



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Sofia Navarro
Interim Director, Economic
and Workforce
Development Department

SUBJECT: Sale of 1150 and 1220 Harbor Bay
Parkway, Alameda

DATE: January 22, 2024

City Administrator Approval


Jestin Johnson (Jan 24, 2024 14:45 PST)

Date:

Jan 24, 2024

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance Authorizing The City Administrator To Negotiate And Execute A Purchase And Sale Agreement With The County Of Alameda (County) and Prologis, L.P. For The Sale Of Property Owned By The City of Oakland And The County, Each With An Undivided 50 Percent Interest, Formerly Known As The Raiders Training Facility, Located at 1150 and 1220 Harbor Bay Parkway, Alameda California, For Twenty Four Million Dollars (\$24,000,000) Conditioned On A Lease To Oakland Pro Soccer LLC Or Its Affiliate, Owner Of The Oakland Roots And Soul Soccer Teams; and Adopt Findings Under The California Environmental Quality Act

EXECUTIVE SUMMARY

The recommended ordinance would authorize a sale of the real property located at 1150 and 1220 Harbor Bay Parkway in Alameda, California formerly known as the Raiders Training Facility (Property) for \$24 million to Prologis, L.P. (Prologis), in collaboration with Oakland Pro Soccer LLC (OPS). OPS owns the Oakland Roots men's professional soccer team and the Oakland Soul women's pre-professional soccer team and currently uses the Property as a practice facility for its soccer teams. Prologis would lease the Property back to OPS to continue this use after the sale.

The City of Oakland (City) and County of Alameda (County) each own an undivided 50% interest in the Property, so the recommended sale would generate net sale proceeds of approximately \$11.5 million for the City, after broker fees and other transaction costs. The Prologis offer is the most attractive of multiple purchase offers received by the City and County after the Property failed to sell at public auction in July 2023. The recommended transaction would relieve the City of significant unbudgeted holding and maintenance costs, generate General Fund revenue, and achieve larger strategic objectives related to supporting the future of professional soccer in Oakland and a potential role for Oakland in the 2026 World Cup, which is the largest sporting event in the world.

City Council
February 6, 2024

BACKGROUND / LEGISLATIVE HISTORY

Property Overview

The Property consists of approximately 16.84 acres divided between two parcels. The former Oakland Raider's headquarters parcel consists of a two-story office building built in 1986 located at 1220 Harbor Bay Parkway. The building contains approximately 100,607 square feet and sits on a 5.45-acre parcel. The training facility parcel consists of an approximately 18,240 square foot single story building, several outbuildings and an expansive grass field located on an 11.39-acre parcel at 1150 Harbor Bay Parkway

Property Acquisition & Ownership

In 1995, as part of the original agreement to bring the Raiders football team back from Los Angeles to Oakland, the City and County made a \$10 million dollar loan through the Oakland-Alameda County Coliseum Financing Corporation to the then Oakland Raiders to establish a new training facility. The Raiders used the loan to help purchase the Property. Under the terms of the loan, the Raiders were required to record a quitclaim deed transferring ownership of the Property to the City and County upon vacating the Oakland-Alameda County Coliseum (Coliseum) and the Property, and thereby the City and County acquired the Property in December 2020.

In December 2020, pursuant to [Ordinance No. 13631 C.M.S.](#), the City entered into a Tenancy in Common Agreement (as amended, the TIC Agreement) with the County setting forth a process for the management, maintenance, and disposition of the Property and designating the County as lead agency for these activities, subject to City Council's approval of the disposition of the City's undivided 50% interest in the Property.

Because the Property is located outside Oakland, the City is subject to property tax payments, which in tax year 2023-2024 amounted to \$276,716.64. In addition, the City is responsible for its 50% share of management, maintenance, utility, insurance and related holding costs, which totaled approximately \$387,850 in calendar year 2023. The roof of the headquarters building is in poor condition and urgently requires replacement, which the County estimates will cost approximately \$3 million, a cost that would have to be split between the County and the City.

Current Use

OPS has been using the training facility parcel since December 2021 as a practice facility for its Roots and Soul soccer teams pursuant to a Field and Sports Training Facility License Agreement with the City and County. This use is essential to the ongoing operations of the Roots and Soul.

Fédération Internationale de Football Association (FIFA), the international governing body for soccer, recently evaluated the Property and concluded that it is a strong candidate to host a participating national team during the 2026 World Cup. The World Cup is the largest sporting event in the world and this use would shine a global spotlight on Oakland and the East Bay, although it will require substantial capital improvements and ongoing maintenance of the Property as a training facility through Summer 2026. The City and County must demonstrate

that the site will be available and up to required standards very early in 2024 in order for FIFA to include the Property in the first edition of its brochure to national teams in March 2024.

Property Disposition

In February 2021, City Council passed [Resolution No. 88507 C.M.S.](#) which declared the City’s undivided 50% interest in the Property as “surplus land” pursuant to the California Surplus Land Act (CA Government Code Section 54220 et seq.). Similarly, the County declared the property surplus in 2021 as well. The City’s adopted 2023-2025 Biennial Budget, passed by [Resolution No. 89804 C.M.S.](#) in June 2023, assumed the City would realize sale proceeds during this budget period.

In its role as lead agency under the TIC Agreement, the County hired a broker to facilitate disposition of the Property and prepared to sell the Property at public auction scheduled for July 10, 2023. The minimum bid price was set at \$35.8 million with a required deposit of \$350,000. Despite indicators of interest, no third parties submitted written offers by the posted deadline and the auction was canceled. This was likely due to eroding market conditions caused by rising interest rates.

ANALYSIS AND POLICY ALTERNATIVES

Subsequent to the canceled auction the City and County received written purchase offers from three parties. The County submitted a fourth written offer to purchase the City’s 50% interest in the approximately 17-acre Property for \$10 million in exchange for the City purchasing the County’s 50% interest in the approximately 8-acre Malibu property at 8000 S. Coliseum Way, which is also jointly-owned, for \$13.4 million. This would result in a net payment from the City to the County of \$3.4 million. These offers are summarized below in **Table 1**, sorted by net proceeds to the City. In all cases the City will additionally owe 50% of a commission to DCG Strategies (DCG), which is the brokerage that the County hired to market and unsuccessfully sell the Property at auction. This amount will be determined through future negotiations between the County and DCG.

TABLE 1.

	STEAM Factory	Prologis	Overton-Moore	County
Sale price	\$25,500,000	\$24,000,000	\$24,207,177	\$10,000,000 (for 50% share)
Commission to buyer’s agent	\$750,000	none	\$605,000	none
Net to City¹	\$12,375,000	\$12,000,000	\$11,800,999	- \$3,400,000
Diligence period	45 days	45 days	60 days	None

¹ Net to City is the City’s 50% share of the sale price less any commission that the City/County would jointly owe to the buyer’s agent. It does not account for the commission owed to DCG (which amount has yet to be determined) or closing costs (which are estimated to be \$35,000), which in all cases would be paid jointly by the City and County.

	STEAM Factory	Prologis	Overton-Moore	County
Deposit	\$250,000	\$600,000	\$250,000	None
Contingencies	General due diligence and financing	General due diligence only	General due diligence and entitlements	None
Closing date	15 days after due diligence period	60 days after due diligence period	10 days after securing all entitlements	15 days
Use	Dual academic center (focused on science, technology, engineering and math) and elite athletic facility	Prologis to long-term lease the Property to OPS for ongoing use as a soccer training facility with industrial development in the future.	Commercial/ industrial re-development	Hold for future sale

The Prologis offer has the most attractive terms with a competitive purchase price, free of entitlement and financing contingencies, and with additional strategic benefits of preserving OPS' use of the training facility and positioning the Property for use in the World Cup. Under the sale to Prologis, OPS would have a long-term lease of the Property – and staff have been informed OPS may also be granted a purchase option – thereby ensuring ongoing use of the training facility by OPS.

While the net sale price offered by STEAM Factory is marginally higher than the Prologis offer, it is conditioned on the buyer securing financing, which introduces risk and uncertainty in receiving revenue from a sale. It also does not have the additional strategic benefits of the Prologis offer. The Overton-Moore proposal offers a lesser sale price, is conditioned on the buyer securing entitlements, and also does not have the additional strategic benefits of the Prologis offer. The County offer has a substantially inferior purchase price and requires that the City concurrently purchase the County's interest in another property.

The proposed sale price to Prologis is supported by an appraisal commissioned by the City in December 2023. It concludes a fair market value for the Property of \$26.4 million *if the parcels are sold separately and subjected to an additional 6-12 month marketing period*. It concludes that a price in the range of \$24-24.2 million is reasonable for a quick, all-cash sale to a single buyer with no contingencies.

As supported by the appraisal, it may be possible for the City to realize a slightly greater sale price in the future by extending its holding period and marketing the property more extensively. However, that strategy is risky as it is unknown how long the City would need to hold the property to realize a superior sale or for market conditions to otherwise substantially improve. And in the meantime, the City would continue to incur unbudgeted holding costs, including ongoing property taxes and an expensive roof replacement, while foregoing budgeted General Fund revenues. This approach also risks missing the opportunity for the Property to feature in the 2026 World Cup.

The recommended sale to Prologis has several benefits. It would eliminate financial uncertainty by securing an all-cash sale now with few contingencies. The City would realize sale proceeds that were assumed in the 2023-2025 Biennial Budget. The City would avoid incurring additional holding and maintenance costs associated with owning the Property. And the City would realize

the strategic objectives of securing a training facility necessary for the Roots and Soul soccer teams to remain in Oakland and enabling the Property to feature in the 2026 World Cup. According to a study conducted by Century Urban for OPS, most of the economic activity from this use would occur in Oakland and would generate \$5.6 million for Oakland businesses and \$889,000 in fiscal revenue to the City. The facility could support additional soccer tournaments, including the 2027 Women's World Cup.

FISCAL IMPACT

The recommended action would enable a sale of the Property for \$24 million. Half of this amount would be paid to the City less the City's share of the DCG commission, closing costs and outstanding property taxes. Net proceeds to the City are expected to be approximately \$11.5 million and would be deposited to General Purpose Fund (1010), Real Estate Organization (85231), Sale of Land Revenue Account (48111), OACCA LRB Coliseum Complex Project (1005208), Coliseum Program (SC12). The sale would allow the City to avoid ongoing management, maintenance and capital repair financial obligations, including the urgently needed \$3 million roof replacement.

PUBLIC OUTREACH / INTEREST

The proposed ordinance was subject to standard public noticing requirements. Additionally, the Roots and Soul soccer teams have enthusiastic and growing fan bases, and OPS is conducting extensive, ongoing community engagement as part of a temporary stadium project proposed by OPS on the Malibu property, as further described in [Resolution No. 89898 C.M.S.](#)

COORDINATION

The Economic & Workforce Development Department coordinated on this agenda item with the Mayor's Office, Office of the City Attorney, and the Budget Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed sale would generate substantial revenue for the City's General Fund and would relieve the City of burdensome and costly property ownership obligations. It would also secure a practice facility that is critical to the Oakland Roots and Soul soccer teams remaining in Oakland.

Environmental: The proposed action does not have substantive environmental impacts.

Race & Equity: The General Fund revenue generated by the proposed sale would fund a broad range of City programs and public services, many of which have centered racial equity as a result of the City's policy priorities.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

This action will not result in direct or indirect physical change in the environment and does not in-and-of-itself constitute a “project” pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378. In the alternative, if it is deemed to be a project under CEQA, the common sense exemption (CEQA Guidelines 15061(b)(3)) applies to the project since it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt An Ordinance Authorizing The City Administrator To Negotiate And Execute A Purchase And Sale Agreement With The County Of Alameda (County) and Prologis, L.P. For The Sale Of Property Owned By The City of Oakland And The County, Each With An Undivided 50 Percent Interest, Formerly Known As The Raiders Training Facility, Located at 1150 and 1220 Harbor Bay Parkway, Alameda California, For Twenty Four Million Dollars (\$24,000,000) Conditioned On A Lease To Oakland Pro Soccer LLC Or Its Affiliate, Owner Of The Oakland Roots And Soul Soccer Teams; And Adopt Findings Under The California Environmental Quality Act.

For questions regarding this report, please contact Brendan Moriarty, Real Property Asset Manager, at 510-238-6354.

Respectfully submitted,



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