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3:18

**CITY OF OAKLAND/
OAKLAND REDEVELOPMENT AGENCY**
AGENDA REPORT

TO: Office of the City/Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: June 13, 2006

RE: **A Report Regarding the Dissolution of the Oakland Base Reuse Authority (OBRA) Including Two Resolutions:**

(1) Resolution Authorizing the Agency Administrator to Accept All of the Assets and Obligations of the Oakland Base Reuse Authority (OBRA) and to Take All Actions Necessary to Complete the Dissolution of OBRA Including:

- (A) Creation and Operation of an Oakland Redevelopment Agency (Agency) Leasing and Property Management Program at the Former Oakland Army Base;**
- (B) Assumption of All of the Rights and Obligations of OBRA in the Agreements Listed in Attachment A Hereto;**
- (C) Acceptance and Appropriation of OBRA's Proposed Administrative Budget in an Amount Not to Exceed Three Million Two Hundred Thousand Dollars (\$3,200,000);**
- (D) Acceptance and Appropriation of OBRA's Proposed Operating Budget in an Amount Not to Exceed Eight Million Nine Hundred Forty-Seven Thousand Five Hundred Dollars (\$8,947,500);**
- (E) Extension of OBRA's Security Services Contract with ABC Security Company On a Month-to-Month Basis in an Amount Not to Exceed Two Hundred Twenty Thousand Dollars (\$220,000);**
- (F) Approval and Execution of a Letter Amendment to the Memorandum of Agreement for Oakland Army Base Dated July 8, 2003 (City-Port MOA) Regarding the Mitigation Monitoring and Reporting Program at the Army Base, in an Amount Not to Exceed Six Hundred Seventy-Eight Thousand Dollars (\$678,000);**
- (G) Approval and Execution of a Resource Management Agreement With the Port of Oakland, in an Amount Not to Exceed Three Hundred Thousand Dollars (\$300,000);**
- (H) Approval and Execution of a Utilities Operation Agreement With the Port of Oakland, in an Amount Not to Exceed Seven Hundred Twenty-Five Thousand Dollars (\$725,000) Over a Two-Year Period; and**

- (1) Acceptance of the Transfer of a \$2.4 Million Public Works Grant Awarded to OBRA by the United States Department of Commerce Economic Development Administration.**
 - (2) A City Council Resolution Authorizing the City Administrator to Take All Actions Necessary to Complete the Dissolution of OBRA Including:**
 - (A) Creation of a Reimbursable Clearing Fund; and**
 - (B) Approval and Execution of a Letter Amendment to the City-Port MOA regarding the Mitigation Monitoring and Reporting Program at the Army Base, in an Amount Not to Exceed Six Hundred Seventy-Eight Thousand Dollars (\$678,000).**
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SUMMARY

The Oakland Army Base property was transferred by the United States Army to the Oakland Base Reuse Authority ("OBRA") on August 7, 2003. The Memorandum of Agreement among OBRA, the City of Oakland, the Oakland Redevelopment Agency ("Agency"), and the Port of Oakland ("Port") dated July 8, 2003 ("City-Port MOA") provides for the transfer of 170 acres of Oakland Army Base property to the Agency on or about August 7, 2006. The OBRA joint powers agreement provides for the ultimate transition of OBRA's assets and obligations to the Agency contemporaneous with the real property transfer of the Army Base property.

The Agency must formally accept these assets and obligations before any transfer may occur. Staff is requesting Agency authorization to accept all of OBRA's assets and obligations, not including the real property assets to be transferred to the Port as provided in the City-Port MOA. This authorization will allow the City Administrator to take all actions necessary to complete the dissolution of the Oakland Base Reuse Authority including the creation and operation of a short term leasing and property management program at the former Oakland Army Base. Prospective Agency responsibilities include:

- Real Estate transactions
- Management of financial accounting systems
- Army Base-related grant obligations and management
- Army Base environmental remediation and infrastructure planning
- Assumption of OBRA's responsibilities in a many agreements related to the Army Base
- Short term leasing and property management
- Management of the existing Army Base community participation process

Staff is also proposing that City staff create an OBRA Clearing Fund (7781) to be used for reimbursement purposes by the City.

Staff is requesting authorization to negotiate and enter into leases, licenses, and agreements and to take any other actions necessary to operate a short term leasing and property management program at the former Oakland Army Base property, including, but not limited to, leases or licenses with approximately nineteen Film Center tenants, along with five parties who currently occupy space on the property to be transferred by the Port of Oakland.

In order to maintain security on the Base at a reduced level during the transition period, staff is requesting authorization for the Agency to extend OBRA's security services contract with ABC Security Company on a month-to-month basis, not to exceed one year and in an amount not to exceed \$220,000.

Staff is requesting authorization for the Agency to assume all of the rights and obligations of OBRA in all of the agreements listed in the table on Page 10 of this report. Staff is also requesting that the Agency Administrator be authorized to execute the following three agreements: (1) Letter Amendment regarding Mitigation Monitoring and Reporting Program (MMRP): Cultural Mitigations, (2) Resource Management Agreement, and (3) Utilities Operation Agreement.

Staff recommends that the Agency Administrator be authorized to accept the transfer of \$1,050,000, the Balance of a \$2.4 million Public Works grant awarded to OBRA by the United States Department of Commerce Economic Development Administration (EDA) and to certify that the Agency will be bound by the terms of the original grant award. The grant is intended to pay for a portion of a \$3.2 million project to design and engineer the core infrastructure for the Gateway Development Area at the former Oakland Army Base.

At the June 26 meeting of the OBRA Governing Body, OBRA will consider a companion report regarding its dissolution and the adoption of the OBRA Budget for FY 2006-07 into the Agency's Bay Bridge Gateway Project.

FISCAL IMPACT

1. FUND AND BUDGET TRANSFERS

Finance and Management Agency (FMA) staff requests that OBRA be brought in as an enterprise fund under Entity 5, within the Oakland Redevelopment Agency, and continue to be reported as a discretely presented component unit under the Agency until its legal status changes. The FMA will determine the eventual accounting and reporting status of OBRA in accordance with generally accepted accounting principles.

Staff is requesting the acceptance and appropriation of OBRA's Administrative Budget (approximately \$3.2 million) and Operating Budget (approximately \$8,947,500) by the Agency. Staff is also proposing that City staff create an OBRA Clearing Fund (7781) to be used for reimbursement purposes by the City.

Staff is requesting authorization to negotiate and enter into leases, licenses, and agreements and to take any other actions necessary to operate a short term leasing and property management program at the former Oakland Army Base property, including, but not limited to, leases or licenses with approximately nineteen Film Center tenants, along with five parties who currently occupy space on the property to be transferred by the Port of Oakland.

In order to maintain security on the Base at a reduced level during the transition period, staff is requesting authorization for the Agency to extend OBRA's security services contract with ABC Security Company for one year in an amount not to exceed \$220,000.

Staff is requesting authorization for the Agency to assume all of the rights and obligations of OBRA in all of the agreements listed in the table on Page 10 of this report. Staff is also requesting that the Agency Administrator be authorized to execute the following three agreements: (1) Letter Amendment regarding Mitigation Monitoring and Reporting Program (MMRP): Cultural Mitigations, (2) Resource Management Agreement, and (3) Utilities Operation Agreement.

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New fund numbers will be created in the Agency and City for transfer of OBRA's budget. OBRA's Administrative Budget (\$3.2 million), and Operating Budget (\$8,947,500), with a total of \$12,149,500, being transferred to the Agency as follows:

<u>ORA Fund Name & Number</u>	<u>Amount</u>
OBRA Treasurer's Fund (9573)	\$0
OBRA Payables Revolving (9574)	\$0
OBRA Leasing & Utility (9575) <i>- Includes Fund Balance</i>	\$6,293,163
OBRA Environmental Remediation (9576)	\$4,287,384
OBRA Federal & State Grants (9577)	\$1,566,953
TOTAL	\$12,147,500

On the City side, OBRA Clearing Fund (7781) will be created and used for personnel expenditures and will be reimbursed by the Agency funds. For FY 2006-07, OBRA's existing Administrative Budget of \$3.2 million in the OBRA Lease Revenues Fund (2192), which accounts for City staff and operating costs directly related to the administration of OBRA, will be appropriated within OBRA Clearing Fund (7781). The FMA Accounting Division staff will be responsible for Clearing Fund (7781) by submitting reimbursement requests to OBRA on a monthly basis.

2. GRANT FUNDS TRANSFER

The transfer of federal grant funds will have a positive fiscal impact on the Agency.

On September 25, 2002, the United States Department of Commerce Economic Development Administration (EDA) awarded a Public Works grant to OBRA in the amount of \$2.4 million for a project to design and engineer the core infrastructure for the Gateway Development Area at the former Oakland Army Base. The total project cost will be \$3.2 million, and so OBRA's required share of the project is 25 percent, or \$800,000, which it provides as matching funds.

The contractual and administrative obligations connected with the EDA Grant will transfer from OBRA to the Agency concurrently with the transfer of OBRA's assets and obligations. By the anticipated transfer date, staff projects that OBRA will have spent or committed approximately \$1.8 million of those grant funds. Of the remaining \$1.4 million of the project cost, the Agency's

required contribution will be \$350,000, which is in the OBRA Budget for FY 2006-07, to be heard at the June 26 meeting of the OBRA Governing Body. The balance of \$1,050,000 will be budgeted within OBRA Federal & State Grants fund (9577)

3. ENVIRONMENTAL OBLIGATIONS

The Agency is currently a signatory to the Army Base Consent Agreement, which dictates the manner and timing of the environmental cleanup at the Army Base. The transfer of OBRA's assets and obligations to the Agency will obligate the Agency to assume specific fiscal obligations and to receive federal funds to meet a portion of the obligations.

OBRA has been awarded a U.S. Army Environmental Services Cooperative Agreement (ESCA) Grant in the amount of \$13 million. This grant covered \$3.5 million in environmental insurance premiums, with the remaining \$9.5 million only covering a portion of the total remediation cost, which is estimated to be \$21 million. The gap between the ESCA grant and the total remediation estimate is \$11.5 million, and this cost will be shared 50/50 between the Port on one side, and the City and Agency on the other. The total amount that the Agency and the City may be obligated to provide together is \$5.75 million. Any remediation cost above this amount will be covered by insurance policies.

As of the first quarter of 2006, OBRA has expended \$6.1 million of the \$13 million in federal remediation funds, including the insurance premium payments. Remediation work is proceeding on schedule, and the total cost estimates have not changed.

4. REAL PROPERTY ACQUISITION

Accepting fee title to the real property at the Army Base will have both positive and negative fiscal impacts on the Agency. While the value of the 170 acres of real property is not known at this time, staff intends to conduct an appraisal shortly, and the value of the property as Land Held for Resale will be adjusted accordingly in ORA Fund - OBRA Payables Revolving (9574).

The transfer of ownership will obligate the Agency to repay a four-year \$8.2 million promissory note that was executed as part of the acquisition of the 19-acre Subaru Lot in the North Gateway Development Area in November 2004. The promissory note payment schedule is:

1. Two Million Dollars (\$2 million) payable on November 19, 2006
2. Three Million Dollars (\$3 million) payable on May 19, 2007
3. Two Million Two Hundred Thousand Dollars (\$2.2 million) payable on November 19, 2007
4. One Million Dollars (\$1 million) payable on November 19, 2008

5. PUBLIC WORKS RESPONSIBILITIES

Staff anticipates that the transfer of the 170-acre Army Base property to the Agency will have no fiscal impact on the City's Public Works Agency's responsibilities during FY 2006-07, and minimal impact after July 1, 2007. The Agency will see no fiscal impact for maintenance responsibilities for streets, street lights, sidewalks, storm drains and sewer infrastructure, because this infrastructure will be demolished in future developments at the Base, and because the projected OBRA FY 2006-07 Budget provides funding for these maintenance responsibilities until development occurs.

With the Agency's approval of an extension of OBRA's security services contract, security provided at the Base will be reduced and funded by OBRA in FY 2006-07. Whether any security services will be needed after July 1, 2007 will be determined by the timing of future development at the Base. All Public Works services needed at the Base after July 1, 2007 will be added to the City's Operating Budget beginning with the FY 2007-09 Budget Cycle.

6. LEASING PROGRAM AND PROPERTY MANAGEMENT

The creation of a short term leasing and property management program at the Army Base will have a positive fiscal impact on the Agency. The projected monthly lease revenue after expenses is anticipated to be approximately \$40,000 per month. Such revenue will likely continue until a few months before future developers take title to the property

BACKGROUND

OBRA was created by a joint powers agreement among the City of Oakland, the Redevelopment Agency of the City of Oakland and the County of Alameda on March 14, 1995 ("JPA") for the purpose of planning for the closure and reuse of closed military bases within the City of Oakland. The OBRA JPA was restated and revised July 15, 2003 to remove the County of Alameda as a party.

In August 2003, pursuant to Council and Agency approval, OBRA acquired 364 acres of the former Oakland Army Base property from the U.S. Army by Economic Development Conveyance. Pursuant to Council and Agency authorization, OBRA, the City, Agency and the Port entered into the Memorandum of Agreement for the Oakland Army Base on July 8, 2003 ("City-Port MOA"), providing for the Agency, OBRA and the Port to convey certain parcels of Army Base property and adjacent property owned by the Port to each other.

The JPA explicitly provides for the Agency to assume OBRA's assets and obligations to support redevelopment of the Army Base property. Section II.C. of the JPA states that the intent of the JPA is that the Redevelopment Agency be the body with the power to implement the base reuse plan adopted for the Oakland Army base, and that OBRA will "assign, transfer, and otherwise delegate all rights, powers, and interests" to the Redevelopment Agency to implement the reuse

plan. Section XV of the JPA provides that upon termination of the JPA, OBRA will assign its property, funds, assets, and liabilities to the Redevelopment Agency. The Agency may either accept or reject such assignment, though staff recommends accepting all of OBRA's assets and liabilities.

At the June 26 meeting of the OBRA Governing Body, OBRA is expected to authorize the transfer of OBRA's assets and liabilities to the Agency, and approve the adoption of the OBRA Budget for FY 2006-07 into the Agency's Bay Bridge Gateway Project.

KEY ISSUES

1. REAL PROPERTY

Pursuant to Council and Agency authorization received on March 7, 2006, OBRA, the City, Agency, Port and California State Lands Commission will execute and implement an Exchange Agreement on or before August 7, 2006. The Exchange Agreement will result in conveyance of approximately 170 acres of former Army Base property and Port of Oakland property to the Agency through the California State Lands Commission.

OBRA/Port to Agency	170 acres	2006 Exchange Agreement
OBRA to Port	170 acres	2006 Exchange Agreement
Agency to Caltrans	6.5 acres	Caltrans Purchase Agreement

2. FUND AND BUDGET TRANSFERS

OBRA will have its own bank account, issue its own checks to vendors, send out billings and receive payments from its lease and utility clientele, consolidate its cash with the City's pooled cash, and will run its own R-Drive financial reports at the end of each month.

OBRA staff, under CEDA guidance, will continue to manage its programs and financial activities. The OBRA accounting and reporting function, formerly handled by an outside vendor, will become the responsibility of the FMA Accounting Division staff.

CEDA staff will continue to develop and prepare OBRA's annual budget for review and approval by the OBRA Board until its legal status changes at which time the City administration and the City Council will determine the appropriate budgetary process. OBRA's approved FY 2006-07 budgets for the above funds are not in the BRASS system. Therefore, these budgets will be entered directly into the City's financial management system using Budget Change Request forms. CEDA and the Budget Office will be responsible for entering OBRA's budget into the City's financial management system.

The FMA Accounting Division will be responsible for coordinating and issuing separate year end audit reports for OBRA's Comprehensive Annual Financial Report (CAFR) and Single Audit Report.

CEDA will be responsible for updating the master filing of OBRA staff in the payroll system in order to account for payroll charges in fund 7781. OBRA and CEDA staff will continue to initiate all financial transactions including the approval thereof for all fund numbers assigned to OBRA. The FMA Accounting Division staff will process OBRA's financial transactions in the City's financial system both under Entity 1 (City) and Entity 5 (ORA).

3. GRANTS MANAGEMENT

On September 25, 2002, the United States Department of Commerce Economic Development Administration (EDA) awarded a Public Works grant to OBRA in the amount of \$2.4 million for a \$3.2 million project to design and engineer the core infrastructure for the Gateway Development Area at the former Oakland Army Base. OBRA's required share of the total project is 25 percent, or \$800,000, which it provides as matching funds. The grant term ends September 30, 2007. By the date of transfer to the Agency, on or about August 7, 2006, approximately \$1.8 million of grant funds will be spent or committed by contract. Of the remaining \$1.4 million of the project funds, the required contribution from OBRA, or the Agency as its successor-in-interest, will be \$350,000.

To date, most of the grant has been expended or committed in the \$1.5 million professional services agreement with Kimley-Horn & Associates for infrastructure engineering management services. The grant has also been used to provide technical design and mapping services required for the public trust exchange legislation and agreement with the State Lands Commission, as well as for roadway design and engineering in the North Gateway Development Area, and various site-specific utilities analyses. Increasingly, the professional engineering and design services under this grant are being used in support of development planning.

Staff has informed EDA Regional staff of the Agency's intent to assume the assets and obligations of the grant. EDA will require the following governing body actions:

- A resolution from OBRA agreeing to transfer the EDA project to the City of Oakland/Oakland Redevelopment Agency; and
- A resolution from the Oakland Redevelopment Agency agreeing to accept the transfer of the EDA project and to certify that they will be bound by the terms of the original grant award.

Staff recommends that the Agency Administrator be authorized to accept the transfer of the EDA project and to certify that the Agency will be bound by the terms of the original grant award.

4. ENVIRONMENTAL REMEDIATION AND INFRASTRUCTURE PLANNING

The environmental cleanup of the former Oakland Army Base is subject to the oversight of the California Department of Toxic Substances Control (DTSC) and the San Francisco Bay Regional Water Quality Control Board (RWQCB). All work must be completed according to the requirements of the Consent Agreement among DTSC, OBRA, and the Agency dated May 19, 2003.

The Environmental Remediation Program is funded in part by the U.S. Army Environmental Services Cooperative Agreement Grant (ESCA). As described above in the Fiscal Impacts section, additional funding for the Environmental Remediation Program is provided through a 50/50 match by the Port of Oakland and OBRA, in accordance with the City/Port Memorandum of Agreement. The OBRA share of the remediation funding (\$5.75 million) has been identified and placed in a reserve account. The projects identified in this report have been budgeted and are covered by these funds.

Staff intends to complete remediation at seven priority clean-up sites identified as Remedial Action Plan (RAP) sites within three to five years (by August 2008) and all Risk Management Plan (RMP) locations within ten years (by August 2013). Many of the over 150 RMP locations will be cleaned up at the time they are developed by either the Port of Oakland or the Oakland Redevelopment Agency.

As required by the Consent Agreement, an updated Remediation Schedule was submitted to DTSC for review in January 2006. DTSC approved the updated Remediation Schedule in February 2006. All seven RAP Sites are still scheduled to be completed prior to August 2008. The Engineering and Infrastructure Analysis and Design Program is currently funded through an Economic Development Agency Grant. The projects identified in this report have been budgeted and are covered by these funds.

OBRA staff and Kimley-Horn and Associates (infrastructure consultant to OBRA) are working on infrastructure design and engineering for the North Gateway Development Area (NGDA). Virtually all of the existing infrastructure installed by the Army and currently owned and operated by OBRA is obsolete. Design work in the NGDA requires coordination with the major development projects planned by the East Bay Municipal Utility District (EBMUD), the Port and Burlington Northern /Santa Fe Railroad. The design and engineering work is intended to prepare the NGDA for development and to support the negotiations with potential developers of the NGDA. OBRA staff has been in discussions with the Port of Oakland, the City's Public Works Agency, EBMUD and Pacific Gas and Electric.

The initial tasks include the following:

- Prepared preliminary infrastructure exhibits and supporting estimates for capital improvement costs for public improvements in the NGDA.

- Prepared foundation system recommendations report with exhibits of the entire Gateway Development Area showing the zones of different foundation recommendations and written summary of foundation system recommendations.
- Submitted application to PG&E for new gas and electric service.
- Submitted application to EBMUD for new water and sanitary sewer service.
- Prepared design alternatives for coordinating the Port's development of the joint intermodal terminal, EBMUD's expansion of the treatment plant and OBRA's North Gateway Development Area.
- Continue negotiations with the Port and EBMUD to reach final agreement of the road and rail improvements in the NGDA.
- Prepare Tentative Map Application Package and preliminary construction drawings.

As OBRA's assets and obligations transfer to the Agency, staff will continue its work on the Environmental Remediation Program until its completion, and assist Agency and CEDA staff with development planning as necessary.

5. ARMY BASE AGREEMENTS

The table in this section contains a list of the major agreements related to the Oakland Army Base property entered into by OBRA or, upon OBRA Governing Board approval, will have entered into by August 7, 2006. Staff is requesting authorization for the Agency to assume the rights and obligations of OBRA in all of the Agreements listed in the table below.

TABLE OF ARMY BASE AGREEMENTS

Army Base Agreements	Parties to Agreements	Description of Agreement
1) Caltrans Purchase Agreement	Caltrans, City, OBRA	Transfer of 6.5 acres of Port Sliver Property from Agency/OBRA to Caltrans
2) Chubb Remediation Cost Cap Environmental Site Liability Policy	Agency, Army, Chubb, City, OBRA, Port, State of California	\$30 million environmental insurance policy for the Environmental Remediation Program
3) City-Port Memorandum of Agreement	Agency, City, OBRA, Port	Agreement b/w City parties regarding transfer of Army Base properties among the parties
4) East Bay Municipal Utility District (EBMUD) Water Commodity Contract	EBMUD, OBRA	Water and sewer contract for Army Base service
5) Consent Agreement	Agency, Department of Toxic Substances Control, OBRA	Timing and logistics of environmental cleanup of the Army Base property

Army Base Agreements	Parties to Agreements	Description of Agreement
6) Economic Development Conveyance Memorandum of Agreement	Agency, Army, OBRA	Agreement w/ Army for acquisition, auditing and reinvestment requirements of Army Base property
7) ESCA Agreement	Agency, Army, OBRA	Funding for cleaning-up the Army Base
8) Tidelands Trust Exchange Agreement	Agency, OBRA, Port, California State Lands Commission	Agreement removing the tidelands trust designation from the Gateway Development Area, except for the shoreline park area
9) JATC Memorandum of Agreement	Agency, Bay Area Joint Apprenticeship Training Committee (JATC), OBRA	Agreement replacing JATC's public benefit conveyance right to 3 acres of Army Base property
10) Letter Amendment to the Consent Agreement	Agency, California Department of Toxic Substances Control, OBRA	Amendment to Consent Agreement adding Subaru Lot property
11) Letter Amendment regarding Mitigation Monitoring and Reporting Program (MMRP): Cultural Mitigations	OBRA, Port	Amendment to City-Port MOA defining scope and cost sharing for cultural mitigations (see more detail below)
12) Pier 7 Settlement Agreement	Agency, Caltrans, City, OBRA, Port	Resolution to litigation b/w Agency, City, Caltrans, OBRA and Port
13) Professional Services Agreement with Curtis and Tompkins, \$400,000	Curtis Tompkins, OBRA	Laboratory Services for Environmental Remediation Program
14) Professional Service Agreement with EKI, Inc., \$800,000	EKI, OBRA	Technical Program Management for the Environmental Remediation Program
15) Professional Services Agreement with Geomatrix, \$500,000	Geomatrix, OBRA	Construction management for the former Building 1 RAP site and various environmental site investigations
16) Professional Services Agreement with Kimley-Horn, Inc., \$1.5 million	Kimley-Horn, OBRA	Infrastructure design and capital cost estimating for the Gateway Development Area.
17) Professional Services Agreement with Morgan Environmental Services, \$30,000	Morgan Environmental	Hazardous waste removal and disposal
18) Professional Services Agreement with Northgate, \$500,000	Northgate, OBRA	Site wide groundwater monitoring site investigation at RAP sites

Army Base Agreements	Parties to Agreements	Description of Agreement
19) Professional Services Agreement with STL Analytical, \$400,000	OBRA, STL	Laboratory Services for Environmental Remediation Program
20) Professional Services Agreement with URS Inc., \$100,000	OBRA, URS	Engineering support for the Environmental Remediation Program and Building demolition/deconstruction estimating
21) Remediation Contract with Pacific States Environmental, \$2,533,515	Pacific States Environmental, OBRA	Complete the remediation at the former Building 1 RAP site
22) Resource Management Agreement	OBRA, Port	Management and delivery of electrical power to the Army Base
23) Subaru Lot Promissory Note	Agency, Army, DTC Engineers and Constructors OBRA	\$8.2 million note financing Subaru Lot acquisition
24) Subaru Lot Deed of Trust	DTC Engineers and Constructors, First American Title, OBRA	Security for \$8.23 million note
25) Under-freeway Settlement Agreement	Agency, Caltrans, OBRA, Port	Resolution of litigation b/w Agency, City, Caltrans, OBRA and Port
26) Utilities Operation Agreement	Agency, Port	Operation and management of the utility services at the Army Base

The contracts listed above fall into three categories: (A) those agreements to which the Agency is already a party, and in which the Agency's rights and obligations are identical those of OBRA; (B) those existing agreements to which the Agency is not already a party; and (C) those agreements that OBRA has not entered into yet, but which it is asking the Agency to authorize concurrent with OBRA approval. The City-Port MOA is the only agreement in which both the Agency and OBRA are parties and in which the Agency will be assuming new rights and obligations by stepping in OBRA's shoes. However, that agreement governs the transfer of OBRA's real property to the Port and to the Agency, and all but a few of OBRA's responsibilities will have been completed before the time they would be transferred to the Agency.

A. Agreements to which the Agency is already a party, and in which the Agency's rights and obligations are identical those of OBRA.

The rights and obligations of the Agency and OBRA are the same in the following agreements: Consent Agreement, Economic Development Conveyance Memorandum of Agreement, ESCA Agreement, Tidelands Trust Exchange Agreement, JATC Memorandum of Agreement, Letter Amendment to the Consent Agreement, Pier 7 Settlement Agreement and Under-freeway

Settlement Agreement. Because the Agency has already authorized these agreements, they are not described in detail here.

B. Those existing OBRA agreements to which the Agency is not already a party.

The Agency is not a party to the following executed agreements and contracts: (1) Caltrans Purchase Agreement, (2) EBMUD Water Commodity Contract, (3) Subaru Lot related agreements, and (4) Environmental Remediation Program related professional service agreements, including EKI, Inc., Geomatrix, Northgate, URS Inc., Kimley-Horn, Inc., Curtis and Tompkins, STL Analytical, Morgan Environmental Services, and a remediation contract with Pacific States Environmental. The service agreements related to the Environmental Remediation Program related are captured in the OBRA FY 2006-07 Budget and the funds to pay for these agreements are in a separate account and earmarked 100% for payment of these expenditures, as described above in the Environmental Remediation and Infrastructure Planning section.

The three non- Environmental Remediation Program agreements are summarized below:

Caltrans Purchase Agreement

In consideration for receiving the support of the California Department of Transportation (Caltrans) for the SB 674 – Oakland Army Exchange Act of 2005, the City Council and the OBRA Board authorized staff to negotiate and enter into a purchase and sale agreement with Caltrans for a 6.5-acre portion of the Port Sliver Property. As OBRA's successor in interest, the Agency will be required to transfer the 6.5-acre parcel of property to Caltrans on or after August 7, 2006.

EBMUD Water Commodity Contract

OBRA contracts with EBMUD for delivery of water and sewer service. Water and sewer service to the Army Base must continue for fire suppression purposes, and as part of the ongoing leasing program.

Agreements Related to the Subaru Lot

On November 18, 2004, OBRA purchased from the United States Army the Subaru Lot property, which consists of 19.032 acres and is located at the corner of West Grand Avenue and Maritime Street. Because the Army was prohibited from receiving cash in exchange for real property, OBRA and the Army completed the transaction with the help of Diversified Technology Consultants (DTC), a third party contractor. In exchange for receiving the Subaru Lot from the Army, OBRA agreed to pay \$10,600,000 to DTC to construct improvements on other Army property. OBRA used \$2.4 million in leasing program revenues to pay the cash down payment at close of escrow. For the balance of the purchase price, OBRA executed an interest free promissory note from DTC in the amount of \$8.2 million which is described above in the Fiscal Impacts section of this report.

Immediately following the closing, pursuant to OBRA Resolution 2004-06, OBRA transferred a 2.51-acre portion of the Subaru Lot property (commonly referred to as Parcel 15A) to the Port of Oakland for \$1,410,719 to be used as part of its Joint Intermodal Terminal expansion project.

The Agency is in negotiations with Auto Mall developers for the development and disposition of the North Gateway Area, which includes the Subaru Lot property. Proceeds from the Auto Mall transaction will most likely be used to pay the \$8.2 million promissory note. Staff is requesting authorization for the Agency to accept OBRA's obligations under the promissory note.

The above described promissory note is secured by a First Deed of Trust for the 16.5-acre portion of the Subaru Lot owned by OBRA to be transferred to the Agency. The Deed of Trust contains a standard acceleration/alienation clause which will require OBRA and/or ORA to repay the entire promissory note if it transfers the Subaru Lot to a developer or any third party. The Deed of Trust also provides ORA and the City Council the opportunity to cure any OBRA default prior to a foreclosure proceeding.

C. Those agreements that OBRA has not entered into yet, but which it is asking the Agency to authorize concurrent with OBRA approval.

With OBRA Governing Board approval, OBRA staff anticipates entering into and executing the following three agreements by August 7, 2006: (1) Letter Amendment regarding Mitigation Monitoring and Reporting Program (MMRP): Cultural Mitigations, (2) Resource Management Agreement, and (3) Utilities Operation Agreement. Staff is requesting that the Agency Administrator be authorized to execute the following three agreements:

Letter Amendment Regarding Cultural Mitigations

In July 2002 the City of Oakland Planning Commission certified the Environmental Impact Report for the Oakland Army Base Area Redevelopment Plan (EIR), and OBRA and the Port each adopted the accompanying Mitigation Monitoring and Reporting Program (MMRP). The City-Port MOA assigns joint responsibility to the City and the Agency on one hand, and the Port on the other, for mitigation measures in the EIR, and requires that they negotiate in good faith to reach an agreement as to the cost allocation. Staff has been working with the Port for several years to determine a fair share allocation, and the parties have agreed that the cost should be evenly divided. Staff recommends that the Agency approve a letter amendment to the City-Port MOA that would split the cost of the Cultural Mitigations identified in the EIR.

All parties are eager to commence work on these mitigation measures quickly in order to ensure that the tasks are completed prior to the start of deconstruction and development of the Army Base. The proposed Letter Amendment Regarding Cultural Mitigations would

enable the Port to provide for payment of both the City and Port share of these mitigation measure costs up front and as needed, with reimbursement from the Agency to the Port due at the time that a future Army Base developer is able to provide reimbursement on behalf of the Agency, but no later than three years after an invoice is presented to the Agency. Both parties believe this arrangement allows the mitigation work to move forward without delay and represents a fair allocation of the costs of the mitigation measures.

Staff estimates that the total cost for completion of these mitigations is approximately \$1,356,000 and does not include staff or legal costs from either the City or Port, which would not be shared under the proposed Amendment. If the proposed Letter Amendment is executed, the Port and the Agency/City shares of these costs will not exceed \$678,000. Because the City and the Agency have not yet determined the cost allocations between them, both the attached Agency resolution and the attached City resolution call for authorization of the total amount.

Resource Management Agreement

OBRA has entered into a 20-year Base Resource Contract with Western Area Power Administration ("WAPA Contract") through December 2024 for discounted federal electrical power. On January 1, 2005, pursuant to OBRA Board direction, OBRA assigned the WAPA Contract to the Port of Oakland. OBRA staff and Port staff are currently negotiating a resource management service agreement with the Port of Oakland that will require the Port to: (1) provide electrical power to the Army Base, (2) manage the WAPA Contract in coordination with the Northern California Power Agency, and (3) *obtain supplemental power for the Army Base in the event Western Area Power Administration power is insufficient to meet the Army Base tenant demand.* In consideration for these actions, OBRA has agreed to pay its share of administrative, legal and operational costs for providing the services required by the resource management contract. Staff anticipates entering into the resource management service agreement with the Port prior to August 7, 2006.

Utilities Operation Agreement

OBRA staff is currently negotiating an extension and modification of the utilities operation agreement for the Oakland Army Base with Port staff. The utilities operation agreement between OBRA and the Port has been in place since July 2000, and provides for the maintenance and operation of the utility systems at the Army Base property. Specifically the agreement covers electrical, gas, water, sewer, and to some extent the telecommunications systems at the Army Base. To date OBRA and the Port have shared the revenues and expenses of the utilities operation on a 50/50 basis. OBRA staff and Port staff are finalizing the terms and conditions of an extension and modifying of the operation agreement, and anticipate entering into the agreement prior to August 7, 2006.

The proposed term of the extended utilities agreement would be tied to the construction of new utility systems during the development of the Army Base. This extension would only provide the Army Base with interim utilities for the pre-development period. The utilities agreement modification is made necessary by the transfer of property to take place on August 7, 2006, because after the transfer, the Port of Oakland will own the majority of utility infrastructure required to deliver utility service to the Army Base. The Port has agreed to continue utility service to the Army Base under essentially the same terms and conditions as existed under the original 2000 operations agreement, with each party sharing the revenues and expenses of the utilities operation on a 50/50 basis. Based primarily on the revenues generated by discounted Western Area Power Administration, the Army Base utility operations program has generated revenues that exceeded expenses. After August 7, 2006, it is likely that utility-related expenses will begin to exceed utility revenues by approximately \$725,000 annually, due to a reduced tenant base at the Army Base. This expense will be shared evenly by the Agency and the Port, so that the Agency's annual share will not exceed \$367,500. The Agency will pay for the utility cost with utilities revenue. Since staff anticipates that this program will not extend beyond August 2008, the total Agency share will not exceed \$725,000 over the next two years. The projected monthly lease revenue for the Agency leasing program is anticipated to be approximately \$40,000 per month after expenses, though this number will decrease as tenants vacate and development begins.

5. LEASING & PROPERTY MANAGEMENT

Upon completion of the Exchange Agreement and the Caltrans Purchase Agreement, both referenced above, and the Agency's acceptance of said property, the Agency will be the owner of approximately 165 acres at the former Oakland Army Base. Staff expects that the North Gateway Area of the Army Base, located north of West Grand Avenue, will be developed on an expedited basis. As for the remainder of the Base, staff expects a delay between the Agency's acquisition of the property and commencement of development. To facilitate pre-development activity, to support appropriate property management and to generate revenue, staff recommends implementation of a short term leasing program for portions of the Army Base property south of West Grand Avenue (excluding the North Gateway Area).

Staff is requesting authorization to negotiate and enter into leases, licenses, and agreements and to take any other actions necessary to operate a short term leasing and property management program at the former Oakland Army Base property, including, but not limited to, leases or licenses with the following:

- Oakland Maritime Support Services – approximately 15 acres of yard space for truck parking and related services; and
- United Intermodal Services – approximately 25 acres of yard space for container storage and depot services; and

- Fundis Company – approximately 3 acres of yard space for container storage and truck parking; and
- Port of Oakland – approximately 4 acres of yard space for sublease as container storage and truck parking; and
- Nineteen Film Center tenants currently located in Building 804 – approximately 60,000 square feet of warehouse space and adjacent yard space for film production and film industry related operations; and

Staff is also requesting authorization for the Agency Administrator to extend OBRA's security services contract with ABC Security Company on a month-to-month basis, not to exceed one year and in an amount not to exceed \$220,000 to continue to provide security services at the Army Base property until the leasing program concludes. OBRA's initial 2003 security services contract was competitively bid in accordance with the City's contracting process.

The authorization to extend OBRA's specific security services contract with ABC Security Company will not extend past August 2007. In the event security services are required past August 2007, staff will initiate a competitive bidding process for any security services needed at the Army Base after August 2007.

6. OAKLAND ARMY BASE COMMUNITY PARTICIPATION PROCESS

Staff requests that when OBRA dissolves and the Army Base project transfers to the Agency, the Agency also assume oversight of the Army Base community participation process established by OBRA. OBRA established the West Oakland Community Advisory Group (WOCAG) in 1996 in order to provide a mechanism for community participation in the Army Base planning process. WOCAG has historically provided a forum for community involvement in the reuse of the Army Base, and has recently proposed a work program for its continued participation. WOCAG's work program, approved by OBRA in April 2006, generally comprises the following actions:

- Receiving regular updates from CEDA staff regarding the Army Base project
- Reviewing the products resulting from the Army Base Developer ENA projects and providing input to the Redevelopment Agency
- Refining the West Oakland Community Fund proposal
- Reviewing plans for infrastructure improvements that may affect the greater West Oakland community, particularly transportation improvements and providing input to the Redevelopment Agency
- Appointing WOCAG representatives to participate on interview panels and/or similar activities that involve selecting a party to perform work related to the Army Base development project
- Issuing recommendations to the Redevelopment Agency regarding development of the Army Base lands

- Issuing recommendations to the Redevelopment Agency regarding the Army Base Redevelopment Project Area
- Receiving periodic presentations and/or status reports from prospective Army Base developers
- Providing the official forum for disseminating information and providing community outreach on Army Base Redevelopment Project Area matters

The Agency could retain WOCAG in its current status as an advisory group, or incorporate it into a Project Area Committee (PAC) for the Oakland Army Base Redevelopment Project Area. California Redevelopment Law does not require that a PAC be created for the Army Base Project, and no PAC has been created. The Agency may wish to explore all the options for community participation in the Army Base project in more detail, thus staff is not recommending that action be taken at this time. Staff intends to present a report focusing solely on Army Base community participation at a later date.

ENVIRONMENTAL REVIEW

In July 2002 the City of Oakland Planning Commission certified the Environmental Impact Report for the Oakland Army Base Area Redevelopment Plan (EIR). The EIR anticipated and analyzed OBRA's dissolution, the property transfer action, the interim leasing action and related actions called for in this report. There is no new information, change in circumstances or changes in the project necessitating the need for further environmental review for the proposed actions, pursuant to CEQA Guidelines section 15162, because the actions will lead to no new significant impacts or an increase in the severity of previously identified impacts.

Agency staff is working to complete a Supplemental Environmental Impact Report for the Oakland Army Base Auto Mall Project for a specific development in the North Gateway Development Area (and possibly the East Gateway Development Area). However, the Supplemental report is intended to analyze the impacts of a specific development, and it is not related to the actions called for in this report.

SUSTAINABLE OPPORTUNITIES

The proposed action does not involve approval of any specific sustainable development projects or programs. Sustainable Development opportunities will be addressed when specific development plans are submitted to the City by the project sponsor for review and approval.

DISABILITY AND SENIOR CITIZEN ACCESS

The proposed action does not involve approval of any specific disability and senior citizen access projects or programs. Disability and senior access issues would be addressed when specific development plans are submitted to the City by the project sponsor for review and approval.

ACTIONS REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

Staff is requesting authorization to accept all of the assets and obligations of the Oakland Base Reuse Authority and to take all actions necessary to complete the dissolution of the Oakland Base Reuse Authority including the creation and operation of an Agency leasing and property management program at the former Oakland Army Base.

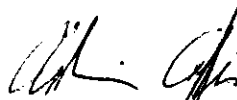
Staff is requesting authorization for the Agency to assume the rights and obligations of OBRA in all of the Agreements listed in the table on pages 10-12 above. Staff is also requesting that the Agency Administrator be authorized to execute the following three agreements: (1) Letter Amendment regarding Mitigation Monitoring and Reporting Program (MMRP): Cultural Mitigations, (2) Resource Management Agreement, and (3) Utilities Operation Agreement.

Staff recommends that the Agency Administrator be authorized to accept the transfer of \$1,050,000, the Balance of a \$2.4 million Public Works grant awarded to OBRA by the United States Department of Commerce Economic Development Administration (EDA) and to certify that the Agency will be bound by the terms of the original grant award. The grant is intended to pay for a portion of a \$3.2 million project to design and engineer the core infrastructure for the Gateway Development Area at the former Oakland Army Base.

Staff is requesting the acceptance and appropriation of OBRA's Administrative Budget (approximately \$3.2 million) and Operating Budget (approximately \$8,947,500) by the Agency. Staff is also proposing that City staff create an OBRA Clearing Fund (7781) to be used for reimbursement purposes by the City.

Staff is requesting authorization for the Agency to amend and extend OBRA's security services contract with ABC Security Company to extend the security services contract on a month-to-month basis, not to exceed one-year and in the amount not to exceed Two Hundred Twenty Thousand Dollars (\$220,000) to provide security services at the Army Base property.

Respectfully submitted,



CLAUDIA CAPPIO
Community and Economic Development
Director of Development, Building Services, and
the Oakland Base Reuse Authority

Prepared by:
John Monetta,
Oakland Base Reuse Authority

APPROVED AND FORWARDED TO THE
CITY COUNCIL/REDEVELOPMENT AGENCY:



OFFICE OF THE CITY/AGENCY ADMINISTRATOR


Agency Counsel

2006 JUN -1 PM 3:18

OAKLAND REDEVELOPMENT AGENCY

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO ACCEPT ALL OF THE ASSETS AND OBLIGATIONS OF THE OAKLAND BASE REUSE AUTHORITY (OBRA) AND TO TAKE ALL ACTIONS NECESSARY TO COMPLETE THE DISSOLUTION OF OBRA INCLUDING:

- (1) CREATION AND OPERATION OF AN OAKLAND REDEVELOPMENT AGENCY (AGENCY) LEASING AND PROPERTY MANAGEMENT PROGRAM AT THE FORMER OAKLAND ARMY BASE;**
- (2) ASSUMPTION OF ALL OF THE RIGHTS AND OBLIGATIONS OF OBRA IN THE AGREEMENTS LISTED IN ATTACHMENT A HERETO;**
- (3) ACCEPTANCE AND APPROPRIATION OF OBRA'S PROPOSED ADMINISTRATIVE BUDGET IN AN AMOUNT NOT TO EXCEED THREE MILLION TWO HUNDRED THOUSAND DOLLARS (\$3,200,000);**
- (4) ACCEPTANCE AND APPROPRIATION OF PROPOSED OPERATING BUDGET IN AN AMOUNT NOT TO EXCEED EIGHT MILLION NINE HUNDRED FORTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$8,947,500);**
- (5) EXTENSION OF OBRA'S SECURITY SERVICES CONTRACT WITH ABC SECURITY COMPANY FOR ONE YEAR IN AN AMOUNT NOT TO EXCEED TWO HUNDRED TWENTY THOUSAND DOLLARS (\$220,000);**
- (6) APPROVAL AND EXECUTION OF A LETTER AMENDMENT TO THE MEMORANDUM OF AGREEMENT FOR OAKLAND ARMY BASE DATED JULY 8, 2003 (CITY-PORT MOA) REGARDING THE MITIGATION MONITORING AND REPORTING PROGRAM AT THE ARMY BASE, IN AN AMOUNT NOT TO EXCEED SIX HUNDRED SEVENTY-EIGHT THOUSAND DOLLARS (\$678,000);**
- (7) APPROVAL AND EXECUTION OF A RESOURCE MANAGEMENT AGREEMENT WITH THE PORT OF OAKLAND, IN AN AMOUNT NOT TO EXCEED THREE HUNDRED THOUSAND DOLLARS (\$300,000);**
- (8) APPROVAL AND EXECUTION OF A UTILITIES OPERATION AGREEMENT WITH THE PORT OF OAKLAND, IN AN AMOUNT NOT TO EXCEED SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$725,000) OVER A TWO-YEAR PERIOD; AND**
- (9) ACCEPTANCE OF THE TRANSFER OF \$1,050,000, OF THE BALANCE**

OF A \$2,400,000 PUBLIC WORKS GRANT AWARDED TO OBRA BY THE UNITED STATES DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION.

WHEREAS, the Oakland Base Reuse Authority ("OBRA") was created by a joint powers agreement ("JPA") among the City of Oakland ("City"), the Redevelopment Agency of the City of Oakland ("Agency") and the County of Alameda on March 14, 1995, as restated and revised on July 15, 2003 ("JPA") for the purpose of planning for the closure and reuse of closed military bases within the City of Oakland; and

WHEREAS, in August 2003, OBRA acquired 364 acres of the former Oakland Army Base property from the U.S. Army by Economic Development Conveyance; and

WHEREAS, pursuant to Council and Agency authorization, OBRA, the City, Agency and the Port of Oakland ("Port") entered into the Memorandum of Agreement for Oakland Army Base on July 8, 2003 ("City-Port MOA"), providing for the Agency, OBRA and the Port to convey certain *parcels of Army Base property and adjacent property owned by the Port to each other, three years after the Economic Development Conveyance; and*

WHEREAS, the JPA provides that upon its termination, OBRA will assign its property, funds, assets, and liabilities to the Redevelopment Agency to support redevelopment of the Army Base property; and

WHEREAS, at the June 26, 2006 meeting of the OBRA Governing Body, OBRA is expected to authorize the transfer of OBRA's remaining assets and liabilities to the Agency effective after August 7, 2006, and to approve the adoption of the OBRA Budget for FY 2006-07 into the Agency's Bay Bridge Gateway Project; and

WHEREAS, the Agency must formally accept OBRA's assets and obligations before any transfer may occur, and staff recommends that the Agency Board authorize the Agency Administrator to take all actions necessary to complete the dissolution of OBRA, including the acceptance of OBRA's remaining assets and liabilities on or after August 7, 2006; and

WHEREAS, staff is requesting authorization to negotiate and enter into leases, licenses, and agreements and to take any other actions necessary to operate a short term leasing and property management program at the former Oakland Army Base property, including, but not limited to, leases or licenses with approximately nineteen Film Center tenants, along with five parties who currently occupy space on the property to be transferred by the Port of Oakland; and

WHEREAS, staff is requesting authorization for the Agency to assume all of the rights and obligations of OBRA in the agreements listed in the table attached as Attachment A hereto, as OBRA's successor-in-interest; and

WHEREAS, staff is requesting the Agency Board accept OBRA's proposed Administrative Budget in an amount not to exceed Three Million Two Hundred Thousand

Dollars (\$3,200,000) and its proposed Operating Budget in an amount not to exceed Eight Million Nine Hundred Forty-Seven Thousand Five Hundred Dollars (\$8,947,500); and

WHEREAS, In order to maintain security on the Base at a reduced level during the transition period, staff recommends that the Agency Administrator be authorized to negotiate and enter into an extension of OBRA's security services contract with ABC Security Company for one year in an amount not to exceed Two Hundred Twenty Thousand Dollars (\$220,000); and

WHEREAS, in July 2002, the City of Oakland Planning Commission certified the Environmental Impact Report for the Oakland Army Base Area Redevelopment Plan (EIR), and adopted the accompanying Mitigation Monitoring and Reporting Program (MMRP). The City-Port MOA assigns joint responsibility to the City and the Agency on one hand, and the Port on the other, for mitigation measures in the EIR, and requires that they negotiate in good faith to reach an agreement as to the cost allocation. Staff has been working with the Port for several years to determine a fair share allocation for MMRP expenses, and the parties have agreed that the cost should be evenly divided.

WHEREAS, staff recommends that the Agency Administrator be authorized to negotiate and enter into a letter amendment to the City-Port MOA that would split the cost of the cultural mitigations identified in the EIR, with the Agency's share in an amount not to exceed Six Hundred Seventy-Eight Thousand Dollars (\$678,000); and

WHEREAS, OBRA has entered into a 20-year Base Resource Contract with Western Area Power Administration (WAPA Contract) through December 2024 for discounted federal electrical power, and pursuant to OBRA Board direction, has assigned the WAPA Contract to the Port of Oakland. OBRA staff is currently negotiating a resource management service agreement with the Port of Oakland that will require the Port to: (1) provide electrical power to the Army Base, (2) manage the WAPA Contract in coordination with the Northern California Power Agency, and (3) obtain supplemental power for the Army Base in the event Western Area Power Administration power is insufficient to meet the Army Base tenant demand; and

WHEREAS, staff recommends that the Agency Administrator be authorized to negotiate and enter into a Resource Management Contract with the Port of Oakland, in an amount not to exceed Three Hundred Thousand Dollars (\$300,000); and

WHEREAS, OBRA staff is currently negotiating with Port of Oakland staff for an extension and modification of an existing July 2000 Utilities Operation Agreement for the Oakland Army Base, which provides for the maintenance and operation of the utility systems at the Army Base property. Staff recommends that the Utilities Operation Agreement be modified and extended in order to provide interim utilities to the Army Base until construction of new development commences. Staff estimates that Agency's annual cost under this contract amendment will not exceed Seven Hundred Twenty-Five Thousand Dollars (\$725,000) over the course of two years; and

WHEREAS, in September 2002, OBRA was awarded a \$2.4 million public works grant by the United States Department of Commerce Economic Development Administration (EDA), in

order to pay for a portion of a \$3.2 million project to design and engineer the core infrastructure for the Gateway Development Area at the former Oakland Army Base. Staff recommends that the Agency Administrator be authorized to take all actions necessary to accept the transfer of the \$2.4 million EDA grant, and to certify that the Agency will be bound by the terms of the original grant award; and

WHEREAS, the Environmental Impact Report for the Oakland Army Base Area Redevelopment Plan (EIR) was certified in July 2002, and it anticipated and analyzed OBRA's dissolution, the property transfer action, the interim leasing action and related actions called for in this report; and

WHEREAS: The Agency hereby finds and determines on the basis of substantial evidence in the record that the EIR fully analyzes the potential environmental effects of the project and incorporates mitigation measures to substantially lessen or avoid any potentially significant impacts in accordance with CEQA. None of the circumstances necessitating preparation of additional CEQA review as specified in CEQA and the CEQA Guidelines, including without limitation Public Resources Code Section 21166 and CEQA Guidelines Section 15162, are present in that (1) there are no substantial changes proposed in the project or the circumstances under which the project is undertaken that would require major revisions of the EIR due to the involvement of new environmental effects or a substantial increase in the severity of previously identified significant effects; and (2) there is no "new information of substantial importance" as described in CEQA Guidelines Section 15162(a)(3); NOW THEREFORE BE IT

RESOLVED: That the Agency Administrator is hereby authorized to take all actions necessary to facilitate and complete the dissolution of the Oakland Base Reuse Authority; and be it

FURTHER RESOLVED: That the Oakland Redevelopment Agency hereby accepts the assets and liabilities of the Oakland Base Reuse Authority effective August 8, 2006; and be it

FURTHER RESOLVED: That the Agency Administrator is hereby authorized to negotiate and enter into leases, licenses, and agreements and to take any other actions necessary to operate a short term leasing and property management program at the former Oakland Army Base property; and be it

FURTHER RESOLVED: That the Oakland Redevelopment Agency hereby assumes all of the rights and obligations of OBRA in the agreements listed in the table attached as Attachment A, as OBRA's successor-in-interest, effective on August 8, 2006; and be it

FURTHER RESOLVED: That the Agency Administrator is hereby authorized to accept and appropriate within OBRA Treasurer's Fund (9573); OBRA Payables Revolving Fund (9574); OBRA Leasing & Utility Fund (9575); OBRA Environmental Remediation Fund (9576) and OBRA Federal & State Grants Fund (9577) OBRA's proposed Administrative Budget in an amount not to exceed Three Million Two Hundred Thousand Dollars (\$3,200,000) and its proposed Operating Budget in an amount not to exceed Eight Million Nine Hundred Forty-Seven Thousand Five Hundred Dollars (\$8,947,500); and be it

FURTHER RESOLVED: That the Agency Administrator is hereby authorized to negotiate and enter into an amendment extending OBRA's security services contract with ABC Security Company for one year in an amount not to exceed Two Hundred Twenty Thousand Dollars (\$220,000); and be it

FURTHER RESOLVED: That the Agency Administrator is hereby authorized to negotiate and enter into a letter amendment to the Memorandum of Agreement for Oakland Army Base dated July 8, 2003 ("City-Port MOA") that will split the cost of the cultural mitigations identified in the Environmental Impact Report for the Oakland Army Base Area Redevelopment Plan (EIR), with the Agency's share in an amount not to exceed Six Hundred Seventy-Eight Thousand Dollars (\$678,000); and be it

FURTHER RESOLVED: That the Agency Administrator is hereby authorized to negotiate and execute a Resource Management Contract with the Port of Oakland, that will require the Port to: (1) provide electrical power to the Redevelopment Agency's portion of the former Oakland Army Base, (2) manage the Western Area Power Administration (WAPA) Contract in coordination with the Northern California Power Agency, and (3) obtain supplemental power for the Redevelopment Agency's portion of the former Oakland Army Base in the event that WAPA power is insufficient to meet the Army Base tenant demand, in an amount not to exceed Three Hundred Thousand Dollars (\$300,000); and be it

FURTHER RESOLVED: That the Agency Administrator is hereby authorized to negotiate and execute an amendment to the existing July 2000 Utilities Operation Agreement for the Oakland Army Base, in order to provide interim utilities to the Redevelopment Agency's portion of the former Oakland Army Base until construction of new development commences, in an amount not to exceed Seven Hundred Twenty-Five Thousand Dollars (\$725,000); and be it

FURTHER RESOLVED: That the Agency Administrator is hereby authorized to take all actions necessary to accept the transfer of \$1,050,000, of the balance of the \$2,400,000 grant from the United States Department of Commerce Economic Development Administration (EDA), and to certify that the Agency will be bound by the terms of the original grant award and all applicable laws and regulations; and be it

FURTHER RESOLVED: That the 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 Agency does not necessitate preparation of a subsequent or supplemental EIR Section 15162 (subsequent EIRs and negative declarations), and otherwise is exempt from CEQA Section 15301 (existing facilities), 15320 (changes in organization of local agencies) of the CEQA Guidelines; and be it

FURTHER RESOLVED: That the Agency Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action.

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

ATTACHMENT A


TABLE OF ARMY BASE AGREEMENTS

Agreement Name	Parties to Agreement	Description of Agreement
1) Purchase and Sale Agreement dated May 23, 2005	California Department of Transportation City of Oakland Oakland Base Reuse Authority	Transfer of 6.5 acres of Port Sliver Property from Agency/OBRA to Caltrans
2) Chubb Remediation Cost Cap Environmental Site Liability Policy	Oakland Redevelopment Agency United States Army Chubb National Insurance Company City of Oakland Oakland Base Reuse Authority Port of Oakland State of California	\$30 million environmental insurance policy for the Environmental Remediation Program
3) Memorandum of Agreement for Oakland Army Base dated July 8, 2003 (City-Port MOA)	City of Oakland Oakland Base Reuse Authority Oakland Redevelopment Agency Port of Oakland	Agreement b/w City parties regarding transfer of Army Base properties among the parties
4) East Bay Municipal Utility District (EBMUD) Water Commodity Contract	East Bay Municipal Utilities District (EBMUD) Oakland Base Reuse Authority	Water and sewer contract for Army Base service
5) Consent Agreement dated September 27, 2002	California Department of Toxic Substances Control Oakland Base Reuse Authority Oakland Redevelopment Agency	Timing and logistics of environmental cleanup of the Army Base property
6) Oakland Army Base Economic Development Conveyance Memorandum of Agreement dated September 27, 2002	Oakland Base Reuse Authority Oakland Redevelopment Agency United States Army	Agreement w/ Army for acquisition, auditing and reinvestment requirements of Army Base property
7) ESCA Agreement dated September 27, 2002.	Oakland Base Reuse Authority Oakland Redevelopment Agency United States Army	Funding for cleaning-up the Army Base
8) Oakland Army Base Title Settlement and Exchange Agreement, dated _____ 2006	California State Lands Commission Oakland Base Reuse Authority Oakland Redevelopment Agency Port of Oakland	Agreement removing the tidelands trust designation from the Gateway Development Area, except for the shoreline park area
9) Memorandum of Agreement dated April 2005	Painters and Decorators Joint Apprenticeship Training Committee of the Bay Area, Inc. (JATC) Oakland Base Reuse Authority Oakland Redevelopment Agency	Agreement replacing JATC's public benefit conveyance right to 3 acres of Army Base property

Army Base Agreements	Parties to Agreements	Description of Agreement
10) Letter Amendment to the Consent Agreement dated May 2, 2005	California Department of Toxic Substances Control Oakland Base Reuse Authority Oakland Redevelopment Agency	Amendment to Consent Agreement adding Subaru Lot property
11) Settlement Agreement dated April 18, 2002	California Department of Transportation City of Oakland Oakland Base Reuse Authority Oakland Redevelopment Agency Port of Oakland	Resolution to litigation b/w Agency, City, Caltrans, OBRA and Port regarding the disposition of Pier 7 at the former Oakland Army Base
12) Professional Services Agreement	Curtis & Tompkins, Ltd. Oakland Base Reuse Authority	Laboratory Services for Environmental Remediation Program in an amount not to exceed \$400,000
13) Professional Services Agreement	Erler & Kalinowski, Inc. Oakland Base Reuse Authority	Technical Program Management for the Environmental Remediation Program in an amount not to exceed \$800,000
14) Professional Services Agreement	Geomatrix Consultants, Inc. Oakland Base Reuse Authority	Construction management for the former Building 1 RAP site and various environmental site investigations, in an amount not to exceed \$500,000
15) Professional Services Agreement	Kimley-Horn and Associates, Inc. Oakland Base Reuse Authority	Infrastructure design and capital cost estimating for the Gateway Development Area, in an amount not to exceed \$1.5 million
16) Professional Services Agreement	Morgan Environmental Solutions, LLC Oakland Base Reuse Authority	Hazardous waste removal and disposal, in an amount not to exceed \$30,000
17) Professional Services Agreement	Northgate Environmental Management, Inc. Oakland Base Reuse Authority	Site wide groundwater monitoring site investigation at RAP sites, in an amount not to exceed \$500,000
18) Professional Services Agreement	Oakland Base Reuse Authority Severn Trent Environmental Leadership	Laboratory Services for Environmental Remediation Program, in an amount not to exceed \$400,000
19) Professional Services Agreement	Oakland Base Reuse Authority URS Corporation	Engineering support for the Environmental Remediation Program and Building demolition/deconstruction estimating, in an amount not to exceed \$100,000
20) Professional Services Agreement	Oakland Base Reuse Authority Pacific States Environmental	Complete the remediation at the former Building 1 RAP site, in an amount not to exceed \$2,533,515

Army Base Agreements	Parties to Agreements	Description of Agreement
21) Subaru Lot Promissory Note	DTC Engineers and Constructors Oakland Base Reuse Authority Oakland Redevelopment Agency United States Army	\$8.2 million note financing Subaru Lot acquisition
22) Subaru Lot Deed of Trust	DTC Engineers and Constructors Oakland Base Reuse Authority	Security for \$8.23 million note
23) Settlement Agreement dated July 30, 2003	California Department of Transportation Oakland Base Reuse Authority Oakland Redevelopment Agency Port of Oakland	Resolution of litigation between regarding under-freeway parcels located at the former Oakland Army Base
24) Utilities Operation Agreement	Oakland Redevelopment Agency Port of Oakland	Operation and management of the utility services at the Army Base

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City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO TAKE ALL ACTIONS NECESSARY TO COMPLETE THE DISSOLUTION OF THE OAKLAND BASE REUSE AUTHORITY (OBRA) INCLUDING:

- (1) CREATION AND BUDGETING OF A REIMBURSEABLE CLEARING FUND;
AND**
- (2) APPROVAL AND EXECUTION OF A LETTER AMENDMENT TO THE MEMORANDUM OF AGREEMENT FOR OAKLAND ARMY BASE DATED JULY 8, 2003 (CITY-PORT MOA) REGARDING THE MITIGATION MONITORING AND REPORTING PROGRAM AT THE ARMY BASE, IN AN AMOUNT NOT TO EXCEED SIX HUNDRED SEVENTY-EIGHT THOUSAND DOLLARS (\$678,000).**

WHEREAS, the Oakland Base Reuse Authority ("OBRA") was created by a joint powers agreement ("JPA") among the City of Oakland ("City"), the Redevelopment Agency of the City of Oakland ("Agency") and the County of Alameda on March 14, 1995, as restated and revised on July 15, 2003 ("JPA") for the purpose of planning for the closure and reuse of closed military bases within the City of Oakland; and

WHEREAS, the JPA provides that upon its termination, OBRA will assign its property, funds, assets, and liabilities to the Redevelopment Agency to support redevelopment of the Army Base property; and

WHEREAS, OBRA is preparing to dissolve on or after August 7, 2006, and it will likely transfer all of its assets and liabilities to the Agency at that time; and

WHEREAS, in order to transfer OBRA's administrative budget and operating budget to the Agency, staff intends to (1) create a new OBRA Clearing Fund (7781) for personnel expenditures, to be reimbursed by Agency funds, for Fiscal Year 2006-07; and (2) transfer OBRA's existing administrative budget in the OBRA Lease Revenues Fund (2192), which accounts for City staff and operating costs directly related to the administration of OBRA, to OBRA Clearing Fund (7781) (Oakland Base Reuse Authority); and

WHEREAS, staff recommends that the City Administrator be authorized to create the new reimburseable Clearing Fund 7781 (Oakland Base Reuse Authority) to allow for these actions to be taken; and

WHEREAS, in July 2002, the City of Oakland Planning Commission certified the Environmental Impact Report for the Oakland Army Base Area Redevelopment Plan (EIR), and adopted the accompanying Mitigation Monitoring and Reporting Program (MMRP). The City-Port MOA assigns joint responsibility to the City and the Agency on one hand, and the Port on the other, for mitigation measures in the EIR, and requires that they negotiate in good faith to reach an agreement as to the cost allocation. Staff has been working with the Port for several years to determine a fair share allocation for MMRP expenses, and the parties have agreed that the cost should be evenly divided.

WHEREAS, staff recommends that the City Administrator be authorized to negotiate and enter into a letter amendment to the City-Port MOA that would split the cost of the cultural mitigations identified in the EIR, with the Agency's share in an amount not to exceed Six Hundred Seventy-Eight Thousand Dollars (\$678,000); and

WHEREAS, the Environmental Impact Report for the Oakland Army Base Area Redevelopment Plan (EIR) was certified in July 2002, and it anticipated and analyzed OBRA's dissolution, the property transfer action, the interim leasing action and related actions called for in this report; and

WHEREAS: The Agency hereby finds and determines on the basis of substantial evidence in the record that the EIR fully analyzes the potential environmental effects of the project and incorporates mitigation measures to substantially lessen or avoid any potentially significant impacts in accordance with CEQA. None of the circumstances necessitating preparation of additional CEQA review as specified in CEQA and the CEQA Guidelines, including without limitation Public Resources Code Section 21166 and CEQA Guidelines Section 15162, are present in that (1) there are no substantial changes proposed in the project or the circumstances under which the project is undertaken that would require major revisions of the EIR due to the involvement of new environmental effects or a substantial increase in the severity of previously identified significant effects; and (2) there is no "new information of substantial importance" as described in CEQA Guidelines Section 15162(a)(3); NOW THEREFORE BE IT

RESOLVED: That the City Administrator is hereby authorized to create a new reimburseable OBRA Clearing Fund (7781) and transfer OBRA's existing administrative budget in the OBRA Lease Revenues Fund (2192) to OBRA Clearing Fund (7781) in an amount not to exceed \$3.2 million in order to accommodate the transfer of the Oakland Base Reuse Authority's administrative budget and operating budget to the Oakland Redevelopment Agency; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to negotiate and enter into a letter amendment to the Memorandum of Agreement for Oakland Army Base dated July 8, 2003 ("City-Port MOA") that will split the cost of the cultural mitigations identified in the Environmental Impact Report for the Oakland Army Base Area Redevelopment Plan (EIR), with the Agency's share in an amount not to exceed Six Hundred Seventy-Eight Thousand Dollars (\$678,000); and be it

FURTHER RESOLVED: That the 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 Agency does not necessitate preparation of a subsequent or supplemental EIR Section 15162 (subsequent EIRs and negative declarations), and otherwise is exempt from CEQA Section 15301 (existing facilities), 15320 (changes in organization of local agencies) 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 for this action.

IN SESSION, OAKLAND, CALIFORNIA, _____, 2006

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the
Council of the City of
Oakland, California