

2020 FEB 13 AM 10:21

Approved as to Form and Legality
As Amended by Councilmember
McElhaney


Deputy City Attorney

ORDINANCE NO. 13582 C.M.S.

STAFF RECOMMENDS THAT THE CITY COUNCIL ADOPT AN ORDINANCE TO AUTHORIZE A FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS BETWEEN THE CITY OF OAKLAND AND STRADA T5 LLC FOR DISPOSITION OF THE CITY CENTER T-5/6 SITE B LOCATED ON THE BLOCK BOUNDED BY BROADWAY, 11TH STREET, 12TH STREET AND CLAY STREET TO (1) TERMINATE THE CITY'S OBLIGATIONS TO CONVEY SITE B UNDER THE CURRENT DDA; (2) ALLOW DEVELOPER THE OPTION TO PURSUE A HOTEL PROJECT ON SITE B; (3) AUTHORIZE THE CITY ADMINISTRATOR TO ALLOW DEVELOPER TO PURSUE ENTITLEMENTS FOR AN ALTERNATE PROJECT, SUBJECT TO A DETERMINATION OF HOTEL INFEASIBILITY BY THE CITY ADMINISTRATOR; (4) ESTABLISH A NEW OUTSIDE ENTITLEMENT DATE AND RELATED PERFORMANCE DEADLINES FOR SITE B; (5) REQUIRE AN EXTENSION FEE; AND (6) AMEND OTHER TERMS OF THE DDA AS NEEDED TO EFFECTUATE THE FOREGOING

WHEREAS, the City owns approximately 1.25 acres of property on the block bounded by Broadway, 11th Street, 12th Street and Clay Street, commonly known as T-5/T-6, that has been reconfigured into two development sites commonly referred to as Site A and Site B ("Property"); and

WHEREAS, the Property is located within the City Center Redevelopment Project and was owned by the former Oakland Redevelopment Agency prior to its dissolution pursuant to AB 1X 26 and AB 1484 (collectively, "Redevelopment Dissolution Act"); and

WHEREAS, disposition of the Property is governed by the Long-Range Property Management Plan prepared by the Oakland Redevelopment Successor Agency ("ORSA") and approved by the ORSA Oversight Board and the Department of Finance and the Compensation Agreement entered into by the City and taxing entities pursuant to the Redevelopment Dissolution Act; and

WHEREAS, on January 31, 2012, the City issued a Request for Proposals

("RFP"), in compliance with the California Surplus Land Act, Government Code Sections 64220 et seq. ("SLA"), to develop the Property; and

WHEREAS, the City only received one proposal from Strada (as defined below); and

WHEREAS, Strada T5 LLC ("Developer") is a limited liability company created by Strada Investment Group, LLC ("Strada"); and

WHEREAS, the City Council authorized a Disposition and Development Agreement ("DDA") on October 6, 2015 (Ordinance No. 13328 C.M.S.) with Strada; and

WHEREAS, Strada satisfied all the requirements of the DDA for the close of escrow and start of construction for Site A, and assigned the development rights for Site A to 1100 Clay Venture, LLC ("Phase 1 Developer"), a joint venture comprised of 1100 Clay Venture Holdings, LLC (CIM) and Strada; and

WHEREAS, construction of Phase 1, a 16-story apartment building with 288 units, approximately 4,000 square feet of ground floor retail and a 12,075 square-foot publicly accessible plaza (located above the existing City Center Garage), began on Site A in March 2018 and is expected to be complete by Spring 2020; and

WHEREAS, a 14-story 200-300 room hotel with ground floor retail on Site B is the approved use under the DDA for Phase 2; and

WHEREAS, if the closing/land transfer of Site B does not occur by February 6, 2020 (the "Outside Date"), the DDA terminates as it relates to Site B; and

WHEREAS, Developer has indicated that a hotel use on Site B may not be feasible and has requested a 15-month extension to determine a feasible use for Site B; and

WHEREAS, Developer is now proposing construction of a higher education institute, including offices, classrooms, teaching labs, common spaces (such as auditorium/convention space), parking, health service facilities and related uses for Samuel Merritt University (SMU) as an alternative project; and

WHEREAS, staff is recommending Developer be given a 15-month extension and two 3-month discretionary administrative extension options to (1) provide additional analysis regarding the viability of a hotel project on Site B, and (2) if the City Administrator determines, with direction from the City Council based on costs and options, that the hotel project is infeasible after considering the additional analysis provided by the Developer, explore feasibility, conduct community outreach and obtain planning entitlements and California Environmental Quality Act (CEQA) clearance for their proposed alternative project; and

WHEREAS, the City previously prepared and placed on file a copy of the summary of the transaction contemplated by the original DDA (Ordinance No.13328 C.M.S.). as required by Government Code Section 52201 ("52201 Report") and Government Code Section 53083 ("53083 Report"), and an update to those Reports is not required at this time for this proposed Ordinance; and

WHEREAS, the City has conducted a noticed public hearing on the transaction as required by Government Code Sections 52201 and 53083; now therefore

The Council of the City of Oakland does ordain as follows:

SECTION 1. The City Council hereby authorizes the City Administrator to execute an Amendment to the DDA to: 1) terminate the City's obligations to convey Site B under the current DDA; 2) allow Developer the option to pursue a hotel project on Site B; 3) authorize the City Administrator to allow Developer to pursue entitlements for an alternate project, subject to a determination of hotel infeasibility by the City Administrator, with direction from the City Council based on costs and options; 4) establish a new outside entitlement date and related performance deadlines for Site B; 5) require an extension fee in the amount and terms described in the related agenda package; and 6) amend other terms of the DDA as needed to effectuate the foregoing.

SECTION 2. The City Council authorizes the City Administrator to accept, deposit and appropriate the Extension Fees in the Misc. Capital Project Fund (5999), Central District Redevelopment Organization (85245), City Ctr T-5 Project (1001548), Downtown Development (SC13).

SECTION 3. The City Council finds and determines that the anticipated environmental effects of the project have been evaluated by the "Modified Block T5/6 Project CEQA Analysis" dated May 29, 2015, and, as supported by substantial evidence in the record and for the reasons set forth in the CEQA Findings adopted by the Planning Commission on July 1, 2015 in connection with its consideration of the Project, no further environmental review is required for this action as the Council will be removing any obligation or commitment to convey Site B to the Developer, and the terms of any proposed disposition will require further negotiations between the parties and final discretionary actions of the City Council.

SECTION 4. The City Council finds that this action does not result in a binding commitment to advance any "project" that will result in any foreseeable, direct or indirect physical change, in the environment and does not in-and-of-itself constitute a "project" pursuant to CEQA Guidelines Section 15378.

SECTION 5. The City Council finds that the new requirements of the California Surplus Land Act, Government Code Sections 54220 et seq. (SLA), effectuated on January 1, 2020 through AB 1486 do not apply as the DDA was in effect as of September 30, 2019.

SECTION 6. The City Administrator or his or her designee is further authorized to negotiate and enter into other agreements and take whatever action is necessary consistent with this Ordinance and its basic purposes.

SECTION 7. The recitals contained in this Ordinance are true and correct and are an integral part of the Council's decision.

SECTION 8. The Ordinance shall be in full force and effect immediately upon its passage as provided by Section 216 of the City Charter if adopted by at least six members of Council, or upon the seventh day after final adoption if adopted by fewer votes.

IN COUNCIL, OAKLAND, CALIFORNIA, FEB 04 2020

PASSED BY THE FOLLOWING VOTE:

AYES - BAS, ~~CHAVEZ~~, GIBSON McELHANEY, KALB, REID, TAYLOR, THAO and PRESIDENT KAPLAN — 7

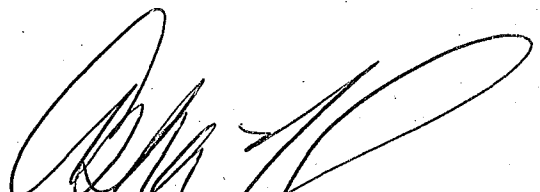
NOES - 0

ABSENT - 1 *Gallo*

ABSTENTION - 0

Introduction Date
JAN 21 2020

ATTEST:


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

AN ORDINANCE TO AUTHORIZE A FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT AND RELATED DOCUMENTS BETWEEN THE CITY OF OAKLAND AND STRADA T5 LLC FOR DISPOSITION OF THE CITY CENTER T-5/6 SITE B LOCATED ON THE BLOCK BOUNDED BY BROADWAY, 11TH STREET, 12TH STREET AND CLAY STREET TO (1) TERMINATE THE CITY'S OBLIGATIONS TO CONVEY SITE B UNDER THE CURRENT DDA; (2) ALLOW DEVELOPER THE OPTION TO PURSUE A HOTEL PROJECT ON SITE B; (3) AUTHORIZE THE CITY ADMINISTRATOR TO ALLOW DEVELOPER TO PURSUE ENTITLEMENTS FOR AN ALTERNATE PROJECT, SUBJECT TO A DETERMINATION OF HOTEL INFEASIBILITY BY THE CITY ADMINISTRATOR; (4) ESTABLISH A NEW OUTSIDE ENTITLEMENT DATE AND RELATED PERFORMANCE DEADLINES FOR SITE B; (5) REQUIRE AN EXTENSION FEE; AND (6) AMEND OTHER TERMS OF THE DDA AS NEEDED TO EFFECTUATE THE FOREGOING

NOTICE AND DIGEST

An Ordinance to authorize an amendment to terms of the Disposition and Development Agreement between the City of Oakland and Strada T5 LLC for sale of "Site B" of the City Center T-5/6 parcels, located on the block bounded by Broadway, 11th Street, 12th Street and Clay Street to: (1) terminate the City's obligations to convey Site B under the current DDA; (2) allow Developer the option to pursue a hotel project on Site B; (3) authorize the City Administrator to allow Developer to pursue entitlements for an Alternate Project, subject to a determination of hotel infeasibility by the City Administrator; (4) establish a new Outside Entitlement Date and related performance deadlines for Site B; (5) require an extension fee; and (6) amend other terms of the DDA as needed to effectuate the foregoing.