

CITY OF OAKLAND
AGENDA REPORT

OFFICE OF THE CITY CLERK
2006 OCT 12 PM 1:22

TO: Office of the City/Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: October 24, 2006

RE: **Report and Recommendations on Efforts to Rehabilitate and Reuse the Historic 16th Street Train Station in West Oakland and a Motion to Modify the Conditions of Approval for the Wood Street Zoning District to Extend the Schedule for Planning Efforts for Preservation of the Train Station; and an Agency Resolution Authorizing the Agency Administrator to Enter Into an Agreement with 16th Street Train Station, LLC, to Provide Funding in an Amount Not To Exceed \$616,757 for the Preservation of the Baggage Wing Property at the 16th Street Train Station in West Oakland**

SUMMARY

The 16th Street Train Station is a landmark building that has played a major role in the cultural history of Oakland. Currently, the property is owned by BUILD West Oakland. BUILD has been attempting to follow the Conditions of Approval that govern how it must preserve the Train Station. However, BUILD is asking the City/Agency to provide assistance in two areas, in order to allow it to proceed with its plans for the rehabilitation of the Train Station.

First, BUILD is asking to extend the deadlines for two of the Conditions of Approval (Conditions 56A and 58) until after they select a user for the Train Station. This would allow BUILD to involve the future user of the Train Station in the production of the Business Plan, Financing Plan, Development Plan, and Management Plan for the Train Station – and to make them part of the Train Station Entity. Otherwise, BUILD would have to develop all of its plans for the Train Station prior to knowing who would be running the Train Station and what uses would be included. Staff recommends that the City grant this request by extending the deadlines for Conditions 56A and 58 to September 2007. This will require staff to prepare the appropriate legislation and return to the City Council for approval.

Second, BUILD is asking the Agency to provide \$616,757 in financial assistance to the Train Station Entity – which has been identified as “16th Street Train Station, LLC” – to allow the Baggage Wing property to be preserved and incorporated into the overall Train Station project. Staff recommends the Agency approve the attached resolution authorizing the Agency Administrator to enter into an agreement with 16th Street Train Station, LLC in an amount not to exceed \$616,757 to allow the transfer and preservation of the Baggage Wing.

Item: _____
CED Committee
October 24, 2006

FISCAL IMPACT

Under the proposed resolution, the Agency would extend a loan to 16th Street Train Station, LLC for an amount not to exceed \$616,757. Funding would be made available from tax increment revenues generated by the Wood Street Project, as such funds become available over the next several years, in the Oakland Army Base Redevelopment Operations Fund (9570), OARB Bay Bridge Gateway Project (S235320). Funds would be set aside in the coming FY 2007-2009 Agency Budget.

BACKGROUND

The 16th Street Train Station is an elegant historic building located at 16th and Wood Streets in West Oakland. Built in 1916, the Train Station was the site of many important events in the cultural history of West Oakland. For three generations, the Train Station was an important entry point for people immigrating to the Oakland/East Bay area. The Station's Baggage Wing was used for meetings and activities of the Brotherhood of Sleeping Car Porters, and thus played a role in labor and civil rights organizing.

Redevelopment Plans

In June 2005, the City Council approved the Wood Street Zoning District, which covers a 29.2-acre area in West Oakland, located along Wood Street between 10th and 20th Streets (Attachment 1). A total of 1,500 new housing units, plus commercial space and a plaza, have been approved for this district. The Train Station occupies one of the central properties within the Wood Street Zoning District; and it will feature prominently in the new development.

The Train Station property is currently owned by BUILD West Oakland, which is affiliated with the local affordable housing developer BRIDGE. As the property owner, BUILD is required to follow the Conditions of Approval for the Wood Street Zoning District – which lay out a specific process for preserving the Train Station, as discussed below (see Conditions of Approval, Attachment 2).

Property Description

For most of the past 25 years, the Train Station has been vacant, unused, and subject to vandalism and deterioration. In its current condition, the Train Station includes several components: The “Main Hall” is a 13,000 sq. ft. building with grand architecture, including a 42-foot-high ceiling. The “Baggage Wing” is an 8,000 sq. ft. annex to the Main Hall, which has a very basic design but has cultural and historical value. To the north of the Main Hall is a small structure known as the “Signal Tower.” Behind the Main Hall is about 320 feet of the original two-story track structure, where trains and trolleys arrived and departed from the station.

Community Involvement

Before going forward with any plans for developing the Station, BUILD went through an extensive, eight-month community process to determine what the community feels about the Train Station and how it could be best used. From September 2005 to March 2006, BUILD held

three town hall meetings, several “advisory pool” meetings, and several meetings with various stakeholder groups.

As a result of this community process, BUILD completed a Re-Use Plan for the Train Station, which they have submitted to the City (Attachment 3). The Re-Use Plan focuses on two potential uses for the Train Station which received the most public support during their community process:

1. Flexible event/performance space in the Main Hall, supported by a commercial kitchen in the Baggage Wing.
2. An educational institution, with shared community use of the Main Hall for events and performance.

Based on the discussions that have taken place in the community meetings, the next step will be for BUILD to issue a Request for Proposals (RFP) to identify a user of the Train Station. Community organizations, businesses, and non-profits would be encouraged to team up to submit proposals. Once BUILD selects a user, BUILD would work with that entity to design the Train Station rehabilitation to meet their needs, in conformance with the historic preservation requirements set forth by the Wood Street Conditions of Approval. BUILD would then perform the rehabilitation and construction work, and BUILD would continue to own the building, while leasing it to the selected operator.

KEY ISSUES AND IMPACTS

In order to move forward with the RFP process mentioned above, it is necessary to clarify two major issues: (1) The schedule for complying with the Wood Street Conditions of Approval; and (2) The inclusion of the Baggage Wing in the overall Train Station project – which would require a commitment of Agency funds.

1. Compliance with Conditions of Approval

In order to ensure the preservation of the Train Station, the Wood Street Conditions of Approval established a complex process that the property owner – i.e., BUILD – must follow (Attachment 2). This process includes several tasks that must be completed according to a timeline that was set as of the date the Wood Street Zoning District officially came into effect (September 23, 2005). Table 1 summarizes this process and its schedule.

Despite BUILD’s efforts to carry out its planning process for the 16th Street Train Station according to the Conditions of Approval, they are experiencing difficulties in carrying out some of the Conditions. For example, under Condition 58, the owner is required to submit to the Agency a Business Plan, Financing Plan, Development Plan, Management Plan, and Community Plan. These plans are intended to allow the Agency to make an informed decision on whether or not to provide any funding for the Train Station project.

According to Condition 58, these plans were to be completed within 12 months of the effective date of the Zoning District (i.e., by September 2006). Similarly, Condition 56A required the

Table 1: Selected Conditions of Approval Related to 16th Street Train Station*

Condition	Action Required	Due Date	Current Status
--	Effective Date of Wood Street District	Sept 2005	--
55-56	BUILD must stabilize/secure the building and take steps to prevent further deterioration	Jan. 2006	Completed
56A	BUILD must determine the Purchase Price of the Baggage Wing as the lesser value of either: (1) Fair Market Value, or (2) the owner's costs for acquisition, holding, and entitlement of the Baggage Wing property.	Prior to demolition or removal of Baggage Wing	Purchase Price has been set (see discussion below)
59	BUILD must form a "Train Station Entity" to oversee the redevelopment of the Train Station.	March 2006	"16 th Street Train Station LLC" has been identified as the entity
56A	BUILD must negotiate a Purchase Agreement to sell the Train Station to the Train Station Entity for the Purchase Price.	May 2006	In process
56A	Train Station Entity must provide the Agency with a Business Plan, Financing Plan, and Management Plan for the redevelopment of the Train Station.	May 2006	In process
56A	Based on the Business, Financing, and Management Plans, the Agency can decide whether or not to provide financial assistance to allow the Baggage Wing to be purchased by the Train Station Entity.	May 2006	On hold until BUILD submits the Business, Financing, and Management Plans
56A	If BUILD and the Train Station Entity cannot agree on a Purchase Agreement, the Agency can opt to purchase the Baggage Wing parcel for the Purchase Price	July 2006	On hold until BUILD forms the Train Station Entity and attempts to negotiate Purchase Agreement
58	BUILD may apply for Agency funding for the rehabilitation of the Train Station. The application must include a Development Plan, Business Plan, Financing Plan, Management Plan, and Community Plan for the Train Station	Sept. 2006	BUILD plans to submit the required plans after the RFP process.

**NOTE: For a complete list of the Conditions of Approval that relate to the Train Station, please see Attachment 2*

owner to complete and submit a Business Plan, Financing Plan, and Management Plan for the Baggage Wing parcel within eight months of the effective date (i.e., by May 2006). BUILD has not been able to comply with either of these dates.

BUILD has asked to extend the deadline for Conditions 56A and 58 until after they select a user for the Train Station (i.e., through the RFP process mentioned above). In this way, BUILD would be able to involve the future user of the Train Station in the production of the Business Plan, Financing Plan, Development Plan, and Management Plan for the Train Station – and to make them part of the Train Station Entity. Otherwise, BUILD would have to develop all of its plans for the Train Station prior to knowing who would be running the Train Station and what uses would be included.

BUILD claims they are responding to community concerns about the public's need to have more control over the Train Station, and for the public to be represented within the Train Station Entity. BUILD believes that, by delaying the implementation of the Conditions of Approval, they will ultimately create a greater level of trust within the West Oakland community.

Under the schedule BUILD is proposing, the RFP would be sent out in November 2006, and BUILD would select a user by April 2007. The Business Plan, Financing Plan, Development Plan, and Management Plan would be completed by August 2007. In September 2007, the Train Station Entity would make a request for Agency funding, which staff would forward to the Agency Board.

Staff is recommending that BUILD be given the additional time requested, in order to allow them to select a user before they proceed with the final planning of the Train Station. As a result, there will be a delay in the completion of Conditions 56A and 58 – which were originally scheduled to be done by September 2006 – to September 2007. This would require staff to prepare the appropriate legislation and return to the City Council for approval.

2. Inclusion of Baggage Wing in Project

As part of the planning for the Train Station, there is a process to determine whether or not the Baggage Wing should be included in the rehabilitation process. This process is governed by Condition 56A (see Attachment 2).

First, the owner must determine the purchase price of the Baggage Wing parcel. To do this, the owner must have the Baggage Wing appraised at Fair Market Value, and the owner must also value the Baggage Wing Parcel according to the total costs they have incurred for acquisition, holding, and entitlement of the property. The Purchase Price is set as the lower value of either (1) Fair Market Value or (2) the total acquisition, holding, and entitlement costs.

BUILD had the Baggage Wing appraised by a third-party appraiser (Integra Realty Resources), and the appraisal was reviewed and approved by staff. The approved estimate of Fair Market Value is \$1,150,000 for the 16,000 sf building. Concurrently, BUILD estimated its total incurred costs for acquisition, holding, and entitlement to be \$616,757 (see Attachment 4). This estimate

was also reviewed and approved by staff. Thus the Purchase Price, set at the lower of the two values, is \$616,757.

The next step is for BUILD to negotiate with the Train Station Entity – pursuant to Condition 56A – to see if it is possible to agree on a Purchase Agreement for the transfer of the Baggage Wing. The Purchase Price is set, as noted above, at \$616,757. If they are unable to agree on a Purchase Agreement, then the Agency will have a 60-day period in which the Agency has the option to purchase the Baggage Wing for the Purchase Price. After this, if neither the Train Station Entity nor the Agency purchases the Baggage Wing, then BUILD has the right to demolish the structure, in order to create more land area for other development on the surrounding property.

During the initial negotiations for the Purchase Agreement, the Train Station Entity has the right to ask the Agency for financial assistance to help it purchase the Baggage Wing from BUILD. At this time, BUILD is asking the Agency to extend a loan to the Train Station Entity, which has been identified as “16th Street Train Station, LLC.” According to BUILD, 16th Street Train Station, LLC does not have any assets and therefore would require an Agency loan to cover the entire cost of purchasing the Baggage Wing parcel. Without this assistance from the Agency, it is unlikely that BUILD and 16th Street Train Station, LLC would be able to effect the transfer of the Baggage Wing Parcel to 16th Street Train Station, LLC, and thereby to preserve the Baggage Wing.

Under the proposed agreement with 16th Street Train Station, LLC, the Agency would not be obligated to make any payments until after it has received and approved the Business Plan, Financing Plan, and Management Plan for the Train Station. Furthermore, loan funds would be disbursed only as tax increment funds are generated within the Wood Street Zoning District, as provided in Condition 56A.

Given the cultural importance of the Baggage Wing, and given that there appears to be no alternative funding source to allow for the preservation of the Baggage Wing, staff recommends authorizing the proposed loan agreement to 16th Street Train Station, LLC in an amount not to exceed \$616,757.

SUSTAINABLE OPPORTUNITIES

Rehabilitation of the 16th Train Station (including the Baggage Wing) would yield many economic, environmental and social equity benefits for the West Oakland neighborhood and the City of Oakland.

Economic: The proposed uses for the Train Station include small business opportunities that could provide amenities and job opportunities for local residents. The restoration of a major, blighted structure will help to improve the overall perception and business climate in West Oakland, thereby indirectly leading to other development and job opportunities.

Environmental: Rehabilitation of the Train Station would be designed to take advantage of energy efficient and other sustainable building technologies.

Social Equity: The proposed project will revitalize a landmark building that has been vacant and blighted for 25 years. The new Train Station will provide an important focal point, meeting place, open space (including the 0.75-acre plaza that is envisioned for the front of the Train Station), and symbol for the surrounding West Oakland community.

DISABILITY AND SENIOR CITIZEN ACCESS

Rehabilitation of the Train Station would include several public amenities (e.g., the planned open space, retail uses, etc.) that will be designed to accommodate disabled and senior citizens.

ACTION REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

Staff recommends that the City Council by motion extend the time allowed to complete Conditions 56A, 58, and 59 of the Wood Street Conditions of Approval – all of which were originally scheduled to be done by September 2006 – for an additional year, to September 2007. This would require staff to prepare the appropriate legislation and return to the City Council for approval.

Staff further recommends the Agency approve the attached resolution authorizing the Agency Administrator to enter into an agreement with 16th Street Train Station, LLC, for the Agency to provide loan funding in an amount not to exceed \$616,757 – to allow the Baggage Wing to be preserved and incorporated into the overall project to rehabilitate the 16th Street Train Station.

Respectfully submitted,



DAN VANDERPRIEM
Director, Redevelopment, Economic
Development, Housing and Community
Development



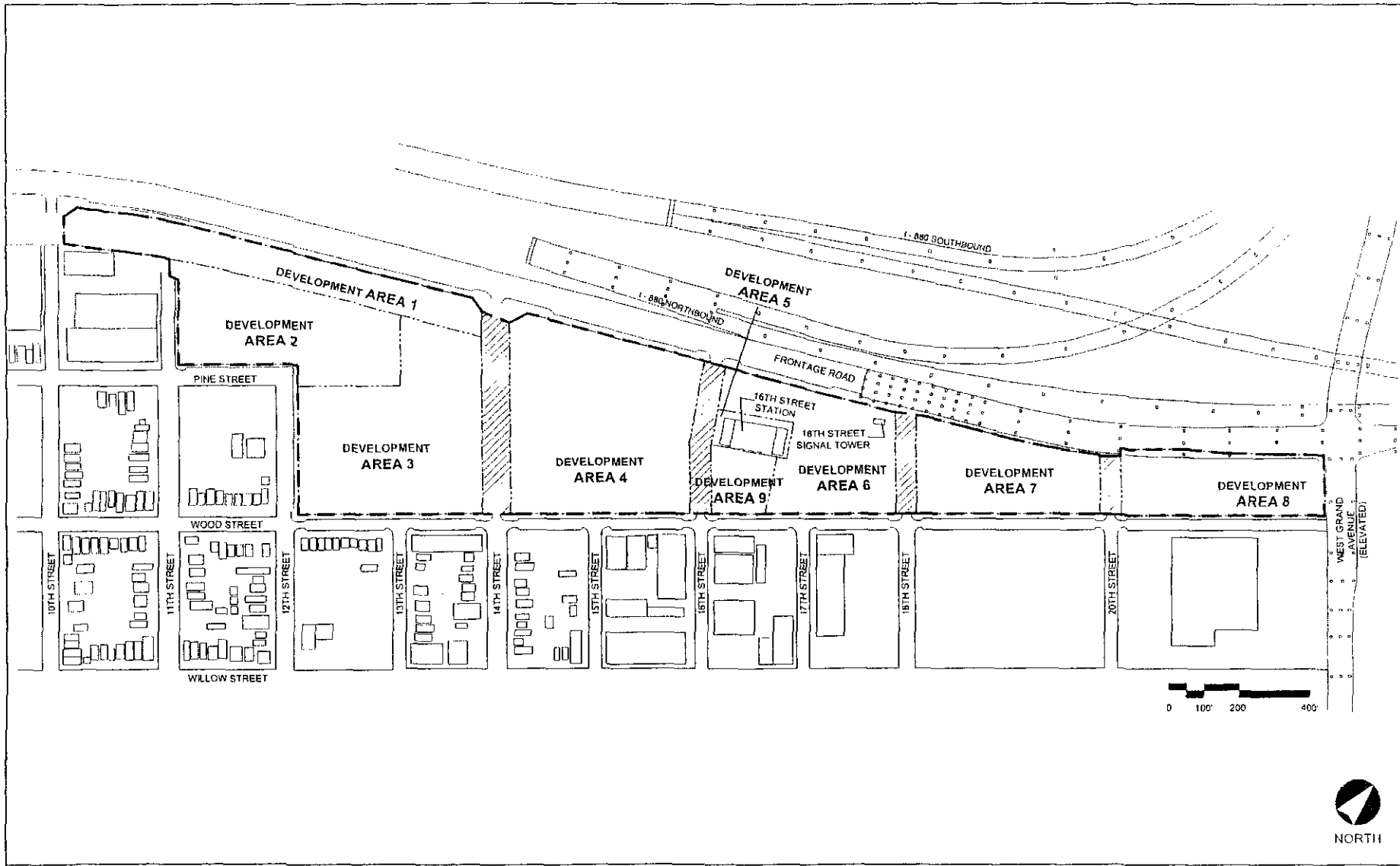
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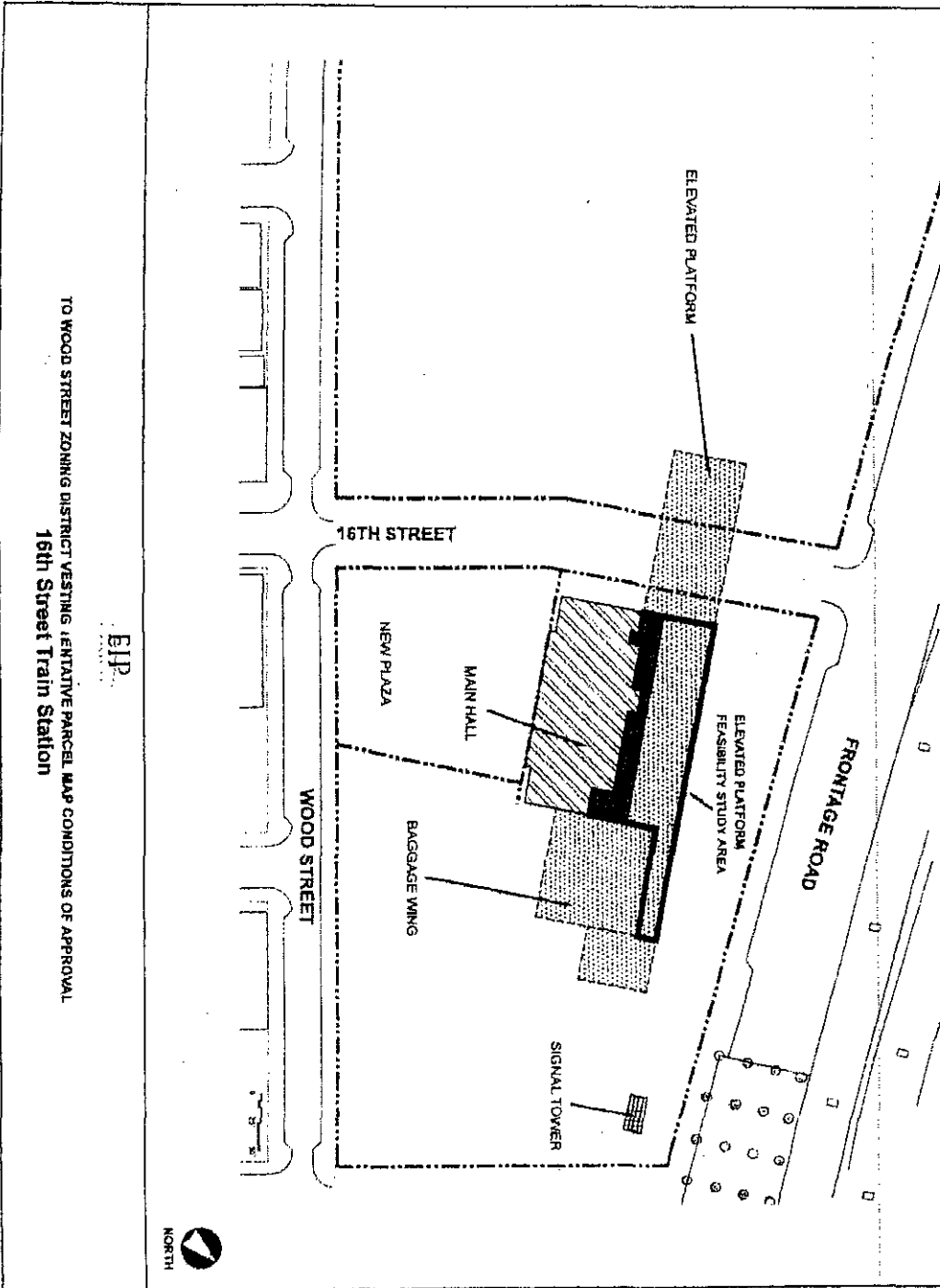


OFFICE OF THE CITY ADMINISTRATOR



EIP

ATTACHMENT 1: Wood Street Zoning District



TO WOOD STREET ZONING DISTRICT VESTING TENTATIVE PARCEL MAP CONDITIONS OF APPROVAL
 16th Street Train Station

E.I.P.



NORTH

ATTACHMENT 2:

**Wood Street Conditions of Approval
Related to the 16th Street Train Station**

51. Cultural Resources Management/Mitigation Plan.

During all construction activities.

If further investigations or precautions are necessary or appropriate, the City of Oakland and the archaeologist shall jointly determine the additional procedures necessary to protect the resource and/or mitigate any significant impacts. Additional measures to be implemented by the Project Sponsor might include a redesign of the Project, data recovery excavations, or a program to monitor all site excavation, during which the archaeologist shall record observations in a permanent log. The archaeologist shall prepare a final report to be sent to the responsible agency, the Oakland Landmarks Advisory Board, and the California Historical Resources Information System Northwest Information Center. [WS MM CR-1.2]

52. Discovery of Human Remains.

During all construction activities, immediately upon determination by qualified archaeologist of human remains discovery.

Should any human remains be encountered, work in the vicinity shall halt and the County Coroner notified immediately. If the remains are determined to be Native American, the coroner shall contact the California Native American Heritage Commission (NAHC) pursuant to subdivision (c) of Section 7050.5 of the Health and Safety Code. The NAHC in Sacramento would identify a Most Likely Descendant (MLD) pursuant to subdivision (a) of Section 5097.98 of the Public Resources Code. The City of Oakland and the archaeologist shall consult with the MLD. The MLD may, with the permission of the owner of the land, or his or her authorized representative, inspect the site of the discovery of the Native American remains and may recommend to the owner or the person responsible for the excavation work means for treating or disposing, with appropriate dignity, the human remains and any associated grave goods. The descendants shall complete their inspection and make their recommendations within 24 hours of their notification by the NAHC. The recommendation may include scientific removal and nondestructive analysis of human remains and items associated with Native American burials. Work may not commence until the coroner's approval has been received. [WS MM CR-1.3]

52A. Preservation of the Historic 16th Street Train Station.

Prior to demolition or renovation

The Project Sponsor shall preserve the historic 16th Street Train Station including the Main Hall, Baggage Wing, and as much of the Elevated Platform as possible behind the Main Hall, as included in Development Area 5 of the Wood Street Zoning District, Parcel 2 of VTPM 8554, and as specified in Conditions 56A, 56B and 57A. *[This condition will be attached to the subdivision map for VTPM 8554 only.]*

53. HABS Recordation of the 16th Street Train Station.

Within 12 months of effective date of Wood Street Zoning District.

The Project Sponsor of Parcel 2 of VTPM 8553, and Parcels 2, 3 and 4 of VTPM 8554 shall, within 12 months of the effective date of the Wood Street Zoning District, record the 16th Street Train Station in accordance with the procedures of the Historical American Building Survey

(HABS). In accordance with the HABS recordation process, the Project Sponsor shall consult with the National Park Service (NPS) to determine the appropriate level of documentation, and all documentation shall be subject to review and approval by NPS with approval determined by compliance with HABS procedures. *[This condition will be attached to the subdivision maps for Parcel 2 of VTPM 8553, and Parcels 2, 3 and 4 of VTPM 8554 only.]* [WS MM CR-2.1]

54. Salvage of Original Building Materials from Structures Proposed for Demolition.

Within 12 months of effective date of the adoption of the condition of approval.

The Project Sponsor shall, within twelve months of the effective date of the Wood Street Zoning District, submit a study to the City of Oakland detailing what parts of the portions of the 16th Street Train Station to be demolished can be feasibly salvaged. The study shall include an assessment of the feasibility of salvaging terra-cotta cladding, windows, doors and hardware. The study must be approved by the City's Planning Director, who shall find the study acceptable if it demonstrates which parts can be feasibly salvaged. Following City approval of the study, the Project Sponsor shall salvage parts as indicated in the approved study and shall make the salvaged materials available for reuse in rehabilitating the portions of the 16th Street Train Station that are to be rehabilitated. *[This condition will be attached to the subdivision maps for Parcel 2 of VTPM 8553, and Parcels 2, 3 and 4 of VTPM 8554 only.]* [WS MM CR-2.2]

55. Stabilization of Main Hall and Signal Tower.

Within three months of the effective date of the adoption of the condition of approval.

The Project Sponsor of Parcels 2 and 3 of VTPM 8554 shall, within three months of the effective date of the Wood Street Zoning District, take measures designed to preclude further deterioration of the Main Hall and the Signal Tower (both as defined in the notes and definitions on page 1) from rain and to exclude trespassers. Within 45 days of the effective date of the adoption of this condition of approval, the Project Sponsor shall submit to the Planning Director a description of the proposed measures. The Planning Director shall review, and may approve, disapprove, or modify the measures intended to eliminate deterioration or vandalism. These measures shall remain in place until the decision regarding reuse of the Main Hall is made. The facilities preserved and protected by this measure include the canopy at the Wood Street entrance to the Main Hall. *[This condition will be attached to the subdivision maps for Parcels 2 and 3 of VTPM 8554 only.]* [WS MM CR-2.3]

56. Interim Stabilization of Baggage Wing.

Within three months of the effective date of the adoption of the condition of approval.

The Project Sponsor of Parcel 2 of VTPM 8554 shall, within three months of the effective date of the Wood Street Zoning District, take measures designed to preclude further deterioration of the Baggage Wing from rain and to exclude trespassers, pending a decision from the Redevelopment Agency on whether to fund retention of the Baggage Wing. Within 45 days of the effective date of the adoption of the condition of approval, the Project Sponsor shall submit to the Planning Director a description of the proposed measures. The Planning Director shall review, and may approve, disapprove, or modify the measures intended to eliminate deterioration or vandalism. These measures shall remain in place until a decision from the Redevelopment

Agency on whether to fund retention of the Baggage Wing is made. *[This condition will be attached to the subdivision map for Parcel 2 of VTPM 8554 only.]*

56A. Possible Agency Funding for Preservation and Restoration of Baggage Wing.

Prior to demolition or renovation of the Baggage Wing.

(a) To assist the Redevelopment Agency in its efforts to preserve and restore the Train Station, the Project Sponsor of Parcel 3 of VTPM 8554 (“BUILD”) shall set aside the additional approximate .33 acre of land depicted on VTPM 8554 upon which the Baggage Wing is located (the “Baggage Wing Parcel”) for a period of no less than eight months following the effective date of the Wood Street Zoning District, and shall include such parcel in the final map of Parcel 2 of VTPM 8554. During this period (1) BUILD and the Train Station Entity, defined in the General Notes and Definitions and described in Condition 59, shall negotiate in good faith to enter into an agreement for the Train Station Entity to purchase the Baggage Wing Parcel from BUILD within said eight-month period for the Purchase Price (defined below), (the “Baggage Wing Purchase Agreement”) and (2) upon the receipt and acceptance by the Redevelopment Agency Board of a Business Plan, Financing Plan and Management Plan from the Train Station Entity, the Redevelopment Agency shall determine whether to make available the financial assistance necessary for the Train Station Entity to acquire the Baggage Wing Parcel and preserve the Baggage Wing, and the Train Station Entity and the Redevelopment Agency shall then negotiate in good faith to enter into an agreement for such financial assistance (the “Baggage Wing Funding Agreement”). The Baggage Wing Funding Agreement shall (3) provide for Agency funding for the acquisition and preservation of the Baggage Wing and the Baggage Wing Parcel from available tax increment funds as such funds are received, under customary redevelopment agency terms and conditions; and (4) provide that the Train Station Entity shall seek funding from non-Agency and non-City sources (including state and federal programs, historic preservation tax credits, and private lenders) as appropriate for the acquisition, preservation, and restoration of the Baggage Wing and the Baggage Wing Parcel. For purposes of this condition, the term “available tax increment funds” shall mean the net tax increment revenues generated by the property in the Wood Street Project that are actually received by the Agency, excluding any pass-through payments to other entities, payments to the Low and Moderate Income Housing Fund, the Educational Revenue Augmentation Fund, or other set aside funds, or funds otherwise diverted from the Agency.

(b) In the event the Baggage Wing Purchase Agreement and the Baggage Wing Funding Agreement are executed within the eight month period, then:

- (1) BUILD will include the Baggage Wing in the materials, plans and information to be prepared in accordance with Conditions of Approval 58 and 59, BUILD will not make any alteration to the Baggage Wing that is not consistent with the preservation, rehabilitation, or reuse recommendations contained in the *OARB Area Redevelopment Plan* (as amended); the *City of Oakland General Plan* (as amended); the Wood Street Zoning District; and Secretary of the Interior’s Standards for the Treatment of Historic Buildings, and alterations shall be further

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restricted in accordance with any additional design standards, guidelines, or recommendations when the development plan, adopted pursuant to Mitigation Measure CR-2.5, becomes effective;

- (2) in accordance with Condition 59, BUILD will transfer title to the Baggage Wing Parcel to the Train Station Entity upon approval by the City Council, which approval shall be based upon the Council's satisfaction of the progress in implementing Conditions 58, 59 and 60; and
- (3) the City will cooperate to develop and approve preliminary and final development plans for the remaining areas of Parcel 3 of VTPM 8554 such that the Project Sponsor will be able to build the residential units approved for development on such parcel, which cooperation may include, subject to appropriate environmental review, future approval of residential use of certain areas of the future adjacent right of way located in 18th street, provided that an equivalent area of public space is provided elsewhere within the Baggage Wing Parcel or the remaining areas of Parcel 3.

(c) For purposes of the above, the "Purchase Price" for the Baggage Wing Parcel shall be the lesser of (1) Fair Market Value, or (2) the Acquisition/Holding/Entitlement Costs. "Fair Market Value" shall mean the purchase price that an unrelated party negotiating at arm's length would pay to purchase such property, taking into account all then current market factors, including without limitation the quality, design, condition and location of the property including the extent and condition of the construction completed to date, if any, the amount of any and all liens, mortgages, and encumbrances against the property, required environmental remediation, and the value of the existing improvements to such party, and assuming the property was included with Parcel 3 of VTPM 8554. "Acquisition/Holding/Entitlement Costs" shall mean (1) the actual price initially paid for the Baggage Wing Parcel by BUILD, calculated on the basis of the overall purchase price paid by BUILD for developable acres within the Wood Street Zoning District and prorated on a square footage basis to the Baggage Wing Parcel, plus (2) actual costs incurred by BUILD in holding, maintaining and entitling the Baggage Wing Parcel (calculated on a developable square footage basis prorated to the Baggage Wing Parcel), including taxes, carrying costs (which shall be defined as the investment return BUILD's investor, CalPERS, has received on investments in similar projects in the CalPERS CURE program (California Urban Real Estate) since its inception in 1997, but not to exceed 10%), insurance, maintenance, and other out-of-pocket payments by BUILD to third parties for holding, maintaining and entitling the property, but not including BUILD's administrative or staff costs. The Acquisition/Holding/Entitlement Costs shall be determined by an independent cost certification obtained by BUILD.

(d) BUILD shall submit its determination of Acquisition/Holding/Entitlement Costs, along with the independent cost certification, and its determination of Fair Market Value to the Redevelopment Agency within three months of the City Council's approval of the District. If the Agency disputes BUILD's determination either of Fair Market Value or

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Acquisition/Holding/Entitlement Costs, or both, as contained in BUILD's notice, the Agency shall notify BUILD in writing within 30 calendar days of its receipt of BUILD's determination, which notice shall set forth the Agency's determination of the Fair Market Value and/or Acquisition/Holding/Entitlement Costs. The Agency and BUILD shall thereupon attempt to resolve their differences within 10 days following BUILD's receipt of the Agency's notice. If the Agency and BUILD cannot agree on Fair Market Value during such 10-day period, the Agency and BUILD shall each appoint an appraiser who shall be an M.A.I. and a California licensed appraiser experienced in appraising commercial and residential real estate in Alameda County, and give notice of such appointment to the other within 10 calendar days after the foregoing 10-day period. Such appraisers shall, within 30 calendar days after the appointment of the last of them to be appointed, complete their written determinations of Fair Market Value and furnish the same to the Agency and BUILD. Each party shall pay the fees and costs of the appraiser appointed by it. If the valuations vary by ten percent (10%) or less of the higher value, the Fair Market Value shall be the average of the two valuations. If the valuations vary by more than ten percent (10%) of the higher value, the two appraisers shall, within ten (10) calendar days after submission of the last appraisal report, appoint a third disinterested appraiser who shall be an M.A.I. and a California licensed appraiser with the experience described above. If the two appraisers are unable to agree in a timely manner on the selection of the third appraiser, then either appraiser, on behalf of both, may request appointment of such third disinterested M.A.I. appraiser by the presiding judge of the Superior Court of Alameda County. Such third appraiser shall, within 15 calendar days after appointment, make a determination of Fair Market Value by selecting one of the prior appraisals. The third appraiser shall have no right to select a Fair Market Value other than as determined by one of the prior appraisals. If the Agency and BUILD cannot agree on Acquisition/Holding/Entitlement Costs during such 10-day period, the Agency and BUILD shall submit the issue to binding arbitration.

(e) If, after good faith negotiations, BUILD and the Train Station Entity have not entered into the Baggage Wing Purchase Agreement within the eight-month period, or the Agency and the Train Station Entity have not entered into the Baggage Wing Funding Agreement within the eight-month period, then the Agency or the Agency's designee shall have the option of purchasing the Baggage Wing Parcel for the Purchase Price. The Agency or its designee shall give written notice of its exercise of said option to BUILD (or the then-current owner of the Baggage Wing Parcel) within 60 calendar days of the end of the eight-month period.

(f) Should the Agency exercise the above option, BUILD shall deliver title to the Baggage Wing Parcel to the Agency free and clear of any junior liens, leases, mortgages, or encumbrances, except those liens, mortgages, or encumbrances that have been specifically approved by the Agency in writing. Escrow for the sale of the Baggage Wing Parcel shall close and BUILD shall execute and deliver to the Agency or its designee a grant deed or deeds to the Baggage Wing concurrent with the transfer of the Main Hall, in accordance with Condition 59, at which time the Purchase Price shall be paid by the Agency or its designee to BUILD. The Purchase Price shall be paid in the form of a promissory note executed by the Agency to BUILD

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in which the Agency pledges to pay the Purchase Price from available tax increment funds as such funds are received, along with interest at a rate equal to the prevailing Local Agency Investment Fund rate. The Agency shall be allowed to prepay the note without penalty. Prior to the close of escrow, BUILD shall take all necessary steps to ensure that a title company will be able to issue to the Agency or its designee, upon close of escrow, a standard CLTA owner's policy of title insurance, in an amount equal to the Purchase Price, showing title to the Baggage Wing Parcel vested in the Agency or its designee, with only the following exceptions:

- (1) Liens for property taxes not yet due and payable;
- (2) Any other lien or encumbrance approved in writing by the Agency in its sole discretion.

(g) Prior to the time for the Agency to provide notice of its election to exercise the option, the Agency or its designee and its agents may, upon reasonable notice to BUILD, enter the Baggage Wing Parcel for purposes of inspection, survey, tests, or other actions reasonably related to acquisition of the property by the Agency or its designee. The Agency or its designee shall indemnify and defend BUILD for any liability, claims or damages arising from such entry.

(h) The Agency may assign the option to purchase the Baggage Wing Parcel to any other entity in its sole discretion.

(i) If BUILD and the Train Station Entity have not entered into the Baggage Wing Purchase Agreement, or if BUILD and the Agency have not entered into the Baggage Wing Funding Agreement, within the eight month period and any of them assert that one or the other of them has not negotiated the agreement in good faith, BUILD, the Agency or the Train Station Entity shall submit the issue to binding arbitration.

(j) If BUILD and the Agency have not entered into the Baggage Wing Funding Agreement within the eight month period because the Agency has declined to provide the funding from available tax increment funds necessary for the Train Station Entity to purchase and preserve the Baggage Wing Parcel as set forth above, and if the Agency or its designee has declined to exercise its option to purchase the Baggage Wing Parcel as set forth above, then BUILD shall have no further obligations under this condition. *[This condition will be attached to the subdivision map for Parcel 2 of VTPM 8554 only.]*

56B. Feasibility Determination If Funding Not Provided For Baggage Wing.

Prior to demolition or renovation of Baggage Wing.

In the event that the Baggage Wing Purchase Agreement and the Baggage Wing Funding Agreement described in Condition 56A are not executed within the eight month period, the Project Sponsor shall submit for City Council review application to demolish the Baggage Wing or its application to alter the Baggage Wing. Any alteration of the Baggage Wing shall be consistent with the preservation, rehabilitation, and reuse recommendations contained in the OARB Area Redevelopment Plan (as amended by action concurrent with approval of the Wood

Street Zoning District), the City of Oakland General Plan (as amended by action concurrent with approval of the Wood Street Zoning District), the Wood Street Zoning District, and Secretary of the Interior's Standards for the Treatment of Historic Buildings. Upon review of detailed pro forma information (amount invested, return on equity, financing options) and any other information requested by the City Council, including CEQA compliance determination, financing requirements and other pertinent information, the City Council shall approve, deny, or conditionally approve the application.

57. Restriction on Alteration of the Main Hall and the Signal Tower.

Prior to demolition or renovation of any structures.

The Project Sponsor of Parcels 2 and 3 of VTPM 8554 shall not make any alteration to the Main Hall that is not consistent with the preservation, rehabilitation, or reuse recommendations contained in the *OARB Area Redevelopment Plan* (as amended); the *City of Oakland General Plan* (as amended); the Wood Street Zoning District; and Secretary of the Interior's Standards for the Treatment of Historic Buildings. Alterations shall be further restricted in accordance with any additional design standards, guidelines, or recommendations when the development plan, adopted pursuant to Mitigation Measure CR-2.5, becomes effective. *[This condition will be attached to the subdivision maps for Parcels 2 and 3 of VTPM 8554 only.]* [WS MM CR-2.4]

57A. Restriction on Alteration of the Elevated Platform Feasibility Study Area.

Prior to demolition of the elevated track platform adjacent to the Main Hall.

The Project Sponsor shall not make any alteration to the Elevated Platform Feasibility Study Area until the Project Sponsor has further pursued, with due diligence, the feasibility of retaining and preserving more width of the Elevated Platform Feasibility Study Area, than is shown in FEIR Figure CR-4 and, in any event, no alteration shall be made prior to the approval of a preliminary development plan for Parcel 3 of VTPM 8554. The Project Sponsor shall include in its preliminary development plan application for Parcel 3 of VTPM 8554 additional evidence of the feasibility or infeasibility of retaining a greater width of the Elevated Platform Feasibility Study Area. The determination of the width to be retained and preserved shall be made by the City in connection with its consideration and approval of such preliminary development plan. The preliminary development plan shall include retention and preservation of as much width of the Elevated Platform Feasibility Study Area as the City determines is feasible. The precise location of the parcel line between Parcel 2 and Parcel 3 on the final map for Parcel 3 shall accommodate such determination. *[This condition will be attached to the subdivision map for Parcel 3 of VTPM 8554 only.]*

58. Application for Redevelopment Agency Funding Approval for Train Station Preservation, Rehabilitation, and Stabilization.

Within 12 months of the effective date of the adoption of this condition of approval.

Consistent with the *OARB Area Redevelopment Plan* goals as set out in Section 100 of that Plan, the Project Sponsor of Parcel 2 of VTPM 8554 or the Train Station Entity shall submit an application to the Redevelopment Agency of the City of Oakland (the "Agency") requesting that the Agency make available tax increment funds provided for in Section 502 of the *OARB Area*

Conformed to Staff Report for 6/7/05 City Council Meeting

Redevelopment Plan for the preservation, rehabilitation, and stabilization of the Main Hall. In connection with such application, the property owner shall submit the following materials and information to the Agency:

- a. a finance plan demonstrating the prudent use of tax increment funds in restoring, preserving, and reusing the Main Hall, including a commitment by the property owner to maximize the leverage of the tax increment funds by seeking additional public funding, tax credits, private financing, and/or private philanthropic grants;
- b. a management plan demonstrating exemplary and continued stewardship of the Main Hall, with recognition of its cultural and historical importance to the City of Oakland and which is accountable to the goals and policies of the *OARB Area Redevelopment Plan* and the *City of Oakland General Plan*;
- c. a community participation plan providing for input by Oakland community members in decisions concerning the Main Hall's preservation and reuse;
- d. a development plan demonstrating that the proposed renovation and reuse of the Main Hall is consistent with the design standards, policies, and goals of the *OARB Area Redevelopment Plan* (as amended); the *City of Oakland General Plan* (as amended); and the Wood Street Zoning District; as well as with any other design criteria that the Agency determines is appropriate to meet said goals and policies; and
- e. a business plan that establishes a framework for the funding of rehabilitation efforts and identifies the grant source(s), the funding mechanisms and the budget for the work, as provided in Condition 59.

Not in limitation of the Project Sponsor's obligations in Conditions No. 95, 96 and 97, any Agency decision to fund all or any portion of the 16th Street Train Station, including either the Main Hall, Baggage Wing and/or Signal Tower shall be conditioned upon Project Sponsor's indemnification of the Agency and the City for any claims related to the construction, operation or maintenance of any and all projects using Agency funds.

[This condition will be attached to the subdivision map for Parcel 2 of VTPM 8554 only.]
[WS MM CR-2.5]

59. Rehabilitation and Reuse of Main Hall, Platform and Signal Tower.

Within six months of the effective date of the adoption of this condition of approval for establishment of a Train Station Entity to oversee the rehabilitation and reuse of the historic 16th Street Train Station; within twelve months of the effective date of the adoption of this condition of approval to prepare a business plan for the retention of historic resources and the reuse of the 16th Street Train Station.

Within six months of adoption of this condition of approval, the Project Sponsor will establish a Train Station Entity to oversee the rehabilitation and reuse of the historic 16th Street Train

Conformed to Staff Report for 6/7/05 City Council Meeting

Station (as defined in the General Notes and Definitions), which will assure public access and include elements commemorating its historical significance, and within twelve months of the effective date of this condition of approval the Project Sponsor shall obtain City Council approval of such Train Station Entity. Within twelve months of adoption of this condition of approval, the Project Sponsor and/or the new Train Station Entity for the historic 16th Street Train Station shall prepare a business plan for the retention of historic resources and the reuse of the 16th Street Train Station. The business plan will establish a framework for the funding of rehabilitation efforts and identify the grant source(s) and the funding mechanisms for the work. The business plan will also establish the information needed for requesting tax increment financing and the timing and sequencing of such funding in relation to the phasing of the historic restoration efforts. Within two years of approval of the Wood Street Zoning District, the Project Sponsor will complete a schematic set of plans and specifications for the restoration of the 16th Street Train Station. The plans shall include an analysis of the feasibility of restoration and reuse of the structure and establish a budget for the project to demonstrate the viability of proposals related to possible use of historic resources and identify important details about how modifications to historic resources will be integrated into the final project. Upon receipt of Agency tax increment funds and other public and/or private funds in accordance with Condition of Approval #58, the Project Sponsor of Parcel 2 of VTPM 8554 will, within one year, diligently commence and pursue the completion, within seven years, in accordance with the plans and specifications for the restoration of the 16th Street Train Station, and rehabilitation of the facilities depicted for retention in Figure 2-4 of the Draft EIR of the proposed project, in accordance with the Secretary of the Interior's Standards for the Treatment of Historic Buildings, and in conformance with the following General Standards.

(1) Any renovation, modification or addition to the 16th Street Train Station shall conform with the standards set forth in the Planning Code "Special regulations of designated landmarks."

(2) Any reuse of the 16th Street Train Station shall include stabilization and repair of exterior materials to improve the exterior appearance and to ensure a watertight building envelope. This rehabilitation shall include using salvaged materials to the extent feasible, and seismically strengthening and rehabilitating the exterior of the Main Hall, including the portions of the platform that are to be preserved. No additions to the structures would be permitted except as specified in the following standards:

(a) No addition to the existing 16th Street Train Station shall exceed a total building footprint greater than 20 percent of the existing structure to be retained.

(b) No addition to the existing 16th Street Train Station shall exceed the height of the north or south wings that flank the Main Hall (approximately 25 feet in height).

(c) No addition shall be made to either the primary façade facing the 16th Street Plaza or the southern façade, facing the 16th Street right of way or pocket park.

Conformed to Staff Report for 6/7/05 City Council Meeting

(d) No additions are permitted to the Signal Tower. Plaques shall be installed on the exterior façade of the station and the Signal Tower that identify their historic uses and include additional historical information. A display shall be created on the interior of the station using historic photos and documents to give a more complete history of the station and the Signal Tower.

The Project Sponsor of VTPM 8554 shall not transfer title of the retained portion of the 16th Street Train Station to the Train Station Entity unless and until the transfer is approved by the City Council, which shall be based upon Council's satisfaction of the progress in implementing Conditions 58, 59 and 60. Not in limitation of the Project Sponsor's obligations in Conditions No. 95, 96 and 97, in the agreement between the Project Sponsor and Agency to fund all or any portion of the 16th Street Train Station (as defined in the General Notes and Definitions), the Project Sponsor shall indemnify, in a form acceptable to the City Attorney, the Agency and the City for any claims related to the construction, operation or maintenance of any and all projects constructed by or at the direction of a Project Sponsor, using Agency funds.

Not in limitation of the Project Sponsor's obligations in Conditions No. 95, 96 and 97, any Agency decision to fund all or any portion of the 16th Street Train Station, including either the Main Hall, Baggage Wing and/or Signal Tower shall be conditioned upon Project Sponsor's or the Train Station Entity's indemnification of the Agency and the City for any claims related to the construction, operation or maintenance of any and all projects using Agency funds. *[This condition will be attached to the subdivision maps for Parcels 2 and 3 of VTPM 8554 only.]* [WS MM CR-2.6]

60. Reuse of the Main Hall

Prior to issuance of the first certificate of occupancy; upon approval of funding by the Redevelopment Agency as specified in WS MM CR-2.5.

Following the satisfaction of the prior Condition No. 59, the Project Sponsor of Parcel 2 of VTPM 8554 in the reuse of the Main Hall shall incorporate exhibit space commemorating the site's cultural history and its function as the end of the trans-continental railroad and the gateway arrival point in the West. The exhibit space could also serve as a venue for private and public events, facilitating greater exposure of persons to the historical significance of the station. Oral histories shall be recorded and made available to the extent feasible. The building would not be subjected to extensive night lighting. Reuse shall proceed according to the finance, management, community participation, and development plans submitted pursuant to Condition No. 58, as approved by the Redevelopment Agency, as well as any other design criteria that the City Planning Director determines is appropriate to meet the City's goals and policies. *[This condition will be attached to the subdivision map for Parcel 2 of VTPM 8554 only.]* [WS MM CR-2.7]

61. Enhancement of the Train Station Setting

Prior to issuance of certificate of building occupancy of the restored Main Hall or issuance of a certificate of occupancy for the 600th residential dwelling with the Project Area, whichever occurs first.

The Project Sponsor of Parcel 1 of VTPM 8554 shall construct and landscape the plaza area to provide an enhanced visual setting for the Main Hall, to provide a visual focus and view corridor, to increase public accessibility to the 16th Street Train Station, and to create a feature that recalls the historic use of the station. All these improvements shall be completed with private financing by the Project Sponsor; no public funds would be requested with respect to the Plaza. *[This condition will be attached to the subdivision map for Parcel 1 of VTPM 8554 only.]* [WS MM CR-2.8]

LANDSCAPING & TREE PERMIT

62. Installation of Landscaping and Bonding.

Prior to issuance of certificate of occupancy, unless bonded.

The Project Sponsor shall install all proposed landscaping indicated on the approved landscape plan prior to the issuance of a certificate of occupancy, unless bonded pursuant to the provisions of Section 17.124.50 of the Oakland Planning Code. The amount of such bond or cash deposit shall equal the greater of \$2,500 or the estimated cost of the required landscaping, based on a licensed contractor's bid.

63. Tree Removal Permit.

Prior to the removal of subject trees.

The Project Sponsor shall obtain a Tree Removal Permit prior to removing trees subject to Chapter 12.36 of the Oakland Municipal Code. [OARB MM 4.12-7]

64. Securing Future Residents' Acknowledgment of Potential Future Land Uses.

Prior to lease or sale of any unit and ongoing.

The Project Sponsor shall ensure that future residents sign a notice acknowledging that they are aware of and accept the possible noise levels related to Frontage Road located near the project site.

65. Reduced Water Usage.

Prior to issuance of the building permits for the mechanical system.

The Project Sponsor shall confer with East Bay Municipal Utility District (EBMUD) to examine incorporating water saving techniques such as dual piping for recycled water into the final design of the mixed-use project.

66. Internal Landscaping.

Prior to issuance of the certificate of occupancy.

The Project Sponsor shall ensure that internal landscaping conforms with City design standards as contained in the City Planning Code.

ATTACHMENT 3:

**Re-Use Plan for 16th Street Train Station
(Executive Summary Only)**

16TH STREET STATION



16th Street Train Station Re-Use Plan

May 23, 2006

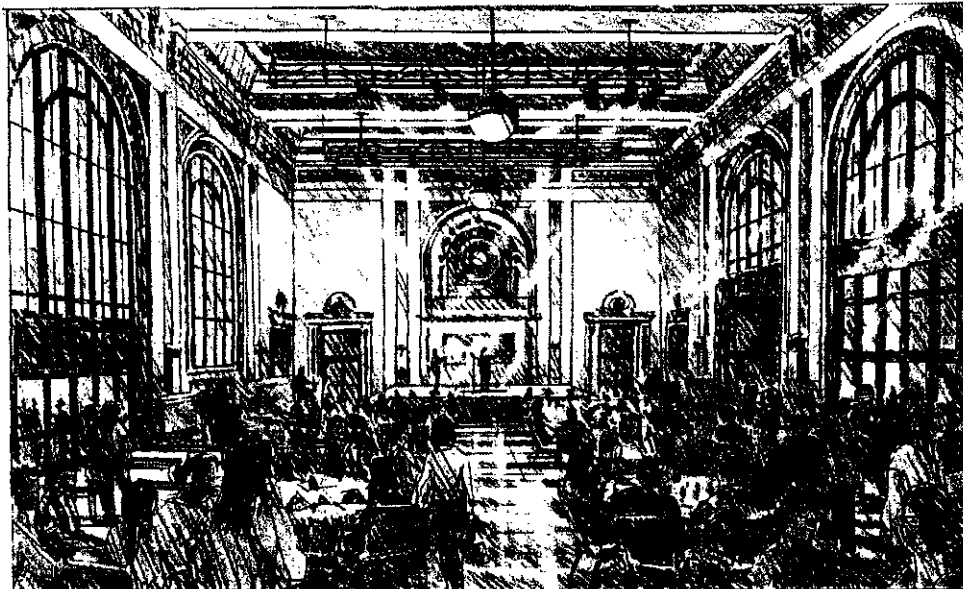
Submitted to the City of Oakland
Community & Economic Development Agency

Prepared on Behalf of BUILD West Oakland

Prepared by Equity Community Builders

Technical Team:

Architect:	ELS Architects
Landscape Architect:	Walter Hood Associates
Historic Architect:	Page & Turnbull Associates
Structural Engineer:	Tipping Mar Associates
Cost Consultant:	BBI Construction
Public Participation Consultant:	Envirocom
Economic Consultant:	Conley Consulting Group
Event & Food Service Consultant:	Andrea Baker Consulting



Historic 16th Street Train Station Re-Use Plan

Executive Summary

In June of 2005, the Oakland City Council granted approval of the Wood Street Zoning District (the “District”), governing the terms of the redevelopment of this area of West Oakland running from 10th to 20th Street, between Wood Street and the Frontage Road. The District zoning provides for the development of over 1,500 new homes within the 29-acre parcel – a significant milestone for the revitalization of an area of West Oakland that has seen far less private investment than other areas of the city.

At the center of the District, on the block between 16th and 18th Streets, stands a landmark building, the history of which also stands at the center of the development of West Oakland – the historic 16th Street Train Station. The Conditions of Approval for the District govern how BUILD, as owner, is to develop a Re-Use Plan for the five elements of the Train Station:

Main Hall:	The ceremonial center of the Train Station
Baggage Wing:	The center of activities for the Pullman Porters
Elevated Track Structure:	The two-level steel platform to the west of the Main Hall and Baggage Wing
Plaza:	The 16 th Street Plaza, a 3/4 acre parcel to the east of the Train Station
Signal Tower:	The Signal Tower, a 3-story structure located a significant distance to the north

CONSENSUS REGARDING RE-USE OPTIONS

The fundamental challenge of the Re-Use Plan is clearly established in the Conditions, and has been reinforced through an extensive 8-month community planning process: **identify a viable, financially self-sustaining use for a significantly deteriorated, historically significant and architecturally specialized civic structure that is now set within a residential community.**

Community members and the BUILD team reached consensus on two broadly-supported programmatic options for the Train Station:

- Flexible event/performance space in the Main Hall, supported by a commercial kitchen in the Baggage Wing.
- A facility for an educational institution, with shared community use of the Main Hall for events and performances.

The broad community support generated through this planning process derives from the potential synergy between these commercial operations and the types of community benefit programs sought by participants in the process.

REQUEST FOR PROPOSALS FOR OPERATORS

In order to identify the highest and best use, in the coming months BUILD will develop a **Request for Proposals** (“RFP”) to solicit responses from potential operators of businesses and programs consistent with one of the agreed upon concepts. Prospective respondents will be invited to submit proposals that include:

- **A Business Plan**
- **A Statement of Qualifications**
- **A Term Sheet**
- **A Statement of Community Benefit**

Based on the results of the RFP process, and the projected operational needs of the governing body of the Train Station, BUILD will propose the appropriate long-term make-up of the “Train Station Entity” responsible for the ownership and maintenance of the Train Station.

ARCHITECTURAL OPTIONS

BUILD’s technical team has developed four Design Options for the Train Station in order to *accommodate various Re-Use proposals that may be submitted under the RFP process*. These options primarily address retention or alteration of the Track Structure. The key elements of these Design Options, including the Tax Increment required to build them (under varying assumptions regarding other financing programs), are arrayed in **Exhibit B**. All options assume retention of the Main Hall and Baggage Claim.

- Option 1: Removal of Majority of Track Structure
- Option 2: Retention of Full Track Structure
- Option 3: Enclosure of Full Track Structure
- Option 4: New Building in Place of the Track Structure

The Option pursued will depend on the requirements of the preferred Re-Use Plan proposal and the capacity of the proposing party.

RE-USE PLAN FINANCING

BUILD’s technical team has developed a total project proforma, analyzing costs (including appropriate construction cost escalation), operating revenues, and potential sources of financing to leverage the City’s Tax Increment funds. These sources of financing include historic tax credits, New Market tax credits, the Proposition 40/CCHE, and charitable grants.

Tax increment funds from the Wood Street Project are currently projected to generate \$251 million through 2030. The total bonding capacity of the discretionary portion of this tax increment (as shown in **Exhibit I**) is **\$58.5 million – more than twice the amount required for rehabilitation of the Train Station**.

ACTIONS REQUESTED

1. Baggage Wing Land Purchase

BUILD requests that the City formally approve the Purchase Price for the Baggage Wing submitted and establish a closing date prior to year-end 2006.

2. Tax Increment Funding: First Phase Commitment

BUILD requests that the City commit \$12 million to provide funding for immediate stabilization of the building: the seismic upgrade and the renovation and waterproofing of the exterior of the building.

3. Tax Increment: Second Phase Conditional Commitment

BUILD requests that the City commit to set aside the remainder of the Tax Increment funds required for the completion of the renovation of the Train Station in accordance with this Re-Use Plan – conditioned on BUILD providing:

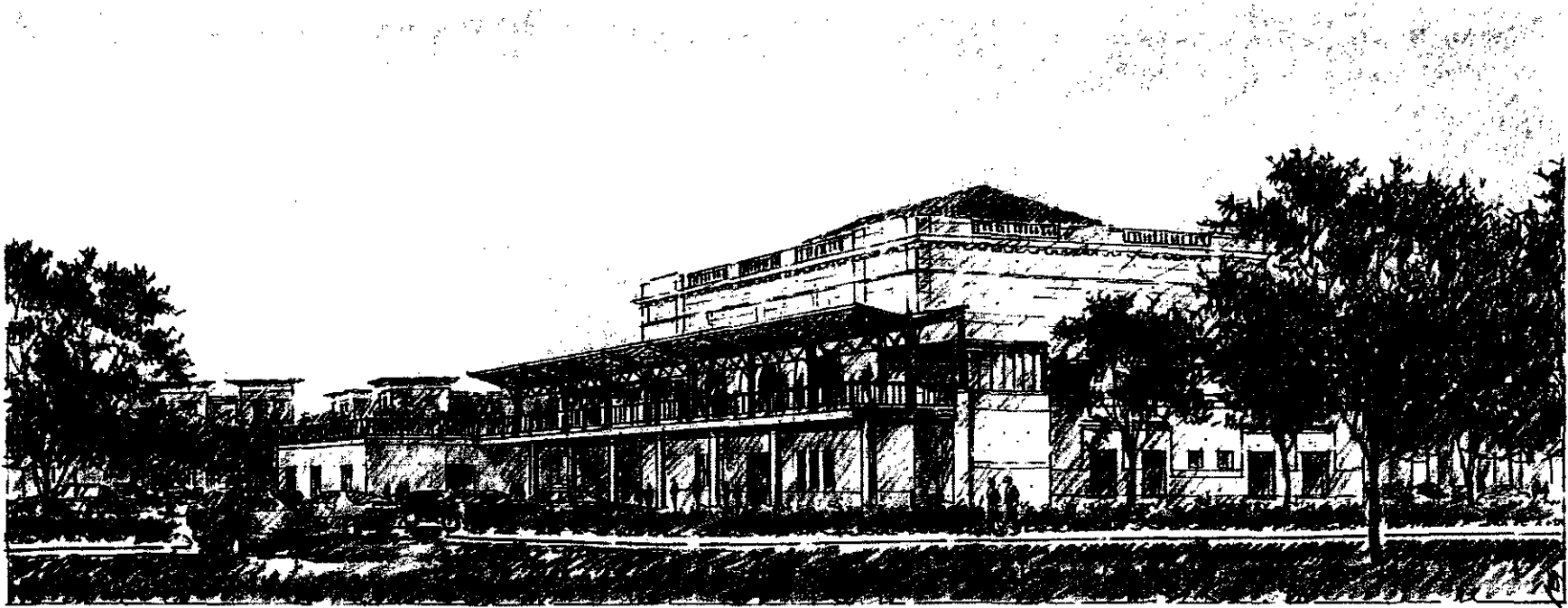
- a. A Management Plan for the Train Station that identifies the specific operator (or operators) selected through the Request for Proposal process, and the terms under which that operator (or operators) will occupy and use the space.
- b. A Train Station Entity formed that is capable of managing the long-term operations of the Train Station.

EXHIBIT B
16th Street Train Station Re-Use Plan

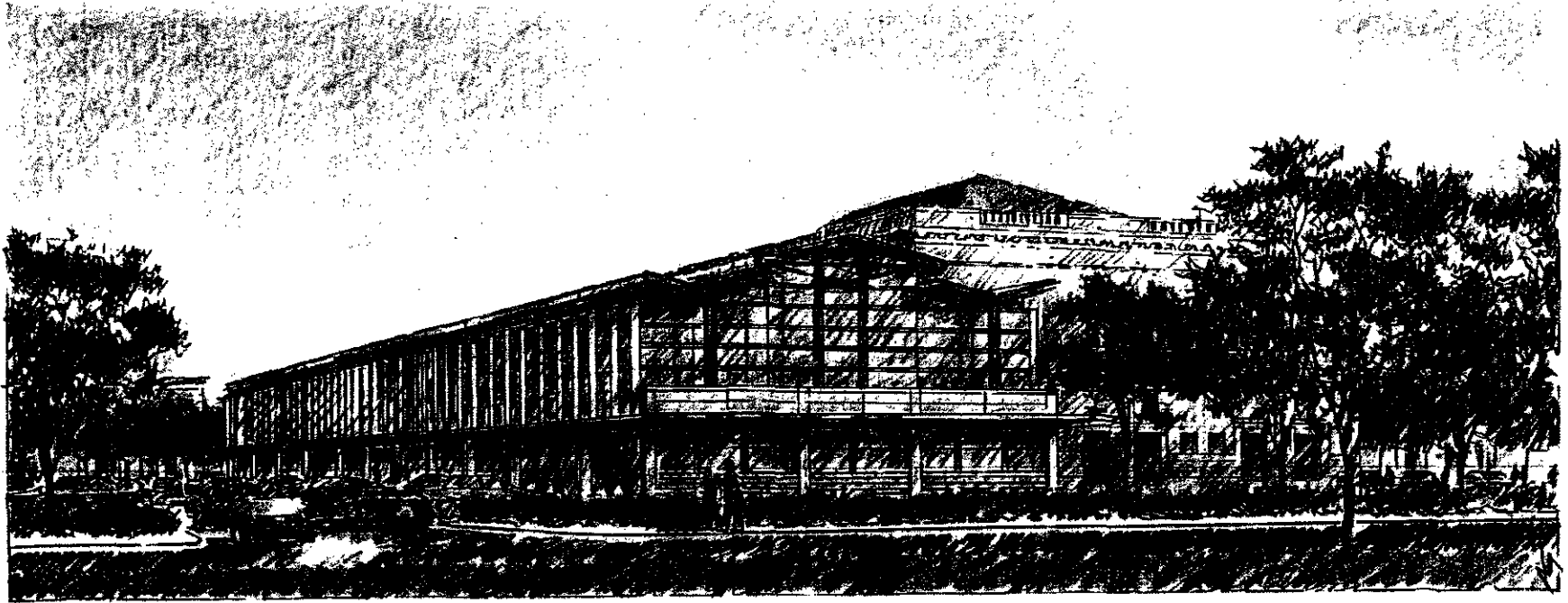
Architectural Program Design Options, Treatment of Land Cost/Value by Building Component
 & Resulting Requirements for Tax Increment Funding from the City of Oakland

COMPONENT	OPTION 1	OPTION 1A	OPTION 2	OPTION 3
Main Hall	<ul style="list-style-type: none"> ▪ Fully renovated exterior/interior ▪ Seismic upgrade ▪ Open plan ▪ No land cost paid 	<ul style="list-style-type: none"> ▪ Fully renovated exterior/interior ▪ Seismic upgrade ▪ Open plan ▪ No land cost paid 	<ul style="list-style-type: none"> ▪ Fully renovated exterior/interior ▪ Seismic upgrade ▪ Open plan ▪ No land cost paid 	<ul style="list-style-type: none"> ▪ Fully renovated exterior/interior ▪ Seismic upgrade ▪ Open plan ▪ No land cost paid
Baggage Wing	<ul style="list-style-type: none"> ▪ Fully renovated exterior ▪ Seismic upgrade ▪ Tenant Improvement allowance of \$50/s.f. ▪ Land cost paid by City 	<ul style="list-style-type: none"> ▪ Fully renovated exterior ▪ Seismic upgrade ▪ Tenant Improvement allowance of \$50/s.f. ▪ Land cost paid by City 	<ul style="list-style-type: none"> ▪ Fully renovated exterior ▪ Seismic upgrade ▪ Tenant Improvement allowance of \$50/s.f. ▪ Land cost paid by City 	<ul style="list-style-type: none"> ▪ Fully renovated exterior ▪ Seismic upgrade ▪ Tenant Improvement allowance of \$50/s.f. ▪ Land cost paid by City
Track Structure	<ul style="list-style-type: none"> ▪ 1st “bay” retained & stabilized ▪ Remainder demolished ▪ Land still owned by BUILD, can be developed to capture value, so not available for parking 	<ul style="list-style-type: none"> ▪ 1st “bay” retained & stabilized ▪ Remainder demolished ▪ Land value paid by City, so available as part of Train Station (ie, building, parking or open space) 	<ul style="list-style-type: none"> ▪ Full structure retained & stabilized ▪ Useable as open space ▪ Potential for development at a later time (“holding pattern”) ▪ Land value paid as part of project 	<ul style="list-style-type: none"> ▪ Full structure retained & stabilized ▪ New building “envelope” built around track structure ▪ Creates new lease-able space (school, office) ▪ Land value paid as part of project
Max. T.I. Req’d (min. tax credits)	\$29.2 million	\$30.2 million	\$28.9 million	\$33.1 million
Min. T.I. Req’d (max. tax credits)	\$23.0 million	\$24.0 million	\$22.1 million	\$24.6 million

Note: All Tax Increment requirements could be reduced by up to \$3M through CCHE capital grant



OPTION 1A: RENOVATION OF MAIN HALL & BAGGAGE WING,
WITH ADJACENT LAND PURCHASE



OPTION 3: ENCLOSED FULL TRACK STRUCTURE



OPTION 4: NEW BUILDING IN PLACE OF THE TRACK STRUCTURE

ATTACHMENT 4: Determination of Baggage Wing Purchase Price



September 2, 2005

The Member
BUILD West Oakland, LLC
345 Spear Street, Suite 700
San Francisco, CA 94105

JAMES M. KRAFT
S. SCOTT SEAMANS
MARK O. BRITTAIN

ALEXIS H. WONG
CHARLOTTE SIEW-KUN TAY
CATHY L. HWANG

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed certain agreed-upon procedures, as enumerated below, which were agreed to by BUILD West Oakland, LLC (BWO) and the City of Oakland Redevelopment Agency (RDA) for the purposes of complying with the Exhibit C-2 to VTPM Resolution (the Exhibit): Conditions of Approval related to Wood Street Zoning District Project (the Project) that was presented by BWO during the City of Oakland city council meeting on May 17, 2005, solely to assist you in evaluating whether the determination of Acquisition/Holding/Entitlement Costs (cost certificate) as of June 30, 2005 was calculated based on the formula described in the Exhibit. Also included are certain estimated costs that are expected to be incurred during the period from July 1, 2005 through the projected closing date of acquisition that total \$1,664,600. We did not perform any procedures on the estimated costs, which are included on the schedule as memorandum columns.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the management of BWO. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

It is understood that this report is solely for your information and should not be used by those who did not participate in determining the following procedures:

- We reviewed the pertinent portions of the Exhibit. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Exhibit.
- We read the definition of "Acquisition/Holding/Entitlement Costs" contained in Section 56A(c) of the Exhibit.
- We obtained the site area square footage information from the report provided by the project Civil Engineer.



CERTIFIED PUBLIC ACCOUNTANTS, 90 New Montgomery, 11th Floor, San Francisco, California 94105
Telephone 415 957 9999 Facsimile 415 957 1629 Email mail@lvhj.com <http://www.lvhj.com>

AN INDEPENDENT MEMBER FIRM OF BKR INTERNATIONAL WITH ASSOCIATES IN PRINCIPAL CITIES WORLDWIDE

- ♦ We examined the actual price initially paid for the Baggage Wing Parcel by BUILD, calculated on the basis of the overall purchase price paid by BUILD for developable acres within the Wood Street Zoning District and prorated on a square footage basis to the Baggage Wing Parcel.
- ♦ We reviewed the actual costs incurred by BWO in holding, maintaining and entitling the Baggage Wing Parcel (calculated on a developable square footage basis prorated to the Baggage Wing Parcel), including taxes, carrying costs (which shall be defined as the investment return that BUILD's investor, CalPERS, has received on investments in similar projects in the CalPERS CURE program (California Urban Real Estate) since its inception in 1997, but not to exceed 10%), insurance, maintenance, and other out-of-pocket payments by BWO to third parties for holding, maintaining and entitling the property, but not including BWO's administrative or staff costs.
- ♦ We reviewed the calculation of CalPER's carrying costs, which was based on 10% of their ending equity balance for each year. These costs have not been recorded by BWO. We reviewed the investment return statistics related to CalPERS CURE program and noted that the average annual return exceeds 10%.

Based on the foregoing procedures, we have determined that BWO has calculated the Acquisition/Holding/Entitlement Costs (cost certificate) as of June 30, 2005 in accordance with the formula described in the Exhibit. Copies of the calculations in reaching the determination above, and of summary of the Acquisition/Holding/Entitlement Costs, are attached.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on financial data as of June 30, 2005. Accordingly, we do not express such an opinion. In connection with the procedures performed above, no matters came to our attention that caused us to believe that BWO has not calculated the Acquisition/Holding/Entitlement Costs (cost certificate) as of June 30, 2005 in accordance with the formula described in the Exhibit. Had we performed additional procedures, other matters might come to our attention that would be reported to you.

We have no responsibility to update our report for events and circumstances occurring after the date of our report. Our report is intended solely for the use and information of the management of BWO and should not be used by anyone other than these specified parties.

Lindquist, von Hasen and Joyce

ATTACHMENT 4:

**Summary of Acquisition /
Holding / Entitlement Costs**

BUILD WEST OAKLAND, LLC
(A California Limited Company)
SUMMARY OF ACQUISITION/HOLDING/ENTITLEMENT COSTS

Description	<u>Actual Costs as of 06/30/2005</u>			<u>Estimated Costs as of 04/30/2006</u> (Memo only)			<u>Total Costs as of 04/30/2006</u> (Memo only)		
	Total Actual Costs	Square Footage Basis (Acres)	Costs related to Baggage Wing Parcel	Total Estimated Costs	Square Footage Basis (Acres)	Costs related to Baggage Wing Parcel	Total Costs	Square Footage Basis (Acres)	Costs related to Baggage Wing Parcel
Acquisition price	\$ 12,699,204	0.36/12.04	\$ 379,710	\$ -	0.36/12.04	\$ -	\$ 12,699,204	0.36/12.04	\$ 379,710
Holding/Entitlement Costs:									
Appraisal	8,616	0.36/12.04	258	6,653	0.36/12.04	199	15,269	0.36/12.04	457
Architectural and engineering	298,038	0.36/12.04	8,911	82,801	0.36/12.04	2,476	380,839	0.36/12.04	11,387
EIR preparation	437,072	0.36/12.04	13,069	423,925	0.36/12.04	12,675	860,997	0.36/12.04	25,744
Environmental studies	221,407	0.36/12.04	6,620	43,348	0.36/12.04	1,296	264,755	0.36/12.04	7,916
Permits and fees	44,496	0.36/12.04	1,330	13,312	0.36/12.04	398	57,808	0.36/12.04	1,728
Legal	375,285	0.36/12.04	11,221	256,321	0.36/12.04	7,664	631,606	0.36/12.04	18,885
Site maintenance & operations	-	0.36/12.04	-	-	0.36/12.04	-	-	0.36/12.04	-
Land acquisition and entitlement fees	624,804	0.36/12.04	18,682	-	0.36/12.04	-	624,804	0.36/12.04	18,682
Interest/loan fees	795,234	0.36/12.04	23,778	277,057	0.36/12.04	8,284	1,072,291	0.36/12.04	32,062
Taxes	409,331	0.36/12.04	12,239	144,292	0.36/12.04	4,314	553,623	0.36/12.04	16,554
Environmental insurance	168,317	0.36/12.04	5,033	-	0.36/12.04	-	168,317	0.36/12.04	5,033
Property/Casualty insurance	65,068	0.36/0.85	27,558	23,493	0.36/0.85	9,950	88,561	0.36/0.85	37,508
Other	66,795	0.36/12.04	1,997	106,474	0.36/12.04	3,184	173,269	0.36/12.04	5,181
Total Holding/Entitlement Costs:	3,514,461	0.36/12.04	130,696	1,377,676	0.36/12.04	50,440	4,892,137	0.36/12.04	181,137
Carrying costs - CalPERS	1,582,939	0.36/12.04	47,330	286,924	0.36/12.04	8,579	1,869,863	0.36/12.04	55,910
Total costs	17,796,604	0.36/12.04	557,737	1,664,600	0.36/12.04	59,020	19,461,203	0.36/12.04	616,757



Agency Counsel

2006 OCT 12 PM 1:22

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO ENTER INTO AN AGREEMENT WITH 16TH STREET TRAIN STATION, LLC, TO PROVIDE FUNDING IN AN AMOUNT NOT TO EXCEED \$616,757 FOR THE PRESERVATION OF THE BAGGAGE WING PROPERTY AT THE 16TH STREET TRAIN STATION IN WEST OAKLAND

WHEREAS, the 16th Street Train Station in West Oakland ("Train Station"), located within the Oakland Army Base Redevelopment Project Area ("Project Area"), is a landmark building that has played an important role in the cultural history of Oakland; and

WHEREAS, the Train Station is currently owned by BUILD West Oakland; and

WHEREAS, the Train Station includes an annex building commonly known as the Baggage Wing, which is located on 0.33 acres of land ("Baggage Wing Parcel"), and which was used for meetings and activities of the Brotherhood of Sleeping Car Porters, and thus played a role in labor and civil rights organizing; and

WHEREAS, on June 7, 2005, the City Council of the City of Oakland ("City Council") adopted the Wood Street Zoning District, which applies to a 29.2-acre site that includes the Train Station; and

WHEREAS, the Wood Street Zoning District established Conditions of Approval that govern how development is to occur within the District; and

WHEREAS, under the Conditions of Approval, the Project Sponsor must form a Train Station Entity, and must negotiate a Purchase Agreement to sell the Baggage Wing Parcel to the Train Station Entity ("Purchase Agreement"); and

WHEREAS, BUILD West Oakland has identified "16th Street Train Station, LLC" as the Train Station Entity and has commenced negotiations for the Purchase Agreement; and

WHEREAS, BUILD West Oakland has determined the Purchase Price of the Baggage Wing Parcel to be \$616,757, according to the procedures set forth in Condition of Approval #56A; and

WHEREAS, BUILD West Oakland has determined that it is not financially feasible to complete the Purchase Agreement without Redevelopment Agency funding and therefore, pursuant to Condition of Approval #56A, is now requesting that the Redevelopment Agency provide \$616,757 in the form of a loan to 16th Street Train Station, LLC; and

WHEREAS, the Agency declares that it wishes to ensure the preservation of the Baggage Wing Parcel as part of the overall project by BUILD West Oakland and 16th Street Train Station, LLC, to rehabilitate the Train Station; and

WHEREAS, pursuant to Condition of Approval #56A, the Redevelopment Agency is entitled to extend financial assistance to support the purchase of the Baggage Wing Parcel, and the Redevelopment Agency is entitled to phase its financial assistance over time, based on when tax increment revenues from the Wood Street project become available; and

WHEREAS, pursuant to Condition of Approval #56A, the Redevelopment Agency is entitled to condition or withhold its financial assistance pending the receipt and acceptance of a Business Plan, Financing Plan, and Management Plan to be submitted by the Train Station Entity or any other conditions that the Redevelopment Agency finds necessary in governing the prudent use of its funds; now therefore be it

RESOLVED: That the Agency Administrator is hereby authorized to negotiate and enter into an agreement with 16th Street Train Station, LLC, to provide Agency funding in an amount not to exceed \$616,757 from tax increment revenues as they become available from the Wood Street Zoning District, in the Oakland Army Base Redevelopment Operations Fund (9570), OARB Bay Bridge Gateway Project (S235320), for the preservation of the Baggage Wing Parcel at the 16th Street Train Station in West Oakland; and be it

FURTHER RESOLVED: That the Agency Administrator is hereby authorized to take all actions with respect to said funding and agreement consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2006

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland