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2019 OCT 10 PM 3:55

## AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Alexa Jeffress  
Interim Director, Economic  
& Workforce Development

**SUBJECT:** Exclusive Negotiating Agreement  
With East Oakland Boxing Association

**DATE:** September 30, 2019

City Administrator Approval

Date:

10/10/19

### RECOMMENDATION

**Staff Recommends That The City Council Adopt A Resolution Authoring The City Administrator Or Designee To Negotiate And Execute An Exclusive Negotiating Agreement With East Oakland Boxing Association For The Development Of The City-Owned Property Located at 816 And 828 98<sup>th</sup> Avenue.**

### EXECUTIVE SUMMARY

The East Oakland Boxing Association (EOBA) has provided after school recreational and tutoring services for youth in East Oakland since 1987. EOBA is currently under a zero-rent lease through July 30, 2032 for the use of the City-owned property located at 816 and 828 98<sup>th</sup> Avenue (the Property). EOBA intends to replace the existing structures on the site with a new state-of-the-art community center (the Project) to provide expanded services for youth and the larger community in East Oakland. If completed, the Project would allow EOBA to continue to provide much-needed educational and recreational opportunities for youth in East Oakland in an improved facility that will remain City property once the lease expires or terminates.

Staff recommends that City Council adopt the proposed Resolution authorizing the City Administrator or designee to enter into an Exclusive Negotiating Agreement (ENA) with EOBA for 24 months with one optional 6-month administrative extension for the future development of the Property. The ENA will allow EOBA to complete its due diligence, secure requisite financing, apply for necessary City approvals, and negotiate a term sheet for a new 33-year lease and development of the Property.

### BACKGROUND / LEGISLATIVE HISTORY

EOBA, a 501 (c) 3 non-profit organization, was established in 1987 as an after school recreational and tutoring program for youth in East Oakland. EOBA provides free year-round services to children and youth ages 5-20 including academic tutoring, mentoring, arts and crafts, computer access, health and nutrition classes, organic gardening and food preparation,

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crafts, computer access, health and nutrition classes, organic gardening and food preparation, camping, field trips, and physical education in the neighboring community (Youth Services). EOBA also offers a career and college counseling center and provides a work and learning environment for college students, community members, and high school youth.

The Property consists of a parcel of land (approximately 17,150 square feet) improved with the following:

1. an athletic facility, consisting of a building (approximately 3,000 square feet) including a boxing ring with locker rooms;
2. a community center, consisting of a building (approximately 2,500 square feet) including homework space, library, and computer rooms;
3. an enclosed garden, basketball court, and parking area.

Pursuant to City Council Resolution No. 64956 C.M.S., passed on October 27, 1987, the City and EOBA entered into a Rental Agreement (the Rental Agreement) on October 30, 1987. In 2007, the City and EOBA executed a new lease for a term of five (5) years with an option for one additional five-year term, extending the lease to July 30, 2017, pursuant to Ordinance No. 12822 C.M.S.

On June 2, 2015 City Council approved Ordinance No. 13310 C.M.S., authorizing an Amendment to the Lease with EOBA for an additional 15 years commencing July 30, 2017 and ending July 30, 2032 for zero rent to provide EOBA with an opportunity to secure investors and financing for minor capital repairs and improvements to the Property that were approved by the City and exempt from the California Environmental Quality Act (CEQA). EOBA has performed such capital repairs and improvements.

## **ANALYSIS AND POLICY ALTERNATIVES**

EOBA currently has 13 years remaining on their 15-year lease with the City through July 20, 2032. EOBA is proposing to replace the existing aging facilities on the property with a new state-of-the-art community center to provide expanded services for the youth and the larger community in East Oakland. EOBA is seeking an extended lease term of 33 years to obtain commitments from investors and secure financing.

Adoption of the proposed Resolution and execution of the ENA would enable EOBA to continue to build the necessary capital over the next 2 years and eventually submit plans to the City and go through the City Planning and Building permitting process. Staff will seek City Council authorization before the end of the ENA period to amend the lease for a new 33-year term once EOBA has met its capital fundraising goal, received all necessary City Planning approvals, and is ready to start construction on the Project.

Staff recommends adoption of this Resolution because the Project will provide significant benefits to the East Oakland community, including:

1. **Continuous promotion of opportunities for youth.** EOBA's goal is to provide youth with incentives to achieve their educational aspirations and enhance their sense of self-respect.

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EOBA will continue to offer free Youth Services and will also enhance such services and serve more youth in a new state-of-the-art facility.

2. **Continuous in-kind value of services.** There are several organizations throughout the City providing youth services other than Oakland Parks, Recreation and Youth Development (OPRYD). Some target a specific ethnic community, others provide services to multi-ethnic communities. However, the need for these types of services is still high, as the City does not have adequate programs that provide similar services. An established and well-run community-based organization, such as EOBA, is a valuable asset that advances the City's goal of creating a safer and more vibrant city.
3. **Potential new facility.** With an ENA, EOBA plans to obtain investors and financing to apply for the necessary approvals and eventually replace the old structures with a new state-of-the-art facility. The new facility would remain City property once the lease expires or terminates.

### **FISCAL IMPACT**

The cost to the City of entering into an ENA with EOBA is limited to the staff time and costs associated with negotiating, preparing and executing the ENA. Additional cost summary and implications include the following:

1. **No Cost to City.** EOBA has 13 years remaining on their existing lease with the City. The ENA period of 24 months plus one optional 6-month administrative extension will allow EOBA to complete its due diligence, secure requisite financing, apply for City Planning approvals, and negotiate a term sheet for a new 33-year lease and development of the Property. The current lease remains in effect during the ENA period.
2. **New Development.** The City stands to gain a new facility in place of the current aging buildings. This will enhance the value of the property.

### **PUBLIC OUTREACH / INTEREST**

EOBA has reached out to the District 7 Councilmember's Office and the East Oakland community. EOBA has hosted three separate community meetings with the Councilmember to seek support for the proposed development.

### **COORDINATION**

There has been extensive internal and external coordination with OPRYD, the Office of the City Attorney, and the Budget Bureau, which have reviewed this report and the proposed Resolution.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** The Property will continue to be used as a youth center for an additional 13 years, ending July 30, 2032. The in-kind value to the City of the services provided by EOBA is estimated at \$152,760 per year. With an ENA, EOBA plans to obtain investors and financing to apply for the necessary approvals and eventually replace the old structures with a new state-of-the-art facility. The new facility would remain City property once the lease expires or terminates.

**Environmental:** Executing an ENA with EOBA will not change the environmental impacts. The property would continue to be cared for and maintained by the lease.

**Social Equity:** The Property will continue to be accessible to the public and benefit the public. Youth from the most vulnerable population of the City will continue to be served and have a higher quality of life through the services and programs that EOBA provides.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

The ENA period will be used to determine feasibility and make sure all the environmental requirements will be met for the proposed development of the Property. Authorization to enter into this ENA is not in-and-of-itself a "project" (pursuant to CEQA Guidelines Section 15378), since it will not result in a direct or indirect physical change in the environment, and so is not subject to CEQA. Depending on the outcome of the negotiations authorized under this ENA, the action authorized by this item may or may not be part of a larger "project" that shall be subject to appropriate environmental review in accordance with CEQA at the "earliest feasible time" prior to "approval" consistent with CEQA Guidelines Sections 15004 and 15352. The larger "project" would be any improvements authorized by a long-term lease subject to final review and approval by the City Council following the conclusion of the negotiations authorized under the ENA, and City staff will bring back appropriate CEQA analysis of the larger project prior to any City Council consideration and approval of a long-term lease.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council adopt a Resolution authorizing the City Administrator to negotiate and execute an Exclusive Negotiating Agreement with East Oakland Boxing Association (EOBA) for the development of the City-owned property located at 816 and 828 98<sup>th</sup> Avenue.

For questions regarding this report, please contact Alexa Jeffress, Interim Director, Economic & Workforce Development Department, at 510-238-3653.

Respectfully submitted,



ALEXA JEFFRESS  
Interim Director  
Economic & Workforce Development  
Department

Prepared by:

Thang Nguyen, Real Estate Agent  
Real Estate Asset Management Division

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OAKLAND

  
City Attorney's Office

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# OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

**A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR OR  
DESIGNEE TO NEGOTIATE AND EXECUTE AN EXCLUSIVE  
NEGOTIATING AGREEMENT WITH EAST OAKLAND BOXING  
ASSOCIATION FOR THE DEVELOPMENT OF THE CITY-OWNED  
PROPERTY LOCATED AT 816 AND 828 98<sup>TH</sup> AVENUE.**

**WHEREAS**, the East Oakland Boxing Association (“EOBA”), a 501 (c) 3 non-profit organization, was established in 1987 as an after school recreational and tutoring program for youth in East Oakland, providing free year-round services to children and youth ages 5-20 including academic tutoring, mentoring, arts and crafts, computers, health and nutrition classes, organic gardening and food preparation, camping, field trips, and physical education in the neighboring community (Youth Services); and providing career and college counseling center and a work and learning environment for college students, community member, and high school youth; and

**WHEREAS**, the City owns 816 and 828 98<sup>th</sup> Avenue, Oakland, California (“Property”) consisting of about 17,150 square feet improved with the following:

- a. Building (about 3,000 square feet) including a boxing ring with locker rooms,
- b. Building (about 2,500 square feet) including homework space, library, and computer rooms,

Enclosed garden, basketball court, and parking area; and

**WHEREAS**, pursuant to the Oakland City Council Ordinance No. 12822 C.M.S. dated September 18, 2007 authorizing a five-year lease, with one option to extend for an additional five-year term, the City and EOBA entered into a Lease (“Lease”) dated as of December 1, 2007, requiring no rental payments in exchange for EOBA providing the Youth Services for the term ending July 30, 2017; and

**WHEREAS**, pursuant to the Oakland City Council Ordinance No. 13310 C.M.S. dated June 2, 2015, City Council authorized an Amendment to the Lease with EOBA for an additional 15 years commencing July 30, 2017 and ending July 30, 2032 for zero rent to provide EOBA with an opportunity to secure investors and financing for minor repairs and improvements to the Property; and

**WHEREAS**, EOBA is proposing to replace the existing aging facilities on the property with a new state-of-the-art community center to provide expanded services for the youth and the larger community in East Oakland; and

**WHEREAS**, executing an Exclusive Negotiating Agreement will allow EOBA to complete its due diligence, secure requisite financing, apply for necessary City approvals, and negotiate a term sheet for a new 33-year lease and development of the Property; and

**WHEREAS**, the requirements of the California Environmental Quality Act ("CEQA"), the CEQA guidelines prescribed by the Secretary of Resources, and the provisions of the Environmental Review Regulation of the City Of Oakland have been satisfied; now, therefore, be it

**RESOLVED:** That the City Council hereby authorizes the City Administrator, or her designee, to negotiate and execute an Exclusive Negotiating Agreement with East Oakland Boxing Association, for the purposes of evaluating the feasibility of, and negotiating the terms and conditions for, the potential replacement of the existing facilities with a new state-of-the-art community center; and be it

**FURTHER RESOLVED:** That the initial exclusive negotiating period shall be for twenty-four (24) months from the date, commencing as of the date of this Council action, with an option to extend said period for an additional six (6)-month period at the discretion of the City Administrator or his or her designee; and be it

**FURTHER RESOLVED:** That the Exclusive Negotiating Agreement 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; and be it

**FURTHER RESOLVED:** That the City Council finds and determines, after independent review and consideration, that the authorization to enter into this ENA is not in-and-of-itself a "project" (pursuant to CEQA Guidelines Section 15378) since it will not result in a direct or indirect physical change in the environment, and so is not subject to CEQA. Depending on the outcome of the negotiations authorized under this ENA, the action authorized by this item may or may not be part of a larger "project" that shall be subject to appropriate environmental review in accordance with CEQA at the "earliest feasible time" prior to "approval" consistent with CEQA Guidelines Sections 15004 and 15352. The larger "project" would be any improvements authorized by a long-term lease subject to final review and approval by the City Council following the conclusion of the negotiations authorized under the ENA, and City staff will bring back appropriate CEQA analysis of the larger project prior to any City Council consideration and approval of a long-term lease; and be it

**FURTHER RESOLVED:** That the City Administrator or his or her designee is authorized and directed to take all necessary actions to complete the execution of the Exclusive Negotiating Agreement with EOBA for the Property consistent with the intent of this Resolution; and be it

**FURTHER RESOLVED:** That this Resolution shall become effective immediately on the 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 - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND  
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

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

LATONDA SIMMONS  
City Clerk and Clerk of the Council of the  
City of Oakland, California