



AGENDA REPORT

TO: Jestin D. Johnson,
City Administrator


FROM: Ashleigh Kanat
Director, Economic &
Workforce Development
Department

SUBJECT: New César E. Chávez Library
Lease

DATE: June 2, 2025

City Administrator Approval

Date:


Jestin Johnson (Jun 12, 2025 22:51 PDT)

Jun 12, 2025

RECOMMENDATION

Staff Recommends That The City Council Adopt:

A Resolution Authorizing A Lease Agreement Between The Fruitvale Development Corporation As Landlord And The City Of Oakland As Tenant For A 15,119 Square Foot Premises Located At 3301 E. 12th Street, Suite 275 Known As Fruitvale Transit Village For Ongoing Use As The César E. Chávez Library For An Initial Term Of Five (5) Years Effective June 1, 2025, With Two Options To Renew For Five (5) Years Each, At An Initial Rate Of One Dollar And Twenty-Five Cents (\$1.25) Per Square Foot Or Eighteen Thousand Eight Hundred Ninety-Eight Dollars And Seventy-Five Cents (\$18,898.75) Per Month With An Annual Increase Matched To The Consumer Price Index, Subject To A Minimum Of Three Percent (3%) And Maximum Of Five Percent (5%) Per Year, Plus The City's 11.14% Proportionate Share Of Monthly Common Area Expenses Estimated At Eighty-Four Cents (\$0.84) Per Square Foot Or Twelve Thousand Six Hundred Ninety-Nine Dollars And Ninety-Six Cents (\$12,699.96) Per Month, To Be Reconciled Annually, With An Initial One-Time Payment Of Three Hundred Forty Thousand One Hundred Seventy-Seven Dollars And Fifty Cents (\$340,177.50) For Back Rent From December 2023 To May 2025; And Making Appropriate California Environmental Quality Act Findings

EXECUTIVE SUMMARY

The recommended resolution would authorize the City of Oakland (City) to enter into a new lease with the Fruitvale Development Corporation, an entity under the control of the non-profit Spanish Speaking Unity Council of Alameda County (Unity Council), to allow the César E. Chávez Branch Library to remain in its current location at the Fruitvale Transit Village. The term of the lease would be five-years, beginning on June 1, 2025 with two five-year options to extend. Base rent would begin at \$1.25 per square foot or \$18,898.75 per month, consistent

with the City's appraisal of fair market rent, with annual increases matched to the Consumer Price Index, subject to a minimum of 3% and maximum of 5% percent per year. Upon lease execution, the City would make an initial one-time payment of back rent at this rate to cover the period beginning December 2023, when the original lease expired, through May 2025. The City would also pay its ongoing proportionate share of actual common area maintenance (CAM) expenses associated with the multi-tenant building, which is currently \$0.84 per square foot or \$12,699.96 per month.

BACKGROUND / LEGISLATIVE HISTORY

The César E. Chávez Branch Library (Library Branch), a branch of the Oakland Public Library system, was founded in 1966 as the Latin American Library Branch. It was one of the first public libraries in the United States to offer services and materials in Spanish and was the first branch library exclusively dedicated to the Spanish-speaking community. The Library Branch opened at its current site in the Fruitvale Transit Village in February 2004. The Library Branch is fully bilingual, offering information services and collections in Spanish and English. The Library Branch is open seven days per week and serves approximately 250 people per day.

The Unity Council is a non-profit social equity development corporation serving the Fruitvale neighborhood of Oakland for more than 60 years. In 1996, the Unity Council formed Fruitvale Development Corporation, Inc. (Property Owner), to develop affordable housing, commercial, transit and other community-serving facilities to improve the Fruitvale area and serve residents. The Property Owner remains under the control of the Unity Council. In 2004, the Property Owner completed construction of the Fruitvale Village, a transit-oriented mixed-used development in the Fruitvale area, abutting the Fruitvale BART Station.

In 2002, pursuant to City Council [Resolution No. 77296 C.M.S.](#), the City executed a lease (Original Lease) with the Property Owner for use of an approximately 15,120 square foot space (Premises) located at 3301 E. 12th Street, Suite 271 in the Fruitvale Village for a twenty-year initial term (Initial Term) with two five-year options to extend (Extended Terms).

The City pre-paid the entire \$4.5 million in base rent for the Initial Term, equivalent to \$1.24 per square foot, to support construction of the Fruitvale Transit Village and, as a result, did not pay any monthly rent throughout the Initial Term. The City has paid its monthly 11.14% proportionate share of CAM expenses since the execution of the Original Lease in 2002.

The Original Lease provided that base rent under the Extended Terms shall be equal to the then fair market rental value. The City and Property Owner did not agree on the fair market rental value when the Initial Term expired on December 4, 2023, and the City has continued to occupy the Premises without paying monthly base rent since that time while the City and Property Owner negotiated terms.

The City and Property Owner have now reached agreement on terms for a new lease of the Premises. The base rent would be \$1.25 per square foot or \$18,898.75 per month, consistent

with the City's recent appraisal of fair market rent for the Premises, plus the City's proportionate share of CAM expenses, in exchange for the City paying back rent at this rate to December 2023 in a one-time payment of \$340,177.50 upon execution of a new lease. The base rent would increase in accordance with annual increases in the Consumer Price Index, subject to a minimum of 3% and maximum of 5% per year. The new lease would have an initial term of five years with two five-year extension options, for a total of fifteen years.

The City's proportionate share of CAM expenses is currently estimated to be \$0.84 per square foot or \$12,699.96 per month but would be reconciled with actual CAM expenses on an annual basis, consistent with industry standards.

Pursuant to Section 2.41.050 of the Oakland Municipal Code, the City is authorized to lease real property from another entity, and all leases of real property by the City must be authorized by a resolution enacted by the City Council.

ANALYSIS AND POLICY ALTERNATIVES

The recommended action would resolve a protracted negotiation between the City and Property Owner that began in 2023. It would secure the Library Branch in its current space for up to the next fifteen years, thereby ensuring continuing in library and related community services for a diverse and historically underserved community.

The City already pays its proportionate share of CAM expenses and the recommended new lease would not change the amount of this variable obligation. It would, however, create a new one-time General Fund obligation of \$340,177.50 and a recurring General Fund obligation of approximately \$227,000 in year one, increasing to a maximum of almost \$450,000 in year fifteen, for the Library Branch's base rent.

While this is a new General Fund obligation during a challenging budget environment, it is the best alternative for securing the Library Branch. The City does not own any other improved properties in the Fruitvale neighborhood where the Library Branch could be relocated. The only near-term alternative would be to rent an alternative space in the neighborhood and move the Library Branch into that space. However, the City is unlikely to find comparable space for less than the agreed-upon rate of \$1.25 per square foot and the City would also incur significant one-time relocation expenses. The agreed-upon rate is consistent with a recent appraisal commissioned by the City of the fair market rental value for the Premises.

To reduce expenses over the long-term, the City could, in parallel, begin a planning process for the construction of a new library branch in the neighborhood on property either owned or purchased by the City, while continuing to lease the current Premises.

Approval of the recommended action would advance the Citywide priority of **housing, economic, and cultural security** by protecting and a stabilizing an important community resource serving English and Spanish-speaking residents of the Fruitvale neighborhood.

FISCAL IMPACT

Under the recommended action, the City would owe a one-time back rent payment of \$340,177.50 at lease execution. This back rent payment was included in the Library Department's FY24-25 budget and is not an additional unplanned expense.

The recommended action would create a new General Fund obligation of approximately \$227,000 for base rent beginning FY25-26. This obligation has been included in the Mayor's budget proposal for the Library Department for FY25-26 and FY26-27. This new General Fund obligation for base rent increases to a maximum of \$449,018.79 in year 15, for a total not to exceed amount of \$4,893,694.54 over the maximum 15-year term, assuming the Consumer Price Index increased at least 5% every year, or a total not to exceed amount of \$1,253,130.28 if the lease agreement does not extend beyond the initial five years.

Finally, the City would also owe its ongoing proportionate share of reasonable CAM expenses. While CAM expenses are variable, they would total approximately \$2.3 million over the maximum 15-year term if unchanged from current levels. These expenses did not escalate dramatically during the term of the Original Lease. CAM expenses have been budgeted under the Library Department since the inception of the Original Lease.

The one-time back rent payment of \$344,177.50 will be made from General Purpose Fund (1010), Cesar Chavez Branch Organization (61345), Land and Building Rental Account (53211), Chavez Library Rent Project (1008093) and Branch Library Services Program (NB17). Future base rent payments will be made from General Purpose Fund (1010), Cesar E. Chavez Branch Organization (61345), Land and Building Rental Account (53211), Administration Project (1000013) and Branch Library Services Program (NB17).

PUBLIC OUTREACH / INTEREST

The recommended resolution will be considered at public meetings of the Community & Economic Development Committee and the full City Council and will be publicly noticed consistent with standard City Council public noticing provisions

COORDINATION

The Oakland Public Library, Department of Economic and Workforce Development's Real Estate Division, City Administrator's Office, and the City Attorney's Office have been coordinating on this matter. This report was reviewed by the City Attorney's Office and the Budget Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: The recommended action would preserve a critical community-serving library branch in the Fruitvale Village, which serves as an anchor development in the neighborhood. The Oakland Public Library offers programs and services available to all Oaklanders to enhance their educational and economic opportunities. Libraries are destination points, drawing visitors from throughout the City and beyond. In many communities, it has been documented that branch libraries act as economic development anchors. A community and economic benefits study commissioned by the San Francisco Public Library system found that for every dollar invested in branch library services, the City realized a return on investment between \$5.19 and \$9.11.

Environmental: The recommended action would not have environmental impacts as it would simply continue an existing use. The Premises is located in a walkable neighborhood and immediately adjacent to the Fruitvale BART station, thereby encouraging active transportation and the use of public transportation to the Library Branch.

Race & Equity: The services of the Oakland Public Library are available at no charge to residents of all ages, allowing them to acquire the knowledge and skills they need to assure equity in educational, employment, housing, and community opportunities. Specifically, the Library Branch is an important resource in a neighborhood that ranks as high priority in Oakland's Geographic Equity Toolbox. More than 62% of residents live on low incomes; 82% identify as Black, Asian, American Indian, Pacific Islander, some other race, or two or more races; and 54% identify as Hispanic. The Library Branch is fully bilingual offering information services and collections in Spanish and English. The programs and resources provided by the Library Branch decrease disparities in life outcomes in this high priority community and facilitate equity of opportunity.

CALIFORNIA ENVIRONMENTAL QUALITY ACT

The recommended action complies with the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15301 (existing facilities), 15061(b)(3) (common sense exemption), and 15183 (projects consistent with General Plan and Zoning).

ACTION REQUESTED OF THE CITY COUNCIL

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For questions regarding this report, please contact Brendan Moriarty, Real Property Asset Manager, at bmoriarty@oaklandca.gov or (510) 238-6354.

Respectfully submitted,



Ashleigh Kanat (1 Jun 11, 2025 10:57 AM) (7 PDF)

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