



AGENDA REPORT

TO: Edward D. Reiskin

FROM: Betsy Lake
Deputy City Administrator

SUBJECT: Gateway Industrial Area, Former
Oakland Army Base

DATE: April 5, 2021

City Administrator Approval 

Date: May 4, 2021

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report On The Status Of The Buildout Of The Former Oakland Army Base, Including (1) Public Improvements And (2) Private Improvements.

EXECUTIVE SUMMARY

The former Oakland Army Base, now the Gateway Industrial District (the District), is located adjacent to the Port of Oakland and the community of West Oakland. The District is designed to support the City's industrial needs and the movement of goods while providing jobs and reducing air pollution emissions. The District was formerly part of the Oakland Army Base, which was commissioned in 1942 and closed 1999. To enable redevelopment, the City completed a major public infrastructure project in 2019, installing brand new roads and utilities, including bike paths and Bay Trail connections, and completing a significant fill and surcharge program to address sea level rise.

Today, the District features new state-of-the-art warehouse and distribution facilities constructed by Prologis over 72 acres in the East Gateway and Central Gateway areas. Additionally, the City is working diligently to relocate two recyclers to approximately 22 acres on the North Gateway. The City is activating truck parking and services on the 15-acre Ancillary Maritime Services Area as required by its permit from the Bay Conservation and Development Commission (BCDC). Finally, the City is in litigation with Oakland Bulk and Oversized Terminal (OBOT), over the last approximately 33 acres, which was anticipated to provide a bulk marine terminal and final rail connections. Currently, the only vacant land at the Gateway Industrial District is the North Gateway Area, slated for the recyclers, which is unpaved, has no onsite utilities, is subject to a land use restriction prohibiting residential uses, and is subject to exclusive negotiating agreements with the recyclers. It is anticipated that development will proceed on the North Gateway sites within 2-4 years, as discussed further below. A figure of the Gateway Industrial Area is provided as **Attachment A**.

CED Committee
May 17, 2021

1) Public Improvements

To enable redevelopment, in 2019 the City, with funding from its Federal, State, and regional partners, completed an extensive public improvement project that remediated the soil and rebuilt the roads, infrastructure and bike paths and prepared the sites for development. In total, the public improvements project at the Gateway Industrial District created 14,760 linear feet of road improvements and associated utilities, including 7,803 linear feet of new Class 1 bike/pedestrian trails, 8,210 linear feet of Class 2 bike trails, 8,648 linear feet of new pedestrian sidewalks, and 3 rail crossings, connecting the City and the Port to the future Gateway Park and integrating the former base into the multimodal transportation fabric of the City. Final rail connections are dependent on the outcome of the litigation with OBOT, discussed further below. These City-constructed improvements are maintained through the Community Facilities District established by the City and implemented in 2019.

Bike Paths and Bay Trail Access

Key development objectives of the public improvements in the Gateway Industrial District were to provide access to waterfront public areas, promote the extension of the Bay Trail system with public access to the Bay Bridge isthmus and to promote pedestrian-friendly environments to provide pleasant places for workers and visitors. To achieve these objectives, bike and pedestrian paths were constructed that connect the District to the Bay Trail and Bay Bridge.

New Streets and Utilities

As part of the public infrastructure work at the Gateway Industrial District, several roadways have been improved and rebuilt to meet current standards, and one new road was built. Maritime Street was improved with intersection controls, bicycle/pedestrian paths, repaving and landscaping. Burma Road was rebuilt as a standard city street and extended to the western edge of the Gateway Industrial District. Maritime Street received a complete make-over to bring it up to 21st century City street standards. A new road, Admiral Robert Toney Way, was constructed from Maritime Street east to the vicinity of West Grand Avenue, and Wake Avenue, in the North Gateway, was realigned to comply with standard traffic safety regulations for distances between intersections and create usable parcels north of West Grand Avenue.

The Gateway Industrial District also includes rail crossings and plans for new rail lines to connect to the adjacent rail yard constructed by the Port of Oakland and support maritime uses.

New utility systems, such as water distribution, wastewater collection, stormwater collection, including bio-retention facilities, gas distribution, electrical systems, security, telecommunications and similar systems, were constructed to serve the development.

2) Private Improvements

The Gateway Industrial District is divided into the following areas of redevelopment that are associated with the following uses: (i) the Central and East Gateway Areas, which are used for distribution/warehousing/logistics and are leased to Prologis, (ii) the North Gateway, which is designated for recycling use and are reserved to relocate two recyclers to the District from the West Oakland neighborhood, and (iii) the West Gateway and the Ancillary Maritime Services

Area, which are reserved for maritime-related uses. The West Gateway is the site for a bulk marine terminal, which is in litigation, and the Ancillary Services Area is reserved for truck parking and related use as required by the City's BCDC permit. The status of each is discussed below.

i. Central and East Gateway Areas: Distribution, Warehousing and Logistics

Prologis, the global leader in industrial real estate development and logistics, is nearing completion of its portion of the master planned Oakland Global Trade and Logistics Center at the Gateway Industrial District. In total, the City has leased approximately 72 acres to Prologis under four 66-year ground leases, and Prologis development includes: an approximately 256,000-square foot building on the East Gateway (Phase 1), which was completed in August 2017, an approximately 232,000-square foot building on the East Gateway (Phase 2), which was completed in June 2019; an 13-acre container depot on the Central Gateway (Phase 3), which was completed in December 2018, a 190,000-square foot building on the Central Gateway (Phase 4), which is under construction and is nearing completion, and a second 13-acre container depot on the Central Gateway (Phase 5), was recently completed at the end of March 2021.

Phase 1: The approximately 256,000 square foot warehouse located at 55-75 Admiral Robert Toney Way is leased by Prologis to PODS, a nation-wide company that moves goods in portable storage units. Storage units are delivered to homes and businesses where they are filled with personal or business belongings, transported for storage in the PODS warehouse then ultimately delivered to the location requested by the client.

Phase 2: The approximately 232,000 square foot building located at 2000 Maritime Street, Prologis leases approximately half of the building to Good Eggs, an online grocery and meal kit delivery service that provides fresh local produce, meal kits, grocery staples and beer, wine and spirits. Groceries and meal kits are provided as a same day delivery service. Produce and packaging material are delivered to the Good Eggs facility by local and regional companies using gasoline powered box trucks, vans, cars and some diesel semi-trucks. Electrical outlets at the refrigerated portion of the warehouse provide power to run refrigerated trucks while unloading (rather than running their engines). Prologis continues to market the other half of the building for distribution, warehousing and logistics uses.

Phase 3: The approximately 13-acre site located at 11 Burma Rd. is leased by Prologis to ConGlobal for use as a container storage depot. ConGlobal also operates a repair facility which consists of an 8,650-square foot open maintenance building for paint touch up and minor repairs to the containers and an outdoor container wash area adjacent to the maintenance building. Outdoors and adjacent to the maintenance building the area is used for repair, maintenance and temperature setting of empty refrigerated containers. Empty chassis, which are the trailers upon which containers are placed, are also be stacked and stored on-site.

Phase 4: The approximately 190,000 square foot warehouse building located at 2001 Maritime Street is being marketed for distribution, warehousing and logistics uses.

Phase 5: The approximately 13-acre container depot area, located at 171 Burma Road, is being marketed for container storage and distribution.

With the construction enumerated above, the areas leased to Prologis are fully built out, although Prologis may construct additional building(s) in the future.

ii. North Gateway: Recycling

The City is working with two recyclers to relocate their recycling operations to the approximately 22-acre North Gateway portion of the District. The City is close to finalizing a Lease and Disposition and Development Agreement with California Waste Solutions (CWS) for approximately 14 acres of the North Gateway, and is working on an Exclusive Negotiating Agreement with Custom Alloy Scrap Sales (CASS) for the remaining approximately 8 acres. Actual buildout of these projects would likely begin in 2 to 4 years.

The City is exploring interim uses, such as laydown and storage, to have an interim source of revenue. The Port of Oakland and CASS have each expressed interest in an interim license from the City for this use and are preparing letters of intent. Additionally, Councilmember Fife has identified the North Gateway to the Human Services Department as a site to evaluate for homelessness interventions on an interim basis. It should be noted that the site is unpaved, vacant land with no utilities, and it is subject to a deed restriction from the Department of Toxic Substances Control (DTSC) that prohibits residential use. If the Council desires to pursue this site further for homeless intervention, it will require a waiver from DTSC and further evaluation for cost and compatibility.

a. California Waste Solutions

California Waste Solutions (CWS) is a local recycling company with recycling facilities located in West Oakland. The company is currently pursuing approval to build a new recycling facility and relocate its existing recycling facilities to the new 14.36-acre location on the North Gateway.

The new facility is intended to receive, process and transfer up to 850 tons per day of residential and commercial recycling material (i.e. the material collected from recycling bins, recycling carts and other recycling containers). In addition to recycling operations, an informational area to accommodate scheduled tours of the facility will be provided at the site.

The City entered into an Exclusive Negotiating Agreement with CWS in 2018 and expects to complete a Lease/Disposition and Development Agreement this with CWS this year. Under the term sheet approved by the City Council on June 30, 2020, construction would begin on the site within 1 year of executing the agreement, although CWS has requested up to 3 years. Therefore, it is anticipated that the site would accommodate interim use for up to 3 years.

b. Custom Alloy Scrap Sales

Custom Alloy Scrap Sales (CASS) is a local recycling company headquartered in West Oakland that collects aluminum scrap metal and re-melts it into aluminum ingots.

The City and CASS are discussing the terms of an Exclusive Negotiating Agreement for it to relocate its facilities to the remaining City-owned portion of the North Gateway. If an Exclusive Negotiating Agreement is signed this year, it is anticipated that a Disposition and Development Agreement would take up to a year and then CASS would have an additional year to begin

construction. Therefore, if the negotiations go smoothly, CASS could be under construction in the same timeframe, or shortly after CWS.

iii. West Gateway/Ancillary Maritime Services Area: Maritime-Related Uses

The Gateway Industrial District is adjacent to the Port of Oakland. The district includes 15 acres dedicated to ancillary maritime services, such as truck parking, cargo storage, truck services, as well as plans for a bulk commodities marine terminal on approximately 33 acres.

a. Ancillary Maritime Services

The City has 15 acres of land dedicated to ancillary maritime services as required by its BCDC permit. The City entered into a Lease Development and Disposition Agreement (LDDA) with Oakland Maritime Support Services (OMSS) in 2014 for development of truck services to be constructed on the approximately 16.7-acre site. OMSS provides a range of support services for trucking companies that require close proximity to the Port of Oakland terminals. Truck parking and services provided at this central location help to minimize the impact from truck traffic in the nearby West Oakland community. OMSS has not constructed any new facilities to date.

In the interim, the City is leasing a portion of the site to OMSS for truck parking and truck services. Additionally, the City is opening an interim self-service truck parking lot on the remaining area.

b. Bulk Marine Terminal

The City entered into a Ground Lease with OBOT in 2016 for the development of the bulk commodities shipping terminal, including rail connections. This project is currently subject to litigation.

FISCAL IMPACT

This item is for informational purposes only and does not have a direct fiscal impact or cost

PUBLIC OUTREACH / INTEREST

No outreach was deemed necessary for the proposed policy action beyond the standard City Council agenda noticing procedures.

COORDINATION

This item is for informational purposes and not subject to review by the Office of the City Attorney or Budget Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: The development of the former Army Base has the potential to create thousands of construction and permanent jobs for Oakland residents and multi-million dollar contracting opportunities for local businesses. The project will generate millions of dollars in new tax revenue to the City's General Purpose Fund. The Army Base Public Improvement Project sets the stage for various Army Base developments including: implementation of the City's Bay Conservation and Development Commission's (BCDC) 15-acre truck parking and truck services facility and relocation of CWS and CASS out of West Oakland, which would open up large areas of West Oakland for more acceptable community uses. These uses include retail and research and development flex offices, which would generate additional tax revenue, and create career path jobs for Oakland residents.

Environmental: The project will use, to the greatest extent possible, best management practices that not only reduce health and safety impacts to local residents, but also aim towards improving air quality, safe pedestrian and bike access, reduced water usage and use alternative energy options to the extent they are commercially viable to reduce green-house gas emissions. The Army Base Public Improvement Project replaces 70-year old obsolete and failing infrastructure with modern, standard infrastructure. Relocating CWS and CASS closer to Port would reduce the impact of truck traffic on West Oakland residents. The creation of the long-term, 55-year truck parking and truck services facility will keep certain amounts of Port truck traffic in the Port area and will reduce the impact of truck traffic on West Oakland residents.

Race and Equity: The comprehensive package of Army Base Master Developer and Public Improvement Community Benefits addresses the City's commitment to race and equity by way of jobs for local residents, contracts for local businesses and quality of life improvements for West Oakland residents. Implementation of the Project's Community Benefits package have led to the establishment of the West Oakland Job Resource Center as a place for residents to learn and prepare for careers in the building and construction trades, as well as a resource for Army Base contractors and employers as it relates to the Construction Jobs Policy hiring process.

Completion of the Improvement Project will allow the City to meet BCDC's 15-acre truck parking requirement and also provide trucking services on-site which will help to reduce trucks trips through the West Oakland community. Completion of the Improvement Project will also allow for the relocation of CWS and CASS from West Oakland to the North Gateway area. Under the West Oakland Specific Plan, the existing CWS and CASS sites would be available for re-use purposes such as technology, clean and green tech manufacturing, specialty building trades, retail and other similar types of uses within consolidated sites.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends that the City Council receive an Informational Report on the status of the buildout of the former Oakland Army Base, including (1) Public Improvements and (2) Private Improvements.

For questions regarding this report, please contact John Monetta, Project Manager I, at (510) 238-7125, jmonetta@oaklandca.gov.

Respectfully submitted,

Elizabeth Lake

BETSY LAKE
Deputy City Administrator

Prepared by:
John Monetta, Project Manager I

Attachment (1):
A: Gateway Industrial District Figure