



# AGENDA REPORT

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

**FROM:** Alexa Jeffress  
Director, EWD

**SUBJECT:** Oakland Asian Cultural Center Lease  
And Ten-year Grant Agreement

**DATE:** September 22, 2022

City Administrator Approval

Date: Sep 30, 2022

## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt:**

**An Ordinance (A) Authorizing The City Administrator to Negotiate And Execute A 10-Year Lease With API Cultural Center, Inc. Of The Condominium Located At 388 9th Street, Suite 290, With One 5-Year Administrative Option To Extend And Rent Of One Dollar (\$1) Per Year For Operation And Management Of The Oakland Asian Cultural Center, And (B) Adopting California Environmental Quality Act Findings; And**

**A Resolution Awarding A Ten (10) Year Grant To API Cultural Center, Inc. To Support The Operation And Programs Of The Oakland Asian Cultural Center In Annual Amounts Of Two Hundred Thousand Dollars (\$200,000), Subject To Funding Availability**

## **EXECUTIVE SUMMARY**

Founded in 1984, the Oakland Asian Cultural Center (OACC) is a critical cultural institution for Oakland's Asian and Pacific Islander communities. It is managed by the nonprofit API Cultural Center, Inc. (API) in a City-owned condominium unit at Pacific Renaissance Plaza in Chinatown under an outdated management agreement. The recommended actions would update the City's agreements with API and improve API's ability to manage and operate OACC by simplifying how funding is allocated to OACC and clarifying roles and responsibilities regarding maintenance, among other changes.

Specifically, staff is requesting authorization to negotiate and execute a lease agreement with API for a term of ten years with one five-year extension option for one dollar (\$1.00) per year to operate and manage OACC. Staff is also requesting approval of a ten-year grant agreement to award \$200,000 annually commencing in Fiscal Year 2023-2024 to API to support the operation and programs of OACC. Each annual grant under the Grant Agreement would be subject to the availability of funds as appropriated by City Council in each biennial or mid-cycle budget cycle. Taken together, these agreements would not substantially change the amount of funding the City already expends annually on OACC over the proposed ten-year term but would improve and clarify the operating and management model of OACC.

City Council  
October 18, 2022

The recommended actions would provide an updated framework for the City's support of OACC operations that is more stable, predictable, and clearer than the existing agreement. It also more accurately reflects OACC's status as an independently operated community program.

## **BACKGROUND / LEGISLATIVE HISTORY**

The Pacific Renaissance Plaza located at 388 Ninth Street in Chinatown was built in the late 1980s with financing from the Oakland Redevelopment Agency. As part of that deal the developer created and conveyed to the City a 15,500 square foot condominium unit (Premises), identified as Suite 290, to be dedicated for use as a cultural institution serving Oakland's Asian community.

The City, as owner of the Premises, became subject to certain obligations established as part of the development and memorialized in the Declaration of Covenants, Conditions and Restrictions Establishing a Plan for Condominium Ownership of Pacific Renaissance Plaza dated as of August 1, 1992 and the Joint Operating Agreement, Joint Operating Area No. 1 dated May 4, 1993. These obligations include payment of condominium fees and assessments (Condominium Assessments) that have grown on average by 6.4% annually to \$102,510 in Fiscal Year 2020-2021.

At inception, the OACC was intended to become financially self-supporting. However, this intention proved elusive and the initial non-profit organization set up in the early 1990s to run OACC at the Premises dissolved in 2001. From 2001 to 2003, City staff directly managed and operated OACC in the absence of a non-profit operating partner.

On February 27, 2003, pursuant to Resolution No. 77642 C.M.S. (attached as **Exhibit A**), the City and API entered into the current management agreement (Management Agreement). The Management Agreement gave API the exclusive right to operate and manage OACC until 2008, with annual extensions thereafter. The City was to maintain the Premises and pay all Condominium Assessments. API was otherwise to become financially self-supporting.

The mission of OACC today, as expressed by API as its operator, is to "build vibrant communities through Asian and Pacific Islander arts and cultural programs that foster inter-generational and cross-cultural dialogue and understanding, collaboration, and social justice." API uses the Premises for office space and as a venue for shows, conventions, exhibitions, and meetings. OACC has presented many high-quality cultural programs over the years including performances, workshops, festivals, school tours, classes, and exhibitions. Recognizing the value of OACC to the community, the City has consistently and since at least 2015 provided operating support to API in the form of \$51,000 annual grants to support the mission and programs of OACC.

## **ANALYSIS AND POLICY ALTERNATIVES**

OACC is a critical cultural institution to Oakland's Asian Pacific Islander communities. The recommended actions would demonstrate the City's commitment to these communities at a time when they have been subject to escalating acts of hatred and race-based violence. The recommended actions would create a stable, predictable framework to support OACC

operations and enable API to better plan for investments in the OACC and grow its capacity to serve the Asian Pacific Islander communities and foster cross-cultural sharing and exchange among all communities in Oakland.

The recommended actions would replace the existing Management Agreement with a new lease agreement (Lease) between the City and API. The Lease would be for one dollar (\$1) per year for a ten-year term, with a five-year extension option. API as tenant would be responsible for routine maintenance of the Premises and paying for all Condo Assessments up to an annual limit. The annual limit would begin at \$165,000 and increase by 2% annually. The City, as landlord, would be responsible for maintenance and repairs that exceed \$5,000 per occurrence (increased annually by the Consumer Price Index) and for that share of Condo Assessments in excess of the annual limit.

Under the recommended actions the City would also concurrently enter into a ten-year grant agreement with API for \$200,000 annually commencing in Fiscal Year 2023-2024 to support API's mission and programming at the Premises. The grant would be contingent on the availability of funds in the City's budget in any given year, as appropriated by City Council, and would not preclude API from applying for any other City grants or other funding. The proposed \$200,000 annual grant amount is equivalent to what the City is already forecasted to otherwise expend toward OACC (by way of escalating Condo Assessments and \$51,000 in ongoing annual operating grants) at the midpoint of the next ten-year period.

Additional information about the terms of the proposed Lease and Grant Agreement are set forth in the term sheet attached as **Exhibit B**.

Without the proposed updated agreements, the full scope of the City's expenditures toward OACC is not well known. It includes payment of escalating Condo Assessments through the Economic & Workforce Development Department (EWDD) Real Estate Division's budget and annual operating grants to API as administered by the Department of Parks, Recreation & Youth Development (OPRYD). As owner of the Premises, the City is responsible for payment of the Condo Assessments. These amounts are variable and therefore difficult to anticipate when budgeting, but the City can assign this obligation to a willing third party as is proposed herein.

As described above, the recommended action would consolidate the City's expenditures into a single, fixed annual grant to API that is transparent for policy makers and the public. OPRYD would administer the Grant Agreement as they do for API's current operating grants. The City would no longer be responsible for paying the Condo Assessments, unless and only to the extent that they exceed the annual limit of \$165,000 in the Lease, which is not likely provided the Condo Assessments continue to escalate at historic rates.

As an alternative, the City could continue extending the existing Management Agreement on an annual basis. This would perpetuate an old operating model that masks the full scope of the City's commitment to OACC, creates budgeting challenges for the City and creates confusion between API and the City regarding various roles and responsibilities. This not a preferable alternative.

Approval of the requested actions advances the Citywide priority of **housing, economic, and cultural security** by enabling OACC to continue to serve and grow as a cultural center and economic attraction within Oakland's Chinatown neighborhood.

### **FISCAL IMPACT**

The recommended actions would change the method by which the City provides financial support to OACC but would not substantially change the amount of the City's support over the proposed ten-year term.

The Condo Assessments for the 2020-2021 Fiscal Year were \$102,510 and are forecasted to continue growing by 6.4% to approximately \$195,000 in the 2033-2034 Fiscal Year. If the current arrangement were to continue, the City would expend approximately \$200,000 at the midpoint of the next ten-year period in FY 2027-2028 (approximately \$149,000 in Condo Assessments and \$51,000 in operating grant to API). Left unchanged, the Condo Assessments would be paid from Telecommunications Land Use Fund (1770), Real Estate Organization (85231), Land and Building Rental Account (53211), DP850 Administrative Project (1000019), Real Estate Program (PS32) and the operating grants from General Purpose Fund (1010), Special Programs Organization (509320), Third Party Grant Contracts Account (54912), Asian Cultural Center Subsidy Project (1001320), Contract Management Program (NB02).

Under the recommended actions the City's expenditures toward OACC would be fixed at \$200,000 per year and all paid from General Purpose Fund (1010), Special Programs Organization (509320), Third Party Grant Contracts Account (54912), Asian Cultural Center Subsidy Project (1001320), Contract Management Program (NB02).

Under the recommended actions the City would pay more in the first five years than it would under the current arrangement, but the City would pay correspondingly less in the latter five years. Expenditures would be approximately the same at the midpoint. The City's aggregate expenditures towards OACC over the ten-year term should be approximately the same under the recommended actions as under the current arrangement.

### **PUBLIC OUTREACH / INTEREST**

These recommendations were crafted and negotiated directly with API and reflect API's input and concurrence. Because the recommended actions do not change the aggregate amount of the City's financial support for OACC and will be considered at public meetings of the City Council, no additional outreach was deemed necessary.

### **COORDINATION**

EWDD's Real Estate Division led negotiations with API, in consultation with the Public Works Department's Facilities Division, which maintains the Premises, and with OPRYD, which administers the operating grants. The Office of the City Attorney has provided legal counsel throughout and would advise in preparing the proposed Lease and Grant Agreement.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** There would be significant economic impact from API securing a lease and grant agreement for a reliable ten-year term. This would give API the stability needed to continue current operations and to further invest and grow its capacity to serve Asian Pacific Islander businesses and community organizations. API would be empowered to invest the \$200,000 annual grant in ways that it determines would best maximize returns for the organization and the community.

***Environmental:*** The physical upkeep and regular property maintenance of the Premises contributes to overall cleanliness and vitality in Chinatown.

***Race & Equity:*** OACC is a critical cultural institution to Oakland's Asian Pacific Islander communities. The recommended actions would demonstrate the City's commitment to these communities at a time when they have been subject to escalating acts of hatred and race-based violence.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

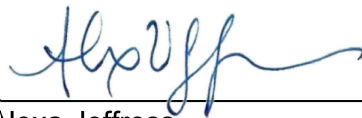
The recommended actions on the part of the City are exempt from CEQA, each as a separate and independent basis from CEQA pursuant to Section 15301 (existing facilities), Section 15061(b)3) (no possibility of significant effect on the environment), and/or Section 15183 (projects consistent with General Plan/Zoning) of the CEQA guidelines.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt An Ordinance Authorizing The City Administrator Or Designee to Negotiate And Execute A Lease Agreement With API Cultural Center, Inc. For A Term Of Ten Years With One 5-Year Option For One Dollar (\$1.00) Per Year To Operate and Manage The Oakland Asian Cultural Center; And A Resolution Awarding A Ten (10) Year Grant To API Cultural Center, Inc. To Support The Operation And Programs Of The Oakland Asian Cultural Center In Annual Amounts Of Two Hundred Thousand Dollars (\$200,000), Subject To Funding Availability

For questions regarding this report, please contact Brendan Moriarty, Real Property Asset Manager, at 510 238-6354.

Respectfully submitted,



Alexa Jeffress  
Director, EWD

Reviewed by:

Kelley Kahn, Assistant Director, Real Estate and Strategic Partnerships

Reviewed by:

Brendan Moriarty, Real Property Asset Manager

Prepared by:

Thang Nguyen, Real Estate Agent  
Real Property Asset Management

Attachments:

Exhibit A – Resolution No. 77642 C.M.S.

Exhibit B – Term Sheet for Lease and Grant Agreement

EXHIBIT A

*A. Gordon*  
FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

OAKLAND CITY COUNCIL

RESOLUTION NO. 77642 = C.M.S.

03 JAN 15 AM 9:14

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**RESOLUTION AUTHORIZING THE CITY MANAGER, WITHOUT RETURNING TO CITY COUNCIL FOR FURTHER APPROVAL, TO ENTER INTO A MANAGEMENT AGREEMENT WITH API CULTURAL CENTER, INC. TO OPERATE THE OAKLAND ASIAN CULTURAL CENTER FOR A PERIOD OF FIVE YEARS WITH ANNUAL RENEWALS THEREAFTER UNLESS TERMINATED BY EITHER PARTY**

**WHEREAS**, the City of Oakland (City) owns the condominium space at 388 9<sup>th</sup> Street, Suite 290, in the Pacific Renaissance Plaza; and

**WHEREAS**, the space was designed to house a cultural center facility referred to as the Oakland Asian Cultural Center (Facility); and

**WHEREAS**, the non-profit community based corporation also known as API Cultural Center, Inc. (API) wishes to enter into a Management Agreement (Agreement) with the City, to manage and operate the Facility for the City; and

**WHEREAS**, the City wishes to enter into a Management Agreement (Agreement) with API, to manage and operate the Facility for the City; and

**WHEREAS**, during the five year period, API is obligated to generate grants and revenue sources eliminating the future need for City or Agency funding; and

**WHEREAS**, the Agreement will be extended automatically for an additional year unless notice to terminate is given by either party; and

**WHEREAS**, API will encounter financial challenges in the three first years of operations of the OACC and will need financial assistance in funding the activities and costs of operation of the OACC; and

**WHEREAS**, the Oakland Redevelopment Agency (Agency) has funds available to make financial grants and pay condominium fees and pay for a pro rata share of common areas maintenance and repairs, including but not limited to, elevators, escalators, courtyard maintenance, balconies, restrooms, refuse equipment, and common area janitorial costs; and

**WHEREAS**, the Agency's subsidy is projected to decrease each year as OACC establishes its presence in the arts and cultural community; and

**WHEREAS**, it is important to maintain public accessibility to OACC and to maintain and increase the economic vitality of the area; now, therefore be it

**RESOLVED:** That the City Manager is hereby authorized, without returning to City Council for further approval, to enter into a Management Agreement consistent with the terms of this Resolution with API to operate and manage the OACC for a five year with annual extensions thereof unless either party gives notice of termination; and be it

**FURTHER RESOLVED:** That the City Manager is hereby authorized to approve and enter into subsequent amendments, modification, or extensions of this agreement provided that any such amendments, modification, or extensions shall be consistent with the terms of this Resolution and the City Charter, and that funds therefore have been appropriated by the City Council or the Agency; and be it

**FURTHER RESOLVED:** That any and all agreements to be entered into pursuant to this resolution be reviewed and approved as to form and legality by the Office of the City Attorney and that a copy thereof be placed on file with the City Clerk.

**FEB 1 1 2003**

IN COUNCIL, OAKLAND, CALIFORNIA, FEBRUARY 9, 1999

**PASSED BY THE FOLLOWING VOTE:**


AYES- BRUNNER, CHANG, BROOKS, NADEL, REID, QUAN, WAN, AND PRESIDENT  
DE LA FUENTE - 8

NOES- 0

ABSENT- 0

ABSTENTION- 0

ATTEST

  
CEDA FLOYD  
City Clerk and Clerk of the Council  
of the City of Oakland, California



CITY OF OAKLAND/  
REDEVELOPMENT AGENCY  
AGENDA REPORT

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

03 JAN 15 AM 9:13

TO: Office of the City Manager  
ATTN: Robert C. Bobb  
FROM: Life Enrichment Agency  
DATE: January 28, 2003

RE: RESOLUTION AUTHORIZING THE CITY MANAGER, WITHOUT RETURNING TO CITY COUNCIL FOR FURTHER APPROVAL, TO ENTER INTO A MANAGEMENT AGREEMENT WITH API CULTURAL CENTER, INC. TO OPERATE THE OAKLAND ASIAN CULTURAL CENTER FOR A PERIOD OF FIVE YEARS WITH ANNUAL RENEWALS THEREAFTER UNLESS TERMINATED BY EITHER PARTY

RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO ALLOCATE GRANTS FROM THE REDEVELOPMENT AGENCY TO API CULTURAL CENTER, INC., OF \$120,000 IN FY 2002-03, \$100,000 IN FY 2003-04 AND \$80,000 IN FY 2004-05, AND AUTHORIZING THE REDEVELOPMENT AGENCY TO PAY CONDOMINIUM FEES (APPROXIMATELY \$17,000 PER YEAR) AND A DECREASING PROPORTION OF JOINT OPERATING ASSESSMENT COSTS FOR A THREE YEAR PERIOD FOR THE OAKLAND ASIAN CULTURAL CENTER (CONSISTING OF THE ENTIRE FEE FOR THE FIRST YEAR (APPROXIMATELY \$33,000), TWO-THIRDS OF THE FEE FOR THE SECOND YEAR (APPROXIMATELY \$22,000) AND ONE-THIRD OF THE FEE FOR THE THIRD YEAR (APPROXIMATELY \$11,000))

SUMMARY

The City owns the Oakland Asian Cultural Center (OACC) in downtown Oakland. Until recently the Agency had a management agreement with a nonprofit corporation to manage the Center, including renting facilities and coordinating cultural programming for the benefit of the community. This nonprofit corporation dissolved in 2001. The Museum Services Department has been operating the facility on an interim basis with the intention that a new nonprofit would take over management. A new nonprofit corporation has been created, API Cultural Center, Inc. (API), for the purpose of running the Center. Staff recommends the City enter into a five-year management agreement with API and that the Oakland Redevelopment Agency (ORA) provide limited operating support. The purpose of the agreement is to establish an arrangement that will allow API the exclusive right to manage and operate the OACC in an efficient, businesslike manner that will serve the development goals and objectives established by the City without any need for long-term, direct financial assistance from the City or the ORA.

*Why has lease - OACC -*

*Who owns -*

Item: E, E-1, E-2 ORA  
Life Enrichment Committee  
January 28, 2003

## FISCAL IMPACT

The City/Agency proposes to subsidize the first three years' operational costs of the OACC through management, condominium, and Joint Operating Assessment fees. Funding is available from the Oakland Redevelopment Agency's Central District Capital Budget Fund 9512, Organization 94800, Project M00820. Payments will be made by the Community and Economic Development Agency (CEDA).

For the proposed three-year management agreement, the Agency will pay API a management fee of \$120,000 in FY 2002-03; \$100,000 in FY 2003-04; and \$80,000 in FY 2004-05. There are no further financial commitments after FY 2004-05.

The Condominium Fees will be paid by the Agency as long as the City owns the building in which OACC resides. The Agency will pay approximately \$17,000 per year for FY 2002-03, and increases of three percent a year thereafter. The Agency will also pay the entire Joint Operating Assessment (JOA) fee which amounts to \$33,000 in the current fiscal year, \$22,000 in FY 2003-04, and \$11,000 in FY 2004-05. The Condominium and JOA fees in years two and three are approximate amounts because the rates are revised annually by the Condominium Association. After the third year, the Agency will no longer pay JOA fees.

The City will retain all OACC General Fund revenues received through the end of FY 2002-03 to offset the operating costs of the Museum Services Department. New revenues generated under the management of API will remain with API as part of their operating income. All other expenses incurred following the transfer of OACC shall be the responsibility of API.

## BACKGROUND

In 1987, the City entered into a Disposition and Development Agreement with the Oakland Redevelopment Agency and Pacific Renaissance Associates (PRA) for the development of a mixed-use project containing approximately 15,500 square feet of commercial space to be used as a cultural center at 388 9<sup>th</sup> Street. Upon completing the construction phase, the agreement required the PRA to convey certain components to the City, including the cultural facility space.

In February 1994, Agency approved the execution of a five-year management agreement between ORA and the Oakland Asian Cultural Center, a California nonprofit public benefit corporation. The purpose of the agreement was to provide the nonprofit corporation an exclusive right to manage and operate the Center in an efficient businesslike manner, serving the development goals and objectives set forth in the Central District Urban Renewal Plan, without any need for direct financial assistance from either the City or the ORA. The original agreement was amended in January 1999 to extend the terms until the end of fiscal year 2002.

On August 14, 2001, the Oakland Redevelopment Agency terminated its agreement with the nonprofit corporation responsible for managing the facility. This action followed the nonprofit agency going out of business and dissolving the corporation. From August to November, CEDA managed the facility

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Life Enrichment Committee  
January 28, 2003

using \$25,000 in revenues generated by facility rentals and a portion of Community Access funds (i.e., Redevelopment Agency funds previously set aside to allow nonprofit organizations to use the facility for free). CEDA also contributed \$40,000 in salary savings to hire three part-time, temporary, employees to manage events, coordinate facility reservations, and operate the facility on a day-to-day basis.

In December 2001, City Council voted to have the Museum Services Department become the manager of the OACC. The museum created a project management team of existing City and Museum Foundation employees, with the goal to maximize the operations of the OACC while providing a cultural venue for community access. The team has enforced existing rental rates, produced marketing materials, reached out to the community, performed additional maintenance, and reviewed production plans to improve operations.

During 2002 a new nonprofit corporation was created with the intention of running the OACC. An acceptable business plan has been produced, budgets prepared, and agreements reached with City staff regarding initial years' subsidies, with the goal of having the OACC again run by a nonprofit entity, one with sound business practices in place and a commitment to serve the community.

#### KEY ISSUES AND IMPACTS

The Oakland Asian Cultural Center is comprised of an auditorium, meeting rooms, and office space in the Pacific Renaissance Plaza complex in downtown Oakland. Located at 373 9<sup>th</sup> Street, it is in the heart of Chinatown. Activities at the Center are intended to promote diversity, inclusion, and an understanding of Asian and Pacific Island life, traditions, and culture. The OACC also provides recreational opportunities for youth, families, and seniors in the Chinatown area of Oakland. While these are services the City encourages, the City is not in a position to provide the necessary staff and funding to operate the facility full time. Therefore, allowing a qualified and committed nonprofit organization to manage the facility is a benefit to all.

API Cultural Center, Inc. is a California nonprofit public benefit corporation formed with the intention of managing OACC. Negotiations have taken place between staff and the board of API this fall, resulting in the management agreement now proposed to City Council. API has developed and submitted to the City an acceptable transition plan for the operation of the OACC.

Among the duties expected of API in the management of the OACC are:

- o Market, advertise, and promote the Center
- o Book shows, meetings, exhibitions, and other events
- o Comply with all the rules and regulations of tenants in the building
- o Schedule and administer daily operations
- o Establish, charge, and collect rental fees and other third-party costs, subject to City Manager approval of a fee schedule
- o Obtain necessary permits
- o Maintain the facility and perform minor repairs

API will submit a marketing and operations plan and an annual operating budget for approval by the City Manager. The plan shall include API's goals, strategies, activities, fund-raising objectives and sources. The budget shall include projected expenses identified by category, including capital expenditures, and for information purposes, projected income identified by source (rent, service income, parking, etc.). Financial and operating reports shall be submitted to the City Manager every six months. API shall manage its finances by generally accepted standards and submit to the City Manager an annual financial statement prepared by a Certified Public Accountant. If OACC revenues are not sufficient to pay for its operation and management expenses, the long-term objective of the agreement is to have API raise the necessary funds from sources other than the City.

Indemnity of the City and a fidelity bond and insurance as determined by the City shall be maintained by API at its expense. API will not discriminate or permit discrimination in hiring employees and retaining contractors. City-mandated protections against conflict of interest will be upheld. API shall also uphold the City's Local and Small Local Business Program, Living Wage Requirement, Equal Benefits Ordinance, and Burma (Myanmar) Divestment Ordinance.

#### **PROJECT**

The project is to have the City's Oakland Asian Cultural Center operated by the nonprofit corporation API Cultural Center, Inc. A management agreement is required.

#### **ENVIRONMENTAL OPPORTUNITIES (SUSTAINABLE OPPORTUNITIES)**

The AIP Cultural Center, Inc. will incorporate sound sustainable business practices such as purchasing supplies made from recycled materials, recycling office waste, and using "green" products to the extent possible.

#### **DISABILITY AND SENIOR CITIZEN ACCESS**

The OACC is fully accessible.

#### **RECOMMENDATION AND RATIONALE**

Staff recommends the City Council/Redevelopment Agency approve the Resolutions authorizing the City Manager/Agency Administrator to enter into a management agreement with API Cultural Center, Inc. to operate the Oakland Asian Cultural Center.

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

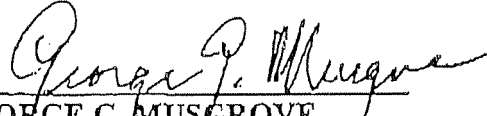
Approve the resolutions.

Item: B, E-1, E-2 ORA  
Life Enrichment Committee  
January 28, 2003

Robert C. Bobb  
January 28, 2003

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Respectfully submitted,




**GEORGE G. MUSGROVE**

Assistant City Manager  
For the Life Enrichment Agency

Prepared by:  
Dennis M. Power, Director  
Museum Services Department

APPROVED AND FORWARDED TO THE  
LIFE ENRICHMENT COMMITTEE:

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OFFICE OF THE CITY MANAGER

Item: E, E-1, E-200A  
Life Enrichment Committee  
January 28, 2003

## EXHIBIT B

### TERM SHEET FOR THE OAKLAND ASIAN CULTURAL CENTER

1	<b>Owner</b>	City of Oakland (Landlord or City)
2	<b>Tenant</b>	API Cultural Center, Inc. (Tenant or API), successor to Oakland Asian Cultural Center
3	<b>Property Address</b>	388 9 <sup>th</sup> Street, Suite 290
4	<b>Premises</b>	API Cultural Center, Inc. (dba Oakland Asian Cultural Center or OACC) (Parcel 6) located inside Pacific Renaissance Plaza, above the Oakland Asian Library (Parcel 5). Approximately 15,500 square feet of rentable area.
5	<b>Background Information</b>	<p>The Premises is subject to the Declaration of Covenants, Conditions and Restrictions Establishing a Plan for Condominium Ownership of Pacific Renaissance Plaza dated as of August 1, 1992 (CC&amp;Rs) and Joint Operating Agreement, Joint Operating Area No. 1 dated May 4, 1993 (JOA).</p> <p>As Council directed in February 2003 per Resolution No. 77642 C.M.S. adopted on February 11, 2003, and per the Agreement dated February 27, 2003 between City and API (Management Agreement), API agreed to operate OACC on behalf of the City. The initial five (5) year term of the management Agreement expired in March of 2008 and has been extended from year to year. The parties wish to replace the Management Agreement with a lease and grant agreement according to the terms herein, subject to City Council approval.</p> <p>API is a California nonprofit public benefit corporation (EIN: 73-1649335). The nonprofit entity "Oakland Asian Cultural Center" dissolved on March 28, 2003.</p>
6	<b>Use</b>	Tenant shall use the Premises for the exclusive purpose of operating and running an independent, multi-cultural center by providing cultural and educational programs through art, events, classes, workshops, performances and facility rentals to serve the diverse Asian Pacific Islander and broader communities of Oakland and the East Bay.
7	<b>Term</b>	Ten-year initial term with one 5-year option

8	<b>Rent</b>	Rent shall be One Dollar (\$1.00) per year during the Term. Rent for the initial term shall be paid in full upon execution of the lease.
9	<b>Utilities</b>	Tenant shall be responsible, at Tenant’s expense, for all water, sewer, gas, electric, garbage and refuse, and technology and telephonic equipment service and usage charges.
10	<b>Impositions and Taxes</b>	<p>Tenant shall pay all CC&amp;Rs assessments and JOA costs and assessments (collectively, Condo Assessments) imposed in accordance with “Background Information” above up to an annual limit (the “Annual Condo Assessments Limit”). The Annual Condo Assessments Limit shall be \$165,000 in year 1 of the Term and escalate at a rate of two percent (2%) per year. Condo Assessments for the 2020-2021 fiscal year were \$102,516, subject to annual escalation.</p> <p>Tenant shall pay any and all impositions, including, without limitation, possessory interest and property taxes and assessments, levied or imposed by any governmental or public agency on the Premises or any of the Improvements or personal property located on the Premises. The foregoing notwithstanding, nothing herein shall preclude Tenant from seeking and obtaining a welfare exemption from the payment of taxes or assessments.</p>
11	<b>Maintenance &amp; Repair</b>	<p>Tenant Obligations:</p> <ul style="list-style-type: none"> <li>• Tenant shall be responsible, at Tenant’s expense for all routine maintenance. Tenant shall also be responsible for all minor repairs for which the cost of such repairs does not exceed \$5,000, adjusted annually by 4%.</li> <li>• Tenant shall provide, at Tenant’s expense, for all maintenance and repair (including replacement) of fixtures, furnishings and equipment.</li> <li>• Tenant shall provide, at Tenant’s expense, for all janitorial services.</li> <li>• Tenant shall provide, at Tenant’s expense, all maintenance and repair (including replacement) of information technology equipment (e.g., electronic storage devices, servers, wiring, modems, routers, monitors, associated equipment and</li> </ul>

		<p>computers) and telephonic equipment (e.g., telephones, cellphones, telephonic switching devices, wiring), used in and about the Premises.</p> <p>Landlord Obligations:</p> <ul style="list-style-type: none"> <li>• City shall be responsible for the cost of any capital repairs, improvements to the building structure or systems, or deferred maintenance reasonably necessary for the intended use of the premises and not otherwise paid for by JOA assessments and exceeding \$5,000 per occurrence, adjusted annually by the CPI.</li> </ul>
12	<b>Deferred Maintenance</b>	<p>The parties acknowledge that there is deferred maintenance associated with the Premises, which has been documented by Tenant and shared with Landlord. The parties agree to explore additional funding opportunities to help address these issues during the term of the Lease including, for example, opportunities that may arise through the City’s biennial budget cycle, Capital Improvement Program, Public Art in Private Development fees, and one-time funding programs. Tenant acknowledges and understands that any such additional funding may be subject to additional City Council authorization, which the City Council may grant, deny or condition as it may decide in its complete and sole discretion.</p>
13	<b>Program Funding Sources</b>	<p>Concurrent with City seeking authority for the Lease, City agrees to seek authority for a ten-year grant agreement to allocate and appropriate \$200,000 annually to support the mission and programming of Tenant at the Premises, for programs provided on the Premises pursuant to a Program Grant Agreement between City and Tenant, and which may be used for operation and management of the Premises pursuant to the lease. The grant will be contingent on the availability of funds in the City’s budget in any given year.</p> <p>The grant agreement shall not preclude Tenant from applying for any other City grants or other funding.</p>



		The ten-year grant agreement would replace the City's existing payment of Condo Assessments (except as provided above) and bi-annual operating grants.
14	<b>Expenditure of Existing Funds</b>	<p>City and Tenant will spend the following funds to address the most pressing deferred maintenance issues. City and Tenant shall work together to determine the scope of work.</p> <ul style="list-style-type: none"> <li>• Any balance remaining from the \$100,000 previously allocated to HVAC system replacement. Amount TBD.</li> <li>• Any balance remaining from the \$250,000 approved by City Council in 2019 for water boiler replacement. Amount TBD.</li> <li>• Full \$100,000 balance of the public art payment associated with the development of 1314 Franklin Street.</li> </ul>