

**CITY OF OAKLAND**  
**AGENDA REPORT**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2007 OCT 11 PM 2:15

TO: Office of the Agency Administrator  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development Agency  
DATE: October 23, 2007

RE: **Action on a Report and Request for Direction on the Creation of the West Oakland Community Trust Fund as proposed for the Former Oakland Army Base**

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**SUMMARY**

This report provides an update on staff's efforts to develop a West Oakland Community Trust Fund. Based on input from the West Oakland Community Advisory Group (WOCAG), staff has developed some preliminary guidelines for how this program could be set up and administered. Although the Fund is not expected to be launched until 2009 or later, staff requests that the Council/Agency provide direction on the proposed program now, so that the Fund requirements may be incorporated into any future negotiations with potential developers on the Army Base.

**FISCAL IMPACT**

As proposed, a total of \$4,000,000 – shared equally between the Agency and the Port of Oakland – will be contributed to the Community Trust Fund. The Agency's \$2,000,000 contribution will be made by the developers selected for the Army Base. The Agency would require developers to pay approximately \$20,000 for each acre of land in the Army Base that is purchased or leased for development. These funds would be reserved to support or sponsor a variety of community projects that meet the criteria described below.

The Community Trust Fund would entail minor operating costs for auditing and other expenses. Staffing costs could be absorbed using existing staff resources, but the auditing may require consultant services that would be funded by the Community Fund itself.

**BACKGROUND**

The West Oakland Community Trust Fund was first proposed in 1998, when the Agency began to seek a master developer for the Army Base. During the first selection process, one of the developers (Oakland West Wind, LLC) proposed to establish a "Community Trust" to fund community activities, if they were selected to develop the Army Base. Ultimately, the City/Agency ended its discussions with Oakland West Wind; yet the Community Trust concept continued to be discussed with great interest in the West Oakland community.

In 2003, the City and Port agreed to a process by which a Community Trust could be created in the future. This process was set forth in the Memorandum of Agreement for Oakland Army Base

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dated July 8, 2003, and as amended in June 2007 ("City-Port MOA"). Pursuant to the requirements of the City-Port MOA, and by Council action in July 2006, the Community Trust Fund account was established in August 2006. The Agency's \$2 million contribution will be made by the developers selected for the Army Base, and these contributions must be made on or before August 2010. The Port must match the amounts that the Agency or its developers contribute, up to \$2 million. No funds have yet been contributed. The City/Agency has directed WOCAG to develop proposed policies for Fund operations.

## KEY ISSUES AND IMPACTS

WOCAG discussed the Community Trust Fund at its monthly meetings in February-May 2007. Based on these discussions, staff proposes the following general guidelines for when the Fund is implemented, starting when funds are collected from the Port and the selected developers of the Army Base:

### 1. Timing and Method of Collecting Funds

To fund the Agency's portion of the Community Trust Fund, the Agency would require developers to pay approximately \$20,000 for each acre of land that is purchased or leased for development in the Army Base. This requirement would apply to any and all business entities developing in the Gateway Development Area. An estimated \$2 million would be raised from the buildout of the entire Army Base property.

Payment of this fee would be required as a term in any Disposition and Development Agreement (DDA), ground lease, or other development agreement. Payment would typically be required at the time that the land is conveyed to the developer. Thus, the \$2 million would be collected over time during the next several years, as parcels of land are turned over for development.

As City/Agency funds are collected, the Port will contribute a matching amount up to the maximum Port contribution of \$2 million. Under the anticipated timeline, the first funds would be available in 2009.

### 2. Use of Funds

The Community Trust Fund would establish a total of \$4 million that would be available for a variety of uses. Based on both the WOCAG and staff's recommendations, the Fund would target projects and programs that meet the following criteria:

- **Community Benefit:** Projects and programs that create business and employment opportunities for West Oakland residents; provide services and facilities for youth; improve open space and other public facilities in West Oakland; or provide other concrete community benefits.

- **Geographic Scope:** The Fund would support projects and programs located within the West Oakland District, which includes the area bounded by Interstates 580, 880, and 980.
- **Fund Restrictions:** Projects and programs that comply with the fund restrictions attached to Port funds and/or redevelopment funds, as applicable. For example, the \$2 million from the Port can only be applied to uses that are consistent with Tidelands Trust policies, as determined by the State Lands Commission. The \$2 million that is collected from Army Base developers will not have the same restrictions as the Port funds, but they would have the same restrictions as redevelopment funds, since they are required as part of an Agency agreement. The funds from the Port will be held in a separate account, so that the funding source may be tracked.
- **Professional Management & Feasibility:** Projects and programs that are professionally managed by established organizations, and that can demonstrate financial feasibility and a high likelihood of successful completion.
- **Not Redundant with Basic City Services:** Projects and programs that are not traditionally provided by general City services. For example, decorative banners would be a qualifying use, but basic streetlights or sidewalk repairs would not.

Examples of potential qualifying uses include:

- Improvements to parks, libraries, community centers, or other public facilities (e.g., Raimondi Park, Bay Trail, etc.).
- Façade improvements for local stores.
- Micro-loans to West Oakland-based businesses.
- Relocation of Port-related businesses out of West Oakland to the Army Base.
- Historic preservation/rehabilitation projects (e.g., the 16<sup>th</sup> Street Train Station rehabilitation).

### 3. Selection Process

Staff would issue an annual call for proposals, which would be marketed to the West Oakland community through the WOCAG, the West Oakland Project Advisory Committee (WOPAC), and other local community groups; the West Oakland Commerce Association (WOCA); posting notices at key West Oakland locations; local-serving news media and websites (including the City's website); and other community outreach.

Proposals would be reviewed by WOCAG and would be scored based on the criteria described above. To assist WOCAG's review, staff would provide a technical appraisal of

the proposals. Staff would forward the recommendations of WOCAG to the Agency Board, which would make the final decision on awarding funds.

#### **4. Disbursement of Funds**

Funds would be disbursed in the form of an interest-free loan, with the possibility of forgiveness in the case of a project/program that is not expected to generate revenue. The intent would be to allow the Fund to be replenished, to the extent possible, so that more projects and programs can be supported in the future. WOCAG recommends that awards be limited to a maximum of \$350,000 per project/program, in order to allow the Fund to be distributed among a wider array of applicants.

#### **5. Administration & Monitoring**

In order to prevent the misuse of funds, staff would monitor the progress of all approved projects and programs. All fund recipients would be required to meet a pre-set schedule of performance; provide regular status reports; and submit to annual auditing.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** The West Oakland Community Fund will have a direct and positive economic impact on the West Oakland community. The funding will be used in a variety of community-based efforts including business and employment opportunities and programs for youth.

**Environmental:** The Community Fund will have positive impacts on the environment by fostering and supporting community based projects and programs that improve the quality of life for the West Oakland community.

**Social Equity:** The West Oakland Community Fund will provide access to funds on a more community based level, specific to West Oakland, with extensive opportunities for participation.

### **DISABILITY AND SENIOR CITIZEN ACCESS**

This report does not include the approval of any specific projects or programs. Disability and senior access issues will be addressed when specific development plans are submitted for West Oakland Community Fund financing, and can be identified and incorporated into the proposals as a requirement for funding.

### **RECOMMENDATIONS AND RATIONALE**

The West Oakland Community Trust Fund will accumulate over time as new development projects go forward in the former Oakland Army Base. A total of \$4 million will be contributed from the Port (\$2.0 million) and the developers selected for the Army Base (\$2.0 million). The first contributions are not expected until 2009. However, staff is proposing to establish certain general guidelines and parameters for the Fund now, so that potential developers have a clear

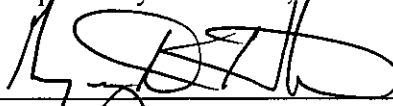
expectation of what their financial requirements may be, and so that potential applicants have a clear idea of what projects and programs might qualify and what criteria will be used to evaluate proposals for funding.

The Fund could be used to support a wide variety of enterprises that would provide benefits to the West Oakland community, such as: improvements to parks and other community facilities; historic rehabilitation; micro-loans to small local businesses; relocation of Port-related businesses to the Army Base; or other projects and programs. The fund will be managed so as to allow broad community outreach and participation; yet at the same time it will establish strict procedures for administration and monitoring of funds.

**ACTION REQUESTED OF THE CITY/REDEVELOPMENT AGENCY**

Staff recommends that the Agency accept this status report and provide comments and direction to staff on the proposed policies and procedures for the West Oakland Community Trust Fund as outlined in this report.

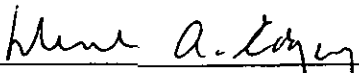
Respectfully submitted,



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APPROVED AND FORWARDED TO  
THE COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE:



**OFFICE OF THE CITY ADMINISTRATOR  
/ AGENCY ADMINISTRATOR**