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OFFICE OF THE CITY CLERK
OAKLAND

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

2007 AUG 29 AM 11:31

To: Office of the City/Agency Administrator
Attention: Deborah Edgerly
From: Community and Economic Development Agency
Date: September 11, 2007

Re: An Agency Resolution Authorizing a \$200,000 Tenant Improvement Grant to the Mandela Foods Cooperative to Rehabilitate its Grocery Store at 1420-1430 7th Street, and Allocating West Oakland Redevelopment Funds for the Grant

SUMMARY

This item is a request for Redevelopment Agency approval of a resolution authorizing a \$200,000 tenant improvement grant for the Mandela Foods Cooperative and allocating West Oakland Redevelopment funds for the grant. Mandela Foods Cooperative is a locally-owned and operated full-service grocery store and health education center based in West Oakland. This project is located in City Council District 3.

FISCAL IMPACTS

A total of \$200,000 will be allocated from the West Oakland Redevelopment Fiscal Year 2006-07 West Oakland Operations Fund (9590), West Oakland Base Reuse Organization (88679), West Oakland Repayment Project (\$233510) for the Mandela Foods Cooperative tenant improvement grant.

BACKGROUND

Mandela Foods Cooperative ("MFC") is a locally-owned and operated full-service grocery store and health education center that is presently negotiating a lease for a vacant space at 1420-1430 7th Street in the Mandela Gateway development. Mandela Foods Cooperative is supported by Mandela MarketPlace, Inc. a non-profit small business incubator that seeks to provide economic opportunity and community empowerment for West Oakland residents, businesses, and local farmers by activating the marketplace for fresh, locally-grown, and affordable foods. Mandela MarketPlace, Inc. provides technical, financial, and operational assistance to MFC. The grocery store will provide wholesome, fresh and locally-grown foods at affordable prices. Additionally, MFC will provide jobs and investment opportunities for local residents through a cooperative business model that recycles profits back into the community.

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In February 2006, MFC asked the West Oakland Project Area Committee (“WOPAC”) for financial support for the grocery store project. On February 27, 2006, the WOPAC made a motion supporting the project and approving a grant of \$201,825 in West Oakland redevelopment funds to cover a 15-months rent guarantee required by the property owner, BRIDGE Housing (“BRIDGE”). Since the time the original motion was passed, BRIDGE decided to lease the original space to another tenant and MFC is negotiating a lease for a smaller space at 1420-1430 7th Street within the same mixed-use development. At the June 13, 2007 WOPAC meeting, MFC asked the WOPAC to renew their support for the project in the smaller space and to provide financial assistance for tenant improvements to this space. On June 13, 2007, the WOPAC approved a motion to fund a \$200,000 tenant improvement grant for MFC.

KEY ISSUES AND IMPACTS

The West Oakland Project Area Committee (“WOPAC”) is a publicly elected organization of volunteer community representatives who live, work, own property or represent a community organization active in the West Oakland Redevelopment Project Area (“Project Area”). The WOPAC serves as an advisory body to the Oakland Redevelopment Agency on policy matters which affect the residents and businesses of the Project Area. For several years the WOPAC and the larger West Oakland community have expressed the need for a grocery store that sells affordable quality food in West Oakland. Additionally, revitalizing the 7th Street corridor is a priority for the WOPAC. MFC’s proposed grocery store will support these goals.

Presently there is no full-service grocery store in West Oakland and the area suffers from an abundance of liquor stores, convenience stores and fast-food restaurants. MFC intends to address the long-standing need to improve access to healthy and affordable food in West Oakland. MFC will offer wholesome, fresh and affordable foods including produce, meats/fish, dairy, frozen foods, and prepared foods as well as everyday household goods and an assortment of specialty items. MFC’s health education center will include nutrition education resources, programs and events. In addition, MFC will provide jobs and job training for local residents. The cooperative business model will recycle profits back into the hands of worker-owners recruited from the local community.

PROJECT DESCRIPTION

MFC will be located at 1420-1430 7th Street in the Mandela Gateway mixed-use development. The grocery store will occupy 2,270 square feet of ground floor retail space in the project. The site is directly across the street from the West Oakland BART station, a major public transportation hub. The store’s proximity to BART makes it easily accessible to local residents and to the broader community. The grocery store will support future development around the West Oakland BART station, including the West Oakland Transit Village and 7th Street Streetscape improvements.

The \$200,000 grant will be structured as a one-to-one matching grant reimbursable upon completion of certain agreed upon benchmarks. The final reimbursement will not be disbursed until the project is completed and approved. Grant funds will be used for tenant improvements including plumbing, electrical and HVAC systems, lighting, acoustic ceilings, food preparation area, paint, flooring, and other improvements. Construction is scheduled to begin in October 2007 and Mandela Foods Cooperative anticipates opening for business in November 2007.

This project is consistent with the Redevelopment Plan and Five Year Implementation Plan for the West Oakland Redevelopment Project Area. Both plans include the following goals and objectives: Enhance neighborhood quality and foster economic and neighborhood vitality, provide education and healthcare programs for all members of the Project Area community, assist with neighborhood commercial revitalization, and increase employment opportunities for residents in the Project Area. MFC will improve the quality of life of West Oakland residents and promote retail activity and economic development along the 7th Street corridor. Since the lack of necessary commercial facilities, such as grocery stores, in a redevelopment project area is an economic blight condition under state redevelopment law, Agency assistance to this project serves a recognized redevelopment purpose.

SUSTAINABLE OPPORTUNITIES

Economic:

This project will increase commercial activity and economic development along the 7th Street corridor in West Oakland. The store will provide much needed goods and services to this area of West Oakland. Grocery and product sales will increase sales tax revenue for the City of Oakland.

Environmental:

MFC will promote sustainable business practices and utilize green building techniques. The project's proximity to BART will encourage public transit ridership and pedestrian activity along the 7th Street corridor.

Social Equity:

This project will provide existing low income West Oakland residents access to fresh and nutritious foods and nutrition education. MFC will also provide employment and investment opportunities for West Oakland residents.

DISABILITY AND SENIOR CITIZEN ACCESS

This project will improve access to healthy foods for all West Oakland residents. The project will comply with City, State, and Federal ADA requirements.

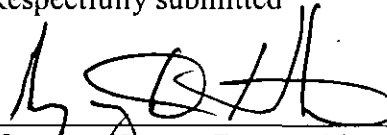
RECOMMENDATION AND RATIONALE

Staff recommends that the Agency authorize a \$200,000 tenant improvement grant for the MFC project. This project will provide a much needed source for healthy food and nutrition education for West Oakland residents. The project will catalyze commercial activity along Seventh Street and encourage economic development in the Project Area. This project is a high priority for the WOPAC.

ACTION REQUESTED OF THE REDEVELOPMENT AGENCY/CITY COUNCIL

It is requested that the attached resolution be approved authorizing a \$200,000 tenant improvement grant for MFC and allocating West Oakland Redevelopment funds for the grant.

Respectfully submitted



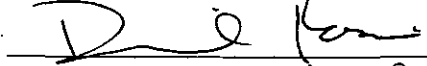
Gregory Hunter, Deputy Director of
Redevelopment and Economic Development

Prepared by:
Christine Lebron
Urban Economic Analyst I

APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:



Office of the City/Agency Administrator


Agency Counsel

2007 AUG 29 AM 11:31

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING A \$200,000 TENANT IMPROVEMENT GRANT TO THE MANDELA FOODS COOPERATIVE TO REHABILITATE ITS GROCERY STORE AT 1420-1430 7th STREET, AND ALLOCATING WEST OAKLAND REDEVELOPMENT FUNDS FOR THE GRANT

WHEREAS, the West Oakland Redevelopment Project Area contains many vacant commercial properties in need of revitalization and physical improvement; and

WHEREAS, the West Oakland Project Area Committee ("WOPAC") has prioritized the need for a full-service grocery store in the West Oakland Project Area; and

WHEREAS, California Health & Safety Code section 33031 provides that a lack of necessary commercial facilities that are normally found in neighborhoods, such as grocery stores, is an economic blight condition in a redevelopment project area; and

WHEREAS, there is presently no full-service grocery store in West Oakland and the area suffers from an abundance of liquor stores, convenience stores and fast-food restaurants; and

WHEREAS, the Mandela Foods Cooperative is a locally-owned and operated full-service grocery store and health education center seeking to address the long-standing need to improve access to healthy and affordable food in West Oakland; and

WHEREAS, the Mandela Foods Cooperative will sell wholesome, fresh and locally-grown foods at affordable prices in addition to providing health education programs and resources for West Oakland residents; and

WHEREAS, the Mandela Foods Cooperative has requested a \$200,000 tenant improvement grant to assist with improvements to the commercial space being leased for this project at 1420-1430 7th Street; and

WHEREAS, such rehabilitation and revitalization will assist in the elimination of blight and the retention of a neighborhood-serving business in the West Oakland Project Area by providing necessary commercial facilities to the Project Area, promoting retail activity and economic development along the 7th Street corridor, and supporting future development around the West Oakland BART station, including the West Oakland Transit Village and 7th Street Streetscape improvements; and

WHEREAS, the grant is consistent with and will further the purposes of the West Oakland Redevelopment Plan and Five Year Implementation Plan; now therefore be it

RESOLVED: That the Agency hereby authorizes a \$200,000 tenant improvement grant to the Mandela Foods Cooperative to assist with improvements to the commercial space being leased for this project at 1420-1430 7th Street; and be it further

RESOLVED: That the Agency hereby allocates \$200,000 from Fiscal Year 2006-07 West Oakland Redevelopment Operations Fund (9590), West Oakland Base Reuse Organization (88679), West Oakland Repayment Project (S233510) for this grant; and be it further

RESOLVED: That the Agency authorizes the Agency Administrator or her designee to negotiate and execute the grant contract for this grant, and to take other actions with respect to this grant and project consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2007

PASSED BY THE FOLLOWING VOTE:

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

NOES-

EXCUSED-

ABSTENTION-

ABSENT-

ATTEST: _____
LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland