

**CITY OF OAKLAND
AGENDA REPORT**

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 MAR 11 PM 5:14

TO: Office of the City Manager/Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: March 23, 2004

SUBJECT: RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO ENTER INTO A LEASE AGREEMENT WITH THE OAKLAND SCHOOL FOR THE ARTS UNDER WHICH THE SCHOOL WILL PAY \$1,000 PER MONTH TO OCCUPY THE PARKING LOTS BEHIND AND TO THE WEST OF THE FOX THEATER AND BOUNDED BY 18TH AND 19TH STREETS AND SAN PABLO AVENUE FOR A PERIOD FROM APRIL 12, 2004 TO JULY 1, 2006 FOR THE PURPOSE OF CONSTRUCTING AND OPERATING THE FACILITIES NECESSARY TO HOUSE THE OAKLAND SCHOOL FOR THE ARTS

SUMMARY

The Oakland School for the Arts (OSA) will begin its third year of operation in the fall of 2004 with a total student population of 300, in grades nine through eleven. The OSA will outgrow its current space at the Alice Arts Center in the fall and will be unable to remain in the building for another school year.

In December 2003, the City adopted resolutions to enter into an Exclusive Negotiating Agreement to prepare the Fox Theater and wrap-around buildings for future development. The current proposal under consideration is to rehabilitate the existing office and commercial space in the wrap-around buildings and to add space to the buildings in order to accommodate the future home of OSA.

Because OSA has outgrown its space in the Alice Arts Center, the school must develop a new campus from August 2004 until the wrap-around buildings of the Fox Theater are completed in 2006. This report proposes to provide space to OSA for classes and performances in the parking lots behind the Fox, which are owned by the Agency. OSA has proposed to develop the site with classroom facilities in portable buildings and performance and rehearsal space in large tents on the parking lots. This will provide the school with all of the classroom and performance space needed for the next two years and an easier transition to the permanent facility in the Fox Theater when it is ready. The school will occupy the space from April 12, 2004 until July 30, 2006. OSA will pay for the entire cost of the campus, in addition to \$4,000 per month in rent, in exchange for a lease agreement with the Agency to occupy the site until the theater and wrap-around buildings are completed in July of 2006.

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FISCAL IMPACT

A lease agreement allowing OSA to occupy the two parking lots behind the Fox Theater will require the Agency to forego parking revenue from the lot immediately behind the theater during the time that OSA occupies the two lots. The lot further to the west has never been in use and is not generating revenue to the City.

18th Street Parking Lot – Existing Surface Lot behind the Theater (213 spaces)

The lot located immediately behind the Fox Theater is owned by the Agency and is operated by Bay Area Parking. By agreement between the Agency and the City, the income from this lot is paid to the City and impacts the Public Works Agency budget. For fiscal year 2002-2003 this lot generated a net revenue of \$134,000 to the City. This revenue is anticipated in the City's FY 2003-05 Adopted Budget.

The Oakland School for the Arts will pay \$1,000 per month in rent for use of the parking lots. Therefore, the net revenue loss to the City for this project will be approximately \$30,500 in FY 2003-04 and \$122,000 in FY 2004-05.

BACKGROUND AND HISTORY

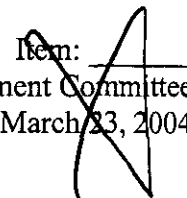
Oakland School for the Arts

The mission of OSA is to provide students with intensive pre-professional training in the arts, while maintaining high academic standards within a college-preparatory curriculum. Ultimately serving approximately 400 students in grades 9-12, OSA opened its doors to 100 9th graders in September 2002. The school will develop in phases, adding a new 9th grade class of 100 students each year. OSA is housed at the Alice Arts Center in downtown Oakland while a permanent site is being developed.

In its first year (2002-2003), OSA ranked 8 out of 10 on the statewide academic index. This contrasts with the 1.5 average ranking of Oakland's other public high schools. In addition, OSA has a 97% student attendance rate. This center of intellectual opportunity is an important asset for the City of Oakland and for the families who live in this area.

OSA's conservatory-style arts program is not offered in any other school in the East Bay. The college-preparatory academic program meets the requirements for University of California and California State University admissions. In addition to courses in English, Mathematics, French, Italian, Spanish, Science, and Social Studies, OSA students concentrate in Arts Management, Dance, Literary Arts, Music, Theatre, or Visual Arts. This year, OSA students presented *Little Shop of Horrors* and *You Can't Take It With You* to sold-out audiences. Students will perform *Rimers of Eldridge* and *The Wiz* before year-end. OSA also exhibits students' visual works four times during the school year.

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The Oakland School for the Arts is currently housed at the Alice Arts Center. Due to space constraints with the existing arts tenants, it is no longer a viable option for the school to remain at the Alice Arts Center.

The Oakland School for the Arts was recently awarded a Qualified Zone Academy Bond, a zero interest 14-year bond, from the State in an amount of \$800,000 which will be used to leverage funds for this venture.

Fox Theater Project

In the winter of 2002, after many unsuccessful attempts to secure a viable development proposal for the Fox, CEDA was approached by a development team, led by California Capital Group (CCG), that wished to do a very thorough analysis of one of the theater options outlined in the Fox Master Plan. The team, which consisted of a developer and a variety of architects, engineers, and cost estimators, began analyzing the costs associated with restoring the theater into a cabaret-style venue that will seat approximately 600 people. Concurrently, the Oakland School for the Arts began seeking a new home. The Fox analysis was then expanded to evaluate the rehabilitation of the attached wrap-around building(s) into a new home for OSA.

On December 2, 2003, in order to gain a more thorough and comprehensive analysis of the proposal, the Agency passed resolutions that: (1) authorized the Agency to enter into a contract with CCG to oversee the pre-construction activity needed to develop the theater and wrap-around buildings and (2) authorized the Agency to enter into a five month ENA with the Paramount Theater for the Arts for the purpose of exploring business terms needed to construct and operate the theater and to prepare the wrap-around building for the OSA. In addition, a resolution was passed authorizing the City to contract with consultants to clean the theater and wrap-around buildings of all hazardous materials during the ENA period.

KEY ISSUES AND IMPACTS

Provision of parking to Oakland Ice Center patrons

Oakland Ice Center patrons currently park in the 18th Street parking lot behind the Fox Theater on weekends and in the evenings. The Oakland Ice Center had planned to find alternative parking solutions for their patrons in 2006 when construction of the East Bay Housing Organizations (EBHO) Forest City development begins. The OSA project will move this date forward, meaning the ice center patrons will begin to park in alternative locations starting in mid-April 2004.

Several parking solutions have been developed to ensure that the Oakland Ice Center weekend and evening parking is accommodated during the OSA project and the Forest City development. These solutions are as follows: (1) Parking accommodation in the Sears parking lot located on 19th Street. This lot is rarely used in the evenings or on the weekends and contains over 150 spaces; (2) Parking accommodation at the 17th Street

surface parking lot located across the street from the rink, which contains 100 parking spaces; (3) Parking accommodation in the 50-60 on-street parking spaces adjacent to the rink on 17th and 18th Streets.

Because Forest City is scheduled to begin excavation on the Sears lot in July of 2005, the availability of the Sears option as a substitute for the existing 18th Street lot ends in July of 2005. In addition, the 17th Street parking lot will be lost about the same time due to the construction of a new parking structure at that site. Consequently, two additional parking solutions have been developed between July 2005 and the completion of the 17th Street Garage. These solutions are as follow: (1) Parking accommodation at the City-owned parking structure at 14th and Clay. This structure is underutilized on the weekends and after 6:00 pm when the ice rink is in greatest use. This garage contains over 330 covered parking spaces. (2) Parking accommodation in the surface parking lot on Telegraph Avenue between Williams and 19th Streets and These solutions will be in place until the 17th Street garage is completed.

Time Limit on Use of Temporary Site for School for the Arts

Staff has been working with East Bay Housing Organizations (EBHO), in concert with Forest City, to reach agreement on an increase in affordable housing as part of the uptown development. All parties are now in agreement and EBHO is obtaining support from member organizations. This agreement will be brought to the Council, along with the Lease Disposition and Development Agreement with Forest City. A key provision of this agreement is that the temporary site for the OSA must be made available for development no later than mid-2006. If extraordinary circumstances, such as delays in the restoration of the Fox Theater, necessitate a delay in making the site available to EBHO, then the Agency may extend the lease with OSA until September 1, 2007. The OSA will need to move from the site by that time and, therefore, should be required to move by this deadline and waive any relocation rights as part of a lease agreement.

SUSTAINABLE OPPORTUNITIES

Economic: This project will contribute to the revitalization of the adjacent Fox Theater which in turn will contribute significantly to the elimination of physical blight in the Uptown District of Downtown Oakland. In addition, it will stimulate new investment in the area, create development opportunities in the food and entertainment sectors and support and compliment adjacent development projects.

Social Equity: The project, if developed, will train and educate students in the performing arts, providing them with opportunities for future employment. The project will promote pedestrian activity, vitality and public safety to an area that is presently void of positive activity.

Environmental: The project, if developed, will make every effort to use recycled content materials and other environmentally sensitive materials.

DISABILITY AND SENIOR CITIZEN ACCESS

This project will comply with all applicable State and Federal accessibility laws and regulations.

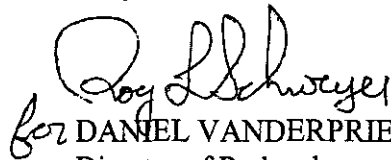
RECOMMENDATION AND RATIONALE

Staff recommends that the City Council accept this report and adopt a resolution authorizing the Agency Administrator to enter into a lease agreement with the Oakland School for the Arts to temporarily occupy the parking lots behind the Fox Theater from April 12, 2004 to July 1, 2006. OSA will assume all costs associated with constructing and operating the temporary facilities on this site.

ACTION REQUESTED OF THE REDEVELOPMENT AGENCY

Staff requests that the Agency approve the attached resolution authorizing the Agency Administrator or her designee to enter into a lease agreement with the Oakland School for the Arts for the parking lots behind and to the west of the Fox Theater at a rent of \$1,000 per month for the period from April 12, 2004 to July 1, 2006.

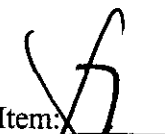
Respectfully submitted,


for DANIEL VANDERPRIEM
Director of Redevelopment, Economic
Development and Housing

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:


OFFICE OF THE AGENCY ADMINISTRATOR

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OAKLAND REDEVELOPMENT AGENCY

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO ENTER INTO A LEASE AGREEMENT WITH THE OAKLAND SCHOOL FOR THE ARTS UNDER WHICH THE SCHOOL WILL PAY \$1,000 PER MONTH TO OCCUPY THE PARKING LOTS BEHIND AND TO THE WEST OF THE FOX THEATER AND BOUNDED BY 18TH AND 19TH STREETS AND SAN PABLO AVENUE FOR A PERIOD FROM APRIL 12, 2004 TO JULY 1, 2006 FOR THE PURPOSE OF CONSTRUCTING AND OPERATING THE FACILITIES NECESSARY TO HOUSE THE OAKLAND SCHOOL FOR THE ARTS

WHEREAS, the Oakland School for the Arts (OSA) will begin its third year of operation in the fall of 2004 and must identify temporary space from April 12, 2004 through July 1, 2006 due to space constraints at the Alice Arts Center; and

WHEREAS, the current proposal under consideration for a permanent site for the school is to rehabilitate the existing office and commercial space in the wrap-around buildings of the Fox Theater and to add space to these buildings in order to accommodate the future home of OSA; and

WHEREAS, temporary space has been identified on Agency owned property immediately adjacent to the Fox Theater and wrap-around buildings; now therefore be it

RESOLVED: That the Agency Administrator or her designee is authorized to negotiate and execute a lease agreement with the Oakland School for the Arts to rent the parking lots behind and to the west of the Fox Theater and bounded by 18th and 19th Streets and San Pablo Avenue for a period from April 12, 2004 through July 1, 2006 for one thousand dollars (\$1,000) per month; and be it

FURTHER RESOLVED: That the Oakland School for the Arts will pay for the entire cost of setting up and maintaining the campus in exchange for the lease agreement with the Agency until the Fox wrap-around buildings are complete; and be it

FURTHER RESOLVED: That Oakland Ice Center patron parking will be accommodated during this agreement in the Sears lot on 19th Street, in the 17th Street parking lot adjacent to the rink, in the on-street, adjacent parking spaces, or in the Clay Street garage; and be it

FURTHER RESOLVED: That the Agency Administrator or her designee is authorized to extend the lease agreement with the Oakland School for the Arts for use of the parking lots behind the Fox Theater through September 1, 2007 if the restoration of the Fox Theater is delayed; and be it

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FURTHER RESOLVED: That the Oakland School for the Arts will move from the temporary site no later than July 1, 2006 if the Agency Administrator has not extended the lease agreement and the Oakland School for the Arts will waive any and all relocation rights as part of the lease agreement.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST:

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

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