

INTRODUCED BY COUNCILMEMBERS SHENG THAO AND LOREN TAYLOR


CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

AN ORDINANCE THAT AUTHORIZES THE CITY ADMINISTRATOR OR DESIGNEE TO NEGOTIATE AND EXECUTE A SIXTY YEAR LEASE, AND RELATED DOCUMENTS, WITH THE OAKLAND UNIFIED SCHOOL DISTRICT (OUSD), AS TENANT, OF THE REAL PROPERTY LOCATED AT 4919 MOUNTAIN BOULEVARD FOR OUSD'S DISCHARGE OF THE CHABOT SPACE & SCIENCE CENTER JOINT POWERS AGENCY (JPA) DEBT OF APPROXIMATELY \$6.5 MILLION TO OUSD AND PAYMENT OF RENT TO THE CITY, AS LANDLORD, OF ONE DOLLAR (\$1) PER YEAR AND RELATED DOCUMENTS

WHEREAS, in May 1989 the Oakland Unified School District (OUSD), the City of Oakland, and the East Bay Regional Park District (EBRPD), in collaboration with the Eastbay Astronomical Society (EAS), entered into a Joint Powers Agreement (JPA Agreement) to form the Chabot Space and Science Center Joint Powers Agency (JPA) for the purpose of developing and operating an educational institution to benefit school children, teachers, and the general public through the pursuit and practice of quality science education; and

WHEREAS, in February 1994, the City and the JPA entered into a long-term ground lease (Skyline Ground Lease) of City-owned property, comprised of an approximately 9-acre portion of Joaquin Miller Park, located at 10000 Skyline Boulevard (Skyline Boulevard Property), for a term of 66 years, or through 2060, at one dollar (\$1) per year for the purpose of developing the Chabot Space and Science Center (Chabot) on the site; and

WHEREAS, in July 1999, OUSD issued a Certificate of Participation loan (Loan) to the JPA in the amount of \$10,265,000 for capital improvements to construct Chabot, based on projected revenue assumptions that never materialized, and the JPA was unable to repay the Loan; and

WHEREAS, in November 2010, OUSD and the JPA agreed to restructure the Loan through a lease/lease-back agreement (Lease/Lease-Back), pursuant to which the JPA leased Chabot to OUSD for one dollar (\$1) per year, and OUSD leased Chabot back to the JPA for \$450,000 per year through September 2049, or until the remaining principal balance (\$8,258,281) is paid in full; and

WHEREAS, in 2014, the lease payments were restructured again and lowered to \$100,000 per year; and

WHEREAS, despite the restructuring, the JPA has been unable to make the obligated payments and approximately \$6.5 million of the original debt remains outstanding. Lease payments have been as much as ten percent of Chabot's operating budget and the payments have eroded Chabot's financial viability; and.

WHEREAS, OUSD has agreed to forgive the entirety of the JPA's debt obligation in exchange for a sixty (60) year lease of City-owned property, comprised of approximately 11.34 acres, located at 4919 Mountain Boulevard (Mountain Boulevard Property) to continue operating an existing Community Day School that OUSD has been operating on the site without a lease since at least 1995; and

WHEREAS, there is no existing lease for OUSD's use of the Mountain Boulevard Property and a long-term lease of the Mountain Boulevard Property by OUSD would allow it to continue providing its use of the Mountain Boulevard Property; and

WHEREAS, the Mountain Boulevard Property is zoned Open Space-Special Use and had been the previous location of the Chabot observatory and planetarium from 1915 until they were closed in 1999 due to earthquake safety issues; and

WHEREAS, the proposed lease of the Mountain Boulevard Property, would exclude the observatory and a related building and the City would retain the right to renovate and adaptively reuse the buildings; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby finds that it is in the best interests of the City to execute a long-term lease with OUSD of the Mountain Boulevard Property to formalize its use of the property as a Community Day School, in exchange for OUSD discharging the entirety of the JPA's Loan to help resolve long-standing issues threatening the viability of the Chabot Space and Science Center.

SECTION 2. The City Council hereby authorizes the City Administrator or his/her designee to negotiate and execute a sixty-year (60) Lease with OUSD of the Mountain Boulevard Property excluding the buildings and structures retained by the City, for One Dollar (\$1.00) per year in exchange for the full discharge of OUSD's Loan to the JPA.

SECTION 3. The City Council hereby authorizes the City Administrator or his/her designee, without returning to the City Council, to negotiate and execute (a) such other additions, amendments or other modifications to the foregoing documents that the City Administrator, in consultation with the City Attorney's Office, determines are in the best interests of the City, do not materially increase the obligations or liabilities of the City, and are necessary or advisable to complete the transactions contemplated by this Ordinance, to be conclusively evidenced by the execution and delivery by the City Administrator of any such amendments; and (b) such other documents as necessary or appropriate, in consultation with the City Attorney's Office, to facilitate and consummate the transactions in accordance with this Ordinance, or to otherwise effectuate the purpose and intent of this Ordinance and its basic purpose.

SECTION 4. All lease payments owed by OUSD to the City shall be received in General Purpose Fund (1010), Real Estate Organization (85231), Miscellaneous Land Rental Account (44219), EWDD Administrative Project (1000019), Real Estate Program (PS32).

SECTION 5. The City Council has independently reviewed and considered this environmental determination, and the Council finds and determines that this action complies with the California Environmental Quality Act (CEQA) because this action on the part of the City is exempt, 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.

SECTION 6. The recital contained in this Ordinance are true and correct and are an integral part of the Council's decision.

SECTION 7. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

SECTION 8. Effective Date. This ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES –FIFE, GALLO, KALB, KAPLAN, REID, TAYLOR, THAO AND
PRESIDENT FORTUNATO BAS

NOES –

ABSENT –

ABSTENTION –

ATTEST: _____

ASHA REED
Acting City Clerk and Clerk of the
Council of the City of Oakland, California

Date of Attestation: _____

NOTICE AND DIGEST

AN ORDINANCE THAT AUTHORIZES THE CITY ADMINISTRATOR OR DESIGNEE TO NEGOTIATE AND EXECUTE A SIXTY YEAR LEASE, AND RELATED DOCUMENTS, WITH THE OAKLAND UNIFIED SCHOOL DISTRICT (OUSD), AS TENANT, OF THE REAL PROPERTY LOCATED AT 4919 MOUNTAIN BOULEVARD FOR OUSD'S DISCHARGE OF THE CHABOT SPACE & SCIENCE CENTER JOINT POWERS AGENCY DEBT OF APPROXIMATELY \$6.5 MILLION DEBT TO OUSD AND PAYMENT OF RENT TO THE CITY, AS LANDLORD, OF ONE DOLLAR (\$1) PER YEAR AND RELATED DOCUMENTS

This Ordinance authorizes the City administrator or designee to negotiate and execute a sixty (60) year lease with the Oakland Unified School District (OUSD) of the property located at 4919 Mountain Boulevard excluding the buildings and structures retained by the City, for One Dollar (\$1.00) per year in exchange for the full discharge of debt (approximately \$6.5 million) owed by the Chabot Space & Science Center Joint Powers Agency for the continued use of the site as a Community Day School to help resolve long-standing issues threatening the viability of the Chabot Space & Science Center.