

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

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2008 NOV 24 PM 4:32

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: December 2, 2008  
RE: **Supplemental Staff Report Regarding:**

- 1) Agency Resolution Authorizing the Agency Administrator to: (a) Negotiate and Execute an Amendment to the April 18, 2002 Oakland Army Base Settlement Agreement to Extend Caltrans' Use of 26 Acres of West Gateway Area Property from April 2013 to April 2016, and (b) Accept from Caltrans an Additional Settlement Agreement Payment Amount of at Least Ten Million Eight Hundred Thirty-Five Thousand Two Hundred Eighty-Three Dollars (\$10,835,283);**
- 2) Agency Resolution Authorizing the Agency Administrator to Negotiate and Execute: (a) an Amendment to the April 29, 2005 Under-Freeway Easement from Caltrans to Expand the Agency's Easement Uses to Include Vehicles and Vehicle Storage; (b) a Phase II Tidelands Trust Exchange Agreement for Oakland Army Base Under-Freeway Property and Take Any Actions Necessary to Implement the Agreement; (c) an Amendment to May 23, 2005 Purchase and Sale Agreement with Caltrans for 6.5-acres of Oakland Army Base Property; and (d) an Easement in Favor of Caltrans for a San Francisco Bay Trail Connection to Maritime Street.**
- 3) City Council Resolution Authorizing the City Administrator to Negotiate and Execute: (a) an Amendment to the April 18, 2002 Oakland Army Base Settlement Agreement to Extend Caltrans' Use of 26 Acres of West Gateway Area Property from April 2013 to April 2016; and (b) an Amendment to May 23, 2005 Purchase and Sale Agreement with Caltrans for 6.5-acres of Oakland Army Base Property**

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**SUMMARY**

This supplemental report responds to a request from the November 12, 2008 Finance & Management Committee for a visual chronology of the Caltrans property issues.

In February 2002, the Federal Highway Administration ("FHWA") executed three quitclaim deeds granting the California Department of Transportation ("Caltrans") a temporary construction easement for Pier 7, fee title to approximately 22 acres of under-freeway property

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and an access easement along Burma Road. **Attachment A – 2002 Caltrans Deeds** depicts the location of the three quitclaim deed actions.

In May 2005, the Agency agreed to transfer 6.5-acres of Central Gateway property to Caltrans. **Attachment B – Gateway Development Area**, depicts, among other things, the location of the 6.5-acre site.

**Attachment C – Maritime Street Connection** shows the proposed location for the San Francisco Bay Trail connecting segments along Interstate 80 and Maritime Street.

In January 2008 the Agency Board authorized staff to execute an agreement with Caltrans to extend Caltrans' use of Pier 7 at the Army Base through April 2015 and to accept \$10,553,347 as payment from Caltrans. Staff is returning to request authorization to accept at least \$10,835,283 payment from Caltrans for use of Pier 7 through April 2015, to request authorization for an additional one-year option from April 2015 to April 2016 for \$2.7 million, to be paid in the event Caltrans exercises its option, and to request authorization for other Caltrans related items.

### **FISCAL IMPACT**

Caltrans has offered the Agency an easement fee of at least \$10,835,283 in payment for Caltrans previously obtained right to use Pier 7 from April 2010 to April 2013 and in payment for a two-year extension from April 2013 to April 2015, which represents fair market value for the use of the property. The payment will be deposited into the Oakland Redevelopment Agency OBRA Leasing and Utility Fund (9575), General Ledger Organization (08222), OBRA Leasing and Utility Project (S294210), Undetermined Program (0000). If the Agency grants the extension, this will delay the development of the West Gateway Area of the former Oakland Army Base, and the tax increment to be generated by such development. It will also prevent the Agency from leasing the property to any other party. However, it will be very difficult to relocate Caltrans from the property until the new Bay Bridge is completed.

### **KEY ISSUES AND IMPACTS**

The April 18, 2002 Oakland Army Base Settlement Agreement among Caltrans, the Port of Oakland, the City of Oakland, the Agency, and OBRA provided that if Caltrans failed to complete its project by April 2010, it could extend the easement by three years, and it would pay the Agency the net present value of \$2.4 million for each additional year. Caltrans has informed the Agency that it will be exercising the three-year option, and has asked the Agency for an additional two years, through April 2015 with an additional \$2.7 million one-year option through April 2016. Caltrans has agreed to pay the net present value of \$2.7 million for the two year

extension (2013-2015). In January 2008, staff presented the following calculations for the net present value, as of April 2008, of the five payments as follows:

April 2010-11	April 2011-12	April 2012-13	April 2013-14	April 2014-15	TOTAL
\$2.4 million	\$2.4 million	\$2.4 million	\$2.7 million	\$2.7 million	<b>\$11.16 million</b>
Net Present Value \$2,197, 752	Net Present Value \$2,103,112	Net Present Value \$2,012,547	Net Present Value \$2,166,618	Net Present Value \$2,073,318	Net Present Value <b>\$10,553,347</b>

Staff has recalculated the net present value of the five payments with a December 2008 payment as follows:

April 2010-11	April 2011-12	April 2012-13	April 2013-14	April 2014-15	TOTAL
\$2.4 million	\$2.4 million	\$2.4 million	\$2.7 million	\$2.7 million	<b>\$11.16 million</b>
Net Present Value \$2,260,489	Net Present Value \$2,161,203	Net Present Value \$2,066,279	Net Present Value \$2,222,464	Net Present Value \$2,124,849	Net Present Value <b>\$10,835,283</b>

Extending the easement by three years, including the potential one-year option through 2016, will delay the development of the West Gateway Area of the former Oakland Army Base, and the tax increment to be generated by such development. It will also prevent the Agency from leasing the property to any other party. However, staff does not believe that any other use would generate as much revenue as Caltrans has agreed to pay in exchange for the easement extension and failure to reach agreement with Caltrans may result in lengthy and potentially costly litigation and will hinder the completion of the new Bay Bridge project:

**RECOMMENDATION(S) AND RATIONALE**

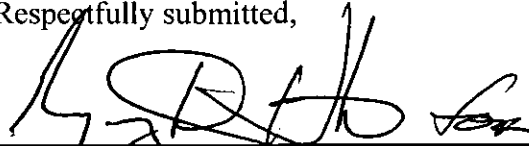
Staff recommends the City Council and Agency agree to the three-year extension, with an additional one-year, \$2.7 million option, of the April 18, 2002 Oakland Army Base Settlement Agreement among Caltrans, the Port of Oakland, the City of Oakland, the Agency, and OBRA, through April 2016, to complete the construction of the San Francisco – Oakland Bay Bridge, and to accept a one-time easement fee of at least \$10,835,283.

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

Staff recommends the Agency and City approve the requested authorizations.

Respectfully submitted,



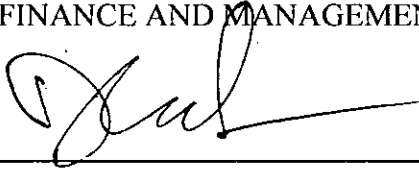
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Dan Lindheim, Director  
Community and Economic Development Agency

Reviewed by: Frank Fanelli, Manager  
Real Estate Division

Prepared by: John Monetta, Program Analyst III

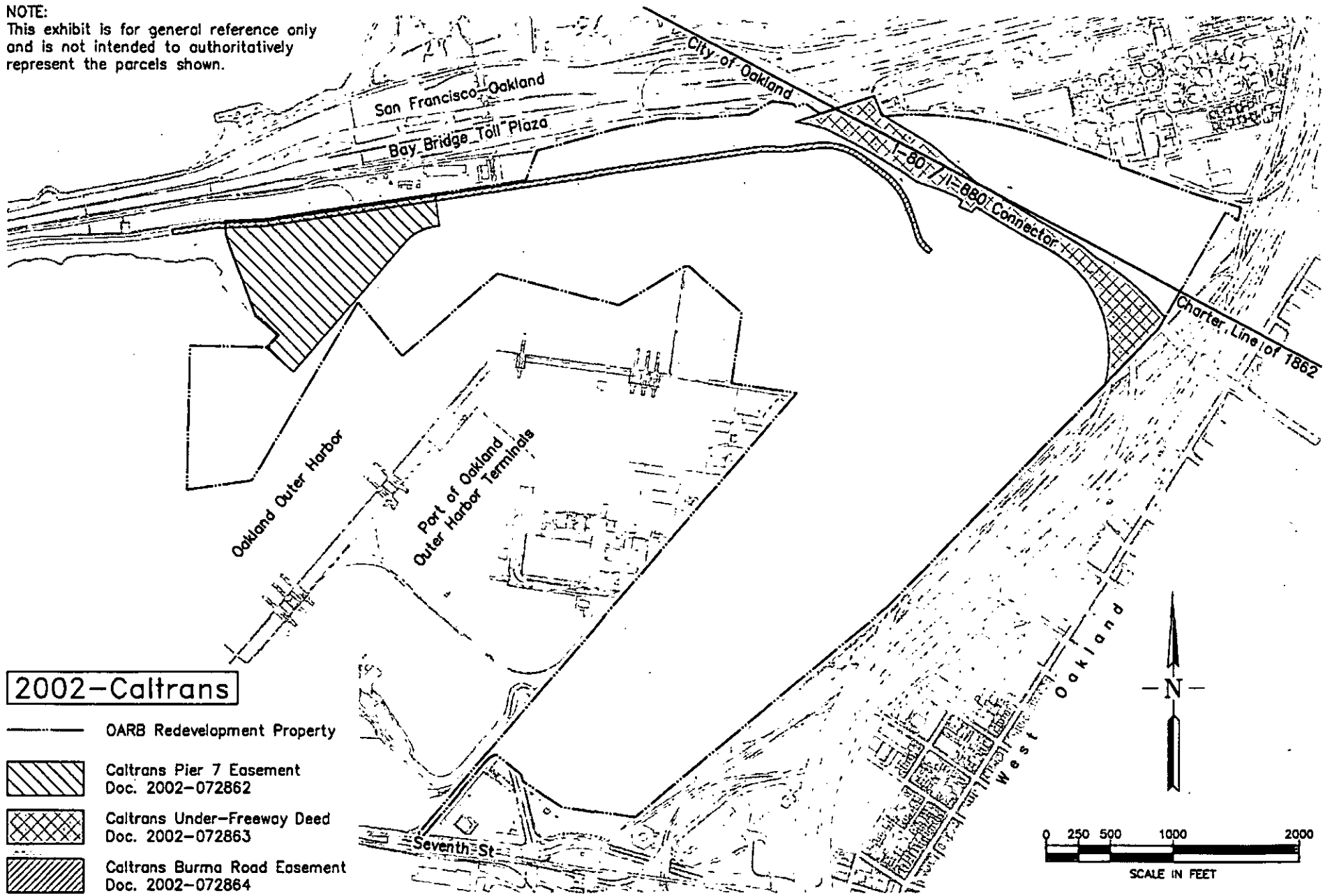
APPROVED AND FORWARDED TO THE  
FINANCE AND MANAGEMENT COMMITTEE:






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Office of the City/Agency Administrator

NOTE:  
 This exhibit is for general reference only  
 and is not intended to authoritatively  
 represent the parcels shown.



**2002-Caltrans**

- OARB Redevelopment Property
-  Caltrans Pier 7 Easement  
Doc. 2002-072862
-  Caltrans Under-Freeway Deed  
Doc. 2002-072863
-  Caltrans Burma Road Easement  
Doc. 2002-072864

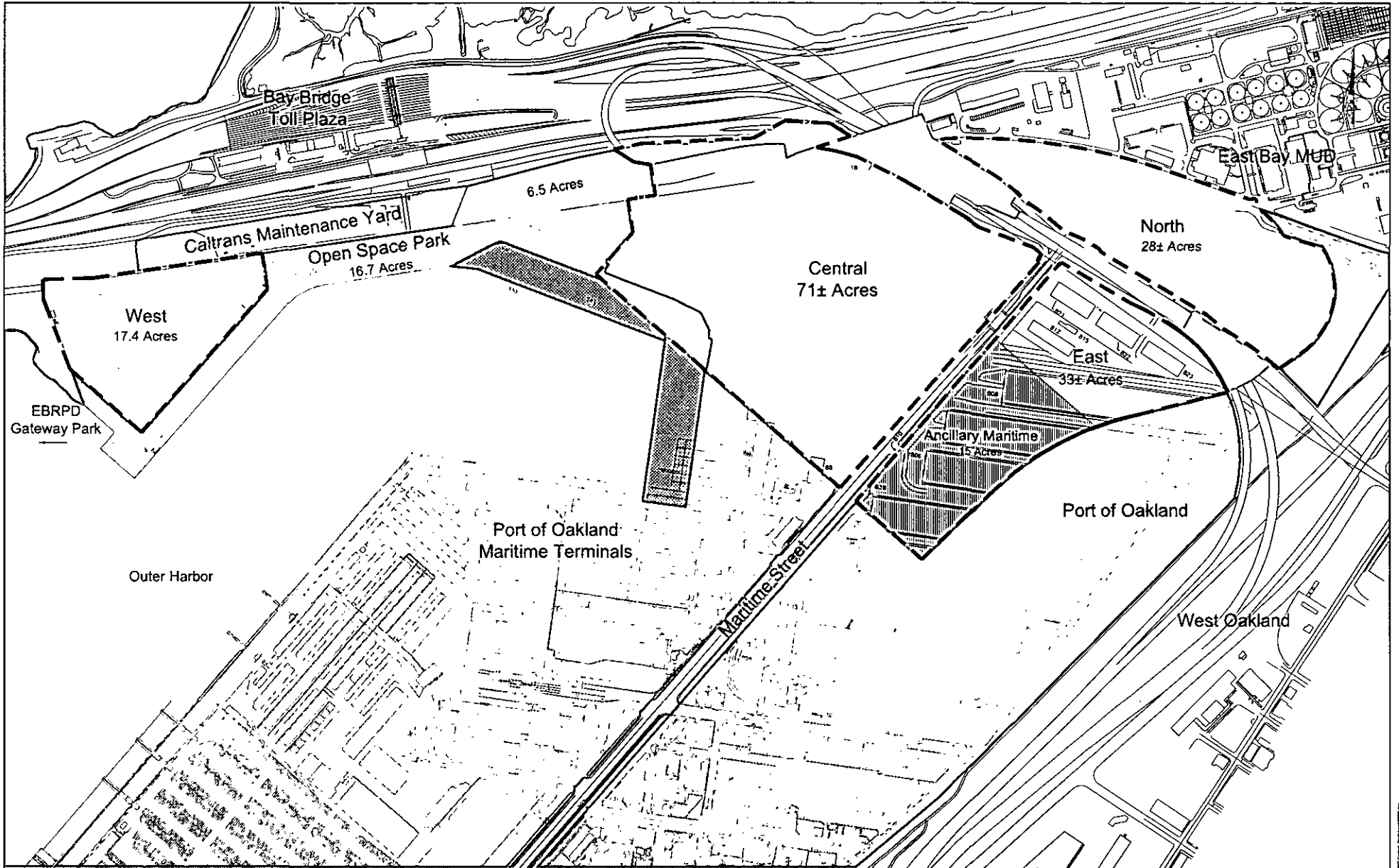
**PORT OF OAKLAND**  
 LAND SURVEYS AND MAPPING



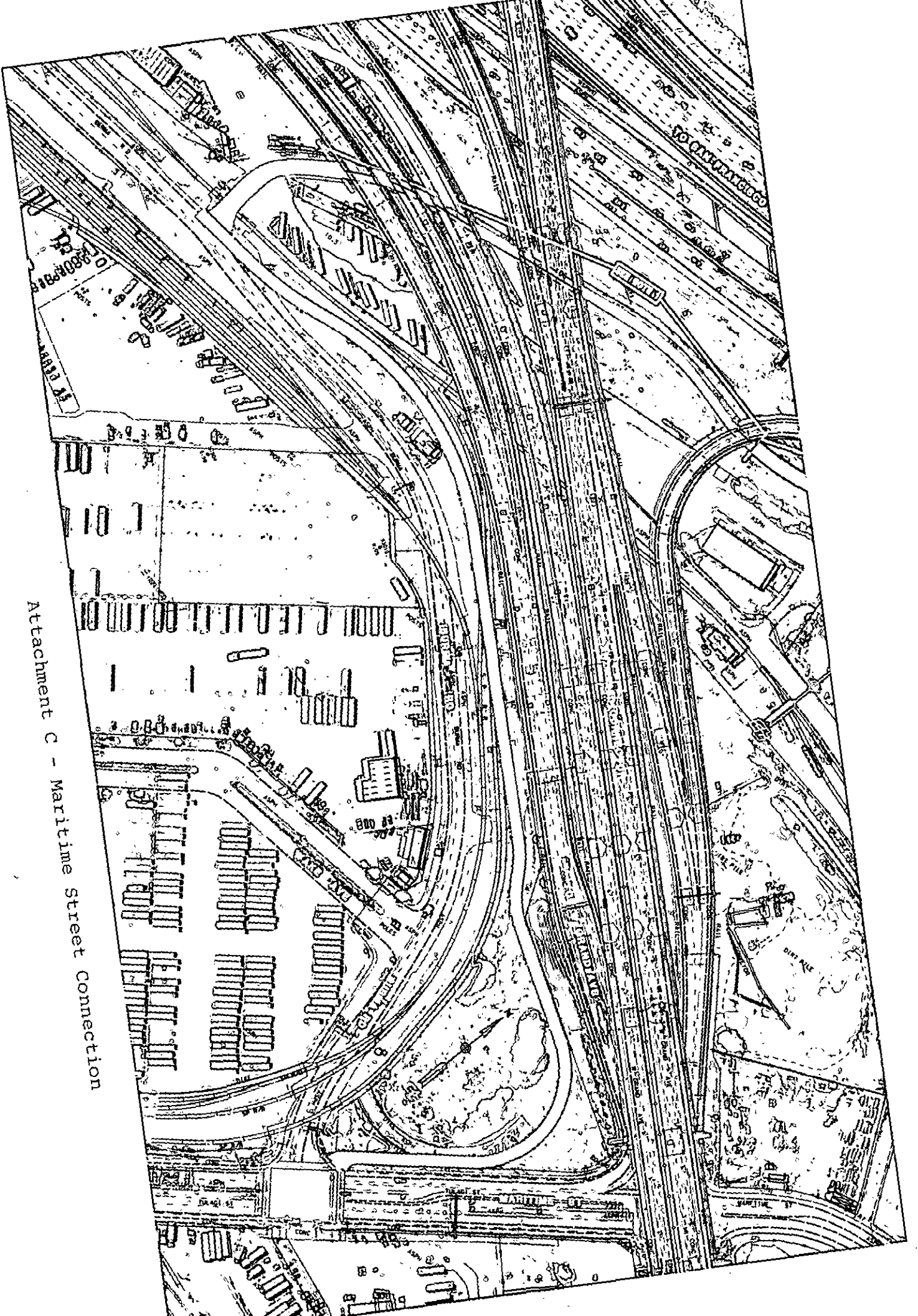
530 Water Street  
 Oakland, California  
 (510) 627-1100

Attachment A - 2002 Caltrans Deeds

DRAWN BY: DAM	Field Bk:
CHECKED BY:	Wrk. Ord:104105
SCALE: 1" = 1000'	Data File:
DATE: 5/31/2007	Revision: 2
SHEET 1 OF 6	Rev. date: 06/14/07
ATTACHMENTS: x_Outer-Harbor.dwg	
FILE LOC.> MOA_EX-2-1_R2.dwg	



# Gateway Development Area

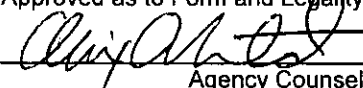


Attachment C - Maritime Street Connection

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OAKLAND

2008 NOV 24 PM 4:32

Approved as to Form and Legality

  
Agency Counsel

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. \_\_\_\_\_ C.M.S.

**RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN AMENDMENT TO THE APRIL 18, 2002 OAKLAND ARMY BASE SETTLEMENT AGREEMENT TO EXTEND CALTRANS' USE OF 26 ACRES OF THE WEST GATEWAY AREA PROPERTY FROM APRIL 2013 TO APRIL 2016 AND TO ACCEPT FROM CALTRANS A ONE-TIME EASEMENT FEE OF AT LEAST \$10,835,283 IN EXCHANGE FOR THE EXTENSION**

**WHEREAS**, in 2002 as part of the settlement of a lawsuit brought by the Port of Oakland (Port), the City of Oakland (City), the Oakland Redevelopment Agency (Agency) and the Oakland Base Reuse Authority (OBRA) against the California Department of Transportation (Caltrans), the Oakland parties agreed not to challenge an easement granted by the federal government to Caltrans over approximately 26 acres of land in the West Gateway portion of the former Oakland Army Base, located at what is known as Pier 7; and

**WHEREAS**, on April 18, 2002, the parties executed the 2002 Oakland Army Base Settlement Agreement, providing in part that Caltrans may use and occupy Pier 7 for eight years from April 2002 to April 2010, with an option to extend for three additional years to 2013; and

**WHEREAS**, Caltrans paid the Agency and the Port \$11.6 million for its use of Pier 7 through 2010 pursuant to the Settlement Agreement; and

**WHEREAS**, Caltrans has given notice that it will exercise the three-year option to extend the easement, and it has requested an additional two-year extension with a one-year option to the easement; and

**WHEREAS**, in exchange for the three-year option period and the additional two-year extension, Caltrans has offered the Agency a one-time payment of at least \$10,835,283 which represents the net present value of the fair market value for the use of the property; and

**WHEREAS**, the granting of easements and conveyance of properties are exempt from the requirements of the California Environmental Quality Act (CEQA) by Section



15269 (emergency projects) and Section 15301 (existing facilities) and Section 15302 (replacement and reconstruction) of the CEQA Guidelines; now, therefore, be it

**RESOLVED**, that the Agency hereby authorizes the Agency Administrator to negotiate and execute an amendment to the April 18, 2002 Oakland Army Base Settlement Agreement to allow for Caltrans to use and occupy approximately 26 acres of land in the West Gateway portion of the former Oakland Army Base, located at what is known as Pier 7, to facilitate completion of the Caltrans Bay Bridge Project, through April 17, 2015, with a one-year, 2.7 million dollar option to April 17, 2016; and be it

**FURTHER RESOLVED:** That the Agency hereby accepts a one-time payment of at least \$10,835,283 in exchange for extending Caltrans' use and occupancy of Pier 7 through April 17, 2015, and a \$2,700,000 payment in the event Caltrans exercises it one year option; and be it

**FURTHER RESOLVED:** That the funds be deposited into Oakland Redevelopment Agency's OBRA Leasing and Utility Fund (9575), General Ledger Organization(08222), OBRA Leasing and Utility Project (S294210), and be it

**FURTHER RESOLVED:** That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the Agency is exempt from CEQA under Section 15269 (emergency projects), Section 15301 (existing facilities) and Section 15302 (replacement and reconstruction) of the CEQA Guidelines, and directs the Agency Administrator to file a Notice of Exemption with the County of Alameda; and be it

**FURTHER RESOLVED:** That the amendment to the Settlement Agreement shall be approved as to form and legality by Agency Counsel prior to execution and a copy shall be filed with the Agency Secretary; and be it

**FURTHER RESOLVED:** That the Agency Administrator or his designee is hereby authorized to take whatever other actions are necessary consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES – BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG AND  
CHAIRPERSON DE LA FUENTE

NOES –

ABSENT –


ABSTENTION –

ATTEST: \_\_\_\_\_

LATONDA SIMMONS

Secretary of the Redevelopment Agency  
of the City of Oakland, California

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2008 NOV 24 PM 4:32

Approved as to Form and Legality  
  
Agency Counsel

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. \_\_\_\_\_ C.M.S.

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**RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO:**

- 1) NEGOTIATE AND EXECUTE AN AMENDMENT TO THE APRIL 29, 2005 UNDER-FREEWAY EASEMENT FROM CALTRANS TO EXPAND THE AGENCY'S EASEMENT USES TO INCLUDE VEHICLES AND VEHICLE STORAGE;**
- 2) NEGOTIATE AND EXECUTE A PHASE II TIDELANDS TRUST EXCHANGE AGREEMENT FOR OAKLAND ARMY BASE UNDER-FREEWAY PROPERTY AND TAKE ANY ACTIONS NECESSARY TO IMPLEMENT THE AGREEMENT;**
- 3) NEGOTIATE AND EXECUTE AN AMENDMENT TO THE MAY 23, 2005 PURCHASE AND SALE AGREEMENT WITH CALTRANS FOR 6.5 ACRES OF OAKLAND ARMY BASE PROPERTY; AND**
- 4) NEGOTIATE AND EXECUTE AN EASEMENT IN FAVOR OF CALTRANS FOR A SAN FRANCISCO BAY TRAIL CONNECTION TO MARITIME STREET**

**WHEREAS**, as part of a settlement of the 2002 lawsuit among the Port of Oakland, the City of Oakland, the Oakland Redevelopment Agency (Agency), the Oakland Base Reuse Authority, and the California Department of Transportation (Caltrans), Caltrans granted the Agency an easement to Army Base under-freeway property limited to landscaping, utilities, roadways and un-laden truck parking. The limitation on the easement rights was based in part on Interstate Highway security concerns; and

**WHEREAS**, Caltrans has agreed to expand the easement rights to include parking of any vehicle and storage of commercial vehicles in addition to the existing easement rights; and

**WHEREAS**, in August 2006, the Oakland Army Base Tidelands Title Settlement and Trust Exchange was executed and recorded settling the Tidelands Trust status of the entire Army Base property except the under-freeway portions; and

**WHEREAS**, Agency staff has been working with State Lands and Caltrans to settle the status of the Agency-owned under-freeway property and to remove portions of it from the public trust; and

**WHEREAS**, on May 23, 2005, the Agency, City and Caltrans executed a Purchase and Sale Agreement for 6.5 acres of Oakland Army Base property to support the ongoing Bay Bridge construction project and the bridge maintenance functions of Caltrans; and

**WHEREAS**, the transfer of 6.5 acres as contemplated by the 2005 Purchase and Sale Agreement has not yet been consummated; and

**WHEREAS**, the Agency, City and Caltrans have agreed it is mutually beneficial to amend the 2005 Purchase and Sale Agreement to relocate the 6.5 acres from its current location in the Central Gateway Area to another area within the Gateway Development Area at the former Oakland Army Base; and

**WHEREAS**, Caltrans has requested an easement across a portion of the Central Gateway Area property to connect the San Francisco Bay Trail segment along Interstate 80 to Maritime Street; and

**WHEREAS**, the Agency and Caltrans wish to enter into such an easement agreement to facilitate and enhance the recreational opportunities and services for Oakland residents and East Bay residents; and

**WHEREAS**, the actions taken pursuant to this resolution are exempt from the requirements of the California Environmental Quality Act (CEQA) by Section 15269 (emergency projects), Section 15282(f) (settlement of tidelands trust title and boundary problems), Section 15301 (existing facilities) and Section 15302 (replacement and reconstruction) of the CEQA Guidelines; now, therefore, be it

**RESOLVED:** The Agency Administrator is authorized to negotiate and execute an amendment to the April 29, 2005 Under-Freeway Easement between Caltrans and the Agency to expand the allowable uses to include parking of any vehicle and storage of commercial vehicles in addition to the existing easement rights; and be it

**FURTHER RESOLVED:** The Agency Administrator is authorized to negotiate and execute a Phase II Tidelands Trust Exchange Agreement for Oakland Army Base Under-Freeway Property and to take any actions necessary to implement the agreement; and be it

**FURTHER RESOLVED:** The Agency Administrator is authorized to negotiate and execute an amendment to the May 23, 2005 Purchase and Sale Agreement among the Agency, City and Caltrans to relocate the 6.5-acre parcel to be transferred pursuant to that agreement, from its current location in the Central Gateway Area to another area within the Gateway Development Area on the former Oakland Army Base; and be it

**FURTHER RESOLVED:** The Agency Administrator is authorized to negotiate and execute an easement benefitting Caltrans across a portion of the Central Gateway

Area property to connect the San Francisco Bay Trail segment along Interstate 80 to the Maritime Street San Francisco Bay Trail segment; and be it

**FURTHER RESOLVED:** That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the Agency is exempt from CEQA under Section 15269 (emergency projects), Section 15282(f) (settlement of tidelands trust title and boundary problems), Section 15301 (existing facilities) and Section 15302 (replacement and reconstruction) of the CEQA Guidelines, and directs the Agency Administrator to file a Notice of Exemption with the County of Alameda; and be it

**FURTHER RESOLVED:** That the agreements shall be approved as to form and legality by Agency Counsel prior to execution and a copy shall be filed with the Agency Secretary; and be it

**FURTHER RESOLVED:** That the Agency Administrator or his designee is hereby authorized to take whatever other actions are necessary consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES – BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG AND  
CHAIRPERSON DE LA FUENTE

NOES –

ABSENT –

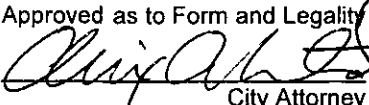
ABSTENTION –

ATTEST: \_\_\_\_\_

LATONDA SIMMONS

Secretary of the Redevelopment Agency  
of the City of Oakland, California

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND  
2008 NOV 24 PM 4:32

Approved as to Form and Legality  
  
City Attorney

## OAKLAND CITY COUNCIL

Resolution No. \_\_\_\_\_ C.M.S.

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**RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO: 1) NEGOTIATE AND EXECUTE AN AMENDMENT TO THE APRIL 18, 2002 ARMY BASE SETTLEMENT AGREEMENT TO EXTEND CALTRANS' USE OF 26 ACRES OF THE WEST GATEWAY AREA PROPERTY FROM APRIL 2013 TO APRIL 2016, AND 2) NEGOTIATE AND EXECUTE AN AMENDMENT TO THE MAY 23, 2005 PURCHASE AND SALE AGREEMENT WITH CALTRANS FOR 6.5 ACRES OF OAKLAND ARMY BASE PROPERTY**

**WHEREAS**, in 2002 as part of the settlement of a lawsuit brought by the Port of Oakland (Port), the City of Oakland (City), the Oakland Redevelopment Agency (Agency) and the Oakland Base Reuse Authority (OBRA), against the Department of Transportation (Caltrans), Oakland parties agreed not to challenge an easement granted by the federal government to Caltrans over approximately 26 acres of land in the West Gateway portion of the former Oakland Army Base, located at what is known as Pier 7; and

**WHEREAS**, on April 18, 2002, the parties executed the 2002 Oakland Army Base Settlement Agreement, providing in part that Caltrans may use and occupy Pier 7 for eight years from April 2002 to April 2010, with an option to extend for three additional years to 2013; and

**WHEREAS**, Caltrans paid the Agency and the Port \$11.6 million as a settlement agreement payment for the eight-year easement, as part of a larger settlement; and

**WHEREAS**, Caltrans has given notice that it will exercise the three year option to extend the easement, and it has requested an additional two year extension with a one-year option to the easement; and

**WHEREAS**, in exchange for the three-year option period and the additional two-year extension, Caltrans has offered the Agency a one-time payment of at least \$10,835,283 which represents the net present value of the fair market value for the use of the property; and

**WHEREAS**, on May 23, 2005, the Agency, City and Caltrans executed a Purchase and Sale Agreement for 6.5 acres of Oakland Army Base property to support

the ongoing Bay Bridge construction project and the bridge maintenance functions of Caltrans; and

**WHEREAS**, the transfer of 6.5 acres as contemplated by the 2005 Purchase and Sale Agreement has not yet been consummated; and

**WHEREAS**, the Agency, City and Caltrans have agreed it is mutually beneficial to amend the 2005 Purchase and Sale Agreement to relocate the 6.5 acres from its current location in the Central Gateway Area to another area within the Gateway Development Area at the former Oakland Army Base; and

**WHEREAS**, the actions taken pursuant to this resolution are exempt from the requirements of the California Environmental Quality Act (CEQA) by Section 15269 (emergency projects) and Section 15301 (existing facilities) and Section 15302 (replacement and reconstruction) of the CEQA Guidelines; now, therefore, be it

**RESOLVED:** That the City Council hereby authorizes the City Administrator to negotiate and execute an amendment to the April 18, 2002 Oakland Army Base Settlement Agreement to allow for Caltrans to use and occupy approximately 26 acres of the West Gateway Area of the former Oakland Army Base, known as Pier 7, to facilitate completion of the Caltrans Bay Bridge Project, through April 17, 2015, with a one-year, 2.7 million dollar option to April 17, 2016; and be it

**FURTHER RESOLVED:** That the City Administrator is authorized to negotiate and execute an amendment to the May 23, 2005 Purchase and Sale Agreement among the Agency, City and Caltrans to relocate the 6.5-acre parcel to be transferred pursuant to that agreement, from its current location in the Central Gateway Area to another area within the Gateway Development Area on the former Oakland Army Base; and be it

**FURTHER RESOLVED:** That the City Council has independently reviewed and considered this environmental determination, and the City finds and determines that this action complies with CEQA because this action on the part of the City is exempt from CEQA under Section 15269 (emergency projects), Section 15301 (existing facilities) and Section 15302 (replacement and reconstruction) of the CEQA Guidelines, and directs the City Administrator to file a Notice of Exemption with the County of Alameda; and be it

**FURTHER RESOLVED:** That the amendments to the 2005 Purchase and Sale Agreement and the 2002 Settlement Agreement shall be approved as to form and legality by City Attorney prior to execution and a copy shall be filed with the City Clerk; and be it

**FURTHER RESOLVED:** That the City Administrator or his designee is hereby authorized to take whatever other actions are necessary consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

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

NOES –

ABSENT –

ABSTENTION –

ATTEST: \_\_\_\_\_  
LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California