

OFFICE OF CITY CLERK
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**REDEVELOPMENT AGENCY OF THE
CITY OF OAKLAND
AGENDA REPORT**

TO: Office of the Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: February 13, 2007

RE: A Resolution Authorizing the Agency Administrator to Apply for, Accept, and Appropriate Grant Funds From the California Cultural and Historical Endowment Program Under State of California Proposition 40 (Clean Water, Clean Air, Safe Parks and Coastal Protection Act of 2002), for the Historic Fox Theater Renovation in an Amount of up to Three Million Dollars (\$3,000,000)

SUMMARY

A resolution has been prepared for the Redevelopment Agency ("Agency") Board to authorize the Agency Administrator, or her designee, to apply for, accept and appropriate grant funds from the California Cultural and Historical Endowment (CCHE) grant program for up to three million dollars (\$3,000,000) for the renovation and re-opening of the Fox Theater as a Performing Arts Center and future home of the Oakland School for the Arts. The CCHE grant focuses on cultural, social, and economic evolution in the 20th century and to preserve, document, and interpret the understanding of 20th century history through existing historical parks, monuments, museums and other facilities. This is the third round of funding by CCHE. The Agency applied for a grant for the Fox Theater in the first round of funding and was awarded \$2,887,500, which is being used to pay for a portion of the construction costs associated with the structural redesign of the Fox Theater. The new grant, if awarded, will be used to restore elements that have been value engineered out of the project and allow for a greater level of historic finish restoration in the theater including: (1) the restoration of the original lobby and lobby doors, (2) related plaster work and new flooring in the lobby, (3) historic painting in the mezzanine lobby and, (4) select tenant improvements in the restaurant and lobby spaces.

FISCAL IMPACT

Approval of the proposed resolution will authorize the Agency Administrator to apply for, accept and appropriate State grant funds in the amount of up to \$3,000,000 to the Central District Grants Fund (9215), Capital Improvement Project – Economic Development Organization (94800), Fox Theater Master Plan Project (P131120) for

capital improvements of the Fox Theater. The grant requires the grantee to match the state funds on a one-to-one basis, the Fox Project match will be provided through the \$25.5 million loan already approved for this project.

BACKGROUND

Grant Funding Source Overview

The purpose of the CCHE Program is to preserve, document and interpret those periods of California 20th century history that illustrate the rapid cultural, social, and economic changes that took place. In particular, CCHE focuses on projects that provide for public discovery and appreciation of California's rich, diverse and changing cultures, especially during historical periods and locations that have been traditionally under-represented or overlooked. CCHE is also interested in projects that interpret recent history, but which have not been well represented in the past.

CCHE is currently working with a funding source of voter-approved bonds from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002, more commonly known as Proposition 40. Under CCHE's grant program, approximately \$122 million will be available to government entities and non-profit organizations through a competitive grant application process. Grant funds have been awarded in three funding cycles over a 3-year period. This is the third and last round of funding. The Agency was successful in receiving a first round grant in the amount of \$2,887,500 for the partial renovation of the Fox Theater. The Agency would apply for the maximum amount, \$3,000,000, for this round of funding.

Fox Theater Renovation Project

The Fox Theater is a vital part of current efforts to revitalize the Uptown neighborhood of the Oakland Central District. Plans for a new residential and commercial development adjacent to the theater are currently underway and will eventually provide over 1000 new housing units to this part of the city. Additional private investment to the area is expected to follow. The Agency is also currently designing new public street improvements for the neighborhood that will help compliment the historic character of the area. The renovation of the theater into a performing arts facility and the addition of the Oakland School for the Arts in the connecting wrap-around buildings will compliment the existing efforts to revitalize this neighborhood into a residential arts and entertainment district. The renovation of the Fox meets all of the goals of the grant and should be a strong candidate for the third cycle of funding under the program.

The Fox Theater was purchased by the Agency in 1996 and is undergoing a multi-phased effort to restore and reuse the historic building. The first phases included the replacement of the roof of the theater and commercial wings (January 2000); completion of the Fox

Theater Master Plan (June 2001); rehabilitation of the historic marquee and sign (November 2001); cleaning the theater's interior of mold, lead-based paint and asbestos (July 2004); and completion of predevelopment activities associated with the development of the theater and wrap-around buildings (August 2004). The City and Agency approved a Disposition and Development Agreement ("DDA") with Oakland Renaissance NMTC, Inc. ("ORNMTIC"), a non-profit corporation created by the City and Agency to finance projects with New Markets Tax Credits, which included a \$13 Million loan (July 2005). The City and Agency later approved an amendment on this DDA to transfer the project to a new non-profit corporation created by the Agency to develop the Fox Theater – Fox Oakland Theater, Inc. ("FOT"), which also provided financial guarantees and increased the loan to \$25.5 Million (July 2006). The City and Agency later approved expanded financial guarantees based on the requirements of tax credit investor, Bank of America (October 2006).

Use of Grant Funds

The most important phase of the Fox Project is the actual interior and exterior renovation of the theater and wrap-around building(s). The financing for this phase is in place and renovation is underway and will be completed in the fall of 2008. Although the theater can be completed without the grant, the project budget has a small construction contingency for such a major historic building and some tenant improvements for the lobby and other items were value engineered out of the project. The CCHE grant will allow elements that have been value engineered out of the project to be restored and allow for a greater level of historic finish in the theater including: (1) a more complete restoration of the original lobby and lobby doors, (2) the installation of new flooring in the lobby and a higher grade of plaster work, (3) detailed historic painting in the mezzanine lobby, (4) select tenant improvements in the restaurant and lobby spaces, and (5) other changes to the scope of work for historic elements found during construction.

The Fox Theater is a City of Oakland Landmark listed on the National Register of Historic Places. Any restoration, alteration or modification to the building must follow the Secretary of the Interior's Standards for Rehabilitation.

KEY ISSUES AND IMPACTS

There is one major Council concern to be addressed – project eligibility/priority. With grant applications, two questions arise: (1) what other projects qualify, and (2) which projects should be submitted. In the case of the CCHE grant, each entity applying is required to set priorities among its projects. But since the City and Agency are considered separate entities, and the Agency is only submitting the Fox application, this does not apply. While the Agency has in the past owned several major historic buildings – Preservation Park, Old Oakland, Plaza Building, Rotunda Building, etc. – the Fox Theater is the last one remaining in Agency ownership and in need of renovation.

The Council may be concerned that the Fox project will be in competition with the other City projects. Multiple City sponsored projects have been submitted for a CCHE grant in the past, including the Fox and Oakland Museum of California. Both projects were approved and received almost the maximum award amounts.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed projects will aid in generating jobs for the local economy through utilizing local businesses whenever possible for contract work. The Fox project will provide educational opportunities for approximately 500 students.

Environmental: The Uptown area will be greatly improved by eliminating a major blighting influence on the neighborhood, restoring a significant historic building to landmark status, and helping to create a positive investment environment in the area. The project will also aid in natural resources conservation through the selection of appropriate materials and equipment in the design and construction process.

Social Equity: The Agency will be providing tangible benefit to the Uptown by investing in facilities to support active educational and recreational opportunities and programming for youth and the community.

DISABILITY AND SENIOR CITIZEN ACCESS

The proposed project will be designed to be in compliance with the Americans with Disabilities Act (ADA) and Older Americans Act, and other applicable laws to enhance accessibility for people with disabilities and senior citizens. The accessibility program coordinator will be requested to participate in project review at all stages of the design process.

RECOMMENDATIONS AND RATIONALE

As noted previously, the Fox is a key part of the historic and future fabric of Oakland's downtown. It is therefore recommended that Redevelopment Agency approve the resolution authorizing this grant application for the Fox Theater renovation. The project has been evaluated against the grant requirements, project readiness, benefit of the project to meet the needs of the community, and additional funding requirements. It appears to be a strong contender for additional CCHE Grant funds.

Once the Agency authorizes the grant application, staff will proceed with preparing the grant applications. Since the **application deadline is March 1, 2007** for the proposed grant, the Council/Agency is requested to make its decision immediately.

ACTIONS REQUESTED OF THE REDEVELOPMENT AGENCY

Staff recommends that the Redevelopment Agency approve the above-mentioned resolution authorizing the Agency Administrator to apply for, accept and appropriate grant funds of up to \$3,000,000 from the California Cultural Historical Endowment for the Fox Theater renovation.

Respectfully submitted,



CLAUDIA CAPPIO

Director, Community and Economic
Development Agency

Prepared by:
Jeffrey Chew, Project Manager
CEDA Redevelopment

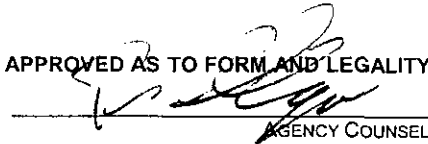
APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR

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APPROVED AS TO FORM AND LEGALITY



AGENCY COUNSEL

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO APPLY FOR, ACCEPT, AND APPROPRIATE GRANT FUNDS FROM THE CALIFORNIA CULTURAL AND HISTORICAL ENDOWMENT PROGRAM UNDER STATE OF CALIFORNIA PROPOSITION 40 (CLEAN WATER, CLEAN AIR, SAFE PARKS AND COASTAL PROTECTION ACT OF 2002), FOR THE HISTORIC FOX THEATER RENOVATION IN AN AMOUNT OF UP TO THREE MILLION DOLLARS (\$3,000,000)

WHEREAS, the Oakland Redevelopment Agency is sponsoring the renovation of the Historic Fox Theater (the "Project") by providing substantial financing; and

WHEREAS, additional funds in the amount of Three Million Dollars (\$3,000,000) are needed to improve the following components of the renovation: (1) the restoration of the original lobby and lobby doors, (2) related plaster work and new flooring in the lobby, (3) historic painting in the mezzanine lobby, (4) select tenant improvements in the restaurant and lobby spaces, and (5) other changes to the scope of work for historic elements found during construction; and

WHEREAS, the people of the State of California have enacted the CALIFORNIA CLEAN WATER, CLEAN AIR, SAFE NEIGHBORHOOD PARKS, AND COASTAL PROTECTION ACT OF 2002, which provides funds to the State of California for grants to eligible Applicants; and

WHEREAS, the California State Library has been delegated the responsibility for the administration of the Cultural and Historical Endowment Program setting up necessary procedures, and

WHEREAS, said procedures established by the California State Library Services require the Applicant's Governing Body to certify by resolution the approval of the Application before submission of said Application to the State, and

WHEREAS, the Agency is required to identify matching funds in the amount of three million dollars (\$3,000,000) as a condition of the grant the source of which shall be identified by the date of grant application; and

WHEREAS, the Agency anticipates it will provide its match through the \$25.5 million loan already approved for the Project; and

WHEREAS, the Agency as the Applicant will enter into a Contract with the State of California for the Project; and

WHEREAS, the Agency is considered a "Responsible Agency" under the California Environmental Quality Act (CEQA); and

WHEREAS, on July 19, 2005 the Agency adopted a Mitigated Negative Declaration for the Project; and

WHEREAS, the Agency hereby finds and determines on the basis of substantial evidence in the record that the Initial Study and Mitigated Negative Declaration fully analyzes the potential environmental effects of the project and incorporates mitigation measures to substantially lessen or avoid any potentially significant impacts in accordance with CEQA. None of the circumstances necessitating preparation of additional environmental review as specified in CEQA and the CEQA Guidelines, including without limitation Public Resources Code Section 21166 and CEQA Guidelines Section 15162, are present in that (1) there are no substantial changes proposed in the project or the circumstances under which the project is undertaken that would require major revisions of the Initial Study/Mitigated Negative Declaration due to the involvement of new environmental effects or a substantial increase in the severity of previously identified significant effects; and (2) there is no "new information of substantial importance" as described in CEQA Guidelines Section 15162(a)(3); now, therefore, be it

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 this action on the part of the Agency does not necessitate preparation of a subsequent or supplemental EIR Section 15162 (subsequent EIRs and negative declarations); and be it further

RESOLVED: That the Oakland Redevelopment Agency hereby:

1. Approves the filing of an Application for local assistance funds from California Cultural and Historical Endowment Program under the California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act of 2002 for the Fox Theater Renovation Project for an amount of Three Million Dollars (\$3,000,000), and identifying of the Agency loan as the source of matching funds for the grant application; and Certifies that the Applicant has or will have sufficient funds to operate and maintain the Project; and
2. Certifies that the Applicant has reviewed, understands, and agrees to the General Provisions contained in the Contract shown in the Procedural Guide; and
3. Certifies that the Grantee has or will have available, prior to commencement of any work on the Project, the Match; and
4. Certifies that the Project conforms to the Oakland General Plan and any element of any applicable city or county general plan; and
5. Appoints the Agency Administrator, or her authorized representative, as agent to conduct all negotiations, execute and submit all documents including, but not limited to, Applications, agreements, payment requests and so on, which may be necessary for the completion of the Project provided that such agreements shall be reviewed and approved by the Office of the City Attorney and shall be filed with the Office of the City Clerk; and be it further

RESOLVED: That if the Application is approved, the Agency Administrator is authorized to accept and appropriate funds in the amount of up to three million dollars (\$3,000,000) to the Central District Grants Fund (9215), Capital Improvement Project – Economic Development Organization (94800), Fox Theater Master Plan Project (P131120) ; and be it further

RESOLVED: That all documents related to this transaction shall be reviewed and approved by Agency Counsel prior to execution, and copies will be placed on file with the Agency Secretary; and be it further

RESOLVED: That the custodians and locations of the documents or other materials which constitute the record of proceedings upon which the Agency's decision is based are respectively: (a) the Community & Economic Development Agency, Projects Division, 250 Frank H. Ogawa Plaza, 5th Floor, Oakland CA; (b) the Community & Economic Development Agency, Planning Division, 250 Frank H. Ogawa Plaza, 3rd Floor, Oakland CA; and (c) the Office of the City Clerk, 1 Frank H. Ogawa Plaza, 1st Floor, Oakland, CA.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2007

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LATONDA SIMMONS
Secretary of the Redevelopment
Agency of the City of Oakland