



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Reimburse the City of Oakland \$3,055,775 for General Services and Lake Merritt Trust Services Rendered in Fiscal Year 2024 and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. (Finance & Admin)	
Submitted By: Julie Lam, Chief Financial Officer; Danny Wan, Executive Director	
Parties Involved: City of Oakland, CA Stephen Walsh, Controller	Amount: \$3,055,775 (Non-Operating Expense)
EXECUTIVE SUMMARY: Board of Port Commissioners (Board) action is requested to 1) determine that \$3,055,775 is available in the Port Revenue Fund and is not required for any of the first eight purposes outlined in Section 717(3) of the Charter, and 2) authorize Port of Oakland (Port) Staff to transfer this amount from the Port Revenue Fund to the City of Oakland (City) General Fund in accordance with the ninth purpose, to reimburse the City for General Services (general police, fire and street maintenance) and Lake Merritt Trust Services for Fiscal Year (FY) 2024.	

BACKGROUND & ANALYSIS

The City incurs annual costs to provide certain services to the Port and to maintain Lake Merritt, which is State tidelands trust property managed by the City. Services provided to the Port are referred to as “General Services” and include items such as police, fire, and street maintenance. Services associated with Lake Merritt are referred to as “Lake Merritt Trust Services” and include items such as recreation services, grounds maintenance, security, and lighting.

Payments for these services are governed by the 1993 Eleventh Supplemental (General Services) and Twelfth Supplemental (Lake Merritt Tidelands) Agreements to the 1983 Memorandum of Understanding between the Port and the City. In accordance with these agreements the City bills the Port annually for the lesser of (a) costs incurred, or (b) a calculated cost cap based on the consumer price index (CPI). In addition, approval of the Board is needed to transfer moneys from Port funds to the City General Fund for General Services and Lake Merritt Trust Services.

The City has billed the Port a total of \$3,055,775 for General Services and Lake Merritt Trust Services for FY 2024. This amount is 3.25% higher than the amount paid for FY 2023 and is based on the CPI increase from the prior fiscal year.

In addition to General Services and Lake Merritt Trust Services, the Port also remits payment to the City for various services and taxes or performs maintenance work for City-owned property on the behalf of the City. These payments are made annually in accordance with City tax ordinances and contracts between the City and the Port. The following table

summarizes payments to be made to the City or estimated value of work performed on behalf of the City, for FY 2024 and FY 2023:

Table 1
Summary of Payments to the City of Oakland

Description	FY 2024	FY 2023
Parking Taxes ⁽¹⁾	\$9,153,360	\$8,213,668
Aircraft Rescue and Fire Fighting Services	7,377,445	6,958,521
General Services & Lake Merritt Trust Services	3,055,775	2,959,686
Utility Taxes	1,761,966	1,995,234
Maritime and Jack London Square Police Services	1,104,954	1,122,808
Landscape Lighting Assessment District	639,387	642,588
Personnel, City Clerk, and KTOP Services	653,373	534,634
Community Facilities District Fees	413,815	410,582
Treasury Services	321,814	286,489
Jack London Improvement District	195,071	189,035
Edgewater Median Maintenance ⁽²⁾	60,000	60,000
Fireboat/OPD Patrol Boat Maintenance	25,000	25,000
Total	\$24,761,960	\$23,398,244

(1) Parking taxes are remitted to the City either directly by the Port or by our parking operators on behalf of the Port.

(2) Estimated cost the Port incurs on behalf of City-owned property.

Additionally, Port tenants pay various taxes and fees related to their business operations, including possessory interest, business, and sales taxes.

Port funds are tidelands trust funds and, as such, may be used only for trust-consistent purposes. Section 717(3) of the Charter of the City of Oakland (Charter) sets forth nine purposes, in order of priority, for which Port funds may be used. The transfer of funds to the City General Fund is the last (ninth) in priority and may occur only if the Board determines that the other eight purposes are adequately addressed. The nine purposes, in order of priority, are summarized as follows:

1. Payment of debt service that is due and payable on general obligation bonds of the City issued for Port purposes;
2. Payment of debt service that is due or becoming due on Port-issued debt, including related payments (e.g., reserve fund payments);
3. Payment of all costs of maintenance and operation of the Port's facilities;
4. Payment to defray the expenses of pension or retirement plans;
5. Investments in Port facilities (capital projects);

6. Establishment of reserve or other funds to ensure the payment of debt associated with purpose (1);
7. Establishment of reserve or other funds to ensure payment of debt associated with purpose (2);
8. Establishment of other reserve funds; and
9. Transfers to the City General Fund, to the extent Port funds are not needed for purposes one through eight.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:
15301 (Existing Facilities)
- Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- Other/Notes:

BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - Operating
 - Non-Operating
 - Capital

Analysis: The requested amount of \$3,055,775 represents an increase over the prior year's payment and exceeds the FY 2024 budgeted amount of \$2,990,993. The Port has identified surplus funds in other areas of the FY 2024 budget due to underspending that will fully cover this over-expenditure of \$64,782.

STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

- Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

No (No Covered Agreement) – proposed action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage requirements.

- Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? **No.**

GENERAL PLAN (City Charter § 727):

Conformity Determination:

<p><u>Reason:</u> There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that present sustainability opportunities.</p>	<p>No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port’s Strategic Business Plan:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Grow Net Revenues <input type="checkbox"/> Improve Customer Service <input checked="" type="checkbox"/> Strengthen Safety and Security <input type="checkbox"/> Care for Our Environment <input checked="" type="checkbox"/> Modernize and Maintain Infrastructure <input type="checkbox"/> Pursue Employee Excellence <input type="checkbox"/> Serve Our Community 	