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OFFICE OF THE CITY CLERK
OAKLAND

2013 APR 11 AM 8:58

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: Purchase of Port land for
North Gateway Development

DATE: March 26, 2013

City Administrator
Approval

Date

4/6/13

COUNCIL DISTRICT: 3

RECOMMENDATION

Staff recommends that the City Council adopt:

An Ordinance Authorizing the City Administrator to Negotiate and Execute a Purchase and Sale Agreement(s) with the Port of Oakland for the Purchase of up to Approximately 4 Acres of Former Oakland Army Base Property And Authorizing Up To \$50,000 For Appraisal And Real Estate Closing Costs.

OUTCOME

The City is negotiating with two Oakland recyclers (California Waste Solutions (CWS) and CASS Inc. (CASS)) for their relocation onto a portion of City-owned land at the Army Base North Gateway area. The recyclers' space needs require the City to acquire additional adjoining property from the Port of Oakland to make the relocation/development feasible. Council's approval of this staff request would authorize the City Administrator to negotiate and execute a purchase and sale agreement with the Port of Oakland for the acquisition of up to 4 acres of former Oakland Army Base property adjoining the City's North Gateway property.

BACKGROUND/LEGISLATIVE HISTORY

Relocating CWS and CASS out of West Oakland has been a long-term effort for both the recyclers and the West Oakland community. There are approximately 12 recycling and salvage operations in West Oakland. CWS and CASS are the two largest recyclers and the community has been pressing the City to relocate them to the Army Base. CWS and CASS are also interested in relocating. Their operations are currently spread inefficiently over an assortment of

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parcels. CWS and CASS are unable to consolidate their operations or expand in their present locations. Moreover, they have had to curtail their activities in response to complaints from the growing residential community around them. CWS and CASS want to remain in Oakland, but they need to be where their businesses can function effectively.

In February 2009, these two firms submitted their first letter of interest to purchase property at the Army Base. They proposed purchasing the 16.5-acre Subaru Lot to relocate their operations out of West Oakland. Initially, CWS and CASS believed the Subaru Lot could accommodate their two operations. After considering all their space needs, however, they realized the Subaru Lot by itself would be insufficient for the both of them.

Unable to find a site suitable for co-location, the recyclers tried working independently on their respective relocation efforts. In July 2009, CWS submitted a second letter to the City and requested 14.5 acres on the Army Base. At approximately the same time CASS stated its need for 10 acres. The total acreage CWS and CASS requested was more land than the City had available. Staff continued to meet with the recyclers to explore alternative locations, but was unable to identify any feasible alternatives. By 2011, CWS and CASS decided to compromise on the amount of land they would each need and try again to co-locate in the North Gateway, and CWS and CASS submitted a joint proposal to purchase and develop approximately 20 acres of land in the North Gateway.

As part of the City's Army Base Infrastructure Project and securing the needed matching funds for the \$242 million Trade Corridor Infrastructure Fund (TCIF) Baseline Agreement(s) the City, the City's Master Development Team, Port, CWS and CASS have included in the CEQA project description, the Master Developer Lease Disposition and Development Agreement and the TCIF agreements with the State, a development site of approximately 22.5 acres for CWS and CASS to develop. The 22.5-acre potential development site(s) for CWS and CASS include approximately 20 acres of City property and approximately 2 acres of Port property.

The City, Port, CWS and CASS have been discussing the transfer of all or portions of Parcel 15A and Parcel 1-2 to facilitate the relocation of CWS and CASS out of West Oakland and into new facilities at the former Army Base area. City and Port staff met with State Lands Commission (SLC) staff in January regarding the contemplated transfer property and the trust status, if any, of the parcels. There was general agreement among the parties regarding the trust status of the parcels and SLC's involvement in the contemplated transaction. Staff continues to work with and update SLC staff on that element of the transfer.

ANALYSIS

The structure of the contemplated transfer of all or a portion of Parcel 15A and potentially a portion of Parcel 1-2 is as follows. The Port would agree to transfer to the City all or a portion of Parcel 15A and potentially a portion of Parcel 1-2. The purchase price would be at fair market

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determined by a mutually agreed upon appraisal. The agreement would include a provision allowing the City to assign its rights under the agreement to a third party, including to the proposed recyclers.

As part of the joint escrow, the City would reimburse the Port up to \$50,000 in appraisal and real estate closing costs. The City would seek reimbursement from CWS and CASS for the appraisal and real estate closing costs during the negotiation of the contemplated development agreement with CWS and CASS.

PUBLIC OUTREACH/INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

This action has been coordinated with the Port of Oakland, City Attorney's Office, the Budget Office, CWS and CASS.

COST SUMMARY/IMPLICATIONS

1. **AMOUNT OF RECOMMENDATION:**
The proposed action will result in the City paying up to approximately \$50,000 in appraisal and real estate closing costs.
2. **COST ELEMENTS OF AGREEMENT/CONTRACT:**
The appraisal of the former Army Base property owned by the Port is estimated to cost up to \$40,000. The real estate closing costs are estimated to cost up to \$10,000. Staff will attempt to recapture the appraisal and real estate closing costs in the contemplated DDAs with CWS and CASS.
3. **SOURCE OF FUNDING:**
Entity 1, OBRA Leasing & Utility Fund (5671), Oakland Army Base Redevelopment Organization (02444), OBRA Leasing & Utility-City Project (P294110) is the source of funding for these costs.
4. **FISCAL IMPACT:**
The proposed action will cost the City up to \$50,000. Staff will attempt to recapture the appraisal and real estate closing costs in the contemplated DDAs with CWS and CASS. The City will negotiate a right to assign the agreement to the North Gateway recyclers

with the expectation that the recyclers, not the City, would provide the purchase price for the property to close the transaction.

FISCAL/POLICY ALIGNMENT

The proposed action aligns with the City's Army Base Infrastructure Development Project, the contemplated Development and Disposition Agreements with CWS and CASS, and securing funds needed by the City for the Army Base Infrastructure Development Project.

SUSTAINABLE OPPORTUNITIES

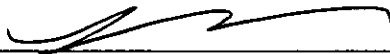
Economic: This proposed action does not provide economic benefits or opportunities. Relocating CWS and CASS out of West Oakland would open up large areas of West Oakland for higher uses, such as retail and research and development flex offices, which would generate tax revenue, and create career path jobs for Oakland residents. At the same time, CWS, CASS, and the Port would benefit from the recyclers move to the Army Base, where CWS and CASS will be able to expand and increase their operations.


Environmental: This proposed action does not provide environmental benefits. Relocating CWS and CASS closer to Port would reduce the impact of truck traffic on West Oakland residents.

Social Equity: This proposed action does not provide social benefits or social equity to Oakland citizens. The property vacated by CWS and CASS could be redeveloped with more compatible uses.

For questions regarding this report, please contact John Monetta, Real Estate Agent, at (510) 238-7125.

Respectfully submitted,


Fred Blackwell
Assistant City Administrator

Reviewed by: 
Gregory D. Hunter
Office of Neighborhood Investment

Prepared by:
John Monetta, Real Estate Agent
Real Estate Service Division

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APPROVED AS TO FORM AND LEGALITY

R. Miller

CITY ATTORNEY

ORDINANCE NO. _____ C.M.S.

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A PURCHASE AND SALE AGREEMENT(S) WITH THE PORT OF OAKLAND FOR THE PURCHASE OF UP TO APPROXIMATELY 4 ACRES OF FORMER OAKLAND ARMY BASE PROPERTY AND AUTHORIZING UP TO \$50,000 FOR APPRAISAL AND REAL ESTATE CLOSING COSTS

WHEREAS, the Port of Oakland owns two parcels of former Oakland Army Base property, the approximately 2.5-acre Parcel 15A ("Parcel 15A") and the approximately 4.5-acre Parcel 1-2 ("Parcel 1-2"), shown on the map attached hereto as Exhibit A; and

WHEREAS, the City owns approximately twenty (20) acres of land in the North Gateway area of the former Oakland Army Base; and

WHEREAS, the City, California Waste Solutions, Inc. ("California Waste Solutions") and CASS, Inc. are currently negotiating a Disposition and Development Agreement (DDA) for relocation onto the City-owned North Gateway areas of two recycling facilities currently located in the West Oakland community, and all or a portion of Parcel 15A and potentially a portion of Parcel 1-2 is needed to be added to the City's North Gateway property for this contemplated relocation and DDA transaction; and

WHEREAS, the Port of Oakland has tentatively agreed to transfer all or a portion of Parcel 15A to the City, and the Port may potentially transfer to the City a portion of Parcel 1-2, both at fair market purchase prices to be determined by a mutually agreed upon appraisal; and

WHEREAS, on June 19, 2012 the Oakland City Council, acting as Lead Agency for the City of Oakland: (1) adopted/approved the Initial Study/Addendum for the 2012 Oakland Army Base Project and took a series of actions to approve the 2012 Army Base Project; (2) found and determined the 2012 Addendum can be used because none of the circumstances necessitating further CEQA review were present; and (3) found that, as an alternative, separate, and independent basis, the Project complies with Public Resources Code section 21083.3 and Guidelines section 15183; and

WHEREAS, the City will incur up to \$50,000 in appraisal and real estate closing costs, which it shall seek reimbursement from California Waste Solutions and CASS, Inc. during DDA negotiations; now therefore,

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them a part of this Ordinance.

Section 2. The City Council hereby authorizes the City Administrator to negotiate and execute a Purchase and Sale Agreement(s) with the Port of Oakland for the purchase and sale of up to approximately 4 acres of former Oakland Army Base property commonly known as Parcels 15-A and 1-2, as shown on the map attached hereto as Exhibit A, and authorizes up to \$50,000 for appraisal and real estate closing costs ("Costs"). The Agreement shall include a provision allowing the City to assign its rights to a third party, with the expectation that a third party developer, including the proposed recyclers, and not the City, would pay the purchase price.

Section 3. The Costs will be paid from Entity 1, OBRA Leasing & Utility Fund (5671), Oakland Army Base Redevelopment Organization (02444), OBRA Leasing & Utility-City Project (P294110).

Section 4. This action (1) implements actions previously approved by the Oakland City Council; (2) is within the scope of the already approved 2012 Army Base Project; (3) the 2012 Army Base project Initial Study/Addendum adequately describes the current action for purposes of CEQA; and (4) no further CEQA review is required pursuant to CEQA Guidelines 15164.

Section 5. The City Administrator or her designee is hereby authorized to negotiate and execute all agreements and to take whatever other action is necessary with respect to the transaction(s), consistent with this Ordinance and its basic purposes.

Section 6. The City Attorney shall review and approve all documents and agreements related to this transaction(s) as to form and legality, and a copy shall be placed on file with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON-MCELHANEY, KALB, KAPLAN, REID, SCHAAF AND
CHAIRPERSON KERNIGHAN

NOES -

ABSENT -

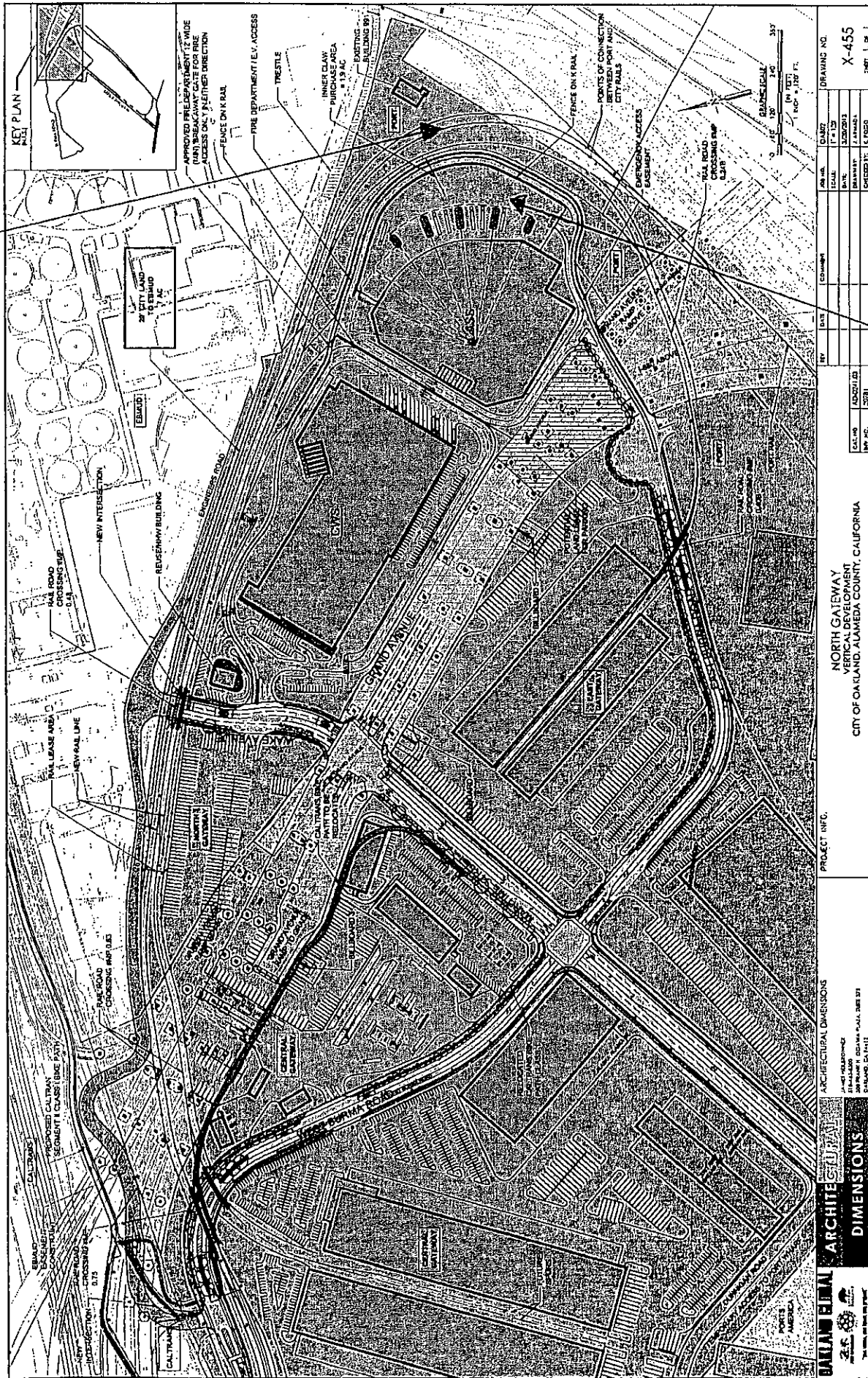
ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

EXHIBIT A

Parcel I-2



BALANI FIRM ARCHITECTURAL DIMENSIONS

ARCHITECTURAL DIMENSIONS
 ARCHITECT: BALANI FIRM
 DATE: 11-11-2009
 DRAWING NO. X-455
 SHEET NO. 1 OF 1

PROJECT INFO:
 NORTH GATEWAY
 VERTICAL DEVELOPMENT
 CITY OF OAKLAND, ALAMEDA COUNTY, CALIFORNIA

REV	DATE	COMMENTS	BY	CHECKED	DATE

DRAWING NO. X-455
 SHEET NO. 1 OF 1

Parcel 15A

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NOTICE AND DIGEST

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AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A PURCHASE AND SALE AGREEMENT(S) WITH THE PORT OF OAKLAND FOR THE PURCHASE OF UP TO APPROXIMATELY 4 ACRES OF FORMER OAKLAND ARMY BASE PROPERTY AND AUTHORIZING UP TO \$50,000 FOR APPRAISAL AND REAL ESTATE CLOSING COSTS

This ordinance authorizes the City Administrator to negotiate and execute purchase and sale agreement(s) with the Port of Oakland for the purchase and sale of up to 4 acres of former Oakland Army Base property and authorizing up to \$50,000 for appraisal and real estate closing costs.