



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Alexa Jeffress
Director, Economic &
Workforce Development
Department

SUBJECT: Bus Rapid Transit Business
Assistance Fund – Program
Outcomes

DATE: May 10, 2022

City Administrator Approval 

Date: May 25, 2022

RECOMMENDATION

Staff Recommends That The City Council Receive An Informational Report Evaluating Outcomes From The Bus Rapid Transit Business Assistance Fund

EXECUTIVE SUMMARY

This report provides an update on the Bus Rapid Transit (BRT) Business Assistance Fund (BAF), a \$2,000,000 fund established to support Oakland businesses and avoid adverse impacts from the BRT infrastructure changes constructed by AC Transit. The program officially sunset in August 2021, by which point all funds had been committed. At this time, all grantees have received at least one grant payment, and final disbursement is anticipated by the end of 2022. The report includes summary statistics of grant recipients, including demographics and geography.

BACKGROUND / LEGISLATIVE HISTORY

Business Assistance Fund Program Guidelines

In 2013, AC Transit and the City of Oakland (City) entered into a Master Cooperation Agreement for implementing the Conditions of Approval for Business and Parking Impact Mitigation activities and roadway, bicycle and pedestrian improvements. [Resolution No. 84570 C.M.S.](#) urged AC Transit to set aside sufficient dollars to implement a comprehensive BRT - Business Impact Mitigation Fund, which resulted in a \$2,000,000 grant to the City from AC Transit as part of a Business Sustainability Program. In November 2014, the City Council unanimously adopted [Resolution No. 85284 C.M.S.](#) to accept and appropriate AC Transit's contribution for the development and implementation of the City's BRT Business Sustainability Program to assist business owners along the BRT route from Downtown Oakland east to the San Leandro border (the full route extends to the San Leandro BART Station).

City Council
June 7, 2022

AC Transit, City staff and consultants worked together to revise BRT design features to mitigate impacts to businesses and residents, with extensive input from business owners, community members, and community advocates. Despite these efforts, the City Council concluded that the Final Environmental Impact Study/Report (FEIS/R) and Conditions of Approval were not sufficient to protect some businesses from adverse permanent impacts from BRT infrastructure changes. To address these concerns, the City Council created the \$2,000,000 Business Assistance and Sustainability Fund, which is currently known as the BAF. Resolution No. 85085 C.M.S. appropriated \$1,000,000 of General Purpose Funds for the fund and [Resolution No. 85286 C.M.S.](#) appropriated an additional \$1,000,000 of Community Development Block Grant (CDBG) funds for the fund. Resolution No. 85286 explicitly directed that these funds not be dispensed until guidelines are in place and stated that the fund is for "businesses that have experienced adverse permanent impact from BRT infrastructure changes."

On July 19, 2016, the City Council approved the Eligibility Criteria and Disbursement Guidelines (Eligibility Criteria) for what is now referred to as the BRT BAF by way of [Resolution No. 86321 C.M.S.](#), which authorized the City to disburse grants not to exceed \$100,000 per business on a reimbursement basis for an approved set of eligible uses, including building renovations, facade improvement, acquisition/creation of private parking, and business model alterations. On February 21, 2017, the City Council approved an amendment to Resolution No. 85286 C.M.S. to provide that the BAF is for businesses that will experience and have experienced adverse permanent impact from BRT infrastructure changes. The BAF was intended to be distributed as follows: \$1,000,000 in Zone 1 (the area east of Lake Merritt Boulevard and west of 52nd Avenue) and \$1,000,000 in Zone 2 (the area west of Lake Merritt Boulevard and east of 52nd Avenue).

On October 11, 2016, staff presented to the Community and Economic Development (CED) Committee a recommendation to enter into contracts with AnewAmerica (ANA) and Mason Tillman Associates, Ltd. (MTA) to provide technical assistance for businesses along the BRT route. The CED Committee approved staff's recommendation, and contracts for \$965,000 each were awarded to both ANA and MTA by way of [Resolution No. 86444 C.M.S.](#) Services included business advising, marketing, website, visual design, and financing, as well as assistance with BAF applications. The contracts for both organizations were extended until December 31, 2019, after which City staff assumed the responsibility for all technical assistance regarding the BAF.

The Economic and Workforce Development Department (EWD) assumed oversight of the BAF in Fall 2019 from the Department of Housing and Community Development (HCD), at which time two BAF grants had been issued. To remove barriers to grant disbursement, BAF grant agreements were revised to 1) enable business owners to receive payment from the City prior to incurring expenses, as long as the grantee submitted proof of payment shortly thereafter, and 2) protect grantees leasing property if they were to go out of business from the obligation to return grant funds for a construction project.

After the COVID-19 pandemic began, staff polled active BAF applicants in March 2020 as to whether a simplified operating cost grant would help to retain jobs and keep their businesses afloat during the COVID-19 crisis. Eighty four percent said such a grant would help. On May 12, 2020, the City Council passed [Resolution No. 88116 C.M.S.](#), which enabled BRT businesses to use up to \$10,000 of BAF funds for operating costs if the business can demonstrate impacts

due to COVID-19 and allowed the reallocation of funds from one zone to another should there be a lack of eligible businesses.

Following the Council's modifications to the program, certified letters were sent to all known existing applicants (approximately 90 businesses) to inform them of the program changes, and to request submittal of incomplete items specific to each application to secure their funding. After additional staff follow up by phone and email, funding for Zone 1 businesses was fully committed. The Zone 2 business applications and program interest increased, but additional focused outreach was needed to reach full subscription.

On August 18, 2020, staff sent a mailing to over 350 BAF-eligible business owners in Zone 2 that had not previously submitted BAF applications. To further promote the opportunity to eligible business owners, staff engaged with multiple organizations serving areas throughout Zone 2, including Just Cities, Black Cultural Zone, Allen Temple Baptist Church, and the Oakland Chinatown Chamber of Commerce.

As a result of additional outreach in Zone 2, all funds for the BAF were committed by early October 2020. Waitlists were established for both Zone 1 and 2, with the waitlist order determined by the date of receipt of a complete application.

On October 2, 2020, staff mailed letters to 15 BAF applicants with existing commitments for construction projects, reminding them of the next steps to proceed with their projects, and providing them until October 23, 2020 to provide any remaining missing documentation. As staff pressed for application completions, not all of the applicants wished to proceed with their construction projects.

On January 28, 2021, staff mailed certified letters to all known incomplete applications for operating cost grants in Zone 2, providing a deadline of March 1, 2021 to complete their applications, with staff available to assist in additional languages as needed. Per Resolution No. 88116 C.M.S., which allows the reallocation of funds from one sub-district to another, after March 1, 2021, all BAF funds were distributed on a first-come, first-served basis to business owners along the BRT corridor regardless of zone.

ANALYSIS AND POLICY ALTERNATIVES

The BAF program officially sunset in August 2021, one year after the BRT operations began. **Table 1** provides a breakdown of grants by type and broader geographic area. Of the 114 grants executed as of March 17, 2022, 97 were awarded for operating costs, 9 for equipment purchase, 7 for construction work, and 1 for relocation. While all grantees with executed grants have received at least one grant payment, phased disbursements of construction grants continue, with final disbursement anticipated by the end of 2022.

Table 1. Grant Disbursement by Business Zone and Type of Grant

Grant Type	Business Zone 1		Business Zone 2		Total	
	Count	Amount	Count	Amount	Count	Amount
Relocation	1	\$100,000	0	\$0	1	\$100,000
Construction	5	\$397,996	2	\$149,999	7	\$547,995
Equipment	6	\$304,483	3	\$82,056	9	\$386,539
Operating	38	\$380,000	59	\$590,000	97	\$970,000
Total	50	\$1,182,479	64	\$822,055	114	\$2,004,534

Although only two grants had been issued through the end of 2019, BAF grant disbursement increased rapidly in the last two years of the program. This is largely due to multiple revisions to the BAF program in 2020 to streamline program requirements to respond to urgent business needs during the COVID-19 pandemic.

The original BAF program, set up to fund long-term investments, was very complicated to navigate. Staff worked with City Council to address the urgent needs of business owners during the COVID-19 pandemic by providing the option for \$10,000 operating cost grants. In addition to addressing the urgent needs of the BRT businesses whose survival was threatened by shelter-in-place orders, the streamlined guidelines for operating cost grants significantly shortened the time to apply for and process applications, while broadening eligibility to all business owners along the BRT corridor impacted by COVID-19, not just those negatively impacted by the BRT infrastructure.¹ The standard grant amount of \$10,000 allowed the BAF to support many times more businesses than would have been funded under the original structure of the program,² while still honoring all grant commitments for larger projects made prior to the pandemic.

Summary statistics of BAF grant recipients are provided in **Attachment A**. Some highlights of the distribution of grant dollars are listed below³:

- Over 84 percent of grant dollars went to business owners of color
- 72 percent to renters
- 32 percent to female business owners
- 61 percent to sole proprietors
- 73 percent to business owners in business at least 10 years
- 56 percent to businesses with annual revenues under \$500,000

Table 2 shows that the race/ethnicity of BAF recipients closely matches the best available data on business ownership in the BRT corridor,⁴ especially when evaluating the total grant dollars

¹ Prior to May 2020, all BAF applications required detailed assessment to determine the negative impact of BRT infrastructure and its extent; the latest Council changes allowed businesses to demonstrate negative impact due to COVID-19 through a signed statement to qualify for a \$10,000 operating cost grant.

² The original BAF guidelines allowed for all funds to be disbursed to as few as 20 businesses.

³ Percentages are based on total grant dollars issued, not the number of grants issued, and are based on the share of businesses with data available.

⁴ In late 2014, the City entered into a contract with the Oakland Business Development Corporation, now doing business as "Main Street Launch" (Main Street). Main Street hired a team with language capacity in

issued by race. The percentage of grant dollars distributed to Asian and Black business owners mirrors the percentage of Asian and Black business owners assessed in the entire BRT corridor. Hispanic business owners were somewhat overrepresented, while white business owners were somewhat underrepresented.⁵

Table 2. Race/Ethnicity of BAF Grant Recipients vs. All BRT Corridor Businesses

Race	BAF Grant Recipients		BRT Businesses³
	<i>Number¹</i>	<i>Dollars²</i>	
American Indian or Alaska Native			0.4%
Asian	45%	33%	33%
Black	12%	13%	13%
Hispanic	25%	37%	33%
Multi-racial	2%	1%	
Native Hawaiian or other Pacific Islander			1%
White (Including Middle Eastern & North African)	11%	9%	18%
Declined to answer/Unknown	6%	7%	0%
Total	100%	100%	100%

NOTES:

- 1) Race/ethnicity data based on number of BAF grants issued.
- 2) Race/ethnicity data based on total BAF grant dollars issued.
- 3) Race ethnicity data from needs assessment interviews conducted by Main Street Launch along the BRT corridor in 2015-2016.

Assistance in additional languages was provided both by consultants and City staff to serve high concentrations of Spanish-speaking and Vietnamese-speaking business owners along the corridor.

Staff worked with partner organizations serving businesses throughout the corridor, including the Oakland Vietnamese Chamber of Commerce, which resulted in more BAF applications than could be funded until the option for smaller operating cost grants was created. After the operating cost grant option was created, many applications were the result of referrals from other businesses along the corridor, particularly among the Vietnamese business community. As a result, the share of \$10,000 operating cost grants issued was higher for Asian business owners than for the larger grants for construction or equipment.

Cantonese, Mandarin, Spanish, and Vietnamese. In 2015 and 2016, Main Street verified the identity of 1,047 businesses along the corridor and performed 305 needs assessment interviews. Business owners could decline to answer any questions they did not feel comfortable with; 275 provided race/ethnicity data.

⁵ Includes Middle Eastern & North African business owners

Jobs Created and Retained

Recipients of operating cost grants are required to report on the type of jobs created and retained every quarter for one year after receiving funds. **Table 3** shows total jobs created and retained for the first year of reporting for operating cost grantees as of March 17, 2022. Two thirds of the operating cost grantees are sole proprietors. As a result, for over 30% of the businesses reporting, the only data reported was one job retained. Overall, operating cost grantees accounted for upwards of 80 jobs created and 240 jobs retained. These totals are not final and are expected to grow, as grantees who received their operating cost grants at later dates will continue to submit reporting on jobs created and retained.

Table 3. Jobs Created and Retained for Operating Cost Grantees, 4th Quarter 2020 - 3rd Quarter 2021

Data Reported	Full-time	Part-time	Total
Jobs Created	20	62	82
Jobs Retained	118	122	240

NOTE:

Data available for the 60 operating cost grantees completing at least one quarterly report.

Barriers for Construction Grants

In addition to the barriers stated above, additional barriers impeded the execution of construction grants. Applicants were required to develop feasible impact mitigation plans and obtain bids from contractors, which was complicated during the pandemic by social distancing, high demand for construction work, and increasing costs of materials. Once an application was approved, some grantees spent months just trying to satisfy the City's insurance requirements when all other requirements were satisfied.

Additionally, to comply with federal funding requirements, recipients of Community Development Block Grant (CDBG) funds for construction work are responsible for both maintaining the improvements and keeping the property in business use for a 5-year holding period after work is complete. Acknowledging that this requirement threatens grantees who rent property with liability for paying back large grants if they were to go out of business, and after one grantee withdrew from consideration for this reason, staff shifted liability in such cases to the property owners, who each were required to sign an agreement that was recorded with the County to maintain the property in business use for a 5-year period. However, multiple landlords would not approve construction projects for their tenants after reviewing the Use and Transfer Agreement.

As a result of these barriers specific to construction grants, even though the first grant commitments for construction projects were made in 2019, and the operating cost grant agreement was not finalized until August 2020, 67 operating cost grants were executed before the first construction grant was executed on April 15, 2021.

Lessons for Business Support Programs

While the BAF program has fully committed the original fund allocation, EWDD continues to administer the Facade and Tenant Improvement Program (FTIP) for business owners and commercial property owners, which, like the BAF, funds building renovations and facade improvements. The FTIP contains some barriers that were removed for the BAF. Specifically, the FTIP, unlike the BAF, requires that the grant recipient fully match the funds provided by the City. Additionally, the FTIP provides grant funds on a reimbursement basis. Both provisions form barriers for business owners that are not well capitalized, which disproportionately impacts business owners of color.⁶ Based on these lessons learned, staff intends to recommend changes to the FTIP in a separate agenda report.

FISCAL IMPACT

This is an informational report with no fiscal impacts. The \$2 million allocated to the BAF has been fully committed to business owners with completed applications, with over 76 percent of funds disbursed as of March 17, 2022. The \$1 million in CDBG funding has been fully disbursed, while 52 percent of the General Fund portion has been disbursed. Phased disbursements of construction grants continue, with final disbursement anticipated by the end of 2022.

PUBLIC OUTREACH / INTEREST

Staff outreached multiple partner organizations for this informational report, including Main Street Launch, Black Cultural Zone, Allen Temple Baptist Church, Just Cities, the Oakland Chinatown Chamber of Commerce, the Oakland Vietnamese Chamber of Commerce, and AnewAmerica, as well as the Unity Council, who connected BRT business owners in the Fruitvale area to other technical assistance providers.

COORDINATION

The Department of Race and Equity and the Department of Housing and Community Development were consulted in the preparation of this report.

SUSTAINABLE OPPORTUNITIES

Economic: The sustainability of small businesses is essential for Oakland's economic health. While the BRT project offers hope for a vibrant transit-oriented commercial corridor, its construction and permanent infrastructure will disrupt some business operations. The Business

⁶ The Brookings Institution reported that large banks approve about 60% of loans sought by white small business owners, compared to 50% of loans sought by Latino or Hispanic small business owners, and 29% of loans sought by Black small business owners, according to 2018 data from the Small Business Credit Survey (<https://www.brookings.edu/research/businesses-owned-by-women-and-minorities-have-grown-will-covid-19-undo-that>).

Sustainability Program, including the BAF as well as the additional technical assistance, provided critically needed services and resources to businesses along the BRT route that will experience permanent adverse impacts as a result of the BRT infrastructure changes.

Environmental: The BRT will reduce greenhouse gas emissions by significantly improving access to mass transportation using buses with advanced energy-efficient technology.

Race & Equity: The businesses that received BAF funding are representative of the demographics of business owners along the BRT corridor, especially when evaluating the grant dollars issued. Business Sustainability Program services and resources were designed and aligned to assist all businesses, with added emphasis on small emerging businesses with ownership that reflects the rich diversity of Oakland.

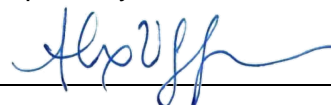
The City contracted multiple technical assistance providers to outreach business owners along the corridor and assist them with completing BAF applications. Staff continued to assist those applicants once the technical assistance consultant contracts ended. When the streamlined operating cost grant option was created, and grant funds remained in Zone 2, staff used AC Transit's contact database to send a mailing in multiple languages (Spanish, Chinese, Vietnamese, and Arabic) to over 350 BAF-eligible business owners in Zone 2 that had not previously submitted BAF applications. To further promote the opportunity to eligible business owners, staff engaged multiple organizations serving areas throughout Zone 2, including Just Cities, Black Cultural Zone, Allen Temple Baptist Church, and the Oakland Chinatown Chamber of Commerce. In addition to utilizing over-the-phone interpreting resources, to address the significant number of Vietnamese speaking BAF applicants along the entire corridor, staff brought in Vietnamese-speaking resources from other City departments and consultants.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive An Informational Report Evaluating Outcomes From The Bus Rapid Transit Business Assistance Fund.

For questions regarding this report, please contact Eric Simundza, Urban Economic Analyst III, at 510-238-6249.

Respectfully submitted,



ALEXA JEFFRESS
Director, Economic and Workforce Development



Christina Mun, Acting for

SHOLA OLATOYE
Director, Housing & Community Development

Reviewed by:
Micah Hinkle, Deputy Director/Manager
Business Development

Reviewed by:
Greg Garrett, Development Program Manager
Housing & Community Development

Prepared by:
Eric Simundza, Urban Economic Analyst III
Business Development

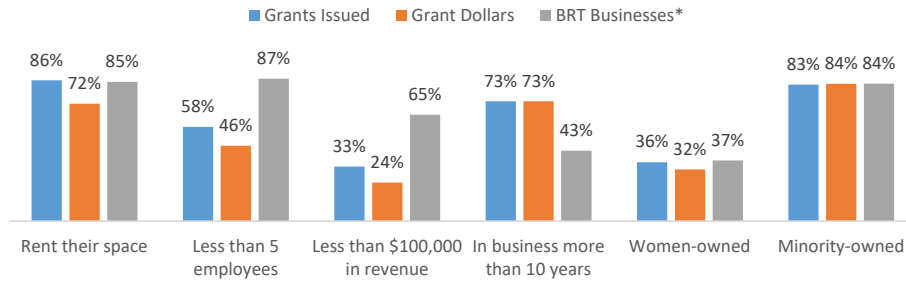
Attachments (1):

A: BRT Business Assistance Fund Grantee Characteristics

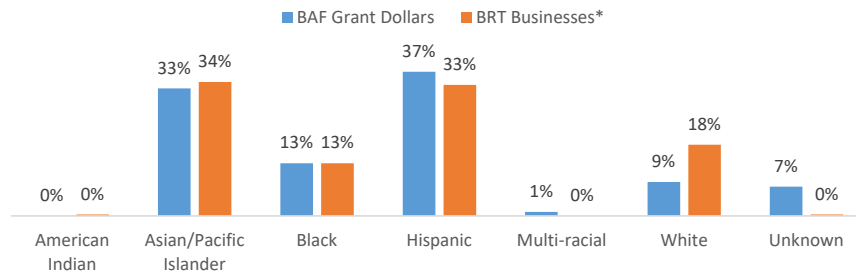
Attachment A

BRT Business Assistance Fund - Grantee Characteristics

Summary of Grantee Characteristics



Race/Ethnicity of Business Owner



*Needs assessment interviews conducted by Main Street Launch along BRT corridor in 2015-2016, summarized in ["BRT Community Engagement Update", Info Report to Oakland City Council, April 9, 2019.](#)

	Grants Issued		Grant Dollars	
	Count	Percent	Dollars	Percent
Overall Total	114	100.0%	\$2,004,534	100.0%
Race of Business Owner				
Asian	51	45%	\$652,385	33%
Black	14	12%	\$269,999	13%
Hispanic	28	25%	\$738,053	37%
Multi-racial	2	2%	\$20,000	1%
White	8	7%	\$80,000	4%
Middle Eastern/Israeli/Palestinian	4	4%	\$94,097	5%
Did not want to provide	7	6%	\$150,000	7%
Gender of Business Owner				
Male	73	64%	\$1,372,151	68%
Female	41	36%	\$632,384	32%
Lease or Own Business Location				
Lease	98	86%	\$1,438,538	72%
Own	16	14%	\$565,996	28%
Business Type				
Individual/Sole Proprietor	75	66%	\$1,218,054	61%
Corporation	26	23%	\$630,094	31%
LLC	7	6%	\$72,386	4%
Partnership	6	5%	\$84,000	4%
Other	0	0%	\$0	0%
Council District				
District 1	0	0%	\$0	0%
District 2	46	40%	\$762,385	38%
District 3	17	15%	\$170,000	8%
District 4	0	0%	\$0	0%
District 5	26	23%	\$690,094	34%
District 6	2	2%	\$70,000	3%
District 7	23	20%	\$312,055	16%