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OFFICE OF THE CITY CLERK
OAKLAND

2015 JAN 15 PM 12:52

AGENDA REPORT

TO: HENRY L. GARDNER
INTERIM CITY ADMINISTRATOR

FROM: RACHEL FLYNN

SUBJECT: Lease of 5050 Coliseum Way and
750 50th Avenue

DATE: January 15, 2015

City Administrator
Approval

Date

1/15/15

COUNCIL DISTRICT: 6

RECOMMENDATION

Staff recommends that the City Council adopt an Ordinance:

Authorizing The City Administrator To Negotiate And Execute A Lease For 5050 Coliseum Way and 750 50th Avenue With Dodg Corporation (The Property Owner) For A Term Of Ten (10) Years, With Five, Three Year Options To Extend The Lease, In The Monthly Amount Of Thirty Six Thousand Six Hundred Forty Seven Dollars And Fifty Four Cents (\$36,647.54), For The Initial Annual Amount Of Four Hundred Thirty Nine Thousand Seven Hundred Seventy Dollars And Forty Eight Cents (\$439,770.48), Plus Consumer Price Index Increases Each Annual Anniversary Date

OUTCOME

Adoption of the proposed Ordinance would authorize the City Administrator to execute a lease with Dodg Corporation ("Landlord") thus allowing Oakland Public Works (OPW) to remain at its current location without interruption of service.

EXECUTIVE SUMMARY

Since 1994, OPW has leased adjacent parcels located at 5050 Coliseum Way and 750 50th Avenue. The current lease expires on January 31, 2015 and OPW still utilizes the six acre lot and the total 46,816 square feet of building space, comprised of a 40,816 square foot building located at 5050 Coliseum Way and a 6,000 square foot building located at 750 50th Avenue for vehicle maintenance, vehicle and equipment storage and parking and office space.

Landlord Dodg and the City of Oakland have signed a Non-Binding Letter of Intent wherein they have agreed to terms and conditions for a new lease for 5050 Coliseum Way and 750 50th Avenue for a term of ten (10) years, with five, three year options to extend the lease in the

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Finance and Management Committee
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monthly amount of thirty-six thousand six hundred forty-seven dollars and fifty-four cents (\$36,647.54), for an initial annual amount of four hundred thirty- nine thousand seven hundred seventy dollars and forty-eight cents (\$439,770.48) plus Consumer Price Index (CPI) increases each annual anniversary date thereafter, not to exceed five percent. OPW will also pay customary operational costs associated with the Industrial Gross Lease.

BACKGROUND/LEGISLATIVE HISTORY

Prior to 1994, the services provided at 5050 Coliseum Way and 750 50th Avenue were provided at the Multi-Service Center located at 7101 Edgewater Drive. Due to expanded service and equipment needs, OPW out grew 7101 Edgewater Drive and the need for additional space was identified.

Ordinance No. 11691 C.M.S dated March 1, 1994 authorized the execution of the lease for 5050 Coliseum Way between the City of Oakland and Volvo-GM Heavy Truck Corporation (the prior property owner). Resolution No. 75136 dated July 13, 1999 authorized the execution of the lease for 750 50th Avenue between the City of Oakland and Volvo-GM Heavy Truck Corporation. Dodg Corporation purchased both properties in 2001 and assumed the leases and became the Landlord of the Property.

Over time the property has been improved by OPW to match the department's specific needs, which were critical to its operations.

ANALYSIS

Entering into a new lease for 5050 Coliseum Way and 750 50th Avenue is critical to OPW operations. If the City fails to retain the existing space, OPW will not have the space needed for its vehicle maintenance, vehicle and equipment storage and parking and office space. Staff has conducted a fair market rent analysis which concluded that the rental rate for these properties are within the market rent range for comparable local properties. During the analysis Staff also discovered that there were no vacancies on the market that were deemed viable alternatives by which OPW could relocate. Additionally, if comparable vacant space were to become available, OPW does not have the funds required to relocate or pay for tenant improvements required for their operations. Based on the CPI, the rental rate for the new lease will increase three percent (3%) over the rental rate for the prior year's lease.

At Landlord's cost, Dodg Corporation shall maintain the properties in good condition, (reasonable wear and tear excluded). In addition, the Landlord has agreed to repair the following: (i) the building foundations, bearing and exterior walls, sub-flooring, roof, ceiling, parking lot and restriping, window frames, gutters and downspouts, remove mold, mildew, and repair any damage

therefrom; (ii.) repair existing parking lot pot holes and restripe within six months of lease execution; and (iii) Repair existing roof leaks within six months of lease execution.

PUBLIC OUTREACH/INTEREST

Staff at OPW regularly reaches out to the community to promote services provided. In addition, prior to the City Council's review of the item, the public will also receive information as required by the Oakland Sunshine Ordinance and the Brown Act.

COORDINATION

This report and the actions discussed have been coordinated with staff from the City Council offices, the City Administrator's Office, the City Attorney's Office, OPW, Environment Bureau, Economic Development Department, Controller's Bureau and the Real Estate Services Department.

COST SUMMARY/IMPLICATIONS

The monthly rent amount of thirty-six thousand six hundred forty-seven dollars and fifty-four cents (\$36,647.54) for an initial annual rent rate of four hundred thirty-nine thousand seven hundred seventy dollars and forty-eight cents (\$439,770.48) plus CPI increases each annual anniversary date, not to exceed five percent. Based on the CPI, the rental rate for the new lease will increase three percent (3%) over the rental rate from the prior year's lease.

OPW will also be required to pay its customary share of property taxes, insurance, operation costs, utilities and late fees, if applicable. The funding is already included in the OPW budget in the Equipment Fund (4100) and Comprehensive Clean-up Fund (1720).

SUSTAINABLE OPPORTUNITIES

Economic: This proposed action does not provide any economic benefits or opportunities.

Environmental: This proposed action does not provide any environmental benefits.

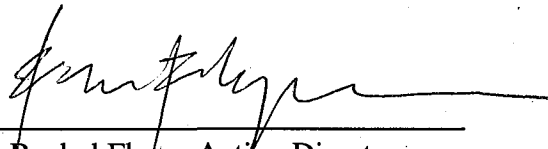
Social Equity: This proposed action does not provide any social equity benefits.

CEQA

This report is not a project under CEQA per Article 19, Section 15301, Existing Facilities.

For questions regarding this report, please contact James Golde, Manager, Real Estate Services Department at 510-238-6354.

Respectfully submitted,



Rachel Flynn, Acting Director
Economic and Workforce Development
Department

Reviewed by:
Patrick Lane, Manager, Project Implementation
James Golde, Manager, Real Estate Services

Prepared by:
Anthony J. Reese, Real Estate Agent
Real Estate Services Division

FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL


City Attorney

2015 JAN 15 PM 4:07

ORDINANCE No. _____ C.M.S.

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A LEASE FOR 5050 COLISEUM WAY AND 750 50TH AVENUE WITH DODG CORPORATION (THE PROPERTY OWNER) FOR A TERM OF TEN (10) YEARS, WITH FIVE, THREE YEAR OPTIONS TO EXTEND THE LEASE, IN THE MONTHLY AMOUNT OF THIRTY SIX THOUSAND SIX HUNDRED FORTY SEVEN DOLLARS AND FIFTY FOUR CENTS (\$36,647.54), FOR THE INITIAL ANNUAL AMOUNT OF FOUR HUNDRED THIRTY NINE THOUSAND SEVEN HUNDRED SEVENTY DOLLARS AND FORTY EIGHT CENTS (\$439,770.48), PLUS CONSUMER PRICE INDEX INCREASES EACH ANNUAL ANNIVERSARY DATE

WHEREAS, Since 1994, Oakland Public Works ("OPW") has leased adjacent parcels located at 5050 Coliseum Way and 750 50th Avenue (collectively, "the Properties"); and

WHEREAS, The current lease expires on January 31, 2015 and Oakland Public Works still utilizes the six acre lot and the total 46,816 square feet of building space, comprised of a 40,816 square foot building located at 5050 Coliseum Way and a 6,000 square foot building located at 750 50th Avenue for vehicle maintenance, vehicle and equipment storage, and parking and office space; and

WHEREAS, Dodg Corporation and the City of Oakland have signed a Non-Binding Letter of Intent wherein they have agreed to terms and conditions of a new lease for 5050 Coliseum Way and 750 50th Avenue for a term of ten (10) years, with five, three year options to extend the lease in the monthly amount of thirty six thousand six hundred forty seven dollars and fifty four cents (\$36,647.54), for an initial annual amount of four hundred thirty nine thousand seven hundred seventy dollars and forty eight cents (\$439,770.48), plus Consumer Price Index (CPI) increases each annual anniversary date thereafter. OPW will also pay customary operational costs associated with the Industrial Gross Lease; and

WHEREAS, Ordinance No. 11691 C.M.S. dated March 1, 1994 authorized the execution of the lease for 5050 Coliseum Way between the City of Oakland and Volvo-GM Heavy Truck Corporation (the prior property owner). Resolution No. 75136 dated July 13, 1999 authorized the execution of the lease for 750 50th Avenue between the City of Oakland and Volvo-GM Heavy Truck Corporation. Dodg Corporation purchased both properties in 2001, assumed the lease and became the Landlord of the Property; and

WHEREAS, Over time the property has been improved by OPW to match the specific needs of OPW; and

WHEREAS, Entering into a new lease for 5050 Coliseum Way and 750 50th Avenue is critical to OPW operations for storage and maintenance of its vehicles; and

WHEREAS, City Staff has conducted a fair market rent analysis and concluded that the rental rate and terms for these Properties are within the market rent range for comparable local properties; and

WHEREAS, OPW will also be required to pay customary operational costs, including property taxes, insurance, operation costs, utilities and late fees, if applicable. The funding is already included in the OPW budget.

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

Section 1. The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them a part of this Ordinance.

Section 2. The City Administrator or his designee is authorized to negotiate and execute a lease for the Properties with Dodg Corporation and take whatever action is necessary with respect to this Ordinance.

Section 3. The lease will have a term of ten (10) years, subject to the City's right to five, three year options to extend the lease.

Section 4. The initial monthly rent amount of thirty six thousand six hundred forty-seven dollars and fifty-four cents (\$36,647.54) for an initial annual rent rate of four hundred thirty-nine thousand seven hundred seventy dollars and forty-eight cents (\$439,770.48), plus annual CPI rental rate increases not to exceed five percent (5%) each annual anniversary date.

Section 5. The City Attorney shall review and approve all documents related to this transaction as to form and legality. The form of lease, with such changes and modifications as the City Administrator shall approve consistent with the terms of this Ordinance shall be filed with the City Clerk.

Section 6. The funding is already included in the Oakland Public Works budget in the Equipment Fund (4100) and Comprehensive Clean-up Fund (1720).

Section 7. This Ordinance has been approved by the Office of the City Attorney as to form and legality.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN , KALB, KAPLAN, REID, and PRESIDENT GIBSON MCELHANEY

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

DATE OF ATTESTATION: _____