

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

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2005 JUN -2 PM 7:29

TO: Office of the Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: June 14, 2005

RE: Resolution Approving An Exclusive Negotiation Agreement with Fulton Project Development Group Regarding the Sale and Development of a Portion of the Oakland Army Base For Use as a Mixed-use Entertainment, Retail, Housing, and Film/Television Production Studio

SUMMARY

The purpose of this report is to request that the Redevelopment Agency approve a resolution authorizing the Agency Administrator to negotiate and execute an Exclusive Negotiation Agreement (ENA) between Fulton Project Development Group (FPDG) and the Agency related to development of approximately 70 acres on the Oakland Army Base located east and west of Maritime Street and south of Grand Avenue. The ENA term would be for 12 months, with an option for the Agency Administrator to extend it another 6 months without returning to the Agency for approval.

FISCAL IMPACT

There is no fiscal impact to the Agency or City related to negotiating a development agreement other than staff costs. The project proponents would provide \$150,000 in funding to cover any third party contracts necessary to evaluate their proposed development.

BACKGROUND

FPDG is a business entity controlled by the Wayans Brothers. The Wayans approached the Agency about moving their production operations to Oakland. The Wayans have produced numerous films and television shows, grossing an estimated \$1.92 billion dollars worldwide. Their film and television credits include: White Chicks, Scary Movie, Scary Movie 2, Don't Be a Menace to South Central While Drinking Your Juice in the Hood, A Low Down Dirty Shame, Hollywood Shuffle and I'm Gonna Get You Sucka.

They have also appeared in films including: Most Wanted, The Glimmer Man, Mo'Money, Above the Rim, The Sixth Man, Senseless, The Lady Killers and Requiem for a Dream. In addition to their film works, they have produced several television shows including: In Living Color, The Wayans Brothers, The Keenen Ivory Wayans Show, and the current ABC Hit, My

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Wife and Kids. They are currently in production on two new films: Little Man for Revolution Studios and Sony Pictures, and The Munsters for Universal Studios.

While not fully developed, their proposal includes the following components:

- Entertainment – similar to the “Universal Studios” concept (see attached)
- Related Retail
- Housing for actors and production staff
- Movie studio, sound stage, and production offices

KEY ISSUES AND IMPACTS

Project Benefits

The establishment of a movie studio complex with entertainment and retail components could provide the following benefits for Oakland:

- Entertainment industry designation
- Local job opportunities
- Education in film production
- Recreation/entertainment opportunities
- Retail opportunities
- Destination status for Oakland
- Enhancement of Oakland’s image

Local Opportunities

The Wayans propose to provide jobs, skills development, and work opportunities in the film and television production fields for local residents. The Wayans have stated that they are especially committed to working with the community and youth to engage and empower those who otherwise would not be afforded similar opportunities.

Economic Development

Oakland stands to gain significant prestige from the establishment of film production studios. Few competing locations can offer the weather, airport access, land area, and permanent studio space that would be available on the Army Base. Additionally, local businesses can supply goods and services such as hardware, building supplies, catering, film production supplies, and equipment leasing.

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Oakland also stands to gain from the Wayans proven successful track record. The entertainment industry knows and respects the Wayans for working with several important studios and networks as a result of their film and television creations. For example: *In Living Color* was produced with the Fox Network; *The Wayans Brothers* show helped launch The WB network which was created to focus on a youthful demographic. *Scary Movie* and *Scary Movie 2* were important contributors to Miramax's subsidiary company Dimension Films, and *White Chicks* was financed by Revolution Studios, founded by the former 20th Century Fox and Disney Chairman. Their hit show, *My Wife and Kids* helped a struggling ABC find its way back into a top network position.

Expired Former ENA

Several years ago, Opus/Legacy West Wind ("Opus") and the Agency executed an ENA (which has expired) regarding the proposed development of the Army Base.

Pursuant to staff's request, the City Attorney's Office is researching whether Opus has any interest in the property.

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The ENA Period

The Wayans, through FPDG, would further develop their proposal during the exclusive negotiation stage. During the first 90 days of the ENA, the parties would define a 60-70 acre land area within the Army Base. Staff recommends that the remaining ENA terms include standard provisions requiring FPDG to: (1) pay a Project Expense Payment of \$150,000 to fund third party studies, (2) define the development team and its qualifications, (3) develop a project design, and (4) submit detailed project pro formas for each component of the project.

SUSTAINABLE OPPORTUNITIES

Entering into an exclusive negotiation agreement opens the opportunity to negotiate for sustainable features to be incorporated into any project that may be developed. Such features would be operative components of and Disposition and Development Agreement entered into and subject to future Council review.

Economic

There are no economic opportunities that apply to the proposed Council action. However, local employment and community economic benefits are issues that can be addressed in a Disposition and Development Agreement which would be subject to future action by the Council.

Environmental

There are no sustainable environmental opportunities that apply to this particular action.

Social Equity

There are no social equity opportunities related to the proposed Council action.

DISABILITY AND SENIOR CITIZEN ACCESS

Not Applicable

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RECOMMENDATION(S) AND RATIONALE

It is recommended that the Redevelopment Agency authorize the Agency Administrator to enter into an Exclusive Negotiation Agreement with FPDG. The attached resolution contains terms of performance during the ENA period which would be part of the ENA.

ACTION REQUESTED OF THE AGENCY

The Agency is requested to approve the attached resolution authorizing the Agency Administrator to enter into an Exclusive Negotiation Agreement with FPDG.

Respectfully submitted,

for Patrick L. Jones

Daniel Vanderprien
Director of Redevelopment, Economic
Development, Housing and Community
Development

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:

Charles P. Thompson
OFFICE OF THE AGENCY ADMINISTRATOR

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**Wayans Brothers
Term Sheet**

**May 31, 2005
Oakland CA**

1. ENA Period

- The initial ENA period can be for 12 months with a provision for the City Administrator to extend for up to an additional 6 months without returning to the City Council.
- The ENA can be further extended by the Council based on project progress

2. Defining Project Land Area

- During the first 90 days of the ENA, Wayan's Brothers Productions (to be known as "Productions") will work with the Agency to define a land area of approximately 60-70 acres located generally in the West gateway (19 acres), Central Gateway (77 acres), and East gateway (33 acres), known as "Property". The exact configuration to be determined in cooperation with the Agency's and OBRA's land use planning efforts.

3. Project Expense Payment

- Productions shall make a payment of \$150,000 to the Agency (the "Project Expense Payment" or "PEP") within 10 working days of the date of the ENA for purposes of reimbursing Agency for outside consulting costs. The PEP shall not be used for staff costs or environmental remediation costs. Examples of costs would be traffic, air quality, noise and land use studies necessary for site planning and environmental review, third-party analysis of pro formas, market data, and project feasibility information.
- Any unused portion of the PEP is refundable.
- PEP funds may be used on other items with the mutual consent of all parties.
- Within 60 days of the date of the ENA Agency will prepare a budget with categories of PEP expenditures for mutual agreement between Agency and Productions.

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DEVELOPMENT CMTE

JUN 14 2005

4. Schedule of Performance

4.1 Project Team

Within 90 days calendar days of the identification of the specific land area needed for the project, Production shall submit to the Agency the following:

- a) A description of the specific financial structure and legal structure of the proposed development team. This shall include a written description of the specific and general roles, responsibilities, and obligations of Production, Production's members or partners (if any), and any other entity participating in any legal entity established by Production for purposes of developing the Project. Additionally, the written description of roles, responsibilities, and obligations shall identify the principals and other personnel, to the extent identified, from each participating party by name, title or position, and areas of responsibility within the development entity.
- b) Copies of the latest publicly disclosed financial information on Production, and any partners who will participate with Production in development of the Property, and if any other entity will be participating in the legal entity established by Production for purposes of developing the Project, then Production shall furnish balance sheets and other financial information as may be available for such other entity.
- c) All documents related to Production's corporate status, including but not limited to articles of incorporation, by-laws, lists of members of board of directors, and proof of good legal standing.
- d) A detailed description, including references, of the Project development team's experience. The team shall cover at a minimum, the candidate architect, the candidate financial partners, and the candidate marketing and real estate firm for the proposed undertaking (e.g. if hotel, residential, retail, or other tenants/uses are proposed).
- e) A written statement concerning any litigation in which Production, Production's partners, or members (if any), that may have a materially adverse effect on Production's ability to develop the Project. Production shall provide to the Agency copies of any such litigation documents or filings in connection with such litigation within five (5) business days of the Agency's written request.

4.2 Project Design

- a) By the end of the ENA period, Production shall have held at least one public meeting in the community in order to present its proposed development plan for the construction of the Project. The Agency will assist Production in facilitating community meetings.
- b) Within one hundred and twenty (120) calendar days of the identification of the specific land area for the project, Production shall submit to the Agency the Schematic Design Plans for the Project. The term "Schematic Design Plans" means schematic drawings, exterior elevations, site plans, schematic plans for street and sidewalk improvements, and a sample materials board for the first phase of the project. Subsequent phases may be shown on site plans schematically. The Schematic Design Plans shall consist of the following: (1) a site plan; (2) the number of residential units; (3) the number of off-street parking spaces; (4) the number of square feet of retail, commercial, entertainment, and entertainment production/studio space; (5) a general description of Project height, bulk, and massing; (6) a description of Project phasing (if any); (7) the anticipated construction period, including the anticipated start of construction; (8) a description of main pedestrian and vehicular (by street) access to the Project; (9) a description of the main loading area (by street) for the Project; and (10) a description of the amount of excavation required.

4.3. Project Economics

Within 150 calendar days of the identification of the Project Land Arera Production shall submit:

- a) Detailed and itemized project pro formas that are linked to the phases and schedule for construction of the Project. Pro formas shall include a Project development budget, a statement describing the sources and uses of funds, a five-year cash flow analysis, and an annotated operating budget to a level of detail reasonably acceptable to the Agency.
- b) A copy of Production most recent public filings and other documentation verifying the working capital/line of credit referenced in the Production Project proposal to the Agency, and confirming the availability of such working capital/line of credit to Production for this Project.

- c) A reasonably detailed Project development schedule, which shall include construction and leasing/absorption of the Project's units and retail spaces.
- d) A retail development plan for the Project if any retail is proposed. Said plan shall include the square footage of the space to be leased for retail use, the location of the leasable area within the Project, the type of tenant to be attracted to the retail space and a feasibility analysis for the proposed retail use.

5. Environmental Review and Planning Approvals

- a) Within sixty (60) calendar days of completion of items #2 and #4 the Agency shall retain environmental consultants to prepare all necessary environmental documentation required to conduct environmental review under the California Environmental Quality Act ("CEQA") for the Project.
- b) Within thirty (30) calendar days of the completion of items #2 and #4 the applicant shall submit a project description suitable to initiate the environmental review process

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REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

FILED
OFFICE OF THE CITY CLERK
OAKLAND

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RESOLUTION No. _____ C.M.S.

**RESOLUTION APPROVING AN EXCLUSIVE NEGOTIATION AGREEMENT
WITH FULTON PROJECT DEVELOPMENT GROUP REGARDING THE
SALE AND DEVELOPMENT OF A PORTION OF THE OAKLAND ARMY
BASE FOR USE AS A MIXED-USE ENTERTAINMENT, RETAIL, HOUSING,
AND FILM/TELEVISION PRODUCTION STUDIO**

WHEREAS, the Redevelopment Agency adopted the Redevelopment Plan for the Oakland Army Base Redevelopment Project ("Oakland Army Base Redevelopment Plan") on July 1, 2000; and

WHEREAS, one of the goals included in the Oakland Army Base Redevelopment Plan was subdividing the site into parcels suitable for modern, integrated development; and

WHEREAS, one of the proposed actions included in Oakland Army Base Redevelopment Plan was redevelopment of land by private enterprise; and

WHEREAS, the Agency has acquired 365 acres of the former Oakland Army Base and has 170 acres available for private development after the Agency transfers land to the Port of Oakland, California Department of Transportation and East Bay Regional Park District; and

WHEREAS, the potential development of a movie studio complex with entertainment and retail components would improve the economic conditions in the Oakland Army Base Redevelopment Area; and

WHEREAS, the Agency has recommended Fulton Project Development Group to develop the site; and

WHEREAS, the Agency and Fulton Project Development Group, as the prospective developer, wish to enter into a period of preliminary study and negotiations over the project proposal, understanding that this does not constitute a binding commitment on the part of the Agency to any project or developer for the property; now therefore be it

RESOLVED: That the Agency Administrator is authorized to negotiate and enter into an Exclusive Negotiating Agreement with Fulton Project Development Group, for

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purposes of studying and evaluating the feasibility of, and negotiating terms and conditions for the potential development of a movie studio complex with entertainment and retail components in the Oakland Army Base Redevelopment Area; and be it

FURTHER RESOLVED: That the exclusive negotiating period will be for one (1) year, with the option to extend said period by an additional six months subject to the approval of the Agency Administrator; and be it

FURTHER RESOLVED: That the Exclusive Negotiating Agreement shall be reviewed and approved as to form and legality by Agency Counsel prior to execution; 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 pursuant to Section 15262 (feasibility and planning studies), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA Guidelines; and be it

FURTHER RESOLVED: That the Agency Administrator or his designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it

FURTHER RESOLVED: That the Agency Administrator is further authorized to take whatever action is necessary with respect to the Exclusive Negotiating Agreement and the project consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2005

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland