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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Mark Sawicki
Director, EWD

SUBJECT: US Small Business Administration
"Startup in a Day" Grant to create an
Online Business Portal

DATE: November 3, 2015

City Administrator Approval

Date:

11/18/15

RECOMMENDATION

Staff Recommends That The City Council Adopt: A Resolution 1) Ratifying the Economic and Workforce Development Department's Application to the US Small Business Administration's Startup In a Day Grant Program and 2) Authorizing The City Administrator, Or Her Designee, To Accept and Appropriate: Fifty Thousand Dollars (\$50,000) in US Small Business Administration Startup In a Day Grant Funds for Digital Services to Improve Online Access to Licensing, Permitting and Support for Oakland Businesses

EXECUTIVE SUMMARY

Adoption of this resolution will ratify the Economic and Workforce Development Department's application and will allow the City to accept and appropriate \$50,000 in grant funds from the United States Small Business Administration ("US SBA") "Startup in a Day – Start Small" program. As part of this application, the City of Oakland pledged to create a streamlined, business-friendly and multi-lingual online permitting navigation portal to assist local entrepreneurs who wish to start a new business in Oakland. The City's application is included as **Attachment A**.

If deployed correctly, the online business portal should increase the number of business licenses and zoning clearances processed by the City of Oakland while reducing the amount of staff time spent helping entrepreneurs through these processes.

BACKGROUND / LEGISLATIVE HISTORY

In June 2015, the US SBA created the Startup in a Day Competition to spur the development, implementation, and improvement of online tools that will assist entrepreneurs learn the business startup process in their area, including how to register and apply for all required local licenses and permits, in one day or less. The City of Oakland responded to the competition and was awarded \$50,000 in grant funds.

Item: _____

Community & Economic Development Committee
December 1, 2015

Through this program, US SBA is seeking to support entrepreneurs who are navigating local requirements to start a business. In Oakland, as in many cities, these requirements are handled by multiple departments and the US SBA would like to help cities create more streamlined approaches that encourage and support new local businesses.

ANALYSIS AND POLICY ALTERNATIVES

Each year, entrepreneurs from Oakland and outside the City collectively form thousands of new businesses. New business formation is a significant economic driver and a revenue source for the City. The City issues nearly 60,000 new or renewal business licenses each year.

Nearly every business in Oakland follows certain steps prior to opening, including applying for a zoning clearance and a business license. These processes currently require entrepreneurs or their agents to come to 250 Frank H. Ogawa, wait in line, and submit paper forms on different floors. For new entrepreneurs this experience can be confusing and discouraging. Mistakes can lead to excessive wait times, which can in turn exhaust expenses. Additional processes managed by other local, County or State agencies, such as registering a fictitious name, obtaining an Employer Identification Number, or filing Business Income Taxes, can also be confusing. While over a thousand people access the Oakland Business Assistance Center every quarter or seek Economic Development Specialist assistance, many more do not know that the City offers business support.

The design of an online business portal should address access improvements in several ways. Language is a barrier for some entrepreneurs as some websites and application forms are primarily available in English. Although the Oakland Municipal ID card is an accepted form of identification for applying for an Oakland business licenses, this is not relayed via the current website and non-citizen residents may not seek licenses or support as a result. Recent research on the demographics of internet access finds that low-income residents are likely to seek city services through their smart phones even if they do not have a computer at home.

The US SBA award funds will be used to create a single, streamlined, multilingual and mobile-friendly interface on the City of Oakland website, aimed at first-time entrepreneurs to educate them about the necessary steps to open a business. To the extent possible, online permitting and business license application capabilities will be integrated into the site to provide a seamless experience. Success obtaining a license will be followed by options for additional support from the Business Development division and partners.

The vision for the business portal is a site that is oriented around external users and provides guidance and access to city processes run by multiple departments. Therefore, the next step for the project is to convene staff from the Planning, Revenue, Information Technology, Economic and Workforce Development Departments as well as Communications staff to map out the current process and online access projects already underway. This staff group will advise on considerations and challenges to connect to or integrate their processes with a business portal. Staff will also convene a user advisory group that includes small business representatives to provide feedback on the ease of using the portal. If staff determines a need, the Economic and Workforce Development department will use the grant award to procure design assistance from an outside firm.

FISCAL IMPACT

Approval of this resolution will authorize the City Administrator or Designee to accept and appropriate \$50,000 in US SBA funds to improve online access to city services and business support. This funding will be deposited and appropriated into Fund 2999 (Miscellaneous Grants), Organization 85411 (Economic Development), Account 46421 (Other Grant: Aid Federal), Program SC11 (Business creation). There is no local match required. There are no restrictions from the US SBA on the use of these funds other than a request to report on the results and improvements made after one year's time.

If deployed correctly, the online business portal should increase the number of business licenses and zoning clearances processed by the City of Oakland while reducing the amount of staff time spent helping entrepreneurs through these processes.

PUBLIC OUTREACH / INTEREST

Focus Groups conducted by staff with local businesses as part of the development of an Economic Development Strategy, a project currently underway, reported that difficulty navigating necessary permits and lack of knowledge about the process for opening a business are major obstacles for new entrepreneurs. They also requested that more of the necessary paperwork could be completed online rather than in person. The topic was also introduced as a priority for digital service delivery during City Camp Oakland, an event that brought together local government officials, City employees, developers, designers, citizens, and journalists to share perspectives and insights about their cities and identify actions to improve governance.

Once the City has formed a vision for the online business portal and procured assistance to create it, staff will form a group of civic volunteers and business representatives to act as user testers. The user testing group will provide feedback on the ease and functionality of the site that will be incorporated into the final design.

COORDINATION

Creating a single online portal to educate entrepreneurs and guide them through the City processes requires coordination between the Departments of Information Technology, Planning, Economic and Workforce Development, Revenue and the City Administrator's Office.

The creation of a new online portal oriented around user needs, rather than internal departments is consistent with the City of Oakland's Digital Front Door project, which is being led by the Communications staff of the City Administrator's Office. Staff for this project will work with the Digital Front Door team and participate in the design processes and standards that effort has set forward to develop new digital services for businesses.

The City Attorney's Office and Controller's bureau were counseled in the creation of this report.

SUSTAINABLE OPPORTUNITIES

Economic: The award funds are to be used to create a mobile-friendly, multilingual online business portal to help businesses navigate the City and obtain licenses and permits. A streamlined portal should increase the number of businesses that apply for licenses and successfully obtain permits. This should positively impact city revenue as well as encourage entrepreneurship citywide.

Environmental: There are no foreseen environmental impacts associated with online business services.

Social Equity: As indicated in the grant submission (**Attachment A**), a goal for this project is to lower the barriers for entry for low-income or otherwise disadvantaged entrepreneurs to invest in and create new business opportunities in Oakland. The portal will provide an education service to new entrepreneurs to help them think through the logistics of their proposed businesses and understand city processes, and it will be available in multiple languages.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a resolution 1) ratifying the Economic and Workforce Development Department's Application to the US Small Business Administration's Startup In a Day Grant Program and 2) authorizing the City Administrator, or her designee, to accept and appropriate Fifty Thousand Dollars (\$50,000) in US Small Business Administration Startup In a Day Grant Funds for digital services to improve online licensing, permitting and support for local businesses.

For questions regarding this report, please contact Marisa Raya, Department of Economic and Workforce Development, Special Projects, at 510-238-6230.

Respectfully submitted,



Mark Sawicki
Director, Economic and Workforce
Development Department

Reviewed by:
Kelley Kahn, Special Projects Director
Economic and Workforce Development
Department

Prepared by:
Marisa Raya, Economic Analyst
Special Projects

Attachments (1): City of Oakland Submission for the US SBA Start Up in a Day - Start Small Competition

City of Oakland Startup in a Day Pledge:

- The name of the City: **Oakland, California**
- City of Oakland website: **www.oaklandnet.com**
- City of Oakland Official: **Sabrina Landreth**
Oakland City Administrator
SLandreth@oaklandnet.com
(510) 238-6840

- City of Oakland - Startup in a Day Initiative Contact: **Mark Sawicki**
Economic & Workforce Development Director
msawicki@oaklandnet.com
(510) 238-2992

The City of Oakland joins the US SBA Startup in Day Initiative:

Our cities and communities are committed to making it easier for every entrepreneur to start a business. We believe an entrepreneur's time is best spent developing innovative products and services, creating jobs, and growing local economies—not navigating red tape. While fair zoning rules, licenses, and permits are important to ensuring public safety and fair competition, it shouldn't take more than a day for entrepreneurs to identify and begin to apply for, ideally through a single online tool, the licenses and permits they will need to responsibly launch a business.

Accordingly, the City of Oakland resolves to:

- Create a "Startup in a Day" online tool within 12 months: We will develop, within a year, a website or application that will allow most entrepreneurs to identify and begin applying for all requirements to launch a business in our respective communities within a single day.
- Develop a streamlined, business-friendly, online permitting system: Our pledge is a first step in a larger effort to streamline, simplify, and bring online those regulatory requirements that have traditionally been fragmented across multiple agencies and handled through a paper-based process. Our ultimate goal is for small business owners to be able to manage and complete most of their regulatory obligations within a single easy-to-use online system.
- Share best practices: In an effort to encourage other municipalities to join us in this effort, we are joining a community of practice administered by the National League of Cities, and commit to sharing best practices, publicizing key learnings, highlighting tangible outcomes, supporting smart regulatory simplification, and providing visibility into our actions.

On behalf of Mayor Libby Schaaf and Oakland City Council members, we are pleased to join this national effort to support small business owners.

Thank you.
Sabrina Landreth
City Administrator

cc: Honorable Oakland Mayor Libby Schaaf
Claudia Cappio, Assistant City Administrator
Mark Sawicki, Economic and Workforce Development Director
Rachel Flynn, Planning & Building Director
Aliza Gallo, Economic Development Manager
Marisa Raya, Analyst, Tech Sector

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OAKLAND


Deputy City Attorney

2015 JUL 19 PM 12:41

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A RESOLUTION 1) RATIFYING THE ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT'S APPLICATION TO THE US SMALL BUSINESS ADMINISTRATION'S STARTUP IN A DAY GRANT PROGRAM AND 2) AUTHORIZING THE CITY ADMINISTRATOR, OR HER DESIGNEE, TO ACCEPT AND APPROPRIATE FIFTY THOUSAND DOLLARS (\$50,000) IN US SMALL BUSINESS ADMINISTRATION STARTUP IN A DAY GRANT FUNDS FOR DIGITAL SERVICES TO IMPROVE ONLINE ACCESS TO LICENSING, PERMITTING AND SUPPORT FOR OAKLAND BUSINESSES

WHEREAS, many entrepreneurs and new business owners in the City of Oakland ("City") desire to start or maintain businesses in the City but may not have the resources to visit Oakland City Hall numerous times to understand the procedures necessary and fulfill the requirements to establish or maintain a business; and

WHEREAS, to address this issue and provide assistance to local businesses and entrepreneurs the City submitted an application for an award from the US Small Business Administration (US SBA) Startup in a Day "Start Small" Program in July 2015; and

WHEREAS, the US SBA application included a pledge from the City to develop, within twelve months of the grant award, an online business-friendly, mobile-friendly and multilingual business portal to improve access and address language barriers for business owners; and

WHEREAS, the US SBA selected the City and 26 other cities nationwide for this award and formed a "Community of Practice," for the recipients to collaboratively research, exchange best practices, and support each other in the deployment of online permitting; and

WHEREAS, the City's Digital Front Door project is responsible for updating the City's website and improving digital service delivery to the City's departments; and

WHEREAS, the Digital Front Door project will provide an inter-departmental structure for the creation of a new online business portal for educating entrepreneurs regarding the permits and licenses that are necessary to start or maintain a business, as well as available City support services; now, therefore be it

RESOLVED, that the City Council hereby ratifies the City Administrator's application for an award from the US SBA Startup in a Day "Start Small" Program in July 2015; and be it

FURTHER RESOLVED, that the City Council authorizes the appropriation of the \$50,000 US SBA award to (i) Fund 2999 (Miscellaneous Grants), Organization 85411 (Economic Development), Account 46421 (Other Grant: Aid Federal), Program SC11 (Business creation) or (ii) contract with an outside consultant, as needed, to create an online interface that seamlessly integrates into the City's current and future digital infrastructure; and be it

FURTHER RESOLVED, that the City, and its agents commit to the creation of a single online portal to simplify/streamline the process for businesses and entrepreneurs to obtain necessary licenses and permits to maintain or commence business operations; and be it

FURTHER RESOLVED, that the City Attorney shall review and approve as to form and legality all agreements, if any, related to the award of the above-mentioned US SBA funds, and all such agreements, if any, shall be filed with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, AND PRESIDENT GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California