

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2008 MAY -1 PM 8:04

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: May 13, 2008
RE: **A Resolution Authorizing The City Administrator To Negotiate And Execute A One-Year License Or Lease Agreement, With Five One (1) Year Renewal Options, With the Port of Oakland For Use of Real Property Located At Port Building L-118, North Airport, Oakland International Airport, For Office Use And For The Operation, Storage And Maintenance Of City Helicopters, And Reasonable Related Uses; In An Annual Amount Not to Exceed \$168,000, Plus \$42,000 For The Performance Deposit**

SUMMARY

The Oakland Police Department (OPD) Air Support Unit started in 1971 under a Federal Traffic Grant. The OPD helicopters operated from the Oakland International Airport and were housed at the North Field, inside Hangar One Building L-118.

During the mid-seventies passenger traffic increased dramatically at the Oakland Airport. Consequently, the Oakland Police Department moved the Air Support Unit to the South Field to assist in airport security. The helicopters were transferred from inside the hangars to exterior parking. Exposure to the external environment has caused substantial corrosive damage to the aircrafts. Approximately \$100,000 has been spent to offset weather related damage to the helicopters since being stored outside.

In the spring of 2004, Airport Management informed the OPD that the Port of Oakland (Port) intended to build a third terminal and the helicopters need to be relocated back to the North Field. The Port identified an asphalt area near Hangar Nine. OPD and the Port discussed the feasibility of OPD funding and building a facility in the new location to accommodate the helicopter operation. Airport Management further stated that the Oakland Police would begin paying fair market value for the ramp and office space at the North Field location. In March 2008, the Port advised OPD that a hangar suitable for the indoor storage of the helicopters and the fuel truck would be available May 1, 2008. The Port offered to lease the hangar to the OPD.

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FISCAL IMPACT

The OPD has two options for the relocation of the helicopter operation:

Option 1

Relocate to the North Field. Identify available funds that can be appropriated for the building of a new facility and obtain approval from the City Council for the project. The Community and Economic Development Agency Engineering Department estimates a projected budget of \$3,950,000 to build the new facility. Currently, there are no funds available for the proposed project.

Option 2

Execute a license agreement, by approval of this Resolution, to relocate to a hangar that has been recently vacated by a private helicopter company. Approval of the proposed resolution will authorize approximately \$70,000 in expenditures for Fiscal Year 2007-08: \$42,000 for a security deposit and two monthly lease payments of \$14,000 each (May and June). Funds are available in the General Purpose Fund (1010) Support Operation Org (107410) and Special Operation Org (107710). An executed lease agreement will be forthcoming and will supersede the license agreement. The security deposit for the license agreement will be applied to the security deposit requirement for the new lease agreement. Costs for FY 2008-09 will be approximately \$168,000 per year and will be absorbed within the Police Department's operating and maintenance appropriation.

BACKGROUND

The OPD began an extensive search for a helicopter site after receiving notice from the Port's Airport Management that the current site would be needed for airport expansion. Over the past 12 months numerous locations throughout the City of Oakland were evaluated as a potential base for the three helicopters. The most critical criterion for the proposed location is to avoid population centers. This requirement narrowed the areas surveyed to the Oakland waterfront and the Oakland hills. Both areas presented significant obstacles:

- The waterfront, while primarily under the jurisdiction of the Port, is also under the jurisdiction of several government agencies. Depending on the location of the proposed site, development of a waterfront location could involve obtaining authorization from the Port, the San Francisco Bay Conservation (BCDC) and the California State Lands Commission. Obtaining authorization from multiple government agencies is a time consuming process. Furthermore, waterfront development is extremely restricted.

- The Oakland hills are undeveloped land and the cost associated with improving the site for helicopter operations would be substantial.

The OPD identified several sites that could be utilized for its helicopter operation – including the Oakland Army Base, the Oakland Fire Department Training Center and the Corporation Yard. Each of the sites presented major development cost. The OPD concluded that the most feasible choice for its helicopter operation was to move to an existing hanger on the grounds of the Oakland Airport. This location will accommodate both the short and long term needs of the OPD Helicopter unit.

KEY ISSUES AND IMPACTS

The OPD Air Support Unit has to vacate its current location at the Oakland International Airport. OPD determined that funds were not available to build a new special purpose helicopter facility. The Port identified an alternate site that could be leased, but the proposed site did not include a hangar; therefore, the helicopters would continue to be stored outside. In addition, substantial development costs were associated with each property identified in the search for a new site. Recently, the Port offered a location that will provide a hangar large enough for the indoor storage and maintenance of the helicopters. The new location also includes office space and parking. The Port has prepared a license agreement, an instrument that provides a faster process for occupancy of the site. The Port has also agreed to provide a lease agreement for the site at the same rental rate. Execution of the Port's lease agreements is more protracted than the execution of their license agreement; however, the executed lease agreement will supersede the license agreement.

SUSTAINABLE OPPORTUNITIES

Economic: Relocating to a facility that is move-in ready will save the City the expense of developing a custom facility for its helicopter operation. Providing one site that includes the storage, maintenance, and all related uses for the Air Support Unit will result in a more efficient operation.

Environmental: Currently the Air Support Unit operates from several locations. Providing one site will decrease the energy expended traveling to the helicopter facility for refueling, maintenance and other administrative requirements.

Social Equity: Maintaining a viable Airport Support Unit will ensure that this division of the OPD continues to have a positive and direct impact in fighting crime, providing support to the Homeland Security operations, giving assistance to the Oakland Fire Department and the citizens of Oakland.

DISABILITY AND SENIOR CITIZEN ACCESS

The proposed license agreement has no direct impact on access by seniors and people with disabilities.

RECOMMENDATION AND RATIONALE

Outdoor storage of the helicopters leaves the aircrafts susceptible to corrosion, resulting in costly maintenance expense. The OPD does not have funds available to build a new facility for the Air Support Unit. The Port has determined that the OPD can occupy a hangar at the Oakland International Airport. The proposed site will allow the entire Airport Staff Unit to operate from one facility and will provide shelter for the helicopters, which will save the City from future maintenance and operational costs. The Port has prepared a license agreement. Staff recommends the Council agree to authorize the City Administrator to enter into a one-year license agreement with the Port of Oakland, to be superseded by a lease agreement where the City has the option to renew the lease after the initial term.

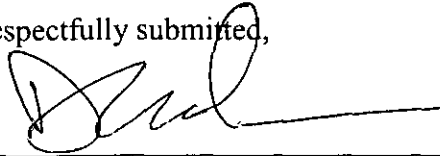
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ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve the resolution authorizing the City Administrator to enter into a license agreement with the Port of Oakland, to be replaced by a lease with options to renew after the first year, subject to OPD's availability of funds to pay the additional lease costs, for the storage, maintenance and operation of the OPD helicopters.

Respectfully submitted,



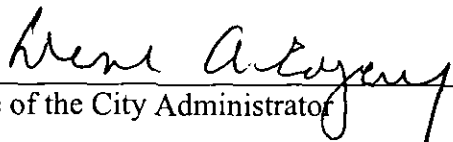
Dan Lindheim, Director
Community and Economic Development Agency

Reviewed by:
Gregory Hunter, Deputy Director
Economic Development and Redevelopment, CEDA

Reviewed by:
Frank Fanelli, Manager
Real Estate Division
CEDA

Prepared by:
Ava Jourdain, Real Estate Agent
Richard L. Hassna, Sergeant of Police

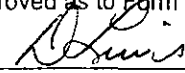
APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:


Office of the City Administrator

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FILED
OFFICE OF THE CITY CLERK
OAKLAND
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Approved as to Form and Legality



City Attorney

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A ONE-YEAR LICENSE OR LEASE AGREEMENT, WITH FIVE ONE (1) YEAR RENEWAL OPTIONS, WITH THE PORT OF OAKLAND FOR USE OF REAL PROPERTY LOCATED AT PORT BUILDING L-118, NORTH AIRPORT, OAKLAND INTERNATIONAL AIRPORT, FOR OFFICE USE AND FOR THE OPERATION, STORAGE AND MAINTENANCE OF CITY HELICOPTERS, AND REASONABLE RELATED USES; IN AN ANNUAL AMOUNT NOT TO EXCEED \$168,000, PLUS \$42,000 FOR THE PERFORMANCE DEPOSIT

WHEREAS, the Oakland Police Department (“OPD”) Air Support Unit, which operates the Department’s helicopters, started in 1971 under a federal traffic grant; and

WHEREAS, the Air Support Unit has operated from the Oakland International Airport since its inception; and

WHEREAS, the Air Support Unit has been located outdoors in the South Field of the Oakland International Airport since the mid-nineteen seventies; and

WHEREAS, the helicopters’ long-term exposure to the external environment has resulted in corrosion, requiring extensive and costly maintenance and repairs; and

WHEREAS, in 2004 Airport Management informed OPD that as part of its expansion, the Port of Oakland (“Port”) planned to build a third terminal in the South Field and relocate the helicopters to the North Field where they would continue to be stored outside; and

WHEREAS, OPD determined that there were no funds available to build a new facility at the North Field and, after a site search, also determined that the development cost for each of the sites identified was substantial and, therefore, not feasible; and

WHEREAS, in March 2008 the Port offered OPD a lease for the use of a hangar recently vacated by a helicopter company, that would provide enough space for the storage, maintenance and support operation of the OPD helicopters; and

WHEREAS, the hangar is available for occupancy on May 1, 2008 at the rate of \$13,999.98 per month for a term of one year and a one-time \$42,000 performance deposit; and

WHEREAS, funds for the license are available in General Purpose Fund (1010) Support Operation Org (107710) and Special Operation Org (107410); and

WHEREAS, the Port has agreed to prepare and execute a license agreement to facilitate immediate occupancy and intends to later draft a long-term lease agreement that will supersede the license agreement, and the agreements will provide an option to renew the agreement for five additional one (1) year terms; and

WHEREAS, the requirements of the California Environmental Quality Act ("CEQA"), the CEQA guidelines as prescribed by the Secretary of Resources, and the provisions of the Environmental Review Regulation of the City of Oakland have been satisfied; now, therefore, be it

RESOLVED: That the City Council authorizes the City Administrator to negotiate, execute, and amend a one-year license agreement for use of real property located at Port Building L-118, North Airport, Oakland International Airport; and to renew the license for up to five one (1) year terms if a successor Lease is not completed and executed within the one year license term; and be it

FURTHER RESOLVED: That the City Council authorizes the City Administrator to enter into a successor lease agreement with five one (1) year renewal options, and to renew the lease without returning to Council, provided funding is available in General Purpose Fund (1010), Support Operation Org (107710) and Special Operation Org (107410) or another fund identified in the City budget, for the lease extensions, for Port Building L-118, North Airport, Oakland International Airport; and be it

FURTHER RESOLVED: That the City Council authorizes approximately \$70,000 in expenditures for Fiscal Year 2007-08: \$42,000 for a security deposit and two monthly lease payments of \$14,000 each (May and June). Funds are available in the General Purpose Fund (1010) Support Operation Org (107410) and Special Operation Org (107710). An executed lease agreement will supersede the license agreement. The security deposit for the license agreement will be applied to the security deposit requirement for the new lease agreement. Costs for FY 2008-09, and any renewal periods, shall be approximately \$168,000 and will be absorbed within the Police Department's operating and maintenance appropriation; and be it

FURTHER RESOLVED: That the City Council has independently reviewed and considered this environmental determination and the Council finds and determines, based on the information provided in the staff report accompanying this Resolution, that this action complies with CEQA because this action is exempt from CEQA pursuant to Section 15301 (existing facilities) of the CEQA Guidelines; and be it

FURTHER RESOLVED: That the City Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption and an Environmental Declaration (CA Fish and Game Code Section 711.4) for the Project; and be it

FURTHER RESOLVED: That the License agreement and the Lease agreement shall be approved as to form and legality by the Office of City Attorney prior to execution and a copy shall be filed with the City Clerk; and be it

FURTHER RESOLVED: That the City Administrator or her designee is hereby authorized to take whatever other actions are necessary consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG, AND
PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California