

WHEREAS, one of the proposed actions included in the Oakland Army Base Redevelopment Plan was redevelopment of land by private enterprise; and

WHEREAS, the OBRA acquired 365 acres of the former Oakland Army Base and transferred 70 acres to the Port in August 2003, and will transfer 165 acres available for private development to the Redevelopment Agency after OBRA transfers land to the Port of Oakland, California Department of Transportation and East Bay Regional Park District ; and

WHEREAS, the potential development of wholesale and retail general merchandise facility in the North Gateway development area of the former Oakland Army Base would improve the economic conditions in the Oakland Army Base Redevelopment Area; and

WHEREAS, the Agency has expressed interest in development of a Costco store on the North Gateway site; and

WHEREAS, the Oakland Base Reuse Authority which owns the site has also expressed interest in the proposal and has authorized its Executive Director to negotiate and enter into an agreement with Costco Wholesale Corporation; and

WHEREAS, the Agency, Oakland Base Reuse Authority and Costco Wholesale Corporation, as the prospective developer, wish to enter into a period of preliminary study and negotiations over the project proposal, understanding that this does not constitute a binding commitment on the part of the Agency to any project or developer for the property; now therefore be it

RESOLVED: That the Agency Administrator is authorized to negotiate and enter into an Exclusive Negotiating Agreement with the Oakland Base Reuse Authority, and Costco Wholesale Corporation, for purposes of studying and evaluating the feasibility of, and negotiating terms and conditions for the potential development of a Wholesale and Retail General Merchandise facility on approximately 15 acres in the North Gateway Development Area, commonly known as the Subaru lot; and be it

FURTHER RESOLVED: That the exclusive negotiating period will be for one hundred eighty (180) days; and be it

FURTHER RESOLVED: That the Exclusive Negotiating Agreement shall be reviewed and approved as to form and legality by Agency Counsel prior to execution; 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 pursuant to Section 15262 (feasibility and planning studies), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA Guidelines; and be it

FURTHER RESOLVED: That the Agency 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 Agency Administrator is further authorized to take whatever action is necessary with respect to the Exclusive Negotiating Agreement and the project consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2005

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