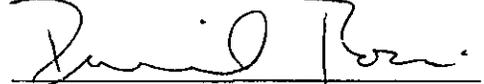


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OFFICE OF THE CITY CLERK
OAKLAND

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APPROVED AS TO FORM AND LEGALITY:


Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING AN OWNER PARTICIPATION AGREEMENT WITH SVC MANUFACTURING, INC., DBA GATORADE, FOR RETENTION, EXPANSION AND IMPROVEMENT OF ITS MANUFACTURING FACILITY AT 5625 INTERNATIONAL BOULEVARD, AND AN AGENCY PAYMENT NOT TO EXCEED \$250,000 FOR REPAVING 57TH AVENUE ADJACENT TO THE FACILITY

WHEREAS, SVC Manufacturing, Inc., dba Gatorade, ("Gatorade") has operated one of its seven United States plants in Oakland since 1969 and employs 160 staff, nearly one third of whom are Oakland residents; and

WHEREAS, the Gatorade manufacturing facility at 5625 International Boulevard is located within the Coliseum Redevelopment Project Area; and

WHEREAS, Gatorade has requested Agency assistance to rehabilitate its facility in order to maintain and enhance its operations in the Coliseum Redevelopment Project Area; and

WHEREAS, needed improvements to the Gatorade facility include repaving that portion of 57th Avenue adjacent to the facility, which street is now privately owned, in order to improve truck access to the facility; and

WHEREAS, Health and Safety Code Section 33444.6 authorizes a redevelopment agency to assist with the financing of facilities or capital improvements on properties used for industrial or manufacturing purposes within a project area and as part of an agreement providing for the rehabilitation of the property; and

WHEREAS, a public hearing on this funding request was held as required by Health and Safety Code Section 33444.6; and

WHEREAS, the Coliseum Area Redevelopment Plan and its Implementation Plan provide for participation by owners in the rehabilitation and improvement of their properties in the project area, and assistance by the Agency in such efforts; and

WHEREAS, other public agencies are providing inducements for Gatorade to remain in operation in Oakland; now, therefore, be it

RESOLVED: That the Redevelopment Agency hereby authorizes the Agency Administrator to negotiate and execute an Owner Participation Agreement (“OPA”) with Gatorade, the primary terms of which shall be based upon the “Term Sheet” attached to this Resolution as Exhibit A, for retention, rehabilitation and expansion of its manufacturing facility at 5625 International Boulevard; and be it further

RESOLVED: That a condition of the OPA will be that Gatorade execute a binding First Source Hiring Agreement that will require Gatorade to hire all qualified Oakland residents referred for all employment vacancies prior to considering non-Oakland applicants for a three year period from the execution date of the Agreement; and be it further

RESOLVED: That the failure of Gatorade to comply with the terms of the First Source Hiring Agreement will constitute a default and will require Gatorade to reimburse the Agency the full amount of the Agency payment; and be it further

RESOLVED: That, in connection with the OPA, the Redevelopment Agency hereby authorizes an Agency payment not to exceed \$250,000 from Coliseum Area redevelopment funds (Fund 9450, Org 88559, Project S82620, Program SC11) for the cost of repaving 57TH Avenue adjacent to the facility; and be it further

RESOLVED: That the Agency hereby finds and determines that the Agency financial assistance is necessary for the economic feasibility of the rehabilitation of the Gatorade manufacturing facility, and that the assistance cannot be obtained on economically feasible terms in the private market for such development, because Gatorade has indicated their intent to leave Oakland and California if financial assistance is not provided sufficient to offset offers from non-California communities; and be it further

RESOLVED: That the Agency Administrator or her designee is hereby authorized to take whatever action with respect to the OPA and the Agency funding which is necessary and consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2005

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

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

EXHIBIT A

SVC Manufacturing, Inc., dba Gatorade
OPA Term Sheet

The Redevelopment Agency shall:

- a. Provide up to \$250,000, on a reimbursement basis, towards street repaving on 57th Avenue. The Agency payment shall be conditioned on Gatorade demonstrating that it has expended no less than \$6 million for purchase and installation of new equipment and facility improvements to upgrade the existing facility. Commencement of the accrual of said expenditures shall date back to August 10, 2004, the date Gatorade notified the Agency of its intent to re-invest in Oakland.
- b. Use best efforts to facilitate Gatorade's use of available Enterprise Zone Tax Credits.
- c. Use best efforts to facilitate communication and coordination of multiple public and quasi-public agencies for the benefit of Gatorade's operational upgrade and economic viability, including Pacific Gas and Electric, East Bay Municipal Utility District, and the State Department of Business, Housing and Transportation.

SVC Manufacturing, Inc., dba Gatorade, shall perform the following and shall submit documentation at the City's request demonstrating best efforts in items a-c below:

- a. Use best efforts to retain its existing workforce of 160+ employees in Oakland.
- b. Use best efforts to apply an estimated \$1.1 million in State Employment Development Department funding to the retraining of its Oakland workforce.
- c. Use best efforts to continue to spend locally for its supplies. Average annual expenditures in recent years have approximated \$ 1.5 million.
- d. Coordinate with East Bay Municipal Utility District to upgrade water service on 57th Avenue, thereby improving the fire safety at its plant and other businesses' facilities on 57th Avenue.
- e. Execute a binding First Source Hiring Agreement that will require SVC to hire all qualified Oakland residents referred for all employment vacancies prior to considering non-Oakland applicants for a three year period from the execution date of the Agreement. Failure of SVC to comply with this Agreement will constitute a default and will require SVC to reimburse the Agency the full amount of the Agency payment.
- f. Comply with Oakland's Living Wage Ordinance and all other terms and conditions of an Agency Owner Participation Agreement.

- g. Comply with the Agency's employment and contracting programs for the street repaving work, including prevailing wage, local construction employment, local/small local business contracting, and apprenticeship requirements.
- h. Invest no less than \$20 million in new equipment and facility upgrades at its existing site at 5625 International Blvd. in Oakland from August 10, 2004, to December 31, 2007. If it does not, it shall repay the Agency an amount equivalent to the unexpended percentage of \$20 million, times the actual amount expended by the Agency for the repaving of 57th Avenue.

The Owner Participation Agreement shall expire June 30, 2008, except for living wage requirements, which shall be applicable for five years following the date construction of the 57th Avenue improvements commences.