

INTRODUCED BY COUNCILMEMBER REBECCA KAPLAN


CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A PURCHASE AND SALE AGREEMENT WITH AASEG LAND LLC, A DELAWARE LIMITED LIABILITY COMPANY, OR ITS AFFILIATE, FOR THE SALE OF THE CITY OF OAKLAND'S UNDIVIDED 50 PERCENT INTEREST IN PROPERTY LOCATED AT 7000 COLISEUM WAY, OAKLAND, CALIFORNIA, FOR ONE HUNDRED FIVE MILLION DOLLARS (\$105,000,000) TO BE PAID IN INSTALLMENTS AND CONDITIONED ON DEVELOPMENT OF ON-SITE AFFORDABLE HOUSING AND OTHER BENEFITS; AND ADOPTING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

WHEREAS, the City owns a fifty percent (50%) undivided interest (the "City's Interest") in that certain real property located at 7000 Coliseum Way, located in the City of Oakland, California (the "Property"); and

WHEREAS, the Property is approximately 112-acres in size and abuts the Damon Slough Channel to the North and East, S. Elmhurst Creek Channel to the South and Coliseum Way and I-880 to the West, and consists of two parcels with improvements thereon including an arena (the "Arena"), a stadium (the "Coliseum"), parking areas and related structures, roadways, sidewalks, loading areas and other improvements (collectively, the "Coliseum Complex"); and

WHEREAS, the County of Alameda ("County") owns the other fifty percent (50%) undivided interest (the "County's Interest") in the Property and on December 23, 2019, the County entered into a disposition and sale agreement with the Coliseum Way Partners, LLC, a Delaware limited liability company ("Coliseum Way Partners"), which is an entity affiliated with the Oakland Athletics, for the sale of the County's Interest whereby Coliseum Way Partners shall make installment payments to the County over a number of years for the purchase of the County's Interest; and

WHEREAS, the Oakland-Alameda County Coliseum Authority ("JPA") is a joint powers authority established by the City and County, which holds a ground lease on the Property, and manages the Property on behalf of the City and the County pursuant to an Amended and Restated Management Agreement, dated as of May 1, 2000; and

WHEREAS, the Coliseum and the Arena both have outstanding lease revenue bond debt (“Bond Debt”) existing from bond issuances for Property renovations and improvements. The City’s share of the current outstanding Bond Debt related to the Coliseum is approximately Twelve Million Eight Hundred Five Thousand One Hundred Twenty-Five Dollars (\$12,805,125) and is scheduled to be fully defeased by June 30, 2025 and the City’s share of the existing outstanding Bond Debt related to the Arena is approximately Twelve Million Eight Hundred Seventy-One Thousand Two Hundred Fifty-Eight Dollars (\$12,871,258) and is scheduled to be fully defeased by June 30, 2026; and

WHEREAS, on March 31, 2015, pursuant to Resolution No. 85491 C.M.S., the City Council certified the Environmental Impact Report, made California Environmental Quality Act (“CEQA”) findings, and adopted the Coliseum Area Specific Plan, which included related General Plan amendments (the “Specific Plan”). The Property falls within the boundaries of the Specific Plan; and

WHEREAS, pursuant to the California Surplus Lands Act (Government Code Sections 54220-54234) (“SLA”), the City issued a sixty (60)-Day Notice of Availability on December 3, 2019 and received only one letter of interest. During the ninety (90)-day good faith negotiation period, the City determined that the eligible entity was not interested in acquiring the City’s Interest; and

WHEREAS, on January 21, 2020, the City Council adopted Resolution No. 88000 C.M.S. which ratified earlier actions and declared the City’s Interest as surplus land under the SLA and authorized the City Administrator’s issuance of a Notice of Availability to solicit development proposals for the disposition and development of the City’s Interest; and

WHEREAS, the City also received several unsolicited proposals from multiple parties interested in acquiring the City’s Interest to pursue development on the site; and

WHEREAS, on July 6, 2021, the City Council adopted Resolution No. 88742 C.M.S., which authorized the City Administrator to negotiate nonexclusively with (1) the African American Sports & Entertainment Group, LLC, a California limited liability company (“AASEG”), (2) Tripp Development, (3) The Renaissance Companies or an affiliate, (4) Dave Stewart and Lonnie Murray, and (5) The Athletics Investment Group, LLC or an affiliate regarding the terms of the disposition of the City’s Interest; and

WHEREAS, on November 16, 2021, pursuant to Resolution No. 88922 C.M.S, the City Council authorized the City Administrator to enter into an Exclusive Negotiation Agreement with AASEG or its affiliate, to negotiate potential terms for the acquisition and development of the Coliseum Complex including potential terms for purchase or lease, a financial plan and community benefits; and

WHEREAS, on December 17, 2021, the California Department of Housing and Community Development indicated that it had no significant concerns warranting a findings letter within its thirty (30)-day review period regarding the City’s compliance with the SLA; and

WHEREAS, on January 25, 2023, the City entered into that certain Exclusive Negotiation Agreement (7000 Coliseum Way – Coliseum Complex) with AASEG Land LLC, a Delaware limited liability company (“Developer”), which is an affiliate of AASEG (as amended by that certain First Amendment to Exclusive Negotiation Agreement (7000 Coliseum Way – Coliseum Complex) the “ENA”), to negotiate in good faith the terms of a purchase or sale of the City’s Interest pursuant to a disposition and development agreement (“DDA”) or a lease disposition and development agreement (“LDDA”); and

WHEREAS, the City is currently working to close a budget deficit for the fiscal year beginning July 1, 2024 and ending June 30, 2025 (“Fiscal Year 2024-2025”) in the approximate amount of One Hundred Seventy-Seven Million Dollars (\$177,000,000); and

WHEREAS, on May 23, 2024, Developer delivered to the City its letter of interest to enter into a purchase and sale agreement with the City to purchase the City’s Interest; and

WHEREAS, on May 27, 2024, Developer delivered to the City a preliminary term sheet, which included, among other things an offer to purchase the City’s Interest for One Hundred Five Million Dollars (\$105,000,000); and

WHEREAS, pursuant to Resolution No. 85324 C.M.S. adopted on December 9, 2014, the City Council established a general policy to lease, rather than sell City-owned property, unless circumstances show that a sale of City-owned property is in the best interest of the City; and

WHEREAS, it might take several years to reach agreement on the terms of a sale or lease of the City’s Interest through a DDA or an LDDA process, which would not likely result in substantial payments to the City during Fiscal Year 2024-2025, whereas conveyance of the City’s Interest pursuant to a proposed purchase and sale agreement could potentially provide payments to the City during Fiscal Year 2024-2025; and

WHEREAS, City staff and Developer have negotiated minimum terms for the purchase and sale agreement for the purchase and sale of the City’s Interest; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby finds and determines that it is in the best interest of the City to convey fee title to the City’s Interest to Developer, or its affiliate approved by the City Administrator, pursuant to a purchase and sale agreement instead of a ground lease for several reasons, (a) since the City does not fully own the Coliseum Complex it is different from properties that are fully City owned and as such would be difficult to lease, (b) if the County sells its interest to Coliseum Way Partners, a private owner, it will be more complicated to manage, and (c) the purchase and sale could reduce the budget deficit in Fiscal Year 2024-2025.

SECTION 2. The City Council hereby finds and determines that it is in the best interest of the City to waive the competitive process for disposition of property for development and negotiate with a selected developer, and hereby waives the competitive process for disposition of the City’s

Interest for development, and authorizes the City Administrator to negotiate and enter into a purchase and sale agreement with Developer or its affiliate approved by the City Administrator.

SECTION 3. The City Council hereby approves the following proposed minimum terms to enter into the purchase and sale agreement: (a) a purchase price in the amount of One Hundred Five Million Dollars (\$105,000,000) of which at least Sixty Million Dollars (\$60,000,000) will be paid in Fiscal Year 2024-2025; (b) close of escrow for the purchase and sale of the City's Interest ("Closing") shall not occur until the Bond Debt related to the Coliseum is paid in full; (c) a deed restriction requiring at least twenty-five percent (25%) of any residential units built on the Coliseum Complex in the future be designated affordable up to sixty percent (60%) of Area Median Income ("AMI") with at least ten percent (10%) affordable to households earning up to thirty percent (30%) of AMI; and (d) a deed restriction requiring the City and Developer to negotiate in good faith a bundle of community benefits within five (5) years after the Closing, including but not limited to, labor agreements and labor peace; local and small business contracting goals; workforce training and local employment provisions; living wage; public open space and parks; sustainable and green development standards; transportation infrastructure and transportation demand management programs including transit affordability and accessibility; anti-displacement and housing preservation policies; City participation in profit-sharing; and other community benefits.

SECTION 4. The City Council hereby authorizes the City Administrator to negotiate and execute (a) a purchase and sale agreement for the purchase and sale of the City's Interest that will include the foregoing minimum terms, (b) termination of the ENA, and (c) such other additions, amendments or other modifications to the foregoing document that the City Administrator, in consultation with the City Attorney's Office, determines are in the best interests of the City, do not materially increase the obligations or liabilities of the City, and are necessary or advisable to complete the transactions contemplated by this Ordinance; and (d) such other documents as necessary or appropriate, in consultation with the City Attorney's Office, to facilitate and consummate the transactions in accordance with this Ordinance, or to otherwise effectuate the purpose and intent of this Ordinance and its basic purpose.

SECTION 5. The City Administrator is authorized to accept and deposit all payments pursuant to the purchase and sale agreement into the General Purpose Fund (1010).

SECTION 6. The purchase and sale agreement, termination of the ENA, and any other documents necessary for the sale of the City's Interest shall be approved as to form and legality by the City Attorney's Office and a copy shall be filed with the Office of the City Clerk.

SECTION 7. The City Council hereby finds and determines, on a separate and independent basis, that this action will not result in direct or indirect physical change in the environment and does not in-and-of-itself constitute a "project" pursuant to CEQA Guidelines Section 15378. In the alternative, if it is deemed to be a project under CEQA, the common sense exemption (CEQA Guidelines 15061(b)(3)) applies to the project since it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

SECTION 8. The recitals contained in this Ordinance are true and correct and are an integral part of the City Council's decision.

SECTION 9. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional

SECTION 10. Effective Date. This ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES – FIFE, GALLO, JENKINS, KALB, KAPLAN, RAMACHANDRAN, REID, AND
PRESIDENT FORTUNATO BAS

NOES –
ABSENT –
ABSTENTION –

ATTEST: _____

ASHA REED
City Clerk and Clerk of the Council of the
City of Oakland, California

Date of Attestation: _____

NOTICE AND DIGEST

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A PURCHASE AND SALE AGREEMENT WITH AASEG LAND LLC, A DELAWARE LIMITED LIABILITY COMPANY OR ITS AFFILIATE, FOR THE SALE OF THE CITY OF OAKLAND'S UNDIVIDED 50 PERCENT INTEREST IN PROPERTY LOCATED AT 7000 COLISEUM WAY, OAKLAND, CALIFORNIA, FOR ONE HUNDRED FIVE MILLION DOLLARS (\$105,000,000) TO BE PAID IN INSTALLMENTS AND CONDITIONED ON DEVELOPMENT OF ON-SITE AFFORDABLE HOUSING AND OTHER BENEFITS; AND ADOPTING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

An Ordinance authorizing the negotiation and execution of a Purchase and Sale Agreement with AASEG Land LLC, a Delaware limited liability company, or its affiliate approved by the City Administrator, for the sale the City of Oakland's undivided 50 percent interest in property located at 7000 Coliseum Way, Oakland, California, for One Hundred Five Million Dollars (\$105,000,000) conditioned on development of on-site affordable housing and other benefits; and adopting California Environmental Quality Act Findings.