

OAKLAND OVERSIGHT BOARD

RESOLUTION No. 2012-_____

A RESOLUTION AUTHORIZING THE OAKLAND REDEVELOPMENT SUCCESSOR AGENCY TO ENTER INTO A DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE CITY OF OAKLAND AND SUNFIELD DEVELOPMENT, LLC, OR ITS APPROVED AFFILIATE, FOR THE SALE OF PROPERTY AT FOOTHILL BOULEVARD AND SEMINARY AVENUE FOR NO LESS THAN \$6,000 FOR DEVELOPMENT AS A RETAIL SHOPPING CENTER, AND AUTHORIZING AN AGREEMENT WITH THE CITY OF OAKLAND TO PROVIDE \$150,000 FOR REMEDIATION/DEMOLITION OF THE SITE

WHEREAS, the City of Oakland owns eleven contiguous vacant parcels of land located at the southwest corner of Foothill Boulevard and Seminary Avenue (the "Property"), consisting of 1.69 acres, as more particularly described in the Council Report presented and approved on May 15, 2012; and

WHEREAS, on September 4, 2009, a Notice of Development Opportunities ("NODO") was issued to solicit development proposals for the Property; and

WHEREAS, of the three proposals received in response to the NODO, the City's review panel awarded the highest number of points to the proposal submitted by Sunfield Development, LLC ("Sunfield"); and

WHEREAS, Sunfield has proposed to develop approximately 26,950 square feet of new neighborhood-serving retail uses with 73 off-street parking stalls (the "Project"); and

WHEREAS, a reuse value analysis undertaken by Keyser Marston Associates, Inc., concludes that, based on a financial feasibility analysis of the proposed Project, the fair reuse value of the Property is nominal; and

WHEREAS, the Property was transferred by the Redevelopment Agency of the City of Oakland to the City of Oakland on January 31, 2012, pursuant to a Purchase and Sale Agreement entered on March 3, 2011; and

WHEREAS, on July 17, 2012, the Oakland Redevelopment Successor Agency (ORSA) approved Resolution No. 2012-0004 authorizing the ORSA to enter into a Disposition and Development Agreement with the City of Oakland and Sunfield Development, LLC for the sale of property at Foothill Boulevard And Seminary Avenue for no less than \$6,000 for development as a

retail shopping center, and authorizing an agreement with the city of Oakland to provide \$150,000 for remediation/demolition of the site; and

WHEREAS, on May 15, 2012, the City Council of the City of Oakland approved Ordinance No. 13114 authorizing a Disposition and Development Agreement (the "City DDA") with Sunfield for the sale of the Property for \$6,000 for development of the Project and allocating \$150,000 for remediation/demolition of the site; and

WHEREAS, the City DDA will set forth the terms and conditions under which the City will sell the Property to Sunfield and by which Sunfield will construct improvements on the Property; and

WHEREAS, on January 10, 2012, the City Council adopted Resolution No. 83679 C.M.S. electing to become the successor agency to the Redevelopment Agency of the City of Oakland pursuant to Health & Safety Code Sections 34171(j) and 34173 upon Redevelopment Agency dissolution; and

WHEREAS, the Redevelopment Agency of the City of Oakland dissolved on February 1, 2012; and

WHEREAS, the City subsequently formed the Oakland Redevelopment Successor Agency ("ORSA") to become the successor agency to the Redevelopment Agency, and ORSA has taken over this role from the City; and

WHEREAS, California Health and Safety Code Section 34177(e) provides for a successor agency to dispose of property of the former redevelopment agency at the direction of the oversight board expeditiously and in a manner aimed at maximizing value for the taxing entities; and

WHEREAS, property and sales taxes generated from the Property and the development of the Project will be distributed to specified taxing entities in Alameda County pursuant to state law; and

WHEREAS, it is estimated that the developed Project on the Property will produce \$85,372 more in property taxes for the taxing entities per year in the near term, than a sale of the Property in its current vacant condition without any prospect for imminent development; and

WHEREAS, it is estimated that the developed Project on the Property will generate \$607,500 in sales taxes for the taxing entities per year in the near term, while a sale of the Property in its current condition without any prospect for imminent development would generate no sales taxes; and

WHEREAS, ORSA wishes to enter into the City DDA for the Project along with the City to provide for a sale of the Property to Sunfield for development of the Project in the event that the Property is conveyed to ORSA; and

WHEREAS, remediation costs are listed as enforceable obligations on ORSA's approved Recognized Obligation Payment Schedule; and

WHEREAS, Health and Safety Code Section 34178(a) allows a successor agency to enter into an agreement with its sponsoring city with the approval of the oversight board; and

WHEREAS, the sale of the Property to Sunfield for development and operation as a neighborhood-serving commercial retail center will further the health, safety, and general welfare of the residents of the City of Oakland by improving access to local goods and services and bringing a pharmacy and wellness services to the East Oakland community; and

WHEREAS, the development of the Property will eliminate physical blight, bring a vacant property to productive economic use, and act as a catalyst for the Foothill Seminary commercial district, and will generate financial benefits for the City from property taxes, business license, sales taxes, and utility taxes; and

WHEREAS, given the financial feasibility of the proposed Project and the need to make the Project work, the sale of the Property to Sunfield at a nominal cost of \$6,000 is necessary; now, therefore

The Oakland Oversight Board does ordain as follows:

SECTION 1. The Oakland Oversight Board hereby authorizes and approves the conveyance of the Property to Sunfield Development, LLC, or an affiliated entity approved by the ORSA Administrator ("Developer"), for the price of no less than \$6,000, in return for an agreement by the developer to develop and operate the Project as a neighborhood-serving commercial retail center.

SECTION 2. The Oakland Oversight Board hereby authorizes the ORSA Administrator to negotiate and enter into an agreement with the City of Oakland to approve the use of \$150,000 from the Funding Agreement advance from the Central City East project area within the Central City East Capital Fund (5640) as an allowance to the Developer for environmental remediation/demolition of the Property.

SECTION 3. The Oakland Oversight Board hereby authorizes the Oakland Redevelopment Successor Agency (ORSA) Administrator or her designee to negotiate and execute a Disposition and Development Agreement with the Developer, along with the City, for the sale and development of the Property consistent with the terms of this Ordinance, as well as negotiate and execute grant deeds and any other agreements or documents as necessary to convey the Property to the Developer upon the satisfaction of any preconveyance conditions imposed by the ORSA Administrator or her designee, should ORSA acquire title to the Property or otherwise be required to execute such documents.

SECTION 4. Pursuant to Sections 1 and 8(c) of Ordinance No. 10142 C.M.S., the Oakland Oversight Board hereby finds and determines that it is

in the best interest of the Oversight Board to sell the Property by negotiated sale to the Developer at its fair reuse value given the need to redevelop the Property for the benefit of the community.

SECTION 5. the Oakland Oversight Board further finds and determines that the disposition of the Property for a Project as negotiated under the City DDA will be of benefit to the community and to the taxing entities that will share in the additional property taxes assessed against the Property and the additional sales taxes generated from the Project, and that a sale under such conditions and yielding such benefits will best maximize the value of the Property for the taxing entities.

SECTION 6. All agreements associated with the Property and the project shall be reviewed and approved as to form and legality by ORSA and Oversight Board General Counsel prior to execution by ORSA, and shall be placed on file with the ORSA Secretary.

SECTION 7. ORSA finds and determines that the sale of the Property and the project are exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15332 of the CEQA regulations (in-fill exemption).

SECTION 8. This resolution 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 the Board, or upon the seventh day after final adoption if adopted by fewer votes.

SECTION 9. This action shall be forwarded to the Oakland Redevelopment Successor Agency and ORSA execution of the City DDA and the agreement.

PASSED BY THE FOLLOWING VOTE:

AYES- CARSON, GERARD, LEVIN, ORTIZ, QUAN, SMITH, TUCKER

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
SECRETARY, OAKLAND
OVERSIGHT BOARD

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NOTICE AND DIGEST

This Resolution approves the sale of City-owned real property located at Foothill Boulevard and Seminary Avenue to Sunfield Development, LLC (or its affiliate), by the Oakland Oversight Board for no less than \$6,000 for development of a neighborhood commercial retail center on the site. This Resolution also authorizes the Oakland Redevelopment Successor Agency (ORSA) Administrator to negotiate and enter into a Disposition and Development Agreement with Sunfield Development LLC (or its affiliate) and the City for this transaction, as well as other agreements, and makes associated findings with respect to the California Environmental Quality Act (CEQA) and other matters.