

**REDEVELOPMENT AGENCY
AND THE CITY OF OAKLAND**
AGENDA REPORT

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: April 7, 2009

**RE: A Supplemental Report Regarding the Oakland Business Assistance Center
Implementation, Program Development and Service Delivery**

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2009 APR -2 PM 6:16

SUMMARY

This supplemental report responds to a request from the Community and Economic Development Committee request of March 10, 2009, to expand the Oakland Business Assistance Center's ("BAC") proposed program design, implementation, and service delivery. This report provides a clearer picture of all the elements of the Center and how it will integrate into an overall strategy to support Oakland's business community.

FISCAL IMPACT

Staff estimates that the annual cost for build-out, staffing, equipment, marketing, supplies, contracts, contingencies and annual operations of the BAC will be approximately \$434,791 in FY 2009-10 and \$338,091 in FY 2010-11. It is possible that the BAC will open prior to July 1, 2009; any cost incurred in FY 2008-09 will be covered with existing FY 2008-09 appropriations.

Annual cost details are:

Staffing- Business Assistance Center management and primary oversight would be provided by a vacant budgeted Urban Economic Analyst IV (UEA IV) position in the Economic Development Division of CEDA and a new Urban Economic Analyst II (UEA II) position. Additional support will be provided by an existing budgeted Urban Economic Analyst III position that will rotate between the BAC and the City's Economic Development Division offices at 250 Frank H. Ogawa Plaza. The new proposed UEA II position will cost \$127,820 and will be funded from Business Retention and Expansion consultant budget. The UEA IV and UEA II positions will be funded as follows:

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- Oakland Redevelopment Agency Projects (ORA) Fund (7780), Business Development ORG. (88559), Central District Planning Project(C008800), Business Creation, Attraction, Retention & Expansion Program (SC11) will provide \$63,910;
- Oakland Redevelopment Agency Projects (ORA) Fund (7780), Business Development Org. (88559), Coliseum Project (C82620), Business Creation, Attraction, Retention & Expansion Program (SC11) will provide \$63,910.

In the Oakland Redevelopment Agency, funding is available to provide reimbursement to the City for these costs as follows:

- Central District Operations Fund (9510), Business Development Org.(88559) Central District Planning Project (S00800); \$63,910.
- Coliseum Operations Fund (9450), Business Development, Org. (88559) Coliseum Project (S82600); \$63,910.

The total FY 2009-10 operations and maintenance costs for build-out, equipment, marketing, supplies, contracts and contingencies will total \$ 262,000, which includes \$85,000 for one time costs and \$177,000 for ongoing. These activities will be funded as follows:

- \$100,000: Housing & Urban Development (HUD) Community Development Block Grant (CDBG) Fund (2108), (88569) Project (GO4600) Neighborhood Commercial Revitalization.
- \$54,000: Coliseum Operations Fund (9450), Coliseum Project (88659)
- \$54,000: West Oakland Operations Fund (9590), West Oakland Base Reuse Organization (88679).
- \$54,000: Central District Fund (9532), Central District Uptown Project (T245610).

BACKGROUND

On March 10, 2009 the Oakland Business Assistance Center implementation report was prepared for presentation to the Community Economic Development Committee, but was withheld to allow staff additional time to clarify certain components of the report to better articulate staff's plan for the management, coordination and work product of the Center.

The idea of the Business Assistance Center originated in mid-2006 during collaboration between the Community Economic Development Agency's Economic Development Unit, and the City's Business Services Organization ("BSO") network.

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KEY ISSUES AND IMPACTS

Funding recommendations for the BAC are outlined in the March 10, 2009 Community Economic Development Committee report and clarified here. Staff proposes a total of two FTE positions to staff the BAC, in the classifications of UEA IV and UEA II. Additional support will be provided through an existing budgeted UEA III position in the Economic Development Business Services Unit. The Economic Development Division has four budgeted UEA III staff; three of these four budgeted positions have incumbents. The full staffing of the UEA III classification in Economic Development will enable increased service to the business community. The four Economic Development staff in the UEA III classification will rotate between the BAC and the Business Development unit as required to accommodate demand for service in the BAC. The positions are as follows:

BAC Staff:

- Urban Economic Analyst IV - year 1 salary and benefits - \$179,896
- Urban Economic Analyst II - year 1 salary and benefits - \$127,820

In addition, staff in existing budgeted positions will rotate between the BAC and the Economic Development Unit.

Funding for the BAC will come from three Oakland Redevelopment Agency (ORA) project areas (Central District, Coliseum, and West Oakland) and Community Development Block Grant Funds (CDBG) funding. Staff has identified 270 Frank H. Ogawa Plaza as the desired location for the BAC. This space was formerly the Enviro-Press Graphic Studio site. The space will not require major build-out or renovation; however, it will require basic clean up, modular installation and some minor patch work. Staff proposes the above after due consideration of the City's current fiscal situation and the challenges a new program will have on staff and City/Agency resources.

The City has made an in-kind contribution to the BAC by offering office space located at 270 Frank H. Ogawa Plaza with a cost savings of \$54,000 per year to the program. CEDA will be required to pay its fair share of the utilities and common area maintenance cost to the City for the space. As proposed the space will be utilized as is, with no construction or demolition of hard walls, but instead built-out with cubicles as a cost saving measure. Staff has already received preliminary bids for build-out, installation of furniture, fixtures and equipment. See preliminary budget below:

BAC One-Time Expenses

Equipment	Quantity	Cost
Computers	5	\$12,500
Printers	3	\$6,500
Fax	1	\$200
Phones	5	\$2,500
	Total Cost	\$21,700

Build-out of space	\$70,000
Initial Marketing	\$5,000

Major On-going Expenses	
General Office Supplies and Printing	\$1,500
Copier Lease	\$500
Marketing	\$300
Web Site Maintenance	\$150
Salesforce License (4)	\$4,400
Common Area Maintenance	\$800
Utilities	\$1,125
Total Cost	\$30,375

Staff estimates the total cost of establishing the BAC at \$96,700, and on-going operating cost of \$30,375.

PROGRAM DESCRIPTION

The purpose of the Oakland Business Assistance Center is to create a visible, easily accessible, one-stop center for businesses to obtain the assistance they need to operate successfully in Oakland. The Center will accomplish this by developing an integrated service delivery framework to meet a broad demand of business needs generated from Cluster Development Groups, Business Retention and Expansion (“BRE”) activities, Business Services Organization (“BSO”) Service Providers, Redevelopment and Economic Development Staff, Planning and Zoning Department, Business License and Tax Revenue Department, Fire Department, Public

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Works Blight and Litter Control, and the City Administrator's Office on matters related to Cabaret licenses and Special Activity Permits, and the Oakland Police Department's Neighborhood Crime Prevention Councils ("NCPC").

The client service delivery system will include an "On-Call" support system to provide technical assistance from various City Departments and External Partners. Face-to-face meetings will be arranged and each client will fill out a business assessment form as part of an intake process. Intake information will help staff understand the client's needs, provide a basis for assistance and make appropriate referrals. Once the intake/assessment form is complete, the information will be entered into the City's Salesforce client relationship database for monitoring and tracking. This tool will be used by BAC and Economic Development staff.

The information gathered will be quantifiable and can be summarized into reports for use as both a management tool and program evaluation. The Salesforce application will serve to facilitate increased communication among all City agencies and its implementation and maintenance will be the responsibility of the Business Development Services staff.

The Role of the BRE

The BRE contract has historically served the commercial and industrial community, which are the primary land uses in the Coliseum and Central District Redevelopment Areas. In an effort to improve access to City services and staff's interaction with businesses for issues related to crime and security, business expansion, permits and regulatory clearance, staff has re-thought its delivery of services related to Business Retention and Expansion services to bolster local employment and business growth, especially in times of global uncertainty.

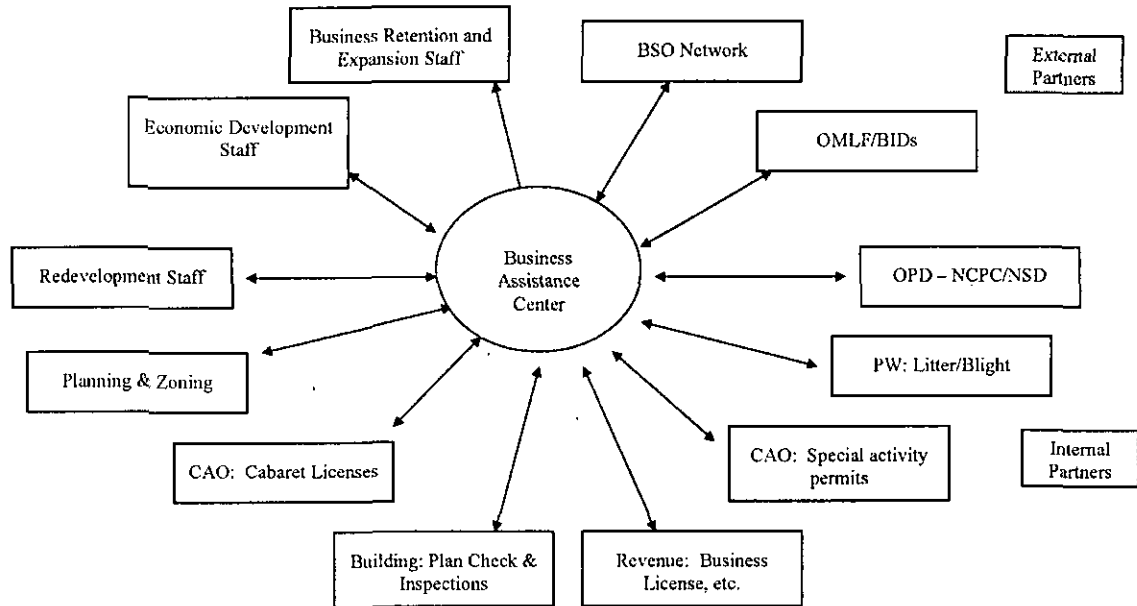
The varying ways by which businesses will access the services from the new Business Development Services staff will be simplified by the development of the Business Assistance Center. The Business Assistance Center will have a clear operational framework by which referrals are "assigned" to a pool of staff trained to support business expansion and retention. The Business Development staff will be in the field for a large part of their work day. The proposed BRE activity will be staffed by six Economic Development staff members. One of the six staff will rotate between the BAC and Economic Development.

Clients visiting the BAC will either be:

- Provided intake and case management services;
- Routed to appropriate City departments;
- Referred to an available Economic Development staff member; or
- Referred to external partners for technical assistance, training, or funding opportunities

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The diagram below provides a framework and model for support to businesses from the BAC.



Clients: Businesses of all sizes (micro, small, medium, large): merchants, commercial and industrial users, investors, developers, real estate managers and brokers, etc.

Citywide Coordination of BAC staff

The Business Assistance Center is available to businesses of all sizes and from within any sector. Staff will coordinate required activities through utilizing internal and external partners as noted in the diagram above. BAC staff will contribute to the coordination of services and activity interaction with businesses citywide. This will be accomplished in part by outreach and visiting each of the City partners and outlining the services available through BAC. BAC staff will also assist in the coordination of intra-department communication and be the lead referral entity within the City's network of services.

In order for the BAC to be effective, it must have the support and cooperation of its internal partners. Staff coordinating business services for clients must have the authority to delegate and assign work to City staff across City departments. Staff has held a series of meetings with management staff of Fire, Building Services, Planning & Zoning and Tax Revenue to obtain support and assistance with the integration of services between departments.

Administrative Instruction 680 (*Attachment A*) which mandates cooperation between divisions for the benefit of business development in the City, has no organized procedures to coordinate a Citywide effort such as this to address the needs of business. To support AI 680, CEDA staff will coordinate with the various City departments that will potentially interact with the BAC to obtain Service Level Agreements prior to the opening of the Center.

These agreements are an articulation of expectations and commitments between the BAC and partnering City departments. As proposed these agreements will be executed through and jointly signed by the City Administrator's office, the BAC, and the affected departments, to ensure accountability. Staff will further develop comprehensive Service Level Agreements between Division Managers and/or Department Directors citywide to outline how these departments will coordinate with BAC staff.

The agreements will include at a minimum, the following commitments:

- Establishment and maintenance of an on-call staff support network available to BAC staff by phone;
- Development of a permit or license approval flow chart for BAC distribution;
- Responsiveness to BAC staff efforts to schedule appointments with business owners;
- Responsiveness to monitoring requests for updating client management database;
- Participation in monthly coordination meetings.

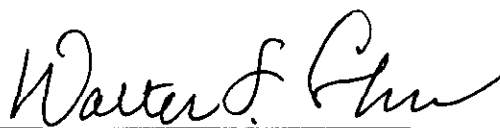
RECOMMENDATION AND RATIONALE

Staff recommends that the City Council accept this report and resolutions and authorize staff to move forward with budgetary and operational components for the implementation of a Business Assistance Center.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that City Council and the Redevelopment Agency accept the original staff report and resolutions dated March 10, 2009, and accept this supplemental report.

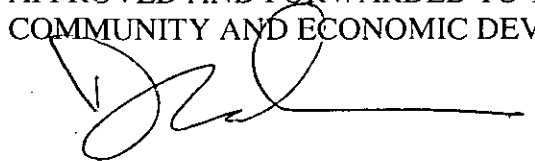
Respectfully submitted,



Walter S. Cohen, Director
Community and Economic Development Agency

Prepared by: Michael McPherson
Urban Economic Analyst

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



Office of the City/Agency Administrator

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ADMINISTRATIVE INSTRUCTION

SUBJECT	Departmental Response to the Business Development Services Program	NUMBER	680
REFERENCE	None	EFFECTIVE	July 1, 2007
SUPERSEDE	AI 680, dated June 3, 1991		

I. PURPOSE

The purpose of this Administrative Instruction is to assist the Business Development Services, Economic Development Division, Community & Economic Development Agency, to garner support and cooperation from other City departments for its work in promoting the growth of existing and future Oakland businesses.

II. POLICY

To assist Business Development Services (BDS), a program of the Economic Development Division, Community & Economic Development Agency, provide timely, thorough and excellent information and assistance and internal coordination between City departments to retain, grow and attract business in Oakland.

III. DEFINITIONS

None

IV. PROCEDURES

Responsible Party
Department Head

Action

Informs BDS of the designated departmental contact person to respond to BDS requests for assistance for business clients, as well as the contact person for information about departmental procedures and policies.

Designated Department Contact Person

Responds to BDS requests within 24 hours, if possible.

V. ADDITIONAL INFORMATION

City departments perform many different regulatory and assistance activities for the benefit of private business in the City of Oakland. These activities include enforcement and issuance of land use controls and zoning, building and planning permits, municipal business licenses, police and fire permits, etc, thereby engaging interaction between staff from Business Development Services, Oakland Police and Fire Departments, CEDA Building Services, Planning and Zoning and Real Estate Services, the Redevelopment Agency, and other divisions. Although these departments individually provide satisfactory service to Oakland's business community, the City lacks a central clearinghouse where businesses can obtain comprehensive information on City regulations and services specific to business development. Since business projects may require multiple City permits or licenses, a coordinated approach to meeting all City regulations as well as the time to process such permits may pose a serious impediment to entrepreneurs who must devote considerable time and energy in obtaining this necessary information. Business Development Services staff, representing office, retail, industrial, and sustainable/ green job development, overseen by a department manager, fill that need by acting as advocates and liaisons for businesses.

The Business Development Services (BDS) program, Economic Development Division, addresses the need for a point of contact for business to express concerns and seek assistance. The primary goal of Business Development Services is to assist businesses to expand, improve or locate their operations in Oakland. BDS staff's focus is on coordinating the wide range of business services available to businesses, helping to deliver essential information on City regulations and services, as well as making referrals to outside agencies and business service providers. BDS services do not eliminate or duplicate any other City programs, rather BDS staff act as an ombudsperson and point of first contact for entrepreneurs and business owners. Since BDS is not designed to replace other information and assistance sources in the City, the operation of all City departments is essential for the effective delivery of comprehensive support, retention and attraction services for businesses.

It is expected that most City departments will, from time to time, be called upon to cooperate with the BDS staff on behalf of their business clients. However, some functions of City government affect business more directly than other functions. In order to maximize efficiency and provide adequate and timely service to business, BDS staff needs to call upon the expertise of other City departments, on a priority basis, to resolve problems for businesses requesting this assistance.

Please direct any questions regarding this AI to the Business Development Services Manager in the Economic Development Division of CEDA.


DEBORAH A. EDGERLY
City Administrator