

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2013 JUN 27 PM 2:38

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: Lease for 8200 International Blvd

DATE: June 12, 2013

City Administrator
Approval

Deanna Santana

Date

6/24/13

COUNCIL DISTRICT: 3

RECOMMENDATION

Staff recommends that the City Council adopt:

An Ordinance Authorizing The City Administrator To Execute A Lease For City Owned Property Located At 8200 International Blvd. With East Oakland Youth Development Center Qualified Active Low Income Community Business, Inc. (EOYDC QALICB, Inc.), A California Nonprofit Public Benefit Corporation, For A Term Of Sixty-Six Years

EXECUTIVE SUMMARY

East Oakland Youth Development Center (EOYDC) current leases 8200 International Blvd. from the City for one dollar (\$1.00) per year. EOYDC has partnered with East Bay Asian Local Development Corporation (EBALDC) to form a new entity called EOYDC QALICB, Inc. for the purpose of securing \$7 million dollars to renovate and expand the Youth Center. The lender for the project has required the establishment of a special purpose entity (EOYDC QALICB, Inc.) and that it acquire a lease with a minimum terms of sixty-six years. The rental rate will remain the same.

OUTCOME

Council is requested to adopt an Ordinance authorizing the City Administrator or her designee to execute a lease with EOYDC QALICB, Inc. for a term of sixty-six years. The rental rate will remain one (\$1.00) dollar per year. This action will enable EOYDC QALICB, Inc. satisfy a lender requirement. After construction is complete, EOYDC QALICB, Inc. will have the capacity to serve an additional 1,000 youth and young adults.

Item: _____
CED Committee
July 9, 2013

BACKGROUND/LEGISLATIVE HISTORY

Since July 7, 1978, the City has leased the East Oakland Youth Development Center ("Center") to East Oakland Youth Development Center, a California nonprofit corporation ("EOYDC"). Located at 8200 International Boulevard, the Center includes a building (+/- 19,910 square feet) with 25 existing parking spaces on a parcel of land (+/- 39,224 square feet). EOYDC operates an assortment of programs aimed at developing the social and leadership capacities of youth and young adults at the Center (collectively, the "Program").

Under the Lease, EOYDC operates at its own cost a community youth center that offers a variety of social, recreational, cultural, and educational activities for the primary benefit of the youth of East Oakland, ages 6 through 24. The Center may be further used for any legal purpose whatsoever deemed to be in the public interest and general welfare of the residents of East Oakland and the City of Oakland.

Under the current lease, EOYDC pays the annual rent of one dollar (\$1.00). EOYDC is also responsible for the following:

- (i) all real property taxes and assessments for the Center required by the Lease
- (ii) insurance required by the Lease, with the City of Oakland as a named insured
- (iii) repairs and maintenance of the Center
- (iv) utilities and services for the Center
- (v) all fixtures, furniture, and equipment for the operation of the Program
- (vi) all Program costs and expenses
- (vii) custodial services
- (viii) refuse collection
- (ix) alteration to the building

EOYDC is seeking \$7 million dollars to renovate and expand the Center that will allow the Center to serve at least 1,000 more youth in East Oakland. EOYDC's master plan for site expansion will add 5,249 square feet of space to accommodate the growth of vital community programs in Art, Education, and Health and Wellness. In addition, construction will include needed upgrades and renovations to meet safety and health regulations and to increase energy efficiency throughout the building.

The master plan features the creation of more multipurpose rooms for increased flexibility in programming and participant numbers. The new Health and Wellness Room will house martial arts and dance programs. The new Homework and Resource Center will also feature a two-level education and technology space that can be divided with a movable wall.

Item: _____
CED Committee
July 9, 2013

The facility also requires improved security and surveillance technology, such as newly-fenced entry points, motorized parking lot security gates, two computer-based sign-in kiosks, and upgrades to the closed circuit monitoring system.

In anticipation of this proposed renovation and expansion, EOYDC is requesting that the City grant EOYDC QALICB, Inc. a lease with a term of sixty-six years for one (\$1.00) dollar per year.

ANALYSIS

EOYDC currently has 8200 International Blvd from the City. They have thirty-one (31) years (including option rights) remaining on their existing sixty-six year lease. EOYDC annual lease rate is one dollar (\$1.00).

Leasing 8200 International Blvd to EOYDC QALICB, Inc. may result in capital improvements to City owned property at no cost to the City. A new lease with EOYDC QALICB, Inc. will support their goal of servicing an additional 1,000 youth in East Oakland.

Based on EOYDC's ongoing operating cost, tenant improvements to the City-owned facility and other community benefits, staff has determined that the value of the in-kind services provided to the residents of Oakland exceeds the value of the fair market rent.

PUBLIC OUTREACH/INTEREST

EOYDC regularly reaches out to the community by using main stream media, social websites, flyers and / or news letters to local schools, park and recreation districts and by utilizing existing information and referral services.

COORDINATION

EOYDC works with a number of partners including but not limited to; the public and private sector partnerships, schools districts and colleges. EOYDC is partnering with EBALDC to renovate and expand the Youth Center.

COST SUMMARY/IMPLICATIONS

The City is not expected to incur any additional cost under the revised lease, and the City-owned facility will benefit from the improvements if the loan is secured.

SUSTAINABLE OPPORTUNITIES

Economic: The Center provides programs for youths and young adults of families residing and working in downtown Oakland. Services also promote good citizenship by developing young adults into tax paying residents of Oakland.

Environmental: The Center, located close to various public transportation nodes, encourages the use of public transportation and reduces traffic congestion in downtown Oakland. The expansion of the youth center will trigger environmental and ADA requirements that the developer must comply with.

Social Equity: The Center offers promotes the growth and development of children and young adults, and fulfills the needs of the residents of Oakland and the downtown work force, especially for low-income families qualified for subsidized child care.

CEQA

This report is not a project under CEQA.

For questions regarding this report, please contact Gregory Hunter, Interim Manager, Exempt Limited Duration Employee, at 510-238-2992.

Respectfully submitted,



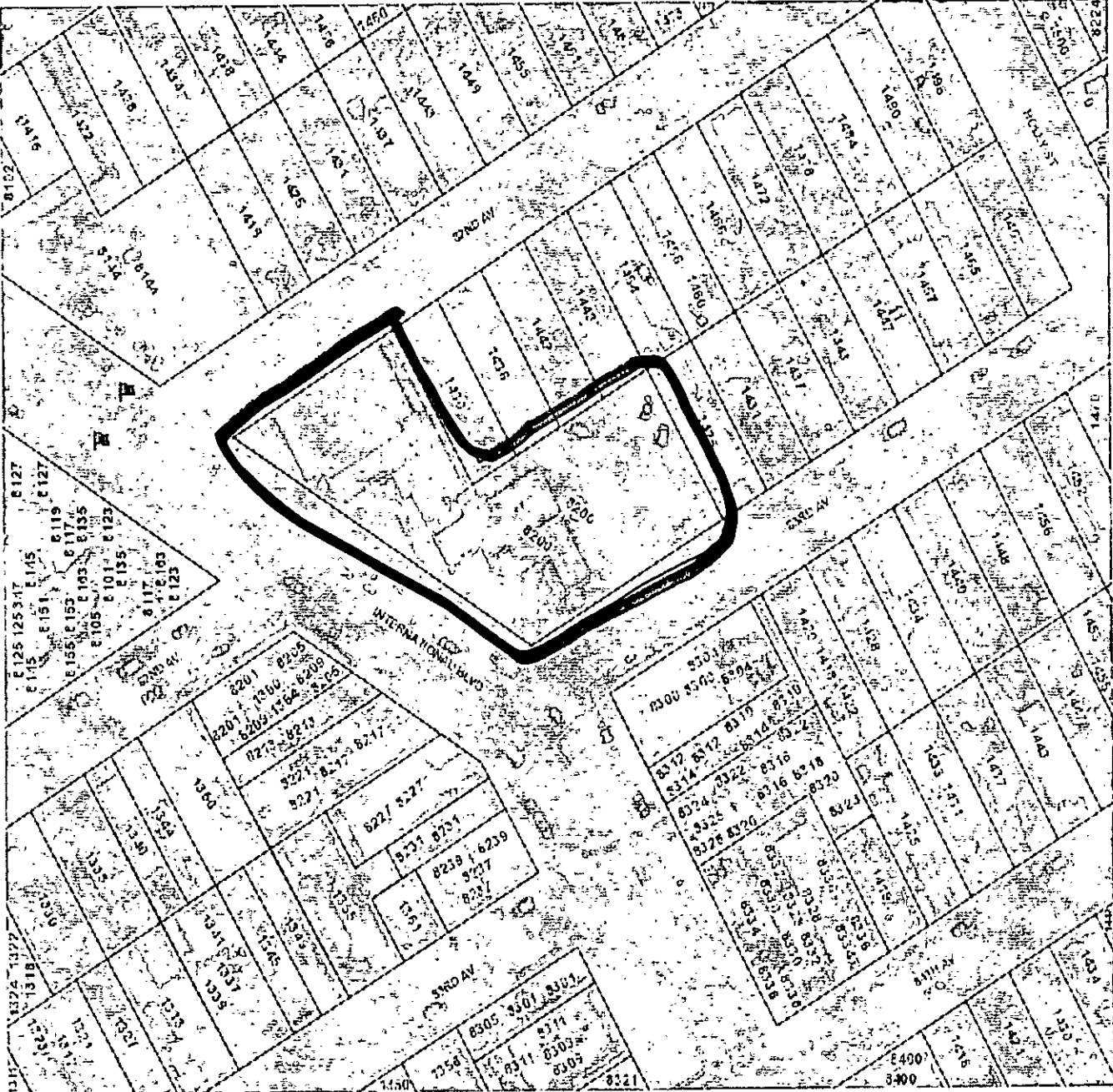
Fred Blackwell
Assistant City Administrator

Reviewed by: *GH*
Gregory Hunter, Interim Manager, Exempt Limited
Duration Employee, Office of Neighborhood Investment

Prepared by:
Anthony J. Reese, Real Estate Agent
Real Estate Services Division, Office of Neighborhood
investment

Item: _____
CED Committee
July 9, 2013

ATTACHMENT A





 City Attorney

 FILED
 OFFICE OF THE CITY CLERK
 OAKLAND

OAKLAND CITY COUNCIL

2013 JUN 27 PM 2:38

ORDINANCE NO. _____ C.M.S.

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE A LEASE FOR CITY OWNED PROPERTY LOCATED AT 8200 INTERNATIONAL BLVD. WITH EAST OAKLAND YOUTH DEVELOPMENT CENTER QUALIFIED ACTIVE LOW INCOME COMMUNITY BUSINESS, INC. (EOYDC QALICB, INC.), A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION, FOR A TERM OF SIXTY-SIX (66) YEARS

WHEREAS, East Oakland Youth Development Center, Inc. (EOYDC) has leased 8200 International Blvd. from the City since 1978 for one dollar (\$1.00) per year ("the Property"); and

WHEREAS, EOYDC offers recreational, leadership, wellness, arts, science, educational, employment training, employment placement programs five days a week. EOYDC offers free, comprehensive, evidence-based youth development programs to meet the emotional, physical, intellectual, and economic needs of its participants. More than 2,000 youth attend programs each year; and

WHEREAS, EOYDC's mission is to develop the social and leadership capacities of youth and young adults (ages 6 – 24) so that they achieve excellence in education, career, and service to their communities; and

WHEREAS, in 2012 EOYDC served 1,000 youth in its employment training program and had a job placement rate of 70 percent; and

WHEREAS, EOYDC has a successful track record of diverting young people from crime and violence and helping them attain outstanding personal, educational, and career success.

WHEREAS, EOYDC has partnered with East Bay Asian Local Development Corporation (EBALDC) to form a new entity called EOYDC QALICB, Inc. for the purpose of securing \$7 million dollars in financing to renovate and expand the Youth Center; and

WHEREAS, the City owned facility will benefit if the financing is secured; and

WHEREAS, the lender for the project has required the establishment of a special purpose entity (EOYDC QALICB, Inc.) and that it acquire a lease with a minimum term of sixty (66) years; and

WHEREAS, EOYDC QALICB, Inc. plans to add an additional 5,249 square feet to the existing 19,910 square feet facility; and

WHEREAS, the renovation and additional space will enable EOYDC QALICB, Inc. to house martial arts classes, a dance program, a homework center and vegetable garden for the nutrition program and a "Living Lab" environmental learning space for the science program; and

WHEREAS, after construction is complete, EOYDC QALICB, Inc. will have the capacity to serve an additional one thousand (1,000) youth and young adults annually; and

WHEREAS, staff has determined that the value of the in-kind services provided to the residents of Oakland exceeds value of the fair market rent; now, therefore be it

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them a part of this Ordinance.

Section 2. In compliance with Ordinance No. 11603 C.M.S. and Ordinance No. 11722 C.M.S. the City Administrator or her designee is authorized to negotiate and execute a lease or other agreements with EOYDC QALICB, Inc. and take whatever action is necessary with respect to this Ordinance.

Section 3. The lease will have a term of sixty-six (66) years and a rental rate of one (\$1.00) dollar per year.

Section 4. The City Attorney shall review and approve all documents related to this transaction as to form and legality, and a copy shall be placed on file with the City Clerk.

Section 5. This Ordinance has been approved by the Office of the City Attorney as to form and legality.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF, and PRESIDENT KERNIGHAN

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

DATE OF ATTESTATION: _____