

CITY OF OAKLAND
REDEVELOPMENT AGENCY
SUPPLEMENTAL AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2003 OCT 30 PM 4:18

TO: Office of the City Manager / Agency Administrator
ATTN: Robert C. Bobb
FROM: Community and Economic Development Agency
DATE: November 4, 2003

RE: **A SUPPLEMENTAL REPORT ON THE RESOLUTION AUTHORIZING AN EXCLUSIVE NEGOTIATION AGREEMENT WITH FOX THEATER I CORPORATION FOR REVITALIZING THE FOX THEATER AND THE COMMERCIAL/OFFICE WRAP-AROUND BUILDINGS, AND AUTHORIZING THE EXPENDITURE OF UP TO \$800,000 FOR TESTING AND CLEANUP WORK NECESSARY TO PREPARE THE THEATER AND WRAP-AROUND BUILDINGS INTO A PERFORMING ARTS CENTER AND FUTURE HOME OF THE OAKLAND SCHOOL OF THE ARTS.**

At the Community and Economic Development Committee meeting held on Tuesday, October 14, 2003, staff was directed to prepare a budget outlining the use of the \$800,000 needed during the ENA period for preparing the Fox Theater and wrap-around buildings for future redevelopment.

This request stemmed from a brief discussion regarding the need for Council to get a description of the tasks and amounts needed to clean and prepare the theater for development prior to the actual release of any funds. The \$800,000 needed during the ENA is already in the Agency's FY 2003-2005 adopted budget for the Fox Theater and would be expended during the ENA period.

Staff has worked with the fee developer to prepare a budget for the \$800,000, which will be needed during the ENA. In addition, a preliminary budget for the entire \$24 million project has been prepared. *This overall budget is preliminary, and will be adjusted during the ENA period as Design and Development drawings are completed and used to refine the construction costs.* This overall budget will be submitted to the Agency for review, modification, approval or disapproval at the end of the ENA period and before entering into a final Disposition and Development Agreement (DDA) with the developer. No contracts will be let beyond the \$800,000 ENA allocation until a DDA and financing plan have been approved by the Agency. The specific monetary break-down needed for the ENA is highlighted below in the attached budget.

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Fox Theatre Renovation Cost Allocation Summary

		% of Total	ENA	% of Total
	TOTAL	Project Cost		Project Cost
Developer Fee	\$497,950	2.08%	\$497,950	9.34%
Project Manager	\$160,000	0.67%	\$160,000	3.00%
Construction Mgr.	\$226,000	0.94%	\$226,000	4.24%
Architecture	\$711,000	2.97%	\$711,000	14.24%
Engineering	\$305,000	1.27%	\$305,000	4.16%
Accounting	\$40,000	0.17%	\$40,000	0.75%
Legal	\$100,000	0.42%	\$100,000	1.87%
Tax Credit Consultant	\$148,000	0.62%	\$148,000	2.40%
Financing Costs	\$75,000	0.31%	NA	
Appraisal	\$15,000	0.06%	NA	
33343 Report	\$35,000	0.15%	NA	
TOTAL SOFT COSTS	\$2,312,950	9.66%	\$2,312,950	40.00%
Construction Estimate	\$19,918,000	83.16%	\$19,918,000	49.79%
TOTAL CONSTRUCTION				
Contingency	\$1,719,050		\$1,719,050	10.21%
TOTAL PROJECT COST	\$23,950,000	100.00%	\$23,950,000	100.00%

During the ENA period, the Agency will contract with Fox Theater I Corporation (to be created) to expend the \$800,000 for the preparation of the theater and wrap-around buildings as per the ENA budget (see highlighted portion of attached budget). Fox Theater I will contract with California Capital Group (CCG), the fee developer, to manage the many consultant contracts needed to clean and stabilize the theater, and prepare the financial and ownership structure during the ENA period. CCG is the preferred developer for this project having submitted a detailed concept proposal, and "order of magnitude" cost estimates for the theater and wrap-around buildings (see total column in attached budget). Their development team has done extensive due diligence over the past year in evaluating the theater and surrounding buildings. They have extensive knowledge of the structure and systems within the buildings. Fox Theater I and Agency staff will prepare a draw-down schedule to distribute the \$800,000 on "an as needed basis" during the ENA period, through Fox Theater I Corporation, per the attached ENA budget. Fox Theater I and Agency staff will co-sign for all payment distributions to CCG and will monitor the progress and completeness of all work performed by their sub-contractors.

Staff recommends adoption of the resolution authorizing an Exclusive Negotiation Agreement with Fox Theater I Corporation for revitalizing the Fox Theater and the commercial/office wrap-around buildings, and authorization to expend of up to \$800,000 for testing and clean-up work necessary to prepare the theater and wrap-around buildings into a performing arts center and future home of the Oakland School of the Arts.

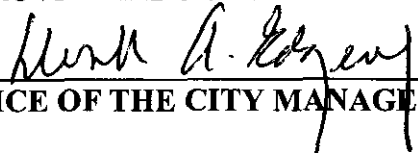
Respectfully submitted,



Daniel Vanderprien, Director
Economic Development, Redevelopment,
Housing and Community Development
Divisions

Prepared by:
Jeffrey Chew, Project Manager
Downtown Redevelopment Unit

APPROVED AND FORWARDED TO THE CITY COUNCIL


OFFICE OF THE CITY MANAGER