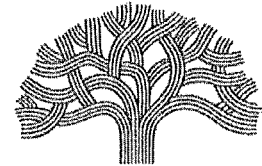


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CITY OF OAKLAND

CITY HALL ■ 1 FRANK H. OGAWA PLAZA, 2nd Floor ■ OAKLAND, CALIFORNIA 94612

Honorable Annie Campbell Washington
Vice Mayor, District 4

ACampbellWashington@Oaklandnet.com

Date: September 13th, 2016

To: President Pro Tempore Larry Reid and
Members of the Community and Economic
Development Committee

Cc: Sabrina Landreth, City Administrator
Claudia Cappio, Assistant City Administrator

Re: Establishing a Small Business Task Force

EXECUTIVE SUMMARY

This report (1) recommends that the City Council create a broad-based expert Small Business Task Force that will provide Council with facts, guidance, and recommendations in the work to significantly improve the communication with and support of Oakland's locally owned small businesses, and (2) establishes the procedures of the Small Business Task Force and provides terms and responsibilities of the Task Force members. The Task Force would be appointed within 30 days of passage of the resolution and deliver an action plan four months after their first meeting.

BACKGROUND

Increasingly, Oakland's small businesses – established and newly opened – are struggling to survive. The spirit of small businesses is scrappy, full of pride, innovative and community-driven – these are qualities that embody Oakland as well. These businesses define the heart of our City and their survival will contribute diverse and concrete profits. Research shows that vibrant local and small businesses increase community identity, health, involvement, and jobs in quantifiable ways.¹

Operating a small business is arduous in any environment, yet national surveys ranking the climate for small businesses, put California and the Bay Area at the bottom of the list.² Some of the most challenging issues, as defined by Oakland small business owners, include: contradictory regulations and requirements; difficulty maintaining a local and affordable workforce; and lack of communication between the City and small business owners throughout legislative decision-making processes.

Arguably, the most debilitating difficulty for small businesses in Oakland right now is maintaining a local and affordable workforce. As market housing prices continue to rise, the working class struggle to afford rent in Oakland, and as a result, fewer people are willing to work for the minimum wage that Oakland's small businesses can afford to pay. Thumbtack produces an annual "report card" comparing the environments of local small businesses across the country; Oakland earned a "D" grade in the "Employment, Labor & Hiring" category.³ In Staff's research

¹ <http://www.amiba.net/resources/local-business-environment/>

² <https://www.thumbtack.com/ca/oakland/#/2016/8>

³ <https://www.thumbtack.com/ca/oakland/#/2016/8>



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for this report, small business owners referenced innovative solutions that could improve their ability to maintain a stable workforce, but there is not currently a dedicated avenue for these creative ideas to be cultivated.

The plight of Oakland's small businesses is often confounded by unintended consequences of new City legislation. For example, the most recent garbage contract with Waste Management left Oakland's business owners with disproportionately high Waste Management bills; as they are today, these rates are the highest in the Bay Area. If small businesses had been consulted throughout the negotiation process, a more just and fair solution could have resulted. Similarly, with the passage of Measure FF, locally owned small businesses are scrambling with limited time, funds, and resources to ensure compliance with nuanced and complex requirements; a stronger partnership with the City will only serve to ease these burdens.

Certainly, the City can do more to ensure not only the survival, but also the prosperity of its small businesses. The critical first step is to consult the experts: the proprietors. Therefore, it is essential that this Task Force represent the issues and voices of locally owned small business owners across the City and that these representatives maintain strong working knowledge of City issues on the ballot and forthcoming in session, in order to provide feasible and actionable recommendations.

FISCAL IMPACT

Some staff resources will be dedicated to providing administrative support to the Task Force. A representative of the City Attorney's Office will provide legal advice and attend Task Force meetings as needed, as well as ensuring compliance with the Sunshine Ordinance and Brown Act noticing requirements.

COORDINATION

In the preparation of this staff report, the Vice Mayor's office coordinated with the City Administrator's office, the Office of the City Attorney, and received input from the Oakland Indie Alliance (OIA), as well as various unaffiliated small business proprietors throughout the City.

SUSTAINABLE OPPORTUNITIES

Economic: This effort will have long term benefits for the City of Oakland by identifying ways whereby the City can better communicate with, support, and sustain our local small businesses. Supporting a thriving and prosperous small business community furthers the City's economic goals by (1) increasing the City's tax base, (2) by providing direct and indirect local jobs, and (3) strengthening local spending. When local residents shop at locally owned small businesses within their communities, their tax dollars stay within the local economy, and these dollars then get re-circulated within the local economy because local businesses re-spend within the community using local suppliers and services. Relatedly, small businesses create the majority of jobs in the U.S. economy and most of those jobs are local jobs.

Social Equity: This venture has untold potential for socially equitable impacts throughout the City. Identifying shortcomings within our City systems and providing enhanced services to our



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most vulnerable small businesses will only serve to strengthen our connection to and support of those in need of assistance.

Environmental: There are no environmental opportunities associated with this report.

For questions regarding this report, please contact Adam Simons, Chief of Staff, Office of Vice Mayor Annie Campbell Washington at ASimons@oaklandnet.com or 510-238-7042.

ACTION REQUESTED

Adopt a resolution (1) creating a limited-duration Small Business Task Force within the City of Oakland, and (2) establishing the terms and responsibilities of Task Force Members.

Respectfully submitted,



Vice Mayor Campbell Washington
Councilmember, District 4



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CED Committee
September 13, 2016

Oakland Small Business Taskforce

Summary and Recommendation

January 30th, 2017

Oakland Small Business Task Force

To explore the points of intersection between the City of Oakland and Oakland Small Business in order to make a recommendation that will:

CHARTER

- Enable a sustainable relationship and dialogue between the Oakland City Government and Oakland Small Business
- Influence policy making to promote a sustainable Oakland Small Business
- Be a model for partnership between City Government and Small Business

MEMBERS

District Nominees

- D1 – John 'Sal' Bednarz / Actual Restaurants Group
- D2 – Abdu Abduljalim / Three Amigos Market
- D3 – Craig Jones / Uncle Willie's BBQ
- D4 – René Quinonez - Movement Ink
- D5 – Mark Legaspi / Lucky 37 Restaurant
- D6 – Nanette Hunter / D-Unique Tools
- D7 – Wandwassen "Woody" Tadesse / Skyline Pizza
- At-Large – Ebon Glenn – Green Beans Coffee Company

Mayor's Nominees

- Mayor 1 – Barbara Leslie / Oakland Chamber of Commerce
- Mayor 2 – Rachel Konte / Red Bay Coffee and Owl & Wood
- Mayor 3 – Denis Ring / OCHO

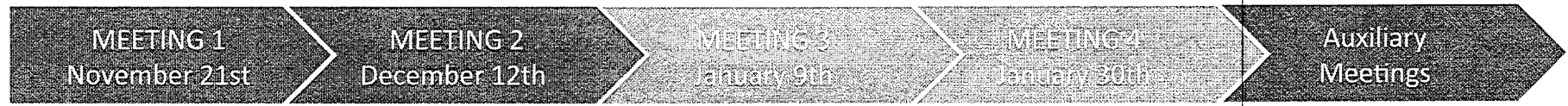
Technical Assistance/Support

- Erin Kilmer Neel / Beneficial State Bank Foundation
- Susana Morales Konishi / Sustainable Business Alliance
- Daniel Swafford / Oaktoberfest, Laurel District Association, Montclair Village Association, Diamond Improvement Association

Facilitator

- Amy Hillyard / Hillyard Consulting

Our Process



IN MEETINGS

- | | | | | |
|---|--|--|---|---|
| <ul style="list-style-type: none"> • Get to know each other • Align on objective and outcomes • Discuss what is working and not working for Small Business in Oakland • Agree on data gathering | <ul style="list-style-type: none"> • Review Chamber data & other reports/studies • Share learnings from survey • Share learnings from interviews • Identify themes and prioritize • Begin to brainstorm recommendations | <ul style="list-style-type: none"> • Discuss recommendation theme areas • Review Detailed Report • Align on top recommendations • Agree to extend taskforce • Prepare to present recommendation | <ul style="list-style-type: none"> • Present recommendations to Mayor • Agree on next steps | <ul style="list-style-type: none"> • Follow up meetings in March and June, hosted by Jose Corona • Maintain momentum • Refine recommendation • Define relationship with staff • Request reasources |
|---|--|--|---|---|

BETWEEN MEETINGS

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • Conduct online survey • Interview other small business owners • Review available data | <ul style="list-style-type: none"> • Create detailed report • Synthesize recommendations | <ul style="list-style-type: none"> • Prepare recommendations • Socialize recommendations with City Staff |
|---|--|--|

Small Business in Oakland by the Numbers

- \$29M+** Tax revenue generated by Oakland Small Business in 2016¹
- 5.7%** Increase in sales tax revenue as compared 2015¹
- 84-95%** Percentage of businesses in Oakland that have less than 50 employees¹
- 83%** Percentage of respondents of the Chamber phone survey in favor of providing City funding to help small businesses stay in Oakland²
- 4x** Amount a local business spends in the local economy compared to chain businesses³
- 60** Number of restaurants that have closed in the Bay Area since September⁴

Data requested but not available: Business license data, retail leakage

¹ From Chamber of Commerce Small Business report , ² Chamber of Commerce Small Business phone survey , ³ Oakland Grown reference. ⁴ East Bay Times article "What is behind the spate of restaurant closures?" 1/24/17

Positive Aspects of Doing Business in Oakland

SB Supportive Customer Base

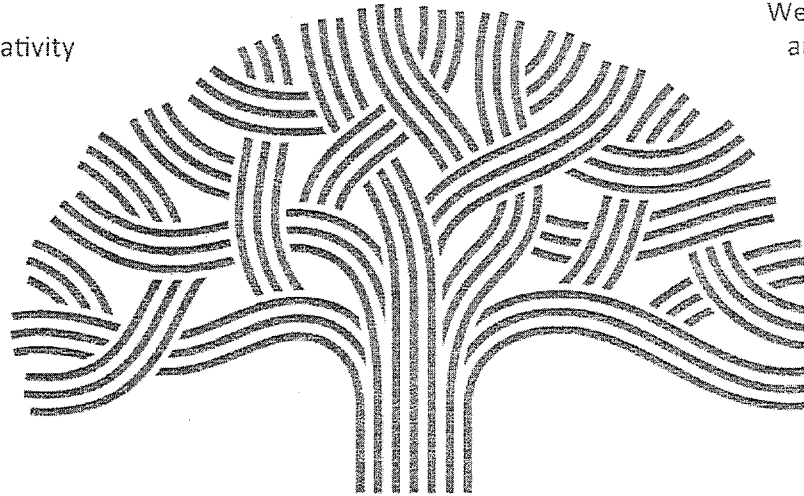
People of Oakland desire the creativity and uniqueness offered by small business

Emotional Ties

We are emotionally tied to our business and to the “American Dream” of small business ownership.

Diversity

We all cherish the vibrancy of Oakland’s diverse community



Creativity

We are creative and enjoy expressing our creativity through our business.

Community

We are are Oakland. We live here, we bring our passion and energy to Oakland as the place we love and call home.

Employing Locals

We value the opportunity to create jobs for local residents.

Challenging Aspects of Doing Business in Oakland

Lack of Advocacy

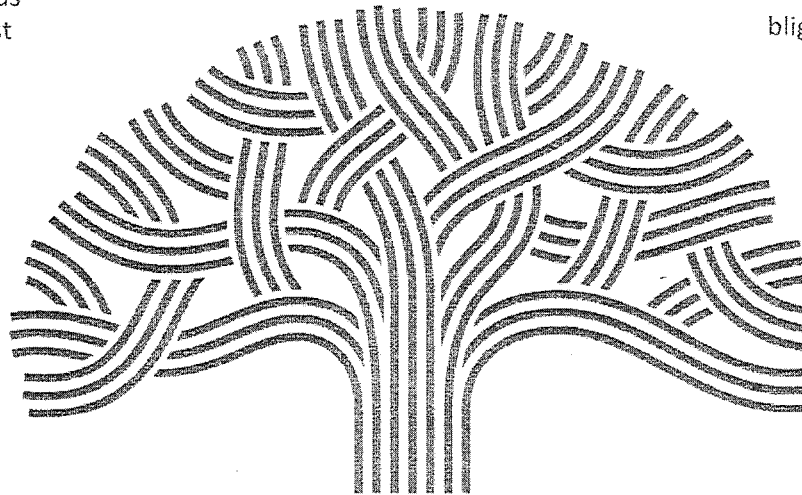
We don't feel the city understands us or is looking out for our best interest

Complexity of City Bureaucracy

We find it difficult and frustrating to deal with City process and procedures - it costs us time and money.

Cost of Doing Business

From wages to insurance to fees to taxes to goods, the costs of doing business are outpacing our ability to raise prices.



Lack of Data & Insights

Lack of data about the SB landscape, trends and the network of connections dedicated to serving SB.

Public Safety & Blight

The city-wide safety challenges and increasing blight are encroaching on our ability to attract and retain business

Rising Rents

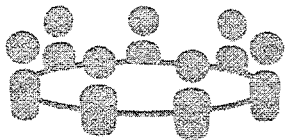
Many of us helped to lead Oakland's revival, now we are being priced out of the city we brought back to life.

Workforce Challenges

It's difficult to attract qualified workers and when we do, many of them leave because they can no longer afford to live in Oakland.

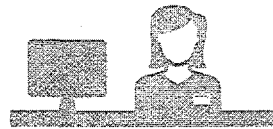
Short Term Recommendations

Establish Small Business Commission



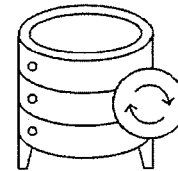
Charter a permanent Small Business Commission to advise, vet and review policies and process that impact Small Business in Oakland.

Recharter, Revamp & Retool Business Assistance Center



Work with OED leadership to recharter, revamp and retool the Business Assistance Center to better meet the needs of Small Business.

SB Data Collection, Analysis and Insight



Leverage existing resources in the OED to collect data and develop a holistic view of the Oakland business landscape across sectors. This data can be used for decision making and building connections across all sectors of the local economy.

SB Marketing Campaign



Leverage existing marketing budget in the OED to launch a marketing campaign focused on supporting Small Business in Oakland.

Additional Recommendations for Consideration

Improve Permitting Process for SB

Navigating the permitting process is time consuming and costly for SB. The permanent SB commission could collaborate with the Planning Commission to design new ways for SB to move through this process with more support and more speed.

Craft Public Safety Strategy for SB

Public Safety and blight were important topics to the task force. As the new police chief enters her new role, ensure that she includes small business as a key stakeholder in the design of her strategy.

Subsidies and Financial Support

Small business are bearing a large burden as a result of the social and economic changes taking place in the Bay Area. There are few financial incentives or programs aimed at supporting and sustaining small business.

Address District Inequalities

BIDS have proven to have an important connection point between SB and the City and to have positive impact on neighborhood vibrancy. However, there is inequitable access across districts. City should research and plan for building equity into our City's BID Strategy

Commercial Rent Planning & Stabilization

Explore programs that help small business plan for lease negotiation extensions so they are not disrupted by sudden and unplanned increases. Consider creating "Good Landlord" incentives and creative use of development funding and other approaches.

Workforce Development Programs

Ensure that SB is at the Workforce Development table so these programs can support Small Business needs in addition to needs of large businesses

In Closing...

The Oakland Small Business Task Force is honored to represent our City's dynamic, passionate and hard working community of entrepreneurs.

Thank you for the opportunity to serve.

We look forward to working with our Mayor, Councilmembers, and City Staff as resource partners and to claim, with pride, that:

OAKLAND IS A SMALL BUSINESS CITY!

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2017 MAR 30 PM 6:47

Approved as to Form and Legality


City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

INTRODUCED BY VICE MAYOR ANNIE CAMPBELL WASHINGTON

**Resolution Establishing a Small Business Task Force and
Providing the Terms and Responsibilities of the Task
Force Members**

WHEREAS, it is the desire of the City Council to create a Small Business Task Force to provide Council with facts, guidance, and recommendations to significantly improve the communication with and support of Oakland's local small businesses; and

WHEREAS, within four months of the first meeting of the Small Business Task Force, that body will present to the Oakland City Council an action plan to significantly improve the communication with and support of Oakland's local small businesses, including addressing strategies to create jobs and economic growth in Oakland, by examining potential new policies within the City of Oakland's municipal power that will benefit our local small business owners and residents alike (herein the "Action Plan"); and

WHEREAS, the Small Business Task Force will be comprised of eleven (11) members from various areas of expertise— eight (8) to be appointed by the Council and three (3) by the Mayor; now therefore

BE IT RESOLVED: that it shall be the function and duty of the Small Business Task Force to develop the Action Plan for Oakland to significantly improve the communication with and support of Oakland's local small businesses, using the following guiding principles:

- a. That the Action Plan will be a collaborative effort with input and testimony from industry experts and small business proprietors alike, reflective of Oakland's diverse makeup;

- b. That the Action Plan will address strategies to create jobs and economic growth in Oakland, by examining potential new policies within the City of Oakland's municipal power that will benefit our small business owners; and
- c. That the Action Plan will be presented to the Council within four (4) months of the first meeting of the Task Force members and will be a guide for Oakland's ongoing support of and relationship to our small business culture and community; and, be it

FURTHER RESOLVED: That the Task Force shall consist of eleven (11) members, overseen by the Office of the City Administrator, with a designated staff member from each of the following City Departments:

- a. Economic & Workforce Development
- b. Planning and Building

FURTHER RESOLVED: That the Mayor shall appoint three (3) Task Force members, each Councilmember shall appoint one (1) Task Force Member; and be it

FURTHER RESOLVED: That six (6) members of the Task Force shall constitute a quorum; and be it

FURTHER RESOLVED: That the Task Force members shall be appointed to terms of four months, said term to commence upon the date of the Task Force's first meeting; and be it

FURTHER RESOLVED: That the Task Force shall naturally dissolve after the Action Plan is presented to the City Council, four months after the first meeting of the Task Force members; and be it

FURTHER RESOLVED: That the Task Force shall serve at the pleasure of their appointing authority, and a vacancy on the Task Force will exist whenever a member dies, resigns, or is removed; and be it

FURTHER RESOLVED: That the Task Force members shall elect a chairperson and a vice chairperson, who shall serve for a four-month term, or until the Task Force is dissolved; and be it

FURTHER RESOLVED: That the Task Force shall conduct three public meetings at City Hall, at an established date and time suitable for this purpose, and that such meetings shall be designated regular meetings, which shall be held in accordance with the state and municipal open meeting laws (Brown Act and Sunshine Ordinance); and be it

FURTHER RESOLVED: That the Task Force may not create any standing committees for the purpose of delegating any of the committee's decision-making or duties, but may form ad hoc committees as needed; and be it

FURTHER RESOLVED: That the City Administrator, or designee, shall provide the Task Force with staff assistance including but not limited to: a designated staff person from the Economic and Workforce Department and the Planning and Building Department; similarly, a representative of the City Attorney's office shall provide legal advice as appropriate.

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