



AGENDA REPORT

TO: Oakland City Council, Mayor Libby
Schaaf, and City
Administrator Ed Reiskin

FROM: Loren M. Taylor
Councilmember – District 6

SUBJECT: L/SLBE Program Annual Report

DATE: May 6, 2021

RECOMMENDATION

ADOPT A RESOLUTION DIRECTING THE CITY ADMINISTRATOR TO 1) CONDUCT TWO OR MORE FOCUS GROUPS PER YEAR AND AN ANNUAL SURVEY OF LOCAL BUSINESSES REGARDING POSSIBLE L/SLBE PROGRAM ENHANCEMENTS AND 2) ANNUALLY PRESENT ITS FINDINGS, POLICY RECOMMENDATIONS, AND A PROGRAM IMPROVEMENT ACTION PLAN TO THE CITY COUNCIL'S COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

EXECUTIVE SUMMARY

The recently released 2017 Race and Gender Disparities Study shows that Black-owned and Women-owned businesses face significant challenges accessing City of Oakland contracting and procurement opportunities. Despite having programs in place for almost 20 years to address these challenges, members of the business community have consistently provided feedback regarding the lack of progress in the programs and difficulty of local and small businesses in obtaining contracts with the City. Changes to the programs, however, have only occurred every 10 years.

The Council adopted legislation on February 16, 2021 to address the identified race and gender disparities and increase the use of Oakland L/SLBEs in all City contracting, including disposition and development agreements, commodities and other services, cooperative agreements and all other economic opportunities available to the Oakland business market and to expressly include opportunities for disadvantaged business groups.

This proposed Resolution directs the City Administrator to continue to actively engage with stakeholders, business leaders, and community members and conduct two focus groups and a survey regarding potential enhancements to the (L/SLBE) Program. Also, the City Administrator is directed to report back to the CED Committee annually with its findings, recommendations, and an improvement action plan. It is critical for the City to have a regular and consistent improvement process that allows for changes to occur more frequently if the City is going to succeed in reaching its goals of eliminating disparities.

Item: 21-0351
Community & Economic
Development Committee
May 17, 2021

BACKGROUND / LEGISLATIVE HISTORY

On December 18, 2001, the City Council adopted Ordinance No. 12389 C.M.S., which authorized Oakland's Local and Small Business Enterprise (L/SLBE) Program. On December 20, 2011, the City Council adopted Ordinance No. 13101 C.M.S. amending Ordinance No. 12389 C.M.S., to, among other things, change business size standards and establish new LBE categories, increase local and small business participation requirements, establish new preference program requirements for Very Small Business Enterprises (VSBE), local businesses that produced goods (LBE-LPG), and increase penalties for noncompliance.

On February 16, 2021, the City Council adopted Ordinance No. 13640 C.M.S. which amended Ordinance 13101 which revised Oakland's Local and Small Local Business Enterprise (L/SLBE) program provisions, to change local and small local trucking participation requirements, add new local business categories and certification criteria, change the definition of "substantial presence," define "local-based manufacturer, add and change bid discounts, limit modifications to L/SLBE schedules after bid opening, and provisions related to disposition and development agreements and cooperative agreements, and update the list of applicable schedules.

The 2017 Race and Gender Disparity Study expressed the need for continuous improvement and it recognized the need for regular interaction with community and business stakeholders.

Councilmember Taylor requested that this item be scheduled to the May 17, 2021 Community & Economic Development Committee (CED).

ANALYSIS AND POLICY ALTERNATIVES

Changes to Oakland's Local and Small Business Enterprise Program were necessary to address the contracting disparities detailed in the 2017 Race & Gender Disparity Report authored by the Mason Tillman and Associates. The adopted changes were also based on feedback from members of the small business community including professional and construction contractors who requested improvements to the City's contracting program to make small local Oakland businesses more competitive. Finally, City staff suggested changes to the City's Local and Small Business Enterprise Program Manual.

The process of gathering feedback from a broad range of community members, business leaders, and City staff is a model for other City programs moving forward. One of the recommendations in the Disparity Report was the creation of a Business Advisory Council to provide guidance and feedback on the City's contracting policies and programs. The City cannot effectively achieve its L/SLBE program goals without an ongoing and consistent advisory relationship with representatives of the businesses for whom the program is intended.

A continuous program improvement system, which is defined as a set of practices designed to bring gradual, ongoing improvement to products, services, or processes through constant review, measurement, and action was never implemented for the L/SLBE program. Many studies show that having a continuous program improvement system, is a critical success factor for multi-year transformational initiatives like the City of Oakland's L/SLBE program.

The proposed Resolution accounts for the need to balance City staff costs with the expectation of continuous input and improvement to the program. While program improvement does include dozens of hours of staff time to deliberately engage with the community this, should already be an expectation built into the implementation of any City program.

The establishment of focus groups and surveys will ensure ongoing and formal engagement with these businesses and help the City better achieve its goals. Finally, the required annual report of staff's findings, recommendations, and a program improvement plan to the CED Committee, will provide valuable feedback on the progress of the 2021 program changes and recommendations for future enhancements.

FISCAL AND STAFFING IMPACT

There is no significant fiscal impact to the City by adoption of this Resolution. The anticipated staff time would include meeting with a focus group of stakeholders and taking notes at least twice year and creating and conducting a program survey. Also, staff time for drafting a report of findings and recommendations for consideration at the CED Committee once a year. Providing regular improvements and review of programs is expected of City staff and is within the scope of their work, therefore there is no significant fiscal and staffing impact by adoption of this Resolution.

PUBLIC OUTREACH / INTEREST

In developing and refining this Resolution, outreach was made in coordination with District 6 Councilmember Loren Taylor's office to several City of Oakland contractors and professional services providers, the Oakland Chambers of Commerce (including the Metropolitan Chamber, and the African American Chamber), representatives from Labor, and counterparts with the Port of Oakland who oversee and manage their diverse contractors and supplier program.

COORDINATION

This report was prepared in coordination between the City Attorney's Office, City Administrator's Office, Workplace & Employment Standards, and various other departments.

SUSTAINABLE OPPORTUNITIES

Economic: By empowering Local businesses and providing them greater access to contracting opportunities with the City of Oakland, they will be able to increase revenue and increase their ability to reinvest into the local economy through job creation, increased contracting and subcontracting with other local businesses.

Environmental: No direct environmental impacts have been identified.

Social Equity: The proposed changes to the L/SLBE Program directly address barriers that are experienced by Minority and Women owned businesses as documented in the 2017 Race and Gender Disparities study – specifically, African American owned and Women owned businesses

in Oakland. By removing these barriers, the proposed measures are expected to increase opportunities for equitable access to city contracting opportunities and reduce the disparities. Engagement with stakeholders and members of the public through focus groups and surveys will provide valuable feedback to City staff to help move toward the goal of eliminating racial and gender disparities in City contracting.

ACTION REQUESTED OF THE CITY COUNCIL

ADOPT A RESOLUTION DIRECTING THE CITY ADMINISTRATOR TO 1) CONDUCT TWO OR MORE FOCUS GROUPS PER YEAR AND AN ANNUAL SURVEY OF LOCAL BUSINESSES REGARDING POSSIBLE L/SLBE PROGRAM ENHANCEMENTS AND 2) ANNUALLY PRESENT ITS FINDINGS, POLICY RECOMMENDATIONS, AND A PROGRAM IMPROVEMENT ACTION PLAN TO THE CITY COUNCIL'S COMMUNITY & ECONOMIC DEVELOPMENT COMMITTEE

For questions regarding this report, please contact Councilmember Loren Taylor's office at (510) 238-7006.

Respectfully submitted,



LOREN M. TAYLOR
Councilmember, District 6
Chair, Life Enrichment Committee
Member, Public Works, AND Community &
Economic Development Committees