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Agency Counsel

REDEVELOPMENT AGENCY OF OF THE CITY OF OAKLAND

2010 - 0013
RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING A GRANT IN AN AMOUNT NOT TO EXCEED \$65,000, TO GAZZALI'S SUPERMARKET AT 73RD AND BANCROFT AVENUES IN THE CENTRAL CITY EAST REDEVELOPMENT PROJECT AREA TO PAY OFF AN ECONOMIC DEVELOPMENT ADMINISTRATION WORKING CAPITAL LOAN

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 in a redevelopment Project Area; and

WHEREAS, a key strategy and major goal of the Redevelopment Plan for the Central City East ("CCE") Redevelopment Project Area is to strengthen business function in the Project Area, and

WHEREAS, the Central City East Redevelopment Operating Expenditure account was established to utilize funds to strengthen retail and other commercial functions in the Project Area; and

WHEREAS, Gazzali's Supermarket Corporation ("Borrower") is in the Eastmont Mall located at the corner of Bancroft and 73rd Avenues, an ideal location in the corner position in the mall, making it highly visible from both 73rd and Bancroft Avenues and within the Central City East (CCE) Redevelopment Project Area, and

WHEREAS, in December 2004, the Borrower applied for and received from the City of Oakland, an Economic Development Administration ("EDA") loan in the amount of \$65,000 to provide adequate working capital to cover business expenses through the startup phase, and to attempt to reduce the deficit in operating expenses to a breakeven point, and

WHEREAS, the terms of the EDA loan were re-negotiated in early 2009 in an effort to assist the Borrower with a monthly payment schedule to repay the EDA loan, but the business has continued to experience cash-flow problems due to the downturn of the general economy; and

WHEREAS, staff recommends the funding of a grant in an amount not to exceed \$65,000 to the owners of the Gazzali's Supermarket to pay-down existing loan debt; and

WHEREAS, staff presented the proposed grant request to the Central City East Project Area Committee (the "PAC") on September 11, 2009 and the PAC approved a motion to accept staff's recommendation to provide Gazzali's Supermarket an amount of up to \$65,000; and

WHEREAS, the Agency's grant to Borrower will be used to sustain the only supermarket in this vicinity by reducing loan debt to the City of Oakland, thereby increasing the amount of Borrower's income available for operating expenses, which will assist the Borrower in continuing to operate this grocery store in a positive and progressive manner; and

WHEREAS, financial assistance from the Agency is necessary for the business' financial stability, and the assistance cannot be obtained on economically feasible terms in the private market; and

WHEREAS, the principals of Borrower are family members that are capable and experienced business owners who have made an investment in the area, with a commitment to hire Oakland residents and provide a full service supermarket in the CCE community; and

WHEREAS, for a period of at least one year from the date the grant is disbursed, the business will be required to remain in operation and to retain or create a total of at least 25 permanent jobs which shall be filled primarily by low- and moderate- income Oakland residents; and

WHEREAS, sufficient Central City East Redevelopment ~~Project~~ Area funds are available to fund the proposed grant not to exceed \$65,000, from the Central East Oakland Operations (9450), Central City East Redevelopment Area, (88699), Project No. S233360 (Central City East Public/Private Development Fund); and

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now, therefore, be it

RESOLVED: That the Agency hereby authorizes a grant from Central City East Redevelopment Project Area funds to Gazzali's Supermarket Corporation in amount not to exceed \$65,000, to pay off an existing City Economic Development Administration loan, thereby increasing the amount of business cash flow available for operations; and be it

FURTHER RESOLVED: That sufficient Redevelopment Agency CCE Redevelopment Funds are available and funds for the grant will be allocated from the Central East Oakland Operations (9450), Central City East Redevelopment Area (88699), Project No. S233360 (Central City East Public/Private Development Fund); and be it

FURTHER RESOLVED: That the Agency finds and determines the following:

1. That the use of tax increment funds from the Central City East Redevelopment Project Area for this grant is consistent with the redevelopment plan goal of retaining businesses in the Project Area;
2. That the funding of this grant to Borrower will benefit the Central City East Redevelopment Project Area by facilitating the continued operation of one of the few supermarkets in the area, thereby providing essential goods to area residents; and be it

FURTHER RESOLVED: That the making of an Agency grant shall be contingent upon and subject to such appropriate terms and conditions as the City Administrator, or his designee, may determine, which shall include, but not be limited to, the following:

1. Food, merchandise and fresh produce should be from local food vendors and manufacturers;
2. Every position is to be filled and at least three Oakland residents will be interviewed before hiring any candidate;
3. By February 26, 2010, Borrower shall work directly with staff to participate in the Enterprise Tax Credit Zone Incentives Program which will allow the supermarket to reduce its state taxes by taking advantage of Enterprise Zone benefits; and
4. During the next program course cycle beginning July 1, 2010, Borrower shall participate in the Created in Oakland Program, a small business technical assistance program designed to educate business owners about how to build their business capacity through growing their sales; and be it

FURTHER RESOLVED: That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the Agency is exempt from CEQA under Section 15061(b)(3) (activity covered by the general rule, no significant effect on the environment) and Section 15301 (existing facilities), of the CEQA Guidelines, and directs the Agency Administrator to file a Notice of Exemption and an Environmental Declaration (under California Fish and Game Code section 711.4) with the County of Alameda; and be it

FURTHER RESOLVED: That the Agency Administrator, or his designee, is authorized to conduct negotiations, execute documents, administer the contract and make amendments thereto, modify or extend the agreement, and take any other action necessary with respect to the agreements and their 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 Agency Counsel and shall be placed on file in the Office of the Secretary of the Redevelopment Agency.

IN AGENCY, OAKLAND, CALIFORNIA, JAN 19 2010 2010

PASSED BY THE FOLLOWING VOTE:

AYES - KERNIGHAN, NADEL, QUAN, DE LA FUENTE BROOKS, ~~REID~~, KAPLAN AND
CHAIRPERSON BRUNNER - 7

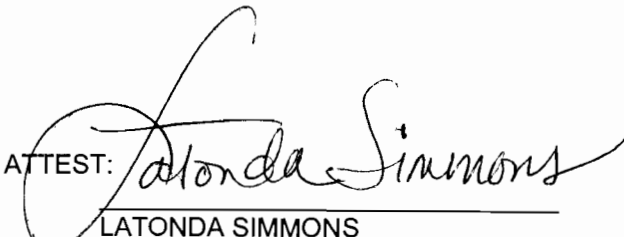
NOES - 0

ABSENT - 0

ABSTENTION - 0

Excused - Reid - 1

ATTEST:


LATONDA SIMMONS

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