



**AGENDA REPORT**

**PROPOSED ACTION: Ordinance:** Approve and Authorize the Executive Director to Execute a License and Concession Agreement with Norcal Rental Group, LLC, a California Limited Liability Company, Doing Business as Cresco Equipment Rentals, for the Premises Located at 295 Hegenberger Road, Oakland, for a Term of Seven Years at an Initial Monthly Rent of \$42,333.35 and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(CRE)**

Submitted By: Jonathan Veach, Chief Real Estate Officer; Kristi McKenney, Executive Director

Parties Involved: Norcal Rental Group, LLC, a California Limited Liability Company, Doing Business as Cresco Equipment Rentals

Amount: \$42,333.35 FY 2025; Rent commencing June 1, 2025, at \$42,333.35 per month.  
  
(Operating Revenues)

**EXECUTIVE SUMMARY:** The property located at 295 Hegenberger Road is currently occupied by Cresco Equipment Rentals, which has been a key service provider in Oakland. Cresco has requested to continue its tenancy at this location, supporting regional infrastructure projects, job creation, and local businesses by offering retail and industrial rental and sales of construction-related equipment, tools, and supplies. Their continued presence ensures stability and long-term economic benefits.

**BACKGROUND & ANALYSIS**

Port of Oakland (Port) Property 295 Hegenberger Road is centrally located on the Hegenberger Corridor and part of the Airport Business Park. This approximately 2.98-acre site comprises a 15,570-square-foot building and 1.80 acres of fenced yard space. Norcal Rental Group, LLC, Doing Business as Cresco Equipment Rentals, originally executed a lease in 2015 and initiated discussions with the Port to extend its tenancy.

As part of lease negotiations, Cresco proposed site upgrades in exchange for two months' rent abatement. The improvements will include re-installing monument signage lost to vandalism and enhancing landscaping around the premises. These enhancements, estimated at approximately \$100,000, will improve the property's visibility and curb appeal, benefiting both Cresco and the Port.

Cresco Equipment Rentals serves numerous local businesses by providing critical equipment, rental sales and support. Their continued presence aligns with the Port's long-term strategy for the Airport Business Park and strengthens its role in the local construction and business ecosystem.

Table 1 summarizes the proposed key lease terms.

**Table 1  
Main Lease Terms**

Lessee	Norcal Rental Group, LLC, a California Limited Liability Company, Doing Business as Cresco Equipment Rentals.																		
Premises	295 Hegenberger Way, an approximately 2.89 acre parcel with 15,750 square feet of building area, 1.80 acre of yard space, and 31,798 square feet of landscaped area.																		
Term Commencement and Expiration	April 1, 2025 to March 31, 2032 (7 years)																		
Construction Term	Two months.																		
Rent Commencement Date	June 1, 2025																		
Minimum Monthly Rent	\$42,333.35 per month increased annually by 3%.																		
Performance Deposit	Three times' the Minimum Monthly Rent.																		
Proposed Rent Schedule	<table border="1"> <thead> <tr> <th>Months</th> <th>Monthly Rent</th> </tr> </thead> <tbody> <tr> <td>0 - 2</td> <td>\$0.00</td> </tr> <tr> <td>3 - 12</td> <td>\$42,333.35</td> </tr> <tr> <td>13 - 24</td> <td>\$43,603.35</td> </tr> <tr> <td>25 - 36</td> <td>\$44,911.45</td> </tr> <tr> <td>37 - 48</td> <td>\$46,258.79</td> </tr> <tr> <td>49 - 60</td> <td>\$47,646.56</td> </tr> <tr> <td>61 - 72</td> <td>\$49,075.96</td> </tr> <tr> <td>73 - 84</td> <td>\$50,548.23</td> </tr> </tbody> </table>	Months	Monthly Rent	0 - 2	\$0.00	3 - 12	\$42,333.35	13 - 24	\$43,603.35	25 - 36	\$44,911.45	37 - 48	\$46,258.79	49 - 60	\$47,646.56	61 - 72	\$49,075.96	73 - 84	\$50,548.23
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Rent Abatement	For consideration of the Tenant Improvements, the Port agrees to abate two months' rent in exchange for base building and landscaping improvements.																		
Tenant Maintenance Obligation	Tenant shall be responsible for all repair and maintenance to the Property, including landscaping.																		

Port Maintenance Obligations	Landlord will be responsible for structural repairs to the exterior walls, foundation and roof which the Port agrees to repair.
Proposed Used	Retail and industrial rental and sales of construction-related equipment, tools and supplies, along with associated office use and for no other purpose. Use must comply with all governmental codes and regulations.
Mutual Option	One (1) mutual 5-year option. The established rental amount will be based on FMV or 3% increase, whichever is greater. Licensee must give prior notice at least 9 months in advance of the License and Concession Agreement expiration and no sooner than 270 days. If Licensee notifies the Port of its intent to exercise said option, the parties shall attempt to agree upon what the new FMV will be as of the first day of the option term. If an agreement cannot be reached within sixty (60) days, then said option shall be considered null and void.

**OTHER FINDINGS AND PROVISIONS**

**ENVIRONMENTAL REVIEW**

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:  
15301 (Existing Facilities)
- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- Other/Notes:

**BUDGET**

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
  - Operating
  - Non-Operating
  - Capital

Analysis: There is no impact to the FY 2025 operating budget.

**STAFFING**

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.  
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).  
Reason:

**MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):**

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port’s Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

- Additional Notes:

**LIVING WAGE** (City Charter § 728):

Applies?

No (CRE) – proposed action entails tenancy outside of the Maritime or Aviation areas and therefore not subject to Living Wage requirements.

- Additional Notes:

**SUSTAINABLE OPPORTUNITIES:**

Applies? **No.**

Reason: Existing tenant with no major improvements planned for the site.

**GENERAL PLAN** (City Charter § 727):

Conformity Determination:

CRE (LUDC) – proposed action is within Port’s planning jurisdiction and conforms to the General Plan.

**STRATEGIC PLAN.** The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port's Strategic Business Plan:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Grow Net Revenues        | <input type="checkbox"/> Modernize and Maintain Infrastructure |
| <input checked="" type="checkbox"/> Improve Customer Service | <input type="checkbox"/> Pursue Employee Excellence            |
| <input type="checkbox"/> Strengthen Safety and Security      | <input type="checkbox"/> Serve Our Community                   |
| <input type="checkbox"/> Care for Our Environment            |  |