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2019 OCT 10 PM 3: 54

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Alexa Jeffress  
Interim Director, Economic  
& Workforce Development

**SUBJECT:** Disposition of Fire Alarm Building Site

**DATE:** September 30, 2019

City Administrator Approval

Date:

10/10/19

## RECOMMENDATION

**Staff Recommends That The City Council Approve One Of The Following Options For The Disposition And Development Of City-Owned Property Located At 1310 Oak Street, Commonly Known As The Fire Alarm Building:**

**1) Adopt A Resolution Directing The City Administrator To Issue A Request For Proposals That Is Consistent With The State Surplus Land Act And The Competitive Process Set Forth In Chapter 2.42.050 Of The Oakland Municipal Code For The Disposition and Development Of The Fire Alarm Building At 1310 Oak Street; Or, Alternatively,**

**2) Adopt A Resolution Exercising The Waiver Of Competitive Process Set Forth In Chapter 2.42.050 Of The Oakland Municipal Code And Directing The City Administrator To Issue A Notice of Offer Pursuant To The State Surplus Land Act For The Disposition and Development Of The Fire Alarm Building At 1310 Oak Street And If No Other Proposal Is Received To Commence Negotiations For The Lease And Development Of The Property With The Museum Of Jazz And Art, Or Alternatively,**

**3) Adopt A Motion Directing Staff To Include The Fire Alarm Building In The Forthcoming Asset Disposition Plan And To Defer Commencement Of Negotiations For The Property.**

## EXECUTIVE SUMMARY

In 2018, the board of directors of the Museum of Jazz & Art (MoJA) submitted an unsolicited proposal to the City of Oakland (City) for the acquisition or lease of the historic City-owned property located at 1310 Oak Street (the Property), commonly known as the "Fire Alarm Building." MoJA proposes to reuse the Fire Alarm Building as a History, Hope & Heritage Center, and to add three stories of gallery space, a 400-seat performance space, a street level gallery and café, and a rooftop restaurant to the building. The Fire Alarm Building is eligible for the National Register of Historic Places and is a significant historic landmark and contributor to Oakland's historic Lake Merritt District.

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CED Committee  
October 22, 2019

Chapter 2.42.050 of the Oakland Municipal Code (OMC) requires staff to commence a competitive solicitation process prior to negotiating for the sale or lease of City-owned property. Additionally, in December of 2018, the City Council adopted Resolution No. 87483 C.M.S., setting forth a comprehensive framework for a future ordinance to be adopted by the City Council for a "Public Land Policy" (the PLP) for the sale or lease of City-owned properties, including the Fire Alarm Building. Commencing negotiations with MoJA on its unsolicited proposal would be inconsistent with both the OMC and the policy framework of the PLP. As such, staff seeks direction from City Council on how to proceed with MoJA's unsolicited proposal. Specifically, staff recommends that the City Council approve one of the following actions:

- 1) adopt a resolution directing the City Administrator to issue noticing in compliance with the State Surplus Land Act (SLA) to solicit interest in the site from the designated entities specified in the SLA, including affordable housing developers, concurrent with a Request for Proposals (RFP) consistent with the OMC for lease and development of the Property emphasizing the preservation of the historic nature of the building; or, alternatively,
- 2) adopt a resolution exercising the waiver of competitive process per Chapter 2.42.050 of the OMC and directing the City Administrator to issue noticing only to the designated entities specified in the SLA. After the 60-day noticing period, staff will negotiate with any proposed purchasers for 90-days as required by the SLA and bring the results back to City Council for further direction. If no other proposals are submitted, staff is directed to commence negotiations with MoJA; or, alternatively,
- 3) direct staff to delay the release of an RFP and SLA Notice of Offer and include the Property in the forthcoming asset disposition strategy (the RFP Plan).

### **BACKGROUND / LEGISLATIVE HISTORY**

Located across the street from Lake Merritt, the Property consists of an approximately 0.75-acre lot that contains the single-story Fire Alarm Building, with a size of approximately 4,500 square feet in gross building area. The City obtained fee simple title to the property in 1910 and constructed the building in 1911 as a Beaux Arts derivative. The building was substantially remodeled in 1953-54. In 1995, the Oakland Cultural Heritage Survey rated the building a B-, a1+ (B-, major importance, landmark quality; potential A, highest importance), if restored. The building has been identified as eligible for the National Register of Historic Places and is a contributor to Oakland's historic Lake Merritt District. The Fire Alarm Building is zoned D-LM-4 Lake Merritt Station Area District Mixed - 4 Commercial Zone, which allows a wide range of residential, commercial, and compatible light industrial activities.

The Fire Alarm Building is currently used as office space for approximately 20 City employees in Oakland Public Works' Facilities Services division, and as storage space for the Oakland Public Library and the Information Technology Department. The Fire Alarm Building is a key junction point for fiber-optic cables for City and County communication networks, which are routed through this building and would have to be relocated at a to-be-determined cost if the building is to be reused for another purpose. Lastly, the Property includes a surface parking lot with 45

spaces, of which ten spaces are leased, pursuant to a long-term parking license, to the Lake Chalet Restaurant for overflow parking during evenings and on weekends. Twenty spaces are reserved for the Oakland Public Library, 14 spaces are reserved for Oakland Public Works, and one space is set aside for the Alameda County District Attorney.

In July of 1999, staff issued an RFP to redevelop the Property for residential use. On November 30, 1999, pursuant to Resolution No. 75355 C.M.S., the City Council authorized the City Manager to execute an Exclusive Negotiation Agreement (ENA) with a joint venture between Lalanne/Volckman and E.M. Johnson Alliance (LV) for the development of a high-rise residential tower on the Property, which would have necessitated the demolition of the Fire Alarm Building. LV never executed the ENA because of considerable public opposition to the proposed development by a broad coalition of historic preservationists, open space advocates and neighborhood groups, known as the Coalition of Advocates for Lake Merritt (CALM). On January 25, 2000, the Alameda County Board of Supervisors approved a resolution opposing the development of the project. Given this history of community concern for preservation of the historic structure and opposition to any major modifications, staff recommends that any proposed disposition emphasize the importance of preserving the historic features of the building.

### **ANALYSIS AND POLICY ALTERNATIVES**

The OMC mandates a process for disposition of City-owned real property through competitive solicitation and allows for a waiver of the competitive process upon a finding and determination by City Council in certain circumstances. In addition, the SLA requires a local agency disposing of surplus land to send, prior to disposing of that property, a written offer to sell or lease the property to designated entities, including to housing sponsors for the purpose of developing low- and moderate-income housing. The SLA further mandates 60-day noticing and a 90-day negotiation period with any designated entities that submit timely offers. City of Oakland Resolution No. 87483 C.M.S. dated December 14, 2018 also sets forth guidelines for a future ordinance to be adopted as a "Public Land Policy" (the PLP) for the sale or lease of City-owned property.

Staff is developing an RFP Plan that will present a strategy and schedule for the solicitation of development proposals for high-priority City properties to align with the PLP and prioritize parcels that can be used to support housing and homelessness efforts. The Fire Alarm Building will be included in the RFP Plan. However, the timing of the RFP Plan does not work for MoJA's business needs. As such, staff seeks direction from the City Council as to how to proceed with MoJA's unsolicited proposal.

Specifically, staff recommends that the City Council approve one of the following actions:

#### **1. RFP Consistent with the OMC and the State SLA**

The City Council could direct staff to issue noticing for the site in compliance with the SLA together with an RFP for the development of the Property that allows for commercial use(s) and emphasizes preservation of the historic building. An RFP concurrent with SLA noticing and the competitive process outlined in the OMC would solicit interest from designated

entities, including affordable housing developers, while also requesting proposals from other sources for commercial uses. The RFP would solicit a range of alternate proposals in addition to MoJA that the City could consider should the SLA noticing to designated entities not yield a feasible project. The RFP process would also consider as many of the procedures and requirements described in the PLP guidelines as practicable, such as community outreach, green building requirements and compliance with the City's local employment and business programs.

This RFP process would require additional staff time to analyze the site, conduct community outreach, and draft an RFP, and would likely delay disposition of the asset by 6-12 months. In addition, preparation for any development of the Property will require further analysis of the costs and process for relocating City staff, parking spaces and fiber optic cables.

## **2. Waiver of Competitive Process with State SLA Noticing**

Alternatively, the City Council could make a finding and determination that it is in the best interests of the City to sell the real property by negotiated sale and waive the competitive process per the OMC. City Council could then direct staff to only issue noticing to solicit interest from designated entities for the site in accordance with the SLA. If proposals were received during the 60-day SLA noticing period, staff would negotiate with any interested designated entity for at least 90 days and return to City Council to report on the outcome and receive further direction. If no other proposals were submitted during the SLA noticing period, staff would be directed to commence negotiations with MoJA without soliciting or considering any other proposals. Any subsequent action authorizing an ENA would be brought back to the City Council for approval.

MoJA included a third-party economic consultant study in the Proposal that highlights fiscal benefits of the proposed project that would augment the General Fund and create jobs in the near and long term. The proposal also describes public benefits provided through MoJA's program of preserving jazz history, as well as through its learning center, which will incorporate music and arts into its science, technology, engineering, and mathematics (STEM) curriculum. Commencing negotiations with MoJA after the 150-day SLA process would accelerate further analysis of the feasibility of building a Jazz museum on the site and could allow the City to realize the proposed fiscal and community benefits of MoJA's proposal sooner than going through a full RFP process. As in option one above, preparation for any development of the Property will require further analysis of the costs and process for relocating City staff, parking spaces and fiber optic cables.

## **3. Finalization of the RFP Plan and Deferral of the MoJA Proposal**

As stated above, staff is developing an RFP Plan to present a strategy and schedule for the solicitation of development proposals for high-priority City properties to align with the PLP. Staff anticipates release of the RFP Plan in late 2019 or early 2020.

Staff could continue to defer MoJA's interest until the RFP Plan is released. This approach would extend the schedule for the commencement of a competitive solicitation process for the Fire Alarm Building by an additional 6 months or longer but would align the project with the overall City strategy for asset disposition under the PLP framework.

### **FISCAL IMPACT**

The fiscal impact of issuing an RFP and/or SLA Noticing is limited to the staff costs associated with the work of administering the SLA Noticing and Negotiation and/or RFP process. Determining the fiscal impact of any development of the Property would have to include an analysis of the costs of relocating City staff, parking spaces and fiber optic cables.

### **PUBLIC OUTREACH / INTEREST**

Should the City Council direct staff to release an RFP, staff would initiate community outreach to gather feedback on potential uses for the site. Should the City Council direct staff to defer consideration of the MoJA proposal until completion of the RFP Plan, staff would initiate community outreach at a future date, as part of the RFP planning process.

Should the City Council waive the competitive process and direct staff to issue SLA noticing only, staff would return to Council to report and receive public comment and direction if other proposals were received during the SLA period.

In any case, any subsequent action authorizing an ENA would be brought back to the City Council for approval.

### **COORDINATION**

Economic and Workforce Development staff have coordinated meetings with the Facility Services Division of Oakland Public Works to understand the current state of the Property. The Office of the City Attorney also assisted in preparation of the staff report and legislation.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The redevelopment of the Property will reactivate a historically significant building and could generate long-term tax revenues to the City. The Project would generate construction and permanent jobs.

***Environmental:*** Reusing existing historic buildings in built-out cities is one of the most powerful sustainable building strategies available. Any new project on the site would have to incorporate green building and energy efficient components to the extent feasible.

***Social Equity:*** A developer would likely be required to comply with the City Programs, pay prevailing wages during construction and living wages for staff operating the building upon completion of the rehabilitation work.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

None of the recommended actions constitute a "project" within the definition of CEQA Guideline Section 15378 that would have the potential for resulting in either a direct physical change or a reasonably foreseeable indirect physical change in the environment. To the extent a project is determined to exist, any of the recommended actions would be exempt from the CEQA pursuant to Section 15061(b)(3) (common sense exemption, no significant effect on the environment) and Section 15262 (Feasibility and Planning Studies).

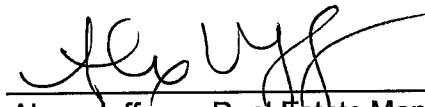
**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Consider And Approve One Of The Following Options For The Disposition And Development Of City-Owned Property Located At 1310 Oak Street, Commonly Known As The Fire Alarm Building:

- 1) Adopt A Resolution Directing The City Administrator To Issue A Request For Proposals That Is Consistent With The State Surplus Land Act And The Competitive Process Set Forth In Chapter 2.42.050 Of The Oakland Municipal Code For The Disposition and Development Of The Fire Alarm Building At 1310 Oak Street; Or, Alternatively,
- 2) Adopt A Resolution Exercising The Waiver Of Competitive Process Set Forth In Chapter 2.42.050 Of The Oakland Municipal Code And Directing The City Administrator To Issue A Notice of Offer Pursuant To The State Surplus Land Act For The Disposition and Development Of The Fire Alarm Building At 1310 Oak Street And If No Other Proposal Is Received To Commence Negotiations For The Lease And Development Of The Property With The Museum Of Jazz And Art, Or Alternatively,
- 3) Adopt A Motion Directing Staff To Include The Fire Alarm Building In The Forthcoming Asset Disposition Plan And To Defer Commencement Of Negotiations For The Property.

For questions regarding this report, please contact Jens Hillmer, Area Manager at (510) 238-3317.

Respectfully submitted,



Alexa Jeffress, Real Estate Managing Director  
Economic & Workforce Development

Reviewed by:  
Jens Hillmer, Area Manager

Prepared by:  
Rupa Parikh, Urban Economic Analyst III

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**DRAFT**

City Attorney

# OAKLAND CITY COUNCIL

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

## OPTION 1

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**RESOLUTION DIRECTING THE CITY ADMINISTRATOR TO ISSUE A REQUEST FOR PROPOSALS THAT IS CONSISTENT WITH THE STATE SURPLUS LAND ACT AND THE COMPETITIVE PROCESS SET FORTH IN CHAPTER 2.42.050 OF THE OAKLAND MUNICIPAL CODE FOR THE DISPOSITION AND DEVELOPMENT OF THE FIRE ALARM BUILDING AT 1310 OAK STREET**

**WHEREAS**, the City of Oakland ("City") owns 0.75-acre of land located at 1310 Oak Street (Assessor Parcel Number 002-0091-001) (the "Property"); and

**WHEREAS**, the Property is improved with the historic Fire Alarm Building and associated parking that serves various City departments and a private restaurant; and

**WHEREAS**, the City desires to issue a Request for Proposals ("RFP") consistent with the State Surplus Land Act ("SLA") and the competitive process set forth in Chapter 2.42.050 of the Oakland Municipal Code ("OMC") for development of the Property, with the intent to preserve the historic building on the Property; and

**WHEREAS**, the requirements of the California Environmental Quality Act ("CEQA"), the CEQA guidelines as prescribed by the Secretary of Resources, and the provisions of the Environmental Review Regulation have been satisfied; now, therefore, be it

**RESOLVED:** That the Oakland City Council directs the City Administrator or her designee to draft and issue an RFP consistent with the SLA and OMC for the development of the Property and take all other actions with respect to the RFP consistent with this Resolution and its basic purpose; and be it further

**RESOLVED:** That this action does not constitute a "project" within the definition of CEQA Guideline Section 15378 that would have the potential for resulting in either a direct physical change or a reasonably foreseeable indirect physical change in the environment. To the extent a project is determined to exist, the City Council has independently reviewed and considered this action, and the City Council finds and

determines that it complies with CEQA because this action is exempt from CEQA under Section 15061(b)(3) (common sense exemption, no significant effect on the environment) and Section 15262 (Feasibility and Planning Studies) of the CEQA guidelines; and be it further

**RESOLVED:** That the City Administrator shall return to the City Council for approval of any sale of the Property; and be it further

**RESOLVED:** That the City Attorney shall review and approve all documents and agreements related to this transaction as to form and legality, and a copy shall be placed with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2019

**PASSED BY THE FOLLOWING VOTE:**

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

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