

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2008 FEB 28 PM 6:44

TO: Office of the City and Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: March 11, 2008

RE: **A Report and Resolutions to:**

- 1) Authorize the City Administrator to Increase the Funding for Oakland Business Development Corporation in an Amount Not to Exceed \$285,800 of Economic Development Initiative Funds ("EDI") for Fiscal Year 2007-08 For a Total Contract Amount Not to Exceed \$558,550 and in an Amount Not to Exceed \$95,800 of EDI Funds for Fiscal Year 2008-09, For a Total Contract Amount Not to Exceed \$468,550, for Commercial Loan Underwriting and Servicing; and**
- 2) Authorize the Agency Administrator to Increase the Funding for Oakland Business Development Corporation in an Amount Not to Exceed \$100,000 of Redevelopment Funds for Fiscal Year 2008-09, For a Total Contract Amount Not to Exceed \$468,550, for Commercial Loan Underwriting and Servicing**

SUMMARY

This report requests that the City Council approve a City Resolution authorizing an increase in the existing professional services agreement with the Oakland Business Development Corporation ("OBDC") in an amount not to exceed \$285,800 for FY 2007-2008, and an amount not to exceed \$95,800 for FY 2008-2009, and that the Oakland Redevelopment Agency (the "Agency") authorize a Resolution for FY 2008-09 for an amount not to exceed \$100,000 to allow OBDC to continue: 1) loan servicing activities for the City and Agency's commercial loan portfolio, 2) administering commercial loan programs on behalf of the City and Redevelopment Agency, 3) implementing revised marketing efforts for commercial loan programs, and 4) providing heightened technical assistance to Oakland's small business community.

The existing contract with OBDC has an operating budget for FYs 2007-2009, in the amount of \$558,550 per year. Of the total contract amount \$272,750 is funded annually through Community Development Block Grant ("CDBG") funds and staff proposes to fund the remaining \$285,800 from Economic Development Initiative ("EDI") funds for the FY 2007-08 period and from a combination of EDI (\$95,800) and Agency (\$100,000) funds for FY 2008-09. The requested modification to funding sources is due to reductions in the Federal CDBG allocations to the City of Oakland.

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Staff also proposes to restructure the existing Commercial Lending Unit, amending the OBDC scope of services and reduce the budget accordingly. The restructuring will entail City staff assuming additional responsibility for the portion of the Loan Servicing functions currently executed by both OBDC and City staff. This proposed modification would result in a more efficient processing of loan payments. The offset would be achieved through a \$90,000 reduction of OBDC's FY 2008-09 contract. Additionally, staff anticipates indirect savings as higher pay grade staff will no longer be utilized to monitor and support the Loan Servicing function. Staff will submit this proposal during the mid-year cycle budget review process.

Below is an illustration of the contract cost comparisons:

OBDC Contract – FY 06/07		OBDC Contract – FY 07/08		OBDC Contract – FY 08/09	
Funding Sources	Amount	Funding Sources	Amount	Proposed Funding Sources	Amount
CDBG	\$372,750	CDBG	\$272,750	CDBG	\$272,750
EDI	123,400	EDI – (CDBG reduction)	100,000	ORA (CDBG reduction)	100,000
		EDI	185,800	EDI	95,800
Total Funded	\$496,150		\$558,550		\$468,550

FISCAL IMPACT

Funding sources for the proposed \$285,800 contract increase for FY 07-08:

- **\$285,800** from Commercial Lending Economic Development Initiative (EDI) Grant fund: Fund No. 2105, Org. No. 88579, Account No. 58311, and Project No. H66631.SC04 (Economic Development Program).

Funding sources for the proposed \$195,800 contract increase for FY 08-09:

- **\$95,800** from Commercial Lending Economic Development Initiative (EDI) Grant fund: Fund No. 2105, Org. No. 88579, Account No. 58311, and Project No. H66631.SC04 (Economic Development Program).
- **\$50,000** from Coliseum Redevelopment Operations Fund No. (9450), Coliseum Redevelopment Organization (88659), Coliseum Redevelopment Project (\$82600).
- **\$50,000** from Central District Redevelopment Fund Balance (9510).

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Funds for outsourcing commercial loan servicing, loan underwriting, marketing and technical assistance are included in the City's FYs 07-09 approved budget in an amount sufficient to cover the additional \$285,800 for FY 07-08 and the reduced portion of \$195,800 for FY 08-09. Approval and disbursement of these funds will reduce the funding by the amounts identified above.

The existing contract with OBDC was approved for FYs 2007-2009 at \$272,750 for each fiscal year, for a total \$545,500, funded with CDBG funds. The term of the funding allocations noted above will run concurrently with the term of the existing contract.

BACKGROUND

The Oakland Business Development Corporation is a non-profit 501(c)(3) public benefit corporation founded in 1979 to provide direct loan and technical assistance to Oakland-based small businesses. Historically, OBDC's lending emphasis has been with small business owners who may have difficulty finding capital through traditional lending sources because they are new in business, located in low-to-moderate income areas or have imperfect credited histories. The overall mission of OBDC has been to increase the opportunities of economically disadvantaged entrepreneurs and small business owners through business ownership, as well as to create jobs through business development.

For nearly 25 years, the City has contracted with OBDC to provide lending and technical assistance activities to Oakland's small business community with funds from the City's annual CDBG award. The current year's CDBG contract with OBDC for lending and associated services is \$272,500.

In an effort to streamline the services to the business community, the Community and Economic Development Agency ("CEDA") proposed in a February 2004 report to City Council, that lending services be consolidated under the purview of the Oakland Business Development Corporation. Staff's recommendation for this action was based on the success OBDC had experienced in administering several City funded loan programs, lending outreach and servicing of the City's commercial loan portfolio. At its February 24, 2004 meeting, the Council approved staff's recommendation to outsource additional lending and support services to OBDC.

Oakland small business owners and entrepreneurs continue to have access to City services designed to assist in their growth, stability and viability. CEDA's Commercial Lending Unit and their contracted partners have adjusted their practices and procedures to integrate required program modifications to bring the program into compliance with the U.S. Department of Housing and Urban Development and City Council objectives.

KEY ISSUES AND IMPACTS

The Commercial Lending (“CL”) Unit oversees, either directly or through contracted services, a loan portfolio of seven loan programs and a variety of small business technical assistance programs. The administration of each loan program is guided by federal regulations, crafted to ensure that targeted audiences receive program benefits. The combined management of these loan funds has presented a challenge to the Commercial Lending staff as they have worked to maintain program performance at levels prescribed by City Council and HUD guidelines. Throughout the EEC grant period, staff has endeavored to make occasional program structure modifications, to deliver a program that was responsive to the community’s need and functioned within federal standards for job creation and default rates.

Staff is proposing that the OBDC’s FY 2008-09 contract be funded at \$468,550 from a combination of CDBG (\$272,750), ORA (\$100,000) and EDI (\$95,800) sources. Staff offers as a justification for utilizing ORA funding, the two existing ORA loan programs administered by OBDC. To date, these loan programs, the Broadway Corridor Loan Program and the Coliseum Redevelopment Loan Program, have not financially supported the administration of the programs.

OBDC will continue its current administration of the Neighborhood Economic Development Fund and the Micro Loan Fund with no modifications to the program guidelines. New loan programs to be administered by the OBDC contract are the Cal ReUSE Environmental Site Assessment Loan Program and the Brownfield’s Clean-up loan fund.

Although the transferring and expansion of underwriting and marketing outreach services has been successful, with occasional minor program modifications, staff is proposing to reduce the 2008-2009 OBDC contract by \$90,000. Staff has identified the restructuring and modification of the commercial loan servicing functions from OBDC as originally maintained in CEDA. This program modification will sustain a more efficient loan servicing process and will specifically reduce delayed time spans to process loan payments. By transferring the loan servicing component back into CEDA’s Commercial Lending unit, it will reduce a lapse of time to post and process payments and OBDC will be able to focus on marketing the City’s loan programs and becoming more aggressive with capturing the annual target loan goals, as outlined in the current OBDC contract.

The lending process, loan closing and fund disbursement processes, loan servicing process and the collection process are illustrated in an attached flow chart (Attachment A) to highlight the distinct functions of the CL unit and OBDC.

PROGRAM DESCRIPTION

This restructuring and modification of the commercial loan servicing functions will sustain a more efficient and professional loan servicing process. Staff has conducted an evaluation of delivery of services provided by OBDC (Attachment B). The existing structure of servicing

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commercial loans is not adequate as currently structured and is not a cost-effective process. Specifically, all collection of loan payments are currently mailed directly to OBDC, then processed and forwarded to CL staff for final review. Once the CL staff has reviewed the payment information for accuracy, a cash receipt has to be prepared, and then the payments are taken to the Finance Agency for posting to the City's accounting system. This process may take up to two weeks, whereas, if payments were mailed directly to CL it would take less than one week.

Staffing costs for this requested staff restructure of the CL unit will be offset by the reduction in staff costs related to the loan servicing component of the upcoming 2008-2009 OBDC contract. Staff also has attached an evaluation of the scope of services outlined for the FY 2006-2007 and FY 2007-2008 contract.

SUSTAINABLE OPPORTUNITIES

Economic: Funding OBDC's activities under the proposed contract will support the hiring of local residents, as many of the loan funds have specific hiring requirements which complement the City's local hiring goals.

Businesses locating in Oakland support Oakland's economic sustainability and ability to provide services to its resident population through the assessment of taxes and fees.

Environmental: Environmental considerations are applied where applicable.

Social Equity: Loan programs target traditionally underserved communities to provide services in those communities and jobs to residents of those communities.

DISABILITY AND SENIOR CITIZEN ACCESS

All of OBDC's loan programs and technical assistance services will continue to be available to Oakland citizens regardless of age or disability.

RECOMMENDATION(S) AND RATIONALE

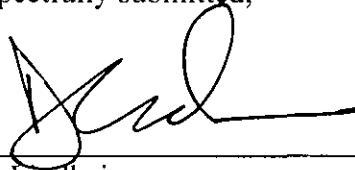
Staff recommends that Council adopt the attached resolutions increasing the funding of the OBDC by \$285,800 for FY 2007-2008 and \$195,800 for FY 2008-2009 for OBDC's administration of commercial loans. This will allow OBDC to continue its activities, as outlined in the scope of services for the City's entire commercial loan portfolio, and administration of all commercial loans under \$249,500.

Approval of these resolutions will allow the City to continue leveraging the resources and expertise of OBDC to effectively serve Oakland's small businesses and manage the City's commercial loan portfolio. OBDC has proven its expertise in attracting qualified borrowers, providing technical assistance and servicing a diversified loan portfolio. This action will allow for OBDC's continued assistance to Oakland's small business community.

ACTION REQUESTED OF THE CITY COUNCIL AND REDEVELOPMENT AGENCY

Staff recommends that the Council approve the attached resolutions authorizing an appropriation for additional funding of the OBDC contract by \$285,800 for FY 2007-2008 and \$195,800 for FY 2008-2009, for continuation of commercial loan servicing and additional loan administration activities under its contracted scope of services for FYs 2007-2009.

Respectfully submitted,



Dan Lindheim
Director
Community and Economic Development Agency

Reviewed by: Gregory D. Hunter, Deputy Director
Economic Development and Redevelopment

Prepared by: Lisa D. Brown, Commercial Loan
Servicing Administrator/Redevelopment Division

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:

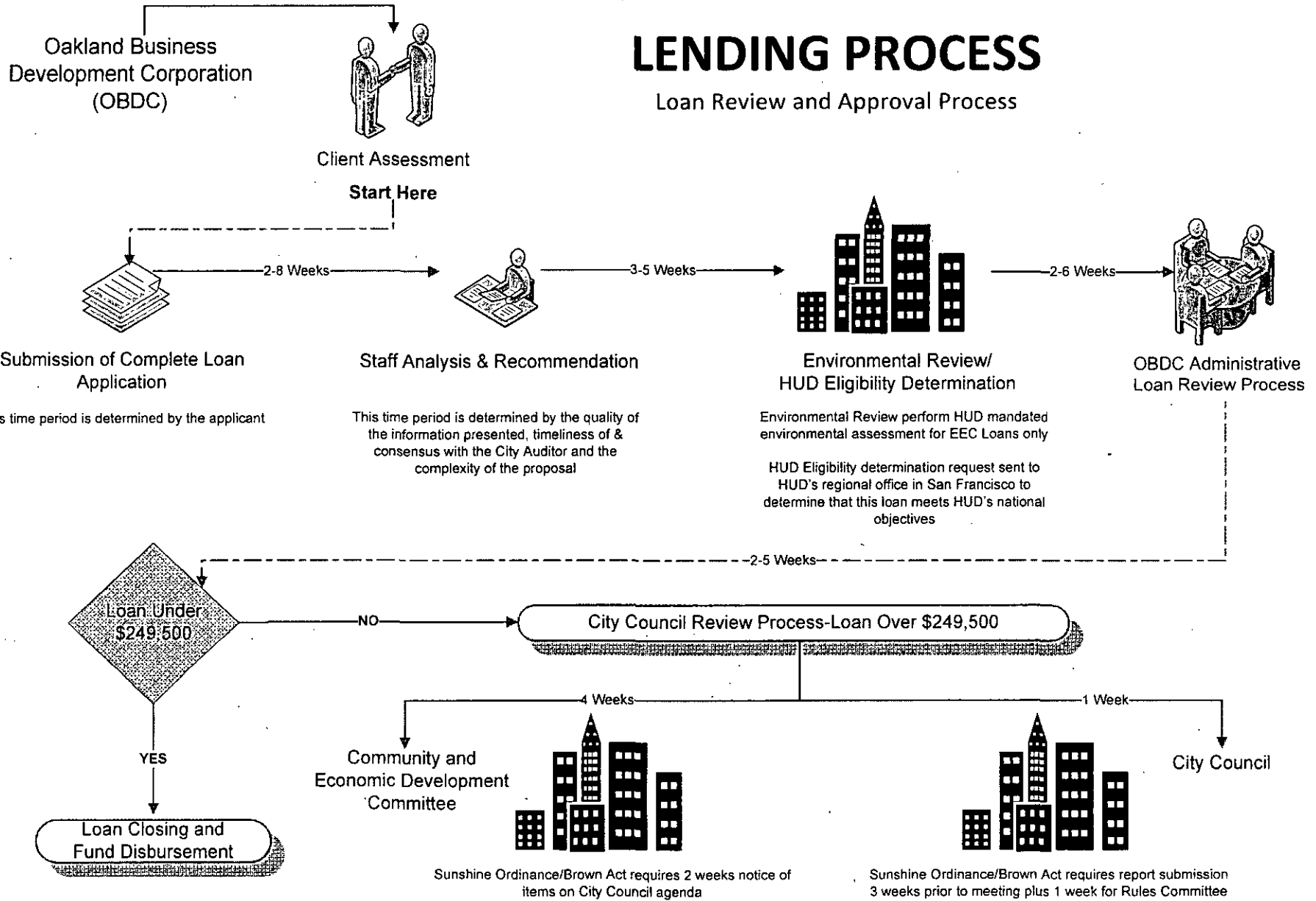


Office of the City Administrator

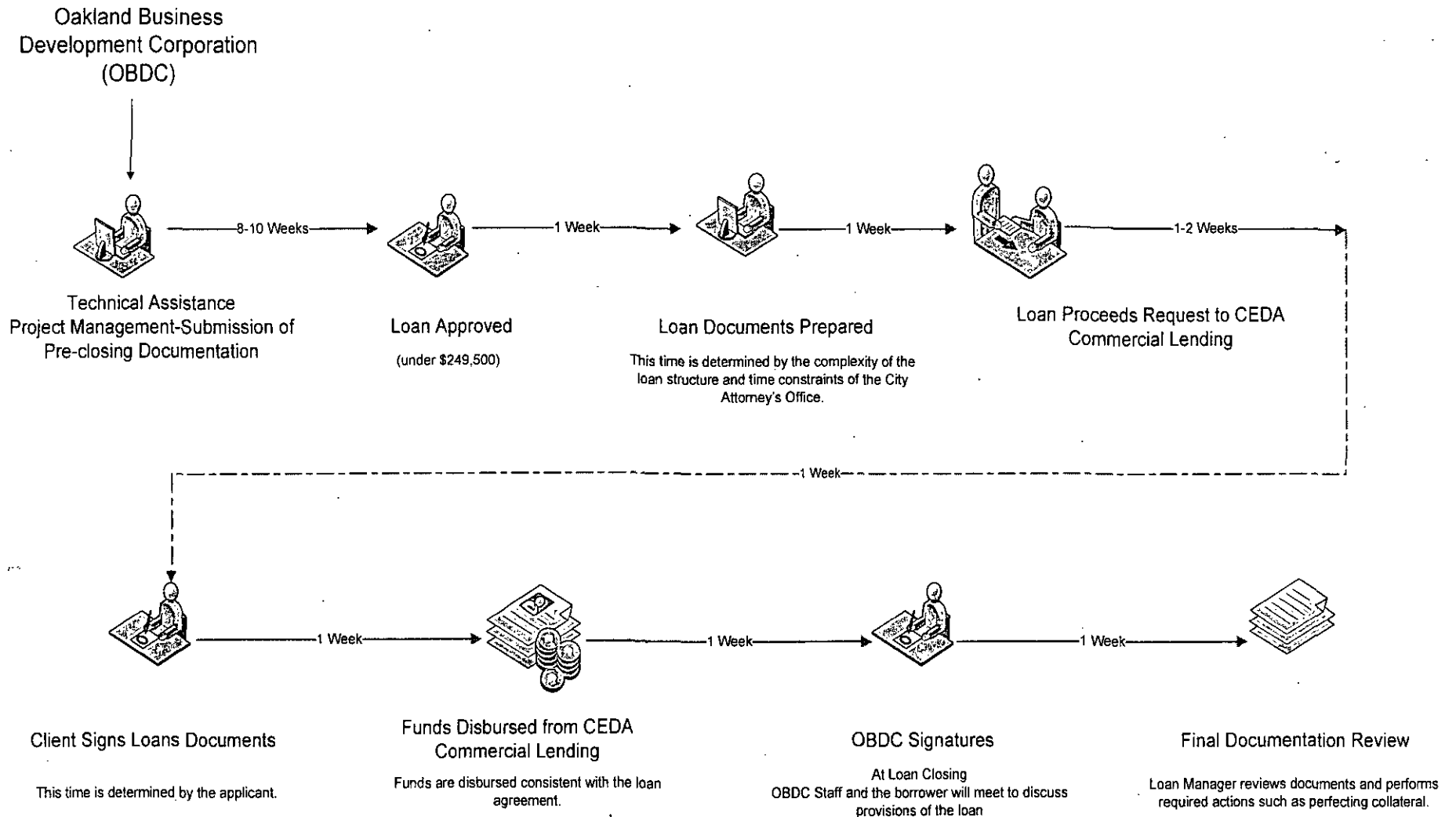
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LENDING PROCESS

Loan Review and Approval Process

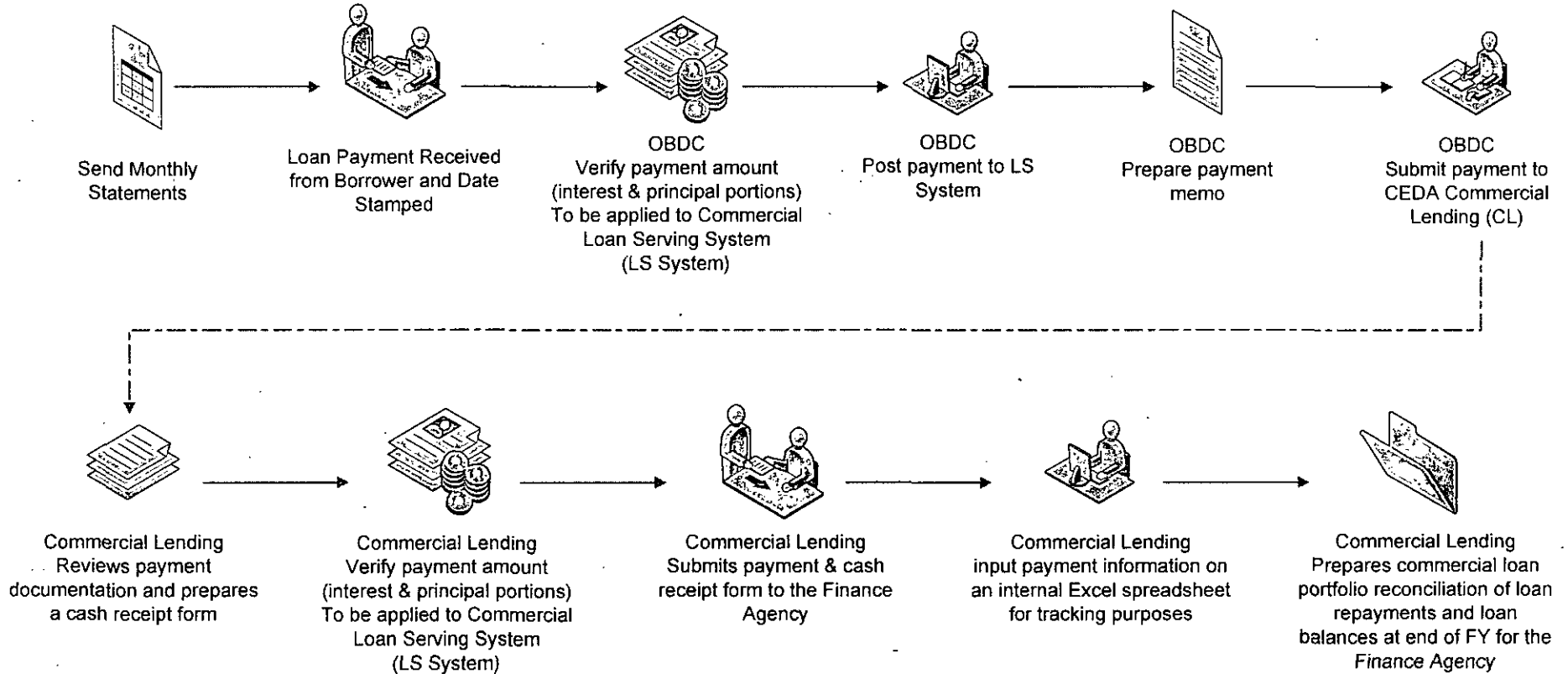


LOAN CLOSING & FUND DISBURSEMENT PROCESS



Oakland Business
Development Corporation
(OBDC)

LOAN SERVICING

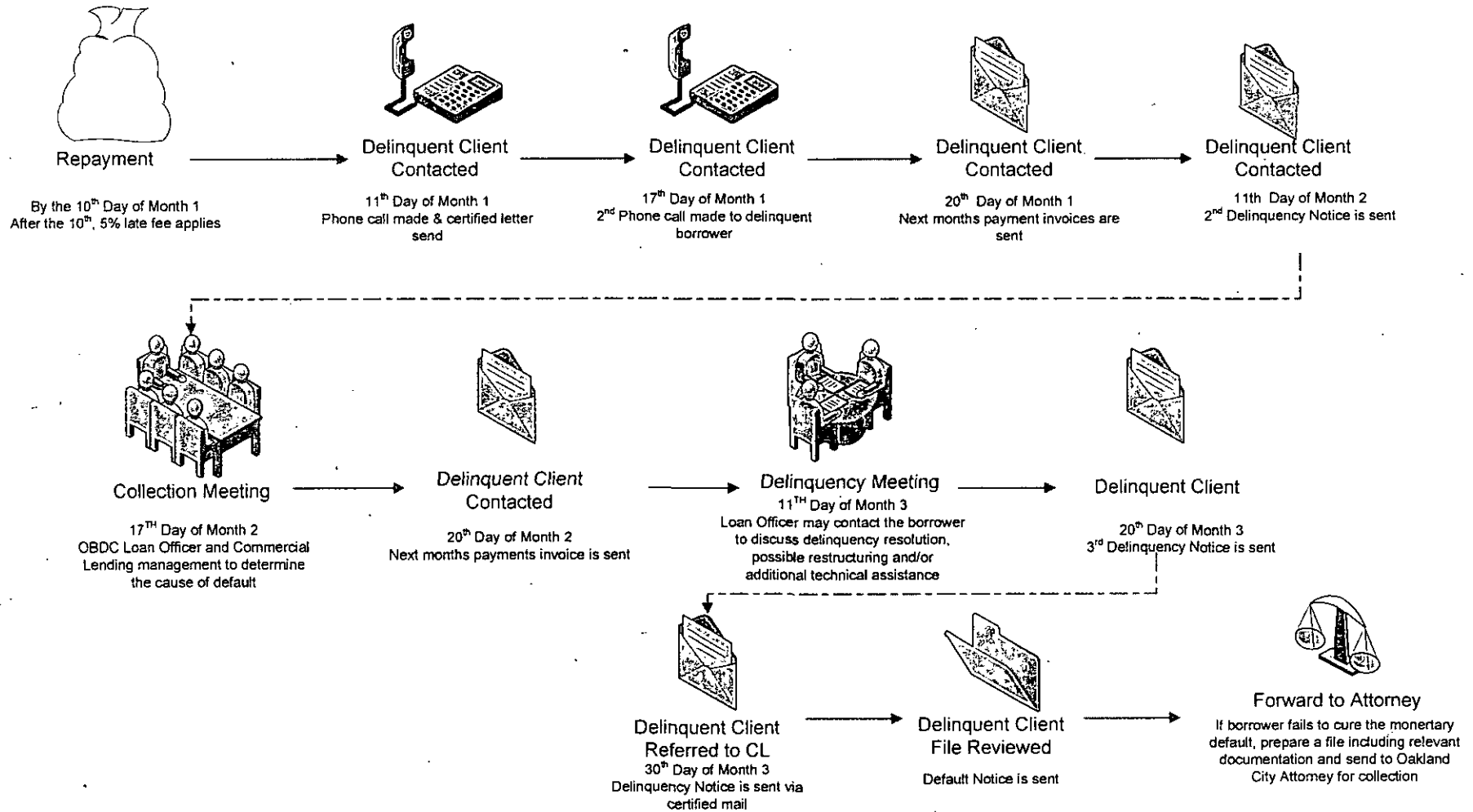


Other Functions handled by
Commercial Lending

- Subordination Request
- Reconveyances
- Loan Portfolio Reporting
- HUD Prepayment Calculation
- Payoff Request
- Loan Restructure
- Defaulted & Litigation Monitoring
- Default Collections

COLLECTION

Post-Loan Monitoring Procedures



EVALUATION

Contract Year 2006 - 2007		Targeted Goals	Actuals	Comments/Explanation
Loan Underwriting				
1	Package & fund 10 NEDF loans	10	13	OBDC did an exceptional job on meeting the loans goals.
2	Package & fund 5 Micro loans	5	9	OBDC did an exceptional job on meeting the loans goals
3	Package & fund 4 EDA & Broadway Corridor loan programs	4	2	The EDA funds were low due to the lack of revolving loan funds.
4	Package & fund 3 loans under \$249,500 from EEC-RLF	3	0	City was waiting for authorization from HUD to continue the EEC/EDI Loan Programs past 8/06.
5	Package & fund 3 loans under \$249,500 from Coliseum RLF loan program	2	0	There was a weak EEC loan pipeline, staff met regularly with OBDC to review loan pipeline.
6	Create and properly record loan documents	yes	yes	Loan documents were properly created.
7	Maintain loan documentation in accordance to federal guidelines	yes	yes	Loan files have been maintained properly.
Commercial Loan Servicing				
		Rank 1 (poor) - 5 (very good)		
1	Mailing Monthly Statements by the 20th of each month		3	Statements did not reflect all charges due & were sent promptly.
2	Monthly tracking of when loan payments received on a daily basis		3	Payment envelopes periodically not date stamped to verify date pmt. received.
3	Post loan payments to CEDA shared servicing system within 24 -48		3	Difficulty posting payments.
4	Identifying principal & interest portion of loan payments within 24 hrs from receipt of loan payment		2	Difficulty posting payments caused incorrect calculations of the interest & principal portions of the loan payment.
5	within 24-48 hrs from receipt of loan payment		3	Payments occasionally delayed to CL.
6	Process Payoff Demand Request within 48 hrs from receipt of request		2	Often referred to CL to handle.
7	Process Uniform Commercial Code (UCC)1		5	Responsible to "perfect" collateral when loan closing.
8	Review & Analyze Subordination Request & report to CL within 48 hrs.		2	Usually referred to CL
9	Collection notice mailed on loans 30, 60 & up to 90 days past due within 24 hrs of delinquency		2	CL did not received transfer of delinquent files promptly.
10	Preparation of monthly loan payment status reports by the 15 day of each month		3	Reports often delayed.
11	Request to Restructuring loans referred to CL within 24-48 hrs		3	Always referred to the City to do final workout plan.
Marketing				
		Targeted Goals	Actuals	
1	Marketing the City's loan programs annually to at least 500 businesses via cold and/or appt. calls or group presentations within 7 CD districts and specifically in the 3 EEC areas	500 businesses	677	OBDC has done an exceptional job meeting the marketing goals outlined in the contract.
2	Call on at least 4 merchant associations within 3 EEC areas	4	4	OBDC has done an exceptional job meeting the marketing goals outlined in the contract.
3	Call on at least 4 prof. organizations within 3 EEC areas	4	4	OBDC has done an exceptional job meeting the marketing goals outlined in the contract.
4	Accept applications & deter. feasibility of small bus. & loans	n/a	22	OBDC has done an exceptional job meeting the marketing goals outlined in the contract.
5	Participate in 1 workshop/seminar per quarter for merchants/ community groups	1	48	OBDC has done an exceptional job meeting the marketing goals outlined in the contract.

Contract Year 2007-2008*			Comments/Explanation	Attachment B
Loan Underwriting		Targeted Goals	Actuals	
1	Package & fund 10 NEDF loans	10	7	OBDC did an exceptional job on meeting the loans goals & will exceed target goals.
2	Package & fund 5 Micro Loans	5	5	OBDC did an exceptional job on meeting the loans goals and have met loan goals prior to end of 07/08 FY (6-30-08).
3	Package & fund 3 loans under \$249,500 from EEC-RLF loan program	3	1	OBDC has 2 potentially EEC loans in the loan pipeline.
4	Package & fund 4 loans from the Broadway Corridor/EDA loan program	4	1-BC/2-EDA 3	OBDC is expected to meet loan goals prior to the end of 07/08 FY (6-30-08).
5	Package & fund 3 loans under \$249,500 from Coliseum RLF loan program	3	0	OBDC had difficulty with program development & outreach; difficulties have been addressed & has submitted revised marketing strategy.
6	Qualify up to 3-4 loan applicant annually on Brownfield/Cal Reuse	3	5	OBDC has successfully qualified 5 applicants & have met targeted goals.
7	Create and properly record loan documents	yes	yes	Loan documents were properly created.
8	Maintain loan documentation in accordance to federal guidelines	yes	yes	Loan files have been maintained properly.
Commercial Loan Servicing		Rank 1 (poor) - 5 (very good)		
1	Mailing Monthly Statements by the 20th of each month		3	Statements did not reflect all charges due & were sent promptly.
2	Monthly tracking of when loan payments received on a daily basis		3	Payment envelopes periodically not date stamped to verify date pmt. received.
3	Post loan payments to CEDA shared servicing system within 24 -48		3	Difficulty posting payments.
4	Identifying principal & interest portion of loan payments within 24 hrs from receipt of loan payment		2	Difficulty posting payments caused incorrect calculations of the interest & principal portions of the loan payment.
5	Transfer loan payments to CEDA Commercial Lending unit		3	Payments occasionally delayed to CL.
6	Process Payoff Demand Request within 48 hrs from receipt of request		2	Often referred to CL to handle.
7	Process Uniform Commercial Code (UCC)1		5	Responsible to "perfect" collateral when loan closing.
8	Review & Analyze Subordination Request & report to CL within 48 hrs.		2	Usually referred to CL
9	Collection notice mailed on loans 30, 60 & up to 90 days past due within 24 hrs of delinquency		2	CL did not received transfer of delinquent files promptly.
10	Preparation of monthly loan payment status reports by the 15 day of each month		3	Reports often delayed.
11	Request to Restructuring loans referred to CL within 24-48 hrs		3	Always referred to the City to do final workout plan.
Marketing/Technical Assistance		Targeted Goals	Actuals	
1	Marketing the City's loan programs annually to at least 500 businesses via cold and/or appt. calls or group presentations within 7 CD districts and specifically in the 3 EEC areas	500 businesses	672 businesses	OBDC has successfully met the yearly goal.
2	Call on at least 4 merchant associations within 3 EEC areas	4	7	OBDC has successfully met the yearly goal.
3	Call on at least 4 prof. organizations within 3 EEC areas	4	7	OBDC has successfully met the yearly goal.
4	Accept applications & deter. feasibility of small bus. & loans	n/a	125	OBDC has successfully met the yearly goal.
5	Participate in 1 workshop/seminar per quarter for merchants/ community groups	1	28	OBDC has successfully met the yearly goal.
Post Loan/Job Monitoring		Rank 1 (poor) - 5 (very good)		
1	Track job creation and retention		5	OBDC has successfully implemented this function.
2	Provide monthly reports on job creation activity		5	OBDC has implemented reports & will be submitting a report to CL prior to end of 07/08 FY.
3	Client Site Visits		5	OBDC assigned staff has conducted site visits.

* Please note the evaluation information for FY 2007/2008 is not for the full FY period (7-1-07 through 6-30-08).

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APPROVED AS TO FORM AND LEGALITY:

D. Lewis

Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO INCREASE THE FUNDING FOR OAKLAND BUSINESS DEVELOPMENT CORPORATION IN AN AMOUNT NOT TO EXCEED \$285,800 OF ECONOMIC DEVELOPMENT INITIATIVE FUNDS ("EDI") FOR FISCAL YEAR 2007-08, FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$558,550; AND IN AN AMOUNT NOT TO EXCEED \$95,800 OF EDI FUNDS FOR FISCAL YEAR 2008-09, FOR A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$468,550, FOR COMMERCIAL LOAN UNDERWRITING AND SERVICING

WHEREAS, the City of Oakland has contracted with the Oakland Business Development Corporation ("OBDC") since 1979, to provide loan services and technical assistance to Oakland businesses; and

WHEREAS, OBDC effectively manages seven loan programs for the City of Oakland at present, and has demonstrated the capacity to lend to small businesses to further the City's goals of attracting, expanding, and retaining Oakland businesses, thereby creating job opportunities for low-moderate income Oakland residents; and

WHEREAS, OBDC has the proven its ability during the current FY 2007-2009 contract period, to service the City's commercial loan portfolio, in addition to its own loan portfolio; and

WHEREAS, this contract amendment will leverage the resources and expertise of the Community and Economic Development Agency ("CEDA") with those of OBDC to more effectively serve Oakland's businesses and manage the City's commercial loan portfolio; and

WHEREAS, the increase in lending activity that is expected to result from additional funding for OBDC's contracted loan services will leverage additional private capital and equity investment in Oakland businesses that otherwise may not be invested, create new jobs for Oakland's residents, and add to the City's business license tax base; and

WHEREAS, the effective partnering of resources and expertise with OBDC furthers the City Council's goals of coordinating City services in order to attract and support businesses emphasizing sustainability (particularly the creation and retention of jobs for Oakland's low-moderate income residents), especially in neighborhood commercial areas; and

WHEREAS, OBDC has received an allocation of \$545,000 of CDBG funds for two years (FY's 2007-2009), and the additional monies from the EDI fund of \$285,800 for FY 2007-2008 and \$95,800 for FY 2008-2009 will result in the following:

- FY 2007-2008, \$272,750 from CDBG funds (2108) in addition to \$285,800 from EDI (2105), for a total contract amount of \$558,550;
- FY 2008-2009, \$272,750 from CDBG funds (2108) in addition to \$95,800 from EDI (2105) and \$100,000 or Redevelopment Agency funds, for a total contract amount of \$468,550; and

WHEREAS, the City will modify the loan servicing component of the OBDC contract for FY 2008-2009 and transfer its functions into the Community Economic Development Agency to streamline the loan servicing process currently provided by OBDC; and

WHEREAS, the City Council finds that the Agreement with OBDC is for services of a professional or specialized nature; and

WHEREAS, the Agency finds and determines that the services under this contract will be temporary and performance of the contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; now, therefore, be it

RESOLVED: That the amount of \$285,800 will be allocated to the OBDC contract for Fiscal Year 2007-08 and \$95,800 will be allocated to the OBDC contract for Fiscal Year 2008-09, from the following sources: Commercial Lending Economic Development Initiative (EDI) Grant Fund (2105), One Stop Small Business Center Org (88579), Grant-Funded Loan Expenditures Account (58311), and HUD EDI Disbursement Project (H66631); and be it

FURTHER RESOLVED: That the City Administrator, or her designee, is authorized to conduct negotiations, execute documents, administer the contract, amend, modify or extend the agreement terms, and take any other actions necessary with respect to the contract amendment consistent with this Resolution and its basic purpose; and be it

FURTHER RESOLVED: That all agreements authorized hereunder shall be approved as to form and legality by the Office of the City Attorney and shall be placed on file in the *Office of the City Clerk*.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

OFFICE OF THE CITY CLERK

2008 FEB 28 PM 6:44

Approved as to Form and Legality

D. Lewis

Agency Counsel

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

Resolution No. _____ C.M.S.

**RESOLUTION AUTHORIZING THE AGENCY
ADMINISTRATOR TO INCREASE THE FUNDING FOR
OAKLAND BUSINESS DEVELOPMENT
CORPORATION IN AN AMOUNT NOT TO EXCEED
\$100,000 OF REDEVELOPMENT FUNDS FOR FISCAL
YEAR 2008-09, FOR A TOTAL CONTRACT AMOUNT
NOT TO EXCEED \$468,550, FOR COMMERCIAL LOAN
UNDERWRITING AND SERVICING**

WHEREAS, the City of Oakland has contracted with Oakland Business Development Corporation ("OBDC") since 1979, to provide loan services and technical assistance to Oakland businesses; and

WHEREAS, the Redevelopment Project Area's implementation strategy identifies the revitalization of businesses within the commercial and industrial corridors of the Redevelopment area as an integral component in achieving blight reduction; and

WHEREAS, the Redevelopment Agency of the City of Oakland (the "Agency") is a catalyst through which a successful commercial, retail and industrial revitalization strategy can emerge; and

WHEREAS, OBDC effectively manages loan programs in the Coliseum and Central District Redevelopment project areas for the Agency at present, and has demonstrated the capacity to lend to small businesses to further the City goals of attracting, expanding, and retaining Oakland businesses, thereby creating job opportunities for low-moderate income Oakland residents; and

WHEREAS, OBDC's financial and technical assistance to small businesses will contribute to elimination of blight and help foster revitalization of commercial corridors in the redevelopment project areas; and

WHEREAS, during the current two-year contract period (FY 2007-2009), OBDC has shown its ability to service the City's and Agency's commercial loan portfolio, in addition to its own loan portfolios; and

WHEREAS, this contract will leverage the resources and expertise of the Community and Economic Development Agency ("CEDA") with those of OBDC to more effectively serve Oakland's businesses and manage the Agency's commercial loan portfolio; and

WHEREAS, the increase in lending activity that is expected to result from additional funding for OBDC's contracted loan underwriting services will leverage additional private capital and equity investments in Oakland businesses that otherwise may not be invested, create new jobs for Oakland's residents, and add to the City's business license tax base; and

WHEREAS, the effective partnering of resources and expertise with OBDC furthers the Agency's and City Council's goals of coordinating City services in order to attract and support businesses emphasizing sustainability (particularly the creation and retention of jobs for Oakland's low-moderate income residents), especially in neighborhood commercial areas; and

WHEREAS, the City has allocated \$272,750 of CDBG funds, is requested to allocate an additional \$95,800 of Economic Development Initiative funds, and requires an additional \$100,000 from the Agency for OBDC's FY 2008-2009 contract, to be allocated as follows:

- \$50,000 from Coliseum Redevelopment District Fund(9450)), Coliseum Redevelopment Organization (88659), Coliseum Redevelopment Project (\$82600) and
- \$50,000 from Central Redevelopment District Fund Balance (9510), for a total contract amount of \$468,550; and

WHEREAS, the City and Agency will modify the loan servicing component of the OBDC contract for FY 2008-2009 and transfer its functions into the Community Economic Development Agency, to streamline the loan servicing process currently provided by OBDC; and

WHEREAS, the Agency finds that the Agreement with OBDC is for services of a professional or specialized nature; and

WHEREAS, the Agency finds and determines that the services under this contract will be temporary and performance of the contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; now, therefore be it

RESOLVED: That the Agency hereby authorizes an allocation of Agency funds in an amount not exceed \$100,000, to supplement the OBDC contract for FY 2008-2009; and be it

FURTHER RESOLVED: That the Agency Administrator, or her designee, is authorized to conduct negotiations, execute documents, administer the contract and amendments thereto, modify or extend the agreement terms, and take any other action necessary with respect to the contract and its amendments consistent with this Resolution and its basic purpose; and be it

FURTHER RESOLVED: That all agreements shall be approved as to form and legality by the Agency Counsel and shall be placed on file in the Office of the City Clerk.

IN AGENCY, OAKLAND, CALIFORNIA, _____ 2008

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, QUAN, BROOKS, REID, CHANG, AND
CHAIRPERSON DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California