



AGENDA REPORT

TO: Jestin D. Johnson, City Administrator

FROM: Ashleigh Kanat, Director,
Economic & Workforce
Development Department

SUBJECT: OMSS Lease Disposition and
Development Agreement – Fourth
Amendment

DATE: April 17, 2024

City Administrator Approval


Jestin Johnson (Apr 26, 2024 15:18 PDT)

Date: Apr 26, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt:

An Ordinance Authorizing The City Administrator To Execute A Fourth Amendment To The Lease Disposition And Development Agreement Between The City Of Oakland And OMSS, LLC, For Development Of An Ancillary Maritime Support Facility For Truck Parking And Related Services At 10 Burma Road And 2307 Wake Avenue, To Extend The Outside Closing Date By Nine Months Subject To An Extension Payment of \$37,500, With An Additional Three Month Administrative Extension Subject To An Extension Payment of \$12,500; And Adopting California Environmental Quality Act Findings

EXECUTIVE SUMMARY

Staff is recommending that the City Council adopt the proposed ordinance that would authorize the City Administrator to execute a fourth amendment (Fourth Amendment) to the Ancillary Maritime Support Project Lease Disposition and Development Agreement, as amended by first, second and third amendments (LDDA) between the City of Oakland (City) and OMSS, LLC (OMSS), a California limited liability company, for the development of 10 Burma Road and 2307 Wake Avenue (Property) in the Gateway Area of the former Oakland Army Base (OAB) as an ancillary maritime support facility for truck parking and related services (Project).

OMSS has worked with the City in good faith to expeditiously implement the performance schedule set forth in the LDDA and is making good progress, but requires additional time to meet all the requirements. Therefore, the Fourth Amendment would extend the Outside Closing Date (as defined in the LDDA) by nine (9) months from May 1, 2024 to February 1, 2025 to allow OMSS to complete the permitting steps with the City required by the LDDA Schedule of Performance. The Fourth Amendment would also require OMSS to pay the City a nonrefundable \$37,500 extension payment and allow an additional three (3) month

administrative extension of the Outside Closing Date subject to an extension payment of \$12,500 if certain LDDA Schedule of Performance milestones are met.

BACKGROUND / LEGISLATIVE HISTORY

Legislative History

In 2000, after considering the OAB redevelopment plan, the San Francisco Bay Conservation and Development Commission (BCDC) issued Resolution No. 00-10 amending the San Francisco Bay Plan and San Francisco Bay Area Seaport Plan to require, among other things, that the City reserve 15 acres of land on or adjacent to the OAB for truck-related ancillary maritime services.

In July 2014, pursuant to this BCDC requirement, the City and OMSS executed an LDDA for the development of a 16.7-acre truck parking and truck services facility on the Property, which is a City-owned property located at the Gateway Area within the OAB, as authorized by [Ordinance No. 13201 C.M.S.](#) OMSS is a California limited liability company that operates a truck parking and truck services facility at the OAB. The new facility proposed by OMSS would provide services to trucks operating in and out of the Port of Oakland (Port) and thereby reduce truck traffic and related impacts within the West Oakland neighborhood.

On August 31, 2017, pursuant to [Ordinance No. 13376 C.M.S.](#), the City and OMSS executed the first amendment to the original LDDA (First Amendment), which, among other things, allowed the City access to the Property, which had been leased to OMSS under a separate interim lease, so that the City could pave a 327,000 square foot portion of the Property for truck parking until such time as the Project was ready for construction. The City used a \$5 million Alameda County Transportation Commission grant authorized by [Resolution No. 86275 C.M.S.](#) to pay for this improvement.

On May 3, 2022, the City and OMSS executed a second amendment to the original LDDA (Second Amendment), as amended by the First Amendment, to revise the Schedule of Performance and establish the Outside Closing Date (each as defined in the LDDA) as May 1, 2023.

On October 3, 2023, pursuant to [Ordinance No. 13761 C.M.S.](#), the City and OMSS executed a third amendment to the original LDDA (Third Amendment), as amended by the First Amendment and Second Amendment, to revise the Schedule of Performance and extend the Outside Closing Date to May 1, 2024. Since then, OMSS has been working to diligently satisfy the Schedule of Performance to meet the Outside Closing Date.

The Project

The Project consists of three main modules: (1) truck services; (2) convenience gas/food market; and (3) trans-load services.

The truck services module includes an 18,000 square foot truck maintenance facility with space for truck repair, tire and oil change, truck wash, bathrooms/showers and small office space. Additional services include a certified weigh station, truck fueling station, alternative fuel station for hydrogen fueling and electric charging, open parking spaces for up to 326 trucks (220 tractor and 106 container spaces), and two guard shacks with 24-hour surveillance.

The convenience gas/food services module consists of a 13,500 square foot building with a first-floor convenience market to provide convenience goods, beverages, and food services. The convenience market is not planning to sell alcohol. Additional first floor amenities include a truck parts sales area, a small laundry room facility, and restrooms with showers. The second floor will include office space that will be a mixture of traditional and open office footprint, with flexibility to divide into individual office spaces for future tenants. There will also be an auto fueling station with fueling bays and open parking space for at least 39 cars.

The trans-load services module consists of an approximately 14,000 square foot area for transferring goods from truck to truck. The space will initially be open air. In the future a loading dock and roof canopy may be built as well as a possible rail spur connection.

ANALYSIS AND POLICY ALTERNATIVES

Since executing the Third Amendment, OMSS has continued to make progress toward fulfilling its obligations under the LDDA, including submitting building, grading, public infrastructure (PX) and private infrastructure (PZ) permit applications and paying permit application fees totaling more than \$500,000 for the initial improvements. While the permitting plan review process has commenced with the Planning and Building Department and the Oakland Department of Transportation, this process will take another six to eight months to complete. OMSS must still provide the City with 100 percent construction documents, the identity of a financial guarantor, and evidence of financing prior to closing escrow. The recommended action will allow OMSS to complete these remaining steps, resulting in execution of a 55-year ground lease and commencement of construction by OMSS. This would satisfy the City's obligation to BCDC to provide a 15-acre truck parking and truck services facility within the OAB Gateway Development Area.

The recommended Fourth Amendment would extend the Outside Closing Date by nine (9) months from May 1, 2024 to February 1, 2025 subject to an extension payment of \$37,500, with an additional three (3) month administrative extension subject to an extension payment of \$12,500 conditioned on OMSS obtaining all of its governmental approvals, including the permits identified above, in accordance with the LDDA Schedule of Performance.

Approval of the requested action would advance the Citywide priority of housing, economic, and cultural security by enabling development of critical infrastructure necessary to ongoing, vibrant Port operations.

Not entering into the recommended Fourth Amendment would prevent OMSS from fulfilling its Schedule of Performance tasks, require the City to terminate the LDDA based on default by OMSS, and require the City to commence a competitive process to identify a replacement developer for the truck parking and truck services facility. The City would still be obligated to provide a 15-acre truck parking and truck services facility consistent with its obligation to BCDC, and satisfaction of that obligation would be significantly delayed.

FISCAL IMPACT

The recommended Fourth Amendment would require OMSS to pay nonrefundable extension payments of \$37,500 and potentially also \$12,500, both of which would be accepted and appropriated to the OBRA Leasing & Utility Fund (5671), Oakland Army Base Redevelopment Organization (85244), OBRA Leasing & Utility Project (1001542), OARB Bay Bridge Gateway Program (SC07).

PUBLIC OUTREACH / INTEREST

The City and OMSS have conducted numerous outreach meetings with a variety of community organizations, neighborhood groups, and business groups as well as outside agencies regarding the proposed OMSS ancillary maritime support facility for truck parking and related truck services at the OAB. Redevelopment of the OAB, inclusive of the Project, was the subject of the Army Base Environmental Impact Report in 2002, which was updated in 2012 with an Addendum (Ordinance No. 13131 C.M.S.) and includes a comprehensive set of standard conditions of approval and a mitigation monitoring and reporting program and was the topic of numerous public hearings and meetings.

COORDINATION

The Economic & Workforce Development Department has coordinated its efforts regarding this item with the City Administrator's Office, Planning and Building Department, Oakland Public Works, Oakland Department of Transportation, City Attorney's Office, and Budget Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: Redevelopment of the Property for services in support of Port operations should have substantial economic regional impacts which can be characterized in terms of net direct

spending, total output, income and jobs. In addition, the Project should have positive fiscal impacts which can be measured in both City and County tax revenue increases including property taxes, sales taxes and business taxes.

Environmental: Constructing the Project should enhance smart growth principles and keep Port-serving trucks in the Port Area, instead of traveling into West Oakland for services, all of which result in environmental benefits. Further, the Project intends to be a showcase of sustainable industrial infrastructure, including novel transportation energy solutions such as hydrogen fueling, biodiesel and electric charging as well as embracing new energy storage and distribution solutions. The Project will include significant solar electric power generation on site and include green infrastructure solutions such as vegetated buffers for air filtration that go above and beyond baseline City requirements. The Interim Lease was amended to enable third-party deployment of low-carbon hydrogen-fueled trucking in the Port area.

Race and Equity: The West Oakland neighborhood adjacent to the Property, which has historically been home to a high percentage of Black residents, has long borne a disproportionate share of negative environmental and public health impacts from Port-related truck traffic. Providing additional time for OMSS to implement the tasks under the LDDA and thereby construct the Project would divert truck traffic and its related impacts out of the West Oakland neighborhood and keep more of these activities and their impacts concentrated within the industrial OAB area.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

This action is exempt under California Environmental Quality Act (CEQA) Guidelines section 15063(b)(3) (common sense exemption) since the action under consideration is limited to the Fourth Amendment to the LDDA, an extension of an existing real estate contract, which has no reasonable possibility of an effect on the environment. On a separate and independent basis, any anticipated environmental effects of the Project were previously contemplated and adequately evaluated by the 2002 Oakland Army Base Redevelopment Plan Environmental Impact Report ("EIR"), as amended by the 2012 Addendum, together, the "2002 EIR/2012 Addendum". Therefore, in accordance with California Public Resources Code Section 21166 and CEQA Guidelines Section 15164, the 2002 EIR/2012 Addendum will comprise the full and complete CEQA evaluation necessary and no further CEQA evaluation will be required for this action.

ACTION OF THE CITY COUNCIL

Staff recommends that the City Council adopt the following pieces of legislation:

An Ordinance Authorizing The City Administrator To Execute A Fourth Amendment To The Lease Disposition And Development Agreement Between The City Of Oakland And OMSS, LLC, For Development Of An Ancillary Maritime Support Facility For Truck Parking And Related Services At 10 Burma Road And 2307 Wake Avenue, To Extend The Outside Closing Date By Nine Months Subject To An Extension Payment of \$37,500, With An Additional Three Month Administrative Extension Subject To An Extension Payment Of \$12,500 And Adopting California Environmental Quality Act Findings.

For questions regarding this report, please contact John Monetta, Project Manager II, at (510) 238-7125.

Respectfully submitted,

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ASHLEIGH KANAT
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