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2004 OCT -7 PM 5:31

CITY OF OAKLAND
Agenda Report

To: Office of the City Administrator
Attn: Deborah Edgerly
From: Community and Economic Development Agency
Date: October 19, 2004

Re: RESOLUTION AUTHORIZING BUDGETING AND APPROPRIATION OF ANTICIPATED PARKING METER AND ENFORCEMENT REVENUE FUNDS FOR ADDITIONAL SHOP OAKLAND MARKETING AND MERCHANT ORGANIZING ACTIVITIES IN FY 2004-2005 AND AUTHORIZING A SOLE SOURCE CONTRACT WITH THE OAKLAND MERCHANTS LEADERSHIP FORUM IN AN AMOUNT NOT TO EXCEED \$155,000 FOR MARKETING AND MERCHANT ORGANIZING SERVICES IN FY 2004-2005

SUMMARY

For the past ten years, as part of the Shop Oakland campaign, the City of Oakland has authorized "free parking" on the Saturdays between Thanksgiving and New Year's Day at parking meters and selected City-owned garages. In Fall 2003, the Community and Economic Development Committee requested staff to survey parkers to determine the effectiveness of the program. Based on survey results, staff identified program modifications. In June 2004 the Committee voiced support to eliminate the free meter parking and retain the free garage parking as "garage parkers" seemed to be aware of and appreciate the free parking much more than on-street "meter parkers."

As requested, staff returned to Committee on September 28, 2004 with a proposal to continue the "free parking" program at selected City-owned garages, and to use the newly recaptured meter and parking enforcement monies to fund additional Shop Oakland marketing and merchant organization capacity-building activities. Committee members expressed a desire to authorize this use of funds, and to authorize the City Administrator to enter into an immediate sole source contract with the Oakland Merchants Leadership Forum, together with an evaluation of its performance prior to any subsequent contracts for similar services.

This report and resolution propose to:

1. Increase budgeted revenues by \$321,000.
2. Appropriate funding to the Marketing Division not to exceed \$160,000 for additional Shop Oakland marketing activities.

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3. Appropriate funding to CEDA-NCR not to exceed \$155,000, and authorize a sole source contract to the Oakland Merchant Leadership Forum for Shop Oakland and merchant activities.

FISCAL IMPACT

It is estimated that revenues amounting to \$321,000 from parking meters and parking citations, and revenues from parking garages estimated at \$23,000, for a total of \$344,000, are foregone during the duration of the Shop Oakland Holiday Free Parking Program. Thus if the free meter parking component were discontinued, the City would gain approximately \$321,000 per holiday season in the General Fund.

Funds would be collected and distributed as follows:

	Initial Destination of Funds	Fund
Revenues received from Parking Meters and Enforcement	General Fund	1010

	Source of Funds	Fund	Org	Amount
Appropriation for Shop Oakland/ Marketing	City Administrator's Office Marketing Division	1010	63011	\$160,000
Appropriation for Merchant Organization Capacity-Building	CEDA Neighborhood Commercial Revitalization	1010	88569	\$155,000

BACKGROUND

The Shop Oakland campaign is sponsored primarily by the City of Oakland and the Oakland Merchants Leadership Forum (OMLF) and is funded by Community Development Block Grant, Redevelopment and General Funds, and private contributions raised by OMLF. Shop Oakland is coordinated by staff of the City Administrator's Office Marketing Division, CEDA Economic Development Division and by OMLF volunteers. The mission of Shop Oakland is to encourage people to patronize stores and businesses in Oakland and to promote Oakland as a regional shopping destination.

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Although the current Shop Oakland program has succeeded in raising awareness, residents and visitors are still largely unfamiliar with and/or unaccustomed to many of the shopping opportunities in Oakland. Funding would support more dynamic and sophisticated marketing to reach this untapped market.

Conventional wisdom indicates that better-off commercial districts benefit more from the Shop Oakland campaign. A concern of staff and OMLF is how to best incorporate the less-well-off districts into the Shop Oakland campaign. This initiative is designed to enhance Shop Oakland outreach to all merchant groups, and to grow capacity so that nascent areas are primed to reap the benefits of Shop Oakland participation.

Staff recommends a sole source contract with OMLF for 2004-2005 followed by an evaluation of the program and contractor. If the program is deemed beneficial and worthy of continuing, a Request for Proposals will be issued after approval by Council in Fall 2005.

As in past years, CEDA-NCR will continue to provide supplemental funding to CDBG-eligible neighborhood commercial districts from its Merchant Area Assistance Program (MAAP) for end-of-the-year holiday promotional items, such as shopping bags, lighting and decorations.

The Oakland Merchants Leadership Forum (OMLF) is a not-for-profit organization dedicated to strengthening Oakland Neighborhood Commercial Districts. OMLF has provided a vital link, to and among, the numerous member merchants associations. In response to both the impact of the economic downturn and the promising results seen in certain districts with organized merchants associations, OMLF decided in 2004 to formalize and expand its commitment to develop strong merchant associations. OMLF, as the only organization comprised of, and solely focused on, small merchants, is in a unique position to identify and promote local best practices while also bringing the necessary commitment to organize merchants in areas where merchants' associations are either weak or nonexistent. OMLF's accomplishments include:

- Raised approximately \$17,000 to purchase Shop Oakland signature shopping bags each year over the last few years.
- Raised funds for, planned and executed annual holiday season kick-off breakfast for several years.
- Raised \$1,500 to have a float in first annual Oakland Holiday Parade.
- Executed ad placements involving in-kind newspaper sponsorships and cooperative ads.
- Created partnership with AC Transit resulting in Shop Oakland placards on 700-800 buses in Alameda and Contra Costa Counties.

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KEY ISSUES AND IMPACTS

Staff recommends a three-part strategy for this effort:

1. Amplification of Existing Shop Oakland Marketing Activities

The overall purpose of the Shop Oakland program is to drive consumers to stores and businesses in Oakland; encourage Oakland residents to buy locally in an effort to capture their dollars and increase sales taxes; and promote Oakland as a regional shopping destination for the Bay Area. See www.ShopOakland.com.

Although the current Shop Oakland program has succeeded in raising awareness, residents and visitors are still largely unfamiliar with and/or unaccustomed to many of the shopping opportunities in Oakland. Funding would support more dynamic and sophisticated marketing to reach this untapped market.

Staff recommends additional media placements, a consumer shopping guide, expansion of the Shop Oakland website, production of a television commercial and other essential marketing tools. The CAO Marketing Division would coordinate the marketing campaign and oversee the funds.

This additional funding will enable further implementation of staff's Shop Oakland plan, enabling its growth to a full-scale, year-round marketing campaign, with special focus on the three key retail periods: end-of-year holidays, spring, and back-to-school. The expanded campaign will go well beyond the current approach of simply encouraging consumers to shop in Oakland—it will show Oakland residents where they can shop, what they can buy, and how their tax dollars work to support vital municipal services such a police, fire, libraries, parks, etc.

The expanded Shop Oakland campaign will be modeled in concept after the successful Broadway Auto Row (BAR) "Buy Oakland" campaign, which is a collaboration of the CAO Marketing Division, CEDA Business Development and the auto dealerships. The BAR dealerships invested nearly \$400,000 to fund the year-long campaign which was created in conjunction with BAR's advertising agency. The dealerships have reported increased sales among Oakland residents as a result of the campaign, noting that the "Buy Oakland – drive Oakland forward" theme has resonated positively with loyal Oakland residents. Below is the proposed budget for use of the added monies to expand the Shop Oakland campaign.

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Marketing Budget	
Graphic Design	\$ 3,000
Website Upgrade	\$ 15,000
Print Ads	\$ 17,000
Outdoor Advertising	\$ 30,000
TV commercial (production)	\$ 15,000
TV commercial (air time)	\$ 15,000
Movie Theater Advertising	\$ 10,000
Event Marketing	\$ 30,000
Shopping, Dining, Entertainment Guides	<u>\$ 25,000</u>
	\$ 160,000

2. Build Use of the Shop Oakland Campaign Among Merchants and Build Merchant Organization Capacity

Conventional wisdom indicates that better-off commercial districts benefit more from the Shop Oakland campaign. A concern of staff and OMLF is how to best incorporate the less-well-off districts. This initiative is designed to enhance Shop Oakland outreach to all merchant groups, and to grow capacity so that nascent areas are primed to reap the benefits of Shop Oakland participation. A scope of work for OMLF will be structured around these two concepts, as detailed below.

A. Facilitate Shop Oakland Campaign Participation

Past participation by merchants associations in the campaign has been weak. While City Marketing staff has steadily beefed up the campaign in the last couple of years, staff does not have the capacity to further solicit participation. As consultant, the Oakland Merchants Leadership Forum will reach out to established and nascent merchants organizations and assist them in utilizing such Shop Oakland campaign components as:

- Representation on www.ShopOakland.com
- Print advertising
- Shopping, dining and entertainment guides
- Participation in PG&E energy efficient holiday lights program

These activities could directly affect increased sales at Oakland stores. As in any marketing campaign, a direct correlation between these efforts and increased sales is difficult to substantiate. However, these activities have potential to positively affect sales.

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B. Build Capacity in Merchant Organizations

Business Improvement Districts (BIDs), are able to count on a regular funding stream, which in turn enables them to pay for amenities unavailable to non-BID commercial districts. Activities implemented by Oakland BIDs include: paid staff, increased ability to organize and lobby effectively, security, sidewalk and street cleaning services, landscaping, “brand identity” signage, and promotional events.

These activities all work toward creating a more desirable commercial district, one more attractive to shoppers. The more organized a commercial district is, the better it can tap external resources such as the Shop Oakland campaign. To the extent that marketing campaigns help drive sales, this will assist sales in individual businesses. Evidence to date is that the Broadway Auto Row “Buy Oakland” campaign is helping to increase auto sales.

Working towards more organized business districts, the consultant would work with two nascent merchant groups in the coming year, selected based on need, readiness and local support. Potential measurements of this initiative's success include:

- A viable district association: formal establishment of merchants associations with officers, operation plans and budgets
- Increased merchant association membership and participation
- A vision statement with buy-in from key stakeholders.
- Detailed directory of stakeholders and resources.
- External funding plan created and executed (e.g. private grant applications)
- Training workshops conducted
- Detailed profile and assessment of the two commercial districts.
- Newsletter.
- Six month and one year goals with criteria for effective measurement of progress.

The Oakland Merchants Leadership Forum’s membership consists of merchant associations throughout the City and has been deeply involved in Shop Oakland since the program began. It is the only organization that is focused solely on Oakland’s multiple neighborhood commercial districts. (See Attachment A for more detail on OMLF.) In April 2004, OMLF made merchant association capacity-building its highest strategic priority and has shared its methodology with staff. OMLF is in a unique position to gather and share local best practices both with associations selected for the program and with the broader Oakland merchant community. In carrying this out, OMLF proposes to implement “PRIDE In Oakland,” a program that will build the capacity of neighborhood commercial districts to conduct comprehensive revitalization:

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PRIDE in Oakland = *People Revitalizing and Investing in commercial Districts Everywhere in Oakland.*

A full copy of OMLF's PRIDE proposal is available from CEDA Economic Development staff.

A sole source contract with OMLF allows the consultant to begin working with merchants upon approval of a professional services contract—in time to effectively implement the following action items for the holiday shopping season:

- Maximize outreach to Oakland's merchant organizations to promote and secure cooperative advertising campaigns; and
- Promote collaborations with merchant organizations to increase participation in district holiday events.

OMLF, which has expressed strong interest in the role, would be given a one year contract, with performance evaluation. OMLF's proposed budget is as follows.

Merchant and Shop Oakland Outreach Budget	
Project Manager (full time on contract)	\$ 75,000
Project Associate (half time)	\$ 19,500
Consulting and training	\$ 31,500
Administration and Accounting	\$ 15,000
Printing of program materials, newsletters	\$ 10,000
Supplies and meeting expenses	\$ 4,000
	\$ 155,000

3. Evaluation and Next Steps

The evaluation will determine if proposed goals for activities and deliverables were met, and will obtain merchant input on the effectiveness of these activities and deliverables. OMLF will submit reports detailing their work. Staff will review reports submitted by OMLF detailing the work. A progress evaluation will be completed by May 31, 2005 and a final evaluation and recommendation for subsequent action will be submitted to Council in September 2005.

SUSTAINABLE OPPORTUNITIES

Economy. By marketing Oakland as a shopping destination and by helping the City's merchants, the Shop Oakland campaign works to support and grow Oakland's retail businesses, expand shoppers' awareness of Oakland as a convenient place to shop, and increase the City's sales tax revenues. Retail businesses contribute to the vitality of the City through sales tax contributions and neighborhood vibrancy; employ Oaklanders,

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providing entry level through management positions; and provide entrepreneurship opportunities for the self-employed.

Environment. Shopping close to home means less driving overall, and the Shop Oakland Parking Program makes it easy for shoppers to park in a garage for a long time, thus encouraging them to “bundle” holiday shopping trips and errands. Both within and outside of Oakland, merchant-organizing has been shown to improve street and sidewalk cleanliness, reduce property crime, and provide a more pleasant shopping environment for residents and visitors.

Equity. The Shop Oakland campaign supports shopping districts citywide in marketing holiday shopping and entertainment activities, and enhances the City’s work to bring vitality and retail shopping opportunities to the City’s neighborhood commercial districts. By combining capacity-building with citywide and local marketing, the city can assist both strong and struggling districts.

DISABLED AND SENIOR CITIZEN ACCESS

This is not applicable.

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RECOMMENDATION AND RATIONALE

Staff recommends that Council authorize the budgeting and appropriation of anticipated parking meter and enforcement revenue funds for additional Shop Oakland marketing and merchant organizing activities in FY 2004-2005 and authorize a sole source contract with the Oakland Merchants Leadership Forum in an amount not to exceed \$155,000 for marketing and merchant organizing services in FY 2004-2005:

1. Increase budgeted revenues by \$321,000.
2. Appropriate funding to the Marketing Division not to exceed \$160,000 for additional Shop Oakland marketing activities.
3. Appropriate funding to CEDA NCR not to exceed \$155,000, and authorize a sole source contract to the Oakland Merchant Leadership Forum for Shop Oakland marketing and merchant organizing activities.

ACTION REQUESTED OF THE CITY COUNCIL

Authorize budgeting and appropriation of anticipated parking meter and enforcement revenue funds for additional Shop Oakland marketing and merchant organizing activities, not to exceed \$315,000 in fiscal year 2004-2005.

Authorize a sole source contract to the Oakland Merchant Leadership Forum (OMLF), not to exceed \$155,000 for merchant and Shop Oakland outreach activities.

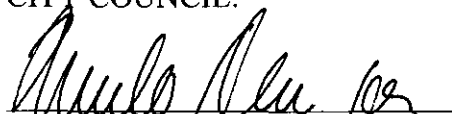
Respectfully submitted,



DANIEL VANDERPRIEM
 Director, Redevelopment, Economic
 Development and Housing
 Community and Economic Development
 Agency

Prepared by:
 Bill Lambert, Economic Development
 Manager
 Keira Williams, Urban Economic Analyst

APPROVED FOR FORWARDING TO THE
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Attachment A Overview of Oakland Merchants Leadership Forum

The Oakland Merchants Leadership Forum (OMLF) is a not-for-profit organization dedicated to strengthening the 35+ Neighborhood Commercial Districts in Oakland. Formed over 10 years ago with the idea that merchants need a vehicle to share best practices and promote business in Oakland, OMLF has brought together merchants associations, local government and the business community to provide leadership in the areas of marketing, establishing business improvement districts, business attraction and retention, promotional events, financing, community partnerships, and developing merchants associations.

Although best practice sharing has been at the heart of OMLF's efforts, the organization is most known for spearheading the annual Shop Oakland holiday shopping campaign for the past 10 years in conjunction with the City's Community and Economic Development Agency (CEDA). Despite funding limitations, this program has a longstanding positive reputation among business, residents and visitors. Sponsorship in the last few years for the program has included dozens of local businesses, including partnerships with AC transit to promote Shop Oakland throughout Alameda County.

Composed solely of volunteers from throughout the city's business community, OMLF has provided a vital link, to and among, the numerous member merchants associations. As economic challenges have both increased need and decreased support, OMLF's role as conduit has become of even greater importance. Attendees of the monthly forum have included Mayors, Councilmembers, police chiefs and numerous business leaders across the city.

In response to both the impact of the economic downturn and the promising results seen in certain districts with organized merchants associations, OMLF decided in 2004 to formalize and expand its commitment to develop strong merchants' associations. As the only organization comprised of, and solely focused on small merchants, OMLF is in a unique position to identify, codify and share local best practices while also bringing the necessary commitment to do the admittedly challenging work of organizing in areas where merchants' associations are either weak or nonexistent.

OMLF is incorporated and plans to apply for 501(c)3 tax status. It can receive funds through its fiscal sponsor, New Nonprofit Nexus of Oakland. OMLF has a bank account and has raised and spent funds to pay for Shop Oakland campaign expenses, such as shopping bags, decorations, event materials.

Board Members

Troy Christmas, President, Oakland resident and Oakland business owner
Nancy Strange, Coordinator of Lakeshore Business Improvement District
Jenny Kassan, Coordinator of Fruitvale Main Street Program, Oakland resident
Aziz Khatri, former president of OMLF and Oakland business owner

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Lome Aseron, Treasurer, Oakland resident and Oakland business owner

Contacts

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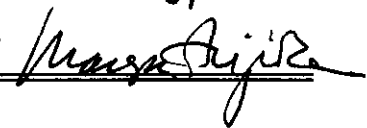
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RESOLUTION No. _____ C.M.S.

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INTRODUCED BY COUNCILMEMBER _____



RESOLUTION AUTHORIZING BUDGETING AND APPROPRIATION OF ANTICIPATED PARKING METER AND ENFORCEMENT REVENUE FUNDS FOR ADDITIONAL SHOP OAKLAND MARKETING AND MERCHANT ORGANIZING ACTIVITIES IN FY 2004-2005 AND AUTHORIZING A SOLE SOURCE CONTRACT WITH THE OAKLAND MERCHANTS LEADERSHIP FORUM IN AN AMOUNT NOT TO EXCEED \$155,000 FOR MARKETING AND MERCHANT ORGANIZING SERVICES IN FY 2004-2005

WHEREAS, for the past ten years, as part of the Shop Oakland campaign, the City of Oakland has authorized "free parking" on the Saturdays between Thanksgiving and New Year's Day at parking meters and select City-owned garages; and

WHEREAS, in June 2004, upon staff's presentation of consumer survey results on the holiday parking program, the Community and Economic Development Committee voiced support to eliminate the free meter parking and retain the garage parking, and use the newly recaptured meter and parking enforcement monies to fund additional Shop Oakland marketing and merchant organizing activities; and

WHEREAS, it is estimated that revenues amounting to \$321,000 from parking meters and parking citations, and revenues from parking garages estimated at \$23,000, for a total of \$344,000, are foregone during the Shop Oakland Holiday Parking Program as it operated in the previous ten years; and

WHEREAS, if the free meter parking component were discontinued, the City would stand to gain approximately \$321,000 per holiday season in both the General Fund and Multi-Purpose Reserve Fund; and

WHEREAS, people are still unaware of all the shopping possibilities in Oakland, and staff has fewer resources to nurture and build merchant organizations; and

WHEREAS, the City finds and determines that the marketing and merchant services are temporary and of a professional nature; and

WHEREAS, the City finds and determines that the contract with the Oakland Merchants Leadership Forum shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

WHEREAS, the Oakland Merchants Leadership Forum is uniquely qualified to coordinate the merchant organizing component because it is the only organization in Oakland which is solely focused on supporting the leadership of all neighborhood commercial districts; its mission is to develop policies and strategies to strengthen and promote neighborhood commercial districts and

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individual businesses; it has worked successfully for ten years on a variety of district promotion and enhancement projects and initiatives; and its leaders are entrepreneurs and merchant leaders who offer over 20 years of experience; and

WHEREAS, a sole source contract with OMLF allows the consultant to begin working with merchants upon approval of a professional services contract in time to prepare for the upcoming holiday shopping season; now therefore be it

RESOLVED: That the City Administrator is authorized to increase budgeted revenues by \$321,000; and allocate funding for additional Shop Oakland marketing activities, not to exceed \$160,000 in fiscal year 2004-2005, to the Marketing Division, General Purpose Fund (#1010, organization 63011), and \$155,000 in fiscal year 2004-2005, to the Neighborhood Commercial Revitalization unit, General Purpose Fund (#1010, organization 88569); and be it

FURTHER RESOLVED: That the City Council authorizes the City Administrator to negotiate and execute a sole source contract with the Oakland Merchants Leadership Forum, not to exceed \$155,000 for marketing and merchant organizing activities in fiscal year 2004-2005, Fund 1010, Organization 88569, Account 53719; and be it

FURTHER RESOLVED: That the Oakland Merchants Leadership Forum shall be required to meet all applicable contracting programs, including but not limited to, the City's Local and Small business, equal benefits, and pay living wages; and be it

FURTHER RESOLVED: Staff will conduct an evaluation of the Oakland Merchants Leadership Forum's performance by September 30, 2005, and return to Council for direction on whether to enter into an additional contract with OMLF or to issue a Request for Proposals; and be it

FURTHER RESOLVED: That the contract shall be approved as to form and legality by the Office of the City Attorney, and a copy shall be kept on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST:

CEDA FLOYD
City Clerk and Clerk of the Council
of the City of Oakland, California


OAKLAND COUNCIL

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