

CITY OF OAKLAND



1 FRANK H. OGAWA PLAZA • OAKLAND, CALIFORNIA 94612

Office of the City Auditor
Roland E. Smith, CPA
City Auditor

(510) 238-3378
FAX: (510) 238-7640
TDD: (510) 839-6451

SEPTEMBER 14, 2004

IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: CITY AND AGENCY RESOLUTIONS AUTHORIZING THE CITY/AGENCY ADMINISTRATOR TO RESPECTIVELY APPLY FOR, ACCEPT, AND APPROPRIATE GRANT FUNDS FROM THE CALIFORNIA CULTURAL AND HISTORICAL ENDOWMENT PROGRAM UNDER STATE OF CALIFORNIA PROPOSITION 40 (CLEAN WATER, CLEAN AIR, SAFE PARKS AND COASTAL PROTECTION ACT OF 2002), FOR PERALTA HACIENDA HISTORICAL PARK FOR THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000) AND THE HISTORIC FOX THEATER RENOVATION FOR FIVE MILLION DOLLARS (\$5,000,000).

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General election of November 5, 1996, we have made an impartial financial analysis of the accompanying Proposed Resolutions, and Agenda Report.

The City Auditor is elected by the citizens of Oakland to serve as an officer in charge of an independent department auditing City government activities. The independence of the City Auditor is established by the City Charter.

Since the Measure H Charter Amendment specifies that our impartial financial analysis is for informational purposes only, we did not apply Generally Accepted Government Auditing Standards as issued by the Comptroller General of the United States. Moreover, the scope of our analysis was impaired by Administrative Instruction Number 137, effective May 21, 1997, which provides only one (1) week for us to plan, perform and

report on our analysis. Because of these constraints, we did not verified data as presented in the Agenda report.

SUMMARY

The Proposed Resolutions would authorize the City/Redevelopment Agency Administrator to apply for, accept and appropriate grant funds from the California Cultural and Historical Endowment (CCHE) grant program for the following projects:

<u>Description</u>	<u>Amount</u>
Historical Core Area Improvements at Peralta Hacienda Historical Park	\$3,500,000
Renovation and re-opening of the Fox Theater as a Performing Arts Center	<u>5,000,000</u>
Total	<u>\$8,500,000</u>

According to the Agenda Report, the Proposed Resolution does not include an application that the Oakland Museum of California will make for a CCHE grant through the Museum Foundation for the complete renovation of the Museum’s History Gallery. Since the Foundation will be the applicant, the application is not part of the Proposed Resolution.

BACKGROUND/FISCAL IMPACT

Peralta Hacienda Historical Park

According to the Agenda report, Peralta Hacienda Historical Park consists of almost five acres and is located on Coolidge Avenue between Hyde Street and Davis Street in the Fruitvale District. The Master Plan develops the park in six major areas: Multi-purpose Lawn Area and Orchard, Community Activity Center, Community and Botanical Gardens, Peralta Hacienda Historical House, Historic Core, and Peralta Creek Interpretive Area. The Historic Core phase of the Master Plan is estimated to cost \$3.5 million. The CCHE grant is one of the few major sources of funding compatible for the scope of the project.

Based on State’s draft grant criteria, it is anticipated that a one-to-one match is required for the grant. The City will be able to provide matching funds via past project funds allocated to Peralta Hacienda based on the State’s initial guidelines for matching funds. In 2003, the City applied for a competitive Murray Hayden grant that is pending the State’s final decision. If successful, the funding also could be used as matching funds.

Estimated operations and maintenance cost have not yet been determined for the project. Increased O&M costs will affect the Landscaping and Lighting Assessment District (LLAD), Fund 2310.

Fox Theater

According to the Agenda report, the Fox Theater was purchased by the Redevelopment Agency in 1996 and is undergoing a multi-phased effort to restore and reuse the historic building. The first phases included the replacement of the roof of the theater and commercial wings, completion of the Fox Theater Master Plan, rehabilitation of the historic marquee and sign, cleaning the theater’s interior of mold, lead-based paint and asbestos, and completion of predevelopment activities associated with the development of the theater and wrap-around buildings.

The next phase of the theater renovation will is estimated to cost \$24,000,000, and will involve restoration of the theater and wrap-around buildings into a performing arts venue and new home for the Oakland School for the Arts. The CCHE grant will be a critical component to funding the project.

It is anticipated that some Agency funds will be needed for the project; however, these could be greatly minimized if the CCHE grant is awarded for the project. Staff has already applied for Proposition 55 funds, authorized by California voters earlier this year for the purpose of renovating and building educational buildings throughout the state. The grant amount is for \$10,000,000 and is pending.

If received, grant funds would be placed in the Redevelopment Agency’s Central District Grant Fund (9215). Funds are received on a reimbursement basis, and the CEDA Urban Economic Coordinator would be responsible for grant administration, reimbursements and meeting all requirements set forth in the grant contract.

CONCLUSION

Based on the information that was made available to us, the Proposed Resolutions appear to be reasonable.

Prepared by:

Issued by:

Jack McGinity, CPA
Report completion date:
September 3, 2004

Roland E. Smith, CPA, CFS
City Auditor