



STAFF REPORT

Date: June 13, 2017
To: Bryan H. Montgomery, City Manager
From: Dwayne Dalman, Economic Development Manager

Approved and Forwarded to City Council:


Bryan H. Montgomery, City Manager

SUBJECT: Resolution accepting the bid from Kimball Associates, Inc. to purchase .23 acres of real property located in downtown Oakley, north of Main Street and east of Oakley Plaza, known as APN 037-160-006 and APN 037-160-007

Summary

The redevelopment and revitalization of Downtown Oakley has long been a priority for the City Council. The goal for the community is to have a downtown that is thriving and vibrant, and will serve as a solid foundation for the economic vitality of Oakley.

In an effort to further these goals, the City purchased in December of 2015, at an attractive price, 4.62 acres of unimproved land in the Downtown. (See attached map). The property was purchased with the anticipation of developing a future park & ride lot on the rear of the property and for potential commercial development on the land fronting Main Street.

The land that was purchased is located north of Main Street and east of the Oakley Plaza. The property consists of three parcels of land (APN's 037-160-006, 037-160-007 & 037-160-018). Two of the parcels, which total .23 acres, front Main Street and are located immediately east of 1330 Main Street, which houses Guanatos Ice Cream. The remaining 4.39 acres of land consists of one parcel that is located north of the frontage parcel and directly south of the railroad right-of-way.

On April 28, 2017 staff released an Invitation to Bid for the property. On May 24, 2017, the City Clerk publicly opened the bid that was received, which was from Kimball Associates, Inc. No oral bids were received. If this resolution is adopted, a formal Purchase and Sales Agreement will be brought back to the City Council for final consideration.

Background

The Invitation to Bid for the property was posted as a public notice in the local newspaper, placed on the City's website and emailed to commercial real estate brokers and developers. Concurrent to the publication of the Invitation to Bid, staff

notified nearby public agencies in accordance with Government Code Section 54220 of the property being deemed as "surplus."

The bid received was from Kimball Associates, Inc. (Kimball) Kimball proposes to purchase the entire .23 acres (approximately 10,152 sq. ft.) for \$122,000 or approximately \$12.00 per square foot. The City paid \$3.11 per square foot for the property.

Kimball is proposing to develop a two-story, class "A" medical/dental office building that is approximately 15,000 – 20,000 square feet on the subject property. The proposal also includes a provision to enter into a joint development/parking agreement with the City of Oakley for a shared-use, patient and staff parking lot to be located on a portion of the remaining 4.39 acres of land that was purchased by the City and is located to the rear of the property.

Kimball is proposing to finalize the Purchase Agreement and Parking Agreement with the City by the end of August and to close escrow on the purchase of the land by the end of September. They propose to start construction by spring/summer 2018 and complete construction by fall 2018.

Development Team

If the sale is approved, a Limited Liability Corporation to be named Oakley Medical Dental Plaza, LLC will be formed to take ownership of the land and to develop the building. The LLC will be originally controlled and owned by Kimball Associates and its financial partner, Dr. Frank Hann, DDS. Once the building is constructed and occupied, the LLC will be owned by the physicians and dentists who will be tenants in the building.

The development team for the project will consist of Jim Kimball, Dr. Frank Hann, David Ginn and Mohsen Ghoreishi. Mr. Jim Kimball is President, Asset Manager and Broker for Kimball Associates, Inc., a commercial real estate firm based in Fort Bragg, CA. Mr. Kimball has been active in the commercial real estate syndication, development, and asset management segment of the medical/dental office market since 1993. He has brokered and co-owned many projects in the greater Bay Area, and has formed syndications with physicians and dentists for the purpose of buying, developing, rehabilitating and managing investment properties since the early 1990's.

Dr. Frank Hann, DDS is a local orthodontist who will serve as both a financial partner and an interface with the medical and dental community. Dr. Hann and his daughter Dr. Kristen Hann, DDS, have been looking to establish greater opportunities for the medical/dental community in Oakley. They currently have an orthodontic practice in Brentwood. The Hann's have been working with Kimball Associates over the past ten months to identify possible medical/dental users for the building. Pre-construction commitments from local and regional orthodontic, pediatric, general dentistry, pediatric dentistry and oral surgery offices have been identified and the development team expects 90% advanced commitments from

prospective tenants prior to construction. Based on the level of pre-construction interest, the building will be sized from a minimum of 15,000 sq. ft. to a maximum of 20,000 sq. ft.

Mr. David Ginn is the Senior Partner of Ginn & Crosby, LLP, a Walnut Creek law firm emphasizing in real estate and construction law. Mr. Ginn has over thirty years of legal experience, and is presently an adjunct professor for Diablo Valley College, teaching *Legal Aspects of the Construction Industry*. Mr. Ginn will provide strategic planning, land use applications, formation and organization documentation, construction procurement and ongoing legal support throughout the development process.

Mr. Mohsen Ghoreishi is the President and CEO of Kohan, Inc., Architects, based out of San Francisco. Mr. Ghoreishi's firm has extensive experience in commercial architecture and construction management services, and will be the principal in charge of the overall design of the medical/dental building.

Fiscal Impact

The City will realize \$122,000 in sales proceeds as revenue to the General Fund. The improvements to the parcel are anticipated to be valued between \$5.5 to \$7 million. With these improvements, there will be a corresponding increase in property tax revenue of between \$55,000 to \$70,000 per year.

In addition to sales proceeds and increased property tax revenue, the project will bring the following additional benefits:

1. The City is currently underserved for local medical and dental services in the downtown. The proposed medical/dental building will provide local access to residents of the City and the surrounding community to medical and dental services, especially for children.
2. The project will add approximately 35 to 50 full-time positions to the downtown employment base.
3. The project will add approximately 140 to 180 daily patient/parent visits to the downtown as potential customers of additional goods and services.
4. The project can act as a potential catalyst for future downtown development and redevelopment.

Recommendation

Staff recommends that the Council adopt the resolution approving the sale of .23 acres of real property located in downtown Oakley, north of Main Street and east of Oakley Plaza, known as APN 037-160-006 and APN 037-160-007 to Kimball Associates, Inc. for the purpose of developing a medical/dental office building.

Attachment

1. Resolution
2. Exhibit Map
3. Invitation to Bid packet
4. Kimball Associates, Inc. Response to Invitation to Bid

RESOLUTION NO. _____

RESOLUTION ACCEPTING THE BID FROM KIMBALL ASSOCIATES, INC. TO PURCHASE .23 ACRES OF REAL PROPERTY LOCATED IN DOWNTOWN OAKLEY, NORTH OF MAIN STREET AND EAST OF OAKLEY PLAZA, KNOWN AS APN 037-160-006 AND APN 037-160-007

WHEREAS, the redevelopment and revitalization of downtown Oakley has long been a priority for the City, and

WHEREAS, in December, 2015 the City purchased 4.62 acres of unimproved land in the downtown in order to further these goals; and

WHEREAS, on April 25, 2017 the City Council declared .23 acres of this property surplus and approved the publication of an Invitation to Bid so interested parties could competitively submit proposals to purchase and develop the property; and

WHEREAS, on May 24, 2017, the date and time for bids to be received, one bid was received from Kimball Associates, Inc. (hereinafter called Kimball); and

WHEREAS, Kimball has proposed to purchase .23 acres of land (the subject property) for the purposes of developing a 15,000 – 20,000 sq. ft. class "A" medical/dental office building; and

WHEREAS, the City Council acknowledges the benefits a medical/dental office space would bring to the downtown corridor; and

WHEREAS, after careful consideration, the City Council has determined this proposal from Kimball is in the best interests of the community.

NOW, THEREFORE BE IT RESOLVED, that by adoption of this Resolution, the Oakley City Council hereby accepts the bid from Kimball to purchase .23 acres of land located north of Main Street and east of Oakley Plaza, known as APN 037-160-006 and APN 037-160-007.

PASSED AND ADOPTED by the City Council of the City of Oakley at a meeting held on the 13th of June, 2017 by the following vote:

AYES:
NOES:
ABSENT:
ABSTENTIONS:

APPROVED:

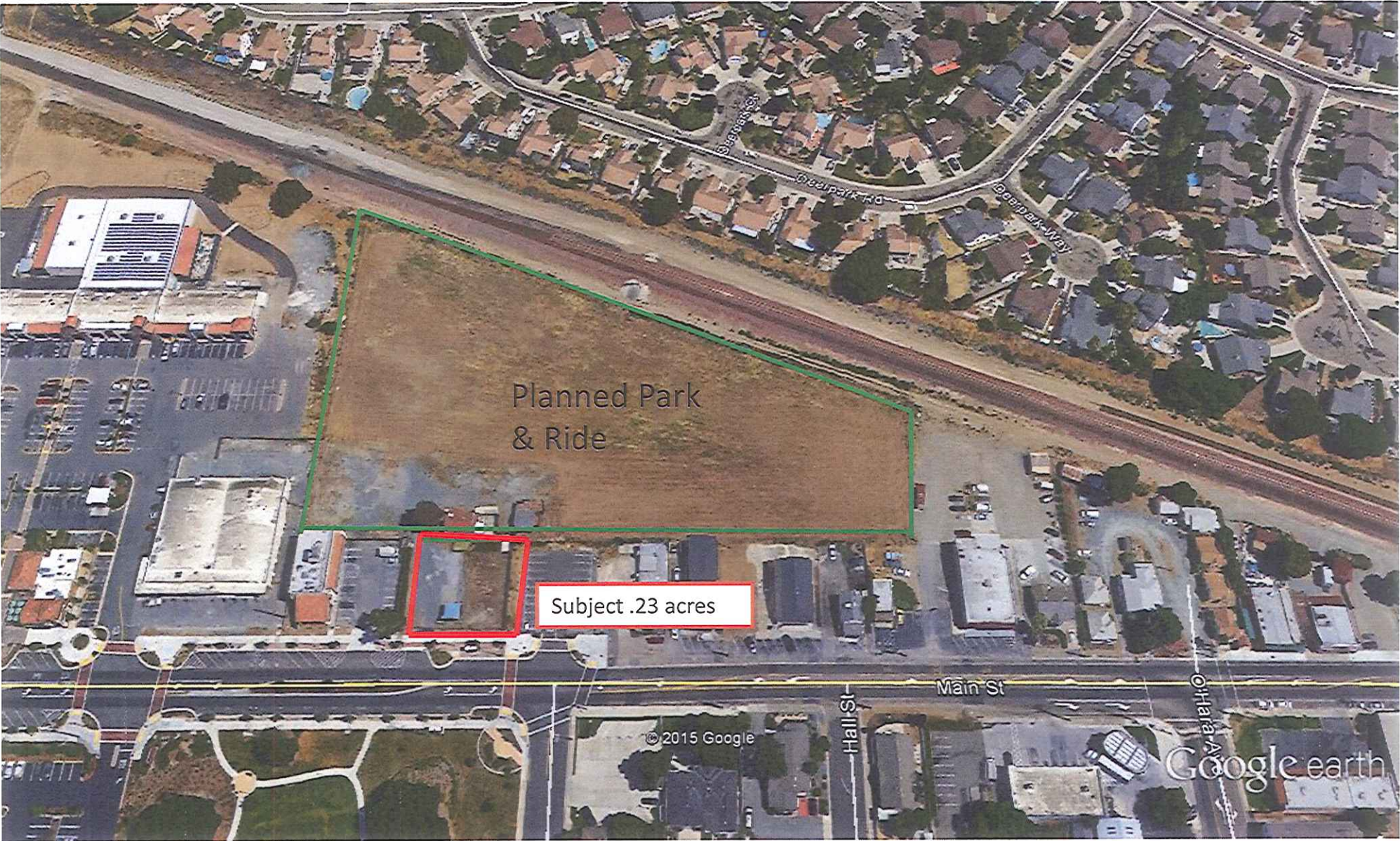
Sue Higgins, Mayor

ATTEST:

Libby Vreonis, City Clerk

Date

Site Map



OAKLEY



CALIFORNIA

INVITATION TO BID
for the real property described as

.23 acres of land located
north of Main Street and east of Oakley Plaza
(APN 037-160-006 & 037-160-007)
Oakley, California 94561

INVITATION TO BID

The City of Oakley invites sealed bids for the purchase of .23 acres of land located north of Main Street and east of Oakley Plaza in Oakley, Contra Costa County, California. The property is described as APN 037-160-006 & 037-160-007, and is designated for commercial use.

The bid packet can be obtained by emailing Dwayne Dalman, Economic Development Manager, at dalman@ci.oakley.ca.us

Bids must be received at 3231 Main Street, Oakley, CA 94561 **no later than 3:00 pm. May 24, 2017**, at which time they will be opened publicly by the City Clerk.

The City of Oakley, at its sole discretion, reserves the right to reject any and all bids.

DESCRIPTION OF THE PROPERTY

The City of Oakley offers for purchase up to .23 acres of land located in downtown Oakley, north of Main Street and east of Oakley Plaza, Contra Costa County, California. The subject property is identified in the Contra Costa County Tax Assessor's Records as APN's 037-160-006 & 037-160-007 (see attached map).

The property is part of a larger 4.62 acre site that was purchased by the City of Oakley in December, 2015. The property was purchased with the intention of developing a future park & ride lot on the rear of the property, containing 4.39 acres. The front portion of the property, containing .23 acres, was purchased with the intention of future commercial development.

The .23 acres of land that fronts Main Street is the portion of the property that is available for purchase. However, if a portion of the 4.39 acre site is needed for the development project, the City would entertain a proposal to purchase a portion of the larger site. An alternative option would be for a development proposal to include participating with the City in a joint public parking lot project that would include joint parking for the proposed development project as well as a portion of the park & ride.

Site improvements

The subject parcels are undeveloped land. The portion of the property that fronts Main Street has frontage improvements including curb, gutter, sidewalk and landscaping improvements. A site visit to the property is strongly encouraged.

Utilities

Coordination with the specific utilities is recommended to determine what final connections, extensions and development fees would be required for the bidder's project.

Zoning

The land is located within the core area of the Downtown Specific Plan, which allows for a variety of commercial and retail uses. See attached link to Oakley Zoning Code for questions regarding specific uses and designations within the Downtown Specific Plan Area.

<http://www.codepublishing.com/CA/Oakley/html/Oakley09/Oakley091.html#9.1>.

SPECIAL CONDITIONS

1. The subject property will be sold "as is."
2. Purchase of additional property for development/parking will require a parcel map or lot line adjustment to create a separate parcel for the subject project and this work must be done at Buyers' expense.
3. The City will pay no broker's fee, finder's fee, commission, or other compensation to any party claiming to counsel or represent any proposer regarding the sale of the subject property or consummation of the lease hereinafter described.
4. No representations will or have been made by the City that the subject property meets all the ordinances, regulations or laws governing bidders' proposed development of the property.
5. Any use of the subject property will be in compliance with all relevant laws and regulations, including Title VI of the Federal Civil Right Act of 1964, as amended, i.e., without discrimination as to race, color, or national origin.
6. No billboard, sign, or other outdoor advertising devices shall be erected upon the subject property other than those indicating ownership or on-premise advertising and shall be subject to reasonable restrictions with respect to number, size, location, and design by regulation of the City of Oakley, subject to local zoning ordinances.
7. Any public utilities or municipalities having facilities under, over, or through the subject property as of the date of its conveyance to the selected bidder shall have the right and easement to continue to maintain, operate, and renew their facilities within the subject property.
8. This invitation to Bid is based upon the requirements of Title 2 Article 8 of the Oakley Municipal Code.
9. Sale of this property is subject to and contingent upon the execution of a Purchase Agreement with the City of Oakley.
10. Eventual owner of the property will be subject to common area maintenance (CAM) charges that include the upkeep and maintenance of the parking lot, landscaping and lighting.
11. The development plan proposed in the winning bid must be substantially complete within 18 months of closing on the property.

INSTRUCTIONS TO BIDDERS

General

Sealed bids will be accepted no later than **3:00 pm. on May 24, 2017**. Emailed or faxed bids will not be accepted. All bids must be delivered in a sealed envelope and clearly marked as follows:

City of Oakley
Attn: Dwayne Dalman
3231 Main Street, Oakley, CA 94561
Invitation to Bid: ".23 acres of Downtown Property"

A minimum bid of \$12.00 per square foot has been set for the property, which is believed to be below market value due to its location and the existing improvements. **The City reserves the right to reject any and all bids and for any reason.**

Bid Surety and Closing

The bid must be accompanied by the enclosed Offer to Purchase form, duly executed, and a cashier's or certified check in the amount of Ten Thousand Dollars (\$10,000) made payable to the "City of Oakley" as a good faith deposit to be credited towards the final purchase price. This check will be forfeited if the winning bidder fails to execute a Purchase and Sales Agreement with the City of Oakley within sixty (60) days from the date the winning bidder is notified in writing that the bid was accepted by the City Council. Should the City Council reject the bids, the bidders' deposit checks will be promptly returned.

Development Plans and Timeline for Improvements

In addition to the proposed purchase price, the City shall evaluate and consider the bid and proposal that best meets the City's desire for a successful, attractive development at the property after the sale. The purpose of this sale is not for buyers' land speculation, but for some near-term (within 18 months) vertical development. Restated, the City Council intends on awarding a contract to the bidder with the highest price offered but also one that submits a conceptual development plan that closest meets the City's expectations of quality economic development.

Questions and Information

Questions must be submitted by email to dalman@ci.oakley.ca.us by May 10, 2017. Responses will be distributed to those who requested bid packets by May 17, 2017.

OFFER OF PURCHASE FORM

On this date and in accordance with the terms and conditions set forth in the Invitation to Bid, this offer is submitted to purchase the .23 acres of real property known as APN 037-160-006 & 037-160-007, located in downtown Oakley north of Main Street and east of Oakley Plaza in Oakley, Contra Costa County, California.

Purchase Amount	
Written Amount	
Square Footage of Proposed purchase	

Also, as required by the terms of the offering, a bid surety in the amount of Ten Thousand Dollars (\$10,000) in the form of a cashier's or certified check made payable to "The City of Oakley" is enclosed.

***REQUIRED:** Attach to this form a description of no more than five (5) pages that details what your conceptual plans are to further develop the property and that outlines a timeline for those improvements. You may include company information and references and any other information that demonstrate your capacity to successfully complete your development proposal.*

This offer is made and surety submitted on behalf of:

Proposers Name _____
Business Name _____
Address _____
City, State, Zip Code _____
Telephone Number _____
Email Address _____

Signature Printed Name

Signature Printed Name

WITNESS

Signature Printed Name

**EXHIBIT A
PROPERTY DESCRIPTION**

Real property in the City of Oakley, County of Contra Costa, State of California, described as follows:

APN: 037-160-006 & 037-160-007

Site Map



City of Oakley
Attn: Dwayne Dalman
3231 Main Street, Oakley, CA 94561

**RESPONSE TO CITY OF OAKLEY INVITATION TO BID:
“.23 ACRES OF DOWNTOWN PROPERTY”**

On this date and in accordance with the terms and conditions set forth in the Invitation to Bid, this offer is submitted to purchase the .23 acres of real property known as APN 037-160-006 & 037-160-007, located in downtown Oakley north of Main Street and east of Oakley Plaza in Oakley, Contra Costa County, California. It is understood and agreed that the deposit of \$10,000.00 is refundable to Kimball Associates, Inc. if the City of Oakley awards the Bid to Kimball Associates, Inc. and the two parties are not able to agree on the terms of a purchase agreement within 45 days of the date of Bid award.

Purchase Amount: \$122,000 One Hundred Twenty Two Thousand and no/100 Dollars

Square Footage of Proposed Purchase: 10,152 sq. ft.

Bid Surety: \$10,000.00 Ten Thousand and no/100 Dollars Payable to: The City of Oakley

This offer is made and surety submitted on behalf of:

Proposers Name: Kimball Associates, Inc. and Assigns.

Business Name: Oakley Medical-Dental Plaza, LLC

Address: c/o Kimball Associates, Inc. 33043 Virgin Creek Ln., Fort Bragg, CA 95437

Telephone Number: Kimball Associates, Inc. (925) 866-7200

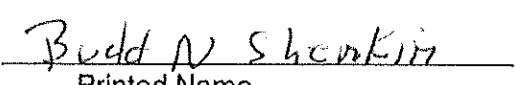
Email Address: Jim@KimballAssociates.com

Kimball Associates, Inc.


By: James M. Kimball, President

WITNESS


Signature


Printed Name

DEVELOPMENT CONCEPT

Our development concept is to construct, lease up and manage a minimum 15,000 sq. ft. Class "A" type medical-dental office building on the Zone "A" property and utilize a shared-use parking agreement with the City of Oakley ("City") to provide the needed patient and staff parking. A Limited Liability Company to be named Oakley Medical-Dental Plaza, LLC will be formed to take ownership of the land and to develop the building if we are awarded the right to purchase the property by the City. This LLC will be originally controlled and owned by Kimball Associates, Inc. and its financial partner (a local, retired physician), but the majority of interest in the LLC will ultimately be owned by physicians and dentists who will also be Tenants in the building.

We are requesting, as part of our bid, that the parking area for this project (located in Zone "B") be retained by the City, improved into a finished parking area, and then permitted for shared use for both the City and the medical-dental building. The cost of ongoing maintenance and repair would be shared by businesses utilizing the parking area.

In light of the potential for additional development adjacent to Zone "B", we believe continued City control over Zone "B" will provide greater flexibility in future development planning.

We would like to have the flexibility to increase the size of the building to as much as 20,000 sq. ft., if we secure additional commitments for space during the pre-development period (June-August) and assuming the City agrees to provide the additional parking that would be needed. The rendering depicts a 19,000 +/- structure.

BENEFITS FOR THE CITY

- 1) The City is currently underserved with resources for local medical and dental services in the Downtown Core. This proposed medical-dental building will provide local access to residents of the City and the surrounding community to medical and dental services, especially for children.
- 2) The proposed medical-dental building will complement the City Center Plaza by adding a major, nearby multi-story professional building of complimentary design and color scheme.
- 3) The proposed medical-dental building will add approximately 35 to 50 full-time positions to the Downtown Core employment base.
- 4) The proposed medical-dental building will add approximately 140 to 180 daily patient/parent visits into the Downtown Core retail sector, Monday through Friday.
- 5) The proposed medical-dental building will stimulate additional, desirable redevelopment in the Downtown Core.

TIME LINES FOR DEVELOPMENT

2017:

June:	City acceptance of the Kimball proposal
July-August:	Finalize parking agreement and Contract Terms
September:	Close of Escrow on purchase of the land
November:	Finalize construction drawings, put out to Bid
Dec-Jan:	Select General Contractor

2018:

Jan-Feb:	Finalize Tenant Improvement Plans
March-Aug:	Construction of shell building
July-Sept:	Construction of Tenant Improvements
Sept-Oct:	Occupancy

THE DEVELOPMENT TEAM

Mr. Jim Kimball is President, Asset Manager and Broker for Kimball Associates, Inc., a commercial real estate firm based in Fort Bragg, CA. Mr. Kimball has been active in the commercial real estate syndication, development, and asset management segment of the medical-dental market since 1993. He has brokered and co-owned many projects in the Greater Bay Area, and has formed syndications with physicians and dentists for the purpose of buying, developing, rehabilitating and managing investment properties since the early 1990's. Past projects include: purchase and build-out and leasing of soft-shell medical office space in Brentwood, a 183 unit mobile home park in Visalia, and a downtown 19,000 sq.ft. mixed-use building (vintage 1916) in Turlock.

Dr. Frank Hann, DDS is a local orthodontist who will serve as both a financial partner, and an interface with the medical and dental community.

Mr. David Ginn is the Senior Partner of Ginn & Crosby, LLP, a Walnut Creek law firm emphasizing real estate and construction law. Mr. Ginn will provide strategic planning, land use applications, formation and organization documentation, construction procurement, and ongoing support throughout the development process. Mr. Ginn has over thirty years of legal experience, and is presently an adjunct professor for Diablo Valley College, teaching Legal Aspects of the Construction Industry.

Mr. Mohsen Ghoreishi is the President and CEO of Kohan, Inc., Architects, based out of San Francisco. Mr. Ghoreishi's firm has extensive experience in commercial architectural and construction management services, and will be the principal in charge of the overall design of the medical-dental building.

SUMMARY COMMENTS

Dr. Frank Hann DDS and his daughter, Dr. Kristen Hann, DDS, have been looking to establish greater opportunities for the medical-dental community in Oakley. They have been working with Kimball Associates over the past ten months to identify development opportunities. Interest in the project has increased the original concept of a pediatric dental building to include other medical services. Interest from the medical-dental community for participation in this project has grown. Pre-construction commitments for orthodontic, pediatric, general dentistry, pediatric dentistry and oral surgery offices have been identified, and the Development Team expects 90% advance commitments from prospective tenants of the medical-dental building. If current demand continues to show strong desire for greater participation, the current proposal may be expanded to a three story building.

Allocation for City controlled parking has been proposed, along with appropriate setbacks on the south and north elevations.

We look forward to working with the City to achieve a development platform that will enrich the City, and encourage future growth in the Downtown Core.