



MEMORANDUM

Date: July 2, 2013

To: Mayor Jean Quan
Council President Kernighan
Councilmember Kalb
Councilmember McElhaney
Councilmember Schaaf
Councilmember Gallo
Councilmember Brooks
Councilmember Reid
Councilmember Kaplan
Fred Blackwell
Doug Cole

From: Mark McClure, Prologis/CCIG Oakland Global LLC

Subject: Oakland Army Base Development Agreement and Rezoning

BACKGROUND

The legislation before the City Council facilitates the project moving forward while complying with all applicable laws. The rezoning allows for uses on the former Oakland Army Base that are integral to the Army Base project Master Plan and Lease Disposition and Development Agreement (LDDA), but that are not included in the current zoning -- such as maritime and rail uses. The design standards are necessary to build warehouses and related facilities that will house operations of the new development once construction is complete. Under current law, design review approval of the new buildings is required prior to the deconstruction of the obsolete but identified historic structures on the property. Here, vertical construction will not begin for several years and therefore design review approval is not possible, so the City Council's approval of the design guidelines is necessary to permit the required deconstruction.

Ideally, the Development Agreement would have been completed at the same time as the LDDA, but due to the time constraints of the California Transportation Commission grant deadline, there was insufficient time to address the Development Agreement and LDDA concurrently. The Development Agreement provides long-term certainty to the City and the Developer concerning the project so that the project can be successfully implemented and the benefits in the LDDA intended for the Developer and the City can be realized. The proposed Development Agreement was contemplated in the LDDA to be approved as implementing legislation based on the terms agreed between the City and the Developer in the LDDA.

THE NOTCH LEASE

Through a collaborative effort with City Staff, Port Staff, Prologis and CCIG have reached terms that would allow for the temporary relocation of the existing tenants into the Port's remaining 800-series buildings, thus facilitating the "no net jobs lost" goal of Councilmember Gibson-McElhaney.

RESPONSES TO COUNCILMEMBERS' QUESTIONS FROM CITY STAFF

At the hearings on June 18 and 25, 2013, the City Council identified a number of questions for follow-up by City staff, including questions relating to the authority of the City Administrator, the handling of development fees in the Development Agreement and the application of certain ordinances to the project. City staff has addressed each of those questions in the Supplemental Report Regarding Army Base Rezoning & Development Agreement and provided further explanation in text boxes inserted into the revised Development Agreement. The Developer concurs with staff's responses.

COMMUNITY BENEFITS

The LDDA requires the Developer to provide community benefits that go far beyond what is commonly required of development projects, including in the areas of local hiring, workforce development and environmental mitigation. These agreed community benefits include the following:

- Developer pays \$16,000 per net developable acre to the West Oakland Community Fund.
- Construction Jobs Policy for Public Improvements and Private Vertical Improvements.
- Compliance with environmental requirements contained in the Standard Conditions of Approval and Mitigation Monitoring and Reporting Program and implementation of an air quality monitoring program.

In addition, even prior to the request from the City Council, CCIG and the Developer agreed to amend the Construction Jobs Policy for Public Improvements to require weekly workforce charts. CCIG has since surpassed this agreement and has developed a website for real-time reporting and tracking of contractors' compliance with local hire requirements and other provisions of the Construction Jobs Policy for Public Improvements. The website works in conjunction with the City of Oakland contract compliance system FTP tracker and enhances its functionality to match the requirements of the Construction Jobs Policy for Public Improvements.

BILLBOARDS

The Council has received correspondence and testimony alleging that the City's Billboard Franchise Agreement for the project is inconsistent with other City regulations. The City Attorney has stated that there is no such conflict. In order to remove any concern on this issue, the Development Agreement specifically permits the franchise agreement.

TRUCK TRAFFIC IMPACTS

The City Council had questions regarding the planned mitigation of traffic impacts relating to the project, specifically with respect to the West Oakland community. Such impacts are addressed (and required to be addressed) under the Standard Conditions of Approval for the project imposed by the City Council as well as the required mitigation measures under CEQA adopted by the City Council. The mitigation is divided into two categories, mitigation of construction impacts and mitigation of operations impacts.

Construction Management Plan: During construction, mitigation of truck impacts is mandated by Standard Condition of Approval Air-1. The mitigations are identified in the Construction Management Plan and include, among other things, routing, traffic control, parking and idling. CCIG has provided the draft Construction Management Plan to City staff for initial comments and approval prior to releasing the document for broader public comment, consistent with the parties' discussions with the applicable regulatory agencies, including the Bay Area Air Quality Management District.

Truck Management Plan: The truck management plan governs truck management during operation of the project and is memorialized in the Mitigation Monitoring and Reporting Program as part of the LDDA (Mitigation 4.3-7). As the project moves forward and more is known about the specific tenants and uses, a draft Truck Management Plan will be prepared and submitted to the City.

Parking and Transportation Demand Management: Among other goals, this plan will reduce the amount of traffic generated by new development and the expansion of existing development. Like the Truck Management Plan, it can only be drafted once more information is available about the operations of the new facilities once construction is complete.