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AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: Business Assistance Center

DATE: February 20, 2013

City Administrator
Approval

Date

2/25/13

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Staff recommends that the Council accept an Informational Report with Possible Action on Activities in the Mike McPherson Business Assistance Center.

EXECUTIVE SUMMARY

Small businesses are the engine of Oakland's economy. In Oakland, 90% of businesses employ 20 or fewer employees. While many of these businesses include startups and young companies, many are existing businesses. Primary issues for small businesses are owner preparation, training, financing and continued development of the business operation.

The need for the Oakland Business Assistance Center (BAC) stemmed from a variety of sources that included discussions from the former Community and Economic Development Agency's coordination with the Business Services Network, a consortium of business services providers. Additionally, the Small Business Taskforce and the Oakland Partnership effort under former Mayor Dellums also supported the creation of the Center. In 2009, the Oakland City Council approved funding for the establishment of the Center.

The Business Assistance Center was renamed in 2011 to honor the late Michael McPherson, the Center's first staff coordinator. Its purpose is to provide a single point of contact within the City's organizational structure, whereby new businesses or existing businesses can obtain information, assistance, and referral to financing, mentoring and direct business development services. Since its inception, the BAC has responded to close to 5,000 inquiries. The majority of requests concern information and assistance regarding City business requirements (business tax, zoning, permits and city programs). Other frequent areas of inquiry are requests for financing and requests for technical assistance.

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At the March 12th CED Committee, staff will provide additional information regarding the business establishments and client services resulting from the BAC.

OUTCOME

The purpose of the report is to provide an informational update on the services and accomplishments of the Business Assistance Center.

BACKGROUND/LEGISLATIVE HISTORY

Resolution No. 2009-0052 by the former Oakland Redevelopment Agency authorized contribution of \$434,791 from the Coliseum, West Oakland, Central District, Army Base and Central City East Redevelopment Project Funds to the City of Oakland under the Cooperation Agreement for staffing, build out, operations/leasing, equipment, marketing and contingencies for the establishment of the Business Assistance Center.

The BAC opened in July 2009. At that time, it was envisioned that the Center would be staffed by three individuals. Currently, however, the BAC has one dedicated Economic Development staff member, and houses the Oakland Enterprise Zone Program, which provides one additional staff member who also provides on-site services as needed, in addition to handling the Enterprise Zone Program administration.

The main objective of the BAC is to serve as a liaison between Oakland businesses and essential business resources, and to assist businesses in navigating regulatory requirements. In particular, the Center focuses on small and startup companies. Through walk-in clients, website requests/leads, referrals from business service partners, and referrals from other city agencies, the BAC offers one-one meetings, information and intake services, act as a liaison to City departments, and coordinates referral to a network of Oakland business service organizations.

Scope of Services

The fundamental responsibility of the BAC is to provide information and referral services. Oakland has a number of business service providers that specialize in financing, technical assistance and mentoring services to new or existing small businesses. The BAC assists business owners by acting as a conduit to these service providers, and more importantly acts as a liaison to assist business owners with city services. As a result, business owners in Oakland have:

- Access to entrepreneurial training and seminars/workshops
- General Business development information
- Collateral material on Business Tax information and support in obtaining an Oakland Business License

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- One-on-One Counseling support to identify right business service provider
- Assistance with issues related to City agencies - licenses, permits, inspections
- Referral to Contract Compliance Programs
- Assistance with business site location
- Access to Oakland demographic data
- Referral and information about City financial incentives (Enterprise Zone Tax Credit program; business and sales tax incentive programs, commercial lending programs)
- Referral to other governmental and community lending resources

To date, the BAC has responded to close to 5,000 inquiries for assistance and has sponsored or co-sponsored over 30 workshops/seminars. These workshops have covered a wide variety of topics including financing opportunities, accounting, business plan development, website building, effective use of Social Media, and certification of small businesses through all levels of Government (Municipal, State, Federal, Port of Oakland).

Services are provided by a variety of mechanisms: walk-in inquiries, referral by partners and the BAC online service system. Staff tracks client requests through a customized Sales Force software application (a web-based system used to manage and track interaction with clients and produce specialized reports). BAC staff is able to respond to web inquiries most quickly and efficiently. Staff also tracks client referrals to various city agencies and ensure that responses or assistance are provided.

Another vital component of the Center is coordination with other Oakland and East Bay business service providers. Staff has developed an extensive network of organizations that enable us to match the needs of clients to an appropriate or specialized resource. This collaboration involves sharing collateral materials, website links, and social media opportunities, participating in joint community meetings, presentations, and general client referrals.

Our business service organization network includes the following public, private and non-profit organizations:

- Alameda County Small Business Development Center
- SCORE
- Oakland Chamber of Commerce
- Alameda County Hispanic Chamber of Commerce
- African-American Chamber of Commerce
- Small Business Administration (SBA)
- One Pacific Coast Bank
- Oakland Business Development Corporation (OBDC)
- Inner City Advisors
- Women's Initiative for Self Employment (WISE)
- Hilliard Management Group
- Urban Voice
- Sand Dollar Group, LLC
- OCCUR
- Anew America

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- CARAT
- Operation Hope
- Northern California Minority Supplier Development Council
- Oakland Merchant Leadership Forum
- Alliance for Community Development
- State of California – Office of the Governor’s Business & Economic Development
- East Bay Economic Development Alliance
- Federal Government Agencies
- County of Alameda
- Operation Hope
- Various Banks

Given the growing interest in tech companies and other creative industry development, new partnerships are forming with:

- Hub Oakland
- Tech Liminal
- Oakland Digital
- Popuphood, Inc.
- Oakland Local
- Oakland Grown
- 2.Oakland
- 25th Street Collective

Given these partnerships and the number of business service providers and associations that exist in Oakland, small businesses have a variety of resources to work with. As a result, the most effective role for the BAC is focus on city services, referral to providers and participation and sponsorship of trainings. As an example, in November 2012 the BAC coordinated with the State of California to sponsor a Small Business Certification Workshop which more than 300 individuals attended, and through which 30 Oakland small businesses were able to obtain onsite certification with the State of California, Oakland and the Port of Oakland. Center staff is currently co-sponsoring a series of 10 brown bag lunch time speaker events on Social Media, and are leveraging business technology tools with the Alameda County Small Business Center. Over 400 individuals have attended the eight sessions thus far. City facilities, such as City Hall Hearing Rooms, computer training centers and libraries are used for trainings.

Enterprise Zone Program

A key service of the BAC is the State of California Enterprise Zone (EZ) Program which targets economically distressed areas using special state and local incentives to promote business investment and job creation. By encouraging entrepreneurship and employer growth, the program strives to create and sustain economic expansion in the communities. This is one of the State’s premier community development programs. Most importantly, Enterprise Zones play a key role in linking newly created jobs with individuals in the community who are either underemployed or unemployed.

Oakland's Enterprise Zone was established in 1993 and in January 2009 was awarded another 15 year term, expiring in 2023. The zone covers most of the City west of Interstate 580. Oakland's EZ is one of 42 statewide.

In September of 2010, the offices of the EZ Program were moved to the Business Assistance Center (BAC). Below is a representative summary of walk-in clients seeking EZ Program assistance as well as information regarding the EZ Program trainings and involvement in job fairs and recruitment events:

YEAR:	2010: 3 Months	2011	2012
Number of EZ BAC walk ins:	37	135	179
Number of EZ Workshops:	2	24	24
Number of Job Fairs/Recruitments:	1	3	3

Businesses have steadily increased their access to the EZ incentives since the Program has been co-located at the Center, given its convenient location for walk in clients. In 2012, 428 Oakland businesses utilized the Enterprise Zone Program, which resulted in 3,956 vouchers. Each voucher issued results in the hiring of one individual with a "barrier" to employment. Overall the Oakland Enterprise Zone Program serves the majority of Oakland and portions of Emeryville and Berkeley. This regional target program has resulted in 3,240 of employment opportunities for Oakland residents.

City Services Coordination

The fundamental purpose of the BAC is the direct assistance that is provided to new and existing businesses to assist with information, referral and general interpretation of city policies on zoning, permitting, and business tax requirements. To facilitate this process, the BAC has established an on-call citywide staff support network. Plus we have worked with other city staff to develop permit and license approval flowcharts on a variety of business operations that require city permitting. BAC staff holds regular meetings with other city staff to troubleshoot and solve difficult business related problems that may arise with potential or current business owners.

BAC Future Plans

FY 2013-2014 plans include:

- Establish stronger relationships with Oakland business service providers to coordinate services to Oakland businesses.

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- Build stronger partnerships with traditional financial institutions and alternative lenders to provide access to capital, especially for micro-businesses, startups and business expansion funding.
- Present a proposal to the City Administrator to consolidate business services.
- Refine tracking systems to secure more tangible data on client outcomes – including a stronger feedback system for online services; survey of clients; better coordination with Providers on client referrals and coordination with business license staff.

COST SUMMARY/IMPLICATIONS

The overall annual operational cost of the current Business Assistance Center is approximately \$90,000. This includes .50 FTE of an Urban Economic Analyst I position and approximately \$27,000 facilities-related costs (utilities, common area costs, and supplies), according to City facilities staff

SUSTAINABLE OPPORTUNITIES

Economic: Small businesses are important to Oakland's economy. The provision of information, referral and assistance to startup, new or existing businesses helps to facilitate business development, job creation and retention, expand entrepreneurship opportunities, and increase property values.

Environmental: A key objective of Oakland's economic development programs and services is to support sustainable local development. By increasing the capacity of startup, new and existing businesses, Oakland residents will have better access to local services, thus reducing the need for seeking services outside of Oakland.

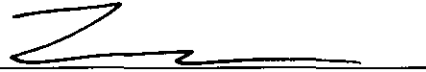
Social Equity: Business development services help support entrepreneurship, retention of businesses, creation of new businesses and local business expansion opportunities. Oakland residents are able to access free professional business development services from the City of Oakland – increasing individual and family incomes, increasing services to Oakland residents and adding to the City of Oakland revenues to provide general services.

CEQA

This report is not a project under CEQA.

For questions regarding this report, please contact Aliza Gallo, Urban Economic Coordinator at 238-7405.

Respectfully submitted,



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