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OFFICE OF THE CITY CLERK
OAKLAND
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Approved as to form and legality:

By: *Diane Lewis*
City Attorney

OAKLAND CITY COUNCIL

ORDINANCE NO. 13019 -C.M.S.

An Ordinance authorizing the City Administrator to enter into a Sublease with the Redevelopment Agency of the City of Oakland for the George P. Scotlan Memorial Convention Center for a term of up to 12 years for total lease payments of \$2,000,000 in Fiscal Year 2009-10 and \$2,000,000 in Fiscal Year 2010-11

WHEREAS, the City of Oakland (the "City") leases the George P. Scotlan Memorial Convention Center, which includes an adjacent public parking garage (the "Convention Center Facilities") located at 550 10th Street in the Central District Redevelopment Project Area from the Oakland Joint Powers Financing Authority (the "JPFA"); and

WHEREAS, the Convention Center Facilities are suffering from deferred maintenance and require a number of improvements and upgrades in order to attract significantly more regional event bookings; and

WHEREAS, the City has adopted Ordinance No. 11603 C.M.S. which establishes procedures for the lease of property owned or controlled by the City; and

WHEREAS, California Health and Safety Code Section 33220 authorizes any public body, with or without consideration, to sell or lease property to a redevelopment agency to promote redevelopment projects; and

WHEREAS, the City and the Oakland Joint Powers Financing Authority entered the Second Amended and Restated Lease and Sublease Agreement Relating to the Henry J. Kaiser Convention Center and the Convention Center-George P. Scotlan Memorial, on May 1, 2001, and execution of a new sublease between the City and the Agency requires compliance with certain terms in the May 1, 2001 Agreement; and,

WHEREAS, the City desires to sublease its interest in the Convention Center Facilities to the Redevelopment Agency of the City of Oakland (the "Agency"), and the Agency desires to sublease the Convention Center Facilities from the City for redevelopment purposes, for a term of up to 12 years, or from June 15, 2010 to June 12, 2022; and

WHEREAS, the City budgets a \$720,000 annual subsidy for Convention Center Facilities operations, paid from the General Fund, which pays for utility costs and provides a \$45,000 annual property management fee, and;

WHEREAS, the City will receive two lease payments from the Agency, of \$2,000,000 each in Fiscal Year 2009-10 and Fiscal Year 2010-11, which equal the present value of the estimated future net revenue to be generated by the Convention Center Facilities until June 12, 2022, including as revenue the City's annual subsidy of \$720,000; and

WHEREAS, the City is the Lead Agency for this project for the purpose of environmental review under the California Environmental Quality Act of 1970 (CEQA); and

WHEREAS, the requirements of the California Environmental Quality Act of 1970 ("CEQA"), the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND ORDAINS AS FOLLOWS:

Section 1. It is determined to be in the best interest of the City to sublease the Convention Center Facilities to the Agency, since the Convention Center Facilities (1) need redevelopment to address blighted conditions, and (2) are located in the Central District Redevelopment Project Area, and the Agency is responsible for promoting redevelopment in Oakland's redevelopment project areas.

Section 2. As permitted by Ordinance No. 11603 C.M.S., the City Council hereby authorizes the Convention Center Facilities sublease with the Agency for a term of up to 12 years, from June 15, 2010 until June 12, 2022 for total lease payments of \$2,000,000 in Fiscal Year 2009-10 and \$2,000,000 in Fiscal Year 2010-11, which equal the present value of the estimated future net cash flow to be generated by the Convention Center Facilities until June 12, 2022, including the annual revenue of \$720,000 provided by the City to the Convention Center Facilities.

Section 3. The City will continue to budget \$720,000 per year in the General Fund to pay for utility costs and an annual property management fee because the Agency's estimated calculations of the lease payments to the City include the City's annual operating subsidy as revenue to the Convention Center Facilities.

Section 4. The City agrees that the term of the sublease with the Agency of up to 12 years will be contingent on adoption by the City Council of an amendment to the Central District Urban Renewal Plan (the "Plan") to extend the time limit on plan activities and receipt of tax increment by 10 years, as authorized by redevelopment law, and that absent this approval, the sublease will automatically terminate upon termination of Plan activities.

Section 5. That the sublease payments for both Fiscal Years 2009-10 and FY 2010-11 will be deposited into the City's General Purpose Fund (1010), Citywide Activities Org (90591), non-project.

Section 6. In compliance with requirements for entering a sublease set forth in the Second Amended and Restated Lease and Sublease Agreement Relating to the Henry J. Kaiser Convention Center and the Convention Center-George P. Scotlan Memorial, dated May 1, 2001, the City will: 1) maintain the

Section 6. In compliance with requirements for entering a sublease set forth in the Second Amended and Restated Lease and Sublease Agreement Relating to the Henry J. Kaiser Convention Center and the Convention Center-George P. Scotlan Memorial, dated May 1, 2001, the City will: 1) maintain the obligation to make lease payments used to pay off the bonds, 2) provide a copy of the new sublease to the JPFA and the bond Trustee, 3) assure that the new sublease provides that the Convention Center Facilities be used only for legally authorized purposes, and 4) provide the JPFA and the bond Trustee with a bond counsel opinion that the sublease will not jeopardize the tax exempt status of the bonds or cause them to become "private activity bonds."

Section 7. The City Council has independently reviewed and considered this environmental determination, and the City Council finds and determines, based on the information in the staff report accompanying this Ordinance that this action complies with CEQA because this action on the part of the City is exempt form CEQA pursuant to Section 15061(b)(3) (no possibility of significant environmental impact), and Section 15301(d) (existing facilities) of the CEQA Guidelines.

Section 8. The City Administrator, or his designee, shall cause to be filed with the County of Alameda a Notice of Exemption for this action.

Section 9. The City Administrator, or his designee, is authorized to negotiate, execute, amend, and extend the sublease and all other documents, and take any other actions necessary, consistent with this Ordinance, to carry out the intent of this Ordinance.

Section 10. The Sublease and all other documents necessary for the sublease of the Convention Center Facilities, such as assigning the City's property management agreement with Integrated Services Corporation to the Agency, shall be approved as to form and legality by the City Attorney's Office and a copy shall be filed with the Office of the City Clerk.

Section 11. This Ordinance shall become effective immediately upon 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, JUN 15 2010, 2010

PASSED BY THE FOLLOWING VOTE:

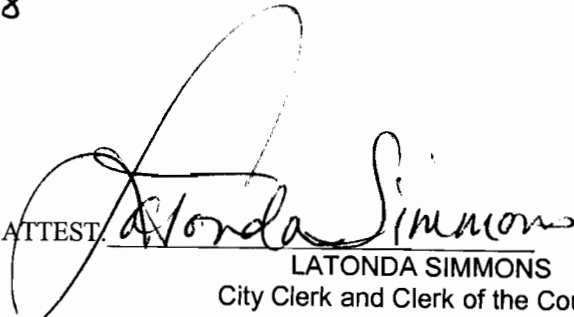
AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND PRESIDENT BRUNNER - 8

NOES- 0

ABSENT- 0

ABSTENTION- 0

Introduction Date JUN 1 2010

ATTEST. 
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland



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Notice and Digest

The ordinance authorizes the City of Oakland to sublease the George P. Scotlan Memorial Convention Center, including an adjacent parking garage, to the Oakland Redevelopment Agency for a term of up to 12 years for total lease payments of \$2,000,000 in Fiscal Year 2009-10 and \$2,000,000 in Fiscal Year 2010-11 to allow the Agency to develop a plan to upgrade and better market the aging facility.