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AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Kelley Kahn

SUBJECT: Monthly Economic Development Strategy Tracking DATE: October 7, 2013

City Administrator
Approval

Date

10/8/13

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council accept this Monthly Tracking Report on Economic Development activities including actions related to the preparation of the Economic Development Strategy for the City of Oakland

EXECUTIVE SUMMARY

This report responds to the Community and Economic Development Committee's request for a standing monthly report to track economic development activities including actions regarding the preparation of an economic development strategy. The City Council has directed the development of a focused economic development strategy which prioritizes support for Oakland's existing businesses and fosters new investment, revenue and employment opportunities for Oakland residents. A brief overview of Economic Development activities in 3rd Quarter 2013 is included in Attachment A.

For questions regarding this report, please contact Aliza Gallo, Economic Development Manager, (510) 238-7405.

Respectfully submitted,

Kelley Kahn, Director, Economic and
Workforce Development

Prepared by:
Aliza Gallo, Economic Development Manager,
Office of Economic and Workforce Development

Attachment A: 3rdst Quarter 2013 Quarterly Strategy Development Outcomes

Item: _____
CED Committee
October 22, 2013

ATTACHMENT A:
(July to Sept 2013)

ECONOMIC DEVELOPMENT ACTIVITIES REPORT

Timeline	Topic or Program Area	Actions/Outcome
Jul – Sept 2013	1. Economic Trends Based on Most Recent Oakland Indicators Report and East Bay Economic Outlook, East Bay Economic Development Alliance	<p>The City of Oakland economy continued to steadily improve, generally mirroring regional trends; as documented in the 2nd Quarter 2013 Economic Indicators Report prepared by staff:</p> <ul style="list-style-type: none"> • Sales Tax in Q1 2013 (Apr-Jun) increased by 4.1% compared with Q1 2012 • Autos and Transportation as well as Fuel and Service Stations continue to be the highest contributors to sales tax • The unemployment rate decreased in August 2013 to 11.4 percent and nonfarm payroll jobs increased by 11,400 to 181,300 (6% increase) since the recovery began in February 2010. For comparison, the unemployment rate for Alameda County is 7.4 percent for the month of August 2013 • The number of annual property sales declined while the value of the transactions increased. There was a 30% increase property tax collected from transfers in 2012 from 2011 • The number of business licenses collected in 2013 increased by 2.1% in 2013 to 43,773 licenses issued • ±800 new residential units in an around Oakland were developed in 2012 • It is expected that an additional 2,100 units by the end of 2013 will be constructed • 7% increase in rents in the last year but the development of these new units is expected to slow rate down • Rents are up 11% since Q2 12 in large buildings, especially downtown, averaging over \$2,000 per month • Sector experts believe that the provision of new housing is likely to draw commercial development and further develop economic growth.

	<p>2. Snapshot of Major Activities During the Third Quarter of 2013 in Oakland's Key Economic Sectors</p>	<p>Oakland Economic Development Strategy: Staff continues to develop components of the Economic Development Strategy:</p> <ul style="list-style-type: none"> ▪ Food & Beverage Sector: <ul style="list-style-type: none"> ○ Hope Collaborative Food Hub Analysis: Staff continued to advise the HOPE Collaborative on the development of a feasibility study and business plan to establish a food hub serving Oakland and the Bay Area. The Collaborative is currently seeking an Owner/Operator (produce wholesalers and marketers). The business plan will explore the feasibility of a stand-alone business, a social enterprise arm of HOPE Collaborative, or a joint venture opportunity. Additionally, the facility could serve as an anchor tenant/business where other local food businesses could co-locate. ▪ Creative Industry Sector: <ul style="list-style-type: none"> ○ Oakland Makers Group: Staff facilitated and helped launch Oakland Makers (www.oaklandmakers.org) to celebrate Oakland's creative "maker" economy: technology, industrial business including specializing in industrial arts, applied technology, artisan production, custom manufacturing and education. Staff helped bring the Urban Manufacturing Alliance Conference to Oakland (October 1-3) ○ Popuphood Innovation Center: Staff worked with popuphood to coordinate a number of events, including coordination with Hub Oakland. ○ East Bay 2013 Outlook on Innovation: The recognition East Bay firms receive each year for innovation, including over \$20 million in Small Business Innovation Research (SBIR) awards every year from 2005 to 2011, shows that the East Bay continues to serve as a national hub for entrepreneurship ▪ Green & Clean Sector: <ul style="list-style-type: none"> ○ Sponsored Solar Hackathon 2013: City sponsored weekend 2013 Solar Hackathon event held at Sungevity-SFCube, Jack London Square Oakland. The Hackathon featured nine teams of programmers and software developers competing to design programs to help people adopt and use solar energy. ○ Energy Efficiency Programs: Partnering with East Bay Environmental Network, PG&E, BOMA, and cities of Berkeley and Emeryville on Energy Smart business energy efficiency recognition program; Marketing at regional Cleantech Open business clinic; Assisted with completion of East Bay Green Corridor solar permitting project, funded by DOE grant. ○ Green Marketing efforts: Staff coordinated the development of print and electronic ads in Chinook Book and Content in S.F. Chronicle/Media Planet
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		<p>Cleantech published in October 2013.</p> <ul style="list-style-type: none"> ○ East Bay 2013 Outlook on Green Industry: The East Bay is one of the country's greenest regions, and despite a slowdown in venture capital funding for the region's Cleantech industry, data suggest that the East Bay continues to serve as a hub for renewable energy investment. <p>▪ Healthcare Sector:</p> <ul style="list-style-type: none"> ○ Children's Hospital & Research Center Master Plan: Staff met with Children's Hospital representatives regarding their impending relationship with UC San Francisco and their plans to modernized and expand Children's Hospital complex. ○ Impacts of the Affordable Care Act: Staff is working with various business service providers, Oakland ethnic chambers and merchant associations to provide information to Oakland small businesses regarding the Affordable Health Care Act. Staff is working with SBA Regional Office IX and various Chambers of Commerce to provide information and training to Oakland businesses. ○ East Bay Outlook Report on Biotechnology: The Biotechnology industry is expected to be one of the fastest-growing subsectors of the East Bay economy over the next several years. Biotechnology was already one of the East Bay's highest-funded subsectors in 2011, but the subsector's venture capital funding increased by over one-half in 2012, even as it decreased by double-digits in California and nationwide. The East Bay Biomedical Manufacturing industry cluster will benefit significantly from these high-and-growing levels of Biotechnology funding: the cluster is expected to grow by over 13% from 2012 to 2017 <p>▪ Retail Sector:</p> <ul style="list-style-type: none"> ○ Downtown Retail Development efforts: Staff coordinated the Broadway Valdez retail real estate charette; participated in discussions with major property owners in the Broadway Valdez Specific Plan area; participated in interdepartmental efforts to produce the Draft Specific Plan and Draft EIR; worked on outreach efforts to auto dealerships in area. Staff also participated in the downtown parking garage operator RFP process. ○ New Retail Development: Staff supported a number of small retail development efforts citywide. Currently working with Fruitvale BID to plan retail tour similar to Laurel and KONO district tours. Staff prepared informational report to CED Committee (September 24th); over 1 million square of retail development activity has occurred in past year.
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Jul – Sept 2013	3. Business Development Services	<p>Staff worked with the following major clients during this quarter:</p> <ul style="list-style-type: none"> ▪ New and Active Business Attraction Cases – 20 new or active attractions, including JD Services/Chip It Recycling (10 jobs), Green Earth Mana[®]ment , Chinook Book (5 jobs; synergy with other businesses), Magnolia Hotel/Creative Dev Partners, Original Timber, TCHO, HollisWorks new dev, Burlington. Blaisdell’s Business Products moved from San Leandro to East Oakland (474 Roland Way). They employ 18 employees and will generate \$8 million in sales each year (approximately \$80,000 in sales tax revenue for the city of Oakland). ▪ New and Active Business Retention Cases – 8 existing businesses, including Studio Fathom, Monster Toys, Hacker Scouts, Commercial Waste and Recycling (30 jobs), Ecologic Brands (15 employees; corporate HQ). ▪ New and Active Business Expansion Cases – 21 existing businesses, including: GreenBiz.com (industry leader; corp. HQ; ~15 employees), Mosaic (30 employees; housed at SfunCube), SfunCube, Lucid (30 employees; proposed demo with City), Ale Industries (CUP), Culture Lab, John Lewis Glass, Blue Bottle (café + new investment); and ALPI International Expansion (35 FTEs, West Oakland based company recognized by Inner City Advisors, Forbes Magazine).
	4. Strategic Initiatives	<p>Staff worked on the following strategic, economic development initiatives:</p> <ul style="list-style-type: none"> ○ AC Transit Bus Rapid Transit (BRT) Business Impact Mitigation Program: Economic Development is the lead for the review of AC Transit BRT Business Mitigation Program. Activities involve community outreach, AC Transit coordination as well as coordination with PWA, Housing, and CAO offices. Goal is to engage business and community groups on the BRT route regarding impacts and solutions. Staff participated in development of July PWA reports to City Council and serves as part of BRT leadership team for City. ○ Oakland Sustainable Neighborhood Initiative: Staff continues to serve as Co-Chair of the Commercial and Economic Development Committee. Focus on BRT – Business Mitigation Program; Site & Market feasibility analysis for mixed use development along International Corridor; continued involvement in committee and quarterly

		<p>community update meetings.</p> <ul style="list-style-type: none"> ○ Oakland Fiber-Optics Initiative Working Group: Supporting the Department of Information Technology in their effort to (a) develop a citywide broadband strategy and (b) implement a fiber-optic pilot project in the Oakland Airport Business Park. ○ Business Alert Committees West and East Oakland Business Alert: Co-led by Economic Development staff and business associations and leaders, and in coordination with OPD, these monthly meetings are a forum to air concerns regarding public safety and crime issues in Oakland's industrial business districts, often resulting in practical problem solving. Approximately 25 companies participate on a monthly basis. ○ Bay Area Regional HUD Prosperity Grant: Staff participates as Co-Chair of the Economic Prosperity Taskforce, developing a regional approach for expanding economic opportunities for low- and moderate-income workers; more than \$1 million in sub-grants for pilot projects will be available. ○ Participation in Four Specific Plans: Various staff is serving on Technical Advisory Committees assisting the Planning & Building Department with creation and implementation of Oakland's four area Specific Plans (Broadway/Valdez, West Oakland, Lake Merritt, and Coliseum City). Broadway/Valdez Retail District Plan: staff is leading efforts with Broadway Auto Row dealership actions and meeting with various property owners, retailers and developers regarding development opportunities. ○ Calif. Assn. of Recycling Market Development Zones Green: Business Development staff continues in leadership role of this statewide group, which facilitates financing and permitting assistance to companies utilizing recyclables collected in California. Oakland has 35 such firms employing over 1200 individuals. ○ Oakland Foreign Trade Zone No.56: Continued coordination with Port of Oakland, to reorganize the FTZ, including effort to allow for a greater service area. ○ Brownfield Loans: Awaiting disbursement of \$260K Cal Reuse cleanup loan for EBALDC project, and seeking extension or forgiveness of two earlier loans.
	<p>5. Enterprise Zone Program</p>	<p>Number of Companies that submitted vouchers: 104 Total Approved Employee Vouchers Issued: 855 Average Hourly Wage: \$13.87 New & Existing Job Information This Quarter</p> <ul style="list-style-type: none"> • New Positions – 121 • Existing Positions – 734 <p>Key Employee Categories for 782 Approved Vouchers:</p>

		<ul style="list-style-type: none"> o TEA Residents – 794 o Economically Disadvantaged – 23 o Dislocated Worker – 3 o CalWORKS – 3 WOTC – 21 Public Assistance – 3 Ex-Offender – 6 Veteran – 2 <p>Program Advocacy: Staff continues to be involved in the California Enterprise Zone Association to advocate for the continuance of the EZ Program. Governor Brown signed SB90 and AB 93 on July 11, 2013. These bills phase out California's 28 year-old EZ program. The program, which provides tax credits to businesses in targeted areas if they purchase qualified equipment or hire qualified employees, will be replaced with Governor Brown's new three-part economic development plan. 2013 will be the last tax year for which businesses may engage in qualified EZ hiring or purchasing. Qualified employees will continue to generate excess credit will be permitted to carry forward for up to ten years to offset EZ-allocable income. AB 106 allows EZs to process vouchers thru December 31, 2014.</p> <p>Staff presented an informational report to the City Council on Enterprise Zone Program changes and resolution approving the updated Targeted Employment Area (TEA) designation in September. Staff is focused on marketing and outreach campaigns to inform Oakland businesses of EZ Program changes.</p>
	<p>6. Small Business Services and Business Assistance Center</p>	<p>Number of BAC Clients: 325 (Jul 1 – Sept 30)</p> <p>Types of Issues Addressed by BAC:</p> <ul style="list-style-type: none"> ▪ Assisted with Business License and Tax applications ▪ Provided direction on potential business financing ▪ Interpreted City Zoning regulations for potential businesses ▪ Provided site location recommendations for six businesses using Costar multi-listing service ▪ Provided demographic statistics provided for five potential business owners ▪ Walk In Clients; “Web to Lead” Inquiries; and phone calls <p>Highlights:</p> <ul style="list-style-type: none"> o Attended OMLF monthly forums, OMLF Small Business Month Activities to market Oakland – Kiva Zip Program o Coordinated the Oakland Business Disaster Preparedness and Resiliency Training

		<p>Workshop-coordinated with Office of Emergency Services and the California Resiliency Alliance. Over 50 businesses participated. Staff coordinated 3 additional workshops during this quarter.</p> <ul style="list-style-type: none"> o Assisted with marketing and coordination of Alameda County SBDC Seminar Series: Small Business Summer Series; Successful Business Plans; o Co-sponsored the 2 Free Seminars: "Building Websites for Small Businesses" o Co-sponsored High Speed Rail Procurement Certification Event, with over 25 businesses registering as Certified Business Enterprise (CBE) o BAC continued to host Legal Services for Entrepreneurs to offer free legal consultations for entrepreneurs. Services include lease interpretations, contract documents, and LLC/LLP business entity and incorporation formation.
	<p>7. Community Benefit District/Business Improvement District Activities</p>	<p>Staff continued its support of the City's ten CBD/BIDs:</p> <ul style="list-style-type: none"> o Establishment of Jack London Improvement District, including coordination and completion of related public hearing and special election process, and execution of ancillary agreement with Port of Oakland. o Approval of Temescal and Laurel BID annual reports. o Compiling of annual reports for Lake Merritt, Downtown Oakland, Fruitvale, Laurel, Rockridge, Montclair, and Koreatown BiD/CBDs to initiate annual report approval/levy renewal process. o Staff developed the CBD Formation Grant Program to help support the creation of new CBD/BIDS. Staff approved a grant to support the formation of the Jack London Improvement District. o Continued participation in Downtown Oakland and Lake Merritt-Uptown Association CBD Board and Committee meetings and the CBD/BID Managers Council. o Facilitated coordination with Building Services regarding encroachment permit activities for Latham Square, Franklin Square, sandwich boards, downtown signage and street median improvements. Staff continued to work with all of the districts in various events, special projects and assistance with city services.
	<p>8. Broadway Shuttle/Streetcar</p>	<p>Broadway Streetcar</p> <ul style="list-style-type: none"> o The Broadway Transit Urban Circulator Study is moving forward. Staff is working with the consultant team to evaluate various route alignments through downtown to expand the Broadway Shuttle, and assess the costs and benefits of bus versus streetcar. The study is being funded with a \$300,000 Caltrans grant secured by Economic Development staff and is being co-managed with the PWA

		<p style="text-align: center;">Transportation Planning and Funding Division.</p> <ul style="list-style-type: none"> ○ Economic Development staff is coordinating with the offices of Alameda County Supervisor Scott Haggerty and Berkeley Mayor Tom Bates – both members of the Bay Area Air Quality Management District (BAAQMD) – as well as BAAQMD staff to ensure that revisions to the BAAQMD shuttle funding program do not result in reduced grant funding for the Broadway Shuttle in future years. ○ As part of the Department of Economic and Workforce Development’s strategy to leverage downtown Oakland’s restaurant and nightlife scenes to attract additional businesses and office tenants, staff continues to plan for the extension of B shuttle hours. Shuttle hours will be extended by three hours Monday-Thursday to run until 10pm, three hours later than the current end time of 7pm. The expansion was to be funded with a \$723,000 grant secured by Economic Development staff from the MTC and ACTC. However, to date, the Department of Labor has not certified many federal grants for California projects (including the Broadway Shuttle grant) due to a federal dispute with transportation labor unions. We are hopeful the issue will be resolved and the expansion will occur in the coming months. ○ Over 200,000 passengers used the Broadway Shuttle during the third quarter of 2013. These passengers stimulated economic activity in Oakland by spending over \$2 million at restaurants and other business along the route, based on passenger surveys.
	<p>9. Outreach/Promotion Activities</p>	<p>Staff helped coordinate and promote the following events:</p> <ul style="list-style-type: none"> ○ Lucid Party launching Building OS product ○ Oakland Grown/SBA Sustainable Financing Workshop/Mixer ○ West Oakland Business Alert Monthly involving 15 property owners/businesses (one overlap with Expansion category) ○ Oakland Makers July & September meet-ups involving 30 Oakland companies/individual businesses ○ Solar Hackathon Sept. 13-15, 2013 ○ OMLF Monthly meetings and Small Business Receptions ○ Oakland Retail Advisory Committee meetings (ORAC) ○ Oakland Land Use Committee meetings ○ Downtown and Lake Merritt Uptown Oakland Association Board meetings

		<ul style="list-style-type: none">o CBD/BID Managers Council meetingso OMCC Chamber of Commerce activities<ul style="list-style-type: none">o Oakland Planning Commission meetings: Sprouts, Rockridge Shopping Centero Latham Square Opening
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