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# AGENDA REPORT

**TO:** DEANNA J SANTANA  
CITY ADMINISTRATOR

**FROM:** Rachel Flynn

**SUBJECT:** Quarterly Economic Development Activities Tracking **DATE:** January 6, 2014

City Administrator  
Approval

Date

1/16/14

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

Staff recommends that the City Council accept this Quarterly Tracking Report on Economic Development activities and specific actions and outcomes 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 quarterly report to track Economic Development activities and actions regarding the preparation of the Oakland Economic Development Strategy. The City Council has directed the development of a focused economic development strategy that prioritizes support for Oakland's existing businesses, fosters new investment and revenue, and creates employment opportunities for Oakland residents. A brief overview of Economic Development activities in 4<sup>th</sup> Quarter 2013 is included in **Attachment A**

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

Respectfully submitted,

Rachel Flynn, Director, Planning & Building  
Services & Acting Director, Department of  
Economic and Workforce Development

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

Attachment A 4th Quarter 2013 Quarterly Strategy Development Outcomes

Item \_\_\_\_\_  
CED Committee  
April 23, 2013

**ATTACHMENT A:**  
**(October to December 2013)**

**ECONOMIC DEVELOPMENT ACTIVITIES REPORT**

Timeline	Topic or Program Area	Actions/Outcome
Oct - Dec 2013	<b>1. Economic Trends Based on Most Recent Oakland Indicators Report and East Bay Economic Outlook, East Bay Economic Development Alliance</b>	<p>The City of Oakland economy continued to steadily improve, generally mirroring regional trends</p> <ul style="list-style-type: none"> <li>• Citywide sales tax in Q2 2013 (April - June) increased by 3.9% compared with Q2 2012. City's total net receipts (total citywide and County/State sales tax pool receipts) increased 4.6% versus Q2 performance</li> <li>• Autos Sales continued to be the highest contributors to sales tax, Oakland welcomed 3 new auto dealership franchises or ownership changes: AUTOCOM Nissan of Oakland, Premier Hyundai of Oakland, and Paul Blanco Good Car Company. Overall new motor vehicle dealerships sales tax activity increased 6.9% from Q2 2012</li> <li>• Market vacancy is continuing its steady trend downward. Overall vacancy year over year in the CBD dropped to 12.6% in the third quarter, and outside the CBD, it dropped to 17.5%. As vacancy has decreased, landlords in premium buildings are pushing rents up. In the CBD, City Center and Jack London Square class A rents grew 3.2% and 6.2% year over year, respectively per Cushman and Wakefield's 3<sup>rd</sup> Quarter 2013 Report</li> <li>• Oakland captured the most positive net absorption in the Industrial Market this quarter at 245,000 square feet bringing vacancy down a full percentage point to 3.7%</li> <li>• More San Francisco tenants are starting to look in the East Bay near BART lines for space. With recession-era leases set to renew over the next two years look for more bargain hunters looking to Oakland for deals</li> <li>• The unemployment rate decreased in the 4<sup>th</sup> Quarter 2013, the California EDD reports in November 2013 that Oakland had unemployment of 10.4% from an 11.4% rate in August 2013</li> </ul>
	<b>2. Snapshot of Major Activities During the Third Quarter of 2013 in Oakland's Key Economic Sectors</b>	<p>Oakland Economic Development Strategy. Staff continues to develop components of the Economic Development Strategy</p>

		<ul style="list-style-type: none"> <li>▪ <b>Food &amp; Beverage Sector:</b> <ul style="list-style-type: none"> <li>○ Staff has worked with over thirty new food production businesses and over 12 restaurant entrepreneurs in site location, facilities development and permitting, financing referrals Staff has initiated the <i>update of the Oakland Food &amp; Beverage Trail</i> and is considering other marketing aspects for the Oakland Wine &amp; Craft Brewery sector in particular Staff is encouraging new business-friendly regulations to assist in attracting and growing new production in that sector</li> </ul> </li>   <li>▪ <b>Creative Industry Sector</b> <ul style="list-style-type: none"> <li>○ <b><i>Oakland Makers Group.</i></b> Staff began working to attract new Maker-Tech-Manufacturing businesses to Oakland with OM support, engaging additional members, initiating the Education-Equity committee, and planning a January 22<sup>nd</sup> 1<sup>st</sup> Quarter 2014 Meet Up</li> <li>○ <b><i>Popuphood Innovation Center.</i></b> Staff worked with popuphood to coordinate a number of events, including coordination with Impact Hub Oakland and the opening of three new popuphood tenants in Old Oakland</li> <li>○ Staff participated in the <b><i>East Bay Economic Development Alliance</i></b> Advanced Manufacturing Seminar Staff served as a facilitator for the Innovation Awards judging Economic Development Staff has also been elected to serve on the EB EDA Executive Committee, serving as Chairperson of the Regional Initiative and Advanced Manufacturing Initiatives</li> </ul> </li>   <li>▪ <b>Green &amp; Clean Sector</b> <ul style="list-style-type: none"> <li>○ <b><i>Green and Cleantech Sector is Strong and Diverse</i></b> Overall Oakland boasts a robust and growing group of approximately 250 firms offering a green product or service, collectively employing over 3500 individuals in subsectors including alternative energy production, energy efficiency/green building, environmental consulting, recycling, and policy advocacy</li> <li>○ <b><i>Vigdent, Inc. Adds to “Negawatt Alley” Energy Efficiency Cluster</i></b> - Officially launching in early November and leasing a full floor in the Magnin building, this 55 person firm relocated to Oakland from El Cerrito, affirming the idea that companies come to Oakland to grow, attracted by rich transit and cultural amenities, Vigilent specializes in energy and cooling efficiency for data centers and large buildings</li> <li>○ <b><i>City Assists Mattress Recycler DR3 on Advocacy for Statewide Legislation</i></b> Oakland-based DR3, already the largest mattress recycler in the U S , worked with</li> </ul> </li> </ul>
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		<p>staff to help design statewide system with passage of SB 254 (Hancock), which was motivated partly to address city's cost of illegal dumping of these bulky items, staff also co-presented with DR3 on this issue in Sacramento forum</p> <ul style="list-style-type: none"> <li>▪ <b>Healthcare Sector:</b> <ul style="list-style-type: none"> <li>○ <i>Impacts of the Affordable Care Act:</i> Staff continues to support business service providers, Oakland ethnic chambers and merchant associations to provide information to Oakland small businesses regarding the Affordable Health Care Act</li> <li>○ <i>Oakland Hospital Updates:</i> Kaiser Permanente Medical Center is one of the 19 Kaiser Permanente hospitals named 2013 "Top Hospitals" by The Leapfrog Group, an honor that rewards medical centers for their outstanding success in areas such as reducing infection rates, safety practices, mortality rates for common procedures and measures of efficiency Oakland's Kaiser Medical Complex is reaching completion – the Kaiser Hospital and Specialty Medical Offices are projected to open mid 2014</li> <li>○ The first phase of a \$668 million rebuild of the Alameda County Health Services Center, an outpatient and specialty care center is near completion and the Oakland - Highland's new inpatient tower should open in 2015</li> </ul> </li> <li>▪ <b>Retail Sector:</b> <ul style="list-style-type: none"> <li>○ Staff supported a <i>number of small and large retail development efforts</i> citywide including Shops on Broadway development, Chow Marketplace, three Safeway Store developments, SRM Mixed Use developments, two CVS store developments, Coliseum Center Re-Tenancing support, Jack London Square Development, involvement in Oakland shopping holiday marketing efforts – Plaid Friday Event</li> <li>○ Staff assisted the Oakland Marriott and Oaklandish in holiday popup developments at Oakland Airport and Jack London Square</li> </ul> </li> </ul>
Oct - Dec 2013	3. Business Development Services	<p>Staff worked with the following major clients during this quarter</p> <ul style="list-style-type: none"> <li>▪ <b>New and Active Business Attraction Cases</b> –City welcomed Vigilant, Inc to Oakland with its staff of 55 professionals, initial meeting with Pax Water Technologies bodes well for prospect of landing this 20 person firm – with plans to triple in size -- when they move in late 2014, work to situate JD Services (construction recycling) continued after first site fell</li> </ul>

		<p>through Staff toured potential businesses seeking new locations including Forage SF, Maker Media, Type A Machines, Counter Culture Labs and Spoon Rocket Staff worked with new retail start ups including Bardo Cocktails Port Bar, Chow Market and Restaurant, Coliseum Shopping Center Re-Tenancing,</p> <ul style="list-style-type: none"> <li>▪ New and Active Business Retention Cases - Worked to reconcile retention of National Recycling with planned changes under West Oakland Specific Plan, retaining 20+ jobs while encouraging enhanced engagement with the community Staff continues to work with Everett Graphics, Bimbo Company, and relocation of East Bay Ford</li> <li>▪ New and Active Business Expansion Cases – 21 existing businesses, including Promoted green and Cleantech industry leaders in annual Chamber newsletter article, including Sungevity (300 jobs), Mosaic (20+), SfunCube (13 startups with nearly 100 jobs), GreenBiz com (15+), and BuildItGreen (50+), also worked closely with DR3 (leading U S mattress recycler) to design statewide system (see Green/Cleantech summary above) Staff provided assistance with new location and construction for Silverado Contractors, Liba Falafel, Hadal Systems, and Alliance Gas Staff also worked with major real estate development, including HollisWorks, Cal Electric kitchens, land development at 26<sup>th</sup> and Mandela and various West Oakland sites Staff is working with US Perishables Company, Oakland based 3<sup>rd</sup> party logistics company,</li> </ul>
	<p>4. Strategic Initiatives</p>	<p>Staff worked on the following strategic, economic development initiatives:</p> <ul style="list-style-type: none"> <li>o 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</li> <li>o 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 &amp; Market feasibility analysis for mixed use development along International Corridor, continued involvement in committee and quarterly community update meetings</li> <li>o 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</li> </ul>

		<ul style="list-style-type: none"> <li>○ <b>Business Alert Committees West and East Oakland Business Alert:</b> 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. Staff is working with District 5 City Council office to develop the Central Estuary Commerce/Business Alert Committee in 2014.</li> <li>○ <b>Bay Area Regional HUD Prosperity Grant:</b> Staff participates as Co-Chair of the Economic Prosperity Taskforce, developing a regional approach for expanding economic opportunities for low- and moderate-income workers. Staff collaborated with Oakland serving organizations to apply for pilot project sub-grants.</li> <li>○ <b>Participation in Four Specific Plans:</b> Various staff is serving on Technical Advisory Committees assisting the Planning &amp; Building Department with creation and implementation of Oakland's four area Specific Plans (Broadway/Valdez, West Oakland, Lake Merritt, and Coliseum City).</li> <li>○ <b>City Eligibility for Enhanced Electricity Rate:</b> Staff advocated at the state Public Utilities Commission to make cities like Oakland with higher unemployment eligible for the enhanced electricity discount (up to 30% for 5 years) for large industrial users, as part of PG&amp;E's effort to reinstate "economic development rate" incentives for companies new to California or threatening to leave the state.</li> <li>○ <b>East Oakland Truck Route Economic Development:</b> Staff sought to balance changes to local truck routes designed to reduce neighborhood impacts from truck traffic with the ongoing need to have fluid main truck routes to serve industrial businesses along and adjacent to San Leandro Street.</li> <li>○ <b>Oakland Foreign Trade Zone No.56:</b> Continued coordination, to reorganize the FTZ, including a meeting with FTZ General Zone Operator (Matson) and site visit to the main FTZ facility.</li> <li>○ <b>Brownfield Loans:</b> Staff delivered the \$260,000 grant check for EBALDC remediation of the Cal Hotel. Staff is working with the State on file management for the CALReUSE Program.</li> <li>○ <b>Daniel Rose Center for Public Leadership Broadway Project Site Visit:</b> occurred on December 10<sup>th</sup> 2013. Fellows from the cities of Indianapolis, Honolulu, Portland and Memphis toured downtown Oakland.</li> </ul>
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	<p><b>5. Enterprise Zone Program</b></p>	<p>Number of Companies that submitted <b>Hiring Tax Vouchers: 185</b>  Total Approved <b>Hiring Tax Vouchers Issued: 1059</b>  Average <b>Hourly Wage \$13.97</b></p> <p><b>New &amp; Existing Job Information This Quarter:</b></p> <ul style="list-style-type: none"> <li>o New Positions – 87</li> <li>o Existing Positions – 972</li> </ul> <p><b>Key Employee Categories for 1059 Approved Vouchers</b></p> <table border="0"> <tr> <td>TEA Residents – 1006</td> <td>WOTC – 46</td> </tr> <tr> <td>Economically Disadvantaged – 3</td> <td>Public Assistance – 3</td> </tr> <tr> <td>Ex-Offender – 1</td> <td>CalWorks - 1</td> </tr> </table> <p><b>Program Development</b></p> <ul style="list-style-type: none"> <li>o Legislative action has resulted in the repeal of the Enterprise Zone Act and the dissolution of Enterprise Zones. In order to allow Enterprise Zone businesses an opportunity to apply for hiring tax credits already earned for qualified hires made through December 31, 2013, vouchers may be applied for and issued until December 31, 2014. This is the only State Enterprise Zone benefit which will remain available after the repeal of the program on December 31, 2013.</li> <li>o The New Employment Credit starts on January 1, 2014. State Franchise Tax Board to administer.</li> <li>o The New Sales Tax Exemption starts July 1, 2014 and will be administered by the State Board of Equalization.</li> <li>o The California Competes Tax Credit is anticipated to start March/April 2014 and will be administered by the Governor’s Office of GO-Biz.</li> <li>o Staff is focused on a marketing and outreach campaign to inform and encourage Oakland businesses to apply for the current ending EZ Hiring Tax Credits, and the New Replacement Programs and the requirements to qualify. Workshops will be scheduled beginning in February 2014.</li> </ul>	TEA Residents – 1006	WOTC – 46	Economically Disadvantaged – 3	Public Assistance – 3	Ex-Offender – 1	CalWorks - 1
TEA Residents – 1006	WOTC – 46							
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	<p><b>6 Small Business Services and Business Assistance Center</b></p>	<p>Number of BAC Clients: 362  <b>BAC Services:</b></p> <ul style="list-style-type: none"> <li>▪ Assisted with Business License and Tax applications</li> <li>▪ Provided direction on potential business financing</li> <li>▪ Interpreted City Zoning regulations for potential businesses</li> <li>▪ Provided site location recommendations for six businesses using Costar multi-listing service</li> <li>▪ Provided demographic statistics provided for five potential business owners</li> <li>▪ Walk In Clients, “Web to Lead” Inquiries, and phone calls</li> </ul> <p><b>Highlights:</b></p> <ul style="list-style-type: none"> <li>○ Sponsored/Co-Sponsored 5 Alameda County SBDC Seminars</li> <li>○ Provided Site location for 7 Business using Costar Real Estate Resource</li> <li>○ Coordinated Oakland’s 3 Kiva Zip Businesses, participated in the Bay Area Kiva Zip Trustee Panel, continued to market Kiva Zip Program to other Oakland businesses</li> <li>○ Demographical Statistics provided for 5 Potential business owners</li> <li>○ Participated in Business Matchmaking Workshop with RTTC, State of California Port of Oakland and BART</li> <li>○ Coordinated the Oakland Business Disaster Preparedness and Resiliency Training Oakland Private Sector Advisory Committee, Coordination with Office of Emergency Services and the California Resiliency Alliance</li> <li>○ Hosted Monthly Legal Services for Entrepreneurs Clinic to offer free legal consultations for entrepreneurs Topics include contract, lease, entity formation, trademark, copyright and patents</li> </ul>
	<p><b>7. Community Benefit District/Business Improvement District Program</b></p>	<p><b>Program Services:</b></p> <ul style="list-style-type: none"> <li>○ Establishment of City trust account for administering Jack London Improvement District pass-through revenues</li> <li>○ Drafting of City Disbursement Agreement for administrations of the Jack London Improvement District</li> <li>○ Approval of Resolutions of Intention to levy the Montclair and Rockridge BID FY 14/15 assessments</li> <li>○ Coordination of public hearings to approve Montclair and Rockridge BID FY 14/15 levies</li> <li>○ Continued compilation of annual reports for Lake Merril, Downtown Oakland, Fruitvale, Lakeshore and Koreatown BID/CBDs to initiate annual report approval</li> </ul>



		<p>renewal process</p> <ul style="list-style-type: none"> <li>o Payment of BID assessments on City and Successor Agency owned properties</li> <li>o Coordination of first FY 13/14 disbursements to eight property-based BIDs/CBDs</li> <li>o Staff developed the CBD Formation Grant Program to help support the creation of new CBD/BIDS Staff coordinated the grant contract to support the formation of the Jack London Improvement District</li> <li>o Continued participation in Downtown Oakland and Lake Merritt-Uptown Association CBD Board and Committee meetings and the CBD/BID Managers Council</li> <li>o Facilitated coordination with Building Services regarding encroachment permit activities for Latham Square, Franklin Square, Rockridge BID Sandwich Board Program, 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</li> <li>o Initial discussions with possible upper Broadway CBD interest, facilitating Golden Gate/San Pablo Corridor Association discussions, planning for participation in Laurel BID Board Retreat</li> </ul>
	<p>8. Broadway Shuttle/Streetcar</p>	<p>Broadway Shuttle</p> <ul style="list-style-type: none"> <li>o Completed annual Broadway Shuttle On-Board Passenger Survey mandated by the Bay Area Air Quality Management District Results from the survey will be available in January</li> <li>o Submitted annual Bay Area Air Quality Management District grant application to help fund 2014 Broadway Shuttle operations</li> <li>o Broadway Shuttle ridership is on pace for an all-time high in 2013 – 770,000 workers, resident and visitors are expected to ride the B before the end of the year</li> <li>o Economic Development secured a total of \$858,000 in public grants &amp; private sponsorships in 2013 – including \$132,000 from Jack London Square and \$32,000 from the Downtown and Uptown Community Benefit Districts – to support the Broadway Shuttle in 2013 These grants and sponsorships ensure the B shuttle’s operations without using any General Fund money from the City</li> <li>o Roughly \$8.8 million was spent by Broadway Shuttle passengers at businesses along the route in 2013</li> </ul> <p>Broadway Streetcar</p> <ul style="list-style-type: none"> <li>o Two Technical Advisory Committee meetings were held and several technical memorandums were completed as part of the Broadway Transit Urban Circulator Study The study is assessing the costs and benefits of upgrading the Broadway Shuttle</li> </ul>

		<p>to an electric Streetcar and extending the route through the Broadway Valdez Specific Plan area to Kaiser Hospital and MacArthur BART. This major economic development initiative would spur mixed-use TOD development and attract businesses along the Broadway corridor, as well as bring positive attention and notoriety to Oakland. The study is being funded with a \$300,000 Caltrans grant secured by Economic Development staff.</p>
	<p>9. Outreach/Promotion Activities</p>	<p>Staff helped coordinate and promote the following business development events</p> <ul style="list-style-type: none"> <li>○ Annual “Cleantech Roundup” article in the October Chamber newsletter featuring Sungevity, Mosaic, SfunCube, BuildItGreen, and GreenBiz.com</li> <li>○ Promotion of Oakland Grown and City events via Chinook Book mobile application, including presence in S F market</li> <li>○ Attended 2 Oakland holiday mixer</li> <li>○ Submitted 10+ nominations of outstanding Oakland firms for the 2<sup>nd</sup> Annual East Bay Economic Development Alliance Innovation Awards set for February, 2014</li> <li>○ Outreach to Owners and Property Managers of energy efficient buildings in Oakland for participation in the Energy Smart awards event to be held 1/30/14</li> <li>○ West Oakland Business Alert Monthly meetings</li> <li>○ OMLF Monthly meetings</li> <li>○ Oakland Retail Advisory/Land Use Committee meetings</li> <li>○ Downtown and Lake Merritt Uptown Oakland Association Board meetings</li> <li>○ CBD/BID Managers’ Council meetings</li> <li>○ Railvolution National Conference</li> <li>○ 2013 Northern California Idea Exchange Conference</li> <li>○ Oakland Planning Commission meetings: Shops on Broadway Development (Sprouts Market), Rockridge Shopping Center,</li> <li>○ OBDC Reception: Celebrate Broadway Study</li> <li>○ “Oakland Structures” Breakfast Meeting</li> </ul>