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OFFICE OF THE CITY CLERK
OAKLAND

APPROVED AS TO FORM AND LEGALITY

CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. 13888 C.M.S.

AN ORDINANCE (1) AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE THE FOLLOWING:

(A) A LEASE AGREEMENT BETWEEN THE CITY AS LANDLORD AND SHARKS ICE, LLC AS TENANT TO OPERATE THE OAKLAND ICE CENTER FOR AN INITIAL 5-YEAR TERM WITH FOUR 5-YEAR OPTIONS AT A RATE OF THREE HUNDRED THIRTY-FIVE THOUSAND DOLLARS ($335,000) IN BASE RENT PER YEAR WITH AN ANNUAL TENANT CAPITAL CONTRIBUTION OF ONE HUNDRED THOUSAND DOLLARS ($100,000) AND PERCENTAGE RENT OF SEVEN PERCENT (7%) OF ANNUAL GROSS REVENUE ABOVE $4.3 MILLION DOLLARS;

(B) AN ADVERTISING REVENUE SHARING AGREEMENT WITH TENANT RETAINING THE FIRST ONE HUNDRED THOUSAND DOLLARS ($100,000) AND THE CITY RECEIVING FIFTY PERCENT (50%) OF THE REMAINING NET ADVERTISING REVENUE FOR A TERM OF FIVE (5) YEARS WITH FOUR 5-YEAR OPTIONS;

(C) THE USE OF ONE MILLION THREE HUNDRED FORTY-FOUR THOUSAND NINE HUNDRED AND TEN DOLLARS ($1,344,910) IN CAPITAL RESERVE FUNDS AND UP TO FIVE HUNDRED THOUSAND DOLLARS ($500,000) IN ANTICIPATED NET REVENUE IN FISCAL YEAR 2025-2026 TO REIMBURSE SHARKS ICE, LLC FOR LOSSES REALIZED UNDER THE CURRENT MANAGEMENT AGREEMENT; AND

(D) DISBURSEMENT AGREEMENT WITH THE SHARKS ICE, LLC, IN A TOTAL AMOUNT NOT TO EXCEED TEN MILLION DOLLARS ($10,000,000) OF MEASURE U BOND FUNDS FOR

CAPITAL IMPROVEMENTS, INCLUDING A NEW REFRIGERATION SYSTEM;

(2) MAKING FINDINGS THAT THE LEASE FOR BELOW FAIR MARKET VALUE IS IN THE BEST INTEREST OF THE CITY; AND

(3) MAKING APPROPRIATE CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

WHEREAS, the City of Oakland (City) owns the real property located at 519 18th Street, Oakland, California, in the Uptown neighborhood of downtown Oakland, more commonly known as the Oakland Ice Center (OIC); and

WHEREAS, on July 1, 2017, the City entered into an Amended and Restated Management Agreement with the Sharks Ice, LLC (Sharks Ice), a wholly owned subsidiary of Sharks Sports & Entertainment, LLC and affiliate of the National Hockey League (NHL) franchise the San Jose Sharks, to operate and manage the OIC for a term of five years with two 5-year options and authorized an appropriation of up to $3,800,000 from Central District Redevelopment bond funds to fund capital improvements, including a new refrigeration system, pursuant to Resolution No. 86850 C.M.S.; and

WHEREAS, the 2017 Management Agreement was an extension of that certain OIC Management/Operations Agreement dated December 20, 2010, between the City's predecessor in interest (the Redevelopment Agency of the City of Oakland) and the Sharks Ice predecessor in interest (San Jose Arena Management, LLC, another wholly-owned subsidiary of the Sharks Sports & Entertainment, LLC), which superseded a prior OIC Management/Operations Agreement dated October 23, 2007; and

WHEREAS, the 2017 Management Agreement provided compensation to the Sharks Ice for their management services of the Ice Center: (1) a base management fee of Three Hundred Twenty-Five Thousand Dollars ($325,000); (2) a revenue share of Fifty Percent (50%) as an incentive management fee after deduction for a capital investment repayment by Sharks Ice (at $172,455 in year one and $372,455 in years two to fifteen) and a Sharks Ice contribution to a capital reserve fund (at $400,000 in year one and $200,000 in subsequent years), each to be increased annually by the Consumer Price Index but not less than 2% or more than 3%; and

WHEREAS, the initial five-year term of the 2017 Management Agreement expired in 2022, and the City granted a first five-year administrative extension option that will expire on June 30, 2027; and

WHEREAS, the OIC's current refrigeration system, which sustains the ice on the rinks, relies on the refrigerant R-22, a greenhouse gas with high ozone depleting properties. Effective January 1, 2020, the refrigerant R-22 was banned by the United States Environmental Protection Agency (EPA) for use in new refrigeration system equipment; and

WHEREAS, the City issued request for proposals (RFP) in 2019 and 2021 to replace the refrigeration system in accordance with the City's purchasing ordinance set forth in Chapter 2.04 of the Oakland Municipal Code (OMC). In 2019, the City received two bids that were approximately 40 to 80 percent over budget, and in 2021, the City received no bids in response to the second RFP; and

WHEREAS, prior to the COVID-19 pandemic, the Sharks Ice generated approximately Two Hundred Twenty Thousand Dollars ($220,000) in profit for the City in 2018 and Three Hundred Thousand Dollars ($300,000) in 2019. During the pandemic, Sharks Ice (1) incurred a loss of approximately Six Hundred Forty-Four Thousand Dollars ($644,000) in 2021; (2) deferred receipt of management fees in 2021 and 2022; and (3) paid for One Million One Hundred Five Thousand Three Hundred Eighty-Five Dollars ($1,105,385) in capital improvements. In total, the Sharks Ice incurred One Million Eight Hundred Thirty-Eight Thousand One Hundred Forty-Eight Dollars and Ninety-One Cents ($1,838,148.91) in losses (Losses) under the current Management Agreement; and

WHEREAS, the City proposes to reimburse the Sharks Ice for the Losses from the OIC's net operating revenue, specifically One Million Three Hundred Forty-Four Thousand Nine Hundred Ten Dollars ($1,344,910) in unspent capital funds currently held in reserve for the OIC and an amount not to exceed Five Hundred Thousand Dollars ($500,000) in anticipated net revenue in the current fiscal year pursuant to the 2017 Management Agreement; and

WHEREAS, on September 15, 2025, City Council authorized the sale of $300 million in Measure U general obligation bonds pursuant to Resolution 90849 C.M.S., and City Council authorized $10 million of those Measure U bond funds (Bond Funds) for replacement of the refrigeration system and related improvements at the OIC pursuant to Resolution 90850 C.M.S., in anticipation of a new lease agreement with the Sharks Ice that would generate rental revenue for the City; and

WHEREAS, licenses or leases of City-owned real property by the City for longer than one year must be authorized by an ordinance enacted by the City Council pursuant to OMC 2.42.100 and Section 219(6) of the City Charter; and

WHEREAS, pursuant to OMC Section 2.42.110, City-owned real property must be licensed or leased for a rent or fee, payable in cash or other consideration, equal to or exceeding the property's fair market value, unless the City Council determines that the license or lease of the property for less than its fair market value is in the best interest of the City; and

WHEREAS, in the case of lessees who provide in-kind services in lieu of cash rent, OMC 2.42.110 provides that the City Council may consider the value of in-kind services to the City or the community at large, including social and cultural benefits to the community in making the required finding and determination; and

WHEREAS, under the 2017 Management Agreement, the Sharks Ice have provided in-kind community services that include but are not limited to providing a Ten Percent (10%) discount to approximately 27,000 Oakland residents; serving nearly 5,000 Oakland Unified School District

(OUSD) students from historically disadvantaged communities; providing free admission and equipment to at least 1,000 OUSD students and local after-school programs at least 12 times annually, including for the Lincoln Recreation Center; and providing approximately 6,300 one-time free use of public skating admissions for Oakland children in a typical year; and

WHEREAS, the term sheet for a proposed new lease agreement includes an initial 5-year term with four 5-year options at a rate of Three Hundred Thirty-Five Thousand Dollars ($335,000) in base rent per year with an annual tenant capital contribution of One Hundred Thousand Dollars ($100,000), percentage rent of Seven Percent (7%) of annual gross revenue above $4.3 million dollars and advertising revenue share of 50% of annual net advertising revenue above $100,000; and

WHEREAS, the proposed new lease agreement, refrigeration replacement, and capital improvements are exempt from the California Environmental Quality Act (CEQA) pursuant to Section 21080.35 of the California Public Resources Code and CEQA Guidelines Section 15301 (existing facilities) and Section 15308 (protection of the environment); and

WHEREAS, the proposed refrigeration replacement and capital repairs are improvements, renovations, or updates to an existing building and do not constitute a disposition under the California Surplus Land Act, Government Code section 54220 et seq. and the Surplus Land Act Guidelines Section 102(i)(2)(B)(iii); and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Administrator is hereby authorized to negotiate and execute a lease and management agreement with the Sharks Ice for the Oakland Ice Center located at 519 18th Street, Oakland, California, which includes an initial 5-year term with four 5-year options at a rate of Three Hundred Thirty-Five Thousand Dollars ($335,000) in base rent per year with an annual tenant capital contribution of One Hundred Thousand Dollars ($100,000) and percentage rent of Seven Percent (7%) of annual gross revenue above $4.3 million dollars, each to be increased annually by the Consumer Price Index but not less than 2% or more than 3%.

SECTION 2. The City Administrator is hereby authorized to negotiate and execute an advertising revenue sharing agreement with Sharks Ice retaining the first One Hundred Thousand Dollars ($100,000) and the City receiving Fifty Percent (50%) of the remaining net advertising revenue for a term of five (5) years with four 5-year options.

SECTION 3. Because the OIC was constructed with redevelopment bond funds, the revenues must be restricted to redevelopment purposes. Annual rental income generated by the lease and management agreement and City's share of advertising-related revenue shall be restricted to redevelopment purposes and shall be deposited to Central District: TA Bonds Series 2006T Fund (5614), CIP Central District Organization (94889), Other Rental: Miscellaneous Account (44419), Oakland Ice Center CIP Project (1005143), Downtown Redevelopment Program (SC13).

SECTION 4. The City Council authorizes the use of One Million Three Hundred Forty-Four Thousand Nine Hundred And Ten Dollars ($1,344,910) in unspent capital reserve funds generated from OIC's net operating revenues in 2018, 2019, and 2020; and an amount not to exceed Five Hundred Thousand Dollars ($500,000) in anticipated net revenue in Fiscal Year 2025-2026 to reimburse for Losses realized under the 2017 Management Agreement in a total amount not to exceed One Million Eight Hundred Thirty-Eight Thousand One Hundred Forty-Eight Dollars and Ninety-One Cents ($1,838,148.91).

SECTION 5. Unspent capital reserve funds to reimburse the Sharks Ice for capital improvements incurred by the Sharks Ice are available in the amount of Two Hundred Ninety-Four Thousand Five Hundred Thirty-Eight Dollars ($294,538) in Central District Projects Fund (5610), Central District Redevelopment Organization (85245), Professional Services Account (54930), Oakland Ice Center Project (1003244), Downtown Redevelopment Program (SC13); and Two Hundred Fifty Thousand Three Hundred Seventy-Two Dollars ($250,372) in Central District: TA Bonds Series 2006T Fund (5614), CIP Central District Organization (94889), Buildings: Additions and Improvements Account (57212), Oakland Ice Center CIP Project (1005143), Downtown Redevelopment Program (SC13); a total of Eight Hundred Thousand Dollars ($800,000) are held in an external OIC bank account controlled by Sharks Ice and monitored by the City.

SECTION 6. The City Council authorizes a disbursement agreement with the Sharks Ice in a total amount not to exceed Ten Million Dollars ($10,000,000) of Measure U bond funds for a new refrigeration system and related improvements at the OIC.

SECTION 7. The Ten Million Dollars ($10,000,000) of Measure U Bond Funds are available in Measure U: Infrastructure Series 2025B-3 GOB Taxable Fund (5344), CIP Not PW: Economic Development Organization (94800), Contract Contingencies Account (54011), Oakland Ice Center CapEx Project (1008289), Downtown Redevelopment Program (SC13).

SECTION 8. The City Council finds and determines that the lease of the Oakland Ice Center to the Sharks Ice for less than its fair market rental value is in the best interests of the City pursuant to OMC Section 2.42.110 because the Sharks Ice are required to provide in-kind services valued at Three Hundred Twenty-Five Thousand Dollars ($325,000) annually, and in Fiscal Year 2025-2026 the value of these community benefits exceeds Seven Hundred Thousand Dollars ($700,000).

SECTION 9. The City Council has determined that the proposed refrigeration replacement and capital repairs are improvements, renovations, or updates to an existing building and do not constitute a disposition under the California Surplus Land Act, Government Code section 54220 et seq. and the Surplus Land Act Guidelines Section 102(i)(2)(B)(iii).

SECTION 10. The City Council has independently reviewed and considered this environmental determination, and the City Council finds and determines that this action complies with the California Environmental Quality Act (CEQA) pursuant to Section 21080.35 of the California Public Resources Code and CEQA Guidelines Section 15301 (existing facilities) and Section 15308 (protection of the environment).

SECTION 11. That the lease and management agreement, the disbursement agreement, and any and all documents necessary to effectuate the intent of this Ordinance 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 12. That the City Administrator is further authorized to negotiate and enter into other agreements and take whatever action is necessary with respect to all aspects of this Ordinance that is consistent with this Ordinance and its basic purposes without returning to the City Council.

SECTION 13. The recitals contained in the Ordinance are true and correct and are an integral part of the Council's decision.

SECTION 14. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional

SECTION 15. Effective Date. This ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes; otherwise it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE: JUL 7 - 2026

AYES - BROWN, FIFE, GALLO, HOUSTON, RAMACHANDRAN, UNGER, WANG, AND PRESIDENT JENKINS - 8 Ayes

NOES – 0

ABSENT – 0

ABSTENTION – 0

Excused - 0

Introduction Date

JUN 16 2026

ATTEST: ______________________

ASHA REED
City Clerk and Clerk of the Council of the
City of Oakland, California

3467875 / NC

NOTICE AND DIGEST

AN ORDINANCE (1) AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE THE FOLLOWING: (A) A LEASE AGREEMENT BETWEEN THE CITY AS LANDLORD AND SHARKS ICE, LLC AS TENANT TO OPERATE THE OAKLAND ICE CENTER FOR AN INITIAL 5-YEAR TERM WITH FOUR 5-YEAR OPTIONS AT A RATE OF THREE HUNDRED THIRTY-FIVE THOUSAND DOLLARS ($335,000) IN BASE RENT PER YEAR WITH AN ANNUAL TENANT CAPITAL CONTRIBUTION OF ONE HUNDRED THOUSAND DOLLARS ($100,000) AND PERCENTAGE RENT OF SEVEN PERCENT (7%) OF ANNUAL GROSS REVENUE ABOVE $4.3 MILLION DOLLARS; (B) AN ADVERTISING REVENUE SHARING AGREEMENT WITH TENANT RETAINING THE FIRST ONE HUNDRED THOUSAND DOLLARS ($100,000) AND THE CITY RECEIVING FIFTY PERCENT (50%) OF THE REMAINING NET ADVERTISING REVENUE FOR A TERM OF FIVE (5) YEARS WITH FOUR 5-YEAR OPTIONS; (C) THE USE OF ONE MILLION THREE HUNDRED FORTY-FOUR THOUSAND NINE HUNDRED AND TEN DOLLARS ($1,344,910) IN CAPITAL RESERVE FUNDS AND UP TO FIVE HUNDRED THOUSAND DOLLARS ($500,000) IN ANTICIPATED NET REVENUE IN FISCAL YEAR 2025-2026 TO REIMBURSE SHARKS ICE, LLC FOR LOSSES REALIZED UNDER THE CURRENT MANAGEMENT AGREEMENT; AND (D) A DISBURSEMENT AGREEMENT WITH THE SHARKS ICE, LLC, IN A TOTAL AMOUNT NOT TO EXCEED TEN MILLION DOLLARS ($10,000,000) OF MEASURE U BOND FUNDS FOR CAPITAL IMPROVEMENTS, INCLUDING A NEW REFRIGERATION SYSTEM; (2) MAKING FINDINGS THAT THE LEASE FOR BELOW FAIR MARKET VALUE IS IN THE BEST INTEREST OF THE CITY; AND (3) MAKING APPROPRIATE CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

The Ordinance authorizes the City Administrator to negotiate and execute (a) a lease agreement with the Sharks Ice for the Oakland Ice Center located at 519 18th Street, Oakland, California, for an initial 5-year term with four 5-year options at a rate of Three Hundred Thirty-Five Thousand Dollars ($335,000) in base rent per year with an annual tenant capital contribution of One Hundred Thousand Dollars ($100,000) and percentage rent of Seven Percent (7%) of annual gross revenue above $4.3 million dollars; (b) an advertising revenue sharing agreement with Sharks Ice retaining the first One Hundred Thousand Dollars ($100,000) and the City receiving Fifty Percent (50%) of the remaining net advertising revenue for a term of five (5) years with four 5-year options; (c) the use of One Million Three Hundred Forty-Four Thousand Nine Hundred And Ten Dollars ($1,344,910) in capital reserve funds and an amount not to exceed Five Hundred Thousand Dollars ($500,000) in anticipated net revenue in Fiscal Year 2025-2026 to reimburse Sharks Ice for losses realized under the 2017 Management Agreement; and (d) a disbursement agreement with the Sharks Ice in a total amount not to exceed Ten Million Dollars ($10,000,000) of Measure U bond funds for a new refrigeration system and related improvements at the OIC. The Ordinance makes findings that the lease for below fair market value is in the best interest of the City and makes appropriate California Environmental Quality Act Findings.