

CITY OF OAKLAND
AGENDA REPORT

OFFICE OF THE CITY ADMINISTRATOR
2006 SEP 26 PM 12:28

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community & Economic Development Agency
DATE: September 26, 2006
RE: **Resolution Authorizing the City Administrator to Apply for and Upon Receipt, Appropriating a \$200,000 Planning Grant from the U.S. Department of Commerce, Economic Development Administration (EDA) and Authorizing Expenditure of \$52,500 as the Local Match for Development of an Oakland Industrial Strategy.**

SUMMARY

This report requests that the City Council authorize the City Administrator to apply for and upon receipt, accept and appropriate a \$200,000 Planning Grant from the U.S. Department of Commerce, Economic Development Administration (EDA) and authorize the expenditure of \$52,500 as the local match for development of an Oakland Industrial Strategy. The grant will be used to create a strategy for areas identified by City Council as industrial "protection" areas, and to conduct technical studies (architectural and engineering) for potential improvements to these areas. The grant will also be used to identify and provide feasibility studies for the redevelopment of industrial sites in the City

FISCAL IMPACT

The City would provide a \$52,500 match through in-kind staff resources [Redevelopment Fund (7780) Business Development Org (88559)] for the grant. A 50% local match is normally required for EDA grant planning projects, however in the past the City has been allowed to provide a 20% match, due to the fact that residents in the geographic vicinity of the industrial areas have a per capita income of less than 50% the national average (See grant pre-application Attachment A, Part III and accompanying demographics). The grant will be appropriated to the City's Department of Commerce Fund (2104), Business Development Org (88559).

BACKGROUND

In 2004 the Planning Commission and City Council initiated policy discussions regarding industrial land use. The Council is formulating an industrial policy based on the current draft industrial land use regulations that will be presented for adoption within the next year. In the interim, local industrial firms continue to be interested in expanding and improving the land and infrastructure in the city's industrial areas. Oakland's industrial areas have a 3 percent vacancy rate and demand for land and facilities remains high. There continues to be interest from industrial companies wishing to relocate to Oakland, but which have been discouraged by the lack of modern infrastructure and land availability. The implementation of an Industrial Strategic Plan will provide some of the tools needed to attract and grow businesses in the City.

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In the past, the City has received grant funding from the Economic Development Administration for capital projects [Fruitvale Transit Village- \$1.5 million, Swans Marketplace (\$1.7 million)] and also planning grants (Oakland Industrial Corridor Brownfield grant in the amount of \$200,000). The City was invited to prepare a pre-application for the funding and is now approved to forward the application to the Seattle office of the EDA for a final decision. The grant pre-application is attached (Exhibit A), as part of the proposed resolution.

KEY ISSUES AND IMPACTS

The \$200,000 EDA-funded planning grant will consist of an analysis of Oakland's strengths in the regional industrial market, documenting and marketing the linkage of Oakland's production and suppliers' contributions to the regional strength of the biotech, film production, healthcare, and food production industries of the San Francisco Bay Area as a region. The grant will also fund technical studies (architecture and engineering) of the infrastructure and utility improvements as well as commercial security improvements that are needed to bring specific industrial "protection" areas within East and West Oakland up to modern operational requirements. The planning grant will also identify opportunities for new industrial projects in East and West Oakland, particularly opportunities to reutilize brownfields, take advantage of Oakland's historic reputation as a specialty food production center, and identify green technology opportunities in the City.

SUSTAINABLE OPPORTUNITIES

Economic: The EDA planning grant will encourage the redevelopment of some of the older industrial sites by encouraging property owners to modernize facilities and by planning for necessary infrastructure improvements to attract new companies to Oakland. The planning grant will explore Oakland's potential to court new "green technology" businesses into the industrial areas.

Environmental: The EDA planning grant will improve the environment in industrial areas to benefit neighborhood residents, encourage residential-industrial buffers and attract new environmentally clean industrial users to the City.

Social Equity: The EDA planning grant will result in job creation for Oakland residents, improve conditions in the residential-industrial edges of the City, and support local Oakland companies.

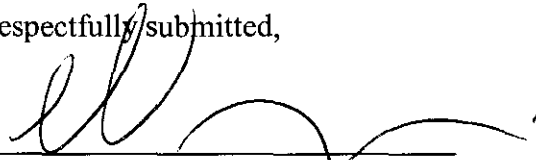
DISABILITY AND SENIOR CITIZEN ACCESS

There are no immediate issues pertaining to the benefits and impacts for the disability and senior citizen communities and compliance with the Americans with Disabilities Act (ADA) and the Older Americans Act, and other applicable laws.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council authorize staff to submit a proposal to the U.S. Department of Commerce, Economic Development Administration, for a planning grant in the amount of \$252,500, with \$52,500 of that amount provided by the City through in-kind staff resources.

Respectfully submitted,



DANIEL VANDERPRIEM, DIRECTOR
Redevelopment, Economic Development,
Housing & Community Development
CEDA

Reviewed by: Aliza Gallo,
Business Development Services Manager

Prepared by: Margot Lederer Prado, AICP
Industrial Specialist, Business Development

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR

Attachments:

- A. Council Resolution
- B. EDA Pre-Application text

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INVESTMENT SUMMARY: SEATTLE REGIONAL OFFICE EDA 8.18.06

Applicant: City of Oakland California	EDA Investment: \$200,000
Project Location: Oakland, CA	Total Project Cost: \$252,500
Project No:	Private Investment: 15,000,000
County: Alameda County	Jobs: retention of 6,000 jobs. .Addition of 275 new jobs.

Federal Funding Policy: Investments that encourage entrepreneurship in the industrial sector by.

6. Providing opportunities for regional competitiveness through innovation with capital and skills-intensive opportunities in custom manufacturing and production, engineering and design
7. Providing needed infrastructure support that will cultivate a favorable entrepreneurial environment; and
8. Encouraging the location of appropriate industrial activities in Oakland, with the understanding of Oakland's competitive advantage as a global Port city and regional transportation hub.

Description: Planning, financial feasibility and technical studies for industrial protection districts and a new industrial production complex for custom food production and distribution.

Background: There is a need to increase the number of well-paying, skill-based industrial jobs available for Oakland residents. Oakland is predicted to weather the current economic slowdown, but must identify its strengths in custom manufacturing, production, international trade and distribution, and design in order to retain jobs. The proposed Industrial Strategy project will support the identification of industrial sectors in which Oakland can remain competitive, assist feasibility and infrastructure improvement studies, and conduct site-specific analysis for an industrial business complex in West Oakland.

Impact: The industrial complex strategy alone could help Oakland attract a leading bakery that would bring 125-160 jobs to Oakland, and support the expansion of an existing Oakland-based company to expand from 36-75 employees over the next two years. It will also support job creation and retention for at least 6,500 employees in the East Oakland industrial corridor through improvements in utilities and other essential services for businesses.

Other Federal Programs: The City intends to submit and EPA environmental Site Assessment grant for the West Oakland industrial complex site within the next quarter.

FY 2006-2007 INVESTMENT ANALYSIS

1. Market-driven and results driven: This project is supported by the Oakland Chamber of Commerce, the Coliseum Commerce Center Advisory Committee, the Airport Area Business Association and the West Oakland Commerce Association. The

project will directly involve and support private-sector industrial jobs, including direct strategies to attract new production companies involved in “green technology” and custom food manufacturing, and expansion of local companies.

2. Have strong organizational leadership: Each project staff member has over twenty years experience in the fields of economic development and land use planning in the Oakland area, have delivered national discussions on the topic of industrial land use, and have steered complex land reutilization strategies. They have partnered with professional economic development staff at the local Chamber, and have the full support of private business leaders in Oakland, including manufacturers, engineering and design firms.

3. Advance productivity, innovation and entrepreneurship: This project advances the ability of Oakland to retain and grow its living wage jobs within the industrial sector, as well as support the linkages between Oakland manufacturers and suppliers, and the growing bioscience, biotech and healthcare activities within the Inner San Francisco Bay cities.

4. Look beyond immediate economic horizon, anticipate economic changes, and diversify the local and regional economy: Oakland’s economic strengths have shifted in the last decade through changing national and global trends. The proposed project will include an analysis of Oakland’s strengths in the regional market and will document evidence of Oakland’s production and suppliers’ contributions to the regional economy. The project will allow Oakland to market these strengths, and complement the regional linkage of the industrial job market within the Inner Bay cities.

5. Demonstrate a high degree of commitment by exhibiting:

High Level of local government or non-profit funds and private sector leverage: This project is aided by a local match of \$52,500. Private investment leveraged by this specific EDA-funded project is estimated at \$15,000,000 including specific new industrial development of at least \$8-10,000,000 by private companies.

Clean and unified leadership and support by elected officials. The City Council is currently debating the topic of industrial land use in public sessions. The attached letter supporting West Oakland industrial land retention illustrates the commitment by Oakland’s elected officials to retain and grow its employment in the industrial sector including the retention of jobs in Oakland’s strengths, including port- related industry, food production, construction supply, and expansion into the “green technology” field.

Strong cooperation between the business sector, relevant regional partners, and local, state, and Federal governments: This project has support from the East Bay Economic Development Alliance, the Workforce Investment Board, Chamber of Commerce and local trade associations, in addition to a newly formed Inner Bay Cities Industrial Roundtable.

Assisting the City of Oakland with this investment meets EDA’s FY 2006 Investment Policy Guidelines, in addition to the current statutory and regulatory requirements for eligibility, selection, and evaluation (EDA Regulations P.L. 108-373; 13 CFR Chapter III). IRC met (date) 2006 and recommends inviting an application in the amount requested (259,000).

**PART III (Continued) -
TABLE OF MAXIMUM ALLOWABLE INVESTMENT RATES**

Type of Project	Maximum Allowable Investment Rate (Percentage)
Projects of Indian Tribes.	100
Projects under 13 C.F.R. part 307 located in Presidentially-Declared Disaster areas for which EDA receives an application for investment assistance for post-disaster economic recovery efforts pursuant to a supplemental appropriation within eighteen (18) months of the date of such declaration.	100
Projects of States or political subdivisions of States that the Assistant Secretary determines have exhausted their effective taxing and borrowing capacity, or Projects of non-profit organizations that the Assistant Secretary determines have exhausted their effective borrowing capacity.	100
Projects under 13 C.F.R. parts 305 or 307 that receive performance awards pursuant to 13 C.F.R. § 308.2.	100
Projects located in an Economic Development District that receive planning performance awards pursuant to 13 C.F.R. § 308.3.	100
Projects located in regions in which: The twenty-four (24) month unemployment rate is at least 225% of the national average; or The per capita income is not more than 50% of the national average.	80
Projects located in regions in which: The twenty-four (24) month unemployment rate is at least 200% of the national average; or The per capita income is not more than 60% of the national average.	70
Projects located in regions in which: The twenty-four (24) month unemployment rate is at least 175% of the national average; or The per capita income is not more than 65% of the national average.	60
Projects located in regions in which: The twenty-four (24) month unemployment rate is at least 1% greater than the national average; or The per capita income is not more than 80% of the national average.	50

OFFICE *[Signature]*
Deputy City Attorney

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OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO APPLY FOR AND, UPON RECEIPT, APPROPRIATING A \$200,000 PLANNING GRANT FROM THE U.S. DEPARTMENT OF COMMERCE, ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) AND AUTHORIZING EXPENDITURE OF \$52,500 AS THE LOCAL MATCH FOR DEVELOPMENT OF AN OAKLAND INDUSTRIAL STRATEGY

WHEREAS, the City Council is committed to creating a policy to protect and support job-generating business activity in areas the Council identifies for retention in industrial use; and

WHEREAS, the City has successfully implemented several capital grant programs using EDA funding, and recently completed an EDA funded Industrial Corridor Brownfields Economic Adjustment planning grant; and

WHEREAS, the City has been invited to submit an application to the EDA for a planning grant in the amount of \$200,000, including a local match of \$52,500 for planning, financial feasibility and technical studies for Council-identified industrial protection districts and to identify and plan for the redevelopment of key industrial sites; and

WHEREAS, the City Council authorizes expenditure of \$52,500 from (Coliseum/Central City East) Redevelopment Fund (7780) and Business Development Org (88559) as the local match for the EDA grant; and

WHEREAS, the requirements of CEQA, the CEQA guidelines as prescribed by the Secretary of Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now therefore be it

RESOLVED: That the City Council hereby authorizes the City Administrator or her designee to submit an application to the U.S. Department of Commerce, Economic Development Administration for a grant in the amount of \$200,000 and to expend up to \$52,500 in local matching funds to create an Industrial Strategy for the City of Oakland; and be it

FURTHER RESOLVED: That the City Council hereby appropriates \$200,000, or the amount of funding granted by EDA, and such funds shall be deposited into Department of Commerce Fund (2104) Business Development Org. (88559); and be it

FURTHER RESOLVED: That the City Council has independently reviewed and considered this environmental determination, and the Council finds and determines that this action complies with CEQA because this action on the part of the City is exempt

from CEQA pursuant to Section 15262 (feasibility and planning studies) and Section 15061(b)(3) (general rule) of the CEQA guidelines; and be it

FURTHER RESOLVED: That the City Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it

FURTHER RESOLVED: That the City Administrator or her designee is hereby authorized to negotiate and execute an agreement and all amendments, and modifications thereto, with EDA, and to take all other actions necessary to carry out the intent of this Resolution and its basic purposes; and be it

FURTHER RESOLVED: That all agreements shall be reviewed and approved by the City Attorney as to form and legality prior to execution, and a copy shall be placed on file with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2006
PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California