

2024 SEP 12 PM 2:10

APPROVED AS TO FORM AND LEGALITY

FILED
OFFICE OF THE CITY CLERK
OAKLAND

H.C.

CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

RESOLUTION NO. 904443 C.M.S.

RESOLUTION OF THE CITY COUNCIL (1) AUTHORIZING THE CITY ADMINISTRATOR TO:

(A) EXECUTE A THIRD AMENDMENT TO AN AMENDED AND RESTATED MANAGEMENT AGREEMENT WITH INTEGRATED SERVICES CORPORATION (ISC) FOR THE MANAGEMENT AND OPERATION OF THE GEORGE P. SCOTLAN MEMORIAL CONVENTION CENTER (CONVENTION CENTER), AUTHORIZING DURING FISCAL YEAR 2024-25 WITH TWO 1-YEAR OPTIONS TO EXTEND WITHOUT RETURNING TO COUNCIL THE FOLLOWING ACTIONS: (I) RE-ALLOCATE CAPITAL RESERVES, IN AN AMOUNT NOT TO EXCEED \$150,000, FOR THE PAYMENT OF OPERATING EXPENSES; (II) SUSPEND ISC'S ANNUAL 6-8% DEPOSIT FOR CAPITAL RESERVES; (III) POSTPONE THE REPAYMENT OF \$350,000 TOWARDS CAPITAL RESERVES; AND (IV) RE-ALLOCATE THE CITY'S CONTINUING BUILDING COSTS RESERVE IN AN AMOUNT NOT TO EXCEED \$168,750 QUARTERLY OR \$675,000 ANNUALLY FOR THE PAYMENT OF OPERATING EXPENSES;

(B) RE-ALLOCATE REDEVELOPMENT BOND FUNDS IN AN AMOUNT NOT TO EXCEED \$550,000 OF REDEVELOPMENT FUNDS FOR THE CONVENTION CENTER'S CAPITAL RESERVES;

(C) ACCEPT AND APPROPRIATE AN AMOUNT NOT TO EXCEED \$750,000 IN RENT FROM A NEW TELECOMMUNICATIONS LEASE AT THE CONVENTION CENTER FOR OPERATING EXPENSES; AND

(2) ADOPTING APPROPRIATE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) EXEMPTION FINDINGS

WHEREAS, the City of Oakland (City) owns the George P. Scotlan Memorial Convention Center (Convention Center) located at 550 10th Street, which also includes a public parking garage with 585 parking spaces (Garage); and

WHEREAS, the Convention Center is attached to and functionally integrated with the privately-owned and -operated, 500-room Oakland Marriott City Center hotel (Marriott) located at 1001 Broadway; and

WHEREAS, in 1997, the Golden State Warriors, pursuant to the terms of a lease with the City, constructed a practice facility and corporate offices on the top deck of the Garage; and

WHEREAS, on January 26, 2017, as authorized by City Council Resolution No. 86525 C.M.S., dated December 13, 2016, the City and Integrated Services Corporation (ISC) entered into that certain Amended and Restated Oakland Convention Center and Convention Center Garage Management Agreement for the Management and Operation of the George P. Scotlan Memorial Convention Center (Management Agreement), which provides for coordinated use and operation of the Convention Center, the Garage and the Marriott; and

WHEREAS, on March 16, 2020, the County of Alameda issued a shelter-in-place order in response to the Covid-19 epidemic, effectively closing operation of the Convention Center, but not of the Garage, and economic conditions have continued to impact the Convention Center and Garage; and

WHEREAS, on March 16, 2021, the City Council authorized the (1) use of capital reserves, in an amount not to exceed One Hundred Sixty Thousand Dollars (\$160,000), for the payment of operating expenses during Fiscal Year 2020-21, and (2) an increase in the annual set-aside for capital reserves from six percent (6%) to eight percent (8%) for four years or until April 2025, pursuant to Resolution No. 88560 C.M.S.; and

WHEREAS, on May 17, 2022, the City Council authorized the appropriation of additional funds in the amount of Two Hundred Thousand Dollars (\$200,000) for ISC to restore its operating reserve for on-going operating deficits at the Convention and assure the uninterrupted and efficient operation of the Convention Center, pursuant to Resolution No. 89179 C.M.S.; and

WHEREAS, on May 7, 2024, the City Council authorized the City Administrator to execute a Second Amendment to the Management Agreement authorizing the use of capital reserves in an amount not to exceed Three Hundred Fifty Thousand Dollars (\$350,000) for the payment of operating expenses, pursuant to Resolution No. 90219 C.M.S.; and

WHEREAS, pursuant to the Management Agreement, ISC requested additional funds from the City to cover operating shortfalls incurred in 2023 (\$1,153,345) and projected for the first half of 2024 (\$602,000); and

WHEREAS, on July 2, 2024, pursuant to Resolution No. 90326 C.M.S., the City Council adopted a midcycle budget which included an appropriation of \$1.7 million from the General Fund for this purpose. The appropriation would be reduced to \$1.4 million if the City did not receive payments from the sale of the Oakland-Alameda County Coliseum Complex by September 1 and November 1, 2024; and

WHEREAS, ISC forecasts that the Convention Center will realize approximately \$1,207,000 in additional operating losses during the current Fiscal Year 2024-2025. City staff and ISC are implementing strategies for addressing this anticipated deficit, including immediate expense reductions and introducing the recommended action herein; and

WHEREAS, the proposed action would authorize the use of certain flexible capital reserve funds and telecommunications lease revenue to pay for operating expenses and the replacement of those capital reserve funds with redevelopment bond funds to ensure ongoing availability of funding for capital needs; and

WHEREAS, the City has identified available redevelopment bond funds in the amount of Five Hundred Fifty Thousand Dollars (\$550,000); and

WHEREAS, pursuant to Section 219(6) of the City Charter, the City Administrator is authorized to grant licenses, enter into leases, or convey easements with respect to any real property owned by the City, or any real property in which the City holds a property interest, or any public right-of-way within the City of Oakland, to be utilized for the placement of telecommunications facilities, pursuant to Section 2.42.210 of the Oakland Municipal Code, which such telecommunication lease and license revenue is appropriated to Fund 1770; and

WHEREAS, the City desires to authorize an amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000) from Fund 1770 for the Convention Center's operating expenses in the event that the City enters into a new lease for telecommunications infrastructure to be placed on the roof of the Convention Center; now, therefore, be it

RESOLVED: That the City Administrator or their designee is authorized to execute a Third Amendment to the Management Agreement authorizing the following actions during FY 2024-25 with two 1-year options to extend without returning to Council: (a) re-allocate capital reserves in an amount not to exceed One Hundred Fifty Thousand Dollars (\$150,000) for the payment of operating expenses; (b) suspend ISC's annual 6-8% deposit for capital reserves; (c) postpone ISC's repayment of Three Hundred Fifty Thousand Dollars (\$350,000) towards capital reserves; and (d) re-allocate the City's payments for continuing building costs reserve in an amount not to exceed Six Hundred Seventy-Five Thousand Dollars (\$675,000) annually for the payment of operating expenses; and be it

FURTHER RESOLVED: That the City hereby authorizes and re-allocates Five Hundred Fifty Thousand Dollars (\$550,000): Five Hundred Thousand Dollars (\$500,000) from Central District TA Bonds Series 2005 Fund (5612), CIP Central District Organization (94889), Contract Service Expenditures Budget Carry Forward Account (54999), Central District Public Facilities Project (1001539), Downtown Redevelopment Program (SC13); and Fifty Thousand Dollars (\$50,000) from Central District TA Bonds Series 2005 Fund (5612), CIP Central District Organization (94889), Capital Acquisitions Budget Carry Forward Account (57899), Central District Projects (1004359), Downtown Redevelopment Program (SC13) to Central District TA Bonds Series 2005 Fund (5612), CIP Central District Organization (94889), in a project to be determined or created (TBD) for the Convention Center's capital reserves; and be it;

FURTHER RESOLVED: That the City authorizes, accepts, and appropriates an amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000) from the new telecommunication lease revenue at the Convention Center in the Telecommunications Land Use Fund (1770), Real Estate Organization (85231), in a Project to be created or determined (TBD) for the Convention Center's operating expenses; and be it

FURTHER RESOLVED: That the City finds and determines, after independent review and consideration, that the authorization to restore the operating reserve is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061(b)(3) (common sense exemption); and be it

FURTHER RESOLVED: That any and all documents necessary to effectuate the intent of this Resolution shall be reviewed and approved as to form and legality by the City Attorney prior to execution by the City Administrator or his or her designee and a copy shall be filed with the City Clerk; and be it

FURTHER RESOLVED: That the City Administrator or his or her designee is further authorized to negotiate and enter into other agreements and take whatever action is necessary and consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE: **OCT 1 - 2024**

AYES - ~~FIFE~~, GALLO, JENKINS, KALB, KAPLAN, RAMACHANDRAN, REID, AND
PRESIDENT FORTUNATO BAS - 7

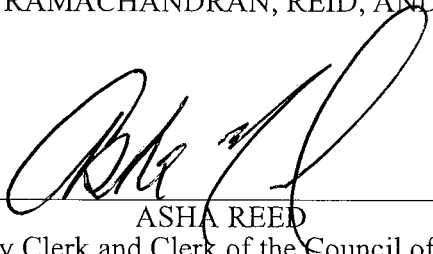
NOES - 0

ABSENT - 0

ABSTENTION - 0

Excused - 1 Fife

ATTEST: _____


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