



FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

**AGENDA REPORT**

**TO:** JOHN A. FLORES  
INTERIM CITY ADMINISTRATOR

**FROM:** Mark Sawicki

**SUBJECT:** Lease Amendment with  
East Oakland Boxing Association

**DATE:** April 13, 2015

City Administrator  
Approval

Date

4/30/15

**COUNCIL DISTRICT:** Citywide

**RECOMMENDATION**

Staff recommends that the City Council adopt:

**An Ordinance Authorizing The City Administrator To Negotiate And Execute An Amendment To The 2007 Lease Entered Into With East Oakland Boxing Association For City-Owned Property Located At 816 And 828 98<sup>th</sup> Avenue To Extend The Term For An Additional Fifteen (15) Years From July 30, 2017 To July 30, 2032, For Zero Rent In Exchange For In-Kind Services As Authorized By Ordinance No. 11722 C.M.S.**

**OUTCOME**

Adoption of the proposed Ordinance would allow the City Administrator to amend the Lease ("Lease") with East Oakland Boxing Association (EOBA) to extend the term of Lease for an additional 15 years ending July 30, 2032. This will provide EOBA with the opportunity to obtain financing for capital improvements to the Property.

**BACKGROUND/LEGISLATIVE HISTORY**

Pursuant to City Council Resolution No. 64956 C.M.S., passed on October 27, 1987, the City and EOBA entered into a Rental Agreement ("Rental Agreement") on October 30, 1987. In 2007, pursuant to Ordinance No. 12822, the City and EOBA executed a new lease for a term of five (5) years with an option for one additional five year term, extending the lease to July 30, 2017, giving EOBA the needed time to seek financing for capital improvements to the property.

Item: \_\_\_\_\_  
CED Committee  
May 12, 2015

An Ordinance has been prepared authorizing an amendment to the Lease with East Oakland Boxing Association (EOBA) for the property ("Property") located at 816-828 98<sup>th</sup> Avenue to extend the term for an additional 15 years ending July 30, 2032 for zero rent to provide EOBA with an opportunity to secure financing for capital improvements to the Property.

The Property consists of a parcel of land (about 17,150 square feet) improved with the following:

1. Building (about 3,000 square feet) including a boxing ring with locker rooms.
2. Building (about 2,500 square feet) including homework space, library, and computer rooms.
3. Enclosed garden, basketball court, and parking area.

The estimated fair market rental value of the Property is about \$60,000 per year or \$5,000 per month based on a market survey of rents for comparable properties as of March 1, 2015.

EOBA, a 501 (c) 3 non-profit organization, was established in 1987 as an after school recreational and tutoring program for youth in East Oakland. EOBA provides free year round services to children and youth ages 5-20 including academic tutoring, mentoring, arts and crafts, computers, health and nutrition classes, organic gardening and food preparation, camping, field trips, and physical education in the neighboring community ("Youth Services"). EOBA also offers career and college counseling center and provides a work and learning environment for college students, community member, and high school youth.

Pursuant to Ordinance 12822 C.M.S. dated September 18, 2007, the Lease with EOBA, made as of December 1, 2007, among other provisions, provides for the following:

1. Termination Date - July 30, 2017.
2. Monthly Rental - No rent is paid to the City provided that EOBA provides the Youth Services at no cost to Oakland youth.
3. Right of Termination - Either the City or EOBA may terminate the Lease at its own discretion.
4. EOBA's obligations - EOBA is responsible for the maintenance, repair, and security, and the payment of all utilities.

The Lease currently expires, unless terminated earlier by its terms, on July 30, 2017. The Lease amendment will extend the Term for an additional 15 years, from July 30, 2017 to July 30, 2032, and provide other changes which reflect recent City legislation.

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**ANALYSIS**

According to EOBA, the current staffing required to provide the Youth Services at the Property include three full time employees, 10 youth interns, and more than 50 volunteers, at the total annual estimated costs of \$141,900 described in the table below.

<b>Table 1: Free Year Round Youth Services</b>					
<b>Program Month</b>	<b>Average Daily Attendance</b>	<b>Number of Hours per Day</b>	<b>Average Number of Days open per Month</b>	<b>Total Cost of Service per Month</b>	<b>Total Cost per Annum period</b>
After School (Sept.-June)	55 youths	3.5	20	\$8,250	\$82,500
Summer Program (July-Aug.)	110 youths	7	18	\$29,700	\$59,400
<b>Total</b>					<b>\$141,900</b>

According to Oakland Parks and Recreation (“OPR”), if the City were to provide similar Youth Services, the City’s estimated annual costs would be \$218,760, which is about \$76,860 greater than EOBA’s cost.

If EOBA provides the Youth Services, the “in-kind value” to the City for EOBA’s Youth Services is the cost savings to the City less the fair market value rent that we otherwise are not collecting. The in-kind value is \$158,760 as calculated in Table 2 below.

<b>Table 2: In-Kind Value</b>	
City’s estimated costs to provide Youth Services:	\$218,760
Less: Fair Market Rent Value Not Collected:	\$60,000
<b>In-kind Value</b>	<b>\$158,760</b>

Based on this analysis, staff recommends the adoption of this Ordinance to allow the City to extend the term of the Lease for an additional 15 years for zero rent for the following reasons:

- 1. Continuous promotion of opportunities for youth.** EOBA’s goal is to provide youth with incentives to achieve their educational aspirations and enhance their sense of self-respect. EOBA will continue to offer the free Youth Services for the extended term of the Lease. The extended lease will provide an opportunity for EOBA to obtain financing for capital improvements to the Property.

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There are a handful of organizations throughout the City providing youth services other than OPR. Some target a specific ethnic community, others provide services to multi-ethnic communities. However, the need for these types of services is still high, as the City does not have adequate programs that provide similar services. Furthermore, being that the goal of the City of Oakland is to have a safer and more vibrant city, having an established and well-run community based organization, such as EOBA, is a valuable asset.

2. **Continuous in-kind value of services.** If EOBA provides the Youth Services, the in-kind value to the City is about \$158,760 per year after deducting the estimated fair market rental value (\$60,000) of the Property. The City can further benefit by allowing a City-owned property to be put to good use that helps serve youth from the most vulnerable population.

### **COORDINATION**

There has been extensive internal and external coordination with Oakland Parks and Recreation, the Office of the City Attorney, and the Controller's Bureau, which have reviewed this report and the proposed Ordinance.

### **COST SUMMARY/IMPLICATIONS**

The cost summary and implications include the following:

1. **Loss of estimated Fair Market Value of Rent for the Property.** The estimated fair market rental value of the Property is \$60,000 per year. If the Property is leased to EOBA for no rent, the City will not have the opportunity to rent the Property and collect \$60,000 per year in rent. However, the net benefits or cost savings to the City outweigh the lost in rent.
2. **In-kind Value to the City.** If the in-kind value of the services provided by EOBA to the City equals the estimated costs savings to the City less the estimated fair market rental of the Property, the in-kind value to the City is expected to equal about \$158,760 per year. As a result, staff recommends that EOBA pay no rent for the term of the lease so long as EOBA provides the free Youth Services.

**SUSTAINABLE OPPORTUNITIES**

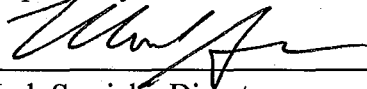
**Economic:** The Property will continue to be used as a youth center for an additional 15 years, ending July 30, 2032. The in-kind value to the City is expected to equal about \$158,760 per year.

**Environmental:** Extending the term of the Lease for an additional 15 years will not change the environmental impacts. The property would continue to be cared for and maintained with capital improvements by the lease.

**Social Equity:** The Property will continue to be accessible to the public and benefit the public. Youth from the most vulnerable population of the City will continue to be served and have quality of life through the services and programs that EOBA provides.

For questions regarding this report, please contact James Golde, Manager, Real Estate Division at 510-238-6354.

Respectfully submitted,



Mark Sawicki, Director  
Economic and Workforce Development  
Department

Reviewed by:  
James Golde, Manager, Real Estate Division

Prepared by:  
Thang Nguyen, Real Estate Agent  
Real Estate Division

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2015 APR 30 PM 3: 56

Approved as to Form and Legality

  
CITY ATTORNEY

## OAKLAND CITY COUNCIL

ORDINANCE NO. \_\_\_\_\_ C. M. S.

**AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN AMENDMENT TO THE 2007 LEASE ENTERED INTO WITH EAST OAKLAND BOXING ASSOCIATION FOR CITY-OWNED PROPERTY LOCATED AT 816 AND 828 98<sup>TH</sup> AVENUE TO EXTEND THE TERM FOR AN ADDITIONAL FIFTEEN (15) YEARS FROM JULY 30, 2017 TO JULY 30, 2032, FOR ZERO RENT IN EXCHANGE FOR IN-KIND SERVICES AS AUTHORIZED BY ORDINANCE NO. 11722 C.M.S.**

**WHEREAS**, the East Oakland Boxing Association (“EOBA”) is a non-profit youth development organization that provides free year round services to children and youth ages 5-20 including academic tutoring, mentoring, arts and crafts, computers, health and nutrition classes (taught by a certified chef and registered dietician), organic gardening, camping, field trips and physical education (“Youth Services”) at an estimated annual cost of One Hundred Forty-One Thousand Nine Hundred Dollars (\$141,900); and

**WHEREAS**, EOBA provides the Youth Services at City- owned property located at 816 and 828 98<sup>th</sup> Avenue, Oakland, California (“Property”) consisting of about 17,150 square feet improved with the following:

- a. Building (about 3,000 square feet) including a boxing ring with locker rooms,
- b. Building (about 2,500 square feet) including homework space, library, and computer rooms,
- c. Enclosed garden, basketball court, and parking area,

with an estimated fair market rental value of \$60,000 per year as of March 1, 2015; and

**WHEREAS**, the Oakland Parks and Recreation Department estimates that if it were to provide similar Youth Services the cost would be approximately Two Hundred Eighteen Thousand Seven Hundred Sixty Dollars (\$218,760) per year; and

**WHEREAS**, EOBA’s providing the Youth Services rather than the City results in an estimated cost savings to the City of approximately Seventy-Six Thousand Eight Hundred Sixty Dollars (\$76,860) per year; and

**WHEREAS**, Ordinance No. 11722 C.M.S. established a policy that permits rental of City-owned property for fair market rent with recognition for in-kind services; and

**WHEREAS**, pursuant to the Oakland City Council Ordinance No. 121822 C.M.S. dated September 18, 2007 authorizing a five-year lease, with one option to extend for an additional five-year term, the City and EOBA entered into a Lease (“Lease”) dated as of December 1, 2007, , requiring no rental payments in exchange for EOBA providing the Youth Services for the term ending July 30, 2017; and

**WHEREAS**, the in-kind value to the City of the services provided by EOBA is \$158,760 per year resulting from the annual cost savings to the City of not providing the Youth Services (\$218,760) less the annual fair market value rent of the Property (\$60,000) the City is not collecting; and

**WHEREAS**, the requirements of the California Environmental Quality Act (“CEQA”), the CEQA guidelines prescribed by the Secretary of Resources, and the provisions of the Environmental Review Regulation of the City Of Oakland have been satisfied; now, therefore:

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

**SECTION 1.** The City Administrator, or designee, is authorized to negotiate and execute an amendment to the Lease with EOBA to extend the term for an additional fifteen (15) years from July 30, 2017 to July 30, 2032, for zero rent in exchange for providing Youth Services, consistent with this Ordinance.

**SECTION 2.** That the Manager of Real Estate Services, or such other City Administrator designee as the City Administrator may appoint, is hereby authorized and directed to take all necessary actions to negotiate and complete the amendment to the Lease of the Property, consistent with the intent of this Ordinance.

**SECTION 3.** The amendment to the Lease 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 City Council finds and determines, after independent review and consideration, that the authorization to amend the Lease with EOBA is exempt from CEQA pursuant to Section 15061(b)(3) (general rule) and Section 15301 (existing facilities) of the CEQA Guidelines, and the Council directs the City Administrator or designee to file a Notice of Exemption from CEQA requirements with the County of Alameda.

**SECTION 5.** This Ordinance shall become effective immediately on the 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:

BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, and  
PRESIDENT GIBSON MCELHANEY

AYES-

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of Council  
of the City of Oakland, California

DATE OF ATTESTATION: \_\_\_\_\_