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# AGENDA REPORT

TO: DEANNA J. SANTANA  
CITY ADMINISTRATOR

FROM: Kelley Kahn

SUBJECT: Quarterly Economic Development  
Activities Tracking

DATE: June 30, 2013

City Administrator  
Approval

Date

7/10/13

COUNCIL DISTRICT: City-Wide

## RECOMMENDATION

Staff recommends that the City Council accept this Monthly Tracking Report on Economic Development activities including actions related to the preparation of the Economic Development Strategy.

## EXECUTIVE SUMMARY

This report responds to the Community and Economic Development Committee's request for a standing quarterly report to track economic development activities including actions regarding the preparation of an economic development strategy. The City Council has directed the development of a focused economic development strategy that prioritizes support for Oakland's existing businesses, new investment and revenue, and employment opportunities for Oakland residents. A brief overview of Economic Development activities in 2<sup>nd</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,

Kelley Kahn, Director, Economic and  
Workforce Development

Attachment A: 2<sup>nd</sup> Quarter  
2013 Quarterly Economic  
Development Activities

Prepared by:  
Aliza Gallo, Economic Development Manager,  
Department of Economic and Workforce Development

Item: \_\_\_\_\_  
CED Committee  
July 23, 2013

**ATTACHMENT A:**  
**(April to June 2013)**

**ECONOMIC DEVELOPMENT ACTIVITIES REPORT**

Timeline	Topic or Program Area	Actions/Outcome
April – June 2013	I. Economic Trends Based on Most Recent Indicators Report and East Bay Economic Outlook, East Bay Economic Development Alliance	<p>The City of Oakland economy continues to show signs of recovery, generally matching regional trends as documented in April's Economic Indicators Report prepared by staff:</p> <ul style="list-style-type: none"> <li>o Oakland is home to nearly a quarter of the jobs available in Alameda County. Unemployment in Oakland stood at 10.4% as of May 2013 compared to 8.1% for the State. The Oakland –Fremont-Hayward metropolitan district unemployment rate ending May was 6.7%.</li> <li>o With more than 200 firms supporting approximately 3,500 jobs, Oakland's Green and Clean Tech sector grew in size during the downturn.</li> <li>o Oakland's office sector overall (downtown and beyond) continues to have about an 11% vacancy rate.</li> <li>o Oakland's industrial market has one of the lowest vacancy rates in the East Bay at 6.13%.</li> <li>o Oakland-East Bay area is the hottest housing market in the country; home prices rose by 31.2 % from May 2012 to May 2013.</li> <li>o Complete Economic Indicators Report available at: <a href="http://www2.oaklandnet.com/oakcal/groups/ceda/documents/report/oak041015.pdf">http://www2.oaklandnet.com/oakcal/groups/ceda/documents/report/oak041015.pdf</a></li> </ul> <p>The May 2013 East Bay Economic Outlook, produced by Beacon Economics and published by East Bay Economic Development Alliance, reports:</p> <ul style="list-style-type: none"> <li>o Office properties remain in greater demand throughout Alameda County, with Oakland's Central Business District having the lowest vacancy rate (11.8%) and the highest average rent (\$28.67/sq. ft.) in Alameda County.</li> <li>o Total household employment in the East Bay has increased 2.5% in the year ending March 2013, leaving the regional unemployment rate at 7.7% compared to the statewide rate of 9.4%.</li> <li>o Employment in the service sectors, including administrative support and leisure and hospitality have seen some of the biggest job growth in recent years.</li> </ul>

		<ul style="list-style-type: none"> <li>○ The housing market is rebounding quickly, and employment in the construction sector (up 9.9% in the year ending March 2013) is tracking with that rebound.</li> <li>○ The East Bay’s manufacturing sector is also expected to change its prior course and show positive growth of 1.9% in 2013.</li> <li>○ The East Bay serves as a national hub for entrepreneurship, as well as sustainable and environmentally friendly business, exemplified by our concentration of B-corporations (defined as meeting “rigorous standards of social and environmental performance, accountability, and transparency”). Of 162 such firms in California, Oakland is home to 14 of them, including Sungevity, One Pacific Coast Bank, Revolution Foods, Give Something Back, Numi Organic Tea, and Wendel Rosen, meaning that although Oakland has just over 1% of California’s population, it is home to over 8.5% of the companies.</li> </ul>
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	<p>2. Snapshot of Major Activities During the Second Quarter of 2013 in Oakland’s Key Economic Sectors</p>	<ul style="list-style-type: none"> <li>▪ Oakland Economic Development Strategy: Staff continues to develop components of the Economic Development Strategy, focusing on Action Plans for the Food &amp; Beverage and Creative Industries sectors.</li> <li>▪ Food &amp; Beverage Sector: <ul style="list-style-type: none"> <li>○ Hope Collaborative Food Hub Analysis: Staff continued to advise the HOPE Collaborative on the development of a feasibility study and business plan to establish a food hub serving Oakland and the Bay Area. The Collaborative is currently seeking an Owner/Operator (produce wholesalers and marketers). The business plan will explore the feasibility of a stand-alone business, a social enterprise arm of HOPE Collaborative, or a joint venture opportunity. Additionally, the facility could serve as an anchor tenant/business where other local food businesses could co-locate.</li> </ul> </li> <li>▪ Creative Industry Sector: <ul style="list-style-type: none"> <li>○ <i>Launch of Oakland Makers Group</i>: Staff facilitated and helped launch Oakland Makers (<a href="http://www.oaklandmakers.org">www.oaklandmakers.org</a>) to celebrate Oakland’s creative “maker” economy: technology, industrial business including specializing in industrial arts, applied technology, artisan production, custom manufacturing and education. The launch event at the Beasley Sculpture Garden on May 22, 2013 attracted 125 “makers” and featured three national speakers on the U.S. manufacturing</li> </ul> </li> </ul>
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		<p>renaissance.</p> <ul style="list-style-type: none"> <li>o <b>Popupthood Innovation Center</b> Collaborated with Real Estate Services for permits and lease negotiation with Popupthood in 1 Frank Ogawa Plaza (including a sublease with HUB Oakland - a co-working space). Purpose was to increase Oakland's exposure as a location for creative and innovation sectors.</li> <li>o Continued participation on the East Bay Economic Development Alliance on Advanced Manufacturing Initiative Taskforce.</li> </ul> <ul style="list-style-type: none"> <li>▪ <b>Green &amp; Clean Sector:</b> <ul style="list-style-type: none"> <li>o <b>Co-produced Oakland: Building Green Business:</b> 2013 supplement to the S.F. Business Times' featuring Oakland's growing green business sector. Firms featured were Integral Group, Mosaic, SfunCube, Lucid, DR3 Mattress Recycling, and Asphalt Shingle Recyclers.</li> <li>o <b>Sponsored Launch of SfunCube Solar Accelerator:</b> City sponsored launch of the Bay Area's first solar entrepreneurial incubator, co-located with Sungevity, Jack London Square. The event was also linked to a business briefing for the Cleantech Open 2013. Cleantech Open is the world's largest accelerator for Cleantech startups, with eight active regions. In June, Cleantech named <u>Bright Source Energy</u> of Oakland to the <u>Global Cleantech Top 100 List</u>. BrightSource Energy, Inc., headquartered in Oakland, designs, develops, and deploys solar thermal technology to produce high-value electricity and steam for power, petroleum, and industrial-process markets worldwide.</li> <li>o <b>2012 Oakland Sustainability Report</b> Staff contributed substantially to the Economic Prosperity section of this forthcoming report.</li> </ul> </li> <li>▪ <b>Healthcare Sector:</b> <ul style="list-style-type: none"> <li>o <b>Impacts of the Affordable Care Act:</b> The Act includes a variety of measures specifically for small businesses that help lower premium cost growth and increase access to quality, affordable health insurance. Depending on whether an individual is self-employed, an employer with fewer than 25 employees, an employer with fewer than 50 employees, or an employer with 50 or more employees, different provisions of the Affordable Care Act may apply. The Affordable Care Act health insurance reforms will roll out in phases, many of which will occur in 2013 and 2014. Staff is working with SBA Regional Office IX and various Chambers of Commerce to provide information and training to Oakland businesses. See: <a href="http://www.sba.gov/sites/default/files/files/ACA_Fact_Sheet_for_Small_Business.pdf">http://www.sba.gov/sites/default/files/files/ACA_Fact_Sheet_for_Small_Business.pdf</a> The Healthcare industry is a very active sector in office leasing, with large</li> </ul> </li> </ul>
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		<p>physician groups, community based clinics and hospitals expanding their sites.</p> <ul style="list-style-type: none"> <li>○ <b>Samuel Merritt University Expansion:</b> Samuel Merritt University is planning to add a Doctor of Pharmacy Program. Staff is working with the University's broker to identify locations. Samuel Merritt University offers degrees at the undergraduate and graduate level in five academic disciplines: Nursing, Occupational Therapy, Physician Assistant, Physical Therapy and Pediatric Medicine. The University has a student population of approximately 1,400 students, of which the majority attends the Oakland campus.</li> </ul>
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<p>April – June 2013</p>	<p>3. Business Development Services</p>	<p>Staff worked with the following major clients during this quarter:</p> <ul style="list-style-type: none"> <li>▪ New and Active Business Attraction Cases – 29 new or active attractions, including 21<sup>st</sup> Amendment Brewery (35+ jobs), People's Community Market (30 jobs), Goodman Development (120+), San Francisco Regional Center Investments, Broadway Shops Development (125), popuhood Innovation Center, Hub Oakland, Oakland Museum of Jazz, Chow Restaurant &amp; Bar, Oak Knoll Development, Every Dog Has Its Day animal daycare (40 jobs), Peet's Coffee warehouse, Champion Brewery, Ace Brewery, Solar Synchrony, Chip It Recycling, The Hive Broadway Development, SRM Development, Walas (Dutch adaptive reuse developers), Foreplay Bar, and Fearless Chocolate.</li> <li>▪ New and Active Business Retention Cases - 15 existing businesses, including Revolution Foods office expansion, One Toyota (105 jobs, \$400K annual sales tax), Mayway Herbs (40 jobs), SparkArt permit assistance, ALPI International warehouse purchase, Lucid, Jack London Gateway Shopping Center, Bittersweet (contract kitchen assistance), Hacker Scouts, Ace Monster Toys, Tribune Tavern, Umami Mart, and Urban Recycling Solutions, Inc. Meeting with Eastmont Town Center owners - SKB Company (property owner) to discuss retail attraction, merchant attraction, etc.</li> <li>▪ New and Active Business Expansion Cases – 49 existing businesses, including Rolls Royce (up to 450 jobs total) for helicopter engine production, Jack London Venture Partners (office/residential expansion), Latham Square Development, California Cereal Products, Dreisbach Enterprises, Premier Organics, Downtown Toyota (proposed \$8 million renovation), Honda of Oakland, Destiny Arts (new site), Blue Bottle Coffee café expansion, Oaklandish (production expansion), HUB Oakland (permitting assistance), CFS</li> </ul>
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	<p><b>4. Strategic Initiatives</b></p>	<p>Hardwood, Pandora , Sfun Cube solar accelerator, Sungevity, Mosaic, Youth Employment Partnership, Asphalt Shingle Recyclers, DR3 Mattress Recycling, Integral Group, Lucid, kW Engineering/Lucid (grant support), Food Shift, St. Vincent de Paul of Alameda Co., Green Cycle Paint, Smitten Ice Cream . Staff also continued to provide ongoing services to Safeway Stores expansion(s), Foothill Square Development, Juniper Ridge, Chase Bank, and 416 Warehouse.</p> <p>Staff worked on the following strategic, in departmental economic initiatives:</p> <ul style="list-style-type: none"> <li>▪ 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. July 9<sup>th</sup> Report to PWA Committee.</li> <li>○ Oakland Sustainable Neighborhood Initiative: As one of eight U.S. cities chosen to participate, ED Manager attended EcoDistricts Incubator training in Portland, Oregon with five other team members from Oakland. Funded by the Enterprise Foundation, the training will assist in the International Blvd. Sustainable Communities Grant Project.</li> <li>○ 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> <li>○ Kiva Zip Trustee Partnership: Economic Development staff led the effort to develop a Trustee partnership with Kiva. This was approved by City Council, making Oakland the first municipality to operate as a Trustee of this innovative small business, crowd-sourcing financing program.</li> <li>○ Business Alert Committees West and East Oakland Business Alert: 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.</li> <li>○ Bay Area Regional HUD Prosperity Grant: Staff participates as Co-Chair of the Economic Prosperity Taskforce, developing a regional approach for expanding economic opportunities for low- and moderate-income workers; more than \$1 million in sub-grants for pilot projects will be available.</li> <li>○ Participation in Four Specific Plans: 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,</li> </ul>
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	<p>8. Broadway Shuttle/Streetcar</p>	<p>Embarcadero, representing over 1,300 property owners.</p> <ul style="list-style-type: none"> <li>▪ In support of the JLID, staff coordinated the preparation and mailing of approximately 1,200 special election ballot packets to affected property owners. The Port of Oakland is one of the major property owners. Given Tideland Trust responsibilities of the Port, staff has been involved in the development of an agreement with the Port and City to facilitate the Port's full participation in the district. July 16<sup>th</sup> is Public Hearing date for ballot count.</li> <li>▪ City Council approved annual reports for four BIDs/CBDs (Koreatown/Northgate, Downtown Oakland, Lake Merritt/Uptown, Fruitvale BIDs).</li> <li>▪ Staff designed and City Council approved a new CBD Formation Grant Program to help support the creation of new CBD/BIDS.</li> <li>▪ Continued participation in Downtown Oakland and Lake Merritt-Uptown Association CBD Board and Committee meetings including annual meeting on June 13; and participation in the CBD/BID Managers Council.</li> <li>▪ Facilitated coordination with Building Services regarding master encroachment permit activities for Latham Square, Franklin Square, and Broadway street median improvements. Working with other staff to facilitate master encroachment permits in other BID districts.</li> <li>▪ Staff continued to work with all of the districts in various events, special projects and assistance with city services.</li> </ul> <ul style="list-style-type: none"> <li>▪ Over 190,000 passengers used the Broadway Shuttle during the second quarter of 2013. These passengers are estimated to have spent over \$2 million at restaurants and other businesses along the route, based on passenger surveys.</li> <li>▪ Secured \$317,000 in grant funding from the Bay Area Air Quality Management District (BAAQMD) to support Broadway Shuttle 2013 operations</li> <li>▪ The Alameda County Transportation Commission approved a \$352,000 Vehicle Registration Fee grant; funds will support Shuttle operations over the next two years and off-set the loss of redevelopment funding.</li> <li>▪ Underway with plans to extend the Shuttle hours by three additional hours Monday-Thursday (until 10pm). The expansion is anticipated to begin by summer or fall of this year.</li> <li>▪ Staff continues its effort to finalize a co-marketing partnership with BART to promote downtown's restaurant and nightlife scenes with ads in BART stations and trains, in exchange for BART ads on the Broadway Shuttle, at a proposed net cost of \$102,000.</li> <li>▪ The Broadway Transit Urban Circulator Study consultant contract has been executed with Fehr &amp; Peers and the study has commenced. The study will assess costs and benefits of</li> </ul>
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	<p><b>9. Outreach/Promotion Activities</b></p>	<p>upgrading the Broadway Shuttle to an electric streetcar and will evaluate extending the route through the Broadway Valdez Specific Plan area to Kaiser Hospital and MacArthur BART. Funded by a \$300,000 Caltrans grant secured by Economic Development staff, the project is being co-managed with the PWA Transportation Planning and Funding Division.</p> <p>Staff helped coordinate and promote the following events:</p> <ul style="list-style-type: none"> <li>▪ Annual Oakland Indie Awards</li> <li>▪ SfunCube Solar Accelerator Launch</li> <li>▪ ICSC Hispanic Markets Workshop and Tour of Fruitvale</li> <li>▪ May 3 KONO Broker/Developer Tour</li> <li>▪ Airport Area Business Association's Oakland Retail Forum</li> <li>▪ Oakland Makers Events</li> <li>▪ Inner City Advisors "All In" Celebration</li> <li>▪ Small Business Alliance events</li> <li>▪ Popuphood "Fashion Friday Mobile Truck Event"</li> <li>▪ East Bay Economic Development Alliance Retreat</li> <li>▪ Bay Area Council – 2<sup>nd</sup> Annual Economic Forum Conference</li> <li>▪ Legal Workshop for Tech Entrepreneurs</li> <li>▪ In addition, staff wrote Oakland Business Review articles on the following topics: Restaurant Review, Oakland Small Business Salute, Oakland Makers Events</li> </ul>
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