

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

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2008 OCT -2 PM 3:43

TO: Office of the Agency Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: October 14, 2008

RE: A Report and Resolution Authorizing Commercial Tenant Improvement and Façade Improvement Matching Grants to a) Dobake Bakeries In An Additional Amount Not To Exceed \$45,000, for a Total Grant Amount Not to Exceed \$90,000 (Coliseum Redevelopment Project Area); b) Revolution Foods in an Amount Not to Exceed \$90,000 (Coliseum Redevelopment Project Area); and c) PS Print In An Amount Not To Exceed \$75,000 (West Oakland Redevelopment Project Area)

SUMMARY

Staff recommends that the Agency fund three Commercial Tenant Improvement and Façade Improvement Grants above the program allotted amount of \$45,000 in order to support redevelopment in the Coliseum and West Oakland redevelopment project areas. The following are the recommended grants:

PS Print	West Oakland Redevelopment Project Area	\$75,000
Dobake Bakeries	Coliseum Redevelopment Project Area	\$45,000*
Revolution Foods	Coliseum Redevelopment Project Area	\$90,000

* Additional to a \$45,000 TI grant received in 2007, making a cumulative amount of \$90,000

The physical improvements to be conducted at all three properties will result in the reduction of blight and vacancies in these redevelopment areas. The Façade improvements at PS Print will enhance the investment made by the State of California on Mandela Parkway and inspire further private investment along this under-developed commercial corridor. The Tenant Improvement to be made at 810-81st Avenue and 8383 Capwell Drive will improve local older building stock and modernize the appearance and function of these large production facilities. In addition to the funds' contribution to the reduction of blight, all three businesses employ over 50 people with considerable numbers of local residents. The granting of these funds in an amount over \$50,000 will trigger the application of local construction employment and local/small business contracting requirements as well as First Source Agreements to prioritize the hiring of qualified Oakland residents whenever possible.

FISCAL IMPACTS

The matching grants help to increase business productivity, and thereby add revenue to the City through increased sales tax, business license, and property tax revenue, and increase local employment opportunities for Oakland residents.

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Proposed Budget Sources for Commercial Tenant Improvement Programs

Business	Fund	Org	Project/ Redevelopment Area	Matching Grant Proposed
Dobake Bakeries	ORA 9450	88659	Coliseum Redevelopment Project Area, Project to be Determined	\$ 45,000*
Revolution Foods	ORA 9450	88659	Coliseum Redevelopment Project Area, Project to be Determined	\$ 90,000
PS Print	ORA 9590	88679	West Oakland Redevelopment Project Area, Project to be Determined	\$ 75,000

* Additional to a \$45,000 TI grant received in 2007, making a cumulative amount of \$90,000

BACKGROUND

The Agency offers Commercial Tenant Improvement and Façade Improvement matching grant programs in all of its redevelopment project areas towards the removal of blight and improvement of physical conditions in the area. The budget for these improvements is determined through the two-year adopted budget cycle. The Coliseum Redevelopment Project Area has allocated \$350,000 for the Commercial Tenant Improvement programs, while the West Oakland Redevelopment Project has \$75,000 in funds for this proposed use. The West Oakland Redevelopment Project Area Committee has recommended re-funding these programs.

KEY ISSUES

The following is a description of the three businesses recommended to receive commercial Tenant Improvement and Façade Improvement grants above the normal limits of those programs due to their exceptional growth and contribution to living wage jobs in Oakland. The Commercial TI and Façade Improvement matching grant programs are conducted on a reimbursement basis. The company files a Tenant Improvement or Façade Improvement application with the Redevelopment Division. The company then conducts the work according to the TI or Façade improvement scope, pays for the improvement directly, then requests the approved 50% matching grant as a reimbursement. All three companies have agreed to use Local contracting procedures, as required by the City as a procedure in any grants or contracts over \$50,000, and have agreed to participate in First Source Agreements to hire qualified Oakland residents whenever possible.

PS Print

PS Print is requesting a Façade Improvement grant in the amount of \$75,000 to help finance a \$150,000 project to improve its retail entry and improve conditions in its delivery areas. PS Print is a West Oakland company leading a new market paradigm for how short-run, quick turn-around, printed marketing materials are purchased and delivered. Since 1990 PS Print has provided printing and service to nearly 500,000 small businesses and individuals. PS Print provides high quality, reasonably priced printed products and services with turnaround times

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previously considered unachievable. PS Print has two printing facilities, with its primary production facility and headquarters located in West Oakland at the top of Mandela Parkway, between 26th and 32nd Streets. In 2006-07 PS Print was experiencing tremendous growth, and the company began a regional search for a new location in which to expand. Despite its appreciation of its great location, the 30,000 sf existing facility constrained growth, and the company was challenged by the lack of parking and poor neighborhood infrastructure on its side streets (32nd, 26th and Wood Streets). Business Development staff worked with the company to retain it in Oakland. PS Print was successful in negotiating a new lease for an additional 30,000 sf for a total of 65,000 sf, in time to accommodate the installation of a \$2,500,000 purchase and installation of a Komori press, which was purchased through a state-approved Industrial Development Bond. PS Print values its current location, which is convenient for its employees and customers.

In 2007 PS Print spent over \$750,000 to improve its Oakland facility, in addition to the investment in the Komori press. It has increased its production space, but the customer and delivery entries are under-developed. PS Print plans to embark on a \$150,000 improvement project for its customer entry on 32nd Street, needed to enhance customer safety and security, as well as improve its delivery areas for similar reasons. PS Print has been heavily impacted by the upward trend of commercial vandalism and crime in the last several years and such improvements are an improvement for both the business and for the community. Business Development staff continues to work with PS Print directly and through the West Oakland BusinessAlert program to support its growth in Oakland.

Dobake Bakeries

Dobake Bakeries is seeking \$45,000 in support from the Coliseum Tenant Improvement (TI) matching grant program. This is additional to a \$45,000 TI grant received in 2007, making a cumulative amount of \$90,000 from Coliseum TI program funds. Dobake is a large scale manufacturer of baked products. Dobake's products are well known locally and are often retailed under other names and sold pre-packaged in convenience stores and large cash and carry businesses such as Costco.

In 2007 Dobake moved from its 60,000 sf facility in West Oakland, which lacked sufficient parking, delivery and production space, into 120,000 sf of the former Mothers Cake and Cookies factory, now called Coliseum Industrial Center. Dobake consolidated its West Oakland and Hayward facilities into this new single production bakery, and now has 175 employees in its facility at 810-81st Avenue. The new facility and growth has enabled them to embark on a series of new "healthy choice" products which are in the development stages. They have re-employed many Oakland workers who were longtime employees of Mothers Cookies, as well as re-employing workers who were displaced by the move of Sconza Candy, also on 81st Avenue, to Oakley. Dobake and its landlord, Ellis Partners, have invested over \$500,000 in its facility renovation, which began last year. The current request of \$45,000, for a cumulative total of

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\$90,000 in Agency TI funds, is needed to help finance a \$350,000 improvement, re-sealing of the entire production floor, which is necessary to meet modern standards.

Revolution Foods

Revolution Foods is requesting \$90,000 in support through the Coliseum Tenant Improvement matching grant program. Revolution Foods is a healthy school lunch caterer. Revolution Foods serves hot meals and snacks to over forty schools, and has a waiting list of over 15 schools. It delivers individually packaged healthy choice meals to client schools from San Jose to Richmond, including San Francisco, but the majority of its clients are located in the City of Oakland. The company is experiencing major growth and was constrained in its small 3,000 sf Alameda facility. Staff worked with Revolution to find an Oakland location, and seeks support through the TI grant program to create a modern kitchen facility in a 20,000 sf space at 8383 Capwell Drive in the Airport Business Park. Revolution Foods creates good jobs for low to moderate-income individuals. Over 40 employees work for the company's East Bay operations currently, almost 75% are from low-to-moderate income households. About one-third of their current employees are Oakland residents. Within the next year, they plan to hire upwards of 20 more people from the Oakland community onto the food production team, driver/delivery and administrative teams. Revolution Foods plans to hire another 15-20 people per year as they continue to grow. Revolution Foods pays all employees above Oakland's living wage and offers full health benefits and company ownership to every employee.

PROJECT DESCRIPTION

The Commercial Tenant Improvement and Façade Improvement matching grant programs provide tangible and immediate benefits to business in a critical stage of development, promotes the City's goodwill toward the private sector, thereby encouraging business development in the City. The proposed matching grants will be a positive reinforcement of Oakland's goals to grow its local economy. The currently proposed three matching grants, which total \$255,000, will leverage over \$1,000,000 in private investment, reduce blight and abate outdated or poor structural conditions in Oakland buildings, thereby improving Oakland's business climate.

SUSTAINABLE OPPORTUNITIES

Economic: The three commercial TI and Façade grants will support local employment, business growth, retention and attraction, and thereby may increase revenue through business sales and property tax. The businesses have agreed to follow Local Contracting and First Source Hiring City requirements.

Environmental: These three businesses value sustainable business practices and through the planned improvements will improve their "green footprint" by incorporating sustainable materials, and incorporating energy efficiency and green building practices.

Social Equity: These three businesses support living wage job growth in Oakland, including entry level through skilled professional employment opportunities for Oakland residents. PS Print has an exceptional record of donating pro-bono services to local non-profits including the Black Expo, Lower Bottoms Cultural Village and other organizations.

DISABILITY AND SENIOR CITIZEN ACCESS

This report and resolution does not raise any issues directly impacting disability and senior citizen activities.

ACTION REQUESTED OF THE AGENCY

Staff recommends that the City Council authorize three Commercial Tenant Improvement and Façade Improvement Grants above the normal program amounts, in the following amounts:

PS Print	\$75,000	West Oakland Redevelopment Funds
Dobake Bakeries*	\$45,000	Coliseum Redevelopment Funds
Revolution Foods	\$90,000	Coliseum Redevelopment Funds.

*Additional to a \$45,000 TI grant received in 2007, making a cumulative amount of \$90,000

Respectfully Submitted,



Dan Lindheim, Director
Community and Economic Development Agency

Reviewed by Gregory Hunter, Director
Economic Development and Redevelopment

Prepared by:
Margot Lederer Prado, AICP
Business Development Unit

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



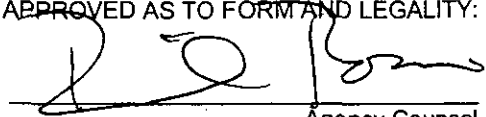
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OAKLAND

APPROVED AS TO FORM AND LEGALITY:

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Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C. M. S.

A RESOLUTION AUTHORIZING COMMERCIAL TENANT IMPROVEMENT AND FAÇADE IMPROVEMENT MATCHING GRANTS TO A) DOBAKE BAKERY IN AN ADDITIONAL AMOUNT NOT TO EXCEED \$45,000, FOR A TOTAL GRANT AMOUNT NOT TO EXCEED \$90,000 (COLISEUM REDEVELOPMENT PROJECT AREA); B) REVOLUTION FOODS IN AN AMOUNT NOT TO EXCEED \$90,000 (COLISEUM REDEVELOPMENT PROJECT AREA); AND C) PS PRINT IN AN AMOUNT NOT TO EXCEED \$75,000 (WEST OAKLAND REDEVELOPMENT PROJECT AREA)

WHEREAS, the Redevelopment Agency has identified the attraction, retention, and expansion of businesses in redevelopment project areas in support of the Agency's redevelopment plans as one of its key goals; and

WHEREAS, the Coliseum Redevelopment Project Area has \$180,000 in funds available in its Commercial Tenant Improvement Program Fund (9450), Coliseum Redevelopment Organization (88659), Coliseum Tenant Improvement Project (T324410); and

WHEREAS, the West Oakland Redevelopment Project Area has \$75,000 in funds available in its West Oakland Operations Program Fund (9590), West Oakland Base Reuse Organization (88679), West Oakland Operations Project (S233510); and

WHEREAS, Dobake Bakeries, Revolution Foods, and PS Print all are growing and/or new businesses in the Coliseum and West Oakland Redevelopment Project Areas that contribute beneficially to redevelopment goals in those projects areas; and

WHEREAS, Dobake Bakeries has already received a tenant improvement grant in the amount of \$45,000 in 2007 and is requesting a new grant in the amount of \$45,000 for a new accumulative total of \$90,000 in 2008; now, therefore, be it

RESOLVED: That the Agency hereby authorizes tenant improvement and façade improvement matching grants to the following businesses, with funding to be located in the specified fund, orgs and projects, in the following not-to-exceed amounts:

Dobake Bakeries	\$45,000, Coliseum Redevelopment Fund 9450, Org 88569, Project to be Determined
Revolution Foods	\$90,000, Coliseum Redevelopment Fund 9450, Org 88569, Project to be Determined; and
PS Print	\$75,000, West Oakland Redevelopment Fund 9590, Org 88679, Project to be Determined;

and be it further

RESOLVED: That the Agency Administrator or his designee is hereby authorized to establish terms and conditions for such grants, negotiate and execute agreements, and take other action with respect to such grants consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

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

ATTEST: _____

LATONDA SIMMONS
Secretary, Redevelopment Agency of the
City of Oakland