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OAKLAND  
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**REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND  
SUPPLEMENTAL AGENDA REPORT**

**To:** Office of the Agency Administrator  
**Attn:** Dan Lindheim  
**From:** Community and Economic Development Agency  
**Date:** March 4, 2009

**Re: A Supplemental Report Regarding Capital Improvement Grants:**

**A Revised Agency Resolution Amending Resolution No. 2008-51 C.M.S. to Change the Recipient of a Grant for Capital Improvements to the Oaks Hotel at 587 15th Street from the John Stewart Company to Oaks Associates and to Increase the Amount of the Grant by \$18,000 for a Total Not to Exceed \$83,000 to Cover Increased Costs Associated with Payment of Prevailing Wages; and**

**A Revised Agency Resolution Amending Resolution No. 2008-52 C.M.S. to Change the Recipient of a Grant for Capital Improvements to Kenneth Henry Court at 6455 Foothill Boulevard from the John Stewart Company to 6455 Foothill Associates, and to Increase the Amount of the Grant by \$37,000 for a Total Not to Exceed \$187,000 to Cover Increased Costs Associated with Payment of Prevailing Wages**

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**SUMMARY**

At the February 24, 2009 meeting of the Community and Economic Development Committee, staff submitted a report proposing to amend Agency Resolutions No. 2008-0051 and 2008-0052 C.M.S. The original resolutions authorized capital needs grants for the Oaks Hotel and Kenneth Henry Court, two properties in Oakland Community Housing Inc.'s (OCHI) troubled Oakland portfolio. The amended resolutions would have provided additional funding to cover payment of prevailing wages, and proposed changing the grantee from the John Stewart Company (JSCo), the contracted property management agent for the properties, to the properties' respective ownership affiliates. The latter change was proposed because JSCo as a for-profit entity would be required to pay corporate income tax on the grants, reducing the funds available for the capital needs work. Since OCHI and its affiliated property ownership entities are essentially non-functional, JSCo will accept the grants on behalf of the properties as the management agent of the owners, and funds would be disbursed only to pay for project work actually performed.

At the February 24<sup>th</sup> Committee meeting, members expressed concern about disbursing funds to OCHI affiliates, even on a nominal basis, given the collapse of OCHI as a functioning entity, and asked staff to revise the resolutions to address these concerns. The attached revised resolutions include language requiring that grant proceeds only be disbursed as direct third party payments to the building contractors conducting the capital needs work. Payment would be made only after the work is completed, as jointly verified by JSCo and City staff (which is standard CEDA practice

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for disbursement of development funding). Third-party payments to contractors is an allowable practice under the City's standard grant agreement, but making it explicitly required under the resolutions should address Committee members' request to avoid disbursing funds to OCHI affiliated organizations while preserving full funding to the project for the work being undertaken. This funding is needed to address critical code and operational deficiencies in these projects.

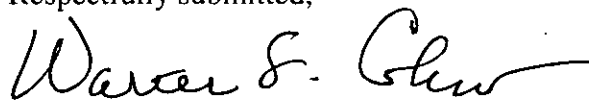
**ACTION REQUESTED OF THE REDEVELOPMENT AGENCY**

The following action is requested of the Redevelopment Agency:

Staff is recommending that the Agency adopt the revised resolutions (attached to this Supplemental Report in clean and redlined formats) to:

1. Amend Resolution No. 2008-51 C.M.S. to change the recipient of a capital improvements grant to the Oaks Hotel at 587 15th Street to Oaks Associates and to increase the amount of the grant by \$18,000 for a total not to exceed \$83,000; and
2. Amend Resolution No. 2008-52 C.M.S. to change the recipient of a capital improvements grant to Kenneth Henry Court at 6455 Foothill Boulevard to 6455 Foothill Associates, and to increase the amount of the grant by \$37,000 for a total not to exceed \$187,000.

Respectfully submitted,



Walter S. Cohen, Director

Community and Economic Development Agency

Reviewed by:

Sean Rogan, Director of Housing and  
Community Development

Prepared by:

Christia Mulvey,  
Housing Development Coordinator

APPROVED AND FORWARDED TO  
THE AGENCY/CITY COUNCIL:



Office of the Agency Administrator

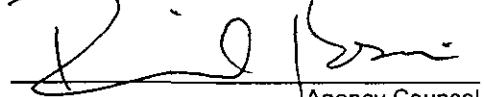
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**REVISED 2/24/09**

APPROVED AS TO FORM AND LEGALITY:

  
Agency Counsel

REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND

RESOLUTION No. \_\_\_\_\_ C.M.S.

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**A RESOLUTION AMENDING RESOLUTION NO. 2008-0051 C.M.S. TO CHANGE THE RECIPIENT OF A GRANT FOR CAPITAL IMPROVEMENTS TO THE OAKS HOTEL AT 587 15TH STREET FROM THE JOHN STEWART COMPANY TO OAKS ASSOCIATES, AND TO INCREASE THE AMOUNT OF THE GRANT BY \$18,000 FOR A TOTAL NOT TO EXCEED \$83,000 TO COVER INCREASED COSTS ASSOCIATED WITH PAYMENT OF PREVAILING WAGES**

**WHEREAS**, Resolution No. 2008-0051 C.M.S. dated June 17, 2008 authorized a grant for capital improvements in an amount not to exceed \$65,000 to the John Stewart Company ("JSCo"), which has served as the management entity for the Oaks Hotel, located at 587 15<sup>th</sup> Street in the City of Oakland, since October 1, 2007; and

**WHEREAS**, payment of prevailing wages is required by the use of Agency funds; and

**WHEREAS**, approximately \$18,000 in additional funds are required to pay prevailing wages to workers working on the Oaks Hotel; and

**WHEREAS**, JSCo has requested that the intended recipient of the grant be changed to Oaks Associates, the owner of the Oaks Hotel; and

**WHEREAS**, JSCo is authorized to execute agreements to accept grant funds on behalf of the property in their role as authorized management agent for the property; and

**WHEREAS**, the previously reserved loan funds of \$65,000 are available in the Agency's Low-Mod Fund (9584), Housing Development Org (88929), Oaks Hotel (L356510); and

**WHEREAS**, the additional \$18,000 in funds requested at this time is available in the Agency's Low-Mod Fund (9584), Housing Development Org (88929), 2006 Housing Bond Project (L290410); now, therefore, be it

**RESOLVED:** That the Agency hereby amends Resolution No. 2008-0051 C.M.S. to change the recipient of a grant for capital improvements to the Oaks Hotel at 587 15th Street from the John Stewart Company to Oaks Associates, and to increase the amount of the grant by \$18,000 for a total not to exceed \$83,000; and be it

**FURTHER RESOLVED:** That the Agency shall require as a condition of the grant that grant funds only be disbursed directly to the contractor(s) performing the work, and that grant funds only be disbursed on a reimbursement basis upon verification of successful completion of the work jointly by the John Stewart Company and Agency staff; and be it

**FURTHER RESOLVED:** That the previously reserved loan funds of \$65,000 shall be made available in the Agency's Low-Mod Fund (9584), Housing Development Org (88929), Oaks Hotel (L356510) for this grant; and be it

**FURTHER RESOLVED:** That the additional \$18,000 in funds requested at this time shall be allocated to the grant from the Agency's Low-Mod Fund (9584), Housing Development Org (88929), 2006 Housing Bond Project (L290410).

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2009

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND CHAIRPERSON BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
Secretary of the Redevelopment Agency  
of the City of Oakland, California

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OAKLAND

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Agency Counsel

REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND

RESOLUTION No. \_\_\_\_\_ C.M.S.

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**WHEREAS**, payment of prevailing wages is required by the use of Agency funds; and

**WHEREAS**, approximately \$18,000 in additional funds are required to pay prevailing wages to workers working on the Oaks Hotel; and

**WHEREAS**, JSCo has requested that the intended recipient of the grant be changed to Oaks Associates, the owner of the Oaks Hotel; and

**WHEREAS**, JSCo is authorized to execute agreements to accept grant funds on behalf of the property in their role as authorized management agent for the property; and

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**FURTHER RESOLVED:** That the Agency shall require as a condition of the grant that grant funds only be disbursed directly to the contractor(s) performing the work, and that grant funds only be disbursed on a reimbursement basis upon verification of successful completion of the work jointly by the John Stewart Company and Agency staff; and be it

**FURTHER RESOLVED:** That the previously reserved loan funds of \$65,000 shall be made available in the Agency's Low-Mod Fund (9584), Housing Development Org (88929), Oaks Hotel (L356510) for this grant; and be it

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IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2009

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND CHAIRPERSON BRUNNER

NOES-

ABSENT-

ABSTENTION-

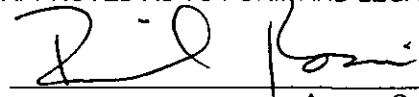
ATTEST: \_\_\_\_\_  
LaTonda Simmons  
Secretary of the Redevelopment Agency  
of the City of Oakland, California

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APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND

RESOLUTION No. \_\_\_\_\_ C.M.S.

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**A RESOLUTION AMENDING RESOLUTION NO. 2008-0052 C.M.S. TO CHANGE THE RECIPIENT OF A GRANT FOR CAPITAL IMPROVEMENTS TO KENNETH HENRY COURT AT 6455 FOOTHILL BOULEVARD FROM THE JOHN STEWART COMPANY TO 6455 FOOTHILL ASSOCIATES AND TO INCREASE THE AMOUNT OF THE GRANT BY \$37,000 FOR A TOTAL NOT TO EXCEED \$187,000 TO COVER INCREASED COSTS ASSOCIATED WITH PAYMENT OF PREVAILING WAGES**

**WHEREAS**, Resolution No. 2008-0052 C.M.S. dated June 17, 2008 authorized a grant for capital improvements in an amount not to exceed \$187,000 to the John Stewart Company ("JSCo"), which has served as the management entity for Kenneth Henry Court, located at 6455 Foothill Boulevard in the City of Oakland, since October 1, 2007; and

**WHEREAS**, payment of prevailing wages is required by the use of Agency funds; and

**WHEREAS**, approximately \$37,000 in additional funds are required to pay prevailing wages to workers working at Kenneth Henry Court; and

**WHEREAS**, JSCo has requested that the intended recipient of the grant be changed to 6455 Foothill Associates, the owner of Kenneth Henry Court; and

**WHEREAS**, JSCo is authorized to execute agreements to accept grant funds on behalf of the property in their role as authorized management agent for the property; and

**WHEREAS**, the previously reserved loan funds of \$150,000 are available in the Agency's Low-Mod Fund (9584), Housing Development Org (88929), Oaks Hotel (L356610); and

**WHEREAS**, the additional \$37,000 in funds requested at this time is available in the Agency's Low-Mod Fund (9584), Housing Development Org (88929), 2006 Housing Bond Project (L290410); now, therefore, be it

**RESOLVED**: That the Agency hereby amends Resolution No. 2008-0052 C.M.S. to change the recipient of a grant for capital improvements to Kenneth Henry Court at 6455 Foothill Boulevard from the John Stewart Company to 6455 Foothill Associates, and to increase the amount of the grant by \$37,000 for a total not to exceed \$187,000; and be it

**FURTHER RESOLVED**: That the Agency shall require as a condition of the grant that grant funds only be disbursed directly to the contractor(s) performing the work, and that grant funds only be disbursed on a reimbursement basis upon verification of successful completion of the work jointly by the John Stewart Company and Agency staff; and be it

**FURTHER RESOLVED**: That the previously reserved loan funds of \$150,000 shall be made available in the Agency's Low-Mod Fund (9584), Housing Development Org (88929), Kenneth Henry Court (L356610) for this grant; and be it

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IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2009

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND  
CHAIRPERSON BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
Secretary of the Redevelopment Agency  
of the City of Oakland, California



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Agency Counsel

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IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2009

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND CHAIRPERSON BRUNNER

NOES-

ABSENT-

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ATTEST: \_\_\_\_\_  
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