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Council approves \$1 billion Oakland Army Base deal

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OAKLAND -- More than a decade after the military's departure, Oakland's former army base looks to have a new lease on life as a logistics and warehousing center projected to deliver thousands of jobs for city residents.

The City Council overwhelmingly approved the \$1 billion army base deal Tuesday, just beating a state-imposed deadline for the project to keep a \$242 million grant.

The agreement paves the way for developers Prologis and California Capital and Investment Group to lease nearly 130 acres of the former base and transform it into a state-of-the-art logistics center managing the flow and redistribution of cargo at the adjacent Port of Oakland.

Oakland's largest proposed development also will include infrastructure improvements, expanded rail capacity for the port and a deep water port terminal to handle goods too big for shipping containers.

"This is going to make a difference in the City of Oakland," Councilmember Jane Brunner said.

Developer Phil Tagami, who is spearheading the project, called the council's 7-0-1 vote a great show of confidence, but cautioned that the project still faces hurdles. "This is just one part of the pie," he said. "We still have a lot of work to do."

The Army abandoned the 366-acre base in 1999 and later divided it between the port and the city. After a series of proposals ranging from a movie studio to an Indian Casino fell through, the current developers stepped forward in 2008 with the "Working Waterfront proposal, they said would bring 2,810 construction jobs and 2,032 permanent jobs -- replacing blue collar jobs lost when the base closed.

The planned warehouses and logistic centers are expected to lure companies from throughout the region, reducing truck traffic and bringing jobs to Oakland.

Securing jobs for city residents had been the biggest sticking point for negotiators and earlier this month looked as if it could stymie the deal.

The developers had already agreed to construct the project with union labor, limit temporary workers, provide apprentice programs for Oakland residents, help fund a West Oakland jobs center, and promise that at least half the workers will be Oakland residents with special preferences to residents of West Oakland.

At the behest of community groups, Prologis, which is responsible for building the new facilities and finding tenants, signed off this week on several additional concessions.

The firm agreed to waive local hiring preferences only for future tenants that have fewer than 40 full-time equivalent employees. It also agreed to forbid future employers from asking job applicants to state on their applications whether they have been convicted of a crime, unless that policy violates the firm's nationwide hiring rules.

Additionally, the city agreed to strengthen residency requirements that allow workers to claim Oakland as their home after living in the city for just seven days.

Community groups packed the council chambers Tuesday urging the city to close loopholes. But the dozens of speakers also acknowledged that they had prevailed on many key points.

"I recognize how far we've come. It is significant," Brian Woodson Sr. of the Bay Area Christian Coalition told council members. "We have to stay involved. If their word is good and the deal lasts, then we've done a lot."

The council approved the deal without amendments proposed by Councilmember Desley Brooks to specify sanctions

for companies that violate the local hire laws. Brooks abstained from the vote. The council must still approve a second reading of the deal next week.

The council's action authorizes the city administrator to complete agreements with the port and developers to finalize the deal. It also safeguards the project's \$242 million in state funding and enables the developers to move forward with infrastructure improvements scheduled to begin late next year and be completed in 2015 -- the same year that construction is scheduled to begin on the warehouses.

The city is committing \$54.4 million toward the project, some of which will come from selling army base land to two recycling companies currently located in West Oakland neighborhoods. An additional \$275 million in public funding for the project is included in Measure B -- an extension of a countywide half-cent sales tax surcharge for transportation projects that will be on the November ballot. The port on Tuesday also received a \$15 million federal grant for the project.

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