

**REDEVELOPMENT AGENCY  
AND THE CITY OF OAKLAND  
AGENDA REPORT**

TO: Office of the City/Agency Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: April 13, 2010

RE: **Comprehensive Status Report on Commercial Lending Activities and the Oakland Business Development Corporation (OBDC) Contract for Fiscal Years 2006-07, 2007-08 and 2008-09**

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**SUMMARY**

During the February 23, 2010 Community and Economic Development (CED) Committee meeting, the Committee requested a more comprehensive status report regarding specific Commercial Lending activities contracted through the existing professional agreement with the Oakland Business Development Corporation ("OBDC"). This report addresses the following Committee questions:

- Who received loans in the last three years, by year and by funding source?
- What is the City default rate for the last three years; and
- How much did the City spend on administering the loans versus the amount of money loaned-out over the past three years?

The existing Community Development Block Grant ("CDBG") funded contract with OBDC was approved by Council through the FY 2009-2011 budget process, with \$231,840 in CDBG funds each year. The City Council approved an additional \$236,712 for fiscal year 2009-2010, which will be funded through a combination of Economic Development Initiative (EDI) funds, Central City East Redevelopment ("CCE") and Coliseum Redevelopment Project Area funds, for a total contract amount of \$468,552.

The City's Commercial Lending program and its contract with OBDC are designed to achieve the creation/retention of jobs and to assist the small business community with financing small business loans. Based on the outcomes shown in this and previous reports, staff believes that OBDC's work to reach these goals has been excellent.

Below is a breakdown of OBDC contract funding for fiscal years 2009-10.

OBDC Contract – FY 09/10	
Funding Sources	Amount
<b>Existing Funding</b>	
CDBG	\$231,840
<b>Supplemental Funding</b>	
EDI	95,800
CCE	40,912
Coliseum	100,000
<b>Total Funded</b>	<b>\$468,552</b>

### FISCAL IMPACT

This report is informational only; as such, no fiscal impacts are included.

### BACKGROUND

In March 2004, the City Council approved a restructuring plan, creating the Commercial Lending Unit to provide mechanisms to improve the overall provision of services that were offered by the former One Stop Capital Shop. The program modifications were necessary to address concerns of the loan fund provider, the U.S. Department of Housing and Urban Development (“HUD”), and performance standards established by the City Council and Redevelopment Agency. In an effort to streamline these services to the business community, in a February 2004 report to City Council, CEDA proposed that lending services be consolidated under the purview of the OBDC. Staff’s recommendation for this action was based on the success OBDC experienced in administering several City-funded loan programs, lending outreach, and servicing a portion of the City’s commercial loan portfolio. At the February 24, 2004 City Council meeting, the Council approved staff’s recommendation to outsource additional lending and support services to OBDC. Based on this approval, the loan servicing, loan underwriting and marketing outreach were contracted to OBDC shortly thereafter.

Since that time, OBDC has been performing three primary services through its contract with the City/Agency. These services include the marketing and outreach of lending services and commercial loan underwriting up to \$249,500. Currently, the City of Oakland has various commercial loan programs available to the business community, including the Enhanced Enterprise Communities (“EEC”) HUD 108/EDI Loan Fund, the CCE Redevelopment Project Area Revolving Loan Fund, the Broadway Corridor Revolving Loan Fund, the Economic Development Administration (“EDA”) Loan Fund, the Neighborhood Economic Development Fund (“NEDF”), and the Micro Loan Fund. These programs have been useful tools in the assistance of hundreds of businesses. However, given the current economic climate, and

probable forecasting of future economic challenges, several commercial lending programs are in need of recapitalization to meet the current needs of Oakland's business community.

Currently, the NEDF and the Micro Loan Program provide start-up and direct financing to Oakland-based businesses for working capital, inventory, and equipment. These programs are unique in their ability to provide much-needed capital to Oakland's underserved business communities.

CEDA's Commercial Lending Unit is currently comprised of one Commercial Loan Administrator and three staff persons. Standard activities of the unit include the following:

- Loan servicing for a diversified loan portfolio, i.e., collection of loan payments, monitoring insurance policies, auditing internal posting of loan payments;
- Providing loan disbursement services;
- Occasional preparation of loan documents for redevelopment projects;
- Preparing loan documents for workouts or restructurings;
- Managing collection and foreclosure processes;
- Meeting with loan clients and reviewing loan proposals;
- Coordination and monitoring of Professional Services contracts; and
- Supplying reporting data for inquiries from the City Administrator's Budget Office, the Department of Contracting and Purchasing, the Finance and Management Agency, the City Auditor's Office, City of Oakland Consolidated Action Performance Evaluation Report (CAPER), CDBG evaluations, EDA, Department HUD and independent auditors.

Lending activities for the three previous reporting periods were as follows:

**Fiscal year period 2006-2007**

<b>CITY OF OAKLAND/OBDC LENDING IMPACTS FY 7/1/2006 - 6/30/2007</b>					
<b>BUSINESS NAME</b>	<b>Loan Amount</b>	<b>Loan Fund</b>	<b>Funding Date</b>	<b>Jobs Created/ Retained</b>	<b>Leverage Value</b>
<b>REDEVELOPMENT FUNDS</b>					
Just Pet Me, LLC	\$ 70,000	BROADWAY	8/21/06	7	\$ 211,630
Luka's, LLC dba Franklin Square Wine Bar	\$ 165,000	BROADWAY	12/22/06	57	\$ 185,001
Subtotal	<b>\$ 235,000</b>	<b>2</b>		<b>64</b>	<b>\$ 396,631</b>

<b>NEDF/MICRO LOANS</b>					
Antica Restaurants LLC-2 dba Dopo Restaurant	\$ 30,000	NEDF	8/9/06	34	\$ 37,200
Just Pet Me, LLC	\$ 26,330	NEDF	8/21/06	0	\$ 69,700
Shashamane Restaurant	\$ 40,000	NEDF	12/4/06	11	\$ 154,620
Luka's LLC dba Franklin Square Wine Bar	\$ 70,000	NEDF	12/22/06	0	\$ 48,133
Shade by David	\$ 12,250	NEDF	4/4/07	1	\$ 0
Mesui Trucking	\$ 10,000	NEDF	4/4/07	1	\$ 35,000
Jach Productions	\$ 25,000	NEDF	5/8/07	1	\$ 0
Dodgeball Baking, LLC dba La Farine Bakery	\$ 100,000	NEDF	5/17/07	20	\$ 480,666
JD-4-U-5 Trucking Co. Inc.	\$ 25,000	NEDF	5/21/07	1	\$ 0
Afterglow / AC Clothing and Bags	\$ 5,000	NEDF	5/31/07	1	\$ 0
CHS Trucking	\$ 25,000	NEDF	6/22/07	1	\$ 0
Antica Restaurants LLC-1 dba Dopo Restaurant	\$ 20,000	MICRO	8/9/06	0	\$ 34,800
Alfred Li Trucking	\$ 7,500	MICRO	8/24/06	2	\$ 0
Ramirez & Sons Trucking, Inc.	\$ 25,000	MICRO	11/8/06	1	\$ 0
Shashamane Restaurant	\$ 20,000	MICRO	12/4/06	0	\$ 103,080
Q's Hot Dogs	\$ 14,000	MICRO	12/15/06	1	\$ 2,725
Vida Behavioral Solutions	\$ 2,200	MICRO	4/2/07	4	\$ 0
Dodgeball Baking, LLC dba La Farine Bakery	\$ 25,000	MICRO	5/17/07	0	\$ 120,165
Vo's Restaurant Corporation dba Vo's Restaurant	\$ 25,000	MICRO	5/30/07	0	\$ 73,919
Blandon Trucking	\$ 18,850	MICRO	6/11/07	1	\$ 55,000
CHS Trucking	\$ 15,000	MICRO	6/22/07	3	\$ 0
<b>Subtotal</b>	<b>\$ 541,130</b>	<b>21</b>		<b>83</b>	<b>\$1,215,008</b>
<b>TOTAL CITY LENDING ACTIVITY (\$/#)</b>	<b>\$ 776,130</b>	<b>23</b>		<b>147</b>	<b>\$1,611,639</b>
<b>OBDC - OTHER NON-CITY LENDING ACTIVITY</b>					
E. Hernandez Trucking- BTT Trucking	\$ 10,000	SBA MICRO	9/26/06	1	\$ 0
Our World Books	\$ 15,000	SBA MICRO	5/9/07	2	\$ 0
Dodgeball Baking, LLC dba La Farine Bakery	\$ 35,000	SBA MICRO	5/17/07	0	\$ 0
Blandon Trucking	\$ 15,000	WF GREEN	6/11/07	0	\$ 0

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Pacific Resource Group, LLC	\$ 250,000	Stopwaste	9/15/06	3	\$ 0
Luka's, LLC dba Franklin Square Wine Bar	\$ 95,000	MECHANICS	12/22/06	0	\$ 0
Vo's Restaurant Corporation dba Vo's Restaurant	\$ 35,000	MECHANICS	5/30/07	4	\$ 0
Blue Heron Catering, Inc.	\$ 21,750	MECHANICS	6/8/07	138	\$ 0
Blue Heron Catering, Inc.	\$ 21,750	OBDC- RLF	6/8/07		\$ 0
<b>TOTAL OBDC NON-CITY LENDING ACTIVITY</b>	<b>\$ 498,500</b>	<b>9</b>		<b>148</b>	
<b>TOTAL ACTIVITY (City + OBDC-Other)</b>	<b>\$1,274,630</b>	<b>32</b>		<b>295</b>	<b>\$1,611,639</b>

- Total City Lending in FY 2006-07: **\$776,130**
- Total Number of Jobs Created/Retained: **147**
- Total OBDC Contract for FY 2006-07 **\$496,150**
- Ratio of OBDC Contract amount to City funds loaned. **63%**

**Fiscal Year 2007 – 2008**

<b>CITY OF OAKLAND/OBDC LENDING IMPACTS FY 7/1/2007 - 6/30/2008</b>					
<b>Business Name</b>	<b>Loan Amount</b>	<b>Loan Fund</b>	<b>Funding Date</b>	<b>Jobs Created/Retained</b>	<b>Leverage Value</b>
<b>REDEVELOPMENT FUNDS</b>					
Catered to You	\$ 30,000	BROADWAY	7/24/07	2	\$ 36,490
Victor J. London Photography	\$ 40,000	Broadway	6/10/08	2	\$ 55,000
Shashamane Restaurant	\$ 60,000	BROADWAY	6/20/08	11	\$ 0
Mandela Foods Cooperative, Inc.	\$ 49,500	EDA	3/18/08	10	\$ 546,471
Victor J. London Photography	\$ 36,248	EDA	6/10/08	0	\$ 0
Mandela Foods Cooperative, Inc.	\$ 200,000	EEC HUD 108	3/18/08	0	\$ 0
<b>Subtotal</b>	<b>\$ 415,748</b>	<b>6</b>		<b>25</b>	<b>\$ 637,961</b>

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<b>NEDF/MICRO FUNDS</b>					
New Leaf Trucking	\$ 18,000	NEDF	8/8/07	1	\$ 24,900
Thanh Dao Trucking	\$ 25,000	NEDF	9/5/07	1	\$ 30,000
Thyme Café, Inc.	\$ 25,000	NEDF	9/25/07	0	\$ 300,000
US Discount Center 99 Cents & Up	\$ 25,000	NEDF	10/5/07	2	\$ 0
Linden Street Brewery	\$ 60,000	NEDF	11/30/07	2	\$ 166,157
Premier Organics	\$ 70,000	NEDF	12/10/07	3	\$ 99,848
Hennessey Salge Architecture LLP	\$ 25,000	NEDF	4/24/08	2	\$ 10,000
Recapture	\$ 25,000	NEDF	5/29/08	2	\$ 5,000
Lam Toro Restaurant	\$ 25,000	NEDF	7/20/07	9	\$ 95,000
Alan Trucking	\$ 15,000	MICRO	7/26/07	1	\$ 40,000
Inamorata	\$ 17,500	OAKLAND MICRO	11/30/07	4	\$ 13,370
Thyme Café, Inc.	\$ 7,500	OAKLAND MICRO	12/21/07	6	\$ 0
Dunning Enterprises, LLC DBA Crema	\$ 25,000	OAKLAND MICRO	1/31/08	3	\$ 10,000
BmB Construction Property- Express	\$ 10,000	OAKLAND MICRO	3/28/08	11	\$ 0
Subtotal	\$ 373,000		14	47	\$ 794,275
<b>TOTAL CITY LENDING ACTIVITY (\$/#)</b>	<b>\$ 788,748</b>		<b>20</b>	<b>72</b>	<b>\$1,432,236</b>
<b>OBDC - OTHER NON-CITY LENDING ACTIVITY</b>					
Premier Organics	\$ 77,426	OBDC RLF	12/10/07	0	\$ 0
Meridian Jewelry & Design Inc.	\$ 35,000	SBA MICRO-IV	9/5/07	7	\$ 6,200
Tan Nguyen Trucking	\$ 15,000	SBA MICRO-IV	9/27/07	1	\$ 31,900
Lam Toro Restaurant	\$ 35,000	MECHANICS	7/20/07	0	\$ 0
Afterglow/ AC Clothing and Bags	\$ 3,000	MECHANICS	10/2/07	1	\$ 0
<b>TOTAL OBDC NON-CITY LENDING ACTIVITY</b>	<b>\$ 165,426</b>		<b>5</b>	<b>9</b>	<b>\$ 38,100</b>
<b>TOTAL ACTIVITY (City + OBDC-Other)</b>	<b>\$ 954,174</b>		<b>25</b>	<b>81</b>	<b>\$1,470,336</b>

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- Total City Lending in FY 2007-08: **\$788,748**
- Total Number of Jobs Created/Retained: **72**
- Total OBDC Contract for FY 2006-07: **\$558,550**
- Ratio of OBDC Contract amount to City funds loaned. **70%**

**Fiscal Year 2008 – 2009**

<b>CITY OF OAKLAND/OBDC IMPACTS FY 7/1/2008 - 6/30/2009</b>					
<b>OBDC IMPACTS FY 7/1/2008 - 6/30/2009</b>	<b>Loan Amount</b>	<b>Loan Fund</b>	<b>Funding Date</b>	<b>Jobs Created/ Retained</b>	<b>Leverage Value</b>
<b>REDEVELOPMENT FUNDS</b>					
Rocsil's Shoe Co., Inc.	\$ 35,000	BROADWAY	2/18/09	2	\$ 10,000
Grace Skye LLC DBA Farley's East	\$ 100,000	BROADWAY	4/8/09	23	\$ 160,000
Dodg Corporation	\$ 249,500	COLISEUM	8/14/08	0	\$ 49,222
Revolution Foods, Inc.	\$ 170,500	COLISEUM	2/12/09	95	\$ 6,090,000
Friendly Cab Company, Inc.	\$ 249,500	COLISEUM	5/29/09	15	\$ 339,977
Celeste Enterprises, Inc.	\$ 17,200	COLISEUM	3/20/09	1	\$ 0
Rising Sun Entrepreneurs, LLC dba La Placita de Micro Negocios	\$ 75,000	EDA	10/8/08	29	\$ 28,345
Hodo, Inc.	\$ 249,500	EEC HUD 108	12/18/08	10	\$ 500,000
Revolution Foods, Inc.	\$ 249,500	EEC HUD 108	2/12/09		\$ 0
<b>Subtotal</b>	<b>\$1,395,700</b>	<b>10</b>		<b>177</b>	<b>\$7,177,544</b>
<b>NEDF/MICRO FUNDS</b>					
Trattoria Laurellino	\$ 27,000	NEDF	12/16/08	8	\$ 49,416
Tamales Acapulco	\$ 6,644	NEDF	12/23/08	1	\$ 0
Los Angeles de Pueblias Frutas 2	\$ 6,280	NEDF	12/23/08	1	\$ 0
Domi's Fruit 2	\$ 6,280	NEDF	12/23/08	1	\$ 0
Mobile Mannsion LLC	\$ 25,000	NEDF	12/26/08	8	\$ 386,986
Primo's Caffè	\$ 30,000	NEDF	2/11/09	4	\$ 54,200
East Bay Cash Register Systems, Inc.	\$ 70,000	NEDF	2/20/09	2	\$ 2,500
Scopone LLC dba Addresso Restaurant	\$ 50,000	NEDF	3/3/09	21	\$ 360,000
Isis Health Center, Inc.	\$ 25,000	NEDF	3/13/09	1	\$ 0
Institute of Mosaic Art, LLC	\$ 26,305	NEDF	3/13/09	7	\$ 0

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Anh Lam Trucking	\$ 15,692	MICRO	11/26/08	1	\$ 40,000
Tamales Jovanni	\$ 13,112	OAKLAND MICRO	12/23/08	1	\$ 0
East Bay Cash Register Systems, Inc.	\$ 10,000	OAKLAND MICRO	2/20/09		\$ 0
Alan Fong Trucking	\$ 7,500	OAKLAND MICRO	2/25/09	1	\$ 34,471
Shannie Cakes, LLC	\$ 15,000	OAKLAND MICRO	3/6/09		\$ 0
Tamales Javier	\$ 6,644	OAKLAND MICRO	3/30/09	1	\$ 0
Subtotal	\$ 340,456	16		58	\$ 927,573
<b>TOTAL CITY LENDING ACTIVITY (\$/#)</b>	<b>\$1,736,156</b>	26		235	\$8,105,117
<b>OBDC - OTHER NON-CITY LENDING ACTIVITY</b>					
The Reuse People of America Inc.	\$ 100,000	Alameda Recycling	10/8/08	5	\$ 0
Chilangos	\$ 6,280	Comerica	12/23/08	1	\$ 0
Avalos Fashions	\$ 5,000	Comerica	1/30/09	2	\$ 0
Las Golosinas	\$ 6,280	Comerica	3/30/09	1	\$ 0
Fruta Rubalcava	\$ 6,280	Comerica	3/30/09	1	\$ 0
Grace Skye LLC DBA Farley's East	\$ 30,000	Comerica	3/31/09		\$ 0
Manos Development Corporation	\$ 20,000	Comerica	5/14/09	1	\$ 39,756
Catered To You	\$ 21,300	MECHANICS	12/31/08	1	\$ 0
Victor J. London Photography	\$ 35,000	Novagradic	11/13/08		\$ 0
Chilangos Zefe	\$ 6,280	Novagradic	12/23/08	1	\$ 0
Los Angeles de Pueblas 1	\$ 6,280	Novagradic	12/23/08	1	\$ 0
Rocsil's Shoe Co., Inc.	\$ 10,000	Novagradic	2/18/09		\$ 0
Madison Park Financial	\$ 338,970	CAL-REUSE	11/25/08		\$ 0
Civiq, Inc.	\$ 159,195	CAL-REUSE	11/25/08		\$ 0
785 7th Street	\$ 75,000	CAL-REUSE	5/15/09		\$ 0
Revolution Foods, Inc.	\$ 80,000	OBDC- RLF	12/22/08		\$ 0
Mobile Mannsion LLC	\$ 100,000	OBDC- RLF	12/26/08		\$ 0
Tamales Lorena	\$ 6,643	SBA MICRO-IV	12/23/08	1	\$ 0
Shannie Cakes, LLC	\$ 20,000	SBA MICRO-IV	3/6/2009		\$ 0
Crema Coffee Bar- Clorox	\$ 10,000	SBA MICRO-IV	5/29/09	3	\$ 10,000
Friendly Cab, Inc.	\$ 35,000	WELLS FARGO	5/29/09	1	\$ 100,000
<b>TOTAL OBDC NON-CITY LENDING ACTIVITY</b>	<b>\$1,077,507</b>	21		19	\$ 149,756

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<b>TOTAL ACTIVITY (City + OBDC-Other)</b>	<b>\$2,828,663</b>	<b>47</b>	<b>254</b>	<b>\$8,254,873</b>
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- Total City Lending in FY 2008-09: **\$1,736,156**
- Total Number of Jobs Created/Retained: **177**
- Total OBDC Contract for FY 2006-07: **\$ 558,550**
- Ratio of OBDC Contract amount to City funds loaned. **26%**

Of each contract amount reported above for the last three fiscal years (2006-07, 2007-08, and 2008-09), approximately 60% of the cost was for commercial loan underwriting, and the remaining 40% was utilized for marketing and outreach, technical assistance and monitoring jobs. The percentage of funds spent on administering the loan versus the amount of funds disbursed for loans, does not gauge the performance of the contractor. Consideration should be taken for other lending functions such as technical assistance and marketing outreach which are not compensated for in the ratio of OBDC contract amounts to City funds loaned. The number of jobs created and/or retained in the Oakland business community over the past three reporting periods as a result of City loans in the Oakland business community has totaled **454**. OBDC's other non-City lending activity over the same period resulted in creation and/or retention of **630** jobs in the Oakland business community.

Contract cost comparisons for the past three fiscal years are highlighted below:

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 – (reduction)	100,000	ORA (reduction)	100,000
		EDI	185,800	EDI	95,800
<b>Total Funded</b>	<b>\$496,150</b>		<b>\$558,550</b>		<b>\$468,550</b>

The OBDC contract increased from year 2006-07 to 2007-08 by **12%** due to the increase in services they provided, including the additional tasks of servicing all the City commercial loans and implementing a more detailed job monitoring process. Although the transfer and expansion of underwriting and marketing outreach services has been successful, staff proposed a \$90,000, or 16%, reduction in the 2008-2009 OBDC contract to administer the commercial loan programs. This program modification reduced the delay time in processing loan payments, thereby providing a more efficient loan servicing process. By transferring the loan servicing component back into CEDA's Commercial Lending unit, the lapse of time to post and process payments was reduced and OBDC was able to focus on marketing the City's loan programs, and become more aggressive in pursuit of targeted loan goals, as outlined in the OBDC contract.

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Oakland Business Development Corporation reported *audit revenues for each reported fiscal years were:*

FY 2006-2007	FY 2007-2008	FY 2008-2009
\$997,422	\$1,115,269	\$1,262,831
<b>Percentage of OBDC Revenues versus City's Contract Amount</b>		
<b>\$496,150</b>	<b>\$558,550</b>	<b>\$468,550</b>
50%	50%	37%

**KEY ISSUES AND IMPACTS**

This report summarizes the activities undertaken by the Commercial Lending Unit and its service delivery partners from July 2007 through June 2009. Actions during this reporting period include the pursuit and collection of delinquent and defaulted loans, negotiation and execution of Professional Services Agreements contracted with commercial lending service providers, contract monitoring, and fiscal management of loan funds.

**Defaulted Loans**

A loan is considered defaulted after the loan has become 90 days (3 months) past due. The default rates for each of the reporting periods reflect the number of loans that were characterized as defaulted during the review period compared to the total number of loans in the portfolio.

Fiscal Year 2006-2007

<u># of Defaulted Loans</u>	<u>Amount of Defaulted Loans</u>	<u>Total Amount of Loan Portfolio</u>	<u>Default Percentage (Rate)</u>
4	\$31,239	\$7,480,819	.42%

Fiscal Year 2007-2008:

<u># of Defaulted Loans</u>	<u>Amount of Defaulted Loans</u>	<u>Total Amount of Loan Portfolio</u>	<u>Default Percentage (Rate)</u>
4	\$36,248	\$8,269,567	.44%

Fiscal Year 2008-2009:

<u># of Defaulted Loans</u>	<u>Amount of Defaulted Loans</u>	<u>Total Amount of Loan Portfolio</u>	<u>Default Percentage (Rate)</u>
3	\$75,981	\$10,005,723	.76%

These low default rates are due in part to staff's aggressive efforts to collect delinquent and defaulted loans, and adherence to strict underwriting criteria. Commercial Lending staff, in collaboration with the City Attorney's Office and the Finance and Management Agency, continues to pursue delinquent and defaulted loan balances.

**SUSTAINABLE OPPORTUNITIES**

**Economic:** The continued funding of OBDC's activities under the proposed contract will support the hiring of local residents and compliance with the specific hiring requirements of funding agencies, which complement the City's local hiring goals.

Businesses locating in Oakland enhance Oakland's economic sustainability and ability to provide services to its residents through payment 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 the City's commercial loan programs and technical assistance services will continue to be available to all Oakland citizens regardless of age or disability.

**RECOMMENDATION(S) AND RATIONALE**

Staff recommends that City Council accept this comprehensive status report regarding Commercial Lending activities and the Oakland Business Development Corporation (OBDC) contract for Fiscal Years 2006-07, 2007-08 and 2008-09.

**ALTERNATIVE RECOMMENDATION(S) AND RATIONALE**

In future discussions on City budget and OBDC contract matters, the City Council could opt not to continue funding these efforts. Staff believes the consequences of such change would result in the end of commercial loan programs to create and/or retain jobs for low-to-moderate income residents, a sharp decline in the ability of the Oakland small business community to finance small business loans, and a decline in investment of public and private sector dollars into Oakland businesses. Staff believes that the costs of bringing back the responsibility of commercial loan underwriting, job monitoring, marketing and outreach services in-house would cost approximately twice as much as the amount of the current OBDC contract.

**ACTION REQUESTED OF THE CITY COUNCIL AND REDEVELOPMENT AGENCY**

Staff requests that the Council accept this informational report.

Respectfully submitted,

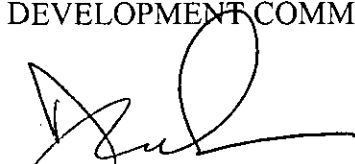


Walter S. Cohen, Director  
Community and Economic Development Agency

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

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

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE:

  
\_\_\_\_\_  
Office of the City/Agency Administrator

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Community and Economic Development Committee  
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