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AGENDA REPORT

TO: HENRY L. GARDNER
INTERIM CITY ADMINISTRATOR

FROM: Rachel Flynn

SUBJECT: Informational Report-Bay Area
Regional Prosperity Plan

DATE: December 18, 2014

City Administrator
Approval

Date

12-30-14

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Information Report requesting that the City Council review and comment on the *Economic Prosperity Strategy*, as an interim product of the Bay Area Regional Prosperity Plan.

EXECUTIVE SUMMARY

The following report presents the ongoing work of the Bay Area Regional Prosperity Plan (“the Plan”), funded by the U.S. Department of Housing and Urban Development (HUD) Sustainable Communities Development Program, and administered by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC). This \$5 million, three-year Federal grant seeks to explore regional and sub-regional strategies to move more low-income workers into the middle class through a combination of research, policy exploration, and sub-grant pilot projects. In particular, staff asks that the City Council review the *Economic Prosperity Strategy*, (**Attachment A**) a study produced by a consultant team as an interim product of the Plan, and consider its findings as a broad framework by which jurisdictions in the Bay Area, and the City of Oakland in particular, can further explore and implement actions to elevate more low income residents and workers to the middle class.

OUTCOME

Oakland can take the lead as the first Bay Area city to formally consider and discuss the findings of the *Economic Prosperity Strategy* as a framework for subsequent actions to help move more residents and workers towards the middle class. Oakland can implement appropriate recommendations of the *Economic Prosperity Strategy*, and focus the goals of various City departments, including Economic & Workforce Development and Housing & Community Development, to develop local career training opportunities, focus attraction of business on industries of opportunity, and support low-income workers through measures such as increased affordable housing, towards this goal.

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BACKGROUND/LEGISLATIVE HISTORY

The Bay Area Regional Prosperity Plan will create a framework for addressing critical issues facing the region that were identified during the ABAG-MTC OneBayArea Grant program plan process. These issues include concerns for economic mobility and opportunities for low- and moderate-income workers, availability of affordable housing near high quality transit, neighborhood stabilization in communities at risk of displacement, and engagement of disadvantaged communities in regional decision-making.

The multi-year Bay Area Regional Prosperity Plan, which concludes in June 2015, includes three key, interconnected areas of work, each with an active publically-noticed working group:

- **Economic Prosperity Initiative** – To develop a regional approach for expanding economic opportunities for low- and moderate-income workers, and provide more than \$1 million in sub-grants for pilot projects.
- **Housing Initiative** – To develop tools and resources ensuring housing affordability near high quality transit, while stabilizing low income neighborhoods as new investments raise property values, and provide more than \$1 million in sub-grants for pilot projects.
- **Equity Initiative** – To support the engagement of disadvantaged communities in implementing the Prosperity Plan with \$800,000 in grant funds to community groups that represent these communities

The *Economic Prosperity Strategy (Attachment A)* was awarded through a competitive bid process commissioned by the Economic Prosperity Initiative Working Group, of which Oakland staff served as Co-Chair for the 2013-2014 period. The *Economic Prosperity Strategy* consultant team included San Francisco Planning & Urban Research Association (SPUR), the Center for Continuing Study of the California Economy, the San Mateo County Union Community Alliance, Working Partnerships USA, with support from the Bay Area Council Economic Institute and Eisen / Letunic/ 50+1 Strategies. Along with this *Economic Prosperity Strategy*, the Economic Working Group awarded ten sub-grants as pilot projects to further demonstrate ways to move low income workers, residents and households, into the middle class. Several sub-grants were awarded to Oakland-based non-profits, including Causa Justa, East Bay Asian Local Development Corporation (EBALDC), East Bay Sustainable Law Center/Project Equity, and Policylink, among others, over the various categories of the economy, housing, and equity.

ANALYSIS

The *Economic Prosperity Strategy* focused on three Goals, with related strategy suggestions, to increase access to the middle class. Staff recommends that the City Council review these recommendations, and consider how, in future, the various city departments might pursue opportunities to aid Oakland residents and workers in reaching middle-income wages and/or middle class quality of life.

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There are particular strategies that the City departments have already enacted or begun work on. Examples of how the City of Oakland departments are already implementing some of the Strategy recommendations are as follows:

Goal A Pathways to the Middle. Strengthen career pathways to middle-wage jobs.

Economic Prosperity Strategy 1: Expand job-focused basic skill training.

The City's Workforce Investment Board (WIB), which has a mandate from the State of California WIB to provide industry-specific trainings, have targeted both Healthcare and Manufacturing for its targeted program objectives.

Economic Prosperity Strategy 2: Establish industry-driven, sector-based regional training partnerships.

Staff of The Economic & Workforce Development Department currently participates in the regional partnership, "Design It, Build It, Ship It", which engages the Logistics and Advanced Manufacturing employers in the region to better coordinate community college and training programs. Multiple Oakland companies are engaged in the "Design It, Build It, Ship It" initiative. The Oakland WIB identified sector-based strategies in their Strategic Plan, including Manufacturing, Logistics and Healthcare.

Economic Prosperity Strategy 3: Improve career navigation systems and support pathways, at the K-12 level and beyond.

Staff has been involved in the UC Berkeley Center for Cities and Schools career/city planning engagement programs at McClymonds and with Met West schools to assist students, acknowledge career pathways and learn about local employment opportunities. The Oakland Makers, which has a Youth & Equity Committee, worked with staff of Economic Development and Oakland Parks & Recreation to sponsor 25 students on National Manufacturing Day on a tour of four manufacturing firms to learn about career opportunities. Other opportunities will arise as the WIB Youth Service Providers offer more K-12 interface with Career Pathway Training activities.

Goal B: Economic Growth. Grow the economy with a focus on the middle.

Economic Prosperity Strategy 4: Focus economic development resources on sector strategies as well as on greater policy coordination among jurisdictions.

Economic Development staff currently focus on five sectors, which all contribute to opportunities in middle-income wage jobs. These include Healthcare & Wellness, Food & Beverage/Manufacturing, Clean Tech/Green Business, Logistics & International Trade, and the Creative Economy, including digital media, technology, and the arts. Economic Development staff has been actively working on a regional level with East Bay Economic Development Alliance, and various cities on opportunities for federal grants,

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including recent applications to grow Biomedical Device and related industry manufacturing in the region.

Economic Prosperity Strategy 5: Develop land use plans that accommodate the region's growth, including housing at all income levels, accessible job centers, and support for industrial lands.

Oakland has land use policies to retain industrial and job-producing land retention through various specific and area plans including the Central Estuary Plan, the West Oakland Specific Plan, and the Coliseum City- Airport Business Park plan. Oakland is actively pursuing more aggressive plans for affordable housing support, in the absence of Redevelopment funding.

Economic Prosperity Strategy 6: Rebuild and expand infrastructure in a way that supports economic development and job growth.

Oakland has conducted industrial infrastructure studies in East and West Oakland to help guide future investments for the improvement of infrastructure, including broadband, and other opportunities are being considered. Oakland staff is engaged in the International Boulevard Bus Rapid Transit (BRT) project, which includes consideration of business needs relative to infrastructure improvements, as well as transit needs.

Economic Prosperity Strategy 7: Manage the region's transportation as an integrated, navigable system that is easy to navigate.

The City's Specific Plans consider transportation, including shuttle systems in the Coliseum / Airport Business Park and West Oakland area. City staff of multiple divisions worked for the past year on the Emeryville Berkeley Transportation Study giving input on the positive impact and benefit, of such transit coordination for employers, employees and residents.

Goal C: Economic Security. Upgrade conditions in lower-wage jobs.

Economic Prosperity Strategy 10: Establish standards to ensure that investment of public dollars is aligned with the goal of economic opportunity.

The City has adopted a Minimum Wage policy and legislation that sets the minimum wage in the City at \$12.25 as of March 2015.

PUBLIC OUTREACH/INTEREST

Beginning in April 2013, the Economic Prosperity Working Group held 21 regional workshops, and the consultant team conducted no less than 50 interviews with key stakeholders, including many Oakland community-based organizations and non-profits. Three regional workshops were held in Oakland, and the majority of the Working Group meetings were also held in Oakland at the offices of MTC, and publically noticed. The initial workshops focused on defining and

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assessing the most significant barriers to upward mobility for low to moderate income workers. The second set of workshops explored how to allow businesses to grow, particularly in ways that could expand middle-income jobs. In the final workshops, stakeholders and participants discussed potential solutions and prioritized strategies for upward mobility and middle-income job creation. City staff also worked with the Economic Prosperity Working Group to present to the Oakland Metropolitan Chamber of Commerce, Economic Development Forum in October 2014, and published an article on the subject in the *Oakland Business Review* newspaper in September 2014 (**Attachment B**).

COORDINATION

The *Economic Prosperity Strategy* was developed over a 12-month period and is informed by robust technical analysis and extensive outreach to a wide range of stakeholders including workforce investment boards and community colleges; business and labor groups; local and regional economic development agencies; local jurisdictions and transit agencies; and community groups and residents; among others. The strategies were developed through an inclusive and transparent process that engaged all sectors and stakeholders mentioned above.

The Bay Area Prosperity Plan process has involved the creation of three Working Groups: Staff of the Economic Development Department of the City (Margot Lederer Prado) served as Co-Chair of the Economic Prosperity Working Group and as Co-Chair of the Prosperity Plan Steering Committee from May 2013 to May, 2014. Therefore, City staff was involved in the evolution of this Plan, and can take a leadership role, together with the Workforce Investment Board, in incorporating recommendations for actions into various City policy documents, including the future City's Economic Development Strategy.

COST SUMMARY/IMPLICATIONS

There are no direct cost implications from the endorsement of the Economic Prosperity Strategy. Implementation of programs in support of the recommended strategies will be folded into existing work plans and budgets, to the extent possible. Any programs requiring additional resources will be brought before Council as a separate action item.

FISCAL IMPACT

The direct fiscal impact to the City of Oakland as a result of the consideration of the Economic Prosperity Strategy could result in enhanced concentration on business retention, expansion and attraction in the focused sectors, and on increased training of Oakland residents in the occupational types, describes in the *Economic Prosperity Strategy*.

SUSTAINABLE OPPORTUNITIES

Economic:

The Strategy is focused on the growth of jobs in the middle wages, the ability to help low-income workers follow career pathways to such jobs, and to providing other means of support for low income workers and residents to improve their quality of life through affordable housing and transit.

Environmental:

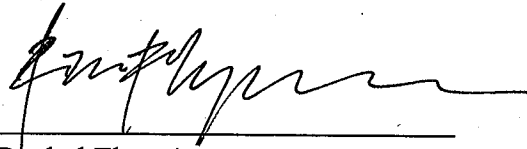
The Economic Prosperity Strategy analyzed challenges of workers in accessing middle income jobs, particularly relative to smart transportation choices. Boosting worker's access to transit to work is a recommendation in the Strategy. Improvements in infrastructure are also a key recommendation within the suggested strategies, which could result in improved environmental "green" infrastructure.

Social Equity:

The Bay Area Regional Prosperity Plan has Equity as the primary focus of one of its three Working Groups. The Economic Prosperity Strategy seeks to address equity through recommendations for improved access to the economy, and jobs, of the middle class, and promotes living wages, and access to these jobs through improved transit and housing opportunities.

For questions regarding this report, please contact MARGOT LEDERER PRADO, SENIOR ECONOMIC DEVELOPMENT SPECIALIST, 238-6766

Respectfully submitted,



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Prepared by: Margot Lederer Prado
Senior Economic Development Specialist
Dept of Economic & Workforce Development

Attachments:

- A. Summary *Economic Prosperity Strategy*
- B. Article on the Bay Area Regional Prosperity Plan, *Oakland Business Review*, Sept. 2014

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Economic Prosperity Strategy

(excerpt)

Improving economic opportunity for
the Bay Area's low- and moderate-wage
workers

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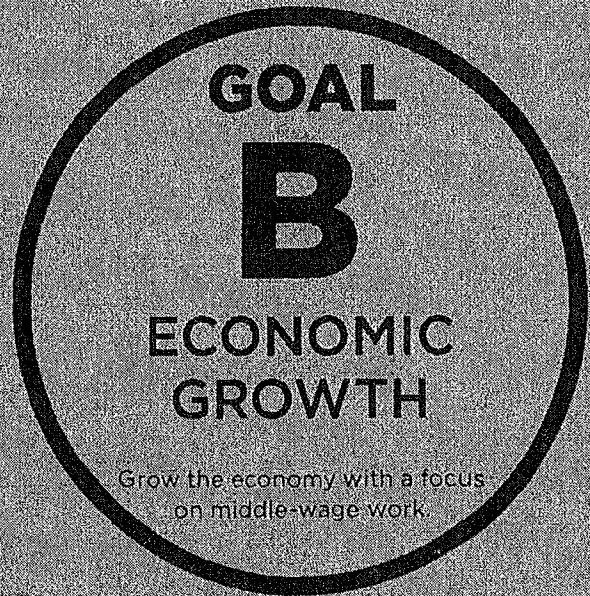
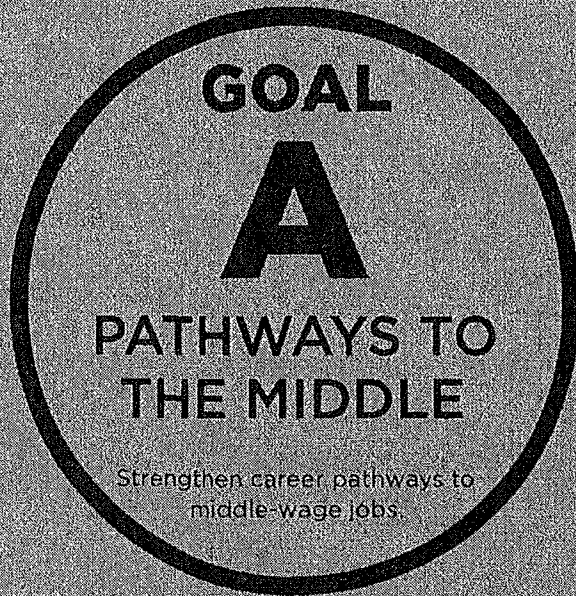
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Thank you to the hundreds of stakeholders who attended a workshop or participated in an interview for this project. Thank you also to the members of the Economic Prosperity Working Group and the Steering Committee of the Bay Area Regional Prosperity Plan as well as individual reviewers for their valuable comments throughout the development of this report.

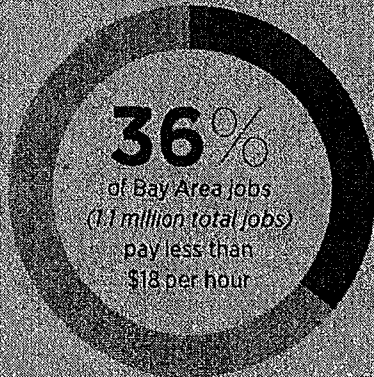
The research that provided the basis for this publication was supported by funding under an award to the Metropolitan Transportation Commission (MTC) from the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. The authors and publisher are solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the views of the federal government, BACEI or MTC.



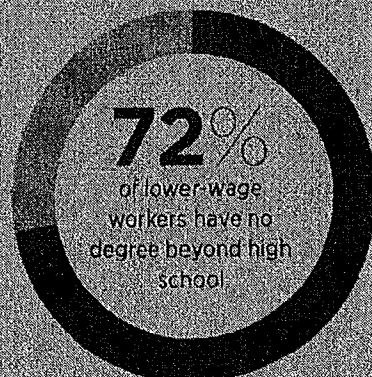


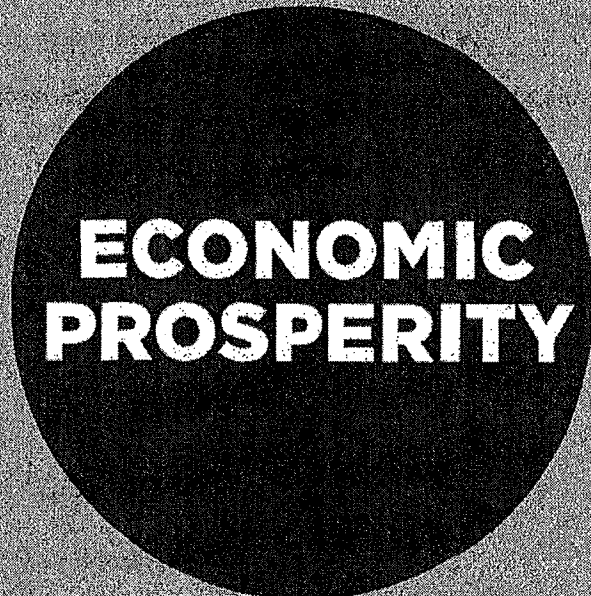
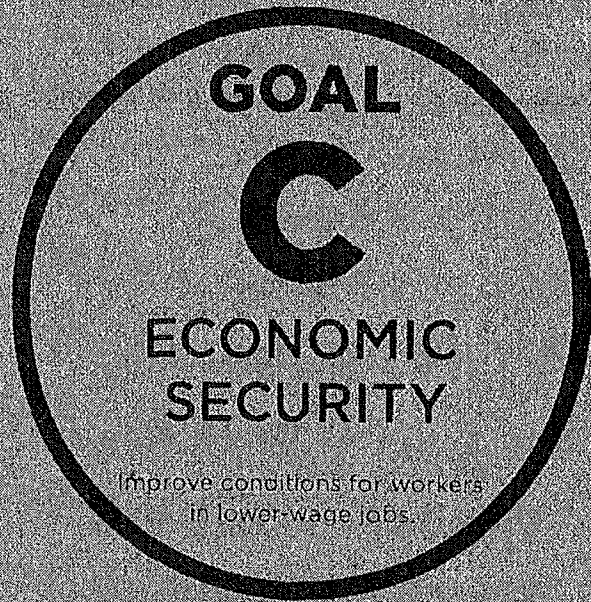
KEY STATS ABOUT LOWER-WAGE WORKERS

Lower-wage workers are those who earn less than \$18 per hour, or \$36,000 per year



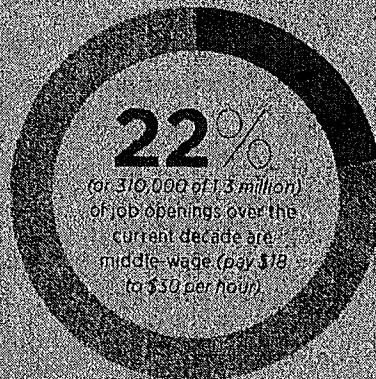
Nearly half are
over 35 years old





INFO ON MIDDLE-WAGE OPPORTUNITIES

There is no industry where a majority of the jobs are middle-wage.



Most middle-wage job openings are in occupations that only require a high school diploma.

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 - 40 STRATEGY 1 | **Expand job-focused basic skills training.**
 - 40 Increase English language acquisition programs focused on a workplace context.
 - 40 Expand digital literacy training.
 - 41 Improve programs focused on soft skills and work readiness, as well as other basic skills.
 - 42 STRATEGY 2 | **Establish industry-driven, sector-based regional training partnerships.**
 - 42 Identify industry partners to develop curriculum and provide financial support.
 - 44 Coordinate training regionally.
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 - 46 Expand Linked Learning programs.
 - 46 Help workers navigate the new world of online of job search and applications.
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- 50 CHAPTER 5 | **ECONOMIC GROWTH**
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 - 54 STRATEGY 4 | **Focus economic development resources on industries of opportunity, business formation and expansion and policy coordination among jurisdictions.**
 - 54 Analyze and support the local and regional industries and clusters of opportunity.
 - 55 Strengthen evidence-based business retention and expansion programs.
 - 57 Expand entrepreneurship and ownership opportunities, particularly for lower-wage workers forming new businesses.
 - 57 Develop consistent permitting and regulatory processes among jurisdictions in the region.
 - 60 STRATEGY 5 | **Develop land use plans that support transit-oriented jobs, industrial uses and housing.**
 - 60 Develop strategies to promote a sufficient amount and variety of housing.

- 63 Encourage major employers and institutions to locate jobs in transit-accessible centers.
- 64 Develop a regional strategy to preserve and invest in industrial land.
- 67 Establish new regional programs with a focus on employment in the Priority Development Areas planning processes.

70 STRATEGY 6 | Rebuild and expand infrastructure in a way that supports economic development and job growth.

- 70 Encourage communities to produce long-range capital plans.
- 72 Pursue a range of funding sources and taxes to pay for infrastructure.
- 73 Expand user fees such as road pricing to finance both infrastructure and related operations.
- 73 Leverage private capital for public infrastructure projects that create jobs.

76 STRATEGY 7 | Manage the region's transportation as an integrated system that is easy to navigate.

- 76 Make the experience of transit in the Bay Area look and feel like a more unified system.
- 77 Expand first and last-mile programs, such as shuttles.
- 78 Invest in additional transit where and when most used and needed.

80 CHAPTER 6 | ECONOMIC SECURITY

Goal C: Upgrade conditions in lower-wage jobs.

83 STRATEGY 8 | Raise the floor by increasing minimum standards for equal opportunity, working conditions and compensation.

- 83 Adopt local and/or subregional minimum wage ordinances.
- 84 Enact earned sick days ordinances or other paid time off.
- 86 Establish ban the box/fair-chance hiring policies.
- 87 Strengthen local enforcement of wage and hours laws.

90 STRATEGY 9 | Organize and professionalize industries to improve wages, benefits and career ladders.

- 90 Support worker centers and industry guilds that help establish minimum wage rates and job standards for industries.
- 91 Establish multi-employer joint labor management training partnerships to raise skills in an industry.
- 93 Remove barriers to unionization.
- 93 Create licensing requirements and enforce labor and employment laws to professionalize workers across an entire industry.

95 STRATEGY 10 | Establish standards to ensure that investment of public dollars is aligned with the goal of economic opportunity.

- 95 Enact living wage ordinances.
- 96 Pursue common community benefits agreements.
- 96 Pass prevailing wage ordinances.
- 97 Establish project labor agreements (PLAs).
- 97 Encourage self-sufficiency standards for workforce job placements.
- 98 Explore using social and economic impact assessments as part of major planning and policy-making.

100 CHAPTER 7 | Conclusion

103 APPENDIX A | Matrix of strategies and actions

Economic Development

CREATING A STRONG ECONOMY

> Bay Area Prosperity Plan and perspectives from abroad

by Margot Lederer Prado

Achieving a sustainable living wage is a challenge faced by many individuals and households today.

In the Bay Area a middle income wage can be defined as hourly wages of more than \$18 by a consultant team hired as part of the Bay Area Prosperity Plan, a three-year project administered by MTC and ABAG, which was awarded \$5 million in funding as part of the HUD Sustainability Grant cycle.

The project goal, which includes three working groups exploring everything from economy, affordable housing, and barriers to

employment, is to identify obstacles to moving low income residents of the Bay Area region to middle class standards of life.

As a staff member in Oakland's Economic & Workforce Development Department, I had the opportunity to serve as co-chair of both the Economic Prosperity Working Group as well as co-chair of the grant's Steering Committee for the past year. The regional grant work to date, and expectations for its final year, will be the subject of the Chamber's Economic Development Forum on Wednesday, Oct. 8.

The economy of the Bay Area is being driven by escalating incomes in the upper registers of particular sectors such as digital media and information technology, biopharmaceutical and life science. Such sectors generate significant numbers of lower end jobs in services, support and related amenities such as the retail, food service and hospitality industries.

But what of the middle wage occupations? Such an "hour-glass economy" continues to shrink middle income opportunities, however the Economic Strategy study has identified – through data analysis and stakeholder interviews – opportunity occupational sectors that support middle income jobs. The study also identifies the opportunities to support the rise of individuals and households toward median income through supportive affordable housing policies, and considers the various related factors that influence an expansion of the "middle."

The Bay Area Prosperity Plan identifies occupations as well as sectors that can aid the positive movement of jobs in the middle income category, such as healthcare and manufacturing. There are also types of middle-income occupations which apply across sectors, such as careers in information technology support, management, sales and marketing. This new research identifies inhibiting factors to full equitable participation in the workforce and barriers to job entry and training.

An international comparison

The challenge of extreme differential in prosperity among inhabitants of regions with successful market sectors is not limited to the United States. During my recent stay in the city of Bandung, Indonesia, which is just two hours from the nation's capital (the size of Oakland but with 2.5 million people), I discovered similar challenges with success and equity. With attraction of external investment, the city of Bandung has experienced an astonishing annual growth rate of 8-9 percent in the past few years. This city, which is home to the country's premier Institute of Technology (ITB), is experiencing the successful rapid rise of a consumer culture.

While Bandung's population is four-fold that of Oakland's, it shares similarities of municipal size and competitive economic sectors (culinary, design, healthcare and education, and professional services).

Like in the Bay Area, local economists warn of the lack of equity in such prosperity, in its rapid attraction of external investment and related commercial enterprises.

Outcomes of the Bay Area Prosperity Plan may serve to support – not only economic equity challenges in the Bay Area – but may aid other nations to raise the low-income individuals' access to new opportunities.

The Bay Area Prosperity grant concludes in the spring of 2015 and further engagement of labor, private sector and government is encouraged.

For more information contact Vikrant Sood, program manager at MTC (vsood@mtc.gov.ca).

Margot Lederer Prado is an economic development specialist for the city of Oakland.

> Recycling is now the law for all Oakland businesses

STOPWASTE.ORG
Reducing the Waste Stream for Alameda County

On July 1, 2014, all businesses in Oakland were required to provide adequate on-site collection service for the amount of recyclable materials they produce. The requirements are part of the second phase of the Alameda County Waste Management Authority's Mandatory Recycling Ordinance 2012-01.

Previously, only businesses generating four or more cubic yards of solid waste per week and multi-family properties with five or more units were required to participate. Phase 2 of the ordinance extends these requirements to all businesses in Oakland.

Ordinance requirements differ by jurisdiction. Certain Alameda County jurisdictions, including Oakland, have postponed certain requirements of Phase 2 of the ordinance. In jurisdictions that have fully-opted in on a normal schedule, Phase 2 adds new requirements for separating organics (food scraps and food-soiled paper) for all businesses and multi-family properties with five or more units as of July 1, 2014.

Organics collection requirements in Oakland are expected to be effective July 1, 2016.

Assistance and resources are available to help with compliance. No fines will be issued to businesses not previously covered by the ordinance before Jan. 1, 2015. For additional information, including details about each city's requirements, how to comply, and an overview of available services and support materials, visit www.RecyclingRulesAC.org.



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