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OFFICE OF THE CITY CLERK
OAKLAND
2014 MAY 15 AM 9:59

AGENDA REPORT

TO: FRED BLACKWELL
CITY ADMINISTRATOR

FROM: Gregory Hunter

SUBJECT: Plaza Tenant Accounts Receivable Adjustment

DATE: April 18, 2014

City Administrator
Approval

Date

5/14/14

COUNCIL DISTRICT: 3

RECOMMENDATION

Staff recommends that the City Council adopt:

A Resolution Authorizing the City Administrator to Make Adjustments to the City's Accounts Receivables By Writing Off Rent Due from Two Former Frank Ogawa Plaza Tenants: Sankofa in the Approximate Amount of \$30,200 and Rising Loafer in the Approximate Amount of \$13,700.

OUTCOME

As a result of the proposed legislation the City would make adjustments to its Accounts Receivables to write-off rent due from Sankofa in the approximate amount of \$30,200 and Rising Loafer in the approximate amount of \$13,700.

BACKGROUND/LEGISLATIVE HISTORY

The City entered into a lease with Sankofa on May 1, 2007 for the premises located at 150 Frank Ogawa Plaza, Suite 1L. The City entered into a lease with Rising Loafer on February 1, 2004 for the premises located at 150 Frank Ogawa Plaza, Suite 1H. On April 30, 2013, the City and Rising Loafer executed a termination agreement. On December 26, 2013, the City and Sankofa executed a termination agreement. The City's Accounts Receivables policy (Administrative Instruction 1051) requires the City Administrator to obtain Council authority to write-off amounts greater than \$1,000. Staff is seeking authorization to write-off rent due from Sankofa in the approximate amount of \$30,200 and Rising Loafer in the approximate amount of \$13,700.

These Plaza tenants occupied retail space in the Plaza and operated businesses through very difficult economic times and social times in the Plaza. Each of the two tenants had significant operating and cash flow issues and became delinquent in rent. City staff restructured lease

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payments to allow the tenants to pay current rent while trying to pay down past due rent. The issue of past due rent continued to increase in severity over time and on a number of occasions City staff served the tenants with Pay or Quit notices. Upon receipt of the notices, the tenants requested assistance from various City leaders. Given the limited amount of rent each tenant was paying, the direction from the City Administrator was to allow the tenants to remain with the understanding they would try to pay the past due amount in addition to the current rent.

Ultimately in early 2013, the outstanding amounts due exceeded \$10,000. City staff proposed execution of termination agreements whereby the tenants would voluntarily vacate the leased premises and the City would waive the past due amounts. As context, the normal course of action for the City to repossess the leased premises is through an Unlawful Detainer process that typically costs the City an average of \$10,000 to \$15,000 and takes approximately three to four months to complete. Executing a voluntary termination agreement and waiving past due amounts would save each party time, money and resources.

ANALYSIS

Staff is seeking authorization to make adjustments to the City's Accounts Receivables by writing-off the outstanding balances of approximately \$30,200 for Sankofa and \$13,700 for Rising Loafer.

COST SUMMARY/IMPLICATIONS

COST ELEMENTS OF AGREEMENT/CONTRACT:

The Sankofa termination agreement waives approximately \$30,200 in past due rent and common area maintenance. The Rising Loafer termination agreement waives approximately \$13,700 in past due rent and common area maintenance.

FISCAL IMPACT:

The fiscal impact is the City's Accounts Receivables is lower by writing off approximately \$43,900 of uncollected rent.

PUBLIC OUTREACH/INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

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COORDINATION

This action has been coordinated with City Attorney's Office, Finance and Management Agency and City Budget Office.

SUSTAINABLE OPPORTUNITIES

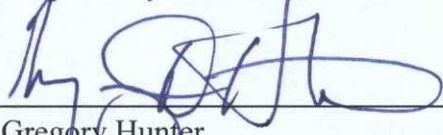
Economic: This proposed action does not provide any economic benefits or opportunities.

Environmental: This proposed action does not provide any environmental benefits.

Social Equity: This proposed action does not provide any social benefits or social equity to Oakland citizens.

For questions regarding this report, please contact John Monetta, Project Manager I, at (510) 238-7125.

Respectfully submitted,

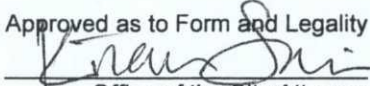


Gregory Hunter
Neighborhood Investment Manager

Prepared by:
John Monetta, Project Manager I
Office of the City Administrator

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Approved as to Form and Legality

Office of the City Attorney

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO MAKE ADJUSTMENTS TO THE CITY'S ACCOUNTS RECEIVABLES BY WRITING OFF RENT DUE FROM TWO FORMER FRANK OGAWA PLAZA TENANTS: SANKOFA IN THE APPROXIMATE AMOUNT OF \$30,200 AND RISING LOAFER IN THE APPROXIMATE AMOUNT OF \$13,700

WHEREAS, the City entered into a lease with Sankofa on May 1, 2007 for the premises located at 150 Frank Ogawa Plaza, Suite 1L. The City entered into a lease with Rising Loafer on February 1, 2004 for the premises located at 150 Frank Ogawa Plaza, Suite 1H; and

WHEREAS, in consideration for terminating these leases, the City Administrator agreed to waive the past due amounts owed by Rising Loafer and Sankofa and enter into a termination agreement separately with each tenant; and

WHEREAS, the City's Accounts Receivables policy (Administrative Instruction 1051) requires that the City Administrator obtain Council authority to write-off uncollectible accounts receivables greater than \$1,000; now, therefore, be it

RESOLVED, that the City Administrator, or his designee, is hereby authorized to make adjustments to the City's Accounts Receivables by writing-off the outstanding balances of approximately \$30,200 for Sankofa and \$13,700 for Rising Loafer; and be it

FURTHER RESOLVED, that the City Administrator is further authorized to take whatever action is necessary with respect to adjustments to the City's Accounts Receivables and enter into any agreement for terminating these leases consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2014

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