

Groups Want State to Investigate Tagami's Army Base Financing Scheme

by abhatt • May 16, 2013 • Bay Area, News Articles, Oakland News Articles



Bill Aboudi

Dexter Vizinau

margaret Gordon

phil Tagami

**City Audit cited Tagami's CCIG for "failure to deliver projects on time and within budget"
Frantic Negotiations Continue to Save Army Base Businesses**

By J. Douglas
Allen-Taylor

While construction groundbreaking is still months away, Oakland's massive Gateway Army Base development project moved forward on three separate fronts last week, with the project winning key state funding approval, frantic negotiations continuing to move out existing Army Base tenants in advance of the wrecking balls, and a group of West Oakland organizations requesting a state investigation into the project's financing.

The City of Oakland has contracted with Oakland developer Phil Tagami's CCIG-Prologis Company to develop a 165-acre portion of the old Oakland Army Base property primarily for support for the nearby Port of Oakland.

By far the best news of the week for the project was the announcement that the California Transportation Commission voted to allocate \$176 million in state matching funds to the Gateway development. CCIG president, and former Port Commissioner, Phil Tagami called the allocation "a critical step in a long process" in tying down funding for the half-billion dollar project.

However, disclosure of where all of the money will come from for the Army Base development was one of the issues raised in a letter sent by West Oakland based OaklandWORKS advocacy alliance to officials representing Oakland in the state legislature.

In the letter to State Senator Loni Hancock and Assemblymembers Rob Bonta and Nancy Skinner and members of the Oakland City Council, OaklandWORKS said taxpayers might be drawn into taking on public debt to complete the funding of the project.

The alliance members, which also includes former Port Commissioner Margaret Gordon, said that Tagami's CCIG had been cited in a City Audit for "failure to deliver publicly-funded projects on time and within published budgets" in the Fox Oakland development, adding that the developers had only identified sources for one-half of the funding for the Army Base project.

"While the city and port have recently released documents describing the funding amounts and sources for what is now called, Phase 1, of the project, where is the funding for subsequent phases?" the OaklandWORKS letter said.

"With a total projected cost of more than a billion dollars, only about \$475 million has been identified. How will the gap be filled? If the public is expected to take on debt for subsequent phases of the [Army Base] project, it behooves our policymakers to offer a complete understanding of how much debt will be involved and how it is proposed to be financed."

However, the OaklandWORKS letter appeared to be including the cost of both the Port of Oakland and City of Oakland development of the Army Base property, which was split in two portions and given to the respective agencies when the old Army Base closed down.

Documents on the Port of Oakland's website list a total cost of \$1.2 billion for the combined Port-City development of the project, but since that time, the Port dropped former Port Commissioner Tagami and his CCIG as the developer of its portion of the base property, and has yet to choose a new developer.

In response to the OaklandWORKS desire to stop funding until all environmental issues are resolved, Tagami said "Neither the city nor the port will be required to incur any public debt in conjunction with the delivery of the City Project or the Port Project."

Tagami and CCIG said the environmental claims are "simply and demonstrably untrue" and "wrap[ped] in misrepresentation and myth."

Meanwhile, several port-support businesses, including Pacific Coast Container Logistics (PCC) and Oakland Maritime Support Services (OMSS), President Bill Aboudi, have been in daily negotiations with the City and Port of Oakland, and CCIG for an extension of the May 31 deadline to vacate from the Oakland portion of the Army Base.

The United States Customs Agency has threatened to vacate its contract with PCC if the company cannot demonstrate it will be able to move over to the Port of Oakland portion of the property by the end of the month, but Oakland business consultant Dexter Vizinau told Oakland leaders that Customs officials will delay pulling the contract to see if City Council grants PCC an extension of its eviction.

But PCC, OMSS, and the other businesses that were scheduled to move to the Port's portion of the property, have been delayed over a land swap between the city and the port over a 15,000-square-foot parcel of the property called the "Notch." The hitch in the "Notch" can only be resolved by Tagami.