

**OAKLAND REDEVELOPMENT AGENCY
CITY OF OAKLAND
Agenda Report**

OFFICE OF THE CITY ADMINISTRATOR
CITY OF OAKLAND

TO: Office of the City Administrator/Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: December 12, 2006

RE: Resolution Authorizing The Agency Administrator To Make A Grant Not To Exceed One Million Seven Hundred Thousand Dollars (\$1,700,000) To The Oakland School For The Arts (OSA) To Pay For The Interim Relocation Of A Portion Of The Existing OSA Campus At The Back Of The Fox Theater To The San Pablo Avenue Right-Of-Way In Order To Allow For The Construction Of The Fox Courts

SUMMARY

The Oakland School for the Arts (OSA) must move a portion (approximately half) of its campus from its existing site behind the Fox Theater by September 2007 to make way for the development of Fox Courts, an 80 unit affordable housing project being planned for the site by Resources for Community Development (RCD). This move is necessary to meet the requirements under the existing Disposition and Development Agreement (DDA) with RCD to make the site available for development by September 2007. At the time that OSA moved onto the site in May 2004, it was anticipated that renovation of the Fox would be completed by September 2007 and OSA would be able to move off their temporary site and into the renovated building; however, because of the complex nature of the renovation, the Fox is not scheduled for completion until September 2008.

To comply with the scheduling provisions of the DDA with RCD, and to avoid the resultant project cost increases of over \$2.7 million and the possible financial responsibility of the Agency to pay for these cost increases if the site is not made available according to schedule, it is recommended that the Agency fund the relocation costs associated with that portion of the OSA campus located on the RCD site so that it can be moved to the San Pablo Avenue right-of-way adjacent to the existing OSA campus. The cost to the Agency for the partial relocation of the campus, including the City's loss of parking meter revenue on San Pablo Avenue, would be up to \$1.7 million and would be paid for from Central District Redevelopment Project tax exempt bonds. This action would allow the OSA to operate at the reconfigured site until it moves into the Fox in September 2008. Although the move would require \$1.7 million in relocation assistance from the Agency it would amount to approximately \$1 million less than the costs resulting from not meeting DDA obligations.

FISCAL IMPACTS

Funds for the grant will be allocated from the Central District Tax Allocation Bond, Series 2003 Fund (9532), Capital Improvement Project – Economic Development Organization (94800), Uptown Forest City DDA Project (T245610). These bond funds will be available once the

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Agency has completed the replacement of ineligible Series 2003 bond proceeds that were previously allocated to the Uptown Project.

The reconfiguration of the OSA campus onto a portion of San Pablo Avenue will result in a \$200,000 loss in meter revenue to the City for one year. The total project cost of \$1.7 million includes this lost revenue. The City will be repaid the lost revenue as part of the obstruction permit prior to construction.

BACKGROUND

In May of 2004, the Agency, pursuant to Resolution No. 2004-23 C.M.S., leased the property behind the Fox Theater to the OSA to serve as a temporary location for the school until it could occupy its planned new permanent facility in the wrap-around building of the Fox. At the time, staff expected that the wrap-around building would be ready for occupancy in June of 2006, and the lease with the OSA was set to expire on June 30, 2006. However, in anticipation of potential construction delays, the legislation authorizing the lease gave Agency staff the ability to extend term through September 1, 2007.

On December 8, 2005, pursuant to Resolution No. 2005-67 C.M.S., the Agency entered into a DDA with RCD for the development of Fox Courts (the "Project") on the Property. According to the terms of the DDA, the Agency has to take all appropriate action to remove the OSA from the Property no later than September 1, 2007, and deliver the site to RCD.

PROJECT DESCRIPTION:

Existing OSA Campus

The existing OSA campus is located behind the Fox Theater between 18th and 19th Streets and just east of San Pablo Avenue (see Attachment A). It consists of a large tent-like structure that is used for rehearsals and performances, and a number of portables that are used as classrooms, music rooms and administrative offices. The campus is contiguous in nature and secured by a fence. The OSA moved to this interim site in 2004 with the intention of moving off the site and into the Fox Theater upon its completion in 2007.

Proposed OSA Campus Reconfiguration

The proposed OSA campus reconfiguration would relocate twelve classroom portables, three large music room portables and two restroom portables from the eastern side of the existing campus to the western side of the site, and to the San Pablo Avenue right-of-way (see Attachment B). This would open up the eastern side of the site to the RCD affordable housing project. This new reconfiguration would be secured by a fence that would surround the entire campus. This new campus layout would stay in place for the entire 2007-2008 academic year after which time the OSA would move into the renovated Fox Theater Project.

KEY ISSUES AND IMPACTS

The OSA can either (1) stay on its present site until the Fox Theater renovation is completed in September 2008, or (2) relocate to an interim site. Staff has investigated possible interim sites, and concluded that relocation to the San Pablo Avenue right-of-way site adjacent to the existing campus is the least disruptive and most cost effective way to move a relatively large portion of the school facility and still maintain a close physical relationship to the performing arts portion of the campus that will stay in place. The interim move would allow RCD to begin construction on its project on schedule and allow for completion of the Fox Theater and the OSA permanent campus. Certain costs and benefits are associated with each alternative.

ALTERNATIVE NO. 1: The OSA remains on its existing site, which includes the RCD development site, until the Fox Theater is completed in September 2008. This alternative has certain financial implications to the Agency.

Costs of staying on RCD site:

1. If OSA is not off the property by September 1, 2007, (almost a year before the Fox is scheduled for completion), the Agency could be liable for RCD's costs resulting from such delays, including (1) increased project costs, (2) increased organization costs, and (3) funding risks. Such costs have been calculated by RCD and the staff to be at least **\$2.7 million**. In addition, legal fees and associated costs could increase this estimate appreciably.
2. RCD could lose its funding from the State of California's Multi-Family Housing Program (MHP) and the accompanying low income housing tax credits, if Project construction does not begin by June 2008. This represents approximately 20% of RCD's total project financing or about **\$5.8 million**. Losing this funding would probably render the Project infeasible.
3. RCD would face penalties from the State, consisting of negative points, which could jeopardize future low income housing tax credits and its ability to construct future projects.

Benefits of staying on RCD site:

1. The current OSA campus operations would not be disrupted until the final move to the Fox wrap-around building(s) in September 2008.
2. There would be no need for the Agency to assist in the funding of the OSA campus reconfiguration.

ALTERNATIVE NO. 2: (the recommended proposal): A portion the OSA school campus would be relocated from that portion of its site that is currently committed to RCD under the DDA to the San Pablo Avenue right-of-way before September 1, 2007.

Costs of OSA Relocation to San Pablo Avenue:

Based on two independent estimates from Turner Construction Company and J.H. Fitzmaurice, Inc, the cost to relocate the OSA campus onto San Pablo Avenue would be approximately \$1.5 million. In addition, lost revenues to the City from the loss of parking meters on San Pablo Avenue would increase the overall cost of reconfiguring the campus to \$1.7 million.

Design and construction costs	\$1.5 million (includes \$35,000 allowance for traffic signal)
Lost meter revenue	\$200,000 (1 year on San Pablo Ave.)
TOTAL COSTS	\$1,700,000 (this could be a cost to the Agency)

In addition, because the reconfigured site is small, the existing administration office portables cannot be accommodated on site. The OSA will need to reprogram some of its existing classroom portables to accommodate administrative and office uses. This will mean that some performance portables will probably need to be reprogrammed to accommodate both academic and performing spaces. If this is not feasible, the OSA may need to lease separate space (approximately 4,000 s.f.) off campus to accommodate its administrative offices.

Benefits of OSA Campus Relocation to San Pablo Avenue:

1. The RCD project stays on schedule and within budget.
2. The risk of RCD losing funding from State Multi-Family Housing Program and possibly the ability to finance the entire project is eliminated.
3. The Agency avoids possible litigation with RCD regarding violation of the DDA.
4. Even if the Agency pays for the entire cost of the OSA relocation, it saves approximately \$1 million by avoiding the costs resulting from not meeting the DDA schedule.
5. OSA remains operational with only minimal disruption to the campus.

Traffic Management Plan

The new OSA campus configuration will intrude onto a portion of San Pablo Avenue, eliminating the single travel lane on the eastern side of the median island between 18th and 19th Streets. Twenty-six (26) diagonal parking spaces will be removed from this segment of San Pablo Avenue for approximately one year to accommodate the school. The right-of-way on the western side of the median will be reconfigured to accommodate two-way traffic between 18th and 19th Streets. Parallel parking will be removed from this side of the street to accommodate traffic flow. Korve Engineering has completed a Traffic Management Plan that addresses all measures needed to ensure safe and efficient traffic flow.

SUSTAINABLE OPPORTUNITIES

Economic: This is an interim project that will have no significant economic impact on the area.

Environmental: The reconfiguration effort will eliminate the need to move the entire OSA campus off of its present site saving energy and resources in the process. The project will also allow RCD to keep its project on schedule and provide for a “green building” on the site behind the Fox Theater.

Social Equity: The Project will support the OSA’s efforts to establish a permanent campus in the Uptown, bringing educational opportunities to a diverse student population. The contractor will achieve and adhere to the local and small local business participation goals, and all other City of Oakland business and employment program requirements. The project will also allow RCD the opportunity to construct 80 units of affordable housing in the Uptown.

DISABILITY AND SENIOR CITIZEN ACCESS

The reconfigured campus will be in compliance with the physical access requirements of the Americans with Disabilities Act, and will provide equal opportunity and access for pedestrians within the project area.

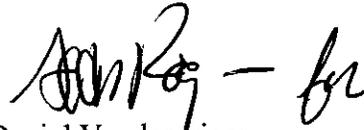
RECOMMENDATIONS AND RATIONALE

The OSA must move a portion (approximately half) of its campus from its existing site behind the Fox Theater by September 2007 to make way for the development of an 80 unit affordable housing project being planned for the site by RCD. This move is necessary to meet the requirements under the DDA with RCD to make the site available for development by September 2007, and to avoid increased project costs to RCD of at least \$2.7 million. At the time that OSA moved onto the site in May 2004, it was anticipated that renovation of the Fox would be completed by September 2007 and OSA would be able to move off their temporary site and into the renovated building; however, because of the complex nature of the renovation, the Fox is not scheduled for completion until September 2008. The cost to move that portion of the OSA that is located on the RCD site to a new configured site adjacent to the existing campus on San Pablo Avenue would be approximately \$1.7 million. Assisting the OSA in the move would save the Agency approximately \$1 million in costs associated with keeping the OSA on its present site until September 2008. If the Agency does not provide a grant to OSA to cover the cost of campus reconfiguration, the school would face a significant financial hardship as its projected budget for the 2007-2008 school year does not include a set-aside for the proposed relocation. At this time, the OSA is saving its resources to pay for the cost of installing tenant improvements in the new addition to the wrap-around building in the Fox Theater.

ACTION REQUESTED OF THE AGENCY

Staff recommends that the Agency adopt a resolution authorizing the Agency Administrator to make a grant of \$1,700,000 to the Oakland School for the Arts (OSA) to pay for the interim relocation of a portion the existing OSA campus at the back of the Fox Theater to the San Pablo Avenue right-of-way in order to allow for the construction of Fox Courts.

Respectfully submitted,



Daniel Vanderprien

Director of Redevelopment, Economic
Development, Housing and
Community Development

Prepared by:
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Project Manager
Redevelopment Division

Attachment A: OSA Campus Map
Attachment B: OSA Reconfiguration Map

APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:



Office of the City Administrator

SHEET NOTES

- 1. ALL NOTES SHALL APPLY UNLESS OTHERWISE NOTED.
- 2. SEE SHEET L010

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OSA
ADJUNCT CAMPUS PLAN

OSHA PROJECT NO. 1000000000000000
OSHA PROJECT NAME
OSHA PROJECT ADDRESS

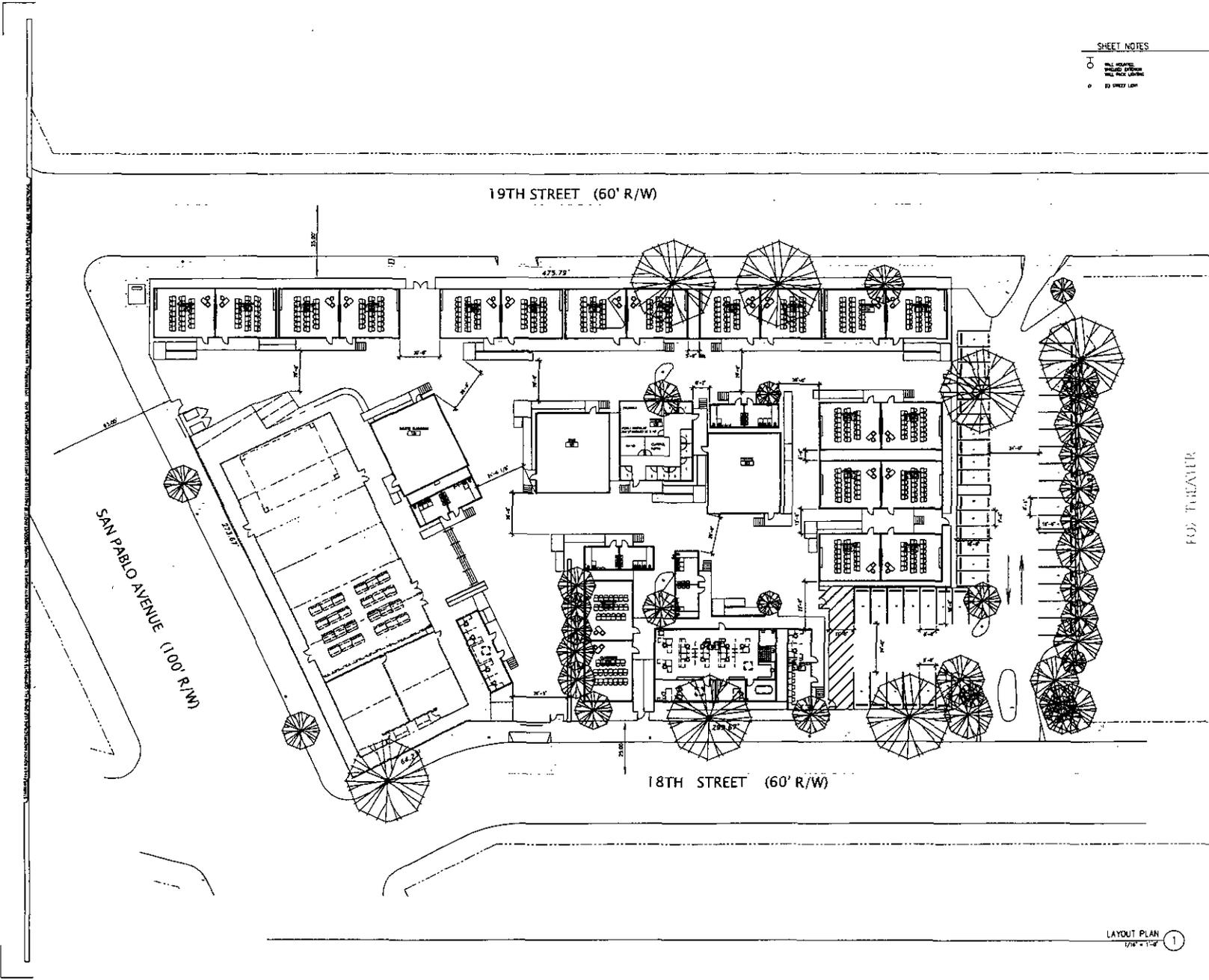
No.	Description	Date
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2	PROGRESS SET	01/15/2001

PROGRESS SET

DATE: 01/15/2001
PROJECT NO.: 00000000

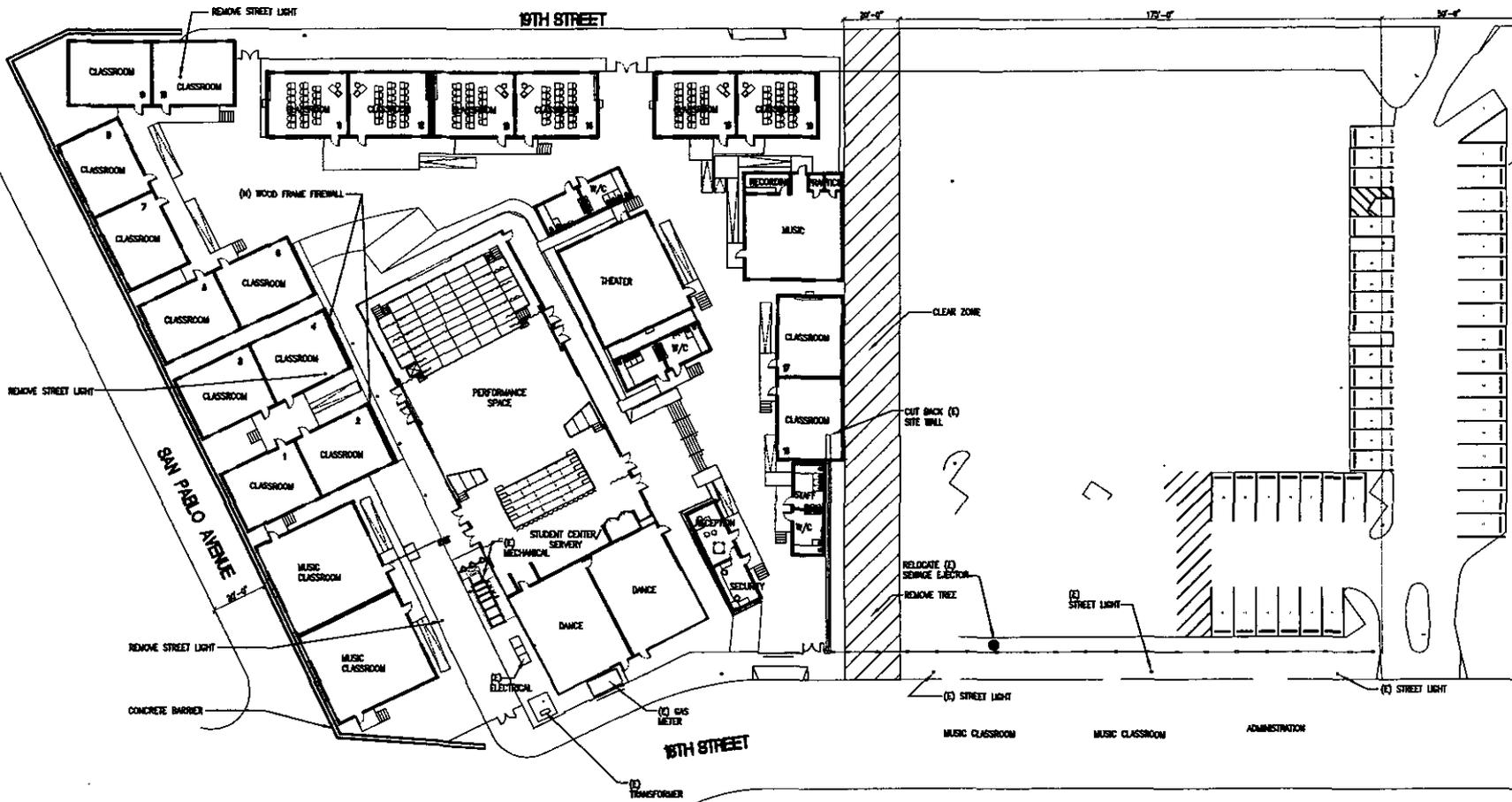
LAYOUT PLAN

SCALE: 1/8" = 1'-0"
A1.10



LAYOUT PLAN
1/8" = 1'-0" ①

ATTACHMENT A



ATTACHMENT B



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AGENCY COUNSEL

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**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING A GRANT NOT TO EXCEED \$1,700,000 TO THE OAKLAND SCHOOL FOR THE ARTS (OSA) TO PAY FOR THE INTERIM RELOCATION OF A PORTION OF THE OSA CAMPUS TO THE SAN PABLO AVENUE RIGHT-OF-WAY TO ALLOW FOR THE CONSTRUCTION OF THE FOX COURTS AFFORDABLE HOUSING PROJECT

WHEREAS, in May of 2004, the Agency, pursuant to Resolution No. 2004-23 C.M.S., leased the Agency-owned property behind the Fox Theater (the "Property") to the Oakland School for the Arts (OSA) to serve as a temporary location for the school until it could occupy its planned new permanent facility in the wrap-around building of the Fox Theater; and

WHEREAS, on December 8, 2005, pursuant to Resolution No. 2005-67 C.M.S., the Agency entered into a Disposition and Development Agreement (DDA) with Resources for Community Development (RCD) for the development of an 80 unit affordable housing project called Fox Courts (the "Project") on a portion of the Property; and

WHEREAS, according to the terms of the DDA, the Agency has to take all appropriate action to remove the OSA from the Project portion of the Property no later than September 1, 2007, and deliver the site to RCD; and

WHEREAS, at the time that OSA moved onto the site in May 2004, it was anticipated that renovation of the Fox would be completed by September 2007 and OSA would be able to move off their temporary site and into the renovated building at that time; and

WHEREAS, because of the complex nature of the renovation, the Fox Theater is not scheduled for completion until September 2008; and

WHEREAS, staff has identified a site on San Pablo Avenue adjacent to the existing OSA campus for the temporary relocation of that portion of the OSA campus now occupying the Property that would allow minimal disruption of the OSA but allow that portion of the OSA campus that is on the Property to be vacated and made available for the Fox Courts project; and

WHEREAS, the costs to relocated said portion of the OSA campus onto San Pablo Avenue would be approximately \$1.5 million; and

WHEREAS, the reconfigured campus would eliminate parking meters on San Pablo Avenue and the lost meter revenue would increase the overall cost of reconfiguring the campus to \$1.7 million; and

WHEREAS, the reconfigured campus has been determined to be categorically exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15301 and 15302; now therefore be it

RESOLVED: That the Agency hereby authorizes a grant not to exceed \$1.7 million to the Oakland School for the Arts to pay for the interim relocation of a portion of the existing OSA campus at the rear of the Fox Theater to the San Pablo Avenue right-of way in order to allow for the construction of the Fox Courts Project, including payment for lost parking meter revenues; and be it further

RESOLVED: That a total of \$1,700,000 will be allocated from the Central District Tax Allocation Bond, Series 2003 Fund (9532), Capital Improvement Project – Economic Development Organization (94800), Uptown Forest City DDA Project (T245610); and be it further

RESOLVED: That the Agency hereby authorizes the Agency Administrator or her designee to negotiate and execute a grant agreement and other documents related to the grant, and to take whatever other action is necessary with respect to the grant and the relocation consistent with this Resolution and its basic purposes; and be it further

RESOLVED: That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because the reconfiguration of the OSA campus is exempt from CEQA pursuant to CEQA Guidelines Sections 15301 and 15302.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2006

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON DE LA FUENTE,

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
Secretary of the Redevelopment
Agency of the City of Oakland