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AGENDA REPORT

TO: DEANNA J. SANANA
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: West Oakland Jobs Center

DATE: September 17, 2012

City Administrator

Date

Approval

9/20/12

COUNCIL DISTRICT: #3

RECOMMENDATION

Staff recommends that the City Council adopt:

A Resolution Authorizing The City Administrator To Apply For, Accept, And Appropriate Grant Funds And Contributions From Private Foundations, Businesses, Individuals, And Government Agencies To Fund The Formation And Operation Of The West Oakland Jobs Center Without Returning To Council

EXECUTIVE SUMMARY

This report is intended to update the City Council on the progress and plans to date regarding the implementation of the West Oakland Jobs Center and obtain authorization to apply for grant funding.

The main purpose of the West Oakland Jobs Center is to facilitate the training and placement of workers in construction and operations jobs at the Oakland Army Base development project to enable contractors and employers to meet the 50% local employment policy. In order to begin registering and screening job-seekers as soon as possible, staff is planning to do a "soft" opening for an Interim Jobs Center at the West Oakland Library beginning in November 2012. A fully-staffed Jobs Center, including a Workforce Investment Act-funded career services component, is expected to open within one year. The Jobs Center and related functions, such as monitoring and compliance, is expected to cost \$1.4 million annually at peak. Long-term funding sources are available but staff is seeking authorization to pursue private funding opportunities to fund the first two to three years of the Jobs Center's operation.

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OUTCOME

City Council's approval of this resolution will authorize City staff to pursue funding opportunities for the operations of the West Oakland Jobs Center, which will enable the Center to be fully-functional in advance of the commencement of construction on the Oakland Army Base development project.

BACKGROUND/LEGISLATIVE HISTORY

In 2008, the Redevelopment Agency (Agency) issued a Request for Proposals (RFP) for a master developer for the Oakland Army Base. In July 2012, City Council approved the Disposition and Development Agreement (LDDA) for the project, which included specific community benefit policies to ensure that there would be employment opportunities for Oakland residents on the project and during the operations of the logistics centers.

In December 2010, Councilmember Jane Brunner began facilitating sessions with the Army Base Jobs Working Group, which included community coalitions such as Oakland WORKS and Revive Oakland!, the Building and Construction Trades Council of Alameda County, contractors, and the project developers. The Working Group sessions resulted in a set of recommendations that formed the basis of the Community Jobs Policies, which were adopted with the LDDA. The Community Jobs Policies include:

- A 50% local hire requirement for construction and operations jobs. For operations jobs, a preference will be given first to West Oakland residents and secondly, to Enterprise Zone residents.
- 20% of all construction hours will be worked by Apprentices
- All new apprentices will be Oakland residents. One new apprentice is required for every 20,000 hours of construction work.
- 25% of permanent operations jobs will be reserved for Disadvantaged workers, including but not limited to re-entry clients, TANF recipients, dislocated workers, long-term unemployed, unemployed veterans, and the disabled.

The concept of a Jobs Center to facilitate the training and placement of local residents in both construction and operations jobs was discussed throughout the working groups and incorporated into the Community Jobs Policies. The Cooperation Agreement, among the City, community stakeholder organizations and labor, was also adopted by Council, and states that the City will take the lead in the development and implementation of a West Oakland Jobs Center to support contractors and employers in meeting the project's 50% local hiring goals.

ANALYSIS

In order to meet the policy goals, the Jobs Center needs to develop career pathways for Oakland residents into these targeted industries as well as develop systems for assessing, placing and tracking workers. Staff envisions a multi-phased approach to the implementation of the Jobs Center, beginning with a “soft” opening of an Interim Jobs Center in November 2012, and expanding to fully-staffed Jobs Center in the summer of 2013, with opportunities to add additional services such as contractor capacity building, training classes, and/or other supportive services in the future.

Estimated Employment Timeline

The construction of the Army Base project is expected to generate roughly 2,000- 3,000 construction jobs over the course of seven years for both horizontal (publicly-funded infrastructure) construction as well as the vertical (privately funded) construction. The types of positions will range from entry-level apprentices and laborers to highly skilled and experienced construction trades persons.

The first stage of employment will be a materials handling contract that is expected to be bid out in October, with work beginning in January 2013. The Construction Design-Build contract for the horizontal is expected to be bid out this spring with work beginning in late 2013. Staff is working to gather information about the crafts that are likely to have the most openings so that the Center can begin to coordinate training pathways for those jobs.

Beginning in 2017, the project is expected to generate employment in the Transportation, Distribution and Logistics industry, with jobs such as forklift operators, office assistants, truck drivers and others.

Interim Jobs Center

While there is likely to be little demand for workers in the next six to eight months on the project, there is a high degree of interest from job-seekers in jobs, particularly construction jobs, on the Army Base. In order to begin to register job-seekers as soon as possible and to identify training needs, refer candidates to training programs and pre-qualify trained workers, the City will be opening an Interim Jobs Center at the West Oakland Library.

Staff is in the process of developing a Memorandum of Understanding (MOU) with the Oakland Public Library to occupy the second floor of the West Oakland Library, which is currently vacant. This space and location is ideal for the West Oakland Jobs Center. The upstairs is a large space, roughly 5,000 square feet, with multiple offices and classrooms. It is centrally located in West Oakland and is on the #26 bus line. It is across the street from DeFremery Park and DeFremery Recreation Center and close to the West Oakland Senior Center. It also dramatically

reduces the start-up costs for the Center and relieves the non-profit operator who will eventually run the Center from having to secure a location on their own.

The plan is to begin to have a few paid staff and volunteers in the Interim Jobs Center beginning in late November. The temporary staff will be funded through the City's existing contract with CCIG as part of their community outreach. The 50% local employment goal will also apply to Jobs Center staff, which will report directly to City staff. The Center will be using an intake form similar to the City's Local Construction Employment Referral Program form, but will be registering clients with a more intensive intake process. There will also be an online application that will be accessible through the City's website as well as the project's website.

The Interim Center's main goals are to:

- Register and assess job-seekers.
- Refer job-seekers to relevant training programs when needed.
- Place qualified employees in Army Base construction positions where an Oakland resident is needed.
- Assist contractors with registration, job placements and general compliance issues.
- Refine and develop intake, referral and tracking systems for the permanent Army Base center.
- Build relationships with training providers, Joint Apprenticeship coordinators, and local non-profit organizations.

Long-term Operation of West Oakland Jobs Center

For the long-term operations of the Jobs Center, the City will issue a Request for Proposals in early 2013 in order to secure a non-profit operator for the Center. The operator will be responsible for the overall operations of the Jobs Center, including managing the facility. The operator will also need to coordinate services with the WIA-funded career center, which will occupy a smaller subset of the 2nd Floor of the West Oakland Library. The contract for the selected operator is expected to come to Council for approval in May 2013.

The main functions of the Jobs Center will be to support the contractors and other employers at the Base in meeting their 50% local hire and other community job policy goals. The Jobs Center will be a referral center designated by the City to implement the community jobs policies for the Oakland Army Base project. It will serve as a resource for contractors, employers and job seekers during the construction and operations phases of the Army Base project. The Center will be a business service as much as it is a job seeker service. It will provide employers with qualified local employees for construction and operations positions. The Center will also connect job seekers with existing job training, education and other support services and monitor placement and retention data.

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The West Oakland Jobs Center Operator will be required to:

- Provide a single point of contact for employers (e.g. assign a business liaison) and respond to requests for information from employers on a timely basis.
- Build relationships with Building Trades business representatives, contractors and business operators to develop and maintain an effective placement process.
- Pre-screen candidates, providing (or referring candidates to) services such as pre-interviews, determination of "Disadvantaged" status, in-depth skills assessment and other services.
- Conduct outreach and build relationships with community, educational and social service organizations to recruit Oakland jobseekers.
- Conduct intake procedures including orientation to jobs available at Oakland Army Base, orientation to other services at the Jobs Center, and basic skills.
- Work with pre-apprentice programs, community-based training organizations, Joint Apprenticeship and Training Committees and the City to move applicants
- Refer pre-screened, qualified workers to Project employers in response to notifications of job opportunities.
- Assist employers and employees with job retention.
- Collect and report job placements, job retention and advancement data to meet goals and benchmarks and to track workers' career pathway advancement.

In order to secure an operator who can perform the duties above, the City will be looking for a non-profit organization or collaboration that can demonstrate the following:

- An understanding of the employment needs and hiring processes for the industries that are being served by the Center (including all stages of construction and warehousing, transportation and distribution employment).
- Familiarity with the existing workforce development system in Oakland and the East Bay including Oakland Unified School District, Joint Apprenticeship and Training Committees, Peralta Community colleges, and job-training service providers, existing partnerships/relationships with social service organizations, job training programs, and labor organizations in Oakland and the East Bay.
- Experience working with jobseekers in Oakland, particularly re-entry and disadvantaged workers.
- Track record of successful job placements for similar populations and/or in the similar

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industries.

- Financial, administrative and technological capacity to manage and staff the Jobs Center.
- Proposed budget that realistically finances the service and goals of the program, including the accuracy of the budget; the direct-staff-to-customer ratio; the amount and type of funds that will be leveraged towards achieving program outcomes; and overall cost effectiveness of the proposed services.
- Clear program design that addresses the needs of employers and workers and efficiently manages the flow of workers through the system.
- Effective use of innovative strategies and collaborations to deliver the services outlined in the Scope of Work.
- Ability to leverage resources from other public and private sources.

Workforce Investment Act (WIA) Funded Career Services

The Oakland Workforce Investment Board (WIB) has also expressed an interest in supporting workforce development through the Army Base Development. The WIB embraced the concept of the West Oakland Jobs Center in its 2011 Strategic Plan. Initially, staff had considered combining Workforce Investment Act (WIA) funds with other sources of funding for a single RFP.

Upon further reflection, staff determined the scope of work for the Jobs Center is broader than the activities typically funded by WIA. There were also concerns that many of the aspects of WIA-funded services such as rigid eligibility requirements, a lengthy intake process using the mandated database system, extensive administrative and financial reporting and requirements that training referrals not be limited to certain industries, were not a good fit for the kinds of business-focused services that the Job Center would need to provide. The City is also expected to receive fewer WIA funds next year and those funds are necessary to serve the needs of job-seekers across the City. Funds available for a West Oakland career center will be limited by the need to provide services at other centers spread geographically throughout the City.

However, staff does believe that there is a need for the general career services, such as access to job search programs, career counseling, soft skill trainings that WIA funds, at the West Oakland Jobs Center. Again, the Jobs Center is expected to draw more job-seekers than are job openings. Some job-seekers will not be a good fit for construction work and could benefit from more general career services. Others will need to access additional training and may be WIA eligible and could therefore benefit from enrollment into the WIA career services program.

The staff proposal is to separate these functions into two separate areas of the 2nd floor area and into two separate RFPs with the understanding that clients could be referred from one area to the

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other. The RFP for the WIA-funded career services will be released in mid-October in conjunction with the other WIA services RFPs.

Monitoring and Compliance

The Jobs Center staff will collect and report job placements, job retention data and track workers' career pathway advancement. The initial plan is to use a modified version of the City's Local Construction Employment Referral Program to register and track clients.

The bulk of the monitoring and compliance will be done by the Division of Contracts and Compliance (DCC) in the City Administrator's Office. DCC will take the lead on tracking overall compliance with the Community Jobs Policies through their existing systems, including the LCPTracker and the weekly posting of certified payroll records. Jobs Center staff will need to work closely with Contract Compliance staff to thoroughly analyze and reconcile placement and payroll data for Job Center-placed employees and to collaborate on monthly monitoring reports.

Other Services

During the Army Base Jobs Working Group meetings, there was a strong interest in having other supportive services at the Jobs Center in order to help Oakland residents, particularly those facing barriers such as long-term unemployment, and/or re-entry from the justice system. Many community members have also requested services for small contractors to provide assistance for compliance with the Community Jobs and other City policies and to share information about becoming a certified local or small local business enterprise (L/SLBE) in Oakland.

The City does not have the resources to address many of these needs but the hope is that through strategic partnerships with other non-profits and agencies, the Center could refer clients to or even host some of those services at the Center. A number of agencies and non-profits have expressed an interest in partnering with the Center to provide some of those services.

PUBLIC OUTREACH/INTEREST

The development of the Jobs Center has involved numerous stakeholders. Upwards of 50 people participated in Army Base Jobs Working Group process. The Working Group consisted of representatives from the West Oakland Community Advisory Group, community coalitions such as Oakland WORKS and Revive Oakland!, the Building and Construction Trades Council of Alameda County, contractors, the Alameda Labor Council, the Construction Employers Association, City and Port staff, the Oakland WIB, and, at times, the Developers.

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Meetings with representatives of the groups above were held over the summer to go over a draft scope of work for the Center, and City staff have been working closely with a small implementation team of consultants, representatives from the developer, the lead contractor and the building trades to further develop the plan for the Center. Staff is also working to create a monthly email newsletter to keep community stakeholders, job-seekers, potential funders and partners apprised of the progress of the Jobs Center.

COORDINATION

In addition to community-based and labor groups, staff is coordinating the Jobs Center development process with the developer and their lead contractor, the Divisions of Contracts and Compliance, as well as with Oakland Public Library staff

COST SUMMARY/IMPLICATIONS

At peak, the West Oakland Jobs Center is expected to cost between \$800,000 and \$900,000 to operate annually. This is a rough estimate based on anticipated demand for service at the peak of the project as well as operations costs such as materials, telecommunications and training.

The career services portion of the Center is projected to cost roughly \$250,000 per year based on operations at other geographically-targeted, WIA-funded One-Stop Career Centers. These funds are expected to be approved by the WIB.

To adequately track the Center's progress and overall success in terms of reaching the policy goals set out in the Community Jobs Policies, additional resources will also need to be dedicated to contract compliance. The project should factor in the cost of a dedicated Compliance Officer, Field Technician and other support staff working under the Division of Contracts and Compliance for the Army Base project. The estimated cost of these staff positions ranges roughly between \$300,000 and \$450,000 annually, depending on the levels of compliance monitoring needed. As the project reaches its peak in 2014-2015, more PTEs may be required to ensure ample compliance monitoring and enforcement capacity.

Funding

Funds will also be needed to support the work of the Oversight Commission. As an existing example of what it takes to support a Commission, staff has estimated that support for the Planning Commission, based on a half-time FTE Administrative assignment and miscellaneous operating costs, is approximately \$100,000 annually. The estimated annual cost to operate the Jobs Center and to support the related functions listed above is roughly \$1.4 million per year.

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A number of sources of funding have been identified to support the Jobs Center. Most require Council action to dedicate funds to this project. Staff will return to the City Council at the appropriate times prior to the development approval and property take-down phases of the project with specific requests for funding.

1. Oakland Workforce Investment Board:

The WIB is planning to release an RFP for the Career Center as part of its overall service provider RFP process this fall, with three-year contracts scheduled to be executed in July 2013. The WIB has committed to supporting the Army Base project through its strategic planning process, but has not assigned a specific dollar amount to the Jobs Center as yet. Staff will be recommending an approval of roughly \$250,000 for the West Oakland Career Center. The final figure will be based on the Federal allocation of WIA funds.

2. Billboard revenue:

Staff proposes that City Council allocate the City's share of the proposed Army Base billboard to support the on-going operations of the Center. The billboards are conservatively estimated to generate roughly \$500,000 annually beginning in late 2013 or early 2014. Staff proposes to return to Council in December 2012 with legislation to approve this use of funds.

3. The West Oakland Community Fund:

This Fund is expected to generate up to \$2,000,000 based on a one-time payment of \$16,000 per developable leased or sold acre of land over the next two to seven years. The West Oakland Community Advisory Group has presented a number of recommendations for the use of these funds. Staff is prepared to recommend to the West Oakland Community Advisory Group (WOCAG) that one half of these funds be allocated for the Jobs Center. Staff plans to return to Council in June 2013 for authorization following consideration by the WOCAG.

4. Special Development Fee in lieu of the Jobs/Housing Impact Fee:

Staff may propose in future funding discussions to waive the Jobs/Housing Impact Fee, which is a fee of \$4.56 per square foot of warehouse space minus the first 25,000 square feet. The fee was established in 2002 to raise funds for affordable housing. While staff acknowledges that there continues to be a need for affordable housing in Oakland, for purposes of this effort one possibility could be to waive the Jobs/Housing Impact Fee in this instance, and then re-assess it at the same level as a fee that could be used to support the West Oakland Jobs Center and other community benefits. The Army Base development offers a unique opportunity to create short- and long-term employment opportunities for

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Oakland residents, and staff believes that the development of an effective Jobs Center is critical to reach the local employment goals for the project.

5. Commercially Viable Community (CVC) fee on tenants:

The CVC fee is a proposal from the developer to charge each tenant a fee of a half-cent per square foot per year to support the community benefits associated with the project. These funds would not be available until 2016 and beyond, and are expected to amount to approximately \$50,000 per year by 2019. No Council action is needed.

Short-term Funding

Much of this projected revenue is not anticipated until 2016 or 2017 when the land is developed and tenants begin to occupy the buildings. It is critical that the Jobs Center is up and running in advance of the commencement of construction in late 2013. There is a need for gap funding for the first two to three years of the Center's operation. Staff is proposing to secure private foundation and/or corporate contributions to cover the first few years of operation. Staff has begun conversations with some possible funders and is requesting that Council approve the attached resolution to apply for, accept and appropriate funds for the Jobs Center. Funding will be appropriated in appropriated in a separate funding account or fund to be determined.

In the event that appeals for private funds are unsuccessful, the City could also seek to secure financing using the anticipated project lease revenue or property taxes, and/or attempt to negotiate a discounted pre-payment of in-lieu fees. The table on the following page summarizes the costs and expected sources of funding.

West Oakland Jobs Center Costs and Funding Source Summary

Estimated Costs		2013	2014	2015	2016
Job Center		\$450,000	\$900,000	\$900,000	\$900,000
Contract Compliance		\$200,000	\$400,000	\$400,000	\$400,000
Oversight Commission		\$50,000	\$100,000	\$100,000	\$100,000
Total Cost		\$700,000	\$1,400,000	\$1,400,000	\$1,400,000
Anticipated Funding Sources	Council Action				
Billboard Revenue	Staff to return to Council with authorizing legislation in December 2012	\$164,993	\$490,802	\$498,220	\$505,749
West Oakland Community Fund	Staff to return to Council with authorizing legislation in March 2013	\$62,500	\$0	\$195,000	\$390,000
In-lieu Fee	Staff to return to Council in February 2013 as part of Planning Approval	\$0	\$0	\$422,302	\$346,669
Commercially Viable Community Fee	No Council action needed	\$0	\$0	\$0	\$5,998
15% of Ground Lease Revenue	Staff to return to Council in future	\$0	\$0	\$71,297	\$164,736
Total		\$227,493	\$490,802	\$1,186,819	\$1,413,152
Estimated Funding Gap		\$472,507	\$909,198	\$213,182	(\$13,152)
Possible Sources of Gap Funding	Council Action				
Foundation and Corporate Funds	Resolution for Council approval in October 2012				
Financing Based on Lease Revenue and/or Property Tax Revenue	Staff to return to Council with authorizing legislation in early 2013 if needed				
Negotiation of Net Present Value Discount for Up-front Payment of Fees	Staff to return to Council with authorizing legislation in early 2013 if needed				

SUSTAINABLE OPPORTUNITIES

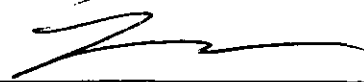
Economic: By enabling contractors and employers to meet the 50% local hiring goal, the Jobs Center will have a significant impact on the economic well-being of thousands of Oakland residents.

Environmental: This report does not directly address environmental sustainability.

Social Equity: The Jobs Center will help to provide access to employment for residents who have historically faced barriers to employment.

For questions regarding this report, please contact Elinor Buchen, Program Analyst II at 238-3474.

Respectfully submitted,



FRED BLACKWELL
Assistant City Administrator

Prepared by:
Elinor Buchen, Program Analyst II
Office of Economic and Workforce Development

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OAKLAND

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Approved as to Form and Legality


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO APPLY FOR, ACCEPT, AND APPROPRIATE GRANT FUNDS AND CONTRIBUTIONS FROM PRIVATE FOUNDATIONS, BUSINESSES, INDIVIDUALS, AND GOVERNMENT AGENCIES TO FUND THE FORMATION AND OPERATION OF THE WEST OAKLAND JOBS CENTER WITHOUT RETURNING TO COUNCIL

WHEREAS, In July 2012, the City Council approved the Lease, Development and Disposition Agreement for the Oakland Army Base Development Project which included a set of Community Jobs Policies and a Cooperation Agreement; and

WHEREAS, the Community Jobs Policies set targets for the employment of Oakland residents and Disadvantaged workers on the both the Construction and Operations phases of the Oakland Army Base Development Project; and

WHEREAS, the Cooperation Agreement, approved by the City Council and signed by various community groups, specified that the City will, with the assistance of community partners, take steps to establish a West Oakland Jobs center to assist job-seekers, employers and contractors in meeting the hiring targets of the Community Jobs Agreement; and

WHEREAS, while there are long-term sources of revenue that may support the Jobs Center, there is a pressing need for funding for the operations of the Jobs Center in the short-term; and

WHEREAS, the Jobs Center must begin its work in advance of the commencement of construction work which is expected in late 2013 now, therefore be it

RESOLVED: That the City Administrator is hereby authorized to submit funding requests to private foundations, businesses, individuals, and government agencies to support the West Oakland Jobs Center; and be it further

RESOLVED: That the City Administrator is hereby authorized to accept and appropriate any and all grants and contributions received in support of the West Oakland Jobs Center without returning to Council; and be it further

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DEVELOPMENT CMTE.**

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RESOLVED: That the funds if received shall be appropriated in a separate funding account or fund which shall be determined by the City Administrator or her designee; and be it further

RESOLVED: That the City Administrator and her designee are hereby authorized to take whatever action is necessary with respect to said funds consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

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