



CITY OF OAKLAND

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OFFICE OF THE CITY CLERK  
OAKLAND

2015 SEP -2 AM 9:41

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
CITY ADMINISTRATOR

**FROM:** Mark Sawicki

**SUBJECT:** ENA for 3050 International Boulevard and Derby Avenue

**DATE:** August 24, 2015

City Administrator  
Approval

Date

8/31/15

**COUNCIL DISTRICT:** 5

## RECOMMENDATION

Staff recommends that the City Council adopt the following legislation:

**A Resolution Authorizing The City Administrator Or Designee To Negotiate And Execute An Exclusive Negotiating Agreement With Primestor Development, Inc. Or Its Related Entities Or Affiliates For Twelve Months With One Optional Six Month Administrative Extension For The Development Of 3050 International Boulevard On APN No. 025-0719-007-01.**

**A Resolution Authorizing The City Administrator Or Designee To Negotiate And Execute An Exclusive Negotiating Agreement With The Pacific Companies Or Its Related Entities Or Affiliates For Twelve Months With One Optional Six Month Administrative Extension For The Development Of The Derby Avenue Property On APN No. 025-0720-002-01.**

## OUTCOME

Adoption of the proposed resolutions will authorize the City Administrator or designee to negotiate and enter into two separate Exclusive Negotiating Agreements (ENAs) for the 3050 International Boulevard and the Derby Avenue properties. The ENAs will be negotiated to undertake the necessary environmental reviews, determine the feasibility of the Projects, and negotiate the terms of a future Lease Development and Disposition Agreement (LDDA) with: 1) Primestor Development, Inc. for a new Nike retail store on the 3050 International Blvd parcel; and 2) the Pacific Companies for the development of a charter school and affordable housing for the Derby Avenue parking lot.

## **BACKGROUND/LEGISLATIVE HISTORY**

The 3050 Property is located on the southeast corner of Derby Avenue and International Boulevard and consists of a vacant parcel approximately 32,500 square feet (APN#: 025-0719-007-01). The property fronts International Boulevard, the north boundary faces Derby Avenue, and the south boundary faces 31<sup>st</sup> Avenue. The Derby Avenue lot is an approximately 9,000 square foot paved parking lot with no current street address on APN#: 025-0720-002-01 (see *Attachment A-Aerial of Sites*). Residential properties exist along the east side of the property boundaries. Across the street along International Blvd are commercial buildings, stores, and a six story medical building at 3022 International Blvd.

The 3050 Property was the site of the former Melrose Ford automobile showroom and service center. The former Redevelopment Agency acquired both the 3050 Property and a separate Derby Avenue parking lot in 2010 for a total of \$3,250,000. All the previous improvements and buildings at the 3050 Property were demolished in 2011 at a cost to the City of an additional \$425,000 for a total amount of City investment of \$3,675,000. The sites are currently vacant.

## **ANALYSIS**

### ***3050 International Boulevard***

The Primestor Development, Inc. (“Primestor”) proposal consists of a new ground-up Nike Community Store featuring a modern building design consisting of approximately 17,000 square feet. The project provides off-street parking at the rear of the 3050 Property. The store will be situated along the front edge of the property, in keeping with the surrounding neighborhood, and to further promote pedestrian movement. Both Nike and Primestor, have extensive experience with and are committed to local hiring, specifically within a five-mile radius of the store. The store would provide up to 100 full-time and part-time jobs depending upon the annual sales volume and approximately 40 construction jobs.

The store will feature a combination of first-run lines, specialty items, technology interactive; and locally focused products. It will feature a vibrant and dynamic shopping experience, full of energy and community style (*Attachment B-3050 International Proposal*). Primestor desires to open the store to the public by the end of 2016. Primestor is a national, 100 percent Latino-owned retail developer and operator, with millions of square feet of ground-up development experience. Primestor is also a preferred developer of Nike Community Stores in the United States. Nike and Primestor, are partnering to bring more Nike Community Stores to traditionally Hispanic neighborhoods. This would be the fifth such store. At this time, they are also pursuing a deal in the San Fernando Valley.

Primestor proposes a new Nike store that will sell shoes, clothing, and sporting equipment which are three very under-represented retail segments in the Fruitvale District. The community has expressed its desire for greater retail diversity, particularly for higher-quality goods and updated store offerings. The recently completed “Fruitvale Economic Development & Commercial Corridor Strategy” cites a \$17 million

spending leakage for clothing and clothing accessories stores, showing that relatively few of trade area resident’s clothing and accessories purchases are made in the Fruitvale business improvement district.

Overall, more than half of local retail demand is met outside the trade area altogether. Furthermore, this store will serve as a needed retail anchor in the Fruitvale, drawing shoppers from outside the immediate area and likely catalyzing additional retail.

Established in 1992, Primestor has become a retail sector leader that focuses on leasing, property management, development, construction management, rehabilitation, and acquisitions. Driven by a need to revitalize urban areas, Primestor was founded to build community projects in areas overlooked by other developers. Primestor’s track record of detailed architecture, highly desirable tenants, generous on-site amenities, and extensive community outreach has made the company a leader in the Real Estate Development Industry.

**Derby Avenue**

The Pacific Companies is interested in site control of the Derby Avenue parking lot since the developer is currently in contract for two adjacent privately-held parcels at 2956 International Blvd and 3022 International Blvd, which consists of a six story medical building. The additional Derby Avenue lot would provide a larger footprint towards development of an affordable housing project and/or a new Aspire public charter school (*Attachment C-Derby Conceptual Floor Plans*). It is important to note that Aspire Charter School needs to relocate and expand their existing Aspire ERES Academy located at 1936 Courtland Avenue since their current leased facility is not large enough and in desperate need of repair. In addition, the majority of their students live in the Fruitvale area. The Derby Avenue lot could potentially provide them with a permanent facility solution. The new development could also produce over a hundred new affordable housing units for the residents of Oakland.

Since 1998, Pacific Companies has successfully completed more than 140 multifamily and charter school projects in the Western States, with a special focus on California. Pacific Companies has a track record of working with local residents, governments, and other stakeholders to build communities and schools that meet the needs of the community.

**Table 1: Summary of Proposed Developments & Terms**

<b>Developers:</b>	<b>Property:</b>	<b>Use Proposed:</b>	<b>Price/Terms:</b>
A: Primestor Development, Inc.	3050 International Blvd. APN#: 025-0719-007-01	17,000 sf. Nike Retail Store	Fair Market Value (FMV) or Ground Lease w. possible option.
B: Pacific Companies	Derby Lot APN#: 025-0720-002-01	Charter School and Affordable Housing	Fair Market Value (FMV) or Ground Lease

### ***Anticipated Fiscal, Economic, and Community Benefits to the City/Community***

The Nike store will provide 100 full and part time jobs and approximately 40 construction jobs. The projects will provide lease revenue, create new construction and retail jobs, and generate additional sales tax revenue for the City.

The development of a new Nike store, a charter school, and affordable housing on existing vacant property will eliminate blighted parcels and put them into productive use. These projects will also act as catalysts to further transform the area and provide a positive stimulus to the neighborhood. The lease revenue will be negotiated with the developers and will be based on a fair market value of the land. The project would create new retail jobs and generate additional sales tax revenue to the City. Oakland sales tax revenue is estimated at \$48,450-\$64,600 per year (\$300-\$400/sales per square foot).

### **PUBLIC OUTREACH/INTEREST**

The property is located in the former Coliseum Redevelopment Project Area. During the ENA process, Primestor and Pacific Companies will hold community outreach meetings for their projects. The Office of the City Attorney assisted in preparation of the staff report and will assist in preparing the ENA's.

### **COORDINATION**

The Economic and Workforce Development (EWD) Dept. worked together to attract the Nike store developer and coordinated the interest of Pacific Companies for the Derby lot.

### **COST SUMMARY/IMPLICATIONS**

1. SOURCE OF FUNDING: The City of Oakland is not providing funding to the two developers, Primestor and Pacific Companies for the predevelopment costs of these projects.
2. FISCAL IMPACT: There is no fiscal impact for the development and execution of the two ENA's for the 3050 International Boulevard and Derby lot besides staff time and resources of the EWD Dept. and Office of the City Attorney. These properties were purchased with restricted bond funds. If at the end of the ENA process, the properties are leased or sold to Primestor Development, Inc. and/or the Pacific Companies through a LDDA, the lease or sales proceeds will be considered restricted funds under the Long Range Property Management Plan and Compensation Agreement. As required with the sale of former Redevelopment Agency property since the dissolution of redevelopment, these restricted bond proceeds need to be used for a redevelopment purpose in the redevelopment area that issued the bonds. In the case of the 3050 International Boulevard and Derby Avenue properties, the funds need to be spent on redevelopment projects/programs in the Coliseum Redevelopment Project Area.

**SUSTAINABLE OPPORTUNITIES**

**Economic:** The proposed developments will complement and increase the housing stock in Oakland as well as the Fruitvale district. These projects will improve neighborhood conditions and make the neighborhood area more attractive to current and prospective residents, tenants, and businesses that can provide employment within Oakland.

**Environmental:** The projects will remove blighted property from this commercial node and will create an infill retail, school, and housing development. The developers will use their good faith efforts to design, develop, and construct the projects to be environmentally sustainable in conformance with the Build it Green commercial checklist.

**Social Equity:** The projects will meet an existing retail gap; provide a greatly needed new charter school building, and additional residential affordable housing units. The projects will also be a positive stimulus to the neighborhood where the development of land is both welcomed and important to the continued neighborhood growth and stability.

For questions regarding this report, please contact Theresa Lopez, Urban Economic Analyst IV at (510) 238-6250.

Respectfully submitted,



Mark Sawicki, Director  
Workforce and Economic Development

Reviewed by:  
Larry Gallegos, Area Manager

Prepared by:  
Theresa Lopez, Urban Economic Analyst IV  
Project Implementation

- Attachments:
- Attachment A – Aerial of sites
  - Attachment B – 3050 International Proposal
  - Attachment C - Derby Conceptual Floor Plans

ATTACHMENT A: AERIAL VIEW OF 3050 INTERNATIONAL BLVD. & DERBY LOT



Item: \_\_\_\_\_  
CED Committee  
September 15, 2015

Primestor Development, Inc.  
A Certified Minority Business Enterprise  
201 South Figueroa Street, Suite 300  
Los Angeles, CA 90012 USA  
Tel: 310.652.1177  
Fax: 213.223.5598  
www.primestor.com

Attachment B



April 17, 2015

Larry A. Gallegos  
Manager, Neighborhood Investment  
250 Frank H. Ogawa Plaza, 5<sup>th</sup> Floor  
Oakland,  
Ca 94612

Dear Mr. Gallegos:

The Fruitvale Nike Community Store will undoubtedly serve as an economic and revitalization engine in the heart of this proud and engaging community. Needless to say that Nike stands above all others when it comes to brand appeal, quality and marketing genius. The brand is a magnet for consumers and consequently other retailers who value the foot traffic that it generates. Primestor is extremely proud to be able to bring this opportunity to fruition.

The ground-up new development will feature a modern and warmly designed building of approximately 17,000 square feet. The facility will be fully self-parked at the intersection of 31<sup>st</sup> Street and International. Having the store directly at the edge of the sidewalk is as critical to the nature of the neighborhood as it is for the pedestrian engagement of the concept itself. "Welcome to our store. We are proud to be a part of your community"; this is the embodiment of the project. Both, Nike and Primestor have extensive experience and are committed to a local hiring program from which to connect with and engage the community at a very personal and direct level. The store would be operated by approximately 100 employees depending on the volume of the location. This is a blend of full time and part time employees. Hiring is within a five-mile radius of the store. Please go to the link below for information on the Nike Community Store which recently opened in Washington DC.

<http://news.nike.com/news/nike-s-first-east-coast-community-store-opens-in-washington-d-c>

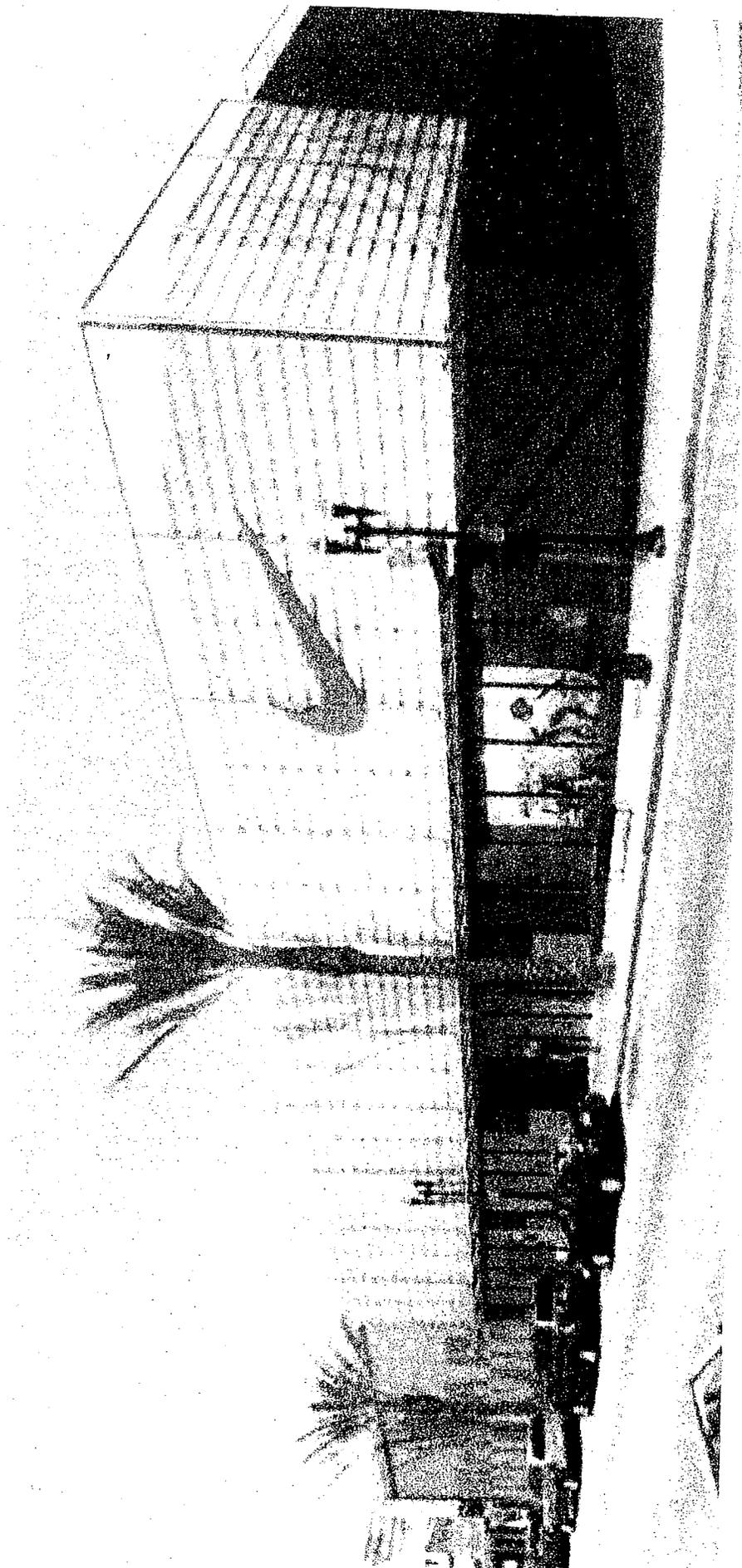
Construction would contract approximately forty construction workers.

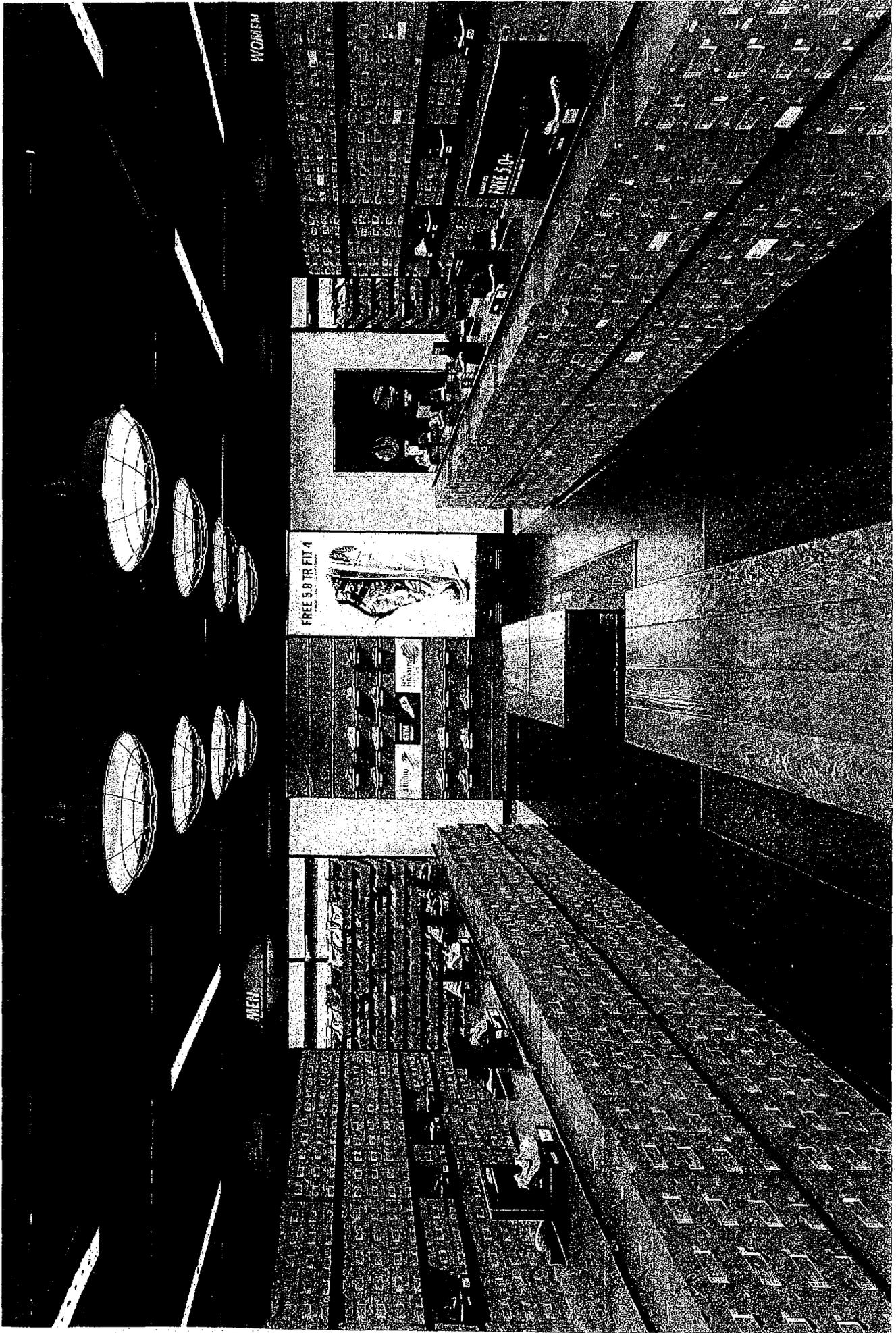
Using a combination of contemporary and natural materials, the Community Store speaks to Nike's commitment to its values. The store will feature a combination of first run lines, specialty items, technology interaction and locally focused products. It is a vibrant and dynamic shopping experience, full of energy and community pride. Both firms hope to be able to open the store to the public in 2016 and appreciate the City of Oakland's interest in engaging in a focused and effective negotiation.

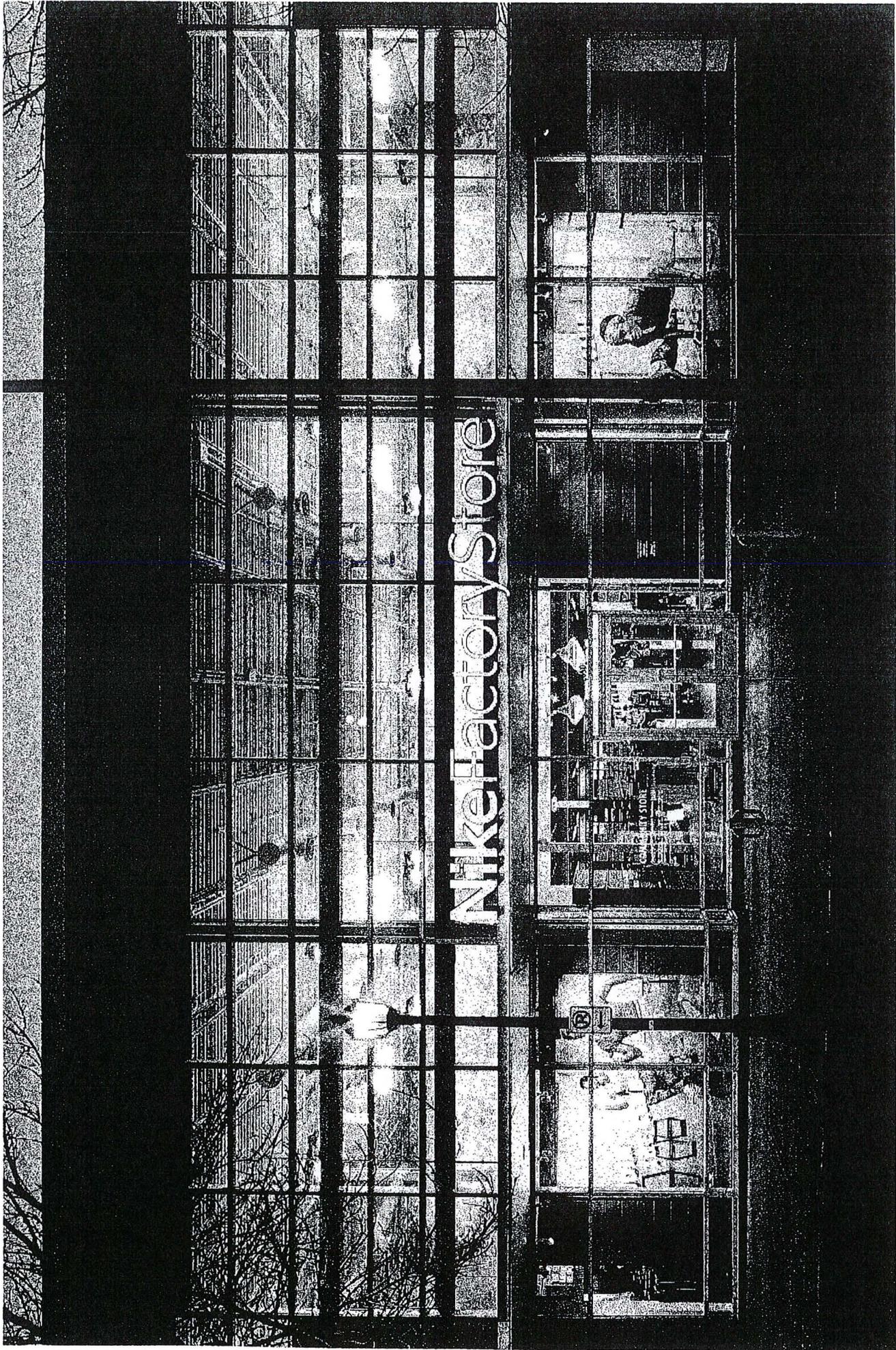
Very truly yours,

  
Arturo Snider  
Founding Partner and CEO

Encl.







Nike Factory Store

NIKE FACTORY STORE



**HIGH  
INTENSITY**

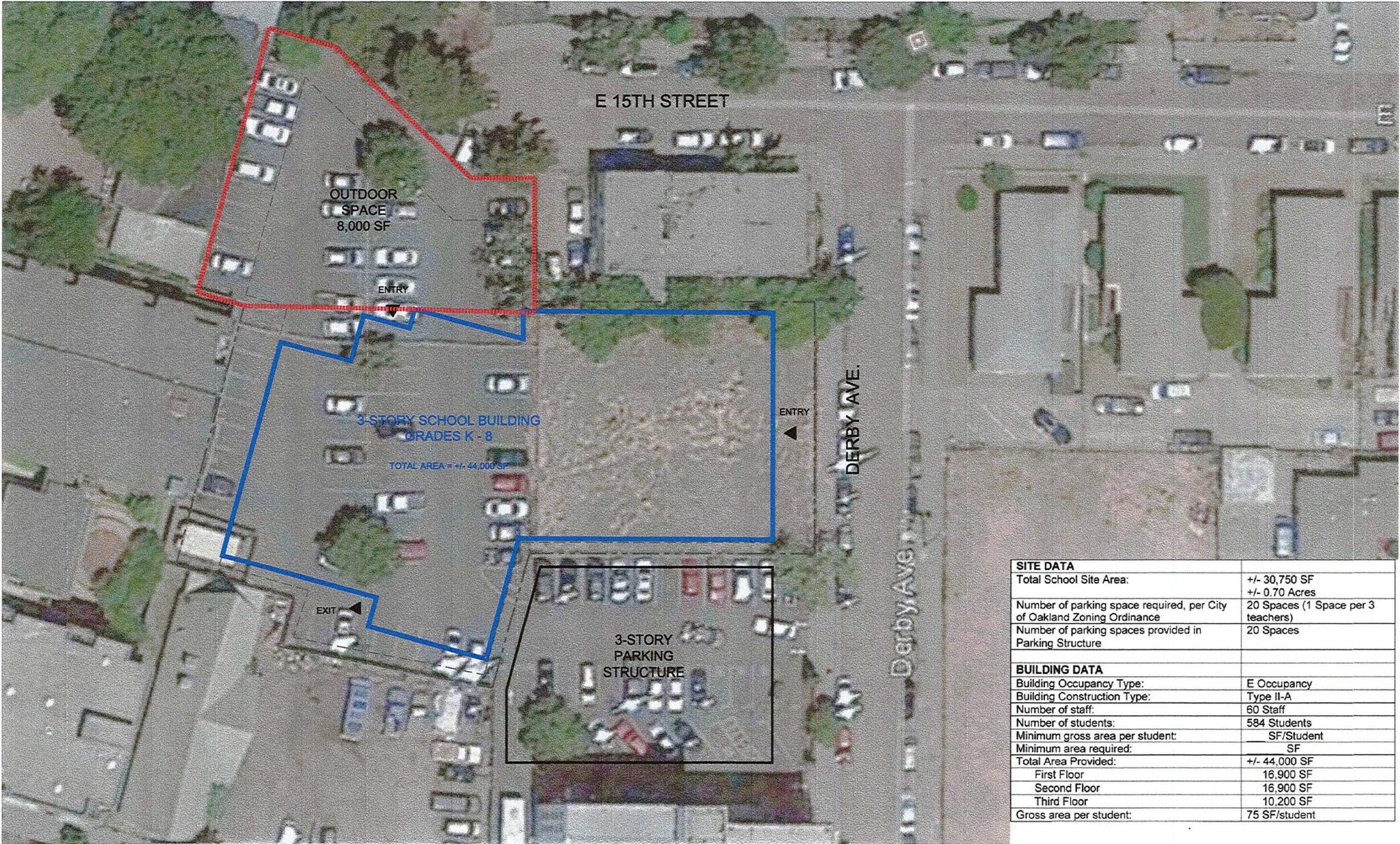
**JOIN  
THE  
CLUB**

**WAO**

**JUST**

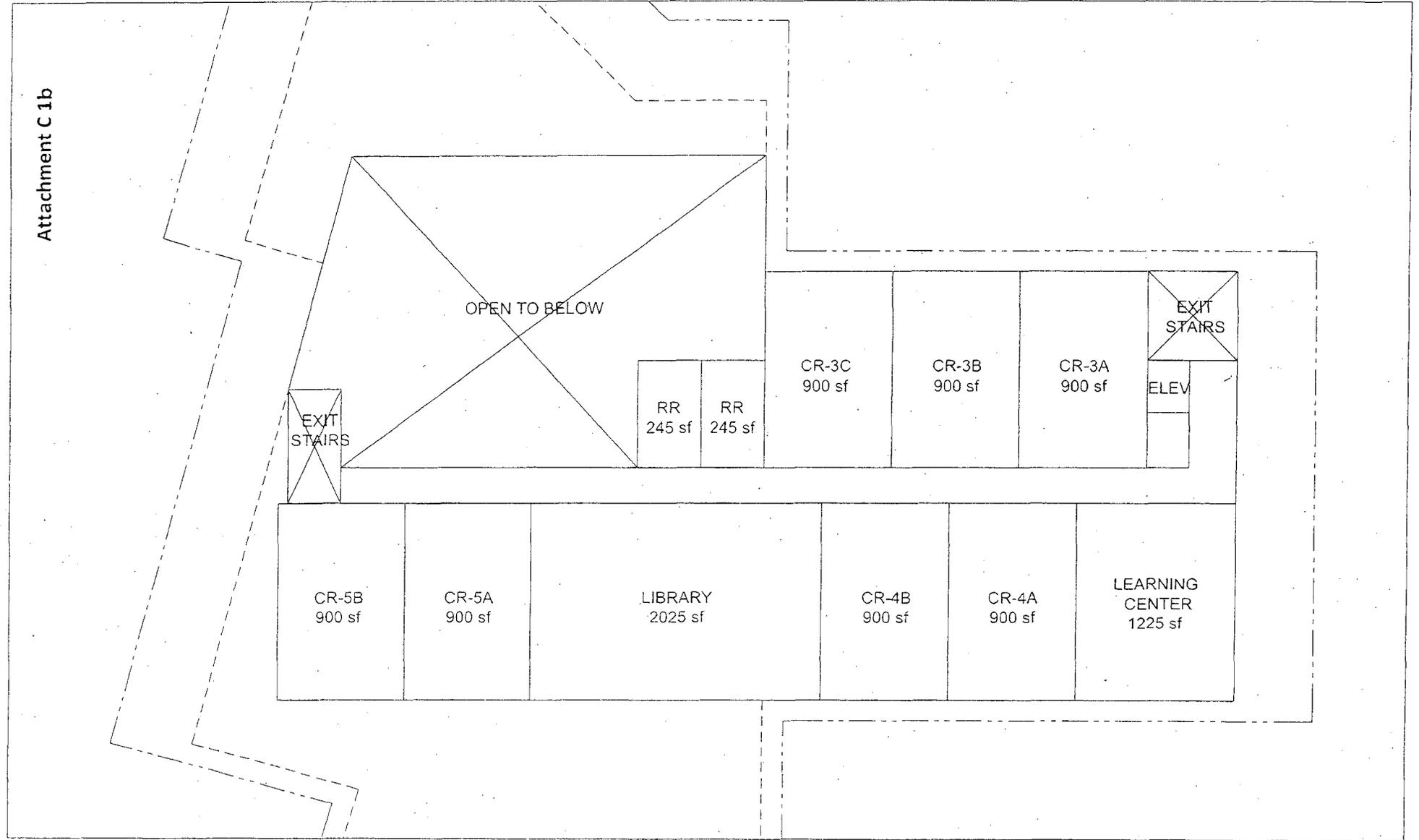
**DO IT**

ATTACHMENT C  
DERBY CONCEPTUAL FLOOR PLANS



SITE DATA	
Total School Site Area:	+/- 30,750 SF +/- 0.70 Acres
Number of parking space required, per City of Oakland Zoning Ordinance	20 Spaces (1 Space per 3 teachers)
Number of parking spaces provided in Parking Structure	20 Spaces
<b>BUILDING DATA</b>	
Building Occupancy Type:	E Occupancy
Building Construction Type:	Type II-A
Number of staff:	60 Staff
Number of students:	584 Students
Minimum gross area per student:	SF/Student
Minimum area required:	SF
Total Area Provided:	+/- 44,000 SF
First Floor	16,900 SF
Second Floor	16,900 SF
Third Floor	10,200 SF
Gross area per student:	75 SF/student

Attachment C 1b

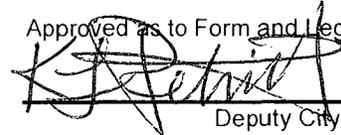




FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2015 AUG 32 PM 3: 38

Approved as to Form and Legality:

  
Deputy City Attorney

## OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.

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**A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE TO NEGOTIATE AND EXECUTE AN EXCLUSIVE NEGOTIATING AGREEMENT WITH THE PACIFIC COMPANIES OR ITS RELATED ENTITIES OR AFFILIATES FOR TWELVE MONTHS WITH ONE OPTIONAL SIX MONTH ADMINISTRATIVE EXTENSION FOR THE DEVELOPMENT OF THE DERBY AVENUE PROPERTY ON APN NO. 025-0720-002-01.**

**WHEREAS**, the City of Oakland ("City") owns a 9,000 square foot paved parking lot located on APN#: 025-0720-002-01 on Derby Avenue ("Site"); and

**WHEREAS**, the Pacific Companies submitted a proposal to purchase or lease the Site to develop a charter school and affordable housing (the "Project") on the Site; and

**WHEREAS**, the City and Pacific Companies wish to enter into a period of preliminary study and exclusive negotiations of the proposed Project, with the understanding that such study and negotiations do not constitute a binding commitment on the part of the City to the proposed Project or Pacific Companies for the Property; now, therefore, be it

**RESOLVED:** That the City Council hereby authorizes the City Administrator or designee to negotiate and enter into an Exclusive Negotiating Agreement ("ENA") with Pacific Companies or its related entities or affiliates for the purposes of studying and evaluating the feasibility of the development of the proposed Project for the development of a charter school and affordable housing for City review and approval, undertake the necessary environmental review process, and negotiate the terms and conditions of a Lease Disposition and Development Agreement ("LDDA"); and be it

**FURTHER RESOLVED:** That this property on APN#: 025-0720-002-01 on Derby Avenue is exempt from the State Surplus Lands Act because the Property has not been in the City's use;

**FURTHER RESOLVED:** That the initial exclusive negotiating period will be for twelve (12) months from the date hereof, with the option by the City Administrator or designee in her sole discretion to extend said period by an additional six months; and be it

**FURTHER RESOLVED:** That the ENA shall be reviewed and approved as to form and legality by the City Attorney's Office prior to execution; and be it

**FURTHER RESOLVED:** That the City finds and determines, after independent review and consideration, that the authorization to enter into the ENA with Pacific Companies 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 City Administrator or her 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 City Administrator is further authorized to negotiate and enter into other agreements and take whatever action is necessary with respect to the ENA and the Project, consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, and  
PRESIDENT GIBSON McELHANEY

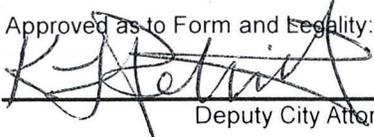
NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California

**FILED**  
**OFFICE OF THE CITY CLERK**  
**OAKLAND**  
**2015 SEP -2 AM 9:42**

Approved as to Form and Legality:  
  
Deputy City Attorney

# OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

**A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE TO NEGOTIATE AND EXECUTE AN EXCLUSIVE NEGOTIATING AGREEMENT WITH PRIMESTOR DEVELOPMENT, INC. OR ITS RELATED ENTITIES OR AFFILIATES FOR TWELVE MONTHS WITH ONE OPTIONAL SIX MONTH ADMINISTRATIVE EXTENSION FOR THE DEVELOPMENT OF 3050 INTERNATIONAL BOULEVARD ON APN NO. 025-0719-007-01.**

**WHEREAS**, the City of Oakland ("City") owns approximately 32,500 square feet (APN#: 025-0719-007-01) property located at 3050 International Boulevard ("Property"); and

**WHEREAS**, Primestor Development, Inc. ("Primestor") submitted a proposal to purchase or lease the Property to develop a new Nike Community Store featuring a modern building design consisting of approximately 17,000 square feet building (the "Project") on the Property; and

**WHEREAS**, the City and Primestor wish to enter into a period of preliminary study and exclusive negotiations of the proposed Project, with the understanding that such study and negotiations do not constitute a binding commitment on the part of the City to the proposed Project or Primestor for the Property; now, therefore, be it

**RESOLVED:** That the City Council hereby authorizes the City Administrator or designee to negotiate and enter into an Exclusive Negotiating Agreement ("ENA") with Primestor its related entities or affiliates for the purposes of studying and evaluating the feasibility of the development of the proposed Project for the development of the Nike store for City review and approval, undertake the necessary environmental review process, and negotiate the terms and conditions of a Lease Disposition and Development Agreement ("LDDA"); and be it

**FURTHER RESOLVED:** That this property on APN#: 025-0719-007-01 is located at 3050 International Boulevard is exempt from the State Surplus Lands Act because the Property has not been in the City's use;

**FURTHER RESOLVED:** That the initial exclusive negotiating period will be for twelve (12) months from the date hereof, with the option by the City Administrator or designee in her sole discretion to extend said period by an additional six months; and be it

**FURTHER RESOLVED:** That the ENA shall be reviewed and approved as to form and legality by the City Attorney's Office prior to execution; and be it

**FURTHER RESOLVED:** That the City finds and determines, after independent review and consideration, that the authorization to enter into the ENA with Primestor 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 City Administrator or her 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 City Administrator is further authorized to negotiate and enter into other agreements and take whatever action is necessary with respect to the ENA and the Project, consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, and  
PRESIDENT GIBSON McELHANEY

NOES -

ABSENT -

ABSTENTION -

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

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