



# AGENDA REPORT

**TO:** City Council

**FROM:** Edward D. Reiskin  
City Administrator

**SUBJECT:** Wood St and North Gateway

**DATE:** October 13, 2022

## **RECOMMENDATION**

**Staff Recommends That The City Council:**

- 1) Receive An Informational Report Regarding Short-Term Housing Solutions For The Residents Of The Wood Street Encampment; And**
- 2) Consider A Resolution Amending The Fiscal Year 2022-23 Midcycle Budget, Which Was Adopted Pursuant To Resolution No. 89283 C.M.S. And Amended By Resolution No. 89377 C.M.S., To Allocate An Amount Not To Exceed One Hundred And Eighty Thousand Dollars (\$180,000) From The General Purpose Fund To Be Used In Support Of Applying For A State Of California Department Of Toxic Substances Control Waiver To Allow For Temporary Habitation At The Former Army Base North Gateway**

Please note that staff does not recommend approval of the proposed resolution. It has been developed pursuant to City Council direction, but due to the many challenges with the North Gateway site, further pursuit of the site would not represent a good use of City funds. Staff recommends further exploration of alternatives, which could achieve the City Council intention more quickly and at less cost.

If the City Council wishes staff to identify funding to prioritize solutions for the people displaced from Caltrans' Wood St encampment closure, staff recommends that the Council adopt a motion to that effect.

## **EXECUTIVE SUMMARY**

The State of California Department of Transportation (Caltrans) initiated a closure of a very large encampment on its property in July 2022. The City is working with Caltrans and the County to try to accommodate people being displaced from this action. Though the pace of the activity is advancing faster than the City's resources can absorb, a total of 92 unhoused residents have been placed into shelter, to date. This informational report provides an update of the actions taken to date and planned, in order to accommodate these residents.

In support of the City Council's direction to develop a plan for the former Army Base North Gateway site as a location for temporary housing, the proposed resolution would amend the current fiscal year budget to allocate funds that would enable staff to procure the services that will be needed in order to develop and submit an application for a waiver from the State

City Council  
October 18, 2022

Department of Toxic Substances Control (DTSC) that would be a necessary step in order to allow for temporary habitation. The City would need to resolve several additional challenges in order to utilize the North Gateway site for temporary housing, including State and Federal prohibitions against this use, the anticipated costs and multi-year timeframe for mitigating environmental hazards, and the commitments the City made under the Oakland Army Base EIR, a \$241 million State grant, and a disposition and development agreement to relocate heavy industrial uses from the West Oakland neighborhood to the site.

## **BACKGROUND / LEGISLATIVE HISTORY**

### *Wood St*

#### **Status of Caltrans' Operation on Wood Street**

On August 26, 2022, U.S. District Court Judge William Orrick issued an order that cleared the way for Caltrans to address the potentially catastrophic hazards posed by the sprawling Wood Street encampment due to the massive accumulation of combustible materials, burned-out cars, and debris. The encampment has been the site of more than 240 fires. Caltrans estimated that there were 200-300 unsheltered people living on Caltrans property.

Under the Court order, Caltrans developed a three-phase work plan to complete the clearing and closure operation over a two-month period. In the two weeks prior to the start of each phase, outreach teams from the City of Oakland, Alameda County, and its partners have engaged with unhoused residents at Wood Street to offer shelter and services. Once shelter offers are made, unsheltered residents have 72 hours to accept or decline. Individuals declining shelter were required to relocate from the site prior to Caltrans clearing that area. Under the Court order, if no beds are available at that time, residents are still required to relocate.

Caltrans has completed Phase 1 and 2, which began on September 8 and September 26, respectively. Phase 3 began in early October 5. To prevent re-encampment, Caltrans will construct a concrete barrier, gate and fencing and will secure electrical and water service points against vandalism / illegal use. Caltrans is on schedule to fully close the encampment by the beginning of November.

#### **Outreach & Engagement with Wood Street Unhoused Community**

In anticipation of Caltrans' operation, the City of Oakland reserved currently open shelter beds in the system so they would be available to shelter the residents of the encampment. City staff, along with Alameda County and Operation Dignity, have recently been working to relocate people from the Caltrans property and transition them into other emergency housing shelters.

At the start of the Caltrans operation, there were roughly 200 individuals who had been living on this portion Caltrans property. All people displaced have been offered shelter. As of October 12, 92 have accepted offers of shelter, 108 have declined options of shelter offered, and 4 remain on the site.

As of Wednesday, September 28, Alameda County Health Care Services Agency had estimated that about 125 people have been approached to connect them to available services. Of these

125 people, 68 have participated in direct engagement and have been offered a range of shelter alternatives, including emergency shelter, transitional housing, Community Cabins, RV Safe Parking, and medical respite. Individuals who are declining or choosing not to engage in outreach process are shifting further into State property areas and also exiting the State areas and relocating to City parcels and rights of way.

As detailed in the chart below, to date, of the 68 people who have been in direct engagement, 30 individuals have accepted shelter offers, 11 are pending confirmation, and 27 have declined shelter offers; some left to other areas on their own accord.

Shelter Type	# of Clients Confirmed	# Pending Confirmation	# Matched and Declined	Total Shelter Matches
Emergency Shelter	8	0	5	13
Transitional Housing	6	1	5	12
Community Cabins	12	8	15	35
RV Safe Parking	4	0	1	5
Medical Respite	0	0	0	0
Other	0	2	1	3
<b>TOTAL</b>	<b>30</b>	<b>11</b>	<b>27</b>	<b>68</b>

To date the City has had enough shelter beds for everyone who has wanted one. Transitional housing spaces (The Henry and The Holland) are now at capacity, as are the Safe RV Parking programs at all three locations. There is still some capacity available for medically vulnerable individuals. We have vacant beds at the Community Cabins and emergency shelters, which may be less desirable for some, but are positive temporary solutions to connect people with services and get support with transitioning to long-term housing.

Some people have declined transitional housing and other alternatives because they could not bring their pets. The City is exploring ways to overcome this challenge and better support unhoused people who have pets. Many people have also asked for hotel vouchers.

Our outreach teams report that a common narrative they are hearing from people who have flat-out declined support is that housing is a right and therefore should be free, and they say will only accept their own free apartment. Others have stated their preference is to remain living on the street without employment and do not plan to engage in a program.

City staff estimate that as of October 5, about 12 unhoused people remain on Caltrans property. This estimate is consistent with Caltrans' most recent estimate. Of those 12, five were referred to the Henry and two to the Mandela Community Cabins. Two have expressed a desire to move out of Oakland. The other three declined support.

### **Impact on Surrounding Area and the City's Other Encampment Management Activities**

Caltrans' closure of the Wood Street encampment has caused a noticeable spillover effect on City streets on and around Wood Street, in other West Oakland neighborhoods, and across the City. As Wood Street residents move to other locations in the City, we are seeing a significant

impact on residential and commercial areas. Most notably, the City-owned right-of-way adjacent to the GameChangers lot where a new homeless intervention program is planned has been re-encamped, and encampments have grown once again at Mosswood Park and other locations, mainly in West Oakland. The encampment in the Mosswood amphitheater and around the historic Mosswood House was scheduled for closure on October 7, and the remainder of Mosswood Park will be deep cleaned. The encampment on City-owned property on Wood Street between West Grand and 26<sup>th</sup> Street was scheduled for closure on October 10 and 11.

The Caltrans Wood Street closure has also significantly reduced the City's inventory of shelter beds available to support the closure of other encampments across the city. Given the lack of shelter space, the Encampment Management Team has been forced to scale back encampment closure operations and will instead focus on deep cleaning operations and debris abatement until spaces open up again.

### **Existing and Planned Homeless Intervention Programs on Wood Street**

In fiscal year 2021-22 a 40-space safe and secure RV site was stood up on an approximately 4-acre City-leased private property at 2201 and 2601 Wood Street (aka/the Game Changer Property) to help assist people residing on the street in the area.

The City is now planning to stand up, by January of 2023, a community cabin site. The site will have a minimum of 50 Community Cabins, with the potential of up to 100, on the second half of the Game Changer Property to support the unsheltered residents of Wood Street. This emergency shelter will include housing navigation and employment services utilizing State funds through the competitive Encampment Resolution Fund (ERF) grant opportunity,

In April 2022, the State awarded the City \$4,731,300.01 through this funding opportunity. On July 26, 2022, the City Council approved Resolution No. 89378 C.M.S. to accept these funds to provide interim housing to approximately 50 homeless households in Oakland, relocating residents from homeless encampments to safe and stable shelter, including those currently camped on the City-owned property at 1707 Wood St, whose presence is delaying construction of an 100-percent affordable housing development.

The State has since notified the Human Services Department of its plans to allocate the additional funds originally requested by the City for the Wood Street cabin site in an amount of approximately \$3,600,000. The State is currently working on the agreement and plans to send it to the City for signature. These grant funds will allow for an additional 50 cabin units on the Game Changer Property and must be expended no later than June 30, 2024.

Assuming City Council acceptance of the additional \$3.6 million and state finalization of the agreement, the additional 50 units will be dedicated to unsheltered residents who had been living on the state property adjacent to Wood St.

### *North Gateway*

The City acquired the North Gateway property from the federal government on August 8, 2003 and November 18, 2004 subject to deed restrictions from DTSC and the federal government prohibiting residential uses due to the existence of environmental hazards. The DTSC restriction

may be lifted via a waiver process. Lifting the federal restriction would require the consent of the federal government.<sup>1</sup>

The relocation of CASS, Inc. (CASS) and California Waste Solutions, Inc. (CWS) recycling uses outside of the West Oakland neighborhood have long been a West Oakland community and environmental activist objective. In 2012, as a result of negotiations over community benefits, the City adopted an Oakland Army Base Community Benefits Program/Matrix (Resolution No. 83933 C.M.S.) and approved an Addendum to the 2002 Environmental Impact Report for the Oakland Army Base that revised the redevelopment project to, among other things, include relocation of two recyclers – CWS and CASS – from the West Oakland neighborhood to the Oakland Army Base ([Ordinance](#) 13131 C.M.S.).

Also, in 2012, by [resolution](#) No. 83864 C.M.S., the City accepted and appropriated a grant from the State of California, the Trade Corridors Improvement Fund (TCIF) grant. Through the TCIF grant, the state provided to the City and Port \$241 million to build out public infrastructure at the former Oakland Army Base. The project required by the grant included relocation of the recyclers to the Oakland Army Base. Failure to satisfy the grant could include “disgorgement”, that is, returning all or a portion of the funds, to the State of California. Currently, the grant requires compliance by April 2024.

At its October 20, 2020 meeting, the City Council adopted a [resolution](#) (88341 C.M.S.) to adopt the 2020 Encampment Management Policy. In the process of adopting this legislation, the Council added a number of Resolved clauses, one of which directed that “The City Administration shall immediately work to establish part of the currently unused acreage of the Army Base Site as a place to be for homeless residents living in high sensitivity areas of District 3. This should accommodate both RVs and people living in tents on an emergency basis until negotiations with future tenants are completed.” In that same resolution, the Council provided direction for additional homelessness interventions throughout the City, but provided no funding for the Army Base or any other sites. No funding was allocated by the City Council subsequently for the Army Base site during any other budgeting actions.

At its July 20, 2021 meeting, the City Council approved a Lease and Disposition and Development Agreement (LDDA) with CWS to relocate CWS’s recycling facilities to the North Gateway Area ([Ordinance](#) No. 13658 C.M.S.).

At its September 21, 2021 meeting, the City Council adopted a [resolution](#) (88826 C.M.S.) authorizing the City Administrator to enter into an exclusive negotiating agreement with CASS, Inc. for the relocation of its recycling facilities to the North Gateway site.

Pursuant to the direction in the 2020 resolution, staff engaged with DTSC in 2021. The conclusion of that engagement, which was shared with the District Councilmember at the time, was as follows:

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<sup>1</sup> A portion of the North Gateway property that is the subject of this report was acquired separately from the remainder of the Oakland Army Base and is subject to separate deed restriction obligations, including obtaining approval from the federal government to waive any DTSC requirements. This was not required in the deed restriction for the remainder of the property.

Based on feedback from DTSC, the critical factors to consider in determining whether a homelessness intervention can be accomplished on the North Gateway are: (1) the process and timeline requirements to obtain a waiver from DTSC, including the need for additional site testing and health risk analysis, which process would require approximately 8-16 months; and (2) the timeline required to procure and install ground cover if DTSC approves a waiver, which could take up to another 8 months.

Staff shared that information, along with other factors for consideration, with the City Council at its June 7, 2022 meeting ([file number 22-0459](#)). That report included the following section regarding costs:

The total estimated cost to stand up the site for 1,000 RVs and operate it for one year is \$23.4 Million. Ongoing operations are estimated at \$18 Million per year for 1,000 RVs. The costs for the DTSC waiver process total up to \$145,000 and additional costs would be required for environmental mitigation. *There are currently no funds identified for this effort.* [italics in original]

The City Council voted to receive and file the report. No funding was provided via the subsequent two-year budget process, nor during separate actions taken by the Council specifically with respect to state and local homelessness funding decisions, consistent with funding decisions made since the 2020 resolution was first passed.

At its June 30, 2022 meeting, the City Council adopted [Resolution No. 89283 C.M.S](#) approving the Midcycle Budget for Fiscal Year 2022-23 and appropriating funds to cover expenditures approved by said budget.

On July 26, 2022, the City Council adopted [Resolution No. 89377 C.M.S](#) amending the Fiscal Year 2022-2023 Midcycle Adopted Policy Budget resolution adopted at the City Council's Special Meeting on June 30, 2022.

On October 4, 2022, the Oakland City Council passed Resolution No. 89434 C.M.S. directing the City Administrator to develop a plan, in collaboration with unhoused community members as well as leaders from the State and Alameda County, to establish a stable, temporary housing solution with supportive services at the North Gateway site to serve unhoused communities from various encampments throughout District 3, with priority to residents from the Wood Street and Martin Luther King Jr. Way encampment.

## **ANALYSIS AND POLICY ALTERNATIVES**

### *Wood St*

As part of the city's Encampment Management Policy around co-governance, residents in the area of Wood Street have expressed a desire to live in a cabin site on the Game Changer Property. Discussions between the Wood Street unhoused residents, the Human Services Department and City Administrator staff led to the program design for the 50-100 cabins at 2601 Wood Street as approved in the ERF grant received from the state. The City Council report to receive the additional funds is scheduled for October 18, 2022.

### *North Gateway*

Staff do not recommend pursuing use of the North Gateway site for an interim housing program given several significant challenges to this use, including the DTSC and federal restrictions on residential use, the anticipated costs and multi-year timeframe for mitigating environmental hazards, the commitments the City made under the Oakland Army Base EIR and \$241 million TCIF grant for relocating recycling uses, and commitments the City made under the binding LDDA with CWS. See [staff report](#) presented to the City Council on June 7, 2022 for additional detail.

### *Alternatives*

Given the many challenges associated with the North Gateway site, an alternative – which would still require funding that has not been identified, let alone allocated – would be to find an existing program with expansion capacity or another option (such as a hotel or motel) to meet the needs of the unhoused Wood Street residents, either on an interim (e.g. until the Game Changers property is ready for occupancy) or longer-term basis. Alternatives could include:

1. A hotel site for residents throughout the city including Wood Street and Raimondi Park;
2. Expediting and/or expanding an existing program on City-owned land, such as the Homebase site, or the Safe RV program on 66th Ave, which could support residents who prefer to stay in their RV; and/or
3. Utilizing Caltrans land for cabins and live/ work spaces.

Most alternatives would take some time to set-up.

Since the October 4, 2022 City Council meeting, staff has been engaging with Caltrans with regard to two possible Caltrans-owned sites.

- 1) Beach St – The City currently holds a lease with Caltrans on a property that runs from Beach to Mandela, north of 34<sup>th</sup> St. The Mandela side of the property houses the Mandela Cabin Community; the Beach side previously served as a Safe RV Parking site, which was shut down earlier this year due to security concerns. Staff discussed with Caltrans reactivation of that site, which went into effect on October 12, 2022 via an emergency agreement with a service provider to manage and provide security at the site.
  - a) This site can house roughly 18 RVs.
  - b) The estimated cost for services at this site for the remainder of the fiscal year is \$500,000.
  - c) The site was made ready for occupancy.
- 2) Mandela Parkway – Caltrans owns two right-of-way parcels on Mandela just north and south of 34<sup>th</sup> St. City staff engaged in discussions with Caltrans regarding the larger parcel to the north, which is across Mandela from the existing cabin site. Caltrans is willing to make that site available to the City via a new lease, pending Caltrans and Federal Highway Administration approvals. City use of this site will also require the City identify funds to enter into a new agreement with a service provider to manage and provide security at the site.
  - a) We estimate the site can accommodate 60-75 RVs and other vehicles serving approximately 100 households.

- b) The estimated cost for services at this site for the remainder of the fiscal year is \$650,000.
- c) The site could be ready for occupancy within three months.

Staff are continuing to engage in outreach with the Wood Street unhoused residents to gather data about their needs to inform this analysis of alternatives, including cost and timing, which will inform this analysis.

### **FISCAL IMPACT**

#### *Wood St*

There is no fiscal impact associated with this informational report.

#### *North Gateway*

Funding for the work needed to start the DTSC waiver process is estimated to be \$180,000. Since this expense was not contemplated in the Adopted FY 2022-23 budget, staff recommends, if the City Council wants to advance this process, that the City Council amend the approved FY 2022-23 budget and reallocate funds from the sources noted below:

- 1) The approved budget earmarked \$100,000 of General Purpose Funds to the City Administrator's Office for "Homelessness Program – workflow assessment research with an outside consultant (following audit)". The City has funding and technical assistance support available from the US Department of Housing and Urban Development to undertake this work.
- 2) The approved budget also earmarked \$200,000 for "Pilot security program for 3<sup>rd</sup> and Peralta" in the Human Services Department Budget. That program has not yet been implemented, so reducing that allocation by \$80,000 will leave adequate funds in place to cover the pro-rated portion of the fiscal year.

<b>Item</b>	<b>Fund</b>	<b>Dept.</b>	<b>Description</b>	<b>Amount</b>	<b>Notes</b>
1	1010	CAO	Homeless program consulting	(100,000)	Consulting will be paid for via HUD funds
2	1010	HSD	Pilot security program	(80,000)	\$120,000 remains for a pro-rated pilot
3	1010	OPW	DTSC waiver process	180,000	

Once the waiver process is complete, if successful, an unknown amount of funding will be required to remediate and/or prepare the site for habitation. And once that work is complete, funding will be required to stand up an intervention on that site. None of that funding has been identified.



### *Alternatives*

Servicing the two Caltrans parcels referenced above for the balance of the current fiscal year would cost roughly \$1,150,000. Should these interventions be stood up and continued into the next fiscal year, the annualized cost would be \$2,050,000.

### **PUBLIC OUTREACH / INTEREST**

No public outreach was undertaken in the short time staff had to prepare this report. There is great public interest in this issue.

### **COORDINATION**

The City Administrator's Office coordinated with various City departments in the hasty development of this report.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** Providing more stable housing, even if temporary, for displaced, unsheltered residents would better support them in getting on a path towards economic stability. Likewise, a better housing situation would improve conditions for impacted housed residents and businesses.

***Environmental:*** Finding an environmentally cleaner and safer location(s), with adequate sanitation, for those who have been living unsheltered on Wood St will provide for a healthier living environment for all parties.

***Race & Equity:*** Absent demographic data, it is not possible to conduct a meaningful race and equity analysis with regard to prioritizing effort and expenditure for Wood St unsheltered residents over other unsheltered residents. Generally speaking, unsheltered residents that live in vehicles – which includes many of those displaced from Wood St – are less likely to be from Oakland and less likely to be BIPOC. **Therefore, prioritizing expenditure to accommodate those individuals may be contrary to the City's race and equity policy.** In addition, any actions that might delay moving CWS and/or CASS out of their current locations in West Oakland and/or starting construction of the 1707 Wood St 100-percent affordable housing development would have adverse racial equity impacts.

### **ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council:

- 1) Receive An Informational Report Regarding Short-Term Housing Solutions For The Residents Of The Wood Street Encampment; And
- 2) Consider A Resolution Amending The Fiscal Year 2022-23 Midcycle Budget, Which Was Adopted Pursuant To Resolution No. 89283 C.M.S. And Amended By Resolution No. 89377 C.M.S., To Allocate An Amount Not To Exceed One Hundred And Eighty

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Thousand Dollars (\$180,000) From The General Purpose Fund To Be Used In Support Of Applying For A State Of California Department Of Toxic Substances Control Waiver To Allow For Temporary Habitation At The Former Army Base North Gateway

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**If the City Council wishes staff to identify funding to prioritize solutions for the people displaced from Caltrans' Wood St encampment closure, staff recommends that the Council adopt a motion to that effect.**

For questions regarding this report, please contact Ed Reiskin.

Respectfully submitted,



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Edward D. Reiskin  
City Administrator