



CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A FOURTH AMENDMENT OF THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE CITY OF OAKLAND AND W/L TELEGRAPH OWNER, L.L.C., FOR DEVELOPMENT OF 2100 TELEGRAPH AVENUE, TO ADD TWO ALTERNATIVES TO THE PROJECT DESCRIPTION, AND MODIFY AND ADD POTENTIAL TERM EXTENSIONS WITH PAYMENTS OF \$700,000 IN 2024, \$500,000 IN 2028, \$600,000 IN 2030, AND \$700,000 IN 2032; AND ADOPTING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

WHEREAS, pursuant to Ordinance No. 13558 C.M.S., on July 16, 2019, the City entered into that certain Disposition and Development Agreement with W/L Telegraph Owner, L.L.C., a Delaware limited liability company (“Developer”), a joint venture partnership comprised of Walton Street Capital, Lane Partners and Strategic Urban Development Alliance (“SUDA”) (the “Original DDA”); and

WHEREAS, the Original DDA, as amended by (1) that certain First (Administrative) Amendment to Disposition and Development Agreement dated as of April 13, 2001, (2) that certain Second Amendment to Disposition and Development Agreement dated as of June 20, 2022, and (3) that certain Third Amendment to Disposition and Development Agreement dated as of July 16, 2023, are referred to herein collectively, as the “DDA”; and

WHEREAS, the purpose of the DDA is to redevelop the City-owned Telegraph Plaza Garage property located at 2100 Telegraph Avenue, Oakland, California (the “Property”), together with adjacent privately-owned properties acquired by the Developer; and

WHEREAS, the DDA currently requires development of a project that is either “Scheme A”, which may consist of office/residential/retail development including approximately 989,550 gross square feet of office, a residential tower of approximately 373,750 gross square feet, approximately 85,000 square feet of ground floor retail, approximately 18,500 gross square feet of community or assembly space, and parking; or “Scheme B”, which may consist of an office/retail development including approximately 1,600,000 gross square feet of office, approximately 68,300 gross square feet of ground floor retail, approximately 20,735 gross square feet of community space, and parking (collectively, the “Original Project”); and

WHEREAS, the Developer had planned to construct alternative Scheme B as a large commercial office building for the new headquarters of Kaiser Permanente, with ancillary parking and retail, however, Kaiser pulled out of the Original Project due to the pandemic and the unexpected passing of the Chief Executive Office of Kaiser Permanente; and

WHEREAS, the loss of Kaiser Permanente and uncertainty of the real estate market has delayed the Original Project, the office market has subsequently substantially diminished, and the Developer has advised that mid-rise residential is not financially feasible at this time; and

WHEREAS, the Developer has requested additional time to obtain entitlements for two additional project alternatives, which are proposed as a residential project with at least 300 units and ancillary retail and parking (“Scheme C”) or a commercial project with at least 250,000 square feet of office, retail, and/or other uses (“Scheme D”); and

WHEREAS, the proposed fourth amendment to the DDA (“Fourth Amendment”) will initially extend the outside closing date under the DDA by four years subject to payment of \$700,000 in 2024 (with additional three two-year extensions, subject to payments of \$500,000, \$600,000, and \$700,000, respectively) to facilitate completion by Developer of the steps required under the DDA to entitle additional project alternatives (Scheme C and Scheme D), close escrow and develop the project contemplated under the DDA; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby authorizes the City Administrator to (a) execute a Fourth Amendment to the DDA to allow the addition of two project alternatives, revise the remaining extensions to four years plus three additional two-year extensions, subject to nonrefundable extension payments of \$700,000, \$500,000, \$600,000, and \$700,000 respectively; and (b) negotiate and execute such other additions, amendments or other modifications to the foregoing document that the City Administrator, in consultation with the City Attorney’s Office, determines are in the best interests of the City, do not materially increase the obligations or liabilities of the City, and are necessary or advisable to complete the transaction contemplated by this Ordinance; and (c) to negotiate and execute such other documents as necessary or appropriate, in consultation with the City Attorney’s Office, to implement the DDA and development of the Property in order to consummate the transaction in accordance with this Ordinance, or to otherwise effectuate the purpose of this Ordinance and its basic purposes.

SECTION 2. City Council hereby authorizes that the extension payments of \$700,000, \$500,000, \$600,000, and \$700,000 will be accepted and appropriated into the Central District TA Bond Fund 2009T (Fund 5613), Central District Redevelopment Organization (85245), 2100 Telegraph Project (1006501), Downtown Redevelopment Program (SC13). In addition, the City Council authorizes fifty percent of the net sale proceeds (estimated to be approximately \$11,200,000), to be appropriated for affordable housing citywide and the rest will be used for redevelopment activities in the Central District as well as staffing.

SECTION 3. California Environmental Quality Act. The City Council hereby finds that this action is exempt under California Environmental Quality Act (“CEQA”) Guidelines

section 15063(b)(3) (common sense exemption) since the action under consideration is limited to the Fourth Amendment, an extension of an existing real estate contract, which has no reasonable possibility of an effect on the environment. On a separate and independent basis, the City Council finds that the anticipated environmental effects of the Original Project have been adequately evaluated by the 2100 Telegraph Avenue Project Environmental Impact Report (“EIR”). Therefore, in accordance with California Public Resources Code Section 21166 and CEQA Guidelines Sections 15162, 15163, and 15164, the EIR will comprise the full and complete CEQA evaluation necessary and no further CEQA evaluation will be required for this action. The City Council hereby authorizes the City Administrator to file with the Clerk of the County of Alameda and the State Clearinghouse a Notice of Determination (“NOD”) and/or a Notice of Exemption (“NOE”), as may be appropriate, in compliance with CEQA.

SECTION 4. All agreements associated with the Property and the Project shall be reviewed and approved as to form and legality by the City Attorney’s Office prior to execution by the City and shall be placed on file with the City Clerk.

SECTION 5. The recitals contained in this Ordinance are true and correct and are an integral part of the City Council’s decision.

SECTION 6. The record before this Council relating to this Ordinance, includes without limitation, the Agenda Report for this item and the attachments thereto.

SECTION 7. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

SECTION 8. Effective Date. This Ordinance shall become effective immediately on 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,

PASSED BY THE FOLLOWING VOTE:

AYES – FIFE, GALLO, JENKINS, KALB, KAPLAN, RAMACHANDRAN, REID, AND
PRESIDENT FORTUNATO BAS

NOES –
ABSENT –
ABSTENTION –

ATTEST: _____
ASHA REED
City Clerk and Clerk of the Council of the
City of Oakland, California

Date of Attestation: _____

NOTICE AND DIGEST

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A FOURTH AMENDMENT OF THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE CITY OF OAKLAND AND W/L TELEGRAPH OWNER, L.L.C., FOR DEVELOPMENT OF 2100 TELEGRAPH AVENUE, TO ADD TWO ALTERNATIVES TO THE PROJECT DESCRIPTION, AND MODIFY AND ADD POTENTIAL TERM EXTENSIONS WITH PAYMENTS OF \$700,000 IN 2024, \$500,000 IN 2028, \$600,000 IN 2030, AND \$700,000 IN 2032; AND ADOPTING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

This Ordinance authorizes a fourth amendment to the Disposition and Development Agreement for 2100 Telegraph Avenue, Oakland, California (as amended, the “DDA”) between the City of Oakland and W/L Telegraph Owner, L.L.C., a Delaware liability company, for redevelopment of the City-owned Telegraph Plaza Garage site (the “Property”), together with adjacent privately-owned properties acquired by the Developer to add two alternatives to the project description and to modify and add potential term extensions comprised of a four-year term and three two-year terms, subject to extension payments of \$700,000, \$500,000, \$600,000, and \$700,000, respectively; and adopting California Environmental Quality Act findings.