



# City of Emeryville

CALIFORNIA

## MEMORANDUM

**DATE:** September 15, 2020

**TO:** Christine Daniel, City Manager

**FROM:** Charles S. Bryant, Community Development Director

**SUBJECT:** **An Ordinance Of The City Council Of The City Of Emeryville Approving And Authorizing The City Manager To Enter Into And Execute A Lease Disposition And Development Agreement Between The City Of Emeryville And 4060 Hollis, LLC And Related Ground Lease For The Development And Operation Of An Art Center At 4060 Hollis Street, Emeryville, California (APN 049-0618-004) And Authorizing The City Manager To Take Action To Effectuate The Lease Disposition and Development Agreement And Related Ground Lease (CEQA Status: Exempt Pursuant To State CEQA Guidelines Sections 15301 and 15332)**

## RECOMMENDATION

Staff recommends that the City Council adopt the second reading of the above-referenced ordinance approving and authorizing the City Manager to execute a Lease Disposition and Development Agreement ("LDDA") and associated agreements with 4060 Hollis, LLC ("Developer"), a single purpose entity formed by Orton Development Inc. ("ODI"), for the design, development and operation of the Emeryville Art Center on the City-owned property located at 4060 Hollis Street.

## DISCUSSION

The City Council held a public hearing and adopted the first reading of the attached ordinance on September 1, 2020 with no changes. The staff report for the September 1, 2020 City Council meeting, which provides a detailed explanation of the proposed ordinance, is attached for reference (see Attachment 1).

## FISCAL IMPACT

As noted in the September 1, 2020 staff report, \$10,978,105 is available for the Art Center project in the City's current Capital Improvement Program. The LDDA represents an expenditure of up to \$10,800,000 of this amount, with \$9,800,000 for construction and \$1,000,000 for the Operating Fund. The proposed construction monitoring contract with Mack5 is for \$144,000. Therefore, the total expenditures authorized under the LDDA and construction monitoring contract are \$10,944,000, within the amount budgeted in the CIP.

The structure of the LDDA and Ground Lease is arranged to insulate the City from operating costs of the Art Center. If the project performs as expected, the Ground Lease also creates the potential for the City to share in revenues in future years, once ODI equity has been repaid. Estimates of potential future revenues to the City are dependent on several variables and would be speculative at this time.

**PREPARED BY:** Chadrick Smalley, Economic Development and Housing Manager

**APPROVED AND FORWARDED TO THE  
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



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Christine Daniel, City Manager

**ATTACHMENTS:**

- Staff report from September 1, 2020
- Proposed Ordinance, including Exhibit A, Lease Disposition and Development Agreement with 4060 Hollis, LLC