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OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND
AGENDA REPORT

2010 APR -1 PM 1:10

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: April 13, 2010

RE: **A Resolution Authorizing The City To Lease The Piedmont Avenue Branch Library Property At 160 – 41st Street From Goodhue Property Investments For One Year With One (1) One Year Renewal Option For An Initial Rent Not To Exceed \$4,250 Per Month Plus The Cost Of Utilities, Taxes, Services And Other Index Adjustments, Not To Exceed CPI**

SUMMARY

The property is the location of the Piedmont Avenue Branch Library. The library is located within the heart of the Piedmont Avenue community and commercial district, and has the fourth highest circulation in the city. The City has been a tenant at 160-41st Street, Oakland since March 1932, and in September 2009 the prior owner, Citibank N.A., sold the property to Goodhue Property Investments. Goodhue Investments has notified the City that the existing agreement terminates October 31, 2010, and to continue occupancy of the location the City will need to enter into a new lease.

Under the existing agreement, the current rent is one dollar per month, with the City paying for all utilities, maintenance and property taxes. The owner has stated that the new rent will be \$4,250 per month plus utilities, maintenance and reimbursement for property taxes.

The existing building is small, and for many years has not been able to accommodate residents' needs, including the existing collection, seating, computers. There is no available space for programs or group study. Discussion has been ongoing regarding expansion of this location, if ownership could be acquired, but the new owner has not expressed any desire to sell the property to the City.

Staff recommends adoption of the resolution authorizing the City Administrator to enter into a new one (1) year term lease effective November 1, 2010, with one (1) one-year option to renew. The lease will allow the City to continue its use of the property beyond October 31, 2010 at its present location and allow for additional time to study the City's alternatives.

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FISCAL IMPACT

The annual lease payments, at \$4,250 per month, would be \$51,000. For FY 2010-11, the payments will be for eight months, totaling \$34,170. This additional \$34,170 shall be appropriated in Measure Q (Fund 2240) Org. (61121) Account (52212) Project (0000000) Program (NB37). Funding for the balance of four months left in the one year lease and the one-year option will be addressed as part of the City's FY 2011-13 Budget process.

The City currently reimburses the property owner for a portion of the property taxes, after the Institutional Exemption has been applied. This reimbursement for FY 2009-10 is \$1,094 and is proposed to be continued as part of the new lease. It is paid from the General Purpose Fund (1010). Utilities will continue to be paid from the Public Works Facilities Fund.

BACKGROUND

The City has been a tenant in the building since 1932. The site contains approximately 3,350 square feet of land, and is improved with a 2,500 square foot building. The community has supported continued occupation of the location by the library as it is well-located within the heart of the walkable Piedmont Avenue community and commercial district.

The Piedmont Avenue Branch Library has the highest circulation per square foot of any OPL library and the fourth highest circulation in the City. With 15 schools within one mile of the branch, its children's services and collection, as well as enrichment learning for adults, are an important focus of this branch. The branch also houses the largest Lesbian-Gay-Bisexual-Transgender collection in the East Bay. In a typical year, Piedmont Avenue Library has close to 200,000 visits, has 7,000 participants in its programs, and hosts almost 10,000 computer sessions on its three public-use computers.

KEY ISSUES AND IMPACTS

The increase in rent for the Piedmont Avenue Library comes at a very difficult time. Citibank N.A. informed the City of the proposed sale during its assessments of the proposals and did not offer to sell the property to the City. The City did not have the opportunity to make an offer to purchase.

The Library identified the need for a new, larger library or expansion of the existing Piedmont Avenue Library as part of its Master Facilities Plan issued in June 2006. The recognition was, and continues to be, that with such a high usage of this Library, there is a need for an expanded facility that will serve 3-4 times the number of people, allow expansion of the collection, increase seating and computers, expand the children's area, create new spaces for teens and adults, provide proper space for disability access, and install public restrooms.

The proposed city bond measure in November 2006 which would have allowed the development of the new library, failed to pass by 2,000 votes.

With the new development of a rental increase from \$1 per month to \$4,250 per month, the Library and Council President Jane Brunner's office have been in discussions with a working group of the Friends of Piedmont Avenue Library. Those discussions have centered on exploring several alternatives including reviewing other sites in the neighborhood and the potential formation of a special tax assessment district.

The Friends are developing a survey that will be available on the Piedmont Avenue Neighborhood Improvement League (PANIL) and Piedmont Avenue Merchants' web sites in order to determine interest and preferences from the community.

The new one year lease with a one year option allows the library to remain open to the residents. The lease also allows the City/Agency time to explore the possibility of buying a property or relocating the library to a new location.

SUSTAINABLE OPPORTUNITIES

Economic: The library provides families with a positive environment for their children while they are at work. Libraries are also 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.

Environmental: This property is close to public transportation nodes and may encourage use of public transit, which will ease general pressure on the region's congested transportation infrastructure. As well, libraries are the embodiment of the concept of reuse – checking out one copy, multiple times, to many patrons.

Social Equity: The Library is a great equalizer, with resources for all, and welcomes all members of the community. It reflects the rich diversity of Oakland with programs and materials for a wide variety of languages, cultures, lifestyles, and family types. It provides the full range of users in differing socioeconomic groups, equal access to all library materials.

DISABILITY AND SENIOR CITIZEN ACCESS

The property does not comply with the American with Disabilities Act. There are no public restrooms and there have not been any improvements to this property and consequently, ADA provisions have not been triggered. If any innovations or changes to this property are made, they will comply with the Americans with Disabilities Act in providing equal access for the disabled and senior citizens.

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RECOMMENDATION AND RATIONALE

Staff recommends the adoption of a City Resolution authorizing a one year lease with one (1) one year option to renew the lease at the Piedmont Avenue Branch Library located at 160-41st Street, from Goodhue Property Investments for the negotiated market rent. The initial rent shall not exceed \$4,250 per month or \$51,000 per year, plus the cost of utilities, taxes, services and other CPI index adjustments.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council adopt the Resolution and to authorize the City Administrator to enter into a one year lease extension with one (1) one year option to renew at the Piedmont Avenue Branch Library property located at 160 – 41st Street, from Goodhue Property Investments for the fair market rent.

Respectfully submitted,



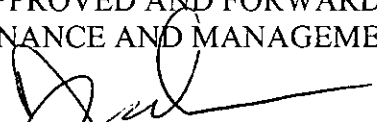
Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by:
Gregory Hunter, Deputy Director
Economic Development and Redevelopment

Reviewed by:
Frank Fanelli, Manager
Real Estate Services Division

Prepared by:
William Wilkins
Real Estate Services Division

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

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FILED
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OAKLAND

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Approved as to Form and Legality


Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

Introduced by Councilmember _____

A RESOLUTION 1) AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE A LEASE FOR THE PIEDMONT AVENUE BRANCH LIBRARY PROPERTY AT 160 – 41ST STREET WITH GOODHUE PROPERTY INVESTMENTS FOR ONE YEAR WITH A ONE (1) YEAR RENEWAL OPTION, SUBJECT TO FUNDING APPROVAL FOR FISCAL YEARS 2011-2013, FOR AN INITIAL RENT NOT TO EXCEED \$4,250 PER MONTH, PLUS THE COST OF UTILITIES, TAXES, SERVICES AND INDEX ADJUSTMENTS, AND 2) APPROPRIATING \$34,000 FROM MEASURE Q FUND 2240 FOR RENT PAYMENTS FOR FISCAL YEAR 2010-2011

WHEREAS, the City of Oakland has occupied 160-41st Street for the Piedmont Avenue Branch Library since 1932; and

WHEREAS, the current owners, Goodhue Property Investments (“Owners”), lease the 2,500 square foot commercial building at 160-41st Street, Oakland, CA (the “Premises”) to the City for library use; and

WHEREAS, the current rental agreement terminates October 31, 2010; and

WHEREAS, the City of Oakland wishes to continue to occupy this location because it is adjacent to a commercial corridor, convenient to residents in the area, and the library is very well used; and

WHEREAS, the continuation of the library at this location will benefit not only area residents, but also others throughout the City; and

WHEREAS, the City desires to Lease the property for an additional one (1) year period, with a one (1) year lease renewal option; and

WHEREAS, funding for the Lease payments is available for fiscal year (“FY”) 2010-2011, and an additional appropriation will be required to fund the Lease after June 2011; and

WHEREAS, the Owners require a monthly rental rate of \$4,250, with an annual rent escalator not to exceed the Consumer Price Index (San Francisco-Oakland-San Jose, Ca) ("CPI"); and be it

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been met; now, therefore, be it

RESOLVED: That the City Council hereby finds and determines that it would be in the best interests of the City to continue to provide a public library at this location; and be it

FURTHER RESOLVED: That the City Administrator is hereby authorized to negotiate and execute a Lease for a one (1) year term, with payments approved through June 2011, and additional payments subject to approval by the City Council, for the sum of \$4,250 per month rent for the first year, effective November 1, 2010, with a single one (1) year option to extend with a rent escalator not to exceed the CPI; and be it

FURTHER RESOLVED: That \$34,000 for eight months of lease payments in FY 2010-11 shall be appropriated from Measure Q Fund (2240) Org. (61121) Account (52212) Project (0000000) Program (NB37). Funding for the balance of four months remaining in the one year lease term, and funding for renewal under the one-year option, will be addressed as part of the City's FY 2011-13 Budget process; and be it

FURTHER RESOLVED: That the cost for Utilities is currently paid and will continue to be paid from City Facilities Services Fund (4400) Org. (30634) Account (53112) and (53114) Project (0000000) Program (712M); and be it

FURTHER RESOLVED: That to the extent permitted by law, the City shall reimburse the Owner for the portion of property taxes subject to the Institutional Exemption applied by the County Tax Collector. The institutional exemption should apply because the site is used for a free public library. As permitted by applicable law, the reimbursement for property taxes will be paid out of Fund (1010) Org. (88639) Account (53511) Project (0000000) Program (PS32); and be it

FURTHER RESOLVED: That the City Administrator or his designee is hereby authorized to negotiate, execute, amend, extend, and renew the Lease without returning to the City Council, and to take any and all actions necessary and consistent with this Resolution; and be it

FURTHER RESOLVED: That The City Council has independently reviewed and considered this environmental determination, and the Council finds and determines, based on the information in the staff report accompanying this Resolution, that this action complies with CEQA because this action on the part of the City is exempt from CEQA pursuant to Section 15061(b)(3) (no possibility of significant environmental impact), and Section 15301 (existing facilities) of the CEQA guidelines; and be it

FURTHER RESOLVED: That the City Administrator or his designee, shall cause to be filed with the County of Alameda, a Notice of Exemption and an Environmental Declaration (California Fish and Game Code Section 711.4) for this action; and be it

FURTHER RESOLVED: That the City Administrator shall cause to be filed with the County of Alameda a Notice of Exemption; and be it

FURTHER RESOLVED: That the Lease and other documents shall be approved as to form and legality by the Office of the City Attorney and a copy shall be placed on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND
PRESIDENT BRUNNER

NOES -

ABSENT -

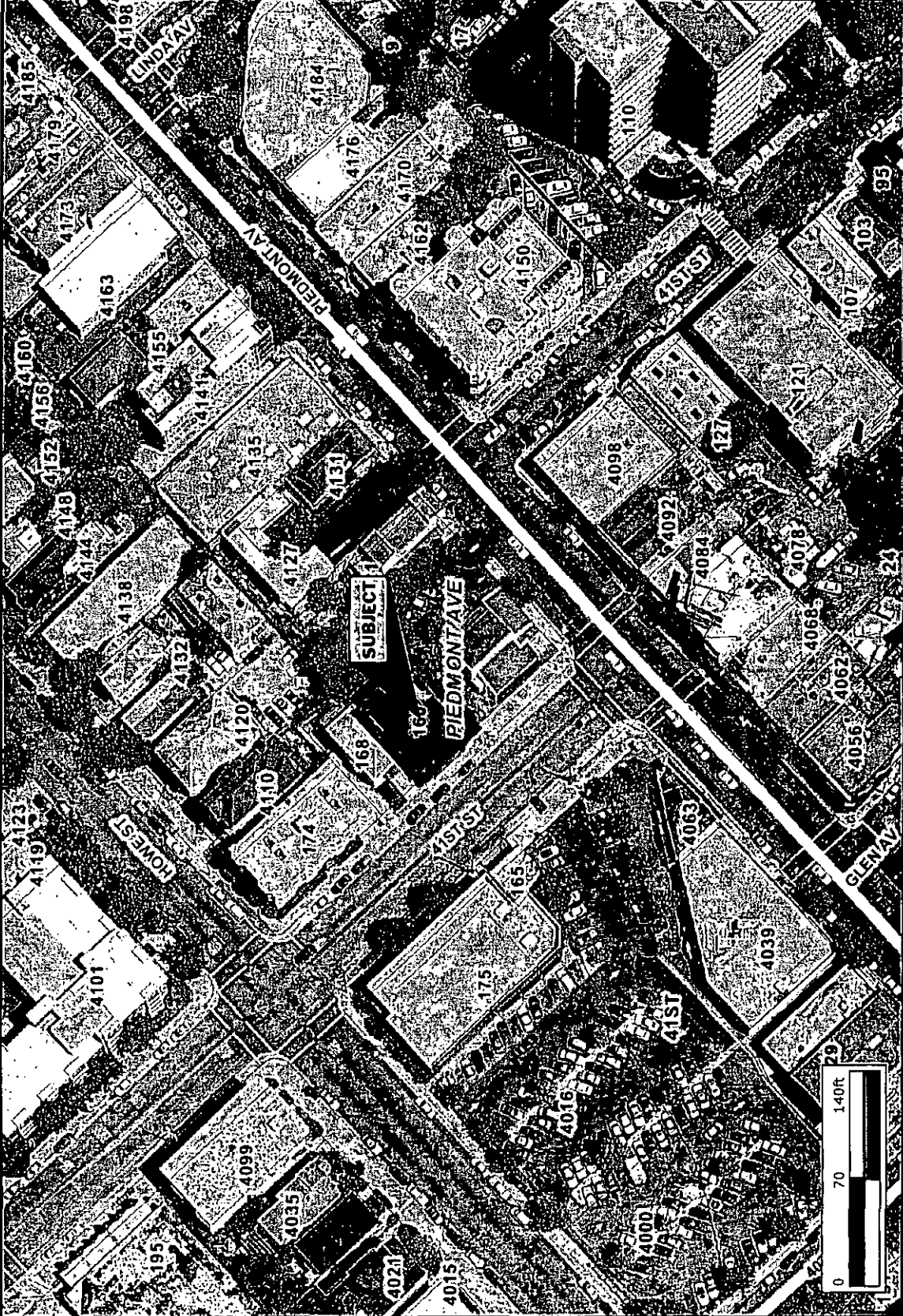
ABSTENTION -

ATTEST:

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

EXHIBIT A

160- 41St Street



Legend

- Selected Features
- City Facilities Footprint
- City Limits
- Wildfire Assessment District
- Parcels
- Freeways
- Major Sts
- Streets
- Water
- Land

It is imperative that you obtain BOTH the Zoning and General Plan designations for the property(s) you are searching for.

Questions? Contact a planner at (510)238-3911.

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