

CITY OF OAKLAND
AGENCY AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

03 FEB -5 PM 4: 12

TO: Office of the Agency Administrator
ATTN: Robert C. Bobb
FROM: Community and Economic Development Agency
DATE: February 18, 2003

RE: A Public Hearing and an Agency Resolution Authorizing the Agency Administrator to Accept, Appropriate and Disburse an Economic Development Administration Grant in an Amount Not to Exceed \$6,440,000 and Allocating an Amount Not to Exceed \$1,610,000 to be Used as Local Matching Funds for an Economic Development Administration Grant for the Non-profit, Technology Incubator, Advancing California's Emerging Technologies (ACET) to Locate in Oakland

SUMMARY

In September of 2002, Advancing California's Emerging Technologies (ACET) received approval from the U.S. Department of Commerce, Economic Development Administration (EDA) for a grant of \$6,440,000 to develop a 40,000 square foot, high-technology business incubator. This is the largest EDA grant in the nation over the past 7 years and is of great importance to that Agency. ACET currently operates a successful, small incubator facility at the former Alameda Naval Air Station. The new facility was originally proposed for an Alameda location. However, the opportunity now exists to site the incubator's expansion in Oakland.

FISCAL IMPACTS

A local match of approximately \$1,610,000 (20% of the total project cost of \$8,050,000) is required under the EDA grant. The non-profit ACET Corporation does not have the resources to provide the matching funds. Under this proposal, the matching funds will be provided from the Oakland Redevelopment Agency Coliseum Area Bond issuance of January 2003. On December 2, 2002, the Agency authorized the issuance of Agency Bonds not to exceed the amount of \$30 million. Seven projects were identified for funding under this issuance. These seven projects are: Fruitvale Village, Coliseum Shoreline, Amtrak Rail Platform, San Leandro Street Utility Underground, Railroad Avenue Street Improvement, Replacement Parking/Coliseum Transit Village Hope VI Project Infrastructure, and Oakland Airport Connector/ Airport Gateway Streetscape Improvements. The ACET project would be funded by the expected cost reduction in the Oakland Airport Connector Project and the Replacement Parking/Coliseum Transit Village Hope VI Project.

This project could create approximately 6,000 jobs and generate over \$750 million in income, grants and investment over a five-year period by incubating local start-up businesses and by assisting graduating companies in commercializing new technologies.

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BACKGROUND

ACET began operations in 1998 and currently occupies 6,900 square feet of leaseable space at its Alameda facility and houses 11 start-up companies in biotechnology, environmental security, renewable energy and energy efficiency. Over the past 4 years, ACET has created over 450 new, professional/technical jobs and an additional 450 support jobs. ACET has maintained an occupancy rate of over 90% for the past two years. Incubator graduates now occupy over 200,000 square feet of space in the Oakland area. Current tenants and ACET graduates have received more than \$150 million in sales income, grants, contracts and investment capital.

ACET is the only incubator with wet lab facilities in Northern California. The proposed Oakland project would contain over five times the leaseable wet-lab, office and manufacturing space.

ACET works closely with the three Alameda County based national laboratories to help transfer and commercialize new technologies. California based environmental technology and biomedical companies are assisted in exporting their industry specific products to European countries through ACET's partnership with the Bay Area World Trade Center and the California Technology, Trade and Commerce Agency.

An expanded ACET incubator will promote creation, retention and expansion of jobs in industries that have been seriously affected by the current recession, especially in the production and service industries. ACET will encourage tenants to hire local displaced workers and other targeted, disadvantaged groups who have been trained in job skills appropriate to the new businesses' needs. Jobs for less skilled workers will expand because of the tenants' increasing need for manufacturing, supplier, and service type jobs. In addition, ACET will work with the City's Workforce/Economic Development staff, the Workforce Investment Board, California State University Hayward, the Alameda County Community College District, and non-profit training agencies to identify and train the needed workers.

KEY ISSUES AND IMPACTS

The City's Economic Development Plan calls for focused efforts to create, expand and attract businesses in target industry clusters, several of which are high technology industry groups. Pursuant to this Cluster Strategy approach, a task force was recently assembled by Business Development staff to address the Bio-Science industry. After several task force meetings, attendees agreed that the initial step to expand this cluster in Oakland would be to develop a technology incubator. This opportunity is presented to Oakland by the recent EDA award to ACET.

Under this grant, the Agency would assist in the development of a 35-40,000 square foot incubator to house start-up companies in biotechnology, environmental security, renewable energy and energy efficiency by providing up to \$1,610,000 in matching funds for land and/or building improvements. The facility would include 35-40 wet-laboratories, offices, light manufacturing space and classroom/common space. The Oakland Bio-Science Advisory Team and City staff also are planning a targeted marketing campaign to build ongoing relationships with relevant technology related department chairs at U.C. Berkeley. This project could create

approximately 6,000 jobs and generate over \$750 million in income, grants and investment over a five-year period by incubating local start-up businesses and by assisting graduating companies in commercializing new technologies.

A specific site for the incubator has not yet been identified. Staff is currently working to meet a February commitment deadline for the financial match imposed by ACET's Board of Directors. However, several potential sites are currently being explored. All sites are within the Coliseum Redevelopment Area due to the funding source and the EDA requirement that other facilities are located nearby for business expansion resulting from the technology-incubator graduates. This also comports with the geographic elements of the City's Economic Development Strategy to feature the Airport Business Area as the technology center of Oakland along with Zhone, Rainin Instruments and other technology firms.

SUSTAINABLE OPPORTUNITIES

Economic:

The project will nurture new businesses. These businesses will generate local taxes, purchase from local companies and hire Oakland residents. Employees' wages will generally exceed Oakland's Living Wage.

Environmental:

ACET will house and provide technical assistance to companies in the fields of renewable energy and energy efficiency. Construction activity will follow Oakland's green building standards.

Social Equity:

Agency participation in this project will ensure that incubator tenants utilize local Workforce Investment Board (WIB) programs, wherever possible.

DISABILITY AND SENIOR CITIZEN ACCESS

The ACET incubator will meet all disability related building requirements and ACET will continue to comply with all applicable federal, state and local codes and legislation regarding disability and senior access.

RECOMMENDATION AND RATIONALE

Staff recommends that the Agency approve a resolution to accept, appropriate and disburse the EDA grant and to commit an amount not to exceed \$1,610,000 as matching funding for this \$6,440,000 Economic Development Administration Grant. This resolution is intended to indicate a commitment by the City of Oakland to this project and to secure ACET's commitment to locate in Oakland. The investment will stimulate new businesses and technology and will create significant new jobs.

ACTION REQUESTED OF THE REDEVELOPMENT AGENCY

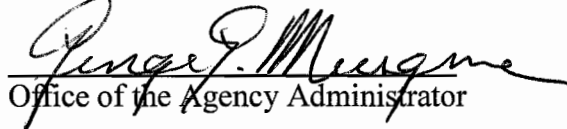
Staff recommends that the Agency approve the resolution committing up to \$1,610,000 in Coliseum Redevelopment Area monies as matching funding for the ACET Technology Incubator Project.

Respectfully submitted,

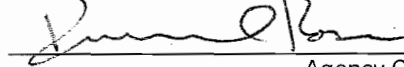

William E. Claggett, Executive Director

Prepared by:
Bill Lambert, Economic Development Manager

APPROVED FOR FORWARDING
TO THE REDEVELOPMENT AGENCY


Office of the Agency Administrator

APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION NO. _____ C. M. S.

FILED
OFFICE OF THE CITY CLERK
OAKLAND
03 FEB -5 PM 4:13

RESOLUTION AUTHORIZING THE AGENCY ADMINISTRATOR TO ACCEPT, APPROPRIATE, AND DISBURSE AN ECONOMIC DEVELOPMENT ADMINISTRATION GRANT IN AN AMOUNT NOT TO EXCEED \$6,440,000 TO THE ADVANCING CALIFORNIA'S EMERGING TECHNOLOGIES (ACET) PROJECT, A HIGH-TECHNOLOGY BUSINESS INCUBATOR, AND ALLOCATING COLISEUM AREA PROJECT FUNDS IN AN AMOUNT NOT TO EXCEED \$1,610,000 TO THE PROJECT AS LOCAL MATCHING FUNDS FOR THE GRANT

WHEREAS, the Coliseum Redevelopment Project Area is an approximately 6,700 acre redevelopment project area that has opportunity for real estate and job generating activity; and

WHEREAS, Advancing California's Emerging Technology ("ACET"), a nonprofit business incubator, has received approval for a \$6,440,000 grant from the U.S. Department of Commerce, Economic Development Administration ("EDA") to develop a 40,000 square foot high-technology business incubator; and

WHEREAS, the proposed ACET high-technology business incubator will help stimulate significant new jobs in emerging industries; and

WHEREAS, the terms of the EDA grant require local matching funds in an amount not to exceed twenty percent (20%) of total project costs, or \$1,610,000; now, therefore, be it

RESOLVED: That the Agency Administrator is hereby authorized to accept, appropriate, and disburse a grant of up to \$6,440,000 from the EDA for the development of the ACET high-technology business incubator; and be it further

RESOLVED: That the Agency hereby authorizes the allocation of an amount not to exceed \$1,610,000 in Coliseum redevelopment funds from the 2003 Coliseum Bond to be used as matching funding for the EDA grant for the development of the ACET high-technology business incubator; and be it further

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RESOLVED: That the Agency hereby appoints the Agency Administrator or his designee as agent of the Agency to conduct all negotiations, execute and submit all documents, including but not limited to proposals, applications, agreements, modifications, additions, and related actions, and to take other action with respect to the EDA grant and the ACET project which may be necessary in accordance with this Resolution and its basic purposes; and be it further

RESOLVED: That all documents will be approved as to form and legality by Agency Counsel prior to its execution, and copies of executed agreements shall be on file with the Agency Secretary; and be it further

RESOLVED: That the funding shall be contingent on the ACET project being developed in the Coliseum Redevelopment Project Area; and be it further

RESOLVED: That the Agency finds that the development of the proposed ACET high-technology business incubator would meet the goals of the Coliseum Area Redevelopment Plan in that it would eliminate blight in the project area, and strengthen the economic base of the project area by installing needed site improvements to stimulate new commercial/light industrial expansion, employment, and economic growth; and be it further

RESOLVED: That the Agency finds that the development of the proposed ACET high-technology business incubator would be consistent with the Five-Year Implementation Plan for the Coliseum Area; and be it further

RESOLVED: That the Agency finds that this Agency financial assistance is necessary for the economic feasibility of the project, and that the assistance cannot be obtained on economically feasible terms in the private market.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2003

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, QUAN, REID, WAN, AND CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

CEDA FLOYD
Secretary of the Redevelopment Agency
of the City of Oakland, California

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