



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Ashleigh Kanat
Director, Economic
Workforce Development
Department

SUBJECT: Samuel Merritt University Land
Donation to City of Oakland

DATE: January 17, 2025

City Administrator Approval


Jestin Johnson (Jan 29, 2025 11:21 PST)

Date:

Jan 29, 2025

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Accept A Donation Of Real Property Valued At \$1,250,000 Pursuant To A Lot Line Adjustment That Will Increase The Size Of The Premises Of The Ground Lease Between The City Of Oakland And Samuel Merritt University And Permit University Campus Access Over A Public Plaza To And From 12th Street In Downtown Oakland; And Adopting California Environmental Quality Act Findings

EXECUTIVE SUMMARY

Samuel Merritt University (SMU) is currently constructing a new, 250,000 square foot campus in the heart of Downtown Oakland. The \$240 million project will allow the non-profit, health sciences university to double its enrollment over the next ten years. SMU has been in Oakland for 115 years.

The new campus is located on a city-owned parcel bounded by 11th Street, Clay Street, 12th Street, and Broadway. The city-owned parcel that SMU occupies is known as Lot 2 of Parcel Map 10430. There is an adjacent parcel, known as Lot 1 on the same Parcel Map 10430, which is owned by a private entity, 1100 Clay (Oakland) Owner, LLC, (Phase 1 Developer). See **Attachment A** for a map of the parcels. The Phase 1 Developer constructed a residential project fronting Clay Street, known as 1150 Clay Street.

SMU has a 99-year ground lease with the City of Oakland (City) of Lot 2 for the development and operation of its new downtown campus. The approved design for the campus includes a new large public plaza facing 12th Street that also serves as the main entrance to the building, which would include a portion of Lot 1. In order to complete this final portion of the project, the Phase 1 Developer, the City, and SMU have agreed to a lot line adjustment, pursuant to which (1) Phase 1 Developer will convey a fee interest in a portion of the Plaza ("Real Property") to the

CED Committee
February 11, 2025

City, and (2) the City and SMU will amend the Ground Lease and the LDDA to expand the premises of the Ground Lease and the property subject to the LDDA to include the Real Property

The lot line adjustment will move a portion of the lot line between Lot 1 and Lot 2, thereby increasing the size of the existing City property by 6,294 square feet and adding this square footage to the area where SMU is now constructing its new campus. The proposed lot line adjustment is shown in **Attachment A**, which contains two maps: the first map illustrates the existing Lot 1 and Lot 2. The second map shows the proposed lot line adjustment and the proposed new parcels, Parcel A and Parcel B.

SMU has valued the Real Property at One Million Two Hundred Fifty Thousand Dollars (\$1,250,000). Pursuant to Oakland Municipal Code (OMC) Section 2.41.080 any gifts or donations of real property to the City shall be governed by OMC Section 2.04.160, which provides that the City Council must accept gifts and donations to the City in amounts over Fifty Thousand Dollars (\$50,000). Therefore, this resolution is before City Council for consideration.

This action will allow SMU to complete the construction of its new downtown campus as designed. Construction of the project is anticipated to be completed by the fall of 2025.

BACKGROUND / LEGISLATIVE HISTORY

Legislative History

Pursuant to Ordinance [No. 13328 C.M.S.](#), the City and Strada T5 LLC (Strada), entered into that certain Disposition and Development Agreement for the T-5/T-6 Hotel and Residential Project dated as of November 6, 2015 (Original DDA) for the development of land located in downtown Oakland, California, that is within the block bounded by Broadway, 11th Street, 12th Street and Clay Street, commonly known as T-5/T-6 (Property)

Pursuant to the Original DDA, the Property was comprised of two lots for development in two phases: Phase 1 on Lot 1 consisting of a mixed-use development with 288 residential units, ground floor retail space, and a 12,075 square-foot privately maintained, publicly accessible, plaza (Plaza), and Phase 2 on Lot 2 originally consisting of a proposed hotel.

Through a series of assignment and assumption agreements, the rights and obligations related to development of Phase 1 provided in the Original DDA were assigned to the Phase 1 Developer, and the City conveyed Lot 1 to the Phase 1 Developer by Grant Deed recorded on March 12, 2018. Phase 1 Developer completed construction of Phase 1 (known as 1150 Clay Street) and the City recorded a Certificate of Completion pursuant to the Original DDA, as assigned, on August 23, 2022.

The Original DDA was amended by a First Amendment dated as of February 4, 2020 and a Second Amendment dated as of November 6, 2022, both by and between the City and Strada,

which among other things, changed the Phase 2 project to a new university campus and converted the Original DDA, as assigned and amended, to a Lease Disposition and Development Agreement (collectively, the LDDA) ([Ordinance No. 13707 C.M.S.](#)).

The LDDA was then assigned by an Assignment and Assumption Agreement (T5/T6 – LDDA Phase 2) dated November 30, 2022, by and between Strada and SMU, and the City and SMU entered into that certain Ground Lease (T5-T6) dated as of November 14, 2022 of Lot 2 (Ground Lease) for development of the new SMU campus in downtown Oakland.

The new SMU 10-story building is comprised of approximately 250,000 square feet, along with a landscaped plaza and pedestrian bridge connecting the building to 11th Street, is under construction. A rendering of the final project is included as **Attachment B**. Construction is expected to be completed by the fall of 2025. **Attachment C** illustrates the construction progress. The building will feature a mix of classroom space, educational laboratories, research laboratories, simulation space, student clinic space, and administrative office space. The floor plan features ground floor entrances from both 11th and 12th Streets. The ground floor will include active uses, including the main lobby/reception area, a shared common lounge with student dining, teaching and research labs, and a campus bookstore. The upper floors will contain academic, administrative, and support spaces, along with outdoor terraces for students and faculty. A portion of the publicly accessible plaza will be built by SMU on the donated Real Property and will feature public art, plantings, and seating.

About Samuel Merritt University

SMU is a 115-year-old Oakland institution that offers advanced degrees in health sciences including nursing, physical therapy, occupational therapy, podiatry, and physician assistants. SMU serves many Oakland students and residents with its mission to train healthcare professionals to advance health equity and support diverse communities. SMU has partnerships in the Oakland community including with the Oakland Unified School District, the Peralta colleges, several community health clinics, and dozens of faith-based communities. Twenty-five percent of SMU students go on to work in medically underserved areas after graduation.

SMU currently serves approximately 1,300 students and employs 300 staff and teachers. Approximately 70 percent of its students are people of color and 84 percent of students receive financial aid. SMU is also a workforce development engine, helping students access high-paying jobs in the healthcare sector. SMU's nursing school ranks fifth in the nation for post-graduation earnings, ahead of the Massachusetts Institute of Technology (MIT) and Harvard. 98 percent of its graduates find employment within one year of graduating. See more information in the attached SMU Factsheet, included as **Attachment D**.

SMU also seeks to grow its training programs in its new downtown campus to meet the staffing needs of health care providers and expects to double its enrollment in the next decade.

The new SMU campus will bring vitality and foot traffic to downtown Oakland, including during the evenings and on weekends. Adding thousands of students and faculty will help activate

downtown's public spaces and support local small businesses and cultural centers. This would be especially helpful as fewer workers are in the downtown area due to hybrid work and work-from-home trends following the COVID-19 pandemic.

ANALYSIS AND POLICY ALTERNATIVES

Lot Line Adjustment

SMU has a 99-year ground lease with the City of Lot 2 for development of its new downtown campus. The approved design for the campus includes a new large public plaza facing 12th Street that also serves as the main entrance to the building, which would cover a portion of Lot 1.

In order to allow SMU to complete the new plaza and main entrance on 12th Street, the Phase 1 Developer, the City, and SMU have agreed to a lot line adjustment in which Phase 1 Developer will convey a fee interest in a portion of the Plaza to the City. Then, the City and SMU will amend the Ground Lease and the LDDA to include the new Real Property. This action will allow SMU to complete the construction of its new downtown campus as designed. Construction of the project would be completed by the fall of 2025.

The lot line adjustment will move a portion of the lot line between Lot 1 and Lot 2, thereby increasing the size of the existing City property by 6,294 square feet and adding this square footage to area where SMU is now constructing its new campus. The proposed lot line adjustment is shown in **Attachment A**, which contains two maps: the first map illustrates the existing Lot 1 and Lot 2. The second map shows the proposed lot line adjustment and the proposed new parcels, Parcel A and Parcel B.

Land Donations

Pursuant to OMC Section 2.41.080 any gifts or donations of real property to the City shall be governed by OMC Section 2.04.160, which provides that the City Council must accept gifts and donations to the City in amounts over Fifty Thousand Dollars (\$50,000). Therefore, this action is necessary to authorize the City Administrator to accept the donation of Real Property as it has a value of \$1.25 million.

If the recommended action is not taken, the City cannot accept the land and add it to the Ground Lease with SMU, which will prevent SMU from completing its new downtown campus as designed. The SMU project would need to reorient its primary entrance to 11th Street, and there would be no public plaza fronting 12th Street.

This action aligns with the **citywide priority of housing, economic, and cultural security** by facilitating completion of a new downtown life science campus that will provide hundreds of jobs and bring thousands of people to the area to support local businesses.

FISCAL IMPACT

The proposed action will not have a direct fiscal cost or impact to the City; the City is accepting a donation of land, which will result in the City owning more property at the site. As discussed more below, the larger project will have net positive financial impacts for the City, such as creating new jobs in the downtown and increasing downtown spending by students and staff.

PUBLIC OUTREACH / INTEREST

SMU previously hosted community meetings about its proposed campus in 2022 and conducted outreach to local neighborhood groups including its Old Oakland neighbors. The original project was discussed by the Planning Commission and the City Council at public hearings. The gift of land to the City helps SMU realize the original design for the project that was approved by the City.

COORDINATION

The following City departments were consulted during the preparation of this report: the Office of the City Attorney, the Budget Bureau, the Planning & Building Department, and the Department of Transportation (City Surveyor).

SUSTAINABLE OPPORTUNITIES

Economic: This action is in support of the larger SMU project, currently under construction and nearing completion. The larger SMU project will be a major job generator and workforce development engine for the City. The new headquarters itself is expected to bring thousands of students, faculty, and staff to City Center, generating foot traffic and customers to support surrounding downtown businesses. As described in previous agenda reports about the larger SMU project and ground lease, the completed project will generate at least \$236,400 in annual rent payments to the City, subject to annual Consumer Price Index (CPI) increases.

Environmental: The Project will meet the criteria for LEED Silver certification. It additionally will encourage a reduction in vehicle trips, and thus greenhouse gas emissions, among students, faculty, and staff, through its transit-accessible location in Downtown Oakland. The City Center location is more accessible to BART and other public transit options than SMU's current campus location in Pill Hill. The plaza area on 12th Street will be open to the public with seating areas and a public art piece for viewing.

Race & Equity: SMU serves a racially diverse student population and employs a racially diverse workforce. Approximately 70 percent of SMU students, 59 percent of staff, and 23 percent of faculty are people of color. The SMU student population is roughly 2% Native American, 9% Black/African American, 35% Asian, 22% Latino, and 22% White/Caucasian. 8% of students identify as mixed-race. Many students are low-income, with 84% receiving financial aid.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Pursuant to Ordinance No. 13707 C.M.S., the City Council independently reviewed and considered this environmental determination, and the Council found and determined that this action complies with the CEQA as follows:

(a) City staff determined that an addendum (Addendum) to the 2000 Oakland City Center Environmental Impact Report (2000 EIR) was appropriate because the Project was consistent with the development density and land use characteristics established by the City of Oakland General Plan, and any potential environmental impacts associated with the Project's development were adequately analyzed and covered by the analysis in the 2000 EIR and its addenda.

(b) Upon Project approval, the Planning Commission found that further environmental review was not warranted because: (i) the Project satisfied the Community Plan Exemption pursuant to Public Resources Code Section 21083.3 and CEQA Guidelines Section 15183 (Projects Consistent with a Community Plan or Zoning) since the Project would not result in significant impacts that (A) would be peculiar to the project or project site; (B) were not previously identified in the 2000 EIR as significant project-level, cumulative, or off-site effects; or (C) were previously identified as significant but—as a result of substantial new information that was not known at the time the 2000 EIR was certified—would increase in severity above the level described in the 2000 EIR and; (ii) the Project qualified for an addendum pursuant to Public Resources Code Section 21166 and CEQA Guidelines Sections 15162 and 15164 (Subsequent EIRs, Supplements and Addenda to an EIR or Negative Declaration).

Since the action of accepting this donation of real property to the City serves to facilitate the development Project that was previously studied, the City relies on the above CEQA findings previously adopted by the City as if fully adopted herein. On a separate and independent basis, the City staff determined that this action is exempt from CEQA pursuant to the following CEQA Guidelines Sections: Section 15301 (existing facilities), Section 15304 (minor alterations to land), Section 15305 (minor alterations to land use limitations), and Section 15268 (ministerial projects), each serving collectively and separately as a basis for CEQA clearance.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Accept A Donation Of Real Property Valued At \$1,250,000 Pursuant To A Lot Line Adjustment That Will Increase The Size Of The Premises Of The Ground Lease Between The City Of Oakland And Samuel Merritt University And Permit University Campus Access Over A Public Plaza To And From 12th Street In Downtown Oakland; And Adopting California Environmental Quality Act Findings.

For questions regarding this report, please contact Theresa Lopez at tlopez@oaklandca.gov or 510-238-6250.

Respectfully submitted,

Ashleigh Kanat
Ashleigh Kanat (Jan 28, 2025 16:13 PST)

ASHLEIGH KANAT
Director, Economic & Workforce Development
Department

Kelley Kahn, Assistant Director, Economic &
Workforce Development Department

Prepared by:
Theresa Lopez, Development Manager,
Public/Private Development, Economic &
Workforce Development Department

Attachments (4):

Attachment A: Map of Lot Line Adjustment

Attachment B: SMU Rendering

Attachment C: SMU Construction Progress

Attachment D: SMU Fact Sheet

Attachment A

1100 Clay Owner, LLC



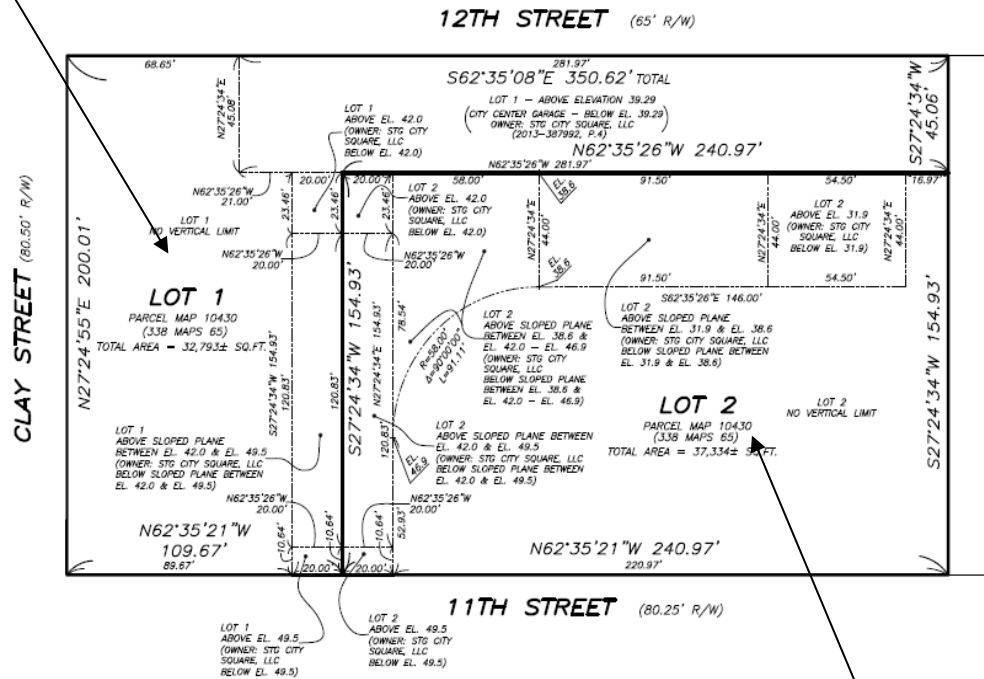
LEGEND
 R/W RIGHT OF WAY
 EL. ELEVATION
 PERIMETER LOT LINES
 VERTICAL LOT LINE GRADE BREAK

NOTE:
 OWNER OF 11TH STREET DRIVEWAY BELOW LOTS 1 AND 2 IS STC CITY SQUARE, LLC (2013-387992, P.6)

MAP REFERENCES:
 1. PARCEL MAP 5533 FILED NOVEMBER 17, 1988, IN BOOK 180 OF PARCEL MAPS, PAGES 44 AND 45, ALAMEDA COUNTY RECORDS.
 2. PARCEL MAP 10430 FILED MARCH 06, 2018 IN BOOK 338 OF PARCEL MAPS AT PAGES 65-67, ALAMEDA COUNTY RECORDS.

BASIS OF BEARINGS:
 THE 11TH STREET MONUMENT LINE IS TAKEN TO BE N62°35'21"W AS SHOWN ON PARCEL MAP 10430.

BENCHMARK:
 ELEVATIONS SHOWN HEREON ARE BASED ON CITY OF OAKLAND BENCHMARK NO. 2485, STAR CUT ON THE TOP OF CURB LOCATED AT THE SOUTHEASTERLY CORNER OF MARTIN LUTHER KING, JR. WAY AND 11TH STREET. ELEVATION 31.76' CITY OF OAKLAND DATUM. NOTE A BRASS DISC HAS BEEN PLACED ATOP THE ORIGINAL BENCHMARK AT ELEVATION 31.78' CITY OF OAKLAND DATUM.



BOUNDARY DETAIL A
 SCALE: 1"=30'

Samuel Merritt University

EXISTING LOTS

DRAFT
 DATE: 11-8-24

PARCEL MAP WAIVER

A LOT LINE ADJUSTMENT OF LOTS 1 AND 2, AS SAID LOTS ARE SHOWN ON PARCEL MAP 10430, FILED MARCH 06, 2018 IN BOOK 338 OF PARCEL MAPS PAGES 65-67, ALAMEDA COUNTY RECORDS

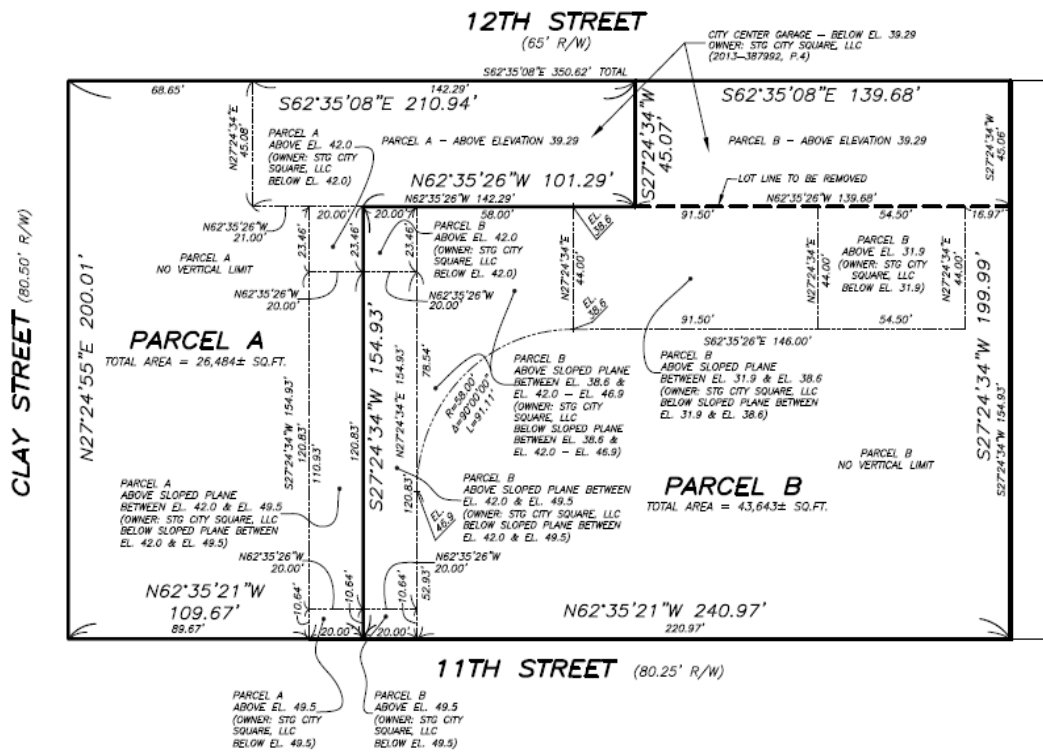
CITY OF OAKLAND COUNTY OF ALAMEDA STATE OF CALIFORNIA

MARTIN M. RON ASSOCIATES, INC.
 Land Surveyors
 859 Harrison Street, Suite 200
 San Francisco California

APNS 002-0097-049 THRU 056

NOVEMBER 2024 SCALE: 1"=30' SHEET 4 OF 7

Attachment A



LEGEND

- R/W RIGHT OF WAY
- EL. ELEVATION
- PERIMETER PARCEL LINES
- VERTICAL PARCEL LINE GRADE BREAK
- LOT LINE TO BE REMOVED

NOTE:
OWNER OF 11TH STREET DRIVEWAY BELOW LOTS 1 AND 2 IS STD CITY SQUARE, LLC (2013-387992, P.6)

SEE SHEET 6 FOR ISOMETRIC VIEW

DRAFT

DATE: 11-8-24

PARCEL MAP WAIVER

A LOT LINE ADJUSTMENT OF LOTS 1 AND 2, AS SAID LOTS ARE SHOWN ON PARCEL MAP 10430 FILED MARCH 06, 2018 IN BOOK 338 OF PARCEL MAPS PAGES 65-67, ALAMEDA COUNTY RECORDS

CITY OF OAKLAND COUNTY OF ALAMEDA STATE OF CALIFORNIA

MARTIN M. RON ASSOCIATES, INC.

Land Surveyors
859 Harrison Street, Suite 200
San Francisco California

APNS 002-0097-049 THRU 056

NOVEMBER 2024 SCALE: 1"=30' SHEET 5 OF 7

ATTACHMENT B

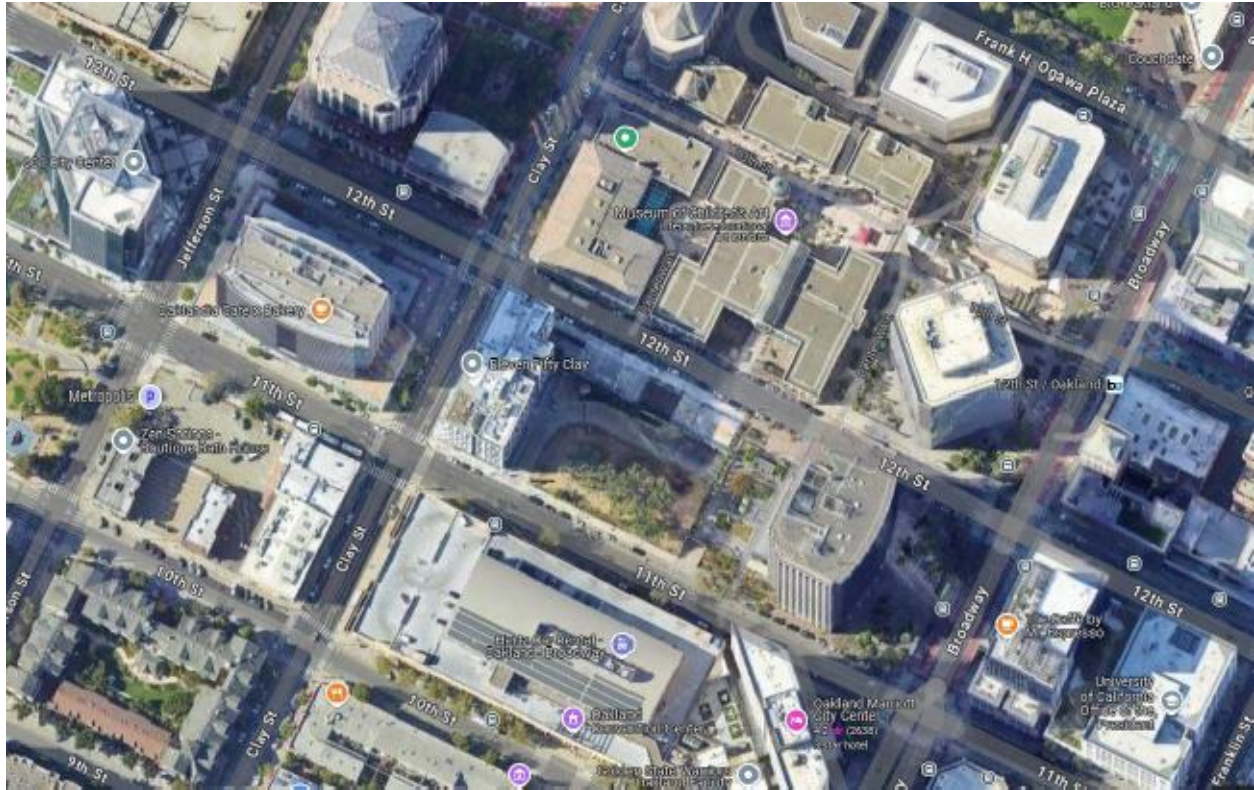


Samuel Merritt University 12th Street Plaza entrance.



Samuel Merritt University 11th Street entrance.

SMU Aerial Progress Drone Photos



View of City of Oakland vacant land before construction

SMU Aerial Progress Drone Photos



Aerial view of SMU on 12th Street with plaza area.

SMU Aerial Progress Drone Photos



Aerial view of SMU on 11th Street.

SMU Aerial Progress Drone Photos



Corner of 11th Street and Clay Street. 1150 Clay Street residential building completed with view of SMU under construction.

SAMUEL MERRITT UNIVERSITY



70%

Students of color



30%

First in family to go to college



94%

On-time graduation rate



84%

Students receive financial aid



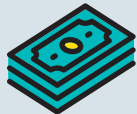
337

Students, faculty, and staff living in Oakland

95-100% Job Placement

Based on alumni survey

- Bachelor of Science, Nursing within one year
- Doctorate of Nursing Practice within six months
- Occupational Therapy within one year
- Physical Therapy within one year
- Podiatric Medicine Residency



1st in California and 5th Nationwide

Ranking of our undergraduate nursing alumni median salaries a decade after their studies, more than MIT and Harvard University



\$36M

Incremental earnings of 506 SMU graduates from the last 15 years living in the City of Oakland



93%

Employers surveyed often to always prefer our graduates over other candidates

1909

Year we were founded in Oakland

\$331.8M

Annual impact of future expanded operations at new Oakland campus



\$458.2M

Short-term construction impact of new Oakland campus



\$88M

Estimated annual impact of future spending by students attending our new Oakland campus, up from \$75M in 2019



\$29M

State and local tax impact generated annually by the university, current students, and alumni

1100

Free or low-cost visits provided by SMU podiatric medicine students to Oakland patients each month

1 Million

Approximate number of clinical hours provided by SMU students per year

5000



Number of Oakland residents reached by SMU community health education and wellness programs at the Laurel, Temescal, Oakland Pride, First Fridays, and Dia de Los Muertos events

Hundreds



OUSD students served annually through health care pipeline programs such as health fairs, career academy presentations, and Anatomy Lab and Simulation Center tours