

**CITY OF OAKLAND**  
**AGENDA REPORT**

2008 DEC -4 PM 3:59

**TO:** Office of the City Administrator  
**ATTN:** Dan Lindheim  
**FROM:** Community and Economic Development Agency  
**DATE:** December 16, 2008

**RE: A Resolution Authorizing The City Administrator To Negotiate And Execute A Two-Year Lease Agreement With An Additional Two-Year Option With David And Kathleen Stone For A Portion Of Their Real Property Located At 2405 Monterey Boulevard For Use As A Golf Course Fairway For An Amount Not To Exceed \$6,011.16 For The First Year**

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**SUMMARY**

The City of Oakland (City) has leased a portion of 2405 Monterey Boulevard ("Property") for the benefit and use of a public golf course since circa 1960. The rear 7,904 square feet of the Property is used as an operating fairway for the Montclair Golf Course.

The lease has expired and authorization is required to enter into a two-year lease agreement with an additional two-year extension option. The new agreement has been negotiated at a monthly rate of \$501 per month, which computes to an annual payment of \$6,012. The previous annual payment of was \$5,465. The lease is covered by the Office of Parks and Recreation Golf Course Fund.

Staff recommends adoption of this Resolution authorizing the City Administrator to enter into a two-year lease agreement with David and Kathleen Stone ("Owners") to continue the use of the rear portion of their property as a golf course fairway.

**FISCAL IMPACT**

Funding for the lease agreement is available in the Golf Course Fund (3200) and will be paid through the Real Estate Services Org. (88639) Land Rental Account (53211). Funding for the new lease will be addressed during budget development FY 2009-11. There will be an annual Consumer Price Index (San Francisco-Oakland-San Jose, Ca) increase during the term of the lease.

**BACKGROUND**

The City of Oakland has leased a portion of the Property since the early 1960's. The Property has transferred ownership several times during the past forty plus years. The current Owners offered to sell the portion of their Property that is used as a golf course to the City. The Owners proposed that the leased area could be acquired by the City through a fee sale or a land exchange of a City owned

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parcel identified by the Owners. The Real Estate Services contacted the Office of Parks and Recreation (OPR) to discuss the property acquisition proposal. After a thorough budget examination, OPR determined that the funds needed to purchase the leased area were not available. The City parcel identified for the land exchange did not have utility service connections. The Owners were informed that they would be responsible for the utility connection costs. After receiving connection estimates, the Owners decided that the capital outlay was prohibitive and the land exchange offer was rescinded. The leased area is part of one of the playing holes and is essential to the continued operation of the golf course. OPR determined that it was feasible to continue to pay rent for use of the leased area and instructed Real Estate Services to enter into a lease agreement with the Owners. Real Estate Services will continue to negotiate with the Owners for the future acquisition of the property, once funding is identified for the purchase.

### **KEY ISSUES AND IMPACTS**

Montclair Golf Course is a public golf course that has been in operation since circa 1960. The golf course includes a fairway, putting green, tee and rough. The City leases a portion of the Property that is incorporated into Montclair Golf Course. The golf course would be inoperable without the portion that is leased by the City. The Property was sold in February 2005 to the Owners.

OPR has instructed Real Estate Services to enter into a lease agreement subject to Council approval. The monthly rent for the new lease agreement increased \$46.00 per month to \$500.96. There will be an annual Consumer Price Index (San Francisco-Oakland-San Jose, Ca) increase during the term of the lease.

### **SUSTAINABLE OPPORTUNITIES**

**Environmental:** The Master Concession Agreement between the City and Montclair Golf Enterprises, Inc includes a comprehensive maintenance agreement for the golf course that utilizes an integrated pest management approach (IPM) to maintain the fairway and rough. An IPM is an effective and environmentally sensitive approach to pest management that relies on a combination of common sense practices to assuage the over use of chemicals.

**Economic:** This lease will support the local business owner and concessionaire that operate Montclair Golf Course.

**Social Equity:** Montclair Golf Course is a popular family recreation venue located in the Oakland Hills. It is a flat, 9-hole, short par 3 public course. The short par 3 course is very popular because it requires less time to finish and is ideal for the novice golfer.

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## DISABILITY AND SENIOR CITIZEN ACCESS

Adoption of this Resolution will have no direct impact on disabled and senior citizen access. This is a ground lease.

## RECOMMENDATION AND RATIONALE

Staff recommends that the Council adopt the Resolution approving this Lease from David and Kathleen Stone for two years with a two year extension option at the rental rate of \$6,011.16 for the first twelve months and a CPI escalation for each year thereafter until the lease terminates in order to continue with the current use of the Montclair Golf Course.

## ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that City Council approve the Resolution.

Respectfully submitted,



Dan Lindheim, Director  
Community and Economic Development Agency

Reviewed by: Gregory Hunter, Deputy Director,  
Economic Development, Community and Redevelopment

Reviewed by:  
Frank Fanelli, Manager, Real Estate

Prepared by:  
Ava M. Jourdain  
CEDA Real Estate

APPROVED AND FORWARDED TO THE  
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

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FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

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Approved as to Form and Legality

  
City Attorney

## OAKLAND CITY COUNCIL

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

Introduced by Councilmember \_\_\_\_\_

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**A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A TWO-YEAR LEASE AGREEMENT WITH AN ADDITIONAL TWO-YEAR OPTION WITH DAVID AND KATHLEEN STONE FOR A PORTION OF THEIR REAL PROPERTY LOCATED AT 2405 MONTEREY BOULEVARD FOR USE AS A GOLF COURSE FAIRWAY FOR AN AMOUNT NOT TO EXCEED \$6,011.16 FOR THE FIRST YEAR**

**WHEREAS**, since the 1960s, the City of Oakland ("City") has leased a portion of 2405 Monterey Boulevard for a fairway at the Montclair Golf Course (the "Property"); and

**WHEREAS**, the Property is an integral part of the Golf Course; and

**WHEREAS**, the Property was sold to David and Kathleen Stone (Owners) in April 2005, and although the Owners offered to sell or exchange the Property, the City did not have funds available to purchase the Property, and the parcel the City was able to offer in exchange was not acceptable to the Owners; and

**WHEREAS**, the Owners and City decided to continue the lease arrangement and now desire to enter into a new lease for a two-year term with an additional two-year option to extend; and

**WHEREAS**, the initial annual rent for the Property shall not exceed \$6,011.16; and the Lease shall include an annual increase no greater than the Consumer Price Index (San Francisco-Oakland-San Jose, Ca) ("CPI") increase; and

**WHEREAS**, the City Council desires to authorize the City Administrator to negotiate and execute a lease agreement for the Property; 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 be it

**RESOLVED:** That the City Council finds and determines that it would be in the best interest of the City to enter into a lease agreement for the portion of 2405 Monterey Boulevard that is utilized for the Montclair Golf Course; and be it

**FURTHER RESOLVED:** That the City Administrator is hereby authorized to execute a lease agreement for the sum of \$6,011.16 for the initial year to be paid in equal monthly installments, with an annual CPI adjustment thereafter, to be paid through the Golf Course Fund (3200), Real Estate Services Org. (88639) Land Rental Account (53211); and be it

**FURTHER RESOLVED:** That the City Council has independently reviewed and considered this environmental determination and the Council finds and determines that this action complies with CEQA because this action is exempt from CEQA pursuant to section 15301 (existing facilities) of the CEQA guidelines; and be it

**FURTHER RESOLVED:** That the City Administrator shall cause to be filed with the County of Alameda, a Notice of Exemption and an Environmental Declaration (California Fish and Game Code Section 711.4); and be it

**FURTHER RESOLVED:** That the lease and any other related documents shall be approved as to form and legality by the Office of the City Attorney and a copy shall be placed on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2009

**PASSED BY THE FOLLOWING VOTE:**

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

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California