



CITY OF OAKLAND

AGENDA REPORT

TO: Elizabeth Lake
Acting City Administrator

FROM: Ashleigh Kanat
Director, Economic &
Workforce Development
Department

SUBJECT: Oakland Ice Center Lease and Capital
Project

DATE: May 27, 2026

City Administrator Approval


Betsy Lake (May 28, 2026 11:48:27 PDT)

Date: May 28, 2026

RECOMMENDATION

Staff Recommends That The City Council Adopt An Ordinance:

(1) Authorizing The City Administrator To Negotiate And Execute the Following:

(A) A Lease And Management 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 Extension Options At A Rate Of Three Hundred Thirty-Five Thousand Dollars (\$335,000) In Base Rent Per Year, Less An Annual Capital Contribution By The City Of One Hundred Thousand Dollars (\$100,000), 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 Extension 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

CED Committee
June 9, 2026

(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 A New Refrigeration System And Related Capital Improvements

(2) Making Findings That The Lease For Below Fair Market Rental Value Is In The Best Interest Of The City's; And

(3) Adopting Appropriate California Environmental Quality Act Findings

EXECUTIVE SUMMARY

This item recommends the approval of an ordinance in support of the City-owned Oakland Ice Center (OIC) in downtown Oakland. The OIC is one of Oakland's most heavily used recreational facilities, serving 137,000 visitors in a typical one-year period, driving foot traffic and visitor spending in downtown from 6:00 am to midnight every day. The OIC serves a racially, economically, and generationally diverse population and recently attracted much positive attention to Oakland as the long-time training facility of Olympic gold medalist Alysia Liu.

The recommended ordinance would authorize the City of Oakland (City) to enter into a lease and management agreement (Lease Agreement) with Sharks Ice, LLC (Sharks Ice) for the ongoing operation of the OIC.

The proposed Lease Agreement would replace an existing management agreement (Management Agreement) under which Sharks Ice operates the OIC on behalf of the City. The Lease Agreement would reduce the City's direct involvement in day-to-day operations at the OIC and insulate the City from its financial risks. It would establish a new, fixed base rent (Base Rent) of \$335,000, increasing annually to keep up with inflation, with additional variable rent from a share of gross sales and other advertising-related revenues, pursuant to a separate advertising agreement. The Lease Agreement would have an initial term of five years but could be extended in five-year increments up to a total of twenty-five years. The Lease Agreement would carry forward an existing set of community benefits that ensure the facility is affordable and accessible to Oakland's diverse communities. These benefits are valued at over \$700,000 per year in 2026 dollars.

Pursuant to [Resolution No. 90850 C.M.S.](#), the recommended action would also include authorization for the disbursement of \$10 million in general obligation bonds to replace the outdated refrigeration system and make related improvements (Capital Project), which would be implemented by Sharks Ice with City oversight. City Council has already directed that these bond funds be spent on this purpose as part of the late 2025 sale of Measure U bond funds. Absent the Capital Project, the OIC will need to close in the near future. The recommended action would also reimburse Sharks Ice for approximately \$1.8 million in Losses incurred during the COVID-19 pandemic on behalf of the City under the Management Agreement.

BACKGROUND / LEGISLATIVE HISTORY

Facility Overview

The OIC is located at 519 18th Street in the Uptown neighborhood of downtown Oakland. It is owned by the City and is one of Oakland's most heavily used recreational facilities, serving 137,000 visitors in a typical one-year period and driving foot traffic and visitor spending in downtown seven days per week from 6:00 am to midnight.

The OIC is a three-level, steel and concrete building constructed between 1995 and 1996 with an \$11 million loan from the Oakland Redevelopment Agency (Agency). The facility includes two ice rinks, an Olympic-sized rink and a National Hockey League (NHL) L-sized rink; two party rooms; meeting space for group events; a dance studio; seating for 1,500 spectators; a snack bar and full-service pro-shop retailing ice hockey and skating equipment and accessories. The multi-purpose facility offers a variety of ice-based recreational activities including public skating, ice hockey, figure skating, broomball, curling, speed skating and ice dancing.

As discussed more in the Race and Equity section below, the OIC also serves more than 5,000 Oakland Unified School District (OUSD) students annually and provides free skating and rental equipment to local after-school programs throughout the year, among other robust community benefits. The OIC was recently identified as the home game venue for the Oakland Skates, a new semi-professional hockey team that will begin play later in 2026.

The OIC achieved recent national and international prominence as the long-time training facility for Alysa Liu, an Oakland-raised figure skating gold medalist in the 2026 Winter Olympics. It was also a training facility for Kristi Yamaguchi, a figure skating gold medalist in the 1992 Winter Olympics.

OIC Management History

Sharks Ice is an affiliate of the National Hockey League (NHL) franchise the San Jose Sharks and operates the SAP Arena in San Jose where the Sharks play their home games. Sharks Ice has managed the OIC on behalf of the City since 2007 and has significantly improved its popularity and financial performance during this time. Sharks Ice also operates a community ice rink facility in Fremont known as Sharks Ice at Fremont.

Since July 1, 2017, Sharks Ice has managed and operated the OIC under a restated Management and Operations Agreement (Management Agreement) with the City, pursuant to [Resolution No. 86850 C.M.S.](#), under which Sharks Ice receives an annual management fee of \$325,000 from OIC net operating revenues. The initial five-year term of the Management Agreement expired in 2022, and the City granted an initial five-year administrative extension option that will expire on June 30, 2027. There remains one five-year administrative extension option that would expire on June 30, 2032. However, for reasons described below, the City and Sharks Ice have been negotiating a different type of agreement to replace the Management Agreement given the need for the Capital Project and the operational complexity and financial risks to the City of operating the OIC.

Refrigeration System Replacement Needs

The OIC's current refrigeration system, which sustains the ice on the rinks, relies on the refrigerant R-22, which is a greenhouse gas with high ozone depleting properties. R-22 was banned by the Environmental Protection Agency (EPA) for use in new refrigeration system equipment, effective January 1, 2020. Since that time, Sharks Ice has operated the refrigeration system at the OIC by acquiring new supplies of the cooling gas at inflated prices from remaining global stockpiles. However, the general supply of R-22 is depleting and without a full replacement of the refrigeration system, the City will have to close the OIC in the near future.

In 2019 the City issued a request for proposals (RFP) to replace the refrigeration system in accordance with the City's purchasing ordinance. The City received two bids that were approximately 40 to 80 percent over budget.

In coordination with the Department of Workplace and Employment Standards (DWES), the City issued a second RFP in 2021 that yielded no proposals, despite the City waiving its Local/Small Local Business Enterprise (L/SLBE) programs after an availability analysis found no local contractors eligible to perform the specialized scope of the work.

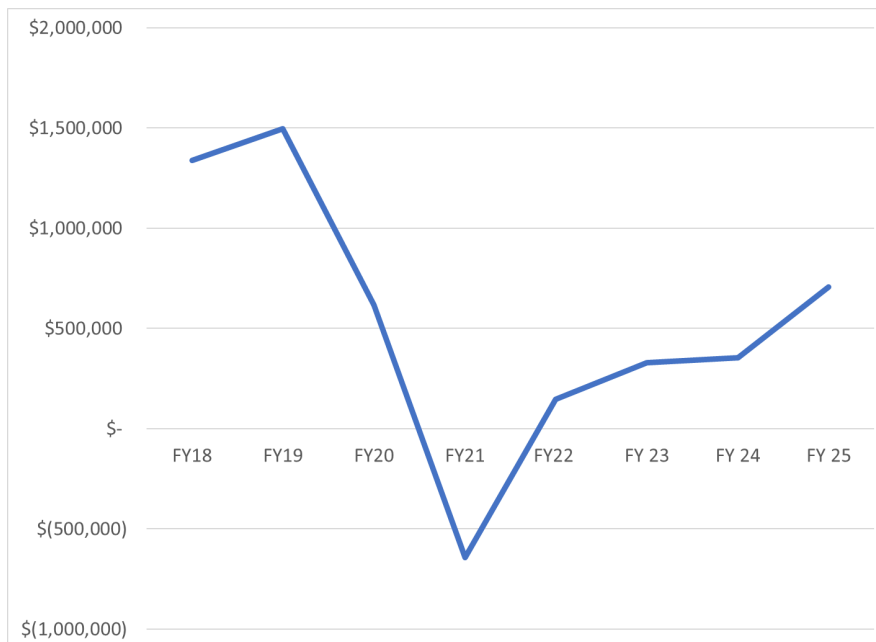
On September 15, 2025, City Council authorized the sale of \$300 million in Measure U general obligation bonds pursuant to [Resolution No. 90849 C.M.S.](#) At the same time the City Council also authorized \$10 million of those funds (Measure U Bond Funds) for replacement of the refrigeration system and related improvements at the OIC pursuant to [Resolution 90850 C.M.S.](#), with the expectation that the City would enter into a new lease with the OIC that would reduce the City's operational and management costs and create new rental revenue for the City.

Financial Performance

The OIC was profitable prior to the COVID-19 pandemic, generating approximately \$220,000 in profit for the City in 2018 and \$300,000 in 2019.¹ As a result of the pandemic, the OIC realized a loss of approximately \$644,000 in 2021. As depicted in **Figure 1**, revenues have steadily recovered since then, although they remain at approximately half of what they were in 2019.

¹ All years cited in this agenda report refer to fiscal years

Figure 1 - Annual Net Revenue at the OIC



Sharks Ice took several measures at its own expense to carry the City-owned OIC through the pandemic. Sharks Ice forewent some or all of their management fees in 2021 and 2022, paid for \$1,105,385 in needed capital improvements, and covered \$644,002 in operating expenses from their own funds. In total, Sharks Ice are carrying \$1,838,148.91 in losses (Losses) under the current Management Agreement.

Pursuant to the Management Agreement, Sharks Ice would be reimbursed for such Losses from the OIC's net operating revenues. There is \$1,344,910 in unspent capital funds currently held in reserve for the OIC and approximately \$500,000 in anticipated net revenue in the current fiscal year. Both sources of funds were generated from the OIC's net operating revenue and would be appropriate sources of funds for reimbursing Sharks Ice for the Losses.

ANALYSIS AND POLICY ALTERNATIVES

The OIC is an important recreation and community institution in downtown Oakland. For the last 30 years, the popular recreational sports facility has attracted hundreds of thousands of patrons with its diverse programming. Due to the significant demand for ice time, the OIC creates foot traffic in downtown Oakland all day, including during extended hours when most other places of business are closed. This provides a sense of vitality and safety that supports the downtown economy.

The OIC serves thousands of Oakland students each year, providing free skating and equipment to Oakland after-school programs throughout the year and offers scholarships to Oakland youth, among other community benefits. The OIC also provides transportation to young people who may not otherwise be able to access the facilities.

The OIC was also recently identified as the home game venue for the Oakland Skates, a new semi-professional hockey team that will begin play later in 2026. This will create new economic development possibilities for the neighborhood, similar to what is occurring in West Oakland with the recent arrival of the Oakland Ballers, drawing visitors to the area for sporting events.

As described in more detail below, the recommended actions will help preserve this important downtown asset and the facility's benefits to the community while protecting the City's financial interests.

Overview of Proposed Agreement

The City and Sharks Ice have negotiated the terms of a new agreement to replace the existing Management Agreement. City staff's objectives in these negotiations were to ensure delivery of the Capital Project so that the OIC can remain in operation as a publicly-accessible recreational facility in downtown, insulate the City from the operational complexities and financial risks of managing an ice center, and maximize revenues to the City.

This new agreement would take the form of a lease and management agreement with the following key terms.

- **Term**: Initial term of five years, commencing July 1, 2026 and ending June 30, 2031, with four five-year options to extend for a maximum term of twenty-five years.
- **Base Rent**: Sharks Ice shall pay a fixed Base Rent to the City starting at \$335,000 per year upon completion of the Capital Project, increasing annually by the percentage increase in the Consumer Price Index, but not less than 2% or more than 3% (CPI Adjustment).
- **Percentage Rent**: Sharks Ice shall pay a percentage rent (Percentage Rent) to the City in an amount equal to 7% of annual gross revenues above \$4.3 Million, which threshold shall increase annually by the CPI Adjustment.
- **Advertising**: Sharks Ice shall pay to the City 50% of net advertising revenue above \$100,000 each year from the sale of advertising, branding and naming rights, pursuant to a separate agreement (Advertising Agreement). Any such revenues that derive from multi-facility deals shall be equitably allocated among the applicable ice center facilities.
- **Naming rights**: Sharks Ice may sell naming rights to the facility, subject to the City Administrator's review for good taste, consistency with good community standards, and design considerations.
- **Capital Project**: The City shall provide the \$10 million in Measure U Bond Funds toward the cost of the refrigeration system replacement and related improvements, which shall be delivered by Sharks Ice and subject to City oversight.
- **Upkeep**: Sharks Ice shall be solely responsible for routine maintenance and repair. Sharks Ice shall make all capital repairs and replacements in accordance with an annually-updated, five-year capital expenditure plan approved by the City. Sharks Ice and the City shall each contribute \$100,000 annually toward this budget, increasing annually by the CPI Adjustment, with the City's portion deducted from the Base Rent. The City shall be solely responsible for maintaining the roof-top solar system, any code

upgrade work that may become necessary, and any extraordinary repairs (e.g., to the structural elements of the building).

- Parking: OIC patrons shall have access to the City's Dalziel garage at 250 Frank H. Ogawa Plaza during the extended hours of 4:00 pm to 1:00 am Monday through Friday and 8:00 am to 1:00 am on Saturday and Sunday, and Sharks Ice shall pay their proportionate share of the associated costs of operating the garage during extended hours.
- In-kind Services and Community Benefits: Sharks Ice shall provide in-kind services in the form of a robust package of community benefits with an annual value equal to at least \$325,000, increasing annually by the CPI Adjustment. These community benefits are discussed in the Race and Equity section below.
- Resolution of the Management Agreement: The Management Agreement shall be terminated effective June 30, 2026. The remaining, unspent capital funds and anticipated net revenue from Fiscal Year 2026 shall be paid to Sharks Ice to reimburse Sharks Ice for the Losses they have sustained on behalf of the City.

Capital Project and Ongoing Upkeep

The outdated refrigeration system poses an existential threat to the OIC. If not repaired, the OIC will need to cease operations, and all of its economic and community benefits would come to a close. The recommended action would deliver on City Council's policy intent for the Bond Funds and allow Sharks Ice to complete the refrigeration system capital project so that the OIC can continue to operate for years to come. Given past experience and the specialized nature of the work, it could be difficult to find local firms able to address the full scope of the Capital Project. But City staff will encourage Sharks Ice to work with DWES on strategies to attract and maximize local and small business participation.

Any remaining balance from the Bond Funds would be applied to other improvements so that the OIC functions like a more modern facility. This would enhance the visitor experience, help to grow the OIC's user base, and improve the financial performance of the asset.

Sharks Ice is better positioned than the City to deliver the Capital Project and operate the OIC given their deep expertise in operating ice rink facilities, including the NHL-grade facility in San Jose. They are deeply knowledgeable of the OIC's building systems and applicable industry standards, whereas the City has substantially inferior knowledge, experience and capability in this area. The City would retain oversight.

While the City would have some ongoing capital expenditure responsibilities, they are expected to be limited and supported by fixed revenues and insurance coverages. The City would be responsible for annual \$100,000 contributions to the capital reserve, although this would be deducted from the Base Rent and would therefore not impact other City resources, such as the General Fund. The City would also be responsible for upkeep of the rooftop solar system, although this should not require much investment in the near term due to the recent capital improvements to this system. The City would also be responsible for any code compliance issues, which are not known to be substantial, as well as extraordinary repairs, which may be covered by the City's property insurance policy.

Financial Considerations

The recommended actions would position the OIC to function as a reliable financial engine for the City, generating fixed annual revenues, providing meaningful upside potential, and insulating the City from downside risk, all while supporting downtown Oakland's economy.

Revenues to the City

Sharks Ice would be motivated to maximize the performance of the OIC given their opportunity to generate profit, while establishing a predictable revenue stream for the City from Base Rent and upside potential from Percentage Rent and advertising revenue. At minimum, the City would realize \$335,000 in Base Rent from the OIC with annual increases from the CPI Adjustment whereas the City has not realized any net revenue under the Management Agreement since 2019. The City would pay \$100,000 annually into a capital reserve, to be matched by Sharks Ice. For convenience this payment would be deducted from the Base Rent, resulting in a \$225,000 net Base Rent payment.

The City would share in Sharks Ice's success as the OIC's financial performance improves as the City would receive the Percentage Rent and a share of advertising revenue. The OIC's gross annual revenues from 2025 were approximately \$4.4 million and are forecasted to reach \$4.6 million in 2026, so the City should receive some Percentage Rent at the outset of the Lease Agreement and that amount should grow as the facility is upgraded by the Capital Project. The OIC's current advertising-related revenues are minimal, so the City may not immediately realize this source of revenue. However, advertising-related revenue could grow significantly if and when Sharks Ice secures a naming rights deal.

Fair Market Rental Value

Because the total payments to the City under the recommended Lease Agreement are variable, they may fall below the facility's fair market rental value in any given year. The City's Real Property Asset Management Division commissioned an appraisal of the facility in September 2025 that indicated a fair market rental value of approximately \$850,000 per year. At minimum, the City will be paid a fixed annual Base Rent of \$335,000. The City will also be paid a variable Percentage Rent and variable advertising-related revenue share, which will be based on performance.

However, the recommended Lease Agreement is in the best interest of the City even if it performs below the appraised fair market rent for several reasons. First, the Lease Agreement would require that Sharks Ice continue to provide the community benefits currently required under the Management Agreement. The value of these in-kind services must be at least \$325,000 annually, although in practice they are currently worth over \$700,000 annually. Total consideration to the City, inclusive of the community benefits, would exceed the appraised fair market rent. Additionally, Sharks Ice has a demonstrated ability to sustain the OIC and its service to the community during even the most challenging of economic conditions. And they are uniquely qualified to implement the Capital Project and operate the OIC to a high standard given their experience with other ice facilities in the region, including the NHL-grade facility in San Jose.

Termination of Existing Management Agreement

The recommended action would close out the existing Management Agreement by paying to Sharks Ice the balance of the OIC's existing capital reserve and most of its anticipated net revenues for the current fiscal year to repay Sharks Ice for the Losses they sustained on behalf of the City during the pandemic. This is a fair resolution to a severe economic crisis, the burden of which was shouldered by Sharks Ice rather than the City.

Alternatives

Alternatively, the City could elect to replace the refrigeration system itself using the Bond Funds and seek to continue operating the OIC pursuant to the old Management Agreement. This would require only modest adjustments to the terms of the Management Agreement. However, this would require that the City more actively design, bid and oversee replacement of this specialized system when the City has attempted and failed to do so on two prior occasions. It would also continue to expose the City to the financial risks of operating a large, complex ice skating facility with a recent history of losses. It would also require ongoing dedication of City staff time for operational oversight of a facility type in which the City does not have deep expertise.

RELATED PLANNING EFFORTS

The recommended actions support the goals of both the recently completed Economic Development Action Plan (EDAP) and the adopted Downtown Oakland Specific Plan (DOSP). The EDAP calls for creating and preserving spaces for social activity and for supporting the entertainment sector in Oakland as a key revenue driver. Preserving the OIC meets both goals, creating a space for multi-generational activity seven days a week and a venue for sports entertainment, particularly with Oakland Skates beginning to play at the OIC this year. In addition, the DOSP calls for ensuring downtown Oakland serves Oakland's young people by providing opportunities for gathering and working. The OIC serves thousands of youth each year, creating a distinct draw in downtown Oakland for students and young people.

FISCAL IMPACT

The recommended action will require City Council to approve use of the \$10,000,000 in Measure U Bond Funds 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).

The recommended action would authorize reimbursing Sharks Ice \$1,838,148.91 for the Losses incurred by Sharks Ice on behalf of the City under the current Management Agreement. These funds would come from up to \$500,000 in net operating revenues anticipated in 2026 that are accumulated in an external OIC bank account controlled by Sharks Ice and \$1,344,910 in unspent capital reserve funds generated from OIC's net operating revenues in 2018, 2019 and 2020. A total of \$544,910 of the capital reserve funds are held across 2 coding block locations,

with \$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 \$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) and \$800,000 are held in an external OIC bank account controlled by Sharks Ice and monitored by the City.

The recommended action would generate annual rental income for the City in the amount of \$335,000, less a \$100,000 deduction for the City's annual capital contribution, as well as Percentage Rent of seven percent (7%) of annual gross revenue above \$4.3 million and a 50% share of advertising-related revenue after the first \$100,000. Because the OIC was constructed with redevelopment bond funds the revenues must be restricted to redevelopment purposes and would 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).

These funds can be used, as needed, for capital improvements to the rooftop solar system, address any necessary code upgrade work related to these capital improvements, and for any extraordinary repairs not covered by insurance.

PUBLIC OUTREACH / INTEREST

The recommended action will be considered at a public meeting of the Community & Economic Development Committee and the full City Council and will be publicly noticed consistent with standard City Council public noticing provisions.

COORDINATION

This report was prepared by the Economic & Workforce Development Department in coordination with the Department of Transportation, the Finance Department, Risk Management, and the Office of the City Attorney.

PAST PERFORMANCE, EVALUATION AND FOLLOW-UP

Since taking over in 2007, Sharks Ice has provided stable, high-quality, and professionally managed operations at the OIC and delivered:

- High utilization across hockey, figure skating, curling, broomball, and public sessions
- Efficient scheduling that maximizes sheet-hours
- Professionalized staffing with trained coaches, referees, and skate guards
- Integration into the Sharks Ice regional network, which drives demand and league participation
- Stable customer experience with predictable programming and reliable operations

Sharks Ice has expanded:

- Youth hockey participation
- Adult league enrollment (one of the largest USA Hockey adult programs in the country)
- Learn-to-skate programs
- Curling and adaptive sports
- Public skating access, including the 10% Oakland resident discount and other community benefits

Moreover, during the pandemic, Sharks Ice continued to operate the OIC and was able to avoid any significant reduction in their work force.

RACE AND EQUITY

The OIC serves racially, economically and generationally diverse Oakland communities which might otherwise not get to experience these forms of recreation. This is due, in part, to a measurable set of community benefits required under the Management Agreement that would continue to be required under the Lease Agreement. The value of these benefits have exceeded \$700,000 in 2026.

- Oakland residents receive a 10% discount on fees and rentals, with approximately 27,000 Oakland residents served in a typical year.
- Nearly 5,000 Oakland Unified School District (OUSD) students are served annually, the majority of whom are Black, Latino, Asian, and Pacific Islander youth. Of these, at least 1,000 OUSD students get free admission and equipment, in addition to other financial and in-kind assistance, such as transportation to the facility.
- OIC provides free skating and rental equipment for local after-school programs at least 12 times annually, including for the Lincoln Recreation Center.
- The OIC offers scholarships for students, with 235 recipients over a recent seven-year period.
- In total the OIC provides approximately 6,300 one-time free use public skating admissions for Oakland children in a typical year.
- OIC serves as a game venue for the local high school hockey league, and sponsors at least one OUSD high school hockey team.
- Free gear and ice time for youth and adults under the Give Hockey A Try program.
- Adaptive physical education programs
- Physical education programming for the adjacent Oakland School of the Arts

Additionally, as of 2024, the OIC employed 41 Oakland residents with 61% of employees identifying as Black, Latinx, Asian Pacific Islander, Indigenous, or multi-racial.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

City staff have determined, after independent review and consideration, that the proposed Lease between the City and the Sharks, as well as the recommended refrigeration system repair and related work is exempt from CEQA pursuant to Section 15301 (existing facilities).

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt An Ordinance:

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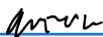
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For questions regarding this report, please contact Brendan Moriarty, Director of Real Estate and Special Projects at bmoriarty@oaklandca.gov or (510) 238-6354.

Respectfully submitted,


[Ashleigh Kanat \(May 27, 2026 07:38:29 PDT\)](#)

Ashleigh Kanat, Director
Economic & Workforce Development
Department

Reviewed by:

Brendan Moriarty,
Director of Real Estate and Special Projects

Kelley Kahn
Assistant Director, Economic & Workforce
Development

Prepared by:

Jens Hillmer
Project Manager