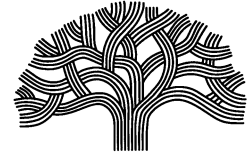


CITY OF OAKLAND



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Mayor

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August 20, 2012

Ms. Stacey Aldrich, Chairperson
California Cultural and Historical Endowment Board
900 N Street, Suite 461
Sacramento, CA 95814

RE: Support for the City of Oakland's Round Four California Cultural and Historic Endowment funding award for the historic Fox Theatre Renovation project

Dear Ms. Aldrich:

On behalf of the City of Oakland, I would like to respectfully request that the California Cultural and Historic Endowment (CCHE) board reject the staff recommendation to withdrawal the Round Four funding award for the historic Fox Theatre Renovation project. I would also like to address a lack of communication from City staff which was due to significant layoffs impacting our former Redevelopment Agency.

The City of Oakland and former Oakland Redevelopment Agency have greatly benefited from CCHE funding awards and without this partnership the successful renovation of the historic Fox Theatre would not have become a reality. The City of Oakland is proud to have received three CCHE funding awards, totaling over \$4.4 million dollars. We have displayed a strong commitment of successfully using these funds in a timely and efficient manner. Unfortunately, there are projects in Oakland that have been greatly impacted by the dissolution of the redevelopment agency and the ensuing layoffs. The project manager for the Fox Theatre Renovation project was one of those layoffs which caused project delays and break downs in communication. The oversight of these funds has since been transferred to another project manager and I respectfully ask for your understanding as we commit to more timely communication.

CCHE staff has raised two concerns regarding contracting, specifically the project was not competitively bid. Because the space was only partially designed and the contract was design-build, the project as a whole was not bid, but separate elements were bid. There were 85 bids for the 29 separate tasks, including 77 different sub-contractors. City of Oakland staff has presented additional information that the project was bid, providing a copy of a published bid notice and a list of bidders for sub-contractors. Additional information may be required; however we feel that this should not prevent the project from receiving the grant.

The other concern of CCHE staff is that the Redevelopment Agency of the City of Oakland re-granted the funds to the tenant of the "restaurant space". All three CCHE grant awards were obtained by the

Redevelopment Agency of the City of Oakland. The Redevelopment Agency contracted with California Capitol Group to manage the project and provide the design, engineering, testing, quality assurance and quality control, permits, cost estimating, and other soft costs. The work was performed by Fox Oakland Theater Inc. and Fox Theater Landlord LLC. This was required because of the complex ownership required in the use of historic tax credits, which provided over \$15 million for the renovation.

The tenant improvement work we are requesting for reimbursement under the grant was controlled and paid by Fox Theater Landlord to Rudy's, the restaurant tenant. The improvements to the restaurant space are part of the premises and should the tenant vacate the premises, the improvements will remain.

My staff will continue to work with CCHE staff to provide any needed information with the end result being the resolution of any confusion, questions, or outstanding matters.

Thank you again for your past support of this project and consideration of our request. If you have any questions or I can be of assistance, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Jean Quan". The signature is written in a cursive, flowing style.

Jean Quan
Mayor
City of Oakland

cc: Office of Governor Edmund G. Brown
Senator Loni Hancock
Assembly Member Sandre Swanson
Ms. Mimi Morris, Executive Officer, California Cultural and Historical Endowment