

CITY OF OAKLAND

AGENDA REPORT

OFFICE OF THE CITY ADMINISTRATOR

2007 FEB -9 PM 1:03

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community & Economic Development Agency
DATE: February 20, 2007

RE: Resolution Authorizing The City Administrator To Expend \$150,000 From Oakland Redevelopment Agency Funds For The Required Local Match Of 15% Based On An Allocation Of \$1,000,000 In Loan Funds For The City Of Oakland 2007-2009 CALReUSE Brownfields Loan Program

SUMMARY

This report requests that City Council/ Oakland Redevelopment Agency authorize the City/Agency Administrator to approve up to \$150,000 in Oakland Redevelopment Agency funds to provide the local match required for the City of Oakland's Strategic Partnership Agreement for the CALReUSE Brownfields Loan program. On September 19, 2006, Council approved staff's request to apply and accept an application to this program, which is operated by the California Pollution Control Financing Authority (CPCFA) from the State of California Treasurer's Office. The CPCFA Board met on December 12, 2006 and approved the City as a Strategic Partner. Staff of the CPCFA then allocated \$1,000,000 in funding for Oakland's 2007-2009 CALReUSE program. This local match is required for program participation.

FISCAL IMPACT

The City does not actually receive or disburse the CALReUSE Loan funds. The Bank of New York Trust in Los Angeles serves in this capacity. The City is required to commit a local match of 25%, 10% of which can and will be provided through in-kind staff administrative costs. Staff requests that \$150,000 be expended from ORA, with the distribution of funds to be drawn from districts, proportionate to the number of loans approved in those districts. Brownfields staff will present those allocations to the local PACs (Central City East and West Oakland) in March.

BACKGROUND

Current Contract

The current CALReUSE contract expired in December 2006, but the State of California has extended the contract until March, 2007 to allow continuation of the program while the new contract is being processed. In December 2006 the CPCFA awarded the City a new Strategic Partnership agreement, and in January 2007 the CPCFA asked the City for a letter of confirmation of the commitment of the City to the required local match.

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The CALReUSE Loan program funds are solely used for the purposes of environmental assessment of brownfields, and expressly disallow any clean up activities. The City of Oakland approved five loans through the CALReUSE program in the years 2002-2006. CALReUSE loans are made for a 36 month period, and expire either at the end of that time, or when construction of a development occurs, whichever event occurs first. An application consists of legal information about the site, financial information of the borrower, and a documented commitment to a development scenario at the site. Other required documentation includes a proposal for the environmental assessment, submitted by a qualified environmental engineering firm who is contracted by the loan applicant. These proposals are reviewed by Public Works Agency Environmental Services staff, and then approved by CEDA Brownfields staff responsible for the City's CALReUSE program.

KEY ISSUES AND IMPACTS

Lending Procedures

All loan documents are submitted for final review to the State CPCFA at the time of approval by staff. The required match funds are first drawn at the time the borrower requests their initial Request for Disbursement. The Request for Disbursement is accompanied by copies of the environmental consultant's invoice to the borrower and documented evidence of the borrower's payment for that particular invoice. All work done for which loan proceeds are requested must be consistent with the approved Work Plan. Any revisions to the original Work Plan must be submitted by the borrower for staff's review and approval by Environmental Services prior to the submission of an invoice. The CEDA CALReUSE Manager then forwards the Request for Disbursement with the other documents as a package, along with the local match check, to the Bank of New York Trust in Los Angeles for processing. City staff never handle the actual loan proceeds, and is copied on all Bank of New York Trust borrower statements.

SUSTAINABLE OPPORTUNITIES

Economic: The CALReUSE Program allows the redevelopment of some of the most difficult development sites in the City, providing a catalyst for change in the older historic redevelopment areas.

Environmental: The CALReUSE Program will improve the environment, and protect public health through encouraging the remediation of contaminated lands within the City.

Social Equity: Many of Oakland's brownfields sites are located in older historic and lower income neighborhoods of Oakland. The remediation of such sites eliminates blight and brings revitalization to these neighborhoods. The CALReUSE program also benefits the community by encouraging the disclosure of specific site information to local neighborhood residents.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no immediate issues pertaining to the Americans with Disabilities Act (ADA) and the Older Americans Act.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that Council approve this request to authorize the City Administrator to allocate \$150,000 in ORA funds to be used as local matches for CALReUSE loans.

Respectfully submitted,



CLAUDIA CAPPIO
Development Director.

Prepared by:
Margot Lederer Prado, AICP,
Industrial & Brownfields Specialist
Business Development Services

APPROVED AND FORWARDED TO THE
CITY COUNCIL



Office of the City Administrator

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California Recycle Underutilized Sites Program for Environmental Site Assessment and Loan Program

Offering low-interest, three-year loans for the investigation and characterization of Brownfield sites in Oakland for redevelopment by public and private developers and owners

Administered by the City of Oakland, Community & Economic Development Agency, Office of Business Development

Loan Facts

- Low interest rate (based on the State's Surplus Money Investment Fund earnings)
- No interest payments required during the term of the loan
- Loan amounts up to \$125,000 per site
- Minimum 15% cash match based on the loan amount
- Maximum loan term 36 months
- Loan may be forgiven if the borrower, in accordance with the Loan Program Manager, determines that the proposed development is not feasible, due to environmental conditions

Site Eligibility Criteria

- Reuse of the site is potentially beneficial and contributes to the reduction of blight in the community
- Project Developer has a proven track record and real commitment to the site
- Proposed projects should be economically feasible and likely to move through development process
- Project Developer has genuine interest and willingness to proceed with cleanup of environmental contamination
- Project will benefit from and will maximize leverage of the Cal ReUSE funds

For additional information or to obtain a loan application, contact the City Brownfields Administrative Manager at 238-3741.



A program sponsored by the California State Treasurer's Office, California Pollution Control Financing Authority, through a partnership with the City of Oakland, helping return vacant or under-utilized Brownfields to active use.



Community & Economic
Development Agency

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510.238.3741

OFFICE OF THE CITY CLERK
OF OAKLAND

City Attorney

Agency Counsel

2007 FEB 16 PM 1:03
OAKLAND REDEVELOPMENT AGENCY

RESOLUTION No. _____ C.M.S.

Introduced by Agency member _____

RESOLUTION APPROPRIATING AND AUTHORIZING THE AGENCY ADMINISTRATOR TO EXPEND UP TO \$150,000 FROM OAKLAND REDEVELOPMENT AGENCY COLISEUM REDEVELOPMENT PROJECT AREA FUNDS FOR THE REQUIRED LOCAL 15% MATCH BASED ON THE ALLOCATION OF \$1,000,000 IN LOAN FUNDS, FOR THE CITY OF OAKLAND 2007-2009 CALREUSE BROWNFIELDS LOAN PROGRAM.

WHEREAS, within its Redevelopment Areas, the Oakland Redevelopment Agency has an abundance of brownfields sites, defined as sites which are blighted, vacant or underutilized due to the real or perceived presence of contaminants; and

WHEREAS, the high cost of environmental site assessment, cleanup and related legal and insurance issues are major barriers in the reuse of these sites; and

WHEREAS, in 2000, the State of California established a program (Sb1986, Ch 915, Stats.2000) to target brownfields sites located in distressed urban and rural communities and urban in-fill areas with a demonstrated need for redevelopment, and

WHEREAS, the State's California Reutilized Sites Brownfields Loan ("CalReUSE") Program is designed to encourage development of brownfields sites by providing loans for environmental assessment of such sites and the State has designated Oakland as one of its Strategic partners to administer the Program; and

WHEREAS, the City Council, by Resolution No. 80138 C.M.S., authorized staff to apply to the State to continue a Strategic Partner contract with the State California Pollution Control Financing Authority ("CPCFA") for the CALReUSE Loan Program, and

WHEREAS, in December 2006, the CPCFA approved a new contract with the City of Oakland to act as a Strategic Partner to market, package and award up to \$1,000,000 in low-interest loans for environmental site assessments for the CALReUSE loan program; and

WHEREAS, the CALReUSE program requires a 25 percent local match, to be provided at the time of initial disbursement of each new, locally-approved loan, 10 percent of which can be provided through in-kind staff administration; and

WHEREAS, the reduction of blight and revitalization of property is an allowable use of redevelopment funds, and

WHEREAS, tax increment funds are available in Coliseum Project Area Fund 9450, Project S82600; and

WHEREAS, the requirements of the California Environmental Quality Act of 1970 ("CEQA"), the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now therefore be it

RESOLVED: That the Oakland Redevelopment Agency hereby authorizes the Agency Administrator to expend up to \$150,000 in Oakland Redevelopment Agency funds as a local match for the CALReUSE loan program; and be it

FURTHER RESOLVED: That the Agency Administrator is authorized to conduct negotiations, to execute contracts, agreements, amendments, extensions and other documents with the State and with Cal ReUSE loan fund borrowers, and to take any other actions consistent with this Resolution and its basic purposes; and be it

FURTHER RESOLVED; That the Oakland Redevelopment Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the City is exempt from CEQA pursuant to Section 15061(b)(3) (general rule) and Section 15306 (information collection) of the CEQA guidelines; and be it

FURTHER RESOLVED: That the Agency Administrator shall cause to be filed with the County of Alameda a Notice of Exemption; and be it

FURTHER RESOLVED: That all documents shall be reviewed and approved as to form and legality, prior to execution, by Agency Counsel and copies shall be placed on file with the office of the Agency Secretary.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 20____

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, California