

**THE CITY OF OAKLAND AND REDEVELOPMENT
AGENCY AGENDA REPORT**

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2006 MAR 29 PM 6:54

TO: Office of the Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: April 11, 2006
Re: 1) **Agency Resolution Authorizing An Agency Payment To The City Under The Cooperation Agreement In An Amount Not To Exceed \$725,000 To Cover The City's Costs For Plan Review, Construction Monitoring And Administration For The Oakland Airport Connector Project**
2) **City Resolution Accepting A Contribution Of Funds From The Redevelopment Agency Under The Cooperation Agreement In An Amount Not To Exceed \$725,000 To Cover The City's Costs For Plan Review, Construction Monitoring, And Administration For The Oakland Airport Connector Project**

SUMMARY

This report recommends that the Redevelopment Agency and the City adopt two resolutions to fund the City of Oakland encroachment permit and plan review, construction monitoring services and administrative service costs for the Oakland Airport Connector ("OAC") Project. The first resolution authorizes the Agency to contribute up to \$725,000 from the Redevelopment Agency Coliseum Area Tax Allocation Bond, Series 2003, under the Cooperation Agreement with the City to fund this Project. The second resolution authorizes the City to accept up to \$725,000 from the Redevelopment Agency to fund the Project.

The OAC Project is estimated to affect \$5,142,000 in City infrastructure, primarily the Hegenberger median and roadway, which will require demolition and reconstruction. The Public Works Agency is submitting a companion report and resolution on the City – Bay Area Rapid Transit (BART) Cooperative Agreement scheduled for presentation at the April 11, 2006 meeting of the Public Works Committee.

FISCAL IMPACTS

The Public Works Agency (PWA) will oversee those portions of the OAC Project that affect the City of Oakland. Redevelopment Agency funding of up to \$725,000 is planned to reimburse the City plan review, construction monitoring services and administrative costs incurred to support the Oakland Airport Connector Project and to review alterations work in the City of Oakland right-of-way. The funds for the City administrative costs are proposed to come from the Redevelopment Agency Coliseum Area Redevelopment Project Tax Allocation Bond, Series 2003. There are sufficient funds available in the Coliseum Tax Allocation Bond Fund (9453), Capital Improvement Project – Economic Development Organization (94800), Miscellaneous

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Contract Services Account (54919), Coliseum Redevelopment Tax Allocation Bond Series 2003 Project (P233410). Up to \$725,000 will be transferred to the Oakland Redevelopment Agency Projects Fund (7780), Flow Through Loans Unit (90111), Oakland Redevelopment Agency Revenue Account (46611). The same amount would be appropriated to the Oakland Redevelopment Agency Projects Fund (7780), Capital Improvement Project – Economic Development Organization (94800), Work Order Expenditures Account (56611), with the City Project coding to be established after funding has been authorized. Over the period 2006 – 2011, disbursements from the \$725,000 will be transferred to the City each year as needed and required by the PWA to implement the OAC Project.

PROJECT BACKGROUND AND DESCRIPTION

The proposed OAC Project is a 3.2-mile Automated Guideway Transit (AGT) connection from the Coliseum BART Station to the Oakland International Airport (OAK). The AGT would operate in an exclusive right-of-way, primarily in the median of Hegenberger Road on a dual-lane guideway and terminate between OAK's two existing terminals. The Project would be elevated above grade for the majority of its length, except for a short tunnel beneath the Doolittle Drive/Airport Drive interchange, and then at-grade upon reaching the Airport roadways looping around the parking lot.

Since the opening of BART over 30 years ago the connection between the Airport and the Coliseum Station has been a long-discussed transit link. OAC benefits include:

- ❖ A convenient and reliable alternative to increasing traffic congestion
- ❖ Support for Oakland International Airport's growth from over 14 million passengers per year in 2006 to 24.7 million passengers projected in 2020
- ❖ Potential for one of the highest airport transit access mode shares in the country with a 20% share of airport passengers by 2020
- ❖ Capacity to accommodate peak season airport travel demand of 19,900 daily transit trips
- ❖ Flexibility to change transit vehicle frequency according to travel demand
- ❖ A fast, reliable ride of less than 10 minutes
- ❖ Fares covering all operating and maintenance costs.

Recent tight budgetary cycles have reduced state and federal funding available for the Project and resulted in a funding gap. BART is changing the procurement process to attract private investment to augment public funding. As a result of the funding challenges and the consequent change in procurement, the Project has been delayed. The Project completion date is now 2011

Project Funding Partners and Cost Estimate

The Project is a collaborative partnership between BART, the Alameda County Transportation Improvement Authority (ACTIA), the Alameda County Congestion Management Agency (ACCM), the California Transportation Commission (CTC), California Department of

Transportation (CalTrans) and the Port and City of Oakland. The state and regional partners provide the public funding for the OAC Project.

BART's current estimate of the cost for the BART Oakland Airport Connector Project is \$377.8 million. Originally, a combination of Alameda County Transportation sales tax revenue (Measure B), Port airport revenues, regional bridge tolls funding, and state transportation funds was expected to meet this cost. Total public funding identified thus far is \$236.3 million.

OAC Project public funding sources are as follows:

ACTIA Measure B	\$ 80,800,000
Port of Oakland	\$ 25,500,000
Metropolitan Transportation Commission Regional Measure 1	\$ 31,470,000
Metropolitan Transportation Commission Regional Measure 2	\$ 30,000,000
State of California STIP	\$ 58,530,000
<u>State of California ITIP</u>	<u>\$ 10,000,000</u>
Total	\$236,300,000

OAC Project expenses include:

Preliminary Engineering and Environmental	\$ 3,800,000
Preliminary Engineering and DBFO Studies	\$ 11,932,000
Right of Way	\$ 12,000,000
Advanced Utility Relocations	\$ 4,000,000
Construction Contracts	\$294,068,000
<u>Construction Engineering</u>	<u>\$ 52,000,000</u>
Total	\$377,800,000

To bridge the funding gap and keep the Project moving forward, BART initiated a ridership study as well as a preliminary financial feasibility study to determine whether private sector financing could augment public funding. The market study indicated that a design-build-finance-operate (DBFO) approach to the OAC Project is possible.

In fall of 2005, the BART Board approved the new DBFO procurement strategy. A new request for qualifications (RFQ) was released in February 2006, and submittals are anticipated in April. BART expects to select a short-list of potential private partners in May. The request for proposals (RFP) will be released to the short-listed group later this year with the final selection of the DBFO Contractor expected in early 2007. Funding for the Project under this scheme is expected to be:

Public Funding	\$236,300,000
<u>Private Investment</u>	<u>\$141,500,000</u>
Total	\$377,800,000

Schedule

The general scope of the Project will remain as before except for the added private sector funding component. The Project's preferred environmental option, approved by the BART Board in 2002, routes the system down the median of Hegenberger Road where possible. This option also allows for the future construction of one intermediate stop near the intersection of Doolittle Drive and Hegenberger Road, if funding is available.

The current Project schedule is:

❖ Adoption of Project by BART Board	March 2002
❖ Cancellation of previous pre-qualified teams	Fall 2005
❖ Release of RFQ	February 2006
❖ Release of RFP	Mid 2006
❖ Award of DBFO contract	Summer 2007*
❖ Completion of construction	Summer 2010*
❖ Testing and start-up	2010/2011
❖ Begin revenue operations	2011

KEY ISSUES AND IMPACTS

The current approach to the OAC project finance employs both public and private funding to bridge a funding gap which has burdened the project since inception. By employing both public and private investment in the OAC, BART stands an improved chance of finally constructing the system using the Private Public Partnership ("3P") model.

The Final Board approved EIR/EIS for the OAC Project included an option for two potential intermediate stations, which are Edgewater Station at Hegenberger Road and Doolittle Station at Airport Access and Hegenberger Roads. Both stations are unlikely to be built due to the cost constraints of the Oakland Airport Connector Project. Only the Doolittle Station is being considered if additional funding becomes available.

Originally, the proposed Agency contribution to the Project was to reimburse BART for the design and engineering costs of the intermediate stations. Since current plans omit these stations, the Agency has been asked to contribute to other Project expenses. In lieu of contributing to the design and engineering of the intermediate stations, the Agency is able to support up to \$725,000 in costs for City permit and plan review, construction monitoring, and administration of the Project. Agency participation in the Project preserves the possibility of at least one intermediate station being built.

* Assumes BART enters into a long-term DBFO agreement with a private partner

SUSTAINABLE OPPORTUNITIES

Economic: The OAC Project will support the 17,000 jobs forecasted for Oakland International Airport in 2020. In addition the Project construction will provide an economic stimulus to the East Bay area.

Environmental: The Project is expected to improve air quality in the region through a reduction in the air pollution from the Air BART buses and automobiles carrying passengers to OAK. The Project is also expected to ease OAK's parking demand and allow land that would otherwise be needed for parking lots be put to more environmentally sensitive use. The Project will include energy efficient design, engineering, and construction. It will use recyclable construction materials to the extent feasible, mitigate storm water runoff, and take other environmental measures. Staff has encouraged BART to use sustainable design practices in the preparation of design and engineering plans, specifications and bid documents for the Oakland Airport Connector Project.

Social Equity: BART defined the Project stations design as a Disadvantaged Business Enterprise ("DBE") Project under federal Department of Transportation ("DOT") guidelines. At least 10 percent of federal funds authorized for highway or transit financial assistance must be expended with DBEs. Since DOT funds are used, federal regulations apply that prohibit use of policies that include geographic preferences.

DISABILITY AND SENIOR CITIZEN ACCESS

The OAC Project is being designed to meet the regulations of the Americans with Disability Act ("ADA") facility requirements and BART will continue to comply with applicable federal, state and local codes and legislation regarding disability and senior access.

RECOMMENDATION AND RATIONALE

Staff recommends that the Redevelopment Agency and City Council approve the resolutions. The proposed funding allocation to the Oakland Airport Connector was approved in 2005 as part of the approval of the FY 2005-2007 budget. With scarce resources available, Agency resources should be used for projects that best support redevelopment plan goals, such as stimulating economic growth in the Coliseum Redevelopment Area. The Oakland Airport Connector would help serve that purpose by improving transportation access and access to regional employment opportunities, and encouraging new development.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Agency approve the resolution authorizing an Agency payment to the City under the Cooperation agreement in an amount not to exceed \$725,000 to cover the City's costs for plan review, construction monitoring and administration for the Oakland Airport Connector Project. The staff also recommends that the Council approve the resolution authorizing the City to accept a contribution of funds from the Agency under the Cooperation agreement in an amount not to exceed \$725,000 to cover the City's costs for plan review, construction monitoring and administration for the Oakland Airport Connector Project.

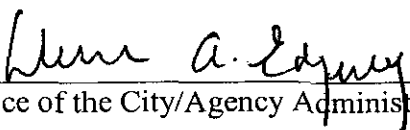
Respectfully submitted,



Daniel Vanderprie, Director
Redevelopment, Economic Development,
Housing and Community Development

Prepared and Reviewed by:
Gregory Hunter, Redevelopment Manager
and Jay Musante, UEA III
Redevelopment Division

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:


Office of the City/Agency Administrator

REVISED 4/11/2006

06 APR 16 PM 4:01

APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**
RESOLUTION No. _____ C.M.S.

**RESOLUTION AUTHORIZING AN AGENCY PAYMENT TO THE CITY
UNDER THE COOPERATION AGREEMENT IN AN AMOUNT NOT TO
EXCEED \$725,000 TO COVER THE CITY'S COSTS FOR PLAN
REVIEW, CONSTRUCTION MONITORING AND ADMINISTRATION
FOR THE OAKLAND AIRPORT CONNECTOR PROJECT**

WHEREAS, the San Francisco Bay Area Rapid Transit District ("BART") plans to construct the Oakland Airport Connector Project (the "Project"), a 3.2 mile long Automated Guide Way Transit ("AGT") System; and

WHEREAS, BART and the City of Oakland have requested that the Redevelopment Agency fund plan review, construction monitoring and administration costs of the City for the Project in an amount not to exceed \$725,000 in lieu of contributing to the design and engineering work on the intermediate stations for the Oakland Airport Connector; and

WHEREAS, the proposed Oakland Airport Connector Project is within the boundaries of the Coliseum Redevelopment Project Area, and its development will contribute to the Agency's goals and objectives for the Project Area; and

WHEREAS, the Redevelopment Agency authorized an allocation of Agency funding in an amount not to exceed \$725,000 to the Oakland Airport Connector Project from the Coliseum Tax Allocation Bond Fund (9453), Capital Improvement Project - Economic Development Organization (94800), Miscellaneous Contract Services Account (54919), Coliseum Redevelopment Tax Allocation Bond Series 2003 Project (P233410) in the approval of its Fiscal Year 2005-2007 Budget; and

WHEREAS, the Agency will contribute and transfer Agency tax allocation bond funds to the Oakland Redevelopment Agency Projects Fund (7780), Capital Improvement Project - Economic Development Organization (94800), Work Order Expenditures Account (56611), with the City Project coding to be established after funding has been authorized; and

WHEREAS, BART certified an Environmental Impact Statement and Environmental Impact Report for the Project in March 2002, and thus the requirements of the California Environmental Quality Act ("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; and

WHEREAS, the City and the Redevelopment Agency entered into a Cooperation Agreement on July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies; now, therefore, be it

RESOLVED: That the Redevelopment Agency hereby authorizes a contribution of up to \$725,000 to the City with disbursements from the \$725,000 transferred to the City each year as needed and required by PWA and other agencies to implement the OAC project and to support the City's costs of permit and engineering review, construction monitoring and administration associated with the Oakland Airport Connector Project; and be it further

RESOLVED: That the Redevelopment Agency will release up to 40% of the funds on an as needed and as required basis to cover City costs incurred after BART releases the OAC Design, Build, Operate, and Finance Request For Proposals, and will release the remaining 60% of funds on an as needed and as required basis to cover City costs incurred after BART confirms receipt of sufficient financing and funding from the private concessionaire selected to design, build, operate and finance the Project, and from the public partners, the Alameda County Transportation Improvement Authority (ACTIA), the State of California, the Metropolitan Transportation Commission, and the Port of Oakland, to complete the Project; and be it further

RESOLVED: That the Agency hereby allocates \$725,000 from Coliseum Tax Allocation Bond Fund (9453), Capital Improvement Project – Economic Development Organization (94800), Miscellaneous Contract Services Account (54919), and Coliseum Redevelopment Tax Allocation Bond Series 2003 Project (P233410); and be it further

RESOLVED: That the Agency Administrator or his or her designee is hereby authorized to take whatever other action is necessary with respect to the Oakland Airport Connector Project 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-

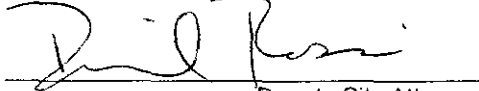
ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
Agency Secretary

05 APR 13 PM 4:00

APPROVED AS TO FORM AND LEGALITY:


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION ACCEPTING A CONTRIBUTION OF FUNDS FROM THE REDEVELOPMENT AGENCY UNDER THE COOPERATION AGREEMENT IN AN AMOUNT NOT TO EXCEED \$725,000 TO COVER THE CITY'S COSTS FOR PLAN REVIEW, CONSTRUCTION MONITORING, AND ADMINISTRATION FOR THE OAKLAND AIRPORT CONNECTOR PROJECT

WHEREAS, the San Francisco Bay Area Rapid Transit District ("BART") plans to construct the Oakland Airport Connector Project (the "Project"), a 3.2 mile long Automated Guide Way Transit ("AGT") System; and

WHEREAS, the Redevelopment Agency has authorized a contribution to the City in an amount not to exceed \$725,000 to fund plan review, construction monitoring, and administration costs of the City for the Project from the Coliseum Tax Allocation Bond Fund (9453); Capital Improvement Project – Economic Development Organization (94800), Miscellaneous Contract Services Account (54919), Coliseum Redevelopment Tax Allocation Bond Series 2003 Project (P233410); and

WHEREAS, BART certified an Environmental Impact Statement and Environmental Impact Report for the Project in March 2002, and thus the requirements of the California Environmental Quality Act ("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; and

WHEREAS, the City and the Redevelopment Agency entered into a Cooperation Agreement in July 1, 2004, which generally governs the provision of assistance and the payment of funds between the two agencies; now therefore be it

RESOLVED: That the City of Oakland hereby accepts a contribution from the Redevelopment Agency of up to \$725,000 to cover the City's costs of permit and engineering review, construction monitoring, and administration associated with the Oakland Airport Connector Project; and be it further

RESOLVED: That such funds shall be deposited in the Oakland Redevelopment Agency Projects Fund (7780), Flow Through Loans Unit (90111), Oakland Redevelopment Agency Revenue Account (46611) and appropriated to the Oakland Redevelopment Agency Projects Fund (7780), Capital Improvement Project – Economic Development (94800), Work Order Expenditures Account (56611), with the City Project appropriation coding to be established for the Oakland Airport Connector Project after the resolution authorizing the funding has been approved; and be it further

RESOLVED: That the Redevelopment Agency will release up to 40% of the funds on an as needed and as required basis to the City once BART releases the Oakland Airport Connector Design, Build, Operate, and Finance Request For Proposals, and 60% on an as needed and as required basis after BART confirms receipt of sufficient financing and funding from the private concessionaire selected to design, build, operate and finance the Project, and from the public partners, the Alameda County Transportation Improvement Authority (ACTIA), the State of California, the Metropolitan Transportation Commission, and the Port of Oakland, to complete the Project; and be it further

RESOLVED: That the City Administrator or his or her designee is hereby authorized to take whatever other action is necessary with respect to the Oakland Airport Connector Project consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2006

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

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