

**CITY OF OAKLAND**  
**AGENDA REPORT**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Finance and Management Agency  
DATE: April 1, 2010  
RE: **Informational Report on the Status of the Sale of Assets to Balance Projected Year-Year End Shortfalls in the General Purpose Fund for FY 2009-10 and FY 2010-11**

2010 MAR 25 PM 3:49

**SUMMARY**

This report provides an update on the status of generating revenue from various assets as proposed at the February 16, 2010 special City Council budget session to balance projected year-end shortfalls in the General Purpose Fund. Presented below are the assets discussed and the proposed disposition of each. Most assets will be transferred to the Oakland Redevelopment Agency (ORA) to hold until an interested developer emerges (for sale to a private party), or to develop a desirable project at a later date.

Asset	Proposal	FY 09-10 Revenue	FY 10-11 Revenue
Scotland Convention Center	Sub-lease to ORA	\$2.0 M	\$2.0 M
Medical Hill Garage	Sale to an outside party (bid due on March 31, 2010) or bonding against an annual revenue stream	\$5.0 M	
8000 South Coliseum Way (Malibu site)	Sale to ORA	\$3.5 M	
66 <sup>th</sup> Avenue at Joe Morgan Way	Sale to ORA	\$1.0 M	
Grand View Drive lots	Sale to a private party	\$0.25 M	\$0.15 M
Silveira Tunnel Road Property	Sale to a private party		\$0.6 M
Henry J. Kaiser Center	Sale of asset, preferably to a public entity to ensure continued public use		\$10.0 M
<b>Totals</b>		<b>\$11.75M</b>	<b>\$12.75M</b>

**FISCAL IMPACT**

While this report is informational and has no direct fiscal impact, the information provided offers opportunities for addressing the City's budget shortfalls in the General Purpose Fund. The sale of the assets listed could offset budget shortfalls by \$11.75M in FY 2009-10 and \$12.75M in FY 2010-11. These revenue estimates are included in the balancing measures presented in the budget report for the April 1, 2010 special City Council meeting agenda.

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## BACKGROUND

As part of the balancing measures submitted to the Council for consideration at the February 16, 2010 special City Council budget session (and proposed again in the April 1, 2010 budget report), staff proposed the sale of certain City assets. Staff from ORA, Finance, and other impacted departments identified the following assets for possible disposition or transfer to ORA for future development or sale:

- **Scotlan Convention Center** – The City owns the facility, and it requires substantial improvements to enhance its marketability. The ORA will lease the Facility from the City for \$2 million per year, providing the City funding to address immediate fiscal concerns while retaining control over the use of the facility. The lease is intended to give the ORA an opportunity to assess the condition of the facility and determine the priority of improvements to the property.
- **Medical Hill Garage** – This property was built in 1985. It is a five-level, 143,600 square-foot concrete parking structure with 477 marked parking stalls. The Alta Bates Medical Center currently operates the garage, and the City receives no revenue from the facility.
- **8000 South Coliseum Way (Malibu Site)** – The City and the County of Alameda jointly own property located at 8000 South Coliseum Way, adjacent to the Oakland-Alameda County Coliseum. This site is commonly known as the Malibu site. The ORA has expressed interest in purchasing the City's share of the property and to hold it for future development.
- **66<sup>th</sup> Avenue at Joe Morgan Way** - The City owns an approximately 2.17 acre parcel that is a former street right of way that was vacated in February 2010. The property is located immediately adjacent to the Oakland-Alameda County Coliseum with access available from 66<sup>th</sup> Avenue. The parcel is vacant and landscaped. The ORA has future development plans for the site.
- **Grand View Drive Lots** – The City-owned surplus property on Grand View Drive consists of two adjacent parcels on a steep down slop containing about 32,000 square feet. The parcels are located in the Hiller Highland area of the City, and are zoned for R-30/S-18.
- **Silveira Tunnel Road Property** – The City-owned surplus property was acquired as part of a litigation settlement. Real Estate and the Planning Department of CEDA are preparing the site for sale, which includes finalizing the parcel sub-division maps. Since there is soil erosion to the site, a soil study will also need to be completed.
- **Henry J. Kaiser Center** – The Kaiser Center, located on 10<sup>th</sup> Street near Lake Merritt, was closed to the public as of December 31, 2005, and is now "mothballed." CEDA staff has been working actively to find alternative uses for the property.

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**KEY ISSUES AND IMPACTS**

The chart below provides the status of staff's efforts to prepare assets for sale or for monetization of revenue.

Asset	FY 09-10 Revenue	FY 10-11 Revenue	Status
Scotlan Convention Center	\$2.0 M	\$2.0 M	The Departments of CEDA, Finance, and the City Attorney's Office are working collaboratively to execute the required sub-lease between ORA and the City by the end of FY 2009-10.
Medical Hill Garage	\$5.0 M		The City has been marketing the facility for sale; sealed bids for the garage are due March 31, 2010, with a minimum bid of \$5 million. If no desirable bids are received by the deadline, the City can take over the garage operations, realize net annual revenue, and bond against such revenue to generate an upfront amount of \$5 million.
8000 South Coliseum Way (Malibu site)	\$3.5 M		Staff is preparing the property for sale to the ORA. A resolution authorizing the sale will be presented at the April 13, Finance and Management Committee meeting.
66 <sup>th</sup> Avenue at Joe Morgan Way	\$1.0 M		Staff is preparing the property for sale to the ORA. A resolution authorizing the sale was approved at the March 23, Finance and Management Committee meeting and will be heard at full Council on April 20, 2010.
Grand View Drive lots	\$0.25 M	\$0.15 M	The property is being sold to Hill Side Homes. The Council approved the Ordinance on March 16, 2010, the second hearing will be on April 20, 2010.
Silveira Tunnel Road Property		\$0.6 M	Staff is preparing the property for sale to a private party. The sale is expected to be executed in FY 2010-11.
Henry J. Kaiser Center		\$10.0 M	It is the City's preference to transfer the facility to another public entity, which would ensure the Center's public use to perpetuity. Discussions with a potential buyer are in process, and staff is preparing an appraisal of the property.
	<b>\$11.75M</b>	<b>\$12.75M</b>	

**SUSTAINABLE OPPORTUNITIES**

There is no impact to economic, environmental or social equity opportunities following actions under this report.

**DISABILITY AND SENIOR CITIZEN ACCESS**

There is no impact to disability or senior citizen access following actions under this report.

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**RECOMMENDATION(S) AND RATIONALE**

Staff recommends Council's acceptance of this informational report.

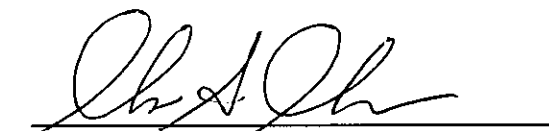
**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that Council accept this informational report.

Respectfully submitted,

  
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JOSEPH T. YEW, JR.  
Finance Director/City Treasurer

APPROVED AND FORWARDED TO THE  
CITY COUNCIL:

  
\_\_\_\_\_  
Office of the City Administrator

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