



CITY HALL • 1 FRANK H. OGAWA PLAZA • OAKLAND, CALIFORNIA 94612

Office of the City Administrator
Deanna J. Santana
City Administrator

(510) 238-3302
FAX (510) 238-2223
TDD (510) 238-2007

October 11, 2013

Fred Blackwell
Assistant City Administrator

**RE: PAYMENT OF DELINQUENT PARKING TAXES ON THE
FORMER OAKLAND ARMY BASE**

Dear Mr. Blackwell:

I write regarding the unpaid parking taxes attributable to the truck parking facility operated by Oakland Maritime Support Services (OMSS) on the former Oakland Army Base (OARB) through September 2013.

In 2009, the City's Revenue Division attempted to collect unpaid parking taxes from OMSS related to its truck parking operation on the OARB. In July of that year, the City agreed that OMSS was at a competitive disadvantage relative to the Port's subsidized truck parking operation, and that OMSS was providing an important public service by helping to keep trucks out of West Oakland through its on-site services. At that time, the Redevelopment Agency owned the property, and informed OMSS that the Agency would reduce its monthly rent obligation by \$20,000 to \$35,000 per month so that OMSS could charge a lower parking rate and collect the taxes from its customers, so as to keep payments flat for truckers. Under this reduced rent scenario, OMSS could remain competitive.

Instead of reducing OMSS' monthly rent obligation, the Redevelopment Agency continued to collect the same rent amount, resulting in OMSS overpaying rent by \$20,000 to \$35,000 per month for the remaining four years that OMSS continued to occupy the property (totaling \$960,000-\$1.68 million). When the OARB property transferred from the Redevelopment Agency to the City in 2012, the rent remained the same.¹

¹ The City has stepped into the shoes of the Oakland Redevelopment Successor Agency (ORSA) with regard to the Army Base property.

During the same time period, OMSS failed to collect the parking tax from its customers and incurred liability to the City under the Parking Tax Ordinance from July 2009 through September 2013, in the amount of \$1,258,715, including \$316,423 in interest. The City wishes to settle the matter, and has therefore determined that the Army Base Project will pay for the delinquent parking taxes as a set off against the obligations to OMSS arising from over-collected rents. These payments to the City will satisfy and extinguish any and all obligations of Army Base arising from and relating to OMSS rent overpayments.

By way of this memorandum, I am directing that unrestricted revenues resulting from the development of the Army Base Project be used to repay the City's Revenue Division all delinquent taxes and accrued interest. The payments will be made as follows:

- .5405% of delinquent taxes (\$680,335) will go to Parking Tax Fund 1010.
- .4595% of delinquent taxes (\$578,380) will go to Measure Y Surcharge (OMC 4.16.031) Fund 2251.
- .5405% of all incurred and accrued interest will go to Parking Tax Fund 1010 (\$171,027 as of October 1, 2013)
- .4595% of all incurred and accrued interest will go to will go to Measure Y Surcharge Fund 2251 (\$145,396 as of October 1, 2013)

Please note that the amount in arrears will continue to accrue interest until the total delinquent amount, including interest, is remitted.

Sincerely,



DEANNA J. SANTANA
City Administrator

cc: Osborn Solitei
David McPherson
Keith Pryor
Doug Cole
John Monetta
Hui Wang