



Councilmember **Nikki Fortunato Bas**

CITY HALL, ONE FRANK H. OGAWA PLAZA, 2ND FLOOR, OAKLAND, CALIFORNIA 94612

CITY OF OAKLAND

AGENDA MEMORANDUM

To: City Council and Members of the Public

From: Councilmember Nikki Fortunato Bas

Date: May 30, 2019

Subject: Ordinance Authorizing A Lease Extension Agreement Between The City Of Oakland And The Oakland Museum Of California

Colleagues on the City Council and Members of the Public,

The Oakland Museum of California was founded as a department of the City of Oakland, and its landmark building at 1000 Oak Street is owned by the City. An additional facility housing the Museum's collection at 450 Lancaster Street is also owned by the City.

In June 2011, the Museum transitioned from serving as a City department to independent operation and governance through the nonprofit corporation, the Oakland Museum of California Foundation. The non-profit entity subsequently reincorporated and is now the Oakland Museum of California (referred to as "OMCA" or the "Museum"). This transition was jointly executed by the City and the Foundation in order to achieve immediate and long-term cost savings to the City; to more fully integrate and streamline Museum operations between those performed by the City and functions performed by the Foundation; and to afford conditions beneficial to the Museum's long-term financial sustainability.

While the Museum is no longer a City department, the City retains ownership of the Museum facilities and collections, which are among the City's most significant and valuable assets. The City works in close partnership with the Museum in order to provide cultural, educational, and community services to the City of Oakland and its residents. This partnership and the transition to independent operations are codified in a 30-year Lease Agreement and a 10-Year Grant Agreement between the City and OMCA that were approved through resolution and ordinance by the City Council in June and July of 2011.

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The Museum is currently in the design and planning stages for significant capital improvements for its landmark campus, which will entail two new accessible entries to the Museum building on its corner at 12th Street and near its amphitheater steps on 10th Street. In addition, the Museum is proposing the addition of improved Americans with Disabilities Act (ADA) access within the gardens, and upgrades to the Museum café. The project will also incorporate replanting within the gardens to replace plantings and trees that are at the end of their lifespan, as well as to create new landscape environments that are environmentally sustainable and offer new opportunities for education and interpretation.

The Museum's campus project has an estimated budget of \$18 to \$20 million, which will primarily be supported by a private fundraising campaign. The Museum is also seeking New Market Tax Credits and may, in the course of the next few years, seek additional public funding through state bonds. The Museum has a strong track record in securing state bond funds, with major grants through the California Cultural and Historical Endowment (Proposition 40) and the Nature Education Facilities Fund (Proposition 84). New Market Tax Credits require land control of at least 30 years for funded projects, and grants through state bonds also require 30 years of land control for projects funded at higher dollar levels. Further, many private sources of capital funding prefer to fund projects with a long-term land control agreement in place.

At this time, the current lease agreement between the City and the Museum has 22 years remaining on the lease term. **An extension of the lease is necessary in order to support the Museum's pursuit of both public and private funding sources for its upcoming capital improvements.** A twenty-year extension will enable the Museum to secure both immediate funds, as well as other funding over the next several years as bond opportunities become available, and as the Museum progresses on future capital improvements. I understand that all existing terms in the lease will remain consistent and in effect as the terms have been executed and performed satisfactorily for both parties over the past eight years.

The City and the Museum plan to negotiate an extension to the grant agreement in the coming months prior to its expiration in 2021. The grant agreement and the lease agreement are tied in that expiration of the grant agreement results in termination of the lease agreement. The current timing of the lease extension is imperative as the Museum is actively seeking New Market Tax credits for the project that is on target to commence construction in late 2019 or early 2020. **A complete update on the campus plan and City planning process is scheduled as an information report to the Life Enrichment Committee at its June 11 meeting.**

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Respectfully submitted,

Nikki F Bas

Nikki Fortunato Bas, Councilmember

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FILED
OFFICE OF THE CITY CLERK
OAKLAND

19 MAY 30 PM 3:50

DRAFT

City Attorney's Office

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

INTRODUCED BY COUNCILMEMBER NIKKI FORTUNATO BAS

ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A TWENTY YEAR EXTENSION TO THE EXISTING LEASE AGREEMENT, AUTHORIZED IN 2011, BETWEEN THE CITY OF OAKLAND AND THE OAKLAND MUSEUM OF CALIFORNIA FOR TWO MUSEUM BUILDINGS AT 1000 OAK STREET AND 450 LANCASTER STREET

WHEREAS, the Oakland Museum of California, located at 1000 Oak Street, Oakland California, provides important and compelling information and events for the public in the City of Oakland, and

WHEREAS, since its founding fifty years ago and with a history dating back one hundred years, the Oakland Museum of California ("Museum") has been committed to a broad civic mission serving local, statewide and national audiences, and

WHEREAS, the Museum's landmark facility was constructed through a public bond measure in the 1960s and has been renovated through an over \$63 million capital campaign and is pursuing additional capital improvements to its campus, and

WHEREAS, the growth and development of the Museum through its major renovation and upcoming projects have increased its public outreach and public events, and

WHEREAS, Ordinance No. 13079 enabled the City of Oakland, in 2011, to enter into a Lease Agreement with the Museum which expires in 2041, and

WHEREAS, the Museum needs a longer lease to be able to pursue various funding and grant opportunities to strengthen the financial sustainability, public access, and future of this important institution, and

WHEREAS, services performed by the Museum will be in accordance with the standards of the American Alliance of Museums, and that the City and Museum agree to abide by and comply with the standards

of the American Alliance of Museums on all regulations concerning
accessions to and deaccessions from the collection, and

WHEREAS, the City receives annual reports on the Museum's performance, as well as reports on the Museum's financial condition; now, therefore,

**THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN
AS FOLLOWS:**

SECTION 1. The City Administrator or her Designee, is hereby authorized to negotiate and execute a twenty-year lease extension with the Oakland Museum of California, for two Museum buildings at substantially the same terms as the existing lease.

SECTION 2. The City Administrator or her Designee, is hereby authorized to take all necessary actions to negotiate and complete the lease extension and any amendments, modifications and extensions thereto, consistent with the intent of this Ordinance.

SECTION 3. The Lease extension shall be approved as to form and legality by the City Attorney's Office and a copy shall be filed with the Office of the City Clerk.

SECTION 4. The Ordinance shall become effective immediately on the final adoption if it receives six or more votes; otherwise it shall become effective upon the seventh day after the final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California