

CITY OF OAKLAND



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June 16, 2026

HONORABLE CITY COUNCIL
Oakland, California

Re: City of Oakland v. Steven O. Von Querner, as Trustee of the Steven O. Von Querner and Grace Von Querner Revocable Trust; Grace Von Querner, as Trustee of the Steven O. Von Querner and Grace Von Querner Revocable Trust; East Bay Blue Print & Supply Co., a California Corporation; Philomena Pizza, an Entity of Unknown Form; Alameda Health System Foundation, a California Non-Profit Public Benefit Corporation; Does 1 Through 100 Inclusive; and all Persons Unknown Claiming Any Interest In or Title to the Property described herein
Alameda County Superior Court Case No. 25CV125156
Our File No. X05721

Dear President Jenkins and Members of the City Council:

Pursuant to Section 401 of the Charter, the City Attorney has prepared and requests your approval of a resolution authorizing compromise and settlement of the above-entitled action for the City's acquisition of property located at 1745 East 14th Street for the Fire Station 4 Relocation Project in the amount of \$5,000,000 and related settlement terms including a temporary leaseback arrangement. The leaseback arrangement is contingent on City Council adoption of the attached ordinance approving the lease terms.

Under the proposed settlement, the City will acquire the property for \$5,000,000, utilizing existing State grant funding previously secured for the Fire Station 4 project. The settlement further authorizes a temporary leaseback arrangement allowing the current owners to remain on the property for up to twelve months with the option to extend six additional one-month periods, at rent payable to City of \$7,900 per month, while the City finalizes design, permitting, and construction planning for the new fire station. The agreement also permits continuation of the existing parking lot sublease currently generating revenue associated with the property.

Pursuant to Section 219(6) of the Charter, the lease of City-owned real property by the City for longer than one year must be authorized by an ordinance enacted by the City Council. Pursuant to Oakland Municipal Code Section 2.42.111, City-owned property must be leased for rent, payable in cash or other consideration, equal to or exceeding the property's fair market rental value, unless the City Council has made a finding and determination that the lease of the property for less than its fair market rental value is in the best interests of the City.

President Jenkins and Members of the Council

June 16, 2026

Re: *City of Oakland v. Steven Von Querner, et al.*

Page Two

The proposed lease would (a) generate revenue for the City, (b) maintain an active on-site presence that would help deter blight, trespass, dumping, vandalism and related security issues, while saving the City the expense of securing the property prior to the initiation of construction of the Fire Station 4 Relocation Project, and (c) both provide time for the City to finalize design, permitting and funding for construction, which is expected to take up to 18 months, and for the owners to find a suitable alternative location to relocate their business.

The City Attorney's Office recommends approval of the settlement because it is in the best interests of the City. The settlement avoids the substantial risks, delay, and expense associated with continued eminent domain litigation and a jury trial currently scheduled for 2027. The settlement also secures acquisition of the only viable site identified for relocation of Fire Station 4, ensures the City can timely utilize \$5,000,000 in State funding before applicable expenditure deadlines, and avoids the risk of losing those State funds through prolonged litigation.

Additionally, as described above, the leaseback arrangement benefits the City by generating interim rental revenue, maintaining active occupancy and security at the property, and reducing the City's need to expend resources securing and maintaining the site prior to commencement of construction activities.

The settlement represents a reasonable and practical resolution of the litigation in light of the legal, valuation, and timing risks presented by the case. Approval of the attached resolution and ordinance will authorize the City Administrator and City Attorney to take all actions necessary to effectuate the settlement.

Respectfully submitted,



RYAN RICHARDSON
City Attorney

Assigned Attorneys:

Brian Mulry, Supervising Deputy City Attorney

JoAnne Dune, Senior Deputy City Attorney

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